

JANUARY-SEPTEMBER 2023 RESULTS

RIIKKA LAINE-TOLONEN, CEO
& MIKA HEIKKILÄ, CFO

9 NOVEMBER 2023



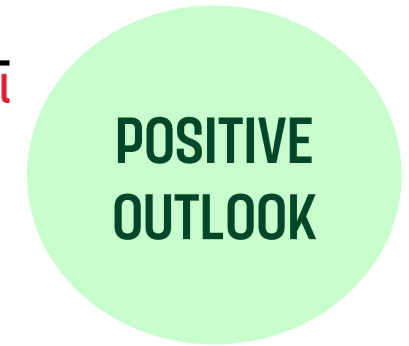
STRONG PERFORMANCE CONTINUES – INTEREST IN OUR SERVICES IS GROWING

HIGHLIGHTS FROM JANUARY-SEPTEMBER

- Lending increased to EUR **6.9** billion (6.6)*
- Deposits increased to EUR **8.2** billion (7.9)
- Assets under management increased to EUR **6.0** billion (5.8)**
- Operating profit increased to EUR **103.9** million (24.1)
- The capital adequacy ratio increased to **18.1** per cent (16.0)



S&P Global



(EUR million)	Jan–Sep 2023	Jan–Sep 2022	Change
Net interest income	195.7	78.2	150.4%
Net fee and commission income	67.5	62.9	7.4%
Total income	266.4	150.9	76.6%
Operating profit	103.9	24.1	332.0%
Cost-to-income ratio	0.54	0.81	-0.27

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”

* 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.



OUTLOOK FOR 2023 CHANGED

We estimate that our full-year operating profit will increase to **more than 2.5 times higher** compared to the previous year (EUR 44.7 million). The continued rise in **interest rates** is having a positive impact on the bank's performance.

However, the outlook for the rest of 2023 is still subject to **uncertainties**, which are 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 outlook for the Finnish **economy weakened** in early autumn. Major problems have been avoided so far, but several key economic indicators now suggest darker times lie ahead for the economy.
2. The upward trend in S-Bank's performance continued in January–September. Interest in our services remained strong and at the end of September, we had around **642 000** active customers.
3. The transaction announced in May, where we will acquire Handelsbanken's Finnish personal banking, wealth management and investment services businesses, is **progressing as planned**.

BANKING

- The total euro amount of purchases made with the S-Etukortti Visa card grew by 20.5 per cent and the number of purchases by 20.7 per cent on the previous year.
- Household customers' deposit portfolio grew 5.9 per cent on the previous year and was EUR 7.5 billion.
- S-Bank's housing loan volume grew by 4.2 per cent over a 12-month review period compared with 1.6 per cent decline of the total market.
- Operating profit was EUR 108.0 million (25.2).

WEALTH MANAGEMENT

- The number of unit holders in S-Bank funds increased to around 385 000 from around 360 000 a year earlier.
- Net subscriptions to the S-Bank funds totalled EUR 104.9 million (106.8). The net subscriptions to S-Bank funds performed stronger than the fund management company average.
- Operating profit was EUR 4.1 million (4.7).



UPDATE ON HANDELSBANKEN ACQUISITION

1. S-Bank will move up to **a new size category** and acquire Handelsbanken's Finnish personal banking, wealth management and investment services businesses.
2. The acquisition is progressing as planned and the Finnish Competition and Consumer Authority has approved the acquisition. The acquisition is expected to be completed in **the second half of 2024**.
3. In September, S-Bank issued its first covered bond, which was used to raise EUR 500 million in funding from the market. The bond was well received by debt investors and oversubscribed by a clear margin, which was a sign of **investor confidence**.

KEY INFORMATION ON S-BANK IN JANUARY-SEPTEMBER 2023

9.8

billion

balance sheet

3.2

million

customers

385 000

unitholders in S-Bank's funds

103.9

million

operating profit

2.4

million

online banking IDs

cash withdrawals and deposits
at checkouts in over

1 000

S Group branches

837

employees

2.9

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 15,0%*
	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 (12.04% in June 2023) and known future changes in capital requirements (1.0% systemic risk buffer and 0.5% of Pillar 2 requirement). S-Bank prepares for the future changes in capital requirements proactively in its risk appetite framework.

KEY FINANCIALS



KEY FIGURES

(EUR m)	2020	2021	2022	Jan-Sep 2023
Total income	174	187	222	266
Operating profit	21	25	45	104
Deposits	6 925	7 555	7 926	8 173
Lending	5 444	6 086	6 695	6 896
Non-performing loans	0.6%	0.6%	0,9%	1.1%
Assets under management	5 256	6 170	5 852	6 038
Debt securities	1 229	1 149	697	689
Cost-to-income, %	74.0%	78.0%	74.5%	54.0%
ROE, %	3.3%	3.9%	6.9%	17.9%
ROA, %	0.2%	0.2%	0.4%	1.1%
Equity ratio, %	6.4%	6.0%	5.9%	6.2%
Capital adequacy ratio, %	15.7%	16.3%	16.3%	18.1%
CET-1 ratio, %	13.7%	13.0%	13.2%	15.2%

STRONG GROWTH IN OPERATING PROFIT

LOAN TO DEPOSIT RATIO 84%

IMPROVING C/I

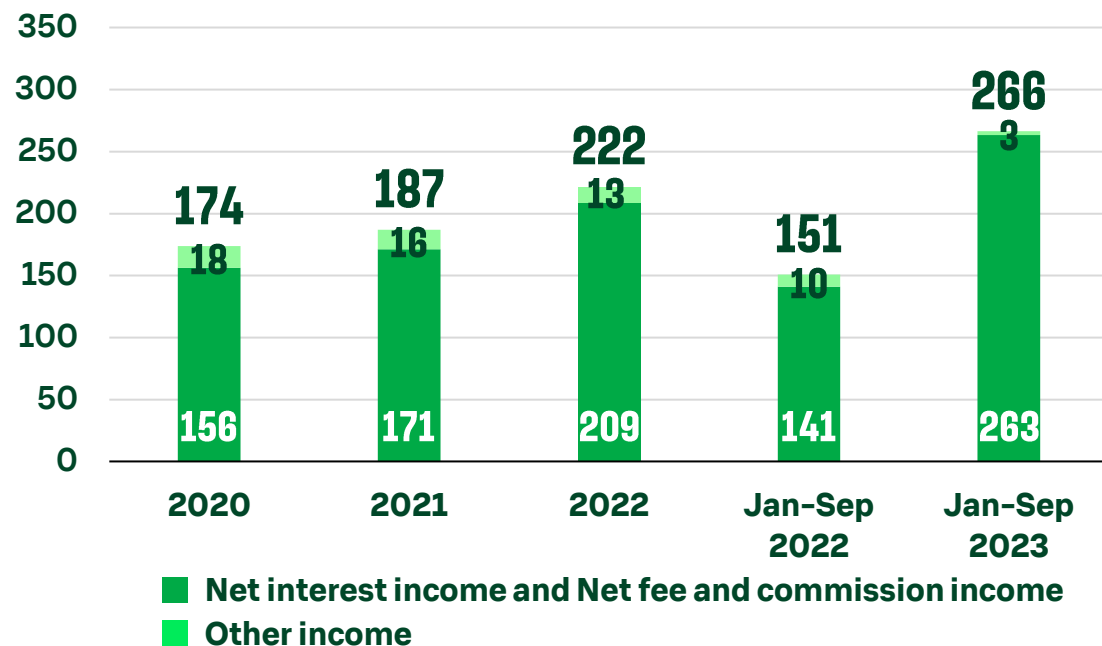
STRONG GROWTH IN ROE

ROBUST CAPITAL BASE

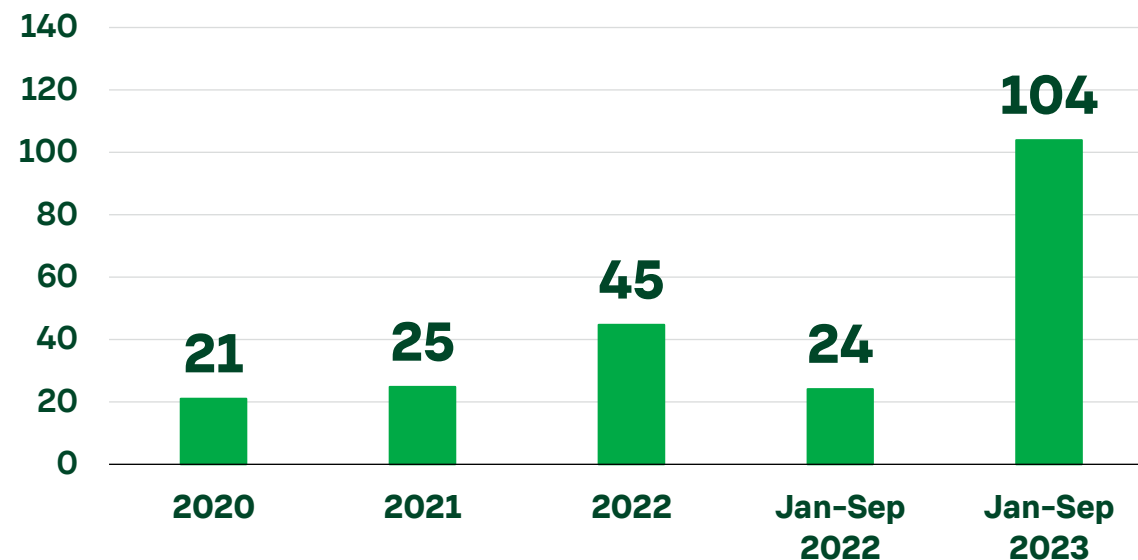


DEVELOPMENT OF KEY INCOME MEASURES

TOTAL INCOME (EUR m)



OPERATING PROFIT (EUR m)

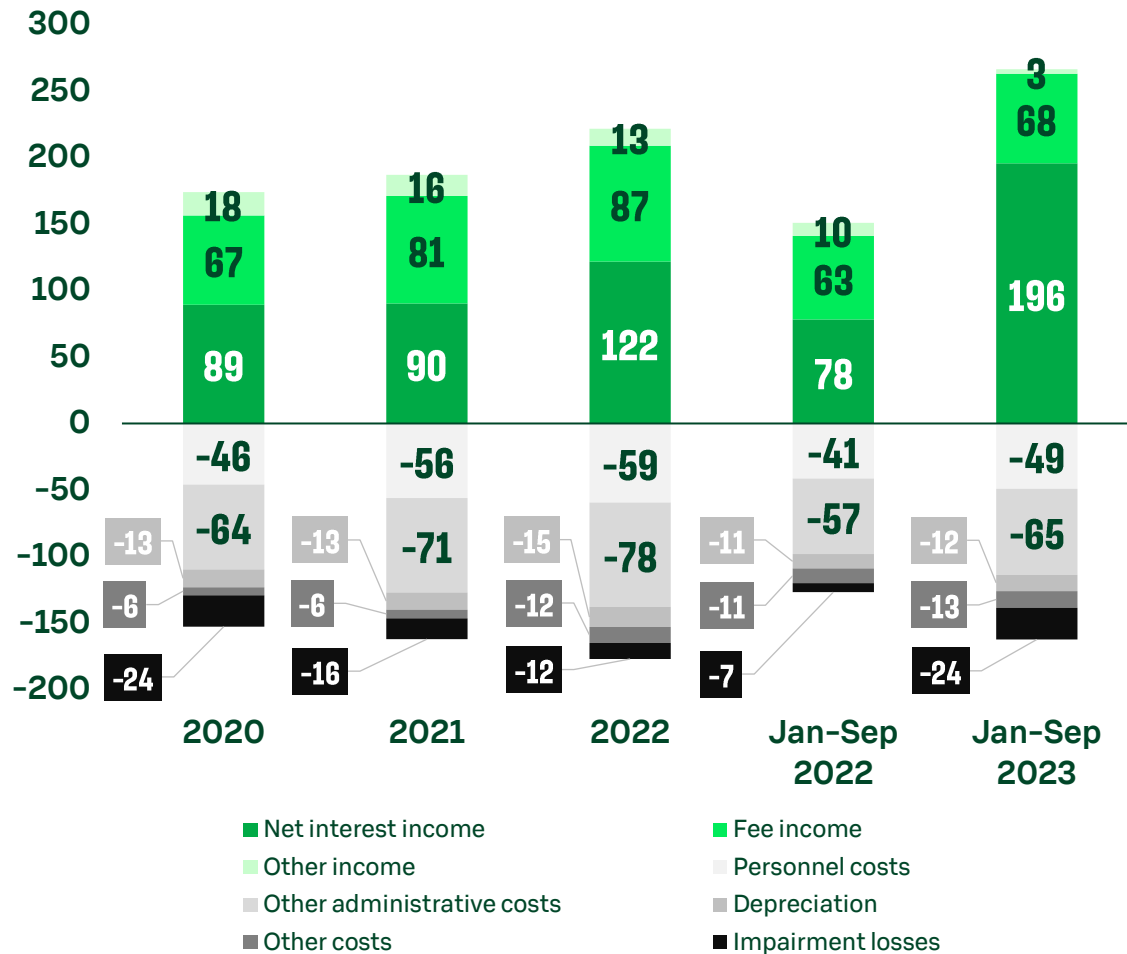


- S-Bank's total income has grown constantly throughout the years. At the end of September rolling 12 months was EUR 337 million.
- In January–September 2023, total income increased by 76,6% and total costs increased by 15,4% on the previous year. ECL-provision has been increased by EUR 11,2 million mainly due to Management judgement buffers and modelling of forward looking information updates.
- The Banking segment contributed 88% of total income in January–September 2023 and by income type net interest income contributed 73%.
- In January–September 2023, operating profit increased by 332.0% to EUR 103.9 million from EUR 24.1 million in January–September 2022. The improvement especially driven by a strong 150.4% increase in the net interest income that was supported by a steady growth in the number of active customers.

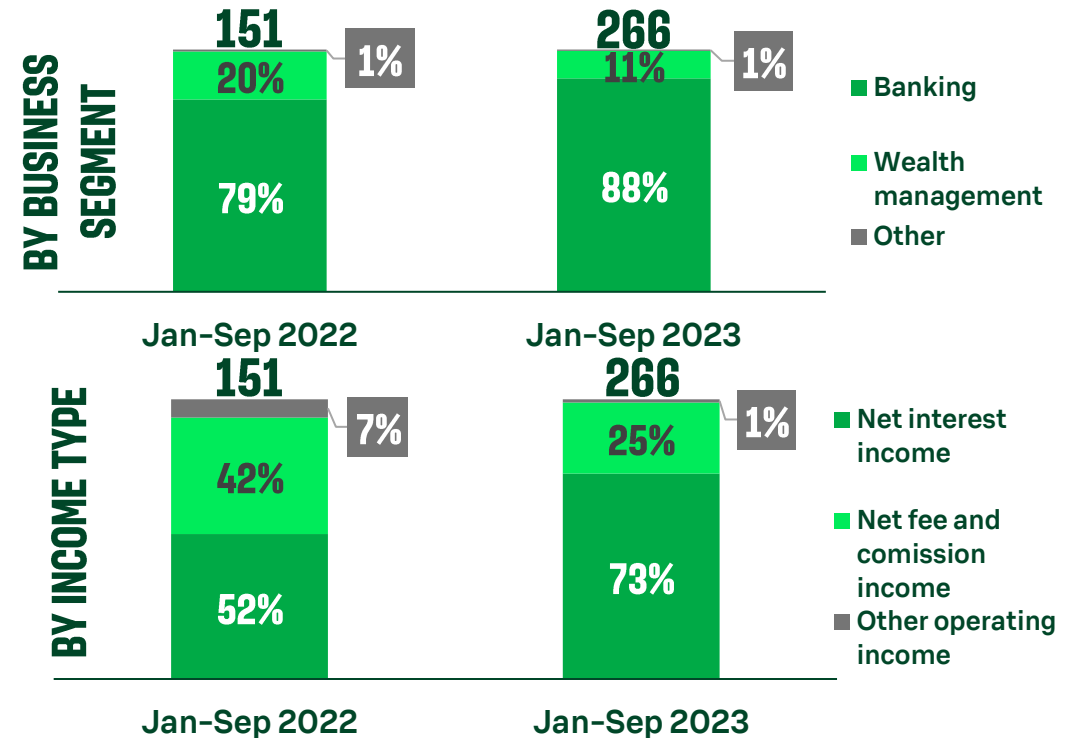


INCOME & COST ANALYSIS

DEVELOPMENT OF KEY INCOME & COST ITEMS (EUR MILLION)



INCOME SPLITS BY SEGMENT AND TYPE (EUR m)



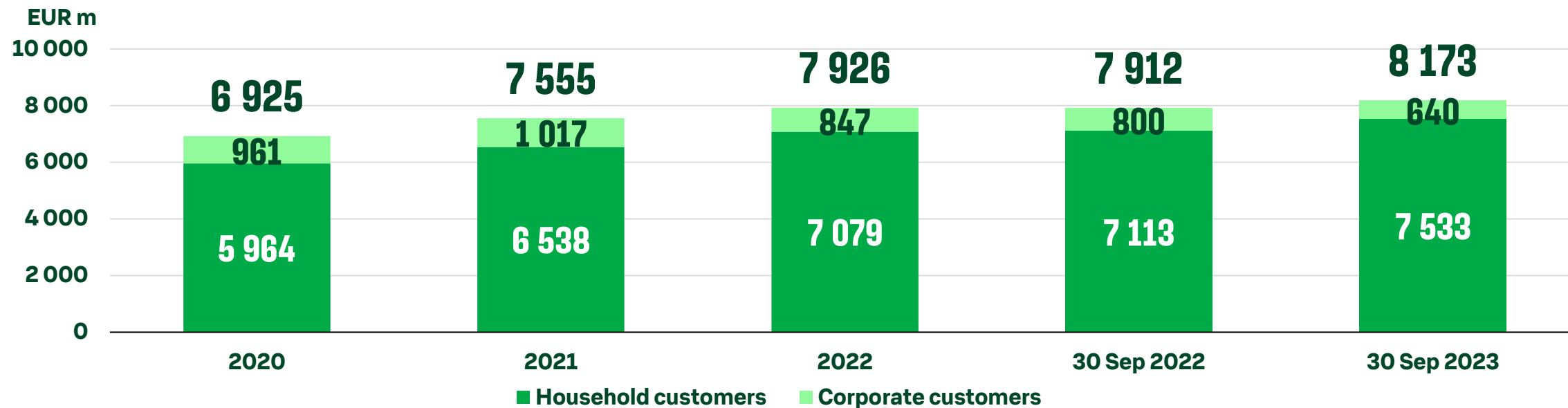
	2020	2021	2022	Q1-Q3 2022	Q1-Q3 2023
Cost - Income ratio, %	74%	78%	74%	82%	54%
Total income / Total assets, %	2.3%	2.2%	2.6%	2.4%*	3.6%*

* Represents previous 12M total income to total assets



STRONG DEPOSIT BASE – DRIVEN BY HOUSEHOLD CUSTOMERS

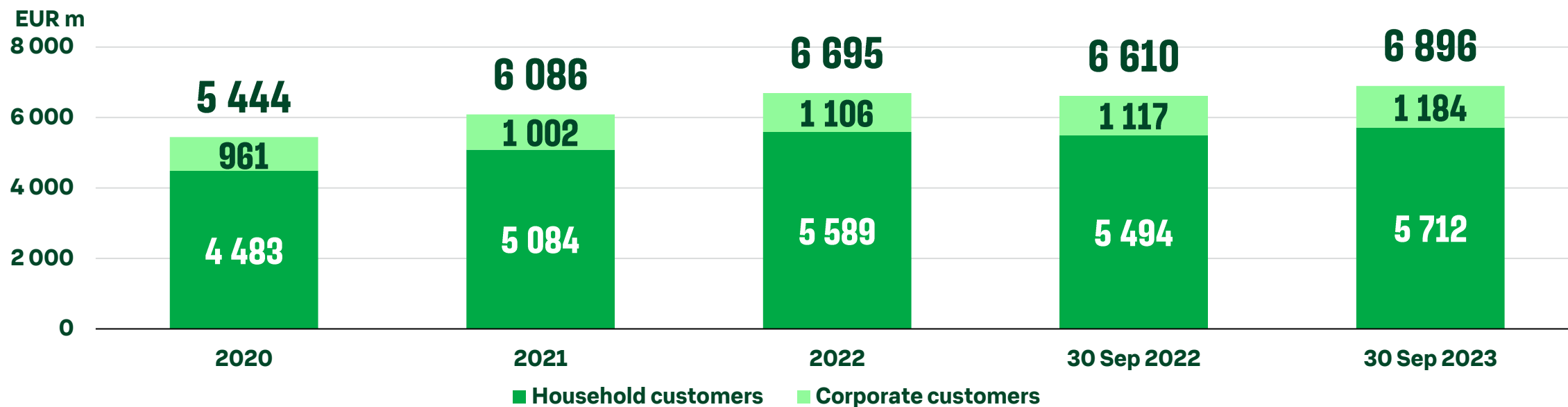
Time deposits EUR 552 million at the end of September



Deposits (EUR m)	30 Sep 2022	30 Sep 2023	12-month change
Household customers	7 112.6	7 532.5	5.9%
Corporate customers	799.5	640.1	-19.9%
Total	7 912.2	8 172.6	3.3%

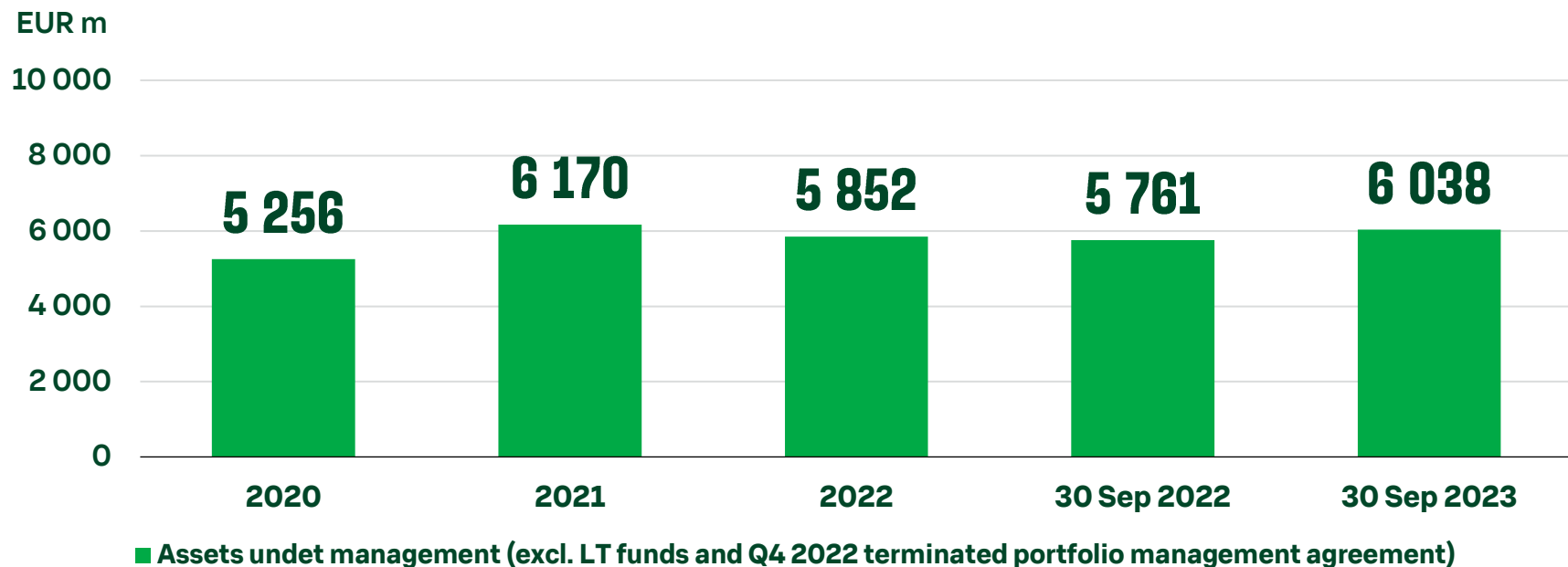


STEADILY GROWING LENDING



Lending (EUR m)	30 Sep 2022	30 Sep 2023	12-month change
Household customers	5 493.8	5 711.5	4.0%
Corporate customers	1 116.5	1 184.3	6.1%
Total	6 610.3	6 895.7	4,3%

AUM UP 4.8 %



Comparable assets under management (EUR m)	30 Sep 2022	30 Sep 2023	12-month change
Fund capital	3 805.2	4 145.1	8.9%
Wealth management	1 956.2	1 892.9	-3.2%
Total	5 761.3	6 038.0	4.8%

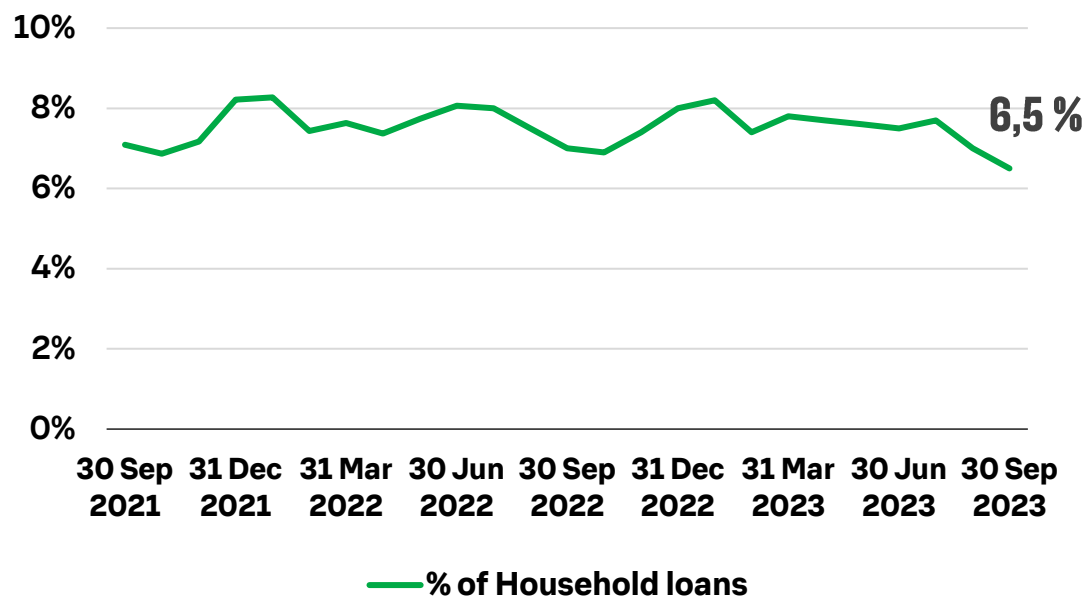
In addition, S-Bank Properties Ltd managed EUR 373.0 million in customer assets, consisting of real estate and joint ventures (336.2).*

Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 106.8 million a year earlier.

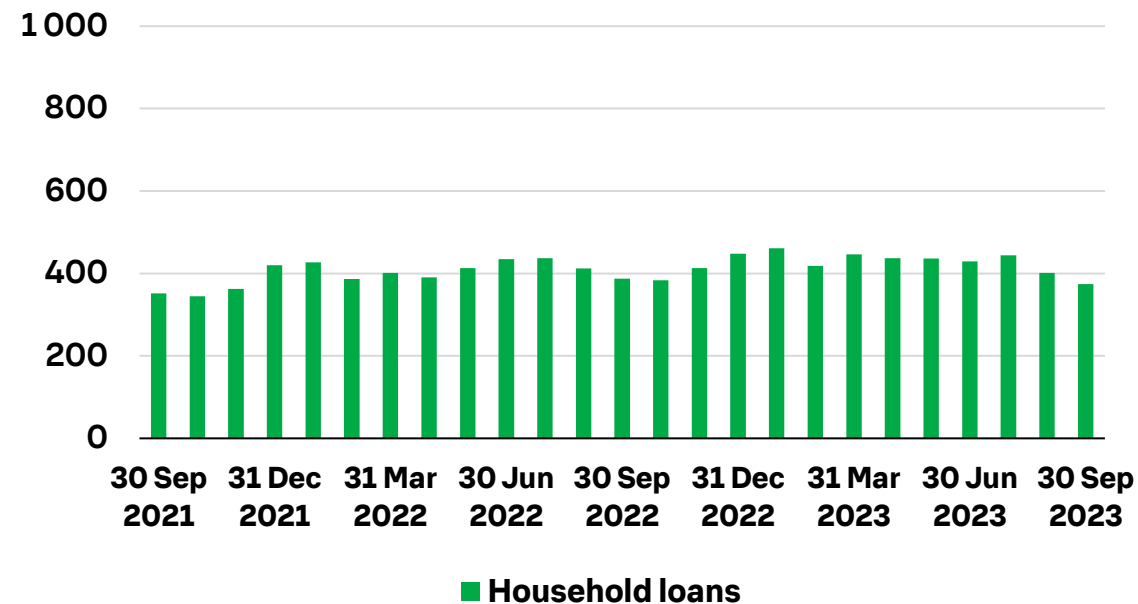
* The comparative amount has been changed

REPAYMENT HOLIDAYS

SHARE OF LOANS SUBJECT TO REPAYMENT HOLIDAYS



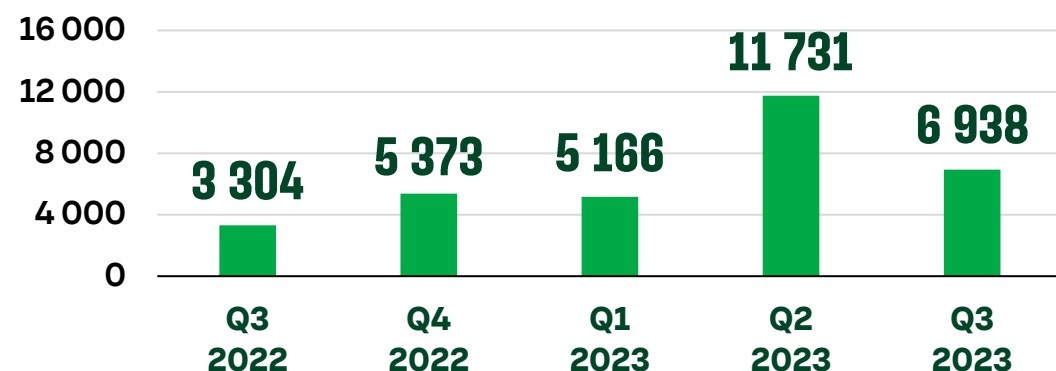
AMOUNT OF LOANS SUBJECT TO REPAYMENT HOLIDAYS (EUR m)



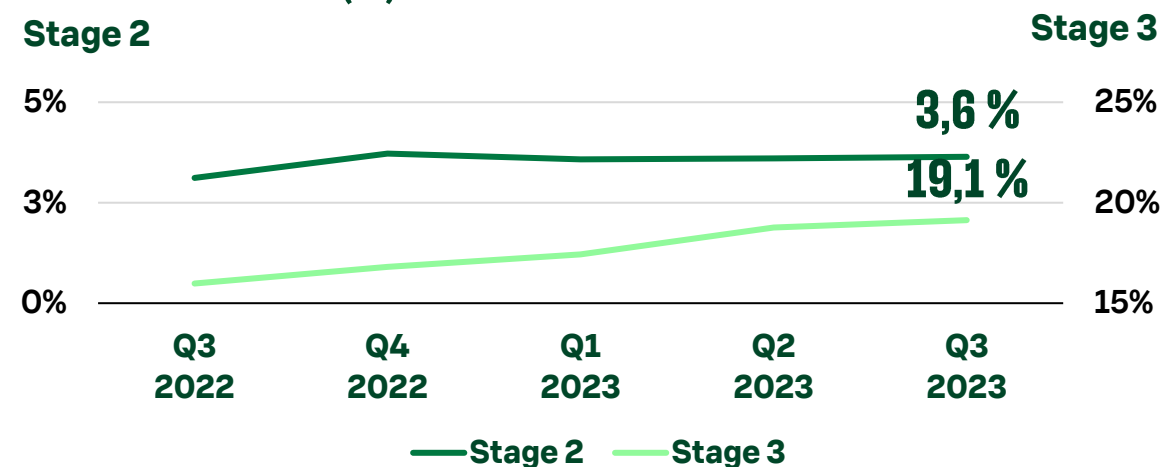
- Household loans subject to repayment holidays decreased in Q3 2023.
- Repayment holidays deviating from the original payment plan have primarily been granted to household customers.
- The share of loans subject to repayment holidays was 6.5% of total household loans (8.0% on 31 Dec 2022).

STABLE CREDIT QUALITY – CONSERVATIVE APPROACH WITH MANAGEMENT JUDGEMENT BUFFERS

EXPECTED AND FINAL CREDIT LOSSES (EUR '000)



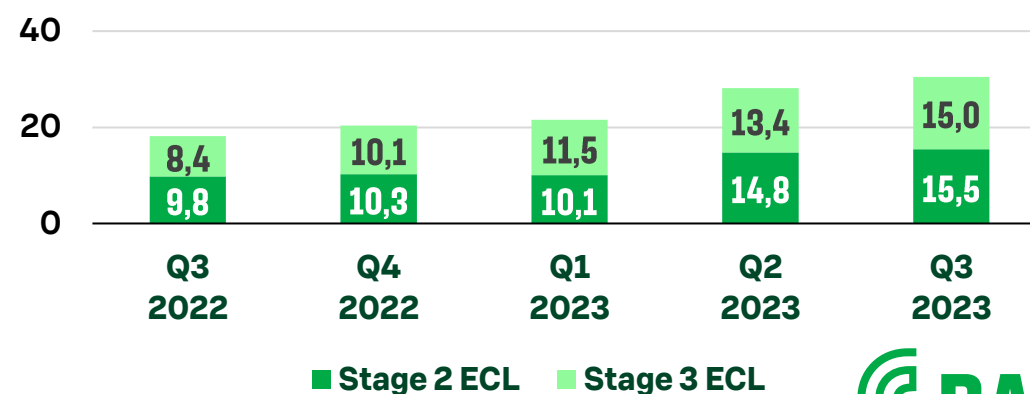
COVERAGE RATIO (%)



COMMENTARY

- Expected and final credit losses in Jan–Sep were EUR 23.8 million. EUR 11.2 million increase in ECL-provision has driven that.
- The changes in management judgement increased the ECL provision by EUR 5.5 million during Jan–Sep and modelling of forward-looking information updates EUR 2.6 million.
- Increase in interest expenses and prices are expected to further weaken the financial standing of customer households.
- ECL provision was EUR 33.7 million, of which stage 2 and 3 provisions amounted to EUR 30.4 million.
- NPL ratio was 1.1 per cent (Q4 2022: 0.9).

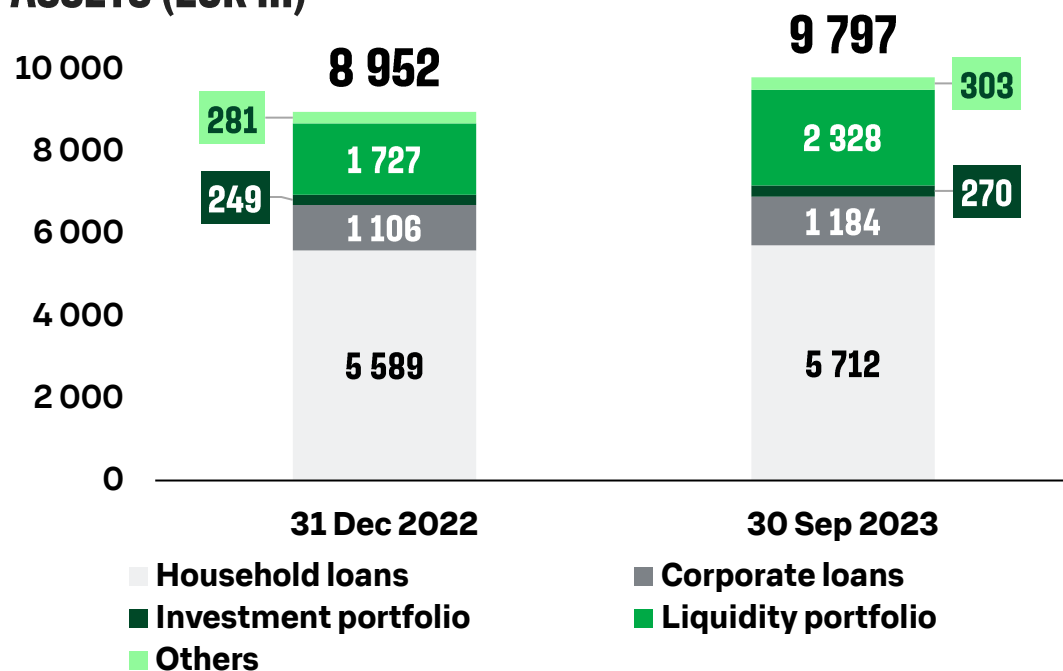
STAGE 2 AND 3, ECL PROVISION (EUR m)



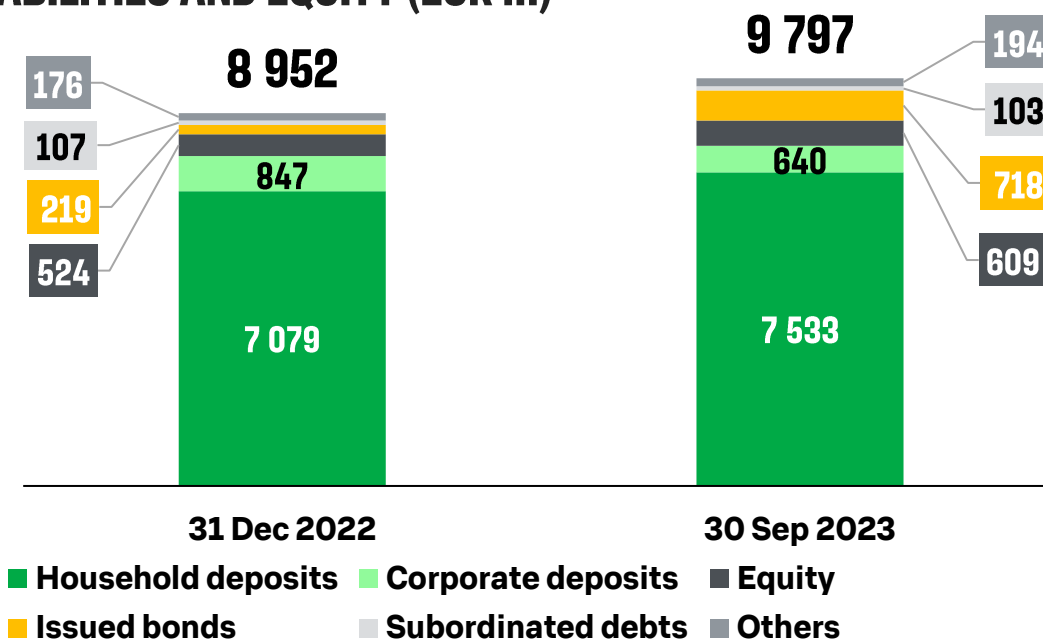
BALANCE SHEET & FUNDING

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

ASSETS (EUR m)



LIABILITIES AND EQUITY (EUR m)

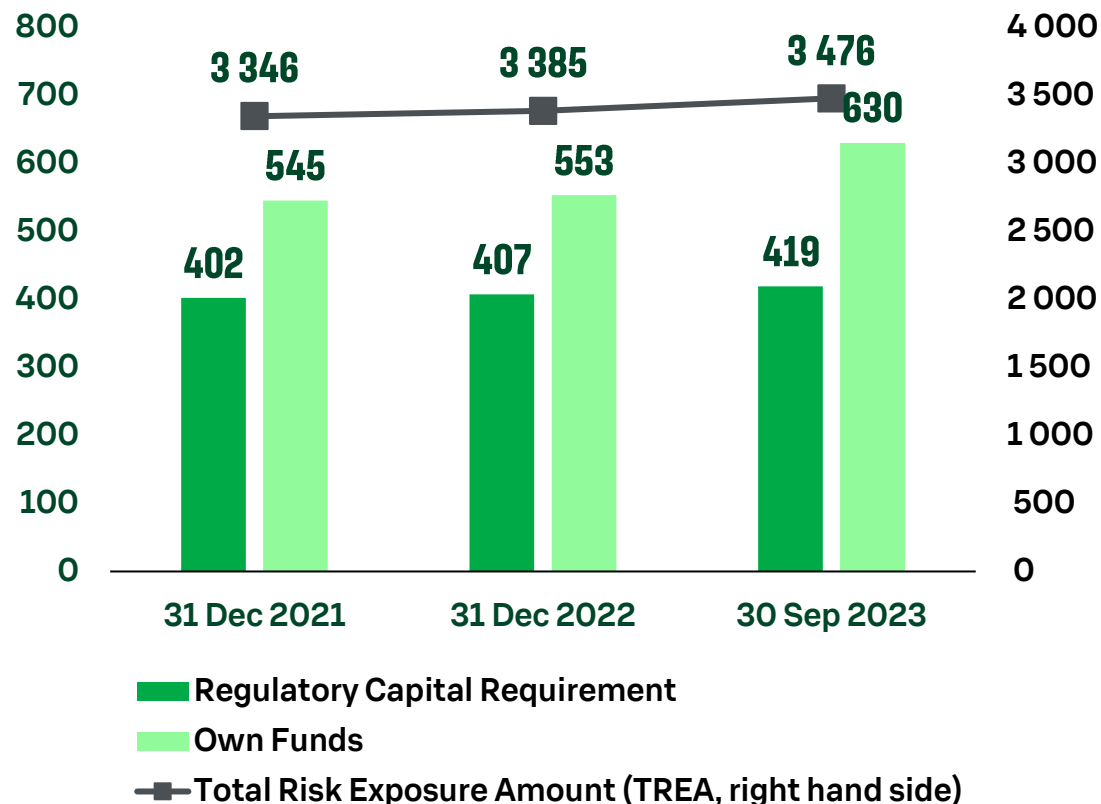


- Household and corporate deposits comprised 83% (89%) of total liabilities and own funds at the end of Q3 2023. At the same time, lending to households comprised 58% (62%) of the total assets.
- Lending and deposits grew compared to the previous year end. Lending increased in both household and corporate customers. Deposit growth concentrated to household customers, and corporate customer deposits decreased.
- On 26 September 2023, S-Bank issued its first covered bond as part of its EUR 3.0 billion bond programme. The nominal value of the covered bond is EUR 500 million.



OWN FUNDS, CAPITAL REQUIREMENTS & MREL

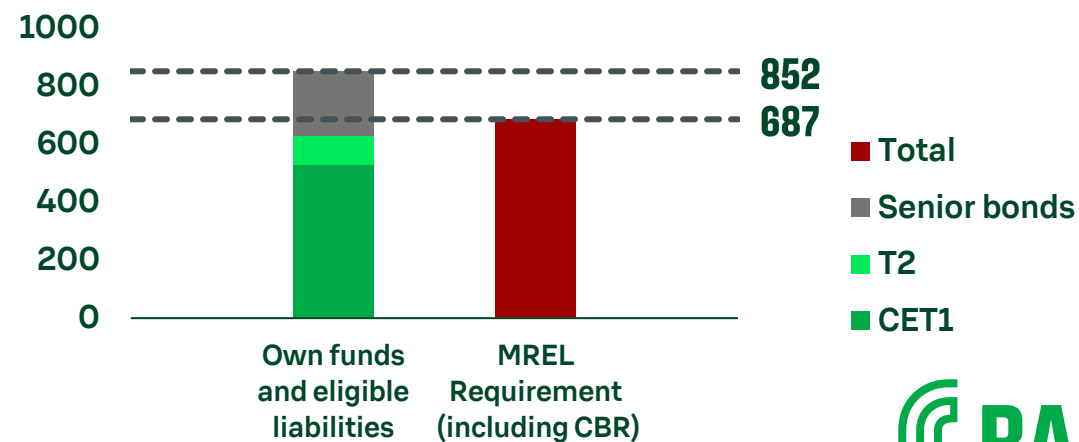
OWN FUNDS AND CAPITAL REQUIREMENTS (EUR million)



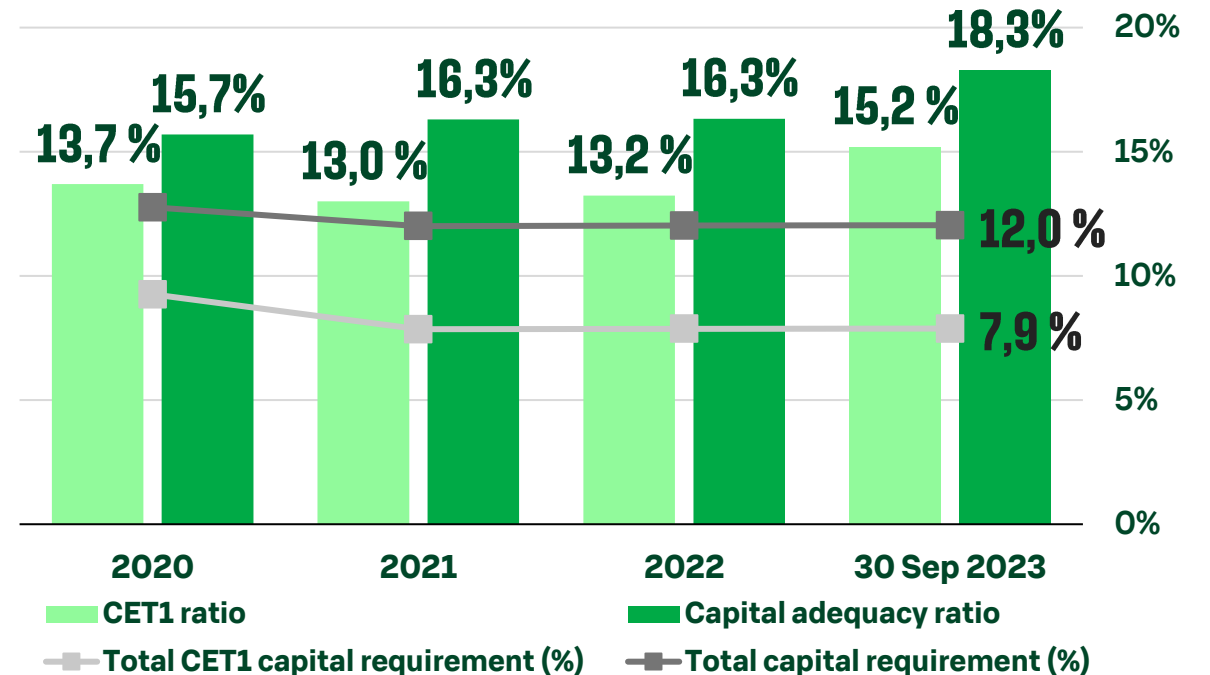
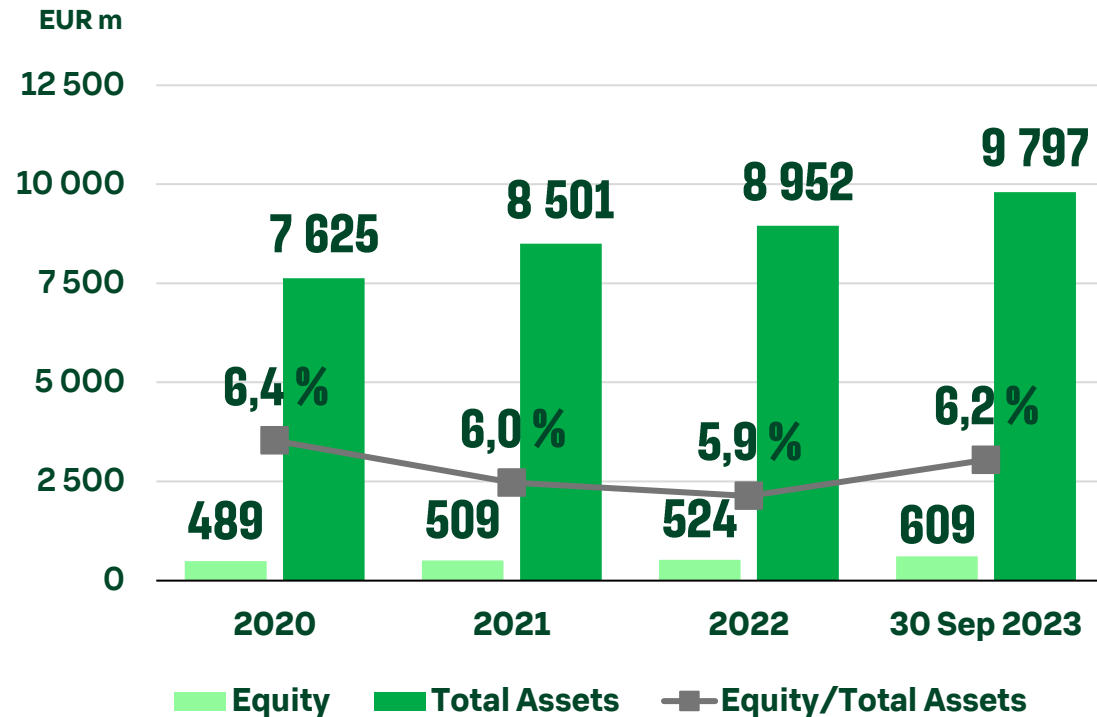
COMMENTARY

- Own funds were positively affected, especially by profit performance due to increased net interest income.
- The total risk exposure amount (TREA) has increased moderately.
- Regarding MREL requirements, S-Bank's own funds and eligible liabilities on 30 September 2023 were well above regulatory requirements and internal limits. $MREL_{TREA}$ was 24.7% and $MREL_{LRE}$ 8.5%.
- 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)

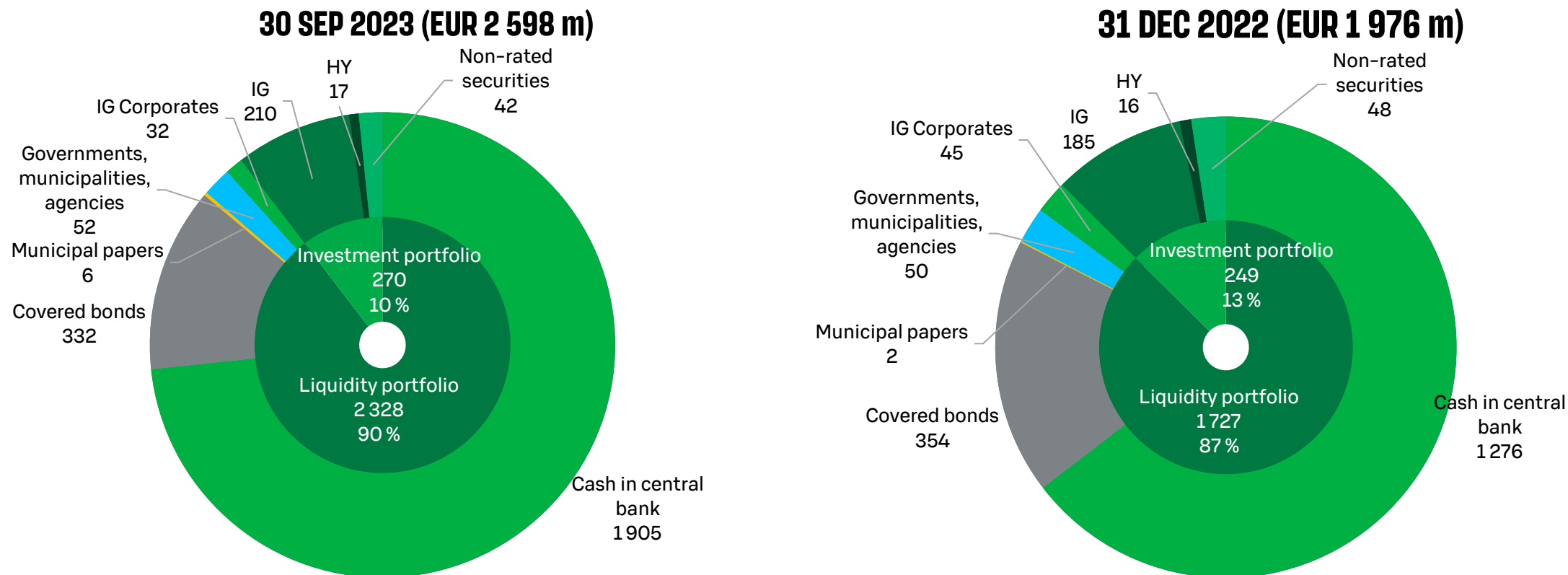


CAPITAL POSITION



- 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 6.4% between 2020 and 2023. At the end of the review period, the equity ratio stood at 6.2% and the CET1 ratio at 15.2%.
- The key capital ratios have been maintained well above the regulatory requirements. S-Bank's discretionary additional capital requirement (Pillar 2) will increase in the end of the year 2023 to 2.00% whereas the current requirement is 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



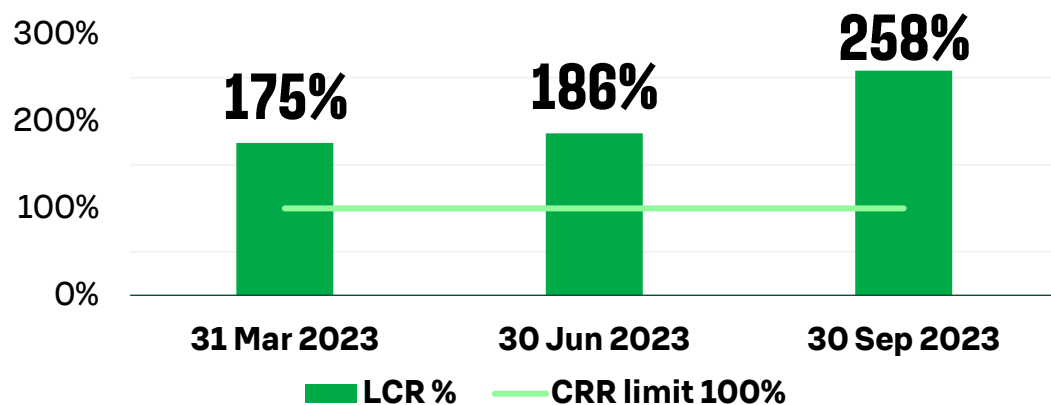
- S-Bank's liquidity and investment portfolios totalled EUR 2 598 million at the end of Q3 2023 (EUR 1 976 million at the end of 2022). The increase in the total portfolio size, compared to the previous year end, was due to the increase in both the liquidity portfolio and the investment portfolio. In 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. The amount of central bank deposits increased with the issuance of the covered bond.

LIQUIDITY

Robust liquidity position and easy access to additional funding

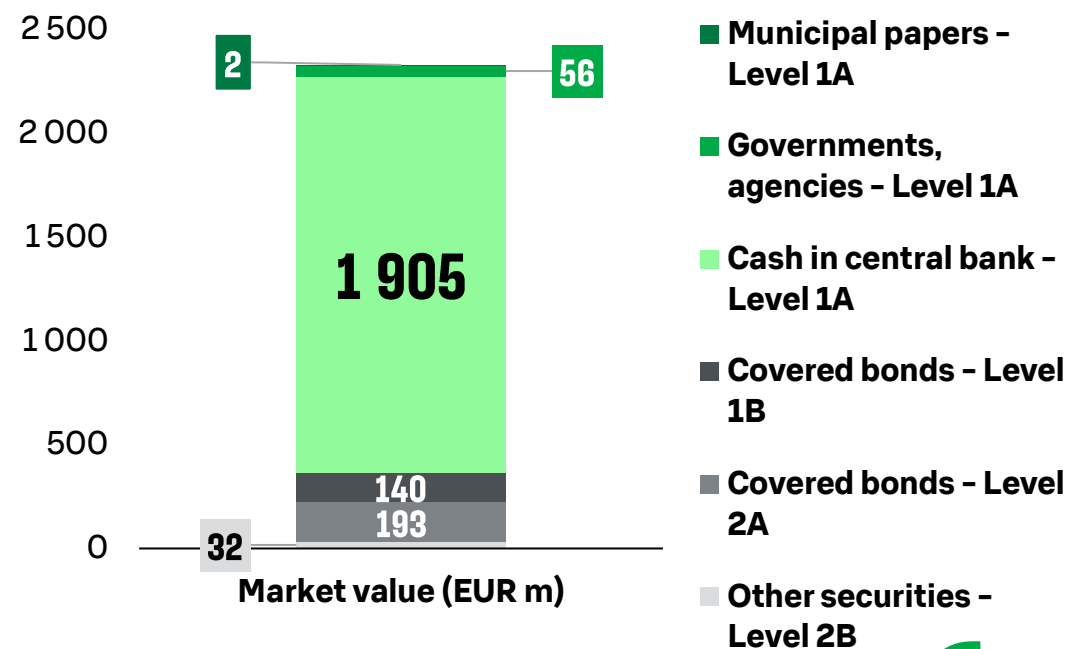
LIQUIDITY OVERVIEW

- S-Bank's liquidity portfolio totaled EUR 2 328 million at the end of Q3 2023 (EUR 1 727 million at the end of 2022)
- Level 1 assets comprise 90% 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 162% at the end of Q3 2023 (151% at the end of 2022) - wide headroom over the regulatory requirement of 100%
- LCR was 258% at the end of Q3 2023 (164 % at the end of 2022) which is also well above the 100% regulatory limit. The LCR liquidity buffer increased with the issuance of the covered bond.



LIQUIDITY PORTFOLIO, 30 SEP 2023

EUR m	Level 1A	Level 1B	Level 2A	Level 2B	Total
Amount held (% of total market value)	1 964 (84.3%)	140 (6.0%)	193 (8,3%)	32 (1.4%)	2 328



**THANK
YOU**



APPENDIX

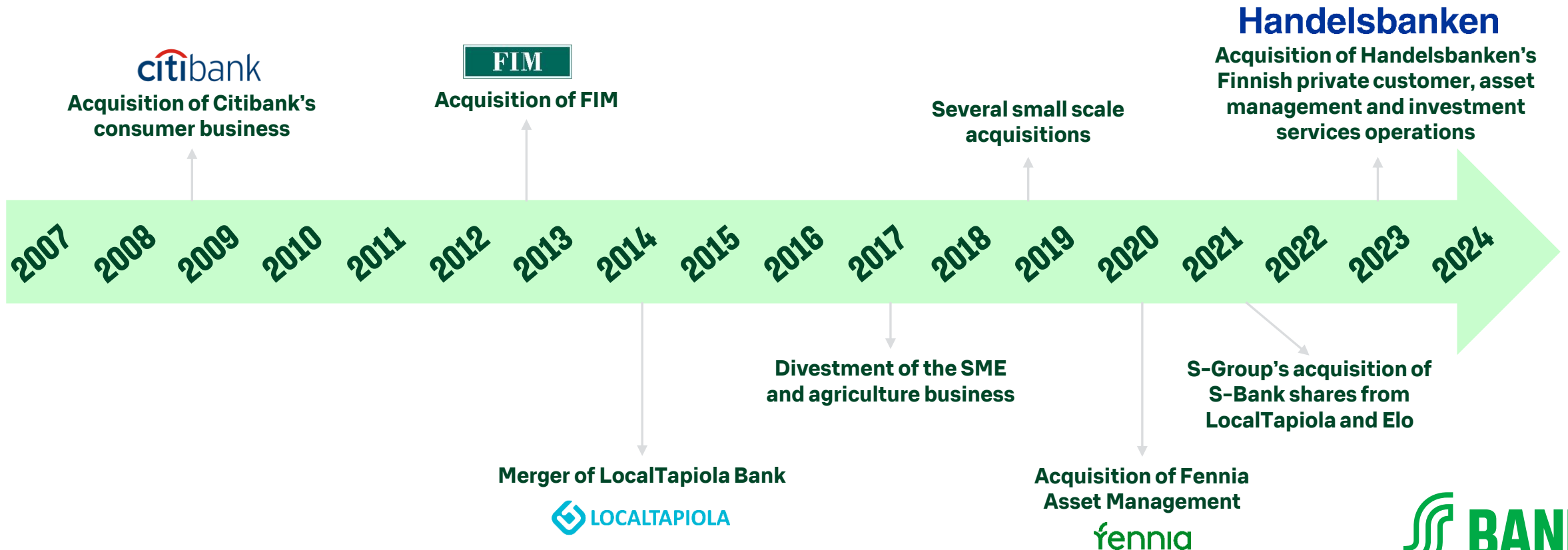


HISTORY OF S-BANK

ESTABLISHMENT
OF S-BANK

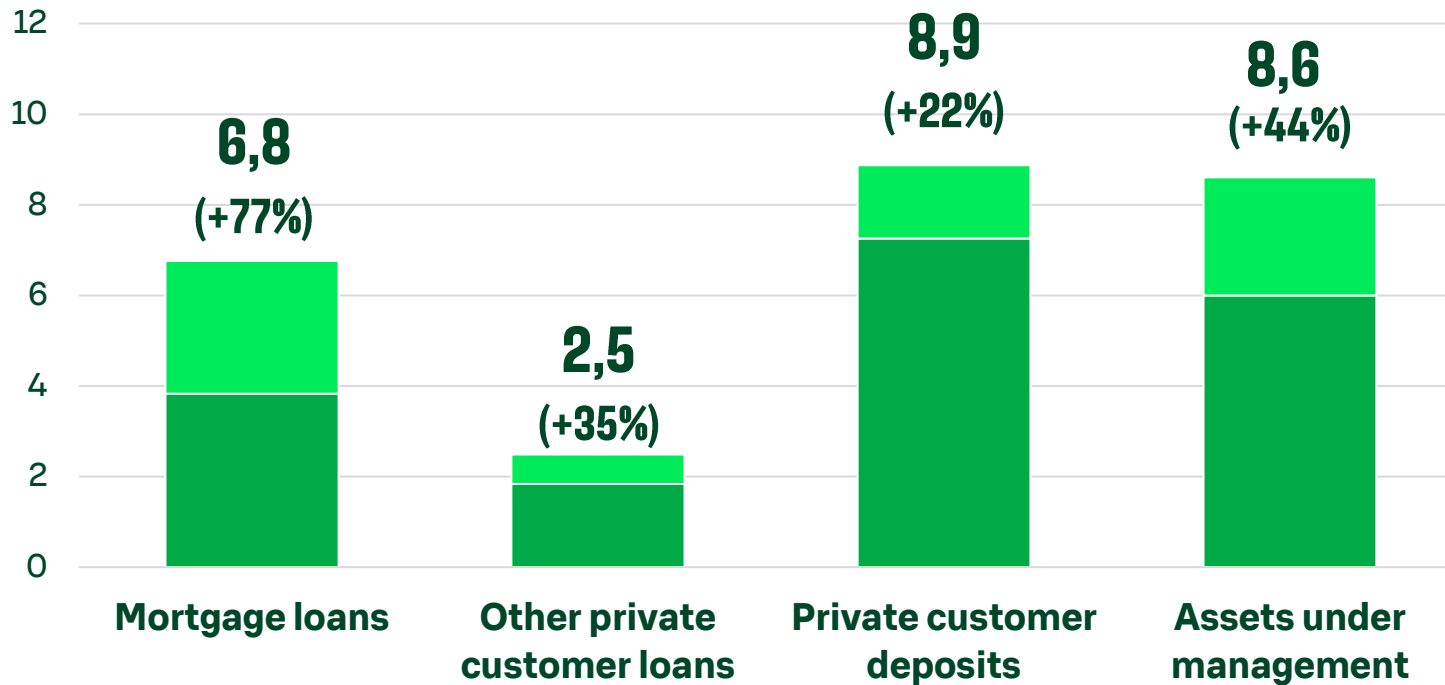
GROWTH THROUGH ACQUISITIONS,
INVESTMENT IN INTEGRATION

EXPANSION AND FOCUS ON CORE BUSINESS AND
EFFICIENCY IMPROVEMENT

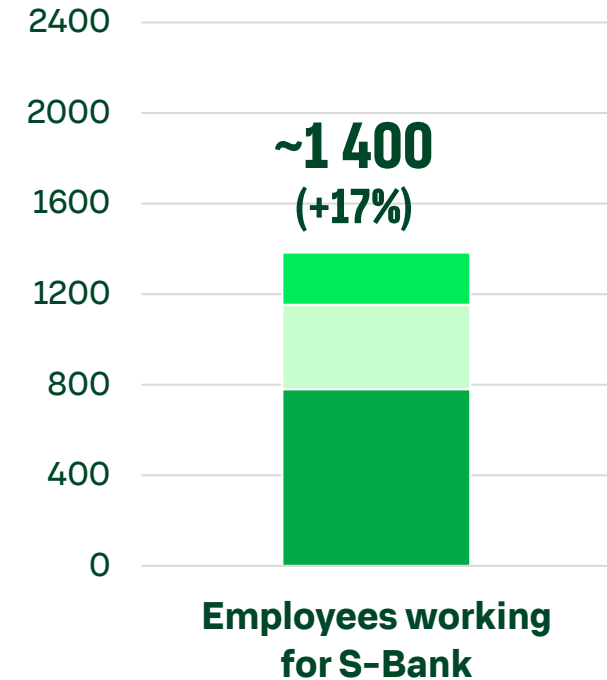


HANDELSBANKEN ACQUISITION IN BRIEF

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



GROWTH STRATEGY

FOCUS IS ON STRENGTHENING COMPETITIVE ADVANTAGES

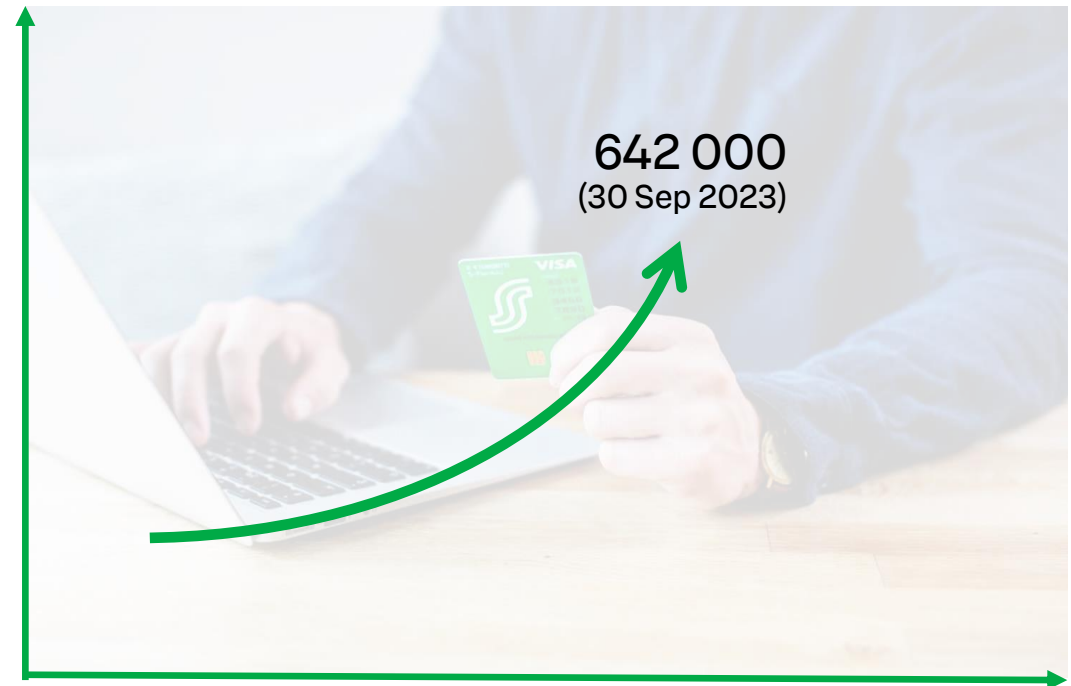
Continuously adapting distribution and service model to changes in customer behavior

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.



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 (**to be updated during 2023**)
 - **Biodiversity strategy (2023)**
 - Fund-specific sustainability reports published since 2020
 - Paris-aligned benchmarks adopted for selected equity funds since 2021
 - Fossil-free equity fund one of the fastest growing funds in Finland in 2021
 - New product launch later in 2023
- 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 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 LOYAL

S-Bank has the most loyal customers
EPSI Rating's Banks & Finance 2023 -study



MOST INSPIRING

S-Bank is one of Finland's most inspiring workplaces
Eezy Flow's employee experience survey 2022



MOST VALUED

S-Bank is the most valued brand in banking for the 6th year in a row
Brand Valuation 2023 study by Taloustutkimus



COMPANY OWNERSHIP AND STRUCTURE

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

