S-BANK PLC INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2021

S BANK

STRONG PROFIT GROWTH CONTINUED IN THE GROUP – WEALTH MANAGEMENT'S RESULT INCREASED NEARLY TEN-FOLD

Pekka Ylihurula, CEO

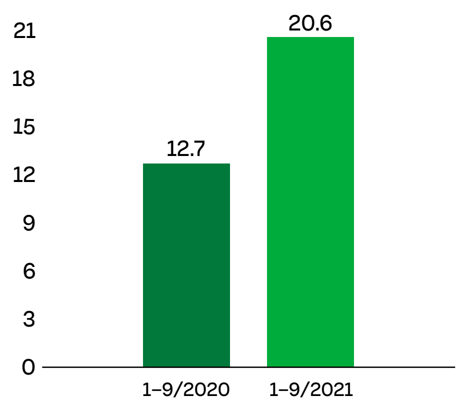
"Our income and profit for January–September grew substantially on the previous year. The performance of our Wealth Management business was excellent, and its operating profit increased nearly ten-fold year-on-year."

JANUARY–SEPTEMBER 2021

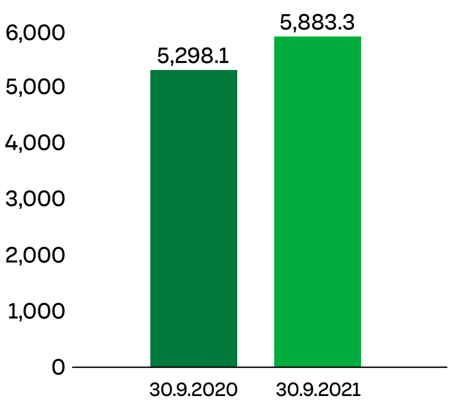
- Operating profit increased to EUR 20.6 million (12.7).
- Lending increased to EUR 5.9 billion (5.3).
- Assets under management increased to EUR 11.9 billion (9.8).
- The capital adequacy ratio decreased to 14.9 per cent (15.1).

The S-Bank Group's operating profit for January–September increased by 61.9 per cent to EUR 20.6 million (12.7). Profit growth was affected by a solid 9.3 per cent increase in total income and significantly lower impairment losses. The cost-to-income ratio improved year-on-year and was 0.74 (0.77).

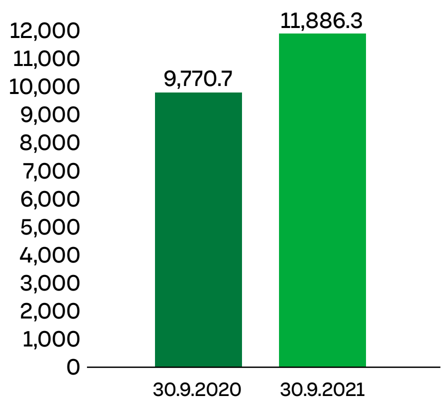
Operating profit (EUR million)



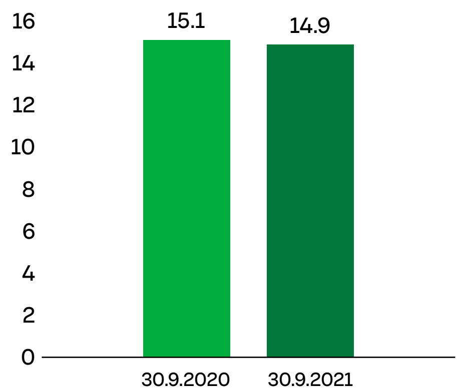
Lending (EUR million)



Assets under management (EUR million)



Capital adequacy ratio (%)



OUTLOOK FOR THE REST OF THE YEAR

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

Key figures

(EUR million)	Jan–Sep 2021	Jan–Sep 2020	Change	Q3/2021	Q3/2020	Change
Net interest income	67.3	67.8	-0.6%	23.3	23.0	1.4%
Net fee and commission income	56.3	46.2	21.8%	18.7	16.4	13.9%
Total income	134.1	122.7	9.3%	43.5	42.1	3.4%
Operating profit	20.6	12.7	61.9%	6.4	6.1	4.5%
Cost-to-income ratio	0.74	0.77	-0.03	0.74	0.77	-0.03

(EUR million)	30 Sep 2021	31 Dec 2020	Change
Liabilities to customers, deposits	7,600.4	6,925.0	9.8%
Receivables from customers, lending	5,883.3	5,444.4	8.1%
Debt securities	1,310.7	1,228.8	6.7%
Equity	507.9	488.6	3.9%
Expected credit losses (ECL)	20.8	19.6	6.2%
Assets under management	11,886.3	10,785.1	10.2%
Return on equity	4.6%	3.3%	1.3
Return on assets	0.3%	0.2%	0.1
Equity ratio	6.0%	6.4%	-0.4
Capital adequacy ratio	14.9%	15.7%	-0.9

The S-Bank Group (hereinafter 'S-Bank') figures for the corresponding period of 2020 are used in the result comparisons. For comparisons of balance sheet items and other breakdown items, the figures refer to the end of 2020 unless otherwise indicated.

CEO'S REVIEW

S-Bank Group's July–September result was as had been expected. Our income and profit for January–September grew substantially on the previous year.

The positive trend continued in the third quarter in both of our Banking and Wealth Management businesses. In the Banking business, purchases made in euros with the S-Etukortti Visa card in January–September grew by 13.9 per cent on the amount for the previous year. Our lending also grew year-on-year. The performance of our Wealth Management business was excellent. Net subscriptions and the number of investors in S-Bank and FIM funds increased year-on-year. Operating profit increased nearly ten-fold year-on-year.

We also progressed purposefully in several key projects in the third quarter and at the beginning of the final quarter. Earlier in June we introduced a service that enables new customers to become co-op members of the S Group's Cooperative stores and S-Bank customers directly in the S-mobiili app. Initial experiences have been very promising, and we see a lot of potential in this. The S-mobiili app, which combines the services of the S Group and S-Bank, has more than 1.6 million users.

At the beginning of September, we started a process to renew the S-Bank brand and to discontinue use of the FIM brand. As a part of this process, the FIM funds and companies were renamed under the S-Bank brand.

At the end of the quarter, we successfully issued our first bond – nominal value EUR 170 million – to Finnish and foreign investors. Its purpose is to meet our MREL requirement.

At the beginning of October, our owners completed a corporate transaction, announced in June, in which the S Group acquired all S-Bank shares previously held by the LocalTapiola Group and Elo. The transaction will enable us to work more efficiently within the S Group. In conjunction with the transaction, the LocalTapiola Group invested EUR 57.5 million in our debenture loans.

In the third quarter, many countries moved to a new phase in managing the coronavirus pandemic. As vaccination coverage improved, the spread of the disease showed signs of slowing also in Finland, and, as a result, the authorities eased and removed restrictions and recommendations regulating various activities in society.

As the overall disease situation and restrictions continued to change, we adjusted our ways of working accordingly, as we have done before. Our plan is to start a gradual return to office work in October when the national telework recommendation comes to an end. As a responsible company, we will continue to ensure our customers' and employees' safety and wellbeing under all circumstances.

PEKKA YLIHURULA
CEO

CONTENT

OPERATIONS IN THE REVIEW PERIOD

KEY EVENTS

In January, S-Bank's Wealth Management business completed an integration project related to the corporate acquisition concluded at the end of July 2020, in which S-Bank acquired the asset management and real estate investment services of the Fennia insurance company. Two new funds were added to the selection of real estate funds available to all customers in early 2021.

The Standard and Poor's (S&P) credit rating agency raised S-Bank's outlook to stable in January. The previous outlook had been negative, in line with the rest of the Finnish banking sector. S&P justified the upgrading of the banking sector's outlook by referencing Finland's superior macro-economic environment compared with the rest of Europe and the country's successful handling of the coronavirus pandemic. S&P confirmed the rating and outlook in August.

In February, S-Bank's Board of Directors appointed Hanna Porkka, Head of Wealth Management, as Executive Vice President and Deputy CEO of the Group, effective as of 2 February 2021. Funds managed by companies in the S-Bank Group sold a portfolio of nearly 400 apartments to a fund managed by Avara in February. The housing portfolio consisted of 17 properties, eight of which were wholly owned companies and nine partially owned companies. Later in February, funds managed by companies in the S-Bank Group announced a project to build a new head office for the Varuste.net sports equipment store in the Konala district of Helsinki.

For the ninth consecutive year, Finns voted S-Bank as the most responsible bank in Finland in the annual Sustainable Brand Index survey. The survey was published in March.

A charge has been imposed on some of the old chipless payment cards since 1 October 2021. This change will not affect those daily banking services that are offered free of charge. S-Bank will continue to offer its co-op members and their family members a bank account, the S-Etukortti Visa card, online banking codes and the S-mobiili app free of charge.

Fennia Asset Management Ltd merged with FIM Private Equity Funds Ltd on 1 April 2021.

S-Bank's Board of Directors appointed Markus Lahtinen, Director, Sales, as a member of the Group Management Team as of 1 May 2021. The responsibilities of some other Group Management Team members were further specified in connection with this.

The S-Bank Global Private Assets non-UCITS fund was introduced at the beginning of June. The fund invests its assets in equities and bonds of unlisted companies and fund units bought in the secondary market. The fund is managed by FIM Asset Management Ltd, which is part of the S-Bank Group.

At the end of June, SOK and S Group's regional cooperatives announced that they would acquire the LocalTapiola Group's holding in S-Bank. Elo Mutual Pension Insurance Company announced that it would also sell its shares in S-Bank to S Group. At the same time, it was announced that the fund cooperation between S-Bank and LocalTapiola would end. S-Bank's owners completed the transaction on 5 October 2021.

At the beginning of September, S-Bank announced that it would begin to renew its brand. S-Bank also started using the S-Bank brand in asset management and discontinued using the FIM brand. According to a survey published a month earlier in August by the Taloustutkimus market research company and the Kauppalehti financial newspaper, the S-Bank brand was rated as the most respected brand in the financial sector for the fourth consecutive year.

In mid-September, the Financial Supervisory Authority imposed a EUR 1.65

million penalty on S-Bank for deficiencies in its identification and reporting processes related to suspicious orders in share brokerage. According to the Financial Supervisory Authority, there were deficiencies in S-Bank's processes used in identifying and reporting suspicious brokerage orders from 2016 to 2018. S-Bank is not itself suspected of misconduct, and the company no longer offers its customers share brokerage services.

At the end of the quarter, S-Bank successfully issued a EUR 170 million senior preferred MREL eligible bond. The bond is S-Bank's first issuance under its MTN (Medium Term Note) programme. Trading with the floating-rate bond that matures on 4 April 2025 began on 6 October 2021 on Nasdaq Helsinki.

SUMMARY OF THE EFFECTS OF THE CORONAVIRUS PANDEMIC ON BUSINESS

The advent of the coronavirus caused a pandemic in 2020 that is still continuing.

In the third quarter, however, many countries moved to a new phase in managing the pandemic as vaccination coverage and the health situation showed signs of improvement. As a result, the authorities eased and removed restrictions and recommendations regulating various activities in society. This was also the case in Finland.

Around the world, numerous regulations, guidelines and recommendations have been imposed to combat the pandemic. During the first three quarters of the year, S-Bank complied with the guidelines issued by the Finnish authorities. Other precautionary measures have also been taken.

A significant proportion of S-Bank's personnel continued to work remotely in the third quarter. The national telework recommendation issued by the authorities will end in October, and S-Bank will also begin a gradual return to the office in October.

S-Bank has paid particular attention to ensuring the continuity of its operations in the event of a further decline in the infection situation. For example, it has followed hygiene, health and safety guidelines, and has paid attention to purchasing the necessary supplies and full compliance with official recommendations. S-Bank has recommended that its customers use the S-mobiili app and the online bank to take care of their banking needs.

In Finland, the spread of the coronavirus varied during the first three quarters of the year. However, S-Bank was able to adjust its operations and ways of working in accordance with the infection situation.

The decrease in coronavirus cases and the recovery of the economy have had a positive effect on S-Bank's business operations.

The effects of the pandemic on the bank's risk position are described in more detail in the section 'Risks and capital adequacy and their management'.

OPERATING ENVIRONMENT

The third quarter of the year was not only a time of recovery from the pandemic, but also of continuing uncertainty. Economies around the world continued to open up as increasing proportions of the population received their vaccinations. On the other hand, the delta variant of the coronavirus sustained doubts about the pandemic's easing, thus dampening expectations somewhat.

Economic growth continued. However, the exceptionally rapid rate of growth that followed the collapse caused by the coronavirus was not sustained. Employment improved and corporate confidence remained high, but the figures did not reach the highest levels of the year's beginning. In other words, as economic expectations had risen, there were no longer the same kind of positive surprises that had characterised the preceding quarters. The pace of recovery varied across the world. Europe has been one of the last to recover from the coronavirus, while economies in other parts of the world have improved more rapidly. Although China was the first to recover from the virus, its growth has weakened again since the authorities scaled back stimulus measures. This has made other industrialised countries uncertain of the extent to which China's return to economic growth will be followed here, and, as a result, more hesitant to scale back stimulus measures.

Bottlenecks created as a concomitant of strong growth have introduced an additional economic challenge. Rising raw material prices, a shortage of various materials and the steep rise in logistics costs have hindered growth. Price increases have also dampened consumer spending, which did not increase as strongly as expected when coronavirus restrictions were eased. Countries around the world continued their stimulus measures but are no longer planning increases and are mostly continuing existing measures.

Monetary policy is facing a new situation after an unprecedented 18 months of strong stimulus. This has been reflected in a gradual rise in long interest rates. In emerging economies, the acceleration of inflation has already prompted central banks to extensively raise interest rates. The industrialised countries have also begun talking about reducing quantitative easing. In the USA, the federal reserve hinted that it would start tapering its bond purchase programme already this year. In the euro area, the increase in inflation has been slower than elsewhere, and as a result the central bank will tighten its monetary policy at a slower pace. Investors are not expecting interest rate hikes in the euro zone for years and thus low interest rates will probably continue for a long time to come.

The equity markets had a mixed quarter. Equities were still on a strong growth track in the summer, but as autumn began, inflation concerns, growth slowdowns and market uncertainty with respect to China pushed them down. Overall, the rapid 1.5-year rise in equity prices ended, and equity returns globally only just exceeded 1 per cent in the third quarter. In Finland, equities followed the international trend with a slight decline in prices. There were signs of a levelling off on the Finnish real estate market despite prices remaining stable and trading continuing to be active.

FINANCIAL POSITION

Key figures

(EUR million)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Jan–Sep 2021	Jan–Sep 2020
Net interest income	23.3	22.7	21.4	21.6	23.0	67.3	67.8
Net fee and commission income	18.7	19.8	17.8	20.8	16.4	56.3	46.2
Total income	43.5	45.4	45.2	51.2	42.1	134.1	122.7
Operating profit	6.4	7.7	6.6	8.3	6.1	20.6	12.7
Cost-to-income ratio	0.74	0.73	0.74	0.74	0.77	0.74	0.77

(EUR million)	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Sep 2021	31 Dec 2020
Liabilities to customers, deposits	7,600.4	7,281.7	7,098.0	6,925.0	6,721.4	7,600.4	6,925.0
Receivables from customers, lending	5,883.3	5,697.0	5,557.0	5,444.4	5,298.1	5,883.3	5,444.4
Debt securities	1,310.7	1,220.0	1,268.4	1,228.8	1,301.4	1,310.7	1,228.8
Equity	507.9	502.8	495.5	488.6	479.4	507.9	488.6
Expected credit losses (ECL)	20.8	21.3	20.8	19.6	19.3	20.8	19.6
Assets under management	11,886.3	11,797.1*	11,452.3	10,785.1	9,770.7	11,886.3	10,785.1
Return on equity	4.6%	4.6%	3.9%	3.3%	3.0%	4.6%	3.3%
Return on assets	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%
Equity ratio	6.0%	6.3%	6.4%	6.4%	6.5%	6.0%	6.4%
Capital adequacy ratio	14.9%	15.2%	15.3%	15.7%	15.1%	14.9%	15.7%

*The amount of assets under management on 30 June 2021 has been further adjusted since the publication of the half-year report 2021.

RESULT JUL–SEP 2021

In July–September, the S-Bank Group's operating profit increased 4.5 per cent on the previous year and was EUR 6.4 million (6.1). The result for the review period was affected by a penalty payment of EUR 1.65 million imposed by the Financial Supervisory Authority in September.

Income

Total income increased to EUR 43.5 million (42.1), an increase of 3.4 per cent. Net interest income grew by 1.4 per cent, totalling EUR 23.3 million (23.0). Net fee and commission income increased by 13.9 per cent to EUR 18.7 million (16.4), mainly resulting from an increase in asset management fees. Net income from investing activities amounted to EUR 0.2 million (0.6). Other operating income totalled EUR 1.3 million (2.1).

Expenses

Operating expenses totalled EUR 34.3 million (31.7). This represents an increase of 8.3 per cent year-on-year. The increase excluding the FSA's penalty payment was only 3.0 per cent. Personnel expenses accounted for EUR 12.1 million (11.9) of operating expenses. Other administrative expenses were EUR 16.4 million (14.5). Depreciation and impairment of tangible and intangible assets amounted to EUR 3.2 million (3.4). Other operating expenses totalled EUR 2.7 million (1.8).

Expected and final credit losses

In the third quarter, expected and final credit losses of EUR 4.3 (5.5) million were recognised in the consolidated income statement. Reversals, or recovered credit losses, amounted to EUR 1.5 million (1.2). Consequently, the total net effect on profit of expected and final credit losses was EUR 2.8 million (4.3).

RESULT AND BALANCE SHEET JAN–SEP 2021

S-Bank's operating profit was EUR 20.6 million (12.7), an increase of 61.9 per cent on the previous year. The profit for the period after taxes was EUR 16.5 million (9.5). Return on equity rose to 4.6 per cent (3.2).

Income

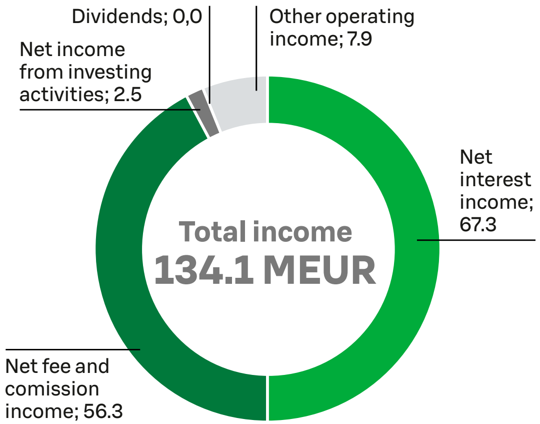
Total income developed positively during the review period. Total income amounted to EUR 134.1 million (122.7), a growth of 9.3 per cent.

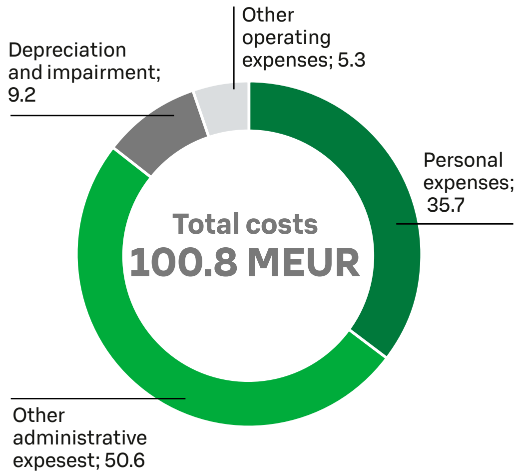
Net interest income remained at the previous year's level and was EUR 67.3 million (67.8). Net interest income was affected by a decline in interest income from investing activities and an increase in interest expenses on hedging derivatives. Net fee and commission income increased by 21.8 per cent year-on-year to EUR 56.3 million (46.2). The increase in net fee and commission income was influenced by the corporate acquisition concluded in the Wealth Management business at the end of July 2020, as well as by an increase in net subscriptions and favourable market performance. Net income from investing activities amounted to EUR 2.5 million (2.8). Other operating income totalled EUR 7.9 million (5.8). The growth was influenced by revenue from the sale of receivables during the first quarter.

Expenses

Operating expenses totalled EUR 100.8 million (92.9) during the review period. This represents an increase of 8.5 per cent year-on-year. The increase excluding the FSA's penalty payment was only 6.7 per cent. Personnel expenses accounted for EUR 35.7 million (31.4) of operating expenses. The increase was due to higher personnel expenses as a result of a corporate acquisition, co-determination negotiations and fewer capitalised employee hours performed than in the comparison period, among other factors.

Other administrative expenses were EUR 50.6 million (47.6). Items contributing to the growth include IT and development costs. Depreciation and impairment of tangible and intangible assets amounted to EUR 9.2 million (9.6). Other operating expenses totalled EUR 5.3 million (4.3).





Expected and final credit losses

Expected and final credit losses of EUR 16.8 million (20.1) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 4.1 million (3.1). Consequently, the total net effect on profit of expected and final credit losses was EUR 12.7 million (17.0). The positive development was affected by the recovery of the economy and the measures taken to manage credit risks. Credit and impairment losses are at a low level in relation to the size of the loan portfolio and within the risk appetite established by S-Bank's Board of Directors.

Deposits

Total deposits continued to grow and were EUR 7,600.4 million (6,925.0) at the end of the review period. Deposits repayable on demand totalled EUR 7,595.9 million (6,920.2) and time deposits EUR 4.5 million (4.7) at the end of the review period. During the past 12 months, total deposits grew by 13.1 per cent. Deposits by household customers were EUR 6,478.8 million (11.1 per cent) and deposits by corporate customers were EUR 1 121.6 million (25.9).

At the close of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 6,031.2 million (5 573.9).

Lending

The long-term growth of lending continued. At the end of the review period, the credit portfolio totalled EUR 5 883.3 million (5 444.4). During the past 12 months, the credit portfolio grew by 11.0 per cent. Credit to household customers amounted to EUR 4 934.7 million (13.8 per cent), while credit to corporate customers totalled EUR 948.5 million (-1.3 per cent).

As in the previous year, the growth of the housing loan portfolio outperformed the rest of the market and was 13.5 per cent.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 77 per cent (78).

Deposits (EUR million)	30 Sep 2021	31 Dec 2020	Change from beginning of the year	12-month change
Household customers	6,478.8	5,964.1	8.6%	11.1%
Corporate customers	1,121.6	960.9	16.7%	25.9%
Total	**7,600.4**	**6,925.0**	**9.8%**	**13.1%**

Lending (EUR million)	30 Sep 2021	31 Dec 2020	Change from beginning of the year	12-month change
Household customers	4,934.7	4,483.1	10.1,%	13.8%
Corporate customers	948.5	961.2	-1.3,%	-1.3%
Total	**5,883.3**	**5,444.4**	**8.1,%**	**11.0%**

Investing activities

At the end of the review period, the bank's debt securities totalled EUR 1 310.7 million (1 228.8 million at the end of 2020).

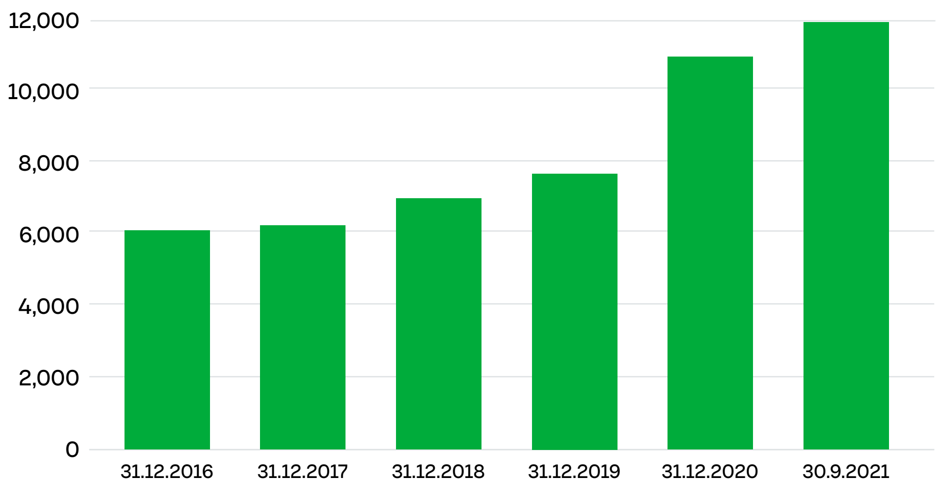
Equity

At the end of the review period, S-Bank's equity was EUR 507.9 million (488.6 million at the end of 2020). The equity ratio was 6.0 per cent (6.5).

Assets under management

The S-Bank Group's assets under management were EUR 11 886.3 million (10,785.1) at the end of the review period. This represents an increase of 10.2 per cent year-to-date. Of assets under management, the share of fund capital was EUR 8 122.1 million (7 156.4), and the share of wealth management capital was EUR 3 764.2 million (3 628.7). In addition, S-Bank Properties Ltd managed EUR 439.8 million in customer assets, consisting of real estate and joint ventures. Net subscriptions in the S-Bank and FIM mutual funds amounted to EUR 238.8 million (90.2) in the review period.

Assets under management (EUR million)



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 operations'. The reporting of business segments is identical to the internal reporting provided to company management.

Banking

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

Operating profit increased to EUR 28.7 million (24.1) in January–September. Total income increased by 2.8 per cent to EUR 104.3 million (101.5). Expenses increased by 4.2 per cent to EUR 63.0 million (60.5), and impairment of receivables decreased to EUR 12.7 million (17.0).

According to the latest available information, S-Bank's contribution to the increase in the financial institutions' housing loan volume was 10.6 per cent (15.7) for the preceding 12-month period in August. Compared with the market as a whole, the housing loan portfolio's growth was 3.5-fold in the same period. In January–September, the number of housing loan applications increased substantially on the previous year.

Banking (EUR million)	Jan–Sep 2021	Jan–Sep 2020	Change
Operating income	104.3	101.5	2.8%
Operating expenses	-63.0	-60.5	4.2%
Impairment of receivables	-12.7	-17.0	-25.7%
Operating profit (loss)	**28.7**	**24.1**	**19.3%**

The use of S-Etukortti Visa cards developed favourably in January–September. In January–September, the use of cards in euros increased by 13.9 per cent (3.7) on the previous year.

Wealth management

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

The corporate acquisition concluded with Fennia at the end of July 2020 had a marked impact on business performance. The operating result increased to EUR 5.6 million (0.6). Total income increased by 50.5 per cent to EUR 28.6 million (19.0). Expenses increased by 25.1 per cent to EUR 23.0 million (18.4). The substantial increase in income and expenses is mainly explained by the acquisition mentioned above.

Net subscriptions to the S-Bank and FIM funds totalled EUR 238.8 million (90.2) in January–September. The increase in net subscriptions to the S-Bank and FIM funds was higher than the market average. In the overall market, net subscriptions totalled EUR 8 565.7 million (-835.6) in January–September.

The total number of unit holders in all of the S-Bank and FIM funds increased to approximately 325 500 from around 256 000 a year earlier. The total number of unit holders in all of the funds under management increased to around 386 000 from around 315 000 a year earlier. On the Finnish market as a whole, the total number of unit holders rose to around 3.8 million from 3.4 million a year earlier.

Wealth Management (EUR million)	**Jan–Sep 2021**	**Jan–Sep 2020**	**Change**
Operating income	28.6	19.0	50.5%
Operating expenses	-23.0	-18.4	25.1%
Operating profit (loss)	**5.6**	**0.6**	**839.3%**

CALCULATION OF KEY PERFORMANCE INDICATORS

Total incom:

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 + Other operating income

Cost-to-income ratio:

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

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, %:

$$\frac{\text{Total capital}}{\text{Total minimum capital requirement}} \times 8\ \%$$

Tier 1 capital adequacy ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Total minimum capital requirement}} \times 8\ \%$$

Leverage ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Balance sheet and off-balance sheet exposures}} \times 100$$

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-Bank Group's risk position

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

Mobility restrictions were scaled back as vaccination coverage improved in the third quarter, and the economic recovery continued, which had a positive impact on credit losses and defaulted exposures. Growth in demand has also started to have an impact on inflation rates, and substantial changes have been seen in commodity and energy price levels in particular, but interest rates have remained low. Employment and housing prices have developed favourably, which together with low interest rates has supported demand for housing loans. S-Bank's capital adequacy, liquidity and financial position have remained stable.

The Group's most significant risk types from the perspective of the Pillar 1 minimum regulatory capital requirements are credit risks and operational risks. In addition to calculating Pillar 1 capital requirements, S-Bank also calculates an internal risk-based Pillar 2 capital requirement in order to assess all the material risks related to its operations and to ensure a comprehensive overview of its risk profile.

Credit risk

Credit risk constitutes 91 per cent or EUR 3.0 billion of S-Bank's total risk (Risk Exposure Amount, REA). The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. The most substantial items requiring capital include exposures secured by mortgages on immovable property, retail exposures and corporate exposures. The housing loans of house-

S-Bank Group's key risk indicators

EUR million	Sep 2021	Dec 2020
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	3,278.9	3,035.2
Credit and counterparty risk, standardised approach	2,972.9	2,729.2
Market risk	0.0	0.0
Operational risk, basic indicator approach	306.0	306.0
Credit Valuation Adjustment (CVA)	0.0	0.0
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	433.4	416.4
Tier 2 (T2) capital	54.1	59.5
Total capital	487.5	475.9
Pillar 1 requirement (%)	12.00%	12.76%
Capital adequacy ratio (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio	13.2%	13.7%
Total capital ratio (%)	14.9%	15.7%
Non-Performing Loans (NPL)		
NPL ratio (%)*	0.6%	0.6%
Leverage Ratio (LR)		
Leverage Ratio (%)	5.6%	5.8%
Leverage Ratio (%) (excluding the impact of any applicable temporary exemption of central bank exposures)	5.0%	5.3%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	152.2%	146.8%
Net Stable Funding Ratio (NSFR)		
Net Stable Funding Ratio (%)	150.4%	151.2%

*The NPL ratio presents the book value of gross non-performing loans in relation to loans and advances (excluding central bank cash and demand deposits).

hold customers continued to grow significantly during the review period. There were no major shifts in the credit portfolio distribution between different credit types during the review period. S-Bank sustains a low credit risk profile in line with its conservative risk appetite, supported by active risk management and monitoring measures.

The change in non-performing loans, which increased during the first quarter, has remained fairly steady in the second and third quarters. The gross carrying amount of non-performing loans on the balance sheet was EUR 37.5 million (32.4). With the increase in the loan portfolio, the NPL ratio of non-performing loans to loans and advances (excluding central bank cash and demand deposits) has remained rather stable at the level of 0.6 per cent (0.6). All non-performing loans are household customers' exposures. As the effects of the coronavirus pandemic are decreasing, the overall growth of forbearances is stabilising and of which the proportion of performing forborne exposures is increasing. Gross forborne exposures on the balance sheet increased by EUR 1.6 million in the third quarter and totalled EUR 92.6 million (65.7) at the end of the review period. Of the on-balance-sheet forborne exposures, 87 per cent (84) were performing. The carrying amount of gross performing forborne exposures in relation to loans and advances (excluding central bank cash and demand deposits) was at 1.4 per cent (1.0). The corresponding ratio of non-performing forborne exposures remained at 0.2 per cent (0.2) All forborne exposures are related to household customers.

The volume of household customer loans subject to repayment holidays or other changes to the payment schedule decreased to EUR 352 million (680), representing 7.1 per cent (15.1) of total household customer exposures. Repayment holidays are primarily granted to household customers. The amount of repayment holidays in relation to the loan portfolio continued to decline in the third quarter and returned to the level preceding the coronavirus pandemic during the reporting period. S-Bank's corporate exposure does not include any specific groups of customers or sectors that would have been offered repayment holidays or changes to their payment schedules.

The accounting of expected credit losses in accordance with the IFRS 9 standard is based on internal models that contain an assumption of a change in credit risk. In addition, forward-looking information and the macro-economic situation are taken into account using the management factor. The management factor, which is confirmed monthly, takes into account the latest available information on the macro-economic outlook and the uncertainty factors related to model risk and model assumptions. The total ECL provision at the end of the review period was EUR 20.8 million (19.6). The ECL provision increased by EUR 1.2 million during the first three quarters of the year, of which approximately EUR 1 million was attributable to the introduction of the new definition of default. Expected and final credit losses are discussed under 'Result and balance sheet' and in Note 9: Impairment of receivables.

Market risk

S-Bank's market risks mainly consist of the interest rate risk in the banking book and the spread risk of debt securities. The interest rate risk in the banking book consists of lending and borrowing by the Banking business and the investments and funding of the Treasury unit. Market risks are assessed from the perspective of the economic value and interest income risk of the banking book and the spread risk. The economic value risk for items measured at fair value (+100 basis points) was EUR -11.4 million (-9.3). The interest income risk (-100 basis points) for all interest-bearing instruments on the balance sheet was EUR -9.2 million (-11.6) and the spread risk was EUR -7.1 million (-6.1) at the end of the review period. The increase in the spread risk is due to the update of the spread risk model parameters and the change in the composition of the Treasury portfolio during the review period. S-Bank is not significantly exposed to other direct market risks, such as equity, currency or real estate risks.

In addition, market risk is measured using internal risk models as part of the Pillar 2 economic capital requirement processes. S-Bank does not have a trading book and is not subject to the Pillar 1 capital requirement for market risk.

Operational risk

Operational risk accounts for 9 per cent of S-Bank's total REA. The basic indicator approach is used for calculating the capital requirement (Pillar 1) for the 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.

In mid-September, the Financial Supervisory Authority imposed a EUR 1.65 million penalty on S-Bank for deficiencies in the identification and reporting processes related to suspicious orders in the share brokerage services that S-Bank offered from 2016 to 2018.

Own funds and capital adequacy

S-Bank's capital adequacy ratio remained stable, exceeding the regulatory requirements and the minimum level of risk appetite set by S-Bank's Board of Directors. The total capital adequacy ratio was 14.9 per cent (15.7) at the end of the review period. S-Bank's total RWAs increased by EUR 243.7 million as a result of an increase in lending to household customers and corporate exposures in particular. S-Bank is adequately capitalised to ensure the continuity of its operations even under stress scenarios described in stress tests. Total own funds at the end of the review period stood at EUR 487.5 million (475.9). Own funds grew especially as a result of the profit for the financial period.

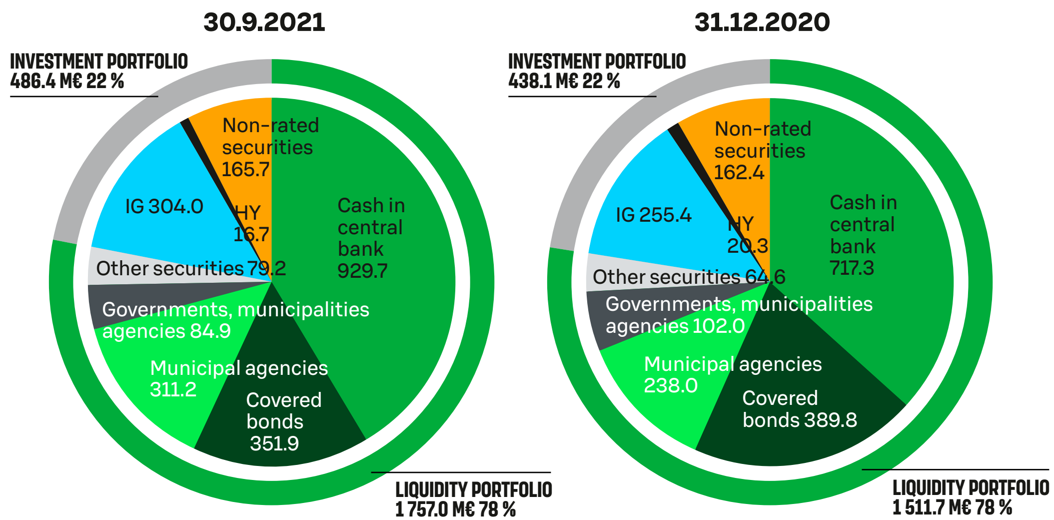
Liquidity risk

S-Bank's liquidity position was stable and robust during the review period. The liquidity coverage ratio (LCR) was 152 per cent (147). With respect to the liquidity portfolio, very high-quality Level 1 assets amounted to 89 per cent (86) and Level 2 assets to 11 per cent (14). The portfolio consists of unencumbered, high-quality liquid assets that can be monetised in a timely fashion. The figure 'S-Bank's liquidity portfolio' illustrates the structure of the liquidity portfolio by product.

The Treasury portfolio consists of the liquidity portfolio (LCR liquidity buffer) and the investment portfolio. The figure below illustrates the structure of the Treasury portfolio at market values at the end of the review period.

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 150 per cent (151). The NSFR requirement of the Capital Requirements Regulation is 100 per cent and entered into force in June 2021.

Breakdown of the treasury portfolio by investment instrument



S-Bank's liquidity portfolio

Liquidity portfolio (EUR million)	Sep 2021		Dec 2020	
	Market value	Buffer value	Market value	Buffer value
Central bank deposit	929.7	929.7	717.3	717.3
Government. municipal and other public sector bonds	84.9	84.9	102.0	102.0
Covered bonds	351.9	313.0	389.8	347.0
Municipal papers	311.2	311.2	238.0	238.0
Other	79.2	40.1	64.6	32.3
Total	**1,757.0**	**1,678.8**	**1,511.7**	**1,436.6**

Leverage ratio

S-Bank's leverage ratio (LR) of 5.6 per cent (5.8) was strong and exceeded the regulatory and internal minimums. S-Bank has made use of the Financial Supervisory Authority's decision to temporarily exempt certain central bank exposures from the total leverage ratio exposure. This decision is valid until 31 March 2022. Without the above-mentioned exemption, S-Bank's leverage ratio (LR) was 5.0 per cent (5.3), which exceeded the regulatory and internal minimum.

OWN FUNDS REQUIREMENTS

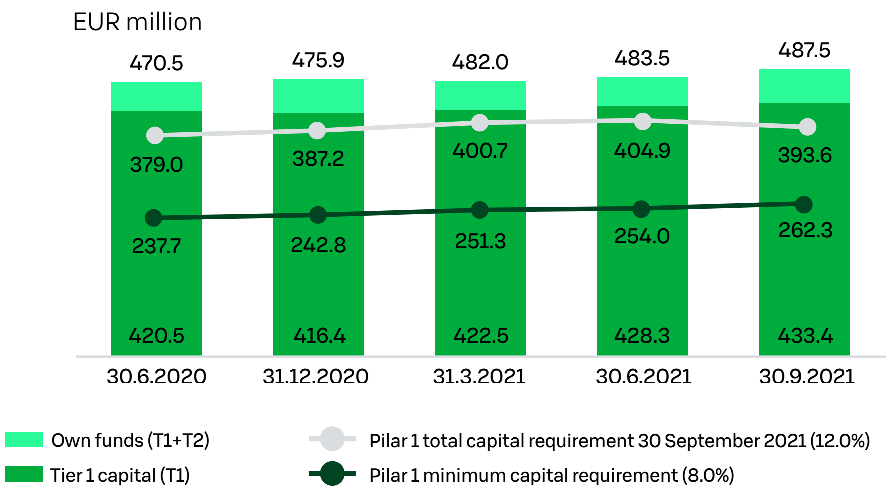
S-Bank's total capital requirement was 12.00 per cent (12.76) at the end of the review period. The capital requirement consists of the minimum capital requirement, the capital conservation buffer, the countercyclical capital buffer and the discretionary, institution-specific Pillar 2 requirement.

The discretionary Pillar 2 requirement imposed on S-Bank decreased during the review period from 2.25 per cent to 1.5 per cent of the total risk exposure. This requirement entered into force on 30 September 2021 and will remain in force no longer than until 30 September 2024. The Pillar 2 capital requirement complements the minimum capital requirement laid down in the Capital Requirements Regulation. The table 'S-Bank's total capital requirement on 30 September 2021 (Pillar 1)' illustrates

S-Bank's total capital requirement on 30 sep 2021 (pillar 1)

Capital	Minimum capital requirement		Capital conservation buffer		Countercyclical buffer		Pillar 2 (SREP) additional capital requirement		Capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5%	147.6	2.5%	82.0	0.00%	0.2	0.84%	27.7	7.85%	257.4
AT1	1.5%	49.2					0.28%	9.2	1.78%	58.4
T2	2.0%	65.6					0.38%	12.3	2.38%	77.9
Total	**8.0%**	**262.3**	**2.5%**	**82.0**	**0.00%**	**0.2**	**1.50%**	**49.2**	**12.00%**	**393.6**

Changes in own funds and capital requirement



the distribution of the total regulatory capital requirement at S-Bank at the end of the review period.

The figure 'Changes in own funds and the capital requirement' presents a summary of the development of the Pillar 1 minimum and total capital requirements and own funds. At the end of the review period, the capital buffer in relation to the Pillar 1 minimum requirement (8.0 per cent) was EUR 225.2 million, and the capital buffer in relation to the Pillar 1 total capital requirement (12.00 per cent) was EUR 93.8 million.

Capital adequacy position and other material information

S-Bank's capital adequacy ratio was 14.9 per cent (15.7) at the end of the review period. The amount of own funds increased by EUR 11.6 million due to profit performance. The main reason for the change in the capital adequacy ratio was the increase in overall credit risk exposures, which was primarily due to the growth of the loan portfolio. S-Bank's Tier 2 capital consists of three debentures with a total nominal value of EUR 54.1 million (59.5) and a maturity of over five years. At the beginning of

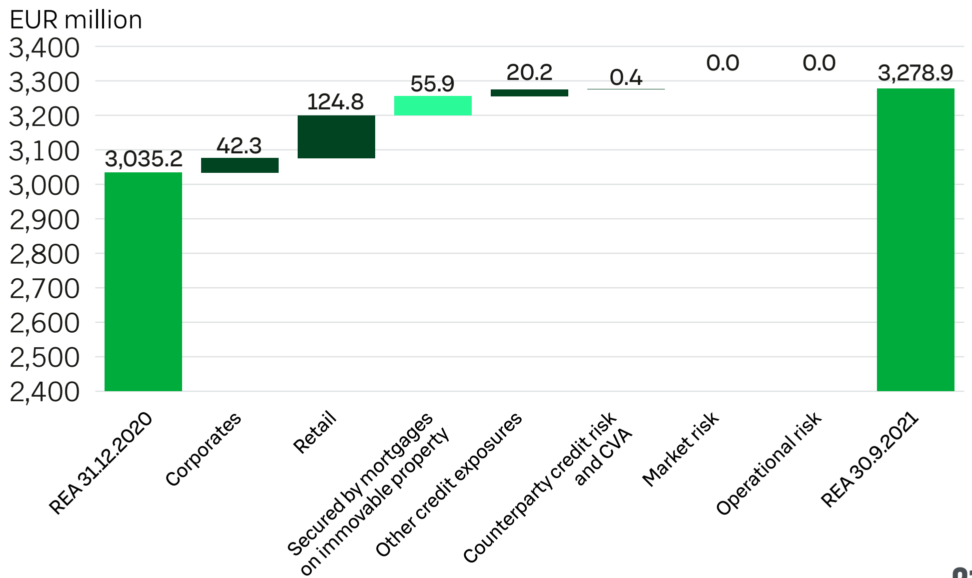
Summary of capital adequacy information

Own funds (EUR million)	30 Sep 2021	31 Dec 2020
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**507.9**	**488.6**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	139.4	122.4
Profit/loss from previous financial periods	122.8	106.7
Profit/loss for the year	16.5	15.7
Fair value reserve	1.8	-0.5
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**74.5**	**72.3**
Intangible assets	73.2	71.0
Value adjustments due to the requirements for prudent valuation	1.3	1.3
Common Equity Tier 1 (CET1) capital	**433.4**	**416.4**
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) capital	**433.4**	**416.4**
Tier 2 (T2) capital before adjustments	**54.1**	**59.5**
Debentures	54.1	59.5
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**54.1**	**59.5**
Total capital	**487.5**	**475.9**
Total capital	487.5	475.9
Minimum requirement for own funds	262.3	242.8
Capital adequacy ratio	**14.9%**	**15.7%**
Tier 1 capital	433.4	416.4
Minimum requirement for own funds	262.3	242.8
Tier 1 capital adequacy ratio	**13.2%**	**13.7%**
Total risk-weighted exposure amounts (RWAs)	**3,278.9**	**3,035.2**
of which credit risk	2,972.9	2,729.2
of which market risk	0.0	0.0
of which operational risk	306.0	306.0
of which risk associated with credit valuation adjustment (CVA)	0.0	0.0
Ratio of CET1 capital to risk-weighted exposure amounts (%)	**13.2%**	**13.7%**
Ratio of Tier 1 capital to risk-weighted exposure amounts (%)	**13.2%**	**13.7%**
Ratio of own funds to risk-weighted exposure amounts (%)	**14.9%**	**15.7%**

October 2021, S-Bank's owners completed a corporate transaction announced in June in which the S Group acquired all S-Bank shares from the LocalTapiola Group and Elo. In conjunction with completion of the transaction, the LocalTapiola Group invested EUR 57.5 million in S-Bank's debenture loans, which will increase own funds in the final quarter of the year.

The risk exposure amount grew by EUR 243.7 million compared with the situation on 31 December 2020 by the end of the third quarter. The growth was mainly related to retail exposures and exposures secured by mortgaged immovable property. During the review period, exposures were reallocated from the class of exposures secured by mortgages on immovable property to the retail exposure class, which is used in capital adequacy calculations, when S-Bank introduced a new collateral assessment model and process. The change in the risk exposure amount (REA) by exposure class is presented in the figure 'Split of changes in risk exposure amount and risk-weighted assets'.

Split of changes in risk exposure amount and risk-weighted assets



Minimum Requirement for own funds and Eligible Liabilities (MREL)

The Financial Stability Authority is the Finnish crisis resolution authority. It is responsible for planning crisis resolution for credit institutions and investment firms. The Financial Stability Authority has issued a Minimum Requirement for own funds and Eligible Liabilities (MREL) to be applied at the level of the S-Bank Group. In the decision issued by the Financial Stability Authority on 28 April 2021, the requirement based on total risk exposure amount is 20.04 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 5.91 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement will enter into force on 1 January 2022 and the full requirement on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio will enter into force in full on 1 January 2022.

The sale and pricing of S-Bank's first MTN (Medium Term Note) bond was carried out in September and the issuance took place in October 2021. The nominal amount of the issued Senior Preferred bond is EUR 170 million and is considered an eligible liability intended to meet the MREL requirement. In addition, the nominal amount of debenture loans will increase by EUR 57.5 million in the final quarter. As a result of these measures, S-Bank is fully prepared to meet its total risk-based MREL requirement on 1 January 2022.

Reporting of risk and capital adequacy information

S-Bank complies with its disclosure obligations by publishing information on risks, risk management and capital adequacy in its financial statements. The published information on capital adequacy and risks is always available on S-Bank's website at www.s-pankki.fi.

The Pillar 3 report (Capital and Risk Management Report) in accordance with the EU Capital Requirements Regulation is published in a document separate from the financial statements. The report and information on S-Bank's governance and management systems and remuneration systems are available on S-Bank's website.

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

As a result of the brand renewal announced in September, the names of several FIM companies were changed on 1 October 2021. FIM Asset Management Ltd became S-Bank Fund Management Ltd, FIM Private Equity Funds Ltd became S-Bank Private Equity Funds Ltd, and FIM Impact Investing Ltd became S-Bank Impact Investing Ltd. Portfolio management was also concentrated under S-Bank Plc within the S-Bank Group. The names of the FIM funds changed on 7 October 2021.

On 5 October 2021, the owners of S-Bank – the S Group, the LocalTapiola Group and Elo – concluded a corporate transaction in which SOK Corporation and the regional cooperatives of the S Group acquired the shares held by LocalTapiola General, LocalTapiola Life, the LocalTapiola regional companies and the Elo Mutual Pension Insurance Company in S-Bank Plc, the parent company of the S-Bank Group. Following the transaction, the S Group owns all of S-Bank's shares. Consequently, the representatives of the LocalTapiola Group resigned from S-Bank's Board of Directors.

As a part of the transaction, fund cooperation between S-Bank and LocalTapiola will end. The management of a total of 28 LocalTapiola funds will be transferred in stages from S-Bank Fund Management Ltd to Seligson & Co Fund Management Company Plc (owned by the LocalTapiola Group) by the end of the year. The total fund capital of the transferred funds is approximately EUR 4 billion. In turn, two LocalTapiola funds will merge with S-Bank funds in November. In addition, the LocalTapiola Group invested EUR 57.5 million in S-Bank's debenture loans as part of the transaction.

In October, S-Bank launched the S-Pankki Vaikuttavuus I Ky impact fund. This is a fund of funds that invests in impact funds managed by S-Bank and other fund managers.

At an extraordinary general meeting on 8 November 2021 M.A., SHV Hillevi Mannonen was elected to S-Bank's Board of Directors as an independent member of the Board.

OUTLOOK FOR THE REST OF THE YEAR

The world economy must soon adapt to the end of the exceptional circumstances caused by the coronavirus. While economic growth will continue to be rapid for the time being, it is gradually slowing down as governments and central banks scale back their stimulus measures. Employment is improving, but, as the needs of employers and employees who have grown used to the coronavirus period are re-aligned, there will be a labour-market mismatch that will cause uncertainty in the economy. There is uncertainty about the longer-term rate of economic growth following the end of the coronavirus pandemic and the associated exceptional measures.

Specifically, the acceleration of inflation has become the main concern facing economic recovery. In many areas, production has not been sufficient to meet rapid increases in demand, which has resulted in many bottlenecks in production and logistics. The most recent challenge has been the emergence of a sharp rise in energy prices, as economic growth has boosted demand which the current levels of electricity production have been unable to meet. Production has also been hampered by adverse weather conditions and by the need to reduce production technologies that are detrimental to the climate.

As inflation accelerates, central banks must reduce their stimulus sooner than planned. The central banks will be forced into a balancing act between curbing inflation and stimulating the economy. In the coming years, a potential danger is stagflation where economic growth weakens but inflation remains high due to supply issues.

Overall, economic growth will continue but at a slower rate. The economy will continue its return to normal and the authorities will seek to reduce stimulus measures in a controlled manner. In this environment, financial market returns will be lower than in the early days following the coronavirus pandemic. However, if the greatest risks are avoided and economic growth remains moderate, the financial markets will also avoid major downturns. Investors continue to have plenty of cash assets in search of returns – which supports equities, real estate and other high-risk asset classes.

For the whole year, the economy has recovered in line with the expectations prevailing at the beginning of the year. Business and consumer confidence has strengthened and S-Bank's operating environment has improved. We expect operating profit for the whole year to exceed the previous year's level.

OTHER INFORMATION

Annual General Meeting

The Annual General Meeting (AGM) was held on 24 March 2021. The AGM adopted the financial statements for 2020 and discharged the members of the Board of Directors and the CEO from liability. The AGM elected seven members and three deputy members to the Board of Directors. KPMG Oy Ab was elected as the company's auditor, with Petri Kettunen as the principally responsible auditor.

Board of Directors

At the Annual General Meeting of S-Bank, the following members were re-elected to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society; Veli-Matti Liimatainen, Managing Director of Helsinki Cooperative Society Elanto; Jorma Vehviläinen, CFO of SOK; Matti Kiviniemi, Head of Corporate Lending, LocalTapiola; and Erik Valros, CEO of LocalTapiola Uusimaa. In addition, Heli Arantola, Managing Director of Leipurin Plc, was re-elected as an independent member of the Board.

The following deputy members were re-elected to S-Bank's Board of Directors: Harri Miettinen, Managing Director of the Kymi Region Cooperative Society; Kim Biskop, Managing Director of the KPO Cooperative Society; and Pasi Aakula, CEO of LocalTapiola Satakunta.

Jari Annala was re-elected as Chair of the Board. Matti Kiviniemi was re-elected as Vice Chair.

The representatives of the LocalTapiola Group resigned from the Board of Directors as part of the corporate transaction that entered into force on 5 October 2021.

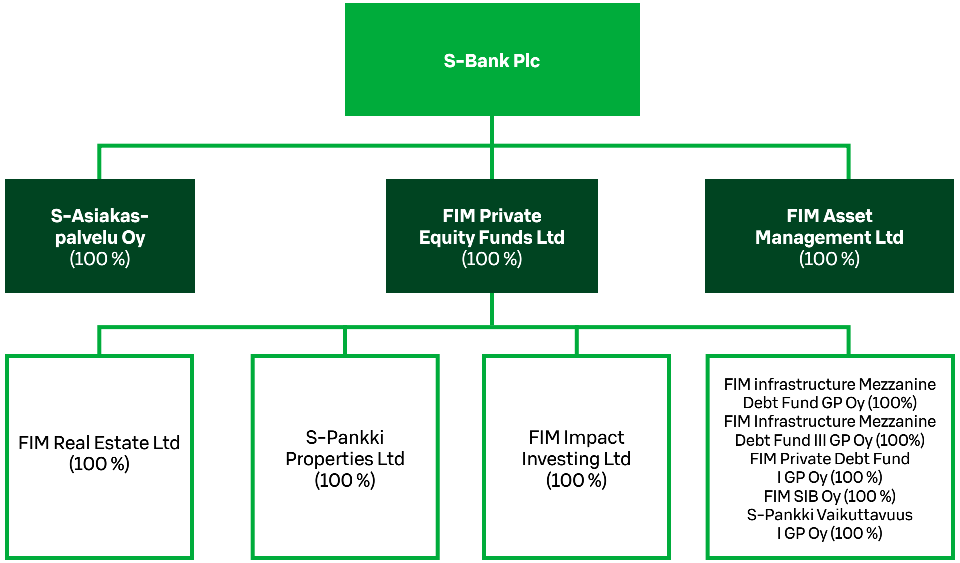
CEO

Pekka Ylihurula is the CEO of S-Bank Plc. Hanna Porkka has been the Deputy CEO since 2 February 2021.

Personnel

At the end of the review period, the S-Bank Group employed a total of 678 people (656). Of these, 532 (510) persons worked at S-Bank Plc, 65 (66) persons at the subsidiaries of the Wealth Management business, and 81 (80) persons at S-Asiakaspalvelu Oy. The salaries and remuneration paid to personnel at the S-Bank Group totalled EUR 29.3 million (25.7).

CORPORATE STRUCTURE



The name of Fennia Properties Ltd was changed to S-Bank Properties Ltd on 18 January 2021.

During the first quarter of 2021, FIM Infrastructure Mezzanine Debt Fund III GP Ltd was incorporated into the Group as a new company. The company serves as a general partner for the fund, which is managed by FIM Private Equity Funds Ltd. The company does not have any other business operations. It is fully owned by FIM Private Equity Funds Ltd.

Fennia Asset Management Ltd was merged into FIM Private Equity Funds Ltd on 1 April 2021.

S-Pankki Vaikuttavuus I GP Oy was incorporated into the Group as a new company in April. The company serves as a general partner in funds managed by FIM Private Equity Funds Ltd. The company does not have any other business operations. It is fully owned by FIM Private Equity Funds Ltd.

Changes made to company names after the review period are described in more detail in the section 'Significant events after the end of the financial period'.

In other respects, the corporate structure and the Group companies are described in more detail in the 2020 financial statements.

INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2021

CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	Jan–Sep 2021	Jan–Sep 2020
Interest income		76,644	74,166
Interest expenses		-9,301	-6,389
Net interest income	3	67,342	67,776
Fee and commission income		92,738	78,564
Fee and commission expenses		-36,455	-32,357
Net fee and commission income	4	56,283	46,207
Net income from investing activities	5	2,535	2,826
Dividends		36	0
Other operating income		7,855	5,846
Total income		**134,052**	**122,656**
Personnel expenses		-35,664	-31,387
Other administrative expenses		-50,619	-47,613
Depreciation and impairment		-9,234	-9,599
Other operating expenses		-5,291	-4,312
Total costs		**-100,808**	**-92,911**
Impairment of receivables	9	-12,657	-17,023
Share of the profits of associated companies		0	-3
OPERATING PROFIT (LOSS)		**20,587**	**12,719**
Income taxes		-4,065	-3,203
Profit (loss) for the period		**16,523**	**9,516**
Of which:			
To the parent company's shareholders		16,523	9,516

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	Jan–Sep 2021	Jan–Sep 2020
PROFIT (LOSS) FOR THE PERIOD		**16,523**	**9,516**
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Items due to remeasurements of defined benefit plans		0	-198
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income		-79	0
Tax effect		16	40
Items that will not be reclassified to profit or loss		**-64**	**-159**
Items that may be reclassified subsequently to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		2,994	-3,192
Tax effect		-627	650
Items that may be reclassified subsequently to profit or loss		**2,367**	**-2,542**
Other comprehensive income items, after taxes		**2,304**	**-2,701**
COMPREHENSIVE INCOME, TOTAL		**18,827**	**6,815**
Of which:			
To the parent company's shareholders		18,827	6,815

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
Assets				
Cash and cash equivalents	6, 7	1,018,385	775,734	604,612
Debt securities eligible for refinancing with central banks	6, 7	666,549	721,541	737,161
Receivables from credit institutions	6, 7	32,488	33,863	32,274
Receivables from customers	6, 7	5,883,267	5,444,362	5,298,128
Debt securities	6, 7, 8	644,167	507,288	564,226
Derivatives	6, 7, 8	819	0	0
Shares and interests	6, 7	29,621	28,126	27,660
Holdings in associated companies		2	2	5
Intangible assets		73,152	70,995	71,021
Tangible assets		8,529	10,720	9,217
Tax assets		2,212	1,597	3,927
Prepayments and accrued income		26,070	25,060	24,782
Other assets		29,013	6,064	5,563
Assets , total		**8,414,274**	**7,625,351**	**7,378,576**

(EUR '000)	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
Liabilities				
Liabilities to credit institutions	6, 7	82	0	0
Liabilities to customers	6, 7	7,636,495	6,976,500	6,754,024
Subordinated debts	6, 7	55,167	59,500	50,000
Derivatives	6, 7, 8	11,193	16,157	17,137
Provisions		397	397	501
Tax liabilities		6,907	6,345	6,831
Accrued expenses		146,371	30,547	24,576
Other liabilities		49,759	47,260	46,127
Liabilities , total		**7,906,371**	**7,136,707**	**6,899,195**
Equity				
Share capital		82,880	82,880	82,880
Reserves		285,670	283,366	280,494
Retained earnings		139,352	122,397	116,006
Parent company's shareholders		**507,903**	**488,644**	**479,381**
Equity, total		**507,903**	**488,644**	**479,381**
Liabilities and equity, total		**8,414,274**	**7,625,351**	**7,378,576**

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 2020	**82,880**	**283,828**	**-792**	**106,921**	**472,838**
Comprehensive income					
Profit (loss) for the period				9,516	9,516
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			-2,542	0	-2,542
Remeasurements of defined benefit plans			0	-159	-159
Other comprehensive income items, total	0	0	-2,542	-159	-2,701
COMPREHENSIVE INCOME, TOTAL	**0**	**0**	**-2,542**	**9,357**	**6,815**
Other changes	0	0	0	-272	-272
TOTAL EQUITY 30 SEP 2020	**82,880**	**283,828**	**-3,334**	**116,006**	**479,381**

(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 2020	**82,880**	**283,828**	**-792**	**106,921**	**472,838**
Comprehensive income					
Profit (loss) for the period				15,670	15,670
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			106	0	106
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			224	0	224
Remeasurements of defined benefit plans			0	-149	-149
Other comprehensive income items, total	0	0	330	-149	181
COMPREHENSIVE INCOME, TOTAL	**0**	**0**	**330**	**15,521**	**15,851**
Other changes	0	0	0	-45	-45
TOTAL EQUITY 31 DEC 2020	**82,880**	**283,828**	**-462**	**122,397**	**488,644**

(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 2021	**82,880**	**283,828**	**-462**	**122,397**	**488,644**
Comprehensive income					
Profit (loss) for the period				16,523	16,523
Other comprehensive income items:					
Profit or loss on financial assets measured at fair value through other comprehensive income			2,367	0	2,367
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income			-64	0	-64
Other comprehensive income items, total	0	0	2,304	0	2,304
COMPREHENSIVE INCOME, TOTAL	**0**	**0**	**2,304**	**16,523**	**18,827**
Other changes	0	0	0	432	432
TOTAL EQUITY 30 SEP 2021	**82,880**	**283,828**	**1,842**	**139,352**	**507,903**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	Note	Jan-Sep 2021	Jan-Sep 2020
Cash flows from operating activities			
Profit (loss) for the period		**16,523**	**9,516**
Depreciation and impairment		9,234	9,599
Shares of the profit of companies consolidated with the equity method		0	3
Credit losses		16,904	20,067
Other non-payment income and expenses		-1,597	-2,077
Income taxes		4,065	3,203
Other adjustments		-6	695
Adjustments for financial income and expenses		2,150	2,922
Adjustments, total		**30,749**	**34,412**
Cash flows before changes in operating assets and liabilities		**47,272**	**43,928**
Increase/decrease in operating assets (+/-)			
Receivables from credit institutions, other than repayable on demand		4,657	3,159
Receivables from customers		-456,255	-538,219
Derivatives		0	400
Investment assets		-84,695	-221,032
Other assets		1,788	-1,351
Total increase/decrease in operating assets		**-534,506**	**-757,044**
Increase/decrease in operating liabilities (+/-)			
Liabilities to credit institutions		82	0
Liabilities to customers		659,995	753,198
Other liabilities		94,234	-4,137
Total increase/decrease in operating liabilities		**754,310**	**749,061**
Taxes paid		-4,739	-4,353
Cash flows from operating activities		**262,337**	**31,592**

(EUR '000)	Note	Jan-Sep 2021	Jan-Sep 2020
Cash flow from investing activities			
Investments in tangible and intangible assets		-9,356	-8,096
Subsidiary shares purchased less cash at the date of acquisition		-609	-18,877
Cash flow from investing activities		**-9,965**	**-26,973**
Cash flows from financing activities			
Repayments of short-term loans	6, 7	-4,333	0
Repayment of lease liabilities		-2,121	-1,881
Dividends paid		0	-272
Cash flows from financing activities		**-6,454**	**-2,153**
Difference in cash and cash equivalents		**245,918**	**2,465**
Cash and cash equivalents, opening balance sheet		783,408	608,741
Difference in cash and cash equivalents		245,918	2,465
Impact of changes in exchange rates		15	-34
Cash and cash equivalents		**1,029,340**	**611,173**
Cash and cash equivalents consist of the following items:			
Cash and cash equivalents	6, 7	1,018,385	604,612
Repayable on demand		10,956	6,561
Cash and cash equivalents		**1,029,340**	**611,173**
Interest paid		**-7,776**	**-4,156**
Dividends received		**36**	**0**
Interest received		**76,928**	**75,064**

GROUP'S QUARTERLY PROFIT PERFORMANCE

Consolidated income statement

(EUR '000)	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Jan–Sep 2021	Jan–Sep 2020
Interest income	26,490	25,512	24,642	24,991	25,170	76,644	74,166
Interest expenses	-3,209	-2,848	-3,244	-3,434	-2,210	-9,301	-6,389
Net interest income	23,281	22,664	21,398	21,556	22,960	67,342	67,776
Fee and commission income	32,218	31,607	28,913	29,706	27,578	92,738	78,564
Fee and commission expenses	-13,531	-11,828	-11,096	-8,894	-11,175	-36,455	-32,357
Net fee and commission income	18,687	19,779	17,817	20,812	16,403	56,283	46,207
Net income from investing activities	173	1,752	610	353	567	2,535	2,826
Dividends	36	0	0	0	0	36	0
Other operating income	1,321	1,159	5,374	8,476	2,127	7,855	5,846
Total income	**43,498**	**45,355**	**45,199**	**51,197**	**42,057**	**134,052**	**122,656**
Personnel expenses	-12,060	-11,683	-11,921	-13,500	-11,895	-35,664	-31,387
Other administrative expenses	-16,373	-17,526	-16,720	-17,152	-14,535	-50,619	-47,613
Depreciation and impairment	-3,187	-3,101	-2,946	-3,823	-3,447	-9,234	-9,599
Other operating expenses	-2,744	-754	-1,793	-1,785	-1,840	-5,291	-4,312
Total costs	**-34,364**	**-33,064**	**-33,380**	**-36,260**	**-31,716**	**-100,808**	**-92,911**
Impairment of receivables	-2,781	-4,635	-5,240	-6,610	-4,265	-12,657	-17,023
Share of the profits of associated companies	0	0	0	2	0	0	-3
OPERATING PROFIT (LOSS)	**6,353**	**7,656**	**6,579**	**8,329**	**6,077**	**20,587**	**12,719**
Income taxes	-1,363	-1,633	-1,069	-2,175	-1,176	-4,065	-3,203
PROFIT (LOSS) FOR THE PERIOD	**4,990**	**6,023**	**5,509**	**6,154**	**4,901**	**16,523**	**9,516**
Of which:							
To the parent company's shareholders	4,990	6,023	5,509	6,154	4,901	16,523	9,516

Consolidated comprehensive income statement

(EUR '000)	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Jan–Sep 2021	Jan–Sep 2020
PROFIT (LOSS) FOR THE PERIOD	**4,990**	**6,023**	**5,509**	**6,154**	**4,901**	**16,523**	**9,516**
Other comprehensive income items:							
Items that will not be reclassified to profit or loss							
Items due to remeasurements of defined benefit plans	0	0	0	12	-198	0	-198
Profit or loss on financial assets measured irrevocably at fair value through other comprehensive income	-84	5	0	288	0	-79	0
Tax effect	17	-1	0	-66	40	16	40
Items that will not be reclassified to profit or loss	**-67**	**4**	**0**	**234**	**-159**	**-64**	**-159**
Items that may be reclassified subsequently to profit or loss							
Profit or loss on financial assets measured at fair value through other comprehensive income	286	1,031	1,678	3,296	4,355	2,994	-3,192
Tax effect	-62	-205	-360	-648	-875	-627	650
Items that may be reclassified subsequently to profit or loss	**224**	**825**	**1,318**	**2,648**	**3,480**	**2,367**	**-2,542**
Other comprehensive income items, after taxes	**157**	**829**	**1,318**	**2,882**	**3,322**	**2,304**	**-2,701**
COMPREHENSIVE INCOME, TOTAL	**5,147**	**6,852**	**6,827**	**9,036**	**8,222**	**18,827**	**6,815**
Of which:							
To the parent company's shareholders	5,147	6,852	6,827	9,036	8,222	18,827	6,815

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 the household and corporate customer banking services of the S-Bank Group and their development. The products and services offered by Banking include those 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, 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 1 Jan–30 Sep 2021 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	67,456	-106	-8		67,342
Net fee and commission income	27,908	28,419	-43		56,283
Net income from investing activities	2,493	36	5		2,535
Dividends	17		19		36
Other operating income	6,465	219	7,498	-6,327	7,855
Total income	**104,340**	**28,568**	**7,471**	**-6,327**	**134,052**
Total costs *	**-62,978**	**-23,007**	**-21,150**	**6,327**	**-100,808**
Impairment of receivables	-12,654		-3		-12,657
Share of the profits of associated companies				0	0
Operating profit (loss)	**28,708**	**5,561**	**-13,682**	**0**	**20,587**

External income from Banking was EUR 104,175 thousand and from Wealth Management EUR 28,469 thousand.

Income statement 1 Jan–30 Sep 2020 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	67,858	-47	-34		67,776
Net fee and commission income	27,322	18,773	112		46,207
Net income from investing activities	2,775	72	-21		2,826
Other operating income	3,587	190	7,567	-5,497	5,846
Total income	**101,542**	**18,988**	**7,624**	**-5,497**	**122,656**
Total costs *	**-60,457**	**-18,396**	**-19,556**	**5,497**	**-92,911**
Impairment of receivables	-17,023				-17,023
Share of the profits of associated companies				-3	-3
Operating profit (loss)	**24,062**	**592**	**-11,932**	**-3**	**12,719**

External income from Banking was EUR 101,418 thousand and from Wealth Management EUR 18,926 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 costs'.

The comparative information for the Banking business for 2020 has been modified because the operations of S-Asiakaspalvelu Oy, which were previously included in Other operations, have been included under Banking since the beginning of 2021. The change decreased the income from banking operations by around EUR 4.7 million and expenses by around EUR 4.5 million, and had a negative impact on Banking's profit by the amount of S-Asiakaspalvelu Oy's profit. The income and expenses mentioned above are mainly intra-Group.

Other activities include Group support and headquarters. 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 costs'. The result of 'Other activities' consists of items not allocated to the segments.

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

Balance sheet 30 Sep 2021 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	5,883,267			5,883,267
Liquid and investment assets of banking	2,392,029			2,392,029
Intangible and tangible assets	1,683	33,892	46,107	81,683
Cash and other assets	11,287	9,476	36,532	57,295
Assets , total	**8,288,266**	**43,368**	**82,639**	**8,414,274**
Banking liabilities	7,702,937			7,702,937
Provisions and other liabilities	40,124	10,895	152,416	203,434
Equity			507,903	507,903
Liabilities and equity, total	**7,743,061**	**10,895**	**660,319**	**8,414,274**

Balance sheet 31 Dec 2020 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from customers	5,444,362			5,444,362
Liquid and investment assets of banking	2,066,552			2,066,552
Intangible and tangible assets	3,321	34,548	43,848	81,717
Cash and other assets	12,199	6,927	13,594	32,720
Assets , total	**7,526,433**	**41,475**	**57,442**	**7,625,351**
Banking liabilities	7,052,157			7,052,157
Provisions and other liabilities	33,985	6,572	43,994	84,550
Equity			488,644	488,644
Liabilities and equity, total	**7,086,142**	**6,572**	**532,638**	**7,625,351**

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

QUARTERLY PROFIT PERFORMANCE BY SEGMENT

Banking (EUR '000)	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Jan–Sep 2021	Jan–Sep 2020
Net interest income	23,319	22,698	21,440	21,608	22,993	67,456	67,858
Net fee and commission income	9,110	9,944	8,854	11,110	8,988	27,908	27,322
Net income from investing activities	162	1,734	597	316	538	2,493	2,775
Dividends	17	,0	0	0	0	17	0
Other operating income	1,020	789	4,656	7,996	1,211	6,465	3,587
Total income	**33,629**	**35,164**	**35,547**	**41,030**	**33,730**	**104,340**	**101,542**
Total costs	**-21,175**	**-21,141**	**-20,662**	**-23,575**	**-19,780**	**-62,978**	**-60,457**
Impairment of receivables	-2,781	-4,633	-5,239	-6,608	-4,265	-12,654	-17,023
Operating profit (loss)	**9,673**	**9,390**	**9,646**	**10,847**	**9,686**	**28,708**	**24,062**

S-Asiakaspalvelu Oy's operations were transferred from Banking to 'Other activities' at the beginning of 2021. The change decreased the income from banking operations by around EUR 6.2 million and expenses by around EUR 5.9 million in 2020, and had a negative impact on Banking's profit by the amount of S-Asiakaspalvelu Oy's profit. The income and expenses mentioned above are mainly intra-Group.

Wealth Management (EUR '000)	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Jan–Sep 2021	Jan–Sep 2020
Net interest income	-34	-35	-38	-40	-19	**-106**	-47
Net fee and commission income	9,577	9,812	9,029	9,787	7,554	28,419	18,773
Net income from investing activities	9	22	6	38	35	36	72
Other operating income	72	66	80	87	3	219	190
Total income	**9,624**	**9,866**	**9,078**	**9,872**	**7,573**	**28,568**	**18,988**
Total costs	**-7,599**	**-8,005**	**-7,403**	**-8,485**	**-6,933**	**-23,007**	**-18,396**
Impairment of receivables	0	0	0	-2	0	0	0
Operating profit (loss)	**2,025**	**1,861**	**1,675**	**1,385**	**640**	**5,561**	**592**

NOTES TO THE INTERIM REPORT

NOTE 1: BASIC INFORMATION

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

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

NOTE 2: ACCOUNTING POLICIES

Accounting policies used in the preparation of the interim report

The interim report for 1 January–30 September 2021 has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The figures in the tables of the interim report are presented in thousands of euros unless otherwise indicated. Since the figures have generally been rounded and do not include decimals, the sums of individual figures in euros may differ from the total figures presented in the report. The interim report has not been audited.

The interim report complies with the accounting policies presented in the 2020 financial statements.

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

The calculation of expected credit loss in accordance with the IFRS 9 standard is based on internal models that contain assumptions of a change in credit risk. A management factor is also used in the calculation of expected credit loss. In addition to considering the macro-economic situation, the management factor takes into account the uncertainties surrounding the model and its underlying assumptions, as well as the model risk. The management factor is confirmed monthly, and it takes into account the latest available information about the macro-economic outlook and the underlying assumptions of the models.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognised, how the customer accounts for the configu¬ration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the S-Bank Group has cloud computing arrangements in place, it has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. The Group will undertake this analysis under the fall 2021, and the possible impacts will be implemented in the financial statements 2021 at the latest.

NOTE 3: NET INTEREST INCOME

	Jan–Sep 2021	Jan–Sep 2020
Interest income		
Debt securities eligible for refinancing with central banks		
measured at fair value through other comprehensive income	2,013	2,586
Receivables from credit institutions	13	-60
Receivables from customers	72,760	69,428
Debt securities		
measured at fair value through other comprehensive income	1,995	2,111
measured at fair value through profit or loss	-484	57
Derivatives	347	45
Other interest income	0	-2
Total interest income using the effective interest method	76,780	74,065
Other interest income	-137	100
Interest income , total	**76,644**	**74,166**
Interest income from stage 3 financial assets	1,346	1,327
Interest expenses		
Liabilities to credit institutions	-1,316	-501
Liabilities to customers	-2,106	-3,079
Derivatives	-5,019	-2,123
Subordinated debts	-831	-648
Other interest expenses	-10	-4
Interest expenses on leases	-18	-34
Total interest expenses using the effective interest method	-4,253	-4,228
Other interest expenses	-5,048	-2,161
Interest expenses, total	**-9,301**	**-6,389**
NET INTEREST INCOME	**67,342**	**67,776**
Of which negative interest income	-484	-60
Of which negative interest expenses, which are included in interest income	-131	-87

NOTE 4: NET FEE AND COMMISSION INCOME

	Jan–Sep 2021	Jan–Sep 2020
Fee and commission income by segment		
Fee and commission income from Banking		
From lending	19,543	19,250
From borrowing	2,006	1,722
From payment transactions	11,408	10,558
From legal duties	321	267
From insurance brokerage	1,065	877
From issuance of guarantees	35	57
Total fee and commission income from Banking	34,378	32,731
Fee and commission income from Wealth Management		
From funds	51,624	42,220
From wealth management	3,331	1,718
From property management	2,495	0
Total fee and commission income from Wealth Management	57,449	43,937
Fee and commission income from other activities		
From securities brokerage	122	552
Other fee and commission income	789	1,344
Total fee and commission income from other activities	911	1,896
Fee and commission income , total	**92,738**	**78,564**
Fee and commission expenses		
From funds	-27,444	-24,538
From wealth management	-50	-363
From securities brokerage	-1,136	-1,221
From card business	-6,687	-5,789
From property management	-222	0
Banking fees	-363	-167
Other expenses	-553	-279
Fee and commission expenses, total	**-36,455**	**-32,357**
Net fee and commission income	**56,283**	**46,207**

NOTE 5: NET INCOME FROM INVESTING ACTIVITIES

	Jan–Sep 2021	Jan–Sep 2020
Net income from financial assets measured at fair value through profit or loss		
Debt securities		
Capital gains and losses	21	81
Changes in fair value	-72	312
Shares and interests		
Capital gains and losses	12	-73
Changes in fair value	1,539	950
Derivatives		
Capital gains and losses	0	-170
Changes in fair value	0	711
Net income from financial assets measured at fair value through profit or loss, total	**1,500**	**1,811**
Net income from financial assets measured at fair value through other comprehensive income		
Debt securities		
Capital gains and losses	391	577
Other income and expenses	-13	-11
Shares and interests		
Capital gains and losses	418	196
Net income from financial assets measured at fair value through other comprehensive income, total	**795**	**761**
Net income from currency operations	**260**	**55**
Net income from hedge accounting		
Net result from hedging instruments	6,466	-1,263
Net result from hedged items	-6,486	1,462
Net income from hedge accounting	**-20**	**198**
Net income from investing activities, total	**2,535**	**2,826**

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

NOTE 6: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

Classes of financial assets, 30 Sep 2021	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	1,018,385				1,018,385
Debt securities eligible for refinancing with central banks		666,549			666,549
Receivables from credit institutions	32,488				32,488
Receivables from customers	5,883,267				5,883,267
Debt securities		232,960	411,207		644,167
Derivatives			712	108	819
Shares and interests		725	28,895		29,621
Total	**6,934,140**	**900,235**	**440,814**	**108**	**8,275,297**

Classes of financial liabilities, 30 Sep 2021	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	82			82
Liabilities to customers	7,636,495			7,636,495
Subordinated debts	55,167			55,167
Derivatives		715	10,479	11,193
Lease liabilities	7,506			7,506
Total	**7,699,249**	**715**	**10,479**	**7,710,443**

Classes of financial assets, 31 Dec 2020	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	775,734				775,734
Debt securities eligible for refinancing with central banks		721,541			721,541
Receivables from credit institutions	33,863				33,863
Receivables from customers	5,444,362				5,444,362
Debt securities		184,769	322,519		507,288
Derivatives				0	0
Shares and interests		765	27,360		28,126
Total	**6,253,959**	**907,076**	**349,879**	**0**	**7,510,914**

Classes of financial liabilities, 31 Dec 2020	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	0			0
Liabilities to customers	6,976,500			6,976,500
Subordinated debts	59,500			59,500
Derivatives		32	16,125	16,157
Lease liabilities	9,437			9,437
Total	**7,045,437**	**32**	**16,125**	**7,061,594**

NOTE 7: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial instruments according to valuation method

Financial assets, fair values 30 Sep 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	1,018,385	0	1,018,385	1,018,385
Receivables from credit institutions	0	32,480	0	32,480	32,488
Receivables from customers	0	6,302,096	0	6,302,096	5,883,267
Total	**0**	**7,352,961**	**0**	**7,352,961**	**6,934,140**
Financial assets measured at fair value through profit or loss					
Debt securities	0	411,207	0	411,207	411,207
Derivatives	0	819	0	819	819
Shares and interests	16,000	12,896	0	28,895	28,895
Total	**16,000**	**424,922**	**0**	**440,921**	**440,921**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	659,088	9,079	0	668,167	666,549
Debt securities	225,107	9,202	0	234,309	232,960
Shares and interests	0	605	121	725	725
Total	**884,195**	**18,886**	**121**	**903,202**	**900,235**
Fair values of assets, total	**900,195**	**7,796,768**	**121**	**8,697,084**	**8,275,297**

Financial assets, fair values 31 Dec 2020	Level 1	Level 2	Level 13	Fair value, total	Carrying amount
Financial assets measured at amortised cost					
Cash and cash equivalents	0	775,734	0	775,734	775,734
Receivables from credit institutions	0	33,853	0	33,853	33,863
Receivables from customers	0	5,890,630	0	5,890,630	5,444,362
Total	**0**	**6,700,216**	**0**	**6,700,216**	**6,253,959**
Financial assets measured at fair value through profit or loss					
Debt securities	0	322,519	0	322,519	322,519
Derivatives	0	0	0	0	0
Shares and interests	14,417	12,942	1	27,360	27,360
Total	**14,417**	**335,461**	**1**	**349,879**	**349,879**
Financial assets measured at fair value through other comprehensive income					
Debt securities eligible for refinancing with central banks	723,634	0	0	723,634	721,541
Debt securities	186,363	0	0	186,363	184,769
Shares and interests	0	549	217	765	765
Total	**909,998**	**549**	**217**	**910,763**	**907,076**
Fair values of assets, total	**924,415**	**7,036,225**	**218**	**7,960,858**	**7,510,914**

Fair values of financial liabilities at 30 Sep 2021	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	82	0	82	82
Liabilities to customers	0	7,700,561	0	7,700,561	7,636,495
Subordinated debts	0	56,469	0	56,469	55,167
Total	**0**	**7,757,112**	**0**	**7,757,112**	**7,691,744**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	11,193	0	11,193	11,193
Total	**0**	**11,193**	**0**	**11,193**	**11,193**

Fair values of financial liabilities at 31 Dec 2020	Level 1	Level 2	Level 3	Fair value, total	Carrying amount
Financial liabilities measured at amortised cost					
Liabilities to credit institutions	0	0	0	0	0
Liabilities to customers	0	7,050,404	0	7,050,404	6,976,500
Subordinated debts	0	60,094	0	60,094	59,500
Total	**0**	**7,110,498**	**0**	**7,110,498**	**7,036,000**
Financial liabilities measured at fair value through profit or loss					
Derivatives	0	16,157	0	16,157	16,157
Total	**0**	**16,157**	**0**	**16,157**	**16,157**

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

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

Transfers between levels 1 and 2

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

Changes at level 3	Shares and interests
Shares and interests, carrying amount 1 Jan 2021	218
Purchases	4
Sales	-18
Other changes	-84
Shares and interests, carrying amount 30 Sep 2021	**121**

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

NOTE 8: DERIVATIVES AND HEDGE ACCOUNTING

Nominal and fair values of derivatives	30 Sep 2021 Nominal value	30 Sep 2021 Positive fair value	30 Sep 2021 Negative fair value	31 Dec 2020 Nominal value	31 Dec 2020 Positive fair value	31 Dec 2020 Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	561,200	108	-10,479	571,200	0	-16,125
Total interest rate derivatives designated for hedge accounting	**561,200**	**108**	**-10,479**	**571,200**	**0**	**-16,125**
For non-hedging purposes						
Interest rate derivatives						
Options, bought	0	0	0	0	0	0
Options, written	0	0	0	0	0	0
Interest rate swaps	150,000	0	-3	140,000	0	-32
Total interest rate derivatives, other than for hedging purposes	**150,000**	**0**	**-3**	**140,000**	**0**	**-32**
Total derivatives	**711,200**	**108**	**-10,482**	**711,200**	**0**	**-16,157**

Maturities of derivatives	30 Sep 2021 less than one year	30 Sep 2021 1–5 years	30 Sep 2021 over 5 years	30 Sep 2021 Total	31 Dec 2020 less than one year	31 Dec 2020 1–5 years	31 Dec 2020 over 5 years	31 Dec 2020 Total
Designated for hedge accounting								
Interest rate derivatives	105,000	419,000	37,200	**561,200**	40,000	524,000	7,200	**571,200**
For non-hedging purposes								
Interest rate derivatives	90,000	50,000	10,000	**150,000**	70,000	70,000	0	**140,000**
Total derivatives	**195,000**	**469,000**	**47,200**	**711,200**	**110,000**	**594,000**	**7,200**	**711,200**

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

30 Sep 2021	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	561,200	0	-10,371	Derivatives and other liabilities subject to trading	6,466
Hedging derivatives, total	**561,200**	**0**	**-10,371**		**6,466**

	Carrying amount		Cumulative change in balance sheet value			
30 Sep 2021	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	835,794	0	10,375	0	Debt securities	-6,486
Hedged items, total	**835,794**	**0**	**10,375**	**0**		**-6,486**

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

30 Sep 2021		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	-6,486	6,466	-20	Net income from investing activities: Net income from hedge accounting

31 Dec 2020	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	571,200	0	-16,125	Derivatives and other liabilities subject to trading	-265
Hedging derivatives, total	**571,200**	**0**	**-16,125**		**-265**

	Carrying amount		Cumulative change in balance sheet value			
31 Dec 2020	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Balance sheet item including the hedged item**	**Ineffective portion recognised in the income statement**
Hedged item						
Debt securities	855,433	0	16,110	0	Debt securities	453
Hedged items, total	**855,433**	**0**	**16,110**	**0**		**453**

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 2020		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	453	-265	188	Net income from investing activities: Net income from hedge accounting

NOTE 9: IMPAIRMENT OF RECEIVABLES

Expected and final credit losses of EUR 16.8 (20.1) million were recognised in the consolidated income statement during the reporting period. Reversals, or recovered credit losses, amounted to EUR 4.1 million (3.1). Consequently, the total net effect on profit of expected and final credit losses was EUR 12.7 million (17.0).

Expected credit losses and impairment losses recognised during the period

Expected credit losses and impairment losses (EUR '000)	Jan–Sep 2021	Jan–Sep 2020
Receivables written off as credit and guarantee losses	15,555	17,935
Reversal of receivables written off	-4,110	-3,102
Expected credit losses (ECL) on receivables from customers and off-balance sheet commitments	1,349	2,132
Expected credit losses (ECL) on investment activities	-140	58
Total	**12,654**	**17,023**

S-Bank is exposed to credit risk arising from exposures held by household and corporate customers, 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 exposure in the ECL reservation.

The total ECL provision at the end of the review period was EUR 20.8 million (19.6). The ECL provision increased by EUR 1.2 million during the reporting period, mainly due to an increase in the proportion of household customers. The coverage ratio of the total portfolio has declined to 0.22 per cent and remained within the risk appetite defined by S-Bank's Board in its credit risk strategy.

Risk exposure, summary

30 Sep 2021 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	4,236.2	-1.8	688.3	-11.0	37.5	-5.9	4,962.0	-18.7	-0.38%
Lending to corporate customers*	936.4	-0.2	12.1	-0.3	0.0	0.0	948.5	-0.6	-0.06%
Investing activities**	890.1	-0.4	2.1	-0.2	0.0	0.0	892.2	-0.6	-0.07%
Off-balance sheet commitments***	2,398.6	-0.3	103.4	-0.6	0.4	0.0	2,502,4	-0.9	-0.04%
Total	**8,461.4**	**-2.7**	**805.9**	**-12.1**	**37.9**	**-6.0**	**9,305.2**	**-20.8**	**-0.22%**

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

31 Dec 2020 (EUR million)	Stage 1		Stage 2		Stage 3				
	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments subject to credit risk	ECL provision	Exposures and commitments, total	ECL provision, total	Coverage ratio, %
Lending to household customers*	3,896.4	-1.6	593.2	-11.6	28.6	-4.2	4,518.2	-17.4	-0.39%
Lending to corporate customers*	953.3	-0.3	7.9	-0.1	0.0	0.0	961.2	-0.4	-0.04%
Investing activities**	910.0	-0.7	0.0	0.0	0.0	0.0	910.0	-0.7	-0.08%
Off-balance sheet commitments***	2,031.9	-0.2	99.8	-0.7	0.5	0.0	2,132.1	-1.0	-0.05%
Total	**7,791.5**	**-2.8**	**700.9**	**-12.5**	**29.1**	**-4.3**	**8,521.6**	**-19.6**	**-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 (household customers)

	Lending to household customers			
30 Sep 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3,438,825	338,975	0	3,777,800
Category 2	248,493	59,781	0	308,274
Category 3	215,157	68,515	0	283,672
Category 4	81,274	42,830	0	124,104
Category 5	169,418	51,387	0	220,805
Category 6	81,551	47,073	0	128,623
Category 7	1,504	79,728	0	81,232
In default	0	0	37,492	37,492
Gross carrying amount	**4,236,223**	**688,288**	**37,492**	**4,962,003**
ECL provision*	-1,772	-11,024	-5,930	-18,726
Net carrying amount	**4,234,451**	**677,264**	**31,562**	**4,943,277**

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

	Lending to household customers			
31 Dec 2020, EUR '000	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	3,122,358	291,204	0	3,413,563
Category 2	242,529	43,372	0	285,901
Category 3	203,942	48,815	0	252,757
Category 4	74,521	35,527	0	110,048
Category 5	164,850	45,524	0	210,374
Category 6	87,478	45,123	0	132,601
Category 7	728	83,633	0	84,361
In default	0	0	28,618	28,618
Gross carrying amount	**3,896,406**	**593,198**	**28,618**	**4,518,222**
ECL provision*	-1,583	-11,615	-4,246	-17,444
Net carrying amount	**3,894,823**	**581,583**	**24,372**	**4,500,779**

*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 expected credit losses. Corporate exposures and investment activities focus on large companies with good credit ratings.

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

	Corporate lending, investing activities and off-balance sheet commitments			
30 Sep 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2,950,319	56,792	0	3,007,111
Category 2	455,875	10,911	0	466,786
Category 3	247,333	9,225	0	256,558
Category 4	299,631	15,353	0	314,984
Category 5	235,303	4,637	0	239,940
Category 6	35,394	15,583	0	50,977
Category 7	1,300	5,061	0	6,361
In default	0	0	435	435
Total	**4,225,156**	**117,562**	**435**	**4,343,153**
ECL provision*	-919	-1 112	-29	-2 061

* 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'.

	Corporate lending, investing activities and off-balance sheet commitments			
31 Dec 2020 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Category 1	2,519,608	49,812	0	2,569,420
Category 2	443,191	14,709	0	457,900
Category 3	278,597	7,655	0	286,252
Category 4	328,868	15,365	0	344,232
Category 5	276,475	5,116	0	281,592
Category 6	47,549	9,483	0	57,032
Category 7	841	5,563	0	6,404
In default	0	0	496	496
Total	**3,895,130**	**107,702**	**496**	**4,003,328**
ECL provision*	-1,219	-883	-31	-2,133

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

The following tables describe transfers and changes in expected credit losses during the review period. The tables present the reconciliation between the opening and closing balances of the loss allowance. Changes in risk parameters reduced the ECL provision by EUR 1.2 million compared with the situation at the beginning of the reporting period. This item is affected by estimates from risk models and factors reflecting the macro-economic situation and the management's estimate, for example. The change in the factor reflecting the macro-economic situation and the management's estimate increased the ECL provision by around EUR 0.2 million during the reporting period. The new definition of default increased exposures classified under Stage 3, which affected transfers of ECL provisions from Stage 1 to Stage 3 and from Stage 2 to Stage 3 during the reporting period.

Reconciliation of expected credit losses (household customers)

	Household customers			
30 Sep 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2021	**1,583**	**11,615**	**4,246**	**17,444**
Transfers from Stage 1 to Stage 2	-234	4,548	0	4,314
Transfers from Stage 1 to Stage 3	-32	0	1,517	1,484
Transfers from Stage 2 to Stage 1	197	-3,022	0	-2,825
Transfers from Stage 2 to Stage 3	0	-1,114	2,403	1,289
Transfers from Stage 3 to Stage 1	42	0	-153	-111
Transfers from Stage 3 to Stage 2	0	98	-566	-467
Changes in the risk parameters	18	-399	-227	-607
Increases due to origination and acquisition	327	851	216	1,394
Decreases due to derecognition	-109	-565	-159	-834
Decrease in the allowance account due to write-offs	-20	-989	-1,346	-2,355
Net change in ECL	189	-591	1,684	1,282
ECL 30 Sep 2021	**1,772**	**11,024**	**5,930**	**18,726**

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

	Corporate lending, investing activities and off-balance sheet commitments			
30 Sep 2021 (EUR '000)	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
ECL 1 Jan 2021	**1,219**	**883**	**31**	**2,133**
Transfers from Stage 1 to Stage 2	-9	281	0	272
Transfers from Stage 1 to Stage 3	0	0	14	14
Transfers from Stage 2 to Stage 1	7	-216	0	-209
Transfers from Stage 2 to Stage 3	0	-28	4	-23
Transfers from Stage 3 to Stage 1	7	0	-22	-15
Transfers from Stage 3 to Stage 2	0	2	-3	-1
Changes in the risk parameters	-420	-171	0	-590
Increases due to origination and acquisition	254	489	7	750
Decreases due to derecognition	-138	-44	-4	-186
Decrease in the allowance account due to write-offs	-1	-80	-1	-82
Net change in ECL	-300	234	-5	-72
ECL 30 Sep 2021	**919**	**1,112**	**29**	**2,061**

NOTE 10: COLLATERAL GIVEN

	Other collateral	
	30 Sep 2021	**31 Dec 2020**
Collateral given for own debt		
Liabilities to credit institutions	168,798	174,131
Derivative contracts and liabilities held for trading	15,886	22,865
Collateral given for own debt, total	**184,683**	**196,997**
of which cash	15,886	22,865
of which securities	168,798	174,131
Other collateral given on own behalf	**362**	**362**
of which cash	362	362

NOTE 11: OFF-BALANCE SHEET COMMITMENTS

Impairment of off-balance sheet items is presented above (Note 9: Impairment of Receivables).

	30 Sep 2021	**31 Dec 2020**
Guarantees	12,645	14,280
Other commitments given to third parties	175	207
Undrawn credit facilities	275,207	208,917
Total	**288,027**	**223,405**

The expected credit loss on off-balance sheet items is EUR 904 thousand (10 100 thousand).

NOTE 12: RELATED PARTIES

Related-party information is described in more detail in the 2020 financial statements.

NOTE 13: EVENTS AFTER THE REVIEW PERIOD

As a result of the brand renewal announced in September, the names of several FIM companies were changed on 1 October 2021. FIM Asset Management Ltd became S-Bank Fund Management Ltd, FIM Private Equity Funds Ltd became S-Bank Private Equity Funds Ltd, and FIM Impact Investing Ltd became S-Bank Impact Investing Ltd. Portfolio management was also concentrated under S-Bank Plc within the S-Bank Group. The names of the FIM funds changed on 7 October 2021.

On 5 October 2021, the owners of S-Bank – the S Group, the LocalTapiola Group and Elo – concluded a corporate transaction in which SOK Corporation and the regional cooperatives of the S Group acquired the shares held by Local- Tapiola General, LocalTapiola Life, the LocalTapiola regional companies and the Elo Mutual Pension Insurance Company in S-Bank Plc, the parent company of the S-Bank Group. Following the transaction, the S Group owns all of S-Bank's shares. Consequently, the representatives of the LocalTapiola Group resigned from S-Bank's Board of Directors.

As a part of the transaction, fund cooperation between S-Bank and LocalTapiola will end. The management of a total of 28 LocalTapiola funds will be transferred in stages from S-Bank Fund Management Ltd to Seligson & Co Fund Management Company Plc (owned by the LocalTapiola Group) by the end of the year. The total fund capital of the transferred funds is approximately EUR 4 billion. In turn, two LocalTapiola funds will merge with S-Bank funds in November. In addition, the LocalTapiola Group invested EUR 57.5 million in S-Bank's debenture loans as part of the transaction.

In October, S-Bank launched the S-Pankki Vaikuttavuus I Ky impact fund. This is a fund of funds that invests in impact funds managed by S-Bank and other fund managers.

At an extraordinary general meeting on 8 November 2021 M.A., SHV Hillevi Mannonen was elected to S-Bank's Board of Directors as an independent member of the Board.

8 November 2021
S-Bank Plc's Board of Directors

FINANCIAL CALENDAR 2021

S-Bank publishes financial information regularly. An up-to-date calendar can be found on S-Bank's website at s-pankki.fi/investors. The financial statements bulletin for 2021 will be published on 3 February 2022.

REPORT ON REVIEW OF THE INTERIM REPORT OF S-BANK PLC AS OF AND FOR THE NINE MONTHS PERIOD ENDING SEPTEMBER 30, 2021

To the Board of Directors of S-Bank Plc

Introduction

We have reviewed the balance sheet as of September 30, 2021 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of S-Bank Plc Group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

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

Conclusion

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

Helsinki, 8 November 2021

KPMG OY AB

Petri Kettunen
Authorised Public Accountant, KHT

BANK