

A woman and a young child are sitting in a boat on a large, calm lake. The woman is on the right, wearing a blue and white striped life vest and holding a fishing rod. The child is on the left, wearing an orange life vest and also holding a fishing rod. The background shows a vast expanse of blue water under a clear sky with distant mountains.

**S-BANK PLC
HALF-YEAR REPORT
1 JANUARY –
30 JUNE 2023**



STRONG PERFORMANCE IN THE BEGINNING OF THE YEAR – THE NEXT CHAPTER IS ABOUT TO START

Riikka Laine-Tolonen, CEO

“The upward trend in S-Bank’s performance continued in January–June. Interest in our services remained strong and at the end of June, we had around 625 000 active customers.”



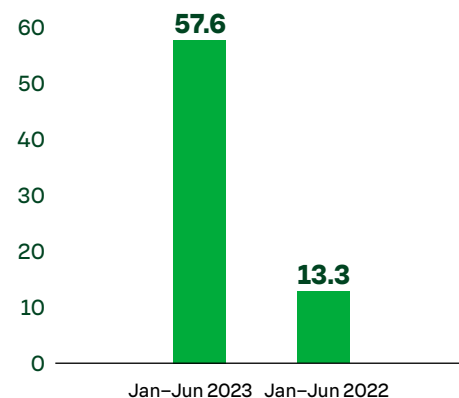
JANUARY–JUNE 2023

- Lending increased to EUR 6.9 billion (6.4)
- Assets under management increased to EUR 6.1 billion (5.7) *
- Operating profit increased to EUR 57.6 million (13.3)
- The capital adequacy ratio increased to 17.3 per cent (16.2)

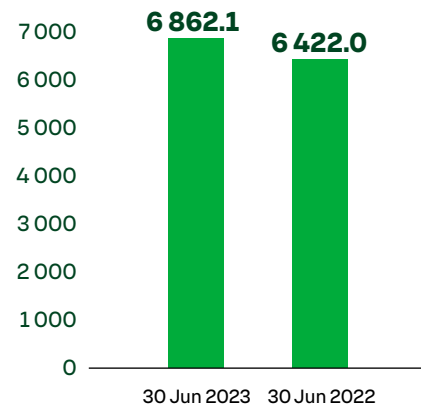
The S-Bank Group’s operating profit was EUR 57.6 million (13.3). The improvement in performance and key figures was specially driven by a strong 157.9 per cent increase in the net interest income. Total income increased by 76.3 per cent. The cost-to-income ratio was 0.61 (0.83) and return on equity was 13.3 per cent (3.7).

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

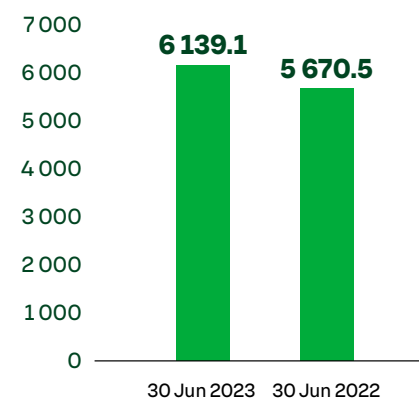
Operating profit (EUR million)



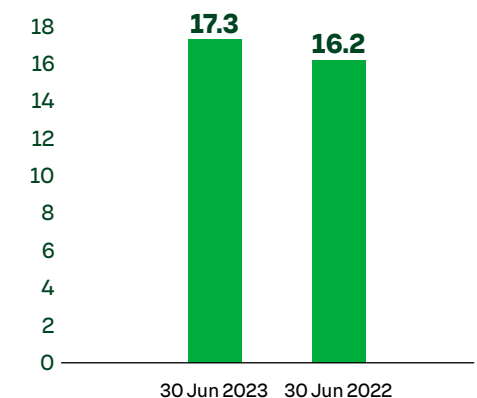
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2023

We expect that the operating profit for the whole year will be almost double that of the previous year (EUR 44.7 million). The rise in interest rates is having a positive impact on the bank's performance. However, the outlook for 2023 is still subject to uncertainties related to the operating environment and the development of the economy, employment and real estate markets. The prevailing interest rate levels and the sharp increase in housing and living costs may have a negative impact on some households.

KEY FIGURES

(EUR million)	Jan-Jun 2023	Jan-Jun 2022	Change	Q2 2023	Q2 2022	Change	(EUR million)	30 Jun 2023	31 Dec 2022	Change
Net interest income	120.9	46.9	157.9%	66.1	23.9	176.8%	Liabilities to customers, deposits	8 221.9	7 925.6	3.7%
Net fee and commission income	45.0	41.5	8.5%	23.0	22.0	4.5%	Receivables from customers, lending	6 862.1	6 695.3	2.5%
Total income	170.5	96.7	76.3%	90.6	46.0	96.8%	Debt securities	743.0	696.7	6.6%
Operating profit	57.6	13.3	331.8%	32.2	3.4	844.6%	Equity	569.1	524.2	8.6%
Cost-to-income ratio	0.61	0.83	-0.22	0.61	0.83	-0.22	Expected credit losses (ECL)	31.5	22.5	39.9%
							Assets under management	6 139.1	5 852.5	4.9%
							Return on equity	13.3%	6.9%	6.4
							Return on assets	0.8%	0.4%	0.4
							Equity ratio	6.1%	5.9%	0.3
							Capital adequacy ratio	17.3%	16.3%	1.0

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

CEO'S REVIEW

The upward trend in S-Bank's performance continued in January–June. This lays a solid foundation for the next chapter in the bank's story. It began in late May, when we announced that we were going to acquire Handelsbanken's Finnish private customer, asset management and investment services operations.

Although there were no significant changes in our operating environment in January–June, there are still number of uncertainties. The Finnish economy avoided major problems in the first half of the year, but uncertainties are being created by factors such as increasing interest rates, rising general price levels and nervousness in the investment and real estate markets. Tighter monetary policy may have a negative impact on economic growth and companies' operating environment. This may have a negative impact on the employment rate that could later be reflected in customers' ability to service their loans.

For households, the key factors include the development of real earnings and adaptation to higher living and loan

servicing costs in particular, as well as expectations concerning the development of their own finances and employment. Higher prices and the increase in necessary spending are curbing consumption as households are forced to look more closely at how they spend their money.

This is where we support our customers. We exist because we believe that everyone is entitled to a little wealthier future, and we offer an account, a card, online banking and a mobile app free of charge for the co-op members of S Group cooperative stores.

The continued growth of our total deposits reflects customers' strong trust in S-Bank. Deposits from household customers amounted to around EUR 7.5 billion, which is around 6.8 per cent more than a year earlier. Deposits also increased from the end of March. We want to be a fair bank that also pays interest on current accounts that are central to people's daily lives. In June, we started to pay interest on our current accounts, as the deposit interest rate on S-Tili accounts increased to 0.3 per cent

following the change in the S-Prime reference rate.

In line with our strategy, we offer a comprehensive range of competitive banking services for household customers, and interest in our services remained strong during the first half of the year. At the end of June 2023, we had around 625 000 active customers, as opposed to around 560 000 at the end of June 2022. Our goal is to achieve one million active customers.

Total income in January–June was EUR 170.5 million (96.7), and the operating profit was EUR 57.6 million (13.3). The operating profit in the second quarter was EUR 32.2 million (3.4). Our capital adequacy remained at a good level. The strong performance enables sufficient capital buffers, operational development, and business growth.

In January–June, the total euro amount of purchases made with the S-Etukortti Visa card grew by 22.3 per cent and the number of purchases by 23.4 per cent on the previous year. At the end of the first quarter, purchases made with S-Bank

cards accounted for 25.2 per cent (24.1) of all Bonus purchases made in S Group stores.

We continued to grow in housing loans and were the chosen partner for an increasing number of Finns in buying a home. Our housing loan volume increased by around 6.8 per cent over the 12-month period, during which the housing loan volume of all financial institutions operating in Finland decreased by 0.8 per cent. Other lending was also active. The level of credit losses remained moderate.

Although the overall household savings rate in Finland has been decreasing, the popularity of our investment services continued to grow, attracting an increasing number of Finns to accumulate wealth responsibly. At the end of June, our digital investment service, Säästäjä, had 86 000 users, as opposed to 75 000 a year earlier. Last year, more than half of those who started investing in funds through Säästäjä were investing for the first time in their lives. The total number of unit holders in the S-Bank funds was 375 000 at the end of June.

The number increased by 22 000 year-on-year. Of our new housing loan customers in January–June, 28.4 per cent invested in funds.

The acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations will strengthen our positions as a bank for Finns. It also makes us the fourth largest player in the Finnish market in housing loans and deposits for households. We plan to combine both banks' strengths, and we warmly welcome Handelsbanken's household customers to their new home. No action is required from customers at this stage, and customers will be informed of the progress of the transaction.

The Finnish Competition and Consumer Authority has approved the acquisition, and we have started the work to execute the transaction. We expect the transaction to be completed during the second half of 2024.

Finally, I would like to thank our customers for their trust. I would also like to thank our personnel, our shareholders, our bond investors and our partners.

RIIKKA LAINE-TOLONEN

CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

On June 29, 2023, Standard & Poor's (S&P) Global Ratings revised its outlook on S-Bank to positive from stable. At the same time, S&P affirmed their BBB long-term issuer credit rating and A-2 short-term for S-Bank. Also, S&P affirmed resolution counterparty ratings (RCRs) for S-Bank. The RCR credit rating of long-term borrowing is BBB+ and that of short-term borrowing is A-2.

S-Bank signed the Net Zero Asset Managers (NZAM) initiative on 20 June 2023. Joining this zero-emissions initiative for the asset management sector is a natural continuation of the work that has already been carried out at S-Bank. The NZAM initiative encourages asset managers to achieve net zero greenhouse gas emissions in their portfolios by 2050 at the latest. The initiative is in line with the Paris Agreement, which seeks to limit global warming to 1.5 degrees Celsius.

On 6 June 2023 the Finnish Financial Supervisory Authority made decision to impose a discretionary additional capital requirement (Pillar 2) for S-Bank under the annual supervisory review and evaluation process. The new Pillar 2 requirement is 2.00 per cent whereas the current requirement is 1.50 per cent. The new requirement is valid until further notice as of 31 December 2023 but not longer than until 31 December 2026.

S-Bank announced on 31 May 2023 that it will acquire the Finnish private customer, asset management and investment services operations of Svenska Handelsbanken AB. In the transaction Handelsbanken will sell its Finnish retail banking, asset management and investment services businesses to S-Bank, its SME business to Oma Savings Bank Plc (OmaSp) and its life insurance business, including investment, pension and loan insurance, to Fennia Life Insurance Company Ltd. The transaction is subject to regulatory

approval. The parties expect the transaction to be completed during second half of 2024. For the time being, Handelsbanken and S-Bank will continue to serve their customers as before, and customers of both banks will continue to use their own bank. The transaction is described in more detail in Note 16.

S-Bank's Board of Directors re-elected Jari Annala as Chairman and Jorma Vehviläinen as Vice Chairman on 26 April 2023. Riikka Laine-Tolonen, M.Sc. (Econ.) took up her position as S-Bank's CEO on the same day. Hanna Porkka, who acted as Interim CEO, continues in the post of Deputy to the CEO.

S-Bank's Annual General Meeting (AGM) was held on 6 April 2023. Among other decisions the AGM made a decision that enabled S-Bank to pay a dividend to its shareholders for the first time. The decisions are described in more detail under 'Annual General Meeting'.

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

S-Bank raised its S-Prime interest rate three times in January–June. S-Prime is S-Bank's own reference rate and it is used as the reference rate for deposits and some types of loans. The first interest rate change came into force on 10 January 2023, after which the interest rate was 1.5 per cent. The second interest rate change came into force on 28 March 2023, after which the interest rate was 2.0 per cent. The third interest rate change came into force on 15 June 2023, after which the interest

rate was 2.3 per cent. After the change in the S-Prime reference rate, the deposit interest rate on S-Tili accounts is 0.3 per cent. The decisions were based on the increase in market rates.

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

Lipper awards in a total of three categories on 19 April 2023.

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

The impact of the war in Ukraine on S-Bank's operations has been limited. The war has an indirect operational impact because it has changed the operating environment. It has led to rising prices and accelerated inflation has prompted central banks to tighten their monetary policies.

International sanctions imposed as a result of the war have only had limited impact on S-Bank because of S-Bank's chosen strategy to focus on household customers in Finland. Due to the sanctions and payment restrictions, however, S-Bank has interrupted payment transactions with Russian and Belarusian banks for the time being.

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

OPERATING ENVIRONMENT

The first half of 2023 was a period of slow growth and adjustment. Economic growth in Finland and other industrial countries was close to zero. Although the economy performed poorly, it was still something of a victory over the modest expectations. The year began amidst general uncertainty and concerns, but no major problems threatening the economy eventually emerged.

At the beginning of the year, there was both good and bad news for consumers. The overall inflation rate increased rapidly in 2022 but decreased markedly when the prices of energy and food started to decrease and the bottlenecks in production began to ease. However, at the same time as the rise in commodity prices eased, the rise spread more widely in other sectors, affecting the whole economy. Core inflation, excluding food and energy prices, remained high. Higher prices eroded consumers' purchasing power and economic growth around the world.

Higher consumer prices have led to a situation where people have had to cut

back on spending, as wages have not increased in line with costs. In the previous year, fuel and electricity prices were the factors with the hardest impact on consumption. These prices have stabilised or even fallen, but housing loan interest rates and price pressures on products and services have eroded consumers' purchasing power. The wage increases agreed in early 2023 were relatively high compared with recent years. Nevertheless, with higher prices, consumers' purchasing power in Finland declined to 2009 levels.

Central banks continued to raise interest rates to curb inflation. Strong employment and the use of savings accumulated during the pandemic supported economic growth despite the higher interest rates. The rise in interest rates has been exceptionally strong and rapid, and its full impact on the economy is yet to be seen, so the adaptation to the new interest rate environment continues. However, signs of the negative impacts of higher interest rates have begun to emerge. In the spring, banks that had run into difficulties following the increase in interest rates had to be saved in the

United States and Switzerland. In Finland, the demand for loans and, consequently, sectors such as construction started to slow down markedly towards the summer. The 12-month Euribor, which is the most common reference rate for housing loans, was -0.5 per cent at the beginning of last year but exceeded 4 per cent before Midsummer.

The Finnish economy received a little boost when the Chinese economy picked up after the lockdowns related to the pandemic, and when confidence also improved in Western countries. The labor market remained strong, which is important for the economy and consumers. As long as a consumer is able to hold down their job, they can survive the price increases if they cut down their spending moderately. According to the Bank Barometer survey carried out by Finance Finland in May, household demand for loans was markedly lower than a year earlier. The expect-

tations of bank managers responding to the survey on the near-term demand for credit from households and businesses are also low. With regards to investments, deposits and fixed-income funds are increasing in popularity.

In the financial markets, optimism rose as the worst economic problems were avoided. Globally, share prices rose markedly as companies' results remained stable, despite fears of a decline in performance. In Finland, the challenges faced by some large companies and the economic sensitivity of the Helsinki Stock Exchange kept returns lower than in the rest of the world. Investors received returns from the fixed-income market as interest rates on fixed-term deposits rose and bond yields stabilised. The housing market slowed down sharply as interest rates increased and housing prices fell. So far, the decline in housing prices has been moderate, particularly in relation to the previous rapid rise in housing prices.

FINANCIAL POSITION

Key figures

(EUR million)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Jan–Jun 2023	Jan–Jun 2022
Net interest income	66.1	54.8	43.5	31.3	23.9	120.9	46.9
Net fee and commission income	23.0	22.0	24.3	21.4	22.0	45.0	41.5
Total income	90.6	80.0	70.9	54.1	46.0	170.5	96.7
Operating profit	32.2	25.4	20.6	10.7	3.4	57.6	13.3
Cost-to-income ratio	0.61	0.69	0.74	0.81	0.83	0.61	0.83

(EUR million)	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022
Liabilities to customers, deposits	8 221.9	7 927.8	7 925.6	7 912.2	7 841.9	8 221.9	7 925.6
Receivables from customers, lending	6 862.1	6 777.7	6 695.3	6 610.3	6 422.0	6 862.1	6 695.3
Debt securities	743.0	727.9	696.7	728.4	685.6	743.0	696.7
Equity	569.1	546.8	524.2	506.9	501.1	569.1	524.2
Expected credit losses (ECL)	31.5	24.2	22.5	20.2	19.4	31.5	22.5
Assets under management *	6 139.1	5 997.2	5 852.5	5 761.3	5 670.5	6 139.1	5 852.5
Return on equity	13.3%	9.1%	6.9%	4.4%	3.7%	13.3%	6.9%
Return on assets	0.8%	0.5%	0.4%	0.3%	0.2%	0.8%	0.4%
Equity ratio	6.1%	6.1%	5.9%	5.7%	5.7%	6.1%	5.9%
Capital adequacy ratio	17.3%	16.8%	16.3%	16.0%	16.2%	17.3%	16.3%

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

RESULTS APRIL–JUNE 2023

S-Bank Group's operating profit for April–June increased year-on-year and was EUR 32.2 million (3.4).

Income

Total income increased to EUR 90.6 million (46.0), an increase of 97.0 per cent. Net interest income grew by 176.6 per cent, totalling EUR 66.1 million (23.9). Net fee and commission income was EUR 23.0 million (22.0). Net income from investing activities were EUR -0.3 million (-1.2). Other operating income totalled EUR 1.7 million (1.3).

Expenses

Operating expenses totalled EUR 46.7 million (39.5). This represents an increase of 18.2 per cent on the previous year. Personnel expenses accounted for EUR 16.5 million (14.1) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions. Other administrative expenses were EUR 23.8 million (20.0).

The change is mainly due to consultancy and expert services related to the planning and preparation of the announced acquisition. These are described in more detail in Note 16. Depreciation and impairment of tangible and intangible assets amounted to EUR 4.1 million (3.7). Other operating expenses totalled EUR 2.2 million (1.7).

Expected and final credit losses

In the second quarter, expected and final credit losses of EUR 13.4 (4.6) million were recognised in the consolidated income statement. Reversals, or recovered credit losses, amounted to EUR 1.7 million (1.5). Consequently, the total net effect on profit of expected and final credit losses was EUR 11.7 million (3.1). The increase is mainly due to higher ECL provisions. In the second quarter, provisions based on management judgement were increased by EUR 2.5 million, and the impact of the update of the forward-looking indicator model was EUR 2.6 million.

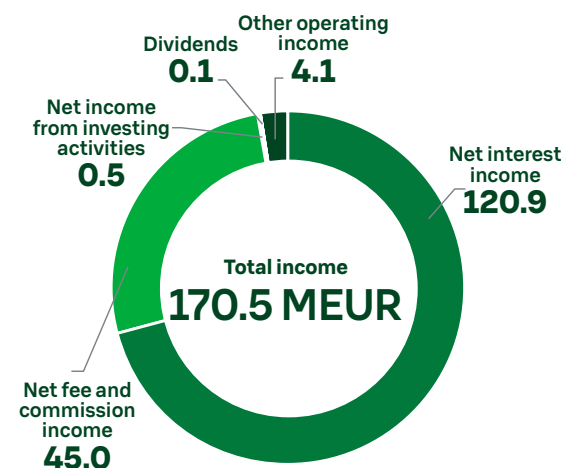
RESULT AND BALANCE SHEET JANUARY–JUNE 2023

S-Bank Group's operating profit was EUR 57.6 million (13.3). The profit for the period after taxes was EUR 46.1 million (10.6). Return on equity increased to 13.3 per cent (3.7).

Income

During the review period, total income increased significantly. Total income amounted to EUR 170.5 million (96.7), a growth of 76.3 per cent.

Net interest income increased by 157.9 per cent, totalling EUR 120.9 million (46.9). Net interest income increased significantly due to higher interest rate levels. Net fee and commission income increased by 8.5 per cent to EUR 45.0 million (41.5). The change was mainly due to the growth in the fees from card payments. Net income from investing activities decreased and was EUR 0.5 million (0.8). Other operating income decreased to EUR 4.1 million (7.5). Other operating income for the comparison period includes EUR 3.8 million in revenue from sales of receivables previously recognised as credit losses.



Expenses

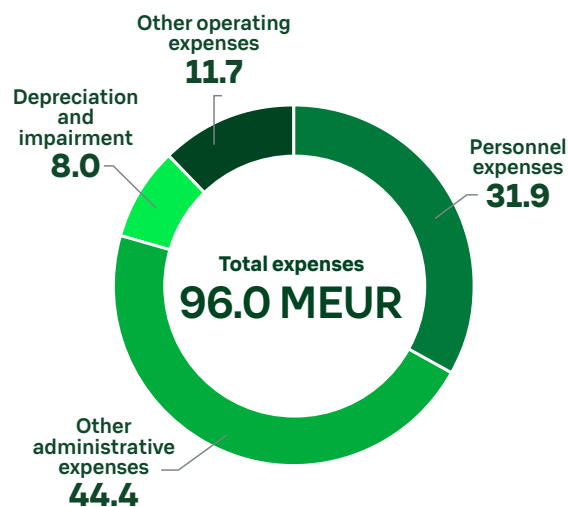
Operating expenses totalled EUR 96.0 million (80.1) during the review period. This is 19.9 per cent more year-on-year, mainly due to an increase in personnel expenses and government fees but also acquisition related advisory costs. Personnel expenses accounted for EUR 31.9 million (26.6) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions.

Other administrative expenses totalled EUR 44.4 million (37.7). The increase is mainly due to an increase in IT and development costs as well as costs related to the announced acquisition. Depreciation and impairment of tangible and intangible assets amounted to EUR 8.0 million (7.1). Other operating expenses totalled EUR 11.7 million (8.6), which includes EUR 9.5 million (6.7) in financial stability contribution and deposit guarantee contribution.

Expected and final credit losses

Expected and final credit losses of EUR 20.2 million (6.3) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 3.3 million (3.0). Consequently, the total net effect on profit of expected and final credit losses was EUR 16.9 million (3.3). The increase during the review period is mainly due to higher ECL provisions. During the first half of the year, provisions based on management judgement were increased by EUR 4.0 million (0.0). Provi-

sions based on management judgement were EUR 6.1 million at the end of the review period. In addition, ECL provisions increased by EUR 2.6 million due to the impact of the update of the forward-looking indicator model. In the comparison period, the updated calculation of expected credit losses had a positive impact and the ECL was lower. Credit and impairment losses are at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.



Deposits

Total deposits were EUR 8 221.9 million (7 925.6) at the end of the review period. Deposits repayable on demand totalled EUR 7 802.2 million (7 845.4) and time deposits EUR 419.7 million (80.2) at the end of the review period. During the past 12 months, total deposits grew by 4.8 per cent. Household customers' deposit portfolio grew 6.8 per cent on the previous year and was EUR 7 473.7 million. Corporate customers' deposit portfolio contracted 11.3 per cent on the previous year and was EUR 748.3 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 967.0 million (6 580.2).

Deposits

(EUR million)	30 Jun 2023	31 Dec 2022	Change	Change year-on-year
Household customers	7 473.7	7 078.8	5.6%	6.8%
Corporate customers	748.3	846.8	-11.6%	-11.3%
Total	8 221.9	7 925.6	3.7%	4.8%

Lending

At the end of the review period, the loan portfolio totalled EUR 6 862.1 million (6 695.3). During the past 12 months, the loan portfolio grew by 6.9 per cent. The household loan portfolio grew by 6.1 per cent on the previous year and was EUR 5 693.6 million. The corporate loan portfolio grew 10.5 per cent on the previous year and was EUR 1 168.5 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 83 per cent (84).

Liquidity portfolio and investing activities

At the end of the review period, the bank's debt securities totalled EUR 743.0 million (EUR 696.7 million at the end of 2022). Deposits in central banks and cash totalled EUR 1 493.5 million (1 368.2). The breakdown of the liquidity and investment portfolio is illustrated in chapter Risks and Capital Adequacy and their management under section S-Bank Group's risk position in paragraph Liquidity and funding.

Equity

At the end of the review period, S-Bank's equity was EUR 569.1 million, compared with EUR 524.2 million at the end of 2022. The equity ratio was 6.1 per cent (5.9).

Lending

(EUR million)	30 Jun 2023	31 Dec 2022	Change	Change year-on-year
Household customers	5 693.6	5 588.9	1.9%	6.1%
Corporate customers	1 168.5	1 106.3	5.6%	10.5%
Total	6 862.1	6 695.3	2.5%	6.9%

Assets under management

Assets under management were EUR 6 139.1 million (5 852.5) at the end of the review period. Of assets under management, fund capital accounted for EUR 4 197.1 million (3 925.8), and wealth management capital accounted for EUR 1 942.0 million (1 926.7). In addition, S-Bank Properties Ltd managed EUR 334.4 million in customer assets, consisting of real estate and joint ventures (336.2). The comparison amount has been adjusted. Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 78.0 million a year earlier.

BUSINESS OPERATIONS AND RESULT BY SEGMENT

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

Banking

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

Operating profit was EUR 60.4 million (14.4) in January–June. Total income increased 95.9 per cent to EUR 149.2 million (76.2). Especially net interest income grew significantly. Expenses increased by 22.9 per cent to EUR 71.9 million (58.5). Impairment of receivables increased to EUR 16.9 million (3.3).

According to the latest available information, the decrease in housing loan volume for the financial institutions operating in Finland was 0.8 per cent for the preceding 12-month period in May. S-Bank's housing loan volume grew by 6.8 per cent in the same period. In January–June the number of housing loan applications decreased on the previous year.

The use of S-Etukortti Visa cards developed favorably in January–June 2023.

Total card purchases in euros increased by 22.3 per cent and were record-high for January–June. The number of card purchases increased by 23.4 per cent year-on-year.

Wealth Management

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

Operating profit decreased to EUR 2.9 million (3.0). Total income increased by 1.7 per cent to EUR 20.4 million (20.0). Expenses increased by 3.1 per cent to EUR 17.5 million (17.0). Business performance was affected by uncertainty in

the financial and real estate markets and rising interest rates.

Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 78.0 million a year earlier. The net subscriptions to S-Bank funds performed stronger than the fund management company average. Net subscriptions on the market as a whole amounted to EUR 1932.9 million against EUR -3 176.3 million a year earlier.

The total number of unit holders in the S-Bank funds increased to around 375 000 from around 353 000 a year earlier. On the Finnish market as a whole, total number of unit holders rose to around 4.1 million from 4.0 million a year earlier.

Banking

(EUR million)	Jan–Jun 2023	Jan–Jun 2022	Change
Operating income	149.2	76.2	95.9%
Operating expenses	-71.9	-58.5	22.9%
Impairment of receivables	-16.9	-3.3	414.7%
Operating profit (loss)	60.4	14.4	319.9%

Wealth Management

(EUR million)	Jan–Jun 2023	Jan–Jun 2022	Change
Operating income	20.4	20.0	1.7%
Operating expenses	-17.5	-17.0	3.1%
Operating profit (loss)	2.9	3.0	-5.9%

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:

Personnel expenses + Other administrative expenses + Depreciation and impairment + Other operating expenses (excl. impairment losses)

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), %:

Profit (loss) for the period
 Average equity

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

Return on assets (ROA), %:

Profit (loss) for the period
 Balance sheet total, average

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

Equity ratio, %:

Total equity
 Balance sheet total

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

Capital adequacy ratio, %:

Total capital
 Total minimum capital requirement

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

Tier 1 capital adequacy ratio, %:

Tier 1 capital, total
 Total minimum capital requirement

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

Leverage ratio, %:

Tier 1 capital, total
 Balance sheet and off-balance sheet exposures

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

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.

At the end of the half year 2023 concerns about a new banking crisis have subsided. As the interest rate levels have risen, banks have been able to make strong profit. Consumers' purchasing power has tightened, as inflation has remained on high level and interest rates have continued to rise. Consumers' willingness to buy houses has decreased and housing prices have declined, which has created concern and uncertainty in the real estate and construction industries. In Finland, the demand for household loans has continued to decline, but in the second quarter, the demand for consumer loans and the use of credit cards has started to grow.

Changes in the operating environment can be seen in the growth of S-Bank's net interest income and the slowdown in the growth of lending business volumes. The general deterioration of the financial environment and the increase in costs has influenced the increase in forborne and defaulted exposures. The increasing interest expenses and prices are expected to weaken the financial standing of customer households, in response to which credit loss provisions based on management judgement were increased during the review period. The ECL provisions related to real estate and construction industry have increased during the second quarter of the year.

S-Bank's total deposits base has continued to grow during the review period. Especially the amount of time deposits and household deposits have increased. Majority of S-Bank's deposits are covered by the deposit guarantee scheme. The bank's liquidity position and total capital adequacy strengthened during the first half of the year.

The S-Bank Group's key risk indicators

EUR million	30 Jun 2023	31 Dec 2022
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3 434.6	3 385.4
Credit and counterparty risk, standardised approach	3 071.8	3 022.6
Market risk	0.0	0.0
Operational risk, basic indicator approach	362.8	362.8
Credit valuation adjustment (CVA)	0.0	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	493.9	448.2
Tier 2 (T2) capital	102.0	104.8
Own funds in total	595.9	552.9
Pillar 1 requirement (%)	12.04%	12.03%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio (%)	14.4%	13.2%
Total capital ratio (%)	17.3%	16.3%
Non-performing loan (NPL)		
NPL ratio (%)*	1.0%	0.9%
Leverage ratio (LR):		
Leverage ratio (%)	5.2%	4.9%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	186.2%	164.4%
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	155.0%	151.4%

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

Credit risk

The credit portfolio continued to grow further during the review period, although the pace of growth has slowed down compared to previous year. There were no major shifts in the credit portfolio distribution between different credit types during the review period. S-Bank sustains a low credit risk profile according to its conservative risk appetite, supported by prudent risk management and monitoring measures.

The total amount of ECL provision increased by EUR 9.0 million to EUR 31.5 million (22.5) during the review period. The changes in provisions based on management judgement during the review period contributed to the growth in the ECL provision by approximately EUR 4.0 million. The management judgement was updated mainly because increases in interest expenses and prices are expected to further weaken the financial standing of customer households. In addition, the modelling of forward-looking information was updated during the review period, which led to an increase of EUR 2.6 million in the ECL provision estimated by the credit risk

models. The ECL provision related to corporate customers and investing activities increased due to internal rating downgrades of customers particularly in real estate and construction industries. Expected and final credit losses are discussed under section Result and balance sheet January–June 2023 and in Note 7.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule was EUR 428.8 million (448.1), representing 7.5 per cent (8.0) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers.

The uncertainty of the economic environment and increase in general price level has contributed to the growth of forbearance measures and non-performing loans. Gross forbore exposures in the balance sheet totalled EUR 193.3 million (158.9) at the end of the review period. The carrying amount of performing forbore exposures in relation to loans and advances was at the level of 2.3 per

cent (2.0). The corresponding ratio of non-performing forbore exposures was 0.4 per cent (0.4).

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 11.4 million to EUR 70.8 million (59.4) during the review period. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 1.0 per cent (0.9). All non-performing loans were household customer exposures.

Own funds and capital adequacy

S-Bank's capital adequacy position strengthened during the review period. Total capital ratio was 17.3 per cent (16.3) and CET1 capital adequacy ratio 14.4 per cent (13.2). Total own funds at the end of the review period were EUR 595.9 million (552.9) of which CET1 capital was EUR 493.9 million (448.2) and Tier 2 capital EUR 102.0 million (104.8). Own funds were positively affected especially by profit performance due to net interest income.

Risk-weighted exposure amount was EUR 3 434.6 million (3 385.4) and it grew

by EUR 49.2 million. The increase was due to an increase in credit risk, especially in exposures secured by immovable properties.

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

Leverage ratio

S-Bank's leverage ratio (LR) of 5.2 per cent (4.9) was strong and exceeded both the regulatory and internally set risk appetite minimum level.

Market risk

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the Banking business and the investments, derivatives, and funding of the Treasury unit. Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. The economic value risk for items measured at fair value (+100 basis points) was EUR -6.9 million

(-6.6). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -4.1 million (-8.7). The interest income risk is calculated as the effect of one percentage point sudden decrease on the net interest income for the next 12 months. The spread risk was EUR -4.7 million (-4.5) at the end of the review period. S-Bank is not significantly exposed to other direct market risks, such as equity, currency, or real estate risks.

Liquidity and funding

S-Bank's liquidity position was strong during the first half of the year. The liquidity coverage ratio (LCR) was 186 per cent (164) at the end of the second quarter. The liquidity coverage ratio (LCR) increased with the decrease of net liquidity outflows and the increase of liquid assets. 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 Treasury portfolio totalled EUR 2 118.0 million (1 975.6) and it consists of

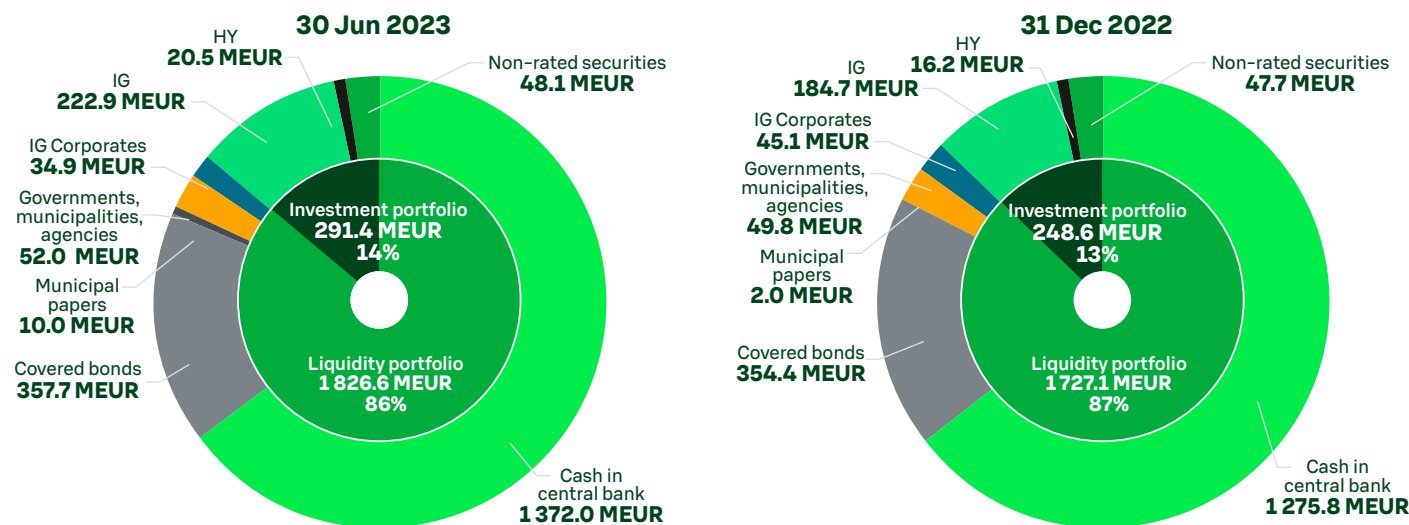
the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The increase in the total portfolio size was due to the increase of both the liquidity portfolio and the investment portfolio. In the liquidity portfolio, the biggest change happened in the amount of central bank deposits, and correspondingly in the investment portfolio, in the amount of Investment Grade (IG) debt securities.

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 31 May 2023, the requirement based on total risk exposure amount is 20.64 per cent (20.34) and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 7.71 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement entered into force on 1 January 2022 and

the full requirement will enter into force on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio enters into force in full on 1 January 2024. The requirement of 5.91 per cent, based on the previous decision, is in force until 31 December 2023. For the requirement based on total risk exposure amount, additional CBR (Combined Buffer Requirement) must also be fulfilled, that was equal to 2.54 per cent on 30 June 2023.

Breakdown of the liquidity and investment portfolio



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	30 Jun 2023		31 Dec 2022	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	1372.0	1372.0	1275.8	1275.8
Government, municipal and other public sector bonds	52.0	52.0	49.8	49.8
Covered bonds	357.7	316.8	354.4	315.8
Municipal papers	10.0	10.0	2.0	2.0
Other	34.9	17.5	45.1	22.5
Total	1826.6	1768.2	1727.1	1665.9

S-Bank covers the MREL requirement with instruments qualifying for own funds and Senior Preferred bond issued under bond program. The MREL ratio based on total risk exposure amount (MREL, TREA) was 23.8 per cent (22.8), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 8.6 per cent (8.4).

Operational risk

Losses attributable to operational risks realised in the review period were low in relation to the regulatory capital requirement for operational risk. S-Bank's operational risk profile is materially impacted by system failures and disruptions, process related issues, fraud and

possible deficiencies in services procured from external service providers.

Due to the prolonged weak security situation in Europe, S-Bank has still maintained increased preparations against cyber threats. General cyber-attacks have not resulted in significant issues for S-Bank's customers during the review period. S-Bank has widely informed their customers on how to identify and avoid scam and phishing attempts. Business continuity and risk preparedness remain high priorities for the bank.

OWN FUNDS REQUIREMENTS

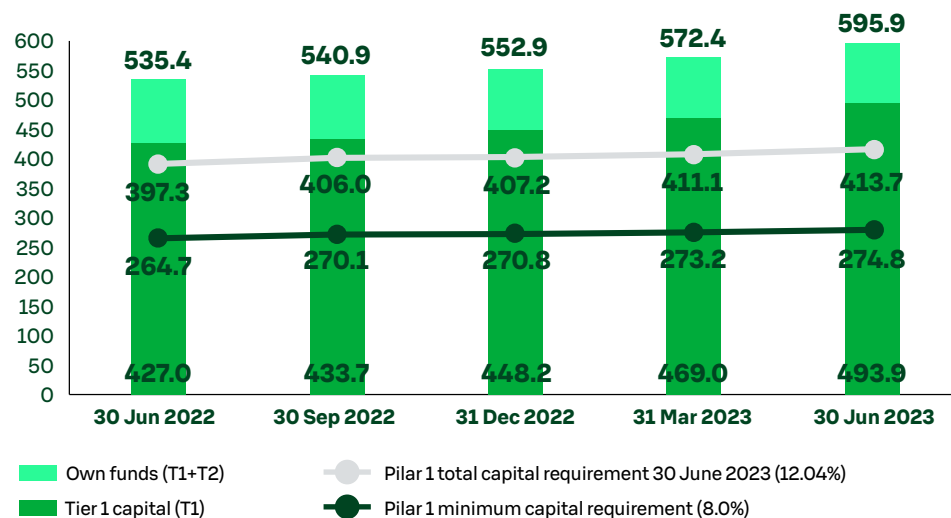
S-Bank's total capital requirement was 12.04 per cent (12.03) at the end of the review period. The capital requirement consists of the minimum capital require-

ment, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The discretionary Pillar 2 requirement imposed on S-Bank was 1.5 per cent of the total risk exposure at the end of the review period. The requirement will increase to two per cent on 31 December 2023 and will remain in force until 31 December 2026 at most. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation. Of the requirement, 75 per cent must be covered by Tier 1 capital (T1), of which a further 75 per cent must be covered by Common Equity Tier 1 capital (CET1).

S-Bank's total capital requirement on 30 June 2023 (Pillar 1)

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical capital buffer		Pillar 2 (SREP) additional capital requirement		Total capital requirement	
	%	M€	%	M€	%	M€	%	M€	%	M€
CET1	4.5%	154.6	2.5%	85.9	0.04%	1.5	0.84%	29.0	7.89%	270.9
AT1	1.5%	51.5					0.28%	9.7	1.78%	61.2
T2	2.0%	68.7					0.38%	12.9	2.38%	81.6
Total	8.0%	274.8	2.5%	85.9	0.04%	1.5	1.50%	51.5	12.04%	413.7

Changes in own funds and capital requirements (EUR million)



The Finnish Financial Supervisory Authority (FIN-FSA) announced, in its macroprudential decision on 29 March 2023, to impose a requirement to maintain a systemic risk buffer (SyRB), covered by CET1, effective as of 1 April 2024. S-Bank prepares for the future changes in capital requirements proactively in its risk appetite framework.

CAPITAL ADEQUACY POSITION

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 14.4 per cent (13.2) and the total capital ratio was 17.3 per cent (16.3). CET1 capital

increased by EUR 45.8 million and T2 capital decreased by EUR 2.8 million. The profit-driven increase in CET1 capital as well as recovery in the fair value reserve strengthened own funds. S-Bank's Tier 2 capital consists of four debentures with a total value of EUR 102.0 million (104.8) eligible as T2 capital. Two of the debentures have a residual maturity of over five years and are thus fully recognised as Tier 2 capital. The debentures with a residual maturity of less than five years are being gradually removed from Tier 2 capital, as required by regulations. The amount of

Summary of capital adequacy information

Own funds (EUR million)	30 Jun 2023	31 Dec 2022
Common Equity Tier 1 (CET1) capital before regulatory adjustments	562.2	519.2
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	212.4	173.2
Fair value reserve	-16.9	-20.7
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	68.3	71.1
Intangible assets	67.5	70.3
Value adjustments due to the requirements for prudent valuation	0.8	0.7
Deduction for non-performing exposures	0.0	0.0
Common Equity Tier 1 (CET1) capital	493.9	448.2
Additional Tier 1 (AT1) capital before deductions	0.0	0.0
Deductions from Additional Tier 1 (AT1) capital	0.0	0.0
Additional Tier 1 (AT1) capital	0.0	0.0
Tier 1 (T1 = CET1 + AT1)	493.9	448.2
Tier 2 (T2) capital before adjustments	102.0	104.8
Debentures	102.0	104.8
Adjustments to Tier 2 (T2) capital	0.0	0.0
Tier 2 (T2) capital	102.0	104.8
Own funds in total (TC = T1 + T2)	595.9	552.9
Total risk-weighted assets (RWAs)	3 434.6	3 385.4
of which credit risk	3 071.8	3 022.6
of which market risk	0.0	0.0
of which operational risk	362.8	362.8
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	14.4%	13.2%
Ratio of Tier 1 capital to risk exposure amount (%)	14.4%	13.2%
Ratio of total own funds to risk exposure amount (%)	17.3%	16.3%

paid dividend for 2022 and foreseeable dividend for 2023 has been deducted from retained earnings, in line with S-Bank's dividend policy and Commission Delegated Regulation (EU) No 241/2014.

S-Bank's risk exposure amount (REA) was EUR 3 434.6 million (3 385.4) at the end of the review period. REA increased by EUR 49.2 million during the review period. The increase of REA was directed by exposures secured by immovable property.

Credit risk constitutes 89 per cent or EUR 3.1 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. Operational risk accounts for 11 per cent of S-Bank's risk exposure amount. The basic indicator approach is used for calculating the capital requirement (Pillar 1) for operational risk. Market risk is measured using internal risk models as part of the Pillar 2 economic capital

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

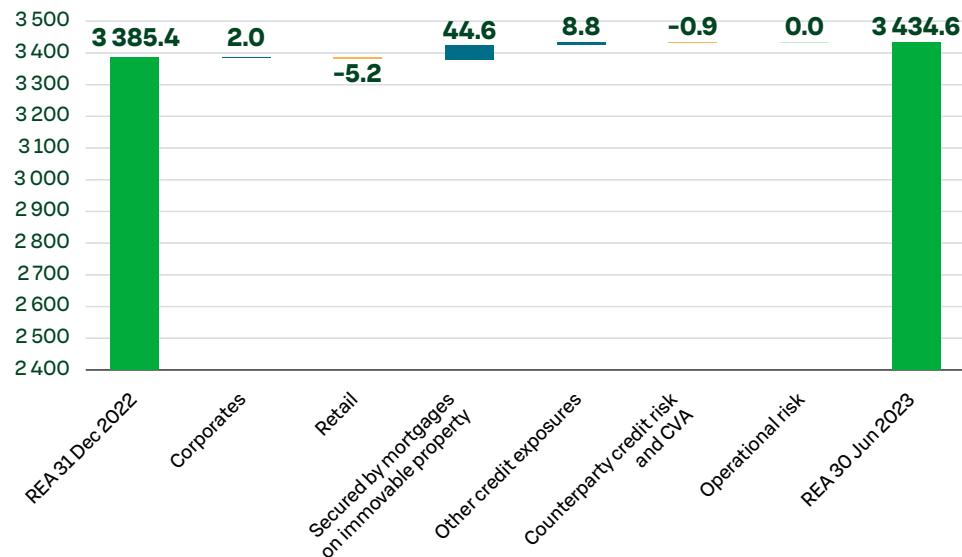
REPORTING OF RISK AND CAPITAL ADEQUACY INFORMATION

S-Bank complies with its disclosure obligations by publishing information on risks, risk management and capital adequacy in its financial statements. The

published information on capital adequacy and risks is always available on S-Bank's website at s-pankki.fi.

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

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



SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

The Finnish Competition and Consumer Authority has approved an acquisition in which S-Bank Plc will acquire the Finnish household customer, asset management and investment services businesses of Svenska Handelsbanken AB.

S-Bank announced the acquisition on 31 May 2023. The notification regarding the transaction was submitted to the Finnish Competition and Consumer Authority on 6 July 2023, and the Authority approved the transaction on 17 July 2023.

The Finnish Competition and Consumer Authority gave approval of the transaction for Fennia Life Insurance Company Ltd on 4 July 2023 and for Oma Savings Bank Plc (OmaSp) on 24 July 2023.

OUTLOOK FOR THE REST OF THE YEAR

Although the economy performed better than feared at the beginning of the year, the risks are not over yet. The adaptation to high interest rates affects every consumer and the economy on a broader scale. Construction will inevitably slowdown in the future, and as previous savings reduce, consumers will have to calculate carefully what they can afford. On the other hand, the slowdown in inflation in many places and wage increases are helping the consumer. Overall, economic development is expected to remain modest for the rest of the year. A recession remains a clear risk, but so far it seems that a sharp fall in the economy can be avoided. Employment is key. The labor market is

expected to weaken slightly because of slower construction activity, among other factors, but remain strong in historical comparison.

Central banks' interest rate hikes are being completed gradually, although the European Central Bank is expected to raise interest rates one or two more times. Central banks are closely monitoring the impact of past interest rate hikes on the economy and inflation before taking any significant further measures. For many debtors, even the current interest rate levels are a challenge, as the interest rates on their loans continue to increase markedly in connection with interest rate adjust-

ments. Thus, the real estate market continues to involve risks. With higher borrowing costs, companies are also more hesitant to invest.

Global economic recovery can support Finland in the future if exports can be boosted. The green transition has made Finland an attractive investment destination, driven by low energy prices. Even if implemented, investments will not boost growth in the near term, but growth prospects will improve over the long term. Finland's new Government has a tighter economic policy than the previous Government. This may reduce growth in the immediate near term, but

healthier public finances will support the country's longer-term prospects.

We expect that the operating profit for the whole year will be almost double that of the previous year (EUR 44.7 million). The rise in interest rates is having a positive impact on the bank's performance. However, the outlook for 2023 is still subject to uncertainties related to the operating environment and the development of the economy, employment and real estate markets. The prevailing interest rate levels and the sharp increase in housing and living costs may have a negative impact on some households.

OTHER INFORMATION

Annual General Meeting

The Annual General meeting of 2023 was held on 6 April 2023. The AGM adopted the financial statements for 2022 and discharged from liability the persons who served as the members of the Board of Directors and the company's Chief Executive Officers during the financial period ended on 31 December 2022. The AGM elected seven members and one deputy member to the Board of Directors. AGM decided that a dividend of EUR 0.75 per share for the financial year 2022 shall be paid.

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

Board of Directors

The AGM elected following members to S-Bank's Board of Directors: Jari Annala, Master of Science (Economics), CEO of SOK Liiketoiminta Oy; Tom Dahlström, Doctor of Social Sciences, Principal of Good Ventures Oy; Kati Hagros, Master of Science (Engineering), Master of Social Sciences, Chief Digital Officer of Aalto University; Veli-Matti Liimatainen, Master of Science (Economics), Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen,

Master of Science (Math), SHV (actuary approved by the Ministry of Social Affairs and Health), Board professional; Jorma Vehviläinen, Master of Science (Economics), CFO of SOK and Olli Vormisto, Master of Science (Economics), Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, Master of Science (Economics), CEO of Osuuskauppa KPO, was elected as a deputy member.

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

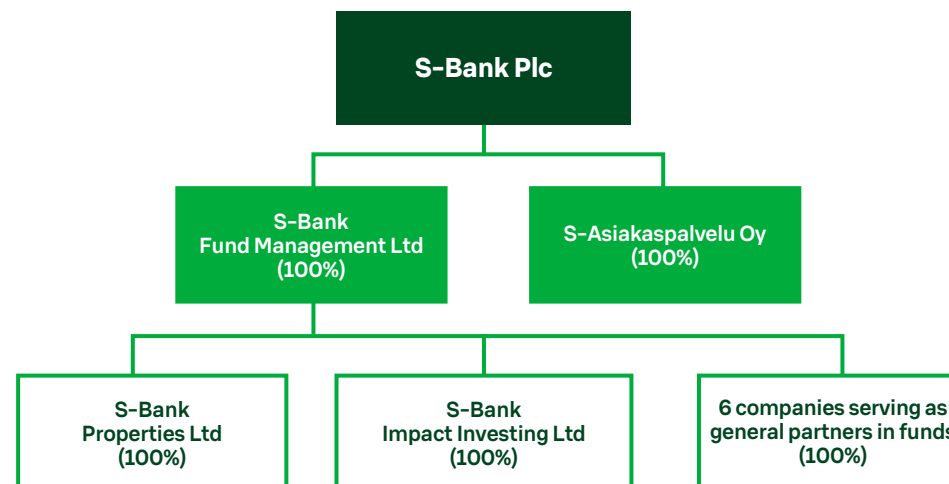
CEO

Riikka Laine-Tolonen is the CEO of S-Bank Plc. Hanna Porkka is the Deputy to the CEO.

Personnel

At the end of the review period, the S-Bank employed a total of 850 people (767). Of these, 645 persons (602) worked at S-Bank Plc, 40 persons (40) at the subsidiaries of the Wealth Management business, and 165 persons (125) at S-Asiakaspalvelu Oy. The salaries and remunerations paid to personnel at the S-Bank totalled EUR 26.3 million (21.9).

CORPORATE STRUCTURE



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

HALF-YEAR REPORT 1 JANUARY–30 JUNE 2023

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan–Jun 2023	Jan–Jun 2022
Interest income		158 598	54 292
Interest expenses		-37 674	-7 410
Net interest income	4	120 924	46 881
Fee and commission income		53 362	48 657
Fee and commission expenses		-8 392	-7 199
Net fee and commission income	5	44 970	41 458
Net income from investing activities	6	499	844
Dividends		58	64
Other operating income		4 098	7 463
Total income		170 549	96 710
Personnel expenses		-31 884	-26 641
Other administrative expenses		-44 407	-37 716
Depreciation and impairment		-8 010	-7 109
Other operating expenses		-11 741	-8 619
Total expenses		-96 043	-80 085
Impairment of receivables	7	-16 897	-3 283
Share of the profits of associated companies		1	0
OPERATING PROFIT (LOSS)		57 610	13 342
Income taxes		-11 461	-2 702
PROFIT (LOSS) FOR THE PERIOD		46 148	10 640
of which:			
To the parent company's shareholders		46 148	10 640

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan–Jun 2023	Jan–Jun 2022
PROFIT (LOSS) FOR THE PERIOD		46 148	10 640
Other comprehensive income items:			
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		4 204	-23 661
Tax effect		-440	4 675
Items that may be reclassified subsequently to profit or loss		3 763	-18 986
Other comprehensive income items, after taxes		3 763	-18 986
COMPREHENSIVE INCOME, TOTAL		49 912	-8 345
of which:			
To the parent company's shareholders		49 912	-8 345

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022	(EUR '000)	Note	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets					Liabilities				
Cash and cash equivalents	8,9	1 493 513	1 368 195	1 525 984	Liabilities to credit institutions	8,9	24 401	23 156	11 713
Debt securities eligible for refinancing with central banks	8,9	599 399	556 923	539 875	Liabilities to customers	8,9	8 266 346	7 983 559	7 888 410
Receivables from credit institutions	8,9	11 638	9 215	16 523	Issued bonds	8,10,11	219 436	219 270	219 101
Receivables from customers	8,9	6 862 076	6 695 255	6 422 020	Subordinated debts	8,9,12	102 666	107 000	108 333
Debt securities	8,9,10	143 620	139 785	145 714	Derivatives	8,9,10	0	7	563
Derivatives	8,9,10	22 923	24 261	11 733	Provisions		303	303	649
Shares and interests	8,9	20 293	20 665	32 301	Tax liabilities		7 830	8 984	5 418
Holdings in associated companies		6	5	4	Accrued expenses		42 057	30 250	26 384
Intangible assets		67 493	70 331	73 331	Other liabilities		56 331	55 477	52 568
Tangible assets		4 333	5 268	6 479	Liabilities, total		8 719 370	8 428 006	8 313 140
Tax assets		7 638	7 398	6 019	Equity				
Prepayments and accrued income		43 996	45 979	25 644	Share capital		82 880	82 880	82 880
Other assets		11 582	8 967	8 586	Reserves		266 911	263 148	265 292
Assets, total		9 288 513	8 952 247	8 814 213	Retained earnings		219 351	178 213	152 901
					Parent company's shareholders		569 143	524 241	501 073
					Equity, total		569 143	524 241	501 073
					Liabilities and equity, total		9 288 513	8 952 247	8 814 213

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR '000)	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	
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

(EUR '000)	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	
EQUITY 1 JAN 2022	82 880	283 828	449	142 148	509 306
Comprehensive income					
Profit (loss) for the period				35 809	35 809
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			-21 163		-21 163
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			34		34
Remeasurements of defined benefit plans				143	143
Other comprehensive income items, total			-21 129	143	-20 986
COMPREHENSIVE INCOME, TOTAL			-21 129	35 952	14 823
Other changes				112	112
TOTAL EQUITY 31 DEC 2022	82 880	283 828	-20 680	178 213	524 241

(EUR '000)	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	
EQUITY 1 JAN 2023	82 880	283 828	-20 680	178 213	524 241
Comprehensive income					
Profit (loss) for the period				46 148	46 148
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			3 763		3 763
Other comprehensive income items, total			3 763		3 763
COMPREHENSIVE INCOME, TOTAL			3 763	46 148	49 912
Transactions with shareholders					
Dividend distribution *				-5 010	-5 010
Transactions with shareholders, total				-5 010	-5 010
TOTAL EQUITY 30 JUN 2023	82 880	283 828	-16 917	219 351	569 143

* Dividend EUR 0.75 per share.

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Jun 2023	Jan-Jun 2022	(EUR '000)	Note	Jan-Jun 2023	Jan-Jun 2022
Cash flows from operating activities				Cash flows from investing activities			
Profit (loss) for the period		46 148	10 640	Investments in tangible and intangible assets		-3 742	-5 755
Depreciation and impairment		8 010	7 109	Purchase prices paid for acquisitions		0	-300
Shares of the profit of companies consolidated with the equity method		-1	0	Cash flows from investing activities		-3 742	-6 055
Credit losses		18 230	6 615	Cash flows from financing activities			
Other non-payment income and expenses		1 331	-1 039	Payments received from the issue of bonds and debentures		0	49 324
Income taxes		11 461	2 702	Repayments of issued bonds and debentures		-4 333	-4 333
Other adjustments		0	-2	Repayments of lease liabilities		-1 220	-1 150
Adjustments for financial income and expenses		3 335	934	Paid dividends		-5 010	0
Adjustments total		42 367	16 319	Cash flows from financing activities		-10 563	43 840
Cash flows from operating activities before changes in operating assets and liabilities		88 516	26 959	Difference in cash and cash equivalents		124 780	434 172
Increase/decrease in operating assets (-/+)				Cash and cash equivalents, opening balance sheet		1 370 828	1 096 705
Receivables from credit institutions, other than repayable on demand		-2 966	8 764	Difference in cash and cash equivalents		124 780	434 172
Receivables from customers		-185 375	-343 071	Impact of changes in exchange rates		-4	72
Investment assets		-40 943	421 235	Cash and cash equivalents consist of the following items:			
Other assets		7 766	-1 060	Cash and cash equivalents	8, 9	1 493 513	1 525 984
Total increase/decrease in operating assets		-221 518	85 868	Repayable on demand		2 090	4 965
Increase/decrease in operating liabilities (+/-)				Cash and cash equivalents		1 495 603	1 530 949
Liabilities to credit institutions		1 245	11 606	Interests paid		-25 631	-7 328
Liabilities to customers		282 786	277 145	Dividends received		58	64
Other liabilities		1 352	-1 428	Interests received		149 317	54 787
Total increase/decrease in operating liabilities		285 384	287 322				
Taxes paid		-13 296	-3 761				
Cash flows from operating activities		139 085	396 388				

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Jan–Jun 2023	Jan–Jun 2022
Interest income	89 519	69 079	50 579	34 425	27 685	158 598	54 292
Interest expenses	-23 384	-14 290	-7 048	-3 149	-3 792	-37 674	-7 410
Net interest income	66 135	54 789	43 530	31 276	23 893	120 924	46 881
Fee and commission income	27 328	26 034	26 725	25 798	25 591	53 362	48 657
Fee and commission expenses	-4 308	-4 084	-2 395	-4 391	-3 562	-8 392	-7 199
Net fee and commission income	23 020	21 950	24 330	21 407	22 029	44 970	41 458
Net income from investing activities	-305	805	1 398	193	-1 234	499	844
Dividends	22	36	16	3	0	58	64
Other operating income	1 680	2 417	1 669	1 264	1 333	4 098	7 463
Total income	90 552	79 997	70 943	54 143	46 021	170 549	96 710
Personnel expenses	-16 540	-15 344	-18 011	-14 754	-14 108	-31 884	-26 641
Other administrative expenses	-23 782	-20 625	-21 593	-19 143	-20 044	-44 407	-37 716
Depreciation and impairment	-4 122	-3 888	-4 424	-3 768	-3 654	-8 010	-7 109
Other operating expenses	-2 210	-9 531	-903	-2 464	-1 669	-11 741	-8 619
Total expenses	-46 655	-49 388	-44 931	-40 129	-39 475	-96 043	-80 085
Impairment of receivables	-11 732	-5 166	-5 373	-3 304	-3 141	-16 897	-3 283
Share of the profits of associated companies	1	0	1	0	0	1	0
OPERATING PROFIT (LOSS)	32 166	25 444	20 641	10 709	3 405	57 610	13 342
Income taxes	-6 427	-5 034	-4 087	-2 095	-832	-11 461	-2 702
PROFIT (LOSS) FOR THE PERIOD	25 739	20 410	16 555	8 614	2 573	46 148	10 640
of which:							
To the parent company's shareholders	25 739	20 410	16 555	8 614	2 573	46 148	10 640

Consolidated comprehensive income statement

(EUR '000)	Q2 2023	Q1 2023	Q1 2023	Q4 2022	Q3 2022	Jan-Jun 2023	Jan-Jun 2022
PROFIT (LOSS) FOR THE PERIOD	25 739	20 410	16 555	8 614	2 573	46 148	10 640
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	0	179	0	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	0	0	42	0	0	0
Tax effect	0	0	-36	-8	0	0	0
Items that will not be reclassified to profit or loss	0	0	143	34	0	0	0
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	1 532	2 671	806	-3 556	-11 632	4 204	-23 661
Tax effect	80	-520	-140	713	2 293	-440	4 675
Items that may be reclassified subsequently to profit or loss	1 612	2 151	666	-2 843	-9 339	3 763	-18 986
Other comprehensive income items, after taxes	1 612	2 151	809	-2 809	-9 339	3 763	-18 986
COMPREHENSIVE INCOME, TOTAL	27 351	22 561	17 363	5 805	-6 766	49 912	-8 345
of which:							
To the parent company's shareholders	27 351	22 561	17 363	5 805	-6 766	49 912	-8 345

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 2023 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 complies with the accounting policies presented in the financial statements for 2022.

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

The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. The model-based estimate is complemented with a management judgement, which takes into account the uncertainty related to model parameters and assumptions, as well as model risk. Management judgement is also applied to definition of backstop criteria for estimation of significant increase in credit risk.

NOTE 3: SEGMENT REPORT

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

provided to company management. The S-Bank's highest executive decision-maker is the Group Management Team.

Banking is responsible for producing the S-Bank's banking services for household and selected corporate customers. The products and services offered by

Banking include those required for daily banking and the financing of purchases. Banking also includes the Group's treasury.

Wealth Management is responsible for producing the S-Bank's asset management services and for its customer relationships and business develop-

ment. The segment offers saving and investing services to consumer customers, private banking services and services to institutional investors.

Income statement 1 Jan–30 Jun 2023 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	120 422	473	29		120 924
Net fee and commission income	25 398	19 577	-4		44 970
Net income from investing activities	498	2			499
Dividends	36		22		58
Other operating income	2 875	328	6 446	-5 551	4 098
Total income	149 229	20 379	6 493	-5 551	170 549
Total expenses *	-71 949	-17 514	-12 132	5 551	-96 043
Impairment of receivables	-16 897				-16 897
Share of the profits of associated companies				1	1
Operating profit (loss)	60 383	2 865	-5 639	1	57 610

External income from Banking was EUR 149 733 thousand and from Wealth Management EUR 19 718 thousand.

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	290	4 380	-3 872	7 463
Total income	76 184	20 032	4 366	-3 872	96 710
Total expenses ***	-58 520	-16 988	-8 449	3 872	-80 085
Impairment of receivables	-3 283				-3 283
Share of the profits of associated companies				0	0
Operating profit (loss) **	14 381	3 044	-4 082	0	13 342

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

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

** From the beginning of financial year 2023 regulatory fees and expenses for reporting to the authorities related to banking business, which were previously allocated to 'Other activities', have been allocated to Banking. Also, some other allocation rules have been updated. The impact on the operating profit for Banking was a decrease of EUR 10.1 million, for Wealth Management an increase of EUR 1.3 million and for 'Other activities' an increase of EUR 8.8 million. Amounts for comparison period has been adjusted accordingly.

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

expenses'. The result of 'Other activities' consists of items not allocated to the segments.

'Other activities' include common costs, such as those related to financial statements, auditing, the Board of

Directors and General Meetings, as well as those of the management, including the CEO, in support and headquarter functions. In addition, the income and expenses of functions subject to restructuring are allocated to 'Other activities'.

Balance sheet 30 Jun 2023 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	6 862 076			6 862 076
Liquid and investment assets of banking	2 291 387			2 291 387
Intangible and tangible assets	2 169	28 922	40 741	71 833
Other assets	38 699	6 511	18 008	63 217
Assets, total	9 194 331	35 433	58 749	9 288 513
Banking liabilities	8 612 849			8 612 849
Provisions and other liabilities	58 171	5 413	42 937	106 521
Equity			569 143	569 143
Liabilities and equity, total	8 671 020	5 413	612 080	9 288 513

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

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

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Net interest income	65 835	54 587	43 420	31 284	23 948	120 422	46 983
Net fee and commission income	13 346	12 051	14 759	11 193	12 145	25 398	21 651
Net income from investing activities	-307	805	1 407	182	-1 255	498	821
Dividends	0	36	16	0	0	36	64
Other operating income	991	1 884	1 286	879	937	2 875	6 664
Total income	79 865	69 364	60 887	43 538	35 774	149 229	76 184
Total expenses *	-33 899	-38 049	-33 162	-29 457	-27 633	-71 949	-58 520
Impairment of receivables	-11 732	-5 166	-5 373	-3 304	-3 141	-16 897	-3 283
Operating profit (loss) *	34 234	26 149	22 353	10 778	5 001	60 383	14 381
Wealth Management (EUR '000)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Net interest income	282	191	106	-6	-51	473	-95
Net fee and commission income	9 676	9 901	9 569	10 281	9 889	19 577	19 813
Net income from investing activities	2	0	-8	11	20	2	23
Other operating income	216	112	168	137	142	328	290
Total income	10 175	10 204	9 835	10 423	10 000	20 379	20 032
Total expenses *	-8 878	-8 635	-9 980	-8 733	-9 002	-17 514	-16 988
Operating profit (loss) *	1 297	1 569	-145	1 690	998	2 865	3 044

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

NOTE 4: NET INTEREST INCOME

	Jan-Jun 2023	Jan-Jun 2022
Interest income		
Debt securities eligible for refinancing with central banks measured at fair value through other comprehensive income	2 902	1 259
Receivables from credit institutions	18 116	-7
Receivables from customers	133 167	52 120
Debt securities measured at fair value through other comprehensive income	756	1 045
measured at fair value through profit or loss	531	-126
Derivatives	3 125	0
Other interest income	0	0
Total interest income using the effective interest method	154 942	54 417
Other interest income	3 656	-126
Interest income, total	158 598	54 292
Interest income from stage 3 financial assets	1 408	1 082
Interest expenses		
Liabilities to credit institutions	-334	-1 277
Liabilities to customers	-30 418	-1 034
Issued bonds	-3 899	-348
Derivatives	0	-3 216
Subordinated debts	-2 324	-2 324
Other interest expenses	-691	-691
Interest expenses on leases	-8	-10
Total interest expenses using the effective interest method	-36 975	-3 762
Other interest expenses	-699	-3 648
Interest expenses, total	-37 674	-7 410
Net interest income	120 924	46 881
of which negative interest income	0	-133
of which negative interest expenses, which are included in interest income	0	-403

NOTE 5: NET FEE AND COMMISSION INCOME

	Jan-Jun 2023	Jan-Jun 2022
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	18 501	15 625
From borrowing	1 811	1 558
From payment transactions	9 360	8 341
From legal duties	214	197
From insurance brokerage	857	782
From issuance of guarantees	99	23
Total fee and commission income from Banking	30 842	26 525
Fee and commission income from Wealth Management		
From funds	19 060	18 352
From wealth management	1 353	1 330
From property management	1 333	1 596
Total fee and commission income from Wealth Management	21 747	21 278
Fee and commission income from other activities		
From securities brokerage	205	304
Other fee and commission income	569	551
Total fee and commission income from other activities	774	854
Fee and commission income, total	53 362	48 657
Fee and commission expenses		
From funds	-1 997	-1 299
From wealth management	15	-32
From securities brokerage	-485	-434
From card business	-5 552	-4 950
From property management	-110	-153
Banking fees	-219	-267
Other expenses	-44	-64
Fee and commission expenses, total	-8 392	-7 199
Net fee and commission income	44 970	41 458

NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

	Jan-Jun 2023	Jan-Jun 2022
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	6	0
Changes in fair value	1	-226
Shares and interests		
Capital gains and losses	17	0
Changes in fair value	-235	601
Derivatives		
Changes in fair value	578	570
Net income from financial assets measured at fair value through profit or loss, total	367	945
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-337	-319
Other income and expenses	34	-9
Shares and interests		
Capital gains and losses	0	242
Other income and expenses	-80	0
Net income from financial assets measured at fair value through other comprehensive income, total	-382	-85
Net income from currency operations	182	189
Net income from hedge accounting		
Net result from hedging instruments	-1 828	18 470
Net result from hedged items	2 161	-18 674
Net income from hedge accounting	333	-204
Net income from investing activities, total	499	844

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

NOTE 7: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 20.2 million (6.3) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 3.3 million (3.0). Consequently, the total net effect on profit of expected and final credit losses was EUR 16.9 million (3.3).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan-Jun 2023	Jan-Jun 2022
Receivables written off as credit and guarantee losses	-11 242	-7 606
Reversal of receivables written off	3 336	3 046
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	-6 988	991
Expected credit losses (ECL) on investment activities	-2 003	286
Total	-16 897	-3 283

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

The total ECL provision at the end of the review period was EUR 31.5 million (22.5). The ECL provision increased by EUR 9.0 million during the review period, of which the proportion of household customers was EUR 5.9 million. The ECL provision related to corporate customers and investing activities increased by EUR 2.9 million, as the amount of exposures classified in stage 2 grew notably. The growth was caused by internal rating downgrades of customers particularly in the real estate and construction sectors. The coverage ratio of the total portfolio increased to 0.32 per cent (0.23) and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

	Stage 1		Stage 2		Stage 3		Exposures and commitments, total	ECL provision, total	Coverage ratio, %
	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			
30 Jun 2023 (EUR million)									
Lending to household customers*	5 394.6	-2.2	270.3	-11.0	70.8	-13.3	5 735.7	-26.6	-0.46%
Lending to corporate customers*	1 069.0	-0.4	99.5	-1.0	0.0	0.0	1 168.5	-1.5	-0.12%
Investing activities**	694.1	-0.4	19.4	-2.0	0.0	0.0	713.6	-2.4	-0.33%
Off-balance sheet commitments***	2 313.9	-0.3	21.6	-0.7	0.7	0.0	2 336.1	-1.1	-0.05%
Total	9 471.6	-3.3	410.8	-14.8	71.4	-13.4	9 953.8	-31.5	-0.32%

*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'.

	Stage 1		Stage 2		Stage 3		Exposures and commitments, total	ECL provision, total	Coverage ratio, %
	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			
31 Dec 2022 (EUR million)									
Lending to household customers*	5 317.4	-1.4	244.8	-9.3	59.4	-10.0	5 621.6	-20.7	-0.37%
Lending to corporate customers*	1 090.0	-0.2	16.3	-0.4	0.0	0.0	1 106.3	-0.6	-0.05%
Investing activities**	696.4	-0.3	1.5	-0.1	0.0	0.0	697.8	-0.4	-0.05%
Off-balance sheet commitments***	2 197.6	-0.2	14.6	-0.6	0.7	0.0	2 212.9	-0.8	-0.04%
Total	9 301.4	-2.1	277.2	-10.3	60.1	-10.1	9 638.7	-22.5	-0.23%

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

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

Exposure to credit risk (household customers)

30 Jun 2023 (EUR '000)	Lending to household customers				31 Dec 2022 (EUR '000)	Lending to household customers			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total		Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category 1	4 330 815	112 118	0	4 442 933	Category 1	4 217 771	88 320	0	4 306 091
Category 2	337 132	12 445	0	349 577	Category 2	334 005	8 871	0	342 876
Category 3	289 346	11 754	0	301 100	Category 3	288 692	10 296	0	298 988
Category 4	120 588	5 302	0	125 890	Category 4	132 924	5 659	0	138 583
Category 5	227 495	14 866	0	242 361	Category 5	239 125	11 552	0	250 678
Category 6	86 486	38 215	0	124 701	Category 6	102 451	42 927	0	145 377
Category 7	2 770	75 575	0	78 346	Category 7	2 436	77 154	0	79 591
In default	0	0	70 750	70 750	In default	0	0	59 409	59 409
Gross carrying amount	5 394 632	270 276	70 750	5 735 659	Gross carrying amount	5 317 404	244 780	59 409	5 621 593
ECL provision*	-2 219	-11 048	-13 333	-26 600	ECL provision*	-1 438	-9 256	-10 026	-20 720
Net carrying amount	5 392 414	259 228	57 417	5 709 058	Net carrying amount	5 315 966	235 525	49 382	5 600 873

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

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

Exposure to credit risk (corporate customers, investing activities and off-balance sheet commitments, including the off-balance sheet accounts of household customers)

30 Jun 2023 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments				31 Dec 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		Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category 1	2 885 091	96	0	2 885 186	Category 1	2 609 370	98	0	2 609 468
Category 2	551 418	4 296	0	555 714	Category 2	538 713	0	0	538 713
Category 3	261 363	12	0	261 376	Category 3	318 178	14	0	318 192
Category 4	76 465	652	0	77 117	Category 4	130 189	6	0	130 194
Category 5	261 157	68 528	0	329 685	Category 5	358 479	5 450	0	363 929
Category 6	38 045	61 568	0	99 613	Category 6	25 661	19 548	0	45 209
Category 7	3 429	5 338	0	8 766	Category 7	3 442	7 288	0	10 729
In default	0	0	668	668	In default	0	0	656	656
Total	4 076 968	140 490	668	4 218 126	Total	3 984 030	32 404	656	4 017 091
ECL provision*	-1 121	-3 763	-43	-4 926	ECL provision*	-697	-1 081	-38	-1 815

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

The following tables describe transfers and changes in expected credit losses during the review period. The tables present the reconciliation between the opening and closing balances of the loss allowance. The total ECL provision increased by EUR 9.0 million during the review period. The changes in management judgement increased ECL provision by EUR 4.0 million during the review period. In addition, the changes in the modelling of forward-looking information increased the credit risk model based ECL provision by EUR 2.6 million.

Reconciliation of expected credit losses (household customers)

30 Jun 2023 (EUR '000)	Household customers			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2023	1 438	9 256	10 026	20 720
Transfers from Stage 1 to Stage 2	-136	4 680	0	4 544
Transfers from Stage 1 to Stage 3	-19	0	1 631	1 611
Transfers from Stage 2 to Stage 1	189	-2 946	0	-2 757
Transfers from Stage 2 to Stage 3	0	-998	4 023	3 025
Transfers from Stage 3 to Stage 1	4	0	-331	-327
Transfers from Stage 3 to Stage 2	0	145	-716	-571
Changes in the risk parameters	332	1 303	406	2 042
Increases due to origination and acquisition	522	584	59	1 165
Decreases due to derecognition	-105	-374	-680	-1 159
Decrease in the allowance account due to write-offs	-7	-602	-1 085	-1 695
Net change in ECL	781	1 792	3 307	5 880
ECL 30 Jun 2023	2 219	11 048	13 333	26 600

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 2023 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
ECL 1 Jan 2023	697	1 081	38		1 815
Transfers from Stage 1 to Stage 2	-118	2 701	0		2 582
Transfers from Stage 1 to Stage 3	0	0	12		11
Transfers from Stage 2 to Stage 1	6	-182	0		-175
Transfers from Stage 2 to Stage 3	0	-15	3		-12
Transfers from Stage 3 to Stage 1	0	0	-17		-17
Transfers from Stage 3 to Stage 2	0	2	-2		0
Changes in the risk parameters	208	5	1		214
Increases due to origination and acquisition	364	256	10		630
Decreases due to derecognition	-35	-43	-2		-80
Decrease in the allowance account due to write-offs	0	-41	-1		-42
Net change in ECL	424	2 682	5		3 112
ECL 30 Jun 2023	1 121	3 763	43		4 926

NOTE 8: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES**Classification of financial instruments according to valuation method**

Financial assets, fair values 30 Jun 2023	Level 1	Level 2	Level 3	Fair value, total	Carrying amount	Financial assets, fair values 31 Dec 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost						Financial assets measured at amortised cost					
Cash and cash equivalents		1 493 513		1 493 513	1 493 513	Cash and cash equivalents		1 368 195		1 368 195	1 368 195
Receivables from credit institutions		12 278		12 278	11 638	Receivables from credit institutions		9 843		9 843	9 215
Receivables from customers		7 200 083		7 200 083	6 862 076	Receivables from customers		6 993 283		6 993 283	6 695 255
Total		8 705 874		8 705 874	8 367 227	Total		8 371 322		8 371 322	8 072 665
Financial assets measured at fair value through profit or loss						Financial assets measured at fair value through profit or loss					
Debt securities		9 973		9 973	9 973	Debt securities		1 979		1 979	1 979
Derivatives		22 923		22 923	22 923	Derivatives		24 261		24 261	24 261
Shares and interests	7 773	11 768		19 541	19 541	Shares and interests	7 226	12 687		19 913	19 913
Total	7 773	44 664		52 437	52 437	Total	7 226	38 927		46 153	46 153
Financial assets measured at fair value through other comprehensive income						Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	582 842	18 942		601 784	599 399	Debt securities eligible for refinancing with central banks	539 811	18 923		558 734	556 923
Debt securities	130 899	3 377		134 276	133 648	Debt securities	135 614	3 500		139 114	137 806
Shares and interests		631	121	752	752	Shares and interests		631	121	752	752
Total	713 741	22 949	121	736 812	733 799	Total	675 425	23 053	121	698 600	695 481
Fair values of assets, total	721 514	8 773 488	121	9 495 123	9 153 463	Fair values of assets, total	682 652	8 433 302	121	9 116 075	8 814 299

Financial liabilities, fair values 30 Jun 2023	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions		24 401		24 401	24 401
Liabilities to customers		8 111 438		8 111 438	8 266 346
Issued bonds	217 326			217 326	219 436
Subordinated debts		105 472		105 472	102 666
Total	217 326	8 241 311		8 458 637	8 612 849
Financial liabilities measured at fair value through profit or loss					
Derivatives		0		0	0
Total		0		0	0

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

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

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

Transfers between Levels 1 and 2

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

Changes at Level 3

Changes at Level 3	Shares and interests
Shares and interests, carrying amount 1 Jan 2023	121
Shares and interests, carrying amount 30 Jun 2023	121

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

NOTE 9: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 30 Jun 2023	Amortised cost	Fair value through profit or loss			Total
		Measured at fair value through other comprehensive income	Measured at fair value	Derivatives in hedge accounting	
Cash and cash equivalents	1 493 513				1 493 513
Debt securities eligible for refinancing with central banks		599 399			599 399
Receivables from credit institutions	11 638				11 638
Receivables from customers	6 862 076				6 862 076
Debt securities		133 648	9 973		143 620
Derivatives			1 549	21 374	22 923
Shares and interests		752	19 541		20 293
Total	8 367 227	733 799	31 062	21 374	9 153 463

Classes of financial assets 31 Dec 2022	Amortised cost	Fair value through profit or loss			Total
		Measured at fair value through other comprehensive income	Measured at fair value	Derivatives in hedge accounting	
Cash and cash equivalents	1 368 195				1 368 195
Debt securities eligible for refinancing with central banks		556 923			556 923
Receivables from credit institutions	9 215				9 215
Receivables from customers	6 695 255				6 695 255
Debt securities		137 806	1 979		139 785
Derivatives			978	23 283	24 261
Shares and interests		752	19 913		20 665
Total	8 072 665	695 481	22 870	23 283	8 814 299

Classes of financial liabilities 30 Jun 2023	Amortised cost	Fair value through profit or loss		Total
		Measured at fair value	Derivatives in hedge accounting	
Liabilities to credit institutions	24 401			24 401
Liabilities to customers	8 266 346			8 266 346
Issued bonds	219 436			219 436
Subordinated debts	102 666			102 666
Derivatives		0	0	0
Lease liabilities	3 965			3 965
Total	8 616 814	0	0	8 616 814

Classes of financial liabilities 31 Dec 2022	Amortised cost	Fair value through profit or loss		Total
		Measured at fair value	Derivatives in hedge accounting	
Liabilities to credit institutions	23 156			23 156
Liabilities to customers	7 983 559			7 983 559
Issued bonds	219 270			219 270
Subordinated debts	107 000			107 000
Derivatives		4	3	7
Lease liabilities	4 783			4 783
Total	8 337 768	4	3	8 337 775

NOTE 10: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	30 Jun 2023			31 Dec 2022		
	Nominal value	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	482 200	21 374	0	612 200	23 283	-3
Total interest rate derivatives designated for hedge accounting	482 200	21 374	0	612 200	23 283	-3
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	30 000	1 549	0	30 000	978	-4
Total interest rate derivatives, other than for hedging purposes	30 000	1 549	0	30 000	978	-4
Total derivatives	512 200	22 923	0	642 200	24 261	-7

Maturities of derivatives	30 Jun 2023				31 Dec 2022			
	Less than one year	1-5 years	Over 5 years	Total	Less than one year	1-5 years	Over 5 years	Total
Designated for hedge accounting								
Interest rate derivatives	165 000	297 200	20 000	482 200	245 000	317 200	50 000	612 200
For non-hedging purposes								
Interest rate derivatives	0	20 000	10 000	30 000	20 000	0	10 000	30 000
Total derivatives	165 000	317 200	30 000	512 200	265 000	317 200	60 000	642 200

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

30 Jun 2023	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	482 200	21 374	0	Derivatives	-1 828
Hedging derivatives, total	482 200	21 374	0		-1 828

30 Jun 2023	Carrying amount		Cumulative change in balance sheet value		Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
	Assets	Liabilities	Assets	Liabilities		
Hedged item						
Debt securities	674 078	0	21 601	0	Debt securities	2 161
Hedged items, total	674 078	0	21 601	0		2 161

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 2023	Profit / loss on hedging relationship				Ineffective portion of hedging relationship	Income statement line on which the ineffective portion is booked
	Hedging instrument	Hedged item	Hedging instrument			
Hedged item						
Debt securities	Interest rate derivatives	2 161	-1 828	333	Net income from investing activities: Net income from hedge accounting	

31 Dec 2022	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	612 200	23 283	-3	Derivatives	31 097
Hedging derivatives, total	612 200	23 283	-3		31 097

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

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

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

31 Dec 2022	Profit / loss on hedging relationship				Ineffective portion of hedging relationship	Income statement line on which the ineffective portion is booked
	Hedged item	Hedging instrument	Hedged item	Hedging instrument		
Debt securities	Interest rate derivatives	-31 527	31 097	-429	Net income from investing activities: Net income from hedge accounting	

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

NOTE 11: ISSUED BONDS

Bonds	30 Jun 2023		31 Dec 2022		Interest	Maturity
	Carrying amount	Nominal value	Carrying amount	Nominal value		
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	170 112	170 000	169 946	170 000	Euribor 3 m + 0.75%	4 Apr 2025
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 2	49 324	50 000	49 324	50 000	Euribor 3 m + 0.75%	4 Apr 2025
Bonds, total	219 436	220 000	219 270	220 000		

NOTE 12: SUBORDINATED DEBTS

Debentures	30 Jun 2023		31 Dec 2022		Interest	Maturity
	Carrying amount	Nominal value	Carrying amount	Nominal value		
Debenture I/2016	13 000	13 000	17 333	17 333	Euribor 12 m + 1.8%	30 Jun 2026
Debenture I/2017	6 666	6 666	6 666	6 666	Euribor 12 m + 1.8%	18 Dec 2027
Debenture I/2020	25 500	25 500	25 500	25 500	Euribor 12 m + 2.0%	1 Dec 2030
Debenture I/2021	57 500	57 500	57 500	57 500	Euribor 12 m + 2.0%	8 Oct 2031
Debentures, total	102 666	102 666	107 000	107 000		

NOTE 13: COLLATERAL GIVEN

	Other collateral	
	30 Jun 2023	31 Dec 2022
Collateral given for own debt		
Liabilities to credit institutions	185 267	170 543
Derivatives	5 105	5 171
Collateral given for own debt, total	190 372	175 714
of which cash	5 105	5 171
of which securities	185 267	170 543
Other collateral given on own behalf	357	357
of which cash	357	357

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

NOTE 14: OFF-BALANCE SHEET COMMITMENTS

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

	30 Jun 2023	31 Dec 2022
Guarantees	2 655	2 539
Other commitments given to third parties	77	93
Undrawn credit facilities	123 667	188 334
Off-balance sheet commitments, total	126 400	190 967

The expected credit loss on off-balance sheet items is EUR 1 090 thousand (841 thousand).

NOTE 15: RELATED PARTIES

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

NOTE 16: ACQUISITION OF HANDELSBANKEN'S FINNISH PRIVATE CUSTOMER, ASSET MANAGEMENT AND INVESTMENT SERVICES OPERATIONS

S-Bank announced on 31 May 2023 that it will acquire the Finnish private customer, asset management and investment services operations of Svenska Handelsbanken AB. Earlier on the same day Handelsbanken signed an agreement with S-Bank, Oma Savings Bank Plc (OmaSp) and Fennia Life Insurance Company Ltd. to sell the bank's Finnish retail banking, asset management and investment services businesses to S-Bank, its SME business to OmaSp and its life insurance business, including investment, pension and loan insurance, to Fennia. The transaction is subject to regulatory approval. The parties expect the transaction to be completed during second half of 2024.

For the time being, Handelsbanken and S-Bank will continue to serve their customers as before, and customers of both banks will continue to use their own bank. Upon completion of the transaction, approximately 230 Handelsbanken employees and nearly all of the leases of the bank's Finnish branches will be transferred to S-Bank. The companies will also start to cooperate, and S-Bank will begin to offer funds managed by Handelsbanken Fonder AB.

S-Bank will not pay a premium on the transaction. S-Bank will pay Handelsbanken a cash amount that is EUR 20–25 million less than the net value of the balance sheet items to be transferred at closing. The net value is determined by the difference between the values of the loan and deposit agreements to be transferred and it amounted to approximately EUR 2.0 billion on 31 March 2023. The value of loans to be transferred was approximately EUR 3.6 billion and that of deposits approximately EUR 1.6 billion. The final purchase price will be determined at closing on the basis of the value of the loan and deposit agreements current at that time.

The transaction will be covered with a subsequent share issue to the owners and debt financing from the market. S-Bank will strengthen its own funds with a share issue of up to EUR 200 million to ensure that the bank's capitalisation will remain strong also following the transaction. The owners of S-Bank, SOK Corporation and the cooperative societies belonging to the S Group, have committed to the issue. S-Bank has also agreed on financing arrangements, which will have a total value of approximately EUR 2.0 billion. During the initial stage, financing will be arranged by Danske Bank A/S. To cover the debt financing and pay the transaction price, S-Bank will issue covered bonds between 2023 and 2025.

S-Bank's result for the first half of the year includes expenses of EUR 2.2 million. Those are expenses for consul-

tancy and advisory services related to planning and preparation of the acquisition. In addition, the result includes expenses of EUR 0.8 million related to the financing arrangements mentioned earlier.

There are also contingent liabilities worth about EUR 1.9 million according to IAS 37, subject to the approval from the authorities and the completion of the acquisition, for consultancy and advisory services related to planning and preparation of the acquisition. About EUR 1.5 million of the total amount is expected to be taken into result during the second half of the year 2023 and about EUR 0.4 million during the second half of the year 2024.

NOTE 17: EVENTS AFTER THE REVIEW PERIOD

The Finnish Competition and Consumer Authority has approved an acquisition in which S-Bank Plc will acquire the Finnish household customer, asset management and investment services businesses of Svenska Handelsbanken AB.

S-Bank announced the acquisition on 31 May 2023. The notification regarding the transaction was submitted to the Finnish Competition and Consumer Authority on 6 July 2023, and the Authority approved the transaction on 17 July 2023.

The Finnish Competition and Consumer Authority gave approval of the transaction for Fennia Life Insurance Company Ltd on 4 July 2023 and for Oma Savings Bank Plc (OmaSp) on 24 July 2023.

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.

9 November 2023: Interim report January-September

2 February 2024: Financial statements bulletin for 2023

3 August 2023

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, 2023**To the Board of Directors of S-Bank Plc****Introduction**

We have reviewed the balance sheet as of June 30, 2023 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of S-Bank Plc Group for the 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, 3 August 2023

KPMG OY AB

Petri Kettunen

Authorised Public Accountant, KHT

