



S-Bank Plc Interim Report 1 January-31 March 2022

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S-Bank Plc, Stock exchange release, 3 May 2022 at 10.00 am

Steady growth, substantial improvement in profit

- Operating profit increased to EUR 9.9 million (6.6)*
- Lending increased to EUR 6.3 billion (5.6)
- Comparable assets under management increased to EUR 7.4 billion (6.9)
- The capital adequacy ratio rose to 15.7 per cent (15.3)

The S-Bank Group's operating profit for January-March increased by 51.0 per cent to EUR 9.9 million (6.6). Profit growth was influenced by a solid 12.1 per cent increase in total income and significantly lower impairment losses. The deterioration in the cost-to-income ratio is mainly due to increases in government fees.

* In the above, figures for the corresponding period of 2021 are used in the result comparisons.

Outlook for 2022 (unchanged)

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

Comments by Pekka Ylihurula, CEO

S-Bank Group's business developed as anticipated in January-March. Operating profit grew year-on-year and was EUR 9.9 million (6.6).

The fact that, at the end of March, our strategic objective of attaining one million active customers is yet another step closer, indicates that our business operations are making progress in the right direction. S-Bank had approximately 544 000 active customers, compared with approximately 486 000 a year earlier.

The total euro amount of the purchases made with S-Etukortti Visa cards in January-March grew by 16.9 per cent on the previous year. Year-on-year, our lending grew by 12.9 per cent and our deposit portfolio by 7.1 per cent. Year-on-year, the number of unit holders in the S-Bank funds increased by approximately 59 000 to approximately 349 000. Comparable assets under management increased to EUR 7.4 billion from EUR 6.9 billion a year earlier.

Russia's invasion of Ukraine soon after the middle of the first quarter significantly changed the operating environment of S-Bank and the Finnish economy as a whole. The war in Ukraine is one of the worst crises in Europe in decades. The progress of the war, with its various indirect effects, will place its mark on the entire year. The economic sanctions imposed as a result of the war will have a global impact on those companies that have operations in Russia. The eventual impact on Finnish companies and society will become better known as the situation develops.

Even with all the uncertainty, however, it is good to note that, in accordance with its strategy, S-Bank has focused on products and services for its retail customers. Our customers can take care of their daily payment orders, as before, with S-Bank's Visa cards, with S-mobiili and via the online bank.

January-March 2022

S-Bank's operating profit was EUR 9.9 million (6.6), an increase of 51.0 per cent on the previous year. The profit for the financial year after taxes was EUR 8.1 million (5.5). Return on equity rose to 4.4 per cent (3.9).

The operating profit from Banking was EUR 17.0 million (EUR 9.6 million). The operating profit from Wealth Management was EUR 1.4 million (EUR 1.7 million).

During the review period, total income developed positively. Total income amounted to EUR 50.7 million (45.2), a growth of 12.1 per cent. Net interest income grew by 7.4 per cent, totalling EUR 23.0 million (21.4). Net fee and commission income increased by 9.0 per cent year-on-year to EUR 19.4 million (17.8). Net income from investing activities was EUR 2.1 million (0.6). Other operating income totalled EUR 6.1 million (5.4).

Operating expenses totalled EUR 40.6 million (33.4) during the review period. This is 21.6 per cent more year-on-year, mainly due to increases in fees payable to the authorities

Expected and final credit losses of EUR 1.7 million (6.5) were recognised in the consolidated income statement during the review period. Reversals, i.e. recovered credit losses, amounted to EUR 1.6 million (1.2). Consequently, the total net effect on profit of expected and final credit losses was EUR 0.1 million (5.2).

Total deposits continued to grow and were EUR 7 602.1 (7 554.9) at the end of the review period. During the past 12 months, total deposits grew by 7.1 per cent.

Lending growth continued to be strong. At the end of the review period, the loan portfolio totalled EUR 6 274.7 million (6 086.0). During the past 12 months, the loan portfolio grew by 12.9 per cent.

The housing loan portfolio increased by 12.1 per cent. According to the latest available information, S-Bank's contribution to the increase in the financial institutions' housing loan volume was 11.0 per cent (13.2) for the preceding 12-month period in February. Compared with the market as a whole, the housing loan portfolio's growth was 3.4-fold in the same period. The number of housing loan applications decreased slightly from the previous year during the first quarter.

At the end of the review period, the bank's debt securities totalled EUR 1 049.4 million (1 149.1 at the end of 2021).

At the end of the review period, S-Bank's equity was EUR 507.8 million. At the end of 2021, equity was EUR 509.3 million. The decline in equity was affected by a decline in the value of the fair value reserve. The equity ratio was 5.9 per cent (6.0).

The S-Bank Group's assets under management were EUR 7 397.0 million (7 697.1) at the end of the review period. Performance was affected by geopolitical uncertainty and stronger expectations of rising interest rates. The fund cooperation between S-Bank and LocalTapiola ended in the final quarter of 2021. Comparable assets under management excluding the LocalTapiola funds was EUR 6 870.3 million at the end of March 2021. Year-on-year growth was 7.7 per cent. In addition, S-Bank Properties Ltd managed EUR 442.4 million in customer assets, consisting of real estate and joint ventures (442.4). Net subscriptions to the S-Bank mutual funds amounted to EUR 38.8 million in the review period compared with EUR 95.5 million a year earlier. The increase in net subscriptions to the S-Bank funds was higher than the fund management company median. The total number of unit holders in the S-Bank funds increased to approximately 349 000 from approximately 290 000 at the same time last year.

Key figures

(EUR million)	Jan-Mar 2022	Jan-Mar 2021	Change	Q1 2022	Q1 2021	Change
Net interest income	23.0	21.4	7.4%	23.0	21.4	7.4%
Net fee and commission income	19.4	17.8	9.0%	19.4	17.8	9.0%
Income, total	50.7	45.2	12.1%	50.7	45.2	12.1%
Operating profit	9.9	6.6	51.0%	9.9	6.6	51.0%
Cost-to-income ratio	0.80	0.74	0.06	0.80	0.74	0.06

(EUR million)	31 Mar 2022	31 Dec 2021	Change
Liabilities to customers, deposits	7 602.1	7 554.9	0.6%
Receivables from customers, lending	6 274.7	6 086.0	3.1%
Debt securities	1 049.4	1 149.1	-8.7%
Equity	507.8	509.3	-0.3%
Expected credit losses (ECL)	18.7	20.6	-9.7%
Assets under management	7 397.0	7 697.1	-3.9%
Return on equity	4.4%	3.9%	0.5
Return on assets	0.3%	0.2%	0.0
Equity ratio	5.9%	6.0%	0.0
Capital adequacy ratio	15.7%	16.3%	-0.5

Webcast on results

The results of S-Bank will be presented by Pekka Ylihurula, CEO, and Mika Heikkilä, CFO, in a webcast to be held on 3 May 2022 from 11 am to 11.45 am. The event will be held in English. Further information: S-Bank's communications, viestinta@s-pankki.fi.

Contacts

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About S-Bank Plc

S-Bank is a Finnish bank that wants to help everyone achieve a slightly more affluent tomorrow, regardless of the size of their wallet. At S-Bank, expertise means that we understand the economy and people: as part of the S Group, we know the everyday lives of our 3.1 million customers. We are changing the banking sector by offering superior ease and benefits by offering both banking and retail services. www.s-pankki.fi

Attachments

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