

# **SAVINGS BANKS GROUP**

## **INVESTOR PRESENTATION**

May 2025

# AGENDA

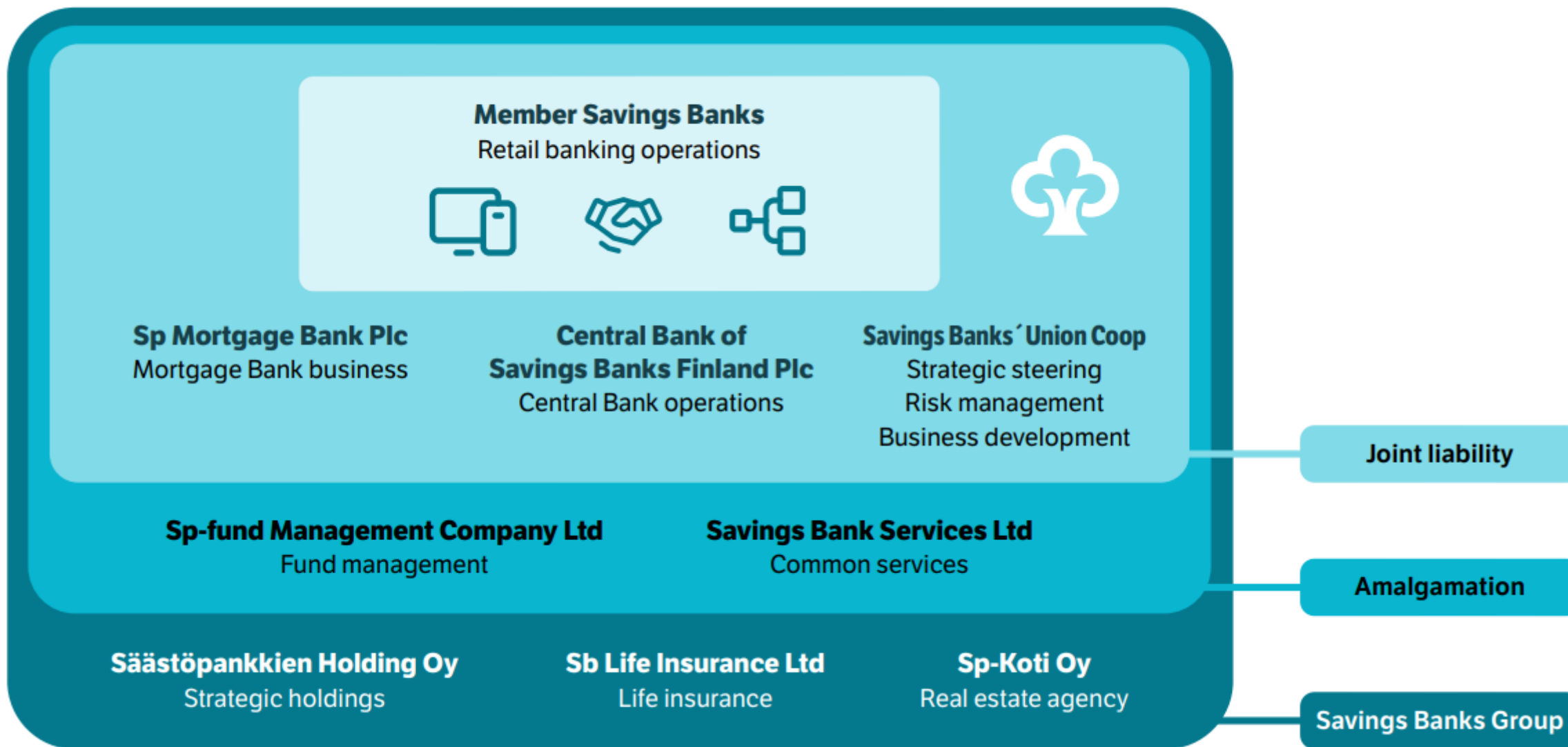
1.	Group Structure and Strategy	p. 4
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# SUMMARY OF THE SAVINGS BANKS GROUP

<b>The Savings Banks Group</b>	<ul style="list-style-type: none"><li>• 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</li><li>• The Group has roughly 400,000 customers</li><li>• The main focus is on retail customers (66% of lending) and is predominantly in form of mortgages. The other main target group is SMEs (28% of lending)</li><li>• The Group has a 5.4% market share in household lending and a 3.5% market share in household deposits</li><li>• The number of personnel amounted to 1,387 at the end of December 2024</li></ul>
<b>The Amalgamation of Savings Banks</b>	<ul style="list-style-type: none"><li>• The 14 Savings Banks, Central Bank of Savings Banks Finland (CBSBF), Sp Mortgage Bank (SPMB) and their central institution Union Coop together with certain other product and service companies form the Amalgamation of Savings Banks (as laid down in the Amalgamations Act)</li><li>• Under the Amalgamations Act, the Savings Banks, CBSBF, Sp Mortgage Bank and the Union Coop are jointly liable for each others' debts and commitments</li></ul>
<b>Financial position</b>	<ul style="list-style-type: none"><li>• Total assets were EUR 13.9bn at the end of December 2024. The Group's profit before taxes amounted to EUR 152.5m</li><li>• Loan book of EUR 10.1bn consists mainly of residential mortgages at the end of December 2024</li><li>• Large and stable deposit base of EUR 6.9bn comprises the largest part of the Group's funding</li><li>• Strong capital position reflected by a CET1 ratio of 20.9% at the end of December 2024</li><li>• Solid leverage ratio of 8.9% at the end of December 2024</li><li>• Cost income ratio 57.1% at the end of December 2024</li></ul>
<b>Funding &amp; Ratings</b>	<ul style="list-style-type: none"><li>• S&amp;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</li><li>• Sp Mortgage Bank is responsible for issuance of covered bonds within the Group and issued cover bonds are rated 'AAA' by S&amp;P Global Ratings. The outlook on the ratings is stable</li><li>• The 100% Finnish prime mortgage (new) cover pool is well diversified, with a majority of the pool located in growth centers and their close proximity. The pool has no non-performing loans</li></ul>

# **1. GROUP STRUCTURE AND STRATEGY**

# STRUCTURE OF THE SAVINGS BANKS GROUP





# SAVINGS BANKS NEW GROUP STRATEGY 30/30

## Strategic goal 2030

Business growth 30%



The best banking services for target customers



The most wanted workplace among top professionals



Coherent strong group



## Purpose

We are a responsible promoter of financial well-being and prosperity. Our expertise enables a better life for our customers



**Competitive advantage**, when the customer realizes the difference



Quickly



Individually



Caringly



Strengthening regional vitality

## New target customers



Young wage-earners



Entrepreneurs and their family members & Potential private banking customers



Profitable small companies

## Active care of existing customers

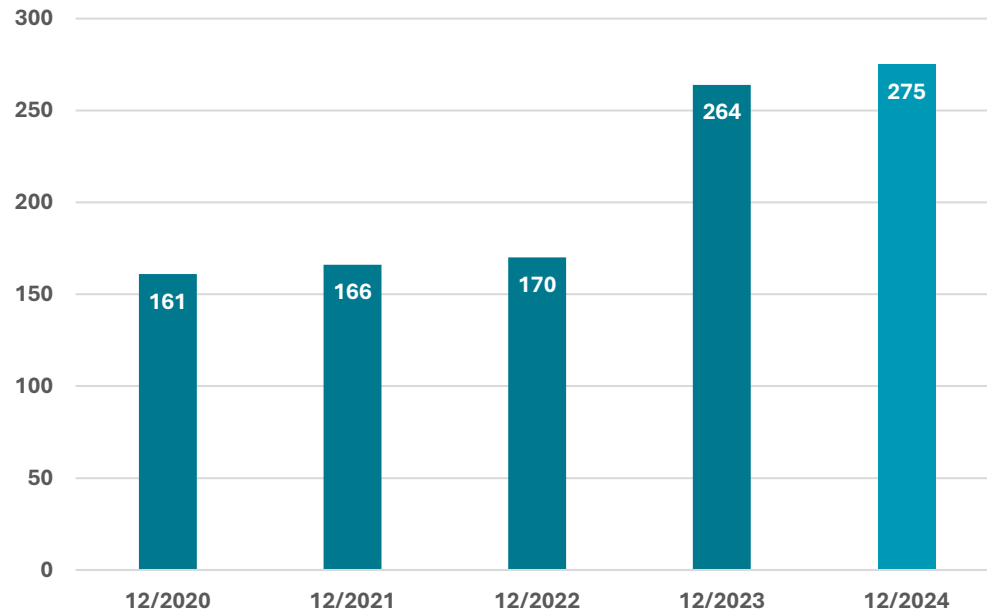


# GOOD PROGRESS IN EXECUTION

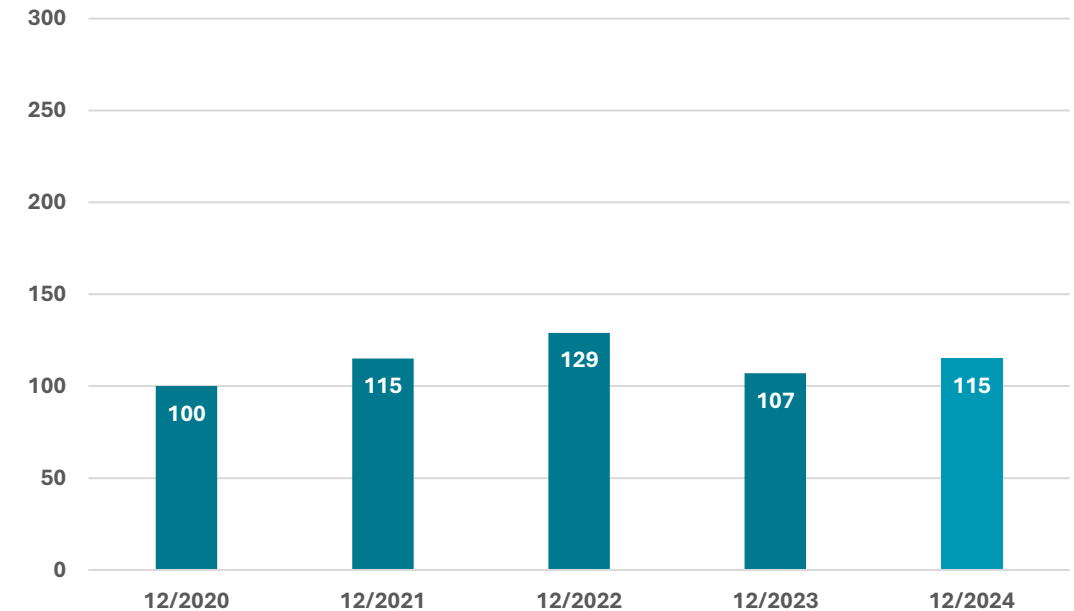
- Our main competitive advantage is the superior customer experience with proven track record:
  - In February 2024, the first place in the Customer Service of the Year 2023 competition. Strengths: The short wait times of our customer calls (90 secs for private and 45 secs for corporate) and our high first-contact resolution rate > 80%
  - The Net Promoter Score (NPS) of our customer negotiations 84.3 continues on an excellent level. Highlights: The expertise of our employees and the quality of our customer interactions
- Great success in digital banking
- Loans and deposits – we outperform the market in both private and corporate customers
- Asset management – strong growth
- EBIT strong and improving
- NII has been on a historically high level in high rates environment
- Supported by our strong capital adequacy through retained earnings we have grown steadily for years
- Liquidity strong, funding solid
- Harmonised operating model and more coherent group

# DEVELOPMENT OF CORE BUSINESS OF RETAIL BANKING

Net interest income, million euros



Net fee and commission income, million euros



Years 2023-2024 are adjusted for IFRS17 while the years 2020-2022 are based on IFRS 4

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



# THE FOCUS IN 2025

## WE ARE A RESPONSIBLE PROMOTER OF FINANCIAL WELL-BEING AND PROSPERITY

Our expertise enables a better life for our  
customers

- In 2025, the focus of the Savings Banks Group's operations will be on implementing the new strategy 2025 – 2030 with key goals:
  - **Sustainable growth:** We aim to achieve 30% growth by 2030
  - **Best service in the banking sector:** Maintaining good in-person services with developed digital services
    - The Savings Banks Group's goal in 2025 is to attract more customers who centralize their banking with the Savings Bank. To offer our customers the best service in banking – being faster, smoother and more personalised bank
    - 2025 – 2026: Continued work on digitalization: renewed customer relationship management, financing processes and systems
  - **Most desirable workplace for top professionals in the industry:** Success is built on people and their expertise. At the end of 2024, our Employee Net Promoter Score (eNPS) was 32, well above the average for expert organisations – We aim higher

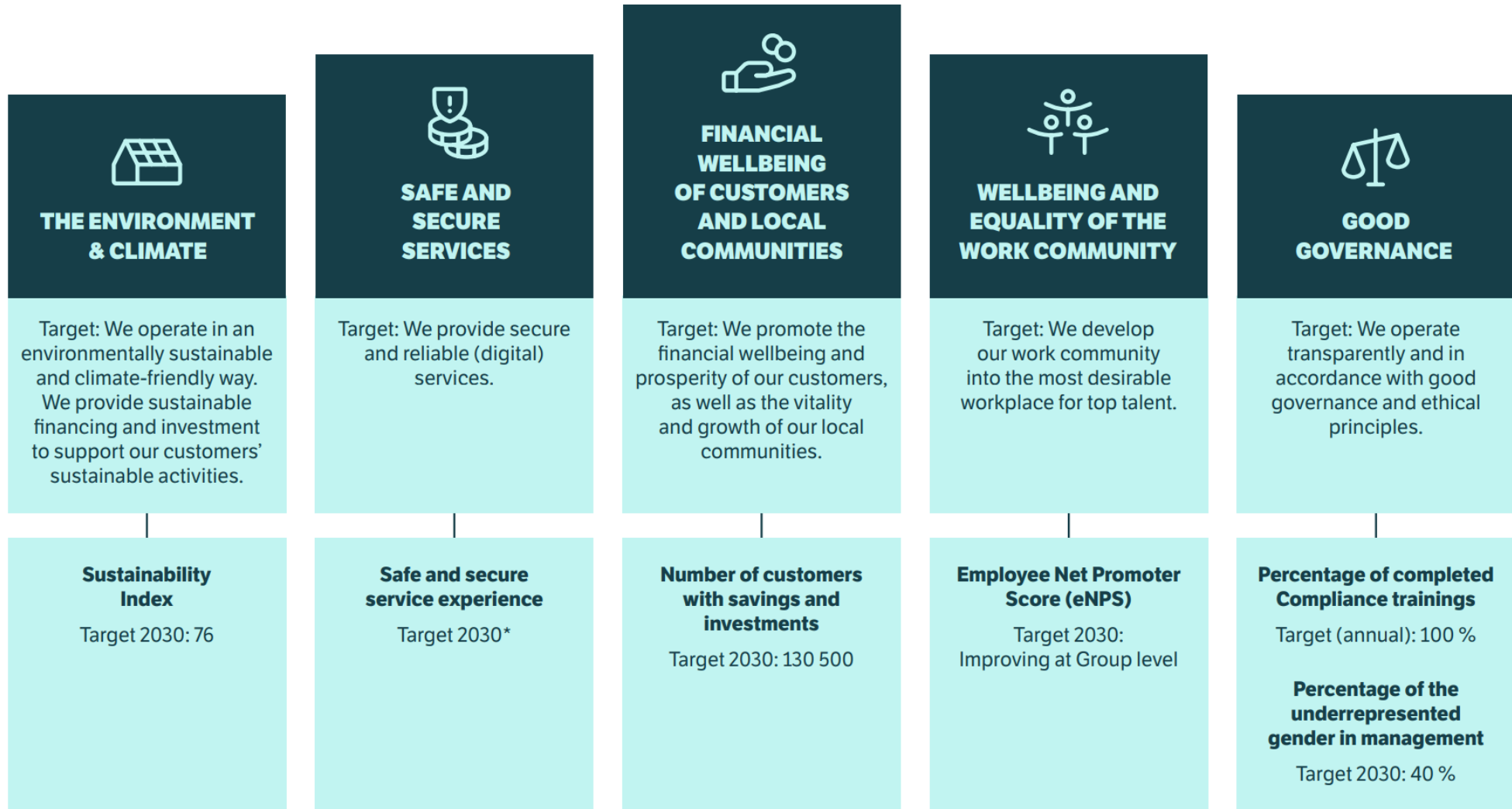
# SUSTAINABILITY

- Responsibility has been part 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
  - 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
- 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
- In 2024 Savings Banks continued to encourage households to make the green transition by offering energy loans to customers. Mortgage customers received a concrete benefit by not being charged an origination fee for their energy loans

Memberships and initiatives Savings Banks Group takes part in:



# SUSTAINABILITY STRATEGY 2024 - 2030



\* The target level will be set in 2025

## **2. MARKET POSITION**

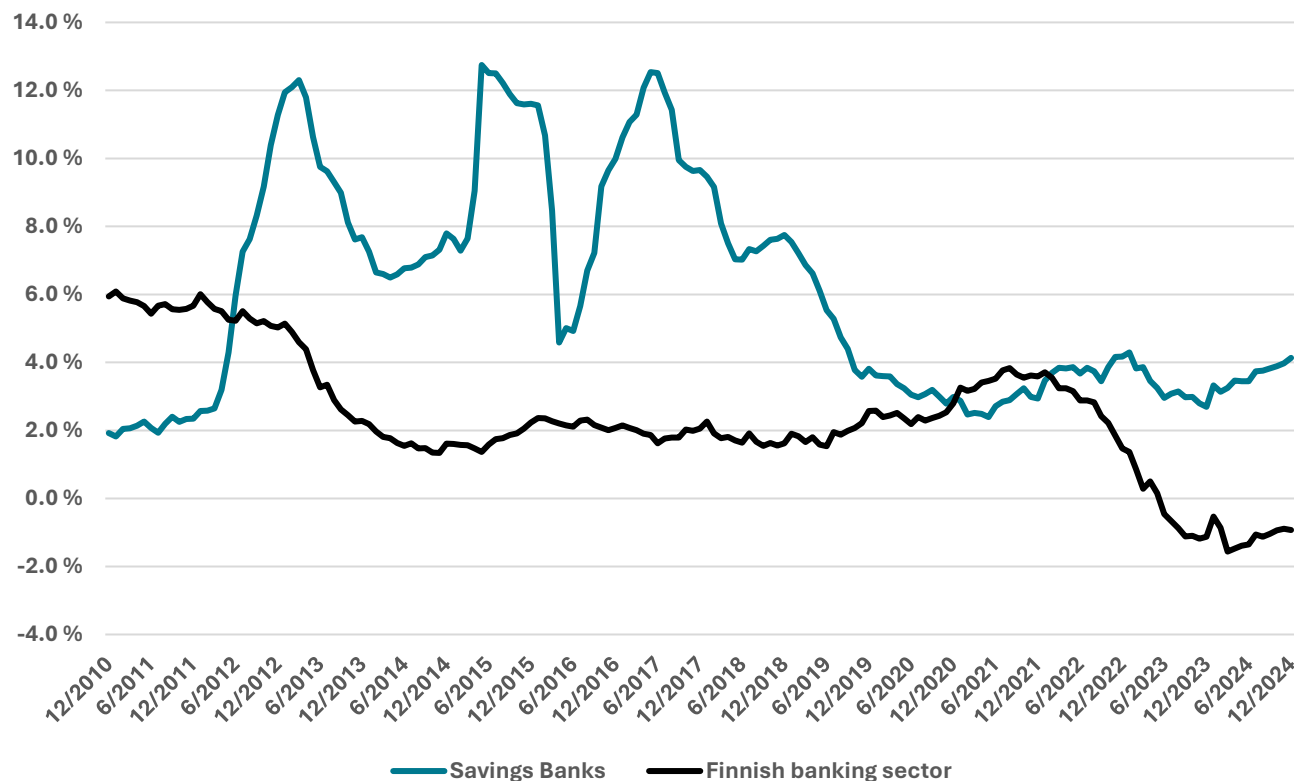
# THE SAVINGS BANKS GROUP OPERATING AREAS

- 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

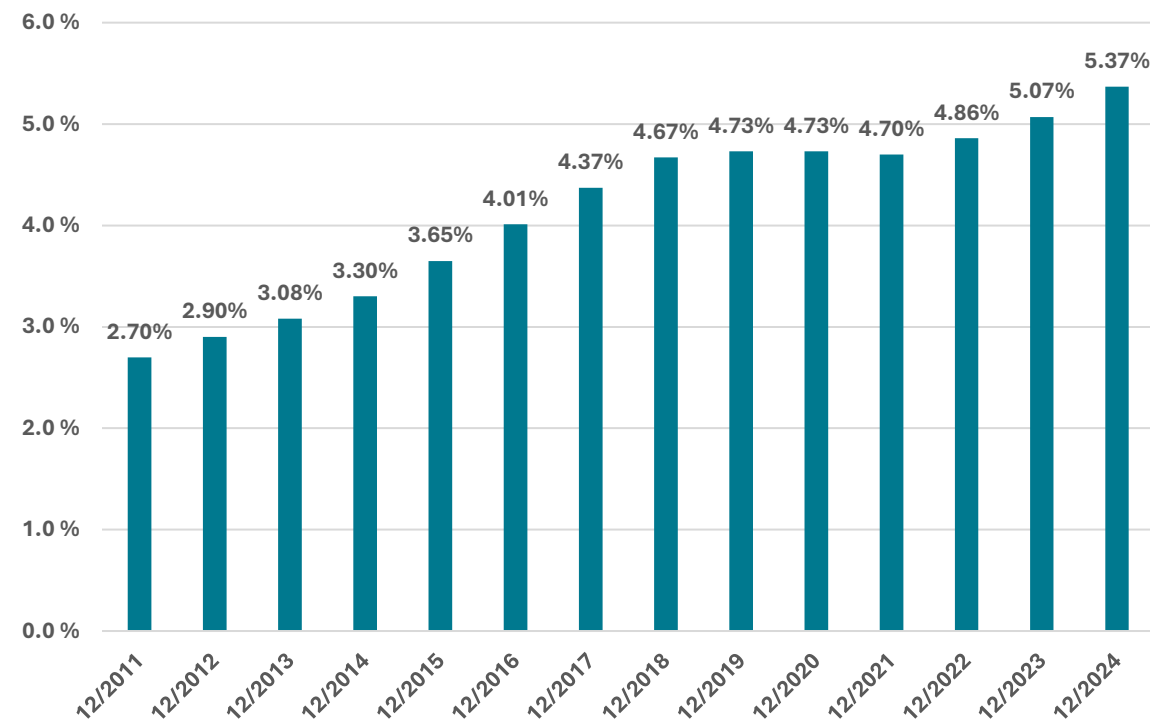
Strong focus on growth in prosperous areas

# SAVINGS BANKS CAN 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

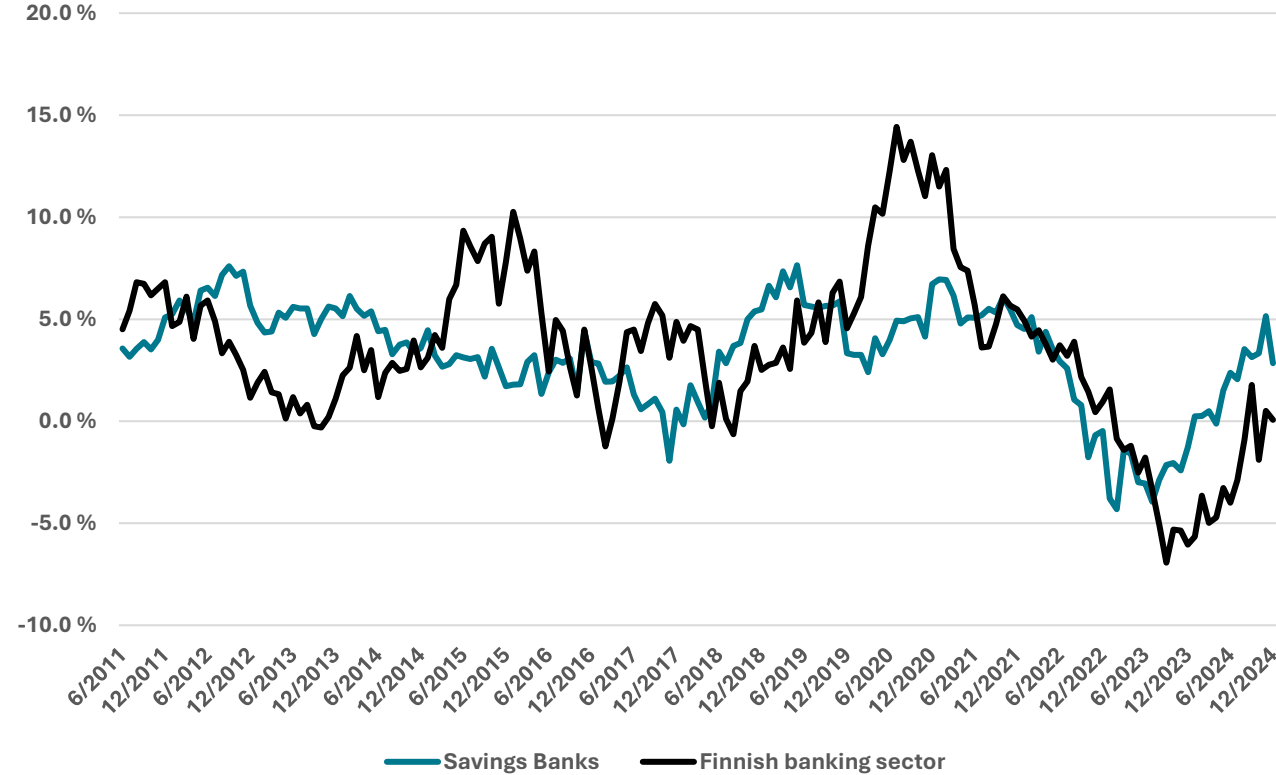




# SAVINGS BANKS' DEPOSITS

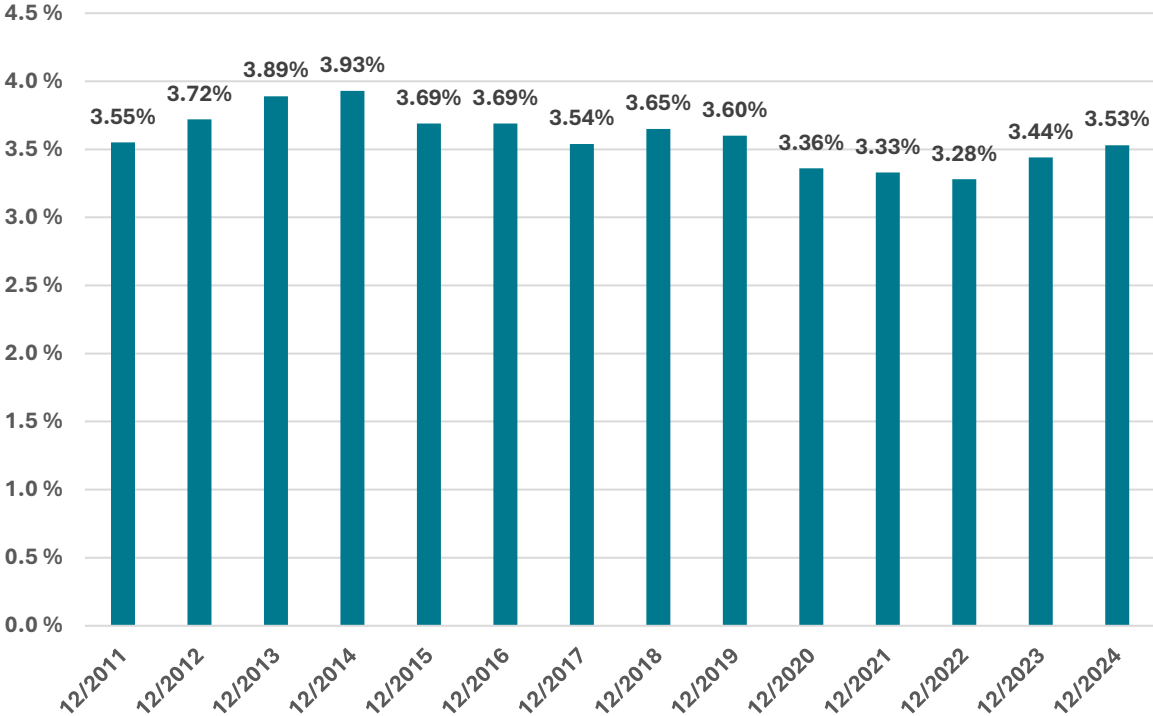
## DEPOSITS ANNUAL GROWTH, %-CHANGE

SAVINGS BANKS VS. FINNISH BANKING SECTOR  
EURO AREA EURO DEPOSITS



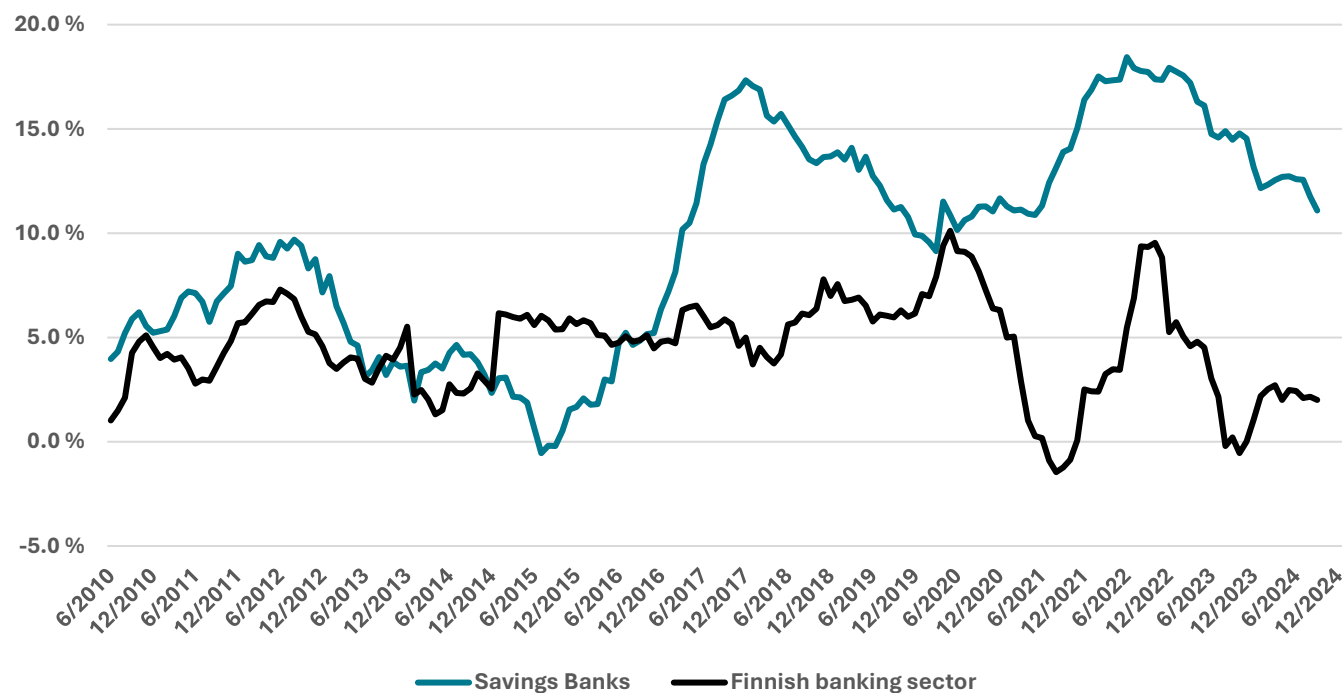
## DEPOSITS MARKET SHARE

SAVINGS BANKS VS. FINNISH BANKING SECTOR



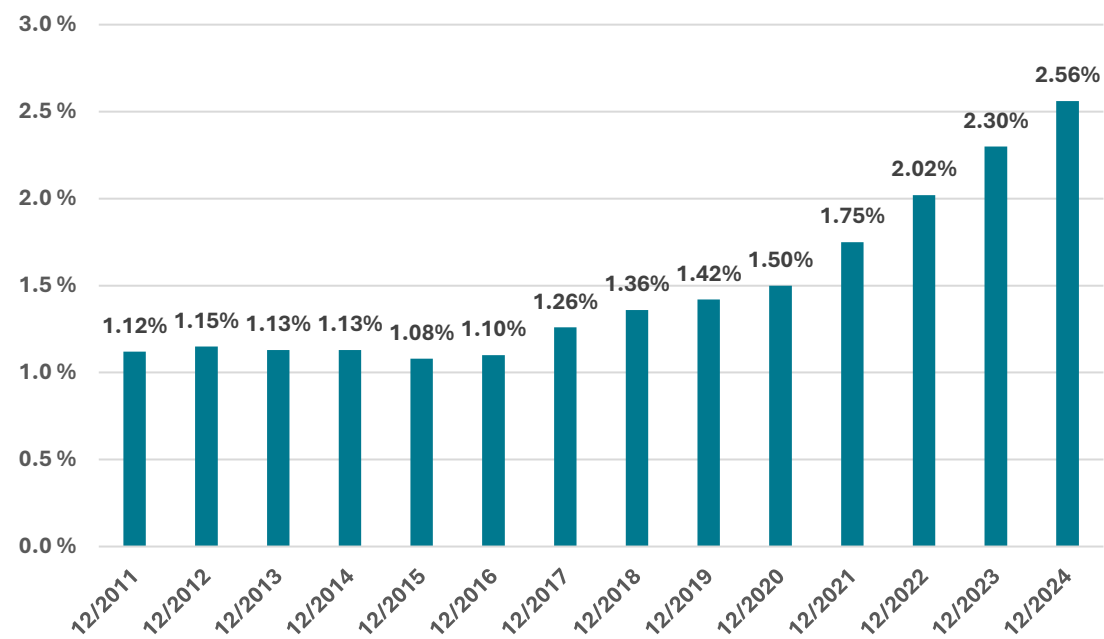
# SAVINGS BANKS CAN MAINTAIN GROWTH IN CORPORATE LOANS

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



SAVINGS BANKS CORPORATE LOANS' MARKET  
SHARE

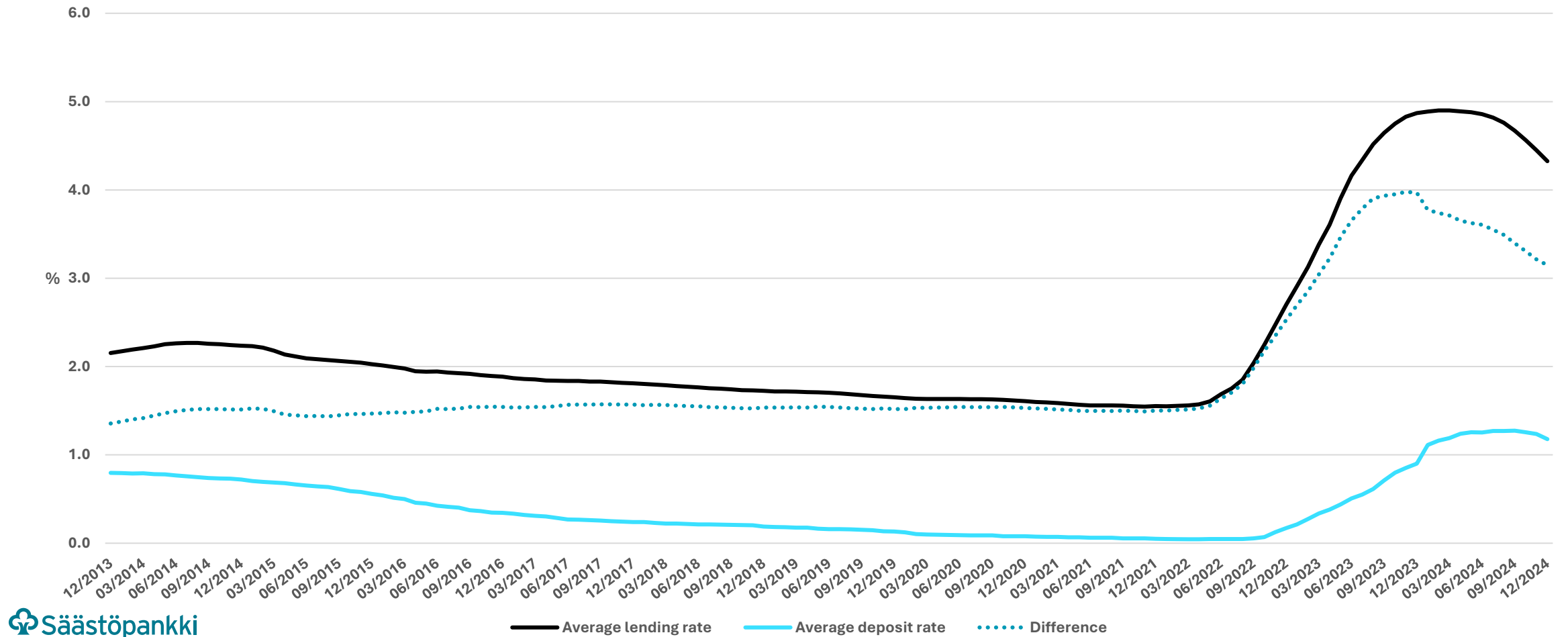
SAVINGS BANKS VS. FINNISH BANKING SECTOR



**3.**

# **FINANCIALS AND NET INTEREST INCOME**

# DEVELOPMENT OF LENDING AND DEPOSIT RATES AT THE SAVINGS BANKS



# THE SAVINGS BANKS GROUP'S KEY FIGURES

	FY 2024	FY 2023	FY2022	FY2021*	FY2020*	FY2019*	FY2018*	FY 2017*
Profit before tax	EUR 152.5m	EUR 135.5m	EUR 70.9m	EUR 89.9m	EUR 66.7m	EUR 94.8m	EUR 36.4m	EUR 88.2m
Net interest income	EUR 274.8m	EUR 263.8m	EUR 169.6m	EUR 166.0m	EUR 161.0m	EUR 155.6m	EUR 152.7m	EUR 142.2m
Cost-to-income	57.1%	61.3%	71.6%	72.1%	71.8%	68.2%	84.3%	64.7%
Capital adequacy	Amalgamation: Total capital 20.9% CET1 20.9%	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%
Leverage ratio	8.9%	8.3%	8.3%	8.9%	8.7%	9.1%	8.6%	8.8%
Loans and advances	EUR 10.1bn	EUR 9.5bn	EUR 9.0bn	EUR 9.6bn	EUR 9.3bn	EUR 8.9bn	EUR 8.6bn	EUR 7.8bn
Total assets	EUR 13.9bn	EUR 13.2bn	EUR 13.8bn	EUR 13.1bn	EUR 13.1bn	EUR 12.0bn	EUR 11.7bn	EUR 11.3bn

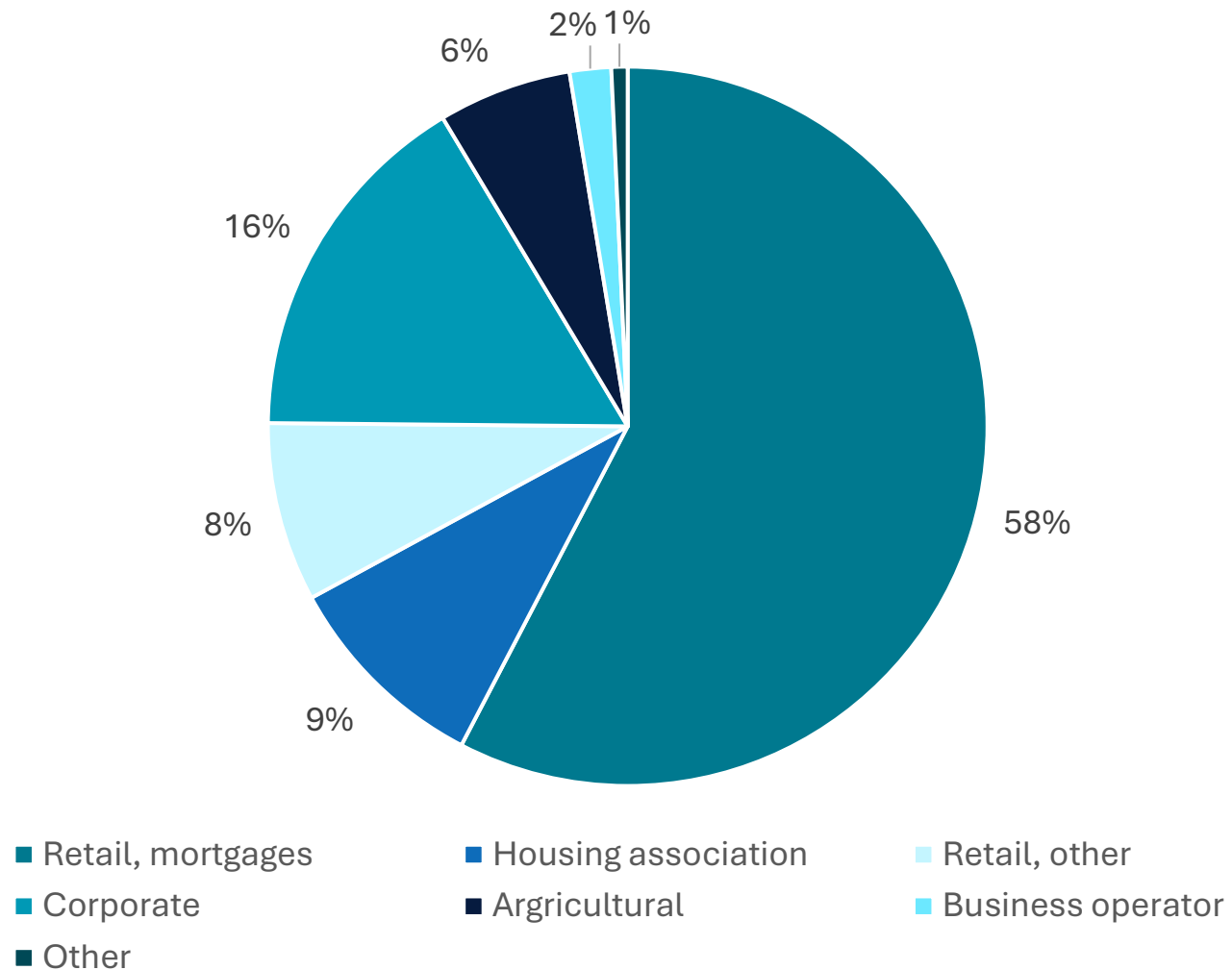
\* The figures for the financial year have not been adjusted to reflect the distribution of continuing operations and exit from the Savings Bank Group.

**4.**

# **CAPITAL AND LOAN BOOK**



# LOAN PORTFOLIO BY CUSTOMER GROUP AS OF DECEMBER 2024



# CAPITAL ADEQUACY

- Capital position of the Group is strong. At the end of December 2024 own funds were EUR 1,148.5 million, of which CET1 capital accounted for EUR 1,146.1 million. CET1 ratio was 20.9% and total capital ratio was 20.9%
- During 2024 capital adequacy was improved primarily by the profit for the period. All profits are retained and contribute directly to equity
- The Group's capital requirement is driven by credit risk
- The standard model is used in the Group's capital requirement calculations
- The amendments to CRR3 are not expected to have a material impact on the capital adequacy of the Group
- The leverage ratio of the Group was 8.9% at the end of December 2024 (8.3%), exceeding the binding 3% minimum requirement

## COMBINED CAPITAL REQUIREMENT, %

31.12.2024	Minimum requirement	Pillar 2 (SREP)- requirement	Capital conservation buffer	Systemic risk buffer	Counter-cyclical 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
<b>Total</b>	<b>8.00</b>	<b>1.50</b>	<b>2.50</b>	<b>1.00</b>	<b>0.05</b>	<b>13.05</b>

## CAPITAL ADEQUACY'S MAIN ITEMS

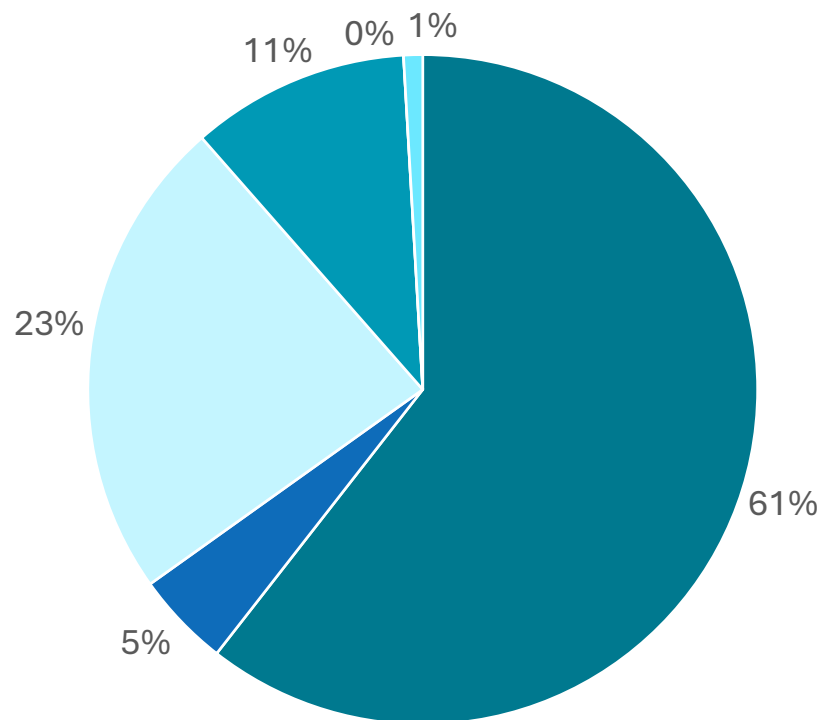
Own Funds (EUR 1,000)	31.12.2024	31.12.2023
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,213,425	1,087,314
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-67,299	-55,909
<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,146,126</b>	<b>1,031,404</b>
Tier 1 (T1) additional capital before regulatory adjustments		
Regulatory adjustments to Tier 1 (T1) additional capital		
Tier 1 (AT 1) additional capital		
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1,146,126</b>	<b>1,031,404</b>
Tier 2 (T2) capital before regulatory adjustments	2,379	3,015
Regulatory adjustments to Tier 2 (T2) capital		
<b>Tier 2 (T2) capital</b>	<b>2,379</b>	<b>3,015</b>
<b>Total capital (TC = T1 + T2)</b>	<b>1,148,505</b>	<b>1,034,419</b>
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%

**5.**

# **FUNDING AND LIQUIDITY**

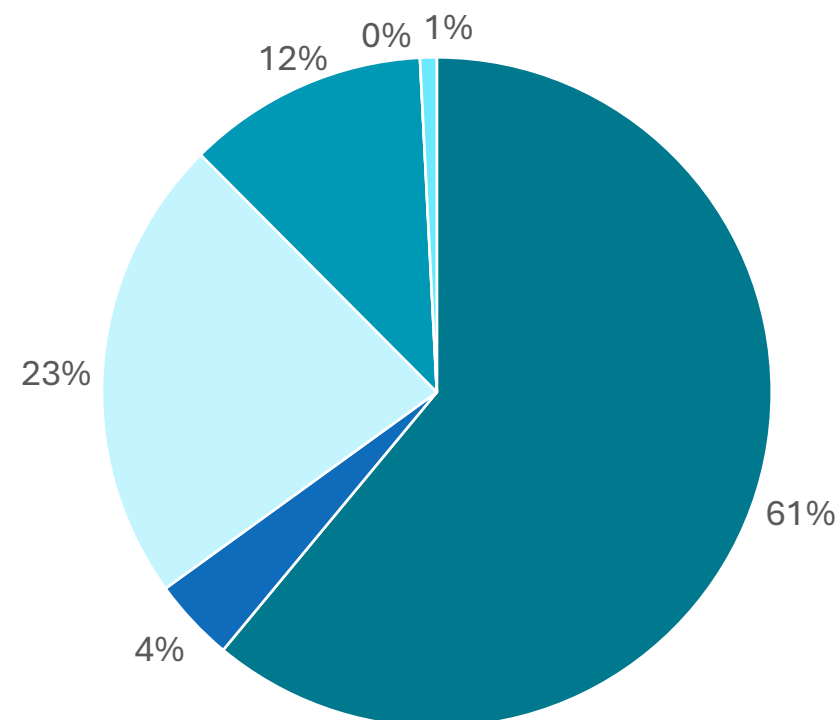
# FUNDING STRUCTURE END OF 2024 - END OF 2027

2024



■ Retail deposits  
■ Covered Bonds  
■ ECB Funding  
■ Wholesale deposits  
■ EMTN/ Senior Unsecured  
■ Domestic CDs

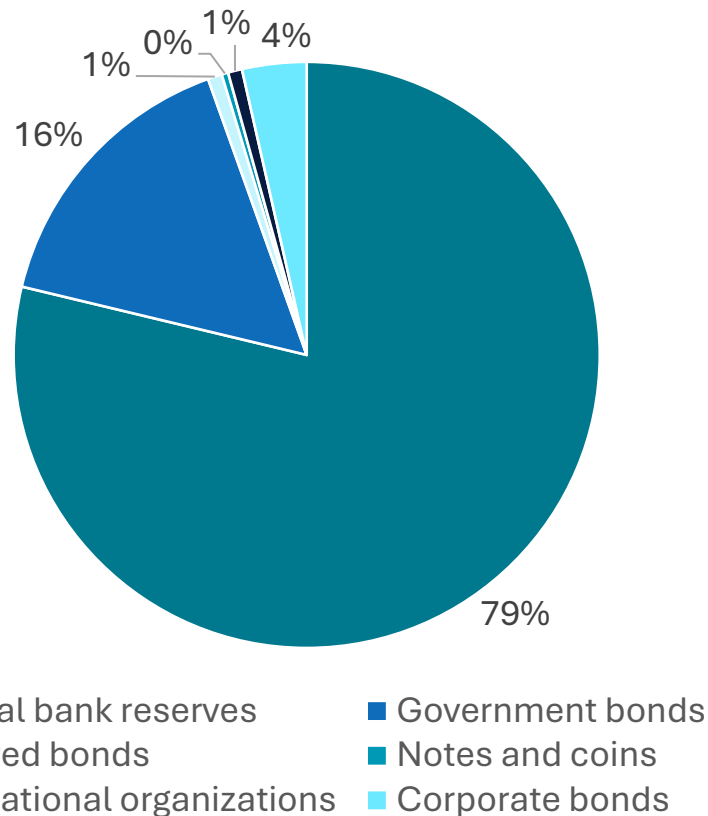
2027



■ Retail deposits  
■ Covered Bonds  
■ ECB Funding  
■ Wholesale deposits  
■ EMTN/ Senior Unsecured  
■ Domestic CDs

# LIQUIDITY RESERVE PORTFOLIO

## LIQUID ASSETS ALLOCATION DECEMBER 2024 (AFTER HAIRCUTS)



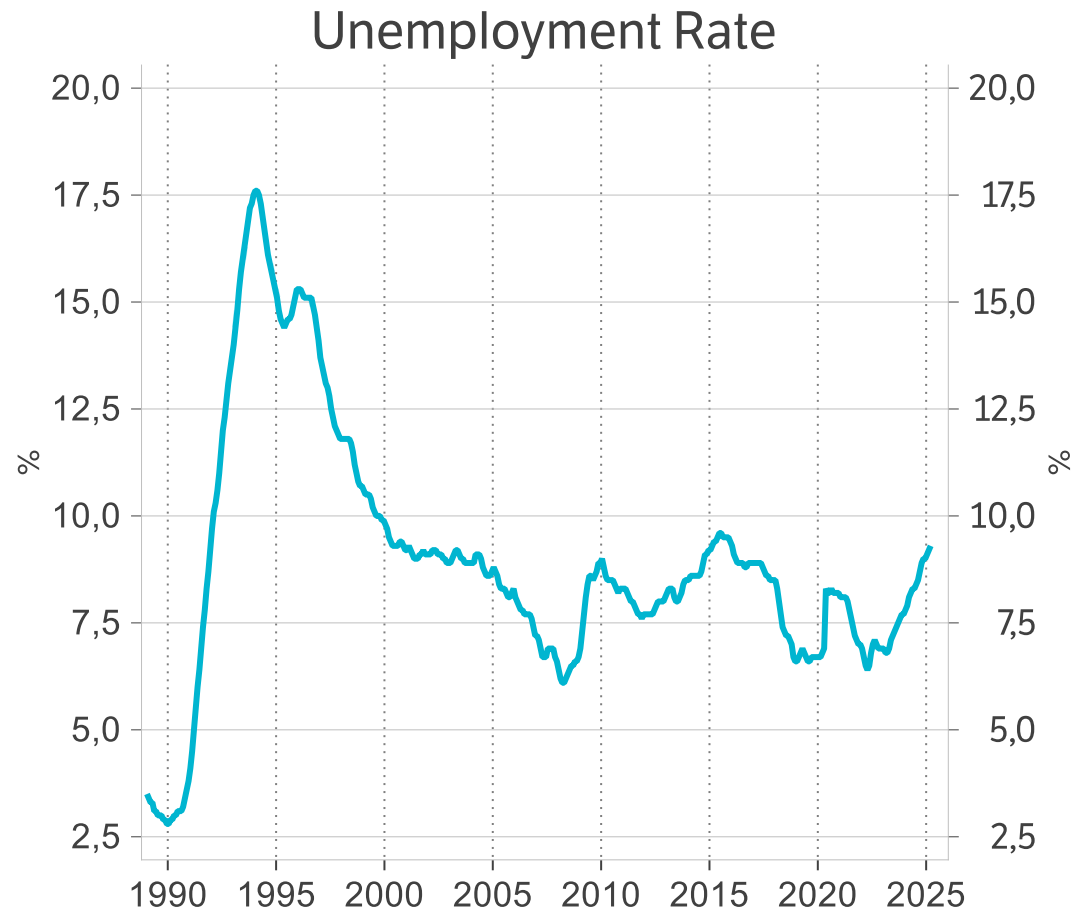
- Group's LCR was 196% at the end of December 2024
- Group's NSFR was 125% at the end of December 2024
- The Group remains MREL compliant with current balance sheet at least until Q4 2027

# **HOUSEHOLDS'**

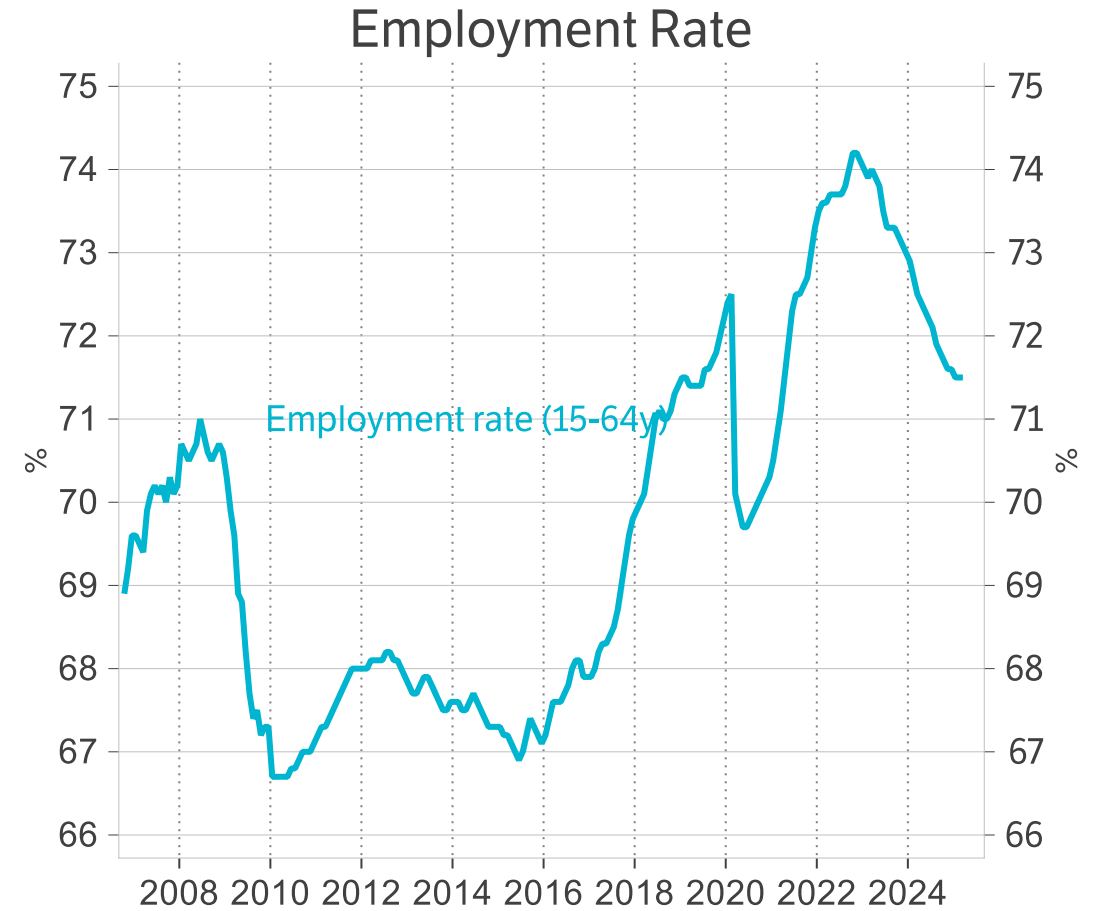
## **6. FINANCIAL SITUATION AND HOUSING MARKET**



# EMPLOYMENT SITUATION HAS WEAKENED

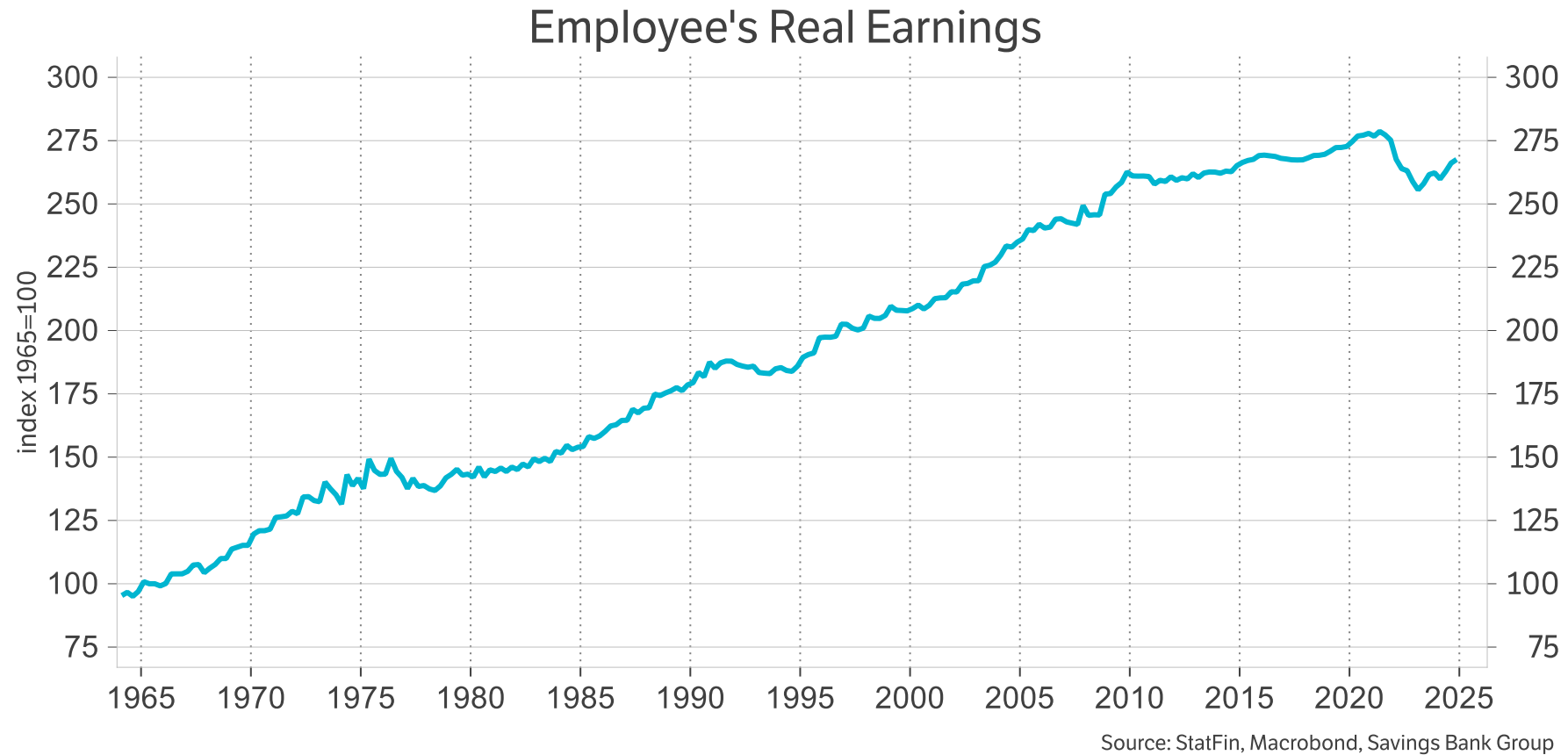


Source: StatFin, Macrobond, Savings Bank Group

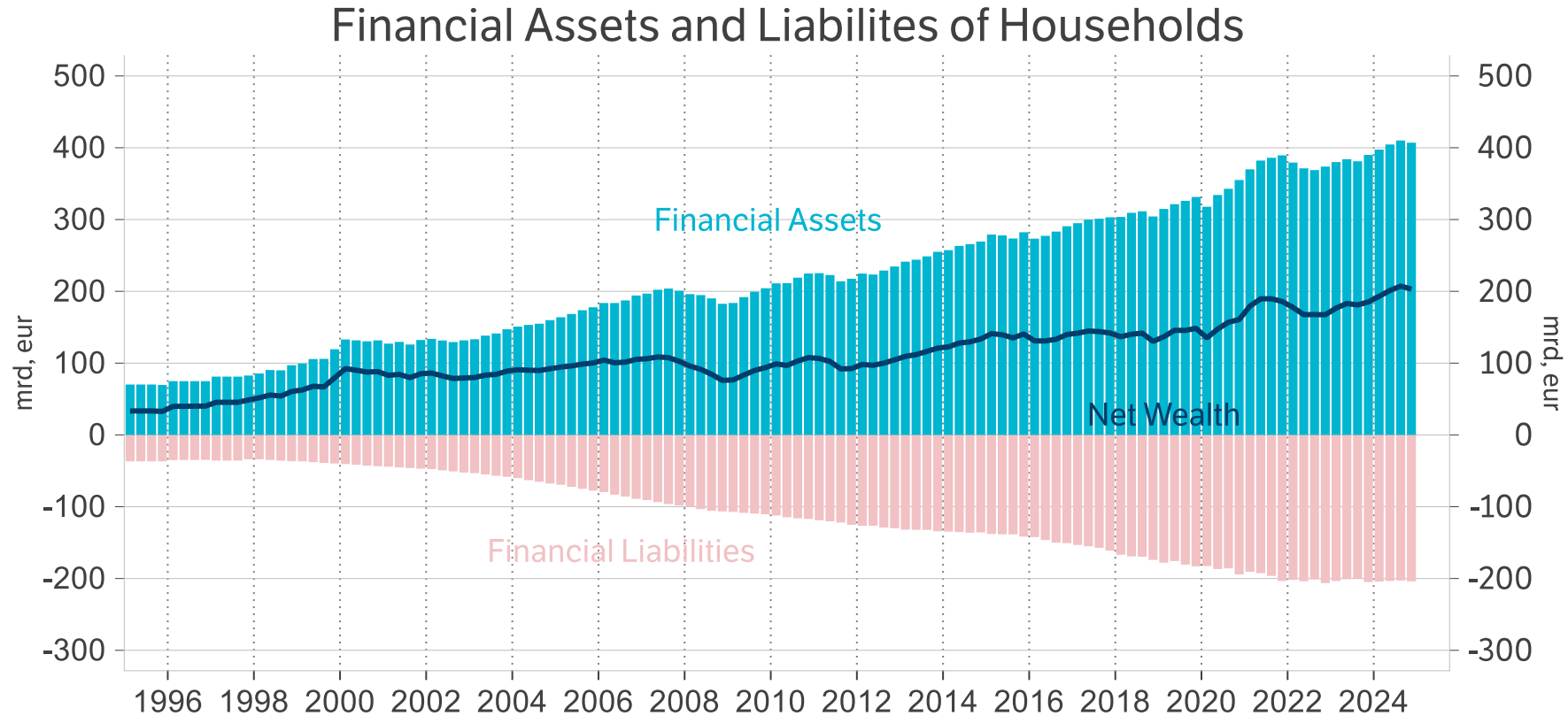


Source: StatFin, Macrobond, Savings Bank Group

# RECOVERY IN REAL EARNINGS CONTINUES

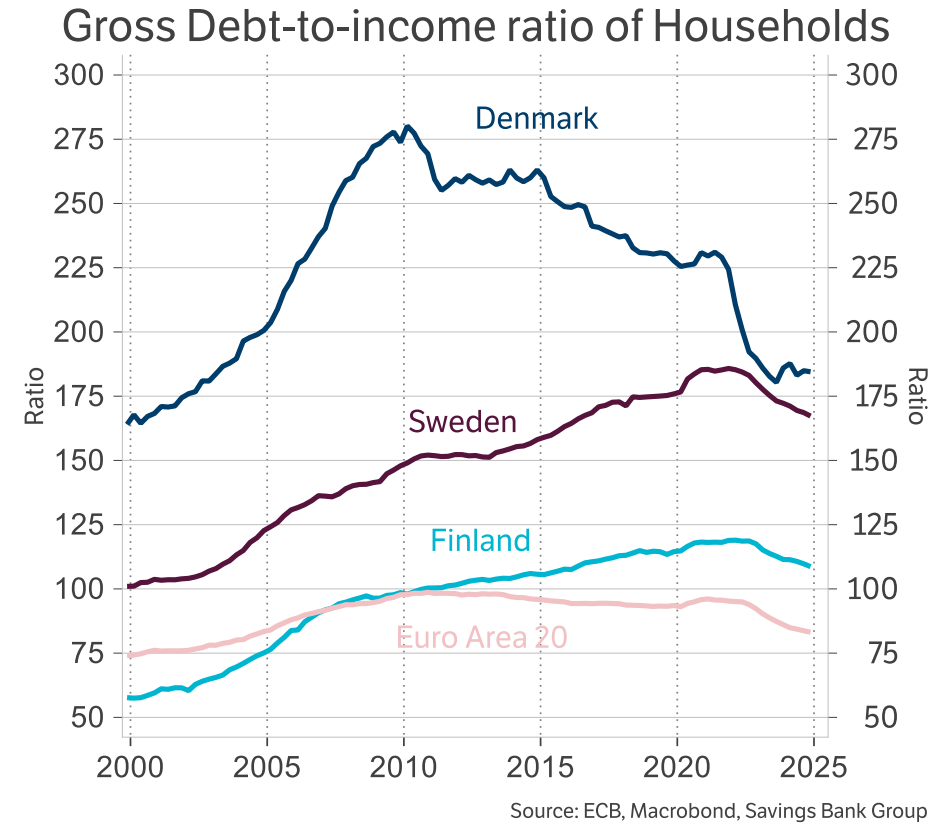
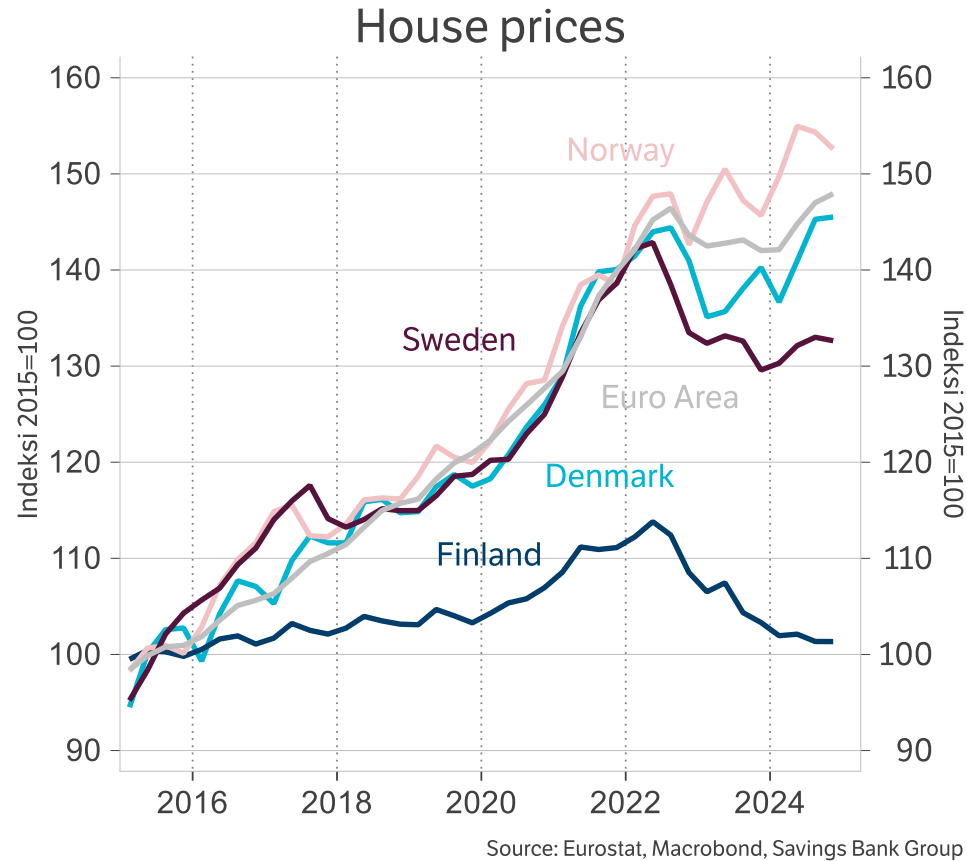


# HOUSEHOLDS' NET WEALTH IS INCREASING



Source: StatFin, Macrobond, Savings Bank Group

# HOUSE PRICES DEVELOPMENT HAS BEEN MODERATE IN FINLAND



- Transaction activity in housing markets has started to recover in 2024. We expect also house prices to increase moderately (+2%) in 2025

# 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)

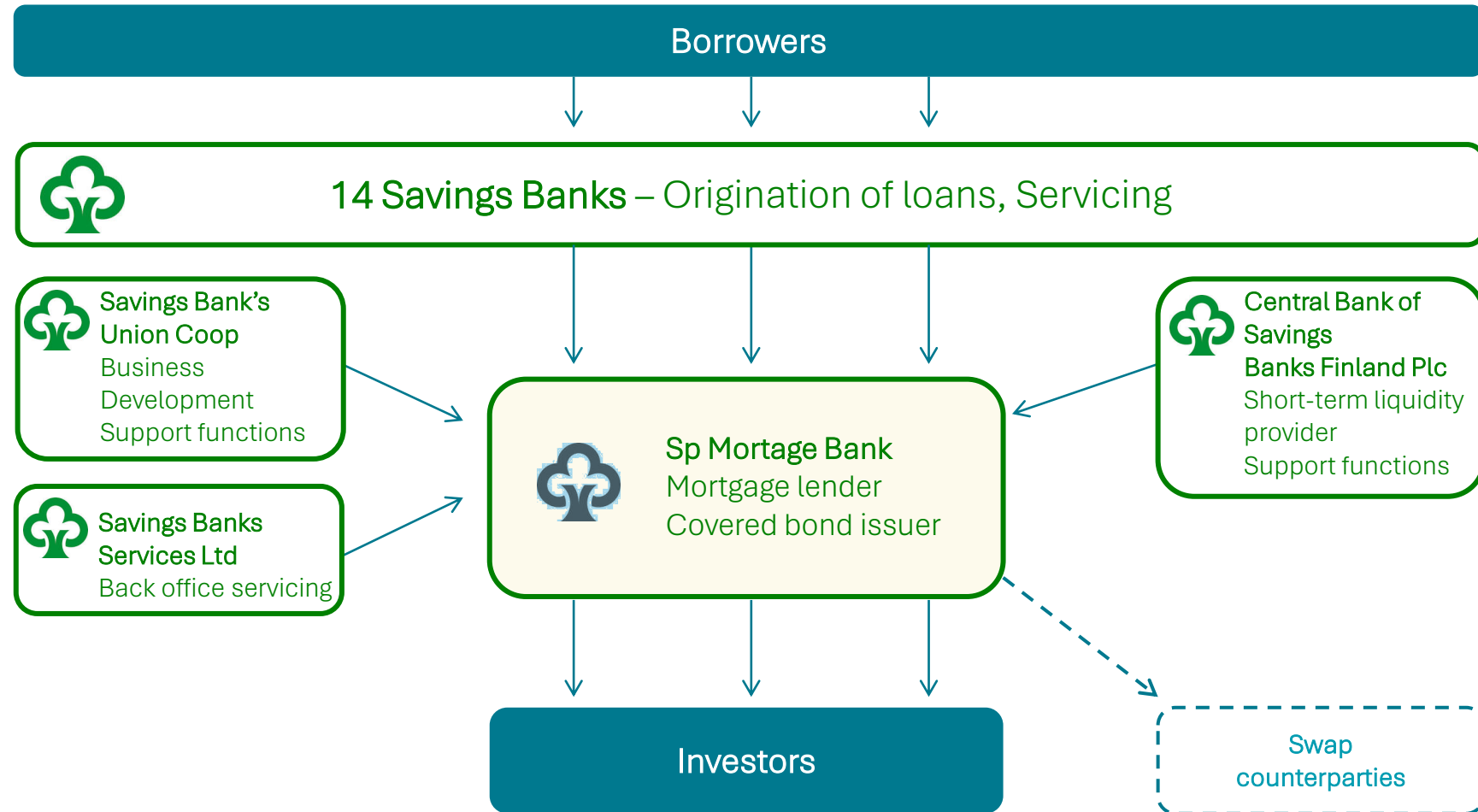


Sp Mortgage Bank's covered bond programme complies with European Covered Bond Council's (ECBC) Covered Bond Label

Read more about ECBC Covered Bond Label at [www.coveredbondlabel.com](http://www.coveredbondlabel.com)



# SP MORTGAGE BANK – OPERATING MODEL AND ROLES

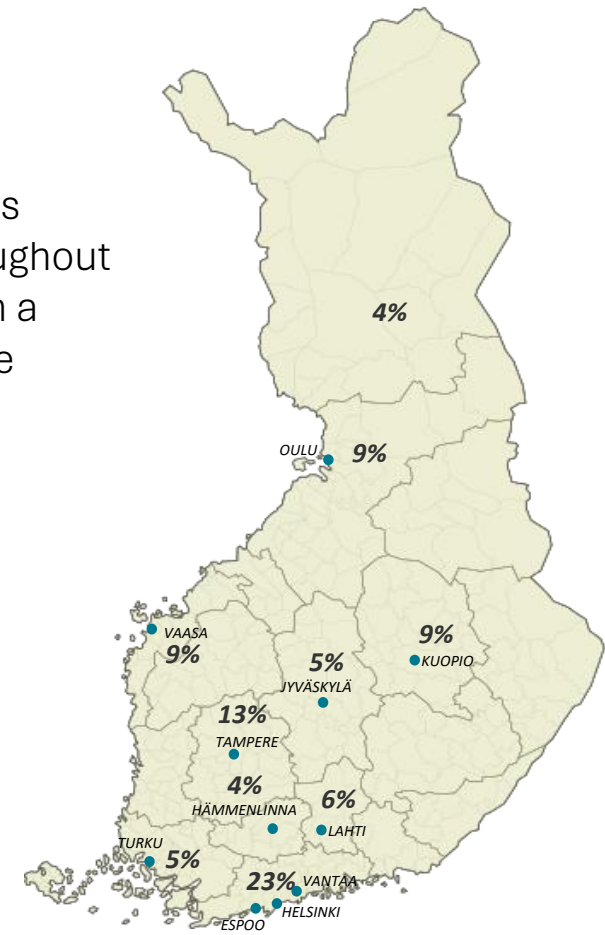


# POOL CONCENTRATION IN THE SOUTHERN PART OF FINLAND

## REGIONAL DISTRIBUTION OF COVER POOL AS OF MARCH 2025

Domestic region	Major city	% of cover pool	Collateral value, meur	Population (1)
Uusimaa	Helsinki	23%	518	1,787,110
Pirkanmaa	Tampere	13%	299	546,075
Ostrobothnia	Vaasa	9%	201	178,865
Päijät-Häme	Lahti	6%	131	204,651
Southwest Finland	Turku	5%	114	495,135
Kanta-Häme	Hämeenlinna	4%	99	169,301
North Ostrobothnia	Oulu	9%	194	418,318
North Savo	Kuopio	9%	196	248,728
Central Finland	Jyväskylä	5%	123	273,901
Lapland	Rovaniemi	4%	85	176,203
Rest of Finland	-	13%	307	1,142,150
<b>Total</b>		<b>100%</b>	<b>2,266</b>	<b>5,640,437</b>

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

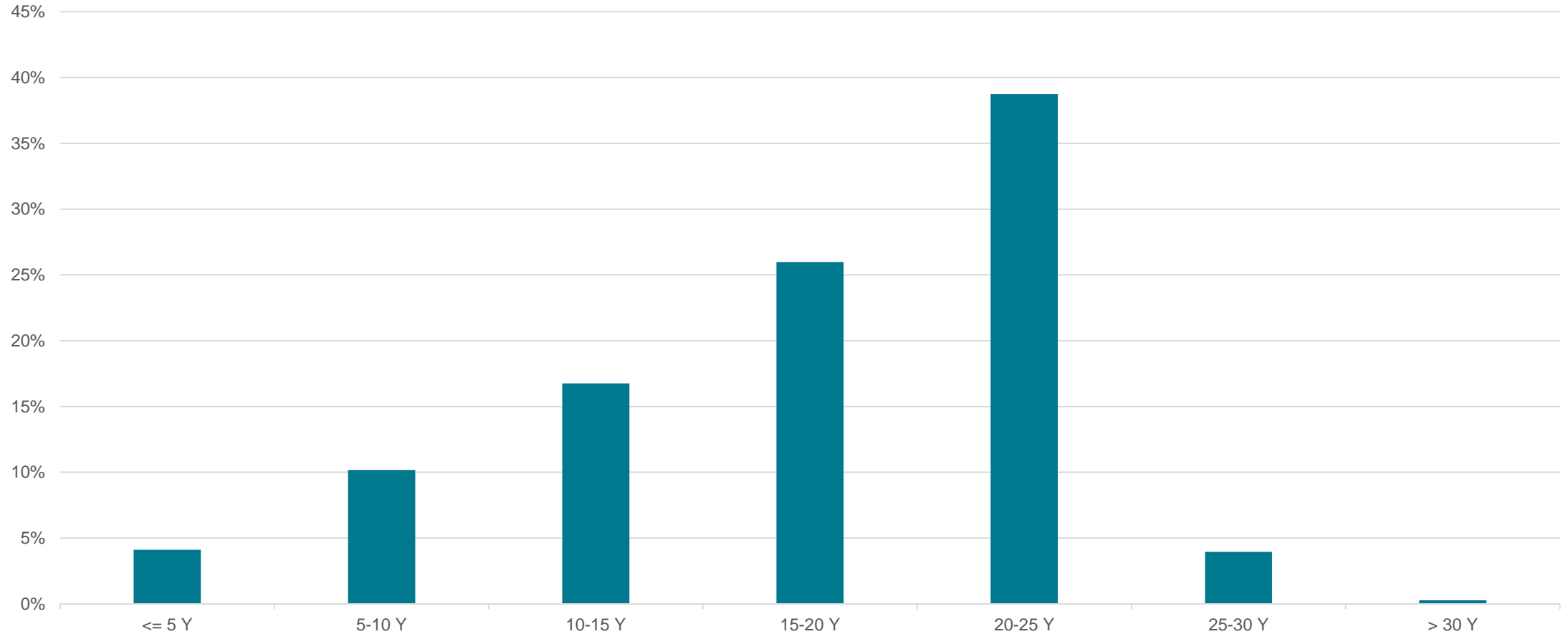


Source: (1) Statistics Finland: Finnish Regional Population March 31, 2025

# UNDERWRITING CRITERIA

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

# SAVINGS BANKS' MATURITY STRUCTURE OF MORTGAGE LOANS AS OF DECEMBER 2024

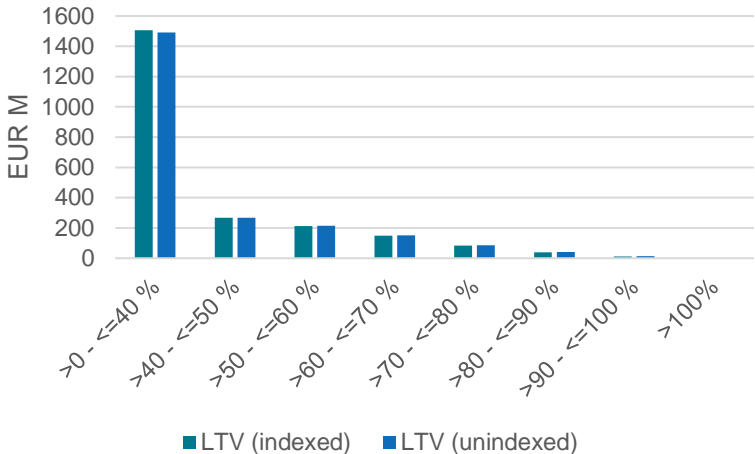


# COVER POOL CHARACTERISTICS AS OF MARCH 2025

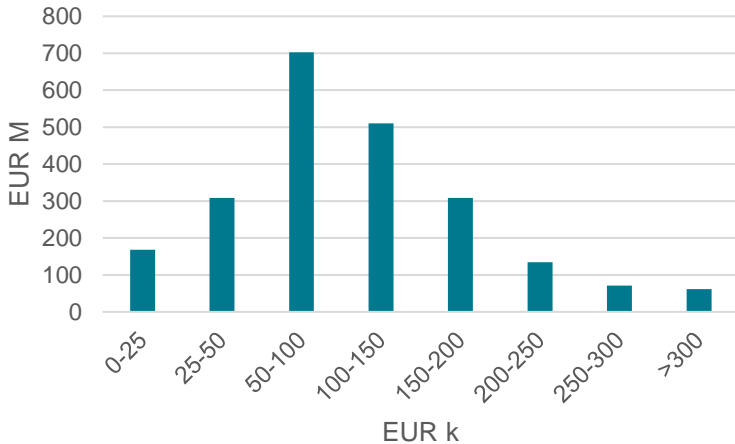
<b>Pool size</b>	EUR 2,265.8 million (nominal), EUR 2,480.6 million (NPV)
<b>Collateral</b>	100% Finnish prime mortgages
<b>Geographical distribution</b>	Throughout Finland, a majority in growth centers and their close proximity
<b>Average loan size</b>	EUR 58,488
<b>Number of loans</b>	38,740
<b>Average LTV (indexed/unindexed)</b>	64.0% / 64.7%
<b>Average seasoning</b>	54.2 months
<b>Non-performing loans / loans in arrears</b>	0 bp / 27 bps (<30days)
<b>Interest base</b>	83.6% variable, 16.4% fixed
<b>Over-collateralization</b>	81.3%

# BREAKDOWN OF THE COVER POOL AS OF MARCH 2025

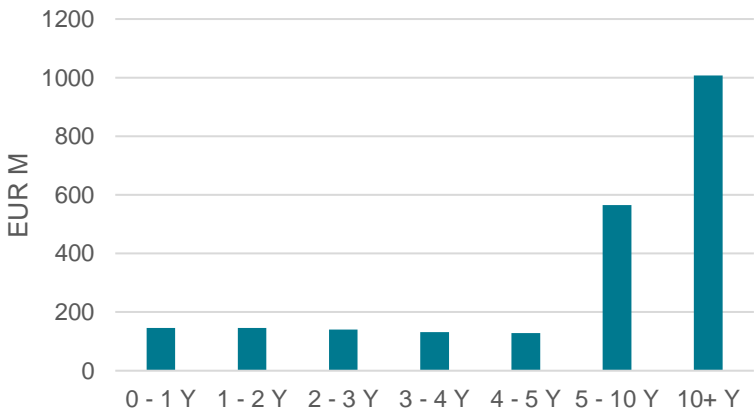
LTV distribution



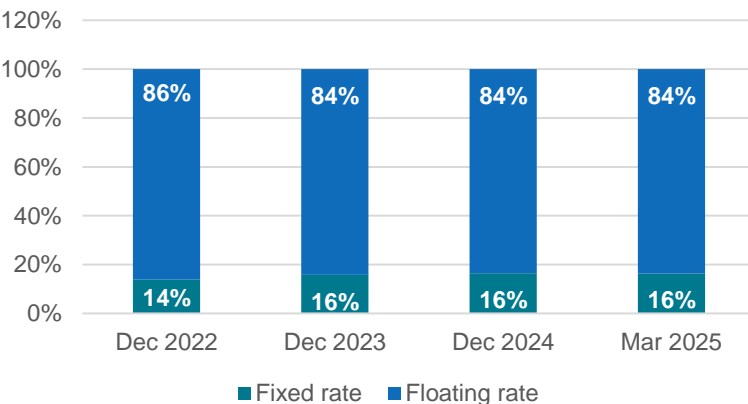
Loan distribution by size



Loan maturity profile



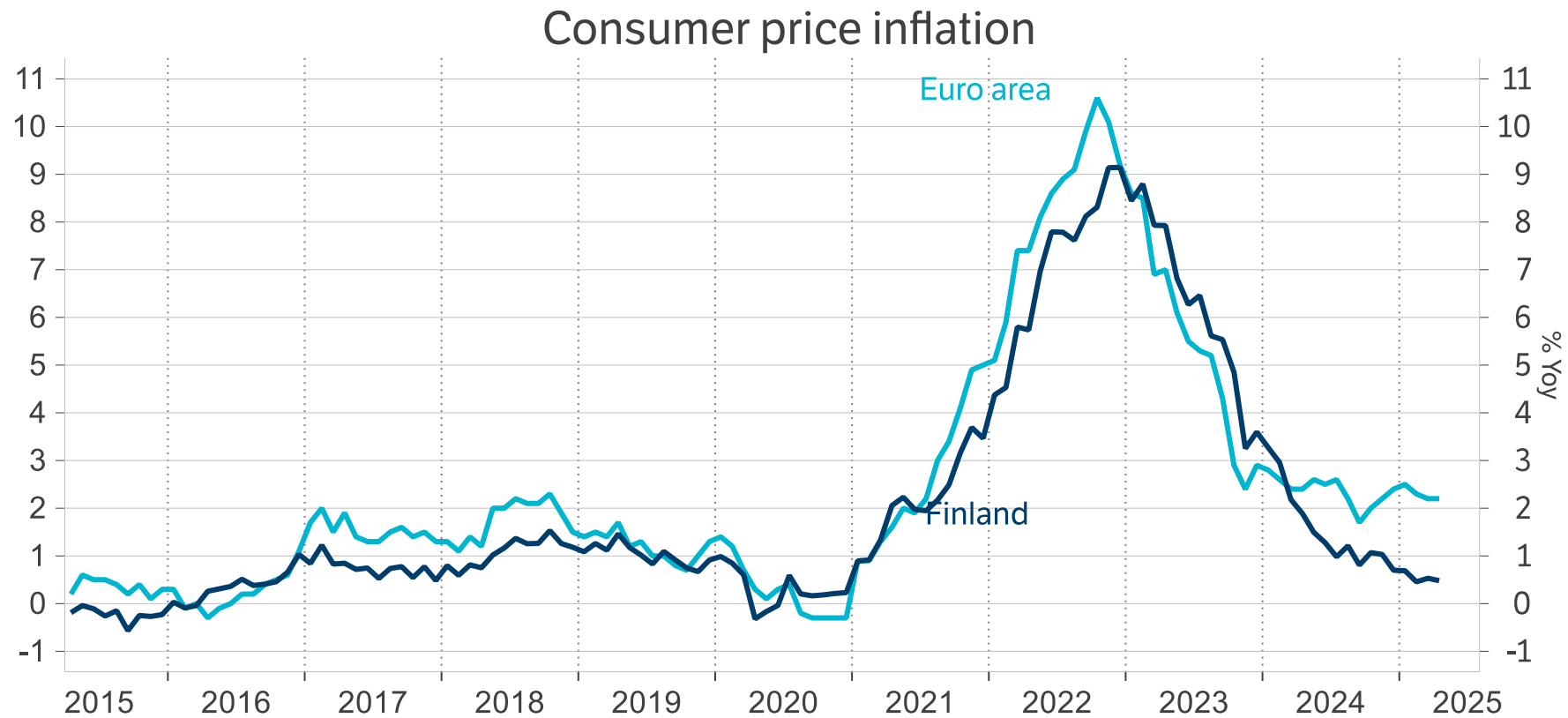
Interest base



**8.**

# **APPENDIX: FINNISH ECONOMY**

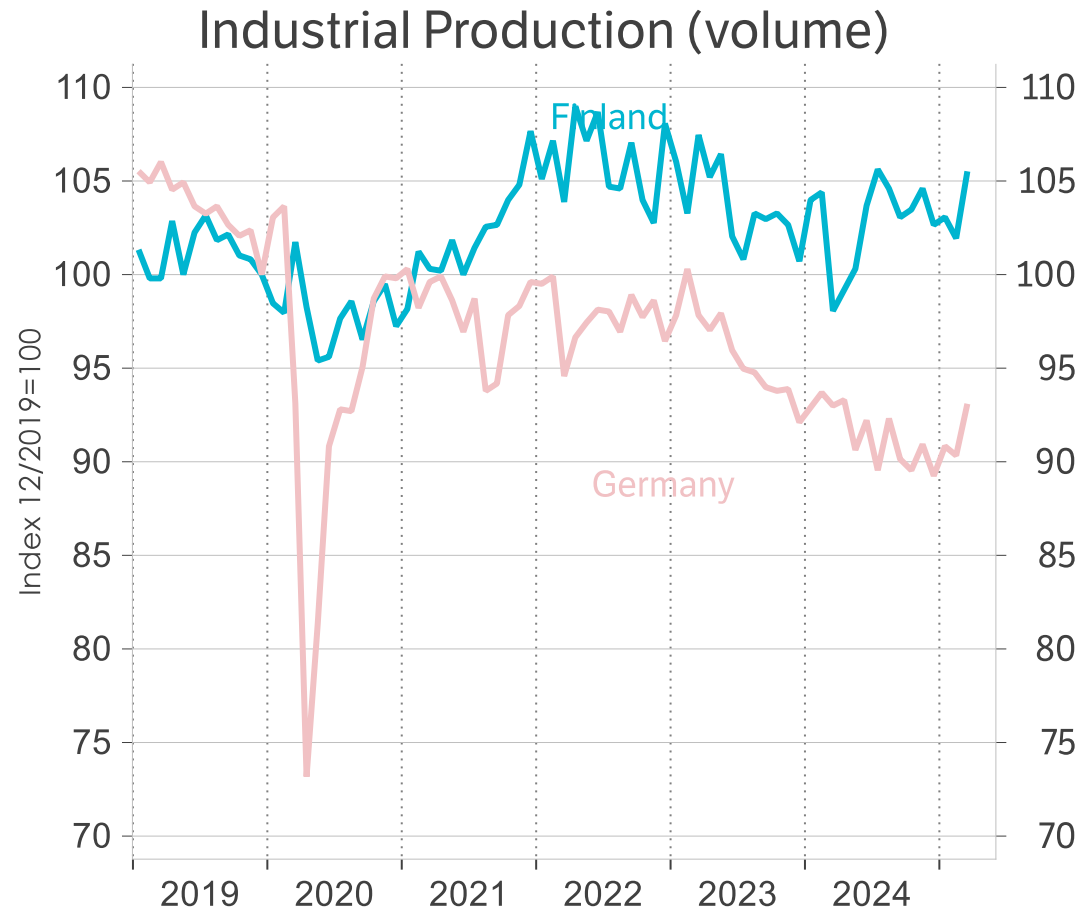
# INFLATION IS ALREADY BELOW TARGET IN FINLAND



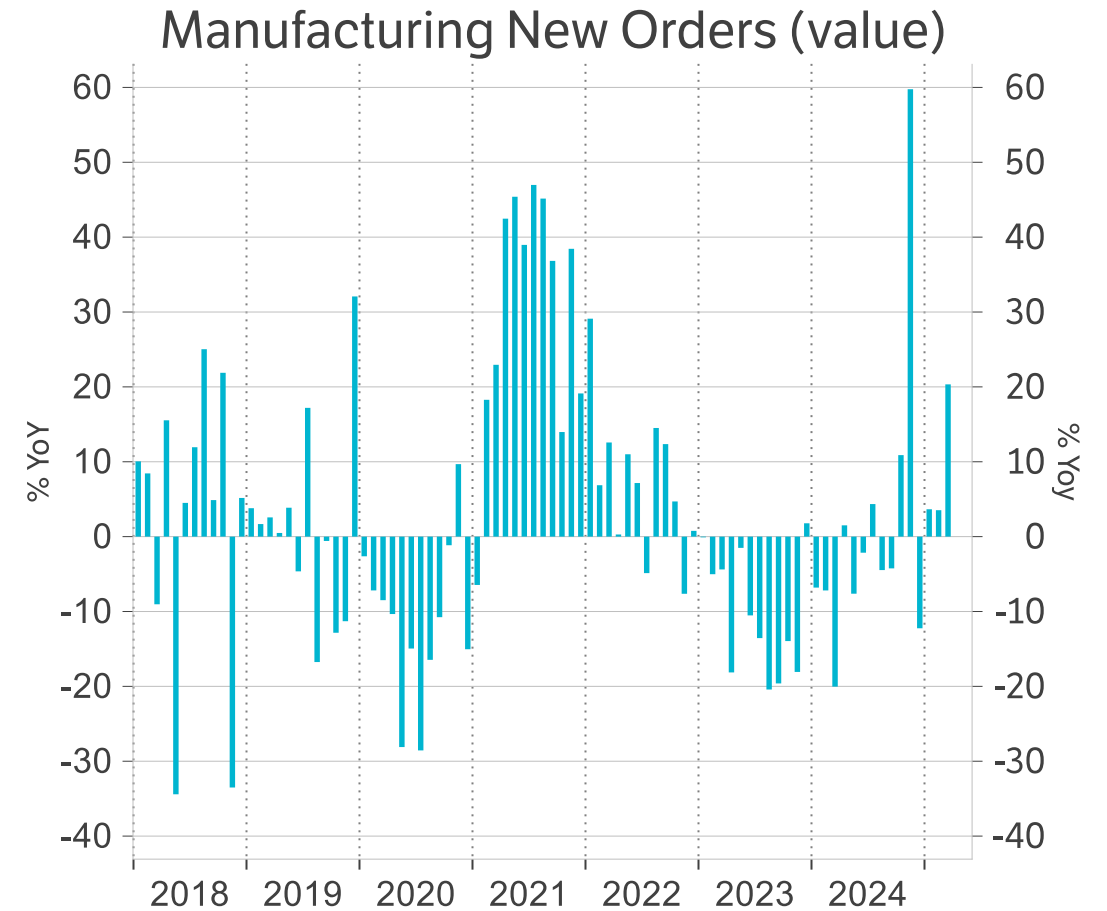
Lähde: Eurostat, BLS, StatFin, SBJ, Macrobond, Savings Bank Group



# THE INDUSTRIAL SECTOR HAS SUFFERED FROM SLUGGISH GLOBAL DEMAND

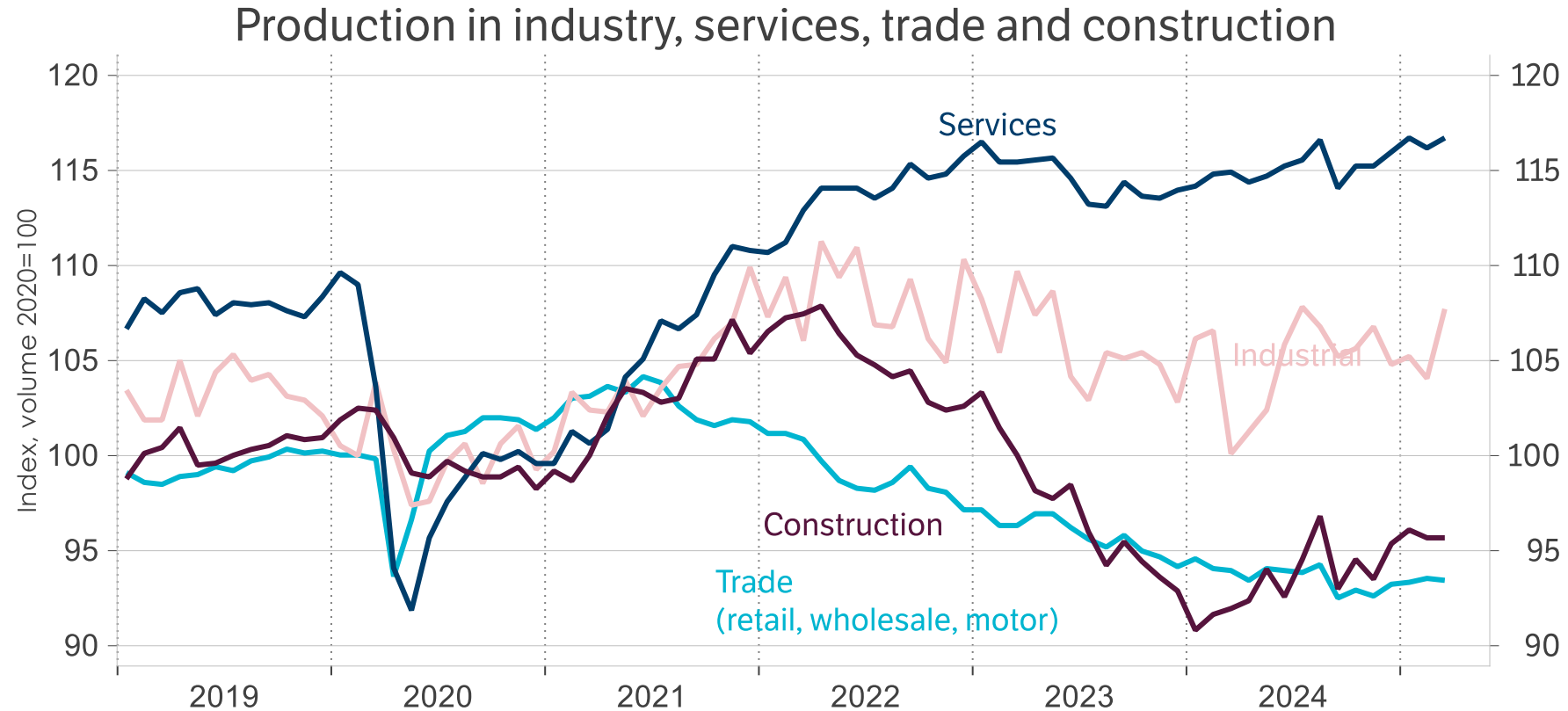


Source: StatFin, DESTATIS, Macrobond, Savings Bank Group



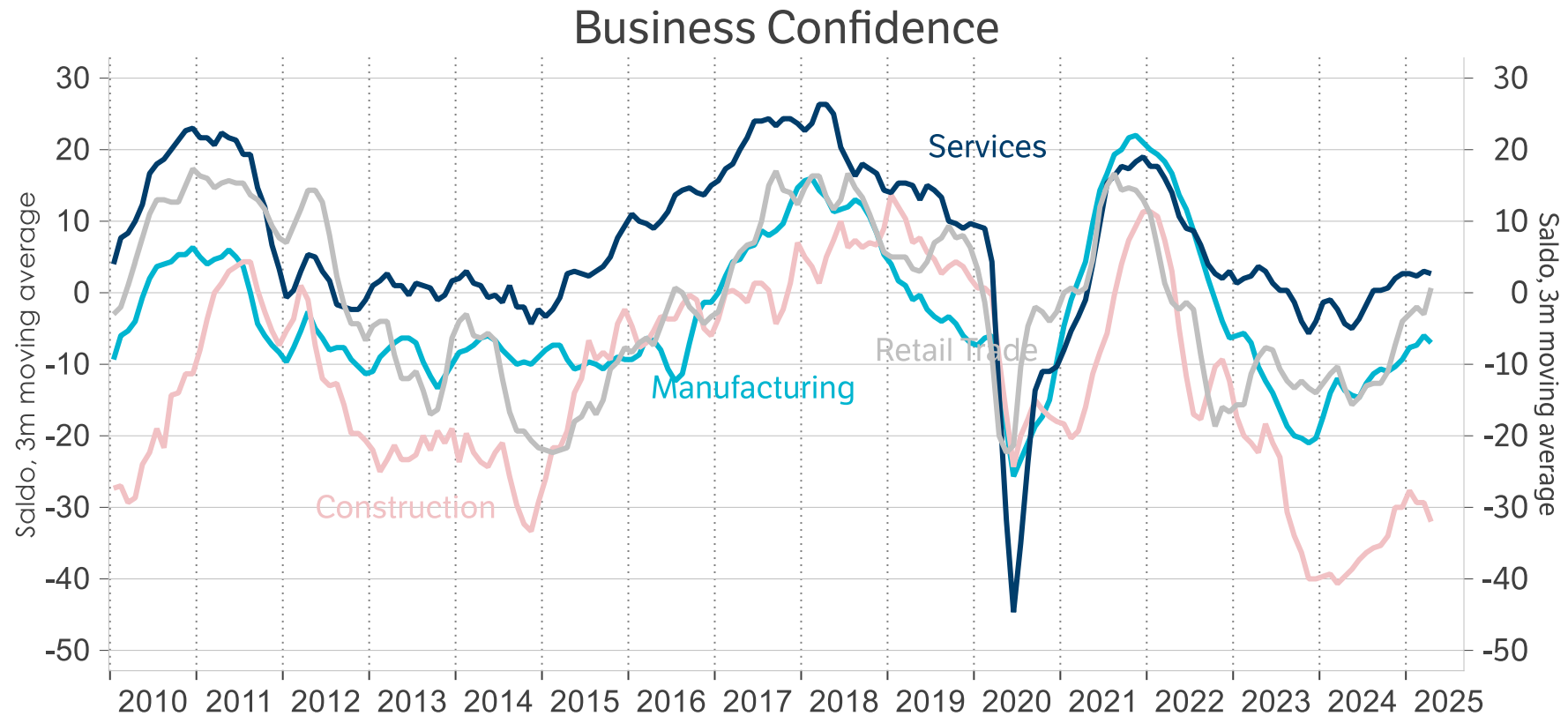
Source: StatFin, Macrobond, Savings Bank Group

# CONSTRUCTION AND TRADE ARE SUFFERING, SERVICES ARE DOING BETTER



Source: StatFin, Macrobond, Savings Bank Group

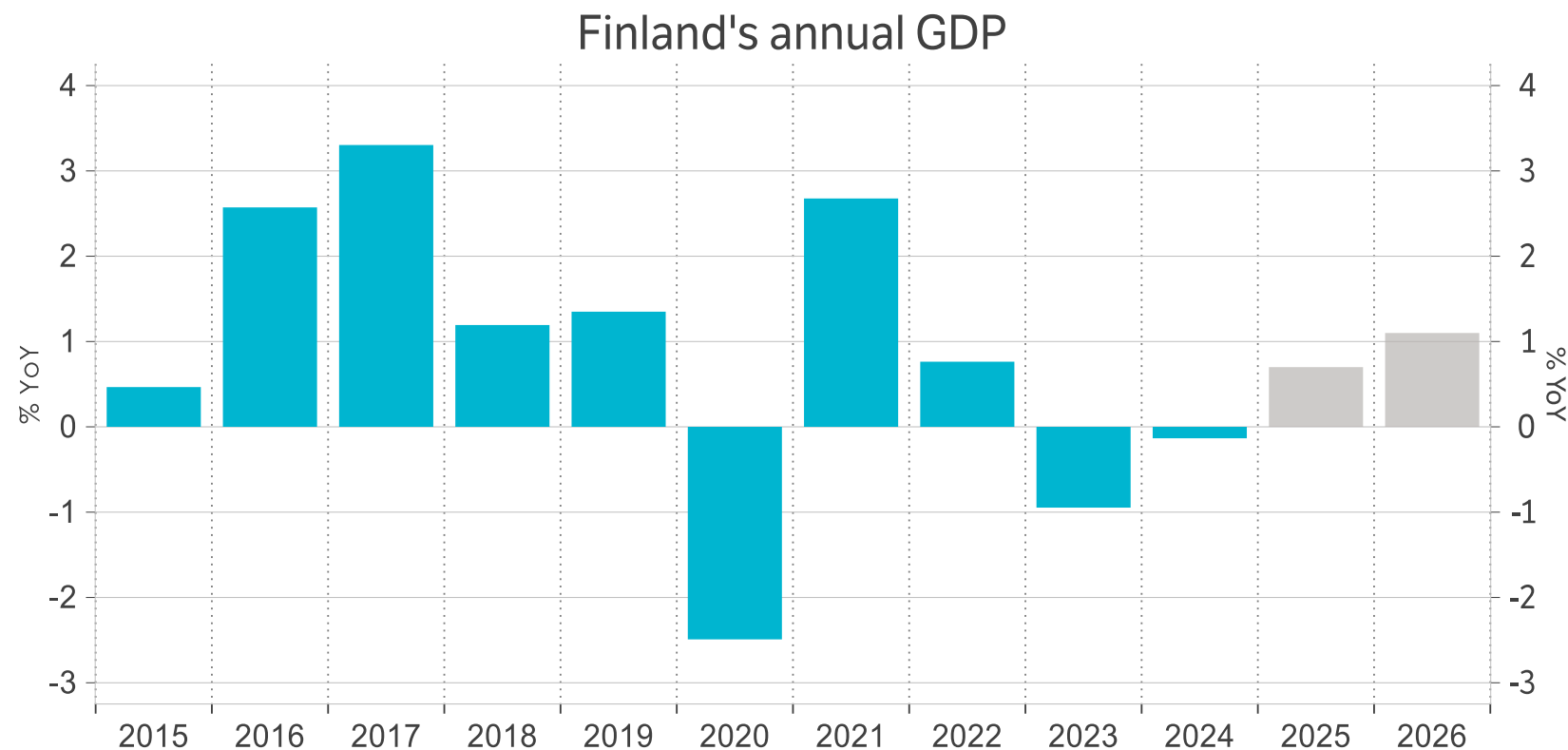
# BUSINESS CONFIDENCE IS RECOVERING



Source: EK, Macrobond, Savings Bank Group

# FINNISH ECONOMY HAS STARTED TO RECOVER

- DUE TO TARIFFS & UNCERTAINTY WE HAVE HALVED OUR 2025 FORECAST



source: StatFin, Macrobond, Savings Bank Group

## Savings Banks Group's Forecasts

January 2025:

2024e: -0.2%

2025e: 1.4%

2026e: 1.7%

April 2025:

2024: -0.1%

2025e: 0.7%

2026e: 1.1%

# CONTACT DETAILS

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

**THANK YOU!**