



**S-BANK FINANCIAL
STATEMENTS BULLETIN
1 JAN-31 DEC 2022**



THE NUMBER ONE BANK FOR MORE PEOPLE – BEST RESULT IN HISTORY

Hanna Porkka, Interim CEO

“The S-Bank Group achieved the best result in its history. The rise in interest rates had an impact on the net interest income particularly in the second half of the year. At the end of December, S-Bank had around 592 000 active customers, whereas the corresponding figure a year earlier was around 532 000.”

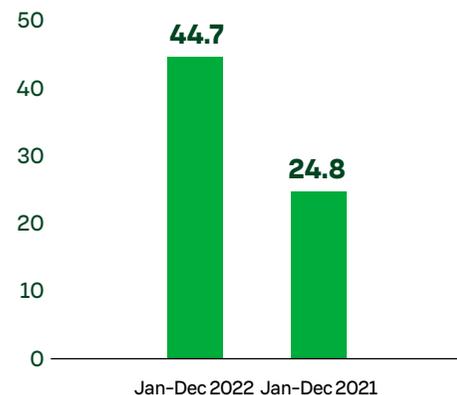


JANUARY–DECEMBER 2022

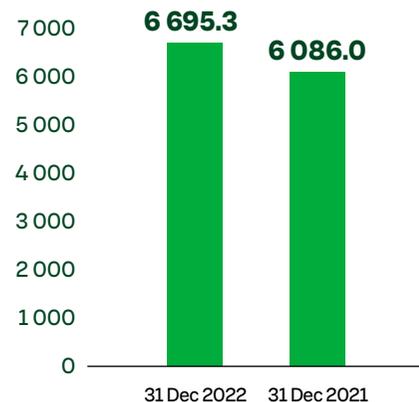
- Lending increased to EUR 6.7 billion (6.1)
- Assets under management decreased to EUR 5.9 billion (7.7)
- Operating profit increased to EUR 44.7 million (24.8)
- The capital adequacy ratio was 16.3 per cent (16.3)

The S-Bank Group’s operating profit was EUR 44.7 million (24.8) increasing 80.3 per cent on the previous year. The improvement in performance was driven by an 18.6 per cent increase in total income and, in particular, a stronger increase in net interest income towards the end of the year. The improved cost-to-income ratio was 0.74 (0.78), and impairment losses decreased compared to the previous year.

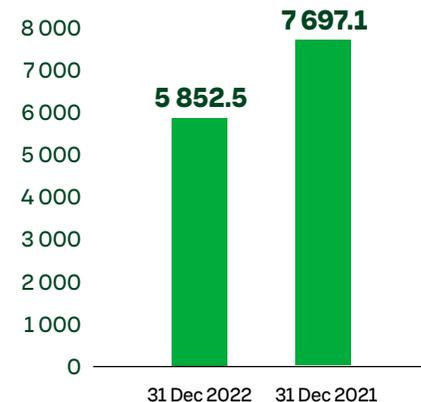
Operating profit (EUR million)



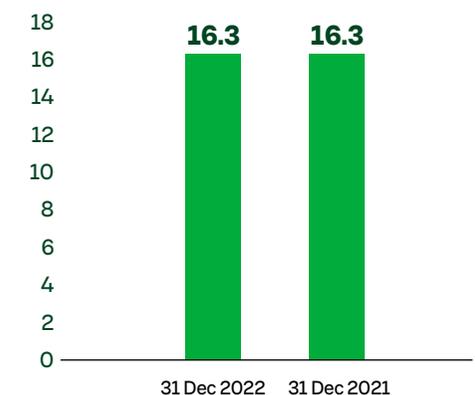
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2023

We expect operating profit for the whole year to increase by more than 50 per cent (44.7) on the previous year's level. The rise in interest rates has a positive impact on the bank's performance. However, the operating environment is very uncertain.

DIVIDEND

S-Bank's Board of Directors proposes a dividend of EUR 0.75 per share.

KEY FIGURES

(EUR million)	2022	2021	Change	Q4 2022	Q4 2021	Change	(EUR million)	31 Dec 2022	31 Dec 2021	Change
Net interest income	121.7	90.3	34.7%	43.5	23.0	89.3%	Liabilities to customers, deposits	7 925.6	7 554.9	4.9%
Net fee and commission income	87.2	80.8	7.9%	24.3	24.5	-0.8%	Receivables from customers, lending	6 695.3	6 086.0	10.0%
Total income	221.8	187.0	18.6%	70.9	52.9	34.0%	Debt securities	696.7	1 149.1	-39.4%
Operating profit	44.7	24.8	80.3%	20.6	4.2	391.9%	Equity	524.2	509.3	2.9%
Cost-to-income ratio	0.74	0.78	-0.04	0.74	0.78	-0.04	Expected credit losses (ECL)	22.5	20.6	9.2%
							Assets under management	5 852.5	7 697.1	-24.0%
							Return on equity	6.9%	3.9%	3.0
							Return on assets	0.4%	0.2%	0.2
							Equity ratio	5.9%	6.0%	-0.1
							Capital adequacy ratio	16.3%	16.3%	0.0

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

CEO'S REVIEW

S-Bank's business developed positively in 2022. In the period under review, our income and profit increased by 18.6 per cent year-on-year, and our operating profit was EUR 44.7 million (24.8). In the final quarter of the year, the operating profit was a record EUR 20.6 million.

At the end of the year, S-Bank had around 592 000 active customers, as opposed to around 532 000 at the end of 2021. Our strategic goal is to achieve one million active customers. The total euro amount of the purchases made with the S-Etukortti Visa card in 2022 grew by 19.8 per cent on the amount for the previous year. The number of card purchases also increased significantly and was 20.0 per cent higher than a year earlier. At the end of 2022, purchases made with S-Bank cards accounted for 24.1 per cent (23.2) of all Bonus purchases made in S-Group stores.

Despite the challenging market conditions, we continued to grow strongly in housing loans and our housing loan volume growth exceeded market growth

almost tenfold. Year-on-year, our lending grew by 10.0 per cent and our deposit portfolio by 4.9 per cent. The number of unit holders in our funds increased by around 21 000 year-on-year to approximately 361 000, and our funds attracted the most net subscriptions in the Finnish market. However, total assets under management declined under the pressure of the general market downturn and the termination of a significant portfolio management contract outsourced to S-Bank. Assets under management were EUR 5.9 billion (7.7) at the end of the year.

The positive performance of 2022 provides a solid foundation on which to start building 2023. In fact, the mood at the beginning of the new year has been expectant but confident at S-Bank.

The economic outlook is muted and uncertain, and many people are having to rethink their finances amid rising costs and interest rates. I believe that our product range, our service concept and our ambition to make a slightly more

affluent tomorrow possible for everyone will appeal to many this year.

At the end of last year, we conducted a survey that showed that the things Finns value the most when it comes to services provided by banks is good digital services, affordable prices and being able to access all the services they need from the same bank. These are all competitive factors that are in good shape at S-Bank.

This year, in line with our strategy, we will focus on offering superior ease and benefits, especially to our household customers. We are a full-service bank for the co-op members of S-Group cooperative stores and we offer them an account, a card, online banking and a mobile app free-of-charge.

For the bank's shareholders, SOK and the S Group's regional cooperative stores, we want to be an attractive investment also in 2023. At the same time, we will make sure that the Bank's bonds are appealing to institutional investors.

Our staff play a key role in achieving these goals. That is why we were delighted to discover that Eezy Flow, a company that conducts personnel surveys, had awarded us the Finland's most inspiring workplaces award for the second time. We intend to be an attractive employer in the future, as well.

I would like to thank our staff for their excellent performance in 2022. I would also like to thank our customers, owners and partners for their confidence in us. I wish you all a successful year in 2023!



HANNA PORKKA
Interim CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

S-Bank's Board of Directors decided on dividend policy in December. S-Bank's policy is to pay shareholders a steady and growing dividend annually of 5 to 15 per cent of the financial year's profit. When drafting its proposal for the annual payment of dividend, the Board of Directors takes into account the Bank's financial situation, the current regulatory framework, the achievement of strategic objectives, and investment needs, as well as the liquidity, credit risk and capital adequacy positions. Based on the adopted dividend policy and S-Bank's performance, the Board of Directors will propose to S-Bank's Annual General Meeting that a dividend for the financial year 2022 be distributed.

S-Bank raised its S-Prime interest rate twice in the second half of the year. The decisions were based on the increase in market rates. 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 most recent interest rate change came into force on 8 November 2022, after which the interest rate was 1.0 per cent.

At the end of October the Board of Directors of S-Bank Plc appointed Riikka Laine-Tolonen, M.Sc. (Econ.), as the new CEO. Laine-Tolonen previously worked as Head of Personal Customers at Danske Bank. Deputy CEO Hanna Porkka will continue in her role as Interim CEO. She has held the position of Interim CEO since Pekka Ylihurula stepped down at the end of May. After that Porkka will return to the posts of Deputy CEO, EVP, Wealth Management.

S-Bank continued to develop its Wealth Management business by merging S-Bank Private Equity Funds Ltd into S-Bank Fund Management Ltd. The merger was completed on 30 September 2022.

On 22 September 2022, credit rating agency Standard & Poor's (S&P)

published a report where it affirmed S-Bank's long-term rating of BBB. The credit rating of long-term borrowing is BBB, that of short-term borrowing is A-2, and the outlook is stable.

In middle of September S-Bank informed on a malfunction that occurred in the authentication with S-Bank online banking IDs during the period from 20 April to 5 August 2022. The malfunction affected a group of a few hundred people. A very small group of individuals also misused the system malfunction, e.g. for unauthorised payments and for logging into third-party online services. The malfunction was corrected as soon as it was detected. S-Bank has requested the police to investigate the incident.

Also various scam messages circulated during the summer and autumn, claiming to be from S-Bank and other banks. Unfortunately, also our customers fell victim to these phishing campaigns. Scam messages and

previously mentioned system malfunction also had a financial impact in the third quarter.

The Financial Supervisory Authority (FIN-FSA) imposed an administrative fine of EUR 60 000 on S-Bank on 24 August 2022. The reason for the fine were the inadequacies in S-Bank's reporting on derivative contracts it had entered into during June 2019–March 2021. The inadequacies related to an obligation to report all derivative contracts to a trade repository (European Union regulation on OTC derivatives, central counterparties and trade repositories, European Market Infrastructure Regulation, "EMIR"). The inadequacies were immediately corrected when the bank became aware of them. The inadequate reporting did not affect S-Bank or its customers.

At the beginning of August, S-Bank launched a new fund that enables customers to acquire a portfolio that is diversified between various real estate

classes with a single investment. S-Bank Real Estate Asset Management non-UCITS Fund invests mainly in other real estate funds that invest their assets in residential and office real estate, plots, forest and fields, for example.

On 6 July 2022, the Financial Supervisory Authority (FIN-FSA) made a decision regarding S-Bank concerning the formation of certain client groups. According to the Financial Supervisory Authority, S-Bank had not fully complied with the regulations on establishing interconnectedness based on economic dependency. The Financial Supervisory Authority obliged S-Bank to form the certain groups of connected clients as required by regulation, and S-Bank has formed these groups by the required date. The formation of groups of connected clients as obliged by the Financial Supervisory Authority will not have financial consequences for S-Bank.

On 30 June 2022, the Financial Supervisory Authority (FIN-FSA) authorised S-Bank to engage in mortgage banking activities in accordance with the new

Act on Mortgage Credit Banks. S-Bank had also been authorised to carry out mortgage banking activities under the previous legislation.

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

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

During the review period, multiple surveys were published on company

reputation, in which S-Bank performed well. In the Sustainable Brand Index survey on perceptions of brand sustainability, commissioned annually by the Swedish company SB Insight, Finns voted S-Bank as the most responsible bank brand in Finland for the tenth consecutive time. In a financial sector reputation and trust survey (Finanssialan Luottamus&Maine 2021) carried out by T-Media Finns ranked S-Bank as the most reputable organisation in 2021. In a survey carried out by Taloustutkimus for Sortter, a credit comparison company, S-Bank was the bank with the highest scores when Finns were asked about their level of satisfaction with and confidence in banks. In a brand valuation survey (Brändien arvostus 2022) carried out by Taloustutkimus Finns selected S-Bank as the most valued brand in financial sector for the fifth consecutive year. S-Bank had the most loyal customers for the third consecutive year according to the customer loyalty index survey of Data & Marketing Association of Finland (DMA Finland). Eezy Flow, a personnel research company, awarded S-Bank with the Finland's most inspiring workplaces recognition for the second time.

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

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

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

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

According to the Bank Barometer survey carried out by Finance Finland in November, household demand for loans during the second half of the year was markedly lower than in the corresponding period of the previous year. Finance Finland expects demand for credit from households and businesses to slow down and saving to increase as the economic situation weakens. Bank managers surveyed expected demand for credit to become weaker in early 2023. In investments, deposits were increasing in popularity and mutual funds were decreasing in popularity.

In the review period, the Covid-19 situation varied regionally in Finland but expanding vaccination coverage and the emergence of the Omicron variant increased hopes that the serious form of

the disease was becoming rarer. The authorities eased and removed many restrictions and recommendations regulating various activities in society.

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

In the last quarter of the year, the Advisory Board on Communicable Diseases proposed to the Ministry of Social Affairs and Health that the coronavirus no longer meets the criteria of a generally hazardous infectious disease and that the coronavirus should be treated as a normal disease. As a result, the S-Group decided to abandon Covid-19 recommendations for the whole group and S-Bank also decided to start treating Covid-19 as a normal disease.

As the pandemic has persisted, S-Bank has become accustomed to operating in

a new environment marked by the increasing use of digital banking channels and services. S-Bank was able to adjust its operations and ways of working in accordance with the infection situation. Should the pandemic situation turn worse, S-Bank is prepared to swiftly react to the changed situation in the ways required. During the review period, the Covid-19 pandemic did not have a negative impact on S-Bank's operations.

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

OPERATING ENVIRONMENT

Considering all the unfortunate and unexpected events that took place in 2022, the economy weathered the year quite well. Russia's invasion of Ukraine in February significantly changed the global political and economic landscape. Inflation increased sharply to reach its highest levels in decades, rapidly pushing up interest rates, which will affect the economy in the coming years. Although the economy experienced

substantial shocks, its performance was surprisingly robust in the end and economic growth continued around the world. In Finland, growth is expected to be just over 2 per cent in 2022.

Going into 2022, the expectation was that the recovery from the collapse following the Covid-19 pandemic would continue and that economies would be propelled into strong growth. Right from the start of the year, however, it became clear that there were new challenges ahead. Inflation rose sharply already at the beginning of the year. The acceleration was explained by both supply-side production and logistics problems and strong growth in demand in the wake of the previous years' stimulus measures. The start of Russia's war of aggression in February pushed energy prices up to unprecedented levels, especially in Europe. Indeed, throughout the year, there was considerable concern about how the economy would cope in an environment of rising prices.

The employment situation remained strong in Finland and globally, however, which supported the economy. Similarly,

the release of savings accumulated during the Covid-19 pandemic sustained consumption. Companies were able to pass on their higher costs to prices and in nominal terms sales remained on the rise, even though in real terms they have already declined. In view of the challenges, 2022 can be seen as a tactical victory.

On the other hand, the gap between the actual outcome and expectations was very wide. The year was in many respects stronger than expected, but at the same time the outlook for the coming year has deteriorated as purchasing power weakens due to rising prices and interest rates. Indeed, a recession is generally expected in the West for 2023. The labour market remains tight due to labour shortages in many sectors, but

construction, for example, is set to slow down. In the autumn, economic challenges increasingly started to emerge, which was reflected in a sharp fall in housing transactions, for example.

The worsening economic outlook hit the financial markets. The central banks' tighter monetary policy and their fight against inflation increased interest rates, pushing bond yields to their weakest levels in decades. In the stock markets, the downturn was fuelled by fears of recession and a reassessment of high valuation levels after years of strong growth. In the real estate market the year started with a strong upward trend, but towards the end of the year prices started to come under downward pressure.

FINANCIAL POSITION

Key figures

(EUR million)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	43.5	31.3	23.9	23.0	23.0	121.7	90.3
Net fee and commission income	24.3	21.4	22.0	19.4	24.5	87.2	80.8
Total income	70.9	54.1	46.0	50.7	52.9	221.8	187.0
Operating profit	20.6	10.7	3.4	9.9	4.2	44.7	24.8
Cost-to-income ratio	0.74	0.81	0.83	0.80	0.78	0.74	0.78

(EUR million)	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities to customers, deposits	7 925.6	7 912.2	7 841.9	7 602.1	7 554.9	7 925.6	7 554.9
Receivables from customers, lending	6 695.3	6 610.3	6 422.0	6 274.7	6 086.0	6 695.3	6 086.0
Debt securities	696.7	728.4	685.6	1 049.4	1 149.1	696.7	1 149.1
Equity	524.2	506.9	501.1	507.8	509.3	524.2	509.3
Expected credit losses (ECL)	22.5	20.2	19.4	18.7	20.6	22.5	20.6
Assets under management	5 852.5	7 049.8	6 980.0	7 397.0	7 697.1	5 852.5	7 697.1
Return on equity	6.9%	4.4%	3.7%	4.4%	3.9%	6.9%	3.9%
Return on assets	0.4%	0.3%	0.2%	0.3%	0.2%	0.4%	0.2%
Equity ratio	5.9%	5.7%	5.7%	5.9%	6.0%	5.9%	6.0%
Capital adequacy ratio	16.3%	16.0%	16.2%	15.7%	16.3%	16.3%	16.3%

RESULT OCTOBER–DECEMBER 2022

S-Bank Group's operating profit for October–December increased year-on-year and was EUR 20.6 million (4.2), an increase of 391.9 per cent.

Income

Total income increased to EUR 70.9 million (52.9), an increase of 34.0 per cent. Net interest income grew by 89.3 per cent due to the higher interest rate levels, totalling EUR 43.5 million (23.0). Net fee and commission income were EUR 24.3 million (24.5). The fees from card payments continued to grow strongly. Net income from investing activities was EUR 1.4 million (0.6). Other operating income decreased to EUR 1.7 million (4.8). The previous year included a non-recurring item, the transfer of the LocalTapiola funds.

Expenses

Operating expenses totalled EUR 44.9 million (45.8). This represents a decrease of 2.0 per cent on the previous year. Personnel expenses accounted for EUR 18.0 million (19.3) of operating expenses. Other administrative expenses were EUR 21.6 million (21.6).

Depreciation and impairment of tangible and intangible assets amounted to EUR 4.4 million (3.8). The Group's other operating expenses totalled EUR 0.9 million (1.1).

Expected and final credit losses

In the fourth quarter, expected and final credit losses of EUR 7.1 million (4.6) were recognised in the consolidated income statement. This includes EUR 1.0 million in provisions based on management judgement. Reversals, or recovered credit losses, amounted to EUR 1.8 million (1.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 5.4 million (3.1).

RESULT AND BALANCE SHEET JANUARY–DECEMBER 2022

S-Bank Group's operating profit was EUR 44.7 million (24.8), an increase of 80.3 per cent on the previous year. The profit for the period after taxes was EUR 35.8 million (19.6). Return on equity increased to 6.9 per cent (3.9).

Income

During the review period, total income developed positively. Total income

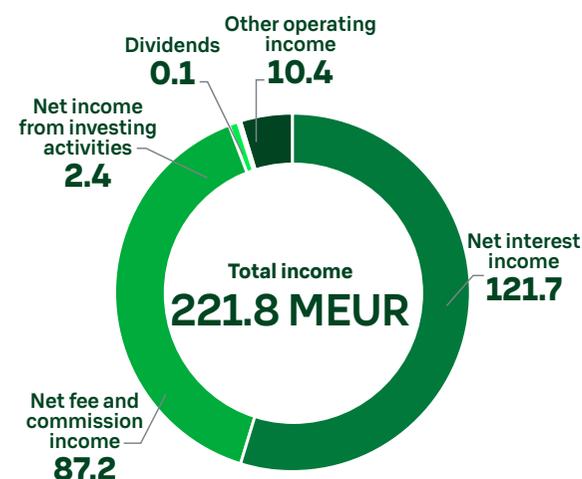
amounted to EUR 221.8 million (187.0), a growth of 18.6 per cent.

Net interest income grew by 34.7 per cent, totalling EUR 121.7 million (90.3). Net interest income grew significantly during the second half of the year due to the higher interest rate levels. Net fee and commission income increased by 7.9 per cent to EUR 87.2 million (80.8). The change was mainly due to the growth in the fees from card payments. Net income from investing activities decreased and was EUR 2.4 million (3.1). Other operating income decreased to EUR 10.4 million (12.7). Other income includes EUR 3.8 million (3.0) in revenue

from sales of receivables previously recognised as credit losses. Similarly, the previous year included the previously mentioned LocalTapiola fund transfer transaction EUR 3.1 million.

Expenses

Operating expenses totalled EUR 165.1 million (146.5) during the review period. This is 12.7 per cent more year-on-year, mainly due to increases in personnel expenses, IT- and development costs as well as regulatory fees. Personnel expenses accounted for EUR 59.4 million (56.1) of operating expenses. The change was due to an increase in the number of personnel.

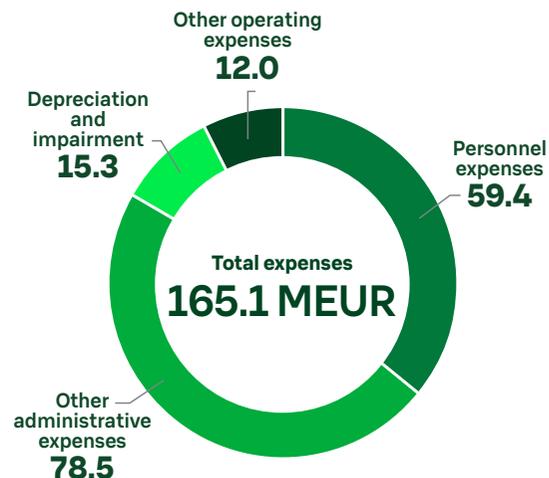


Other administrative expenses totalled EUR 78.5 million (71.0). The changes are mainly due to an increase in IT and development costs, use of rental labour, as well as volume based card manufacturing and agency fees. Depreciation and impairment of tangible and intangible assets amounted to EUR 15.3 million (13.0). Other operating expenses totalled EUR 12.0 million (6.3), which includes EUR 6.7 million (1.0) in financial stability contribution and deposit guarantee contribution and losses from fraudulent events EUR 2.0 million (0.4).

Expected and final credit losses

Expected and final credit losses of EUR 18.5 million (21.4) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 6.6 million (5.7). Consequently, the total net effect on profit of expected and final credit losses was EUR 12.0 million (15.7). The positive development has been affected by the economic recovery, which began in the previous year and has supported high employment. In addition, the calculation of expected credit losses,

which was updated in early 2022, has a positive impact. A rise in inflation and interest rates, as well as a weakening of the economic outlook, may have a negative impact on development in the future. Credit and impairment losses are at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.



Deposits

Total deposits continued to grow and were EUR 7 925.6 million (7 554.9) at the end of the review period. Deposits repayable on demand totalled EUR 7 845.4 million (7 550.2) and time deposits EUR 80.2 million (4.7) at the end of the review period. During the past 12 months, total deposits grew by 4.9 per cent. Household customers' deposit portfolio grew 8.3 per cent on the previous year and was EUR 7 078.8 million. Corporate customers' deposit portfolio contracted 16.7 per cent on the previous year and was EUR 846.8 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 580.2 million (6 063.6).

Deposits

(EUR million)	31 Dec 2022	31 Dec 2021	Change
Household customers	7 078.8	6 537.9	8.3%
Corporate customers	846.8	1 017.0	-16.7%
Total	7 925.6	7 554.9	4.9%

Lending

Lending growth continued to be strong. At the end of the review period, the loan portfolio totalled EUR 6 695.3 million (6 086.0). During the past 12 months, the loan portfolio grew by 10.0 per cent. The household loan portfolio grew by 9.9 per cent on the previous year and was EUR 5 588.9 million, while the corporate loan portfolio grew 10.4 per cent on the previous year and was EUR 1 106.3 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 84 per cent (81).

Liquidity portfolio and investing activities

At the end of the review period, the bank's debt securities totalled EUR 696.7 million (EUR 1 149.1 million at the

end of 2021). Deposits in central banks and cash totalled EUR 1 368.2 million (1 092.0). S-Bank has increased the share of central bank deposits in its liquidity portfolio, which has influenced the development. 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 524.2 million, compared with EUR 509.3 million at the end of 2021. The equity was affected by the value of the fair value reserve, which has decreased by EUR 21.1 million since the end of 2021. The rapid rise in interest rates has affected that development. During the second half of the year, however, the decrease in the fair value

reserve has been more moderate. The equity ratio was 5.9 per cent (6.0).

Assets under management

Assets under management were EUR 5 852.5 million (7 697.1) at the end of the review period. Assets under management decreased under the pressure of the general market decline and the termination of a significant portfolio management contract outsourced to S-Bank. Of assets under management, fund capital accounted for EUR 3 925.8 million (3 925.3), and wealth management capital accounted for EUR 1 926.7 million (3 771.8). Comparison amounts related to the split between fund capital and wealth management capital have been adjusted after 2021 financial statement has been published. In addition, S-Bank Properties Ltd managed EUR 347.5 million in customer assets, consisting of real estate and joint

Lending

(EUR million)	31 Dec 2022	31 Dec 2021	Change
Household customers	5 588.9	5 083.7	9.9%
Corporate customers	1 106.3	1 002.3	10.4%
Total	6 695.3	6 086.0	10.0%

ventures (442.4). The decrease was caused by a real estate that was sold during the third quarter. The net subscriptions in S-Bank funds amounted to EUR 225.5 million (317.1) during the review period.

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 61.8 million (36.2) in 2022. Total income increased 26.8 per cent to EUR 180.6 million (142.4). Both net interest income and net fee income grew significantly. Expenses increased by 18.1 per cent to EUR 106.9 million (90.5). Impairment of receivables decreased to EUR 12.0 million (15.7).

According to the latest available information, the increase in housing loan volume for the financial institutions operating in Finland was 1.0 per cent for the preceding 12-month period in November. S-Bank's housing loan volume grew by 9.5 per cent (almost ten times the market growth) in

the same period. In 2022, the number of housing loan applications decreased on the previous year.

The use of S-Etukortti Visa cards developed very favourably in 2022. The total euro sum of purchases made with the cards increased by 19.8 per cent (14.8) on the previous year and was record-high. The number of purchases made with cards increased by 20.0 per cent (11.1).

Wealth Management

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

Operating profit decreased to EUR 1.7 million (5.0). Total income increased by 0.9 per cent to EUR 40.3 million (39.9). Expenses increased by 10.3 per cent to EUR 38.6 million (35.0). Profit performance was affected by geopolitical uncertainty, rising interest rates and the investments into operational efficiency.

Net subscriptions to S-Bank funds totalled EUR 255.5 million (317.1). The development of net subscriptions to the S-Bank funds was strongest out of all fund management companies. Net subscriptions totalled EUR -4 363.1 million (9 112.4) in the market as a whole.

The total number of unit holders in the S-Bank funds increased to around 361 000 from around 340 000 a year earlier. On the Finnish market as a whole, total number of unit holders rose to around 4.0 million from 3.9 million a year earlier.

Banking

(EUR million)	2022	2021	Change
Operating income	180.6	142.4	26.8%
Operating expenses	-106.9	-90.5	18.1%
Impairment of receivables	-12.0	-15.7	-23.9%
Operating profit (loss)	61.8	36.2	70.4%

Wealth Management

(EUR million)	2022	2021	Change
Operating income	40.3	39.9	0.9%
Operating expenses	-38.6	-35.0	10.3%
Operating profit (loss)	1.7	5.0	-65.3%

CALCULATION OF KEY PERFORMANCE INDICATORS

Total income:

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

Net interest income:

Interest income – Interest expenses

Net fee and commission income:

Fee and commission income – Fee and commission expenses

Other income:

Net income from investing activities + Dividends + Other operating income

Cost-to-income ratio:

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
 Balance sheet total, average x100

Return on assets (ROA), %:

Profit (loss) for the period
 Balance sheet total, average x100

Equity ratio, %:

Total equity
 Balance sheet total x100

Capital adequacy ratio, %:

Total capital
 Total minimum capital requirement x 8%

Tier 1 capital adequacy ratio, %:

Tier 1 capital, total
 Total minimum capital requirement x 8%

Leverage ratio, %:

Tier 1 capital, total
 Balance sheet and off-balance sheet exposures x100

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-Bank Group's risk position

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

The year 2022 was defined by significant changes in the external operating environment. Russia's war of aggression in Ukraine, high inflation, the energy crisis, the unprecedented rise of interest rates and stock market uncertainty have affected the daily lives of consumers and the operations of businesses and banks. Towards the end of the year, the demand

for new housing loans slowed down and the strong growth in household deposits in recent years levelled off in the Finnish market as a whole.

The changes in the external environment are also reflected in S-Bank's balance sheet and risk position. Considering the year as a whole, S-Bank's business volumes continued to grow, particularly in household customers' housing loan and deposit portfolios. In the fourth quarter growth slowed down, however. The amounts of forborne and defaulted exposures increased during the year, partly due to a more effective forbearance identification process, but also due to an increase in customer spending in the final quarter. The increasing interest expenses and

prices are expected to weaken the financial standing of customer households, in response to which credit loss provisions based on management judgement were increased during the review period. Final loan losses remained at a low level during the year.

The Bank's liquidity position remained strong and total capital adequacy strengthened slightly, remaining nearly at the same level as year before, as own funds increased on the back of strong profit performance.

The S-Bank Group's key risk indicators

EUR million	31 Dec 2022	31 Dec 2021
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3 385.4	3 346.0
Credit and counterparty risk, standardised approach	3 022.6	3 018.7
Market risk	0.0	0.0
Operational risk, basic indicator approach	362.8	327.4
Credit valuation adjustment (CVA)	0.0	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	448.2	434.8
Tier 2 (T2) capital	104.8	110.5
Own funds in total	552.9	545.3
Pillar 1 requirement (%)	12.03%	12.01%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio (%)	13.2%	13.0%
Total capital ratio (%)	16.3%	16.3%
Non-performing loan (NPL)		
NPL ratio (%)*	0.9%	0.6%
Leverage ratio (LR):		
Leverage ratio (%)	4.9%	5.0%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	164.4%	149.9%
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	151.4%	151.1%

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

Credit risk

The growth of the secured and unsecured portfolio of household customer credits continued, although at a slightly slower pace in the latter part of the 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 in line with its conservative risk appetite, supported by prudent risk management and monitoring measures.

The total amount of ECL provision increased by EUR 1.9 million to EUR 22.5 million (20.6) during the financial year. The changes in management judgement during the financial year contributed to the growth in the ECL provision by approximately EUR 1.6 million. The management judgement was updated, as increases in interest expenses and prices are expected to weaken the financial standing of customer households. Expected and final credit losses are discussed under section Result and balance sheet January – December 2022.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule was EUR 448.1 million (419.9), representing 8.0 per cent (8.2) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers.

The enhancements implemented in the forbearance identification process and the stricter recovery criteria caused an increase in reported forbearance measures and non-performing loans, as expected. In addition, the increase in general price level has contributed to the growth of forbearance measures. Gross forborne exposures in the balance sheet totalled EUR 158.9 million (109.9) at the end of the review period. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 2.0 per cent (1.6). The corresponding ratio of non-performing forborne exposures was 0.4 per cent (0.2).

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 20.1 million to EUR 59.4 million (39.3) during the review period. Of this, EUR 12.1 million was due to an increase in non-performing forborne exposures. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 0.9 per cent (0.6). All non-performing loans were household customer exposures.

Own funds and capital adequacy

During the review period, S-Bank's capital adequacy position has been strong and within the risk appetite set by S-Bank's Board of Directors. The capital adequacy position improved slightly, while remaining at almost the same level as at the end of the previous year. Total capital ratio stood at 16.3 per cent (16.3) and CET1 capital adequacy ratio at 13.2 per cent (13.0). In the period under review, own funds were positively affected especially by profit performance, while the deterioration of the fair value reserve due to market uncertainty had a negative impact on own funds.

Total own funds at the end of the review period stood at EUR 552.9 million (545.3) and CET1 capital at EUR 448.2 million (434.8). Tier 2 capital stood at EUR 104.8 million (110.5). Tier 2 capital decreased slightly, due to debenture loans with a residual maturity of less than five years being gradually eliminated from Tier 2 capital, as required by regulation.

Risk-weighted exposure amount was EUR 3 385.4 million (3 346.0) and it grew by EUR 39.4 million. The increase was mainly due to a rise in operational risk, with credit risk increasing only slightly compared to the end of the previous year. In line with S-Bank's strategy, credit risk growth was related to exposures secured on immovable property and retail exposures. Risk-weighted assets relating to corporate exposures decreased due to reallocation of investments.

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 4.9 per cent (5.0) was strong and exceeded the regulatory and internally set risk appetite minimum.

Market risk

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the Banking business and the investments, derivatives and funding of the Treasury unit. Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. The economic value risk for items measured at fair value (+100 basis points) was EUR -6.6 million (-11.1). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -8.7 million (-9.1). The interest income risk is calculated as the effect of one percentage point decrease on the net interest income for the next 12 months. The strong increase in interest rates caused the interest income risk to grow during the period, but the risk

decreased to previous year's level by end of the period. The spread risk was EUR -4.5 million (-7.1) at the end of the review period. S-Bank is not significantly exposed to other direct market risks, such as equity, currency or real estate risks.

Liquidity and funding

S-Bank's liquidity position was steady and strong during the review period. The liquidity coverage ratio (LCR) was 164 per cent (150). 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 151 per cent (151).

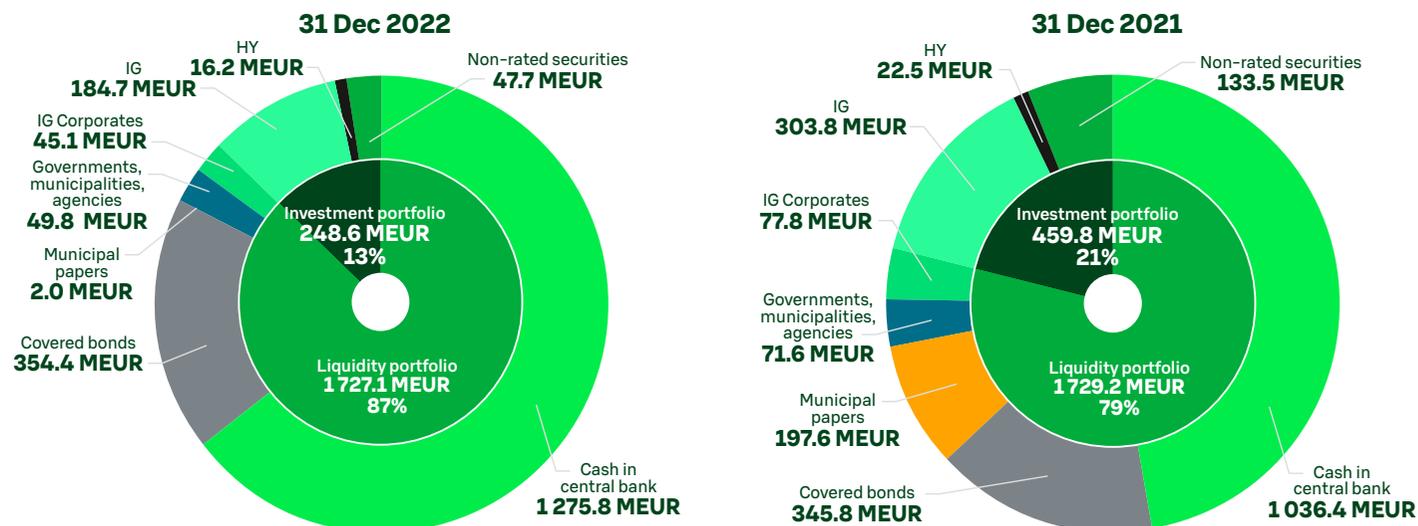
The Treasury portfolio totalled EUR 1 975.6 million (2 189.0) and it consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The decrease in the total portfolio size was concentrated in the investment portfolio. There were no significant changes in the total liquidity portfolio. In the liquidity portfolio, the amount of central bank deposits increased and the amount of municipal papers decreased.

Minimum Requirement for own funds and Eligible Liabilities (MREL) entered into force on 1 January 2022. In the decision issued by the Financial Stability Authority on 6 April 2022, the requirement based on total risk exposure amount is 20.34 per cent (20.04) and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 8.41 per cent (5.91). The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement entered into force on 1 January 2022 and the full requirement will enter on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio enters into force in full on 1 January 2024. The requirement of 5.91 per cent, based on the previous decision, is in force until 31 December 2023. For the requirement based on total risk exposure amount, additional CBR (Combined Buffer Requirement) must also be fulfilled. For S-Bank, the CBR was equal to 2.53 per cent on 31 December 2022.

S-Bank covers the MREL requirement with instruments qualifying for own

funds and Senior Preferred bond issued under bond program. The notional amount of Senior Preferred bonds were 220 million euros (170). In June, a tap issue of EUR 50 million was made in the amount of the bond. The MREL ratio based on total risk exposure amount (MREL, TREA) was 22.8 per cent (21.4), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 8.4 per cent (8.2).

Breakdown of the liquidity and investment portfolio



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	31 Dec 2022		31 Dec 2021	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	1 275.8	1 275.8	1 036.4	1 036.4
Government, municipal and other public sector bonds	49.8	49.8	71.6	71.6
Covered bonds	354.4	315.8	345.8	306.5
Municipal papers	2.0	2.0	197.6	197.6
Other	45.1	22.5	77.8	38.9
Total	1 727.1	1 665.9	1 729.2	1 651.0

Operational risk

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

Current situation in Ukraine and the implication in sanctions regime continues to have an increased focus to sanctions screening in S-Bank. However, due to S-Bank's customer base, the implications have been limited. S-Bank

has also put on hold all payments to and from Russia and Belarus during this spring. A malfunction occurred in the authentication with S-Bank online banking IDs during the period from 20 April to 5 August 2022, affecting a limited group of customers. The malfunction has been resolved.

OWN FUNDS REQUIREMENTS

S-Bank's total capital requirement was 12.03 per cent (12.01) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement.

The Finnish Financial Supervisory Authority (FIN-FSA) decided on 6 April 2020 to remove the set systemic risk buffer for credit institutions covered by CET1 capital. The requirement for S-Bank was one per cent. The FIN-FSA announced, in its macroprudential decision published on 16 December 2022, that it was preparing to make a new decision on the systemic risk buffer. A warning issued by the European Systemic Risk Board (ESRB) on raising levels of systemic risks in the EU financial system, as well as FIN-FSA's own views on its risk indicators are being in favour of raising the buffer requirements, are listed as reasons for reviewing the systemic risk buffer level. The FIN-FSA is aiming at

making the decision during the first quarter of 2023.

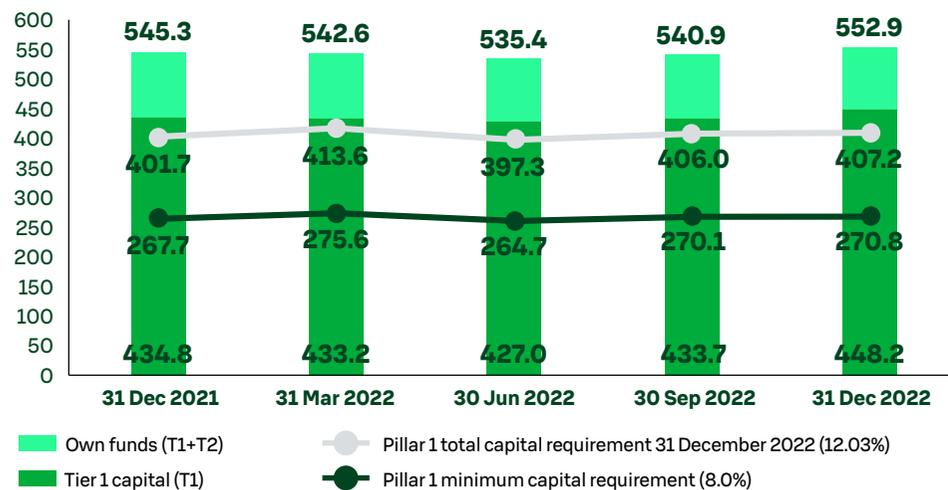
Apart from the announcement on the systemic risk buffer, the FIN-FSA's latest macroprudential decision did not include changes to any capital requirements S-Bank is subject to.

The discretionary Pillar 2 requirement imposed on S-Bank was 1.5 per cent of the total risk exposure. The requirement entered into force on 30 September 2021 and will remain in force no longer than until 30 September 2024. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation.

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

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical capital buffer		Pillar 2 (SREP) additional capital requirement		Total capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	152.3	2.5%	84.6	0.03%	1.0	0.84%	28.6	7.87%	266.5
AT1	1.5%	50.8					0.28%	9.5	1.78%	60.3
T2	2.0%	67.7					0.38%	12.7	2.38%	80.4
Total	8.0%	270.8	2.5%	84.6	0.03%	1.0	1.50%	50.8	12.03%	407.2

Changes in own funds and capital requirements (EUR million)



Of the requirement, 75 per cent must be met with Tier 1 capital (T1), of which a further 75 per cent must be met with Common Equity Tier 1 capital (CET1).

Capital adequacy position

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 13.2 per cent (13.0) and the total capital ratio stood at 16.3 per cent (16.3). CET1 capital increased by EUR 13.4 million and T2 capital decreased by EUR 5.7 million as

the debentures with a remaining maturity of under five years were gradually eliminated from T2 capital. The profit-driven increase in CET1 capital was partially offset by macroeconomic factors causing a decrease in the fair value reserve. S-Bank's Tier 2 capital consists of four debentures with a total value of EUR 104.8 million (110.5) eligible as T2 capital. Two of the debentures have a residual maturity of over five years and are thus fully recognised as

Tier 2 capital. The debentures with a residual maturity of less than five years are being gradually removed from Tier 2 capital, as required by regulations. The amount of foreseeable dividend for 2022 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 3 385.4 million (3 346.0) at the end of the review period. Credit risk constitutes 89 per cent or EUR 3.0 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by mortgages on immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit 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

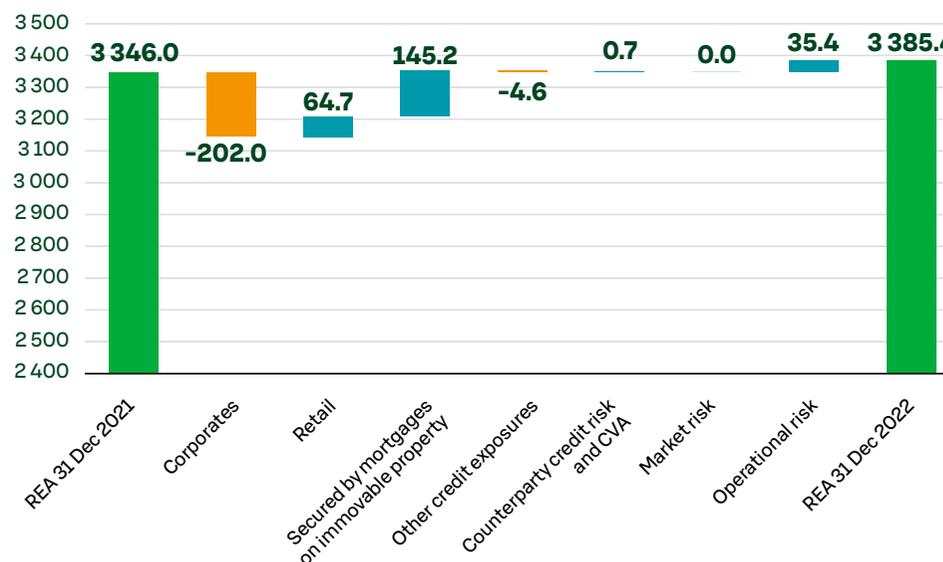
book, in accordance with the Capital Requirements Regulation, has been very low due to the internally set limits, and therefore S-Bank is not subject to the Pillar 1 capital requirement for market risk.

The risk exposure amount (REA) increased by EUR 39.4 million during the review period. The change was largely due to an increase in the risk exposure amount of operational risk, mainly driven by higher net interest income and net fee and commission income. Total risk-weighted assets for credit risk remained close to the previous year-end level. In terms of credit risk, the risk-weighted assets in retail exposures and mortgage exposures increased as the loan portfolio grew in line with the strategy. Corporate exposures decreased in the review period as the allocation of S-Bank's investments was adjusted as part of normal risk management because of the exceptional market situation. The reduction in corporate exposures caused the amount of risk-weighted assets to decrease.

Summary of capital adequacy information

Own funds (EUR million)	31 Dec 2022	31 Dec 2021
Common Equity Tier 1 (CET1) capital before regulatory adjustments	519.2	509.3
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	173.2	142.1
Fair value reserve	-20.7	0.4
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	71.1	74.5
Intangible assets	70.3	73.3
Value adjustments due to the requirements for prudent valuation	0.7	1.2
Common Equity Tier 1 (CET1) capital	448.2	434.8
Additional Tier 1 (AT1) capital before deductions	0.0	0.0
Deductions from Additional Tier 1 (AT1) capital	0.0	0.0
Additional Tier 1 (AT1) capital	0.0	0.0
Tier 1 (T1 = CET1 + AT1)	448.2	434.8
Tier 2 (T2) capital before adjustments	104.8	110.5
Debentures	104.8	110.5
Adjustments to Tier 2 (T2) capital	0.0	0.0
Tier 2 (T2) capital	104.8	110.5
Own funds in total (TC = T1 + T2)	552.9	545.3
Total risk-weighted assets (RWAs)	3 385.4	3 346.0
of which credit risk	3 022.6	3 018.7
of which market risk	0.0	0.0
of which operational risk	362.8	327.4
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	13.2%	13.0%
Ratio of Tier 1 capital to risk exposure amount (%)	13.2%	13.0%
Ratio of total own funds to risk exposure amount (%)	16.3%	16.3%

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



Reporting of risk and capital adequacy information

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

The Pillar 3 report (Capital and Risk Management Report) and tables (S-Bank

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

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

S-Bank raised its S-Prime interest rate once after the end of the review period. The decision was based on the increase in market rates. 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 most recent interest rate change came into force on 10 January 2023, after which the interest rate was 1.5 per cent.

On 26 January 2023, credit rating agency Standard & Poor's (S&P) published a report where it affirmed S-Bank's long-term rating of BBB. The credit rating of long-term borrowing is BBB, that of short-term borrowing is

A-2, and the outlook is stable. Also, S&P assigned resolution counterparty ratings (RCRs) for S-Bank for the first time. The credit rating of long-term borrowing is BBB+ and that of short-term borrowing is A-2.

OUTLOOK FOR 2023

Looking ahead to 2023, the mood is muted and uncertain. Economic growth is weakening as a result of the rise in prices and interest rates and Russia's invasion of Ukraine, but it remains to be seen just how steep and long-lasting the economic downturn will be. Strong employment and government stimulus will underpin the economy and consumption. On the other hand, higher prices and depleted savings will restrict consumption opportunities. The Finnish economy is generally expected to enter a mild recession in the first half of the year. The outlook is expected to improve towards the end of the year, but uncertainty is high and risks portend negatively.

Peak inflation will be left behind during the winter as commodity prices fall and year-on-year benchmarks rise. Inflation will slow, but it will remain well above the level accustomed to during the last decade in 2023. Higher costs and labour expenses will continue to be passed on to sales prices, which will keep prices rising. A big question mark is pay rises. Salary demands have risen, and increases could prolong high inflation. Central banks will have to continue their tight monetary policy as long as concerns about the wage-inflation spiral persist. The central banks' sharpest interest rate hikes are behind us, and further tightening will depend on economic developments. If the economy

were to weaken, the interest rate hikes could end as early as spring. The expectation would then be for interest rates to gradually stabilise close to current levels or even fall slightly lower.

There is a lot of uncertainty in the financial markets as economic developments determine their direction. The end of rising interest rates is good news for the market, but the recession caused by the slowdown in growth is bad news. Adjusting to the new higher interest rates will be a major challenge for markets in 2023.

The housing market will be quiet early in the year, as buyers and sellers seek new

price levels in a changed environment. The higher interest rates are choking the market, but on the other hand, new housing supply is dwindling as construction slows. The direction taken by the stock markets will depend on the severity of the downturn. A slight economic slowdown is already largely reflected in prices, but a deep recession would push equities further downhill.

We expect operating profit for the whole year to increase by more than 50 per cent (44.7) on the previous year's level. The rise in interest rates has a positive impact on the bank's performance. However, the operating environment is very uncertain.

OTHER INFORMATION

Annual General Meeting

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

Board of Directors

S-Bank's AGM elected following members to S-Bank Ltd's Board of Directors: Jari Annala, Master of Science (Economics), CEO of SOK Liiketoiminta Oy; Heli Arantola, Doctor of Science in Economic Sciences, Managing Director of Leipurin Plc (CEO of A-lehdet Oy from 20 October 2022); Veli-Matti Liimatainen, Master of Science (Economics), Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, M.Sc (Math), SHV (actuary approved by the Ministry of Social Affairs and Health);

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.

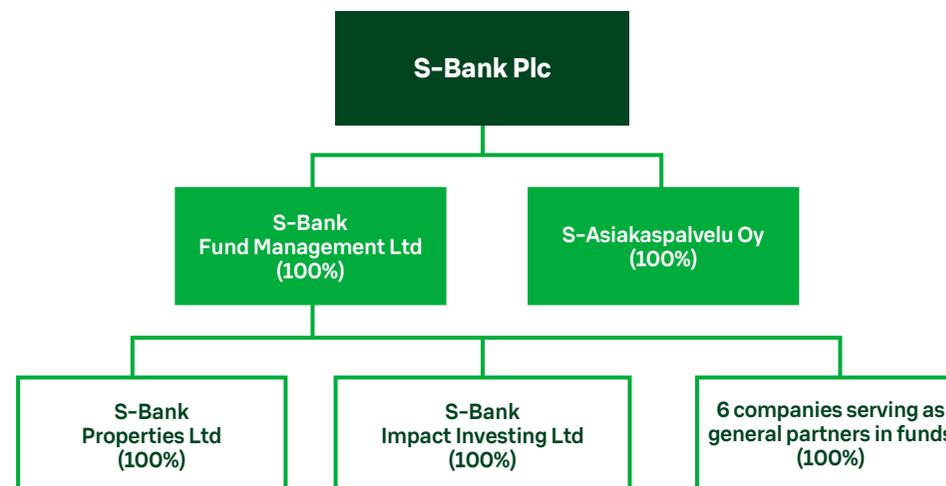
CEO

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

Personnel

At the end of the review period, the S-Bank employed a total of 776 people (687). Of these, 606 persons (571) worked at S-Bank Plc, 38 persons (36) at the subsidiaries of the Wealth Management business, and 132 persons (80) at S-Asiakaspalvelu Oy. The salaries and remuneration paid to personnel at the S-Bank totalled EUR 48.6 million (46.3).

CORPORATE STRUCTURE



S-Bank Private Equity Funds Ltd merged with S-Bank Fund Management Ltd on 30 September 2022.

Six companies who serve as general partners in funds managed by S-Bank Fund Management Ltd are: FIM Real Estate Ltd, FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy,

FIM Private Debt Fund I GP Oy, FIM SIB Oy and S-Pankki Vaikuttavuus I GP Oy. The companies have no other business operations and are fully owned by S-Bank Fund Management Ltd.

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

FINANCIAL STATEMENTS BULLETIN 1 JANUARY–31 DECEMBER 2022

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	2022	2021
Interest income		139 295	102 925
Interest expenses		-17 608	-12 583
Net interest income	4	121 687	90 341
Fee and commission income		101 179	123 674
Fee and commission expenses		-13 985	-42 863
Net fee and commission income	5	87 195	80 811
Net income from investing activities	6	2 436	3 107
Dividends		84	46
Other operating income		10 395	12 690
Total income		221 796	186 995
Personnel expenses *		-59 406	-56 146
Other administrative expenses *		-78 452	-71 017
Depreciation and impairment		-15 301	-12 985
Other operating expenses		-11 986	-6 345
Total expenses		-165 145	-146 492
Impairment of receivables	7	-11 960	-15 721
Share of the profits of associated companies		1	2
OPERATING PROFIT (LOSS)		44 693	24 784
Income taxes		-8 884	-5 233
PROFIT (LOSS) FOR THE PERIOD		35 809	19 551
of which:			
To the parent company's shareholders		35 809	19 551

* The comparison period has been amended since the publication of the 31 December 2021 financial statements. Payments to personnel fund were moved from Other administrative expenses to Personnel expenses.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	2022	2021
PROFIT (LOSS) FOR THE PERIOD		35 809	19 551
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Items due to remeasurements of defined benefit plans		179	-290
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income		42	-79
Tax effect		-44	74
Items that will not be reclassified to profit or loss		177	-296
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		-26 411	1 262
Tax effect		5 248	-288
Items that may be reclassified subsequently to profit or loss		-21 163	974
Other comprehensive income items, after taxes		-20 986	679
COMPREHENSIVE INCOME, TOTAL		14 823	20 229
of which:			
To the parent company's shareholders		14 823	20 229

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Dec 2022	31 Dec 2021	(EUR '000)	Note	31 Dec 2022	31 Dec 2021
Assets				Liabilities			
Cash and cash equivalents	8,9	1 368 195	1 091 962	Liabilities to credit institutions	8,9	23 156	108
Debt securities eligible for refinancing with central banks	8,9	556 923	684 859	Liabilities to customers	8,9	7 983 559	7 611 265
Receivables from credit institutions	8,9	9 215	25 064	Issued bonds	8,9,11	219 270	169 699
Receivables from customers	8,9	6 695 255	6 086 022	Subordinated debts	8,9,12	107 000	112 667
Debt securities	8,9,10	139 785	464 228	Derivatives	8,9,10	7	8 383
Derivatives	8,9,10	24 261	582	Provisions		303	649
Shares and interests	8,9	20 665	31 575	Tax liabilities		8 984	7 183
Holdings in associated companies		5	4	Accrued expenses		30 250	32 299
Intangible assets *		70 331	73 351	Other liabilities		55 477	49 325
Tangible assets *		5 268	7 449	Liabilities, total		8 428 006	7 991 577
Tax assets		7 398	2 051	Equity			
Prepayments and accrued income		45 979	28 322	Share capital		82 880	82 880
Other assets		8 967	5 414	Reserves		263 148	284 277
ASSETS, TOTAL		8 952 247	8 500 883	Retained earnings		178 213	142 148
				Parent company's shareholders		524 241	509 306
				Equity, total		524 241	509 306
				LIABILITIES AND EQUITY, TOTAL		8 952 247	8 500 883

* The comparison period has been amended since the publication of the 31 December 2021 financial statements. Prepayments and acquisitions in progress of ICT-systems were moved from Tangible assets to Intangible assets.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(EUR '000)	Equity attributable to parent company shareholders				
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2022	82 880	283 828	449	142 148	509 306
Comprehensive income					
Profit (loss) for the period				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

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	2022	2021	(EUR '000)	Note	2022	2021
Cash flows from operating activities				Cash flows from investing activities			
PROFIT (LOSS) FOR THE PERIOD		35 809	19 551	Investments in tangible and intangible assets *		-9 987	-13 253
Depreciation and impairment		15 301	12 985	Purchase prices paid for acquisitions *		-300	-609
Shares of the profit of companies consolidated with the equity method		-1	-2	Purchase prices received from acquisitions *		0	4 000
Credit losses		18 703	21 569	Cash flows from investing activities *		-10 287	-9 862
Other non-payment income and expenses		4 130	-1 597	Cash flows from financing activities			
Income taxes		8 884	5 233	Payments received from the issue of bonds and debentures	11, 12	49 324	227 199
Other adjustments *		-2	-3 114	Repayments of issued bonds and debentures	11, 12	-5 667	-4 333
Adjustments for financial income and expenses		-7 580	-161	Repayments of lease liabilities		-2 321	-2 826
Adjustments total *		39 435	34 913	Cash flows from financing activities		41 336	220 040
Cash flows from operating activities before changes in operating assets and liabilities*		75 244	54 464	Difference in cash and cash equivalents		273 880	313 272
Increase/decrease in operating assets (-/+)				Cash and cash equivalents, opening balance sheet		1 096 705	783 408
Receivables from credit institutions, other than repayable on demand		13 740	5 867	Difference in cash and cash equivalents		273 880	313 272
Receivables from customers		-630 058	-663 719	Impact of changes in exchange rates		244	25
Investment assets		401 952	71 047	Cash and cash equivalents consist of the following items:			
Other assets		-12 867	-1 319	Cash and cash equivalents	8, 9	1 368 195	1 091 962
Total increase/decrease in operating assets		-227 233	-588 124	Repayable on demand		2 633	4 743
Increase/decrease in operating liabilities (+/-)				Cash and cash equivalents		1 370 828	1 096 705
Liabilities to credit institutions		23 049	108	Interests paid		-17 868	-11 801
Liabilities to customers		372 294	634 765	Dividends received		84	46
Other liabilities		6 704	6 953	Interests received		129 881	101 631
Total increase/decrease in operating liabilities		402 047	641 825	* Cash flows from acquisitions have been adjusted from operating cash flows to investing cash flows since the publication of the financial statements on 31 December 2021.			
Taxes paid		-7 226	-5 072				
Cash flows from operating activities *		242 831	103 094				

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	2022	2021
Interest income	50 579	34 425	27 685	26 606	26 281	139 295	102 925
Interest expenses	-7 048	-3 149	-3 792	-3 618	-3 282	-17 608	-12 583
Net interest income	43 530	31 276	23 893	22 988	22 999	121 687	90 341
Fee and commission income	26 725	25 798	25 591	23 066	30 936	101 179	123 674
Fee and commission expenses	-2 395	-4 391	-3 562	-3 637	-6 408	-13 985	-42 863
Net fee and commission income	24 330	21 407	22 029	19 429	24 528	87 195	80 811
Net income from investing activities	1 398	193	-1 234	2 079	571	2 436	3 107
Dividends	16	3	0	64	9	84	46
Other operating income	1 669	1 264	1 333	6 129	4 835	10 395	12 690
Total income	70 943	54 143	46 021	50 689	52 943	221 796	186 995
Personnel expenses *	-18 011	-14 754	-14 108	-12 533	-19 338	-59 406	-56 146
Other administrative expenses *	-21 593	-19 143	-20 044	-17 672	-21 541	-78 452	-71 017
Depreciation and impairment	-4 424	-3 768	-3 654	-3 455	-3 751	-15 301	-12 985
Other operating expenses	-903	-2 464	-1 669	-6 950	-1 054	-11 986	-6 345
Total expenses	-44 931	-40 129	-39 475	-40 610	-45 684	-165 145	-146 492
Impairment of receivables	-5 373	-3 304	-3 141	-142	-3 064	-11 960	-15 721
Share of the profits of associated companies	1	0	0	0	2	1	2
OPERATING PROFIT (LOSS)	20 641	10 709	3 405	9 937	4 196	44 693	24 784
Income taxes	-4 087	-2 095	-832	-1 870	-1 168	-8 884	-5 233
PROFIT (LOSS) FOR THE PERIOD	16 555	8 614	2 573	8 067	3 028	35 809	19 551
of which:							
To the parent company's shareholders	16 555	8 614	2 573	8 067	3 028	35 809	19 551

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

Consolidated comprehensive income statement

(EUR '000)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	2022	2021
PROFIT (LOSS) FOR THE PERIOD	16 555	8 614	2 573	8 067	3 028	35 809	19 551
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	179	0	0	0	-290	179	-290
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	42	0	0	0	42	-79
Tax effect	-36	-8	0	0	58	-44	74
Items that will not be reclassified to profit or loss	143	34	0	0	-232	177	-296
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	806	-3 556	-11 632	-12 028	-1 732	-26 411	1 262
Tax effect	-140	713	2 293	2 382	339	5 248	-288
Items that may be reclassified subsequently to profit or loss	666	-2 843	-9 339	-9 647	-1 393	-21 163	974
Other comprehensive income items, after taxes	809	-2 809	-9 339	-9 647	-1 625	-20 986	679
COMPREHENSIVE INCOME, TOTAL	17 363	5 805	-6 766	-1 580	1 403	14 823	20 229
of which:							
To the parent company's shareholders	17 363	5 805	-6 766	-1 580	1 403	14 823	20 229

NOTES TO THE FINANCIAL STATEMENTS BULLETIN

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 financial statements bulletin

The financial statements bulletin 1 January–31 December 2022 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The figures in the tables of the financial statements bulletin 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 financial statements bulletin has not been audited.

The financial statements bulletin complies with the accounting policies presented in the financial statements for 2021.

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

The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. The model-based estimate is 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 2022 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	121 687	5	-5		121 687
Net fee and commission income	47 603	39 664	-72		87 195
Net income from investing activities	2 410	26			2 436
Dividends	80		3		84
Other operating income	8 830	595	10 221	-9 250	10 395
Total income	180 610	40 290	10 147	-9 250	221 796
Total expenses*	-106 872	-38 559	-28 963	9 250	-165 145
Impairment of receivables	-11 960				-11 960
Share of the profits of associated companies				1	1
Operating profit (loss)	61 777	1 731	-18 816	1	44 693

External income from Banking was EUR 180 703 thousand and from Wealth Management EUR 39 677 thousand.

Income statement 2021 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	90 496	-142	-12		90 341
Net fee and commission income	41 150	39 742	-82		80 811
Net income from investing activities	3 032	68	7		3 107
Dividends	26		20		46
Other operating income	7 727	282	12 889	-8 209	12 690
Total income	142 432	39 950	12 822	-8 209	186 995
Total expenses*	-90 469	-34 963	-29 269	8 209	-146 492
Impairment of receivables	-15 718		-3		-15 721
Share of the profits of associated companies				2	2
Operating profit (loss)	36 245	4 986	-16 450	2	24 784

External income from Banking was EUR 142 218 thousand and from Wealth Management EUR 39 820 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'.

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

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

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

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

Balance sheet 31 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

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

Material customer business items, as well as the tangible and intangible 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)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	43 420	31 284	23 948	23 035	23 039	121 687	90 496
Net fee and commission income	14 759	11 193	12 145	9 507	13 243	47 603	41 150
Net income from investing activities	1 407	182	-1 255	2 076	539	2 410	3 032
Dividends	16	0	0	64	9	80	26
Other operating income	1 286	879	937	5 728	1 262	8 830	7 727
Total income	60 887	43 538	35 774	40 410	38 092	180 610	142 432
Total expenses	-30 814	-27 658	-25 142	-23 258	-27 491	-106 872	-90 469
Impairment of receivables	-5 373	-3 304	-3 141	-142	-3 064	-11 960	-15 718
Operating profit (loss)	24 700	12 576	7 491	17 009	7 537	61 777	36 245
Wealth Management (EUR '000)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	2022	2021
Net interest income	106	-6	-51	-44	-36	5	-142
Net fee and commission income	9 569	10 281	9 889	9 925	11 323	39 664	39 742
Net income from investing activities	-8	11	20	3	31	26	68
Other operating income	168	116	100	212	63	595	282
Total income	9 835	10 402	9 958	10 096	11 382	40 290	39 950
Total expenses	-10 860	-9 355	-9 652	-8 691	-11 956	-38 559	-34 963
Operating profit (loss)	-1 026	1 047	306	1 404	-574	1 731	4 986

NOTE 4: NET INTEREST INCOME

	2022	2021
Interest income		
Debt securities eligible for refinancing with central banks measured at fair value through other comprehensive income	2 751	2 684
Receivables from credit institutions	3 869	12
Receivables from customers	130 480	98 163
Debt securities measured at fair value through other comprehensive income	1 836	2 653
measured at fair value through profit or loss	45	-847
Derivatives	313	258
Other interest income	2	1
Total interest income using the effective interest method	138 936	103 513
Other interest income	359	-588
Interest income, total	139 295	102 925
Interest income from stage 3 financial assets	2 291	1 848
Interest expenses		
Liabilities to credit institutions	-1 975	-1 868
Liabilities to customers	-6 395	-2 576
Issued bonds	-1 941	-134
Derivatives	-4 177	-6 604
Subordinated debts	-2 674	-1 366
Other interest expenses	-427	-12
Interest expenses on leases	-19	-24
Total interest expenses using the effective interest method	-12 986	-5 944
Other interest expenses	-4 622	-6 640
Interest expenses, total	-17 608	-12 583
Net interest income	121 687	90 341
of which negative interest income	0	-847
of which negative interest expenses, which are included in interest income	-475	-808

NOTE 5: NET FEE AND COMMISSION INCOME

	2022	2021
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	33 240	26 939
From borrowing	3 323	2 728
From payment transactions	17 307	15 669
From legal duties	424	433
From insurance brokerage	1 601	1 445
From issuance of guarantees	34	51
Total fee and commission income from Banking	55 929	47 264
Fee and commission income from Wealth Management		
From funds *	37 974	67 759
From wealth management	2 498	4 066
From property management	3 087	3 352
Total fee and commission income from Wealth Management	43 560	75 177
Fee and commission income from other activities		
From securities brokerage	577	169
Other fee and commission income	1 114	1 063
Total fee and commission income from other activities	1 691	1 232
Fee and commission income, total	101 179	123 674
Fee and commission expenses		
From funds *	-3 552	-33 288
From wealth management	-97	-232
From securities brokerage	-973	-1 542
From card business	-8 494	-6 379
From property management	-292	-313
Banking fees	-466	-527
Other expenses	-112	-581
Fee and commission expenses, total	-13 985	-42 863
Net fee and commission income	87 195	80 811

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

NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

	2022	2021
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	0	25
Changes in fair value	-225	-81
Shares and interests		
Capital gains and losses	6 328	122
Changes in fair value	-4 691	1 654
Derivatives		
Changes in fair value	1 028	-25
Net income from financial assets measured at fair value through profit or loss, total	2 440	1 695
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-316	683
Other income and expenses	-23	-17
Shares and interests		
Capital gains and losses	362	535
Net income from financial assets measured at fair value through other comprehensive income, total	23	1 201
Net income from currency operations	401	362
Net income from hedge accounting		
Net result from hedging instruments	31 097	8 311
Net result from hedged items	-31 527	-8 463
Net income from hedge accounting	-429	-152
Net income from investing activities, total	2 436	3 107

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 18.5 million (21.4) were recognised in the consolidated income statement during the reporting period. Reversals, or recovered credit losses, amounted to EUR 6.6 million (5.7). Consequently, the total net effect on profit of expected and final credit losses was EUR 12.0 million (15.7).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	2022	2021
Receivables written off as credit and guarantee losses	-16 642	-20 324
Reversal of receivables written off	6 572	5 675
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	-2 060	-1 246
Expected credit losses (ECL) on investment activities	171	177
Total	-11 960	-15 718

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

The total ECL provision at the end of the review period was EUR 22.5 million (20.6). The ECL provision increased by EUR 1.9 million during the reporting period. The ECL provision related to stage 3 exposures increased by EUR 3.7 million, mainly due to the growth in defaulted household customer exposures. The coverage ratio of the total portfolio increased to 0.23 per cent (0.22) 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			
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 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 2021 (EUR million)									
Lending to household customers*	4 365.1	-1.7	707.1	-10.4	39.3	-6.3	5 111.5	-18.4	-0.36%
Lending to corporate customers*	982.1	-0.2	20.3	-0.6	0.0	0.0	1 002.3	-0.8	-0.08%
Investing activities**	898.5	-0.4	2.0	-0.1	0.0	0.0	900.5	-0.6	-0.06%
Off-balance sheet commitments***	2 335.0	-0.3	97.9	-0.6	0.5	0.0	2 433.4	-0.9	-0.04%
Total	8 580.6	-2.6	827.3	-11.7	39.8	-6.3	9 447.7	-20.6	-0.22%

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

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

Exposure to credit risk (household customers)

31 Dec 2022 (EUR '000)	Lending to household customers				31 Dec 2021 (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	4 217 771	88 320	0	4 306 091	Category 1	3 570 789	360 914	0	3 931 704
Category 2	334 005	8 871	0	342 876	Category 2	247 879	56 992	0	304 870
Category 3	288 692	10 296	0	298 988	Category 3	215 619	67 371	0	282 990
Category 4	132 924	5 659	0	138 583	Category 4	76 444	43 660	0	120 104
Category 5	239 125	11 552	0	250 678	Category 5	168 320	56 674	0	224 994
Category 6	102 451	42 927	0	145 377	Category 6	83 849	46 970	0	130 819
Category 7	2 436	77 154	0	79 591	Category 7	2 151	74 498	0	76 649
In default	0	0	59 409	59 409	In default	0	0	39 344	39 344
Gross carrying amount	5 317 404	244 780	59 409	5 621 593	Gross carrying amount	4 365 050	707 079	39 344	5 111 473
ECL provision*	-1 438	-9 256	-10 026	-20 720	ECL provision*	-1 734	-10 371	-6 301	-18 406
Net carrying amount	5 315 966	235 525	49 382	5 600 873	Net carrying amount	4 363 317	696 708	33 043	5 093 067

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

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

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

31 Dec 2022 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments				31 Dec 2021 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total		Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Category 1	2 609 370	98	0	2 609 468	Category 1	2 953 617	52 948	0	3 006 565
Category 2	538 713	0	0	538 713	Category 2	423 553	10 350	0	433 903
Category 3	318 178	14	0	318 192	Category 3	270 117	8 809	0	278 926
Category 4	130 189	6	0	130 194	Category 4	314 244	15 682	0	329 927
Category 5	358 479	5 450	0	363 929	Category 5	230 138	4 022	0	234 159
Category 6	25 661	19 548	0	45 209	Category 6	22 247	23 474	0	45 722
Category 7	3 442	7 288	0	10 729	Category 7	1 589	4 928	0	6 517
In default	0	0	656	656	In default	0	0	465	465
Total	3 984 030	32 404	656	4 017 091	Total	4 215 506	120 213	465	4 336 184
ECL provision*	-697	-1 081	-38	-1 815	ECL provision*	-914	-1 297	-29	-2 240

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

The following tables describe transfers and changes in expected credit losses during the financial year. The tables present the reconciliation between the opening and closing balances of the loss allowance. Changes in risk parameters reduced the ECL provision by EUR 2.0 million compared to the situation at the beginning of the financial year. This item is affected by estimates from risk models and changes in provisions based on the management judgement, for example. The estimates from risk models were affected by updates in ECL calculation, which decreased ECL provision approximately by EUR 2.1 million. The changes in management judgement increased ECL provision approximately by EUR 1.6 million during the financial year. The changes in ECL calculation and management judgement are described further in chapter credit risk.

Reconciliation of expected credit losses (household customers)

31 Dec 2022 (EUR '000)	Household customers			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
ECL 1 Jan 2022	1 734	10 371	6 301	18 406
Transfers from Stage 1 to Stage 2	-255	3 951	0	3 696
Transfers from Stage 1 to Stage 3	-55	0	2 356	2 301
Transfers from Stage 2 to Stage 1	102	-3 101	0	-2 999
Transfers from Stage 2 to Stage 3	0	-882	3 392	2 511
Transfers from Stage 3 to Stage 1	2	0	-287	-285
Transfers from Stage 3 to Stage 2	0	107	-785	-678
Changes in the risk parameters	-404	-1 136	-164	-1 703
Increases due to origination and acquisition	555	1 592	911	3 058
Decreases due to derecognition	-209	-835	-549	-1 593
Decrease in the allowance account due to write-offs	-31	-813	-1 150	-1 994
Net change in ECL	-295	-1 116	3 726	2 314
ECL 31 Dec 2022	1 438	9 256	10 026	20 720

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

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
ECL 1 Jan 2022	914	1 297	29	2 240
Transfers from Stage 1 to Stage 2	-20	278	0	258
Transfers from Stage 1 to Stage 3	-1	0	12	12
Transfers from Stage 2 to Stage 1	12	-306	0	-294
Transfers from Stage 2 to Stage 3	0	-12	7	-5
Transfers from Stage 3 to Stage 1	0	0	-13	-13
Transfers from Stage 3 to Stage 2	0	2	-1	1
Changes in the risk parameters	-128	-194	1	-322
Increases due to origination and acquisition	178	269	10	458
Decreases due to derecognition	-258	-192	-5	-455
Decrease in the allowance account due to write-offs	-1	-62	-2	-65
Net change in ECL	-217	-217	9	-425
ECL 31 Dec 2022	697	1 081	38	1 815

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

Financial assets, fair values 31 Dec 2022	Level 1	Level 2	Level 3	Fair value, total	Carrying amount	Financial assets, fair values 31 Dec 2021	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		1 368 195		1 368 195	1 368 195	Cash and cash equivalents		1 091 962		1 091 962	1 091 962
Receivables from credit institutions		9 843		9 843	9 215	Receivables from credit institutions		25 022		25 022	25 064
Receivables from customers		6 993 283		6 993 283	6 695 255	Receivables from customers		6 495 290		6 495 290	6 086 022
Total		8 371 322		8 371 322	8 072 665	Total		7 612 275		7 612 275	7 203 049
Financial assets measured at fair value through profit or loss						Financial assets measured at fair value through profit or loss					
Debt securities		1 979		1 979	1 979	Debt securities		252 056		252 056	252 056
Derivatives		24 261		24 261	24 261	Derivatives		582		582	582
Shares and interests	7 226	12 687		19 913	19 913	Shares and interests	18 208	12 573	61	30 843	30 843
Total	7 226	38 927		46 153	46 153	Total	18 208	265 211	61	283 480	283 480
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	539 811	18 923		558 734	556 923	Debt securities eligible for refinancing with central banks	642 251	44 563		686 814	684 859
Debt securities	135 614	3 500		139 114	137 806	Debt securities	204 420	9 261		213 681	212 172
Shares and interests		631	121	752	752	Shares and interests		605	128	732	732
Total	675 425	23 053	121	698 600	695 481	Total	846 671	54 429	128	901 227	897 764
Fair values of assets, total	682 652	8 433 302	121	9 116 075	8 814 299	Fair values of assets, total	864 879	7 931 914	189	8 796 982	8 384 293

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

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

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

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

Transfers between Levels 1 and 2

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

Changes at Level 3	Shares and interests
Shares and interests, carrying amount 1 Jan 2022	127
Other changes	-6
Shares and interests, carrying amount 31 Dec 2022	121

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

NOTE 9: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 31 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 assets 31 Dec 2021	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	1 091 962				1 091 962
Debt securities eligible for refinancing with central banks		684 859			684 859
Receivables from credit institutions	25 064				25 064
Receivables from customers	6 086 022				6 086 022
Debt securities		212 172	252 056		464 228
Derivatives			41	540	582
Shares and interests		732	30 843		31 575
Total	7 203 049	897 764	282 940	540	8 384 293

Classes of financial liabilities 31 Dec 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

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

NOTE 10: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	31 Dec 2022			31 Dec 2021		
	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	612 200	23 283	-3	531 200	540	-8 285
Total interest rate derivatives designated for hedge accounting	612 200	23 283	-3	531 200	540	-8 285
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	30 000	978	-4	50 000	41	-98
Total interest rate derivatives, other than for hedging purposes	30 000	978	-4	50 000	41	-98
Total derivatives	642 200	24 261	-7	581 200	582	-8 383

Maturities of derivatives	31 Dec 2022				31 Dec 2021			
	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	245 000	317 200	50 000	612 200	69 000	422 200	40 000	531 200
For non-hedging purposes								
Interest rate derivatives	20 000	0	10 000	30 000	30 000	10 000	10 000	50 000
Total derivatives	265 000	317 200	60 000	642 200	99 000	432 200	50 000	581 200

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

31 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	694 729	0	23 762	0	Debt securities	-31 527
Hedged items, total	694 729	0	23 762	0		-31 527

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
	Hedging instrument	Hedged item	Hedging instrument			
Hedged item						
Debt securities	Interest rate derivatives	-31 527	31 097	-429		Net income from investing activities: Net income from hedge accounting

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

31 Dec 2021	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	841 394	0	7 719	0	Debt securities	-8 463
Hedged items, total	841 394	0	7 719	0		-8 463

31 Dec 2021	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	-8 463	8 311	-152	Net income from investing activities: Net income from hedge accounting	

The accounting policies for hedge accounting are described in the Group's accounting policies under Derivates and hedge accounting.

NOTE 11: ISSUED BONDS

	31 Dec 2022		31 Dec 2021		Interest	Maturity
	Carrying amount	Nominal value	Carrying amount	Nominal value		
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	169 946	170 000	169 699	170 000	Euribor 3 m + 0.75%	4 Apr 2025
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 2	49 324	50 000	0	0	Euribor 3 m + 0.75%	4 Apr 2025

NOTE 12: SUBORDINATED DEBTS

	31 Dec 2022		31 Dec 2021		Interest	Maturity
	Carrying amount	Nominal value	Carrying amount	Nominal value		
Debenture I/2016 *	17 333	17 333	21 667	21 667	Euribor 12 m + 1.8%	30 Jun 2026
Debenture I/2017	6 666	6 666	8 000	8 000	Euribor 12 m + 1.8%	18 Dec 2027
Debenture I/2020	25 500	25 500	25 500	25 500	Euribor 12 m + 2.0%	1 Dec 2030
Debenture I/2021	57 500	57 500	57 500	57 500	Euribor 12 m + 2.0%	8 Oct 2031

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

NOTE 13: COLLATERAL GIVEN

	Other collateral	
	31 Dec 2022	31 Dec 2021
Collateral given for own debt		
Liabilities to credit institutions	170 543	181 632
Derivatives	5 171	13 660
Collateral given for own debt, total	175 714	195 292
of which cash	5 171	13 660
of which securities	170 543	181 632
Other collateral given on own behalf	357	362
of which cash	357	362

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

NOTE 14: OFF-BALANCE SHEET COMMITMENTS

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

	31 Dec 2022	31 Dec 2021
Guarantees	2 539	9 722
Other commitments given to third parties	93	150
Undrawn credit facilities	188 334	258 147
Off-balance sheet commitments, total	190 967	268 019

The expected credit loss on off-balance sheet items is EUR 841 thousand (870 thousand).

NOTE 15: RELATED PARTIES

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

NOTE 16: EVENTS AFTER THE REVIEW PERIOD

S-Bank raised its S-Prime interest rate once after the end of the review period. The decision was based on the increase in market rates. 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 most recent interest rate change came into force on 10 January 2023, after which the interest rate was 1.5 per cent.

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

FINANCIAL CALENDAR

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

3 March 2023: Annual report for 2022

9 May 2023: Interim report January-March

4 August 2023: Half year report

9 November 2023: Interim report January-September

2 February 2024: Financial statements bulletin for 2023

