S-BANK INTERIM REPORT 1 JANUARY–31 MARCH 2023

BANK

RESULT INCREASED BY MORE THAN TWO-FOLD – CUSTOMER DEMAND WAS STRONG

Hanna Porkka, Interim CEO

"S-Bank's January–March result was excellent and 2.5 times higher than a year before. Business developed in line with expectations and capital adequacy remained at a good level."

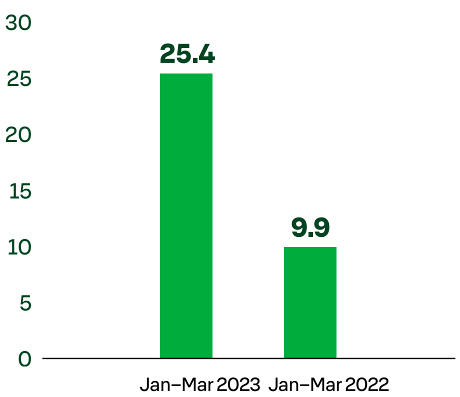
JANUARY–MARCH 2023

- Lending increased to EUR 6.8 billion (6.3)
- Assets under management on previous year level EUR 6.0 billion (5.9) *
- Operating profit increased to EUR 25.4 million (9.9)
- The capital adequacy ratio increased to 16.8 per cent (15.7)

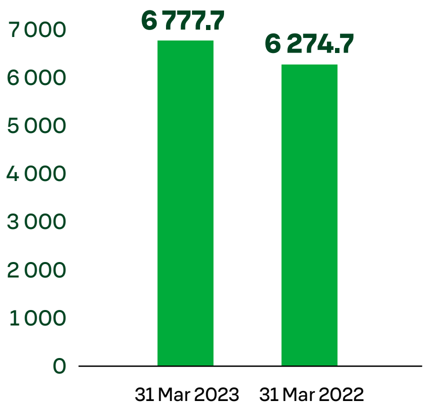
The S-Bank Group's operating profit was EUR 25.4 million (9.9) increasing 156.1 per cent on the previous year. The improvement in performance was driven by 57.8 per cent increase in total income, in which a strong increase in net interest income contributed heavily. The cost-to-income ratio was 0.69 (0.80) and return on equity was 9.1 per cent (4.4).

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

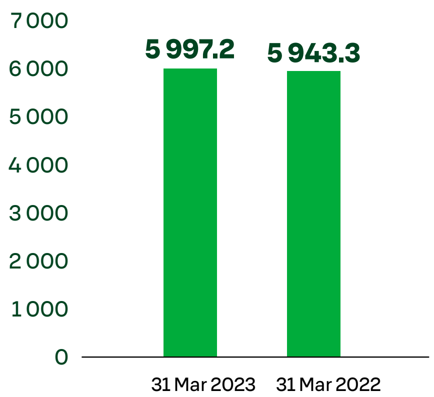
Operating profit (EUR million)



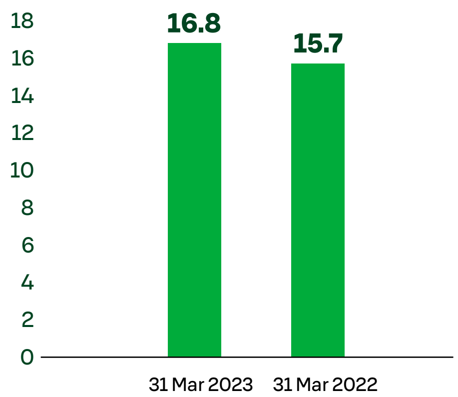
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2023 (CHANGED)

We expect that the operating profit for the whole year will be almost double that of the previous year (EUR 44.7 million). The rise in interest rates is having a positive impact on the bank's performance. However, the outlook for 2023 is still subject to uncertainties related to the operating environment and interest rate developments.

KEY FIGURES

(EUR million)	Jan–Mar 2023	Jan–Mar 2022	Change
Net interest income	54.8	23.0	138.3%
Net fee and commission income	22.0	19.4	13.0%
Total income	80.0	50.7	57.8%
Operating profit	25.4	9.9	156.1%
Cost-to-income ratio	0.69	0.80	-0.11

(EUR million)	31 Mar 2023	31 Dec 2022	Change
Liabilities to customers, deposits	7 927.8	7 925.6	0.0%
Receivables from customers, lending	6 777.7	6 695.3	1.2%
Debt securities	727.9	696.7	4.5%
Equity	546.8	524.2	4.3%
Expected credit losses (ECL)	24.2	22.5	7.3%
Assets under management	5 997.2	5 852.5	2.5%
Return on equity	9.1%	6.9%	2.2
Return on assets	0.5%	0.4%	0.1
Equity ratio	6.1%	5.9%	0.2
Capital adequacy ratio	16.8%	16.3%	0.4

The S-Bank Group (hereinafter 'S-Bank') figures for the corresponding period of 2022 are used in the result comparisons. For comparisons of balance sheet items and other breakdown items, the figures refer to the end of 2022 unless otherwise indicated.

CEO'S REVIEW

S-Bank's January–March result was excellent and 2.5 times higher than a year before. Business developed as anticipated and capital adequacy remained at a good level. Income was EUR 80.0 million (50.7) and operating profit was EUR 25.4 million (9.9).

A strong year-on-year increase in net interest income in particular contributed to the increase in operating profit. The strong performance enables sufficient capital buffers, operational development and business growth.

Globally, the economy got off to a better start in 2023 than had been expected. There were no major economic issues and the economy avoided a slowdown. The general rise in price levels, i.e. inflation, the increase of interest rates and expectations of a slowdown in economic growth will continue to determine the pace of development in Finland as well.

For S-Bank, the operating environment contains factors that boost and factors that undermine business conditions. Overall, however, business improved well, as indicated by the progress we made towards our strategic goal. Our goal is to reach one million active customers, and at the end of March we had around 606 000. A year ago, the corresponding figure was around 544 000. The long-term financial goal is a return on equity of over 8 per cent. This goal was clearly exceeded in the first quarter and the return on equity was 9.1 per cent.

Positive performance also continued in many products.

In January–March, the total euro amount of purchases made with the S-Etukortti Visa card grew by 25.5 per cent and the number of purchases by 27.1 per cent on the previous year. At the end of the first quarter, purchases made with S-Bank cards accounted for 25.1 per cent (23.4) of all Bonus purchases made in S Group stores.

In housing loans, we continued to grow and gain market share despite a difficult market environment. The growth rate of our housing loan volume was almost 14 times higher than the market as a whole for the preceding 12-month period. Other lending was also brisk, and credit losses remained moderate.

The number of unit holders in the S-Bank funds exceeded 367 000 at the end of the quarter. The number increased by 18 000 year-on-year. The first quarter of the year was challenging on the investment markets, but our balanced funds performed well against their benchmarks in terms of returns. In April, two of our funds received the prestigious Lipper Award in a total of three award categories, and according to our customer survey completed in the first quarter, the willingness of our Private Banking customers to recommend our services is at a record high.

S-Bank is a growing and financially sound Finnish bank. Despite the global economic uncertainty, we are committed to delivering superior ease and benefits to our customers. We are a full-service bank for the co-op members of S Group cooperative stores and we offer them an account, a card, online banking and a mobile app free-of-charge.

A new chapter in the S-Bank story will begin this spring when Riikka Laine-Tolonen takes up her position as CEO of S-Bank at the end of April. I wish you a very warm welcome, Riikka!

Finally, I would like to thank S-Bank's employees for their excellent work in the first quarter. I am proud that we can rely on our skilled and committed personnel. I also want to thank our customers, our shareholders, our bond investors and our partners for their trust in us.

HANNA PORKKA
Interim CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

S-Bank made Google Pay available to its customers from 14 February 2023. Customers can add their S-Etukortti Visa to their Google Pay wallet and use it to pay with their smartphones. At the same time, the digital S-Etukortti card was made available to customers with an update of S-mobiili, enabling them to collect bonuses without a physical card at S Group stores and ABC Ravintolat restaurants. The introduction of Google Pay is part of the ongoing development of digital services.

On 26 January 2023, credit rating agency Standard & Poor's (S&P) published a report where it affirmed S-Bank's long-term rating of BBB. The credit rating of long-term borrowing is BBB, that of short-term borrowing is A-2, and the outlook is stable. Also, S&P assigned resolution counterparty ratings (RCRs) for S-Bank for the first time. The credit rating of long-term borrowing is BBB+ and that of short-term borrowing is A-2.

S-Bank raised its S-Prime interest rate twice. S-Prime is S-Bank's own reference rate and it is used as the reference rate for deposits and some types of loans. The first interest rate change came into force on 10 January 2023, after which the interest rate was 1.5 per cent. The second interest rate change came into force on 28 March 2023, after which the interest rate was 2.0 per cent. The decisions were based on the increase in market rates.

There was positive news about the attractiveness of the S-Bank brand in January–March. According to a financial sector trust and reputation survey (Finanssialan Luottamus & Maine 2022) conducted in 2022 and published by the research company T-Media on 10 March 2023, S-Bank has the best reputation in the Finnish financial sector together with Nordnet. For the eleventh consecutive year, Finns elected S-Bank as the most responsible banking brand in Finland in the annual Sustainable Brand Index survey published by the research company SB Insight on 21 March. In a survey onsatisfaction and trust in banking services 2023, commissioned by the loan comparison service Sortter and conducted by Taloustutkimus, S-Bank's customers were the most satisfied with their bank for the fourth year in a row. The survey was published on 29 March. The mutual funds S-Pankki Fenno Osake and S-Pankki High Yield Eurooppa ESG Korko received prestigious Lipper awards in a total of three categories.

SUMMARY OF THE IMPACTS OF THE WAR BETWEEN RUSSIA AND UKRAINE ON BUSINESS OPERATIONS

During the reporting period, S-Bank's operating environment was affected by the Russian invasion of Ukraine in February 2022.

The impact of the war in Ukraine on S-Bank's operations has been limited. The war has an indirect operational impact because it has changed the operating environment. It has led to rising energy and commodity prices and accelerated inflation. In Europe in particular, Russia's attack worsened the situation into an energy crisis. Accelerating inflation prompted central banks to tighten their monetary policies. A rapid increase of interest rates led to lower bond valuations and consequently, the bank's fair value reserve decreased during year 2022, especially during the first months of the war, but started to recover during the first quarter of 2023. International sanctions were also imposed as a result of the war. However, the impact of the war on S-Bank has been limited because of S-Bank's chosen strategy to focus on household customers in Finland.

S-Bank's customers have been able to take care of their daily payments, as before, with S-Bank's Visa cards and S-mobiili and via the online bank. Due to the sanctions and payment restrictions, however, S-Bank has interrupted payment transmissions with Russian and Belarusian banks for the time being.

According to the Bank Barometer survey carried out by Finance Finland in February, household demand for loans was markedly lower during the early part of the year than in the corresponding period of the previous year. The expectations of bank managers responding to the survey on the near-term demand for credit from households and businesses have also weakened significantly. With regard to investments, deposits and fixed-income funds are increasing in popularity.

The impacts of the war in Ukraine, through changes in the operating environment, on the bank's risk position are described in more detail in the section 'Risks, capital adequacy and their management'.

OPERATING ENVIRONMENT

The year 2023 got off to a better start than expected. Economic worries have been a concern in Finland and globally since the beginning of last year, but relative to expectations, major economic problems and a slowdown have been avoided. Last year, central banks started to tighten their monetary policies and this continued on the same track at the beginning of this year. This will limit economic growth in the long run, but so far, the direct impact on the economy has been limited.

Growth is expected to slow right down to the brink of recession this year. So far, however, employment has remained strong in Finland and elsewhere, which has supported the economy as a whole. Economic figures around the world have been slightly better than expected. Inflation rose sharply last year but turned down as expected at the beginning of the year thanks to lower commodity prices, higher benchmarks and easing bottlenecks in the economy. However, inflation has spread extensively throughout the economy, as reflected in the persistence of high core inflation net of energy and food prices. In other words, price issues are not over yet. Central banks are still being required to maintain tight monetary policy, which is gradually reducing economic activity. The slowdown has been moderate so far and the economic outlook should remain reasonable in the near term.

In March, problems at Silicon Valley Bank in the US and Credit Suisse in Switzerland raised fears of a new banking crisis. The banks' difficulties were the result of a sharp rise in interest rates. Rapid rescue measures by the authorities in both the US and Switzerland quickly calmed the banking markets. The problem was successfully limited to a few individual banks and resolved, and the direct impact on the economy and the financial markets was therefore limited. In the longer term, lending will tighten further as banks impose tougher lending terms and the cost of financing rises, which will subdue the economic outlook.

In general terms, the economy adjusted to living with higher prices and higher interest rates at the beginning of the year. As prices rose, the volume of consumption fell, while the amount of money spent increased. High interest rates hit not only the banks mentioned above but, for example, also the real estate market, where property prices started to decline. Prices have risen rapidly in recent years but are now being challenged by the new interest rate environment. The adjustment to the new environment is reflected both in prices and a slowdown in construction.

In financial markets, central bank rate hikes continued, but the rise in long-term government bond rates came to an end with emerging expectations of a slowdown in inflation and an end to rate hikes. However, uncertainty was nevertheless exceptionally high in fixed income markets. Equity markets also saw both ups and downs as investors speculated on the future of the economy and inflation. The bank troubles in March initially weighed on interest rates and equities, but a return of confidence towards the end of the month buoyed the markets again.

FINANCIAL POSITION

Key figures

(EUR million)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Jan–Mar 2023	Jan–Mar 2022
Net interest income	54.8	43.5	31.3	23.9	23.0	54.8	23.0
Net fee and commission income	22.0	24.3	21.4	22.0	19.4	22.0	19.4
Total income	80.0	70.9	54.1	46.0	50.7	80.0	50.7
Operating profit	25.4	20.6	10.7	3.4	9.9	25.4	9.9
Cost-to-income ratio	0.69	0.74	0.81	0.83	0.80	0.69	0.80

(EUR million)	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022	31 Mar 2023	31 Dec 2022
Liabilities to customers, deposits	7 927.8	7 925.6	7 912.2	7 841.9	7 602.1	7 927.8	7 925.6
Receivables from customers, lending	6 777.7	6 695.3	6 610.3	6 422.0	6 274.7	6 777.7	6 695.3
Debt securities	727.9	696.7	728.4	685.6	1 049.4	727.9	696.7
Equity	546.8	524.2	506.9	501.1	507.8	546.8	524.2
Expected credit losses (ECL)	24.2	22.5	20.2	19.4	18.7	24.2	22.5
Assets under management *	5 997.2	5 852.5	5 761.3	5 670.5	5 943.3	5 997.2	5 852.5
Return on equity	9.1%	6.9%	4.4%	3.7%	4.4%	9.1%	6.9%
Return on assets	0.5%	0.4%	0.3%	0.2%	0.3%	0.5%	0.4%
Equity ratio	6.1%	5.9%	5.7%	5.7%	5.9%	6.1%	5.9%
Capital adequacy ratio	16.8%	16.3%	16.0%	16.2%	15.7%	16.8%	16.3%

* Comparison amounts have been adjusted with the value of Q4 2022 terminated portfolio management agreement.

RESULT AND BALANCE SHEET JANUARY–MARCH 2023

S-Bank Group's operating profit was EUR 25.4 million (9.9), an increase of 156.1 per cent on the previous year. The profit for the period after taxes was EUR 20.4 million (8.1). Return on equity increased to 9.1 per cent (4.4).

Income

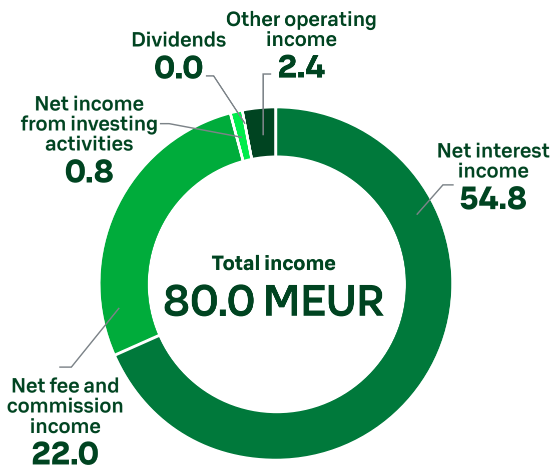
During the review period, total income increased significantly. Total income amounted to EUR 80.0 million (50.7), a growth of 57.8 per cent.

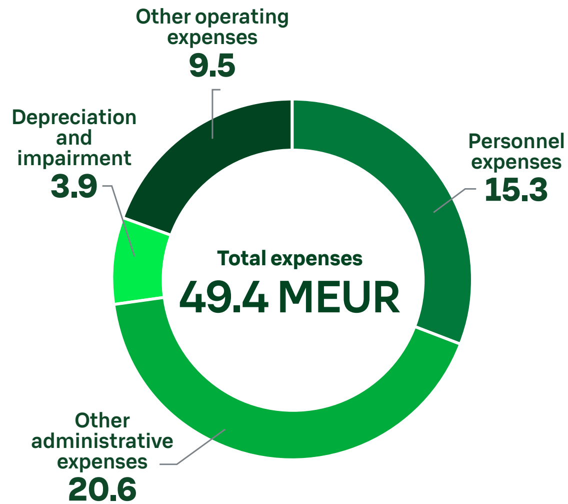
Net interest income increased by 138.3 per cent, totalling EUR 54.8 million (23.0). Net interest income continued to increase significantly compared to the previous quarter due to higher interest rate levels. Net fee and commission income increased by 13.0 per cent to EUR 22.0 million (19.4). The change was mainly due to the growth in the fees from card payments. Net income from investing activities decreased and was EUR 0.8 million (2.1). Other operating income decreased to EUR 2.4 million (6.1). Other operating income for the comparison period includes EUR 3.8 million in revenue from sales of receivables previously recognised as credit losses.

Expenses

Operating expenses totalled EUR 49.4 million (40.6) during the review period. This is 21.6 per cent more year-on-year, mainly due to increases in personnel expenses and regulatory fees. Personnel expenses accounted for EUR 15.3 million (12.5) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions.

Other administrative expenses totalled EUR 20.6 million (17.7). The increase is mainly due to an increase in IT and development costs as well as other administrative expenses. Depreciation and impairment of tangible and intangible assets amounted to EUR 3.9 million (3.5). Other operating expenses totalled EUR 9.5 million (6.9), which includes EUR 8.7 million (6.0) in financial stability contribution and deposit guarantee contribution.





Expected and final credit losses

Expected and final credit losses of EUR 6.8 million (1.7) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 1.6 million (1.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 5.2 million (0.1). The expected and final credit losses remained at the previous quarter's level. In the first quarter of the year, provisions of EUR 1.5 million (0.0) were made based on management judgement. In addition, the calculation of expected credit losses, which was updated during the review period, had a positive impact. A rise in inflation and interest rates, as well as a weakening of the economic outlook, may have a negative impact on development in the future. 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 were EUR 7 927.8 million (7 925.6) at the end of the review period. Deposits repayable on demand totalled EUR 7 642.3 million (7 845.4) and time deposits EUR 285.5 million (80.2) at the end of the review period. During the past 12 months, total deposits grew by 4.3 per cent. Household customers' deposit portfolio grew 7.0 per cent on the previous year and was EUR 7 262.8 million. Corporate customers' deposit portfolio contracted 18.4 per cent on the previous year and was EUR 665.0 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 762.3 million (6 580.2).

Deposits

(EUR million)	31 Mar 2023	31 Dec 2022	Change	Change year-on-year
Household customers	7 262.8	7 078.8	2.7%	7.0%
Corporate customers	665.0	846.8	-22.3%	-18.4%
Total	**7 927.8**	**7 925.6**	**0.0%**	**4.3%**

Lending

At the end of the review period, the loan portfolio totalled EUR 6 777.7 million (6 695.3). During the past 12 months, the loan portfolio grew by 8.0 per cent. The household loan portfolio grew by 8.1 per cent on the previous year and was EUR 5 644.9 million. The corporate loan portfolio grew 7.8 per cent on the previous year and was EUR 1 132.8 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 85 per cent (84).

Liquidity portfolio and investing activities

At the end of the review period, the bank's debt securities totalled EUR 727.9 million (EUR 696.7 million at the end of 2022). Deposits in central banks and cash totalled EUR 1 294.0 million (1 368.2). The breakdown of the liquidity and investment portfolio is illustrated in chapter Risks and Capital Adequacy and their management under section S-Bank Group's risk position in paragraph Liquidity and funding.

Equity

At the end of the review period, S-Bank's equity was EUR 546.8 million, compared with EUR 524.2 million at the end of 2022. The equity ratio was 6.1 per cent (5.9).

Assets under management

Assets under management were EUR 5 997.2 million (5 852.5) at the end of the review period. Of assets under management, fund capital accounted for EUR 4 039.6 million (3 925.8), and wealth management capital accounted for EUR 1 957.7 million (1 926.7). In addition, S-Bank Properties Ltd managed EUR 334.3 million in customer assets, consisting of real estate and joint ventures (347.5). Net subscriptions to the S-Bank mutual funds amounted to EUR -8.3 million in the review period compared with EUR 38.8 million a year earlier.

Lending

(EUR million)	31 Mar 2023	31 Dec 2022	Change	Change year-on-year
Household customers	5 644.9	5 588.9	1.1%	8.1%
Corporate customers	1 132.8	1 106.3	2.5%	7.8%
Total	**6 777.7**	**6 695.3**	**1.3%**	**8.0%**

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'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 26.1 million (9.4) in January-March. Total income increased 71.7 per cent to EUR 69.4 million (40.4). Especially net interest income grew significantly. Expenses increased by 23.2 per cent to EUR 38.0 million (30.9). Impairment of receivables increased to EUR 5.2 million (0.1).

According to the latest available information, the increase in housing loan volume for the financial institutions operating in Finland was 0.6 per cent for the preceding 12-month period in February. S-Bank's housing loan volume grew by 8.3 per cent (almost 14 times the market growth) in the same period. In January-March the number of housing loan applications decreased on the previous year.

The use of S-Etukortti Visa cards developed very favourably in January–March 2023. The total euro sum of purchases made with the cards increased by 25.5 per cent (16.9) on the previous year and was record-high for January–March. The number of purchases made with cards increased by 27.1 per cent (19.1).

Wealth Management

Wealth Management is responsible for producing the S-Bank'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.

Operating profit decreased to EUR 1.6 million (2.0). Total income increased by 1.7 per cent to EUR 10.2 million (10.0). Expenses increased by 8.1 per cent to EUR 8.6 million (8.0). Business performance was affected by uncertainty in the financial and real estate markets and rising interest rates.

Net subscriptions to the S-Bank mutual funds amounted to EUR -8.3 million in the review period compared with EUR 38.8 million a year earlier. The net subscriptions to S-Bank funds performed weaker than the fund management company average. Net subscriptions on the market as a whole amounted to EUR 588.7 million against EUR -1,077.4 million a year earlier.

The total number of unit holders in the S-Bank funds increased to around 367 000 from around 349 000 a year earlier. On the Finnish market as a whole, total number of unit holders rose to around 4.1 million from 4.0 million a year earlier.

Banking

(EUR million)	Jan-Mar 2023	Jan-Mar 2022	Change
Operating income	69.4	40.4	71.7%
Operating expenses	-38.0	-30.9	23.2%
Impairment of receivables	-5.2	-0.1	3527.8%
Operating profit (loss)	**26.1**	**9.4**	**178.8%**

Wealth Management

(EUR million)	Jan-Mar 2023	Jan-Mar 2022	Change
Operating income	10.2	10.0	1.7%
Operating expenses	-8.6	-8.0	8.1%
Operating profit (loss)	**1.6**	**2.0**	**-23.3%**

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.

The first quarter of 2023 in the financial markets started very much in the same situation as the year 2022 ended. In March, concerns about a new banking crisis arose, when individual banks in the United States collapsed because of a deposit flight and the problems of the Swiss Credit Suisse led to the sale of the bank. Concerns about the stability of the financial markets temporarily pushed the interest rate curve down in March, but interest rates turned up again at the end of the quarter. Russia's war in Ukraine, financial worries, inflation remaining on high level and higher interest rates continue to affect the daily lives of consumers and the operations of businesses and banks. In Finland, the demand for lending has calmed down and the long-seen growth in the deposit base has turned to a slight decline.

The main effects of the operating environment can be seen in the growth of S-Bank's net interest income and the slowdown in the growth of lending business volumes. The general deterioration of the financial environment and the increase in costs has influenced the increase in forborne and defaulted exposures during the first quarter. The increasing interest expenses and prices are expected to weaken the financial standing of customer households, in response to which credit loss provisions based on management judgement were increased during the review period. Final credit losses remained at a low level.

The Bank's deposits base has remained stable, and the relative share of household deposits has increased. Majority of S-Bank's deposits are covered by the deposit guarantee scheme. The bank's liquidity position and total capital adequacy strengthened during the first quarter.

The S-Bank Group's key risk indicators

EUR million	31 Mar 2023	31 Dec 2022
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3 414.9	3 385.4
Credit and counterparty risk, standardised approach	3 052.1	3 022.6
Market risk	0.0	0.0
Operational risk, basic indicator approach	362.8	362.8
Credit valuation adjustment (CVA)	0.0	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	469.0	448.2
Tier 2 (T2) capital	103.4	104.8
Own funds in total	572.4	552.9
Pillar 1 requirement (%)	12.04%	12.03%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio (%)	13.7%	13.2%
Total capital ratio (%)	16.8%	16.3%
Non-performing loan (NPL)		
NPL ratio (%)*	1.0%	0.9%
Leverage ratio (LR):		
Leverage ratio (%)	5.1%	4.9%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	175.1%	164.4%
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	152.0%	151.4%

*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

The credit portfolio continued to grow further during the first quarter, although the pace of growth has slowed down compared to previous years. However, 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 according to its conservative risk appetite, supported by prudent risk management and monitoring measures.

The total amount of ECL provision increased by EUR 1.7 million to EUR 24.2 million (22.5) during the review period. The changes in provisions based on management judgement during the review period contributed to the growth in the ECL provision by approximately EUR 1.5 million. The management judgement was updated, as increases in interest expenses and prices are expected to further weaken the financial standing of customer households. Expected and final credit losses are discussed under section Result and balance sheet January–March 2023 and in Note 7.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule was EUR 445.9 million (448.1), representing 7.8 per cent (8.0) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers.

Gross forborne exposures in the balance sheet totalled EUR 174.8 million (158.9) at the end of the review period. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 2.2 per cent (2.0). The corresponding ratio of non-performing forborne exposures was 0.4 per cent (0.4).

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 6.1 million to EUR 65.5 million (59.4) during the review period. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 1.0 per cent (0.9). All non-performing loans were household customer exposures.

The uncertainty of the economic environment and increase in general price level has contributed to the growth of forbearance measures and non-performing loans. In addition, the enhancements implemented in the forbearance identification process still have an impact on the growth of reported forbearance measures during current year.

Own funds and capital adequacy

S-Bank's capital adequacy position strengthened during the first quarter. Total capital ratio was 16.8 per cent (16.3) and CET1 capital adequacy ratio 13.7 per cent (13.2). Total own funds at the end of the review period were EUR 572.4 million (552.9) of which CET1 capital was EUR 469.0 million (448.2) and Tier 2 capital EUR 103.4 million (104.8). Own funds were positively affected especially by profit performance due to net interest income as well as recovery in the value of fair value reserve.

Risk-weighted exposure amount was EUR 3 414.9 million (3 385.4) and it grew by EUR 29.5 million. The increase was due to an increase in credit risk, especially in exposures secured by mortgages on immovable property and corporate exposures.

S-Bank is adequately capitalised to ensure the continuity of its operations even in circumstances portrayed in stress tests.

Leverage ratio

S-Bank's leverage ratio (LR) of 5.1 per cent (4.9) was strong and exceeded both the regulatory and internally set risk appetite minimum level.

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, derivatives 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 -6.6 million

(-6.6). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -3.5 million (-8.7). The interest income risk is calculated as the effect of one percentage point sudden decrease on the net interest income for the next 12 months. The spread risk was EUR -4.2 million (-4.5) 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.

Liquidity and funding

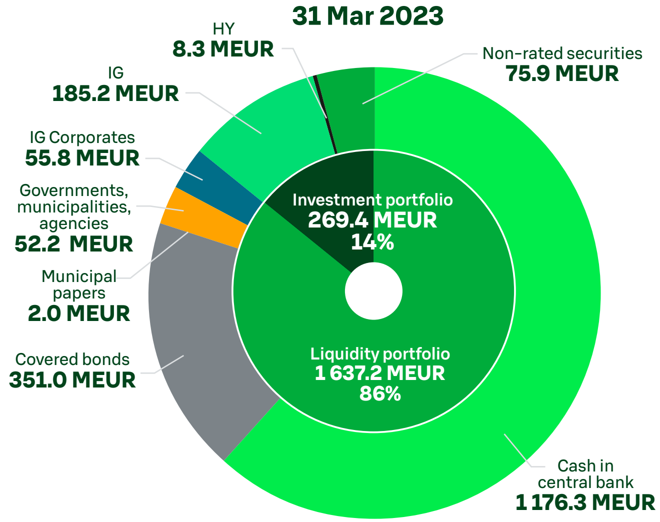
S-Bank's liquidity position was strong during the first quarter. The liquidity coverage ratio (LCR) was 175 per cent (164) at the end of the quarter. The liquidity coverage ratio (LCR) increased with the decrease of net liquidity outflows. The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 152 per cent (151).

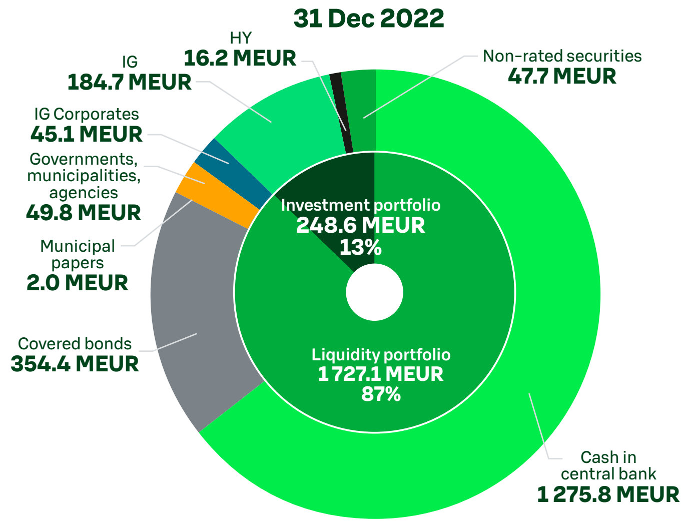
The Treasury portfolio totalled EUR 1906.7 million (1975.6) and it consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The decrease in the total portfolio size was concentrated in the liquidity portfolio. The total amount of the investment portfolio increased slightly. In the liquidity portfolio the amount of central bank deposits decreased and in the investment portfolio the amount of non-rated debt securities increased.

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 6 April 2022, the requirement based on total risk exposure amount is 20.34 per cent (20.04) and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 8.41 per cent (5.91). 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 into force on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio enters into force in full on 1 January 2024. The requirement of 5.91 per cent, based on the previous decision, is in force until 31 December 2023. For the requirement based on total risk exposure amount, additional CBR (Combined Buffer Requirement) must also be fulfilled, that was equal to 2.54 per cent on 31 March 2023.

S-Bank covers the MREL requirement with instruments qualifying for own funds and Senior Preferred bond issued under bond program. The MREL ratio based on total risk exposure amount

Breakdown of the liquidity and investment portfolio





S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	31 Mar 2023		31 Dec 2022	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	1 176.3	1 176.3	1 275.8	1 275.8
Government, municipal and other public sector bonds	52.2	52.2	49.8	49.8
Covered bonds	351.0	311.2	354.4	315.8
Municipal papers	2.0	2.0	2.0	2.0
Other	55.8	27.9	45.1	22.5
Total	**1 637.2**	**1 569.6**	**1 727.1**	**1 665.9**

(MREL, TREA) was 23.2 per cent (22.8), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 8.6 per cent (8.4).

Operational risk

Losses attributable to operational risks realised 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, process related issues, fraud and possible deficiencies in services procured from external service providers.

Due to continued war in Europe, governmental elections in Finland and the Nato membership of Finland, S-Bank has increased preparations against cyber threats. General cyber-attacks have not resulted in significant issues for S-Bank´s customers during the increased cyber threat environment. Business continuity remains as high priority for the bank.

OWN FUNDS REQUIREMENTS

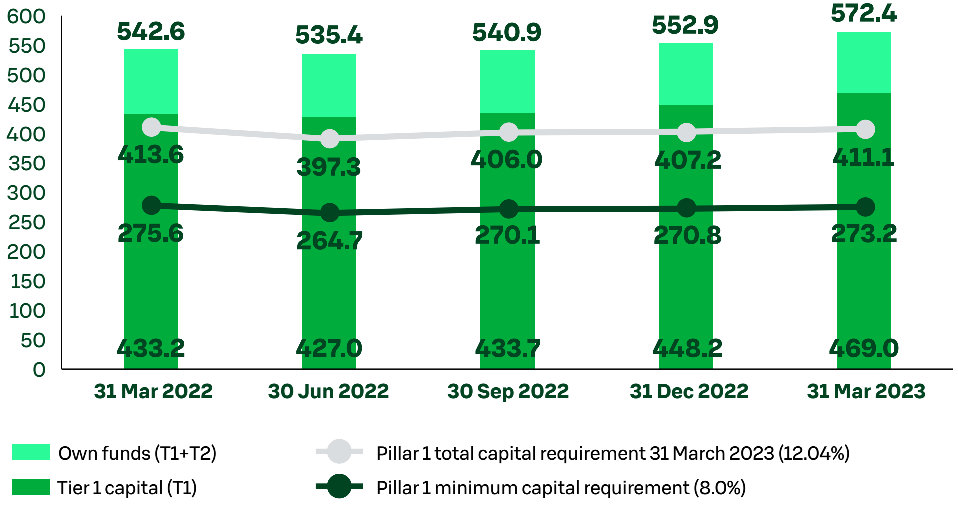
S-Bank's total capital requirement was 12.04 per cent (12.03) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The discretionary Pillar 2 requirement imposed on S-Bank is 1.5 per cent of the total risk exposure. The requirement 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 covered by Tier 1 capital (T1), of which a further 75 per cent must be covered by Common Equity Tier 1 capital (CET1).

The Finnish Financial Supervisory Authority (FIN-FSA) announced, in its macroprudential decision on 29 March 2023, to impose a requirement to maintain a systemic risk buffer (SyRB), covered by CET1, effective as of 1 April 2024. The requirement will be 1.0 per cent for all credit institutions. A warning issued by the European Systemic Risk Board (ESRB) in the fall 2022 on raising levels of systemic risks in the EU financial system,

S-Bank's total capital requirement on 31 March 2023 (Pillar 1)

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical capital buffer		Pillar 2 (SREP) additional capital requirement		Total capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	153.7	2.5%	85.4	0.04%	1.3	0.84%	28.8	7.88%	269.2
AT1	1.5%	51.2					0.28%	9.6	1.78%	60.8
T2	2.0%	68.3					0.38%	12.8	2.38%	81.1
Total	**8.0%**	**273.2**	**2.5%**	**85.4**	**0.04%**	**1.3**	**1.50%**	**51.2**	**12.04%**	**411.1**

Changes in own funds and capital requirements (EUR million)



as well as FIN-FSA's view that the structural vulnerability of the Finnish credit institutions sector is at least at the same level as in 2020 before the pandemic, when the SyRB was previously applied, are listed as reasons for setting the systemic risk buffer.

Capital adequacy position

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 13.7 per cent (13.2) and the total capital ratio was 16.8 per cent (16.3). CET1 capital increased by EUR 20.9 million and T2 capital decreased by EUR 1.4 million. The profit-driven increase in CET1 capital as well as recovery in the fair value reserve strengthened own funds. S-Bank's Tier 2 capital consists of four debentures with a total value of EUR 103.4 million (104.8) eligible as T2 capital. Two of the debentures have a residual maturity of over five years and are thus fully recognised as Tier 2 capital. The debentures with a residual maturity of less than five years are being gradually removed from Tier 2 capital, as required by regulations. The amount of foreseeable dividend for 2022 and 2023 has been deducted from retained earnings, in line with S-Bank's dividend policy and Commission Delegated Regulation (EU) No 241/2014.

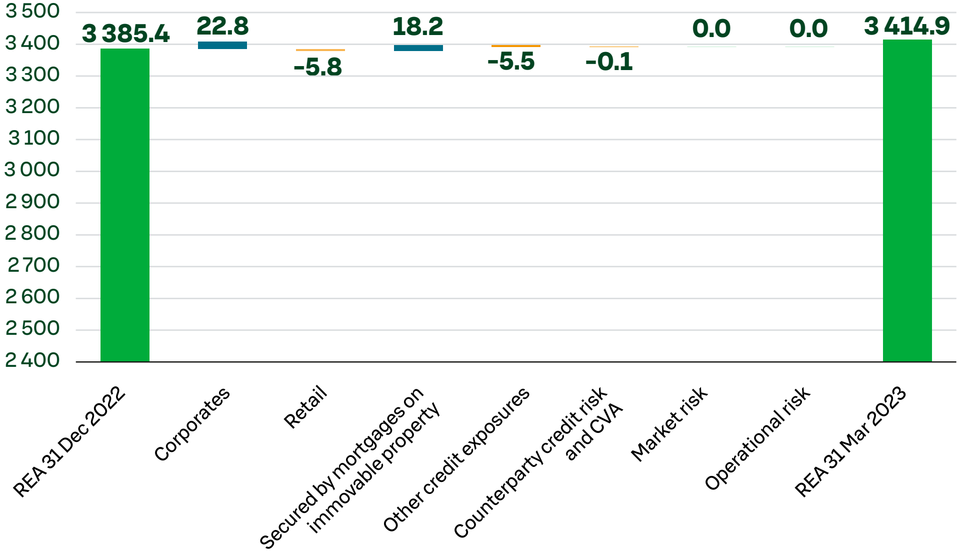
Summary of capital adequacy information

	31 Mar 2023	31 Dec 2022
Own funds (EUR million)		
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**538.7**	**519.2**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	190.6	173.2
Fair value reserve	-18.5	-20.7
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**69.7**	**71.1**
Intangible assets	68.9	70.3
Value adjustments due to the requirements for prudent valuation	0.8	0.7
Deduction for non-performing exposures	0.0	0.0
Common Equity Tier 1 (CET1) capital	**469.0**	**448.2**
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)	**469.0**	**448.2**
Tier 2 (T2) capital before adjustments	**103.4**	**104.8**
Debentures	103.4	104.8
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**103.4**	**104.8**
Own funds in total (TC = T1 + T2)	**572.4**	**552.9**
Total risk-weighted assets (RWAs)	**3 414.9**	**3 385.4**
of which credit risk	3 052.1	3 022.6
of which market risk	0.0	0.0
of which operational risk	362.8	362.8
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	**13.7%**	**13.2%**
Ratio of Tier 1 capital to risk exposure amount (%)	**13.7%**	**13.2%**
Ratio of total own funds to risk exposure amount (%)	**16.8%**	**16.3%**

S-Bank's risk exposure amount (REA) was EUR 3 414.9 million (3 385.4) at the end of the review period. Credit risk constitutes 89 per cent or EUR 3.1 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by mortgages on immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. Operational risk accounts for 11 per cent of S-Bank's risk exposure amount.

The basic indicator approach is used for calculating the capital requirement (Pillar 1) for operational risk. Market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement. The notional 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.

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



The risk exposure amount (REA) increased by EUR 29.5 million during the review period. The increase of REA was directed at corporate and mortgage exposures. Corporate exposures increased mainly in the investment portfolio. The risk-weighted amounts of unsecured retail exposures and other credit exposures decreased slightly during the first quarter.

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 s-pankki.fi.

The Pillar 3 report (Capital and Risk Management Report) and tables (S-Bank Capital Adequacy tables) in accordance with the EU Capital Requirements Regulation is published in documents separate from the financial statements. The report and tables as well as 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 Plc's Annual General Meeting (AGM) was held on 6 April 2023. The AGM adopted the financial statements for 2022 and discharged from liability the persons who served as the members of the Board of Directors and the company's Chief Executive Officers during the financial period ended on 31 December 2022. AMG decided that a dividend of EUR 0.75 per share, totaling EUR 5 010 135.00, shall be paid from parent company's distributable assets.

The AGM elected seven members and one deputy member to the Board of Directors. The following were elected to S-Bank's Board of Directors: Jari Annala, Master of Science (Economics), CEO of SOK Liiketoiminta Oy; Tom Dahlström, Doctor of Social Sciences, Principal of Good Ventures Oy; Kati Hagros, Master of Science (Engineering), Master of Social Sciences, Chief Digital Officer of Aalto University; Veli-Matti Liimatainen, Master of Science (Economics), Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, Master of Science (Math), SHV (actuary approved by the Ministry of Social Affairs and Health), Board professional; Jorma Vehviläinen, Master of Science (Economics), CFO of SOK and Olli Vormisto, Master of Science (Economics), Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, Master of Science (Economics), CEO of Osuuskauppa KPO, was elected as a deputy member.

KPMG Oy Ab was elected as the company's auditor, with Petri Kettunen as the principally responsible auditor.

S-Bank Plc's dividend for the financial year 2022 was paid on 6 April 2023.

The Board re-elected Jari Annala as Chairman and Jorma Vehviläinen as Vice Chairman on 26 April 2023.

Riikka Laine-Tolonen, M.Sc. (Econ.) took up her position as S-Bank's CEO on 26 April 2023. Hanna Porkka, who acted as Interim CEO, continues in the posts of Deputy CEO, EVP.

OUTLOOK FOR THE REST OF THE YEAR

So far, the year has been better than feared, with the economic slowdown remaining moderate. Tighter monetary policies will gradually dampen economic growth, but it is difficult to assess how much, as monetary policy has a lagged effect of 6–12 months. A slowdown in inflation would reduce the need for the tightening, but unfortunately inflation remains a worry. The bank failures that took place around the world in March were an indication of the problems that interest rate hikes can cause at their worst. While uncertainty and threats surround the economy, it has so far proven to be more resilient than expected.

Employment has remained very strong around the world, and as long as the labour market holds up, the economy will pull through. On the other hand, as strong employment is sustaining inflationary pressure, central banks are balancing between slowing down inflation and promoting economic growth. There is no room for big mistakes, but so far, the situation has remained stable. The economy and markets continue to adjust to an environment of higher interest rates. There is a decline in borrowing, which can be seen in the real estate market, for example. On the other hand, investors are aware of the situation, and much of its impact has already been taken into account in security and asset prices. Central banks will have to keep raising interest rates, but the rate peak is already looming, as the rise in government bond rates is levelling off. In equity markets, investors are still hoping that central banks will succeed in cooling inflation without major economic repercussions. Corporate results are expected to show a clear upturn already towards the end of the year, which may be overly optimistic. The markets will experience large fluctuations until the long-term economic situation stabilizes.

We expect that the operating profit for the whole year will be almost double that of the previous year (EUR 44.7 million). The rise in interest rates is having a positive impact on the bank's performance. However, the outlook for 2023 is still subject to uncertainties related to the operating environment and interest rate developments.

OTHER INFORMATION

Annual General Meeting

The Annual General meeting of 2023 was held on 6 April 2023 and its decisions are reported under 'Significant events after the end of the review period'.

Board of Directors

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

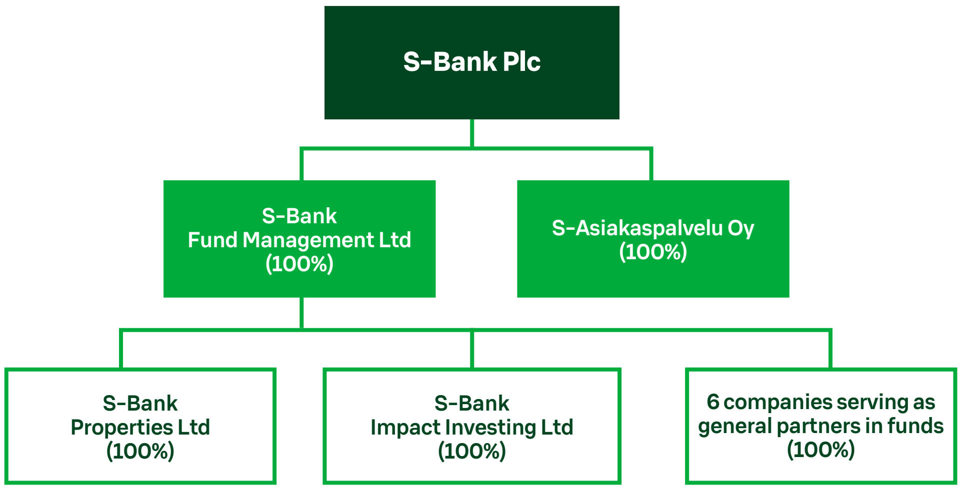
CEO

Hanna Porkka is the Interim CEO of S-Bank Plc.

Personnel

At the end of the review period, the S-Bank employed a total of 781 people (726). Of these, 603 persons (590) worked at S-Bank Plc, 40 persons (40) at the subsidiaries of the Wealth Management business, and 138 persons (96) at S-Asiakaspalvelu Oy. The salaries and remuneration paid to personnel at the S-Bank totalled EUR 12.6 million (10.2).

CORPORATE STRUCTURE



The corporate structure and the Group companies are described in more detail in the 2022 financial statements.

INTERIM REPORT 1 JANUARY–31 MARCH 2023

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan–Mar 2023	Jan–Mar 2022
Interest income		69 079	26 606
Interest expenses		-14 290	-3 618
Net interest income	4	54 789	22 988
Fee and commission income		26 034	23 066
Fee and commission expenses		-4 084	-3 637
Net fee and commission income	5	21 950	19 429
Net income from investing activities	6	805	2 079
Dividends		36	64
Other operating income		2 417	6 129
Total income		**79 997**	**50 689**
Personnel expenses		-15 344	-12 533
Other administrative expenses		-20 625	-17 672
Depreciation and impairment		-3 888	-3 455
Other operating expenses		-9 531	-6 950
Total expenses		**-49 388**	**-40 610**
Impairment of receivables	7	-5 166	-142
OPERATING PROFIT (LOSS)		**25 444**	**9 937**
Income taxes		-5 034	-1 870
PROFIT (LOSS) FOR THE PERIOD		**20 410**	**8 067**
of which:			
To the parent company's shareholders		20 410	8 067

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan–Mar 2023	Jan–Mar 2022
PROFIT (LOSS) FOR THE PERIOD		**20 410**	**8 067**
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		2 671	-12 028
Tax effect		-520	2 382
Items that may be reclassified subsequently to profit or loss		**2 151**	**-9 647**
Other comprehensive income items, after taxes		**2 151**	**-9 647**
COMPREHENSIVE INCOME, TOTAL		**22 561**	**-1 580**
of which:			
To the parent company's shareholders		22 561	-1 580

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Assets				
Cash and cash equivalents	8, 9	1 294 025	1 368 195	1 034 776
Debt securities eligible for refinancing with central banks	8, 9	565 553	556 923	698 782
Receivables from credit institutions	8, 9	12 997	9 215	22 857
Receivables from customers	8, 9	6 777 678	6 695 255	6 274 693
Debt securities	8, 9, 10	162 382	139 785	350 631
Derivatives	8, 9, 10	21 953	24 261	5 893
Shares and interests	8, 9	20 652	20 665	32 565
Holdings in associated companies		5	5	4
Intangible assets		68 932	70 331	73 588
Tangible assets		4 948	5 268	7 083
Tax assets		7 137	7 398	3 903
Prepayments and accrued income		40 204	45 979	29 200
Other assets		5 150	8 967	5 909
Assets, total		**8 981 618**	**8 952 247**	**8 539 884**

(EUR '000)	Note	31 Mar 2023	31 Dec 2022	31 Mar 2022
Liabilities				
Liabilities to credit institutions	8, 9	23 357	23 156	0
Liabilities to customers	8, 9	7 973 517	7 983 559	7 646 032
Issued bonds	8, 10, 11	219 352	219 270	169 742
Subordinated debts	8, 9, 12	107 000	107 000	112 667
Derivatives	8, 9, 10	0	7	4 453
Provisions		303	303	649
Tax liabilities		5 527	8 984	5 817
Accrued expenses		48 455	30 250	38 206
Other liabilities		57 304	55 477	54 479
Liabilities, total		**8 434 816**	**8 428 006**	**8 032 045**
Equity				
Share capital		82 880	82 880	82 880
Reserves		265 299	263 148	274 630
Retained earnings		198 622	178 213	150 328
Parent company's shareholders		**546 802**	**524 241**	**507 839**
Equity, total		**546 802**	**524 241**	**507 839**
Liabilities and equity, total		**8 981 618**	**8 952 247**	**8 539 884**

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 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			-9 647		-9 647
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**

	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 2022	**82 880**	**283 828**	**449**	**142 148**	**509 306**
Comprehensive income					
Profit (loss) for the period				35 809	35 809
Other comprehensive income items: Profit or loss on financial assets measured at fair value through other comprehensive income			-21 163		-21 163
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			34		34
Remeasurements of defined benefit plans				143	143
Other comprehensive income items, total			-21 129	143	-20 986
COMPREHENSIVE INCOME, TOTAL			**-21 129**	**35 952**	**14 823**
Other changes				112	112
TOTAL EQUITY 31 DEC 2022	**82 880**	**283 828**	**-20 680**	**178 213**	**524 241**

(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 2023	**82 880**	**283 828**	**-20 680**	**178 213**	**524 241**
Comprehensive income					
Profit (loss) for the period				20 410	20 410
Other comprehensive income items: Profit or loss on financial assets measured at fair value through other comprehensive income			2 151		2 151
Other comprehensive income items, total			2 151		2 151
COMPREHENSIVE INCOME, TOTAL			**2 151**	**20 410**	**22 561**
TOTAL EQUITY 31 MAR 2023	**82 880**	**283 828**	**-18 529**	**198 622**	**546 802**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Mar 2023	Jan-Mar 2022
Cash flows from operating activities			
Profit (loss) for the period		**20 410**	**8 067**
Depreciation and impairment		3 888	3 455
Credit losses		6 733	1 858
Other non-payment income and expenses		-647	-1 781
Income taxes		5 034	1 870
Other adjustments			-2
Adjustments for financial income and expenses		-2 399	-339
Adjustments total		**12 609**	**5 061**
Cash flows from operating activities before changes in operating assets and liabilities		**33 018**	**12 129**
Increase/decrease in operating assets (-/+)			
Receivables from credit institutions, other than repayable on demand		-2 570	2 707
Receivables from customers		-89 149	-190 786
Investment assets		-24 895	79 500
Other assets		15 620	-1 524
Total increase/decrease in operating assets		**-100 994**	**-110 103**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		201	-108
Liabilities to customers		-10 042	34 767
Other liabilities		16 040	12 224
Total increase/decrease in operating liabilities		**6 198**	**46 883**
Taxes paid		-8 751	-2 706
Cash flows from operating activities		**-70 528**	**-52 797**

(EUR '000)	Note	Jan-Mar 2023	Jan-Mar 2022
Cash flows from investing activities			
Investments in tangible and intangible assets		-1 817	-3 021
Purchase prices paid for acquisitions			-300
Cash flows from investing activities		**-1 817**	**-3 321**
Cash flows from financing activities			
Repayments of lease liabilities		-609	-571
Cash flows from financing activities		**-609**	**-571**
Difference in cash and cash equivalents		**-72 954**	**-56 688**
Cash and cash equivalents, opening balance sheet		1 370 828	1 096 705
Difference in cash and cash equivalents		-72 954	-56 688
Impact of changes in exchange rates		-4	1
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	8, 9	1 294 025	1 034 776
Repayable on demand		3 846	5 242
Cash and cash equivalents		**1 297 871**	**1 040 017**
Interests paid		**-9 906**	**-3 920**
Dividends received		**36**	**64**
Interests received		**62 308**	**26 452**

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Jan–Mar 2023	Jan–Mar 2022
Interest income	69 079	50 579	34 425	27 685	26 606	69 079	26 606
Interest expenses	-14 290	-7 048	-3 149	-3 792	-3 618	-14 290	-3 618
Net interest income	54 789	43 530	31 276	23 893	22 988	54 789	22 988
Fee and commission income	26 034	26 725	25 798	25 591	23 066	26 034	23 066
Fee and commission expenses	-4 084	-2 395	-4 391	-3 562	-3 637	-4 084	-3 637
Net fee and commission income	21 950	24 330	21 407	22 029	19 429	21 950	19 429
Net income from investing activities	805	1 398	193	-1 234	2 079	805	2 079
Dividends	36	16	3	0	64	36	64
Other operating income	2 417	1 669	1 264	1 333	6 129	2 417	6 129
Total income	**79 997**	**70 943**	**54 143**	**46 021**	**50 689**	**79 997**	**50 689**
Personnel expenses	-15 344	-18 011	-14 754	-14 108	-12 533	-15 344	-12 533
Other administrative expenses	-20 625	-21 593	-19 143	-20 044	-17 672	-20 625	-17 672
Depreciation and impairment	-3 888	-4 424	-3 768	-3 654	-3 455	-3 888	-3 455
Other operating expenses	-9 531	-903	-2 464	-1 669	-6 950	-9 531	-6 950
Total expenses	**-49 388**	**-44 931**	**-40 129**	**-39 475**	**-40 610**	**-49 388**	**-40 610**
Impairment of receivables	-5 166	-5 373	-3 304	-3 141	-142	-5 166	-142
Share of the profits of associated companies	0	1	0	0	0	0	0
OPERATING PROFIT (LOSS)	**25 444**	**20 641**	**10 709**	**3 405**	**9 937**	**25 444**	**9 937**
Income taxes	-5 034	-4 087	-2 095	-832	-1 870	-5 034	-1 870
PROFIT (LOSS) FOR THE PERIOD	**20 410**	**16 555**	**8 614**	**2 573**	**8 067**	**20 410**	**8 067**
of which:							
To the parent company's shareholders	20 410	16 555	8 614	2 573	8 067	20 410	8 067

Consolidated comprehensive income statement

(EUR '000)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Jan–Mar 2023	Jan–Mar 2022
PROFIT (LOSS) FOR THE PERIOD	**20 410**	**16 555**	**8 614**	**2 573**	**8 067**	**20 410**	**8 067**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	179	0	0	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	0	42	0	0	0	0
Tax effect	0	-36	-8	0	0	0	0
Items that will not be reclassified to profit or loss	**0**	**143**	**34**	**0**	**0**	**0**	**0**
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	2 671	806	-3 556	-11 632	-12 028	2 671	-12 028
Tax effect	-520	-140	713	2 293	2 382	-520	2 382
Items that may be reclassified subsequently to profit or loss	**2 151**	**666**	**-2 843**	**-9 339**	**-9 647**	**2 151**	**-9 647**
Other comprehensive income items, after taxes	**2 151**	**809**	**-2 809**	**-9 339**	**-9 647**	**2 151**	**-9 647**
COMPREHENSIVE INCOME, TOTAL	**22 561**	**17 363**	**5 805**	**-6 766**	**-1 580**	**22 561**	**-1 580**
of which:							
To the parent company's shareholders	22 561	17 363	5 805	-6 766	-1 580	22 561	-1 580

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 2023 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 2022.

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 complemented with a management judgement, which takes into account the uncertainty related to model parameters and assumptions, as well as model risk. Management judgement is also applied to definition of backstop criteria for estimation of significant increase in credit risk.

NOTE 3: 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's highest executive decision-maker is the Group Management Team.

Banking is responsible for producing the S-Bank'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'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 2023 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	54 587	191	11		54 789
Net fee and commission income	12 051	9 901	-2		21 950
Net income from investing activities	805	0			805
Dividends	36				36
Other operating income	1 884	112	3 197	-2 776	2 417
Total income	**69 364**	**10 204**	**3 205**	**-2 776**	**79 997**
Total expenses *	**-38 049**	**-8 635**	**-5 479**	**2 776**	**-49 388**
Impairment of receivables	-5 166				-5 166
Operating profit (loss)	**26 149**	**1 569**	**-2 274**	**0**	**25 444**

External income from Banking was EUR 69 565 thousand and from Wealth Management EUR 9 920 thousand.

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	148	2 173	-1 919	6 129
Total income	**40 410**	**10 032**	**2 167**	**-1 919**	**50 689**
Total expenses * **	**-30 888**	**-7 986**	**-3 656**	**1 919**	**-40 610**
Impairment of receivables	-142				-142
Operating profit (loss) **	**9 380**	**2 046**	**-1 489**	**0**	**9 937**

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

** From the beginning of financial year 2023 regulatory fees and expenses for reporting to the authorities related to banking business, which were previously allocated to 'Other activities', have been allocated to Banking. Also, some other allocation rules have been updated. The impact on the operating profit for Banking was a decrease of EUR 7.6 million, for Wealth Management an increase of EUR 0.6 million and for 'Other activities' an increase of EUR 7.0 million. Amounts for comparison period has been adjusted accordingly.

Other activities include Group support and headquarter functions. 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 expenses'. 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 2023 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	6 777 678			6 777 678
Liquid and investment assets of banking	2 077 563			2 077 563
Intangible and tangible assets	2 498	29 412	41 975	73 886
Other assets	30 005	6 802	15 685	52 491
Assets, total	**8 887 744**	**36 214**	**57 660**	**8 981 618**
Banking liabilities	8 323 226			8 323 226
Provisions and other liabilities	54 390	4 397	52 803	111 590
Equity			546 802	546 802
Liabilities and equity, total	**8 377 616**	**4 397**	**599 605**	**8 981 618**

Balance sheet 31 Dec 2022 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	6 695 255			6 695 255
Liquid and investment assets of banking	2 119 045			2 119 045
Intangible and tangible assets	2 565	29 836	43 203	75 604
Other assets	26 273	6 752	29 319	62 344
Assets, total	**8 843 138**	**36 588**	**72 522**	**8 952 247**
Banking liabilities	8 332 992			8 332 992
Provisions and other liabilities	44 333	5 974	44 708	95 014
Equity			524 241	524 241
Liabilities and equity, total	**8 377 325**	**5 974**	**568 949**	**8 952 247**

Material customer business items, as well as the tangible and intangible assets 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 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Jan-Mar 2023	Jan-Mar 2022
Net interest income	54 587	43 420	31 284	23 948	23 035	54 587	23 035
Net fee and commission income	12 051	14 759	11 193	12 145	9 507	12 051	9 507
Net income from investing activities	805	1 407	182	-1 255	2 076	805	2 076
Dividends	36	16	0	0	64	36	64
Other operating income	1 884	1 286	879	937	5 728	1 884	5 728
Total income	**69 364**	**60 887**	**43 538**	**35 774**	**40 410**	**69 364**	**40 410**
Total expenses *	**-38 049**	**-33 162**	**-29 457**	**-27 633**	**-30 888**	**-38 049**	**-30 888**
Impairment of receivables	-5 166	-5 373	-3 304	-3 141	-142	-5 166	-142
Operating profit (loss) *	**26 149**	**22 353**	**10 778**	**5 001**	**9 380**	**26 149**	**9 380**

Wealth Management (EUR '000)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Jan-Mar 2023	Jan-Mar 2022
Net interest income	191	106	-6	-51	-44	191	-44
Net fee and commission income	9 901	9 569	10 281	9 889	9 925	9 901	9 925
Net income from investing activities	0	-8	11	20	3	0	3
Other operating income	112	168	137	142	148	112	148
Total income	**10 204**	**9 835**	**10 423**	**10 000**	**10 032**	**10 204**	**10 032**
Total expenses *	**-8 635**	**-9 980**	**-8 733**	**-9 002**	**-7 986**	**-8 635**	**-7 986**
Operating profit (loss) *	**1 569**	**-145**	**1 690**	**998**	**2 046**	**1 569**	**2 046**

* From the beginning of financial year 2023 regulatory fees and expenses for reporting to the authorities related to banking business, which were previously allocated to 'Other activities', have been allocated to Banking. Also, some other allocation rules have been updated. Amounts for comparison periods has been adjusted accordingly.

NOTE 4: NET INTEREST INCOME

	Jan–Mar 2023	Jan–Mar 2022
Interest income		
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	1 112	706
Receivables from credit institutions	7 365	-4
Receivables from customers	58 840	25 470
Debt securities		
measured at fair value through other comprehensive income	397	563
measured at fair value through profit or loss	222	-128
Derivatives	1 142	0
Other interest income	0	0
Total interest income using the effective interest method	67 714	26 734
Other interest income	1 365	-128
Interest income, total	**69 079**	**26 606**
Interest income from stage 3 financial assets	583	562
Interest expenses		
Liabilities to credit institutions	-154	-469
Liabilities to customers	-11 460	-490
Issued bonds	-1 679	-125
Derivatives	162	-1 565
Subordinated debts	-1 154	-549
Other interest expenses	-1	-415
Interest expenses on leases	-4	-5
Total interest expenses using the effective interest method	-14 447	-1 633
Other interest expenses	157	-1 986
Interest expenses, total	**-14 290**	**-3 618**
NET INTEREST INCOME	**54 789**	**22 988**
of which negative interest income	0	-132
of which negative interest expenses, which are included in interest income	0	-205

NOTE 5: NET FEE AND COMMISSION INCOME

	Jan–Mar 2023	Jan–Mar 2022
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	8 845	7 116
From borrowing	875	723
From payment transactions	4 200	3 534
From legal duties	92	84
From insurance brokerage	419	386
From issuance of guarantees	81	-39
Total fee and commission income from Banking	14 513	11 805
Fee and commission income from Wealth Management		
From funds	9 950	9 444
From wealth management	578	628
From property management	686	803
Total fee and commission income from Wealth Management	11 214	10 875
Fee and commission income from other activities		
From securities brokerage	22	121
Other fee and commission income	285	265
Total fee and commission income from other activities	307	386
Fee and commission income, total	**26 034**	**23 066**
Fee and commission expenses		
From funds	-1 171	-778
From wealth management	38	-30
From securities brokerage	-235	-251
From card business	-2 525	-2 319
From property management	-72	-78
Banking fees	-97	-140
Other expenses	-23	-41
Fee and commission expenses, total	**-4 084**	**-3 637**
Net fee and commission income	**21 950**	**19 429**

NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

	Jan–Mar 2023	Jan–Mar 2022
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	4	5
Changes in fair value	15	-118
Shares and interests		
Capital gains and losses	21	0
Changes in fair value	119	995
Derivatives		
Changes in fair value	472	880
Net income from financial assets measured at fair value through profit or loss, total	**631**	**1 763**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	6	222
Other income and expenses	38	-4
Shares and interests		
Capital gains and losses	0	121
Other income and expenses	-80	0
Net income from financial assets measured at fair value through other comprehensive income, total	**-36**	**339**
Net income from currency operations	**94**	**94**
Net income from hedge accounting		
Net result from hedging instruments	-2 774	8 431
Net result from hedged items	2 889	-8 548
Net income from hedge accounting	**115**	**-117**
Net income from investing activities, total	**805**	**2 079**

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 7: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 6.8 million (1.7) were recognised in the consolidated income statement during the reporting period. Reversals, or recovered credit losses, amounted to EUR 1.6 million (1.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 5.2 million (0,1).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan-Mar 2023	Jan-Mar 2022
Receivables written off as credit and guarantee losses	-5 148	-3 732
Reversal of receivables written off	1 638	1 596
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	-1 585	1 874
Expected credit losses (ECL) on investment activities	-71	120
Total	**-5 166**	**-142**

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. 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 24.2 million (22.5). The ECL provision increased by EUR 1.7 million during the reporting period. The coverage ratio of the total portfolio increased to 0.24 per cent (0.23) and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

31 Mar 2023 (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*	5 363.0	-1.7	251.4	-9.1	65.5	-11.5	5 679.9	-22.3	-0.39%
Lending to corporate customers*	1 116.4	-0.3	16.3	-0.3	0.0	0.0	1 132.8	-0.6	-0.06%
Investing activities**	696.6	-0.4	1.8	-0.1	0.0	0.0	698.4	-0.5	-0.06%
Off-balance sheet commitments***	2 401.9	-0.2	13.0	-0.6	0.5	0.0	2 415.5	-0.8	-0.03%
Total	**9 577.9**	**-2.6**	**282.5**	**-10.1**	**66.0**	**-11.5**	**9 926.4**	**-24.2**	**-0.24%**

*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 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*	5 317.4	-1.4	244.8	-9.3	59.4	-10.0	5 621.6	-20.7	-0.37%
Lending to corporate customers*	1 090.0	-0.2	16.3	-0.4	0.0	0.0	1 106.3	-0.6	-0.05%
Investing activities**	696.4	-0.3	1.5	-0.1	0.0	0.0	697.8	-0.4	-0.05%
Off-balance sheet commitments***	2 197.6	-0.2	14.6	-0.6	0.7	0.0	2 212.9	-0.8	-0.04%
Total	**9 301.4**	**-2.1**	**277.2**	**-10.3**	**60.1**	**-10.1**	**9 638.7**	**-22.5**	**-0.23%**

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 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	4 258 185	101 590	0	4 359 776
Category 2	339 763	11 259	0	351 022
Category 3	293 539	10 487	0	304 026
Category 4	129 495	4 732	0	134 226
Category 5	238 208	11 322	0	249 530
Category 6	100 932	32 865	0	133 797
Category 7	2 844	79 183	0	82 027
In default	0	0	65 461	65 461
Gross carrying amount	**5 362 967**	**251 438**	**65 461**	**5 679 866**
ECL provision*	-1 674	-9 087	-11 504	-22 265
Net carrying amount	**5 361 293**	**242 351**	**53 957**	**5 657 601**

	Lending to household customers			
31 Dec 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	4 217 771	88 320	0	4 306 091
Category 2	334 005	8 871	0	342 876
Category 3	288 692	10 296	0	298 988
Category 4	132 924	5 659	0	138 583
Category 5	239 125	11 552	0	250 678
Category 6	102 451	42 927	0	145 377
Category 7	2 436	77 154	0	79 591
In default	0	0	59 409	59 409
Gross carrying amount	**5 317 404**	**244 780**	**59 409**	**5 621 593**
ECL provision*	-1 438	-9 256	-10 026	-20 720
Net carrying amount	**5 315 966**	**235 525**	**49 382**	**5 600 873**

*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 amount of 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)

	Corporate lending, investing activities and off-balance sheet commitments			
31 Mar 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2 863 615	115	0	2 863 730
Category 2	545 988	2	0	545 990
Category 3	324 597	2	0	324 599
Category 4	92 881	5	0	92 886
Category 5	356 784	5 352	0	362 136
Category 6	27 447	20 264	0	47 710
Category 7	3 606	5 371	0	8 977
In default	0	0	549	549
Total	**4 214 918**	**31 110**	**549**	**4 246 577**
ECL provision*	-885	-1 007	-34	-1 925

	Corporate lending, investing activities and off-balance sheet commitments			
31 Dec 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2 609 370	98	0	2 609 468
Category 2	538 713	0	0	538 713
Category 3	318 178	14	0	318 192
Category 4	130 189	6	0	130 194
Category 5	358 479	5 450	0	363 929
Category 6	25 661	19 548	0	45 209
Category 7	3 442	7 288	0	10 729
In default	0	0	656	656
Total	**3 984 030**	**32 404**	**656**	**4 017 091**
ECL provision*	-697	-1 081	-38	-1 815

*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 increased the ECL provision by EUR 0.9 million compared to the situation at the beginning of the financial year. This item is affected by estimates from risk models and changes in provisions based on the management judgement, for example. The changes in management judgement increased ECL provision approximately by EUR 1.5 million during the review period. The changes in ECL calculation and management judgement are described further in chapter credit risk.

Reconciliation of expected credit losses (household customers)

	Household customers			
31 Mar 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2023	**1 438**	**9 256**	**10 026**	**20 720**
Transfers from Stage 1 to Stage 2	-114	2 808	0	2 694
Transfers from Stage 1 to Stage 3	-7	0	546	539
Transfers from Stage 2 to Stage 1	154	-2 402	0	-2 248
Transfers from Stage 2 to Stage 3	0	-959	2 650	1 691
Transfers from Stage 3 to Stage 1	2	0	-211	-210
Transfers from Stage 3 to Stage 2	0	82	-592	-510
Changes in the risk parameters	46	656	195	897
Increases due to origination and acquisition	209	95	5	309
Decreases due to derecognition	-55	-340	-545	-940
Decrease in the allowance account due to write-offs	0	-108	-569	-678
Net change in ECL	236	-169	1 478	1 545
ECL 31 Mar 2023	**1 674**	**9 087**	**11 504**	**22 265**

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 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2023	**697**	**1 081**	**38**	**1 815**
Transfers from Stage 1 to Stage 2	-5	78	0	73
Transfers from Stage 1 to Stage 3	0	0	5	5
Transfers from Stage 2 to Stage 1	4	-140	0	-135
Transfers from Stage 2 to Stage 3	0	-14	3	-11
Transfers from Stage 3 to Stage 1	0	0	-11	-11
Transfers from Stage 3 to Stage 2	0	3	-3	0
Changes in the risk parameters	119	-129	0	-10
Increases due to origination and acquisition	75	181	4	260
Decreases due to derecognition	-5	-54	-1	-60
Decrease in the allowance account due to write-offs	0	0	-1	-1
Net change in ECL	188	-73	-4	111
ECL 31 Mar 2023	**885**	**1 007**	**34**	**1 925**

NOTE 8: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments according to valuation method

Financial assets, fair values 31 Mar 2023	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents		1 294 025		1 294 025	1 294 025
Receivables from credit institutions		12 997		12 997	12 997
Receivables from customers		7 086 935		7 086 935	6 777 678
Total		**8 393 958**		**8 393 958**	**8 084 700**
Financial assets measured at fair value through profit or loss					
Debt securities		31 917		31 917	31 917
Derivatives		21 953		21 953	21 953
Shares and interests	7 531	12 369		19 900	19 900
Total	**7 531**	**66 239**		**73 770**	**73 770**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	548 513	18 930		567 443	565 553
Debt securities	127 706	3 315		131 022	130 465
Shares and interests		631	121	752	752
Total	**676 220**	**22 876**	**121**	**699 217**	**696 770**
Fair values of assets, total	**683 751**	**8 483 073**	**121**	**9 166 945**	**8 855 241**

Financial assets, fair values 31 Dec 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents		1 368 195		1 368 195	1 368 195
Receivables from credit institutions		9 843		9 843	9 215
Receivables from customers		6 993 283		6 993 283	6 695 255
Total		**8 371 322**		**8 371 322**	**8 072 665**
Financial assets measured at fair value through profit or loss					
Debt securities		1 979		1 979	1 979
Derivatives		24 261		24 261	24 261
Shares and interests	7 226	12 687		19 913	19 913
Total	**7 226**	**38 927**		**46 153**	**46 153**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	539 811	18 923		558 734	556 923
Debt securities	135 614	3 500		139 114	137 806
Shares and interests		631	121	752	752
Total	**675 425**	**23 053**	**121**	**698 600**	**695 481**
Fair values of assets, total	**682 652**	**8 433 302**	**121**	**9 116 075**	**8 814 299**

Financial liabilities, fair values 31 Mar 2023	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions		23 357		23 357	23 357
Liabilities to customers		7 815 945		7 815 945	7 973 517
Issued bonds	217 188			217 188	219 352
Subordinated debts		109 137		109 137	107 000
Total	**217 188**	**7 948 439**		**8 165 627**	**8 323 226**
Financial liabilities measured at fair value through profit or loss					
Derivatives		0		0	0
Total		**0**		**0**	**0**

Financial liabilities, fair values 31 Dec 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions		23 156		23 156	23 156
Liabilities to customers		7 765 861		7 765 861	7 983 559
Issued bonds	215 087			215 087	219 270
Subordinated debts		107 987		107 987	107 000
Total	**215 087**	**7 897 005**		**8 112 092**	**8 332 985**
Financial liabilities measured at fair value through profit or loss					
Derivatives		7		7	7
Total		**7**		**7**	**7**

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 2023	121
Shares and interests, carrying amount 31 Mar 2023	**121**

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 9: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 31 Mar 2023	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	1 294 025				1 294 025
Debt securities eligible for refinancing with central banks		565 553			565 553
Receivables from credit institutions	12 997				12 997
Receivables from customers	6 777 678				6 777 678
Debt securities		130 465	31 917		162 382
Derivatives			1 443	20 509	21 953
Shares and interests		752	19 900		20 652
Total	**8 084 700**	**696 770**	**53 261**	**20 509**	**8 855 241**

Classes of financial liabilities 31 Mar 2023	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	23 357			23 357
Liabilities to customers	7 973 517			7 973 517
Issued bonds	219 352			219 352
Subordinated debts	107 000			107 000
Derivatives		0	0	0
Lease liabilities	4 479			4 479
Total	**8 327 705**	**0**	**0**	**8 327 705**

Classes of financial assets 31 Dec 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	1 368 195				1 368 195
Debt securities eligible for refinancing with central banks		556 923			556 923
Receivables from credit institutions	9 215				9 215
Receivables from customers	6 695 255				6 695 255
Debt securities		137 806	1 979		139 785
Derivatives			978	23 283	24 261
Shares and interests		752	19 913		20 665
Total	**8 072 665**	**695 481**	**22 870**	**23 283**	**8 814 299**

Classes of financial liabilities 31 Dec 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	23 156			23 156
Liabilities to customers	7 983 559			7 983 559
Issued bonds	219 270			219 270
Subordinated debts	107 000			107 000
Derivatives		4	3	7
Lease liabilities	4 783			4 783
Total	**8 337 768**	**4**	**3**	**8 337 775**

NOTE 10: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	31 Mar 2023 Nominal value	31 Mar 2023 Positive fair value	31 Mar 2023 Negative fair value	31 Dec 2022 Nominal value	31 Dec 2022 Positive fair value	31 Dec 2022 Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	522 200	20 509	0	612 200	23 283	-3
Total interest rate derivatives designated for hedge accounting	**522 200**	**20 509**	**0**	**612 200**	**23 283**	**-3**
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	20 000	1 443	0	30 000	978	-4
Total interest rate derivatives, other than for hedging purposes	**20 000**	**1 443**	**0**	**30 000**	**978**	**-4**
Total derivatives	**542 200**	**21 953**	**0**	**642 200**	**24 261**	**-7**

Maturities of derivatives	31 Mar 2023 Less than one year	31 Mar 2023 1-5 years	31 Mar 2023 Over 5 years	31 Mar 2023 Total	31 Dec 2022 Less than one year	31 Dec 2022 1-5 years	31 Dec 2022 Over 5 years	31 Dec 2022 Total
Designated for hedge accounting								
Interest rate derivatives	195 000	307 200	20 000	522 200	245 000	317 200	50 000	612 200
For non-hedging purposes								
Interest rate derivatives	0	10 000	10 000	20 000	20 000	0	10 000	30 000
Total derivatives	**195 000**	**317 200**	**30 000**	**542 200**	**265 000**	**317 200**	**60 000**	**642 200**

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 2023	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	522 200	20 509	0	Derivatives	-2 774
Hedging derivatives, total	**522 200**	**20 509**	**0**		**-2 774**

	Carrying amount		Cumulative change in balance sheet value			
31 Mar 2023	Assets	Liabilities	Assets	Liabilities	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedged item						
Debt securities	637 909	0	20 873	0	Debt securities	2 889
Hedged items, total	**637 909**	**0**	**20 873**	**0**		**2 889**

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 2023		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	2 889	-2 774	115	Net income from investing activities: Net income from hedge accounting

31 Dec 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	612 200	23 283	-3	Derivatives	31 097
Hedging derivatives, total	**612 200**	**23 283**	**-3**		**31 097**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2022	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities *	661 116	0	23 762	0	Debt securities	-31 527
Hedged items, total	**661 116**	**0**	**23 762**	**0**		**-31 527**

* The carrying amount of assets has been amended with other than hedged debt securities.

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 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	-31 527	31 097	-429	Net income from investing activities: Net income from hedge accounting

The accounting policies for hedge accounting are described in the 2022 financial statements.

NOTE 11: ISSUED BONDS

	31 Mar 2023		31 Dec 2022			
Bonds	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**	**Interest**	**Maturity**
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	170 029	170 000	169 946	170 000	Euribor 3 m + 0.75%	4 Apr 2025
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 2	49 324	50 000	49 324	50 000	Euribor 3 m + 0.75%	4 Apr 2025
Bonds, total	**219 352**	**220 000**	**219 270**	**220 000**		

NOTE 12: SUBORDINATED DEBTS

	31 Mar 2023		31 Dec 2022			
Debentures	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**	**Interest**	**Maturity**
Debenture I/2016	17 333	17 333	17 333	17 333	Euribor 12 m + 1.8%	30 Jun 2026
Debenture I/2017	6 666	6 666	6 666	6 666	Euribor 12 m + 1.8%	18 Dec 2027
Debenture I/2020	25 500	25 500	25 500	25 500	Euribor 12 m + 2.0%	1 Dec 2030
Debenture I/2021	57 500	57 500	57 500	57 500	Euribor 12 m + 2.0%	8 Oct 2031
Debentures, total	**107 000**	**107 000**	**107 000**	**107 000**		

NOTE 13: COLLATERAL GIVEN

	Other collateral	
	31 Mar 2023	**31 Dec 2022**
Collateral given for own debt		
Liabilities to credit institutions	172 128	170 543
Derivatives	5 457	5 171
Collateral given for own debt, total	**177 585**	**175 714**
of which cash	5 457	5 171
of which securities	172 128	170 543
Other collateral given on own behalf	**357**	**357**
of which cash	357	357

Collateral given in form of securities are pre-pledged as collateral for central bank in case of possible secured lending from central bank.

NOTE 14: OFF-BALANCE SHEET COMMITMENTS

Impairment of off-balance sheet items is presented above ('Note 7: Impairment of receivables').

	31 Mar 2023	**31 Dec 2022**
Guarantees	2 005	2 539
Other commitments given to third parties	72	93
Undrawn credit facilities	127 524	188 334
Off-balance sheet commitments, total	**129 601**	**190 967**

The expected credit loss on off-balance sheet items is EUR 836 thousand (841 thousand).

NOTE 15: RELATED PARTIES

Related-party information is described in more detail in the 2022 financial statements.

NOTE 16: EVENTS AFTER THE REVIEW PERIOD

S-Bank's Annual General Meeting (AGM) was held on 6 April 2023. The AGM adopted the financial statements for 2022 and discharged from liability the persons who served as the members of the Board of Directors and the company's Chief Executive Officers during the financial period ended on 31 December 2022. AMG decided that a dividend of EUR 0.75 per share, totalling EUR 5 010 135.00, shall be paid from parent company's distributable assets.

The AGM elected seven members and one deputy member to the Board of Directors. The following were elected to S-Bank's Board of Directors: Jari Annala, Master of Science (Economics), CEO of SOK Liiketoiminta Oy; Tom Dahlström, Doctor of Social Sciences, Principal of Good Ventures Oy; Kati Hagros, Master of Science (Engineering), Master of Social Sciences, Chief Digital Officer of Aalto University; Veli-Matti Liimatainen, Master of Science (Economics), Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, Master of Science (Math), SHV (actuary approved by the Ministry of Social Affairs and Health), Board professional; Jorma Vehviläinen, Master of Science (Economics), CFO of SOK and Olli Vormisto, Master of Science (Economics), Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, Master of Science (Economics), CEO of Osuuskauppa KPO, was elected as a deputy member.

KPMG Oy Ab was elected as the company's auditor, with Petri Kettunen as the principally responsible auditor.

S-Bank Plc's dividend for the financial year 2022 was paid on 6 April 2023.

The Board re-elected Jari Annala as Chairman and Jorma Vehviläinen as Vice Chairman on 26 April 2023.

Riikka Laine-Tolonen, M.Sc. (Econ.) took up her position as S-Bank's CEO on 26 April 2023. Hanna Porkka, who acted as Interim CEO, continues in the posts of Deputy CEO, EVP.

8 May 2023, S-Bank Plc's Board of Directors

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.

4 August 2023: Half-year report
9 November 2023: Interim report January-September
2 February 2024: Financial statements bulletin for 2023

REPORT ON REVIEW OF THE INTERIM REPORT OF S-BANK PLC AS OF AND FOR THE THREE MONTHS PERIOD ENDING MARCH 31, 2023

To the Board of Directors of S-Bank Plc

Introduction

We have reviewed the balance sheet as of March 31, 2023 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, 8 May 2023

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

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