

Q4 RESULTS

Hanna Porkka, Interim CEO
Mika Heikkilä, CFO
3 February 2023

THE NUMBER ONE BANK FOR MORE PEOPLE – BEST RESULT IN HISTORY

HIGHLIGHTS FROM JANUARY-DECEMBER

- Lending increased to EUR **6.7** billion (6.1)
- Assets under management decreased to EUR **5.9** billion (7.7)
- Operating profit increased to EUR **44.7** million (24.8).
- Capital adequacy ratio ended up to **16.3** per cent (16.3)
- Outlook for 2023: We expect operating profit to increase by **more than 50** per cent (44.7) on the previous year's level.
- Board of Directors proposes a dividend of EUR **0.75** per share.

(EUR million)	Jan–Dec 2022	Jan–Dec 2021	Change
Net interest income	121.7	90.3	34.7%
Net fee and commission income	87.2	80.8	7.9%
Total income	221.8	187.0	18.6%
Operating profit	44.7	24.8	80.3%
Cost-to-income ratio	0.74	0.78	-0.04



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 2022. The improvement was driven by a stronger increase in net interest income towards the end of the year. Operating profit was a record EUR 20.6 million in Q4.
2. S-Bank had around **592 000** active customers, compared with around 532 000 at the end of 2021.
3. We are **a full-service bank** for the co-op members of S Group cooperative stores. For the bank's shareholders and bond investors we want to be **an attractive investment**.

BANKING

- The total euro sum of the purchases made with the S-Etukortti Visa card in 2022 grew by 19.8 per cent on the previous year.
- S-Bank's housing loan volume grew by 9.5 per cent (almost ten times the market growth) over a 12-month review period.
- Operating profit was EUR 61.8 million (36.2).

WEALTH MANAGEMENT

- The number of unit holders in S-Bank funds increased to around 361 000 from around 340 000 a year earlier.
- Net subscriptions to the S-Bank funds totalled EUR 255.5 million (317.1). The development of net subscriptions was strongest out of all fund management companies.
- Operating profit was EUR 1.7 million (5.0).

KEY INFORMATION ON S-BANK IN JANUARY-DECEMBER 2022



3.2
million
customers



361 000
unit holders in S-Bank
funds



EUR 9.0
billion
balance sheet



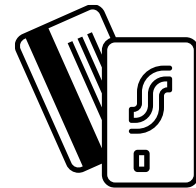
2.3
million
online banking IDs



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



EUR 44.7
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	Annual dividend of 5–15 per cent of profit
	Customers	1 million active clients target as a long-term active customer growth target

STRONG GROWTH POTENTIAL IN THE EXISTING CUSTOMER BASE

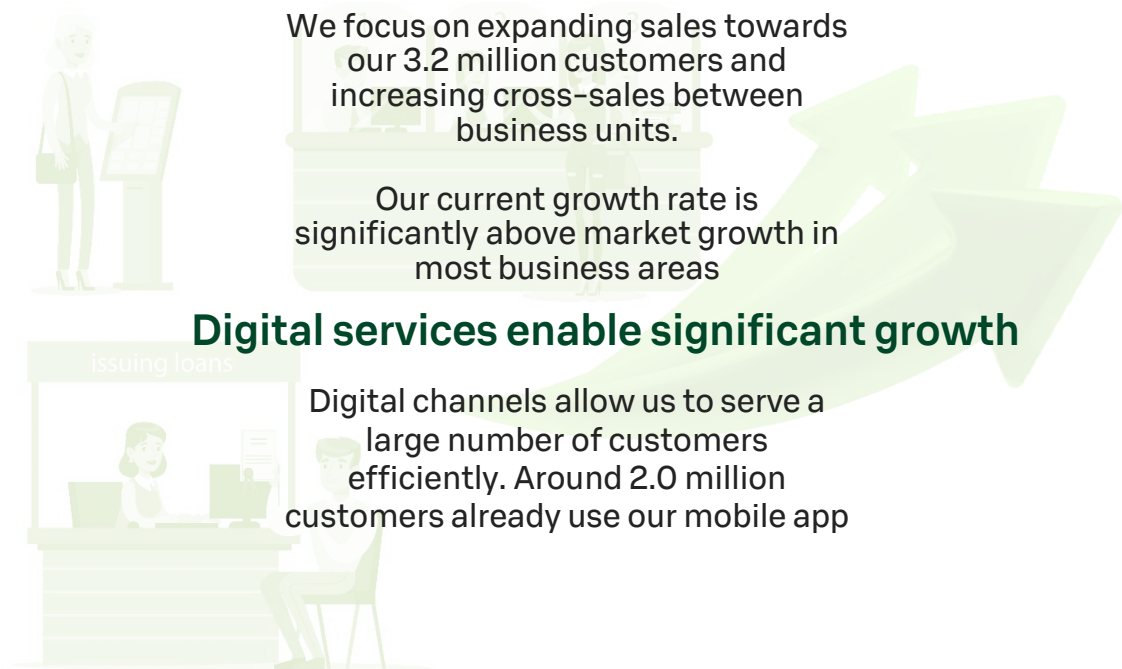
Our growth is based on activating existing customers

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



* The limit has been set at 1.5 percentage points above the total capital requirement (12.03% in December 2022)

KEY FINANCIALS

KEY FIGURES

(EUR millions)	2019	2020	2021	2022
Total income	168	174	187	222
Operating profit	29	21	25	45
Deposits	5 948	6 925	7 555	7 926
Lending	4 781	5 444	6 086	6 695
Non-performing loans	0.6%	0.6%	0.6%	0,9%
Assets under management	4 539*	6 497*	7 697	5 852
Debt securities	1 081	1 229	1 149	697
Cost-to-income, %	74.0%	74.0%	78.0%	74.5 %
ROE, %	5.2%	3.3%	3.9%	6.9 %
ROA, %	0.4%	0.2%	0.2%	0.4 %
Equity ratio, %	7.1%	6.4%	6.0%	5.9 %
Capital adequacy ratio, %	16.3%	15.7%	16.3%	16.3 %
CET-1 ratio, %	14.6%	13.7%	13.0%	13.2 %

**STEADY GROWTH IN
TOTAL INCOME**

**STRONG DEPOSIT
FUNDING BASE**

AUM UNDER PRESSURE

**STRONG GROWTH IN
ROE**

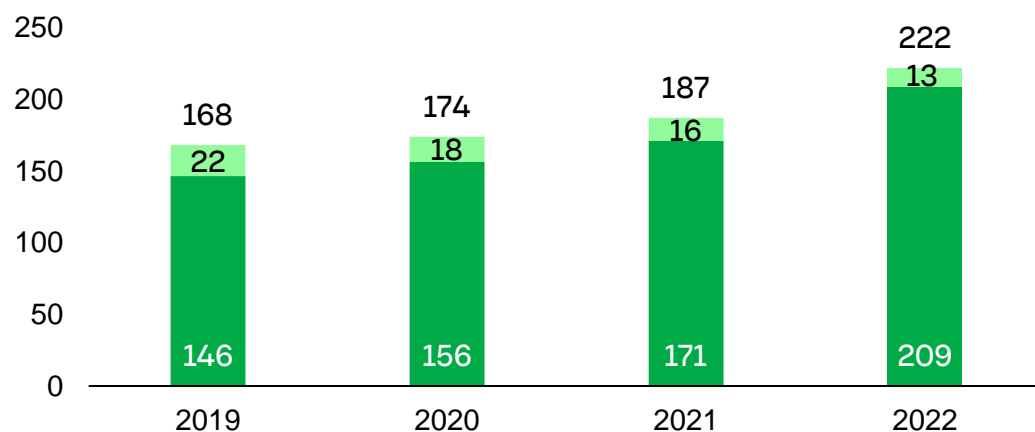
**ROBUST
CAPITAL BASE**



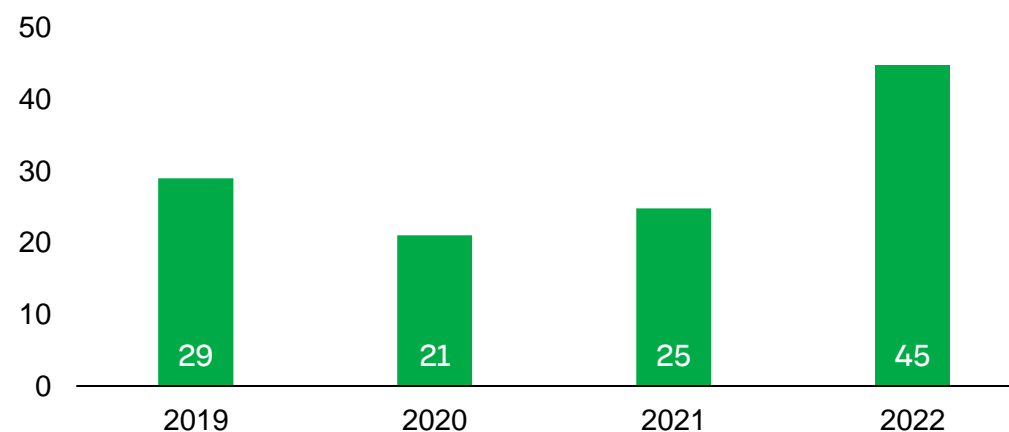
* The fund cooperation between S-Bank and LocalTapiola ended in the final quarter of 2021. Assets under management, including the LocalTapiola funds, were EUR 7 041 million at the end of 2019, EUR 10 785 million at the end of 2020.

DEVELOPMENT OF KEY INCOME MEASURES

TOTAL INCOME (EUR m)



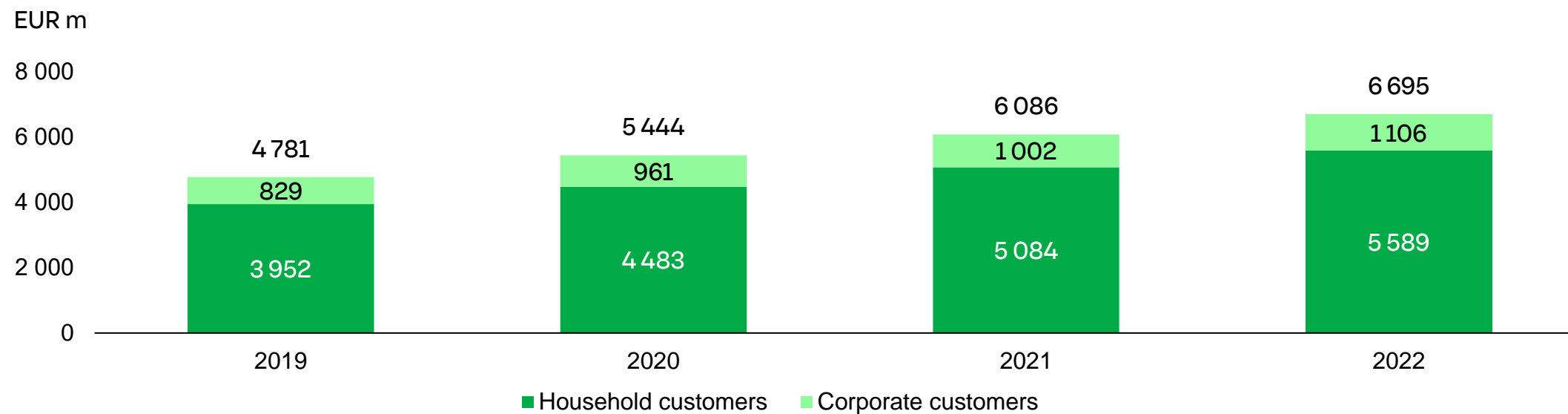
OPERATING PROFIT (EUR m)



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

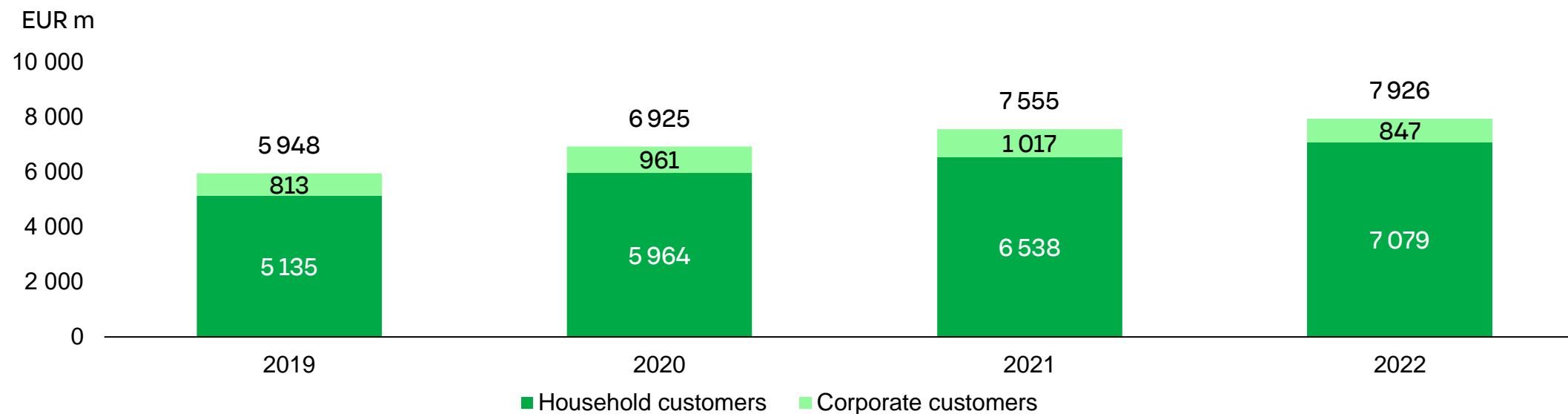
- S-Bank income metrics have been quite stable throughout the years with total income increasing from EUR 168 million in 2019 to EUR 222 million in 2022.
- The Banking segment contributed 81% (76) of total income in 2022 .
- In 2022, operating profit increased by 80.3% to EUR 44.7 million from EUR 24.8 million in 2021. Performance was affected by 18.6 per cent increase in total income and particularly the strong increase in net interest income during the second half of the year.

LONG-TERM LENDING GROWTH CONTINUED



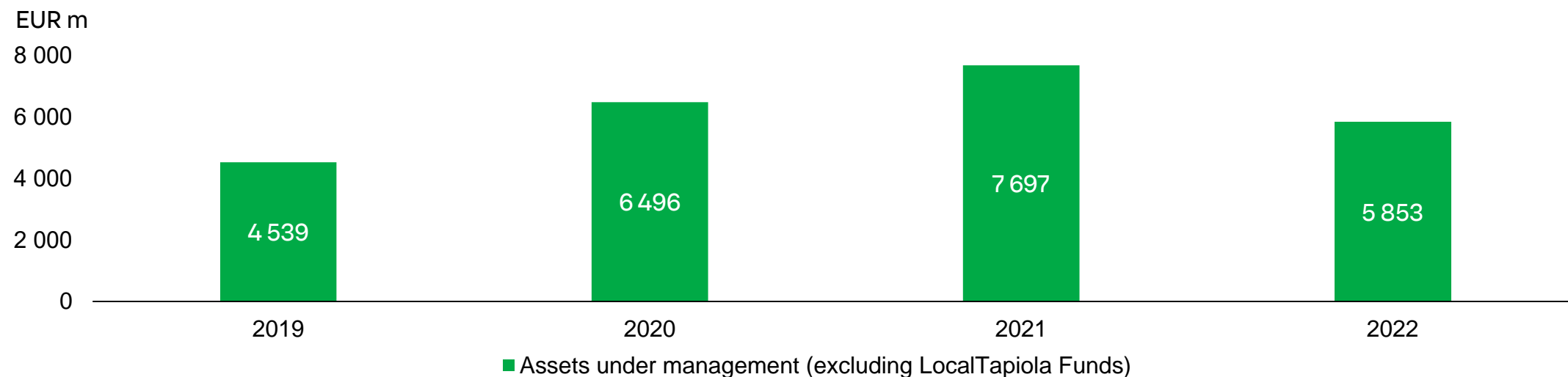
Lending (EUR m)	31 Dec 2021	31 Dec 2022	12-month change
Household customers	5 083.7	5 588.9	9.9%
Corporate customers	1 000.3	1 106.3	10.4%
Total	6 086.0	6 695.3	10.0%

TOTAL DEPOSITS CONTINUED TO GROW



Deposits (EUR m)	31 Dec 2021	31 Dec 2022	12-month change
Household customers	6 537.9	7 078.8	8.3 %
Corporate customers	1 017.0	846.8	-16.7 %
Total	7 554.9	7 925.6	4.9 %

AUM DECREASED UNDER THE PRESSURE



- In addition, S-Bank Properties Ltd managed EUR 347,5 million in customer assets, consisting of real estate and joint ventures.
- Assets under management decreased under the pressure of the general market decline and the termination of a significant portfolio management contract outsourced to S-Bank.

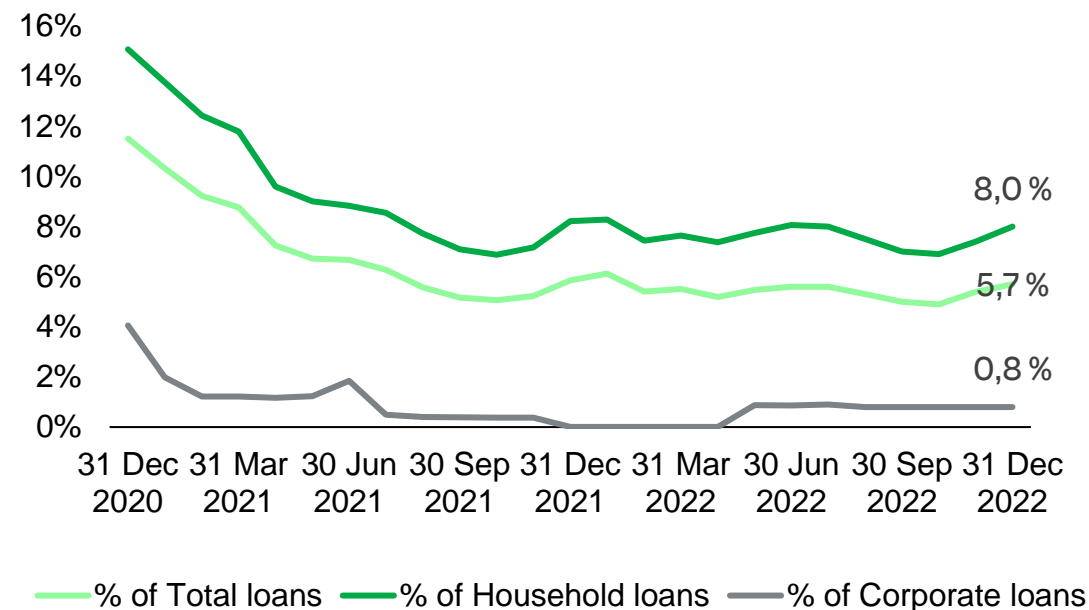
Comparable assets under management (EUR m)	31 Dec 2021	31 Dec 2022	12-month change
Fund capital	3 925.3	3 925.8	0.01 %
Wealth management	3 771.8	1 926.7	-48.9 %
Total	7 697.1	5 852.5	-24.0 %

* The fund cooperation between S-Bank and LocalTapiola ended in the final quarter of 2021. Assets under management, including the LocalTapiola funds, were EUR 9 041 million at the end of 2019 and EUR 10 785 million at the end of 2020.

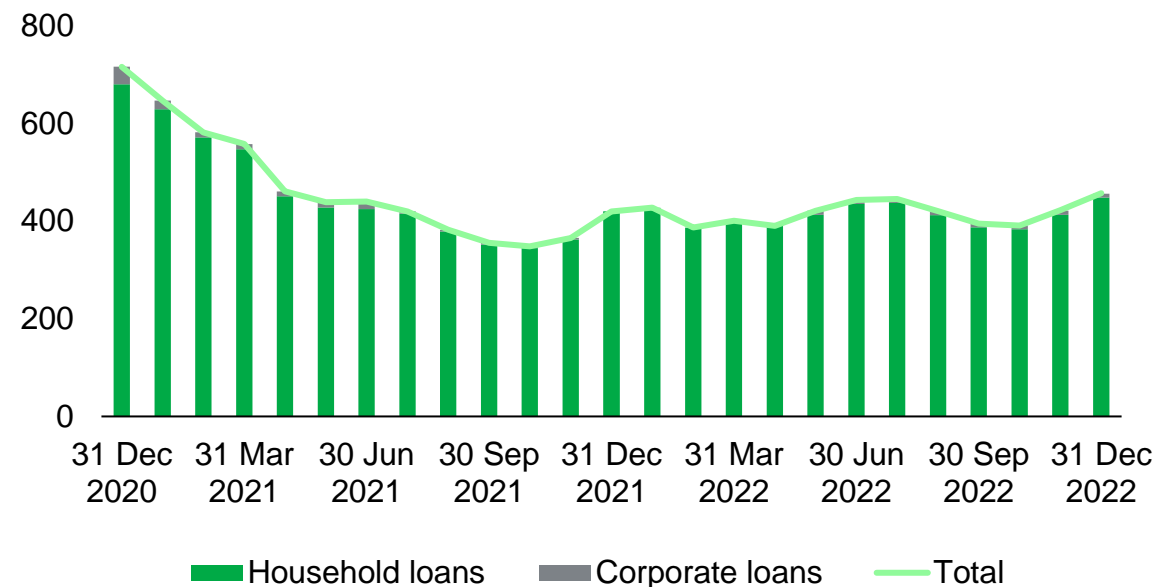
REPAYMENT HOLIDAYS AND PAYMENT SCHEDULES

Changes to the payment schedules

SHARE OF LOANS SUBJECT TO REPAYMENT HOLIDAYS



AMOUNT OF LOANS SUBJECT TO REPAYMENT HOLIDAYS (EUR m)

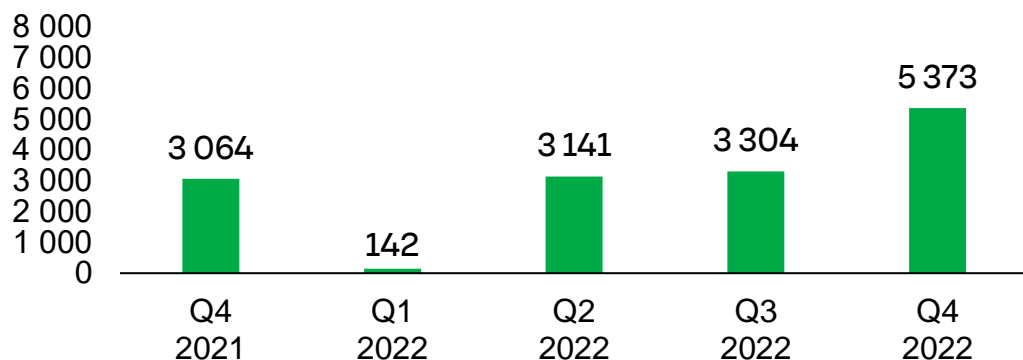


- Repayment holidays and changes to payment schedules increased in Q4, while overall trend for year 2022 remained stable.
- The share of loans subject to repayment holidays was 5.7% of total loans (5.9% on 31 Dec 2021).
- The respective share for the household loans was 8.0% (8.2% on 31 Dec 2021) and for the corporate loans 0.8% (0.0% on 31 Dec 2021).

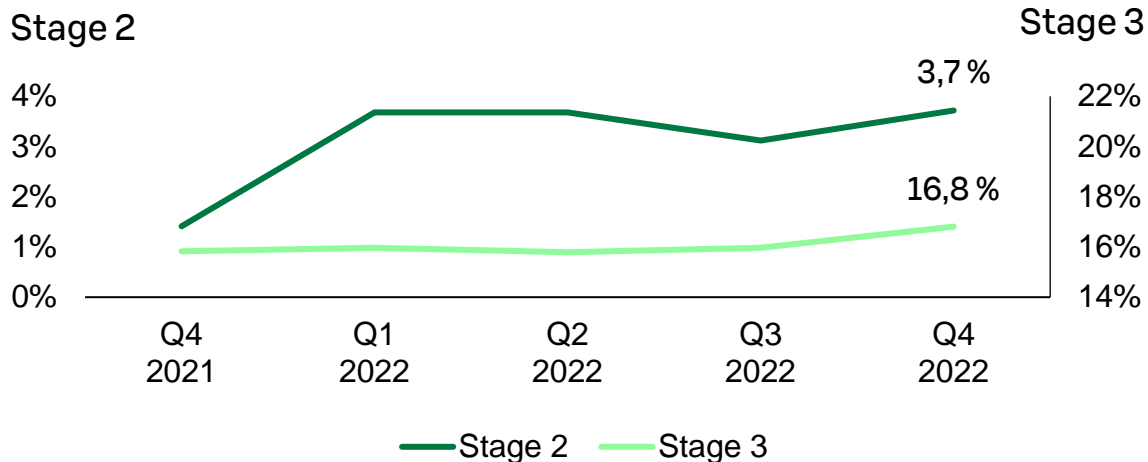
STABLE CREDIT QUALITY

Improvement on net credit losses

EXPECTED AND FINAL CREDIT LOSSES (EUR '000)



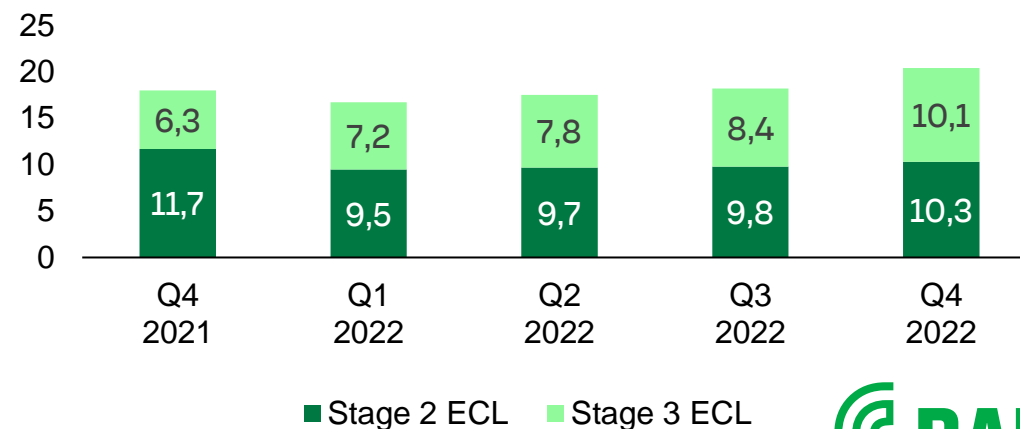
COVERAGE RATIO (%)



COMMENTARY

- Cumulative net credit losses were EUR 12.0 million (15.7) during the financial year.
- Total ECL-provision was EUR 22.5 million (20.6).
- The changes in management judgement increased the ECL provision by EUR 1.0 million in Q4, and EUR 1,6 during the financial year. Increases in interest rates and prices are expected to weaken the financial standing of customer households.

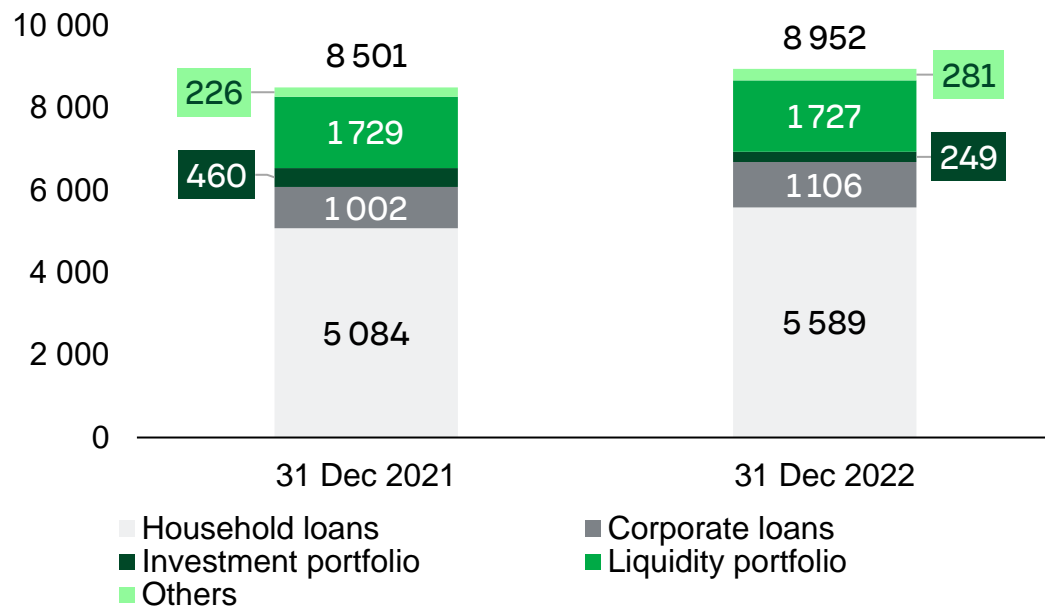
STAGE 2 AND 3, ECL PROVISION (EUR m)



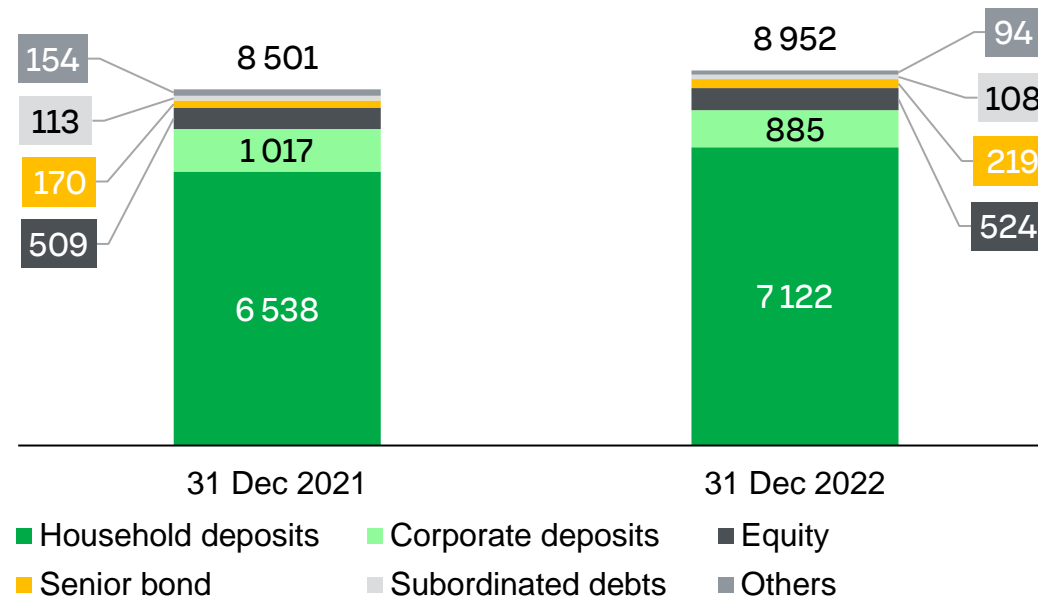
BALANCE SHEET & FUNDING

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

ASSETS (EUR m)



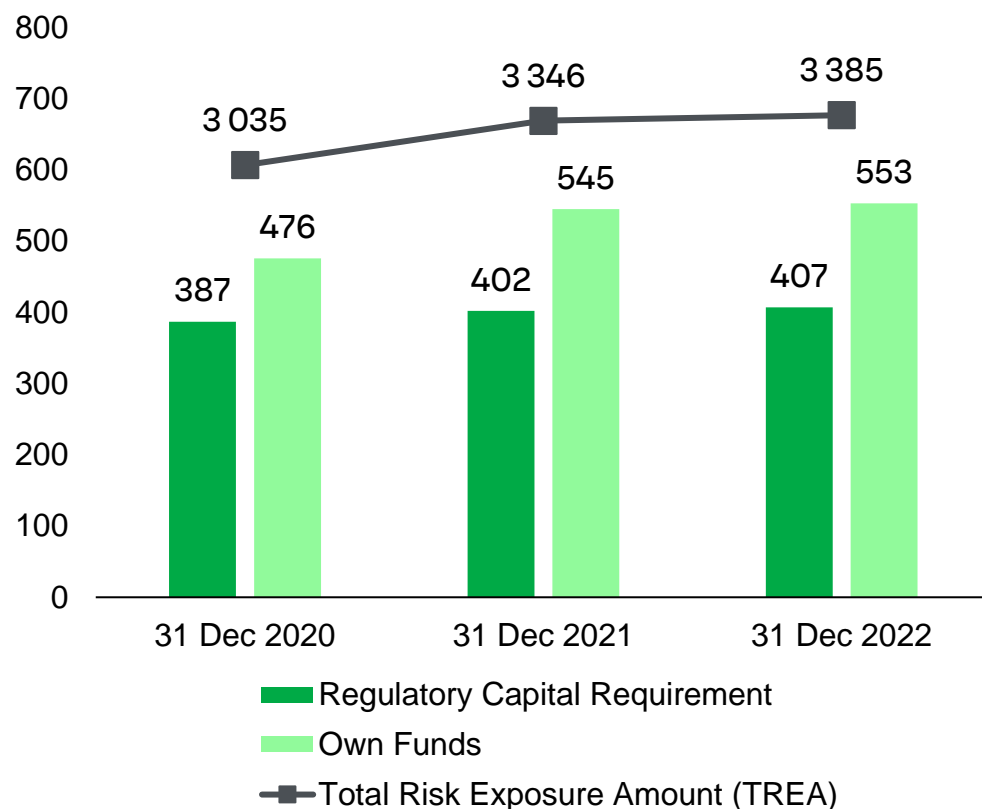
LIABILITIES AND EQUITY (EUR m)



- Household and corporate deposits comprised 89% (89%) of total liabilities and own funds at the end of 2022. At the same time, lending to households comprised 62% (60%) of the total assets.
- Deposits and lending growth continued in 2022. Deposits growth concentrated to household customers and in lending the growth came from household and corporate 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)



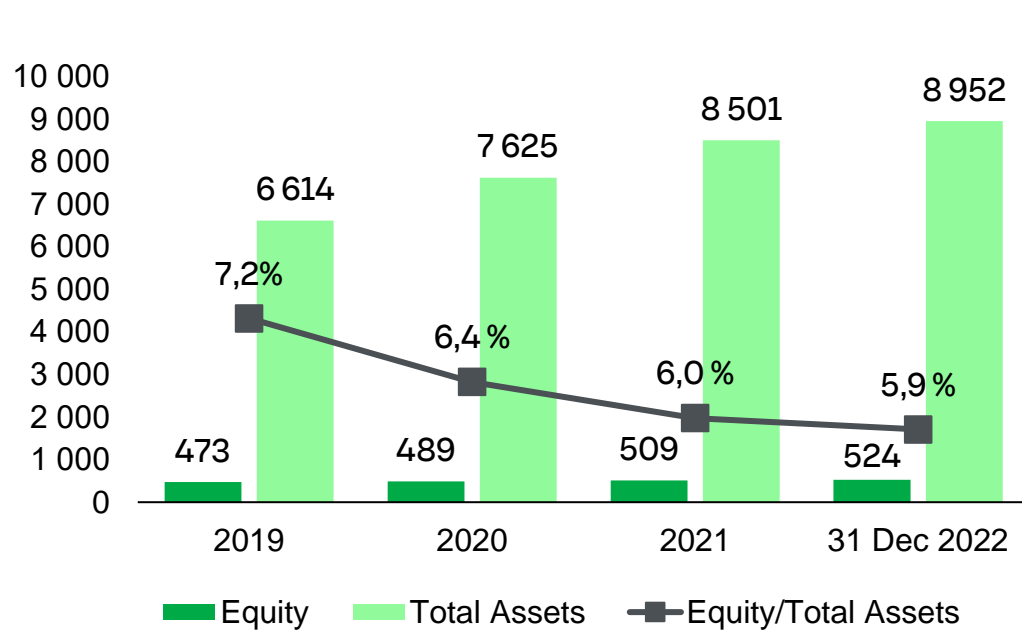
COMMENTARY

- Own funds increased, mainly through profit performance.
- The total risk exposure amount (TREA) increased slightly during 2022, mainly due to an increase in the operational risk requirement caused by higher net interest income and net fee and commission income. The increase in TREA was partially offset by a reduction in the risk levels of S-Bank's Treasury investments.
- Regulatory capital requirement was 12.03 per cent of the TREA. There were no changes in capital requirements regulation or policy during the year.
- Regarding MREL requirements, S-Bank's own funds and eligible liabilities on 31 Dec 2022 were well above regulatory requirements and internal limits. $MREL_{TREA}$ stood at 22.8 per cent and $MREL_{LRE}$ at 8.4 per cent.
- The current minimum level of $MREL_{TREA}$ is 17.23 per cent and $MREL_{LRE}$ is 5.91 per cent.
- In addition to the above-mentioned $MREL_{TREA}$ requirement, S-Bank needs to fulfill an additional capital buffer requirement of 2.53 per cent.
- Based on the latest decision by the Financial Stability Authority on 6th April 2022, the upcoming full $MREL_{TREA}$ is 20.34 per cent and the $MREL_{LRE}$ is 8.41 per cent. These target levels will enter into force on 1 January 2024.

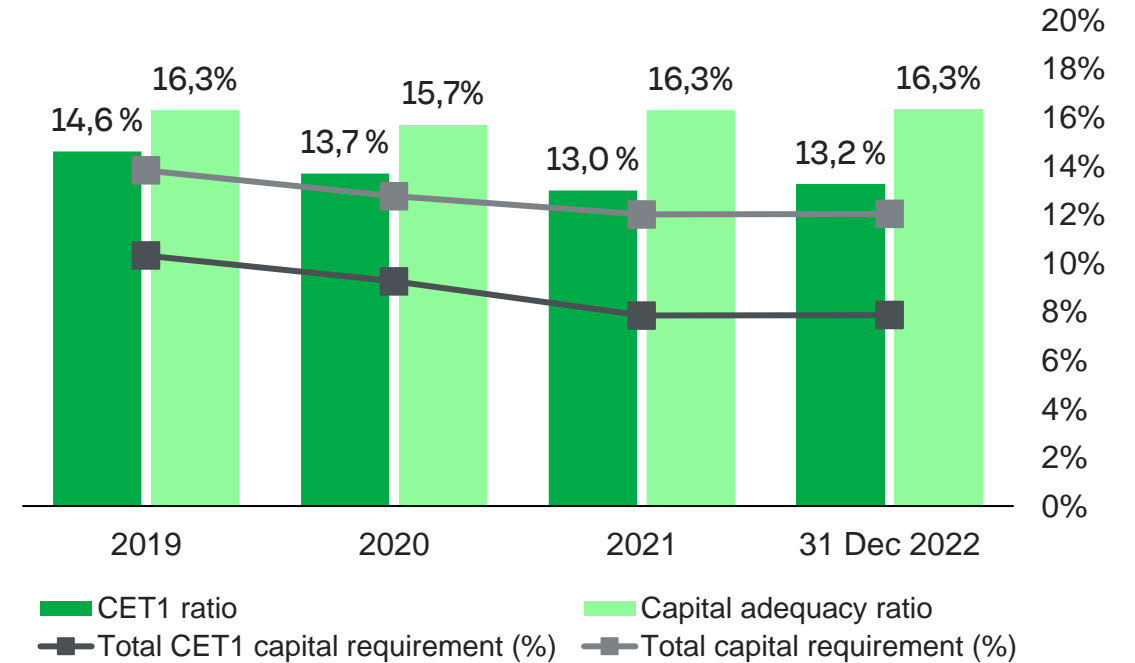
CAPITAL POSITION

Strong capital position well above the regulatory levels despite high growth

EQUITY / TOTAL ASSETS (EUR m)

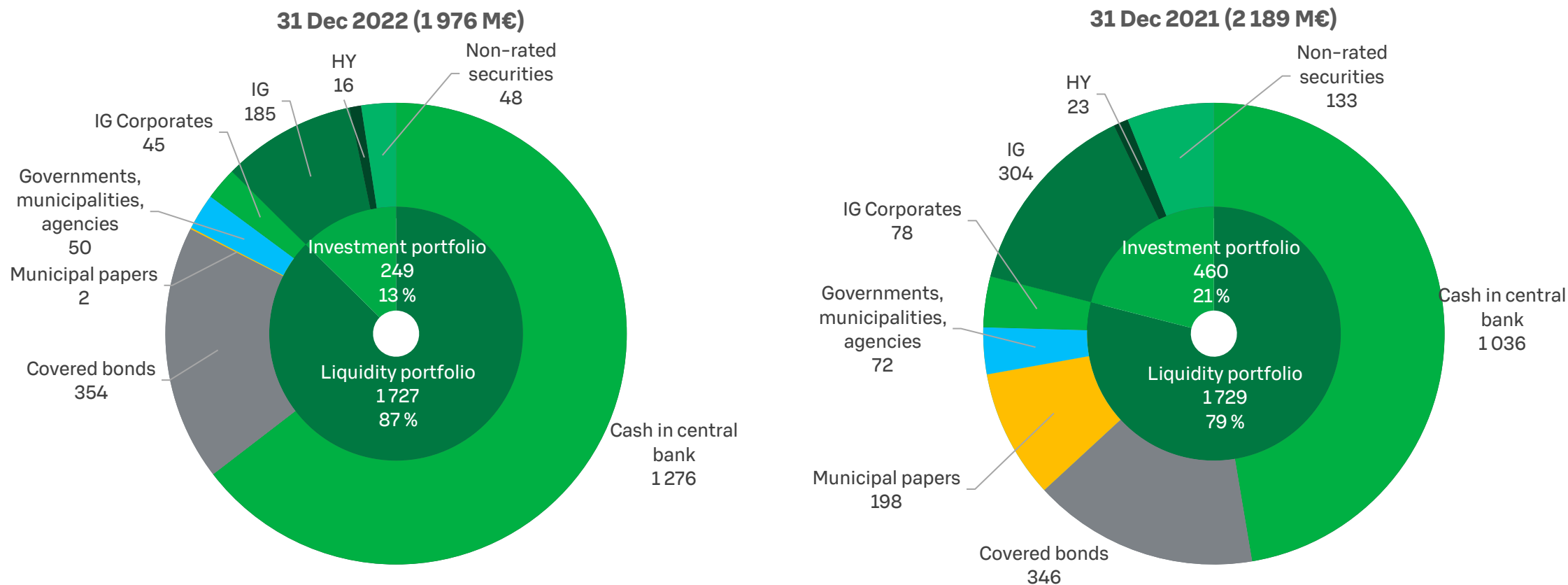


KEY CAPITAL RATIOS (CET1 + CAPITAL ADEQUACY RATIO)



- 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 5.9% to 7.2% between 2019 and 2022. At the end of the review period, the equity ratio stood at 5.9% and the CET1 ratio at 13.2%.
- The key capital ratios have been maintained well above the regulatory requirements.

S-BANK'S LIQUIDITY AND INVESTMENT PORTFOLIOS



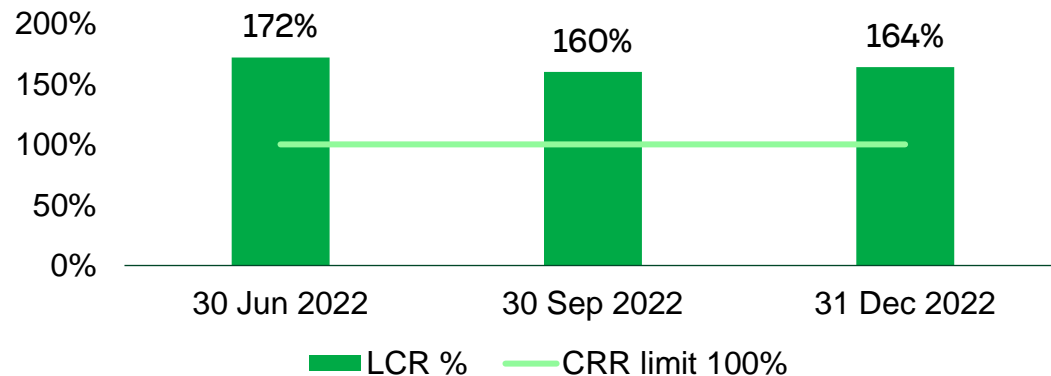
- S-Bank's liquidity and investment portfolios totalled EUR 1 976 million at the end of 2022 (EUR 2 189 million at the end of 2021). The decrease in the total portfolio size was concentrated in the investment portfolio during the year 2022, which was due to increase in the lending portfolio.

LIQUIDITY

Robust liquidity position and easy access to additional funding

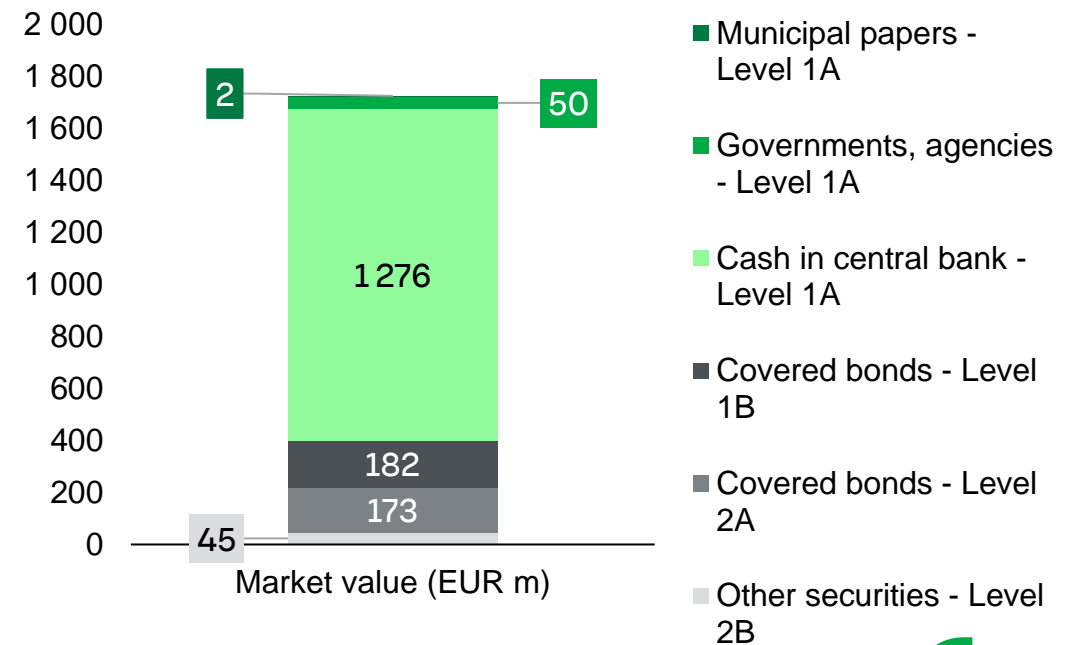
LIQUIDITY OVERVIEW

- S-Bank's liquidity portfolio totalled EUR 1 727 million at the end of 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 151% at the end of 2022 (151% at the end of 2021) - wide headroom over the regulatory requirement of 100%
- LCR was 164% at the end of 2022 (150% at the end of 2021) which is also well above the 100% regulatory limit



LIQUIDITY PORTFOLIO, 31 DEC 2022

EUR m	Level 1A	Level 1B	Level 2A	Level 2B	Total
Amount held (% of total market value)	1 328 (76,9%)	182 (10,5%)	173 (10,0%)	45 (2,6%)	1 727

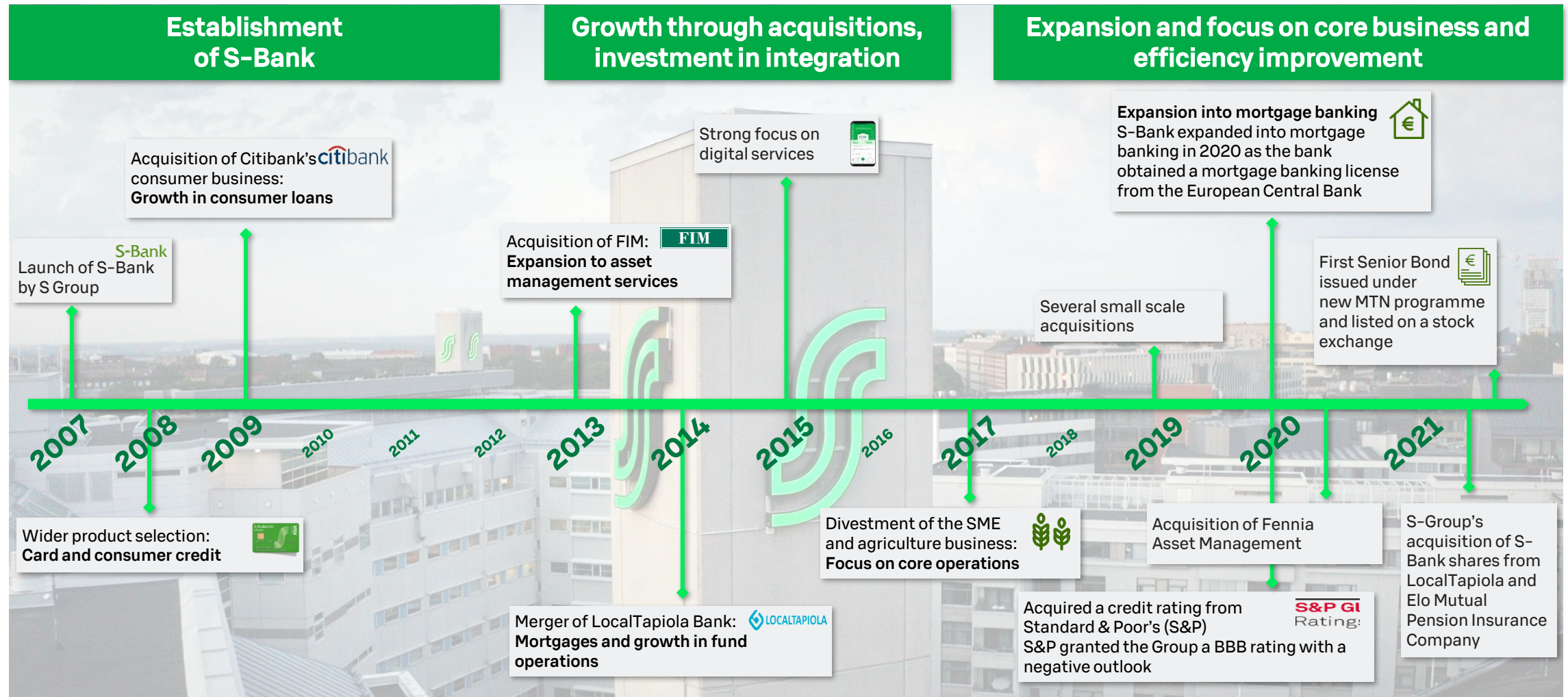


**THANK
YOU**



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 2022

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 31 December 2022

