



INTERIM REPORT JANUARY—JUNE 2017

S=Bank

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REPORT BY THE EXECUTIVE BOARD

JANUARY—JUNE 2017

S-Bank's mission is to make our customers' daily life easier. A key aspect of this is easy-to-use and straightforward mobile services, since approximately 70 per cent of S-Bank's electronic services were accessed using a mobile device during the first half of the year. Therefore, it is natural that the popularity of S-mobiili, an application combining the bank, store and LocalTapiola's insurance, continued to grow at the same time. In January, the number of S-mobiili downloads exceeded one million.

In March, S-mobiili was complemented with the Siirto transfer service, which enables the transfer of funds with a mobile phone, using just a phone number. In the Siirto service, funds are transferred between accounts in different banks without delay.

In April, S-Bank launched the Tunnistus identification service, which enables the nearly three million S-Bank customers to use their fingerprints or passwords they select themselves to access services requiring online banking IDs. Identification with the S-mobiili application is an alternative to using the one time code table in paper format. The mobile fuel payment service launched at ABC stations in February 2016 was expanded to all stations in April this year. Now fuel payment with S-mobile is possible throughout Finland.

The convenience and benefits offered by S-Bank are manifested as convenient and affordable products and a good service. According to the survey on centralised customer relationships commissioned by Taloussanommat magazine and carried out by Suomen Rahatieto, S-Bank was the most affordable bank for couples taking out a mortgage and single customers without mortgages. S-Etukortti Visa ranked the most economical credit card in an extensive comparison carried out by VertaaEnsin.fi. S-Bank's customer service again received favourable feedback in the Customer's Voice survey in April, among others.

Operating in a fair manner builds a strong brand and a responsible image. Among the Finnish finance brands, S-Bank generated the most positive "buzz" among Finns in 2016. This was indicated in the BrandIndex questionnaire survey conducted by the YouGov research company, published in February. FIM Asset Management, which is

responsible for asset management in the S-Bank Group, was awarded best Finnish asset management company in its group at the European Funds Trophy 2017 ceremony in March.

In March, S-Bank was selected by Finns as the most responsible bank for the fifth time in a row in the Sustainable Brand Index, which is the largest brand comparison in the Nordic countries focusing on sustainable development. Responsibility plays a central role in asset management as well. In April, FIM published the carbon footprint of its equity funds, which helps investors assess the risks and responsibility of their investments more carefully. Going forward, the carbon footprint of funds will be published every six months.

The steadily growing number of new customers is also an indication of customer satisfaction. At the end of June, S-Bank had 3.0 million customers, and they had nearly 2.0 million S-Bank international Visa cards. Nearly 1.8 million customers had acquired credentials for online banking and mobile services. At the end of June, more than 100,000 Finns had started fund savings in S-Bank.

STRAIGHTFORWARD SERVICES FROM A STRAIGHTFORWARD ORGANISATION

FIM Investment Services abandoned its investment service license and continued its operations with a new license for alternative investment funds management under the name FIM Private Equity Funds Ltd. In April, S-Bank Ltd. and Oma Säästöpankki Ltd. agreed on the transfer of S-Bank's SME and agricultural business operations to Oma Säästöpankki Ltd. starting 1 December 2017. S-Bank wants to concentrate on its core business, in other words services for private customers, which is why it divested the banking services aimed at small and medium-sized enterprises and farms. S-Bank will be involved in financing limited liability housing companies and the largest construction companies in the future as well.

S-Bank's organisational structure was renewed. Now S-Bank Group consists of three business areas: Banking, Digital Operations and Asset Management. The new organisation became effective on 1 July 2017.

FINANCIAL STANDING

OPERATING ENVIRONMENT

The economic situation was favourable in the first half of 2017. The economic indicators strengthened and activities in the world trade increased. The economic growth was extensive, as the key economies grew at the beginning of the year.

The political uncertainty in Europe and the USA cast a shadow over the first half of 2017. Nevertheless, the political uncertainty in the euro region remained low as a result of the election results. In the USA, President Trump's economic policies did not materialise as planned. The economic policies still involve plenty of open questions and uncertainties.

Inflation increased to the central banks' targeted levels in many industrialised countries during the spring. However, the decline in the prices of crude oil and raw materials curbed inflation in the late spring. European Central Bank kept the central bank rates unchanged, and all euribor rates were clearly negative in the euro region. The Federal Reserve in the USA continued to increase the key interest rate.

The boost in the global economic growth and the light monetary policy increased share indexes to record values in many main markets.

The Finnish economy grew more than expected in the first half of 2017. The economic drivers – consumption, investments and export – fared strongly at the beginning of the year. The boosted world trade accelerated Finnish exports. Good investment growth continued. Strong economic confidence and increased employment upheld household consumption.

Demand for loans was fairly brisk in the first half of 2017. New loans were taken out at the rate of approximately EUR 1.5 billion per month. The total loan portfolio increased at the rate of 2.2 per cent. The low interest rate level, record-strong consumer confidence and growth in employment supported the sales of homes. Housing prices increased throughout the country by approximately one per cent in the first half of 2017, compared to the previous year.

FINANCIAL PERFORMANCE AND PROFITABILITY

S-Bank Group's operating result for January–June was EUR 7.8 million (15.4 million), and the profit for the financial period after the minority share was EUR 6.3 million (13.8 million). The capital adequacy ratio was 15.0 per cent (14.9). Its cost/income ratio was 0.83 (0.77), and the return on equity was 2.8 per cent (3.9). The return on assets was 0.2 per cent (0.3).

KEY FINANCIAL INDICATORS (EUR MILLION)	6/2017	6/2016	12/2016
Operating result	7,8	15,4	22,3
Total operating income	77,6	86,2	160,5
Deposits	4 850,9	4 483,0	4 547,0
Lending	3 720,3	3 156,1	3 492,2
Assets under management	6 439,6	5 891,1	6 152,6
Debt securities	1 419,3	1 665,7	1 481,5
Capital adequacy ratio	15,0 %	14,9 %	14,8 %
Cost/income ratio	0,83	0,77	0,82
Return on equity (rolling 12 months)	2,8 %	3,9 %	4,4 %
Return on assets (rolling 12 months)	0,2 %	0,3 %	0,3 %
Equity ratio	7,4 %	7,7 %	7,7 %

TOTAL OPERATING INCOME

Total operating income amounted to EUR 77.6 million (86.2) in the first half of the year. Comparable total operating income increased by EUR 4.8 million, when the sales gain of EUR 13.4 million from the divestment of Visa Europe Ltd.'s shares Included in the total operating income of the previous year is taken into consideration. Net interest income was EUR 35.7 million (34.9), and net fee and commission income was EUR 29.1 million (25.7). Net income from available-for-sale financial assets was EUR 4.6 million (19.8), and other operating income was EUR 8.2 million (7.5). Other operating income included the sales price received from the divestment of the banking operations for SMEs and agricultural operations. The comparison figure in turn includes the sales price received from the investment properties divested in spring 2016. Other net income consisted of net income from securities trading and currency operations, net income from hedge accounting, and income from equity investments.

EXPENSES

Operating expenses during the financial period decreased from the previous year, totalling EUR 66.8 million (67.9). of which EUR 22.1 million (22.8) were personnel expenses. Other administrative expenses amounted to EUR 35.2 million (35.9). Depreciation on goodwill and tangible and intangible assets totalled EUR 6.6 million (5.5). Other operating expenses were EUR 2.9 million (3.6).

Credit and impairment losses totalled EUR 3.0 million (3.0). Gross credit and impairment losses and losses due to fraud amounted to EUR 5.6 million (5.6). Recoveries amounted to EUR 2.6 million (2.7). Taking into consideration the steep increase in the loan portfolio, the credit and impairment losses declined relative to the previous year.

DEPOSITS

Repayable on demand deposits totalled EUR 4,844.1 million (4,446.8) at the end of the review period, while they had totalled EUR 4,529.3 million at the turn of the year. Fixed-term deposits totalled EUR 6.8 million (36.2), while they had totalled EUR 17.7 million at the turn of the year. Private customers' deposits totalled EUR 3,890.0 million (3,574.5) and corporate customers' deposits amounted to EUR 960.9 million (908.5). At the end of 2016, private customers' deposits totalled EUR 3,696.6 million, and corporate customers' deposits amounted to EUR 850.4

million. On the closing date, the total funds on deposit totalled EUR 4,850.9 million (4,483.0). Growth compared to the previous year was 8.2 per cent. At the beginning of the year, the total funds on deposit amounted to EUR 4,547.0 million.

LENDING AND INVESTMENT OPERATIONS

Growth in lending continued to be strong. Lending totalled EUR 3,720.3 million at the end of the review period (3,156.1). Growth compared to the previous year was 17.9 per cent. At the end of 2016, lending amounted to EUR 3492.2 million. Private customers' share of lending was EUR 2,832.9 million (2,432.1) and that of corporate customers was EUR 887.3 million (724.0). The comparable figures at the end of 2016 for private customers were EUR 2,647.8 million and for corporate customers EUR 844.4 million. In addition to lending, S-Bank invested in the financial and capital markets. Debt securities totalled EUR 1,419.3 million (1,665.7) at the end of the review period, while they had totalled EUR 1,481.5 million at the at the end of 2016.

SHAREHOLDERS' EQUITY

S-Bank's equity totalled EUR 406.6 million (393.3) at the end of the review period. At the end of 2016, its equity had totalled EUR 401.4 million. Its equity ratio was 7.4 per cent (7.7), while it had been 7.7 per cent at the end of 2016.

ASSETS UNDER MANAGEMENT

The amount of assets being managed by FIM Asset Management Ltd. increased to EUR 6,439.6 million (5,891.1) in the review period, while it had been EUR 6,152.6 million at the end of 2016. Of the managed assets, the share of fund capital was EUR 5,622.1 million (5,142.5), and asset management capital accounted for EUR 817.5 million (748.6). At the end of 2016, the share of fund capital had been EUR 5,389.6 million, and asset management capital had accounted for EUR 763.0 million. Net subscriptions to mutual funds amounted to EUR 45.7 million in the report period (-135.3). In 2016, the net subscriptions totalled EUR -100.5 million. The number of unit holders in the funds was more than 200,000 at the end of June. FIM Asset Management Ltd. manages the FIM and LocalTapiola Funds.

CAPITAL ADEQUACY

DISCLOSURE OF CAPITAL ADEQUACY INFORMATION

S-Bank Group publishes the risk management goals and methods and risk type-specific information and information concerning its capital adequacy as part of the closing of the accounts once per year. As needed, S-Bank Group assesses the need to disclose this information more frequently, if, for example, the market situation or essential changes in the company's financial development or its risk exposure so require.

In special situations, more extensive information concerning capital adequacy is also disclosed in the interim report. Such a special case could be a situation in which the Group's capital adequacy is jeopardised in a manner that the Group was not able to anticipate in the capital adequacy management process and the capital plan.

The disclosed information concerning risks and capital adequacy are also always available on S-Bank's website as part of S-Bank's report by the Executive Board and financial statements.

OWN FUNDS AND CAPITAL ADEQUACY

The Basel III regulatory framework sets the minimum requirements on the banks' own funds. The minimum requirement of common equity (CET1) capital adequacy ratio is 4.5 per cent and the additional capital requirement (AT1) is 1.5 per cent. Tier 1 capital (T1) consists of CET1 and AT1. Since S-Bank does not have AT1 capital items, the CET1 own funds are equal to the T1 own funds. The Tier 2 minimum capital requirement is 8 per cent, and a fixed additional capital requirement (CET1) of 2.5 per cent is included for credit institutions. The minimum capital requirement was EUR 217.1 million at the end of the period under review, and the fixed additional capital requirement was EUR 67.8 million.

In addition, the Finnish Financial Supervisory Authority can set various variable additional capital requirements (countercyclical capital buffer 0% – 2.5% (CET1), O-SII buffer (CET1) 0% – 2% and a bank-specific additional capital requirement (Pillar 2). For the time being, the Finnish Financial Supervisory Authority has not set any variable additional capital requirements. An O-SII buffer has also not been set for S-Bank Group.

Pursuant to the regulatory technical standards (Commission Delegated Regulation EU 2015/1555), an institution-specific countercyclical capital buffer rate consists of the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the institution are located. Among others, the Swedish and Norwegian authorities have set a countercyclical capital buffer requirement, which is taken into consideration in the minimum requirement of S-Bank Group's own funds. On 30 June 2017, the variable additional capital requirement in question in S-Bank Group was 0.03 per cent, or EUR 0.9 million.

Taking fixed and variable additional capital requirements into consideration, the minimum level of S-Bank Group's capital adequacy was 10.53 per cent at the end of the review period. The euro-denominated minimum capital adequacy level totalled EUR 285.8 million.

Common equity consists of restricted and unrestricted equity items, minority interest and retained earnings. Share capital represents restricted equity. The unamortised portion of the acquisition costs of intangible assets is deducted from common equity. According to the EU capital requirements regulation (575/2013), the fair value fund is calculated, less the deferred tax liability of the common equity, in accordance with the corporate tax rate. Any negative fair value fund is deducted from the common equity. Retained earnings for the review period are included in common equity as a result of the permit granted by the Finnish Financial Supervisory Authority in accordance with Article 26 of the EU capital requirements regulation.

Tier 1 own funds are freely and immediately available for covering unexpected losses. S-Bank Group's Tier 1 own funds are categorised as non-restricted own funds in full. In other words, S-Bank Group has full power of decision over the repayment of the funds and over the dividends to be distributed on them.

The Tier 2 own funds in the Group consist of two loans on debenture terms and a total nominal value of EUR 42 million. S-Bank Group does not have items categorised as deductible from Tier 2 own funds, or jointly from Tier 1 and Tier 2 own funds.

Own funds and capital adequacy are presented in accordance with the EU capital requirements regulation (575/2013) in the financial statements. In February 2017, S-Bank Group specified the handling of collateral on corporate bonds in capital adequacy calculation. Own funds and capital adequacy are presented in accordance with the calculation procedure specified in the Interim Report. Due

to the procedure, the comparison figures presented in the following deviate from the information published previously in the 31 December 2016 financial statements or in the previous Interim Report on 30 June 2016. The impact of the changes on total capital adequacy was -0.3 per cent on 31 December 2016 and -0.2 per cent on 30 June 2016.

CAPITAL ADEQUACY CALCULATION IN ACCORDANCE WITH THE EU'S CAPITAL REQUIREMENTS REGULATION:

OWN FUNDS (EUR MILLION)	06/2017	06/2016	12/2016
Common equity before deductions	406,5	394,3	401,3
Share capital	82,9	82,9	82,9
Share premium reserve			
Reserve for invested non-restricted equity	243,8	243,8	243,8
Voluntary provisions			
Minority interest			
Retained earnings	69,6	58,6	63,3
Profit/loss from previous financial periods	63,3	44,9	44,9
Profit/loss for the financial period	6,3	13,8	18,4
Fair value reserve	10,2	9,0	11,4
Deductions from common equity	42,5	46,8	45,1
Intangible assets	39,6	44,7	42,5
Deferred tax assets	1,5	1,0	1,1
Value adjustment due to conservative valuation	1,4		1,5
Fair value reserve, negative valuation		1,2	
Planned dividend distribution			
Common equity (CET1)	364,0	347,5	356,2
Tier 1 capital before deductions			
Deductions from Tier 1 capital			

Tier 1 capital (AT1)			
Tier 1 capital	364,0	347,5	356,2
Tier 2 capital before deductions	42,0	42,0	42,0
Debentures	42,0	42,0	42,0
Deductions from Tier 2 capital			
Tier 2 capital (T2)	42,0	42,0	42,0
Own funds, total	406,0	389,5	398,2
Minimum requirement for own funds	217,1	209,5	215,6
Capital adequacy ratio	15,0 %	14,9 %	14,8 %
Tier 1 own funds	364,0	347,5	356,2
Minimum amount of own funds	217,1	209,5	215,6
Capital adequacy ratio of Tier 1 own funds	13,4 %	13,3 %	13,2 %
Risk-weighted items, total	2 713,8	2 618,2	2 695,1
of which the credit risk represents	2 410,4	2 302,8	2 391,3
of which the market risk represents		0,8	1,5
of which the operational risk represents	299,9	312,2	299,9
of which credit valuation adjustment risk represents	3,5	2,4	2,4
Common equity in relation to risk-weighted items (%)	13,4 %	13,3 %	13,2 %
Tier 1 capital in relation to risk-weighted items (%)	13,4 %	13,3 %	13,2 %
Own funds in relation to risk-weighted items (%)	15,0 %	14,9 %	14,8 %

MINIMUM AMOUNT OF OWN FUNDS (EUR MILLION)	6/2017		6/2016		12/2016	
	Exposure value	Own funds	Exposure value	Own funds	Exposure value	Own funds
Minimum capital adequacy requirement for credit risk						
Exposures to central governments and central banks	395,3		296,8		230,6	
Exposures to regional governments or local authorities	270,3		176,4		199,1	
Exposures to the public and public sector entities	7,1	0,1	17,1	0,3	17,1	0,3
Exposures to multilateral development banks			5,1		5,1	
Exposures to credit institutions and investment firms *	504,0	11,3	894,5	24,2	642,3	14,8
Corporates exposures	682,0	52,2	651,5	49,8	743,7	56,8
Retail exposures	798,0	47,6	703,7	42,2	749,9	44,7
Secured by real estate property exposures	2 410,7	67,5	1 994,9	55,9	2 224,6	62,0
Past due items	11,9	1,2	10,7	1,1	12,1	1,2
Items belonging to regulatory high-risk categories	22,2	2,7	10,5	1,3	17,8	2,1
Exposures in the form of covered bonds	328,9	2,6	266,4	2,1	282,3	2,3
Mutual fund investments	24,2	1,9	26,7	2,1	25,0	2,0
Equity exposures	0,3				0,8	0,1
Other items	20,6	1,7	29,8	1,9	12,8	1,0
Off-balance sheet commitments	1 196,8	3,9	1 220,3	3,4	1 161,5	4,0
Total	6 672,3	192,8	6 304,3	184,2	6 324,8	191,3
Minimum capital adequacy requirement for credit risk, total		192,8		184,2		191,3
Minimum capital adequacy requirement for market risk				0,1		0,1
Minimum capital adequacy requirement for operational risks		24,0		25,0		24,0
Minimum capital adequacy requirement for credit valuation adjustment		0,3		0,2		0,2
Minimum amount of own funds, total		217,1		209,5		215,6

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

ADMINISTRATION

GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting was held on 7 April 2017. The Annual General Meeting adopted the 2016 financial statements and discharged the Executive Board and Managing Director from liability. Seven members and three deputy members were appointed to the Executive Board. KPMG Oy Ab, Authorised Public Accountants, was selected as the auditor.

EXECUTIVE BOARD

At S-Bank's Annual General Meeting, the following members were re-elected to the Executive Board of S-Bank: Jari Annala, CFO of SOK; Juha Ahola, Financial Manager of SOK; Matti Niemi, Managing Director of Helsinki Cooperative Society Elanto (HOK-Elanto); Harri Lauslahti, Group Director of the LocalTapiola Group; and Juha Mäkinen, Senior Managing Director at LocalTapiola East. In addition, Heli Arantola, EVP Concepts & Categories and Head of Strategy at HKScan, was elected to the Executive Board as an independent member. Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society, was elected to S-Bank's Executive Board as a new member.

The following deputy members were re-elected to the Executive Board of S-Bank: Hannu Krook, Managing Director of Cooperative Society Varuboden-Osla Handelslag, and Erik Valros, Senior Managing Director at LocalTapiola Uusimaa. In addition, Harri Miettinen, Managing Director of Cooperative Society Kymenseutu, was elected to the Board as a new deputy member.

Veli-Matti Puutio, Managing Director of the Arina Cooperative Society, resigned from the Executive Board.

Jari Annala was elected as the chairman of the Board and Harri Lauslahti as its vice chairman.

MANAGING DIRECTOR

Pekka Ylihurula is the Managing Director of S-Bank Ltd. and Aki Gynther, head of the Banking business, is the deputy Managing Director.

PERSONNEL

The S-Bank Group employed 668 people (692) at the end of the review period. Of all employees, 528 (477) worked for S-Bank Ltd., 39 (95) worked for the FIM subsidiaries, and 101 (120) worked for S-Asiakaspalvelu Oy. Wages, salaries and remuneration paid by the Group during the review period totalled EUR 17.5 million (18.4).

SUBSIDIARIES

FIM ASSET MANAGEMENT LTD.

FIM Asset Management Ltd. manages the FIM and LocalTapiola funds and provides services related to asset management to S-Bank Group. S-Bank owns 100 per cent of FIM Asset Management Ltd.'s share capital. The operating profit of FIM Asset Management Ltd. was EUR 0.1 million (-1.7) for the financial period.

FIM PRIVATE EQUITY FUNDS LTD.

The business operations of FIM Investment Services Ltd. were transferred to S-Bank at the end of 2016. The name of FIM Investment Services was changed to FIM Private Equity Funds Ltd. at the beginning of 2017. The company abandoned its investment service authorisation and continued its operations with a new authorisation for alternative investment funds management. FIM Private Equity Fund Ltd.'s operating profit amounted to EUR -0.1 million (-0.3) in the review period. The comparison figure presented is FIM Investment Services Ltd.'s operating result for the corresponding period in the previous year.

FIM REAL ESTATE LTD.

FIM Real Estate Ltd. manages S-Bank Group's real estate funds. FIM Equity Fund Ltd. owns 80% of its subsidiary FIM Real Estate Ltd. FIM Real Estate Ltd.'s operating result was EUR 0.6 million (0.3) in the financial year.

S-ASIAKASPALVELU OY

S-Asiakaspalvelu Oy is a wholly owned subsidiary of S-Bank that provides data processing and other services that relate to a credit institution's core operations as a service company in accordance with the Finnish Act on Credit Institutions (610/2014).

The revenue of S-Asiakaspalvelu for the review period was EUR 3.4 million (3.9). Of this, EUR 2.6 million were intra-Group net sales (3.0). Other revenue consisted of telephone services for co-op members offered to the cooperative enterprises. Expenses were mainly related to personnel. S-Asiakaspalvelu's operating result was EUR 0.5 million (0.3).

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD

There were no significant events.

OUTLOOK FOR THE REMAINDER OF THE YEAR

The outlook for the global economy was bright for the latter half of 2017. Economic growth will continue on a broad spectrum of sectors and central banks will carry on their stimulant monetary policy, although small steps may be taken towards normalising the monetary policy.

The outlook for the Finnish economy is bright for the remainder of the year. Households' confidence is at a record high level and companies are expecting sales and production to increase. Exports, together with domestic demand, will support economic growth this year. Inflation will remain moderate and the prices of housing will increase.

The positive vibe in the economy is also reflected in S-Bank's outlook for the rest of the year. The result for the second half of the year is expected to be at the same level as at the beginning of the year, but the comparable result is forecast to be better than last year.

Executive Board, 3 August 2017

CALCULATION OF KEY INDICATORS

Net interest income:

Interest income – interest expenses

Net fee and commission income:

Fee and commission income – fee and commission expenses

Other income

Net income from securities trading and currency operations + net income from available-for-sale financial assets + net income from investment properties + other operating income

Other expenses:

Other operating expenses + Impairment losses from credits and other receivables

Cost/income ratio:

Administrative expenses + depreciation, amortisation and impairment 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

Equity and minority interest + Accumulated appropriations less deferred tax liabilities (average from start and end of year) x 100

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)

Equity ratio, %

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

Capital adequacy ratio, %

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

BALANCE SHEET

ASSETS (EUR MILLION)	30.6.2017	30.6.2016	31.12.2016
Cash	246,3	167,6	97,0
Debt securities eligible for refinancing with central banks	850,5	1 059,1	930,2
Receivables from credit institutions	22,5	28,7	31,2
Receivables from the public and public sector entities	3 720,3	3 156,1	3 492,2
Leasing objects			
Debt securities	568,8	606,6	551,3
Shares and participations	29,4	26,7	30,6
Shares and holdings in associated companies			
Derivative contracts	1,4	2,5	1,3
Intangible assets	39,6	44,7	42,5
Tangible assets	0,4	0,5	0,5
Other assets	4,3	2,4	3,9
Accrued income and advances paid	25,5	29,1	21,8
Deferred tax assets	1,5	1,0	1,1
ASSETS, TOTAL	5 510,5	5 125,0	5 203,6

EQUITY AND LIABILITIES (EUR MILLION)	30.6.2017	30.6.2016	31.12.2016
LIABILITIES	5 103,8	4 731,7	4 802,1
Liabilities to credit institutions	30,6	1,8	25,0
Liabilities to the public and public sector entities	4 878,3	4 508,4	4 583,8
Debt securities issued to the public	0,0	28,9	11,0
Derivative contracts and other funds held for trading	7,0	16,1	11,5
Other liabilities	111,6	104,4	97,8
Accruals and deferred income	26,4	24,4	22,8
Subordinated liabilities	42,0	42,0	42,0
Deferred tax liabilities	7,9	5,7	8,2
SHAREHOLDERS' EQUITY	406,6	393,3	401,4
Share capital	82,9	82,9	82,9
Other restricted reserves	10,2	7,8	11,4
Non-restricted reserves	243,8	243,8	243,8
Profit (loss) from previous financial periods	63,3	44,9	44,9
Profit (loss) for the period	6,3	13,8	18,4
Equity attributable to minority interest	0,2	0,1	0,1
LIABILITIES, TOTAL	5 510,5	5 125,0	5 203,6
OFF-BALANCE SHEET LIABILITIES			
Commitments given in favour of a customer			
Irrevocable	158,0	193,6	196,2
Other	1 038,8	1 026,7	965,3

INCOME STATEMENT, S-BANK GROUP

EUR million	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-31.12.2016
NET INTEREST INCOME	35,7	34,9	69,4
Return from equity investments	0,1		
Fee and commission income	49,2	42,3	88,7
Fee and commission expenses	-20,1	-16,6	-35,4
Net income from securities and currency trading			
Net income from securities trading		-1,2	
Net income from currency trading	0,1		
Net income from financial transactions	4,6	19,8	22,6
Net income from hedge accounting	-0,2	-0,6	-0,5
Net income from investment properties		0,2	0,2
Other operating income	8,2	7,5	15,5
Personnel expenses	-22,1	-22,8	-45,9
Other administrative expenses	-35,2	-35,9	-70,7
Depreciation, amortisation and impairment on consolidated goodwill	-2,2	-1,2	-3,4
Depreciation, amortisation and impairment on tangible and intangible assets	-4,4	-4,3	-8,4
Other operating expenses	-2,9	-3,6	-6,7
Impairment losses on loans and other receivables	-3,0	-3,0	-3,0
Share of results of associated companies			
OPERATING PROFIT (LOSS)	7,8	15,4	22,3
Income taxes	-1,4	-2,8	-5,0
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	6,4	12,6	17,3
Profit or loss for the period attributable to minority interest	-0,1	1,2	1,1
PROFIT (LOSS) FOR THE PERIOD	6,3	13,8	18,4

CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT (EUR million)	6/2017	6/2016	12/2016
CASH FLOW FROM OPERATIONS			
Result for the period	6	14	17
Adjustments of the result for the period	9	3	4
Increase (-) or decrease (+) in operating assets:	-233	-323	-652
Receivables from the public and public sector entities	-228	-325	-659
Other assets	-5	2	7
Increase (+) or decrease (-) in operating liabilities	300	353	421
Liabilities to credit institutions	6	-10	13
Liabilities to the public and public sector entities	294	362	437
Other liabilities		1	-29
A. Cash flow from operations, total	83	46	-210
CASH FLOW FROM INVESTMENT ACTIVITIES			
Investments in tangible and intangible assets	-4	-3	-7
Acquired shares in subsidiaries		-16	-16
Divested shares in subsidiaries		3	3
Shares and holdings in associated companies			
B. Cash flow from investment activities, total	-4	-16	-20
RAHOITUKSEN RAHAVIRRAT			
Subordinated liabilities, decrease		-1	-1
Dividends paid and other distribution of profits		-1	-1
Change in minority interest			
C. Cash flow from financing activities, total		-2	-2
NET CHANGE IN LIQUID ASSETS (A+B+C)	79	29	-231
Cash and equivalents at the start of the period	1 635	1 867	1 867
Cash and equivalents at the end of the period	1 714	1 895	1 635
Interest income	41	42	74
Interest expenses	-5	-5	-8
Profit adjustments for the period			
Net income from hedge accounting		1	1
Depreciation according to plan	7	6	12
Share of results of associated companies			
Impairment losses on loans and other receivables			1
Items without payment transactions and other adjustments	2	-4	-9
Adjustments, total	9	3	4

Cash	246	168	97
Debt securities	1 420	1 679	1 484
Shares and participations	26	20	24
Claims or contingent claims on institutions	22	29	31
Total	1 714	1 895	1 635

NOTES

BASIC INFORMATION

The 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 Act on Credit Institutions (610/2014). In addition, the bank and the Group companies offer investment services pursuant to Chapter 1, section 11 of the Act on Investment Services (747/2012). As the parent company, S-Bank performs those tasks of the Group companies that must be carried out in a centralised manner, for example the Group's administration, guidance and supervision.

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

ACCOUNTING POLICIES

The Interim Report for 1 January – 30 June 2017 has been prepared in accordance with the Accounting Act and, as applicable, with the provisions of the Act on Credit Institutions, the Ministry of Finance decree on financial statements and consolidated financial statements of credit institutions and investment service companies, as well as the Financial Supervisory Authority's new regulations concerning the accounting, financial statements and operating reports in the financial sector, effective as of 29 March 2016. In addition, the EU capital requirements regulation (CRR, EU 575/2013) and the Financial Supervisory Authority's statements were taken into account when preparing the Interim Report. S-Bank complies with its accounting policies in the Interim Report as applicable. .

DERIVATIVE CONTRACTS (EUR MILLION)	30.6.2017		
	Nominal value	Positive fair value	Negative fair value
For hedging purposes			
Interest rate derivatives			
Interest rate swaps	471,2	0,3	-5,2
Nominal values of derivatives included in hedge accounting in accordance with the remaining maturity distribution			
Less than 1 year	125,0		
1–5 years	235,0		
More than 5 years	111,2		
For non-hedging purposes			
Interest rate derivatives			
Options, bought	200,0		-1,1
Options, written	200,0	0,3	
Interest rate swaps	175,0	0,2	-0,1
Equity derivatives			
Options, bought			
Options, written			
Nominal values of derivatives other than those included in hedge accounting in accordance with the remaining maturity distribution			
Less than 1 year	75,0		
1–5 years	430,0		
More than 5 years	70,0		

The total amount of derivatives with a company belonging to the same group as the counterparty is EUR 0 million.

30.6.2016

DERIVATIVE CONTRACTS (EUR MILLION)	Nominal value	Positive fair value	Negative fair value
For hedging purposes			
Interest rate derivatives			
Interest rate swaps	556,2		-11,2
Nominal values of derivatives included in hedge accounting in accordance with the remaining maturity distribution			
Less than 1 year	200,0		
1–5 years	310,0		
More than 5 years	46,2		
For non-hedging purposes			
Interest rate derivatives			
Forward contracts			
Options, bought	200,0	0,4	
Options, written	225,0		-2,6
Interest rate swaps	20,0		-0,1
Currency derivatives			
Forward contracts			
Interest rate swaps and currency swaps			
Equity derivatives			
Forward contracts			
Options, bought	5,6	1,4	
Options, written	5,6		-1,4
Nominal values of derivatives other than those included in hedge accounting in accordance with the remaining maturity distribution			
Less than 1 year	35,6		
1–5 years	350,0		
More than 5 years	65,0		

The total amount of derivatives with a company belonging to the same group as the counterparty is EUR 0 million.

30.6.2017						
DISTRIBUTION OF MATURITY OF FINANCIAL ASSETS AND LIABILITIES (EUR MILLION)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	more than 5 years	Total
Cash	246,3					246,3
Debt securities eligible for refinancing with central banks	2,0	11,0	113,2	581,9	142,4	850,5
Receivables from credit institutions	22,5					22,5
Receivables from the public and public sector entities	160,2	127,0	261,8	1 297,9	1 873,5	3 720,3
Debt securities	165,7	57,1	53,7	274,6	17,6	568,8
Derivative receivables				1,1	0,3	1,4
Financial assets, total	596,7	195,1	428,7	2 155,6	2 033,8	5 409,8
Liabilities to credit institutions	0,6	20,0	10,0			30,6
Liabilities to the public and public sector entities	4 873,2	0,8	1,7	2,6		4 878,3
Debt securities issued to the public						
Subordinated debt					42,0	42,0
Derivatives liabilities		0,3	0,9	3,9	1,9	7,0
Financial liabilities, total	4 873,8	21,1	12,5	6,5	43,9	4 957,9
Financial assets and liabilities, total	-4 277,1	174,0	416,2	2 149,1	1 989,8	451,9

Demand deposits are included in the item "Less than 3 months"

30.6.2016						
DISTRIBUTION OF MATURITY OF FINANCIAL ASSETS AND LIABILITIES (EUR MILLION)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	more than 5 years	Total
Cash						167,6
Debt securities eligible for refinancing with central banks	15,0	43,0	107,5	819,4	74,3	1 059,1
Receivables from credit institutions	28,7					28,7
Receivables from the public and public sector entities	203,1	84,5	218,5	1 075,9	1 574,1	3 156,1
Debt securities	122,1	86,2	55,7	329,9	12,8	606,6
Derivative receivables		1,3	0,1	1,1		2,5
Financial assets, total	536,4	213,7	381,6	2 225,2	1 661,2	5 018,2
Liabilities to credit institutions	1,8					1,8
Liabilities to the public and public sector entities	4 481,2	11,6	12,2	3,4		4 508,4
Debt securities issued to the public	16,0	1,9	11,0			28,9
Subordinated debt					42,0	42,0
Derivatives liabilities	0,3	1,8	0,7	9,2	4,1	16,1
Financial liabilities, total	4 499,0	15,3	23,9	12,5	46,1	4 597,2
Financial assets and liabilities, total	-3 962,6	199,7	357,8	2 213,7	1 615,1	423,5

Demand deposits are included in the item "Less than 3 months"

30.6.2017						
BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY MATURITY (EUR MILLION)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	more than 5 years	Total
Cash	246,3					246,3
Debt securities eligible for refinancing with central banks	253,6	17,1	71,1	366,4	142,4	850,5
Receivables from credit institutions	22,5					22,5
Receivables from the public and public sector entities	1 664,5	723,7	1 102,3	213,1	16,8	3 720,3
Debt securities	214,0	99,8	29,1	208,3	17,6	568,8
Financial assets, total	2 400,9	840,6	1 202,4	787,7	176,8	5 408,4
Liabilities to credit institutions	0,6	20,0	10,0			30,6
Liabilities to the public and public sector entities	4 873,2	0,8	1,7	2,6		4 878,3
Debt securities issued to the public						
Subordinated debt		16,0	26,0			42,0
Financial liabilities, total	4 873,8	36,8	37,7	2,6		4 950,9
Financial assets and liabilities, total	-2 473,0	803,8	1 164,8	785,1	176,8	457,5

30.6.2016						
BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES BY MATURITY (EUR MILLION)	Less than 3 months	3 - 6 months	6 - 12 months	1 - 5 years	more than 5 years	Total
Cash	167,6					167,6
Debt securities eligible for refinancing with central banks	444,9	54,0	100,6	390,4	69,2	1 059,1
Receivables from credit institutions	28,7					28,7
Receivables from the public and public sector entities	1 350,4	684,0	902,7	201,3	17,9	3 156,1
Debt securities	214,6	117,6	28,7	232,8	12,8	606,6
Financial assets, total	2 206,2	855,6	1 032,0	824,5	99,9	5 018,2
Liabilities to credit institutions	1,8					1,8
Liabilities to the public and public sector entities	4 481,2	11,6	12,2	3,4		4 508,4
Debt securities issued to the public	16,0	1,9	11,0			28,9
Subordinated debt	42,0					42,0
Financial liabilities, total	4 541,0	13,5	23,2	3,4		4 581,1
Financial assets and liabilities, total	-2 334,8	842,1	1 008,7	821,1	99,9	437,0

NOTES CONCERNING COLLATERAL	30.6.2017	30.6.2016
COLLATERAL PROVIDED (EUR MILLION)	Other collateral	Other collateral
Collateral provided on own debt, balance sheet item:		
Liabilities to credit institutions	156,2	
Derivatives and other liabilities held for trading	11,1	15,3
Collateral provided on own debt, total	167,3	15,3
Other collateral provided on own behalf	0,2	11,3
Collateral provided for others		

Pension liabilities

The statutory pension security for the personnel has been arranged through Elo Mutual Pension Insurance.

Leasing and other rental liabilities

Within one year	1,1	1,6
Due in 1–5 years	1,0	2,0
In more than 5 years		
Total	2,2	3,6

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

Deferred tax assets and liabilities (EUR million)

Deferred tax assets attributable to losses	1,5	1,0
Deferred tax assets / liabilities arising from the fair value reserve	2,6	2,0
Deferred tax liability from appropriations	5,4	3,7
Deferred tax liability from consolidation measures		



S=Bank

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