S-BANK PLC INTERIM REPORT 1 JANUARY–31 MARCH 2021

S-Bank

TOWARDS BETTER TIMES

PEKKA YLIHURULA, CEO

The income and profit of our core business developed as expected in the first three months of the year. Although the COVID-19 pandemic worsened in early 2021, the situation is nevertheless different from that of one year ago, as we have learnt how to adjust our working methods to suit each situation. Customer confidence in the recovery of the economy and in the dismantling of restrictions has also grown stronger."

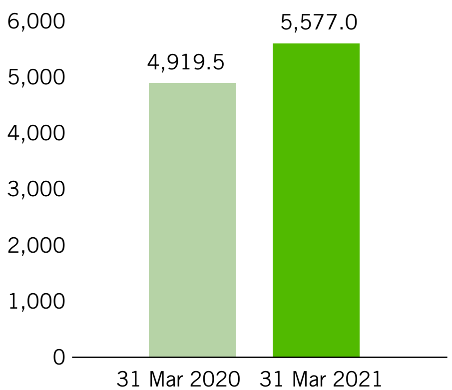
JANUARY–MARCH 2021

- Operating profit increased to EUR 6.6 million (3.9)
- Lending increased to EUR 5.6 billion (4.9)
- Assets under management increased to EUR 11.5 billion (8.1)
- The capital adequacy ratio decreased to 15.3 per cent (15.8)

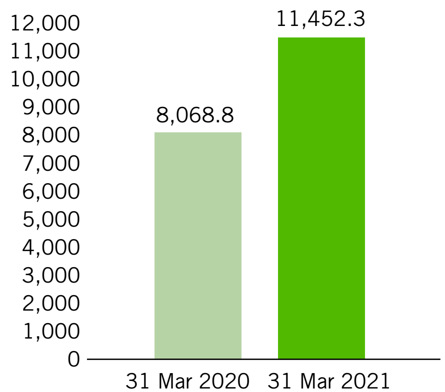
The S-Bank Group's operating profit increased by 68.8 per cent in January–March, finishing at EUR 6.6 million (3.9). Earnings growth was boosted by a solid 12.2 percent increase in total returns. The cost-to-income ratio remained at the same level, 0.74, as in the comparison period.

OPERATING PROFIT (EUR MILLION)

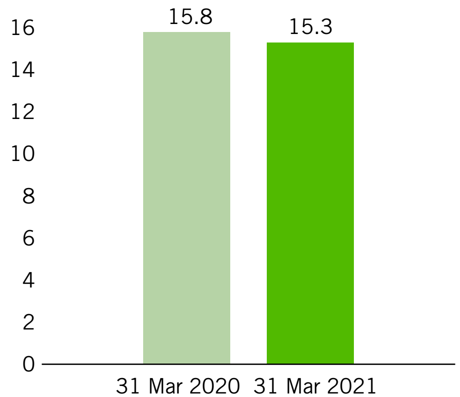
LENDING (EUR MILLION)



ASSETS UNDER MANAGEMENT (EUR MILLION)



CAPITAL ADEQUACY RATIO (%)



OUTLOOK FOR THE REST OF THE YEAR

We expect S-Bank Group's operating profit for 2021 to remain at the same level as in the previous year. However, despite the positive outlook, there is still uncertainty regarding economic recovery.

KEY FIGURES

(EUR million)	1–3/2021	1–3/2020	Change	Q1 2021	Q1 2020	Change
Net interest income	21.4	22.5	-5.0%	21.4	22.5	-5.0%
Net fee and commission income	17.8	15.4	15.9%	17.8	15.4	15.9%
Total income	45.2	40.3	12.2%	45.2	40.3	12.2%
Operating profit	6.6	3.9	68.8%	6.6	3.9	68.8%
Cost-to-income ratio	0.74	0.74	0.0	0.74	0.74	0.0

(EUR million)	31 Mar 2021	31 Dec 2020	Change
Liabilities to customers, deposits	7,098.0	6,925.0	2.5%
Receivables from customers, lending	5,557.0	5,444.4	2.1%
Debt securities	1,268.4	1,228.8	3.2%
Equity	495.5	488.6	1.4%
Expected credit losses (ECL)	20.8	19.6	6.3%
Assets under management	11,452.3	10,785.1	6.2%
Return on equity	3.9%	3.3%	0.6
Return on assets	0.3%	0.2%	0.1
Equity ratio	6.4%	6.4%	0.0
Capital adequacy ratio	15.3%	15.7%	-0.4

The S-Bank Group (S-Bank hereinafter) figures for the corresponding period of 2020 are used in the result comparisons. For comparisons of balance sheet items and other breakdown items the figures refer to the end of 2020 unless otherwise indicated.

CEO'S REVIEW

The income and profit of our core business developed as expected in the first three months of the year.

Although the pandemic caused by the new coronavirus affected Finnish society and S-Bank in many ways in 2020, the second half of the year was a period of recovery. However, the situation deteriorated again in early 2021 in many parts of Finland. The situation is nevertheless different from that of one year ago as we have learnt how to adjust our working methods to suit each situation.

Demand for our Banking business's products developed as expected, with the demand for loans and deposits growing especially strongly. The number of applications for Visa payment cards also increased substantially. The increase in the number of applications was boosted by our announcement that a charge would be imposed on some of the old chipless cards later this year.

The sales of our wealth management business made a promising improvement in early 2021. I am also satisfied with our swift completion of the integration project necessitated by our acquisition, concluded at the end of July last year, of the asset management and real estate investment services of the Fennia insurance company.

Although the prevailing pandemic situation impairs our ability to forecast business development in the coming months, we will nevertheless continue to focus on the safety and wellbeing of our customers and personnel, as before.

Despite the considerable degree of uncertainty regarding the coronavirus situation, we believe consumption will pick up in the second half of the year. This prognosis is supported by the probable opening-up of society, the savings accumulated during the coronavirus period and the government's stimulus measures.

PEKKA YLIHURULA
CEO, S-Pankki

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

In January, S-Bank's Wealth Management completed an integration project related to the corporate acquisition concluded at the end of July last year in which S-Bank acquired the asset management and real estate investment services of the Fennia insurance company. Early in the year, two new funds were added to the selection of real estate funds open to all customers.

The credit rating agency Standard & Poor's (S&P) raised S-Bank's outlook to stable. The earlier outlook for the bank had been negative, as it had also been for the Finnish banking sector in general. S&P upgraded the outlook of the banking sector due to Finland's superior macro-economic environment compared to the rest of Europe and the country's successful handling of the coronavirus pandemic.

In February, S-Bank's Board of Directors appointed Hanna Porkka, Head of Wealth Management, as Deputy CEO of the Group, effective as of 2 February 2021.

During February, funds managed by companies in the S-Bank Group sold a portfolio of nearly 400 apartments to a fund managed by Avara. The housing portfolio consisted of 17 properties, eight of which were wholly owned companies and nine of which were partially owned companies. Later in the same month, funds managed by companies in the S-Bank Group announced a project to build a new head office for Varuste.net, a sports equipment store, in Helsinki's Konala district.

For the ninth consecutive year, Finns voted S-Bank as the most responsible bank in Finland in the Sustainable Brand Index survey. The survey was published in March. In the first quarter of the year, S-Bank also announced that, later in 2021, a charge would be imposed on some of the old chipless payment cards. The changes will not affect the free-of-charge daily banking services. S-Bank will continue to offer its co-op members and members of their respective families a bank account, the S-Etukortti Visa, online banking codes and S-mobiili free of charge.

SUMMARY OF THE EFFECTS OF THE CORONAVIRUS PANDEMIC ON BUSINESS

The new coronavirus caused a pandemic in 2020 that is still continuing It is being counteracted worldwide by the enforcement of various regulations, guidelines and recommendations. The guidelines issued by the Finnish authorities and other preparedness measures were continued at S-Bank in the first quarter of 2021.

In addition, a significant proportion of S-Bank's personnel continued to work remotely, while the bank focused on ensuring that its operations would continue, even in the event of a further decline in the overall situation. We observed hygiene, health and safety guidelines, and paid attention to obtaining necessary supplies and complying with official recommendations. For our customers, we recommended the use of S-mobiili and the online bank.

Despite the continuing spread of the disease in many parts of Finland in early 2021, S-Bank was able to adjust its operations and working methods to meet the demands of the situation.

In the first quarter of the year, confidence among households concerning their financial situations and outlooks grew compared to the previous quarter. Employment declined slightly, but housing prices remained stable throughout the country. Retail and consumer staples trades grew distinctly on the corresponding period last year.

For 2021, a key factor will be how quickly and comprehensively vaccinations can be carried out and how well the vaccines will protect against new variants of the virus. The mere fact that a solution exists and that governments and central banks have implemented extensive stimulus measures will boost growth, both in Finland and globally, towards the end of the year. In the first half-year, uncertainty and caution may still affect business decisions and consumer behaviour. Unemployment is likely to increase further and banks' credit losses may be higher than normal. In the second half-year, it is expected that there will be a release of pent-up consumer demand. In the longer term, however, growth may plateau as the effects of economic stimulus programmes decrease, and as the realization comes that structural problems predating the pandemic must be addressed and resolved.

The effects of the coronavirus pandemic on the bank's risk position are described in more detail in the section 'Risks and capital adequacy and their management'.

OPERATING ENVIRONMENT

The first quarter of 2021 was a period characterised not only by faltering economic growth, but also by incipient optimism. The coronavirus situation waxed and waned, forcing both public authorities and investors to assess the short and long-term economic impacts of the restrictions caused by the pandemic. Vaccination programmes were initiated worldwide at the beginning of the year and at an increasing pace. They began in Finland, too, albeit regrettably slowly. Most importantly, however, people trusted in a gradual subduing of the virus and in economic revival this year, meaning a change for the better.

Indeed, recovery is progressing around the world – but at varying speeds. China, which was the first to be hit by the disease, is also furthest towards reopening society. The United States and the United Kingdom are following suit. In the euro area, including Finland, recovery will not reach full speed until summer, which will boost growth in the second half of the year, as well as next year. Growth should be exceptionally strong this year, as the economy rebounds from the steep pandemic-induced decline last spring. As the economy reopens, a definite demand spike can be expected as people and businesses release pent-up demand and savings, accumulated over the past 12 months. On the other hand, the economy will be aided by the fact that some of the feared side effects of the pandemic, such as a surge in bankruptcies, have not materialised either in Finland or abroad. Growth will be fuelled by consumers and the public sector, while corporate investments will pick up speed only as the uncertainties related to growth ease.

Governments and central banks will continue, or even increase, their robust stimulus measures as the year progresses. They are sending a clear message that, now, it is better to stimulate too much than too little, in order to achieve growth. Rapid acceleration of economic growth and continuing stimulus will raise concerns about burgeoning inflation and economic overheating. This was obvious early this year, especially in the USA, where long-term interest rates increased markedly. Consumer prices will continue to be important economic indicators in the future – but, at least in the foreseeable future, price increases will be temporary and there will be no permanently higher inflation, particularly in the euro area.

The equity and real estate markets had an excellent first quarter. Globally, shares returned nearly 10 per cent, measured in euro terms. Share prices were supported by improved economic and profit performance, as well as by low interest rates and high market liquidity. The same factors also supported the real estate markets, where demand for housing continued to be strong in Finland's growth centres, driven by the assets of both home buyers and investors.

FINANCIAL POSITION

RESULT AND BALANCE SHEET 1–3/2021

S-Bank's operating profit was EUR 6.6 million (3.9), an increase of 68.8 per cent on the previous year. The profit for the financial period after taxes was EUR 5.5 million (2.5). Return on equity decreased to 3.9 per cent (4.5).

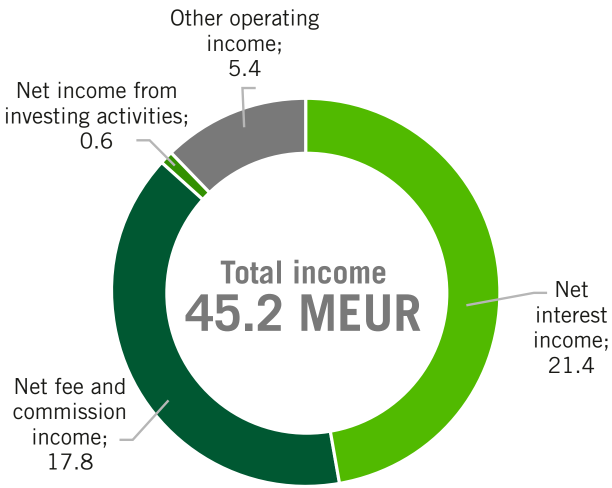
INCOME

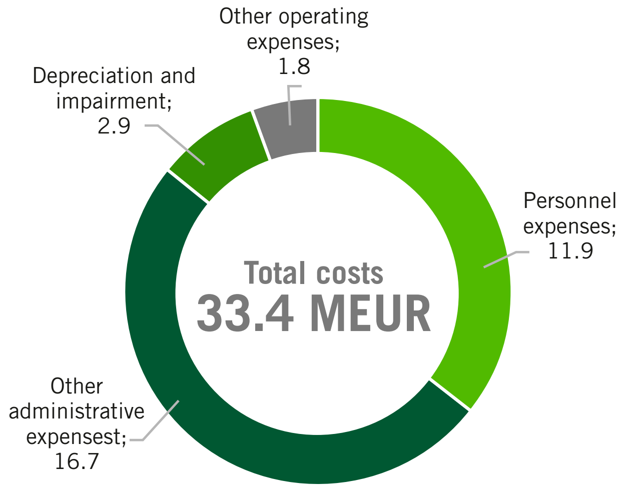
During the review period, total income developed positively. Total income amounted to EUR 45.2 million (40.3), an increase of 12.2 per cent.

Net interest income decreased by 5.0 per cent on the previous year, totalling EUR 21.4 million (22.5). Net interest income increased for retail and corporate customers on the back of volume growth. However, the overall decline in net interest income was attributable to the decrease in interest income from investment activities and the increase in interest expenses from hedging derivatives. Net fee and commission income increased by 15.9 per cent to EUR 17.8 million (15.4). The increase in net fees was attributable to the corporate acquisition carried out in Wealth Management last summer at the end of July, an increase in net subscriptions and favourable market performance. Net income from investing activities amounted to EUR 0.6 million (0.1). Other operating income totalled EUR 5.4 million (2.3). The growth was influenced by revenue from receivables during the review period.

EXPENSES

Operating expenses totalled EUR 33.4 million (30.8) during the period under review. This represents an increase of 8.4 per cent on the previous year. Personnel expenses accounted for EUR 11.9 million (10.4) of operating expenses. The increase was due to new employees joining the company as a result of the acquisition, co-determination talks and capitalised project work. Other administrative expenses were EUR 16.7 million (15.9), the increase being mainly due to an increase in telecommunications and mailing expenses. Depreciation and impairment of tangible and intangible assets amounted to EUR 2.9 million (3.0). Other operating expenses totalled EUR 1.8 million (1.5). Their growth was influenced by increases in government fees, for example.





EXPECTED AND FINAL CREDIT LOSSES

Expected and final credit losses of EUR 6.5 (6.5) million were recognised in the consolidated income statement during the review period. Reversals or recovered credit losses amounted to EUR 1.2 million (0.9). Consequently, the total net effect on profit of expected and actual credit losses was EUR 5.2 million (5.6). The change is explained by an increase in credit loss recoveries. Credit and impairment losses continue to remain at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.

DEPOSITS

Total deposits continued to grow and were EUR 7 098.0 million (6 925.0) at the end of the review period. Deposits repayable on demand were EUR 7 093.5 million (6 920.2) and time deposits EUR 4.5 million (4.7) at the end of the review period.

During the past 12 months, total deposits grew by 14.0 per cent. Deposits by household customers were EUR 6 112.4 million (14.1 per cent) and deposits by corporate customers were EUR 985.6 million (13.5 per cent).

At the close of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 5 710.44 million (5 573.9).

LENDING

Long-term lending growth continued. At the end of the period, the credit portfolio was EUR 5 557.0 million (5 444.4).

During the past 12 months, the credit portfolio grew by 13.0 per cent. Credit to household customers amounted to EUR 4 615.0 million (13.8 per cent), while credit to corporate customers totalled EUR 942.0 million (9.2 per cent).

The housing loan portfolio grew by 15.2 per cent as in the previous year, outperforming the rest of the market.

Deposits (EUR million)	31 Mar 2021	31 Dec 2020	Change from beginning of the year	12-month change
Household customers	6,112.4	5,964.1	2.5%	14.1%
Corporate customers	985.6	960.9	2.6%	13.5%
Total	**7,098.0**	**6,925.0**	**2.5%**	**14.0%**

Lending (EUR m)	31 Mar 2021	31 Dec 2020	Change from beginning of the year	12-month change
Household customers	4,615.0	4,483.1	2.9%	13.8%
Corporate customers	942.0	961.2	-2.0%	9.2%
Total	**5,557.0**	**5,444.4**	**2.1%**	**13.0%**

INVESTING ACTIVITIES

At the end of the period, the bank's debt securities totalled EUR 1 268.4 million compared to EUR 1 228.8 million at the end of 2020. The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 78 per cent (78).

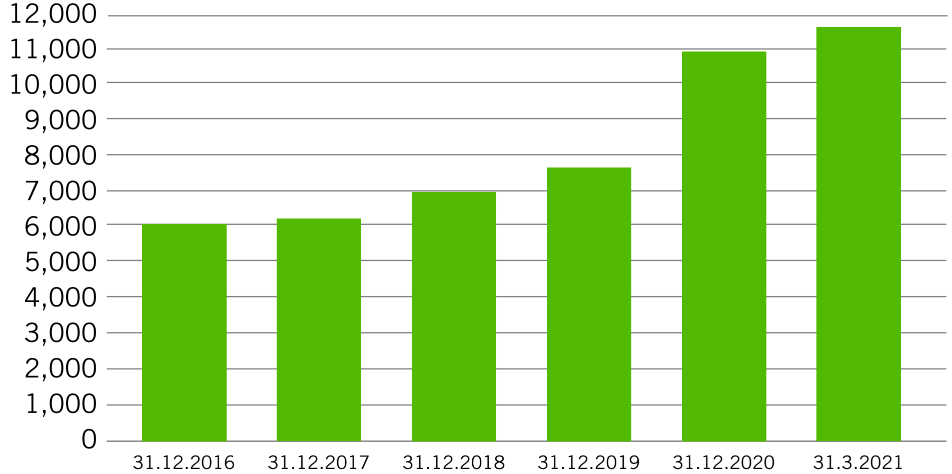
EQUITY

At the end of the review period, S-Bank's equity was EUR 495.5 million, compared with EUR 488.6 million at the end of 2020. The equity ratio was 6.4 per cent, the same as at the end of 2020.

ASSETS UNDER MANAGEMENT

The S-Bank Group's assets under management were EUR 11 452.3 million (10 785.1) at the end of the review period. From the beginning of the year, growth was 6.2 per cent. Of assets under management, the share of fund capital was EUR 7 680.3 million (7 156.4), and the share of wealth management capital was EUR 3 772.0 million (3 628.7). In addition, S-Bank Properties Ltd managed EUR 428.5 million in customer assets, consisting of real estate and joint ventures. Net subscriptions in the S-Bank and FIM mutual funds amounted to EUR 95.5 million (-31.0) in the review period.

ASSETS UNDER MANAGEMENT (MEUR)



BUSINESS OPERATIONS AND RESULT BY SEGMENT

The S-Bank Group's segments are Banking and Wealth Management. Operations that do not fall under these business segments are reported under Other operations. The reporting of business segments is identical to the internal reporting provided to company management.

BANKING

Banking is responsible for the household and corporate customer banking services of the S-Bank Group and their development. The products and services offered by Banking include those for daily banking and the financing of purchases. Banking also includes the Group's treasury.

Operating profit decreased to EUR 9.6 million (7.1) in January–March. Total income increased by 8.7 per cent to EUR 35.5 million (32.7). The growth was influenced by revenue from the sale of receivables during the review period. Expenses increased by 3.3 per cent to EUR 20.7 million (20.0) and impairment on receivables decreased to EUR 5.2 million (5.6).

According to the latest available information, S-Bank's contribution to the increase in the financial institutions' housing loan volume was 13.2 per cent (14.2) in February for the preceding 12-month period. Compared to the market as a whole, the housing loan portfolio grew 4.6-fold in the same period. The number of housing loan applications increased substantially in January–March on the previous year.

The use of S-Etukortti Visa cards developed favourably in January–March despite the worsening of the coronavirus situation. The use of cards increased by 2.9 per cent in euro terms on the previous year in January–March. The average card purchase increased by 11.9 per cent year-on-year.

WEALTH MANAGEMENT

Wealth Management is responsible for production of the S-Bank Group's asset management services, customer relationships and business development. The business offers saving and investing services to household customers under the S-Bank brand. Under the FIM brand, the bank offers private banking services as well as services for institutional investors.

The corporate acquisition concluded with Fennia at the end of July last year had a marked effect on business performance. The operating result rose to EUR 1.7 million (0.7). Total income increased by 37.8 per cent to EUR 9.1 million (6.6). Expenses increased by 25.1 per cent to EUR 7.4 million (5.9). The substantial increase in income and expenses is mainly explained by the above-mentioned acquisition.

Net subscriptions to the S-Bank and FIM funds totalled EUR 95.5 million (-31.0) in January–March. The increase in net subscriptions to the S-Bank and FIM funds was higher than the market average. In the overall market, net subscriptions were EUR 2 664.1 million (-2 794.8) in January–March.

The total number of unit holders in all of the funds under management also grew substantially to approximately 351 000 from approximately 296 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to 3.7 million from 3.3 million one year earlier.

Banking (EUR million)	1–3/2021	1–3/2020	Change
Operating income	35.5	32.7	8.7%
Operating expenses	-20.7	-20.0	3.3%
Impairment of receivables	-5.2	-5.6	-6.3%
Operating profit (loss)	**9.6**	**7.1**	**35.7%**

Wealth Management (EUR million)	1–3/2021	1–3/2020	Change
Operating income	9.1	6.6	37.8%
Operating expenses	-7.4	-5.9	25.1%
Operating profit (loss)	**1.7**	**0.7**	**150.5%**

CALCULATION OF KEY PERFORMANCE INDICATORS

Total incom:

Net interest income + net fee and commission income + other income

Net interest income:

Interest income – interest expenses

Net fee and commission income:

Fee and commission income – fee and commission expenses

Other income:

Net income from investing activities + Other operating income

Cost-to-income ratio:

$$\frac{\text{Personnel expenses + Other administrative expenses + Depreciation and impairment + Other operating expenses (excl. impairment losses)}}{\text{Net interest income + Net fee and commission income + Net investment income + Dividends + Other operating income + Share of the profits of associated companies (net)}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit (loss) for the period}}{\text{Average equity}} \times 100$$

Return on assets (ROA), %:

$$\frac{\text{Profit (loss) for the period}}{\text{Balance sheet total, average}} \times 100$$

Equity ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total}} \times 100$$

Capital adequacy ratio, %:

$$\frac{\text{Total capital}}{\text{Total minimum capital requirement}} \times 8\%$$

Tier 1 capital adequacy ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Total minimum capital requirement}} \times 8\%$$

Leverage ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Balance sheet and off-balance sheet exposures}} \times 100$$

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-BANK GROUP'S RISK POSITION

The most significant risks that can potentially affect profitability, capital adequacy and liquidity are related to business volumes, lending and borrowing margins, general interest rates, economic performance, unfavourable development in credit losses and the cost-efficiency of business operations.

The coronavirus pandemic continued during the review period, but the rapid progress of vaccination programmes around the world has improved the situation and the economic outlook has become brighter despite the restrictive measures taken to combat the virus. Low interest rates have contributed to the continuing high demand for housing loans and the strong trend in housing prices. Despite the pandemic, S-Bank's capital adequacy, liquidity and financial position are on a steady foundation. A new definition of default was introduced as of the beginning of the year, increasing the number of credits rated as defaulted. The change in the definition of default also increased the provision related to expected credit losses together with an increase in the loan portfolio.

The Group's most significant risk types from the perspective of the Pillar 1 minimum regulatory capital requirements are credit risks and operational risks. In addition to calculating Pillar 1 capital requirements, S-Bank also calculates an internal risk-based Pillar 2 capital requirement in order to assess all the material risks related to its operations and to ensure a comprehensive overview of its risk profile.

S-BANK GROUP'S KEY RISK INDICATORS

EUR million	31 Mar 2021	31 Dec 2020
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3,141.4	3,035.2
Credit and counterparty risk, standardised approach	2,835.2	2,729.2
Market risk	0.0	0.0
Operational risk, basic indicator approach	306.0	306.0
Credit valuation adjustment (CVA)	0.2	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	422.5	416.4
Tier 2 (T2) capital	59.5	59.5
Total capital	482.0	475.9
Pillar 1 requirement (%)	12.76%	12.76%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio	13.4%	13.7%
Total capital ratio (%)	15.3%	15.7%
Non-performing loans (NPL)		
NPL ratio (%)*	0.7%	0.6%
Leverage ratio (LR)		
Leverage ratio (%)	5.8%	5.8%
Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank exposures)	5.3%	5.3%
Liquidity coverage ratio (LCR)		
Liquidity Coverage Ratio (%)	143.0%	146.8%
Net stable funding ratio (NSFR)		
Net stable funding ratio (%)	149.7%	151.2%

*The NPL ratio presents the book value of gross non-performing loans in relation to loans and advances (excluding central bank cash and demand deposits).

CREDIT RISK

Credit risk constitutes 90 per cent (EUR 2.8 billion) of S-Bank's total risk (REA=Risk Exposure Amount). The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. The most substantial items requiring capital include exposures secured by mortgages on immovable property, retail exposures and corporate exposures. In the review period, the housing loans of household customers continued to grow particularly strongly. There were no major shifts in the credit portfolio distribution between different credit types during the review period. S-Bank sustains a low credit risk profile in line with its conservative risk appetite, supported by active risk management and monitoring measures.

The new definition of default implemented in January harmonised the concepts of defaulted exposures and non-performing loans. The tightened criteria for the recovery of defaulted exposures are reflected as an increase in the gross carrying amount of non-performing loans to EUR 37.8 million (33.1). The introduction of the new definition of default contributed approximately EUR 2.3 million to the increase in non-performing loans. Due to the increase, the NPL ratio of non-performing loans to loans and advances (excluding central bank cash and demand deposits) rose to the level of 0.66% (0.59). All non-performing loans are household customers' exposures. The delayed effects of the coronavirus pandemic will continue to be reflected in an increase in the number of forbearance measures. Gross forborne exposures totalled EUR 83.2 million (65.8) at the end of the quarter period. Of the on-balance sheet forborne exposures, 86 per cent (84) were performing. The carrying amount of gross performing forborne exposures in relation to loans and advances (excluding central bank cash and demand deposits) rose to 1.3 per cent (1.0 per cent). The corresponding ratio for non-performing forborne exposures remained at 0.2 per cent (0.2 per cent). All forborne exposures are related to household customers.

During the coronavirus pandemic, S-Bank's customers have taken advantage of their contractual repayment holiday options and applied for a record number of repayment holidays. A significant part of the repayment holidays granted ended at the beginning of 2021, and the renewal percentage has been lower than expected. In total, the number of repayment holidays began to decline during the first quarter. The volume of household customer loans subject to repayment holiday or other changes to the payment schedule declined to EUR 574 million (680), representing 12 per cent of total household customer exposure. Repayment holidays are primarily granted to household customers. S-Bank's corporate exposure does not include any specific groups of customers or sectors that would have been offered repayment holidays or changes to their payment schedules.

The accounting of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain an assumption of a change in credit risk. In addition, forward-looking information and the macroeconomic situation are taken into account using the management factor. The management factor, which is confirmed monthly, takes into account the latest available information on the macro effects of the coronavirus pandemic and the uncertainty factors related to model risk and model assumptions. The total ECL provision at the end of the review period was EUR 20.8 million (19.6). The ECL provision increased by EUR 1.2 million during the reporting period, mainly due to the increase in household exposures. The increase in the ECL provision was affected by the introduction of the new definition of default during the review period. As a result of the introduction, the amount of the ECL provision increased by around EUR 1 million. Expected and final credit losses are discussed in the section Result and balance sheet and in the note Impairment of receivables.

MARKET RISK

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the banking business and the investments and funding of the Treasury unit. Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. The economic value risk for items measured at fair value (+100 basis points) was EUR -10.3 million (-9.3). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -9.3 million (-11.6) and the spread risk was EUR -6.4 million (-6.1) at the end of the review period. S-Bank is not significantly exposed to other direct market risks, such as equity, currency or real estate risks.

In addition, market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement processes. S-Bank does not have a trading book and is not subject to the Pillar 1 capital requirement for market risk.

OPERATIONAL RISK

Operational risk accounts for 10 per cent of S-Bank's total risk exposure amount (REA). The basic indicator approach (Pillar 1) is used for calculating the capital requirement for the operational risk. Losses attributable to operational risks realised in the review period were low in comparison to the regulatory capital requirement for operational risk. S-Bank's operational risk profile is materially impacted by system failures and disruptions, fraud and possible deficiencies in services procured from external service providers.

OWN FUNDS AND CAPITAL ADEQUACY

S-Bank's capital adequacy ratio remained stable, exceeding regulatory requirements and the minimum level of risk appetite set by S-Bank's Board of Directors. The total capital adequacy ratio was 15.3 per cent (15.7) at the end of the review period. S-Bank's total risk-weighted assets increased by EUR 106.2 million, mainly due to growth in lending to household customers. S-Bank is adequately capitalised to ensure the continuity of its operations even under the results of stress test analyses. The total amount of own funds at the end of the review period was EUR 482.0 million (475.9).

LIQUIDITY RISK

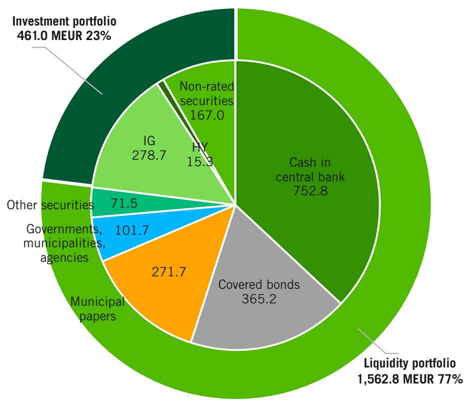
S-Bank's liquidity position was stable and robust during the review period. The liquidity coverage ratio (LCR) was 143 per cent (147). Of the liquidity portfolio, very high-quality level 1 assets amounted to 87 per cent (86) and level 2 assets to 13 per cent (14). The portfolio consists of unencumbered, high-quality liquid assets that can be monetised in a timely fashion. The table, S-Bank's liquidity portfolio, illustrates the distribution of the liquidity buffer or S-Bank's liquidity portfolio by product.

The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The figure below illustrates the structure of the Treasury portfolio at market values at the end of the review period.

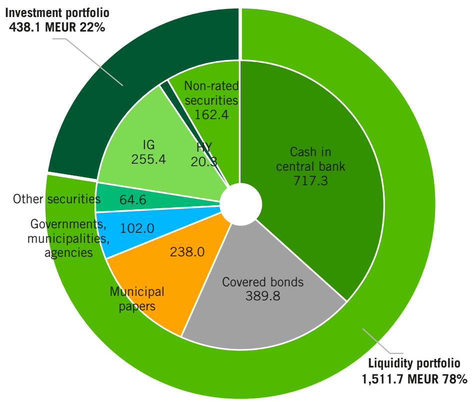
The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 150 per cent (151). The NSFR requirement of the Capital Requirements Regulation is 100 per cent and will enter into force in June 2021.

BREAKDOWN OF THE TREASURY PORTFOLIO BY INVESTMENT INSTRUMENT

31 March 2021



31 Dec 2020



S-BANK'S LIQUIDITY PORTFOLIO

Liquidity portfolio (EUR million)	31 Mar 2021 Market value	31 Mar 2021 Buffer value	31 Dec 2020 Market value	31 Dec 2020 Buffer value
Central bank deposit	752.8	752.8	717.3	717.3
Government, municipal and other public sector bonds	101.7	101.7	102.0	102.0
Covered bonds	365.2	324.4	389.8	347.0
Municipal papers	271.7	271.7	238.0	238.0
Other	71.5	35.7	64.6	32.3
Total	**1,562.8**	**1,486.3**	**1,511.7**	**1,436.6**

LEVERAGE RATIO

S-Bank's leverage ratio (LR) of 5.8 per cent (5.8) was strong and exceeded the regulatory and internal minimum. The leverage ratio requirement of 3 per cent in accordance with the Capital Requirements Regulation will enter into force in June 2021. S-Bank has made use of the Financial Supervisory Authority's decision to temporarily exempt certain central bank exposures from the total leverage ratio exposure as a result of the pandemic caused by the coronavirus. This decision will expire on 27 June 2021. Without the above-mentioned exemption, S-Bank's leverage ratio (LR) was 5.3 per cent (5.3), which exceeded the regulatory and internal minimum.

OWN FUNDS REQUIREMENTS

S-Bank's total capital requirement was 12.76 per cent (12.76) at the end of the review period. The capital requirement consists of the minimum capital requirement, a capital conservation buffer, a countercyclical capital buffer and a discretionary, institution-specific Pillar 2 requirement.

The discretionary Pillar 2 requirement valid at the end of the review period was 2.25 per cent and is valid until 30 September 2021.

The requirement imposed by the Financial Supervisory Authority on 30 January 2018 is based on the interest rate risk of the banking book and the concentration risk of credit risk. On 31 March 2021, the Financial Supervisory Authority set a discretionary Pillar 2 requirement for S-Bank at 1.5 per cent. This requirement enters into force on 30 September 2021 and is valid until 30 September 2024 at the latest.

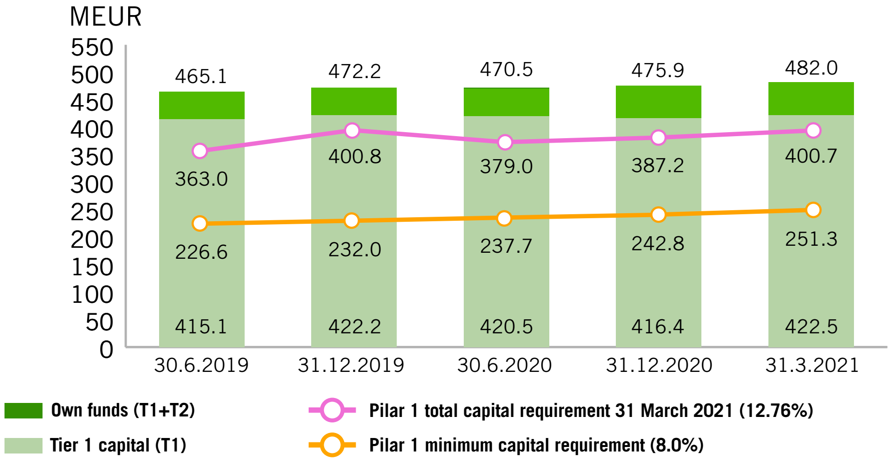
The table S-Bank's total capital requirement on 31 March 2021 (Pillar 1) illustrates the distribution of the total regulatory capital requirement at S-Bank at the end of the review period.

The figure Changes in own funds and capital requirement below presents a summary of the development of the Pillar 1 minimum capital requirement, the total capital requirement and own funds. The systemic risk buffer (1 per cent) entered into force in the second half of 2019 and was removed in the first half of 2020. At the end of the reporting period, the capital buffer was EUR 230.7 million in relation to the Pillar 1 minimum capital requirement (8.0 per cent) and EUR 81.3 million in relation to the Pillar 1 total capital requirement (12.76 per cent).

S-BANK'S TOTAL CAPITAL REQUIREMENT ON 31 MARCH 2021 (PILLAR 1)

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical buffer		Pillar 2 (SREP) additional capital requirement		Capital requirement,	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	141.4	2.5%	78.5	0.01%	0.2	2.25%	70.7	9.26%	290.8
AT1	1.5%	47.1							1.50%	47.1
T2	2.0%	62.8							2.00%	62.8
Total	**8.0%**	**251.3**	**2.5%**	**78.5**	**0.01%**	**0.2**	**2.25%**	**70.7**	**12.76%**	**400.7**

CHANGES IN OWN FUNDS AND CAPITAL REQUIREMENT



CAPITAL ADEQUACY POSITION AND OTHER MATERIAL INFORMATION

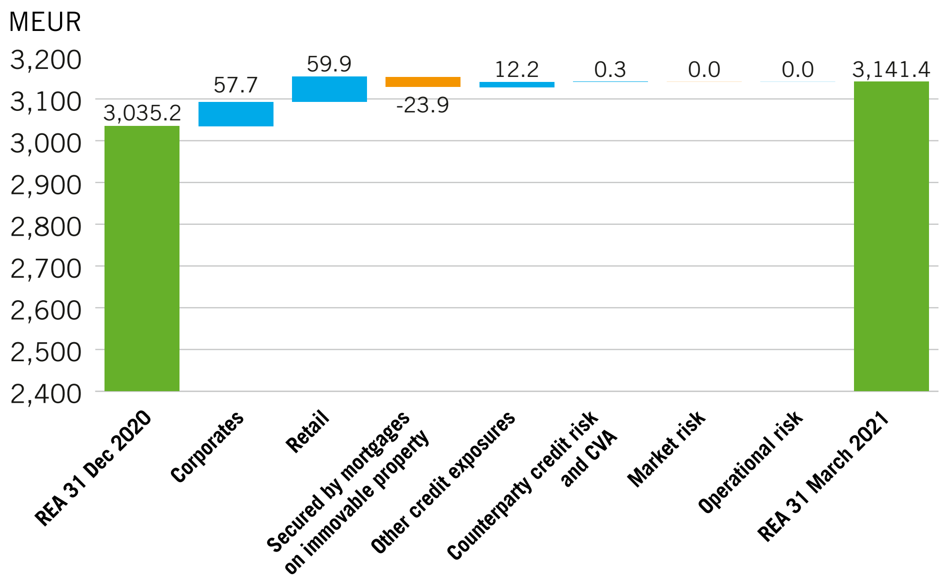
S-Bank's capital adequacy ratio was 15.3 per cent (15.7) at the end of the review period. Own funds increased as a result of the profit for the year and the recovery of the fair value reserve. Overall credit risk exposures increased mainly as a result of the growth of the loan portfolio. S-Bank's Tier 2 capital consists of three debentures with a total nominal value of EUR 59.5 million (59.5) and a maturity of over five years.

The total risk exposure amount increased by EUR 134.9 million, mostly in retail and corporate exposure. During the review period, some exposures were reallocated from the class of exposures secured by mortgages on immovable property to the retail exposure class when S-Bank introduced a new collateral assessment model and process. With the introduction, the values of collateral were updated conservatively, taking into account only decreases in collateral values. The change in total risk exposure amount (REA) by exposure class is presented in the figure Split of changes in risk exposure amount and risk-weighted assets.

SUMMARY OF CAPITAL ADEQUACY INFORMATION

Own funds (EUR million)	31 Mar 2021	31 Dec 2020
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**495.5**	**488.6**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	127.9	122.4
Profit/loss from previous financial periods	122.4	106.7
Profit/loss for the year	5.5	15.7
Fair value reserve	0.9	-0.5
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**73.0**	**72.3**
Intangible assets	71.7	71.0
Value adjustments due to the requirements for prudent valuation	1.3	1.3
Common Equity Tier 1 (CET1) capital	**422.5**	**416.4**
Additional Tier 1 (AT1) capital before deductions	**0.0**	**0.0**
Deductions from Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Tier 1 (T1) capital	**422.5**	**416.4**
Tier 2 (T2) capital before adjustments	**59.5**	**59.5**
Debentures	59.5	59.5
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**59.5**	**59.5**
Total capital	**482.0**	**475.9**
Total capital	482.0	475.9
Minimum requirement for own funds	251.3	242.8
Capital adequacy ratio	**15.3%**	**15.7%**
Tier 1 capital	422.5	416.4
Minimum requirement for own funds	251.3	242.8
Tier 1 capital adequacy ratio	**13.4%**	**13.7%**
Total risk-weighted exposure amounts (RWAs)	**3,141.4**	**3,035.2**
of which credit risk	2,835.2	2,729.2
of which market risk	0.0	0.0
of which operational risk	306.0	306.0
of which risk associated with credit valuation adjustment (CVA)	0.2	0.0
Ratio of CET1 capital to risk-weighted exposure amounts (%)	**13.4%**	**13.7%**
Ratio of Tier 1 capital to risk-weighted exposure amounts (%)	**13.4%**	**13.7%**
Ratio of own funds to risk-weighted exposure amounts (%)	**15.3%**	**15.7%**

SPLIT OF CHANGES IN RISK EXPOSURE AMOUNT AND RISK-WEIGHTED ASSETS



MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

The Financial Stability Authority is the Finnish crisis resolution authority. It is responsible for planning crisis resolution for credit institutions and investment firms. The Financial Stability Authority has decided to issue a Minimum Requirement for own funds and Eligible Liabilities (MREL) to be applied on the level of the S-Bank Group. The Financial Stability Authority decision, issued on 21 April 2020, sets an MREL requirement in relation to liabilities and own funds, and the requirement must be met within the transition period as of 30 June 2021. The full 9.9 per cent requirement will enter into force on 30 June 2022. The Financial Stability Authority will set a new MREL requirement for S-Bank in the second quarter of 2021, which will repeal the current MREL requirement upon its entry into force. The new decision and the associated MREL requirement will enter into force on 1 January 2022 within the transition period. Under the new MREL policy, requirements are set in relation to the total risk exposure amount and leverage ratio exposures. S-Bank will take the necessary measures to cover the MREL requirement within the set timetable.

REPORTING OF RISK AND CAPITAL ADEQUACY INFORMATION

S-Bank complies with its disclosure obligation by publishing information on risks, risk management and capital adequacy in its financial statements. The published information on capital adequacy and risks is always available on S-Bank's website, at www.s-pankki.fi.

The Pillar 3 report (Capital and Risk Management Report) referred to in the EU Capital Requirements Regulation is published in a document separate from the financial statements. The report, as well as information on S-Bank's governance and management systems and on its remuneration systems, are available on S-Bank's website.

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

Fennia Asset Management Ltd was merged into FIM Private Equity Funds Ltd on 1 April 2021.

In April, S-Pankki Vaikuttavuus I GP Oy was registered as a new Group company. The company serves as a general partner in funds managed by FIM Private Equity Funds Ltd. The company does not have any other business activity and is fully owned by FIM Private Equity Funds Ltd.

OUTLOOK FOR THE REST OF THE YEAR

Easing the coronavirus situation will define the entire year. In the coming weeks and months, more and more countries will be able to open their economies as vaccinations reach sufficient coverage. Western countries are generally expected to open up by midsummer, which will boost the economy into very strong growth. Growth will continue to be rapid in the second half of the year and next year.

The economy and investment markets will face challenges as central banks and governments start to scale back the current massive stimulus. In some countries this will begin already this year, but in the euro area, it is likely to begin only next year. The stimulus process will eventually be wound down cautiously and gradually, but it will, nevertheless, test the strength of the recovery and the markets. If the economic outlook begins to fail expectations, the authorities are prepared to continue their stimulus measures.

Strong growth in the economy and by companies will support equities this year. However, price expectations are already high as valuations have risen to high levels as a result of the increases in the past year. As interest rates will remain low, however, demand on the equity and real estate markets will continue to be strong, even though the inflation debate will cause occasional market setbacks.

We expect S-Bank Group’s operating profit for 2021 to remain at the same level as in the previous year. However, despite the positive outlook, there is still uncertainty regarding economic recovery.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 24 March 2021. The Annual General Meeting adopted the financial statements for 2020 and discharged the members of the Board of Directors and the CEO from liability. The meeting elected seven members and three deputy members to the Board of Directors. The meeting elected KPMG Oy Ab as the company's auditor, with Petri Kettunen as the principally responsible auditor.

BOARD OF DIRECTORS

At the Annual General Meeting of S-Bank, the following members were re-elected to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society; Veli-Matti Liimatainen, Managing Director of the Helsinki Cooperative Society Elanto; Jorma Vehviläinen, CFO of SOK; and Erik Valros, CEO of LocalTapiola Uusimaa. In addition, Heli Arantola, the Managing Director of Leipurin Plc, was re-elected as an independent member of the Board. Harri Miettinen, Managing Director of the Kymi Region Cooperative Society, Kim Biskop, CEO of Osuuskauppa KPO, and Pasi Aakula, CEO of LocalTapiola Satakunta, were re-elected as deputy members.

Jari Annala was re-elected as the Chair of the Board. Matti Kiviniemi was re-elected as its Vice Chair.

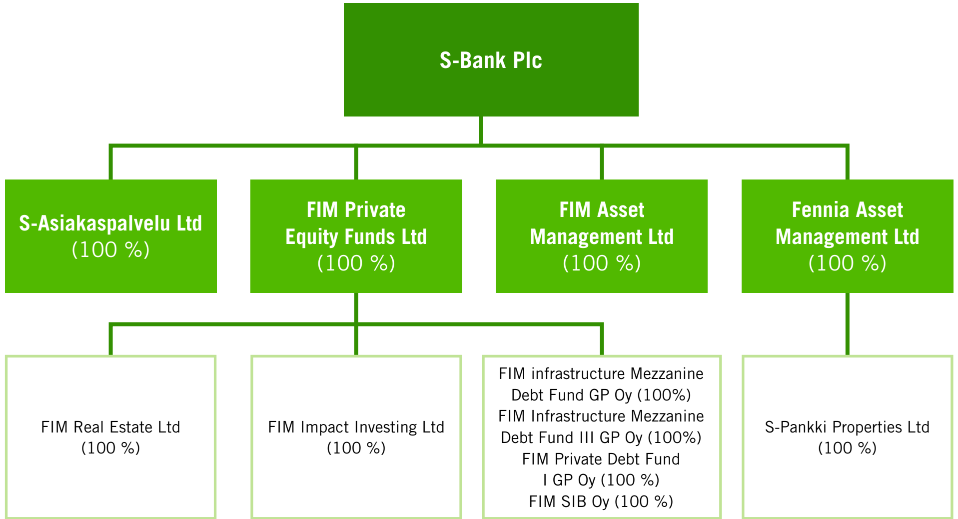
CEO

Pekka Ylihurula is the CEO of S-Bank Plc. Hanna Porkka is the Deputy CEO as of 2 February 2021.

PERSONNEL

At the end of the review period, the S-Bank Group employed a total of 668 people (620). Of these, 515 (503) worked at S-Bank Plc, 64 (43) at the subsidiaries of Wealth Management, and 89 (74) at S-Asiakaspalvelu Oy. The salaries and remunerations paid to personnel at the S-Bank Group totalled EUR 9.8 million (8.4).

CORPORATE STRUCTURE



In the first quarter of 2021, FIM Infrastructure Mezzanine Debt Fund III GP Oy was incorporated into the Group as a new company. The company serves as general partner in a fund managed by FIM Private Equity Funds Ltd. The company does not have any other business activity and is fully owned by FIM Private Equity Funds Ltd.

The name of Fennia Properties Ltd was changed to S-Bank Properties Ltd on 18 January 2021.

In other respects, the corporate structure and the Group companies have been described in greater detail in the financial statements for the year 2020.

INTERIM REPORT TABLES 1 JANUARY – 31 MARCH 2021

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	1–3/2021	1–3/2020
Interest income		24,642	24,390
Interest expenses		-3,244	-1,873
Net interest income	3	21,398	22,517
Fee and commission income		28,913	26,861
Fee and commission expenses		-11,096	-11,484
Net fee and commission income	4	17,817	15,377
Net income from investing activities	5	610	69
Other operating income		5,374	2,324
Total income		**45,199**	**40,287**
Personnel expenses		-11,921	-10,431
Other administrative expenses		-16,720	-15,913
Depreciation and impairment		-2,946	-2,994
Other operating expenses		-1,793	-1,460
Total costs		**-33,380**	**-30,799**
Impairment of receivables	11	-5,240	-5,592
OPERATING PROFIT (LOSS)		**6,579**	**3,896**
Income taxes		-1,069	-1,358
Profit (loss) for the period		**5,509**	**2,538**
Of which:			
To the parent company's shareholders		5,509	2,538
TOTAL		**5,509**	**2,538**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	1–3/2021	1–3/2020
PROFIT (LOSS) FOR THE PERIOD		**5,509**	**2,538**
Other comprehensive income items:			
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		1,678	-17,251
Tax effect		-360	3,467
Items that may be reclassified subsequently to profit or loss		**1,318**	**-13,784**
Other comprehensive income items, after taxes		**1,318**	**-13,784**
COMPREHENSIVE INCOME, TOTAL		**6,827**	**-11,246**
Of which:			
To the parent company's shareholders		6,827	-11,246
COMPREHENSIVE INCOME, TOTAL		**6,827**	**-11,246**

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets				
Cash and cash equivalents	6, 7, 8, 9	792,000	775,734	690,352
Debt securities eligible for refinancing with central banks	6, 7, 8, 9	695,972	721,541	778,096
Receivables from credit institutions	6, 7, 8, 9	29,231	33,863	30,370
Receivables from customers	6, 7, 8, 9	5,557,030	5,444,362	4,919,472
Debt securities	6, 7, 8, 9, 10	572,378	507,288	358,846
Derivatives	6, 7, 8, 9	27	0	400
Shares and interests	6, 7	28,555	28,126	25,928
Holdings in associated companies		2	2	8
Intangible assets		71,662	70,995	49,984
Tangible assets		10,134	10,720	4,387
Tax assets		2,372	1,597	6,731
Prepayments and accrued income		28,015	25,060	24,161
Other assets		4,514	6,064	2,052
Total assets		**7,791,891**	**7,625,351**	**6,890,788**

(EUR '000)	Note	31 Mar 2021	31 Dec 2020	31 Mar 2020
Liabilities				
Liabilities to credit institutions	6, 7, 8, 9	25	0	0
Liabilities to customers	6, 7, 8, 9	7,136,436	6,976,500	6,268,071
Subordinated debts	6, 7, 8, 9	59,500	59,500	50,000
Derivatives	6, 7, 8, 9	14,063	16,157	17,499
Provisions		397	397	302
Tax liabilities		6,615	6,345	6,270
Accrued expenses		30,019	30,547	25,394
Other liabilities		49,364	47,260	61,931
Total liabilities		**7,296,420**	**7,136,707**	**6,429,469**
Equity				
Share capital		82,880	82,880	82,880
Reserves		284,684	283,366	269,252
Retained earnings		127,906	122,397	109,187
Parent company's shareholders		**495,471**	**488,644**	**461,319**
Total equity		**495,471**	**488,644**	**461,319**
Liabilities and equity, total		**7,791,891**	**7,625,351**	**6,890,788**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to parent company shareholders				
(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2020	**82,880**	**283,828**	**-792**	**106,921**	**472,838**
Comprehensive income					
Profit (loss) for the period				2,538	2,538
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			-13,784	0	-13,784
Comprehensive income, total	**0**	**0**	**-13,784**	**2,538**	**-11,246**
Other changes	0	0	0	-272	-272
TOTAL EQUITY 31 MAR 2020	**82,880**	**283,828**	**-14,576**	**109,187**	**461,319**

(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
	Equity attributable to parent company shareholders				
EQUITY 1 JAN 2020	**82,880**	**283,828**	**-792**	**106,921**	**472,838**
Comprehensive income					
Profit/loss for the period				15,670	15,670
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			106	0	106
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			224	0	224
Remeasurements of defined benefit plans				-149	-149
Comprehensive income, total	**0**	**0**	**330**	**15,521**	**15,851**
Other changes	0	0	0	-45	-45
TOTAL EQUITY 31 DEC 2020	**82,880**	**283,828**	**-462**	**122,397**	**488,644**

(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
	Equity attributable to parent company shareholders				
EQUITY 1 JAN 2021	**82,880**	**283,828**	**-462**	**122,397**	**488,644**
Comprehensive income					
Profit (loss) for the period				5,509	5,509
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			1,318	0	1,318
Comprehensive income, total	**0**	**0**	**1,318**	**5,509**	**6,827**
TOTAL EQUITY 31 MAR 2021	**82,880**	**283,828**	**856**	**127,906**	**495,471**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	1–3/2021	1–3/2020
Profit (loss) for the period		**5,509**	**2,538**
Depreciation and impairment		2,946	2,994
Credit losses	2	6,608	6,449
Other non-payment income and expenses		-373	631
Income taxes		1,069	1,358
Adjustments for financial income and expenses		836	1,466
Adjustments, total		11,086	12,898
Cash flows before changes in operating receivables and liabilities		**16,595**	**15,436**
Increase/decrease in operating assets (- / +)			
Receivables from credit institutions, other than repayable on demand		2,037	3,651
Receivables from customers		-119,294	-145,882
Investment assets		-39,789	-71,390
Other assets		-2,442	2,461
Total increase/decrease in operating assets		**-159,488**	**-211,160**
Increase / decrease in operating liabilities (+ / -)			
Liabilities to credit institutions		25	0
Liabilities to customers		159,936	267,246
Other liabilities		2,072	20,646
Total increase / decrease in operating liabilities		**162,034**	**287,891**
Taxes paid		-1,943	-2,333
Cash flows from operating activities		**17,197**	**89,835**

(EUR '000)	Note	1–3/2021	1–3/2020
Cash flows from investing activities			
Investments in tangible and intangible assets		-2,829	-2,414
Impairment of tangible and intangible assets		0	140
Cash flows from investing activities		**-2,829**	**-2,274**
Cash flows from financing activities			
Repayment of lease liabilities		-710	-502
Dividends paid		0	-272
Cash flows from financing activities		**-710**	**-774**
Difference in cash and cash equivalents		**13,658**	**86,786**
Cash and cash equivalents, opening balance sheet		783,408	608,741
Difference in cash and cash equivalents		13,658	86,786
Impact of changes in exchange rates		13	-27
Cash and cash equivalents consist of the following items			
Cash and cash equivalents	16	792,000	690,352
Repayable on demand		5,079	5,149
Cash and cash equivalents		**797,079**	**695,501**
Interest paid		**-3,231**	**-1,242**
Interest received		**25,436**	**25,458**

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	1–3/2021	1–3/2020
Interest income	24,642	24,991	25,170	24,605	24,390	24,642	24,390
Interest expenses	-3,244	-3,434	-2,210	-2,306	-1,873	-3,244	-1,873
Net interest income	21,398	21,556	22,960	22,299	22,517	21,398	22,517
Fee and commission income	28,913	29,706	27,578	24,125	26,861	28,913	26,861
Fee and commission expenses	-11,096	-8,894	-11,175	-9,698	-11,484	-11,096	-11,484
Net fee and commission income	17,817	20,812	16,403	14,427	15,377	17,817	15,377
Net income from investing activities	610	353	567	2,190	69	610	69
Other operating income	5,374	8,476	2,127	1,396	2,324	5,374	2,324
Total income	**45,199**	**51,197**	**42,057**	**40,312**	**40,287**	**45,199**	**40,287**
Personnel expenses	-11,921	-13,500	-11,895	-9,062	-10,431	-11,921	-10,431
Other administrative expenses	-16,720	-17,152	-14,535	-17,165	-15,913	-16,720	-15,913
Depreciation and impairment	-2,946	-3,823	-3,447	-3,158	-2,994	-2,946	-2,994
Other operating expenses	-1,793	-1,785	-1,840	-1,012	-1,460	-1,793	-1,460
Total costs	**-33,380**	**-36,260**	**-31,716**	**-30,396**	**-30,799**	**-33,380**	**-30,799**
Impairment of receivables	-5,240	-6,610	-4,265	-7,166	-5,592	-5,240	-5,592
Share of the profits of associated companies	0	2	0	-3	0	0	0
OPERATING PROFIT (LOSS)	**6,579**	**8,329**	**6,077**	**2,746**	**3,896**	**6,579**	**3,896**
Income taxes	-1,069	-2,175	-1,176	-669	-1,358	-1,069	-1,358
PROFIT (LOSS) FOR THE PERIOD	**5,509**	**6,154**	**4,901**	**2,077**	**2,538**	**5,509**	**2,538**
Of which:							
To the parent company's shareholders	5,509	6,154	4,901	2,077	2,538	5,509	2,538
TOTAL	**5,509**	**6,154**	**4,901**	**2,077**	**2,538**	**5,509**	**2,538**

Consolidated comprehensive income statement

(EUR '000)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	1–3/2021	1–3/2020
PROFIT (LOSS) FOR THE PERIOD	**5,509**	**6,154**	**4,901**	**2,077**	**2,538**	**5,509**	**2,538**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	12	-198	0	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	288	0	0	0	0	0
Tax effect	0	-66	40	0	0	0	0
Items that will not be reclassified to profit or loss	**0**	**234**	**-159**	**0**	**0**	**0**	**0**
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	1,678	3,296	4,355	9,703	-17,251	1,678	-17,251
Tax effect	-360	-648	-875	-1,942	3,467	-360	3,467
Items that may be reclassified subsequently to profit or loss	**1,318**	**2,648**	**3,480**	**7,761**	**-13,784**	**1,318**	**-13,784**
Other comprehensive income items, after taxes	**1,318**	**2,882**	**3,322**	**7,761**	**-13,784**	**1,318**	**-13,784**
COMPREHENSIVE INCOME, TOTAL	**6,827**	**9,036**	**8,222**	**9,839**	**-11,246**	**6,827**	**-11,246**
Of which:							
To the parent company's shareholders	4,115	9,036	8,222	9,839	-11,246	6,827	-11,246
COMPREHENSIVE INCOME, TOTAL	**4,115**	**9,036**	**8,222**	**9,839**	**-11,246**	**6,827**	**-11,246**

Key figures

(EUR million)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	1–3/2021	1–3/2020
Net interest income	21.4	21.6	23.0	22.3	22.5	21.4	22.5
Net fee and commission income	17.8	20.8	16.4	14.4	15.4	17.8	15.4
Total income	45.2	51.2	42.1	40.3	40.3	45.2	40.3
Operating profit	6.6	8.3	6.1	2.7	3.9	6.6	3.9
Cost-to-income ratio	0.74	0.74	0.77	0.76	0.74	0.74	0.74

(EUR million)	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31.3.2021	31.12.2020
Liabilities to customers, deposits	7,098.0	6,925.0	6,721.4	6,473.5	6,225.4	7,098.0	6,925.0
Receivables from customers, lending	5,557.0	5,444.4	5,298.1	5,124.2	4,919.5	5,557.0	5,444.4
Debt securities	1,268.4	1,228.8	1,301.4	1,302.0	1,136.9	1,268.4	1,228.8
Equity	495.5	488.6	479.4	471.2	461.3	495.5	488.6
Expected credit losses (ECL)	20.8	19.6	19.3	20.2	18.9	20.8	19.6
Assets under management	11,452.3	10,785.1	9,770.7	8,387.5	8,068.8	11,452.3	10,785.1
Return on equity	3.9%	3.3%	3.0%	3.3%	4.5%	3.9%	3.3%
Return on assets	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%	0.2%
Equity ratio	6.4%	6.4%	6.5%	6.6%	6.7%	6.4%	6.4%
Capital adequacy ratio	15.3%	15.7%	15.1%	15.8%	15.8%	15.3%	15.7%

SEGMENT REPORT

The S-Bank Group's operating segments are Banking and Wealth Management. Operations that do not fall under these business segments are reported under Other operations. The Group reports segment data in accordance with the IFRS 8 Operating Segments standard. The reporting of business segments is identical to the internal reporting provided to company management. The S-Bank Group's highest executive decision-maker is the Group Management Team.

Banking is responsible for the household and corporate customer banking services of the S-Bank Group and their development. The products and services offered by Banking include those for daily banking and the financing of purchases. Banking also includes the Group's treasury.

Wealth Management is responsible for production of the S-Bank Group's asset management services, customer relationships and business development. The business offers saving and investing services to household customers under the S-Bank brand. Under the FIM brand, the bank offers private banking services as well as services for institutional investors.

Income statement 1 Jan–31 Dec 2021 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	21,440	-38	-4		21,398
Net fee and commission income	8,854	9,029	-67		17,817
Net income from investing activities	597	6	7		610
Other operating income	4,656	80	2,640	-2,002	5,374
Total income	**35,547**	**9,078**	**2,576**	**-2,002**	**45,199**
Total costs *	**-20,662**	**-7,403**	**-7,318**	**2,002**	**-33,380**
Impairment of receivables	-5,239		-1		-5,240
Operating profit (loss)	**9,646**	**1,675**	**-4,743**	**0**	**6,579**

External income from Banking was EUR 35 492 thousand and from Wealth Management EUR 9 030 thousand.

Income statement 1 Jan–31 Dec 2020 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	22,536	-12	-7		22,517
Net fee and commission income	8,645	6,506	226		15,377
Net income from investing activities	55	28	-14		69
Other operating income	1,464	64	2,634	-1,838	2,324
Total income	**32,700**	**6,587**	**2,839**	**-1,838**	**40,287**
Total costs *	**-19,998**	**-5,918**	**-6,721**	**1,838**	**-30,799**
Impairment of receivables	-5,592				-5,592
Operating profit (loss)	**7,110**	**669**	**-3,883**	**0**	**3,896**

External income from Banking was EUR 32 662 thousand and from Wealth Management EUR 6 546 thousand.

* Net expenses of support and headquarter functions are allocated from Other activities to the Banking and Wealth Management business segments. This cost allocation is included in the segments' item Total costs.

Other activities include Group support and headquarter functions. A majority of the net expenses of the support and headquarters functions are allocated in the Banking and Wealth Management business segments. This cost allocation is included in the segments' item Total costs. The result of Other activities consists of items not allocated to the segments.

The most significant individual item under Other activities is depreciation, which is primarily the result of the harmonisation of the computer systems and processes of the S-Bank Group. Other activities also include common costs, such as those relating to financial statements, auditing, the Board of Directors and General Meetings, as well as those of the management, including the CEO, in support and headquarter functions. In addition, the income and expenses of functions subject to restructuring are allocated to Other activities.

Balance sheet 31 Dec 2021 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Group, total**
Receivables from customers	5,557,030			5,557,030
Liquid and investment assets of banking	2,118,163			2,118,163
Intangible and tangible assets	2,113	34,463	45,222	81,798
Cash and other assets	12,270	8,810	13,821	34,901
Total assets	**7,689,575**	**43,273**	**59,043**	**7,791,891**
Banking liabilities	7,210,025			7,210,025
Provisions and other liabilities	37,251	9,201	39,943	86,395
Equity			495,471	495,471
Liabilities and equity, total	**7,247,277**	**9,201**	**535,414**	**7,791,891**

Balance sheet 31 Dec 2020 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Group, total**
Receivables from customers	5,444,362			5,444,362
Liquid and investment assets of banking	2,066,552			2,066,552
Intangible and tangible assets	3,321	34,548	43,848	81,717
Cash and other assets	12,199	6,927	13,594	32,720
Total assets	**7,526,433**	**41,475**	**57,442**	**7,625,351**
Banking liabilities	7,052,157			7,052,157
Provisions and other liabilities	33,985	6,572	43,994	84,550
Equity			488,644	488,644
Liabilities and equity, total	**7,086,142**	**6,572**	**532,638**	**7,625,351**

Material customer business items, and also the tangible and intangible commodities of the business segments together with associated lease liabilities, are allocated to Banking and Wealth Management in the balance sheet. The remaining balance sheet items, including equity, are allocated to Other activities.

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	1–3/2021	1–3/2020
Net interest income	21,440	21,608	22,993	22,329	22,536	21,440	22,536
Net fee and commission income	8,854	11,110	8,988	9,690	8,645	8,854	8,645
Net income from investing activities	597	316	538	2,182	55	597	55
Other operating income	4,656	7,996	1,211	912	1,464	4,656	1,464
Total income	**35,547**	**41,030**	**33,730**	**35,112**	**32,700**	**35,547**	**32,700**
Total costs *	**-20,662**	**-23,575**	**-19,780**	**-20,679**	**-19,998**	**-20,662**	**-19,998**
Impairment of receivables	-5,239	-6,608	-4,265	-7,166	-5,592	-5,239	-5,592
Operating profit (loss)	**9,646**	**10,847**	**9,686**	**7,266**	**7,110**	**9,646**	**7,110**

S-Asiakaspalvelu Oy's operations, which were previously included in Banking, have been included in Other operations since the beginning of 2021. The change decreased income from banking operations by approximately EUR 6.2 million and expenses by approximately EUR 5.9 million in 2020 and had a negative effect on Banking's profit by the amount of S-Asiakaspalvelu Oy's profit. The above-mentioned income and expenses are mainly within the Group.

Wealth Management (EUR '000)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	1–3/2021	1–3/2020
Net interest income	-38	-40	-19	-17	-12	**-38**	-12
Net fee and commission income	9,029	9,787	7,554	4,713	6,506	9,029	6,506
Net income from investing activities	6	38	35	9	28	6	28
Other operating income	80	87	3	123	64	80	64
Total income	**9,078**	**9,872**	**7,573**	**4,828**	**6,587**	**9,078**	**6,587**
Total costs *	**-7,403**	**-8,485**	**-6,933**	**-5,545**	**-5,918**	**-7,403**	**-5,918**
Impairment of receivables	0	-2	0	0	0	0	0
Operating profit (loss)	**1,675**	**1,385**	**640**	**-717**	**669**	**1,675**	**669**

NOTES TO THE INTERIM REPORT

NOTE 1: BASIC INFORMATION

The S-Bank Group consists of S-Bank Plc and its subsidiaries. S-Bank is a deposit bank that engages in credit institution operations pursuant to the Finnish Act on Credit Institutions (610/2014). The bank engages in the operations and related activities referred to in Chapter 5, section 1, of the above-mentioned Act, as well as offering investment services pursuant to Chapter 1, section 15, of the Act on Investment Services (747/2012). As the parent company, S-Bank performs such tasks of the Group companies that must be carried out in a centralised manner, such as the Group's administration, guidance and supervision.

S-Bank's headquarters are located at Fleminginkatu 34, FI-00510 Helsinki, Finland.

NOTE 2: ACCOUNTING POLICIES

ACCOUNTING POLICIES USED IN THE PREPARATION OF THE INTERIM REPORT

The 1 January–31 March 2021 interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The figures in the tables of the interim report are presented in thousands of euros unless otherwise is indicated. Since the figures have generally been rounded and do not include decimals, the sums of individual figures in euros may differ from the total figures presented in the report. The interim report has not been audited.

The interim year report complies with the accounting policies presented in the 2020 financial statements.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND THE KEY UNCERTAINTIES ASSOCIATED WITH ESTIMATES

The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. In addition, a management factor is used in the calculation of expected credit loss. The factor takes into account the uncertainties surrounding models and their underlying assumptions as well as model risk in addition to the macroeconomic situation. The management factor, which is confirmed monthly, takes into account the latest available information on the effects of the coronavirus pandemic on the macroeconomic situation and the underlying model assumptions.
Goodwill impairment testing includes management estimates of future business performance. The impairment testing of goodwill is described in more detail in the previous financial statements.

Discretion has been applied to estimate the end-dates of premise leases in order to recognise the leases in accordance with the IFRS 16 standard. Information on leases has been presented in more detail in the previous financial statements.

NOTE 3: NET INTEREST INCOME

	1–3/2021	1–3/2020
Interest income		
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	562	1,007
Receivables from credit institutions	0	0
Receivables from customers	23,422	22,407
Debt securities		
measured at fair value through other comprehensive income	759	935
measured at fair value through profit or loss	-102	20
Derivatives	0	9
Other interest income	0	12
Total interest income using the effective interest method	24,743	24,349
Other interest income	-102	41
Interest income, total	**24,642**	**24,390**
Interest income from stage 3 financial assets	411	330
Interest expenses		
Liabilities to credit institutions	-352	-118
Liabilities to customers	-1,066	-960
Derivatives	-1,538	-572
Subordinated debts	-281	-215
Other interest expenses	0	-3
Interest expenses on leases	-7	-6
Total interest expenses using the effective interest method	-1,699	-1,293
Other interest expenses	-1,545	-581
Interest expenses, total	**-3,244**	**-1,873**
NET INTEREST INCOME	**21,398**	**22,517**
Of which negative interest income	0	0
Of which negative interest expenses	-194	-130

NOTE 4: NET FEE AND COMMISSION INCOME

	1–3/2021	1–3/2020
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	6,313	6,688
From borrowing	525	664
From payment transactions	3,239	2,912
From legal duties	83	83
From insurance brokerage	340	283
From issuance of guarantees	11	24
Total fee and commission income from Banking	10,511	10,655
Total fee and commission income from Wealth Management		
From funds	16,271	14,802
From wealth management	1,042	702
Total fee and commission income from Wealth Management	17,313	15,504
Fee and commission income from other activities		
From securities brokerage	34	402
Other fee and commission income	1,053	300
Total fee and commission income from other activities	1,088	702
Total fee and commission income	**28,913**	**26,861**
Fee and commission expenses		
From funds	-8,655	-8,669
From wealth management	-66	-178
From securities brokerage	-333	-406
From card business	-1,736	-2,137
Banking fees	-109	-22
Other expenses	-196	-71
Fee and commission expenses, total	**-11,096**	**-11,484**
Net fee and commission income	**17,817**	**15,377**

NOTE 5: NET INCOME FROM INVESTING ACTIVITIES

	1–3/2021	1–3/2020
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	12	26
Changes in fair value	-32	63
Shares and interests		
Capital gains and losses	12	-78
Changes in fair value	370	-759
Derivatives		
Capital gains and losses	0	247
Changes in fair value	23	246
Net income from financial assets measured at fair value through profit or loss, total	**385**	**-254**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	129	390
Other income and expenses	-4	-3
Shares and interests		
Capital gains and losses	139	12
Net income from financial assets measured at fair value through other comprehensive income, total	**264**	**398**
Net income from currency operations	**82**	**-6**
Net income from hedge accounting		
Net result from hedging instruments	2,097	-1,110
Net result from hedged items	-2,217	1,041
Net income from hedge accounting	**-120**	**-69**
Net income from investing activities, total	**610**	**69**

Changes in the fair value of hedged items attributable to the hedged risk are recognised in the income statement under Net income from hedge accounting. Changes in the fair value not attributable to the hedged risk are recognised in the fair value reserve. Changes in the fair value of the hedging items included in hedge accounting are recognised in the income statement under Net income from hedge accounting. When hedging is effective, the changes in the fair value offset each other and the net result is close to zero.

NOTE 6: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets, 31 Mar 2021	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	792,000				792,000
Debt securities eligible for refinancing with central banks		695,972			695,972
Receivables from credit institutions	29,231				29,231
Receivables from customers	5,557,030				5,557,030
Debt securities		208,214	364,164		572,378
Derivatives				27	27
Shares and interests		821	27,734		28,555
Total	**6,378,261**	**905,007**	**391,898**	**27**	**7,675,193**

Classes of financial liabilities, 31 Mar 2021	Amortised cost	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Liabilities to credit institutions	25			25
Liabilities to customers	7,136,436			7,136,436
Subordinated debts	59,500			59,500
Derivatives		9	14,054	14,063
Lease liabilities	8,916			8,916
Total	**7,204,877**	**9**	**14,054**	**7,218,941**

Classes of financial assets, 31 Dec 2020	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	775,734				775,734
Debt securities eligible for refinancing with central banks		721,541			721,541
Receivables from credit institutions	33,863				33,863
Receivables from customers	5,444,362				5,444,362
Debt securities		184,769	322,519		507,288
Derivatives				0	0
Shares and interests		765	27,360		28,126
Total	**6,253,959**	**907,076**	**349,879**	**0**	**7,510,914**

Classes of financial liabilities, 31 Dec 2020	Amortised cost	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Liabilities to credit institutions	0			0
Liabilities to customers	6,976,500			6,976,500
Subordinated debts	59,500			59,500
Derivatives		32	16,125	16,157
Lease liabilities	9,437			9,437
Total	**7,045,437**	**32**	**16,125**	**7,061,594**

NOTE 7: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments according to valuation method

Financial assets, fair values 31 Mar 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	792,000	0	792,000	792,000
Receivables from credit institutions	0	29,221	0	29,221	29,231
Receivables from customers	0	5,976,317	0	5,976,317	5,557,030
Total	**0**	**6,797,538**	**0**	**6,797,538**	**6,378,261**
Financial assets measured at fair value through profit or loss					
Debt securities	0	364,164	0	364,164	364,164
Derivatives	0	27	0	27	27
Shares and interests	14,724	13,010	0	27,734	27,734
Total	**14,724**	**377,201**	**0**	**391,925**	**391,925**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	697,556	0	0	697,556	695,972
Debt securities	204,311	5,069	0	209,380	208,214
Shares and interests	0	600	222	821	821
Total	**901,867**	**5,669**	**222**	**907,757**	**905,007**
Fair values of assets, total	**916,591**	**7,180,408**	**222**	**8,097,221**	**7,675,193**

Financial assets, fair values 31 Dec 2020	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	775,734	0	775,734	775,734
Receivables from credit institutions	0	33,853	0	33,853	33,863
Receivables from customers	0	5,890,630	0	5,890,630	5,444,362
Total	**0**	**6,700,216**	**0**	**6,700,216**	**6,253,959**
Financial assets measured at fair value through profit or loss					
Debt securities	0	322,519	0	322,519	322,519
Derivatives	0	0	0	0	0
Shares and interests	14,417	12,942	1	27,360	27,360
Total	**14,417**	**335,461**	**1**	**349,879**	**349,879**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	723,634	0	0	723,634	721,541
Debt securities	186,363	0	0	186,363	184,769
Shares and interests	0	549	217	765	765
Total	**909,998**	**549**	**217**	**910,763**	**907,076**
Fair values of assets, total	**924,415**	**7,036,225**	**218**	**7,960,858**	**7,510,914**

Fair values of financial liabilities at 31 Mar 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	25	0	25	25
Liabilities to customers	0	7,206,886	0	7,206,886	7,136,436
Subordinated debts	0	60,660	0	60,660	59,500
Total	**0**	**7,267,571**	**0**	**7,267,571**	**7,195,962**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	14,063	0	14,063	14,063
Total	**0**	**14,063**	**0**	**14,063**	**14,063**

Fair values of financial liabilities at 31 Dec 2020	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	0	0	0	0
Liabilities to customers	0	7,050,404	0	7,050,404	6,976,500
Subordinated debts	0	60,094	0	60,094	**59,500**
Total	**0**	**7,110,498**	**0**	**7,110,498**	**7,036,000**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	16,157	0	16,157	16,157
Total	**0**	**16,157**	**0**	**16,157**	**16,157**

The fair value of a financial instrument is determined on the basis of prices quoted in active markets, or by using measurement methods that are generally accepted in the markets. The fair values of certificates of deposit, commercial papers and derivative contracts (excluding futures) are determined by discounting future cash flows to the present value and applying market interest rates on the closing date. Bonds, investment funds units and futures are measured at market value. Financial assets measured at fair value are measured using the bid price, while financial liabilities at fair value are measured using the ask price.

Financial assets and liabilities measured at fair value are divided into three categories according to the method of determining fair value. Level 1 fair values are determined using the quoted, unadjusted prices of completely identical financial assets and liabilities in an active market. Level 2 fair values are determined using generally accepted valuation models in which the input data is, to a significant extent, based on verifiable market information. Level 3 market prices are based on input data concerning an asset or liability that is not based on verifiable market information but, to a significant extent, on the management's estimates.

TRANSFERS BETWEEN LEVELS 1 AND 2

Transfers between levels occur when there is evidence that market assumptions have changed, including when instruments are no longer actively traded. No transfers between levels 1 and 2 took place during the period.

Changes at level 3	Shares and interests
Shares and interests, carrying amount 1 Jan 2021	218
Purchases	4
Other changes	0
Shares and interests, carrying amount 31 Mar 2021	**222**

The value of level 3 financial instruments recognised at fair value include the instruments whose fair value is estimated using valuation methods that are entirely or partly based on non-verifiable market values and prices.

NOTE 8: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	31 Mar 2021 Nominal value	31 Mar 2021 Positive fair value	31 Mar 2021 Negative fair value	31 Dec 2020 Nominal value	31 Dec 2020 Positive fair value	31 Dec 2020 Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	561,200	27	-14,054	571,200	0	-16,125
Total interest rate derivatives designated for hedge accounting	**561,200**	**27**	**-14,054**	**571,200**	**0**	**-16,125**
For non-hedging purposes						
Interest rate derivatives						
Options, bought	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Interest rate swaps	130,000	0	-9	140,000	0	-32
Total interest rate derivatives, other than for hedging purposes	**130,000**	**0**	**-9**	**140,000**	**0**	**-32**
Total derivatives	**691,200**	**27**	**-14,063**	**711,200**	**0**	**-16,157**

Maturities of derivatives	31 Mar 2021 less than one year	31 Mar 2021 1–5 years	31 Mar 2021 over 5 years	31 Mar 2021 Total	31 Dec 2020 less than one year	31 Dec 2020 1–5 years	31 Dec 2020 over 5 years	31 Dec 2020 Total
Designated for hedge accounting								
Interest rate derivatives	90,000	454,000	17,200	**561,200**	40,000	524,000	7,200	**571,200**
For non-hedging purposes								
Interest rate derivatives	60,000	70,000	0	**130,000**	70,000	70,000	0	**140,000**
Total derivatives	**150,000**	**524,000**	**17,200**	**691,200**	**110,000**	**594,000**	**7,200**	**711,200**

Changes in the fair value of hedged items attributable to the hedged risk are recognised in the income statement under Net income from hedge accounting. Changes in the fair value not attributable to the hedged risk are recognised in the fair value reserve. Changes in the fair value of the hedging items included in hedge accounting are recognised in the income statement under Net income from hedge accounting. When hedging is effective, the changes in fair value offset each other and the net result is close to zero.

31 Mar 2021	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	561,200	0	-14,028	Derivatives and other liabilities subject to trading	2,097
Hedging derivatives, total	**561,200**	**0**	**-14,028**		**2,097**

31 Mar 2021	Carrying amount		Cumulative change in balance sheet value			
	Assets	Liabilities	Assets	Liabilities	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedged item						
Debt securities	847,902	0	14,010	0	Debt securities	-2,217
Hedged items, total	**847,902**	**0**	**14,010**	**0**		**-2,217**

The following table shows the change in the fair value of the hedged item and hedging instrument, i.e. the ineffective portion of the hedge.

31 Mar 2021		Profit / loss on hedging relationship			
Hedged item	Hedging instrument	Hedged item	Hedging instrument	Ineffective portion of hedging relationship	Income statement line to which the ineffective portion is booked
Debt securities	Interest rate derivatives	-2,217	2,097	-120	Net income from investment operations: net result of hedge accounting

31 Dec 2020	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	571,200	0	-16,125	Derivatives and other liabilities subject to trading	-265
Hedging derivatives, total	**571,200**	**0**	**-16,125**		**-265**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2020	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item i ncluding the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	855,433	0	16,110	0	Debt securities	453
Hedged items, total	**855,433**	**0**	**16,110**	**0**		**453**

The following table shows the change in the fair value of the hedged item and hedging instrument, i.e. the ineffective portion of the hedge.

31 Dec 2020		Profit / loss on hedging relationship			
Hedged item	**Hedging instrument**	**Hedged item**	**Hedging instrument**	**Ineffective portion of hedging relationship**	**Income statement line to which the ineffective portion is booked**
Debt securities	Interest rate derivative	453	-265	188	Net income from investment operations: Net income from hedge accounting

NOTE 9: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 6.5 (6.5) million were recognised in the consolidated income statement during the reporting period. Reversals or recovered credit losses amounted to EUR 1.2 million (0.9). Consequently, the total net effect on profit of expected and actual credit losses was EUR 5.2 million (5.6). Credit and impairment losses are within the risk appetite limits adopted by the S-Bank Board of Directors.

EXPECTED CREDIT LOSSES AND IMPAIRMENT LOSSES RECOGNISED DURING THE PERIOD

Expected credit losses and impairment losses (EUR ’000)	1–3/2021	1–3/2020
Receivables written off as credit and guarantee losses	5,245	4,753
Reversal of receivables written off	-1,246	-939
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	1,362	1,696
Expected credit losses (ECL) on investment activities	-122	82
Total	**5,239**	**5,592**

S-Bank is exposed to credit risk arising from exposures held by household and corporate customers, investing activities (debt securities) and off-balance sheet commitments. The Risk exposure summary table presents the exposures and commitments subject to credit risk and the related ECL provisions by impairment stage. The coverage ratio illustrates the proportion of the exposure in the ECL reservation.

The total ECL provision at the end of the review period was EUR 20.8 million (19.6). The ECL provision increased by EUR 1.2 million during the reporting period, mainly due to an increase in the proportion of household customers. The coverage ratio of the total portfolio remained stable at 0.23 per cent and within the risk appetite defined by S-Bank’s Board in its credit risk strategy.

RISK EXPOSURE, SUMMARY

31 Mar 2021 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	3,968.0	-1.7	645.7	-11.3	37.1	-5.8	4,650.8	-18.8	-0.40 %
Lending to corporate customers*	937.6	-0.4	4.5	-0.1	0.0	0.0	942.0	-0.4	-0.05%
Investing activities**	900.5	-0.6	0.0	0.0	0.0	0.0	900.5	-0.6	-0.07%
Off-balance sheet commitments***	2,347.2	-0.3	75.0	-0.7	0.7	0.0	2,422.9	-1.0	-0.04%
Total	**8,153.3**	**-2.9**	**725.2**	**-12.0**	**37.8**	**-5.9**	**8,916.2**	**-20.8**	**-0.23%**

*The ECL provision is recognised as a single amount in order to reduce the balance sheet item receivables from customers
**The ECL provision is recognised in the fair value reserve under other comprehensive income
***The ECL provision is recognised in the balance sheet under other liabilities

31 DEC 2020 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	3,896.4	-1.6	593.2	-11.6	28.6	-4.2	4,518.2	-17.4	-0.39%
Lending to corporate customers*	953.3	-0.3	7.9	-0.1	0.0	0.0	961.2	-0.4	-0.04%
Investing activities**	910.0	-0.7	0.0	0.0	0.0	0.0	910.0	-0.7	-0.08%
Off-balance sheet commitments***	2,031.9	-0.2	99.8	-0.7	0.5	0.0	2,132.1	-1.0	-0.05%
Total	**7,791.5**	**-2.8**	**700.9**	**-12.5**	**29.1**	**-4.3**	**8,521.6**	**-19.6**	**-0.23%**

*The ECL provision is recognised as a single amount in order to reduce the balance sheet item Receivables from customers
**The ECL provision is recognised in the fair value reserve under other comprehensive income
***The ECL provision is recognised in the balance sheet under other liabilities

The following tables present the cash amounts exposed to credit risks, excluding collateral or other credit risk mitigation measures. The information is distributed across credit risk categories in the table. The probability of default is the lowest in credit category 1 and the highest in credit category 7.

Credit granted to household customers forms the largest exposure to credit risk in the form of expected credit losses. The exposures to household customers include housing loans and consumer loans, the latter of which generate a relatively larger credit risk, as they are unsecured credit products.

EXPOSURE TO CREDIT RISK (HOUSEHOLD CUSTOMERS)

	Lending to household customers			
31 Mar 2021, EUR '000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3,207,639	323,699	0	3,531,338
Category 2	239,335	51,692	0	291,027
Category 3	201,476	58,340	0	259,817
Category 4	78,171	37,132	0	115,303
Category 5	159,430	48,614	0	208,044
Category 6	80,632	46,484	0	127,116
Category 7	1,283	79,724	0	81,007
In default	0	0	37,104	37,104
Gross carrying amount	**3,967,967**	**645,685**	**37,104**	**4,650,756**
ECL provision*	-1,678	-11,261	-5,813	-18,753
Net carrying amount	**3,966,288**	**634,423**	**31,291**	**4,632,003**

*The ECL provision is recognised as a single amount in order to reduce the balance sheet item Receivables from customers.

	Lending to household customers			
31 Dec 2020, EUR '000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3,122,358	291,204	0	3,413,563
Category 2	242,529	43,372	0	285,901
Category 3	203,942	48,815	0	252,757
Category 4	74,521	35,527	0	110,048
Category 5	164,850	45,524	0	210,374
Category 6	87,478	45,123	0	132,601
Category 7	728	83,633	0	84,361
In default	0	0	28,618	28,618
Gross carrying amount	**3,896,406**	**593,198**	**28,618**	**4,518,222**
ECL provision*	-1,583	-11,615	-4,246	-17,444
Net carrying amount	**3,894,823**	**581,583**	**24,372**	**4,500,779**

*The ECL provision is recognised as a single amount in order to reduce the balance sheet item Receivables from customers.

The corporate loan portfolio focuses on the secured financing of housing companies that are new or under construction. As mortgage-backed loans, these are considered to be less risky, which also reduces the expected credit losses. Corporate exposures and investment activities focus on large companies with good credit ratings.

EXPOSURE TO CREDIT RISK (CORPORATE, INVESTING ACTIVITIES AND OFF-BALANCE SHEET COMMITMENTS, INCLUDING THE OFF-BALANCE SHEET ACCOUNTS OF HOUSEHOLD CUSTOMERS)

	Corporate lending, investing activities and off-balance sheet commitments			
31 Mar 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2,848,681	42,476	0	2,891,157
Category 2	372,669	12,906	0	385,574
Category 3	302,787	6,224	0	309,011
Category 4	226,870	4,371	0	231,241
Category 5	392,116	3,165	0	395,282
Category 6	40,986	5,611	0	46,597
Category 7	1,210	4,720	0	5,930
In default	0	0	668	668
Total	**4,185,320**	**79,473**	**668**	**4,265,461**
ECL provision*	-1,235	-786	-44	-2,065

*The ECL provision for corporate customers is recognised as a single amount in order to reduce the balance sheet item Receivables from customers.
The ECL provision for investment activities is recognised in the fair value reserve under Other comprehensive income.
The ECL provision for off-balance sheet receivables is recognised in the balance sheet under Other liabilities.

	Corporate lending, investing activities and off-balance sheet commitments			
31 Dec 2020 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2,519,608	49,812	0	2,569,420
Category 2	443,191	14,709	0	457,900
Category 3	278,597	7,655	0	286,252
Category 4	328,868	15,365	0	344,232
Category 5	276,475	5,116	0	281,592
Category 6	47,549	9,483	0	57,032
Category 7	841	5,563	0	6,404
In default	0	0	496	496
Total	**3,895,130**	**107,702**	**496**	**4,003,328**
ECL provision*	-1,219	-883	-31	-2,133

*The ECL provision for corporate customers is recognised as a single amount in order to reduce the balance sheet item Receivables from customers.
The ECL provision for investment activities is recognised in the fair value reserve under Other comprehensive income.
The ECL provision for off-balance sheet receivables is recognised in the balance sheet under Other liabilities.

The following tables describe transfers and changes in the Expected credit losses category during the review period. The tables present the reconciliation between the opening and closing balances of the loss allowance. Changes in risk parameters reduced the ECL provision by EUR 0.4 million from the beginning of the reporting period. This item is affected by estimates from risk models and factors reflecting the macroeconomic situation and the management's estimate, for example. The new definition of default increased the amount of exposure classified at stage 3, which affected the transfers of ECL provisions from stage 1 to stage 3 and transfers from stage 2 to stage 3 during the reporting period.

RECONCILIATION OF EXPECTED CREDIT LOSSES (HOUSEHOLD CUSTOMERS)

	Household customers			
31 Mar 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1.1.2021	**1,583**	**11,615**	**4,246**	**17,444**
Transfers from stage 1 to stage 2	-209	3,065	0	2,856
Transfers from stage 1 to stage 3	-11	0	552	541
Transfers from stage 2 to stage 1	168	-2,092	0	-1,924
Transfers from stage 2 to stage 3	0	-1,211	2,364	1,154
Transfers from stage 3 to stage 1	13	0	-62	-48
Transfers from stage 3 to stage 2	0	64	-230	-165
Changes in the risk parameters	71	-45	-226	-200
Increases due to origination and acquisition	95	198	11	304
Decreases due to derecognition	-32	-256	-207	-495
Decrease in the allowance account due to write-offs	0	-77	-635	-712
Net change in ECL	95	-354	1,567	1,309
ECL 31 Mar 2021	**1,678**	**11,261**	**5,813**	**18,753**

RECONCILIATION OF EXPECTED CREDIT LOSSES (CORPORATE LENDING, INVESTING ACTIVITIES AND OFF-BALANCE SHEET COMMITMENTS, INCLUDING THE OFF-BALANCE SHEET ACCOUNTS OF HOUSEHOLD CUSTOMERS)

	Corporate lending, investing activities and off-balance sheet commitments			
31 Mar 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1.1.2021	**1,219**	**883**	**31**	**2,133**
Transfers from stage 1 to stage 2	-8	103	0	95
Transfers from stage 1 to stage 3	0	0	15	15
Transfers from stage 2 to stage 1	11	-157	0	-146
Transfers from stage 2 to stage 3	0	-42	22	-20
Transfers from stage 3 to stage 1	11	0	-23	-12
Transfers from stage 3 to stage 2	0	4	-5	-1
Changes in the risk parameters	-103	-142	1	-244
Increases due to origination and acquisition	123	204	4	331
Decreases due to derecognition	-19	-66	-2	-86
Decrease in the allowance account due to write-offs	0	0	0	0
Net change in ECL	16	-96	12	-68
ECL 31 Mar 2021	**1,235**	**786**	**44**	**2,065**

NOTE 10: COLLATERAL GIVEN

	Other collateral	
	31 Mar 2021	31 Dec 2020
Collateral given for own debt		
Liabilities to credit institutions	168,789	174,131
Derivative contracts and liabilities held for trading	19,721	22,865
Collateral given for own debt, total	**188,510**	**196,997**
of which cash	19,721	22,865
of which securities	168,789	174,131
Other collateral given on own behalf	**362**	**362**
of which cash	362	362

NOTE 11: OFF-BALANCE SHEET COMMITMENTS

Impairment of off-balance sheet items is presented above (Note 9: Impairment of Receivables).

	31 Mar 2021	31 Dec 2020
Guarantees	13,692	14,280
Other commitments given to third parties	182	207
Undrawn credit facilities	210,191	208,917
Total	**224,065**	**223,405**

The expected credit loss on off-balance sheet items is EUR 1,020 thousand (1,010 thousand).

NOTE 12: RELATED PARTIES

Related-party information is described in more detail in the 2020 financial statements.

NOTE 13: EVENTS AFTER THE REVIEW PERIOD

Fennia Asset Management Ltd was merged into FIM Private Equity Funds Ltd on 1 April 2021.

In April, S-Pankki Vaikuttavuus I GP Oy was registered as a new Group company. The company serves as a general partner in funds managed by FIM Private Equity Funds Ltd. The company does not have any other business activity and is fully owned by FIM Private Equity Funds Ltd.

FINANCIAL CALENDAR 2021

In 2021, S-Bank will publish financial information as follows:
Half-year report January–June 2021: 29 July 2021
Interim report January–September 2021: 9 November 2021

3 May 2021
S-Bank Plc's Board of Directors

REPORT ON REVIEW OF THE INTERIM REPORT OF S-BANK PLC AS OF AND FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2021

TO THE BOARD OF DIRECTORS OF S-BANK PLC

INTRODUCTION

We have reviewed the balance sheet as of March 31, 2021 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of S-Bank Plc Group for the three-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki, 3 May 2021

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

This document is an English translation of the Finnish report on review of the interim report. Only the Finnish version of the report is legally binding.

S-Bank

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