



S-Bank Plc's Interim Report 1 January-31 March 2025

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S-Bank Plc

Interim Report

8 May 2025 at 9.00 am EEST

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Result in line with expectations, more and more people choose S-Bank as their preferred bank

- Operating profit decreased to EUR 23.9 million (42.8)
- Deposits increased to EUR 9.6 billion (8.2*)
- Lending increased to EUR 9.4 billion (7.0*)
- Assets under management increased to EUR 8.3 billion (6.4*)
- Number of active customers increased to 790 000 (675 000*)
- Capital adequacy ratio increased to 25.0 per cent (19.7*)

As expected, the S-Bank Group's operating profit decreased to a lower level than in the comparison period and amounted to EUR 23.9 million (42.8), a decrease of 44.1 per cent. The result development was affected by the decrease in net interest income due to changes in interest rates and the increase in personnel and other administrative expenses due to the business transaction and other development activities. Cost-to-income ratio was 0.56 (0.50) and return on equity was 13.9 per cent (21.4*).

* Figures for the corresponding period of 2024 are used in comparisons

Outlook for 2025 (unchanged)

S-Bank's profit guidance for 2025 has been lowered due to declining interest rates, despite the fact that the Handelsbanken transaction will increase the bank's earnings. In addition, the investments related to implementing our strategy will remain at a high level. The outlook for 2025 is still subject to uncertainties regarding the operating environment, geopolitical tensions, the economy, employment and the real estate market. We expect operating profit for the whole year to decline approximately to EUR 100 million (165.2). The scale of the change is impacted by the one-off negative goodwill related to the Handelsbanken transaction, which was recognised as income in 2024.

Comments by Riikka Laine-Tolonen, CEO

Uncertainty in the global economy slows down the recovery of the Finnish economy

In the first quarter of the year, the Finnish economy began to recover slowly thanks to a fall in interest rates, but uncertainty in the global economy was also reflected in Finland. While business confidence has slightly improved, consumer confidence remained weak, partly due to a deterioration in the labour market in the first months of the year. The housing market has recovered at a moderate pace.

January-March result in line with expectations

Our operating profit for the first quarter of 2025 was EUR 23.9 (42.8) million. This result was in line with our expectations, although it remained below the comparison period's figure. The main reason for the decreased operating profit was the general fall in interest rates, which was not fully compensated by the increase in income resulting from the Handelsbanken transaction. In addition, the investments related to implementing our strategy remained at a high level.

S-Bank has continued to grow successfully in its new size category and throughout the introductory phase following the major business transaction, during which we have, among other things, trained the new personnel who joined us, built teams and our network, and provided our new customers with guidance on how to use our services.

In Banking, total deposits grew to EUR 9.6 (8.2) billion and lending to EUR 9.4 (7.0) billion. The Handelsbanken transaction means we have now also moved up to a new size category in the housing loan market. More housing loan applications were made in the first quarter of the year than in the same period the previous year, and our market share remained stable.

In Wealth Management, the total number of unit holders in the S-Bank funds increased to ca. 464 000 from approximately 405 000 in the comparison period. At the end of March, assets under management were EUR 8.3 (6.4) billion. Household customers' willingness to invest decreased from an optimistic to an uncertain level due to the global political situation.

Already 790 000 active customers

We want to be our customers' partner for a better everyday and an enabler of millions, and we want to offer our customers world-class digital solutions, exceptional service and superior benefits.

Our goal is to serve one million active customers by the end of 2027. Expanding existing customer relationships is a key part of our strategy. Therefore, we are particularly pleased with the development of the number of our active customers: at the end of March, the number of our active customers had increased by 115 000 compared to the previous year and was 790 000 (675 000).

During the strategy period, we will develop our service model so that we are able to serve our customers in a more personal and needs-based manner. We will tell you more about this development work during 2025.

Customers who transferred from Handelsbanken have settled in well

Following the acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations in December 2024, the integration has been excellent.

We are particularly pleased that the customers who moved from Handelsbanken have found their place at S-Bank. They have started to actively use our services, and more than two-thirds of them consider S-Bank to be their main bank. Customers have been particularly happy with digital services and day-to-day banking. Customers who have transferred are also increasingly willing to recommend S-Bank to their acquaintances.

After such a big and challenging integration project, the good results are gratifying. Naturally, there are also those who did not find it easy to switch banks or those that felt that our services did not meet their needs. We are determined to continue to develop our services to be even more customer-oriented and smoother.

The S-mobiili app has over 1.5 million weekly users

Our strategy is based on customer-oriented and digital services that enable even more personal banking services and profitable growth of our operations. The development of digital services is an essential part of our effortless service and our operating model, in which the S-mobiili application is at the heart of all transactions.

The S-mobiili app continues to grow in popularity: it already has over 2.4 million unique users, and it is used by more than 1.5 million customers per week.

We systematically invest in the development of our digital services. This is reflected in the constantly improving user experience for our customers and in the form of easier and more extensive digital services for daily transactions.

We invest in the security of our services and a strong foundation

We also continuously invest in the security of our banking applications by maintaining and developing their reliability and information security. Effective security solutions are visible to customers as uninterrupted banking services, even when there is an attempt to undermine stability by outsiders. S-Bank's services were the target of several denial-of-service attacks during the first half of the year. Thanks to our effective protective measures, the attacks were only visible to customers in the form of a few short-term disruptions.

Another key area of focus that continues from one strategy period to the next involves activities to strengthen our foundations. The work on and investments in improving the bank's practices and risk management are continuous. In 2025, we will again be taking several steps to strengthen our foundations as part of the Bank's continuous development work and in response to regulation.

We expect our operating profit in 2025 to be lower than in 2024

We expect our operating profit in 2025 to be approximately EUR 100 million (165.2). The scale of the change is impacted by the non-recurring negative goodwill related to the Handelsbanken transaction, which was recognised as income in 2024.

I would like to thank our customers, personnel, owners and investors for a good start to the year.

January-March 2025

S-Bank Group's operating profit was EUR 23.9 million (42.8). The profit for the period after taxes was EUR 19.1 million (34.2). Return on equity decreased to 13.9 per cent (21.4).

Total income amounted to EUR 100.1 million (104.1), a decrease of 3.9 per cent.

Net interest income decreased by 8.4 per cent, totalling EUR 73.0 million (79.6). The change was mainly due to decline in the interest rate level. Net fee and commission income was EUR 23.5 million (21.7). Net income from investing activities was EUR 0.7 million (0.3). Other operating income was EUR 2.9 million (2.4).

Operating expenses totalled EUR 68.8 million (55.4) during the review period. This is 24.1 per cent more than during the comparison period, mainly due to an increase in personnel expenses, IT and development costs. Personnel expenses accounted for EUR 24.6 million (17.7) of operating expenses. The change was affected by growth in operations and by the increased number of personnel due to the completed Handelsbanken transaction.

Other administrative expenses totalled EUR 31.0 million (23.4). The increase is mainly due to an increase in IT and development costs and data connection costs. Depreciation and impairment of tangible and intangible assets amounted to EUR 4.9 million (4.2). Other operating expenses totalled EUR 8.2 million (10.2), which includes EUR 6.6 million (9.1) authority fees.

Expected and final credit losses of EUR 10.0 million (8.0) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 2.6 million (2.1). Consequently, the total net effect on profit of expected and final credit losses was EUR 7.4 million (5.9). The growth was moderate.

Total deposits were EUR 9 602.5 million (9 381.4) at the end of the review period. Deposits repayable on demand totalled EUR 8 648.8 million (8 390.1) and time deposits EUR 953.7 million (991.3) at the end of the review period. During the past 12 months, total deposits grew by 17.5 per cent. Household customers' deposit portfolio grew by 18.7 per cent year on year and was EUR 8 952.8 million. The growth was affected by the Handelsbanken transaction completed in the beginning of December. Corporate customers' deposit portfolio grew by 2.8 per cent year on year and was EUR 649.7 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 8 179.5 million (7 985.9). The comparison amount has been amended to match reporting to The Financial Stability Authority.

At the end of the review period, the loan portfolio totalled EUR 9 410.9 million (9 466.8). During the past 12 months, the loan portfolio grew by 34.6 per cent. The household loan portfolio grew by 41.0 per cent year on year and was EUR 8 154.7 million. The growth was affected by the Handelsbanken transaction completed in the beginning of December. The corporate loan portfolio grew by 3.9 per cent year on year and was EUR 1 256.2 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 98 per cent (101).

At the end of the review period, the bank's debt securities totalled EUR 728.6 million, compared with EUR 622.8 million at the end of 2024. Deposits in central banks and cash totalled EUR 2 737.1 million (2 906.4). During the review period the bank repaid EUR 190.0 million of bilateral funding, which had been drawn to fund the Handelsbanken transaction. The original amount of bilateral funding was EUR 590.0 million. In addition, the bank paid the remaining purchase price of EUR 148.4 million to Handelsbanken in relation to the transaction.

At the end of the review period, S-Bank's equity was EUR 997.5 million, compared with EUR 977.6 million at the end of 2024. Equity was increased by performance development. The equity ratio was 7.6 per cent (7.4).

Assets under management were EUR 8 316.5 million (8 342.3) at the end of the review period. Of assets under management, S-Bank mutual fund capital accounted for EUR 4 854.8 million (4 721.4), wealth management capital accounted for EUR 2 606.7 million (2 711.0) and, as a new item, funds issued by other than Group companies accounted for EUR 855.0 million (910.0). In addition, S-Bank Properties Ltd managed EUR 365.2 million in customer assets, consisting of real estate and joint ventures (368.9). Net subscriptions to S-Bank's mutual funds amounted to EUR 207.6 million in the review period compared with EUR 75.6 million a year earlier.

Key figures

(EUR million)	Jan-Mar 2025	Jan-Mar 2024	Change
Net interest income	73.0	79.6	-8.4%
Net fee and commission income	23.5	21.7	8.5%
Total income	100.1	104.1	-3.9%
Operating profit	23.9	42.8	-44.1%
Cost-to-income ratio	0.56	0.50	0.06

(EUR million)	31 Mar 2025	31 Dec 2024	Change
Liabilities to customers, deposits	9 602.5	9 381.4	2.4%
Receivables from customers, lending	9 410.9	9 466.8	-0.6%

Debt securities	728.6	622.8	17.0%
Equity	997.5	977.6	2.0%
Expected credit losses (ECL)	52.6	52.3	0.6%
Assets under management	8 316.5	8 342.3	-0.3%
Return on equity	13.9%	16.2%	-2.3
Return on assets	1.0%	1.1%	-0.1
Equity ratio	7.6%	7.4%	0.2
Capital adequacy ratio*	25.0%	21.4%	3.6

* The figure for the comparison period 31 December 2024 is not comparable with 31 March 2025 Interim Report due to the changes in the Capital Requirements Regulation (CRR3).

Webcast on the results

S-Bank's financial results will be presented by CEO Riikka Laine-Tolonen and CFO Mika Heikkilä in a webcast today 8 May 2025 from 10:00 a.m. to 11:00 a.m. The event will be held in English. You can follow the webcast via [this link](#).

Contacts

- Riikka Laine-Tolonen, S-Bank's CEO, 010 767 9500, riikka.laine-tolonen@s-pankki.fi
- S-Pankin viestintä, S-Bank Communications, +358 10 767 9300, viestinta@s-pankki.fi

About S-Bank Plc

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

Attachments

- [Download announcement as PDF.pdf](#)
- [S-Bank Plc Interim Report 1 January–31 March 2025.pdf](#)