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PILLAR III

2018

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The 2018 Pillar III is a translation of the original Finnish version "Pilari III".
If discrepancies occur, the Finnish version is dominant.

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. The disclosure of the information in question is discussed more fully in many other regulations, for example, the European Banking Authority (EBA) has provided more detailed guidance on the disclosure obligations.

The Oma Savings Bank Group complies with its disclosure obligation by annually publishing information on its capital adequacy and risk management alongside its financial statements. In its half-year report, Oma Savings Bank presents capital adequacy and risk management information that must be disclosed more than once a year in accordance with regulation.

Chapter 8 presents a summary table of where the information required by Capital Requirements Regulation, Articles 435–455, is disclosed. Information can be omitted to the extent that it is not regarded as material and its potential impact on Oma Savings Bank's profitability, ability to make profits, balance sheet or capital adequacy is low. If required, general information on the omitted information is disclosed.

The section 'PILLAR III 2018' is unaudited. The figures for the 2017 comparison period are not presented with regard to the tables subject to the EBA's guidelines as the capital adequacy reporting level of Oma Savings Bank did not become group level until during 2018.

1.1 Disclosure on the sufficiency of risk management approved by the management body

Risk management systems are based on the risk appetite approved by the Board of Directors and the strategies for different risks. Regular reports are made to the Board of Directors on different risks and their development. With this disclosure, the Board of Directors confirms that the risk management systems in place at Oma Savings Bank are sufficient in terms of the institution's profile and strategy.

1.2 Risk statement approved by the management body

Oma Savings Bank practices retail banking and mortgage banking. The bank's key customer groups are retail customers, agricultural entrepreneurs, small and medium-sized companies and housing corporations. In addition, the bank offers its customers fund units and different insurance products.

Credit risk is the bank's key risk, which is managed in accordance with the credit risk strategy approved by the Board of Directors by setting internal requirements for the loan portfolio's quality and concentrations. Loans secured by immovable property and retail exposures form the majority of the bank's credit risk and its customer base is well-diversified in terms of geography.

Operational risk is also one of the key components of the bank's risk management. Operational risk is managed both centrally and by business line. The bank has recognised that operational risk would be most likely to materialise through reputational risk.

Market risk results from fluctuations in the market prices of investment portfolio securities and the interest rate risk in the banking book. The interest rate risk in the banking book is regularly modelled and the market risk of the investment portfolio is managed through a prudent investment strategy. As a general rule, the bank does not practice trading on its own account but bonds are purchased for managing liquidity and derivatives are used for hedging purposes.

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 LCR figure was 134.8 per cent at year-end and the Standard and Poor's credit rating for short-term borrowing was A-2.

For long-term borrowing, Standard & Poor's credit rating was BBB+ at year-end and the Common Equity Tier 1 (CET1) ratio for the end of 2018 was 18.40 per cent. Total capital ratio was 19.27 per cent and the leverage ratio was 9.28 per cent. At the end of the year, the bank's total capital ratio was 8.8 percentage points over the minimum regulatory requirement.

2. Summary

Risk management key figures

(1,000 euros)	31.12.2018
Own funds	
Common Equity Tier 1 (CET1)	275,758
Own funds (TC)	288,789
Minimum requirement according to Pillar I 8%	119,896
Capital requirement according to Pillar I	157,424
Risk weighted assets	
Credit and counterparty risk	1,367,127
Adjustment risk of liability (CVA)	5,401
Market risk (foreign exchange risk)	-
Operational risk	126,170
Risk-weighted assets, total	1,498,699
Key figures	
Common Equity Tier 1 (CET1) relative to risk-weighted assets, %	18.40%
Total of own funds (TC) relative to risk-weighted assets, %	19.27%
Leverage ratio, %	9.28%
Liquidity coverage ratio (LCR), %	134.80%

The bank's Board of Directors has approved a minimum Common Equity Tier 1 (CET1) ratio financial target of at least 16 per cent.

Oma Savings Bank wishes to continue its strong growth in the near future. Over the past year, new branch offices have been opened, especially in growth centres. The bank's risk strategy supports the bank's strategy in terms of business growth. 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. In the future, the focus will be on, for example, possible MREL requirements. Currently, MREL does not apply to the bank. Similarly, taking the LTV into account in the development of risk weights of mortgages applies to the bank with regard to the growth in mortgage lending.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	b		Description of the entity
		Method of regulatory consolidation		
		Full consolidation		
Oma Savings Bank Plc	Full consolidation	X		Credit institution
SAV-Rahoitus Oyj	Full consolidation	X		Financial institution
Real estate company Lappeenrannan Säästökeskus	Full consolidation	X		Ancillary services undertaking

The group structure and corporate governance are described in more detail in the report of Board of Directors.

EU OV1 – Overview of RWAs

(1,000 euros)			RWAs	Minimum capital requirements
			31.12.2018	31.12.2018
	1	Credit risk (excluding CCR)	1,365,069	109,206
Article 438(c)(d)	2	Of which the standardised approach	1,365,069	109,206
Article 107 Article 438(c)(d)	6	CCR	7,459	597
Article 438(c)(d)	7	Of which mark to market	2,058	165
Article 438(c)(d)	12	Of which CVA	5,401	432
Article 438 (e)	13	Settlement risk	-	-
Article 449 (o) (i)	14	Securitisation exposures in the banking book (after the gap)	-	-
	18	Of which standardised approach	-	-
Article 438(e)	19	Market risk	-	-
	20	Of which the standardised approach	-	-
Article 438(e)	22	Large exposures	-	-
Article 438(f)	23	Operational risk	126,170	10,094
	24	Of which basic indicator approach	126,170	10,094
Article 437 (2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	15,403	1,232
Article 500	28	Floor adjustment	-	-
	29	Total	1,498,699	119,896

3. Own funds

At the end of 2018, the capital structure of the Oma Savings Bank Group was strong. Total own funds (TC) came to EUR 288.8 million, of which Tier 1 capital (T1) accounted for EUR 275.8 million. Tier 1 capital consisted in its entirety of Common Equity Tier 1 capital (CET1). Tier 2 capital (T2) was EUR 13.0 million. Tier 2 capital consisted of debenture loans.

In connection with the listing on the Helsinki Stock Exchange, the increase in own funds was most significantly the result of the EUR 30.0 million in assets raised in the institutional and public offerings and the EUR 20.2 million profit for the accounting period.

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

To secure its capital adequacy, the bank sets risk-based equity objectives and creates an equity plan to reach those objectives. The Financial Supervisory Authority imposed a 1–3% capital buffer requirement for all credit institutions to strengthen the risk tolerance of the credit institutions in case of structural systemic risks. A systemic risk buffer of 1% was activated for Oma Savings Bank, which must be covered with with consolidated CET1 capital. The decision will enter into force on 1 July 2019.

Own funds by item (EU 1423/2013)

31.12.2018 (1,000 euros)

Numbering of the EBA's regulations		Amount on disclosure date	Regulation (EU) N:o 575/2013 Article Reference
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and related share premium accounts	24,000	26(1), 27, 28, 29
	of which: capital stock	24,000	EBA's list 26(3)
2	Retained earnings	105,761	26(1)(c)
3	Accumulated other comprehensive income (and other reserves)	135,735	26(1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	16,061	26(2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	281,557	
Common Equity Tier (CET1) capital: regulatory adjustments			
7	Other value adjustments (negative amount)	-269	34, 105
8	Immaterial goods (with related tax liabilities deducted) (negative amount)	-5,039	36(1)(b), 37
10	Deferred tax assets dependent on future taxable profits, excluding those resulting from temporary differences (with the related tax liabilities deducted if the conditions of Article 38(3) are met) (negative amount)	-491	36(1)(c), 38
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-5,799	
29	Common Equity Tier 1 (CET1) capital	275,758	
45	Tier 1 capital (T1=CET1+AT1)	275,758	

Own funds by item (EU 1423/2013)

31.12.2018 (1,000 euros)

Numbering of the EBA's regulations		Amount on disclosure date	Regulation (EU) N:o 575/2013 Article Reference
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and related share premium accounts	13,031	62, 63
58	Tier 2 capital (T2)	13,031	
59	Total capital (TC=T1+T2)	288,789	
60	Risk-weighted assets, total	1,498,699	
Capital ratios and buffers			
61	Common Equity Tier 1 (CET1) (as a percentage of total risk exposure amount)	18.4	92(2)(a)
62	Tier 1 capital (T1) (as a percentage of total risk exposure amount)	18.4	92(2)(b)
63	Total capital (as a percentage of total risk exposure amount)	19.3	92(2)(c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.5	
66	of which: countercyclical buffer requirement	-	
67	of which: systemic risk buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	18.4	CRD 128
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	6,007	36(1)(h), 45, 46, 56(c), 59, 60, 66(c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	13,881	36(1)(i), 45, 48

Capital instruments' main features template (EU 1423/2013)

		OMAD012523	OMAD026519	Share capital
1	Issuer	Oma Savings Bank Plc	Oma Savings Bank Plc	
2	Unique identifier	FI4000282983	FI4000096854	N/A
3	Governing law(s) of the instrument	Finnish legislation	Finnish legislation	Finnish legislation
4	Transitional CRR rules	T2	T2	CET1
5	Post-transitional CRR rules	N/A	N/A	CET1
6	Eligible at solo / (sub-)consolidated / solo & (sub-)consolidated	individual company and on a consolidated basis / on a subconsolidation group level	individual company and on a consolidated basis / on a subconsolidation group level	individual company
7	Instrument type (types to be specified by each jurisdiction)	Article 486(4)	Article 486(4)	Limited Liability Companies Act, chapter 3, section 1, paragraph 1 and Regulation (EU) No. 575/2013 Article 28
8	Amount recognised in regulatory capital (1,000 euros)	12,265	767	24,000
9	Nominal amount of instrument (1,000 euros)	15,000	10,000	N/A
9a	Issue price	100	100	N/A
9b	Redemption price	100%	100%	N/A
10	Accounting classification	Liability amortised cost, cost	Liability amortised cost, cost	shareholders' shares
11	Original date of issuance	01/11/2017	20/05/2014	Continuous
12	Perpetual or dated	dated	dated	perpetual
13	Original maturity date	01/02/2023	20/05/2019	no maturity
14	Issuer call subject to prior supervisory approval	yes	yes	no
15	Optional call date, contingent call dates and redemption amount	no redemption option	no redemption option	no redemption option
16	Subsequent call dates, if applicable	no redemption option	no redemption option	no redemption option
17	Fixed or floating dividend/coupon	fixed	fixed	
18	Coupon rate and any related index	1.25%	2.65%	no
19	Existence of a dividend stopper	no	no	no

Capital instruments' main features template (EU 1423/2013)

		OMAD012523	OMAD026519	Share capital
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	mandatory	mandatory	fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	fully discretionary
21	Existence of step up or other incentive to redeem	no	no	no
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	no	no	no
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation	Immediately unsubordinated type of instrument: Other liabilities	Immediately unsubordinated type of instrument: Other liabilities	Immediately unsubordinated type of instrument: Debenture
36	Non-compliant transitioned features	no	yes	no
37	If Yes, specify non-compliant features	N/A	Capital not completely in possession for 5 years	N/A

Table 1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (EU 1555/2015)

		General credit exposures		Own funds requirements		Counter-cyclical capital buffer rate
		Exposure value for SA	Of which: General credit exposures	Total	Own funds requirement weights	
31.12.2018 (1,000 euros)		010	070	100	110	120
010	Breakdown by country					
	Finland*	2,840,301	105,369	105,369	97.12%	0.00%
	Sweden	10,696	89	89	0.08%	2.00%
	Norway	17,641	143	143	0.13%	2.00%
	Czech Republic	8	0.00		0.00%	1.00%
	Great Britain	246	8	8	0.27%	1.00%
	Other countries	66,313	2,886	2,886	2.40%	0.00%
020	Total	2,935,205	108,495	108,495	100.0%	

*Where foreign credit exposures < 2% of the institution's total risk weighted assets, these risks can be allocated to the institution's location.

Table 2 – Amount of institution-specific countercyclical capital buffer

31.12.2018 (1,000 euros)		010
010	Total risk exposure amount	1,498,660
020	Institution specific countercyclical buffer rate	0.00%
030	Institution specific countercyclical buffer requirement	26

4. Credit risk

Credit risk means risk that materialises when the counterparty is probably not able to meet its contractual payment obligations. Oma Savings Bank's credit risk largely consists of granted loans. Credit risk and counterparty risk also result from other receivables, such as bonds in the bank'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.

4.1 Structure of credit risk

Oma Savings Bank's credit risk primarily consists of loans secured by immovable property, retail exposures and business loans. The share of loans secured by immovable property of the total exposures is 54.6%, the share of retail exposures is 16.4% and business loans 13.5%. Credit risk exposures are well-diversified geographically and sector-wise, which reduces the bank's concentration risk. The number of loans in default is low (less than one per cent) and the collaterals are high-quality.

Bank's loan portfolio by customer group

Credit balance (1,000 euros)	2018	2017	2016	2015
10 Private customers	1,460,728	1,273,391	1,178,873	1,022,363
20 Business customers	542,967	443,719	330,054	270,973
42 Housing association	243,113	163,657	128,899	97,059
30 Agriculture, forestry, fishing industry	231,397	221,078	121,030	116,052
40 Other	32,908	15,200	8,903	7,157
Total	2,511,113	2,117,045	1,767,759	1,513,604

Mortgage bank's LTV distribution

LTV	2018
0–50%	26.7%
50–60%	15.2%
60–70%	19.5%
70–80%	14.3%
80–90%	14.7%
90–100%	9.7%
>100%	0.0%
Total	100.0%

The table shows the LTV ratio of the loans used as collateral for bonds covered at the balance sheet date, based on mortgage bank regulations.

4.2 Management of credit risk

4.2.1 Credit risk management systems

Credit risk is managed through collaterals and covenants. Collaterals are taken for exposures to secure repayment. For the most part, loans must have a secure collateral position, except in the best credit classes we can accept a credit shortfall. In business loans, risk is often hedged by agreeing with the customer on a covenant, which enables the bank to renegotiate the terms linked to the loan if the customer's risk position changes.

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 doubtful loans of the loan portfolios. Doubtful loans are considered ECL level 3 loans and level 2 loans in which the collateral risk is significant. In addition, the development of credit risks is monitored in relation to the set internal control limits.

The structure of the loan portfolio is monitored per customer group and based on the sector allocation of business customers. The share of business customers of the loan portfolio has grown over the previous two years. This growth has been impacted by, for example, the bank's decision to buy S-Pankki's business and agricultural and forestry customer base. The transaction was carried out at the end of 2017. Of the business customer base sectors, the four largest are real estate, agriculture and forestry, wholesale and retail and construction. The development of the sectors in question is regularly monitored and reported on to the bank's management and Board of Directors. The monitoring includes the development of the loan portfolio, changes to credit ratings, the development of the credit shortfall and delays in the repayment of loans. The concentration risk situation is monitored regularly also through more extensive sector-specific monitoring. Business customers' sector-specific risks for the bank are specified in the table 'Sector allocation of loan portfolio (excluding private customers)'.

Sector allocation of loan portfolio (excl. private customers)

Sector	2018	2017
Real estate	38.0%	33.6%
Agriculture, forestry and fishing industry	22.0%	26.2%
Trade	7.8%	6.7%
Construction	6.1%	6.1%
Industry	4.6%	5.1%
Finance and insurance	4.6%	3.7%
Accommodation and food service activities	3.1%	3.3%
Transportation and storage	2.6%	3.1%
Professional, scientific and technical activities	3.2%	2.8%
Art, entertainment and recreation	1.9%	2.4%
Other lines of business, total	6.1%	6.8%
Total	100.0%	100.0%

Credit risks are continuously monitored by keeping an eye on past-due exposures, non-performing loans and the development of credit rating units 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. For business customers, the bank uses the Rating Alfa credit rating of Suomen Asiakastieto, changes in which are updated regularly in the customers' information. The Board of Directors receives an annual report on the 15 largest customer entities and a monthly report on the other significant factors impacting credit risk. The reporting includes, for example, the amount of non-performing receivables, collateral risk, development of the loan portfolio by customer entity, by sector and by credit rating.

The bank has one customer entity whose liabilities exceed the limit set by the Credit Institution Act, namely 10 per cent of the bank's own funds (high customer risks). The risks associated with the bank's loans are low in terms of the annual income level and risk-bearing capacity. Non-performing loans and payment delays are continuously monitored.

Non-performing receivables remained at the same level as the previous year and accounted for 1.5% (1.2%) of the loan portfolio. Past-due receivables (30–90 days) came to EUR 17.4 (14.6) million at the end of the year. 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 73.4 (70.6) million.

Past-due and non-performing receivables

(1,000 euros)	2018*	Share of loan portfolio %	2017*	Share of loan portfolio %
Past-due receivables, 30–90 days	17,419	0.7%	14,621	0.6%
Non-matured or matured receivables past due < 90 days, non-repayment likely	11,469	0.4%	11,975	0.5%
Non-performing receivables, 90–180 days	7,327	0.3%	3,971	0.2%
Non-performing receivables, 181 days–1 year	7,834	0.3%	3,614	0.1%
Non-performing receivables, > 1 year	11,587	0.4%	10,581	0.4%
Total past-due and non-performing receivables	55,636	2.1%	44,761	1.8%
Performing and past-due receivables, forborne loans	66,517	2.5%	58,492	2.4%
Non-performing receivables, forborne loans	6,843	0.3%	12,081	0.5%
Forborne items total	73,359	2.8%	70,574	2.8%

* Figures include interest due on items.

4.2.2 Credit granting process

Credits are granted in accordance with the credit granting policy approved by the Board of Directors. The main rule is the principle of a minimum of two decision makers. Credit decisions are based on the customer's creditworthiness and financial standing as well as the fulfilment of other criteria, such as the collateral requirement. Debt servicing capability is also ensured by testing creditworthiness in case of rising interest rates.

The purpose of giving customers a credit rating is to group the customers based on their payment behaviour. In this grouping, the bank uses its internal assessment and the Rating Alfa credit rating offered by Suomen Asiakastieto.

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

Credit ratings for private customers

Credit ratings (1,000 euros)	2018	Change %	2017	Change %
AAA-A	894,445	59.5%	806,687	61.7%
B	427,310	28.4%	344,348	26.3%
C	112,303	7.5%	99,986	7.6%
D	48,615	3.2%	46,380	3.5%
Unclassified	19,762	1.3%	9,968	0.8%
Private customers	1,502,435	100.0%	1,307,369	100.0%

Credit ratings for companies and housing corporations

Credit ratings (1,000 euros)	2018	Change %	2017	Change %
AAA	26,722	3.5%	42,914	7.1%
AA+	284,974	36.9%	181,320	30.1%
AA	105,612	13.7%	59,844	9.9%
A+	140,965	18.3%	101,828	16.9%
A	124,911	16.2%	135,141	22.4%
B	44,092	5.7%	37,435	6.2%
C	40,709	5.3%	38,153	6.3%
D or unclassified	3,866	0.5%	5,960	1.0%
Companies and housing corporations	771,852	100.0%	602,596	100.0%

4.2.3 Collateral management

The bank issues guidelines on the assessment of collateral and use of covenants in its credit risk management guidelines. Each type of collateral has a different valuation percentage and the collateral is carefully valued at fair value. The collateral values are monitored regularly both in connection with lending and as a separate regular process. Additionally, collateral assessment is carried out by a party independent of the loan decision and collateral assessment is largely carried out by persons with an applicable degree.

4.2.4 Credit risk adjustments

The bank only has special credit risk adjustments which are calculated using the IFRS 9 standard's ECL model (expected credit loss). The ECL model estimates the final credit loss resulting for the bank after the collateral used for the loan has been realised. The calculations take into account the customer's ability to service their debt, their rating level, any forbearance and the number of collaterals linked to the loan.

Information on the geographical allocation of the liabilities is not presented because the bank does not have significant exposures outside Finland.

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 CRB-B – Total and average net amount of exposures

31.12.2018 (1,000 euros)		a	b
		Net value of exposures at the end of the period	Average net exposures over the period
16	Central governments or central banks	123,929	141,694
17	Regional governments or local authorities	2,202	2,217
18	Public sector entities	3,033	3,019
19	Multilateral development banks	-	-
20	International organisations	-	-
21	Institutions	69,121	101,087
22	Corporates	435,519	435,119
23	Of which: SMEs	346,987	351,142
24	Retail	614,144	626,928
25	Of which: SMEs	156,554	169,948
26	Secured by mortgages on immovable property	1,704,099	1,569,503
27	Of which: SMEs	371,651	307,120
28	Exposures in default	22,281	20,620
29	Items associated with particularly high risk	1,000	500
30	Covered bonds	75,648	63,086
32	Collective investments undertaking	13,651	15,652
33	Equity exposures	21,822	18,397
34	Other exposures	35,578	49,387
35	Total standardised approach	3,122,027	3,047,209
36	Total	3,122,027	3,047,209

EU CRB-E – Maturity of exposures

		b	c	d	f
		Net exposure value			
31.12.2018 (1,000 euros)		≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
7	Central governments or central banks	17,865	40,150	155,194	213,209
8	Regional governments or local authorities	3	2,778	1,226	4,007
9	Public sector entities	-	-	3,728	3,728
10	Multilateral development banks	1,757	5,951	14,377	22,084
11	International organisations	-	-	-	-
12	Institutions	60,140	10,627	1,142	71,909
13	Corporates	88,010	70,075	262,825	420,910
14	Retail	36,280	65,935	410,805	513,021
15	Secured by mortgages on immovable property	62,201	142,349	1,499,549	1,704,099
16	Exposures in default	10,021	1,015	10,326	21,361
17	Items associated with particularly high risk	-	-	1,000	1,000
18	Covered bonds	-	30,812	44,836	75,648
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
20	Collective investments undertaking	-	-	13,651	13,651
21	Equity exposures	-	-	21,822	21,822
22	Other exposures	13,205	41	22,332	35,578
23	Total standardised approach	289,482	369,732	2,462,812	3,122,027
24	Total	289,482	369,732	2,462,812	3,122,027

EU CR1-A – Credit quality of exposures by exposure class and instrument

		a	b	c	e	f	g
		Gross carrying values of		Specific credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net value (a+b-c)
31.12.2018 (1,000 euros)		Defaulted exposures	Non- defaulted exposures				
16	Central governments or central banks	-	123,929	-	-	-	123,929
17	Regional governments or local authorities	-	2,202	0	-	-	2,202
18	Public sector entities	-	3,033	-	-	-	3,033
21	Institutions	-	69,121	-	-	-	69,121
22	Corporates	-	436,976	1,457	-	-	435,519
23	Of which: SMEs	-	348,410	1,423	-	-	346,987
24	Retail	-	618,508	4,364	-	-	614,144
25	Of which: SMEs	-	158,016	1,462	-	-	156,554
26	Secured by mortgages on immovable property	-	1,704,099	-	-	-	1,704,099
27	Of which: SMEs	-	371,651	-	-	-	371,651
28	Exposures in default	27,924	-	5,642	-	-	22,281
29	Items associated with particularly high risk	-	1,000	-	-	-	1,000
30	Covered bonds	-	75,648	-	-	-	75,648
32	Collective investments undertaking	-	13,651	-	-	-	13,651
33	Equity exposures	-	21,822	-	-	-	21,822
34	Other exposures	-	35,578	-	-	-	35,578
35	Total standardised approach	27,924	3,105,566	11,463	-	-	3,122,027
36	Total	27,924	3,105,566	11,463	-	-	3,122,027
37	Of which: Loans	27,924	2,584,388	10,865	-	-	2,601,447
38	Of which: Debt securities	-	230,958	-	-	-	230,958
39	Of which: Off-balance-sheet exposures	-	206,921	598	-	-	206,323

EU CR1-D – Ageing of past-due exposures

		a	b	c
		Gross carrying values		
31.12.2018 (1,000 euros)		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days
1	Loans	23,352	17,726	21,322
2	Debt securities	-	-	-
3	Total exposures	23,352	17,726	21,322

EU CR1-E – Non-performing and forborne exposures

31.12.2018 (1,000 euros)		a	b	c	d	e	f	g	l	m
		Cross carrying values of performing and non-performing exposures							Collaterals and financial guarantees received	
			Of which performing but past due >30 days and ≤90 days	Of which performing forborne	Of which non-performing			On non-performing	Of which forborne exposures	
						Of which defaulted	Of which impaired			Of which forborne
1	Debt securities	230,958,305	-	-	-	-	-	-	-	-
2	Loans and advances	2,612,311,755	17,419,278	4,037,327	38,216,358	27,924	38,136,779	6,842,865	26,852,598	67,865,670
3	Off-balance sheet exposures	206,934,576	-	-	201,977	-	-	-	-	-

EU CR2-A – Changes in the stock of general and specific risk adjustments

		a
31.12.2018 (1,000 euros)		Accumulated specific credit risk adjustment
1	Opening balance	10,956
2	Increases due to amounts set aside for estimated loan losses during the period	507
9	Closing Balance	11,463
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-234
11	Specific credit risk adjustments directly recorded to the statement of profit or loss	2,216

EU CR3 – CRM techniques – Overview

		a	b	c	d
31.12.2018 (1,000 euros)		Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees
1	Total loans	1,029,996	1,861,144	1,737,791	123,353
2	Total debt securities	230,888	-	-	-
3	Total exposures	1,260,883	1,861,144	1,737,791	123,353
4	Of which defaulted	2,318	19,963	19,043	920

EU CR4 – Standardised approach – Credit risk exposure and CRM effects

		a	b	c	d	e	f
31.12.2018 (1,000 euros)		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	123,929	-	208,106	1,730	-	0%
2	Regional governments or local authorities	2,052	150	3,849	79	30	1%
3	Public sector entities	3,033	-	3,728	-	139	4%
4	Multilateral development banks	-	-	22,012	25		0%
6	Institutions	58,832	-	61,442	89	10,774	18%
7	Corporates	376,194	59,325	357,971	18,292	366,278	97%
8	Retail	517,160	96,984	411,228	15,408	298,514	70%
9	Secured by mortgages on immovable property	1,654,283	49,816	1,654,283	20,500	576,309	34%
10	Exposures in default	22,233	48	21,263	11	22,421	105%
11	Exposures associated with particularly high risk	1,000	-	1,000	-	1,500	150%
12	Covered bonds	75,648	-	75,648	-	7,565	10%
14	Collective investments undertaking	13,651	-	13,651	-	13,033	95%
15	Equity	21,822	-	21,822	-	42,643	195%
16	Other items	35,578	-	35,578	-	27,922	78%
17	Total	2,905,415	206,323	2,891,580	56,136	1,367,127	46%

EU CR5 – Standardised approach

31.12.2018 (1,000 euros)		Risk weight																Of which	
Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Deducted	Total	unrated	
1 Central governments or central banks	227,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227,785	-	
2 Regional governments or local authorities	3,778	-	-	-	150	-	-	-	-	-	-	-	-	-	-	-	3,928	3,928	
3 Public sector entities	3,033	-	-	-	695	-	-	-	-	-	-	-	-	-	-	-	3,728	3,728	
4 Multilateral development banks	22,037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,037	22,037	
6 Institutions	-	-	-	-	-	-	6,530	-	-	369,733	-	-	-	-	-	-	376,263	376,263	
7 Corporates	-	-	-	-	-	-	-	-	426,636	-	-	-	-	-	-	-	426,636	426,636	
8 Retail	-	-	-	-	-	1,575,422	99,361	-	-	-	-	-	-	-	-	-	1,674,783	1,674,783	
9 Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	18,983	2,292	-	-	-	-	-	21,275	21,275	
10 Exposures in default	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	-	-	1,000	1,000	
11 Exposures associated with particularly high risk	-	-	-	75,648	-	-	-	-	-	-	-	-	-	-	-	-	75,648	75,648	
12 Covered bonds	248	-	-	-	186	-	453	-	-	12,754	11	-	-	-	-	-	13,651	9,400	
14 Collective investments undertaking	7,626	-	-	-	38	-	-	-	-	27,914	-	-	-	-	-	-	35,578	35,578	
15 Equity	264,507	-	-	75,648	44,652	1,575,422	106,344	-	426,636	437,324	3,303	13,881	-	-	-	-	2,947,716	2,675,112	
16 Other items																			
17 Total																			

EU CCR1 – Analysis of CCR exposure by approach

31.12.2018 (1,000 euros)		a	b	c	f	g
		Notional	Replacement cost / current market value	Potential future credit exposure	EAD post CRM	RWAs
1	Mark to market		2,443	7,846	-	2,058
2	Original exposure	-			-	-
3	Standardised approach		-		-	-
4	IMM (for derivatives and SFTs)				-	-
11	Total					2,058

EU CCR2 – CVA capital charge

31.12.2018 (1,000 euros)		a	b
		Exposure value	RWAs
1	Total portfolios subject to the advanced method	-	-
2	i) VaR component (including the 3x-multiplier)		-
3	ii) SVaR component (including the 3x-multiplier)		-
4	All portfolios subject to the standardised method	10,289	5,401
EU4	Based on the original exposure method	-	-
5	Total subject to the CVA capital charge	10,289	5,401

EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk

31.12.2018 (1,000 euros)		Risk weight	Total	Of which unrated
		20%		
6	Institutions	10,289	10,289	-
11	Total	10,289	10,289	-

4.5 Leverage ratio (EU 2016/200)

Oma Savings Bank's leverage ratio is presented in accordance with the European Commission Delegated Regulation and the figure describes the ratio of the bank's Tier 1 capital to the total exposures. The leverage ratio has been calculated using the figures for the end of the accounting period. Oma Savings Bank Group's leverage ratio on 31 December 2018 was strong at 9.3%. At the end of the previous accounting period, it was 8.3% calculated at the parent company level.

The total total leverage ratio exposures grew by EUR 196 million, resulting mostly from an increase in the loan

portfolio for business and private customers. However, our own funds grew in proportion more, which caused an increase in the leverage ratio. The bank's listing on the Helsinki Stock Exchange and the profit for the accounting period most significantly increased the Tier 1 capital.

Oma Savings Bank monitors excessive leverage as part of its 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 leverage ratio is expected to become a binding 3% requirement during 2019.

Table LR SUM: Summary reconciliation of accounting assets and leverage ratio exposures

31.12.2018 (1,000 euros)		Applicable Amount
1	Total assets as per published financial statements	2,914,661
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
4	Adjustments for derivative financial instruments	7,846
5	Adjustment for securities financing transactions (SFTs)	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	62,113
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	-12,603
8	Leverage ratio total exposure measure	2,972,018

Table LR COM: Leverage ratio common disclosure

31.12.2018 (1,000 euros)		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,905,415
2	(Asset amounts deducted in determining Tier 1 capital)	-5,799
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,899,616
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	2,443
5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	7,846
EU-5a	Exposure determined under Original Exposure Method	
11	Total derivatives exposures (sum of lines 4 to 10)	10,289
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	206,323
18	(Adjustments for conversion to credit equivalent amounts)	-144,210
19	Other off-balance sheet exposures (sum of lines 17 and 18)	62,113
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposure measure		
20	Tier 1 capital	275,758
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	2,972,018
Leverage ratio		
22	Leverage ratio	9.28%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	

Table LRSpl: Split-up of on balance sheet exposures
(excluding derivatives, SFTs and exempted exposures)

31.12.2018 (1,000 euros)		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,905,415
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which:	2,905,415
EU-4	Covered bonds	75,648
EU-5	Exposures treated as sovereigns	236,850
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	846
EU-7	Institutions	61,442
EU-8	Secured by mortgages of immovable properties	1,654,283
EU-9	Retail exposures	420,371
EU-10	Corporate	362,612
EU-11	Exposures in default	21,314
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	72,051

Table LRQua: Free format text boxes for disclosure on qualitative items

1 Description of processes used to manage risk of excessive leverage

Oma Savings Bank monitors excessive leverage as part of its continuous reporting and an internal minimum target level has been set for the group's leverage ratio as part of risk budgeting which is included in the overall risk strategy.

2 A description of factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

Oma Savings Bank Group's leverage ratio was 9.28% at the end of the accounting period, compared to 8.28% calculated at the parent company level at the end of the previous accounting period. The leverage ratio has been calculated in accordance with the CRR and the European Commission Delegated Regulation 2015/62. Although the total total leverage ratio exposures grew by EUR 196 million, Tier 1 own funds grew more in relative terms, by EUR 46 million, causing an increase in the leverage ratio.

4.6 Unencumbered assets

Encumbered and unencumbered assets (EU 2017/2295)

Template A – Encumbered and unencumbered assets

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
31.12.2018 (1,000 euros)					
010	Assets of the reporting institution	494,741		2,419,920	
030	Equity instruments			13,617	13,648
040	Debt securities			245,538	245,538
120	Other assets	494,741		2,160,765	

Template B – Collateral received

		Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
31.12.2018 (1,000 euros)		010	040
130	Collateral received by the reporting institution		
140	Loans	2,418,041	
141	of which: property collateral	2,316,538	
142	of which: other	101,503	
150	Equity instruments		
160	Debt securities		
230	Other collateral received		
240	Own debt securities issued other than own covered bonds or asset-backed securities		

Template C – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
31.12.2018 (1,000 euros)			
010	Carrying amount of selected financial liabilities	348,033	494,741

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.

5.1 Interest rate risk

The interest rate risk in the banking book forms the majority of the bank'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 upper limit for the interest rate risk.

Interest rate risk is managed, for example, by measuring changes in the net present value of interest rate sensitive instruments at different interest rate levels. In addition, the bank measures how a change of one and two percentage points in the forward interest affects the forecast of the net interest income during the next 1–60 months.

The bank's interest rate sensitivity to change of 1%

Interest rate sensitivity analysis, change of 1%-point in the yield curve (1,000 euros)

	31.12.2018		31.12.2017	
	Change -1%	Change +1%	Change -1%	Change +1%
Change 1–12 months	-1,780	6,002	-1,163	6,113
Change 13–24 months	-4,459	14,304	-1,906	13,902

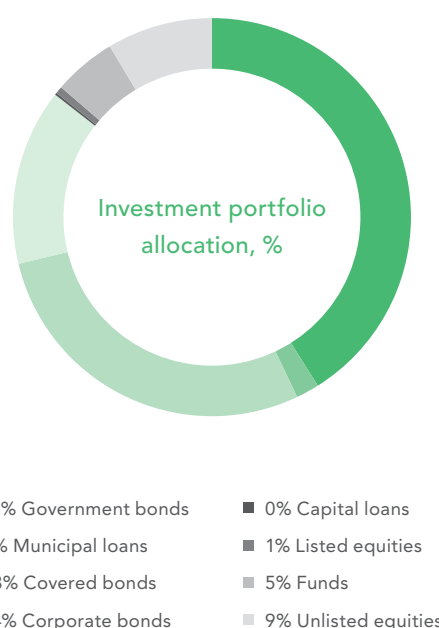
Interest rate sensitivity analysis can help to predict the impact of a change in interest rates on the current value of expected future net interest income. Calculations are based on the repayment of loans based on known amortisation plans and the different growth and interest rate forecasts for different balance sheet items. The bank also evaluates several other scenarios, in which, for instance, an exceptional amount of loans are paid early or an exceptional amount of undated deposits are withdrawn. The calculations also take into account the impact of particularly exceptional interest rate changes on the development of net interest income.

For reducing the interest rate risk, the bank uses derivatives and includes loan terms that prevent the reduction of the interest rate especially in loan agreements made with business customers. Changes in exchange rates do not cause significant variation in the net interest income, because the amount of foreign exchange risk is low.

5.2 Spread risk

The bank is subject to spread risk due to the fluctuations in the market prices of the investment portfolio's bonds. The spread risk is related to the credit ratings of the instruments' issuers and the markets' general sentiment towards credit risk-linked instruments.

The bank's investment portfolio consists mainly of low-risk fixed income investments because High Yield bonds form less than two per cent of the portfolio and the other bonds are Investment Grade obligations to EU states. The bank's Board of Directors is provided with regular reports on the content of the investment portfolio and its largest counterparties. The investment portfolio's market value on 31 December 2018 was EUR 267 million.



The bank manages the market risk of its investment portfolio by concentrating the structure of the investment portfolio on issuers and instruments that have an Investment Grade credit rating and high liquidity on the markets. In addition, the bank has limits for large counterparties.

The bank's spread risk is calculated regularly using an internal calculation model and the amount of spread risk is reported regularly to the Board of Directors. The calculation model is based on the Value at Risk model, which calculates the maximum loss at a 95-per-cent confidence level on a 12-month horizon. In addition, the allocations used in the model are monitored regularly to avoid tail risk.

6. Operational risk

Operational risk forms a significant risk area for Oma Savings Bank. It is typical for operational risk that any losses resulting from the risk are not always easy to measure as the risk may materialise with a delay.

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

Oma Savings Bank's key operational risk areas consist of the following: disturbances in the functioning of IT systems, damage and errors caused by the launching of new products and services and the personnel's actions, damage to property and non-compliance with regulations.

Oma Savings Bank calculates the operational risk in accordance with Pillar I using the basic indicator approach for the capital adequacy requirement. The operational risk of the group in 2018 was EUR 126.2 (109.5 parent company figure) million, of which the requirement of own funds was EUR 10.1 million. The growth in operational risk results from significant growth in gross income, especially net interest income and net fee income.

Operational risk

(1,000 euros)	2018	2017	2016
Gross income	76,253	65,404	60,216
Profit level indicator	11,438	9,811	9,032

Own funds requirements for operational risk 10,094

Risk-weighted amount of operational risk 126,170

In the management of operational risk, the bank'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 Oma Savings Bank are achieved throughout the business activities. Operational risk management covers all material risks related to business activities.

Operational risk management is applied in all of the bank's business lines by identifying, measuring, monitoring and assessing the operational risks linked to the business lines. The business lines also assess the likelihood of the risks and their impacts if the risks materialise. The bank-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 bank 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 are also a key component of preventing operational risk. The bank reduces the impact of operational risk also by maintaining insurance for real estate and the fixed assets it owns. It is the Compliance function's responsibility to ensure that the bank complies with regulations and laws. 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.

The bank's management receives risk assessments and a report on materialised risks at least annually from the business lines, based on which a separate operational risk matrix is compiled, which is 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 bank. The risk identification process helps the Board of Directors to decide on risk management measures and the focal areas with regard to operational risk.

New products, services and counterparties are separately approved through the bank's separate approval process before their adoption. The approval process ensures that new products and services are planned, appropriate and their documentation is appropriate and sufficient. The approval process enables the application of appropriate risk management to new products and services. The same approval process is also applied when modifications are made to existing products.

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 bank cannot meet its maturing payment obligations or an acceptable balance is not achieved within the limits of tolerable costs. The bank's greatest liquidity risks arise from the maturity difference in borrowing and lending.

The group's liquidity coverage ratio (LCR) remained good, coming to 134.8% at the end of the period (280.3%, parent company figure), when the minimum LCR is 100%. The figure for the comparison period grew due to the assets gained from the covered bond issued in December 2017.

Another significant key figure in terms of liquidity management is the Net Stable Funding Ratio (NSFR), which was 135.0% in 2018. The key figure is reported for the first time in the 2018 financial statements. After the monitoring period, the EU will decide on the content and the extent to which the net stable funding ratio (NSFR) will be binding. Based on current information, it will become a binding requirement in 2019 at the earliest. A requirement of 100% has been proposed.

The bank's liquidity risk is managed through conservative risk appetite. The management of Oma Savings Bank's liquidity risk is based on the bank'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, by planning the liquidity reserve, the bank can prepare for weakening economic trends on the markets and for any changes to legislation. The goal of the bank'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 bank's liquidity and balance of the balance sheet are monitored daily by the bank'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 continuous monitoring of the liquidity situation is important so that the bank can manage outgoing cash flows.

Liquidity risk is also managed through the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) key figures. LCR measures the sufficiency of liquid assets in stress conditions over 30 days. NSFR measures the amount of available stable funding in relation to required stable funding. The Board of Directors have set limits for

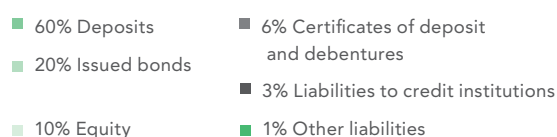
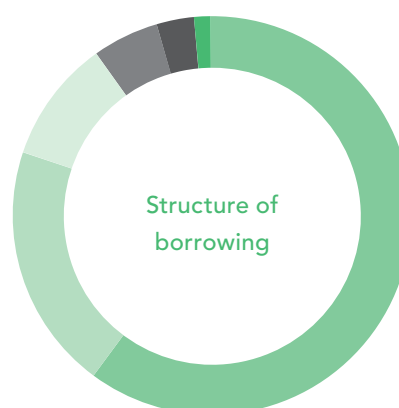
these key figures and they are monitored to ensure they remain within the limits. In addition to regulatory requirements, the bank's own additional buffers have been set for the ratios. The Board of Directors has also set a limit for the ratio between lending and borrowing.

The bank's liquidity risk is also managed by monitoring and forecasting changes in market factors and market development. If forecasts show that market liquidity is falling, the bank can set tighter internal limits for liquidity risk management. Liquidity risk management also includes liquidity reserve management. This ensures that the bank has sufficient amounts of liquid securities available to cover the collateral requirements of different business activities.

The concentration of liquidity risk is linked to the customer segments and liquidity portfolio. Liquidity concentration risks linked to the customer segments are managed by using segment-specific cash flow factors. The size and quality of the liquidity portfolio is also continuously assessed. Any changes in cash flow factors are taken into consideration and the liquidity portfolio is balanced accordingly. The bank manages liquidity risks by diversifying borrowing to several different sources, by which the bank reduces the concentration risk resulting from individual sources of cash.

In addition, the bank has a recovery plan in case of a weakening in the liquidity position. The plan allows the bank to understand the possible measures to take when a crisis strikes.

The Treasury unit is responsible for the bank's reporting. Key liquidity figures are reported to the management regularly. The management reports to the Board of Directors. Additionally, the internal calculation models for liquidity risk are assessed at least once a year by risk management.



EU LIQ1 - LCR disclosure template and the template on qualitative information on the LCR

31.12.2018 (1,000 euros)

Scope of consolidation:
consolidated

Currency and units (1,000 euros)		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on (DD Month YYYY)		31.12.2018	30.9.2018	30.6.2018	31.3.2018	31.12.2018	30.9.2018	30.6.2018	31.3.2018
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)								
Cash – outflows									
2	Retail deposits and deposits from small business customers, of which:	1,315,446	1,260,982	1,211,070	84,761	80,586	75,974	71,945	
3	Stable deposits	1,109,734	1,077,163	1,045,848	56,875	55,543	53,910	52,338	
4	Less stable deposits	205,712	183,819	165,222	27,886	25,043	22,064	19,607	
5	Unsecured wholesale funding	197,951	190,301	177,241	161,406	106,089	105,498	98,569	89,071
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	0	0	0	0	0	0	0	0
7	Non-operational deposits (all counterparties)	151,906	143,573	132,819	68,272	67,103	64,901	60,484	
8	Unsecured debt	38,395	33,668	28,587	37,817	38,395	33,668	28,587	
9	Secured wholesale funding				0				
10	Additional requirements	16,493	13,945	9,734	0				
11	Outflows related to derivative exposures and other collateral requirements	0	0	0	0	0	0	0	0
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	214,050	204,866	181,834	11,643	11,881	11,517	10,200	
14	Other contractual funding obligations	0	0	0	0	0	0	0	0
15	Other contingent funding obligations	796	800	797	526	543	561	578	
16	Total cash outflows				203,019	198,509	186,621	171,794	

EU LIQ1 – LCR disclosure template and the template on qualitative information on the LCR

31.12.2018 (1,000 euros)

Scope of consolidation:
consolidated

Currency and units (1,000 euros)		Total unweighted value (average)				Total weighted value (average)			
		31.12.2018	30.9.2018	30.6.2018	31.3.2018	31.12.2018	30.9.2018	30.6.2018	31.3.2018
Quarter ending on (DD Month YYYY)		31.12.2018	30.9.2018	30.6.2018	31.3.2018	31.12.2018	30.9.2018	30.6.2018	31.3.2018
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
Cash – inflows									
17	Secured lending (e.g. reverse repos)		0	0	0	0	0	0	0
18	Inflows from fully performing exposures		90,040	87,181	92,636	43,222	42,581	40,698	34,353
19	Other cash inflows		0	0	0	0	0	0	0
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	Total cash inflows	90,367	90,040	87,181	92,636	43,222	42,581	40,698	34,353
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap								
						Adjusted value, total			
21	Liquidity buffer					238,037	233,911	210,036	192,629
22	Total net cash outflows					159,797	155,929	145,923	137,441
23	Liquidity coverage RATIO (%)					148.96%	150.01%	143.94%	140.15%

LCR is calculated and reported at the parent company level until 02/2018.

8. Summary table

435 Risk management objectives and policies

1		Reference
a)	the strategies and processes to manage those risks;	Report of Board of Directors
b)	the structure and organisation of the relevant Risk Control function including information on its authority and statute, or other appropriate arrangements;	Report of Board of Directors
c)	the scope and nature of risk reporting and measurement systems	Financial statements, Note G1
d)	the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	Report of Board of Directors
e)	a declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy	Pillar III, chapter 1.1
f)	a concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy	Pillar III, chapter 1.2
2		
a)	the number of directorships held by members of the management body	https://sijoittaminen.omasp.fi/en/board-and-its-committees
b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise	Oma Savings Bank Plc's Corporate Governance Statement
c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved	Oma Savings Bank Plc's Corporate Governance Statement
d)	whether or not the institution has set up a separate risk committee and the number of times the risk committee has met	https://sijoittaminen.omasp.fi/en/board-and-its-committees
e)	the description of the information flow on risk to the management body	Report of Board of Directors

436 Scope of application

		Reference
a)	the name of the institution to which the requirements of this Regulation apply	Table EU LI3
b)	an outline of the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein, explaining whether they are:	Table EU LI3
	i) fully consolidated;	Table EU LI3
	ii) proportionally consolidated;	Not applicable.
	iii) deducted from own funds;	Not applicable.
	iv) neither consolidated nor deducted;	Not applicable.
c)	any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries;	
d)	the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries	Not applicable.
e)	if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9.	

437 Own funds

1		Reference
a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	Not applicable. Prudential consolidation group is the same as the legal group.
b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Table Capital instruments' main features (EU 1423/2013)
c	the full terms and conditions of all Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 (T2) instruments	Table Capital instruments' main features (EU 1423/2013)
d)	separate disclosure of the nature and amounts of the following:	
	i) each prudential filter applied pursuant to Articles 32 to 35;	Table Own funds by item (EU 1423/2013)
	ii) each deduction made pursuant to Articles 36, 56 and 66;	Table Own funds by item (EU 1423/2013)
	iii) items not deducted in accordance with Articles 47, 48, 56, 66 and 79;	Table Own funds by item (EU 1423/2013)
e)	a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply	Not applicable.
f)	where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	Not applicable. Oma Savings Bank does not use other elements of own fund calculation than described in CRR 575/2013.

438 Capital requirements

		Reference
a)	A summary of the institution's approach to assessing the adequacy of its internal capital to support current and future activities.	Pillar III, chapter 3
b)	Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process including the composition of the additional own funds requirements	Pillar III, chapter 3
c)	for institutions calculating the risk-weighted exposure amounts in accordance with Chapter 2 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112	Table EU OV1
d)	For institutions calculating risk-weighted exposure amounts in accordance with Chapter 3 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 147:	Not applicable. Oma Savings Bank does not use IRB approach.
e)	Own funds requirements calculated in accordance with points (b) and (c) of Article 92(3,) i.e capital requirements for market risk	Table EU OV1
f)	Own funds requirements for operational risk (calculated in accordance with Part 3, Title III, Chapters 2, 3 and 4)	Table EU OV1

439 Exposure to counterparty credit risk

		Reference
a)	A discussion of the methodology used to assign internal capital and credit limits for counterparty credit exposures	Not applicable.
b)	a discussion of policies for securing collateral and establishing credit reserves	Pillar III, chapter 4
c)	A discussion of policies with respect to wrong-way risk exposures	Pillar III, chapter 4
d)	A discussion of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating	Not applicable.
e)	Gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposure. Net derivatives credit exposure is the credit exposure on derivatives transactions after considering both the benefits from legally enforceable netting agreements and collateral arrangements	Table CR1, CCR2, CCR3
f)	measures for exposure value under the methods set out in Part Three, Title II, Chapter 6, Sections 3 to 6 whichever method is applicable	Table CCR1, CCR2
g)	the notional value of credit derivative hedges, and the distribution of current credit exposure by types of credit exposure	Not applicable.
h)	the notional amounts of credit derivative transactions, segregated between use for the institution's own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivatives products used, broken down further by protection bought and sold within each product group	Not applicable.

440 Capital buffers

		Reference
a)	the geographical distribution of its credit exposures relevant for the calculation of its countercyclical capital buffer	Table 1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (EU 1555/2015)
b)	the amount of its institution specific countercyclical capital buffer	Table 1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (EU 1555/2015)

441 Indicators of global systemic importance

Not applicable. Oma Savings Bank is not identified as global systemically important bank.

442 Credit risk adjustments

		Reference
a)	the definitions for accounting purposes of 'past due' and 'impaired'	Pillar III, chapter 4
b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments	Pillar III, chapter 4
c)	the total amount of exposures after accounting offsets and without taking into account the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes	Table EU CRB-B
d)	the geographic distribution of the exposures, broken down in significant areas by material exposure classes, and further detailed if appropriate	Not to be published. No significant exposures outside Finland.
e.	the distribution of the exposures by industry or counterparty type, broken down by exposure classes, including specifying exposure to SMEs, and further detailed if appropriate;	Immaterial.
f	the residual maturity breakdown of all the exposures, broken down by exposure classes, and further detailed if appropriate	Table EU CRB-E
g)	by significant industry or counterparty type, the amount of	
	i) impaired exposures and past due exposures, provided separately	Pillar III, chapter 4
	ii) specific and general credit risk adjustments	Pillar III, chapter 4
	iii) charges for specific and general credit risk adjustments during the reporting period	Pillar III, chapter 4
h)	The amount of the impaired exposures and past due exposures, provided separately, broken down by significant geographical areas including, if practical, the amounts of specific and general credit risk adjustments related to each geographical area	Not to be published as a table. No significant exposures outside Finland.
i)	the reconciliation of changes in the specific and general credit risk adjustments for impaired exposures, shown separately. The information shall comprise:	
	i) a description of the type of specific and general credit risk adjustments	Pillar III, chapter 4
	ii) the opening balances	Table EU CR2-A
	iii) the amounts taken against the credit risk adjustments during the reporting period	Table EU CR2-A
	iv) the amounts set aside or reversed for estimated probable losses on exposures during the reporting period, any other adjustments including those determined by exchange rate differences, business combinations, acquisitions and disposals of subsidiaries, and transfers between credit risk adjustments	Table EU CR2-A
	v) the closing balances	Table EU CR2-A

443 Unencumbered assets

Table Encumbered and unencumbered assets (EU 2017/2295)

444 Use of External Credit Assessment Institutions

		Reference
a)	the names of the nominated ECAIs and ECAs and the reasons for any changes	Pillar III, chapter 4
b)	the exposure classes for which each ECAI or ECA is used	Pillar III, chapter 4
c)	a description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book	Exposures by risk weight under the standardised approach.
d)	the association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in Part Three, Title II, Chapter 2, taking into account that this information needs not be disclosed if the institution complies with the standard association published by EBA	Exposures by risk weight under the standardised approach.
e)	the exposure values and the exposure values after credit risk mitigation associated with each credit quality step prescribed in Part Three, Title II, Chapter 2 as well as those deducted from own funds	Table EU CR4

445 Exposure to market risk

	Reference
The institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, the own funds requirement for specific interest rate risk of securitisation positions shall be disclosed separately.	Not applicable. Oma Savings Bank does not have a trading book.

446 Operational risk

	Reference
Institutions shall disclose the approaches for the assessment of own funds requirements for operational risk that the institution qualifies for; a description of the methodology set out in Article 312(2), if used by the institution, including a discussion of relevant internal and external factors considered in the institution's measurement approach, and in the case of partial use, the scope and coverage of the different methodologies used.	Pillar III, chapter 6

447 Exposures in equities not included in the trading book

		Reference
a)	the differentiation between exposures based on their objectives, including for capital gains relationship and strategic reasons, and an overview of the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation and any significant changes in these practices	Not applicable.
b)	the balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value	Not applicable.
c)	the types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures	Not applicable.
d)	the cumulative realised gains or losses arising from sales and liquidations in the period; and	Not applicable.
e)	the total unrealised gains or losses, the total latent revaluation gains or losses, and any of these amounts included in the original or additional own funds.	Not applicable.

448 Exposure to interest rate risk on positions not included in the trading book

		Reference
a)	the nature of the interest rate risk and the key assumptions (including assumptions regarding loan prepayments and behaviour of non-maturity deposits), and frequency of measurement of the interest rate risk;	Pillar III, chapter 5
b)	the variation in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks according to management's method for measuring the interest rate risk, broken down by currency.	Pillar III, chapter 5

449 Exposure to securitisation positions

Not applicable. Oma Savings Bank does not have securitisation positions.

450 Remuneration policy

1		Reference
a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders	Oma Savings Bank Plc's Remuneration Statement, https://sijoittaminen.omasp.fi/en
b)	information on link between pay and performance	Not to be published.
c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria	Oma Savings Bank Plc's Remuneration Statement, https://sijoittaminen.omasp.fi/en
d)	the ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU	Oma Savings Bank Plc's Remuneration Statement, https://sijoittaminen.omasp.fi/en
e.	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	Not applicable.
f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;	Oma Savings Bank Plc's Remuneration Statement, https://sijoittaminen.omasp.fi/en
g)	aggregate quantitative information on remuneration, broken down by business area	Oma Savings Bank Plc's Remuneration Statement, https://sijoittaminen.omasp.fi/en
h)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following	
i)	the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries	Notes to the financial statements.
ii)	the amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types	All remuneration takes place in cash.
iii)	the amounts of outstanding deferred remuneration, split into vested and unvested portions	Not applicable. The remuneration has not been deferred.
iv)	the amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments	Not applicable. The remuneration has not been deferred or reduced.
v)	new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments	Not applicable. No sign-on and severance payments were made during the accounting period.
vi)	the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person	Not applicable. No sign-on and severance payments were made during the accounting period.
i)	the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million	Not applicable.
j)	upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management.	Not applicable.

450 Remuneration policy

2

Reference

For institutions that are significant in terms of their size, internal organisation and the nature, scope and the complexity of their activities, the quantitative information referred to in this Article shall also be made available to the public at the level of members of the management body of the institution.

Not applicable.

451 Leverage

Reference

a)	the leverage ratio and how the institution applies Article 499(2) and (3)	Pillar III, chapter 4.5
b)	a breakdown of the total exposure measure as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements	Pillar III, chapter 4.5
c)	where applicable, the amount of derecognised fiduciary items in accordance with Article 429(11)	Pillar III, chapter 4.5
d)	a description of the processes used to manage the risk of excessive leverage	Pillar III, chapter 4.5
e)	a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	Pillar III, chapter 4.5

452 Use of the IRB approach to credit risk

Not applicable. Oma Savings Bank does not use IRB approach.

453 Use of credit risk mitigation techniques

		Reference
a)	The policies and processes for, and an indication of the extent to which the entity makes use of, on- and off- balance sheet netting	Not applicable.
b)	The policies and processes for collateral valuation and management	Pillar III, chapter 4
c)	A description of the main types of collateral taken by the institution	Pillar III, chapter 4
d)	the main types of guarantor and credit derivative counterparty and their creditworthiness	Pillar III, chapter 4
e)	information about market or credit risk concentrations within the credit mitigation taken	Not applicable.
f)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, but not providing own estimates of LGs or conversion factors in respect of the exposure class, separately for each exposure class, the total exposure value (after, where applicable, on- or off-balance sheet netting) that is covered — after the application of volatility adjustments — by eligible financial collateral, and other eligible collateral;	Not applicable.
g)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, separately for each exposure class, the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees or credit derivatives. For the equity exposure class, this requirement applies to each of the approaches provided in Article 155	Not applicable.

454 Use of the advanced measurement approaches to operational risk

Not applicable. Oma Savings Bank uses basic indicator approach for calculation of operational risk.

455 Use of internal market risk models

Not applicable. Oma Savings Bank uses standardised approach for calculation of market risk.