SAVINGS BANKS AMALGAMATION'S PILLAR 3 DISCLOSURE REPORT

30 JUNE 2025

Savings Bank

Translation of the Savings Banks Amalgamation´s Pillar 3 Disclosure Report 30.6.2025

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INTRODUCTION

The member organisations of the Savings Banks Amalgamation (LEI:743700589 2K69S3MW344) form a financial entity as defined in the Act on the Amalgamation of Deposit Banks, in which the Savings Banks' Union Coop and its member credit institutions ultimately 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 and the companies within the consolidation groups of the above-mentioned entities, as well as Savings Bank Services Ltd and 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. In April 2025, the Savings Banks Group and Fennia agreed on long-term distribution cooperation on insurance savings and loan security. In connection with the start of the cooperation, Savings Banks Group will sell the entire share capital of Sb Life Insurance Ltd to Fennia Life. The transaction has received the approval of the Finnish Competition and Consumer Authority and will be completed in the second half of 2025.

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

The Pillar III report has been compiled in accordance with the effective legislation and authorities' regulations and also taking into account the Savings Banks Amalgamation's long-term strategy and business plan. The Pillar III report is unaudited.

The objective of the Pillar III disclosure principles is to ensure that the amount and quality of the published information is adequate in relation to the nature, scale, complexity and risk level of the Savings Banks Amalgamation's business operations and taking into account the specific features of the Savings Banks Amalgamation's business operations. To achieve this objective, the Savings Banks Amalgamation assesses the materiality of the information annually from the stakeholder point of view and evaluates what can be classified as proprietary or confidential information. The Pillar III disclosure principles are updated at least annually and always if the market conditions, financial performance or change in the risk position would require that.

This semi-annual Pillar III report contains key metrics (CRR 433(1)(b)) related to risk-based capital ratios, leverage ratio, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). In addition semi-annual Pillar III report contains disclosure of the minimum requirement for own funds and eligible liabilities based on commission implementing regulation 2021/763.

The comprehensive Pillar III report is disclosed at the year-end in conjunction with the date of publication of the Saving Banks Group's board of directors' report and consolidated IFRS financial statements. The Amalgamation assesses whether scope or frequency of the Pillar III disclosure has to be updated if the market conditions, financial performance or change in the risk position would require that.

KEY INDICATORS (KM1)

At the end of June 2025, the Savings Banks Amalgamation had a strong capital structure, consisting almost entirely of CET1 capital. Total own funds were EUR 1,189.8 (1,148.5) million, of which CET1 capital accounted for EUR 1,187.7 (1,146.1) million. The Savings Banks Amalgamation does not have additional Tier 1 capital. Tier 2 (T2) capital amounted to EUR 2.1 (2.4) million, consisting of debentures during the review period. Risk-weighted assets amounted to EUR 5,477.2 (5.494.8) million, a decrease of -0.3% compared to the end of the previous year. The capital ratio of the Savings Banks Amalgamation was 21.7% (20.9%), and the CET1 capital ratio was 21.7% (20.9%). The amendments to the EU's Capital Requirements Regulation (CRR3) that entered into force at the beginning of 2025 increased the capital ratio of the Savings Banks Amalgamation slightly.

The capital requirement of Savings Banks Amalgamation was EUR 713.9 (716.8) million or 13.03% of the total risk weighted exposure amount. 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 capital requirement imposed by the Financial Supervisory Authority, a fixed additional capital requirement pursuant to the Act on Credit Institutions, systemic risk buffer requirement imposed by the Financial supervisory Authority and the country-specific countercyclical capital requirements of foreign exposures.

The standard method is used to calculate capital requirement for credit risk, counterparty risk and credit valuation adjustment. The basic method is used to calculate capital requirement for operational risk. The capital requirement for foreign-exchange risk is calculated by using basic method if net open position exceeds 2 % of the own funds. The amalgamation does not have a trading book and the Amalgamation does not involve commodity risk taking.

The leverage ratio of the Savings Banks Amalgamation was 9.2 per cent (8.9) and exceeded clearly exceeding the 3% minimum requirement.

Own funds, capital and leverage ratios already reflect the full impact of IFRS 9 or analogous ECLs. The amalgamation does not apply the transitional arrangements specified in Article 473a of CRR.

The Amalgamation's liquidity coverage ratio (LCR) stood at 186% (196%) at the end of June 2025, clearly exceeding the regulatory requirement of 100%. During the first half of 2025, the Amalgamation's liquid assets declined by approximately EUR 268 million. The liquidity buffer has been deliberately allowed to decline from a previously very high level. Net liquidity outflows decreased by EUR 90 million during the period. The most significant change in net liquidity outflows resulted from a decline in deposits from financial sector customers, amounting to a decline of approximately EUR 120 million.

The liquidity figures are disclosed as twelve-month averages in the table below in accordance with the Commission Implementing Regulation (EU) 2021/637. Twelve-month average of LCR was 230.4% (297.0%).

Net Stable Funding (NSFR) ratio was 124.3% (125.3%), well above the regulatory requirement (100%). Available stable funding was approximately EUR 10,859.9 (10,644.7) million and required stable funding was EUR 8,739.5 (8,496.8) million.

TABLE EU KM1 – KEY METRICS TABLE

(EUR 1,000)		30.6.2025	31.12.2024	30.6.2024
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	1,187,710	1,146,126	1,092,737
2	Tier 1 capital	1,187,710	1,146,126	1,092,737
3	Total capital	1,189,774	1,148,505	1,095,436
	Risk-weighted exposure amounts			
4	Total risk exposure amount	5,477,183	5,494,792	5,346,275
4a	Total risk exposure pre-floor	5,477,183		
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	21.68%	20.86%	20.44%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	21.68%		
6	Tier 1 ratio (%)	21.68%	20.86%	20.44%
6b	Tier 1 ratio considering unfloored TREA (%)	21.68%		
7	Total capital ratio (%)	21.72%	20.90%	20.49%
7b	Total capital ratio considering unfloored TREA (%)	21.72%		
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.50%	1.50%	1.50%
EU 7e	of which: to be made up of CET1 capital (percentage points)	0.84%	0.84%	0.84%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.13%	1.13%	1.13%
EU 7g	Total SREP own funds requirements (%)	9.50%	9.50%	9.50%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.03%	0.05%	0.05%
EU 9a	Systemic risk buffer (%)	1.00%	1.00%	1.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	3.53%	3.55%	3.55%
EU 11a	Overall capital requirements (%)	13.03%	13.05%	13.05%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.24%	11.40%	10.99%

TABLE EU KM1 – KEY METRICS TABLE

(EUR 1,000)		30.6.2025	31.12.2024	30.6.2024
	Leverage ratio			
13	Total exposure measure	12,928,732	12,883,839	13,027,741
14	Leverage ratio (%)	9.19%	8.90%	8.39%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1,889,560	1,990,917	1,798,393
EU 16a	Cash outflows – Total weighted value	903,416	873,038	840,416
EU 16b	Cash inflows – Total weighted value	72,133	120,782	125,870
16	Total net cash outflows (adjusted value)	831,283	752,256	714,546
17	Liquidity coverage ratio (%)	230.41%	297.04%	282.70%
	Net Stable Funding Ratio			
18	Total available stable funding	10,859,927	10,644,731	10,864,481
19	Total required stable funding	8,739,519	8,496,822	8,377,070
20	NSFR ratio (%)	124.26%	125.28%	129.69%

MREL KEY METRICS (KM2)

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 7.8% of the total exposures, whichever is higher. At the end of June 2025 MREL capacity of the Savings Banks Amalgamation in relation to MREL requirement was strong. Own funds and eligible liabilities as a percentage of the total risk exposure amount (TREA) were 42.7% and own funds and eligible liabilities as a percentage of the total exposure amount (TEM) were 18.1%. 50.9% of own funds and eligible liabilities consisted of own funds and subordinated liabilities. The table below displays key information related to the minimum requirement for own funds and eligible liabilities based on commission implementing regulation 2021/763.

The MREL requirement for Sp Mortgage Bank Plc is 15.75% of the total risk amount or 5.92% of the total exposures, whichever is higher. Pillar 3 disclosure on MREL requirement applied to Sp Mortgage Bank Plc is available in Sp Mortgage Bank's half-annual report and board of directors' report and IFRS financial statements.

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. The MREL requirement is by nature a Pillar 2 type minimum requirement that must be met continuously. MREL requirement does not apply to the member credit institutions or the Central Bank of Savings Banks.

EU KM2: KEY METRICS – MREL KEY METRICS

(EUR 1,000)		a Minimum requirement for own funds and eligible liabilities (MREL) 30.6.2025
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	2,341,218
EU-1a	Of which own funds and subordinated liabilities	1,190,883
2	Toal risk exposure amount of the resolution gorup (TREA)	5,477,183
3	Own funds and eligible liabilities as a percentage of the TREA	42.74%
EU-3a	Of which own funds and subordinated liabilities	21.74%
4	Total exposure measure (TEM) of the resolution group	12,928,732
5	Own funds and eligible liabilities as percentage of the TEM	18.11%
EU-5a	Of which own funds or subordinated liabilities	9.21%
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	20.87%
EU-8	Of which to be met with own funds or subordinated liabilities	0.0%
EU-9	MREL expressed as a perecetage of the TEM	7.80%
EU-10	Of which to be met with own funds or subordinated liabilities	0.0%

The rows 6a–6c and columns b–f are not disclosed as they are not part of the disclosure requirement.

Savings Bank

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