SAVINGS BANKS GROUP'S

HALF-YEAR REPORT 1 JANUARY–30 JUNE 2021

Savings Bank

SAVINGS BANKS GROUP'S HALF-YEAR REPORT 1 JANUARY – 30 JUNE 2021

Table of contents

SAVINGS BANKS GROUP'S HALF-YEAR REPORT 1 JANUARY – 30 JUNE 2021

Review by the Managing Director of the Savings Banks' Union Coop

The Savings Banks Group is a banking group focusing on savings and investments and financing private and corporate customers. Its social mission is to promote the financial wellbeing of its customers through excellent banking and investment services and superior financial expertise and advice. The Savings Banks Group's business is growing, and it has nearly half a million satisfied private and corporate customers.

The Savings Banks Group has been pleased to note that people are increasingly interested in saving and investing. People understand the great importance of saving for their own future. We are proud to be able to contribute responsibly to the building of our common economic prosperity.

The services of the Savings Banks are aimed at private and corporate customers interested in developing their own finances and long-term prosperity. The financial resources of individuals, families and businesses are different. The Savings Banks Group wants to identify the potential of each customer's own finances and help each customer in their own situation and starting point. All customers are equal for the Savings Banks regardless of their financial position. Only a genuine and sustainable interest in developing one's own finances is important.

Financial wellbeing develops through services. Our goal is, now and in the future, to offer our customers Finland's best combination of digital and face-to-face financial and investment services that yield concrete, long-term benefits for the customers. Our service network is among the largest in Finland.

We focus especially on customer experience quality, which is the key competitive advantage for the Savings Banks Group when attracting customers. An important operational performance indicator for the Group is customer satisfaction, in terms of which the Savings Banks Group is clearly one of the market leaders in retail banking as well as across industry boundaries.

The Savings Banks are local banks in the best sense of the word. The Savings Banks Group wants to be visibly involved in supporting local communities throughout Finland. A keyway of supporting local communities is to finance local small and medium-sized enterprises, in which the role of the Savings Banks Group has significantly grown. We provide seamless services to companies and their owners with high quality and expertise.

The first six months of 2021 have been recovering from the COVID-19 pandemic. Although the pandemic is not yet over, economic activity has already increased significantly from the previous year and the demand for financial products has increased with the growth of economic confidence. A good example is the buoyant housing trade, which has naturally also increased the demand for housing finance. The fact that the number of bankruptcies and defaults has not increased significantly during 2021 is a particular cause for delight.

The pandemic crisis has this year as well accelerated the trends that change bank customer behaviour and the nature of retail banking. The Savings Banks Group has helped its customers in finance planning and improving financial flexibility.

In the first half of the year, the banking group's result improved significantly from the corresponding result of the previous year thanks to the successful customer business. The banking group's own investment result also improved clearly from the previous year. The outlook for the rest of the year is influenced, among other things, by the demand for financial and investment products, the development of credit quality and changes in asset values. Naturally, the result of the banking group is largely dependent on the ability of the Finnish economy to recover from the pandemic crisis. According to our current forecast, the banking group's result will be strong throughout the year.

Tomi Närhinen

CEO,
Savings Banks'
Union Coop

The Savings Banks Group and the Savings Banks Amalgamation

The Savings Banks Group is the most longstanding banking group in Finland, which consists of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop that acts as the Central Institution and the subsidiaries and associated companies owned jointly by the banks.

The member organisations of the Savings Banks Amalgamation form a financial entity as defined in the Act on the Amalgamation of Deposit Banks, in which the Savings Banks' Union Coop and its member credit institutions ultimately are jointly liable for each other's liabilities and commitments. The Savings Banks Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 18 Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc and the companies within the consolidation groups of the above-mentioned entities, as well as Savings Bank Services Ltd and Sp-Fund Management Company Ltd. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy.

Liedon Säästöpankki has concluded a preliminary agreement for the acquisition of the client business of the Mietoisten Säästöpankki. The aim is to make the final decisions and other measures related to the business acquisition by the end of 2021 at the latest.

On 15 June 2021, the Board of Directors of Eurajoen Säästöpankki unanimously approved the transfer plan to merge Eurajoen Säästöpankki with Oma Säästöpankki Oyj. The hosts of Eurajoen Säästöpankki have also approved the launch of the process on the transfer of business.

Further information about the structure of the Savings Banks Group can be found at *www.saastopankki.fi/saastopankkiryhma*.

Description of the operational environment

Global economic outlook

The year 2021 is expected to be a year of rapid economic recovery. The recovery will focus on the second half of the year, but already in the spring it was seen that the recovery had started in different countries. We owe the improvement in the recovery and the economic outlook to the rapid development of vaccines, which has made it possible to make progress with vaccination and thus to brighten up the economic outlook. In addition, the fiscal and monetary stimulus contributes to the recovery of economies from the downward spiral of interest rates.

In the first half of the year, vaccination progressed rapidly after the initial struggle. Among the large economies, vaccination has been the fastest in the United States and the United Kingdom, with a slight delay in Europe. In China, vaccination started later, but the disease situation has also remained good.

As vaccination progresses, there have also been occasional setbacks on the disease front. Globally, the highest infection rates so far were seen in April, and the situation was difficult in particular in India. Even since then, individual clusters of disease have been seen in different parts of the world and restrictive measures have been reintroduced. The beginning of the year was marked by a tug-of-war between vaccination and outbreaks of the disease.

However, the economic outlook has improved as vaccinations have progressed. As early as the beginning of the year, various confidence indicators showed an increase and reported an increase in both business and consumer confidence. The industry has held its ground reasonably well, and even the increase in the number of infections in the early part of the year did not cause a major shock to industrial production. In the services sector, the situation is different, and the prospects of many companies in the services sector go hand in hand with restrictive measures. When restrictive measures were relaxed during the spring, this was reflected in the restoration of confidence in the service sector.

During the spring, various forecasting institutions have raised their forecasts for global economic growth. For example, at the end of March, the IMF estimated that the world economy would grow by 6% in 2021. In China, the gap in GDP caused by the COVID-19 crisis has already been bridged. In the United States, economic growth is expected to be very strong and strong stimulus measures will contribute to strengthening growth. Europe is lagging behind the US and growth is expected to be slower, but Europe is also witnessing a rather rapid recovery.

With the start of the economic recovery, fears of higher inflation have also increased. During the spring, many countries have recorded higher inflation rates than have been seen for a long time.

The market consensus expects that most of the acceleration in inflation will be temporary and explained by factors related to economic opening. Of course, there are also risks of an increase in inflation in a longer term.

Although, for example, the investment market has already turned its attention to the post-covid period, the risk of disease remains. New, more rapidly spreading variants of the virus have been seen, but fortunately the vaccines are still effective. If this were not the case, the economic outlook could quickly deteriorate again.

Interest rate environment

Short-term interest rates in the euro area have remained virtually unchanged over the reference period. By contrast, long-term interest rates have been rising until mid-May, after which a slight decline has been observed. As Euribor rates are the dominant form of interest rate fixation in lending, the low level of these reference rates and the flatness of the short-term interest rate curve have continued to pose challenges to the interest income of the banking sector over the reference period.

The utilisation of the European Central Bank's TLTRO programme has led to a significant reduction in the issuance of debt by the financial sector. As a result, debt issuance created an over-demand in the debt capital markets during the reference period, which in turn has led to lower credit margins in the wholesale markets. However, at the end of the reference period, this trend has begun to stabilise. In the euro area government bond market, spreads remained stable during the first half of the year.

Investment markets

The first half of the year was positive from the perspective of the investment markets. The gradual recovery in economic growth and good stock market performance led to higher stock prices. In emerging markets, the impact of the pandemic remained more pronounced and share price developments were also lower than in developed markets. Market expectations of the Central Banks' monetary policy turned towards a tightening of monetary policy. This, together with the rise in inflation, led to an increase in interest rates both in Europe and the United States. In the corporate bond market, credit spreads declined, supported by strong demand, thus, supporting corporate bond yields in an environment of rising interest rates. Investor confidence and risk appetite remained strong as the recovery from the pandemic progressed.

The Finnish economy

The Finnish economy has coped with the COVID-19 crisis better than other European countries. Finland's GDP fell by 2.8% in 2020, well below the euro area average. Finland's success in managing the situation is the sum of many factors. The disease management in Finland has proved to be reasonably successful, and the structure of the Finnish economy also supports a smaller drop, as the role of the service sector and tourism, for example, is smaller in Finland than in many other countries. In addition, the transition to teleworking has gone smoothly thanks to good digital capabilities.

As in other countries, the decline in economic activity has been the sharpest in the service sector in Finland. There are also substantial differences within the service sector. The hardest-hit segments have been the hotel and restaurant industry, transport, entertainment and recreational services. At the same time, the information and communication sector has even grown during the COVID-19 pandemic. Industry and construction have held up well during COVID-19, and the retail trade has even benefited from the pandemic. Thus, the effects of the pandemic vary between companies in different industries.

The start of the global economic recovery is already reflected in the Finnish economy. For example, according to the latest statistics, orders in manufacturing are growing rapidly and exports have also picked up.

Corporate bankruptcies were even lower than normal in 2020, which is at least partly explained by the change in bankruptcy legislation which temporarily made it more difficult for companies to file for bankruptcy. This temporary legislation expired at the end of January 2021, but the expected wave of bankruptcy has yet to been seen. At least on the surface, companies have coped reasonably well with the coronavirus.

On the whole, households have coped with the COVID-19 crisis relatively well. Unemployment has risen slightly, but the feared mass unemployment was not seen. In spring 2021, unemployment has continued to fall, but the level is still slightly higher than before the COVID-19 crisis. The wages and salaries sum of households was at a higher level in spring 2021 than before the COVID-19 crisis in 2019. One manifestation of the COVID-19 crisis is an increase in the household savings rate. This will allow for a recovery in rapid consumption through the gradual dismantling of restrictive measures.

The housing market in Finland

The housing market has been buoyant since the summer of 2020. There was no normal seasonal fluctuation, i.e. market calming around the turn of the year. There was also no seasonal variation between different types of dwellings, but, for example, the trade in detached houses and leisure destinations continued to be lively even during the winter months. There are many reasons, but the most important ones are the need for more space brought by increased teleworking and the desire to improve housing, increased savings and low interest rates. There would certainly have been even more housing transactions, but many customers have wanted to find a new apartment first before starting the sale of their current one. This has barred the supply.

Between January and May 2021, the trade volume of old dwellings grew by 33.5% from last year and the price change for five years has been 25.7% (source: the price monitoring service of the Central Federation of Finnish Real Estate Agencies). During this period, the trade volume of old dwellings in blocks of flats grew by 36.8%, that of terraced houses by 31.6% and that of detached houses by 27.9%. In five years, the prices of single-family houses have increased most, i.e. by 25.9%. In old dwellings sold, trade volumes have grown in other parts of Finland (36%) more than in large cities (31.7%). In each region, the growth has also been significant compared to last year. Among the regions, the strongest growth has been in Kanta-Häme, Central Ostrobothnia and Kymenlaakso.

In many places, when demand exceeds supply, the price level has clearly strengthened. In May, the price development of old dwellings in blocks of flats in the Helsinki Metropolitan area was 8.7% compared to the corresponding period of the year before. The same comparison shows 5.6% in large cities (not the Helsinki region), 10.6% in Turku, 6.3% in Tampere and 4% in Oulu. There is also a large dispersion in price developments within localities.

According to the Finnish Construction Industry Association's March economic review, housing production rose to nearly 41,000 dwellings last year, contrary to expectations, when the housing trade has been exceptionally lively. Housing construction is estimated to remain at a good level also this year, although it is slowing down by around ten per cent. Next year, the number of starts is expected to fall to 34,000 dwellings. According to the HSP, in the early part of the year, the volume of new-build dwellings has increased by 80.6% over the corresponding period of the year before, and in the course of the last five years, too, the total growth has been 38.5%. The majority of construction is concentrated in large cities.

The free-time residential property trade has been lively and uninterrupted this year and has increased by 32% in the beginning of this year. In the last five years, the total growth has been 75.8%. The sale has been made from small, affordable dryland cottages to expensive ski resort villas. The volume of trade has been curbed by a lack of supply. The previous assumption of the trend that younger generations would no longer want to buy secondary residences has proved to be wrong.

The Savings Banks Group's profit and balance sheet

Savings Banks Group's financial highlights

(EUR 1,000)	1-6/2021	1-6/2020	1-12/2020
Revenue	180,185	149,068	337,938
Net interest income	81,380	79,736	160,967
% of revenue	45.2 %	53.5 %	47.6 %
Profit before taxes	43,407	10,637	66,740
% of revenue	24.1 %	7.1 %	19.7 %
Total operating revenue	165,518	132,631	306,588
Total operating expenses (excluding depreciations)	-119,848	-112,576	-220,157
Cost to income ratio	72.4 %	84.9 %	71.8 %
Total assets	13,169,456	12,695,573	13,097,063
Total equity	1,192,716	1,109,803	1,155,709
Return on equity %	3.7 %	1.4 %	4.6 %
Return on assets %	0.3 %	0.1 %	0.4 %
Equity/assets ratio %	9.1 %	8.7 %	8.8 %
Solvency ratio %	19.9 %	18.4 %	19.1 %
Impairment losses on loans and other receivables	-2,050	-9,454	-19,760

Profit trends (comparison figures 1-6/2020)

The Savings Banks Group made a very good result in the first half of 2021. Savings Banks Group's profit before tax stood at EUR 43.4 (10.6) million. Profit for the period was EUR 35.0 (7.6) million.

The Savings Banks Group's customer business developed well. Net interest income grew by 2.1 % to EUR 81.4 (79.7) million. The increase in net interest income can be attributed to increased lending and reduction in interest expenses. Interest income totalled EUR 90.5 (91.9) million, of which interest income from customers' loans and receivables accounted for EUR 72.1 (71.7) million. The share of the derivatives used for the management of the interest rate risks of net interest income was EUR 11.2 (12.6) million. Interest expenses decreased by 24.8 % to EUR 9.1 (12.1) million.

Net fee and commission income grew by 14.4 % to EUR 55.1 (48.1) million. Commissions on payment transactions grew by 7.5 % to EUR 23.1 (21.5) million. Asset Management Services developed well during the review period and fund capitals grew to EUR 4.2 billion, increasing commissions on funds by 30.4 % to EUR 19.1 (14.7) million. Loan commissions amounted to EUR 10.6 (9.4) million.

Positive market forces supported the investment activities of the Savings Banks Group. The net result of the investment activities was EUR 10.7 (-9.4) million.

Net life insurance income totalled EUR 10.6 (7.4) million. Premiums written increased from the comparison period, amounting to EUR 61.8 (59.7) million. Claims incurred decreased, amounting to EUR 37.0 (41.5) million.

Other operating revenue was EUR 7.8 (6.8) million.

The operating revenue of the Savings Banks Group was EUR 165.5 (132.6) million. The increase in revenue was due to both the increase in net investment income and very good customer business results.

Savings Banks Group's operating expenses grew by 6.5 % to EUR 119.9 (112.6) million. Personnel expenses increased by 9.3 % to EUR 50.5 (46.2) million. The number of personnel as of 30 June 2021 was 1,430 (1,405).

Other administrative expenses amounted to EUR 42.5 (40.9) million. ICT- expenses increased by 8.8 % to EUR 26.0 (23.9) million. Other personnel expenses decreased to EUR 2.1 (2.7) million.

Other operating expenses were EUR 17.7 (16.1) million. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets amounted to EUR 9.1 (9.4) million.

The Group's cost to income ratio was 72.4 (84.9) %. The volatility of result caused by unrealised changes in value included in net investment income has a significant impact on the Group's cost to income ratio.

A total of EUR -2.0 (-9.5) million was recorded in impairments of financial assets. These impairments had a negative effect on the Savings Banks Group's profit and loss, and EUR -3.2 (-7.7) millions of them were related to loans and other receivables. Impairments of other financial assets amounted to EUR 1.2 (-1.8) million. Impairments of financial assets include the change in expected credit losses, final credit losses and credit loss recoveries for loans granted to customers and for off-balance sheet commitments. The amount of expected credit losses (ECL) totalled EUR -0.6 (-4.6) million for loans and other receivables and EUR 1.2 (-1.8) million for investment assets. The amount of realised net credit losses for loans and other receivables during the financial year was EUR -2.7 (-3.1) million.

Balance sheet and funding (comparison figures 31 December 2020)

The balance sheet of the Savings Banks Group totalled EUR 13.2 (13.1) billion at the end of review period. The Savings Banks Group's return on assets was 0.3 (0.4) %.

Loans and advances to customers amounted to EUR 9.5 (9.3) billion, up 2.6 %. Loans and advances to credit institutions amounted to EUR 128.1 (109.1) million. The Savings Banks Group's investment assets stood at EUR 1.0 (1.2) billion. Life insurance assets amounted to EUR 1,133.0 (1,022.6) million.

The Savings Banks Group's liabilities to customers totalled EUR 7.8 (7.8) billion. Liabilities to credit institutions were EUR 435.0 (389.9) million. Debt securities issued stood at EUR 2.5 (2.6) billion. During the review period, a EUR 300 million senior unsecured public emission fell due and senior unsecured bonds totalling EUR 111.5 million were issued on a private placement basis. Life insurance liabilities amounted to EUR 1,057.6 (957.2) million.

The Savings Banks Group's equity stood at EUR 1.2 (1.2) billion. The share of non-controlling interests of the Saving Banks Group's equity was EUR 1.4 (1.4) million. The change in fair value recognised in other comprehensive income was EUR 2.3 (-1.5) million during the review period. The impact of cash flow hedging on equity was EUR -0.5 (-0.5) million. The Savings Banks Group's return on equity was 3.7 (4.6) %.

The quality of the Savings Banks Group's credit portfolio is still good and most of corporate credit is secured. The Savings Banks Group does not have significant risk concentrations in the sectors that have especially suffered from the coronavirus pandemic. The expected credit loss allowance on loans and receivables on the balance sheet at the end of the review period amounted to EUR 44.5 (31 December 2020: 43.7) million, or 0.46% (31 December 2020: 0.44%) of loans and receivables. The Savings Banks Group's non-performing receivables remained at a moderate level and accounted for 1.61 % of loans and receivables.

Capital adequacy and risk position

Capital adequacy (comparison figures 31 December 2020)

At the end of review period, the Savings Banks Amalgamation had a strong capital structure, consisting primarily of CET1 capital. Total own funds were EUR 1,103.9 (1,075.7) million, of which CET1 capital accounted for EUR 1,100.4 (1,069.6) million. The growth in CET1 capital was mainly due to the profit for the review period. Savings Banks Amalgamation does not have additional Tier 1 capital. Tier 2 (T2) capital accounted for EUR 3.4 (6.1) million, which consisted of debentures in the review period. Risk-weighted assets amounted to EUR 5,560.0 (5,638.8) million, i.e., they were 1.4 % lower than at the end of the previous year. During the review period, the decrease in risk-weighted exposure amounts was due to the extension of the SME support factor resulting from the amendment of the capital adequacy regulation (CRR) and the redemptions of fund investments. The increase in risk-weighted exposure amounts was highest in corporate receivables and exposures in default, as a result of the introduction of a new definition of default. The capital ratio of the Savings Banks Amalgamation was 19.9 (19.1) % and the CET1 capital ratio was 19.8 (19.0) %.

The capital requirement of Savings Banks Amalgamation was EUR 653.8 (663.0) million. The composition of the capital requirement is shown in the table below. The capital requirement of the Savings Banks Amalgamation consists of the 8% minimum capital requirement laid down in the Capital Requirements Regulation, a discretionary Pillar 2 additional capital requirement imposed by the Financial Supervisory Authority, a fixed additional capital requirement pursuant to the Act on Credit Institutions and the country-specific countercyclical capital requirements of foreign exposures.

Combined capital requirement, %

30 June 2021	Minimum requirement	Pillar 2 (SREP) -requirement	Capital cinservation buffer	Countercyclical capital buffer	Combined capital requirement
CET1	4.50	1.25	2.50	0.01	8.26
AT1	1.50	0.00			1.50
T2	2.00	0.00			2.00
Total	**8.00**				**11.76**

Finnish Financial Supervisory Authority made decision on pillar 2 requirement for the Savings Bank Amalgamation on 4 July 2019 and it came into force on 31 March 2020. As a result, pillar 2 requirement for the Savings Bank Amalgamation increased from 0.5% to 1.25% of total risk amount. The requirement percentage is based on the methodology of SREP (Supervisory Review and Evaluation Process) for LSI banks from ECB, where the percentage of additional capital requirement is determined from the overall rating of FSA's assessment. The requirement shall be met at the amalgamation level with CET1 capital. The requirement is valid maximum 3 years until 31 March 2023.

At its meeting on 6 April 2020, the Board of the Financial Supervisory Authority decided to remove the systemic risk buffer, which lowered the Saving Bank Amalgamation's capital requirement by one percentage point. The aim of the decision is to mitigate the negative effects of the coronavirus pandemic on the stability of financial markets and on credit institutions' ability to finance the economy.

At its meeting on 29 June 2021, the Board of the Financial Supervisory Authority decided to change the maximum lending ratio so that the maximum lending ratio of other than first-home buyers is reduced by 5 percentage points to 85 per cent. The amendment shall enter into force on 1 October 2021. In addition, the Financial Supervisory Authority decided not to impose the countercyclical capital buffer requirement, which may range from 0 to 2.5% of the risk-weighted exposure amounts. The Financial Supervisory Authority has not set additional capital requirements, so called O-SII buffers, for the Savings Banks Amalgamation.

The Finnish Financial Supervisory Authority is responsible for domestic macro prudential decision making. Decisions on the countercyclical capital buffer and on the maximum lending ratio for mortgages are made on a quarterly basis, decisions on the capital buffers of credit institutions of national importance (the so-called O-SII buffers) are made annually and decisions on the systemic risk buffer are made at least every two years.

The Financial Supervisory Authority has granted a permission not to deduct internal holdings of credit institutions included in the Amalgamation from own funds instruments when calculating own funds at the individual institution level and sub-consolidation group level. In addition, the Financial Supervisory Authority has granted a permission to apply a 0 per cent risk weight to internal credit institution liabilities included within the scope of the Amalgamation's joint and several liability. These permissions are based on the European Union Capital Requirements Regulation (EU 575/2013) and the Act on the Amalgamation of Deposit Banks (599/2010).

The Financial Supervisory Authority has granted permission to the Central Institution of the Amalgamation to waive fully the application of the requirements regarding liquidity set out in part six of Regulation (EU) No 575/2013 and its amending and supplementing acts to the Amalgamation's member credit institutions. The authorisation granted to the Central Institution also covers the NSFR claim that entered into force on 28 June 2021.

The standard method is used to calculate the capital requirement to the credit and counterparty risk of the Savings Banks Amalgamation. The capital requirement to the operational risk is calculated by the basic method. The capital requirement relating to market risk is calculated by the basic method for the foreign exchange exposure if the total net foreign exchange position is over two per cent of the aggregate amount of the own funds. The Savings Banks Amalgamation does not have a trading book and the amalgamation's business does not involve taking commodity risk.

Capital adequacy's main items

Own funds (EUR 1,000)	30.6.2021	31.12.2020
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,145,190	1,115,019
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-44,774	-45,441
Common Equity Tier 1 (CET1) capital	**1,100,416**	**1,069,578**
Additional Tier 1 (AT1) capital before regulatory adjustments		
Total regulatory adjustments to Tier 1 (AT1) capital		
Additional Tier 1 (AT1) capital		
Tier 1 capital (T1 = CET1 + AT1)	**1,100,416**	**1,069,578**
Tier 2 (T2) capital before regulatory adjustments	3,448	6,089
Total regulatory adjustments to Tier 2 (T2) capital		
Tier 2 (T2) capital	**3,448**	**6,089**
Total capital (TC = T1 + T2)	**1,103,864**	**1,075,667**
Risk weighted assets	**5,559,982**	**5,638,817**
of which: credit and counterparty risk	4,915,049	4,980,108
of which: credit valuation adjustment (CVA)	127,831	111,723
of which: market risk		29,883
of which: operational risk	517,102	517,102
Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.8 %	19.0 %
Tier 1 (as a percentage of total risk exposure amount)	19.8 %	19.0 %
Total capital (as a percentage of total risk exposure amount)	19.9 %	19.1 %
Capital requirement		
Total capital	1,103,864	1,075,667
Capital requirement total*	653,818	663,015
of which: Pillar 2 additional capital requirement	69,500	70,485
Capital buffer	450,269	412,652

* The capital requirement is formed by the statutory minimum capital adequacy requirement of 8%, the capital conservation buffer of 2.5% according to the Act on Credit Institutions, the 0.5% Pillar 2 requirement set by the Financial Supervisory Authority and the country-specific countercyclical capital requirements of foreign exposures.

Leverage ratio

The leverage ratio of the Savings Banks Amalgamation was 8.9 per cent (8.7) clearly exceeding the 3% minimum requirement that became valid on 28 June 2021. The leverage ratio describes the level of indebtedness of a credit institution and is calculated by dividing the original own funds by the total of liabilities. The benchmark data are not fully comparable as they do not take into account the changes to the CRR that entered into force during the review period. The Savings Banks Amalgamation monitors excessive indebtedness as part of the ICAAP process.

Leverage ratio

(EUR 1,000)	30.6.2021	31.12.2020
Tier 1 capital	1,100,416	1,069,578
Total leverage ratio exposures	12,388,999	12,286,958
Leverage ratio	8.9 %	8.7 %

Pillar III note includes the information in accordance with the EU's Capital Requirements Regulation (575/2013) regarding the capital adequacy of the Amalgamation.

Resolution plan

The Directive of the European Parliament and of the Union 2014/59/EU on the recovery and resolution framework of credit institutions and investment service firms was brought nationally into force as of 1 January 2015 (the Act on the crisis solution of credit institutions and investment service firms). To implement the resolution act, the Financial Stability Authority was established (the Act on the Financial Stability Authority, 1995/2014). In April 2021, the Financial Stability Authority set a minimum requirement for own funds and eligible liabilities (MREL requirement) for the Savings Banks Amalgamation and Sp Mortgage Bank Plc. The requirement will enter into force in full as of 1 January 2022 for the Savings Banks Amalgamation and with transitional provisions as of 1 January 2022 for Sp Mortgage Bank Plc. The requirement does not apply to the member credit institutions or the Central Bank of Savings Banks. The MREL requirement is by nature a Pillar 2 type minimum requirement that must be met continuously. The Financial Stability Authority decided that the MREL requirement applied to the Savings Banks Amalgamation is 19.49% of the total risk exposure amount or 5.91% of the total exposures, whichever is higher. As of 1 January 2024, the MREL requirement in full for Sp Mortgage Bank Plc is 15.71% of the total risk amount or 5.91% of the total exposures, whichever is higher. In addition to the requirement calculated on the basis of overall risk, the institution-specific capital buffer requirement shall be met on an ongoing basis.

Risk position

The Savings Bank Group's risk position has remained at a good level. The solvency of the Savings Banks Amalgamation is good, the quality of the credit portfolio is still at a good level and most of the loans are secured. The Savings Banks Group does not have significant risk concentrations in the sectors that have especially suffered from the coronavirus pandemic. The non-performing receivables of the Savings Banks Group have remained at a reasonable level despite the coronavirus pandemic and the introduction of a broader definition of default that entered into force on 1 January 2021.

Risk management and internal control of the Savings Banks Group is a part of the internal control framework applied within the Group and the Amalgamation. It is also at the core of the Group's operational activities. It is the responsibility of the Central Institution's Board of Directors to steer the operation of the Amalgamation and, in order to safeguard liquidity and capital adequacy, issue instructions to the member companies on risk management, corporate governance, internal control and compliance with harmonised accounting principles in the preparation of the consolidated financial statements.

The Central Institution approves the principles for the Group's internal control framework. The following functions, which are independent of business operations, have been established within the Central Institution to ensure effective and comprehensive internal control in all the member companies within the Amalgamation and the Group:

- Independent risk control
- Compliance function
- Internal audit

The Central Institution's Risk control function maintains and develops methods for managing risks within the Savings Banks Group. This ensures that all, even new, fundamental but previously unidentified

risks are covered by the risk management of the Group's business lines.

All significant loans or commitments including significant risk are made in accordance with collegial decision-making processes, and there is a lending authority limit structure in place. Internal operational guidelines are used to steer business operations and processes. Compliance with the internal guidelines as well as the updating process of the guidelines is monitored. All decisions and significant business operations are documented and archived. An essential part of risk management is executed in daily supervision. The execution of decisions made is monitored through an approval and verification process, controls and reconciliations together with adequate monitoring and reporting. The most significant risks affecting the operation of the Group are credit risk, liquidity risk, interest rate risk, operational risk, as well as various business risks.

The Group's risks and risk management are described in more detail in the notes on risk management in the financial statements in Appendix 5.

Credit ratings

On 22 January 2021, S&P Global Ratings (S&P) confirmed the long-term credit rating of the Central Bank of Savings Banks Finland Plc, acting as the central credit institution of the Savings Banks Group, at A- and its short-term credit rating at A-2. The outlook remained negative.

The Central Bank of Savings Banks Finland Plc is part of the Savings Banks Amalgamation. The role of the Central Bank of Savings Banks is to ensure the liquidity and fundraising of the Savings Banks Group. The Central Bank of Savings Banks raises funds and operates in the money and capital markets on behalf of the Group, manages settlements and the internal balancing of the Group's liquidity. The Central Bank of Savings Banks also manages the levelling out of the Group's internal liquidity.

Operations and profit by business segment

Banking services

The customer satisfaction and customer experience of the Savings Banks' private customers continued to rise during the first half of 2021. The Net Promoter Score (NPS) for the Savings Banks' customer negotiations was 81 on average. The volume of customer encounters continued to shift to remote channels and online conferencing. The use of digital signature of contracts also increased further in the Savings Bank's private customer business during the early part of 2021, and the majority of private customers' credit documents were signed electronically. The development of digital services strengthened the ability of the Savings Banks Group to provide its customers the best combination of personal and digital services. The structure of the Savings Banks' private customer base continued to develop favourably during the early part of the year. The number of private customers using Savings

Banks' services extensively and concentrating their banking in Savings Banks increased by 2.6 per cent.

Customer satisfaction and customer experience among the Savings Banks' corporate customers increased further during the early part of 2021 being at a very strong level. Among corporate customers, the Net Promoter Score (NPS) for Savings Banks' customer negotiations was 82. In the latest EPSI rating survey, the Savings Bank emerged as the winner for the first time in the corporate customer segment, both in customer loyalty and customer satisfaction. The use of electronic customer contract signatures by corporate customers continued to increase in the first half of 2021. The number of corporate and forestry and agriculture customers using Savings Banks' services extensively grew by 3.2 per cent during the first part of the year, with the growth increasingly coming from larger small businesses. This was also reflected in the increase in the volume of the Savings Banks' lending to businesses and housing corporations, clearly outperforming the average market growth among both customer categories. The demand for loan insurance continued to be good during the review period, improving towards the summer with the demand for financing.

In 2019, the Savings Banks Group launched the core banking system upgrade. The core banking system is based on Temenos technology and will be provided by Samlink Ltd. The total delivery price for the Savings Banks Group is approximately EUR 28.9 million and the capitalised costs at the end of the year totalled EUR 8.9 million. The project schedule will be specified in further detail during the end of the year.

The Savings Banks Group's mortgage- and central bank operations

The objective of the Savings Banks Group's Sp Mortgage Bank is to strengthen the competitiveness of the Savings Banks Group through competitive funding and to promote the implementation of the strategy of the Savings Banks Group through its own operations. Sp Mortgage Bank is responsible for the residential mortgage loan funding of the Savings Banks Group by issuing covered bonds. The Savings Banks Group's mortgage banking operations progressed according to plan during the review period.

The Central Bank of Savings Banks Finland Plc is a bank owned by Finnish savings banks with main purpose of providing savings banks and the Savings Banks Group with various central credit institution services. During the review period, the focus of the operations of the Central Bank of Savings Banks was on the continued development of Savings Banks' services. On 22 January 2021, S&P Global Ratings (S&P) confirmed the long-term credit rating of the Central Bank of Savings Banks Finland Plc, acting as the central credit institution of the Savings Banks Group, at A- and its short-term credit rating at A-2. The outlook remained negative.

Financial performance (comparative figures 1-6/2020)

Profit before tax of Banking operations stood at EUR 23.6 (-3.7) million. Net interest income was EUR 81.5 (79.8) million, an increase of 2.1 %. Net fee and commission income totalled EUR 36.1 (33.1) million, an increase of 9.1 %. Net investment income increased to EUR 10.7 (-9.6) million. Other operating revenue was EUR 7.9 (6.7) million.

Impairments of financial assets amounted to EUR -2.0 (-9.5) million. Impairments of loans and receivables amounted to EUR -3.2 (-7.7) million, of which expected credit losses accounted for EUR -0.6 (-4.6) million. Impairments of investment assets totalled EUR 1.2 (-1.8) million.

Personnel expenses increased to EUR 33.6 (32.3) million. The number of personnel in the Banking operations segment was 940 (999) at the end of the review period. Other operating expenses and depreciation grew by 7.1 % to EUR 77.0 (71.9) million.

The balance sheet for Banking operations totalled EUR 12.0 (31.12.2020: 12.3) billion, representing decrease of 2.5 %. Loans and advances to customers increased by 2.6 % to EUR 9.5 (31.12.2020: 9.3) billion. Deposits received from customers was EUR 7.8 (31.12.2020: 7.8) billion. The investment assets for Banking operations totalled EUR 1.0 (31.12.2020: 1.4) billion.

Asset Management Services

The Asset Management Services business developed well in the first half of the year. The improvement in the economic outlook and the positive development of investment markets as corona vaccinations proceed have provided a good environment for investing in the demand for products and services. However, the coronavirus pandemic and related uncertainties continue to affect the Asset Management Services business. The Savings Banks Group focused on active customer work and high-quality investment service production in accordance with customer needs during the review period. Our services in fund and insurance saving continued to evolve, for example, in electronic channels, and at the beginning of the year, we introduced the Sp Real Estate Special Investment Fund into our selections. The operations of Sb Life Insurance and Sp-Fund Management Company were undisrupted, and the customer experience remained good throughout the review period.

The subscriptions of investment funds managed by Sp-Fund Management Company were at a good level and redemptions were moderate during the review period. Sp-Fund Management Company's market share among domestic fund management companies increased by 0.1 percentage points being 2.8 % on 30 June.

In the Savings Banks of the Savings Banks Group, the number of new ongoing fund savings contracts was 10.2 per cent higher than in the corresponding period of the previous year. Of the Savings Banks Group's fund subscriptions, 58.8 per cent were made electronically.

The fund capital managed by Sp-Fund Management Company exceeded EUR 4 billion. Capital grew by 17.0 per cent during the review period being EUR 4.2 (3.6) billion on 30 June. Taking into account the assets managed in accordance with asset management agreements, the total assets managed by Sp-Fund Management Company amounted to EUR 4.8 (4.1) billion. Net subscriptions to the Savings Banks funds totalled EUR 213.9 million. The number of fund unit holders grew by 5.5 per cent during the review period. The funds had 269,614 (255,501) unit holders. In terms of the number of unit holders, Sp-Fund Management Company is the fourth largest fund management company in Finland.

At the end of the review period, Sp-Fund Management Company managed 33 investment funds, the largest of which was the Savings Bank Korko Plus investment fund with capital of EUR 779.1 million. With 38,064 unit holders, the fund was also the largest in terms of the number of unit holders. The Savings Bank Ryhti investment fund accumulated the largest amount of new capital among the Savings Bank funds, with EUR 45.7 million in net subscriptions during the review period.

The premium income of endowment insurance was better in the review period than in the comparison period. Premium income of unit-linked insurance grew, and surrenders were moderate. For the first time, the insurance savings portfolio of Sb Life Insurance exceeded EUR 1 billion. During the review period, we introduced an electronic health survey for the sale of risk life insurance of Sb Life Insurance. The premium income of Sb Life Insurance grew by 2.9 per cent from the comparison period.

Financial performance (comparison figures 1-6/2020)

Profit before tax for the Asset Management Services stood at EUR 20.5 (14.0) million.

Net life insurance income was EUR 10.6 (7.4) million, representing an increase of 42.4 % from the comparison period. Life insurance premium income amounted to EUR 61.9 (59.7) million. Claims incurred totalled EUR 37.0 (41.5) million.

Net fee and commission income was EUR 19.1 (14.9) million. The amount of net fee and commission income rose due to increased customer assets and managed fund capital.

Operating expenses amounting to EUR 9.0 (8.4) million. Personnel expenses was EUR 3.9 (3.8) million. Total other operating expenses and depreciation increased to EUR 5.1 (4.6) million. The number personnel in the segment at the end of June was 79 (82).

Life insurance assets amounted to EUR 1,133.0 (31.12.2020: 1,007.2) million at the end of June. Unit linked insurance savings totalled EUR 950.7 (31.12.2020: 856.6) million.

The total assets of Asset Management Services amounting to EUR 1,144.0 (31.12.2020: 1,018.1) million.

Material events after the closing date

The Board of Directors of the Savings Banks' Union Coop is not aware of any factors that would materially influence the financial position of the Savings Banks Group after the Half-year Report date.

Outlook for the year

The Savings Banks Group's outlook for the rest of the year is influenced by the demand for financial and investment products, the development of credit quality and changes in asset values. According to our current forecast, the banking group's result will be strong throughout the year.

In 2021, the Savings Banks Group's business focus will again be on improving the competitiveness of the Group and implementing a customer-oriented strategy. Savings Banks are well placed to achieve this. In 2021, the Group aims to acquire more customers who will focus their banking services on a Savings Bank.

Further information:

Tomi Närhinen, Managing Director
tel. +358 40 724 3896

Releases and other corporate information are available on the Savings Banks Group's website at *www.saastopankki.fi/saastopankkiryhma*

Formulas used in calculating the financial highlights:	
Revenues	Interest income, fee income, net trading income, net investment income, net life insurance income, other operating revenue
Total operating revenue	Net interest income, net fee and commission income, net trading income, net investment income, net life insurance income, other operating revenue
Total operating expenses	Personnel expenses, other operating expenses, depreciation and impairment charges on tangible and intangible assets
Cost to income ratio	$\frac{\text{Total operating expenses}}{\text{Total operating revenue}}$
Return on equity %	$\frac{\text{Profit}}{\text{Equity, incl. non-controlling interests (average)}}$
Return on assets %	$\frac{\text{Profit}}{\text{Total assets (average)}}$
Equity/assets ratio %:	$\frac{\text{Equity (incl. non-controlling interests)}}{\text{Total assets}}$

Alternative Performance Measures

European Securities and Markets Authority's Guidelines on Alternative Performance measures came into effect on 3 July 2016. An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the IFRS framework. Alternative Performance Measures are used to reflect financial development and enhance comparability between different reporting periods.

Savings Bank Group is not using any alternative performance measures that are not directly calculated using the information presented in the Half-year Report, nor have any changes occurred in the financial highlights.

HALF-YEAR REPORT (IFRS)

Savings Banks Group's income statement

(EUR 1,000)	Note	1-6/2021	1-6/2020
Interest income		90,497	91,858
Interest expense		-9,117	-12,122
Net interest income	**4**	**81,380**	**79,736**
Net fee and commission income	5	55,050	48,116
Net investment income	6	10,708	-9,424
Net life insurance income	7	10,588	7,435
Other operating revenue		7,792	6,768
Total operating revenue		**165,518**	**132,631**
Personnel expenses		-50,510	-46,205
Other operating expenses		-60,217	-56,948
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-9,122	-9,423
Total operating expenses		**-119,848**	**-112,576**
Net impairment loss on financial assets	8	-2,050	-9,454
Associate's share of profits		-214	36
Profit before tax		**43,407**	**10,637**
Income tax expense		-8,428	-2,998
Profit		**34,978**	**7,640**
Profit attributable to:			
Equity holders of the Group		34,969	7,364
Non-controlling interests		9	275
Total		**34,978**	**7,640**

Savings Banks Group's statement of comprehensive income

(EUR 1,000)	1-6/2021	1-6/2020
Profit	**34,978**	**7,640**
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	2 255	-15,953
Cash flow hedges	-444	-141
Total	**1 811**	**-16,094**
Total comprehensive income	**36 789**	**-8,454**
Attributable to:		
Equity holders of the Group	36 780	-8,054
Non-controlling interests	9	-400
Total	**36 789**	**-8,454**

Savings Banks Group's statement of financial position

(EUR 1,000)	Note	30.6.2021	31.12.2020
Assets			
Cash and cash equivalents		1,067,906	1,183,519
Loans and advances to credit institutions	10	128,143	109,060
Loans and advances to customers	10	9,528,808	9,283,660
Derivatives	11	54,097	76,438
Investment assets	12	951,792	1,159,201
Life insurance assets	13	1,132,963	1,022,561
Investments in associates and joint ventures		86	300
Property, plant and equipment		48,655	52,151
Intangible assets		36,478	38,709
Tax assets		12,701	10,792
Other assets		207,826	160,670
Total assets		**13,169,456**	**13,097,063**
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss		8,286	
Liabilities to credit institutions	14	434,992	389,879
Liabilities to customers	14	7,814,816	7,778,931
Derivatives	11	7,394	570
Debt securities issued	15	2,463,987	2,626,632
Life insurance liabilities	16	1,057,560	957,174
Subordinated liabilities		25,830	29,220
Tax liabilities		69,121	73,933
Provisions and other liabilities		94,755	85,015
Total liabilities		**11,976,740**	**11,941,354**
Equity			
Basic capital		25,236	25,236
Primary capital		32,452	32,452
Reserves		271,607	270,056
Retained earnings		862,036	826,526
Total equity attributable to equity holders of the Group		**1,191,332**	**1,154,271**
Non-controlling interests		1,384	1,438
Total equity		**1,192,716**	**1,155,709**
Total liabilities and equity		**13,169,456**	**13,097,063**

Savings Banks Group's statement of cash flows

(EUR 1,000)	1-6/2021	1-6/2020
Cash flows from operating activities		
Profit	34,978	7,640
Adjustments for items without cash flow effect	32,457	40,475
Income taxes paid	-15,602	-7,299
Cash flows from operating activities before changes in assets and liabilities	**51,834**	**40,816**
Increase (-) or decrease (+) in operating assets	**-113,284**	**-302,570**
Financial assets at fair value through profit or loss	294,571	22,282
Loans and advances to credit institutions	-6,413	-8,471
Loans and advances to customers	-245,496	-220,252
Investment assets, at fair value through other comprehensive income	-74,314	-62,728
Investment assets, at amortized cost	517	21,800
Life insurance assets	-36,296	981
Other assets	-45,853	-56,183
Increase (-) or decrease (+) in operating liabilities	**-32,768**	**694,663**
Liabilities at fair value through profit or loss		
Liabilities to credit institutions	45,114	225,452
Liabilities to customers	47,608	615,936
Debt securities issued	-147,627	-150,727
Life insurance liabilities	12,284	1,144
Other liabilities	9,855	2,858
Total cash flows from operating activities	**-94,218**	**432,908**
Cash flows from investing activities		
Other investments	-621	85
Investments in investment property and in property, plant and equipment and intangible assets	-6,051	-11,569
Disposals of investment property and property, plant and equipment and intangible assets	3,011	1,816
Total cash flows from investing activities	**-3,661**	**-9,668**
Cash flows from financing activities		
Increase in subordinated liabilities	6,764	
Decrease in subordinated liabilities	-10,154	
Distribution of profits	-1,837	-1,356
Other		-1,800
Total cash flows from financing activities	**-5,227**	**-3,156**
Change in cash and cash equivalents	**-103,105**	**420,084**
Cash and cash equivalents at the beginning of the period	**1,213,609**	**721,950**
Cash and cash equivalents at the end of the period	**1,110,504**	**1,142,034**

Cash and cash equivalents comprise the following items:

Cash	1,067,906	1,102,018
Receivables from central banks repayable on demand	42,597	40,016
Total cash and cash equivalents	**1,110,504**	**1,142,034**

Dividends received	93,654	95,753
Interest paid	10,828	15,925
Dividends received	2,303	3,261

Savings Banks Group's statement of changes in equity

(EUR 1,000)	Basic capital	Primary capital	Share premium	Fair value reserve	Reserve for hedging instruments	Reserve fund	Other reserves	Total reserves	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interests	Total equity
Equity 1 January 2020	**20,339**	**34,452**	**60,354**	**14,133**	**2,252**	**70,216**	**85,953**	**267,359**	**802,114**	**1,089,812**	**28,579**	**1,118,391**
Comprehensive income												
Profit									7,364	7,364	275	7,640
Other comprehensive income				-12,859	-142			-13,000	325	-12,677	-675	-13,352
Total comprehensive income				**-12,859**	**-142**			**-13,000**	**7,689**	**-5,312**	**-400**	**-5,712**
Transactions with owners												
Distribution of profits									-1,257	-1,257	-99	-1,356
Other changes	-2		39,667			-4,380	357	35,643	-37,158	-1,515	-5	-1,520
Total equity 30 June 2020	**20,337**	**34,452**	**100,020**	**1,275**	**2,111**	**65,836**	**86,310**	**255,551**	**771,387**	**1,081,727**	**28,075**	**1,109,803**

Equity 1 January 2020	**20,339**	**34,452**	**60,354**	**14,133**	**2,252**	**70,216**	**85,953**	**267,359**	**802,114**	**1,089,812**	**28,579**	**1,118,391**
Comprehensive income												
Profit									51,280	51,280	1,136	52,416
Other comprehensive income				3,729	-451			3,278	-724	2,554	-148	2,405
Total comprehensive income				**3,729**	**-451**			**3,278**	**50,557**	**53,834**	**988**	**54,822**
Transactions with owners												
Distribution of profits									-1,702	-1,702	-99	-1,801
Tranfers between items	4,897		27,651			-17,249	-11,829	3,470	-3,168	302		302
Other changes		-2,000	39,667			-4,380	12	33,298	-48,004	-14,706		-14,705
Changes that did not result in loss of control									26,730	26,730	-28,030	-1,300
Total equity 31 December 2020	**25,236**	**32,452**	**127,672**	**17,862**	**1,801**	**48,586**	**74,136**	**307,406**	**826,526**	**1,154,270**	**1,438**	**1,155,709**

(EUR 1,000)	Basic capital	Primary capital	Share premium	Fair value reserve	Reserve for hedging instruments	Reserve fund	Other reserves	Total reserves	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interests	Total equity
Equity 1 January 2021	**25,236**	**32,452**	**127,672**	**17,862**	**1,801**	**48,586**	**74,136**	**307,406**	**826,526**	**1,154,270**	**1,438**	**1,155,709**
Comprehensive income												
Profit									34,978	34,969	9	34,978
Tranfers between items				-2,486				-2,486	2,486			
Other comprehensive income				4,741	-444			4,297		4,297		4,297
Total comprehensive income				2,255	-444			1,811	37,464	39,266	9	39,275
Transactions with owners												
Distribution of profits									-2,000	-2,000		-2,000
Other changes			-776			163	353	-5,158	46	-204	-62	-267
Total equity 30 June 2021	**25,236**	**32,452**	**126,896**	**20,117**	**1,357**	**48,749**	**74,489**	**304,059**	**862,036**	**1,191,332**	**1,384**	**1,192,716**

BASIS OF PREPARATION

NOTE 1: DESCRIPTION OF THE SAVINGS BANKS GROUP AND THE SAVINGS BANKS AMALGAMATION

The Savings Banks Group is the most longstanding banking group in Finland. It comprises of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution and the subsidiaries and associated companies owned by Savings Banks. Together the Savings Banks form a banking group that operates locally as well as nationally. The basic objective of the Savings Banks is to promote thrift, the financial well-being of their customers and to operate near their customers. The Savings Banks operate in the retail banking business, especially in daily banking, saving and investment products and lending. The service and product range offered is complemented with the other financial services and products provided in cooperation with the service and product companies within the Savings Banks Group. The service and product companies within the Group support and promote the operations of the Savings Banks Group via producing centralised services or having responsibility for certain products. The most significant service and product companies of the Savings Banks Group are Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sb Life Insurance Ltd, Sp-Fund Management Company Ltd, Savings Bank Services Ltd and Sp-Koti Oy.

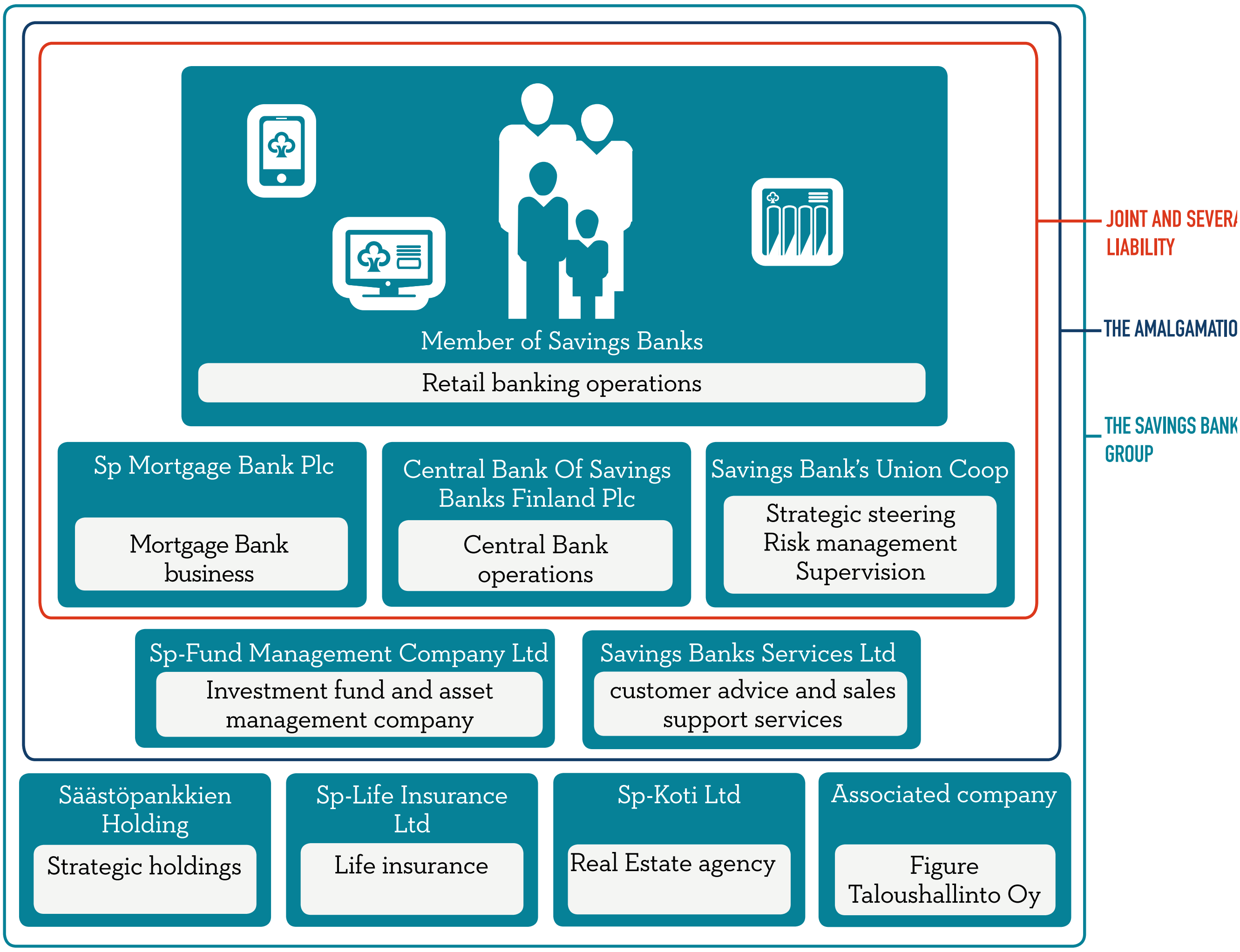
The member organisations of the Savings Banks Amalgamation form a financial entity as defined in the Act on Amalgamations, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The Savings Banks Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 18 Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc as well as the companies within the consolidation groups of the above-mentioned entities and Sp-Fund Management Company Ltd.

The structure of the Savings Banks Group differs from that of the Savings Banks Amalgamation so that the Savings Banks Group also includes organisations other than credit and financial institutions or service companies. The most significant of these are Sb Life Insurance Ltd and Sp-Koti Oy. The Savings Banks' Union Coop and its member Savings Banks do not have control over each other as referred to in the general consolidation accounting principles and therefore it is not possible to define a parent company for the Group.

Liedon Säästöpankki has concluded a preliminary agreement for the acquisition of the client business of the Mietoisten Säästöpankki. The aim is to make the final decisions and other measures related to the business acquisition by the end of 2021 at the latest.

On 15 June 2021, the Board of Directors of Eurajoen Säästöpankki unanimously approved the transfer plan to merge Eurajoen Säästöpankki with Oma Säästöpankki Oyj. The hosts of Eurajoen Säästöpankki have also approved the launch of the process on the transfer of business.

The structure of the Amalgamation and the Group are described in the chart below:



Savings Banks' Union Coop steers the operations of the Savings Banks Group and is responsible for the in-ternal control framework. According to the Amalgamation Act Savings Banks' Union Coop acting as the Central Institution of the Amalgamation is obliged to prepare consolidated financial statements for the Savings Banks Group. The Board of Directors of Savings Banks' Union Coop is responsible for preparing the financial statements. The financial statements are prepared for the financial group formed by the Savings Banks Group. All figures presented hereafter are Savings Banks Group's figures unless otherwise stated.

Savings Banks' Union Coop's registered office is in Helsinki and its registered address is Teollisuuskatu 33, FI-00510 Helsinki.

The Savings Banks Group's financial statements and half-year report are available at www.saastopankki.fi/saastopankkiryhma or at the premises of Savings Banks' Union Coop, address Teollisuuskatu 33, FI-00510 Helsinki.

NOTE 2: ACCOUNTING POLICIES

1. General

The consolidated financial statements of the Savings Banks' Group are prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union.

The Half-year report of 1.1.-30.6.2021 has been prepared in accordance with the IAS 34 Interim Financial Reporting -standard. Accounting principles applied in the Half-year report are essentially the same as in the financial statement of 2020. The financial statement 2020 contain the full accounting principles.

The figures of the half-year report have not been audited.

The Savings Banks Group's consolidated financial statements are prepared in euros, which is the accounting presentation and functional operational currency of the Savings Banks Group.

2. Accounting for configuration or customisation costs in a System as a service arrangement

In April 2021, the IFRS Interpretations Committee issued an agenda decision on accounting for configuration or customisation costs in a System as a service arrangement, and whether the expense is recognised as an intangible asset in accordance with IAS 38. According to the Savings Bank Group's preliminary assessment, the agenda decision will not have a material effect on the Savings Bank Group's accounting policies. A final analysis of the effects of the agenda decision on the accounting policies will be carried out during the autumn of 2021 and the possible effects will be considered in the 2021 financial statements.

3. Critical accounting estimate and judgements

In the half-year report dated 30 June 2021, the most significant uncertainty influencing the management's estimates has been the prevailing COVID-19 pandemic. There is uncertainty associated with estimating the economic impacts of the coronavirus pandemic, which particularly influences the assessment of the expected credit losses on financial assets.

Determination of expected credit losses

The Savings Banks Group's expected credit loss calculation models contain several factors that require the management's judgment.

- Selection of the models used in the calculations so that they illustrate the expected credit losses of the contract portfolio as accurately as possible.
- Assumptions and expert assessments included in the models
- Defining the quantitative and qualitative criteria for a significant increase in credit risk
- Selection of the macroeconomic factors describing future economic development used in the calculations so that changes in the selected factors are correlated with the probability of contract default.
- Preparing economic forecasts and predicting the probability of their future realisation.

The Savings Banks Group uses modelling-based calculations for determining expected credit losses but, where necessary, the figures generated by the models are adjusted to reflect the management's judgment. Recognising an adjustment may be based on, for example, newly available information or a new factor that is not included in the parameters or inputs used in the calculation model. The exceptional uncertainty regarding future economic development that prevailed during the financial year and the reduced forecast ability of macroeconomic forecasting models have increased the significance of the management's judgment and estimates.

On the balance sheet date, the adjustments based on the management's judgment have been associated especially with receivables in stage 3 and, when assessing the need and extent of adjustments, attention has been paid especially to the following factors that influence the expected credit loss amount.

- Considering the nature and value of receivable-related collaterals, the effect of the regional economic situation on the price level of residential properties, for instance.
- Amount and timing of receivables' contractual cash flows, taking into account available counterparty information that is not included in the calculation model. Such information includes, for instance, changes in employment or the number and duration of instalment-free periods that have been applied for.

- Change in the credit risk of the receivable counterparty, resulting from factors such as pandemic-related restrictions that influence business or employment that are not included in the calculation model.

Based on an analysis of the credit portfolio, the Savings Banks Group does not have significant sector-specific risk concentrations that would necessitate increases to the expected credit losses indicated by the forecasting models by making adjustments based on the management's judgment. In evaluating the quality of the credit portfolio, special attention was given to stage 3 receivables and the number, recurrence and allocation of instalment-free periods granted by the Group.

The Savings Banks Group updated the four macroeconomic scenarios used in the ECL calculation model in November 2020. The macroeconomic variables used in the scenarios and the weights assigned to the different scenarios have not been changed.

BASIS OF PREPARATION

NOTE 3: OPERATING SEGMENTS

The Savings Banks Group reports information about its operating segments in compliance with IFRS 8. According to IFRS 8, the financial information regularly provided to the chief operating decision maker forms the basis for segment reporting. Thus the segment division of the information presented in the Financial Statements is based on the same division as is applied in management reporting.

The chief operating decision maker of the Savings Banks Group is the Board of Directors of Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation of Savings Banks. According to the rules of Savings Banks' Union Coop, the Board of Directors of the Central Institution bears the primary responsibility for allocating the resources and evaluating the performance of the Savings Banks Group.

The reportable segments of the Savings Banks Group include Banking as well as Asset Management Services. Operations not included in the reportable segments are presented in the reconciliations.

The Banking segment comprises the member Savings Banks, the Central Bank of Savings Banks Finland Plc and Sp Mortgage Bank Plc . Savings Banks practice retail banking. The Central Bank of Savings Banks acts as the central bank of the Savings Banks. Sp Mortgage Bank Plc is engaged in mortgage banking. The most significant income items of Banking are net interest income, fee and commission income as well as investment income. The most significant expense items consist of personnel expenses and other operating expenses.

The Asset Management Services segment comprises Sp- Fund Management Company Ltd and Sb Life Insurance Ltd. Sp-Fund Management Company Ltd is engaged in administration of mutual funds and asset management, whereas Sb Life Insurance Ltd practises life insurance operations. The most significant income items of the Asset Management Services segment are fee and commission income, insurance premiums and investment income. The most significant expense items consist of fee and commission expenses, claims incurred, personnel expenses and other operating expenses.

Segment reporting is prepared in compliance with the accounting policies of the financial statements of the Savings Banks Group.

Internal transactions of the reportable segments are eliminated within and between the segments. Acquisition cost eliminations, non-controlling interests and other intra-group arrangements are included in the eliminations presented in reconciliations.

Pricing between the segments is based on market prices.

In accordance with IFRS 8, Savings Banks Group is required to disclose business with a single external customer that generates 10% or more of the combined revenue. The Group has no such customers for which revenue would exceed 10%.

Income statement 1-6/2021 (EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	81,501	-99	81,402
Net fee and commission income	36,103	19,103	55,206
Net investment income	10,697	-132	10,565
Net life insurance income		10,588	10,588
Other operating revenue	7,935	48	7,983
Total operating revenue	**136,236**	**29,509**	**165,744**
Personnel expenses	-33,648	-3,866	-37,514
Other operating expenses	-76,985	-5,112	-82,097
Total operating expenses	**-110,634**	**-8,978**	**-119,612**
Net impairment loss on financial assets	-2,050		-2,050
Profit before tax	**23,552**	**20,531**	**44,083**
Taxes	-4,379	-4,117	-8,496
Profit	**19,173**	**16,414**	**35,587**

Statement of financial position 30 June 2021 (EUR 1,000)			
Cash and cash equivalents	1,067,906		1,067,906
Loans and advances to credit institutions	128,143		128,143
Loans and advances to customers	9,529,240		9,529,240
Derivatives	54,097		54,097
Investment assets	951,792		951,792
Life insurance assets		1,132,963	1,132,963
Other assets	295,707	11,035	306,741
Total assets	**12,026,886**	**1,143,997**	**13,170,883**
Liabilities to credit institutions	435,718		435,718
Liabilities to customers	7,815,619		7,815,619
Derivatives	7,394		7,394
Debt securities issued	2,463,987		2,463,987
Life insurance liabilities		1,057,560	1,057,560
Subordinated liabilities	25,746		25,746
Other liabilities	131,844	26,600	158,445
Total liabilities	**10,880,308**	**1,084,160**	**11,964,468**
Number of emplyees at the end of the period	**940**	**79**	**1,019**

Reconcillations (EUR 1,000)	1-6/2021	1-6/2020
Revenue		
Total revenue for reportable segments	165,744	132,351
Non allocated revenue, other operations	-226	280
Total revenue of the Group	**165,518**	**132,631**
Profit		
Total profit or loss for reportable segments	35,587	7,402
Non allocated amounts	-609	237
Total profit of the Group	**34,978**	**7,640**

	30.6.2021	31.12.20
Assets		
Total assets for reportable segments	13,170,883	13 348 552
Non allocated assets, other operations	-1,428	-251 489
Total assets of the Group	**13,169,456**	**13 097 063**
Liabilities		
Total liabilities for reportable segments	11,964,468	11 939 734
Non allocated liabilities, other operations	12,272	1 620
Total liabilities of the Group	**11,976,740**	**11 941 354**

Income statement 1-6/2020 (EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	79,825	-58	79,766
Net fee and commission income	33,097	14,927	48,025
Net investment income	-9,632	2	-9,630
Net life insurance income		7,435	7,435
Other operating revenue	6,696	59	6,755
Total operating revenue	**109,986**	**22,365**	**132,351**
Personnel expenses	-32,299	-3,835	-36,133
Other operating expenses	-71,902	-4,563	-76,465
Total operating expenses	**-104,201**	**-8,397**	**-112,598**
Net impairment loss on financial assets	-9,470		-9,470
Profit before tax	**-3,685**	**13,967**	**10,282**
Taxes	-197	-2,683	-2,880
Profit	**-3,882**	**11,284**	**7,402**
Statement of financial position 31 December 2020 (EUR 1,000)			
Cash and cash equivalents	1,183,519		1,183,519
Loans and advances to credit institutions	109,060		109,060
Loans and advances to customers	9,284,085		9,284,085
Derivatives	76,438		76,438
Investment assets	1,423,097		1,423,097
Life insurance assets		1,007,198	1,007,198
Other assets	253,577	11,578	265,155
Total assets	**12,329,776**	**1,018,776**	**13,348,552**
Liabilities to credit institutions	389,890		389,890
Liabilities to customers	7,783,609		7,783,609
Derivatives	570		570
Debt securities issued	2,626,632		2,626,632
Life insurance liabilities		960,690	960,690
Subordinated liabilities	29,136		29,136
Other liabilities	133,231	15,976	149,207
Total liabilities	**10,963,068**	**976,667**	**11,939,734**
Number of emplyees at the end of the period	**1,000**	**81**	**1,081**

NOTE 4: NET INTEREST INCOME

(EUR 1,000)	1-6/2021	1-6/2020
Interest income		
Debts eligible for refinancing with Central Bank	2,215	1,983
Loans and advances to credit institutions	174	151
Loans and advances to customers	72,071	71,667
Debt securities	3,482	4,422
Derivative contracts		
Hedging derivatives	11,179	12,644
Other	1,376	991
Total	**90,497**	**91,858**
Interest expense		
Financial liabilities at fair value through profit or loss	-1,923	-1,503
Liabilities to credit institutions	-2,789	-3,572
Liabilities to customers		
Hedging derivatives	-267	-1,299
Debt securities issued	-3,709	-5,073
Subordinated liabilities	-239	-481
Other	-189	-194
Total	**-9,117**	**-12,122**
Net interest income	**81,380**	**79,736**

NOTE 5: NET FEE AND COMISSION INCOME

(EUR 1,000)	1-6/2021	1-6/2020
Fee and commission income		
Lending	10,590	9,413
Deposits	121	104
Payment transfers	23,079	21,468
Securities brokerage	664	566
Mutual fund brokerage	19,123	14,663
Asset management	326	252
Legal services	2,197	1,901
Custody fees	1,049	899
Insurance brokerage	752	811
Guarantees	1,057	987
Other	1,643	1,365
Total	**60,600**	**52,430**

Fee and commission expense		
Payment transfers	-1,698	-1,560
Securities	-242	-244
Mutual fund brokerage	-336	
Asset management	-480	-389
Other*	-2,794	-2,095
Total	-5,550	-4,315

* of which the most significant expenses are the shared ATM expenses amounting to EUR 1,247 (1,161) thousand.

Net fee and comission income	**55,050**	**48,116**

NOTE 6: NET INVESTMENT INCOME

(EUR 1,000)	1-6/2021	1-6/2020
Net income from financial assets at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	427	-112
Transferred from fair value reserve during the financial year	329	225
Total Debt securities	**756**	**113**
Shares and participations		
Dividend income	10	2
Total shares and participations	**10**	**2**
Total	**766**	**115**

Net income from financial asset at fair value through profit or loss		
Debt securities		
Capital gains and losses	-25	67
Fair value gains and losses	770	-2,825
Shares and participations		
Dividend income	2,159	3,259
Capital gains and losses	730	-308
Fair value gains and losses	7,139	-9,656
Net income from foreign exchange operations	4	38
Derivative contracts*)	1	-87
Net income from hedge accounting		
Change in hedging instruments' fair value	-28,263	12,418
Change in hedged items' fair value	26,682	-12,589
Total	**9,198**	**-9,681**

* Including EUR 1 (-60) thousand of the ineffective part of cash flow hedges.

Net income from investment property		
Rental and dividend income	3,306	3,299
Capital gains and losses	1,173	423
Other income from investment property	40	35
Maintenance charges and expenses	-2,456	-2,647
Depreciation and amortisation of investment property	-1,240	-947
Rental expenses arising from investment property	-79	-21
Total	**744**	**142**
Net investment income	**10,708**	**-9,424**

NOTE 7: NET LIFE INSURANCE INCOME

(EUR 1,000)	1-6/2021	1-6/2020
Premiums written		
Group's share	62,360	60,049
Insurance premiums ceded to reinsurers	-522	-333
Net investment income*	72,498	-36,701
Claims incurred		
Claims paid	-34,531	-44,112
Change in provision for unpaid claims	-2,502	2,572
Change in insurance contract liabilities		
Change in life insurance provision	-85,605	27,006
Other	-1,108	-1,047
Net life insurance income	**10,588**	**7,435**

* Net investment income (EUR 1,000)	1-6/2021	1-6/2020
Net interest	-1	38
Dividend income	188	441
Realised capital gains and losses	161	13
Unrealised gains and losses	70,121	-34,871
Other investments	104	69
Net income from foreign exchange operation	170	138
Net income from unit-linked customer assets	1,755	-2,530
Total	**72,498**	**-36,701**

NOTE 8: IMPAIRMENT LOSS ON FINANCIAL ASSETS

The Savings Banks Group determines impairments for financial assets based on an expected credit loss model. The loss allowance for expected credit loss is measured and recognized for financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, debt instruments, loan receivables, guarantees and loan commitments.

For the purpose of measuring expected credit losses, the Group applies a three-stage model in which the stage to be applied in the measurement is determined on the basis of the change in the credit risk of the financial asset between the date of initial recognition and the reporting date as follows:

- Stage 1 includes financial assets for which the credit risk has not increased significantly between the date of initial recognition and the reporting date. The measurement of the expected credit loss for stage 1 financial assets is based on the likelihood of the credit loss being incurred within 12 months of the reporting date.
- Stage 2 includes financial assets for which the credit risk has increased significantly after the date of initial recognition. The measurement of the expected credit loss for stage 2 financial assets is based on the likelihood of the credit loss being incurred within the remaining life of the financial asset.
- Stage 3 includes financial assets that are assessed to be impaired. The measurement of the expected credit loss for stage 3 financial assets is based on the likelihood of the credit loss being incurred within the remaining life of the financial asset.

The table below present the financial asset within the scope of accounting for expected credit losses by impairment stage, broken down into loans and receivables, off-balance sheet items and investment assets.

Financial asset within the scope of accounting for expected credit losses by impairment stage (EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial asset 30 June 2021				
Investment asset	730,370	4,200	8,998	743,569
Loans and advances	8,705,237	735,064	152,625	9,592,926
Off-balance sheet items	818,801	12,292	2,054	833,148
Total	**10,254,408**	**751,556**	**163,678**	**11,169,642**
Financial asset 31 December 2020				
Investment asset	632,984	4,200	4,000	641,184
Loans and advances	8,569,101	577,336	203,129	9,349,566
Off-balance sheet items	599,029	21,986	4,500	625,514
Total	**9,801,113**	**603,521**	**211,629**	**10,616,264**

In assessing the significance of change in credit risk, the Savings Banks Group takes into account the following qualitative and quantitative data, amongst others:

- Payment past due: the credit risk associated with a financial asset is assessed to have grown significantly and the contract is migrated from stage 1 to stage 2 when payments are more than 30 days past due. When payments are more than 90 days past due, the financial asset is deemed to be impaired and is migrated from stage 2 to stage 3.
- Weakening of credit rating: the credit risk of a financial asset is considered to have increased significantly and the agreement transitions from stage 1 to stage 2, if the credit rating of the agreement decreased by a minimum of four credit ratings.
- Forbearance: if the receivable is non-performing, the forbearance concession is interpreted as a significant increase in credit risk and the receivable is migrated from stage 1 to stage 2. If forbearance is applied to a contract that is non-performing, or if a forbearance concession is made for a contract at

the time of application, the contract is deemed to be impaired and is migrated to stage 3.

- Default: If a customer is found to be in default, the financial asset is deemed to be impaired and is migrated to stage 3.
- PD % increase (investment assets): credit risk is assessed to have grown significantly when its PD increases either by 10 basis points or 2.5 times its original value.

The criteria of stage 3 of the calculation of expected credit losses of loans and receivables have been harmonised with the EBA-compliant definition of insolvency adopted at the beginning of the review period. Following the amendment, the agreement will transition to stage 3 if even one of the following criteria is met:

- payment delay of more than 90 days exceeding the threshold,
- severe external disturbance or
- uncertain repayment.

The agreement remains in stage 3 until it has consistently met the criteria for stage 2 for three months. As a result of the shortening of the recovery period, the amount of agreements in stage 2 increased by approximately EUR 54 million. Following the amendment, the definition of insolvency applied to the calculation of expected credit loss matches the definition used in internal risk management.

The number of credit ratings increased in the new credit rating model for private customers adopted during the review period, and as a result, the criteria for stage 2 were amended by replacing weakening by 3 credit ratings with weakening of 4 credit ratings. As the net impact of the amendments, the amount of expected credit losses increased by approximately EUR 2.8 million. The Savings Bank Group will validate and, if necessary, calibrate the criteria for stage 2.

The tables below present the development of expected credit losses as of the beginning of the review period.

Expected Credit Losses (ECL), Loans and advances and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2021	**6,177**	**2,789**	**34,774**	**43,739**
Transfers to stage 1	412	-1,254	-444	-1,286
Transfers to stage 2	-656	4,277	-3,622	-1
Transfers to stage 3	-129	-587	3,679	2,963
New assets originated or purchased	3,013	82	614	3,710
Assets derecognised or repaid (excluding write offs)	-677	-485	-885	-2,048
Amounts written off			-2,781	-2,781
Amounts recovered			295	295
Change in credit risk	-1,630	-1,426	58	-2,997
Change in model for calculation of ECL	-1,565	710	3,739	2,884
Net change in ECL				739
Expected Credit Losses 30 June 2021	**4,946**	**4,106**	**35,426**	**44,478**

Expected Credit Losses (ECL), Investment assets	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2021	**4,336**	**111**	**3,253**	**7,699**
Transfers to stage 2	-2	17		
New assets originated or purchased	646		124	771
Assets derecognised or repaid (excluding write offs)	-626			-626
Change in credit risk	-1,790	475	-5	-1,320
Net change in ECL				-1,175
Expected Credit Losses 30 June 2021	**2,565**	**602**	**3,372**	**6,524**
Total Expected Credit Losses 30 June 2021				**51,002**
Total change in Expected Credit Losses 1 January 2020 -30 June 2021				**-436**

Methods and parameters used in ECL calculation

The Savings Banks Group's assessment of expected credit loss is based on the PD*LGD*EAD model, the components of which are Probability of Default, Loss Given Default and Exposure at Default. For low-risk counterparties – including the public sector, financial institutions and state-guaranteed student loans – the calculation is based on the Loss Rate model (Loss Rate*LGD*EAD). The calculations are carried out separately for each contract and based on the following parameters:

- PD% (only the PD/LGD model): probability of default based on external and internal credit ratings.
- Loss Rate% (only the Loss Rate model): a percentage figure established for each counterparty based on their sector code.
- LGD %: estimated loss at the time of default, takes into consideration the contract's available collateral.
- EAD: exposure at default is the annual average and takes into consideration instalments and advance repayments, calculated for the term of the contract and for the year, for products for which it has been modelled. Off-balance sheet items are considered to remain fixed until the end of the lifecycle of the contract. The undrawn commitment component is included in the calculation in full.

The calculation of expected credit loss for the credit portfolio (loans and advances to customers and off-balance sheet items) includes a forward-looking perspective by incorporating four different economic scenarios based on macroeconomic forecasts prepared by the Savings Banks Group's Chief Economist. The scenarios used in the calculation and their weights are the following: optimistic – 40%, base – 50%, mild downside – 8% and more extreme downside – 2%. The forecast horizon of the economic scenarios used in ECL calculation is three years and in the years after that, the values of the macroeconomic factors are assumed to remain stable and be equivalent to the three-year values of the forecast period. The coronavirus pandemic has been taken into account in ECL calculation by updating the macroeconomic factors used in the scenarios in the Q4 2020. Below you can see the key macroeconomic factors and their forecast values for the next three years (the value variation range between different scenarios).

	2021	2022	2023
GDP growth	2.5% / -2.5%	1.3% / 1.0%	1.2% / 1.1%
Unemployment rate	7.5% / 12.0%	7% / 11%	7.0% / 10%

ECL model parameter changes

At the beginning of the review period, the Savings Banks Group adopted an EBA-compliant definition of insolvency and a new credit rating model for private customers. The PD parameter indicating the probability of the realisation of private customers' insolvency was calibrated for the amended credit ratings to comply with the definition of insolvency adopted at the start of the review period. As the net impact of the amendments, the amount of expected credit losses increased by approximately EUR 0.1 million.

The effects of amendments on the amount of expected credit losses are presented in the row "ECL model parameter changes" in the flow calculation.

Coronavirus pandemic (COVID-19)

The Savings Banks Group has offered its customers the opportunity of having an instalment-free period. The number of instalment-free periods granted as a result of the outbreak of the coronavirus pandemic levelled off towards the end of the 2020 financial year and recovered to the pre-coronavirus pandemic level during the review period.

Expected Credit Losses (ECL), Loans and advances and off-balance sheet	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2020	**5,764**	**3,674**	**28,609**	**38,048**
Transfers to stage 1	289	-1,129	-56	-896
Transfers to stage 2	-209	1,356	-441	706
Transfers to stage 3	-1,054	-730	7,174	5,390
New assets originated or purchased	1,709	294	936	2,940
Assets derecognised or repaid (excluding write offs)	-677	-514	-2,394	-3,585
Amounts written off			-7,985	-7,985
Amounts recovered			282	282
Change in credit risk	-911	-187	6,045	4,948
Changes in ECL model parameters net change	1,267	25	2,602	3,893
Net change in ECL				5,692
Expected Credit Losses 31 December 2020	**6,177**	**2,789**	**34,774**	**43,739**

Expected Credit Losses (ECL), Investment asset	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Losses 1 January 2020	**1,775**	**1,200**	**107**	**3,081**
Transfers to stage 2	-9	111		102
Transfers to stage 3	-7	-1,200	3,128	1,921
Investments during the period	872		124	997
Investments expired	-714		-107	-821
Change in credit risk	2,419			2,419
ECL net change				4,618
Expected Credit Losses 31 December 2020	**4,336**	**111**	**3,253**	**7,699**
Total Expected Credit Losses 31 December 2020				**51,439**
Total change in Expected Credit Losses 1 January 2020 -31 December 2020				**10,310**

NOTE 9: CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.6.2021 (EUR 1,000)	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and cash equivalents	11,075		1,056,831			1,067,906
Loans and advances to credit institutions	128,143					128,143
Loans and advances to customers	9,526,761		2,048			9,528,808
Derivatives						
hedging derivatives						
cash flow hedges			2,041			2,041
fair value hedges			52,056			52,056
Investment assets	8,173	761,783	143,530		38,305	951,792
Life insurance assets*		162,101	951,829		19,032	1,132,963
Total assets	**9,674,152**	**923,885**	**2,208,335**		**57,338**	**12,863,710**

Financial liabilities at fair value through profit or loss			8,286			8,286
Liabilities to credit institutions				434,992		434,992
Liabilities to customers				7,814,816		7,814,816
Derivatives						
hedging derivatives						
cash flow						
fair value hedges			7,394			7,394
Debt securities issued				2,463,987		2,463,987
Life insurance liabilities*			950,088	92,032	15,439	1,057,560
Subordinated liabilities				25,830		25,830
Total liabilities			**965,768**	**10,831,657**	**15,439**	**11,812,864**

* Items at fair value through profit or loss include investments covering unit-linked contracts and related liabilities.

31.12.2020 (EUR 1,000)	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and cash equivalents	13,491		1,170,028			1,183,519
Loans and advances to credit institutions	109,060					109,060
Loans and advances to customers	9,282,311		1,350			9,283,660
Derivatives						
hedging derivatives						
cash flow hedges			2,637			2,637
fair value hedges			73,801			73,801
Investment assets	7,692	685,635	426,959		38,915	1,159,201
Life insurance assets*		157,983	859,567		5,011	1,022,561
Total assets	**9,412,553**	**843,619**	**2,534,342**		**43,926**	**12,834,440**
Financial liabilities at fair value through profit or loss						
Liabilities to credit institutions				389,879		389,879
Liabilities to customers				7,778,931		7,778,931
Derivatives						
hedging derivatives						
fair value hedges			570			570
Debt securities issued				2,626,632		2,626,632
Life insurance liabilities*			854,766	99,246	3,161	957,174
Subordinated liabilities				29,220		29,220
Total liabilities			**855,337**	**10,923,908**	**3,161**	**11,782,406**

* Items at fair value through profit or loss include investments covering unit-linked contracts and related liabilities.

NOTE 10: LOANS AND ADVANCES

Loans and advances 30.6.2021 (EUR 1,000)	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	127,793	-13	127,781
Loans and other receivables	369	-7	363
Total	**128,163**	**-19**	**128,143**
Loans and advances to customers			
By products			
Used overdrafts	81,185	-1,722	79,463
Loans	8,892,268	-38,156	8,854,112
Interest subsidized housing loans	503,026	-986	502,040
Loans granted from government funds	41		41
Credit cards	94,171	-1,622	92,549
Guarantees	755	-153	602
Total	**9,571,448**	**-42,639**	**9,528,808**
Loans and advances total	**9,699,610**	**-42,659**	**9,656,951**

Loans and advances 31.12.2020 (EUR 1,000)	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	108,897	-35	108,862
Loans and other receivables	205	-7	198
Total	**109,102**	**-42**	**109,060**
Loans and advances to customers			
By products			
Used overdrafts	80,649	-1,994	78,655
Loans	8,671,111	-37,418	8,633,693
Interest subsidized housing loans	479,202	-1,305	477,898
Loans granted from government funds	167	-7	160
Credit cards	93,834	-1,423	92,412
Guarantees	988	-145	843
Total	**9,325,952**	**-42,292**	**9,283,660**
Loans and advances total	**9,435,054**	**-42,334**	**9,392,720**

NOTE 11: DERIVATIVES AND HEDGE ACCOUNTING

The Savings Banks Group hedges its interest rate risk against changes both in fair value and in cash flows and applies hedge accounting on hedging relationships. Fair value hedging is applied when fixed interest rate deposits are hedged. Cash flow hedging is applied when hedging the future interest cash flow from variable rate lending.

Changes in the fair value of derivatives in fair value hedging are recognised in the income statement under Net investment income. In fair value hedging, also the hedged item is measured at fair value during the hedging period even if the item is otherwise measured at amortised cost. Changes in the fair value of the hedged item are recognised in the balance sheet as an adjustment to the corresponding balance sheet item and in the income statement under Net investment income. Interests on hedging derivatives are presented as interest income and expense depending on their nature.

The effective part of changes in the fair value of derivatives hedging cash flows are recognised in equity in the reserve for hedging instruments after adjustments for deferred taxes. The ineffective part of changes in fair value are recognised in the income statement under Net investment income. Interests on hedging derivatives are presented as interest income and expense depending on their nature.

30.6.2021	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging	**535,000**	**1,234,000**	**518,000**	**2,287,000**	**52,056**	**7,394**
Interest rate derivatives	535,000	1,234,000	518,000		52,056	7,394
Equity and index derivatives						
Cash flow hedging	**10,000**	**30,000**		**40,000**	**2,041**	
Interest rate derivatives	10,000	30,000			2,041	
Total	**545,000**	**1,264,000**	**518,000**	**2,327,000**	**54,097**	**7,394**

Derivatives total	**54,097**	**7,394**

In the review period, EUR -444 thousand of effective cash flow hedging was recognised in other comprehensive income.

The ineffective part of cash flow hedging totalled EUR 1 thousand in the review period and was recognised in Net investment income.

Hedged cash flows are expected to affect profit during the following periods:

(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total
Interest rate derivatives	911	1,146		2,056
Total	**911**	**1,146**		**2,056**

31.12.2020	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total	Assets	Liabilities
Hedging derivative contracts						
Fair value hedging	**566,020**	**719,000**	**1,028,000**	**2,313,020**	**73,801**	**570**
Interest rate derivatives	560,000	719,000	1,028,000		73,546	315
Equity and index derivatives	6,020				255	255
Cash flow hedging	**10,000**	**40,000**		**50,000**	**2,637**	
Interest rate derivatives	10,000	40,000			2,637	
Total	**576,020**	**759,000**	**1,028,000**	**2,363,020**	**76,438**	**570**

Derivatives total	**76,438**	**570**

In the financial year 2020, EUR -451 thousand of effective cash flow hedging was recognised in other comprehensive income.

The ineffective part of cash flow hedging totalled EUR -83 thousand in the financial year 2020 and was recognised in Net investment income.

Hedged cash flows are expected to affect profit during the following periods:

(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total
Interest rate derivatives	1,060	1,777		2,837
Total	**1,060**	**1,777**		**2,837**

NOTE 12: INVESTMENT ASSETS

(EUR 1,000)	30.6.2021	31.12.2020
At fair value through other comprehensive income		
Debt securities	760,653	682,367
Shares and participations	1,130	3,268
Total	**761,783**	**685,635**
Fair value through profit or loss		
Debt securities	21,918	24,452
Shares and participations	121,613	402,507
Total	**143,530**	**426,959**
Amortised cost investments		
Debt securities	8,204	7,745
Expected Credit Losses	-31	-53
Total	**8,173**	**7,692**
Investment property	38,305	38,915
Investment assets	**951,792**	**1,159,201**

NOTE 13: LIFE INSURANCE ASSETS

(EUR 1,000)	30.6.2021	31.12.2020
Investments covering for unit-linked policies		
At fair value through profit or loss		
Investment funds	575,389	515,183
Asset management portfolio	142,920	133,699
Other unit-linked covering assets	232,260	207,693
Investments covering for unit-linked policies total	**950,569**	**856,574**
Other investments		
At fair value through profit or loss		
Debt securities	2,260	2,992
Total	**2,260**	**2,992**
Available-for-sale financial assets		
Debt securities	1,245	1,245
Shares and participations	159,856	156,739
Total	**161,101**	**157,983**
Other investments total	**163,361**	**160,976**
Total life insurance investments	**1,113,930**	**1,017,550**
Other assets		
Premium receivables		84
Other receivables	18,671	4,686
Accrued income	362	241
Total	**19,032**	**5,011**
Total life insurance assets	**1,132,963**	**1,022,561**

Breakdown of Life Insurance debt securities recognised at fair value through profit or loss, shares and participations as well as derivatives by issuer of quotation

(EUR 1,000)	30.6.2021			31.12.2020		
	Debt securities	Shares and participations	Derivatives	Debt securities	Shares and participations	Derivatives
Quoted	2,260	950,569		2,992	856,574	
From others	2,260	950,569		2,992	856,574	
Total	**2,260**	**950,569**		**2,992**	**856,574**	

LIABILITIES

NOTE 14: LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	30.6.2021	31.12.2020
Liabilities to credit institutions		
Liabilities to central banks	80,000	62,000
Liabilities to credit institutions	354,992	327,879
Total	**434,992**	**389,879**
Liabilities to customers		
Deposits	7,772,513	7,723,943
Other financial liabilities	2,187	3,149
Change in the fair value of deposits	40,115	51,839
Total	**7,814,816**	**7,778,931**
Liabilities to credit institutions and customers	**8,249,808**	**8,168,810**

NOTE 15: DEBT SECURITIES ISSUED

(EUR 1,000)	30.6.2021	31.12.2020
Measured at amortised cost		
Bonds	857,132	1,064,545
Covered bonds	1,496,693	1,496,153
Other		
Certificates of deposit	110,161	65,934
Debt securities issued	**2,463,987**	**2,626,632**
Of which		
Variable interest rate	449,248	709,073
Fixed interest rate	2,014,739	1,917,559
Total	**2,463,987**	**2,626,632**

The Group has not had delays or defaults in respect of its issued debt securities.

NOTE 16: LIFE INSURANCE LIABILITIES

(EUR 1,000)	30.6.2021	31.12.2020
Other than unit-linked contract liabilities		
Guaranteed-interest insurance contracts	92,032	99,246
Unit-linked contract liabilities		
Liabilities for unit-linked insurance contracts	570,088	526,079
Liabilities for unit-linked investment contracts	380,000	328,688
Reserve arising from liability adequacy test		
Other liabilities		
Accrued expenses and deferred income	2,125	2,450
Other	13,315	711
Life insurance liabilities	**1,057,560**	**957,174**

Liabilities related to insurance policies are measured in compliance with the Finnish Accounting Standards. The measurement principles are described in more detail in the accounting policies of the official financial statements (note 2).

In liability adequacy test, the adequacy of liabilities for insurance policies is compared to the liabilities derived from the internal model. The adequacy test is described in more detail in the accounting policies.

OTHER NOTES

NOTE 17: FAIR VALUES BY VALUATION TECHNIQUE

Fair value measurement

Fair value measurement are presented in the Group's balance sheet at fair value or at amortized cost. The classification of financial assets and liabilities by valuation technique as well as the criteria for measurement methods and for determining fair value are described in the accounting policies (Note 2).

The fair values of financial instruments are primarily determined using quotations on a publicly traded market or market prices received from third parties. If quoted market prices are not available, balance sheet items are mainly measured by discounting future cash flows using market interest rates at the balance sheet date. In respect of cash and deposits payable on demand, the nominal value is considered equivalent to the fair value.

Investment property in the Group's financial statements is measured at cost less depreciation and impairment. The fair value of investment property is presented in the notes. Fair values are determined on the basis of market prices which are as comparable as possible or a valuation model which is based on net income from investment property. An independent appraiser's opinion on the valuation is sought for the most material properties.

The Savings Banks Group does not have assets measured at fair value on a non-recurring basis.

Fair value hierarchy

Level 1 consists of financial assets, for which the value is determined based on quotes on a liquid market. Market is considered liquid if the prices are available easily and regularly enough. Level 1 includes quoted bonds as well as other securities and listed shares and derivatives which are quoted on public.

Level 2 includes financial assets for which there is no quotation directly available on an active market and whose fair value is estimated using valuation techniques or models. These are based on assumptions which are supported by verifiable market information such as the listed interest rates or prices of similar instruments. This group includes e.g. currency and interest rate derivatives as well as commercial papers and certificates of deposit.

Level 3 includes financial assets whose fair value cannot be derived from public market quotations or through valuation techniques or models which are based on observable market data. Level 3 comprises unquoted equity instruments, structured investments and other securities for which there is currently no binding market quotation available. The fair value at level 3 is often based on price information received from a third party.

Transfers between levels

Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such a transfer or when circumstances change.

In the period 1-6/2021, there were no transfers between levels 1 and 2.

30.6.2021	Carrying amount	Fair value by hierarchy level			
Financial assets (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Banking	1,202,409	1,188,124		14,286	**1,202,409**
Asset Management Services*	951,829	951,829			**951,829**
Derivative contracts					
Banking	54,097		54,097		**54,097**
Fair value through other comprehensive income					
Banking	761,783	756,004	3,999	1,781	**761,783**
Asset Management Services*	162,101	149,289		12,812	**162,101**
Measured at amortised cost					
Investments, Banking	8,173	8,611			8,611
Loans and other receivables, Banking	9,665,979		11,074,661		11,074,661
Total financial assets	**12 806 372**	**3 053 857**	**11 132 757**	**28 878**	**14 215 492**

Investment property					
Banking	38,305			67,538	67,538
Total	**38 305**			**67 538**	**67 538**

* including fair value of investments covering unit-linked policies, which are reported on level 1.

** The other investors' share of the consolidated mutual funds.

30.6.2021	Carrying amount	Fair value by hierarchy level			
Financial liabilities (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Banking	8,286	8,286			**8,286**
Asset Management Services*	950,088	950,088			**950,088**
Derivative contracts					
Banking	7,394		7,394		**7,394**
Measured at amortised cost					
Banking	10,739,625	9,942,137	109,472	718,267	10,769,876
Total financial liabilities	**11,705,392**	**10,900,511**	**116,866**	**718,267**	**11,735,644**

* Includes liabilities for unit-linked insurance and investments contracts which are reported on level 1 in accordance of the underlying investment.

** The other investors' share of the consolidated mutual funds.

Changes at level 3

Reconciliation of changes in financial instruments at level 3

Financial assets at fair value through profit or loss (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2021	**22,949**	**947**	**23,896**
Purchases	3,301		3,301
Sales	-9,851	-1,001	-10,852
Matured during the period	-1,200		-1,200
Changes in value recognised in income statement, realised	-43	54	11
Changes in value recognised in income statement, unrealised	72		72
Transfers from level 1 and 2	362		362
Transfers between levels 1 and 2	-1 304		-1 304
Carrying amount 30 June 2021	**14,286**		**14,286**

Changes in value recognised in the income statement are presented in the item "Net investment income" and "Net life insurance income".

Fair value through other comprehensive income (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2021	**4,740**	**6,930**	**11,671**
Purchases	2,380	5,643	8,022
Sales	-2,902		-2,902
Changes in value recognised in comprehensive income statement	-2,438	239	-2,199
Carrying amount 30 June 2021	**1,781**	**12,812**	**14,592**

Changes in fair value recognized in the income statement during the year are included in the item "Net investment income" and "Net life insurance income".

Unrealized changes in fair value are booked in the equity fair value reserve through the other comprehensive income.

Sensitivity analysis of financial instruments at level 3 (EUR 1,000)		
30.6.2021	Carrying amount	Effect of hypothetical changes' on profit, negative
At fair value through profit or loss		
Banking	14,286	-273
Total	**14,286**	**-273**
Fair value through other comprehensive income		
Banking, liabilities	1,781	-2
Asset Management Services	12,812	-1,922
Total	**14,592**	**-1,924**
Total	**28,878**	**-2,197**

The above table shows the sensitivity of fair value for level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming 1 percentage points parallel shift of the interest rate level in all maturities. For non-interest sensitive instrumetns the market prices are assumed to change by -15 percentage. For derivatives it is assumed that the possible change in value equals to the fair value of the derivative.

31.12.2020	Carrying amount	Fair value by hierarchy level			
Financial assets (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Banking	1,598,337	1,575,388		22,949	**1,598,337**
Asset Management Services*	859,567	858,620		947	**859,567**
Derivative contracts					
Banking	76,438		76,438		**76,438**
Fair value through other comprehensive income					
Banking	685,635	676,896	3,999	4,740	**685,635**
Asset Management Services*	157,983	151,053		6,930	**157,983**
Measured at amortised cost					
Investment assets, banking	7,692	7,858			7,858
Loans and advances, banking	9,404,861		10,922,864		10,922,864
Total financial assets	**12,790,514**	**3,269,815**	**11,003,301**	**35,567**	**14,308,682**
Investment property					
Banking	38,915			67,538	67,538
Total	**38,915**			**67,538**	**67,538**

* including fair value of investments covering unit-linked policies, which are reported on level 1.
** The other investors' share of the consolidated mutual funds.

31.12.2020	Carrying amount	Fair value by hierarchy level			
Financial liabilities (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Asset Management Services*	854,766	854,766			**854,766**
Derivative contracts					
Banking	570		570		**570**
Measured at amortised cost					
Banking	10,824,662	2,579,940	7,278,230	769,983	10,628,152
Total financial liabilities	**11,679,998**	**3,434,706**	**7,278,800**	**769,983**	**11,483,489**

* Includes liabilities for unit-linked insurance and investments contracts which are reported on level 1 in accordance of the underlying investment.

** The other investors' share of the consolidated mutual funds.

Changes at level 3

Reconciliation of changes in financial instruments at level 3

Financial assets measured at fair value through profit or loss (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2020	**18,167**	**2,124**	**20,291**
Purchases	11,335		11,335
Sales	-8,363	-1,140	-9,503
Matured during the period	-62		-62
Changes in value recognised in income statement, realised	107	-27	80
Changes in value recognised in income statement, unrealised	455	-11	444
Transfers from level 1 and 2	1,310		1,310
Carrying amount 31 December 2020	**22,949**	**947**	**23,896**

Changes in value recognised in the income statement are presented in the item "Net investment income" and "Net life insurance income".

Fair value through other comprehensive income (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2020	**3,920**	**11,557**	**15,477**
Purchases	1,062		1,062
Sales	-1,422	-5,610	-7,031
Matured during the period	5		5
Changes in value recognised in income statement, realised	-11	716	705
Changes in value recognised in comprehensive income statement	196	268	464
Transfers from level 1 and 2	990		990
Carrying amount 31 December 2020	**4,740**	**6,930**	**11,671**

Changes in fair value recognized in the income statement during the year are included in the item "Net investment income" and "Net life insurance income".

Unrealized changes in fair value are booked in the equity fair value reserve through the other comprehensive income.

Sensitivity analysis of financial instruments at level 3 (EUR 1,000)		
31.12.2020	**Carrying amount**	**Negative effect of hypothetical changes' on profit**
At fair value through profit or loss		
Banking	22,949	-735
Asset Management Services	947	-24
Total	**23,896**	**-760**
Fair value through other comprehensive income		
Banking	4,740	-7
Asset Management Services	6,930	-1,040
Total	**11,671**	**-1,046**
Total	**35,567**	**-1,806**

The above table shows the sensitivity of fair value for level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming 1 percentage points parallel shift of the interest rate level in all maturities. For non-interest sensitive instrumetns the market prices are assumed to change by -15 percentage. For derivatives it is assumed that the possible change in value equals to the fair value of the derivative.

NOTE 18: OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The derivative contracts of the Savings Banks Group are subject to either ISDA Master Agreement or the Master Agreement of the Federation of Finnish Financial Services. Under these agreements, derivative payments may be offset by payment transaction on each payment date as well as in the event of counterparty default or bankruptcy. In addition, it is possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. These derivatives are presented in the statement of financial position on a gross basis.

30.6.2021				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements		
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Cash held as collateral	Net amount
Assets						
Derivative contracts				54,097	46,459	7,638
Total				**54,097**	**46,459**	**7,638**
Liabilities						
Derivative contracts				7,394	8,050	-656
Total				**7,394**	**8,050**	**-656**

31.12.2020				Amounts which are not offset but are subject to enforceablemaster netting arrangements or similar agreements		
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Cash held as collateral	Net amount
Assets						
Derivative contracts				76,438	60,481	15,957
Total				**76,438**	60,481	15,957
Liabilities						
Derivative contracts				570	250	320
Total				**570**	**250**	**320**

NOTE 19: COLLATERALS

(EUR 1,000)	30.6.2021	31.12.2020
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Pledges	95,367	
Loans *	2,122,969	2,059,487
Other	54,451	91,343
Collateral given	**2,272,787**	**2,150,830**
Collateral received		
Real estate collateral	9,008,347	8,804,193
Securities	105,456	96,654
Other	158,158	127,806
Guarantees received	47,594	49,179
Collateral received	**9,319,555**	**9,077,832**

*Loans that have given as collateral to Sp Mortage Bank's secured bonds.

NOTE 20: OFF BALANCE-SHEET COMMITMENTS

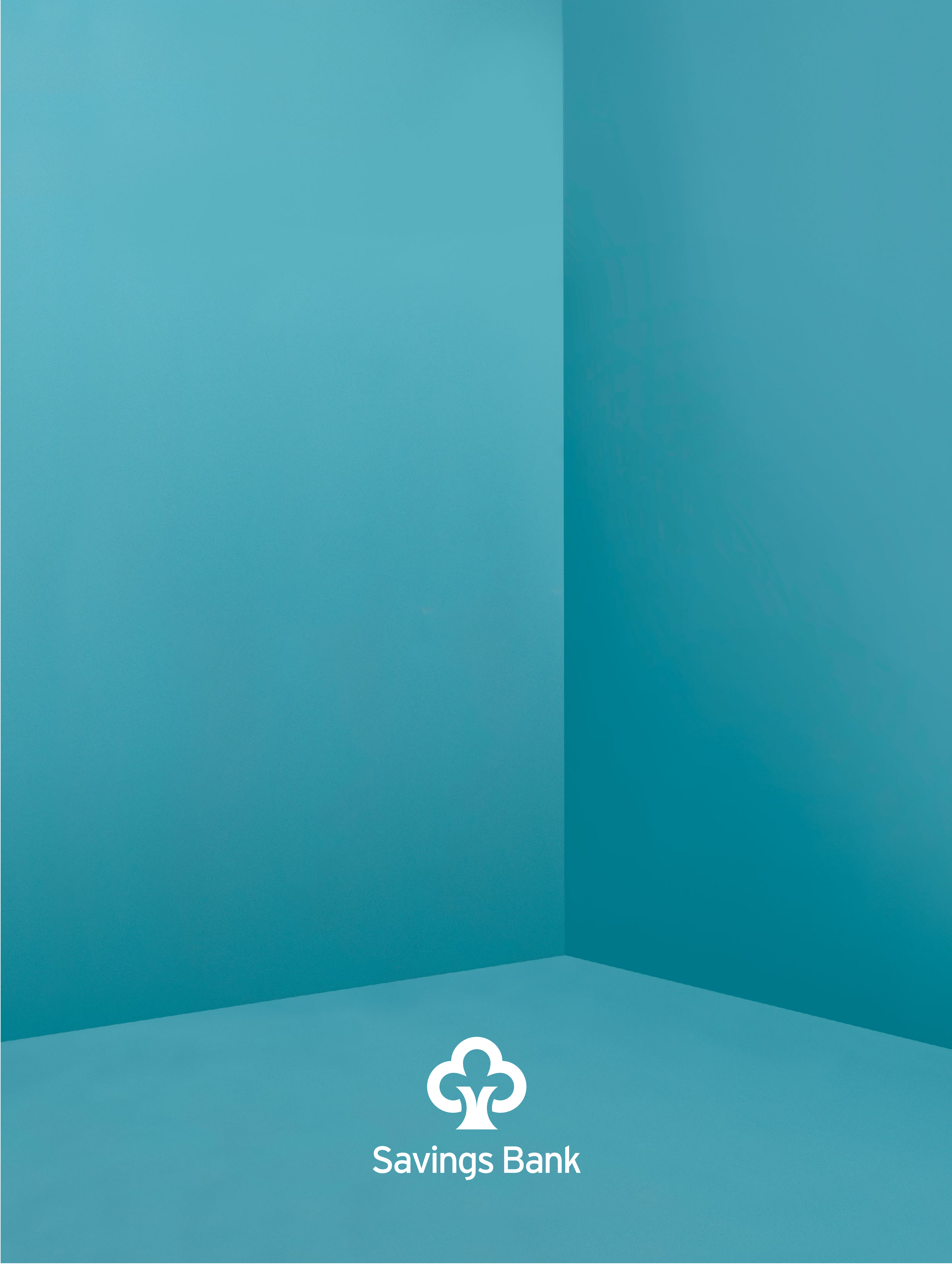
(EUR 1,000)	30.6.2021	31.12.2020
Guarantees	76,754	71,247
Commitments related to short-term trade transactions	835,489	647,056
Other	1,802	2,315
Off balance-sheet commitments	**914,046**	**720,619**

NOTE 21: RELATED PARTIES

The Board of Savings Banks' Union Coop has defined the related parties of the Savings Banks Group. The related parties of the Savings Banks Group's comprise the entities consolidated in the Group's financial statements, associated companies and key management personnel as well as their close family members. In addition, related parties comprise entities which the key management personnel and/or their close family members control. The key management personnel of the Savings Banks Group comprise the members and deputy members of the Supervisory Board, the members of the Board of Directors, the Managing Director and his deputy as well as the Executive Board of Savings Banks' Union Coop.

Loans and guarantees to related parties have been granted under the terms and conditions which apply to the corresponding customer loans and guarantees.

Related party transactions consists mainly of granting of loans, deposits and guarantees. There haven't been any major changing regarding the related transactions after 31 December 2020.



Savings Bank