



S-Bank to acquire Handelsbanken's Finnish private customer, asset management and investment services operations

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S-Bank to acquire Handelsbanken's Finnish private customer, asset management and investment services operations

S-Bank Plc will acquire the Finnish private customer, asset management and investment services operations of Svenska Handelsbanken AB. No action is required from customers at this stage, and customers will be informed of the progress of the transaction.

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. The cooperation will diversify the selection of funds available to S-Bank's current and future customers.

"We warmly welcome Handelsbanken's private customers to their new home. S-Bank and Handelsbanken both operate in their own unique way, and according to surveys, customers of both banks are very satisfied with their banks. We will now join the strengths of both banks. We wish our new colleagues welcome," says **Riikka Laine-Tolonen**, CEO of S-Bank.

"Today marks the start of the next chapter in the S-Bank story. With this transaction, we strengthen our position as a bank for the Finns. Our housing loan and deposit portfolio will grow, and we will become the fourth largest bank in both sectors in the Finnish market," says Laine-Tolonen.

Moreover, the transaction will strengthen S-Bank's position as one of the leading asset managers in Finland: the assets under our management will grow, the selection of funds available to our customers will become more diverse, and the number of our Private Banking customers will almost double. Wealth Management is one of S-Bank's two business segments. It offers services to fund investors, Private Banking customers and also to the largest Finnish institutional investors.

"This is a transaction in line with S-Bank's strategy. I am delighted that Handelsbanken considered S-Bank to be the best option to continue serving their household customers in Finland. S-Bank will now move up to a new size category, which will also strengthen the bank's earning power and capital adequacy in the longer term. The transaction will also enhance S-Bank's ability to continue investing in the development of banking services for the S Group's co-op members," says **Jari Annala**, Chairman of the Board of S-Bank.

No action required from customers at this stage

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. No action is required from customers at this stage, and customers will be informed of the progress of the transaction.

The subject of the transaction comprises the business operations to be acquired from Handelsbanken, which will be transferred to S-Bank at the time of closing.

S-Bank will not pay a premium on the transaction. S-Bank will pay Handelsbanken a cash amount that is EUR 20-25 million less than the net value of the balance sheet items to be transferred at closing.

The net value is determined by the difference between the values of the loan and deposit agreements to be transferred and it amounted to approximately EUR 2.0 billion on 31 March 2023. The value of loans to be transferred was approximately EUR 3.6 billion and that of deposits approximately EUR 1.6 billion. The final purchase price will be determined at closing on the basis of the value of the loan and deposit agreements current at that time.

The transaction will be covered with a subsequent share issue to the owners and debt financing from the market. S-Bank will strengthen its own funds with a share issue of up to EUR 200 million to ensure that the bank's capitalisation will remain

strong also following the transaction. The owners of S-Bank, SOK Corporation and the cooperative societies belonging to the S Group, have committed to the issue. S-Bank has also agreed on financing arrangements, which will have a total value of approximately EUR 2.0 billion. During the initial stage, financing will be arranged by Danske Bank A/S. To cover the debt financing and pay the transaction price, S-Bank will issue covered bonds between 2023 and 2025.

The transaction will not affect S-Bank's guidance on its outlook for 2023.

On 31 May 2023, 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. As part of the sale of the SME business to OmaSp, entrepreneurs' banking services, excluding asset management and investment services, will also be transferred to OmaSp. The transaction is subject to regulatory approval.

S-Bank will comment on the transaction at a media conference to be arranged on 31 May 2023 from 11.00 to 11.45 am. The event can also be followed online. Registration for the media event: viestinta@s-pankki.fi

Contacts

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About S-Bank Plc

S-Bank is a Finnish bank and part of S Group. We exist to give everyone the possibility of a little more wealth. We have more than three million customers and we know their day-to-day life. We bring convenience and value to our customers through our easy-to-use digital services, for example. Being a full-service bank, we offer support to our customers every day and at the turning points in their lives. s-pankki.fi

Attachments

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