

SAVINGS BANK GROUP

INVESTOR PRESENTATION

April 2024

AGENDA

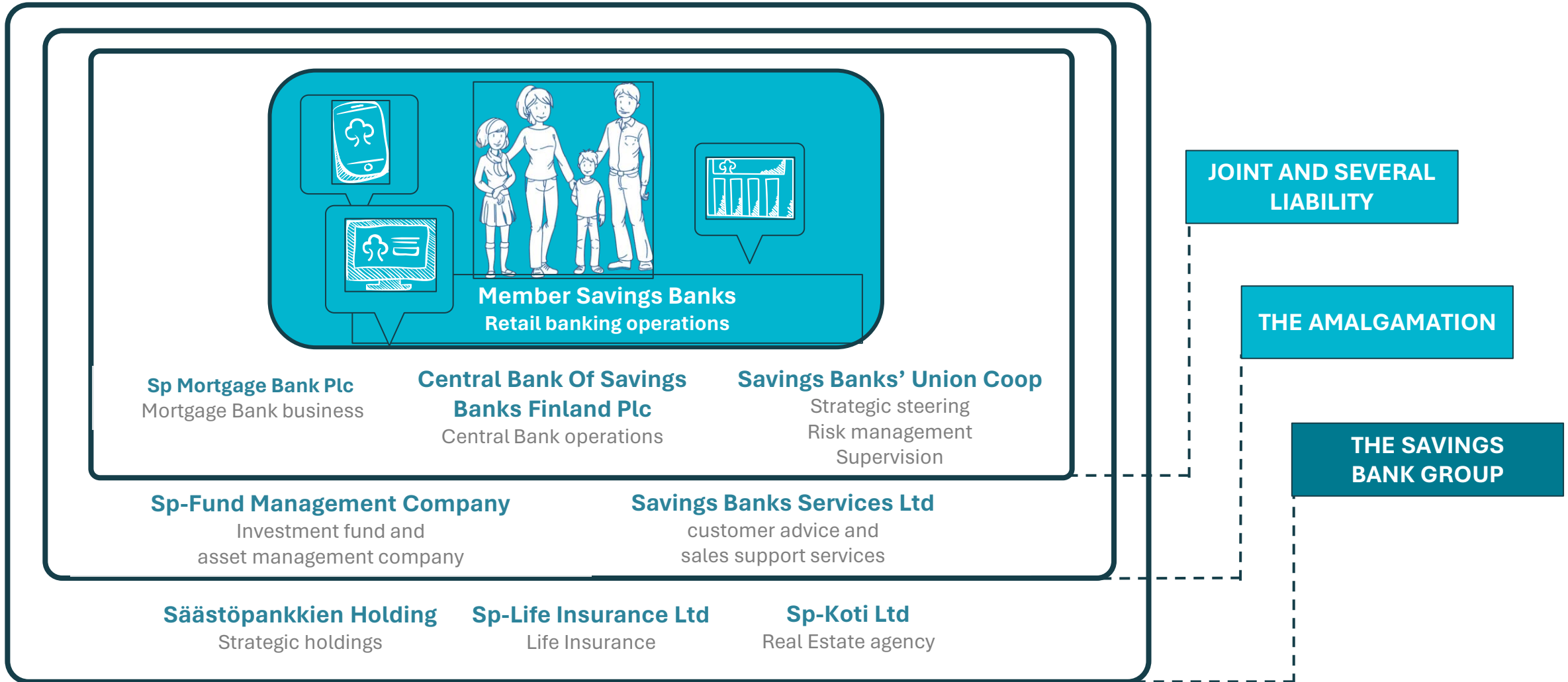
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SUMMARY OF THE SAVINGS BANKS GROUP

The Savings Banks Group	<ul style="list-style-type: none">• The Savings Banks Group is the oldest banking group in Finland with the first Savings Bank been established in 1822. Now the Group consists of 14 Savings Banks as well as entities providing products and services to the Savings Banks• The Group has over 380,000 customers• The main focus is on retail customers which comprise 66% of lending and is predominantly in form of mortgages. Other target groups include SMEs (29% of lending) and agricultural customers (5% of lending)• The Group has approximately a 5% market share in household lending and a 3.5% market share in household deposits• The number of personnel amounted to 1,350 as per 31.12.2023
The Amalgamation of Savings Banks	<ul style="list-style-type: none">• The 14 Savings Banks, Central Bank of Savings Banks Finland (CBSBF), Sp Mortgage Bank (SPMB) and their central institution Union Co-op together with certain other product and service companies form the Amalgamation of Savings Banks (as laid down in the Amalgamations Act)• Under the Amalgamations Act, the Savings Banks, CBSBF, Sp Mortgage Bank and the Union Co-op are jointly liable for each others' debts and commitments
Financial position	<ul style="list-style-type: none">• Total assets were EUR 13.2bn at the end of December 2023. The Group's profit before taxes amounted to EUR 135.5m• Loan book of EUR 9.5bn consists mainly of residential mortgages at the end of December 2023• Large and stable deposit base of EUR 7.0bn comprises the largest part of the Group's funding• Strong capital position reflected by a CET1 ratio of 19.5% at the end of December 2023• Solid leverage ratio of 8.3% at the end of December 2023• Cost income ratio 61.5% at the end of December 2023
Funding & Ratings	<ul style="list-style-type: none">• S&P Global Ratings has assigned 'A-/A-2' long- and short-term counterparty credit ratings to CBSBF, the entity responsible for senior unsecured financing of the Group. The outlook on the ratings is stable. As the central credit institution CBSBF's ratings reflect the wider Group's franchise and creditworthiness• Sp Mortgage Bank is responsible for issuance of covered bonds within the Group and issued cover bonds are rated 'AAA' by S&P Global Ratings• The 100% Finnish prime mortgage (new) cover pool is well diversified, with a majority of the pool located in growth centres and their close proximity. The pool has no non-performing loans and has average LTV of 62.5% at the end of December 2023

THE SAVINGS BANK 1. GROUP'S STRUCTURE AND STRATEGY

STRUCTURE OF THE SAVINGS BANKS GROUP



STRATEGIC INTENT AND FOCUS

- We focus on high-quality retail banking in Finland
- We have a clear group strategy focusing on personal and SME banking
- Our main competitive advantage is the superior customer experience
 - Proven success in customer satisfaction
 - Customer satisfaction 2023, private customers (EPSI Rating) 77.2 (+2.3)
 - Customer satisfaction 2023, corporate customers (EPSI Rating) 72.0 (+0.5)
- We have grown steadily for years and plan to maintain or accelerate growth in the near future
- Our strategy is working well; we are growing in the areas of wealth management and corporate banking, exactly according to the strategy
- Net interest income stays on a high level also in 2024 – as majority of mortgages are tied to 12m euribor
- Strong capital adequacy supports very well our strategic growth

OUR PURPOSE

WE RESPONSIBLY PROMOTE THE FINANCIAL WELLBEING AND PROSPERITY OF OUR CUSTOMERS.

OUR EXPERTISE ENABLES A BETTER LIFE FOR OUR CUSTOMERS

External drivers of change

1. The digital transformation & change in customer behaviour
2. The population is ageing and becoming concentrated in growth centres
3. The transformation of working life and how people work
4. Slow economic growth and uncertainty in the capital markets

Strategic priorities

Business	Competitive advantage	Operating model	Competence
			
Profitable and sustainably growing retail banking franchise	The best combination of face-to-face and digital services	A cohesive and efficient team	A team of highly competent professionals with a strong capacity for renewal

Strategic intents

1. Differentiation through the Savings Bank experience and customer-drivenness
2. Improving profit performance by M€50 to enable investments and growth
3. The capacity for renewal and success in the digital transformation
4. A stronger and more cohesive Group

Must-win battles

1. Smoother and more useful Savings Bank
2. Tarmo – core banking renewal
3. Sustainability

Strategic performance indicators *)

- | | |
|---|-------------------------|
| 1. Profit from the customer operations | 4. CX index |
| 2. Cost/income ratio of customer operations | 5. Digital index |
| 3. Number of large-volume customers | 6. eNPS |
| | 7. Sustainability index |

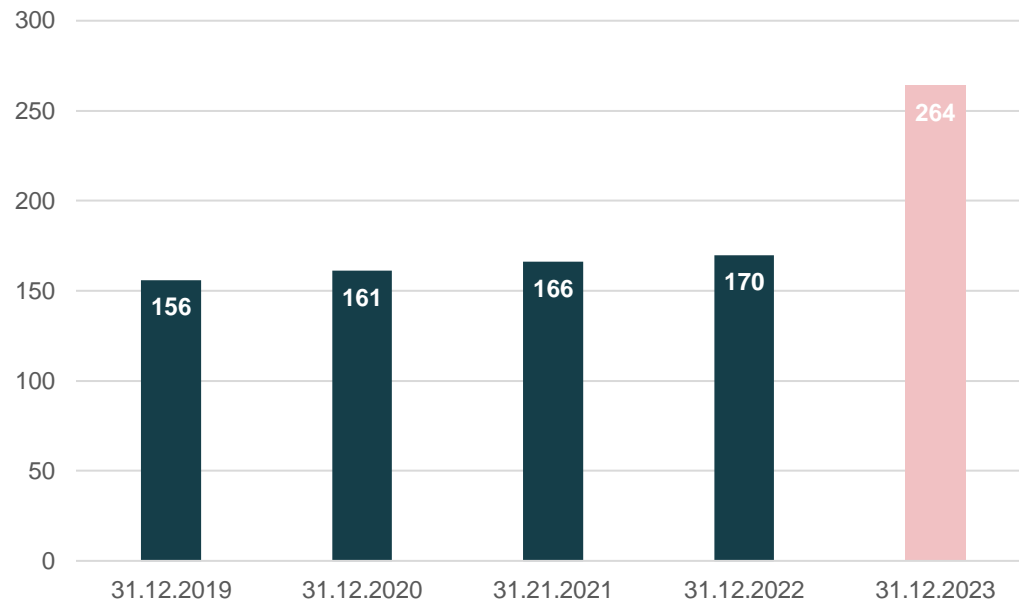
*) A new set of strategic performance indicators that will be reported from 1.1.2024.

GOOD PROGRESS IN STRATEGY EXECUTION

- Leading bank in customer satisfaction
- Great success in digital banking
- Wealth management revenue and market share growing fast
- SME lending is growing
- EBIT from customer operations is strong and improving
- NII continues on a historically high level for a second year
- Strong capital adequacy through retained earnings supports very well our strategic growth
- Liquidity strong, funding solid
- Harmonised operating model and more coherent group

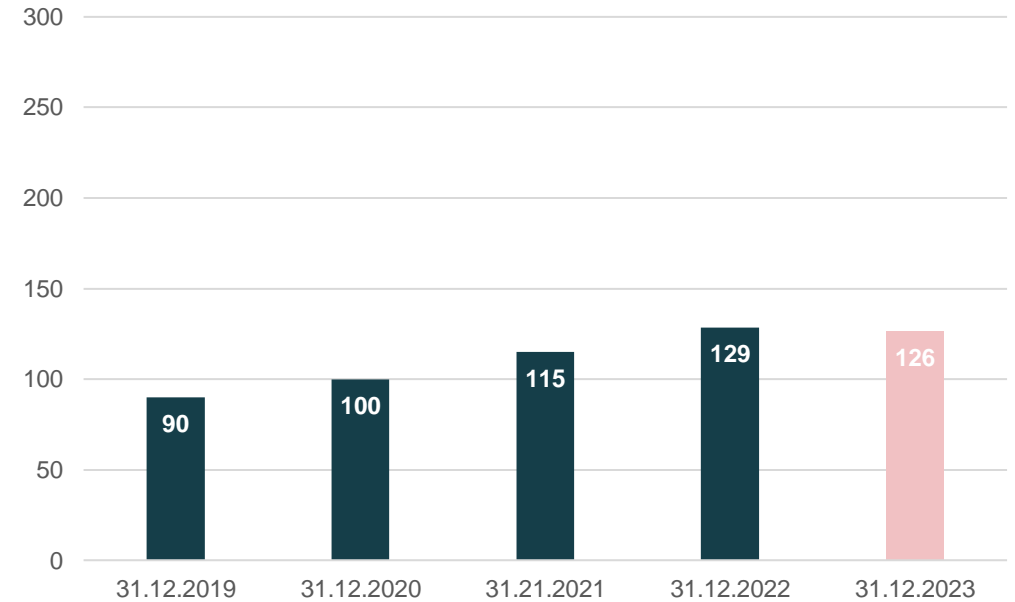
DEVELOPMENT OF CORE BUSINESS OF RETAIL BANKING

Net interest income, million euros



*Lieto SB is included in years 2019 to 2021.

Net fee and commission income, million euros



*Lieto SB is included in years 2019 to 2021.
*Years 2019-2021 are not IFRS 17 adjusted.

- We have already successfully capitalized on our superior customer experience – it will continue to be the core of our competitive edge.

STRONG FOCUS ON SUSTAINABILITY

SUSTAINALYTICS ESG RISK RATING REPORT

Säästöpankkiliitto osk

Regional Banks Finland

CORE FRAMEWORK

ESG Risk Rating

ESG Risk Score

18.7

Full Update Date Sep 29, 2023

Last Update Sep 29, 2023

-4.8

Momentum

 [ESG Risk Rating Score Change Log](#)

ESG Risk Rating

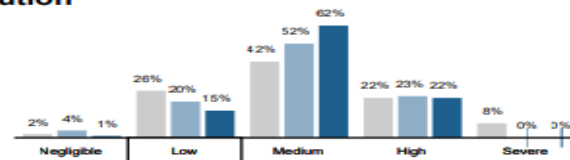
Low Risk



ESG Globes Rating



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	3643/15930	24th
Banks INDUSTRY	208/1031	21st
Regional Banks SUBINDUSTRY	66/491	14th

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Deutsche Kreditbank AG	36.2 Medium	53.1 Strong	18.1 Low
2. Nordea Mortgage Bank Plc	37.8 Medium	54.2 Strong	18.6 Low
3. Säästöpankkiliitto osk	38.2 Medium	54.4 Strong	18.7 Low
4. Norddeutsche Landesbank -Girozentrale	36.2 Medium	49.2 Average	19.4 Low
5. DEUTSCHE APOTHEKER-UND ÄRZTEBANK eG	39.0 Medium	53.0 Strong	19.6 Low

2. MARKET POSITION

THE SAVINGS BANKS GROUP OPERATING AREAS

- Aito Säästöpankki
- Avain Säästöpankki
- Tammisaaren Säästöpankki
- Helmi Säästöpankki
- Koivulahden Säästöpankki
- Lammin Säästöpankki
- Länsi-Uudenmaan Säästöpankki
- Myrskylän Säästöpankki
- Nooa Säästöpankki
- Närpiön Säästöpankki
- Someron Säästöpankki
- Säästöpankki Kalanti-Pyhäranta
- Säästöpankki Optia
- Säästöpankki Sinetti

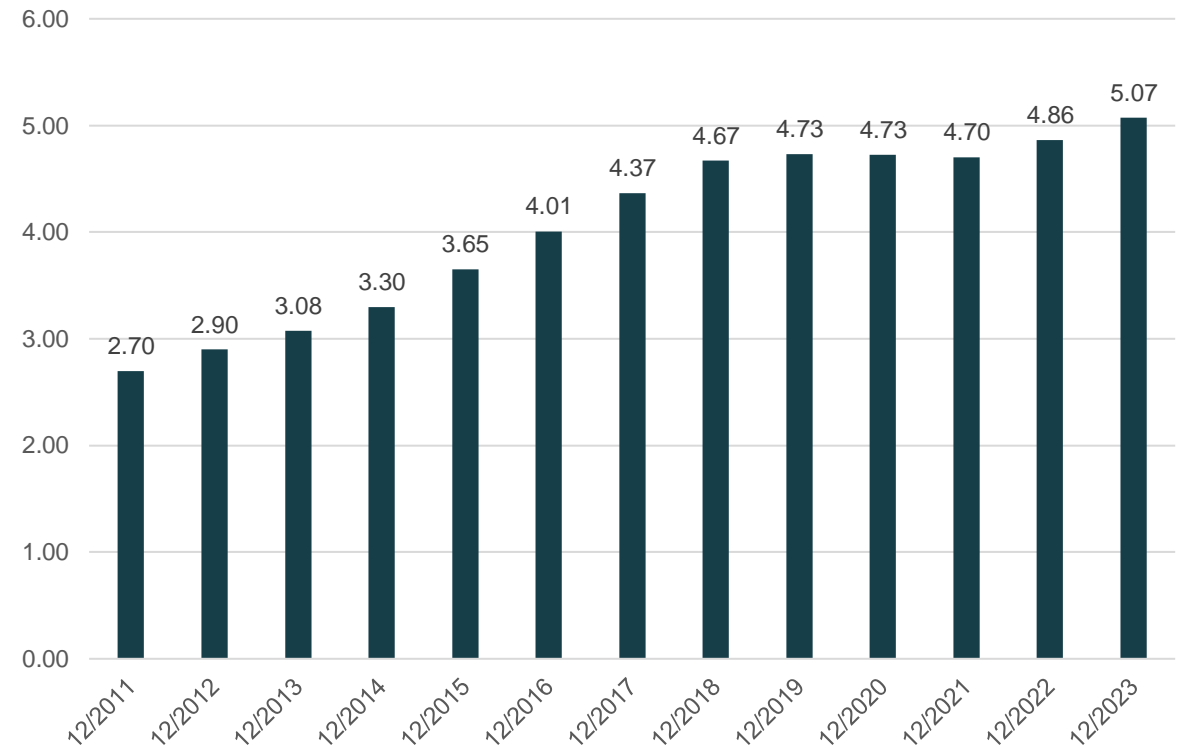
Strong focus on growth in prosperous areas

SAVINGS BANKS MAINTAIN GROWTH IN MORTGAGE LOANS

MORTGAGE LOANS 12 MONTHS ANNUAL GROWTH, % SAVINGS BANKS VS. FINNISH BANKING SECTOR

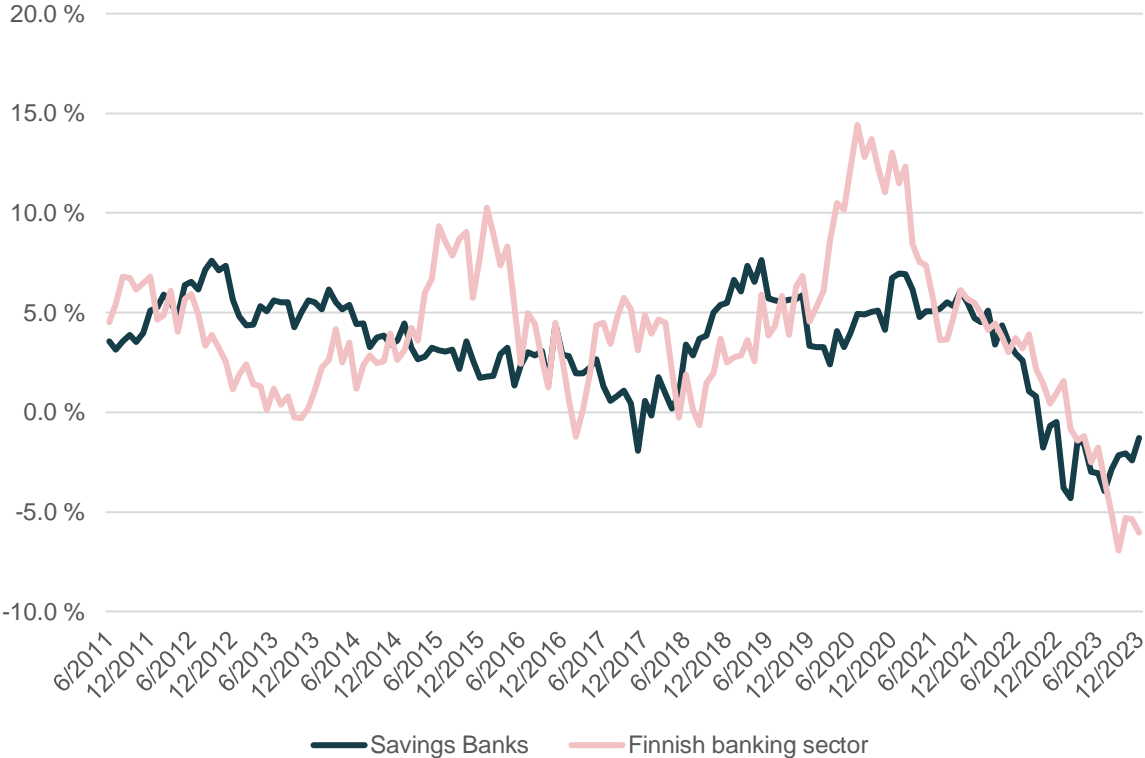


SAVINGS BANKS MORTGAGE LOANS' MARKET SHARE SAVINGS BANKS VS. FINNISH BANKING SECTOR

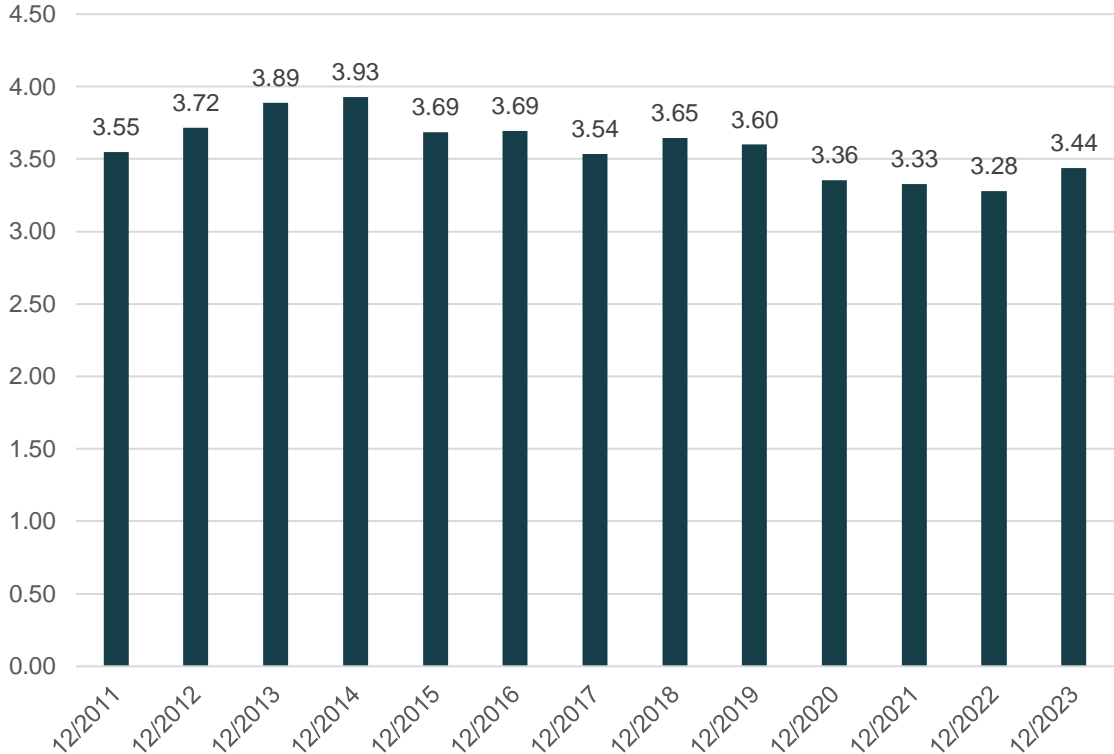


SAVINGS BANKS' DEPOSITS

DEPOSITS ANNUAL GROWTH, %-CHANGE
SAVINGS BANKS VS. FINNISH BANKING SECTOR
EURO AREA EURODEPOSITS



DEPOSITS MARKET SHARE
SAVINGS BANKS VS. FINNISH BANKING SECTOR

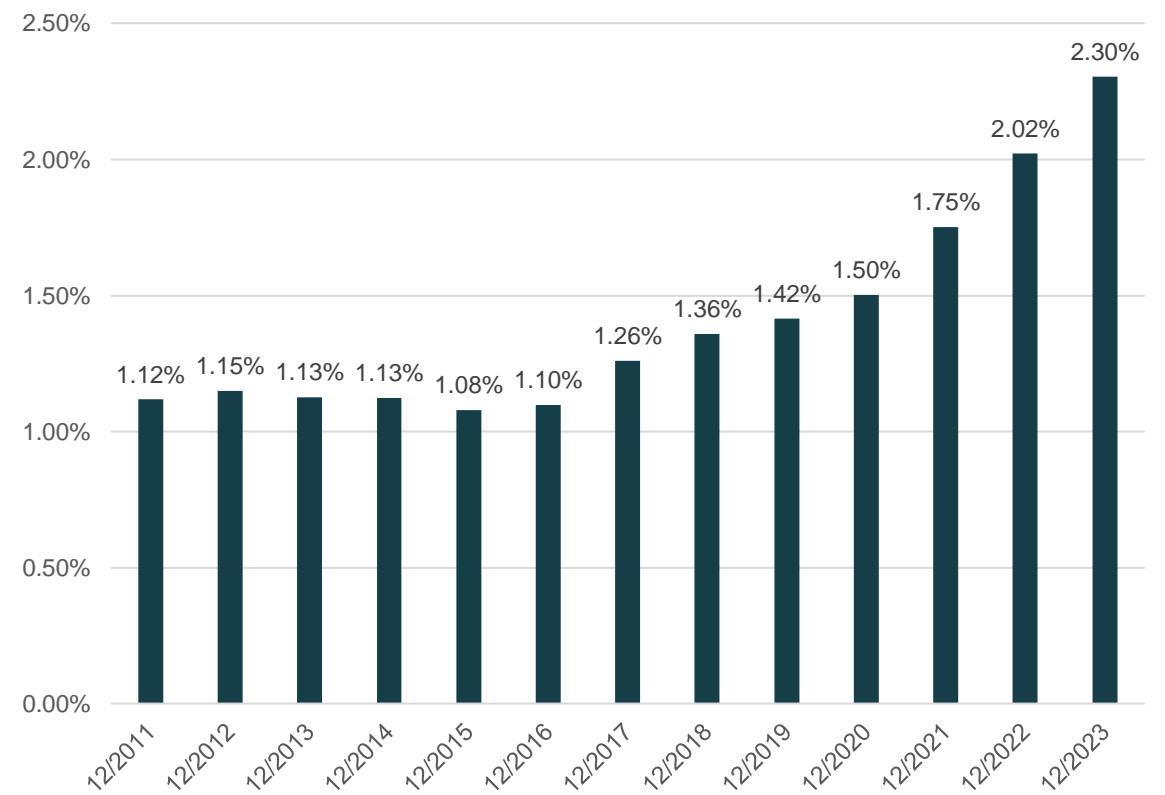


SAVINGS BANKS MAINTAIN GROWTH IN CORPORATE LOANS

CORPORATE LOANS ANNUAL GROWTH, % SAVINGS BANKS VS. FINNISH BANKING SECTOR



SAVINGS BANKS CORPORATE LOANS' MARKET SHARE SAVINGS BANKS VS. FINNISH BANKING SECTOR

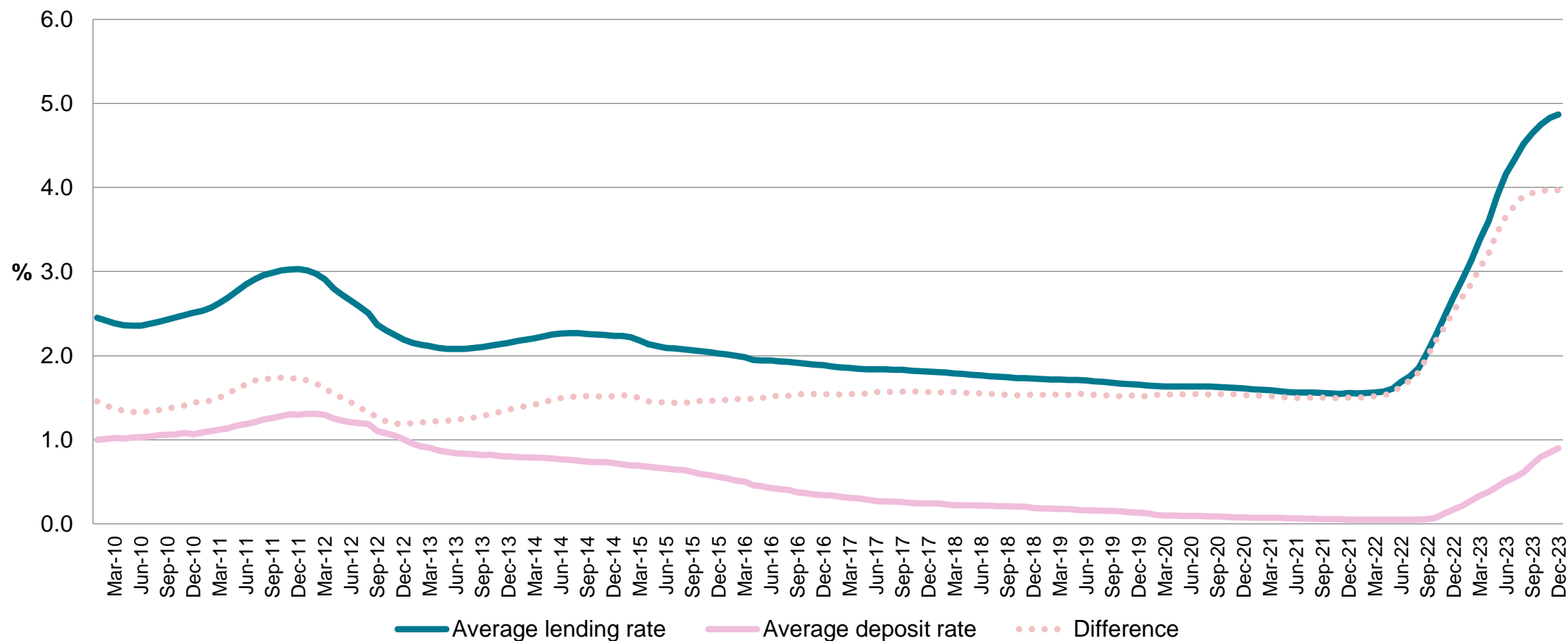


3.

FINANCIALS AND NET INTEREST INCOME

DEVELOPMENT OF LENDING AND DEPOSIT RATES AT THE SAVINGS BANKS

DEPOSIT MARGINS CONTRIBUTING TO GOOD PROFITABILITY



THE SAVINGS BANKS GROUP'S KEY FIGURES

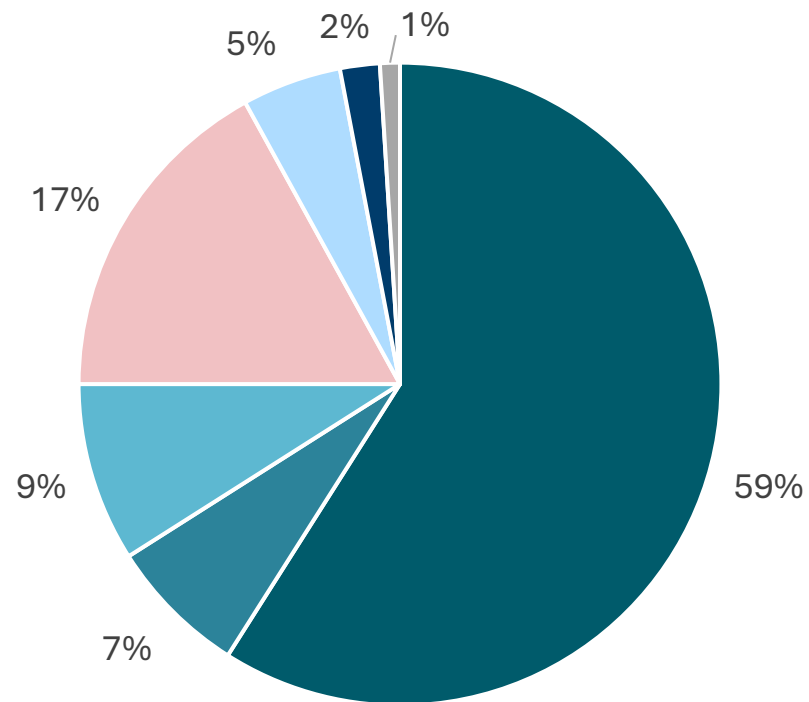
	FY 2023	FY2022	FY2021*	FY2020*	FY2019*	FY2018*	FY 2017*	FY 2016*
Profit before tax	EUR 135.5m	EUR 70.9m	EUR 89.9m	EUR 66.7m	EUR 94.8m	EUR 36.4m	EUR 88.2m	EUR 69.6m
Net interest income	EUR 263.8m	EUR 169.6m	EUR 166.0m	EUR 161.0m	EUR 155.6m	EUR 152.7m	EUR 142.2m	EUR 131.7m
Cost-to-income	61.5%	71.6%	72.1%	71.8%	68.2%	84.3%	64.7%	64.4%
Capital adequacy	Amalgamation : Total capital 19.5% CET1 19.5%	Amalgamation : Total capital 18.7% CET1 18.7%	Amalgamation : Total capital 19.5% CET1 19.5%	Amalgamation : Total capital 19.1% CET1 19.0%	Amalgamation : Total capital 19.1% CET1 18.8%	Amalgamation : Total capital 18.2% CET1 17.6%	Amalgamation: Total capital 19.1% CET1 18.2%	Amalgamation: Total capital 19.5% CET1 18.5%
Leverage ratio	8.3%	8.3%	8.9%	8.7%	9.1%	8.6%	8.8%	9.1%
Loans and advances	EUR 9.5bn	EUR 9.0bn	EUR 9.6bn	EUR 9.3bn	EUR 8.9bn	EUR 8.6bn	EUR 7.8bn	EUR 7.0bn
Total assets	EUR 13.2bn	EUR 13.8bn	EUR 13.1bn	EUR 13.1bn	EUR 12.0bn	EUR 11.7bn	EUR 11.3bn	EUR 10.4bn

* The figures for the financial year have not been adjusted to reflect the distribution of continuing operations and exit from the Savings Bank Group.

4.

CAPITAL AND LOAN BOOK

LOAN PORTFOLIO BY CUSTOMER GROUP 12/2023



■ Retail mortgages
■ Corporate
■ Other

■ Other retail loans
■ Agricultural

■ Housing association
■ Business operator

GROUP OF SAVINGS BANKS' CAPITAL ADEQUACY

- Capital position of the Group is strong. At the end of December 2023 own funds were EUR 1,034 million, o/w CET1 capital accounted for EUR 1,031 million. CET 1 ratio was 19.5 % and total capital ratio was 19.5%.
- The decrease in own funds and risk-weighted exposures relative to the end of 2022 is attributable to Lieto Savings Bank exiting the Savings Bank Group.
- During the period under review, capital adequacy was improved by the profit for the period and the increased value of investment portfolio items measured through comprehensive income.
- All profits are retained and contribute directly to equity.

Own funds (EUR million)	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Common Equity Tier 1 (CET1) before adjustments	1 087,3	1 138,7	1 137,3	1 113,3
Regulatory adjustments to CET1	-55,9	-48,2	-40,7	-43,8
Common Equity Tier 1 (CET 1) capital	1 031,4	1 090,5	1 096,6	1 069,6
Additional Tier 1 (AT1) capital	0,0	0,0	0,0	0,0
Tier 1 capital (T1 = CET1 + AT1)	1 031,4	1 090,5	1 096,6	1 069,6
Tier 2 (T2) capital before regulatory adjustments	3,0	0,0	1,7	6,1
Regulatory adjustments to T2 capital	0,0	0,0	0,0	0,0
Tier 2 capital	3,0	0,0	1,7	6,1
Total capital (TC = T1 + T2)	1 034,4	1 090,5	1 098,3	1 075,7

Capital ratios	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Common Equity Tier 1 ratio, %	19,5 %	18,7 %	19,5 %	19,0 %
Tier 1 ratio, %	19,5 %	18,7 %	19,5 %	19,0 %
Total capital ratio, %	19,5 %	18,7 %	19,5 %	19,1 %
Leverage ratio, %	8,3 %	8,3 %	8,9 %	8,7 %

Total risk weighted assets	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Total risk weighted assets	5 302 169	5 837 252	5 626 667	5 638 817
of which: credit and counterparty risk	4 642 885	5 237 903	4 973 830	4 980 108
of which: credit valuation adjustment (CVA)	37 250	23 115	83 472	111 723
of which: market risk	0	0	0	29 883
of which: operational risk	622 034	576 235	569 365	517 102

31.12.2020-31.12.2022 figures include Lieto Savings Bank

CAPITAL REQUIREMENT DRIVEN BY CREDIT RISK

(EUR Million)	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Total capital base	1 034,4	1 090,5	1 098,3	1 075,7
Minimum capital requirement (8%)	424,2	467,0	450,1	451,1
Capital requirement for credit risk	371,4	419,0	397,9	398,4
Capital requirement for credit valuation adjustment (CVA)	3,0	1,8	6,7	8,9
Capital requirement for market risk	0,0	0,0	0,0	2,4
Capital requirement for operational risk	49,8	46,1	45,5	41,4
Total capital requirement (12%)	638,8	702,0	661,5	663,0
of which: Pillar 2 additional requirement (1,5%)	79,5	87,6	70,3	70,5
Capital buffer (after 12 % capital requirement)	395,6	388,5	436,8	412,7

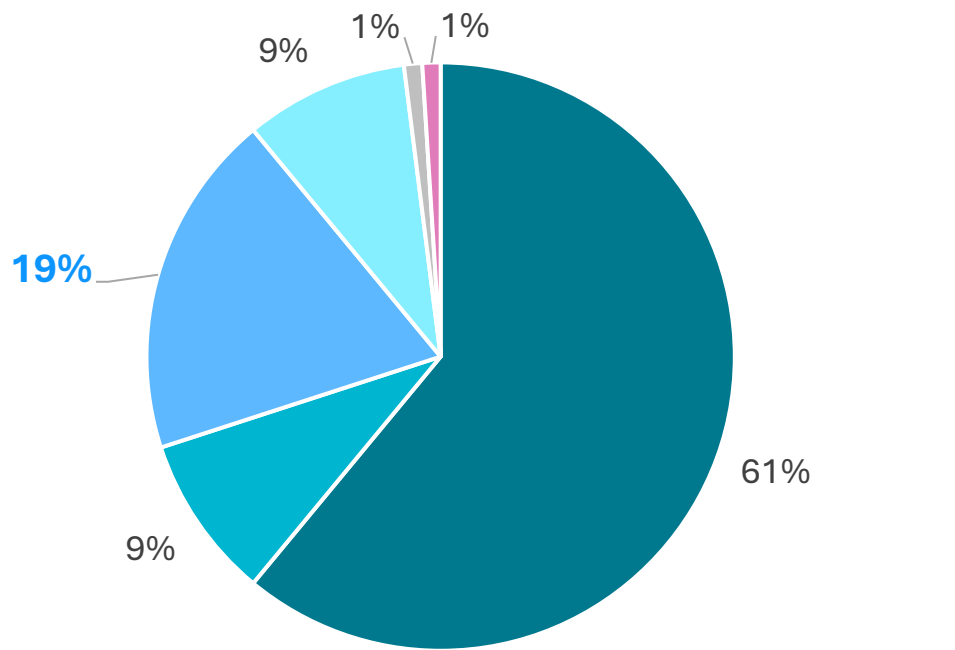
- The Group's credit risk, counterparty risk and credit valuation adjustment (CVA) and market risk for currency position are calculated using the standard model.
- Operational risk capital requirement is calculated with the basic method.

5.

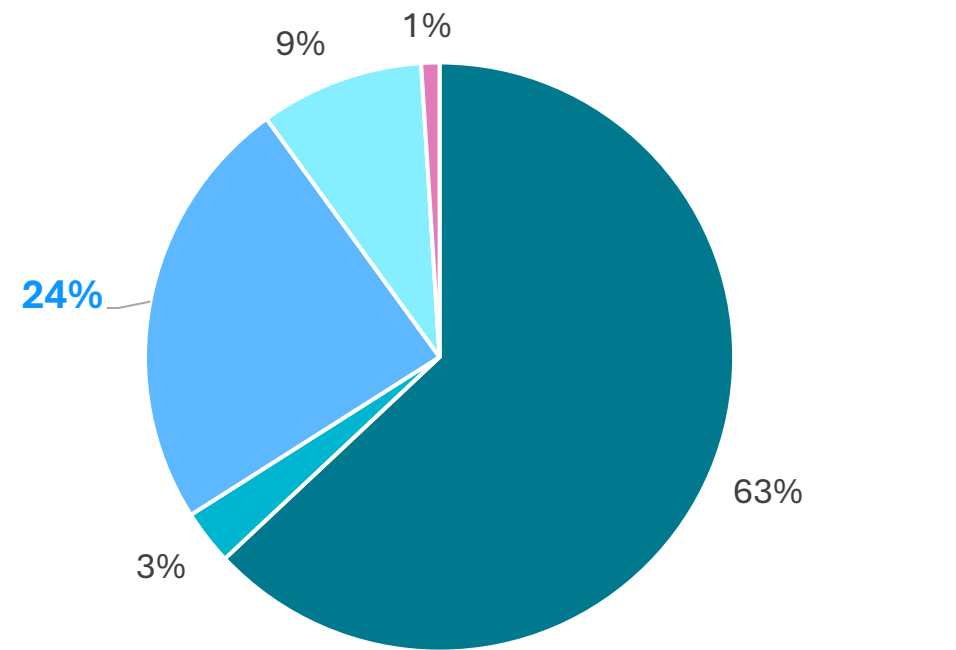
FUNDING AND LIQUIDITY

FUNDING STRUCTURE END OF 2023- END OF 2026

2023



2026



■ Retail deposits
■ Covered Bonds
■ ECB Funding

■ Wholesale deposits
■ EMTN / Senior Unsecured
■ Domestic CDs

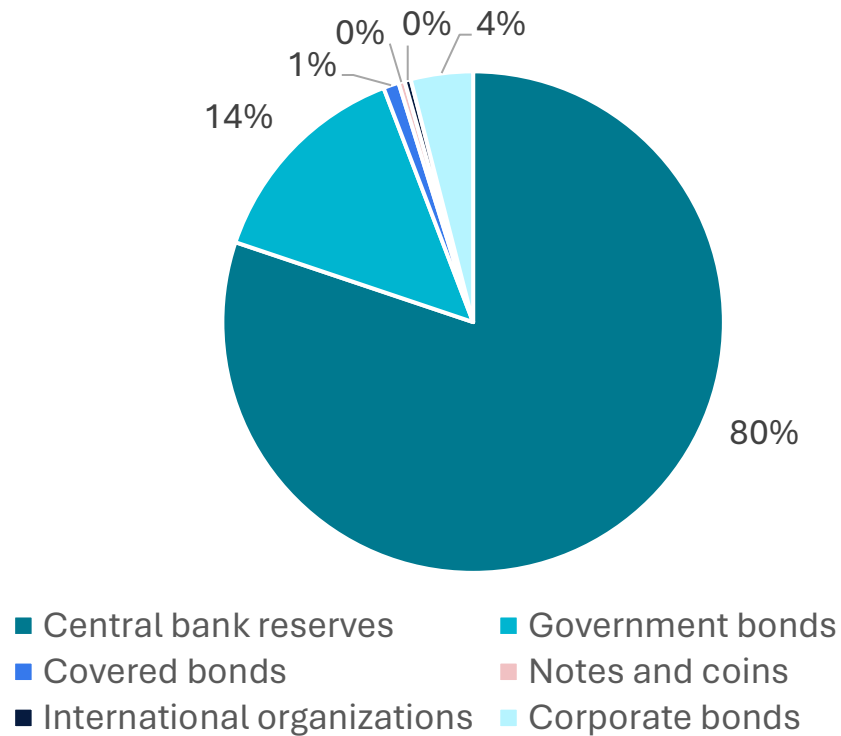
■ Retail deposits
■ Covered Bonds
■ ECB Funding

■ Wholesale deposits
■ EMTN / Senior Unsecured
■ Domestic CDs

- The Savings Bank Group utilizes issuance of covered bonds for long term funding
- Funding plan in 2024: Sp Mortgage will issue a benchmark sized CB in Q2 2024

LIQUIDITY RESERVE PORTFOLIO

LIQUID ASSETS ALLOCATION 31 DECEMBER 2023 (AFTER HAIRCUTS)



- Group's LCR was 226% at the end of December 2023
- Group's NSFR was 127% at the end of December 2023.
- The Group remains MREL compliant with current balance sheet at least until Q4 2026.

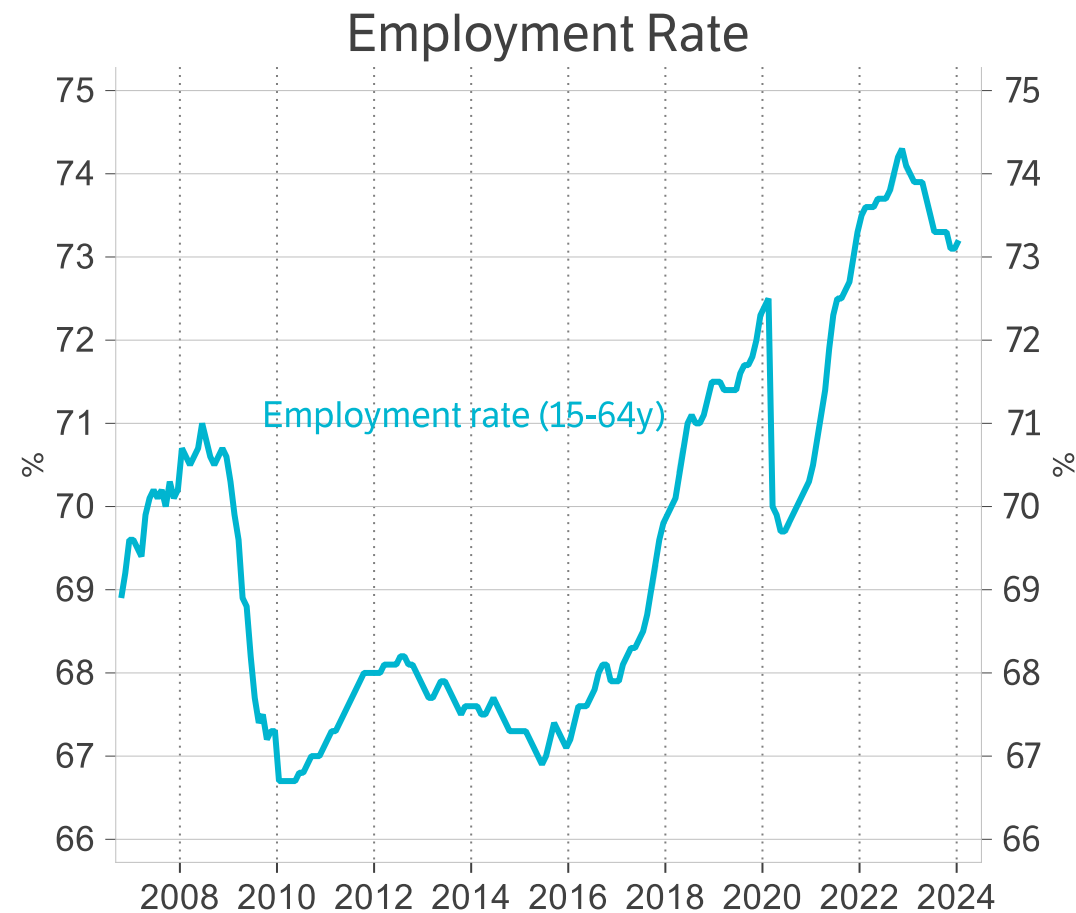
HOUSEHOLDS'

6. FINANCIAL SITUATION & HOUSING MARKET

EMPLOYMENT SITUATION HAS WEAKENED ONLY MODERATELY

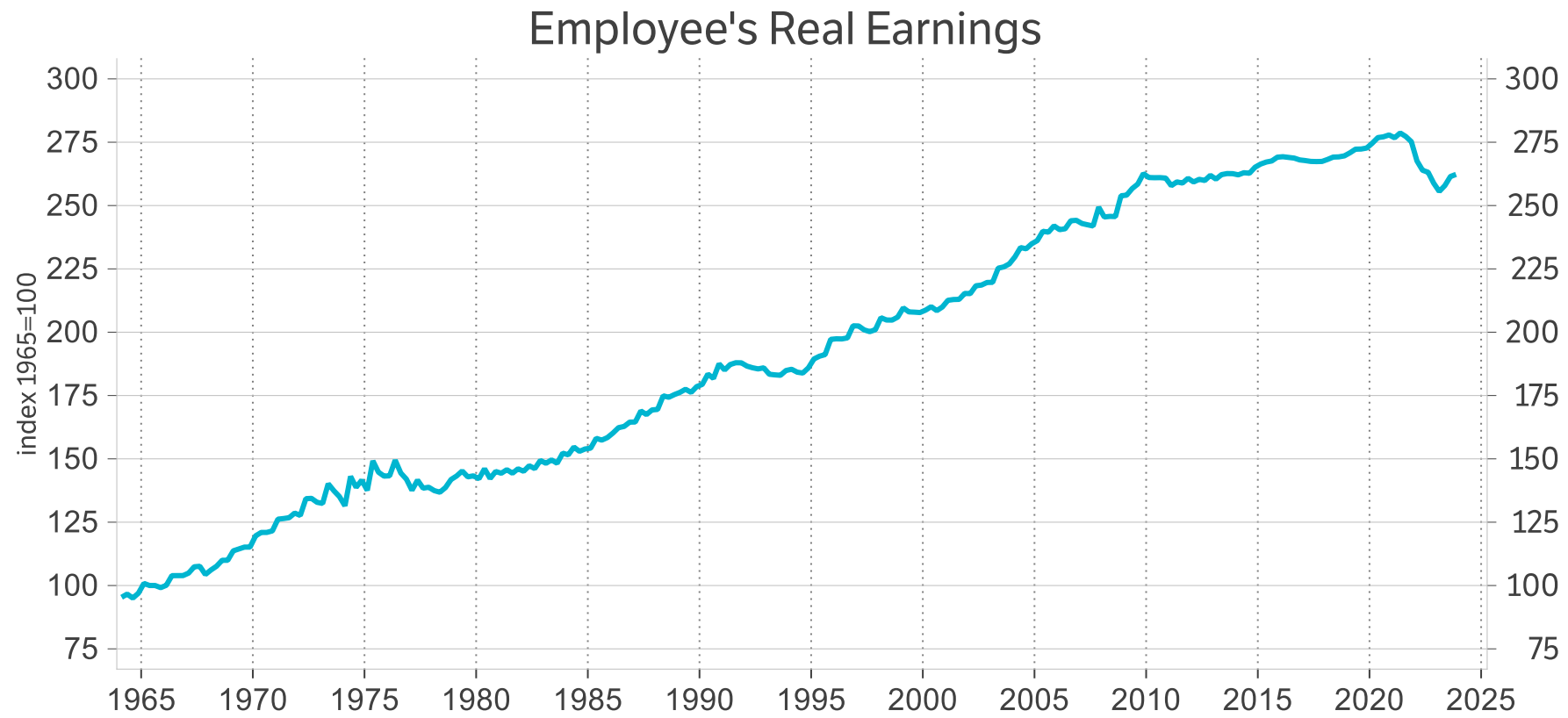


Source: StatFin, Macrobond, Savings Bank Group



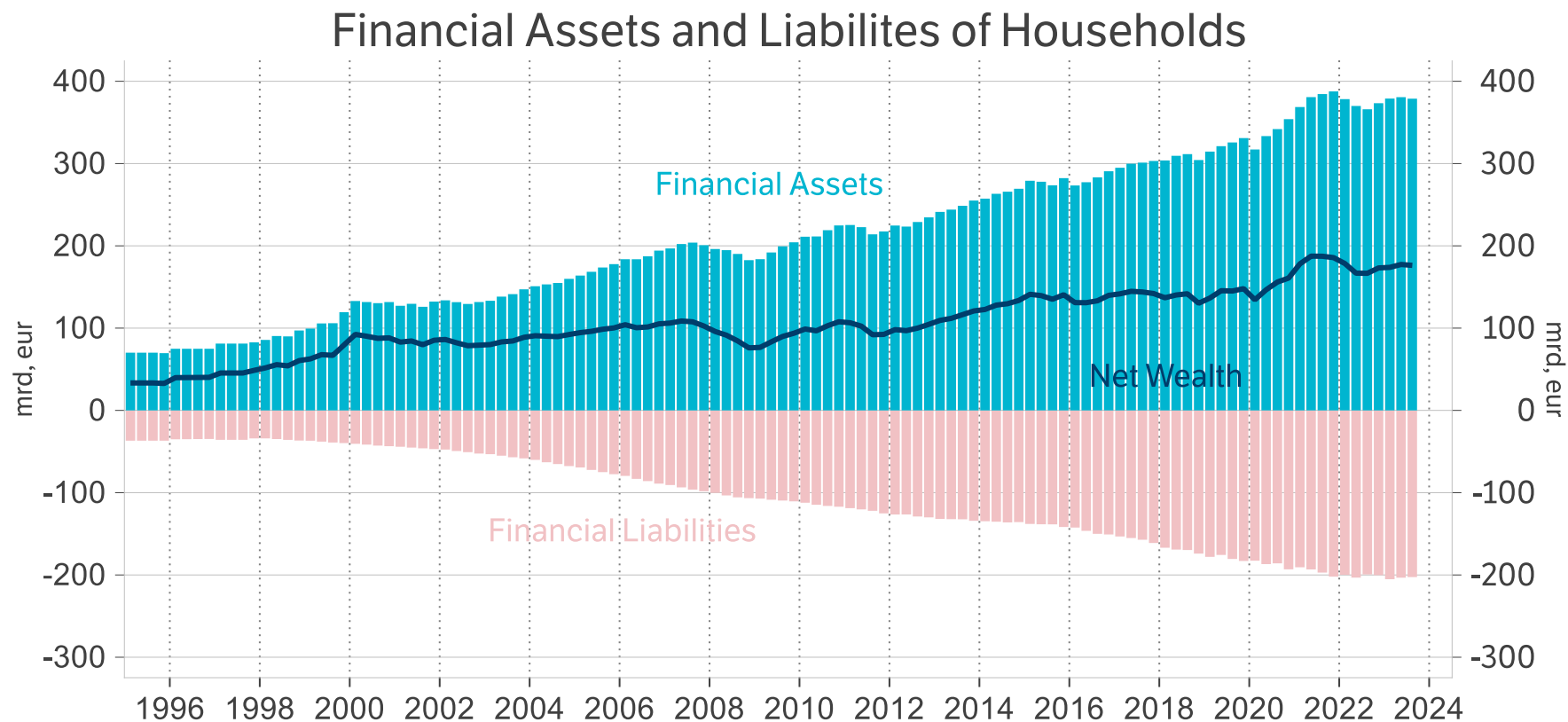
Source: StatFin, Macrobond, Savings Bank Group

REAL EARNINGS HAVE STARTED TO RECOVER



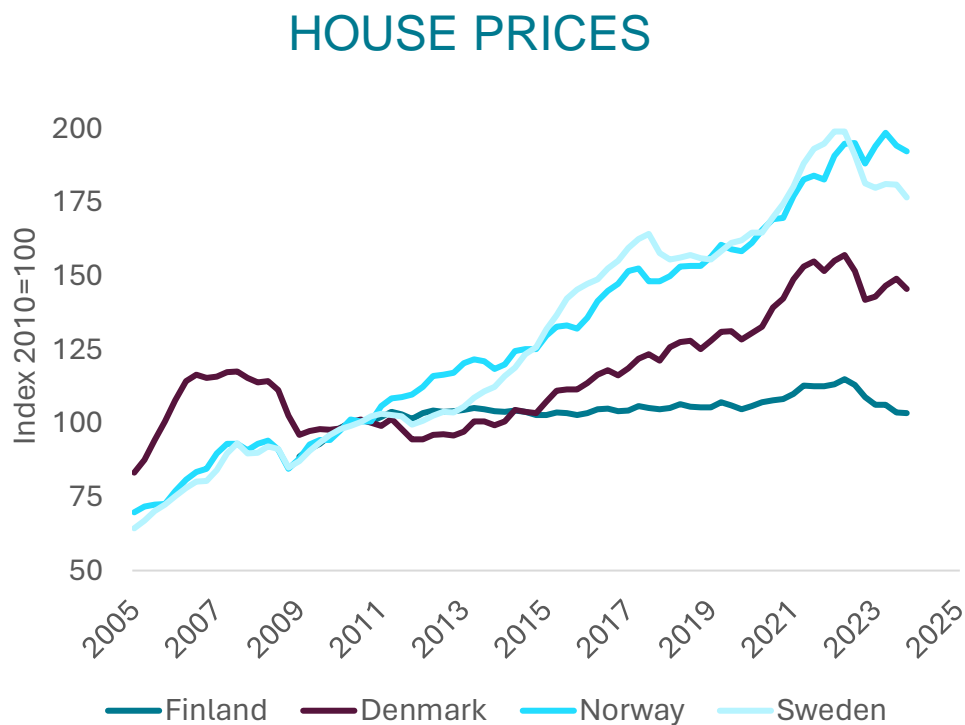
Source: StatFin, Macrobond, Savings Bank Group

HOUSEHOLDS' NET WEALTH IS INCREASING AGAIN

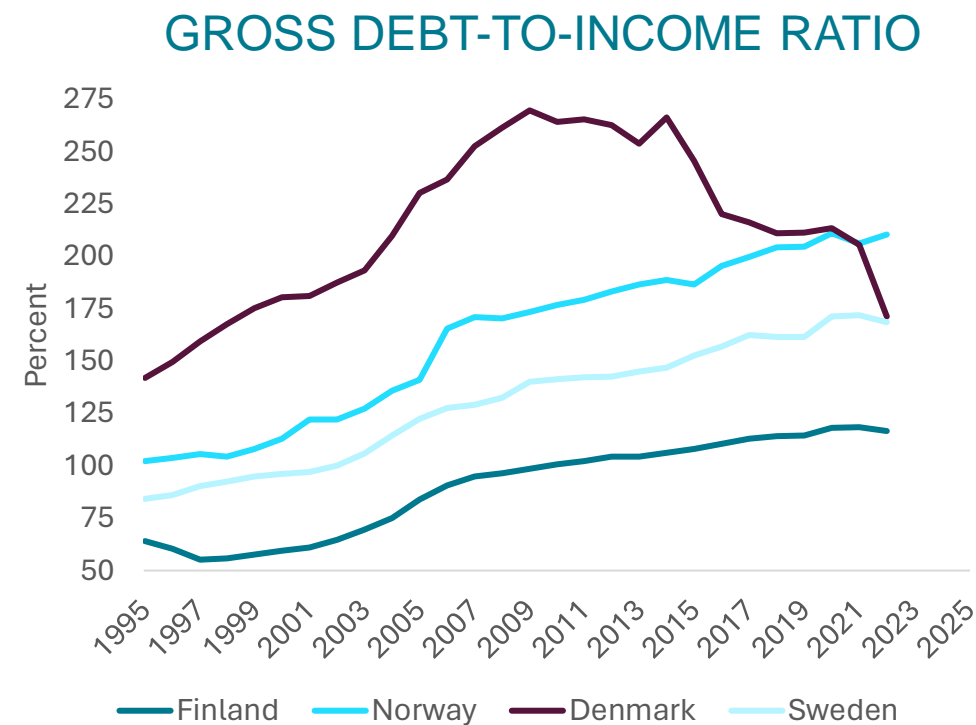


Source: StatFin, Macrobond, Savings Bank Group

HOUSE PRICES APPRECIATION WAS MORE MODERATE IN FINLAND



Source: Macrobond, Eurostat



Source: Macrobond, Eurostat

- We expect house prices to start recovering in H2 2024

7. SP MORTGAGE BANK

SP MORTGAGE BANK IN BRIEF

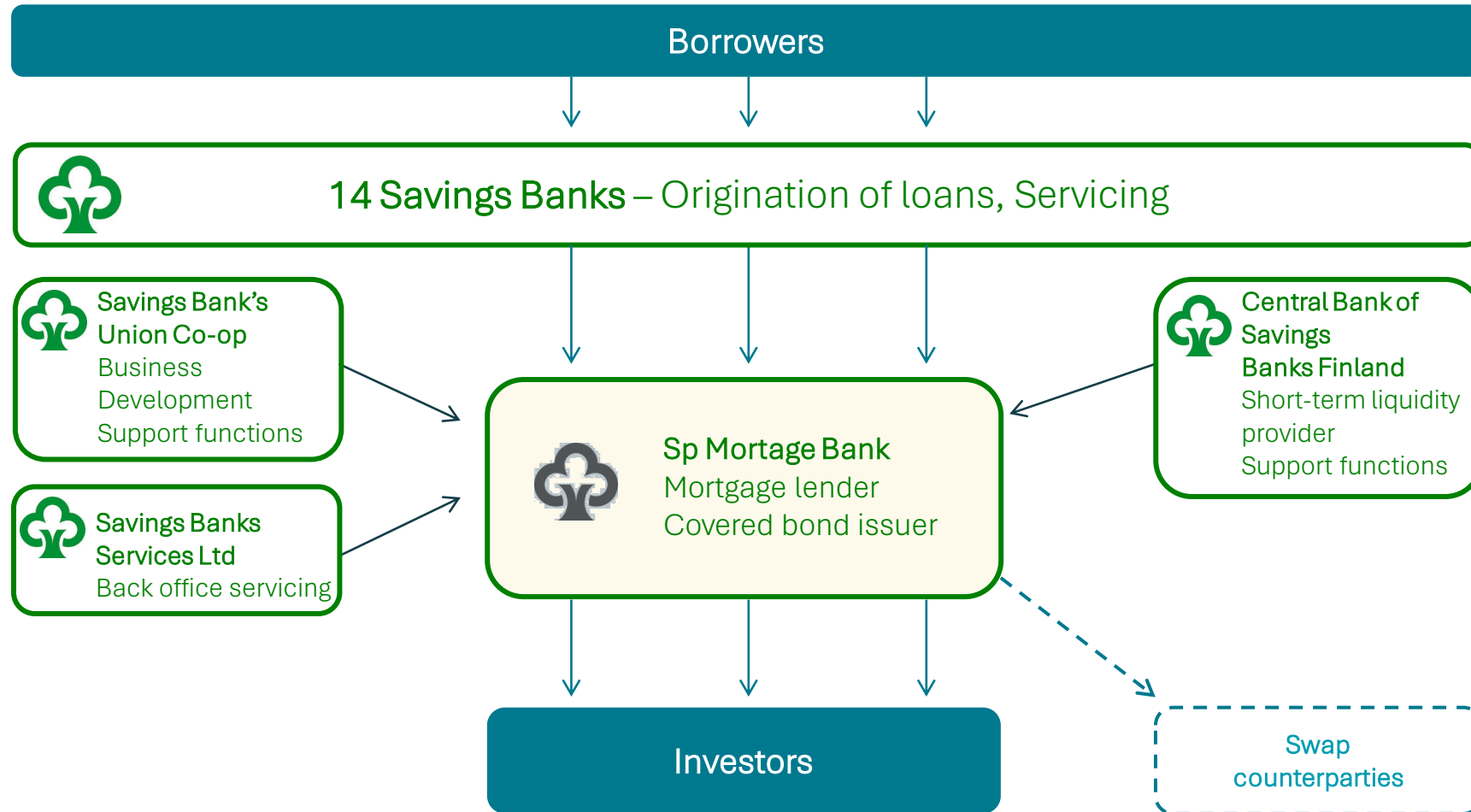
- Sp Mortgage Bank Plc is the covered bond funding vehicle of Savings Banks Group
- Licensed by the European Central Bank to issue covered bonds according to the Finnish covered bond legislation (Covered Bond Act (131/2022) or CBA)
- Sp Mortgage Bank's sole purpose is to raise funding for Savings Banks Group by issuing covered bonds with mortgage collateral
- Sp Mortgage Bank is 100% owned by the Savings Banks in the Group
- The covered bonds issued are rated AAA by S&P, are ECB eligible and qualify for the label 'European Covered Bond (Premium)'
- Sp Mortgage Bank benefits fully from the joint liability based on the Act on the Amalgamation of Deposit Banks (599/2010)



Sp Mortgage Bank's covered bond programme complies with European Covered Bond Council's (ECBC) Covered Bond Label

Read more about ECBC Covered Bond Label at www.coveredbondlabel.com

SP MORTGAGE BANK – OPERATING MODEL AND ROLES



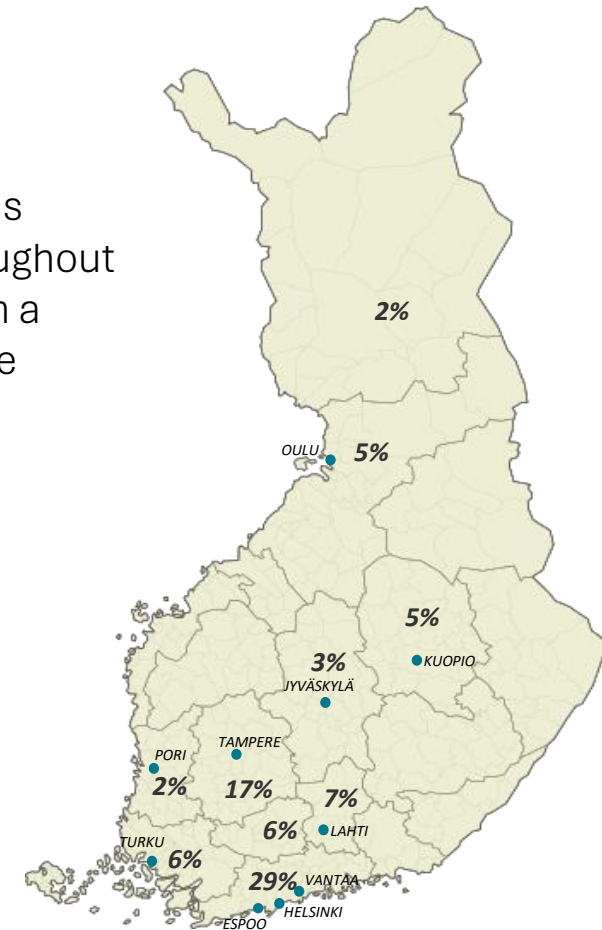
POOL CONCENTRATION IN THE SOUTHERN PART OF FINLAND

REGIONAL DISTRIBUTION OF COVER POOL AS OF MARCH 2024

Region	Major City	Region's Population(1)	Mortgages, EUR mn	Share of the pool
Helsinki-Uusimaa	Helsinki	1,733,033	521	30%
Pirkanmaa	Tampere	532,671	303	17%
Pohjanmaa	Vaasa	176,323	176	10%
Päijät-Häme	Lahti	204,528	123	7%
Varsinais-Suomi	Turku	485,567	100	6%
Kanta-Häme	Hämeenlinna	169,537	97	6%
Pohjois-Savo	Kuopio	247,689	77	4%
Pohjois-Pohjanmaa	Oulu	416,543	81	5%
Keski-Suomi	Jyväskylä	272,437	60	3%
Lappi	Rovaniemi	175,795	39	2%
Satakunta	Pori	212,556	37	2%
Rest of Finland	-	937,291	138	8%
TOTAL		5,563,970	1,752	100%

REGIONAL DISTRIBUTION OF COVER POOL AND FINLAND'S 10 LARGEST CITIES⁽²⁾

The cover pool is diversified throughout Finland but with a majority in close proximity to key growth centres



Sources: (1) Statistics Finland: Finnish Regional Population 31.12.2022

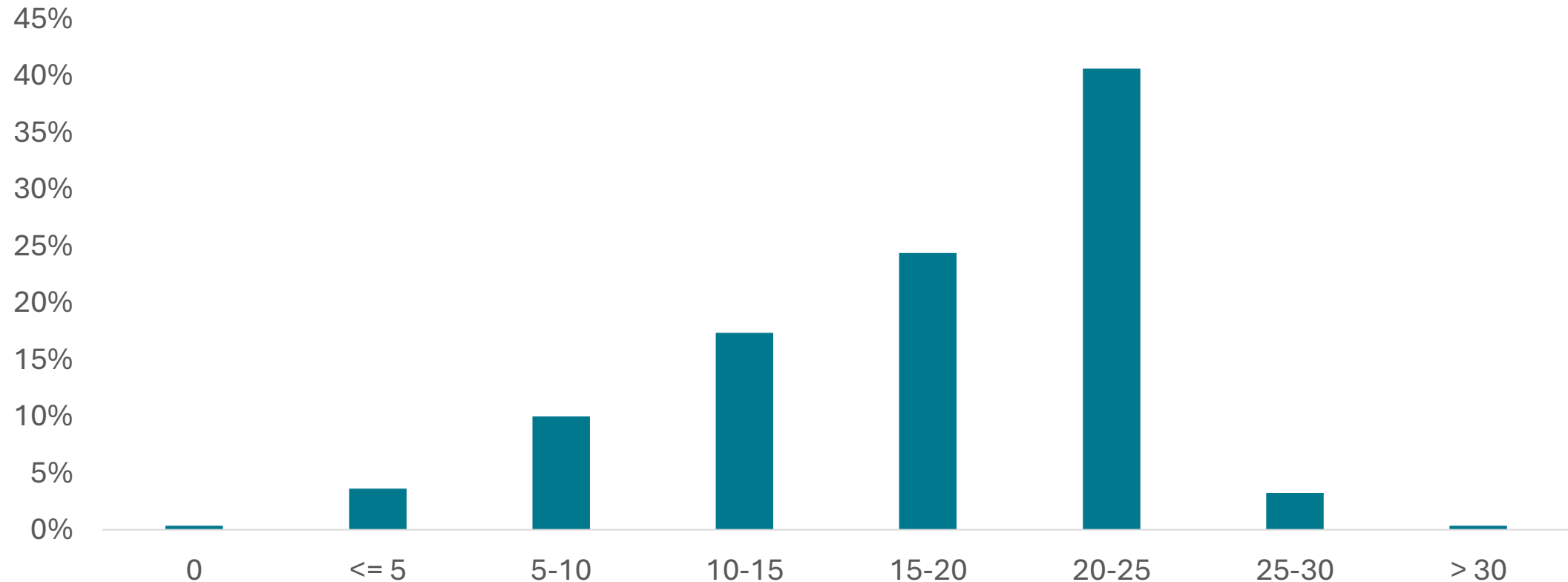
(2) Statistics Finland: City population 31.12.2022

UNDERWRITING CRITERIA

Credit policy	<ul style="list-style-type: none">• Complies with the requirements of the CBA
Customer identification	<ul style="list-style-type: none">• Customers must be identified and verified, also regarding age and legal capacity• Customers' background and financial position must be determined, including both external (credit bureau) and internal payment defaults
Customer scoring	<ul style="list-style-type: none">• A customer is application scored every time when applying for a new mortgage
Income verification	<ul style="list-style-type: none">• Customers' income is always verified• For current customers income and source of the income can be checked on bank account details in the bank• For new customers income is checked by using pay slips and/or taxation information
Assessment of the customer's repayment ability	<ul style="list-style-type: none">• A customer must have sufficient repayment abilities for the repayment of the loan• When calculating customer's available income for interest and loan management costs exposures to Amalgamation and other parties are taken into account• Stress test with a 6% fixed interest rate level and 25 years maximum repayment period
Follow-up	<ul style="list-style-type: none">• Existing loan stock is scored on a monthly basis with a scoring model taking into account changes in customers' payment behaviour

SAVINGS BANKS' MORTGAGE LENDING STRUCTURE

Maturity structure of mortgage loans – all loans are fully amortizing

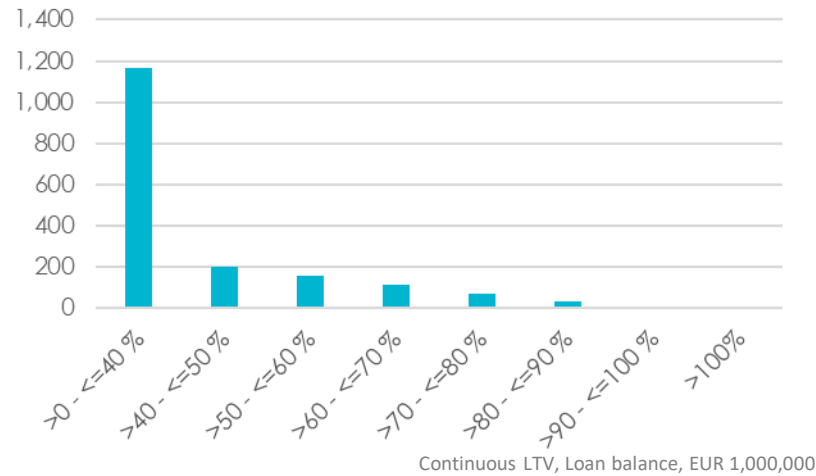


COVER POOL CHARACTERISTICS AS OF MARCH 2024

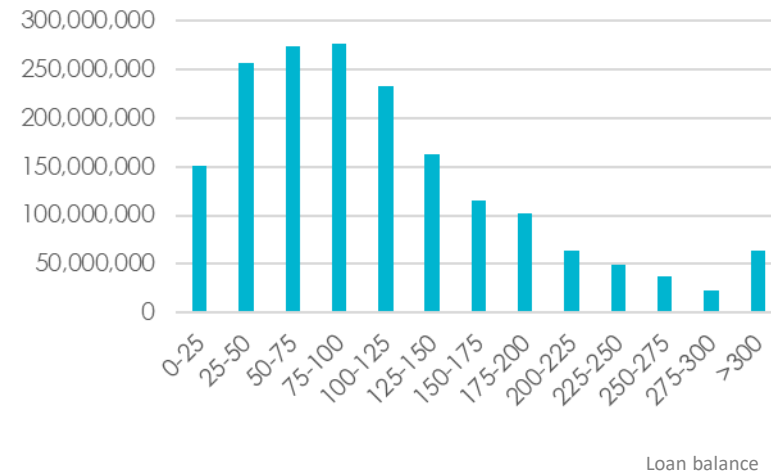
Pool size	EUR 1,752.2 million, nominal 1,806.7 million
Collateral	100% Finnish prime mortgages
Geographical distribution	Throughout Finland, a majority in growth centers and their close proximity
Average loan size	EUR 55,480
Number of loans	32,566
Average LTV (indexed/unindexed)	64.0% /64.5%
Average seasoning	53.1 months
Non-performing loans / loans in arrears	0 bp / 13 bp (<30days)
Interest base	83 % variable, 17 % fixed
Over-collateralization	40.2 %

BREAKDOWN OF THE COVER POOL AS OF MARCH 2024

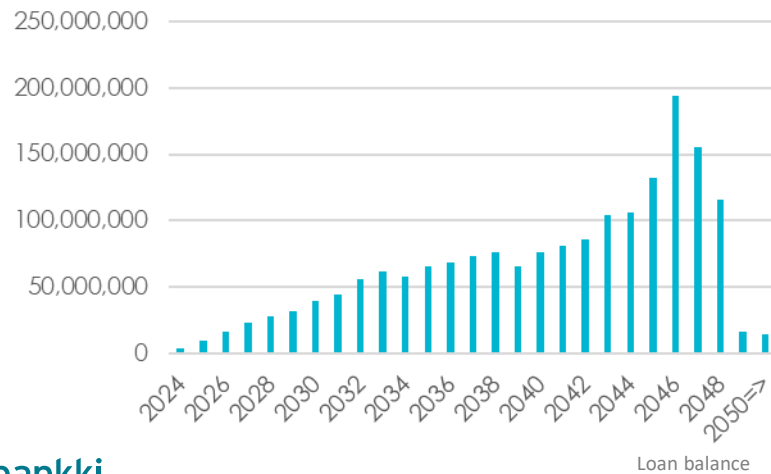
LTV distribution



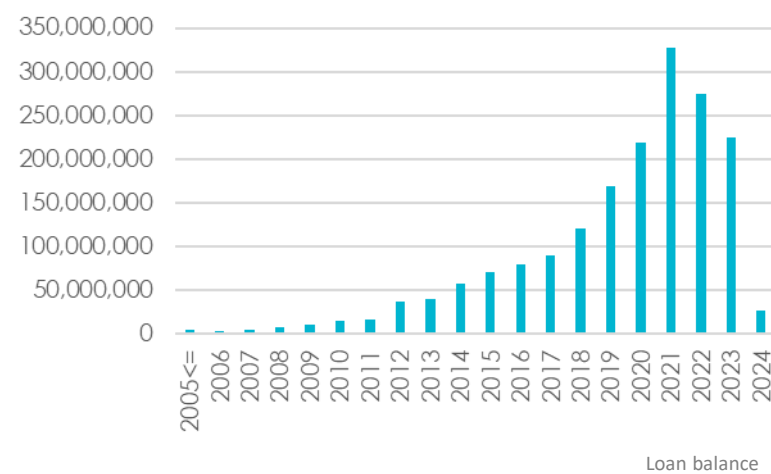
Loan distribution by size



Loan maturity profile



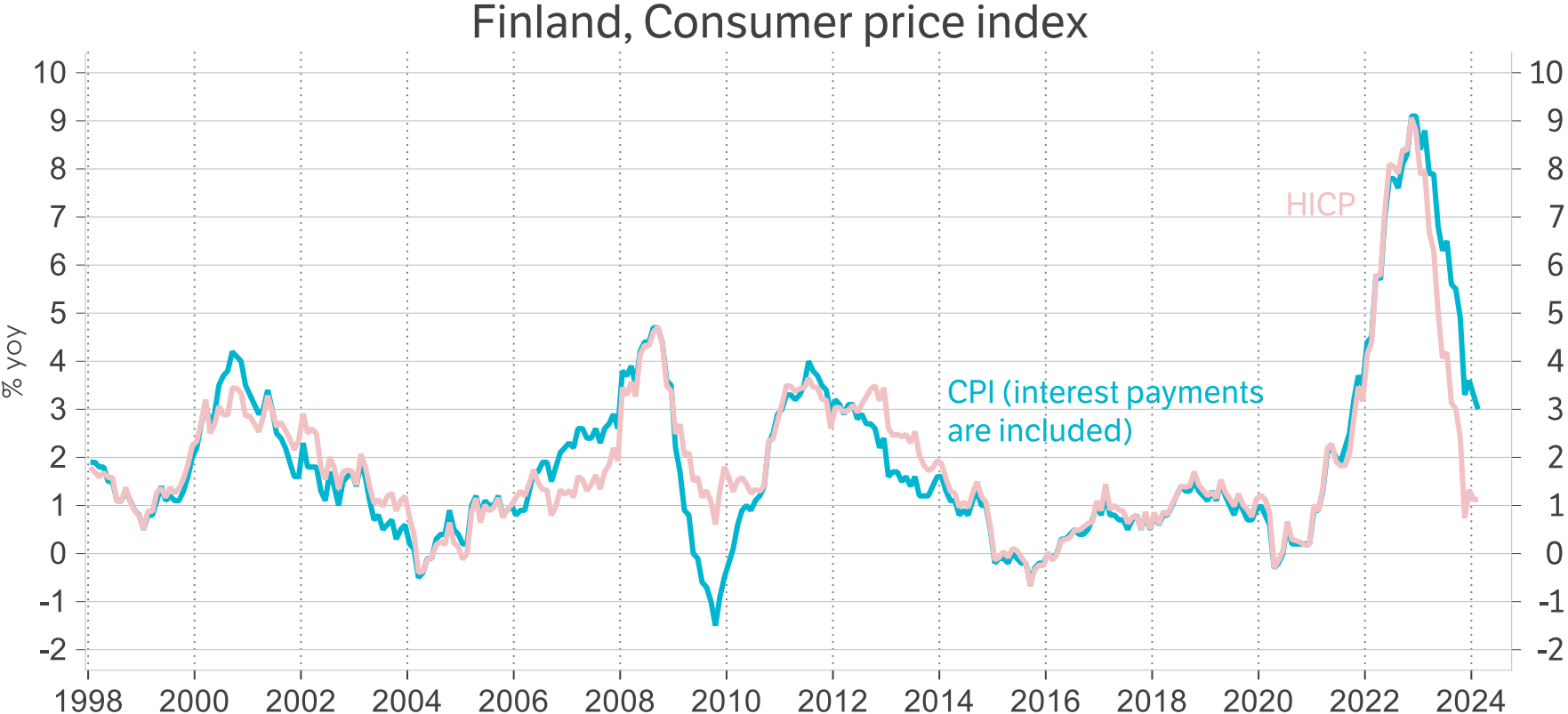
Loan balance by origination year



8.

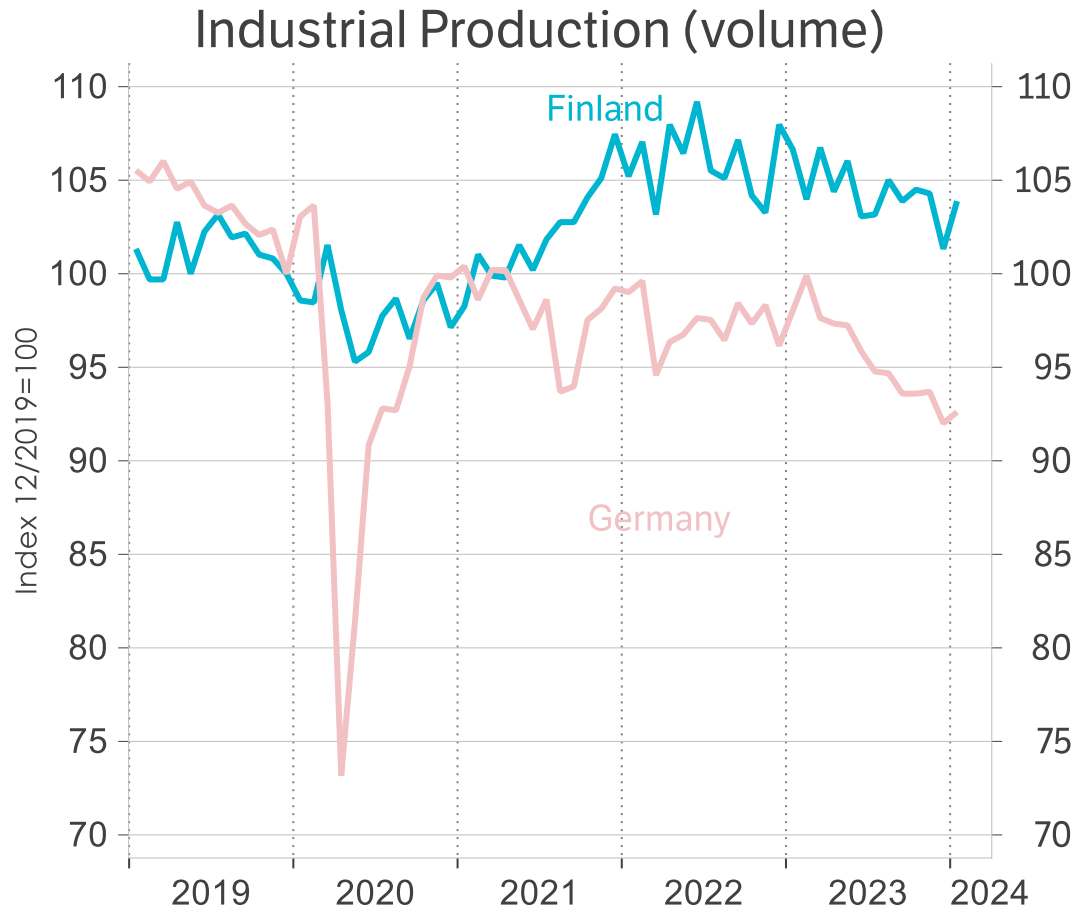
APPENDIX: FINNISH ECONOMY

INTEREST PAYMENTS PLAY A BIG ROLE IN CPI IN FINLAND

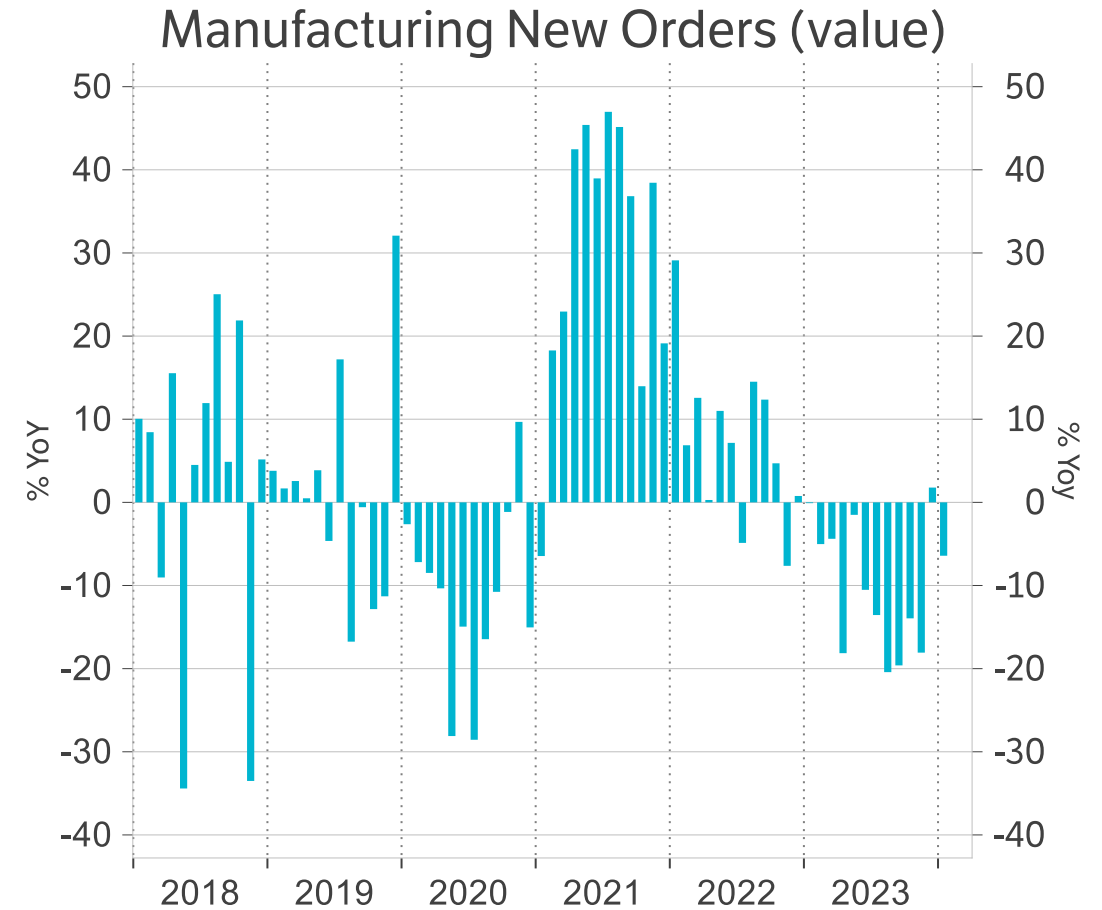


Source: StatFin, Eurostat, Macrobond, Savings Bank Group

THE INDUSTRIAL SECTOR HAS SUFFERED FROM SLUGGISH GLOBAL DEMAND

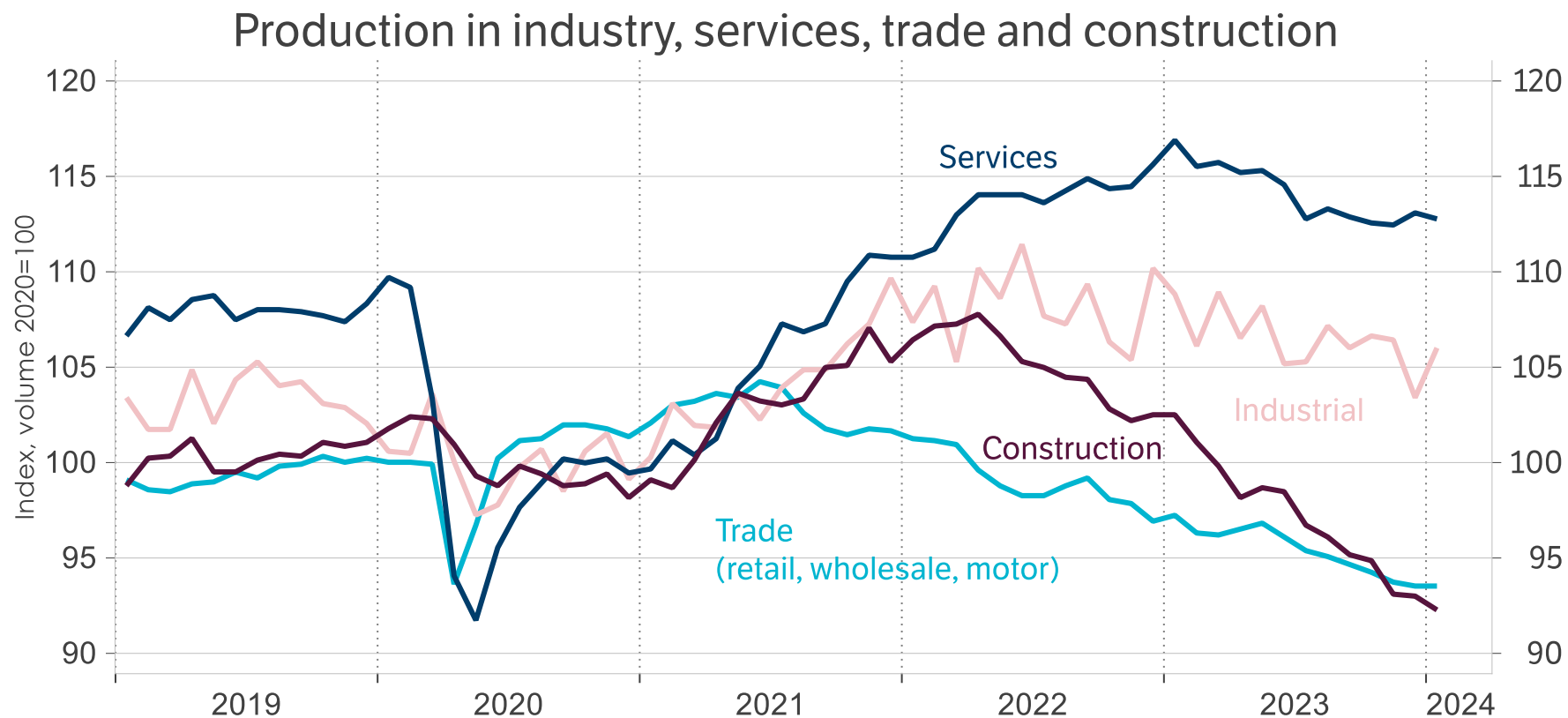


Source: StatFin, DESTATIS, Macrobond, Savings Bank Group



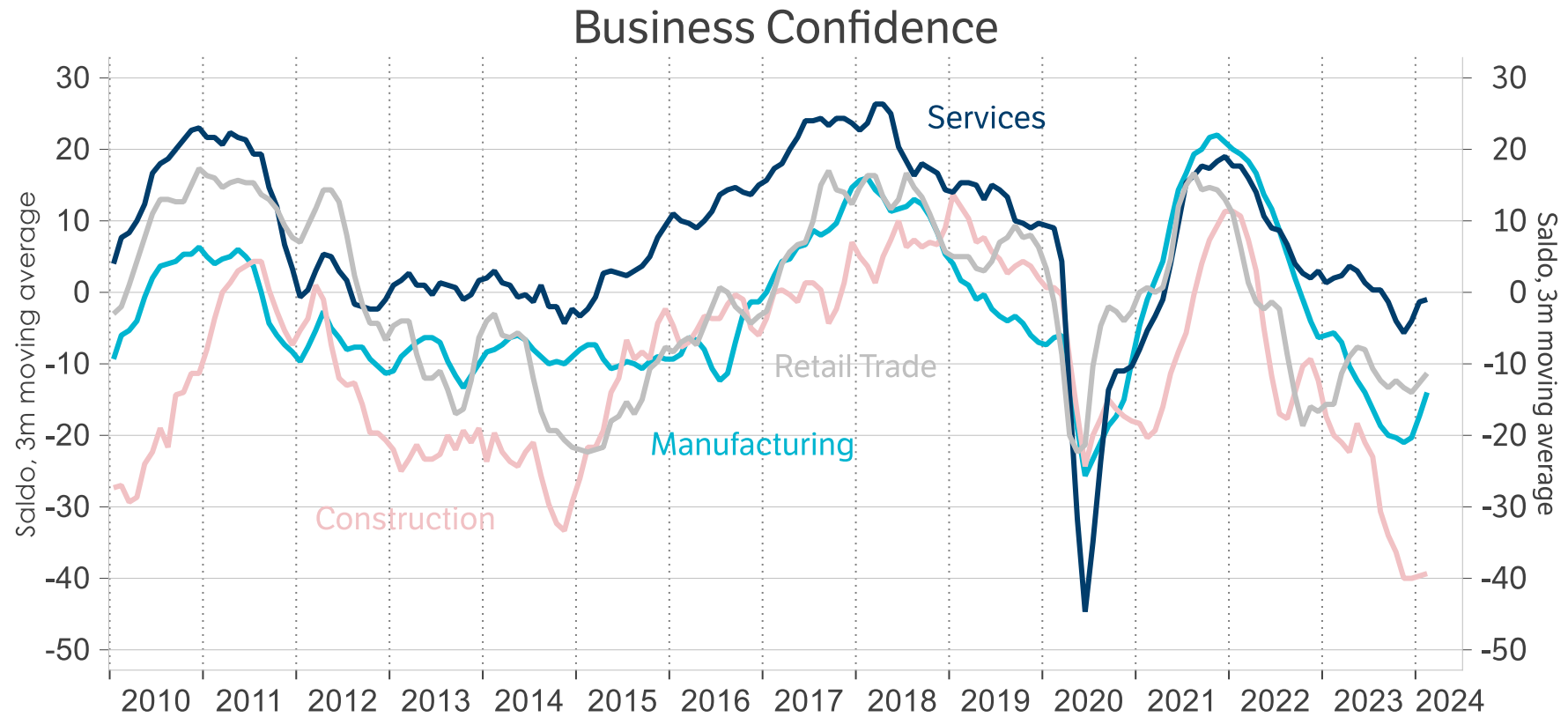
Source: StatFin, Macrobond, Savings Bank Group

CONSTRUCTION IS SUFFERING, SERVICES ARE HOLDING UP PRETTY WELL



Source: StatFin, Macrobond, Savings Bank Group

BUSINESS CONFIDENCE IS LOW, BUT SEEMS TO BE BOTTOMING OUT



Source: EK, Macrobond, Savings Bank Group

FINNISH ECONOMY IS ON RECOVERY PATH



Source: StatFin, Macrobond, Savings Bank Group

Savings Bank Group's Forecasts (January 2024):

2023: -1.0 %
2024e: 0 %
2025e: 1.2 %

Note: This forecast was made in January 2024. Subsequently released economic data has created pressure to downgrade the forecast. The next forecast will be made in April 2024.

CONTACT DETAILS

Kai Brander

Central Bank of Savings Banks, CEO

Contact details:

E-mail: kai.brander@saastopankki.fi

Tel. +358 50 384 8220

Read more at: <https://www.saastopankki.fi/en/savingsbanksgroup/debt-investors>

THANK YOU!