CENTRAL BANK OF SAVINGS BANKS FINLAND PLC 'S

HALF-YEAR REPORT

FOR 1 JANUARY – 30 JUNE 2025

Central Bank
of Savings Banks

Translation of the Central Bank of Savings Banks Finland Plc's half-year report 1.1.–30.6.2025

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BOARD OF DIRECTORS’ REVIEW

FOR 1 JANUARY – 30 JUNE 2025

BOARD OF DIRECTORS' REVIEW FOR 1 JANUARY – 30 JUNE 2025

Central Bank of Savings Banks Finland Plc (hereinafter "SB Central Bank") is a bank owned by Finnish savings banks. Its main purpose is to provide the Savings Banks Group with various central credit institution services. The central credit institution services focus payment services and account operator services, payment card issuing for the customers of the member Savings Banks (hereinafter also "Savings Banks") of the Amalgamation, and services related to liquidity management, funding and asset and liability management. SB Central Bank is part of the Savings Banks Amalgamation.

During the review period, the focus of SB Central Bank business was offering high-quality services and continuous service development.

Kai Brander, CEO of the Central Bank of Savings Banks, retired on 1 June 2025. The Board of the Central Bank of the Savings Banks appointed Mervi Luurila as the new CEO starting from 1 April 2025. She had previously served as Deputy to CEO.

SB Central Bank's operating profit for the period was EUR -0.7 million, and the balance sheet total amounted to EUR 3,703 million.

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 structure 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.

Savings Banks Group and Fennia have agreed on long-term distribution cooperation on insurance savings and loan security. As part of the cooperation, Savings Banks Group will sell the entire share capital in Sb Life Insurance Ltd to Fennia Life. The transaction has received approval from the Finnish Competition and Consumer Authority and will be completed during the second half of 2025.

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

DESCRIPTION OF THE OPERATIONAL ENVIRONMENT

The Global Economy

The year 2025 started in a situation where global economic growth was slowing down. Many of US President Trump's actions, especially those involving threats of tariffs, have significantly increased uncertainty as the year has progressed. The situation is particularly challenging due to the erratic nature of the related decision-making, with announcements of tariffs having changed on several occasions during the past few months.

At the time of writing, it remains unclear what level the tariffs will ultimately be set at, how long they will remain in effect, and what countermeasures will be taken by other countries. What is clear, however, is that tariffs will end up at higher levels than before, which is likely to weaken global economic growth. Nevertheless, the very high tariffs displayed on “Liberation Day” at the beginning of April are unlikely to be implemented.

According to the projections of various economic forecasting agencies, the US economy will suffer the most from the tariffs. Economic growth in the United States is expected to halve from last year to around 1.5%. The Chinese economy will also clearly suffer from the tariff threats, with economic growth in China projected to slow to around 4%.

In Europe, economic growth has been subdued for a long time. The trade war will naturally hit Europe too, but its impacts will be less severe. In addition, Germany announced significant defence and infrastructure investments early in the year, which are expected to boost economic growth across Europe in the coming years. Economic growth of approximately one per cent is projected for the eurozone this year.

Interest rate environment

In the first half of 2025, short-term interest rates in the eurozone remained on a downward trajectory as the European Central Bank continued its rate cuts. For example, the 12-month Euribor rate, which is used as the general reference rate for mortgages, had a range of movement of approximately 0.5 percentage points.

US tariff policy, geopolitical concerns and the weakening of economic growth expectations have affected the development of long-term interest rates. Although development in the first half of the year was more volatile in this environment, the period ended with long-term interest rates close to the levels seen at the beginning of the year.

For banking operations, the interest rate environment was more challenging in the first half of 2025, as the falling reference rates and the normalisation of the interest rate curve have a negative impact on net interest income.

The ECB’s current rate cut cycle is nearing its end, and the key interest rate is now two per cent. Consequently, the development of short-term interest rates can be expected to be more stable during the second half of the year. As in the first half of the year, trade policy and geopolitical factors are expected to pose occasional challenges to the development of the longer end of the interest rate curve.

Investment markets

The first half of 2025 was characterised by geopolitical risks and tensions created by the trade war. Uncertainty in the investment markets has been high, and the impacts of the trade war on companies’ growth prospects has been the focus of investors’ attention. The US stock market experienced a sharp decline in April when President Trump announced plans to raise tariffs. Although investor confidence in the development of the equity markets returned quickly, capital flows have nevertheless turned away from the United States. This has led to a strengthening of the euro against the US dollar, and the returns of European equities have strengthened relative to US stocks. In spite of the uncertainty associated with trade policy threats, equities in emerging markets developed favourably in the second quarter of 2025. The uncertainty experienced in April was also reflected in the corporate bond markets. However, the strong growth in credit risk margins was ultimately brief, as investor confidence recovered towards the end of the quarter.

Finnish economy

The recovery of the Finnish economy began in 2024. In terms of quarter-to-quarter economic growth, GDP has been recovering for over a year now. While growth has been subdued, the change from one quarter to the next has nevertheless been positive. Falling interest rates are good for the Finnish economy.

However, the trade war will have a negative impact on the Finnish economy. In recent years, the United States has become Finland’s most important trade partner, and Finland also exports a wide range of capital goods, the demand for which is negatively affected by the general increase in uncertainty.

For consumers, the situation is mixed. Purchasing power has been rising for some time now, and lower interest rates benefit households with debt. At the same time, unemployment has increased in Finland and, as of yet, there are no signs of a turn for the better. In general, consumers are cautious and consumer confidence has remained below the long-term average. Uncertainty is reflected in an increase in the savings rate.

While business confidence also remains at a fairly subdued level, it increased in the first half of 2025. Demand for corporate bonds has recovered slightly, reflecting a cautious recovery in investment demand. At least for the time being, companies have taken a fairly moderate stance towards US President Trump’s threats of tariffs. The number of bankruptcies has continued to rise, and the level is now above the long-term average.

SB CENTRAL BANK'S PROFIT AND BALANCE SHEET

KEY PERFORMANCE INDICATORS

(EUR 1,000)	1.1.-30.6.2025	1.1.-31.12.2024	1.1.-30.6.2024
Net interest income	6,943	20,298	11,258
Operating profit	-724	3,095	5,053
Total operating revenue	17,346	33,417	19,034
Total operating expenses	-15,217	-27,873	-13,151
Impairment loss on financial assets	-2,853	-2,449	-831
Profit	-579	2,523	4,232
Cost to income ratio, %	87.7%	83.4%	69.1%
Total assets	3,702,968	3,595,452	3,951,421
Total equity	133,670	133,874	135,324
Return on equity %	-0.9%	1.9%	6.3%
Return on assets %	0.0%	0.1%	0.2%
Equity/assets ratio %	3.6%	3.7%	3.4%
Solvency ratio %	36.7%	46.3%	44.3%

* The calculation formula for key figures has been adjusted to account for the length of the review period.

FINANCIAL PERFORMANCE (COMPARISON FIGURES 1–6/2024)

SB Central Bank's operating profit was EUR -0.7 (5.1) million and net profit for the period was EUR -0.6 (4.2) million.

PROFITS

Total operating revenue came to EUR 17.3 (19.0) million.

Due to the decline in market interest rates, net interest income decreased by EUR 6.9 (11.3) million, with interest income amounting to EUR 64.9 (83.2) million, while interest expenses decreased to EUR -57.9 (-71.9) million. The decrease in interest income was due to lower yields from both lending and liquid assets. The decline in interest expenses resulted from reduced funding costs. The share of interest rate swaps used for interest rate risk hedging in the net interest income was -2.9 (-4.1) million euros.

Net fee and commission income amounted to EUR 5.4 (3.1) million. The level of fee and commission income was EUR 15.8 (13.6) million, while fee and commission expenses amounted to EUR -10.3 (-10.6) million.

Net trading income was EUR -0.5 (0.6) million, of which the net result of hedge accounting accounted for EUR -0.6 (0.4) million.

Other operating revenue was EUR 5.5 (4.1) million and consisted mainly of service fees from the Central Institution of the Amalgamation and Savings Banks, as well as contractual revenues from the credit card association and partners.

COSTS

Our total operating expenses before impairment losses increased by EUR 2.1 million amounting to EUR 15.2 (13.2) million.

Personnel expenses amounted to EUR 2.9 (2.7) million. Other operating expenses increased by EUR 1.5 million and amounted to EUR 10.9 (9.4) million. The increase in other operating expenses was due to the increased costs of development activities and continuous services.

Depreciations increased by EUR 0.3 million amounting to EUR 1.4 (1.1) million.

Net impairment loss on financial assets increased by EUR 2.0 million and amounted to EUR 2.9 (0.8) million. The change in expected credit losses impacted the result by EUR -2.1 (-0.6) million. The update to the ECL model implemented in May had a nonrecurring effect of EUR -1.6 million the change in expected credit losses. Realised credit losses during the review period amounted to EUR 0.7 (0.3) million.

BALANCE SHEET AND FINANCING (COMPARISON FIGURES 31 DECEMBER 2024)

The balance sheet of SB Central Bank totalled EUR 3,700 (3,595) million.

Wholesale funding and other financing

The total nominal value of bonds issued by SB Central Bank was EUR 1,344 million. New long-term unsecured bonds under the EMTN programme with a total nominal value of EUR 300 million were issued based on the refinancing needs of the Amalgamation to replace the bonds that matured during the period.

Liabilities to credit institutions totalled EUR 1,832 (1,885) million at the end of the period. The line item includes short-term deposits from the Savings Banks in the Amalgamation to LCR and payment transaction accounts, minimum reserve deposits intermediated by the Central Bank of the Savings Banks Group to the Bank of Finland, and collateralized wholesale funding intermediated from Sp Mortgage Bank Plc. The line item also includes short-term deposits and money market deposits from entities other than the Savings Banks in the Amalgamation.

Liabilities to customers totalled EUR 296 (324) million and consisted mainly of term deposits from public entities.

Lending

Loans and advances to credit institutions totalled EUR 2,099 (1,781) million. This line item consists mainly of the balance sheet loans granted to other Savings Banks in the Amalgamation and to Sp Mortgage Bank Plc (EUR 1,963 million in total). The line item also contains the minimum reserve deposit of the Amalgamation and cash guarantees provided as collateral to other banking groups.

Loans and advances to customers totalled EUR 165 (163) million and consisted mainly of credit card balances. At the end of the period, the interest-bearing card portfolio totalled EUR 96 (94) million and the unsecured consumer credit loan balance was EUR 49 (45) million. Non-performing credit receivables in retail customer lending represented 3.07% (2.96%) of the total balances on 30 June 2025.

Investment assets

SB Central Bank's investment assets totalled EUR 361 (131) million. ECB eligible debt securities in the investment portfolio had a total book value of EUR 334 million, while other debt securities amounted to EUR 21 million. SB Central Bank had also invested in non-listed funds with a total value of EUR 4 million and non-listed equities with a total value of EUR 1 million.

Shareholdings and equity

SB Central Bank is fully owned by the other Savings Banks in the Amalgamation. SB Central Bank's share capital amounted to EUR 94,812 thousand at the end of the accounting period. SB Central Bank does not hold its own shares.

Equity capital on 30 June 2025 was EUR 134 (134) million, consisting wholly of CET1 capital.

CAPITAL ADEQUACY AND RISK POSITION

SB Central Bank's own funds totalled EUR 125.3 (124.4) million, while the minimum requirement for own funds was EUR 36.0 (28.2) million. Tier 1 capital consisted fully of Common Equity Tier 1 (CET1) capital, and it amounted to EUR 125.3 (124.4) million.

SB Central Bank's capital adequacy ratio was high, standing at 36.7 (46.3) per cent at the end of the period. The capital adequacy ratio decreased by 9.6 percentage points. The decline was mainly due to the implementation of the revised Capital Requirements Regulation (CRR3) at the beginning of 2025, which increased the risk-weighted assets for operational risk. Additionally, changes in the investment portfolio allocation contributed to a rise in credit risk-weighted assets. The capital adequacy level has remained strong. The high capital adequacy figure is in part due to the exemption granted to the Amalgamation by the Financial Supervisory Authority, according to which the risk weight applied to the Amalgamation's internal financing items in capital adequacy calculation is 0%. The company's risk position has remained stable during the review period.

Capital adequacy and leverage ratio (comparative information 31 December 2024)

The capital requirement of SB Central Bank is formed by:

- 8% minimum capital requirements set by the Capital Requirement Regulation (CRR),
- 2.5% CET1 capital conservation buffer according to the Act on Credit Institutions,
- The country-specific countercyclical CET1 capital requirements of foreign exposures

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

On June 26, 2025, the Financial Supervisory Authority decided to maintain the system risk buffer (1%) for the Savings Banks Amalgamation unchanged. The decision will enter into force on July 1, 2026.

In 2025, the Financial Supervisory Authority has not imposed 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 Capital Requirements Regulation (CRR3), which came into force at the beginning of 2025, resulted in a slight increase in the capital adequacy ratio of the Savings Banks Group.

SB Central Bank publishes the relevant information about capital adequacy calculation each year as part of its Annual Report and Notes to the Financial Statements. The main capital adequacy information is published in the Half-year Report.

The Savings Banks Group's financial statements and capital adequacy information according to Pillar III are available online at www.saastopankki.fi.

CAPITAL ADEQUACY

Own funds (EUR 1,000)	30.6.2025	31.12.2024
Common Equity Tier 1 (CET1) capital before regulatory adjustments	133,670	133,874
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-8,321	-9,505
Common Equity Tier 1 (CET1) capital	125,348	124,370
Additional Tier 1 (AT1) capital		
Tier 1 capital (T1 = CET1 + AT1)	125,348	124,370
Total capital (TC = T1 + T2)	125,348	124,370
Risk weighted assets	341,399	268,426
of which: credit and counterparty risk	254,188	193,843
of which: credit valuation adjustments (CVA)	4,502	8,595
of which: market risk	-	-
of which: operational risk	82,710	65,988
Minimum standard of Own funds	27,312	21,474
Amount which exceeds minimum standard of Own funds	98,037	102,895
Common Equity Tier 1 (as a percentage of total risk exposure amount)	36.7%	46.3%
Tier 1 (as a percentage of total risk exposure amount)	36.7%	46.3%
Total capital (as a percentage of total risk exposure amount)	36.7%	46.3%
Capital requirement		
Total capital	125,348	124,370
Capital requirement total*	35,965	28,193
Capital buffer	89,383	96,177

* The capital requirement is formed by the statutory minimum capital adequacy requirement of 8%, the capital add-on of 2.5% according to the Act on Credit Institutions, and the country-specific variable capital add-ons of foreign exposures.

Leverage ratio

The leverage ratio of SB Central Bank was 7.2% (6.4%), exceeding the binding 3% minimum requirement. The leverage ratio describes the level of indebtedness of a credit institution and is calculated by dividing the original own funds by the total of liabilities. The most significant part of SB Central Bank's assets consists of group internal loans with 0% risk weight that are not included to the total leverage exposure amount when calculating the leverage ratio. The bank monitors excessive indebtedness as part of the ICAAP process.

LEVERAGE RATIO

(EUR 1,000)	30.6.2025	31.12.2024
Tier 1 capital	125,348	124,370
Leverage ratio exposure	1,739,880	1,938,966
Leverage ratio	7.2%	6.4%

Resolution plan

Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms was implemented nationally from 1 January 2015 (Act on the Resolution of Credit Institutions and Investment Firms). To implement the Resolution Act, the Financial Stability Authority was established in Finland (Act on the Financial Stability Authority, 1995/2014). In March 2025, the Financial Stability Authority set a minimum requirement for own funds and eligible liabilities (MREL requirement) for the Savings Banks Amalgamation and Sp Mortgage Bank Plc. The requirement entered into effect from the date of the decision. The requirement does not apply to the member credit institutions or to the Central Bank of Savings Banks.

The MREL requirement is by nature a Pillar 2 type minimum requirement that must be met continuously. According to the Financial Stability Authority's decision, the MREL requirement applied to the Savings Banks Amalgamation is 20.87% of the total risk exposure amount or 7.80% of the total exposures, whichever is higher.

In addition to the requirement calculated on the basis of total risk exposure, the institution-specific capital buffer requirement must be met on an ongoing basis.

Risk position

SB Central Bank’s risk position has remained at a good level and its capital adequacy has remained strong.

The credit risk position of SB Central Bank has remained stable, with a moderate risk level. The credit quality is at good level but still is on a risk of quality deterioration.

CREDIT RATING

On 6 December 2024, S&P Global Ratings confirmed the long-term credit rating of SB Central Bank at A- and its short-term credit rating at A-2. The outlook is stable.

OUTLOOK FOR THE YEAR

The result before taxes in the end of the year of the Central Bank of the Savings Banks is estimated to remain negative, as expected, while capital adequacy remains at a strong level.

FURTHER INFORMATION

The figures presented in the half-year report are unaudited.

Releases and other corporate data are available on the SB Central Bank’s website at www.spkeskuspankki.fi

The corresponding information on Savings Banks Group is available online at www.saastopankki.fi/saastopankkiryhma.

FORMULAS USED IN CALCULATING THE FINANCIAL HIGHLIGHTS

Total operating revenue: Net interest income, net fee and commission income, net trading income, net investment income, other operating revenue

Total operating expenses: Personnel expenses, other operating expenses, depreciation and amortisation of plant and equipment and intangible assets

Cost to income ratio:

$$\frac{\text{Total operating expenses}}{\text{Total operating revenue}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit for the period} \times \text{(days in financial year / days in reporting period)}}{\text{Equity (average of the beginning and end of the year)}} \times 100$$

Return on assets (ROA), %:

$$\frac{\text{Profit for the period} \times \text{(days in financial year / days in reporting period)}}{\text{Total assets (average of the beginning and end of the year)}} \times 100$$

Equity/assets ratio %:

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

Solvency ratio %:

$$\frac{\text{Own funds total}}{\text{Risk-weighted assets total}} \times 100$$

FORMULAS USED IN CALCULATING THE FINANCIAL HIGHLIGHTS

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.

SB Central Bank uses alternative performance measures (APMs) in its financial reporting to describe the financial position of the entity. These measures are not defined in IFRS standards, capital adequacy regulations (CRD/CRR), or Solvency II regulations (SII). The presented alternative performance measures complement the main financial statements and accompanying notes prepared in accordance with IFRS standards.

HALF-YEAR REPORT (IFRS)

INCOME STATEMENT

(EUR 1,000)	Note	1–6/2025	1–6/2024
Interest income		64,890	83,204
Interest expense		-57,947	-71,945
Net interest income	4	6,943	11,258
Net fee and commission income	5	5,438	3,060
Net trading income	6	-511	605
Other operating revenue		5,476	4,111
Total operating revenue		17,346	19,034
Personnel expenses		-2,903	-2,708
Other operating expenses		-10,902	-9,375
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-1,412	-1,068
Total operating expenses		-15,217	-13,151
Net impairment loss on financial assets	7	-2,853	-831
Operating profit		-724	5,053
Income tax expense	18	145	-821
Profit		-579	4,232

STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	1–6/2025	1–6/2024
Kauden tulos	-579	4,232
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Capital gains from items booked to fair value and classified in other comprehensive income		
Total		
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	468	1,086
Deferred tax from fair value measurements	-94	-217
Total	375	869
Total comprehensive income	-204	5,101

STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Note	30.6.2025	31.12.2024
Assets			
Cash and cash equivalents		1,026,172	1,463,658
Loans and advances to credit institutions	7	2,098,529	1,781,472
Loans and advances to customers	7	165,171	163,294
Derivatives	10	1,095	281
Investment assets	7	360,766	130,712
Property, plant and equipment		68	80
Intangible assets		8,024	9,241
Tax assets		6,572	4,457
Other assets		36,570	42,256
Total assets		3,702,968	3,595,452

(EUR 1,000)	Note	30.6.2025	31.12.2024
Liabilities and equity			
Liabilities			
Liabilities to credit institutions	8	1,832,024	1,885,048
Liabilities to customers	8	295,688	323,630
Derivatives	10	35,687	35,447
Debt securities issued	12	1,364,885	1,175,046
Tax liabilities		219	200
Other liabilities		40,795	42,207
Total liabilities		3,569,298	3,461,578
Equity			
Share capital		94,812	94,812
Reserves		19,544	19,169
Retained earnings		19,314	19,893
Total equity		133,670	133,874
Total liabilities and equity		3,702,968	3,595,452

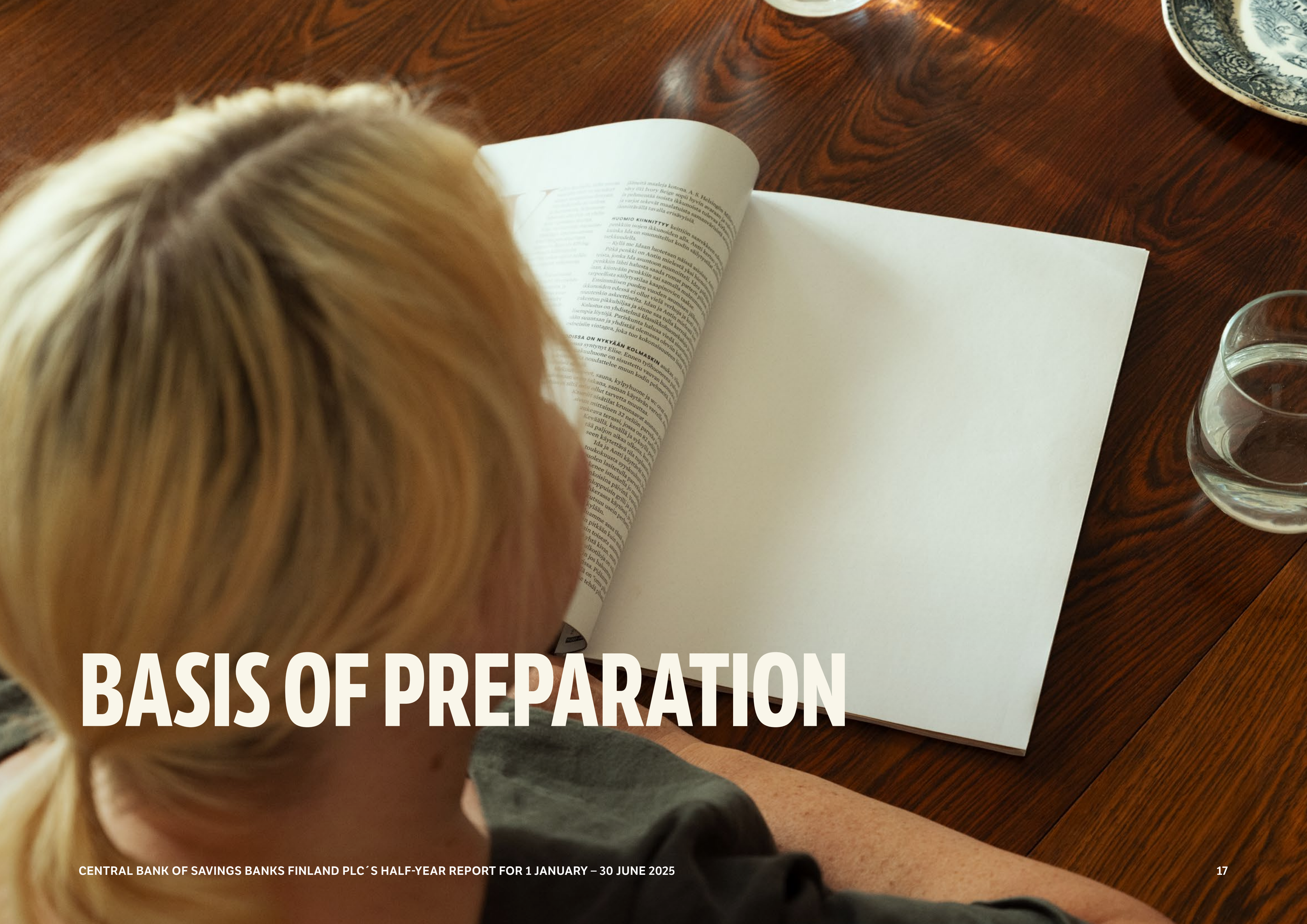
STATEMENT OF CASH FLOWS

(EUR 1,000)	1–6/2025	1–6/2024
Cash flows from operating activities		
Profit	-579	4,232
Adjustments for items without cash flow effect	4,416	1,967
Change in deferred tax	-325	-111
Cash flows from operating activities before changes in assets and liabilities	3,512	1,660
Increase (-) or decrease (+) in operating assets	-540,473	-122,512
Loans and advances to credit institutions	-314,132	-89,882
Loans and advances to customers	-3,870	-13,237
Investment assets, at fair value through other compre-hensive income	-42,467	-2,992
Investment assets, at amortized cost	-184,540	-20,361
Investment assets, fair value through profit or loss	-1,661	800
Other assets	6,197	3,159
Increase (-) or decrease (+) in operating liabilities	104,677	563,176
Liabilities to credit institutions	-53,832	480,157
Liabilities to customers	-27,942	-145,325
Debt securities issued	190,432	203,223
Other liabilities	-3,981	25,121
Paid income taxes	-2,045	-4,428
Total cash flows from operating activities	-434,329	442,324

(EUR 1,000)	1–6/2025	1–6/2024
Cash flows from investing activities		
Investments in property, plant and equipment and intangible assets	-183	-171
Total cash flows from investing activities	-183	-171
Cash flows from financing activities		
Total cash flows from financing activities		
Change in cash and cash equivalents	-434,512	442,153
Cash and cash equivalents at the beginning of the period	1,481,624	1,432,843
Cash and cash equivalents at the end of the period	1,047,112	1,874,995
Cash and cash equivalents comprise the following items:		
Cash	1,026,172	1,863,157
Receivables from central banks repayable on demand	20,940	11,838
Total cash and cash equivalents	1,047,112	1,874,995
Adjustments for items without cash flow effect		
Impairment losses on financial assets	2,947	914
Changes in fair value	641	-390
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	1,412	1,068
Other adjustments	-583	376
Total Adjustments for items without cash flow effect	4,416	1,967
Interest received	68,418	77,678
Interest paid	58,958	59,510
Dividends received		415

STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Share premium	Fair value reserve	Total reserves	Retained earnings	Total equity
Equity 1.1.2024	94,812	19,000	-959	18,041	17,370	130,223
Comprehensive income						
Profit for the period					4,232	4,232
Other comprehensive income			869	869		869
Total comprehensive income			869	869	4,232	5,101
Transactions with owners						
Share issue						
Total equity 30.6.2024	94,812	19,000	-90	18,910	21,602	135,324
Equity 1.1.2025	94,812	19,000	169	19,169	19,893	133,874
Comprehensive income						
Profit for the period					-579	-579
Other comprehensive income			375	375	0	375
Total comprehensive income			375	375	-579	-204
Transactions with owners						
Total equity 30.6.2025	94,812	19,000	544	19,544	19,314	133,670



BASIS OF PREPARATION

NOTE 1: INFORMATION OF THE REPORTING COMPANY AND DESCRIPTION OF THE SAVINGS BANKS GROUP

Central Bank of Savings Banks Finland Plc (hereinafter "SB Central Bank") is a bank owned by Finnish Savings Banks. SB Central Bank's primary function is to provide the Savings Banks with various central credit institution services. The central credit institution services focus on payment services and account operator services, payment card and consumer credit loan issuing, and services related to liquidity management, funding and asset and liability management. SB Central Bank belongs to the Savings Banks Group and its owners are the 14 Savings Banks of the Amalgamation.

SB Central Bank's financial statements are consolidated into Savings Banks Group's consolidated financial statements.

The Savings Banks Group is the oldest 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.

The member organizations of the Savings Banks Amalgamation form a financial entity as defined in the Act on Amalgamations, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The 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, Sp-Fund Management Company Ltd, Savings Bank Services Ltd, as well as the companies within the consolidation groups of the above-mentioned entities. The structure of the Savings Banks Group differs from that of Amalgamation so that the Group also includes organizations other than credit and financial institutions or service companies. The most significant of these are Sb Life Insurance Ltd and Sp-Koti Ltd.

The Savings Banks Group and Fennia have agreed on long-term distribution cooperation on insurance savings and loan security. As part of the cooperation, Savings Banks Group will sell the entire share capital in Sb Life Insurance Ltd to Fennia Life. The transaction has received approval from the Finnish Competition and Consumer Authority and will be completed during the second half of 2025.

NOTE 2: ACCOUNTING POLICIES

Overview

SB Central Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The half-year report 1.1.–30.6.2025 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Accounting principles applied in the half-year report are essentially the same as in the financial statement of 2024. There has not been changes in accounting policies during the reporting period.

The figures presented in the half-year report are unaudited.

SB Central Bank's half-year report is presented in euros, which is the Bank's accounting and functional currency. The half-year report is presented in thousands of euros, unless stated otherwise.

SB Central Bank's financial statements and half-year reports are available at the website www.spkeskuspankki.fi.

The Group's financial statements and half-year reports are available at the website www.saastopankki.fi/saastopankkiryhma.

Critical accounting estimates and judgements

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

The critical estimates of SB Central Bank concern the future and key uncertainties related to estimates at the reporting date, and they relate in particular to determining fair value and impairment of financial asset. The key uncertainties in estimates made in the half-year report are particularly related to future economic development.

Determination of credit losses

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.

SB Central Bank 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. Recognizing an adjustment may be based on, for example, newly available information or a new factor that is not included in the parameters or inputs used in the calculation model.

NOTE 3: SEGMENT INFORMATION

SB Central Bank's management reviews the performance of the company as one individual segment and therefore separate segment information, as defined in IFRS 8, is not presented.

NOTES TO THE HALF-YEAR REPORT

NOTE 4: NET INTEREST INCOME

Interest income and expenses are amortised using the effective interest rate method over the contractual period of the loan and receivable or the liability. With this method, the income and expenses of the instrument are amortised in proportion to the remaining carrying amount of the loan and receivable or the liability in the balance sheet.

When a financial asset is impaired, the original effective interest rate is used to calculate the interest income to the carrying amount of the receivable reduced by impairment loss.

(EUR 1,000)	1–6/2025	1–6/2024
Interest income		
From financial assets at amortised cost		
Debt securities eligible for refinancing with Central Bank	2,165	749
Loans and advances to credit institutions	47,859	67,362
Loans and advances to customers*	8,289	8,620
Other	76	165
Total	58,389	76,897
From financial assets at fair value through other comprehensive income		
Debt securities eligible for refinancing with Central Bank	1,476	1,311
Debt securities	329	173
Total	1,805	1,484
From financial assets at fair value through profit or loss		
Derivative contracts		
Hedging derivatives	4,696	4,823
Total	4,696	4,823
Total interest income	64,890	83,204

(EUR 1,000)	1–6/2025	1–6/2024
Interest expense		
Financial liabilities at amortised cost		
Liabilities/debosits to credit institutions	-24,059	-28,775
Liabilities to customers	-4,454	-12,419
Debt securities issued	-21,783	-21,874
Other interest expenses		1
Total	-50,296	-63,067
From financial assets at fair value through profit or loss		
Derivative contracts		
Hedging derivatives	-7,651	-8,879
Total	-7,651	-8,879
Total interest expenses	-57,947	-71,945
Net interest income	6,943	11,258
* of which interest income from loans in stage 3	125	99

NOTE 5: NET FEE AND COMMISSION INCOME

Fees and commissions income and expense are generally recognized on an accrual basis. Fees and commissions for performing a service are recognized when the related services are performed. Fees relating to services performed over several years are amortised over the service period. Fees that are directly attributable to a financial instrument are treated as part of an effective interest and accounted for as an adjustment to the effective interest of that financial instrument. Fees, relating to financial instruments classified at fair value through profit or loss are expensed in the income statement on initial recognition.

(EUR 1,000)	1–6/2025	1–6/2024
Fee and commission income		
Lending*	10,116	8,676
Deposits		
Payment transfers	4,538	3,947
Securities	879	815
Other	76	193
Total	15,609	13,631
Fee and commission expense		
Payment transfers	-2,017	-1,805
Securities	-359	-332
Other**	-7,953	-8,434
Total	-10,328	-10,571
Net fee and commission income	5,280	3,060

* of which the most significant incomes are incomes related to granting loans
** of which the most significant expenses are expenses related to granting loans

NOTE 6: NET TRADING INCOME

Net income and expenses from fair value hedging and capital gains from securities are recognized in net trading income.

(EUR 1,000)	1–6/2025	1–6/2024
Net income from financial asset at fair value through profit or loss		
Valuation loss of capital loan		-200
Capital refund of fund		415
Valuation loss or gain	128	
Net income from foreign exchange operation	1	0
Net income from hedge accounting		
Change in hedging instruments' fair value	-1,426	-2,974
Change in hedged items' fair value	785	3,364
Total	-511	605

Detailed information on derivative contracts defined for hedge accounting are presented in note 10.

NOTE 7: LOANS AND ADVANCES

7.1 LOANS AND ADVANCES TO CREDIT INSTITUTIONS 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

30.6.2025 (EUR 1,000)	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	135,712		135,712
Loans and other receivables	1,963,100	-283	1,962,817
Total	2,098,812	-283	2,098,529
Loans and advances to customers			
By product			
Used overdrafts	48,872	-1,001	47,871
Loans	500		500
Credit cards	116,825	-6,024	110,801
Other receivables	6,000	-1	5,999
Total	172,197	-7,025	165,171
Loans and advances total	2,271,009	-7,308	2,263,700

LOANS AND ADVANCES

31.12.2024 (EUR 1,000)	Not impaired (gross)	Expected credit losses (ECL)	Balance sheet value
Loans and advances to credit institutions			
Deposits	129,106	-3	129,103
Loans and other receivables	1,652,600	-231	1,652,369
Total	1,781,706	-234	1,781,472
Loans and advances to customers			
By product			
Used overdrafts	45,673	-970	44,703
Loans	500		500
Credit cards	116,219	-4,126	112,092
Other receivables	6,000	-1	5,999
Total	168,392	-5,098	163,294
Loans and advances total	1,950,098	-5,331	1,944,766

7.2 INVESTMENT ASSETS

(EUR 1,000)	30.6.2025	31.12.2024
At fair value through other comprehensive income		
Debt securities	101,957	59,044
Shares and participations	1,035	1,038
Total	102,992	60,082
Fair value through profit or loss		
Shares and participations	5,232	3,571
Total	5,232	3,571
Amortized cost investments		
Debt securities	252,619	67,080
Expected Credit Losses	-78	-22
Total	252,542	67,059
Investment assets	360,766	130,712

BREAKDOWN BY ISSUER OF QUOTATION

30.6.2025 (EUR 1,000)	Measured at fair value through other comprehensive income	Fair value through profit or loss	Measured at amortized cost	Total
Quoted				
From public entities	101,957		235,694	337,651
From others	1,035	5,232	16,847	23,115
Total	102,992	5,232	252,542	360,766

31.12.2024 (EUR 1,000)	Measured at fair value through other comprehensive income	Fair value through profit or loss	Measured at amortized cost	Total
Quoted	59,044		49,196	108,241
Other	1,038	3,571	17,862	22,471
Total	60,082	3,571	67,059	130,712

7.3 IMPAIRMENT LOSS ON FINANCIAL ASSETS

SB Central Bank 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, SB Central Bank 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.

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 30 June 2025				
Investment assets	187,846			187,846
Loans and advances to credit institutions	2,154,087			2,154,087
Loans and advances to customers	142,235	17,840	5,795	165,869
Off-balance sheet items	675,326	5,006	553	680,885
Total	3,159,494	22,846	6,348	3,188,688

(EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
Financial assets 31 Dec 2024				
Investment assets	77,168			77,168
Loans and advances to credit institutions	1,726,716			1,726,716
Loans and advances to customers	147,523	10,223	5,094	162,840
Off-balance sheet items	600,275	14,787	72	615,134
Total	2,551,682	25,010	5,166	2,581,857

In assessing the significance of change in credit risk, SB Central Bank 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 3 to 2 and 2 to 1 is three months.

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

IMPAIRMENT LOSS ON FINANCIAL ASSETS

EXPECTED CREDIT LOSSES (ECL), LOANS AND ADVANCES TO CUSTOMERS 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 2025	366	593	4,204	5,163
Transfers to Stage 1	34	-60		-26
Transfers to Stage 2	-105	514	-49	359
Transfers to Stage 3	-21	-389	1,579	1,169
New assets originated or purchased	79			79
Assets derecognised or repaid	-27	-35	-604	-666
Amounts written off			-845	-845
Amounts recovered			111	111
Change in credit risk without change in Stage	51	33	71	156
Change in model for calculation of ECL	329	1,269	37	1,636
Net change in ECL	339	1,332	301	1,973
Expected Credit Losses 30 June 2025	705	1,925	4,506	7,136

EXPECTED CREDIT LOSSES (ECL), LOANS AND ADVANCES TO CREDIT INSTITUTIONS 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 2025	347			347
New assets originated or purchased	98			98
Assets derecognised or repaid (excluding write offs)	-12			-12
Change in credit risk without change in Stage				
Net change in ECL	86			86
Expected Credit Losses 30 June 2025	433			433

EXPECTED CREDIT LOSSES (ECL), INVESTMENT ASSET

(EUR 1,000)	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Expected Credit Losses 1 January 2024	98			98
New assets originated or purchased	75			75
Assets derecognised or repaid (excluding write offs)	-1			-1
Transfers from Stage 3 to Stage 2	-13			-13
Net change in ECL	60			60
Expected Credit Losses 30 June 2025	159			159
Expected Credit Losses 30 June 2025 total				7,728
Net change in ECL 1.1.–30.6.2025: loans and advances, off-balanse sheet and investment assets				2,119

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

(EUR 1,000)	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Expected Credit Losses 1 January 2024	403	472	2,431	3,306
Transfers to Stage 1	68	-126		-58
Transfers to Stage 2	-172	807	-23	613
Transfers to Stage 3	-1	-452	2,656	2,204
New assets originated or purchased	118	3	515	636
Assets derecognised or repaid	-33	-49	-805	-887
Amounts written off			-731	-731
Amounts recovered			163	163
Change in credit risk without change in Stage	62	25	10	97
Changes in ECL model	-80	-88	-12	-179
Net change in ECL	-37	120	1,774	1,856
Expected Credit Losses 31 December 2024	366	593	4,204	5,163

EXPECTED CREDIT LOSSES (ECL), LOANS AND ADVANCES TO CREDIT INSTITUTIONS 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 2024	313			313
New assets originated or purchased	82			82
Assets derecognised or repaid (excluding write offs)	-48			-48
Amounts written off				
Net change in ECL	34			34
Expected Credit Losses 31 December 2024	347			347

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 2024	108			108
New assets originated or purchased	1			1
Transfers from Stage 3 to Stage 2	-11			-11
Net change in ECL	-9			-9
Expected Credit Losses 31 December 2024	98			98
Expected Credit Losses 31 December 2024 total				5,608
Net change in ECL 1.1.–31.12.2024: loans and advances, off-balanse sheet and investment assets				1,880

METHODS AND PARAMETERS USED IN CALCULATION OF EXPECTED CREDIT LOSSES

SB Central Bank's calculation of expected credit loss for loans to customers and related off balance sheet items is based on the Probability of Default / Loss Given Default (PD*EAD*LGD) model. The calculations are carried out separately for each contract and based on the following parameters:

- PD%: probability of default based on external and internal credit ratings.
- LGD %: estimated loss at the time of default, takes into consideration customer and contract related riskfactors.
- EAD: exposure at default, corresponds the amount of the used credit for the card credits, takes into consideration instalments that are modelled for consumer credits based on the payment schedule. The undrawn commitment component is included in the calculation by using a cash conversion rate factor that is determined based on product type.

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.

Expected credit losses of debt securities and loans and advances to credit institutions belonging to investment assets are assessed by purchasing lot by using the probability of default / loss given default (PD/LGD) 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).

	2025	2026	2027
Change in EuropeStoxx%	-10% / 12.0%	6.0% / 8.0%	-1.0% / 8.0%
Change in GDP	0.5% / 2.5%	1.2% / 1.5%	1.2%
Investments	1.0% / 6.0%	2.0% / 3.0%	2.0% / 3.0%

EFFECT OF CHANGES IN THE ECL MODEL

Changes in the PD models

The PD models applied in the calculation of ECL for loan contracts have been updated in May 2025. The aforementioned models have been modelled separately for corporate and retail exposures.

Implementation of the new PD models increased the ECL amount by EUR 1,6 million. The effect of this change is presented in the line change in the model for calculation of ECL.

NOTE 8: FUNDING

8.1 LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	30.6.2025	31.12.2024
Liabilities to credit institutions		
Liabilities to credit institutions	1,832,024	1,885,048
Total	1,832,024	1,885,048
Liabilities to customers		
Deposits	6,210	6,092
Other financial liabilities*	289,478	317,538
Total	295,688	323,630
Liabilities to credit institutions and customers	2,127,712	2,208,678

* Other financial liabilities are deposits from governments, multinational organisations and foreign funds.

8.2 DEBT SECURITIES ISSUED

(EUR 1,000)	30.6.2025	
Measured at amortized cost	**Nominal value**	**Book value**
Bonds	1,343,900	1,310,509
Other		
Certificates of deposit	55,000	54,376
Debt securities issued	1,398,900	1,364,885
Of which		
Variable interest rate	955,000	954,097
Fixed interest rate	443,900	410,787
Total	1,398,900	1,364,885

(EUR 1,000)	31.12.2024	
Measured at amortized cost	**Nominal value**	**Book value**
Bonds	1,150,900	1,117,911
Other		
Certificates of deposit	58,000	57,135
Debt securities issued	1,208,900	1,175,046
Of which		
Variable interest rate	735,000	703,732
Fixed interest rate	473,900	471,314
Total	1,208,900	1,175,046

NOTE 9: 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 Central Bank of Savings Banks 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 Central Bank of Savings Banks 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. Capital repayments from the share are recognized in the statement of other comprehensive income. For equity instruments, unrealized gains or losses accrued in the fair value reserve are not transferred to be recognized through profit or loss at any stage. Instead, the recognition is made through retained earnings within equity.

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.

Also classified as measured at fair value through profit or loss are debt instruments for which the cash flow criteria cannot be considered to be met. Sb Central Bank assesses the cash flow criteria separately for each instrument to determine whether the contractual terms of the item give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classification and measruement of financial liabilities

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

- amortised cost
- fair value through profit or loss.

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

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

30.6.2025 (EUR 1,000)	Amortized costs	Fair value through other comprehensive income	Fair value through profit or loss	Total
Cash and cash equivalents			1,026,172	1,026,172
Loans and advances to credit institutions	2,098,529			2,098,529
Loans and advances to customers	164,671		500	165,171
Derivatives				
fair value			12	12
other than hedging derivatives			1,082	1,082
Investment assets	252,542	102,992	5,232	360,766
Total assets	2,515,742	102,992	1,032,999	3,651,733
Liabilities to credit institutions	1,832,024			1,832,024
Liabilities to customers	295,688			295,688
Derivatives				
fair value			34,671	34,671
other than hedging derivatives			1,016	1,016
Debt securities issued	1,364,885			1,364,885
Total liabilities	3,492,597		35,687	3,528,284

31.12.2024 (EUR 1,000)	Amortized costs	Fair value through other comprehensive income	Fair value through profit or loss	Total
Cash and cash equivalents			1,463,658	1,463,658
Loans and advances to credit institutions	1,781,472			1,781,472
Loans and advances to customers	162,794		500	163,294
Derivatives				
fair value			281	281
Investment assets	67,059	60,082	3,571	130,712
Total assets	2,011,325	60,082	1,468,010	3,539,417
Liabilities to credit institutions	1,885,048			1,885,048
Liabilities to customers	323,630			323,630
Derivatives				
fair value			35,447	35,447
Debt securities issued	1,175,046			1,175,046
Total liabilities	3,383,724		35,447	3,419,171

9.1 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

30.6.2025				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held as collateral	Cash held as collateral*	Net amount
Assets							
Derivative contracts	6,396	-4,497	1,899	-996		-420	483
Variation Margin	2,783	-2,783					
Total	9,180	-7,281	1,899	-996		-420	483

30.6.2025 (EUR 1,000)	Recognised financial liabilities, gross	Recognised financial assets offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments given as collateral	Cash given as collateral*	Net amount
Liabilities							
Derivative contracts	43,007	-4,716	38,291	-996		-37,006	290
Variation Margin	2,565	-2,565					
Total	45,572	-7,281	38,291	-996		-37,006	290

* Cash received as collateral in the balance sheet was 420 thousand euros, and cash given as collateral in the balance sheet was 45,892 thousand euros.
Over-collateralization has not been taken into account in the table.

31.12.2024				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held as collateral	Cash held as collateral*	Net amount
Assets							
Derivative contracts	6,431	-1,795	4,635	-4,431		-189	16
Variation Margin	291	-291					
Total	6,721	-2,086	4,635	-4,431		-189	16

31.12.2024 (EUR 1,000)	Recognised financial liabilities, gross	Recognised financial assets offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments given as collateral	Cash given as collateral*	Net amount
Liabilities							
Derivative contracts	39,590	-881	38,709	-4,431		-33,997	281
Variation Margin	1,204	-1,204					
Total	40,794	-2,086	38,709	-4,431		-33,997	281

* Cash received as collateral in the balance sheet was 260 thousand euros, and cash given as collateral in the balance sheet was 41,221 thousand euros.
Over-collateralization has not been taken into account in the table.

NOTE 10: DERIVATIVES AND HEDGE ACCOUNTING

SB Central Bank hedges its interest rate risk against exposure to changes in fair value and applies hedge accounting on hedging relationships. The items subject to fair value hedging are fixed-rate deposits, fixed-rate bonds issued, and fixed-rate bonds acquired as investment assets.

Changes in the fair value of derivatives hedging fair value are recognised in the income statement under Net trading income. When hedging fair value, also the hedged item is measured at fair value during the hedging period even if the item is otherwise measured at amortised cost. Changes in the fair value of the hedged item are recognized in the balance sheet as an adjustment to the corre-sponding balance sheet item and in the income statement under Net trading income. Interest arising from hedging derivatives are presented as an adjustment to interest expense.

30.6.2025	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 – 5 years	over 5 years	Total	Assets	Liabilities
Other than hedging derivatives						
Interest rate derivatives	20,000	264,000	380,000	644,000	1,082	1,016
Total	20,000	264,000	380,000	644,000	1,082	1,016
Hedging derivative contracts						
Fair value hedging*						
Interest rate derivatives		251,500	180,400	431,900	12	34,671
Total		251,500	180,400	431,900	12	34,671

31.12.2024	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 – 5 years	over 5 years	Total	Assets	Liabilities
Fair value hedging*						
Interest rate derivatives	100,000	30,000	181,400	311,400	14	34,488
Total	100,000	30,000	181,400	311,400	14	34,488

* Fixed rate debt securities (Investment assets) in fair value hedging groups have total nominal value of 120,500 thousand EUR and total fair value of 121,303 thousand EUR. The fair value adjustment resulting from hedge calculation dor the balance sheet item subject to hedging was 999 thousand increasing the book value.

Fixed rate deposits (Loans and advances to credit institutions) in fair value hedging groups have total nominal value of 100,000 thousand EUR and total fair value of 99,816 thousand EUR. The fair value adjustment resulting from hedge calculation dor the balance sheet item subject to hedging was 184 thousand decreasing the book value.

Fixed rate issued bonds designated as exposures in fair value hedging groups have total nominal value of EUR 211,400 thousand and total fair value of EUR 241,319 thousand. The fair value adjustment resulting from hedge calculation dor the balance sheet item subject to hedging was 30,926 thousand increasing the book value.

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

NOTE 11: FAIR VALUES BY VALUATION TECHNIQUE

The SB Central Bank 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 9.

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.

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

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

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

TRANSFERS BETWEEN LEVELS

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

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 and possible effects arising from hedging derivative instruments.

30.6.2025 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	1,031,904	1,026,174	573	5,232	1,031,979
Derivative contracts	1,095		1,082		1,082
Fair value through other comprehensive income	102,992		105,753	1,035	106,789
Measured at amortized cost	2,515,742	135,959	2,240,333	231,300	2,607,592
Total financial assets	3,651,733	1,162,133	2,347,742	237,567	3,747,442

30.6.2025 Financial liabilities (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Total
Measured at fair value					
Derivative contracts	35,687		35,687		35,687
Measured at amortized cost	3,492,597	775,359	2,739,179		3,514,538
Total financial liabilities	3,528,284	775,359	2,774,866		3,550,225

31.12.2024 Financial assets (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss	1,467,729	1,463,663	524	3,571	1,467,758
Derivative contracts	281		281		281
Fair value through other comprehensive income	60,082		63,053	1,038	64,091
Measured at amortized cost	2,011,325	129,368	1,735,476	218,744	2,083,588
Total financial assets	3,539,417	1,593,032	1,799,334	223,353	3,615,718

31.12.2024 Financial liabilities (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Total
At fair value through profit or loss					
Derivative contracts	35,447		35,447		35,447
Measured at amortized cost	3,383,724	829,235	2,569,497		3,398,732
Total financial liabilities	3,419,171	829,235	2,604,944		3,434,179

Changes at level 3

Reconciliation of changes in financial instruments at level 3.

Financial assets at fair value through profit or loss	
Carrying amount 1 January 2025	3,571
Purchase of shares	1,000
Capital calls	533
Changes in fair value, unrealised	128
Carrying amount 30 June 2025	5,232

Financial assets at fair value through profit or loss	
Carrying amount 1 January 2024	4,000
Return of capital	-1,333
Capital calls	800
Changes in value recognised in income statement, unrealised	104
Carrying amount 31 December 2024	3,571

Fair value through other comprehensive income	
Carrying amount 1 January 2025	1,038
Changes in value recognised in comprehensive income statement	-3
Carrying amount 30 June 2025	1,035

Fair value through other comprehensive income	
Carrying amount 1 January 2024	809
Changes in value recognised in comprehensive income statement	229
Carrying amount 31 December 2024	1,038

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS AT LEVEL 3

30.6.2025	Carrying amount	Effect of hypothetical changes	
(EUR 1,000)		Positive	Negative
At fair value through profit or loss	5,232	6,017	4,447
Fair value through other comprehensive income	1,035	1,191	880

The sensitivity of the fair value of instruments belonging to level 3 to assumed changes is presented in the table above. The fair value has been tested using a 15% change in value.

NOTE 12: COLLATERALS

(EUR 1,000)	30.6.2025	31.12.2024
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Other	45,892	41,221
Collateral given	45,892	41,221
Collateral received		
Securities	420	260
Collateral received	420	260

Collateral given and held are related to margin deposits related to derivatives.

NOTE 13: OFF BALANCE-SHEET COMMITMENTS

(EUR 1,000)	30.6.2025	31.12.2024
Loan commitments	300,846	269,182
Other*	380,100	361,300
Off balance-sheet commitments	680,946	630,482

* Other off balance-sheet commitments are agreements with member credit institutions of the Savings Banks Amalgamation in which the trade date will only take place after the end of the period under review.

NOTE 14: RELATED PARTIES

The related parties of the Sb Central Bank's comprise the key management personnel as well as their close family members. The key management personnel of the Sb Central Bank comprise the members of the Board, Managing Director and her deputy.

With the exception of unsecured card credits and consumer credit loans, SB Central Bank has granted no related party loans or investments and has no related party business activities. Card credits to related parties are subject to the same general terms and conditions as corresponding customer credits.

PILLAR III DISCLOSURES

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

Financial statement of the Savings Banks Group and Pillar III capital adequacy information of the Savings Banks Amalgamation are available online at www.saastopankki.fi.

Central Bank
of Savings Banks

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