S-BANK PLC HALF-YEAR REPORT 1 JANUARY–30 JUNE 2022

S BANK

STEADY DEVELOPMENT – STRONG GROWTH IN LENDING

Hanna Porkka, Interim CEO

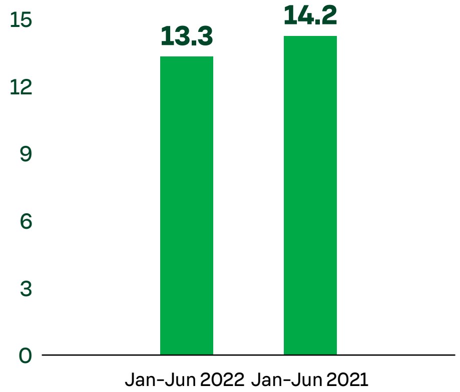
"S-Bank Group's business operations developed favourably in January–June despite the general slowdown in the Finnish economy. At the end of June 2022, S-Bank had around 560 000 active customers, compared with around 502 000 at the end of June 2021."

JANUARY–JUNE 2022

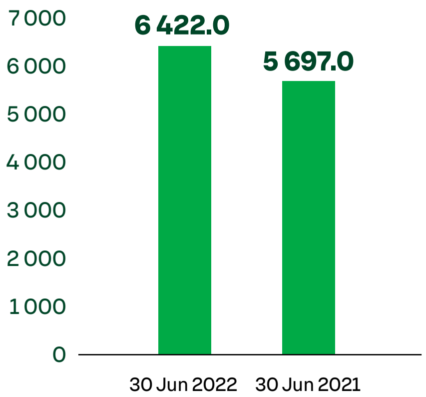
- Lending increased to EUR 6.4 billion (5.7).
- Comparable assets under management ended up at EUR 7.0 billion (7.1).
- Operating profit was EUR 13.3 million (14.2).
- The capital adequacy ratio rose to 16.2 per cent (15.2).

The S-Bank Group's operating profit for January–June was EUR 13.3 million (14.2) decreasing 6.3 per cent on the previous year. Performance was affected by lower income from investing activities and higher investments in development than in the previous year. Other significant changes included higher regulatory fees and lower impairment losses. The decrease in the cost-to-income ratio is mainly due to increases in regulatory fees.

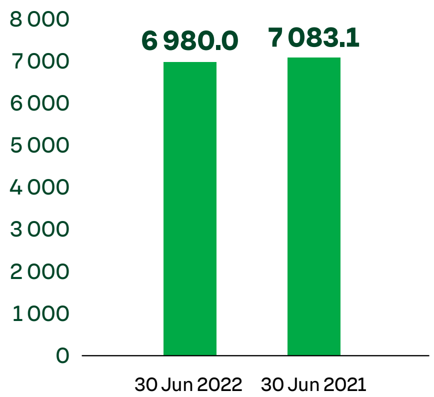
Operating profit (EUR million)



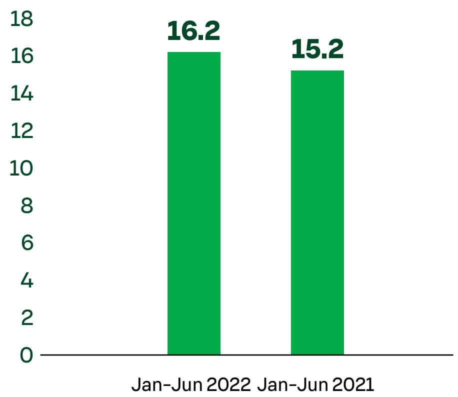
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2022 (UNCHANGED)

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

KEY FIGURES

(EUR million)	Jan-Jun 2022	Jan-Jun 2021	Change	Q2 2022	Q2 2021	Change
Net interest income	46.9	44.1	6.4%	23.9	22.7	5.4%
Net fee and commission income	41.5	37.6	10.3%	22.0	19.8	11.4%
Total income	96.7	90.6	6.8%	46.0	45.4	1.5%
Operating profit	13.3	14.2	-6.3%	3.4	7.7	-55.5%
Cost-to-income ratio	0.83	0.73	0.10	0.83	0.73	0.10

(EUR million)	30 Jun 2022	31 Dec 2021	Change
Liabilities to customers, deposits	7 841.9	7 554.9	3.8%
Receivables from customers, lending	6 422.0	6 086.0	5.5%
Debt securities	685.6	1 149.1	-40.3%
Equity	501.1	509.3	-1.6%
Expected credit losses (ECL)	19.4	20.6	-6.2%
Assets under management	6 980.0	7 697.1	-9.3%
Return on equity	3.7%	3.9%	-0.2
Return on assets	0.2%	0.2%	0.0
Equity ratio	5.7%	6.0%	-0.3
Capital adequacy ratio	16.2%	16.3%	-0.1

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

CEO'S REVIEW

S-Bank Group's business operations developed favourably in January–June despite the general slowdown in the Finnish economy. Income developed positively in January-June and grew by 6.8 per cent year-on-year. Profitability was weighted down by the significant increase in regulatory fees. Financial stability contribution and deposit guarantee contribution grew 6.7-fold on the previous year. We also made investments in the development of products, services and IT-systems during the spring. Operating profit was EUR 13.3 million (14.2).

At the end of June 2022, S-Bank had around 560 000 active customers, compared with around 502 000 at the end of June 2021. Our strategic goal is to achieve one million active customers.

We are a full-service bank for S Group's co-op members to whom we offer a banking account, a payment card, an online banking ID and a mobile app free-of-charge.

The total euro amount of the purchases made with S-Etukortti Visa cards in January–June grew by 18.6 per cent on the previous year. Year-on-year, our lending grew by 12.7 per cent and the deposit portfolio by 7.7 per cent. Year-on-year, the number of unit holders in the S-Bank funds increased by approximately 44 000 to reach approximately 353 000. Comparable assets under management amounted to EUR 7.0 billion (7.1), which was close to the previous year's level.

Although significant changes took place in our operating environment during the spring, it is good to remember that the cornerstones of our operations remain unchanged. S-Bank enjoys the best reputation in its sector, and we are focusing on products and services for household customers in line with our strategy. Our customers can take care of their daily payments, as before, with S-Bank's Visa cards and S-mobiili and via the online bank.

Changes also took place in S-Bank. At the end of May, S-Bank announced that CEO Pekka Ylihurula had stepped down. The search for a new CEO has begun, and I am serving as the interim CEO until the new CEO starts. Meanwhile, we are continuing to implement our strategy as planned, strong growth and serving our around 3.1 million customers.

I would like to thank S-Bank's employees for their excellent performance during the spring. I would also like to thank our customers, owners and partners for their confidence in us.

HANNA PORKKA
Interim CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

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

In spring, multiple surveys were published on company reputation, in which S-Bank performed well. In the Sustainable Brand Index survey on perceptions of brand sustainability, commissioned annually by the Swedish company SB Insight, Finns voted S-Bank as the most responsible bank brand in Finland for the tenth consecutive time. In a financial sector reputation and trust survey (Finanssialan Luottamus&Maine 2021) carried out by T-Media Finns ranked S-Bank as the most reputable organisation in 2021. In a survey carried out by Taloustutkimus for Sortter, a credit comparison company, S-Bank was the bank with the highest scores when Finns were asked about their level of satisfaction with and confidence in banks.

At the end of May, S-Bank announced that CEO Pekka Ylihurula had stepped down. The search for a new CEO has started. Hanna Porkka is serving as the interim CEO until the new CEO starts. S-Bank is continuing to implement its strategy as planned and its strong growth, in addition to serving its around 3.1 million customers.

In June S-Bank issued an increase of EUR 50 million in the original amount of its bond (tap issue). The tap issue concerns the Senior Preferred MREL Eligible Notes serial bonds in the original amount EUR 170 million issued on 4 October 2021 and maturing on 4 April 2025. The increased amount was accepted for trading on the official list of Nasdaq Helsinki Ltd on 10 June 2022.

The credit rating issued by Standard & Poor's (S&P) for S-Bank is BBB for long-term funding and A-2 for short-term funding, with a stable outlook. S&P confirmed the rating and the outlook on 22 June 2022.

On 30 June 2022, the Financial Supervisory Authority authorised S-Bank to engage in mortgage banking activities in accordance with the new Act on Mortgage Credit Banks. S-Bank had also been authorised to carry out mortgage banking activities under the previous legislation.

SUMMARY OF THE IMPACTS OF THE CORONAVIRUS PANDEMIC AND THE WAR IN UKRAINE ON BUSINESS OPERATIONS

During the first half of the year, two phenomena stood out in S-Bank's operating environment: the coronavirus pandemic and the Russian attack on Ukraine.

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

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

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

In February, Russia attacked Ukraine, which resulted in new risks in the economy. The impact of the war has been reflected in a steep rise in the prices of energy and raw materials and accelerated inflation. The rapid rise in interest rates and the volatility in the financial markets have reduced the bank's fair value reserve. However, the impacts of the war in Ukraine and the related international sanctions on S-Bank have been limited because of S-Bank's strategy, which focuses on household customers in Finland.

Our 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 May, household demand for loans was markedly lower during the spring than in the corresponding period of the previous year. According to Finance Finland, the slowdown in lending and the related expectations is explained by the Russian attack on Ukraine and the ensuing decrease in consumer confidence and expectations of higher interest rates. Increasing uncertainty, inflation and higher interest rates, as well as a decrease in consumer and business confidence, may have a negative impact on consumption and investments, which will result in slower economic growth.

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

OPERATING ENVIRONMENT

The first half of 2022 was a period of moderate growth and increasing concern. Rapidly increasing inflation, the beginning of a tighter monetary policy and particularly the Russian attack on Ukraine cast shadows on the more hopeful sentiment that prevailed at the beginning of the year. So far, the impacts on the economy have been limited, but the outlook for the rest of the year is weaker than before.

At the beginning of the year, the lifting of the restrictions related to the pandemic was expected to support the economy, which is why economic expectations were high. The economy was supported by a good growth rate, a strong employment rate and the post-pandemic circumstances. This mitigated the slowdown in growth during the first half of the year. However, soon after the beginning of the year, it became clear that as a result of strong stimulus and supply problems in many sectors, inflation was reaching markedly higher levels than in recent years. The prices of energy and food, for example, increased rapidly. From there, inflation has begun to spread more broadly to other sectors of the economy. The eurozone inflation rate reached 8.1 per cent in June. The price increases are gradually beginning to affect consumption: because daily expenses are higher than before, consumers are forced to reduce their other consumption.

The increase in inflation has forced central banks to make a complete turnabout. During the first half of the year, stimulus was replaced with rapid measures for a tighter monetary policy. For the time being, wage pressures have remained moderate in Finland and more broadly in the eurozone, but demands are gradually increasing because of the strong employment situation. The measures for a tighter monetary policy will be markedly stronger than expected, because inflation needs to be curbed. In these circumstances, interest rates are rising rapidly, which will slow economic growth gradually.

The Russian attack on Ukraine and the full-blown war that ensued are making the economic situation more difficult and further accelerating inflation. The direct impacts of the war on the economy are limited, although trade with Russia has stopped completely in many respects. The greatest impact on the economy arises from the prices of raw materials, because Russia and Ukraine have been significant producers of oil and other raw materials and food. The prices of these had increased before the war, but the steep decline in imports has made the situation even worse.

During the first half of the year, the shift from monetary stimulus to a tighter policy caused interest rates to increase significantly, and the returns on bonds were weaker than in decades. There was also a clear downward trend on the stock market during the first half. Share prices decreased by more than 10 per cent widely around the world. Companies recorded strong results, but investors were worried about the outlook. So far, companies have been able to transfer the higher costs successfully to sales prices. However, the slowdown in economic growth is threatening sales growth. At the same time, the increase in costs may have a negative impact on profit margins.

For the time being, major impacts have been avoided in the real estate market, but the increase in interest rates has gradually begun to be reflected in a slight slowdown in the housing market. Housing prices continued to develop favourably during the first half of the year. There were no signs of a downturn in other real estate markets either, although the level of activity was somewhat lower than before.

FINANCIAL POSITION

Key figures

(EUR million)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Net interest income	23.9	23.0	23.0	23.3	22.7	46.9	44.1
Net fee and commission income	22.0	19.4	24.5	18.7	19.8	41.5	37.6
Total income	46.0	50.7	52.9	43.5	45.4	96.7	90.6
Operating profit	3.4	9.9	4.2	6.4	7.7	13.3	14.2
Cost-to-income ratio	0.83	0.80	0.78	0.74	0.73	0.83	0.73

(EUR million)	30 Jun 2022	31 Mar 2021	31 Dec 2021	30 Sep 2021	30 Jun 2021	30 Jun 2022	31 Dec 2021
Liabilities to customers, deposits	7 841.9	7 602.1	7 554.9	7 600.4	7 281.7	7 841.9	7 554.9
Receivables from customers, lending	6 422.0	6 274.7	6 086.0	5 883.3	5 697.0	6 422.0	6 086.0
Debt securities	685.6	1 049.4	1 149.1	1 310.7	1 220.0	685.6	1 149.1
Equity	501.1	507.8	509.3	507.9	502.8	501.1	509.3
Expected credit losses (ECL)	19.4	18.7	20.6	20.8	21.3	19.4	20.6
Assets under management *	6 980.0	7 397.0	7 697.1	7 137.4	7 083.1	6 980.0	7 697.1
Return on equity	3.7%	4.4%	3.9%	4.6%	4.6%	3.7%	3.9%
Return on assets	0.2%	0.3%	0.2%	0.3%	0.3%	0.2%	0.2%
Equity ratio	5.7%	5.9%	6.0%	6.0%	6.3%	5.7%	6.0%
Capital adequacy ratio	16.2%	15.7%	16.3%	14.9%	15.2%	16.2%	16.3%

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

RESULTS APRIL–JUNE 2022

S-Bank Group's operating profit for April–June decreased year-on-year and was EUR 3.4 million (7.7).

Income

Total income increased to EUR 46.0 million (45.4), an increase of 1.5 per cent. Net interest income grew by 5.4 per cent, totalling EUR 23.9 million (22.7). S-Bank increased the proportion of central bank deposits in its liquidity portfolio, which had a negative impact on its net interest income. Net fee and commission income increased by 11.4 per cent to EUR 22.0 million (19.8). Card payment fees increased particularly strongly. Net income from investing activities decreased markedly year-on-year, amounting to EUR -1.2 million (1.8). This development was affected by the decrease in the stock market, the rapid increase in interest rates and the volatility of the financial market. Other operating income totalled EUR 1.3 million (1.2).

Expenses

Operating expenses totalled EUR 39.5 million (33.1). This represents an increase of 19.4 per cent on the previous year. Personnel expenses accounted for EUR 14.1 million (12.8) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions. Other administrative expenses were EUR 20.0 million (16.4). The changes are mainly due to an increase in IT and development costs. Depreciation and impairment of tangible and intangible assets amounted to EUR 3.7 million (3.1). The Group's other operating expenses totalled EUR 1.7 million (0.8).

Expected and final credit losses

In the second quarter, expected and final credit losses of EUR 4.6 (6.0) million were recognised in the consolidated income statement. Reversals, or recovered credit losses, amounted to EUR 1.5 million (1.4). Consequently, the total net effect on profit of expected and final credit losses was EUR 3.1 million (4.6).

RESULT AND BALANCE SHEET JANUARY–JUNE 2022

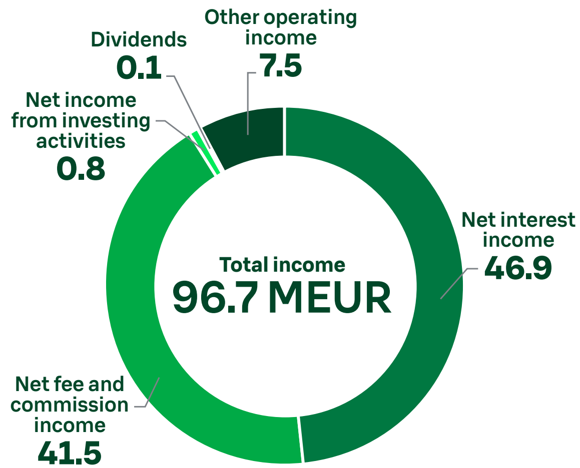
S-Bank Group's operating profit was EUR 13.3 million (14.2), a decrease of 6.3 per cent on the previous year. The profit for the period after taxes was EUR 10.6 million (11.5). Return on equity decreased to 3.7 per cent (3.9)

Income

During the review period, total income developed positively. Total income amounted to EUR 96.7 million (90.6), a growth of 6.8 per cent.

Net interest income grew by 6.4 per cent, totalling EUR 46.9 million (44.1).

In terms of net interest income, interest income increased by 8.2 per cent and interest expenses increased by 21.3 per cent. Interest expenses were affected by an increase in bonds issued and central bank deposits. Net fee and commission income increased by 10.3 per cent to EUR 41.5 million (37.6). The change was mainly due to higher card payment fees. Net income from investing activities decreased and was EUR 0.8 million (2.4). Other operating income totalled EUR 7.5 million (6.5). Other income includes EUR 3.8 million (3.0) in revenue from sales of receivables previously recognised as credit losses.



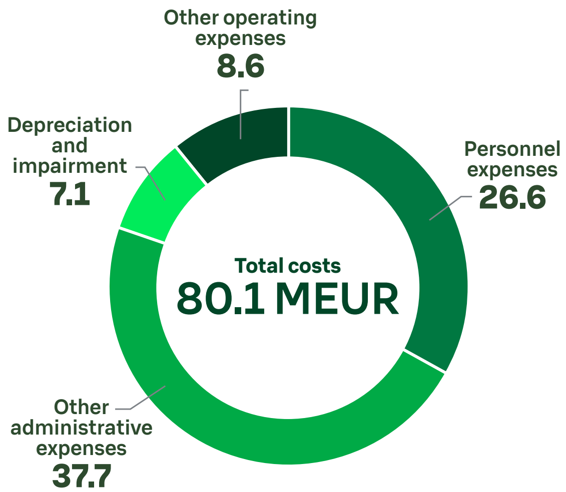
Expenses

Operating expenses totalled EUR 80.1 million (66.4) during the review period. This is 20.5 per cent more year-on-year, mainly due to increases in personnel expenses, IT- and development costs as well as regulatory fees. Personnel expenses accounted for EUR 26.6 million (24.7) of operating expenses.

Other administrative expenses totalled EUR 37.7 million (33.1). The changes are mainly due to an increase in IT and development costs, use of rental labor and agency fees. Depreciation and impairment of tangible and intangible assets amounted to EUR 7.1 million (6.0). Other operating expenses totalled EUR 8.6 million (2.5), which includes EUR 6.7 million in financial stability contribution and deposit guarantee contribution.

Expected and final credit losses

Expected and final credit losses of EUR 6.3 million (12.5) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 3.0 million (2.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 3.3 million (9.9). The positive development has been affected by the economic recovery, which began in the previous year and has not yet been changed by the inflation development and the increased uncertainty. In addition, the calculation of expected credit losses, which was updated in early 2022, has a positive impact. Credit and impairment losses are at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.



Deposits

Total deposits continued to grow and were EUR 7 841.9 million (7 554.9) at the end of the review period. Deposits repayable on demand totalled EUR 7 835.6 million (7 550.2) and time deposits EUR 6.3 million (4.7) at the end of the review period. During the past 12 months, total deposits grew by 7.7 per cent. Household customers' deposit portfolio grew 11 per cent on the previous year and was EUR 6 998.4 million. Corporate customers' deposit portfolio contracted 13.6 per cent on the previous year and was EUR 843.5million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 496.4 million (6 031.2).

Lending

Lending growth continued to be strong. At the end of the review period, the loan portfolio totalled EUR 6 422.0 million (6 086.0). During the past 12 months, the loan portfolio grew by 12.7 per cent. The household loan portfolio grew by 12.2 per cent on the previous year and was EUR 5.364.3 million, while the corporate loan portfolio grew 15.3 per cent on the previous year and was EUR 1.057,7 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 82 per cent (81).

Investing activities

At the end of the review period, the bank's debt securities totalled EUR 685.6 million (EUR 1 149.1 million at the end of 2021).

Equity

At the end of the review period, S-Bank's equity was EUR 501.0 million, compared with EUR 509.3 million at the end of 2021. The decline in equity was affected by a decline in the value of the fair value reserve. The equity ratio was 5.7 per cent (6.0).

Assets under management

The S-Bank Group's assets under management were EUR 6 980.0 million (7 697.1) at the end of the review period. Performance was affected by geopolitical uncertainty and stronger expectations of rising interest rates. Of assets under management, fund capital accounted for EUR 3 577.4 million (3 786.1), and wealth management capital accounted for EUR 3 402.6 million (3 911.0). In addition, S-Bank Properties Ltd managed EUR 442.4 million in customer assets, consisting of real estate and joint ventures (442.4). The net subscriptions in S-Bank funds amounted to EUR 78,0 million (179,4) during the review period.

Deposits

(EUR million)	30 Jun 2022	31 Dec 2021	Change	Change year-on-year
Household customers	6 998.4	6 537.9	7.0%	11.0%
Corporate customers	843.5	1 017.0	-17.1%	-13.6%
Total	**7 841.9**	**7 554.9**	**3.8%**	**7.7%**

Lending

(EUR million)	30 Jun 2022	31 Dec 2021	Change	Change year-on-year
Household customers	5 364.3	5 083.7	5.5%	12.2%
Corporate customers	1 057.7	1 002.3	5.5%	15.3%
Total	**6 422.0**	**6 086.0**	**5.5%**	**12.7%**

BUSINESS OPERATIONS AND RESULT BY SEGMENT

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

Banking

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

Operating profit was EUR 24.5 million (19.0) in January-June. Total income increased 7.7 per cent to EUR 76.2 million (70.7). Expenses increased by 15.8 per cent to EUR 48.4 million (41.8). Impairment of receivables decreased to EUR 3.3 million (9.9).

According to the latest available information, the increase in the financial institutions' housing loan volume was 3.3 per cent for the preceding 12-month period in April. S-Bank's housing loan volume grew by 12.0 per cent (3.6 times the market growth) in the same period. In the first half of the year, the number of housing loan applications decreased on the previous year.

The use of S-Etukortti Visa cards developed favourably in the first half of the year. The total euro sum of purchases made with the cards increased by 18.6 per cent (14.2) on the previous year and was record-high.

Wealth Management

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

The operating result decreased to EUR 1.7 million (3.5). Total income increased by 5.9 per cent to EUR 20.1 million (18.9). Expenses increased by 19.1 per cent to EUR 18.3 million (15.4). Profit performance was affected by geopolitical uncertainty and stronger expectations of rising interest rates and the investments into operational efficiency.

Net subscriptions to S-Bank funds totalled EUR 78.0 million in the first half of the year (179.4). Net subscriptions to the S-Bank funds were notably higher than the median for fund management companies. Net subscriptions totalled EUR -3 176.3 million (6 888.2) in the market as a whole.

The total number of unit holders in the S-Bank funds increased to around 353 000 from around 309 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to around 4.0 million from 3.7 million a year earlier.

Banking

(EUR million)	Jan-Jun 2022	Jan-Jun 2021	Change
Operating income	76.2	70.7	7.7%
Operating expenses	-48.4	-41.8	15.8%
Impairment of receivables	-3.3	-9.9	-66.7%
Operating profit (loss)	**24.5**	**19.0**	**28.7%**

Wealth Management

(EUR million)	Jan-Jun 2022	Jan-Jun 2021	Change
Operating income	20.1	18.9	5.9%
Operating expenses	-18.3	-15.4	19.1%
Operating profit (loss)	**1.7**	**3.5**	**-51.6%**

CALCULATION OF KEY PERFORMANCE INDICATORS

Total income:

Net interest income + Net fee and commission income + Other income

Net interest income:

Interest income – Interest expenses

Net fee and commission income:

Fee and commission income – Fee and commission expenses

Other income:

Net income from investing activities + Dividends + Other operating income

Cost-to-income ratio:

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

Return on equity (ROE), %:

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

Return on assets (ROA), %:

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

Equity ratio, %:

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

Capital adequacy ratio, %:

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

Tier 1 capital adequacy ratio, %:

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

Leverage ratio, %:

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

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-Bank Group's risk position

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

During the first quarter, significant and exceptional changes took place in the external operating environment. The economic outlooks for the rest of the year are challenging because of the rapid increase in inflation, the Russian attack on Ukraine and the tighter monetary policies implemented by central banks. During the second quarter, interest rates began to increase more rapidly than ever before, and the stock market decreased considerably.

During the first half of the year, S-Bank's business volumes continued to grow, particularly in terms of household customers' housing loan and deposit portfolios. Although the amount of credit risk exposures has increased, the associated risk position has remained relatively stable in relation to the portfolio. For the time being, the total amount of changes to payment schedules has not increased, and the amount of actual credit losses continued to decrease during the first half of the year. The amount of forborne and defaulted exposures has increased, partly due to a more effective forbearance identification process. The impacts of changes in the external environment on the loan portfolio are being actively monitored.

The rapid increase in interest rates has caused the valuations of bonds to decrease. Consequently, the fair value reserve decreased during the first half of the year. The increase in interest rates will have a positive impact on the bank's future net interest income and has therefore also significantly increased the interest income risk.

At the end of the first half of 2022, the capital adequacy ratios were at the same level as at the end of 2021. During the second quarter of the year, the allocation of investments was changed towards a lower-risk direction as part of normal risk management due to changes in the external operating environment.

The following table provides an overview of S-Bank's key risk metrics and risk weighted exposure amounts. Please note that the Liquidity Coverage Ratio is presented as a moving average over 12 months.

Key metrics (EU KM1)

S-Bank has not disclosed certain rows in EU KM1 template that refer to capital requirements not applicable to S-Bank.

		a	c	e
(EUR million)		**30 Jun 2022**	**31 Dec 2021**	**30 Jun 2021**
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	427.0	434.8	428.3
2	Tier 1 capital	427.0	434.8	428.3
3	Total capital	535.4	545.3	483.5
	Risk-weighted exposure amounts			
4	Total risk exposure amount	3 308.2	3 346.0	3 174.6
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	12.91%	12.99%	13.49%
6	Tier 1 ratio (%)	12.91%	12.99%	13.49%
7	Total capital ratio (%)	16.18%	16.30%	15.23%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.50%	1.50%	2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.84%	0.84%	2.25%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.13%	1.13%	N/A
EU 7d	Total SREP own funds requirements (%)	9.50%	9.50%	10.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
9	Institution specific countercyclical capital buffer (%)	0.01%	0.01%	0.01%

		a	c	e
(EUR million)		**30 Jun 2022**	**31 Dec 2021**	**30 Jun 2021**
11	Combined buffer requirement (%)	2.51%	2.51%	2.51%
EU 11a	Overall capital requirements (%)	12.01%	12.01%	12.76%
12	CET1 available after meeting the total SREP own funds requirements (%)	5.06%	5.14%	4.24%
	Leverage ratio			
13	Total exposure measure	9 039.6	7 693.3	7 377.0
14	Leverage ratio (%)	4.72%	5.65%	5.81%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1 609.0	1 548.4	1 391.9
EU 16a	Cash outflows - Total weighted value	1 105.3	1 113.8	1 055.3
EU 16b	Cash inflows - Total weighted value	60.9	65.7	70.4
16	Total net cash outflows (adjusted value)	1 044.5	1 048.1	984.9
17	Liquidity coverage ratio (%)	154.13%	147.57%	141.28%
	Net Stable Funding Ratio			
18	Total available stable funding	7 675.8	7 260.5	6 873.7
19	Total required stable funding	4 950.1	4 803.6	4 512.0
20	NSFR ratio (%)	155.06%	151.10%	152.30%

Credit risk

The growth of the housing loan portfolio continued during the review period but at a slightly slower pace than the peak rates achieved before. There were no major shifts in the credit portfolio distribution between different credit types during the review period. S-Bank sustains a low credit risk profile in line with its conservative risk appetite, supported by prudent risk management and monitoring measures.

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 9.5 million to EUR 48.8 million (39.3) during the first half of the year. Of this, EUR 6.7 million was due to an increase in non-performing forborne exposures. As expected, the enhancements implemented in the forbearance identification process and the stricter recovery criteria caused an increase in forbearance measures and non-performing loans. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 0.8 per cent (0.6). All non-performing loans were household customer exposures.

Gross forborne exposures in the balance sheet totalled EUR 132.2 million (109.9) at the end of the review period. Of the on-balance-sheet forborne exposures, 85 per cent (88) were performing. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 1.7 per cent (1.6). The corresponding ratio of non-performing forborne exposures was 0.3 per cent (0.2). All forborne exposures were related to household customers.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule increased to EUR 435 million (420), representing 8.1 per cent (8.2) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers. S-Bank's corporate portfolio does not include any specific groups of customers or sectors that have been granted repayment holidays or other changes to their original payment schedules.

The accounting of expected credit losses in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. During the first half of the year, S-Bank updated its criteria for identifying significant increase in credit risk based on statistical analysis, which decreased the amount of receivables classified in stage 2. In addition, a new macro model was introduced to assess the impact of macroeconomic forecasts on expected credit losses. Forward-looking information is complemented by a management factor, which takes into account the uncertainty related to model parameters and assumptions as well as model risk. The total ECL provision at the end of the review period was EUR 19.4 million (20.6). The ECL provision decreased by EUR 1.3 million during the period. The change is explained by the above-mentioned updates to ECL calculation, which reduced the ECL provision by an estimated EUR 2.1 million. Expected and final credit losses are discussed under Result and balance sheet and in Note 6: Impairment of receivables.

Own funds and capital adequacy

S-Bank's capital adequacy position weakened slightly during the first half of the year. The war in Ukraine and the negative impacts of higher interest rates on the fair value reserve had the greatest impact on own funds and, consequently, capital adequacy development. As part of normal risk management, S-Bank reallocated its investments to the central bank and lower-risk investments during the review period.

Nevertheless, the changes in capital adequacy were not large, with capital adequacy exceeding regulatory requirements throughout the review period and remaining within the risk appetite set by S-Bank's Board of Directors. S-Bank's CET1 capital adequacy ratio was 12.9 per cent (13.0) and the total capital ratio stood at 16.2 per cent (16.3) at the end of the review period. Total risk exposure amount, i.e., the sum of risk-weighted assets, decreased by EUR 37.8 million. The reduction in the risk levels of S-Bank's investments had a significant impact on the change in the total risk exposure amount. Risk-weighted assets relating to exposures secured on immovable property and retail exposures grew, as lending grew in line with S-Bank's strategy. S-Bank is adequately capitalised to ensure the continuity of its operations even in circumstances portrayed in stress tests. Total own funds at the end of the review period stood at EUR 535.4 million (545.3) and CET1 capital at EUR 427.0 million (434.8). CET1 capital and the buffer to the CET1 minimum requirement decreased during the review period, mainly because of the negative development of fair value reserve. Tier 2 assets decreased slightly, due to debenture loans with a residual maturity of less than five years being gradually eliminated from Tier 2 capital, as required by regulation.

Leverage ratio

S-Bank's leverage ratio (LR) of 4.7 per cent (5.0) was strong and exceeded the regulatory and internally set risk appetite minimum. The comparison figure as of 31 December 2021 is presented without the temporary exemption of central bank exposures for leverage ratio. In table EU KM1, the comparison information concerning the leverage ratio has been calculated taking into account the temporary exemption of central bank exposures from the total leverage ratio exposure.

Market risk

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the Banking business and the investments and funding of the Treasury unit. Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. The economic value risk for items measured at fair value (+100 basis points) was EUR -6.2 million (-11.1). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -36.3 million (-9,1) and the spread risk was EUR -4.9 million (-7.1) at the end of the review period. The strong increase in interest rates caused the interest income risk to grow during the first half of the year. 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 strengthened during the review period. The liquidity coverage ratio (LCR) was 172 per cent (150). With respect to the liquidity portfolio, very high-quality Level 1 assets accounted for 94 per cent (88) and Level 2 assets for 6 per cent (12). The portfolio consists of unencumbered, high-quality liquid assets that can be monetised in a timely fashion. The table 'S-Bank's liquidity portfolio' illustrates the structure of the liquidity portfolio by product.

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

The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 155 per cent (151). The NSFR requirement of the Capital Requirements Regulation is 100 per cent. At the end of the review period, S-Bank made a tap issue of 50 million euros to the Senior Preferred MREL Eligible Notes serial bond.

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 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. For S-Bank, the CBR was equal to 2.51 per cent on 30 June 2022.

S-Bank covers the MREL requirement with instruments qualifying for own funds and Senior Preferred bond issued under the MTN program. The notional amount of Senior Preferred bonds were 220 million euros (170). The MREL ratio based on total risk exposure amount (MREL, TREA) was 22.8 per cent (21.4), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 8.3 per cent (8.2). The comparison figure as of 31 December 2021 is presented without the temporary exemption of central bank exposures for leverage ratio.

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.

Current situation in Ukraine and the implication in sanctions regime has led to increased focus to sanctions screening in S-Bank. However, due to S-Bank's customer base, the implications have been limited. S-Bank has also put on hold all payments to and from Russia and Belarus during this spring.

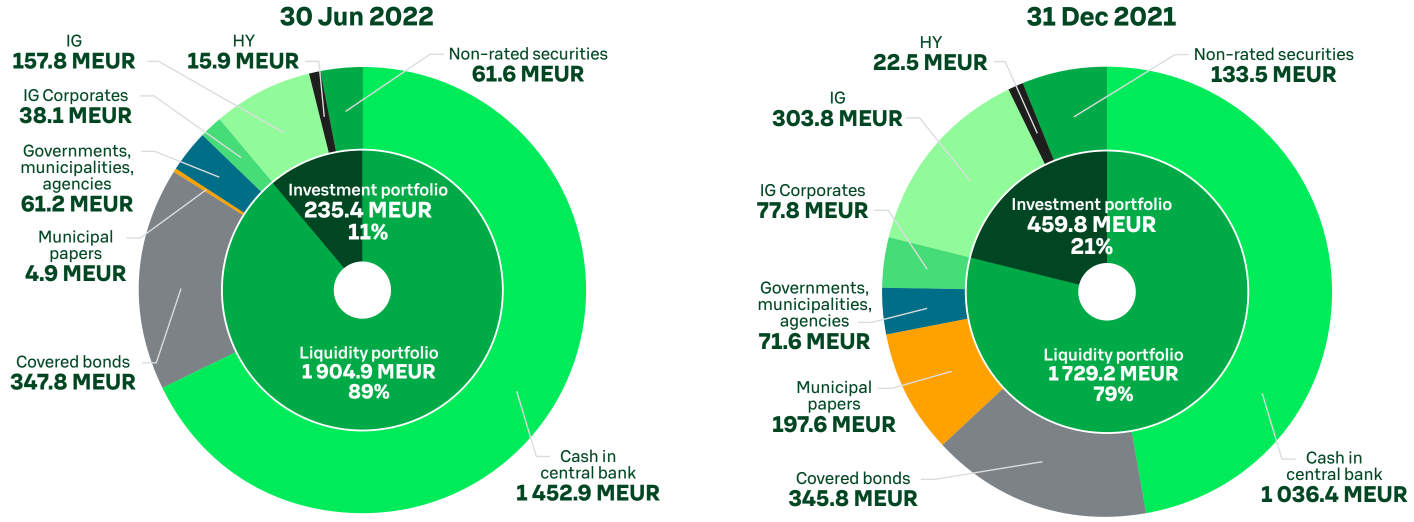
OWN FUNDS REQUIREMENTS

S-Bank's total capital requirement was 12.01 per cent (12.01) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The Finnish Financial Supervisory Authority decided on 6 April 2020 to remove the set systemic risk buffer for credit institutions covered by CET1 capital. The requirement for S-Bank was one per cent.

The Financial Supervisory Authority issued its latest macroprudential decision on 27 June 2022. The decision did not include any changes affecting S-Bank's capital requirements.

According to the Financial Supervision Authority, the preconditions for an increase in the level of the system risk buffer are met in Finland, because the

Breakdown of the Treasury portfolio by instrument



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	30 Jun 2022		31 Dec 2021	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	1 452.9	1 452.9	1 036.4	1 036.4
Government, municipal and other public sector bonds	61.2	61.2	71.6	71.6
Covered bonds	237.3	212.0	345.8	306.5
Municipal papers	4.9	4.9	197.6	197.6
Other	38.1	19.0	77.8	38.9
Total	**1 794.5**	**1 750.2**	**1 729.2**	**1 651.0**

structural risks and vulnerabilities of the banking sector are at a high level compared with the eurozone average. However, the system risk buffer is being kept at the zero level to prevent the uncertainty, caused by the war in Ukraine, from becoming stronger in the banking sector. Based on the views of the Financial Supervisory Authority, it can be assumed that the buffer level will increase if the impacts of the war in Ukraine are considered to have eased.

The discretionary Pillar 2 requirement imposed on S-Bank was 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 met with Tier 1 capital (T1), of which a further 75 per cent must be met with Common Equity Tier 1 capital (CET1).

The table 'S-Bank's total capital requirement on 30 June 2022 (Pillar 1)' illustrates the distribution of the total regulatory capital requirement at S-Bank at the end of the review period.

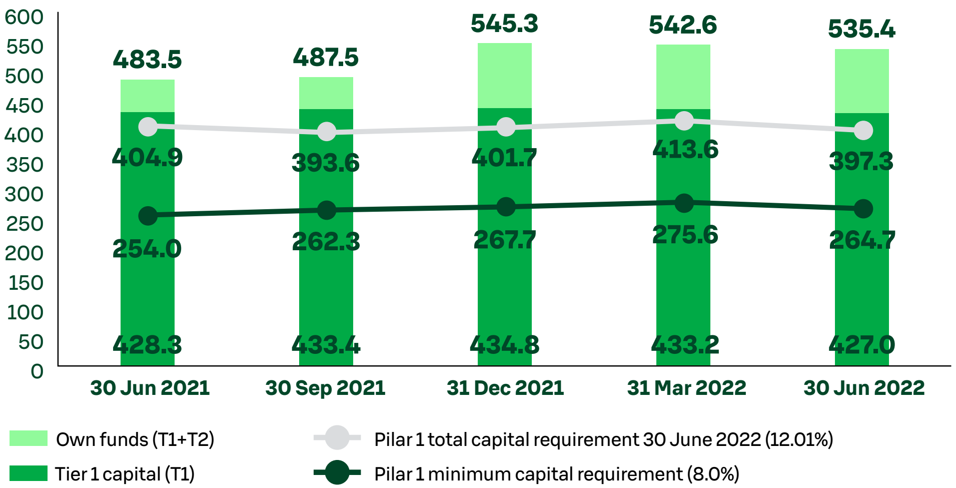
Capital adequacy position

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 12.9 per cent (13.0) and the total capital ratio stood at 16.2 per cent (16.3). S-Bank is adequately capitalised regarding all capital requirements. CET1 assets

S-Bank's total capital requirement on 30 June 2022 (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%	148.9	2.5%	82.7	0.01%	0.3	0.84%	27.9	7.85%	259.8
AT1	1.5%	49.6					0.28%	9.3	1.78%	58.9
T2	2.0%	66.2					0.38%	12.4	2.38%	78.6
Total	**8.0%**	**264.7**	**2.5%**	**82.7**	**0.01%**	**0.3**	**1.50%**	**49.6**	**12.01%**	**397.3**

Changes in own funds and capital requirement (EUR million)



decreased by EUR 7.8 million and T2 assets by EUR 2.1 million during the financial period. CET1 assets were negatively affected by the decrease in the fair value reserve and T2 assets by the gradual elimination from T2 capital of debentures with a remaining maturity of under five years. The macro-driven decrease in CET1 capital was partially offset by positive profit performance during the period. S-Bank's Tier 2 capital consists of four debentures with a total nominal value of EUR 108.3 million (110.5). Three of the debentures have a residual maturity of over five years and are thus fully recognised as Tier 2 capital.

The debenture with a residual maturity of less than five years is being gradually removed from Tier 2 capital, as required by regulations.

S-Bank's risk exposure amount (REA) was EUR 3 308.2 million (3 346.0) at the end of the review period. Credit risk constitutes 90 per cent or EUR 3.0 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

Summary of capital adequacy information

Own funds (EUR million)	30 Jun 2022	31 Dec 2021
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**501.1**	**509.3**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	152.9	142.1
Profit/loss from previous financial periods	142.3	122.6
Profit/loss for the year	10.6	19.6
Fair value reserve	-18.5	0.4
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**74.1**	**74.5**
Intangible assets	73.3	73.3
Value adjustments due to the requirements for prudent valuation	0.7	1.2
Common Equity Tier 1 (CET1) capital	**427.0**	**434.8**
Additional Tier 1 (AT1) capital before deductions	**0.0**	**0.0**
Deductions from Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Tier 1 (T1 = CET1 + AT1)	**427.0**	**434.8**
Tier 2 (T2) capital before adjustments	**108.3**	**110.5**
Debentures	108.3	110.5
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**108.3**	**110.5**
Own funds in total (TC = T1 + T2)	**535.4**	**545.3**
Total risk-weighted assets (RWAs)	**3 308.2**	**3 346.0**
of which credit risk	2 980.8	3 018.7
of which market risk	0.0	0.0
of which operational risk	327.4	327.4
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	**12.9%**	**13.0%**
Ratio of Tier 1 capital to risk exposure amount (%)	**12.9%**	**13.0%**
Ratio of total own funds to risk exposure amount (%)	**16.2%**	**16.3%**

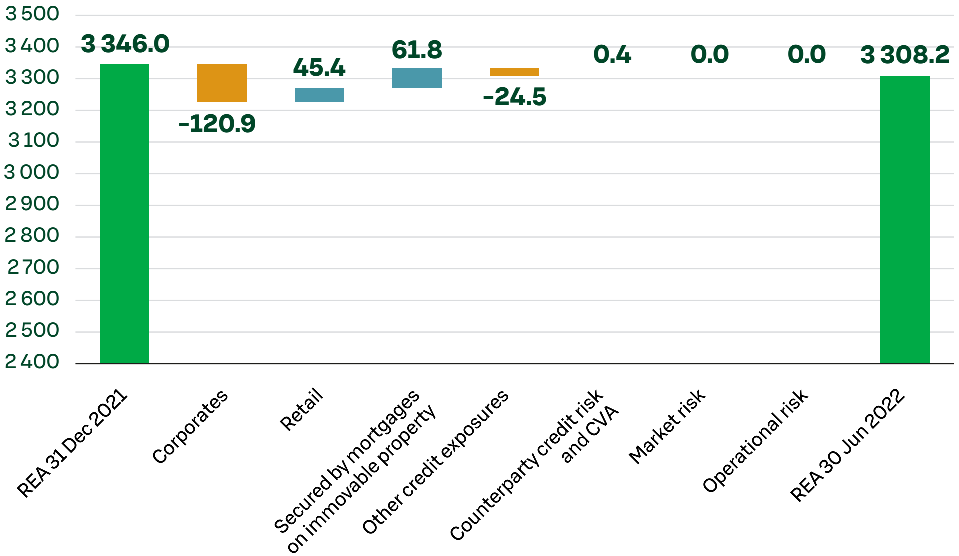
risk. Operational risk accounts for 10 per cent of S-Bank's risk exposure amount. The basic indicator approach is used for calculating the capital requirement (Pillar 1) for operational risk. Market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement. The notional 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.

The table 'Summary of capital adequacy information' presents the development of the main items of capital adequacy information at S-Bank at the end of the review period.

The risk exposure amount (REA) decreased by EUR 37.8 million during the review period. The risk-weighted assets in retail exposures and exposures secured by mortgages on immovable property increased as the loan portfolio grew in line with the strategy. Corporate exposures decreased as the allocation of S-Bank's investments was adjusted as part of normal risk management because of the exceptional market situation. The reduction in corporate exposures caused the total risk exposure amount to decrease.

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

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



Reporting of risk and capital adequacy information

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

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

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

On 6 July 2022, the Financial Supervisory Authority made a decision regarding S-Bank concerning the formation of certain client groups. According to the Financial Supervisory Authority, S-Bank has not fully complied with the regulations on establishing interconnectedness based on economic dependency. The Financial Supervisory Authority obliges S-Bank to form the certain groups of connected clients as required by regulation regarding its decision by 31 October 2022 at the latest. The Financial Supervisory Authority's decision is not legally binding. S-Bank will familiarise itself with the decision and assess further measures.

S-Bank will be able to form the groups of connected clients in question within the set time limit. Even if the decision becomes legally binding, S-Bank will, with its own measures, be able to ensure that the formation of groups of connected clients as obliged by the Financial Supervisory Authority will not have financial consequences for S-Bank.

OUTLOOK FOR THE REST OF THE YEAR

We are entering the second half of the year amidst great uncertainty. Economic growth is slowing around the world, but the rate and timing of the slowing down remain to be seen. The risk of a recession has increased, but there is no certainty that there will be such a strong economic downturn. It is clear, however, that higher consumer prices and interest rates, as well as the general uncertainty related to economic outlooks, are reducing consumption and investments. The Russian attack on Ukraine continues, which is further reducing predictability.

The inflation rate is gradually decreasing from its peak level, with prices being lower than in the corresponding period of the previous year, but inflation continues to spread into the economy, meaning that the problem is not disappearing. Central banks are continuing to implement a considerably stricter monetary policy in the second half of the year. Interest hikes have already been taken into account in outlooks to a great extent, so the pressures to increase long-term interest rates are easing, although short-term interest rates continue to rise. On the other hand, slower economic growth and, consequently, lower inflation expectations will begin to reduce central banks' need to tighten their monetary policies before long.

Companies must find a balance in an environment of price increases and slower sales. Profit growth is dwindling, although the high inflation rate supports seemingly good results. The valuation of shares has dropped with the decrease in share prices, but reasonable pricing alone is not enough to support shares if the performance outlooks fail.

In the real estate market, further development is determined by the economy and interest rates. Because the risks are high, the increase in property prices will be low, even in the best case. On the other hand, with economic uncertainty growing, there will be more interest in rental housing and investments in concrete assets such as forests.

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

OTHER INFORMATION

Annual General Meeting

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

Board of Directors

S-Bank's AGM on 7 April 2022 elected following members to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Heli Arantola, Managing Director of Leipurin Plc; Veli-Matti Liimatainen, Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, entrepreneur; Jorma Vehviläinen, CFO of SOK; and Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, CEO of Osuuskauppa KPO, was elected as a deputy member.

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

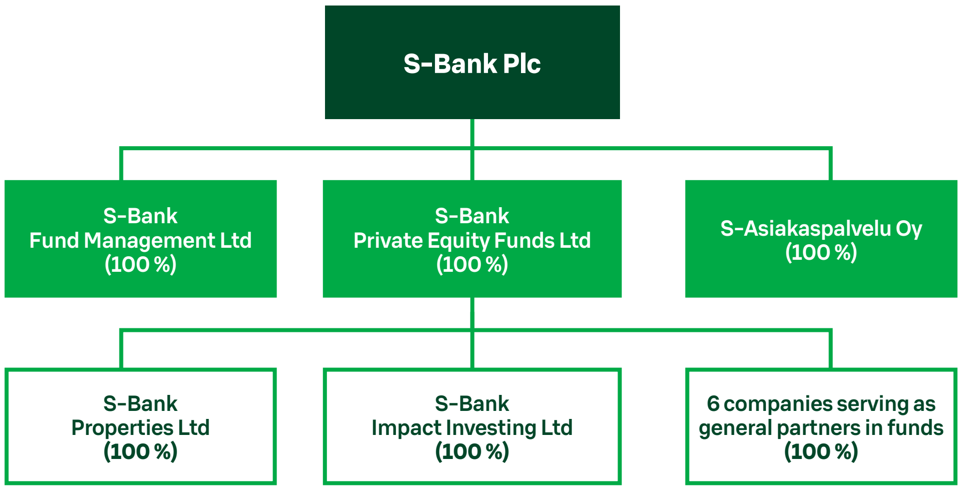
CEO

Pekka Ylihurula was the CEO of S-Bank Plc. until 31 May 2022. Hanna Porkka is the Interim CEO of S-Bank Plc.

Personnel

At the end of the review period, the S-Bank Group employed a total of 767 people (695). Of these, 602 persons (538) worked at S-Bank Plc, 40 persons (64) at the subsidiaries of the Wealth Management business, and 125 persons (93) at S-Asiakaspalvelu Oy. The salaries and remuneration paid to personnel at the S-Bank Group totalled EUR 21.9 million (20.5).

CORPORATE STRUCTURE



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

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

The Boards of Directors of S-Bank Fund Management Ltd and S-Bank Private Equity Funds Ltd have approved a plan to merge S-Bank Private Equity Funds Ltd with S-Bank Fund Management Ltd. The merger is expected to take place on 30 September 2022.

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

HALF-YEAR REPORT 1 JANUARY–30 JUNE 2022

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan-Jun 2022	Jan-Jun 2021
Interest income		54 292	50 153
Interest expenses		-7 410	-6 092
Net interest income	3	46 881	44 062
Fee and commission income		48 657	60 520
Fee and commission expenses		-7 199	-22 924
Net fee and commission income	4	41 458	37 596
Net income from investing activities *	5	844	2 354
Dividends *		64	9
Other operating income		7 463	6 533
Total income		**96 710**	**90 554**
Personnel expenses *		-26 641	-24 705
Other administrative expenses *		-37 716	-33 146
Depreciation and impairment		-7 109	-6 047
Other operating expenses		-8 619	-2 547
Total costs		**-80 085**	**-66 444**
Impairment of receivables	6	-3 283	-9 876
Share of the profits of associated companies		0	0
OPERATING PROFIT (LOSS)		**13 342**	**14 234**
Income taxes		-2 702	-2 702
PROFIT (LOSS) FOR THE PERIOD		**10 640**	**11 533**
Of which:			
To the parent company's shareholders		10 640	11 533

* The comparison period has been amended since the publication of half-year report 30 June 2021. Dividends were moved from Net income from investing activities to Dividends. Payments to personnel fund were moved from Other administrative expenses to Personnel expenses.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan-Jun 2022	Jan-Jun 2021
PROFIT (LOSS) FOR THE PERIOD		**10 640**	**11 533**
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income		0	5
Tax effect		0	-1
Items that will not be reclassified to profit or loss		**0**	**4**
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		-23 661	2 708
Tax effect		4 675	-565
Items that may be reclassified subsequently to profit or loss		**-18 986**	**2 143**
Other comprehensive income items, after taxes		**-18 986**	**2 147**
COMPREHENSIVE INCOME, TOTAL		**-8 345**	**13 679**
Of which:			
To the parent company's shareholders		-8 345	13 679

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Assets				
Cash and cash equivalents	7, 8	1 525 984	1 091 962	894 892
Debt securities eligible for refinancing with central banks	7, 8	539 875	684 859	670 570
Receivables from credit institutions	7, 8	16 523	25 064	29 714
Receivables from customers	7, 8	6 422 020	6 086 022	5 697 005
Debt securities	7, 8, 9	145 714	464 228	549 396
Derivatives	7, 8, 9	11 733	582	46
Shares and interests	7, 8	32 301	31 575	29 725
Holdings in associated companies		4	4	2
Intangible assets *		73 331	73 351	73 353
Tangible assets *		6 479	7 449	9 310
Tax assets		6 019	2 051	2 075
Prepayments and accrued income		25 644	28 322	24 671
Other assets		8 586	5 414	5 358
Assets, total		**8 814 213**	**8 500 883**	**7 986 117**

(EUR '000)	Note	30 Jun 2022	31 Dec 2021	30 Jun 2021
Liabilities				
Liabilities to credit institutions	7, 8	11 713	108	0
Liabilities to customers	7, 8	7 888 410	7 611 265	7 320 165
Issued bonds	7, 8, 10	219 101	169 699	0
Subordinated debts	7, 8, 11	108 333	112 667	55 167
Derivatives	7, 8, 9	563	8 383	12 117
Provisions		649	649	397
Tax liabilities		5 418	7 183	6 960
Accrued expenses		26 384	32 299	38 832
Other liabilities		52 568	49 325	49 723
Liabilities, total		**8 313 140**	**7 991 577**	**7 483 361**
Equity				
Share capital		82 880	82 880	82 880
Reserves		265 292	284 277	285 513
Retained earnings		152 901	142 148	134 362
Parent company's shareholders		**501 073**	**509 306**	**502 756**
Equity, total		**501 073**	**509 306**	**502 756**
Liabilities and equity, total		**8 814 213**	**8 500 883**	**7 986 117**

* The comparison period has been amended since the publication of half-year report 30 March 2021. Prepayments and acquisitions in progress of ICT-systems were moved from tangible assets to intangible assets.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to parent company shareholders				
(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2021	**82 880**	**283 828**	**-462**	**122 397**	**488 644**
Comprehensive income					
Profit (loss) for the period				11 533	11 533
Other comprehensive income items: Profit or loss on financial assets measured at fair value through other comprehensive income			2 143		2 143
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			4		4
Other comprehensive income items, total			2 147		2 147
COMPREHENSIVE INCOME, TOTAL			**2 147**	**11 533**	**13 679**
Other changes				432	432
TOTAL EQUITY 30 JUN 2021	**82 880**	**283 828**	**1 685**	**134 362**	**502 756**

	Equity attributable to parent company shareholders				
(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2021	**82 880**	**283 828**	**-462**	**122 397**	**488 644**
Comprehensive income					
Profit (loss) for the period				19 551	19 551
Other comprehensive income items: Profit or loss on financial assets measured at fair value through other comprehensive income			974		974
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			-64		-64
Remeasurements of defined benefit plans				-232	-232
Other comprehensive income items, total			911	-232	679
COMPREHENSIVE INCOME, TOTAL			**911**	**19 319**	**20 229**
Other changes				432	432
TOTAL EQUITY 31 DEC 2021	**82 880**	**283 828**	**449**	**142 148**	**509 306**

	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				10 640	10 640
Other comprehensive income items: Profit or loss on financial assets measured at fair value through other comprehensive income			-18 986		-18 986
Other comprehensive income items, total			-18 986		-18 986
COMPREHENSIVE INCOME, TOTAL			**-18 986**	**10 640**	**-8 345**
Other changes				112	112
TOTAL EQUITY 30 JUN 2022	**82 880**	**283 828**	**-18 537**	**152 901**	**501 073**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Jun 2022	Jan-Jun 2021
Cash flows from operating activities			
Profit (loss) for the period		**10 640**	**11 533**
Depreciation and impairment		7 109	6 047
Shares of the profit of companies consolidated with the equity method		0	0
Credit losses		6 615	12 590
Other non-payment income and expenses		-1 039	-1 595
Income taxes		2 702	2 702
Other adjustments		-2	-6
Adjustments for financial income and expenses		934	1 546
Adjustments total		**16 319**	**21 283**
Cash flows from operating activities before changes in operating assets and liabilities		**26 959**	**32 815**
Increase/decrease in operating assets (+/-)			
Receivables from credit institutions, other than repayable on demand		8 764	3 458
Receivables from customers		-343 071	-265 333
Investment assets		421 235	7 595
Other assets		-1 060	177
Total increase/decrease in operating assets		**85 868**	**-254 103**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		11 606	0
Liabilities to customers		277 145	343 665
Other liabilities		-1 428	12 706
Total increase/decrease in operating liabilities		**287 322**	**356 371**
Taxes paid		-3 761	-3 141
Cash flows from operating activities		**396 388**	**131 943**

(EUR '000)	Note	Jan-Jun 2022	Jan-Jun 2021
Cash flows from investing activities			
Investments in tangible and intangible assets		-5 755	-7 123
Subsidiary shares purchased less cash at the date of acquisition		-300	-609
Cash flows from investing activities		**-6 055**	**-7 732**
Cash flows from financing activities			
Payments received from the issue of bonds and debentures	10, 11	49 324	0
Repayments of issued bonds and debentures	10, 11	-4 333	-4 333
Repayments of lease liabilities		-1 150	-1 421
Cash flows from financing activities		**43 840**	**-5 755**
Difference in cash and cash equivalents		**434 172**	**118 456**
Cash and cash equivalents, opening balance sheet		1 096 705	783 408
Difference in cash and cash equivalents		434 172	118 456
Impact of changes in exchange rates		72	11
		1 530 949	**901 875**
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	7, 8	1 525 984	894 892
Repayble on demand		4 965	6 983
Cash and cash equivalents		**1 530 949**	**901 875**
Interests paid		**-7 328**	**-5 776**
Dividends received*		**64**	**9**
Interests received		**54 787**	**51 302**

* Comparative year's figures have been amended since the publication of half-year report 30 June 2021.

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Interest income	27 685	26 606	26 281	26 490	25 512	54 292	50 153
Interest expenses	-3 792	-3 618	-3 282	-3 209	-2 848	-7 410	-6 092
Net interest income	23 893	22 988	22 999	23 281	22 664	46 881	44 062
Fee and commission income	25 591	23 066	30 936	32 218	31 607	48 657	60 520
Fee and commission expenses	-3 562	-3 637	-6 408	-13 531	-11 828	-7 199	-22 924
Net fee and commission income	22 029	19 429	24 528	18 687	19 779	41 458	37 596
Net income from investing activities	-1 234	2 079	571	181	1 744	844	2 354
Dividends	0	64	9	28	9	64	9
Other operating income	1 333	6 129	4 835	1 321	1 159	7 463	6 533
Total income	**46 021**	**50 689**	**52 943**	**43 498**	**45 355**	**96 710**	**90 554**
Personnel expenses *	-14 108	-12 533	-19 338	-12 103	-12 782	-26 641	-24 705
Other administrative expenses *	-20 044	-17 672	-21 541	-16 329	-16 427	-37 716	-33 146
Depreciation and impairment	-3 654	-3 455	-3 751	-3 187	-3 101	-7 109	-6 047
Other operating expenses	-1 669	-6 950	-1 054	-2 744	-754	-8 619	-2 547
Total costs	**-39 475**	**-40 610**	**-45 684**	**-34 364**	**-33 064**	**-80 085**	**-66 444**
Impairment of receivables	-3 141	-142	-3 064	-2 781	-4 635	-3 283	-9 876
Share of the profits of associated companies	0	0	2	0	0	0	0
OPERATING PROFIT (LOSS)	**3 405**	**9 937**	**4 196**	**6 353**	**7 656**	**13 342**	**14 234**
Income taxes	-832	-1 870	-1 168	-1 363	-1 633	-2 702	-2 702
PROFIT (LOSS) FOR THE PERIOD	**2 573**	**8 067**	**3 028**	**4 990**	**6 023**	**10 640**	**11 533**
Of which:							
To the parent company's shareholders	2 573	8 067	3 028	4 990	6 023	10 640	11 533

* Dividends were moved from Net income from investing activities to Dividends. Payments to personnel fund were moved from Other administrative expenses to Personnel expenses since the publication of the 30 June 2021 half-year report.

Consolidated comprehensive income statement

(EUR '000)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
PROFIT (LOSS) FOR THE PERIOD	**2 573**	**8 067**	**3 028**	**4 990**	**6 023**	**10 640**	**11 533**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	0	-290	0	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	0	0	-84	5	0	5
Tax effect	0	0	58	17	-1	0	-1
Items that will not be reclassified to profit or loss	**0**	**0**	**-232**	**-67**	**4**	**0**	**4**
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	-11 632	-12 028	-1 732	286	1 031	-23 661	2 708
Tax effect	2 293	2 382	339	-62	-205	4 675	-565
Items that may be reclassified subsequently to profit or loss	**-9 339**	**-9 647**	**-1 393**	**224**	**825**	**-18 986**	**2 143**
Other comprehensive income items, after taxes	**-9 339**	**-9 647**	**-1 625**	**157**	**829**	**-18 986**	**2 147**
COMPREHENSIVE INCOME, TOTAL	**-6 766**	**-1 580**	**1 403**	**5 147**	**6 852**	**-8 345**	**13 679**
Of which:							
To the parent company's shareholders	-6 766	-1 580	1 403	5 147	6 852	-8 345	13 679

SEGMENT REPORT

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

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

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

Income statement 1 Jan–30 Jun 2022 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	46 983	-95	-7		46 881
Net fee and commission income	21 651	19 813	-7		41 458
Net income from investing activities	821	23			844
Dividends	64		0		64
Other operating income	6 664	311	4 380	-3 893	7 463
Total income	**76 184**	**20 053**	**4 366**	**-3 893**	**96 710**
Total costs *	**-48 400**	**-18 343**	**-17 235**	**3 893**	**-80 085**
Impairment of receivables	-3 283				-3 283
Share of thae profits of associated companies				0	0
Operating profit (loss)	**24 501**	**1 710**	**-12 868**	**0**	**13 342**

External income from Banking was EUR 76 151 thousand and from Wealth Management EUR 19 797 thousand.

Income statement 1 Jan–30 Jun 2021 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	44 138	-72	-4		44 062
Net fee and commission income	18 797	18 842	-43		37 596
Net income from investing activities	2 323	28	4		2 354
Dividends	8		0		9
Other operating income	5 445	146	4 955	-4 014	6 533
Total income	**70 711**	**18 944**	**4 912**	**-4 014**	**90 554**
Total costs *	**-41 803**	**-15 408**	**-13 246**	**4 014**	**-66 444**
Impairment of receivables	-9 872		-3		-9 876
Share of the profits of associated companies				0	0
Operating profit (loss)	**19 036**	**3 536**	**-8 337**	**0**	**14 234**

External income from Banking was EUR 70 601 thousand and from Wealth Management EUR 18 872 thousand.

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

Other activities include Group support and 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 costs'. The result of 'Other activities' consists of items not allocated to the segments.

'Other activities' include common costs, such as those related to financial statements, auditing, the Board of Directors and General Meetings, as well as those of the management, including the CEO, in support and headquarter functions. In addition, the income and expenses of functions subject to restructuring are allocated to 'Other activities'.

Balance sheet 30 Jun 2022 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Group, total**
Receivables from customers	6 422 020			6 422 020
Liquid and investment assets of banking	2 272 129			2 272 129
Intangible and tangible assets	3 269	31 001	45 545	79 814
Cash and other assets	15 513	6 648	18 088	40 249
Assets, total	**8 712 931**	**37 649**	**63 633**	**8 814 213**
Banking liabilities	8 228 121			8 228 121
Provisions and other liabilities	44 107	6 713	34 199	85 019
Equity			501 073	501 073
Liabilities and equity, total	**8 272 228**	**6 713**	**535 272**	**8 814 213**

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

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

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Net interest income	23 948	23 035	23 039	23 319	22 698	46 983	44 138
Net fee and commission income	12 145	9 507	13 243	9 110	9 944	21 651	18 797
Net income from investing activities	-1 255	2 076	539	162	1 725	821	2 323
Dividends	0	64	9	17	8	64	8
Other operating income	937	5 728	1 262	1 020	789	6 664	5 445
Total income	**35 774**	**40 410**	**38 092**	**33 629**	**35 164**	**76 184**	**70 711**
Total costs	**-25 142**	**-23 258**	**-27 491**	**-21 175**	**-21 141**	**-48 400**	**-41 803**
Impairment of receivables	-3 141	-142	-3 064	-2 781	-4 633	-3 283	-9 872
Operating profit (loss)	**7 491**	**17 009**	**7 537**	**9 673**	**9 390**	**24 501**	**19 036**

Wealth Management (EUR '000)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Jan-Jun 2022	Jan-Jun 2021
Net interest income	-51	-44	-36	-34	-35	-95	-72
Net fee and commission income	9 889	9 925	11 323	9 577	9 812	19 813	18 842
Net income from investing activities	20	3	31	9	22	23	28
Other operating income	100	212	63	72	66	311	146
Total income	**9 958**	**10 096**	**11 382**	**9 624**	**9 866**	**20 053**	**18 944**
Total costs	**-9 652**	**-8 691**	**-11 956**	**-7 599**	**-8 005**	**-18 343**	**-15 408**
Operating profit (loss)	**306**	**1 404**	**-574**	**2 025**	**1 861**	**1 710**	**3 536**

NOTES TO THE HALF-YEAR 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 half-year report

The half-year report 1 January–30 June 2022 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The figures in the tables of the half-year 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 half-year report has not been audited.

The half-year report complies with the accounting policies presented in the financial statements for 2021.

Accounting policies requiring management judgement and the key uncertainties associated with estimates

The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. The model-based estimate is adjusted by a management factor, which takes into account the uncertainty related to model parameters and assumptions, as well as model risk.

As the S-Bank Group uses cloud computing arrangements, we have analysed if the agenda decision issued by the IFRS IC in April 2021 about Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) has an impact on the start-up costs of cloud computing services and related accounting policies. The agenda decision is expected to have minimal impact on the Group in 2022, but the Bank is aware that the impact may be significant with regard to the broader SaaS services, if the start-up costs do not fulfil the activation criteria.

NOTE 3: NET INTEREST INCOME

	Jan-Jun 2022	Jan-Jun 2021
Interest income		
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	1 259	1 298
Receivables from credit institutions	-7	13
Receivables from customers	52 120	47 705
Debt securities		
measured at fair value through other comprehensive income	1 045	1 366
measured at fair value through profit or loss	-126	-229
Other interest income	0	0
Total interest income using the effective interest method	54 417	50 382
Other interest income	-126	-229
Interest income, total	**54 292**	**50 153**
Interest income from stage 3 financial assets	1 082	800
Interest expenses		
Liabilities to credit institutions	-1 277	-757
Liabilities to customers	-1 034	-1 620
Issued bonds	-348	0
Derivatives	-3 216	-3 130
Subordinated debts	-1 103	-564
Other interest expenses	-422	-9
Interest expenses on leases	-10	-13
Total interest expenses using the effective interest method	-3 762	-2 940
Other interest expenses	-3 648	-3 151
Interest expenses, total	**-7 410**	**-6 092**
NET INTEREST INCOME	**46 881**	**44 062**
of which negative interest income	-133	-229
of which negative interest expenses, which are included in interest income	-403	-383

NOTE 4: NET FEE AND COMMISSION INCOME

	Jan-Jun 2022	Jan-Jun 2021
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	15 625	12 821
From borrowing	1 558	1 228
From payment transactions	8 341	7 625
From legal duties	197	189
From insurance brokerage	782	690
From issuance of guarantees	23	16
Total fee and commission income from Banking	26 525	22 569
Fee and commission income from Wealth Management		
From funds **	18 352	33 331
From wealth management	1 330	2 370
From property management *	1 596	1 606
Total fee and commission income from Wealth Management	21 278	37 307
Fee and commission income from other activities		
From securities brokerage	304	107
Other fee and commission income	551	537
Total fee and commission income from other activities	854	644
Fee and commission income, total	**48 657**	**60 520**
Fee and commission expenses		
From funds	-1 299	-17 674
From wealth management	-32	-23
From securities brokerage	-434	-742
From card business	-4 950	-3 944
From property management *	-153	-154
Banking fees	-267	-243
Other expenses	-64	-144
Fee and commission expenses, total	**-7 199**	**-22 924**
Net fee and commission income	**41 458**	**37 596**

* Comparative year's figures have been amended because the commission income and expenses from property management are presented as a separate line items in interim report 2022.
** The year-on-year decrease in fee and commission income from funds is due to the changes in the management of LocalTapiola funds.

NOTE 5: NET INCOME FROM INVESTING ACTIVITIES

	Jan-Jun 2022	Jan-Jun 2021
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	0	15
Changes in fair value	-226	1
Shares and interests		
Capital gains and losses	0	12
Changes in fair value	601	1 542
Derivatives		
Changes in fair value	570	24
Net income from financial assets measured at fair value through profit or loss, total	**945**	**1 594**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-319	391
Other income and expenses	-9	-7
Shares and interests		
Capital gains and losses *	242	301
Net income from financial assets measured at fair value through other comprehensive income, total *	**-85**	**684**
Net income from currency operations	**189**	**173**
Net income from hedge accounting		
Net result from hedging instruments	18 470	4 062
Net result from hedged items	-18 674	-4 158
Net income from hedge accounting	**-204**	**-96**
Net income from investing activities, total *	**844**	**2 354**

* Dividends were moved from Net income from investing activities to Dividends since the publication of the 30 June 2021 half-year report.

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

NOTE 6: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 6.3 (12.5) million were recognised in the consolidated income statement during the reporting period. Reversals, or recovered credit losses, amounted to EUR 3.0 million (2.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 3.3 million (9.9).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan-Jun 2022	Jan-Jun 2021
Receivables written off as credit and guarantee losses	-7 606	-10 736
Reversal of receivables written off	3 046	2 600
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	991	-1 854
Expected credit losses (ECL) on investment activities	286	118
Total	**-3 283**	**-9 872**

S-Bank is exposed to credit risk arising from household and corporate customer exposures, investing activities (debt securities) and off-balance sheet commitments. The risk exposure summary table presents the exposures and commitments subject to credit risk and the related ECL provisions by impairment stage. During the first half of the year, S-Bank updated its criteria for identifying significant increase in credit risk based on statistical analysis, which decreased the amount of receivables classified in stage 2. The coverage ratio illustrates the proportion of the ECL provision to the exposure amount.

The total ECL provision at the end of the review period was EUR 19.4 million (20.6). The ECL provision decreased by EUR 1.3 million during the reporting period, mainly due to a decrease in ECL provision of household customers and investing activities. The coverage ratio of the total portfolio declined to 0.20 (0.22) per cent and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

30 Jun 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*	5 124.8	-1.3	220.7	-8.5	48.9	-7.8	5 394.5	-17.6	-0.33 %
Lending to corporate customers*	1 029.1	-0.2	28.6	-0.5	0.0	0.0	1 057.7	-0.7	-0.07%
Investing activities**	680.8	-0.2	1.7	-0.1	0.0	0.0	682.5	-0.3	-0.04%
Off-balance sheet commitments***	2 452.5	-0.2	12.3	-0.6	0.5	0.0	2 465.3	-0.8	-0.03%
Total	**9 287.2**	**-1.9**	**263.4**	**-9.7**	**49.4**	**-7.8**	**9 600.0**	**-19.4**	**-0.20%**

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

31 Dec 2021 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	4 365.1	-1.7	707.1	-10.4	39.3	-6.3	5 111.5	-18.4	-0.36 %
Lending to corporate customers*	982.1	-0.2	20.3	-0.6	0.0	0.0	1 002.3	-0.8	-0.08%
Investing activities**	898.5	-0.4	2.0	-0.1	0.0	0.0	900.5	-0.6	-0.06%
Off-balance sheet commitments***	2 335.0	-0.3	97.9	-0.6	0.5	0.0	2 433.4	-0.9	-0.04%
Total	**8 580.6**	**-2.6**	**827.3**	**-11.7**	**39.8**	**-6.3**	**9 447.7**	**-20.6**	**-0.22%**

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

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

Exposure to credit risk (household customers)

	Lending to household customers			
30 Jun 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	4 078 281	73 436	0	4 151 717
Category 2	325 449	7 099	0	332 549
Category 3	284 969	8 214	0	293 183
Category 4	115 518	3 384	0	118 903
Category 5	224 309	10 504	0	234 812
Category 6	93 468	42 049	0	135 517
Category 7	2 827	76 054	0	78 880
In default	0	0	48 890	48 890
Gross carrying amount	**5 124 821**	**220 740**	**48 890**	**5 394 450**
ECL provision*	-1 338	-8 472	-7 802	-17 612
Net carrying amount	**5 123 483**	**212 268**	**41 088**	**5 376 838**

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

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

The corporate loan portfolio focuses on the secured financing of housing companies that are new or under construction. As mortgage-backed loans, these are considered to be less risky, which also reduces the 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			
30 Jun 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2 982 166	67	0	2 982 234
Category 2	447 203	6	0	447 208
Category 3	257 569	4	0	257 573
Category 4	107 814	1	0	107 814
Category 5	343 623	468	0	344 092
Category 6	21 034	35 369	0	56 403
Category 7	3 016	6 698	0	9 714
In default	0	0	498	498
Total	**4 162 426**	**42 613**	**498**	**4 205 537**
ECL provision*	-528	-1 196	-33	-1 757

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

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

The following tables describe transfers and changes in expected credit losses during the review period. The tables present the reconciliation between the opening and closing balances of the loss allowance. Changes in risk parameters reduced the ECL provision by EUR 2.6 million compared with the situation at the beginning of the reporting period. This item is affected by estimates from risk models and the management factor, for example. The estimates from risk models were affected by updates in ECL calculation, which decreased ECL provision approximately EUR 2.1 million. The updates in ECL calculation are described further in chapter credit risk.

Reconciliation of expected credit losses (household customers)

	Household customers			
30 Jun 2022 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2022	**1 734**	**10 371**	**6 301**	**18 406**
Transfers from Stage 1 to Stage 2	-286	2 993	0	2 707
Transfers from Stage 1 to Stage 3	-52	0	944	892
Transfers from Stage 2 to Stage 1	110	-2 603	0	-2 492
Transfers from Stage 2 to Stage 3	0	-764	2 314	1 550
Transfers from Stage 3 to Stage 1	3	0	-238	-236
Transfers from Stage 3 to Stage 2	0	100	-565	-465
Changes in the risk parameters	-400	-1 429	-273	-2 103
Increases due to origination and acquisition	357	689	390	1 435
Decreases due to derecognition	-119	-416	-209	-744
Decrease in the allowance account due to write-offs	-8	-470	-862	-1 339
Net change in ECL	-395	-1 900	1 501	-794
ECL 30 Jun 2022	**1 338**	**8 472**	**7 802**	**17 612**

Reconciliation of expected credit losses (corporate customers, investing activities and off-balance sheet commitments, including the off-balance sheet accounts of household customers)

30 Jun 2022 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2022	**914**	**1 297**	**29**	**2 240**
Transfers from Stage 1 to Stage 2	-41	373	0	332
Transfers from Stage 1 to Stage 3	0	0	7	6
Transfers from Stage 2 to Stage 1	7	-155	0	-148
Transfers from Stage 2 to Stage 3	0	-10	7	-4
Transfers from Stage 3 to Stage 1	0	0	-7	-7
Transfers from Stage 3 to Stage 2	0	2	-1	1
Changes in the risk parameters	-248	-297	0	-546
Increases due to origination and acquisition	112	193	5	310
Decreases due to derecognition	-216	-182	-4	-403
Decrease in the allowance account due to write-offs	0	-25	-1	-25
Net change in ECL	-386	-102	4	-483
ECL 30 Jun 2022	**528**	**1 196**	**33**	**1 757**

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

Classification of financial instruments according to valuation method

Financial assets, fair values 30 Jun 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	1 525 984	0	1 525 984	1 525 984
Receivables from credit institutions	0	13 507	0	13 507	16 523
Receivables from customers	0	6 733 914	0	6 733 914	6 422 020
Total	**0**	**8 273 405**	**0**	**8 273 405**	**7 964 527**
Financial assets measured at fair value through profit or loss					
Debt securities	0	4 903	0	4 903	4 903
Derivatives	0	11 733	0	11 733	11 733
Shares and interests	18 912	12 662	0	31 574	31 574
Total	**18 912**	**29 297**	**0**	**48 210**	**48 210**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	513 530	27 337	0	540 867	539 875
Debt securities	132 662	8 946	0	141 608	140 811
Shares and interests	0	605	122	727	727
Total	**646 192**	**36 888**	**122**	**683 203**	**681 413**
Fair values of assets, total	**665 105**	**8 339 590**	**122**	**9 004 817**	**8 694 150**

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

Financial liabilities, fair values 30 Jun 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	11 713	0	11 713	11 713
Liabilities to customers	0	7 744 415	0	7 744 415	7 888 410
Issued bonds	220 178	0	0	220 178	219 101
Subordinated debts	0	109 590	0	109 590	108 333
Total	**220 178**	**7 865 718**	**0**	**8 085 896**	**8 227 558**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	563	0	563	563
Total	**0**	**563**	**0**	**563**	**563**

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

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

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

Transfers between Levels 1 and 2

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

Changes at Level 3	Shares and interests
Shares and interests, carrying amount 1 Jan 2022	127
Other changes	-5
Shares and interests, carrying amount 30 Jun 2022	**122**

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

NOTE 8: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 30 Jun 2022	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss		Total
			Measured at fair value	Derivatives in hedge accounting	
Cash and cash equivalents	1 525 984				1 525 984
Debt securities eligible for refinancing with central banks		539 875			539 875
Receivables from credit institutions	16 523				16 523
Receivables from customers	6 422 020				6 422 020
Debt securities		140 811	4 903		145 714
Derivatives			690	11 043	11 733
Shares and interests		727	31 574		32 301
Total	**7 964 527**	**681 413**	**37 167**	**11 043**	**8 694 150**

Classes of financial liabilities 30 Jun 2022	Amortised cost	Fair value through profit or loss		Total
		Measured at fair value	Derivatives in hedge accounting	
Liabilities to credit institutions	11 713			11 713
Liabilities to customers	7 888 410			7 888 410
Issued bonds	219 101			219 101
Subordinated debts	108 333			108 333
Derivatives		177	386	563
Lease liabilities	5 872			5 872
Total	**8 233 429**	**177**	**386**	**8 233 993**

Classes of financial assets 31 Dec 2021	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss		Total
			Measured at fair value	Derivatives in hedge accounting	
Cash and cash equivalents	1 091 962				1 091 962
Debt securities eligible for refinancing with central banks		684 859			684 859
Receivables from credit institutions	25 064				25 064
Receivables from customers	6 086 022				6 086 022
Debt securities		212 172	252 056		464 228
Derivatives			41	540	582
Shares and interests		732	30 843		31 575
Total	**7 203 049**	**897 764**	**282 940**	**540**	**8 384 293**

Classes of financial liabilities 31 Dec 2021	Amortised cost	Fair value through profit or loss		Total
		Measured at fair value	Derivatives in hedge accounting	
Liabilities to credit institutions	108			108
Liabilities to customers	7 611 265			7 611 265
Issued bonds	169 699			169 699
Subordinated debts	112 667			112 667
Derivatives		98	8 285	8 383
Lease liabilities	6 681			6 681
Total	**7 900 419**	**98**	**8 285**	**7 908 802**

NOTE 9: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	30 Jun 2022 Nominal value	30 Jun 2022 Positive fair value	30 Jun 2022 Negative fair value	31 Dec 2021 Nominal value	31 Dec 2021 Positive fair value	31 Dec 2021 Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	617 200	11 043	-386	531 200	540	-8 285
Total interest rate derivatives designated for hedge accounting	**617 200**	**11 043**	**-386**	**531 200**	**540**	**-8 285**
For non-hedging purposes						
Interest rate derivatives						
Options, bought	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Interest rate swaps	24 000	690	-177	50 000	41	-98
Total interest rate derivatives, other than for hedging purposes	**24 000**	**690**	**-177**	**50 000**	**41**	**-98**
Total derivatives	**641 200**	**11 733**	**-563**	**581 200**	**582**	**-8 383**

Maturities of derivatives	30 Jun 2022 Less than one year	30 Jun 2022 1–5 years	30 Jun 2022 Over 5 years	30 Jun 2022 Total	31 Dec 2021 Less than one year	31 Dec 2021 1–5 years	31 Dec 2021 Over 5 years	31 Dec 2021 Total
Designated for hedge accounting								
Interest rate derivatives	205 000	332 200	80 000	**617 200**	69 000	422 200	40 000	**531 200**
For non-hedging purposes								
Interest rate derivatives	14 000	0	10 000	**24 000**	30 000	10 000	10 000	**50 000**
Total derivatives	**219 000**	**332 200**	**90 000**	**641 200**	**99 000**	**432 200**	**50 000**	**581 200**

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

30 Jun 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	617 200	11 043	-386	Derivatives and other liabilities subject to trading	18 470
Hedging derivatives, total	**617 200**	**11 043**	**-386**		**18 470**

	Carrying amount		Cumulative change in balance sheet value			
30 Jun 2022	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	653 896	0	10 910	0	Debt securities	-18 674
Hedged items, total	**653 896**	**0**	**10 910**	**0**		**-18 674**

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.

30 Jun 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	-18 674	18 470	-204	Net income from investing activities: Net income from hedge accounting

31 Dec 2021	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	531 200	540	-8 285	Derivatives and other liabilities subject to trading	8 311
Hedging derivatives, total	**531 200**	**540**	**-8 285**		**8 311**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2021	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	841 394	0	7 719	0	Debt securities	-8 463
Hedged items, total	**841 394**	**0**	**7 719**	**0**		**-8 463**

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

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

NOTE 10: ISSUED BONDS

	30 Jun 2022		31 Dec 2021			
	Carrying amount	Nominal value	Carrying amount	Nominal value	Interest	Maturity
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	169 777	170 000	169 699	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	0	0	Euribor 3 m + 0.75%	4 Apr 2025

NOTE 11: SUBORDINATED DEBTS

	30 Jun 2022		31 Dec 2021			
	Carrying amount	Nominal value	Carrying amount	Nominal value	Interest	Maturity
Debenture I/2016 *	17 333	17 333	21 667	21 667	Euribor 12 m + 1.8%	30 Jun 2026
Debenture I/2017	8 000	8 000	8 000	8 000	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

* The nominal value for comparison period has been amended with the value of amortisation.

NOTE 12: COLLATERAL GIVEN

	Other collateral	
	30 Jun 2022	**31 Dec 2021**
Collateral given for own debt		
Liabilities to credit institutions	164 099	181 632
Derivatives and liabilities held for trading	4 595	13 660
Collateral given for own debt, total	**168 693**	**195 292**
of which cash	4 595	13 660
of which securities	164 099	181 632
Other collateral given on own behalf	**362**	**362**
of which cash	362	362

NOTE 13: OFF-BALANCE SHEET COMMITMENTS

Impairment of off-balance sheet items is presented above ('Note 6: Impairment of receivables').

	30 Jun 2022	31 Dec 2021
Guarantees	4 234	9 722
Other commitments given to third parties	133	150
Undrawn credit facilities	170 506	258 147
Off-balance sheet commitments, total	**174 873**	**268 019**

The expected credit loss on off-balance sheet items is EUR 767 thousand (870 thousand).

NOTE 14: RELATED PARTIES

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

NOTE 15: EVENTS AFTER THE REVIEW PERIOD

On 6 July 2022, the Financial Supervisory Authority made a decision regarding S-Bank concerning the formation of certain client groups. According to the Financial Supervisory Authority, S-Bank has not fully complied with the regulations on establishing interconnectedness based on economic dependency. The Financial Supervisory Authority obliges S-Bank to form the certain groups of connected clients as required by regulation regarding its decision by 31 October 2022 at the latest. The Financial Supervisory Authority's decision is not legally binding. S-Bank will familiarise itself with the decision and assess further measures.

S-Bank will be able to form the groups of connected clients in question within the set time limit. Even if the decision becomes legally binding, S-Bank will, with its own measures, be able to ensure that the formation of groups of connected clients as obliged by the Financial Supervisory Authority will not have financial consequences for S-Bank.

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.

10 November 2022: Interim report 1 January – 30 September 2022
3 February 2023: Financial statements bulletin for 2022

2 August 2022
S-Bank Plc's Board of Directors

REPORT ON REVIEW OF THE HALF-YEAR FINANCIAL REPORT OF S-BANK PLC AS OF AND FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2022

**To the Board of Directors
of S-Bank Plc**

Introduction

We have reviewed the balance sheet as of June 30, 2022 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of S-Bank Plc Group for the six-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 Half-Year Financial Report 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 Half-Year Financial 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 Half-Year Financial Report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing Half-Year Financial Report reporting preparation in Finland.

Helsinki, 2 August 2022

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

BANK