



## **S-Bank Plc Interim Report 1 January-30 September 2021: Strong profit growth continued in the Group - Wealth Management's result increased nearly ten-fold**

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## **S-Bank Plc Interim Report 1 January-30 September 2021: Strong profit growth continued in the Group - Wealth Management's result increased nearly ten-fold**

- 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 S-Bank Group's operating profit for January-September increased by 61.9 per cent to EUR 20.6 million (12.7). Earnings 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). The capital adequacy ratio was 14.9 (15.1).

In the above, figures for the corresponding period of 2020 are used in the result comparisons.

### **Outlook for the rest of the year (unchanged)**

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

### **Comments by Pekka Ylihurula, CEO**

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.

In the banking business, the euro amount of the purchases made 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.

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

At the beginning of October, our owners 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. The transaction will enable us to work more efficiently within the S Group. At the same time, the LocalTapiola Group invested EUR 57.5 million in our debenture loans.

### **January-September 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, against 3.2 per cent a year earlier.

The operating profit from Banking was EUR 28.7 million (EUR 24.1 million). The operating profit from Wealth Management was EUR 5.6 million (EUR 0.6 million).

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 fee and commission income increased by 21.8 per cent year-on-year to EUR 56.3 million (46.2). Net income from investing activities were EUR 2.5 million (2.8). Other operating income totalled EUR 7.9 million (5.8).

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.

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).

Total deposits continued to grow and were EUR 7 600.4 million at the end of the review period, while at the end of 2020, total deposits were EUR 6 925.0 million. Total deposits increased by 9.8 per cent from the beginning of the year. During the past 12 months, total deposits grew by 13.1 per cent.

The long-term growth of lending continued. At the end of the review period, the total loan portfolio was EUR 5 883.3 million, compared with EUR 5 444.4 million at the end of 2020. Lending increased by 8.1 per cent from the turn of the year. During the past 12 months, the credit portfolio grew by 11.0 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 during a 12-month period. 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 for the preceding 12-month period in August compared with 15.7 per cent a year earlier. 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.

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).

At the end of the review period, S-Bank's equity was EUR 507.9 million. At the end of 2020, equity was EUR 488.6 million. The equity ratio was 6.0 per cent compared with 6.4 per cent at turn of the year.

The S-Bank Group's assets under management were EUR 11 886.3 million at the end of the review period compared with EUR 10 785.1 million at the end of 2020. This represents an increase of 10.2 per cent year-to-date. 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 in the review period compared with EUR 90.2 million a year earlier. The increase in net subscriptions to the S-Bank and FIM funds was higher than the market average. The total number of unit holders in all of the S-Bank and FIM funds increased to approximately 325 000 from around 256 000 a year earlier.

## 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

## Webcast on results

The results of S-Bank will be presented by Pekka Ylihurula, CEO, and Mika Heikkilä, CFO, in a webcast to be held on 9 November 2021 from 10 am to 11 am. The event will be held in English. Further information: S-Bank's communications, [viestinta@s-pankki.fi](mailto:viestinta@s-pankki.fi).

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## About S-Bank Plc

**S-Bank** is a Finnish bank that wants to help everyone achieve a slightly more affluent tomorrow, regardless of the size of their wallet. At S-Bank, expertise means that we understand the economy and people: as part of the S Group, we know the everyday lives of our 3.1 million customers. We are changing the banking sector by offering superior ease and benefits by offering both banking and retail services. [www.s-pankki.fi](http://www.s-pankki.fi)

## Attachments

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