A woman and a child are sitting in a white boat on a calm blue lake. The woman, on the right, is wearing a blue and white striped life vest and a floral patterned skirt. The child, on the left, is wearing an orange life vest and blue shorts. A fishing rod extends from the child towards the top left of the frame. The background shows a vast expanse of water and distant hills under a clear sky.

H1 2023 RESULTS

RIIKKA LAINE-TOLONEN, CEO
& MIKA HEIKKILÄ, CFO

4 AUGUST 2023



STRONG PERFORMANCE IN THE BEGINNING OF THE YEAR – THE NEXT CHAPTER IS ABOUT TO START

HIGHLIGHTS FROM JANUARY-JUNE

- Lending increased to EUR **6.9** billion (6.4)*
- Deposits increased to EUR **8.2** billion (7.8)
- Assets under management increased to EUR **6.1** billion (5.7)**
- Operating profit increased to EUR **57.6** million (13.3)
- The capital adequacy ratio increased to **17.3** per cent (16.2)

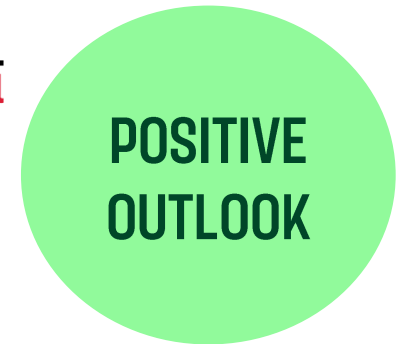
(EUR million)	Jan–Jun 2023	Jan–Jun 2022	Change
Net interest income	120.9	49.6	157.9%
Net fee and commission income	45.0	41.5	8.5%
Total income	170.5	96.7	76.3%
Operating profit	57.6	13.3	331.8%
Cost-to-income ratio	0.61	0.83	-0.22

* In the above, figures for the corresponding period of 2022 are used in the result comparisons.

** Comparison amount has been adjusted with the value of Q4 2022 terminated portfolio management agreement.



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"



OUTLOOK FOR 2023 UNCHANGED

We expect that the operating profit for the whole year will be **almost double** that of the previous year (EUR 44.7 million). The rise in **interest rates** is having a positive impact on the bank's performance.

However, the outlook for 2023 is still subject to **uncertainties** related to the operating environment and the development of the economy, employment and real estate markets. The prevailing interest rate levels and the sharp increase in housing and living costs may have a negative impact on some households.

CEO'S COMMENTS

1. The **upward trend** in S-Bank's performance lays a solid foundation for the next chapter in the bank's story.
2. The **next chapter** began, when we announced that we were going to acquire Handelsbanken's Finnish private customer, asset management and investment services operations.
3. S-Bank had around **625 000** active customers, compared with around 560 000 at the end of June 2022.
4. Our **capital adequacy** remained at a good level. The strong performance enables sufficient capital buffers, operational development, and business growth.

BANKING

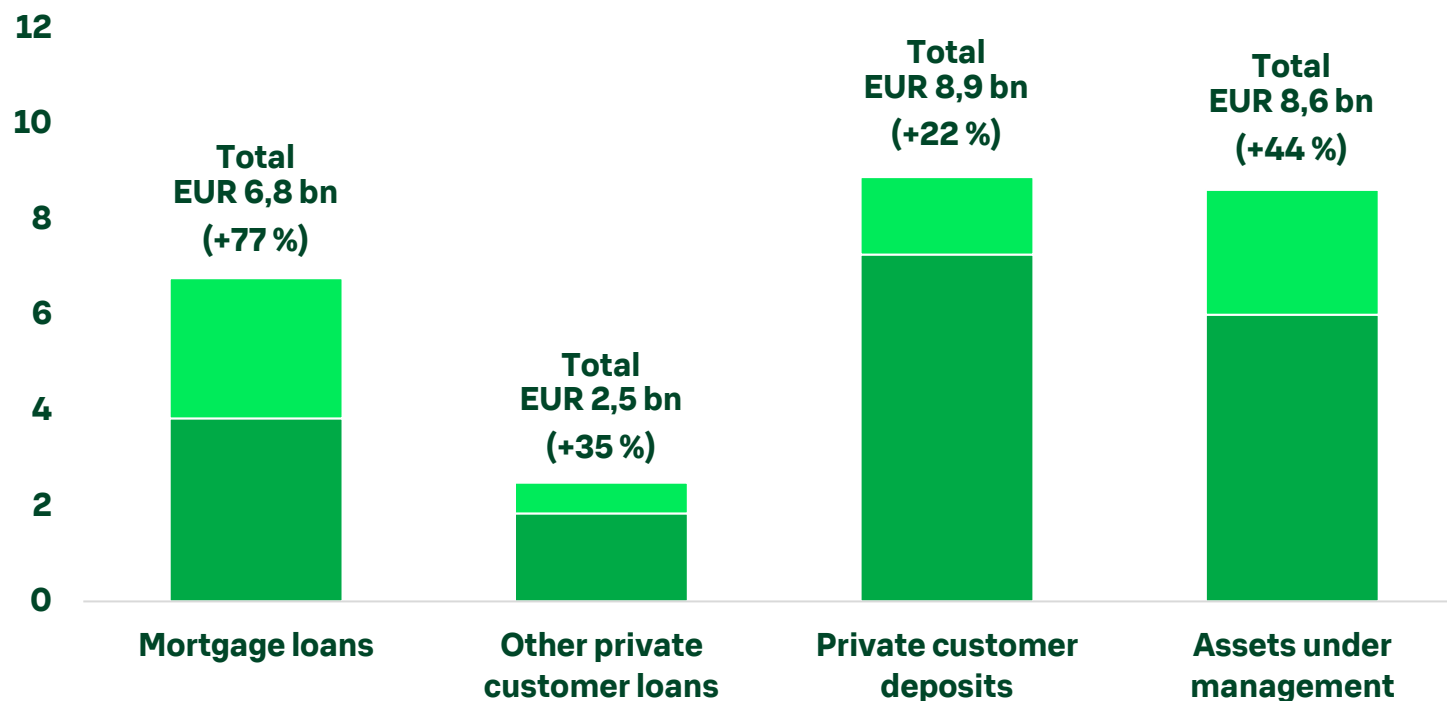
- The total euro amount of purchases made with the S-Etukortti Visa card grew by 22.3 per cent and the number of purchases by 23.4 per cent on the previous year.
- Household customers' deposit portfolio grew 6.8 per cent on the previous year and was EUR 7.5 billion.
- S-Bank's housing loan volume grew by 6.8 per cent over a 12-month review period compared with 0,8 per cent decline of the total market.
- Operating profit was EUR 60.4 million (14.4).

WEALTH MANAGEMENT

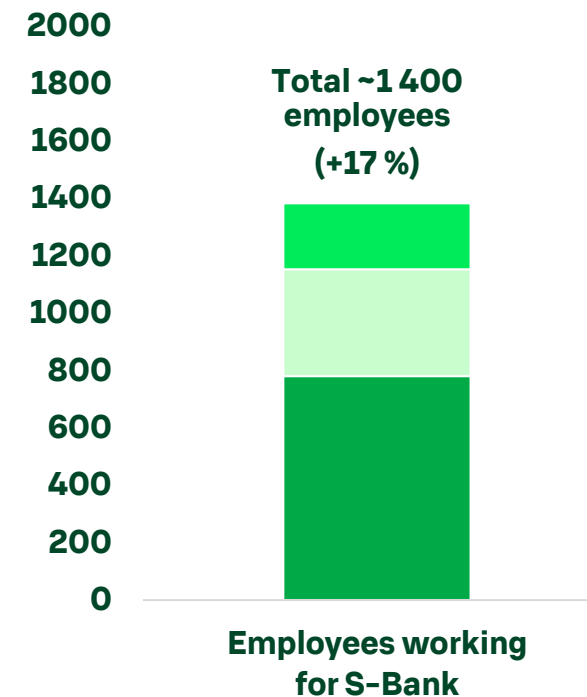
- The number of unit holders in S-Bank funds increased to around 375 000 from around 353 000 a year earlier.
- Net subscriptions to the S-Bank funds totalled EUR 104.9 million (78.0). The net subscriptions to S-Bank funds performed stronger than the fund management company average.
- Operating profit was EUR 2.9 million (3.0).

HANDELSBANKEN ACQUISITION IN BRIEF

BUSINESS VOLUMES



EMPLOYEES



■ S-Bank today ■ To be transferred from Handelsbanken ■ S-group personnel working for S-Bank

Note: all figures are presented as of March 31st 2023. Assets under management includes investments in SHB funds which will not be directly managed by S-Bank. However, S-Bank will earn a distribution fee on the business volume

KEY INFORMATION ON S-BANK IN JANUARY-JUNE 2023

9.3

billion

balance sheet

3.2

million

customers

375 000

unitholders in S-Bank's funds

57.6

million

operating profit

2.4

million

online banking IDs

cash withdrawals and deposits
at checkouts in over

1 000

S Group branches

870

employees

2.8

million

international
payment cards

60

full-service
branches

31

intermittently
open
branches

4

touring
mobile
branches

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

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 AND EXECUTING THE HANDELSBANKEN ACQUISITION

Growth potential based on 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 channels allow us to serve a large number of customers efficiently. Around 2.1 million customers have already installed 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)	2020	2021	2022	Jan–Jun 2023
Total income	174	187	222	171
Operating profit	21	25	45	58
Deposits	6 925	7 555	7 926	8 222
Lending	5 444	6 086	6 695	6 862
Non-performing loans	0.6%	0.6%	0,9%	1,0%
Assets under management	5 256	6 170	5 852	6 139
Debt securities	1 229	1 149	697	743
Cost-to-income, %	74.0%	78.0%	74.5 %	60,8%
ROE, %	3.3%	3.9%	6.9 %	13,3%
ROA, %	0.2%	0.2%	0.4 %	0.8%
Equity ratio, %	6.4%	6.0%	5.9 %	6.1%
Capital adequacy ratio, %	15.7%	16.3%	16.3 %	17,3%
CET-1 ratio, %	13.7%	13.0%	13.2 %	14,4%

**STRONG GROWTH IN
OPERATING PROFIT**

**LOAN TO DEPOSIT
RATIO 83%**

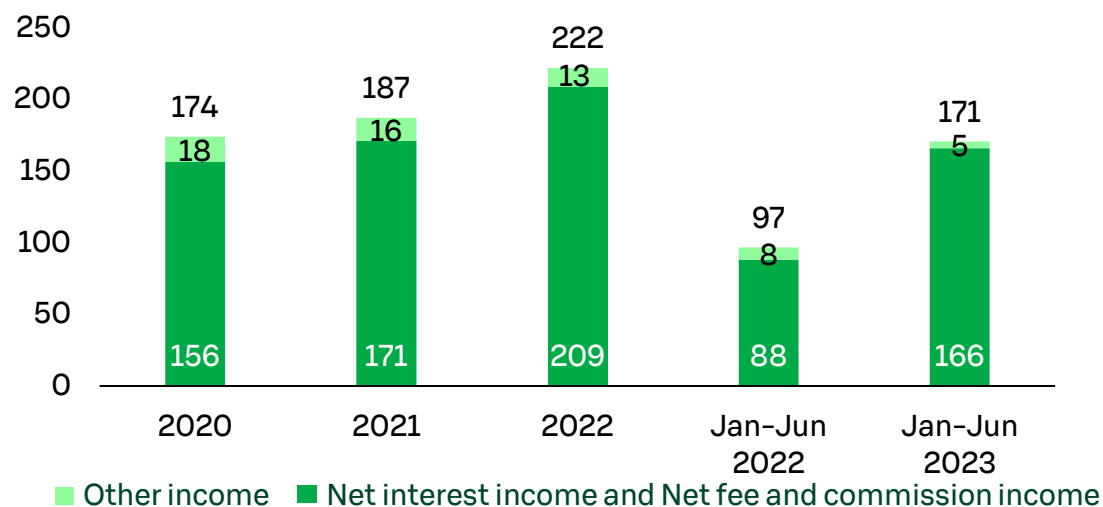
**IMPROVING COST-TO-
INCOME RATIO**

**SUSTAINED
IMPROVEMENT IN ROE**

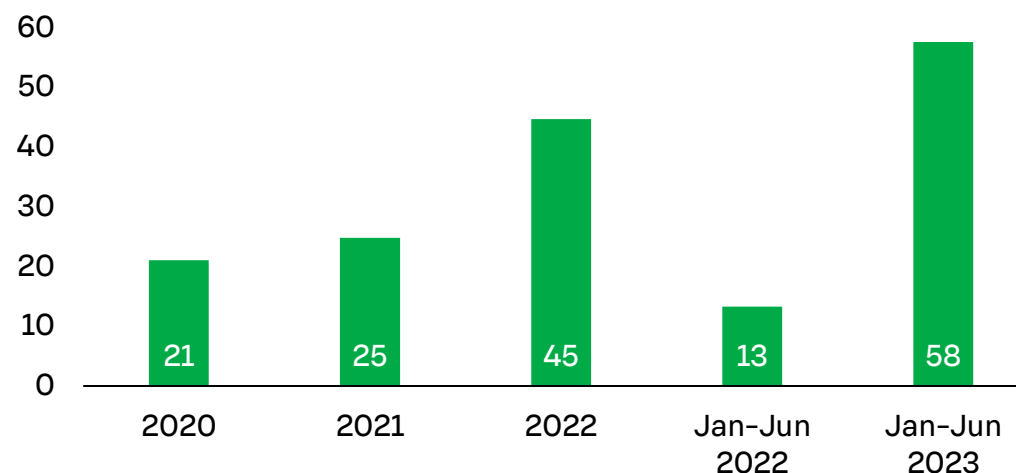
**ROBUST
CAPITAL BASE**

DEVELOPMENT OF KEY INCOME MEASURES

TOTAL INCOME (EUR m)

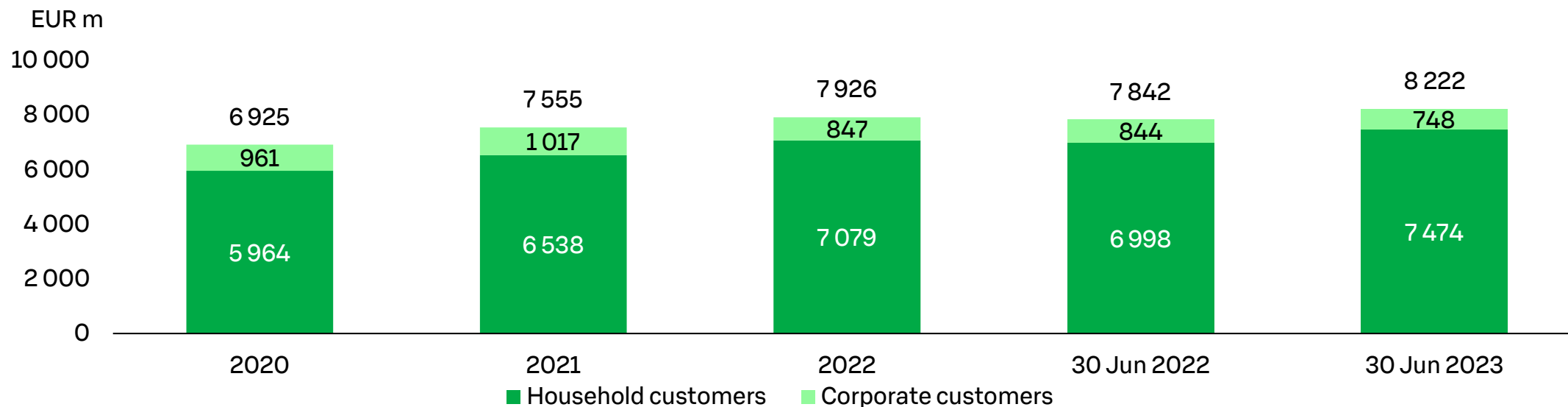


OPERATING PROFIT (EUR m)



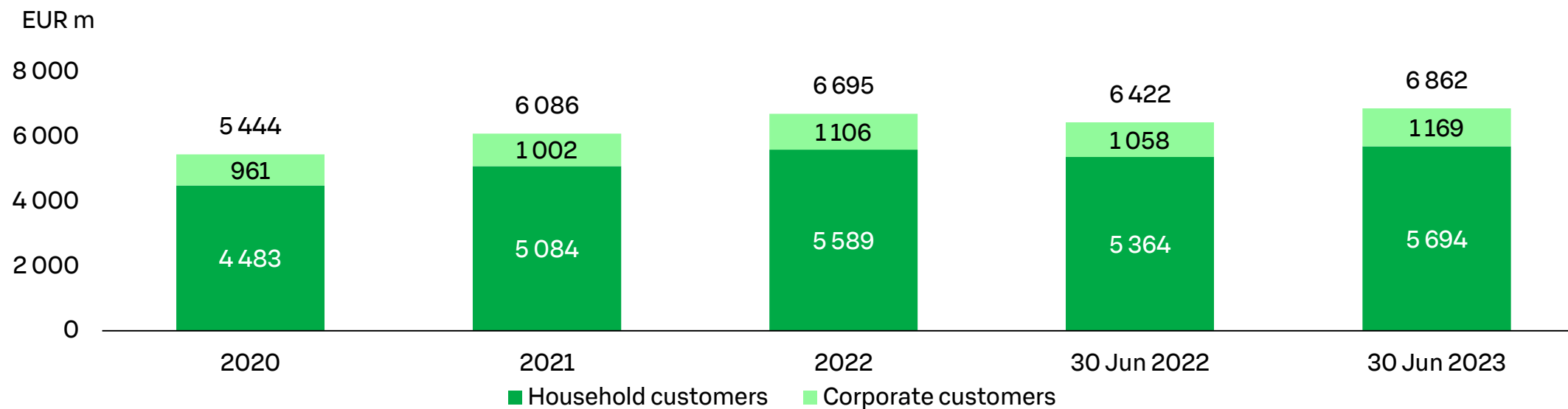
- S-Bank's total income has grown constantly throughout the years. In last 12 months period total income was EUR 296 million due to higher interest level and good deposit margins.. NII contributed 71% (49) of total income in H1 2023
- The Banking segment contributed 87% (79) of total income in H1 2023.
- In H1 2023, operating profit increased to EUR 57.6 million from EUR 13.3 million in H1 2022. The improvement in performance was driven by a strong 157.9 per cent increase in the net interest income.

STRONG DEPOSIT BASE – DRIVEN BY HOUSEHOLD CUSTOMERS



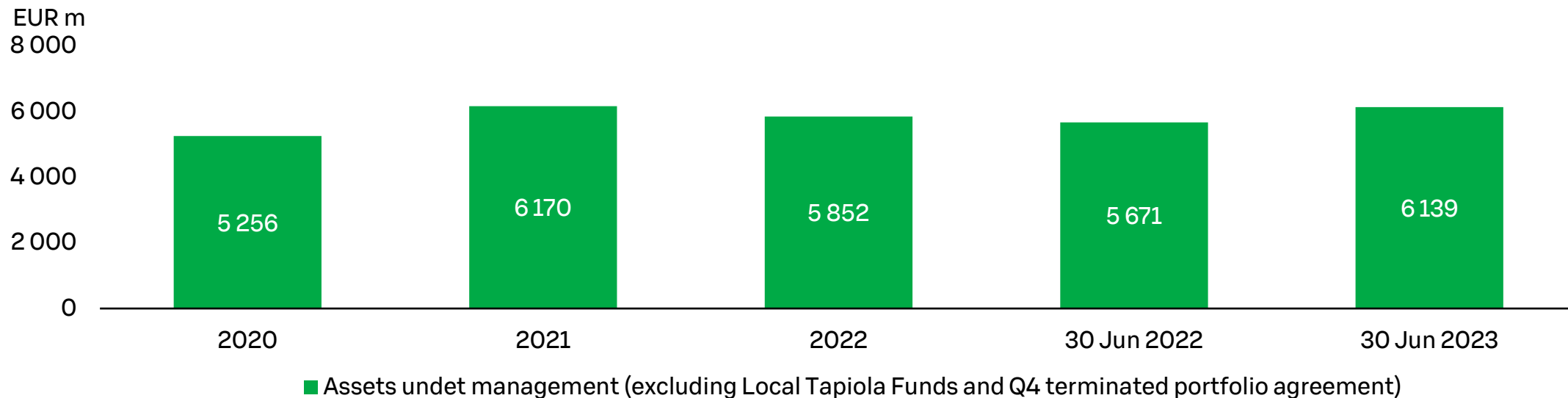
Deposits (EUR m)	30 Jun 2022	30 Jun 2023	12-month change
Household customers	6 998.4	7 473.7	6.8%
Corporate customers	843.5	748.3	-11.3%
Total	7 841.9	8 221.9	4.8%

STEADILY GROWING LENDING



Lending (EUR m)	30 Jun 2022	30 Jun 2023	12-month change
Household customers	5 364.3	5 693.6	6.1%
Corporate customers	1 057.7	1 168.5	10.5%
Total	6 422.0	6 862.1	6.9%

AUM UP 8.3 %



- In addition, S-Bank Properties Ltd managed EUR 334.3 million in customer assets, consisting of real estate and joint ventures (336.2).*
- Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 78.0 million a year earlier.

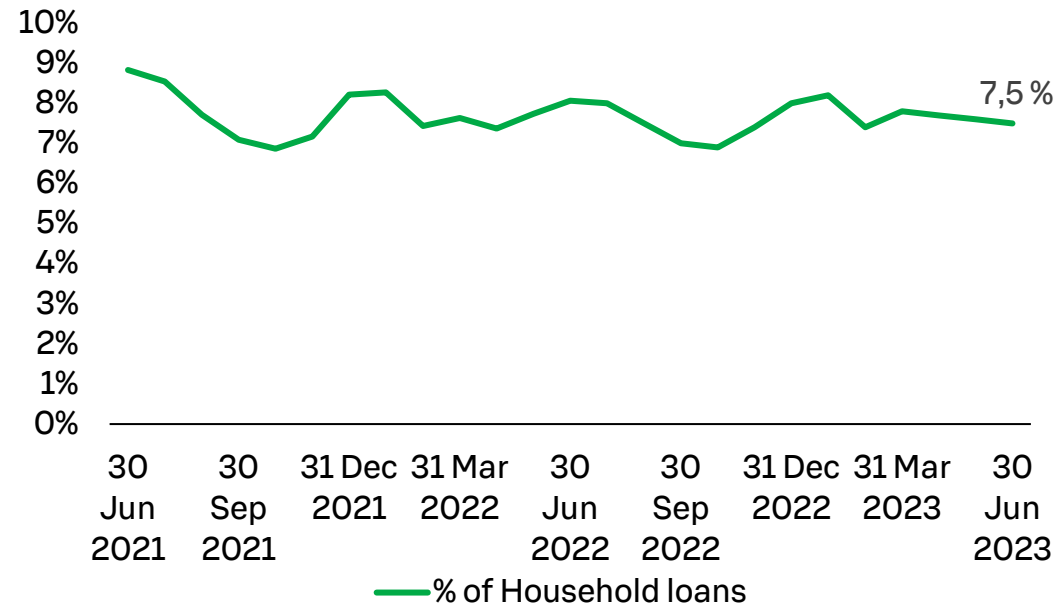
Comparable assets under management (EUR m)	30 Jun 2022	30 Jun 2023	12-month change
Fund capital	3 759	4 197	11.7%
Wealth management	1 912	1 942	1.6%
Total	5 671	6 139	8.3%

* The comparative amount has been changed

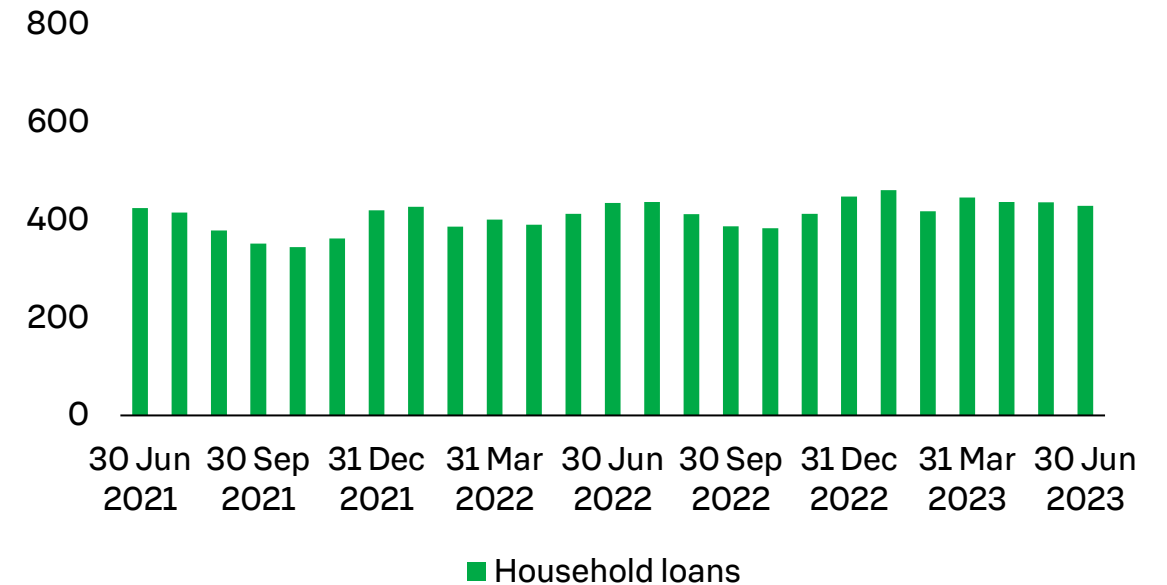
REPAYMENT HOLIDAYS AND PAYMENT SCHEDULES

Household customer loans subject to repayment holidays or other changes to the payment schedules

SHARE OF LOANS SUBJECT TO REPAYMENT HOLIDAYS



AMOUNT OF LOANS SUBJECT TO REPAYMENT HOLIDAYS (EUR m)

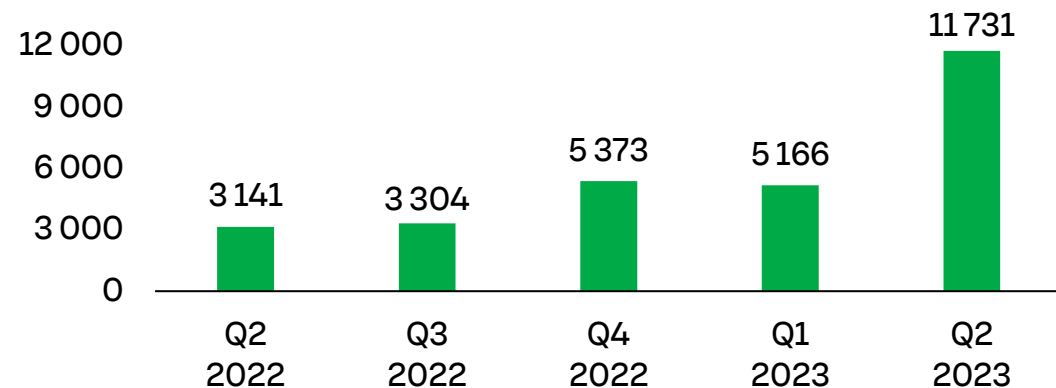


- Household loans subject to repayment holidays and other changes to payment schedules decreased slightly in Q2 2023.
- Repayment holidays deviating from the original payment plan have primarily been granted to household customers.
- The share of loans subject to repayment holidays was 7.5% of total household loans (8.0% on 31 Dec 2022).

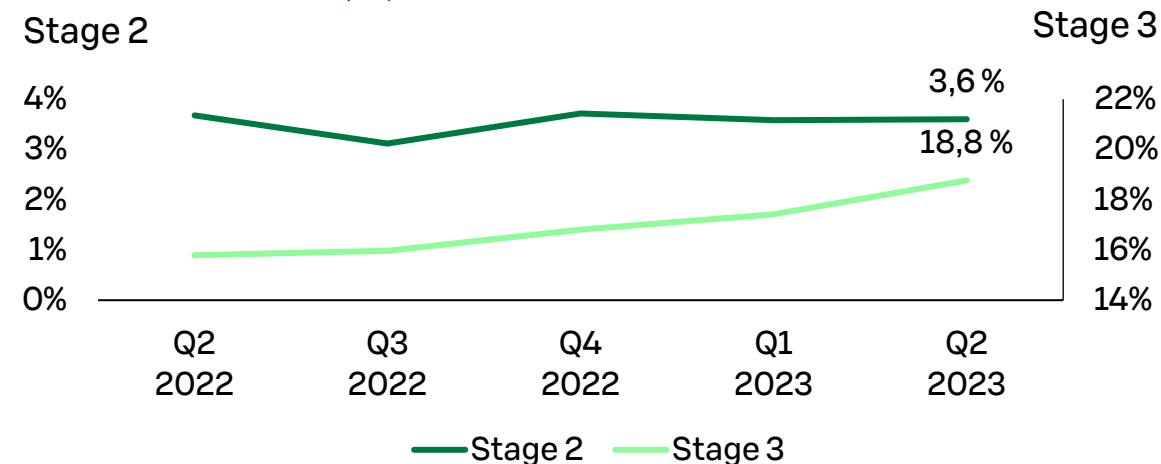
STABLE CREDIT QUALITY – NPL RATIO 1%

Due to higher interest rates, inflation and weaker economic environment, management judgement buffers have been increased

EXPECTED AND FINAL CREDIT LOSSES (EUR '000)



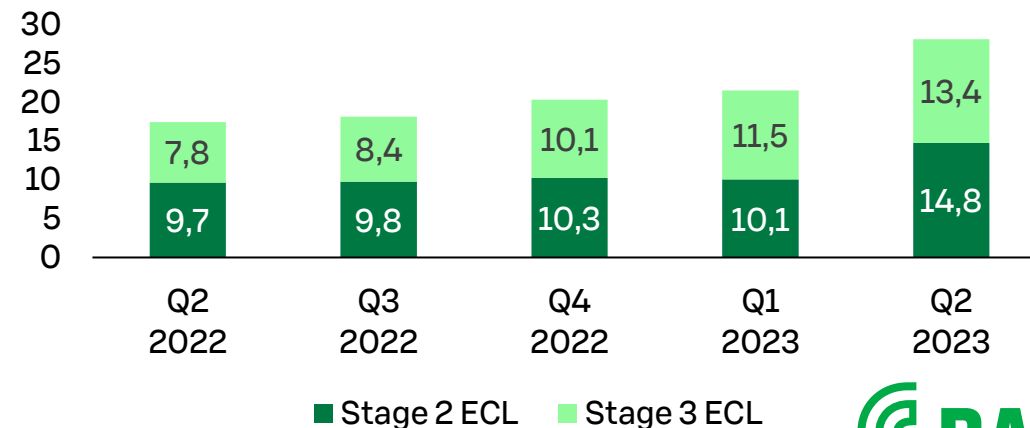
COVERAGE RATIO (%)



COMMENTARY

- Expected and final credit losses in H1 were EUR 16.9 million.
- The changes in management judgement increased the ECL by EUR 4.0 million during H1, and in total the management judgement allowances were EUR 6.1 million at the end of H1.
- An update in forward-looking information modelling led to an increase of EUR 2.6 million in the ECL provision in Q2.
- Total ECL provision was EUR 31.5 million, of which stage 2 and 3 provisions amounted to EUR 28.2 million.
- NPL ratio was 1.0 per cent (0.9).

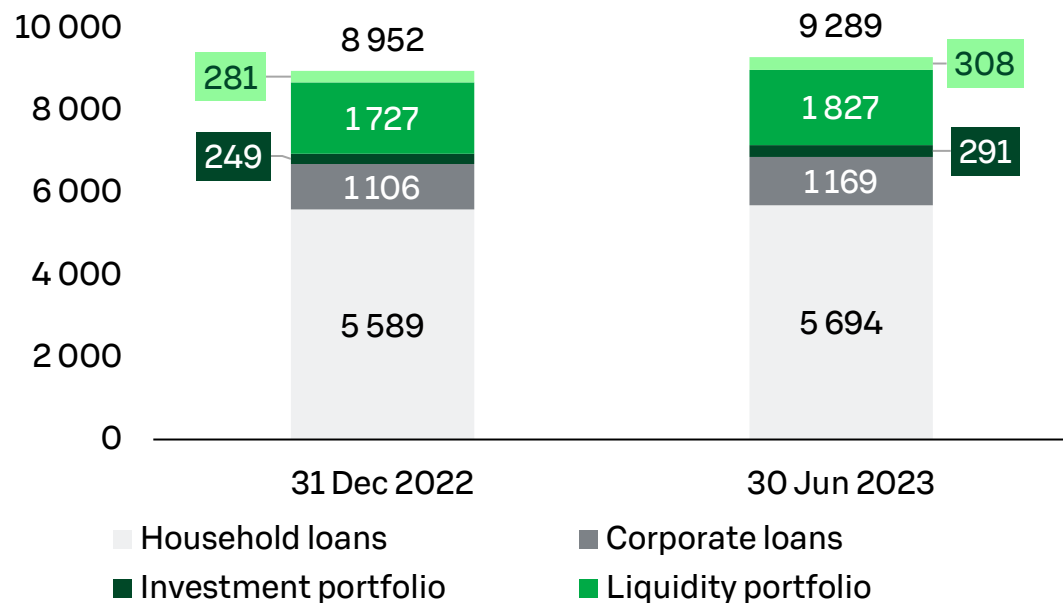
STAGE 2 AND 3, ECL PROVISION (EUR m)



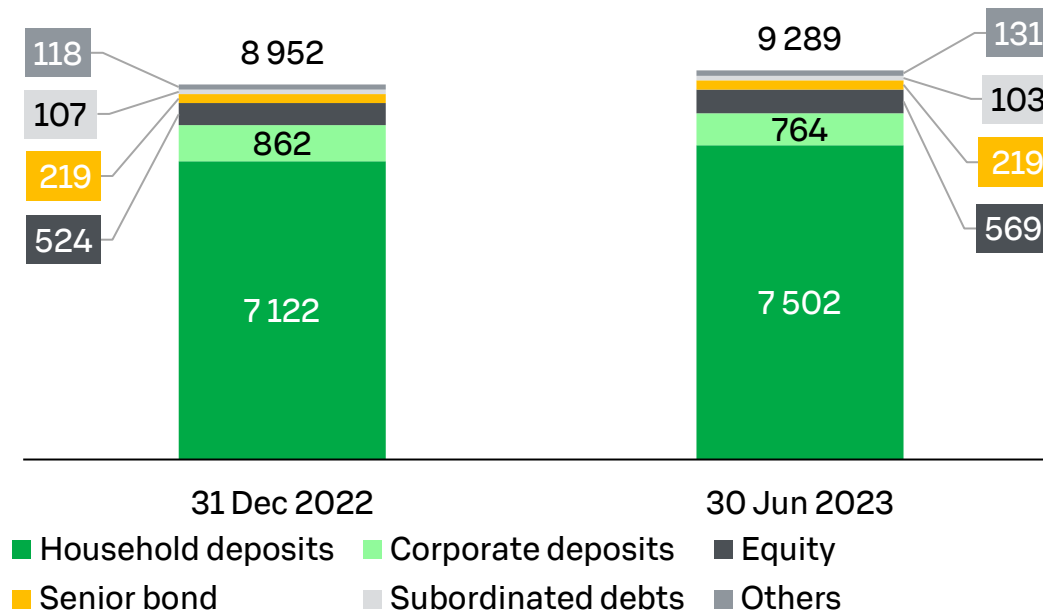
BALANCE SHEET & FUNDING

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

ASSETS (EUR m)



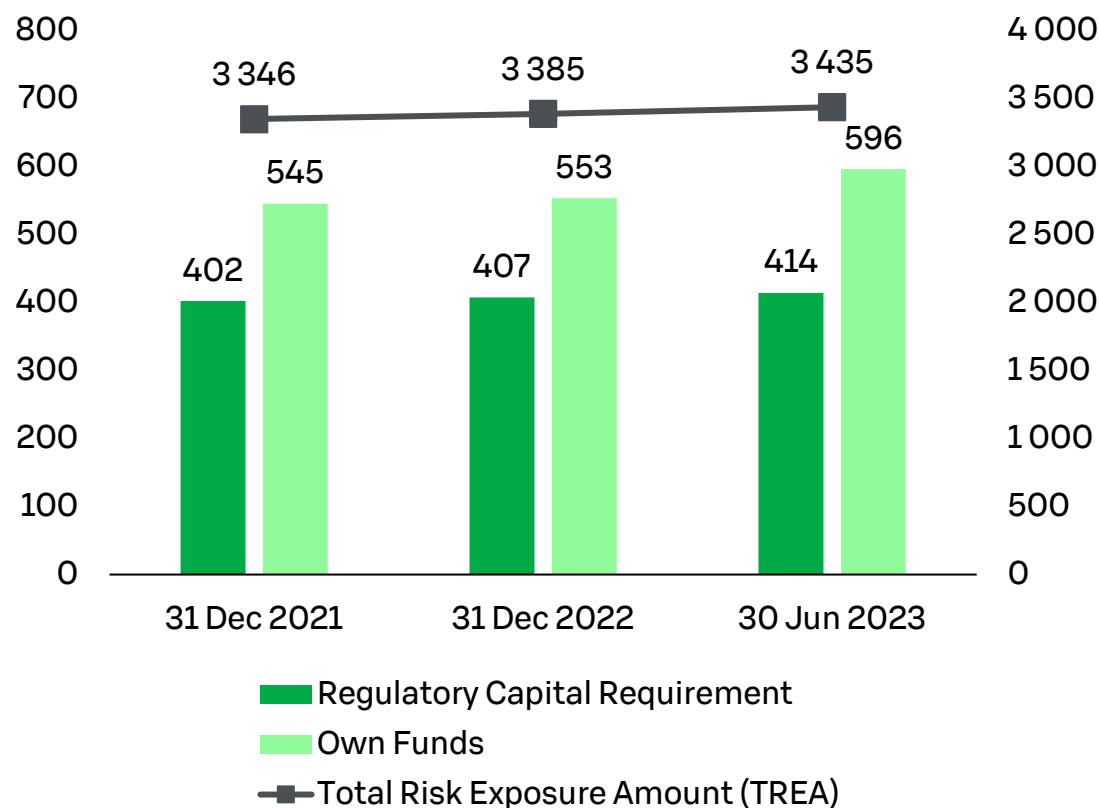
LIABILITIES AND EQUITY (EUR m)



- Household and corporate deposits comprised 89% (89%) of total liabilities and own funds at the end of H1 2023. At the same time, lending to households comprised 61% (62%) of the total assets.
- Lending and deposit growth continued in the first half of the year. Lending increased in both household and corporate customers. Deposit growth concentrated to household customers, and corporate customer deposits decreased.

OWN FUNDS, CAPITAL REQUIREMENTS & MREL

OWN FUNDS AND CAPITAL REQUIREMENTS (EUR M)



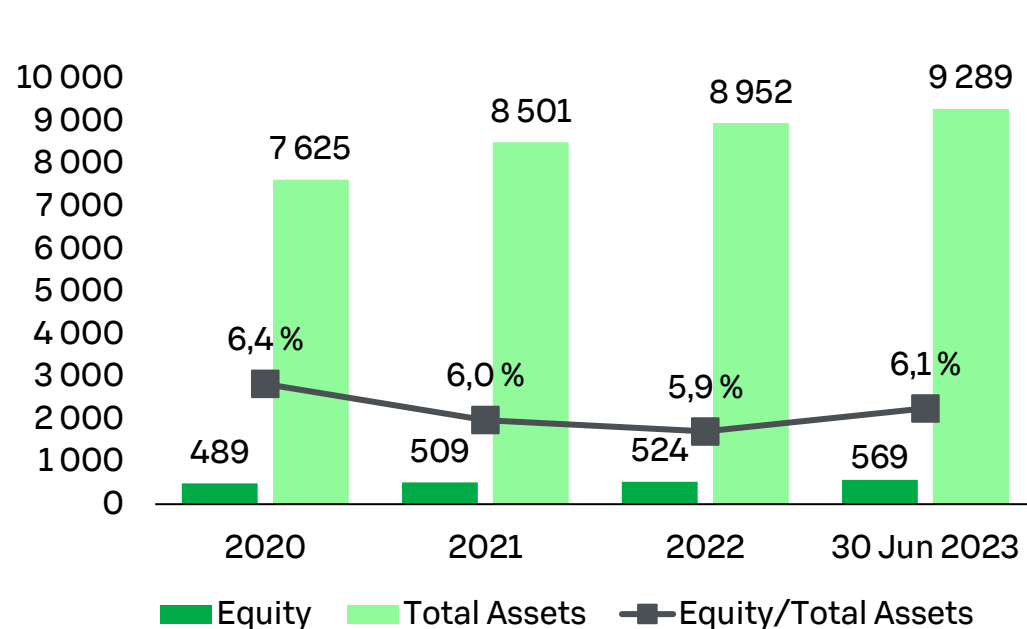
COMMENTARY

- Own funds were positively affected especially by profit performance due to net interest income.
- The total risk exposure amount (TREA) increased slightly during the first half of the year. TREA increased mainly due to the exposures secured by immovable property.
- Regulatory capital requirement was 12.04 per cent of the TREA, that equals to EUR 414 million.
- On 6th June 2023, the Finnish Financial Supervisory Authority, within the annual supervisory review and evaluation process, made decision to increase S-Bank's discretionary additional capital requirement (Pillar 2) as of 31st December 2023. The new Pillar 2 requirement will be 2.00 per cent whereas the current requirement is 1.50 per cent.
- Regarding MREL requirements, S-Bank's own funds and eligible liabilities on 30 June 2023 were well above regulatory requirements and internal limits. $MREL_{TREA}$ was 23.8 per cent and $MREL_{LRE}$ 8.6 per cent.
- Based on the latest decision by the Financial Stability Authority on 31st May 2023, the upcoming full $MREL_{TREA}$ is 20.64 per cent and the $MREL_{LRE}$ is 7.71 per cent. These target levels will enter into force on 1 January 2024.

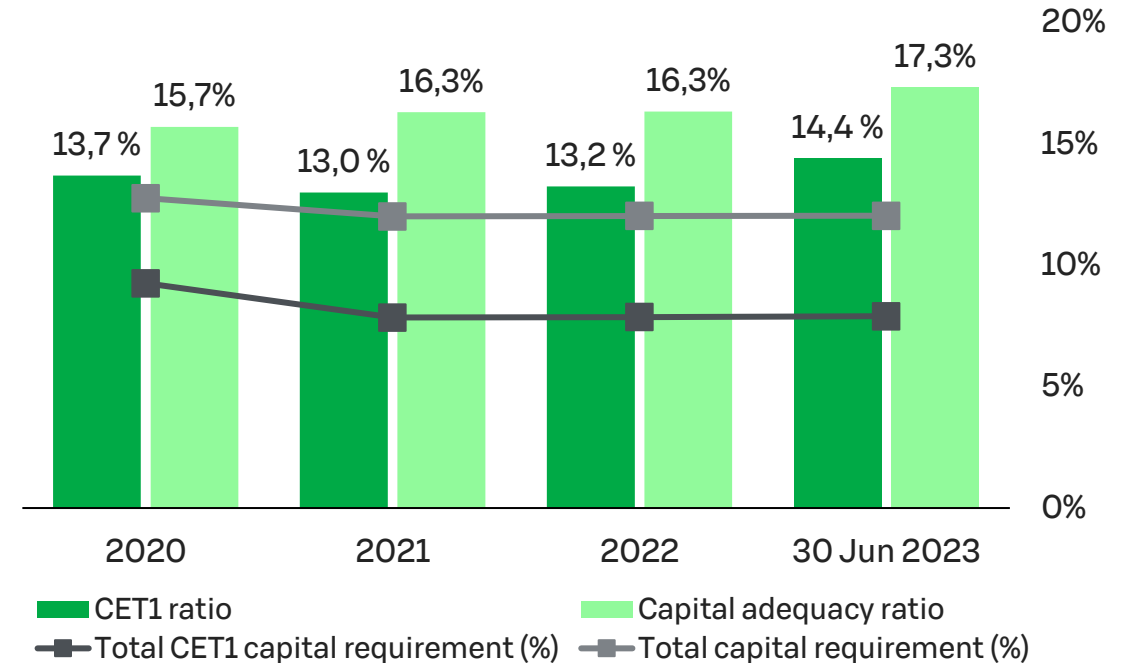
CAPITAL POSITION

Strong capital position well above the regulatory levels despite high growth

EQUITY / TOTAL ASSETS (EUR m)

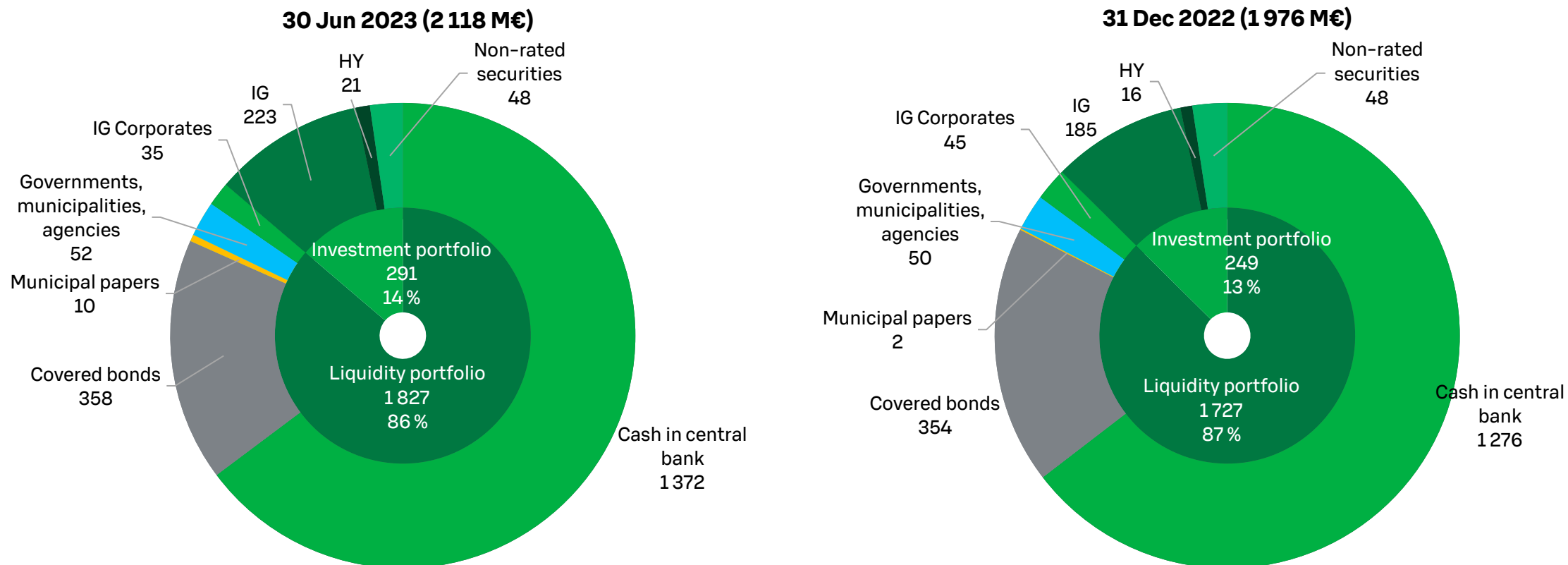


KEY CAPITAL RATIOS (CET1 + CAPITAL ADEQUACY RATIO)



- S-Bank has seen strong development in its asset base since 2020. While growing strongly, the equity ratio has been maintained at a robust level, ranging from 5.9% to 6.4% between 2020 and 2023. At the end of the review period, the equity ratio stood at 6.1% and the CET1 ratio at 14.4%.
- The key capital ratios have been maintained well above the regulatory requirements.

S-BANK'S LIQUIDITY AND INVESTMENT PORTFOLIOS



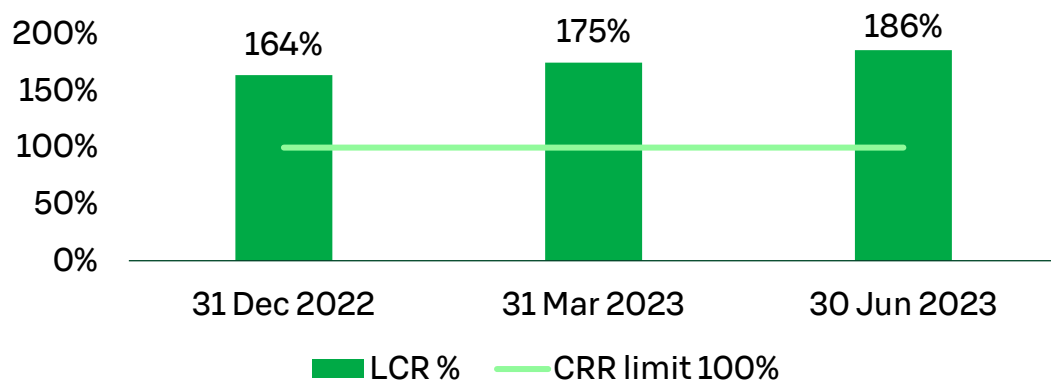
- S-Bank's liquidity and investment portfolios totalled EUR 2 118 million at the end of H1 2023 (EUR 1 976 million at the end of 2022). The increase in the total portfolio size was due to the increase of both the liquidity portfolio and the investment portfolio. In the liquidity portfolio, the biggest change happened in the amount of central bank deposits, and correspondingly in the investment portfolio, in the amount of Investment Grade (IG) debt securities.

LIQUIDITY

Robust liquidity position and easy access to additional funding

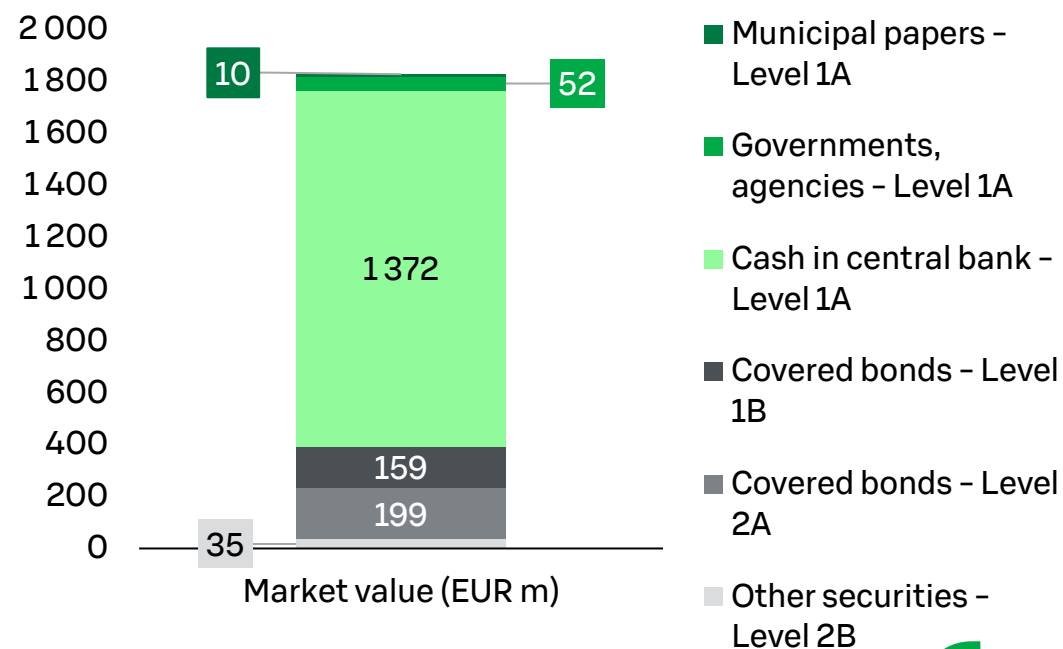
LIQUIDITY OVERVIEW

- S-Bank's liquidity portfolio totaled EUR 1 827 million at the end of H1 2023 (EUR 1 727 million at the end of 2022)
- 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 155% at the end of H1 2023 (151% at the end of 2022) - wide headroom over the regulatory requirement of 100%
- LCR was 186% at the end of H1 2023 (164 % at the end of 2022) which is also well above the 100% regulatory limit



LIQUIDITY PORTFOLIO, 30 JUN 2023

EUR m	Level 1A	Level 1B	Level 2A	Level 2B	Total
Amount held (% of total market value)	1 434 (78,5%)	159 (8,7%)	199 (10,9%)	35 (1,9%)	1 827



**THANK
YOU**

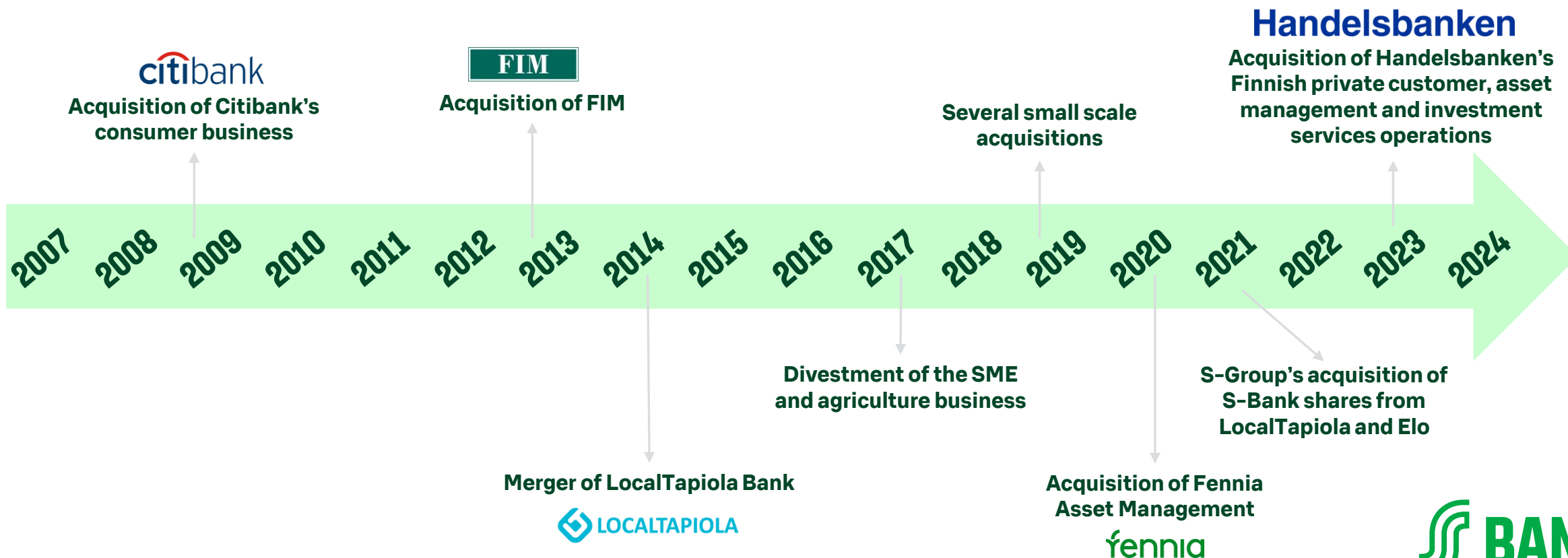
APPENDIX

HISTORY OF S-BANK

ESTABLISHMENT
OF S-BANK

GROWTH THROUGH ACQUISITIONS,
INVESTMENT IN INTEGRATION

EXPANSION AND FOCUS ON CORE BUSINESS AND
EFFICIENCY IMPROVEMENT



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 BANKING BRAND 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 2023, for the eleventh consecutive year, Finns chose S-Bank as the most responsible banking brand 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

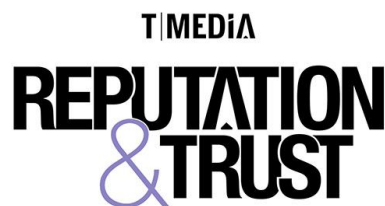
S-Bank is the most responsible banking brand in Finland for the 11th year in a row



Sustainable Brand Index 2023

MOST REPUTABLE

S-Bank is the most reputable financial company



T-Media's Reputation&Trust 2022 -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

