

A woman with long brown hair, wearing a plaid shirt and dark pants, is walking a white dog on a leash. She is holding the hand of a young child with red hair, wearing a green striped shirt and blue pants. They are walking on a paved path in a park-like setting with green grass and buildings in the background. The text 'Q3 RESULTS' is overlaid on the image.

Q3 RESULTS

Ilkka Kuosa, SVP, Products & IT
Mika Heikkilä, CFO
10 November 2022

POSITIVE TREND CONTINUED – OUTLOOK IMPROVED DUE TO THE INCREASING INTEREST RATES

HIGHLIGHTS FROM JANUARY–SEPTEMBER

- Lending increased to EUR **6.6** billion (5.9)
- Comparable assets under management ended up to EUR **7.0** billion (7.1)
- Operating profit was EUR **24.1** million (20.6).
- Capital adequacy ratio rose to **16.0** per cent (14.9)
- Outlook improved: We expect operating profit for the whole year to **significantly exceed** the previous year's level (24.8).

(EUR million)	Jan–Sep 2022	Jan–Sep 2021	Change
Net interest income	78.2	67.3	16.1%
Net fee and commission income	62.9	56.3	11.7%
Total income	150.9	134.1	12.5%
Operating profit	24.1	20.6	16.8%
Cost-to-income ratio	0.81	0.74	0.07



S&P Global



BANKING

- Daily banking
- Payment services
- Financing
- Financing of housing construction and housing companies

WEALTH MANAGEMENT

- Equity, debt and alternative investment funds and products
- Real estate asset management
- Discretionary asset management
- Mobile digital investment service “Säästäjä”

INTERIM CEO'S COMMENTS

1. Business **developed positively** in January–September. Especially in the third quarter net interest income grew due to the higher interest rate levels.
2. S-Bank had around **578 000** active customers, compared with around 518 000 at the end of September 2021.
3. We take the security of our services very seriously. We took a number of measures that will **strengthen the security** of our services and prevent criminal activity.
4. The Board of Directors appointed **the new CEO of S-Bank**: Riikka Laine-Tolonen will take up her post in April 2023.

BANKING

- The total euro sum of the purchases made with the S-Etukortti Visa card in January–September grew by 19.2 per cent on the previous year and was record-high.
- S-Bank's housing loan volume grew by 10.6 per cent (4.7 times the market growth) over a 12-month review period.
- Operating profit was EUR 37.1 million (28.7).

WEALTH MANAGEMENT

- The number of unit holders in S-Bank funds increased to around 360 000 from around 325 000 a year earlier.
- Net subscriptions to the S-Bank funds totalled EUR 106.8 million (238.8). Net subscriptions to S-Bank funds were notably higher than the median for fund management companies.
- Operating profit was EUR 2.8 million (5.6).

KEY INFORMATION ON S-BANK IN JANUARY-SEPTEMBER 2022



3.2
million
customers



360 000
unit holders in S-Bank
funds



EUR 8.9
billion
balance sheet



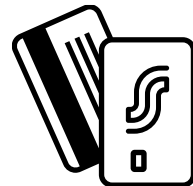
2.3
million
online banking IDs



Cash withdrawals
and deposits at checkouts,
at around
1 000
S Group outlets



EUR 24.1
million
operating profit



2.7
million
international
payment cards



Around
80
customer service points
at S Group outlets

COMPETITIVE POSITION

S-Bank is well positioned to sustain above-market growth

CLEARLY DIFFERENTIATED CUSTOMER BENEFITS IN A HOMOGENOUS INDUSTRY

- Free daily banking services
- Access to S Group loyalty programme
- Easy-to-use mobile app shared with S Group retailers
- Local presence across Finland
- Leading brand in fairness and sustainability







OTHER FACTORS ENABLING BUSINESS GROWTH & STABILITY

- Large customer base with frequent access to S Group retail customers
- Scalable data-driven digital sales and marketing
- Highly competitive wealth management offering, especially in alternatives (with special focus in real estate) and ESG
- Focused business model and product portfolio

S-BANK IS WELL POSITIONED TO TAKE ADVANTAGE OF STRATEGIC OPPORTUNITIES IN THE MARKET

FINANCIAL GOALS, DIVIDEND POLICY AND GUIDANCE

LONG-TERM FINANCIAL GOALS & DIVIDEND POLICY

	Growth	Over 10% p.a. income growth in prevailing market conditions
	Efficiency	Cost-income ratio below 60%
	Profitability	Return on equity (ROE) above 8%
	Solvency	Total capital ratio of at least 13.5%*
	Dividend policy and guidance	No set policy, key is to ensure capital adequacy & growth
	Customers	1 million active clients target as a long-term active customer growth target

STRONG GROWTH POTENTIAL IN THE EXISTING CUSTOMER BASE

Our growth is based on activating existing customers

We focus on expanding sales towards our 3.2 million customers and increasing cross-sales between business units.

Our current growth rate is significantly above market growth in most business areas

Digital services enable significant growth

Digital channels allow us to serve a large number of customers efficiently. Around 2.0 million customers already use our mobile app



KEY FINANCIALS

KEY FIGURES

(EUR millions)	2019	2020	2021	Jan-Sept 2022
Total income	168	174	187	151
Operating profit	29	21	25	24
Deposits	5 948	6 925	7 555	7 912
Lending	4 781	5 444	6 086	6 610
Non-performing loans	0.6%	0.6%	0.6%	0,8%
Assets under management	4 539*	6 497*	7 697	7 050
Debt securities	1 081	1 229	1 149	728
Cost-to-income, %	74.0%	74.0%	78.0%	81.4%
ROE, %	5.2%	3.3%	3.9%	4.4%
ROA, %	0.4%	0.2%	0.2%	0.3%
Equity ratio, %	7.1%	6.4%	6.0%	5.7%
Capital adequacy ratio, %	16.3%	15.7%	16.3%	16.0%
CET-1 ratio, %	14.6%	13.7%	13.0%	12.8%

STEADY GROWTH IN LENDING

STRONG DEPOSIT FUNDING BASE

AUM AFFECTED BY MARKET TURBULENCE

REG FEES AND DEV COSTS WEIGHTING DOWN C/I

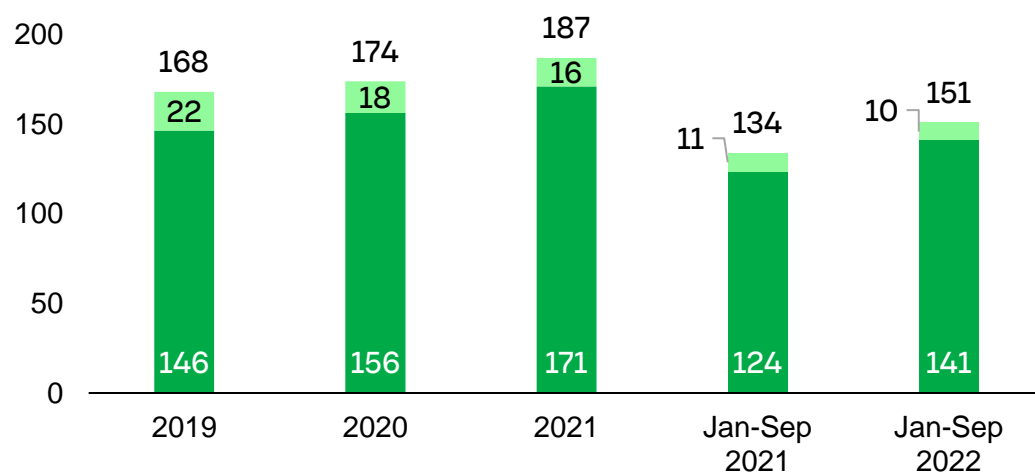
ROBUST CAPITAL BASE



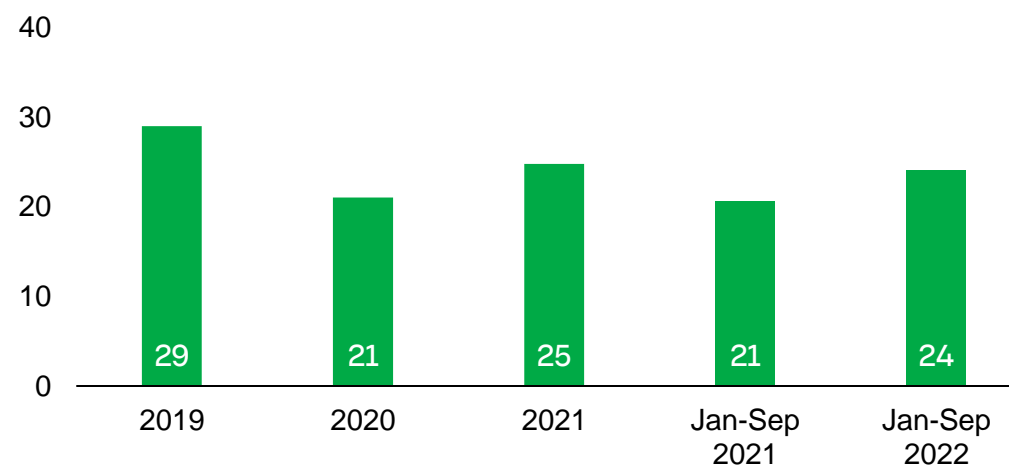
* The fund cooperation between S-Bank and LocalTapiola ended in the final quarter of 2021. Assets under management, including the LocalTapiola funds, were EUR 7 041 million at the end of 2019, EUR 10 785 million at the end of 2020.

DEVELOPMENT OF KEY INCOME MEASURES

TOTAL INCOME (EUR m)



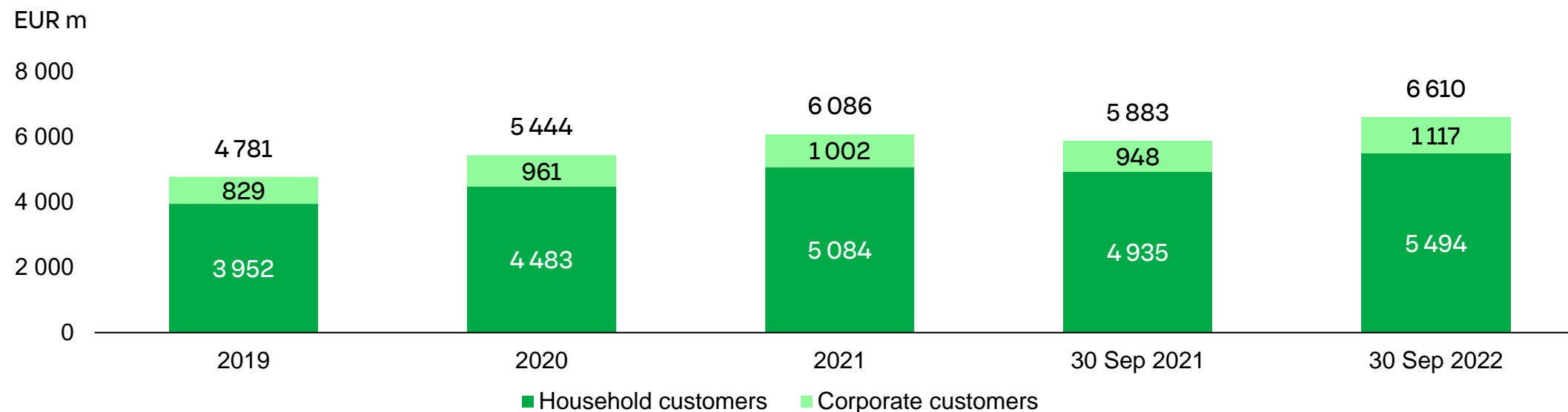
OPERATING PROFIT (EUR m)



■ Other income ■ Net interest income and Net fee and commission income

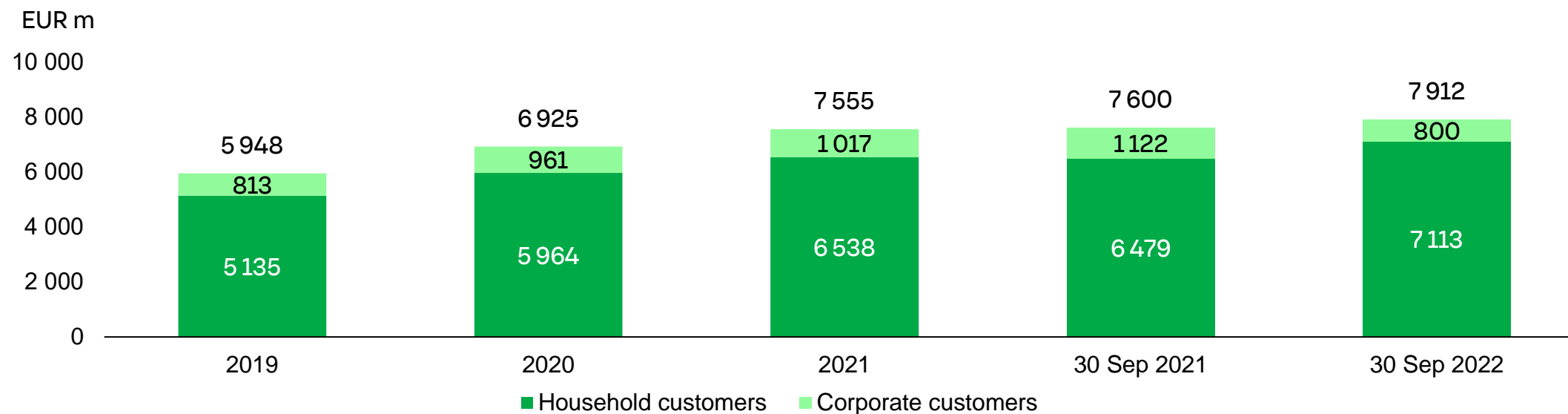
- S-Bank income metrics have been quite stable throughout the years with total income increasing from EUR 168 million in 2019 to EUR 187 million in 2021.
- The Banking segment contributed 76% of total income in 2021 – the Wealth Management segment’s share of income has been growing in recent years
- In January–September 2022, operating profit increased by 17% to EUR 24.1 million from EUR 20.6 million in January–September 2021. Performance was affected by 12.5 per cent increase in total income and particularly the strong increase in net interest income during the third quarter. Other significant changes included lower impairment losses and higher regulatory fees.

LONG-TERM LENDING GROWTH CONTINUED



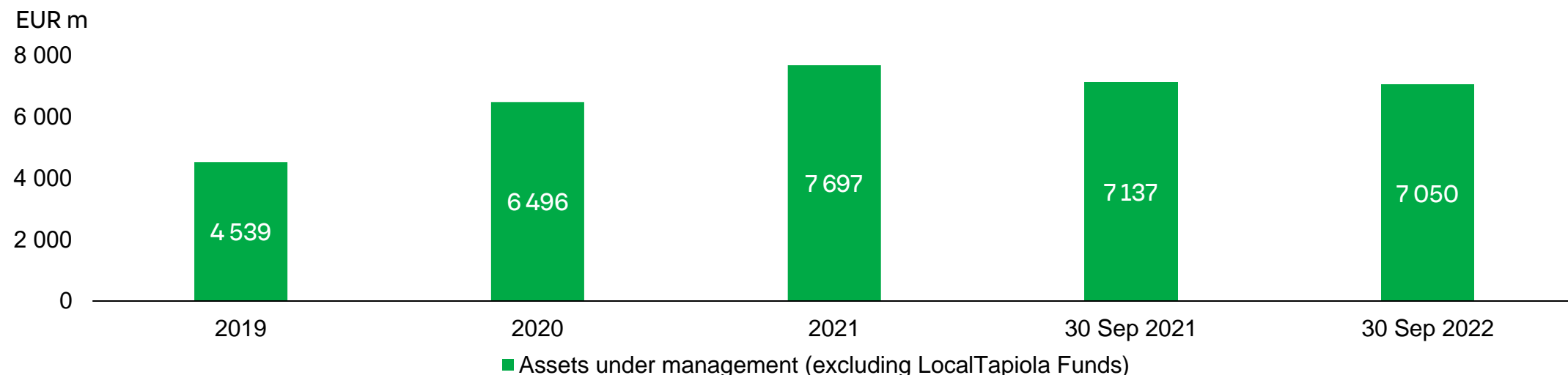
Lending (EUR m)	30 Sep 2021	30 Sep 2022	Change from beginning of the year	12-month change
Household customers	4 934.7	5 493.8	8.1%	13.3%
Corporate customers	948.5	1 116.5	11.4%	17.7%
Total	5 883.2	6 610.3	8.6%	12.4%

TOTAL DEPOSITS CONTINUED TO GROW



Deposits (EUR m)	30 Sep 2021	30 Sep 2022	Change from beginning of the year	12-month change
Household customers	6 478.8	7 112.6	8.8%	9.8%
Corporate customers	1 121.6	799.5	-24.4%	-28.7%
Total	7 600.4	7 912.2	4.7%	4.1%

STABLE DEVELOPMENT IN AUM AMIDST MARKET UNCERTAINTY



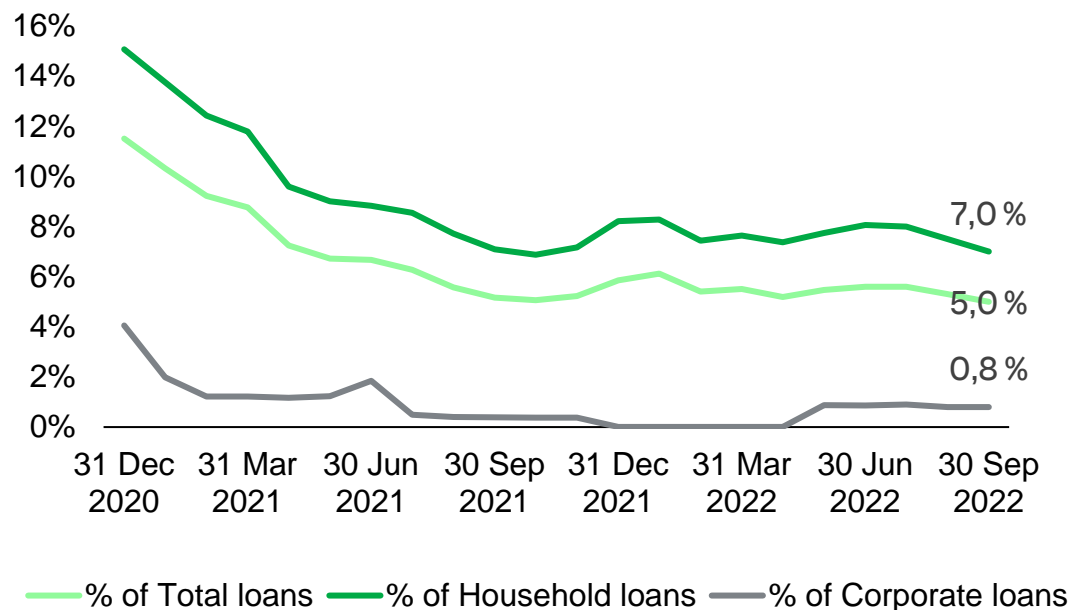
- In addition, S-Bank Properties Ltd managed EUR 347,5 million in customer assets, consisting of real estate and joint ventures.
- The management of 28 LocalTapiola funds was transferred from S-Bank Fund Management Ltd to Seligson & Co Fund Management Company Plc (owned by the LocalTapiola Group) in the fourth quarter of 2021. The total fund capital of the transferred funds was approximately EUR 4 billion. However, the following mutual funds – Mutual Fund LocalTapiola ESG Dividend Finland and Mutual Fund LocalTapiola ESG Global Emerging Markets – were merged with S-Bank mutual funds.

Comparable assets under management (EUR m)	30 Sep 2021	30 Sep 2022	Change from beginning of the year	12-month change
Fund capital	3 373.4	3 618.2	-4.4%	7.3%
Wealth management	3 764.0	3 431.6	-12.3%	-8.8%
Total	7 137.4	7 049.8	-8.4%	-1.2%

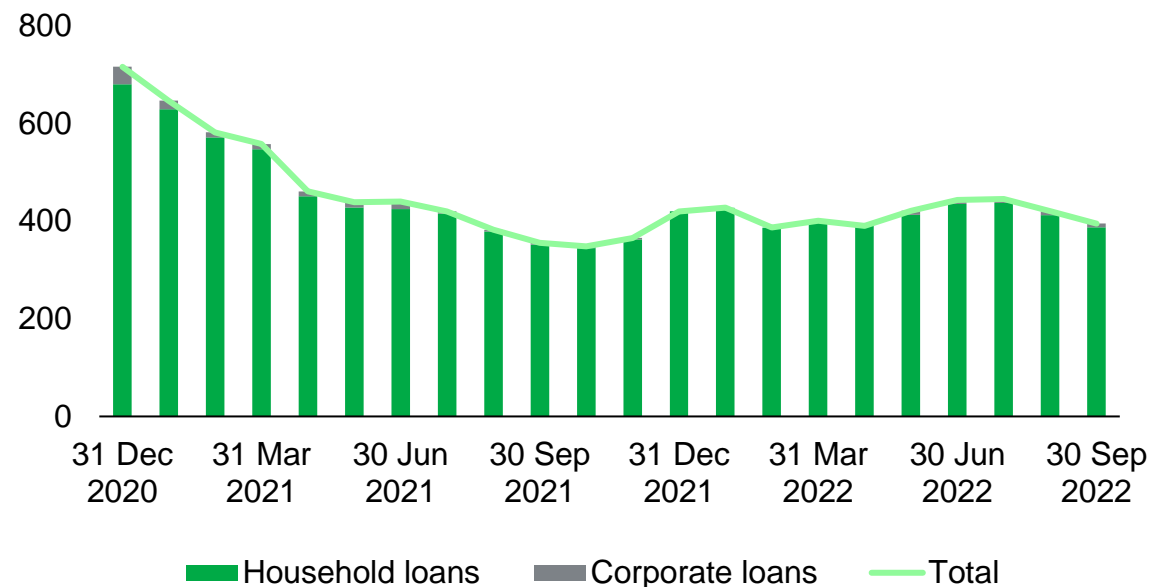
REPAYMENT HOLIDAYS AND PAYMENT SCHEDULES

Changes to the payment schedules

SHARE OF LOANS SUBJECT TO REPAYMENT HOLIDAYS



AMOUNT OF LOANS SUBJECT TO REPAYMENT HOLIDAYS (EUR m)

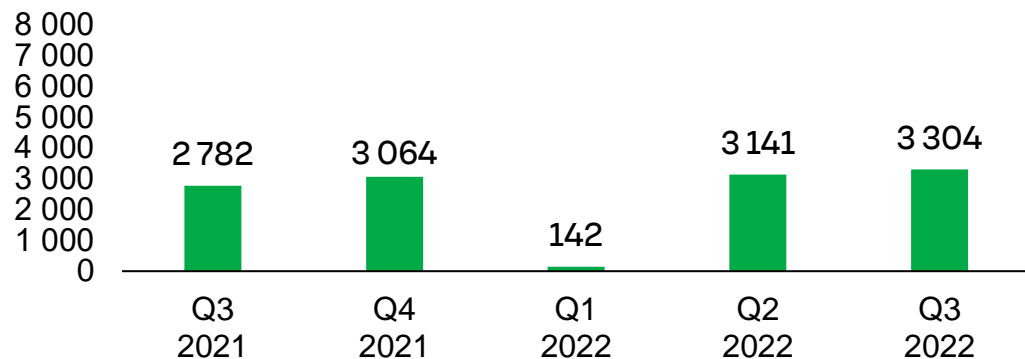


- Repayment holidays and changes to payment schedules remained stable.
- The share of loans subject to repayment holidays decreased during the review period, representing 5.0% of total loans (5.9% on 31 Dec 2021).
- The volume for the household loans was 7.0% (8.2% on 31 Dec 2021) and for the corporate loans 0.8% (0.0% on 31 Dec 2021).

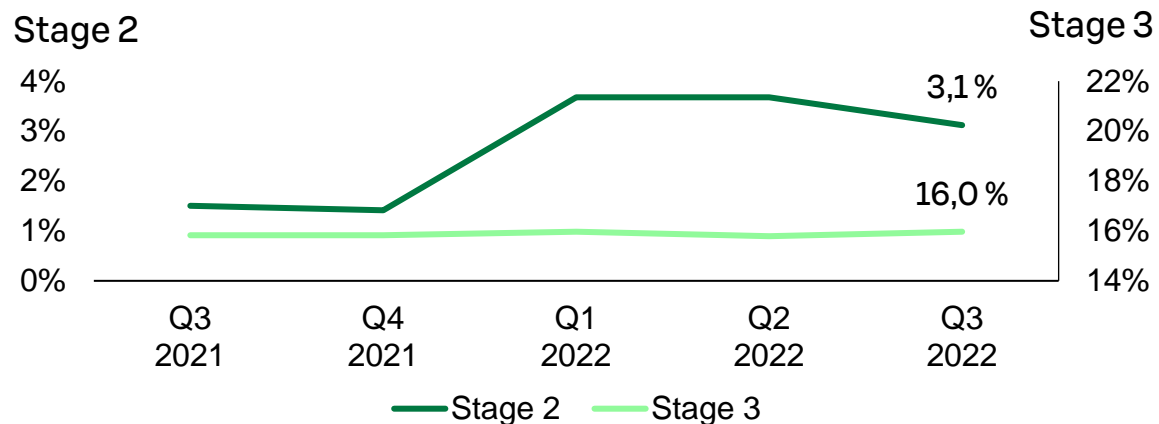
STABLE CREDIT QUALITY

Improvement on net credit losses

EXPECTED AND FINAL CREDIT LOSSES (EUR '000)



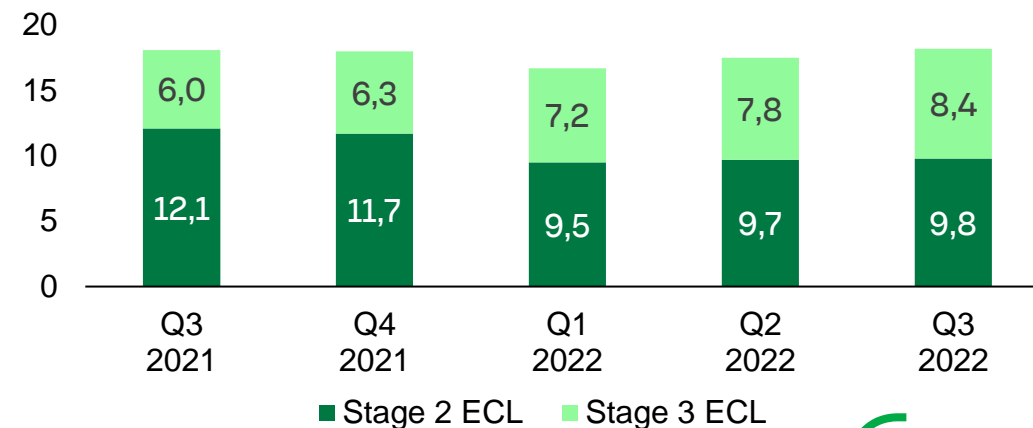
COVERAGE RATIO (%)



COMMENTARY

- Cumulative net credit losses were EUR 6.6 million (12.7)
- Positive impact on final credit losses continued and the effect of increased uncertainty and inflation development has been limited so far.
- Total ECL-provision was EUR 20.2 million. At the end of 2021 ECL-provision was EUR 20.6 million

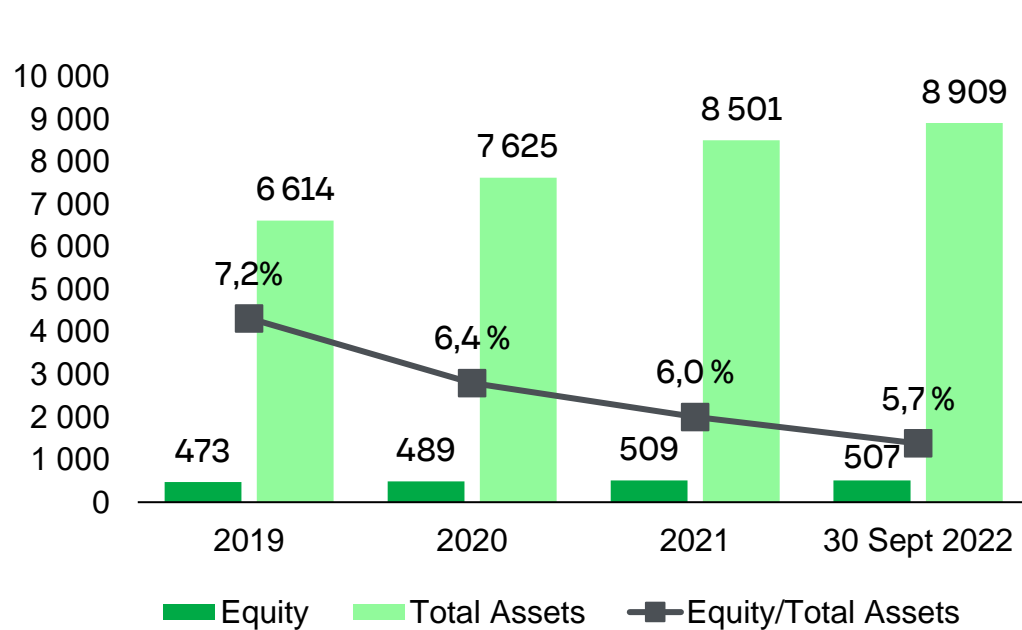
STAGE 2 AND 3, ECL PROVISION (EUR m)



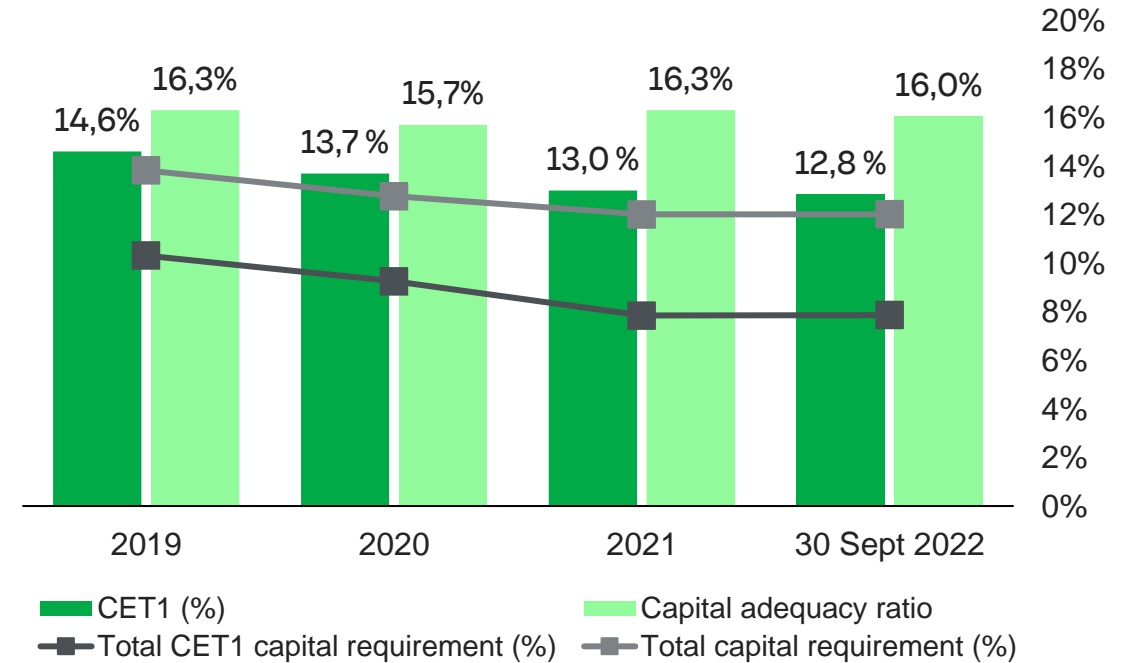
CAPITAL POSITION

Strong capital position well above the regulatory levels despite high growth

EQUITY / TOTAL ASSETS (EUR m)



KEY CAPITAL RATIOS (CET1 + CAPITAL ADEQUACY RATIO)

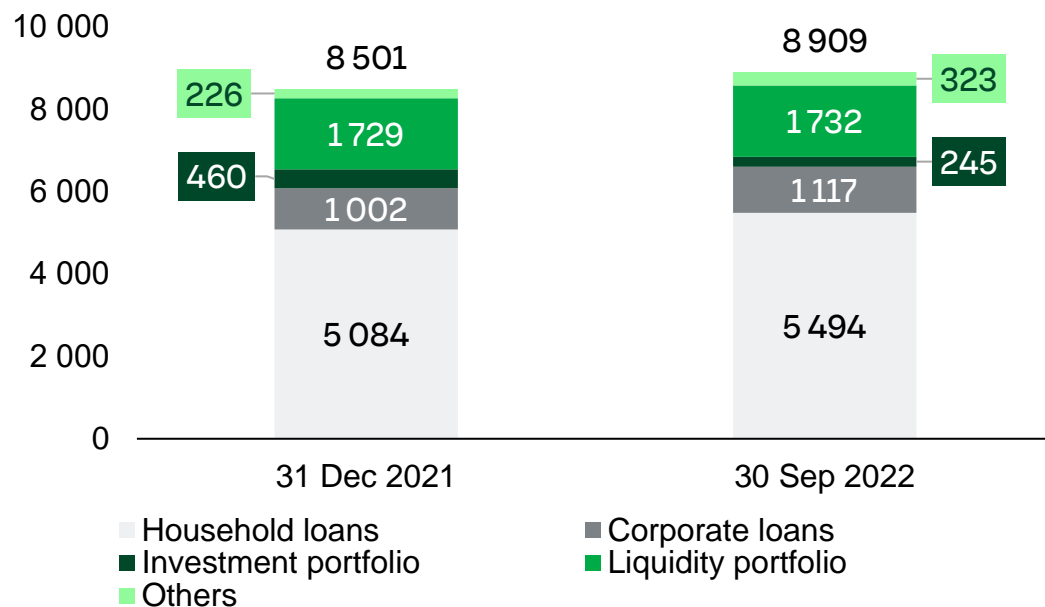


- S-Bank has seen strong development in its asset base since 2019. While growing strongly, the equity ratio has been maintained at a robust level, ranging from 5.7% to 7.2% between 2019 and 2022. At the end of the review period, the equity ratio stood at 5.7% and CET1-ratio at 12.8%.
- The key capital ratios have been maintained well above the regulatory requirements

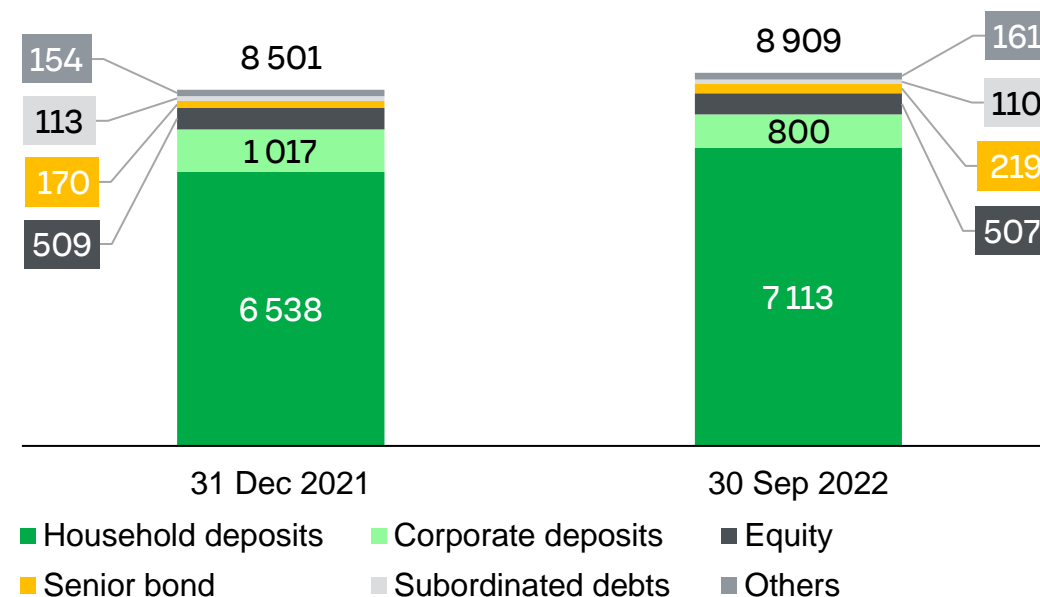
BALANCE SHEET & FUNDING

Strong funding base made of deposits – household loans make up most of the assets

ASSETS (EUR m)



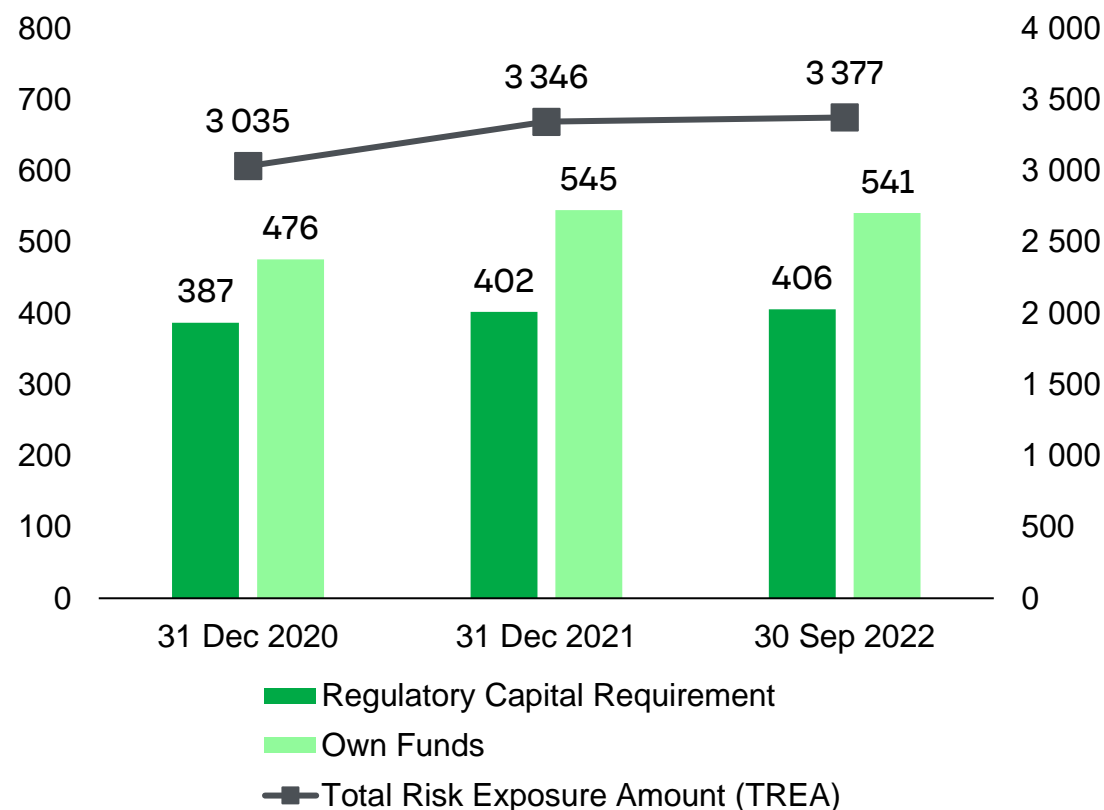
LIABILITIES AND EQUITY (EUR m)



- Household and corporate deposits comprised 89% (89%) of total liabilities and own funds at the end of Q3 2022. At the same time, lending to households comprised 62% (60%) of the total assets.
- Deposits and lending growth continued in January–September 2022. The growth concentrated to household customers.
- In June S-Bank issued an increase of EUR 50 million in the original amount of its bond (tap issue). The tap issue concerns the Senior Preferred MREL Eligible Notes serial bonds in the original amount of EUR 170 million.

OWN FUNDS, CAPITAL REQUIREMENTS & MREL

OWN FUNDS AND CAPITAL REQUIREMENTS (EUR M)



COMMENTARY

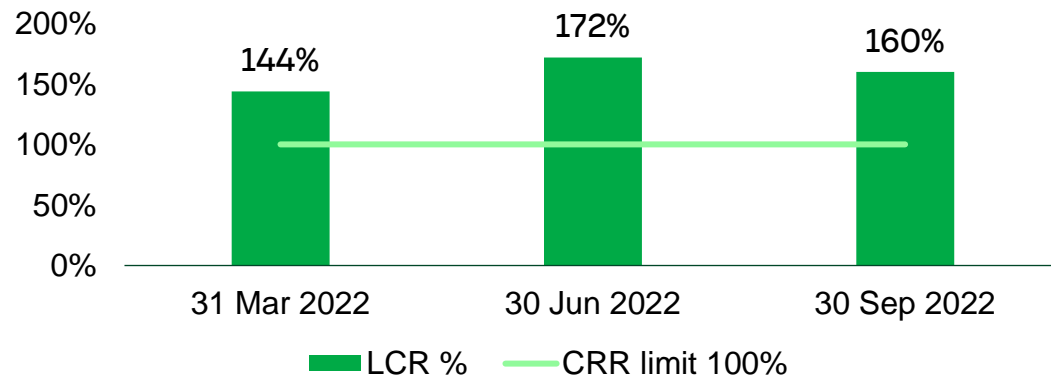
- Own funds decreased, mainly due to adverse market conditions affecting CET1 funds through the fair value reserve.
- The total risk exposure amount (TREA) increased slightly during the first three quarters of 2022, mainly due to strategic growth in lending. The increase in TREA was partially offset by a reduction in the risk levels of S-Bank's Treasury investments.
- Regulatory capital requirement was 12.0 per cent of the TREA. There were no changes in capital requirements regulation or policy during the first half of the year.
- Regarding MREL requirements, S-Bank's capital position on 30 Sep 2022 was well above regulatory requirements and internal limits. $MREL_{TREA}$ stood at 22.5 per cent and $MREL_{LRE}$ at 8.3 per cent.
- In the decision issued by the FSA on 6 Apr 2022, the full MREL requirement based on total risk exposure amount is 20.34 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 8.41 per cent.
- The full $MREL_{(TREA)}$ and the updated target level for $MREL_{(LRE)}$ will enter into force on 1 January 2024.
- In addition to the above-mentioned $MREL_{(TREA)}$ requirement, S-Bank needs to fulfill an additional capital buffer requirement of 2.52 per cent.

LIQUIDITY

Robust liquidity position and easy access to additional funding

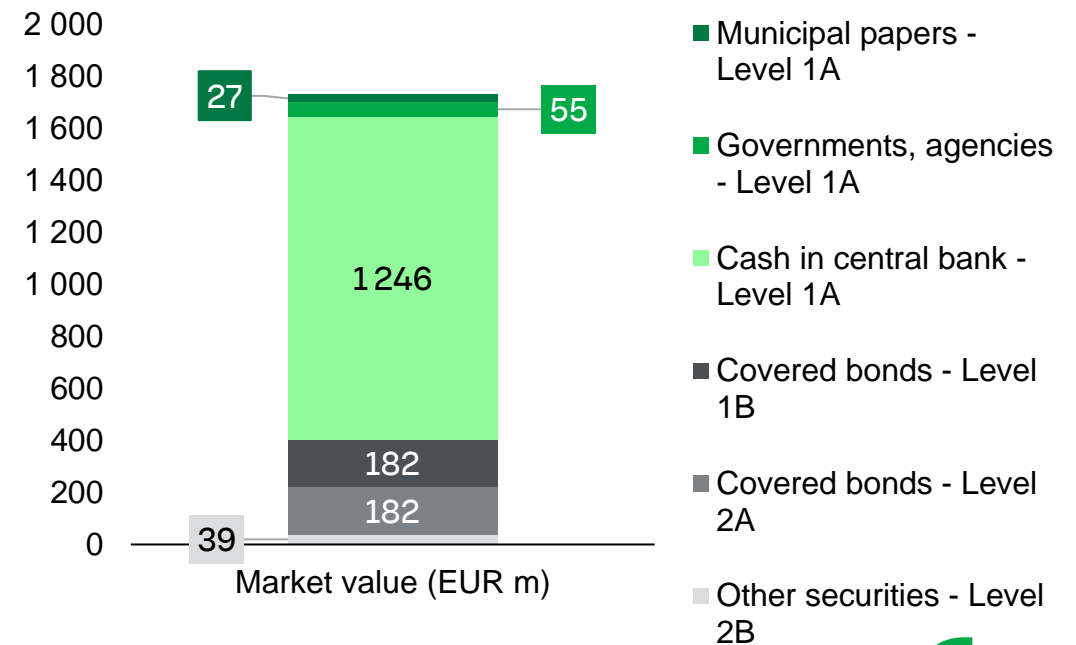
LIQUIDITY OVERVIEW

- S-Bank's liquidity portfolio totalled EUR 1 732 million at the end of Q3 2022 (EUR 1 729 million at the end of 2021)
- Level 1 assets comprise 87% of the portfolio with the largest allocations in cash in central bank
- Furthermore, S-Bank has pre-positioned collateral to the Bank of Finland to secure access of funding and liquidity and has a CD-programme for short-term funding needs
- NSFR ratio was 154% at the end of Q3 2022 (151% at the end of 2021) - wide headroom over the regulatory requirement of 100%
- LCR was 160% at the end of Q3 2022 (150% at the end of 2021) which is also well above the 100% regulatory limit



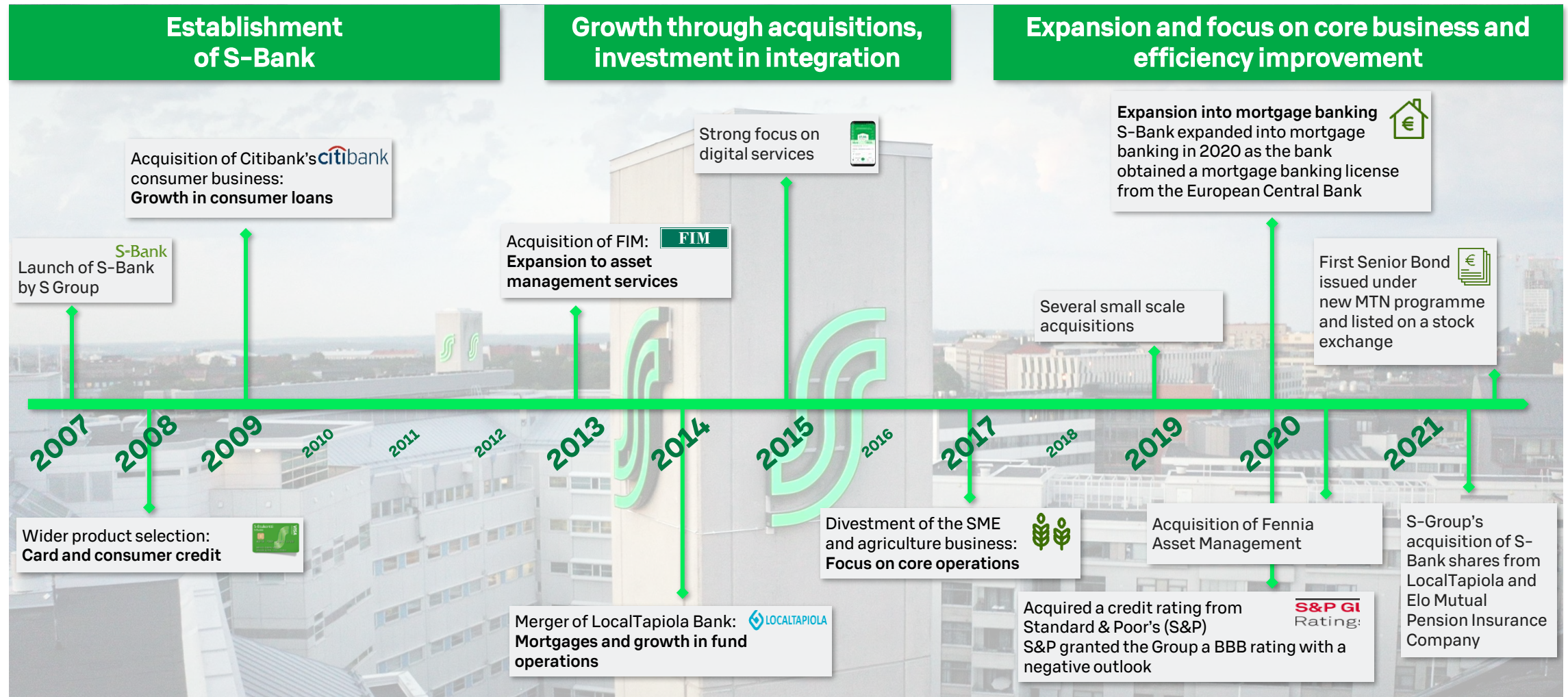
LIQUIDITY PORTFOLIO, 30 SEP 2022

EUR m	Level 1A	Level 1B	Level 2A	Level 2B	Total
Amount held (% of total market value)	1 328 (76,7%)	182 (10,5%)	182 (10,5%)	39 (2,3%)	1 732



APPENDIX

HISTORY OF S-BANK



GROWTH STRATEGY

S-Bank's strategy builds on its unique position

FOCUS IS ON STRENGTHENING COMPETITIVE ADVANTAGES

Continuously adapting distribution and service model to changes in customer behavior

Increasing sustainability and ESG related activities

Ensuring favorable price position in retail offering

Improving process and system scalability

ACTIVITIES DRIVEN BY LONG-TERM TARGET OF 1 MILLION ACTIVE CUSTOMERS



THE MOST RESPONSIBLE BANK IN FINLAND



- Strong co-operative values are at heart of S-Bank, which means that responsibility is inherently at the core of our operations.
- We also offer our customers the chance to make responsible choices (e.g. with responsible and impact investing products).
- In 2022, for the tenth consecutive year, Finns chose S-Bank as the most responsible bank in the Sustainable Brand Index survey, the largest survey on sustainable development in the Nordic countries.

SUSTAINABILITY THEMES



For the benefit of the customer

- We aim to be a fair partner for our customers.
- The key factors include open and easily understandable communications, clear pricing and easy-to-use services.
- We offer a bank account, card and banking IDs for electronic services free-of-charge to all the co-op members and their families.



For the well-being of personnel

- The well-being and competence of our personnel and good management are important areas for S-Bank.
- We make it easy for our employees to combine work with their private life.
- We offer our employees versatile work tasks and the opportunity to influence their own job descriptions.



For the benefit of society

- We are committed to observing laws and regulation and our own code of ethics.
- We are pioneers in responsible and impact investment.
- The responsible investment strategies include observing international norms, ESG integration, impact investing, excluding and influencing.



AWARDS AND HONOURS RECEIVED BY S-BANK

MOST INNOVATIVE

S-Bank is the most innovative financial company in Finland



Hanken's study 2021

MOST RESPONSIBLE

S-Bank is the most responsible bank in Finland for the 10th year in a row



Sustainable Brand Index 2022

MOST REPUTABLE

S-Bank is the most reputable financial company



T-Media's Reputation & Trust 2021 -study

MOST COMMITTED

S-Bank has the most loyal customers



Customer Index 2022 survey, Data & Marketing Association of Finland (DMA Finland/ASML)

EQUAL & MOST INSPIRING

S-Bank is an equal workplace and one of Finland's most inspiring workplace



Trade Union Pro's Equality Award 2021

Eezy Flow People Power employee experience survey 2021

MOST VALUED

S-Bank is the most valued brand in the financial sector for the 5th year in a row

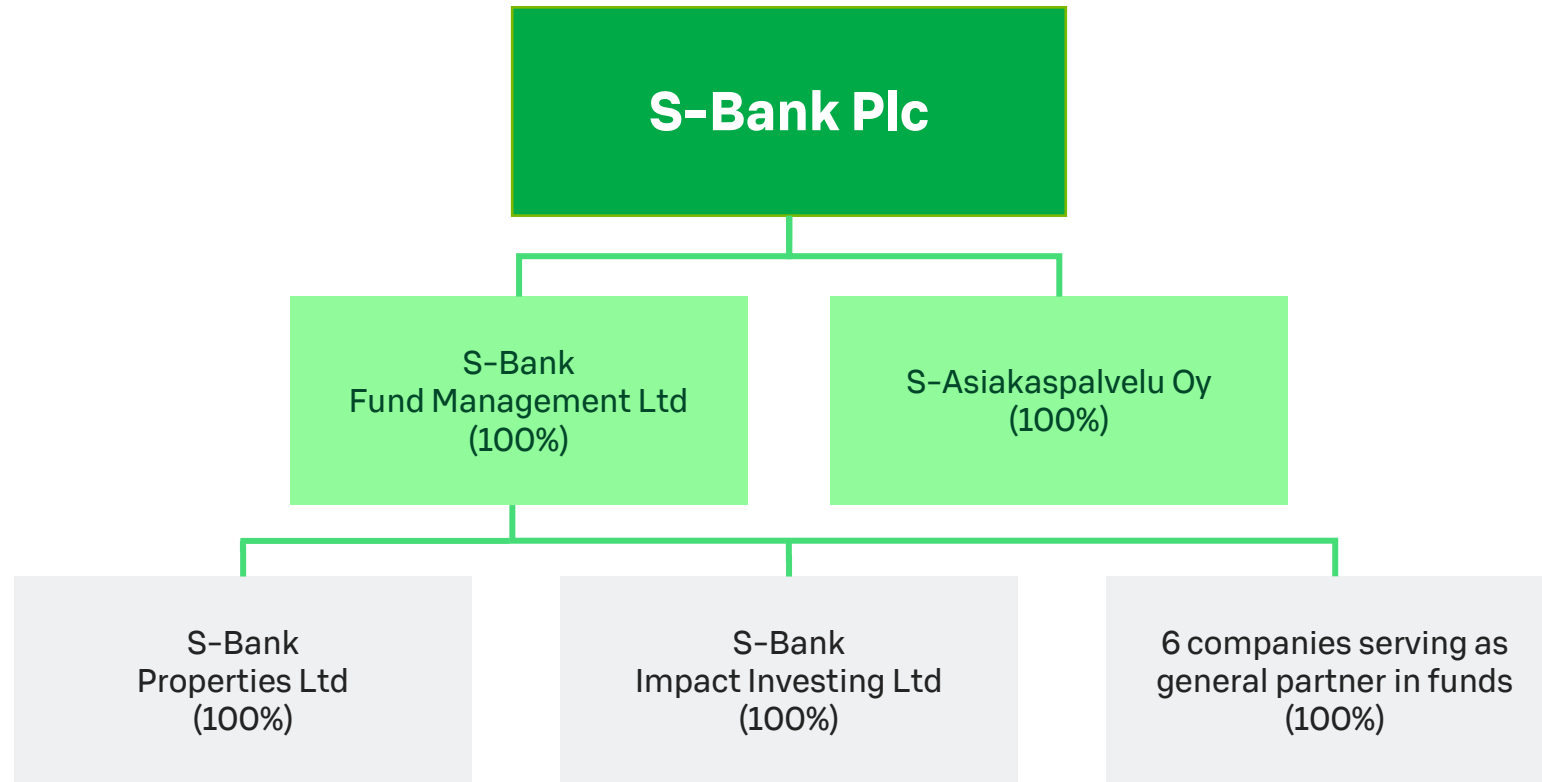


Brand Valuation 2022 study by Taloustutkimus



COMPANY STRUCTURE

As at 30 September 2022



**THANK
YOU**

