S-BANK PLC INTERIM REPORT 1 JANUARY–31 MARCH 2022

S BANK

STEADY GROWTH, SUBSTANTIAL IMPROVEMENT IN PROFIT

Pekka Ylihurula, CEO

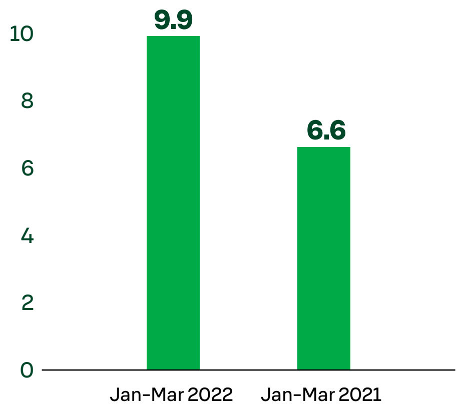
"S-Bank Group's business developed as anticipated in January–March. Operating profit grew year-on-year and was EUR 9.9 million (6.6). At the end of March, our strategic objective of attaining one million active customers was yet another step closer."

JANUARY–MARCH 2022

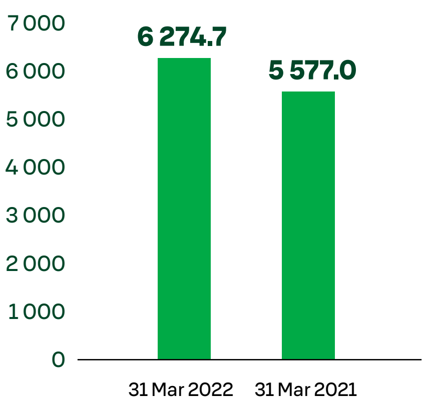
- Operating profit increased to EUR 9.9 million (6.6)
- Lending increased to EUR 6.3 billion (5.6)
- Comparable assets under management increased to EUR 7.4 billion (6.9).
- The capital adequacy ratio rose to 15.7 per cent (15.3).

The S-Bank Group's operating profit for January–March increased by 51.0 per cent to EUR 9.9 million (6.6). Profit growth was influenced by a solid 12.1 per cent increase in total income and significantly lower impairment losses. The deterioration in the cost-to-income ratio is mainly due to increases in fees payable to the authorities.

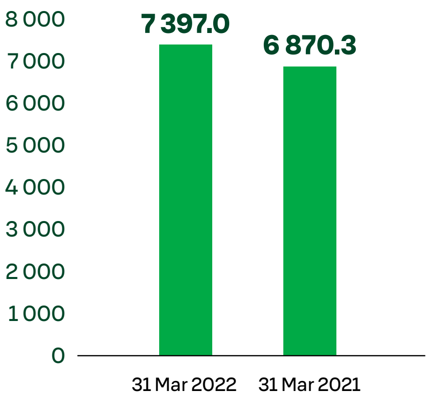
Operating profit (EUR million)



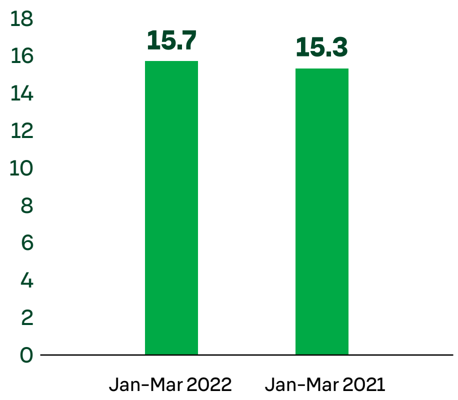
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2022 (UNCHANGED)

We expect operating profit for the whole year to exceed the previous year's level.

KEY FIGURES

(EUR million)	Jan–Mar 2022	Jan–Mar 2021	Change	Q1 2022	Q1 2021	Change
Net interest income	23.0	21.4	7.4%	23.0	21.4	7.4.%
Net fee and commission income	19.4	17.8	9.0%	19.4	17.8	9.0%
Total income	50.7	45.2	12.1%	50.7	45.2	12.1%
Operating profit	9.9	6.6	51.0%	9.9	6.6	51.0%
Cost-to-income ratio	0.80	0.74	0.06	0.80	0.74	0.06

(EUR million)	31 Mar 2022	31 Dec 2021	Change
Liabilities to customers, deposits	7 602.1	7 554.9	0.6%
Receivables from customers, lending	6 274.7	6 086.0	3.1 %
Debt securities	1 049.4	1 149.1	-8.7 %
Equity	507.8	509.3	-0.3 %
Expected credit losses (ECL)	18.7	20.6	-9.7%
Assets under management	7 397.0	7 697.1	-3.9%
Return on equity	4.4 %	3.9 %	0.5
Return on assets	0.3 %	0.2 %	0.0
Equity ratio	5.9 %	6.0 %	0.0
Capital adequacy ratio	15.7 %	16.3 %	-0.5

The S-Bank Group (hereinafter 'S-Bank') figures for the corresponding period of 2021 are used in the result comparisons. For comparisons of balance sheet items and other breakdown items, the figures refer to the end of 2021 unless otherwise indicated.

CEO'S REVIEW

S-Bank Group's business developed as anticipated in January–March. Operating profit grew year-on-year and was EUR 9.9 million (6.6).

The fact that, at the end of March, our strategic objective of attaining one million active customers is yet another step closer, indicates that our business operations are making progress in the right direction. S-Bank had 544 000 active customers, compared with 486 000 a year earlier.

The total euro amount of the purchases made with S-Etukortti Visa cards in January–March grew by 16.9 per cent on the previous year. Year-on-year, our lending grew by 12.9 per cent and the deposit portfolio by 7.1 per cent. Year-on-year, the number of unit holders in the S-Bank funds increased by approximately 59 000 to reach approximately 349 000. Comparable assets under management increased to EUR 7.4 billion (6.9).

Russia's invasion of Ukraine soon after the middle of the first quarter significantly changed the operating environment of S-Bank and the Finnish economy as a whole. The war in Ukraine is one of the worst crises in Europe in decades. The progress of the war, with its various indirect effects, will place its mark on the entire year. The economic sanctions imposed as a result of the war will have a global impact on those companies that have operations in Russia. The eventual impact on Finnish companies and society will become better known as the situation develops.

Even with all the uncertainty, however, it is good to note that, in accordance with its strategy, S-Bank has focused on products and services for its retail customers. Our customers can take care of their daily payment orders, as before, with S-Bank's Visa cards, with S-mobiili and via the online bank.

In the first quarter of the year, the battle against the pandemic caused by Covid-19 continued. Although the situation varied in different parts of Finland during the period, the expanding vaccination coverage and the emergence of the Omicron variant increased hopes that the serious form of the disease is becoming rarer. The authorities eased and removed many restrictions and recommendations regulating various activities in society.

During this time clouded by geopolitical uncertainty and the pandemic, consumers expect companies to place special focus on action that is responsible and trust-building. I am therefore delighted that Finns have recognised the work we are doing at S-Bank to promote responsibility. In a survey published at the end of March, S-Bank was, for the tenth time, voted by consumers as the most responsible bank in Finland. In another survey, S-Bank was considered as the most reputable organisation in the financial sector.

I heartily wish our personnel, customers, owners and partners fortitude for the spring!

PEKKA YLIHURULA
CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

In February, S-Bank and its owner the S Group launched the S-Biili service van that provides customers with access to banking and co-op member services at smaller locations. The first vans started touring in the areas of two regional cooperatives in mid-February. Thus, we will collect experience and feedback on the S-Biili service during the spring.

In March, S-Bank introduced incoming SEPA instant transfers that allow the bank's customers to receive incoming payments as SEPA instant transfers. They are transmitted to recipients within ten seconds around the clock every day of the year. A SEPA instant transfer is a method of transferring funds in the Single Euro Payments Area (SEPA), payer to payee, in almost real time.

At the end of March, two separate surveys were published on company reputation, in which S-Bank performed well. In the Sustainable Brand Index survey on perceptions of brand sustainability, commissioned annually by the Swedish company SB Insight, Finns voted S-Bank as the most responsible bank brand in Finland for the tenth consecutive time. In a financial sector reputation and trust survey (Finanssialan Luottamus&Maine 2021) carried out by T-Media Finns ranked S-Bank as the most reputable organisation in 2021.

SUMMARY OF THE EFFECTS OF THE CORONAVIRUS PANDEMIC ON BUSINESS

The pandemic caused by the coronavirus continues.

Although the situation varied in different parts of Finland during the period, the expanding vaccination coverage and the emergence of the Omicron variant increased hopes that the serious form of the disease is becoming rarer. The authorities eased and removed many restrictions and recommendations regulating various activities in society.

During the first quarter of the year, S-Bank continued to comply with the guidelines issued by the Finnish authorities. S-Bank is paying particular attention to ensuring that its operations will continue in the event that the infection situation becomes worse. S-Bank is continuing to recommend that its customers use the S-mobiili app and the online bank for their banking needs.

As the pandemic has persisted, S-Bank has become accustomed to operating in a new environment marked by the increasing use of digital banking channels and services. S-Bank was able to adjust its operations and ways of working in accordance with the infection situation. In the first quarter, the Covid-19 pandemic did not have a negative impact on S-Bank's operations.

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

OPERATING ENVIRONMENT

During the first months of the year, the global economy has found itself in a paradoxical situation, as an existing solid foundation for growth encounters new challenges. The moderate slowing down of growth at the beginning of the year following the rapid expansion caused by the easing of the Covid-19 situation in 2021 was widely anticipated. Nevertheless, growth was still expected to continue at a good level. The risk of economic overheating leading to an acceleration of inflation, coupled with tightening monetary policies, were known issues. However, Russia's attack on Ukraine and the outbreak of war were surprises the overall impact of which is still difficult to determine. Growth forecasts for the first half of the year have had to be revised, but growth is still expected to remain relatively good.

The war in Ukraine is one of the worst crises in Europe in decades. It is causing enormous human suffering and a reassessment of world politics. For Western economies, the war's direct effects on trade with Russia and Ukraine are rather limited. However, there are many indirect effects. The aggression is creating economic uncertainties that, in turn, will lead to increased saving and the postponement of investment and major consumption decisions. Moreover, the war will further exacerbate the ongoing rise in raw material prices and production bottlenecks, as a result of the heavy sanctions imposed on Russia in the form of import restrictions, for example.

Despite the war, however, the economy continued to grow substantially in the first quarter of the year. Business confidence remained high, and unemployment decreased on a broad basis, which supported consumption. Central banks around the world adopted tighter monetary policies to control the steep rise in inflation. In the USA, quantitative easing was discontinued and the federal funds rate was raised for the first time in more than three years. Stimulus was decreased in the euro area, too, and monetary policy was expected to tighten. China, on the other hand, loosened its policies and its economic growth accelerated again. The Covid-19 situation eased in the West and many restrictions were lifted, but in China, strict restrictions continued to hamper economic growth.

Although the Finnish economy is more sensitive to problems in Russia than that of many other countries, the economic outlook was still rather good. Expectations have declined broadly since the beginning of the year, but economists expect 1 to 2 per cent growth for this year. Consumption plays an important role in the economy. Consumer confidence has fallen markedly as a result of the war, but this has not yet been reflected in the economic indicators. The housing market has remained stable, and the slight increase in interest rates has not yet had an effect on it.

On the investment market, the beginning of the year was challenging and volatile. At the beginning of the year, inflation concerns raised interest rates and pushed equity prices down. Although Russia's invasion pushed equities into further decline, investors returned to buying mode in March, expecting prices to have fallen more than warranted. Ultimately, the decline in equity prices in the first quarter was moderate. Interest rates continued to rise, however, and expectations of central banks' rate hikes grew stronger. As a result, both returns from equities and yields from the fixed income markets were in the red.

FINANCIAL POSITION

Key figures

(EUR million)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Jan-Mar 2022	Jan-Mar 2021
Net interest income	23.0	23.0	23.3	22.7	21.4	23.0	21.4
Net fee and commission income	19.4	24.5	18.7	19.8	17.8	19.4	17.8
Total income	50.7	52.9	43.5	45.4	45.2	50.7	45.2
Operating profit	9.9	4.2	6.4	7.7	6.6	9.9	6.6
Cost-to-income ratio	0.80	0.78	0.74	0.73	0.74	0.80	0.74

(EUR million)	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Mar 2022	31 Dec 2021
Liabilities to customers, deposits	7 602.1	7 554.9	7 600.4	7 281.7	7 098.0	7 602.1	7 554.9
Receivables from customers, lending	6 274.7	6 086.0	5 883.3	5 697.0	5 557.0	6 274.7	6 086.0
Debt securities	1 049.4	1 149.1	1 310.7	1 220.0	1 268.4	1 049.4	1 149.1
Equity	507.8	509.3	507.9	502.8	495.5	507.8	509.3
Expected credit losses (ECL)	18.7	20.6	20.8	21.3	20.8	18.7	20.6
Assets under management *	7 397.0	7 697.1	7 137.4	7 083.1	6 870.3	7 397.0	7 697.1
Return on equity	4.4 %	3.9 %	4.6 %	4.6 %	3.9 %	4.4 %	3.9 %
Return on assets	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %	0.2 %
Equity ratio	5.9 %	6.0 %	6.0 %	6.3 %	6.4 %	5.9 %	6.0 %
Capital adequacy ratio	15.7 %	16.3 %	14.9 %	15.2 %	15.3 %	15.7 %	16.3 %

* The fund cooperation between S-Bank and LocalTapiola ended in the final quarter of 2021. Assets under management, including the LocalTapiola funds, were EUR 11 452.3 million on 31 March 2021, EUR 11 797.1 million on 30 June 2021, and EUR 11 886.1 million on 30 September 2021

RESULT AND BALANCE SHEET JANUARY–MARCH 2022

S-Bank Group's operating profit was EUR 9.9 million (6.6), an increase of 51.0 per cent on the previous year. The profit for the period after taxes was EUR 8.1 million (5.5). Return on equity rose to 4.4 per cent (3.9).

Income

During the review period, total income developed positively. Total income amounted to EUR 50.7 million (45.2), a growth of 12.1 per cent.

Net interest income grew by 7.4 per cent, totalling EUR 23.0 million (21.4). Net fee and commission income increased by 9.0 per cent EUR 19.4 million (17.8). Net income from investing activities was EUR 2.1 million (0.6). Other operating income totalled EUR 6.1 million (5.4). Other income includes EUR 3.8 million (3.0) in revenue from sales of receivables previously recognised as credit losses.

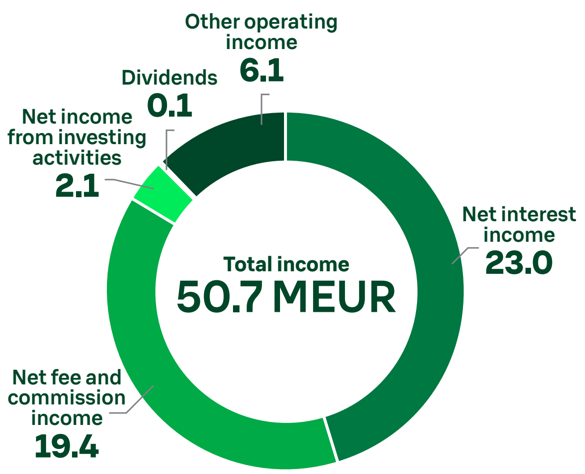
Expenses

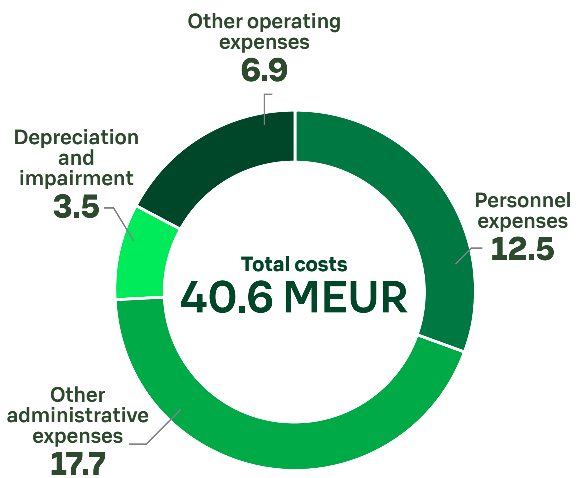
Operating expenses totalled EUR 40.6 million (33.4) during the review period. This is 21.6 per cent more year-on-year, mainly due to increases in fees payable to the authorities. Personnel expenses accounted for EUR 12.5 million (11.9) of operating expenses.

Other administrative expenses totalled EUR 17.7 million (16.7). Depreciation and impairment of tangible and intangible assets amounted to EUR 3.5 million (2.9). Other operating expenses totalled EUR 6.9 million (1.8), which includes EUR 6.0 million in financial stability contribution and deposit guarantee contribution.

Expected and final credit losses

Expected and final credit losses of EUR 1.7 million (6.5) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 1.6 million (1.2). Consequently, the total net effect on profit of expected and final credit losses was EUR 0.1 million (5.2). The positive development was affected by the recovery of the economy and the measures taken to manage credit risks as well as updates in calculation of expected credit losses. Credit and impairment losses are 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 7 602.1 million (7 554.9) at the end of the review period. Deposits repayable on demand totalled EUR 7 596.8 million (7 550.2) and time deposits EUR 5.3 million (4.7) at the end of the review period. During the past 12 months, total deposits grew by 7.1 per cent. Household customers' deposit portfolio grew 11 per cent on the previous year and was EUR 6 787.0 million. Corporate customers' deposit portfolio contracted 17.3 per cent on the previous year and was EUR 815.1 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 305.7 million (6 031.2).

Lending

Lending growth continued to be strong. At the end of the review period, the loan portfolio totalled EUR 6 274.7 million (6 086.0). During the past 12 months, the loan portfolio grew by 12.9 per cent. The household loan portfolio grew by 13.2 per cent and was EUR 5 223.7 million, while the corporate loan portfolio grew 11.6 per cent on the previous year and was EUR 1 051.0 million.

The housing loan portfolio increased by 12.1 per cent.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 83 per cent (81).

Investing activities

At the end of the review period, the bank's debt securities totalled EUR 1 049.4 million (1 149.1 million at the end of 2021).

Equity

At the end of the review period, S-Bank's equity was EUR 507.8 million, compared with EUR 509.3 million at the end of 2021. The decline in equity was affected by a decline in the value of the fair value reserve. The equity ratio was 5.9 per cent (6.0).

Assets under management

The S-Bank Group's assets under management were EUR 7 397.0 million (7 697.1) at the end of the review period. Performance was affected by geopolitical uncertainty and stronger expectations of rising interest rates. Of assets under management, fund capital accounted for EUR 3 692.2 million (3 786.1), and wealth management capital accounted for EUR 3 704.8 million (3 911.0). In addition, S-Bank Properties Ltd managed EUR 442.4 million in customer assets, consisting of real estate and joint ventures (442.4). The net subscriptions in S-Bank funds amounted to EUR 38.8 million (95.5) during the review period.

Deposits

(EUR million)	31 Mar 2022	31 Dec 2021	Change	Change year-on-year
Household customers	6 787.0	6 537.9	3.8%	11.0%
Corporate customers	815.1	1 017.0	-19.8%	-17.3%
Total	**7 602.1**	**7 554.9**	**0.6%**	**7.1%**

Lending

(EUR million)	31 Mar 2022	31 Dec 2021	Change	Change year-on-year
Household customers	5 223.7	5 083.7	2.8 %	13.2 %
Corporate customers	1 051.0	1 002.3	4.9 %	11.6 %
Total	**6 274.7**	**6 086.0**	**3.1 %**	**12.9 %**

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 activities'. The reporting of business segments is identical to the internal reporting provided to company management.

Banking

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

Operating profit was EUR 17.0 million (9.6) in January-March. Total income increased 13.7 per cent to EUR 40.4 million (35.5). Expenses increased by 12.6 per cent to EUR 23.3 million (20.7). Impairment of receivables decreased to EUR 0.1 million (5.2).

According to the latest available information, S-Bank's contribution to the increase in the financial institutions' housing loan volume was 11.0% (13.2) for the preceding 12-month period in February. Compared with the market as a whole, the housing loan portfolio's growth was 3.4-fold in the same period. In the first quarter, the number of housing loan applications decreased slightly on the previous year.

The use of S-Etukortti Visa cards developed favourably in the first quarter. The total euro sum of purchases made with the cards increased by 16.9 per cent (6.4) on the previous year and was record-high.

Wealth Management

Wealth Management is responsible for producing the S-Bank Group's asset management services, customer relationships and business development. The segment offers saving and investing services to consumer customers, private banking services and services for institutional investors.

The operating result decreased to EUR 1.4 million (1.7). Total income increased by 11.2 per cent to EUR 10.1 million (9.1). Expenses increased by 17.4 per cent to EUR 8.7 million (7.4). Profit performance was affected by geopolitical uncertainty and stronger expectations of rising interest rates.

Net subscriptions to S-Bank funds totalled EUR 38.8 million in the first quarter (95.5). Net subscriptions to the S-Bank funds were higher than the median for fund management companies. Net subscriptions totalled EUR -1 077.4 million (2 664.1) in the market as a whole.

The total number of unit holders in the S-Bank funds increased to around 349 000 from around 290 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to around 4.0 million from 3.7 million a year earlier.

Banking

(EUR million)	Jan-Mar 2022	Jan-Mar 2021	Change
Operating income	40.4	35.5	13.7 %
Operating expenses	-23.3	-20.7	12.6 %
Impairment of receivables	-0.1	-5.2	-97.3 %
Operating profit (loss)	**17.0**	**9.6**	**76.3 %**

Wealth Management

(EUR million)	Jan-Mar 2022	Jan-Mar 2021	Change
Operating income	10.1	9.1	11.2 %
Operating expenses	-8.7	-7.4	17.4 %
Operating profit (loss)	**1.4**	**1.7**	**-16.2 %**

CALCULATION OF KEY PERFORMANCE INDICATORS

Total income:

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 + Dividends + Other operating income

Cost-to-income ratio:

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

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.

During the first quarter, significant and exceptional changes took place in the external operating environment. Russia's invasion of Ukraine has increased geopolitical uncertainty, but the economy has continued to grow despite the war. Central banks have tightened their monetary policies to keep rising inflation under control, as a result of which interest rates have started to rise. The situation has caused spreads to widen in the investment market and has also been reflected in a decline in consumer confidence.

In the first quarter, S-Bank's business volumes continued to grow strongly, especially with respect to household customers' housing loan and deposit portfolios. Although the amount of credit risk exposure increased, the associated risk position remained stable in relation to the portfolio. Nor did changes in the external operating environment increase the credit risk so far. Stronger expectations of rising interest rates together with economic uncertainty have influenced the valuation of investments, and thus the fair value reserve became negative during the first quarter.

In addition, total capital adequacy and the CET 1 ratio weakened slightly compared with the situation at the end of last year, due to total risk-weighted assets increasing as a result of balance sheet growth. The decline in the fair value reserve weakened CET 1 capital and own funds, although the first quarter operating profit was robust.

The S-Bank Group's key risk indicators

(EUR million)	31 Mar 2022	31 Dec 2021
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3 445.2	3 346.0
Credit and counterparty risk, standardised approach	3 117.8	3 018.7
Market risk	0.0	0.0
Operational risk, basic indicator approach	327.4	327.4
Credit valuation adjustment (CVA)	0.0	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	433.2	434.8
Tier 2 (T2) capital	109.4	110.5
Own funds in total	542.6	545.3
Pillar 1 requirement (%)	12.01 %	12.01 %
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio	12.6 %	13.0 %
Total capital ratio (%)	15.7 %	16.3 %
Non-performing loan (NPL)		
NPL ratio (%)*	0.7 %	0.6 %
Leverage ratio (LR):		
Leverage ratio (%)	5.5 %	5.7 %
Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank exposures)	4.9 %	5.0 %
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	144.3 %	149.9 %
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	149.0 %	151.1 %

*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 or EUR 3.1 billion of S-Bank's total risk (Risk Exposure Amount, REA). The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. The most substantial items requiring capital are exposures secured by mortgages on immovable property, retail exposures and corporate exposures. Strong growth continued in housing loans during the review period. 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 prudent risk management and monitoring measures.

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 5.3 million to EUR 44.6 million (39.3) during the first quarter. Of this, EUR 3.0 million was due to an increase in non-performing forborne exposures. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 0.7 per cent (0.6). All non-performing loans are household customer exposures.

Gross forborne exposures in the balance sheet totalled EUR 121.9 million (109.9) at the end of the review period. Of the on-balance-sheet forborne exposures, 87 per cent (88) were performing. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 1.7 per cent (1.6). The corresponding ratio of non-performing forborne exposures remained at 0.2 per cent (0.2). All forborne exposures are related to household customers.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule decreased to EUR 401 million (420), representing 7.6 per cent (8.2) of total household customer exposures. Repayment holidays are primarily granted to household customers. S-Bank's corporate portfolio 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 losses in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. During the review period, S-Bank updated its criteria for identifying significant increase in credit risk based on statistical analysis, which decreased the amount of receivables classified in stage 2. In addition, a new macro model was introduced to assess the impact of macroeconomic forecasts on expected credit losses. Forward-looking information is complemented by a management factor, which takes into account the uncertainty related to model assumptions and model risk. The total ECL provision at the end of the review period was EUR 18.7 million (20.6). The ECL provision decreased by EUR 2.0 million during the period. The change is explained by the above-mentioned updates to ECL calculation, which reduced the ECL provision by an estimated EUR 2.1 million. Expected and final credit losses are discussed under Result and balance sheet and in Note 9: Impairment of receivables.

Own funds and capital adequacy

S-Bank's total capital adequacy ratio weakened moderately during the first quarter of 2022. The development of capital adequacy was mostly caused by the negative market effects of the war in Ukraine and higher interest rate levels reflecting in the performance of the fair value reserve when, at the same time, lending was growing in line with S-Bank's strategy. Nevertheless, the changes in capital adequacy were not large, with capital adequacy exceeding regulatory requirements throughout the review period and remaining within the risk appetite set by S-Bank's Board of Directors. S-Bank's CET1 capital adequacy ratio was 12.6 per cent (13.0) and the total capital ratio stood at 15.7 per cent (16.3) at the end of the review period. Total risk exposure amount, i.e., the sum of risk-weighted assets, increased by EUR 99.1 million, mostly due to an increase in lending to household customers, as well as an increase in corporate exposures. S-Bank is adequately capitalised to ensure the continuity of its operations even in circumstances portrayed in stress tests. Total own funds at the end of the review period stood at EUR 542.6 million (545.3) and CET1 capital at EUR 433.2 million (434.8). CET1 capital and the buffer to the CET1 minimum requirement decreased during the review period, mainly because of the negative development of fair value reserve and increase of the risk weighted assets. Tier 2 assets decreased slightly, due to debenture loans with a remaining maturity of less than five years being gradually eliminated from Tier 2 capital, as required by regulations.

Leverage ratio

S-Bank's leverage ratio (LR) of 5.5 per cent (5.7) was strong and exceeded the regulatory and internally set risk appetite minimum. 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. This decision was valid until 31 March 2022 and will not be applied after that. Without the above-mentioned exemption, S-Bank's leverage ratio (LR) was 4.9 per cent (5.0), which exceeded the regulatory and internally set risk appetite minimum.

Market risk

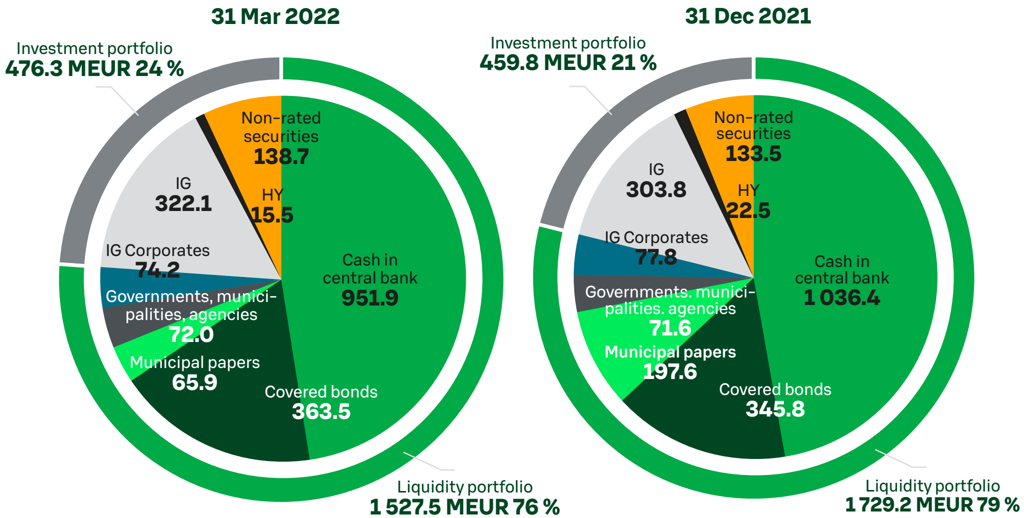
S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the Banking business and the investments and funding of the Treasury unit. Market risks are assessed 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 (-11.1). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -13.1 million (-9.1) and the spread risk was EUR -6.9 million (-7.1) 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.

Market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement. The amount of items allocated to the small trading book, in accordance with the Capital Requirements Regulation, has been very low due to the internally set limits, and therefore S-Bank is not subject to the Pillar 1 capital requirement for market risk.

Liquidity and funding

S-Bank's liquidity position was stable and robust during the review period. The liquidity coverage ratio (LCR) was 144 per cent (150). With respect to the liquidity portfolio, very high-quality Level 1 assets accounted for 86 per cent (88) and Level 2 assets for 14 per cent (12). 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 structure of the liquidity portfolio by product.

Breakdown of the Treasury portfolio by instrument



The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The figure 'Breakdown of the Treasury portfolio by instrument' 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 149 per cent (151). The NSFR requirement of the Capital Requirements Regulation is 100 per cent.

S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	31 Mar 2022 Market value	31 Mar 2022 Buffer value	31 Dec 2021 Market value	31 Dec 2021 Buffer value
Central bank deposit	951.9	951.9	1 036.4	1 036.4
Government, municipal and other public sector bonds	72.0	72.0	71.6	71.6
Covered bonds	363.5	322.9	345.8	306.5
Municipal papers	65.9	65.9	197.6	197.6
Other	74.2	37.1	77.8	38.9
Total	**1 527.5**	**1 449.8**	**1 729.2**	**1 651.0**

Minimum Requirement for own funds and Eligible Liabilities (MREL) entered into force on 1 January 2022. In the decision issued by the Financial Stability Authority on 28 April 2021, the requirement based on total risk exposure amount is 20.04 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 5.91 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement entered into force on 1 January 2022 and the full requirement will enter on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio entered into force in full on 1 January 2022. In addition to the requirement based on total risk exposure amount, S-Bank must fulfil CBR (Combined Buffer Requirement), that was equal to 2.51 per cent on 31 March 2022.

S-Bank covers the MREL requirement with own funds and Senior Preferred bond issued under the MTN program. On 31 March 2022, the MREL ratio based on S-Bank's total risk exposure (MREL, TREA) was 20.7 per cent (21.4), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 9.1 per cent (9.3).

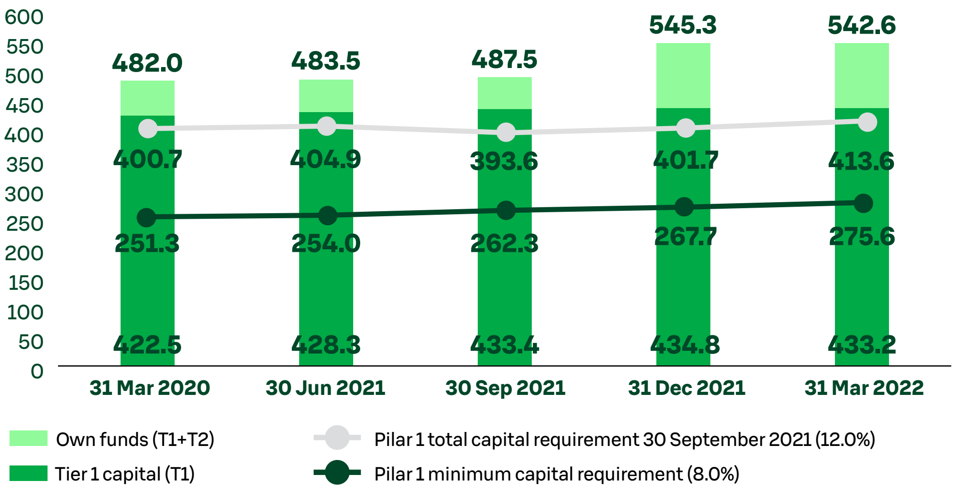
Operational risk

Operational risk accounts for 10 per cent of S-Bank's risk exposure amount. The basic indicator approach is used for calculating the capital requirement (Pillar 1) for the operational risk. Losses attributable to operational risks realised

S-Bank's total capital requirement on 31 March 2022 (Pillar 1)

Capital	Minimum capital requirement		Additional capital requirement		Countercyclical capital buffer		Pillar 2 (SREP) capital requirement		Total capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	155.0	2.5%	86.1	0.01%	0.2	0.84%	29.1	7.85%	270.4
AT1	1.5%	51.7					0.28%	9.7	1.78%	61.4
T2	2.0%	68.9					0.38%	12.9	2.38%	81.8
Total	**8.0%**	**275.6**	**2.5%**	**86.1**	**0.01%**	**0.2**	**1.50%**	**51.7**	**12.01%**	**413.6**

Changes in own funds and capital requirement (EUR million)



in the review period were low in relation 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 REQUIREMENTS

S-Bank's total capital requirement was 12.01 per cent (12.01) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The Finnish Financial Supervisory Authority decided on 6 April 2020 to remove the set systemic risk buffer for credit institutions covered by CET1 capital. The requirement for S-Bank was one per cent. As the buffer was removed especially to secure lending by banks in the very exceptional circumstances of the Covid-19 pandemic, one should assume that the buffer will be returned when the pandemic eases.

The discretionary Pillar 2 requirement imposed on S-Bank was 1.5 per cent of the total risk exposure. This change

Summary of capital adequacy information

Own funds (EUR million)	31 Mar 2022	31 Dec 2021
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**507.8**	**509.3**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	150.3	142.1
Profit/loss from previous financial periods	142.3	122.6
Profit/loss for the year	8.1	19.6
Fair value reserve	-9.2	0.4
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**74.7**	**74.5**
Intangible assets	73.6	73.3
Value adjustments due to the requirements for prudent valuation	1.1	1.2
Common Equity Tier 1 (CET1) capital	**433.2**	**434.8**
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 = CET1 + AT1)	**433.2**	**434.8**
Tier 2 (T2) capital before adjustments	**109.4**	**110.5**
Debentures	109.4	110.5
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**109.4**	**110.5**
Own funds in total (TC = T1 + T2)	**542.6**	**545.3**
Total risk-weighted exposure assets (RWAs)	**3 445.2**	**3 346.0**
of which credit risk	3 117.8	3 018.7
of which market risk	0.0	0.0
of which operational risk	327.4	327.4
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	**12.6%**	**13.0%**
Ratio of Tier 1 capital to risk exposure amount (%)	**12.6%**	**13.0%**
Ratio of total own funds to risk exposure amount (%)	**15.7%**	**16.3%**

entered into force on 30 September 2021 and will remain in force no longer than until 30 September 2024. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation. Of the requirement, 75 per cent must be met with Tier 1 capital.

The table 'S-Bank's total capital requirement on 31 March 2022 (Pillar 1)' illustrates the distribution of the total regulatory capital requirement at S-Bank at the end of the review period.

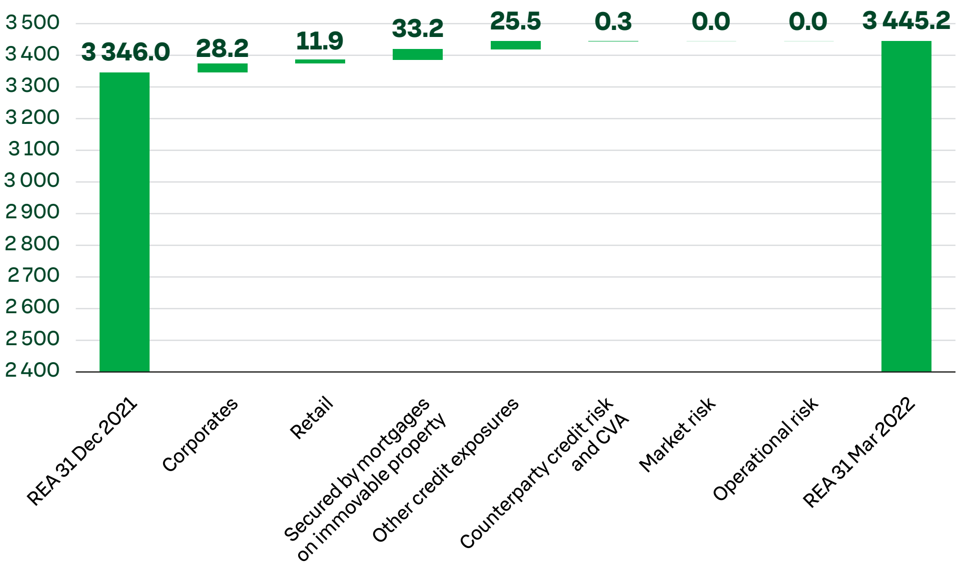
Capital adequacy position

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 12.6 per cent (13.0) and the total capital ratio stood at 15.7 per cent (16.3). S-Bank is adequately capitalised regarding all capital requirements. CET1 assets decreased by EUR 1.6 million and T2 assets by EUR 1.1 million during the financial period. CET1 assets decreased mainly as a result of a decrease in the fair value reserve and T2 assets due to debentures with a remaining maturity of under five years being gradually eliminated from T2 capital. The macro-driven decrease in CET1 capital was partially offset by positive profit performance during the period. The growth in lending, however, remained strong as own funds were decreasing, which contributed to the increase in risk-weighted assets and the weakening of capital adequacy ratios during the review period. S-Bank's Tier 2 capital consists of four debentures with a total nominal value of EUR 109.4 million (110.5) and a maturity of over five years.

The risk exposure amount (REA) grew by EUR 99.1 million compared with the situation on 31 December 2021 by the end of the first quarter. The growth was mainly related to retail exposures and exposures secured by mortgages on immovable property, as well as corporate exposures.

The change in the risk exposure amount by exposure class is presented in the figure 'Split of changes in risk exposure amount and risk-weighted assets'.

Split of changes in risk exposure amount and risk-weighted assets (EUR million)



Reporting of risk and capital adequacy information

S-Bank complies with its disclosure obligations 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) in accordance with the EU Capital Requirements Regulation is published in a document separate from the financial statements. The report and information on S-Bank's governance and management systems and remuneration systems are available on S-Bank's website.

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

S-Bank's Annual General Meeting (AGM) was held on 7 April 2022. The AGM adopted the financial statements for 2021 and discharged the members of the Board of Directors and the CEO from liability. KPMG Oy Ab was elected as the company's auditor, with Petri Kettunen as the principally responsible auditor.

The AGM elected six members and one deputy member to the Board of Directors. The following were elected to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Heli Arantola, Managing Director of Leipurin Plc; Veli-Matti Liimatainen, Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, entrepreneur; Jorma Vehviläinen, CFO of SOK; and Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, CEO of Osuuskauppa KPO, was elected as a deputy member.

The Board re-elected Jari Annala as Chairman and elected Jorma Vehviläinen as Vice Chairman.

OUTLOOK FOR THE REST OF THE YEAR

The way in which the war in Ukraine evolves will have a great effect on the entire year. Its development and duration are difficult to predict. The longer the war lasts, the destruction caused will grow, and the economic impact will worsen. How the global economy survives these consequences will become clearer in time. Growth will slow down, but the question is, by how much. Of the areas not directly impacted, Europe, including Finland, will be the most susceptible to the effects of the war, while, for the US economy, monetary policy will play a more important role. Accelerating inflation due to rising raw material prices and other production constraints will slow economic growth.

The opening-up of the economy following the easing of the Covid-19 pandemic and the release of pent-up demand will support growth. Government support measures, increased defence spending and measures to alleviate the effects of rising prices will keep fiscal policy lighter than expected. However, rising prices will erode consumers' purchasing power and increase companies' cost pressures, which will substantially slow down economic growth towards the end of the year. Overall, economic growth is expected to slow down significantly from last year, falling short of what was still anticipated early this year. Nevertheless, it is expected that a downturn will be avoided. However, the war and accelerating inflation are risks that may weigh more heavily on the economy than has been estimated – so these risks portend a downward trend.

Money market rates are expected to rise this year and next year as central banks are forced to tighten their policies. However, long rates may gradually begin to decline if monetary policies are expected to slow down economic growth in the long term.

A tight monetary policy has an impact on all financial markets, which means that the return outlook for the year will be fairly muted across the board. Growth opportunities will be limited in both equities and real estate, for example, as the increasing cost of loans gradually dampens demand. On the other hand, a greater slump in demand would require much weaker economic growth than is currently anticipated. The equity markets will be volatile, but as long as a global recession can be avoided, investor demand will support the markets against any major decline.

Nevertheless, despite the uncertainty we expect S-Bank's full-year operating profit to exceed the previous year's level.

OTHER INFORMATION

Annual General Meeting

The Annual General meeting of 2022 was held on 7 April 2022 and its decisions are reported under 'Significant events after the end of the review period'.

Board of Directors

During the first year, the Board members were Jari Annala (Chairman), Veli-Matti Liimatainen (Vice Chairman), Heli Arantola, Hillevi Mannonen, Jorma Vehviläinen and Olli Vormisto. The Board's deputy member was Kim Biskop.

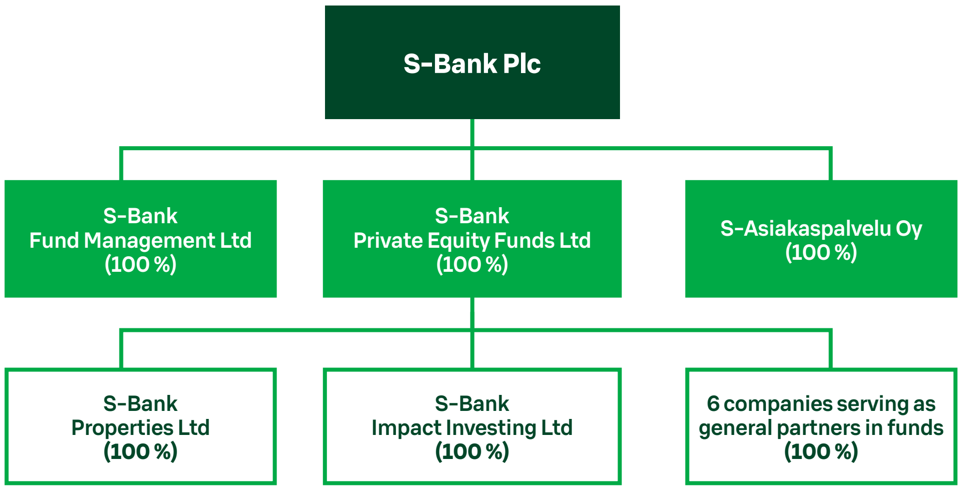
CEO

Pekka Ylihurula is the CEO of S-Bank Plc. Hanna Porkka is the Deputy CEO.

Personnel

At the end of the review period, the S-Bank Group employed a total of 726 people (668). Of these, 590 persons (515) worked at S-Bank Plc, 40 persons (64) at the subsidiaries of the Wealth Management business, and 96 persons (89) at S-Asiakaspalvelu Oy. The salaries and remuneration paid to personnel at the S-Bank Group totalled EUR 10.2 million (9.8).

CORPORATE STRUCTURE



Six companies who serve as general partners in funds are: FIM Real Estate Ltd, FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund I GP Oy, FIM SIB Oy and S-Pankki Vaikuttavuus I GP Oy.

These companies serve as general partners in funds managed by S-Bank Private Equity Funds Ltd. The companies have no other business operations and are fully owned by S-Bank Private Equity Funds Ltd.

The corporate structure and the Group companies are otherwise described in more detail in the 2021 financial statements.

INTERIM REPORT 1 JANUARY–31 MARCH 2022

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan-Mar 2022	Jan-Mar 2021
Interest income		26 606	24 642
Interest expenses		-3 618	-3 244
Net interest income	3	22 988	21 398
Fee and commission income		23 066	28 913
Fee and commission expenses		-3 637	-11 096
Net fee and commission income	4	19 429	17 817
Net income from investing activities	5	2 079	610
Dividends		64	0
Other operating income		6 129	5 374
Total income		**50 689**	**45 199**
Personnel expenses *		-12 533	-11 923
Other administrative expenses *		-17 672	-16 719
Depreciation and impairment		-3 455	-2 946
Other operating expenses		-6 950	-1 793
Total costs		**-40 610**	**-33 380**
Impairment of receivables	9	-142	-5 240
OPERATING PROFIT (LOSS)		**9 937**	**6 579**
Income taxes		-1 870	-1 069
PROFIT (LOSS) FOR THE PERIOD		**8 067**	**5 509**
Of which:			
To the parent company's shareholders		8 067	5 509

* The comparison period has been amended since the publication of interim report 31 March 2021. Payments to personnel fund were moved from other administrative expenses to personnel expenses.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan-Mar 2022	Jan-Mar 2021
PROFIT (LOSS) FOR THE PERIOD		**8 067**	**5 509**
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		-12 028	1 678
Tax effect		2 382	-360
Items that may be reclassified subsequently to profit or loss		**-9 647**	**1 318**
Other comprehensive income items, after taxes		**-9 647**	**1 318**
COMPREHENSIVE INCOME, TOTAL		**-1 580**	**6 827**
Of which:			
To the parent company's shareholders		-1 580	6 827

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Assets				
Cash and cash equivalents	6, 7	1 034 776	1 091 962	792 000
Debt securities eligible for refinancing with central banks	6, 7	698 782	684 859	695 972
Receivables from credit institutions	6, 7	22 857	25 064	29 231
Receivables from customers	6, 7	6 274 693	6 086 022	5 557 030
Debt securities	6, 7, 8	350 631	464 228	572 378
Derivatives	6, 7, 8	5 893	582	27
Shares and interests	6, 7	32 565	31 575	28 555
Holdings in associated companies		4	4	2
Intangible assets *		73 588	73 351	71 662
Tangible assets *		7 083	7 449	10 134
Tax assets		3 903	2 051	2 372
Prepayments and accrued income		29 200	28 322	28 015
Other assets		5 909	5 414	4 514
Assets, total		**8 539 884**	**8 500 883**	**7 791 891**

(EUR '000)	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Liabilities				
Liabilities to credit institutions	6, 7	0	108	25
Liabilities to customers	6, 7	7 646 032	7 611 265	7 136 436
Issued bonds	6, 7	169 742	169 699	0
Subordinated debts	6, 7	112 667	112 667	59 500
Derivatives	6, 7, 8	4 453	8 383	14 063
Provisions		649	649	397
Tax liabilities		5 817	7 183	6 615
Accrued expenses		38 206	32 299	30 019
Other liabilities		54 479	49 325	49 364
Liabilities, total		**8 032 045**	**7 991 577**	**7 296 420**
Equity				
Share capital		82 880	82 880	82 880
Reserves		274 630	284 277	284 684
Retained earnings		150 328	142 148	127 906
Parent company's shareholders		**507 839**	**509 306**	**495 471**
Equity, total		**507 839**	**509 306**	**495 471**
Liabilities and equity, total		**8 539 884**	**8 500 883**	**7 791 891**

* The comparison period has been amended since the publication of interim report 31 March 2021. Prepayments and acquisitions in progress of ICT-systems were moved from tangible assets to intangible assets.

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 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					
Other comprehensive income items, total			1 318		1 318
COMPREHENSIVE INCOME, TOTAL			**1 318**	**5 509**	**6 827**
TOTAL EQUITY 31 MAR 2021	**82 880**	**283 828**	**856**	**127 907**	**495 471**

	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 2021	**82 880**	**283 828**	**-462**	**122 397**	**488 644**
Comprehensive income					
Profit (loss) for the period				19 551	19 551
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			974		974
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			-64		-64
Remeasurements of defined benefit plans				-232	-232
Other comprehensive income items, total			911	-232	679
COMPREHENSIVE INCOME, TOTAL			**911**	**19 319**	**20 229**
Other changes				432	432
TOTAL EQUITY 31 DEC 2021	**82 880**	**283 828**	**449**	**142 148**	**509 306**

(EUR '000)	Equity attributable to parent company shareholders Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2022	**82 880**	**283 828**	**449**	**142 148**	**509 306**
Comprehensive income					
Profit (loss) for the period				8 067	8 067
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income					
Other comprehensive income items, total			-9 647		-9 647
COMPREHENSIVE INCOME, TOTAL			**-9 647**	**8 067**	**-1 580**
Other changes				112	112
TOTAL EQUITY 31 MAR 2022	**82 880**	**283 828**	**-9 198**	**150 328**	**507 839**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Mar 2022	Jan-Mar 2021
Cash flows from operating activities			
Profit (loss) for the period		**8 067**	**5 509**
Depreciation and impairment		3 455	2 946
Credit losses		1 858	6 608
Other non-payment income and expenses		-1 781	-373
Income taxes		1 870	1 069
Other adjustments		-2	1
Adjustments for financial income and expenses		-339	836
Adjustments total		**5 061**	**11 086**
Cash flows from operating activities before changes in operating assets and liabilities		**13 129**	**16 596**
Increase / decrease in operating assets (+/-)			
Receivables from credit institutions, other than repayable on demand		2 707	2 037
Receivables from customers		-190 786	-119 294
Investment assets		79 500	-39 789
Other assets*		-1 524	-2 267
Total increase / decrease in operating assets		**-110 103**	**-159 313**
Increase / decrease in operating liabilities (+/-)			
Liabilities to credit institutions		-108	25
Liabilities to customers		34 767	159 936
Other liabilities		12 224	2 642
Total increase / decrease in operating liabilities		**46 883**	**162 604**
Taxes paid		-2 706	-1 943
Cash flows from operating activities*		**-52 797**	**17 943**

(EUR '000)	Note	Jan-Mar 2022	Jan-Mar 2021
Cash flows from investing activities			
Investments in tangible and intangible assets		-3 021	-2 966
Subsidiary shares purchased less cash at the date of acquisition		-300	-609
Cash flows from investing activities*		**-3 321**	**-3 575**
Cash flows from financing activities			
Repayments of lease liabilities		-571	-710
Cash flows from financing activities		**-571**	**-710**
Difference in cash and cash equivalents		**-56 688**	**13 658**
Cash and cash equivalents, opening balance sheet		1 096 705	783 408
Difference in cash and cash equivalents		-56 688	13 658
Impact of changes in exchange rates		1	13
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	6.7	1 034 776	792 000
Repayble on demand		5 242	5 079
Cash and cash equivalents		**1 040 017**	**797 079**
Interests paid		**-3 920**	**-3 231**
Dividends received		**64**	**0**
Interests received		**26 452**	**25 436**

* Comparative year's figures have been amended since the publication of Interim report 31 March 2021. Additional paid in purchase prices have been transferred from cash flows of operating activities to cash flows of investing activities.

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Jan-Mar 2022	Jan-Mar 2021
Interest income	26 606	26 281	26 490	25 512	24 642	26 606	24 642
Interest expenses	-3 618	-3 282	-3 209	-2 848	-3 244	-3 618	-3 244
Net interest income	22 988	22 999	23 281	22 664	21 398	22 988	21 398
Fee and commission income	23 066	30 936	32 218	31 607	28 913	23 066	28 913
Fee and commission expenses	-3 637	-6 408	-13 531	-11 828	-11 096	-3 637	-11 096
Net fee and commission income	19 429	24 528	18 687	19 779	17 817	19 429	17 817
Net income from investing activities	2 079	571	173	1 752	610	2 079	610
Dividends	64	9	36	0	0	64	0
Other operating income	6 129	4 835	1 321	1 159	5 374	6 129	5 374
Total income	**50 689**	**52 943**	**43 498**	**45 355**	**45 199**	**50 689**	**45 199**
Personnel expenses *	-12 533	-19 338	-12 103	-12 782	-11 923	-12 533	-11 923
Other administrative expenses *	-17 672	-21 541	-16 329	-16 427	-16 719	-17 672	-16 719
Depreciation and impairment	-3 455	-3 751	-3 187	-3 101	-2 946	-3 455	-2 946
Other operating expenses	-6 950	-1 054	-2 744	-754	-1 793	-6 950	-1 793
Total costs	**-40 610**	**-45 684**	**-34 364**	**-33 064**	**-33 380**	**-40 610**	**-33 380**
Impairment of receivables	-142	-3 064	-2 781	-4 635	-5 240	-142	-5 240
Share of the profits of associated companies	0	2	0	0	0	0	0
OPERATING PROFIT (LOSS)	**9 937**	**4 196**	**6 353**	**7 656**	**6 579**	**9 937**	**6 579**
Income taxes	-1 870	-1 168	-1 363	-1 633	-1 069	-1 870	-1 069
PROFIT (LOSS) FOR THE PERIOD	**8 067**	**3 028**	**4 990**	**6 023**	**5 509**	**8 067**	**5 509**
Of which:							
To the parent company's shareholders	8 067	3 028	4 990	6 023	5 509	8 067	5 509

* Payments to personnel fund were moved from other administrative expenses to personnel expenses since the publication of the 31 December 2021 financial statements.

Consolidated comprehensive income statement

(EUR '000)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Jan-Mar 2022	Jan-Mar 2021
PROFIT (LOSS) FOR THE PERIOD	**8 067**	**3 028**	**4 990**	**6 023**	**5 509**	**8 067**	**5 509**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	-290	0	0	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	0	-84	5	0	0	0
Tax effect	0	58	17	-1	0	0	0
Items that will not be reclassified to profit or loss	**0**	**-232**	**-67**	**4**	**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	-12 028	-1 732	286	1 031	1 678	-12 028	1 678
Tax effect	2 382	339	-62	-205	-360	2 382	-360
Items that may be reclassified subsequently to profit or loss	**-9 647**	**-1 393**	**224**	**825**	**1 318**	**-9 647**	**1 318**
Other comprehensive income items, after taxes	**-9 647**	**-1 625**	**157**	**829**	**1 318**	**-9 647**	**1 318**
COMPREHENSIVE INCOME, TOTAL	**-1 580**	**1 403**	**5 147**	**6 852**	**6 827**	**-1 580**	**6 827**
Of which:							
To the parent company's shareholders	-1 580	1 403	5 147	6 852	6 827	-1 580	6 827

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 activities'. 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 producing the S-Bank Group's banking services for household and selected corporate customers. The products and services offered by Banking include those required for daily banking and the financing of purchases. Banking also includes the Group's treasury.

Wealth Management is responsible for producing the S-Bank Group's asset management services and for its customer relationships and business development. The segment offers saving and investing services to consumer customers, private banking services and services to institutional investors.

Income statement 1 Jan–31 Mar 2022 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	23 035	-44	-4		22 988
Net fee and commission income	9 507	9 925	-2		19 429
Net income from investing activities	2 076	3			2 079
Dividends	64		0		64
Other operating income	5 728	212	2 173	-1 983	6 129
Total income	**40 410**	**10 096**	**2 167**	**-1 983**	**50 689**
Total costs *	**-23 258**	**-8 691**	**-10 644**	**1 983**	**-40 610**
Impairment of receivables	-142				-142
Operating profit (loss)	**17 009**	**1 404**	**-8 477**		**9 937**

External income from Banking was EUR 40 392 thousand and from Wealth Management EUR 9 916 thousand.

Income statement 1 Jan–31 Mar 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**		**6 579**

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

* The 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 headquarters. Most of the net expenses of the support and headquarter functions are allocated to 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.

'Other activities' include common costs, such as those related 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 Mar 2022 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Group, total**
Receivables from customers	6 274 693			6 274 693
Liquid and investment assets of banking	2 145 503			2 145 503
Intangible and tangible assets	3 624	31 443	45 607	80 675
Cash and other assets	13 952	6 595	18 465	39 012
Assets, total	**8 437 773**	**38 039**	**64 073**	**8 539 884**
Banking liabilities	7 932 894			7 932 894
Provisions and other liabilities	46 999	5 575	46 577	99 151
Equity			507 839	507 839
Liabilities and equity, total	**7 979 893**	**5 575**	**554 415**	**8 539 884**

Balance sheet 31 Dec 2021 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Group, total**
Receivables from customers	6 086 022			6 086 022
Liquid and investment assets of banking	2 298 270			2 298 270
Intangible and tangible assets	4 237	31 344	45 223	80 804
Cash and other assets	13 842	7 833	14 112	35 787
Assets, total	**8 402 372**	**39 176**	**59 335**	**8 500 883**
Banking liabilities	7 902 121			7 902 121
Provisions and other liabilities	39 844	5 967	43 645	89 456
Equity			509 306	509 306
Liabilities and equity, total	**7 941 965**	**5 967**	**552 951**	**8 500 883**

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

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Jan-Mar 2022	Jan-Mar 2021
Net interest income	23 035	23 039	23 319	22 698	21 440	23 035	21 440
Net fee and commission income	9 507	13 243	9 110	9 944	8 854	9 507	8 854
Net income from investing activities	2 076	539	162	1 734	597	2 076	597
Dividends	64	9	17	0	0	64	0
Other operating income	5 728	1 262	1 020	789	4 656	5 728	4 656
Total income	**40 410**	**38 092**	**33 629**	**35 164**	**35 547**	**40 410**	**35 547**
Total costs	**-23 258**	**-27 491**	**-21 175**	**-21 141**	**-20 662**	**-23 258**	**-20 662**
Impairment of receivables	-142	-3 064	-2 781	-4 633	-5 239	-142	-5 239
Operating profit (loss)	**17 009**	**7 537**	**9 673**	**9 390**	**9 646**	**17 009**	**9 646**

Wealth Management (EUR '000)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Jan-Mar 2022	Jan-Mar 2021
Net interest income	-44	-36	-34	-35	-38	-44	-38
Net fee and commission income	9 925	11 323	9 577	9 812	9 029	9 925	9 029
Net income from investing activities	3	31	9	22	6	3	6
Other operating income	212	63	72	66	80	212	80
Total income	**10 096**	**11 382**	**9 624**	**9 866**	**9 078**	**10 096**	**9 078**
Total costs	**-8 691**	**-11 956**	**-7 599**	**-8 005**	**-7 403**	**-8 691**	**-7 403**
Operating profit (loss)	**1 404**	**-574**	**2 025**	**1 861**	**1 675**	**1 404**	**1 675**

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 interim report 1 January–31 March 2022 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 report complies with the accounting policies presented in the financial statements for 2021.

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. The model-based estimate is adjusted by a management factor, which takes into account the uncertainty related to model parameters and assumptions, as well as model risk.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible.

As the S-Bank Group uses cloud computing arrangements, we have analysed this agenda decision to determine whether it has an impact on the start-up costs of cloud computing services and related accounting policies. The agenda decision is expected to have minimal impact on the Group in 2022, but the Bank is aware that the impact may be significant with regard to the broader SaaS services, if the start-up costs do not fulfil the activation criteria.

NOTE 3: NET INTEREST INCOME

	Jan-Mar 2022	Jan-Mar 2021
Interest income		
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	706	562
Receivables from credit institutions	-4	0
Receivables from customers	25 470	23 422
Debt securities		
measured at fair value through other comprehensive income	563	759
measured at fair value through profit or loss	-128	-102
Other interest income	0	0
Total interest income using the effective interest method	26 734	24 743
Other interest income	-128	-102
Interest income, total	**26 606**	**24 642**
Interest income from stage 3 financial assets	562	411
Interest expenses		
Liabilities to credit institutions	-469	-352
Liabilities to customers	-490	-1 066
Issued bonds	-125	0
Derivatives	-1 565	-1 538
Subordinated debts	-549	-281
Other interest expenses	-415	0
Interest expenses on leases	-5	-7
Total interest expenses using the effective interest method	-1 633	-1 699
Other interest expenses	-1 986	-1 545
Interest expenses, total	**-3 618**	**-3 244**
NET INTEREST INCOME	**22 988**	**21 398**
Of which negative interest income	-132	-102
Of which negative interest expenses, which are included in interest income	-205	-130

NOTE 4: NET FEE AND COMMISSION INCOME

	Jan-Mar 2022	Jan-Mar 2021
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	7 116	6 313
From borrowing	723	525
From payment transactions	3 534	3 239
From legal duties	84	83
From insurance brokerage	386	340
From issuance of guarantees	-39	11
Total fee and commission income from Banking	11 805	10 511
Fee and commission income from Wealth Management		
From funds**	9 444	16 271
From wealth management	628	1 042
From property management *	803	799
Total fee and commission income from Wealth Management	10 875	18 112
Fee and commission income from other activities		
From securities brokerage	121	34
Other fee and commission income	265	255
Total fee and commission income from other activities	386	289
Fee and commission income, total	**23 066**	**28 913**
Fee and commission expenses		
From funds	-778	-8 655
From wealth management	-30	-66
From securities brokerage	-251	-333
From card business	-2 319	-1 736
From property management *	-78	-123
Banking fees	-140	-109
Other expenses	-41	-74
Fee and commission expenses, total	**-3 637**	**-11 096**
Net fee and commission income	**19 429**	**17 817**

* Comparative year's figures have been amended because the commission income and expenses from property management are presented as a separate line items in interim report 2022.

** The year-on-year decrease in fee and commission income from funds is due to the changes in the management of LocalTapiola funds.

NOTE 5: NET INCOME FROM INVESTING ACTIVITIES

	Jan-Mar 2022	Jan-Mar 2021
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	5	12
Changes in fair value	-118	-32
Shares and interests		
Capital gains and losses	0	12
Changes in fair value	995	370
Derivatives		
Changes in fair value	880	23
Net income from financial assets measured at fair value through profit or loss, total	**1 763**	**385**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	222	129
Other income and expenses	-4	-4
Shares and interests		
Capital gains and losses	121	139
Net income from financial assets measured at fair value through other comprehensive income, total	**339**	**264**
Net income from currency operations	**94**	**82**
Net income from hedge accounting		
Net result from hedging instruments	8 431	2 097
Net result from hedged items	-8 548	-2 217
Net income from hedge accounting	**-117**	**-120**
Net income from investing activities, total	**2 079**	**610**

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 result 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: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments according to valuation method

Financial assets, fair values 31 Mar 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	1 034 776	0	1 034 776	1 034 776
Receivables from credit institutions	0	28 205	0	28 205	22 857
Receivables from customers	0	6 601 039	0	6 601 039	6 274 693
Total	**0**	**7 664 019**	**0**	**7 664 019**	**7 332 326**
Financial assets measured at fair value through profit or loss					
Debt securities	0	123 996	0	123 996	123 996
Derivatives	0	5 893	0	5 893	5 893
Shares and interests	19 178	12 659	0	31 838	31 838
Total	**19 178**	**142 549**	**0**	**161 727**	**161 727**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	662 927	37 311	0	700 237	698 782
Debt securities	218 682	9 024	0	227 706	226 635
Shares and interests	0	605	122	727	727
Total	**881 608**	**46 940**	**122**	**928 671**	**926 144**
Fair values of assets, total	**900 787**	**7 853 508**	**122**	**8 754 417**	**8 420 197**

Financial assets, fair values 31 Dec 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	1 091 962	0	1 091 962	1 091 962
Receivables from credit institutions	0	25 022	0	25 022	25 064
Receivables from customers	0	6 495 290	0	6 495 290	6 086 022
Total	**0**	**7 612 275**	**0**	**7 612 275**	**7 203 049**
Financial assets measured at fair value through profit or loss					
Debt securities	0	252 056	0	252 056	252 056
Derivatives	0	582	0	582	582
Shares and interests	18 208	12 573	61	30 843	30 843
Total	**18 208**	**265 211**	**61**	**283 480**	**283 480**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	642 251	44 563	0	686 814	684 859
Debt securities	204 420	9 261	0	213 681	212 172
Shares and interests	0	605	128	732	732
Total	**846 671**	**54 429**	**128**	**901 227**	**897 764**
Fair values of assets, total	**864 879**	**7 931 914**	**189**	**8 796 982**	**8 384 293**

Financial liabilities, fair values 31 Mar 2022	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	7 571 909	0	7 571 909	7 646 032
Issued bonds	168 640	0	0	168 640	169 742
Subordinated debts	0	113 763	0	113 763	112 667
Total	**168 640**	**7 685 672**	**0**	**7 854 311**	**7 928 441**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	4 453	0	4 453	4 453
Total	**0**	**4 453**	**0**	**4 453**	**4 453**

Financial liabilities, fair values 31 Dec 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	108	0	108	108
Liabilities to customers	0	7 591 312	0	7 591 312	7 611 265
Issued bonds	170 101	0	0	170 101	169 699
Subordinated debts	0	113 215	0	113 215	112 667
Total	**170 101**	**7 704 635**	**0**	**7 874 736**	**7 893 738**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	8 383	0	8 383	8 383
Total	**0**	**8 383**	**0**	**8 383**	**8 383**

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 derivatives (excluding futures) are determined by discounting future cash flows to the present value and applying market interest rates on the closing date. Bonds, investment fund 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 are 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 2022	127
Other changes	-5
Shares and interests, carrying amount 31 Mar 2022	**122**

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

NOTE 7: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 31 Mar 2022	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	1 034 776				1 034 776
Debt securities eligible for refinancing with central banks		698 782			698 782
Receivables from credit institutions	22 857				22 857
Receivables from customers	6 274 693				6 274 693
Debt securities		226 635	123 996		350 631
Derivatives			823	5 070	5 893
Shares and interests		727	31 838		32 565
Total	**7 332 326**	**926 144**	**156 657**	**5 070**	**8 420 197**

Classes of financial liabilities 31 Mar 2022	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	7 646 032			7 646 032
Issued bonds	169 742			169 742
Subordinated debts	112 667			112 667
Derivatives		0	4 453	4 453
Lease liabilities	6 416			6 416
Total	**7 934 857**	**0**	**4 453**	**7 939 310**

Classes of financial assets 31 Dec 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	1 091 962				1 091 962
Debt securities eligible for refinancing with central banks		684 859			684 859
Receivables from credit institutions	25 064				25 064
Receivables from customers	6 086 022				6 086 022
Debt securities		212 172	252 056		464 228
Derivatives			41	540	582
Shares and interests		732	30 843		31 575
Total	**7 203 049**	**897 764**	**282 940**	**540**	**8 384 293**

Classes of financial liabilities 31 Dec 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	108			108
Liabilities to customers	7 611 265			7 611 265
Issued bonds	169 699			169 699
Subordinated debts	112 667			112 667
Derivatives		98	8 285	8 383
Lease liabilities	6 681			6 681
Total	**7 900 419**	**98**	**8 285**	**7 908 802**

NOTE 8: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	31 Mar 2022 Nominal value	31 Mar 2022 Positive fair value	31 Mar 2022 Negative fair value	31 Dec 2021 Nominal value	31 Dec 2021 Positive fair value	31 Dec 2021 Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	681 200	5 070	-4 453	531 200	540	-8 285
Total interest rate derivatives designated for hedge accounting	**681 200**	**5 070**	**-4 453**	**531 200**	**540**	**-8 285**
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	20 000	823	0	50 000	41	-98
Total interest rate derivatives, other than for hedging purposes	**20 000**	**823**	**0**	**50 000**	**41**	**-98**
Total derivatives	**701 200**	**5 893**	**-4 453**	**581 200**	**582**	**-8 383**

Maturities of derivatives	31 Mar 2022 Less than one year	31 Mar 2022 1–5 years	31 Mar 2022 Over 5 years	31 Mar 2022 Total	31 Dec 2021 Less than one year	31 Dec 2021 1–5 years	31 Dec 2021 Over 5 years	31 Dec 2021 Total
Designated for hedge accounting								
Interest rate derivatives	219 000	392 200	70 000	**681 200**	69 000	422 200	40 000	**531 200**
For non-hedging purposes								
Interest rate derivatives	0	0	20 000	**20 000**	30 000	10 000	10 000	**50 000**
Total derivatives	**219 000**	**392 200**	**90 000**	**701 200**	**99 000**	**432 200**	**50 000**	**581 200**

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 result 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 2022	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	681 200	5 070	-4 453	Derivatives and other liabilities subject to trading	8 431
Hedging derivatives, total	**681 200**	**5 070**	**-4 453**		**8 431**

31 Mar 2022	Carrying amount		Cumulative change in balance sheet value		Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
	Assets	Liabilities	Assets	Liabilities		
Hedged item						
Debt securities	751 434	0	783	0	Debt securities	-8 548
Hedged items, total	**751 434**	**0**	**783**	**0**		**-8 548**

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 2022		Profit / loss on hedging relationship			
Hedged item	Hedging instrument	Hedged item	Hedging instrument	Ineffective portion of hedging relationship	Income statement line on which the ineffective portion is booked
Debt securities	Interest rate derivatives	-8 548	8 431	-117	Net income from investing activities: Net income from hedge accounting

31 Dec 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	531 200	540	-8 285	Derivatives and other liabilities subject to trading	8 311
Hedging derivatives, total	**531 200**	**540**	**-8 285**		**8 311**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2021	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	841 394	0	7719	0	Debt securities	-8 463
Hedged items, total	**841 394**	**0**	**7719**	**0**		**-8 463**

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 2021		Profit / loss on hedging relationship			
Hedged item	**Hedging instrument**	**Hedged item**	**Hedging instrument**	**Ineffective portion of hedging relationship**	**Income statement line on which the ineffective portion is booked**
Debt securities	Interest rate derivatives	-8 463	8 311	-152	Net income from investing activities: Net income from hedge accounting

NOTE 9: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 1.7 (6.5) million were recognised in the consolidated income statement during the reporting period. Reversals, or recovered credit losses, amounted to EUR 1.6 million (1.2). Consequently, the total net effect on profit of expected and final credit losses was EUR 0.1 million (5.2).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan-Mar 2022	Jan-Mar 2021
Receivables written off as credit and guarantee losses	-3 732	-5 245
Reversal of receivables written off	1 596	1 246
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	1 874	-1 362
Expected credit losses (ECL) on investment activities	120	122
Total	**-142**	**-5 239**

S-Bank is exposed to credit risk arising from household and corporate customer exposures, 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. During the review period, S-Bank updated its criteria for identifying significant increase in credit risk based on statistical analysis, which decreased the amount of receivables classified in stage 2. The coverage ratio illustrates the proportion of the ECL provision to the exposure amount.

The total ECL provision at the end of the review period was EUR 18.7 million (20.6). The ECL provision decreased by EUR 2.0 million during the reporting period, mainly due to a decrease in household customers ECL provision. The coverage ratio of the total portfolio declined to 0.19 (0.22) per cent and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

31 Mar 2022 (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*	4 996.3	-1.3	209.9	-8.4	44.6	-7.2	5 250.9	-16.9	-0.32%
Lending to corporate customers*	1 023.2	-0.2	27.8	-0.4	0.0	0.0	1 051.0	-0.6	-0.06 %
Investing activities**	926.1	-0.3	1.8	-0.1	0.0	0.0	927.9	-0.4	-0.05 %
Off-balance sheet commitments***	2 523.3	-0.2	18.4	-0.5	0.5	0.0	2 542.2	-0.7	-0.03 %
Total	**9 469.0**	**-2.0**	**257.9**	**-9.5**	**45.1**	**-7.2**	**9 772.0**	**-18.7**	**-0.19 %**

*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 on the balance sheet under 'Other liabilities'.

31 Dec 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*	4 365.1	-1.7	707.1	-10.4	39.3	-6.3	5 111.5	-18.4	-0.36 %
Lending to corporate customers*	982.1	-0.2	20.3	-0.6	0.0	0.0	1 002.3	-0.8	-0.08 %
Investing activities**	898.5	-0.4	2.0	-0.1	0.0	0.0	900.5	-0.6	-0.06 %
Off-balance sheet commitments***	2 335.0	-0.3	97.9	-0.6	0.5	0.0	2 433.4	-0.9	-0.04 %
Total	**8 580.6**	**-2.6**	**827.3**	**-11.7**	**39.8**	**-6.3**	**9 447.7**	**-20.6**	**-0.22 %**

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 constitutes 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 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3 915 752	64 731	0	3 980 483
Category 2	324 580	8 894	0	333 474
Category 3	284 472	7 977	0	292 449
Category 4	133 426	5 435	0	138 861
Category 5	242 661	11 341	0	254 002
Category 6	94 525	41 112	0	135 637
Category 7	895	70 442	0	71 336
In default	0	0	44 623	44 623
Gross carrying amount	**4 996 310**	**209 933**	**44 623**	**5 250 866**
ECL provision*	-1 310	-8 374	-7 180	-16 864
Net carrying amount	**4 995 000**	**201 558**	**37 443**	**5 234 002**

	Lending to household customers			
31 Dec 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3 570 789	360 914	0	3 931 704
Category 2	247 879	56 992	0	304 870
Category 3	215 619	67 371	0	282 990
Category 4	76 444	43 660	0	120 104
Category 5	168 320	56 674	0	224 994
Category 6	83 849	46 970	0	130 819
Category 7	2 151	74 498	0	76 649
In default	0	0	39 344	39 344
Gross carrying amount	**4 365 050**	**707 079**	**39 344**	**5 111 473**
ECL provision*	-1 734	-10 371	-6 301	-18 406
Net carrying amount	**4 363 317**	**696 708**	**33 043**	**5 093 067**

*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 customers, investing activities and off-balance sheet commitments, including the off-balance sheet accounts of household customers)

31 Mar 2022 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category 1	3 163 592	82	0	3 163 673
Category 2	458 203	9	0	458 212
Category 3	273 690	6	0	273 697
Category 4	325 756	3	0	325 759
Category 5	229 402	13 359	0	242 760
Category 6	20 036	29 668	0	49 703
Category 7	1 964	4 872	0	6 836
In default	0	0	523	523
Total	**4 472 642**	**47 998**	**523**	**4 521 164**
ECL provision*	-671	-1 080	-36	-1 788

31 Dec 2021 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category 1	2 953 617	52 948	0	3 006 565
Category 2	423 553	10 350	0	433 903
Category 3	270 117	8 809	0	278 926
Category 4	314 244	15 682	0	329 927
Category 5	230 138	4 022	0	234 159
Category 6	22 247	23 474	0	45 722
Category 7	1 589	4 928	0	6 517
In default	0	0	465	465
Total	**4 215 506**	**120 213**	**465**	**4 336 184**
ECL provision*	-914	-1 297	-29	-2 240

*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 on the balance sheet under 'Other liabilities'.

The following tables describe transfers and changes in expected credit losses 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 2.6 million compared with the situation at the beginning of the reporting period. This item is affected by estimates from risk models and the management factor, for example. The estimates from risk models were affected by updates in ECL calculation, which decreased ECL provision approximately EUR 2.1 million. The updates in ECL calculation are described further in chapter credit risk.

Reconciliation of expected credit losses (household customers)

	Household customers			
31 Mar 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2022	**1 734**	**10 371**	**6 301**	**18 406**
Transfers from Stage 1 to Stage 2	-271	1 970	0	1 699
Transfers from Stage 1 to Stage 3	-57	0	406	348
Transfers from Stage 2 to Stage 1	112	-1 901	0	-1 790
Transfers from Stage 2 to Stage 3	0	-736	1 467	730
Transfers from Stage 3 to Stage 1	1	0	-103	-102
Transfers from Stage 3 to Stage 2	0	76	-315	-239
Changes in the risk parameters	-367	-1 470	-265	-2 103
Increases due to origination and acquisition	211	433	388	1 032
Decreases due to derecognition	-49	-220	-164	-433
Decrease in the allowance account due to write-offs	-3	-149	-533	-685
Net change in ECL	-424	-1 997	879	-1 542
ECL 31 Mar 2022	**1 310**	**8 374**	**7 180**	**16 864**

Reconciliation of expected credit losses (corporate customers, 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 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2022	**914**	**1 297**	**29**	**2 240**
Transfers from Stage 1 to Stage 2	-45	199	0	155
Transfers from Stage 1 to Stage 3	0	0	4	4
Transfers from Stage 2 to Stage 1	7	-124	0	-117
Transfers from Stage 2 to Stage 3	0	-11	6	-5
Transfers from Stage 3 to Stage 1	0	0	-3	-3
Transfers from Stage 3 to Stage 2	0	3	-3	-1
Changes in the risk parameters	-267	-266	1	-532
Increases due to origination and acquisition	76	172	5	253
Decreases due to derecognition	-13	-181	-3	-197
Decrease in the allowance account due to write-offs	0	0	0	0
Net change in ECL	-242	-208	7	-443
ECL 31 Mar 2022	**671**	**1 080**	**36**	**1 788**

NOTE 10: COLLATERAL GIVEN

	Other collateral	
	31 Mar 2022	**31 Dec 2021**
Collateral given for own debt		
Liabilities to credit institutions	175 076	181 632
Derivatives and liabilities held for trading	2 581	13 660
Collateral given for own debt, total	**177 657**	**195 292**
of which cash	2 581	13 660
of which securities	175 076	181 632
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 2022	**31 Dec 2021**
Guarantees	4 592	9 722
Other commitments given to third parties	146	150
Undrawn credit facilities	218 864	258 147
Off-balance sheet commitments, total	**223 602**	**268 019**

The expected credit loss on off-balance sheet items is EUR 730 thousand (870 thousand).

NOTE 12: RELATED PARTIES

Related-party information is described in more detail in the 2021 financial statements.

NOTE 13: EVENTS AFTER THE REVIEW PERIOD

S-Bank's Annual General Meeting (AGM) was held on 7 April 2022. The AGM adopted the financial statements for 2021 and discharged the members of the Board of Directors and the CEO from liability. KPMG Oy Ab was elected as the company's auditor, with Petri Kettunen as the principally responsible auditor.

The AGM elected six members and one deputy member to the Board of Directors. The following were elected to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Heli Arantola, Managing Director of Leipurin Plc; Veli-Matti Liimatainen, Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, entrepreneur; Jorma Vehviläinen, CFO of SOK; and Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, CEO of Osuuskauppa KPO, was elected as a deputy member.

The Board re-elected Jari Annala as Chairman and elected Jorma Vehviläinen as Vice Chairman.

FINANCIAL CALENDAR

S-Bank publishes financial information regularly. An up-to-date calendar can be found on S-Bank's website at s-pankki.fi/investors.

3 August 2022: Half-year report 1 January–30 June 2022
10 November 2022: Interim report 1 January – 30 September 2022
3 February 2023: Financial statements bulletin for 2022

2 May 2022
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, 2022

To the Board of Directors of S-Bank Plc

Introduction

We have reviewed the balance sheet as of March 31, 2022 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, 2 May 2022

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

BANK