S-BANK INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2023

S BANK

STRONG PERFORMANCE CONTINUES – INTEREST IN OUR SERVICES IS GROWING

Riikka Laine-Tolonen, CEO

"The upward trend in S-Bank's performance continued in January–September. Interest in our services remained strong and at the end of September, we had around 642 000 active customers."

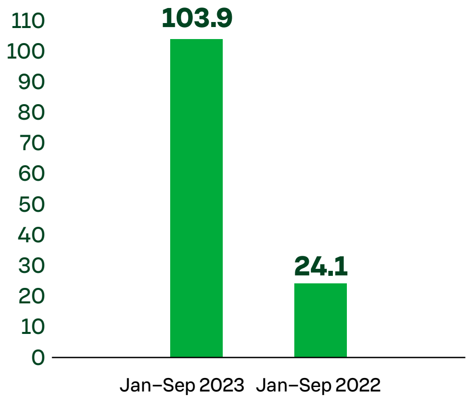
JANUARY–SEPTEMBER 2023

- Lending increased to EUR 6.9 billion (6.6)
- Assets under management increased to EUR 6.0 billion (5.8) *
- Operating profit increased to EUR 103.9 million (24.1)
- The capital adequacy ratio increased to 18.1 per cent (16.0)

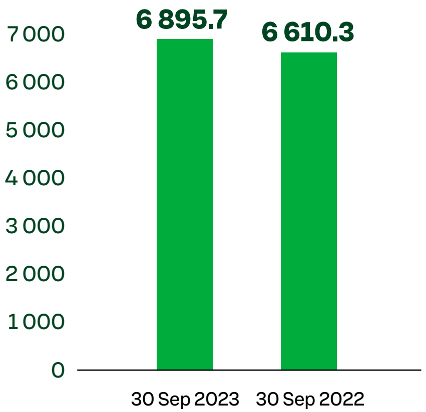
The S-Bank Group's operating profit was EUR 103.9 million (24.1). The improvement in performance and key figures was especially driven by a strong 150.4 per cent increase in the net interest income that was supported by a steady growth in the number of active customers. Total income increased by 76.6 per cent. The cost-to-income ratio was 0.54 (0.81) and return on equity was 17.9 per cent (4.4).

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

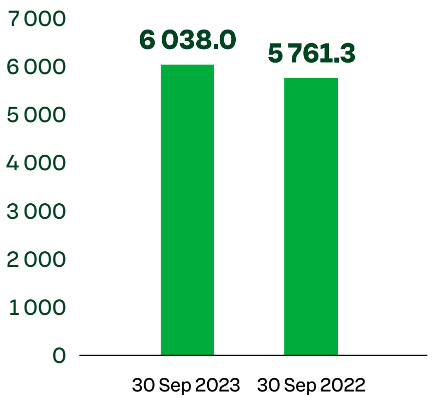
Operating profit (EUR million)



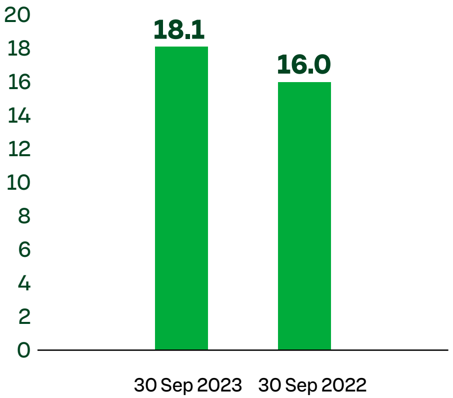
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR 2023 (CHANGED)

We estimate that our full-year operating profit will increase to more than 2.5 times higher compared to the previous year (EUR 44.7 million). The continued rise in interest rates is having a positive impact on the bank's performance. However, the outlook for the rest of 2023 is still subject to uncertainties, which are related to the operating environment and the development of the economy, employment and real estate markets. The prevailing interest rate levels and the sharp increase in housing and living costs may have a negative impact on some households.

KEY FIGURES

(EUR million)	Jan–Sep 2023	Jan–Sep 2022	Change	Q3 2023	Q3 2022	Change
Net interest income	195.7	78.2	150.4%	74.8	31.3	139.0%
Net fee and commission income	67.5	62.9	7.4%	22.6	21.4	5.4%
Total income	266.4	150.9	76.6%	95.9	54.1	77.1%
Operating profit	103.9	24.1	332.0%	46.3	10.7	332.2%
Cost-to-income ratio	0.54	0.81	-0.27	0.54	0.81	-0.27

(EUR million)	30 Sep 2023	31 Dec 2022	Change
Liabilities to customers, deposits	8 172.6	7 925.6	3.1%
Receivables from customers, lending	6 895.7	6 695.3	3.0%
Debt securities	689.2	696.7	-1.1%
Equity	609.3	524.2	16.2%
Expected credit losses (ECL)	33.3	22.5	47.6%
Assets under management	6 038.0	5 852.5	3.2%
Return on equity	17.9%	6.9%	10.9
Return on assets	1.1%	0.4%	0.7
Equity ratio	6.2%	5.9%	0.4
Capital adequacy ratio	18.1%	16.3%	1.8

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

CEO'S REVIEW

The outlook for the Finnish economy weakened in early autumn. Major problems have been avoided so far, but several key economic indicators now suggest darker times lie ahead for the economy.

In early autumn, uncertainty continued in the real estate sector, where housing transactions were at an exceptionally low level, for example. At the same time, however, it is worth remembering that housing needs will not go away and that every business cycle always comes to an end. Megatrends shaping the future of housing, such as urbanisation, are also likely to continue in the coming years.

Many households have also had to adjust their spending: everyday expenses have increased, while job and income security have weakened. On the other hand, the peak in prices is now behind us and interest rates may well have reached their peak, too. In other words, relief is on the horizon but for many people, mortgage rates will rise again on the interest rate review date.

Finns are hardy: most families have been able to adjust their spending and manage their responsibilities conscientiously. Yet in times like these, it is important that we are there for our customers. We exist to give everyone a chance to have a slightly more affluent future. We think it is fair to offer an account, a card, online banking and a mobile app free-of-charge to S Group cooperative store co-op members.

Another concrete example of our fairness is the fact that we pay interest on bank accounts. Because the money customers deposit in their accounts form the basis of the bank's lending, we think that it is fair that the interest rate on these accounts follows the general rise in interest rates. The interest on our current account, the S-Tili account, is based on the S-Prime reference rate, which follows market rates. When interest rates normalised, we were among the first to start paying interest on these accounts, which are so important in our daily lives. In September, we announced that the deposit rate on the S-Tili account would rise to 0.5 per cent in October.

The interest is calculated separately for each day's balance on the S-Tili account. This gives customers a better return on their money than an account where interest is calculated once a month on the lowest balance.

At the end of September 2023, we had around 642 000 active customers, as opposed to around 578 000 at the end of September 2022. Our goal is to achieve one million active customers. The increase in the number of our active customers shows that more and more Finns consider S-Bank a viable full-service bank. The continued growth of our total deposits reflects the interest and trust in S-Bank. Deposits from household customers amounted to around EUR 7.5 billion, which is around 5.9 per cent more than a year earlier.

Demand for our other services also remained strong. In January–September, the total euro amount of purchases made with the S-Etukortti Visa card grew by 20.5 per cent and the number of purchases by 20.7 per cent on the previous year. At the end of the quarter, purchases made with S-Bank cards accounted for 25.2 per cent (24.0) of all Bonus purchases made in S Group stores. Our housing loan volume increased by around 4.2 per cent over the 12-month period, during which the housing loan volume of all financial institutions operating in Finland decreased by 1.6 per cent. At the end of September, our digital investment service, Säästäjä (Saver), had about 89 000 users, as opposed to about 79 000 a year earlier. The total number of unit holders in the S-Bank funds was 385 000 at the end of September, while a year earlier it was 360 000. Of our new housing loan customers in January–September, 28.4 per cent invested in funds.

Our performance was very strong in January–September. Total income for January–September was EUR 266.4 million (150.9). Operating profit was EUR 103.9 million (24.1) and our capital adequacy improved. The operating profit in the third quarter was EUR 46.3 million (10.7). As in the first half of the year, our results were supported by growth in our customer base and balance sheet that was stronger than market growth.

The strong performance enables sufficient capital buffers, operational development and business growth. Especially in these times of economic hardship, I am glad that our profit remains in Finland. S-Bank is owned by the S Group's regional cooperatives and their jointly owned central organisation SOK Corporation. The regional cooperatives, on the other hand, are owned by their members, the co-op members.

We made progress on our key projects in early autumn. One of the most important things that we are working on is the update of our strategy. Work on the strategy is proceeding at a good pace and we will report more on this when the project has been completed.

The transaction announced in May, where we will acquire Handelsbanken's Finnish personal banking, wealth management and investment services businesses, is also progressing as planned. When the acquisition of Handelsbanken's business operations is completed in the second half of 2024, S-Bank will move up to a new size category and the next chapter in the S-Bank story will begin. When the transaction was announced, we also announced that we would finance it through a share issue to our shareholders and debt financing from the market. In September, we issued our first covered bond, which was used to raise EUR 500 million in funding from the market. The bond was well received by debt investors and oversubscribed by a clear margin, which was a sign of investor confidence.

Recent studies also show that there is confidence in S-Bank. They show that S-Bank has the most loyal customers in banking and finance. What is more, Finns ranked S-Bank as the most respected brand in banking – for the sixth year in a row.

We'd like to thank our customers for their confidence in us. I would also like to take this opportunity to thank our personnel, our shareholders, our bond investors and our partners.

RIIKKA LAINE-TOLONEN
CEO

CONTENTS

OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

Funding, credit ratings and capital adequacy

On 26 September 2023, S-Bank issued its first covered bond 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. The demand for the issue was strong and the bond was oversubscribed. The bond was accepted for trading on the official list of Nasdaq Helsinki Ltd.

On 26 September 2023, Standard & Poor's (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.

On 29 June 2023, S&P revised its out look on S-Bank to positive from stable. At the same time, S&P affirmed its BBB long-term issuer credit rating and A-2 short-term for S-Bank. S&P also affirmed its resolution counterparty ratings (RCRs) for S-Bank. The RCR credit rating of long-term borrowing is BBB+ and that of short-term borrowing is A-2.

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

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

Hanna Porkka, Deputy to the CEO and Head of the Wealth Management business, has decided to leave her position at S-Bank Group. The change in the S-Bank Group's Management Team was announced on 29 September 2023. The operations of the Wealth Management business will continue to follow the business and overall bank strategy. For the time being Porkka's responsibilities as the Head of Wealth Management were taken over by the Deputy Head of

Wealth Management, Teri Heilala, who also joined S-Bank's Group Management Team. The search process for Porkka's successor has begun.

Riikka Laine-Tolonen, M.Sc. (Econ.) took up her position as S-Bank's CEO on 26 April 2023. M.Sc. (Econ.), CEFA Hanna Porkka, who acted as Interim CEO, continued in the post of Deputy to the CEO.

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

Responsibility and service development

S-Bank raised its S-Prime rate three times in January–September and announced that the fourth increase would take place in October. 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 in the S-Prime reference rate, the deposit interest rate on S-Tili accounts will be 0.5 per cent on 12 October 2023. The decisions were based on the increase in market rates.

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

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 in January–September. According to EPSI Rating's Bank 2023 survey, S-Bank has the most loyal customers in the banking and finance sector. The survey was published on 18 September 2023. On 30 September 2023, Finns rated S-Bank as the most valued banking brand in Taloustutkimus' Brändien arvostus 2023 (Brand perception) survey. This is the sixth consecutive year that S-Bank has been rated as the most respected brand in the banking sector. In a survey on satisfaction and trust in banking services 2023, commissioned by the loan comparison service Sortter and conducted by Taloustutkimus, S-Bank's customers were the most satisfied with their bank for the fourth year in a row. The survey was published on 29 March 2023. For the eleventh consecutive year, Finns selected S-Bank as the most responsible banking brand in Finland in the annual Sustainable Brand Index survey published by the research company SB Insight on 21 March 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.

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

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

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

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

OPERATING ENVIRONMENT

The economy continued to adjust to the new, higher interest rates in the third quarter of the year in Finland and abroad. Overall, the economy has remained stronger than expected thanks to savings accumulated during the pandemic, strong employment and public sector support. Economic growth continued at a brisk pace in the US, while Europe has slipped close to zero growth. Of the world's major economic powers, China's growth has picked up since the Covid-19 lockdowns, but the pace of the growth has been slower than in the past. As a consequence of problems in the Chinese real estate sector and geopolitics, among other things, the West is seeking to reduce its dependence on China.

Inflation peaked last year but has not disappeared. The rise in prices of goods and energy, for example, has slowed down in general and, in many cases, prices have even fallen, bringing overall inflation down from the peak levels. On the other hand, core inflation has remained stubbornly high as the rise in prices has spread throughout the economy. Wages have been rising, which has contributed to maintaining the rise in prices. Central banks continued to raise their policy rates, but the pace of increases has slowed. The European Central Bank raised its rates twice in the third quarter of the year, by 0.25 percentage points both times, but in the US, the Federal Reserve skipped the September hike. In fact, the rates are likely to be approaching their peak but ultimately, whether they actually do, requires a slowdown in economic growth and inflation.

Finland's economic growth has slowed down markedly and is now close to zero. The price rises of recent years have hit consumer purses hard. Retail sales continued to grow in nominal terms, but underlying sales volumes have already been falling since last year. Wage increases and one-off pay rises in late spring and summer boosted consumer spending, as did the slowdown in price increases. On the other hand, the weakness of global economic growth was a problem for the Finnish export industry. The post-pandemic spike in demand turned into a destocking, resulting in lower industrial demand and falling prices, which was reflected in weaker sales and order books for manufacturing in Finland.

Although overall price rises have eased, interest rates have continued to rise, significantly eating into borrowers' spending power. Compared to the rest of the world, Finland has high interest rate sensitivity due to its variable-rate loan portfolio. Housing sales have slowed sharply, and prices have fallen significantly from their peak a year ago. The construction sector is gradually slowing down as old projects are completed and no new projects are currently being started. Overall, employment has remained strong, but unemployment is expected to gradually increase somewhat.

The third quarter of the year was a volatile time for the financial markets. Hopes of a moderate 'soft' economic downturn alternated with concerns of what impact the tighter monetary policy will have. The July rise in equities turned into an August–September decline and finally modest performance. The Helsinki stock exchange, a manufacturing-driven market, continued to underperform the rest of the world. Also, the continued rise in long-term interest rates weighed down bond values.

FINANCIAL POSITION

Key figures

(EUR million)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan–Sep 2023	Jan–Sep 2022
Net interest income	74.8	66.1	54.8	43.5	31.3	195.7	78.2
Net fee and commission income	22.6	23.0	22.0	24.3	21.4	67.5	62.9
Total income	95.9	90.6	80.0	70.9	54.1	266.4	150.9
Operating profit	46.3	32.2	25.4	20.6	10.7	103.9	24.1
Cost-to-income ratio	0.54	0.61	0.69	0.74	0.81	0.54	0.81

(EUR million)	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Sep 2023	31 Dec 2022
Liabilities to customers, deposits	8 172.6	8 221.9	7 927.8	7 925.6	7 912.2	8 172.6	7 925.6
Receivables from customers, lending	6 895.7	6 862.1	6 777.7	6 695.3	6 610.3	6 895.7	6 695.3
Debt securities	689.2	743.0	727.9	696.7	728.4	689.2	696.7
Equity	609.3	569.1	546.8	524.2	506.9	609.3	524.2
Expected credit losses (ECL)	33.3	31.5	24.2	22.5	20.2	33.3	22.5
Assets under management *	6 038.0	6 139.1	5 997.2	5 852.5	5 761.3	6 038.0	5 852.5
Return on equity	17.9%	13.3%	9.1%	6.9%	4.4%	17.9%	6.9%
Return on assets	1.1%	0.8%	0.5%	0.4%	0.3%	1.1%	0.4%
Equity ratio	6.2%	6.1%	6.1%	5.9%	5.7%	6.2%	5.9%
Capital adequacy ratio	18.1%	17.3%	16.8%	16.3%	16.0%	18.1%	16.3%

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

RESULTS JULY–SEPTEMBER 2023

S-Bank Group's operating profit for July–September increased year-on-year and was EUR 46.3 million (10.7).

Income

Total income increased to EUR 95.9 million (54.1), an increase of 77.1 per cent. Net interest income grew by 139.0 per cent, totalling EUR 74.8 million (31.3). Net fee and commission income was EUR 22.6 million (21.4). Net income from investing activities were EUR -3.1 million (0.2). Other operating income totalled EUR 1.6 million (1.3).

Expenses

Operating expenses totalled EUR 42.6 million (40.2). This represents an increase of 6.5 per cent on the previous year. Personnel expenses accounted for EUR 17.2 million (14.8) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions. Other administrative expenses were EUR 20.3 million (19.1). The change is mainly due to consultancy and expert services related to the planning and preparation of the announced acquisition. These are described in more detail in Note 16.

Depreciation and impairment of tangible and intangible assets amounted to EUR 4.2 million (3.8). Other operating expenses totalled EUR 0.9 million (2.5).

Expected and final credit losses

In the third quarter, expected and final credit losses of EUR 8.7 (5.1) million were recognised in the consolidated income statement. Reversals, or recovered credit losses, amounted to EUR 1.8 million (1.8). Consequently, the total net effect on profit of expected and final credit losses was EUR 6.9 million (3.3). In the third quarter, provisions based on management judgement were increased by EUR 1.5 million.

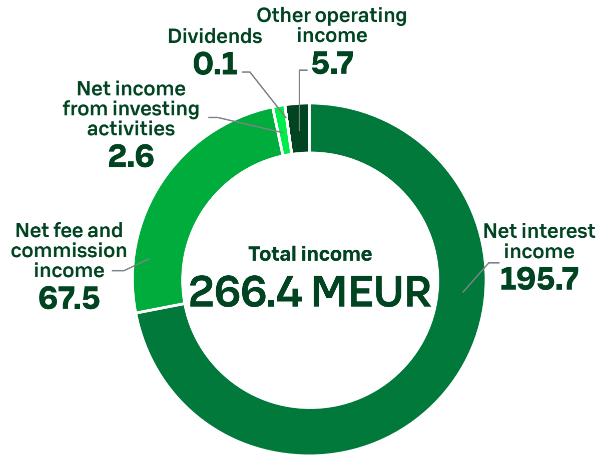
RESULT AND BALANCE SHEET JANUARY–SEPTEMBER 2023

S-Bank Group's operating profit was EUR 103.9 million (24.1). The profit for the period after taxes was EUR 83.2 million (19.2). Return on equity increased to 17.9 per cent (4.4).

Income

During the review period, total income increased significantly. Total income amounted to EUR 266.4 million (150.9), a growth of 76.5 per cent.

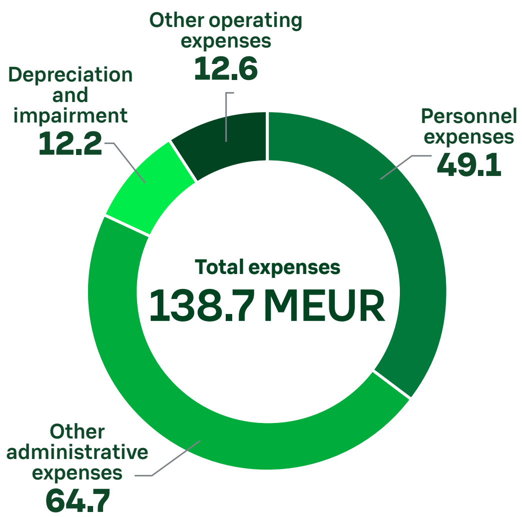
Net interest income increased by 150.3 per cent, totalling EUR 195.7 million (78.2). Net interest income increased significantly due to higher interest rate levels. Net fee and commission income increased by 7.4 per cent to EUR 67.5 million (62.9). The change was mainly due to the growth in the fees from card payments. Net income from investing activities decreased and was EUR -2.6 million (1.0). Change was due to valuation of derivatives and re-allocations in the investment portfolio. Other operating income decreased to EUR 5.7 million (8.7). 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 138.7 million (120.2) during the review period. This is 15.4 per cent more year-on-year, mainly due to an increase in personnel expenses and government fees but also acquisition related advisory costs. Personnel expenses accounted for EUR 49.1 million (41.4) of operating expenses. The change was due to an increase in the number of personnel and performance bonus provisions.

Other administrative expenses totalled EUR 64.7 million (56.9). 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 12.2 million (10.9). Other operating expenses totalled EUR 12.6 million (11.1), which includes EUR 9.5 million (6.7) in financial stability contribution and deposit guarantee contribution.



Expected and final credit losses

Expected and final credit losses of EUR 28.9 million (11.4) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 5.1 million (4.8). Consequently, the total net effect on profit of expected and final credit losses was EUR 23.8 million (6.6). EUR 11.2 million of ECL provisions were made during the review period which is the main reason for the increase. During this year, provisions based on management judgement have been increased by EUR 5.5 million (0.6). Provisions based on management judgement totalled EUR 7.6 million at the end of the review period (1.0). In addition, ECL provisions increased by EUR 2.6 million due to the impact of the update of the forward-looking indicator model. In the comparison period, the updated calculation of expected credit losses had a positive impact and the ECL was lower. Credit and impairment losses are at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.

Deposits

Total deposits were EUR 8 172.6 million (7 925.6) at the end of the review period. Deposits repayable on demand totalled EUR 7 621.0 million (7 845.4) and time deposits EUR 551.6 million (80.2) at the end of the review period. During the past 12 months, total deposits grew by 3.3 per cent. Household customers' deposit portfolio grew by 5.9 per cent on the previous year and was EUR 7 532.5 million. Corporate customers' deposit portfolio decreased by 19.9 per cent on the previous year and was EUR 640.1 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 7 038.9 million (6 580.2).

Lending

At the end of the review period, the loan portfolio totalled EUR 6 895.7 million (6 695.3). During the past 12 months, the loan portfolio grew by 4.3 per cent. The household loan portfolio grew by 4.0 per cent on the previous year and was EUR 5 711.5 million. The corporate loan portfolio grew by 6.1 per cent on the previous year and was EUR 1 184.3 million.

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

Liquidity portfolio and investing activities

At the end of the review period, the bank's debt securities totalled EUR 689.2 million (EUR 696.7 million at the end of 2022). Deposits in central banks and cash totalled EUR 2 013.5 million (1 368.2). The growth was influenced by the covered bond issue at the end of September. 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 609.3 million, compared with EUR 524.2 million at the end of 2022. The equity ratio was 6.2 per cent (5.9).

Assets under management

Assets under management were EUR 6 038.0 million (5 852.5) at the end of the review period. Of assets under management, fund capital accounted for EUR 4 145.1 million (3 925.8), and wealth management capital accounted for EUR 1 892.9 million (1 926.7). In addition, S-Bank Properties Ltd managed EUR 373.0 million in customer assets, consisting of real estate and joint ventures (336.2). The comparison amount has been adjusted. Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 106.8 million a year earlier.

Deposits

(EUR million)	30 Sep 2023	31 Dec 2022	Change	Change year-on-year
Household customers	7 532.5	7 078.8	6.4%	5.9%
Corporate customers	640.1	846.8	-24.4%	-19.9%
Total	**8 172.6**	**7 925.6**	**3.1%**	**3.3%**

Lending

(EUR million)	30 Sep 2023	31 Dec 2022	Change	Change year-on-year
Household customers	5 711.5	5 588.9	2.2%	4.0%
Corporate customers	1 184.3	1 106.3	7.0%	6.1%
Total	**6 895.7**	**6 695.3**	**3.0%**	**4.3%**

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 108.0 million (25.2) in January-September. Total income increased 95.9 per cent to EUR 234.6 million (119.7). Net interest income, in particular, grew significantly. Expenses increased by 16.8 per cent to EUR 102.8 million (88.0). Impairment of receivables increased to EUR 23.8 million (6.6).

According to the latest available information, the decrease in housing loan volume for the financial institutions operating in Finland was 1.6 per cent for the preceding 12-month period in August. S-Bank's housing loan volume grew by 4.2 per cent in the same period. In January-September the number of housing loan applications decreased from the previous year.

The use of S-Etukortti Visa cards developed favourably in January–September 2023. Total card purchases in euros increased by 20.5 per cent and were at a record-high in January–September. The number of card purchases increased by 20.7 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 4.1 million (4.7). Total income was EUR 30.4 million (30.5). Expenses increased by 2.3 per cent to EUR 26.3 million (25.7). Business performance was affected by uncertainty in the financial and real estate markets and rising interest rates.

Net subscriptions to the S-Bank mutual funds amounted to EUR 104.9 million in the review period compared with EUR 106.8 million a year earlier. The net subscriptions to S-Bank funds performed stronger than the fund management company average. Net subscriptions on the market as a whole amounted to EUR 2 884,1 million against EUR -3 750,5 million a year earlier.

The total number of unit holders in the S-Bank funds increased to around 385 000 from around 360 000 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)	Jan-Sep 2023	Jan-Sep 2022	Change
Operating income	234.6	119.7	95.9%
Operating expenses *	-102.8	-88.0	16.8%
Impairment of receivables	-23.8	-6.6	261.8%
Operating profit (loss) *	**108.0**	**25.2**	**329.1%**

* The allocation of expenses has been amended since the publication of the 30 September 2022 interim report. The changes are presented in Note 3.

Wealth Management

(EUR million)	Jan-Sep 2023	Jan-Sep 2022	Change
Operating income	30.4	30.5	0.0%
Operating expenses *	-26.3	-25.7	2.3%
Operating profit (loss) *	**4.1**	**4.7**	**-12.8%**

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 ratio, %

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

CET1 ratio, %

$$\frac{\text{CET1 capital}}{\text{Total risk exposure amount}} \times 100$$

Leverage ratio, %:

$$\frac{\text{Tier 1 capital (T1)}}{\text{Exposure amount}} \times 100$$

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.

At the end of the review period, the interest rate levels have remained on high levels, as central banks have continued to raise the key interest rates. Though it seems that the inflationary peak has been folded, high inflation together with current interest rate level tightens consumers' purchasing power. This has contributed to the decline in housing sales and created concern and uncertainty in the real estate and construction industries. In Finland, the demand for household loans has declined during the review period, but the use of consumer loans and credit cards has grown.

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

S-Bank's total deposits base has continued to grow during the review period. Especially the amount of time deposits and household deposits have increased. S-Bank issued its first covered bond as part of its EUR 3.0 billion bond programme at the end of September. The issuance of the covered bond strengthened S-Bank's liquidity position.

The S-Bank Group's key risk indicators

EUR million	30 Sep 2023	31 Dec 2022
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3 476.3	3 385.4
Credit and counterparty risk, standardised approach	3 080.2	3 022.6
Market risk	0.0	0.0
Operational risk, basic indicator approach	362.8	362.8
Credit valuation adjustment (CVA)	33.3	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	529.7	448.2
Tier 2 (T2) capital	100.5	104.8
Own funds in total	630.2	552.9
Pillar 1 requirement (%)	12.04%	12.03%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio (%)	15.2%	13.2%
Total capital ratio (%)	18.1%	16.3%
Non-performing loan (NPL)		
NPL ratio (%)	1.1%	0.9%
Leverage ratio (LR):		
Leverage ratio (%)	5.3%	4.9%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	258.0%	164.4%
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	162.4%	151.4%

Credit risk

The credit portfolio continued to grow further during the review period, 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 types during the review period. S-Bank sustains a low credit risk profile according to its conservative risk appetite, supported by prudent risk management and monitoring measures.

The total amount of ECL provision increased by EUR 11.2 million to EUR 33.7 million (22.5) during the review period. The changes in provisions based on management judgement during the review period contributed to the growth in the ECL provision by approximately EUR 5.5 million. The management judgement was increased mainly because the increase in interest expenses and prices are expected to further weaken the financial standing of customer households. In addition, the modelling of forward-looking information was updated during the review period, which led to an increase of EUR 2.6 million in the ECL provision estimated by the credit risk models. The ECL provision related to corporate customers and investing activities increased due to internal rating downgrades of customers particularly in real estate and construction industries. Expected and final credit losses are discussed under section Result and balance sheet January–September 2023 and in Note 7.

The volume of household customer loans subject to repayment holidays was EUR 373.9 million (448.1), representing 6.5 per cent (8.0) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers.

The uncertainty of the economic environment and increase in general price level has contributed to the growth of forbearance measures and non-performing loans. Gross forborne exposures in the balance sheet totalled EUR 205.4 million (158.9) at the end of the review period. The carrying amount of performing forborne exposures in relation to loans and advances was at the level of 2.5 per cent (2.0). The corresponding ratio of non-performing forborne exposures was 0.5 per cent (0.4).

The amount of non-performing loans (NPL) in the balance sheet increased by EUR 18.3 million to EUR 77.7 million (59.4) during the review period. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 1.1 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 18.1 per cent (16.3) and CET1 capital adequacy ratio 15.2 per cent (13.2). Total own funds at the end of the review period were EUR 630.2 million (552.9) of which CET1 capital was EUR 529.7 million (448.2) and Tier 2 capital EUR 100.5 million (104.8). Own funds were positively affected especially by profit performance due to net interest income.

Risk-weighted exposure amount was EUR 3 476.3 million (3 385.4) and it grew by EUR 90.9 million. The growth was due to an increase in credit risk, especially in exposures secured by immovable properties and due to the credit valuation adjustment.

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

Leverage ratio

S-Bank's leverage ratio (LR) of 5.3 per cent (4.9) was strong and exceeded both the regulatory and internally set risk appetite minimum level.

Market risk

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

(+100 basis points) was EUR -4.8 million (-6.6). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -8.5 million (-8.7). The interest income risk is calculated as the effect of one percentage point sudden decrease on the net interest income for the next 12 months. The spread risk was EUR -3.9 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

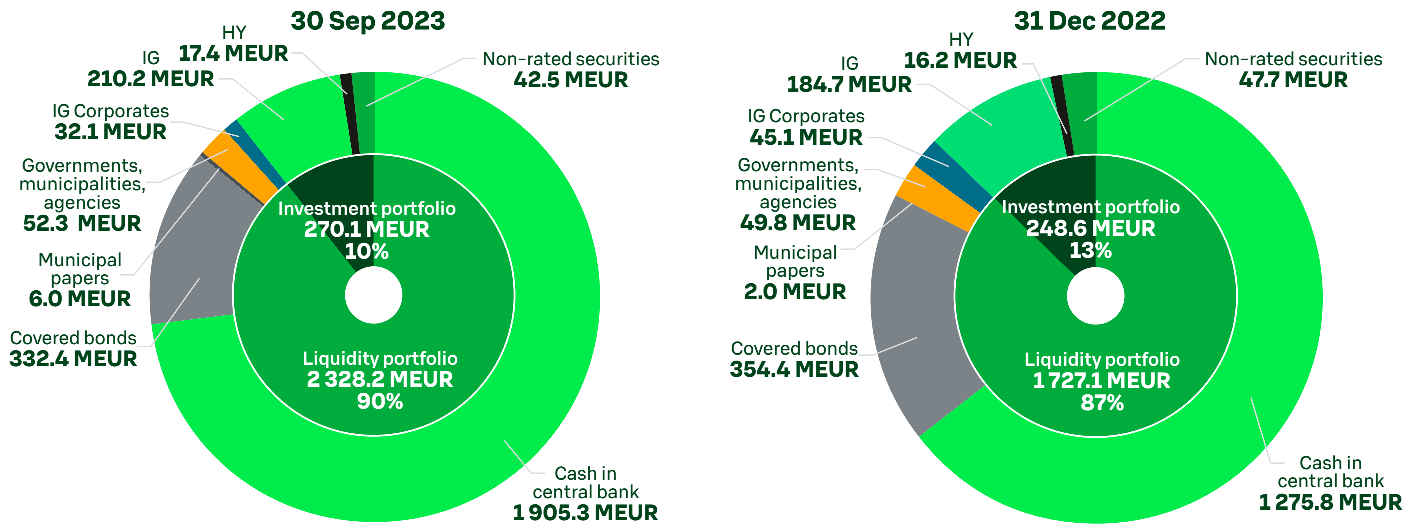
S-Bank's liquidity position strengthened significantly in the third quarter of the year. The liquidity coverage ratio (LCR) was 258 per cent (164) at the end of the quarter. The liquidity coverage ratio (LCR) strengthened with the increase of liquid assets. The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 162 per cent (151). The net stable funding ratio (NSFR) strengthened with the increase of available stable funding.

The strengthening of the liquidity position and the stable funding was impacted by the covered bond issue at the end of September. 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 totalled EUR 2 598.2 million (1 975.6) and it consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The increase in the total portfolio size, compared to the end of the previous quarter, was due to the increase of the liquidity portfolio, while the size of the investment portfolio decreased accordingly. 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 amount of central bank deposits increased with the issuance of the covered bond.

Minimum Requirement for own funds and Eligible Liabilities (MREL) entered into force on 1 January 2022. In the decision issued by the Financial Stability Authority on 31 May 2023, the requirement based on total risk exposure amount is 20.64 per cent (20.34) and the requirement based on

Breakdown of the liquidity and investment portfolio



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	30 Sep 2023		31 Dec 2022	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	1 905.3	1 905.3	1 275.8	1 275.8
Government, municipal and other public sector bonds	52.3	52.3	49.8	49.8
Covered bonds	332.4	293.7	354.4	315.8
Municipal papers	6.0	6.0	2.0	2.0
Other	32.1	16.1	45.1	22.5
Total	**2 328.2**	**2 273.4**	**1 727.1**	**1 665.9**

the total amount of exposures used in the calculation of the leverage ratio is 7.71 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement entered into force on 1 January 2022 and the full requirement will enter into force on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio enters into force in full on 1 January 2024. The requirement of 5.91 per cent, based on the previous decision, is in force until 31 December 2023. For the requirement based on total risk exposure amount, an additional CBR (Combined Buffer Requirement) must also be fulfilled, and that was equal to 2.54 per cent on 30 September 2023.

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 24.5 per cent (22.8), and the MREL ratio based on leverage ratio exposure (MREL, LRE) was 8.5 per cent (8.4).

Operational risk

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

Due to the prolonged weak security situation in Europe, S-Bank has still maintained increased preparations against cyber 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.

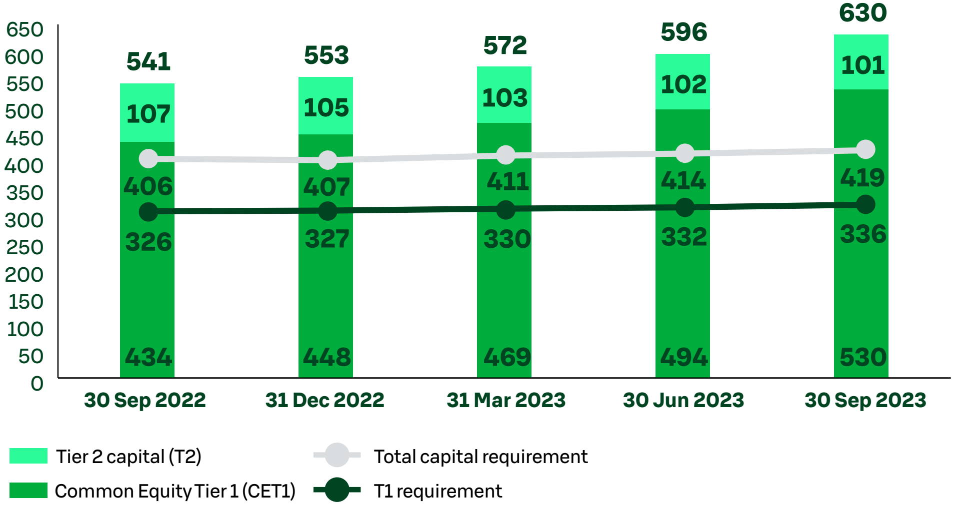
OWN FUNDS REQUIREMENTS

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

S-Bank's total capital requirement on 30 September 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%	156.4	2.5%	86.9	0.04%	1.5	0.84%	29.3	7.89%	274.2
AT1	1.5%	52.1					0.28%	9.8	1.78%	61.9
T2	2.0%	69.5					0.38%	13.0	2.38%	82.6
Total	**8.0%**	**278.1**	**2.5%**	**86.9**	**0.04%**	**1.5**	**1.50%**	**52.1**	**12.04%**	**418.7**

Development of own funds and capital requirements (EUR million)



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 1.5 per cent of the total risk exposure at the end of the review period. The requirement will increase 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. 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)	30 Sep 2023	31 Dec 2022
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**596.8**	**519.2**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	243.9	173.2
Fair value reserve	-13.8	-20.7
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**67.2**	**71.1**
Intangible assets	66.4	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	**529.7**	**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)	**529.7**	**448.2**
Tier 2 (T2) capital before adjustments	**100.5**	**104.8**
Debentures	100.5	104.8
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**100.5**	**104.8**
Own funds in total (TC = T1 + T2)	**630.2**	**552.9**
Total risk-weighted assets (RWAs)	**3 476.3**	**3 385.4**
of which credit risk	3 080.2	3 022.6
of which market risk	0.0	0.0
of which operational risk	362.8	362.8
of which risk associated with credit valuation adjustment (CVA)	33.3	0.0
Ratio of Common Equity Tier 1 capital to risk exposure amount (%)	**15.2%**	**13.2%**
Ratio of Tier 1 capital to risk exposure amount (%)	**15.2%**	**13.2%**
Ratio of total own funds to risk exposure amount (%)	**18.1%**	**16.3%**

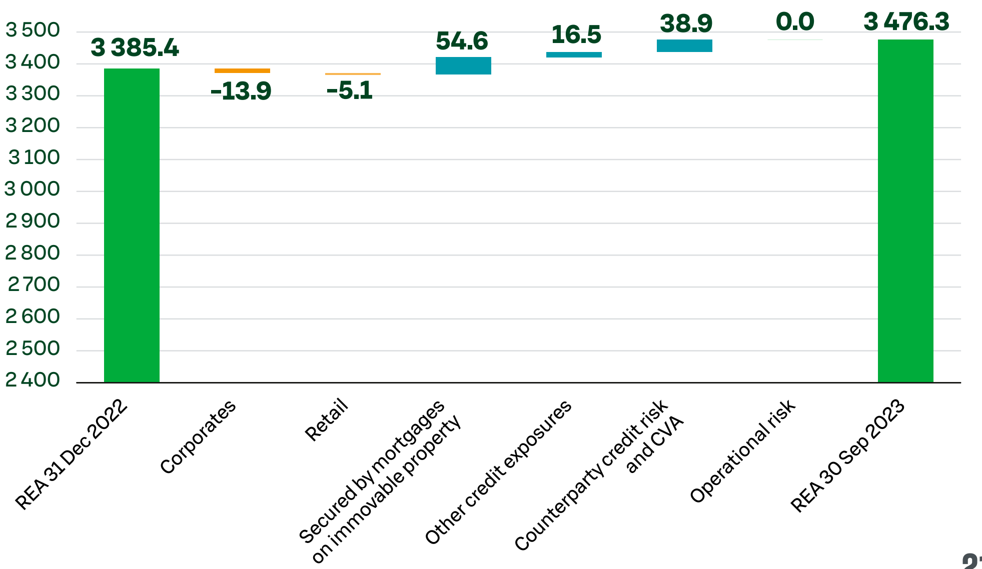
CAPITAL ADEQUACY POSITION

At the end of the review period, S-Bank's CET1 capital adequacy ratio was 15.2 per cent (13.2) and the total capital ratio was 18.1 per cent (16.3). CET1 capital increased by EUR 81.5 million and T2 capital decreased by EUR 4.2 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 100.5 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 3 476.3 million (3 385.4) at the end of the review period. REA increased by EUR 90.9 million during the review period. The increase in REA was directed on exposures secured by immovable property and the credit valuation adjustment (CVA). S-Bank calculates CVA for the bilateral derivatives, with which bank hedges the interest rate risk of the issued bonds.

Credit risk constitutes 89 per cent or EUR 3.1 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. Operational risk accounts for 10 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 and it constitutes 1 per cent of the risk exposure amount.

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

On 18 October 2023, S-Bank issued a positive profit warning. In it the company raised its outlook for the 2023 and published preliminary information about January-September. The company now estimates that its full-year operating profit will be more than 2.5 times higher compared to the previous year (EUR 44.7 million). Previously, the company estimated that the full-year operating profit would almost double that of the previous year.

S-Prime increased by 0.2 percentage points to 2.5 per cent on 12 October 2023.

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

OUTLOOK FOR THE REST OF THE YEAR

Economic uncertainty and adjusting to higher interest rates will continue in the fourth quarter. While the economy is being supported by strong employment and shrinking inflation, interest rates remain high and are applying increasing pressure on its brakes. Economic growth is expected to slow down in Finland and elsewhere in the world. Risks of a recession next year have increased, but any downturn is expected to remain moderate.

Consumer demand is still good and is being supported by wage increases. However, there are challenges ahead in terms of investment. Investments that have already been started will be completed but the rising interest rates mean that starting new projects is being viewed critically. Construction in particular will fall sharply. For the economy, employment will be decisive. Unemployment will rise, but by how much? Structural labour shortages combined with a weak economy create uncertainty.

Central banks' rate hikes are coming to an end as economic growth slows and inflation falls, but there is no point expecting any rate cuts until the economy weakens markedly. Interest rates remain high compared to recent years and are suppressing borrowing appetite. This is reflected both in investment in general and in the real estate market in particular. Housing prices have already fallen significantly, which indicates that buyers have taken the new environment into consideration, but uncertainty and low market activity will continue until they have adjusted to the new level of rates.

The economic uncertainty is widely reflected in the financial markets, so strong volatility will continue. Interest rates will remain high until economic growth and consumer price increases slow down significantly. Central banks seek to slow growth moderately, but their tight monetary policies elevate risks of recession. Markets are currently primarily geared up for a 'soft' economic downturn so an actual recession would push both equities and interest rates to a clear decline.

We estimate that full-year operating profit will be more than 2.5 times higher compared to the previous year (EUR 44.7 million). The continued rise in interest rates is having a positive impact on the bank's performance. However, the outlook for the rest of 2023 is still subject to uncertainties, which are related to the operating environment and the development of the economy, employment and real estate markets. The prevailing interest rate levels and the sharp increase in housing and living costs may have a negative impact on some households.

OTHER INFORMATION

Annual General Meeting

The Annual General meeting of 2023 was held on 6 April 2023. The AGM adopted the financial statements for 2022 and discharged from liability the persons who served as the members of the Board of Directors and the company's Chief Executive Officers during the financial period ended on 31 December 2022. The AGM elected seven members and one deputy member to the Board of Directors. 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, Master of Science (Economics), CEO of SOK Liiketoiminta Oy; Tom Dahlström, Doctor of Social Sciences, Principal of Good Ventures Oy; Kati Hagros, Master of Science (Engineering), Master of Social Sciences, Chief Digital Officer of Aalto University; Veli-Matti Liimatainen, Master of Science (Economics), Managing Director of Helsinki Cooperative Society Elanto; Hillevi Mannonen, Master of Science (Math), SHV (actuary approved by the Ministry of Social Affairs and Health), Board professional; Jorma Vehviläinen, Master of Science (Economics), CFO of SOK and Olli Vormisto, Master of Science (Economics), Managing Director of the Hämeenmaa Cooperative Society. Kim Biskop, Master of Science (Economics), CEO of Osuuskauppa KPO, was elected as a deputy member.

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

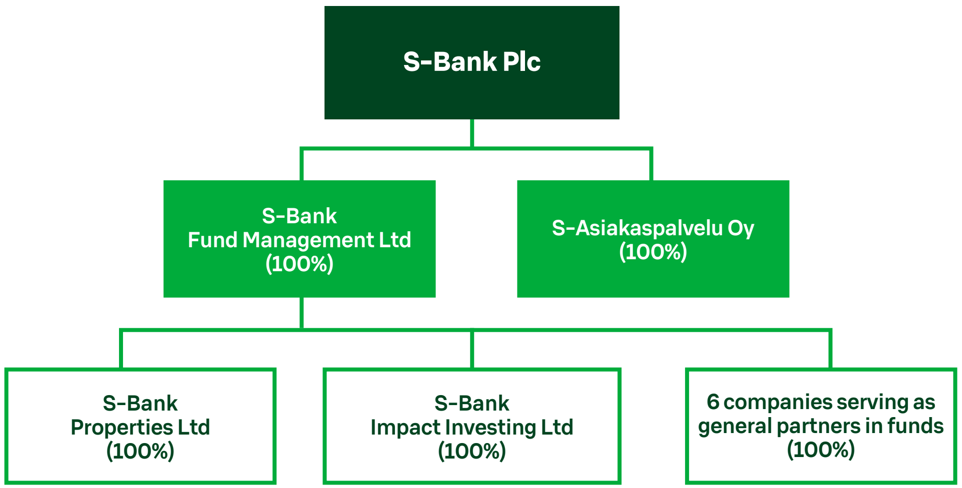
CEO

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

Personnel

At the end of the review period, the S-Bank employed a total of 837 people (754). Of these, 658 persons (595) worked at S-Bank Plc, 39 persons (37) at the subsidiaries of the Wealth Management business, and 140 persons (122) at S-Asiakaspalvelu Oy. The salaries and remunerations paid to personnel at the S-Bank totalled EUR 40.5 million (33.8).

CORPORATE STRUCTURE



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

INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2023

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan–Sep 2023	Jan–Sep 2022
Interest income		266 228	88 717
Interest expenses		-70 545	-10 560
Net interest income	4	195 683	78 157
Fee and commission income		80 277	74 454
Fee and commission expenses		-12 751	-11 590
Net fee and commission income	5	67 526	62 865
Net income from investing activities	6	-2 566	1 037
Dividends		58	68
Other operating income		5 717	8 726
Total income		**266 418**	**150 853**
Personnel expenses		-49 067	-41 394
Other administrative expenses		-64 727	-56 859
Depreciation and impairment		-12 249	-10 876
Other operating expenses		-12 646	-11 084
Total expenses		**-138 690**	**-120 214**
Impairment of receivables	7	-23 835	-6 587
Share of the profits of associated companies		1	0
OPERATING PROFIT (LOSS)		**103 894**	**24 052**
Income taxes		-20 724	-4 797
PROFIT (LOSS) FOR THE PERIOD		**83 170**	**19 255**
of which:			
To the parent company's shareholders		83 170	19 255

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan–Sep 2023	Jan–Sep 2022
PROFIT (LOSS) FOR THE PERIOD		**83 170**	**19 255**
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income		15	42
Tax effect		-3	-8
Items that will not be reclassified to profit or loss		12	34
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		8 265	-27 217
Tax effect		-1 372	5 388
Items that may be reclassified subsequently to profit or loss		6 893	-21 829
Other comprehensive income items, after taxes		**6 905**	**-21 795**
Comprehensive income, total		**90 075**	**-2 540**
of which:			
To the parent company's shareholders		90 075	-2 540

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	30 Sep 2023	31 Dec 2022	30 Sep 2022
Assets				
Cash and cash equivalents *	8, 9	2 013 537	1 368 195	1 362 435
Debt securities eligible for refinancing with central banks	8, 9	566 015	556 923	562 943
Receivables from credit institutions *	8, 9	9 105	9 215	28 977
Receivables from customers	8, 9	6 895 740	6 695 255	6 610 315
Debt securities	8, 9, 10	123 191	139 785	165 429
Derivatives	8, 9, 10	21 965	24 261	22 753
Shares and interests	8, 9	20 278	20 665	32 197
Holdings in associated companies		6	5	4
Intangible assets		66 411	70 331	72 420
Tangible assets		7 175	5 268	5 857
Tax assets		7 134	7 398	6 604
Prepayments and accrued income		55 442	45 979	29 783
Other assets		10 572	8 967	9 314
Assets, total		**9 796 570**	**8 952 247**	**8 909 031**

(EUR '000)	Note	30 Sep 2023	31 Dec 2022	30 Sep 2022
Liabilities				
Liabilities to credit institutions	8, 9	23 907	23 156	22 067
Liabilities to customers	8, 9	8 217 136	7 983 559	7 954 757
Issued bonds	8, 10, 11	717 706	219 270	219 186
Subordinated debts	8, 9, 12	102 666	107 000	108 333
Derivatives	8, 9, 10	2 835	7	80
Provisions		303	303	649
Tax liabilities		13 040	8 984	5 681
Accrued expenses		52 648	30 250	28 658
Other liabilities		57 023	55 477	62 743
Liabilities, total		**9 187 264**	**8 428 006**	**8 402 154**
Equity				
Share capital		82 880	82 880	82 880
Reserves		270 053	263 148	262 482
Retained earnings		256 372	178 213	161 515
Parent company's shareholders		**609 306**	**524 241**	**506 878**
Equity, total		**609 306**	**524 241**	**506 878**
Liabilities and equity, total		**9 796 570**	**8 952 247**	**8 909 031**

* The comparison period has been amended since the publication of the 30 September 2022 interim report. Deposits in central bank were moved from Receivables from credit institutions to Cash and cash equivalents.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR '000)	Equity attributable to parent company shareholders				
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2022	**82 880**	**283 828**	**449**	**142 148**	**509 306**
Comprehensive income					
Profit (loss) for the period				19 255	19 255
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			-21 829		-21 829
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			34		34
Other comprehensive income items, total			-21 795		-21 795
Comprehensive income, total			**-21 795**	**19 255**	**-2 540**
Other changes				112	112
TOTAL EQUITY 30 SEP 2022	**82 880**	**283 828**	**-21 346**	**161 515**	**506 878**

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

(EUR '000)	Equity attributable to parent company shareholders: Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total equity
EQUITY 1 JAN 2023	**82 880**	**283 828**	**-20 680**	**178 213**	**524 241**
Comprehensive income					
Profit (loss) for the period				83 170	83 170
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			6 893		6 893
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			12		12
Other comprehensive income items, total			6 905		6 905
Comprehensive income, total			**6 905**	**83 170**	**90 075**
Transactions with shareholders				-5 010	-5 010
Dividend distribution *					
Transactions with shareholders, total				-5 010	-5 010
TOTAL EQUITY 30 SEP 2023	**82 880**	**283 828**	**-13 775**	**256 372**	**609 306**

* Dividend EUR 0.75 per share

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Sep 2023	Jan-Sep 2022
Cash flows from operating activities			
Profit (loss) for the period		**83 170**	**19 255**
Depreciation and impairment		12 249	10 876
Shares of the profit of companies consolidated with the equity method		-1	0
Credit losses		27 551	11 662
Other non-payment income and expenses		2 842	-929
Income taxes		20 724	4 797
Other adjustments		0	-2
Adjustments for financial income and expenses		2 428	-317
Adjustments, total		**65 793**	**26 088**
Cash flows from operating activities before changes in operating assets and liabilities		**148 963**	**45 342**
Increase/decrease in operating assets (-/+)			
Receivables from credit institutions, other than repayable on demand		-310	12 390
Receivables from customers		-228 444	-538 043
Investment assets		17 924	364 728
Other assets		10 700	-3 471
Increase/decrease in operating assets		**-200 128**	**-164 397**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		750	21 959
Liabilities to customers		233 577	343 492
Other liabilities		-2 215	10 690
Increase/decrease in operating liabilities		**232 112**	**376 141**
Taxes paid		-17 779	-5 472
Cash flows from operating activities		**163 168**	**251 614**

(EUR '000)	Note	Jan-Sep 2023	Jan-Sep 2022
Cash flows from investing activities			
Investments in tangible and intangible assets		-6 195	-7 964
Purchase prices paid for acquisitions		0	-300
Cash flows from investing activities		**-6 195**	**-8 264**
Cash flows from financing activities			
Payments received from the issue of bonds and debentures		499 170	49 324
Repayments of issued bonds and debentures		-4 333	-4 333
Repayments of lease liabilities		-1 879	-1 736
Paid dividends		-5 010	0
Cash flows from financing activities		**487 948**	**43 254**
Difference in cash and cash equivalents		**644 920**	**286 605**
Cash and cash equivalents, opening balance sheet		1 370 828	1 096 705
Difference in cash and cash equivalents		644 920	286 605
Impact of changes in exchange rates		1	171
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents *	8, 9	2 013 537	1 362 435
Repayable on demand		2 213	21 045
Cash and cash equivalents		**2 015 750**	**1 383 481**
Interests paid		**-47 431**	**-9 580**
Dividends received		**58**	**68**
Interests received		**244 848**	**85 441**

* The presentation has been amended since the publication of the 30 September 2022 interim report. Deposits in central bank are presented in cash and cash equivalents.

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan–Sep 2023	Jan–Sep 2022
Interest income	107 630	89 519	69 079	50 579	34 425	266 228	88 717
Interest expenses	-32 871	-23 384	-14 290	-7 048	-3 149	-70 545	-10 560
Net interest income	74 759	66 135	54 789	43 530	31 276	195 683	78 157
Fee and commission income	26 915	27 328	26 034	26 725	25 798	80 277	74 454
Fee and commission expenses	-4 360	-4 308	-4 084	-2 395	-4 391	-12 751	-11 590
Net fee and commission income	22 556	23 020	21 950	24 330	21 407	67 526	62 865
Net income from investing activities	-3 065	-305	805	1 398	193	-2 566	1 037
Dividends	0	22	36	16	3	58	68
Other operating income	1 619	1 680	2 417	1 669	1 264	5 717	8 726
Total income	**95 869**	**90 552**	**79 997**	**70 943**	**54 143**	**266 418**	**150 853**
Personnel expenses	-17 183	-16 540	-15 344	-18 011	-14 754	-49 067	-41 394
Other administrative expenses	-20 320	-23 782	-20 625	-21 593	-19 143	-64 727	-56 859
Depreciation and impairment	-4 239	-4 122	-3 888	-4 424	-3 768	-12 249	-10 876
Other operating expenses	-905	-2 210	-9 531	-903	-2 464	-12 646	-11 084
Total expenses	**-42 647**	**-46 655**	**-49 388**	**-44 931**	**-40 129**	**-138 690**	**-120 214**
Impairment of receivables	-6 938	-11 732	-5 166	-5 373	-3 304	-23 835	-6 587
Share of the profits of associated companies	0	1	0	1	0	1	0
OPERATING PROFIT (LOSS)	**46 284**	**32 166**	**25 444**	**20 641**	**10 709**	**103 894**	**24 052**
Income taxes	-9 263	-6 427	-5 034	-4 087	-2 095	-20 724	-4 797
PROFIT (LOSS) FOR THE PERIOD	**37 021**	**25 739**	**20 410**	**16 555**	**8 614**	**83 170**	**19 255**
of which:							
To the parent company's shareholders	37 021	25 739	20 410	16 555	8 614	83 170	19 255

Consolidated comprehensive income statement

(EUR '000)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan–Sep 2023	Jan–Sep 2022
PROFIT (LOSS) FOR THE PERIOD	**37 021**	**25 739**	**20 410**	**16 555**	**8 614**	**83 170**	**19 255**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	0	0	179	0	0	0
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	15	0	0	0	42	15	42
Tax effect	-3	0	0	-36	-8	-3	-8
Items that will not be reclassified to profit or loss	12	0	0	143	34	12	34
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	4 061	1 532	2 671	806	-3 556	8 265	-27 217
Tax effect	-932	80	-520	-140	713	-1 372	5 388
Items that may be reclassified subsequently to profit or loss	3 130	1 612	2 151	666	-2 843	6 893	-21 829
Other comprehensive income items, after taxes	**3 142**	**1 612**	**2 151**	**809**	**-2 809**	**6 905**	**-21 795**
Comprehensive income, total	**40 163**	**27 351**	**22 561**	**17 363**	**5 805**	**90 075**	**-2 540**
of which:							
To the parent company's shareholders	40 163	27 351	22 561	17 363	5 805	90 075	-2 540

NOTES TO THE INTERIM REPORT

NOTE 1: BASIC INFORMATION

The S-Bank Group consists of S-Bank Plc and its subsidiaries. S-Bank is a deposit bank that engages in credit institution operations pursuant to the Finnish Act on Credit Institutions (610/2014). The bank engages in the operations and related activities referred to in Chapter 5, section 1, of the above-mentioned Act, as well as offering investment services pursuant to Chapter 1, section 15, of the Act on Investment Services (747/2012). As the parent company, S-Bank performs such tasks of the Group companies that must be carried out in a centralised manner, such as the Group's administration, guidance and supervision.

S-Bank's headquarters are located at Fleminginkatu 34, FI-00510 Helsinki, Finland.

NOTE 2: ACCOUNTING POLICIES

Accounting policies used in the preparation of the interim report

The interim report 1 January–30 September 2023 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The figures in the tables of the interim report are presented in thousands of euros unless otherwise is indicated. Since the figures have generally been rounded and do not include decimals, the sums of individual figures in euros may differ from the total figures presented in the report.

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

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

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

NOTE 3: SEGMENT REPORT

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

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

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

Income statement Jan–Sep 2023 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	194 850	806	26		195 683
Net fee and commission income	38 376	29 156	-7		67 526
Net income from investing activities	-2 574	8			-2 566
Dividends	36		22		58
Other operating income	3 878	477	9 898	-8 535	5 717
Total income	**234 567**	**30 447**	**9 939**	**-8 535**	**266 418**
Total expenses *	**-102 772**	**-26 321**	**-18 132**	**8 535**	**-138 690**
Impairment of receivables	-23 835				-23 835
Share of the profits of associated companies				1	1
Operating profit (loss)	**107 960**	**4 126**	**-8 193**	**1**	**103 894**

External income from Banking was EUR 235 426 thousand and from Wealth Management EUR 29 359 thousand.

Income statement Jan–Sep 2022 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	78 268	-101	-10		78 157
Net fee and commission income	32 844	30 094	-74		62 865
Net income from investing activities	1 003	34			1 037
Dividends	64		3		68
Other operating income	7 544	427	7 250	-6 494	8 726
Total income	**119 723**	**30 455**	**7 170**	**-6 494**	**150 853**
Total expenses * **	**-87 977**	**-25 721**	**-13 010**	**6 494**	**-120 214**
Impairment of receivables	-6 587				-6 587
Share of the profits of associated companies				0	0
Operating profit (loss) **	**25 158**	**4 734**	**-5 840**	**0**	**24 052**

External income from Banking was EUR 119 699 thousand and from Wealth Management EUR 30 081 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 11.9 million, for Wealth Management an increase of EUR 2.0 million and for 'Other activities' an increase of EUR 9.9 million. Amounts for comparison period has been adjusted accordingly.

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

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

Balance sheet 30 Sep 2023 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	6 895 740			6 895 740
Liquid and investment assets of banking	2 754 089			2 754 089
Intangible and tangible assets	4 593	28 518	40 481	73 592
Other assets	50 644	6 399	16 105	73 148
Assets, total	**9 705 067**	**34 917**	**56 586**	**9 796 570**
Banking liabilities	9 064 250			9 064 250
Provisions and other liabilities	70 223	4 044	48 747	123 014
Equity			609 306	609 306
Liabilities and equity, total	**9 134 473**	**4 044**	**658 052**	**9 796 570**

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)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
Net interest income	74 428	65 835	54 587	43 420	31 284	194 850	78 268
Net fee and commission income	12 979	13 346	12 051	14 759	11 193	38 376	32 844
Net income from investing activities	-3 071	-307	805	1 407	182	-2 574	1 003
Dividends	0	0	36	16	0	36	64
Other operating income	1 002	991	1 884	1 286	879	3 878	7 544
Total income	**85 338**	**79 865**	**69 364**	**60 887**	**43 538**	**234 567**	**119 723**
Total expenses *	**-30 823**	**-33 899**	**-38 049**	**-33 162**	**-29 457**	**-102 772**	**-87 977**
Impairment of receivables	-6 938	-11 732	-5 166	-5 373	-3 304	-23 835	-6 587
Operating profit (loss) *	**47 577**	**34 234**	**26 149**	**22 353**	**10 778**	**107 960**	**25 158**

Wealth Management (EUR '000)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
Net interest income	333	282	191	106	-6	806	-101
Net fee and commission income	9 579	9 676	9 901	9 569	10 281	29 156	30 094
Net income from investing activities	6	2	0	-8	11	8	34
Other operating income	149	216	112	168	137	477	427
Total income	**10 068**	**10 175**	**10 204**	**9 835**	**10 423**	**30 447**	**30 455**
Total expenses *	**-8 807**	**-8 878**	**-8 635**	**-9 980**	**-8 733**	**-26 321**	**-25 721**
Operating profit (loss) *	**1 261**	**1 297**	**1 569**	**-145**	**1 690**	**4 126**	**4 734**

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

NOTE 4: NET INTEREST INCOME

	Jan–Sep 2023	Jan–Sep 2022
Interest income		
Cash and cash equivalents *	31 572	351
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	5 172	1 803
Receivables from credit institutions *	536	15
Receivables from customers	221 728	85 158
Debt securities		
measured at fair value through other comprehensive income	1 096	1 467
measured at fair value through profit or loss	568	-86
Derivatives	5 556	8
Other interest income	1	1
Total interest income using the effective interest method	260 103	88 793
Other interest income	6 125	-76
Interest income, total	**266 228**	**88 717**
Interest income from stage 3 financial assets	2 270	1 758
Interest expenses		
Liabilities to credit institutions	-557	-1 870
Liabilities to customers	-56 105	-1 743
Issued bonds	-6 647	-773
Derivatives	-244	-4 047
Subordinated debts	-3 576	-1 689
Other interest expenses	-3 383	-424
Interest expenses on leases	-32	-14
Total interest expenses using the effective interest method	-66 886	-6 075
Other interest expenses	-3 659	-4 485
Interest expenses, total	**-70 545**	**-10 560**
Net interest income	**195 683**	**78 157**
of which negative interest income	0	-86
of which negative interest expenses, which are included in interest income	0	-475

* Comparative period has been amended since the publication of the 30 September 2022 interim report. Interest income from cash and cash equivalents is presented as a separate line item.

NOTE 5: NET FEE AND COMMISSION INCOME

	Jan–Sep 2023	Jan–Sep 2022
Fee and commission income by segment		
Fee and commission income from Banking		
From lending *	7 247	6 433
From borrowing *	542	527
From payment transactions *	8 640	7 672
From card business *	29 072	25 122
From legal duties	323	320
From insurance brokerage	1 305	1 184
From issuance of guarantees	114	30
Total fee and commission income from Banking *	47 242	41 288
Fee and commission income from Wealth Management		
From funds	28 562	27 532
From wealth management	1 840	2 309
From property management	2 029	2 386
Total fee and commission income from Wealth Management	32 431	32 226
Fee and commission income from other activities		
From securities brokerage	221	533
Other fee and commission income *	384	407
Total fee and commission income from other activities *	605	941
Fee and commission income, total	**80 277**	**74 454**
Fee and commission expenses		
From funds	-2 897	-1 970
From wealth management	-13	-55
From securities brokerage	-733	-751
From card business	-8 557	-8 151
From property management	-155	-216
Banking fees	-331	-361
Other expenses	-65	-86
Fee and commission expenses, total	**-12 751**	**-11 590**
Net fee and commission income	**67 526**	**62 865**

* The comparison period has been amended since the publication of the 30 September 2022 interim report. The fee and commission income from card business is presented as a separate line item.

NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

	Jan–Sep 2023	Jan–Sep 2022
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	7	0
Changes in fair value	1	-225
Shares and interests		
Capital gains and losses	17	69
Changes in fair value	-265	536
Derivatives		
Changes in fair value	-1 646	976
Net income from financial assets measured at fair value through profit or loss, total	**-1 886**	**1 356**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	-1 333	-319
Other income and expenses	30	-12
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	**-1 382**	**31**
Net income from currency operations	**284**	**311**
Net income from hedge accounting		
Net result from hedging instruments	-3 036	29 568
Net result from hedged items	3 456	-30 230
Net income from hedge accounting	**419**	**-662**
Net income from investing activities, total	**-2 566**	**1 037**

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 28.9 million (11.4) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 5.1 million (4.8). Consequently, the total net effect on profit of expected and final credit losses was EUR 23.8 million (6.6).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan-Sep 2023	Jan-Sep 2022
Receivables written off as credit and guarantee losses	-17 806	-11 864
Reversal of receivables written off	5 122	4 800
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	-9 745	202
Expected credit losses (ECL) on investment activities	-1 406	275
Total	**-23 835**	**-6 587**

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 33.7 million (22.5) at the end of the review period. The ECL provision increased by EUR 11.2 million during the review period, of which the proportion of household customers was EUR 7.8 million. The ECL provision related to corporate customers and investing activities increased by EUR 3.0 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. The total ECL provision included EUR 7.6 million provisions based on management judgement at the end of review period. The coverage ratio of the total portfolio increased to 0.34 per cent (0.23) and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

30 Sep 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*	5 401.4	-2.2	276.0	-11.4	77.6	-14.9	5 754.9	-28.6	-0.50%
Lending to corporate customers*	1 069.3	-0.3	115.0	-1.9	0.0	0.0	1 184.3	-2.2	-0.19%
Investing activities**	670.8	-0.4	16.1	-1.4	0.0	0.0	687.0	-1.8	-0.26%
Off-balance sheet commitments***	2 358.3	-0.3	19.2	-0.7	0.8	0.0	2 378.3	-1.1	-0.05%
Total	**9 499.8**	**-3.3**	**426.3**	**-15.5**	**78.4**	**-15.0**	**10 004.5**	**-33.7**	**-0.34%**

*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'.

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

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

Exposure to credit risk (household customers)

	Lending to household customers			
30 Sep 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	4 329 508	119 403	0	4 448 911
Category 2	334 531	11 189	0	345 720
Category 3	294 632	12 964	0	307 596
Category 4	124 076	5 848	0	129 924
Category 5	228 752	15 391	0	244 144
Category 6	87 256	40 331	0	127 587
Category 7	2 665	70 828	0	73 494
In default	0	0	77 567	77 567
Gross carrying amount	**5 401 421**	**275 955**	**77 567**	**5 754 942**
ECL provision*	-2 205	-11 430	-14 933	-28 568
Net carrying amount	**5 399 216**	**264 524**	**62 634**	**5 726 374**

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

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

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

	Corporate lending, investing activities and off-balance sheet commitments			
30 Sep 2023 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2 907 313	94	0	2 907 407
Category 2	539 313	1	0	539 314
Category 3	279 232	18	0	279 250
Category 4	80 583	81	0	80 664
Category 5	209 817	29 552	0	239 369
Category 6	78 780	114 853	0	193 633
Category 7	3 388	5 738	0	9 126
In default	0	0	785	785
Total	**4 098 427**	**150 336**	**785**	**4 249 548**
ECL provision*	-1 053	-4 021	-44	-5 119

	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 review period. The tables present the reconciliation between the opening and closing balances of the loss allowance. The total ECL provision increased by EUR 11.2 million during the review period. The changes in management judgement increased ECL provision by EUR 5.5 million during the review period. In addition, the changes in the modelling of forward-looking information increased the credit risk model based ECL provision by EUR 2.6 million.

Reconciliation of expected credit losses (household customers)

	Household customers			
30 Sep 2023 (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	-136	5 503	0	5 367
Transfers from Stage 1 to Stage 3	-30	0	2 869	2 839
Transfers from Stage 2 to Stage 1	169	-3 194	0	-3 025
Transfers from Stage 2 to Stage 3	0	-1 070	4 815	3 744
Transfers from Stage 3 to Stage 1	3	0	-424	-420
Transfers from Stage 3 to Stage 2	0	148	-881	-733
Changes in the risk parameters	349	1 023	434	1 807
Increases due to origination and acquisition	577	1 108	296	1 981
Decreases due to derecognition	-147	-530	-847	-1 525
Decrease in the allowance account due to write-offs	-20	-813	-1 355	-2 188
Net change in ECL	767	2 175	4 906	7 848
ECL 30 Sep 2023	**2 205**	**11 430**	**14 933**	**28 568**

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			
30 Sep 2023 (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	-124	2 380	0	2 256
Transfers from Stage 1 to Stage 3	0	0	13	12
Transfers from Stage 2 to Stage 1	41	-298	0	-257
Transfers from Stage 2 to Stage 3	0	-17	4	-13
Transfers from Stage 3 to Stage 1	0	0	-18	-18
Transfers from Stage 3 to Stage 2	0	1	-2	-1
Changes in the risk parameters	261	13	2	275
Increases due to origination and acquisition	246	1 143	12	1 401
Decreases due to derecognition	-66	-214	-2	-281
Decrease in the allowance account due to write-offs	-1	-67	-1	-69
Net change in ECL	357	2 940	7	3 304
ECL 30 Sep 2023	**1 053**	**4 021**	**44**	**5 119**

NOTE 8: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments according to valuation method

Financial assets, fair values 30 Sep 2023	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents		2 013 537		2 013 537	2 013 537
Receivables from credit institutions		9 276		9 276	9 105
Receivables from customers		7 308 686		7 308 686	6 895 740
Total		**9 331 499**		**9 331 499**	**8 918 381**
Financial assets measured at fair value through profit or loss					
Debt securities		5 980		5 980	5 980
Derivatives		21 965		21 965	21 965
Shares and interests	7 775	11 736		19 511	19 511
Total	**7 775**	**39 681**		**47 456**	**47 456**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	549 834	19 062		568 897	566 015
Debt securities	114 951	3 118		118 068	117 211
Shares and interests		646	121	767	767
Total	**664 785**	**22 826**	**121**	**687 732**	**683 992**
Fair values of assets, total	**672 560**	**9 394 005**	**121**	**10 066 687**	**9 649 829**

Financial assets, fair values 31 Dec 2022	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 30 Sep 2023	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	23 907
Liabilities to customers		8 067 884		8 067 884	8 217 136
Issued bonds	717 292			717 292	717 706
Subordinated debts		106 716		106 716	102 666
Total	**717 292**	**8 198 506**		**8 915 799**	**9 061 415**
Financial liabilities measured at fair value through profit or loss					
Derivatives		2 835		2 835	2 835
Total		**2 835**		**2 835**	**2 835**

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

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

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

Transfers between Levels 1 and 2

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

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

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

NOTE 9: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 30 Sep 2023	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	2 013 537				2 013 537
Debt securities eligible for refinancing with central banks		566 015			566 015
Receivables from credit institutions	9 105				9 105
Receivables from credit institutions	6 895 740				6 895 740
Debt securities		117 211	5 980		123 191
Derivatives			731	21 234	21 965
Shares and interests		767	19 511		20 278
Total	**8 918 381**	**683 992**	**26 222**	**21 234**	**9 649 829**

Classes of financial assets 31 Dec 2022	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 30 Sep 2023	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	23 907			23 907
Liabilities to customers	8 217 136			8 217 136
Issued bonds	717 706			717 706
Subordinated debts	102 666			102 666
Derivatives		0	2 835	2 835
Lease liabilities	6 808			6 808
Total	**9 068 223**	**0**	**2 835**	**9 071 058**

Classes of financial liabilities 31 Dec 2022	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	30 Sep 2023			31 Dec 2022		
	Nominal value	Positive fair value	Negative fair value	Nominal value	Positive fair value	Negative fair value
Hedge accounting of assets						
Interest rate derivatives						
Interest rate swaps	442 200	21 234	0	612 200	23 283	-3
Interest rate derivatives designated for hedge accounting, total	**442 200**	**21 234**	**0**	**612 200**	**23 283**	**-3**
Hedge accounting for bonds						
Interest rate derivatives						
Interest rate swaps	500 000	0	-2 835	0	0	0
Interest rate derivatives designated for hedge accounting, total	**500 000**	**0**	**-2 835**	**0**	**0**	**0**
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	50 000	731	0	30 000	978	-4
Interest rate derivatives, other than for hedging purposes, total	**50 000**	**731**	**0**	**30 000**	**978**	**-4**
Derivatives, total	**992 200**	**21 965**	**-2 835**	**642 200**	**24 261**	**-7**

Maturities of derivatives	30 Sep 2023				31 Dec 2022			
	Less than one year	1–5 years	Over 5 years	Total	Less than one year	1–5 years	Over 5 years	Total
Hedge accounting of assets								
Interest rate derivatives	145 000	297 200	0	442 200	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	20 000	0	50 000	20 000	0	10 000	30 000
Derivatives, total	**175 000**	**817 200**	**0**	**992 200**	**265 000**	**317 200**	**60 000**	**642 200**

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

30 Sep 2023	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	442 200	21 234	0	Derivatives	2 050
Hedging derivatives, total	**442 200**	**21 234**	**0**		**2 050**
Hedge accounting for bonds *					
Fair value hedge					
Interest rate derivatives	500 000	0	-2 835	Derivatives	987
Hedging derivatives, total	**500 000**	**0**	**-2 835**		**3 036**

	Carrying amount		Cumulative change in balance sheet value			
30 Sep 2023	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	615 308	0	21 293	0	Debt securities	-2 469
Bonds *	0	499 172	0	-2 835	Issued bonds	-987
Hedged items, total	**615 308**	**499 172**	**21 293**	**-2 835**		**-3 456**

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

30 Sep 2023		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	-2 469	2 050	-419	Net income from investing activities: Net income from hedge accounting
Bonds *	Interest rate derivatives	-987	987	0	Net income from investing activities: Net income from hedge accounting

* New hedged item. No comparison amounts.

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

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2022	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		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

	30 Sep 2023		31 Dec 2022			
Bonds	**Carrying amount**	**Nominal value**	**Carrying amount**	**Nominal value**	**Interest**	**Maturity**
Secured bonds						
S-Bank Plc's Covered Bond	498 185	500 000	0	0	Fixed 3.75%	26 Sep 2028
Secured bonds, total	**498 185**	**500 000**	**0**	**0**		
Unsecured bonds						
S-Bank Plc's Senior Preferred MREL Eligible Notes 1/2021, Tranche 1	170 196	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
Unsecured bonds, total	**219 520**	**220 000**	**219 270**	**220 000**		
Bonds, total	**717 706**	**720 000**	**219 270**	**220 000**		

NOTE 12: SUBORDINATED DEBTS

	30 Sep 2023		31 Dec 2022			
Debentures	**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	6 666	6 666	6 666	6 666	Euribor 12 m + 1.8%	18 Dec 2027
Debenture I/2020	25 500	25 500	25 500	25 500	Euribor 12 m + 2.0%	1 Dec 2030
Debenture I/2021	57 500	57 500	57 500	57 500	Euribor 12 m + 2.0%	8 Oct 2031
Debentures, total	**102 666**	**102 666**	**107 000**	**107 000**		

NOTE 13: COLLATERAL GIVEN

	Other collateral	
	30 Sep 2023	**31 Dec 2022**
Collateral given for own debt		
Liabilities to credit institutions	172 535	170 543
Derivatives	4 159	5 171
Collateral given for own debt, total	**176 694**	**175 714**
of which cash	4 159	5 171
of which securities	172 535	170 543
Other collateral given on own behalf	**357**	**357**
of which cash	357	357

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

NOTE 14: OFF-BALANCE SHEET COMMITMENTS

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

	30 Sep 2023	**31 Dec 2022**
Guarantees	2 190	2 539
Other	77	93
Undrawn credit facilities	130 084	188 334
Off-balance sheet commitments, total	**132 351**	**190 967**

The expected credit loss on off-balance sheet items is EUR 1 126 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 first nine months of the year includes expenses of EUR 3.3 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 3.5 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.

NOTE 17: EVENTS AFTER THE REVIEW PERIOD

On 18 October 2023, S-Bank issued a positive profit warning. In it the company raised its outlook for the 2023 and published preliminary information about January-September. The company now estimates that its full-year operating profit will be more than 2.5 times higher compared to the previous year (EUR 44.7 million). Previously, the company estimated that the full-year operating profit would almost double that of the previous year.

S-Prime increased by 0.2 percentage points to 2.5 per cent on 12 October 2023.

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

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.

2 February 2024: Financial statements bulletin for 2023

8 November 2023

S-Bank Plc's Board of Directors

REPORT ON REVIEW OF THE INTERIM REPORT OF S-BANK PLC AS OF AND FOR THE NINE MONTHS PERIOD ENDING SEPTEMBER 30, 2023

To the Board of Directors of S-Bank Plc

Introduction

We have reviewed the balance sheet as of September 30, 2023 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of S-Bank Plc Group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki, 8 November 2023

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

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