



S-Bank Plc's Financial Statements Bulletin 1 January-31 December 2024

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Financial Statement Release
6 February 2025 at 9.00 EET

Record-breaking year

- Operating profit increased to EUR 165.2 million (147.4)
- Deposits increased to EUR 9.4 billion (8.2)
- Lending increased to EUR 9.5 billion (6.9)
- Assets under management increased to EUR 8.3 billion (6.2)
- Number of active customers increased to 747 000 (660 000)
- Capital adequacy ratio increased to 21.4 per cent (18.8)

The S-Bank Group's operating profit was EUR 165.2 million (147.4), a 12.1 per cent growth. The improvement in performance and key figures was driven by 11.8 per cent increase in the net interest income as well as successful execution of the Handelsbanken transaction. The transaction created a negative goodwill that was recognised as income, which had a positive effect on the operating profit. The cost-to-income ratio was 0.53 (0.51) and return on equity was 16.2 per cent (20.1).

Dividend

S-Bank's Board of Directors proposes a dividend of EUR 2.20 (1.50) per share. After the share issue in November 2024, the proposal corresponds to about EUR 20.0 million (10.0) total dividend amount.

Outlook for 2025

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

Comments by Riikka Laine-Tolonen, CEO

Completion of the Handelsbanken transaction wraps up a strong year

In many ways, 2024 was a historic year for S-Bank. In December, we completed S-Bank's largest business transaction of all time: the acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations. The deal is a major step forward in the implementation of our updated strategy. As a result, we moved up to a new size category and are now the fourth largest bank for private customers in Finland. The deal also strengthens our profitability and capital adequacy.

We are also pleased with S-Bank's strong financial performance during the year. Our operating profit for the fourth quarter was EUR 38.9 (43.5) million and for the full year EUR 165.2 (147.4) million. The result is excellent, considering that a huge integration project was carried out at the same time. In 2024, our loan portfolio increased to EUR 9.5 (6.9) billion and total deposits to EUR 9.4 (8.2) billion. Assets under management were EUR 8.3 (6.2) billion at the end of 2024. S-Bank's growth has continued to out-pace the market average. The growth was driven both by the successful Handelsbanken transaction and the good development of other businesses.

Systematic implementation of strategy and a masterpiece of cooperation

The Handelsbanken transaction was, without doubt, our most important event of the year. The transaction means we took a leap towards the one million customer mark in line with our strategy - at the end of 2024, we had as many as 747 000 (660 000) active customers. More than 200 of Handelsbanken's professional and skilled employees and its branch network also transferred to us in the transaction. Together, we will serve our customers even better.

The Handelsbanken transaction was a big joint effort. A large team of S-Bank and Handelsbanken employees worked over 18 months to ensure a seamless integration of the businesses. This major project made excellent progress, meeting the planned schedule and scope. According to a customer survey conducted by S-Bank in December, two thirds of customers who switched from Handelsbanken said that the transfer of services to S-Bank took place smoothly. I am very pleased with our achievement. The excellent integration and the good feedback on the first phase are pushing us to improve our service even more.

The well-being of our employees is very important for us. In November, S-Bank was awarded the Finland's most inspiring workplaces recognition for the fourth time in a row, and I am extremely proud of this achievement. In our latest personnel satisfaction survey, we received the second highest overall rating ever, despite it being a very busy year of preparations for the Handelsbanken transaction and serving a growing number of customers.

Finland's economy turns towards modest growth

Finland's economy took a turn for the better in 2024 and grew slightly. Business confidence started to strengthen as the year progressed, and although private consumption and investment remained weak throughout the year, the fall in interest rates pushed housing sales volumes and prices slightly up towards the end of the year. The upturn was also reflected in increased mortgage applications at S-Bank.

Continuous development of services

Continuous improvement of our services is very important for us. We are particularly focused on developing mobile services so that our services are easily accessible to all our customers. S-Mobile already has more than 1.5 million weekly users. According to our survey, customers who transferred from Handelsbanken have been particularly satisfied with S-Bank's mobile services.

The Handelsbanken transaction enables us to apply their best practices also to the development of other S-Bank services. One example of this is that we now offer almost all S-Bank investment funds without subscription and redemption fees, in line with Handelsbanken's practice.

At the end of 2024, we also agreed on an arrangement whereby four Handelsbanken funds will be transferred to S-Bank Fund Management Company Ltd. The aim is for the funds to be transferred to S-Bank during year 2025. The implementation of the plan is subject to approvals from the Swedish and Finnish Financial Supervisory Authorities. We are pleased to be able to offer these funds to all our customers on behalf of S-Bank in the future.

Preparing for the new EU Corporate Sustainability Reporting Directive (CSRD)

In 2024, we also worked on the development of our sustainability reporting. We have been preparing our first sustainability statement that is compliant with the Corporate Sustainability Reporting Directive (CSRD) and will publish it as part of the Annual Report in spring 2025. It's great to have the opportunity to discuss sustainability issues in more detail and in a broader way!

Entering 2025 with confidence

Although there are many uncertainties in the global economic and geopolitical situation, we are confident about the new year. We expect Finland's economic growth to accelerate this year as domestic demand picks up. This will put us in a good position to successfully implement our strategy. We are building a new S-Bank, and we will utilise both S-Bank's own expertise and the new expertise that the Handelsbanken transaction has brought. In 2025, we will proceed with the implementation of our strategy by improving the way we serve our customers and significantly investing in developing our digital and mobile services.

At the beginning of the year, we updated our dividend policy. Under the new policy, S-Bank aims to pay shareholders a steady and growing annual dividend of 15–25 per cent of profit after tax for the financial year. We want to continue to be an attractive investment target for the regional cooperatives and the SOK Corporation that own the bank, and to ensure that the bank is attractive to institutional investors investing in our bonds. The dividends we pay ultimately also benefit our co-op members.

January-December 2024

S-Bank Group's operating profit was EUR 165.2 million (147.4). The profit for the period after taxes was EUR 132.1 million (118.0). Return on equity decreased to 16.2 per cent (20.1).

Total income amounted to EUR 438.9 million (371.2), a growth of 18.2 per cent.

Net interest income increased by 11.8 per cent, totalling EUR 306.9 million (274.5). Net fee and commission income was EUR 92.7 million (93.7). Net income from investing activities was EUR -0.7 million (-4.7). Other operating income was EUR 40.0 million (7.7).

Operating expenses totalled EUR 231.0 million (190.8) during the review period. This is 21.1 per cent more than during the comparison period, mainly due to an increase in personnel expenses, IT and acquisition-related preparation and

development costs. Personnel expenses accounted for EUR 84.1 million (68.7) of operating expenses. The change was due to an increase in the number of personnel and provisions related to incentive programs.

Other administrative expenses totalled EUR 117.4 million (91.7). The increase is mainly due to an increase in IT and acquisition-related development costs. Depreciation and impairment of tangible and intangible assets amounted to EUR 17.1 million (16.8). Other operating expenses totalled EUR 12.4 million (13.6), which includes EUR 6.6 million (9.9) authority fees.

Expected and final credit losses of EUR 51.9 million (40.0) were recognised in the consolidated income statement during the review period. Reversals, or recovered credit losses, amounted to EUR 9.2 million (7.0). Consequently, the total net effect on profit of expected and final credit losses was EUR 42.7 million (33.0). The increase was affected by provisions related to the credit portfolio that grew due to the Handelsbanken transaction and updated credit risk models during the reporting period. The credit risk models measuring the probability of default of household customers and the criteria for a significant increase in credit risk in the ECL calculation were updated during the financial year.

Total deposits were EUR 9 381.4 million (8 175.9) at the end of the review period. Deposits repayable on demand totalled EUR 8 390.1 million (7 581.6) and time deposits EUR 991.3 million (594.3) at the end of the review period. During the past 12 months, total deposits grew by 14.7 per cent. Household customers' deposit portfolio grew by 17.0 per cent year on year and was EUR 8 729.1 million. Corporate customers' deposit portfolio decreased by 8.6 per cent year on year and was EUR 652.4 million.

At the end of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 7 988.9 million (6 964.1).

At the end of the review period, the loan portfolio totalled EUR 9 466.8 million (6 935.0). During the past 12 months, the loan portfolio grew by 36.5 per cent. The household loan portfolio grew by 43.4 per cent year on year and was EUR 8 247.3 million. The corporate loan portfolio grew by 2.9 per cent year on year and was EUR 1 219.5 million.

The loan-to-deposit ratio, which describes the ratio between the loan portfolio and deposits, was 101 per cent (85).

At the end of the review period, the bank's debt securities totalled EUR 622.8 million, compared with EUR 699.0 million at the end of 2023. Deposits in central banks and cash totalled EUR 2 906.4 million (2 207.0). The growth was affected by bond issues, Handelsbanken transaction related share issue and debt financing agreements as well as growth in the deposit portfolio.

At the end of the review period, S-Bank's equity was EUR 977.6 million, compared with EUR 649.3 million at the end of 2023. Equity was increased by share issue to the owners related to the Handelsbanken transaction and excellent performance development. The equity ratio was 7.4 per cent (6.5).

Assets under management were EUR 8 342,3 million (6 245.4) at the end of the review period. Of assets under management, S-Bank mutual fund capital accounted for EUR 4 721.4 million (4 309.4), wealth management capital accounted for EUR 2 711.0 million (1 936.0) and, as a new item, funds issued by other than Group companies accounted for EUR 910.0 million. In addition, S-Bank Properties Ltd managed EUR 368.9 million in customer assets, consisting of real estate and joint ventures (379.1). Net subscriptions to the S-Bank mutual funds amounted to EUR 130.9 million in the review period compared with EUR 130.7 million a year earlier.

Acquisition of Handelsbanken's Finnish private customer, asset management and investment services operations

S-Bank Plc completed on 1 December 2024 as planned an asset purchase in which it acquired the Finnish private customer, asset management and investment services operations of Svenska Handelsbanken AB. With the transaction, approximately 100,000 private customers, 213 employees and nearly all leases of the bank's Finnish branches were transferred from Handelsbanken to S-Bank. Additionally, the companies also initiated cooperation, with S-Bank beginning to offer funds managed by Handelsbanken Fonder AB.

The value of loans transferred amounted to approximately EUR 2.5 billion, with the value of deposits amounting to EUR 0.9 billion. Handelsbanken's Assets Under Management (AUM) transferred to S-Bank in connection with the transaction amounted to approximately EUR 2 billion.

Key figures

(EUR million)	2024	2023	Change	Q4 2024	Q4 2023	Change
Net interest income	306.9	274.5	11.8%	72.5	78.8	-8.0%
Net fee and commission income	92.7	93.7	-1.0%	25.7	26.2	-1.9%

Total income	439.0	371.3	18.2%	130.5	104.9	24.4%
Operating profit	165.2	147.4	12.1%	38.9	43.5	-10.6%
Cost-to-income ratio	0.53	0.51	0.01	0.53	0.51	0.01

(EUR million)	31 Dec 2024	31 Dec 2023	Change
Liabilities to customers, deposits	9 381.4	8 175.9	14.7%
Receivables from customers, lending	9 466.8	6 935.0	36.5%
Debt securities	622.8	699.0	-10.9%
Equity	977.6	649.3	50.6%
Expected credit losses (ECL)	52.3	37.3	40.1%
Assets under management	8 342.3	6 245.4	33.6%
Return on equity	16.2%	20.1%	-3.9
Return on assets	1.1%	1.2%	-0.1
Equity ratio	7.4%	6.5%	0.9
Capital adequacy ratio	21.4%	18.8%	2.6

Webcast on the results

S-Bank's financial results will be presented by CEO Riikka Laine-Tolonen and CFO Mika Heikkilä in a webcast today 6 February 2024 from 10:00 a.m. to 11:00 a.m. The event will be held in English. You can follow the webcast via [this link](#).

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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](#)
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