



JANUARY-DECEMBER 2023 RESULTS

RIIKKA LAINE-TOLONEN, CEO
& MIKA HEIKKILÄ, CFO

2 FEBRUARY 2024

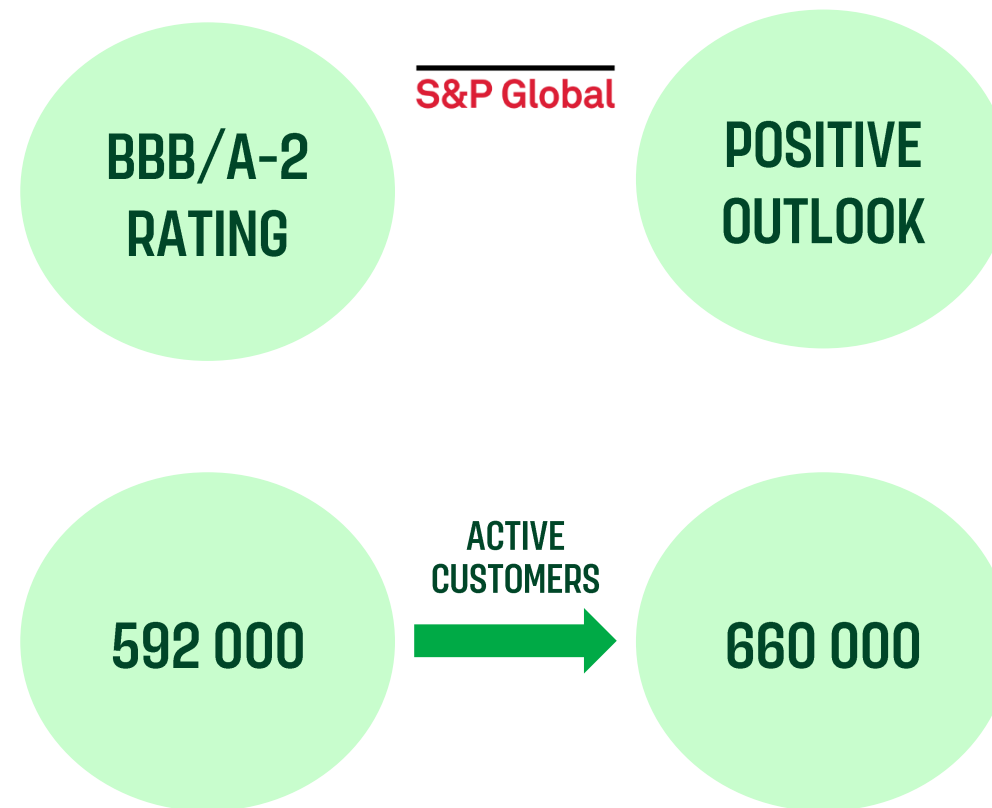


RECORD HIGH RESULT – INTEREST IN OUR SERVICES WAS STRONG

HIGHLIGHTS FROM JANUARY-DECEMBER

- Total deposits increased to EUR **8,2** billion (7,9)
- Lending increased to EUR **6.9** billion (6.7)
- Assets under management increased to EUR **6.2** billion (5.9)
- Operating profit increased to EUR **147.4** million (44.7)
- The capital adequacy ratio increased to **18.8** per cent (16.3)
- Return on Equity increased to **20.1** per cent (6.9)
- Writing S-Bank's next chapter through updated strategy and Handelsbanken transaction
- S-Bank's Board of Directors proposes a dividend of EUR 1.50 (0.75) per share.

(EUR million)	2023	2022	Change
Net interest income	274.5	121.7	125.6%
Net fee and commission income	93.7	87.2	7.4%
Total income	371.3	221.8	67.4%
Operating profit	147.4	44.7	229.8%
Cost-to-income ratio	0.51	0.74	-0.23



CEO'S COMMENTS

1. Although the general level of interest rates has started to decline, lack of confidence in people's own finances and the Finnish economy continues.
2. Handelsbanken transaction is progressing as planned, both issued bonds (EUR 500 million covered bond in September and a EUR 150 million bond in November) were well received.
3. Our services are increasingly popular. We welcomed 68 000 new active customers in 2023. The interest in S-Bank's services was also reflected in the growth rate of loans and deposits that exceeded market growth.

BANKING

- Operating profit was EUR **155.2** million (47.5)
- S-Etukortti Visa card purchases in euro amounts increased by **19,0%** and were record high; the number of card purchases increased by **19,1%**
- Household customers' deposit portfolio was EUR **7,5** billion, up by **5.4%**
- S-Bank's housing loan volume grew by **2.2%** (11/22 – 11/23) while the total housing loan volume in Finland declined by 1.9%

WEALTH MANAGEMENT

- Operating profit was EUR **3.2** million (4.6)
- Net subscriptions to the S-Bank mutual funds amounted to EUR **130.7** million (255.1)
- The number of unit holders in the S-Bank funds increased to around **391 000** (361 000)

HANDELSBANKEN TRANSACTION IS PROGRESSING AS PLANNED

- **31.5.2023** Announcement of the transaction. S-Bank agreed on bridge financing arrangements, which originally had a total value of approximately EUR 2.0 billion.
- **30.6.2023** Standard & Poor's credit rating agency keeps S-Bank's credit rating unchanged and raises its outlook to positive
- **18.7.2023** The Finnish Competition and Consumer Authority has approved S-Bank's acquisition
- **28.8.2023** Standard & Poor's credit rating agency assigns preliminary AAA rating to S-Bank's covered bond programme and its first issuance
- **20.9.2023** S-Bank issues its first covered bond, valued at EUR 500 million, as part of its bond programme
- **16.11.2023** S-Bank issues a bond, valued at EUR 150 million, as part of its bond programme
Both banks serve their customers as before
Customer communication and customer care
Migration preparations and testing
- 2H 2024** Expected time of migration and closing of the transaction



OUTLOOK FOR 2024

S-Bank's guidance for 2024 is negatively affected by three factors.

1. The development and integration costs related to the Handelsbanken transaction, and the financing costs related to completing the transaction will have the most significant impact on the result.
2. We also expect interest rates to settle at lower level than in the previous year, which will have a downward impact on earnings performance.
3. The outlook for 2024 is also subject to uncertainties regarding the performance of the operating environment, the economy, employment and the real estate market.

We expect operating profit for the whole year to decline by approximately a quarter from the previous year (EUR 147.4 million).



S-BANK IS WELL POSITIONED TO GROW IN A CHALLENGING ENVIRONMENT

COMPETITIVE ENVIRONMENT

- Uncertainty in the global and Finnish economy continues and consumers' confidence is low
- Inflation is easing and interest rates to decline
- Tightened competition continues in the financial sector
- Growing demand for easy-to-use services and financial advice

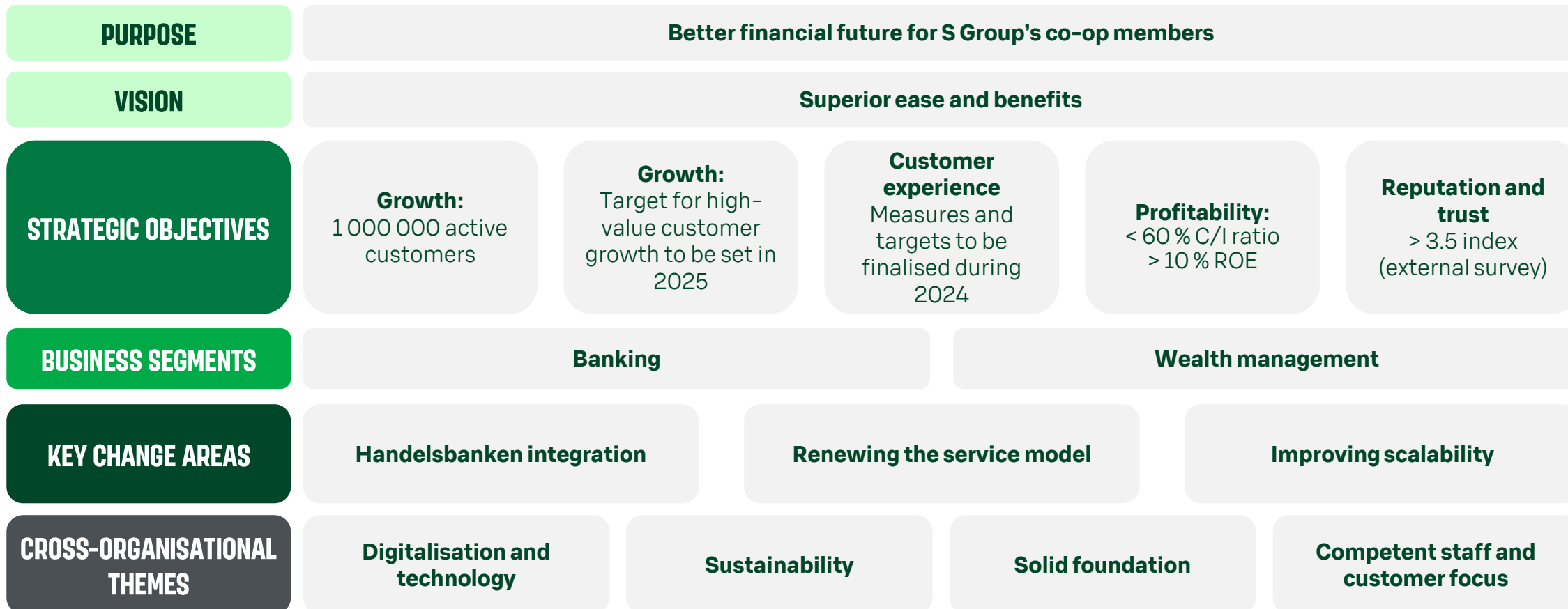
SOLID BASE TO BUILD ON

- S-Bank uniquely combines banking and S Group's services for S Group's co-op members
- Large customer base with frequent access to S Group retail customers with an easy-to-use mobile app shared with S Group retailers
- Profitability improved significantly along with the interests
- Strong historical growth through both organic growth and acquisitions
- Number of active customers have increased rapidly
- Leading brand in fairness and sustainability
- Employee satisfaction well above peer average



S-BANK STRATEGY 2024-2027 AND STRATEGIC OBJECTIVES

STORY CONTINUES TOWARDS A MORE CUSTOMER FOCUSED AND DIGITAL BANK

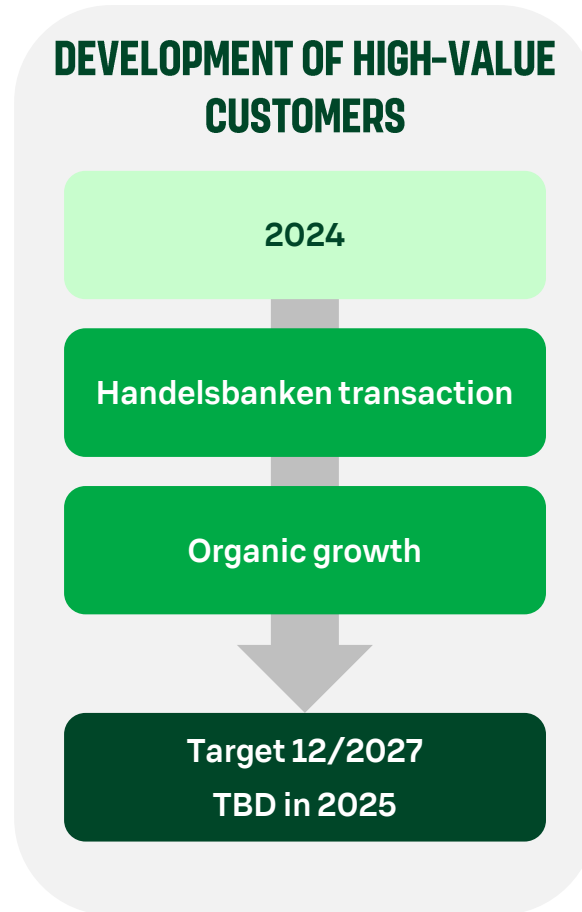


OUR OBJECTIVE IS TO MAINTAIN S-BANK'S STRONG GROWTH PATH WHILE INCREASING FOCUS ON HIGH-VALUE CUSTOMERS

DEVELOPMENT OF ACTIVE CUSTOMERS*



DEVELOPMENT OF HIGH-VALUE CUSTOMERS



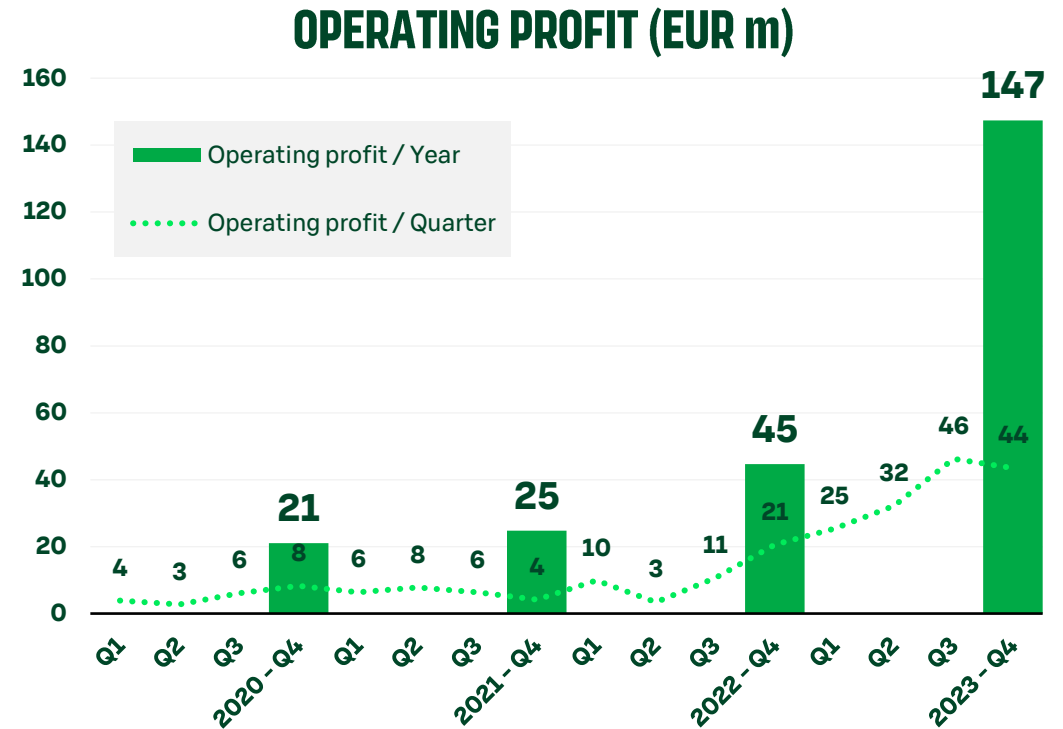
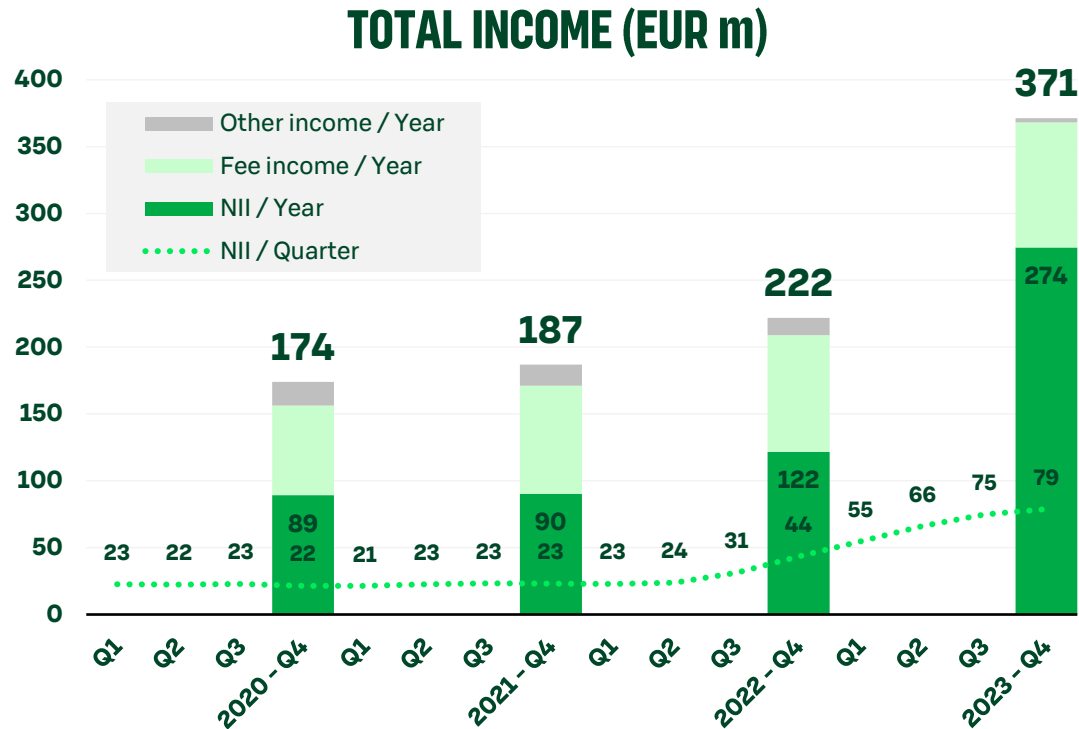
- S-Bank has more than 3,2 million customers via the S group loyalty program
- Our strategic objectives is to reach 1 million active customers* by the end of 2027
- We are increasing emphasis on attracting and retaining high value customers
- We will achieve this by increasing customer advisory, renewing our service model to provide appropriate service level to each customer and by creating new benefits linked to the customer's business volumes
- Specific target will be set after the Handelsbanken transaction has been closed

* Internal segment defined by the frequency of daily banking service use

KEY FINANCIALS



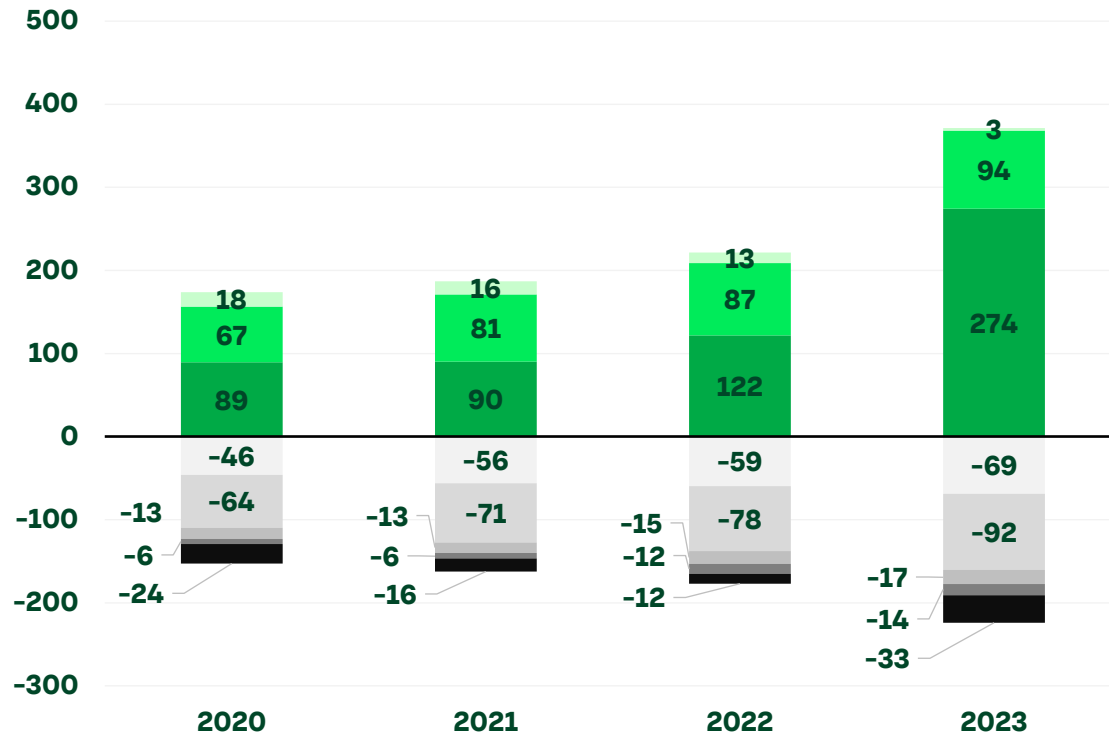
DEVELOPMENT OF KEY INCOME MEASURES



- S-Bank's total income has grown constantly throughout the years. Net interest income has increased in every quarter from the beginning of the year 2022.
- In 2023, total income increased by 67,4% and total costs increased by 15,6% on the previous year. Expected and final credit losses grew during 2023 and totalled to EUR 33 million (12 million). EUR 14.8 million of ECL provisions were made during the review period which is the main reason for the increase.
- In 2023, operating profit increased by 230% to EUR 147,4 million from EUR 44,7 million in 2022. The improvement especially driven by a strong 126 % increase in the net interest income that was supported by sustained long term growth.

INCOME & COST ANALYSIS

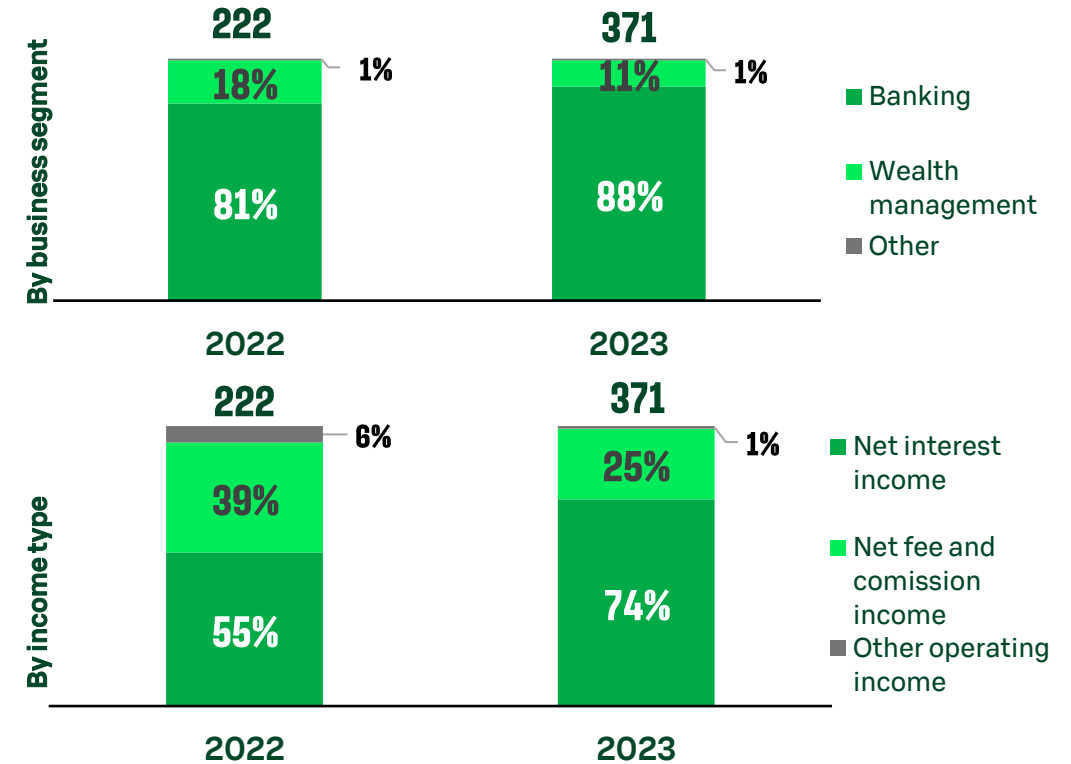
DEVELOPMENT OF KEY INCOME & COST ITEMS (EUR MILLION)



- Net interest income
- Fee income
- Other income
- Personnel costs
- Other administrative costs
- Depreciation
- Other costs
- Impairment losses

* Represents previous 12M total income to total assets

INCOME SPLITS BY SEGMENT AND TYPE (EUR m)

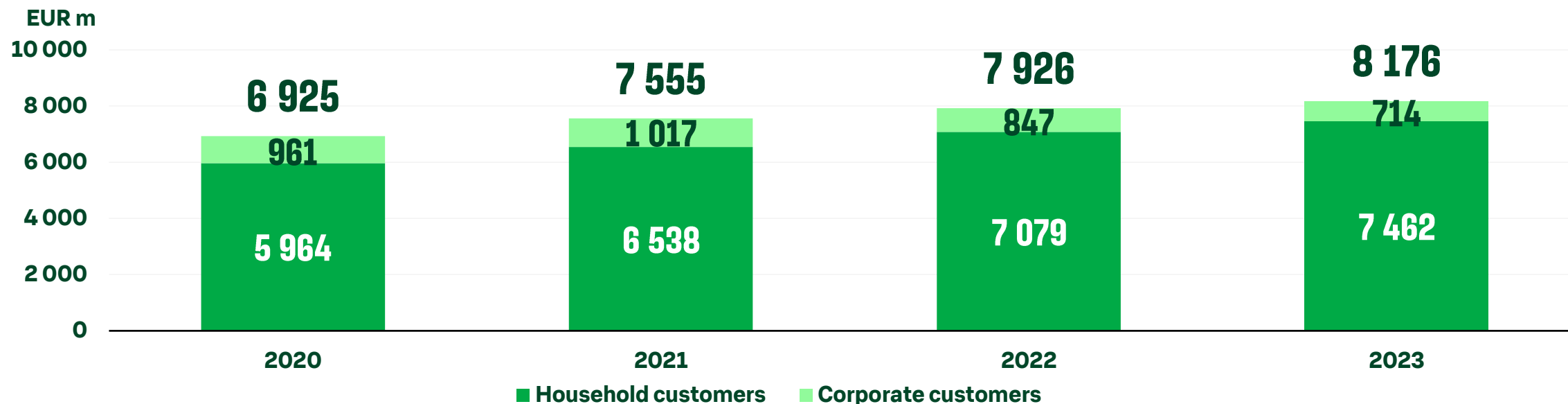


	2020	2021	2022	2023
Cost - Income ratio, %	74%	78%	74%	51%
Total income / Total assets, %	2.3%	2.2%	2.5%	3,9%



STRONG DEPOSIT BASE – DRIVEN BY HOUSEHOLD CUSTOMERS

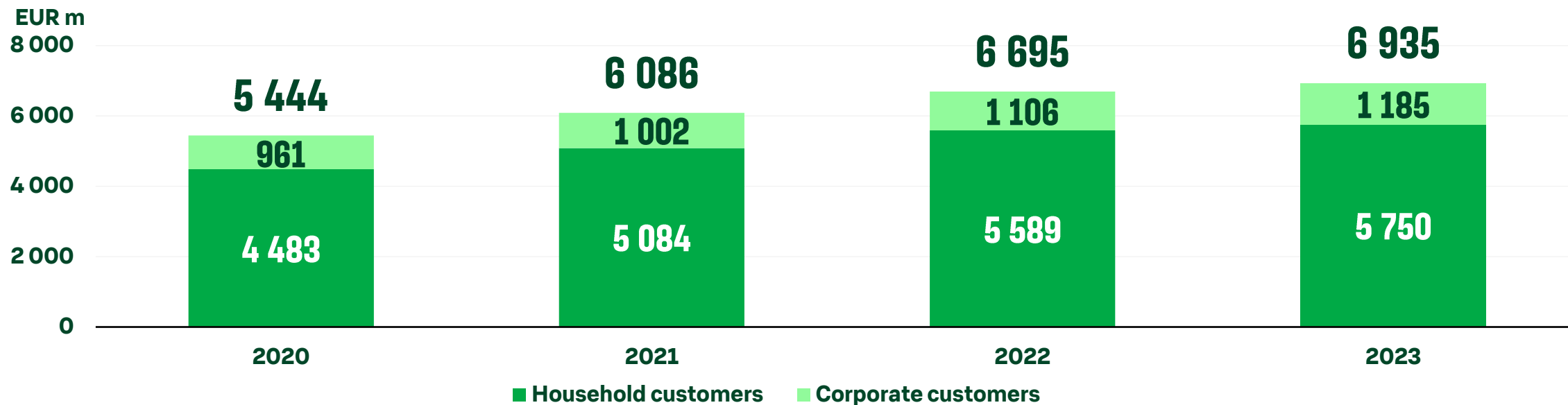
TIME DEPOSITS EUR 594 MILLION AT THE END OF DECEMBER



Deposits (EUR m)	31 Dec 2022	31 Dec 2023	12-month change
Household customers	7 078.8	7 462.2	5.4%
Corporate customers	846.8	713.7	-15.7%
Total	7 925.6	8 175.9	3.2%



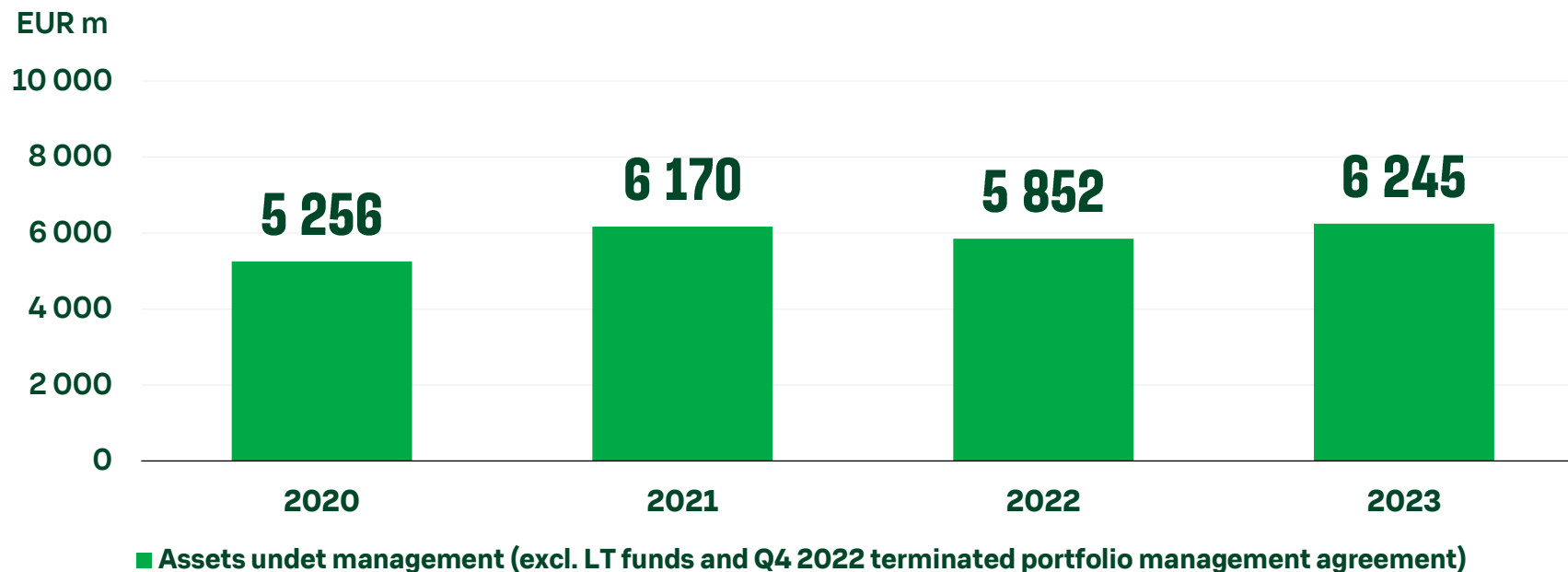
STEADILY GROWING LENDING



Lending (EUR m)	31 Dec 2022	31 Dec 2023	12-month change
Household customers	5 588.9	5 750.3	2.9%
Corporate customers	1 106.3	1 184.7	7.1%
Total	6 695.3	6 935.0	3.6%



AUM UP 6.7 %



In addition, S-Bank Properties Ltd managed EUR 379,1 million in customer assets, consisting of real estate and joint ventures (336.2).*

Net subscriptions to the S-Bank mutual funds amounted to EUR 130,7 million in the review period compared with EUR 255,1 million a year earlier.

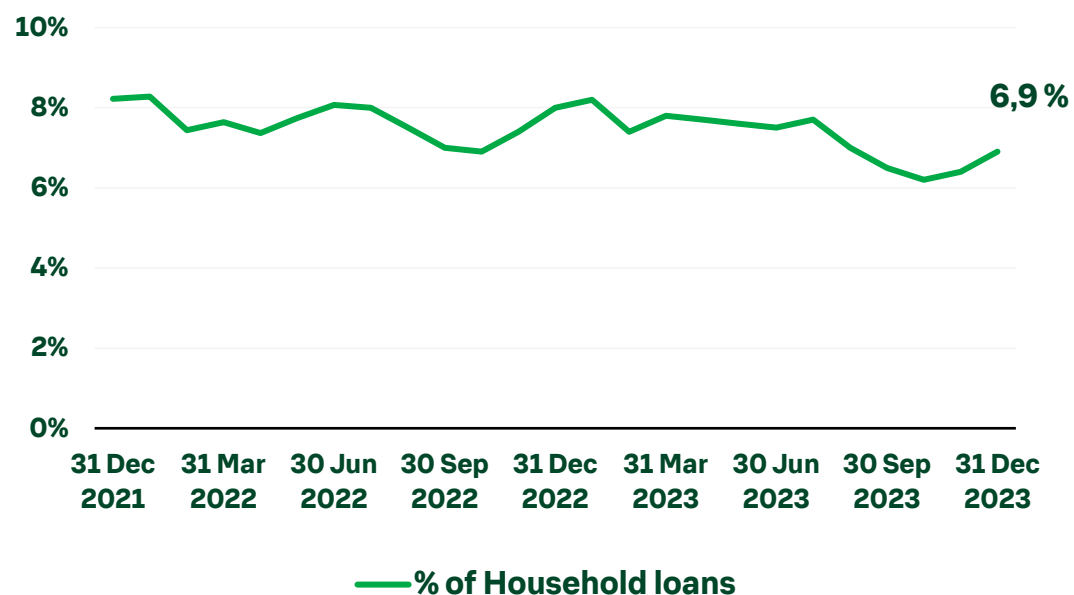
Comparable assets under management (EUR m)	31 Dec 2022	31 Dec 2023	12-month change
Fund capital	3 925.8	4 309,4	9.8%
Wealth management	1 926.7	1 936,0	0.5%
Total	5 852.5	6 245,4	6.7%

* The comparative amount has been changed

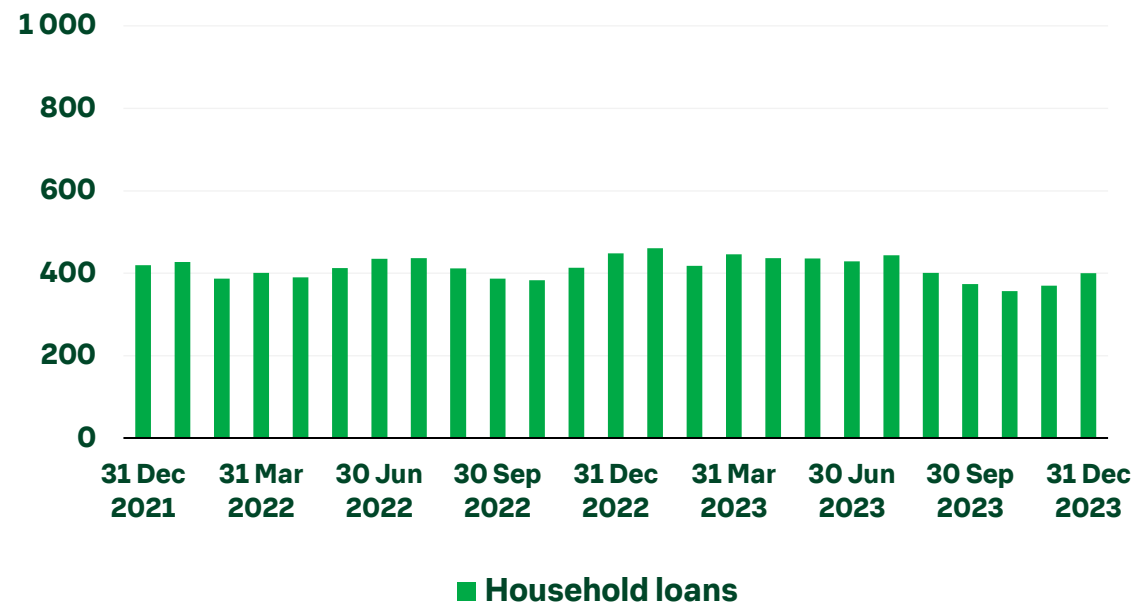


REPAYMENT HOLIDAYS

SHARE OF LOANS SUBJECT TO REPAYMENT HOLIDAYS



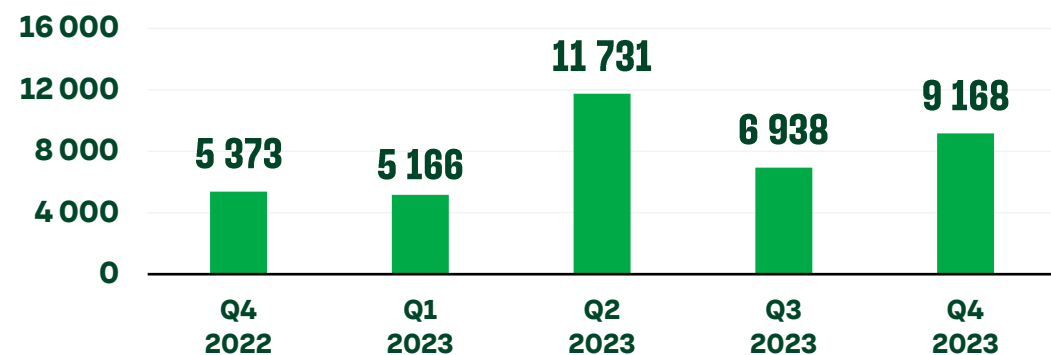
AMOUNT OF LOANS SUBJECT TO REPAYMENT HOLIDAYS (EUR m)



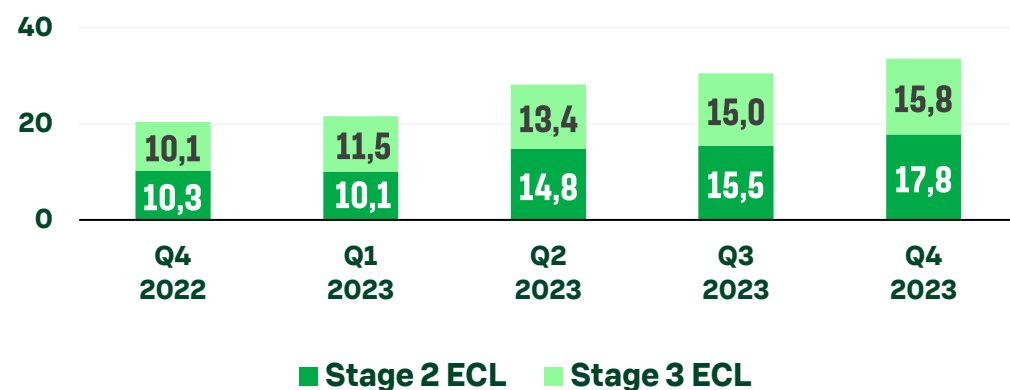
- Household loans subject to repayment holidays decreased moderately during the financial year 2023.
- Repayment holidays deviating from the original payment plan have primarily been granted to household customers.
- The share of loans subject to repayment holidays was 6.9% of total household loans (8.0% on 31 Dec 2022).

CREDIT LOSSES– CONSERVATIVE APPROACH WITH MANAGEMENT JUDGEMENT BUFFERS AND LGD FLOORS

EXPECTED AND FINAL CREDIT LOSSES (EUR '000)



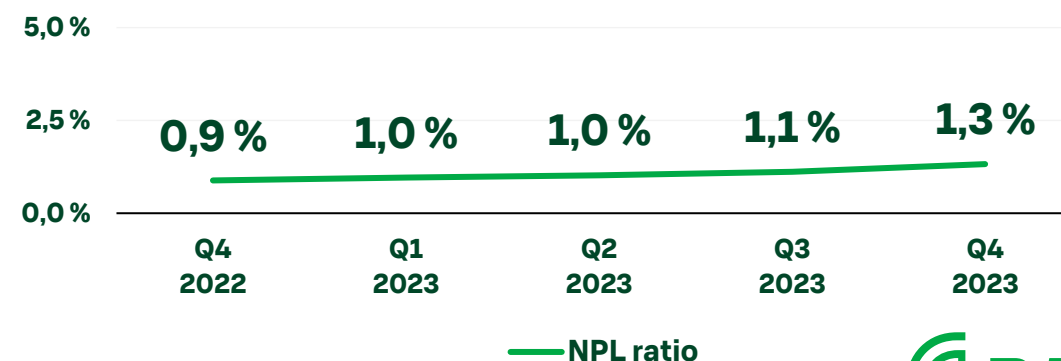
STAGE 2 AND 3, ECL PROVISION (EUR m)



COMMENTARY

- Expected and final credit losses in 2023 were EUR 33.0 million, driven by increase of EUR 14.8 million in ECL provision.
- ECL provision in the balance sheet was EUR 37.3 million in total, which included EUR 3.8 million provisions based on management judgement.
- At the end of 2023, LGD risk parameter floors were implemented in the ECL calculation. Impact of parameter floors was EUR 5.3 million. Previous macroeconomic provisions based on management judgement were reversed by a similar amount.
- In addition, the modelling of forward-looking information was updated during Q2, which increased ECL provisions by EUR 2.6 million.
- NPL ratio increased to 1.3 % (0.9)

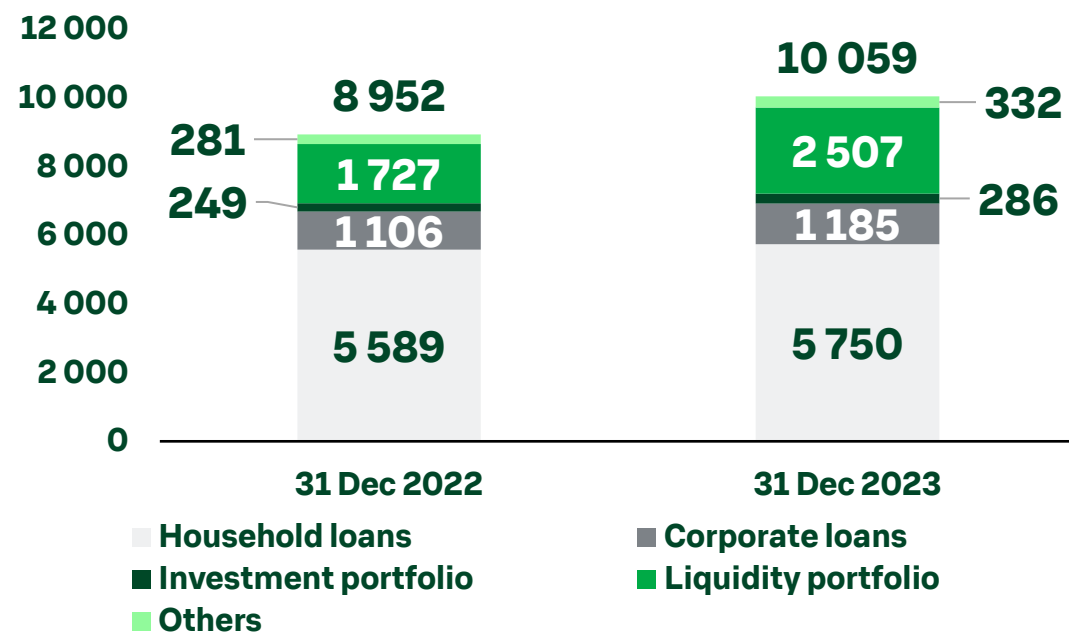
NPL RATIO (%)



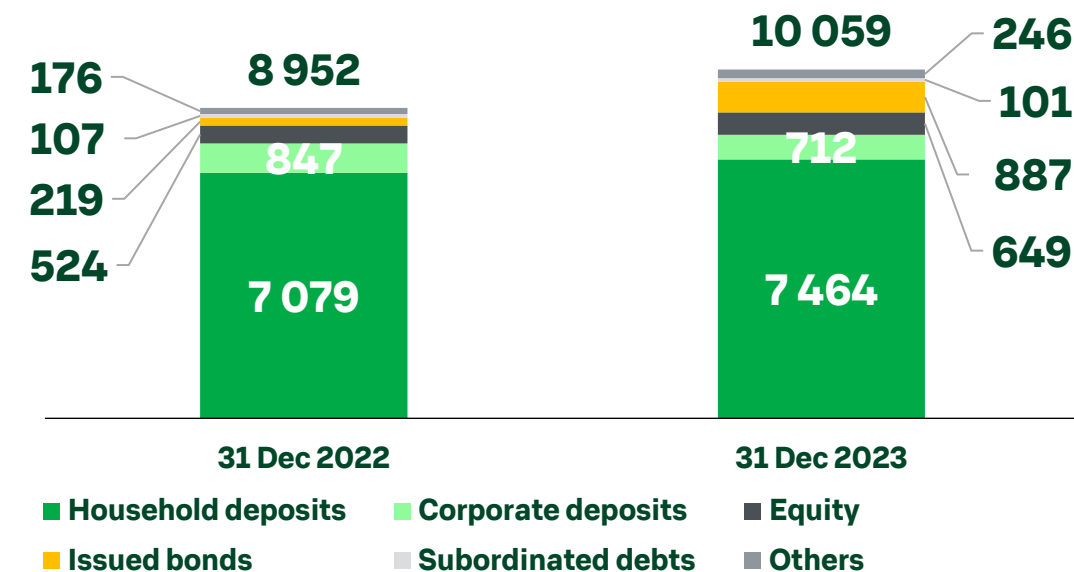
BALANCE SHEET & FUNDING

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 81% (89%) of total liabilities and equity at the end of 2023. At the same time, lending to households comprised 57% (62%) of the total assets.
- Lending and deposits grew compared to the previous year end. Lending increased in both household and corporate customers. Deposit growth concentrated to household customers, and corporate customer deposits decreased.
- In 2023 S-Bank's funding structure diversified with the issuance of its first covered bond with a nominal value of EUR 500 million. S-Bank also issued a senior preferred MREL eligible bond with a nominal value of EUR 150 million.



OWN FUNDS, CAPITAL REQUIREMENTS & MREL

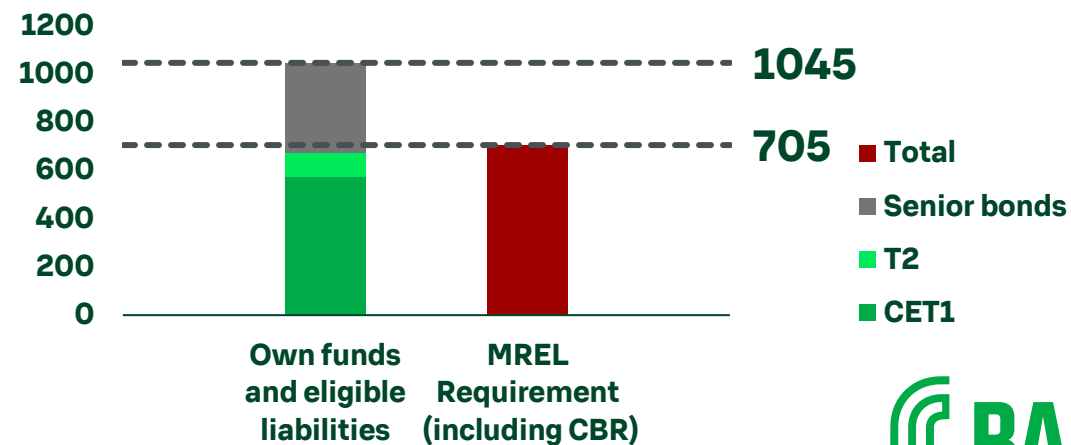
OWN FUNDS AND CAPITAL REQUIREMENTS (EUR million)



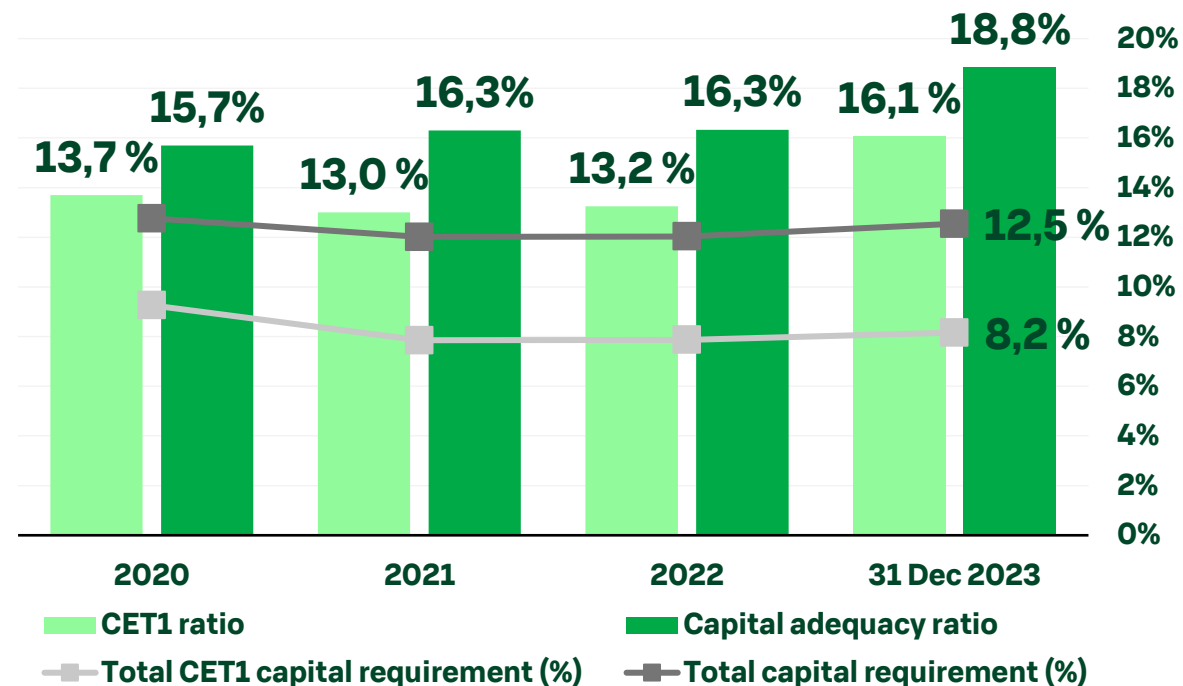
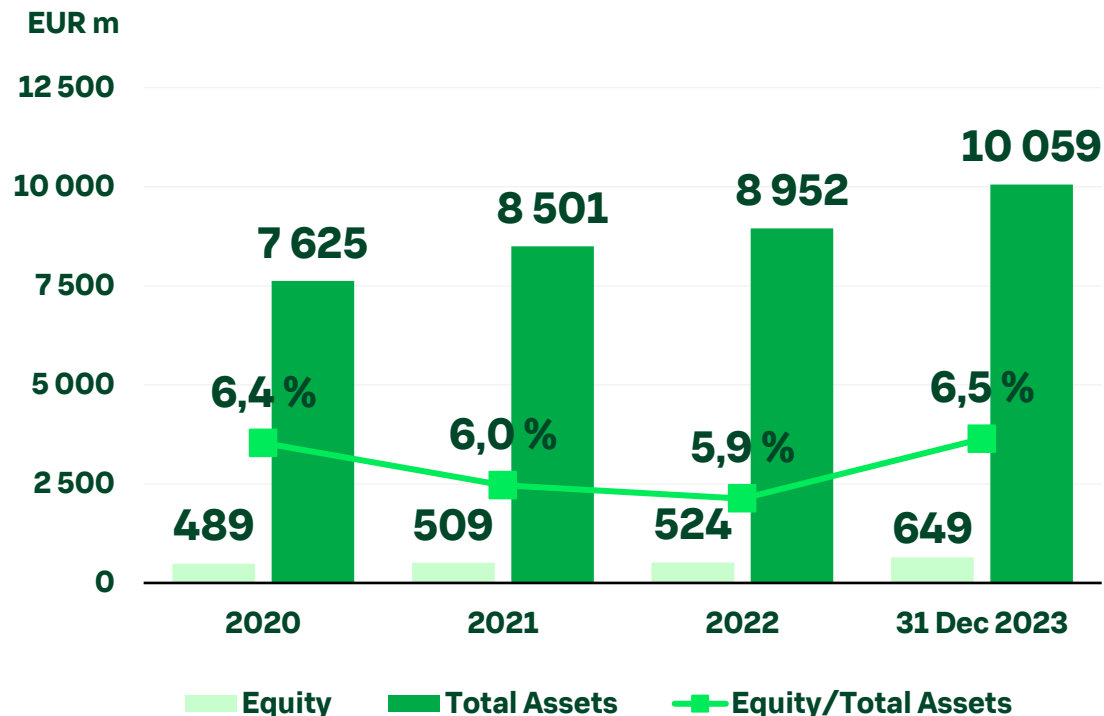
COMMENTARY

- Own funds were positively affected especially by profit performance due to increased net interest income.
- The total risk exposure amount (TREA) was increased mainly due to operational risk, as the total gross income increased.
- Regarding MREL requirements, S-Bank's own funds and eligible liabilities on 31 December 2023 were well above regulatory requirements and internal limits. $MREL_{TREA}$ was 29.3% and $MREL_{LRE}$ 10.2%.
- Based on the latest decision by the Financial Stability Authority on 31 May 2023, the upcoming full $MREL_{TREA}$ is 20.64% and the $MREL_{LRE}$ is 7.71%. These target levels will enter into force on 1 January 2024.

MREL REQUIREMENT (EUR million)

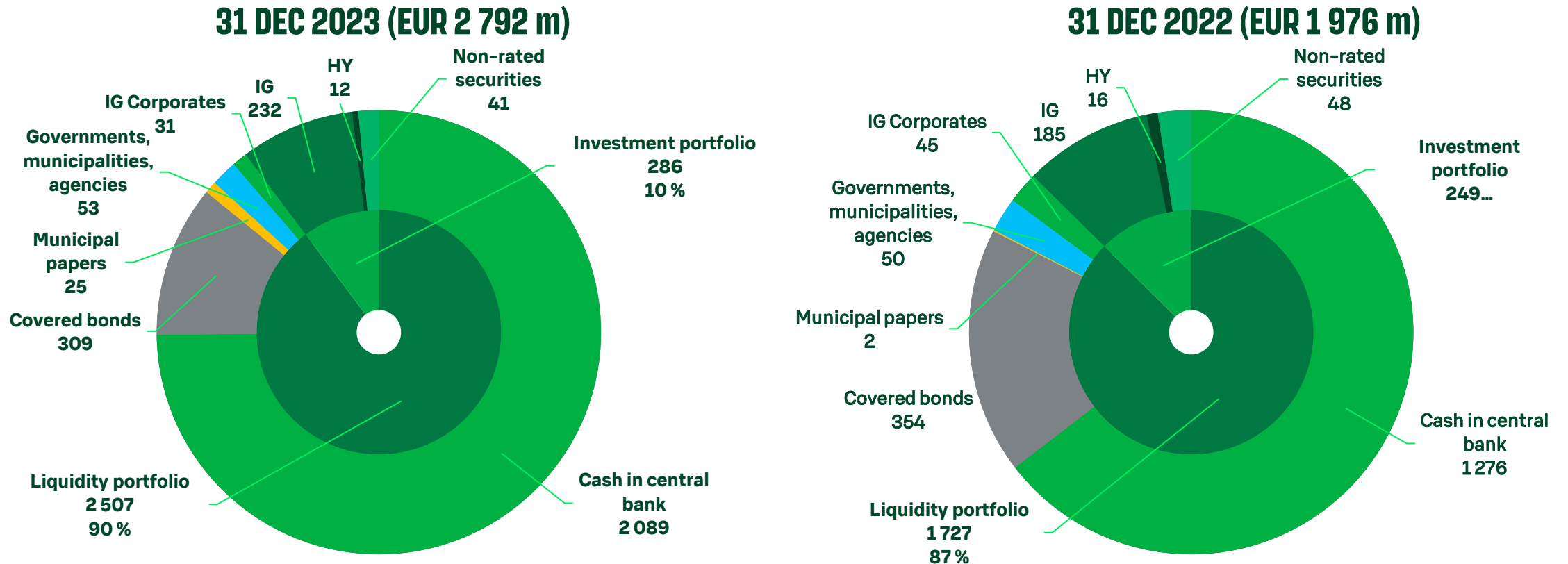


CAPITAL POSITION



- 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 6.5% between 2020 and 2023. At the end of the review period, the equity ratio stood at 6.5% and the CET1 ratio at 16.1%.
- The key capital ratios have been maintained well above the regulatory requirements. S-Bank's discretionary additional capital requirement (Pillar 2) increased in the end of the year 2023 to 2.00% from the previous requirement of 1.50%. Also, a systemic risk buffer of 1.0% will be imposed for all credit institutions in Finland. The requirement will enter into force on 1 April 2024.

S-BANK'S LIQUIDITY AND INVESTMENT PORTFOLIOS



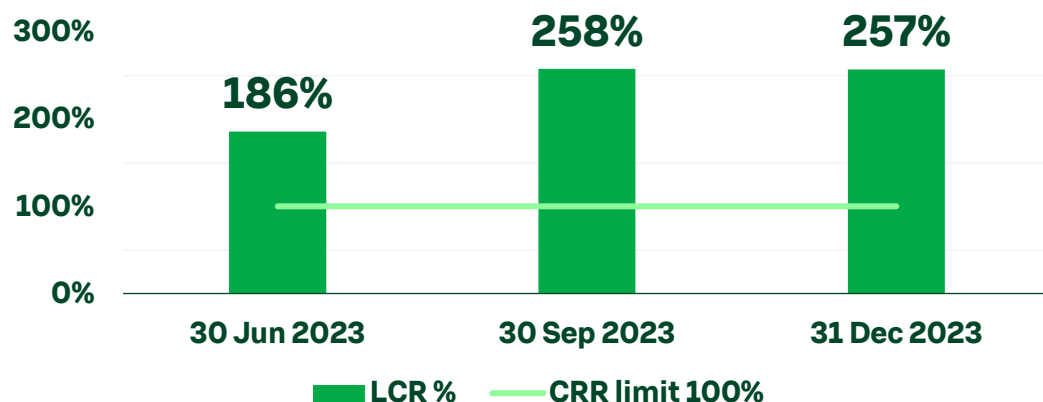
- The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The total amount of the portfolio was EUR 2 792.4 million (1 975.6). Both portfolios grew during 2023 due to the bond issuances. In the liquidity portfolio, the biggest change happened in 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

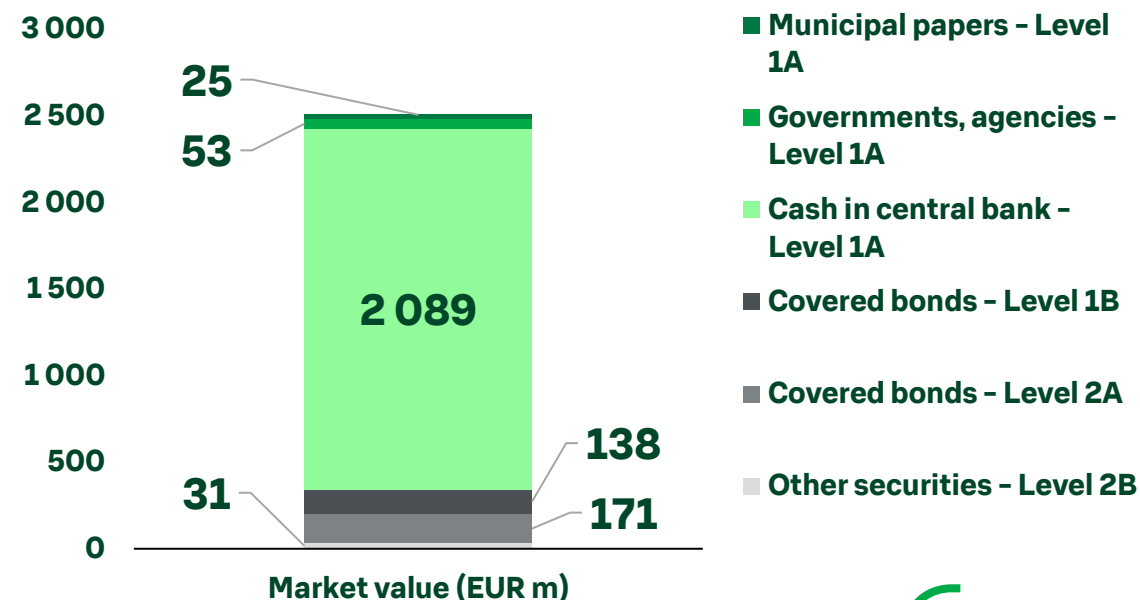
LIQUIDITY OVERVIEW

- S-Bank's liquidity portfolio totaled EUR 2 507 million at the end of 2023 (EUR 1 727 million at the end of 2022)
- Level 1 assets comprise 93% 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 164% at the end of 2023 (151% at the end of 2022) - wide headroom over the regulatory requirement of 100%
- LCR was 257% at the end of 2023 (164 % at the end of 2022) which is also well above the 100% regulatory limit. The LCR liquidity buffer increased with the bond issuances.



LIQUIDITY PORTFOLIO, 31 DEC 2023

EUR m	Level 1A	Level 1B	Level 2A	Level 2B	Total
Amount held (% of total market value)	2 167 (86.4%)	138 (5.5%)	171 (6.8%)	31 (1.2%)	2 507



KEY FIGURES

(EUR m)	2020	2021	2022	2023
Total income	174	187	222	371
Operating profit	21	25	45	147
Deposits	6 925	7 555	7 926	8 176
Lending	5 444	6 086	6 695	6 935
Non-performing loans	0.6%	0.6%	0,9%	1.3%
Assets under management	5 256	6 170	5 852	6 245
Debt securities	1 229	1 149	697	699
Cost-to-income, %	74.0%	78.0%	74.5%	51.1%
ROE, %	3.3%	3.9%	6.9%	20.1%
ROA, %	0.2%	0.2%	0.4%	1.2%
Equity ratio, %	6.4%	6.0%	5.9%	6.5%
Capital adequacy ratio, %	15.7%	16.3%	16.3%	18.8%
CET-1 ratio, %	13.7%	13.0%	13.2%	16.1%

**STRONG GROWTH IN
OPERATING PROFIT**

**LOAN TO DEPOSIT
RATIO 85%**

**SUBSTANTIAL
IMPROVEMENT IN C/I**

**STRONG GROWTH
IN ROE & ROA**

**ROBUST
CAPITAL BASE**



**THANK
YOU**



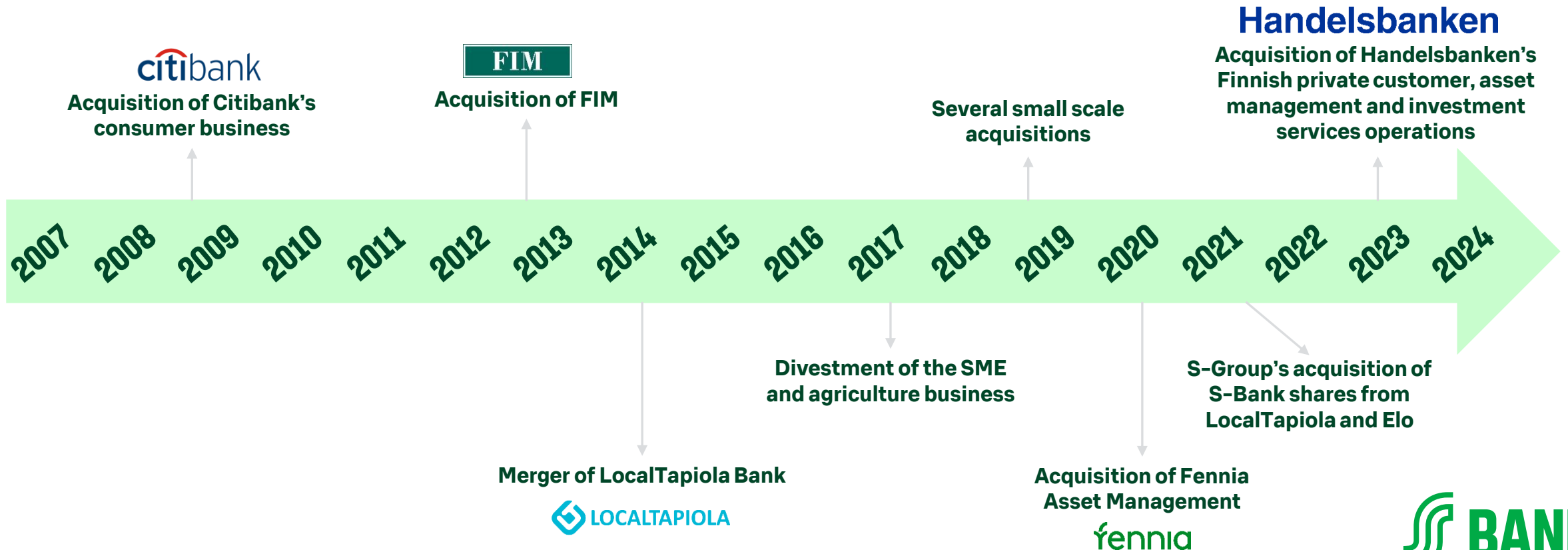
APPENDIX

HISTORY OF S-BANK

ESTABLISHMENT
OF S-BANK

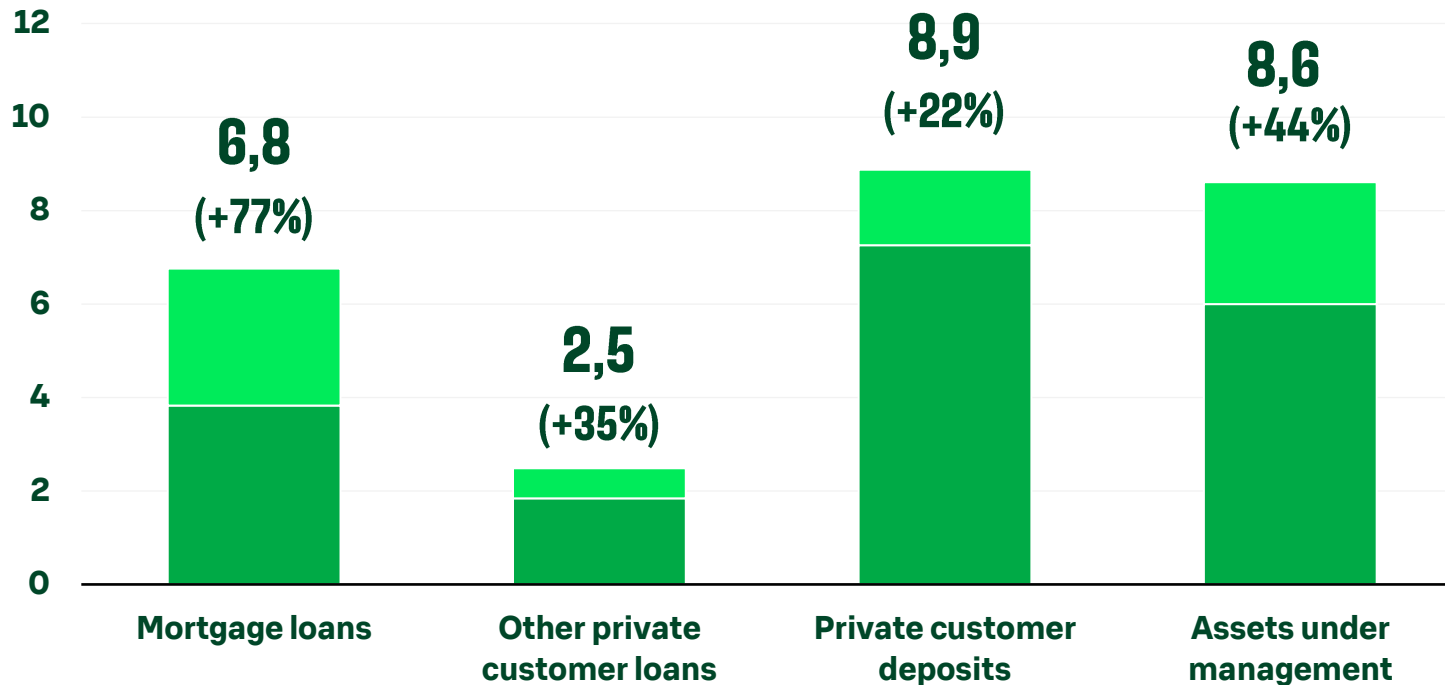
GROWTH THROUGH ACQUISITIONS,
INVESTMENT IN INTEGRATION

EXPANSION AND FOCUS ON CORE BUSINESS AND
EFFICIENCY IMPROVEMENT

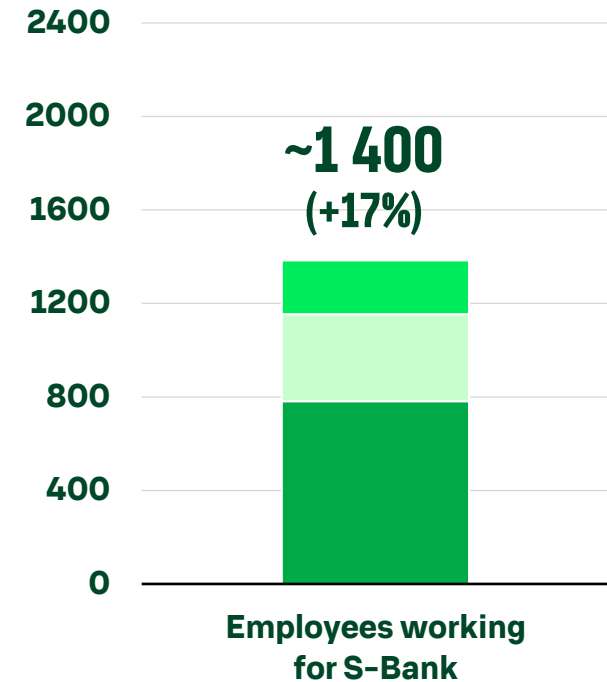


HANDELSBANKEN ACQUISITION IN BRIEF

BUSINESS VOLUMES (EUR bn)



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



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.



ESG IN S-BANK'S LINES OF BUSINESS

BANKING

- Limited risks and negative impacts
 - Focus on Finnish retail customers
 - Corporate customers consist mainly of Finnish housing companies and relate to construction and renovation
 - Corporate lending not exposed to other carbon-intensive sectors
 - Climate risk in S-Bank's credit book is low
- The implementation of ESG factors in credit underwriting guidelines began during 2021 and is an ongoing process
- Treasury's investment decisions and portfolio reports are guided by separate ESG policy
- Code of Conduct renewed 2022

WEALTH MANAGEMENT

- Forerunner in responsible and impact investment
 - Climate strategy incorporated in investment policies since 2020 (updated during 2023)
 - Joined Net Zero Asset Managers initiative in 2023
 - Biodiversity strategy (2023)
 - Fund-specific sustainability reports published since 2020
 - Paris-aligned benchmarks adopted for selected equity funds since 2021
- ESG incorporated comprehensively in all investment processes
 - Screening of international norms
 - Negative screening / positive selection
 - Thematic allocation
 - Impact investing
 - Active ownership and engagement
 - ESG integration

CURRENT ROADMAPS FOR IMPROVING SUSTAINABILITY

TCFD (2023-2024)

Risk management for *climate risks*

- Operational implementation (2023)
- Strategic implications
- Governance implications
- Reporting

Risk management for *environmental risks (TNFD)*

- Next phase

CSRD (2025)

Materiality assessment (2023)

- Customer survey
- Employee survey
- Strategic planning
- Reporting scope for ESRS

ESRS gap analysis and implementation plan (2023)

Joint initiative with S Group

Taxonomy reporting (on-going)

CSDDD (2027→)

Implementation of UNGP (*human rights risks*)

High-level risk assessment

- Own workforce (2022)
- Supply chain (2023-2024)

Screening of ESG risks at supplier level (piloting)

Implementation of Supplier Code of Conduct (piloting)

CLIMATE ACTION

Own emissions

- Scope 1+2 (2022)
- Scope 3 (2023-2024)

Financed emissions

- Scope 3 (PCAF)

AWARDS AND HONOURS RECEIVED BY S-BANK

MOST REPUTABLE

S-Bank is the most reputable financial company
T-Media's Reputation&Trust 2022 -study



MOST VALUED

S-Bank is the most valued brand in banking for the 6th year in a row.

Brand Valuation 2023 study by Taloustutkimus



MOST RESPONSIBLE

S-Bank is the most responsible banking brand in Finland for the 11th year in a row
Sustainable Brand Index 2023



MOST LOYAL

S-Bank has the most loyal customers

EPSI Rating's Banks & Finance 2023 -study



MOST LOYAL

S-Bank has the most loyal customers 4 years in a row

Asiakkuusindeksi 2022, ASML



MOST INSPIRING

S-Bank is one of Finland's most inspiring workplaces

Eezy Flown People Power -henkilöstötutkimus 2023



COMPANY OWNERSHIP AND STRUCTURE

S-BANK IS OWNED BY SOK (A CENTRAL COOPERATIVE) AND 19 REGIONAL COOPERATIVES

