ANNUAL REPORT

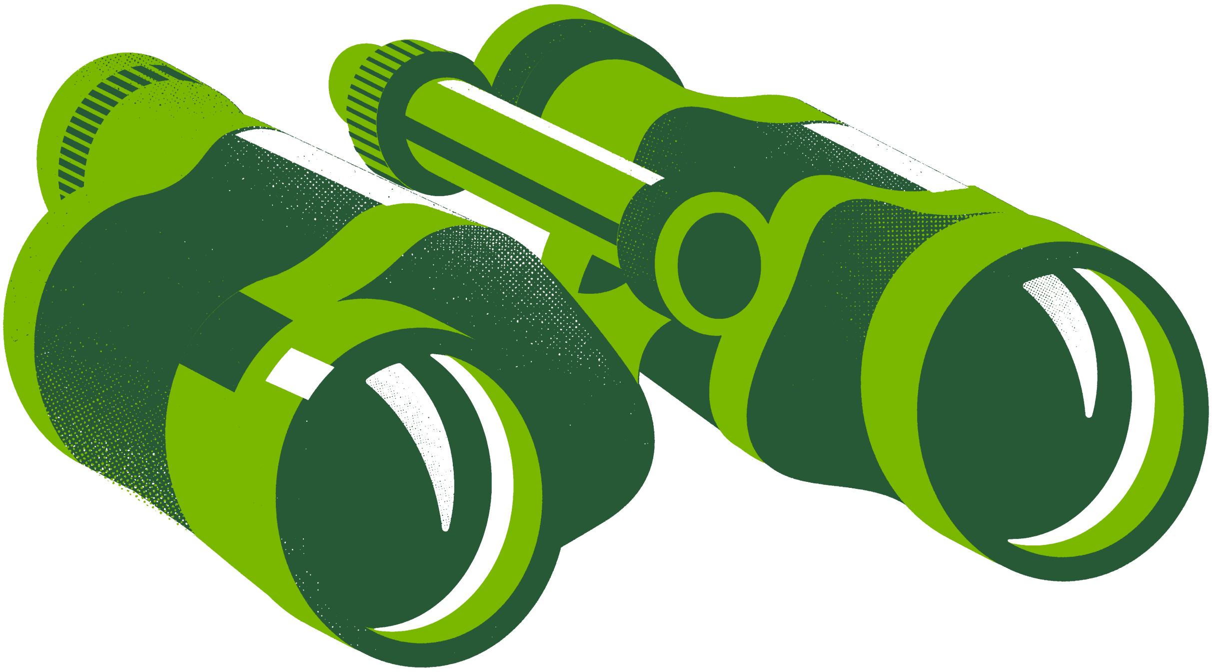
2013

S-Bank


2011 20
2013
2014

ANNUAL REPORT 2013

FINANCIAL STATEMENTS 2013



S-BANK'S VISION

To provide co-op members with the best possible services in daily banking, savings and the financing of purchases.

S-BANK IN BRIEF

S-Bank is owned by S Group's co-op members. S-Bank is also the only in-store bank in Finland. Its operations are based on convenient products, fast and active service, transparent pricing, easy access and cooperation with stores.

S-Bank's objective is to make daily life smoother for you and other co-op members. It is achieved by offering customers affordable services in daily banking, savings and the financing of purchases.

The products and services offered by S-Bank are built around the S-Etukortti card. S-Etukortti Visa is the key to co-op benefits and also a versatile and international payment card. S-Bank's secure account options are suitable for daily banking and savings. The savings and investment services are complemented by various funds and asset management services. Bill payment and other banking are easy either in the convenient online bank or the S-mobiili smart phone application. S-Bank's range of credit consists of affordable Visa credit, S-Tuoteluotto credit for instalment payments within S Group, flexible S-Joustoluotto credit and S-Laina that covers all financing needs up to EUR 20,000.

Using S-Bank's services is easy while you shop, since its branches are located in S Group outlets across Finland. In addition, customers have access to an online bank, the S-mobiili application for a combined store and bank services for customers, as well as a telephone service.

S-Bank is fully under Finnish ownership. It is owned by SOK Corporation (50%) and the S Group cooperatives (total 50%). S-Bank was awarded the Key Flag logo in recognition of the company's Finnish origins.

S-BANK'S KEY FIGURES AT THE END OF 2013

2.6 million customers | **1.3 million** users of electronic services

EUR 2,532 million of deposits | **EUR 2,112 million** of managed assets (FIM)

EUR 589 million of granted credit | **1.4 million** S-Etukortti Visas issued

18.2% capital adequacy ratio | **a EUR 27.9 million** result

*) Facebook and Twitter comments on the new funds and S-mobiili.

REVIEW BY THE MANAGING DIRECTOR:

In 2013, we built our bank with our mind powerfully set on the future. In the spring, we concurrently negotiated on acquiring the investment service company FIM and merging with LocalTapiola Bank as part of the cooperation plans between S Group and LocalTapiola Group. Both negotiations were completed by the summer, and the preliminary agreement on the FIM acquisition and the merger agreement between S-Bank and LocalTapiola Bank were published only about a week apart.

The FIM acquisition was completed at the beginning of April, making S-Bank the majority shareholder in FIM. As a result of the acquisition, S-Bank's product range was expanded into fund saving and asset management. The first S-Säästörahasto funds were launched at the end of November, fulfilling co-op members' wishes on the opportunity to save the Bonus accumulating from purchases within S Group into a fund.

The S-Bank and LocalTapiola Bank merger to be completed in May 2014 has required, and will require, a lot of work. Integrating the banking services and the underlying systems and harmonising the operations takes several years, and this work will continue long after the actual merger has been completed.

Amidst the reforms, we have continued to conduct our basic banking operations and succeeded well in this. In 2013, S-Bank achieved the best result of its history, and this was done by listening to the customers, not by exploiting them. This is manifested by the numerous recognitions we received last year.

In September, S-Bank ranked number one in the annual customer index survey conducted by the Finnish customer marketing association Asiakkuusmarkkinointiliitto and the business transformation agency Avaus. According to the survey, S-Bank offers the best customer experience and has the most loyal customers. S-Bank scored equally well in all areas of the survey: preparedness to recommend, future purchasing intentions and customer retention.

The EPSI Rating survey published in October indicated that S-Bank's customers feel they get the most for their money. S-Bank also ranks above the banking sector average in customer satisfaction. It had the highest customer satisfaction ratings among banks that serve high customer volumes.

In November, S-Bank received an honourable mention in the 2013 survey on corporate reputation and responsibility. According to the survey, S-Bank has successfully promoted its responsibility image related to environmental matters, taking care of personnel as well as economic and taxation themes.

Eighteen per cent of S Group's co-op members would select S-Bank as the primary bank for their wages and salaries, and 47 per cent as the primary bank for their daily banking needs if they were currently looking for a new banking partner. These figures speak volumes of the customers' trust in S-Bank but also present an enormous challenge: the services of the bank with 2.6 million customers should be easy to use and useful but also highly automated. Thus, we are facing a huge challenge as we build new products that are particularly suitable for the in-store bank. Providing something simple is demanding!

Amidst the reforms, we should keep in mind that the basics have not changed. We are still an in-store bank that focuses on making everyday life easier for customers, and we will continue to offer benefits directed to co-op members in the future as well. We are building the new bank with the co-op members' interests in mind and want the new S-Bank to be the most useful bank from the customer perspective.

PEKKA YLIHURULA
Managing Director, S-Bank Ltd

CO-OP MEMBERS' OWN BANK

*) Facebook and Twitter comments on the new funds and S-mobiili.

YEAR 2013

In 2013, S-Bank Ltd. made the biggest decisions since it was established. At the beginning of August, S-Bank acquired a majority shareholding in the investment service company FIM Corporation and expanded its product portfolio to include funds and asset management. The first new fund products were introduced at the end of November: the S-Säästörahasto funds Varovainen (careful), Kohtuullinen (moderate) and Rohkea (daring).

November also witnessed another long-awaited product launch: the S-mobiili smart phone application shared by the entire S Group. The application was developed together with customers, and it combines fully-fledged mobile bank and store services for customers, offering a completely new service experience.

Nevertheless, the most significant event was the decision, finalised in November, to merge with LocalTapiola Bank to form the new S-Bank. The new bank will begin its operations in May 2014. For S-Bank customers, the merger provides a broader product range with secured credit, such as mortgages, among others.

A new S-Bank through solid basic banking operations

An increasing number of Finns considers S-Bank a feasible option when selecting a banking partner. This is indicated by the continuous inflow of new customers and deepened existing customer relationships. Many people, for whom S-Bank was earlier a secondary bank, have transferred all of their banking activities to S-Bank.

At the end of 2013, S-Bank had more than 2.6 million customers using its free basic banking services. At year-end, about 1.4 million customers had an S-Etukortti Visa payment card, and by year-end, about 1.3 million customers had obtained banking IDs for digital services.

The amount of deposits by private customers in S-Bank totalled nearly EUR 2,304 million at the end of the year. Corporate deposits included, S-Bank's total funds on deposit were nearly EUR 2,532 million at the end of the year. This showed an increase of around EUR 60 million from the turn of the year.

Customers have become more aware of S-Bank's affordable and reliable credit products. Lending to private customers increased by more than EUR 141 million from the turn of the year and amounted to almost EUR 394 million at the end of the year. Corporate customers' credit included, the outstanding credit totalled EUR 589 million at the end of the year. The amount of outstanding credit grew by a total of EUR 229 million during the year.

The development of lending and borrowing stemmed from both the powerful growth in volumes and the inclusion of FIM's banking operations within the S-Bank Group.

Funds in the service portfolio

The S-Säästörahasto funds, introduced at the end of November, were well received, and a total of 8,600 S Bank customers signed a fund savings contract in December. 38% of the customers selected S-Säästörahasto Rohkea fund, 49% S-Säästörahasto Kohtuullinen fund and 13% S-Säästörahasto Varovainen fund. The assets managed by FIM totalled EUR 2,112 million at the end of the year.

Result from banking

The operating result of S-Bank Group totalled EUR 27.9 million at the end of 2013 and the capital adequacy ratio was 18.2%. The good result was based on the strong growth in banking volumes. In addition, the result was affected by the market situation, which was favourable in terms of investment activities and the moderate increase in expenses.

BALANCE SHEET BOOK

2013

S-Bank

THE BOARD'S ANNUAL REPORT

1 January–31 December 2013

EXTERNAL OPERATING ENVIRONMENT

THE WEAK ECONOMIC DEVELOPMENT OF THE EURO AREA, combined with the rapid decreasing inflation and fear of deflation, resulted in the European Central Bank (ECB) having to lower its key interest rate twice in 2013. During the year, the ECB's refinancing rate was cut a total of 0.5 percentage units to 0.25 % at the end of 2013.

The expectations towards the start of the run-off of the quantitative easing by the US Central Bank increased long-term interest rates in the United States since May 2013. Long-term interest rates of the main euro area countries increased following the interest rate development of the US. The debt crisis situation in the euro area improved and the credit risk premiums of countries with debt issues decreased and thus narrowed the gap in long-term interest rates of those countries in relation to Germany and other main countries in euro area. With the recovery of the euro area economy and easing of the debt crisis, long-term interest rates can be expected to increase in the main euro area countries; however, the increase is likely to remain minimal in 2014.

Although the European Central Bank and other authorities have been successful in keeping the euro area countries' debt crisis under control, the outlook for the economic growth continues to be modest and the inflation has dropped below one per cent. This means that the ECB will continue its strong expansionary monetary policy throughout 2014. The two-year recession in the euro area is expected to ease this year and the economy is foreseen to propel to growth, but economic recovery will be slow. The ECB can be expected to start to normalise its monetary policy only after the euro area recovery is in full speed and the US Central Bank has completed the run-off of its quantitative easing activities and starts to increase its key interest rate. The US Central Bank is foreseen to hike its interest rate at the start of 2015 at the earliest. Thus, the ECB is not likely to start hiking its interest rates prior to 2015. This means that short-term market interest rates will remain very low throughout the present year.

In 2013, Finland's GDP continued to decline for the second successive year. Along with the acceleration of the global economic growth and the euro area recovery, Finland is also about to propel to growth; however, the increase in the Finnish GDP is at risk of remaining more modest compared to the euro area average. Domestic demand cannot help to boost the Finnish economy this year. The weak economic cycle that has remained in effect for a long time can now be seen on the job market, and the job situation will continue to deteriorate in 2014. With respect to domestic demand, only the public-sector consumption is expected to grow and to have a positive impact on the economic development. The recovery of the Finnish economy this year will particularly rely on exports.

INTERNAL OPERATING ENVIRONMENT

AT THE END OF MAY, S-Bank signed a letter of intent concerning the acquisition of a majority holding of FIM Corporation. On 1 August 2013, S-Bank acquired 51% of the share capital of FIM Corporation. In accordance with mutually agreed terms and conditions, S-Bank may acquire the remaining shares during 2016. The approval to complete the purchase was given by the Finnish Competition and Consumer Authority and the Finnish Financial Supervisory Authority.

On 31 May, S Group and LocalTapiola Group concluded an agreement on merging S-Bank and LocalTapiola Bank into the new S-Bank Ltd in a combination merger. The merger is scheduled for completion on 1 May 2015. S Group's shareholding of the new bank is 75% and the LocalTapiola Group's is 25%.

The banking licence application for the establishment of the new S-Bank was lodged with the Finnish Financial Supervisory Authority in September 2013. The merger plan of the two banks was approved at the Extraordinary General Meeting held by both S-Bank and LocalTapiola Bank in October and November 2013, respectively.

The activities aiming to the establishment of the new S-Bank by merging the two banks were started during autumn 2013 and will be continued in 2014. As part of the merger, the 49 employees in FIM Corporation's support functions were transferred to S-Bank in the transfer of business at the start of December. The plan is to transfer the funds under the management of LocalTapiola Asset Management to FIM Asset Management in May 2014. In addition, the aim is to transfer the retail banking activities and treasury activities of FIM Bank to S-Bank in April. For the remaining activities, FIM Bank will apply for an investment service license from the Finnish Financial Supervisory Authority.

FINANCIAL STANDING

FINANCIAL PERFORMANCE AND PROFITABILITY

The S-Bank's financial performance for 2013 was record-breaking. Operating profit grew from the previous year by EUR 21.4 million to EUR 27.9 million (6.4). The profit for the financial year after taxes totalled EUR 20.4 million (4.8).

The good performance was due to the growth of the retail banking credit portfolio and investment activities, for which the market situation was favourable. On the other hand, the growth in retail banking exposures was reflected in the bank's solvency, which remained strong regardless of the increase in operations. The solvency ratio was 18.5% (19.4%).

The increased operating result improved S-Bank's cost/income ratio to 0.74 (0.89) from the previous year. The return on equity was 9.1% (2.7%). The return on assets increased to 0.6% (0.2%) from the previous year.

KEY FINANCIAL INDICATORS (EUR MILLION)	12/2013	12/2012	12/2011
Operating result	27.9	6.4	7.9
Net income	106.1	68.4	58.7
Deposits	2 531.8	2 471.9	2 472.6
Lending	589.5	360.0	300.8
Debt securities	2 148.6	2 382.1	2 269.7
Cost/income ratio	0.74	0.89	0.85
Return on equity (ROE), %	9.1 %	2.7 %	4.4 %
Return on assets, %	0.6 %	0.2 %	0.2 %
Leverage ratio, %	7.5 %	6.7 %	5.2 %
Solvency ratio, %	18.2 %	19.4 %	16.3 %

Net income

Net income increased significantly from the previous year due to the increase in operations and the FIM acquisition, totalling EUR 106.1 million (68.4). Net interest income, which totalled EUR 56.2 million (49.0), contributed slightly over half of the net income. Net interest income was mainly generated through investments in the money and capital markets, but the card and credit products also generated interest income. Interest expenses consisted mainly of interest on deposits paid to customers. The share of the FIM subsidiary of the net interest income amounted to EUR 0.8 million.

The FIM acquisition boosted the development of net fee and commission income. Growth from the previous year amounted to EUR 13.0 million, of which the share of the functions purchased from FIM at the start of August was EUR 10.7 million. In total, net fee and commission income was EUR 23.5 million (10.5). Other income totalled EUR 26.4 million (8.9), consisting of net income from financial assets available for sale, net income from securities trading, other operating income, net income from hedge accounting, and net income from investment properties, which also indirectly includes all income and expenses from the bank's two real estate subsidiaries. As a result of realising debt securities, net income from financial assets available for sale totalled EUR 8.7 million (16.7). As a result of derivatives recognised at fair value through profit and loss, net income from securities trading amounted to EUR 5.0 million (-13.4). Other operating income totalled EUR 12.1 million (5.1) and net income from investment properties EUR 0.5 million (0.5).

Expenses

The FIM acquisition was also reflected in expenses. Otherwise, the growth of expenses was moderate and partly caused by the FIM and LocalTapiola Bank mergers. Operating expenses totalled EUR 78.3 million (62.0), of which the expenses of the FIM subsidiary were EUR 12.6 million. Personnel expenses amounted to EUR 22.5 million (14.2) and other administrative expenses EUR 45.7 million (38.8).

Depreciations for the period totalled EUR 4.3 million (4.3). Other operating expenses, totalling EUR 5.8 million (3.8), consisted of bank tax, leases and rents for office premises, machinery and equipment, vehicle expenses and contribution payments for the Deposit Guarantee Fund.

Credit and impairment losses

Credit and impairment losses remained at a low level in 2013 due to a good customer base and efficient credit control and debt collection activities. Net credit and impairment losses totalled EUR 0.1 million (-0.1). Credit losses written back amounted to EUR 3.2 million (1.5).

Deposits

The trend in deposits showed favouring sight accounts over current fixed-term deposits. At the end of the financial period, the amount of deposits on sight accounts totalled EUR 2,142.1 million (1,829.7), and the amount of fixed-term deposits totalled EUR 161.6 million (506.6). In addition, the amount of corporate deposits totalled EUR 228.1 million (134.3). On the closing date, deposits totalled EUR 2,531.8 million (2,470.5), of which deposits of FIM Bank was EUR 199.1 million.

Lending and investment activities

S-Bank's investment assets are mainly invested in liquid short-term money and capital markets. At the end of the financial period, S-Bank's debt securities amounted to a total of EUR 2,153.1 million (2,382.1), of which the debt securities eligible for refinancing with central banks accounted for EUR 1,664.2 million (1,943.9). The continued strong interest towards S-Bank's products increased lending consisting of card and consumer loan receivables and account and working capital credit receivables, which totalled EUR 589.9 million (360.0) on the closing date. The share of FIM Bank of debt securities was EUR 78.2 million and of lending was EUR 69.4 million.

Equity

At the year-end, equity totalled EUR 240.3 million (207.8), of which the minority interest related to FIM Corporation was EUR 15.0 million. Equity was also increased due to good performance.

Along with the increased equity, the leverage ratio increased to 7.5% (6.7).

SOLVENCY

DISCLOSURE OF SOLVENCY INFORMATION

In Finland, banking operations and risk-taking thereof are regulated by means of prudential supervision, for example. The solvency framework is comprised of three interlinked entities, or pillars. Pillar 1 defines the minimum solvency requirement; Pillar 2 obligates the bank to draw up an overall evaluation of its risk profile and adequacy of its own funds in relation to these risks; and Pillar 3 contains information on the bank's risks that is disclosed to the public. In accordance with Pillar 3, solvency information should be disclosed at least once per year, taking the principle of materiality into consideration.

S-Bank observes the information disclosure requirement by publishing solvency information on its own funds in the financial statements. Information on the different risk types and risk management are published in the notes to the financial statements. In special situations, solvency information is also published in the Interim Report. Such a special situation is realised if the company is capitalised outside the capital plan. An Interim Report is published once per year, for the period covering the first six months of the year.

OWN FUNDS

Own funds can be divided into Tier 1, Tier 2 and other own funds. S-Bank's own funds are comprised of Tier 1 and Tier 2 own funds and deductible Tier 1 own fund items. S-Bank does not have items categorised as other own funds.

Tier 1 own funds are freely and immediately available for covering unexpected losses. S-Bank's Tier 1 own funds consist of restricted and non-restricted equity items and retained earnings. Minority interest is taken into account in the consolidated Tier 1 own funds.

Restricted equity within Tier 1 funds consists of share equity and the share premium reserve. In addition, Tier 1 funds consist of invested non-restricted equity reserve, retained earnings and S-Bank's voluntary provisions with the deferred tax liability deducted. In a consolidated company, such appropriations are reversed and returned to financial result with the deferred tax liability deducted. S-Bank's Tier 1 own funds are categorised as non-restricted own funds in full, which means that the bank has full power of decision over the repayment of the funds and over the dividends to be distributed on them.

The unamortised portion of the acquisition costs of intangible assets is deducted from Tier 1 own funds.

S-Bank's Tier 2 own funds consist of the fair value reserve and two loans on debenture terms. The fair value reserve is included in upper Tier 2 own funds less deferred taxes in accordance with the corporate tax rate. In accordance with the prudence principle, the negative fair value reserve is taken into consideration in Tier 2 own funds without deferred tax assets.

S-Bank does not have any items categorised as deductible from Tier 2 own funds or jointly from Tier 1 and Tier 2 own funds.

SOLVENCY MANAGEMENT

The management of S-Bank's solvency is described in the risk management policy that has been confirmed by the bank's Executive Board. It is updated annually or whenever changes calling for an update take place in the bank's operations.

Solvency management is part of S-Bank's annual strategy process. The process of managing solvency is based on comprehensive identification and analysis of both risks caused by changes in the external operating environment and other risks, and aims to prevent any negative impact resulting from these risks on the bank's business operations. The amount of own funds required by S-Bank depends on the risk-taking willingness and level specified in the strategy, as well as identified risks.

The management of solvency is based on risk analyses conducted on credit, market and operational risks in accordance with minimum solvency requirements. In addition, risk analyses include risks considered to belong only partially under Pillar 1 (calculation of minimum solvency requirement) or remain completely outside Pillar 1. Together with the strategic objectives and the operational concept set by the bank's Executive Board and the risk-taking willingness derived therefrom, the risk analyses constitute the risk-based capital need that the Executive Board confirms as part of its annual capital plan. In addition to capital requirements, the capital plan describes the acquisition of any supplementary capital that may be needed, as well as measures to be taken in dealing with unexpected situations that affect solvency.

The minimum solvency requirement for the bank's own funds under Pillar 1 is mainly attributable to credit risk. In the calculation of the minimum solvency requirement for own funds, S-Bank applies the standard method for credit and market risks, and the basic method for operational risks.

For credit risks, S-Bank considers on the basis of its risk profile that its own funds are adequate to cover the risk-based capital requirement under Pillar 1. The same applies to operational risks, as the net income-based minimum solvency requirement for operational risks increases with the increase in operations, and the risk-based capital requirement is not foreseen to exceed this requirement.

With regards to market risks, risks in the external operating environment, operational concentration risks and liquidity risks, S-Bank considers that the bank's own funds cover the risk-based capital requirement for these risks.

S-Bank's minimum solvency target is 15%. The calculation of the solvency adequacy ratio is presented at the end of the report. S-Bank closely monitors the development of its balance sheet structure and undertakes measures immediately if its solvency or own funds are in danger of falling below the minimum target set by the bank itself. Meeting the target is primarily ensured by restricting or decreasing the risk. Where required, the Executive Board can also decide on measures to increase the bank's own funds.

OWN FUNDS (EUR MILLION)	12/2013		12/2012	
	Group	S Bank Ltd	Group	S Bank Ltd
Tier 1 own funds excluding reductions	**208.7**	**195.1**	**172.3**	**172.1**
Share capital	33.5	33.5	33.5	33.5
Share premium reserve	21.2	21.2	21.2	21.2
Invested non-restricted equity reserve	104.4	104.4	104.4	104.4
Voluntary provisions		6.0		2.8
Retained earnings				
Profit/loss from previous financial periods	13.2	10.2	8.3	5.7
Profit/loss for the financial period	21.3	19.7	4.8	4.5
Minority interest	15.0			
Reductions				
Intangible assets	24.3	13.0	12.6	12.5
Tier 1 own funds, total	**184.4**	**182.1**	**159.8**	**159.6**
Tier 2 own funds	**47.7**	**55.5**	**55.5**	**55.5**
Fair value reserve	31.7	29.9	35.5	35.5
Debentures	16.0	16.0	20.0	20.0
Own funds, total	**232.1**	**228.0**	**215.2**	**215.1**
Solvency adequacy ratio	**18.5**	**20.1**	**19.4**	**19.4**
Solvency adequacy ratio of Tier 1 own funds	**14.7**	**16.1**	**14.4**	**14.4**

Despite the increase in own funds, the Group's solvency weakened from the previous year due to the increase of the minimum own funds requirement, the solvency adequacy ratio being 18.5% (19.4). At the end of the financial period, the Group's own funds totalled EUR 232.1 million (215.2), whereas the minimum requirement for own funds was EUR 100.2 million (89.0). The bank's own funds were most significantly tied by the credit risk solvency requirement, and own funds were allocated to "Exposures to credit institutions and investment firms" as well as to "Retail exposures" and "Exposures to corporates". The FIM acquisition primarily affected the increase in the operational risk minimum own funds requirement due to the nature of business and increased net income.

MINIMUM AMOUNT OF OWN FUNDS (EUR MILLION)	**12/2013**		**12/2012**	
Minimum solvency requirement for credit risk	**Exposure value**	**Own funds**	**Exposure value**	**Own funds**
Exposures to central governments or central banks	272.5	0.1	196.1	0.7
Exposures to regional governments or local authorities	18.0	0.0	19.4	0.0
Exposures to public sector entities	0.0	0.0	0.0	0.0
Exposures to multilateral development banks	5.3	0.0	5.4	0.0
Exposures to credit institutions and investment firms*	1 517.4	24.9	1 851.5	33.6
Exposures to corporates	278.5	22.0	228.7	17.8
Retail exposures	397.9	23.9	237.3	14.2
Exposures secured by mortgages on immovable property	2.2	0.1	2.6	0.1
Past due exposures	11.8	1.4	10.3	1.2
Covered bonds	325.9	2.7	303.7	2.8
Investments in investment funds	65.1	5.2	83.6	6.7
Other items	51.1	2.4	40.0	1.4
Off-balance sheet items	801.7	3.3	659.0	2.6
Total	**3 747.4**	**86.0**	**3 637.5**	**81.2**
Minimum solvency requirement for credit risk, total		**86.0**		**81.2**
Minimum solvency requirement for market risk		0.9		Ei ilm.
Minimum solvency requirement for operational risks		**13.3**		**7.8**
Minimum amount of own funds, total		**100.2**		**89.0**

* With respect to derivatives, the counterparty exposure value has been taken into account in the exposure value.

OPERATION OF S-BANK'S SUBSIDIARIES

S-ASIAKASPALVELU OY

S-Asiakaspalvelu Oy is S-Bank's wholly owned subsidiary. S-Asiakaspalvelu was established on 8 August 2007, and its task is to provide services relating to data processing and other services related to the ordinary activities of the credit institution as a service company in accordance with the Finnish Act on Credit Institutions (121/2007).

S-Asiakaspalvelu's turnover for 2010 was EUR 5.6 million (5.5). Intra-group revenue accounted for EUR 3.3 million of the turnover (3.7), and other revenue consisted of customer-owner telephone services offered to the cooperatives. Expenses mainly related to personnel, and the company had 110 employees (104) on the payroll at the end of the year. S-Asiakaspalvelu's operating profit was EUR 0.1 million (0).

PROPERTY COMPANIES

During the year 2011, S-Bank acquired the entire share capital of two mutual property companies: Kiinteistö Oy Limingan terminaali and Kiinteistö Oy Lempäälän terminaali. The companies own and manage, in accordance with the articles of associations, space and land and the industrial and terminal properties due to be built on them.

The logistics terminals were completed and came into use in 2009 and 2010. Both of them have Inex Partners Oy as the lessee with a long-term lease. This company is part of SOK Corporation.

Income and expenses allocated to the mutual property companies are mainly recognised in net income from investment properties at S-Bank Group and S-Bank Ltd.

ADMINISTRATION

GENERAL MEETINGS

The Annual General Meeting was held on 12 March 2013. The meeting approved the financial statements for 2012 and released the Executive Board and Managing Director from liability. The meeting resolved not to distribute any dividend. The number of Board members was confirmed as six (6), and the members were nominated. It was decided that there will be one auditor. KPMG Oy Ab, Authorised Public Accountants, was elected as auditor.

The Extraordinary General Meeting and its follow-up meeting were held on 31 October and 21 November 2013, respectively. The follow-up meeting approved the merger plan on the merger of S-Bank Ltd and LocalTapiola Bank plc. through the establishment of a new company, S-Bank Ltd, to which the assets and liabilities of the merging companies are being transferred.

EXECUTIVE BOARD

The General Meeting of Shareholders confirms the number of members in the Executive Board and nominates the Executive Board for a term of one year. The Board shall elect the Chairman and Vice-Chairman from among its members. The Executive Board has rules of procedure, duly confirmed, according to which the Executive Board is responsible for strategic development of the bank, the steering and control of its operations and for deciding on the company's main operating principles and general values in accordance with the applicable legislation and regulations.

The Executive Board shall manage the bank in a professional manner in compliance with healthy and good banking practices. The Board meets at least eight (8) times per year.

At the Annual General Meeting, the following persons were elected as the members of the S-Bank Executive Board: Jari Annala, CFO; Matti Niemi, Managing Director; Veli-Matti Puutio, Managing Director; Arttu Laine, Managing Director; Juha Ahola, Director of Financing; and Harri Koponen, Managing Director as a new member. The Executive Board elected Jari Annala as Chairman and Matti Niemi as Vice Chairman. Harri Koponen resigned from the Executive

Board in November, after which the Executive Board has continued with five members in accordance with the Articles of Association.

The Executive Board convened 15 (13) times during the financial period, and the average rate of attendance was 92.0 per cent (86.8). The Board members received no meeting fees.

In accordance with the merger plan, the following persons were elected as the members of the new S-Bank's Executive Board: Jari Annala, SOK's CFO; Juha Ahola, SOK's Director of Financing; Matti Niemi, Managing Director of the HOK-Elanto Cooperative; Veli-Matti Puutio, Managing Director of the Arina Cooperative; and Harri Lauslahti, Director of the Consolidation Group, and Jari Eklund, Director of the Consolidation Group from LocalTapiola. In addition, one member who is independent from the owners will be appointed to the Board. The Chairman of the Board will be Jari Annala, and the Vice Chairman will be Harri Lauslahti.

Arttu Laine, Managing Director of the Cooperative Society KPO, was appointed as the deputy member of S Group on the Executive Board of the new S-Bank. Erik Valros, Managing Director of LocalTapiola Uusimaa, was appointed as a deputy member of the LocalTapiola Group.

MANAGING DIRECTOR

The bank's Executive Board appoints the Managing Director. The Managing Director is responsible for the bank's routine management duties in accordance with the instructions and regulations issued by the Executive Board, applicable legislation and regulations, the Articles of Association and the Managing Director's Charter. The Managing Director acts as Chairman of the Management Team appointed by the Executive Board. The Management Team is a body that assists the Managing Director in exercising his decision-making power. If the Managing Director is prevented from attending to his duties, they are carried out by the Managing Director's deputy.

From 22 June 2006, Pekka Ylihurula has acted as S-Bank Ltd's Managing Director. General Counsel Veli-Matti Parmala is the Deputy Managing Director.

According to the merger plan, Pekka Hurula, Managing Director of the present S-Bank, will be the Managing Director of the new S-Bank. Marja Pajulahti, Managing Director of the present Local Tapiola Bank, has been nominated as Deputy Managing Director.

PERSONNEL

Along with the FIM acquisition, S-Bank Group's personnel increased by approximately 200 persons. At the end of the year, the Group employed a total of 500 persons (286). Of personnel, 231 persons (182) work for S-Bank, 110 (104) for S-Asiakaspalvelu Oy, and 159 for FIM Corporation. The concentration of the support functions to S-Bank Ltd, started in late 2013, is reflected in the company-specific figures. The salaries and fees paid to personnel amounted to EUR 18.5 million (11.6), of which the salaries and fees paid by S-Bank Ltd totalled EUR 9.8 million (8.6) and by S-Asiakaspalvelu Ltd EUR 3.3 million (3.0). The salaries and fees paid by FIM Corporation between 1 August and 31 December 2013 amounted to EUR 5.4 million.

S Group's 21 cooperative enterprises operate as S-Bank's agents. In 2013, training of S-Bank's agents was arranged in accordance with an approved training programme. Training focused on ensuring the competence and quality of service required in the banking business, developing sales competence and improving comprehensive customer service. Customer satisfaction surveys show that the competence and service quality of the agent network was excellent.

The competence of S-Asiakaspalvelu Oy's personnel is ensured through continuous training at work. The survey carried out at the end of 2013 indicated that the competence and service levels shown by S-Asiakaspalvelu Oy's personnel were good.

WAGES, SALARIES AND REMUNERATION

S-Bank's Compensation and Nomination Committee annually prepares performance-based compensation principles for the bank's personnel in accordance with its rules of procedure, and submits them to the bank's Executive Board for confirmation. The Compensation and Nomination Committee consists of the Chairman (who acts as Chairman of the Committee) and Vice-Chairman of the bank's Executive Board, and at least one member nominated by the Executive Board from among its members.

S-Bank has only a short-term compensation system in use. It specifies that the performance-based compensation system is valid for one year at a time. The performance-based compensation target depends on the whole bank's shared targets, unit-level targets and personal targets. The performance-based compensations are paid in cash.

In 2013, FIM Corporation applied its own compensation policy.

In 2013, S-Bank paid EUR 9.2 million (0.8) in salaries and EUR 0.6 million (0.6) in fees. In 2013, S-Asiakaspalvelu paid EUR 3.1 million (2.9) in salaries and EUR 0.2 million (0.1) in fees.

No meeting fees were paid to S-Bank's Executive Board members. Fees paid to FIM Corporation's Executive Board members amounted to EUR 37,500, and fees paid to FIM Asset Management Ltd's Executive Board totalled EUR 7,500.

The personnel members whose operation essentially affects the credit institution's risk profile were paid EUR 1.8 million (1.6) in salaries and EUR 0.2 million (0.2) in fees in 2013. A total of 36 persons (25) were entitled to these salaries and fees. During the one-year earnings period, no changeable fee paid to individuals entitled to this fee was higher than EUR 50,000.

Those who left the company during the financial year were paid a normal pay for the period of notice. No special severance pay was paid.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD

The cooperation procedure aiming at the merger and reorganisation of S-Bank and LocalTapiola Bank was started on 5 February 2014. The objective of the cooperation procedure is to reorganise functions and eliminate overlapping activities.

The cooperation procedure concerns the personnel of S-Bank Group and its subsidiaries. Personnel of S-Asiakaspalvelu, personnel providing customer services to LocalTapiola Bank's private customers, and portfolio managers and sales personnel of FIM remain outside the procedure. The cooperation procedure concerns a total of around 440 employees.

OUTLOOK FOR 2014

The economic growth outlook of the euro area continues to be modest, and short-term market interest rates will remain at a low level. The activities related to both the FIM acquisition and the LocalTapiola Bank merger will cause significant additional expenses. The financial year 2014 will be challenging in terms of both external and internal operating environment, and S-Bank Group's operating result for 2014 is expected to fall short of the 2013 level.

EXECUTIVE BOARD'S PROPOSAL FOR THE DISPOSAL OF DISTRIBUTABLE FUNDS

The Executive Board proposes that the parent company S-Bank Ltd's profit for the financial period, EUR 19,971,035.78, be entered in the retained earnings account and that no dividend be distributed.

CALCULATION OF KEY INDICATORS

Net income:

Net interest income + net fee and commission income + net income from securities trading and currency operations + net income from available-for-sale financial assets + net result from hedge accounting + net income from investment properties + other operating income

Net fee and commission income:

Fee and commission income - fee and commission expenses

Debt securities:

Debt securities eligible for refinancing with central banks + debt securities

Cost/income ratio:

Administrative expenses + depreciation and impairment losses on tangible and intangible assets + other operating expenses (excl. impairment losses)

Net interest income + income from equity investments + net fee and commission income + net income from securities trading and currency operations + net income from available-for-sale financial assets + net result from hedge accounting + net income from investment properties + other operating income + share of equity earnings in associated companies (net)

Return on equity (ROE), %

Operating profit/loss - income taxes	x 100
Equity and minority interest + accumulated appropriations less deferred tax liability (the average for the beginning and end of year)	

Return on assets (ROA), %

Operating profit/loss - income taxes	x 100
The average sum total on the balance sheet (the average for the beginning and end of year)	

Leverage ratio, %

Equity and minority interest + accumulated appropriations less deferred tax liability	x 100
The sum total on the balance sheet	

Solvency adequacy ratio, %

Own funds, total	x 8 %
Minimum requirement for own funds, total	

Solvency adequacy ratio of Tier 1 own funds, %

Tier 1 own funds, total	x 8 %
Minimum requirement for own funds, total	

CONSOLIDATED BALANCE SHEET

ASSETS, EUR thousand	Note	31 Dec 2013	31 Dec 2012
Cash	18, 19, 22	193 054	164 232
Debt securities eligible for refinancing with central banks		1 664 188	1 943 855
Other	3, 18, 19, 22	1 664 188	1 943 855
Exposures to credit institutions	1, 18	101 795	46 214
Repayable on demand		19 273	576
Other		82 522	45 638
Exposures to the public and public sector entities*	2, 18, 19, 22	589 473	360 035
Repayable on demand		35 083	10 592
Other		554 390	349 444
Debt securities	3, 18, 19, 22	484 447	438 283
Other		484 447	438 283
Shares and other equity	5, 19, 22	69 579	83 588
Derivatives	6, 19, 22	588	179
Intangible assets	7, 9, 19	24 300	12 573
Tangible assets	8, 9, 19	13 434	13 665
Other assets	10	9 454	2 218
Accrued income and advances paid	11	37 159	33 152
Deferred tax assets	12	834	0
ASSETS, TOTAL		**3 188 306**	**3 097 995**

LIABILITIES, EUR thousand	Note	31 Dec 2013	31 Dec 2012
DEBT CAPITAL			
Liabilities to credit institutions		302 574	300 000
To central banks	18, 19, 22	300 000	300 000
To credit institutions		2 574	0
Repayable on demand		2 574	0
Liabilities to the public and public sector entities	18, 19, 22	2 561 312	2 500 022
Deposits		2 531 819	2 471 917
Repayable on demand		2 350 930	1 962 838
Other		180 889	509 079
Other liabilities		29 493	28 105
Repayable on demand		28 456	27 219
Other		1 037	886
Derivatives and other liabilities held for trading	6, 14, 19, 22	9 072	17 610
Other liabilities	15, 19	19 107	20 072
Accrued expenses and advances received	16	25 879	19 000
Subordinated liabilities	16, 18, 22	20 020	20 000
Capital loans		20	0
Other		20 000	20 000
Deferred tax liabilities	12	10 079	13 473
DEBT CAPITAL, TOTAL		2 948 044	2 890 177
EQUITY			
Share capital	23,24,26	33 540	33 540
Share premium reserve	23	21 180	21 180
Other restricted reserves	23	31 664	35 477
Fair value reserve	23	31 664	35 477
On measurement at fair value		31 664	35 477
Non-restricted reserves	23	104 448	104 448
Invested non-restricted equity reserve	23	104 448	104 448
Profit (loss) from previous financial periods	23	13 173	8 334
Profit (loss) for the financial period	23	21 286	4 838
Minority interest		14 971	0
EQUITY, TOTAL	23	240 262	207 818
LIABILITIES, TOTAL		**3 188 306**	**3 097 995**
OFF-BALANCE SHEET LIABILITIES			
Commitments given in favour of a customer	45		
Irrevocable		103 527	65 655
Other		698 178	593 381

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	31 Dec 2013	31 Dec 2012
Interest income	24	70 619	78 786
Interest expenses	24	-14 421	-29 770
NET INTEREST INCOME		**56 198**	**49 016**
Fee and commission income	27	28 957	13 531
Fee and commission expenses	27	-5 445	-3 075
Net income from securities trading and currency operations			
Net income from securities trading	28	5 090	-13 371
Net income from currency operations	28	-45	16
Net income from available-for-sale financial assets	29	8 687	16 684
Net income from hedge accounting	30	11	-6
Net income from investment property	31	545	513
Other operating income	32	12 120	5 092
Administrative expenses		-68 273	-52 962
Personnel expenses			
Salaries, wages and remuneration		-18 479	-11 597
Indirect personnel expenses			
Pension expenses		-3 209	-2 066
Other indirect personnel expenses		-842	-522
Other administrative expenses		-45 742	-38 777
Depreciation, amortisation and impairment losses on tangible and intangible assets	34	-3 432	-4 269
Depreciation, amortisation and impairment losses on consolidation goodwill		-864	0
Other operating expenses	33	-5 825	-3 781
Impairment losses on loans and other receivables	35	123	-968
Share of equity earnings in associated companies		4	-1
OPERATING PROFIT (LOSS)		**27 852**	**6 421**
Income taxes		**-7 465**	**-1 582**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES		**20 388**	**4 838**
Minority interests		**899**	**0**
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		**21 286**	**4 838**

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
CASH FLOW FROM OPERATIONS		
Interest, fee and commission income	115 043	88 185
Interest, fee and commission expenses	-26 112	-30 162
Payments received on loans recorded as credit losses	551	456
Other income	21 876	17 451
Payments to suppliers of goods and services, and personnel	-73 029	-54 023
	38 329	**21 908**
Increase (-) or decrease (+) in operating assets:		
Current assets	-6 015	5 646
Net increase in credit card and overdraft receivables	-153 795	-60 508
Increase (+) or decrease (-) in operating liabilities:		
Deposits from customers	-171 503	-693
Current liabilities	3 084	98 501
Net cash from operating activities before income taxes	-289 900	64 853
Income taxes	-1 850	-2 597
Net cash from operating activities	**-291 750**	**62 256**
CASH FLOW FROM INVESTMENTS		
Acquisition of subsidiaries	153 563	0
Shares and other equity	0	-23
Purchase of intangible assets	-3 382	-4 063
Net cash from investment activities	**150 181**	**-4 086**
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities	**0**	**0**
Net increase in cash and cash equivalents	-141 569	58 170
Cash and cash equivalents at the beginning of the financial period	2 634 042	2 575 871
Cash and cash equivalents at the end of the financial period	2 492 473	2 634 042

NOTES TO THE FINANCIAL STATEMENTS

THE GROUP

S-Bank Group consists of S-Bank Ltd (S-Bank) and its subsidiaries. S-Bank is a deposit bank that engages in credit institution operations pursuant to the Finnish Credit Institutions Act (121/2007), providing its customers with services related to saving, payment transactions and the financing of purchases.

S-Bank's headquarters and office are located at Fleminginkatu 34, FI-00510 Helsinki, Finland. The bank does not have other branch offices. Pursuant to representative agreements, customer service is provided also by S Group cooperatives acting as agents at their outlets.

The Executive Board approved the financial statements for the period 1 January–31 December 2014 on 13 February 2014.

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Finnish Accounting Act and, as applicable, with the provisions of the Credit Institutions Act and the Ministry of Finance Decree on Financial Statements and Consolidated Financial Statements of Credit Institutions and Investment Firms (MFD), as well as the Finnish Financial Supervisory Authority's new regulations concerning accounting, financial statements and annual report of the financing sector operators, effective as of 1 February 2013. In preparing the financial statements, the general instructions issued by the Finnish Accounting Standards Board (KILA) have also been considered, as applicable.

The financial statements have been prepared pursuant to the Financial Supervisory Authority's regulations concerning the market disclosure of solvency information.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include S-Bank and all subsidiaries in which the bank has controlling interest. Controlling interest is generated when the Corporation has the right to control the principles of the company's finances and operations in order to gain benefits from its operations.

The subsidiaries acquired are included in the financial statements using the acquisition cost method. The companies acquired during the financial period have been consolidated from the date of acquisition. The associated company S-Crosskey has been consolidated using the equity method.

Intra-group transactions, receivables and liabilities have been eliminated from the consolidated financial statements.

COMPARABILITY

On 1 August 2013, S-Bank Ltd acquired 51% of the share capital of FIM Corporation. FIM Corporation owns 100% of FIM Asset Management Ltd and FIM Bank Ltd and 80% of FIM Real Estate Ltd. In the present financial statements, the Group consisting of the above-mentioned companies is referred to as the FIM subsidiary.

The comparable data for 2012 do not include the FIM subsidiary. The difference on consolidation generated from the acquisition that is not allocated to balance sheet items is treated as unrecorded book value. The minority interest is treated following the usual principles of consolidation.

To facilitate comparison of the balance sheet and notes thereto, below is provided the balance sheet of the FIM subsidiary on 31 December 2013 as it is presented in S-Bank Group. The FIM subsidiary's income statement information for the period from 1 August to 31 December 2013 is presented in the Board's Annual Report in section Financial Standing

THE FIM SUBSIDIARY	31 Dec 2013
A (ASSETS)	240 819
A-01 (Cash and cash equivalents)	19 365
A-02 (Debt securities eligible for refinancing with central banks)	63 730
A-03 (Exposures to credit institutions)	55 398
A-04 (Exposures to the public and public sector entities)	69 446
A-06 (Debt securities)	9 936
A-07 (Shares and other equity)	4 509
A-08 (Derivatives)	150
A-09 (Intangible assets)	1 752
A-10 (Tangible assets)	448
A-12 (Other assets)	7 622
A-13 (Accrued income and advances paid)	7 628
A-14 (Deferred tax assets)	834
B (LIABILITIES)	240 819
B-01 (DEBT CAPITAL)	211 021
B-01-01 (Liabilities to credit institutions)	2 574
B-01-02 (Liabilities to the public and public sector entities)	199 114
B-01-04 (Derivatives and other funds held for trading)	252
B-01-05 (Other liabilities)	1 607
B-01-06 (Accrued expenses and advances received)	7 447
B-01-07 (Subordinated liabilities)	20
B-01-08 (Deferred tax liabilities)	7
B-02 (ACCUMULATED APPROPRIATIONS)	0
B-03 (EQUITY)	29 798
B-03-01 (Share equity and cooperative capital)	2 814
B-03-03 (Other restricted reserves)	1
B-03-04 (Non-restricted reserves)	14 522
B-03-05 (Profit/surplus from previous financial periods)	15 053
B-03-06 (Profit (loss) for the financial period)	-2 599
B-03-08 (Minority interest)	7

ITEMS DENOMINATED IN FOREIGN CURRENCY

The financial statements are presented in euro. Transactions in foreign currency are recognised at the exchange rate on the transaction date. On the closing date, the items in foreign currency are converted into euro at the exchange rate quoted on the closing date.

Exchange rate differences are recognised as exchange rate profits/losses in the income statement; for financial items in the net income from securities trading and currency operations, and for trade payables in the other administrative expenses.

FINANCIAL ASSETS AND LIABILITIES

S-Bank Group applies a settlement-date practice in recognising financial assets and liabilities on the balance sheet, excluding financial assets or liabilities recognised at fair value through profit and loss. For financial assets or liabilities recognised at fair value through profit and loss, a trading-date practice is applied to recognising the items on the balance sheet. An item belonging to financial assets or liabilities is initially recognised in the accounts at fair value, including transaction costs.

On initial recognition, financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss, financial assets held to maturity, available-for-sale financial assets, loans and other receivables, and other financial liabilities. Financial assets and liabilities are measured at fair value or amortised cost using the effective interest method in accordance with their classification.

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 applied in the markets. The fair values of certificates of deposit, commercial papers or derivatives (excluding futures) are determined by discounting future cash flows to the present value, applying market interest rates on the closing date. Bonds, shares of investment funds and futures are measured at market prices. Financial assets at fair value are measured using the bid price, while financial liabilities at fair value are measured using the asked rate.

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

Financial assets or liabilities at fair value through profit and loss include bonds and notes, and other domestic and foreign securities and participations that are traded actively and have been acquired for short-term gain. Derivative contracts to which hedge accounting has not been applied are also included.

Financial assets or liabilities at fair value through profit and loss are measured at market price. The change in fair value is entered in the income statement. The difference between the closing date value of the financial instruments recognised at fair value and the carrying value from the previous financial statements is recognised as the income or expense for the period in the income statement. If the financial instrument recognised at fair value was acquired during the financial period, the difference between the value of the financial instrument on the closing date and its acquisition cost is entered as the income or expense for the period.

Held-to-maturity investments include bonds and notes and other non-derivative investments that are connected to fixed or determinable payments, mature on a certain date or are held to maturity. Held-to-maturity investments are measured at amortised acquisition cost using the effective interest method. On the balance sheet date, S-Bank had no financial assets recognised as held-to-maturity.

Financial assets that are not quoted on the secondary market, for which the payments are fixed or floating and which do not fall under financial assets at fair value through profit or loss, financial assets held to maturity or available-for-sale financial assets are recognised as loans and other receivables. The transaction costs related to loans and other receivables are included in the amortised acquisition cost measured using the effective interest method and amortised through profit and loss over the term-to-maturity of the receivable. After the initial recognition, loans and other receivables are measured at amortised acquisition cost using the effective interest method.

Debt securities and other domestic and foreign securities, not recorded in financial assets at fair value through profit and loss, investments held to maturity, or loans and other receivables, are recorded in available-for-sale financial assets. Financial assets available for sale are measured at fair value. The fair value of publicly traded investments is defined on the basis of their market values. Investments that are not publicly quoted are measured by means of generally approved valuation methods in the market. Should this not yield a reliably definable fair value, the acquisition cost is used. The change in fair value is recorded in equity in the fair value reserve. When the financial instrument is sold, the change in the fair value accrued to equity, together with accrued interest and capital gains or losses, is recognised in the income statement.

An item belonging to other financial liabilities is recognised in the financial statement at its nominal value when its fair value is the nominal value. If the debt capital received differs from the nominal value of the liability, the liability is entered in the amount received. The amount recognised as expense or income for the financial period from the difference between the nominal value of the debt and cost of debt is amortised and recognised as an increase or decrease in the cost of debt. The difference between the nominal value and cost, or a debt-related fee, or an expense that is part of a debt-related interest expense, is amortised using the effective interest method as an expense for the term-to-maturity of the debt. Other financial liabilities are measured at the amortised cost on the balance sheet date using the effective interest method.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any objective evidence that the value of an item other than those classified as financial assets at fair value through profit and loss is impaired. Objective evidence is, for example, a customer's delay in payment, insolvency or bankruptcy, reorganisation or rearrangement of debts, or a major change in the credit rating. If there is objective evidence of impairment, an impairment loss is recorded.

The amount of an impairment loss on financial assets recorded at amortised cost is determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset, including the fair value of any collateral. The discount rate applied is the original effective interest rate of the receivable. The difference is recognised as an impairment loss in the income statement, and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract. If the amount of an impairment loss subsequently decreases and the change can be attributed to an event that has taken place after the recognition of the impairment loss, the impairment loss is reversed. Notwithstanding what is mentioned above, due to their nature and small amounts of the individual receivables, S-Bank estimates credit card and consumer credit receivables on a group-specific basis, but on the basis of the above-mentioned criteria for evaluation of impairment.

Should there be objective evidence of the impairment of debt securities or shares included in available-for-sale financial assets, the cumulative loss directly recognised in equity is removed from equity and recognised in the income statement as an impairment loss. The impairment loss of a share that is not publicly quoted is determined as being the difference between the carrying amount and the present value of estimated future cash flows discounted at the market yield of a similar item on the reporting date. If the fair value of notes or bonds classified as available-for-sale later increases and the increase can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised through profit and loss. If the fair value of a share subsequently increases, the increase in value is recognised in equity.

Hedge accounting

Derivative contracts are taken out primarily for hedging purposes. S-Bank applies at a small scale fair value hedge accounting for derivatives that meet the documented effectiveness and other requirements for hedge accounting. In such cases, open interest rate risks are hedged using interest rate swaps, which are determined as hedging items in hedge accounting.

Changes to fair value attributable to the risk related to the hedged items are recognised in the income statement under the item "net result from hedge accounting". Changes to fair value attributable to other than the hedged risk are recognised in the fair value reserve.

Changes to fair value of the hedging items included in hedging are recognised in the income statement under the item "net result from hedge accounting".

Embedded derivative

An embedded derivative is part of a hybrid instrument that also contains a non-derivative main contract. Because of this, part of the cash flow of the hybrid instrument fluctuates in a manner similar to the cash flow of a standalone derivative. An embedded derivative must be separated from the main contract and considered to be a derivative in accounting, provided that the requirements for separation stated in the standards issued by the Financial Supervisory Authority are met. One such requirement is, for example, that the financial characteristics and risks of the embedded derivative and the main contract are not closely linked.

During previous financial periods, S-Bank issued two subordinated debenture loans that can be categorised as the above-mentioned hybrid instruments due to options included in the contracts and because these options entitle the bank to repayment of debt before the maturity date. During previous financial periods, S-Bank also acquired a digital option linked to a bond as part of the hedging transaction relating to the investment deposit.

S-Bank does not separate embedded derivatives from the main contracts in the case of the above-mentioned debenture loans. The financial characteristics and risks are considered to be closely linked to the main contracts as the option exercise prices correspond to the amortised cost of the debt contracts at all exercise periods. However, S-Bank separates the digital option from the main contract and handles it as a derivative in accounting.

PRINCIPLES OF INCOME RECOGNITION

Interest income and expenses

Interest on financial assets and liabilities is periodised as interest income and expenses for the financial periods to which they are to be allocated over time.

Fee and commission income and expenses

Fee and commission income and expenses arise from services offered to customers and from the resources needed to provide these services. Fee and commission income and expenses are recognised when the services have been rendered or received. Income and expenses for services that are provided over several years are allocated to the appropriate years.

Intangible assets

Intangible assets consist of licence fees for software and connection charges. The capitalised expenses of software also include the costs arising from a modification of the software licensed to S-Bank. Intangible assets are measured at cost and amortised over their estimated economic lives using the straight-line method.

Amortisation periods for intangible assets

Software licence fees: 5 years
Connection charges: 5 years
Goodwill: 5 years

TANGIBLE ASSETS

Tangible assets are measured at original acquisition cost less accumulated depreciation and impairment losses, if any. Straight-line depreciation is recorded on tangible assets in accordance with each item's economic life. Land areas are not depreciated.

Amortisation periods for tangible assets / investment properties

Buildings: 25 years
Equipment in buildings: 10 years

Investment property

Investment properties are properties used by operations outside the Group and held by the Group for the primary reason of obtaining rental income and possibly an appreciation in the asset value. Investment properties are measured at original acquisition cost, less accumulated depreciation and any impairment losses, in accordance with the same principles that are applied to real estate belonging to tangible assets. Leases are recognised as income in the net income from investment property over the lease period.

INCOME TAXES

Income taxes include current taxes for the financial period and corrections to taxes for previous periods. The tax effect of items directly recognised in equity is correspondingly recognised directly in equity. Taxes are calculated using the tax rates valid on the balance sheet date and, if there is a change in tax rates, at the enacted tax rate.

RISK MANAGEMENT

Risk is an integral part of a banking business endeavour. Good risk management supports the achievement of business objectives by ensuring that risks are identified and managed and their impacts analysed, and by supervising that the risks assumed are in correct proportion to the bank's risk-bearing capability.

S-Bank has a risk management policy confirmed by the bank's Executive Board. It defines risk management purposes, principles, roles, responsibilities and the composition of the risk management organisation. In addition, the policy defines S-Bank's main types of risks and how to identify, estimate, measure, manage and monitor them, as well as how to report on them. In accordance with the policy, risks are measured and reported in a manner that gives decision-makers sufficient and relevant information on operational risks and their management.

Organisation of risk management

The highest decision-making power is exercised by S-Bank's Executive Board. In accordance with the risk management policy, the Executive Board confirms the risk management principles and guidelines. The Executive Board also decides on the risk strategy and the way in which risk management and internal audits are organised within S-Bank. In addition, the Executive Board confirms the risk limits and decides on the level of the bank's risk-taking willingness and risk-bearing capability, along with the necessary amount of risk capital.

The Executive Board has set up a Credit and Risk Management Committee to monitor risks. The main responsibility of the Credit and Risk Management Committee is to maintain and develop risk management at S-Bank. Moreover, its duty is to provide the Executive Board with a proposal for the allocation of risk capital and limits on different types of risks to the Executive Board.

The adopted risk management policy specifies that line managers are responsible for attending to S-Bank's on-going operations in accordance with the risk management principles and methods set out in the policy. The Managing Director is responsible for ensuring that responsibilities and authorisations are clearly and appropriately defined. The head of each business unit is responsible for ensuring that the business is carried on in accordance with S-Bank's guidelines and principles. In addition, they are responsible for risks in their respective business areas within the provided limits.

S-Bank's risk monitoring function is a unit that is independent from business operations. Its task is to assess the bank's risk-taking level. The risk monitoring function maintains and develops methods for measurement, assessment and reporting of risks and supports the business areas in the identification of new risks.

The internal audit assists the Executive Board and the Managing Director in supervising and ensuring the bank's operations by auditing the bank's functions.

Risk concepts

S-Bank's risks can be categorised into strategic risks, market and credit risks and operational risks.

Strategic risks can be further divided into two sub-categories: a company selects a wrong strategy when aiming at profitable operations, or the risk can realise if the chosen strategy cannot be adjusted to changes in the operating environment due to the company's rigidness. Such situations can relate to, for example, competitive situations, economic fluctuations, changes in customer behaviour and the development of technology.

Credit risk is a risk where the counterparty of a contract neglects their payment obligation to S-Bank, or that a change in the creditworthiness of the counterparty has an impact on the market value of the financial instruments it has issued. Credit risk in S-Bank relates to investment activities and lending to the public.

Market risks are caused by the exposure of the balance sheet and income statement to investment market changes. Market risks are assessed on the basis of income risk, price risk and liquidity risk.

Price risk relates to balance sheet items' market price instability and the resulting effects of the market price fluctuation on fair value. For income risk, the perspective relates more to accounting. Income risk simulates the effects of the realisation of the risks on the bank's result in situations where the instrument is held to maturity and the result is recognised in amortised acquisition costs. Liquidity risk is the risk of S-Bank not being able to fulfil its payment obligations. Liquidity risk is divided into short-term liquidity risk and longer-term refinancing risk.

Operational risk refers to the risk of the materialisation of a loss due to insufficient or defective internal processes, personnel, systems, external factors or legal risks.

Strategic risks

Strategic risks and the associated business risks, reputation risks and risks of changes in the operating environment are managed through risk assessments carried out in connection with annual action plans. Degrees of significance are defined for the risks in relation to strategic objectives. The financial impact of risks thus identified is assessed, and measures for managing risks are defined. In addition, strategic risks are managed by making annual scenario analyses based on business plans and profit and loss statements to assess the impact of changes in the business environment on the bank's balance sheet, profitability and capital adequacy.

The risk control function reports to the bank's Executive Board and the Credit and Risk Management Committee on identified risks, their management measures and the results of scenario analyses. The Executive Board approves the measures for managing the risks.

Credit risks

At S-Bank, credit risks primarily arise from the credit card and consumer credit business, lending to S Group companies and investment activities.

Credit risk is managed within the framework of credit granting principles and limits defined in the credit policy and risk management policy. The Executive Board is responsible for monitoring S-Bank's lending. The risk monitoring function oversees the implementation of credit policy and risk management policy, as well as credit risk exposures. The risk monitoring function reports on the credit risks to the Executive Board, the Credit and Risk Management Committee, the management, and the competent authorities.

The customer-owners of S Group's cooperative enterprises are regarded as the chief target group for S-Bank's deposit banking operations. In the granting of credit for lending purposes, particular attention is paid to the prospective borrowers' repayment ability. Private customers' creditworthiness is assessed by dividing them into risk categories on the basis of different characteristics, using a scoring system. The assessment of corporate customers' creditworthiness is based, among other things, on financial statements and their Trade Register and Credit Register information. If necessary, a credit rating given by a credit rating company is used.

In investment business, counterparty risks are restricted with limits. Counterparty limits are defined by assessing the credit risk of possible counterparties, mainly on the basis of credit ratings given by credit rating companies. Investment activities have been cautious, and assets have been invested in liquid objects that are as safe as possible and have a good credit rating.

The bank's credit control function is responsible for the daily credit monitoring of cards and consumer credit. If customers fail to meet their obligations according to the agreed schedule, the credit control will initiate payment reminder and collection measures.

Receivables matured on the balance sheet date provide the most significant evidence when assessing impairments at S-Bank. The amount of recognised impairment losses is the best estimate after taking into account all relevant information about the situation on the balance sheet date. Should the amount of the impairment loss, according to objective estimates, decrease during a subsequent financial period, the impairment loss is reduced by a corresponding sum.

In the financial statements, S Bank evaluates its impairments only by product since a single liability is not significant by itself in the current product range of the bank. The impaired receivables in the financial statements totalled EUR 9.3 million (8.7). All the impairment losses were group-specific. Impairment losses are presented under Impairment losses from credit and other receivables in the financial statements. For the possible impairment losses from investment activities, the losses are presented under "Net income from financial assets available for sale".

Solvency calculation

S-Bank uses a standard method in the credit risk solvency adequacy calculation. In the standard method, first the exposure value is defined for the asset items, subject to the solvency requirement, after which the exposure values are multiplied by risk weighting factors and then by the minimum solvency requirement, which yields the total amount of the bank's own funds required to cover the credit risk.

When determining the risk weightings used in calculating solvency adequacy, S-Bank uses credit rating institutions approved by the Financial Supervisory Authority. The counterparty's Standard & Poor's credit rating is primarily notified. If it is not available, the credit rating of Moody's Investors Service or, if there is not one, the Fitch Ratings credit rating will be used.

The ratings of the above-mentioned credit rating institutions are used to determine the risk weightings for governments and central banks, international development banks, credit institutions, investment firms and other companies. If, however, the asset item in question belongs to a special issuance programme or arrangement for which a specific credit rating is available, this credit rating is used to determine the risk weighting.

Calculating solvency adequacy for counterparty risk is part of the standard method in credit risk assessment. The solvency adequacy due to counterparty risk is calculated for derivative instruments, transactions with a long settlement time and transactions connected with the asset-backed trading book.

The positive fair value of derivatives held by S-Bank on the closing date was EUR 0.5 million (0.2). Credit risk mitigation techniques, such as guarantees, and financing securities, can be used when the solvency adequacy is calculated for the credit risk with the standard method. During the financial year now ended, the bank's solvency adequacy for credit risk was decreased by the use of guarantees given by states to banks' funding and covered bonds included in receivables. In addition, financing securities have been utilised in the calculation of the adequacy requirement for credit risk.

S-Bank's risk exposure in 2013

At the end of the financial period, the maximum amount of S-Bank's exposure was EUR 3,747.4 million (3,637.5), including off-balance sheet commitments. The most significant item was exposures to credit institutions and investment firms, totalling EUR 1,517.4 million (1,851.5). Covered bonds totalled EUR 325.9 million (303.7), and exposures to central governments and central banks totalled EUR 272.5 million (196.1). Retail exposures increased significantly from the previous year due to growth in lending, totalling EUR 397.9 million (237.3). Exposures to corporates also increased, totalling EUR 278.5 million (228.7). Investments in investment funds decreased due to realisation of assets, amounting to a total of EUR 65.1 million (83.6) Furthermore, S-Bank had exposures to regional governments, amounting to EUR 18.0 million (19.4), and to multilateral development banks, totalling EUR 5.3 million (5.4). Past due exposures constituted an item of EUR 11.8 million (10.3), while exposures secured by mortgages on immovable property constituted an item of EUR 2.2 million (2.6). Other items totalled EUR 51.1 million (40.0). Off-balance sheet items amounted to EUR 801.7 million (659.0).

When analysed by risk weighting, S-Bank's exposure fell predominantly into the 20 per cent risk weight category, where S-Bank mainly recorded exposures to other credit institutions. In the category with a risk weighting of 100 per cent, the bank primarily recorded exposures to corporates and investments in investment funds, whereas the zero per cent category consisted of exposures to central banks, credit institutions' bonds guaranteed by central governments, exposures to multilateral development banks, and off-balance sheet items. Covered bonds constituted an item of 10 per cent and retail exposures an item of 75 per cent. Exposures secured by mortgages on immovable property were mainly recorded in the 35 per cent item. Exposures to credit institutions in the countries included in category 2 or exposures to corporates with a rating of at least A were recorded in the 50 per cent item. Past due exposures were recorded in the 150 per cent item.

EXPOSURES (EUR million)	TOTAL AMOUNT OF EXPOSURES		AVERAGE VALUE OF EXPOSURES IN THE FINANCIAL PERIOD	
	2013	**2012**	**2013**	**2012**
Exposures to central governments or central banks	272.5	196.1	234.3	224.1
Exposures to regional governments	18.0	19.4	18.7	14.5
Exposures to public sector entities	0.0	0.0	0.0	0.0
Exposures to multilateral development banks and international organisations	5.3	5.4	5.3	5.3
Exposures to credit institutions and investment firms	1 517.4	1 851.5	1 684.4	1 803.1
Exposures to corporates	278.5	228.7	253.6	208.8
Retail exposures	397.9	237.3	317.6	217.7
Exposures secured by mortgages on immovable property	2.2	2.6	2.4	2.9
Past due exposures	11.8	10.3	11.1	10.0
Covered bonds	325.9	303.7	314.8	281.4
Investments in investment funds	65.1	83.6	74.3	78.8
Other items	51.1	40.0	45.5	38.2
Off-balance sheet items	801.7	659.0	730.4	621.6
Total	**3 747.4**	**3 637.5**	**3 692.4**	**3 506.4**

EXPOSURES BY RISK WEIGHT (EUR million)	Exposure value	
Risk weight, %	2013	2012
0	993.9	782.7
10	328.1	295.6
20	1 550.5	1 842.1
35	2.1	2.6
50	8.5	22.8
75	399.7	238.8
100	452.9	442.5
150	11.8	10.3
	3 747.4	**3 637.5**

MATURITY DISTRIBUTION OF EXPOSURES (EUR million) 2013	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Exposures to central governments or central banks	220.7	0.0	51.9	0.0	0.0	272.6
Exposures to regional governments	0.0	3.0	14.9	0.0	0.0	18.0
Exposures to public sector entities	0.0	0.0	0.0	0.0	0.0	0.0
Exposures to multilateral development banks	0.0	0.0	5.3	0.0	0.0	5.3
Exposures to credit institutions and investment firms	81.1	189.1	1 247.0	0.2	0.0	1 517.4
Exposures to corporates	72.0	59.6	130.3	16.6	0.0	278.5
Retail exposures	38.3	39.8	205.8	82.9	31.0	397.9
Exposures secured by mortgages on immovable property	0.0	0.0	0.7	0.8	0.6	2.2
Past due exposures	11.8	0.0	0.0	0.0	0.0	11.8
Covered bonds	5.0	16.6	302.3	2.0	0.0	325.9
Investments in investment funds	0.0	0.0	65.1	0.0	0.0	65.1
Other items	21.5	12.7	3.6	0.0	13.4	51.1
Off-balance sheet items	737.1	8.0	56.6	0.0	0.0	801.7
TOTAL	**1 187.3**	**328.9**	**2 083.5**	**102.6**	**45.0**	**3 747.4**

MATURITY DISTRIBUTION OF EXPOSURES (EUR million) 2012	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Exposures to central governments or central banks	164.2	6.1	25.8	0.0	0.0	196.1
Exposures to regional governments	0.0	4.5	14.9	0.0	0.0	19.4
Exposures to public sector entities	0.0	0.0	0.0	0.0	0.0	0.0
Exposures to multilateral development banks	0.0	0.0	5.4	0.0	0.0	5.4
Exposures to credit institutions and investment firms	122.8	337.3	1 391.3	0.1	0.0	1 851.5
Exposures to corporates	67.7	19.3	122.3	19.4	0.0	228.7
Retail exposures	14.4	31.4	122.8	57.6	11.1	237.3
Exposures secured by mortgages on immovable property	0.0	0.0	1.0	0.8	0.8	2.6
Past due exposures	10.3	0.0	0.0	0.0	0.0	10.3
Covered bonds	0.0	26.3	277.4	0.0	0.0	303.7
Investments in investment funds	0.0	0.0	83.6	0.0	0.0	83.6
Other items	12.3	13.9	0.0	0.0	13.7	40.0
Off-balance sheet items	602.6	20.1	36.4	0.0	0.0	659.0
TOTAL	**994.3**	**458.9**	**2 080.8**	**77.9**	**25.6**	**3 637.5**

PAST DUE EXPOSURES (EUR million) 2013	Less than 30 days	30–90 days	More than 90 days	Of which impaired	Total
Balance sheet item					
Receivables from the public and public sector entities	6.5	1.6	10.9	-9.3	**9.6**

PAST DUE EXPOSURES (EUR million) 2012	Less than 30 days	30–90 days	More than 90 days	Of which impaired	Total
Balance sheet item					
Receivables from the public and public sector entities	2.4	0.8	9.8	-8.7	**4.2**

Geographically, Finland was still the most significant country with regard to exposures. In addition to Finland, the exposures mainly concerned other Nordic countries and EU Member States. The exposures have been categorised geographically according to the issuer's country of origin. For affiliates, the geographical division is based on the parent company's country of origin. With regard to retail banking exposures, S-Bank's customers are geographically scattered around Finland, which does prevent the concentration of risk exposures.

GEOGRAPHIC DISTRIBUTION OF EXPOSURES (EUR million) 2013	Finland	Nordic Countries	Other EU Member States	Other Countries
Exposures to central governments or central banks	220.6	22.0	29.9	0.0
Exposures to regional governments	3.0	0.0	14.9	0.0
Exposures to multilateral development banks and international organisations	0.0	0.0	5.3	0.0
Exposures to credit institutions and investment firms	345.2	460.6	545.1	166.5
Exposures to corporates	266.7	5.7	1.6	4.6
Retail exposures	397.8	0.0	0.0	0.1
Exposures secured by mortgages on immovable property	2.2	0.0	0.0	0.0
Past due exposures	11.8	0.0	0.0	0.0
Covered bonds	69.1	154.9	98.8	3.1
Investments in investment funds	56.8	0.0	8.3	0.0
Other items	29.7	8.8	10.9	1.7
Off-balance sheet items	801.7			
TOTAL	**2 204.5**	**652.1**	**714.9**	**175.9**

GEOGRAPHIC DISTRIBUTION OF EXPOSURES (EUR million) 2012	Finland	Nordic Countries	Other EU Member States	Other Countries
Exposures to central governments or central banks	164.2	0.0	31.9	0.0
Exposures to regional governments	0.0	0.0	19.4	0.0
Exposures to multilateral development banks and international organisations	0.0	0.0	5.4	0.0
Exposures to credit institutions and investment firms	234.7	524.5	843.0	249.3
Exposures to corporates	222.8	3.7	2.1	0.0
Retail exposures	237.2	0.0	0.0	0.00
Exposures secured by mortgages on immovable property	2.6	0.0	0.0	0.0
Past due exposures	10.3	0.0	0.0	0.0
Covered bonds	61.0	97.3	142.2	3.2
Investments in investment funds	72.2	0.0	11.3	0.0
Other items	14.5	8.8	14.2	2.4
Off-balance sheet items	659.0			
TOTAL	**1 678.8**	**634.3**	**1 069.5**	**254.9**

In terms of branch categories, the majority of exposures fell in counterparts engaging in financing activities.

BREAKDOWN OF EXPOSURES BY BRANCH OF BUSINESS (EUR million)	2013	2012
Financial and insurance activities	2 227.6	2 484.6
Wholesale and retail trade	61.2	77.4
Real estate activities	71.1	53.6
Electricity, gas and water supply, cooling business	8.9	17.1
Industry	63.4	35.8
Mining and quarrying	4.5	4.6
Construction	0.0	0.0
Information and communication	0.0	2.4
Public administration and defence; compulsory social security	87.4	36.5
Other	5.7	19.7
No branch category**	1 217.6	905.9
TOTAL	**3 747.4**	**3 637.5**

* Exposures not falling into branch categories include retail receivables, overdue receivables, other items and off-balance sheet items.

Market risks

The purpose of market risk management at S-Bank is to manage unexpected changes in the bank's net interest income and solvency and maximise return on equity within the willingness to take risks. This is the premise for determining the market risk limits. In solvency calculation, S-Bank applies the standard method for market risks.

In accordance with the confirmed risk management policy, interest rate risk in the banking book is monitored monthly by means of interest rate gap analysis, in which liabilities and receivables are grouped into time periods on the basis of their interest rate maturities. The effects of changes in parallel interest rate curves on the bank's interest rate risk exposure are monitored daily with the net present value method and monthly with the income risk method. The effect of changes in the interest rate on the market value of balance sheet items is also monitored. Internal transfer pricing is used to support the management of the interest rate risk in the banking book.

Share, property and currency risks materialise when the market prices of the investment instruments concerned change, and therefore S-Bank applies solely the risk measurement techniques based on price risk to these instrument categories. The setting of the limits is based on simple allocation limits. The role of share, property and currency risks is to distribute market risks, and S-Bank does not have a strong position on these risk types.

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY INTEREST RATE MATURITIES (EUR million) 2013

Balance sheet item / next interest rate fixing date	0–1 months	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	More than 5 years	Total
Cash	193.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	193.1
Exposures to credit institutions	96.3	0.0	5.5	0.0	0.0	0.0	0.0	0.0	101.8
Exposures to the public and public sector entities	434.2	86.3	25.8	10.5	2.6	3.5	26.5	0.0	589.5
Debt securities	354.5	478.9	122.0	26.2	22.4	493.1	631.3	20.3	2 148.6
Exposures, total	**1 078.0**	**565.2**	**153.4**	**36.6**	**25.0**	**496.6**	**657.8**	**20.3**	**3 033.0**
Liabilities to credit institutions	-302.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-302.6
Liabilities to the public and public sector entities	-2 410.0	-35.7	-31.2	-25.3	-24.0	-19.5	-15.5	0.0	-2 561.3
Subordinated liabilities	-15.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	-20.0
Liabilities, total	**-2 727.6**	**-40.7**	**-31.2**	**-25.3**	**-24.1**	**-19.5**	**-15.5**	**0.0**	**-2 883.9**
Exposures and liabilities, total	**-1 649.6**	**524.5**	**122.2**	**11.4**	**0.9**	**477.1**	**642.3**	**20.3**	**149.1**

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY INTEREST RATE MATURITIES (EUR million) 2012

Balance sheet item / next interest rate fixing date	0–1 months	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	More than 5 years	Total
Cash	164.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	164.2
Exposures to credit institutions	46.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.2
Exposures to the public and public sector entities	243.4	90.3	17.2	4.9	0.0	0.0	4.2	0.0	360.0
Debt securities	353.3	573.6	122.7	39.7	15.5	352.7	905.2	19.4	2 382.1
Exposures, total	**807.1**	**663.9**	**140.0**	**44.6**	**15.5**	**352.7**	**909.4**	**19.4**	**2 952.6**
Liabilities to credit institutions	-300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-300.0
Liabilities to the public and public sector entities	-2 160.9	-143.8	-59.4	-66.9	-59.6	-8.1	-1.2	0.0	-2 500.0
Subordinated liabilities	-15.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	-20.0
Liabilities, total	**-2 475.9**	**-148.8**	**-59.4**	**-66.9**	**-59.6**	**-8.1**	**-1.2**	**0.0**	**-2 820.0**
Exposures and liabilities, total	**-1 668.8**	**515.1**	**80.5**	**-22.3**	**-44.1**	**344.5**	**908.1**	**19.4**	**132.6**

S-Bank uses derivatives for hedging purposes. During the financial year 2013, the bank entered into interest rate swaps, futures and forwards and options contracts as part of its balance sheet management. The counterparts were specifically selected banks. S-Bank applies hedge accounting only on a small scale.

NOMINAL VALUES OF DERIVATIVES IN ACCORDANCE WITH THE REMAINING MATURITY DISTRIBUTION (EUR million) 31 Dec 2013	Less than 1 year	1–5 years	More than 5 years
Interest rate derivatives			
Forwards		8.0	7.8
Interest rate swaps	129.5	814.5	14.0
Options, bought	20.0	20.0	
Options, written		95.0	
Equity derivatives			
Forwards	4.0		
Options, bought		4.0	
Options, written		4.0	
Foreign exchange derivatives			
Forwards			
Interest rate swaps and currency swaps	0.8	3.8	

NOMINAL VALUES OF DERIVATIVES IN ACCORDANCE WITH THE REMAINING MATURITY DISTRIBUTION (EUR million) 31 Dec 2012	Less than 1 year	1–5 years	More than 5 years
Interest rate derivatives			
Forwards	365.0		
Interest rate swaps	94.0	523.0	5.0
Options, bought	25.0	20.0	
Options, written		95.0	
Equity derivatives			
Options, bought	5.4		
Options, written	5.4		
Foreign exchange derivatives			
Forwards	6.1		
Interest rate swaps and currency swaps		0.8	

DERIVATIVES 31 Dec 2013 FOR HEDGING PURPOSES (EUR million)	Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Interest rate swaps	6.0		0.0

NOT FOR HEDGING PURPOSES (EUR million)	Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Forwards	15.8	0.0	0.0
Interest rate swaps	958.0	0.0	-8.5
Options, bought	40.0	0.1	
Options, written	95.0	0.1	-0.3
Equity derivatives			
Forwards	4.0	0.1	-0.1
Options, bought	4.0	0.1	
Options, written	4.0		-0.1
Foreign exchange derivatives			
Forwards			
Interest rate swaps and currency swaps	4.6	0.3	0.0

DERIVATIVES 31 DEC 2012 FOR HEDGING PURPOSES (EUR million)	Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Interest rate swaps	11.0		0.0

NOT FOR HEDGING PURPOSES (EUR million)	Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Forwards	365		-1.3
Interest rate swaps	611.0		-15.7
Options, bought	45.0	0.0	0.0
Options, written	95.0	0.0	-0.5
Equity derivatives			
Options, bought	5.4	0.0	
Options, written	5.4		0.0
Foreign exchange derivatives			
Forwards	6.1	0.1	0.0
Interest rate swaps and currency swaps	0.8	0.1	

Liquidity risks

The objective of liquidity risk management is to ensure that the bank's net cash flows are positive enough in disturbance situations during the following 30 days without any realisation of investment assets.

The adequacy of cash assets is supported by investing a sufficient amount of assets in certificates of deposit and liquidity accounts immediately realisable for cash assets. In addition, the bank can use the Bank of Finland's limit on its ongoing operations to ensure both intraday liquidity and overnight liquidity, when necessary.

In the case of liquidity escape and to safeguard liquidity for a longer term (over 30 days), liquidity is primarily ensured by using liquid instruments eligible for refinancing with central banks in the investment business. They must be revotable to cash or realisable without substantial capital losses and transaction costs within three (3) days.

Liquidity and refinancing risks are monitored daily with cash flow forecasts and monthly with a gap analysis, in which assets and liabilities are grouped into time periods according to maturity.

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY MATURITY (EUR million) 2013

Balance sheet item	0–1 months	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	More than 5 years	Total
Cash	193.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	193.1
Exposures to credit institutions	96.3	0.0	5.5	0.0	0.0	0.0	0.0	0.0	101.8
Exposures to the public and public sector entities*	116.3	7.2	21.5	18.2	43.0	81.8	189.9	111.7	589.5
Debt securities	169.1	57.7	126.2	28.1	27.4	674.2	1 045.7	20.3	2 148.6
Exposures, total	**574.8**	**64.9**	**153.2**	**46.2**	**70.4**	**755.9**	**1 235.6**	**132.0**	**3 033.0**
Liabilities to credit institutions	-2.6	0.0	0.0	0.0	0.0	-300.0	0.0	0.0	-302.6
Liabilities to the public and public sector entities**	-2 410.0	-35.7	-31.2	-25.3	-24.0	-19.5	-15.5	0.0	-2 561.3
Subordinated liabilities	0.0	0.0	0.0	0.0	0.0	0.0	-20.0	0.0	-20.0
Liabilities, total	**-2 412.6**	**-35.7**	**-31.2**	**-25.3**	**-24.1**	**-319.5**	**-35.5**	**0.0**	**-2 883.9**
Exposures and liabilities, total	**-1 837.8**	**29.1**	**122.0**	**20.9**	**46.3**	**436.4**	**1 200.1**	**132.0**	**149.1**

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY MATURITY (EUR million) 2012

Balance sheet item	0–1 months	1–3 months	3–6 months	6–9 months	9–12 months	1–2 years	2–5 years	More than 5 years	Total
Cash	**164.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**164.2**
Exposures to credit institutions	46.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.2
Exposures to the public and public sector entities*	71.5	3.5	16.1	11.8	15.3	46.9	125.1	69.9	360.0
Debt securities	13.0	94.0	192.7	108.2	66.1	678.5	1 210.2	19.4	2 382.1
Exposures, total	**294.9**	**97.5**	**208.8**	**120.0**	**81.4**	**725.4**	**1 335.3**	**89.3**	**2 952.6**
Liabilities to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	-300.0	0.0	-300.0
Liabilities to the public and public sector entities**	-2 160.9	-143.8	-59.4	-66.9	-59.6	-8.1	-1.2	0.0	-2 500.0
Subordinated liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-20.0	-20.0
Liabilities, total	**-2 160.9**	**-143.8**	**-59.4**	**-66.9**	**-59.6**	**-8.1**	**-301.2**	**-20.0**	**-2 820.0**
Exposures and liabilities, total	**-1 866.0**	**-46.3**	**149.4**	**53.1**	**21.8**	**717.3**	**1 034.0**	**69.3**	**132.6**

OPERATIONAL RISKS

Operational risk management aims to show clear responsibilities and ownership of operational risk management, ensure relevant and cost-efficient controls, keep the loss caused by operational losses at an acceptable level and ensure the adequacy of equity to cover the loss caused by operational risks. In solvency calculation, S-Bank applies the basic method for operational risks.

S-Bank has specified five key operational risk management elements for identifying, estimating, measuring, managing, tracking and monitoring operational risks arising from the bank's operations:

- operational planning
- acceptance procedure for new products and services
- change process for processes and operations
- guidance and support for representation activities
- change process for processes and operations.

S-Bank's risk control function coordinates the operational risk management process and operational risks as a whole and reports on risks to S-Bank's Executive Board and Risk Management Committee.

S-Bank calculates the solvency adequacy requirement for operational risks according to the basic method. In the basic method, the solvency adequacy requirement is calculated from the confirmed financial statements for the three preceding financial years by means of a yield indicator.

Expenses arising from operational risks were minor during the financial period 2013.

Legal risks

In order to manage legal risks, S-Bank's Legal Affairs–Compliance unit takes part in the preparation of significant agreements and legal acts binding on the bank. Agreements are archived in electronic and physical form. The standard terms and conditions of customer agreements have been delivered to the Financial Supervisory Authority prior to their implementation. The need to revise the valid terms and conditions is reviewed and the terms and conditions are updated on a regular basis. Before publishing, the bank's legal affairs staff reviews all brochures and advertising material issued by the bank. Changes in legislation are monitored by means of an electronic basic service purchased from an external supplier, while changes related to disbursements and payment systems are monitored by participating in the relevant joint activities arranged by the Federation of Finnish Financial Services. Besides court proceedings related to the collection of receivables from customers, the bank group was not a party in any other court proceedings in 2013.

INVESTMENTS IN NON-LISTED COMPANIES

S-Bank does not hold shares in non-listed companies not included in the consolidated financial statement.

NOTES TO BALANCE SHEET ITEMS, CONSOLIDATED CORPORATION, EUR 1,000

	31 Dec 2013		
1. Exposures to credit institutions	**Repayable on demand**	**Other than re-payable on demand**	**Total**
To the central bank	0	27 611	27 611
To Finnish credit institutions	13 820	49 350	63 170
To foreign credit institutions	5 453	5 562	11 014
Exposures to credit institutions, total	**19 273**	**82 522**	**101 795**

	31 Dec 2012		
	Repayable on demand	**Other than re-payable on demand**	**Total**
To the central bank	0	0	0
To Finnish credit institutions	375	34 148	34 523
To foreign credit institutions	201	11 490	11 691
Exposures to credit institutions, total	**576**	**45 638**	**46 214**

2. Exposures to the public and public sector entities	**31 Dec 2013**	**31 Dec 2012**
Companies and housing associations	175 177	103 191
Financial and insurance institutions	2 828	579
Households	394 215	241 372
Foreign countries	17 253	14 893
Total	**589 473**	**360 035**
Credit losses relating to the item “Exposures to the public and public sector entities” totalled EUR 2,265 thousand.		
Impairment losses at beginning of year	**8 664**	**7 912**
Group-specific impairment losses recorded in the period	9 336	8 664
Group-specific impairment losses reversed in the period	-8 664	-7 912
Impairment losses at year-end	**9 336**	**8 664**

3. Debt securities

	31 Dec 2013	31 Dec 2012
	Other than publically quoted	**Other than publically quoted**
Issued by public-sector entities		
Held for trading purposes		
Sovereign debts	8 713	0
Available-for-sale		
Treasury bonds and notes	47 324	25 348
Other bonds issued by public-sector entities	12 948	0
Debt securities issued by public-sector entities, total	**68 985**	**25 348**
Debt securities not issued by public-sector entities		
Held for trading purposes		
Bonds issued by banks	53 744	0
Other debt securities	11 209	0
Available-for-sale		
Certificates of deposit issued by banks	26 667	36 764
Commercial papers	0	8 998
Bonds issued by banks	1 879 352	2 135 008
Other debt securities	108 678	176 020
Debt securities not issued by public-sector entities, total	**2 079 651**	**2 356 790**
Debt securities, total	**2 148 636**	**2 382 138**
– eligible for refinancing with central banks	1 664 188	1 943 855

4. Assets leased under finance leases

Nothing to report

5. Shares and other equity		31 Dec 2013	
Shares and other equity	**Publicly quoted**	**Other**	**Total**
Held for trading purposes	4 347	0	4 347
Available-for-sale	65 205	23	65 228
Shares and other equity in associated companies	0	4	4
Total	**69 552**	**27**	**69 579**
- of which in credit institutions	8 735	0	8 735

		31 Dec 2012	
Shares and other equity	**Publicly quoted**	**Other**	**Total**
Held for trading purposes	0	0	0
Available-for-sale	83 565	23	83 588
Shares and other equity in associated companies	0	0	0
Total	**83 565**	**23**	**83 588**
- of which in credit institutions	11 519	0	11 519

6. Derivatives	31 Dec 2013 Nominal value	Positive fair value	Negative fair value
For hedging purposes			
Interest rate derivatives			
Interest rate swaps	6 000	0	-11
Of the nominal value of derivative exposures in hedge accounting,			
EUR thousand in less than one year,	0		
EUR thousand in 1–5 years and	6 000		
EUR thousand in more than five years.	0		

For non-hedging purposes	31 Dec 2013 Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Forwards	15 800	0	0
Options, bought	40 000	57	0
Options, written	95 000	58	-315
Interest rate swaps	958 000	22	-8 508
Foreign exchange derivatives			
Forwards	0	0	0
Interest rate swaps and currency swaps	4 593	260	-21
Equity derivatives			
Forwards	3 971	138	-110
Options, bought	4 015	63	0
Options, written	4 015	0	-63
Of the nominal value of derivative exposures other than those in hedge accounting,			
EUR thousand in less than one year,	154 273		
EUR thousand in 1–5 years and	943 351		
EUR thousand in more than five years.	21 800		

The total amount of derivatives with a company belonging to the same group as the counterparty is EUR 5,000 thousand.

For non-hedging purposes	31 Dec 2012 Nominal value	 Positive fair value	 Negative fair value
Interest rate derivatives			
Forwards	365 000	0	-1 307
Options, bought	45 000	49	-12
Options, written	95 000	15	-533
Interest rate swaps	611 026	0	-15 731
Foreign exchange derivatives			
Forwards	6 052	51	-9
Interest rate swaps and currency swaps	773	60	0
Equity derivatives			
Options, bought	5 353	5	0
Options, written	5 353	0	-5
Of the nominal value of derivative exposures other than those in hedge accounting,			
EUR thousand in less than one year,	500 784		
EUR thousand in 1–5 years and	627 773		
EUR thousand in more than five years.	5 000		

7. Intangible assets	31 Dec 2013	31 Dec 2012
Software and licences	14 791	12 573
Consolidation goodwill	9 508	0
Total	**24 300**	**12 573**

Consolidation goodwill was generated from the acquisition of FIM Corporation

8. Tangible assets	31 Dec 2013	31 Dec 2012
Investment properties, held for investment purposes		
Land and water areas	792	792
Buildings	12 194	12 874
Other tangible assets	448	0
Total	**13 434**	**13 665**

The property assets acquired for investment purposes are recognised in acquisition costs.
The market value of the investment property assets was determined for the 2013 financial statements and totals EUR 13,900 thousand.
In the determination of the fair value, both the transaction value method and the capitalised value method were used, of which the capitalised value method was weighted.

9. Changes in intangible and tangible assets during the financial year	31 Dec 2013	31 Dec 2012
Advances for intangible assets		
Acquisition cost; 1 Jan	2 947	7 703
Increase	2 555	1 606
Transfers between items	-2 666	-6 362
Acquisition cost; 31 Dec	2 836	2 947
Carrying amount; 31 Dec	2 836	2 947
Intangible assets		
IT expenses		
Acquisition cost; 1 Jan	30 838	22 019
Increase	18 436	2 456
Transfers between items	827	6 362
Acquisition cost; 31 Dec	50 100	30 838
Accumulated depreciation, amortisation and impairment; 1 Jan	-21 211	-16 942
During the period	-16 934	-4 269
Accumulated depreciation and amortisation; 31 Dec	-38 145	-21 211
Carrying amount; 31 Dec	11 955	9 626
Consolidation goodwill		
Acquisition cost; 1 Jan	0	0
Increase	10 373	0
Transfers between items	0	0
Acquisition cost; 31 Dec	10 373	0
Accumulated depreciation, amortisation and impairment; 1 Jan	0	0
During the period	-864	0
Accumulated depreciation and amortisation; 31 Dec	**-864**	**0**
Carrying amount; 31 Dec	9 508	0
Intangible assets, total; 31 Dec	**24 300**	**12 573**

	31 Dec 2013	31 Dec 2012
Other tangible assets		
Land and water areas	792	792
Buildings		
Acquisition cost; 1 Jan	14 257	14 257
Increase	0	0
Transfers between items	0	0
Acquisition cost; 31 Dec	14 257	14 257
Accumulated depreciation, amortisation and impairment; 1 Jan	-1 383	-847
During the period	-679	-536
Accumulated depreciation and amortisation; 31 Dec	-2 063	-1 383
Carrying amount; 31 Dec	12 194	12 874
Other tangible assets		
Acquisition cost; 1 Jan	0	0
Increase	16 180	0
Acquisition cost; 31 Dec	16 180	0
Accumulated depreciation, amortisation and impairment; 1 Jan	0	0
During the period	-15 732	0
Accumulated depreciation and amortisation; 31 Dec	-15 732	0
Carrying amount; 31 Dec	448	0

10. Other assets	**31 Dec 2013**	**31 Dec 2012**
Receivables from payment transactions	2 854	0
Trade receivables from securities	4 768	0
Other	1 832	2 218
Total	**9 454**	**2 218**

11. Accrued income and advances paid	**31 Dec 2013**	**31 Dec 2012**
Interest income	27 872	31 253
Other accrued income and advances paid	9 287	1 899
Total	**37 159**	**33 152**

12. Deferred tax assets and liabilities	31 Dec 2013	31 Dec 2012
Deferred tax assets / liabilities attributable to losses	834	0
Deferred tax assets / liabilities arising from the fair value reserve	-7 915	-11 512
Deferred tax liability from appropriations	1 656	1 309
Deferred tax liability from consolidation measures	509	651

13. Debt securities issued to the public by the credit institution

Nothing to report

14. Other liabilities held for trading	31 Dec 2013	31 Dec 2012
From short-selling of shares	52	0
Other liabilities held for trading, total	**52**	**0**

The Group has not had liabilities held for trading in previous financial periods. An itemisation of derivatives is provided in Note 6.

15. Other liabilities	31 Dec 2013	31 Dec 2012
Payables arising from payment transactions	10 897	13 467
Other	8 210	6 605
Other liabilities, total	**19 107**	**20 072**

16. Accrued expenses and advances received	31 Dec 2013	31 Dec 2012
Interest expenses	7 603	13 475
Other accrued expenses and advances received	18 276	5 525
Total	**25 879**	**19 000**

	31 Dec 2013			
17. Subordinated liabilities	Carrying amount*	Nominal value	Interest rate	Due date
Loan on debenture terms I/2008	15 023	15 000	Euribor 3 month + 0.5%	15 Jan 2018
Loan on debenture terms II/2008	5 002	5 000	Euribor 3 month + 0.75%	15 Sep 2018
Capital loan	20	20	1,00%	31 Dec 2014

*) includes transferred interest

Terms of both loans on debenture terms: The issuer reserves the right to repurchase the loan before the maturity date. The issuer or an affiliated company may repurchase the loan only to a minor extent before the end of the loan period without the approval of the Financial Supervisory Authority. Repurchasing requires that the loans can be resold to a new investor within a short period. The note-holder does not have the right to require that the loan be repaid prematurely. The loan is subordinated to the bank's other debt obligations. The loans on debenture terms I/2008 and II/2008 are included in full in lower Tier 2 own funds in S-Bank's solvency calculation.

For capital loans, the provisions of Chapter 12 of the Finnish Companies Act are applied.

18. Distribution of maturity of financial assets and liabilities	**31 Dec 2013**					
	0–3 months	**3–12 months**	**1–5 years**	**5–10 years**	**More than 10 years**	**Total**
Cash	193 054	0	0	0	0	193 054
Debt securities eligible for refinancing with central banks	69 058	120 011	1 472 146	2 973	0	1 664 188
Exposures to credit institutions	96 295	5 500	0	0	0	101 795
Exposures to the public and public sector entities	114 688	83 426	275 965	83 784	31 609	589 473
Debt securities	157 747	61 609	247 959	17 133	0	484 447
Financial assets, total	**630 842**	**270 547**	**1 996 070**	**103 889**	**31 609**	**3 032 958**
Liabilities to credit institutions	2 574	0	300 000	0	0	302 574
Liabilities to the public and public sector entities	2 445 743	80 526	35 043	0	0	2 561 312
Subordinated liabilities	0	20	20 000	0	0	20 020
Financial liabilities, total	**2 448 317**	**80 546**	**355 043**	**0**	**0**	**2 883 906**

	31 Dec 2012					
	0–3 months	**3–12 months**	**1–5 years**	**5–10 years**	**More than 10 years**	**Total**
Cash	164 232	0	0	0	0	164 232
Debt securities eligible for refinancing with central banks	93 686	264 246	1 585 923	0	0	1 943 855
Exposures to credit institutions	46 214	0	0	0	0	46 214
Exposures to the public and public sector entities	71 652	43 923	174 142	58 412	11 906	360 035
Debt securities	13 314	102 736	302 799	19 434	0	438 283
Financial assets, total	**389 098**	**410 904**	**2 062 864**	**77 846**	**11 906**	**2 952 619**
Liabilities to credit institutions	0	0	300 000	0	0	300 000
Liabilities to the public and public sector entities	2 304 707	185 928	9 387	0	0	2 500 022
Subordinated liabilities	0	0	0	20 000	0	20 000
Financial liabilities, total	**2 304 707**	**185 928**	**309 387**	**20 000**	**0**	**2 820 022**

19. Breakdown of balance sheet items into domestic and foreign amounts and from group entities	31 Dec 2013			
	Domestic currency	Foreign currency	Total	From group entities
Balance sheet item				
Cash	193 054	0	193 054	0
Exposures to credit institutions	99 155	2 640	101 795	2 157
Exposures to the public and public sector entities	589 473	0	589 473	8 798
Debt securities	2 144 018	4 618	2 148 636	0
Derivatives	328	260	588	102
Shares and other equity	69 566	13	69 579	30 770
Intangible assets	24 300	0	24 300	9 508
Tangible assets	13 434	0	13 434	3 165
Other assets	44 279	3 169	47 447	693
Total	**3 177 607**	**10 699**	**3 188 306**	**55 194**
Liabilities to credit institutions	300 000	2 574	302 574	0
Liabilities to the public and public sector entities	2 558 634	2 677	2 561 312	10 955
Derivatives	9 051	21	9 072	102
Other liabilities	75 085	0	75 085	693
Total	**2 942 771**	**5 273**	**2 948 044**	**11 750**

	31 Dec 2012			
	Domestic currency	**Foreign currency**	**Total**	**From group entities**
Balance sheet item				
Cash	164 232	0	164 232	0
Exposures to credit institutions	46 190	25	46 214	1 111
Exposures to the public and public sector entities	360 035	0	360 035	9 334
Debt securities	2 375 472	6 666	2 382 138	0
Derivatives	69	110	179	0
Shares and other equity	83 588	0	83 588	3 885
Intangible assets	12 573	0	12 573	0
Tangible assets	13 665	0	13 665	3 308
Other assets	35 370	0	35 370	130
Total	**3 091 194**	**6 801**	**3 097 995**	**17 769**
Liabilities to credit institutions	300 000	0	300 000	0
Liabilities to the public and public sector entities	2 500 022	0	2 500 022	10 445
Derivatives	17 620	-9	17 610	0
Other liabilities	72 545	0	72 545	130
Total	**2 890 186**	**-9**	**2 890 177**	**10 575**

20. Securities lending	**31 Dec 2013**	**31 Dec 2012**
Borrowed financial assets	Fair value	
Of those held for trading	2 198	0

The Group has not had securities lending in previous financial periods.

21. Securities repurchase agreements

Nothing to report

22. Fair values and carrying amounts of financial assets and liabilities and the hierarchy of fair values	31 Dec 2013		31 Dec 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash	193 054	193 054	164 232	164 232
Exposures to credit institutions	101 795	101 795	46 214	46 219
Exposures to the public and public sector entities	589 473	592 886	360 035	362 888
Debt securities*	2 153 145	2 178 804	2 382 138	2 411 706
Shares and other equity	69 575	69 495	83 588	83 508
Shares and other equity in associated companies	4	5	0	5
Shares and other equity in companies belonging to the same group	0	0	0	0
Derivatives	588	589	179	180
Financial liabilities				
Liabilities to credit institutions	302 574	302 574	300 000	302 718
Liabilities to the public and public sector entities	2 561 312	2 563 311	2 500 022	2 507 551
Debt securities issued to the public	0	0	0	0
Derivatives and other liabilities held for trading	9 072	11 397	17 610	21 459
Subordinated liabilities	20 020	20 294	20 000	19 836

S-Bank Group applies a settlement-date practice in recognising financial assets and liabilities on the balance sheet, excluding financial assets or liabilities recognised at fair value through profit and loss. For financial assets or liabilities recognised at fair value through profit and loss, a trading-date practice is applied to recognising the items on the balance sheet. An item belonging to financial assets or liabilities is initially recognised in the accounts at fair value, including transaction costs.

On initial recognition, financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss, financial assets held to maturity, available-for-sale financial assets, loans and other receivables, and other financial liabilities. Financial assets and liabilities are measured at fair value or amortised cost using the effective interest method in accordance with their classification.

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 applied in the markets. The fair values of certificates of deposit, commercial papers or derivatives (excluding futures) are determined by discounting future cash flows to the present value, applying market interest rates on the closing date. Bonds, shares of investment funds and futures are measured at market prices. Financial assets at fair value are measured using the bid price, while financial liabilities at fair value are measured using the asked rate.

	31 Dec 2013			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets and liabilities held for trading purposes	78 175			78 175
Available-for-sale financial assets	1 873 700	296 424		2 170 124
Derivative receivables and liabilities		589		589
Derivatives liabilities		11 397		11397

	31.12.2012			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets and liabilities held for trading purposes				0
Available-for-sale financial assets	2 268 147	227 066		2 495214
Derivative receivables and liabilities		180		180
Derivatives liabilities		21 459		21 459

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

23. Equity items	31 Dec 2013	31 Dec 2012
Share capital; 1 Jan	33 540	33 540
Share capital, 31 Dec	**33 540**	**33 540**
Share premium reserve; 1 Jan	21 180	21 180
Share premium reserve; 31 Dec	**21 180**	**21 180**
Fair value reserve; 1 Jan	35 477	-16 346
Increase (+)/decrease(-)	-3 813	51 823
Fair value reserve; 31 Dec	**31 664**	**35 477**
Invested non-restricted equity reserve; 1 Jan	104 448	104 448
Invested non-restricted equity reserve; 31 Dec	**104 448**	**104 448**
Loss from previous periods; 1 Jan	13 173	8 334
Loss from previous periods; 31 Dec	**13 173**	**8 334**
Profit/loss for the financial period	21 286	4 838
Minority interest	**14 971**	**0**
Equity, total	**240 262**	**207 818**

NOTES TO INCOME STATEMENT ITEMS, EUR 1,000

24. Interest income and expenses	31 Dec 2013	31 Dec 2012
Interest income		
Exposures to credit institutions	284	431
Exposures to the public and public sector entities	25 452	21 743
Debt securities	44 226	54 107
Derivatives	611	2 506
Other interest income	46	0
Total	**70 619**	**78 786**
of which intra-group items	195	226
Interest income from impaired receivables and other receivables	3 612	4 020
Interest expenses		
Liabilities to credit institutions	1 682	2 524
Liabilities to the public and public sector entities	6 447	19 507
Derivatives and other liabilities held for trading	6 130	7 465
Subordinated liabilities	157	265
Other interest expenses	4	10
Total	**14 421**	**29 770**
of which intra-group items	195	226

25. Net income from leasing activities

Nothing to report

26. Income from equity investments

Nothing to report

27. Fee and commission income and expenses	31 Dec 2013	31 Dec 2012
Fee and commission income		
from lending	8 546	6 417
from borrowing	2 835	2 782
from payment transactions	4 543	4 122
from funds	7 408	0
from asset management	1 369	0
from stock brokerage	3 873	0
from insurance brokerage	122	127
from other activities	260	84
	28 957	**13 531**
of which intra-group items	0	0
Fee and commission expenses		
from other sources	5 445	3 075

28. Net income from securities trading	31 Dec 2013		
	Sales gains and losses (net)	Fair value changes (net)	Total
From debt securities	0	71	71
From derivative instruments	-3 708	8 599	4 891
From liabilities held for trading	213	-86	128
Net income from securities trading, total	**-3 494**	**8 585**	**5 090**
Net income from currency operations	-24	-20	-45
Income statement item, total	**-3 519**	**8 564**	**5 046**

	31 Dec 2012		
	Sales gains and losses (net)	Fair value changes (net)	Total
From debt securities	0	33	33
From derivative instruments	-3 298	-10 105	-13 404
Net income from securities trading, total	**-3 298**	**-10 072**	**-13 371**
Net income from currency operations	25	-9	16
Income statement item, total	**-3 273**	**-10 081**	**-13 355**

29. Net income from available-for-sale financial assets	31 Dec 2013	31 Dec 2012
Net income from disposal of financial assets	8 514	16 164
Reversals of impairment of financial assets	15	325
Other income/expenses from available-for-sale financial assets	158	194

30. Net income from hedge accounting	31 Dec 2013	31 Dec 2012
Net result from hedging instruments	118	-13
Net result from hedged items	-106	7

31. Net income from investment property	31 Dec 2013	31 Dec 2012
Rental income	1 224	1 193
Depreciation according to plan	-679	-680
	545	**513**

32. Other operating income	31 Dec 2013	31 Dec 2012
Other income	12 120	5 092

33. Other operating expenses	31 Dec 2013	31 Dec 2012
Rental expenses	2 388	1 578
Other expenses	3 437	2 203
Total	**5 825**	**3 781**

34. Depreciation and impairment losses on tangible and intangible assets	31 Dec 2013	31 Dec 2012
Depreciation according to plan	3 432	4 269

	31 Dec 2013			
35. Impairment losses on loans, other commitments and other financial assets	Contract-specific impairment losses, gross	Group-specific impairment losses, gross	Deductions	Recognised in the income statement
Exposures to the public and public sector entities	2 431	9 336	11 890	-123
Impairment losses on loans and other commitments, total	**2 431**	**9 336**	**11 890**	**-123**
Impairment losses, total	**2 431**	**9 336**	**11 890**	**-123**

	31 Dec 2012			
	Contract-specific impairment losses, gross	Group-specific impairment losses, gross	Deductions	Recognised in the income statement
Exposures to the public and public sector entities	1 672	8 664	9 368	0
Impairment losses on loans and other commitments, total	**1 672**	**8 664**	**9 368**	**0**
Impairment losses, total	**1 672**	**8 664**	**9 368**	**0**

36. Income and expenses from other than ordinary activities

Nothing to report

37. Information on business areas and geographical market areas

Nothing to report

NOTES ON COLLATERAL AND CONTINGENT LIABILITIES, EUR 1,000

	31 Dec 2013	
38. Collateral provided	**Other collateral**	**Total**
Collateral provided on own debt:		
Derivatives and other liabilities held for trading	15 820	15 820
Collateral provided on own debt, total	**15 820**	**15 820**
Other collateral provided on own behalf	**18 750**	**18 750**
Collateral provided for others	**34**	**34**

	31 Dec 2012	
	Other collateral	**Total**
Lainasaamiset luottolaitoksilta*	20 600	20 600

* S-Bank has provided collateral on the basis of agreements relating to derivative trading (ISDA/CSA)

39. Pension liabilities

The statutory pension security for the personnel has been arranged through LocalTapiola General Mutual Insurance Company and Ilmarinen Mutual Pension Insurance Company.

40. Leasing and other rental liabilities	31 Dec 2013	31 Dec 2012
Due in one year	1 720	226
Due in 1–5 years	3 975	210
Due in more than five years	0	0
Total	**5 695**	**436**

Leasing and other rental liabilities concern the leasing of premises, vehicles and telephones.
The agreements are not cancellable in mid-term.

41. Other financial liabilities

In the context of the acquisition of a majority holding in FIM Corporation, it was agreed that S-Bank may acquire the remaining shares in accordance with mutually agreed terms and conditions during 2016.
The Group is obligated to audit the valued added tax depreciations it has made on real estate investments, if the taxable use of property decreases during the period being audited. The maximum amount of the liability is EUR 1.4 million and year of maturity 2020.

42. Off-balance sheet items	31 Dec 2013	31 Dec 2012
Undrawn credit facilities	801 705	659 036

43. Collateral received in transfer as referred to in the Financial Collateral Act

Nothing to report

44. Broking receivables and liabilities	31 Dec 2013	31 Dec 2012
Savings in accordance with the Finnish Act Governing Long-term Savings Agreements	465	0
Other broking receivables and liabilities		
Purchases from brokers	6 200	0
Broking liability to customers	12 951	0

The Group did not have any customer funds in previous financial periods

45. Other off-balance sheet arrangements

Nothing to report

NOTES ON STAFF AND MANAGEMENT

46. Personnel	31 Dec 2013 Average number	31 Dec 2013 Number on 31 Dec 2012	31 Dec 2012 Average number	31 Dec 2012 Number on 31 Dec 2011
Permanent full-time staff	405	394	196	203
Permanent part-time staff	65	61	61	64
Fixed-term staff	43	45	16	19
Total	**514**	**500**	**272**	**286**

Salaries and fees paid to management (EUR 1,000)	**2013**	**2012**
Consolidated corporation/Managing Director and his deputy	574	355
Consolidated corporation/Executive Board	45	0

The amount of loans granted to Managing Director, his deputy and the Executive Board is stated in the note on related-party lending. S-Bank Ltd's Management Team has a separate pension commitment.

RELATED PARTY TRANSACTIONS, EUR 1,000

47. Loans and other financial receivables from related parties of the credit institution, investments made in such entities and guarantees and collateral provided by third parties on behalf of related parties	31 Dec 2013 Exposures to the public and public sector entities	31 Dec 2012 Exposures to the public and public sector entities
Basis for classification as a related party		
Ownership	9 988	4 695
Management	240	44
Management of holding company	46	45
Total	**10 274**	**4 784**

No contract-specific impairment losses associated with related-party lending. The terms of card loans granted to the company's related parties comply with the standard terms and conditions of lending to the public.

SUBSIDIARIES AND ASSOCIATED COMPANIES

48. Subsidiaries	Registered Office	Ownership, %
S-Asiakaspalvelu Oy	Helsinki	100
Kiinteistö Oy Lempäälän terminaali	Helsinki	100
Kiinteistö Oy Limingan terminaali	Helsinki	100
FIM Corporation	Helsinki	51
FIM Asset Management Ltd	Helsinki	51
FIM Bank Ltd	Helsinki	51
FIM Real Estate Ltd	Helsinki	41

Subsidiaries have been consolidated using the acquisition cost method

Associated companies	Registered Office	Ownership, %
S-Crosskey Ab	Maarianhamina	40

Associated companies have been consolidated using the equity method

OTHER NOTES

49. Note on trustee services and total amount of customer funds	31 Dec 2013	31 Dec 2012
Customer assets under management at the end of the financial period	2 109 912	0
Customer assets under asset management	2 169 929	0
On the basis of full powers	674 037	0
On the basis of other agreements	1 495 892	0

S-Bank's subsidiary FIM Asset Management Ltd practices common fund activities in accordance with the extended licence pursuant to the Finnish Act on Common Funds, business activities materially related thereto and asset management activities. At the year-end, the company had a total of 31 investment funds or hedge funds under its management. The company's asset management services include personalised asset management services and fund asset management services, the customers of which include both private persons and institutional investors. In addition, S-Bank's subsidiary FIM Bank Ltd offers its customers consulting asset management services.
The Group did not have any customer funds in previous financial periods

NOTE ON AUDIT FEES, EUR 1,000

50. Information on the auditors' fees	31 Dec 2013	31 Dec 2012
Audit	139	98
Other services	484	28

BANK, BALANCE SHEET

ASSETS, 1000 €	Note	31 Dec 2013	31 Dec 2012
Cash	18, 19, 24	173 498	164 062
Debt securities eligible for refinancing with central banks			
Other	3,18, 19, 24	1 600 458	1 943 855
Exposures to credit institutions	1,18, 19, 24	46 844	46 214
Repayable on demand		352	576
Other		46 492	45 638
Exposures to the public and public sector entities	2,18, 19, 24	527 425	369 369
Repayable on demand		11 365	10 592
Other		516 060	358 777
Debt securities	3,18, 19, 24		
Other		474 512	438 283
Shares and other equity	5, 19, 24	65 066	83 588
Shares and other equity in associated companies	5, 24	3	3
Shares and other equity in companies belonging to the same group	5, 24	30 776	3 882
Derivatives	6, 19, 24	540	179
Intangible assets	7,10, 19	12 998	12 506
Other assets	11	2 249	1 994
Accrued income and advances paid	12	29 567	33 116
ASSETS, TOTAL		**2 963 934**	**3 097 052**

LIABILITIES, 1000 €	Note	31 Dec 2013	31 Dec 2012
DEBT CAPITAL			
Liabilities to credit institutions			
To central banks	18, 19, 24	300 000	300 000
Liabilities to the public and public sector entities	18, 19, 24	2 364 355	2 501 133
Deposits		2 334 862	2 473 028
Repayable on demand		2 182 606	1 963 949
Other		152 256	509 079
Other liabilities		29 493	28 105
Repayable on demand		28 456	27 219
Other		1 037	886
Derivatives and other liabilities held for trading	6, 19, 24	8 922	17 610
Other liabilities	15, 19		
Other liabilities		17 249	19 970
Accrued expenses and advances received	16	18 302	18 344
Subordinated liabilities			
Capital loans	17, 18, 24	20 000	20 000
LIABILITIES TOTAL		2 728 829	2 877 056
ACCUMULATED APPROPRIATIONS			
Depreciation difference		1 675	1 435
Voluntary provisions		4 749	2 210
ACCUMULATED APPROPRIATIONS, TOTAL		6 424	3 645
EQUITY			
Share capital	25, 26	33 540	33 540
Share premium reserve	25	21 180	21 180
Other restricted reserves			
Fair value reserve	25		
On measurement at fair value		39 575	46 989
Non-restricted reserves			
Invested non-restricted equity reserve	25	104 448	104 448
Profit (loss) from previous financial periods	25	10 193	5 716
Profit (loss) for the financial period	25	19 745	4 477
EQUITY, TOTAL	25	228 682	216 351
LIABILITIES, TOTAL		**2 963 934**	**3 097 052**
OFF-BALANCE SHEET LIABILITIES			
Commitments given in favour of a customer	46		
Irrevocable		80 127	65 655
Other		694 285	594 381

BANK, PROFIT AND LOSS STATEMENT

1000 €	Note	31 Dec 2013	31 Dec 2012
Interest income	29	69 628	79 012
Interest expenses	29	-14 113	-29 770
NET INTEREST INCOME		**55 515**	**49 242**
Fee and commission income	32	15 998	13 531
Fee and commission expenses	32	-3 160	-3 075
Net income from securities trading and currency operations			
Net income from securities trading	33	5 040	-13 371
Net income from currency operations	33	-40	16
Net income from available-for-sale financial assets	34	8 687	16 684
Net income from hedge accounting	35	11	-6
Net income from investment property	36	425	204
Other operating income	37	9 771	3 310
Administrative expenses		-55 485	-51 688
Personnel expenses			
Salaries, wages and remuneration		-9 779	-8 551
Indirect personnel expenses			
Pension expenses		-1 669	-1 537
Other indirect personnel expenses		-498	-396
Other administrative expenses		-43 539	-41 203
Depreciation, amortisation and impairment losses on tangible and intangible assets	39	-2 890	-4 244
Other operating expenses	38	-4 400	-3 307
Impairment losses on loans and other receivables	40	123	-968
OPERATING PROFIT (LOSS)		**29 595**	**6 329**
Appropriations		**-2 778**	**-397**
Income taxes		**-7 072**	**-1 455**
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		**19 745**	**4 477**

BANK CASH FLOW STATEMENT

	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
CASH FLOW FROM OPERATIONS		
Interest, fee and commission income	100 253	88 412
Interest, fee and commission expenses	-23 389	-30 162
Payments received on loans recorded as credit losses	551	456
Other income	15 157	14 680
Payments to suppliers of goods and services, and personnel	-56 880	-52 276
	35 692	**21 111**
Increase (-) or decrease (+) in operating assets:		
Current assets	-269	5 638
Net increase in credit card and overdraft receivables	-158 317	-59 972
Increase (+) or decrease (-) in operating liabilities:		
Deposits from customers	-138 166	-117
Current liabilities	-3 098	98 138
Net cash provided by (used in) operating activities before income taxes	-264 159	64 798
Income taxes	-1 806	-2 595
Net cash from operating activities	**-265 965**	**62 203**
CASH FLOW FROM INVESTMENTS		
Purchase of intangible assets	-30 276	-4 063
Net cash from investment activities	**-30 276**	**-4 086**
CASH FLOW FROM FINANCING ACTIVITIES		
Equity increase	0	0
Net cash from financing activities	**0**	**0**
Net increase in cash and cash equivalents	-296 240	58 117
Cash and cash equivalents at the beginning of the financial period	2 633 872	2 575 756
Cash and cash equivalents at the end of the financial period	2 337 632	2 633 872

S-BANK LTD'S ACCOUNTING POLICIES

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Finnish Accounting Act and, as applicable, with the provisions of the Credit Institutions Act and the Ministry of Finance Decree on Financial Statements and Consolidated Financial Statements of Credit Institutions and Investment Firms (MFD), as well as the Finnish Financial Supervisory Authority's new regulations concerning accounting, financial statements and annual report of the financing sector operators, effective as of 1 February 2013. In preparing the financial statements, the general instructions issued by the Finnish Accounting Standards Board (KILA) have also been considered, as applicable.

The financial statements have been prepared pursuant to the Financial Supervisory Authority's regulations concerning the market disclosure of solvency information.

ITEMS DENOMINATED IN FOREIGN CURRENCY

The financial statements are presented in euro. Transactions in foreign currency are recognised at the exchange rate on the transaction date. On the closing date, the items in foreign currency are concerted into euro at the exchange rate quoted on the closing date.

Exchange rate differences are recognised as exchange rate profits/losses in the income statement; for financial items in the net income from securities trading and currency operations, and for trade payables in the other administrative expenses.

FINANCIAL ASSETS AND LIABILITIES

S-Bank Ltd applies a settlement-date practice in recognising financial assets and liabilities on the balance sheet, excluding financial assets or liabilities recognised at fair value through profit and loss. For financial assets or liabilities recognised at fair value through profit and loss, a trading-date practice is applied to recognising the items on the balance sheet. An item belonging to financial assets or liabilities is initially recognised in the accounts at fair value, including transaction costs.

On initial recognition, financial assets and liabilities are classified as financial assets or liabilities at fair value through profit and loss, financial assets held to maturity, available-for-sale financial assets, loans and other receivables, and other financial liabilities. Financial assets and liabilities are measured at fair value or amortised cost using the effective interest method in accordance with their classification.

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 applied in the markets. The fair values of certificates of deposit, commercial papers or derivatives (excluding futures) are determined by discounting future cash flows to the present value, applying market interest rates on the closing date. Bonds, shares of investment funds and futures are measured at market prices. Financial assets at fair value are measured using the bid price, while financial liabilities at fair value are measured using the asked rate.

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

Financial assets or liabilities at fair value through profit and loss include bonds and notes, and other domestic and foreign securities and participations that are traded actively and have been acquired for short-term gain. Derivative contracts to which hedge accounting has not been applied are also included.

Financial assets or liabilities at fair value through profit and loss are measured at market price. The change in fair value is entered in the income statement. The difference between the closing date value of the financial instruments recognised at fair value and the carrying value from the previous financial statements is recognised as the income or expense for the period in the income statement. If the financial instrument recognised at fair value was acquired during the financial period, the difference between the value of the financial instrument on the closing date and its acquisition cost is entered as the income or expense for the period.

Held-to-maturity investments include bonds and notes and other non-derivative investments that are connected to fixed or determinable payments, mature on a certain date or are held to maturity. Held-to-maturity investments are measured at amortised acquisition cost using the effective interest method. On the closing date, S-Bank had no financial assets recognised as held-to-maturity.

Financial assets that are not quoted on the secondary market, for which the payments are fixed or floating and which do not fall under financial assets at fair value through profit or loss, financial assets held to maturity or available-for-sale financial assets are recognised as loans and other receivables. The transaction costs related to loans and other receivables are included in the amortised acquisition cost measured using the effective interest method and amortised through profit and loss over the term-to-maturity of the receivable. After the initial recognition, loans and other receivables are measured at amortised acquisition cost using the effective interest method.

Debt securities and other domestic and foreign securities, not recorded in financial assets at fair value through profit and loss, investments held to maturity, or loans and other receivables, are recorded in available-for-sale financial assets. Financial assets available for sale are measured at fair value. The fair value of publicly traded investments is defined on the basis of their market values. Investments that are not publicly quoted are measured by means of generally approved valuation methods in the market. Should this not yield a reliably definable fair value, the acquisition cost is used. The change in fair value is recorded in equity in the fair value reserve. When the financial instrument is sold, the change in the fair value accrued to equity, together with accrued interest and capital gains or losses, is recognised in the income statement.

An item belonging to other financial liabilities is recognised in the financial statement at its nominal value when its fair value is the nominal value. If the debt capital received differs from the nominal value of the liability, the liability is entered in the amount received. The amount recognised as expense or income for the financial period from the difference between the nominal value of the debt and cost of debt is amortised and recognised as an increase or decrease in the cost of debt. The difference between the nominal value and cost, or a debt-related fee, or an expense that is part of a debt-related interest expense, is amortised using the effective interest method as an expense for the term-to-maturity of the debt. Other financial liabilities are measured at the amortised cost on the closing date using the effective interest method.

Impairment of financial assets

At each closing date, the Group assesses whether there is any objective evidence that the value of an item other than those classified as financial assets at fair value through profit and loss is impaired. Objective evidence is, for example, a customer's delay in payment, insolvency or bankruptcy, reorganisation or rearrangement of debts, or a major change in the credit rating. If there is objective evidence of impairment, an impairment loss is recorded.

The amount of an impairment loss on financial assets recorded at amortised cost is determined as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset, including the fair value of any collateral. The discount rate applied is the original effective interest rate of the receivable. The difference is recognised as an impairment loss in the income statement, and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract. If the amount of an impairment loss subsequently decreases and the change can be attributed to an event that has taken place after the recognition of the impairment loss, the impairment loss is reversed. Notwithstanding what is mentioned above, due to their nature and small amounts of the individual receivables, S-Bank estimates credit card and consumer credit receivables on a group-specific basis, but on the basis of the above-mentioned criteria for evaluation of impairment.

Should there be objective evidence of the impairment of debt securities or shares included in available-for-sale financial assets, the cumulative loss directly recognised in equity is removed from equity and recognised in the income statement as an impairment loss. The impairment loss of a share that is not publicly quoted is determined as being the difference between the carrying amount and the present value of estimated future cash flows discounted at the market yield of a similar item on the reporting date. If the fair value of notes or bonds classified as available-for-sale later increases and the increase can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised through profit and loss. If the fair value of a share subsequently increases, the increase in value is recognised in equity.

Hedge accounting

Derivative contracts are taken out primarily for hedging purposes. S-Bank applies at a small scale fair value hedge accounting for derivatives that meet the documented effectiveness and other requirements for hedge accounting. In such cases, open interest rate risks are hedged using interest rate swaps, which are determined as hedging items in hedge accounting.

Changes to fair value attributable to the risk related to the hedged items are recognised in the income statement under the item "net result from hedge accounting". Changes to fair value attributable to other than the hedged risk are recognised in the fair value reserve.

Changes to fair value of the hedging items included in hedging are recognised in the income statement under the item "net result from hedge accounting".

Embedded derivative

An embedded derivative is part of a hybrid instrument that also contains a non-derivative main contract. Because of this, part of the cash flow of the hybrid instrument fluctuates in a manner similar to the cash flow of a standalone derivative. An embedded derivative must be separated from the main contract and considered to be a derivative in accounting, provided that the requirements for separation stated in the standards issued by the Financial Supervisory Authority are met. One such requirement is, for example, that the financial characteristics and risks of the embedded derivative and the main contract are not closely linked.

During previous financial periods, S-Bank issued two subordinated debenture loans that can be categorised as the above-mentioned hybrid instruments due to options included in the contracts and because these options entitle the bank to repayment of debt before the maturity date. During previous financial periods, S-Bank also acquired a digital option linked to a bond as part of the hedging transaction relating to the investment deposit.

S-Bank does not separate embedded derivatives from the main contracts in the case of the above-mentioned debenture loans. The financial characteristics and risks are considered to be closely linked to the main contracts as the option exercise prices correspond to the amortised cost of the debt contracts at all exercise periods. However, S-Bank separates the digital option from the main contract and handles it as a derivative in accounting.

PRINCIPLES OF INCOME RECOGNITION

Interest income and expenses

Interest on financial assets and liabilities is periodised as interest income and expenses for the financial periods to which they are to be allocated over time.

Fee and commission income and expenses

Fee and commission income and expenses arise from services offered to customers and from the resources needed to provide these services. Fee and commission income and expenses are recognised when the services have been rendered or received. Income and expenses for services that are provided over several years are allocated to the appropriate years.

INTANGIBLE ASSETS

Intangible assets consist of licence fees for software and connection charges. The capitalised expenses of software also include the costs arising from a modification of the software licensed to S-Bank. Intangible assets are measured at cost and amortised over their estimated economic lives using the straight-line method.

Amortisation periods for intangible assets

Software licence fees: 5 years
Connection charges: 5 years

TANGIBLE ASSETS

Tangible assets are measured at original acquisition cost less accumulated depreciation and impairment losses, if any. Straight-line depreciation is recorded on tangible assets in accordance with each item's economic life. Land areas are not depreciated.

Amortisation periods for tangible assets / investment properties

Buildings: 25 years
Equipment in buildings: 10 years

INVESTMENT PROPERTY

Investment properties are properties used by operations outside the Group and held by the Group for the primary reason of obtaining rental income and possibly an appreciation in the asset value. Investment properties are measured at original acquisition cost, less accumulated depreciation and any impairment losses, in accordance with the same principles that are applied to real estate belonging to tangible assets. Leases are recognised as income in the net income from investment property over the lease period.

INCOME TAXES

Income taxes include current taxes for the financial period and corrections to taxes for previous periods. The tax effect of items directly recognised in equity is correspondingly recognised directly in equity. Taxes are calculated using the tax rates valid on the closing date and, if there is a change in tax rates, at the enacted tax rate.

Deferred tax assets or liabilities are not presented in S-Bank Ltd's income statement and balance sheet. Deferred tax assets and liabilities that are material in amount are presented in the specification of taxes in the notes to the financial statements.

NOTES TO BALANCE SHEET ITEMS, BANK, EUR 1,000

1. Exposures to credit institutions	31 Dec 2013 Repayable on demand	Other than repayable on demand	Total
To Finnish credit institutions	198	41 431	41 629
To foreign credit institutions	153	5 061	5 214
Exposures to credit institutions, total	**352**	**46 492**	**46 844**

	31 Dec 2012 Repayable on demand	Other than repayable on demand	Total
To the central bank	0	0	0
To Finnish credit institutions	375	34 148	34 523
To foreign credit institutions	201	11 490	11 691
Exposures to credit institutions, total	**576**	**45 638**	**46 214**

2. Exposures to the public and public sector entities	31 Dec 2013	31 Dec 2012
Companies and housing associations	167 958	112 525
Financial and insurance institutions	2 258	579
Households	342 273	241 372
Foreign countries	14 935	14 893
Total	**527 425**	**369 369**
Credit loss provisions relating to the item "Exposures to the public and public sector entities" totalled EUR 2,210 thousand.		
Impairment losses at beginning of year	**8 664**	**7 912**
Group-specific impairment losses recorded in the period	9 336	8 664
Group-specific impairment losses reversed in the period	-8 664	-7 912
Impairment losses at year-end	**9 336**	**8 664**

3. Debt securities	31 Dec 2013	31 Dec 2012
Issued by public-sector entities	**Other than publically quoted**	**Other than publically quoted**
Available-for-sale		
Treasury bonds and notes	47 324	25 348
Other bonds issued by public-sector entities	12 948	0
Debt securities not issued by public-sector entities		
Available-for-sale		
Certificates of deposit issued by banks	26 667	36 764
Commercial papers	0	8 998
Bonds issued by banks	1 879 352	2 135 008
Other debt securities	108 678	176 020
Debt securities, total	**2 074 970**	**2 382 138**
– eligible for refinancing with central banks	1 600 458	1 943 855
– subordinated	0	0

4. Assets leased under finance leases

Nothing to report

5. Shares and other equity	31 Dec 2013		
	Publicly quoted	**Other**	**Total**
Shares and other equity			
Available-for-sale	65 043	23	65 066
Shares and other equity in companies belonging to the same group	0	30 776	30 776
Shares and other equity in associated companies	0	3	3
Total	**65 043**	**30 802**	**95 845**
- of which in credit institutions	8 696		

	31 Dec 2012		
	Publicly quoted	**Other**	**Total**
Shares and other equity			
Available-for-sale	83 565	23	83 588
Shares and other equity in companies belonging to the same group	0	3 882	3 882
Shares and other equity in associated companies	0	3	3
Total	**83 565**	**3 909**	**87 473**
- of which in credit institutions	11 519		

6. Derivatives	31 Dec 2013 Nominal value	 Positive fair value	 Negative fair value
For hedging purposes			
Interest rate derivatives			
Interest rate swaps	6 000	0	-11
Of the nominal value of derivative exposures in hedge accounting,			
in less than one year,	0		
in 1–5 years and	6 000		
in more than five years.	0		

For non-hedging purposes	31 Dec 2013 Nominal value	 Positive fair value	 Negative fair value
Interest rate derivatives			
Forwards	0	0	0
Options, bought	40 000	57	0
Options, written	95 000	58	-315
Interest rate swaps	958 000	22	-8 508
Foreign exchange derivatives			
Forwards	0	0	0
Interest rate swaps and currency swaps	4 593	260	-21
Equity derivatives			
Options, bought	4 015	63	0
Options, written	4 015	0	-63
Of the nominal value of derivative exposures other than those in hedge accounting,			
in less than one year,	130 273		
in 1–5 years and	961 350		
in more than five years.	14 000		

	31 Dec 2012		
	Nominal value	Positive fair value	Negative fair value
For hedging purposes			
Interest rate derivatives			
Interest rate swaps	11 000	0	-13
Of the nominal value of derivative exposures in hedge accounting,			
in less than one year,	0		
in 1–5 years and	11 000		
in more than five years.	0		

	31 Dec 2012		
For non-hedging purposes	Nominal value	Positive fair value	Negative fair value
Interest rate derivatives			
Forwards	365 000	0	-1 307
Options, bought	45 000	49	-12
Options, written	95 000	15	-533
Interest rate swaps	611 026	0	-15 731
Foreign exchange derivatives			
Forwards	6 052	51	-9
Interest rate swaps and currency swaps	773	60	0
Equity derivatives			
Options, bought	5 353	5	0
Options, written	5 353	0	-5
Of the nominal value of derivative exposures other than those in hedge accounting,			
in less than one year,	500 784		
in 1–5 years and	627 773		
in more than five years.	5 000		

7. Intangible assets	31 Dec 2013	31 Dec 2012
Capitalised IT expenditure	12 998	12 506
Total	**12 998**	**12 506**

8. Tangible assets

Nothing to report

9. Investment property measured at fair value

Nothing to report

10. Changes in intangible and tangible assets during the financial year	31 Dec 2013	31 Dec 2012
Prepayments for intangible assets		
Acquisition cost; 1 Jan	2 947	7 703
Increase	2 555	1 606
Transfers between items	-2 666	-6 362
Acquisition cost; 31 Dec	2 836	2 947
Carrying amount; 31 Dec	2 836	2 947
Intangible assets		
Acquisition cost; 1 Jan	30 712	21 893
Increase	2 666	2 456
Transfers between items	827	6 362
Acquisition cost; 31 Dec	34 204	30 712
Accumulated depreciation, amortisation and impairment; 1 Jan	-21 153	-16 909
During the period	-2 890	-4 244
Accumulated depreciation and amortisation; 31 Dec	-24 043	-21 153
Carrying amount; 31 Dec	10 161	9 559
Intangible assets, total; 31 Dec	**12 998**	**12 506**

11. Other assets	31 Dec 2013	31 Dec 2012
Other	2 249	1 994
Total	**2 249**	**1 994**

12. Accrued income and advances paid	31 Dec 2013	31 Dec 2012
Interest income	27 882	31 253
Other accrued income	1 685	1 863
Total	**29 567**	**33 116**

13. Deferred tax assets and liabilities	31 Dec 2013	31 Dec 2012
Deferred tax liabilities arising from the fair value reserve	7 915	11 512
Deferred tax liability from appropriations	1 285	893

14. Debt securities issued to the public by the credit institution

Nothing to report

15. Other liabilities	31 Dec 2013	31 Dec 2012
Payables arising from payment transactions	10 897	13 467
Other	6 352	6 502
Other liabilities, total	**17 249**	**19 970**

16. Accrued expenses and advances received	31 Dec 2013	31 Dec 2012
Interest expenses	7 359	13 475
Other accrued expenses	10 944	4 869
Total	**18 302**	**18 344**

	31.12.2013			
17. Subordinated liabilities	**Carrying amount ***	**Nominal value**	**Interest rate**	**Due date**
Loan on debenture terms I/2008	15 023	15 000	Euribor 3 month + 0.5%	15 Jan 2018
Loan on debenture terms II/2008	5 002	5 000	Euribor 3 month + 0.75%	15 Sep 2018

*) sisältää siirtyvät korot

Terms of both loans: The issuer reserves the right to repurchase the loan before the maturity date. The issuer or an affiliated company may repurchase the loan only to a minor extent before the end of the loan period without the approval of the Financial Supervisory Authority. Repurchasing requires that the loans can be resold to a new investor within a short period. The note-holder does not have the right to require that the loan be repaid prematurely. The loan is subordinated to the bank's other debt obligations. The loans on debenture terms I/2008 and II/2008 are included in full in lower Tier 2 own funds in S-Bank's solvency calculation.

18. Distribution of maturity of financial assets and liabilities	31 Dec 2013 0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash	173 498	0	0	0	0	173 498
Debt securities eligible for refinancing with central banks	45 528	110 469	1 442 456	2 005	0	1 600 458
Exposures to credit institutions	44 844	2 000	0	0	0	46 844
Exposures to the public and public sector entities	88 127	80 100	246 169	81 418	31 609	527 425
Debt securities	155 127	60 506	242 239	16 640	0	474 512
Financial assets, total	**507 123**	**253 076**	**1 930 864**	**100 064**	**31 609**	**2 822 735**
Liabilities to credit institutions	0	0	300 000	0	0	300 000
Liabilities to the public and public sector entities	2 268 369	66 352	29 633	0	0	2 364 355
Subordinated liabilities	0	0	20 000	0	0	20 000
Financial liabilities, total	**2 268 369**	**66 352**	**349 633**	**0**	**0**	**2 684 355**

	31 Dec 2012 0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash	164 062	0	0	0	0	164 062
Debt securities eligible for refinancing with central banks	93 686	264 246	1 585 923	0	0	1 943 855
Exposures to credit institutions	46 214	0	0	0	0	46 214
Exposures to the public and public sector entities	71 652	43 923	183 476	58 412	11 906	369 369
Debt securities	13 314	102 736	302 799	19 434	0	438 283
Financial assets, total	**388 928**	**410 904**	**2 072 198**	**77 846**	**11 906**	**2 961 783**
Liabilities to credit institutions	0	0	300 000	0	0	300 000
Liabilities to the public and public sector entities	2 305 818	185 928	9 387	0	0	2 501 133
Subordinated liabilities	0	0	0	20 000	0	20 000
Financial liabilities, total	**2 305 818**	**185 928**	**309 387**	**20 000**	**0**	**2 821 133**

19. Breakdown of balance sheet items into domestic and foreign amounts and from group entities	31 Dec 2013			
	Domestic currency	Foreign currency	Total	From group entities
Balance sheet item				
Cash	173 498	0	173 498	0
Exposures to credit institutions	46 844	0	46 844	0
Exposures to the public and public sector entities	527 425	0	527 425	8 798
Debt securities	2 070 352	4 618	2 074 970	0
Derivatives	280	260	540	90
Shares and other equity	95 845	0	95 845	30 776
Intangible assets	12 998	0	12 998	0
Other assets	31 816	0	31 816	654
Total	**2 959 056**	**4 878**	**2 963 934**	**40 318**
Liabilities to credit institutions	300 000	0	300 000	0
Liabilities to the public and public sector entities	2 364 355	0	2 364 355	2 157
Derivatives	8 901	21	8 922	13
Other liabilities	55 551	0	55 551	38
Total	**2 728 807**	**21**	**2 728 829**	**2 208**

	31 Dec 2012			
	Domestic currency	Foreign currency	Total	From group entities
Balance sheet item				
Cash	164 062	0	164 062	0
Exposures to credit institutions	46 190	25	46 214	0
Exposures to the public and public sector entities	369 369	0	369 369	9 334
Debt securities	2 375 472	6 666	2 382 138	0
Derivatives	69	110	179	0
Shares and other equity	87 473	0	87 473	3 882
Intangible assets	12 506	0	12 506	0
Other assets	35 111	0	35 111	1
Total	**3 090 251**	**6 801**	**3 097 052**	**13 217**
Liabilities to credit institutions	300 000	0	300 000	0
Liabilities to the public and public sector entities	2 501 133	0	2 501 133	1 111
Derivatives	17 601	9	17 610	0
Other liabilities	58 314	0	58 314	129
Total	**2 877 047**	**9**	**2 877 056**	**1 240**

20. Securities lending

Nothing to report

21. Securities repurchase agreements

Nothing to report

22. Fair value measurement on a basis other than market value, and fair value changes recognised in the income statement

If the fair value of a financial instrument cannot be determined on the basis of prices quoted in active markets, fair value can be determined using generally accepted valuation methods in the markets. The fair value of financial assets and liabilities is determined by discounting future cash flows to the present value, applying market interest rates on the closing date.

Such changes in fair value for the 2013 and 2012 financial periods have not been entered in the income statement, excluding interest rate derivatives.

23. Financial assets measured at cost instead of fair value

Nothing to report

24. Fair values and carrying amounts of financial assets and liabilities	31 Dec 2013 Carrying amount	31 Dec 2013 Fair value	31 Dec 2012 Carrying amount	31 Dec 2012 Fair value
Financial assets				
Cash	173 498	173 498	164 062	164 062
Exposures to credit institutions	46 844	46 879	46 214	46 219
Exposures to the public and public sector entities	527 425	530 692	369 369	372 524
Debt securities*	2 074 970	2 100 629	2 382 138	2 411 706
Shares and other equity	65 066	64 986	83 588	83 508
Shares and other equity in associated companies	3	5	3	5
Shares and other equity in companies belonging to the same group	30 776	57 801	3 882	3 903
Derivatives	540	541	179	180
Financial liabilities				
Liabilities to credit institutions	300 000	304 292	300 000	302 718
Liabilities to the public and public sector entities	2 364 355	2 366 264	2 501 133	2 508 662
Derivatives and other liabilities held for trading	8 922	11 247	17 610	21 459
Subordinated liabilities	20 000	20 294	20 000	19 836

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value								
Financial instruments measured at fair value								
Financial assets and liabilities held for trading purposes	1 869 191	296 424		2 165 615	2 268 147	227 066		2 495 214
Available-for-sale financial assets		541		541		180		180
Derivative receivables and liabilities		11 247		11 247		21 459		21 459

25. Equity items	31 Dec 2013	31 Dec 2012
Share capital; 1 Jan	33 540	33 540
Share capital, 31 Dec	**33 540**	**33 540**
Share premium reserve; 1 Jan	21 180	21 180
Share premium reserve; 31 Dec	**21 180**	**21 180**
Fair value reserve; 1 Jan	46 989	-21 650
Increase (+)/decrease(-)	-7 414	68 639
Fair value reserve; 31 Dec	**39 575**	**46 989**
Invested non-restricted equity reserve; 1 Jan	104 448	104 448
Invested non-restricted equity reserve; 31 Dec	**104 448**	**104 448**
Loss from previous periods; 1 Jan	10 193	5 716
Loss from previous periods; 31 Dec	10 193	5 716
Profit/loss for the financial period	19 745	4 477
Total	**228 682**	**216 351**

26. Share capital

6,708 shares at EUR 5,000 each, totalling EUR 33,540,000.
No share classes entitling their holders to a different number of votes or a different sized dividend.

27. Share issues, options and convertible bonds

Nothing to report

28. Shareholders and distribution of shareholdings

Owner	Ownership, %
SOK Corporation	50,0
Helsinki Cooperative Society Elanto	10,0
Cooperative Society Hämeenmaa	3,9
Cooperative Society Varuboden-Osla Handelslag	1,5
Cooperative Society Keskimaa	3,3
Cooperative Society Kymen Seudun Osuuskauppa	2,4
Cooperative Society Suur-Savo	1,8
Southern Karelia Cooperative Society	1,3
Cooperative Society PeeÄssä	2,9
Cooperative Society Maakunta	1,0
Cooperative Society Jukola	0,2
Northern Karelia Cooperative Society	1,6
Koillismaa Cooperative Society	0,4
Cooperative Society Arina	3,3
Pirkanmaa Cooperative Society	3,6
Cooperative Society Keula	0,8
Satakunta Cooperative Society	1,5
Suur-Seutu Cooperative Society SSO	2,3
Turku Cooperative Society	3,0
Southern Ostrobothnia Cooperative Society	2,4
Cooperative Society KPO	2,9
Total	**100,0**

NOTES TO INCOME STATEMENT ITEMS, EUR 1,000

29. Interest income and expenses	31 Dec 2013	31 Dec 2012
Interest income		
Exposures to credit institutions	251	431
Exposures to the public and public sector entities	25 026	21 969
Debt securities	43 657	54 107
Derivatives	648	2 506
Other interest income	46	0
Total	**69 628**	**79 012**
of which intra-group items	448	226
Interest expenses		
Liabilities to credit institutions	1 684	2 524
Liabilities to the public and public sector entities	6 141	19 507
Derivatives	6 127	7 465
Other interest expenses	4	10
Subordinated liabilities	157	265
Total	**14 113**	**29 770**
of which intra-group items	34	0

30. Net income from leasing activities

Nothing to report

31. Income from equity investments

Nothing to report

32. Fee and commission income and expenses	31 Dec 2013	31 Dec 2012
Fee and commission income		
from lending	8 500	6 417
from borrowing	2 835	2 782
from payment transactions	4 543	4 122
from insurance brokerage	99	127
from other activities	21	84
	15 998	**13 531**
Fee and commission expenses		
Other	3 160	3 075

	31 Dec 2013		
33. Net income from securities trading and currency operations	**Sales gains and losses (net)**	**Fair value changes (net)**	**Total**
From debt securities	0	71	71
From derivative instruments	-3 708	8 676	4 968
Net income from securities trading, total	**-3 708**	**8 747**	**5 040**
Net income from currency operations	-19	-20	-40
Income statement item, total	**-3 727**	**8 727**	**5 000**

	31.12.2012		
	Sales gains and losses (net)	**Fair value changes (net)**	**Total**
From debt securities	0	33	33
From derivative instruments	-3 298	-10 105	-13 404
Net income from securities trading, total	**-3 298**	**-10 072**	**-13 371**
Net income from currency operations	25	-9	16
Income statement item, total	**-3 273**	**-10 081**	**-13 355**

34. Net income from available-for-sale financial assets	31 Dec 2013	31 Dec 2012
Net income from disposal of financial assets	8 514	16 164
Reversals of impairment of financial assets	15	325
Other income/expenses from available-for-sale financial assets	158	194

35. Net income from hedge accounting	31 Dec 2013	31 Dec 2012
Net result from hedging instruments	118	-13
Net result from hedged items	-106	7

36. Net income from investment property	31 Dec 2013	31 Dec 2012
Rental income	1 224	1 193
Rental expenses	-799	-989
	425	**204**

37. Other operating income	31 Dec 2013	31 Dec 2012
Other income	9 771	3 310

38. Other operating expenses	31 Dec 2013	31 Dec 2012
Rental expenses	1 278	1 121
Other expenses	3 122	2 186
Total	**4 400**	**3 307**

39. Depreciation and impairment losses on tangible and intangible assets	31 Dec 2013	31 Dec 2012
Intangible assets		
Depreciation according to plan	2 890	4 244

There are no impairment losses on tangible and intangible assets

40. Impairment losses on loans, other commitments and other financial assets	31 Dec 2013 Realised contract-specific credit losses, gross	Group-specific impairment losses, gross	Deductions	Total
Exposures to the public and public sector entities	2 431	9 336	11 890	-123

	31 Dec 2012 Realised contract-specific credit losses, gross	Group-specific impairment losses, gross	Deductions	Total
Exposures to the public and public sector entities	1 672	8 664	9 368	968

41. Income and expenses from other than ordinary activities

Nothing to report

42. Information on business areas and geographical market areas

Nothing to report

NOTES ON COLLATERAL AND CONTINGENT LIABILITIES, EUR 1,000

43. Collateral provided	Other collateral	
	31 Dec 2013	**31 Dec 2012**
Exposures to credit institutions*	10 421	20 600

* S-Bank has provided collateral on the basis of agreements relating to derivative trading (ISDA/CSA)

44. Pension liabilities

The statutory pension security for the personnel has been arranged through LocalTapiola General Mutual Insurance Company.

45. Leasing and other rental liabilities	31 Dec 2013	31 Dec 2012
Due in one year	225	194
Due in 1–5 years	230	131
Due in more than five years	0	0
Total	455	326

The lease liabilities relate to vehicles and telephones. The agreements are not cancellable in mid-term.

46. Off-balance sheet items	31 Dec 2012	31 Dec 2011
Undrawn credit facilities	774 412	660 036

The Bank's off-balance sheet commitments on behalf of companies included in the same group amount to EUR 1 million.

47. Collateral received in transfer as referred to in the Financial Collateral Act

Nothing to report

48. Broking receivables and payables

Nothing to report

49. Other off-balance sheet arrangements

Nothing to report

NOTES ON STAFF AND MANAGEMENT

50. Personnel	2013 Average number	2013 Number on 31 Dec 2013	2012 Average number	2012 Number on 31 Dec 2012
Permanent full-time staff	143	177	130	134
Permanent part-time staff	32	34	35	38
Fixed-term staff	16	20	4	10
Total	**191**	**231**	**169**	**182**

Salaries and fees paid to management (EUR 1,000)	2013	2012
Managing Director and his deputy	374	355
Executive Board	Ei maksettuja palkkioita	

In addition, S-Bank Ltd's Management Team has a separate pension commitment.
The amount of loans granted to tha Managing Director, his deputy and the Executive Board is stated in the note on related-party lending.

RELATED PARTY TRANSACTIONS, EUR 1,000

51. Loans and other financial receivables from related parties of the credit institution, investments made in such entities and guarantees and collateral provided by third parties on behalf of related parties	31 Dec 2013 Exposures to the public and public sector entities	31 Dec 2012 Exposures to the public and public sector entities
Basis for classification as a related party		
Ownership	9 988	4 695
Management	26	44
Management of holding company	46	45
Total	**10 060**	**4 784**

No contract-specific impairment losses associated with related-party lending.
The terms of card loans granted to the company's related parties comply with the standard terms and conditions of lending to the public.

NOTES ON SHARE OWNERSHIP, EUR 1,000

52. Holdings in other companies

S-Asiakaspalvelu Oy	
Shareholding 100%	
Equity (EUR thousand)	208
Result for the period (EUR thousand)	136
S-Crosskey Ab	
Shareholding 40%	
Equity (EUR thousand)	21
Result for the period (EUR thousand)	9
Kiinteistö Oy Lempäälän terminaali	
Shareholding 100%	
Equity (EUR thousand)	50
Result for the period (EUR thousand)	0
Kiinteistö Oy Limingan terminaali	
Shareholding 100%	
Equity (EUR thousand)	50
Result for the period (EUR thousand)	0
FIM Corporation	
Shareholding 51%	
Equity (EUR thousand)	33 302
Result for the period (EUR thousand)	0

OTHER NOTES

53. Note on trustee services and total amount of customer funds
Nothing to report

NOTE ON AUDIT FEES, EUR 1,000

54. Information on the auditors' fees	31 Dec 2013	31 Dec 2012
Audit	89	92
Other services	478	28

S-Bank

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