S-BANK PLC ANNUAL REPORT 2023

S BANK

RECORD HIGH RESULT – INTEREST IN OUR SERVICES WAS STRONG

Riikka Laine-Tolonen, CEO

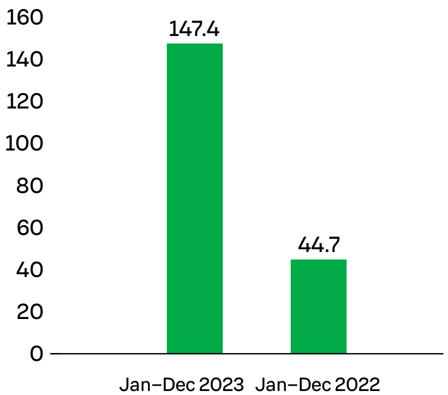
“The rise in interest rates and S-Bank's sustained growth helped the S-Bank Group achieve a record result. The number of active customers grew by 11.5 per cent and at the end of December S-Bank had around 660 000 active customers.”

JANUARY–DECEMBER 2023

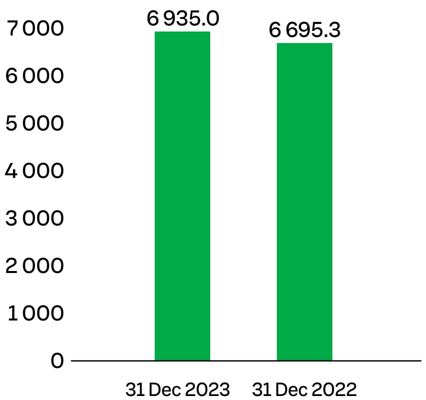
- Lending increased to EUR 6.9 billion (6.7)
- Assets under management increased to EUR 6.2 billion (5.9)
- Operating profit increased to EUR 147.4 million (44.7)
- The capital adequacy ratio increased to 18.8 per cent (16.3)

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

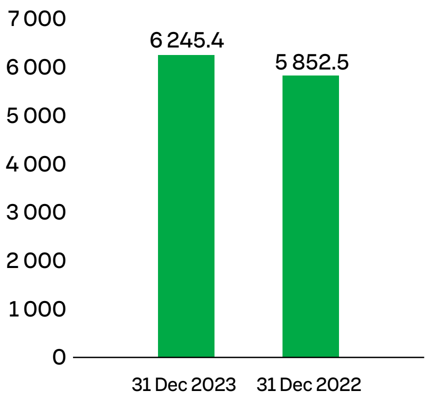
Operating profit (EUR million)



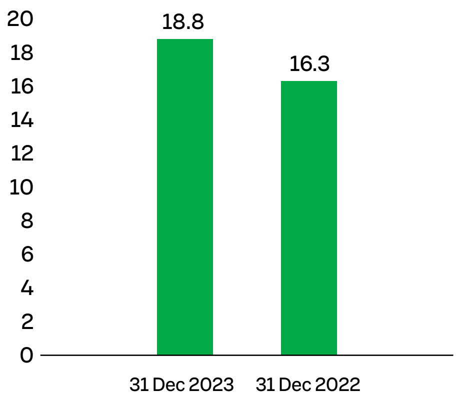
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



DIVIDEND

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

OUTLOOK FOR 2024

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

KEY FIGURES

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

(EUR million)	31 Dec 2023	31 Dec 2022	Change
Liabilities to customers, deposits	8 175.9	7 925.6	3.2%
Receivables from customers, lending	6 935.0	6 695.3	3.6%
Debt securities	699.0	696.7	0.3%
Equity	649.3	524.2	23.8%
Expected credit losses (ECL)	37.3	22.5	65.7%
Assets under management	6 245.4	5 852.5	6.7%
Return on equity	20.1%	6.9%	13.2
Return on assets	1.2%	0.4%	0.8
Equity ratio	6.5%	5.9%	0.6
Capital adequacy ratio	18.8%	16.3%	2.5

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

CEO'S REVIEW

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

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

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

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

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

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

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

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

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

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

Wishing you all a wonderful year of growth in 2024!

RIIKKA LAINE-TOLONEN
CEO

CONTENTS

CEO'S REVIEW....4

BOARD OF DIRECTOR'S REPORT....7

Key events....7

Strategy and long-term objectives....9

Operating environment....11

Financial position....12

Risks and Capital Adequacy and their management....16

Significant events after the end of the review period....24

Outlook for 2024....24

Group structure and operations of S-Bank's subsidiaries....26

Governance....27

Proposal by the Board of Directors for the disposal of distributable funds....30

Calculation of key performance indicators....31

RESPONSIBILITY AND NON-FINANCIAL INFORMATION....32

FINANCIAL STATEMENTS....57

Consolidated financial statements....59

Financial statements of S-Bank Plc....146

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BOARD OF DIRECTOR'S REPORT

KEY EVENTS

FUNDING, CREDIT RATING AND CAPITAL ADEQUACY

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

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

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

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

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

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

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

ACQUISITION OF HANDELSBANKEN'S FINNISH OPERATIONS

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

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

The parties expect the transaction to be completed during second half of 2024. For the time being, Handelsbanken and S-Bank will continue to serve their customers as before, and customers of both banks will continue to use their own bank. The transaction is described in more detail in Note 38.

CHANGES IN MANAGEMENT AND ANNUAL GENERAL MEETING

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

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

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

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

RESPONSIBILITY AND SERVICE DEVELOPMENT

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

In November 2023, S-Bank announced the new S-Pankki Ilmastotavoite Maailma Osake Sijoitusrahasto fund. The fund's focus is on investing in companies worldwide that are providing solutions for societies in their transition towards a low-carbon future.

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

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

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

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

CUSTOMER EXPERIENCE AND BRAND

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

Finland's most inspiring workplaces award for the third consecutive year.

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

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

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

STRATEGY AND LONG-TERM OBJECTIVES

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

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

In addition to one million active customers, our goal is that in the future more and more customers will concentrate their banking relationships with S-Bank. In the competitive banking market this requires us to become a more customer-centric and digital-driven bank. During the strategy period, we will renew S-Bank's service model to make it clearer and more mobile-oriented. Our aim is to ensure that the right benefits and services for each customer are easily available through the S-mobiili app. We will also offer our customers more comprehensive financial advice suited to their different life situations, and the personnel transferring from Handelsbanken will bring us additional strong expertise in this area. In addition to effortless banking and expert advisory, we will attract customers to use our services comprehensively with benefits that grow with the concentration of banking activities to S-Bank.

In order to enable S-Bank to grow profitably and to improve our customer experience, we will invest significantly in improving the scalability of our operations. We will enable customers to handle routine matters independently with S-mobiili, streamline our internal processes and free the time of our expert personnel to provide value-adding advisory. In addition, the increasing use of remote advisory services allows customer advisors to use their time more efficiently. Alongside the services provided to co-op members, S-Bank's private banking, institutional asset management and corporate banking focused on housing company financing support the Group's growth and profitability.

In addition to these change areas, during the strategy period we will focus on four themes cross-cutting the organisation: digitalisation and technology, sustainability, compliance and risk management, and competent staff and customer focus.

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

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

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

The integration of the operations transferring to S-Bank from Handelsbanken and the implementation of other changes defined in the strategy will require creating uniform and more customer-oriented ways of working. Our priority is to increase customer focus, especially when defining roles, responsibilities and objectives, and in developing our personnel. By systematic leadership and competence development, we aim to ensure that we will achieve our targets and maintain a high level of personnel satisfaction.

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

The target for dividend payments is set out separately in the dividend policy decided by the Board of Directors in force at any given time. According to the policy valid at the end of the review

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

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

S-Bank's long-term financial targets:

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

period, S-Bank's target is to pay shareholders a steady and growing dividend annually of 5 to 15 per cent of the financial year's after-tax profit.

OPERATING ENVIRONMENT

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

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

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

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

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

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

FINANCIAL POSITION

FINANCIAL PERFORMANCE AND PROFITABILITY

S-Bank Group's operating profit was EUR 147.4 million (44.7). The profit for the period after taxes was EUR 118.0 million (35.8). Return on equity increased to 20.1 per cent (6.9). The Group's cost-to-income ratio was 0.51 (0.74).

INCOME

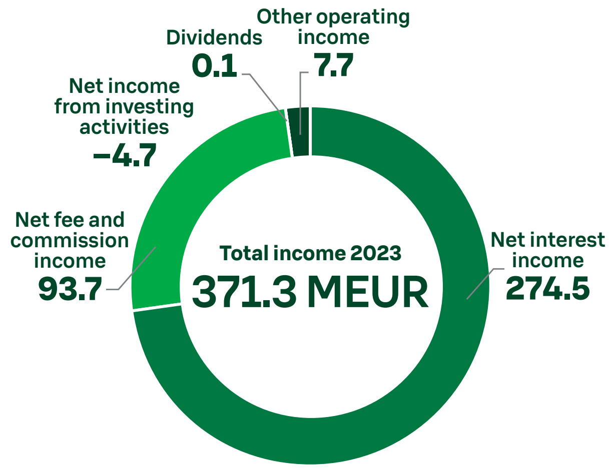
During the review period, total income increased significantly. Total income amounted to EUR 371.3 million (221.8), a growth of 67.4 per cent.

Net interest income increased by 125.6 per cent, totalling EUR 274.5 million (121.7). Net interest income increased significantly due to higher interest rate levels. Net interest income has increased in every quarter from the beginning of the year 2022. Net fee and commission income increased by 7.4 per cent to EUR 93.7 million (87.2). The change was mainly due to the growth in the fees from card payments. Net income from investing activities decreased and was EUR -4.7 million (2.4). The change was due to changes in the fair value of investments measured at fair value through profit or loss and changes in the allocation of the investment portfolio. Other operating income decreased to EUR 7.7 million (10.4). Other operating income for the comparison period includes EUR 3.8 million in revenue from sales of receivables previously recognised as credit losses.

Key figures

(EUR million)	2023	2022	2021
Net interest income	274.5	121.7	90.3
Net fee and commission income	93.7	87.2	80.8
Total income	371.3	221.8	187.0
Operating profit	147.4	44.7	24.8
Cost-to-income ratio	0.51	0.74	0.78

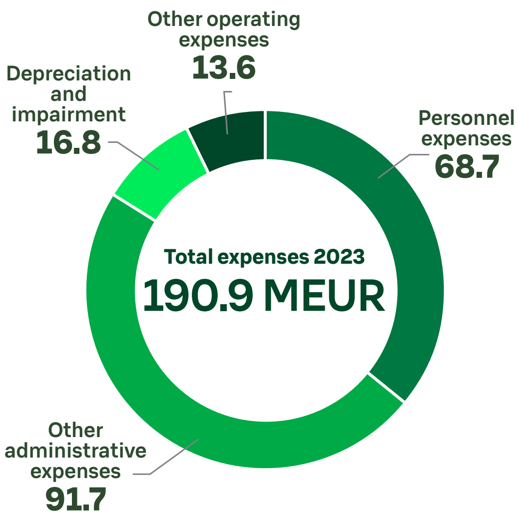
(EUR million)	31 Dec 2023	31 Dec 2022	31 Dec 2021
Liabilities to customers, deposits	8 175.9	7 925.6	7 554.9
Receivables from customers, lending	6 935.0	6 695.3	6 086.0
Debt securities	699.0	696.7	1 149.1
Equity	649.3	524.2	509.3
Expected credit losses (ECL)	37.3	22.5	20.6
Assets under management	6 245.4	5 852.5	7 697.1
Return on equity	20.1%	6.9%	3.9%
Return on assets	1.2%	0.4%	0.2%
Equity ratio	6.5%	5.9%	6.0%
Capital adequacy ratio	18.8%	16.3%	16.3%



EXPENSES

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

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



EXPECTED AND FINAL CREDIT LOSSES

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

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

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

DEPOSITS

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

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

LENDING

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

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

LIQUIDITY PORTFOLIO AND INVESTING ACTIVITIES

At the end of the review period, the bank's debt securities totalled EUR 699.0 million (EUR 696.7 million at the end of 2022). Deposits in central banks and cash totalled EUR 2 207.0 million (1 368.2). The growth was influenced by the covered and unsecured bond issues. The breakdown of the liquidity and investment portfolio is illustrated in chapter Risks and Capital Adequacy and their management under section S-Bank Group's risk position in paragraph Liquidity and funding.

EQUITY

At the end of the review period, S-Bank's equity was EUR 649.3 million, compared with EUR 524.2 million at the end of 2022. Equity was increased, in addition to excellent performance devepment, by positive value change of fair value reserve. The equity ratio was 6.5 per cent (5.9).

ASSETS UNDER MANAGEMENT

Assets under management were EUR 6 245.4 million (5 852.5) at the end of the review period. Of assets under management, fund capital accounted for EUR 4 309.4 million (3 925.3), and wealth management capital accounted for EUR 1 936.0 million (1 926.7). In addition, S-Bank Properties Ltd managed EUR 379.1 million in customer assets, consisting of real estate and joint ventures compared with 336.2 million a year earlier (the comparison amount has been adjusted). The net subscriptions in S-Bank funds amounted to EUR 130.7 million compared to 255.1 million a year earlier (the comparison amount has been adjusted).

Deposits

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

Lending

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

BUSINESS OPERATIONS AND RESULT BY SEGMENT

The S-Bank Group's segments are Banking and Wealth Management. Operations that do not fall under these business segments are reported under 'Other activities'. The 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 reporting complies with the accounting policies of IFRS financial statements, which are presented under Group's note 1.

Banking

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

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

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

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

Wealth Management

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

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

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

The total number of unit holders in the S-Bank funds increased to around 390 000 from around 361 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to around 4.2 million from 4.0 million a year earlier.

Banking

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

Wealth Management

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

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

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

GENERAL DESCRIPTION OF RISK MANAGEMENT

S-Bank provides banking and wealth management services to its customers. S-Bank's strategy aims to profitable growth, by offering to S Group's co-op members superior ease and benefit, as well as to offer everyone a chance for a slightly more affluent tomorrow. The strategic goal is to have one million active customers by the end of year 2027. The risk strategy, that defines S-Bank's key principles and aims related to risks, has been designed to support S-Bank's business model and growth strategy.

Comprehensive risk management is a continuous process integrated into S-Bank's strategy, decision making, processes, internal control framework and reporting. Risk management refers to the procedures used to identify, assess, measure and monitor risks related to the company's operations. It also encompasses the maintenance and development of risk management methods that will keep potential risks and their consequences at an acceptable level.

Risk management supports compliance with S-Bank´s values and strategy, and sound banking, lending, and securities market practices. The objective of risk management is to maintain the risk position within the target levels set by the Board of Directors. Risks are managed by following operations:

- Risks related to S-Bank's operations are identified, measured, monitored, assessed, and reported.
- Risk management methods are defined, and they are effective, meaningful, and adequate considering S-Bank's risk appetite.
- Risk management is integrated as part of S-Bank's management, decision making and procedures.

Further information on the Group's risks and their management and governance is provided in Group's Note 2. Information on capital and liquidity management can also be found on the same context.

Risk strategy

S-Bank Group has a risk strategy approved by the parent company's Board of Directors that applies to all Group companies and their business and support functions. The risk strategy defines the Group's risk capacity and risk appetite, as well as the risk management objectives and framework within the Group. The risk strategy is fine-tuned by means of risk type-specific principles and procedures. Additionally, the business and support functions maintain more detailed guidelines and descriptions to implement risk management in their own organisations.

Risk capacity and risk appetite

The Board of Directors defines the quantitative and qualitative targets of the S-Bank Group's risk capacity and risk appetite as part of the risk strategy. The quantitative and qualitative targets are assessed regularly and whenever required by changes in the business or the operating environment. The risk appetite indicators are monitored and controlled as part of regular reporting.

Risk capacity determines the maximum levels for risk-taking, business growth and the Group's negative profitability, that can be carried in the short and long term, while considering available own funds and regulatory requirements and limitations.

Risk appetite reflects the types and levels of approved risks that S-Bank is willing to take in its business operations while pursuing its targets. Risk appetite set's the desired risk profile for the bank. The starting point for the Bank's risk appetite is to achieve a stable and sufficient return on the Group's equity in the short and long term in accordance with strategy.

The risk appetite framework and indicators

Capital risk	· Capital ratio · Economic capital · Leverage ratio · Profitability
Credit risk	· Expected and final credit losses · Indicators for asset quality · Concentration risk · Distribution of credit portfolio by segment and product
Market risk	· Interest rate risk in economic value and net interest income · Spread risk · Other market risks
Liquidity risk	· Indicators for short- and medium-term liquidity · Adequacy of stable funding · Asset encumbrance · Structure and concentration of funding
Compliance risk	· Financial crime indicators · Conduct risk indicators · Regulatory compliance indicators
Operational risk	· Realised operational risks · Business continuity indicators · Indicators of service availability

S-BANK GROUP'S RISK POSITION

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

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

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

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

S-Bank Group's key risk indicators

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

Credit risk

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

The total amount of ECL provision increased by EUR 14.8 million to EUR 37.3 million (22.5) during the financial year. The changes in provisions based on management judgement during the financial year contributed to the growth in the ECL provision. The management judgement was increased because higher interest rates and prices were expected to weaken households' ability to pay. At the end of the financial year, LGD risk parameter floors were implemented based on management judgement. In addition, the modelling of forward-looking information was updated during the financial year. The ECL provision related to corporate customers and investing activities increased due to internal rating downgrades of customers particularly in real estate and construction industries. Expected and final credit losses are discussed under section Financial position and in Group's Note 11.

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

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

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

Own funds and capital adequacy

S-Bank's capital adequacy position strengthened during the review period. Total capital ratio was 18.8 per cent (16.3) and CET1 ratio 16.1 per cent (13.2). Total own funds at the end of the review period were EUR 672 million (552.9) of which CET1 capital was EUR 572.9 million (448.2) and Tier 2 capital EUR 99.1 million (104.8). Own funds were positively affected especially by profit performance due to net interest income.

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

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

Leverage ratio

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

Market risk

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

Liquidity, funding and MREL requirement

S-Bank's liquidity position strengthened in the last quarter of the year. The liquidity coverage ratio (LCR) was 257 per cent (164) at the end of the quarter. The liquidity coverage ratio (LCR) strengthened with the increase of liquid assets. The net stable funding ratio (NSFR), which describes the sufficiency of stable funding, was at a robust level at the end of the review period at 164 per cent (151). Increase in the amount of available stable funding strengthened the net stable funding ratio (NSFR). The strengthening of the liquidity position and the stable funding during the financial year was impacted by the covered bond issuance at the end of September and by the senior preferred MREL eligible bond issuance in November. The issuance of the covered bond is related to the financing of the Handelsbanken's Finnish operations acquisition. The transaction is described in more detail in Group's note 38.

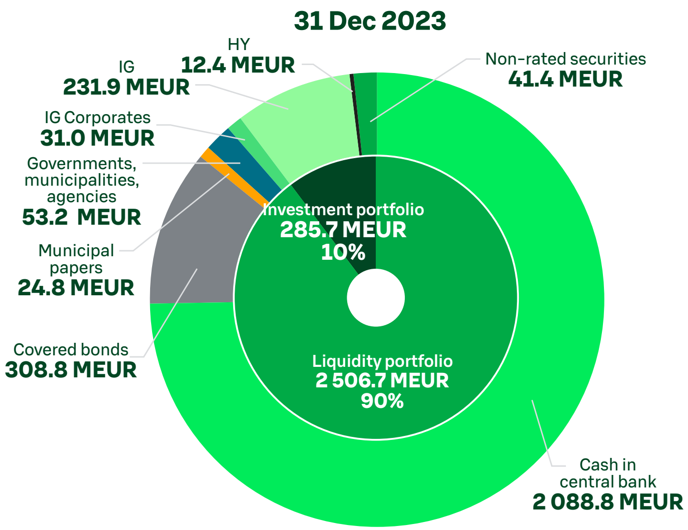
The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The total amount of the portfolio was EUR 2 792.4 million (1 975.6). The increase in the total portfolio size in 2023, was due to the bond issuances, which resulted in increase of both the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

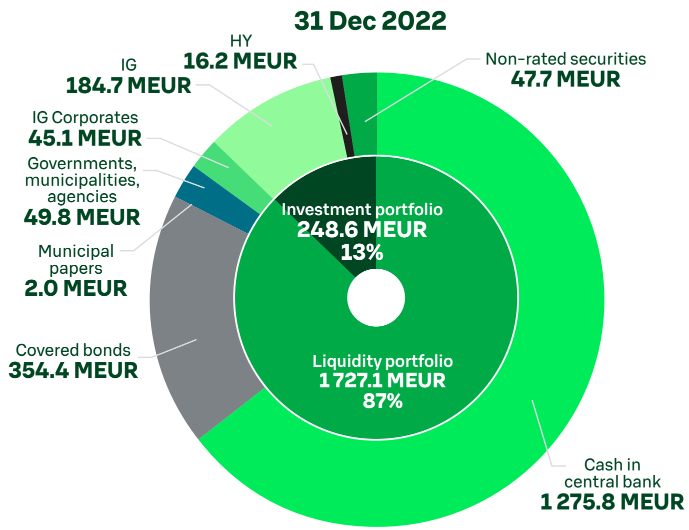
The Financial Stability Authority is the national resolution authority in Finland.

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

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

Breakdown of the liquidity and investment portfolio





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

S-Bank's liquidity portfolio

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

Operational risk

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

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

OWN FUNDS REQUIREMENTS

S-Bank's total capital requirement was 12.54 per cent (12.03) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement. The discretionary Pillar 2 requirement imposed on S-Bank was 2.0 per cent of the total risk exposure at the end of the review period. The requirement increased to 2.0 per cent on 31 December 2023 and will remain in force until 31 December 2026 at most. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation. 75 per cent of the requirement must be covered by Tier 1 capital (T1), of which a further 75 per cent must be covered by Common Equity Tier 1 capital (CET1).

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

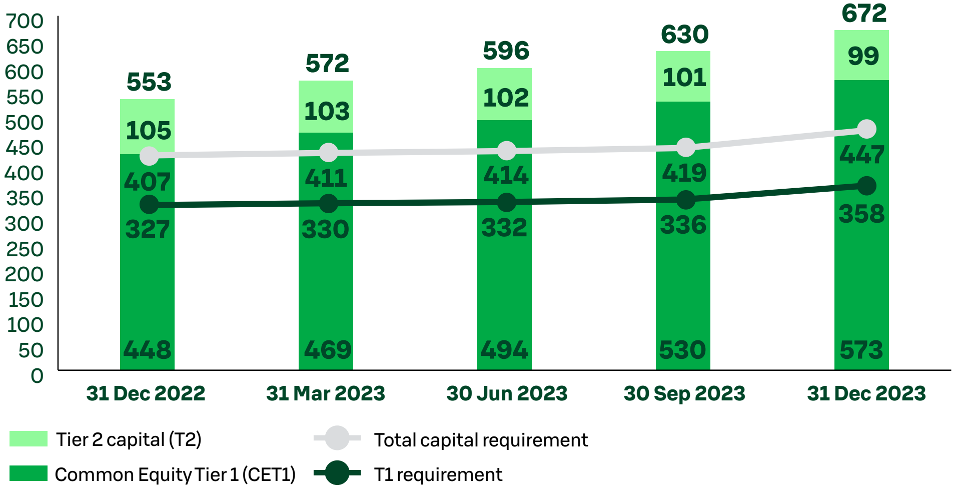
The FIN-FSA announced in October its decision to impose an additional capital recommendation to S-Bank (Pillar 2 Guidance, P2G) amounting to 0.75% of the total risk exposure amount. The P2G is valid until further notice as of 31 March 2024.

S-Bank prepares for the future changes in capital requirements proactively in its risk appetite framework.

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

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

Development of own funds and capital requirements (EUR million)



CAPITAL ADEQUACY POSITION

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

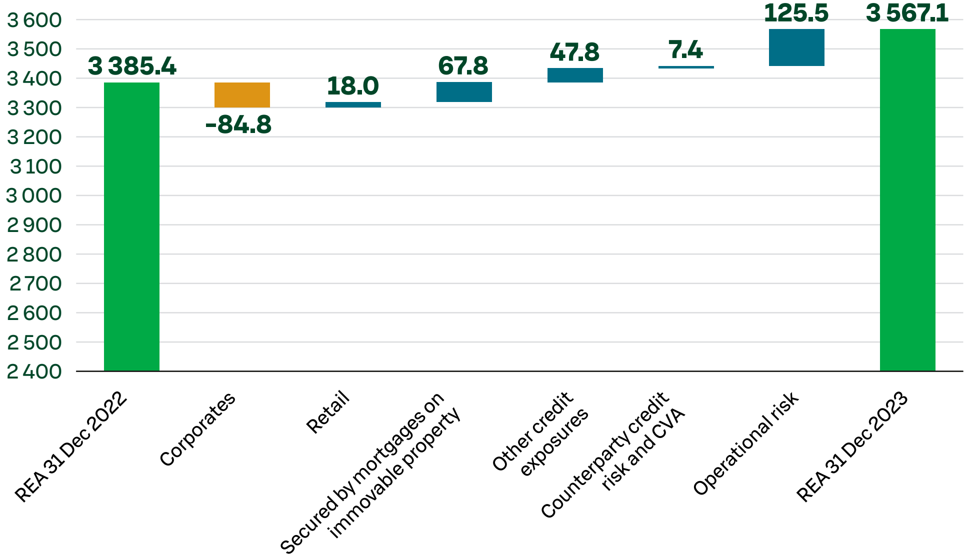
S-Bank's risk exposure amount (REA) was EUR 3 567.1 million (3 385.4) at the end of the review period. REA increased by EUR 181.7 million during the review period. The increase in REA was directed mainly on operational risk and exposures secured by immovable property.

Credit risk constitutes 86.1 per cent or EUR 3.1 billion of the risk exposure amount. The most substantial items requiring capital are exposures secured by immovable property, retail exposures and corporate exposures. The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. Operational risk accounts for 13.7 per cent of S-Bank's risk exposure amount. The basic indicator approach is used for calculating the capital requirement (Pillar 1) for operational risk. Market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement. The notional number 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.

Summary of capital adequacy information

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

Split of changes in risk exposure amount and risk-weighted assets (EUR million)



SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

Nothing to report.

OUTLOOK FOR 2024

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

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

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

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

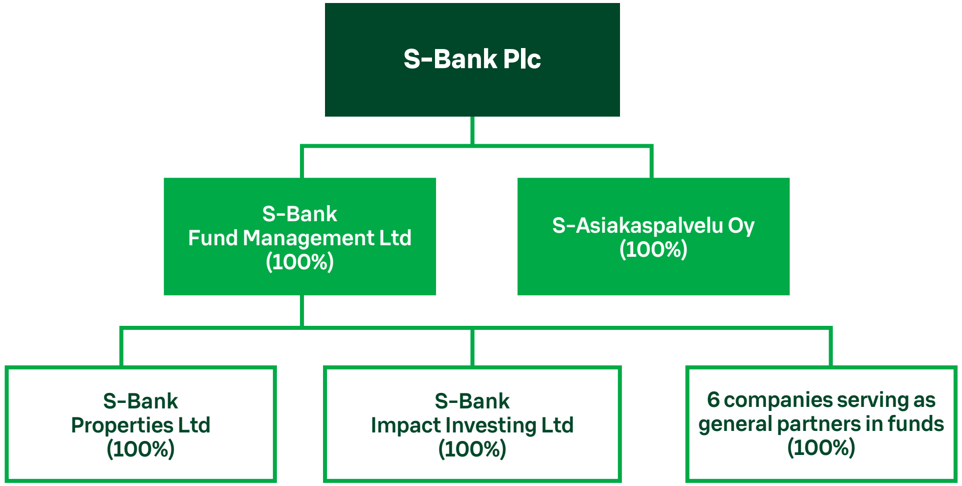
Global politics is creating its own uncertainty in the economic environment. The war in Ukraine continues, and unfortunately there is no end in sight. Situations elsewhere also have the potential to escalate rapidly, as we have seen with the situation in Israel. Relations between the US and China have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

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

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

GROUP STRUCTURE AND OPERATIONS OF S-BANK'S SUBSIDIARIES

CORPORATE STRUCTURE OF S-BANK GROUP



S-Bank Fund Management Ltd

S-Bank Fund Management Ltd is a wholly owned subsidiary of S-Bank Plc. It manages the S-Bank funds. S-Bank Fund Management Ltd also provide portfolio management services for private equity funds for the group and is responsible for the portfolio management of Alternative Investment Funds that invest in real estate, forests and unlisted companies.

S-Bank Fund Management Ltd's operating profit for the reporting period was EUR 3.8 million (2.2).

S-Asiakaspalvelu Oy

S-Asiakaspalvelu Oy is a wholly owned subsidiary of S-Bank Plc. It provides customer service and data processing-related and other services relevant to a credit institution's core operations, in its capacity as a service company as provided for by the Act on Credit Institutions (610/2014).

During the reporting period, S-Asiakaspalvelu Oy's revenue totalled EUR 9.9 million (6.0), of which intra-group revenue accounted for EUR 7.6 million (4.4). The remaining revenue derived from telephone services offered to the cooperatives for the benefit of co-op members. Its expenses mostly consisted of personnel expenses. S-Asiakaspalvelu's operating profit for the reporting period was EUR 0.3 million (0.1).

S-Bank Properties Ltd

S-Bank Properties Ltd specialises in property management and offers its services to investors, property owners and tenants. In addition to property portfolio management, property management services and property development, the company focuses on the implementation and management of joint venture projects. S-Bank Fund Management Ltd owns 100 per cent of S-Bank Properties Ltd's share capital.

S-Bank Properties Ltd's operating profit for the reporting period was EUR 0.4 million (0.6).

S-Bank Impact Investing Ltd

S-Bank Impact Investing Ltd is a wholly owned subsidiary of S-Bank Fund Management Ltd. The company manages impact investment funds, acts as general partner and manages interventions.

S-Bank Impact Investing Ltd's operating profit for the reporting period was EUR 16.5 thousand (EUR 14.4 thousand).

FIM Real Estate Ltd, FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund I GP Oy, FIM SIB Oy, S-Pankki Vaikuttavuus I GP Oy

These companies serve as general partners in funds managed by S-Bank Fund Management Ltd. These companies have no other business activities and are fully owned by S-Bank Fund Management Ltd.

GOVERNANCE

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) was held on 6 April 2023. The AGM adopted the financial statements for 2022 and discharged the members of the Board of Directors and the CEO from liability. The AGM elected seven members and one deputy member to the Board of Directors. The AGM also decided that a dividend of EUR 0.75 per share will be paid for the financial year 2022.

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

BOARD OF DIRECTORS

The Annual General Meeting confirms the number of members of the Board of Directors and elects the members of the Board for a term of one year at a time. The Board of Directors has confirmed rules of procedure, according to which it is responsible for the strategic development of the bank, steering and controlling its operations, as well as deciding on the company's main operating principles and general values in accordance with the applicable legislation and regulations.

Kim Biskop, Master of Science (Economics), Managing Director of the KPO Cooperative Society, was re-elected as a deputy member of the Board.

Jari Annala was re-elected as Chair of the Board. Jorma Vehviläinen was elected as Vice Chair.

The Board convened 21 times (22) during the financial year, and the average attendance rate of members was 98 per cent (98).

CEO

The CEO is appointed by the Board of Directors of S-Bank. The CEO is responsible for the bank's day-to-day management in accordance with the instructions and orders issued by the Board of Directors, applicable legislation and regulations, and the Articles of Association. The CEO acts as the chair of the Group Management Team appointed by the Board of Directors. The Group Management Team assists the CEO in the bank's day-to-day management. The Deputy CEO will handle the CEO's duties if the CEO is prevented from attending to them.

At the Annual General Meeting, the following were elected as members of the Board of Directors of S-Bank:

Jari Annala, Master of Science (Economics)	CEO, 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
Olli Vormisto, Master of Science (Economics)	Managing Director of the Hämeenmaa Cooperative Society

Hanna Porkka was the Interim CEO of S-Bank Plc until 25 April 2023 and Riikka Laine-Tolonen has been CEO of S-Bank Plc since 26 April 2023.

GOVERNANCE AND CONTROL SYSTEM

This section outlines how S-Bank, in its capacity as a bond issuer, arranges internal control and risk management related to its financial reporting processes.

Internal control and risk management generally in the S-Bank

The appropriate organisation of operations includes arranging and maintaining sufficient and effective internal control in the bank group and in its agency network. Internal control is an integral part of the Group's management, decision-making and strategic and operational planning. Internal control ensures that operations are goal-oriented, appropriate and effective, and that they fulfil the regulatory requirements. The Board of Directors bears primary responsibility for the bank's internal control. The Board of Directors is responsible for governance and for the appropriate organisation of operations throughout the bank group. A more detailed description about how the risk management is organized in S-Bank can be found under Group's note 2.

Internal control and risk management of the financial reporting process

The objective of the internal control and risk management of the S-Bank's financial reporting process is to ensure accurate, high quality and adequate financial reporting in all circumstances. The basic principles of internal control in S-Bank's financial reporting are a clear division of responsibilities, a sufficient understanding of the business operations by each part of the organisation, up-to-date guidance, and comprehensive and regular reporting practices throughout the S-Bank. In order to ensure the correctness of financial reporting, internal control is carried out as a continuous activity as part of financial administration processes. These actions ensure the functionality of all relevant processes, while the continuous monitoring of income and expenses and daily reconciliation guarantee the correctness and timeliness of data. Control is carried out at the level of the Group, legal entities and segments, in order to detect any deviations in the various dimensions. The risks associated with the financial reporting process are analysed and monitored by means of continuous risk mapping, and all operations and processes are constantly developed to minimise risks.

The S-Bank's financial reporting organisation consists of a finance unit operating at the Group level, which is responsible for external and internal accounting and reporting to the authorities. The unit's responsibilities include financial reporting and reporting to the authorities, participation in risk reporting, accounting and financial statements, profitability monitoring, budgeting, tax matters, the accounting policies applied in financial statements, and internal guidelines.

Parts of the accounting of S-Bank Group companies and of the accounting of the mutual funds managed by S-Bank Fund Management Ltd, as well as some financial support functions, are outsourced. Service providers supply their services under contract between the parties and comply with the regulations and instructions of the Financial Supervisory Authority and other authorities. The operations of the service providers and the quality of their work are monitored by the finance unit. Internal items between Group companies are reconciled monthly. The most significant items are discussed with the service provider during the period as part of the reporting process. Regular meetings are arranged with the service providers as a means of developing and evaluating cooperation.

The tasks and responsibilities of the S-Bank have been assigned so that those persons taking part in financial reporting have only very limited access rights to the systems and business applications of the business areas. The Head of Finance of the S-Bank, who is responsible for external accounting, the Head of Regulatory Reporting, who is responsible for reporting to the authorities, and the persons in charge of internal reporting are not involved in direct business decisions. The Head of Finance, the Head of Regulatory Reporting and the persons in charge of internal reporting report to the Chief Financial Officer of the S-Bank, who is a member of the Group Management

Team responsible for the financial reporting process.

The Group's financial reporting and risk reporting are centralised and based on a common external accounting system and on data obtained from ledger systems. This enables coordinated reporting at all levels of decision-making. Separate accountants have been appointed for the parent company and the key subsidiaries, while business controllers, responsible for financial monitoring and analysis, have been appointed for the business segments. As part of internal control, the Financial Controller in charge of Group accounting and the Head of Accounting and the Head of Finance familiarise themselves with financial reporting on a monthly basis to detect any inconsistencies. In addition, an independently operating team, responsible for reporting to the authorities, reports to external accounting any deviations it detects.

S-Bank's internal reports and monthly financial statements are prepared in accordance with the same policies as are demanded for interim reports and annual financial statements. The monthly reports, which include an analysis of deviations from previous periods, the budget and the forecast for the current year, as well as the key analytical monitoring indicators for each segment, are submitted to the management of the S-Bank.

The financial performance and results of the S-Bank are discussed monthly by the Group Management Team. A corresponding detailed review is carried out at all meetings of the Group's Board of Directors and of the Audit Committee. In addition, the Board of Directors and the liimatAudit Committee examine the interim and annual reports.

New or changed accounting policies are approved by the Group's parent company S-Bank Plc's Board of Directors.

PERSONNEL

At the end of the review period, the S-Bank employed a total of 847 (776) people. Of these, 676 (606) persons worked at S-Bank Plc, 39 (38) persons at the subsidiaries of the Wealth Management business, and 132 (132) persons at S-Asiakaspalvelu Oy.

SALARIES AND REMUNERATION

The S-Bank's remuneration policies are confirmed by the Board of Directors. S-Bank's Board of Directors decides on all available remuneration methods, and regularly tracks and assesses the performance of the remuneration systems and compliance with the decided operating policies and procedures.

The Compensation and Nomination Committee of S-Bank's Board of Directors is a body that assists the Board, annually preparing performance-based compensation policies for the bank's personnel, in accordance with its rules of procedure, and submitting them to the Board for confirmation. The Compensation and Nomination Committee works to ensure that the bank's policies concerning salaries and remuneration are consistent with sound and effective risk management and do not encourage excessive risk-taking. The Compensation and Nomination Committee consists of at least two members and the Chairman appointed by the bank's Board of Directors from among its number.

The remuneration model consists of a basic salary and a performance-based variable bonus. The objective of the bonus models is to encourage employees to focus on the key activities that are needed to reach the strategic and operational goals. The bonus systems are valid for a maximum of one calendar year at a time, with the exception of the long-term incentive scheme. The targets in the bonus models are based on the entire bank's shared targets, the unit-level targets and/or the personal targets, and they can vary by personnel group. The performance-based bonus is paid in cash. The S-Bank has a personnel fund to which the employees can transfer their bonuses.

The salaries and remunerations paid to personnel totalled EUR 56.8 million (48.6) in 2023. A total of EUR 1.2 million (1.6) was transferred to the personnel fund. The salaries and remunerations of S-Bank Plc totalled EUR 47.4 million (40.7), which includes EUR 263 750 (197 775) in remuneration paid to the Members of the Board. In addition, the S-Bank paid EUR 0.4 million (0.6) in supplementary pensions.

In 2023, S-Bank paid EUR 4.9 million (5.6) in salaries and EUR 1.0 million (1.0) in other remuneration to persons whose activities have a material impact on the risk profile of the credit institution. A total of EUR 0.2 million (0.3) was transferred to the personnel fund. 37 persons (37) received salaries and remuneration under this category. In accordance with remuneration policies, an individual's bonus will be deferred if the bonus exceeds EUR 50 000 for a one-year earnings period. In 2023, the variable bonuses were postponed for 2 persons (14).

More information on the salary and remuneration policies is available on S-Bank's website at s-pankki.fi.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE DISPOSAL OF DISTRIBUTABLE FUNDS

The Board of Directors proposes to the 2024 Annual General Meeting of S-Bank Plc that the profit of the parent company for the financial period 1 January–31 December 2023, amounting to EUR 116 444 248.08, be entered in retained earnings and that a dividend of EUR 1.50 per share (0.75), totalling EUR 10 020 270.00 (5 010 135.00), be paid from parent company's distributable assets.

CALCULATION OF KEY PERFORMANCE INDICATORS

Total income:

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

Net interest income:

Interest income – Interest expenses

Net fee and commission income:

Fee and commission income – Fee and commission expenses

Other income:

Net income from investing activities + Dividends + Other operating income

Cost-to-income ratio:

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

Return on equity (ROE), %:

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

Return on assets (ROA), %:

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

Equity ratio, %:

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

Capital adequacy ratio, %:

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

Tier 1 capital adequacy ratio, %:

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

Common Equity Tier 1 (CET1) ratio, %

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

Leverage ratio, %:

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

Liquidity Coverage Ratio (LCR), %:

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

Net Stable Funding Ratio (NSFR), %

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

Non-performing loan (NPL) ratio, %:

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

RESPONSIBILITY AND NON-FINANCIAL INFORMATION

Established in 2007, S-Bank is a Finnish bank that aims to offer everyone a chance to have a slightly more affluent tomorrow. S-Bank's operations are based on solid cooperative values, and responsibility is also one of its core values. Responsibility is at the centre of S-Bank's strategy, and it develops its operations accordingly. The responsibility themes identified as fundamental to S-Bank were "acting in the interest of customers and society" and "ensuring the well-being of personnel".

S-Bank aims to further strengthen its position as the bank that is perceived to be the most responsible bank in Finland. Our unique position as a bank with more than 3 million customers gives us the opportunity to make a positive impact throughout Finnish society to improve people's financial position and equity. Environmental responsibility and climate change mitigation also play an important role when S-Bank develops its operations and services. As part of the implementation of the Group strategy, the plan is to establish a responsibility programme for S-Bank. The content of this will be defined in more detail during 2024.

In addition to operating responsibly, S-Bank offers services that also give customers the opportunity to make responsible savings and investment decisions, for example. All of this has been recognised by our customers, too, as in 2023, for the eleventh consecutive year, Finns chose S-Bank as Finland's most responsible bank in the Sustainable Brand Index, the most comprehensive comparison of brands in terms of sustainable development. *

S-Bank will continue to purposefully develop its responsibility, and the implementation of the Corporate Sustainability Reporting Directive, which began in 2023, offers a good starting point for this. S-Bank will report according to the EU sustainability reporting standards for the first time for the financial year starting in 2024.

S-BANK GROUP'S BUSINESS MODEL

S-Bank Plc focuses on offering products and services to household customers, while also offering targeted services to companies.

S-Bank provides services for daily banking, saving and investment, and the financing of purchases. Under the FIM brand, the bank offers private banking services and services for institutional investors. The operations of the Group's subsidiaries are described in the section Group structure and the operations of S-Bank's subsidiaries.

S-Bank serves its customers at customer service points located in the S Group's business locations and also through its telephone service, its online bank, the S-mobiili app and various social media channels. S-Bank customers are also served by S-Bankers mainly in housing loans, and private bankers in wealth management.

The regional cooperatives of the S Group act as S-Bank's agents, offering its banking services at their business locations.

S-Bank's services are primarily offered to the co-op members of the S Group and their households, and they receive basic banking services free-of-charge. The aim is to maintain the prices of other services at a reasonable level and all services are priced transparently. The cash benefits paid to co-op members, such as bonuses earned from shopping and payment-method benefits, are paid into each customer's account in S-Bank.

The bank's earnings model is mainly based on accepting customer deposits, granting loans and engaging in investment activities. The bank's largest source of income, net interest income, is the difference between interest income received and interest expenses paid. Interest income is mainly earned from credits and loans granted to customers. Interest expenses depend

* In Finland, 12 000 people responded to the 2023 Sustainable Brand Index survey between December 2022 and February 2023.

on the interest paid on deposits and the interest paid on funds obtained from other funding sources.

The bank's second largest source of income is net fee and commission income, i.e. the difference between fee & commission income and fee & commission expenses. Commissions and fees are derived from lending-related services, payment transactions, card-related services and asset management, among others. Expenses include returns of management fees charged to the funds and service fees paid to service providers on card payments. In the banking business, the amount of net fee and commission income is dependent on the degree and extent of the use of banking services. In the wealth management business, net fee and commission income is dependent on the amount of assets under management. The amount of these assets is influenced by the actions of the wealth management business as well as by the performance of the securities markets. Since the management fees for investment funds are calculated as percentages of the funds' net asset value, market performance is directly reflected in the amount of these fees.

Operating expenses mainly consist of personnel expenses, IT expenses and other administrative expenses, including agency fees paid to the cooperative societies. In addition, as customers' insolvency risks increase, the bank records credit loss provisions and, in the event of insolvency, the bank records credit losses.

In order for business operations to be profitable the bank must manage its balance sheet, risks and expenses effectively. The bank's duty is to ensure sufficient capital adequacy and liquidity under all conditions.

S-Bank Group's business is subject to a licence, widely regulated and supervised by the authorities.

FOR THE BENEFIT OF THE CUSTOMER

Acting for the benefit of customers is a key part of S-Bank's responsibility. S-Bank is there to support its customers in daily life and in life's major turning points. S-Bank wants to help its customers make smart decisions regarding their own finances, plan for the future and grow their wealth responsibly.

Daily banking services – a bank account, card and banking IDs for electronic services – that S-Bank offers free-of-charge to all co-op members and their families form the foundation of S-Bank's responsibility.

In accordance with its vision, "Superior ease and benefits", S-Bank wants to make it easy and convenient to take care of financial matters. Many factors contribute to the ease of doing business with S-Bank. A well-functioning network of services, clear pricing, easy-to-use products and services, and clear and open communications are essential to this vision.

S-Bank's services are easily accessible through digital channels and telephone services, or at one of the customer service points that are accessible during a shopping trip. Customers can also withdraw and deposit cash in the checkout areas of approximately 1 000 S Group stores, i.e. in Prisma and Sokos stores and in larger S-Market stores around Finland. The aim is to provide seamless customer service through different channels.

S-Bank's services have also been brought closer to customers with the S-Biili service. S-Biili is a mobile service vehicle that travels around the co-operative society's area of operations, providing services for S-Bank's customers and for co-op members. At the end of 2023, five S-Biili vehicles were in operation. The vehicles stop to provide services at locations, such as the car park of the nearest Sale store, which are convenient for co-op members.

One service that offers customers superior ease and benefits is our chatbot called Aulis, which is available on our website for customers around the clock.

S-Bank customer service channels' NPS index*

	2023	2022	2021
Telephone service	49.5	47.6	52.7
Customer service points	74.8	75.6	74.1
Investment advisors	81.5	75.4	73.6

* The figures are channel-specific average scores from 2023. Scale -100–100. Question: Based on this experience, how likely would it be that you would recommend our customer service to friends or acquaintances? Source: Results of S-Bank's customer service encounters, January–December 2023 (conducted by Bisnode).

Developments carried out in 2023 have made Aulis even more helpful: we have made the appearance of Aulis clearer and personalised the answers based on user experience. The work to make Aulis even more helpful is continuous, as we regularly improve Aulis's responses based on customer feedback.

The quality of customer service is measured continuously in the various channels during individual service encounters. The NPS index, or Net Promoter Score, measures customer loyalty, based on how willing customers are to recommend a company. In 2023, as in previous years, S-Bank customers awarded high marks for the service they received at customer service points. S-Bank also received numerous other recognitions in 2023 that reflect the satisfaction of our customers and our responsible operations.

The phone service NPS improved on the previous year. Over the year, we increased the number of customer service personnel, developed our competence and processes, and introduced the coaching management approach. Our customers benefited from the significant improvement in the availability of our customer service, both via the phone service and through the online bank. Our customer service waiting times became shorter, and we're answering calls faster than ever. As a result of the development measures, the job satisfaction of customer advisers also increased, and turnover decreased significantly compared to before.

S-Bank's goal is to make a slightly more affluent tomorrow possible for everyone by lowering the threshold for saving by making saving in funds as easy and cheap as possible. This year marked the fifth anniversary of the Saver micro-saving service, which can be found in the S-mobiili app. The Saver service, which provides digital investment advice, makes it possible to take the first steps in investment by transferring EUR 0.5–5 for each card purchase to a fund. Over the years, nearly 90 000 Finns have started using the service. The popularity of Saver has grown steadily over the lifetime of the service, especially among co-op members who are starting to invest for the first time in their lives.

A HAPPY AND MOTIVATED PERSONNEL

S-Bank's goal is to enable a slightly more affluent tomorrow for everyone and to offer customers slightly more, so they always feel that their expectations have been exceeded. Success in achieving these aims depends on a competent and committed personnel. The well-being and competence of personnel and good management are thus important focus areas for S-Bank.

Since spring 2022, S-Bank has been using a hybrid work model that aims to combine the best aspects of working remotely and at the office and to foster and strengthen the sense of working community also through face-to-face encounters. The effectiveness of the model has been monitored through Pulse surveys, and the results show that most employees seem to have found ways of working in the hybrid model that suit them.

In the summer of 2023, a responsibility survey was conducted among S-Bank's employees to identify which sustainability issues are relevant to them and to find out which sustainability issues they would like to learn more about. A total of 339 people from different departments and age groups responded to the responsibility survey. In the survey, the employees expressed particular interest in what kind of actions S-Bank takes as a responsible employer. Communication on this issue will be a priority in 2024.

NUMBER OF PERSONNEL

The number of S-Bank Group personnel increased in 2023 and at the end of the year, a total of 847 (776) people were in an active employment relationship with the Group. Most employment relationships with S-Bank are permanent and full-time. However, there are also positions in customer service and the back office where part-time employment is appropriate. Part-time work may also be the employee's own choice, in cases where they want to work flexibly while studying, for example. S-Bank also offers students internships, in addition to part-time employment. Employment relationships may also be for a fixed term, for example, when recruiting substitutes for permanent employees or addressing temporary resource needs.

Over the course of the year, the number of employees who took family leave (excluding part-time child-care leave) was 57 (59), of whom 31 (41) were women and 26 (18) were men. At the end of the year, 7 (9) employees were on study leave.

During 2023, a total of 211 (205) new employees started work at S-Bank. A total of 123 (107) employees left the bank, with 5 (2) employees retiring. No employees stopped working because of a disability in 2023 or 2022.

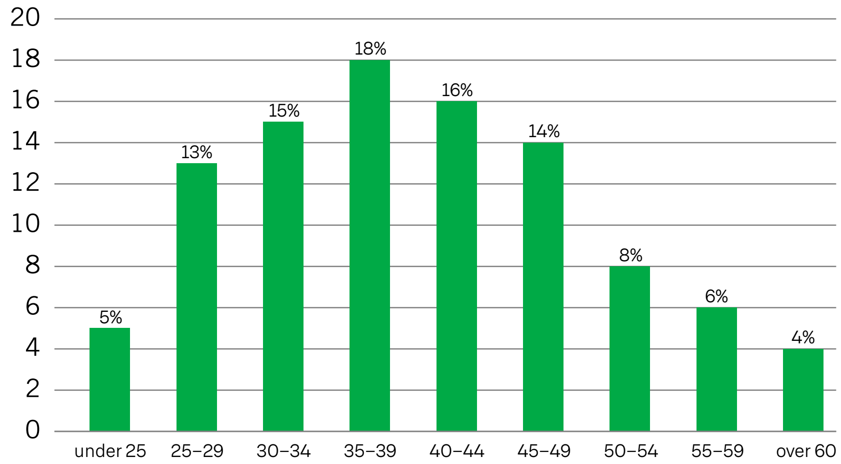
At S-Bank, 62 per cent of the personnel are aged 25–44. At the end of 2023, 61 per cent of the personnel were women and 39 per cent were men. Of supervisors, 53 per cent were women and 47 per cent men.

PERSONNEL SATISFACTION AND GOOD MANAGEMENT

S-Bank is growing and developing continuously. Employees have job descriptions that are varied, they are given plenty of responsibility and can contribute to the development of operations and the services offered to more than three million S-Bank customers.

Maintaining open interaction between employees and the management is a key part of S-Bank's organisational culture. Discussion sessions are organised for all employees once a month in which current issues can be discussed and employees can pose questions to the

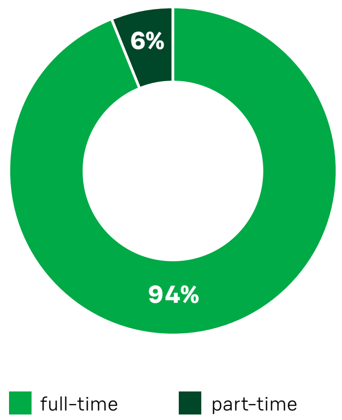
Personnel age distribution



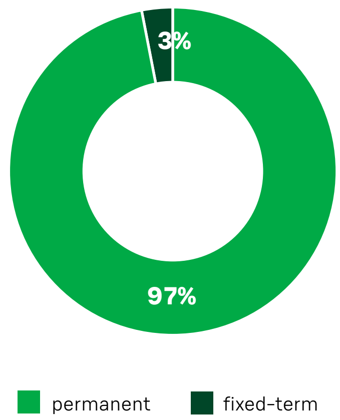
Personnel gender distribution

	Not specified	Men	Women	Total
Permanent full-time	1	316	461	778
Permanent part-time		7	34	41
Fixed-term full-time		4	15	19
Fixed-term part-time		4	5	9
Total	**1**	**331**	**515**	**847**

Working hours



Type of employment



management. Another good example of open communication are regular video compilations of issues discussed at Group Management Team meetings.

From the beginning of 2023, S-Bank introduced a Pulse survey that is carried out every other month. The aim of this is to collect feedback on how key work-related areas are perceived at any given moment. The results of the Pulse surveys have been discussed at the Group Management Team meetings and in discussion sessions with all S-Bank personnel.

S-Bank monitors employee satisfaction, well-being at work and the employees' perceptions of the progress made in achieving equality at the workplace by means of an annual work community survey. In 2023, the job satisfaction index derived from the outcomes of key questions in the survey was 76.9 (74.6) (on a scale of 0–100). This result increased 2.3 percentage points on the previous year and was at a very high level and clearly above the norm for specialist positions in Finland. The survey response rate was excellent, at 95 per cent (95).

As in previous years, S-Bank's strengths were, in particular, front-line management and a good working atmosphere, according to the survey. The most significant improvement on the previous year has been in the views on the direction of S-Bank's development and future. In addition, support for professional development was given a much more positive rating than before. The individual things that stand out as those that function the best in relative terms are the image of S-Bank's future, the opportunity to participate and make suggestions, and the direction of S-Bank's development, which were all rated very significantly better than usual. For the second time, the survey also examined personnel experience of psychological safety, and the results were also very good in this area, as they were the previous year. Thanks to these good results, S-Bank won the Most Inspiring Workplace prize for the third year in a row. This award is given annually to the companies participating in Eezy Flow's PeoplePower® survey that receive the best results.

In 2023, the workplace survey examined the employee net promoter score (eNPS) for the first time, i.e. how likely employees are to recommend S-Bank as an employer to others. S-Bank's eNPS was 43, which is well above the level of Eezy Flow's benchmark.

S-Bank has identified good management as a key factor influencing personnel motivation and commitment. The bank focuses on developing and supporting supervisors in their work by actively communicating with them and arranging training and discussion events and supervisor days.

DEVELOPMENT OF EXPERTISE

In order for S-Bank to execute its strategy successfully, it is crucial for it to possess the right kind of expertise and for this expertise to be constantly developed in a changing regulatory and operating environment.

Each year, S-Bank identifies critical competence development priorities for achieving its strategy and business objectives and agrees on necessary development measures. The competence of individual employees is discussed in annual performance appraisals and in monthly discussions held between the employee and supervisor. The supervisor and team member evaluate the individual's competence and agree on necessary development measures.

In a changing operating environment and with digitalisation becoming more ubiquitous, learning is a part of the day-to-day work of every employee, often occurring naturally during the performance of duties. In addition to personal learning, internal job mobility helps in improving communications and cooperation between units.

In 2022, the experiences and expectations of personnel in relation to competence development were studied using service design with personnel participation. The competence development methods identified in the process started to be piloted in spring 2023, and some of the pilots proved so popular that they were continued during the autumn. The 'Day in your shoes' concept offers the possibility to shadow the employee of your choice for a day, and around 120 S-Bank employees took advantage of this opportunity during 2023. Another popular pilot was team presentations, where each team takes it in turns to present what they do to the rest of the organisation. We also launched an internal mentoring programme at S-Bank. The development of competence has also been supported with various training and coaching events.

In 2023, we continued to engage personnel using service design methods to improve the employee experience. For this purpose, 25 people from different parts of the organisation were interviewed about positive and negative experiences during their careers. Based on the experience of employees, a number of small development measures were identified that can be used from the recruitment and induction phase onwards to build a more positive employee experience. These measures will continue to be developed during 2024.

REMUNERATION

Employee remuneration supports S-Bank's vision and the achievement of its strategic goals. S-Bank aims, through competitive, motivating and fair remuneration, to commit its personnel to achieving profitable operations and to serving the company over the long term. The principles of remuneration are confirmed every year.

S-Bank's remuneration consists of a basic salary and variable bonuses. The aim of the variable bonus models is to supplement salaries and promote the achievement of strategic and operational goals. S-Bank uses a variety of annual bonus models for different personnel groups. They are based on the results of the business units and/or the individual performance of employees. The S-Bank Group has a personnel fund, established on personnel initiative, to which the employees can transfer their bonuses. S-Bank also offers its employees comprehensive personnel benefits.

S-Bank uses a system to assess the level of demand involved in each work task in order to help determine a fair and motivating salary level. Any wage gaps between men and women are reviewed annually. No gender gaps in salaries were detected in the review conducted in 2023. In connection with salary increases, care is always taken to ensure that gender does not affect decisions and that no gender-based differences will emerge.

RECRUITMENT

Supporting diversity in the recruitment process is an important step in creating an inclusive working environment. Recruitment is based on objective assessment criteria that focus only on the applicants' skills, qualifications and experience. Job advertisements are prepared so that they attract a diverse range of applicants and the vocabulary selected does not reinforce gender, age or other stereotypes. When filling positions, the person best suited is always recruited, irrespective of age, gender or other factors that do not affect the competence of the employee and their ability to fulfil their duties.

S-Bank's own recruitment channels and those of its partners have been designed to meet the accessibility requirements of the service. The interface is easy to use, and the content of the job advertisements is clear and comprehensible. When new recruitment tools are introduced, attention is paid to the accessibility of the service, for example by ensuring that the user interface meets the requirements regarding colour blindness accessibility.

In 2023, supervisors were provided with training on how to act responsibly in the recruitment process, and there was particular focus on the equal treatment of applicants and open communication with applicants.

The experiences of job applicants were systematically monitored in 2023 and supervisors have been notified of the results. Applicants' overall satisfaction with the recruitment process is at a good level, and applicants' willingness to recommend S-Bank in 2023 (NPS) was 7.3 (on a scale of 1–10).

FOR THE BENEFIT OF SOCIETY

S-Bank provides benefits and services, and thus well-being, to the co-op members of the S Group. By providing reliable banking services, S-Bank contributes to the maintenance and development of the Finnish banking system, which also serves society more broadly.

ETHICAL AND LEGALLY COMPLIANT OPERATIONS

S-Bank complies with the relevant regulation in all its activities. In addition to complying with laws and regulations, S-Bank is committed to complying with its own Code of Conduct, which is founded on the principles of openness, fairness and transparency. The Code of Conduct is discussed with all new employees, and they must undertake to follow it before starting their employment relationship. In addition, training on S-Bank's operating methods is arranged regularly for the entire personnel.

During 2023, S-Bank's Code of Conduct, which had been compiled over the previous years, was implemented. The Code of Conduct brings together the key practices based on S-Bank's values, with more detailed guidance in the policies and principles approved by S-Bank's Board of Directors. The purpose of the Code of Conduct is to help ensure that the actions of both personnel and partners are aligned with the bank's values. The Code of Conduct contains guidelines related to, among other things, customer due diligence, prevention of money laundering and terrorist financing, management of conflicts of interest, prevention of bribery and corruption, information security and data protection, responsibility, bank values and whistleblowing.

A new online course on the Code of Conduct was launched during 2023, and 98 per cent of the employees had completed it by the end of the year.

Monitoring to ensure that operations are ethical and legally compliant takes place at S-Bank according to the so-called three lines of defence model. In the first line of defence the business and support functions perform internal control measures to ensure compliance with guidelines and regulations. In the second line of defence the bank's Compliance function, which is independent of the bank's business functions, monitors compliance with internal guidelines, the Code of Conduct and official regulations in accordance with its annual plan, which is approved by the Board of Directors. The bank's Internal Audit, which is the third line of defence, is responsible for monitoring and auditing the Group's first and second line of defence activities.

Identifying and preventing conflicts of interest

S-Bank aims to identify and prevent conflicts of interest in all its operations before they arise. The personal interests of the employees or those of their related parties may not influence their decisions in the course of their duties in the bank. Employees are obliged to report any observed or potential conflicts of interest to their supervisor or to the compliance function.

Risk survey and management

S-Bank surveys its operational risks as part of its continuing operations. S-Bank's key risks are described in the section S-Bank Group's risk position of the Risks and capital adequacy and their management chapter of the Board of Directors' report. Additionally, risks and risk management are described in more detail in Note 2 to the consolidated financial statements. Risk surveys are updated on a risk basis whenever changes take place in operations or the operating environment.

Preventing money laundering and terrorist financing

Processes aimed at the prevention of money laundering and terrorist financing are part of S-Bank's day-to-day operations. They ensure that the bank's services and systems are not used directly or indirectly for any illegal activities. To prevent money laundering, S-Bank is obliged to know its customers and to carry out continuous monitoring to detect and report any suspicious transactions to the Financial Intelligence Unit FIU. In order to prevent terrorist financing and to comply with political sanctions S-Bank's customer registers and the account transactions of its customers are continuously monitored and checked against sanction lists published by the authorities.

The personnel and management of S-Bank and the bank's agency operations are regularly trained in the prevention of money laundering and terrorist financing. The aim of this training is to maintain competence in identifying money laundering risks and to ensure compliance with regulatory duties, as well as to ensure the trustworthiness of the bank's operations and compliance with requirements.

Preventing bribery and corruption

S-Bank and its subsidiaries expect its employees and partners to act honestly and transparently. S-Bank has a zero-tolerance policy towards bribery and corruption. The bank's anti-bribery and anti-corruption policy and guidelines apply to both the personnel and management. Compliance with the procedures of the policy is continuously monitored as part of internal control.

Insider and trading guidelines

S-Bank's insider and trading guidelines include regulations applicable to all employees and management concerning the possession of insider information, the keeping of insider registers and trading rules. The purpose of these guidelines is to ensure that insider information is properly managed, and that trading is conducted in accordance with regulatory obligations. The trading conducted by all persons listed in the insider register and the register of persons exercising significant influence is continuously monitored, and the results of the monitoring are regularly reported to the bank's management.

Related party lending

S-Bank's related party lending policy specifies the terms and procedures applied to credit or other forms of financing granted to the bank's related parties. S-Bank regularly monitors the terms and procedures applied to credit or other forms of financing granted to related parties in order to ensure compliance with regulations and ethical operations.

Assessment of fitness, propriety and professional competence

The members of the Boards of S-Bank's Group companies, executive management and persons in key positions are assessed to make sure they meet the requirements for fitness and propriety, also in terms of professional competence, when they are appointed and thereafter regularly during their service. A fitness and proprietary report is also drawn up for every new employee before the employment contract is signed. Potential and actual conflicts of interest arising from possible affiliations are also examined as part of the fitness and propriety assessment. A register is kept of identified conflicts of interest and their management.

Data Protection

Trust is the foundation of credit institutions. It is of paramount importance for S-Bank to ensure responsible, secure and transparent processing of personal data in order to maintain the trust of its customers, personnel and partners. S-Bank expects the same from its partners.

Ensuring the protection of personal data is an important part of any development project. Appropriate risk assessment is part of all product and service development and as a result, the required data protection and security elements are built in. S-Bank regularly assesses its processes from a data protection perspective and each employee undergoes data protection training when starting in their role and at regular intervals thereafter.

Whistleblowing channel

S-Bank has an internal whistleblowing channel. Ethical violations or violations of compliance or the Code of Conduct or suspicions thereof may be reported through the confidential whistleblowing channel. If necessary, reports can also be made completely anonymously. The bank's ethics steering group deals with all reports of misconduct and decides on the action to be taken on a case-by-case basis.

ENVIRONMENT

The S Group has set itself a target to reduce climate emissions from its own operations by 90 per cent from the 2015 level by 2030 and has committed to being carbon negative in its own operations from 2025 onwards.

In December 2023 the S Group decided on a new ambitious Net Zero emissions target that covers their entire value chain. Net Zero emissions target means reducing the climate emissions of both its own operations and its business value chains to net zero by 2050. The new emission reduction targets will be added to the science-based (SBTi) assessment process and the reduction measures will be determined on a business-by-business basis.

During 2024, S-Bank will define its own measures to support the S Group's climate targets.

In 2023, S-Bank made the decision to transfer to payment cards made from recycled plastic (rPVC). Since the decision was made, all new orders for materials have been for rPVC. The payment cards will be replaced with rPVC cards within their lifetime, so that all payment cards will have been replaced by rPVC cards by 2028. Switching to rPVC in payment cards will reduce the greenhouse gas emissions of payment card manufacturing by 60–64 per cent compared to payment cards made from non-recycled material.

S-Bank has calculated its emissions from its own operations according to the Greenhouse Gas Protocol (GHG) (Scope 1 and Scope 2) and has also partially included the indirect emissions of Scope 3. In addition to the headquarters and other S-Bank locations, the calculation covers all customer service outlets managed by the S Group's regional cooperative stores.

Efforts will continue to improve the emissions calculation, to ensure that emissions in the value chain are taken into account more comprehensively, for example. At the same time, S-Bank aims to develop its services and operating models in a way that helps stakeholders avoid emissions and mitigate climate change.

Carbon footprint of S-Bank's own activities

Emissions			Consumption		
Scope 1 and Scope 2	**2023**	**2022**		**2023**	**2022**
CO^2 emissions from energy consumption (tn CO^2e)					
District heating and electricity*	100	147	Total electricity consumption at business locations (MWh)	1 547	1 718
Leased cars	72.0	66.3	Total consumption of district heat at business locations (MWh)	832	828
Scope 3	**2023**	**2022**		**2023**	**2022**
CO^2 emissions from business travel (tn CO^2e)					
Air travel**	167.5	113.3	Air travel (km)	812 350	441 168
Other CO^2 emissions (tn CO^2e)					
Waste	6.91	6.25	Waste (tn)	6.672	6.012
Water consumption***	0.983	0.689	Water consumption (m^3)	2908	2038

* The most recent plant-specific emission factor available was used to calculate emissions from district heat; the electricity used by S-Bank is emission-free.
** The most recent emission factor available was used to calculate emissions from air travel. The calculation includes the radiative forcing effect of different compounds from flight emissions (UK BEIS [Defra] 2021).
*** Water consumption emissions are calculated using the most recent emission factor available (HSY 2021; 338 g/m^3); total consumption estimated for all sites based on consumption data from the Ässäkeskus.

RESPONSIBLE FINANCING

The services provided by S-Bank focus on consumer customers to whom S-Bank offers services for daily banking, saving and investment, and the financing of purchases. S-Bank's unique position as a bank with more than 3 million customers gives it the opportunity to make a positive impact on Finnish society as a whole, for example by improving people's financial position and equity. Environmental responsibility and climate change mitigation also play an important role when S-Bank develops its operations and services.

In order to operate responsibly as a provider of financial services, S-Bank must carefully comply with regulatory requirements. The EU Taxonomy Regulation (EU 2020/852) is an EU-wide classification system that sets out clear and harmonised sustainability criteria for the classification of financing targets. The Taxonomy Regulation (EU) 2020/852 is supplemented by the regulations (EU) 2021/2139 (Climate Delegated Regulation) and (EU) 2023/2486 (Environmental Delegated Regulation), which have confirmed technical screening criteria. S-Bank reports on its environmentally sustainable economic activities in accordance with the provisions of Commission Delegated Regulation (EU) 2021/2178 concerning credit institutions. The Environment Delegated Regulation of 2023 will define technical screening criteria for four new environmental objectives. As there has not been sufficiently comprehensive information available on the new taxonomy data required by the Environmental Regulation, S-Bank has not reported on them in its Annual Report for 2023.

Among S-Bank's services, the financing of housing and housing construction and wealth management services are relevant to the EU taxonomy. The taxonomy alignment of asset management is discussed in more detail below in the section on responsible investment below.

Housing loans make up a significant part of S-Bank's balance sheet and the balance sheet's taxonomy-eligible items. The receivables on S-Bank's balance sheet consist mostly of lending to households and housing companies, of which only household housing loans collateralised by residential immovable property are taxonomy-eligible receivables. The bank engages in the actual financing of companies only to a minor extent. Debt securities issued by public sector entities, which can also be found in S-Bank's portfolios, are not taxonomy-eligible. S-Bank does not have a trading book.

S-Bank reported items related to its financing activities in accordance with EU taxonomy for the first time in its 2021 Annual Report. Taxonomy reporting has been developed annually in line with regulatory requirements and information that is available on the market.

So far, S-Bank has not set any actual strategic objectives regarding the taxonomy classification. Up to now the poor availability of information on taxonomy criteria, especially for housing loans, has been preventing more extensive business use of the classification system. S-Bank closely monitors market developments and aims to improve the availability of information in cooperation with various market participants and customers. As practices evolve, the importance of the classification system is also expected to grow in terms of business strategy and product design.

From 2023, credit institutions are required to report for the first time on the proportions in their covered assets of exposures to taxonomy-compliant economic activities. Compliance includes the proportion of exposures eligible for inclusion in the classification system, wherein the related activities contribute significantly to one of the six sustainability objectives, do not, at the same time, cause significant harm to the other objectives and meet the minimum safeguards compliant with the regulation.

In 2022, a disclosure obligation (Delegated Regulation 2022/1214) entered into force related to nuclear and fossil gas activities and their financing. S-Bank does not engage in or finance these activities.

As required by the regulation, the reporting has used the companies' self-reported data, which have been collected by an external service provider and partly by S-Bank. The data provided by companies is not yet comprehensive or fully comparable, which has caused challenges in the implementation of S-Bank's reporting.

Housing loans to households collateralised by residential immovable property and house renovation loans can be considered taxonomy-eligible in terms of climate change mitigation, climate change adaptation, and the circular economy. However, it is not possible for S-Bank to report on taxonomy compliance, as the necessary data are not yet sufficiently available.

For the first time, credit institutions will be required to publish the green asset ratio (GAR) in their loan portfolio based on both revenue and capital expenditure (CapEx). The GAR represents the ratio of the bank's assets that finances the taxonomy-compliant economic activities. For 2023, S-Bank's GAR was 0.22 per cent based on revenue and 0.27 per cent based on capital expenditure. The GARs are significantly affected by the fact that S-Bank has not yet been able to assess the taxonomy-compliance of housing loans to households collateralised by residential immovable property and house renovation loans as required by the technical screening criteria.

For corporate exposures, only non-financial undertakings subject to the NFRD have at this stage published information on their taxonomy-compliant activities that can be taken into account in the calculation of the bank's GAR. Financial undertakings will report on taxonomy alignment for the first time for 2023, so these reported data will only be available for use in the reporting for 2024.

SUMMARY OF KPIS TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 TAXONOMY REGULATION (0)

		Total environmentally sustainable assets	KPI (Turnover)	KPI (CAPEX)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**		0.22%	0.27%	78.56%	16.11%	21.44%
		Total environmentally sustainable activities	**KPI**	**KPI**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)		2.30%	4.82%	25%		
	Trading book*						
	Financial guarantees						
	Assets under management		1.54%	2.38%			
	Fees and commissions income**						

ASSETS FOR THE CALCULATION OF GAR (1) (TURNOVER)

31 Dec 2023

	Turnover	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	ag
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million EUR	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6 303.59																															
2	**Financial undertakings**	250.53																											97.93				
3	Credit institutions	230.26																											91.61				
4	Loans and advances																												0.00				
5	Debt securities, including UoP	230.26																											91.61				
6	Equity instruments																												0.00				
7	Other financial corporations	20.28																											6.32				
8	of which investment firms																												0.00				
9	Loans and advances																												0.00				
10	Debt securities, including UoP																												0.00				
11	Equity instruments																												0.00				
12	of which management companies	11.46																											5.84				
13	Loans and advances	0.00																											0.00				
14	Debt securities, including UoP	11.46																											5.84				
15	Equity instruments	0.00																											0.00				
16	of which insurance undertakings	8.82																											0.48				
17	Loans and advances	0.00																											0.00				
18	Debt securities, including UoP	0.00																											0.00				
19	Equity instruments	8.82																											0.48				
20	**Non-financial undertakings**	194.85																											132.87				
21	Loans and advances	129.86	0.00	14.15		0.00	1.43	0.00	0.00		0.00	0.00																	120.91	14.15		0.00	1.43
22	Debt securities, including UoP	64.98	0.52	3.25		0.09	1.53	0.00	0.00		0.00	0.00																	11.96	3.30		0.09	1.59
23	Equity instruments	0.00																															
24	**Households**	5 807.61																											4 209.22				
25	of which loans collateralised by residential immovable property	4 140.21																											4 140.21				
26	of which building renovation loans	69.01																											69.01				
27	of which motor vehicle loans																																
28	**Local governments financing**	50.60																											0.00				
29	Housing financing																												0.00				
30	Other local government financing	50.60																											0.00				
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																												0.00				
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	1 625.93																															
33	**Financial and Non-financial undertakings**	1 408.02																															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1 182.61																															
35	Loans and advances	1 066.41																															
36	of which loans collateralised by commercial immovable property																																
37	of which building renovation loans																																
38	Debt securities	112.32																															
39	Equity instruments	3.89																															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	225.41																															
41	Loans and advances	0.00																															
42	Debt securities, including UoP	219.23																															
43	Equity instruments	6.18																															
44	**Derivatives**	33.04																															
45	**On demand interbank loans**	9.43																															
46	**Cash and cash-related assets**	58.98																															
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	116.45																															
48	**Total GAR assets**	7 929.52																															
49	**Assets not covered for GAR calculation**	2 164.06																															
50	**Central governments and Supranational issuers**	14.80																															
51	**Central banks exposure**	2 148.52																															
52	**Trading book**	0.74																															
53	**Total assets**	10 093.58																															
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees																																
55	Assets under management	4 601.70	75.34	69.13	0.00	10.78	31.54	1.67	1.67	0.00	0.01	1.58																	199.88	70.80	0.00	10.79	33.12
56	Of which debt securities	985.98	26.54	23.40	0.00	1.49	9.99	0.78	0.78	0.00	0.00	0.71																	115.84	24.18	0.00	1.50	10.71
57	Of which equity instruments	1 721.49	48.80	45.73	0.00	9.28	21.55	0.89	0.89	0.00	0.01	0.87																	84.04	46.62	0.00	9.29	22.41

ASSETS FOR THE CALCULATION OF GAR (1) (CAPEX)

31 Dec 2023

	CAPEX	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af	ag
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million EUR	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6 303.59																															
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20	**Non-financial undertakings**	194.85																											137.56				
21	Loans and advances	129.86	0.00	16.33		6.28	1.02	0.00	0.00		0.00	0.00																	117.97	16.33		6.28	1.02
22	Debt securities, including UoP	64.98	0.51	5.18		0.16	0.84	0.00	0.00		0.00	0.00																	19.60	5.18		0.16	0.84
23	Equity instruments	0.00																															
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43	Equity instruments	6.18																															
44	**Derivatives**	33.04																															
45	**On demand interbank loans**	9.43																															
46	**Cash and cash-related assets**	58.98																															
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	116.45																															
48	**Total GAR assets**	7 929.52																															
49	**Assets not covered for GAR calculation**	2 164.06																															
50	**Central governments and Supranational issuers**	14.80																															
51	**Central banks exposure**	2 148.52																															
52	**Trading book**	0.74																															
53	**Total assets**	10 093.58																															
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees																																
55	Assets under management	4 601.70	114.18	108.89	0.00	8.63	43.72	0.63	0.63	0.00	0.20	0.37																	114.82	109.52	0.00	8.83	44.10
56	Of which debt securities	985.98	45.36	42.82	0.00	1.39	19.81	0.20	0.20	0.00	0.00	0.15																	45.56	43.02	0.00	1.39	19.96
57	Of which equity instruments	1 721.49	68.82	66.06	0.00	7.24	23.92	0.44	0.44	0.00	0.20	0.22																	69.26	66.50	0.00	7.44	24.14

GAR SECTOR INFORMATION (2)

31 Dec 2023

	Breakdown by sector - NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h	i	j	k	l
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount				Gross carrying amount				Gross carrying amount			
		Million EUR	Of which environmentally sustainable (CCM)	Million EUR	Of which environmentally sustainable (CCM)	Million EUR	Of which environmentally sustainable (CCA)	Million EUR	Of which environmentally sustainable (CCA)	Million EUR	Of which environmentally sustainable (WTR)	Million EUR	Of which environmentally sustainable (WTR)
1	C10.13 Production of meat and poultry meat products	3.19	-										
2	C19.20 Manufacture of refined petroleum products	5.56	1.78										
3	C20.59 Manufacture of other chemical products n.e.c.	6.96	0.03										
4	C26.20 Manufacture of computers and peripheral equipment	2.86	-										
5	C26.30 Manufacture of communication equipment	10.22	-										
6	C28.22 Manufacture of lifting and handling equipment	7.74	4.84										
7	F42.22 Construction of utility projects for electricity and telecommunications	0.52	0.52										
8	H51.10 Passenger air transport	1.94	-										
9	J62.03 Computer facilities management activities	11.58	2.20										
10	K64.20 Activities of holding companies	1.27	-										
11	L68.20 Renting and operating of own or leased real estate	129.86	120.91										
12	C28.92 Manufacture of machinery for mining, quarrying and construction	0.90	0.80										
13	M71.12 Engineering activities and related technical consultancy	5.86	1.79										
14	N80.10 Private security activities	1.97	-										

	Breakdown by sector - NACE 4 digits level (code and label)	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount				Gross carrying amount				Gross carrying amount				Gross carrying amount			
		Million EUR	Of which environmentally sustainable (CE)	Million EUR	Of which environmentally sustainable (CE)	Million EUR	Of which environmentally sustainable (PPC)	Million EUR	Of which environmentally sustainable (PPC)	Million EUR	Of which environmentally sustainable (BIO)	Million EUR	Of which environmentally sustainable (BIO)	Million EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Million EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	C10.13 Production of meat and poultry meat products													3.19	-		
2	C19.20 Manufacture of refined petroleum products													5.56	1.78		
3	C20.59 Manufacture of other chemical products n.e.c.													6.96	0.03		
4	C26.20 Manufacture of computers and peripheral equipment													2.86	-		
5	C26.30 Manufacture of communication equipment													10.22	-		
6	C28.22 Manufacture of lifting and handling equipment													7.74	4.84		
7	F42.22 Construction of utility projects for electricity and telecommunications													0.52	0.52		
8	H51.10 Passenger air transport													1.94	-		
9	J62.03 Computer facilities management activities													11.58	2.20		
10	K64.20 Activities of holding companies													1.27	-		
11	L68.20 Renting and operating of own or leased real estate													129.86	120.91		
12	C28.92 Manufacture of machinery for mining, quarrying and construction													0.90	0.80		
13	M71.12 Engineering activities and related technical consultancy													5.86	1.79		
14	N80.10 Private security activities													1.97	-		

GAR KPI STOCK (3) (TURNOVER)

31 Dec 2023

Turnover — % (compared to total covered assets in the denominator)

		a	b	c	d	e	f	g	h	i
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
	% (compared to total covered assets in the denominator)	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation									
2	**Financial undertakings**									
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations									
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	**Non-financial undertakings**									
21	Loans and advances	0.00%	10.90%	0.00%	0.00%	1.10%	0.00%	0.00%	0.00%	0.00%
22	Debt securities, including UoP	0.81%	5.00%	0.00%	0.14%	2.36%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments									
24	**Households**									
25	"of which loans collateralised by residential immovable property"									
26	of which building renovation loans									
27	of which motor vehicle loans									
28	**Local governments financing**									
29	Housing financing									
30	Other local government financing									
31	**Collateral obtained by taking possession: residential and commercial immovable properties**									
32	**Total GAR assets**									

		j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z
		Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			
	% (compared to total covered assets in the denominator)	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																
2	**Financial undertakings**																
3	Credit institutions																
4	Loans and advances																
5	Debt securities, including UoP																
6	Equity instruments																
7	Other financial corporations																
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments																
12	of which management companies																
13	Loans and advances																
14	Debt securities, including UoP																
15	Equity instruments																
16	of which insurance undertakings																
17	Loans and advances																
18	Debt securities, including UoP																
19	Equity instruments																
20	**Non-financial undertakings**																
21	Loans and advances																
22	Debt securities, including UoP																
23	Equity instruments																
24	**Households**																
25	"of which loans collateralised by residential immovable property"																
26	of which building renovation loans																
27	of which motor vehicle loans																
28	**Local governments financing**																
29	Housing financing																
30	Other local government financing																
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																
32	**Total GAR assets**																

		aa	ab	ac	ad	ae	af
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to total covered assets in the denominator)	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation						
2	**Financial undertakings**	39.09%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions	39.79%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances						
5	Debt securities, including UoP	39.79%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments						
7	Other financial corporations	31.17%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies	51.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances						
14	Debt securities, including UoP	51.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments						
16	of which insurance undertakings	5.41%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments	5.41%	0.00%	0.00%	0.00%	0.00%	0.00%
20	**Non-financial undertakings**	68.19%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	93.10%	10.90%	0.00%	0.00%	1.10%	0.18%
22	Debt securities, including UoP	0.00%	18.40%	5.08%	0.00%	0.14%	0.04%
23	Equity instruments						
24	**Households**	72.48%	0.00%	0.00%	0.00%	0.00%	0.00%
25	"of which loans collateralised by residential immovable property"	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans						
28	**Local governments financing**						
29	Housing financing						
30	Other local government financing						
31	**Collateral obtained by taking possession: residential and commercial immovable properties**						
32	**Total GAR assets**						0.22%

GAR KPI STOCK (3) (CAPEX)

31 Dec 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	CAPEX	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to total covered assets in the denominator)	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																														
2	**Financial undertakings**																										5.92%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions																										6.44%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances																														
5	Debt securities, including UoP																										6.44%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments																														
7	Other financial corporations																														
8	of which investment firms																														
9	Loans and advances																														
10	Debt securities, including UoP																														
11	Equity instruments																														
12	of which management companies																														
13	Loans and advances																														
14	Debt securities, including UoP																														
15	Equity instruments																														
16	of which insurance undertakings																														
17	Loans and advances																														
18	Debt securities, including UoP																														
19	Equity instruments																														
20	**Non-financial undertakings**																										70.60%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Loans and advances	0.00%	12.57%	0.00%	4.83%	0.78%	0.00%	0.00%	0.00%	0.00%																	90.84%	12.57%	0.00%	4.83%	0.78%	0.21%
22	Debt securities, including UoP	0.79%	7.98%	0.00%	0.25%	1.29%	0.00%	0.00%	0.00%	0.00%																	0.00%	30.16%	7.98%	0.00%	0.25%	0.07%
23	Equity instruments																														
24	**Households**																										72.48%	0.00%	0.00%	0.00%	0.00%	0.00%
25	"of which loans collateralised by residential immovable property"																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans																														
28	**Local governments financing**																														
29	Housing financing																														
30	Other local government financing																														
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																														
32	**Total GAR assets**																														0.27%

GAR KPI FLOW (4) (TURNOVER)

31 Dec 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Turnover	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to flow of total eligible assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																															
2	**Financial undertakings**																										94.15%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions																										43.15%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances																															
5	Debt securities, including UoP																										43.15%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments																															
7	Other financial corporations																										51.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	of which investment firms																										0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances																															
10	Debt securities, including UoP																															
11	Equity instruments																															
12	of which management companies																										51.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances																															
14	Debt securities, including UoP																										51.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments																															
16	of which insurance undertakings																															
17	Loans and advances																															
18	Debt securities, including UoP																															
19	Equity instruments																															
20	**Non-financial undertakings**																										92.38%	29.34%		0.00%	4.59%	1.15%
21	Loans and advances	0.00%	26.00%		0.00%	0.00%	0.00%	0.00%		0.00%																	92.00%	26.00%		0.00%	0.00%	0.97%
22	Debt securities, including UoP	100.0%	96.00%		0.00%	96.00%	0.00%	0.00%		0.00%																	100.00%	96.00%		0.00%	96.00%	0.18%
23	Equity instruments																															
24	**Households**																															
25	of which loans collateralised by residential immovable property																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans																															
28	**Local governments financing**																															
29	Housing financing																															
30	Other local government financing																															
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																															
32	**Total GAR assets**																															2.30%

GAR KPI FLOW (4) (CAPEX)

31 Dec 2023

	CAPEX	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to flow of total eligible assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation																															
2	**Financial undertakings**																										6.49%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Credit institutions																										6.49%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Loans and advances																															
5	Debt securities, including UoP																										6.49%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments																															
7	Other financial corporations																															
8	of which investment firms																															
9	Loans and advances																															
10	Debt securities, including UoP																															
11	Equity instruments																															
12	of which management companies																															
13	Loans and advances																															
14	Debt securities, including UoP																															
15	Equity instruments																															
16	of which insurance undertakings																															
17	Loans and advances																															
18	Debt securities, including UoP																															
19	Equity instruments																															
20	**Non-financial undertakings**																										99.90%	61.48%		57.13%	4.35%	2.41%
21	Loans and advances	0.00%	60.00%		60.00%	0.00%	0.00%	0.00%		0.00%																	100.00%	60.00%		60.00%	0.00%	2.24%
22	Debt securities, including UoP	98.0%	91.00%		0.00%	91.00%	0.00%	0.00%		0.00%																	98.00%	91.00%		0.00%	91.00%	0.17%
23	Equity instruments																															
24	**Households**																															
25	of which loans collateralised by residential immovable property																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans																										100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans																															
28	**Local governments financing**																															
29	Housing financing																															
30	Other local government financing																															
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																															
32	**Total GAR assets**																															4.82%

KPI OFF-BALANCE SHEET EXPOSURES (5) (TURNOVER)

31 Dec 2023

	Turnover	a	b	c	d	e	f	g	h	i	j
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)										
2	Assets under management (AuM KPI)	1.64%	1.50%	0.00%	0.23%	0.69%	0.04%	0.04%	0.00%	0.00%	0.03%

	Turnover	k	l	m	n	o	p	q	r	s	t	u	v
		Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)			
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)												
2	Assets under management (AuM KPI)												

	Turnover	w	x	z	aa	ab	ac	ad	ae	af
		Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)									
2	Assets under management (AuM KPI)					4.34%	1.54%	0.00%	0.23%	0.72%

KPI OFF-BALANCE SHEET EXPOSURES (5) (CAPEX)

31 Dec 2023

	CAPEX	a	b	c	d	e	f	g	h	i	j
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)										
2	Assets under management (AuM KPI)	2.48%	2.37%	0.00%	0.19%	0.95%	0.01%	0.01%	0.00%	0.00%	0.01%

	CAPEX	k	l	m	n	o	p	q	r	s	t	u	v
		Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)			
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)												
2	Assets under management (AuM KPI)												

	CAPEX	w	x	z	aa	ab	ac	ad	ae	af
		Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)									
2	Assets under management (AuM KPI)					2.50%	2.38%	0.00%	0.19%	0.96%

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES (TEMPLATE 1)

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**NO**
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**NO**
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**NO**

Notes on the tables

In accordance with regulation, the figures presented in these tables are in line with the gross carrying amount, which means the effects of expected credit losses (ECL) have not been taken into account

The data for the comparison year have not been restated to comply with the new regulatory requirements.

Table 1. Assets for the calculation of GAR

– Financial undertakings have not broken down the eligibility figures under the different environmental objectives, so the taxonomy figures for these undertakings are presented in aggregate in the TOTAL column (Taxonomy-eligible).

– For households, S-Bank's housing loans collateralised by residential immovable property and renovation loans are taxonomy-eligible, but they are not broken down under different environmental objectives. Overall, the eligibility of households is presented in the TOTAL column.

– The GAR indicator only takes into account companies that are required to report under the NFRD.

– Non-financial undertakings shall report for the first time for 2022 also on taxonomy compliance. As the presentation method and accuracy of the taxonomy figures reported varied between counterparties it was therefore impossible to present them in the credit institution tables completely without gaps. For example, the corporate counterparties had not reported eligibility figures under the different objectives, but had mainly presented them as the total sum of all objectives. S-Bank has included the figures in the calculations, with the same accuracy that the corporate counterparty itself has disclosed them.

– Line 48 of the table shows the total GAR, which is used as the denominator of the main key performance indicator for credit institutions (green assets ratio in the loan portfolio, GAR). The calculation of the indicator describing the credit institutions' GAR is presented in more detail in Table 3.

– S-Bank does not report separately whether loans to companies are collateralised by commercial real estate or renovation loans, so a more detailed breakdown is not shown in the table.

Table 2. GAR sector information

– The figures are based on taxonomy eligibility reported by companies, which is taken into account on the basis of revenue.

Table 3. GAR Key Performance Indicator stock

– The percentages in the table are based on the taxonomy figures (in euros) and gross carrying amounts shown in Table 1. The proportion of total assets covered represents the assets included in the bank's total GAR per line and is divided by the total of the assets included in the GAR in Table 1 (EUR 7 929.52 million).

Table 4. GAR Key Performance Indicator flow

– The percentages in the table are based on the 2023 loan flow (new loans as a net amount). The proportion of total new assets covered represents the proportion of taxonomy-complaint exposures in relation to the total of the assets included in the GAR separately calculated for the flow data (EUR 280.33 million).

RESPONSIBLE INVESTMENT

The responsibility and impact are recognised and important focus areas in S-Bank's investment activity. S-Bank systematically integrates sustainability and associated themes into its investment activities. By doing so, S-Bank wants to deliver the best possible results for its customers, while at the same time making a positive contribution to moving the investment and business world in a more sustainable direction.

S-Bank became a signatory to the UN Principles for Responsible Investment (UNPRI) as far back as 2009. The UN PRI lays down general guidelines on how to incorporate responsibility issues into investment processes. In addition, S-Bank is one of the founding members of Finsif, Finland's Sustainable Investment Forum, and is also involved in several investor interaction projects.

In June 2023, S-Bank signed the international Net Zero Asset Managers initiative. By signing up S-Bank, as an asset manager, has committed to ensuring that the greenhouse gas emissions of the investment portfolios it manages are net zero by 2050 at the latest. S-Bank has also committed to setting an ambitious interim target for 2030. One important measure for achieving net zero emissions is to introduce new, innovative products to the market, where climate change is an important part of the investment policy. Towards the end of 2023, S-Bank started offering customers the opportunity to invest in an active global Article 9 equity fund.

During 2023, a biodiversity strategy was also developed for S-Bank's asset management business and the climate strategy was updated.

Strategies of responsible investment

The responsible investment strategies observed by S-Bank consist of compliance with international norms, taking ESG (environmental, social and governance) into consideration in investment decisions, impact investing, exclusion, influencing, preference and thematic investing.

Compliance with international norms is monitored to ensure that investments adhere to international initiatives and recommendations related to responsibility and business practices, such as the UN Global Compact principles. The UN Global Compact includes principles governing human rights, labour and fighting corruption. The human rights principles include the elimination of all forms of forced and compulsory labour and the abolition of child labour. Investments' adherence to international norms is monitored through external analyses and ratings. If a company's operations are not in line with international norms, it is possible either to engage with the company or, alternatively, to exclude it.

S-Bank is a pioneer in impact investing in the Nordic countries. In addition to financial gain, the aim of impact investment funds is to achieve measurable positive and quantifiable social or environmental impacts. The Social Impact Bond (SIB) funds managed by the Bank focus on the prevention of social exclusion and long-term unemployment among children and young people. Projects funded by the FIM Lapset ja nuoret I Ky fund have to date provided support to more than 1 000 children, young people and their parents. The welfare and cost-effectiveness outcomes achieved have exceeded targets. More than 2 000 long-term unemployed people have already been employed with the support of the FIM Työllistäminen I Ky fund, and the fund has clearly achieved not only its impact targets but also its return targets.

In addition to the social impact funds, S-Bank manages the S-Pankki Uudistava Maatalous Erikoissijoitusrahasto fund. The fund enables agricultural entrepreneurs who engage in renewable agriculture and carbon farming practices to expand their business in a climate-friendly way. By promoting renewable agriculture, the fund improves the environmental sustainability and profitability of production, while supporting the self-sufficiency of Finland's food supply. More than 1 300 investors interested in the sustainability and yield of domestic food production have already invested in the fund and more than 800 hectares of arable land have already been acquired for the use of the agricultural entrepreneurs.

Ownership control is an important responsible investment strategy for S-Bank. The ownership control carried out by its funds is guided by an ownership policy that specifies why and how ownership control should be pursued. Ownership control includes elements such as exercising voting rights at general meetings, influencing companies directly and participating in joint influence campaigns with other investors. In 2023, S-Bank funds attended 185 general meetings, of which 35 were Finnish and 150 foreign. By the end of 2023, seven companies were being influenced directly. Towards the end of 2022, S-Bank launched a biodiversity influencing dialogue with six Finnish companies and discussions were continued with five companies during 2023. In addition, S-Bank has engaged in influencing dialogue with two companies that have been found to be in breach of international standards.

S-Bank continued to participate in the international Climate Action 100+ advocacy project, which involves a significant number of international investors. The project that was originally planned to run for five years and that influences more than 170 companies that play a key role in achieving the targets of the Paris Climate Agreement was extended. The second phase of the project is scheduled to last until the end of the decade. The second phase will focus more intensively on the implementation of companies' transition plans. S-Bank is also a signatory to the CDP. The CDP is an important and long-standing influencing channel for investors that collects environmental data from companies. The CDP is divided into separate climate, water and forest programmes. S-Bank is involved in all three. S-Bank also continued to participate in the Tobacco-Free Finance Pledge. The anti-tobacco initiative seeks to raise awareness in the financial sector of its role in promoting the introduction of anti-tobacco policies in the sector. Another influencing project, launched earlier, the Mining & Tailings Safety Initiative targets mining companies. The aim is to provide investors and other stakeholders with more information about mining pools around the world, and in particular their safety risks.

S-Bank participated in two CDP campaigns for the fourth time. The CDP's Non-Disclosure campaign engages with those companies that have not responded to the CDP's survey and request to disclose environmental data related to their operations. It is important that as many companies as possible respond to the CDP's questionnaire because, by doing so, they provide important information for stakeholders, such as S-Bank, in support of their investment decisions. The CDP's Science Based Targets initiative encourages companies to set scientifically based climate targets in order to reduce the risks from climate change faced by these companies.

S-Bank excludes companies in certain sectors from its direct investments. Its funds do not invest in the manufacturers of weapons banned under international treaties. This category includes nuclear, biological and chemical weapons, as well as cluster bombs and anti-personnel mines. Furthermore, the funds do not invest in tobacco manufacturers or recreational cannabis manufacturers. S-Bank uses external analyses to determine which companies belong to these categories. Based on its own analyses, it also excludes those mining and electricity generation companies whose revenue depends to a significant extent (more than 15 per cent) on coal to generate energy. Companies that violate international norms can also be excluded from S-Bank's investments.

Responsible investment reports

S-Bank publishes comprehensive fund-specific responsibility reports on a quarterly basis, and they are available on the bank's website. They offer a balanced description of the funds' ESG features, such as ESG ratings, violations of international norms, portfolio companies' ability to transition to a low-carbon society and the amount of fossil fuel reserves they own, and comprehensive emission data. S-Bank also publishes a semi-annual responsible investment report which specifies S-Bank's activities in responsible investment. The report describes, among other things, voting at general meetings and influencing activities. The carbon footprints, calculated in four ways of S-Bank's mutual funds are published as part of responsible investment reports in order to increase transparency and comparability with regard to the carbon emissions of the funds. The carbon footprints are published for funds investing directly in equities and corporate bonds.

The EU taxonomy in Wealth Management

The Taxonomy Regulation establishes criteria for environmental sustainability. S-Bank assessed the taxonomy alignment of the investments of selected funds and asset management portfolios under its management and reported on them since early 2022. The taxonomy's role in steering investment activity is so far rather modest, as reliable information on compliance with the EU classification system is not yet comprehensively available and all target companies are not yet obliged to report on their taxonomy alignment.

Certain S-Bank investment products have minimum commitments regarding taxonomy alignment. In the case of products for which a minimum commitment has been established, taxonomy steers investment activities to ensure that a minimum level of taxonomy alignment is achieved. In addition, as of June 2022, S-Bank has asked customers about their sustainability preferences in connection with the suitability assessment when offering asset management, investment advice and investment insurance. Among other things, customers can set a minimum number of taxonomy-compliant investment targets. When developing investment products, S-Bank takes into account the need to report on the taxonomy alignment of certain products and to ask customers questions about taxonomy.

Responsible investment

	2023	2022
S-Bank fund participation in general meetings	185 general meetings	146 general meetings
Direct corporate influencing	7 companies	9 companies
The amount of capital in the Responsibility Plus family of funds	EUR 1 243.05 million	EUR 1 023.6 million

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS 59
Consolidated income statement 59
Consolidated comprehensive income statement 59
Consolidated balance sheet 60
Consolidated statement of changes in equity 61
Consolidated cash flow statement 63
Group's note 1: Accounting policies used in the preparation of the consolidated financial statements 64
Group's note 2: Group risks and risk management 79
Group's note 3: Segment report 105
Group's note 4: Net interest income 107
Group's note 5: Net fee and commission income 107
Group's note 6: Net income from investing activities 108
Group's note 7: Other operating income 108
Group's note 8: Personnel expenses 108
Group's note 9: Depreciation and impairment 109
Group's note 10: Other operating expenses 109
Group's note 11: Impairment of receivables 110
Group's note 12: Share of the profits of associated companies 116
Group's note 13: Income taxes 117
Group's note 14: Classes of financial assets and liabilities 119
Group's note 15: Fair values and carrying amounts of financial assets and liabilities, and the hierarchy of fair values 121
Group's note 16: Breakdown of financial assets and liabilities according to maturity 123
Group's note 17: Cash and cash equivalents 124
Group's note 18: Debt securities eligible for refinancing with central banks 124
Group's note 19: Receivables from credit institutions 124
Group's note 20: Receivables from customers 124
Group's note 21: Debt securities 125
Group's note 22: Derivatives and hedge accounting 126
Group's note 23: Shares and interests 129
Group's note 24: Intangible assets 130
Group's note 25: Tangible assets 132
Group's note 26: Prepayments and accrued income 134
Group's note 27: Other assets 134
Group's note 28: Liabilities to credit institutions and customers 134
Group's note 29: Issued bonds 135
Group's note 30: Subordinated debts 135
Group's note 31: Accrued expenses 136
Group's note 32: Other liabilities and provisions 136
Group's note 33: Equity items 138
Group's note 34: Collateral given 140
Group's note 35: Offsetting financial assets and liabilities 140
Group's note 36: Off-balance sheet commitments 141
Group's note 37: Corporate structure and related parties 141
Group's note 38: Acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations 145

FINANCIAL STATEMENTS OF S-BANK PLC 146
S-Bank Plc – Cash flow statement 148
General accounting policies 149
S-Bank Plc – Note 2: Net interest income 151
S-Bank Plc – Note 3: Return on equity investments 151
S-Bank Plc – Note 4: Fee and commission income and expenses 152
S-Bank Plc – Note 5: Net income from financial instruments measured at fair value through profit or loss 152

S-Bank Plc – Note 6: Net income from financial assets recognised at fair value through the fair value reserves 153
S-Bank Plc – Note 7: Other operating income 153
S-Bank Plc – Note 8: Other operating expenses 153
S-Bank Plc – Note 9: Depreciation and impairment on tangible and intangible assets and shares and interests 153
S-Bank Plc – Note 10: Expected and realised credit losses 154
S-Bank Plc – Note 11: Classes of financial assets and liabilities 159
S-Bank Plc – Note 12: Receivables from credit institutions 161
S-Bank Plc – Note 13: Receivables from the public and public sector entities 161
S-Bank Plc – Note 14: Debt securities 162
S-Bank Plc – Note 15: Shares and interests 163
S-Bank Plc – Note 16: Derivatives 164
S-Bank Plc – Note 17: Hedge accounting 165
S-Bank Plc – Note 18: Intangible assets 168
S-Bank Plc – Note 19: Tangible assets 169
S-Bank Plc – Note 20: Other assets 170
S-Bank Plc – Note 21: Accrued income and prepayments made 170
S-Bank Plc – Note 22: Deferred tax assets and liabilities 170
S-Bank Plc – Note 23: Issued bonds 171
S-Bank Plc – Note 24: Other liabilities 171
S-Bank Plc – Note 25: Accrued expenses and prepayments received 171
S-Bank Plc – Note 26: Subordinated debts 172
S-Bank Plc – Note 27: Equity items 173
S-Bank Plc – Note 28: Share capital 173
S-Bank Plc – Note 29: Fair values and carrying amounts of financial assets and liabilities, and the hierarchy of fair values 174
S-Bank Plc – Note 30: Breakdown of balance sheet items denominated in domestic and foreign currencies 178
S-Bank Plc – Note 31: Breakdown of financial assets and liabilities according to maturity 179
S-Bank Plc – Note 32: Collateral given 180
S-Bank Plc – Note 33: Lease liabilities 180
S-Bank Plc – Note 34: Off-balance sheet commitments 180
S-Bank Plc – Note 35: Brokerage receivables and payables 180
S-Bank Plc – Note 36: Notes regarding trustee services and total amount of customer funds held 180
S-Bank Plc – Note 37: Personnel and management 181
S-Bank Plc – Note 38: Related parties 181
S-Bank Plc – Note 39: Transactions with Group entities 182
S-Bank Plc – Note 40: Holdings in other companies 182
S-Bank Plc – Note 41: Shareholders and distribution of shareholdings 182
Signatures of the Members of the Board of Directors and the CEO 183
Report on the Audit of the Financial Statements 184

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	2023	2022
Interest income		388 385	139 295
Interest expenses		-113 901	-17 608
Net interest income	4	274 484	121 687
Fee and commission income		107 564	101 179
Fee and commission expenses		-13 882	-13 985
Net fee and commission income	5	93 682	87 195
Net income from investing activities	6	-4 677	2 436
Dividends		58	84
Other operating income	7	7 739	10 395
Total income		**371 287**	**221 796**
Personnel expenses	8	-68 702	-59 406
Other administrative expenses		-91 693	-78 452
Depreciation and impairment	9	-16 836	-15 301
Other operating expenses	10	-13 649	-11 986
Total expenses		**-190 879**	**-165 145**
Impairment of receivables	11	-33 003	-11 960
Share of the profits of associated companies	12	2	1
OPERATING PROFIT (LOSS)		**147 407**	**44 693**
Income taxes	13	-29 422	-8 884
PROFIT (LOSS) FOR THE PERIOD		**117 985**	**35 809**
of which:			
To the parent company's shareholders		117 985	35 809

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

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

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	31 Dec 2023	31 Dec 2022
Assets			
Cash and cash equivalents	14, 15, 16, 17	2 207 041	1 368 195
Debt securities eligible for refinancing with central banks	14, 15, 16, 18	571 735	556 923
Receivables from credit institutions	14, 15, 16, 19	9 420	9 215
Receivables from customers	14, 15, 16, 20	6 934 971	6 695 255
Debt securities	14, 15, 16, 21	127 293	139 785
Derivatives	14, 15, 16, 22, 35	31 349	24 261
Shares and interests	14, 15, 23	18 881	20 665
Holdings in associated companies	12	7	5
Intangible assets	24	65 600	70 331
Tangible assets	25	7 381	5 268
Tax assets	13	5 801	7 398
Prepayments and accrued income	26	62 837	45 979
Other assets	27	16 731	8 967
Assets, total		**10 059 046**	**8 952 247**

(EUR '000)	Note	31 Dec 2023	31 Dec 2022
Liabilities			
Liabilities to credit institutions	14, 15, 16, 28	34 231	23 156
Liabilities to customers	14, 15, 16, 28	8 239 664	7 983 559
Issued bonds	14, 15, 16, 29	886 895	219 270
Subordinated debts	14, 15, 16, 30	101 333	107 000
Derivatives	14, 15, 16, 22, 35	829	7
Provisions	32	200	303
Tax liabilities	13	19 024	8 984
Accrued expenses	31	53 374	30 250
Other liabilities	32	74 224	55 477
Liabilities, total		**9 409 774**	**8 428 006**
Equity			
Share capital		82 880	82 880
Reserves		275 148	263 148
Retained earnings		291 244	178 213
Parent company's shareholders		**649 272**	**524 241**
Equity, total	33	**649 272**	**524 241**
Liabilities and equity, total		**10 059 046**	**8 952 247**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(EUR '000)	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				117 985	117 985
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			11 988		11 988
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			12		12
Remeasurements of defined benefit plans				57	57
Other comprehensive income items, total			12 000	57	12 057
Comprehensive income, total			**12 000**	**118 041**	**130 042**
Transactions with shareholders					
Dividend distribution				-5 010	-5 010
Transactions with shareholders, total				-5 010	-5 010
TOTAL EQUITY 31 DEC 2023	**82 880**	**283 828**	**-8 680**	**291 244**	**649 272**

CONSOLIDATED CASH FLOW STATEMENT

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

(EUR '000)	Note	2023	2022
Cash flows from investing activities			
Investments in tangible and intangible assets		-9 339	-9 987
Purchase prices paid for acquisitions		0	-300
Cash flows from investing activities		**-9 339**	**-10 287**
Cash flows from financing activities			
Payments received from issue of bonds and debentures	14, 15	649 170	49 324
Repayments of issued bonds and debentures		-5 667	-5 667
Repayments of lease liabilities	25	-2 484	-2 321
Paid dividends		-5 010	0
Cash flows from financing activities		**636 008**	**41 336**
Difference in cash and cash equivalents		**838 542**	**273 880**
Cash and cash equivalents, opening balance sheet		1 370 828	1 096 705
Difference in cash and cash equivalents		838 542	273 880
Impact of changes in exchange rates		-9	244
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	14, 15	2 207 041	1 368 195
Repayable on demand		2 321	2 633
Cash and cash equivalents		**2 209 361**	**1 370 828**
Interests paid		**-98 305**	**-17 868**
Dividends received		**58**	**84**
Interests received		**363 544**	**129 881**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GROUP'S NOTE 1: ACCOUNTING POLICIES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information

The S-Bank Group consists of S-Bank Plc and its subsidiaries. S-Bank is a deposit bank that engages in credit institution operations pursuant to the Finnish Act on Credit Institutions (610/2014). The bank engages in the operations and related activities referred to in Chapter 5, section 1, of the above-mentioned Act. The Bank engages also in mortgage banking activities pursuant to Finnish Act on Mortgage Credit Banks and Covered Bonds (11.3.2022/151). In addition, the Bank is offering investment services pursuant to Chapter 1, section 15, of the Act on Investment Services (747/2012). As the parent company, S-Bank performs such tasks of the Group companies that must be carried out in a centralised manner, such as the Group's administration, guidance and supervision.

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

General accounting policies

The S-Bank Group (hereinafter S-Bank) consolidated financial statements have been prepared in accordance with the IFRS accounting standards adopted by the EU and valid on 31 December 2023.

The Board of Directors of S-Bank approved the financial statements at its meeting on 1 February 2024. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. The General Meeting may also decide to amend the financial statements.

The consolidated financial statements have been prepared under the historical cost convention, except for items measured at fair value.

The financial statements are presented in thousands of euros, unless otherwise stated. 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.

Consolidation principles

The consolidated financial statements include S-Bank Plc and all the subsidiaries in which the bank has a controlling interest. Control arises when the Group, through its involvement in a company, is exposed to, or is entitled to, variable returns on the company and is able to influence those returns by exercising its power over the company. The following subsidiaries have been consolidated in the 2023 financial statements: S-Bank Fund Management Ltd, S-Asiakaspalvelu Oy, S-Bank Properties Ltd, S-Bank Impact Investing Ltd, FIM Real Estate Ltd, FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund I GP Oy, FIM SIB Oy and S-Pankki Vaikuttavuus I GP Oy, of which all's share capital Group's share of ownership is 100 percent. During the financial year 2023 Group companies had no non-controlling interests.

Associates are companies in which the Group has significant influence. In the Group's view, significant influence generally arises when the Group holds between 20 per cent and 50 per cent of the voting power of an enterprise, or otherwise has significant influence but not control. S-Bank has one associated company, S-Crosskey Ab. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the investment is carried at zero and the losses exceeding the carrying amount are not consolidated unless the Group is committed to meeting the obligations of the associate.

Structured entities

S-Bank (through its subsidiaries) has power over funds that are limited partnerships because it acts as the general partner for these funds and exercises power as portfolio manager in the funds. S-Bank has not invested any significant capital (other than the capital contribution of the general partner) in funds or feeder funds, and a significant part of the funds' debt financing comes from outside S-Bank.

S-Bank is not significantly exposed to fluctuations in the returns from funds' operations and therefore S-Bank is not considered to have control.

S-Bank's funds have not been consolidated in the Group's IFRS financial statements as at 31 December 2023 or in the comparison period as at 31 December 2022.

Segment reporting

The operating segments are defined on the basis of the financial information that is regularly monitored by the decision-maker in charge of the operations. The S-Bank Group's highest executive decision-maker is the Group Management Team.

S-Bank reports income statements and balance sheets in the following business segments: Banking and Wealth Management. Operations that do not fall under these business segments are reported under 'Other activities'. The reporting of the business segments is identical to the internal reporting provided for company management. The description of the operating segments and the accounting policies is presented in conjunction with segment-specific data in Group's note 3.

Items denominated in foreign currencies

The financial statements are presented in euros. The euro is the operating currency of the Group and the parent company. Transactions in foreign currencies are recorded at the exchange rates prevailing on the transaction date. At the balance sheet date, foreign currency balance sheet items are converted into euro at the closing rate.

Exchange rate differences are recognised as exchange rate profits or losses in the income statement. With respect to financial items, exchange rate differences are recognised in Net income from investing activities under Net foreign exchange income.

Financial assets and liabilities

Initial recognition and measurement of financial instruments

After initial recognition, the Group's financial assets are measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the purpose for which the financial assets and liabilities have been acquired. The classification depends on the contractual terms and conditions of the instruments in question and, with respect to financial assets, on the business model applied to their management.

- Items measured at amortised cost are initially measured at their acquisition cost, which is the fair value of the consideration paid, supplemented by directly attributable transaction costs. Subsequent to initial recognition, such items are measured at amortised cost.
- Items recognised at fair value through other comprehensive income are initially measured at fair value supplemented or reduced by direct transaction costs arising from the acquisition of each item.
- Items recognised at fair value through profit or loss are measured at fair value at initial recognition.

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities measured at fair value through profit or loss, such as derivatives.

- Financial liabilities measured at amortised cost are recognised at fair value (acquisition cost less attributable expenses) when a contract is entered into, and subsequently at amortised cost.
- Liabilities measured at fair value through profit or loss are subsequently measured at fair value. The expenses attributable to transactions are recognised in the income statement as they arise.

Financial assets are recognised on the balance sheet once the company becomes the instrument's contractual party and financial liabilities when the payment is received. S-Bank applies settlement date practice in recognising financial assets on the balance sheet. Derivatives are recognised on the balance sheet using trading date practice. According to settlement date practice, buying or selling financial assets, must be recognised or derecognised on the balance sheet either on trade date or on settlement date.

Financial assets are derecognised from the balance sheet once the contractual rights to the cash flows arising from the financial asset cease or once the rights with substantially all their risks and rewards are transferred to another party. Financial liabilities are removed from the balance sheet when they are extinguished, that is, when the obligation specified in the contract is discharged and it has expired.

Classification of financial assets and liabilities

Financial assets

Financial assets are divided into three classifications. Classification and measurement are based on business models defined at S-Bank.

A business model refers to the method by which financial assets are managed in order to accumulate cash flows. The business model is not assessed on an instrument-by-instrument basis, but at a general level. In different business models, cash flows arise from the collection of contractual cash flows, the sale of financial assets or a combination of the two. Two different business models have been identified at S-Bank for managing financial assets:

- Possession of financial assets to accumulate contractual cash flows.
- Accumulation of contractual cash flows and sale of financial assets.

In addition to defining the business model, S-Bank must assess the contractual terms and conditions of financial assets to determine whether they pass the so-called Solely Payment of Principal and Interest (SPPI) test. The test assesses the cash flow characteristics based on the contract, and they should only consist of the repayment of principal and interest in order for the contract to pass the test.

At S-Bank, financial instruments are classified as follows:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at amortised cost.

Financial assets measured at fair value through profit or loss

After initial recognition, financial assets are measured at fair value through profit or loss, unless they are measured at amortised cost or fair value through other comprehensive income. Financial assets measured at fair value through profit or loss include financial assets held for trading, derivatives held for trading purposes and financial assets initially measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss include debt securities and other domestic and foreign securities and holdings that are traded actively and have been acquired for short-term gain or as part of the management of the short-term liquidity position, as well as derivatives to which hedge accounting has not been applied. Additionally, equity shares and fund units acquired for short-term gain are also measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value. The change in fair value is recorded in the income statement item Net income from investing activities. The difference between the closing date value of the financial instruments designated at fair value and the carrying value from the previous financial statements is recognised as the income or expense for the period in the income statement. If a financial instrument measured at fair value was acquired during the financial period, the difference between the closing date value of the financial instrument and its acquisition cost is recognised as the income or expense for the period.

Financial assets measured at fair value through other comprehensive income

Items that meet the following criteria are measured at fair value through other comprehensive income: the item is held in accordance with a business model that aims at the possession of financial assets in order to collect contractual cash flows and in order to sell financial assets, and the contractual terms specify payments at specific times that are solely payments of the capital as well as interest on the remaining capital.

Financial assets measured at fair value through other comprehensive income include debt securities and other domestic and foreign securities. Financial assets measured at fair value through other comprehensive income are carried at fair value. Change in fair value is recognised in other comprehensive income and in the fair value reserve adjusted by deferred taxes. When a financial instrument is sold, the change in the fair value accrued in equity, together with accrued interest and capital gains or losses, is recognised in the income statement.

The measurement of impairment is based on a model of expected credit loss, which is described in more detail in 'Calculation of expected credit loss'.

S-Bank has recognised some equity instruments at fair value through other comprehensive income. In their case, the bank has made an irreversible decision in conjunction with the initial recognition to recognise the changes in their fair value through other comprehensive income instead of through profit or loss. Gains or losses on the disposal of these equity instruments are not recognised through profit or loss. Instead, any dividends are recognised through profit or loss.

Financial assets measured at amortised cost

Items that meet the following criteria are measured at amortised cost: the item is held in accordance with a business model that aims at the possession of financial assets in order to collect contractual cash flows, and the contractual terms specify payments at specific times that are solely payments of the capital as well as interest on the remaining capital. At S-Bank, financial assets that are not quoted on active financial markets, for which the related payments are fixed or determinable, are measured at amortised cost. Financial assets of this type include receivables from credit institutions, receivables from the public and public sector entities and cash and cash equivalents. Deposits and other investments in central banks with original maturity less than 3 months may be included in cash and cash equivalents.

After initial recognition, the assets measured at amortised cost are valued using the effective interest method. Transaction costs are included in the amortised cost measured using the effective interest method and are amortised through profit or loss over the term-to-maturity of the receivable, provided they have been determined as part of the effective interest method in IFRS 9.

The measurement of impairment is based on a model of expected credit loss, which is described in more detail in 'Calculation of expected credit loss'.

Financial liabilities

S-Bank classifies financial liabilities in accordance with IFRS 9 as follows:

- Financial liabilities measured at amortised cost
- Financial liabilities measured at fair value through profit or loss.

Amortised cost

In general, financial liabilities are measured at the amortised cost on the balance sheet date using the effective interest method. Transaction costs are included in the amortised cost measured using the effective interest method and are amortised through profit or loss over the term-to-maturity of the receivable, provided they have been determined as part of the effective interest method in IFRS 9. Interest accumulated on the liabilities is recognised through profit or loss under 'Interest expenses'.

Financial liabilities measured at amortised cost comprise liabilities to credit institutions, liabilities to customers, debt securities issued to the public (bonds and certificates of deposit) and subordinated loans (debentures).

Fair value through profit or loss

A financial liability is classified at fair value through profit or loss unless it is classified at amortised cost. Subsequent changes in fair value are presented in the income statement under 'Net income from investing activities'. Interest accumulated on the liabilities is recognised through profit or loss under 'Interest expenses'.

This group includes all derivative contracts in the S Group.

Derivatives and hedge accounting

Derivatives

Derivatives are classified as hedging or held for trading, and at S-Bank, they include interest derivatives. Derivative contracts are primarily entered into for hedging purposes and are always measured at fair value.

In accordance with S-Bank's policies, the positive value changes of derivatives are presented as derivative assets, and the negative value changes are presented as derivative liabilities. The changes in the value of derivatives held for trading are recognised under Net income from investing activities in the income statement. Changes in the value of derivatives in hedge accounting are recognised in Net income from investing activities in the income statement under Net income from hedge accounting.

Hedge accounting

S-Bank applies fair value hedge accounting to the above-mentioned derivative contracts that meet the documented effectiveness and other requirements for hedge accounting. In these cases, exposure to interest rate risk through present values is hedged against by means of interest rate swaps. These contracts are still designated as hedging items in hedge accounting. Hedge accounting at S-Bank complies with IAS 39 Financial Instruments: Recognition and Measurement in accordance with IFRS 9.

Prior to applying hedge accounting, S-Bank assesses the economic relationship between the hedged item and the hedging instrument, using qualitative methods. This review assumes that the fair values of the hedged item and the hedging instrument respond similarly to changes in a particular risk. For example, in hedging against interest rate risk, the fair values of fixed-rate debt securities and the hedging interest rate swaps are considered to react in the same proportion to changes in market rates. The qualitative evaluation is complemented by a performance analysis.

Hedging should be effective when hedge accounting is applied. Regression analysis is used to evaluate efficacy. The analysis should have a true value between 80 per cent and 125 per cent and a degree of regression (R squared) greater than 0.96. Effectiveness is measured monthly, both prospectively and retrospectively. If the hedging ratio does not meet the effectiveness requirements, hedge accounting is discontinued, and the derivative is recognised under Net income from investing activities as in the previous effectiveness test. The most common reason for inefficiency and rejection from hedge accounting has been the difference between the maturities of the hedged item and the hedging instrument.

S-Bank applies fair value hedging to derivative contracts entered into for the purpose of hedging the fair value changes of assets and liabilities exposed to the interest rate risk. S-Bank hedges the risk related to changes in fair value in the case of securities and issued bonds with a fixed interest rate, which are exposed to the interest rate risk. The interest rate risk is described in Group's note 2.

Changes in the fair value of a hedged item that are attributable to the hedged risk are recognised in the income statement under Net income from hedge accounting. Changes in the fair value of the hedging items included in hedge accounting are recognised in the income statement under Net income from hedge accounting. When hedging is effective, the changes in fair value offset each other and the net result is close to zero.

Fair value hedging is discontinued in the following situations: the hedging instrument matures, is sold, dissolved or redeemed, the hedging relationship no longer meets the documented conditions of hedge accounting, or the hedging relationship is severed.

Measuring financial instruments at fair value

Fair value is the price that would be obtained from the sale of an asset or the transfer of debt between market participants in a customary business transaction executed on the valuation date.

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. A market is considered to be active if price quotes are readily and regularly available and they reflect actual and recurring market transactions between independent parties.

Valuations are determined on the basis of the prices of market transactions, the discounted cash flow method or the fair value at the balance sheet date of another essentially similar instrument. The valuation methods account for an estimate of the credit risk, the discount rates used, the possibility of early repayment and other factors that affect the reliable determination of the fair value of a financial instrument.

Financial assets and liabilities measured at fair value are divided into three categories according to the method with which their fair value is determined:

- 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 infor-

mation but, to a significant extent, on the management's estimates.

Level 2 and 3 items are described in more detail in Group's note 15.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

The impairment model in accordance with IFRS 9 is based on the calculation of expected credit losses (ECL), where the expected credit loss is estimated for balance sheet items measured at amortised cost or at fair value through other comprehensive income at the time of contract origination and for off-balance sheet credit commitments and guarantee contracts.

Grouping of financial instruments for the measurement of impairment

A three-stage impairment model is used to measure credit risk, where a financial instrument is grouped under one of the stages based on the risk level of the credit contract. In order to be able to estimate whether the risk level of a credit contract has increased relative to the initial recognition, and for the purposes of classifying the financial instrument, probability of default (PD) risk model is being used. This risk model generates a PD risk estimate illustrating the probability of default over a 12-month period in which variations are deemed to reasonably reflect changes in the credit risk over the lifetime of the contract. In addition (change in PD estimate between the date of recognition and the reporting date), the grouping of financial instruments is influenced by, among others, factors related to the timeliness of payment transactions. The estimates provided by the risk models as well as the effects related to payment delays and other criteria on the grouping of financial instruments are constantly monitored.

Stage 1 – no significant changes in credit risk

Stage 1 applies to receivables in which credit risk has not increased significantly since origination and which are not credit impaired. The expected credit loss is measured for the contracts for a period of 12 months and the effective interest is calculated on the gross carrying amount. In other words, stage 1 includes contracts in which:

- the receivable has been past due for a maximum of 30 days, and
- other criteria for significant increase in credit risk are not met and contract is not credit-impaired.

Stage 2 – significant increase in credit risk

Stage 2 applies to receivables in which the credit risk has increased significantly since the credit was granted, but which are not credit-impaired yet. The lifetime expected credit loss is measured for the contract and the effective interest is calculated on the gross carrying amount. The probability of default limits and other criteria for assessing significant increase in credit risk are determined based on expert opinions and analyses of S-Bank's data.

The credit risk is deemed to have increased significantly if the probability of default has materially increased since the initial recognition of the contract, in other words:

- a payment of capital or interest has been past due for more than 30 days,
- the PD estimate has increased significantly (limit for significant increase between 0.9% and 5.1%-points), or
- the contract is classified as a performing forborne exposure (forbearance is described in the section Contractual changes in financial assets).

In addition to above-mentioned criteria, certain backstop criteria are defined for significant increase in credit risk. Pursuant to backstop criteria, the credit risk is deemed to have increased significantly, if PD estimate exceeds 20 %, or PD estimate exceeds 5 % and is simultaneously tripled relative to credit origination. PD estimates include forward looking information estimated with macroeconomic model. If PD estimate is not available on a contract level, the origination PD is estimated on group level. If none of the above-mentioned stage 2 criteria are fulfilled, the contract should be treated according to stage 1. Thereafter the criteria for transferring receivables to stage 2 are observed for the contract consistently with other contracts in stage 1.

Stage 3 – credit-impaired receivablest

Stage 3 applies to credit-impaired receivables where the receivable is impaired due to credit risk. The lifetime expected credit loss is measured for the contract and the effective interest is calculated on the net carrying amount. A contract is deemed to be credit-impaired if:

- Material payment of capital or interest has been past due for more than 90 days.

- The contract involves a non-performing forbearance (see the section 'Contractual changes to financial assets').
- Payment in accordance with the contract is unlikely to be received before the receivable becomes defaulted (unlikely-to-pay items). Such situations include bankruptcy, corporate restructuring, distressed restructuring, or other indications of unlikely repayment based on expert assessment.

If the part of liability on the balance sheet has been classified as defaulted, the remaining undrawn off-balance sheet amount is also classified as defaulted. Credit impairment is extended to all liabilities of the debtor if more than 20 per cent of the debtor's on-balance-sheet liabilities are classified as credit impaired. If any of the criteria above are no longer met, a probation period of at least three months shall be applied to a receivable classified as stage 3 prior to its return to stage 1 treatment. The trial period will be extended until the condition of a continuous three-month period without a payment delay of more than 30 days is met. Thereafter the criteria for transferring receivables to stage 2 are observed for the contract consistently with other contracts in stage 1.

Classification of financial instruments into three stages for the measurement of impairment

Current risk level of the financial instrument in comparison to the risk at the time of lending		
Stage 1	**Stage 2**	**Stage 3**
No significant change	Significant increase	Credit-impaired receivables due to credit risk
Expected credit loss is measured for a period of 12 months	The lifetime expected credit loss is measured for the contract	The lifetime expected credit loss is measured for the contract

A credit-adjusted effective interest rate is applied to purchased or originated credit-impaired (POCI) financial assets as of the date on which the financial asset measured at amortised cost was initially recognised. S-Bank does not have any financial assets of this type.

Contractual changes to financial assets

Changes to the terms of credit contracts are made either on commercial grounds or if the customer faces difficulties in performing payments under the contract. If amendment does not involve any material risks and is mutually beneficial, contract terms can be amended according to customer's request, i.e., on commercial grounds. When amending contracts on commercial grounds, the customer's credit risk must not have increased significantly (stage 2) and the customer must not have payment difficulties. In this case, the customer's contract has been classified under stage 1 in impairment measurement and the changes to the contract do not change its status.

If a change is made to a credit agreement due to the customer's payment difficulties, it is referred to as forbearance. Forbearance measures aim to assist the customer in managing short-term payment difficulties. The key objective of granting forbearance measures is either to prevent deterioration of borrowers' payment difficulties, or to enable non-performing borrowers to exit their non-performing status. Forbearance measures always aim to return the exposure to a situation of sustainable repayment.

Forbearance is classified as a performing forborne exposure if the criteria for default are not met. In this case, the contract is classified under stage 2 in impairment measurement for a probation period of at least two years.

A performing forborne exposure becomes non-performing if one of the factors causing non-performance is triggered. Also, a forbearance will become non-performing as a result of a second forbearance or a payment delay of more than 30 days during the probation period. A non-performing forborne exposure is given a minimum of a 12-month probation period and classified in impairment testing under stage 3. The contract will be transferred to the probation of a performing forborne exposure for at least two years when the probation of the non-performing forborne exposure ends.

Recognition of final credit loss

A receivable or a part of it is recognised as a credit loss when it is unlikely that its amount will be recovered. On the basis of S-Bank's specifications and depending on the product, credit loss is recorded as follows:

- Credit losses on unsecured credit are typically recorded 4 to 7 months after the receivable has matured.
- Credit losses on secured receivables are recorded at the earliest when the collateral has been realised and allocated to the receivable. In this case, the remaining receivable may not be recorded as a credit loss if a payment schedule has been created for it.

After the recognition of a credit loss, the credit in question will no longer be included in the calculation of expected credit loss and thus will no longer be impaired. Even if a receivable is accepted and recorded as a credit loss, collection will nevertheless continue in the form of post-collection. Collection of the receivable will continue until there are sufficient grounds for discontinuing it. If payment is made on a receivable recognised as credit loss, it is recognised as a recovered credit loss in the income statement. The impairments for the reporting period are presented in the notes to the financial statements.

Calculation of expected credit loss

S-Bank uses the probability of default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF) parameters for measuring risks in the credit portfolio and for the calculation of the impairments of financial instruments. The CCF parameter can be employed to determine the amount of exposure, i.e. Exposure at Default (EAD). With these parameters, the amount of expected credit losses (ECL) is calculated using the formula PD x LGD x EAD.

Expected credit losses are calculated either for a period of 12 months or for the lifetime of the contract, depending on the current risk level of the credit. PD, LGD and EAD are calculated for every future month and each separate contract. These three components are multiplied by one another. The income for each future month is discounted to the reporting date and added together. During the financial year, floors were implemented in accordance with management judgement to LGD risk parameters, which are 50 % for credit cards, 30 % for unsecured household customer loans, and 10 % for secured household customer loans and corporate loans. LGD floors do not apply to contracts guaranteed by the State of Finland or other institutional guarantees affecting LGD-parameters. The discount rate used in the ECL calculation is the interest rate of the original contract.

Credit risk models used by S-Bank in the calculation of expected credit losses

Customer group	Credit risk model	Use	Modelling method
Household customers	**PD model:** probability of default within the next 12 months	Determining the risk at initial recognition and currently, classification of financial instruments for impairment	S-Bank internal model, parameters derived from S-Bank's credit portfolio
	LGD model: S-Bank's final credit loss after collection measures	As a parameter in ECL calculation	S-Bank internal model, parameters derived from S-Bank's credit portfolio
	CCF/EAD model: exposure at default	As a parameter in ECL calculation	S-Bank internal model, parameters derived from S-Bank's credit portfolio
Corporate customers	**PD model:** probability of default within the next 12 months	Determining the risk at initial recognition and currently, classification of financial instruments for impairment	S-Bank's internal model parameters derived from a market database and S-Bank's credit portfolio
	LGD model: S-Bank's final credit loss after collection measures	As a parameter in ECL calculation	Parameters derived from a market database
	CCF/EAD model: exposure at default	As a parameter in ECL calculation	Parameters derived from S-Bank's credit portfolio
Investing activities	**PD** and **LGD**	As a parameter in ECL calculation	Parameters derived from a market database

Classification of credit risk and probability of default

S-Bank uses various credit risk models to forecast the probability of default, depending on the product and customer group. When forecasting, S-Bank utilizes either a classification of the contract at the application stage or a classification based on customer behaviour. Customer information is supplemented with external information, such as payment default information available from Suomen Asiakastieto and if necessary, by an expert assessment by S-Bank, before calculating a final PD estimate for the liability. Based on the PD estimates, loans are assigned a credit category. The 7-tier distribution of the categories is described below.

PD estimates in calculating expected credit loss are mainly calculated on contract of customer level. If current PD estimate for a contract is not available, impairment is calculated using an average PD estimate for the same type of customer or product group.

Forward-looking information used in the calculation of expected credit loss

The calculation of a significant increase in credit risk and expected credit loss entails making forward-looking estimates. S-Bank has analysed historical data and identified changes in nominal wages and stock market index in Finland as key economic variables that have an impact on credit risk. Three 30-year scenarios are modelled for these economic variables: optimistic, neutral, and pessimistic. The effect of the scenarios is included in the risk estimates and the weights of the scenarios at the time of reporting were 30%, 40% and 30%, respectively. The estimated impact of the scenarios is based on statistical modeling for non-performing retail credits in Finland. The model-based estimates are complemented with management judgement, which is described further in the chapter accounting policies requiring management judgment and key uncertainties related to estimates.

PD estimates for the credit risk categories

Credit category	PD minimum (%)	PD maximum (%)
1		under 0.15
2	0.15	under 0.25
3	0.25	under 0.50
4	0.50	under 0.75
5	0.75	under 2.50
6	2.50	under 10.00
7	10.00	
In default		Default criteria are met

INCOME AND EXPENSES IN THE INCOME STATEMENT

Interest income and expenses

Interest on financial assets and liabilities and interest-rate derivatives is accrued as interest income or expenses for the financial periods to which they are to be allocated over time in accordance with IFRS 9. Fees that form an essential part of the effective interest on loans, receivables or deposits are recognised as interest income or expenses.

Fee and commission income

Fee and commission income arises from services rendered to clients, such as fund and payment services, and lending.

All fee and commission income under IFRS 15 is recognised at the time when control over performance obligations has been transferred to the customer. Income from the Group's customers is recognised at the amount the Group expects to be entitled to in return for services rendered to the customer. Fees are recognised, in accordance with the nature of the service in question, either over time or at a point in time.

Fee and commission expenses

Fee and commission expenses are the fees and commissions paid to third parties for the provision of services to customers, as well as other fees.

Net income from investing activities

Net income from investing activities consists of gains and losses on the sale of investment instruments as well as valuation changes. The item also includes the net result of hedge accounting.

Other operating income

Other operating income includes income other than that arising from the preceding items.

OPERATING PROFIT

The Group has defined the concept of operating profit in its financial statements as follows:

Operating profit (Earnings before tax) = Total income – Total expenses +/- Impairment of receivables +/- Share of profits of associated companies.

INTANGIBLE AND TANGIBLE ASSETS

Intangible assets

Goodwill

Goodwill arising on a business combination represents the amount by which the consideration transferred, the non-controlling interest's share of the acquiree and the previously held interest exceed the fair value of the net assets acquired. Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired. Goodwill is measured at cost less impairment in the consolidated financial statements.

Other intangible assets

Intangible assets mainly consist of internally generated information systems, related development work, and license and connection fees. The costs of modifications to licenses and the proportion of own work related to IT projects have been capitalised under Information systems. Intangible assets are amortised on a straight-line basis over their estimated economic lifetime.

Amortisation periods for intangible assets: IT systems: 3–5 years

The Group assesses depreciation periods and depreciation methods at least at the end of each financial year.

Prepayments

The Group observes the principles of the agenda decision issued by IFRIC in April 2021 on the accounting costs related to the configuration and customisation of cloud computing arrangements (IAS 38 Intangible Assets). Start-up costs are capitalised on the balance sheet and spread over a longer period when the start-up service is inseparable from a service that provides access to the programme. Any prepayments incurred will be amortised during the validity of the SaaS Agreement, but for no longer than 5 years.

Start-up costs which can be separated from the service are recognised as an expense at the time when the costs are deemed to have been incurred.

Tangible assets
Tangible assets are measured at original acquisition cost, less accumulated depreciation and impairment, if any. The acquisition cost includes the costs that are directly attributable to the acquisition of the item. Straight-line depreciation is recorded on tangible assets in accordance with each item's economic life.

Depreciation periods for tangible assets:
Machinery and equipment: 3 years
Renovations of leased premises: term of lease, maximum 5 years

Right-of-use asset items
Under IFRS 16, an agreement is a lease agreement if it grants right of control of the use of a specified asset for a specified period of time in exchange for a consideration. S-Banks lease agreements mainly about offices and cars. At the time of concluding an agreement or when the terms of an agreement change, S-Bank will determine whether an agreement includes a lease agreement. Control exists when a material part of the financial benefit from the use of an independent asset specified by agreement is gained by the lessee and the lessee can determine the purpose of the asset. At the beginning of the agreement period, the lease liability is the present value of the lease payable during the lease period. The leases consist of fixed fees and variable leases that depend on indices. The sum of the lease liability will be re-evaluated anew if future lease payments change due to a change in indexes or prices or because the lease period has been extended. If the amount of lease liability is adjusted in conjunction with re-evaluation, the right-of-use asset item is also adjusted by the same sum.

The lease period begins on the date specified in the lease agreement. The lease ends on the date agreed in the lease agreement. If the lease agreement remains in force until further notice, the final date will be estimated.

The IFRS 16 standard includes two changes that provide relief concerning recognition and measurement. S-Bank has decided that lease agreements that do not exceed 12 months in duration and asset items that do not exceed EUR 5 000 in value will not be recognised on the balance sheet. S-Bank will recognise these short-term lease agreements and low-value assets as costs during the lease period.

Depreciation and interest expense is recognised in the income statement for items recognised in the balance sheet as right-of-use assets and lease liabilities.

Right-of-use assets are amortised during the contract period.

Impairment of tangible and intangible assets
Under IFRS, goodwill is not amortised. Instead, it is tested annually for impairment. Goodwill is allocated to cash flow-generating units. In the Group, goodwill is currently allocated to the Wealth Management business segment.

Impairment loss is recognised if the balance sheet value of an asset or unit generating cash flow exceeds the amount recoverable on it. The recoverable amount is defined as the fair value less cost to sell or the higher value in use. When determining value in use, estimated future cash flows are discounted to present value based on discount interest rates that represent the average cost of capital before taxes of the cash flow-generating unit in question.

The impairment loss of a cash flow-generating unit is first allocated to reduce the goodwill allocated to the cash flow-generating unit and then to symmetrically reduce the unit's other asset items. The impairment loss is recognised in the income statement. If the values used to determine the recoverable amount change, any impairment loss recognised earlier will be reversed. The maximum reversal amount is the amount that would have been determined as the carrying amount of the asset item, less depreciation, had it not been recognised as impairment loss in prior years. Impairment losses recognised on goodwill are not reversed.

Carrying value of intangible assets not yet available for use, most of which are IT projects, are evaluated annually in conjunction with the budgeting process. Impairment will be recognised on the basis of the evaluation.

INCOME TAXES
Income taxes include current taxes for the financial period and adjustments to taxes for previous periods, as well as changes in deferred tax assets and liabilities. The tax effects of items that are recognised directly in equity are correspondingly recognised directly in equity. Taxes are calculated using the tax rates valid on the balance sheet date

and, if there is a change in tax rates, at the available new tax rate.

Deferred taxes are recognised on temporary differences between the carrying amount and the taxable value. The Group's most significant temporary differences arise from expected credit loss (ECL) as well as from special-purpose vehicle's credit-loss provisions under the Accounting Act and depreciation differences.

The Group recognises a deferred tax asset for taxable temporary differences only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The amount of the deferred tax asset and the probability that it can be utilised are reassessed at the end of each reporting period.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits, such as salaries, fees, bonuses and associated costs, are recognised as an expense in the period to which they relate.

Post-employment benefits

Post-employment benefits are paid to their beneficiaries after their employment ends. At S-Bank, these benefits consist of pensions. The Group's pension arrangements have been managed by external pension insurance companies. Pension plans are classified as either defined contribution plans or defined benefit plans.

The major part of S-Bank's pension plans are defined contribution plans where S-Bank pays fixed premiums to an insurance company. The most significant defined contribution plan of S-Bank is the TyEL employee pension. The Group has no legal or factual obligation to make additional payments if the beneficiary does not have sufficient funds to pay all the retirement benefits. Payments to defined contribution plans are recognised through profit or loss for the periods to which they relate. Prepayments are recognised as an asset to the extent that they result in a reduction in future payments or a refund in cash.

S-Bank's defined benefit pension scheme is a voluntary supplementary pension scheme. For defined benefit plans, the amount of the obligation is calculated using the projected unit credit method. The cost of a defined benefit pension plan is recognised through profit or loss on the basis of actuarial calculations. Expenses for the period and net interest on a defined benefit plan are recognised through profit or loss and presented as expenses on employee benefits. Items arising from the re-measurement of a defined benefit net liability (or asset) (including actuarial gains and losses and the return on plan assets) are recognised in other comprehensive income in that period. The discount rate used to calculate the present value of a retirement obligation is the market yield on high quality corporate bonds. The net liability (or asset) of a defined benefit pension plan, which is the present value of the pension obligation less the pension plan assets at fair value at the end of the reporting period are recognised on the balance sheet.

Other long-term employee benefits

Other long-term employee benefits include all employee benefits other than short-term and post-employment benefits and benefits associated with the termination of an employment relationship.

Termination benefits

Termination benefits are not based on performance, but on termination of an employment relationship. These benefits consist of severance pay. Termination benefits arise either from the Group's decision to terminate employment or from the employee's decision to accept the benefits provided by the group in exchange for termination. Such benefits are recognised when S-Bank is no longer able to withdraw its offer of such benefits or when the Group recognises a restructuring expense in which termination benefits are provided, whichever is earlier.

PROVISIONS

The Group recognises a provision when it has a legal or factual obligation as a result of a past event, it is probable that a payment obligation will be realised and the amount of the obligation can be reliably measured. Provisions are valued at present value.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability arises when the Group has a contingent liability that arises from past events and whose existence will be confirmed only by a future event that is not controlled by the Group. The Group has then an existing obligation that has arisen as a result of past events, but the payment obligation is not probable, or the Group is not able to estimate the amount of the existing obligation with sufficient reliability.

Contingent assets arise when economic benefits to the group are probable but not certain in practice and the economic benefits depend on an event outside the control of the Group.

Contingent assets and liabilities are disclosed in the notes to the consolidated financial statements.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGMENT AND KEY UNCERTAINTIES RELATED TO ESTIMATES

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

Critical items requiring management as well judgement as estimates and assumptions are included in following notes:

- Note 2 Group risks and risk management, impairment of receivables: The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. The model-based estimate is complemented with management judgement, which takes into account the uncertainty related to model parameters and assumptions, as well as model risk. Management judgement is also applied to definition of backstop criteria for estimation of significant increase in credit risk. LGD risk parameter floors were implemented in accordance with management judgement during the financial year.
- Note 15 Fair values of financial assets: The management's judgement is required in circumstances where fair value price information is not available in the market or fair value is not reliable. In these cases, the fair value of a financial instrument needs to be determined using a valuation technique, where input data is based on management's estimation regarding market practices used to measure the value of particular instruments.
- Note 24 Intangible assets, impairments testing: S-Bank tests yearly if balance-sheet value of goodwill corresponds to the amount recoverable from the business in question. Incomplete intangible assets are also tested yearly for impairment. Cash flow, growth percent and discount rate which are used in testing are based on management judgement.
- Note 32 Other liabilities and provisions, defined benefit pensions plans: The present value of pension obligation is based on actuarial calculations, which include a number of discretionary assumptions related to e.g. discount rate, future increases in salaries, wages and pension, as well as inflation.

NEW STANDARDS AND INTERPRETATIONS

New and amended standards applied in the financial year ended 31 December 2023

- **Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements** (effective for financial years beginning on or after 1 January 2023)

  The amendments clarify the application of materiality to disclosure of accounting policies.

- **Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** (effective for financial years beginning on or after 1 January 2023)

  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes** (effective for financial years beginning on or after 1 January 2023)

  The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

- **International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12 Income Taxes** (the temporary mandatory exception is effective immediately upon publication on 28 May 2023; disclosures requirements are effective for annual reporting periods beginning on or after 1 January 2023)

  The amendments give relief from accounting for deferred taxes arising from the OECD's (Organisation for Economic Co-operation and Development) international tax reform and require new disclosures to compensate for the potential loss of information resulting from the relief.

Standards issued but not yet effective

* = not yet endorsed for use by the European Union as of 31 December 2023

- **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases** (effective for financial years beginning on or after 1 January 2024, early application is permitted)

  The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

- **Amendments to IAS 1 Presentation of Financial Statements** *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early application is permitted)

  The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

- **Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures** * (effective for financial years beginning on or after 1 January 2024, early application is permitted)

  The amendments enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. Amendments require to disclose quantitative and qualitative information about supplier finance programs.

- **Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates** * (effective for financial years beginning on or after 1 January 2025, early application is permitted)

  The amendments require to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures** * (available for optional adoption, effective date deferred indefinitely)

  The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

The above-mentioned future changes are not expected to have significant impact on the financial statements of future financial years.

GROUP'S NOTE 2: GROUP RISKS AND RISK MANAGEMENT

The S-Bank Group engages in banking and wealth management operations. Due to the nature of these operations, risks and risk management are critical to business management and the management of changes in the operating environment. The primary objective of risk management is to maintain the level of profitability, maintain capital adequacy and liquidity above the minimum target levels defined by the Board of Directors, manage the reputation risk and secure disturbance-free operations in both the short and long term.

The quantity and quality of S-Bank's own funds must always be sufficient to cover risks related to its business operations. The most significant risk types from the perspective of capital requirements are credit risks and operational risks. In addition to calculating the regulatory capital requirements, S-Bank undertakes an internal capital adequacy assessment process in order to assess all the material risks related to its operations and to ensure a comprehensive overview of its risk profile. S-Bank is exposed to the following risks arising from financial instruments: credit and counterparty risk, liquidity risk, market risk and operational risk.

REPORTING OF RISK AND CAPITAL ADEQUACY INFORMATION

S-Bank complies with its disclosure requirements by publishing information on risks, risk management and capital adequacy in its financial statements. The Board of Directors' report in the financial statements includes a general description of risk management and its objectives. The Board of Directors' report presents key information on S-Bank's risk position, capital adequacy and own funds.

The Pillar 3 report (Capital and Risk Management Report) and S-Bank Capital Adequacy tables required by the EU's Capital Requirements Regulation, which deals comprehensively risk management practices and risk position, is published in separate documents from the financial statements. The report and tables, as well as S-Bank's corporate governance statement and report on remuneration systems, are available on S-Bank's website.

GOVERNANCE OF RISK MANAGEMENT AND DECISION MAKING

S-Bank's risk management is built on three lines of defence. The first line of defence consists of S-Bank's business and support units, which conduct business operations in accordance with S-Bank's strategy and business plan. They are responsible for risk-taking, the identification of risks, day-to-day risk management and risk reporting.

The second line of defence, Risk and Compliance, consists of the Group-level functions that are independent of business operations.

Internal Audit is the third line of defence and is independent of the functions being audited. The purpose of the function is to audit and evaluate the effectiveness of the risk management and internal control measures carried out by the Group. Consequently, Internal Audit also reviews the activities of the Risk and Compliance functions.

Board of Directors

The parent company's Board of Directors bears overall responsibility for risk management in the S-Bank Group, ensuring that the Group's operations are organised appropriately and reliable. The Board is responsible for the strategic management of the entire bank group, setting strategic goals and risk strategy, approving principals for risk management and monitoring their implementation.

The Board ensures that S-Bank continuously has adequate capital to cover all material risks arising from its business operations and changes in the operating environment and that the Group's risk-bearing capacity is sufficient. The Board of Directors monitors the development of capital, its allocation and risk limits, and decides on the recapitalising and financing arrangements and their implementation.

The Board is assisted in its work by the Board Risk Committee, Audit Committee, and the Remuneration & Nomination Committee.

CEO and Group Management Team

S-Bank's CEO, assisted by the Group Management Team, is responsible for the practical execution of the Group operations and governance, risk management and internal risk management practices in accordance with the principals set by the Board. CEO, with assistance of the Group Management Team, is responsible for assuring, that risk appetite and risk capacity are considered in the S-Banks strategy process and operational planning. In addition, they are responsible for achievement of set goals and for managing and controlling any risks that may threaten these goals.

CEO has established committees to prepare and make decisions by executive managers. Most essential committees for Risk Management purposes are Management Risk Committee, Asset and Liability Committee and Credit Committee.

Risk management committees

The Management Risk Committee's main duty is to ensure that the information on S-Bank's risks, risk management and capital adequacy provided to the Board Risk Committee and to the Board of Directors is sufficient and appropriate to assist them in discharging their duties and responsibilities and in making decisions. The Management Risk Committee prepares the key risk management strategies, policies, and limits for the Board Risk Committee and for approval by the Board of Directors. Management Risk Committee is a second line of defence committee, where the Chief Risk Officer acts as a chairman.

Asset and Liability Committee's main duty is to ensure capital adequacy, liquidity and to forecast, monitor and manage capital adequacy and balance sheet. Asset and Liability Committee is a first line of defence committee.

Credit Committee is responsible for setting up, manage and monitor credit granting targets, processes, methods, and risks in accordance with the risk appetite set by the Board. Credit Committee makes credit decisions, and it is a first line of defence committee.

Business and support functions

Within the first line of defence, S-Bank has business and support functions, which conduct business operations in accordance with S-Bank's strategy and business plan. The second line of defence is Risk and Compliance and Internal Audit is the third line of defence. The Business and support functions are listed in the diagram S-Bank Group's administrative structure.

The directors of S-Bank's business and support functions take primary responsibility for the risks in their respective areas and for ensuring that their units operate in accordance with S-Bank's guidelines and policies. These business and support functions also bear responsibility for their own risks within the set limits. They are hence responsible for identifying and assessing the risks associated with their operations, and for managing and monitoring them and for carrying out internal control. They must also each ensure that the parameters and conditions of their own operations, and the prerequisites for risk management, are described clearly and adequately.

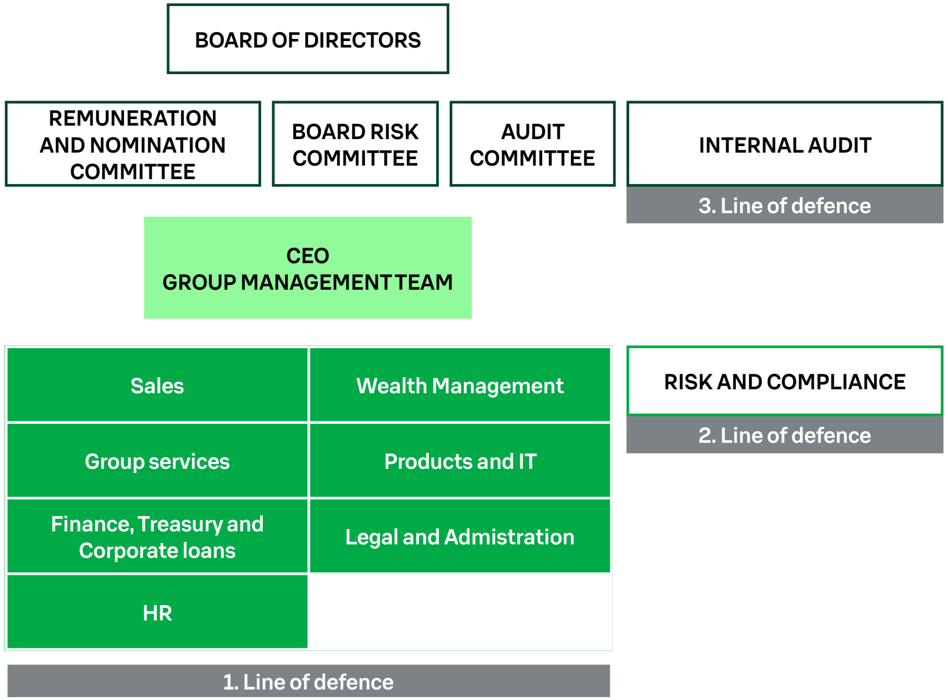
Independent functions

The Risk Control, Compliance, Operational Risk Control, and Internal Audit are Group-level control functions, that are independent of business operations.

Risk Control is a function tasked with comprehensively monitoring and assessment of S-Bank's risk-taking level and the implementation of risk management for quantitative risks. The Risk Control function monitors the execution of the overall risk strategy and the total risk exposure, ensuring that the risks taken by S-Bank are proportionate to its risk capacity and the set objectives. The Risk Control function maintains and develops methods for measuring, assessing, and reporting risks, and supports the business functions in identifying and managing risks.

Compliance is a function tasked to ensure that S-Bank has sufficient and appropriate operating principles and procedures to ensure compliance with regulations. The function monitors regulatory changes and supervises their compliance.

S-Bank Group's administrative structure



Operational risk control's task is to ensure that S-Bank has sufficient and appropriate operating principles and procedures for operational risk management.

Compliance and Operational risk control are tasked with ensuring that S-Bank has adequate and appropriate policies and procedures to ensure compliance with regulatory requirements and the management of operational risks.

The Internal Audit function is an independent review and verification function. Its task is to audit the performance level, efficiency, adequacy of internal control, level of risk management and compliance with regulations and internal guidelines of the group's internal and outsourced operations. These audits are done in accordance with the auditing plan approved by the Board of Directors. When conducting audits according to plan, the Internal Audit function bases the auditing criteria on external regulations, internal guidelines, and the set objectives. Internal Audit also evaluates the Risk and Compliance functions.

RISK MONITORING, CONTROL AND REPORTING

Risks are continuously being monitored in S-Bank as part of work duties. It is the responsibility of all employees to follow the execution of risk management within their area of responsibility and to report any deviations and deficiencies in risk management in accordance with agreed procedures.

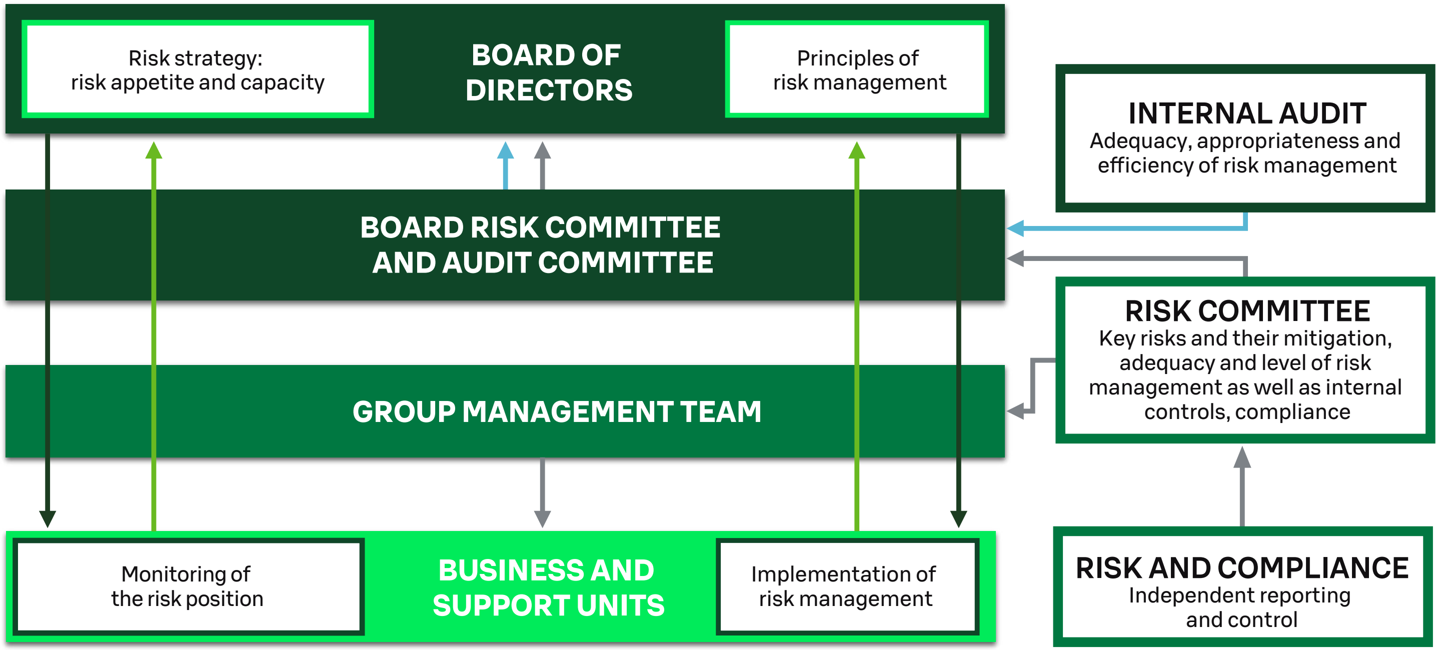
Risks are measured, monitored, controlled, and reported to ensure that S-Bank's Board and executive management have adequate and essential information on risks and their management. The risk position, risk management principles and their changes are reported to the Board regularly so that they can assess the amount of risk taking and the measures taken to control the risk level.

S-Bank's internal risk reporting process includes both financial reporting and regular analyses of the degree to which the Board's objectives have been achieved. Risk-taking in relation to the risk appetite and risk capacity is monitored regularly and assessed, for example, when updating the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) reports and recovery plan, and when processing strategy or making decisions concerning important business projects or investments for S-Bank.

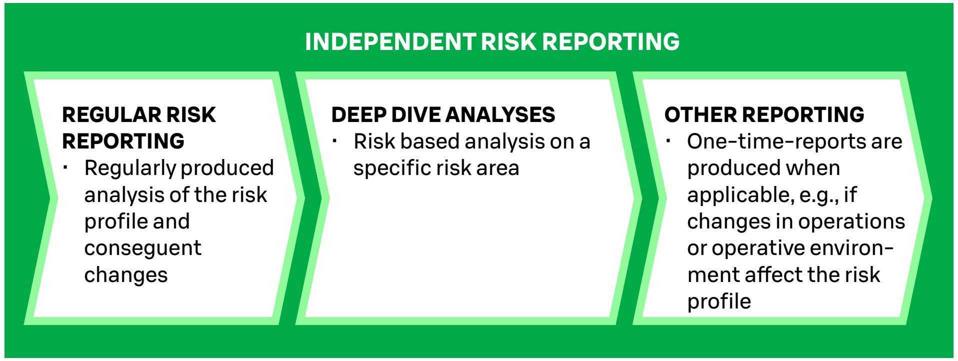
The independent Risk & Compliance control function is responsible for producing reports on the key risks and the level of risk management for S-Bank's executive management and the Board of Directors. In addition to regular reports, the aforementioned bodies are provided with a separate report and analysis if any major changes or deviations occur that may influence S-Bank's risk position or capital adequacy.

The Internal Audit function evaluates the processes concerning risks and capital management in accordance with its auditing plan. Internal Audit regularly reports on audit results, key audit observations, any operational improvement recommendations and compliance with the audit plan to the Audit Committee and the Board of Directors, as well as to all other relevant bodies in the organisation.

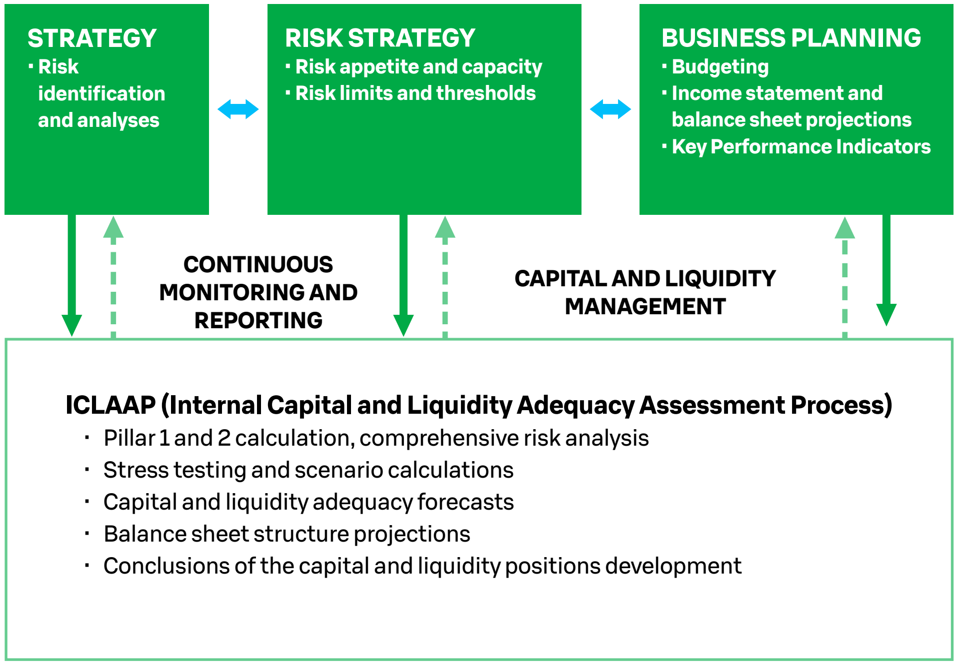
The overall risk reporting in S-Bank



Independent Risk Reporting



Capital adequacy and liquidity management framework



CAPITAL ADEQUACY AND LIQUIDITY MANAGEMENT

Capital and liquidity management are fundamental parts of the risk management process. The objective of sound capital and liquidity management is to ensure that S-Bank continuously has the appropriate capital and liquidity position required to achieve its strategic business goals. Furthermore, the aim is to ensure that S-Bank continuously has sufficient capital and liquidity buffers to guard against any unexpected events. Capital and liquidity management are based on a proactive approach that takes into account S-Bank's strategy, business plan and overall risk strategy.

ICLAAP PROCESS AND ECONOMIC CAPITAL

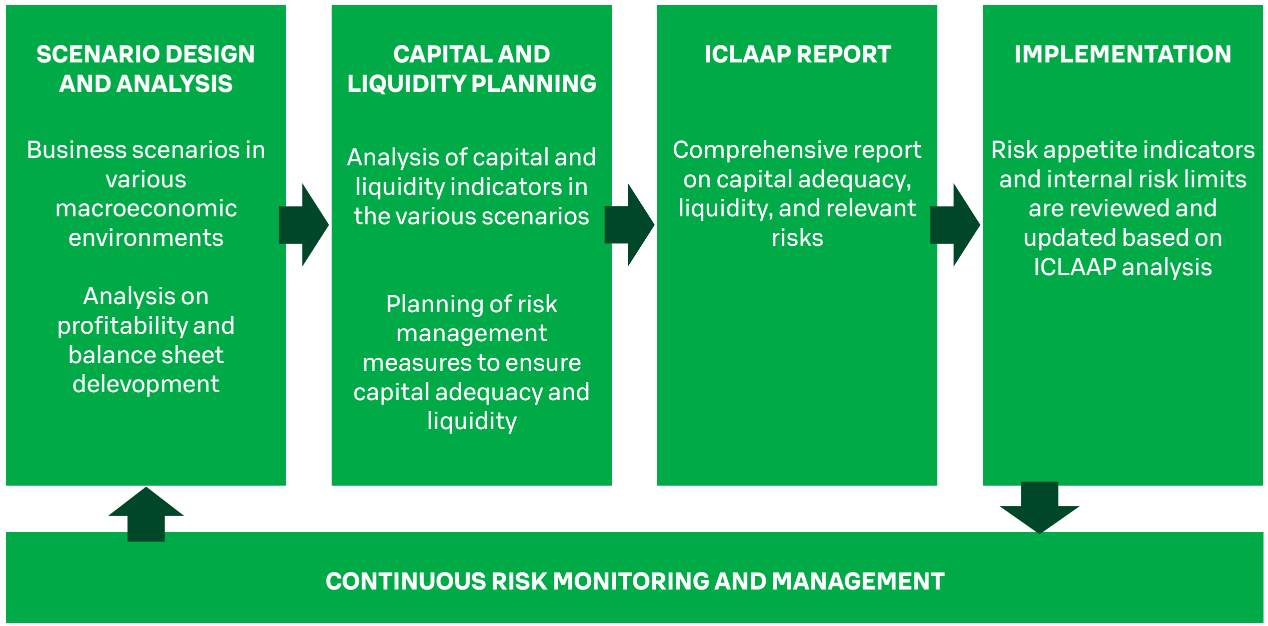
The results of the regularly performed ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) are combined into a comprehensive ICLAAP report which S-Bank compiles at least annually and as often as necessary. The process begins with strategic analysis and comprehensive identification of risks associated with S-Bank's business. S-Bank utilises a variety of stress scenarios to estimate how potentially unfavourable developments could affect capital adequacy, profitability, and liquidity at the Group level as well as at an individual subsidiary level over a certain time frame. Factors taken into consideration include various development patterns in the business, macroeconomic and competitive environment. The process also includes forecasts of capital requirements, available capital as well as the impact of changes in regulations. Moreover, the scenarios include potential changes in S-Bank's business volumes and in the behaviour of its customers.

ICAAP provides a comprehensive overview of S-Bank's capital and risk positions in various stress scenarios. Based on the results of the stress scenarios, needed recovery options are identified and described, to ensure adequate level of own funds and capital adequacy position. Liquidity stress tests are conducted as a part of the ILAAP, which provides a comprehensive overview of the S-Bank's liquidity risk position in various stressed business and macro scenarios.

The purpose of liquidity stress testing is to ensure the adequacy of S-Bank's liquid assets to cover unexpected liquidity outflows and ensure that the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) maintain within the set risk appetite. S-Bank is prepared to withstand unexpectedly large cash outflows and recover its liquidity buffer under stressed conditions. The results of stress tests are used for managing liquidity, capital, profitability and asset and liability management as well as in setting the levels of risk appetite.

During the year 2023 S-Bank composed a separate ICLAAP-report, that concentrated on identifying changes to the risk profile due to the acquire of the Finnish private customer, asset management and investment services operations of Svenska Handelsbanken AB in 2024.

ICLAAP prosess



Economic capital

Internal models as well as Pillar 1 calculation methods are used to determine the required amount of economic capital. For each of the major risks, the economic capital requirement is quantified as follows:

- the risk measurements already covered by Pillar 1 are reviewed and, where necessary, completed by economic capital adjustments.
- the risks not included in the Pillar 1 are subject to a specific calculation of economic capital needs, based on internal approaches.

During 2023 all the major risks identified during the risk identification process were taken into account for assessing the economic capital requirement. S-Bank notably measures market risks, interest rate risk in the banking book, business and strategic risk, concentration risk, credit risk, and operational risk with its internal models. S-Bank ensures that its own funds always cover the economic capital requirement, considering also the normative perspective of regulatory requirements.

CREDIT RISK

S-Bank business activities focus on household lending including housing loans, credit cards and consumption loans. S-Bank's corporate portfolio focuses on secured lending to housing companies that are recently completed or under construction. S-Bank has a low credit risk profile in line with its conservative risk appetite. The low credit risk profile is sustained by prudent risk management and monitoring.

Credit risk refers to the risk of a counterparty failing to meet its contractual payment obligations, thus causing a credit loss to S-Bank. The risk may arise when granting of the credit was not based on correct and sufficient information, or if changes occur in the customer's financial situation or in the value of the collateral pledged by the customer over the lifetime of the credit.

The Board of Directors approves principles and strategies for credit risk management, which are in line with good banking and lending practices and regulation. Credit risk strategy defines the target segments for lending, growth targets and allocation limits that are based on S-Bank's risk strategy and action plan which are derived from the strategy of S-Bank. The principles for credit risk management describes the principles of credit portfolio management, credit origination process, and collateral management for household and corporate customers. Credit risks arising from the investing activities are described and limited in the annual investment plan. Credit risk is managed by the business and support units within the principles and limits approved by the Board of Directors.

S-Bank's credit risk position

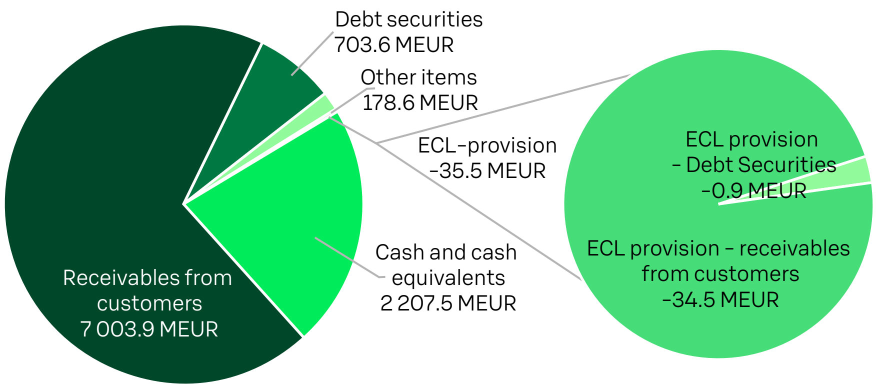
S-Bank's on-balance credit exposures consist mainly of receivables from customers, debt securities and cash. The gross carrying amount of these items was EUR 10 093.6 million (8 973.6) at the end of the financial year. The growth is mainly attributable to increase of items receivables from customers and cash. The figure presents the on-balance sheet values of S-Bank's credit exposures and the provisions related to their expected credit losses, which amounted to EUR 35.5 million (21.7). The item 'Receivables from customers' mainly consists of the carrying amount of loans to household and corporate customers, including their accrued interest. Expected credit losses of EUR 0.9 million (0.4) on debt securities are recognised through the fair value reserve, whereas the rest of the ECL, EUR 34.5 million (21.3), is deducted directly from the gross carrying amount of the item Receivables from customers.

S-Bank's most significant credit risk exposure, 69 per cent (75) of the gross on-balance sheet carrying amount, consist of the item Receivables from customers. This item is also subject to the most significant ECL provision, and its distribution is illustrated in the adjacent figure. Most of the ECL provision is related to unsecured and secured household customer lending.

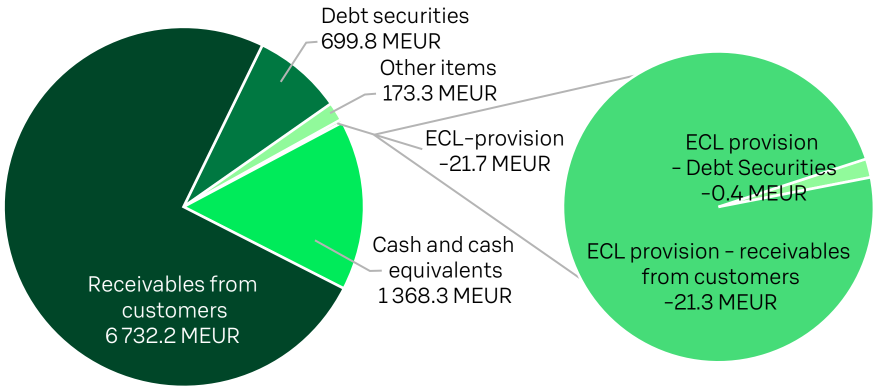
The total provision for expected credit losses, including the ECL provision for off-balance sheet liabilities, was EUR 37.3 million (22.5) at the end of the financial year. The coverage ratio of the total portfolio increased to 0.37 per cent (0.23) and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Gross carrying amounts of balance sheet items and expected credit losses

31 Dec 2023. EUR million

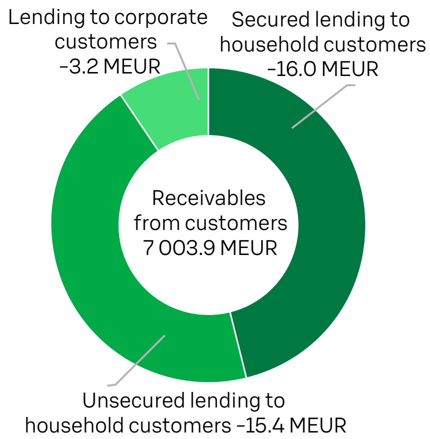


31 Dec 2022, EUR million

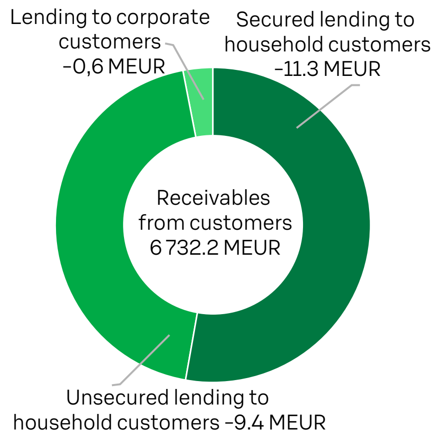


Receivables from customers and expected credit losses related to the item by credit portfolio

31 Dec 2023, EUR million



31 Dec 2022, EUR million



Repayment holidays and changes to payment programmes

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule was EUR 399.9 million (448.1), representing 6.9 per cent (8.0) of total household customer exposures. Repayment holidays deviating from the original payment plan have primarily been granted to household customers. S-Bank's corporate portfolio does not include any specific groups of customers or industries that have been granted repayment holidays or other changes to their original payment schedules.

Forborne exposures and non-performing loans

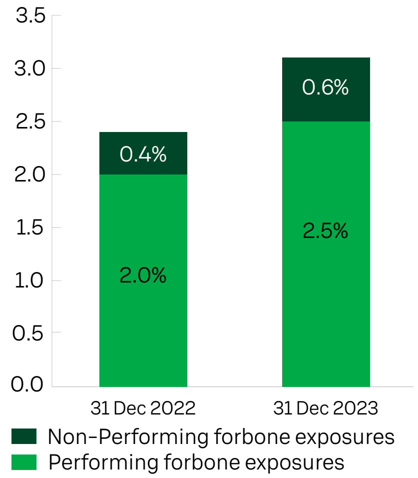
Forbearance measures refer to the restructuring of credit agreements (including repayment holidays), which is intended to help customers cope with temporary payment difficulties. The more detailed definition of forbearance is described in Group's note 1. When credit agreements are restructured, material regulatory requirements must be met, including the assessment of the customer's financial situation and a risk-based assessment of the application.

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

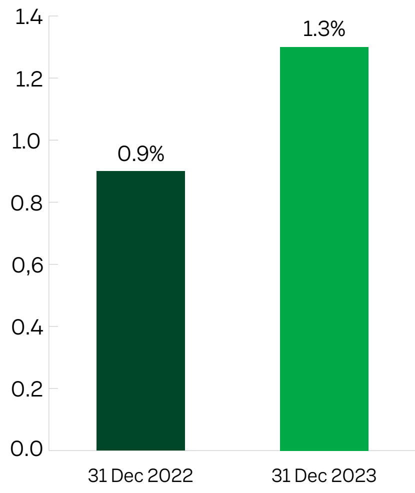
The amount of non-performing loans (NPL) in the balance sheet increased by EUR 33.1 million to EUR 92.6 million (59.4) during the financial year. The NPL ratio, which describes non-performing exposures in relation to loans and advances, rose to 1.3 per cent (0.9). All non-performing loans were household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

S-Bank applies harmonized definition for the concepts of defaulted exposures, non-performing exposures and IFRS 9 -credit impaired exposures. The definition is described in further detail in Group's note 1.

Forborne exposures



NPL ratio



Impairment of receivables

Expected and final credit losses of EUR 40.0 million (18.5) were recognised in the consolidated income statement during the financial year. Reversals, or recovered credit losses, amounted to EUR 7.0 million (6.6). Consequently, the total net effect on profit of expected and final credit losses was EUR 33.0 million (12.0). Expected credit losses increased by EUR 14.8 million during the financial year.

For S-Bank, the largest amount of credit losses is generated by household customers' unsecured credit, which is recognised as a credit loss at an early stage (within 4–7 months after the receivable is past due). However, collection agencies are still applying active measures to collect these debts, which will eventually reduce the amount of credit losses recognised in the income statement through recoveries. During the financial year, a total of EUR 22.0 million (13.8) in financial assets were written off as final credit losses that are still subject to collection measures.

The ECL numbers are discussed in more detail in Group's note 11. S-Bank has no financial instruments consisting of purchased or originated credit impaired assets. Measurement of the impairment and classification of financial instruments and the models for calculating credit losses are discussed in the Group's note 1.

Risk concentrations

Risk concentrations may arise from a concentration of S-Bank's exposure in certain customers, industries, geographical areas or against certain types of collateral. Concentration risks are managed through the set limits and are monitored regularly as part of the management risk reporting. Moreover, concentration risks are assessed through stress testing in the context of the capital plan (ICLAAP) and they are taken into account in the calculation of the economic capital requirement (Pillar 2).

Individual large credit institution entities and corporate customer entities are the principal source of customer-related concentration risk. Customer-related concentration risks are managed by assessing the connections between corporate customers, setting limits on the exposures of customer entities, and monitoring the changes in these exposures, including the concentrations in loans granted to related parties. This risk is taken into account as part of S-Bank's assessment of its economic capital (Pillar 2).

Majority of S-Bank's exposures are not classified by industry, as they consist mainly of household customers credits, which reduces industry concentration risk. Corporate lending is targeted mainly at financing of new housing companies under construction. After the construction stage, the credit risk is divided among the shareholders of the housing company and hence does not constitute a material risk concentration. No significant changes have taken place in the distribution of exposure by industry compared to previous year.

BREAKDOWN OF ON-BALANCE-SHEET AND OFF-BALANCE-SHEET EXPOSURES BY INDUSTRY

Balance sheet items 31 Dec 2023, EUR million	Financial and insurance	Real estate	Wholesale and retail trade	Public administration and defence, compulsory social security	Manufacturing	Other industries	No industry	Total
Cash and cash equivalents	2 207.5	0.0	0.0	0.0	0.0	0.0	0.0	2 207.5
Receivables from credit institutions	9.4	0.0	0.0	0.0	0.0	0.0	0.0	9.4
Receivables from customers	66.4	1 115.1	0.1	0.0	0.0	11.8	5 775.9	6 969.3
Debt securities	554.7	16.5	0.0	65.4	44.3	22.8	0.0	703.6
Shares and interests	18.5	0.0	0.0	0.0	0.0	0.4	0.0	18.9
Derivatives	33.8	0.0	0.0	0.0	0.0	0.0	0.0	33.8
Other items	10.5	0.0	0.0	1.3	0.0	0.0	104.7	116.5
Off-balance sheet items	58.3	75.9	116.6	0.0	0.0	15.2	2 050.3	2 316.3
Total	**2 959.1**	**1 207.6**	**116.6**	**66.7**	**44.3**	**50.2**	**7 930.9**	**12 375.3**

Balance sheet items 31 Dec 2022, EUR million	Financial and insurance	Real estate	Wholesale and retail trade	Public administration and defence, compulsory social security	Manufacturing	Other industries	No industry	Total
Cash and cash equivalents	1 368.3	0.0	0.0	0.0	0.0	0.0	0.0	1 368.3
Receivables from credit institutions	9.2	0.0	0.0	0.0	0.0	0.0	0.0	9.2
Receivables from customers	66.3	1 028.6	0.4	0.0	0.1	14.3	5 601.2	6 710.9
Debt securities	550.4	33.9	0.0	41.7	49.7	24.1	0.0	699.8
Shares and interests	20.3	0.0	0.0	0.0	0.0	0.4	0.0	20.7
Derivatives	24.5	0.0	0.0	0.0	0.0	0.0	0.0	24.5
Other items	5.2	0.0	0.0	1.3	0.0	0.0	112.5	118.9
Off-balance sheet items	58.6	97.0	119.6	0.0	0.0	16.0	1 931.1	2 222.3
Total	**2 102.7**	**1 159.5**	**120.0**	**43.0**	**49.8**	**54.7**	**7 644.8**	**11 174.5**

From a geographical perspective, the majority, about 96 per cent (96), of S-Bank exposures are in Finland, followed by the rest of the Nordic countries at about 2 per cent (3). The geographical concentration risk is not considered relevant, and no significant changes have taken place in the geographical distribution of exposures in relation to the previous year. The exposures outside Finland derive mainly from the investments of the Treasury portfolio.

Real estate collateral is S-Bank's most significant type of collateral from the perspective of concentration risks. As a significant part of the real estate collateral portfolio comprises housing, the price trends of housing affect S-Bank's risk position. Regional concentration risk within Finland is mitigated by diversification of the credit portfolio across large number of individual loans and collaterals due to broad customer base. The regional distribution of credit portfolio is guided by the credit risk strategy, in which mortgage credit granting is directed to the largest cities and their commuting areas. The credit risk strategy also guides portfolio allocation between different credit products. Collateral values also monitored and revalued during mortgage lifetime and collateral information is maintained to identify and manage possible collateral risk concentrations. Possible changes in immovable property collateral values are also considered as a part of stress scenarios.

Collateral and credit risk mitigation

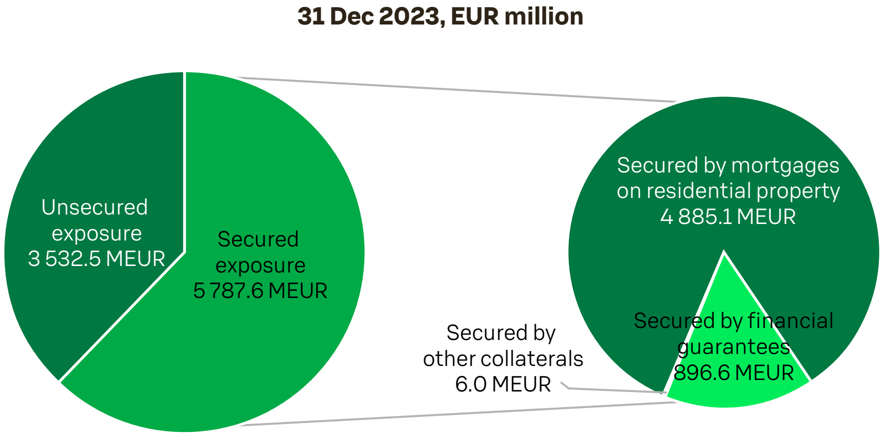
S-Bank uses collateral and other credit risk mitigation arrangements in the credit risk management. Credit risk mitigation arrangements, in addition to collaterals, include mainly customary types of guarantees, such as government guarantees, institutional guarantees and personal guarantee commitments. The methods specified in the credit granting guidelines and credit risk management principles are used to ensure that the collateral and guarantees are acceptable, binding, comprehensive and realisable. The guiding principle is that credit may only be granted to customers with an adequate repayment ability, regardless of the value of possible collateral.

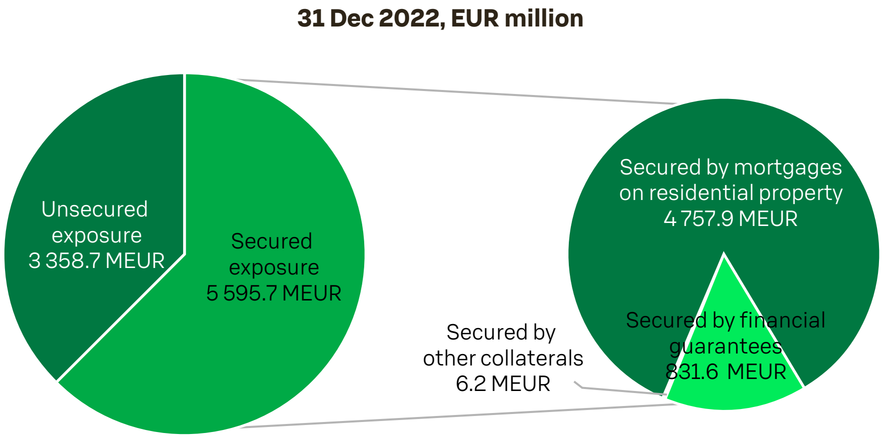
Depending on its type, collateral is measured at market value or fair value. A haircut is applied to the value of collateral in credit processes, and the amount of this haircut depends on various criteria. The values of real estate collateral are monitored and updated regularly over the lifetime of the credit. Statistical modelling method is used conservatively in determining the fair values of property collateral together with other methods. S-Bank does not take possession of collateral pledged to it. In the event of the non-performance of a receivable, the customer or the debt collection agency may sell the security to cover the remaining debt.

Expected credit loss calculations take into account the effect of guarantees and collateral and the uncertainties and costs associated with its liquidation through the parameters indicating the Loss Given Default (LGD) based on historical results. Immovable property collateral and unfunded credit protection (such as government guarantees for student and housing loans and S-Asuntotakaus guarantees provided by an external service provider for household customers' housing loans) are the principal credit risk mitigation factors used in capital adequacy calculation in accordance with capital requirements regulation. S-Bank also uses other collateral and guarantees to reduce its credit risk, but these are not taken into account in the capital adequacy calculation.

Approximately 62.1 per cent (62.5) of the gross carrying amount of 'Receivables from customers' and the related off-balance sheet commitments are secured by the collateral and guarantees used in capital adequacy calculation. Exposures secured by immovable property collateral account for approximately 84.4 per cent (85.0), whereas exposures secured by guarantees account for approximately 15.5 per cent (14.9) of the covered exposures. The Finnish government is the most significant individual guarantor. Guarantees also include guarantee insurance used to cover housing loans. No significant changes occurred in S-Bank collateral categories, applied valuation principles, or in the coverage of secured exposures during the financial year.

Breakdown of collateral and guarantees used in capital adequacy calculation





Distribution of Loan-to-Value (LTV) ratio is the outstanding amount of household mortgage loans as a percentage of the real estate collateral value. LTV calculation uses the fair value of the real estate collateral at the time of origination.

Guarantee insurance for housing loans is included in the calculation. Loan-to-value of collateralized loans is regularly monitored based on the original and current value of related collateral.

Loan-to-value (LTV) distribution of household customers

LTV category 31 Dec 2023	Proportion of exposures
0 – 50%	18%
50 – 60%	13%
60 –70%	18%
70 – 80%	32%
80 – 90%	16%
90 – 100%	2%
over 100%	1%
Total	**100%**

LTV category 31 Dec 2022	Proportion of exposures
0 – 50%	17%
50 – 60%	13%
60 –70%	18%
70 – 80%	31%
80 – 90%	17%
90 – 100%	3%
over 100%	1%
Total	**100%**

The table Collateral associated with impaired exposures (stage 3) illustrates the quantitative data on the collateral held for credit-impaired financial assets (stage 3). The collateral values of stage 3 secured exposures cover the gross carrying amounts of these exposures.

Collateral associated with impaired exposures (stage 3)

Credit-impaired financial assets, 31 Dec 2023, EUR million	Gross carrying amount	ECL provision	Net carrying amount	Fair value of collateral
Lending to household customers	92.4	15.7	76.7	124.8
Lending to corporate customers	0.0	0.0	0.0	0.0
Credit-impaired financial assets, total	**92.4**	**15.7**	**76.7**	**124.8**

Credit-impaired financial assets, 31 Dec 2022, EUR million	Gross carrying amount	ECL provision	Net carrying amount	Fair value of collateral
Lending to household customers	59.4	10.0	49.4	79.7
Lending to corporate customers	0.0	0.0	0.0	0.0
Credit-impaired financial assets, total	**59.4**	**10.0**	**49.4**	**79.7**

Counterparty risk

S-Bank is exposed to counterparty risk arising from derivatives used by the Bank to hedge the interest rate risk in the banking book. S-Bank uses the original exposure method referred to in the Capital Requirements Regulation to calculate the counterparty risk. The original exposure method takes into account the scaling factor in accordance with the Capital Requirements Regulation, the current replacement cost of derivative contracts and the potential future credit risk exposure. The counterparty risk is managed by means of netting agreements and by clearing the derivatives with a qualifying central counterparty. S-Bank enters into ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements with its derivative counterparties. These agreements reduce the counterparty risk. The netting agreements specify the general terms and conditions related to derivatives and the collateral application methods between the counterparties. Derivatives and their risk management are discussed in more detail in section Market risk.

At the end of the financial year, the exposure value of the counterparty risk was EUR 10.1 million (55.9). The exposure value declined during the year, as S-Bank started using netting agreements in capital adequacy calculation for counterparty credit risk. The notional amount of derivatives increased during the year due to hedging of the issued covered bond. The counterparty risk consisted of derivatives that are cleared through qualifying central counterparty (CCP) and bilateral derivatives. The minimum capital requirement for counterparty risk remained very low.

Derivative contracts also involve the risk of a credit valuation adjustment (CVA), which refers to an adjustment of the fair value of derivative contracts to account for the counterparty credit risk. The CVA includes the counterparty's credit margins and market risk factors, which influence the valuation of derivatives and, thus, also the risk. Due to the fact that the derivatives cleared with the CCP are not included in the CVA calculation, the CVA risk was at very low level at the end of the financial year.

The accounting classification and valuation of derivatives is discussed in the Note 1 of the Group. Derivatives and hedge accounting are also discussed in the note 22 of the Group and in Notes 16 and 17 of the Bank.

Monitoring and reporting of credit risk

Banking business units are responsible for credit risk management together with credit risk management unit. The business and support functions regularly monitor the fulfilment of the set objectives, the materialisation of risk levels, the distribution of the credit portfolio across different credit categories, the regional distribution of credit, risk concentrations, collateral values, realised margins, the performance of credit rating models, the consistency of the credit management processes, and non-performing loans and expected credit losses.

In addition, the Risk Control function monitors and ensures that the businesses operate in accordance with the overall risk strategy and the principles, limits and decision-making authorisations defined for each type of risk. Risk Control reports regularly on S-Bank's credit risk profile and on the performance of risk management to S-Bank's management, the Risk Committee, the Board Risk Committee and the Board of Directors.

LIQUIDITY RISKS

Liquidity risk refers to the risk that the bank is unable to meet its payment obligations in due time or that it will be forced to fund its liquidity obligations at an unfavourable cost. Liquidity risk consists of shorter-term liquidity risk and funding risk, i.e. longer-term uncertainty about the stability, quality and availability of funding. In addition, the adequacy of collateral required for funding is part of the liquidity risk management. The reasons behind the materialisation of a liquidity risk may be specific to the bank or to the market.

S-Bank is exposed to liquidity risk in customer lending, deposits, investment activities and funding. S-Bank's most significant liquidity risk factors are deposit flight in different customer segments, a sudden increase in the utilization rate of financing limits and an increase in possible collateral requirements. S-Bank's liquidity position is strong, and the liquidity risk appetite set by the Board of Directors is conservative.

Managing liquidity risk

Liquidity position is maintained with active risk management and continuous monitoring. Treasury function's main objective in investing activities is to ensure that the liquidity position is continuously above the minimum regulatory requirements and the internal limits. Liquidity risk management is based on ensuring that the amount of S-Bank's liquid assets exceed the liquidity net outflows in normal and stressed operating environments in the short term (0–2 days), the medium term (0–30 days) and the long term (more than 30 days). The LCR and internal liquidity indicators are used to monitor S-Bank's liquid assets and to manage short, medium and long-term liquidity risk. The NSFR, a longer-term liquidity indicator, is used to measure structural liquidity risk in the banking business.

The distribution of financial liabilities based on contractual maturities is weighted towards the 0–3 month maturity bucket, due to the fact that S-Bank's funding is based on deposits by household customers (please see Group's Note 16). From a liquidity risk perspective, however, these deposits are stable source of funding, as, according to depositor behavior statistics, their maturity is considerably longer than one month. The maturity of derivative liabilities is focused on the 1–5 year bucket.

Liquidity risk concentrations arise from concentrations in the customer segments with deposits and financing limits, and also in the liquidity buffer. Liquidity concentration risks associated with customer segments are managed by segment-specific outflows in accordance with both the internal model and the LCR. The growth of risk concentrations in the liquidity risk segment is always taken into account by reserving more liquid assets to cover the increased concentrations. In turn, any concentration in the liquidity buffer is limited by counterparty-specific limits and requirements relating to the structure of the buffer in compliance with the LCR regulations.

S-Bank's internal liquidity modelling is an integral part of the annual liquidity adequacy assessment process (ICLAAP). In the this process, scenario analyses are used to prepare forecasts of changes in S-Bank's liquidity position in various stressed business and market scenarios and of the impact of these changes on the liquidity indicators. The results of the process are reported to the management and Board of Directors of S-Bank. Liquidity stress tests are discussed in the section 'Capital adequacy and liquidity management'. S-Bank's liquidity management includes a liquidity continuity plan, which determines the measures needed for preserving an adequate liquidity position in normal and stressed market environments.

The management of S-Bank's liquidity risk has been delegated to the Treasury unit, which is responsible for the short-term adequacy of the bank's liquidity and stable funding. Moreover, minimum requirements for liquidity management include meeting the central bank's minimum reserve obligation, as well as the regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) requirements. In addition, liquidity management includes collateral management, i.e. ensuring that S-Bank has an adequate number of eligible liquid securities at its disposal to cover the collateral required by various business operations.

Main items for the liquidity coverage ratio

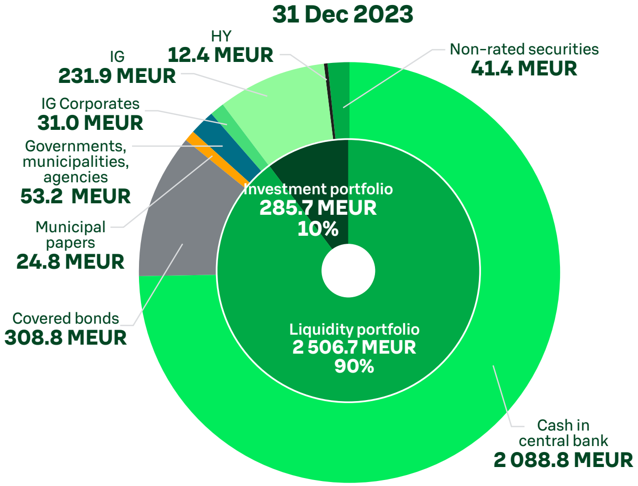
Liquidity Coverage Ratio (LCR), EUR million	31 Dec 2023		31 Dec 2022	
	Market value	Buffer value	Market value	Buffer value
Level 1a	**2 166.8**	**2 166.8**	**1 327.6**	**1 327.6**
Assets from regional governments or local authorities	55.7	55.7	30.1	30.1
Funds from central administrations	22.3	22.3	21.7	21.7
Central bank reserves available for withdrawal	2 088.8	2 088.8	1 275.8	1 275.8
Level 1b	**137.7**	**128.1**	**181.7**	**169.0**
Extremely high-quality covered bonds	137.7	128.1	181.7	169.0
Level 2A	**171.1**	**145.5**	**172.7**	**146.8**
High-quality covered bonds (third country, CQS1)	127.4	108.3	122.1	103.8
High-quality covered bonds (CQS2)	43.8	37.2	50.7	43.1
Corporate bonds (CQS1)	0.0	0.0	0.0	0.0
Level 2B	**31.0**	**15.5**	**45.1**	**22.5**
Corporate bonds (CQS2 and CQS3)	31.0	15.5	45.1	22.5
Total	**2 506.7**	**2 455.9**	**1 727.1**	**1 665.9**
Liquidity outflows, total		**1 028.0**		**1 079.5**
Liquidity inflows, total		**70.9**		**66.1**
Liquidity Coverage Ratio (%)		**257%**		**164%**

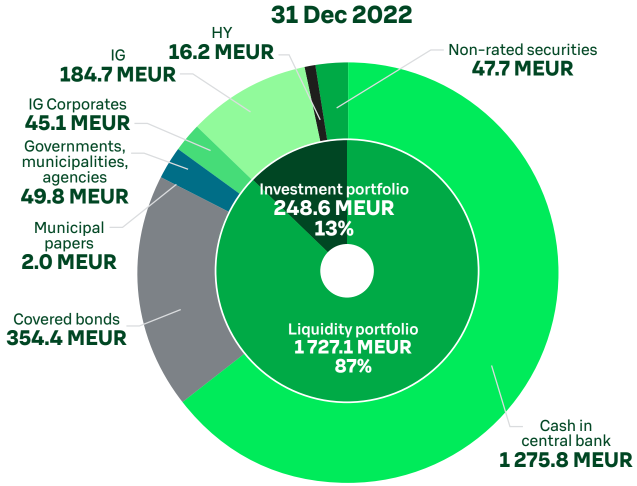
S-Bank's liquidity risk position

S-Bank's liquidity position strengthened during the review period. The liquidity coverage ratio (LCR) was 257 per cent (164). The LCR liquidity buffer consists of unencumbered, high-quality liquid assets that can be monetised in a timely fashion, of which 93 per cent (90) are very high-quality Level 1 assets and 7 per cent (10) are Level 2 assets. The total amount of liquidity buffer increased during the period and the biggest change happened in the amount of central bank deposits.

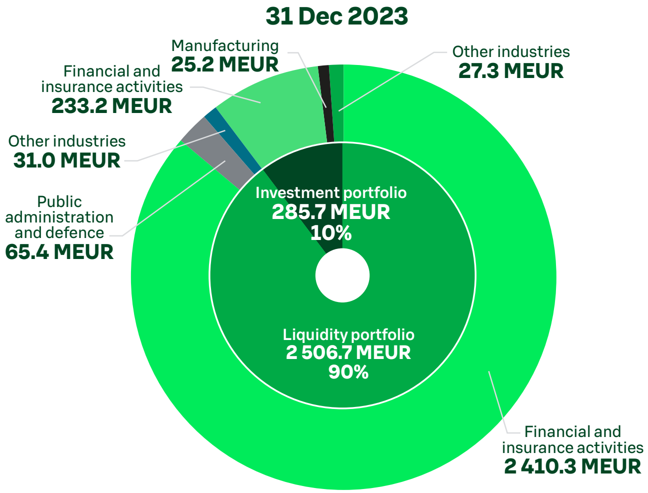
The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The following figures illustrate the distribution of the investment and the liquidity portfolios by investment instrument and industry. The total amount of the portfolio was EUR 2 792.4 million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

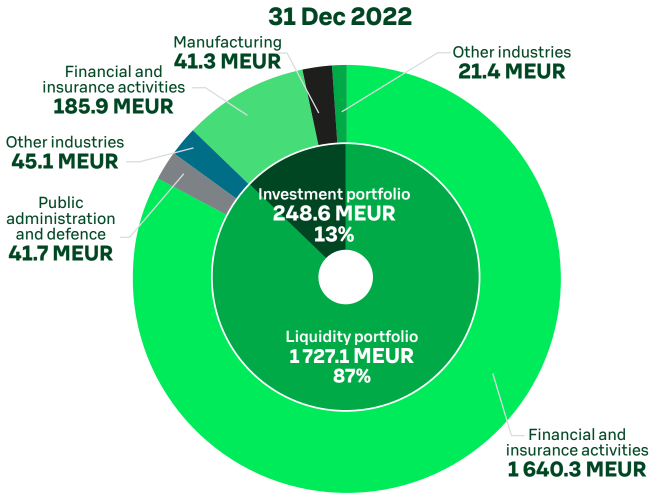
Breakdown of the liquidity and investment portfolios by investment instrument





Breakdown of liquidity and investment portfolios by sector





The Net Stable Funding Ratio (NSFR) measures the adequacy of the bank's structural liquidity and stable funding. The increase in available stable funding items is explained by the issued bonds and growth of the household customer deposit portfolio. Items requiring stable funding were increased primarily by growth in lending. S-Bank's NSFR ratio is generally stable and strong.

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio (NSFR)	31 Dec 2023 Buffer value	31 Dec 2022 Buffer value
Available stable funding, total	8 882.0	7 735.1
Required stable funding, total	5 404.4	5 109.7
Net Stable Funding Ratio (NSFR)	164.3%	151.4%

Funding structure

S-Bank's funding is primarily based on the deposit portfolio and thus the main sources of funding are the deposit and savings accounts of its household customers. S-Bank has a bond programme, under which the bank can issue senior preferred MREL eligible notes, covered bonds and additional tier 1 capital notes. Under the bond programme, S-Bank has issued a covered bond for nominal value of EUR 500 million and senior preferred MREL eligible bond for nominal value of EUR 370 million. Other sources of funding include the Treasury unit's wholesale market deposits from companies and other credit institutions, as well as certificates of deposits.

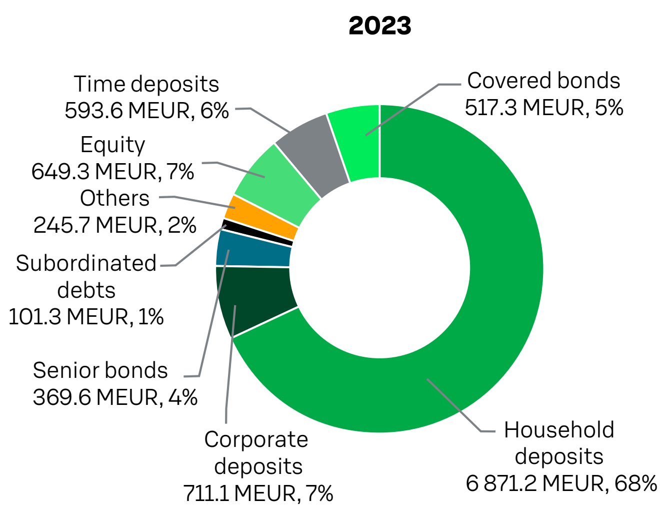
The following figure illustrates the funding structure of S-Bank's funding, which totalled EUR 10 059.0 million (8 952.2) at the end of 2023. The growth of the total deposits continued in 2023, as the household deposit portfolio increased, and the corporate deposit portfolio decreased. The growth in the total deposits happened mainly in household time deposits. Even though the structure of S-Bank's funding is concentrated on household customer deposits, the funding is highly diversified because the average deposit from S-Bank's household customers is very low. During the financial year, S-Bank's funding structure diversified with the issuance of its first covered bond, in addition to which bank issued a senior preferred MREL eligible bond.

Monitoring and reporting

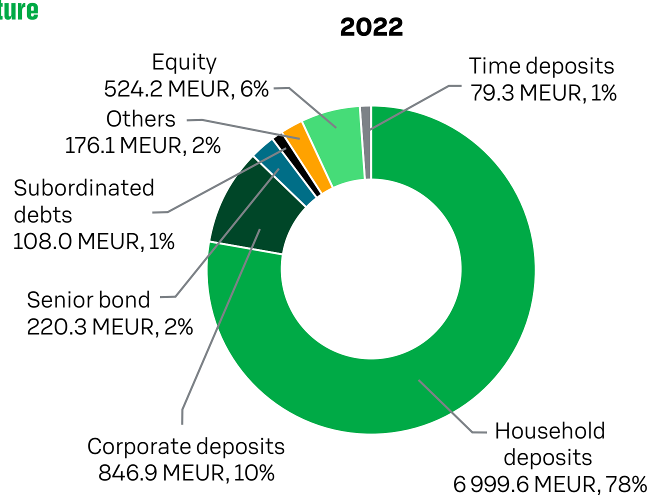
S-Bank measures liquidity by using the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) defined by the authorities and its internal indicators. The indicators, their calculation parameters and the limits applied in internal modelling are approved by the Board of Directors of S-Bank and comply with the risk appetite defined in the overall risk strategy. The limit framework is used to ensure that the liquidity position always meets internal target levels and the minimum regulatory requirements.

Liquidity and refinancing risks are monitored daily by a cash flow forecast and are reported for both LCR and internal indicators. Monthly reporting includes NSFR, asset encumbrance and funding structure indicators. Risk Control assesses the management of S-Bank's liquidity risks, as well as the effectiveness and use of the liquidity risk models.

Funding structure



Funding structure



The key aspects of the liquidity risk are reported by the Treasury and Risk Control to S-Bank's management, the Management Risk Committee, the Board Risk Committee and the Board of Directors.

MARKET RISK

In general, market risk refers to the impact of changes in securities prices, market interest rates, exchange rates or the market value fluctuation of balance sheet items on the bank's profit and balance sheet. The market risk of S-Bank's banking business mainly consists of the structural interest rate risk of lending and borrowing and the interest rate risk of investments and funding as well as the spread risk of debt securities. S-Bank's banking business is not significantly exposed to other direct market risks, such as equity, foreign exchange or real estate risks.

The aim of S-Bank's market risk management is to manage unexpected changes in the bank's profits and capital adequacy as a result of fluctuations in market prices and to optimise the return on equity within the scope of the risk appetite. Monitoring and prediction of the external business environment are particularly emphasised in market risk management. Market risk management is based on a conservative risk appetite and the risk limits derived from it, which are monitored and reported actively to the management of S-Bank. The Board of Directors has set a maximum limit for the economic value risk (EV for instruments measured at fair value), the net interest income risk for the whole banking book and the spread risk of debt securities.

Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. Market risks are measured by means of sensitivity figures, allocation, stress tests and scenario analyses. The impacts of changes in the interest rate curves on the interest rate risk exposure of S-Bank are monitored daily, using the net present-value method for balance sheet items measured at fair value, and also monthly or more frequently if necessary, using the earnings-based risk (NII) and other economic value risk (EV) methods. Additionally, the interest rate risk in the banking book is monitored by means of interest rate gap analysis, in which liabilities and receivables are grouped over time periods on the basis of their interest rate fixings. Market risk concentrations are managed by means of limits that are set at the Group and business unit levels and are determined as market risk-sensitivities or maximum amounts in monetary terms. The Treasury unit is tasked with the day-to-day management of the Group's market risks within the scope of its authorisations.

The 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. Market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement. The aforementioned types of market risk, as well as the diversification benefits that reduce their overall market risk, based on their correlations, are taken into account in the internal capital and liquidity adequacy assessment process (ICLAAP).

Interest rate risk in the banking book

Most of S-Bank's market risk arises from the interest rate risk in the banking book (IRRBB). The interest rate risk in the banking book consists of lending and borrowing, investments and funding. S-Bank uses derivatives to hedge the interest rate risk in the banking book. Derivatives and hedge accounting are described in the Group's Note 22.

The structural interest rate risk in the banking book arises from differences between the interest rate fixings and maturities of assets and liabilities, which is why the future net interest income of the banking business (net interest income (NII) risk) and the net present value of the balance sheet (economic value (EV) risk) are not entirely foreseeable. The NII risk and the EV risk measure the risks from different perspectives. The EV risk measures the net present value of liabilities and receivables on the balance sheet, i.e. the theoretical economic value of equity.

The net interest income risk is calculated as the effect of one percentage point sudden decrease on the net interest income for the next 12 months. Market value changes are also included in the interest income risk from 31 December 2023 onwards. The interest income risk for the comparison period does not include market value changes. The net interest income risk remained stable during the period. The NII risk in the -100bps scenario was EUR -7.7 million (-8.7) of which the risk of market value changes was EUR 2.2 million. S-Bank calculates the EV risk for items measured at fair value in addition to the whole banking book. Rapid and even momentary changes in the interest rate curve may result in an immediate loss on items measured at fair value, which is reflected as a change either in the fair value reserve or in the result. In the +100bps interest rate scenario, the interest rate risk of the items measured at fair value was EUR -4.6 million (-6.6).

Managing interest rate risk

The interest rate risk is managed by planning the balance sheet structure, interest rate linkages as well as through interest rate derivatives. The Board of Directors has set a maximum limit for the economic value risk (EV for instruments measured at fair value) and net interest income risk for the whole banking book. The Treasury unit is responsible for the operational management of market risks.

The interest rate risk exposure is described by the following table, which presents the breakdown of financial assets and liabilities by interest rate fixing and by the Group's Note 16. In the interest rate fixing of S-Bank's assets and liabilities, the largest imbalance in economic value interest rate risk arises from non-maturity deposits with a deferred interest rate fixing date that is determined in accordance with the internal model. The internal model assumptions reflect the Guidelines on the management of interest rate risk arising from non-trading book activities (IRRBB).

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY NEXT INTEREST RATE FIXING

Financial assets and liabilities, 31 Dec 2023, EUR million	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Financial assets, total	**5 448.9**	**3 801.1**	**581.2**	**50.6**	**0.0**	**9 881.8**
Cash and cash equivalents	2 207.0	0.0	0.0	0.0	0.0	2 207.0
Debt securities eligible for refinancing with central banks	60.7	95.9	409.9	5.1	0.0	571.7
Receivables from credit institutions	9.4	0.0	0.0	0.0	0.0	9.4
Receivables from customers	3 121.7	3 674.8	93.0	45.5	0.0	6 935.0
Debt securities	32.3	17.0	77.9	0.0	0.0	127.3
Derivatives	17.6	13.3	0.4	0.0	0.0	31.3
Financial liabilities, total	**8 297.6**	**451.3**	**521.1**	**0.0**	**0.0**	**9 270.0**
Liabilities to credit institutions	34.2	0.0	0.0	0.0	0.0	34.2
Liabilities to customers	7 875.7	349.9	14.1	0.0	0.0	8 239.7
Bonds issued to the public	387.7	0.0	499.2	0.0	0.0	886.9
Subordinated debts	0.0	101.3	0.0	0.0	0.0	101.3
Derivatives	0.0	0.1	0.8	0.0	0.0	0.8
Lease liabilities	0.0	0.0	7.1	0.0	0.0	7.1
Financial assets and liabilities, total	**-2 848.7**	**3 349.8**	**60.1**	**50.6**	**0.0**	**611.8**

Financial assets and liabilities, 31 Dec 2022, EUR million	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Financial assets, total	**4 120.4**	**4 016.4**	**544.5**	**112.2**	**0.0**	**8 793.6**
Cash and cash equivalents	1 368.2	0.0	0.0	0.0	0.0	1 368.2
Debt securities eligible for refinancing with central banks	54.9	146.7	307.7	47.6	0.0	556.9
Receivables from credit institutions	9.2	0.0	0.0	0.0	0.0	9.2
Receivables from customers	2 668.9	3 848.5	130.8	47.1	0.0	6 695.3
Debt securities	11.0	12.1	99.2	17.5	0.0	139.8
Derivatives	8.3	9.1	6.8	0.0	0.0	24.3
Financial liabilities, total	**8 151.0**	**165.8**	**21.0**	**0.0**	**0.0**	**8 337.8**
Liabilities to credit institutions	23.2	0.0	0.0	0.0	0.0	23.2
Liabilities to customers	7 908.6	58.8	16.2	0.0	0.0	7 983.6
Bonds issued to the public	219.3	0.0	0.0	0.0	0.0	219.3
Subordinated debts	0.0	107.0	0.0	0.0	0.0	107.0
Derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities	0.0	0.0	4.8	0.0	0.0	4.8
Financial assets and liabilities, total	**-4 030.6**	**3 850.7**	**523.5**	**112.2**	**0.0**	**455.9**

The table below illustrates the sensitivity of the economic value and net interest income risks in positive and negative interest rate scenarios for financial instruments. The sensitivity analysis reflects the effect of the parallel-level change of the applicable market interest rate curve on the balance sheet items for all maturities of the interest rate curve when regulatory floors are applied for the rate curves. The sensitivities of the economic value risk and the net interest income risk changed only slightly during the financial year. The interest rate risk of the issued covered bond was hedged by derivatives.

Sensitivity analysis for the interest rate risk in the banking book

Economic Value (EV) risk, EUR million	31 Dec 2023	31 Dec 2022
Total +100 basis points	**28.3**	**21.4**
Financial assets, total	-51.3	-50.6
Loans	-36.1	-34.8
Debt securities	-12.7	-14.3
Other financial assets	-2.4	-1.6
Financial liabilities, total	93.3	64.4
Non-maturity deposits	67.8	62.8
Covered Bonds	21.9	0.0
Other financial liabilities	3.6	1.6
Derivatives	-13.8	7.6
Total -100 basis points	**-26.1**	**-22.7**
Financial assets, total	58.7	54.3
Loans	43.1	37.8
Debt securities	13.2	14.9
Other financial assets	2.4	1.6
Financial liabilities, total	-99.5	-68.9
Non-maturity deposits	-72.8	-67.3
Covered Bonds	-23.1	0.0
Other financial liabilities	-3.6	-1.6
Derivatives	14.7	-8.1

Net Interest Income (NII) risk, EUR million	31 Dec 2023	31 Dec 2022
Total +100 basis points	**7.3**	**3.4**
Financial assets, total	70.4	59.6
Loans	42.1	41.3
Debt securities	1.6	3.4
Other financial assets	26.8	15.0
Financial liabilities, total	-59.2	-58.4
Non-maturity deposits	-47.9	-55.5
Covered Bonds	-3.1	0.0
Other financial liabilities	-8.2	-2.9
Derivatives	-1.8	2.2
Market value changes	-2.1	0.0
Total -100 basis points	**-7.7**	**-8.7**
Financial assets, total	-71.1	-59.6
Loans	-42.7	-41.2
Debt securities	-1.6	-3.4
Other financial assets	-26.8	-15.0
Financial liabilities, total	59.3	53.0
Non-maturity deposits	48.0	50.2
Covered Bonds	3.1	0.0
Other financial liabilities	8.2	2.9
Derivatives	1.8	-2.2
Market value changes	2.2	0.0

The following table illustrates the sensitivity of the economic value risk of items measured at fair value on the balance sheet in a scenario that applies a one-percent parallel-level change to all maturities of the interest rate curve. The issued covered bond and its hedging derivatives were included in the portfolio during the financial year.

Sensitivity analysis for the interest rate risk in the banking book, instruments measured at fair value

Economic value (EV), instruments measured at fair value, EUR million	31 Dec 2023	31 Dec 2022
Interest rate shock	Sensitivity	Sensitivity
+100 basis points	-4.6	-6.6
-100 basis points	4.7	6.8

Spread risk

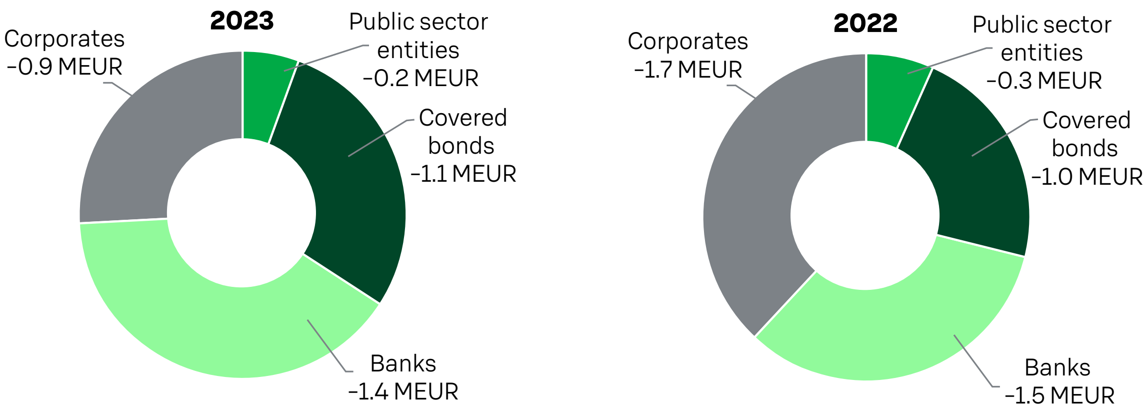
The debt securities within Treasury's portfolio are subject to a credit spread risk. The spread risk is related to changes in the market's general opinion of the creditworthiness of an investment instrument's issuer, or to an unfavourable shift in the general market sentiment towards investments that involve a credit risk, as a result of which investments depreciate in value. The development of the spread risk is monitored regularly as part of day-to-day interest rate risk reporting.

The spread risk is measured in accordance with S-Bank's internal risk model and EBA' s CSRBB guidelines. The spread parameters used in the spread risk model are based on historical spread changes. The market risk model applies a 12-month observation horizon and a 99.5 per cent confidence level. The internal risk limit and the Pillar 2 capital requirement for spread risk are calculated based on the internal spread risk model.

The Board of Directors has set a maximum amount for the spread risk. Counterparty limits are defined by assessing the credit risk of counterparties, mainly on the basis of credit ratings provided by credit rating agencies. Investing activities are cautious, and assets are invested in liquid securities with a good credit rating.

The following figure illustrates the exposure to the spread risk of debt securities, which, according to the internal risk model, totalled EUR -3.6 million (-4.5) at the end of the financial year. The change is due to the decrease in the amount of Treasury portfolio's debt securities.

Breakdown of spread risk



Other market risks

The Group's banking book also includes minor amount of direct equity, foreign exchange and real estate risks. Risk-taking is managed by means of limits on risk appetite, and the risk position is kept low. Equity and fund risks arise as part of the Treasury unit's investing activities. Changes in the market prices of equities and mutual funds are recognised through profit or loss.

S-Bank may be exposed to foreign exchange risks as part of its investing activities and in connection with the use of foreign exchange accounts. The Board has set a moderate foreign exchange risk limit on the total net position and, in general, currency risks are hedged.

Monitoring and reporting

S-Bank's Treasury unit monitors the market risk on a daily basis and the Asset and Liability Management Committee is responsible for the operational measurement, monitoring and reporting of market risks in accordance with the procedures agreed within the organisation. Risk Control also monitors market risk exposures on a daily basis. In addition, the Risk Control function supervises the management of S-Bank's market risks and the effectiveness and use of the applied market risk models. The most important entities related to market risks, the effectiveness of risk management and the impact of risks on capital adequacy are reported to S-Bank's management, the Risk Committee, the Board Risk Committee and the Board of Directors.

OPERATIONAL RISKS

Operational risk refers to the possibility of losses arising from unclear or inadequate processes, deficient systems, actions by the personnel, or external factors. The consequences of realised operational risks may include financial losses or a deterioration in S-Bank's reputation and its esteem and trustworthiness in the eyes of the public. Operational risks at S-Bank include internal and external malpractice, problems related to personnel and occupational safety, property damage and external events, disruptions and interruption damage related to the IT system and issues with processes.

S-Bank's realised operational risks during 2023 were mainly impacted by external fraud, system failures and disruptions, fraud and process related deviations. Realised losses from operational risk amounted to EUR 1.43 million (2.87) in 2023.

The objective of S-Banks operational risk management is to avoid financial losses and negative reputation by identifying operational risks and the required controls. In order to secure business continuity, S-Bank is identifying possible disruptions in advance and either limits the duration or the impact of the distruption.

Operational risk management supports compliance with S-Bank´s values and strategy, good banking and lending practices, and good securities market practices. The risk management process covers all material operational risks related to business operations.

To support the achievement of S-Bank's objectives, risk management is conducted throughout the organisation using the following measures:

- Identifying, measuring, monitoring and reporting all of S-Bank's material operational risks and their effects on the risk capacity and risk appetite.
- Determining methods for risk management and ensuring that they are effective, appropriate, cost-efficient and adequate, while taking account of S-Bank's risk appetite and internal control measures.
- Integrating risk management into S-Bank's management system, decision-making and operating methods.

The identification and assessment of operational risks also considers risks associated with outsourcing. S-Bank's operational risk management also involves various procedures that aim to identify, assess and manage risks. New products and services are approved in accordance with a specific approval procedure before they are adopted or offered to the customers. A similar procedure is used to approve new counterparties and contractual partners before S-Bank starts cooperating with them. Continuity plans are prepared in case there are major disturbances in operations. Realised operational risks are managed by means of procedures for incident management. S-Bank prepares for potential operational risks by arranging insurance against damage caused by misuse or criminal activity and damage to property, for example.

The Operational Risk Control function, which is independent of S-Bank's business operations, supervises and assesses the scope, adequacy and effectiveness of S-Bank's operational risk management in a comprehensive manner. The Operational Risk Control function supports the implementation of risk management within the organisation and ensures that all risks are identified and assessed and that appropriate and adequate procedures are in place for managing risks. The function also maintains and develops methods for measuring, assessing and reporting risks, and supports the business units in identifying and managing risks.

Monitoring and reporting

S-Bank monitors and supervises its operations continuously at various levels of the organisation. Each employee is responsible for the implementation of risk management within their own area of responsibility and for reporting any deviations relating to operational risks.

S-Bank employs an operating model and reporting system for managing realised operational deviations. Notifications are made of any situations or events that hamper ordinary operations, or that violate regulatory requirements or S-Bank's guidelines. Actions by contracting parties or subcontractors that adversely affect S-Bank's operations are also considered to be deviations. The notifications must describe the reasons causing the event and assess the impacts of the event and the possible costs arising from it. If necessary, plans are made and procedures are determined in order to prevent similar events in the future. Moreover, S-Bank has an internal whistleblowing channel through which employees can report violations confidentially.

The Operational Risk Control function regularly reports on S-Bank's most significant realised operational risks, and on the level of risk management, to S-Bank's senior and executive management and to the authorities.

COMPLIANCE RISKS

Compliance risk is defined as the risk of non-compliance with regulations, regulatory obligations, internal instructions, or ethical practices. Compliance risks are classified as qualitative risks together with above-mentioned operational risks. The consequences of realised compliance risks often overlap with actual operational risks.

The purpose of compliance risk management is to ensure regulatory compliance. The operations of, and the decisions made by, S-Bank must comply with the Bank's ethical values and must not harm the Bank's reputation. Decisions must be made in accordance with the approved powers and procedures defined in the code of conduct adopted by the S-Bank Board of Directors and the Group Management Team and in other documents guiding decision-making.

Monitoring and reporting

The regulatory compliance is assessed through three lines of defence. Within the first line of defence, S-Bank has business and support functions, where each employee is responsible for operating according to regulation and internal instructions, carry out internal controls and agreed compliance reporting practices.

Within the second line of defence, the Compliance function monitors the regulatory compliance, provides recommendations, and follows up regularly them to ensure they're implemented as planned. Compliance function has a risk-based annual monitoring plan approved by the Board of Directors. The Compliance function has an important role in continuously assessing compliance risks and reporting them to the Board of Directors and the senior management.

The Internal Audit function, within the third line of defence, assesses the adequacy of internal control and risk management, including compliance risks, as part of the annual audit plan.

SUSTAINABILITY RISK

Sustainability risk is defined as an environmental, social or governance event or circumstance the occurrence of which could have an actual or potential adverse material effect on the value of an individual financial instrument or, more broadly, on the value of the bank. Sustainability risks can be divided into environmental, social and governance risks and can materialise in the short, medium or long term.

In its 2023 financial statements S-Bank reports items related to financial activities in accordance with EU taxonomy (EU Taxonomy Regulation, EU 2020/852) in the Annual Report section 'Responsible financing'. The receivables on S-Bank's balance sheet consist mostly of lending to households and housing companies, of which only household housing loans collateralised by residential immovable property are EU taxonomy-eligible receivables.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

GROUP'S 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 Group's highest executive decision-maker is the Group Management Team.

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

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

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

Income statement 2022 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	121 687	5	-5		121 687
Net fee and commission income	47 603	39 664	-72		87 195
Net income from investing activities	2 410	26			2 436
Dividends	80		3		84
Other operating income	8 830	595	10 221	-9 250	10 395
Total income	**180 610**	**40 290**	**10 147**	**-9 250**	**221 796**
Total expenses * **	**-121 139**	**-35 700**	**-17 555**	**9 250**	**-165 145**
Impairment of receivables	-11 960				-11 960
Share of the profits of associated companies				1	1
Operating profit (loss) **	**47 511**	**4 589**	**-7 409**	**1**	**44 693**

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

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

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

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

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

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

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

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

GROUP'S NOTE 4: NET INTEREST INCOME

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

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

GROUP'S NOTE 5: NET FEE AND COMMISSION INCOME

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

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

GROUP'S NOTE 6: NET INCOME FROM INVESTING ACTIVITIES

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

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

GROUP'S NOTE 7: OTHER OPERATING INCOME

(EUR '000)	2023	2022
Other operating income	7 739	10 395
Other operating income, total	**7 739**	**10 395**

Other operating income includes for example administrative fees charged to the S Group. The income for comparison period includes revenue from the sale of receivables.

GROUP'S NOTE 8: PERSONNEL EXPENSES

Personnel expenses (EUR '000)	2023	2022
Salaries and remunerations	-56 778	-48 593
Indirect personnel expenses	-1 867	-1 681
Pension expenses		
Defined contribution pension plans	-10 088	-9 299
Defined benefit plans	32	167
Personnel expenses, total	**-68 702**	**-59 406**

Number of personnel	31 Dec 2023	31 Dec 2022
Permanent full-time	778	722
Permanent part-time	41	27
Fixed-term	28	27
Personnel, total	**847**	**776**

Related party salaries and remunerations are disclosed in Group's note 37.
The defined benefit pension liabilities are specified in Group's note 32.

GROUP'S NOTE 9: DEPRECIATION AND IMPAIRMENT

(EUR '000)	2023	2022
Depreciation of tangible and intangible assets		
Intangible assets	-13 416	-12 230
Tangible assets	-204	-282
Right-of-use assets	-2 418	-2 377
Depreciation of tangible and intangible assets, total	**-16 038**	**-14 889**
Impairment of tangible and intangible assets		
Intangible assets	-715	-411
Tangible assets	-83	0
Impairment of tangible and intangible assets, total	**-798**	**-411**
Depreciation and impairment of tangible and intangible assets, total	**-16 836**	**-15 301**

Impairment losses are recognised for information systems, intangible assets not yet available for use and renovations of leased premises.
The impairment testing of goodwill is specified in Group's note 24.

GROUP'S NOTE 10: OTHER OPERATING EXPENSES

(EUR '000)	2023	2022
Other operating expenses		
Costs related to leases		
Lease expenses on short-term leases	-280	-300
Rental expenses for low value assets	-502	-576
Other operating expenses	-12 868	-11 110
Other operating expenses, total	**-13 649**	**-11 986**
Breakdown of the fees paid to the audit firm		
Audit	-343	-299
Tax consultancy	-62	-17
Other services	-132	-105
Fees paid to the audit firm, total	**-536**	**-420**
Breakdown of fees paid to the Finnish Financial Stability Authority		
Financial stability contribution	-1 291	-1 526
Deposit guarantee fund contribution	-8 228	-7 214
Administrative fee	-62	-36
Fees paid to the Finnish Financial Stability Authority, total	**-9 581**	**-8 776**

The Deposit Guarantee Fund reimbursed the deposit guarantee contribution collected for the Financial Stability Fund in 2022. The impact on the profit from The Deposit Guarantee Fund contribution was EUR 5 206 thousand for the comparison period 2022

GROUP'S NOTE 11: IMPAIRMENT OF RECEIVABLES

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

Expected credit losses and impairment losses recognised during the period

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

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

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

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

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

Risk exposure, summary

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

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

*The ECL provision is recognised as a single amount in order to reduce the balance sheet item Receivables from customers.
**The ECL provision is recognised in the fair value reserve under other comprehensive income.
***The ECL provision is recognised on the balance sheet under ‘Other liabilities’.

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

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

Exposure to credit risk (lending to household customers)

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

	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)

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

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

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

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

Reconciliation of expected credit losses (lending to household customers)

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

	Lending to household customers			
(EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2022	**1 734**	**10 371**	**6 301**	**18 406**
Transfers from Stage 1 to Stage 2	-255	3 951	0	3 696
Transfers from Stage 1 to Stage 3	-55	0	2 356	2 301
Transfers from Stage 2 to Stage 1	102	-3 101	0	-2 999
Transfers from Stage 2 to Stage 3	0	-882	3 392	2 511
Transfers from Stage 3 to Stage 1	2	0	-287	-285
Transfers from Stage 3 to Stage 2	0	107	-785	-678
Changes in the risk parameters	-404	-1 136	-164	-1 703
Increases due to origination and acquisition	555	1 592	911	3 058
Decreases due to derecognition	-209	-835	-549	-1 593
Decrease in the allowance account due to write-offs	-31	-813	-1 150	-1 994
Net change in ECL	-295	-1 116	3 726	2 314
ECL 31 Dec 2022	**1 438**	**9 256**	**10 026**	**20 720**

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

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

	Corporate lending, investing activities and off-balance sheet commitments			
(EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2022	**914**	**1 297**	**29**	**2 240**
Transfers from Stage 1 to Stage 2	-20	278	0	258
Transfers from Stage 1 to Stage 3	-1	0	12	12
Transfers from Stage 2 to Stage 1	12	-306	0	-294
Transfers from Stage 2 to Stage 3	0	-12	7	-5
Transfers from Stage 3 to Stage 1	0	0	-13	-13
Transfers from Stage 3 to Stage 2	0	2	-1	1
Changes in the risk parameters	-128	-194	1	-322
Increases due to origination and acquisition	178	269	10	458
Decreases due to derecognition	-258	-192	-5	-455
Decrease in the allowance account due to write-offs	-1	-62	-2	-65
Net change in ECL	-217	-217	9	-425
ECL 31 Dec 2022	**697**	**1 081**	**38**	**1 815**

GROUP'S NOTE 12: SHARE OF THE PROFITS OF ASSOCIATED COMPANIES

At the end of the financial year, S-Bank had one associated company, S-Crosskey Ab.

S-Crosskey Ab is an IT services company jointly owned by S-Bank Plc and Crosskey Banking Solutions Ab Ltd. S-Bank Plc owns 40 per cent and Crosskey 60 per cent of the company. The company sells banking information systems for banking and related activities and provides consulting services in these areas. The company mostly provides services only to S-Bank Plc.

Associated companies	Domicile	Share of ownership 31 Dec 2023	31 Dec 2022
S-Crosskey Ab	Mariehamn	40%	40%

Associated companies have been consolidated by using the equity method.

Summary of financial information concerning significant associated companies (S-Crosskey Ab) (EUR '000)	2023	2022
Total assets 31 December	1 212	1 035
Total liabilities 31 December	1 171	999
Revenue	13 567	12 868
Profit (loss) for the period	5	3

Reconciliation of associated companies' financial information to book value on the balance sheet (S-Crosskey Ab) (EUR '000)	31 Dec 2023	31 Dec 2022
Associated company net assets	41	36
Group holding	40%	40%
Adjustments	-9	-9
The balance sheet value of the associated company in the consolidated balance sheet	7	5

GROUP'S NOTE 13: INCOME TAXES

Tax assets and liabilities (EUR '000)	31 Dec 2023	31 Dec 2022
Tax assets		
Deferred tax assets	4 486	6 132
Tax assets based on taxable income for the financial year	1 314	1 266
Tax assets, total	**5 801**	**7 398**
Tax liabilities		
Deferred tax liabilities	4 925	4 526
Tax liabilities based on taxable income for the financial year	14 099	4 458
Tax liabilities, total	**19 024**	**8 984**

Reconciliation of taxes at current tax rates with those in the income statement (EUR '000)	2023	2022
Profit before tax	147 407	44 693
Income tax rate	20%	20%
Proportion of profit by tax rate	-29 481	-8 939
Persistent differences *	2 681	520
Temporary differences *	17	-11
Tax-exempt income	1	0
Non-deductible expenses	-2 659	-444
Taxes for previous periods	18	-11
Income taxes, total	**-29 422**	**-8 884**
Average effective tax rate	20%	20%

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. Temporary differences arising from leases are presented as a separate line item.

Income taxes (EUR '000)	2023	2022
Taxes for the period	-30 275	-9 487
Taxes for previous periods	18	-11
Change in deferred taxes	834	614
Income taxes, total	**-29 422**	**-8 884**

Deferred taxes in the comprehensive income statement (EUR '000)	2023	2022
Deferred taxes on financial assets	-2 865	5 240
Deferred taxes on defined benefit plans	-14	-36
Deferred taxes in the comprehensive income statements, total	**-2 880**	**5 204**

Changes in deferred tax assets and liabilities

(EUR '000)	31 Dec 2022	Through other comprehensive income	Through profit or loss	31 Dec 2023
Deferred tax assets				
Measured at fair value	4 908	-2 862	51	2 096
Fee accruals	511		-14	497
Confirmed losses	19		-19	0
Mergers and acquisitions	634		-196	438
Leases *	-		1 415	1 415
Other items **	61	-14	-6	40
Deferred tax assets, total	**6 132**	**-2 877**	**1 231**	**4 486**
Deferred tax liabilities				
Measured at fair value	57	3		60
Mergers and acquisitions	600		-130	469
Intangible assets	1 052		-244	808
Appropriations ***	911		79	990
Provisions and loan impairment	1 907		-715	1 192
Leases *	-		1 406	1 406
Deferred tax liabilities, total	**4 526**	**3**	**396**	**4 925**

(EUR '000)	31 Dec 2021	Through other comprehensive income	Through profit or loss	31 Dec 2022
Deferred tax assets				
Measured at fair value	0	4 800	108	4 908
Fee accruals	476		35	511
Confirmed losses	19		0	19
Mergers and acquisitions	830		-196	634
Other items **	130	-36	-33	61
Deferred tax assets, total	**1 455**	**4 764**	**-87**	**6 132**
Deferred tax liabilities				
Measured at fair value	496	-440		57
Mergers and acquisitions	751		-151	600
Intangible assets	1 204		-152	1 052
Appropriations ***	948		-37	911
Provisions and loan impairment	2 267		-360	1 907
Deferred tax liabilities, total	**5 667**	**-440**	**-701**	**4 526**

* Deferred taxes from leases are presented in more detail in Group's note 25. The tax effect was not amended for the financial year 2022.
** Other items include changes in employee benefits.
*** Appropriations include changes in depreciation differences.

NOTES TO THE CONSOLIDATED BALANCE SHEET

GROUP'S NOTE 14: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Classes of financial liabilities 31 Dec 2022 (EUR '000)	Amortised cost	Fair value through profit or loss		Total
		Measured at fair value	Derivatives in hedge accounting	
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**

GROUP'S NOTE 15: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES, AND THE HIERARCHY OF FAIR VALUES

Classification of financial instruments according to the valuation method

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

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

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

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

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

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

Transfers between Levels 1 and 2

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

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

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

GROUP'S NOTE 16: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO MATURITY

31 Dec 2023 (EUR '000)	0-3 months	3-12 months	1-5 years	More than 5 years	Total
Cash and cash equivalents	2 207 041				2 207 041
Debt securities eligible for refinancing with central banks	38 501	99 934	428 172	5 128	571 735
Receivables from credit institutions	9 420	0	0	0	9 420
Receivables from customers	176 163	473 688	1 688 949	4 596 171	6 934 971
Debt securities	32 328	17 045	77 920	0	127 293
Derivatives	259	939	30 152	0	31 349
Financial assets, total	**2 463 711**	**591 605**	**2 225 193**	**4 601 299**	**9 881 809**
Liabilities to credit institutions	34 231	0	0	0	34 231
Liabilities to customers	7 875 660	349 634	14 369	1	8 239 664
Issued bonds	18 077	0	868 818	0	886 895
Subordinated debts	0	0	18 333	83 000	101 333
Derivatives	0	0	829	0	829
Lease liabilities	1	149	6 927	0	7 077
Financial liabilities, total	**7 927 968**	**349 783**	**909 277**	**83 001**	**9 270 029**

31 Dec 2022 (EUR '000) *	0-3 months	3-12 months	1-5 years	More than 5 years	Total
Cash and cash equivalents	1 368 195				1 368 195
Debt securities eligible for refinancing with central banks	45 910	146 676	316 706	47 631	556 923
Receivables from credit institutions	9 215	0	0	0	9 215
Receivables from customers	190 343	386 584	1 641 762	4 476 564	6 695 255
Debt securities	10 963	12 139	99 176	17 507	139 785
Derivatives	104	1 838	12 340	9 979	24 261
Financial assets, total	**1 624 731**	**547 238**	**2 069 984**	**4 551 681**	**8 793 634**
Liabilities to credit institutions	23 156	0	0	0	23 156
Liabilities to customers	7 908 579	58 752	16 228	1	7 983 559
Issued bonds	0	0	219 270	0	219 270
Subordinated debts	0	5 667	40 033	61 300	107 000
Derivatives	7	0	0	0	7
Lease liabilities	3	164	4 615	0	4 783
Financial liabilities, total	**7 931 745**	**64 583**	**280 146**	**61 301**	**8 337 775**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. Maturity of more than 10 years is not presented as a separate line item.

GROUP'S NOTE 17: CASH AND CASH EQUIVALENTS

(EUR '000)	31 Dec 2023	31 Dec 2022
Cash	58 985	59 413
Receivables from central banks	2 148 056	1 308 782
Cash and cash equivalents, total	**2 207 041**	**1 368 195**

GROUP'S NOTE 18: DEBT SECURITIES ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS

(EUR '000)	31 Dec 2023	31 Dec 2022
Measured at fair value through other comprehensive income		
Public corporations	40 360	39 543
Credit institutions	505 042	486 023
Other financial institutions	7 406	7 129
Companies outside the financial sector	18 926	24 228
Debt securities eligible for refinancing with central banks, total	**571 735**	**556 923**

The credit risk of debt securities and the effects of expected credit losses are described in Group's note 2.

GROUP'S NOTE 19: RECEIVABLES FROM CREDIT INSTITUTIONS

(EUR '000)	31 Dec 2023	31 Dec 2022
Repayable on demand	2 321	2 633
Other than repayable on demand	7 099	6 582
Receivables from credit institutions, total	**9 420**	**9 215**

Credit risk on receivables from credit institutions and the effects of expected credit losses are described in Group's note 2.

GROUP'S NOTE 20: RECEIVABLES FROM CUSTOMERS

(EUR '000)	31 Dec 2023	Loss allowance *
Household customers	5 766 057	31 346
Secured loans	4 894 440	15 978
Unsecured loans	871 617	15 368
Corporate customers	1 168 914	3 189
Receivables from customers, total	**6 934 971**	**34 535**

(EUR '000)	31 Dec 2022	Loss allowance *
Household customers	5 600 647	20 720
Secured loans	4 753 697	11 292
Unsecured loans	846 949	9 429
Corporate customers	1 094 608	591
Receivables from customers, total	**6 695 255**	**21 312**

* The loss allowance is the expected credit loss included in each item.
The credit risk of receivables from customers and the impact of expected credit losses are described in Group's note 2.

GROUP'S NOTE 21: DEBT SECURITIES

(EUR '000)	31 Dec 2023	31 Dec 2022
Measured at fair value through other comprehensive income		
Debt securities		
Credit institutions	37 705	54 582
Companies outside the financial sector	64 746	83 224
Measured at fair value through other comprehensive income, total	**102 451**	**137 806**
of which publicly quoted	102 451	137 806
Measured at fair value through profit or loss		
Municipal papers		
Public corporations	24 842	1 979
Measured at fair value through profit or loss, total	**24 842**	**1 979**
Debt securities, total	**127 293**	**139 785**

The credit risk of debt securities and the effects of expected credit losses are described in Group's note 2.

GROUP'S NOTE 22: DERIVATIVES AND HEDGE ACCOUNTING

Derivatives, hedge accounting and evaluation of its effectiveness are discussed in Group's note 1, section Derivatives and hedge accounting. The same note also explains the treatment of derivatives' valuation in chapter Measuring financial instruments at fair value.

S-Bank applies fair value hedging to derivative contracts entered into for the purpose of hedging the fair value changes of assets exposed to the interest rate risk. S-Bank hedges the risk related to changes in fair value mainly in the case of securities with a fixed interest rate, which are exposed to the interest rate risk.

The principles of risk management are described in Group's note 2. Sections Market risk and in particular Interest rate risk in the banking book contain information on the use of derivatives in hedge accounting and their impact on S-Bank's financial position and results.

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

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

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

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

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2023 (EUR '000)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	621 959	0	12 425	0	Debt securities	11 337
Bonds *	0	-499 214	0	-17 657	Issued bonds	-18 077
Hedged items, total	**621 959**	**-499 214**	**12 425**	**-17 657**		**-6 740**

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

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

* New hedged item. No comparison amounts.

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

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2022 (EUR '000)	Assets	Liabilities	Assets	Liabilities	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedged item						
Debt securities *	661 116	0	23 762	0	Debt securities	-31 527
Hedged items, total	**661 116**	**0**	**23 762**	**0**		**-31 527**

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

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

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

The accounting policies for hedge accounting are described in the Group's note 1 under Derivates and hedge accounting.

GROUP'S NOTE 23: SHARES AND INTERESTS

(EUR '000)	31 Dec 2023	31 Dec 2022
Measured at fair value through other comprehensive income		
Other financial institutions	18	18,2
Companies outside the financial sector	749	734
Measured at fair value through other comprehensive income, total	**767**	**752**
Measured at fair value through profit or loss		
Credit institutions	6 182	5 091
Companies outside the financial sector	11 931	14 822
Measured at fair value through profit or loss, total	**18 114**	**19 913**
of which publicly quoted	18 114	19 913
Shares and interests, total	**18 881**	**20 665**

The fair value hierarchy levels of shares and interests are specified in Group's note 15.

The Group's subsidiaries' holdings and shares in Suomen Luotto-osuuskunta, SWIFT, DIAS Digitaalinen Asuntokauppa and APV Sijoitustutkinnot Oy are included in shares and interests measured at fair value through other comprehensive income.

GROUP'S NOTE 24: INTANGIBLE ASSETS

Changes in intangible assets 2023 (EUR '000)	Intangible rights	IT systems	Projects in progress	Goodwill	Total
Acquisition cost 1 Jan 2023	5 039	120 905	11 789	37 997	175 731
Increases	0	46	9 413	0	9 459
Decreases	0	-503	-511	0	-1 014
Transfers between items	0	7 640	-7 976	0	-336
Acquisition cost 31 Dec 2023	5 039	128 088	12 716	37 997	183 841
Accumulated amortisation, depreciation and impairment 1 Jan 2023	-2 039	-90 613		-12 748	-105 400
Accumulated amortisation for allowances and transfers	0	839		0	839
Depreciation	-652	-12 764		0	-13 416
Impairments	0	-263		0	-263
Accumulated amortisation, depreciation and impairment 31 Dec 2023	-2 692	-102 801		-12 748	-118 240
Carrying amount 1 Jan 2023	3 000	30 292	11 789	25 250	70 331
Carrying amount 31 Dec 2023	**2 347**	**25 287**	**12 716**	**25 250**	**65 600**

Changes in intangible assets 2022 (EUR '000)	Intangible rights	IT systems	Projects in progress	Goodwill	Total
Acquisition cost 1 Jan 2022	5 039	109 132	14 436	37 997	166 605
Increases	0	37	9 965	0	10 001
Decreases	0	-565	-100	0	-665
Transfers between items	0	12 301	-12 511	0	-210
Acquisition cost 31 Dec 2022	5 039	120 905	11 789	37 997	175 731
Accumulated amortisation, depreciation and impairment 1 Jan 2022	-1 282	-79 224		-12 748	-93 254
Accumulated amortisation for allowances and transfers	0	395		0	395
Depreciation	-757	-11 473		0	-12 230
Impairments	0	-311		0	-311
Accumulated amortisation, depreciation and impairment 31 Dec 2022	-2 039	-90 613		-12 748	-105 400
Carrying amount 1 Jan 2022	3 757	29 908	14 436	25 250	73 351
Carrying amount 31 Dec 2022	**3 000**	**30 292**	**11 789**	**25 250**	**70 331**

Intangible assets include information systems that are essential for the Group's business operations and any work in progress related to the development of these information systems. During the reporting period 2023, the most significant increases in projects in progress were due to work on S-mobiili and digital services development projects. Intangible assets, most of which are IT projects, are evaluated annually in conjunction with the budgeting process. Based on an assessment, an impairment loss of EUR 263 thousand (311) was recognised in the reporting period.

Goodwill-impairments testing

Goodwill is allocated to the following cash-generating unit:

Goodwill (EUR '000)	31 Dec 2023	31 Dec 2022
Wealth Management	25 250	25 250
Goodwill, total	**25 250**	**25 250**

In the S-Bank Group, goodwill is currently allocated to the Wealth Management segment.

Impairments

The S-Bank Group has tested goodwill as per 31 December 2023 and 31 December 2022 and has not identified any need for impairment charges.

Testing and sensitivity analysis

Impairment testing compares the balance-sheet value of a cash-generating unit to the amount recoverable from the business in question. The amount recoverable from the Wealth Management business is based on its value in use, in which the estimated future cash flows of the business are discounted to their present value using a discount rate that reflects the pre-tax cost of the capital of the cash generating unit.

The expected cash flows from the Wealth Management business are based on financial plans approved by management covering a three-year period. Cash flows beyond this period have been derived using a growth factor of 2 per cent, which is estimated not to exceed the long-term actual growth of the industry. The pre-tax Weighted Average Cost of Capital (WACC) used as the discount rate is influenced by risk-free interest rates, market and country risk premiums, industry beta, the cost of debt and the capital structure. The discount rate was 10.6 per cent on 31 December 2023 and 12.1 per cent on 31 December 2022.

The key variables in impairment testing are the profit of the Wealth Management business, the discount rate and the growth factor after the three-year forecast period. The cash flows are based on a three-year financial planning. The terminal value of cash flows beyond this period is calculated based on the average of the cash flows for previously mentioned three-year period. The amount of cash that, based on the calculation, can be accrued from the business exceeded the cash-flow generating units balance value by approximately EUR 14 million in impairment testing as per 31 December 2023. According to our estimate, a change of +2 percentage points in the discount rate or -1 percentage point in the growth factor beyond a three-year period could be possible. Such changes, however, would not lead to a situation that would result a need for write-down.

GROUP'S NOTE 25: TANGIBLE ASSETS

Changes in tangible assets 2023 (EUR '000)	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Right-of-use assets	Total tangible assets
Acquisition cost 1 Jan 2023	865	1 553	17	8 942	11 377
Increases	0	0	66	289	355
Decreases	0	0	-83	-27	-110
Contractual changes	0	0	0	-705	-705
Transfers between items	0	0	0	-253	-253
Acquisition cost 31 Dec 2023	865	1 553	0	8 247	10 664
Accumulated amortisation, depreciation and impairment 1 Jan 2023	-862	-1 003		-4 244	-6 109
Accumulated amortisation for allowances and transfers	0	0		5 448	5 448
Depreciation	-1	-203		-2 418	-2 622
Accumulated amortisation, depreciation and impairment 31 Dec 2023	-863	-1 207		-1 214	-3 283
Carrying amount 1 Jan 2023	3	549	17	4 699	5 268
Carrying amount 31 Dec 2023	**2**	**346**	**0**	**7 032**	**7 381**

Changes in tangible assets 2022 (EUR '000)	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Right-of-use assets	Total tangible assets
Acquisition cost 1 Jan 2022	865	1 514	0	10 043	12 422
Increases	0	0	55	233	288
Decreases	0	0	0	-340	-340
Contractual changes	0	0	0	-868	-868
Transfers between items	0	38	-38	-125	-125
Acquisition cost 31 Dec 2022	865	1 553	17	8 942	11 377
Accumulated amortisation, depreciation and impairment 1 Jan 2022	-861	-722		-3 390	-4 973
Accumulated amortisation for allowances and transfers	0	0		1 523	1 523
Depreciation	-1	-281		-2 377	-2 659
Accumulated amortisation, depreciation and impairment 31 Dec 2022	-862	-1 003		-4 244	-6 109
Carrying amount 1 Jan 2022	4	792	0	6 653	7 449
Carrying amount 31 Dec 2022	**3**	**549**	**17**	**4 699**	**5 268**

Right-of-use assets and lease liabilities

Right-of-use assets consist of premises under leases, leased vehicles, and IT systems and equipment.

Changes in right-of-use assets 2023 (EUR '000)	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Right-of-use assets, total
Acquisition cost 1 Jan 2023	8 116	826	8 942
Increases	0	289	289
Decreases	0	-27	-27
Contractual changes	-644	-62	-705
Transfers between items	-91	-161	-253
Acquisition cost 31 Dec 2023	7 381	866	8 247
Accumulated amortisation, depreciation and impairment 1 Jan 2023	-3 862	-381	-4 244
Accumulated amortisation for allowances and transfer	5 173	274	5 448
Depreciation	-2 129	-289	-2 418
Accumulated amortisation, depreciation and impairment 31 Dec 2023	-818	-396	-1 214
Carrying amount 1 Jan 2023	4 253	445	4 699
Carrying amount 31 Dec 2023	**6 562**	**470**	**7 032**

Changes in right-of-use assets 2022 (EUR '000)	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Right-of-use assets, total
Acquisition cost 1 Jan 2022	9 242	801	10 043
Increases	0	233	233
Decreases	-295	-45	-340
Contractual changes	-831	-37	-868
Transfers between items	0	-125	-125
Acquisition cost 31 Dec 2022	8 116	826	8 942
Accumulated amortisation, depreciation and impairment 1 Jan 2022	-3 068	-322	-3 390
Accumulated amortisation for allowances and transfer	1 303	221	1 523
Depreciation	-2 097	-280	-2 377
Accumulated amortisation, depreciation and impairment 31 Dec 2022	-3 862	-381	-4 244
Carrying amount 1 Jan 2022	6 174	479	6 653
Carrying amount 31 Dec 2022	**4 253**	**445**	**4 699**

Deferred taxes from leases (EUR '000)	31 Dec 2023	31 Dec 2022
Deferred tax assets	1 406	940
Deferred tax liabilities	1 415	957
Net tax effect *	**-9**	**-17**

* The impact of Deferred Tax related to Assets and Liabilities arising from a Single Transaction amendments to IAS 12 Income Taxes -standard was not amended for the financial year 2022.

Lease liabilities (EUR '000)	31 Dec 2023	31 Dec 2022
Long-term lease liabilities	4 967	2 452
Short-term lease liabilities	2 110	2 330
Lease liabilities, total	**7 077**	**4 783**

Lease liabilities are included in Other liabilities.
The maturity breakdown of lease liabilities is presented in Group's note 16.

Items recognised in the income statement (EUR '000)	2023	2022
Interest expenses on leases	-25	1
Lease expenses on short-term leases	-280	-300
Rental expenses for low value assets	-573	-595
Depreciation of right-of-use assets, buildings	-2 129	-2 097
Depreciation of right-of-use assets, machinery and equipment	-289	-280
Items recognised in the income statement, total	**-3 295**	**-3 271**

Cash flow from leases (EUR '000)	2023	2022
Cash flow from leases, total	**-3 433**	**-3 235**

GROUP'S NOTE 26: PREPAYMENTS AND ACCRUED INCOME

(EUR '000)	31 Dec 2023	31 Dec 2022
Interest receivables	43 308	19 359
Fee claims *	9 012	8 713
Other receivables *	10 066	17 270
Prepayments	451	638
Prepayments and accrued income, total	**62 837**	**45 979**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements.
The uncertain fee claims were moved from Other receivables to Fee claims.
Other receivables include accrued expenses related to amortised purchase invoices, personnel expenses and accrued income from other receivables.

GROUP'S NOTE 27: OTHER ASSETS

(EUR '000)	31 Dec 2023	31 Dec 2022
Receivables from payment transactions	10 461	5 161
Accounts receivable	6 007	3 492
Other receivables	262	314
Other assets, total	**16 731**	**8 967**

GROUP'S NOTE 28: LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR '000)	31 Dec 2023	31 Dec 2022
Liabilities to credit institutions		
Repayable on demand	0	1
Other than repayable on demand	34 231	23 156
Liabilities to credit institutions, total	**34 231**	**23 156**
Liabilities to customers		
Deposits		
Repayable on demand	7 581 569	7 845 434
Other than repayable on demand	594 317	80 156
Other liabilities		
Repayable on demand	56 125	54 283
Other than repayable on demand	7 653	3 686
Liabilities to customers, total	**8 239 664**	**7 983 559**
Liabilities to credit institutions and customers, total	**8 273 895**	**8 006 716**

GROUP'S NOTE 29: ISSUED BONDS

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

GROUP'S NOTE 30: SUBORDINATED DEBTS

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

Terms of debenture loans

Debenture loans are subordinated to the bank's other debt obligations. In capital adequacy calculation, debenture loans are classified under Tier 2 capital in accordance with the CRR Regulation.

The detailed terms and conditions of the debenture loans are described in the EU CCA table of the Pillar 3 report ('Capital and Risk Management Report'). The report is published separately from the financial statements and is available on S-Bank's website.

GROUP'S NOTE 31: ACCRUED EXPENSES

(EUR '000)	31 Dec 2023	31 Dec 2022
Interest payable	18 401	3 183
Accrued expenses associated with personnel expenses	21 236	17 601
Other accrued expenses	13 737	9 466
Accrued expenses, total	**53 374**	**30 250**

Other accrued expenses include accrued expenses related to amortised purchase invoices and not included in other liabilities.

GROUP'S NOTE 32: OTHER LIABILITIES AND PROVISIONS

(EUR '000)	31 Dec 2023	31 Dec 2022
Lease liabilities	7 077	4 783
Payables arising from payment transactions	36 815	34 913
Other	30 332	15 782
Other liabilities, total	**74 224**	**55 477**
Defined benefit plans	200	303
Provisions, total	**200**	**303**
Other liabilities and provisions, total	**74 424**	**55 780**

Lease liabilities are further specified under Group's note 25.
Item Other under Other liabilities includes the Group's accounts payable, withholding liabilities, commissions payable and impairment charges on guarantees and off-balance sheet items.

Defined benefit pension plan

In addition to statutory pension insurance (TyEL), S-Bank Group has a defined benefit pension plan. It is a voluntary supplementary pension scheme that is provided by an insurance company and financed by contributions to the insurance company. In defined benefit plans, the amount of the retirement benefit at the time of retirement is determined by certain factors such as salary and years of service. The assets of the defined benefit plan consist mainly of the payments made by S-Bank to the scheme and their proceeds.

Pension liability on the balance sheet (EUR '000)	31 Dec 2023	31 Dec 2022
Present value of the defined benefit obligation	1 093	1 354
Fair value of defined benefit plan assets	-893	-1 051
Net debt arising from a defined benefit plan	**200**	**303**

Reconciliation statement of the opening and closing balances of the net defined benefit liabilities and their components

(EUR '000)	Present value of the obligation		The fair value of plan assets		Net debt	
	2023	2022	2023	2022	2023	2022
Opening balance sheet 1 January	**1 354**	**2 968**	**1 051**	**2 320**	**303**	**649**
Items recognised in the income statement						
Expense based on time of service in the period	90	319			90	319
Interest expense/income	45	27	37	23	8	4
Total	**135**	**346**	**37**	**23**	**98**	**323**
Items recognised in other comprehensive income						
Items due to reassessment:						
Actuarial gains/losses (-/+) based on changes in financial factors	-287	-979			-287	-979
Actuarial gains/losses (-/+) based on empirical changes	-48	-97			-48	-97
Return on plan assets excluding interest income/expense (+/-)			-265	-898	265	898
Total	**-336**	**-1076**	**-265**	**-898**	**-71**	**-179**
Other						
Benefits paid	-60	-884	-60	-884	0	0
Contributions to defined benefit plan			130	490	-130	-490
Total	**-60**	**-884**	**70**	**-394**	**-130**	**-490**
Closing balance sheet 31 December	**1 093**	**1 354**	**893**	**1 051**	**200**	**303**

The duration based on the weighted average of the obligation is 24 years (27). S-Bank estimates that the expected payment under the defined benefit plan will be approximately EUR 136 thousand in 2024 (135).

At the end of the reporting period, the following major actuarial assumptions were applied:

	31 Dec 2023	31 Dec 2022
Discount rate	4.30%	3.30%
Increase in salaries	2.70%	2.70%
Inflation	2.70%	2.70%

Mortality assumptions are made based on actuarial guidance and are founded on published statistics and experience. These assumptions are used to derive an average life expectancy for a person retiring at the age of 65 years.

The following table presents a sensitivity analysis of the effect of the change in the discount rate used in the plan on the defined benefit pension liability. The sensitivity analysis is calculated in such a way that all other assumptions are assumed to remain unchanged when calculating the effect of a change in assumption.

	2023		2022	
Sensitivity analysis (EUR '000)	**Increase**	**Decrease**	**Increase**	**Decrease**
Change when the discount rate changes by +/- 0.5 percentage points	160	248	246	371

GROUP'S NOTE 33: EQUITY ITEMS

(EUR '000)	31 Dec 2023	31 Dec 2022
Share capital	82 880	82 880
Reserves	275 148	263 148
Fair value reserve	-8 680	-20 680
Reserve for invested non-restricted equity	283 828	283 828
Retained earnings	291 244	178 213
Retained earnings (losses)	173 259	142 404
Profit (loss) for the period	117 985	35 809
Total equity	**649 272**	**524 241**
Parent company's shareholders	649 272	524 241

S-Bank Plc has only one share class. The share class is not specifically named, and the articles of association do not specify the maximum number of shares or the nominal value of a share. No rights or restrictions on the share class are specified in the Articles of Association. S-Bank has not issued its own shares to the public and neither S-Bank nor its subsidiary holds any of its own shares.

Number of shares	31 Dec 2023	31 Dec 2022
Shares outstanding at the beginning of the period	6 680 180	6 680 180
Shares outstanding at the end of the period	6 680 180	6 680 180

DESCRIPTION OF EQUITY ITEMS

Share capital
The share capital includes shares subscribed and paid for by the owners of the parent company. The owners of the parent company also hold shares whose subscription price is recorded in the reserve for invested non-restricted equity.

Fair value reserve
The reserve includes the change in the cumulative fair value, less deferred tax, of financial assets and financial liabilities at fair value through other comprehensive income. The change in fair value is recognised in the income statement when these financial assets or liabilities are written off or impaired. Assets measured at fair value are classified in three hierarchy levels. The hierarchy levels are shown in Group's note 15.

Reserve for invested non-restricted equity
The reserve is made up of shareholders' investments and was established by a decision of the general meeting. New capital may be recorded in the reserve, or it may be reduced, only by decision of a General Meeting to the extent permitted by law.

Retained earnings
Retained earnings are assets that have been accumulated in the previous financial years of Group companies and that have not been distributed to owners.

Dividend distribution to the parent company's shareholders
S-Bank Plc paid a dividend EUR 0.75 per share, totalling EUR 5 010 135.00 in 2023.

The Board of Directors proposes to the 2024 Annual General Meeting of S-Bank Plc that a dividend of EUR 1.50 per share, totalling EUR 10 020 270.00 shall be paid from parent company's distributable assets.

OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GROUP'S NOTE 34: COLLATERAL GIVEN

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

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

GROUP'S NOTE 35: OFFSETTING FINANCIAL ASSETS AND LIABILITIES

31 Dec 2023	Gross amount financial assets and liabilities netted on the balance sheet incl. Interests	Financial assets and liabilities netted on the balance sheet	Financial assets and liabilities netted on the balance sheet incl. Interests	Cash provided as collateral	Net amount
Financial assets					
Derivatives	13 630	483	13 693		
Financial liabilities					
Derivatives	905	-76	829	29 974	30 803

31 Dec 2022	Gross amount financial assets and liabilities netted on the balance sheet incl. Interests	Financial assets and liabilities netted on the balance sheet	Financial assets and liabilities netted on the balance sheet incl. Interests	Cash provided as collateral	Net amount
Financial assets					
Derivatives	23 751	510	24 261		
Financial liabilities					
Derivatives	307	-28	279	17 985	18 264

Financial assets and financial liabilities are offset against each other, and a net amount is recognised in the balance sheet when there is a legally enforceable right to set off the amounts recognised, and a net settlement is to be made.

The following financial assets and liabilities are subject to enforceable master netting agreements:

Cash received as collateral is included in the balance sheet item Receivables from credit institutions. Cash received as collateral is included in the balance sheet item Liabilities to credit institutions.

GROUP'S NOTE 36: OFF-BALANCE SHEET COMMITMENTS

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

The expected credit loss on off-balance sheet items is EUR 1 879 thousand (841 thousand).

GROUP'S NOTE 37: CORPORATE STRUCTURE AND RELATED PARTIES

S-Bank Plc is the parent company of the S-Bank Group. S-Bank Plc is a deposit bank that engages in credit institution activities and related activities in accordance with the Act on Credit Institutions and provides investment services in accordance with the Act on Investment Services. 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 has two wholly owned subsidiaries: S-Bank Fund Management Ltd and S-Asiakaspalvelu Oy. S-Bank Private Equity Funds Ltd merged with S-Bank Fund Management Ltd on 30 September 2022.

S-Bank Fund Management Ltd manages the S-Bank funds and private equity funds. In addition, S-Bank Fund Management Ltd provides portfolio management services for private equity funds and is responsible for the portfolio management of the real estate and forest funds and non-UCITS funds that invest in unlisted companies.

S-Asiakaspalvelu Oy provides customer services and data processing-related and other services related to the core operations of a credit institution in its capacity as a service company in accordance with the Act on Credit Institutions.

S-Bank Properties Ltd specialises in property management services for investors, property owners and tenants. In addition to real estate portfolio management, property management services and real estate development, the company focuses on the implementation and management of joint venture projects.

S-Bank Impact Investing Ltd manages impact investment funds, acts as general partner and manages interventions.

FIM Real Estate Ltd, FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund I GP Oy, FIM SIB Oy and S-Pankki Vaikuttavuus I GP Oy act as general partners in the funds managed by S-Bank Fund Management Ltd. These companies do not engage in any other business operations.

S-Bank's subsidiaries include the following companies:

		Share of ownership	
Subsidiaries	**Domicile**	**31 Dec 2023**	**31 Dec 2022**
S-Bank Fund Management Ltd	Helsinki	100%	100%
S-Asiakaspalvelu Oy	Helsinki	100%	100%
S-Bank Properties Ltd	Helsinki	100%	100%
S-Bank Impact Investing Ltd	Helsinki	100%	100%
FIM Real Estate Ltd	Helsinki	100%	100%
FIM Infrastructure Mezzanine Debt Fund GP Oy	Helsinki	100%	100%
FIM Infrastructure Mezzanine Debt Fund III GP Oy	Helsinki	100%	100%
FIM Private Debt Fund I GP Oy	Helsinki	100%	100%
FIM SIB Oy	Helsinki	100%	100%
S-Pankki Vaikuttavuus I GP Oy	Helsinki	100%	100%

The subsidiaries have been consolidated using the acquisition method.

Business combinations in 2023

No business combinations were carried out in 2023 nor in comparison period 2022.

Information on structured non-consolidated entities

S-Bank acts as the general partner in limited partnership funds, which are structured entities. The companies of the S-Bank Group do not have any holdings in these funds that would significantly expose the Group to variable returns and are therefore not consolidated in the consolidated financial statements.

Structured entities include

- mutual and non-UCITS funds managed by S-Bank Fund Management Ltd,
- alternative funds managed by S-Bank Fund Management Ltd, with FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Infrastructure Mezzanine Debt Fund III GP Oy, FIM Private Debt Fund GP Oy, FIM SIB Oy and S-Pankki Vastuullisuus I GP Oy as general partners,
- alternative funds managed by S-Bank Impact Investing Ltd, and
- real estate funds with FIM Real Estate Ltd as the general partner.

The management companies steer the relevant activities of the funds by confirming their rules and investment policies. Portfolio management makes investment decisions in accordance with the fund rules. Group's maximum risk of losses arising from funds is limited to the group's direct investments in funds, the loans granted to funds and the capital contributions as general partner. The Group mainly acts as a management company in the funds. The Group has direct investments in only three funds.

Structured entities not included in the consolidated financial statements (EUR '000)	31 Dec 2023	31 Dec 2022
Structured entities in which the Group has an investment		
Total assets	22 022	18 580
Group investment	2 282	2 207
Total liabilities	19 739	16 373
Structured entities in which the Group has no exposure		
Total assets	4 287 361	3 907 208
Total liabilities	4 287 361	3 907 208

Related party information

The related parties of S-Bank include key persons, their immediate family members and organisations that belong to the related parties. Key management persons include the members and deputies of S-Bank's Board of Directors, the CEO and Deputy CEO of S-Bank and the members of the Group Management Team. Related parties include S-Bank's subsidiaries and associated companies, SOK (which owns 49.99 per cent of S-Bank), and SOK Corporation's subsidiaries, joint ventures and associated companies. In addition, the related parties include companies in which the persons considered to be related parties have control or significant influence.

Loans granted to related parties are subject to standard customer terms and conditions.

Management compensation 2023 (EUR '000)	Salaries and other short-term employee benefits	Post-employment benefits	Long-term defined contribution pension plans
Riikka Laine-Tolonen, CEO *	184		53
Hanna Porkka, Deputy to the CEO **	384	25	99
Group Management Team excl. CEO and Deputy to the CEO	1 549		252
Management compensation, total	**2 117**	**25**	**404**

Management compensation 2022 (EUR '000)	Salaries and other short-term employee benefits	Post-employment benefits	Long-term defined contribution pension plans
Pekka Ylihurula, CEO ***	370	127	94
Hanna Porkka, Interim CEO **	347		75
Group Management Team excl. CEO and Interim CEO	1 408		248
Management compensation, total	**2 125**	**127**	**417**

* Since 26 April 2023.
** Deputy to the CEO until 31 May 2022. Interim CEO from 1 June 2022 to 25 April 2023. Deputy to the CEO until 29 September 2023.
*** Until 31 May 2022.

Board of Directors' remuneration (EUR '000)	2023	2022
Jari Annala, Chair of the Board	53	39
Jorma Vehviläinen, Vice Chair of the Board	38	28
Heli Arantola	12	35
Tom Dahlström	26	
Kati Hagros	25	
Veli-Matti Liimatainen	35	26
Hillevi Mannonen	38	42
Olli Vormisto	37	28
Board of Directors' remuneration, total	**264**	**198**

Transactions with persons in management 2023 (EUR '000)	CEO and Deputy to the CEO *	Group Management Team excl. CEO and Deputy to the CEO	Board of Directors
Assets			
Loans 1 January	1 774	799	2 009
Increases	179	319	22
Decreases	-1 795	-77	-1 681
Loans 31 December	157	1 041	349
Off-balance sheet commitments			
Loan commitments	10	72	55

Transactions with persons in management 2022 (EUR '000)	CEO and Interim CEO *	Group Management Team excl. CEO and Interim CEO	Board of Directors
Assets			
Loans 1 January	1 184	722	1 172
Increases	2 420	269	1 129
Decreases	-1 830	-193	-293
Loans 31 December	1 774	799	2 009
Off-balance sheet commitments			
Loan commitments	12	165	63

* Deputy to the CEO until 31 May 2022. Interim CEO from 1 June 2022 to 25 April 2023. Deputy to the CEO until 29 September 2023

Related party transactions 2023 (EUR '000)	Owner community	Associated companies	Persons in management	Other related parties
Assets				
Loans	0	0	1 548	1 418
Other receivables	0	7	0	0
Accounts receivable	52	0	0	0
Liabilities				
Deposits	48 682	0	2 190	529
Accounts payable	1 734	15	0	0
Off-balance sheet commitments				
Loan commitments	70 000	0	137	45
Income and expenses				
Interest income	22	0	51	44
Fee and commission income	21	0	0	1
Service sales	1 444	0	0	0
Interest expenses	0	0	31	11
Service purchases	22 694	12 310	0	0

Related party transactions 2022 (EUR '000)	Owner community	Associated companies	Persons in management	Other related parties
Assets				
Loans	0	0	4 581	1 426
Other receivables	0	5	0	0
Accounts receivable	46	0	0	0
Liabilities				
Deposits	92 031	0	1 913	1 072
Accounts payable	916	955	0	0
Off-balance sheet commitments				
Loan commitments	70 000	0	240	56
Income and expenses				
Interest income	331	0	26	11
Fee and commission income	113	0	2	2
Service sales	1 461	0	0	0
Interest expenses	0	0	2	1
Service purchases	20 979	13 080	0	0

GROUP'S NOTE 38: 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 year includes expenses of EUR 4.2 million. Those are expenses for consultancy and advisory services related to planning and preparation of the acquisition. In addition, the result includes expenses of EUR 5.4 million related to the financing arrangements mentioned earlier.

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

FINANCIAL STATEMENTS OF S-BANK PLC

S-BANK PLC – INCOME STATEMENT

(EUR '000)	Note	2023	2022
Interest income	2	**388 367**	**139 321**
Interest expenses	2	**-115 060**	**-17 703**
NET INTEREST INCOME		**273 307**	**121 618**
Return on equity investments	3	**2 059**	**11 584**
From Group entities		2 000	11 500
From other companies		58	84
Fee and commission income	4	**89 800**	**82 587**
Fee and commission expenses	4	**-11 435**	**-11 220**
Net income from financial assets recognised at fair value through profit or loss	5	**-2 227**	**2 379**
Net income from financial assets recognised at fair value through the fair value reserve	6	**-2 450**	**23**
Other operating income	7	**9 247**	**12 193**
Personnel and administrative expenses		**-153 970**	**-132 121**
Personnel expenses		-57 982	-51 027
Salaries and fees		-47 944	-41 548
Indirect personnel expenses		-10 038	-9 479
Pension expenses		-8 445	-8 017
Other indirect personnel expenses		-1 593	-1 463
Other administrative expenses		-95 988	-81 094
Depreciation and impairment on tangible and intangible assets and shares and interests	9	**-12 101**	**-10 733**
Other operating expenses	8	**-15 362**	**-13 518**
Expected and realised credit losses	10	**-33 003**	**-11 960**
OPERATING PROFIT (LOSS)		**143 865**	**50 832**
Appropriations		**1 604**	**2 208**
Income taxes		**-29 025**	**-8 373**
PROFIT (LOSS) FOR THE PERIOD		**116 444**	**44 668**

S-BANK PLC – BALANCE SHEET

ASSETS (EUR '000)	Note	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	11, 29, 31	**2 207 041**	**1 368 195**
Debt securities eligible for refinancing with central banks	11, 29, 31	**571 735**	**556 923**
Other		571 735	556 923
Receivables from credit institutions	11, 12, 29, 30, 31	**9 111**	**8 299**
Repayable on demand		2 012	1 717
Other		7 099	6 582
Receivables from the public and public sector entities	11, 13, 29, 30, 31	**6 934 971**	**6 695 255**
Repayable on demand		4 816	2 916
Other		6 930 155	6 692 339
Debt securities	11, 14, 29, 30, 31	**127 293**	**139 785**
From others		127 293	139 785
Shares and interests	11, 15, 29, 30, 31	**18 780**	**20 564**
Shares and interests in associated companies	11, 15, 29, 30, 31	**3**	**3**
Shares and interests in Group companies	11, 15, 29, 30, 31	**55 938**	**55 938**
Derivatives	11, 16, 17, 29, 30, 31	**31 349**	**24 261**
Intangible assets	18, 30, 31	**34 496**	**37 446**
Tangible assets	19, 30, 31	**193**	**406**
Other tangible assets		193	406
Other assets	20, 30, 31	**15 667**	**8 055**
Accrued income and prepayments made	21, 30, 31	**61 027**	**44 708**
Deferred tax assets	22, 30, 31	**2 460**	**5 322**
ASSETS, TOTAL		**10 070 063**	**8 965 161**

LIABILITIES (EUR '000)	Note	31 Dec 2023	31 Dec 2022
LIABILITIES			
Liabilities to credit institutions	11, 29, 30, 31	**34 231**	**23 156**
To credit institutions		34 231	23 156
Other		34 231	23 156
Liabilities to the public and public sector entities	11, 29, 30, 31	**8 286 001**	**8 026 001**
Deposits		8 222 223	7 968 031
Repayable on demand		7 626 406	7 887 876
Other		595 817	80 156
Other liabilities		63 778	57 969
Repayable on demand		56 125	54 283
Other		7 653	3 686
Issued bonds	11, 23, 29, 30, 31	**886 895**	**219 270**
Bonds		886 895	219 270
Derivatives	11, 16, 17, 29, 30, 31	**829**	**7**
Other liabilities	24, 30, 31	**65 998**	**49 737**
Other liabilities		65 998	49 737
Accrued expenses and prepayments received	25, 30, 31	**63 789**	**30 837**
Subordinated debts	11, 26, 30, 31	**101 333**	**107 000**
Other		101 333	107 000
Deferred tax liabilities	22, 30, 31	**60**	**57**
LIABILITIES, TOTAL		**9 439 136**	**8 456 063**
ACCUMULATED APPROPRIATIONS			
Depreciation difference		**4 891**	**4 495**
Taxation-based reserves		**21 000**	**23 000**
ACCUMULATED APPROPRIATIONS, TOTAL		**25 891**	**27 495**

LIABILITIES (EUR '000)	Note	31 Dec 2023	31 Dec 2022
EQUITY			
Share capital	27, 28	**82 880**	**82 880**
Other restricted reserves	27	**-8 680**	**-20 680**
Fair value reserve		**-8 680**	**-20 680**
Measured at fair value		-8 680	-20 680
Non-restricted reserves	27	**283 828**	**283 828**
Reserve for invested non-restricted equity		283 828	283 828
Retained earnings (losses)	27	**130 564**	**90 907**
Profit (loss) for the period	27	**116 444**	**44 668**
EQUITY, TOTAL		**605 037**	**481 602**
EQUITY AND LIABILITIES, TOTAL		**10 070 063**	**8 965 161**

OFF-BALANCE SHEET LIABILITIES (EUR '000)	34	31 Dec 2023	31 Dec 2022
Commitments given to third parties in favour of customers		**2 222**	**2 633**
Guarantees and pledges		2 170	2 539
Other		52	93
Irrevocable commitments given in favour of customers		**144 045**	**188 334**
Other		144 045	188 334

S-BANK PLC – CASH FLOW STATEMENT

(EUR '000)	Note	2023	2022
Cash flows from operating activities			
Profit (loss) for the period		**116 444**	**44 668**
Depreciation and impairment		12 101	10 733
Credit losses		39 489	18 703
Other non-payment income and expenses		3 172	4 120
Appropriations		-1 604	-2 208
Income taxes		29 025	8 373
Other adjustments		52	0
Adjustments for financial income and expenses		-8 521	-7 580
Adjustments, total		**73 714**	**32 140**
Cash flows from operating activities before changes in operating assets and liabilities		**190 158**	**76 808**
Increase/decrease in operating assets (-/+)			
Receivables from credit institutions, other than repayable on demand		-517	13 740
Receivables from customers		-278 877	-630 058
Investment assets		23 869	401 849
Other assets		-104	-16 324
Increase/decrease in operating assets		**-255 630**	**-230 793**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		11 075	23 156
Liabilities to customers		260 000	369 482
Other liabilities		23 275	6 860
Increase/decrease in operating liabilities		**294 350**	**399 497**
Taxes paid		-19 356	-3 668
Cash flows from operating activities		**209 522**	**241 844**

(EUR '000)	Note	2023	2022
Cash flows from investing activities			
Investments in tangible and intangible assets		-8 866	-9 043
Cash flows from investing activities		**-8 866**	**-9 043**
Cash flows from financing activities			
Payments received from issue of bonds and debentures	23, 26	649 170	49 324
Repayments of issued bonds and debentures	23, 26	-5 667	-5 667
Paid dividends		-5 010	0
Cash flows from financing activities		**638 493**	**43 657**
Difference in cash and cash equivalents		**839 149**	**276 458**
Cash and cash equivalents, opening balance sheet		1 369 912	1 093 211
Difference in cash and cash equivalents		839 149	276 458
Impact of changes in exchange rates		-9	244
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents		2 207 041	1 368 195
Repayable on demand		2 012	1 717
Cash and cash equivalents		**2 209 052**	**1 369 912**
Interest paid		**-99 449**	**-17 964**
Dividends received		**2 059**	**11 584**
Interest received		**363 526**	**129 907**

S-BANK PLC – NOTES TO THE FINANCIAL STATEMENTS

S-BANK PLC - NOTE 1: ACCOUNTING POLICIES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

S-Bank Plc is the parent company of the S-Bank Group. S-Bank Plc 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 centralized manner, such as the Group's administration, guidance and supervision.

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

On 2 February 2023, the Board of Directors approved the financial statements for the period 1 January–31 December 2022.

GENERAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Finnish Accounting Act and Decree; the Act on Credit Institutions; the Ministry of Finance Decree on the financial statements, consolidated financial statements and Board of Directors' reviews of credit institutions and investment service companies; as well as the Finnish Financial Supervisory Authority's regulations governing the financial sector. The general instructions issued by the Finnish Accounting Standards Board (KILA) have also been considered, as applicable, when preparing the financial statements.

In addition, the Capital Requirements Directive (CRD IV), the EU Capital Requirements Regulation ("CRR", EU 575/2013) and the related implementation regulations, as well as the regulations of the European Banking Authority and the reports of the Finnish Financial Supervisory Authority were observed when preparing the financial statements.

The financial statement information is presented in thousands of euros, unless stated otherwise.

PRINCIPLES OF INCOME RECOGNITION

Interest income and expenses

Interest on financial assets and liabilities and interest-rate derivatives is accrued as interest income or expenses for the financial periods to which they are to be allocated over time. Fees that form an essential part of the effective interest on loans, receivables or deposits are recognised as interest income or expenses.

Fee and commission income and expenses

Fee and commission income and expenses arise from services offered to customers and from the resources needed to provide these services. Fee and commission income is recognised on an accrual basis. Income and expenses for services distributed over several years are allocated to the appropriate years.

Financial assets and liabilities

S-Bank follows the S-Bank Group's accounting policies for recognising and measuring financial assets and financial liabilities and for impairment of financial assets. In this respect, the accounting policies of the parent company are consistent with those of the consolidated financial statements, as the Financial Supervisory Authority's regulations and guidance 2/2016 require the recognition of financial assets and liabilities to be in accordance with the IFRS 9 Financial Instruments standard. The classification of financial assets and liabilities and the impairment of financial assets are described in Group's note 1, section 'Financial Assets and Liabilities', paragraphs 'Classification of financial assets and liabilities' and 'Impairment of financial instruments'.

Intangible and tangible assets

Intangible assets

Intangible assets consist mainly of internally generated information systems, related development work, and license and connection fees. Intangible assets are carried at cost if the cost can be measured reliably, and it is probable that the intangible asset will generate economic benefits. Software expenses also include costs arising from the modification of software licensed to the Group. Intangible assets are amortised on a straight-line basis over their estimated economic lifetime.

Amortisation periods for intangible assets:
IT systems and licence fees: 3–5 years
Goodwill: 5 years

Tangible assets

Tangible assets are measured at original acquisition cost, less accumulated depreciation and impairment, if any. Straight-line depreciation is recorded on tangible assets in accordance with each item's economic life.

Depreciation periods for tangible assets:
Machinery and equipment: 3 years
Renovations of leased premises: term of lease, maximum 5 years

Impairment of tangible and intangible assets

At the end of each financial period, S-Bank assesses whether there is any evidence that the value of an asset item has been impaired. If there is evidence of impairment, the recoverable amount from the asset item is estimated on the basis of objective criteria. The recoverable amount is defined as the higher of the asset's fair value less cost to sell and its value in use. An impairment loss is recognised when the carrying amount of an asset is higher than its recoverable amount. An impairment loss and its changes are recognised in profit or loss through an impairment test.

Income taxes

Income taxes include current taxes for the financial period and adjustments to taxes for previous periods, as well as changes in deferred tax assets and liabilities. The tax effects of items that are recognised directly in equity are correspondingly recognised directly in equity. Taxes are calculated using the tax rates valid on the balance sheet date and, if there is a change in tax rates, at the available new tax rate.

Other items

For other items (excluding items that come under IFRS 16 Leases and IAS 19 Employee Benefits), the parent company follows the Group's accounting policies. The parent company has included items based on the requirement laid down in tax legislation concerning the matching of accounting with tax declarations. These items are presented as appropriations.

S-BANK PLC – NOTES TO THE INCOME STATEMENT

S-BANK PLC – NOTE 2: NET INTEREST INCOME

(EUR '000)	2023	2022
Interest income		
Cash and cash equivalents *	51 725	3 694
Receivables from credit institutions *	670	171
Receivables from the public and public sector entities	317 723	130 511
Debt securities	9 826	4 632
Derivatives	8 422	313
Other interest income	2	0
Interest income, total	**388 367**	**139 321**
Interest income from stage 3 financial assets	3 174	2 291
Interest expenses		
Liabilities to credit institutions	-801	-1 973
Liabilities to the public and public sector entities	-86 764	-6 523
Issued bonds	-15 210	-1 941
Derivatives	-1 814	-4 177
Subordinated debts	-5 183	-2 674
Other interest expenses	-5 286	-415
Interest expenses, total	**-115 060**	**-17 703**
Net interest income	**273 307**	**121 618**

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

S-BANK PLC – NOTE 3: RETURN ON EQUITY INVESTMENTS

(EUR '000)	2023	2022
From Group entities	2 000	11 500
From other companies	58	84
Dividend income measured at fair value through other comprehensive income	58	84
Return on equity investments, total	**2 059**	**11 584**

S-BANK PLC – NOTE 4: FEE AND COMMISSION INCOME AND EXPENSES

(EUR '000)	2023	2022
Fee and commission income		
From lending *	9 526	8 520
From borrowing *	721	692
From payment transactions *	11 582	10 744
From card business *	38 915	34 255
From funds	5 286	4 769
From wealth management	2 438	2 456
From legal duties	505	424
From securities brokerage	363	577
From insurance brokerage	1 762	1 601
From issuance of guarantees	94	34
From other activities *	18 609	18 516
Fee and commission income, total	**89 800**	**82 587**
Fee and commission expenses		
From funds	-2 279	-1 767
From asset management	-39	-77
From securities brokerage	-279	-336
From card business	-8 344	-8 494
Banking fees	-402	-435
Other expenses	-92	-112
Fee and commission expenses, total	**-11 435**	**-11 220**

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

S-BANK PLC – NOTE 5: NET INCOME FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(EUR '000)	2023	2022
Net income from securities trading		
From debt securites		
Capital gains and losses	8	0
Changes in fair value	7	-225
From shares and interests		
Capital gains and losses	17	6 264
Changes in fair value	-2 600	-4 661
From derivatives		
Changes in fair value	-103	1 028
Net income from securities trading, total	**-2 672**	**2 407**
of which capital gains and losses	25	6 265
of which changes in fair value	-2 697	-3 858
Net income from currency operations	**373**	**401**
Net income from hedge accounting		
Debt securities		
Net result from hedging instruments	-10 845	31 097
Net result from hedged items	11 337	-31 527
Bonds		
Net result from hedging instruments	17 657	0
Net result from hedged items	-18 077	0
Net income from hedge accounting, total	**71**	**-429**
Net income from financial instruments measured at fair value through profit or loss, total	**-2 227**	**2 379**

S-BANK PLC – NOTE 6: NET INCOME FROM FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH THE FAIR VALUE RESERVES

(EUR '000)	2023	2022
Net income from disposal of financial assets	-2 396	-316
Other income and expenses from other comprehensive income	-54	339
Net income from financial assets recognised at fair value through the fair value reserve	**-2 450**	**23**

S-BANK PLC – NOTE 7: OTHER OPERATING INCOME

(EUR '000)	2023	2022
Other income	9 247	12 193
Other operating income, total	**9 247**	**12 193**

S-BANK PLC – NOTE 8: OTHER OPERATING EXPENSES

(EUR '000)	2023	2022
Other operating expenses		
Lease expenses	-3 344	-3 023
Financial stability and deposit guarantee contributions	-9 581	-6 767
Other expenses	-2 437	-3 727
Other operating expenses, total	**-15 362**	**-13 518**
Breakdown of the fees paid to the audit firm		
Audit	-227	-187
Tax consultancy	-62	-17
Other services	-103	-104
Fees paid to the audit firm, total	**-391**	**-307**
Breakdown of fees paid to the Finnish Financial Stability Authority		
Financial stability contribution	-1 291	-1 526
Deposit Guarantee Fund contribution	-8 228	-7 214
Administrative fee	-62	-36
Fees paid to the Finnish Financial Stability Authority, total	**-9 581**	**-8 776**

The Deposit Guarantee Fund reimbursed the deposit guarantee contribution collected for the Financial Stability Fund. The impact on the profit from The Deposit Guarantee Fund contribution was EUR 5 206 thousand for the financial year 2022.

S-BANK PLC – NOTE 9: DEPRECIATION AND IMPAIRMENT ON TANGIBLE AND INTANGIBLE ASSETS AND SHARES AND INTERESTS

(EUR '000)	2023	2022
Depreciation according to plan		
Intangible assets	-10 844	-9 783
Goodwill	-304	-304
Tangible assets	-195	-280
Depreciation according to plan, total	**-11 344**	**-10 367**
Impairment losses on non-current assets		
Intangible assets	-674	-366
Tangible assets	-83	0
Impairment losses on non-current assets, total	**-757**	**-366**
Depreciation and impairment on tangible and intangible assets and shares and interests, total	**-12 101**	**-10 733**

S-BANK PLC – NOTE 10: EXPECTED AND REALISED CREDIT LOSSES

Credit risk

Liabilities and commitments exposed to credit risk totalled EUR 9 967.1 million (9 638.7). The ECL provision at the end of the reporting period totalled EUR 37.3 million (22.5). S-Bank's credit and counterparty risk is consistent, in terms of both governance and exposure, with the qualitative and numerical descriptions of the Group which indicate S-Bank's exposure to credit risk and the deferrals and changes of expected credit losses during the financial year.

Expected credit losses

31 Dec 2023 (EUR '000)	Expected credit losses, gross*	Reversals**	Reversals recognised in the income statement	Final credit losses recognised in the income statement	Expected and final credit losses, total
From receivables from credit institutions	3	0	0	0	3
From receivables from the public and public sector entities	-15 809	2 582	7 025	-25 228	-31 429
Debt Securities	-539	0	0	0	-539
Commitments given on behalf of, and in favour of, customers	-1 129	92	0	0	-1 037
Other	0	0	0	0	0
Total	**-17 474**	**2 675**	**7 025**	**-25 228**	**-33 003**

31 Dec 2022 (EUR '000)	Expected credit losses, gross*	Reversals**	Reversals recognised in the income statement	Final credit losses recognised in the income statement	Expected and final credit losses, total
From receivables from credit institutions	29	0	0	0	29
From receivables from the public and public sector entities	-4 112	1 994	6 572	-16 642	-12 188
Debt Securities	171	0	0	0	171
Commitments given on behalf of, and in favour of, customers	-37	65	0	0	28
Other	0	0	0	0	0
Total	**-3 948**	**2 059**	**6 572**	**-16 642**	**-11 960**

* Expected credit losses (ECL) recognised in the income statement during the reporting period from receivables
** Expected credit loss as at the opening balance sheet on receivables recognised as realised credit losses during the reporting period

Expected credit losses and impairment losses recognised during the period

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

Risk exposure, summary

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

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

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

Exposure to credit risk (lending to household customers)

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

31 Dec 2022 (EUR '000)	Lending to household customers 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'.

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

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

31 Dec 2022 (EUR '000)	Corporate lending, investing activities and off-balance sheet commitments 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'.

Reconciliation of expected credit losses (lending to household customers)

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

(EUR '000)	Lending to household customers Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2022	**1 734**	**10 371**	**6 301**	**18 406**
Transfers from Stage 1 to Stage 2	-255	3 951	0	3 696
Transfers from Stage 1 to Stage 3	-55	0	2 356	2 301
Transfers from Stage 2 to Stage 1	102	-3 101	0	-2 999
Transfers from Stage 2 to Stage 3	0	-882	3 392	2 511
Transfers from Stage 3 to Stage 1	2	0	-287	-285
Transfers from Stage 3 to Stage 2	0	107	-785	-678
Changes in the risk parameters	-404	-1 136	-164	-1 703
Increases due to origination and acquisition	555	1 592	911	3 058
Decreases due to derecognition	-209	-835	-549	-1 593
Decrease in the allowance account due to write-offs	-31	-813	-1 150	-1 994
Net change in ECL	-295	-1 116	3 726	2 314
ECL 31 Dec 2022	**1 438**	**9 256**	**10 026**	**20 720**

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

	Corporate lending, investing activities and off-balance sheet commitments			
(EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1.1.2023	**697**	**1 081**	**38**	**1 815**
ECL 1 Jan 2023	-91	1 726	0	1 635
Transfers from Stage 1 to Stage 2	0	0	23	23
Transfers from Stage 1 to Stage 3	49	-497	0	-447
Transfers from Stage 2 to Stage 1	0	-19	4	-15
Transfers from Stage 2 to Stage 3	0	0	-20	-20
Transfers from Stage 3 to Stage 1	0	4	-2	2
Transfers from Stage 3 to Stage 2	286	182	2	470
Changes in the risk parameters	369	2 366	29	2 764
Increases due to origination and acquisition	-106	-37	-3	-146
Decreases due to derecognition	-2	-89	-1	-92
Decrease in the allowance account due to write-offs	505	3 636	33	4 174
Net change in ECL	**1 201**	**4 716**	**71**	**5 989**
ECL 31 Dec 2023				

	Corporate lending, investing activities and off-balance sheet commitments			
(EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2022	**914**	**1 297**	**29**	**2 240**
Transfers from Stage 1 to Stage 2	-20	278	0	258
Transfers from Stage 1 to Stage 3	-1	0	12	12
Transfers from Stage 2 to Stage 1	12	-306	0	-294
Transfers from Stage 2 to Stage 3	0	-12	7	-5
Transfers from Stage 3 to Stage 1	0	0	-13	-13
Transfers from Stage 3 to Stage 2	0	2	-1	1
Changes in the risk parameters	-128	-194	1	-322
Increases due to origination and acquisition	178	269	10	458
Decreases due to derecognition	-258	-192	-5	-455
Decrease in the allowance account due to write-offs	-1	-62	-2	-65
Net change in ECL	-217	-217	9	-425
ECL 31 Dec 2022	**697**	**1 081**	**38**	**1 815**

S-BANK PLC – NOTES TO THE BALANCE SHEET

S-BANK PLC – NOTE 11: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets 31 Dec 2023 (EUR '000)	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	2 207 041				2 207 041
Debt securities eligible for refinancing with central banks		571 735			571 735
Receivables from credit institutions	9 111				9 111
Receivables from the public and public sector entities	6 934 971				6 934 971
Debt securities		102 451	24 842		127 293
Shares and interests		666	18 114		18 780
Derivatives			425	30 924	31 349
Total	**9 151 123**	**674 852**	**43 381**	**30 924**	**9 900 279**

Classes of financial assets 31 Dec 2022 (EUR '000)	Amortised cost	Measured at fair value through other comprehensive income	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Cash and cash equivalents	1 368 195				1 368 195
Debt securities eligible for refinancing with central banks		556 923			556 923
Receivables from credit institutions	8 299				8 299
Receivables from the public and public sector entities	6 695 255				6 695 255
Debt securities		137 806	1 979		139 785
Shares and interests		651	19 913		20 564
Derivatives			978	23 283	24 261
Total	**8 071 749**	**695 380**	**22 870**	**23 283**	**8 813 282**

Classes of financial liabilities 31 Dec 2023 (EUR '000)	Amortised cost	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Liabilities to credit institutions	34 231			34 231
Liabilities to the public and public sector entities	8 286 001			8 286 001
Issued bonds	886 895			886 895
Derivatives		0	829	829
Subordinated debts	101 333			101 333
Total	**9 308 460**	**0**	**829**	**9 309 289**

Classes of financial liabilities 31 Dec 2022 (EUR '000)	Amortised cost	Fair value through profit or loss: Measured at fair value	Fair value through profit or loss: Derivatives in hedge accounting	Total
Liabilities to credit institutions	23 156			23 156
Liabilities to the public and public sector entities	8 026 001			8 026 001
Issued bonds	219 270			219 270
Derivatives		4	3	7
Subordinated debts	107 000			107 000
Total	**8 375 426**	**4**	**3**	**8 375 433**

S-BANK PLC – NOTE 12: RECEIVABLES FROM CREDIT INSTITUTIONS

31 Dec 2023 (EUR '000)	Repayable on demand	Other than repayable on demand	Total
From Finnish credit institutions	1 480	2 804	4 284
From foreign credit institutions	531	4 296	4 827
Receivables from credit institutions, total	**2 012**	**7 099**	**9 111**

31 Dec 2022 (EUR '000)	Repayable on demand	Other than repayable on demand	Total
From Finnish credit institutions	1 206	1 411	2 617
From foreign credit institutions	511	5 171	5 682
Receivables from credit institutions, total	**1 717**	**6 582**	**8 299**

S-BANK PLC – NOTE 13: RECEIVABLES FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES

31 Dec 2023 (EUR '000)	Receivables from the public and public sector entities	Loss allowance *
Corporates and housing companies	1 121 154	3 124
Financial and insurance institutions	60 017	65
Households	5 744 657	31 337
Non-profit organisations serving households	344	0
Foreign countries	8 799	9
Receivables from the public and public sector entities, total	**6 934 971**	**34 535**

31 Dec 2022 (EUR '000)	Receivables from the public and public sector entities	Loss allowance *
Corporates and housing companies	1 044 052	522
Financial and insurance institutions	60 308	68
Households	5 583 445	20 717
Non-profit organisations serving households	1 374	1
Foreign countries	6 075	3
Receivables from the public and public sector entities, total	**6 695 255**	**21 312**

* The loss allowance is the expected credit loss included in each item.

S-BANK PLC – NOTE 14: DEBT SECURITIES

31 Dec 2023 (EUR '000)	Publicly quoted	Other	Total	Loss allowance *
Debt securities issued by public sector entities				
Financial assets measured at fair value through profit or loss		24 842	24 842	
Municipal papers		24 842	24 842	
Financial assets measured at fair value through other comprehensive income	40 360		40 360	-12
Debt securities issued by public sector entities, total	**40 360**	**24 842**	**65 202**	**-12**
Debt securities issued by other than public sector entities				
Financial assets measured at fair value through other comprehensive income	633 825		633 825	-909
Debt securities issued by other than public sector entities, total	**633 825**		**633 825**	**-909**
Debt securities, total	**674 186**	**24 842**	**699 028**	
of which eligible for refinancing with central banks	571 735		571 735	
of which other than goverment bonds	571 735		571 735	
of which those that accumulate no interest, total	0		0	

31 Dec 2022 (EUR '000)	Publicly quoted	Other	Total	Loss allowance *
Debt securities issued by public sector entities				
Financial assets measured at fair value through profit or loss		1 979	1 979	
Municipal papers		1 979	1 979	
Financial assets measured at fair value through other comprehensive income	39 543		39 543	-10
Debt securities issued by public sector entities, total	**39 543**	**1 979**	**41 522**	**-10**
Debt securities issued by other than public sector entities				
Financial assets measured at fair value through other comprehensive income	655 186		655 186	-372
Debt securities issued by other than public sector entities, total	**655 186**		**655 186**	**-372**
Debt securities, total	**694 729**	**1 979**	**696 708**	
of which eligible for refinancing with central banks	556 923		556 923	
of which other than goverment bonds	556 923		556 923	
of which those that accumulate no interest, total	11 823		11 823	

* The loss allowance is the expected credit loss for each item.

S-BANK PLC – NOTE 15: SHARES AND INTERESTS

31 Dec 2023 (EUR '000)	Publicly quated	Other	Total	of which in credit institutions	of which in other companies
Shares and interests	18 114	666	**18 780**	6 182	12 597
Financial assets measured at fair value through profit or loss	18 114	0	**18 114**	6 182	11 931
Equity instruments recognised at fair value through other comprehensive income in accordance with IFRS 9.4.1.4		666	**666**		666
Shares and interests in associated companies		3	**3**		3
Shares and interests in Group companies		55 938	**55 938**		55 938

31 Dec 2022 (EUR '000)	Publicly quated	Other	Total	of which in credit institutions	of which in other companies
Shares and interests	19 833	731	**20 564**	5 091	15 473
Financial assets measured at fair value through profit or loss	19 833	80	**19 913**	5 091	14 822
Equity instruments recognised at fair value through other comprehensive income in accordance with IFRS 9.4.1.4		651	**651**		651
Shares and interests in associated companies		3	**3**		3
Shares and interests in Group companies		55 938	**55 938**		55 938

S-BANK PLC – NOTE 16: DERIVATIVES

Derivatives, hedge accounting and evaluation of its effectiveness are discussed in Group's note 1, section Derivatives and hedge accounting. The same note also explains the treatment of derivatives' valuation in chapter Measuring financial instruments at fair value.

S-Bank applies fair value hedging to derivative contracts entered into for the purpose of hedging the fair value changes of assets exposed to the interest rate risk. S-Bank hedges the risk related to changes in fair value mainly in the case of securities with a fixed interest rate, which are exposed to the interest rate risk.

The principles of risk management are described in Group's note 2. Sections Market risk and in particular Interest rate risk in the banking book contain information on the use of derivatives in hedge accounting and their impact on S-Bank's financial position and results.

	31 Dec 2023			31 Dec 2022		
Nominal and fair values of derivatives (EUR '000)	**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	397 200	13 268	-829	612 200	23 283	-3
Interest rate derivatives designated for hedge accounting, total	**397 200**	**13 268**	**-829**	**612 200**	**23 283**	**-3**
Hedge accounting for bonds						
Interest rate derivatives						
Interest rate swaps	500 000	17 657	0	0	0	0
Interest rate derivatives designated for hedge accounting, total	**500 000**	**17 657**	**0**	**0**	**0**	**0**
Maturities of derivative exposures designated for hedge accounting						
Less than one year	90 000			245 000		
1–5 years	807 200			317 200		
More than five years	0			50 000		
For non-hedging purposes						
Interest rate derivatives						
Interest rate swaps	40 000	425	0	30 000	978	-4
Interest rate derivatives, other than for hedging purposes, total	**40 000**	**425**	**0**	**30 000**	**978**	**-4**
Maturities of derivative exposures other than for hedging purposes						
Less than one year	30 000			20 000		
1–5 years	10 000			0		
More than five years	0			10 000		

S-BANK PLC – NOTE 17: HEDGE ACCOUNTING

Derivatives, hedge accounting and evaluation of its effectiveness are discussed in Group's note 1, section Derivatives and hedge accounting. Chapter Measuring financial instruments at fair value of the same note also discusses the valuation of derivatives.

S-Bank applies fair value hedging to derivative contracts entered into for the purpose of hedging the fair value changes of assets exposed to the interest rate risk. S-Bank hedges the risk related to changes in fair value mainly in the case of securities with a fixed interest rate, which are exposed to the interest rate risk.

The principles of risk management are described in Group's note 2. Sections Market risk and in particular Interest rate risk in the banking book contain information on the use of derivatives in hedge accounting and their impact on S-Bank's financial position and results.

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

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

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

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

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2023 (EUR '000)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	621 959	0	12 425	0	Debt securities	11 337
Bonds *	0	-499 214	0	-17 657	Issued bonds	-18 077
Hedged items, total	**621 959**	**-499 214**	**12 425**	**-17 657**		**-6 740**

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

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

* New hedged item. No comparison amounts.

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

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2022 (EUR '000)	Assets	Liabilities	Assets	Liabilities	Balance sheet item including the hedged item	Ineffective portion recognised in the income statement
Hedged item						
Debt securities *	661 116	0	23 762	0	Debt securities	-31 527
Hedged items, total	**661 116**	**0**	**23 762**	**0**		**-31 527**

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

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

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

The accounting policies for hedge accounting are described in Group's note 1 under Derivatives and hedge accounting.

S-BANK PLC – NOTE 18: INTANGIBLE ASSETS

Changes in intangible assets in 2023 (EUR '000)	Information systems	Projects in progress	Goodwill	Total
Acquisition cost 1 Jan 2023	110 908	10 674	19 148	140 730
Increases	27	8 897	0	8 925
Decreases	-503	-495	0	-998
Transfers between items	7 024	-7 284	0	-259
Acquisition cost 31 Dec 2023	117 457	11 793	19 148	148 398
Accumulated amortisation, depreciation and impairment 1 Jan 2023	-85 276		-18 008	-103 284
Accumulated amortisation for allowances and transfers	762		0	762
Depreciation	-10 844		-304	-11 148
Impairments	-231		0	-231
Accumulated amortisation, depreciation and impairment 31 Dec 2023	-95 589		-18 312	-113 901
Carrying amount 1 Jan 2023	25 632	10 674	1 140	37 446
Carrying amount 31 Dec 2023	**21 868**	**11 793**	**836**	**34 496**

Changes in intangible assets in 2022 (EUR '000)	Information systems	Projects in progress	Goodwill	Total
Acquisition cost 1 Jan 2022	100 742	12 266	19 148	132 155
Increases	15	9 065	0	9 080
Decreases	-185	-100	0	-285
Transfers between items	10 337	-10 557	0	-220
Acquisition cost 31 Dec 2022	110 908	10 674	19 148	140 730
Accumulated amortisation, depreciation and impairment 1 Jan 2022	-75 632		-17 704	-93 336
Accumulated amortisation for allowances and transfers	405		0	405
Depreciation	-9 783		-304	-10 087
Impairments	-266		0	-266
Accumulated amortisation, depreciation and impairment 31 Dec 2022	-85 276		-18 008	-103 284
Carrying amount 1 Jan 2022	25 110	12 266	1 444	38 819
Carrying amount 31 Dec 2022	**25 632**	**10 674**	**1 140**	**37 446**

S-BANK PLC – NOTE 19: TANGIBLE ASSETS

Changes in tangible assets in 2023 (EUR '000)	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Total
Acquisition cost 1 Jan 2023	726	1 391	17	2 134
Increases	0	0	66	66
Decreases	0	0	-83	-83
Acquisition cost 31 Dec 2023	726	1 391	0	2 116
Accumulated amortisation, depreciation and impairment 1 Jan 2023	-726	-1 002		-1 728
Depreciation	0	-195		-195
Accumulated amortisation, depreciation and impairment 31 Dec 2023	-726	-1 198		-1 923
Carrying amount 1 Jan 2023	0	389	17	406
Carrying amount 31 Dec 2023	**0**	**193**	**0**	**193**

Changes in tangible assets in 2022 (EUR '000)	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Total
Acquisition cost 1 Jan 2022	726	1 391	0	2 116
Increases	0	0	17	17
Acquisition cost 31 Dec 2022	726	1 391	17	2 134
Accumulated amortisation, depreciation and impairment 1 Jan 2022	-726	-722		-1 448
Depreciation	0	-280		-280
Accumulated amortisation, depreciation and impairment 31 Dec 2022	-726	-1 002		-1 728
Carrying amount 1 Jan 2022	0	668	0	668
Carrying amount 31 Dec 2022	**0**	**389**	**17**	**406**

S-BANK PLC – NOTE 20: OTHER ASSETS

(EUR '000)	31 Dec 2023	31 Dec 2022
Receivables from payment transactions	10 461	5 161
Other	5 205	2 894
Other assets, total	**15 667**	**8 055**

S-BANK PLC – NOTE 21: ACCRUED INCOME AND PREPAYMENTS MADE

(EUR '000)	31 Dec 2023	31 Dec 2022
Interest receivables	43 308	19 359
Fee claims *	2 309	2 166
Other receivables *	15 192	22 843
Prepayments made	217	341
Accrued income and prepayments made, total	**61 027**	**44 708**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. The uncertain fee claims were moved from Other receivables to Fee claims.

S-BANK PLC – NOTE 22: DEFERRED TAX ASSETS AND LIABILITIES

(EUR '000)	31 Dec 2023	31 Dec 2022
Recognised deferred tax assets		
Deferred tax assets 1 Jan	5 322	74
Deferred tax assets arising from fair value reserve	-2 862	5 248
Deferred tax assets 31 Dec	**2 460**	**5 322**
Recognised deferred tax liabilities		
Deferred tax liabilities 1 Jan	57	48
Deferred tax liabilities arising from fair value reserve	3	8
Deferred tax liabilities 31 Dec	**60**	**57**
Unrecognised deferred tax liabilities		
Deferred tax liability from appropriations	5 178	5 499
Deferred tax liability on financial instrument classification changes	364	414
Unrecognised deferred tax liabilities, total	**5 542**	**5 913**

S-BANK PLC – NOTE 23: ISSUED BONDS

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

S-BANK PLC – NOTE 24: OTHER LIABILITIES

(EUR '000)	31 Dec 2023	31 Dec 2022
Payables arising from payment transactions	36 815	34 913
Other	29 183	14 824
Other liabilities, total	**65 998**	**49 737**

S-BANK PLC – NOTE 25: ACCRUED EXPENSES AND PREPAYMENTS RECEIVED

(EUR '000)	31 Dec 2023	31 Dec 2022
Interest payable	18 416	3 183
Accrued expenses	47 107	27 654
Accrued expenses, total	**65 522**	**30 837**

S-BANK PLC – NOTE 26: SUBORDINATED DEBTS

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

Terms of debenture loans:

Debenture loans are subordinated to the bank's other debt obligations. In capital adequacy calculation, debenture loans are classified under Tier 2 capital in accordance with the CRR Regulation.

The detailed terms and conditions of the debenture loans are described in the EU CCA table of the Pillar 3 report ('Capital and Risk Management Report'). The report is published separately from the financial statements and is available on S-Bank's website.

S-BANK PLC – NOTE 27: EQUITY ITEMS

(EUR '000)	31 Dec 2023	31 Dec 2022
Share capital, 1 Jan	82 880	82 880
Share capital, 31 Dec	**82 880**	**82 880**
Other restricted reserves		
Fair value reserve, 1 Jan	-20 680	449
Profit/loss from measurement at fair value, other financial securities	14 312	-26 240
Amount transferred to the income statement, other financial securities	539	-171
Proportion of deferred tax assets of changes in the period, other financial securities	-2 862	5 248
Profit/loss from measurement at fair value, equity instruments	15	42
Proportion of deferred tax liability of changes in the period, equity instruments	-3	-8
Fair value reserve, 31 Dec	**-8 680**	**-20 680**
Non-restricted reserves		
Reserve for invested non-restricted equity, 1 Jan	283 828	283 828
Reserve for invested non-restricted equity, 31 Dec	**283 828**	**283 828**
Retained earnings (losses), 1 Jan	135 574	90 907
Dividend distribution	-5 010	0
Retained earnings (losses), 31 Dec	**130 564**	**90 907**
Profit (loss) for the period	**116 444**	**44 668**
Total equity	**605 037**	**481 602**

S-BANK PLC – NOTE 28: SHARE CAPITAL

6 680 180 shares, totalling EUR 82 880 200.
No share classes entitling their holders to a different number of votes or a different amount of dividend.

S-BANK PLC – OTHER NOTES

S-BANK PLC – NOTE 29: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES, AND THE HIERARCHY OF FAIR VALUES

	31 Dec 2023		31 Dec 2022	
(EUR '000)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	2 207 041	2 207 041	1 368 195	1 368 195
Receivables from credit institutions	9 111	9 081	8 299	8 927
Receivables from the public and public sector entities	6 934 971	7 364 448	6 695 255	6 993 283
Debt securities	699 028	703 637	696 708	699 827
Shares and interests	18 780	18 780	20 564	20 564
Shares and interests in associated companies	3	16	3	13
Shares and interests in Group companies	55 938	55 938	55 938	55 938
Derivatives	31 349	31 349	24 261	24 261
Financial liabilities				
Liabilities to credit institutions	34 231	34 231	23 156	23 156
Liabilities to the public and public sector entities	8 286 001	8 151 156	8 026 001	7 765 861
Issued bonds	886 895	899 181	219 270	215 087
Derivatives	829	829	7	7
Subordinated debts	101 333	102 717	107 000	107 987

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 derivative contracts (excluding futures) are determined by discounting future cash flows to the present value, and by 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, fair values 31 Dec 2023 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total
Financial assets measured at amortised cost				
Cash and cash equivalents		2 207 041		2 207 041
Receivables from credit institutions		9 081		9 081
Receivables from the public and public sector entities		7 364 448		7 364 448
Total		**9 580 570**		**9 580 570**
Financial assets measured at fair value through profit or loss				
Debt securities		24 842		24 842
Shares and interests	8 235	9 878		18 114
Derivatives		31 349		31 349
Total	**8 235**	**66 070**		**74 305**
of which publicly quated	8 235	9 878		18 114
of which other securities	0	24 842		24 842
Financial assets measured at fair value through other comprehensive income				
Debt securities eligible for refinancing with central banks	556 081	19 333		575 414
Debt securities	100 192	3 188		103 381
Shares and interests		647	55 973	56 620
Total	**656 273**	**23 169**	**55 973**	**735 415**
of which publicly quated	656 273	22 522		678 795
of which other securities		647	55 973	56 620
Financial assets, total	**664 509**	**9 669 809**	**55 973**	**10 390 291**

Financial assets , fair values 31 Dec 2022 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total
Financial assets measured at amortised cost				
Cash and cash equivalents		1 368 195		1 368 195
Receivables from credit institutions		8 927		8 927
Receivables from the public and public sector entities		6 993 283		6 993 283
Total		**8 370 405**		**8 370 405**
Financial assets measured at fair value through profit or loss				
Debt securities		1 979		1 979
Shares and interests	7 306	12 687		19 993
Derivatives		24 261		24 261
Total	**7 306**	**38 927**		**46 233**
of which publicly quated	7 226	12 687		19 913
of which other securities	80	1 979		2 059
Financial assets measured at fair value through other comprehensive income				
Debt securities eligible for refinancing with central banks	539 811	18 923		558 734
Debt securities	135 614	3 500		139 114
Shares and interests		632	55 951	56 583
Total	**675 425**	**23 055**	**55 951**	**754 431**
of which publicly quated	675 425	22 422		697 848
of which other securities		632	55 951	56 583
Financial assets, total	**682 732**	**8 432 387**	**55 951**	**9 171 070**

Financial liabilities, fair values 31 Dec 2023 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total
Financial liabilities measured at amortised cost				
Liabilities to credit institutions		34 231		34 231
Liabilities to the public and public sector entities		8 151 156		8 151 156
Issued bonds	899 181			899 181
Subordinated debts		102 717		102 717
Total	**899 181**	**8 288 104**		**9 187 285**
Financial liabilities measured at fair value through profit or loss				
Derivatives		829		829
Total		**829**		**829**

Financial liabilities, fair values 31 Dec 2022 (EUR '000)	Level 1	Level 2	Level 3	Fair value, total
Financial liabilities measured at amortised cost				
Liabilities to credit institutions		23 156		23 156
Liabilities to the public and public sector entities		7 765 861		7 765 861
Issued bonds	215 087			215 087
Subordinated debts		107 987		107 987
Total	**215 087**	**7 897 005**		**8 112 092**
Financial liabilities measured at fair value through profit or loss				
Derivatives		7		7
Total		**7**		**7**

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.

S-BANK PLC – NOTE 30: BREAKDOWN OF BALANCE SHEET ITEMS DENOMINATED IN DOMESTIC AND FOREIGN CURRENCIES

31 Dec 2023 (EUR '000)	Domestic currency	Foreign currency	Total
Receivables from credit institutions	8 728	383	9 111
Receivables from the public and public sector entities	6 934 971		6 934 971
Debt securities	699 028		699 028
Derivatives	31 349		31 349
Other assets (including cash and cash equivalents)	2 395 604		2 395 604
Total	**10 069 680**	**383**	**10 070 063**
Liabilities to credit institutions	34 231		34 231
Liabilities to the public and public sector entities	8 286 001		8 286 001
Issued bonds	886 895		886 895
Derivatives	829		829
Other liabilities	129 847		129 847
Subordinated debts	101 333		101 333
Total	**9 439 136**		**9 439 136**

31 Dec 2022 (EUR '000)	Domestic currency	Foreign currency	Total
Receivables from credit institutions	7 986	313	8 299
Receivables from the public and public sector entities	6 695 255		6 695 255
Debt securities	696 708		696 708
Derivatives	24 261		24 261
Other assets (including cash and cash equivalents) *	1 540 637		1 540 637
Total	**8 964 848**	**313**	**8 965 161**
Liabilities to credit institutions	23 156		23 156
Liabilities to the public and public sector entities	8 026 001		8 026 001
Issued bonds	219 270		219 270
Derivatives	7		7
Other liabilities	80 630		80 630
Subordinated debts	107 000		107 000
Total	**8 456 063**		**8 456 063**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. Line items Shares and interests, Intangible assets and Tangible assets are shown in line item Other assets (including cash and cash equivalents).

S-BANK PLC – NOTE 31: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO MATURITY

31 Dec 2023 (EUR '000)	0-3 months	3-12 months	1-5 years	More than 5 years	Total
Cash and cash equivalents	2 207 041	0	0	0	2 207 041
Debt securities eligible for refinancing with central banks	38 501	99 934	428 172	5 128	571 735
Receivables from credit institutions	9 111	0	0	0	9 111
Receivables from the public and public sector entities	176 163	473 688	1 688 949	4 596 171	6 934 971
Debt securities	32 328	17 045	77 920	0	127 293
Derivatives	259	939	30 152	0	31 349
Financial assets, total	**2 463 403**	**591 605**	**2 225 193**	**4 601 299**	**9 881 500**
Liabilities to credit institutions	34 231	0	0	0	34 231
Liabilities to the public and public sector entities	7 920 496	351 134	14 369	1	8 286 001
Issued bonds	18 077	0	868 818	0	886 895
Subordinated debts	0	0	18 333	83 000	101 333
Derivatives	0	0	829	0	829
Financial liabilities, total	**7 972 804**	**351 134**	**902 350**	**83 001**	**9 309 289**

31 Dec 2022 (EUR '000) *	0-3 months	3-12 months	1-5 years	More than 5 years	Total
Cash and cash equivalents	1 368 195	0	0	0	1 368 195
Debt securities eligible for refinancing with central banks	45 910	146 676	316 706	47 631	556 923
Receivables from credit institutions	8 299	0	0	0	8 299
Receivables from the public and public sector entities	190 343	386 584	1 641 762	4 476 564	6 695 255
Debt securities	10 963	12 139	99 176	17 507	139 785
Derivatives	104	1 838	12 340	9 979	24 261
Financial assets, total	**1 623 815**	**547 238**	**2 069 984**	**4 551 681**	**8 792 718**
Liabilities to credit institutions	23 156	0	0	0	23 156
Liabilities to the public and public sector entities	7 951 020	58 752	16 228	1	8 026 001
Issued bonds	0	0	219 270	0	219 270
Subordinated debts	0	5 667	40 033	61 300	107 000
Derivatives	7	0	0	0	7
Financial liabilities, total	**7 974 183**	**64 419**	**275 531**	**61 301**	**8 375 433**

* The comparison period has been amended since the publication of the 31 December 2022 financial statements. Maturity of more than 10 years is not presented as a separate line item.

S-BANK PLC – NOTE 32: COLLATERAL GIVEN

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

S-BANK PLC – NOTE 33: LEASE LIABILITIES

(EUR '000)	31 Dec 2023	31 Dec 2022
Within one year	2 287	2 245
Due in 1–5 years	4 477	2 348
Lease liabilities, total	**6 763**	**4 593**

Leasing and other rental liabilities concern the renting of business premises, vehicles, telephones and office equipment. The agreements cannot be cancelled mid-term.

S-BANK PLC – NOTE 34: OFF-BALANCE SHEET COMMITMENTS

(EUR '000)	31 Dec 2022	31 Dec 2021
Guarantees	2 170	2 539
Other	52	93
Undrawn credit facilities	144 045	188 334
Off-balance sheet commitments, total	**146 266**	**190 967**

S-BANK PLC – NOTE 35: BROKERAGE RECEIVABLES AND PAYABLES

(EUR '000)	31 Dec 2023	31 Dec 2022
Savings in accordance with the Finnish Act on Long-Term Savings Schemes	696	1 060
Brokerage receivables and payables, total	**696**	**1 060**

S-BANK PLC – NOTE 36: NOTES REGARDING TRUSTEE SERVICES AND TOTAL AMOUNT OF CUSTOMER FUNDS HELD

(EUR '000)	31 Dec 2023	31 Dec 2022
Assets under management		
Assets under wealth management	1 936 003	1 926 702
Mutual fund assets	4 309 383	3 925 788
Assets under consultative wealth management	15 969	16 639

S-BANK PLC – NOTE 37: PERSONNEL AND MANAGEMENT

Number of personnel	2023 Average number	2023 Number at the end of the period	2022 Average number	2022 Number at the end of the period
Permanent full-time personnel	594	623	549	562
Permanent part-time personnel	21	25	15	17
Temporary personnel	26	28	32	27
Total	**641**	**676**	**595**	**606**

Management compensation (EUR '000)	2023 Salaries and fees	2023 Pension commitments	2022 Salaries and fees	2022 Pension commitments
Riikka Laine-Tolonen, CEO *	184	53		
Hanna Porkka, Deputy to the CEO **	409	99	347	75
Pekka Ylihurula, CEO ***			528	94
Management compensation, total	**593**	**152**	**875**	**169**

* Since 26 April 2023.
** Deputy to the CEO until 31 May 2022. Interim CEO from 1 June 2022 to 25 April 2023. Deputy to the CEO until 29 September 2023.
*** Until 31 May 2022.

Board of Directors' remuneration (EUR '000)	2023	2022
Jari Annala, Chair of the Board	53	39
Jorma Vehviläinen, Vice Chair of the Board	38	28
Heli Arantola	12	35
Tom Dahlström	26	
Kati Hagros	25	
Veli-Matti Liimatainen	35	26
Hillevi Mannonen	38	42
Olli Vormisto	37	28
Board of Directors' remuneration, total	**264**	**198**

The amount of loans granted to the management is provided in Group's note 37.

The statutory pensions of the personnel are arranged through the Elo Mutual Pension Insurance Company.

A voluntary supplementary pension insurance has been taken out for the management of the S-Bank Group. The insured may draw down their supplementary pensions at any time after they have turned 60 years old.

S-BANK PLC – NOTE 38: RELATED PARTIES

(EUR '000)	Receivables from the public and public sector entities 31 Dec 2023	Receivables from the public and public sector entities 31 Dec 2022
Basis for classification as a related party		
Management	1 548	4 581
Kinship	1 418	1 426
Total	**2 966**	**6 007**

Expected credit losses (EUR '000)	31 Dec 2023	31 Dec 2022
At the beginning of financial year	0	-1
During financial year	0	1
At the end of financial year	0	0
Total	**0**	**0**

The terms of credit granted to the company's related parties comply with the standard terms and conditions of lending to the public.

Related party and transactions with persons in management is provided in Group's note 37.

S-BANK PLC – NOTE 39: TRANSACTIONS WITH GROUP ENTITIES

Interest income and expenses, and dividend income (EUR '000)	2023	2022
Interest income		
From Group entities	0	32
Interest expenses		
To Group entities	-1 258	-128
Dividend income		
From Group entities	2 000	11 500

Receivables (EUR '000)	31 Dec 2023	31 Dec 2022
From Group entities		
Other assets	1	0
Accrued income and prepayments made	5 188	6 062

Liabilities (EUR '000)	31 Dec 2023	31 Dec 2022
To Group entities		
Liabilities to credit institutions		
Liabilities to the public and public sector entities	46 337	42 442
Other liabilities	0	250
Accrued expenses and prepayments received	15	0

S-BANK PLC – NOTE 40: HOLDINGS IN OTHER COMPANIES

	Domicile	Share of ownership	Equity (EUR '000)	Profit (loss) for the period (EUR '000)
S-Asiakaspalvelu Oy	Helsinki	100%	2 326	263
S-Bank Fund Management Company Ltd	Helsinki	100%	45 037	3 820
S-Crosskey Ab	Mariehamn	40%	41	5

S-BANK PLC – NOTE 41: SHAREHOLDERS AND DISTRIBUTION OF SHAREHOLDINGS

Shareholder	Share of ownership
SOK Corporation	49.99%
Helsinki Cooperative Society Elanto	10.01%
Cooperative Society Hämeenmaa	5.05%
Pirkanmaa Cooperative Society	3.59%
Cooperative Society Arina	3.53%
Cooperative Society Keskimaa	3.33%
Cooperative Society KPO	2.85%
Kymi Region Cooperative Society	2.59%
Southern Ostrobothnia Cooperative Society	2.40%
Suur-Seutu Cooperative (SSO)	2.25%
Turku Cooperative Society	2.24%
Cooperative Society PeeÄssä	2.17%
Northern Karelia Cooperative Society	2.16%
Suur-Savo Cooperative Society	1.83%
Varuboden-Osla	1.48%
Satakunta Cooperative Society	1.48%
Southern Karelia Cooperative Society	1.15%
Keula Cooperative Society	0.78%
Maakunta Cooperative Society	0.74%
Koillismaa Cooperative Society	0.38%
Total	**100.00%**

SIGNATURES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO

Helsinki, 1 February 2024

Jari Annala
Chair of the Board of Directors

Jorma Vehviläinen
Vice Chair of the Board of Directors

Tom Dahlström
Member of the Board of Directors

Kati Hagros
Member of the Board of Directors

Veli-Matti Liimatainen
Member of the Board of Directors

Hillevi Mannonen
Member of the Board of Directors

Olli Vormisto
Member of the Board of Directors

Riikka Laine-Tolonen
CEO

AUDITOR'S NOTE

A report has been issued today on the audit performed.

Helsinki, 1 February 2024

KPMG OY AB
Authorised Public Accountants
Petri Kettunen, APA

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

AUDITOR'S REPORT

To the Annual General Meeting of S-Bank Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of S-Bank Plc (business identity code 2557308-3) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 10 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of

Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter

Measurement of receivables (Receivables from customers); Notes 1, 2, 11 and 20 to the consolidated financial statements and notes 1, 10 and 13 to the parent company's financial statements

- Receivables from customers, totalling EUR 6.9 billion, are the most significant item on S-Bank Plc's consolidated balance sheet representing 69 percent of the total assets.
- Calculation of expected credit losses (ECL) in accordance with IFRS 9 Financial Instruments is based on the impairment models used by the company and involves assumptions, estimates and management judgment especially in respect of the probability of credit losses, significant increases in credit risk and valuation of collaterals. During the financial year, the model-based ECL amount was complemented based on management judgements made to capture the expected impact of increase in the interest rates and inflation, weakening the financial standing of customer households
- Due to the significance of the carrying amount involved, complexity of the accounting methods used for measurement purposes and management judgement involved, measurement of receivables is addressed as a key audit matter.

How the matter was addressed in the audit

- We evaluated compliance with the lending instructions and assessed the appropriateness of the recognition and measurement principles, as well as tested controls over recognition and monitoring of impairment losses and measurement of receivables.
- We assessed the impairment models, the key assumptions used in determining expected credit losses, and the basis for management estimates that complement the said models.
- We utilised our IFRS and financial instrument specialists in our audit.
- Furthermore, we considered the appropriateness of the notes provided in respect of receivables and impairment losses.

Recognition of fee and commission income (fee income from funds); Notes 1 and 5 to the consolidated financial statements

- The assets managed by S-Bank Plc Group entitle to management fees on the grounds of agreements with customers and partners. Fee income from funds represent a significant item in the consolidated income statement.
- Calculation of fee and commission income is system-based relying on fee agreements and other source data. Owing to the large number of fee and commission bases, fee calculation involves various elements which may affect fee and commission amounts.
- Appropriate timing of the recognition of fee and commission income at correct amount is essential in respect to the accuracy of the financial statements.

How the matter was addressed in the audit

- We obtained an understanding of the fee and commission streams of the Group and assessed those areas which may involve the higher risk of error, due the manual processing of fee and commission-related elements, tailored or diverse contract terms. We focused our work on these areas.
- We evaluated the business processes and IT systems related to fee and commission income and assessed the associated key controls. Our audit procedures also included comparison of the accounting data kept in subledgers to that in the general ledger, and substantive procedures performed in respect of

fee and commission income.
- We recalculated the recognised fee and commission amounts and compared the parameters used to the underlying contract documentation, on a sample basis. Furthermore, we compared market-based data to the source data provided by third parties.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 14 March 2011, and our appointment represents a total period of uninterrupted engagement of 13 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 1 February 2024

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

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