



S-Bank Plc: Financial statements bulletin 1 January-31 December 2022

3.2.2023 09:00:00 EET | S-Bank Plc | Financial Statement Release

S-Bank Plc, Stock exchange release, 3 February 2023 at 9.00 am

The number one bank for more people - best result in history

- Lending increased to EUR 6.7 billion (6.1)*
- Assets under management decreased to EUR 5.9 billion (7.7)
- Operating profit increased to EUR 44.7 million (24.8)
- The capital adequacy ratio was 16.3 per cent (16.3)

The S-Bank Group's operating profit was EUR 44.7 million (24.8) increasing 80.3 per cent on the previous year. The improvement in performance was driven by an 18.6 per cent increase in total income and, in particular, a stronger increase in net interest income towards the end of the year. The improved cost-to-income ratio was 0.74 (0.78), and impairment losses decreased compared to the previous year.

* In the above, figures for the corresponding period of 2021 are used in the result comparisons.

Outlook for 2023

We expect operating profit for the whole year to increase by more than 50 per cent (44.7) on the previous year's level. The rise in interest rates has a positive impact on the bank's performance. However, the operating environment is very uncertain.

Dividend

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

Comments by Hanna Porkka, Interim CEO

The S-Bank Group achieved the best result in its history. The rise in interest rates had an impact on the net interest income particularly in the second half of the year. In the final quarter of the year, the operating profit was a record EUR 20.6 million.

At the end of the year, S-Bank had around 592 000 active customers, as opposed to around 532 000 at the end of 2021. Our strategic goal is to achieve one million active customers. The total euro amount of the purchases made with the S-Etukortti Visa card in 2022 grew by 19.8 per cent on the amount for the previous year. The number of card purchases also increased significantly and was 20.0 per cent higher than a year earlier. At the end of 2022, purchases made with S-Bank cards accounted for 24.1 per cent (23.2) of all Bonus purchases made in S-Group stores.

Despite the challenging market conditions, we continued to grow strongly in housing loans and our housing loan volume growth exceeded market growth almost tenfold. Year-on-year, our lending grew by 10.0 per cent and our deposit portfolio by 4.9 per cent. The number of unit holders in our funds increased by around 21 000 year-on-year to approximately 361 000, and our funds attracted the most net subscriptions in the Finnish market. However, total assets under management declined under the pressure of the general market downturn and the termination of a significant portfolio management contract outsourced to S-Bank. Assets under management were EUR 5.9 billion (7.7) at the end of the year.

The positive performance of 2022 provides a solid foundation on which to start building 2023. In fact, the mood at the beginning of the new year has been expectant but confident at S-Bank.

The economic outlook is muted and uncertain, and many people are having to rethink their finances amid rising costs and interest rates. I believe that our product range, our service concept and our ambition to make a slightly more affluent tomorrow possible for everyone will appeal to many this year.

This year, in line with our strategy, we will focus on offering superior ease and benefits, especially to our household customers. We are a full-service bank for the co-op members of S-Group cooperative stores and we offer them an account, a card, online banking and a mobile app free-of-charge.

For the bank's shareholders, SOK and the S Group's regional cooperative stores, we want to be an attractive investment also in 2023. At the same time, we will make sure that the Bank's bonds are appealing to institutional investors.

January-December 2022

S-Bank Group's operating profit was EUR 44.7 million (24.8), an increase of 80.3 per cent on the previous year. The profit for the period after taxes was EUR 35.8 million (19.6). Return on equity increased to 6.9 per cent (3.9).

The operating profit from Banking was EUR 61.8 million (EUR 36.2 million). The operating profit from Wealth Management was EUR 1.7 million (EUR 5.0 million).

During the review period, total income developed positively. Total income amounted to EUR 221.8 million (187.0), a growth of 18.6 per cent. Net interest income grew by 34.7 per cent, totalling EUR 121.7 million (90.3). Net fee and commission income increased by 7.9 per cent to EUR 87.2 million (80.8). Other operating income decreased to EUR 10.4 million (12.7).

Operating expenses totalled EUR 165.1 million (146.5) during the review period. This is 12.7 per cent more year-on-year, mainly due to increases in personnel expenses, IT- and development costs as well as regulatory fees.

Expected and final credit losses of EUR 18.5 million (21.4) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 6.6 million (5.7). Consequently, the total net effect on profit of expected and final credit losses was EUR 12.0 million (15.7).

Total deposits continued to grow and were EUR 7 925.6 million (7 554.9) at the end of the review period. During the past 12 months, total deposits grew by 4.9 per cent. Household customers' deposit portfolio grew 8.3 per cent on the previous year and was EUR 7 078.8 million. Corporate customers' deposit portfolio contracted 16.7 per cent on the previous year and was EUR 846.8 million.

Lending growth continued to be strong. At the end of the review period, the loan portfolio totalled EUR 6 695.3 million (6 086.0). During the past 12 months, the loan portfolio grew by 10.0 per cent. The household loan portfolio grew by 9.9 per cent on the previous year and was EUR 5 588.9 million, while the corporate loan portfolio grew 10.4 per cent on the previous year and was EUR 1 106.3 million.

According to the latest available information, the increase in housing loan volume for the financial institutions operating in Finland was 1.0 per cent for the preceding 12-month period in November. S-Bank's housing loan volume grew by 9.5 per cent (almost ten times the market growth) in the same period. In 2022, the number of housing loan applications decreased on the previous year.

At the end of the review period, the bank's debt securities totalled EUR 696.7 million (EUR 1 149.1 million at the end of 2021). S-Bank has increased the share of central bank deposits in its liquidity portfolio, which has influenced the development.

At the end of the review period, S-Bank's equity was EUR 524.2 million, compared with EUR 509.3 million at the end of 2021. The equity was affected by the value of the fair value reserve, which has decreased by EUR 21.1 million since the end of 2021. The rapid rise in interest rates has affected that development. During the second half of the year, however, the decrease in the fair value reserve has been more moderate. The equity ratio was 5.9 per cent (6.0).

Assets under management were EUR 5 852.5 million (7 697.1) at the end of the review period. Assets under management decreased under the pressure of the general market decline and the termination of a significant portfolio management contract outsourced to S-Bank. Of assets under management, fund capital accounted for EUR 3 925.8 million (3 925.3), and wealth management capital accounted for EUR 1 926.7 million (3 771.8). In addition, S-Bank Properties Ltd managed EUR 347.5 million in customer assets, consisting of real estate and joint ventures (442.4). The decrease was caused by a real estate that was sold during the third quarter. Net subscriptions to S-Bank funds totalled EUR 255.5 million in 2022 (317.1). The development of net subscriptions to the S-Bank funds was strongest out of all fund management companies.

Key figures

| (EUR million) | 2022 | 2021 | Change | Q4 2022 | Q4 2021 | Change |
|-------------------------------|-------|-------|--------|---------|---------|--------|
| Net interest income | 121.7 | 90.3 | 34.7% | 43.5 | 23.0 | 89.3% |
| Net fee and commission income | 87.2 | 80.8 | 7.9% | 24.3 | 24.5 | -0.8% |
| Total income | 221.8 | 187.0 | 18.6% | 70.9 | 52.9 | 34.0% |

| | | | | | | |
|----------------------|------|------|-------|------|------|--------|
| Operating profit | 44.7 | 24.8 | 80.3% | 20.6 | 4.2 | 391.9% |
| Cost-to-income ratio | 0.74 | 0.78 | -0.04 | 0.74 | 0.78 | -0.04 |

| (EUR million) | 31 Dec 2022 | 31 Dec 2021 | Change |
|-------------------------------------|-------------|-------------|--------|
| Liabilities to customers, deposits | 7 925.6 | 7 554.9 | 4.9% |
| Receivables from customers, lending | 6 695.3 | 6 086.0 | 10.0% |
| Debt securities | 696.7 | 1 149.1 | -39.4% |
| Equity | 524.2 | 509.3 | 2.9% |
| Expected credit losses (ECL) | 22.5 | 20.6 | 9.2% |
| Assets under management | 5 852.5 | 7 697.10 | -24.0% |
| Return on equity | 6.9% | 3.9% | 3.0 |
| Return on assets | 0.4% | 0.2% | 0.2 |
| Equity ratio | 5.9% | 6.0% | -0.1 |
| Capital adequacy ratio | 16.3% | 16.3% | 0.0 |

Webcast on results

The results of S-Bank will be presented by Hanna Porkka, Interim CEO, and Mika Heikkilä, CFO, in a webcast to be held on 3 February 2022 from 11.00 am to 12.00 o'clock at noon. The event will be held in English. You can follow the webcast via [this link](#).

Contacts

- Hanna Porkka, Interim CEO, +358 10 768 2100, hanna.porkka@s-pankki.fi

About S-Bank Plc

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

Attachments

- [Download announcement as PDF.pdf](#)
- [S-Bank Financial Statements Bulletin 2022.pdf](#)