SAVINGS BANKS GROUP'S RELEASE OF FINANCIAL STATEMENTS

31.12.2023

Savings Bank

TABLE OF CONTENTS

SAVINGS BANKS GROUP'S RELEASE OF FINANCIAL STATEMENTS

1.1. – 31.12.2023

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

Karri Alameri
Chief Executive Officer

The year 2023 began in an uncertain economic climate. There were fears that the energy crisis would lead to a recession, particularly in Europe. The sharply increased interest rate level was also expected to dampen economic growth, and indeed it had a substantial impact on the Finnish economy.

According to our Savings Barometer, financial distress experienced by households increased in 2023. However, thanks to inflation levelling off and wage increases being larger than usual, the situation began to ease towards the end of the year, and consumer purchasing power turned to an increase. The number of bankruptcies grew steadily in Finland as the year went on, and the difficult situation in the construction sector and its spill-over effects were apparent in the second half of the year.

The customer business of the Savings Banks Group developed favourably, and profit performance was excellent. Our profit before tax increased to EUR 135.5 million, driven by the rise the general interest rate level and our good cost control. While the demand for mortgages declined, we strengthened our market position and our loan portfolio grew by 5.7% to EUR 9.5 million. In spite of uncertainty in the investment markets, the net subscriptions of our investment funds were EUR 274 million in the positive, and our market share increased for the fifth consecutive year. In spite of the weakened operational environment, our credit losses remained at a low level among both corporate customers and households. Our capital adequacy (CET1) improved during the year and was 19.5%. The Savings Banks Group will continue to be a financially stable, trustworthy and professional partner for its customers.

On 20 October 2023, 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 customer satisfaction and customer experience of the Savings Banks' private customers improved further in 2023. In EPSI Rating's banking and finance 2023 customer survey, the customer satisfaction of Savings Bank exceeded the industry average by a clear margin in all of the categories.

The survey indicated that the Savings Bank has the best understanding of the needs of private customers in the banking sector. The Savings Banks' Net Promoter Score (NPS) for customer meetings rose to an excellent level in 2023, with the average for the year being as high as 84.7. In December, the customer service of Savings Banks won first place in the Customer Service of the Year 2023 competition.

In autumn 2023, we started a significant business development project that is a concrete step towards the realisation of the Savings Banks Group's digital vision. The project will enable the seamless integration of in-person and digital services, which will be reflected in an increasingly smooth and convenient service experience for both customers and employees. We also launched the first part of the financial wellbeing features to be incorporated into our mobile service to make it easier for our customers to manage their finances.

We also complemented our range of services by launching a new set of Savings Bank Corporate Bank services aimed at SMEs that have grown slightly larger than micro-enterprises. Midway through the year, we enhanced our service offering for corporate customers by launching the Kassavahti deposit funding solution.

Our good customer feedback, improved market position and strong result in 2023 were attributable to our close and long-term cooperation with our customers and our operating environment. This would not have been possible without our highly competent and motivated personnel, and management with a strong commitment to the savings bank ideology throughout the entities that make up the Savings Banks Group. Thank you for your contribution to our shared success now and in the future.

We continued to put the key themes of our sustainability strategy into action in 2023. In the annual Customer Index survey of the Data & Marketing Association of Finland (ASML), the Savings Banks Group was selected as Finland's most sustainable bank and the third-most sustainable company in the study as a whole. We were also ranked in the top three in the financial services industry in the Sustainable Brand Index survey and the private customer category of the EPSI Rating sustainability index. Our sustainability efforts to promote local wellbeing and vitality were reflected in the annual Good Deeds campaign, among other initiatives. In 2023, local Savings Banks and savings bank trusts donated over EUR 2 million to support the wellbeing of children and young people.

The new year has again begun in a climate of uncertainty. In Finland, household purchasing power is increasing and the economic recession is expected to be short-lived. At the same time, high geopolitical tensions create continued uncertainty with regard to the development of energy prices, for example. In the economic outlook, the most significant risk is still inflation and central banks' ability to take action to ensure price stability. If inflation remains moderate, the conditions are in place for a recovery of economic growth in 2024.

Karri Alameri
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, and the subsidiaries and associated companies owned jointly by the banks.

The member companies of the Savings Banks Amalgamation form a financial institution 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, as well as Sp-Fund Management Company Ltd. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy.

Lieto Savings Bank relinquished its membership of Savings Banks' Union Coop and the Savings Banks Amalgamation effective from 1 March 2023. In connection with this, Lieto Savings Bank transferred its entire business to Oma Savings Bank Plc. The business transfer took effect on 28 February 2023. According to the accounting principles confirmed by Savings Banks' Union Coop, Lieto Savings Bank's result for 2023 is included in the Savings Banks Group's result until the date of the demerger. As a result of the exit, the number of savings banks in the Savings Banks Amalgamation and the Savings Banks Group decreased from 15 to 14.

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 ECONOMY

The year 2023 began in a fairly bleak economic climate. There were fears that the energy crisis would lead to a recession, particularly in Europe. It was also expected that the sharply increased interest rates would substantially dampen economic growth.

As it turned out, economies were more resilient than expected in the face of these pressures, and global economic growth slowed less than anticipated. The overall growth of the global economy for the year is likely to be just over 3%, which is under the long-term average. While the energy crisis weakened economic growth in Europe in particular, businesses and households adapted to the circumstances surprisingly well. The rise in interest rates has dampened economic growth, but major problems have been avoided.

There were significant regional differences in economic growth in 2023. Europe was again the weak link and the German economy suffered from the energy crisis in particular. Economic growth in the eurozone as a whole is expected to have been only slightly above zero in 2023, and the eurozone economy likely entered into a recession in the latter part of the year.

The Chinese economy saw brisk growth in early 2023 when COVID-19 lockdowns were finally discontinued. However, the recovery was rather short-lived, and the Chinese central government introduced various stimulus measures late in the year to boost the economy. The growth target of 5% is likely to be achieved for 2023. The real estate sector continues to be a problem in the Chinese economy.

Economic growth in the United States remained surprisingly strong in spite of the higher interest rates. The US economy is expected to have grown by more than 2% in 2023. Household consumption, in particular, has held up in the United States.

Perhaps the most positive economic news in 2023 concerned inflation, which finally began to become more moderate as the year went on. In the eurozone, for example, inflation was above 8% at the start of the year. By November, it had fallen to 2.4%.

The slowing of inflation also enabled central banks to stop interest rate hikes towards the end of the year. In 2024, interest rates are expected to decrease both in the United States and Europe. This will bring relief especially to the Finnish economy, which is highly sensitive to interest rates.

There were negative surprises during the year in the economy as well as in geopolitics. In the spring, a small number of banks in the United States and Europe experienced difficulties. Fortunately, the situation did not escalate into a broader banking crisis. In the autumn, fighting broke out in the Middle East, but the impacts on oil prices, for example, were fairly minimal. While the war in Ukraine continues, its effects on the global economy are minor. However, an escalation of the situation is always possible, which means that political risks remain elevated.

THE INTEREST RATE ENVIRONMENT

In the first half of 2023, short-term interest rates in the eurozone continued to rise, driven by the European Central Bank strongly signaling future interest rate hikes to curb inflation. The 12-month Euribor, which is used as the general reference rate for mortgages, rose by almost one percentage point by mid-year compared to the start of the year. The situation has since stabilised and, from October onwards, short-term interest rates have been on a downward trend. Long-term interest rates also trended downward in the latter part of the year. The reasons include inflation levelling off, weakening economic growth in the eurozone and the likely end of the European Central Bank's interest hike cycle.

On the whole, the development of interest rates in 2023 was strongly supportive of the net interest income of banking operations. However, at the same time, the cost of wholesale funding has increased in both covered bonds and senior loans, which has contributed to hindering the positive development of net interest income.The future development of interest rates will be largely determined by the timing of the European Central Bank's potential interest rate cuts and what the ECB will communicate to the market regarding its future interest rate policy. The relatively steep downward curve of long-term interest rates indicates a decrease of approximately 1.5 percentage points in 2024. If the markets have anticipated too rapid a change, there may be at least a temporary rise in the level of the interest rate curve in 2024.

INVESTMENT MARKETS

In 2023, the attention of the investment markets was focused on the sharp rise in interest rates, which then levelled off in the fourth quarter. The uncertainty in the financial sector in spring 2023 and the challenges faced by the banking sector did not lead to a widespread crisis in the investment markets. Central banks reacted decisively to the situation and, as a result, investor confidence recovered very quickly. Inflation began to show signs of slowing towards the end of the year, which meant that the central banks' rate hike cycle reached a turning point. This was favourably received in the investments markets, with returns rising sharply for both fixed income investments and equities in the fourth quarter. On the whole, 2023 was a much better year for investments than what was anticipated in the early part of the year. As in the previous year, geopolitical risks continued to make headlines. It can be expected that politics and the US presidential election will again have a significant impact on the markets in 2024.

THE FINNISH ECONOMY

The Finnish economy outperformed expectations in early 2023, and the feared recession did not materialise. However, in the second half of the year, economic growth weakened substantially and, according to our assessment, the economy entered a recession.

The increased interest rates have had a particularly significant impact on the Finnish economy. Most loans in Finland are linked to variable interest rates, which means that higher interest rates are reflected in the Finnish economy faster than in many other countries. The increase in interest rates has led to weakness in private consumption and investment, particularly in terms of investments in construction.

For a long time now, households have suffered simultaneously from rising interest rates and high inflation. Household purchasing power declined by a record amount between 2022 and 2023. According to our Savings Barometer, financial distress experienced by households increased in 2023. Consumer confidence also remained well below the long-term average in 2023.

Towards the end of the year, however, the situation began to ease and consumer purchasing power started to rise again. This was due to both the slowing of inflation and the higher-than-usual increases in wages. The employment situation remained fairly good in spite of weakening slightly during the year.

For businesses, 2023 was more difficult than the previous year, and business confidence declined throughout the year. There were large differences between industries. The construction sector was particularly hard hit by the rising interest rates, and construction activity has declined to a significant degree. While industrial production held up, the future outlook deteriorated as the year went on. This was due to the global economic outlook in particular. The service sector still performed fairly well, but the future outlook took a negative turn in that sector as well. The number of bankruptcies rose above the long-term average.

THE HOUSING MARKET IN FINLAND

The housing market slump that began in October 2022 continued in 2023. The main reasons were the rise in interest rates and the low level of consumer confidence. The total housing transaction volume decreased by approximately 27%. The decrease was roughly 24% for old dwellings and approximately 65% for new dwellings. The transaction volumes declined the most in large cities, particularly in the Helsinki metropolitan area.

Transaction volumes increased in November–December, exceeding the figures seen in the corresponding months in 2022. The slight recovery in the housing transaction volume was attributable to the ECB's decision to not raise interest rates for the time being, as well as the transfer tax change that entered into force retroactively on 12 October. The decision scrapped the tax exemption for first-time home buyers effective from 1 January 2024. This led to a substantial increase in transactions by first-time home buyers in the latter part of the year.

The annual change in the prices of old apartments was approximately -4% in the Helsinki metropolitan area and approximately +0.2% in other major cities.

In 2024, we expect the transaction volume for old dwellings to rise by 15% and the prices of old dwellings to increase by 2% at the annual level.

THE SAVINGS BANKS GROUP'S PROFIT AND BALANCE SHEET

THE SAVINGS BANKS GROUP'S FINANCIAL HIGHLIGHTS

(EUR 1,000)	1–12/2023	1–12/2022	1–12/2021*	1–12/2020*	1–12/2019*
Revenue	644,769	386,394	325,979	337,938	362,701
Net interest income	263,761	169,610	152,324	160,967	155,619
% of revenue	40.9%	43.9%	46.7%	47.6%	42.9%
Profit before taxes	135,529	70,903	77,555	66,740	94,807
% of revenue	21.0%	18.3%	23.8%	19.7%	26.1%
Total operating revenue	377,995	305,154	298,715	306,588	321,395
Total operating expenses (excluding depreciations)	-232,492	-218,385	-220,021	-220,157	-219,145
Cost to income ratio	61.5%	71.6%	73.7%	71.8%	68.2%
Impairment losses on loans and other receivables	-9,988	-15,882	-941	-19,760	-8,379
Financial highlights, continuing operations and exit from Savings banks group total:					
Total assets	13,206,415	13,780,287	13,079,096	13,097,063	12,009,105
Total equity	1,137,950	1,178,847	1,190,293	1,155,709	1,118,391
Return on equity %	9.1%	4.7%	6.2%	4.6%	6.9%
Return on assets %	0.8%	0.4%	0.6%	0.4%	0.6%
Equity/assets ratio %	8.6%	8.6%	9.1%	8.8%	9.3%
Solvency ratio %	19.5%	18.7%	19.5%	19.1%	19.1%

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

PROFIT TRENDS, OPERATING ACTIVITIES (COMPARISON FIGURES 1–12/2022)

The Savings Banks Group's financial performance in 2023 was very good. The Savings Banks Group's profit before tax was EUR 135.5 (70.9) million. Profit for the period increased by EUR 64.6 million year-on-year. Higher interest rates significantly increased net interest income. Lieto Savings Bank relinquished its membership of the Savings Banks Group on 28 February 2023. The profit for the review period and comparison period do not include Lieto Savings Bank.

The Savings Banks Group has applied IFRS 17 Insurance Contracts starting from 1 January 2023. The figures for the comparison period adjusted to align with the new reporting standard include significant negative changes in market value, which are presented through profit and loss in net investment income and finance income and expenses of the insurance contracts. The adoption of IFRS 17 and the changes to profit and balance sheet formulas are discussed in more detail in the financial statements in note 2 Basis of preparation, section 2.7 Adoption of new standards and interpretations. The new standards and interpretations are explained in more detail about the introduction of the IFRS 17 standard and the changes to the profit and loss account and balance sheet.

The Savings Banks Group's net interest income was increased by the significant rise in market interest rates. Net interest income increased by 55.5% and amounted to EUR 263.8 (169.6) million. Interest income increased to EUR 478.7 (204.9) million. Interest income from loans and advances to customers amounted to EUR 376.8 (164.1) million. Interest income from loans and advances to credit institutions amounted to EUR 48.2 (6.3) million. Interest expenses increased to EUR 214.9 (35.3) million. Interest expenses associated with derivatives used in the management of interest rate risk increased to EUR 99.6 (10.8) million. Interest expenses from debt securities issued came to EUR 52.4 (15.2) million. Interest expenses from liabilities to customers were EUR 51.5 (5.9) million.

Net fee and commission income came to EUR 126.4 (128.6) million. Fee and commission income amounted to EUR 178.2 (174.5) million. Fee and commission income from IFRS 9 investment contracts amounted to EUR 59.2 (59.5) million. Payment transaction fees came to EUR 49.2 (47.0) million. Fees received for funds amounted to EUR 37.7 (39.7) million and lending commissions totalled EUR 18.3 (20.7) million. Net fee and commission income was reduced by higher fee expenses. Fee expenses increased to EUR 51.8 (46.0) million.

The application of the overlay approach was discontinued in connection with the adoption of IFRS 17, and the investment income from insurance is recognised in full at fair value through profit and loss. Net investment income amounted to EUR -4.1 (-112.6) million. Net income from financial assets at fair value through profit or loss amounted to EUR -15.9 (-10.4) million, including both fair value gains and losses of shares and participations amounting to EUR 6.3 (-11.3) million and net income from hedge accounting, EUR -22.3 (0.8) million. Investment income from investment activities that is recognized in the fair value through profit and loss and the net income from liabilities was EUR 20.8 (-98.6) thousand. Of the net investment income, net income from financial assets at fair value through other comprehensive income amounted to EUR -6.2 (-1.6) million. Most of the net investment income was unrealised changes in the value of financial assets measured at fair value through profit or loss.

The insurance service result was EUR 3.8 (-1.1) million. Insurance premium revenue increased to EUR 18.8 (18.1) million. Insurance service expenses decreased to EUR 14.2 (17.8) million. Actual claims incurred amounted to EUR 13.4 (13.4) million. In the financial year, the write-off of loss-making contracts reduced insurance service costs for EUR 1.8 million, while in the comparison period, loss-making contracts increased insurance service costs EUR 1.9 million.

Following the adoption of IFRS 17, insurance finance income and expenses are disclosed as a separate item on the income statement. The impacts of changes in economic assumptions, such as interest rates, on the value of insurance contract liability, including the change in the fair value of IFRS 17 unit-linked contract liabilities, are recognised in the income statement item. A change in the fair value of investments covering unit-linked contracts is recognised in net investment income. During the financial year, insurance finance income and expenses amounted to EUR -32.8 (75.6) million.

Other operating revenue came to EUR 21.1 (45.0) million. In the comparison period, other operating revenue was increased by EUR 33.9 million by compensation received for the termination of the core banking system renewal project.

The Savings Banks Group's total operating revenue increased by 79.0% and amounted to EUR 410.8 (229.5) million. Revenue was increased by the year-on-year growth of net interest income.

The Savings Banks Group's operating expenses decreased by 6.5% to EUR 232.5 (218.4) million. Following the adoption of the IFRS 17 standard, part of operating expenses are capitalised in the calculation of insurance contract liabilities. The operating expenses capitalised in the calculation of insurance contract liabilities during the financial year were EUR 13.9 (12.2) million.

Personnel expenses increased by 8.3% and amounted to EUR 94.3 (87.0) million. The number of personnel on 31 December 2023 was 1,350 (1,268).

Other operating expenses increased to EUR 126.8 (110.9) million. Other administrative expenses came to EUR 96.5 (83.9) million. ICT expenses increased to EUR 52.3 (46.0) million. The increase in ICT expenses was attributable to strategic development investments as well as the rising costs of continuing services.

Depreciation, amortisation and impairment on property, plant and equipment and intangible assets decreased to EUR 11.5 (20.5) million. Depreciation, amortisation and impairment for the comparison period was increased by impairment of EUR 7.6 million recognised on intangible assets capitalised on the balance sheet in connection with the core banking system renewal project.

The Group's cost to income ratio was 61.5% (71.6%).

A total of EUR 10.0 (15.9) million was recorded in impairments of financial assets. These impairments had a negative effect on the Savings Banks Group's profit and loss, and they include the change in expected credit losses for loans granted to customers and off-balance sheet commitments and expected credit losses in other financial assets, final credit losses and credit loss recoveries. The change in expected credit losses recognised during the financial year reduced impairment by EUR 3.1 million. Of the change in expected credit losses, EUR 5.9 million concerned credit and other advances, and EUR 2.8 million concerned other financial assets. Net credit losses realised during the financial year totalled EUR 6.9 (5.6) million, and they concerned loans and other advances.

The Savings Banks Group's effective income tax rate was 22.2% (20.8%).

BALANCE SHEET AND FUNDING (COMPARISON FIGURES 31 DECEMBER 2022)

The Savings Banks Group's balance sheet total was EUR 13.2 (13.8) billion at the end of the financial year. The exit of Lieto Savings Bank from the Savings Banks Group on 28 February 2023 reduced the Savings Banks Group's balance sheet total for the financial year. Lieto Savings Bank is presented in assets and liabilities withdrawing from the Savings Banks Group. Another significant change was associated with the adoption of IFRS 17 Insurance Contracts, which affected the presentation method of the balance sheet. Life insurance assets are presented as part of investment assets and other assets. Life insurance liabilities are presented as liabilities related to insurance contracts and financial liabilities at fair value through profit or loss.

Loans and advances to customers amounted to EUR 9.5 (9.0) billion, representing a year-on-year increase of 5.7%. Loans and advances to credit institutions amounted to EUR 179.1 (205.0) million. The Savings Banks Group's investment assets amounted to EUR 895.2 (926.9) billion. Cash and cash equivalents remained at the year-end level, amounting to EUR 1.4 (1.2) billion. Investments covering unit-linked insurance policies amounted to EUR 908.4 (855.4) million.

The Savings Banks Group's liabilities to customers totalled EUR 7.0 (7.0) billion. Liabilities to credit institutions came to EUR 620.9 (450.9) million. Debt securities issued amounted EUR 2.9 (2.8) billion. Insurance-related liabilities remained at the year-end level, amounting to EUR 571.4 (571.3) million. Liabilities for unit-linked contracts came to EUR 420.4 (373.0) million.

The Savings Banks Group's equity amounted to EUR 1.1 (1.2) billion. The share of non-controlling interests of the Group's equity was EUR 1.2 (1.4) million. The change in the fair value recognised in other comprehensive income was EUR 24.5 (-62.4) million during the review period. The Savings Banks Group's return on equity was 9.3% (4.7%).

The quality of the Savings Banks Group's credit portfolio is good and most credit is secured. The Savings Banks Group does not have significant risk concentrations in the sectors that have been particularly hard hit by the COVID-19 pandemic or the war in Ukraine. The expected credit loss allowance on loans and advances on the balance sheet at the end of the financial year amounted to EUR 50.4 (31 December 2022: 44.5) million, or 0.49% (31 December 2022: 0.46%) of loans and advances. The Savings Banks Group's non-performing receivables remained at a moderate level at 2.3% (31 December 2022: 2.1%) of loans and advances.

CAPITAL ADEQUACY AND RISK POSITION

Capital adequacy (comparison figures 31 December 2022)

At the end of December 2023, the Savings Banks Amalgamation had a strong capital structure, consisting almost entirely of CET1 capital. Total own funds were EUR 1,034.4 (1,090.5) million, of which CET1 capital accounted for EUR 1,031.4 (1,090.5) million. The Savings Banks Amalgamation does not have additional Tier 1 capital. Tier 2 (T2) capital amounted to EUR 3.0 (0.03) million, consisting of debentures in the financial year. Risk-weighted assets amounted to EUR 5.302.2 (5,837.3) million, a decrease of 9.2% compared to the end of the previous year. The capital ratio of the Savings Banks Amalgamation was 19.5% (18.7%), and the CET1 capital ratio was 19.5% (18.7%). The decrease in own funds and risk-weighted receivables relative to the end of 2022 is attributable to Lieto Savings Bank exiting the Savings Bank Amalgamation. During the period under review, capital adequacy was improved by the profit for the period, the increased value of investment portfolio items measured through comprehensive income, and the moderate growth of the credit portfolio.

COMBINED CAPITAL REQUIREMENT, %

31.12.2023	Minimum requirement	Pillar 2 (SREP)-requirement	Capital conservation buffer	Countercyclical capital buffer	Combined capital requirement
CET1	4.50	0.84	2.50	0.05	7.89
AT1	1.50	0.28			1.78
T2	2.00	0.38			2.38
Total	8.00	1.50	2.50	0.05	12.05

The capital requirement of the Savings Banks Amalgamation was EUR 638.8 (702.0) million. The composition of the capital requirement is shown in the table below. The capital requirement of the Savings Banks Amalgamation consists of the 8% minimum capital requirement laid down in the

Capital Requirements Regulation, a discretionary additional Pillar II capital requirement imposed by the Financial Supervisory Authority, a fixed additional capital requirement pursuant to the Act on Credit Institutions and the country-specific countercyclical capital requirements of foreign exposures.

The Pillar II capital requirement imposed by the Financial Supervisory Authority on the Savings Banks Amalgamation is 1.5% (1.25%). 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.

In March 2023, the Financial Supervisory Authority decided to set a systemic risk buffer requirement of 1.0% for the Savings Banks Amalgamation. The decision will enter into effect on 1 April 2024.

In 2023, the Financial Supervisory Authority did not impose a countercyclical capital buffer requirement, which may range from 0 to 2.5% of the risk-weighted exposure amounts. The Financial Supervisory Authority has not set additional capital requirements, so called O-SII buffers, for the Savings Banks Amalgamation.

The 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 Finnish 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 Section 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 to the credit risk of the Savings Banks Amalgamation. The capital requirement to the operational risk is calculated by the basic method. The capital requirement relating to market risk is calculated by the basic method for the foreign exchange exposure if the total net foreign exchange position is over 2% of the aggregate amount of 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), which will implement the final Basel III regulation 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)	**31.12.2023**	**31.12.2022**
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,089,412	1,138,741
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-55,909	-48,237
Common Equity Tier 1 (CET1) capital	1,031,404	1,090,504
Tier 1 capital (T1 = CET1 + AT1)	1,031,404	1,090,504
Tier 2 (T2) capital before regulatory adjustments	3,015	28
Tier 2 (T2) capital	3,015	28
Total capital (TC = T1 + T2)	1,034,419	1,090,533
Risk weighted assets	5,302,169	5,837,252
of which: credit and counterparty risk	4,642,885	5,237,903
of which: credit valuation adjustment (CVA)	37,250	23,115
of which: market risk		
of which: operational risk	622,034	576,235
Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.5%	18.7%
Tier 1 (as a percentage of total risk exposure amount)	19.5%	18.7%
Total capital (as a percentage of total risk exposure amount)	19.5%	18.7%
Capital requirement		
Total capital	1,036,517	1,090,533
Capital requirement total*	638,827	702,048
of which: Pillar 2 additional capital requirement	79,533	87,559
Capital buffer	397,691	388,485

* 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 8.4% (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 ratio exposure measure. The Savings Banks Amalgamation monitors excessive indebtedness as part of the ICAAP process.

LEVERAGE RATIO

(EUR 1,000)	31.12.2023	31.12.2022
Tier 1 Capital	1,031,404	1,090,504
Total leverage ratio exposures	12,376,045	13,194,516
Leverage ratio	8.3%	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 effective 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 May 2023, the Financial Stability Authority decided to set a minimum requirement for own funds and eligible liabilities (MREL requirement) for the Savings Banks Amalgamation and Sp Mortgage Bank Plc. The requirement pursuant to the previous decision is valid until 31 December 2023. The requirement does not apply to the member credit institutions or the Central Bank of Savings Banks.

The MREL requirement is by nature a Pillar 2 type minimum requirement that must be met continuously. According to the decision of the Financial Stability Authority, the MREL requirement applied to the Savings Banks Amalgamation is 19.49% of the total risk exposure amount or 5.91% of the total exposures, whichever is higher, until 31 December 2023, and effective from 1 January 2024, the MREL requirement is 20.53% of the total risk exposure amount or 7.74% of the total exposures, whichever is higher.

The MREL requirement applied to Sp Mortgage Bank Plc is 14.4% of the total risk exposure amount or 5.1% of the total exposures, whichever is higher, until 31 December 2023, and effective from 1 January 2024, it is 15.72% of the total risk exposure amount or 5.91% of the total exposures, whichever is higher. In addition to the requirement calculated on the basis of overall risk, the institution-specific capital buffer requirement 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 good, 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 central part of the Group's operative activities. It is the responsibility of the Central Institution to guide 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 risk control function maintains and develops methods for managing risks within the Central Institution. This ensures that all, even new, fundamental but previously unidentified risks are covered by the risk management of the Group's business lines.

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

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 provided with information on various risks and their levels. The Board of Directors also approves authorisations and frameworks for the desired level of risk-taking by specifying the permitted risk thresholds for different types of risks 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 Savings Banks Group's financial statements, in note 5.

CREDIT RATINGS

On 20 October 2023, 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 fund-raising of the Savings Banks Group. The Central Bank raises funds and operates in the money and capital markets on behalf of the Group, manages settlements and the internal balancing of the Group's liquidity.

SUPERVISORY BOARD, BOARD OF DIRECTORS AND AUDITORS

The Savings Banks' Union Coop General Meeting elects 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 9–35 members.

During the year under review, 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). The deputy chairmen were Arto Seppänen (chairman of the Board of Directors of Someron Säästöpankki) 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.

In 2023, the following persons have been members of the Board of Directors of Savings Banks' Union Coop:

Pirkko Ahonen, chairman (Aito Säästöpankki Oy)
Jari Oivo, deputy chairman (Myrskylän Säästöpankki)
Ulf Sjöblom (Tammisaaren Säästöpankki Oy)
Tuula Heikkinen (independent of Savings Banks)
Eero Laesterä (independent of Savings Banks)
Heikki Paasonen (Säästöpankki Optia)
Hannu Syvänen (Säästöpankki Sinetti)
Simo Leisti (independent of Savings Banks)
Veli-Pekka Mattila (Länsi-Uudenmaan Säästöpankki Oy)

The Board of Directors of Savings Banks' Union Coop has a quorum when more than half of the members are present. The Board of Directors of Savings Banks' Union Coop was elected at the annual general meeting of the Savings Banks' Union Coop cooperative on 16 March 2023.

The Managing Director of the Savings Banks' Union Coop is Karri Alameri.

At the annual general meeting of the Savings Banks' Union Coop cooperative on 16 March 2023, KPMG Oy Ab, Authorised Public Accountants, was elected as the auditor of Savings Banks' Union Coop. The chief auditor designated by the firm is Mikko Kylliäinen, Authorised Public Accountant.

NON-FINANCIAL REPORTING

TFinancial wellbeing has been an important element of Savings Bank 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 purpose of the Savings Banks Group is to responsibly promote the financial wellbeing and prosperity of its customers. We help our customers take care of their finances, prepare for a rainy day, save and prosper.

In our customer service, the emphasis is on expertise, convenience and having a human, personal touch in the way we serve all of our customers – in digital services, in our offices and on the phone. We want to provide our customers with the best combination of in-person and digital services, which is evident in the excellent Savings Bank Experience that we are known for.

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 the Group operates in almost 100 locations. Our business operations are based on low-risk retail banking. In addition, we offer investment, real estate agency and insurance services. Our strategic goal is to grow profitably and sustainably by responding to our customers' needs with a diverse range of services and by increasing the number of long-term customers. Particular growth areas include small-business and entrepreneur customers and Asset Management Services. In our operations, we combine strong customer-drivenness and customer insight with operational efficiency and close cooperation within the Group. The cornerstones of our business are the Savings Banks Group's values – customer-drivenness, cooperation, responsibility and performance.

MANAGING SUSTAINABILITY

Responsibility has been an integral part of our operations and culture for over 200 years. We want to operate in an ethically sustainable manner observing the principles of good corporate governance, openness and the Savings Banks Group's Code of Conduct. The key management practices are described in the Savings Banks Group's principles for reliable management and internal control. The activities of the Savings Banks Group comply with the provisions of current legislation, orders issued by the authorities, good banking practice regulations and trading instructions approved by Finance Finland, as well as the Savings Banks Group's principles for reliable management and internal control along with other internal guidelines. The key guidelines and management tools for sustainability are the Savings Banks Group's sustainability strategy roadmap and policy. The personnel's awareness of the key internal guidelines is ensured with regular training. Compliance with the guidelines is monitored with different internal control methods.

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-related matters, such as economic, social and environmental responsibility and sustainability risks, are reviewed in accordance with the management model two to three times a year by the Management Group of the Savings Banks' Union Coop and at least two times a year by the Board of Directors of the Savings Banks' Union Coop. The Audit Committee presents sustainability-related matters to the Board of Directors of the Savings Banks' Union Coop for discussion, and the Risk Committee reviews and approves the estimates, targets and limits of ESG (environmental, social, governance) risks and opportunities once per year as part of other risk reviews. In 2023, sustainability was highlighted as one of the Savings Banks Group's spearhead projects, and a steering group was established for the project.

The basic pillars of managing sustainability

The five main themes of the Savings Banks Group's sustainability strategy are responsibility for the customer's financial wellbeing and the wellbeing of the community, sustainable financing and products, sustainable growth and good corporate governance, and responsibility for the environment and the climate.

With regard to the main themes of the strategy, we aim to: Promote a positive Savings Bank experience and secure digitalisation with our financial wellbeing solutions. Increase the share of green assets and sustainable investments. Develop the management culture and employee experience of our work community. Prevent discrimination and harassment. Support local microenterprises and SMEs. Promote responsibility in our partnerships. Grow with capital adequacy and operate ethically. Reduce our ecological footprint and increase our positive environmental impacts in our own operations and value chain. With regard to the environment and the climate, our aim is, if the operating environment allows, to make investments carbon neutral by 2050, and to set environmental, social and governance (ESG) targets that support the climate for funding in 30% of business loans in selected sectors. With regard to residential and commercial real estate loans, the Savings Banks Group aims, if the operating environment allows, to be carbon neutral by 2050 and to be carbon positive in the locations' own operations (scope 1–2) by 2035. Carbon positive means that more carbon dioxide is removed from the atmosphere than is emitted. We will discuss the implementation of the sustainability strategy in more detail as part of our sustainability reporting for 2023.

The main themes of the sustainability strategy are based on the Savings Banks Group's key sustainability themes and sustainability roadmap, which sets out the Group's sustainability actions and their schedule for 2023–2024. The roadmap actions are updated approximately once a year. The Savings Banks Group also has a sustainability policy that defines the scope and basic principles of the Savings Banks Group's sustainability efforts.

Material sustainability themes

The reporting on the Savings Banks Group's material sustainability themes is based on the materiality analysis, the purpose of which is to identify the key sustainability aspects of the Savings Banks Group and its stakeholders. The materiality analysis is based on a survey conducted among the personnel, management and other stakeholders regarding the materiality of impacts, and the Savings Bank Centre's management group's assessment of financial materiality. The Savings Banks Group's three most material sustainability themes from the perspective of stakeholders, identified on the basis of the materiality analysis, are as follows: understanding customer needs and developing expertise as part of financial wellbeing, the customer's data protection, information security and physical security, and sustainability in the principles and practices that guide business operations, including good corporate governance, risk management and the prevention of money laundering and corruption. The aforementioned themes are among the basic prerequisites of banking operations and they constitute the foundation for the Savings Banks Group's sustainability, which must be solid under all circumstances.

Examples of the other material sustainability themes identified in our materiality analysis included responsible and sustainable financing: lending, investing and solutions; wellbeing at work, equality and diversity, good management, company culture and highly competent personnel, promoting the wellbeing, growth and financial literacy of customers, and climate change mitigation and adaptation. The material sustainability themes are discussed in more detail in the Savings Banks Group's Sustainability Report. We reviewed our materiality analysis in 2023 and decided to review it again in 2024.

We have annually monitored the following indicators, for instance, with regard to the most material sustainability themes. To monitor customer satisfaction, we use the Net Promoter Score (NPS) for customer meetings, which was 84.8 (target: 80) in 2023, and the resolution rate by phone, which was for for private customers customer service 82% and for corporate customer service 81% (target 85%). With regard to the principles guiding responsible business conduct, we measure the proportion of regularly monitored compliance training (customer due diligence and the prevention of money laundering and terrorist financing, data protection, information security, and Code of Conduct), which varied depending on the training between 85.0-91.4.% in 2023. With regard to data protection and information security, we monitor the use of our information networks and systems, and any identified deviations are addressed immediately and communicated to the relevant parties in accordance with the applicable laws and regulations. The information security breaches that have occurred thus far have not posed a significant risk to our customers. We have avoided serious data breaches and, for example, phishing attempts against our employees.

We also monitor other indicators in accordance with our sustainability strategy. Examples of these include the capital ratio, which reflects CET1 capital and was 19.5% (target: at least 18.0%). The sum of Savings Bank funds and insurance baskets compliant with the selected UN Sustainable Development Goals at least 25%, which was met for 100% of investment products (target at least 85%) in 33 fund of Saving Bank and 7 insurance baskets managed by the Sp-Fund Management Company , the increase in the percentage of companies committed to the Paris Agreement and science-based targets in customer assets managed by the Sp-Fund Management Company, if the operating environment permits, which was 38.3%, and the carbon footprint of the electricity consumption of offices, which was 12.4% higher than in the previous year due to the cold winter and energy sources during the energy crisis, as the energy intensity of the facilities per surface area nevertheless decreased (target -50% compared to 2021, to be achieved by the end of 2030 at the latest). The adoption of responsible corporate guarantees/loans was one of our performance indicators, and we will continue our efforts in that area in 2024. In addition, a new performance indicator related to the work community, which reflects the employees' willingness to recommend the Savings Banks Group as an employer (eNPS, employee Net Promoter Score), was identified as a new indicator for the sustainability strategy, and plans are in place to incorporate it into the sustainability strategy in early 2024. We also report on the carbon dioxide intensity of the funds, insurance-type investment products and Savings banks own investments managed by the Savings Bank, which is discussed in more detail in the section on environmental responsibility in the Sustainability Report.

The Savings Banks Group's Sustainability Report 2023 is published in Finnish and English. The report illustrates how sustainability is reflected in the day-to-day work and actions of everyone at Savings Banks. The Savings Banks Group published its first GRI report on 20 June 2019. With regard to the reporting principles, the Savings Banks Group applies the GRI (Global Reporting Initiative) Standards guidelines (GRI-Core), taking into account the compliance of the guidelines with the SASB (Sustainability Accounting Standards Board) framework.

PROMOTING SOCIAL WELL-BEING LOCALLY

Savings banks have been an important part of Finnish society for over 200 years now, and we still have an important duty. According to our mission, savings banks promote saving and their customers' financial wellbeing close to the customer. Customers need a reliable and close partner for their financial matters to help them create a better everyday life and future. The increased prosperity and welfare of our customers are reflected in the Savings Banks Group and in the entire society. It is important to Savings Banks Group that towns, villages and communities in Finland retain their vitality and positive development trends. From the very beginning, Savings Banks have directed a proportion of their profits to enhancing welfare within their operating areas. Rather than making major one-off donations, Savings Banks prefer to give their support to several good, local projects. In recent years, Savings Banks have called on their customers to help with their mission. For example, customers can propose Finnish recipients for donations for the annual Good Deeds campaign.

The 2023 Good Deeds responsibility campaign saw local Savings Banks and savings bank trusts donate over EUR 2 million to hundreds of different charities. The well-being of children and young people was emphasised in the donations. The donations supported children's hobbies through sports clubs, as well as the mental health of children and young people. Donations were also made to Save the Children Finland by participating in their Christmas fundraising, and part of the donation was also directed at families suffering from the crisis in Gaza.

The Savings Banks Research Foundation granted scholarships to university researchers and study projects totalling EUR 65,000 in 2023. In addition, the savings bank trusts that own Savings Banks, structured as limited liability companies, have made significant charitable contributions in various parts of the country.

PERSONNEL AND EXPERTISE

The Savings Banks Group adheres to the principles of corporate governance, openness and the Group's ethical rules. The employees have a responsibility to ensure that customers receive information in accordance with good business conduct and know the consequences of their financial decisions, including any loss risks. Complaints by existing and former customers are handled without delay and in a fair manner, in compliance with the applicable laws and regulations. Communication to all target groups is open, truthful and unbiased. Employees focus on providing clear and transparent information to customers.

At the end of 2023, the Savings Banks Group had 1,350 (1,268) employees. Converted into total resources, the average number of employees for the financial year was 1,210 (1,157). Women accounted for 72% of all employees and men for 28%, and the average age was 42 (42) years. The Savings Banks' Union Coop's Board of Directors has approved the principles of diversity, aimed at ensuring that the Board has, in order to perform its duties, sufficient and versatile competence and experience of the credit institution business and the risks involved. The gender distribution of senior management is discussed in more detail in the Sustainability Report.

OUR EXPERTISE CREATES ADDED VALUE FOR OUR CUSTOMERS

We want to be a self-directed work community of highly competent professionals, with a strong capacity for renewal, where we promote wellbeing at work, leadership, diversity and equality. Expertise is at the heart of our strategy to achieve business goals. At the Savings Banks Group, we support the self-directed maintenance and development of expertise.

In 2023, the Savings Banks Group's training activities took place remotely, in person and as hybrid events. The Savings Bank Centre conducted approximately 200 different training events during the year. They included employee and management training, brief information sessions for various target groups, network meetings, training focused on current issues, and training programmes. We also offer various online courses for self-directed study for various target groups in our learning environment on an ongoing basis.

In addition to maintaining our expertise, we continued to increase our competencies in areas such as change management, coaching-oriented supervisory work and the corporate customer business. During the period, we began preparing for business changes that will affect the work of everyone at the Savings Banks Group, and we implemented a change management plan. All employees also had the opportunity to respond to a regularly conducted change survey, which we use to monitor the success and progress of change.

Our success in the customer business and the digital transformation requires everyone to continuously maintain and develop their own expertise and work as a coherent team. We also support employee mobility and competence development in the Savings Banks Group by creating various models and practices to support the sharing of expertise. The use of job rotation at the Savings Banks Group has given employees the opportunity to work in various projects and substitute positions. We want everyone to be successful in their respective roles to enable the success of the Savings Banks Group as a whole. We use a coaching-oriented leadership style to strengthen each Savings Bank employee's ability to develop and manage their work, and we support individual teams in reaching their targets.

COACHING FINANCIAL WELLBEING

The Savings Banks Group's financial wellbeing coaching programme strengthens our strategic expertise as a financial partner to our customers. We continued to implement and develop the coaching programme in 2023. The new coaching content supports the competence of both supervisors and experts, providing insights and supporting the application of best practices in day-to-day work.

We utilise the coaching programme's content in a targeted manner in developing the expertise of everyone at the Savings Banks Group. We want to further strengthen our common way of meeting customers regardless of the employee's role. We have strengthened the Savings Banks Group's supervisors' ability to act as mentors. We have implemented the Savings Banks Group's revised sales mentoring model and updated our mentoring discussion practices. We use observation to support collaborative learning and individual development at work.

PERSONNEL SURVEY AND MONITORING THE RESULTS

We updated our personnel survey during the period under review. The new personnel survey provides us

with information on the effectiveness of cooperation in the Savings Banks Group, offers insights into the employee experience, wellbeing at work and the sense of control over one's work, and increases our understanding of the implementation of our mentoring-based approach to leadership. The Savings Banks Group's shared values – customer-drivenness, cooperation, responsibility and performance – make up the framework of the survey. In addition to the broader survey, we also conducted a brief Pulse survey to evaluate the progress of selected development measures.

On the whole, the results of our personnel survey were mostly at a good level. The employee Net Promoter Score (eNPS) was higher than the average for the expert industry. In the survey, the employee's willingness to recommend the employer is expressed on a scale of 0–10 (0=very unlikely, 10=very unlikely). Of the Savings Banks Group's employees, 46% would strongly recommend the Savings Banks Group as a workplace, giving a score of 9 or 10. Some 40% of the employees rated their willingness to recommend the employer as 7 or 8 (neutral), while 14% gave a score between 0 and 6. This translates to an eNPS of +32% for the entire group that participated in our personnel survey. In the Pulse survey, the eNPS was even higher at +35.

We have utilised the results and the development suggestions given in the form of open feedback both locally and at the Group level in the development of work communities, supervisory work, leadership and cooperation.

HUMAN RIGHTS

The Savings Banks Group respects human rights and strives to prevent discrimination in all of the Group's operations. Our own operations do not involve significant direct risks or impacts related to human rights. Therefore, human rights have not become a material sustainability theme and no indicator to be monitored has been set for it. However, there may be human rights impacts related to the supply chain or the activities of investment and financing targets. The social responsibility of target companies is taken into account in our investment activities. In 2023, we monitored the extent to which our direct investments comply with international standards and conventions. We monitored compliance on the basis of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Declaration on Fundamental Principles and Rights at Work, for instance. We reported on these as part of Sp-Fund Management Company's and Sb Life Insurance's descriptions of principal adverse impacts, among other disclosures. If we notice a shortcoming, we assess the company's measures and willingness to rectify the underlying factors. We exclude from our direct investments all companies that repeatedly breach international agreements related to human rights, decent work and the environment or infringe against good governance practices (UN Global Compact) and that do not make active attempts to rectify the violation.

ENVIRONMENTAL RESPONSIBILITY

The promotion of environmental responsibility is part of the day-to-day operations of the Savings Banks Group. Due to the nature of the business, the direct environmental impacts and risks of the Savings Bank's own operations are relatively small. We encourage our employees to use public transport, replace business trips and meetings with telephone and video conferences, and we prioritise eco-friendly alternatives in purchasing. We participated in the national Energy Saving Week to reduce energy consumption in 2023: we implemented energy saving measures in cooperation with property owners in areas such as heating, reducing the use of advertising lights and optimising the energy efficiency of equipment. We also promoted the development of the WWF Green Office environmental management system at eight of our business locations, for which we achieved Green Office certification. We will later expand these measures to our other locations.

The investments made by Sp-Fund Management Company Ltd and corporate financing by Savings Bank involve indirect environmental impacts. The Savings Banks Group takes sustainability risks and factors into account in investment decisions, investment advice and lending. Climate change related risks and opportunities and environmental regulation may also have economic impacts, particularly in certain industries or with regard to the geographic location. In 2023, we also updated the Savings Banks Group's responsible and sustainable lending principles and incorporated them into the Amalgamation's lending guidelines, credit management guidelines and the justifications of credit decisions for private customers, and we took new, pro-climate ESG criteria into account as part of our lending systems. Savings Banks also take ESG risks into account in their annual risk assessments. We began to integrate energy certificates and assess climate risks with regard to our housing and property loan portfolio in collaboration with a third party. The Savings Banks Group has set environmental and climate-related targets and indicators for investment, financing and the Group's own operations as part of its sustainability strategy, which was discussed above in the section on managing sustainability.

Sp-Fund Management Company Ltd seeks to evaluate the impacts of sustainable development and climate change on investment targets. Towards the end of the year, Sp-Fund Management Company Ltd updated the climate scenario analyses and stress tests of the equity and interest funds it manages. Sp-Fund Management Company has also excluded coal users and producers from its direct investments. The exclusion concerns mining companies with more than 25% of revenue generated by coal used for energy production or with high production volumes of energy coal (over 30%). With regard to electricity companies, exclusion concerns companies that use significant amounts of coal as fuel (over 30% of total production). If the company has credible plans for implementing the transition to a low-carbon society and plans to reduce its climate impacts and coal use that is compliant with the Paris Agreement or is otherwise credible, it can avoid being excluded. In addition, the Säästöpankki Ympäristö special investment fund complies with more stringent exclusion criteria for coal users and producers.

We report on asset management with regard to climate risks in line with the Task Force on Climate-related Financial Disclosures framework as part of the Savings Banks Group's sustainability report. We also aim to take steps towards reporting on biodiversity risks in line with the Task Force on Nature-Related Financial Disclosures framework. In addition, we report on the carbon footprints and risks of the funds and investments that include environmental solutions that protect natural capital as part of our asset management's responsible investment review and use the carbon dioxide intensity figure recommended by the TCFD as the indicator to be reported. In the review, the average carbon dioxide intensity was 738.6 tCO_2e/USD for the funds managed by the Savings Banks Group's asset management, 748.9 tCO_2e/USD for the investment products of Sb Life Insurance, and 815.0 tCO_2e/EUR for the Savings Banks' own investments in 2023. We continuously develop the reporting and monitoring of the environmental aspects of investments, including the carbon footprint and carbon risk. We have also prepared an analysis of the carbon footprint of our own operations and lending, and we will continue the work in the following year.

Particularly through responsible investment, Sp-Fund Management Company Ltd has a significant opportunity to promote eco-efficiency with its investment decisions. For example, the Säästöpankki Ympäristö special investment fund invests in companies and funds that promote environmental features. Our investment activities take ESG (environmental, social, governance) issues into consideration, which includes an assessment of environmental impacts. In 2023, the Savings Banks' asset management has actively exerted influence through general meetings and investor initiatives. We have also made preparations for the EU's responsible finance regulations, including the obligations laid out in the Sustainable Finance Disclosure Regulation and the Corporate Sustainability Reporting Directive. In addition, we developed data collection through our ESG tools and updated our Responsible Investment Policy and ESG guidelines for portfolio management.

FINANCIAL RESPONSIBILITY

Financial responsibility includes, among other things, good profitability, capital adequacy and liquidity, good governance and responsible management. It is important to us that our customers and partners trust our judgment and our responsible actions in all situations.

To maintain financial responsibility, all of the entities in the Savings Banks Group have to ensure their capital adequacy and liquidity even in poor economic conditions. Savings Banks bear responsibility for promoting the local community's financial wellbeing. We ensure solvency management through a process aimed at evaluating that the volume and quality of capital are adequate with regard to the nature of operations, extent and versatility of the bank and the Savings Banks Amalgamation and to cover all operational risks and risks related to the operational environment. For example, Savings Banks only provide their customers with loans and credit that they can manage without straining their finances.

The Group also takes a responsible attitude towards the Finnish economy. Savings Banks pay all of their taxes directly to Finland. They do not participate in controversial tax planning practices. The local presence of savings banks is also reflected in the payment of taxes as savings banks are an important taxpayer in many Finnish municipalities. In 2023, we paid EUR 30.0 million in income taxes. In addition to income taxes, the companies of the Savings Banks Group also pay property taxes and other parafiscal taxes as well as indirect taxes such as value added taxes.

The provision and sales of financial services are exempt from value added tax and therefore do not result in the responsibility to pay value added tax. On the other hand, no deductions can be made for the procurements made, and the value added tax of procurements is an expense of the Savings Banks Group. In addition to salary expenses, we pay the mandatory and voluntary insurance fees and the legally required social insurance fees used for the personnel, for the financing of the Finnish social insurance system. The Savings Banks Group employs financial and service industry professionals around Finland and contributes actively to the development of the Finnish banking sector through its presence on the various committees of Finance Finland.

ANTI-CORRUPTION AND BRIBERY

The Savings Banks Group's Code of Conduct is aimed at ensuring that the Savings Banks Group operates responsibly, ethically and in compliance with laws as well as orders and guidelines issued by the authorities. All Savings Banks Group employees must know the Code of Conduct and follow it. The Code of Conduct is supplemented by policies concerning conflicts of interest and the reporting of infringements. All Savings Banks Group employees are required to complete the online Code of Conduct training annually. In our sustainability strategy, a target completion rate (95–100%) is set for the online training on the Code of Conduct as part of other mandatory compliance training.

Our anti-corruption and bribery guidelines are incorporated into our Code of Conduct. According to the guidelines, the Savings Banks Group does not condone corruption in any form, neither in business activities nor in business partnerships. The entities belonging to the Savings Banks Group do not condone the receiving or giving of gifts, hospitality or services that could be interpreted as bribery or an attempt to influence business. It is the responsibility of each employee to assess whether a gift or hospitality has been given without any expectation or obligation of a transaction or return service and, if necessary, to refuse it. We do not give or accept cash gifts or gifts equivalent to them.

Each entity within the Savings Banks Group must define and justify a monetary limit for reasonable gifts or hospitality in relation to its operations. The giving or receiving of a gift or hospitality exceeding this limit must be discussed in advance with a supervisor, and together evaluate whether giving or receiving the gift or hospitality may appear to influence business operations. The entities within the Savings Banks Group maintain monitoring of given and received gifts and hospitality that exceed the defined limit.

There were no reported incidents of bribery or corruption in the Savings Banks Group in 2023, nor were any significant risks related to corruption or bribery identified in the operational risk assessment.

CUSTOMER DUE DILIGENCE AND PREVENTING MONEY LAUNDERING AND TERRORIST FINANCING

The risk management principles related to preventing money laundering and terrorist financing and the risk assessment describe the general principles, procedures and key risk management processes used by the Savings Banks Amalgamation in identifying, assessing, controlling and limiting risks.

We follow customer due diligence procedures on a risk-based basis throughout the customer relationship. We monitor customer relationships and the use of services by customers to ensure that each customer's activities correspond to the experience and information the bank has about the customer relationship. Our aim is to manage the risks associated with customer relationships and detect abnormal behaviour, as well as to effectively prevent abuse and criminal activity. We use systems to implement continuous monitoring and regularly assess and update the scenarios used for monitoring. We report suspicious transactions to the Financial Intelligence Unit in compliance with the legal requirements.

All employees in the Savings Banks Group are required to complete a mandatory annual online training programme on customer due diligence and the prevention of money laundering and terrorist financing. The training is part of the mandatory compliance training activities, for which a target completion rate (95–100%) is set in the sustainability strategy.

WHISTLEBLOWING

The Savings Banks Group values an environment that encourages the open exchange of information. We have established a special independent whistleblowing channel that is open 24/7 and available in all the languages of the Savings Banks Group for the anonymous reporting of breaches of regulations and policies.

Our whistleblowing guidelines have been updated following the entry into force of the Whistleblower Act. The designated individuals in the Central Institution's independent functions process reports, conduct the necessary background checks and, where necessary, request additional information from the person who submits the report. Reports and questions are treated confidentially, and their processing is subject to the confidentiality provisions laid out in the Whistleblower Protection Act. The person who submits the report will be informed within three months from the receipt of the report about the actions taken based on the report. Reports concerning data protection are communicated to the Savings Banks Group's Data Protection Officer, and the Data Protection Officer participates in the processing of such reports.

The Central Institution and entities belonging to the Savings Banks Amalgamation ensure the appropriate treatment of employees reporting violations and protect individuals who have reported concerns from unfair treatment resulting from reporting a violation. We did not receive any reports of violations via the whistleblowing channel in 2023.

RISK MANAGEMENT

Risk management is a part of day-to-day operations, and everyone is responsible for it within their area of responsibility. Effective risk management is based on open dialogue, asking questions and expressing different perspectives to support decision-making.

The Central Institution is in charge of amalgamation-level risk management and the management of capital adequacy as well as the adequacy of the risk management system and keeping it up-to-date. The Central Institution provides the amalgamation's member entities with guidelines on the qualitative requirements necessary for securing their liquidity and capital adequacy, risk management, reliable governance and internal control, and compliance with consistent financial statement policies. Furthermore, the Central Institution supervises the member organisations' compliance with the amalgamation's internal principles as well as appropriate and ethically acceptable operating practices in customer relationships.

The Savings Banks Amalgamation follows a control model based on three lines of defence. The first line of defence is internal control of their own operations by business units and support functions. The second line of defence consists of independent monitoring functions (risk control and compliance functions), and the third line of defence is the internal audit.

The risk monitoring and compliance function also monitors non-financial risks as part of the monitoring of operational and compliance risks. The Compliance function is responsible for monitoring operational compliance and compliance with the regulations. The realisation of non-financial risks can also compromise the Savings Banks Group's reputation and result in potential damage to customer relationships and other stakeholder relations. Non-financial risks are addressed in the regular risk assessments conducted as part of business operations. Potential operational risks and compliance risks are also taken into account in the development of new products and services. The management of non-financial risks is part of day-to-day operations and employees are regularly provided with training and instructions on risk management in their own work.

The material risk areas are credit and counterparty risk as well as market, interest rate and liquidity risk. Business risks and operational risks are also key risks and apply to all operations. The above-mentioned risks and their management are described in more detail in the Savings Banks Group's IFRS financial statements. Climate risks and risks related to biodiversity loss, and their management in the context of asset management, are discussed in more detail in the Savings Banks Group's sustainability report section related to the Task Force on Climate- and Nature-related Financial Disclosures.

INFORMATION SECURITY

Information security and the provision of secure services to customers are the foundation for successful banking. The Savings Banks Group has taken a systematic and long-term approach to developing the security of its services and IT systems. The Regulation on Digital Operational Resilience for the Financial Sector, which entered into force in January 2023, requires ongoing efforts, including ensuring cybersecurity, in the future.

Increased cyber threats and developments in the activities of cybercriminals require that security in its various forms is one of the focus areas in our operational development in the future as well. In addition, the increasing threats and changes in the operational environment require increasing investment in guiding, supporting and educating customers in the safe use of digital services.

EU TAXONOMY REPORTING OBLIGATIONS

The EU taxonomy is a classification system that aims to define environmentally sustainable economic activities. Its aim is to provide companies, investors and political decision-makers with uniform definitions of environmentally sustainable business functions and thereby help and direct financing investments made possible by the green transition. To meet the taxonomy criteria, an activity must promote at least one of the six EU environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In addition, the activity must not cause any significant harm to any of these environmental objectives in line with the DNSH (Do No Significant Harm) principle. Furthermore, the corporate social responsibility principles of the UN, the ILO and the OECD must be adhered to.

The purpose of the Savings Banks Group's taxonomy reporting is to explain how and to what extent our activities are related to environmentally sustainable economic activities in accordance with the EU taxonomy definition. The most important performance indicator for credit institutions is the green asset ratio (GAR), which parties in the financial sector must report starting from the financial year 2023.

THE SAVINGS BANKS GROUP'S TAXONOMY REPORTING 2023

The taxonomy-eligible and taxonomy-aligned exposures of the Savings Banks Group in 2023 include mortgages and car financing for private customers, corporate credit within the scope of the NFRD reporting obligation (Non-financial Reporting Directive, 2014/95/EU), and the Savings Banks Group's investments in such counterparties. The reported data has been consolidated in accordance with the instructions in Chapter 1.1.1 of Annex V to the European Commission Delegated Regulation (EU) 2021/2178.

On 21 December 2023, the European Commission published a draft Frequently Asked Questions (FAQ) document to further specify the information required from financial sector entities under the Taxonomy Regulation (EU 2020/852). The purpose of the document is to provide answers to frequently asked questions received by the Commission regarding the delegated disclosure provisions of the Taxonomy Regulation. The Savings Banks Group has reviewed the document and aims to take account of the specifications to taxonomy reporting presented therein. This includes, for example, including the separate taxonomy information for Sb Life Insurance and Sp-Fund Management Company in Group-level taxonomy reporting even though the subsidiaries in question are not within the NFRD's scope of application. The assets of the subsidiaries are presently included in the Savings Banks Group's consolidated taxonomy table (life insurance company and fund management company on line 47), but taxonomy alignment information on the subsidiaries will only be presented for the year 2024 in the forms for asset managers' KPIs and insurance and reinsurance companies' KPIs.

The Savings Banks Group's taxonomy-eligible and taxonomy-aligned exposures

The Savings Bank Group provided financing to taxonomy-eligible business activities in 2023. The classification of business activities is based on the activity descriptions of the EU's Taxonomy Regulation, NACE industry classification codes and Statistics Finland's sector classification codes. With regard to residential mortgages, the Savings Banks Group has identified activity 7.7. Acquisition and ownership of buildings and 7.2. Renovation of existing buildings as taxonomy-eligible activities. The taxonomy eligibility of car financing is based on activity 6.5. Transport by motorbikes, passenger cars and light commercial vehicles.

The taxonomy eligibility of corporate loans is based on the taxonomy reports for 2022 published by companies within the scope of the NFRD. The figures on taxonomy-aligned activities cover only climate change mitigation and adaptation among the taxonomy objectives because obtaining information from the recipients of financing regarding the other four taxonomy objectives is not yet possible.

The determination of the proportion of assets related to companies is based on information retrieved from the Savings Banks Group's systems regarding granted loans and a determination of companies within the scope of the NFRD reporting obligation. As regards corporate loans, information on taxonomy alignment was collected by requesting companies within the scope of the NFRD for their publicly reported taxonomy alignment information and by asking the target companies directly. When information on taxonomy alignment is collected directly from the customer or from the customer's taxonomy report, the information is based on the customer's own assessment. The taxonomy reporting of corporate credit is likely to become more precise in the future as the quality and availability of taxonomy information self-reported by financing recipients and investees is expected to improve as taxonomy reporting practices develop.

For 2023, financial sector entities are required to report taxonomy eligibility and alignment information as stipulated by Commission Delegated Regulation (EU) 2022/1214. The Delegated Regulation added economic activities relating to nuclear power and natural gas, for example. The Savings Banks Group's exposures related to the activities mentioned in the Delegated Regulation have been examined with regard to corporate loans as well as equity and debt securities. In 2023, the Savings Banks Group financed companies that have reported key financial indicators for activities related to nuclear power and natural gas in 2022. The Savings Banks Group's reporting includes tables related to natural gas and nuclear power in accordance with Delegated Regulation (EU) 2022/1214.

Data sources for the Savings Banks Group's own investments and total assets

For the Savings Banks Group's own investments, the information sources used include the Figure system and, with regard to the taxonomy eligibility and alignment of investees, the Upright Project system. The other data sources we have utilised include the financial statements of the Savings Banks Group, information in our data repository, and information collected through the Skenariolabs system with regard to the energy efficiency, year of construction and climate risk assessment of buildings that have received financing. As the Savings Banks Group does not currently have a climate change adaptation plan as required for the taxonomy alignment of financing recipients in the residential mortgage portfolio, the Savings Banks Group reports the taxonomy alignment of the residential mortgage portfolio as 0% for 2023. Furthermore, the draft FAQ document published by the EU Commission on 21 December 2023 mentions that taxonomy alignment would also be subject to obtaining a taxonomy alignment figure from the property developer in question. In the absence of this information, the taxonomy alignment is reported as 0%.

Total assets to be included in the calculation of the ratio do not include receivables from governments, central banks and supranational issuers. The central bank exposures consisted of checking account and minimum reserve deposits. The government exposures resulted from the Group's investments. Taxonomy reporting also requires reporting on the trading book. As a rule, the Savings Banks Group's banking operations do not include trading on their own behalf or customer trading (so-called "trading" operations). The Savings Banks Group does not have a small trading book. Pursuant to Commission Delegated Regulation (EU) 2023/2486, credit institutions should copy forms 0, 1, 2, 3 and 5 as regards public disclosures based on proceeds and capital expenditures (CapEx). Due to data availability, the Savings Banks Group does not publish the green asset ratio (GAR) key performance indicator based on capital expenditure.

Meeting the minimum social safeguards of the taxonomy

To ensure that the minimum social safeguards are met and the Do No Significant Harm principles are observed, the Savings Banks Group has established principles on respecting human rights and fundamental rights at work. These principles take account of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, including the principles and rights laid out in the eight fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The principles also outline the Savings Banks Group's due diligence process concerning human rights and fundamental rights at work.

In the coming years, we aim to develop data collection and calculation and to assess the nature and development of classification-compliant financial activities. In the future, we aim to report these for the next financial years within the schedule and scope required by the applicable regulations.

0. SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION

		Total environmentally sustainable assets	KPI (****)	KPI (*****)	% coverage (over total assets) (***)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	13	0.11%	-	0.10%	35.98%	13.15%
		Total environmentally sustainable activities	KPI		% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	-	-	-	-	-	-
	Trading book*	0	0	0			
	Financial guarantees	0	0	0			
	Assets under management	0	0	0			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

** Fees and commissions income from services other than lending and AuM.

*** Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

**** % of assets covered by the KPI over banks' total assets.

***** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

1.ASSETS FOR THE CALCULATION OF GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Million EUR	Disclosure reference date T																														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6,740	6,011	8	0	1	3	6	1	0	1	1	1	0	0	28	2	0	0	7	1	0	0	4	0	0	0	6,057	13	0	1	3
2	Financial undertakings	28	9	0	0	0	0	4	1	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	17	1	0	0	1
3	Credit institutions	12	3	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	10	3	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
6	Equity instruments	2	0	0		0	0	0	0		0	0			0	0	0		0	0	0		0	0	0		0	0	0		0	0
7	Other financial corporations	17	6	0	0	0	0	3	0	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	12	1	0	0	1
8	of which investment firms																															
9	Loans and advances																															
10	Debt securities, including UoP																															
11	Equity instruments																															
12	of which management companies																															
13	Loans and advances																															
14	Debt securities, including UoP																															
15	Equity instruments																															
16	of which insurance undertakings																															
17	Loans and advances																															
18	Debt securities, including UoP																															
19	Equity instruments																															
20	**Non-financial undertakings**	178	43	8	0	1	3	2	0	0	0	1	1	0	0	25	2	0	0	7	1	0	0	4	0	0	0	81	12	0	1	3
21	Loans and advances	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Debt securities, including UoP	160	41	7	0	1	2	2	0	0	0	1	1	0	0	23	1	0	0	6	1	0	0	3	0	0	0	76	11	0	1	3
23	Equity instruments	17	2	1		0	0	0	0		0	0	0		0	2	0		0	1	0		0	0	0		0	4	1		0	0
24	**Households**	6,524	5,963	0	0	0	0	0	0	0	0					0	0	0	0									5,963	0	0	0	0
25	of which loans collateralised by residential immovable property	5,791	5,791	0	0	0	0	0	0	0	0					0	0	0	0									5,791	0	0	0	0
26	of which building renovation loans	171	171	0	0	0	0	0	0	0	0					0	0	0	0									171	0	0	0	0
27	of which motor vehicle loans	2	0	0	0	0	0																					0	0	0	0	0
28	**Local governments financing**	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local government financing	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,768																														
33	**Financial and Non-financial undertakings**	3,422																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,421																														
35	Loans and advances	3,144																														
36	of which loans collateralised by commercial immovable property	521																														
37	of which building renovation loans																															
38	Debt securities	269																														
39	Equity instruments	8																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	1																														
41	Loans and advances	0																														
42	Debt securities																															
43	Equity instruments	1																														
44	**Derivatives**	32																														
45	**On demand interbank loans**	22																														
46	**Cash and cash-related assets**	7																														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,284																														
48	**Total GAR assets**	11,508	6,011	8	0	1	3	6	1	0	1	1	1	0	0	28	2	0	0	7	1	0	0	4	0	0	0	6,057	13	0	1	3
49	**Assets not covered for GAR calculation**	1,743																														
50	**Central governments and Supranational issuers**	247																														
51	**Central banks exposure**	1,496																														
52	**Trading book**																															
53	**Total assets**	13,251	6,011	8	0	1	3	6	1	0	1	1	1	0	0	28	2	0	0	7	1	0	0	4	0	0	0	6,057	13	0	1	3
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																															
54	Financial guarantees																															
55	Assets under management																															
56	Of which debt securities																															
57	Of which equity instruments																															

The table presents information on loans, debt securities and equity instruments that relate to financial corporations, non-financial corporations, including SMEs, households (including only loans collateralised by residential immovable property, building renovation loans and motor vehicle loans) and local governments/municipalities (housing financing) Motor vehicle loans include exposures originated after the date of application of the disclosures.

2. GAR SECTOR INFORMATION

	Breakdown by sector – NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	07.10 Mining of iron ores	0				0				0				0				0				0				0			
2	10.13 Production of meat and poultry meat products	3				3				3				3	0			3				3				3	0		
3	11.05 Manufacture of beer	3				3				3				3	0			3				3				3	0		
4	14.13 Manufacture of other outerwear	1				1				1				1	0			1	0			1				1	0		
5	14.19 Manufacture of other wearing apparel and accessories	0				0				0				0	0			0				0				0	0		
6	17.12 Manufacture of paper and paperboard	0				0				0				0				0				0				0			
7	17.22 Manufacture of household and sanitary goods and of toilet requisites	1				1				1				1				1				1				1			
8	18.12 Other printing	0				0				0				0				0				0				0			
9	19.20 Manufacture of refined petroleum products	1	0			1				1	0			1	0			1	0			1	0			1	0		
10	20.13 Manufacture of other inorganic basic chemicals	7	0			7				7	1			7	0			7	1			7				7	2		
11	20.30 Manufacture of paints, varnishes and similar coatings, printing ink and mastics	0				0				0				0				0	0			0				0	0		
12	20.42 Manufacture of perfumes and toilet preparations	0				0				0				0				0				0				0			
13	20.59 Manufacture of other chemical products n.e.c.	0	0			0				0	0			0	0			0	0			0				0	0		
14	21.20 Manufacture of pharmaceutical preparations	2				2				2				2				2				2				2			
15	22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	1	0			1				1				1				1	0			1				1	0		
16	22.22 Manufacture of plastic packing goods	3				3				3				3				3				3				3			
17	23.51 Manufacture of cement	3	0			3				3				3				3				3				3	0		
18	24.10 Manufacture of basic iron and steel and of ferro-alloys	0	0			0				0				0				0				0				0	0		
19	26.11 Manufacture of electronic components	1	0			1				1	0			1	0			1	0			1				1	0		
20	26.20 Manufacture of computers and peripheral equipment	3				3				3				3				3				3				3			
21	26.30 Manufacture of communication equipment	0				0				0				0				0				0				0			
22	27.32 Manufacture of other electronic and electric wires and cables	3	1			3				3				3	0			3				3				3	1		
23	27.51 Manufacture of electric domestic appliances	3				3				3	0			3	0			3				3				3	0		
24	28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	1				1				1	0			1	0			1	0			1	0			1	0		
25	28.22 Manufacture of lifting and handling equipment	2	0			2				2				2				2				2				2	0		
26	28.92 Manufacture of machinery for paper and paperboard production	0	0			0				0	0			0	0			0	0			0				0	0		
27	28.95 Manufacture of machinery for paper and paperboard production	0	0			0				0				0	0			0				0				0	0		
28	29.10 Manufacture of motor vehicles	12	1			12	0			12				12	0			12	0			12				12	1		
29	29.31 Manufacture of electrical and electronic equipment for motor vehicles	1				1				1				1				1				1				1			
30	35.11 Production of electricity	6	2			6				6				6	0			6	0			6				6	2		
31	35.13 Distribution of electricity	5	2			5				5				5	0			5				5				5	2		
32	35.30 Steam and air conditioning supply	3				3				3				3	0			3	0			3				3	0		
33	41.20 Construction of residential and non-residential buildings	2	1			2				2	0			2				2				2				2	1		
34	42.22 Construction of utility projects for electricity and telecommunications	1				1	0			1				1				1				1				1	0		
35	43.11 Demolition	1	0			1				1	0			1	0			1	0			1	0			1	0		
36	46.90 Non-specialised wholesale trade	0				0				0				0				0				0				0			
37	47.19 Other retail sale in non-specialised stores	3	0			3				3				3	0			3				3				3	0		
38	47.59 Retail sale of furniture, lighting equipment and other household articles in specialised stores	3				3				3				3				3				3				3			
39	47.75 Retail sale of cosmetic and toilet articles in specialised stores	2				2				2				2	0			2				2				2	0		
40	47.91 Retail sale via mail order houses or via Internet	0				0				0				0				0				0				0			
41	49.41 Freight transport by road	3				3				3				3				3				3				3			
42	50.20 Sea and coastal freight water transport	4	0			4				4				4				4				4				4	0		
43	51.10 Passenger air transport	5				5				5				5				5				5				5			
44	53.10 Postal activities under universal service obligation	0	0			0				0				0				0				0				0	0		
45	56.29 Other food service activities	1	0			1				1				1	0			1				1				1	0		
46	58.13 Publishing of newspapers	4				4				4				4				4				4				4			
47	58.29 Other software publishing	0				0				0				0				0				0				0			
48	61.20 Wireless telecommunications activities	6	0			6	0			6				6				6				6				6	0		
49	61.90 Other telecommunications activities	1				1				1	0			1	0			1				1				1	0		
50	62.01 Computer programming activities	0				0				0				0				0				0				0			
51	62.03 Computer facilities management activities	5				5				5				5				5				5				5			
52	62.09 Other information technology and computer service activities	1				1				1				1				1				1				1			
53	68.20 Renting and operating of own or leased real estate	11	1			11				11				11				11				11	0			11	1		
54	70.22 Business and other management consultancy activities	0				0				0				0				0				0				0			
55	71.12 Engineering activities and related technical consultancy	2	0			2	0			2	0			2	0			2	0			2				2	1		
56	80.10 Private security activities	6				6				6				6				6				6				6			
57	81.21 General cleaning of buildings	3				3				3				3	1			3				3	0			3	1		
58	86.90 Other human health activities	3				3				3				3				3				3				3			

The table presents off-trading book exposures in sectors that are within the scope of the taxonomy (NACE sectors at the four-digit level) using the relevant NACE codes based on the counterparty's primary activity. The NACE classification of counterparties is based solely on the nature of the immediate counterparty. The classification of exposures arising jointly from multiple counterparties is based on the nature of the counterparty whose role was the most important or decisive when the institution made the decision on the exposure. The classification of joint exposures according to the NACE codes is determined by the nature of the most significant debtor.

3. GAR KPI STOCK

Disclosure reference date T

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	89.18%	0.12%	0.00%	0.02%	0.04%	0.09%	0.01%	0.00%	0.01%	0.02%	0.01%	0.00%	0.00%
2	**Financial undertakings**	31.23%	1.15%	0.00%	0.39%	0.44%	14.84%	1.96%	0.00%	1.75%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	27.42%	1.33%	0.00%	0.96%	0.46%	12.14%	0.76%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	32.13%	1.58%	0.00%	1.15%	0.55%	13.94%	0.90%	0.00%	0.31%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	2.84%	0.00%		0.00%	0.00%	2.84%		0.00%	0.00%	0.00%	0.00%		0.00%
7	Other financial corporations	33.85%	1.03%	0.00%	0.00%	0.42%	16.69%	2.78%	0.00%	2.78%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including UoP													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including UoP													
15	Equity instruments													
16	of which insurance undertakings													
17	Loans and advances													
18	Debt securities, including UoP													
19	Equity instruments													
20	**Non-financial undertakings**	24.07%	4.49%	0.00%	0.72%	1.41%	0.94%	0.22%	0.00%	0.20%	0.73%	0.53%	0.00%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	25.73%	4.61%	0.00%	0.74%	1.40%	1.02%	0.24%	0.00%	0.22%	0.78%	0.57%	0.00%	0.00%
23	Equity instruments	10.34%	3.75%		0.64%	1.62%	0.32%		0.00%	0.05%	0.32%	0.22%		0.00%
24	**Households**	91.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
25	of which loans collateralised by residential immovable property	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
26	of which building renovation loans													
27	of which motor vehicle loans													
28	**Local governments financing**													
29	Housing financing													
30	Other local government financing													
31	**Collateral obtained by taking possession: residential and commercial immovable properties**													
32	**Total GAR assets**	52.23%	0.07%	0.00%	0.01%	0.02%	0.05%	0.01%	0.00%	0.01%	0.01%	0.01%	0.00%	0.00%

	% (compared to total covered assets in the denominator)	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.42%	0.02%	0.00%	0.00%	0.10%	0.01%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	89.86%	0.19%	0.00%	0.02%	0.05%	0.00%
2	**Financial undertakings**	13.35%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	59.42%	3.25%	0.00%	0.39%	2.19%	0.00%
3	Credit institutions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	39.56%	2.09%	0.00%	0.96%	0.72%	0.00%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	46.07%	2.49%	0.00%	1.15%	0.86%	0.00%
6	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	5.68%	0.00%		0.00%	0.00%	0.00%
7	Other financial corporations	22.52%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	73.06%	4.04%	0.00%	0.00%	3.20%	0.00%
8	of which investment firms																		
9	Loans and advances																		
10	Debt securities, including UoP																		
11	Equity instruments																		
12	of which management companies																		
13	Loans and advances																		
14	Debt securities, including UoP																		
15	Equity instruments																		
16	of which insurance undertakings																		
17	Loans and advances																		
18	Debt securities, including UoP																		
19	Equity instruments																		
20	**Non-financial undertakings**	13.82%	0.91%	0.00%	0.00%	3.76%	0.39%	0.00%	0.00%	2.01%	0.12%	0.00%	0.00%	45.34%	6.67%	0.00%	0.72%	1.61%	0.00%
21	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	14.44%	0.92%	0.00%	0.00%	3.82%	0.40%	0.00%	0.00%	2.15%	0.13%	0.00%	0.00%	47.94%	6.87%	0.00%	0.74%	1.62%	0.00%
23	Equity instruments	8.94%	0.87%		0.00%	3.44%	0.37%		0.00%	0.86%	0.01%		0.00%	24.21%	5.27%		0.64%	1.67%	0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%									91.40%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%									100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans																		
27	of which motor vehicle loans													0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**																		
29	Housing financing																		
30	Other local government financing																		
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																		
32	**Total GAR assets**	0.25%	0.01%	0.00%	0.00%	0.06%	0.01%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	52.63%	0.11%	0.00%	0.01%	0.03%	0.00%

The table presents KPIs on the GAR of the loan portfolio. Information on the GAR (the share of green assets of taxonomy-eligible activities) includes the proportion of total assets taken into account in calculating the GAR.

5. KPI OFF-BALANCE SHEET EXPOSURES

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date T																													
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**				**Circular economy (CE)**				**Pollution (PPC)**				**Biodiversity and Ecosystems (BIO)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)																														
2	Assets under management (AuM KPI)																														

6. NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR)

Turnover								
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,05	0.00%	0,05	0.00%		
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,05	0.01%	1,05	0.01%		
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	11,70	0.10%	7,23	0.06%		
8.	**Total applicable KPI**	12,79	0.11%	8,33	0.07%		

CapEx							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,27	0.00%	0,27	0.00%		
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	12,52	0.11%	8,05	0.07%		
8.	**Total applicable KPI**	12,79	0.11%	8,33	0.07%		

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR)

Turnover								
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		
Row	Economic activities	Amount	%	Amount	%	Amount	%	
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI							
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0,46	3.57%	0,46	3.57%			
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3,73	29.19%	3,73	29.19%			
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI							
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI							
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI							
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	8,60	0.07%	4,14	49.66%			
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	12,79	100%	8,33	65%			

CapEx							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0,82	6.41%	0,82	6.41%		
4.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomyaligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7.	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	11,97	0.10%	7,51	58.67%		
8.	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	12,79	100%	8,33	65%		

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED EXONOMIC ACTIVITIES

Turnover							
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,23		2,23			
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,72		2,72			
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI"	0,18		0,18			
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	6,044,64	53%	6,005,87	52%		
8.	**Total amount and proportion of taxonomy-eligible but not taxonomy aligned economic activities in the denominator of the applicable KPI**	6,049,77	53%	6,011,00	52%		

CapEx							
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,34		1,34			
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,63		2,63			
6.	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI"	0,27		0,27			
7.	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	6,045,53	53%	6,006,76	52%		
8.	**Total amount and proportion of taxonomy-eligible but not taxonomy aligned economic activities in the denominator of the applicable KPI**	6,049,77	53%	6,011,00	52%		

TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES

Turnover			
Row	**Economic activities**	**Amount**	**Percentage**
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,02	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	689,98	6.00%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	690,00	6.00%

CapEx			
Row	**Economic activities**	**Amount**	**Percentage**
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0,02	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	689,98	
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	690,00	6.00%

DEVELOPMENT OF TAXONOMY REPORTING

We consider the proportion of taxonomy-aligned assets to be positive. However, so far no objectives have been set for taxonomy-aligned financing and investing activities in the Savings Banks Group's business strategy. In the future, we aim to take taxonomy alignment into account through having a sustainable product range and the sustainable lending criteria we have implemented. In addition, we aim to support customers and counterparties in achieving green objectives. Sp-Fund Management Company Ltd also engages in active influence efforts in its investees; for example, by having company meetings and attending shareholders' meetings. In addition, we strive to develop taxonomy-related interaction with loan customers, and we have integrated taxonomy-related content into our justifications for credit decisions guidelines, for instance.

In the coming years, we will develop data collection and calculation related to the taxonomy as the Taxonomy Regulation is expanded in the coming years.

OPERATIONS AND PROFIT BY BUSINESS SEGMENT

BANKING SERVICES

The customer satisfaction and customer experience of the Savings Banks' private customers improved further in 2023. In EPSI Rating's banking and finance 2023 customer survey, the customer satisfaction of Savings Bank exceeded the industry average by a clear margin in all of the categories. The survey indicated that the Savings Bank has the best understanding of the needs of private customers in the banking sector. The Savings Banks' Net Promoter Score (NPS) for customer meetings rose to a relatively high level in 2023, with the average for the year being as high as 84.7. During the year, Savings Banks launched an energy loan to encourage households to make the green transition. During the campaign, Savings Bank mortgage customers received a concrete benefit by having a margin of 0.0% applied to energy loans. In the autumn of 2023, the Savings Banks Group launched an extensive business development project that includes concrete steps towards the realisation of the Savings Banks Group's digital vision. In the first phase, the Group will renew its customer relationship management and lending systems. The project will enable the seamless integration of in-person and digital services, which will be reflected in an increasingly smooth and convenient service experience for both customers and employees. In late 2023, we also launched the first part of the financial wellbeing features to be incorporated into our mobile service. The new feature enables the classification of transactions in a private customer's checking account, helping the customer establish an understanding of their expenses and income for a given period. During the financial year, the structure of the Savings Banks' private customer base developed favourably and the number of private customers using Savings Banks' services extensively and concentrating their banking in Savings Banks increased year-on-year. In spite of the challenging housing market situation, the loan portfolio of the Savings Banks' private customers developed favourably during the financial year.

The customer satisfaction of the Savings Banks' corporate customers also improved from the previous year. EPSI Rating's banking and finance 2023 customer survey also found that the Savings Banks' customer satisfaction among companies with over 10 employees was much higher than the industry average. The Savings Banks' Net Promoter Score (NPS) for customer meetings in the corporate customer segment was also excellent, with the average NPS for the year being 85.7. The Savings Banks Group strengthened its service offering for corporate customers during the year by launching Savings Bank Corporate Bank services alongside the previously offered services. The service is aimed at SMEs that have grown slightly larger than micro-enterprises.

The Savings Banks Group also enhanced its product offering for corporate customers midway through the year by launching the Kassavahti deposit funding solution. The number of corporate and forestry and agriculture customers using Savings Banks' services extensively grew significantly during the year, contributing to the implementation of the Savings Banks Group's strategic goals. The strong growth of corporate financing in line with the strategic goals was partly supported by the guarantee schemes of the European Investment Fund and the extensive utilisation of Finnvera's guarantee products.

THE SAVINGS BANKS GROUP'S MORTGAGE AND CENTRAL BANK OPERATIONS

The objective of the Savings Banks Group's Sp Mortgage Bank is to strengthen the competitiveness of the Savings Banks Group through competitive funding and to promote the implementation of the strategy of the Savings Banks Group through its own operations. Sp Mortgage Bank is responsible for the residential mortgage loan funding of the Savings Banks Group by issuing covered bonds. The Savings Banks Group's mortgage banking operations progressed according to plan during the financial year and the credit portfolio stood at EUR 2,198 (2,240) million at the end of the year.

The Central Bank of Savings Banks Finland Plc is a bank owned by Savings Banks, which produces various Central Bank services for Savings Banks. In 2023, the focus of the business operations of the Central Bank of Savings Banks was on high-quality services and their continued development. On 20 October 2023, 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, CONTINUING OPERATIONS (COMPARISON FIGURES 1–12/2022)

Profit before tax of Banking Operations was EUR 88.4 (49.8) million. Net interest income totalled EUR 263.2 (169.9) million. Net fee and commission income amounted to EUR 69.5 (67.9) million.

Net investment income decreased to EUR -29.9 (-6.9) million. Other operating revenue amounted to EUR 12.8 (43.6) million. In the comparison period, other operating revenue was increased by compensation of EUR 33.9 million received from Cognizant in connection with the termination of the agreement related to the core banking system renewal project.

A total of EUR -10.0 (-15.9) million was recognised in impairments of financial assets. Personnel expenses amounted to EUR 63.5 (58.3) million. The number of personnel in the Banking Operations segment was 873 (873) at the end of the financial year. Other operating expenses and depreciation amounted to EUR 153.8 (152.3) million. Expenses in the comparison period were increased by impairment of EUR 7.6 million on items capitalised on the balance sheet in connection with the core banking system renewal project.

The balance sheet for Banking Operations came to EUR 12.1 (11.3) billion. Loans and advances to customers increased to EUR 9.5 (9.0) billion. Deposits received from customers amounted to EUR 7.0 (7.0) billion.

ASSET MANAGEMENT SERVICES

In terms of sales, 2023 was much like the previous year for Asset Management Services in spite of the challenging market environment. In the investment markets, rising interest rates in the beginning of the year and the consequent predominantly declining asset values challenged the sales of Asset Management Services. The Savings Banks Group continued its strong and high-quality work with customers, and the net sales of Asset Management Services were positive in each month of the year. The demand and number of customers for the Savings Bank Private Banking Service saw particularly strong growth during the year. In relative terms, we performed well in the sale of services to corporate customers.

The Savings Banks developed their services across all channels. The core banking system renewal for Asset Management Services progressed according to plan during the year, with several system deployments carried out and a significant proportion of the outcomes being put into use. When the project as a whole is completed in the first half of 2024, the core banking system renewal will enable a significant improvement in process efficiency and support the growth of Asset Management Services. The operations of Sb Life Insurance Ltd and Sp-Fund Management Company Ltd were undisrupted throughout the year and the customer experience remained good.

In spite of the challenges in the investment markets, net subscriptions to investment funds managed by Sp-Fund Management Company were positive. Its market share among Finnish fund management companies increased by 0.05 percentage points to 3.1% at the end of the year. The number of new continuous fund saving agreements signed decreased by 25.9% year-on-year. 59.1% of fund subscriptions and 20.8% of continuous fund saving agreements were made on a self-service basis using digital channels. Fund capital increased by 13.3% year-on-year and amounted to EUR 4.7 billion at the end of the year. Net subscriptions to funds managed by Sp-Fund Management Company totalled EUR 274.4 (216.9) million. The number of fund unit holders grew by 0.9% from the previous year. The funds had 285,975 unit holders. In terms of the number of unit holders, Sp-Fund Management Company is the fourth-largest fund management company in Finland.

At the end of the financial year, Sp-Fund Management Company Ltd managed 24 investment funds, the largest of which was the Savings Bank Interest Plus investment fund with capital of EUR 697.6 billion. In terms of the number of unit holders, the largest of the funds was Säästöpankki Ryhti, which had 36,580 unit holders at the end of the review period. Of the funds managed by Sp-Fund Management Company, Säästöpankki lyhytkorko -investment fund accumulated the largest amount of new capital, with EUR 123.1 million in net subscriptions.

Endowment insurance sales decreased year-on-year, with net sales turning slightly negative. Premium income from endowment insurance decreased by 8.3% year-on-year. Premium income from risk insurance products increased by 2.3%. Unit-linked insurance savings increased, totalling EUR 908.4 million at the end of the year.

FINANCIAL PERFORMANCE (COMPARISON FIGURES 1–12/2022)

The Savings Bank Group has applied the IFRS 17 Insurance Contracts standard since January 1, 2023. With the introduction of the standard, insurance service income and financial income and expenses from insurance contracts are presented as new items in the income statement.

Profit before tax for Asset Management Services came to EUR 48.3 (21.0) million.

Net fee and commission income was EUR 56.6 (61.0) million. Investment income, net was EUR 26.0 (-105.4) million.

Insurance service result was EUR 3.8 (-1.1) million. Premium income increased to EUR 18.8 (18.1) million. Insurance service costs decreased to EUR 14.2 (17.8) million. During the financial year, the cancellation of write-downs of onerous contracts reduced insurance service costs by EUR 1.8 million, when in the comparison period onerous contracts increased the by EUR 1.9 million. During the review period, financial income and expenses, net from insurance contracts was EUR -32.8 (75.6) million.

Operating expenses were EUR 6.1 (9.4) million. Personnel expenses amounted to EUR 2.4 (1.9) million. Other operating expenses and depreciation totalled EUR 3.8 (7.5) million. The number of personnel in the Asset Management Services segment on 31 December 2023 was 61 (63). With the adoption of IFRS 17, a significant part of operating expenses will be capitalised in the calculation of insurance liabilities. During the review period, the operating expenses capitalised in the calculation of insurance liabilities were EUR 13,9 (12,2) million.

Total balance sheet for Asset Management Services was 1,107.3 (31 December 2022: 1,044.5).

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 which would materially influence the financial position of the Savings Banks Group after the completion of the financial statements.

Outlook for the operational environment in 2024

The growth outlook for 2024 is subdued. Europe is starting the new year in a recession and, in particular, the economic situation of Germany and Sweden, which are key trade partners for Finland, is weaker than usual. Economic growth in the United States is expected to slow down, but a soft landing is quite possible, which would avoid a more severe economic downturn despite rapid interest rate hikes. Growth in China is also slowing down.

The Finnish economy entered a recession in the second half of 2023, and continued subdued development is expected in 2024. Economic growth may pick up again towards the end of the year as interest rate cuts begin to have a stimulating effect on the economy. On the whole, we expect the Finnish economy to see approximately zero growth in 2024.

For households, the situation will begin to ease in 2024. Purchasing power will turn to an increase again and private consumption will gradually recover. In recent years, many households have had to use their savings to compensate for rising prices and interest rates. We expect that these savings will start to accumulate again and the household saving rate will increase slightly.

The housing market is expected to pick up slowly as the year goes on. Interest rate cuts and improving consumer purchasing power will boost confidence, prompting consumers to venture back into the housing market. While a major recovery is unlikely, a slight improvement from the previous year is expected.

Due to subdued economic growth, we expect unemployment to increase in 2024, albeit to a moderate degree. The average unemployment rate will still be under 8%. There has been a long-standing shortage of skilled workers, and companies want to retain their employees in spite of the economic slump.

The outlook for businesses remains weak at the start of the year. Especially in the construction industry, a more significant recovery is not yet likely, although the gradual decrease in interest rates will slowly improve the sector's outlook in the latter part of the year. The manufacturing industry suffers from the weak global economic cycle.

Inflation is expected to continue to slow down in 2024, although the fastest decline has already passed. This will enable central banks to reduce interest rates. Indeed, several interest rate cuts are likely during the year. This will bring relief to Finnish mortgage holders and gradually improve the outlook of the construction sector. However, there are still inflation-related risks associated with the potential escalation of the conflict in the Middle East and a substantial increase in oil prices.

Business outlook

While various uncertainties create challenges for 2024, they will not jeopardise the performance or capital adequacy of the Savings Banks Group. The Savings Banks Group is solvent and the Group's business is relatively low in risk.

In 2024, the Savings Banks Group's business focus will again be on improving the competitiveness of the Group and implementing a customer-oriented strategy. Savings Banks are well placed to achieve this. In 2024, the Group aims to acquire more customers who will focus their banking services on a Savings Bank.

FURTHER INFORMATION:

Karri Alameri, CEO
tel. +358 45 656 5250
Releases and other corporate information are available on the Savings Banks Group's website at www.saastopankki.fi/saastopankkiryhma.

FORMULAS USED IN CALCULATING THE FINANCIAL HIGHLIGHTS

Revenue:	Interest income, fee income, net investment income, net life insurance income, other operating revenuet
Total operating revenue:	Net interest income, net fee and commission income, net investment income, net life insurance income, 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 %:	$\frac{\text{Equity (incl. non-controlling interests)}}{\text{Total assets}} \times 100$

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.

The Savings Bank Group does not use any Alternative Performance Measures that are not directly calculated using the information presented in financial statements, nor have there been any changes to the presented performance measures.

RELEASE OF FINANCIAL STATEMENTS

SAVINGS BANKS GROUP'S INCOME STATEMENT

(EUR 1,000)	Note	1–12/2023	1–12/2022*
Interest income		478,708	204,880
Interest expense		-214,947	-35,270
Net interest income	4	263,761	169,610
Net fee and commission income	5	126,397	128,570
Net investment income	6	-4,145	-112,553
Insurance premium revenue		18,844	18,068
Insurance service expenses		-14,218	-17,765
Net income from reinsurance contracts		-871	-1,358
Net insurance income	11	3,755	-1,056
Finance income and expenses of the insurance contracts	11	-32,835	75,616
Other operating revenue		21,062	44,966
Total operating revenue		377,995	305,154
Personnel expenses		-94,262	-87,044
Other operating expenses		-126,774	-110,889
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-11,456	-20,452
Total operating expenses		-232,492	-218,385
Net impairment loss on financial assets	6	-9,988	-15,882
Associate's share of profits		14	16
Profit before tax		135,529	70,903
Income tax expense		-30,042	-14,736
Profit, continuing operations		105,487	56,168
Profit, Lieto Savings Bank's exit from Savings Banks Group		2,712	11,251
Profit		108,199	67,419
Profit attributable to:			
Equity holders of the Group		108,209	67,438
Non-controlling interests		-9	-20
Total		108,199	67,419

* Comparatives have been adjusted due to exit from Savings Banks Group and the transition to IFRS 17 as well as termination of the use of temporary exemption (more information in note 2).

SAVINGS BANKS GROUP'S STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	1–12/2023	1–12/2022*
Profit	108,199	67,419
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurements of defined benefit obligation	-72	1,443
Deferred tax from remeasurements of defined benefit obligation	-18	39
Capital gain of financial assets at fair value through other comprehensive income	-1,268	51
Total	-1,357	1,533
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	29,505	-69,625
Deferred tax from fair value measurements	-5,084	13,663
Cash flow hedges	63	-1,240
Deferred tax from cash flow hedges	-13	248
Total	24,471	-56,954
Total comprehensive income	131,313	11,997
Attributable to:		
Equity holders of the Group	131,322	12,017
Non-controlling interests	-9	-20
Total	131,313	11,997

SAVINGS BANKS GROUP'S STATEMENT OF FINANCIAL POSITION

Assets (EUR 1,000)	Note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents		1,431,712	1,207,448
Loans and advances to credit institutions	6	179,140	205,047
Loans and advances to customers	6	9,539,206	9,024,439
Derivatives	9	16,649	89
Investment assets	6	895,223	926,864
Assets covering unit-linked contracts	6	908,402	855,427
Assets related to insurance contracts	11	1,073	925
Assets related reinsurance contracts	11	375	16
Investments in associates and joint ventures		133	119
Property, plant and equipment		40,605	39,093
Intangible assets		40,622	27,690
Tax assets		14,982	19,840
Other assets		138,292	103,303
Demerged assets from Savings Banks Group	15		1,369,986
Total assets		13,206,415	13,780,287

Liabilities (EUR 1,000)	Note	31.12.2023	31.12.2022
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss	7	38,096	18,107
Liabilities to credit institutions	7	620,868	450,946
Liabilities to customers	7	7,016,823	6,994,366
Derivatives	9	174,215	263,422
Debt securities issued	7	2,946,738	2,756,666
Unit-linked contract liability	7	420,446	373,032
Insurance contract liability	11	571,387	571,317
Subordinated liabilities	7	3,257	2,142
Tax liabilities		68,004	68,558
Provisions and other liabilities		208,631	133,067
Demerged liabilities from Savings Banks Group	15		969,816
Total liabilities		12,068,464	12,601,441
Equity			
Basic capital		50,183	25,224
Primary capital		31,452	31,452
Reserves		242,499	191,138
Retained earnings		812,654	929,668
Total equity attributable to equity holders of the Group		1,136,788	1,177,482
Non-controlling interests		1,162	1,365
Total equity		1,137,950	1,178,847
Total liabilities and equity		13,206,415	13,780,287

Comparatives have been adjusted due to exit from Savings Banks Group and the transition to IFRS 17 as well as termination of the use of temporary exemption (more information in note 2).

SAVINGS BANKS GROUP'S STATEMENT OF CASH FLOWS

(EUR 1,000)	1–12/2023	1–12/2022*
Cash flows from operating activities		
Profit from the period	105,487	66,768
Adjustments for items without cash flow effect	26,938	34,757
Income taxes paid	4,027	2,775
Cash flows from operating activities before changes in assets and liabilities	136,452	104,299
Increase (-) or decrease (+) in operating assets	-195,207	-762,045
Investments, financial assets at fair value through profit or loss	124,577	4,653
Investments, at fair value through other comprehensive income	47,759	7,589
Financial assets at amortised cost	-1,997	
Investments, shares and participations	-990	
Investments, at amortized cost	-14,679	7,777
Other assets covering unit-linked contracts	-53,123	
Loans and advances to credit institutions	28,471	-107,461
Loans and advances to customers	-281,455	-667,697
Liabilities from life insurance operations		
Assets related to re-insurance contracts	-359	21,790
Other assets	-43,410	-28,697
Increase (-) or decrease (+) in operating liabilities	487,723	818,585
Liabilities to credit institutions	326,415	-31,561
Liabilities to customers	-10,853	355,808
Debt securities issued	96,005	446,897
Liabilities from unit-linked contracts	24	
Liabilities from re-insurance contracts	-149	-178
Other liabilities	76,280	47,618
Exit from Savings banks group	-128,753	38,054
Total cash flows from operating activities	300,215	198,893
Cash flows from investing activities		
Other investments	-39,624	-1,106
Investments in investment property and in property, plant and equipment and intangible assets	-24,807	-13,772
Disposals of investment property and property, plant and equipment and intangible assets	582	3,797
Exit from Savings banks group	3	-2,348
Total cash flows from investing activities	-63,847	-13,430

(EUR 1,000)	1–12/2023	1–12/2022*
Cash flows from financing activities		
Increase in subordinated liabilities	3,173	
Decrease in subordinated liabilities	-665	-6,208
Increase in basic capital	450	171
Distribution of profits	-10,140	-3,743
Other monetary increases in equity items		
Other monetary decreases in equity items	-2,370	-1,000
Exit from Savings banks group		-5,127
Total cash flows from financing activities	-9,551	-15,907
Change in cash and cash equivalents	226,818	169,556
Cash and cash equivalents at the beginning of the period	1,227,015	1,057,459
Cash and cash equivalents at the end of the period	1,453,832	1,227,015
Cash and cash equivalents comprise the following items:		
Cash	1,431,712	1,207,448
Receivables from central banks repayable on demand	22,120	19,566
Total cash and cash equivalents	1,453,832	1,227,015
Adjustments for items without cash flow effect		
Impairment losses on financial assets	9,983	15,882
Changes in fair value	21,298	1,444
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	12,465	24,523
Effect of profit from associated companies	-14	-16
Adjustments from life insurance operations	-17,711	-1,588
Other adjustments	-1,405	2,817
Gain or loss on sale of investment property and property, plant and equipment and intangible assets		-10,237
Income taxes	2,323	1,933
Total Adjustments for items without cash flow effect	26,938	34,757
Interest received	454,976	192,365
Interest paid	146,113	18,026
Dividends received	4,722	6,585

* Comparative information has not been adjusted for transition to IFRS 17

SAVINGS BANKS GROUP'S STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Basic capital	Primary capital	Share premium	Fair value reserve	Reserve for hedging instruments	Reserve fund	Other reserves	Total reserves	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interests	Total equity
Equity 31 December 2021		32,452	126,896	17,169	941	47,022	74,323	266,351	864,871	1,188,908	1,384	1,190,292
Effect of transition to IFRS 17 and termination of the use of temporary exemption permitted by IFRS 4 1.1.2022*				-18,423				-18,423	22,813	4,390		4,390
Equity 1 January 2022		32,452	126,896	-1,254	941	47,022	74,323	247,927	887,683	1,193,298	1,384	1,194,682
Comprehensive income												
Profit for the period									67,438	67,438	-20	67,419
Other comprehensive income				-55,962	-992		1,482	-55,472	51	-55,421		-55,421
Total comprehensive income				-55,962	-992		1,482	-55,472	67,489	12,017	-20	11,997
Transactions with owners												
Distribution of profits									-3,793	-3,793		-3,793
Rights issue												
Tranfers between items	-1			4,692		-4,222	-29,026	-28,555	-145,410	-173,966		-173,966
Share of associated companies' direct equity entries												
Other changes			10,692			-2,843	-10,079	-2,229	-3,720	-5,950		-5,950
Changes that did not result in loss of control	-11	-1,000							-1,078	-2,089		-2,089
Changes that resulted in loss of control												
Changes in Savings Bank Group's structure												
Exit from Savings Banks Group	1			-4,692		5,134	29,026	29,467	128,497	157,965		157,965
Total equity 31 December 2022	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
Equity 1 January 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
Rights issue												
Tranfers between items			71,438				5	71,442		71,442	-193	71,249
Share of associated companies' direct equity entries												
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 that resulted in loss of control												
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
Total equity 31 December 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

* Lieto Savings Bank exits from the Savings Banks Group on 28 February 2023. Further information in note 1 Description of the Savings Banks Group and the scope of the financial statements.

BASIS OF PREPARATION

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

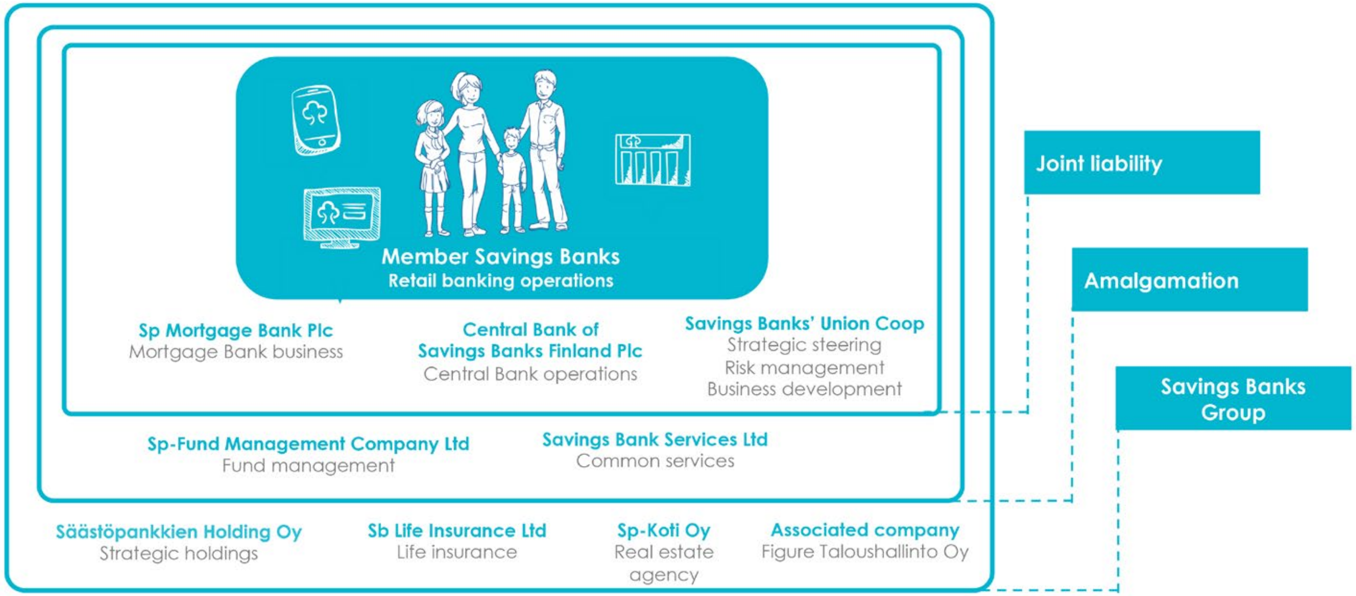
The Savings Banks Group is the most longstanding banking group in Finland. It comprises of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution and the subsidiaries and associated companies owned by Savings Banks. Together the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

The member organisations of the Savings Banks Amalgamation form a financial entity as defined in the Act on Amalgamations, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The Savings Banks Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 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 organisations other than credit and financial institutions or service companies. The most significant of these are Sb Life Insurance Ltd and Sp-Koti Oy. The Savings Banks' Union Coop and its member Savings Banks do not have control over each other as referred to in the general consolidation accounting principles and therefore it is not possible to define a parent company for the Group.

Lieto Savings Bank relinquished its membership of Savings Banks' Union Coop and the Savings Banks Amalgamation effective from 1 March 2023. In connection with this, Lieto Savings Bank transferred its entire business to Oma Savings Bank Plc. The business transfer took effect on 28 February 2023. In accordance with the accounting policies confirmed by the Savings Banks Amalgamation, the result of the Lieto Savings Banks is consolidated into the Savings Banks Group until the date of the exit. As a result of the exit, the number of savings banks in the Savings Banks Amalgamation and the Savings Banks Group decreased from 15 to 14.

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



Savings Banks' Union Coop steers the operations of the Savings Banks Group and is responsible for the 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 and the entities consolidated into the financial statements are listed in note 23. 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 Savings Banks' Union Coop has in their meeting 14 February 2024 approved the Savings Banks Group's consolidated financial statements for the financial year ending 31 December 2024. The consolidated financial statements will be presented to the cooperative meeting of Savings Banks' Union Coop in the meeting scheduled for X March 2024.

NOTE 2. ACCOUNTING POLICIES

1. GENERAL

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

The release of financial statements of 1 January – 31 December 2023 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The financial statements are prepared in accordance with the IFRS 17 Insurance Contracts standards for the first time; for additional information, see section 3. Adoption of new standards and interpretations. The application of the overlay approach to life insurance investment assets was discontinued in conjunction with the adoption of IFRS 17. There are no other significant changes to the accounting policies applied in the financial statements for 2022. A complete description of the accounting policies can be found in the notes to the financial statements for 2022.

The release of the financial statements has been audited.

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 statements dated 3 December 2023, the most significant uncertainties influencing the management's estimates have been Russia's war of aggression in Ukraine, the resulting energy crisis in Europe, accelerating inflation and rising market interest rates. There is considerable uncertainty associated with estimating the economic impacts of the above-mentioned factors, 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 avail-able information or a new factor that is not included in the parameters or inputs used in the calcu-lation model. The uncertainty regarding future economic development that continued during the review period has increased the significance of the management's judgment and estimates.

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

- Considering the nature and value of receivable-related collaterals, the effect of the regional economic situation on the price level of residential properties 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.

The member banks of the Savings Banks Group have assessed the financial impacts of the war in Ukraine and the economic sanctions against Russia on their customers' credit risk. The member banks do not have significant direct exposures to Russian, Ukrainian or Belarussian markets. However, the changed market conditions cause indirect effects on certain sectors or customers. The member banks of the Savings Banks Group monitor closely customer sectors for which the credit risk may have increased due to the ongoing economic situation.

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 customer bonuses (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 Determining 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 instru-ments are met and, consequently, the price information obtained from the market can be con-sidered 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 num-ber 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.

2.4 Impairments of non-financial assets

At each reporting date, the Savings Bank Group assesses whether there is evidence of impairment of incomplete assets. Impairment testing is also carried out whenever there is any indication of impairment. Assessment of impairment of incomplete intangible assets requires the manage-ment's judgment.

2.5 The present value of the pension obligation

The present value of pension obligation is based on actuarial calculations, which include a num-ber of discretionary assumptions related to e.g. discount rate, future increases in salaries, wages and pension, as well as inflation. Changes in actuarial assumptions affect the carrying amount of pension obligations.

3. ADOPTION OF NEW STANDARDS AND INTERPRETATIONS

New and amended standards applied in financial year ended

Applying IFRS 17 Insurance Contracts standard

The Savings Banks Group has applied IFRS 17 Insurance Contracts for the first time starting from 1 January 2023. In the Savings Banks Group, the insurance contracts of Sb Life Insurance are within the scope of IFRS 17. The IFRS 17 standard is applied only to the IFRS financial statements of the Savings Banks Group, the financial statements of Sb Life Insurance will continue to be prepared in accordance with the national regulations governing accounting and the preparation of financial statements.

IFRS 17 sets out principles for the recognition, measurement and presentation of insurance and reinsurance contracts as well as certain investment contracts with discretionary participation features, and the notes to financial statements concerning such contracts. The purpose of the IFRS 17 standard is to harmonise the principles concerning the measurement of insurance contract liabilities and it replaces the previously applied IFRS 4 Insurance contract standard in its entirety. Under the earlier IFRS 4 Insurance Contracts standard, the measurement of insurance contract liabilities was based on national measurement whereas under IFRS 17, it is based on up-to-date estimates.

Significant changes to the Savings Banks Group's accounting policies

The most significant changes to the Savings Banks Group's accounting policies are presented below. The Savings Banks Group's new accounting policies pertaining to insurance contracts are described in their entirety in Note 14.

Life insurance policies granted by the Savings Banks Group are classified as either insurance contracts or investment 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. 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.

Grouping and recognition of insurance contracts

Insurance contracts are divided into portfolios that are subject to similar risks and are managed together. The portfolios are further divided into loss-making, profitable and other insurance contracts on the basis of the revenue expectations on the date of initial recognition of the 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.

The above-mentioned insurance contract groups are divided into annual cohorts based on the original date of recognition. A cohort may not contain contracts with start dates more than one year apart from each other. A single cohort forms an IFRS 17-compliant insurance contract group that is subject to recognition and measurement requirements.

The insurance contract group is recognised when the first of the following criteria is met:

- the insurance period of the insurance contract group begins;
- the first premium due from the policyholder is due; or
- the insurance contract group becomes loss-making.

Measurement of insurance contracts

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 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 are the present value of the cash flows related to future service at the time of reporting plus the 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 model is applied to the Savings Banks Group's pension and savings insurance products that include a direct entitlement to the contract surplus and have a significant insurance risk. The variable fee model differs from the general model with regard to the measurement of the service margin of insurance contracts. In the variable fee model, the service margin change on the reporting date includes a share of the change in the fair value of the underlying investments.

Reinsurance contracts taken out by the Savings Banks Group are measured in accordance with the premium allocation approach.

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.

Determination of the discount rate

The Savings Banks Group has defined the discount rate for insurance contract liabilities as the risk-free interest rate plus a liquidity premium. The liquidity premium is calculated separately for each product group.

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. The current income statement presentation method based on expense types will change because, with the adoption of IFRS 17, part of personnel expenses and other operating expenses are included in the calculation of IFRS 17 insurance contract liabilities and presented under insurance service expenses.

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 due to services provided during the reporting period.

Items recognised in 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. Under IFRS 17, the finance income and expenses of the insurance contracts can be recognised either entirely in the income statement or divided into the income statement and other comprehensive income. The Savings Banks Group presents the finance income and expenses of the insurance contracts entirely in the income statement.

The rights and obligations of insurance contracts will be netted and presented on the balance sheet as either assets or liabilities at the portfolio level.

Changes to the presentation of the income statement and balance sheet in 2023

The Savings Banks Group has changed the presentation of the income statement and balance sheet effective from 1 January 2023. The comparison figures for 2022 have been retrospectively adjusted to correspond to the Savings Banks Group's new income statement and balance sheet formulae. The most significant changes to the presentation of the income statement and balance sheet are presented below:

- In the income statement, the Savings Banks Group presents the new IFRS 17 compliant items "Insurance service result" and "Finance income and expenses of insurance contracts". The previously presented income statement item "Net income from life insurance operations" has been eliminated.

- Going forward, net investment income from life insurance – which is recognised in net income from life insurance operations – will be presented in the item "Net investment income".

- Fee and commission income and expenses from investment contracts classified as falling within the scope of IFRS 9 are recognised in the net item "Net fee and commission income". The item was previously included in the item "Net income from life insurance operations".

- In the balance sheet, the Savings Banks Group presents the new IFRS 17 compliant balance sheet items "Insurance contract assets" and "Insurance contract liabilities". The previously presented items "Life insurance assets" and "Life insurance liabilities" have been eliminated.

- The investment assets of life insurance operations are presented in the balance sheet item "Investment assets". The item was previously included in the item "Life insurance assets".

- Investment contracts in life insurance operations that are measured in accordance with IFRS 9 are presented in the balance sheet item "Financial assets recognised at fair value through profit or loss". The item was previously included in the item "Life insurance liabilities".

Information about the transition

The Savings Banks Group has applied the retrospective approach in adopting the IFRS 17 standard as far as practically possible. When applying IFRS 17 retrospectively, the Savings Banks Group has, on the transition date of 1 January 2022, determined, recognised and measured the insurance contract groups and the cash flows associated with insurance contract acquisition as if the standard had always been applied. The income statement and balance sheet figures for 2022 have been adjusted retrospectively.

The net effect of the retrospective transition has been recognised in equity on the balance sheet on the transition date. The Savings Banks Group has applied the retrospective approach when adopting IFRS 17 with regard to insurance contracts that concern loan security and were initially recognised after 31 December 2017.

The Savings Banks Group has applied the fair value approach to insurance contracts that were in effect prior to 1 January 2018. On the transition date, the Savings Banks Group determined the contractual service margin or the loss component as the difference between the fair value of the contracts and the future cash flows arising from the performance of the contract.

At the end of the financial year 2022, life insurance liabilities calculated in accordance with IFRS 4 totalled EUR 947 million, of which insurance contract liabilities classified according to IFRS 17 amounted to EUR 575 million and investment contracts classified according to IFRS 9 amounted to EUR 373 million. Calculated in accordance with IFRS 17, liabilities classified as insurance liabilities decreased by EUR 4 million to EUR 571 million. The contractual insurance service margin (CSM) at the time of transitioning to IFRS 17 on 1 January 2022 was EUR 9 million. On 31 December 2022, it was EUR 12 million.

The Savings Banks Group has applied the temporary exemption permitted by IFRS 4 to a significant proportion of the equity instruments and fund investments related to life insurance investment operations, which has aligned the instruments' effects on profit or loss with IAS 39. The financial assets within the scope of the temporary exemption have been recognised on the balance sheet at fair value and changes in their value have been presented in the fair value reserve in other comprehensive income. The application of the temporary exemption has ended when IFRS 17 entered into force, and the measurement result recognised in the fair value reserve has been recognised in retained earnings on the transition date.

The tables below show the change in equity on the date of transition on 1 January 2022, as well as the adjusted income statements and balance sheets for the comparison periods. On 1 January 2022, life insurance liabilities calculated in accordance with IFRS 4 totalled EUR 1,081 million, of which insurance contract liabilities classified according to IFRS 17 amounted to EUR 674 million and investment contracts classified according to IFRS 9 amounted to EUR 407 million. Calculated in accordance with IFRS 17, liabilities classified as insurance liabilities decreased by EUR 7 million to EUR 667 million. The Savings Banks Group's equity on 1 January 2022 increased by a total of EUR 7 million before taxes.Ending the temporary exemption had the following effect between the fair value reserve in equity and retained earnings: EUR 18 million.

EFFECT OF IFRS 17 TRANSITION IN EQUITY 1.1.2022, SHAREHOLDERS

Equity of the Savings Banks Group (EUR 1,000)	Basic capital	Primary capital	Reserves	Retained earnings	Total
Equity 31.12.2021	25,235	32,452	266,350	864,871	1,188,908
Effect of transition to IFRS 17				5,899	5,899
Cancellation of temporary exemption			-18,423	16,913	-1,510
Equity 1.1.2022	25,235	32,452	247,927	887,683	1,193,298

EFFECT ON OPENING BALANCE, FINANCIAL POSITION 1.1.2022

Savings Banks Group's statement of financial position

(EUR 1,000)	Publiced statement of financial position 31.12.2021	Effect of transition to IFRS 17*	Opening statement of financial position 1.1.2022
Assets			
Cash and cash equivalents*	1,017,904		1,017,904
Loans and advances to credit institutions	129,484		129,484
Loans and advances to customers	9,602,782		9,602,782
Derivatives	33,693		33,693
Investment assets	974,226	170,261	1,144,488
Assets covering unit-linked contracts		989,680	989,680
Life insurance assets	1,160,683	-1,160,683	
Investments in associates and joint ventures	102		102
Property, plant and equipment	46,222		46,222
Intangible assets	35,323		35,323
Tax assets	10,556	-1,510	9,046
Other assets	68,120	4,813	72,932
Total assets	13,079,096		13,081,657
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss	13,706		13,706
Liabilities to credit institutions	423,705		423,705
Liabilities to customers	7,682,351		7,682,351
Derivatives	15,511		15,511
Debt securities issued	2,500,165		2,500,165
Unit-linked contract liabilities		407,170	407,170
Life insurance liabilities	1,084,728	-1,084,728	
Insurance contract liabilities		670,635	670,635
Subordinated liabilities	13,427		13,427
Tax liabilities	65,760	1,475	67,235
Provisions and other liabilities	89,450	3,618	93,068
Total liabilities	11,888,804		11,886,974
Equity			
Basic capital	25,235		25,235
Primary capital	32,452		32,452
Reserves	266,350	-18,423	247,927
Retained earnings	864,871	22,813	887,683
Total equity attributable to equity holders of the Group	1,188,908		1,193,298
Non-controlling interests	1,384		1,384
Total equity	1,190,293		1,194,682
Total liabilities and equity	13,079,096		13,081,657

* Includes both the correction according to the IFRS 17 Insurance contracts standard and cancellation of the temporary exemption.

REVISED FIGURES OF COMPARISON PERIOD 2022

Savings Banks Group's statement of financial position

(EUR 1,000)	Publiced statement of financial position 31.12.2022	Effect of transition to IFRS 17*	Adjusted statement of financial position 31.12.2022
Assets			
Cash and cash equivalents*	1,207,448		1,207,448
Loans and advances to credit institutions	205,047		205,047
Loans and advances to customers	9,024,439		9,024,439
Derivatives	89		89
Investment assets	784,650	142,214	926,864
Assets covering unit-linked contracts		855,427	855,427
Life insurance assets	1,006,583	-1,006,583	
Insurance contract assets		925	925
Re-insurance contract assets		16	16
Investments in associates and joint ventures	119		119
Property, plant and equipment	39,093		39,093
Intangible assets	27,690		27,690
Tax assets	20,063	-222	19,840
Other assets	94,362	8,942	103,303
Demerged assets from Savings Banks Group	1,369,986		1,369,986
Total assets	13,779,568		13,780,287
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss	18,107		18,107
Liabilities to credit institutions	450,946		450,946
Liabilities to customers	6,994,366		6,994,366
Derivatives	263,422		263,422
Debt securities issued	2,756,666		2,756,666
Unit-linked contract liabilities		373,032	373,032
Life insurance liabilities	950,931	-950,931	
Insurance contract liabilities		571,317	571,317
Subordinated liabilities	2,142		2,142
Tax liabilities	66,454	2,104	68,558
Provisions and other liabilities	129,627	3,440	133,067
Demerged liabilities from Savings Banks Group	969,816		969,816
Total liabilities	12,602,478	-1,037	12,601,441
Equity			
Basic capital	25,224		25,224
Primary capital	31,452		31,452
Reserves	204,110	-12,972	191,138
Retained earnings	914,940	14,728	929,668
Total equity attributable to equity holders of the Group	1,175,725		1,177,482
Non-controlling interests	1,365		1,365
Total equity	1,177,090		1,178,847
Total liabilities and equity	13,779,568		13,780,287

*Includes both the correction according to the IFRS 17 Insurance contracts standard and cancellation of the temporary exemption.

INCOME STATEMENT 31.12.2022

Savings Banks Group's income statement

(EUR 1,000)	Publiced income statement 1–12/2022	Effect of transition to IFRS 17*	Adjusted income statement 1–12/2022
Interest income			
Interest expense	-35,270		-35,270
Net interest income	169,610		169,610
Net fee and commission income	103,261	25,309	128,570
Net investment income	-7,174	-105,378	-112,553
Insurance premium revenue		18,068	18,068
Insurance service expenses		-17,765	-17,765
Net income from reinsurance contracts		-1,358	-1,358
Insurance sevice result		-1,056	-1,056
Net insurance finance income and expenses		75,616	75,616
Net life insurance income	18,396	-18,396	
Other operating revenue	44,966		44,966
Total operating revenue	329,059	-23,905	305,154
Personnel expenses	-92,371	5,327	-87,044
Other operating expenses	-116,217	5,327	-110,889
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-20,452		-20,452
Total operating expenses	-229,040	10,655	-218,385
Net impairment loss on financial assets	-15,882		-15,882
Associate's share of profits	16		16
Profit before tax	84,154	-13,250	70,903
Income tax expense	-17,386	2,650	-14,736
Profit, continuing operations	66,768	-10,600	56,168
Profit, Lieto Savings Banks' exit from Savings Banks Group	11,251		11,251
Profit for the period	78,019	-10,600	67,419

* Includes both the correction according to the IFRS 17 Insurance contracts standard and cancellation of the temporary exemption.

Other new and amended standards applied in financial year ended

The following new or amended standards applied in the financial year ended have no significant impact on the financial statements of the Savings Banks Group.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Ac-counting Estimates and Errors (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

International Tax Reform – Pillar Two Model Rules Amendments to IAS 12 Income taxes (the temporary exception is effective immediately after its publication on 28 May 2023; the requirements concerning disclosures in financial statements are effective for financial years beginning on or after 1 January 2023)

The amendments provide a relief from deferred tax accounting due to the international tax reform of the OECD (Organization for Economic Cooperation and Development) and requires the disclosure of new notes aiming to compensate for any loss of information caused by the relief.

3. NEW AND AMENDED STANDARDS TO BE APPLIED IN FUTURE FINANCIAL YEARS

Savings Banks Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. Savings Banks Group will adopt them as of the effective date or, if that date is not the first day of the financial year, from the beginning of the subsequent financial year.

* This provision has not been approved for application in the EU as of 31 December 2023.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases (effective for financial years beginning on or after 1 January 2024, early adoption is permitted)

The amendments adds a new accounting model concerning variable payments and require a seller-lessee to reassess and possibly adjust sale and leaseback transactions carried out after the adoption of IFRS 16 in 2019. The amendments are not estimated to have a significant impact on the financial statements of Savings Banks Group.

Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early adoption is permitted)

The purpose of the amendments is to simplify the application practice and clarify the classification of liabilities as current or non-current. The amendments clarify that covenants with which the company must comply after the reporting date do not affect a liability's classification as current or non-current at that date. Information about such covenants must be disclosed in the notes to the financial statements. The amendments also clarify that the transfer of the company's own equity instruments is considered to be the settlement of the liability. If the liability involves a conversion option, it may have an effect on its classification as current or non-current unless these conversion options have not been recognised in equity under IAS 32. The amendments are not estimated to have a significant impact on the financial statements of Savings Banks Group.

Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures * (effective for financial years beginning on or after 1 January 2024, early adoption is permitted)

The purpose of the amendments is to improve the transparency of supplier finance arrangements and clarify their effects on financial liabilities, cash flows and the total amount of liquidity risk. The amendments require the disclosure of qualitative and quantitative information about supplier finance arrangements. The amendments are not estimated to have a significant impact on the financial statements of Savings Banks Group.

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates * (effective for financial years beginning on or after 1 January 2025, early adoption is permitted)

The amendments require the application of a consistent approach when assessing whether a currency is exchangeable and which exchange rate to use and which notes to disclose when it is not. The amendments are not estimated to have a significant impact on the financial statements of Savings Banks Group.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures * (voluntary adoption is permitted, entry into force postponed until further notice)

The amendments eliminate the conflict between the current guidelines concerning consolidation and equity method and require the recognition of profit in full when the transferred assets meet the definition of business under IFRS 3 Business Combinations. The amendments are not estimated to have a significant impact on the financial statements of Savings Banks Group.

PROFIT FOR THE PERIOD

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 1.1.–31.12.2023

(EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	263,246	539	263,786
Net fee and commission income	69,538	56,577	126,114
Net investment income	-29,875	25,958	-3,917
Net life insurance income		3,755	3,755
Finance income and expenses of insurance contracts		-32,835	-32,835
Other operating revenue	12,815	406	13,221
Total operating revenue	315,723	54,401	370,124
Personnel expenses	-63,530	-2,362	-65,892
Other operating expenses	-153,837	-3,784	-157,621
Total operating expenses	-217,367	-6,146	-223,513
Net impairment loss on financial assets	-9,988		-9,988
Profit before tax	88,368	48,255	136,623
Taxes	-20,762	-9,257	-30,020
Profit	67,606	38,997	106,603
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	9,539,206		9,539,206
Derivatives	16,649		16,649
Investment assets	719,892	171,152	891,044
Insurance contract assets		1,073	1,073
Reinsurance contract assets		375	375
Other assets	214,158	10,634	224,792
Total assets	12,069,889	1,107,262	13,177,151
Liabilities 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
Reinsurance contract liabilities		420,446	420,446
Insurance contract liabilities		571,387	571,387
Subordinated liabilities	3,173		3,173
Other liabilities	218,510	42,471	260,982
Total liabilities	10,974,289	1,072,400	12,046,689
Number of emplyees at the end of the period	921	61	982

RECONCILIATIONS

(EUR 1,000)	1–12/2023	1–12/2022
Revenue		
Total revenue for reportable segments	370,124	304,968
Withdrawal from Savings Banks Group, other operations, eliminations	8,199	185
Total revenue of the Group	378,323	305,154
Profit		
Total profit or loss for reportable segments	106,603	56,291
Non allocated assets, other operations, elimintations	-1,116	-123
Exit from Savings Banks Group	2,712	11,251
Total profit of the Group	108,199	67,419

	1–12/2023	1–12/2022
Assets		
Total assets for reportable segments	13,177,151	12,390,143
Non allocated assets, other operations, eliminations	29,264	20,159
Withdrawal from Savings Banks Group, other operations, eliminations		1,369,986
Total assets of the Group	13,206,415	13,780,287
Liabilities		
Total liabilities for reportable segments	12,046,689	11,618,743
Non allocated liabilities, other operations	21,776	12,882
Withdrawal from Savings Banks Group, other operations, eliminations		969,816
Total liabilities of the Group	12,068,464	12,601,441

INCOME STATEMENT 2022

(EUR 1,000)	Banking	Asset Management Services	Reportable segments in total
Net interest income	169,862	-159	169,703
Net fee and commission income	67,915	60,999	128,914
Net investment income	-6,862	-105,376	-112,238
Vakuutustoiminnan nettotuotot		-1,056	-1,056
Rahoitustuotot- ja kulut vakuutussopimuksista		75,616	75,616
Other operating revenue	43,601	428	44,029
Total operating revenue	274,515	30,453	304,968
Personnel expenses	-58,284	-1,942	-66
Other operating expenses	-150,505	-7,488	-164
Total operating expenses	-208,789	-9,430	-229
Net impairment loss on financial assets	-15,882		-15,882
Profit before tax	49,844	21,023	70,867
Taxes	-10,053	-4,524	-14,576
Profit	39,791	16,500	56,291
Statement of financial position 2022			
Cash and cash equivalents	1,207,448		1,207,448
Loans and advances to credit institutions	183,658	13,948	197,605
Loans and advances to customers	9,024,439		9,024,439
Derivatives	89		89
Investment assets	766,403	156,162	922,564
Life insurance assets		16	16
Other assets	163,557	18,070	181,627
Total assets	11,345,595	1,044,548	12,390,143
Liabilities at fair value through profit or loss		18,107	18,107
Liabilities to credit institutions	449,017		449,017
Liabilities to customers	6,994,366		6,994,366
Derivatives	263,422		263,422
Debt securities issued	2,756,662		2,756,662
Reinsurance contract liabilities		373,032	373,032
Insurance contract liabilities		571,317	571,317
Subordinated liabilities	2,058		2,058
Other liabilities	155,478	35,282	190,760
Total liabilities	10,621,003	997,739	11,618,743
Number of emplyees at the end of the period	873	63	936

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)	1–12/2023	1–12/2022
Interest income		
From financial assets measured at amortized cost		
Debt securities eligible for refinancing with Central Bank	1,111	203
Loans and advances to credit institutions	48,200	6,338
Loans and advances to customers	376,756	164,147
Debt securities	831	944
	426,898	171,631
From financial assets measured at fair value through other comprehensive income		
Debt securities eligible for refinancing with Central Bank	6,407	4,009
Debt securities	3,521	4,768
	9,928	8,777
From financial assets measured at fair value through profit or loss		
Debt securities	531	823
Derivative contracts		
Hedging derivatives	41,351	23,649
	41,882	24,472
Total interest income	478,708	204,880

(EUR 1,000)	1–12/2023	1–12/2022
Interest expenses		
From financial liabilities measured at amortised cost		
Liabilities to credit institutions	-11,362	-3,220
Liabilities to customers	-51,507	-5,941
Debt securities issued	-52,448	-15,175
Subordinated liabilities	-67	-137
	-115,384	-24,474
From financial liabilities measured at fair value through profit or loss		
Derivative contracts		
Hedging derivatives	-99,564	-10,796
	-99,564	-10,796
Total interest expenses	-214,947	-35,270
Net interest income	263,761	169,610

NOTE 5. NET FEE AND COMMISSION 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 sijoitussidonnnaisten sopimusten . 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)	1–12/2023	1–12/2022
Fee and commission income		
Lending	18,295	20,700
Deposits	216	196
Payment transfers	49,246	46,969
Securities brokerage	829	580
Mutual fund brokerage	37,667	39,743
Asset management	1,564	1,049
Legal services	3,957	3,808
Custody fees	1,383	1,935
Insurance brokerage	1,478	1,456
Guarantees	2,465	2,247
Unit-linked contracts	59,240	59,501
Other	1,884	-3,644
Total	178,224	174,540
Fee and commission expense		
Payment transfers	-3,719	-3,130
Securities	-553	-614
Mutual fund brokerage	-328	-876
Asset management	-1,076	-1,066
Unit-linked contracts	-40,143	-34,192
Other*	-6,007	-6,093
Total	-51,827	-45,970
Net fee and commission income	126,397	128,570

* of which the most significant expenses are the shared ATM expenses amounting to EUR 2,771 (2,786) thousand.

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

31.12.2023 (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 and unsecured loans	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

LOANS AND ADVANCES

31.12.2022 (EUR 1,000)	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	204,922	-8	204,915
Loans and other receivables	136	-3	132
Total	205,058	-11	205,047
Loans and advances to customers			
By products			
Used overdrafts	78,234	-797	77,438
Loans	8,382,002	-38,630	8,343,372
Interest subsidized housing loans	465,873	-1,536	464,338
Loans granted from government funds	9		9
Credit cards	140,991	-2,435	138,556
Guarantees	936	-209	727
Total	9,068,045	-43,606	9,024,439
Loans and advances total	9,273,103	-43,617	9,229,486

6.2 INVESTMENT ASSETS

(EUR 1,000)	1–12/2023	1–12/2022
At fair value through other comprehensive income		
Debt securities	543,640	561,610
Shares and participations	3,515	3,582
Total	547,155	565,192
Fair value through profit or loss		
Debt securities	7,061	14,185
Shares and participations	243,690	261,881
Total	250,751	276,067
Amortised cost investments		
	4,417	4,537
Debt securities	73,334	58,655
Expected Credit Losses	-44	-46
Total	77,706	63,146
Investment property	19,610	22,460
Investment assets	895,223	926,864

BREAKDOWN BY ISSUER OF QUOTATION

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

31.12.2022 (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	137,507	590	56,020	194,117
From others	424,103	262,859	2,589	689,550
Other				
From public entities				
From others	3,582	12,618	4,537	20,737
Total	565,192	276,067	63,146	904,404

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 expeted 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 being incurred within 12 months of the reporting date.
- Stage 2 includes financial assets for which the credit risk has increased significantly after the date of initial recognition. The measurement of the expected credit loss for stage 2 financial assets is based on the probability of a default event being incurred 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 of a default event being incurred 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. 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

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial assets 31 Dec. 2022				
Investment assets	640,989	39,027	500	680,516
Loans and advances	7,843,798	1,093,234	148,113	9,085,145
Off-balance sheet items	653,406	47,837	1,463	702,706
Total	9,138,193	1,180,099	150,076	10,468,367

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 payment delay exceeds 30 days. When payment delay for a financial asset exceeding the threshold exceeds 90 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 and 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 transition from stages 2 and 3 is three months.

The tables below present the development of the expected credit losses as of the begining of the reporting 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 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 ASSETS

	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
Transfers to stage 3				
New assets originated or purchased	152	15		168
Assets derecognised or repaid (excluding write offs)	-523	-1,056	-499	-2,078
Amounts written off				
Amounts recovered				
Change in credit risk	-602	-227		-829
Change in model for calculation of ECL				
Net change in ECL	-1,008	-1,543	-499	-3,050
Expected credit losses 31 December 2023	1,233	1,994		3,227
Expected credit losses 31 December 2023				53,637
Total change in expected credit losses 1 January 2023 – 31 December 2023				2,810

METHODS AND PARAMETERS USED IN CALCULATION OF EXPECTED CREDIT LOSSES

The Savings Banks Group's assessment of expected credit loss is based on the PD*LGD*EAD model. 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 counter-party based on their sector code.
- LGD %: estimated loss at the time of default, takes into consideration the contract's available collateral.
- EAD: exposure at default is the annual average and takes into consideration instalments and advance repayments, calculated for the term of the contract and for the year, for products for which it has been modelled. Off-balance sheet items are considered to remain fixed until the end of the lifecycle of the contract. The undrawn commitment component is included in the calculation in full.

The calculation takes the time value of money into consideration by discounting the expected credit loss calculated for the contract. The effective interest rate is the contractual 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 that 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 for the next three years are presented below (the value variation range between different scenarios).

	2023	2024	2025
- Change in EuropeStoxx%	-8.4% / 12%	-2.9% / 8.0%	-0.5% / 10.0%
- Change in GDP	-1.0% / 0.5%	0.60%	1.00%
- Investments	-5.0% / -1.0%	0.50%	1.50%

WAR IN UKRAINE AND IMPACTS OF THE ECONOMIC SANCTIONS AGAINS RUSSIA

The member banks of the Savings Banks Group have assessed the financial impacts of the war in Ukraine and the economic sanctions against Russia on their customers' credit risk. At the time of reporting, the Savings Banks Group does not have significant direct liabilities to Russia, Ukraine or Belarus. Nevertheless, the changed market conditions have indirect impacts on certain industries or individual customer relationships in sectors such as agriculture, logistics, construction or industries dependent on energy commodities. Savings Banks have enhanced their monitoring of identified risks that have potentially been elevated by the crisis. When necessary, an adjustment based on the management's assessment has been made to the amount of expected credit losses.

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 2022	2,992	2,356	30,473	35,821
Transfers to stage 1	416	-987	-42	-613
Transfers to stage 2	-670	4,243	-2,726	847
Transfers to stage 3	-105	-787	7,229	6,338
New assets originated or purchased	3,215	-118	2,007	5,104
Assets derecognised or repaid (excluding write offs)	-575	-820	-4,823	-6,218
Amounts written off			-3,353	-3,353
Amounts recovered			481	481
Change in credit risk	-1,234	-552	6,875	5,089
Change in model for calculation of ECL	-1,004	2,061	-1	1,056
Net change in ECL				
Net change in ECL				8,729
Expected Credit Losses 31 December 2022	3,035	5,397	36,119	44,550

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 2022	1,293	30	3,194	4,517
Transfers to stage 1				
Transfers to stage 2	-75	3,748		3,673
Transfers to stage 3				
Investments during the period	275	10		285
Investments expired	-257	-250		-507
Amounts written off			-2,696	-2,696
Amounts recovered				
Change in credit risk	1,005		1	1,005
Change in calculation model				
ECL net change				1,760
Expected Credit Losses 31 December 2022	2,240	3,538	499	6,277
Total Expected Credit Losses 31 December 2022				50,827
Total change in Expected Credit Losses 1 January 2022 – 31 December 2022				10,489

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)	1–12/2023	1–12/2022
Net income from financial assets at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	1,578	-126
Transferred from fair value reserve during the financial year	-9,163	-1,074
	-7,585	-1,200
Shares and participations		
Dividend income	1,396	-393
	1,396	-393
Total	-6,189	-1,593
Net income from financial asset at fair value through profit or loss		
Debt securities		
Capital gains and losses	-1	52
Fair value gains and losses	624	-1,741
	623	-1,689
Shares and participations		
Dividend income	2,717	3,811
Capital gains and losses	71	-98
Fair value gains and losses	2,934	-13,312
	5,723	-9,599
Net income from foreign exchange operations		-7
Fair value gains and losses from derivative contracts not in hedge accounting*)	-840	2,147
Net income from hedge accounting		
Change in hedging instruments' fair value	106,583	-280,240
Change in hedged items' fair value	-128,022	278,949
	-22,279	849
Total	-15,933	-10,438

* Including EUR 141 thousand (-166) of the ineffective part of cash flow hedges.

(EUR 1,000)	1–12/2023	1–12/2022
Net income from investment property		
Rental and dividend income	4,063	4,541
Capital gains and losses	57	1,519
Other income from investment property	68	80
Maintenance charges and expenses	-3,833	-3,970
Depreciation and amortisation of investment property	-3,160	-4,070
Rental expenses arising from investment property	-3	-25
Total	-2,808	-1,925
Other income	-15	-32
Investments within insunrance operations		
Net income from financial asset and liabilities at fair value through profit or loss		
Shares and participations		
Dividend income	591	1,400
Capital gains and losses	1,661	178
Fair value gains and losses	63,461	-132,488
Other investments	150	570
Net income from foreign exchange operations	-51	72
Change in insurance contract liability	-45,099	34,407
Net income from unit-linked customer assets	87	-2,703
	20,800	-98,564
Net investment income	-4,145	-112,553

NOTE 7. FUNDING

7.1 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31.12.2023	31.12.2022
Liabilities to credit institutions		
Liabilities to central banks	68,000	68,000
Liabilities to credit institutions	552,868	382,946
Total	620,868	450,946
Liabilities to customers		
Deposits	7,045,368	7,055,706
Other financial liabilities*	4	519
Change in the fair value of deposits	-28,549	-61,859
Total	7,016,823	6,994,366
Liabilities to credit institutions and customers	7,637,691	7,445,312

* Other financial liabilities are deposits made by other states, multinational organizations and foreign funds.

7.2 DEBT SECURITIES ISSUED

(EUR 1,000)	31.12.2023	31.12.2022
Measured at amortised cost		
Bonds	815,739	582,282
Covered bonds	2,046,356	2,045,010
Other		
Certificates of deposit	84,643	129,373
Debt securities issued	2,946,738	2,756,666
Of which		
Variable interest rate	495,403	350,885
Fixed interest rate	2,451,335	2,405,780
Total	2,946,738	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	498,966	7 years	Fixed	0.05%	19.6.2026
Sp Mortgage Bank 2021	500,000	501,973	7 years	Fixed	0.01%	28.9.2028
Sp Mortgage Bank 2022	300,000	299,490	3 years	Fixed	1.00%	28.4.2025
Sp Mortgage Bank 2022	750,000	745,927	5 years	Fixed	3.13%	1.11.2027
Total	2,050,000	2,046,356				

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

7.3 SUBORDINATED LIABILITIES

	31.12.2023		31.12.2022	
(EUR 1,000)	**Average interest rate %**	**Carrying amount**	**Average interest rate %**	**Carrying amount**
Subordinated loans	4.00%	84	4.00%	84
Other				
Perpetual loans				
Debentures	4.00%	3,173	2.48%	2,058
Other loans				
Subordinated liabilities		3,257		2,142

7.4 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR 1,000)	**31.12.2023**	**31.12.2022**
Other financial liabilities at fair value through profit or loss*	38,096	18,107
Financial liabilities at fair value through profit or loss	38,096	18,107

* The item includes the interest in the mutual funds that are consolidated in the financial statements of the Savings Banks Group held by owners not consolidated into the Savings Banks Group. More information on the consolidated funds is presented in Financial statements note 23 Structure of the Savings Banks Group's.

NOTE 8. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL 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.

Measured at 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.

Financial assets measured at 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 liabilities by balance items broken down into measurement categories for continuing operations.

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

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.

31.12.2023				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Carrying amount of financial instruments in balance sheet, net	Cash received as collateral	Cash paid as collateral	Net amount
Assets							
Derivative contracts	31,810	-50	31,760	22,908		9,350	
Total			31,760				
Liabilities							
Derivative contracts	219,649	-50	219,599	22,908		84,329	112,362
Total			219,599				

31.12.2022 (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	6,948		1,200,500		1,207,448
Loans and advances to credit institutions	205,047				205,047
Loans and advances to customers	9,024,296		143		9,024,439
Derivatives					
hedging derivatives					
cash flow hedges					
fair value hedges			89		89
other than hedging derivatives					
Investment assets	61,201	562,311	138,679	22,460	784,650
Life insurance assets*		139,269	858,372	8,942	1,006,583
Total assets	9,297,492	701,579	2,197,784	31,401	12,228,256
Financial liabilities at fair value through profit or loss			18,107		18,107
Liabilities to credit institutions	450,946				450,946
Liabilities to customers	6,994,366				6,994,366
Derivatives					
hedging derivatives					
cash flow hedges			224		224
fair value hedges			263,085		263,085
other than hedging derivatives			113		113
Debt securities issued	2,756,666				2,756,666
Life insurance liabilities*	87,677		859,814	3,440	950,931
Subordinated liabilities	2,142				2,142
Total liabilities	10,291,796		1,141,344	3,440	11,434,438

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

31.12.2022				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Carrying amount of financial instruments in balance sheet, net	Cash received as collateral	Cash paid as collateral	Net amount
Assets							
Derivative contracts	13,466		13,466	12,548		320	598
Total			13,466				
Liabilities							
Derivative contracts	276,426		276,426	12,548		118,521	145,357
Total			276,426				

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.

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.

31.12.2023	**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						
Interest rate derivatives	5,000			5,000		1
Hedging derivative contracts						
Fair value hedging*						
Interest rate derivatives	191,000	2,973,000	253,000	3,417,000	16,649	174,194
Cash flow hedging**						
Interest rate derivatives	10,000			10,000		20
Total	206,000	2,973,000	253,000	3,432,000	16,649	174,215

* Fixed rate deposits (Liabilities to customers) designated as hedged items in fair value hedging have total nominal value of EUR 969,000 thousand and total carrying value of EUR 940,409 thousand. The fair value adjustment resulting from the hedge calculation for the hedged balance sheet item was EUR 28,549 thousand decreasing the book value. Fixed rate issued bonds (Debt securitues issued) designated as hedged items in fair value hedging have total nominal value of EUR 2,248,000 thousand and total booking value of EUR 2,243,171 thousand. he fair value adjustment resulting from the hedge calculation for the balance sheet item subject to hedging was 109,902 thousand decreasing the book value. Nominal values of hedging instruments equal to the nominal values of hedged items.

** Variable rate loans (Loans and advances to customer) designated as hedged items in cash flow hedging have total nominal value of EUR 10,000 thousand and total booking value of EUR 10,000 thousand. Nominal values of the hedging derivative contracts equal to the nominal values of the hedged items.

The effective part of the cash flow hedges amounting to EUR -1 thousand was recognised in other comprehensive income and the ineffective part amounting to EUR 141 thousand was recognised in profit or loss. The effective part of cash flow hedges transferred from other comprehensive income to profit or loss was EUR 50 thousand during the reporting period.

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

31.12.2022	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	10,000	0	0	10,000	13	0
Interest rate derivatives	10,000			10,000	13	
Hedging derivative contracts						
Fair value hedging*	40,000	2,224,000	908,000	3,172,000	76	263,199
Interest rate derivatives	40,000	2,224,000	908,000	3,172,000	76	263,199
Cash flow hedging**	20,000	10,000		30,000		224
Interest rate derivatives	20,000	10,000		30,000		224
Total	60,000	2,234,000	908,000	3,202,000	89	263,422

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	-14	12		-2
Total	-14	12		-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.

31.12.2023	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	10,776,779	1,085,937	15,226,819

* 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
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”.

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 2023	4,030		4,030
Purchases			
Sales	-1,458		-1,458
Matured during the period			
Changes in value recognised in income statement, realised			
Changes in value recognised in income statement, unrealised			
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 30 December 2023	3,258		3,258

Realized gains and losses in the income statement are included in the item “Net investment income”.

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS AT LEVEL 3

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
Fair value through other comprehensive income		
Banking	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.

31.12.2022 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	1,339,322	1,325,991		13,332	1,339,322
Asset Management Services*	858,372	858,372			858,372
Derivative contracts					
Banking	89		89		89
Fair value through other comprehensive income					
Banking	562,311	558,241		4,070	562,311
Asset Management Services*	139,269	123,486		15,783	139,269
Measured at amortised cost					
Investment assets, banking	61,201	57,638			57,638
Loans and advances, banking	9,107,517		10,226,220		10,226,220
Total financial assets	12,068,081	2,923,727	10,226,310	33,185	13,183,221
Investment property					
Banking	22,352			37,219	37,219
Total	22,352			37,219	37,219

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

31.12.2022 Financial liabilities (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	18,107	18,107			18,107
Asset Management Services*	859,814	859,814			859,814
Derivative contracts					
Banking	263,422		263,422		263,422
Measured at amortised cost					
Banking	10,046,968	2,696,266	6,280,176	928,124	9,904,566
Total financial liabilities	11,188,311	3,574,187	6,543,598	928,124	11,045,909

* Includes liabilities for unit-linked insurance and investments contracts which are reported on level 1 in accordance of the underlying investment.
** The other investors' share of the consolidated mutual funds.

Changes at level 3

Reconciliation of changes in financial instruments at level 3.

Financial assets measured at fair value through profit or loss (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2022	9,794		9,794
Purchases	5,009		5,009
Sales	-690		-690
Matured during the period	-504		-504
Changes in value recognised in income statement, realised	-56		-56
Changes in value recognised in income statement, unrealised	-222		-222
Carrying amount 31 December 2022	13,332		13,332

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

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

Fair value through other comprehensive income (EUR 1,000)	Banking	Asset Management Services	Total
Carrying amount 1 January 2022	1,287	14,891	16,178
Purchases	263	1,380	1,643
Sales	-1,425	-225	-1,650
Matured during the period	2		2
Changes in value recognised in income statement, realised	-3,423	-5	-3,428
Changes in value recognised in income statement, unrealised			
Changes in value recognised in comprehensive income statement	2,796	-258	2,538
Transfers from level 1 and 2	4,571		4,571
Transfers to level 1 and 2			
Carrying amount 31 December 2022	4,070	15,783	19,853

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

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS AT LEVEL 3

31.12.2022 (EUR 1,000)	Carrying amount	Negative effect of hypothetical changes' on profit
At fair value through profit or loss		
Banking	13,332	-55
Total	13,332	-55
Fair value through other comprehensive income		
Banking	4,070	-76
Asset Management Services	15,783	-2,374
Total	19,853	-2,450
Total	33,185	-2,505

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)	31.12.2023	31.12.2022
Insurance premium revenue		
Expected claims incurred	3,543	3,139
Expected other directly allocated insurance service costs	13,458	13,518
Changes in risk adjustment (other than adjustments related to funding risks)	583	669
Contractual service margin of services produced during the period	2,381	1,901
Experience adjustments	-1,120	-1,160
Total insurance premium revenue*	18,845	18,067
Insurance service expenses		
Actual claims incurred	2,264	2,512
Actual other directly allocated insurance service costs	13,377	13,427
Onerous contracts	-1,815	1,940
Changes arising from insurance events occurred in services for past periods	392	-115
Total insurance service expenses*	14,218	17,764
Total net income from reinsurance contracts	871	1,375
Insurance service resul	3,756	-1,072

* 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)	31.12.2023	31.12.2022
Unwinding of discount of insurance liability	17,142	-2,268
Change in financial assumptions	15,350	-73,088
Other changes	343	-261
Total net insurance finance income / expenses*	32,835	-75,617

SERVICE MARGIN REVENUE RECOGNITION, MATURITY DISTRIBUTION:

(EUR 1,000)	31.12.2023	31.12.2022
1 year	2,231	1,749
2 years	1,856	1,434
3 years	1,545	1,186
4 years	1,287	991
5 years	1,077	836
6–7 years	1,662	1,318
8–10 years	1,642	1,356
11–13 years	937	834
14–20 years	929	809
Over 20 years	1,078	765
Total	14,244	11,278

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

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)	31.12.2023	31.12.2022
Liabilities for the remaining coverage period	562,423	564,307
Liability for occurred losses	8,964	7,011
Total insurance contract liabilities	571,387	571,318
Total insurance contract assets	1,073	925
Reinsurance contract assets	375	16

INSURANCE CONTRACT LIABILITY CHANGE ANALYSES:

2023	Liabilities for the remaining coverage period			
(EUR 1,000)	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	-571,318
Insurance contract liability (net) 1 January 2023	-560,311	-2,781	-7,301	-570,393
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	28,288
Insurance contract assets 31 December 2023	2,704	-732	-898	1,074
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	-570,313

2022	Liabilities for the remaining coverage period			
(EUR 1,000)	Without the loss component	Loss component	Liability for occurred losses	Total
Insurance contract assets 1 January 2022	5,772	-1,166	-536	4,070
Insurance contract liabilities 1 January 2022	-662,963		-7,672	-670,635
Insurance contract liability (net) 1 January 2022	-657,191	-1,166	-8,208	-666,565
Insurance premium revenue	18,068			18,068
Actual claims incurred and other directly allocated insurance service expenses			-15,940	-15,940
Changes arising from insurance events occurred in services for past periods			115	115
Loss-making contracts		-1,940		-1,940
Net insurance finance expenses	75,267	325	24	75,616
Investment component	39,606		-39,606	
Changes recognised in the income statement, total	132,941	-1,615	-55,407	75,919
Cash flows for the financial year				
Insurance premiums received	-36,060			-36,060
Claims paid			42,887	42,887
Payments for expenses directly allocated to insurance contracts			13,427	13,427
Total cash flows	-36,060		56,314	20,254
Insurance contract assets 31 December 2022	1,362	-147	-290	925
Insurance contract liabilities 31 December 2022	-561,673	-2,634	-7,011	-571,318
Insurance contract liability (net) 31 December 2022	-560,311	-2,781	-7,301	-570,393

INSURANCE CONTRACT LIABILITY CHANGE ANALYSES:

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	-571,318
Insurance contract liability (net) 1 January 2023	-553,971	-5,144	-11,278	-570,393
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
Changes relating to past services:				
Changes in estimates related to actual insurance events	-392			-392
Total	4,955	1,209	-1,538	4,626
Finance income and expenses arising from insurance contracts	-32,775		-60	-32,835
Changes in the income statement, total	-27,820	1,209	-1,598	-28,209
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	-551,720	-4,351	-14,243	-570,314

2022 (EUR 1,000)	Present value of expected cash flows	Risk adjustment	Insurance service margin	Total
Insurance contract assets 1 January 2022	13,469	-1,970	-7,428	4,071
Insurance contract liabilities 1 January 2022	-665,281	-3,718	-1,636	-670,635
Insurance contract liability (net) 1 January 2022	-651,812	-5,688	-9,064	-666,564
Changes relating to services during the financial year:				
Service margin recognised in profit or loss			1,901	1,901
Change in risk adjustment recognised in profit or loss for risk expired		669		669
Experience adjustments	-442			-442
Changes relating to future services:				
Changes in estimates related to the insurance service margin	2,066	275	-2,341	
Changes to the loss component	-2,044	104		-1,940
Changes relating to past services:				
Changes in estimates related to actual insurance events	115			115
Total	-305	1,048	-440	303
Finance income and expenses arising from insurance contracts	75,594		23	-1,295
Changes in the income statement, total	75,289	1,048	-417	-992
Actual cash flows for the period, total	20,254			20,254
Insurance contract assets 31 December 2022	7,947	-861	-6,161	925
Insurance contract liabilities 31 December 2022	-561,918	-4,283	-5,117	-571,318
Insurance contract liability (net) 31 December 2022	-553,971	-5,144	-11,278	-570,393

MATURITY DISTRIBUTION OF CASH FLOWS

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

2022 (EUR 1,000)	Insurance contract assets	Insurance contract liabilities	Total (net)
1 year	-1,616	22,398	20,782
2 years	-1,393	21,536	20,143
3 years	-1,127	24,681	23,554
4 years	-928	27,001	26,073
5 years	-769	29,576	28,807
6–7 years	-1,186	63,413	62,227
8–10 years	-1,161	99,657	98,496
11–13 years	-591	113,945	113,354
14–20 years	-145	197,485	197,340
Over 20 years		257,245	257,245

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)	31.12.2023	31.12.2022
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Loans *	3,113,976	3,158,567
Other	220,318	208,580
Collateral given	3,334,294	3,367,147
Collateral received		
Real estate collateral	8,891,862	9,623,120
Securities	85,403	100,415
Other	244,417	215,704
Guarantees received	32,196	38,919
Collateral received	9,253,877	9,978,158

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

NOTE 13. OFF BALANCE-SHEET COMMITMENTS

Guarantees and pledges given as collateral for another party's liabilities are recognised under off-balance sheet commitments. Commitments are recorded in the maximum amount of the guarantee or pledge at any given time. Items considered equivalent to a guarantee include contract, delivery and export commitments and other guarantee commitments given on behalf of the customer in favour of a third party regarding the fulfilment of the customer's identified obligation or compensation obligation, including letters of credit and other commitments given in favour of the seller as collateral for the completion of a movable property transaction.

Binding credit commitments, undrawn credit limits and other similar off-balance-sheet commitments, regardless of maturity, are also recognised under off-balance sheet commitments. Commitments are recorded in the minimum amount that can be expected to be paid on the basis of them.

(EUR 1,000)	31.12.2023	31.12.2022
Guarantees	61,716	73,111
Commitments related to short-term trade transactions	607,281	687,575
Other	11,935	12,306
Off balance-sheet commitments	680,933	772,993

NOTE 14. 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.

2023 (EUR 1,000)

Transactions with related parties	Key management personnel*	Close companies**	Associates and joint arrangements	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.

KEY MANAGEMENT PERSONNEL COMPENSATION

(EUR 1,000)	2023	2022
Short-term employee benefits	5,925	5,943
Post-employment benefits		
Other long-term benefits	536	489
Termination benefits	143	122
Total	6,605	6,554

2022 (EUR 1,000)

Transactions with related parties	Key management personnel*	Close companies**	Associates and joint arrangements	Total
Assets				
Loans	5,730	6,745		12,476
Total assets	5,730	6,745		12,476
Liabilities				
Deposits	3,679	2,500	803	6,982
Other liabilities	915			915
Total liabilities	4,594	2,500	803	7,898
Off balance-sheet commitments				
Loan commitments	85	569	300	954
Total	85	569	300	954
Revenue and expense				
Interest income	53	101	2	156
Interest expense	-1			-1
Insurance premiums	227			227
Fee and commission income	2	14	5	21
Other expenses				
Total	281	115	7	403

* Including key management personnel and their close family members.

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

NOTE 15. LIETO SAVINGS BANK'S EXIT FROM THE SAVINGS BANKS GROUP

The Trustees of Lieto Savings Bank approved the corporate restructuring arrangements related to the merger of Lieto Savings Bank and Oma Savings Bank at a meeting of the Trustees on 22 September 2022. Lieto Savings Bank's exit from the Savings Banks Group and the Savings Banks Amalgamation was completed on 28 February 2023.

In accordance with the accounting policy confirmed by the Savings Banks' Union Coop, the IFRS 5 Non-current Assets Held for Sale and Discontinued Operations standard is applied to Lieto Savings Bank's exit in the Savings Banks Group's financial statements for 2023.

Lieto Savings Bank's operating result is presented in the Savings Banks Group's income statement separately from the revenue and expenses of continuing operations and the comparative information has been adjusted accordingly. Lieto Savings Bank's assets and liabilities are presented in the Savings Banks Group's balance sheet as a separate line item under assets and liabilities and, in accordance with the IFRS 5 standard, the comparative information is not adjusted.

PROFIT FOR THE FINANCIAL YEAR FROM DEMERGED OPERATIONS

(EUR 1,000)	1–12/2023	1–12/2022
Total operating revenue	7,257	37,990
Total operating expenses	-4,766	-22,326
Impairment losses on financial assets	140	-1,440
Profit before taxes	2,631	14,224
Taxes	82	-2,972
Profit for the financial year	2,712	11,251

THE KEY BALANCE SHEET ITEMS OF THE DEMERGED OPERATIONS

(EUR 1,000)	31.12.2022
Loans and advances to customers	1,016,646
Loans and advances to credit institutions	13,299
Investment assets	78,808
Other assets	15,807
Total assets	1,369,986
Liabilities to customers	942,741
Liabilities to credit institutions	13,488
Other liabilities	13,586
Total liabilities	969,815

THE KEY CASH FLOWS OF THE DEMERGED OPERATIONS

(EUR 1,000)	31.12.2022
Cash flows from operating activities	38,054
Cash flows from investing activities	-2,348
Cash flows from financing activities	-5,127
Change in cash and cash equivalents	30,578

Savings Bank

Postal/visiting address: Savings Banks’ Union Coop, Teollisuuskatu 33, 00510 Helsinki | Registered office: Helsinki

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