S-BANK FINANCIAL STATEMENTS BULLETIN 1 JAN–31 DEC 2023

S BANK

RECORD HIGH RESULT – INTEREST IN OUR SERVICES WAS STRONG

Riikka Laine-Tolonen, CEO

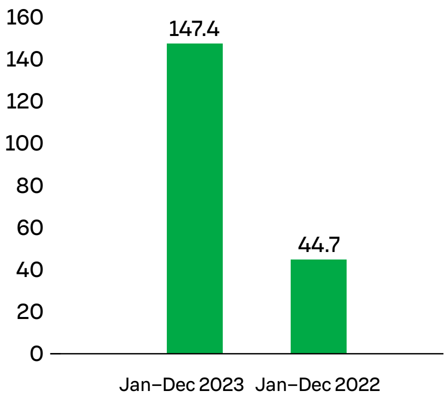
"The rise in interest rates and S-Bank's sustained growth helped the S-Bank Group achieve a record result. The number of active customers grew by 11.5 per cent and at the end of December S-Bank had around 660 000 active customers."

JANUARY–DECEMBER 2023

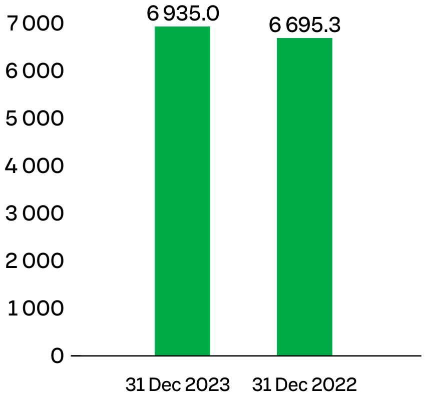
- Lending increased to EUR 6.9 billion (6.7)
- Assets under management increased to EUR 6.2 billion (5.9)
- Operating profit increased to EUR 147.4 million (44.7)
- The capital adequacy ratio increased to 18.8 per cent (16.3)

The S-Bank Group's operating profit was EUR 147.4 million (44.7). The improvement in performance and key figures was especially driven by a strong 125.6 per cent increase in the net interest income which was supported by a steady growth of S-Bank. Total income increased by 67.4 per cent. The cost-to-income ratio was 0.51 (0.74) and return on equity was 20.1 per cent (6.9).

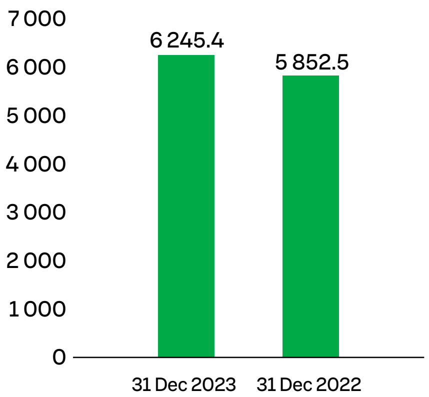
Operating profit (EUR million)



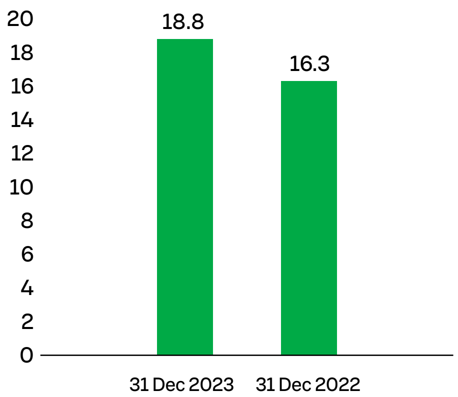
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2024

S-Bank's guidance for 2024 is negatively affected by three factors. The development and integration costs related to the Handelsbanken transaction and the financing costs related to completing the transaction will have the most significant impact on the result. We also expect interest rates to settle at lower level than in the previous year, which will have a downward impact on earnings performance. The outlook for 2024 is also subject to uncertainties regarding the performance of the operating environment, the economy, employment and the real estate market. We expect operating profit for the whole year to decline by approximately a quarter from the previous year (EUR 147.4 million).

DIVIDEND

S-Bank's Board of Directors proposes a dividend of EUR 1.50 (0.75) per share.

KEY FIGURES

(EUR million)	2023	2022	Change	Q4 2023	Q4 2022	Change
Net interest income	274.5	121.7	125.6%	78.8	43.5	81.0%
Net fee and commission income	93.7	87.2	7.4%	26.2	24.3	7.5%
Total income	371.3	221.8	67.4%	104.9	70.9	47.8%
Operating profit	147.4	44.7	229.8%	43.5	20.6	110.8%
Cost-to-income ratio	0.51	0.74	-0.23	0.51	0.74	-0.23

(EUR million)	31 Dec 2023	31 Dec 2022	Change
Liabilities to customers, deposits	8 175.9	7 925.6	3.2%
Receivables from customers, lending	6 935.0	6 695.3	3.6%
Debt securities	699.0	696.7	0.3%
Equity	649.3	524.2	23,8 %
Expected credit losses (ECL)	37.3	22.5	65.7%
Assets under management	6 245.4	5 852.5	6.7%
Return on equity	20.1%	6.9%	13.2
Return on assets	1.2 %	0.4%	0.8
Equity ratio	6.5%	5.9%	0.6
Capital adequacy ratio	18.8%	16.3%	2.5

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

CEO'S REVIEW

S-Bank's growth story continued in a strong direction in 2023 based on many measures. Operating profit tripled on the previous year and amounted to EUR 147.4 million. The main reasons for the excellent result were the increase in interest rates and S-Bank's sustained growth. During 2023, we gained 68 000 new active customers, which meant that at the end of the year we had around 660 000 active customers.

I am really pleased that so many customers feel that they can trust us and have chosen S-Bank as their main bank. In these uncertain economic times, the benefits that we offer to our co-op members, such as free everyday services, are increasingly popular. The interest in S-Bank's services was also reflected in the growth rate of loans and deposits that exceeded market growth. Our lending increased by 3.6 per cent and was EUR 6 935.0 million. According to the latest available information, the housing loan volume for the financial institutions operating in Finland had declined by 1.9 per cent during the preceding 12-month period in November. S-Bank's housing loan volume grew by 2.2 per cent in the same period. The number of unit holders in our funds also increased in 2023, and S-Bank served a total of 391 000 fund savers (361 000). After a decline in the previous year, assets under management returned to a growth path and were EUR 6.2 billion (5.9) at the end of the year.

The growth in the number of active customers was also evident in the strong increase in purchases made with our cards. In 2023, the euro amount of purchases made with the S-Etukortti Visa card grew by 19 per cent and the number of card purchases grew by 19.1 per cent year-on-year. In 2023, co-op members of S Group's regional cooperatives paid 25.5 per cent of their bonus purchases with an S-Bank card.

Although the general level of interest rates has started to decline, people still have a sense of uncertainty about their daily lives and a lack of confidence in their own finances and the Finnish economy. I am proud of the fact that in a year such as this one, we have taken small, practical steps to make life easier for our co-op members. We reviewed the S-Prime interest rate four times during the year, which raised the deposit rate paid on S-Accounts to 0.5 per cent. We differ from the mainstream also in the fact that we pay interest that is calculated separately on each day's balance, rather than based on the lowest balance of the month. We started offering housing loans without an origination fee from October and will continue to do so until the end of March 2024. We will continue to provide basic banking services free of charge.

Our growth is accelerating. The next chapter in the S-Bank story will begin in 2024 as we set our sights on moving up to a new size category in the coming strategy period and becoming the fourth largest bank for household customers in Finland. Our strategic goal is to be serving one million active customers by the end of 2027 and to significantly increase the number of customers who use a broad range of S-Bank's services.

We laid a stable foundation for this new phase of growth in 2023, when we announced that we were going to acquire Handelsbanken's Finnish household customer, asset management and investment services businesses. During the year, we received the necessary approvals from the authorities. The work to receive the new customers and personnel has got off to a rapid start and is progressing according to plan. The transaction is being financed through a share issue to our shareholders and debt financing from the market. As part of our EUR 3 billion bond programme, we issued a EUR 500 million covered bond in September and a EUR 150 million bond in November. Both bonds have been well received, which reflects the investors' confidence.

I am eagerly looking forward to welcoming our new customers and colleagues in the second half of 2024. S-Bank ranks among the most desirable employers according to surveys published during 2023. We are also the most respected brand in the banking sector in Finland for the sixth year in a row, according to the Taloustutkimus market research company. This feedback provides a good basis both for the Handelsbanken acquisition and for developing our services to make them even more user-friendly and accessible.

At the same time that we are accelerating growth through the business acquisition, we are also building an even stronger foundation and continue to develop our risk management. In the coming strategic period, we will focus on three key change areas that support achieving our goals: Handelsbanken integration, renewing service model and support growth with more scalable operating models.

Our record result creates a good basis for business development. It also means that the bank's capital adequacy is developing favourably. We are a fully Finnish bank, and we combine the retail trade and banking in a unique way for co-op members. The dividends we pay also ultimately benefit our co-op members.

I'd like to say a big thank you for 2023 to all our customers, our highly skilled and committed personnel, our partners, our bond investors and our owners. It has been a privilege to lead S-Bank this year.

Wishing you all a wonderful year of growth in 2024!

RIIKKA LAINE-TOLONEN
CEO

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OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

FUNDING, CREDIT RATINGS AND CAPITAL ADEQUACY

As part of the EUR 3.0 billion bond programme, S-Bank Plc issued a Senior Preferred MREL Eligible Notes 1/2023 bond on 23 November 2023 with a nominal value of EUR 150 million. The bond's maturity date is 23 November 2026 and floating interest will be paid. The interest rate is the 3-month Euribor plus a margin of 230 basis points. The issue in November was well received by investors.

S-Bank issued its first covered bond on 26 September 2023 as part of its EUR 3.0 billion bond programme. The nominal value of the covered bond is EUR 500 million. The bond's maturity date is 26 September 2028 and annual interest of 3.75% will be paid. Demand for the issue was high and the loan was oversubscribed.

Both bonds have been accepted for trading on the official list of Nasdaq Helsinki Ltd.

In October, FIN-FSA announced its decision to impose an additional capital recommendation (Pillar 2 Guidance, P2G) of 0.75% of the total risk exposure to S-Bank Plc. The P2G is valid until further notice as of 31 March 2024. S-Bank's capital adequacy exceeds the set recommendation.

On 26 September 2023, S&P Global Ratings (S&P) credit rating agency assigned an AAA rating to S-Bank's bond programme and its first covered bond issue. The outlook for the rating is stable. The covered bonds are secured by S-Bank's cover pool of residential mortgage loans in Finland. S-Bank is committed to maintaining the excess collateral required by S&P's AAA credit rating. S&P assigned a preliminary and identical credit rating to the programme and its anticipated inaugural issuance on 28 August 2023.

In its report on 29 June 2023, S&P raised its outlook for future performance from stable to positive. At the same time, S&P affirmed its BBB long-term issuer credit rating and A-2 short-term issuer credit rating for S-Bank. S&P also affirmed its Resolution Counterparty Ratings (RCR) for S-Bank. The RCR credit rating of long-term borrowing is BBB+ and that of short-term borrowing is A-2.

On 6 June 2023, FIN-FSA imposed a discretionary additional capital requirement for S-Bank as part of its normal annual supervisory review and evaluation process. The new additional capital requirement is 2.00 per cent, compared to the previous 1.50 per cent. The new requirement is valid until further notice from 31 December 2023 with expiry on 31 December 2026 at the latest.

ACQUISITION OF HANDELSBANKEN'S FINNISH OPERATIONS

On 17 July 2023, the Finnish Competition and Consumer Authority approved a transaction in which S-Bank Plc will acquire the Finnish household customer, asset management and investment services businesses of Svenska Handelsbanken AB (Handelsbanken). The notification regarding the transaction was submitted to the Finnish Competition and Consumer Authority on 6 July 2023. The Finnish Competition and Consumer Authority gave approval of the transaction for Fennia Life Insurance Company Ltd (Fennia) on 4 July 2023 and for Oma Savings Bank Plc (OmaSp) on 24 July 2023.

S-Bank announced the transaction on 31 May 2023. In the transaction Handelsbanken will sell its Finnish retail banking, asset management and investment services businesses to S-Bank, its SME business to OmaSp and its life insurance business, including investment, pension and loan insurance, to Fennia.

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

CHANGES IN MANAGEMENT AND ANNUAL GENERAL MEETING

On 21 December 2023, S-Bank announced that Jarmo Parkkonen (LLM, MSc., Econ.) had been appointed S-Bank's Business Risk Officer and a member of the Group Management Team. Parkkonen will take up his role on 2 April 2024. Business Risk Officer (BRO) is a new role, and its purpose is to strengthen the bank's risk management practices.

Riikka Laine-Tolonen, M.Sc. (Econ.) has been S-Bank's CEO since 26 April 2023. Before that, Hanna Porkka, M.Sc. (Econ.) CEFA, was the Interim CEO of S-Bank Plc.

Hanna Porkka, who was in charge of the Wealth Management business, left her position at S-Bank Group as Head of the Wealth Management business and her role was taken over until further notice by Teri Heilala, Porkka's deputy. Heilala also joined the S-Bank Group Management Team. The change in the S-Bank Group's Management Team was announced on 29 September 2023. The search process for Porkka's successor was still in progress at the end of 2023.

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

RESPONSIBILITY AND SERVICE DEVELOPMENT

S-Bank raised its S-Prime interest rate four times during 2023. S-Prime is S-Bank's own reference rate and it is used as the reference rate for deposits and some types of loans. After the changes to the S-Prime interest rate, the deposit rate payable on S-Accounts has been 0.5 per cent since 12 October 2023. The decisions were based on the increase in market rates.

In November 2023, S-Bank announced the new S-Bank Climate Target World Equity Fund. The fund's focus is on investing in companies worldwide that are providing solutions for societies in their transition towards a low-carbon future.

On 19 October 2023, S-Bank announced that it would offer all home buyers an S-Bank housing loan without an origination fee until the end of March 2024. This allows S-Bank to support its customers in buying a new home in a changing market situation.

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

The mutual funds S-Pankki Fenno Osake and S-Bank High Yield Europe ESG Yield received prestigious Lipper awards in a total of three categories on 19 April 2023.

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

CUSTOMER EXPERIENCE AND BRAND

There was positive news about the attractiveness of the S-Bank brand during 2023. According to a list published by the Duunitori job-hunting service on 5 October 2023, S-Bank was among the most interesting employers in its sector. Eezy Flow, a company that carries out employee surveys, granted S-Bank the Finland's most inspiring workplaces award for the third consecutive year.

For the fourth year in a row, S-Bank's customer loyalty received the highest scores in the financial sector in the Finnish Direct Marketing Association (FIDMA) Customer Loyalty Index survey 2023, which was published on 7 November 2023. In addition, according to EPSI Rating's bank and finance 2023 survey, S-Bank has the most loyal customers in the banking and finance sector. The survey was published on 18 September 2023. Finns rated S-Bank as the most respected banking brand in the Brändien arvostus 2023 (Brand perception) survey carried out by the Taloustutkimus market research company on 31 August 2023. This is the sixth consecutive year that S-Bank has been rated the most respected brand in the banking sector.

In a 2023 survey on satisfaction and trust in banking services, commissioned by the loan comparison service Sortter and conducted by Taloustutkimus, S-Bank's customers were the most satisfied with their bank for the fourth consecutive year. The survey was published on 29 March 2023.

For the eleventh consecutive year, Finns elected S-Bank as the most responsible bank in Finland in the annual Sustainable Brand Index survey published by the research company SB Insight on 21 March 2023. According to a financial sector trust and reputation survey (Finanssialan Luottamus & Maine 2022) conducted in 2022 and published by the research company T-Media on 10 March 2023, S-Bank has the best reputation in the Finnish financial sector together with Nordnet.

STRATEGY AND LONG-TERM OBJECTIVES

In December, S-Bank's Board of Directors confirmed the company's strategy and financial targets for the strategy period 2024–2027. By the end of the strategy period, our aim is to have one million active customers and to be the fourth largest bank for household customers in Finland. We aim to achieve this goal by focusing on three key areas of change: Integration of the Handelsbanken transaction, renewal of the service model and improvement of the scalability of operations.

The merger of Handelsbanken's household customer, asset management and investment services operations into S-Bank will provide many new customers, competent personnel and a new kind of service network. The transaction will significantly increase our housing loan volume and total deposits, as well as our asset management business, where we will also start cooperation by distributing Handelsbanken's funds in Finland. S-Bank will continue to be a bank primarily for the S Group's co-op members, and during the strategy period we will continue to provide the benefits that we offer to them, such as free basic banking services.

In addition to one million active customers, our goal is that in the future more and more customers will focus their banking needs with S-Bank. The banking market is very competitive, so we will need to become a more customer-centric and digital-driven bank. During the strategy period, S-Bank's service model will be renewed to make it clearer and more mobile-oriented. Our aim is to ensure that the benefits and services that are just right for each customer are easily available through S-mobiili. We will also offer our customers even more comprehensive financial advice suited to their different life situations, and the personnel transferring from Handelsbanken will bring us additional strong expertise in this area. In addition to effortless transactions and expert advice, we encourage customers to use S-Bank's services comprehensively by offering benefits that grow the more customers centralise their banking with us.

In order to enable S-Bank to grow profitably and by improving the customer experience, we are investing significantly in improving the scalability of our operations. We make it possible for customers to handle routine matters with self-service features in S-mobiili, we will streamline our internal processes and free up the time for our expert personnel so they can provide advisory services that produce added value. In addition, the increase in the use of remote advisory services allows experts to use their time more efficiently. Alongside the services provided to co-op members, private banking, institutional asset management and corporate business focused on financing housing companies support the Group's growth and profitability.

In addition to these areas, during the strategy period we will focus on themes cross-cutting the organisation: digitalisation and technology, sustainability, compliance with regulations, strengthening risk management, skilled personnel and customer-oriented operations.

Our transformation into a more digitally driven bank means that we must focus on developing our digital capabilities. The creation of a mobile-oriented service model and the improvement of scalability will be supported by the necessary investments in systems and technology. We will increase the use of data in decision-making, risk management and development of operations, and selectively upgrade the bank's IT infrastructure. We will leverage new technologies, such as artificial intelligence solutions, to meet customer and business needs.

Our goal is to further strengthen S-Bank's position as the Finnish bank that is perceived to be most responsible, and this will require continuous improvement of our operations and transparency. As a bank with more than 3 million customers, we have a unique opportunity to improve people's financial wellbeing and equity throughout Finnish society. Environmental responsibility and climate change mitigation also play an important role in the development of our operations and services. As part of the implementation of our strategy, we will create a responsibility programme for S-Bank, and the content of this will be defined in more detail during 2024.

The regulatory environment is constantly evolving, which means significant investments will be required to develop S-Bank's operations in the coming years. We will improve our risk management resources and processes, especially in the first line of defence. We will develop risk reporting and risk-based business management and implement the changes to services that are required by regulation. We are constantly striving to boost and streamline our regulatory and risk management processes so that the related workload does not slow the bank's development in other areas.

The integration of the operations that will transfer to S-Bank in the Handelsbanken business acquisition and the implementation of other changes during the strategy period will require the creation of uniform and more customer-oriented operating methods. We prioritise customer focus, especially when defining roles, responsibilities and objectives, and in developing personnel skills. By systematically developing our management and expertise, we aim to ensure that we achieve our targets and maintain a high level of personnel satisfaction.

S-Bank also aims to maintain a strong capital adequacy position, with a capital adequacy ratio of at least 1.5 percentage points above the minimum level set at any given time by the authorities. The minimum level for the total capital adequacy ratio was 12.54 per cent at the end of the review period.

The target for dividend payments is set out separately in the dividend policy decided by the Board of Directors in force at any given time. According to the policy valid at the end of the review period, S-Bank's target is to pay shareholders a steady and growing dividend annually of 5 to 15 per cent of the financial year's after-tax profit.

S-Bank's key areas of change during the 2024–2027 strategy period:

1. Integration of the Handelsbanken Transaction	**2. Renewing the service model**	**3. Improving the scalability of Operations**

S-Bank's long-term financial targets:

Cost efficiency	Return on equity
Cost-to-income ratio below 60 per cent	Overt 10 per cent

OPERATING ENVIRONMENT

As we entered 2023 the mood was cautious. However, in the end there were both positive surprises and weaker developments in the economy. Adjusting to the higher interest rates was a key factor steering the economy and financial markets last year. Globally, the impacts varied, and the differences between countries were considerable. The world's largest economy, the United States, fared better than expected, and the recession concerns of the beginning of the year eventually turned into economic growth of over 2 per cent. In Europe, economic growth was slowed more noticeably by the rising interest rates. The Finnish economy slid into a mild recession at the end of the year, as GDP is expected to have contracted in the last two quarters of the year.

Interest rates rose significantly around the world during the year, as the sharp rise in prices following the pandemic forced central banks to raise their rates. The European Central Bank raised its interest rates six times, and the deposit rate rose to 4 per cent at the end of the year. In the United States, five rate hikes raised the fed funds rate to 5.5 per cent. This is a huge change considering that two years ago interest rates were close to zero or even negative. Towards the end of the year, the upward pressure on prices began to ease markedly, at which point the interest rate hikes also came to an end and discussion turned to possible future rate cuts.

Economic growth slowed broadly across the world, but the most severe slowdown was felt in the most interest-sensitive countries. In Finland, the use of variable-rate loans is widespread, so the impact of rising interest rates was clearly greater here than in many other countries. Consumption and investment both started to decline once the interest rates had risen. The industry structure also affected economic growth. Manufacturing slowed much more than services, so the economic slowdown was most pronounced in economies dominated by manufacturing, such as Finland and Germany. By contrast, countries that rely on services, such as the United States, fared better than had been expected at the start of the year.

Elsewhere in the world, China kept its growth on track with government stimulus, even though no overall solutions were found to the problems in the real estate sector. Russia's war of aggression in Ukraine continued. The direct economic impacts of the war are limited, but it is a permanent risk and indicates the worsening direction of geopolitics.

The financial markets were divided. Driven by the United States, global stock markets rallied. Shares rose by more than 20 per cent in the United States. However, there were large differences between countries, as equities in Finland and China, for example, remained in negative territory. Bond yields continued to rise until late October pushed by inflation concerns, but there was a strong change in sentiment at the end of the year. Yields plummeted as the inflation outlook improved and central banks announced that rate hikes were likely to be over.

The real estate market slowed significantly due to the rising interest rates. Transaction volumes fell and prices dropped as the markets sought new levels. Market activity started to improve gradually towards the end of the year as buyers' and sellers' expectations adjusted to the new, lower price level. Construction slowed sharply, which will be reflected in the completion of new properties in the coming years.

FINANCIAL POSITION

Key figures

(EUR million)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	2023	2022
Net interest income	78.8	74.8	66.1	54.8	43.5	274.5	121.7
Net fee and commission income	26.2	22.6	23.0	22.0	24.3	93.7	87.2
Total income	104.9	95.9	90.6	80.0	70.9	371.3	221.8
Operating profit	43.5	46.3	32.2	25.4	20.6	147.4	44.7
Cost-to-income ratio	0.51	0.54	0.61	0.69	0.74	0.51	0.74

(EUR million)	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Liabilities to customers, deposits	8 175.9	8 172.6	8 221.9	7 927.8	7 925.6	8 175.9	7 925.6
Receivables from customers, lending	6 935.0	6 895.7	6 862.1	6 777.7	6 695.3	6 935.0	6 695.3
Debt securities	699.0	689.2	743.0	727.9	696.7	699.0	696.7
Equity	649.3	609.3	569.1	546.8	524.2	649.3	524.2
Expected credit losses (ECL)	37.3	33.7	31.5	24.2	22.5	37.3	22.5
Assets under management	6 245.4	6 038.0	6 139.1	5 997.2	5 852.5	6 245.4	5 852.5
Return on equity	20.1%	17.9%	13.3%	9.1%	6.9%	20.1%	6.9%
Return on assets	1.2%	1.1%	0.8%	0.5%	0.4%	1.2%	0.4%
Equity ratio	6.5%	6.2%	6.1%	6.1%	5.9%	6.5%	5.9%
Capital adequacy ratio	18.8%	18.1%	17.3%	16.8%	16.3%	18.8%	16.3%

RESULT OCTOBER–DECEMBER 2023

S-Bank Group's operating profit for October–December increased year-on-year and was EUR 43.5 million (20.6).

INCOME

Total income increased to EUR 104.9 million (70.9), an increase of 47.8 per cent. Net interest income grew by 81.0 per cent, totalling EUR 78.8 million (43.5). Net fee and commission income was EUR 26.2 million (24.3). Net income from investing activities were EUR -2.1 million (1.4). The change was due to changes in the fair value of investments measured at fair value through profit or loss. Other operating income totalled EUR 2.0 million (1.7).

EXPENSES

Operating expenses totalled EUR 52.2 million (44.9). This represents an increase of 16.2 per cent on the previous year. Personnel expenses accounted for EUR 19.6 million (18.0) of operating expenses. The change was due to an increase in the number of personnel. Other administrative expenses were EUR 27.0 million (21.6). The change is mainly due to an increase in IT and development, posting and consultancy costs.

Depreciation and impairment of tangible and intangible assets amounted to EUR 4.6 million (4.4). Other operating expenses totalled EUR 1.0 million (0.9).

EXPECTED AND FINAL CREDIT LOSSES

In the fourth quarter, expected and final credit losses of EUR 11.1 (7.1) million were recognised in the consolidated income statement. Reversals, or recovered credit losses, amounted to EUR 1.9 million (1.8). Consequently, the total net effect on profit of expected and final credit losses was EUR 9.2 million (5.4). During the last quarter of the year, LGD risk parameter floors were implemented based on management judgement. Impact of parameter floors were EUR 5.3 million. Previous macroeconomic provisions based on management judgement were reversed by a similar amount. The change thus allocated provisions on a more risk-based basis than previously. Expected and final credit losses are described in chapter Risks, capital adequacy and their management in paragraph Credit risk and in note 7.

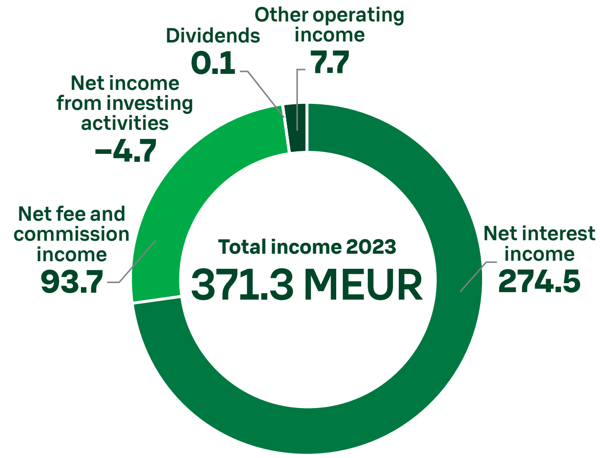
RESULT AND BALANCE SHEET JANUARY–DECEMBER 2023

S-Bank Group's operating profit was EUR 147.4 million (44.7). The profit for the period after taxes was EUR 118.0 million (35.8). Return on equity increased to 20.1 per cent (6.9).

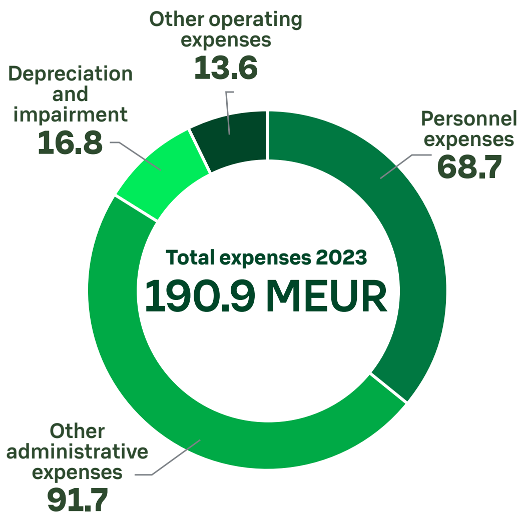
INCOME

During the review period, total income increased significantly. Total income amounted to EUR 371.3 million (221.8), a growth of 67.4 per cent.

Net interest income increased by 125.6 per cent, totalling EUR 274.5 million (121.7). Net interest income increased significantly due to higher interest rate levels. Net interest income has increased in every quarter from the beginning of the year 2022. Net fee and commission income increased by 7.4 per cent to EUR 93,7 million (87.2). The change was mainly due to the growth in the fees from card payments. Net income from investing



activities decreased and was EUR -4.7 million (2.4). The change was due to changes in the fair value of investments measured at fair value through profit or loss and changes in the allocation of the investment portfolio. Other operating income decreased to EUR 7.7 million (10.4). Other operating income for the comparison period includes EUR 3.8 million in revenue from sales of receivables previously recognised as credit losses.



EXPENSES

Operating expenses totalled EUR 190.9 million (165.1) during the review period. This is 15.6 per cent more year-on-year, mainly due to an increase in personnel expenses, IT and development costs and government fees but also acquisition-related advisory costs. Personnel expenses accounted for EUR 68.7 million (59.4) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions.

Other administrative expenses totalled EUR 91.7 million (78.5). The increase is mainly due to an increase in IT and development costs as well as costs related to the announced acquisition. Depreciation and impairment of tangible and intangible assets amounted to EUR 16.8 million (15.3). Other operating expenses totalled EUR 13.6 million (12.0), which includes EUR 9.6 million (6.7) in financial stability contribution and deposit guarantee contribution. Losses from fraudulent events recognised in other operating expenses decreased to EUR 0.8 million (1.9).

EXPECTED AND FINAL CREDIT LOSSES

Expected and final credit losses of EUR 40.0 million (18.5) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 7.0 million (6.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 33.0 million (12.0). EUR 14.8 million of ECL provisions were made during the review period which is the main reason for the increase.

Changes in provisions based on management judgement increased the ECL provision by EUR 1.7 million during the financial year. The management judgement was increased because higher interest rates and prices were expected to weaken households' ability to pay. At the end of the financial year, LGD risk parameter floors were implemented based on management judgement. Impact of parameter floors were EUR 5.3 million. Previous provisions based on management judgement were reversed by a similar amount. The change thus allocated provisions on a more risk-based basis than previously. In addition, the modelling of forward-looking information was updated during the financial year, which increased ECL provisions estimated by credit risk models EUR 2.6 million.

In the comparison period, the updated calculation of expected credit losses had a positive impact and the ECL was lower.

DEPOSITS

Total deposits were EUR 8 175.9 million (7 925.6) at the end of the review period. Deposits repayable on demand totalled EUR 7 581.6 million (7 845.4) and time deposits EUR 594.3 million (80.2) at the end of the review period. During the past 12 months, total deposits grew by 3.2 per cent. Household customers' deposit portfolio grew by 5.4 per cent on the previous year and was EUR 7 462.2 million. Corporate customers' deposit portfolio decreased by 15.7 per cent on the previous year and was EUR 713.7 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6 964.1 million (6 580.2).

LENDING

At the end of the review period, the loan portfolio totalled EUR 6 935.0 million (6 695.3). During the past 12 months, the loan portfolio grew by 3.6 per cent. The household loan portfolio grew by 2.9 per cent on the previous year and was EUR 5 750.3 million. The corporate loan portfolio grew by 7.1 per cent on the previous year and was EUR 1 184.7 million.

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

LIQUIDITY PORTFOLIO AND INVESTING ACTIVITIES

At the end of the review period, the bank's debt securities totalled EUR 699.0 million (EUR 696.7 million at the end of 2022). Deposits in central banks and cash totalled EUR 2 207.0 million (1 368.2). The growth was influenced by the covered and unsecured bond issues. 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 649.3 million, compared with EUR 524.2 million at the end of 2022. Equity was increased, in addition to excellent performance development, by positive value change of fair value reserve. The equity ratio was 6.5 per cent (5.9).

ASSETS UNDER MANAGEMENT

Assets under management were EUR 6 245.4 million (5 852.5) at the end of the review period. Of assets under management, fund capital accounted for EUR 4 309.4 million (3 925.8), and wealth management capital accounted for EUR 1 936.0 million (1 926.7). In addition, S-Bank Properties Ltd managed EUR 379.1 million in customer assets, consisting of real estate and joint ventures compared with 336.2 million a year earlier (the comparison amount has been adjusted). Net subscriptions to the S-Bank mutual funds amounted to EUR 130.7 million in the review period compared with EUR 255.1 million a year earlier (the comparison amount has been adjusted).

Deposits

(EUR million)	31 Dec 2023	31 Dec 2022	Change
Household customers	7 462.2	7 078.8	5.4%
Corporate customers	713.7	846.8	-15.7%
Total	**8 175.9**	**7 925.6**	**3.2%**

Lending

(EUR million)	31 Dec 2023	31 Dec 2022	Change
Household customers	5 750.3	5 588.9	2.9%
Corporate customers	1 184.7	1 106.3	7.1%
Total	**6 935.0**	**6 695.3**	**3.6%**

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 155.2 million (47.5) in 2023. Total income increased 81.9 per cent to EUR 328.4 million (180.6). Net interest income, in particular, grew significantly. Expenses increased by 15.8 per cent to EUR 140.3 million (121.1). Impairment of receivables increased to EUR 33.0 million (12.0). Impairment of receivables is described in the section Expected and actual credit losses.

According to the latest available information, the decrease in housing loan volume for the financial institutions operating in Finland was 1.9 per cent for the preceding 12-month period in November. S-Bank's housing loan volume grew by 2.2 per cent in the same period. In 2023, the number of housing loan applications decreased on the previous year.

The use of S-Etukortti Visa cards developed favourably in 2023. Total card purchases in euros increased by 19 per cent compared to last year and were record high. The number of card purchases increased by 19.1 per cent year-on-year.

WEALTH MANAGEMENT

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

Operating profit decreased to EUR 3.2 million (4.6). Total income was EUR 40.6 million (40.3). Expenses increased by 4.7 per cent to EUR 37.4 million (35.7). Net sales of alternative investments and net fee and commission income were affected by development of real estate markets. Impact was negative compared to year earlier. On the other hand, interest growth increased net interest income during the period.

Net subscriptions to the S-Bank mutual funds amounted to EUR 130.7 million in the review period compared with EUR 255.1 million a year earlier (the comparison amount has been adjusted). Net subscriptions on the market as a whole amounted to EUR 3 218.5 million against EUR -4 361.3 million a year earlier.

The total number of unit holders in the S-Bank funds increased to around 391 000 from around 361 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to around 4.2 million from 4.0 million a year earlier.

Banking

(EUR million)	2023	2022	Change
Operating income	328.4	180.6	81.9%
Operating expenses *	-140.3	-121.1	15.8%
Impairment of receivables	-33.0	-12.0	175.9%
Operating profit (loss) *	**155.2**	**47.5**	**226.6%**

Wealth Management

(EUR million)	2023	2022	Change
Operating income	40.6	40.3	0.7%
Operating expenses *	-37.4	-35.7	4.7%
Operating profit (loss) *	**3.2**	**4.6**	**-30.7%**

* The allocation of expenses has been amended since the publication of the 31 December 2022 financial statements. The changes are presented in Note 3.

CALCULATION OF KEY PERFORMANCE INDICATORS

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

Net interest income:
Interest income – interest expenses

Net fee and commission income:
Fee and commission income - fee and commission expenses

Other income:
Net income from investing activities + Dividends + Other operating income

Cost-to-income ratio:

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

Return on equity (ROE), %:

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

Return on assets (ROA), %:

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

Equity ratio, %:

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

Capital adequacy ratio, %:

$$\frac{\text{Total capital}}{\text{Total risk exposure amount}} \times 100$$

Tier 1 capital adequacy ratio, %:

$$\frac{\text{Tier 1 capital}}{\text{Total risk exposure amount}} \times 100$$

Common Equity Tier 1 (CET1) ratio, %:

$$\frac{\text{Common Equity Tier 1 (CET1) capital}}{\text{Total risk exposure amount}} \times 100$$

Leverage ratio, %:

$$\frac{\text{Tier 1 capital}}{\text{Exposure amount}} \times 100$$

Liquidity Coverage Ratio (LCR), %:

$$\frac{\text{Liquidity Buffer}}{\text{Net Liquidity Outflows over a 30 calendar day stress period}} \times 100$$

Net Stable Funding Ratio (NSFR), %:

$$\frac{\text{Available Stable Funding}}{\text{Required Stable Funding}} \times 100$$

Non-performing loan (NPL) ratio, %:

$$\frac{\text{Non-performing loans, gross amount}}{\text{Loans and advances}} \times 100$$

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-BANK GROUP'S RISK POSITION

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

The operating environment has been adapting to the higher interest rate levels during the year 2023. The market expects that the European Central Bank will start lowering the key interest rates in the coming year. Based on the falling interest rate expectations, the 12-month Euribor rate has started to fall towards the end of the year. Though it seems that the inflationary pressures have been eased, inflation have been high for a long time and together with higher interest rate levels, they have tightened consumers' purchasing power. At the end of the year, the Finnish economy fell into a slight recession as the GDP is assumed to have contracted in the latter two quarters of the year. In Finland, the household loans and especially residential mortgage loans has declined during the year.

Changes in the operating environment can be seen in the growth of S-Bank's net interest income and the slowdown in the growth of lending business volumes and increase in savings. The general deterioration of the financial environment and the increase in costs has influenced the increase in forborne and defaulted exposures. The increasing interest expenses and prices were 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.

S-Bank's total deposits base has continued to grow during the review period. Especially the amount of account and time deposits of household customers have increased. During the year 2023 S-Bank has diversified its funding structure by issuing both covered bond and unsecured bonds.

The S-Bank Group's key risk indicators

EUR million	31 Dec 2023	31 Dec 2022
Risk-weighted exposure amounts, total	**3 567.1**	**3 385.4**
Credit and counterparty risk, standardised approach	3 071.8	3 022.6
Market risk	0.0	0.0
Operational risk, basic indicator approach	488.3	362.8
Credit valuation adjustment (CVA)	7.0	0.0
Own funds, total	**672.0**	**552.9**
Common Equity Tier 1 (CET1) capital	572.9	448.2
Tier 2 (T2) capital	99.1	104.8
Total capital requirement (Pillar 1)	12.54%	12.03%
Capital adequacy ratio	18.8%	16.3%
Common Equity Tier 1 (CET1) ratio	16.1%	13.2%
Non-performing loan (NPL) ratio	1.3%	0.9%
Leverage ratio	5.6%	4.9%
Liquidity Coverage Ratio (LCR)	256.6%	164.4%
Net Stable Funding Ratio (NSFR)	164.3%	151.4%

CREDIT RISK

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

The total amount of ECL provision increased by EUR 14.8 million to EUR 37.3 million (22.5) during the financial year. The changes in provisions based on management judgement during the financial year contributed to the growth in the ECL provision. The management judgement was increased because higher interest rates and prices were expected to weaken households' ability to pay. At the end of the financial year, LGD risk parameter floors were implemented based on management judgement. In addition, the modelling of forward-looking information was updated during the financial year. The ECL provision related to corporate customers and investing activities increased due to internal rating downgrades of customers particularly in real estate and construction industries. Expected and final credit losses are discussed under section Result and balance sheet January–December 2023 and in Note 7.

The volume of household customer loans subject to repayment holidays was EUR 399.9 million (448.1), representing 6.9 per cent (8.0) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers.

The uncertainty of the economic environment and increase in general price level has contributed to the growth of forbearance measures and non-performing loans. Gross forborne exposures in the balance sheet totalled EUR 215.5 million (158.9) at the end of the financial year. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 2.5 per cent (2.0). The corresponding ratio of non-performing forborne exposures was 0.6 per cent (0.4).

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 33.1 million to EUR 92.6 million (59.4) during the financial year. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 1.3 per cent (0.9). All non-performing loans were household customer exposures.

OWN FUNDS AND CAPITAL ADEQUACY

S-Bank's capital adequacy position strengthened during the review period. Total capital ratio was 18.8 per cent (16.3) and CET1 ratio 16.1 per cent (13.2). Total own funds at the end of the review period were EUR 672.0 million (552.9) of which CET1 capital was EUR 572.9 million (448.2) and Tier 2 capital EUR 99.1 million (104.8). Own funds were positively affected especially by profit performance due to net interest income.

Risk-weighted exposure amount was EUR 3 567.1 million (3 385.4) and it grew by EUR 181.7 million. The increase was mainly due to a rise in operational risk, with credit risk increasing only slightly during the year. Credit risk growth was mainly related to exposures secured on immovable property. Risk-weighted assets relating to corporate exposures decreased during the year.

S-Bank's capital buffers strengthened during the year, and it's adequately capitalised to ensure the continuity of its operations even in circumstances portrayed in stress tests.

LEVERAGE RATIO

S-Bank's leverage ratio (LR) of 5.6 per cent (4.9) was strong and exceeded both the regulatory and internally set risk appetite minimum level.

MARKET RISK

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing, investments and funding. S-Bank uses derivatives to hedge the interest rate risk in the banking book. 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 -4.6 million (-6.6). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -7.7 million (-8.7) of which the risk of market value changes was EUR 2.2 million. The interest income risk is calculated as the effect of one percentage point sudden decrease on the net interest income for the next 12 months. Market value changes are also included in the interest income risk from 31 December 2023 onwards. The interest income risk for the comparison period does not include market value changes. The spread risk was EUR -3.6 million (-4.5) at the end of the review period. S-Bank is not significantly exposed to other direct market risks, such as equity, currency, or real estate risks.

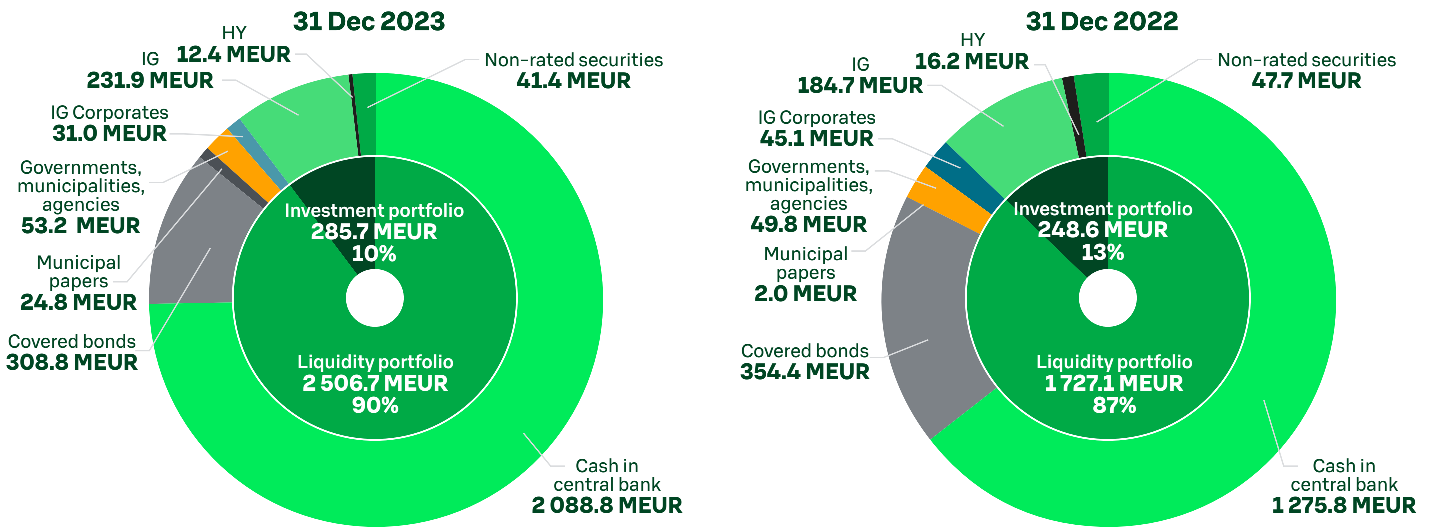
LIQUIDITY, FUNDING AND MREL REQUIREMENT

S-Bank's liquidity position strengthened in the last quarter of the year. The liquidity coverage ratio (LCR) was 257 per cent (164) at the end of the quarter. The liquidity coverage ratio (LCR) strengthened with the increase of liquid assets. The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 164 per cent (151). Increase in the amount of available stable funding strengthened the net stable funding ratio (NSFR). The strengthening of the liquidity position and the stable funding during the financial year was impacted by the covered bond issuance at the end of September and by the senior preferred MREL eligible bond issuance in November. The issuance of the covered bond is related to the financing of the Handelsbanken's Finnish operations acquisition. The transaction is described in more detail in Note 16.

The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The total amount of the portfolio was EUR 2 792.4 million (1 975.6). The increase in the total portfolio size in 2023, was due to the bond issuances, which resulted in increase of both the liquidity and the investment portfolios. In the liquidity portfolio, the biggest change happened in the amount of central bank deposits, and correspondingly in the investment portfolio, in the amount of Investment Grade (IG) debt securities.

The Financial Stability Authority is the national resolution authority in Finland. The Financial Stability Authority is responsible of setting the institution specific MREL-requirement for S-Bank. At the end of the year, the requirement based on total risk exposure amount was 17.23 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio was 5.91 per cent. For the requirement based on total risk exposure amount, an additional CBR (Combined Buffer Requirement) must also be fulfilled, and that was equal to 2.54 per cent on 31 December 2023.

Breakdown of the liquidity and investment portfolio



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	31 Dec 2023		31 Dec 2022	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	2 088.8	2 088.8	1 275.8	1 275.8
Government, municipal or other public sector bonds	53.2	53.2	49.8	49.8
Covered bonds	308.8	273.5	354.4	315.8
Municipal papers	24.8	24.8	2.0	2.0
Other	31.0	15.5	45.1	22.5
Total	**2 506.7**	**2 455.9**	**1 727.1**	**1 665.9**

Based on the decision issued by the Financial Stability Authority on May 2023, the requirements entering into force on 1 January 2024 are 20.64 per cent on total risk exposure amount and 7.71 per cent on the total amount of exposures used in the calculation of the leverage ratio. The systemic risk buffer requirement of 1.0 per cent, imposed to all credit institutions effective as of 1 April 2024, will increase the MREL-requirement based on total risk exposure amount through the CBR component.

S-Bank covers the MREL requirement with instruments qualifying for own funds and a Senior Preferred bond issued under a bond programme. The MREL ratio based on total risk exposure amount (MREL, TREA) was 29.3 per cent (22.8), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 10.2 per cent (8.4).

OPERATIONAL RISK

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

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

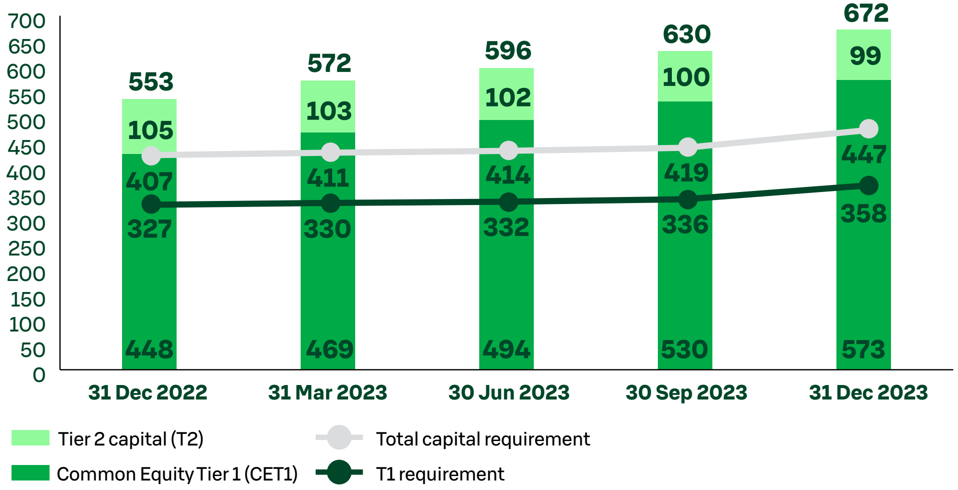
OWN FUNDS REQUIREMENTS

S-Bank's total capital requirement was 12.54 per cent (12.03) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The discretionary Pillar 2 requirement imposed on S-Bank was 2.0

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

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical capital buffer		Pillar 2 (SREP) additional capital requirement		Total capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	160.5	2.5%	89.2	0.04%	1.4	1.13%	40.1	8.16%	291.2
AT1	1.5%	53.5					0.38%	13.4	1.88%	66.9
T2	2.0%	71.3					0.50%	17.8	2.50%	89.2
Total	**8.0%**	**285.4**	**2.5%**	**89.2**	**0.04%**	**1.4**	**2.00%**	**71.3**	**12.54%**	**447.3**

Development of own funds and capital requirements (EUR million)



per cent of the total risk exposure at the end of the review period. The requirement increased to 2.0 per cent on 31 December 2023 and will remain in force until 31 December 2026 at most. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation. 75 per cent of the requirement must be covered by Tier 1 capital (T1), of which a further 75 per cent must be covered by Common Equity Tier 1 capital (CET1).

The Finnish Financial Supervisory Authority (FIN-FSA) announced, in its macroprudential decision on 29 March 2023, that it would impose a requirement to maintain a systemic risk buffer (SyRB), covered by CET1, effective as of 1 April 2024. The systemic risk buffer requirement imposed to all credit institutions was placed to 1.0 per cent.

The FIN-FSA announced in October its decision to impose an additional capital recommendation to S-Bank (Pillar 2 Guidance, P2G) amounting to 0.75% of the total risk exposure amount. The P2G is valid until further notice as of 31 March 2024.S-Bank prepares for the future changes in capital requirements proactively in its risk appetite framework.

Summary of capital adequacy information

Own funds (EUR million)	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**639.3**	**519.2**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	281.2	173.2
Fair value reserve	-8.7	-20.7
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**66.4**	**71.1**
Intangible assets	65.6	70.3
Value adjustments due to the requirements for prudent valuation	0.7	0.7
Deduction for non-performing exposures	0.0	0.0
Common Equity Tier 1 (CET1) capital	**572.9**	**448.2**
Additional Tier 1 (AT1) capital before deductions	**0.0**	**0.0**
Deductions from Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Tier 1 (T1 = CET1 + AT1)	**572.9**	**448.2**
Tier 2 (T2) capital before adjustments	**99.1**	**104.8**
Debentures	99.1	104.8
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**99.1**	**104.8**
Own funds in total (TC = T1 + T2)	**672.0**	**552.9**
Total risk-weighted assets (RWAs)	**3 567.1**	**3 385.4**
of which credit risk	3 071.8	3 022.6
of which market risk	0.0	0.0
of which operational risk	488.3	362.8
of which risk associated with credit valuation adjustment (CVA)	7.0	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	**16.1%**	**13.2%**
Ratio of Tier 1 capital to risk exposure amount (%)	**16.1%**	**13.2%**
Ratio of total own funds to risk exposure amount (%)	**18.8%**	**16.3%**

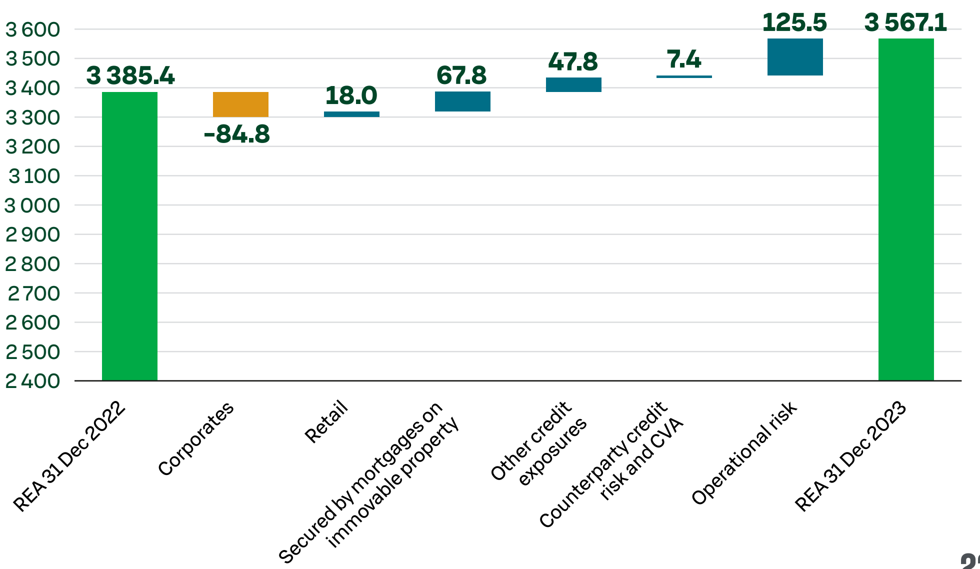
CAPITAL ADEQUACY POSITION

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 16.1 per cent (13.2) and the total capital ratio was 18.8 per cent (16.3). CET1 capital increased by EUR 124.7 million and T2 capital decreased by EUR 5.7 million. The profit-driven increase in CET1 capital as well as the recovery in the fair value reserve strengthened own funds. S-Bank's Tier 2 capital consists of four debentures with a total value of EUR 99.1 million (104.8) eligible as T2 capital. Two of the debentures have a residual maturity of over five years and are thus fully recognised as Tier 2 capital. The debentures with a residual maturity of less than five years are being gradually removed from Tier 2 capital, as required by regulations. The amount of paid dividend for 2022 and foreseeable dividend for 2023 has been deducted from retained earnings, in line with S-Bank's dividend policy and Commission Delegated Regulation (EU) No 241/2014.

S-Bank's risk exposure amount (REA) was EUR 3 567.1 million (3 385.4) at the end of the review period. REA increased by EUR 181.7 million during the review period. The increase in REA was directed mainly on operational risk and exposures secured by immovable property.

Credit risk constitutes 86.1 per cent or EUR 3.1 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. Operational risk accounts for 13.7 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 standardised approach is used for calculating the Pillar 1 capital requirement for credit valuation adjustment.

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

Nothing to report.

OUTLOOK FOR 2024

As we start the new year the sentiment is calm and varied. There are clear differences in the rates of economic growth around the world. The full impact of the earlier rate hikes will not be felt in economies until 2024, which will limit growth prospects. On the other hand, interest rate cuts are already expected, which will stimulate the economy. Some countries, especially in Europe, face a mild recession, while others, such as the US and China, are entering the year with moderate growth prospects.

Finland's economic growth will remain modest. Even if interest rates were to start declining, they would still be higher than in previous years. So, we will have to continue to adjust, albeit at a slower pace. The world economy has an impact on exports. Demand from major export markets in Europe and China is subdued, so there is no point expecting a strong recovery.

Rising salaries will gradually start to bolster domestic demand. During the year, we will start to benefit from the salary increases already agreed last year, which will boost consumer purchasing power while inflation slows at the same time. Unemployment is expected to rise somewhat due to the difficulties in the construction sector, but labour shortages in many sectors will limit the growth in unemployment. Consumer confidence is still weak, and the savings rate is rising as consumers prepare for tougher times. In the housing market, intentions to buy are at a low. The decline in interest rates may provide some relief in the course of the year, as will a general improvement in the global economic situation. Finland's economic outlook is, indeed, expected to recover towards the end of the year.

Inflation is easing markedly, as the supply-side problems caused by the pandemic are over and demand has slowed as interest rates have risen. This will allow central banks to cut interest rates during the year. The number and timing of these cuts will depend on the way in which the economy eventually develops. Lower central bank interest rates are also evident in long-term bond yields. Inflationary pressures have not disappeared completely, as salary increases, for example, have already been agreed. Central banks are cautious about cutting rates, because if rates are cut too early this could, in the worst case, accelerate price rises again.

Global politics is creating its own uncertainty in the economic environment. The war in Ukraine continues, and unfortunately there is no end in sight. Situations elsewhere also have the potential to escalate rapidly, as we have seen with the situation in Israel. Relations between the US and China have clearly cooled, and protectionism is rearing its head in many parts of the world. This year is a busy one in terms of elections. The most important elections will take place in the US, where the presidential elections have the potential to have a major impact on the direction of policies and the global outlook if a candidate who strongly drives the interest of the USA is elected.

In the financial markets, investors are driven by interest rates, the actions of central banks and economic developments. Central banks' interest rate cuts are good news for the economy and the investment markets alike. On the other hand, if the reason for the rate cuts is economic weakness, low interest rates alone will not be enough to boost the financial markets. Investors' expectations are clearly higher compared to a year ago, which can be seen in, among other things, corporate earnings growth expectations and high valuations. Higher expectations mean that it is now harder for the economy and companies to surprise positively than it was a year ago, which limits return opportunities.

S-Bank's guidance for 2024 is negatively affected by three factors. The development and integration costs related to the Handelsbanken transaction, and the financing costs related to completing the transaction will have the most significant impact on the result. We also expect interest rates to settle at lower level than in the previous year, which will have a downward impact on earnings performance. The outlook for 2024 is also subject to uncertainties which are connected to the performance of the operating environment, economy, employment and real estate market. We expect operating profit for the whole year to decline by approximately a quarter from the previous year (EUR 147.4 million).

OTHER INFORMATION

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

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

Board of Directors
The AGM elected the following members to S-Bank's Board of Directors:

Jari Annala, KTM	Master of Science (Economics), CEO, SOK Liiketoiminta Oy
Tom Dahlström, VTT	Doctor of Social Sciences, Principal of Good Ventures Oy
Kati Hagros, DI, VTM	Master of Science (Engineering), Master of Social Sciences, Chief Digital Officer of Aalto University
Veli-Matti Liimatainen, KTM	Master of Science (Economics) Managing Director of Helsinki Cooperative Society Elanto
Hillevi Mannonen, FK, SHV	Master of Science (Math), SHV (actuary approved by the Ministry of Social Affairs and Health), Board professional
Jorma Vehviläinen, KTM	Master of Science (Economics), CFO of SOK
Olli Vormisto, KTM	Master of Science (Economics), Managing Director of the Hämeenmaa Cooperative Society.

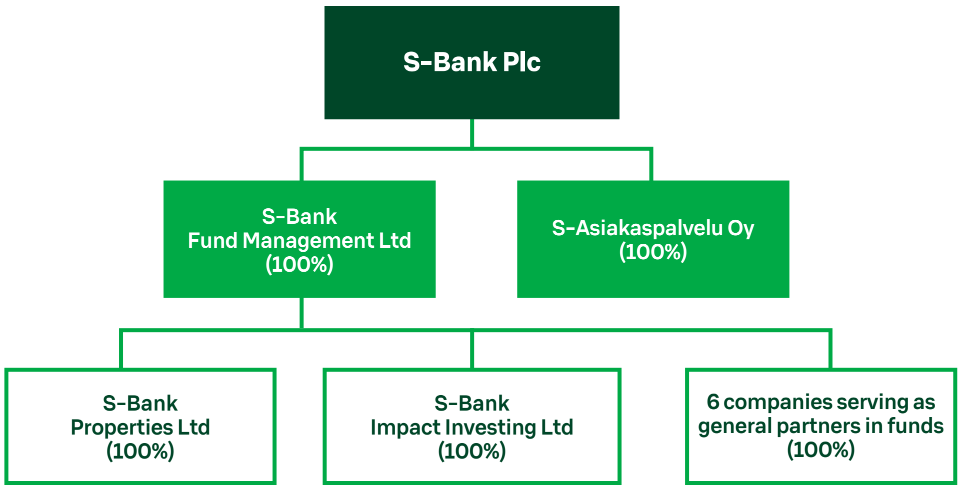
Kim Biskop, Master of Science (Economics), CEO of Osuuskauppa KPO, was elected as a deputy member.

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

CEO
Riikka Laine-Tolonen has acted as the CEO of S-Bank Plc from 26th April 2023. Hanna Porkka acted as Interim CEO before Laine-Tolonen.

Personnel
At the end of the review period, the S-Bank employed a total of 847 people (776). Of these, 676 persons (606) worked at S-Bank Plc, 39 persons (38) at the subsidiaries of the Wealth Management business, and 132 persons (132) at S-Asiakaspalvelu Oy. The salaries and remunerations paid to personnel at the S-Bank totalled EUR 56.8 million (48.6).

CORPORATE STRUCTURE



FINANCIAL STATEMENTS BULLETIN 1 JANUARY–31 DECEMBER 2023

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	2023	2022
Interest income		388 385	139 295
Interest expenses		-113 901	-17 608
Net interest income	4	274 484	121 687
Fee and commission income		107 564	101 179
Fee and commission expenses		-13 882	-13 985
Net fee and commission income	5	93 682	87 195
Net income from investing activities	6	-4 677	2 436
Dividends		58	84
Other operating income		7 739	10 395
Total income		**371 287**	**221 796**
Personnel expenses		-68 702	-59 406
Other administrative expenses		-91 693	-78 452
Depreciation and impairment		-16 836	-15 301
Other operating expenses		-13 649	-11 986
Total expenses		**-190 879**	**-165 145**
Impairment of receivables	7	-33 003	-11 960
Share of the profits of associated companies		2	1
OPERATING PROFIT (LOSS)		**147 407**	**44 693**
Income taxes		-29 422	-8 884
PROFIT (LOSS) FOR THE PERIOD		**117 985**	**35 809**
of which:			
To the parent company's shareholders		117 985	35 809

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	2023	2022
PROFIT (LOSS) FOR THE PERIOD		**117 985**	**35 809**
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Items due to remeasurements of defined benefit plans		71	179
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income		15	42
Tax effect		-17	-44
Items that will not be reclassified to profit or loss		69	177
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		14 850	-26 411
Tax effect		-2 862	5 248
Items that may be reclassified subsequently to profit or loss		11 988	-21 163
Other comprehensive income items, after taxes		**12 057**	**-20 986**
Comprehensive income, total		**130 042**	**14 823**
of which:			
To the parent company's shareholders		130 042	14 823

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Dec 2023	31 Dec 2022
Assets			
Cash and cash equivalents	8, 9	2 207 041	1 368 195
Debt securities eligible for refinancing with central banks	8, 9	571 735	556 923
Receivables from credit institutions	8, 9	9 420	9 215
Receivables from customers	8, 9	6 934 971	6 695 255
Debt securities	8, 9, 10	127 293	139 785
Derivatives	8, 9, 10	31 349	24 261
Shares and interests	8, 9	18 881	20 665
Holdings in associated companies		7	5
Intangible assets		65 600	70 331
Tangible assets		7 381	5 268
Tax assets		5 801	7 398
Prepayments and accrued income		62 837	45 979
Other assets		16 731	8 967
Assets, total		**10 059 046**	**8 952 247**

(EUR '000)	Note	31 Dec 2023	31 Dec 2022
Liabilities			
Liabilities to credit institutions	8, 9	34 231	23 156
Liabilities to customers	8, 9	8 239 664	7 983 559
Issued bonds	8, 10, 11	886 895	219 270
Subordinated debts	8, 9, 12	101 333	107 000
Derivatives	8, 9, 10	829	7
Provisions		200	303
Tax liabilities		19 024	8 984
Accrued expenses		53 374	30 250
Other liabilities		74 224	55 477
Liabilities, total		**9 409 774**	**8 428 006**
Equity			
Share capital		82 880	82 880
Reserves		275 148	263 148
Retained earnings		291 244	178 213
Parent company's shareholders		**649 272**	**524 241**
Equity, total		**649 272**	**524 241**
Liabilities and equity, total		**10 059 046**	**8 952 247**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(EUR '000)	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
	Equity attributable to parent company shareholders				
EQUITY 1 JAN 2023	**82 880**	**283 828**	**-20 680**	**178 213**	**524 241**
Comprehensive income					
Profit (loss) for the period				117 985	117 985
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			11 988		11 988
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			12		12
Remeasurements of defined benefit plans				57	57
Other comprehensive income items, total			12 000	57	12 057
Comprehensive income, total			**12 000**	**118 041**	**130 042**
Transactions with shareholders					
Dividend distribution *				-5 010	-5 010
Transactions with shareholders, total				-5 010	-5 010
TOTAL EQUITY 31 DEC 2023	**82 880**	**283 828**	**-8 680**	**291 244**	**649 272**

* Dividend EUR 0.75 per share.

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	2023	2022
Cash flows from operating activities			
Profit (loss) for the period		**117 985**	**35 809**
Depreciation and impairment		16 836	15 301
Shares of the profit of companies consolidated with the equity method		-2	-1
Credit losses		39 489	18 703
Other non-payment income and expenses		3 101	4 130
Income taxes		29 422	8 884
Other adjustments		59	-2
Adjustments for financial income and expenses		-8 536	-7 580
Adjustments, total		**80 370**	**39 435**
Cash flows from operating activities before changes in operating assets and liabilities		**198 355**	**75 244**
Increase/decrease in operating assets (-/+)			
Receivables from credit institutions, other than repayable on demand		-517	13 740
Receivables from customers		-278 877	-630 058
Investment assets		23 869	401 952
Other assets		-793	-12 867
Increase/decrease in operating assets		**-256 319**	**-227 233**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		11 074	23 049
Liabilities to customers		256 105	372 294
Other liabilities		23 321	6 704
Increase/decrease in operating liabilities		**290 501**	**402 047**
Taxes paid		-20 665	-7 226
Cash flows from operating activities		**211 872**	**242 831**

(EUR '000)	Note	2023	2022
Cash flows from investing activities			
Investments in tangible and intangible assets		-9 339	-9 987
Purchase prices paid for acquisitions		0	-300
Cash flows from investing activities		**-9 339**	**-10 287**
Cash flows from financing activities			
Payments received from issue of bonds and debentures		649 170	49 324
Repayments of issued bonds and debentures		-5 667	-5 667
Repayments of lease liabilities		-2 484	-2 321
Paid dividends		-5 010	0
Cash flows from financing activities		**636 008**	**41 336**
Difference in cash and cash equivalents		**838 542**	**273 880**
Cash and cash equivalents, opening balance sheet		1 370 828	1 096 705
Difference in cash and cash equivalents		838 542	273 880
Impact of changes in exchange rates		-9	244
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	8, 9	2 207 041	1 368 195
Repayable on demand		2 321	2 633
Cash and cash equivalents		**2 209 361**	**1 370 828**
Interests paid		**-98 305**	**-17 868**
Dividends received		**58**	**84**
Interests received		**363 544**	**129 881**

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	2023	2022
Interest income	122 157	107 630	89 519	69 079	50 579	388 385	139 295
Interest expenses	-43 356	-32 871	-23 384	-14 290	-7 048	-113 901	-17 608
Net interest income	78 801	74 759	66 135	54 789	43 530	274 484	121 687
Fee and commission income	27 287	26 915	27 328	26 034	26 725	107 564	101 179
Fee and commission expenses	-1 130	-4 360	-4 308	-4 084	-2 395	-13 882	-13 985
Net fee and commission income	26 156	22 556	23 020	21 950	24 330	93 682	87 195
Net income from investing activities	-2 111	-3 065	-305	805	1 398	-4 677	2 436
Dividends	0	0	22	36	16	58	84
Other operating income	2 022	1 619	1 680	2 417	1 669	7 739	10 395
Total income	**104 869**	**95 869**	**90 552**	**79 997**	**70 943**	**371 287**	**221 796**
Personnel expenses	-19 635	-17 183	-16 540	-15 344	-18 011	-68 702	-59 406
Other administrative expenses	-26 966	-20 320	-23 782	-20 625	-21 593	-91 693	-78 452
Depreciation and impairment	-4 586	-4 239	-4 122	-3 888	-4 424	-16 836	-15 301
Other operating expenses	-1 003	-905	-2 210	-9 531	-903	-13 649	-11 986
Total expenses	**-52 189**	**-42 647**	**-46 655**	**-49 388**	**-44 931**	**-190 879**	**-165 145**
Impairment of receivables	-9 168	-6 938	-11 732	-5 166	-5 373	-33 003	-11 960
Share of the profits of associated companies	1	0	1	0	1	2	1
OPERATING PROFIT (LOSS)	**43 513**	**46 284**	**32 166**	**25 444**	**20 641**	**147 407**	**44 693**
Income taxes	-8 698	-9 263	-6 427	-5 034	-4 087	-29 422	-8 884
PROFIT (LOSS) FOR THE PERIOD	**34 815**	**37 021**	**25 739**	**20 410**	**16 555**	**117 985**	**35 809**
of which:							
To the parent company's shareholders	34 815	37 021	25 739	20 410	16 555	117 985	35 809

Consolidated comprehensive income statement

(EUR '000)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	2023	2022
PROFIT (LOSS) FOR THE PERIOD	**34 815**	**37 021**	**25 739**	**20 410**	**16 555**	**117 985**	**35 809**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	71	0	0	0	179	71	179
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	0	15	0	0	0	15	42
Tax effect	-14	-3	0	0	-36	-17	-44
Items that will not be reclassified to profit or loss	57	12	0	0	143	69	177
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	6 586	4 061	1 532	2 671	806	14 850	-26 411
Tax effect	-1 491	-932	80	-520	-140	-2 862	5 248
Items that may be reclassified subsequently to profit or loss	5 095	3 130	1 612	2 151	666	11 988	-21 163
Other comprehensive income items, after taxes	**5 152**	**3 142**	**1 612**	**2 151**	**809**	**12 057**	**-20 986**
Comprehensive income, total	**39 967**	**40 163**	**27 351**	**22 561**	**17 363**	**130 042**	**14 823**
of which:							
To the parent company's shareholders	39 967	40 163	27 351	22 561	17 363	130 042	14 823

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. The Bank engages also in mortgage banking activities pursuant to Finnish Act on Mortgage Credit Banks and Covered Bonds (11.3.2022/151). In addition, the Bank is 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 2023 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.

S-Bank applies hedge accounting in accordance with IAS 39 to the hedge portfolio related to its mortgage banking activities launched at the end of September. Under its chosen accounting policy, S-Bank continues to apply the hedge accounting requirements of IAS 39 instead of the IFRS 9 standard. S-Bank must apply this principle to all its hedging relationships.

Otherwise, the financial statements bulletin complies with the accounting policies presented in the financial statements for 2022.

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

IFRS-compliant financial statements bulletin require management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the financial statements bulletin.

Accounting policies requiring management judgement and the key uncertainties associated with estimates are included in the 2022 financial statements. Critical items in the financial statements bulletin requiring management as well judgement as estimates and assumptions are included in following notes:

- Note 7 Impairment of receivables: 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. LGD risk parameter floors were implemented in accordance with management judgement during the financial year.

- Note 8 Fair values of financial assets: The management's judgement is required in circumstances where fair value price information is not available in the market or fair value is not reliable. In these cases, the fair value of a financial instrument needs to be determined using a valuation technique, where input data is based on management's estimation regarding market practices used to measure the value of particular instruments.

NOTE 3: SEGMENT REPORT

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

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

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

Income statement 2023 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	273 276	1 178	30		274 484
Net fee and commission income	54 558	39 133	-9		93 682
Net income from investing activities	-4 665	-12			-4 677
Dividends	36		22		58
Other operating income	5 241	260	13 475	-11 237	7 739
Total income	**328 446**	**40 559**	**13 518**	**-11 237**	**371 287**
Total expenses *	**-140 288**	**-37 381**	**-24 447**	**11 237**	**-190 879**
Impairment of receivables	-33 003				-33 003
Share of the profits of associated companies				2	2
Operating profit (loss)	**155 155**	**3 179**	**-10 928**	**2**	**147 407**

External income from Banking was EUR 329 700 thousand and from Wealth Management EUR 39 397 thousand.

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 * **	**-121 139**	**-35 700**	**-17 555**	**9 250**	**-165 145**
Impairment of receivables	-11 960				-11 960
Share of the profits of associated companies				1	1
Operating profit (loss) **	**47 511**	**4 589**	**-7 409**	**1**	**44 693**

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

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

** From the beginning of financial year 2023 regulatory fees and expenses for reporting to the authorities related to banking business, which were previously allocated to 'Other activities', have been allocated to Banking. Also, some other allocation rules have been updated. The impact on the operating profit for Banking was a decrease of EUR 14.3 million, for Wealth Management an increase of EUR 2.9 million and for 'Other activities' an increase of EUR 11.4 million. Amounts for comparison period has been adjusted accordingly.

Other activities include Group support and headquarter functions. Most of the net expenses of the support and headquarter functions are allocated to the Banking and Wealth Management business segments. This cost allocation is included in the segments' item 'Total expenses'. The result of 'Other activities' consists of items not allocated to the segments.

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

Balance sheet 31 Dec 2023 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	6 934 971			6 934 971
Liquid and investment assets of banking	2 965 718			2 965 718
Intangible and tangible assets	4 259	28 859	39 871	72 988
Other assets	55 909	6 781	22 679	85 369
Assets, total	**9 960 857**	**35 639**	**62 550**	**10 059 046**
Banking liabilities	9 262 952			9 262 952
Provisions and other liabilities	63 383	5 848	77 592	146 822
Equity			649 272	649 272
Liabilities and equity, total	**9 326 335**	**5 848**	**726 864**	**10 059 046**

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

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

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	2023	2022
Net interest income	78 426	74 428	65 835	54 587	43 420	273 276	121 687
Net fee and commission income	16 181	12 979	13 346	12 051	14 759	54 558	47 603
Net income from investing activities	-2 092	-3 071	-307	805	1 407	-4 665	2 410
Dividends	0	0	0	36	16	36	80
Other operating income	1 364	1 002	991	1 884	1 286	5 241	8 830
Total income	**93 879**	**85 338**	**79 865**	**69 364**	**60 887**	**328 446**	**180 610**
Total expenses *	**-37 516**	**-30 823**	**-33 899**	**-38 049**	**-33 162**	**-140 288**	**-121 139**
Impairment of receivables	-9 168	-6 938	-11 732	-5 166	-5 373	-33 003	-11 960
Operating profit (loss) *	**47 195**	**47 577**	**34 234**	**26 149**	**22 353**	**155 155**	**47 511**

Wealth Management (EUR '000)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	2023	2022
Net interest income	372	333	282	191	106	1 178	5
Net fee and commission income	9 977	9 579	9 676	9 901	9 569	39 133	39 664
Net income from investing activities	-19	6	2	0	-8	-12	26
Other operating income	-217	149	216	112	168	260	595
Total income	**10 113**	**10 068**	**10 175**	**10 204**	**9 835**	**40 559**	**40 290**
Total expenses *	**-11 060**	**-8 807**	**-8 878**	**-8 635**	**-9 980**	**-37 381**	**-35 700**
Operating profit (loss) *	**-948**	**1 261**	**1 297**	**1 569**	**-145**	**3 179**	**4 589**

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

NOTE 4: NET INTEREST INCOME

(EUR '000)	2023	2022
Interest income		
Cash and cash equivalents *	51 725	3 694
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	7 709	2 751
Receivables from credit institutions *	682	175
Receivables from customers	317 723	130 480
Debt securities		
measured at fair value through other comprehensive income	1 381	1 836
measured at fair value through profit or loss	736	45
Derivatives	8 422	313
Other interest income	8	2
Total interest income using the effective interest method	379 220	138 936
Other interest income	9 165	359
Interest income, total	**388 385**	**139 295**
Interest income from stage 3 financial assets	3 174	2 291
Interest expenses		
Liabilities to credit institutions	-801	-1 975
Liabilities to customers	-85 506	-6 395
Issued bonds	-15 210	-1 941
Derivatives	-1 814	-4 177
Subordinated debts	-5 183	-2 674
Other interest expenses	-5 290	-427
Interest expenses on leases	-96	-19
Total interest expenses using the effective interest method	-106 701	-12 986
Other interest expenses	-7 200	-4 622
Interest expenses, total	**-113 901**	**-17 608**
Net interest income	**274 484**	**121 687**
of which negative interest expenses, which are included in interest income	0	-475

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. Interest income from cash and cash equivalents is presented as a separate line item.

NOTE 5: NET FEE AND COMMISSION INCOME

(EUR '000)	2023	2022
Fee and commission income by segment		
Fee and commission income from Banking		
From lending *	9 690	8 762
From borrowing *	721	692
From payment transactions *	11 578	10 741
From card business *	38 915	34 255
From legal duties	505	424
From insurance brokerage	1 762	1 601
From issuance of guarantees	94	34
Total fee and commission income from Banking *	63 264	56 509
Fee and commission income from Wealth Management		
From funds	38 199	37 974
From wealth management	2 438	2 498
From property management	2 731	3 087
Total fee and commission income from Wealth Management	43 368	43 560
Fee and commission income from other activities		
From securities brokerage	363	577
Other fee and commission income *	569	534
Total fee and commission income from other activities *	932	1 111
Fee and commission income, total	**107 564**	**101 179**
Fee and commission expenses		
From funds	-3 793	-3 552
From wealth management	-39	-97
From securities brokerage	-984	-973
From card business	-8 344	-8 494
From property management	-209	-292
Banking fees	-421	-466
Other expenses	-92	-112
Fee and commission expenses, total	**-13 882**	**-13 985**
Net fee and commission income	**93 682**	**87 195**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. The fee and commission income from card business is presented as a separate line item.

NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

(EUR '000)	2023	2022
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	8	0
Changes in fair value	7	-225
Shares and interests		
Capital gains and losses	17	6 328
Changes in fair value	-2 600	-4 691
Derivatives		
Changes in fair value	-103	1 028
Net income from financial assets measured at fair value through profit or loss, total	**-2 672**	**2 440**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-2 396	-316
Other income and expenses	26	-23
Shares and interests		
Capital gains and losses	0	362
Other income and expenses	-80	0
Net income from financial assets measured at fair value through other comprehensive income, total	**-2 450**	**23**
Net income from currency operations	**373**	**401**
Net income from hedge accounting		
Debt securities		
Net result from hedging instruments	-10 845	31 097
Net result from hedged items	11 337	-31 527
Bonds		
Net result from hedging instruments	17 657	0
Net result from hedged items	-18 077	0
Net income from hedge accounting	**71**	**-429**
Net income from investing activities, total	**-4 677**	**2 436**

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 40.0 (18.5) million were recognised in the consolidated income statement during the financial year. Reversals, or recovered credit losses, amounted to EUR 7.0 million (6.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 33.0 million (12.0).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	2023	2022
Receivables written off as credit and guarantee losses	-25 228	-16 642
Reversal of receivables written off	7 025	6 572
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	-14 261	-2 060
Expected credit losses (ECL) on investing activities	-539	171
Total	**-33 003**	**-11 960**

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

The total ECL provision was EUR 37.3 million (22.5) at the end of the financial year. The total ECL provision included EUR 3.8 million provisions based on management judgement at the end of the financial year. The coverage ratio of the total portfolio increased to 0.37 per cent (0.23) and remained within the risk appetite defined by S-Bank's Board.

The ECL provision increased by EUR 14.8 million during the financial year, of which the proportion of household customers was EUR 10.6 million. The changes in management judgement increased ECL provision by EUR 1.7 million during the financial year. The management judgement was increased because higher interest rates and prices were expected to weaken households' ability to pay. At the end of the financial year, LGD risk parameter floors were implemented based on management judgement. The impact of the LGD floors on the ECL provision was EUR 5.3 million. Respective amount of existing provision based on management judgement was reversed. In addition, the modelling of forward-looking information was updated during the financial year, which led to an increase of EUR 2.6 million in the ECL provision estimated by the credit risk models.

The ECL provision related to corporate customers and investing activities increased by EUR 3.1 million, as the amount of exposures classified in stage 2 grew notably. The growth was caused by internal rating downgrades of customers particularly in the real estate and construction industries.

Risk exposure, summary

31 Dec 2023 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	5 421.6	-2.5	283.7	-13.1	92.4	-15.7	5 797.7	-31.3	-0.54%
Lending to corporate customers*	1 088.0	-0.4	96.7	-2.8	0.0	0.0	1 184.7	-3.2	-0.27%
Investing activities**	667.6	-0.3	11.1	-0.6	0.0	0.0	678.8	-0.9	-0.14%
Off-balance sheet commitments***	2 294.2	-0.5	10.8	-1.3	0.9	-0.1	2 305.8	-1.9	-0.08%
Total	**9 471.4**	**-3.7**	**402.4**	**-17.8**	**93.3**	**-15.8**	**9 967.1**	**-37.3**	**-0.37%**

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

*The 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'.

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 (lending to household customers)

	Lending to household customers			
31 Dec 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	4 347 233	122 824	0	4 470 057
Category 2	329 722	14 030	0	343 752
Category 3	297 012	12 642	0	309 654
Category 4	125 578	6 610	0	132 187
Category 5	231 797	12 998	0	244 795
Category 6	87 657	36 230	0	123 886
Category 7	2 611	78 373	0	80 984
In default	0	0	92 415	92 415
Gross carrying amount	**5 421 610**	**283 706**	**92 415**	**5 797 731**
ECL provision*	-2 489	-13 128	-15 729	-31 346
Net carrying amount	**5 419 121**	**270 578**	**76 686**	**5 766 385**

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

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

The corporate loan portfolio focuses on the secured financing of housing companies that are new or under construction. As mortgage-backed loans, these are considered to be less risky, which also reduces the amount of expected credit losses.

Corporate exposures and investment activities focus on large companies with good credit ratings.

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

	Corporate lending, investing activities and off-balance sheet commitments			
31 Dec 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2 785 552	34	0	2 785 586
Category 2	565 527	5	0	565 531
Category 3	301 264	6	0	301 270
Category 4	90 734	0	0	90 734
Category 5	234 796	4 441	0	239 237
Category 6	68 957	107 974	0	176 931
Category 7	2 969	6 218	0	9 187
In default	0	0	872	872
Total	**4 049 799**	**118 678**	**872**	**4 169 349**
ECL provision*	-1 201	-4 716	-71	-5 989

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

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

The following tables describe transfers and changes in expected credit losses during the financial year. The tables present the reconciliation between the opening and closing balances of the loss allowance.

Reconciliation of expected credit losses (lending to household customers)

	Lending to household customers			
(EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2023	**1 438**	**9 256**	**10 026**	**20 720**
Transfers from Stage 1 to Stage 2	-144	6 760	0	6 616
Transfers from Stage 1 to Stage 3	-32	0	4 091	4 059
Transfers from Stage 2 to Stage 1	163	-3 358	0	-3 196
Transfers from Stage 2 to Stage 3	0	-1 255	5 249	3 994
Transfers from Stage 3 to Stage 1	3	0	-489	-486
Transfers from Stage 3 to Stage 2	0	190	-1 180	-990
Changes in the risk parameters	449	1 132	-276	1 305
Increases due to origination and acquisition	836	2 110	985	3 930
Decreases due to derecognition	-189	-728	-1 108	-2 025
Decrease in the allowance account due to write-offs	-35	-977	-1 570	-2 582
Net change in ECL	1 050	3 873	5 703	10 625
ECL 31 Dec 2023	**2 489**	**13 128**	**15 729**	**31 346**

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

	Corporate lending, investing activities and off-balance sheet commitments			
(EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2023	**697**	**1 081**	**38**	**1 815**
Transfers from Stage 1 to Stage 2	-91	1 726	0	1 635
Transfers from Stage 1 to Stage 3	0	0	23	23
Transfers from Stage 2 to Stage 1	49	-497	0	-447
Transfers from Stage 2 to Stage 3	0	-19	4	-15
Transfers from Stage 3 to Stage 1	0	0	-20	-20
Transfers from Stage 3 to Stage 2	0	4	-2	2
Changes in the risk parameters	286	182	2	470
Increases due to origination and acquisition	369	2 366	29	2 764
Decreases due to derecognition	-106	-37	-3	-146
Decrease in the allowance account due to write-offs	-2	-89	-1	-92
Net change in ECL	505	3 636	33	4 174
ECL 31 Dec 2023	**1 201**	**4 716**	**71**	**5 989**

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 2023 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents		2 207 041		2 207 041	2 207 041
Receivables from credit institutions		9 390		9 390	9 420
Receivables from customers		7 364 448		7 364 448	6 934 971
Total		**9 580 879**		**9 580 879**	**9 151 432**
Financial assets measured at fair value through profit or loss					
Debt securities		24 842		24 842	24 842
Derivatives		31 349		31 349	31 349
Shares and interests	8 235	9 878		18 114	18 114
Total	**8 235**	**66 070**		**74 305**	**74 305**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	556 081	19 333		575 414	571 735
Debt securities	100 192	3 188		103 381	102 451
Shares and interests		646	121	767	767
Total	**656 273**	**23 168**	**121**	**679 562**	**674 953**
Fair values of assets, total	**664 509**	**9 670 117**	**121**	**10 334 747**	**9 900 689**

Financial assets, fair values 31 Dec 2022 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents		1 368 195		1 368 195	1 368 195
Receivables from credit institutions		9 843		9 843	9 215
Receivables from customers		6 993 283		6 993 283	6 695 255
Total		**8 371 322**		**8 371 322**	**8 072 665**
Financial assets measured at fair value through profit or loss					
Debt securities		1 979		1 979	1 979
Derivatives		24 261		24 261	24 261
Shares and interests	7 226	12 687		19 913	19 913
Total	**7 226**	**38 927**		**46 153**	**46 153**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	539 811	18 923		558 734	556 923
Debt securities	135 614	3 500		139 114	137 806
Shares and interests		631	121	752	752
Total	**675 425**	**23 053**	**121**	**698 600**	**695 481**
Fair values of assets, total	**682 652**	**8 433 302**	**121**	**9 116 075**	**8 814 299**

Financial liabilities, fair values 31 Dec 2023 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions		23 907		23 907	34 231
Liabilities to customers		8 067 884		8 067 884	8 239 664
Issued bonds	899 181			899 181	886 895
Subordinated debts		102 717		102 717	101 333
Total	**899 181**	**8 194 507**		**9 093 689**	**9 262 123**
Financial liabilities measured at fair value through profit or loss					
Derivatives		829		829	829
Total		**829**		**829**	**829**

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

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

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

Transfers between Levels 1 and 2

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

Changes at Level 3 (EUR '000)	Shares and interests
Shares and interests, carrying amount 1 Jan 2023	121
Shares and interests, carrying amount 31 Dec 2023	**121**

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

NOTE 9: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 31 Dec 2023 (EUR '000)	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	2 207 041				2 207 041
Debt securities eligible for refinancing with central banks		571 735			571 735
Receivables from credit institutions	9 420				9 420
Receivables from customers	6 934 971				6 934 971
Debt securities		102 451	24 842		127 293
Derivatives			425	30 924	31 349
Shares and interests		767	18 114		18 881
Total	**9 151 432**	**674 953**	**43 381**	**30 924**	**9 900 689**

Classes of financial assets 31 Dec 2022 (EUR '000)	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	1 368 195				1 368 195
Debt securities eligible for refinancing with central banks		556 923			556 923
Receivables from credit institutions	9 215				9 215
Receivables from customers	6 695 255				6 695 255
Debt securities		137 806	1 979		139 785
Derivatives			978	23 283	24 261
Shares and interests		752	19 913		20 665
Total	**8 072 665**	**695 481**	**22 870**	**23 283**	**8 814 299**

Classes of financial liabilities 31 Dec 2023 (EUR '000)	Amortised cost	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Liabilities to credit institutions	34 231			34 231
Liabilities to customers	8 239 664			8 239 664
Issued bonds	886 895			886 895
Subordinated debts	101 333			101 333
Derivatives		0	829	829
Lease liabilities	7 077			7 077
Total	**9 269 200**	**0**	**829**	**9 270 029**

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

NOTE 10: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives (EUR '000)	31 Dec 2023 Nominal value	31 Dec 2023 Positive fair value	31 Dec 2023 Negative fair value	31 Dec 2022 Nominal value	31 Dec 2022 Positive fair value	31 Dec 2022 Negative fair value
Hedge accounting of assets						
Interest rate derivatives						
Interest rate swaps	397 200	13 268	-829	612 200	23 283	-3
Interest rate derivatives designated for hedge accounting, total	**397 200**	**13 268**	**-829**	**612 200**	**23 283**	**-3**
Hedge accounting for bonds						
Interest rate derivatives						
Interest rate swaps	500 000	17 657	0	0	0	0
Interest rate derivatives designated for hedge accounting, total	**500 000**	**17 657**	**0**	**0**	**0**	**0**
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	40 000	425	0	30 000	978	-4
Interest rate derivatives, other than for hedging purposes, total	**40 000**	**425**	**0**	**30 000**	**978**	**-4**
Derivatives, total	**937 200**	**31 349**	**-829**	**642 200**	**24 261**	**-7**

Maturities of derivatives (EUR '000)	31 Dec 2023 Less than one year	31 Dec 2023 1-5 years	31 Dec 2023 Over 5 years	31 Dec 2023 Total	31 Dec 2022 Less than one year	31 Dec 2022 1-5 years	31 Dec 2022 Over 5 years	31 Dec 2022 Total
Hedge accounting of assets								
Interest rate derivatives	90 000	307 200	0	397 200	245 000	317 200	50 000	612 200
Hedge accounting for bonds								
Interest rate derivatives	0	500 000	0	500 000	**0**	**0**	**0**	0
For non-hedging purposes								
Interest rate derivatives	30 000	10 000	0	40 000	20 000	0	10 000	30 000
Derivatives, total	**120 000**	**817 200**	**0**	**937 200**	**265 000**	**317 200**	**60 000**	**642 200**

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

31 Dec 2023 (EUR '000)	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedge accounting of assets					
Fair value hedge					
Interest rate derivatives	397 200	13 268	-829	Derivatives	-10 845
Hedging derivatives, total	**397 200**	**13 268**	**-829**		**-10 845**
Hedge accounting for bonds *					
Fair value hedge					
Interest rate derivatives	500 000	17 657	0	Derivatives	17 657
Hedging derivatives, total	**500 000**	**17 657**	**0**		**17 657**

31 Dec 2023 (EUR '000)	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	621 959	0	12 425	0	Debt securities	11 337
Bonds *	0	-499 214	0	-17 657	Issued bonds	-18 077
Hedged items, total	**621 959**	**-499 214**	**12 425**	**-17 657**		**-6 740**

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 2023 (EUR '000)		Profit / loss on hedging relationship			
Hedged item	Hedging instrument	Hedged item	Hedging instrument	Ineffective portion of hedging relationship	Income statement line on which the ineffective portion is booked
Debt securities	Interest rate derivatives	11 337	-10 845	492	Net income from investing activities: Net income from hedge accounting
Bonds *	Interest rate derivatives	-18 077	17 657	-420	Net income from investing activities: Net income from hedge accounting

* New hedged item. No comparison amounts.

31 Dec 2022 (EUR '000)	Nominal value, total	Assets, fair values	Liabilities, fair values	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedging derivatives					
Fair value hedge					
Interest rate derivatives	612 200	23 283	-3	Derivatives	31 097
Hedging derivatives, total	**612 200**	**23 283**	**-3**		**31 097**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec (EUR '000)	Assets	Liabilities	Assets	Liabilities	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedged item						
Debt securities *	661 116	0	23 762	0	Debt securities	-31 527
Hedged items, total	**661 116**	**0**	**23 762**	**0**		**-31 527**

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

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

31 Dec 2022 (EUR '000)		Profit / loss on hedging relationship			
Hedged item	Hedging instrument	Hedged item	Hedging instrument	Ineffective portion of hedging relationship	Income statement line on which the ineffective portion is booked
Debt securities	Interest rate derivatives	-31 527	31 097	-429	Net income from investing activities: Net income from hedge accounting

The accounting policies for hedge accounting of mortgage banking activities has been updated. Changes are presented in Note 2. Otherwise complies the accounting policies presented in the 2022 financial statements.

NOTE 11: ISSUED BONDS

	31 Dec 2023		31 Dec 2022			
Bonds (EUR '000)	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**	**Interest**	**Maturity**
Secured bonds						
S-Bank Plc's Covered Bond	517 291	500 000	0	0	Fixed 3.75%	26 Sep 2028
Secured bonds, total	**517 291**	**500 000**	**0**	**0**		
Unsecured bonds						
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	170 281	170 000	169 946	170 000	Euribor 3 m + 0.75%	4 Apr 2025
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 2	49 324	50 000	49 324	50 000	Euribor 3 m + 0.75%	4 Apr 2025
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2023	150 000	150 000	0	0	Euribor 3 m + 2.30%	23 Nov 2026
Unsecured bonds, total	**369 605**	**370 000**	**219 270**	**220 000**		
Bonds, total	**886 895**	**870 000**	**219 270**	**220 000**		

NOTE 12: SUBORDINATED DEBTS

	31 Dec 2023		31 Dec 2022			
Debentures (EUR '000)	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**	**Interest**	**Maturity**
Debenture I/2016	13 000	13 000	17 333	17 333	Euribor 12 m + 1.8%	30 Jun 2026
Debenture I/2017	5 333	5 333	6 666	6 666	Euribor 12 m + 1.8%	18 Dec 2027
Debenture I/2020	25 500	25 500	25 500	25 500	Euribor 12 m + 2.0%	1 Dec 2030
Debenture I/2021	57 500	57 500	57 500	57 500	Euribor 12 m + 2.0%	8 Oct 2031
Debentures, total	**101 333**	**101 333**	**107 000**	**107 000**		

NOTE 13: COLLATERAL GIVEN

(EUR '000)	Other collateral 31 Dec 2023	31 Dec 2022
Collateral given for own debt		
Liabilities to credit institutions	178 420	170 543
Derivatives	4 257	5 171
Collateral given for own debt, total	**182 676**	**175 714**
of which cash	4 257	5 171
of which securities	178 420	170 543
Other collateral given on own behalf	**357**	**357**
of which cash	357	357

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

NOTE 14: OFF-BALANCE SHEET COMMITMENTS

(EUR '000)	31 Dec 2023	31 Dec 2022
Guarantees	2 170	2 539
Other	52	93
Undrawn credit facilities	144 045	188 334
Off-balance sheet commitments, total	**146 266**	**190 967**

Impairment of off-balance sheet items is presented Note 7. The expected credit loss on off-balance sheet items is EUR 1 879 thousand (841 thousand).

NOTE 15: RELATED PARTIES

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

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

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

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

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

The transaction will be covered with a subsequent share issue to the owners and debt financing from the market. S-Bank will strengthen its own funds with a share issue of up to EUR 200 million to ensure that the bank's capitalisation will remain strong also following the transaction. The owners of S-Bank, SOK Corporation and the cooperative societies belonging to the S Group, have committed to the issue. S-Bank has also agreed on financing arrangements, which originally had a total value of approximately EUR 2.0 billion. During the initial stage, financing will be arranged by Danske Bank A/S. To cover the debt financing and pay the transaction price, S-Bank will issue covered bonds between 2023 and 2025. On 26 September 2023, S-Bank issued its first covered bond with nominal value EUR 500 million. Value of the previously mentioned financing arrangement was amended after the covered bond issue, and it was approximately EUR 1.5 billion at the end of the reporting period.

S-Bank's result for the year includes expenses of EUR 4.2 million. Those are expenses for consultancy and advisory services related to planning and preparation of the acquisition. In addition, the result includes expenses of EUR 5.4 million related to the financing arrangements mentioned earlier.

There are also contingent liabilities worth about EUR 0.4 million according to IAS 37, subject to the completion of the acquisition, for consultancy and advisory services related to planning and preparation of the acquisition. These costs are expected to be taken into result during the second half of the year 2024.

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.

7 March 2024: Annual report for 2023
7 May 2024: Interim report January-March
1 August 2024: Half-year report
7 November 2024: Interim report January-September
6 February 2025 Financial statements bulletin for 2024

1 February 2024
S-Bank Plc's Board of Directors

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