SAVINGS BANKS GROUP'S RELEASE OF FINANCIAL STATEMENTS

31.12.2024

Savings Bank

Translation of the Savings Banks Group's Release of financial statements 31.12.2024

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REVIEW BY THE CHIEF EXECUTIVE OFFICER OF THE SAVINGS BANKS' UNION COOP

Kai Koskela
Acting Chief
Executive Officer

The year 2024 was in many ways highly ambivalent. The high interest rates that persisted in the early part of the year took their toll on loan customers, affected the housing market and loan demand, and intensified the competition for deposits between banks. The easing of inflation during the year and the rapid fall in interest rates that started in the summer brought relief to many customers' finances. Loan demand started to pick up slightly in the second half of the year and the fierce price competition for customer deposits eased.

This ambivalence could also be seen in the equity market. In the United States, stock prices rose strongly, while in Europe and especially in Finland, price development was modest. In Finland, the trend of saving and investing continued. In autumn 2024, the Bank of Finland reported that at the end of September, households' investments in domestic investment funds were at their all-time highest level. Holdings of quoted equities were also almost one fifth higher than in the previous year.

A strong year in all areas

The year 2024 was very good for the Savings Banks Group. In terms of loans and deposits, we outperformed the market in both private and corporate customers. In asset management, we were particularly pleased with the strong growth in consistent saving, insurance saving and private banking customers. In February 2024, the customer service of Savings Banks won first place in the Customer Service of the Year 2023 competition. Reasons for the win include the short wait times of our customer calls – 90 seconds for private customers and 45 seconds for corporate customers – and our high first-contact resolution rate of well over 80%. The Net Promoter Score (NPS) of our customer negotiations 84.2, was again on an excellent level, reflecting the expertise of our employees and the quality of our customer interactions. Our mobile app ratings were some of the highest among Finnish banks.

A changing threat environment

The Savings Banks Group was also affected by the unstable global political situation and the rise in cybercrime. Reliability and security are the cornerstones of banking. That is why preparedness and ensuring security in many different ways took on an even more important role than before. It is vital for us to ensure a secure customer experience by developing the security of our services and IT systems in the long term, increasing employee competence and providing our customers with guidance and support in the use of digital services.

New Group strategy resulting from strong cooperation

All 14 Savings Banks and the Savings Bank Centre were closely involved in the preparation of our new Group strategy in spring 2024. The new Group strategy was adopted in summer 2024 and it paves the way for the future of the Savings Banks Group towards the year 2030. Its key goals are sustainable growth, the best service in banking and the most desirable workplace for top talent in the industry. Our success in 2024 provides a good foundation for growth and for providing the best service in the future, although our goals in both areas are significantly higher than the current levels. Success is built on people and their expertise. That is why the Group strategy highlights our attractiveness as an employer, good leadership, opportunities for development and an excellent "Savings Banks spirit". At the end of 2024, our Employee Net Promoter Score (eNPS) was 32, well above the average for expert organisations. However, we aim even higher in this area as well.

Proudly responsible for over 200 years

Responsibility has been part of the operations of Savings Banks for over 200 years and will continue to be an essential part of everything we do. Based on the Group strategy, our new sustainability strategy was adopted in December 2024. It is built around the five sustainability themes identified in the materiality analysis: the financial wellbeing of customers and local communities, a safe and secure service experience, wellbeing & equality of the work community, the environment & climate, and good governance.

Every year, the Savings Banks Group, Savings Banks and Savings Bank Foundations grant donations and scholarships for sports, culture and studying. In 2024, we donated a total of EUR 2.4 million to more than 900 causes across Finland. The donation campaign focused particularly on actions supporting the wellbeing of children and youth.

Strengthening Finns' financial skills is an important part of our work. Savings Banks cooperate with educational institutions and visit schools in their respective regions. In 2024, Savings Banks reached almost 6,000 students. We also raise awareness of good financial management through topical content on financial topics in the form of webinars, articles and newsletters, for example. In autumn 2024, we were the main partner of the "Raharemontti" TV show, where we helped Finns struggling with financial difficulties, while promoting money talk and how to overcome money shame.

In the first part of the year, Savings Banks continued to encourage households to make the green transition by offering energy loans with a tangible benefit to customers.

An even better bank for customers

Customers' expectations of banks are changing and, in line with our Group strategy, we aim to be an even faster, smoother and more personalised bank for our customers in the future, caring for them in both good and bad times. We want to maintain good in-person services, but at the same time we will continue to strongly develop our digital services.

The development of our mobile service continued apace in 2024 and will continue in 2025, with the aim of providing an even smoother and more secure experience for our customers and the best tools in the industry for managing and planning their finances. Work on extensive digitalisation projects launched in 2023 intensified in 2024. The first launch of our new tools for customer relationship management and marketing took place in November 2024. Over the next two years, we will not only renew our customer relationship management, but also our financing processes and systems. All these developments have one ultimate goal: to offer our customers the best service in banking.

Kai Koskela
Acting Chief Executive Officer

THE SAVINGS BANKS GROUP AND THE SAVINGS BANKS AMALGAMATION

The Savings Banks Group is the most long-standing banking group in Finland. It comprises the Savings Banks that form the Savings Banks Amalgamation, the Savings Banks' Union Coop that acts as the Central Institution, as well as 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 Savings Banks' Union Coop and its member credit institutions are ultimately jointly and severally liable for each other's liabilities and commitments. The Amalgamation comprises the Savings Banks' Union Coop which acts as the central institution of the Amalgamation, 14 Savings Banks, Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc and the companies within the consolidation groups of the above-mentioned entities, Savings Bank Services Ltd as well as Sp-Fund Management Company Ltd. The scope of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes entities other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Ltd.

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

DESCRIPTION OF THE OPERATIONAL ENVIRONMENT

THE GLOBAL ENVIRONMENT

The global economy was relatively stable in 2024 and global economic growth is expected to settle at around 3%, although it will take some time before official GDP figures are known. This implies growth slightly below the long-term average and roughly in line with the previous year.

Given the turbulence in the world around us, the development of global economy can be considered surprisingly stable. The war in Ukraine continues, the situation in the Middle East is explosive, a new president was elected in the United States, the threat of a trade war is looming and major governments fell in Europe.

Globally, inflation continued to ease and many countries are already close to central bank inflation targets. This allowed central banks to cut interest rates, which was seen on several occasions in Europe, the United States and China.

Things were naturally bubbling beneath the big surface of economy, and development was quite different in different regions. The US economy once again surprised on the upside and growth there continued to be strong. Annual growth is expected to settle at just under 3%. Economic growth in Europe, on the other hand, was very sluggish and growth is expected to remain below 1%. The German economy in particular, and the industrial sector overall, performed poorly. Contrary to what we are accustomed to, the strongest drivers of the euro area economy were to be found in service-driven southern Europe.

In terms of economic development, China also underperformed, and in autumn 2024, the country introduced various stimulus measures, which slightly boosted growth prospects towards the end of the year. Overall, growth is expected to settle at just under 5%, which is still a rather enviable figure from a Western point of view.

THE INTEREST RATE ENVIRONMENT

In the first half of 2024, short-term interest rates in the euro area fluctuated within a relatively narrow range compared to the previous year. For example, the 12-month Euribor rate, which is used as the general reference rate for mortgages, had a range of movement of approximately 0.25 percentage points. Long-term interest rates trended slightly upward since the turn of the year, as the expectations of rapid interest rate cuts evaporated.

In the second half of the year, the situation changed substantially with the ECB interest rate cuts and, in particular, strong market expectations of rate cuts. The 12-month Euribor fell by more than one percentage point in the second half of the year and the 5-year swap rate by almost one percentage point.

The overall interest rate environment in 2024 has been relatively favourable for banking activities, although the decline in reference rates in the second half of the year will continue to have a negative impact on interest margins.

The future development of interest rates is not straightforward or clear. In principle, the weakening economic development and the fact that the ECB is likely to reach its 2% inflation target earlier than expected will allow room for further interest rate cuts, but at the same time, geopolitical tensions, trade policy factors and service sector inflation could change the situation.

INVESTMENT MARKETS

From the perspective of the investment markets, the year 2024 was positive as a whole. Corporate earnings growth was good, especially in the United States. Share prices in the technology sector rose strongly during the year and the stock market as a whole outperformed the other main markets. European equity returns were also above long-term average returns. Finnish equity returns remained low and well below other markets. Falling interest rates supported fixed income returns and in the corporate bond market credit risk margins remained low despite rising defaults. Geopolitical tensions and concerns about a slowdown in global trade due to rising tariffs made headlines, especially in the last quarter following the US presidential election. This had an impact on emerging market investments, whose returns fell in the last quarter. Overall, investor confidence remained strong throughout the year, with good investment returns in both fixed income and equity markets.

THE FINNISH ECONOMY

The Finnish economy entered a recession towards the end of 2023. In 2024, however, the economy recovered and, at least in the first three quarters of the year, the economy grew quarter by quarter. 2024 can therefore be called a year of budding recovery. However, growth was still rather modest.

After some challenging years, the economic situation of Finnish consumers has started to improve: purchasing power has picked up, price rises have eased and falling interest rates are benefiting indebted households. This was also reflected in the Savings Banks' Savings Barometer, which showed that the financial distress experienced by households decreased from the previous year. However, the situation on the labour market was disappointing, with development weaker than expected, especially towards the end of the year. This contributed to keeping consumer confidence below average.

Finnish business confidence also started to improve in 2024, albeit rather cautiously. There are significant differences between industries. The year remained difficult for the construction industry, although a budding recovery was also seen in business confidence in the construction sector. The service sector fared better. The manufacturing industry suffered from the weakness of the overall global industrial cycle.

The number of bankruptcies continued to rise in 2024, with the highest numbers in the construction industry and trade.

THE HOUSING MARKET IN FINLAND

The housing market slump has continued since October 2022. However, trading has been busier this year than last. Transaction volumes have risen by around 4%. This has been driven in particular by pent-up consumer demand and lower interest rates. Demand has been particularly strong for detached houses and family-sized dwellings. Demand for small dwellings has remained low, mainly due to the low demand for investment housing.

While the total housing transaction volume has increased by around 4%, the trend in transaction volumes has been different for old and new dwellings. The transaction volume for old dwellings rose by around 5%, while the transaction volume for new dwellings fell by around 14%. There are several reasons for this. The price gap between new and old dwellings has widened as the prices for old dwellings have fallen. In addition, as interest rates have risen from zero, the financial costs of housing company loans have increased significantly. Living expenses in new homes are often significantly higher than in old homes.

There has also been a regional disparity in the development of transaction volumes. In the growth centres where transaction volumes fell most in 2022 and 2023, the housing market has also been the first to recover. For example, Espoo and Jyväskylä have already seen a 9.7% and a 7% growth respectively.

We expect the housing market to recover over the next year by 8–10% in old units in housing companies and the price of these dwellings to increase by 3% on average. This recovery will be driven in particular by increased consumer purchasing power, falling interest rates, pent-up demand and higher consumer confidence. A risk to the recovery of the housing market is the mismatch between supply and demand, partly due to the low level of new housing production.

THE SAVINGS BANKS GROUP'S PROFIT AND BALANCE SHEET

FINANCIAL HIGHLIGHTS OF THE SAVINGS BANKS GROUP

(EUR 1,000)	1–12/2024	1–12/2023	1–12/2022*	1–12/2021*/**	1–12/2020*/**
Net interest income	274,844	263,761	169,610	152,324	160,697
Total operating revenue	414,623	376,236	305,154	298,715	306,588
Total operating expenses	-236,726	-230,733	-218,385	-220,021	-220,157
Cost to income ratio	-57.1%	-61.3%	-71.6%	-73.7%	-71.8%
Impairment losses on loans and other receivables	-25,385	-9,988	-15,882	-941	-19,760
Profit/loss for the financial year	125,694	105,487	56,168	72,762	52,092
Total assets	13,892,891	13,206,415	13,780,287	13,079,096	13,097,063
Total equity	1,283,902	1,137,950	1,178,847	1,190,293	1,155,709
Return on equity %	10.4%	9.1%	4.7%	6.2%	4.6%
Return on assets %	0.9%	0.8%	0.4%	0.6%	0.4%
Equity/assets ratio %	9.2%	8.6%	8.6%	9.1%	8.8%
Solvency ratio %	20.9%	19.5%	18.7%	19.5%	19.1%

* Comparative period information has not been adjusted to reflect the presentation change made for presenting investment contracts in accordance with the IFRS 9 Financial Instrument standard.

** Comparative period information has not been adjusted to reflect the distribution of continuing operations and exit from the Savings Bank Group.

PROFIT TRENDS (COMPARISON FIGURES 1-12/2023)

The Savings Banks Group's performance remained good in 2024. The Savings Banks Group's profit before tax was EUR 152.5 (135.5) million. Profit for the period increased by EUR 17.0 million year-on-year. Lieto Savings Bank relinquished its membership of the Savings Banks Group during the comparison period, on 28 February 2023. The profit for the comparison period does not include Lieto Savings Bank.

The Savings Banks Group's net interest income was further increased by the high level of market interest rates. Net interest income grew by 4.2% and amounted to EUR 274.8 (263.8) million. Interest income increased to EUR 615,1 (478.7) million. Interest income from loans and advances to customers amounted to EUR 476,3 (376.8) million. Interest income from loans and advances to credit institutions amounted to EUR 66.9 (48.2) million. Interest expenses increased to EUR 340.3 (214.9) million. Interest expenses associated with derivatives used in the management of the interest rate risk increased to EUR 141.9 (99.6) million. Interest expenses from debt securities issued came to EUR 82.5 (52.4) million. Interest expenses from liabilities to customers were EUR 97.8 (51.5) million.

Net fee and commission income amounted to EUR 114.7 (107.1) million. Fee and commission income amounted to EUR 130.9 (121.9) million. Fee and commission income from investment contracts in insurance activities amounted to EUR 3.1 (2.9) million. Payment transaction fees came to EUR 50.4 (49.2) million. Fees received for funds amounted to EUR 41.5 (37.7) million and lending commissions totalled EUR 19.0 (18.3) million. Fee expenses increased to EUR 16.3 (14.8) million.

Net investment income amounted to EUR 40.4 (13.4) million. Net income from financial assets recognised at fair value through profit or loss amounted to EUR 4.8 (-15.9) million, including both fair value gains and losses of shares and participations amounting to EUR 5.2 (5.7) million and net income from hedge accounting, EUR 0.8 (-21.4) million. The net return on unit-linked assets was EUR 72.4 (63.0) million. Net income from other financial assets and liabilities in investment activities in insurance operations, recognised at fair value through profit or loss, amounted to EUR -34.3 (-24.7) million. Of the net investment income, net income from financial assets recognised at fair value through other comprehensive income amounted to EUR -0.7 (-6.2) million.

During the period, insurance finance income and expenses amounted to EUR -34.5 (-32.8) million.

The insurance service result was EUR 4.3 (3.8) million. The insurance service result includes operating expenses of EUR 14.1 (13.9) million. Insurance premium revenue increased to EUR 20.9 (18.8) million. Insurance service expenses decreased to EUR 15.5 (14.2) million. The significant increase in average savings during the period improved the profitability of insurance contracts.

Loss-making contracts increased insurance service expenses by 0.5 million euros during the financial year, while the rehearsal of provisions for loss-making contracts during the comparison period reduced insurance service expenses by 1.8 million euros.

Other operating revenue came to EUR 14.9 (21.1) million. During the comparison period, other operating income was increased by the proceeds related to the exit of Lieto Savings Bank.

The Savings Banks Group's total operating income increased by 10.2%, amounting to EUR 414,6 (376.2) million. Operating income increased due to the growth of net interest income, the increase in net fee and commission income and the positive development of net investment income.

The Savings Banks Group's operating expenses increased by 2.6% to EUR 236.7 (230.7) million.

Personnel expenses increased by 8.3% and amounted to EUR 106.5 (98.3) million. The number of personnel on 31 December 2024 was 1,442 (1,350).

Other operating expenses came to EUR 131.4 (134.9) million. Other administrative expenses totalled EUR 103.1 (96.5) million. ICT expenses were EUR 58.0 (60.4) million.

Depreciation, amortisation and impairment of property, plant and equipment and intangible assets amounted to EUR 13.0 (11.5) million.

The Group's cost to income ratio was 57.1% (61.3%).

A total of EUR 25.4 (10.0) million was recognised in impairment of financial assets. These impairments had a negative effect on the Savings Banks Group's result, and they include the change in expected credit losses on loans granted to customers and off-balance sheet commitments and other financial assets, final credit losses and credit loss recoveries. New LGD models were adopted during the period. The adoption of the models increased expected credit losses by EUR 6.8 million. The change in expected credit losses recognised in the period increased impairment by EUR 13.5 million. Expected credit losses allocated to loans and advances to customers increased by EUR 14.4 million, while expected credit losses allocated to other financial assets decreased by EUR 0.9 million. Net credit losses realised during the period totalled EUR 11.8 (6.9) million, and they concerned loans and advances.

The Savings Banks Group's effective income tax rate was 17.6% (22.2%).

BALANCE SHEET AND FUNDING (COMPARISON FIGURES 31 DECEMBER 2023)

The Savings Banks Group's balance sheet total was EUR 13.9 (13.2) billion at the end of the period.

Loans and advances to customers amounted to EUR 10.1 (9.5) billion, with an increase of 6.0%. Loans and advances to credit institutions amounted to EUR 163.6 (179.1) million. The Savings Banks Group's investment assets amounted to EUR 854.8 (895.2) million. Cash and cash equivalents totalled EUR 1.5 (1.4) billion. Assets backing unit-linked contracts related to insurance activities amounted to EUR 1,024.7 (908.4) million.

The Savings Banks Group's liabilities to customers remained stable at EUR 6.9 (7.0) billion. Liabilities to credit institutions came to EUR 530.3 (620.9) million. Debt securities issued amounted to EUR 3.7 (2.9) billion. Insurance-related liabilities amounted to EUR 580.5 (571.4) million. Liabilities for investment contracts came to EUR 515.3 (420.4) million.

The Savings Banks Group's equity amounted to EUR 1.3 (1.1) billion. The share of non-controlling interests of the Group's equity was EUR 1.2 (1.2) million. The change in fair value recognised in other comprehensive income was EUR 13.3 (24.5) million in the period.

The Savings Banks Group's return on equity was 10.4% (9.1%).

The quality of the Savings Banks Group's credit portfolio is good and most credit is secured. The expected credit loss allowance on loans and advances on the balance sheet at the end of the period amounted to EUR 64.9 (50.4) million, or 0.60% (0.49%) of loans and advances. The Savings Banks Group's non-performing receivables remained at a moderate level at 2.7% (2.3%) of loans and advances.

The Savings Banks Group's financial position and liquidity are strong. The Savings Banks Group's LCR was 196% and NSFR was 125% at the end of the period.

CAPITAL ADEQUACY AND RISK POSITION

Capital adequacy (comparison figures 31 December 2023)

At the end of December 2024, the Savings Banks Amalgamation had a strong capital structure, consisting almost entirely of CET1 capital. Total own funds were EUR 1,148.5 (1,034.4) million, of which CET1 capital accounted for EUR 1,146.1 (1,031.4) million. The Savings Banks Amalgamation does not have additional Tier 1 capital. Tier 2 (T2) capital amounted to EUR 2.4 (3.0) million, consisting of debentures during the period. During the reference period, capital adequacy was improved primarily by the profit for the period. Risk-weighted assets amounted to EUR 5,494.8 (5,302.2) million, i.e. 3.6% higher than at the end of last year. The categories of exposures with the largest increase in risk-weighted assets were exposures secured by mortgages on immovable property and defaulted exposures. The capital ratio of the Savings Banks Amalgamation was 20.9% (19.5%), and the CET1 capital ratio was 20.9% (19.5%).

The capital requirement of the Savings Banks Amalgamation was EUR 716.8 (638.8) 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 additional Pillar II capital requirement imposed by the Finnish Financial Supervisory Authority, a fixed additional capital requirement pursuant to the Act on Credit Institutions, a systemic risk buffer requirement set by the Financial Supervisory Authority, and the country-specific countercyclical capital requirements of foreign exposures.

COMBINED CAPITAL REQUIREMENT, %

31.12.2024	Minimum requirement	Pillar 2 (SREP)-requirement	Capital conservation buffer	Systemic risk buffer	Countercyclical capital buffer	Combined capital requirement
CET1	4.50	0.84	2.50	1.00	0.05	8.89
AT1	1.50	0.28				1.78
T2	2.00	0.38				2.38
Total	8.00	1.50	2.50	1.00	0.05	13.05

The discretionary Pillar II capital requirement imposed by the Financial Supervisory Authority on the Savings Banks Amalgamation is currently 1.5%. At least three quarters of the Pillar II capital requirement must be Tier 1 capital, of which at least three quarters must be CET1 capital.

The Financial Supervisory Authority's decision to set a systemic risk buffer requirement of 1.0% for the Savings Banks Amalgamation entered into effect on 1 April 2024.

In 2024, the Financial Supervisory Authority has not imposed a countercyclical capital buffer requirement, which may range from 0 to 2.5% of the total 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 Financial Supervisory Authority has granted permission not to deduct internal holdings of credit institutions included in the Amalgamation from own funds instruments when calculating own funds at the individual bank level and sub-consolidation group level. In addition, the Financial Supervisory Authority has granted a permission to apply a 0% 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 Savings Banks' Union Coop, which acts as the Central Institution of the Savings Banks Amalgamation, permission pursuant to the Act on the Amalgamation of Deposit Banks to decide that its member credit institutions will not be subject to the requirements stipulated by Part 6 of the EU Capital Requirements Regulation (EU 575/2013) and other EU statutes issued on the basis of the Regulation regarding the liquidity of credit institutions. The authorisation granted to the Central Institution also covers the NSFR claim.

The standard method is used to calculate the capital requirement for the credit risk of the Savings Banks Amalgamation. The capital requirement for 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 position if the total net foreign exchange position is over 2% of total own funds. The Savings Banks Amalgamation does not have a trading book and the Amalgamation's business does not involve taking commodity risk.

The amendments to the EU's Capital Requirements Regulation (CRR3), implementing the Basel III finalisation in the EU, are not expected to have a material impact on the capital adequacy of the Savings Banks Amalgamation. The amendments are scheduled to enter into force on 1 January 2025.

CAPITAL ADEQUACY'S MAIN ITEMS

Own Funds (EUR 1,000)	**31.12.2024**	**31.12.2023**
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,213,425	1,087,314
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-67,299	-55,909
Common Equity Tier 1 (CET1) capital	1,146,126	1,031,404
Tier 1 (T1) additional capital before regulatory adjustments		
Regulatory adjustments to Tier 1 (T1) additional capital		
Tier 1 (AT 1) additional capital		
Tier 1 capital (T1 = CET1 + AT1)	1,146,126	1,031,404
Tier 2 (T2) capital before regulatory adjustments	2,379	3,015
Regulatory adjustments to Tier 2 (T2) capital		
Tier 2 (T2) capital	2,379	3,015
Total capital (TC = T1 + T2)	1,148,505	1,034,419
Risk weighted assets	5,494,792	5,302,169
of which: credit and counterparty risk	4,782,921	4,642,885
of which: credit valuation adjustment (CVA)	31,231	37,250
of which: market risk		
of which: operational risk	680,640	622,034
Common Equity Tier 1 (as a percentage of total risk exposure amount)	20.9%	19.5%
Tier 1 (as a percentage of total risk exposure amount)	20.9%	19.5%
Total capital (as a percentage of total risk exposure amount)	20.9%	19.5%
Capital requirement		
Total capital	1,148,505	1,034,419
Capital requirement total*	716,840	638,827
of which: Pillar 2 additional capital requirement	82,422	79,533
Capital buffer	431,665	395,592

* 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 1.5% 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% (8.3%), exceeding the binding 3% minimum requirement. The leverage ratio describes the level of indebtedness of a credit institution and is calculated by dividing its Tier 1 capital by its total leverage exposure. The Savings Banks Amalgamation monitors excessive indebtedness as part of the ICAAP process.

LEVERAGE RATIO

(EUR 1,000)	31.12.2024	31.12.2023
Tier 1 Capital	1,146,126	1,031,404
Total leverage ratio exposures	12,883,839	12,376,045
Leverage ratio	8.9%	8.3%

RESOLUTION PLAN

Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms was implemented nationally from 1 January 2015 (Act on the Resolution of Credit Institutions and Investment Firms). To implement the Resolution Act, the Financial Stability Authority was established in Finland (Act on the Financial Stability Authority, 1995/2014). In April 2024, 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 entered into effect from the date of the decision. The requirement does not apply to the member credit institutions or to the Central Bank of Savings Banks.

The MREL requirement is by nature a Pillar 2 type minimum requirement that must be met continuously. According to the Financial Stability Authority's decision, the MREL requirement applied to the Savings Banks Amalgamation is 20.84% of the total risk exposure amount or 7.72% of the total exposures, whichever is higher.

The MREL requirement for Sp Mortgage Bank Plc is 15.76% of the total risk amount or 5.92% 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 must be met on an ongoing basis.

RISK POSITION

The Savings Banks Group's risk position has remained at a good level. The solvency of the Savings Banks Amalgamation is strong, the quality of the credit portfolio has remained at a good level and most of the loans are secured. The war in Ukraine has an indirect effect on the Group's income and risks, mainly due to customers' changed circumstances and the general market situation.

The Savings Banks Group's risk management and internal control are part of the internal control of the Savings Banks Group and the Savings Banks Amalgamation and a key part of the Group's operative activities. It is the responsibility of the Central Institution to steer the operations of the Amalgamation. It provides guidelines for the securing of liquidity and solvency for enterprises belonging to it in terms of risk management, reliable administration, internal control and compliance with uniform financial statement principles in the preparation of the Amalgamation's financial statements.

The Central Institution approves the principles for the Group's internal control framework. Functions that are independent of the 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.

The Savings Banks Amalgamation's independent risk control function maintains and develops methods for managing risks within the Central Institution. This ensures that any new, material but previously unidentified risks are also brought within the scope of business risk management.

Significant or high-risk commitments are made in accordance with a collegial decision-making process and the use of authority is limited by limits. Internal operational policies are used to steer business operations and processes. The internal policies are monitored for compliance and timeliness. 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 approvals, verifications, confirmations, reconciliations and monitoring and exception reports.

The Savings Banks Amalgamation has prepared risk strategies and risk limits by risk area. The strategies specific to risk areas are complemented by operational guidelines and instructions issued by the Board of Directors of the Central Institution. The strategies specific to risk areas cover risk identification, measurement and assessment as well as the mitigation, monitoring and reporting of risks.

The Board of Directors of the Central Institution is regularly informed about the various risks and their levels. The Board of Directors also approves authorisations and frameworks for the desired risk-taking by specifying the permitted risk thresholds for different risk areas at the amalgamation level.

The most significant risks affecting the operations of the Savings Banks Group are credit risk, liquidity risk, interest rate risk, operational risk, and various business risks.

The Group's risks and risk management are described in more detail in the risk management notes to the financial statements, in Note 5.

CREDIT RATINGS

On 6 December 2024, 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 is stable.

The Central Bank of Savings Banks Finland Plc is part of the Savings Banks Amalgamation. The role of the Central Bank of Savings Banks Finland is to ensure the liquidity and funding of the Savings Banks Group. The Central Bank acquires funds and operates in the money and capital markets on behalf of the Group, manages payment transactions and the internal balancing of the Group's liquidity.

SUPERVISORY BOARD, BOARD OF DIRECTORS AND AUDITORS AND AUDITORS

The Savings Banks' Union Coop General Meeting held on 14 March 2024 elected the members of the Supervisory Board and their personal deputies for a term extending until the next ordinary general meeting. The Supervisory Board consists of at least 9 and no more than 35 members. The Supervisory Board had 13 members, each with a personal deputy. The chairman of the Supervisory Board was Antero Savolainen (chairman of the Board of Directors of Säästöpankki Optia) until 14 March 2024. Starting from 14 March 2024, the chairman was Arto Seppänen (chairman of the Board of Directors of Someron Säästöpankki). The deputy chairmen were Arto Seppänen (chairman of the Board of Directors of Someron Säästöpankki) until 14 March 2024 and, from 14 March 2024, Timo Saraketo (chairman of the Board of Directors of Aito Savings Bank Ltd) and Björn West (chairman of the Board of Directors of Kvevlax Sparbank Ab). The members of the Supervisory Board are primarily chairmen of the Boards of Directors of Savings Banks and their deputies are deputy chairmen of the Boards of Directors of Savings Banks.

During the period 1 January – 31 December 2024, the following persons were members of the Board of Directors of Savings Banks' Union Coop:

Pirkko Ahonen (Aito Säästöpankki Oy), chairman until 14 March 2024 and member thereafter
Robin Lindahl (independent of Savings Banks), chairman and member from 14 March 2024
Jari Oivo (Myrskylän Säästöpankki), deputy chairman and member until 14 March 2024
Heikki Paasonen (Säästöpankki Optia Oy), deputy chairman from 14 March 2024
Ulf Sjöblom (Tammisaaren Säästöpankki Oy), member until 14 March 2024
Monika Mangs (Närpiön Säästöpankki Oy), member from 14 March 2024
Petri Siviranta (Someron Säästöpankki), member from 14 March 2024
Tuula Heikkinen (independent of Savings Banks), member
Eero Laesterä (independent of Savings Banks), member
Hannu Syvänen (Säästöpankki Sinetti), member
Simo Leisti (independent of Savings Banks), member
Veli-Pekka Mattila (Länsi-Uudenmaan Säästöpankki Oy), member

The members of the Board of Directors of the Savings Banks' Union Coop were elected at the Savings Banks' Union Coop General Meeting held on 14 March 2024 for a term extending until the next ordinary general meeting. The Board of Directors of Savings Banks' Union Coop has a quorum when more than half of the members are present.

Karri Alameri was the Chief Executive Officer of the Savings Banks Union Coop until 29 September 2024 and Kai Koskela served as the Acting CEO from 30 September 2024.

At the General Meeting of the Savings Banks' Union Coop held on 14 March 2024, KPMG Oy Ab, Authorised Public Accountants, was elected as the auditor of the Central Institution. The chief auditor designated by the firm is Mikko Kylliäinen, Authorised Public Accountant.

NON-FINANCIAL REPORTING

Financial wellbeing has been part of the Savings Bank's operations ever since the first Finnish Savings Bank was established in 1822. In line with the Savings Bank ideal, the basic mission of Savings Banks has been to help the hardworking population of Finland to prosper and take better care of its finances. That is what Savings Bank is still doing.

Today, the mission and raison d'être of the Savings Banks Group is to responsibly promote the financial wellbeing and prosperity of its customers. We want to support our customers in managing their or their company's finances in a sustainable way. Our starting point is the customer's situation, needs and expectations, which we use as a basis to find the best possible solution for the customer's situation.

The Savings Banks Group comprises 14 Savings Banks forming the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution, and the subsidiaries and associated companies owned by the Savings Banks. The business area is Finland, where we operate in almost 100 locations. Our business operations are based on retail banking. In addition, we offer investment solutions, real estate agency and insurance services. The cornerstones of our business are the Savings Banks Group's values – customer-drivenness, cooperation, responsibility and performance.

SUSTAINABILITY STRATEGY AND GOVERNANCE

Material sustainability themes

In our double materiality assessment, we identified five key sustainability themes for our operations. These are the financial wellbeing of customers and local communities, the wellbeing and equality of the work community, safe and secure service experience, the environment and climate, and good governance.

The Savings Banks Group's sustainability management and reporting is based on the double materiality assessment, the purpose of which is to identify the key sustainability aspects for the Savings Banks Group and its stakeholders. The materiality analysis we conducted in 2024 is based on an internal mapping of the operating environment and scientific articles, stakeholder surveys and interviews, and management workshops in which the Savings Banks Group's environmental, social and stakeholder impacts, as well as the financial risks and opportunities associated with sustainability issues were assessed.

Sustainability strategy

The key themes that emerged from the materiality analysis form the basis of our sustainability strategy which was updated in 2024. The sustainability strategy complements the Savings Banks Group's Group strategy, updated in 2024, where sustainability plays a key role. In our sustainability strategy, we have set goals for all three dimensions of sustainability: environmental responsibility, social responsibility and governance.

Our sustainability strategy is summarised in the figure below. In terms of social responsibility, our goals are to promote the financial wellbeing and prosperity of our customers and the vitality and growth of our local communities, to provide secure and reliable services and to be the most desirable workplace for top talent. In environmental responsibility, our goals are linked to the climate. We will be setting greenhouse gas emission targets in 2025 as part of our climate transition plan. In terms of governance, our goal is to operate transparently and in accordance with good governance and ethical principles.

SAVINGS BANKS GROUP'S SUSTAINABILITY STRATEGY 2024–2030

THE ENVIRONMENT & CLIMATE

Target: We operate in an environmentally sustainable and climate-friendly way. We provide sustainable financing and investment to support our customers' sustainable activities.

Sustainability Index

Target 2030: 76

SAFE AND SECURE SERVICES

Target: We provide secure and reliable (digital) services.

Safe and secure service experience

Target 2030*

FINANCIAL WELLBEING OF CUSTOMERS AND LOCAL COMMUNITIES

Target: We promote the financial wellbeing and prosperity of our customers, as well as the vitality and growth of our local communities.

Number of customers with savings and investments

Target 2030: 130 500

WELLBEING AND EQUALITY OF THE WORK COMMUNITY

Target: We develop our work community into the most desirable workplace for top talent.

Employee Net Promoter Score (eNPS)

Target 2030: Improving at Group level

GOOD GOVERNANCE

Target: We operate transparently and in accordance with good governance and ethical principles.

Percentage of completed Compliance trainings

Target (annual): 100 %

Percentage of the underrepresented gender in management

Target 2030: 40 %

* The target level will be set in 2025

Sustainability governance model

The Board of Directors of the Savings Banks' Union Coop has approved the Savings Banks Group's sustainability governance model, which defines the structures and responsibilities for the effective management of the Group's sustainability work. Sustainability matters – such as economic, social and environmental responsibility and sustainability impacts, risks and opportunities – are discussed for monitoring, control and management purposes two to three times a year by the Management Team of the Savings Banks' Union Coop and at least twice a year by the Board of Directors of the Savings Banks' Union Coop.

The Audit Committee approves the entire report on non-financial information, as well as the sustainability report and the sustainability strategy, including targets and metrics, the sustainability roadmap and, where necessary, sustainability programmes, sustainability-related policies outlining principles, and guidelines.The Risk Committee reviews and addresses ESG (environmental, social, governance) risks as part of its review of the operational risk self-assessment process. The Risk Committee approves mitigation strategies for operational ESG risks, to the extent that they become significant at Group level. The sustainability steering group includes representatives from the Management Team of the Savings Banks' Union Coop and the Savings Banks. The sustainability working group includes sustainability experts from the support functions and business units, representing broad expertise in various functions.

The Head of Group Sustainability & ESG is in charge of corporate responsibility performance. This includes managing and coordinating sustainability-related projects and communication as a whole and taking ownership of operational responsibility for these areas. Savings Banks integrate sustainability into their operations and participate in the implementation of the sustainability strategy and roadmap at the bank level, ensuring competence, training, resources and compliance with the guidelines.

FINANCIAL WELLBEING OF CUSTOMERS AND LOCAL COMMUNITIES

Financial wellbeing of customers

The mission of the Savings Banks Group is to responsibly promote the financial wellbeing and prosperity of its customers. The Savings Bank Act governs our customer activities throughout the Savings Banks Group, and the Board of Directors of the central institution of the Savings Banks Amalgamation is ultimately responsible for the implementation of its principles. In line with the Savings Bank ideal, we recommend that our customers prepare for unexpected expenses primarily by saving. The theme "Saving belongs to everyone" is reflected in the Savings Bank's customer communications, media communications and marketing throughout the year.

When granting credit to our customers, we take into account their financial security and potential for success. We calculate our customers' ability to pay on the basis of the information available to us, and do not, for example, grant our customers excessive loans or credit that they cannot afford to repay or that would put their personal or business finances under too much strain.

We act as a long-term partner for our private and business customers through the economic cycle and the different stages of the business life cycle. Our finance sessions with existing and new customers focus on the systematic planning of the finances and the future of the individual or business.

Vitality of local communities

Our local presence is our asset: we know our customers' environment and strengthen local vitality by supporting the potential of local businesses to succeed, employ people in the region and pay taxes. Financing regional projects supports the development and maintenance of regional infrastructure and services.

Local Savings Banks and Savings Bank Foundations donate annually from their profits and foundation assets to promote wellbeing in their areas of operation. In the annual Good Deeds campaign, the Savings Banks choose the donation targets in their area based on suggestions from local residents and an advisory vote. In 2024, we donated a total of EUR 2.4 million to more than 900 causes across Finland. As in the previous year, the donation campaign focused particularly on actions supporting the wellbeing of children and youth. Support was given to, for example, the wellbeing of children and youth, recreational activities that promote wellbeing and mental health work with young people. Donations from foundations were also targeted at supporting education and research. The purpose of the Savings Bank Foundations is to promote saving and support education and research and cultural and other activities for the public good.

Financial skills in society

Strengthening financial skills increases the financial wellbeing of society as a whole and the potential for prosperity. Savings Banks cooperate with educational institutions and visit schools in their respective regions. In 2024, Savings Banks carried out school visits reaching almost 6,000 students. We provide up-to-date information and content on financial themes through webinars, informative articles and newsletters, among others. In autumn 2024, we were the main partner in the "Raharemontti" television show, where we helped Finns struggling with financial problems to find solutions to their issues. In spring 2024, the Savings Banks Group also participated in the Global Money Week, where we produced educational material on saving and investing for secondary school students.

SAFE AND SECURE SERVICE EXPERIENCE

Privacy

We ensure our customers' data security and secure digital services by developing the security of our services and IT systems over the long term, increasing the digital security skills of our employees and supporting our customers' digitally secure service experience. We train our employees in digital security, thereby increasing their competence. We train our employees annually on data protection and, in 2024, we provided additional training to key groups that can positively impact data protection management.

In terms of protecting customer data, the Savings Banks Group employs appropriate technical, organisational and administrative procedures to protect all data in our possession against loss, misuse, unauthorised access, disclosure, modification and destruction. We provide information to our customers on the processing and use of personal data, for example on our website.

Access to quality information

Our employees have a particular responsibility to ensure that customers are informed about the key features of products, the risks and the overall price, and to provide them with any additional materials they may need. Employees must ensure that customers are aware of the consequences of their financial decisions, including the potential risk of losses.

We report accurately on the performance of all our investment products, for example, and publish risk information and ratings publicly on our website. We also communicate performance and risk ratings to our customers as part of the investment advice process. In addition, we utilise product suitability analysis to target products to customers. In terms of lending, we provide information, for example on credit options, key terms and conditions of credit and the costs associated with credit.

Access to products and services

We offer our customers a wide range of opportunities to use digital services. Examples of these include the opportunity to establish a customer relationship digitally, book appointments electronically, and take advantage of online appointments, electronic signing, digital housing transactions, an electronic health survey as part of Sb Life Insurance's services, mobile payments and fund subscriptions, and the digital signing of continuous saving agreements. We also strive to actively promote the use of digital services and support our customers of all ages in the use of our digital services. In September 2024, we launched an English-language customer service.

Wellbeing and equality in the work community

At the end of 2024, the Savings Banks Group had 1,442 employees, 71% of whom were women and 29% men. Women accounted for 30% and men for 70% of the members of the Board of Directors of Savings Banks' Union Coop.

The Savings Banks Group supports the wellbeing of employees at different stages of their lives. We have flexible working hours where duties allow, and a hybrid model where part of the week can be worked from any location. We regularly conduct development and coaching discussions and support the development of staff skills in the Savings Bank Group through diverse implementation methods, and by observing work practices, processes, and customer interactions. This allows us to develop our operations and expertise.

The Savings Banks Group is committed to promoting diversity and inclusiveness. Our operations are based on the values and ethical principles of the Savings Banks Group, which take into account the discrimination criteria of the Non-discrimination Act and the Equality Act. We do not tolerate discrimination, bullying or harassment. In 2024, we drafted a human resources policy that describes the key principles of HR management to help us create a supportive and fair working environment.

We conduct regular employee surveys to examine employee perceptions on the implementation of the themes based on our policies and goals in practice. The surveys also allow employees to make suggestions for improvement, provide feedback and report any experiences of harassment and discrimination.

THE ENVIRONMENT AND CLIMATE

The Savings Banks Group's own organisation and value chain generate greenhouse gas emissions that have a negative impact on climate change. We carry out annual emissions accounting to ensure a comprehensive and up-to-date understanding of our climate impact in terms of our own operations and value chain. Our transition plan for climate change mitigation is under preparation and is expected to be approved and implemented in 2025. We will be setting emission reduction targets as part of the transition plan.

Lending

The Savings Banks Group observes principles of responsible and sustainable lending, which are applied to lending activities together with the Group's sustainability strategy and other lending-related policies. In terms of financing, the principles of responsible and sustainable lending identify climate-friendly ESG criteria for the credit object and the reduction of carbon exposure in customer selection through exclusion criteria as possible ways of reducing emissions. The industry restrictions laid out in the Savings Banks Group's principles of responsible and sustainable lending state that we exercise careful case-by-case discretion when making financing decisions in the case of, for example, energy companies that use significant amounts of fossil energy sources and peat in energy production, as well as entities that have major environmental impacts, such as significant airborne GHG, water consumption, biodiversity impacts and waste volumes.

Through lending measures, we reduce the risk identified for climate change mitigation and energy, i.e. the decline in the value of collateral, reduce GHG emissions and energy consumption, and produce sustainable financial and investment products that are attractive to customers and support growth. In spring 2024, we launched a new green loan product to promote investments that support sustainable development in companies. In terms of monitoring the energy efficiency of the housing portfolio, we launched a project at the end of 2023 to integrate energy certification and climate risk data for mortgage and real estate loan collateral into our loan portfolio, which we continued in 2024. In spring 2024, we also launched an energy loan campaign, offering our customers energy loans without an origination fee to support investments in energy efficiency and renewable energy in our private customers' homes and summer houses.

Investing

When investing our customers' assets at Sp-Fund Management Company, we follow the Responsible Investment Policy of Sp-Fund Management Company. In our investment operations, we consider the climate impact of the target companies of our funds. We have excluded certain industries and, for example, coal users and producers. We also use various indicators that help us increase the transparency of the environmental impact and carbon risk of our funds.

In terms of investing the customer assets of Sp-Fund Management Company, the key measures to reduce emissions that have been identified and implemented to reduce the carbon footprint are the ESG analysis of funds, investment choices, thematic investment, exclusion criteria and active ownership. In 2024, we pursued and will continue to pursue an increase in the share of companies committed to the Paris Agreement in our investments. In addition to seeking returns, thematic investing aims to create a positive impact on climate change mitigation. For example, the investments in the Säästöpankki Ympäristö special investment fund focus on climate change mitigation and environmental innovation. We also approach the companies we invest in, to influence the way in which the companies are run and expect our investees to consider the impact of climate change and sustainable development in their business operations.

GOOD GOVERNANCE

Corporate culture

Alongside management and control activities, comprehensive guidance and training help us to ensure that our business is conducted in accordance with the principles of good governance. The Savings Banks Group's Code of Conduct is aimed at ensuring that everyone operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities. All Savings Banks Group employees must be familiar with this Code of Conduct and comply with it. The Code of Conduct is supplemented by policies for the management of conflicts of interest and the reporting of breaches. The principles for reliable management and internal control ensure effective and reliable management and internal control within the Savings Banks Group.

Prevention and detection of corruption and bribery

The Savings Banks Group does not condone corruption in any form, neither in business activities nor in business partnerships. Each employee of the Savings Banks Amalgamation and Sb Life Insurance Ltd must annually complete the Code of Conduct online training and the online training on Customer due diligence and the prevention of money laundering and terrorist financing.

For reporting misconduct, such as suspected incidents of corruption or bribery or breaches of regulations or our internal guidelines, we have established a dedicated independent channel for the employees of Savings Banks Group, in which the identity of the whistle-blowers is protected. It is possible to submit a report through this channel at any time and in all languages used at the Savings Banks Group.

OPERATIONS AND PROFIT BY BUSINESS SEGMENT

BANKING SERVICES

The customer satisfaction and customer experience of the Savings Banks' private customers improved in 2024. The Net Promoter Score (NPS) for Savings Banks' customer meetings continued to increase during 2024. The high NPS of 84,3 speaks to the high quality of our customer interactions. According to the group strategy adopted in June 2024, we want to further focus on customer service by striving to provide the best service in the sector.

At the beginning of 2024, the Savings Banks' centralised customer service was selected as the best customer service of 2023. The winner was selected based on a well-functioning set of customer service channels, fast access to personal service and the ability to resolve issues at the first point of contact.

In February, Savings Banks continued to encourage households to make the green transition by offering energy loans to customers. During the campaign period (26 February – 31 August 2024), Savings Banks' mortgage customers received a concrete benefit by not being charged an origination fee for their energy loans. By offering this benefit, we want to bring sustainability – which is an important value for us – to the daily lives of our customers in a concrete manner by helping them purchase solar panels or switch to a new heating system, for example.

Work on the Savings Banks Group's digitalisation projects that began in 2023 continued intensively during 2024. The first launch of the new tools for customer relationship management and marketing took place in November 2024. Over the next two years, we will not only modernise our customer relationship management, but also our financial process and systems, with the aim of streamlining our customers' experience.

We developed the "My finances" features of our mobile service in 2024. Customers can use our mobile service to see a clear categorisation of their income and expenses, making it even easier to plan their finances. In June, we also added new features to the mobile service to allow users to view and manage their children's fund and equity investments.

Our key immaterial resources include the brand and reputation we have built over the years, our skilled and knowledgeable employees as well as our strategic partnerships with key suppliers. These resources enable us to maintain our competitive advantage and are essential to our long-term growth strategy. We aim to achieve 30% growth by 2030 and to be the most attractive workplace for the best experts in the industry. Young workers are our main target group, and sustainability is at the heart of our operations, guiding all our actions.

The number of private customers using Savings Banks' services extensively and concentrating their banking in Savings Banks increased by 4.4% during the year. In spite of the subdued housing market, the loan portfolio of the Savings Banks' private customers grew by 4.3% in 2024, well ahead of the overall market trend. New mortgage sales picked up clearly towards the end of the year. Assets in fixed-term investment accounts with private customers increased by 22.8% during 2024. Demand was twofold: while it was relatively strong in the early part of the year, the fall in interest rates dampened demand in the latter part of the year.

The Savings Banks Group continued to focus on the development of the corporate customer business, launching two new products for businesses during the year: a company credit card and a green loan for companies.

Implemented in collaboration with Visa, Business Credit is a credit card that serves the needs of small entrepreneurs in particular and complements the Savings Banks Group's range of cards for corporate customers, alongside the Business Debit card.

Our green loan product helps corporate customers of the Savings Banks Group to promote the use of renewable energy sources, energy efficiency and the transition to a circular or low-emission economy. The green corporate loan supports the Savings Banks Group's responsible lending and participation in sustainability action, wherein the aim is to use the pricing of financing, for example, to guide companies to invest in the green transition. Indeed, the green loan product, which features a discount of at least 0.25 percentage points on the interest rate margin, has to some extent provided incentives for Savings Banks' corporate customers to make green investments.

The Savings Banks Group's investments in the corporate customer business have been reflected in above-market growth and high customer satisfaction. Among corporate customers, the Net Promoter Score (NPS) for the Savings Banks' customer meetings was excellent: the average score for the year was 82.7. The number of corporate and forestry and agriculture customers using Savings Banks' services extensively grew by 6.1% during the year.

The real estate and construction sectors continued to face challenges in 2024. However, despite the challenging market conditions, the volume of non-performing loans in the Savings Banks' corporate customer business remained at a moderate level.

THE SAVINGS BANKS' MORTGAGE AND CENTRAL BANK OPERATIONS

The objective of the Savings Banks Group's Sp Mortgage Bank Plc 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 Savings Banks Group's mortgage-secured funding by issuing covered bonds. The balance sheet total of Sp Mortgage Bank was EUR 3.3 (2.6) billion.

The Central Bank of Savings Banks Finland Plc is a bank owned by Savings Banks, which produces various central credit institution services for Savings Banks. On 6.12.2024, 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 is stable.

PROFIT TRENDS (COMPARISON FIGURES 1–12/2023)

Profit before tax for Banking Operations was EUR 107.2 (88.4) million. Net interest income totalled EUR 274.2 (263.2) million. Net fee and commission income was EUR 72.1 (69.5) million. Net investment income amounted to EUR 2.8 (-29.9) million. Other operating revenue came to EUR 12.4 (12.8) million.

A total of EUR -25.4 (-10.0) million was recognised in impairment of financial assets that weakened the result. New LGD models were adopted during the period. The adoption of the models increased expected credit losses by EUR 6.8 million. Personnel expenses amounted to EUR 68.5 (63.5) million. The number of personnel in the Banking Operations segment was 979 (921) at the end of the reference period. Other operating expenses and depreciation amounted to EUR 160.6 (153.8) million.

The balance sheet total for Banking Operations came to EUR 12.6 (12.1) billion. Loans and advances to customers increased to EUR 10.1 (9.5) billion. Deposits received from customers amounted to EUR 6.9 (7.0) billion.

ASSET MANAGEMENT SERVICES

Savings Banks offer comprehensive and high-quality asset management services to both private and corporate customers. The Savings Banks' core mission is to promote thrift and we have taken a number of steps during 2024 to make it easier and lower the threshold for our customers to start saving.

An increasing number of Savings Banks' customers started saving in funds or insurance in 2024. The number of new continuous fund saving agreements increased by 17.6% year-on-year. 24.4% of continuous fund saving agreements were made on a self-service basis using digital channels, a clear increase from the comparison period. We will continue our determined efforts to promote thrift in 2025.

The extensive development of our services continued in 2024. The final deployments associated with the core banking system reform for Asset Management Services were successfully carried out in June, resulting in improved process efficiency for the Savings Banks Group and better services for customers.

During 2024, we also further developed the Savings Banks' private banking services. Our private banking service for our wealthiest asset management customers has grown significantly and our customers' satisfaction with the service has been excellent. The number of private banking customers increased by over 70% compared to the previous year.

Net subscriptions of Savings Banks' asset management services to funds managed by Sp-Fund Management Company and the insurance saving products of Sb Life Insurance were positive during the reference period, with an excellent performance especially near the end of the year. Net subscriptions for 2024 increased by 132.7% compared to the previous year.

Sp-Fund Management Company's market share among Finnish fund management companies was 2.9% (3.1%) at the end of the reference period. Fund capital managed by Sp-Fund Management Company increased by 12.8% and totalled EUR 5.3 billion at the end of the period. Net subscriptions to funds managed by Sp-Fund Management Company totalled EUR 313.7 million. The number of fund unit holders grew by 1.1% year-on-year. The funds had 289 102-unit holders at the end of the period. In terms of the number of unit holders, Sp-Fund Management Company is the fourth-largest fund management company in Finland. Sp-Fund Management Company managed 25 investment funds and 7 special investment funds.

Endowment insurance sales increased significantly year-on-year. Premium income from endowment insurance increased by 69.2% year-on-year. Premium income from risk insurance products increased by 3.1%. Unit-linked insurance savings increased, totalling EUR 1,097.7 million at the end of the period.

PROFIT TRENDS (COMPARISON FIGURES 1–12/2023)

Profit before tax for Asset Management Services came to EUR 50.5 (48.3) million. Net fee and commission income was EUR 42.1 (37.3) million. Net investment income was EUR 43.3 (43.5) million.

Net investment income and financial income and expenses from insurance contracts together indicate the profitability of the insurance investment activities. During the period under review, financial income and expenses from insurance contracts were EUR -34.5 (-32.8) million.

The insurance service result was EUR 4.3 (3.8) million. The insurance service result includes operating expenses of EUR 14.1 (13.9) million. Insurance premium revenue increased to EUR 20.9 (18.8) million. Insurance service expenses decreased to EUR 15.5 (14.2) million. Loss-making contracts increased insurance service expenses by 0.5 million euros during the financial year, while the reversal of provisions for loss-making contracts during the comparison period reduced insurance service expenses by 1.8 million euros.

Operating expenses were EUR 5.6 (4.4) million. Personnel expenses amounted to EUR 7.0 (6.4) million. Other operating expenses and depreciation totalled EUR 12.6 (11.9) million. The number of personnel in the Asset Management Services segment on 31 December 2024 was 64 (61) million.

The balance sheet of asset management services was EUR 1,169.4 (1,107.3) million.

OTHER FUNCTIONS

Other functions include Savings Banks' Union Coop, Sp-Koti Ltd, Savings Banks Services Ltd and other companies consolidated within the Savings Banks Group. Other functions do not form a reportable segment.

Sp-Koti is a genuinely local real estate agent franchise group that is part of the Savings Banks Group. It serves customers in more than 80 offices across Finland and in 2 locations in Spain.

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 for the period after the closing date.

OUTLOOK FOR THE OPERATIONAL ENVIRONMENT IN 2025

The growth outlook for 2025 is stable, but still rather sluggish. The OECD, for example, expects the global economy to grow at the same pace as last year, by around 3%. In the United States, growth is expected to slow but remain at a good level. In Europe, the growth outlook is improving slightly as interest rates fall, but the level is still quite modest. In China, growth is slowing structurally. The threat of a trade war has increased with the election of Trump. Trump's actions are not yet certain, but in the long run, various global trade barriers will undermine growth prospects and increase uncertainty.

In Finland, economic growth is expected to pick up in 2025. We expect Finland's GDP to grow by 1.4%. Lower interest rates will benefit Finland's interest-sensitive economy. Private consumption is expected to pick up as purchasing power increases. However, the sluggish labour market will keep consumers cautious in the early part of the year, so private consumption growth will remain subdued. As the economy picks up, the labour market will gradually improve as the year progresses.

Business investment is also expected to recover gradually. While many uncertainties continue to keep businesses cautious, the downturn is expected to stimulate investment demand. The plight of the construction sector should also gradually start to ease.

Business outlook

In 2025, the focus of the Savings Bank Group's operations will be on implementing the Savings Bank Group's strategy. The main goals of the strategy are sustainable growth, the best service in the banking sector, and being the most desirable workplace for top professionals in the industry. As a financially stable bank, the Savings Bank Group can support its customers in both good and bad times.

Various uncertainties challenge the year 2025, but with decline in interest rates, the economy is expected to improve for both private and corporate customers. The Savings Bank Group's goal in 2025 is to attract more customers who centralize their banking with the Savings Bank.

FURTHER INFORMATION:

Kai Koskela, Acting CEO, tel. +358 40 549 0430
Releases and other corporate information are available on the Savings Banks Group's website at www.saastopankki.fi/saastopankkiryhma

ALTERNATIVE PERFORMANCE MEASURES

The 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.

In it's financial reporting, the Savings Banks Group uses Alternative Performance Measures (APM) that describe the Group's financial performance and position. The APMs are not defined in IFRS regulation, Capital Adequacy regulation (CRD/CRR) or Solvency II regulation (SII). The APMs presented complement the main statements and notes prepared in accordance with IFRS.

FORMULAS USED IN CALCULATING THE FINANCIAL HIGHLIGHTS

Total operating revenue: Net interest income, net fee and commission income, net trading income, net investment income, net life insurance income, net finance income of the insurance contracts, other operating revenue

Total operating expenses: Personel 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 %:
$$\frac{\text{Profit}}{\text{Equity, incl. non-controlling interests (average)}} \times 100$$

Return on assets %:
$$\frac{\text{Profit}}{\text{Total assets (average)}} \times 100$$

Equity/assets ratio %:
$$\frac{\text{Equity (incl. non-controlling interests)}}{\text{Total assets}} \times 100$$

The calculation of the financial highlights uses the results of continuing operations.

RELEASE OF FINANCIAL STATEMENTS

1.1.–31.12.2024

INCOME STATEMENT

(EUR 1,000)	Note	1.1-31.12.2024	1.1-31.12.2023
Interest income	4	615,098	478,708
Interest expense	4	-340,253	-214,947
Net interest income	4	274,844	263,761
Net fee and commission income*	5	114,676	107,124
Net investment income*	6	40,410	13,369
Insurance premium revenue	11	20,875	18,844
Insurance service expenses	11	-15,464	-14,218
Net income from reinsurance contracts	11	-1,111	-871
Net insurance income	11	4,300	3,755
Finance income and expenses of the insurance contracts	11	-34,513	-32,835
Other operating revenue		14,905	21,062
Total operating revenue		414,623	376,236
Personnel expenses		-106,451	-98,315
Other operating expenses		-131,372	-134,867
Transfers to net insurance income		14,050	13,905
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-12,953	-11,456
Total operating expenses		-236,726	-230,733
Net impairment loss on financial assets	6	-25,385	-9,988
Associate's share of profits		-24	14
Profit before tax		152,488	135,529
Income tax expense		-26,795	-30,042
Profit, continuing operations		125,694	105,487
Profit, Lieto Savings Bank's exit from Savings Banks Group			2,712
Profit		125,694	108,199
Profit attributable to:			
Equity holders of the Group		125,703	108,209
Non-controlling interests		-9	-9
Total		125,694	108,199

* The presentation method has been changed and the comparative period data has been adjusted accordingly. The impact of the change in presentation method is described in more detail in note 2, Accounting Policies, Chapter 3, Change in Presentation.

STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	1.1-31.12.2024	1.1-31.12.2023
Profit	125,694	108,199
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurements of defined benefit obligation	576	-72
Deferred tax from remeasurements of defined benefit obligation	-115	-18
Capital gain of financial assets at fair value through other comprehensive income	-1,961	-1,268
Total	-1,500	-1,358
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	16,608	29,505
Deferred tax from fair value measurements	-3,322	-5,084
Cash flow hedges	1	63
Deferred tax from cash flow hedges		-13
Total	13,287	24,471
Total comprehensive income	137,480	131,313
Profit attributable to:		
Equity holders of the Group	137,489	131,322
Non-controlling interests	-9	-9
Total	137,480	131,313

STATEMENT OF FINANCIAL POSITION

Assets (EUR 1,000)	Note	31.12.2024	31.12.2023
Assets			
Cash and cash equivalents		1,470,385	1,431,712
Loans and advances to credit institutions	6	163,578	179,140
Loans and advances to customers	6	10,113,524	9,539,206
Derivates	9	33,991	16,649
Investment assets	6	854,840	895,223
Assets covering unit-linked contracts		1,024,674	908,402
Assets related to insurance contracts		2,394	1,073
Assets related reinsurance contracts			375
Investments in associates and joint ventures		109	133
Propert, plant and equipment		41,339	40,605
Intangible assets		61,222	40,622
Tax assets		21,436	14,982
Other assets		105,398	138,292
Total assets		13,892,891	13,206,415

Liabilities (EUR 1,000)	Note	31.12.2024	31.12.2023
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss	7	22,327	38,096
Liabilities to credit institutions	7	530,309	620,868
Liabilities to customers	7	6,885,467	7,016,823
Derivatives	9	116,035	174,215
Debt securities issued	7	3,687,107	2,946,738
Unit-linked contract liability		515,304	420,446
Insurance contract liability	11	580,467	571,387
Subordinated liabilities	7	3,173	3,257
Tax liabilities		68,745	68,004
Provisions and other liabilities		200,056	208,631
Total liabilities		12,608,989	12,068,464
Equity			
Basic capital		40,140	50,183
Primary capital		45,835	31,452
Reserves		525,336	242,499
Retained earnings		671,438	812,654
Total equity attributable to equity holders of the Group		1,282,749	1,136,788
Non-controlling interests		1,153	1,162
Total equity		1,283,902	1,137,950
Total liabilities and equity		13,892,891	13,206,415

STATEMENT OF CASH FLOWS

(EUR 1,000)	1.1.–31.12.2024	1.1.–31.12.2023
Cash flows from operating activities		
Profit, continuing operations	125,694	105,487
Adjustments for items without cash flow effect	95,560	26,939
Income taxes paid	-35,865	4,027
Cash flows from operating activities before change in assets and liabilities	185,388	136,453
Increase (-) or decrease (+) operating assets	-552,309	-195,207
Investments, financial assets at fair value trough profit or loss	88,316	124,577
Investments, at fair value through other comprehensive income	35,174	47,759
Financial assets at amortised cost	1,594	-1,997
Investments, at fair value through other comprehensive income		-990
Investment assets, at amortized cost	-16,345	-14,679
Other unit-linked cover assets	-115,199	-53,124
Loans and advances to credit institutions	16,030	28,471
Loans and advances to customers	-606,145	-281,455
Life insurance assets	-2,394	
Assets related to reinsurance contracts	375	-359
Other assets	46,285	-43,410
Increase (-) or decrease (+) in operating liabilities	430,080	358,969
Liabilities to credit institutions	-89,286	326,415
Liabilities to customers	-145,417	-10,853
Debt securities issued	673,038	96,005
Unit-linked contract liability	-3,229	24
Liabilities from re-insurance contracts	126	-149
Other liabilities	-5,154	76,280
Exit from Savings Banks Group		-128,753
Total cash flows from operating activities	63,159	300,216
Cash flows from investing activities		
Investments in shares and participations, deductions	80	
Other investments		-39,624
Investments in investment property and in property, plant and equipment and intangible assets	-33,252	-24,807
Disposals of investment property and property, plant and equipment and intangible assets	1,294	582
Exit from Savings Banks Group		3
Total cash flows from investing activities	-31,878	-63,846

(EUR 1,000)	1.1.–31.12.2024	1.1.–31.12.2023
Cash flows from financing activities		
Increase in subordinated liabilities		3,173
Decrease in subordinated liabilities		-665
Increase in basic capital	14,806	200
Distribution of profits	-6,819	-9,720
Other monetary increases in equity items		-971
Other monetary decreases in equity items		-1,393
Total cash flows from financing activities	7,986	-9,376
Change in cash and cash equivalents	39,267	226,818
Cash and cash equivalents at the beginning of the period	1,453,832	1,227,015
Cash and cash equivalents at the end of the period	1,493,100	1,453,832
Cash and cash equivalents comprise the following items:		
Cash	1,470,385	1,431,712
Receivables from central banks repayable on demand	22,715	22,120
Total cash and cash equivalents	1,493,100	1,453,832
Adjustments for items without cash flow effect		
Impairment losses on financial assets	25,385	9,983
Changes in fair value	-127	21,298
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	15,102	12,465
Effect of profit from associated companies	24	-14
Adjustments from life insurance operations	26,386	-17,711
Income taxes	25,973	
Other adjustments	1,995	-1,405
Changes in deferred taxes	821	2,323
Total	95,560	26,939
Dividends received	616,001	454,976
Interest paid	327,227	146,113
Dividends received	1,769	4,722

*The comprehensive period data has not been adjusted according to the change in presentation method.

STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Basic capital	Primary capital	Share premium	Fair value reserve	Reserve for hedging instru-ments	Reserve fund	Other reserves	Total reserves	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interests	Total equity
Equity 1.1.2023	25,224	31,452	137,588	-57,215	-51	45,091	65,726	191,138	929,668	1,177,482	1,365	1,178,847
Comprehensive income												
Profit for the period									108,209	108,209	-9	108,199
Other comprehensive income				24,421	50		-90	24,381	-1,268	23,114		23,114
Total comprehensive income				24,421	50		-90	24,381	106,941	131,322	-9	131,313
Transactions with owners												
Distribution of profits									-9,458	-9,458		-9,458
Tranfers between items			71,438				5	71,442		71,442	-193	71,249
Other changes			895	3,927		32	-102	4,753	-83,181	-78,427		-78,427
Changes that did not result in loss of control	24,960		450			-15,506		-15,056	-108	9,797		9,797
Changes in Savings Bank Group's structure												
Exit from Savings Banks Group	-1					-5,134	-29,026	-34,160	-131,209	-165,370		-165,370
Tota equity 31.12.2023	50,183	31,452	210,370	-28,868	-1	24,484	36,514	242,499	812,654	1,136,788	1,162	1,137,950
Equity 1.1.2024	50,183	31,452	210,370	-28,868	-1	24,484	36,514	242,499	812,654	1,136,788	1,162	1,137,950
Comprehensive income												
Profit for the period									125,703	125,703	-9	125,694
Other comprehensive income				13,286	1			13,287		13,287		13,287
Total comprehensive income				13,286	1	0	0	13,287	125,703	138,989	-9	138,980
Transactions with owners												
Distribution of profits									-6,819	-6,819		-6,819
Primary capital issue		14,383								14,383		14,383
Tranfers between items	-14,965		14,665					14,665	300			
Other changes												
Other changes	-77		-90					-90	-425	-592		-592
Changes that did not result in loss of control	4,999		266,859			-9,780	-2,103	254,975	-259,974			
Total equity 30.6.2024	40,140	45,835	491,803	-15,582		14,704	34,410	525,336	671,438	1,282,749	1,153	1,283,902

BASIS OF PREPARATION

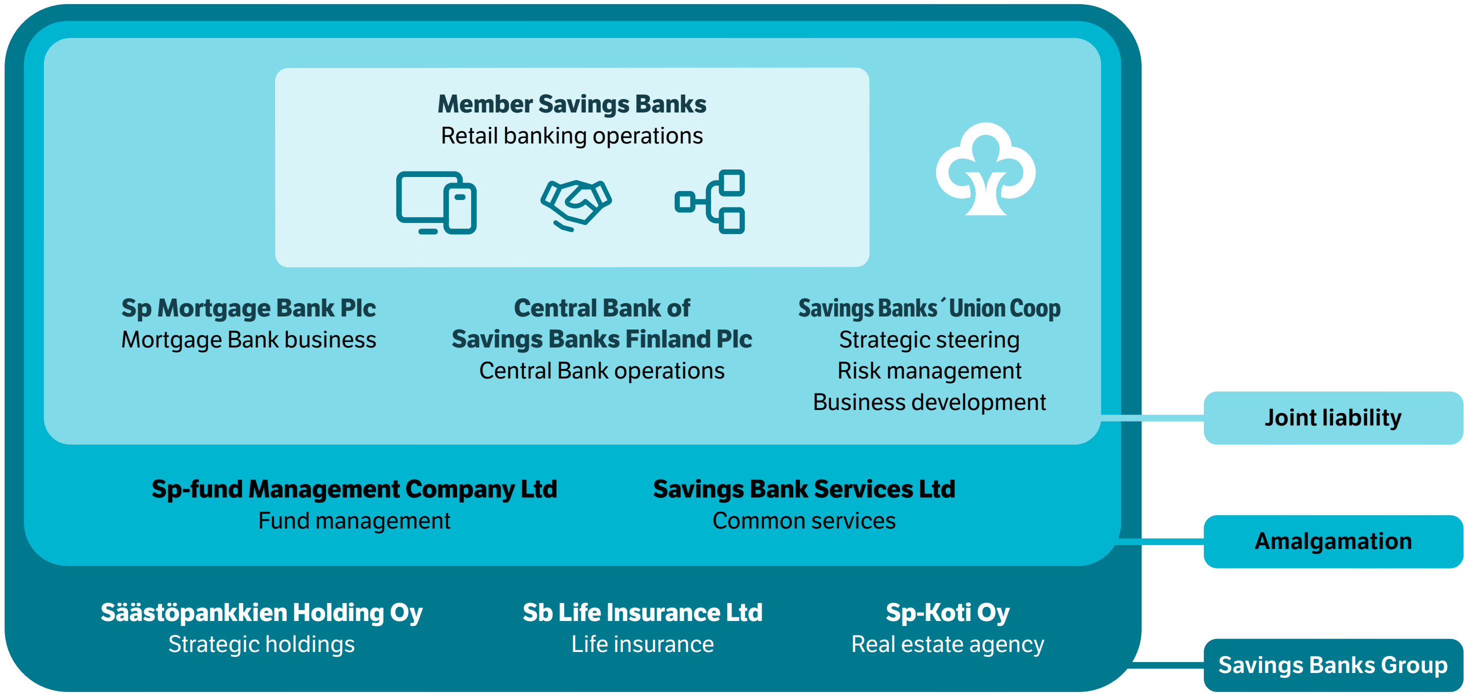
NOTE 1. DESCRIPTION OF THE SAVINGS BANKS GROUP AND THE SCOPE OF THE FINANCIAL STATEMENT

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 organizations 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, 14 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 organizations 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.

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



Savings Banks' Union Coop steers the operations of the Savings Banks Group and is responsible for the internal 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.

The Board of Directors of the Savings Bank Union Cooperative approved the Savings Bank Group's financial statement release for the financial year ending December 31, 2024, on February 12, 2025.

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 financial statement release for the period 1.1.-31.12.2024 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard.

Starting from January 1, 2024, the Savings Bank Group has changed the presentation method of investment contracts recorded under the IFRS 9 Financial Instruments standard in the income statement. Otherwise, the release of the financial statement follows the preparation principles presented in the 2023 financial statements.

The release of the financial report has not been audited.

The release of the financial statement of the Savings Bank Group is presented in euros, which is the accounting and functional currency of the Savings Bank Group. The release of the financial statement is presented in thousands of euros unless otherwise stated.

2. CRITICAL ACCCOUNTING ESTOMATE AND JUDGEMENT

IFRS-compliant financial report require the Savings Banks Group's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the financial report.

The key estimates of the Savings Banks Group are related to the determination of impairment and fair value of financial assets, the measurement of the insurance contracts, the recognition of deferred tax assets from confirmed losses and the determination of the present value of pension obligations.

In the financial report dated 31 December 2024, the most significant uncertainties influencing the management's estimates have been the weak economic situation. There is considerable uncertainty associated with estimating the economic impacts of the afore-mentioned factor, which particularly influences the assessment of the expected credit losses on financial assets.

2.1 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.

On the reporting period, 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 and realization, 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, the number and duration of instalment-free periods that have been applied for and changes in the scope and profitability of business operations.

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

2.2 Measurement of insurance contracts

Judgment applied with regard to the principle for determining the discount rate

Discount curves are derived as a sum of the risk-free rate and the liquidity premium. The management has exercised judgment in its interpretation that the yield curve determined by EIOPA can be used as the risk-free component of the discount curve.

In determining the liquidity premium, the management has exercised judgment in interpreting the nature of insurance terms so that they do not include significant illiquidity factors. As a result of the interpretation, the liquidity premium has been set to zero.

Judgment related to the measurement methods used for insurance contracts and the input data for the methods

Insurance contracts are measured at the present value of expected future cash flows, with an added risk adjustment. The cash flows are modelled deterministically, excluding (discretionary additional benefits), which are measured using a stochastic method.

The modelling uses up-to-date assumptions about biometric factors, customer behaviour, economic variables, and operating expenses. The assumptions have been modelled using the Savings Banks Group's own and external statistical data. The accuracy of the assumptions is reviewed annually, and the assumptions are adjusted as necessary.

For determining the risk adjustment, the Savings Banks Group does not use the confidence level method but rather the "cost of capital" method.

Judgment related to the application of the VFA valuation model

The Savings Banks Group has issued savings and pension insurance policies that include investment-linked and guaranteed interest rate components, and where the policyholder has the option to freely transfer savings between these components. For these contracts, the Savings Banks Group interprets that the conditions of the VFA valuation model are met and, therefore, the Savings Banks Group applies the VFA valuation model to the groups formed from these contracts.

Judgment related to the determination of coverage units

According to the Savings Banks Group's interpretation, for risk insurance policies (e.g. loan insurance), the coverage unit can be based on the sum insured and its estimated future development.

The coverage unit describes the amount of insurance coverage provided for the entire duration of the contract. Savings and pension insurance policies do not include insurance services, or the insurance service is negligible compared to the investment service. For these insurance policies, the coverage unit is based on the amount of insurance savings and its future development.

Judgment related to the determination of investment components

The Savings Banks Group exercises judgment when determining the amount of the investment component in savings and pension insurance policies. According to the Savings Banks Group's interpretation, in insurance policies where the death benefit exceeds 100 per cent, the investment component is determined to correspond to the amount of insurance savings. For insurance policies where the death benefit is less than 100 per cent, the investment component is the amount of the death benefit.

Judgment related to the models used in the IFRS 17 transition

In the transition, the Savings Banks Group uses a retrospective calculation model for insurance policies issued after the year 2017. For insurance policies that entered into effect earlier, the fair value approach is used in the transition. The fair value approach has been chosen because there is insufficient retrospective data available for the older policies.

When applying the fair value approach, the service margin is defined as the difference between the fair value and the present value of cash flows arising from fulfilling the contract.

The fair value determined for the insurance contract groups takes into account the discounted present value of the contract group's future cash flows and the risk margin required by the market participant when selling the portfolio. The management has exercised judgment in determining the valuation parameters used, including cash flows, the discount rate and the risk margin.

2.3 Determing fair value

When determining fair values, the management must consider whether there is price information available in the market that can be considered a reliable indication of the financial instrument's fair value. The assessments are based on a view of the functioning of the market and the trading activity for the financial instrument in question.

On the financial statements date, the Savings Banks Group's financial instruments measured at fair value consisted mainly of listed financial assets for which a public price quotation is available or financial assets for which fair value measurement is based on verifiable market information, such as interest rate data. In the view of the management of the Savings Bank Group, the conditions regarding the functioning of the market and the trading activity of the individual financial instruments are met and, consequently, the price information obtained from the market can be considered a reliable indication of the fair value of the instruments.

The management's judgement is required in circumstances where fair value price information is not available in the market and the fair value of a financial instrument needs to be determined using a valuation technique. In such circumstances, the valuation techniques and inputs used to measure fair values are based on the management's assessment of the market practices used to measure the value of the instruments in question. The Savings Banks Group only has a small number of financial instruments whose fair value is measured using valuation techniques, and there were no substantial changes in their amount during the past financial year.

3. CHANGES IN PRESENTATION

Effective from 1 January 2024, the Savings Banks Group has changed the presentation of the income statement with regard to investment contracts recognised in accordance with IFRS 9 Financial Instruments. Previously, fee income received from customers and compensations paid to customers were recognised in the income statement item "Net fee and commission income". Under the new presentation method, fee income and compensations paid are presented as part of the measurement of investment contracts in the item "Net investment income".

Commission income from investment contracts is recognised in the item "Net fee and commission income" when the performance obligation is satisfied, at a point in time.

Going forward, expense items capitalised for the calculation of IFRS 17 insurance contracts will be recognised in a new income statement item "Transfers to the insurance service result". Previously, the items reduced personnel expenses, IT expenses and fee expenses.

The comparison figures for the period 1 January – 31 December 2023 have been retrospectively adjusted to correspond to the new presentation method. The changes to the result for the comparison period caused by the change in the presentation method are shown in the table below.

31.12.2023 (EUR 1,000)	**Published**	**Changes in presentation**	**Adjusted income statement**
Interest income	478,708		478,708
Interest expenses	-214,947		-214,947
Net interest income	263,761		263,761
Net fee and commission income	126,397	-19,273	107,124
Net investment income	-4,145	17,514	13,369
Insurance premium income	18,844		18,844
Insurance service expenses	-14,218		-14,218
Net income from reinsurance contracts	-871		-871
Insurance service result	3,755		3,755
Net financial income and expenses from insurance	-32,835		-32,835
Other operating income	21,062		21,062
Total operating income	377,995	-1,759	376,236
Personnel expenses	-94,262	-4,053	-98,315
Other operating expenses	-126,774	-8,093	-134,867
Deprication and impairment losses on tangliable and intangliable assests		13,905	13,905
Transfers to insurance service result	-11,456		-11,456
Total operating expenses	-232,492	1,759	-230,733
Impairment losses on financial assets	-9,988		-9,988
Share profits from associates	14		14
Profit before taxes	135,529		135,529
Income taxes	-30,042		-30,042
Profit from the period, continuing operations	105,487		105,487
Profits for the period, discontinuing operations from Savings Bank Group	2,712		2,712
Profit from the period	108,199		108,199

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, which is described in Note 2.

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 2024

1–12/2024 (EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	274,247	723	274,970
Net fee and commission income	72,140	42,112	114,252
Net investment income	2,845	43,268	46,112
Net insurance income		4,300	4,300
Finance income and expenses of the insurance contracts		-34,513	-34,513
Other operating revenue	12,443	124	12,567
Total operating revenue	361,675	56,014	417,689
Personnel expenses	-68,476	-6,986	-75,462
Other operating expenses	-160,625	-12,622	-173,247
Transfer to insurance service result		14,050	14,050
Total operating expenses	-229,101	-5,558	-234,659
Net impairment loss on financial assets	-25,385		-25,385
Profit before tax	107,189	50,456	157,645
Taxes	-16,610	-10,090	-26,700
Profit	90,579	40,367	130,946
*of which external			
*of which internal			
Statement of financial position 31 December 2024			
Cash and cash equivalents	1,470,385		1,470,385
Loans and advances to credit institutions	129,185	19,646	148,831
Loans and advances to customers	10,112,524		10,112,524
Derivatives	33,991		33,991
Investment assets	676,484	173,735	850,218
Assets covering unit-linked contracts		1,024,674	1,024,674
Assets related to insurance contracts		2,394	2,394
Assets related reinsurance contracts			
Other assets	212,558	9,067	221,625
Total assets	12,635,127	1,229,515	13,864,642
At fair value through profit or loss		22,327	22,327
Liabilities to credit institutions	524,009		524,009
Liabilities to customers	6,885,467		6,885,467
Derivatives	116,035		116,035
Debt securities issued	3,687,107		3,687,107
Unit-linked contract liability		516,263	516,263
Insurance contract liability		580,467	580,467
Subordinated liabilities	3,173		3,173
Other liabilities	203,492	50,392	253,884
Total liabilities	11,419,283	1,169,449	12,588,732
Number of emplyees at the end of the period	979	64	1043

RECONCILIATIONS

(EUR 1,000)	1–12/2024	1–12/2023
Revenue		
Total revenue for reportable segments	417,689	368,365
Withdrawal from Savings Banks Group, other operations, eliminations	-3,066	7,872
Total revenue of the Group	414,623	376,236
Profit		
Total profit or loss for reportable segments	130,946	106,604
Non allocated amounts, other operations, eliminations	-5,252	-1,116
Withdrawal from Savings Banks Group		2,712
Total profit of the Group	125,694	108,199

	1–12/2024	1–12/2023
Assets		
Total assets for reportable segments	13,864,642	13,177,151
Non allocated assets, other operations, eliminations	28,249	29,264
Total assets of the Group	13,892,891	13,206,415
Liabilities		
Total liabilities for reportable segments	12,588,732	12,046,562
Non allocated liabilities, other operations, eliminations	20,258	21,902
Total liabilities of the Group	12,608,989	12,068,464

INCOME STATEMENT 2023

1–12/2023 (EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	263,246	539	263,785
Net fee and commission income	69,538	37,304	106,842
Net investment income	-29,875	43,472	13,597
Net income from insurance operations		3,755	3,755
Financial income and expenses from insurance contracts		-32,835	-32,835
Other operating revenue	12,815	406	13,221
Total operating revenue	315,723	52,641	368,365
Personnel expenses	-63,530	-6,415	-69,945
Other operating expenses	-153,837	-11,877	-165,714
Transfers to insurance service result		13,905	13,905
Total operating expenses	-217,366	-4,387	-221,754
Net impairment loss on financial assets	-9,988		-9,988
Profit before tax	88,369	48,254	136,623
Taxes	-20,762	-9,257	-30,019
Profit	67,607	38,997	106,604
*of which external			
*of which internal			
Statement of financial position 31 December 2023			
Cash and cash equivalents	1,431,712		1,431,712
Loans and advances to credit institutions	148,272	15,626	163,898
Loans and advances to customers	9,539,207		9,539,207
Derivatives	16,649		16,649
Investment assets	719,892	171,152	891,043
Assets covering unit-linked contracts		909,475	909,474
Assets related reinsurance contracts		375	375
Other assets	214,158	10,634	224,792
Total assets	12,069,889	1,107,262	13,177,151
At fair value through profit or loss		38,096	38,096
Liabilities to credit institutions	614,829		614,829
Liabilities to customers	7,016,823		7,016,823
Derivatives	174,215		174,215
Debt securities issued	2,946,738		2,946,738
Unit-linked contract liability		420,319	420,319
Insurance contract liability		571,387	571,387
Subordinated liabilities	3,173		3,173
Other liabilities	218,510	42,471	260,982
Total liabilities	10,974,289	1,072,273	12,046,562
Number of emplyees at the end of the period	921	61	982

NOTE 4. NET INTEREST INCOME

Interest income and expense are accrued over maturity using the effective interest rate method. Using this method, the income and expenses arising from an instrument are accrued in relation to the residual receivable and liability in the balance sheet until maturity.

When a financial asset is impaired, the original effective interest rate is used when calculating interest income. Interest is calculated for the loan balance less impairment.

(EUR 1,000)	1–12/2024	1–12/2023
Interest income		
From financial assets measured at amortized cost		
Debt securities eligible for refinancing with Central Bank	2,092	1,111
Loans and advances to credit institutions	66,884	48,200
Loans and advances to customers	476,294	376,756
Debt securities	1,092	831
	546,362	426,898
From financial assets measured at fair value through other comprehensive income		
Debt securities eligible for refinancing with Central Bank	8,338	6,407
Debt securities	2,200	3,521
	10,538	9,928
From financial assets measured at fair value through profit or loss		
Debt securities	318	531
Derivative contracts		
Hedging derivatives	57,880	41,351
	58,198	41,882
Total interest income	615,098	478,708

(EUR 1,000)	1–12/2024	1–12/2023
Interest expenses		
From financial liabilities measured at amortised cost		
Liabilities to credit institutions	-17,928	-11,362
Liabilities to customers	-97,824	-51,507
Debt securities issued	-82,454	-52,448
Subordinated liabilities	-124	-67
	-198,331	-115,384
From financial liabilities measured at fair value through profit or loss		
Hedging derivatives	-141,923	-99,564
	-141,923	-99,564
Total interest expenses	-340,253	-214,947
Net interest income	274,844	263,761

NOTE 5. NET FEE AND COMISSION INCOME

Net fee and commission income consists of the income and expenses associated with services provided to customers. Fees received for services are recognised as income after the performance obligation has been fulfilled, and the key criterion is the transfer of control. Income is recognised at the amount which the Savings Banks Group expects to be entitled to in exchange for the services performed.

Net income and commission income consists of commission income from lending, payment transactions and unit-linked contract. In addition, fees are charged for, among other things, legal tasks, guarantees, funds and brokerage of securities. The above-mentioned items consist of several different types of fees and commissions, the performance obligations of which are fulfilled, depending on the nature of the fee, either over time or at a single point in time.

The performance obligations for lending, guarantees and fund fees are mainly fulfilled over time, for other fees at a point in time. The amount of consideration in the services is mainly the list price or as agreed in the contract. Fees are charged to the customer on a monthly basis or after the performance of the service in accordance with the terms and conditions of the contract. The fund and asset management fees include performance-based fees that are tied to the performance of investment activities. Performance-based fees are recognised as income only when the criteria measuring the performance of investment activities are very likely to be met.

Fee expenses are recognised on a performance basis.

(EUR 1,000)	1–12/2024	1–12/2023
Fee and commission income		
Lending	18,957	18,295
Deposits	249	216
Payment transfers	50,382	49,246
Securities brokerage	1,616	829
Mutual fund brokerage	41,516	37,667
Asset management	2,139	1,564
Legal services	4,798	3,957
Custody fees	1,221	1,383
Insurance brokerage	1,610	1,478
Guarantees	2,593	2,465
Unit-linked contracts	3,099	2,914
Other	2,762	1,884
Total	130,941	121,898
Fee and commission expense		
Payment transfers	-4,470	-3,719
Securities	-582	-553
Mutual fund brokerage	-252	-328
Asset management	-1,257	-1,076
Unit-linked contracts	-3,331	-3,091
Other*	-6,371	-6,007
Total	-16,264	-14,774
* of which the most significant expenses are the shared ATM expenses amounting to EUR 2,922 (2,771) thousand.		
Net fee and commission income	114,676	107,124

NOTE 6. LOANS AND ADVANCES

6.1 LOANS AND ADVANCES TO CREDIT INSITUTIONS AND CUSTOMERS

Loans and advances to credit institutions and customers are primarily classified as measured at amortised cost and are consequently subject to calculation of expected credit losses. The table below presents the gross values, allowances for expected credit losses and balance values for loans and advances by product type.

LOANS AND ADVANCES

31.12.2024 **(EUR 1,000)**	**Not impaired (gross)**	**Expected credit losses (ECL)**	**Balance sheet value**
Loans and advances to credit institutions			
Deposits	163,590	-138	163,452
Loans and other receivables	93	33	126
Total	163,683	-104	163,578
Loans and advances to customers			
By products			
Used overdrafts	106,008	-1,543	104,465
Loans	9,370,897	-54,411	9,316,485
Interest subsidized housing loans	537,169	-2,388	534,781
Credit cards and unsecured loans	161,627	-5,096	156,531
Guarantees	1,573	-313	1,260
Total	10,177,275	-63,751	10,113,523
Loans and advances total	10,340,957	-63,856	10,277,102

LOANS AND ADVANCES

31.12.2023 **(EUR 1,000)**	**Not impaired (gross)**	**Expected credit losses (ECL)**	**Balance sheet value**
Loans and advances to credit institutions			
Deposits	179,046	-52	178,993
Loans and other receivables	162	-15	147
Total	179,207	-67	179,140
Loans and advances to customers			
By products			
Used overdrafts	97,567	-1,283	96,285
Loans	8,831,577	-42,301	8,789,276
Interest subsidized housing loans	505,698	-2,227	503,471
Loans granted from government funds	4		4
Credit cards	152,065	-3,248	148,816
Guarantees	1,596	-242	1,353
Total	9,588,507	-49,302	9,539,206
Loans and advances total	9,767,715	-49,369	9,718,346

6.2 INVESTMENT ASSETS

(EUR 1,000)	31.12.2024	31.12.2023
At fair value through other comprehensive income		
Debt securities	523,679	543,640
Shares and participations	2,349	3,515
Total	526,028	547,155
At fair value through profit or loss		
Debt securities	6,309	7,061
Shares and participations	211,007	243,690
Total	217,316	250,752
At amortised cost		
	4,860	4,417
Debt securities	89,956	73,334
Expected Credit Losses	-30	-44
Total	94,786	77,706
Investment property	16,710	19,610
Investment assets total	854,840	895,223

BREAKDOWN BY QUOTATION OF ISSUER

31.12.2024 (EUR 1,000)	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Measured at amortised cost	Total
Quoted				
From public entities	202,830	588	67,021	270,439
From others	320,849	204,508	22,905	548,263
Other				
From others	2,349	12,220	4,860	19,428
Total	526,028	217,316	94,786	838,131

31.12.2023 (EUR 1,000)	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Measured at amortised cost	Total
Quoted				
From public entities	181,949	585	69,540	252,074
From others	361,692	237,548	3,750	602,989
Other				
From public entities				
From others	3,515	12,617	4,417	20,549
Total	547,155	250,751	77,706	875,613

6.3 IMPAIRMENT LOSS ON FINANCIAL ASSETS

The Savings Banks Group determines impairments on financial assets based on an expected credit loss model. The loss allowance for expected credit loss is measured and recognized for financial assets that are subsequently measured at amortized cost or at fair value through other comprehensive income as well as for financial 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 based on the change in the credit risk of the financial asset between the date of initial recognition and the reporting date.

- 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 probability of a default event occurring 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 probability of a default event occurring within the remaining life of the financial asset.

- Stage 3 includes financial assets that are impaired. The measurement of the expected credit loss for stage 3 financial assets is based on the probability that a credit loss event occurs within the remaining life of the financial asset.

The adjacent table presents the financial assets within the scope of measurement of expected credit losses by impairment stage broken down into investment assets, loans and advances and off-balance sheet items

FINANCIAL ASSETS WITHIN THE SCOPE OF MEASUREMENT OF EXPECTED CREDIT LOSSES BY IMPAIRMENT STAGE

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial assets 31 Dec. 2024				
Investment assets	3,542,513	7,632		3,550,145
Loans and advances	8,481,991	1,437,210	273,702	10,192,903
Off-balance sheet items	642,077	28,706	2,163	672,946
Total	12,666,580	1,473,549	275,865	14,415,994

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial assets 31 Dec. 2023				
Investment assets	650,061	9,552		659,613
Loans and advances	8,118,725	1,268,025	214,902	9,601,652
Off-balance sheet items	585,394	31,898	1,838	619,130
Total	9,354,180	1,309,474	216,740	10,880,394

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

- Payment delay: the credit risk of a financial asset is deemed to have increased significantly and the contract is migrated from stage 1 to stage 2 when a payment delay exceeds 30 days. When a payment delay for a financial asset exceeds the relative and absolute threshold values over 90 consecutive days, it is deemed to be impaired and is migrated to stage 3.

- PD% increase: the risk of a financial asset is deemed to have increased significantly and the contract is migrated from stage 1 to stage 2 when the defined relative or abslute thresholds for the PD% increase are exceeded.

- Forbearance: the credit risk of a performing financial asset subject to forbearance is deemed to have increased significanlty and the contract is migrated from stage 1 to stage 2. If the contract is forborne and 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 the counterparty of a financial asset is in default, the contract is deemed to be impaired and is migrated to stage 3.

The financial asset can revert from stage 2 or stage 3 if its credit risk has improved significantly and it has consistently met the criteria for the previous stage during the length of the defined probation period. The length of the probation period for transitions from stage 3 to 2 and 2 to 1 three months.

The tables below present the development of the expected credit losses from the beginning of the financial period.

EXPECTED CREDIT LOSSES (ECL), LOANS AND ADVANCES AND OFF-BALANCE SHEET ITEMS

	Stage 1	Stage 2	Stage 3	Total
(EUR 1,000)	12 month ECL	Lifetime ECL	Lifetime ECL	
Expected credit losses 1 January 2024	5,025	8,590	36,796	50,410
Transfers to stage 1	1,292	-2,806	-14	-1,528
Transfers to stage 2	-2,071	12,036	-3,797	6,167
Transfers to stage 3	-172	-3,590	14,581	10,820
New assets originated or purchased	4,918	232	2,300	7,450
Assets derecognised or repaid (excluding write offs)	-1,181	-1,808	-3,174	-6,163
Amounts written off			-12,215	-12,215
Amounts recovered			433	433
Change in credit risk	-2,095	-958	5,753	2,700
Change in model for calculation of ECL	433	3,850	2,501	6,784
Net change in ECL	1,123	6,956	6,368	14,448
Expected credit losses 31 December 2024	6,148	15,546	43,164	64,858

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 2024	1,233	1,994		3,227
Transfers to stage 1	15	-604		-589
Transfers to stage 2	-129	466		337
New assets originated or purchased	81			81
Assets derecognised or repaid (excluding write offs)	-154	-143		-297
Change in credit risk	-80	-423		-503
Net change in ECL	-269	-703		-972
Expected credit losses 31 December 2024	964	1,291		2,255
Expected credit losses 31 December 2024				67,113
Total change in expected credit losses 1 January 2024 –31 December 2024				13,476

METHODS AND PARAMETERS USED IN CALCULATION OF EXPECTED CREDIT LOSSES

The Savings Banks Group's assessment of expected credit loss is mainly based on the probability of default / Loss given default-model (PD*LGD*EAD). 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*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 account the contract's available collaterals and customer and contract related riskfactors.

- 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 takes the time value of money into consideration by discounting the expected credit loss calculated for the contract. The contractual interest rate is used as the effective interest rate and it is calculated on the gross carrying amount in stages 1 and 2 and on the adjusted carrying amount in stage 3. The Savings Banks Group assesses expected credit losses of debt securities belonging to investment assets by purchasing lot by using the PD*LGD*EAD model. The probability of default (PD) is based on credit ratings provided by Bloomberg and, if they are not available, external credit rating information, which is converted into PD values. The LGD values used in the calculation correspond to analysed historical actuals by investment type and are not assessed separately by issuer or investment.

The calculation of expected credit loss for the credit portfolio (loans and advances to customers and off-balance sheet items) includes forward-looking information by incorporating three different economic scenarios based on macroeconomic forecasts prepared by the Savings Banks Groups' Chief Economist. The effect of the changes in macroeconomic forecasts is modelled in the PD parameter which is used in calculation of ECL. The scenarios used in the calculation and their weights are the following: optimistic 20%, base 60% and pessimistic 20%. 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 third-year values of the forecast period. The key macroeconomic factors and their forecasted values are presented below (the value variation range between different scenarios).

	2024	2025	2026
- Change in EuropeStoxx%	2.0% / 8.0%	-10.0% / 12.0%	-3.0% / 8.0%
- Change in GDP	-1.8% / 1.5%	0.5% / 2.5%	1.2% / 1.5%
- Investments	-6.0% / 0.0%	1.0% / 6.0%	2.0% / 3.0%

EFFECT OF CHANGES IN THE ECL MODEL

Changes in the LGD models

The LGD model previously applied in the calculation of ECL for loan contracts was based on a segmentation model, where the average LGD was estimated for three different segments. The new LGD models are modelled separately for retail and corporate exposures and consist of two components, cure rate and loss given loss. These model components take into consideration different variables depending on whether the exposure is classified as non-defaulted or defaulted.

Implementation of the new LGD models increased the ECL amount by EUR 6,8 million. The effect of this change is presented in the line change in the model for calculation of ECL.

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 2023	3,035	5,397	36,119	44,550
Transfers to stage 1	576	-1,367	-103	-893
Transfers to stage 2	-1,018	6,573	-2,213	3,341
Transfers to stage 3	-91	-1,599	12,027	10,338
New assets originated or purchased	2,593	71	966	3,630
Assets derecognised or repaid (excluding write offs)	-708	-697	-5,374	-6,778
Amounts written off			-7,481	-7,481
Amounts recovered			579	579
Change in credit risk	638	212	2,275	3,126
Net change in ECL	1,990	3,193	677	5,860
Expected Credit Losses 31 December 2023	5,025	8,590	36,796	50,410

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 2023	2,240	3,538	499	6,277
Transfers to stage 1	46	-1,673		-1,627
Transfers to stage 2	-80	1,398		1,317
Investments during the period	152	15		168
Investments expired	-523	-1,056	-499	-2,078
Change in credit risk	-602	-227		-829
ECL net change	-1,008	-1,543	-499	-3,050
Expected Credit Losses 31 December 2023	1,233	1,994		3,227
Total Expected Credit Losses 31 December 2023				53,637
Total change in Expected Credit Losses 1 January 2023 – 31 December 2023				2,810

6.4 NET INVESTMENT INCOME

Net investment income includes net income from financial assets measured at fair value through profit or loss (capital gains and losses, measurement gains and losses and dividend income), financial assets measured at fair value through other comprehensive income (capital gains and losses, expected credit losses and dividend income) and net income from investment property (rental and dividend income, capital gains and losses, maintenance charges and expenses, depreciation and amortization and rental expenses). In addition, this item includes net income from investment activities witin insurance operations, foreign exchange operations and fair value hedge accounting.

(EUR 1,000)	1–12/2024	1–12/2023
Net income from financial assets at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	1,174	1,578
Transferred from fair value reserve during the financial year	-1,868	-9,163
	-694	-7,585
Shares and participations		
Dividend income		1,396
		1,396
Total	-694	-6,189
Net income from financial asset at fair value through profit or loss		
Debt securities		
Capitalgains and losses	-178	-1
Fair value gains and losses	111	624
	-67	623
Shares and participations		
Dividend income	1,209	2,717
Capitalgains and losses	-91	71
Fair value gains and losses	4,077	2,934
	5,195	5,723
Net income from foreign exchange operations	-2	
Fair value gains and losses from derivative contracts	-1,122	-840
Net income from hedge accounting		
Change in hedging instruments' fair value	79,342	106,583
Change in hedged items' fair value	-78,580	-128,022
	-362	-22,279
Total	4,766	-15,933

(EUR 1,000)	1–12/2024	1–12/2023
Net income from investment property		
Rental and dividend income	4,225	4,063
Capital gains and losses	-55	57
Other income from investment property	63	68
Maintenance charges and expenses	-3,903	-3,833
Depreciation and amortisation of investment property	-2,149	-3,160
Rental expenses arising from investment property	-2	-3
Total	-1,822	-2,808
Other income		-15
Net income from unit-linked assets	72,410	62,985
Total net income from investment contract liabilities:		
IFRS 9 – change in liabilities for investment contracts	-100,565	-45,099
IFRS 9 – investment contract premium income	105,344	59,240
IFRS 9 – claims paid for investment contracts	-39,028	-38,811
	-34,250	-24,670
Net investment income	40,410	13,369

NOTE 7. FUNDING

7.1 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31.12.2024	31.12.2023
Liabilities to credit institutions		
Liabilities to central banks		68,000
Liabilities to credit institutions	530,309	552,868
Total	530,309	620,868
Liabilities to customers		
Deposits	6,899,936	7,045,368
Other financial liabilities	20	4
Change in the fair value of deposits	-14,489	-28,549
Total	6,885,467	7,016,823
Liabilities to credit institutions and customers	7,415,776	7,637,691

7.2 DEBT SECURITIES ISSUED

(EUR 1,000)	31.12.2024	31.12.2023
Measured at amortised cost		
Bonds	1,148,243	925,641
Covered bonds	2,545,488	2,046,356
Fair value change of hedged debt securities	-44,100	-109,902
Other		
Certificates of deposit	37,475	84,643
Debt securities issued	3,687,107	2,946,738
Of which		
Variable interest rate	471,314	495,403
Fixed interest rate	3,215,792	2,451,335
Total	3,687,107	2,756,666

ISSUED COVERED BONDS

(EUR 1,000)	Nominal value	Carrying amount	Maturity	Interest base	Coupon	Maturity date
Sp Mortgage Bank 2019	500,000	499,385	7 years	Fixed	0.05%	19.6.2026
Sp Mortgage Bank 2021	500,000	501,556	7 years	Fixed	0.01%	28.9.2028
Sp Mortgage Bank 2022	300,000	299,872	3 years	Fixed	1.00%	28.4.2025
Sp Mortgage Bank 2022	750,000	746,929	5 years	Fixed	3.13%	1.11.2027
Sp Mortgage Bank 2024	500,000	497,746	7 years	Fixed	3.25%	2.5.2031
Total	2,550,000	2,545,488				

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

7.3 SUBORDINATED LIABILITIES

(EUR 1,000)	31.12.2024 Average interest rate %	31.12.2024 Carrying amount	31.12.2023 Average interest rate %	31.12.2023 Carrying amount
Subordinated loans			4.00%	84
Other				
Perpetual loans				
Debentures	4.00%	3,173	4.00%	3,173
Other loans				
Subordinated liabilities		3,173		3,257

7.4 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR 1,000)	31.12.2024	31.12.2023
Other financial liabilities at fair value through profit or loss*	22,327	38,096
Financial liabilities at fair value through profit or loss	22,327	38,096

* The item includes the interest in the consolidated mutual funds of the owners not consolidated into the Savings Banks Group.

NOTE 8. CLASSFICIATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are classified into measurement categories on initial recognition. The measurement category defines subsequent measurement of a financial asset or liability.

CLASSFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are classified on initial recognition based on the business model used for managing the group of financial assets in which the financial assets is held and characteristics of the cash flows of the instrument, specifically, whether the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The business model refers to how the Savings Banks Group manages its financial assets in order to generate cash flows. That is, the business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. If cash flows are realised in a way that is different from the entity's expectations on the date that the entity assessed the business model, that does not give rise to a prior period error in the entity's financial statements nor does it change the classification of the remaining financial assets held in that business model.

Assesment of cash flow characteristics

Cash flow characteristics means the characteristics of the contractual cash flows of the financial asset. When assessing cash flow characteristics, it is determined whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, for example, interest only consists of consideration for the time value of money, credit risk and other basic lending risks. The cash flow criteria is assessed separately for each instrument and if the terms of the contract include factors that cannot be considered typical terms for lending, the financial asset is classified as measured at fair value through profit or loss.

FINANCIAL ASSETS – MEASUREMENT CATEGORIES AND PRINCIPLES FOR CLASSIFICATION

Amortised cost

A financial asset is measured at amortised cost when both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of interest and payments of principal.

On initial recognition the Savings Banks Group may make an irrevocable choice to present the subsequent fair value changes of an equity instrument in other comprehensive income. This election is made on instrument basis. These financial assets are measured at fair value and the change in value is recognised, less deferred taxes, in the statement of other comprehensive income.

Fair value through profit or loss

All items that are not measured at amortised cost or recognised at fair value through other comprehensive income are recognised at fair value through profit or loss. However, a financial asset may, at initial recognition, be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

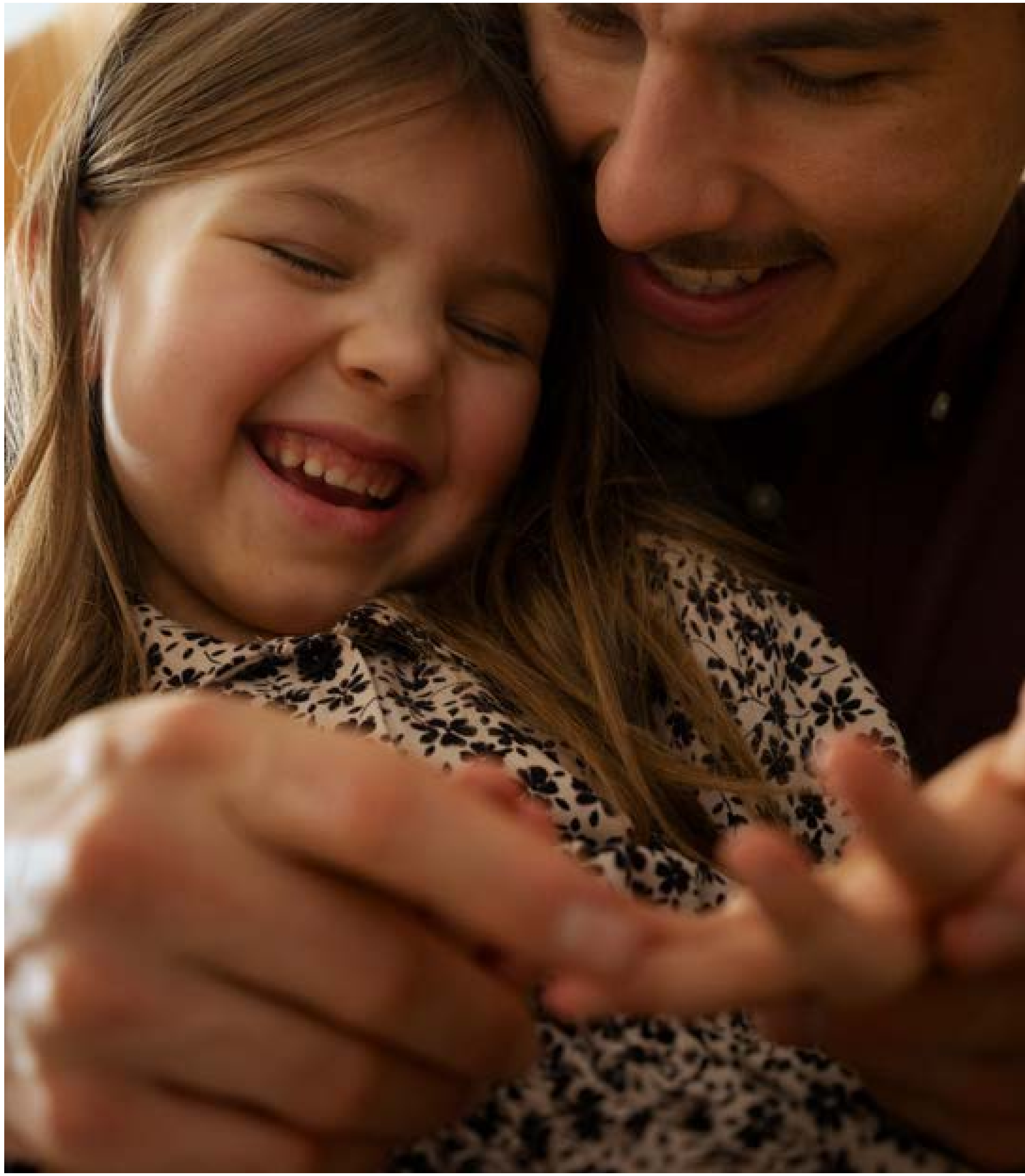
Financial assets that are investments in debt instruments are reclassified only when the Savings Banks Group changes the business models applied in the management of financial assets. The Savings Banks Group expects such changes to be highly infrequent and it has not reclassified any financial assets during the review period.

Classification and measruement of financial liabilities

Financial liabilities are classified into following measurement categories for the purposes of subsequent measurement:

- amortised cost
- fair value through profit or loss.

Financial liabilities are principally measured at amortised cost. Derivative contracts and other investors' participation in consolidated funds are measured at fair value through profit or loss.



The table below presents financial assets and libilities by balance items broken down into measurement categories.

31.12.2024 **(EUR 1,000)**	**Amortized cost**	**Fair value through other comprehensive income**	**Fair value through profit or loss**	**Non-financial assets/liabilities**	**Total**
Cash and cash equivalents	6,727		1,463,658		1,470,385
Loans and advances to credit institutions	163,578				163,578
Loans and advances to customers	10,112,388		1,135		10,113,524
Derivatives					
hedging derivatives					
fair value hedges			33,991		33,991
other than hedging derivatives					
Investment assets	94,786	526,028	217,316	16,710	854,840
Assets covering unit-linked contracts			1,024,674		1,024,674
Total assets	10,377,480	526,028	2,740,775	16,710	13,660,992
Financial liabilities at fair value through profit or loss			22,327		22,327
Liabilities to credit institutions	530,309				530,309
Liabilities to customers	6,885,467				6,885,467
Derivatives					
hedging derivatives					
fair value hedges			116,035		116,035
Debt securities issued	3,687,107				3,687,107
Unit-linked contract liability			515,304		515,304
Subordinated liabilities	3,173				3,173
Total liabilities	11,106,056		653,666		11,759,721

Offsetting of financial assets and 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.

31.12.2024				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets / liabilities, gross	Recognised financial assets / liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held / given as collateral	Cash held / given as collateral	Net amount
Assets							
Derivative contracts	61,530	-1,795	59,735	-26,494		-32,361	880
Variation margin	291	-291					
Total	61,821	-2,086	59,735	-26,494		-32,361	880
Liabilities							
Derivative contracts	161,115	-881	160,233	-26,494		-51,005	82,735
Variation margin	1,204	-1,204					
Total	162,319	-2,086	160,233	-26,494		-51,005	82,735

* The carrying value of cash held as collateral is EUR 32.570 thousand and cash given as collateral is EUR 67.563 thousand. Overcollateralization is not taken into account in the table.

31.12.2023 (EUR 1,000)	Amortized cost	Fair value through other comprehensive income	Fair value through profit or loss	Non-financial assets / liabilities	Total
Cash and cash equivalents	6,927		1,424,785		1,431,712
Loans and advances to credit institutions	179,140				179,140
Loans and advances to customers	9,539,056		149		9,539,206
Derivatives					
hedging derivatives					
cash flow hedges					
fair value hedges			16,649		16,649
other than hedging derivatives					
Investment assets	77,706	547,155	250,751	19,610	895,223
Assets covering unit-linked contracts			908,402		908,402
Total assets	9,802,830	547,155	2,600,737	19,610	12,970,332
Financial liabilities at fair value through profit or loss			38,096		38,096
Liabilities to credit institutions	620,868				620,868
Liabilities to customers	7,016,823				7,016,823
Derivatives					
hedging derivatives					
cash flow			20		20
fair value hedges			174,081		174,081
other than hedging derivatives			115		115
Debt securities issued	2,946,738				2,946,738
Unit-linked contract liability			420,446		420,446
Subordinated liabilities	3,257				3,257
Total liabilities	10,587,686		632,757		11,220,443

31.12.2023				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets / liabilities, gross	Recognised financial assets / liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held / given as collateral	Cash held / given as collateral	Net amount
Assets							
Derivative contracts	31,810	-50	31,760	-22,908		-8,011	842
Total	31,810	-50	31,760	-22,908		-8,011	842
Liabilities							
Derivative contracts	219,613	-14	219,599	-22,908		-72,024	124,668
Repurchase agreements	36	-36					
Total	219,649	-50	219,599	-22,908		-72,024	124,668

NOTE 9. DERIVATIVES AND HEDGE ACCOUNTING

The Savings Banks Group uses derivative contracts to hedge its interest rate risk from changes in fair value and cash flows and applies hedge accounting to hedging relationships. Fair value hedging is applied to hedges of fixed interest rate deposits. Cash flow hedging is applied when hedging the future interest cash flow from variable rate lending. The aim of hedging is to stabilise net interest income and to neutralise potential change in the fair value of assets and liabilities.

Derivative contracts are measured at fair value. The fair value of derivatives that hedge fair value is recognised in the balance sheet as a derivative receivable or liability and the change in fair value is recognised in the income statement under "Net investment income". When hedging fair value, the hedged item is also measured at fair value during the hedging period even if it would otherwise be measured at amortised cost. A change in the hedged item's fair value is recognised in the balance sheet as an adjustment to the balance sheet item and in the income statement under "Net investment income". Interest on hedging derivatives is presented as interest income and expense depending on their nature.

The effective portion of the fair value changes of derivatives hedging cash flow is recognised in the hedging instrument reserve in equity, adjusted with deferred taxes. The ineffective portion of fair value change is recognised directly in the income statement under "Net investment income". The cumulative change in the fair value reserve resulting from valuation of a hedging derivative is recognised in profit or loss as an adjustment of the hedged cash flow simultaneously with recognising the hedged cash flow. Interest on hedging derivatives is presented as interest income and expense depending on their nature. On reporting date, the Savings Banks Group did not have any cash flow hedges.

When hedge accounting begins, the hedging relationship between the hedged item and the hedging derivative is documented, along with the risk management objectives and the strategy for initiating hedging. The effectiveness of the hedging relationship is assessed on a regular basis and always on reporting dates.

Presented below are fair values of derivative contracts together with nominals divided into categories based on remaining maturity for continuing operations.

31.12.2024	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*						
Interest rate derivatives	498,000	2,550,000	856,400	3,904,400	33,991	116,035
Total	498,000	2,550,000	856,400	3,904,400	33,991	116,035

* Fixed rate deposits (Liabilities to customers) designated as hedged items in fair value hedging have total nominal value of EUR 1,043,000 thousand and total carrying value of EUR 1,057,489 thousand.

Fixed rate issued bonds (Debt securitues issued) designated as hedged items in fair value hedging have total nominal value of EUR 2,761,400 thousand and total booking value of EUR 2,799,919 thousand.

Fixed rate deposits (Liabilities to credit institutions) designated as hedged items in fair value hedging have total nominal value of EUR 100,000 thousand and total booking value of EUR 100,625 thousand.

Nominal values of hedging instruments equal to the nominal values of hedged items.

31.12.2023	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total	Assets	Liabilities
Non-hedging derivative contracts	5,000			5,000		1
Interest rate derivatives	5,000			5,000		1
Hedging derivative contracts						
Fair value hedging*	191,000	2,973,000	253,000	3,417,000	16,649	174,194
Interest rate derivatives	191,000	2,973,000	253,000	3,417,000	16,649	174,194
Cash flow hedging**	10,000			10,000		20
Interest rate derivatives	10,000			10,000		20
Total	206,000	2,973,000	253,000	3,432,000	16,649	174,215

HEDGED CASH FLOWS ARE EXPECTED TO AFFECT PROFIT OR LOSS DURING THE FOLLOWING PERIODS:

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

NOTE 10. FAIR VALUES BY VALUATION TECHNIQUE

FAIR VALUE MEASUREMENT

The Savings Banks Group measures assets and liabilities at amortised cost or at fair value. Financial assets and liabilities that are classifed as to be measured at fair value are measured at fair value. The break down of financial assets and liabilities into measurement categories is presented in note 11.

Fair value is the price that would be attained if the asset was sold or would be paid to transfer the liability from one market party to another in a standard business transaction taking place on a valuation day. The fair values of financial instruments are primarily determined using quotations on a publicly traded market or, if active markets do not exist, on the company's own valuation methods. A market is considered active if price quotations are readily and regularly available and if they reflect real and regularly occurring arm's-length market transactions. Current bid price is used as the quoted market price of a financial asset.

If the market has a well-established valuation technique for a financial instrument for which there is no direct market price available, the fair value is based on the commonly used valuation model and on the market quotations of the input data used in the model. If there is no well-established valuation technique in the market, the fair value is determined based on a specific valuation model created for the product in question. The valuation models are based on widely used measuring techniques, incorporating all the factors that market participants would consider when setting a price. The valuation prices used include market transaction prices, the discounted cash flow method, as well as the fair value of another substantially similar instrument at the reporting date. The valuation methods take into account an estimate of credit risk, applicable discount rates, early repayment option, and other such factors that may impact reliable determination of the fair value of the financial instrument. In respect of cash and deposits payable on demand, the nominal value is considered as an approximation of 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

The fair values are divided into three hierarchical levels, depending on how the fair value is defined. The fair value hierarchy level into which an item measured at fair value is fully classified is determined by the input data which is at the lowest level and is significant in respect of the whole item. The significance of input data is evaluated considering the whole item which is valued at fair value.

Level 1 consists of fair values that are based on quotes for identical assets or liabilities in active markets. Market is considered active when the prices are available easily and regularly enough. Fair value hierarchy level 1 includes quoted bonds, shares and participations as well as other securities and derivative contracts which are quoted on a public market.

Level 2 consists of fair values that are estimated using valuation techniques or models for which the input data is either directly available on an active market as a e.g. price or can be derived from a e.g. price. Fair values on hierarchy level 2 are based on assumptions which are supported by verifiable market information such as the quoted interest rates or prices of similar instruments. Fair value hierarchy level 2 includes interest rate derivative contracts as well as commercial papers and certificates of deposit.

Level 3 consists of fair values that cannot be derived from public market quotations or through valuation techniques or models which are based on observable market data. Fair values on level 3 are often based on price information received from a third party. Fair value hierarchy level 3 includes investments in unquoted equity instruments and other securities for which there is currently no binding market quotation available. The Savings Banks Group has only limited amount of financial assets that are measured at fair value and belong to level 3.

TRANSFERS BETWEEN THE HIERARCHY 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.

The table presents carrying amounts and fair values of financial assets and liabilities as well as investment properties and break down of fair values into the levels of fair value hierarchy for continuing operations. The vair values presented exclude accrued interest.

31.12.2024 Financial assets (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Banking	1,668,451	1,655,173		13,277	1,668,451
Asset Management Services* /**	1,038,333	1,026,599		11,734	1,038,333
Derivative contracts					
Banking	33,991		33,991		33,991
Fair value through other comprehensive income					
Banking	526,028	519,217	999	5,812	526,028
Measured at amortised cost					
Investments, Banking	94,786	77,185	17,877		95,062
Loans and other receivables, Banking	10,282,693		11,700,264		11,700,264
Total financial assets	13,644,283	3,278,174	11,753,131	30,824	15,062,129
Investment property					
Banking	16,710			27,423	27,423
Total	16,710			27,423	27,423

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

** Includes consolidated mutual funds.

31.12.2024 Financial liabilities (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Total
Measured at fair value					
Measured at fair value through profit or loss					
Asset Management Services*/**	537,630	537,630			537,630
Derivative contracts					
Banking	116,035		116,035		116,035
Measured at amortised cost					
Banking	11,106,056	8,866,861	1,562,345	584,018	11,013,223
Total financial liabilities	11,759,721	9,404,491	1,678,381	584,018	11,666,889

* 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 2024	13,491	13,799	27,290
Purchases	663	393	1,055
Sales	-1,739	-1,961	-3,700
Changes in value recognised in income statement, realised	302	-25	277
Changes in value recognised in income statement, unrealised	259	-472	-212
Transfers from level 1 and 2	301		301
Carrying amount 31 December 2024	13,277	11,734	25,012

Changes in fair value recognised in the income statement are presented in the item Net investment income.

Unrealized changes in fair value of financial assets classifed as measured at fair value through other comprehensive income are accounted for in the fair value reserve included in other comprehensive income.

Fair value through other comprehensive income (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2024	3,258		3,258
Matured during the period	-28		-28
Changes in value recognised in comprehensive income statement	960		960
Transfers from level 1 and 2	1,622		1,622
Carrying amount 31 December 2024	5,812		5,812

Changes in fair value recognised in the income statement are presented in the item Net investment income.

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS AT LEVEL 3

31.12.2024 (EUR 1,000)	Carrying amount	Effect of hypothetical changes' on profit, negative
At fair value through profit or loss		
Banking	13,277	-22
Asset Management Services	11,734	-2,112
	25,012	-2,134
Fair value through other comprehensive income		
Banking, liabilities	5,812	-12
	5,812	-12
Total	30,824	-2,146

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.

31.12.2023	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	1,526,033	1,512,541		13,491	1,526,033
Asset Management Services*	1,058,055	1,044,256		13,799	1,058,055
Derivative contracts					
Banking	16,649		16,649		16,649
Fair value through other comprehensive income					
Banking	547,155	541,800	2,097	3,258	547,155
Measured at amortised cost					
Investments, Banking	77,706	70,756	1,996		72,752
Loans and other receivables, Banking	9,725,124		11,324,344		11,324,344
Total financial assets	12,950,722	3,169,354	11,345,086	30,549	14,544,989
Investment property					
Banking	19,610			33,117	33,117
Total	19,610			33,117	33,117

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

31.12.2023	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*	458,542	458,542			458,542
Derivative contracts					
Banking	174,215		174,215		174,215
Measured at amortised cost					
Banking	10,587,686	2,905,561	6,554,614	1,085,937	10,536,112
Total financial liabilities	11,220,443	3,364,103	6,728,829	1,085,937	11,178,869

* 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 2023	14,980	15,783	30,764
Purchases	1,038	248	1,286
Sales	-1,760	-975	-2,735
Matured during the period	-1,505		-1,505
Changes in value recognised in income statement, realised	-26	-10	-36
Changes in value recognised in income statement, unrealised	-318	-1,246	-1,564
Value changes recognised in income statement			
Transfers from level 1 and 2	1,085		1,085
Transfers between levels 1 and 2	-4		-4
Carrying amount 31 December 2023	13,491	13,799	27,290

Changes in fair 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 2023	4,030		4,030
Purchases			
Sales	-1,458		-1,458
Changes in value recognised in comprehensive income statement	-136		-136
Transfers from level 1 and 2	823		823
Transfers to level 1 and 2			
Carrying amount 31 December 2023	3,258		3,258

Changes in fair value recognized in the income statement during the year are included in the item Net investment 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)

31.12.2023 (EUR 1,000)	Carrying amount	Effect of hypothetical changes' on profit, negative
At fair value through profit or loss		
Banking	13,491	-25
Asset Management Services	13,799	-2,112
	27,290	-2,137
Derivative contracts		
Banking, assets		
Fair value through other comprehensive income		
Banking, liabilities	3,258	-44
	3,258	-44
Total	30,549	-2,182

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 11. INSURANCE CONTRACTS

Insurance policies classified as insurance contracts include those with a significant insurance risk or where the policyholder has the right or the opportunity to amend the contract in such a way that the policyholder becomes entitled to a discretionary share of the company's surplus. Purely unit-linked insurance policies which do not have a significant insurance risk are classified as investment contracts.

Insurance policies concerning loan insurance granted by the Savings Banks Group are classified as insurance contracts because they always entail a significant insurance risk. Savings and pension insurance policies granted are classified as either insurance contracts or investment contracts. Savings and pension insurance policies have a significant insurance risk and are classified as insurance contracts when, according to the Savings Banks Group's estimate, the benefit payable in the event of death exceeds 105% of the value of the insurance savings (significant mortality risk) or is less than 95% of the value of the insurance savings (significant longevity risk).

The Savings Banks Group's insurance contracts are treated in the Savings Banks Group's financial statements in accordance with the IFRS 17 Insurance Contracts standard. The IFRS 9 Financial Instruments standard is applied to contracts classified as investment contracts. Reinsurance policies are treated in accordance with IFRS 17 as insurance contracts.

RECOGNITION OF INSURANCE CONTRACTS

Insurance contracts are divided into portfolios. The contracts in each portfolio are subject to similar risks and are managed together. The portfolios are further divided into the following groups on the basis of the revenue expectations on the date of initial recognition of the contracts:

- contracts that are loss-making at the time of initial recognition
- contracts that are not loss-making at the time of initial recognition; and
- other contracts.

The Savings Banks Group determines the loss component of insurance contracts at the contract level on the basis of the estimated future cash flows arising from the performance of the contract. In connection with the transition to IFRS 17 and initial recognition, the Savings Banks Group has only identified contracts that are loss-making at the time of initial recognition and contracts that are not loss-making at the time of initial recognition.

The insurance contract groups are divided into annual cohorts according to the date of initial recognition. Each annual cohort contains insurance contracts whose initial recognition dates are no more than one year apart. A single cohort constitutes an IFRS 17-compliant insurance contract group to which the IFRS 17 recognition and measurement requirements apply.

Each group of granted insurance contracts is recognised in accounting on the earliest of the following dates:

- the date on which the insurance period of the insurance contract group begins,
- the date on which the first payment from a policyholder in the group is due; or
- for a group of loss-making contracts, the date on which the group becomes loss-making.

A contract is removed from the balance sheet when it expires, i.e. when the obligation specified in the insurance contract expires, is fulfilled or cancelled, or when the contract is amended so that a new contract with new terms and conditions is recognised.

PRESENTATION OF INSURANCE CONTRACTS

The income statement presents insurance premium revenue and insurance service expenses and the insurance service result, comprising of these two, as separate items. In addition, the finance income and expenses of the insurance contracts are presented as a separate line item.

Insurance contract group revenue is presented under insurance premium revenue, on the basis of the measurement of future cash flows, the service margin and the separate risk adjustment for non-financial risks. Insurance premium revenue is recognised for the reduction of the liabilities of the remaining insurance period as a result of services provided during the reporting period.

Insurance service expenses include actual compensation and other expenses, the change in the liabilities arising from actual insurance events, insurance contract acquisition costs and the change of the loss component in the change in the liabilities of the remaining insurance period.

The finance income and expenses of the insurance contracts are items arising from financial risk and the discounting of insurance contract liabilities and the resulting change in the carrying amount of insurance contract liabilities. The Savings Banks Group presents the finance income and expenses of the insurance contracts entirely in the income statement.

The rights and obligations arising from insurance contracts are netted and the net amount is presented on the balance sheet as either assets or liabilities at the portfolio level.

INSURANCE SERVICE RESULT

(EUR 1,000)	31.12.2024	31.12.2023
Insurance premium revenue		
Expected claims incurred	3,725	3,543
Expected other directly allocated insurance service costs	14,089	13,458
Changes in risk adjustment (other than adjustments related to funding risks)	605	583
Contractual service margin of services produced during the period	3,393	2,381
Experience adjustments	-937	-1,120
Total insurance premium revenue*	20,875	18,844
Insurance service expenses		
Actual claims incurred	-1,631	-2,264
Actual other directly allocated insurance service costs	-13,296	-13,377
Onerous contracts	-509	1,815
Changes arising from insurance events occurred in services for past periods	-28	-392
Total insurance service expenses*	-15,464	-14,218
Total net income from reinsurance contracts	-1,111	-871
Insurance service resul	4,300	3,755

*Includes insurance premium revenue and insurance service expenses calculated according to the general measurement model (GMM) and the variable fee approach (VFA).

NET INSURANCE FINANCE EXPENSES

(EUR 1,000)	31.12.2024	31.12.2023
Unwinding of discount of insurance liability	-17,395	-17,142
Change in financial assumptions	-16,952	-15,350
Other changes	-166	-343
Total net insurance finance income / expenses*	-34,513	-32,835

SERVICE MARGIN REVENUE RECOGNITION, MATURITY DISTRIBUTION:

(EUR 1,000)	31.12.2024	31.12.2023
1 year	2,911	2,231
2 years	2,412	1,856
3 years	1,998	1,545
4 years	1,658	1,287
5 years	1,378	1,077
6–7 years	2,103	1,662
8–10 years	2,004	1,642
11–13 years	1,044	937
14–20 years	963	929
Over 20 years	902	1,078
Total	17,374	14,243

MEASUREMENT OF INSURANCE CONTRACTS

The IFRS 17 standard identifies three different measurement models for insurance contracts: the general measurement model, the variable fee approach and the simplified premium allocation approach.

Insurance contracts that do not include a direct entitlement to the contract surplus are measured in accordance with the general measurement model. Such contracts include insurance contracts issued by the Savings Banks Group in connection with loan insurance. On the initial recognition date, the insurance contract group's balance sheet value consists of the following:

- the fulfilment cash flows adjusted for the time value of money,
- a risk adjustment reflecting uncertainties concerning the timing and amount of cash flows, and
- a service margin representing the unearned profit of insurance contracts.

Service margin revenue is recognised over the validity of the insurance contract. If the service margin is negative, the loss component is recognised as an expense in the income statement at the time of initial recognition.

At the end of the reporting period, the measurement of each insurance contract group is carried out using up to-date estimates of future cash flows and the contractual service margin. The carrying amount of the insurance contract group at the end of the reporting period is the sum of the liabilities of the remaining insurance period and the liabilities arising from actual insurance events. The liabilities of the remaining insurance period is the present value of the cash flows related to future service at the time of reporting plus the contractual service margin and the risk adjustment. The liabilities arising from actual insurance events includes the cash flows of outstanding insurance compensation related to the actual insurance events.

Insurance contracts with a direct entitlement to the contract surplus are measured using the variable fee model. The variable fee approach differs from the general model when it comes to the measurement of the service margin of insurance contracts. In the variable fee approach, the service margin change on the reporting date includes a share of the change in the fair value of the underlying investments.

In the Savings Banks Group, the variable fee approach is applied to pension and savings insurance products that entered into force before 1 January 2018 and that include a direct entitlement to the contract surplus. The Savings Banks Group's pension and savings insurance contracts that have entered into force after that date are, by nature, unit-linked contracts that do not have any insurance risk. These contracts are measured and recognised as investment contracts in accordance with the IFRS 9 Financial Instruments standard.

The premium allocation approach may be used if the insurance period of a contract in the insurance contract group does not exceed one year or if insurance contract liabilities measured according to the premium allocation approach do not materially differ from insurance contract liabilities calculated on the basis of the general model. The premium allocation approach does not include a separate contractual service margin component like the other measurement models. The Savings Banks Group applies the premium allocation approach to reinsurance contracts in its possession.

DETERMINATION OF CASH FLOWS

The measurement of the insurance contract group takes into account all future cash flows arising from the performance of the insurance contract, provided that they are within the limits of the contract. In the determination of cash flows, all information concerning the amount, timing and uncertainty of cash flows that is available without unreasonable costs is taken into account. In addition, the estimates of cash flows must be up to date, in other words, must reflect the conditions prevailing at the time of reporting.

Cash flows within the limits of the insurance contract are cash flows directly related to the performance of the contract, including cash flows for which the Savings Banks Group has discretion as to the amount or timing. Cash flows arising from the performance of the contract include premiums received from the policyholder, insurance compensation payable to the policyholder and insurance acquisition expenses. Furthermore, cash flows include other operating expenses that can be allocated directly to insurance contracts.

When it comes to expenses other than those allocated directly to insurance contracts, the management assesses separately whether the cash flow of the expense item is related to the fulfilment of the insurance contract obligations. The management's assessment is based on various calculations made by the company and an analysis of these calculations.

DETERMINATION OF THE DISCOUNT RATE

The time value of money is taken into account in all of the applied valuation models by discounting the expected future cash flows. The Savings Banks Group has determined the discount rates by using a bottom-up approach, where the applied risk-free interest rates are based on the yield curve determined by EIOPA, to which a liquidity premium calculated on a product group-specific basis is added. All of the Savings Banks Group's current insurance product groups are liquid by nature and therefore the risk-free yield curve is not adjusted with a liquidity premium. For new products, the Savings Banks Group assesses their liquidity characteristics and the need to adjust the risk-free yield curve with a liquidity premium.

For insurance contracts without a direct participation feature, a so called locked-in rate is applied. This means that the discount rate is determined at initial recognition and is applied in the measurement of CSM.

The unwinding of interest rates, the effects of changes in interest rates and other financial assumptions are presented in the income statement as insurance finance income or expenses. The Savings Banks Group has decided not to apply the option allowed under IFRS 17 to recognise these effects in other comprehensive income.

INSURANCE CONTRACT LIABILITIES AND ASSETS

(EUR 1,000)	31.12.2024	31.12.2023
Liabilities for the remaining coverage period	-574,435	-562,423
Liability for occurred losses	-6,032	-8,964
Total insurance contract liabilities	-580,467	-571,387
Total insurance contract assets	2,394	1,073
Reinsurance contract assets	-959	375

INSURANCE CONTRACT LIABILITY CHANGE ANALYSES:

2024 (EUR 1,000)	Liabilities for the remaining coverage period Without the loss component	Loss component	Liability for occurred losses	Total
Insurance contract assets 1 January 2024	2,704	-732	-898	1,073
Insurance contract liabilities 1 January 2024	-562,069	-354	-8,964	-571,387
Insurance contract liability (net) 1 January 2024	-559,365	-1,086	-9,862	-570,314
Insurance premium revenue	20,875			20,875
Actual claims incurred and other directly allocated insurance service expenses			-14,927	-14,927
Changes arising from insurance events occurred in services for past periods			-28	-28
Loss-making contracts		-509		-509
Net insurance finance expenses	-34,461	-26	-26	-34,512
Investment component	37,613			
Changes recognised in the income statement, total	24,028	-535	-14,981	-29,101
Cash flows for the financial year				
Insurance premiums received	-34,565			-34,565
Claims paid			42,608	42,608
Payments for expenses directly allocated to insurance contracts			13,299	13,299
Total cash flows	-34,565		55,907	21,342
Insurance contract assets 31 December 2024	2,990	-78	-518	2,394
Insurance contract liabilities 31 December 2024	-572,893	-1,543	-6,032	-580,467
Insurance contract liability (net) 31 December 2024	-569,902	-1,621	-6,549	-578,073

2023 (EUR 1,000)	Liabilities for the remaining coverage period Without the loss component	Loss component	Liability for occurred losses	Total
Insurance contract assets 1 January 2023	1,362	-147	-290	925
Insurance contract liabilities 1 January 2023	-561,673	-2,634	-7,011	-571,317
Insurance contract liability (net) 1 January 2023	-560,311	-2,781	-7,300	-570,392
Insurance premium revenue	18,844			18,844
Actual claims incurred and other directly allocated insurance service expenses			-15,641	-15,641
Changes arising from insurance events occurred in services for past periods			-392	-392
Loss-making contracts		1,815		1,815
Net insurance finance expenses	-32,695	-121	-19	-32,835
Investment component	44,822		-44,822	
Changes recognised in the income statement, total	30,971	1,694	-60,874	-28,209
Cash flows for the financial year				
Insurance premiums received	-30,025			-30,025
Claims paid			44,936	44,936
Payments for expenses directly allocated to insurance contracts			13,377	13,377
Total cash flows	-30,025		58,313	28,287
Insurance contract assets 31 December 2023	2,704	-732	-898	1,073
Insurance contract liabilities 31 December 2023	-562,069	-354	-8,964	-571,387
Insurance contract liability (net) 31 December 2023	-559,365	-1,086	-9,862	-570,314

INSURANCE CONTRACT LIABILITY CHANGE ANALYSES:

2024 (EUR 1,000)	Present value of expected cash flows	Risk adjustment	Insurance service margin	Total
Insurance contract assets 1 January 2024	11,852	-1,796	-8,983	1,073
Insurance contract liabilities 1 January 2024	-563,572	-2,555	-5,260	-571,387
Insurance contract liability (net) 1 January 2024	-551,719	-4,351	-14,243	-570,314
Changes relating to services during the financial year:				
Service margin recognised in profit or loss			3,393	3,393
Change in risk adjustment recognised in profit or loss for risk expired		610		610
Experience adjustments	2,184			2,184
Changes relating to future services:				
Changes in estimates related to the insurance service margin	4,365	-130	-4,235	
Changes to the loss component	883	-1,510		-628
Effects of insurance contracts recognised during the financial year	2,417	-403	-2,133	-120
Experience adjustments to premiums received during the period relating to future services				
Changes relating to past services:				
Changes in estimates related to actual insurance events	-28			-28
Total	9,820	-1,434	-2,975	5,411
Finance income and expenses arising from insurance contracts	-34,357		-155	-34,513
Changes in the income statement, total	-24,537	-1,434	-3,131	-29,101
Actual cash flows for the period, total	21,342			21,342
Insurance contract assets 31 December 2024	15,868	-1,904	-11,569	2,394
Insurance contract liabilities 31 December 2024	-570,782	-3,881	-5,804	-580,467
Insurance contract liability (net) 31 December 2024	-554,914	-5,785	-17,374	-578,073

2023 (EUR 1,000)	Present value of expected cash flows	Risk adjustment	Insurance service margin	Total
Insurance contract assets 1 January 2023	7,947	-861	-6,161	925
Insurance contract liabilities 1 January 2023	-561,918	-4,283	-5,117	-571,317
Insurance contract liability (net) 1 January 2023	-553,971	-5,144	-11,278	-570,392
Changes relating to services during the financial year:				
Service margin recognised in profit or loss			2,381	2,381
Change in risk adjustment recognised in profit or loss for risk expired		583		583
Experience adjustments	239			239
Changes relating to future services:				
Changes in estimates related to the insurance service margin	3,551	368	-3,919	
Changes to the loss component	1,557	258		1,815
Effects of insurance contracts recognised during the financial year	1,097	-435	-1,368	-706
Experience adjustments to premiums received during the period relating to future services				
Changes relating to past services:				
Changes in estimates related to actual insurance events	-392			-392
Total	6,052	773	-2,905	3,920
Finance income and expenses arising from insurance contracts	-32,775		-60	-32,835
Changes in the income statement, total	-26,723	773	-2,965	-28,915
Actual cash flows for the period, total	28,287			28,287
Insurance contract assets 31 December 2023	11,852	-1,796	-8,983	1,073
Insurance contract liabilities 31 December 2023	-563,572	-2,555	-5,260	-571,387
Insurance contract liability (net) 31 December 2023	-551,719	-4,351	-14,243	-570,314

MATURITY DISTRIBUTION OF CASH FLOWS

2024 (EUR 1,000)	Insurance contract assets	Insurance contract liabilities	Total (net)
1 year	-2,965	40,962	37,997
2 years	-2,704	34,361	31,657
3 years	-2,279	36,345	34,066
4 years	-1,912	36,105	34,193
5 years	-1,598	36,237	34,639
6–7 years	-2,434	69,175	66,741
8–10 years	-2,206	98,317	96,112
11–13 years	-896	96,031	95,135
14–20 years	-184	140,248	140,065
Over 20 years		161,869	161,869

2023 (EUR 1,000)	Insurance contract assets	Insurance contract liabilities	Total (net)
1 year	-1,950	28,397	26,447
2 years	-2,139	23,830	21,691
3 years	-1,788	26,487	24,699
4 years	-1,485	28,797	27,312
5 years	-1,228	29,968	28,740
6–7 years	-1,840	63,081	61,241
8–10 years	-1,655	94,341	92,686
11–13 years	-701	111,529	110,828
14–20 years	-143	170,006	169,863
Over 20 years		216,928	216,928

THE LIFE INSURANCE BUSINESS' EQUITY PRINCIPLE

The objective of the Savings Banks Group's life insurance business is to provide, in the long term, the insurance savings with discretionary benefits a total benefit (before charges and taxes) equivalent to the level of return on the Finnish government's long-term bond yields. For savings insurance policies, the target is to achieve a level of return equivalent to that of 5-year bonds, whereas for pension insurance policies the target level for return equals 10-year bonds. The total benefit of an insurance policy refers to the technical or annual interest of the insurance contract and to the additional interest credited to the contract.

NOTE 12. COLLATERALS

(EUR 1,000)	31.12.2024	31.12.2023
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Loans *	3,945,750	3,113,976
Other	186,233	220,318
Collateral given	4,131,983	3,334,294
Collateral received		
Real estate collateral	9,414,482	8,891,862
Securities	81,874	85,403
Other	238,698	244,417
Guarantees received	28,225	32,196
Collateral received	9,763,279	9,253,877

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

NOTE 13. 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.

2024 (EUR 1,000)

Transactions with related parties	Key management personnel*	Close companies**	Associates and joint arrangements	Total
Assets				
Loans	9,241	713		9,954
Total assets	9,241	713		9,954
Liabilities				
Deposits	2,292	1,353	558	4,203
Other liabilities	1,196	1,256		2,451
Total liabilities	3,487	1,256	558	6,654
Off balance-sheet commitments				
Loan commitments	629	481	300	1,409
Total	629	481	300	1,409
Revenue and expense				
Interest income	341	54	4	399
Interest expense	18	16		34
Insurance premiums	260	312		572
Fee and commission income	5	7	4	16
Total	625	388	8	1,021

* Including key management personnel and their close family members

** Including entities which the key management personnel or their close family members control

KEY MANAGEMENT PERSONNEL COMPENSATION

(EUR 1,000)	2024	2023
Short-term employee benefits	6,383	5,925
Other long-term benefits	627	536
Termination benefits	57	143
Total	7,067	6,605

2023 (EUR 1,000)

Transactions with related parties	Key management personnel*	Close companies**	Total
Assets			
Loans	6,767	1,437	8,204
Total assets	6,767	1,437	8,204
Liabilities			
Deposits	2,016	10,038	12,054
Other liabilities	707		707
Total liabilities	2,723	10,038	12,761
Off balance-sheet commitments			
Loan commitments	155	1,002	1,157
Total	155	1,002	1,157
Revenue and expense			
Interest income	195	68	263
Interest expense	12	20	32
Insurance premiums	52		52
Fee and commission income	2	16	18
Other expenses			
Total	261	104	365

* Including key management personnel and their close family members

** Including entities which the key management personnel or their close family members control

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