HALF-YEAR REPORT 2019

S-Bank

STRONG PROFIT GROWTH

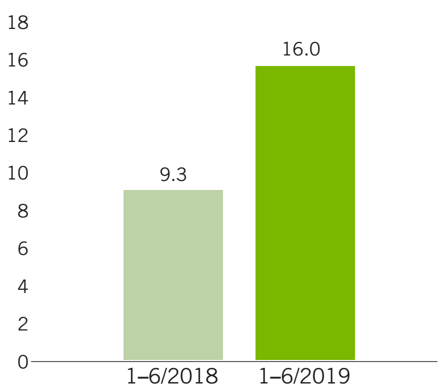
PEKKA YLIHURULA, CEO

"We have focused very closely on reaching better profitability, our most important goal for this year. Our profit shows that we have made the right decisions. We have taken many strides in the right direction and will continue on the same path for the rest of the year."

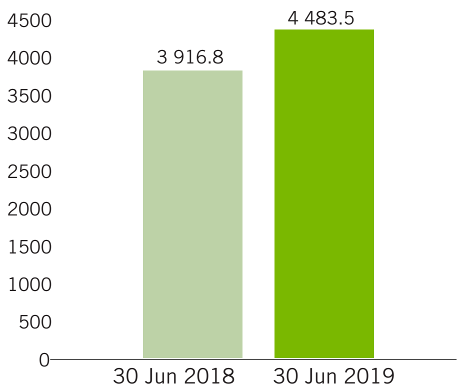
JANUARY-JUNE 2019

- Operating profit increased by 72.0 per cent to EUR 16.0 million (EUR 9.3 million).
- Lending increased by 14.5 per cent to EUR 4.5 billion (EUR 3.9 billion).
- Assets under management increased 25.3 per cent to EUR 8.5 billion (EUR 6.8 billion).
- The capital adequacy ratio rose to 16.4 per cent (15.9).
- Outlook for 2019 (specification): S-Bank Group expects its profitability to improve significantly in 2019 on the preceding year. This is underpinned both by the strong growth in volume and the measures to increase income and boost the efficiency of operations that were started earlier. However, a turbulent market will have an impact on the result for the second half. S-Bank Group expects profitability to be slightly lower in the second half than in the first half.

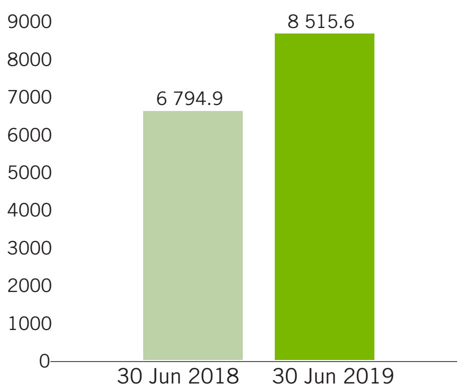
Operating profit (EUR m)



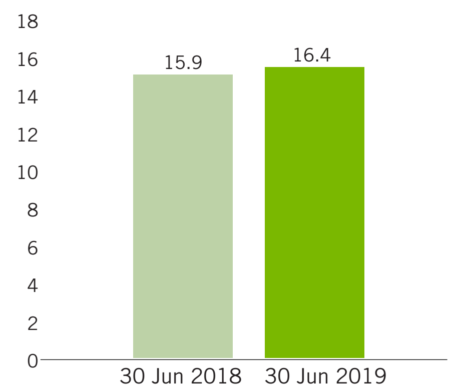
Lending (EUR m)



Assets under management (EUR m)



Capital adequacy ratio, %



CEO'S REVIEW

2019 is now past its half-year mark. We have used these six months by focusing very closely on reaching our most important goal for this year, which is better profitability. Our profit shows that we have made the right decisions. We have taken many strides in the right direction and will continue on the same path for the rest of the year.

S-Bank's operating profit for January-June was EUR 16.0 million (EUR 9.3 million). This is an increase of 72.0 per cent on the corresponding period of 2018. The increase was partly brought about by a 10.3 per cent increase in income and a 4.3 per cent decrease in expenses.

In terms of sales, housing loans performed especially well in the first half of the year and exceeded the overall market by a good margin. This is a positive sign for us because it shows that we are the bank of choice of an increasing number of Finnish people. Funds and assets under management also performed very well. The increase in net subscriptions of S-Bank and FIM funds was third highest in the market.

The improvement in profitability seen in the spring is only the beginning, however. In the first half of the year, we took several measures that will improve the company's profitability in the long term.

We launched an initiative to reform the bank's organisation to further concentrate its operations around two business units, Banking and Wealth Management. We are confident this reform will enhance the efficiency of our operations and reduce our expenses. We also updated the pricing and terms of our products and services.

One of last spring's principal achievements was the launch of the new version of the popular S-Mobiili app. The app combines both S-Bank and S Group services, and by the end of June, more than 85% of the bank's electronic services were accessed using a mobile device. The new version introduced a number of new features that make the app even more helpful for everyday needs, such as the first micro-saving services in Finland called Säästäjä and a service that visualises your spending called Omat ostot.

In addition to easy use, our customers expect integrity and responsibility from us. In recognition of our work so far, Finns rated S-Bank the most responsible bank in Finland for the seventh consecutive time in a responsibility survey that is the most comprehensive in Europe. We take great pride in this and will make sure that we continue to be number one in the future.

I am grateful to our customers, personnel, owners and partners for their confidence!

PEKKA YLIHURULA
CEO, S-Bank

CONTENTS

This is a translation of a Finnish document, which should be taken into account in case of any discrepancy between the original document and the translation. If there are any discrepancies, the Finnish document takes precedence over the translated version.

OPERATIONS IN THE REVIEW PERIOD

The S-Bank Group (S-Bank hereinafter) January-June 2018 figures are used in the profit and loss comparisons. For comparisons of balance sheet items and other breakdown items the figures refer to the end of 2018 unless otherwise is indicated.

KEY EVENTS

In January S-Bank reinforced its position as a leader in responsible investing and especially impact investing through an acquisition. Epiqus Oy, a fund manager specialising in impact mutual funds, became a subsidiary of FIM Private Equity Funds Ltd and its employees joined S-Bank's Wealth Management organisation. The new name of the company is FIM Impact Investing Ltd.

In the first quarter of the year the bank presented two new impact investing projects. The Lapset SIB project focuses on promoting the wellbeing of children, families with children and young people. The Työ SIB project offers and develops services that promote employment to the long-term unemployed.

In February S-Bank announced changes to the pricing and terms of certain products and services. They include payment cards, loans and accounts. The new prices and terms took force on 1 May 2019.

At the start of the second quarter S-Bank launched the FIM Passive Europe ESG fund, which combines responsible investing with a passive approach. The fund belongs to the FIM Responsibility Plus family which consists of funds which exceed the general responsibility principles of Wealth Management. It is S-Bank's first passive fund.

Later in March FIM Asset Management Ltd and the Varma Mutual Pension Insurance Company joined the international Tobacco-Free Finance Pledge initiative as the first Finnish members from finance sector. The goal of the pledge is a tobacco-free world. The initiative seeks to make the finance sector more aware of the role it plays and to promote anti-tobacco policies in the sector.

In March the company also launched an initiative to reform the bank's organisation to further concentrate its operations around two business units, Banking and Wealth Manage ment. Under the co-determination talks that were initiated in conjunction with the reform, the employment contracts of 54 persons have been or will be terminated. FIM Asset Mana gement Ltd closed its Swedish branch at the end of June.

In April S-Bank launched a new version of the S-Mobiili app that offers both services form the bank and from the S Group. New features of the app include the Omat ostot service which visualises your spending and the first micro-saving service in Finland called Säästäjä. With Säästäjä users can transfer to a fund one euro per each purchase made in any store and also the Bonus reward accumulated from purchases at S Group stores.

The maximum for contactless payment applied everywhere in Finland was increased from EUR 25 to EUR 50 in April. The higher limit was available to S-Etukortti Visa payment card users immediately. In spring new features were added to the S-Etukortti Visa, including a PIN code users can choose.

In May S-Bank and the S Group launched a new look for the S-Etukortti Visa. The new card is the first vertical payment card in Finland. The new style makes on-line payment easier, for example.

At the end of June the Finnish Financial Stability Authority issued its decisions on the Minimum Requirement for own funds and Eligible Liabilities (MREL) applied to the S-Bank Group. The requirement is 9.9 per cent of the total liabilities and own funds (TLOF). . The requirement must be met on a gradual basis by 30 June 2022. It will be in force for a maximum of two years as of applying the requirement unless the Financial Stability Authority revises its decisions earlier.

OPERATING ENVIRONMENT

Global economic growth was moderate in the first half of 2019 despite the trade war between China and the US and political instability. For the second half of this year, indicators suggest a slower but still moderate growth. Political uncertainty and protectionism are on the rise, however, which means that sudden economic changes cannot be precluded.

Due to muted inflation, lower inflation expectations and an uncertain outlook, central banks in the US and the euro area reversed their monetary policies in the first half of the year. In March, the European Central Bank (ECB) announced that it will keep central bank rates at current levels until the end of 2019. ECB also announced that it will start to offer long-term financing to euro area banks as of September. In June the central banks hinted at additional stimulus. This gave a substantial boost to stock markets in the first half of 2019. Government bonds declined and Euribor rates remained well in the negative.

The growth of the Finnish economy continued to be relatively positive in the first six months. Fair consumer confidence coupled with improving employment and pay rises promoted growth in household consumption. After a brisk start, export growth slowed down. Growth in retail trade was moderate. Construction activity slowed down. Demand for housing loans was fair in the first half of the year. EUR 1.5 billion on average in new housing loans were drawn down every month. The loan portfolio increased by 1.9 per cent. Low interest rates, fair consumer confidence and higher employment boosted the housing market. In the first half, the prices of dwellings increased by about half a per cent on the corresponding period in the previous year. Prices differences between areas increased, however.

Consumer loans taken by households grew by about 4.0 per cent in the first half. Household deposits increased at an average rate of 7.5 per cent. Corporate loans grew by a good 7.5 per cent, driven by loans taken out by housing companies. Loans taken out by housing companies increased by approximately 12 per cent. The fund capital of mutual funds registered in Finland was EUR 117 billion by the end of June. Total fund capital grew thanks to favourable development of the market.

FINANCIAL PERFORMANCE AND PROFITABILITY

S-Bank's operating profit for January-June was EUR 16 million (EUR 9.3 million) and profit for the period after non-controlling interests was EUR 12.4 million (EUR 6.9 million). The capital adequacy ratio was 16.4 per cent (15.9). The cost-to-income ratio was 0.73 (0.84) and return on equity was 5.4 per cent (3.4).

Table 1: Key figures

EUR million	**1–6/2019**	**1–6/2018**	**1–12/2018**
Net interest income	38.2	36.2	73.9
Net fee and commission income	32.0	30.3	60.4
Total income	82.2	74.5	153.0
Operating profit	16.0	9.3	17.1
Cost-to-income ratio	0.73	0.84	0.83
EUR million	**30 Jun 2019**	**30 Jun 2018**	**31 Dec 2018**
Liabilities to the public and public sector entities, deposit	5 763.8	5 239.3	5 832.7
Receivables from the public and public sector entities, lending	4 483.5	3 916.8	4 187.0
Debt securities	1 548.0	1 607.0	1 668.0
Equity	467.3	413.4	449.7
Expected credit losses	15.4	13.4	14.5
Assets under management	8 515.6	6 794.9	7 576.2
Return on equity	5.4 %	3.4 %	2.9 %
Return on assets	0.4 %	0.2 %	0.2 %
Equity ratio	7.3 %	7.3 %	7.0 %
Capital adequacy ratio	16.4 %	15.9 %	16.8 %

S-Bank has adopted the International Financial Reporting Standards (IFRS) as of 1 January 2019. In the table the comparison figures comply with IFRS standards.

INCOME

Total income was EUR 82.2 million (EUR 74.5 million) in the first half of the year. The growth was 10.3 per cent on the previous year's period. Net interest income was EUR 38.2 million (EUR 36.2 million). The net interest income increased mainly due to a strong growth in lending to retail customers. The Group's net fee and commission income was EUR 32.0 million (EUR 30.3 million). growth was mostly due to lending and card payment fees. Net income from investment operations amounted to EUR 3.1 million (EUR 1.3 million). The growth was brought about by favourable stock markets and fund performance. Group's other operating income totalled EUR 8.9 million (EUR 6.6 million). Their growth was influenced by improved revenue from receivables.

EXPENSES

Operating expenses totalled EUR 59.7 million (EUR 62.3 million) during the period under review. The decline was 4.3 per cent on the previous year's period. Personnel expenses were EUR 22.0 million (EUR 22.2 million) of operating expenses. Other administrative expenses were EUR 30.9 million (EUR 33.5 million). The decline in other administrative expenses was mostly due to lower marketing, mailing and development expenses. Depreciation and write-down of tangible and intangible assets were EUR 5.5 million (EUR 5.0 million). The Group's other operating expenses totalled EUR 1.3 million (EUR 1.6 million).

EXPECTED AND ACTUAL CREDIT LOSSES

Expected and actual credit losses and losses related to fraud totalled EUR 6.6 million (EUR 2.9 million). More detail on credit losses is provided under Risks, capital adequacy and their management and in note 11.

DEPOSITS

At the end of the period, total deposits were EUR 5 763.8 million. At the end of the year, total deposits were EUR 5 832.7 million. Demand deposits totalled EUR 5 743.4 million (EUR 5 827.5 million) at the end of the review period. Time deposits amounted to EUR 20.3 million (EUR 5.2 million). Deposits by retail customers amounted to EUR 4 944.3 million, while deposits by corporate customers totalled EUR 819.4 million. At the end of the year, deposits by retail customers amounted to EUR 4 557.9 million and by corporate customers EUR 1 274.8 million.

Total deposits in the corresponding period in 2018 were EUR 5 239.3 million. In the past 12 months, total deposits grew by 10.0 per cent. Deposits by retail customers were EUR 4 284.8 million (increase 15.4 per cent in 12 months) and by corporate customers EUR 954.5 million (decrease 14.2 per cent in 12 months). The change in corporate deposits was influenced by an expansion in the application of negative deposit interests and the changing of the fund custodian this year.

At the close of the review period, the total amount of deposits in S-Bank covered by the deposit guarantee scheme was EUR 4 652.1 million. The total amount of deposits was EUR 4 288.8 million at the end of the year.

LENDING AND INVESTING ACTIVITIES

Lending growth continued to be good. At the end of the period, the loan portfolio was EUR 4 483.5 million (EUR 4 187.0 million). Of the total, loans to retail customers amounted to EUR 3 704.8 million, while loans to corporate customers totalled EUR 778.6 million. At the end of the year, the corresponding amounts were EUR 3 393.0 million for retail customers and EUR 794.0 million for corporate customers.

The loan portfolio in the corresponding period in 2018 was EUR 3 916.8 million. In the past 12 months, the loan portfolio grew by 14.5 per cent. Loans to retail customers amounted to EUR 3 138.2 million (annual growth 18.5 per cent), while loans to corporate customers totalled EUR 778.6 million (annual growth 0.0 per cent). The housing loan portfolio increased by 19.0 per cent during the corresponding period.

In addition to lending, S-Bank invested in the money and capital markets. At the end of the period, the bank's debt securities totalled EUR 1 548.0 million against EUR 1 668.0 million at the end of the year.

EQUITY

At the end of the review period, S-Bank's equity was EUR 467.1 million. At the end of 2018, equity was EUR 449.4 million. Following the adoption of the IFRS 9 standard, equity in the opening balance sheet at 1 January 2018 was EUR 407.0 million. The equity ratio was 7.3 per cent against 7.0 per cent at the end of 2018.

ASSETS UNDER MANAGEMENT

The S-Bank Group's assets under management were EUR 8 515.6 million (EUR 7 576.2 million) at the end of the review period. The amount was EUR 6 794.9 million at the end of the corresponding period in 2018. Of the managed assets, the share of fund capital was EUR 6 382.2 million (EUR 5661.8 million), and wealth management capital accounted for EUR 2 133.4 million (EUR 1914.4 million). Fund capital accounted for EUR 5 961.5 million and wealth management capital for EUR 833.4 million in at the end of the corresponding period in 2018. Net subscriptions in S-Bank and FIM mutual funds amounted to EUR 223.7 million (EUR -63.9 million) during the first half of the year. The number of unit holders in the funds was 268,000 at the end of June.

TRANSITION TO IFRS REPORTING

S-Bank adopted the International Financial Reporting Standards (IFRS) as of 1 January 2019. In accordance with transition rules, the Group will report IFRS-compliant comparative information for the 2018 financial year in its half-year report and its financial statements for 2019.

The Group will in future report three segments: Banking, Wealth Management and other operations. The segments have been defined in accordance with the IFRS 8 Operating Segments standard.

Due to revisions to the regulations and guidelines of the Finnish Financial Supervisory Authority concerning accounting, financial statements and the report by the Board of Directors, the S-Bank Group adopted IFRS 9 as of 1 January 2018. Full adoption of IFRS reporting did not result in significant changes to the consolidated balance sheet and income statement. The impact of the IFRS transition on profit and loss, the balance sheet and equity is explained under Transition to IFRS reporting.

BUSINESS OPERATIONS AND RESULT BY SEGMENT

The operating segments of the S-Bank Group are Banking and Wealth Management. Operations that do not fall under these business segments are reported under Other operations. The Group reports segment data in accordance with the IFRS 8 Operating segments standard. The reporting of business segments is identical to the internal reporting provided to management. The reporting complied with the accounting principles of IFRS financial statements, which are presented under note 2.

BANKING

Banking is responsible for the retail and corporate customer banking services of the S-Bank Group and their development. The products and services offered by the business include those for daily banking and the financing of purchases. Banking also includes Group treasury.

The first half of the year was strong for Banking. Operating result rose to EUR 20.7 million (EUR 12.9 million). Total income increased by 13.2 per cent to EUR 67.8 million (EUR 59.9 million). Expenses decreased by 8.1 per cent to EUR 40.6 million (EUR 44.2 million).

Especially housing loans performed well. S-Bank's contribution to the increase in financial institutions' housing loan volume rose to 19.4 per cent in January-June. Compared to the overall market, the increase in housing loan volume was eight-fold during the first six months of the year. The number of housing loan applications remained high.

Many processes were enhanced in the spring and electronic signing became common in the housing market. The digital housing market service DIAS was launched for the digital housing market. Initially, DIAS can be used for trading in housing shares even when the share certificates are still on paper. In the future, DIAS can also be used for selling and buying electronic shares digitally.

The popularity of contactless payment with the S-Etukortti Visa payment card continued to increase when the maximum payment sum was raised to EUR 50. At the end of June, 57.2 per cent of all debit card payments were contactless against 45.3 per cent a year earlier. Of all purchases paid for with a Finnish debit or credit card, some 9.1 per cent were paid with S-Bank cards in 2018. In 2017, the corresponding number was 8.6 per cent.

The number of purchases made with S-Bank cards grew in the first half of the year by 16.2 per cent on the 2018 period.

With increasingly deep customer relationships in Banking, the number of repetitive transactions or customers receiving regular salary, pension and other payments also grew. At the end of May the number of such customers was 15.2 per cent higher than a year earlier.

WEALTH MANAGEMENT

Wealth Management is responsible for producing the S-Bank Group's asset management services, customer relationships and business development. The business offers saving and investing services to retail customers under the S-Bank brand. Under the FIM brand, the bank offers private banking services as well as services for institutional investors.

In the first half of the year, the business improved. The operating result rose to EUR 0.2 million (EUR -0.3 million). Total income increased by 10.7 per cent to EUR 11.2 million (EUR 10.2 million). Expenses increased by 5.8 per cent to EUR 11.0 million (EUR 10.4 million).

Net subscriptions of S-Bank and FIM funds were EUR 223.7 million (-63.9) in January–June. The increase in net subscriptions of S-Bank and FIM funds was third highest in the market during the first half of the year. Overall, market net subscriptions were EUR -970.1 million (EUR -86.5 million) in the first half of the year.

The goal of Wealth Management is to offer the best selection of responsible and impact investing products in Finland. In the FIM Responsibility Plus family, responsible investing is taken a step further from the general principles for responsible investing applied by S-Bank and FIM. The number of funds in the family doubled from two to four.

In the first half of the year, the number of Säästäjä users exceeded 13 000. Of these, 67 per cent use the micro functions of the service and set aside one euro for each payment card purchase they make. Säästäjä is the leading digital investment advice service in Finland. With the service, users can save money to the most affordable balanced funds on the market.

The number of unit holders in S-Bank and FIM balanced funds increased substantially from 106 000 at the end of the first six months in 2018 to 139 000 one year later. On the Finnish market as a whole, the total number of unit holders in balanced funds rose by 50 000 in a year to approximately 1.1 million.

The number of unit holders in all managed funds also grew substantially to 268 000 at the end of June from 232 000 a year earlier. On the Finnish market as a whole, the number of unit holders rose to 3.2 million from 3.1 million one year earlier.

CALCULATION OF KEY PERFORMANCE INDICATORS

Total income:

Net interest income + net fee and commission income + other income

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 investment operations + Other operating income

Cost-to-income ratio:

$$\frac{\text{Administrative expenses + depreciation, amortisation and impairment on tangible assets and intangible assets + other operating expenses (excluding impairment losses)}}{\text{Net interest income + Return on equity investments + Net fee and commission income + Net income from investment operations + Other operating income + Share of associated undertakings' profit (net)}}$$

Return on equity (ROE), %:

$$\frac{\text{Operating profit/loss – Income tax}}{\text{Total equity (average of year's beginning and end)}} \times 100$$

Return on assets (ROA), %:

$$\frac{\text{Operating profit/loss – Income tax}}{\text{Average balance sheet total (the average at the beginning and end of the year)}} \times 100$$

Equity ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total}} \times 100$$

Capital adequacy ratio, %:

$$\frac{\text{Total capital}}{\text{Total minimum capital requirement}} \times 8\ \%$$

Tier 1 capital adequacy ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Total minimum capital requirement}} \times 8\ \%$$

Leverage ratio, %:

$$\frac{\text{Tier 1 capital, total}}{\text{Balance sheet and off-balance sheet exposures}} \times 100$$

RISKS AND CAPITAL ADEQUACY AND THEIR MANAGEMENT

S-Bank complies with its disclosure obligation by publishing information on risks, risk management and capital adequacy in its financial statements (S-Bank Group financial statements 2018: Board of Directors' Report and Notes to the Consolidated Financial Statements 2). The published information on capital adequacy and risks is always available on S-Bank's website at www.s-pankki.fi. During the review period, no material changes were made regarding the goal, principles or organisation of the risk and capital adequacy management presented in the financial statements.

The Pillar 3 report (Capital and Risk Management Report) in accordance with the EU's Capital Requirements Regulation is published in a document separate from the financial statements. The report, as well as S-Bank's corporate governance statement and report on remuneration systems, are available on S-Bank's website.

S-BANK GROUP'S RISK POSITION

Below is a summary of S-Bank Group's risk position at the close of the review period. The most significant risks that can potentially affect profitability, capital adequacy and liquidity are related to business volumes, lending and borrowing margins, general interest rates, economic performance, unfavourable development in credit losses and the cost-efficiency of business operations.

The most significant risk types from the perspective of the Pillar 1 capital requirements are credit risks and operational risks. In addition to calculating Pillar 1 capital requirements, S-Bank also calculates an internal risk-based Pillar 2 capital requirement in order to assess all the material risks related to its operations and to ensure a comprehensive overview of its risk profile.

Table 2: S-Bank´s key risk ratios

EUR million	30 Jun 2019	31 Dec 2018
Risk-weighted exposure amounts (in euros)		
Total risk-weighted exposure amounts	2 832.5	2 700.6
Credit and counterparty risk, standardised approach	2 557.2	2 424.8
Market risk	0.0	0.0
Operational risk, basic indicator approach	273.1	272.7
Credit valuation adjustment (CVA)	2.2	3.1
Own funds (in euros)		
Common Equity Tier 1 (CET1) capital	415.1	402.4
Tier 2 (T2) capital	50.0	50.0
Total capital	465.1	452.4
Minimum capital requirement (8%)	226.6	216.0
Total capital requirement (12.82% 30 Jun 2019 and 12.79% 31 Dec 2018)	363.0	345.4
Capital ratios (as a percentage of total risk-weighted exposure amounts)		
Common Equity Tier 1 (CET1) ratio	14.7%	14.9%
Total capital ratio	16.4%	16.8%
Leverage ratio (CRR)		
Leverage ratio (%)	6.3%	6.0%
Liquidity Coverage Ratio (LCR)		
Liquidity Coverage Ratio (%)	142.9%	156.4%
Net stable funding ratio (NSFR)		
Net stable funding ratio (%)	145.0%	145.9%

CREDIT RISK

Credit risk constitutes 90 per cent (EUR 2.6 billion) of S-Bank's total risk weighted assets (RWAs). The standardised approach is used for calculating the Pillar 1 capital requirement for credit risk. The most substantial items requiring capital include immovable property, retail exposures and corporate exposures. There were no major shifts in the loan portfolio distribution between different credit types during the review period. Indicators of non-performing loans remained at a very low level. The proportion of past-due (over 30 days) exposures of the gross carrying amount of exposures on-balance sheet is very small, 0.5 per cent. The proportion of non-performing exposures of exposures on-and off-balance sheet is only approximately 0.3 per cent. At the turn of the year, the proportion of exposures overdue for more than 30 days was 0.6 per cent and that of non-performing exposures 0.3 per cent.

S-Bank sustains a low credit risk profile in line with its conservative risk appetite, supported by active risk management and monitoring measures.

S-Bank booked a total of EUR 8.7 million (EUR 5.2 million) in expected and actual credit losses and fraud-related losses. Reversed credit losses amounted to EUR 2.2 million (EUR 2.3 million). Consequently, the total effect on profit of net expected and actual credit losses was EUR 6.6 million (EUR 2.9 million). Their growth has quite closely followed the increase in credit risk exposures and they are within the risk appetite established by S-Bank's Board. Relative to the size of the loan portfolio, the percentage of credit losses and impairments is low. The impairment of receivables is presented in greater detail in note 11.

MARKET RISK

S-Bank does not have a trading book. For this reason, S-Bank is not subject to the Pillar 1 capital requirement for market risk. As S-Bank's market risks arise from the banking book, they are included in credit risk in accordance with the Pillar 1 standardised approach. In addition, market risk is measured with internal risk models as part of Pillar 2 economic capital requirement processes.

OPERATIONAL RISK

Operational risk accounts for 10% of S-Bank's total RWAs. The basic indicator approach (Pillar 1) is used for calculating the capital requirement for the operational risk. Losses attributable to operational risks realised in the review period were very low in comparison to the regulatory capital requirement for operational risk. S-Bank's operational risk profile is materially impacted by system failures and disruptions, fraud and possible deficiencies in the services procured from external service providers.

TOTAL CAPITAL AND CAPITAL ADEQUACY

S-Bank's capital position remained stable, exceeding the regulatory requirements and the internal minimum target level of 15.3 per cent. The total capital adequacy ratio was 16.4 per cent (16.8) at the end of the review period. Own funds increased by EUR 12.7 million with the retained earnings for the period included in CET 1 capital. S-Bank's total RWAs increased by EUR 131.9 million, mainly due to growth in lending to retail customers in accordance with strategy. S-Bank is adequately capitalised to ensure the continuity of its operations even under stressed conditions.

The capital buffer in relation to the total regulatory capital requirement (12.82 per cent) was EUR 102.1 million.

OTHER RISK INDICATORS

S-Bank's leverage ratio of 6.3 per cent (6.0) is also strong, while the minimum regulatory requirement is set at 3 per cent. In addition, S-Bank's liquidity position was first-rate at the end of the review period. The liquidity coverage ratio (LCR) was 142.9 per cent (156.4 per cent), while the minimum regulatory requirement is set at 100 per cent. The net stable funding ratio remained strong and was 145.0 per cent (145.9).

OWN FUNDS REQUIREMENTS

On 30 January 2018, the Finnish Financial Supervisory Authority (FSA) set a discretionary Pillar 2 additional capital requirement (SREP) for S-Bank, based on interest rate risk in the banking book and the concentration of credit risk. The requirement amounts to 2.25% and it became effective on 30 September 2018. The additional capital requirement was set on the basis that the risks in question had not been accounted for in the regulatory capital requirement (Pillar 1). The discretionary additional capital requirement is valid until further notice with expiry on 30 September 2021 at the latest. The requirement must be met with CET1 capital.

Table 3 sets forth the distribution of the Pillar 1 total capital requirement in S-Bank on 30 June 2019.

In addition to the capital requirements presented in the table, the Finnish FSA set a systemic risk buffer for CET1 capital on 29 June 2018 for all credit institutions authorised in Finland. The requirement for S-Bank is one per cent. This requirement will enter into force on 1 July 2019 and will be subject to a revision annually. Based on the situation at 30 June 2019, the capital requirement in question is expected to be approximately EUR 28.3 million in July 2019.

Table 3: S-Bank's capital requirement, 30 June 2019

Equity	Minimum capital requirement		Capital conservation buffer		Countercyclical buffer		Pillar 2 (SREP) additional capital requirement		Total capital requirement	
	%	EUR million	%	EUR million	%	EUR million	%	EUR million	%	EUR million
CET1	4.5 %	127.5	2.5 %	70.8	0.07 %	1.9	2.25 %	63.7	9.32 %	263.9
AT1	1.5 %	42.5							1.50 %	42.5
T2	2.0 %	56.6							2.00 %	56.6
Total	**8.0 %**	**226.6**	**2.5 %**	**70.8**	**0.07 %**	**1.9**	**2.25 %**	**63.7**	**12.82 %**	**363.0**

SOLVENCY POSITION AND OTHER MATERIAL INFORMATION

Table 4 describes the link between S-Bank's risk position and minimum capital requirements. The table presents an overview of all risk-weighted exposure amounts (RWAs). Off-balance sheet items are reported within the appropriate exposure classes. The table also indicates the minimum capital requirement (8 per cent) for each exposure amount.

Table 4: Overview of RWAs

		30 Jun 2019		31 Dec 2018	
	EUR million	**RWAs**	**Minimum capital requirement**	**RWAs**	**Minimum capital requirement**
1	**Credit risk (excluding counterparty credit risk), standardised approach**	**2 551.2**	**204.1**	**2 417.5**	**193.4**
	Central governments or central banks	0.0	0.0	0.0	0.0
	Regional governments or local authorities	0.8	0.1	0.8	0.1
	Public sector entities	1.0	0.1	1.0	0.1
	Institutions	123.1	9.8	133.1	10.6
	Corporates	610.5	48.8	551.2	44.1
	Retail exposures	691.5	55.3	646.2	51.7
	Secured by mortgages on immovable property	1 009.2	80.7	974.1	77.9
	Exposures in default	22.5	1.8	21.3	1.7
	Covered bonds	44.4	3.6	46.5	3.7
	Collective investment undertakings	26.1	2.1	24.7	2.0
	Equity exposures	0.5	0.0	0.5	0.0
	Other exposures	21.6	1.7	18.2	1.5
6	**Counterparty credit risk**	**3.5**	**0.3**	**4.8**	**0.4**
7	Of which mark to market	1.3	0.1	1.6	0.1
12	of which credit valuation adjustment (CVA)	2.2	0.2	3.1	0.3
19	**Market risk**	**0.0**	**0.0**	**0.0**	**0.0**
24	**Operational risk, basic indicator approach**	**273.1**	**21.8**	**272.7**	**21.8**
27	**Amounts below the thresholds for deduction (subject to a 250% risk weight)**	**4.6**	**0.4**	**5.6**	**0.4**
29	**Total**	**2 832.5**	**226.6**	**2 700.6**	**216.0**

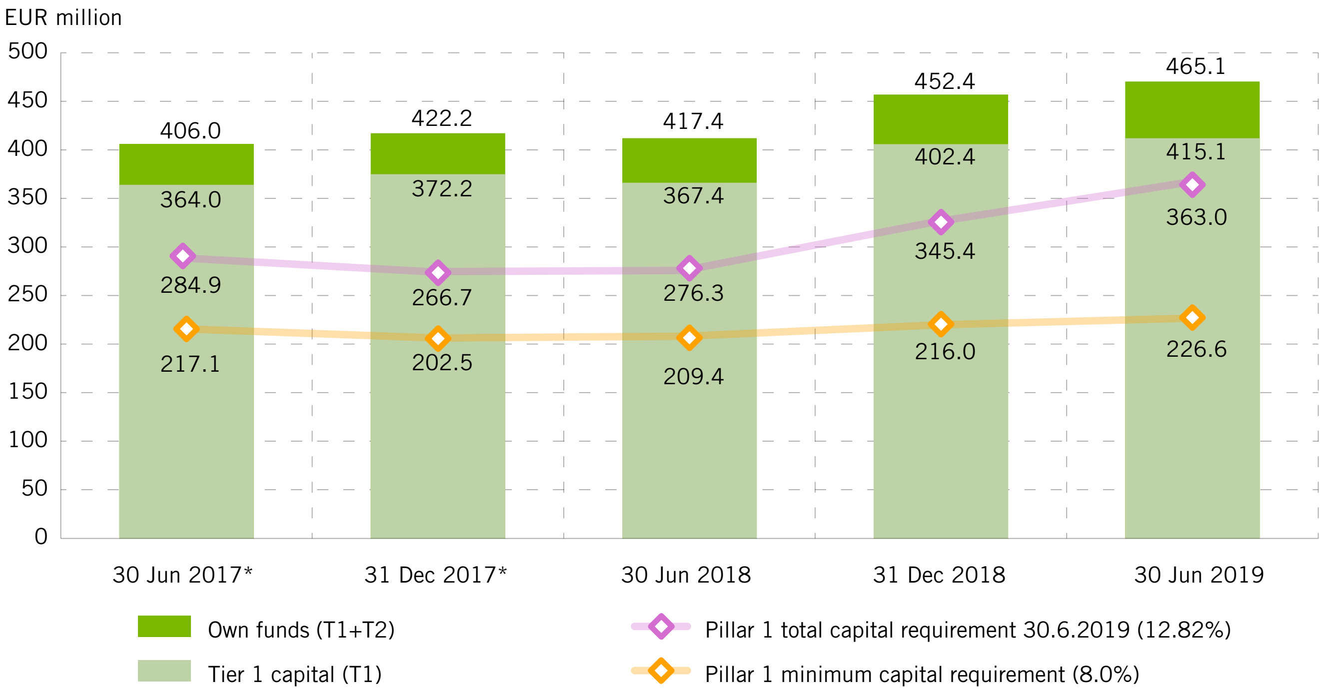
Table 5: Summary capital adequacy information

OWN FUNDS (EUR million)	30 Jun 2019	31 Dec 2018
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**467.1**	**449.4**
Share capital	82.9	82.9
Reserve for invested non-restricted equity	283.8	283.8
Retained earnings	98.4	85.7
Retained earnings (losses)	86.0	73.5
Profit (loss) for the period	12.4	12.2
Fair value reserve	2.1	-3.0
Other reserves	0.0	0.0
Regulatory adjustments to Common Equity Tier 1 (CET1) capital	**52.0**	**47.0**
Intangible assets	50.4	45.3
Value adjustments due to the requirements for prudent valuation	1.6	1.7
Common Equity Tier 1 (CET1) capital	**415.1**	**402.4**
Additional Tier 1 (AT1) capital before adjustments	**0.0**	**0.0**
Adjustments to Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Additional Tier 1 (AT1) capital	**0.0**	**0.0**
Tier 1 (T1) capital	**415.1**	**402.4**
Tier 2 (T2) capital before adjustments	**50.0**	**50.0**
Subordinated debt	50.0	50.0
Adjustments to Tier 2 (T2) capital	**0.0**	**0.0**
Tier 2 (T2) capital	**50.0**	**50.0**
Total capital	**465.1**	**452.4**

	30 Jun 2019	31 Dec 2018
Total capital	465.1	452.4
Minimum capital requirement	226.6	216.0
Capital adequacy ratio	**16.4%**	**16.8%**
Tier 1 capital	415.1	402.4
Minimum capital requirement	226.6	216.0
Tier 1 capital adequacy ratio	**14.7%**	**14.9%**
Total risk-weighted exposure amounts (RWAs)	**2 832.5**	**2 700.6**
of which credit risk	2 557.2	2 424.8
of which market risk	0.0	0.0
of which operational risk	273.1	272.7
of which risk associated with credit valuation adjustment (CVA)	2.2	3.1
Ratio of CET1 capital to risk-weighted exposure amounts (%)	**14.7%**	**14.9%**
Ratio of Tier 1 capital to risk-weighted exposure amounts (%)	**14.7%**	**14.9%**
Ratio of own funds to risk-weighted exposure amounts (%)	**16.4%**	**16.8%**

Table 5 presents a summary of S-Bank's own funds. S-Bank's total capital adequacy ratio was 16.4 per cent (16.8) at the close of the review period. The retained earnings for the period have been included in Tier 1 capital under an authorisation granted by the Financial Supervisory Authority in accordance with article 26 of the EU Capital Requirements Regulation.

Figure 1: Changes in own funds and the capital adequacy position



*The figures at *30 June 2017 and 31 December 2017 are presented in accordance with FAS (Finnish Accounting Standards) accounting principles. As of 1 January 2018, the figures are presented in accordance with IFRS standards.

The figure presents a summary of the semi-annual development of the Pillar 1 minimum capital requirement, the total capital requirement and own funds. The discretionary Pillar 2 (SREP) capital requirement raised the total capital requirement in the second half of 2018. At the end of the reporting period, the capital buffer was EUR 238.5 million in relation to the minimum capital requirement and EUR 102.1 million in relation to the total capital requirement.

MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

The Financial Stability Authority is the Finnish authority responsible for planning crisis resolution for credit institutions and investment firms. The Financial Stability Authority has decided to issue a Minimum Requirement for own funds and Eligible Liabilities (MREL) to be applied on the level of the S-Bank Group. The requirement consists of the loss-absorbing capacity and re-capitalising amount. S-Bank's MREL requirement is 9.9 per cent of the total liabilities and own funds (TLOF). The requirement must be met on a gradual basis so that it will be fully met as of 30 June 2022. The MREL requirement is based on the S-Bank's capital requirement. Consequently, it will be approximately 22 per cent of the total risk exposure amount when it takes effect. The requirement will be in force for a maximum of two years as of its application unless the Financial Stability Authority revises its decisions earlier.

SIGNIFICANT EVENTS AFTER THE END OF THE REVIEW PERIOD

The Finnish FSA decided on 28 June 2019 to retain the set systemic risk buffer (CET1) for all credit institutions authorised in Finland. The requirement for S-Bank is one per cent. The requirement will take effect on 1 July 2019. Based on the situation at 30 June 2019, the capital requirement in question is expected to be approximately EUR 28.3 million in July 2019.

Petri Viertiö, M.Sc.(Tech), will start as S-Bank's Chief Risk Officer in August. He will also join the S-Bank Group Executive Board. Viertiö was previously the director for credit risk strategy at Nordea. Jussi Sokka, who has been responsible for legal matters, compliance and risk management will continue to be in charge of legal matters and administration and continue as a member of the S-Bank Group Executive Board.

OUTLOOK FOR THE REST OF THE YEAR

The global economic outlook for the second half of the year includes risks. Political uncertainty and protectionism are the most significant of these risks. Trade war and political uncertainty will have a dampening effect on exports. On the other hand, domestic demand and a favourable trend in employment will ensure fair growth in many countries. Expansionary monetary policy supports the economic activity. Interest rates remained very low in the euro area. Worries over economic growth and political uncertainty will keep the investment environment challenging.

In Finland, economic growth will be comparatively moderate in the second half of 2019. Growth will be driven by household consumption. The slowdown of the construction sector will decrease investment. Exports will grow at a fair pace. Inflation will be quite moderate. Employment growth will level off. The housing market will be relatively calm and the price trend moderate.

Despite these risks, the S-Bank Group expects its profitability to improve significantly in 2019 on the preceding year. This is underpinned both by the strong growth in volume and the measures to increase income and boost the efficiency of operations that were started earlier. A turbulent market will have an impact on the result for the second half, however. S-Bank Group expects profitability to be slightly lower in the second half than in the first half.

GOVERNANCE

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 4 March 2019. The Annual General Meeting adopted the financial statements for 2018 and discharged the members of the Board of Directors and the CEO from liability. The meeting elected seven members and three deputy members to the Board of Directors. The meeting elected KPMG Oy Ab as the company's auditor.

BOARD OF DIRECTORS

At the Annual General Meeting of S-Bank, the following members were re-elected to S-Bank Ltd's Board of Directors: Jari Annala, CEO of SOK Liiketoiminta Oy; Juha Ahola, CFO of SOK; Olli Vormisto, Managing Director of the Hämeenmaa Cooperative Society; Veli-Matti Liimatainen, Managing Director of the Helsinki Cooperative Society Elanto, and Jari Eklund, Director of the LocalTapiola Group. In addition, Heli Arantola, who has held management positions at HKScan and the Fazer Group, was re-elected as a Board member independent of shareholders. Erik Valros, CEO of LocalTapiola Uusimaa, was elected as a new member to S-Bank Ltd's Board of Directors. Juha Mäkinen, Senior Managing Director of LocalTapiola East, resigned from the Board.

Harri Miettinen, Managing Director of the Kymi Region Cooperative Society, was re-elected as deputy member. Pasi Aakula, CEO of LocalTapiola Satakunta, and Jorma Vehviläinen, Group CFO of SOK, were elected as new deputy members.

Jari Annala was re-elected as the Chairman of the Board. Jari Eklund was re-elected as its Vice Chairman.

CEO

The CEO of S-Bank Ltd is Pekka Ylihurula and the Deputy CEO is Aki Gynther, Head of Banking.

PERSONNEL

At the end of the review period, S-Bank Group employed a total of 620 people. The number of employees was 685 at the turn of the year. Of this number, 498 (565) worked for S-Bank Ltd, 38 (40) for the subsidiary FIM, and 84 (80) for S-Asiakaspalvelu Ltd. In the review period, salaries and remunerations totalled EUR 18.5 million, while the amount for the comparison period was EUR 18.8 million.

CORPORATE STRUCTURE

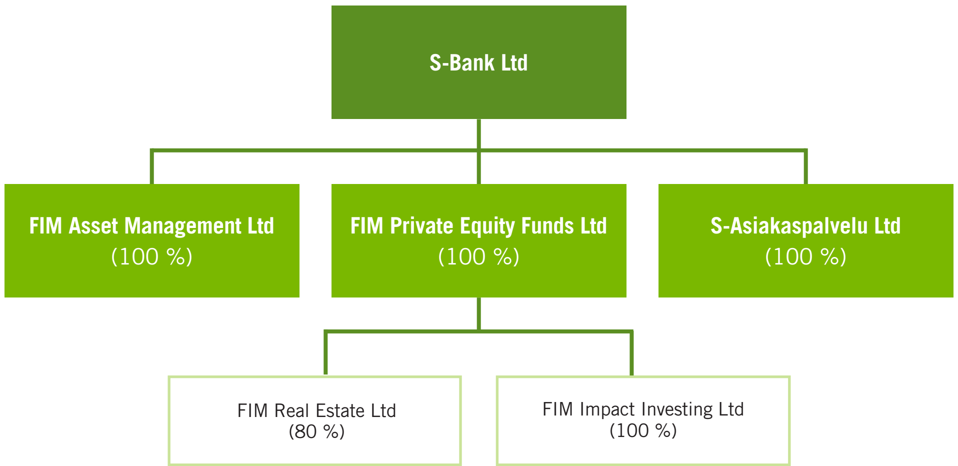
In addition to the companies presented in the image, the Group includes FIM Infrastructure Mezzanine Debt Fund GP Oy, FIM Private Debt Fund I GP Oy and FIM SIB Oy. FIM Private Equity Funds Ltd owns the entire stock of all of these companies. These companies serve as general partners in funds managed by FIM Private Equity Funds Ltd. These companies do not have any other business operations.

Funds managed by S-Bank are not consolidated in the consolidated financial statements.

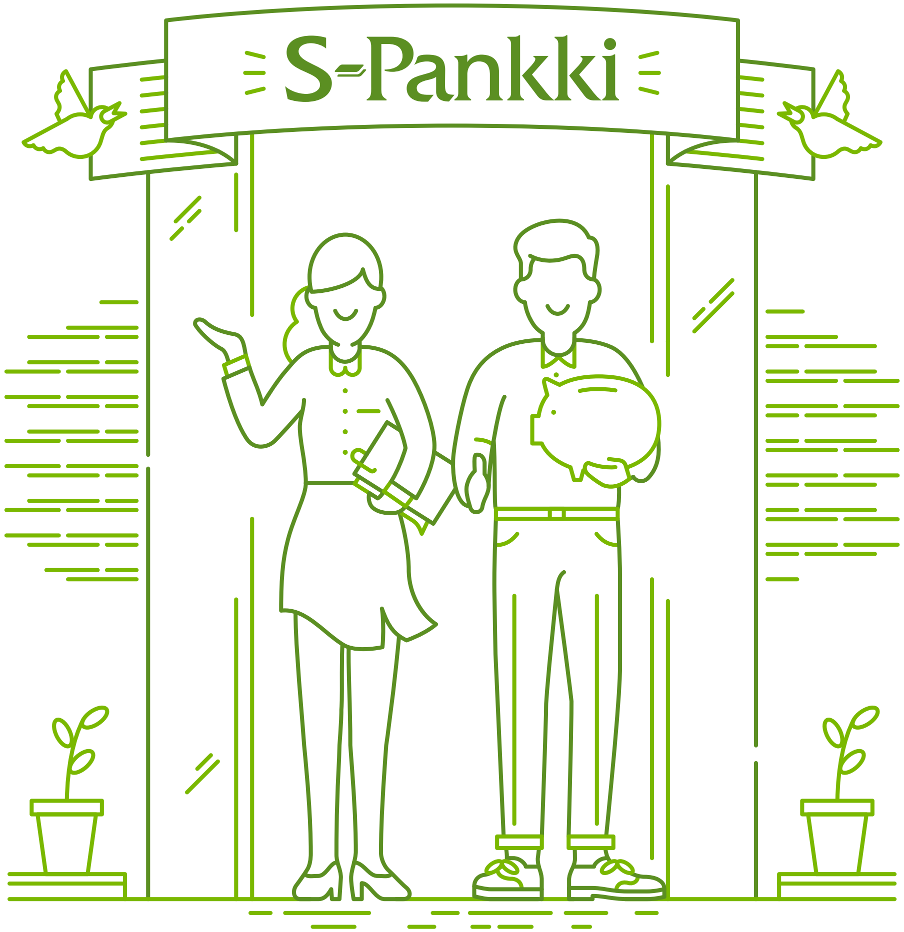
CHANGES IN THE GROUP STRUCTURE

FIM Impact Investing Ltd (formerly Epiqus Oy) was acquired in January 2019. All six Epiqus Oy employees joined S-Bank's Wealth Management organisation. The company offers impact investment services and manages two impact investment funds and is their general partner. FIM Impact Investing Ltd is a wholly-owned subsidiary of FIM Private Equity Funds Ltd.

Figure 2: Legal structure of S-Bank Group



HALF-YEAR REPORT 1 JANUARY—30 JUNE 2019



CONSOLIDATED INCOME STATEMENT

(EUR '000)	Note	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
Interest income		42 312	39 913
Interest expenses		-4 072	-3 669
Net interest income	3	38 240	36 244
Fee and commission income		53 301	51 240
Fee and commission expenses		-21 268	-20 931
Net fee and commission income	4	32 033	30 309
Net income from investment operations	5	3 064	1 328
Other operating income		8 855	6 632
Total income		**82 192**	**74 513**
Personnel expenses		-22 005	-22 232
Other administrative expenses		-30 867	-33 546
Depreciation and impairment		-5 494	-4 950
Other operating expenses		-1 293	-1 617
Total costs		**-59 658**	**-62 346**
Impairment of receivables	12	-6 559	-2 863
Share of the profits of associated companies		2	-16
Operating profit (loss)		**15 976**	**9 288**
Income taxes		-3 482	-2 280
Profit (loss) for the period		**12 494**	**7 008**
Of which:			
To the parent company's shareholders		12 355	6 906
To non-controlling interests		139	101
Total		**12 494**	**7 008**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(EUR '000)	Note	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
Profit (loss) for the period		**12 494**	**7 008**
Other comprehensive income items:			
Items that may later be transferred to profit or loss			
Profit or loss on financial assets measured at fair value through other comprehensive income		6 177	-2 561
Tax effect		-1 141	1 685
Other comprehensive income items, after taxes		5 036	-876
Comprehensive income, total		**17 530**	**6 132**
Of which:			
To the parent company's shareholders		17 391	6 030
To non-controlling interests		139	101
Comprehensive income, total		**17 530**	**6 132**

CONSOLIDATED BALANCE SHEET

(EUR '000)	Note	30 Jun 2019	31 Dec 2018	1 Jan 2018
Assets				
Cash and cash equivalents		215 045	468 436	493 015
Debt securities eligible for refinancing with central banks		951 014	1 002 523	860 478
Receivables from credit institutions		27 131	27 838	25 737
Receivables from the public and public sector entities		4 483 450	4 187 001	3 716 859
Debt securities		596 981	665 438	464 280
Derivative contracts	10	400	649	999
Shares and interests		26 585	25 209	30 965
Holdings in associated undertakings		12	9	5
Intangible assets		50 439	45 278	39 501
Tangible assets		4 719	5 941	5 485
Tax assets		1 884	2 249	4 816
Accrued income and prepayments made		28 745	23 657	22 038
Other assets		22 760	7 102	4 605
Total capital		**6 409 166**	**6 461 330**	**5 668 785**
Liabilities				
Liabilities to credit institutions		1	302	10 109
Liabilities to the public and public sector entities		5 798 872	5 883 806	5 047 522
Subordinated debts		50 000	50 000	50 000
Derivative contracts	10	20 905	13 103	6 260
Provisions		264	264	367
Tax liabilities		6 568	7 489	8 363
Accrued expenses and prepayments received		23 174	17 461	19 512
Other liabilities		42 096	39 253	119 601
Other liabilities, total		**5 941 879**	**6 011 678**	**5 261 735**
Equity				
Share capital		82 880	82 880	82 880
Reserves		285 864	280 828	250 362
Retained earnings		98 363	85 703	73 638
Parent company's shareholders		467 107	449 411	406 881
Non-controlling interests		181	240	169
Total equity		**467 288**	**449 651**	**407 049**
Liabilities and total equity, total		**6 409 166**	**6 461 330**	**5 668 785**

STATEMENT OF CHANGES IN CONSOLIDATED TOTAL EQUITY

(EUR '000)	Total equity belonging to parent company shareholders						
	Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2018	**82 880**	**243 813**	**6 550**	**73 638**	**406 881**	**169**	**407 049**
Comprehensive income							
Profit/loss for the period				6 906	6 906	101	7 008
Other comprehensive income items:							
Profit or loss on financial assets measured at fair value through other comprehensive income			-876	0	-876	0	-876
Comprehensive income, total	**0**	**0**	**-876**	**6 906**	**6 030**	**101**	**6 132**
Transactions with shareholders							
Dividend distribution	0	0	0	0	0	-127	-127
Transfers between items	0	0	0	304	304	0	304
Transactions with shareholders, total	**0**	**0**	**0**	**304**	**304**	**-127**	**177**
Total equity 30 jun 2018	**82 880**	**243 813**	**5 673**	**80 849**	**413 215**	**143**	**413 358**

(EUR '000)	Total equity belonging to parent company shareholders: Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2018	**82 880**	**243 813**	**6 550**	**73 638**	**406 881**	**169**	**407 049**
Comprehensive income							
Profit/loss for the period				12 212	12 212	199	12 411
Other comprehensive income items:					0		
Profit or loss on financial assets measured at fair value through other comprehensive income			-9 531	0	-9 531	0	-9 531
Reassessment of the value of defined benefit plans			0	26	26	0	26
Comprehensive income, total	**0**	**0**	**-9 531**	**12 238**	**2 708**	**199**	**2 906**
Transactions with shareholders							
Dividend distribution	0	0	0	0	0	-127	-127
Share issue	0	39 996	0	0	39 996	0	39 996
Transfers between items	0	0	0	-173	-173	0	-173
Transactions with shareholders, total	**0**	**39 996**	**0**	**-173**	**39 823**	**-127**	**39 696**
Total equity 31 dec 2018	**82 880**	**283 809**	**-2 981**	**85 703**	**449 411**	**240**	**449 651**

(EUR '000)	Total equity belonging to parent company shareholders: Share capital	Reserve for invested non-restricted equity	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2019	**82 880**	**283 809**	**-2 981**	**85 703**	**449 411**	**240**	**449 651**
Comprehensive income							
Profit/loss for the period				12 355	12 355	139	12 494
Other comprehensive income items:							
Profit or loss on financial assets measured at fair value through other comprehensive income			5 036	0	5 036	0	5 036
Comprehensive income, total	**0**	**0**	**5 036**	**12 355**	**17 391**	**139**	**17 530**
Transactions with shareholders							
Dividend distribution	0	0	0	0	0	-199	-199
Transfers between items	0	0	0	305	305	0	305
Transactions with shareholders, total	**0**	**0**	**0**	**305**	**305**	**-199**	**106**
Total equity 30 jun 2019	**82 880**	**283 809**	**2 055**	**98 363**	**467 107**	**181**	**467 288**

CONSOLIDATED CASH FLOW STATEMENT

(EUR '000)	1–6/2019	1–6/2018
Cash flow from operating activities		
Result for the period	12 494	7 008
Adjustments to the result for the period	-23 086	-22 593
Increase (-) or decrease (+) in operating assets	-206 546	-493 954
Receivables from credit institutions, other than repayable on demand	-9 553	1 385
Receivables from the public and public sector entities	-297 071	-204 561
Investment assets	121 152	-280 251
Derivative contracts	249	341
Other assets	-21 324	-10 868
Increase (-) or decrease (+) in operating liabilities	-73 926	166 584
Liabilities to credit institutions	-301	-9 620
Liabilities to the public and public sector entities	-84 935	223 899
Derivative contracts	7 802	2 649
Lease liabilities	-1 048	-904
Other liabilities	4 556	-49 440
Interest received	42 888	41 998
Interest paid	-3 053	-2 482
Dividends received	0	58
Income taxes paid	-3 056	-2 003
Total cash flow from operating activities (A)	**-254 285**	**-305 384**
Cash flow from investing activities		
Investments in intangible assets	-7 386	-6 574
Investments in tangible assets	-581	-538
Purchased shares in subsidiaries	-1 200	0
Shares and interests in associated companies	0	4
Total cash flow from investing activities (B)	**-9 168**	**-7 108**

(EUR '000)	1–6/2019	1–6/2018
Cash flow from financing activities		
Dividends paid and other distribution of profits	-199	-127
Total cash flow from financing activities (C)	**-199**	**-127**
Net change in cash and cash equivalents (A+B+C)	**-263 652**	**-312 618**
Cash and cash equivalents at the start of the period	484 037	507 838
Cash and cash equivalents at the end of the period	220 385	195 219
Difference in cash and cash equivalents	-263 652	-312 618
Adjustments to the result for the period		
Depreciation according to plan	5 494	4 950
Actual credit losses	7 899	5 881
Impairment of receivables	844	-709
Net interest income	-38 240	-36 244
Unrealised income from investing activities	-2 562	1 234
Share of the profits of associated companies	-2	16
Tax expenses	3 482	2 280
Adjustments, total	**-23 086**	**-22 593**
Cash and cash equivalents		
Cash and cash equivalents	215 045	183 988
Receivables from credit institutions, repayable on demand	5 340	11 231
Cash and cash equivalents	**220 385**	**195 219**

SEGMENT REPORT

The operating segments of the S-Bank Group are Baking and Wealth Management. Operations that do not fall under these business segments are reported under Other operations. The Group reports segment data in accordance with the IFRS 8 Operating segments standard. The reporting of business segments is identical to the internal reporting provided to management.

Banking is responsible for the retail and corporate customer banking services of the S-Bank Group and their development. The products and services offered by the business include those for daily banking and the financing of purchases. Banking also includes Group treasury.

Wealth Management is responsible for producing the S-Bank Group's asset management services, customer relationships and business development. The business offers saving and investing services to retail customers under the S-Bank brand. Under the FIM brand, the bank offers private banking services as well as services for institutional investors.

INCOME STATEMENT 1 Jan–30 Jun 2019 (EUR '000)	**Banking**	**Wealth Management**	**Other activities**	**Eliminations**	**Group, total**
Net interest income	38 297	-48	-9		38 240
Net fee and commission income	20 420	11 078	535		32 033
Net income from investment operations	3 063	34	-33		3 064
Other operating income	6 065	173	5 350	-2 734	8 855
Total income	**67 845**	**11 238**	**5 843**	**-2 734**	**82 192**
Total costs*	**-40 608**	**-11 040**	**-10 744**	**2 734**	**-59 658**
Impairment of receivables	-6 559				-6 559
Share of the profits of associated companies				2	2
Operating profit (loss)	**20 678**	**198**	**-4 902**	**2**	**15 976**

External income from Banking was EUR 67 803 thousand and from Wealth Management EUR 11 728 thousand.

INCOME STATEMENT 1 JAN–30 JUN 2018 (EUR '000)	Banking	Wealth Management	Other activities	Eliminations	Group, total
Net interest income	36 296	-37	-14		36 244
Net fee and commission income	18 092	10 157	2 060		30 309
Net income from investment operations	1 352		-24		1 328
Other operating income	4 183	36	5 638	-3 226	6 632
Total income	**59 923**	**10 156**	**7 660**	**-3 226**	**74 513**
Total costs*	**-44 199**	**-10 434**	**-10 939**	**3 226**	**-62 346**
Impairment of receivables	-2 863				-2 863
Share of the profits of associated companies				-16	-16
Operating profit (loss)	**12 860**	**-278**	**-3 279**	**-16**	**9 288**

External income from Banking was EUR 59 908 thousand and from Wealth Management EUR 10 871 thousand.

*Net expenses of support and headquarter functions are allocated from Other activities to the business segments Banking and Wealth Management. This cost allocation is included in the segments' item Total costs.

Other activities include Group support and headquarters. A majority of the net expenses of the support and headquarter functions are allocated in the Banking and Wealth Management business segments. This cost allocation is included in the segments' item Total costs. The result of Other activities consists of items not allocated to the segments.

The most significant individual item is depreciation of investments, which is primarily result of the harmonisation of the computer systems and processes of S-Bank and LocalTapiola Bank. Common Group expenses, such as the cost of the financial statements and the audit, cost of reporting to the authorities, cost of the Board of Directors' meetings and the Annual General Meeting, and the costs of the management of the support and headquarter functions, including those of the CEO. In addition, the result of functions subject to reorganisation is not allocated to the business segments.

BALANCE SHEET 30 June 2019 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from the public and public sector entities	4 483 450			4 483 450
Liquid and investment assets of banking	1 817 156			1 817 156
Intangible and tangible assets	3 024	11 510	40 636	55 170
Cash and other assets	12 336	4 865	36 190	53 390
Total capital	**6 315 966**	**16 375**	**76 825**	**6 409 166**
Liabilities of banking	5 869 777			5 869 777
Deposits and other liabilities	2 815	5 576	63 711	72 102
Equity			467 288	467 288
Liabilities and total equity, total	**5 872 592**	**5 576**	**530 999**	**6 409 166**

BALANCE SHEET 31 Dec 2018 (EUR '000)	Banking	Wealth Management	Other activities	Group, total
Receivables from the public and public sector entities	4 187 001			4 187 001
Liquid and investment assets of banking	2 190 093			2 190 093
Intangible and tangible assets	2 855	10 062	38 311	51 228
Cash and other assets	12 584	4 115	16 309	33 008
Total capital	**6 392 533**	**14 177**	**54 619**	**6 461 330**
Liabilities of banking	5 947 211			5 947 211
Deposits and other liabilities	1 806	4 831	57 830	64 468
Equity			449 651	449 651
Liabilities and total equity, total	**5 949 017**	**4 831**	**507 482**	**6 461 330**

Material balance sheet items related to customer business and the tangible and intangible assets of the business segments and associated lease liabilities are allocated to Banking and Wealth Management. The remaining balance sheet items, including equity, is allocated to Other activities.

TRANSITION TO IFRS REPORTING

S-Bank has adopted the IFRS standards as of 1 January 2019 in its consolidated reporting. The following tables and notes to these tables illustrate the effect of the IFRS transition on the consolidated result, balance sheet and cash flow statement.

ADJUSTMENTS MADE

The following presents the adjustments associated with adopting the IFRS standards.

a) Intangible assets and goodwill

The S-Bank Group has capitalised own work associated with IT projects in accordance with the IAS 38 Intangible assets standard. Due to the adjustments, personnel expenses for the period decreased.

In the IFRS transition, the goodwill on the opening balance sheet at 1 January 2018 corresponds to the value in accordance with FAS accounting principles on the basis of the relief based on the IFRS 1 First-time Adoption of International Financial Reporting standard. Goodwill was EUR 9.8 million at 1 January 2018. Goodwill is not amortised in accordance with IFRS. Instead, goodwill is tested in accordance with the IAS 36 standard for impairment. Amortisation of goodwill booked in accordance with FAS accounting principles (a total of EUR 4.3 million for the financial period 1 Jan–31 Dec 2018 and a total of EUR 2.6 million for the financial period 1 Jan–30 Jun 2018) has been cancelled. The Group has tested goodwill at 1 Jan 2018 and 31 Dec 2018. Based on the tests, there is no need for impairment charges.

b) Tangible assets

Lease agreements on operating premises and leased vehicles presented in accordance with the IFRS 16 Leases standard have been booked as right-to-use items to tangible assets on the balance sheet. Due to the adjustments, other expenses for the period decreased. S-Bank has decided that lease agreements that do not exceed 12 months in duration and asset items that do not exceed USD 5000 in value will not be booked as right-to-use assets. Furthermore, lease liability will not be recognised on them. S-Bank will recognise these short-term lease agreements and low-value assets as expenses during the lease period.

c) Tax assets and liabilities

Consolidated income taxes changed due to the IAS 12 Income taxes standard. The entries concern deferred taxes and are mostly the result of IFRS adjustments.

d) Provisions

The voluntary defined benefit pension plan based on the IAS 19 Employee benefits standard has been booked under Provisions on the balance sheet.

e) Other liabilities

Other liabilities include the lease liabilities of leasing agreements for operating premises and leased vehicles in accordance with the IFRS 16 Leases standard. In accordance with the IFRS 15 Revenue from Contracts with Customers standard, commission income is booked over time to the agreement period and the resulting adjustment is booked as a liability under other liabilities in the accrual of commission income.

f) Retained earnings

The adoption of IFRS standards in the S-Bank Group had the following effects on retained earnings:

(EUR '000)	1 Jan 2018	30 Jun 2018	31 Dec 2018
Retained earnings under FAS	**71 484**	**75 163**	**78 094**
IFRS adjustments:			
Intangible assets (a)	805	4 144	6 941
Tax assets (c)	110	322	-231
Provisions (d)	-367	-367	-264
Tax liabilities (c)	2 669	2 833	2 908
Other liabilities (e)	-1 061	-1 241	-1 737
IFRS 16 impact on retained earnings (b)	**0**	**-4**	**-7**
Retained earnings under IFRS	**73 638**	**80 849**	**85 703**

BALANCE SHEET RECONCILIATION

CONSOLIDATED BALANCE SHEET (EUR '000)	Reference	FAS 1 Jan 2018	Changes in entry and valuation	IFRS 1 Jan 2018
Assets				
Cash and cash equivalents		493 015		493 015
Debt securities eligible for refinancing with central banks		860 478		860 478
Receivables from credit institutions		25 737		25 737
Receivables from the public and public sector entities		3 716 859		3 716 859
Debt securities		464 280		464 280
Derivative contracts		999		999
Shares and interests		30 965		30 965
Holdings in associated undertakings		5		5
Intangible assets	a)	38 696	805	39 501
Tangible assets	b)	232	5 253	5 485
Tax assets	c)	4 707	110	4 816
Accrued income and prepayments made		22 038	0	22 038
Other assets		4 605	0	4 605
Total capital		**5 662 617**	**6 168**	**5 668 785**

	Reference	FAS 1 Jan 2018	Changes in entry and valuation	IFRS 1 Jan 2018
Liabilities				
Liabilities to credit institutions		10 109		10 109
Liabilities to the public and public sector entities		5 047 522		5 047 522
Subordinated debts		50 000		50 000
Derivative contracts		6 260		6 260
Provisions	d)	0	367	367
Tax liabilities	c)	11 032	-2 669	8 363
Accrued expenses and prepayments received		19 512		19 512
Other liabilities	b), e)	113 286	6 314	119 601
Other liabilities, total		**5 257 722**	**4 013**	**5 261 735**
Equity				
Share capital		82 880		82 880
Reserves		250 362		250 362
Retained earnings		71 484	2 154	73 638
Parent company's shareholders	**f)**	**404 726**	**2 154**	**406 881**
Non-controlling interests		169		169
Total equity		**404 895**	**2 154**	**407 049**
Liabilities and total equity, total		**5 662 617**	**6 168**	**5 668 785**

CONSOLIDATED BALANCE SHEET (EUR '000)	Reference	FAS 30 Jun 2018	Changes in entry and valuation	IFRS 30 Jun 2018
Assets				
Cash and cash equivalents		183 988		183 988
Debt securities eligible for refinancing with central banks		923 378		923 378
Receivables from credit institutions		20 761		20 761
Receivables from the public and public sector entities		3 916 774		3 916 774
Debt securities		683 640		683 640
Derivative contracts		659		659
Shares and interests		27 723		27 723
Holdings in associated undertakings		9		9
Intangible assets	a)	38 185	4 144	42 329
Tangible assets	b)	168	4 253	4 421
Tax assets*	c)	1 495	322	1 817
Accrued income and prepayments made		29 020		29 020
Other assets		6 407		6 407
Total capital		**5 832 206**	**8 719**	**5 840 925**

	Reference	FAS 30 Jun 2018	Changes in entry and valuation	IFRS 30 Jun 2018
Liabilities				
Liabilities to credit institutions		489		489
Liabilities to the public and public sector entities		5 271 422		5 271 422
Subordinated debts		50 000		50 000
Derivative contracts		8 909		8 909
Provisions	d)	0	367	367
Tax liabilities	c)	9 078	-2 833	6 245
Accrued expenses and prepayments received		20 443		20 443
Other liabilities	b), e)	64 192	5 499	69 691
Other liabilities, total		**5 424 533**	**3 033**	**5 427 566**
Equity				
Share capital		82 880		82 880
Reserves		249 486		249 486
Retained earnings*		75 163	5 686	80 849
Parent company's shareholders	**f)**	**407 530**	**5 686**	**413 216**
Non-controlling interests		143		143
Total equity		**407 673**	**5 686**	**413 359**
Liabilities and total equity, total		**5 832 206**	**8 719**	**5 840 925**

*After the publication of the half-year report 30 June 2018, deferred taxes have been adjusted by EUR 71 500. The adjustment was made between deferred taxes and retained earnings.

CONSOLIDATED BALANCE SHEET (EUR '000)	**Reference**	**FAS 31 Dec 2018**	**Changes in entry and valuation**	**IFRS 31 Dec 2018**
Assets				
Cash and cash equivalents		468 436		468 436
Debt securities eligible for refinancing with central banks		1 002 523		1 002 523
Receivables from credit institutions		27 838		27 838
Receivables from the public and public sector entities		4 187 001		4 187 001
Debt securities		665 438		665 438
Derivative contracts		649		649
Shares and interests		25 209		25 209
Holdings in associated undertakings		9		9
Intangible assets	a)	38 337	6 941	45 278
Tangible assets	b)	138	5 803	5 941
Tax assets*	c)	2 480	-231	2 249
Accrued income and prepayments made		23 657		23 657
Other assets		7 102		7 102
Total capital		**6 448 817**	**12 513**	**6 461 330**

	Reference	**FAS 31 Dec 2018**	**Changes in entry and valuation**	**IFRS 31 Dec 2018**
Liabilities				
Liabilities to credit institutions		302		302
Liabilities to the public and public sector entities		5 883 806		5 883 806
Subordinated debts		50 000		50 000
Derivative contracts		13 103		13 103
Provisions	d)	0	264	264
Tax liabilities	c)	10 397	-2 907	7 489
Accrued expenses and prepayments received		17 461		17 461
Other liabilities	b), e)	31 706	7 547	39 253
Other liabilities, total		**6 006 774**	**4 904**	**6 011 678**
Equity				
Share capital		82 880		82 880
Reserves		280 828		280 828
Retained earnings*		78 094	7 609	85 703
Parent company's shareholders	**f)**	**441 802**	**7 609**	**449 411**
Non-controlling interests		240		240
Total equity		**442 043**	**7 609**	**449 651**
Liabilities and total equity, total		**6 448 817**	**12 513**	**6 461 330**

*After the publication of the half-year report 30 June 2018, deferred taxes have been adjusted by EUR 71 500. The adjustment was made between deferred taxes and retained earnings.

RECONCILIATION OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT (EUR '000)	Reference	FAS 1 Jan–31 Dec 2018	Changes in entry and valuation	IFRS 1 Jan–31 Dec 2018
Interest income		81 106		81 106
Interest expenses	b)	-7 142	-19	-7 162
Net interest income		73 964	-19	73 945
Fee and commission income	e)	103 790	-676	103 115
Fee and commission expenses		-42 754		-42 754
Net fee and commission income		61 036	-676	60 361
Net income from investment operations		3 878		3 878
Other operating income		14 813		14 813
Total income		**153 692**	**-695**	**152 997**
Personnel expenses	a)	-49 541	2 216	-47 325
Other administrative expenses		-64 988		-64 988
Depreciation and impairment	a), b)	-12 737	1 626	4 816
Other operating expenses	b)	-5 862	2 384	-3 478
Total costs		**-133 128**	**6 225**	**-126 902**

	Reference	FAS 1 Jan–31 Dec 2018	Changes in entry and valuation	IFRS 1 Jan–31 Dec 2018
Impairment of receivables		-8 948	0	-8 948
Share of the profits of associated companies		-16	0	-16
Operating profit (loss)		**11 601**	**5 530**	**17 131**
Income taxes		-4 720	0	-4 720
Profit (loss) for the period		**6 881**	**5 530**	**12 411**
Of which:				
To the parent company's shareholders		6 682	5 530	12 212
To non-controlling interests		199		199
Total		**6 881**	**5 530**	**12 411**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT (EUR '000)	Reference	IFRS 1 Jan–31 Dec 2018
Profit (loss) for the period		**12 411**
Other comprehensive income items:		
Items that will not be later transferred to profit or loss		
Items due to reassessment of the value of defined benefit plans	d)	26
Items that may later be transferred to profit or loss		
Profit or loss on financial assets measured at fair value through other comprehensive income		-13 413
Tax effect		3 883
Other comprehensive income items, after taxes		**-9 504**
Comprehensive income, total		**2 906**
Of which:		
To the parent company's shareholders		2 708
To non-controlling interests		199
Comprehensive income, total		**2 906**

CONSOLIDATED INCOME STATEMENT (EUR '000)	Reference	FAS 1 Jan–30 Jun 2018	Changes in entry and valuation	IFRS 1 Jan-30 Jun 2018
Interest income		39 913		39 913
Interest expenses	b)	-3 659	-10	-3 669
Net interest income		36 254	-10	36 244
Fee and commission income	e)	51 419	-179	51 240
Fee and commission expenses		-20 931		-20 931
Net fee and commission income		30 488	-179	30 309
Net income from investment operations		1 328		1 328
Other operating income		6 632		6 632
Total income		**74 702**	**0**	**74 513**
Personnel expenses	a)	-23 128	896	-22 232
Other administrative expenses		-33 546		-33 546
Depreciation and impairment	a), b)	-6 253	1 303	-4 950
Other operating expenses	b)	-2 762	1 145	-1 617
Total costs		**-63 522**	**1 176**	**-62 346**

	Reference	FAS 1 Jan–30 Jun 2018	Changes in entry and valuation	IFRS 1 Jan-30 Jun 2018
Impairment of receivables		-2 863	0	-2 863
Share of the profits of associated companies		-16	0	-16
Operating profit (loss)		**6 132**	**3 155**	**9 288**
Income taxes		-2 280	0	-2 280
Profit (loss) for the period		**3 853**	**3 155**	**7 008**
Of which:				
To the parent company's shareholders		3 751	3 155	6 906
To non-controlling interests		101		101
Total		**3 853**	**3 155**	**7 008**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT (EUR '000)	Reference	IFRS 1 Jan-30 Jun 2018
Profit (loss) for the period		**7 008**
Other comprehensive income items:		
Items that may later be transferred to profit or loss		
Profit or loss on financial assets measured at fair value through other comprehensive income		-2 561
Tax effect		1 685
Other comprehensive income items, after taxes		**-876**
Comprehensive income, total		**6 132**
Of which:		
To the parent company's shareholders		6 030
To non-controlling interests		101
Comprehensive income, total		**6 132**

EFFECT ON THE CASH FLOW STATEMENT

The previous cash flow statements of S-Bank are based on the FAS accounting principles. The effects of the transition to IFRS on the cash flow statement include the following: change in the concept of cash flows and the capitalisation of tangible and intangible assets.

NOTES TO THE HALF-YEAR REPORT

NOTE 1: BASIC INFORMATION

S-Bank Group consists of S-Bank Ltd 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). The bank engages in the operations and related activities referred to in Chapter 5, section 1, of the above-mentioned Act, as well as offering investment services pursuant to Chapter 1, section 15, of the Act on Investment Services (747/2012). As the parent company, S-Bank performs such tasks of the Group companies that must be carried out in a centralised manner, such as the Group's administration, guidance and supervision.

S-Bank's headquarters are located at Fleminginkatu 34, FI-00510 Helsinki, Finland.

NOTE 2: ACCOUNTING POLICIES

ACCOUNTING POLICIES USED IN THE PREPARATION OF THE HALF-YEAR REPORT

The S-Bank Group has prepared its financial statements in accordance with the international IFRS standards as of 1 January 2019. The 1 Jan–30 Jun 2019 half-year report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Comparison periods have been restated in accordance with IFRS principles. The transition to IFRS are described above under item Transition to IFRS reporting. The changes in the accounting policies adopted in conjunction with the transition are described below.

The figures in the tables of the half-year report are presented in thousands of euros unless otherwise is indicated. Since the figures have generally been rounded and do not include decimals, the sums of individual figures in euros may differ from the total figures presented in the report. The profit and loss statement and balance sheet layouts are based on the regulations on the financial sector issued by the Financial Supervisory Authority. The half-year report has not been audited.

IFRS 9 FINANCIAL INSTRUMENTS

The S-Bank has complied with the IFRS 9 Financial Instruments standard in accordance with Financial Supervisory Authority regulations as of 1 January 2018. The accounting policies applied to financial instruments have been described in the 2018 financial statements (Notes to the consolidated financial statements 1).

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

On 1 January 2018, at the time of transition, approximately EUR 1 million in fee and commission income already recognised in profit and loss were booked as liabilities because under IFRS 15, revenues from contracts must be recognised over time during their contract period. As of the beginning of 2018, all revenues under IFRS 15 have been booked at the point when control over a right-of-use asset was transferred to the customer. Fees may be recognised in accordance with the nature of the service in question either over time or at a point in time.

IFRS 16 LEASES

On 1 January 2018, at the time of transition, remaining lease payments under lease agreements were booked to liabilities at their discounted present values. Lease liabilities were booked on the balance sheet under Other liabilities. The incremental borrowing rate at the time of transition or the internal interest rate of the lease agreement, if available, was used as the discount rate. An amount corresponding to the lease liability was booked as a right-to-use asset item under Tangible assets on the balance sheet. The impact of adapting the IFRS 16 standard on the assets and liabilities of the opening balance sheet at 1 January 2018 was EUR 5.3 million, mostly from premises and leased vehicles.

Under IFRS 16, an agreement is a lease agreement if it grants control over the use of a specified asset for a specified period of time in exchange of a consideration. At the time of concluding an agreement or when the terms of an agreement change, S-Bank will determine whether an agreement includes a lease agreement. Control exists when a material part of the financial benefit from the use of an independent asset specified by agreement is gained by the lessee and the lessee can determine the purpose of the asset. At the beginning of the agreement period, the lease liability is the present value of the leases payable during the lease period. The leases consist of fixed fees and variable leases that depend on indices. The sum of the lease liability will be re-evaluated if future lease payments change due to a change in indexes or prices or because the lease period has been extended. If the amount of lease liability is adjusted in conjunction with re-evaluation, the right-to-use asset item is also adjusted by the same sum.

The lease period begins on the date specified in the lease agreement. The lease ends on the date agreed in the lease agreement. If the lease agreement remains in force until further notice, the final date will be estimated.

The IFRS 16 standard includes two changes that provide relief concerning recognition and measurement. S-Bank has decided that lease agreements that do not exceed 12 month in duration and asset items that do not exceed USD 5000 in value will not be booked as right-to-use assets. Furthermore, lease liability will not be recognised on them. S-Bank will recognise these short-term lease agreements and low-value assets as expenses during the lease period. Depreciation and interest expenses on items booked as right-to-use assets and lease liability on the balance sheet are recognised on the profit and loss statement and lease expenses recognised in the profit and loss statement are cancelled. The IFRS 16 Leases standard has no material impact on the S-Bank Group's result or financial position.

IAS 12 INCOME TAXES

The transition to IFRS has only a minor impact on tax items in the S-Bank Group. In practice, the changes relate to deferred taxes recognised on temporary differences in IFRS adjustments.

IAS 19 EMPLOYEE BENEFITS

The S-Bank Group has both defined contribution and defined benefit pension plans. The most significant plan for the Group is the TyEL pension insurance, which is considered a defined contribution plan. There is a voluntary pension plan, which is of limited significance and is considered a defined benefit plan. The plan is recognised based on actuarial grounds.

IAS 24 RELATED PARTIES

The related parties of S-Bank include key persons, their immediate family members and organisations that belong to the related parties. Key management persons include the members and deputies of the S-Bank's Board of Directors, the CEO and Deputy CEO of S-Bank and the members of the Group Management Team. Organisations considered related parties include the subsidiaries and associated companies of S-Bank, SOK which owns 37.5 per cent of S-Bank and the subsidiaries, joint ventures and associated companies of SOK. In addition the related parties include companies in which persons considered related parties have control or significant influence.

IAS 36 IMPAIRMENT OF ASSETS

Under IFRS, goodwill is not amortised. Instead, it is tested annually for impairment. Goodwill is allocated to cash flow-generating units. In the Group, goodwill is currently allocated to the Wealth management business segment.

Impairment loss is recognised if the balance sheet value of an asset or unit generating cash flow exceeds the amount recoverable on it. The recoverable amount is defined as the fair value less cost to sell or the higher value in use. When determining value in use, estimated future cash flows are discounted to present value based on discount interest rates that represent the average cost of capital before taxes of the cash flow-generating unit in question.

The impairment loss of a cash flow-generating unit is first allocated to reduce the goodwill allocated to the cash flow-generating unit and then to symmetrically reduce the unit's other asset items. The impairment loss is recognised in the profit and loss statement. If the values used to determine the recoverable amount change, any impairment loss recognised earlier will be reversed. The maximum reversal amount is the amount that would have been determined as the carrying amount of the asset item, less depreciation, had it not been recognised as impairment loss in prior years. Impairment losses recognized on goodwill are not reversed.

The Group has tested goodwill at 1 Jan 2018 and 31 Dec 2018. Based on the tests, there was no need for impairment charges.

Intangible assets not yet available for use, mostly of which are IT projects, are evaluated annually in conjunction with the budgeting process. Any impairment will be recognised subsequently.

IAS 38 INTANGIBLE ASSETS

The IAS 38 standard requires that personnel expenses that have a material bearing on producing intangible assets are capitalised at acquisition cost. Most IT projects are such assets. Capitalisation requires that the investment leads to a specific tangible asset, such as an IT system or a new part of one, and that the associated project can be separated into distinct research and development stages. Moreover, it must be possible to reliably determine the acquisition cost of an intangible asset and to show that it will generate financial benefit.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND THE KEY UNCERTAINTIES ASSOCIATED WITH ESTIMATES

The accounting of expected credit losses in accordance to the IFRS 9 standard is based on internal models that contain an assumption of a change in credit risk. In addition, a macroeconomic model is used to account for information concerning the future.

Goodwill impairment testing includes management estimates of future business performance.

Judgement has been used to estimate the end-dates of the lease agreements of premises in order to recognise the agreements in accordance with the IFRS 16 standard and in using the reliefs provided by the standard.

NOTE 3: NET INTEREST INCOME

	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
Interest income		
Receivables from credit institutions	-141	-157
Receivables from the public and public sector entities	38 313	35 267
Debt securities	4 067	4 679
Derivative contracts	73	124
Total	**42 312**	**39 913**
Interest income from stage 3 financial assets	645	778
Interest expenses		
Liabilities to credit institutions	-179	-193
Liabilities to the public and public sector entities	-2 393	-1 933
Derivative contracts	-1 082	-1 078
Subordinated debts	-388	-428
Other interest expenses	-30	-36
Total	**-4 072**	**-3 669**
Net interest income	**38 240**	**36 244**

NOTE 4: NET FEE AND COMMISSION INCOME

	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
Fee and commission income		
From lending	12 684	11 588
From borrowing	1 567	1 626
From payment transactions	5 244	4 193
From funds	26 276	26 756
From wealth management	1 545	786
From legal duties	135	149
From securities brokerage	1 313	2 589
From insurance brokerage	484	267
From issuance of guarantees	47	56
From other activities	803	632
Fees and commissions other than in accordance with IFRS 15	3 203	2 599
Total	**53 301**	**51 240**
Fee and commission expenses		
From paid commission fees	-27	-20
Other	-21 241	-20 911
Total	**-21 268**	**-20 931**
Net fee and commission income	**32 033**	**30 309**

NOTE 5: NET INCOME FROM INVESTMENT OPERATIONS

	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018
Net income from financial assets measured at fair value through profit or loss	2 553	1 144
Net income from financial assets measured at fair value through other comprehensive income	304	629
Net income from currency operations	-29	-46
Net income from hedge accounting	236	-399
Net income from investment operations	**3 064**	**1 328**

NOTE 6: CLASSES OF FINANCIAL ASSETS AND LIABILITIES

			Fair value through profit or loss		
CLASSES OF FINANCIAL ASSETS, 30 Jun 2019	**Amortised cost**	**Fair value through other comprehensive income**	**Carried at fair value**	**Hedging derivative contracts**	**Total**
Cash and cash equivalents	215 045				215 045
Debt securities eligible for refinancing with central banks		951 014			951 014
Receivables from credit institutions	27 131				27 131
Receivables from the public and public sector entities	4 483 450				4 483 450
Debt securities		233 297	363 684		596 981
Derivative contracts				400	400
Shares and interests		529	26 055		26 585
Total	**4 725 626**	**1 184 840**	**389 740**	**400**	**6 300 609**

CLASSES OF FINANCIAL ASSETS, 31 Dec 2018	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss		Total
			Carried at fair value	Hedging derivative contracts	
Cash and cash equivalents	468 436				468 436
Debt securities eligible for refinancing with central banks		1 002 523			1 002 523
Receivables from credit institutions	27 838				27 838
Receivables from the public and public sector entities	4 187 001				4 187 001
Debt securities		242 674	422 764		665 438
Derivative contracts				649	649
Shares and interests		469	24 740		25 209
Total	**4 683 275**	**1 246 135**	**472 244**	**649**	**6 402 303**

CLASSES OF FINANCIAL LIABILITIES, 30 Jun 2019	Amortised cost	Fair value through profit or loss Hedging derivative contracts	Total
Liabilities to credit institutions	1		1
Liabilities to the public and public sector entities	5 798 872		5 798 872
Subordinated debts	50 000		50 000
Derivative contracts		20 905	20 905
Lease liabilities	4 585		4 585
Total	**5 853 457**	**20 905**	**5 874 361**

CLASSES OF FINANCIAL LIABILITIES, 31 Dec 2018	Amortised cost	Fair value through profit or loss Hedging derivative contracts	Total
Liabilities to credit institutions	302		302
Liabilities to the public and public sector entities	5 883 806		5 883 806
Subordinated debts	50 000		50 000
Derivative contracts		13 103	13 103
Lease liabilities	5 810		5 810
Total	**5 939 918**	**13 103**	**5 953 021**

NOTE 7: FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

	30 Jun 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	215 045	215 045	468 436	468 436
Receivables from credit institutions	27 131	27 125	27 838	27 835
Receivables from the public and public sector entities	4 483 450	4 805 394	4 187 001	4 512 474
Debt securities	1 547 995	1 551 795	1 667 961	1 674 098
Derivative contracts	400	400	649	649
Shares and interests	26 585	26 585	25 209	25 139
Financial liabilities				
Liabilities to credit institutions	1	1	302	302
Liabilities to the public and public sector entities	5 798 872	5 796 287	5 883 806	5 899 189
Subordinated debts	0	0	0	0
Derivative contracts	50 000	50 401	50 000	50 245
Lease liabilities	20 905	20 905	13 103	13 103
Vuokrasopimusvelat	4 585	4 585	5 810	5 810

The principles of measurement at fair value are described in greater detail in the accounting policies of the 2018 financial statements.

S-Bank Group applies the settlement date practice in recognising financial assets and liabilities on the balance sheet, excluding financial assets and liabilities recognised at fair value through profit or loss. Financial assets and liabilities measured at fair value through profit or loss are recognised on the balance sheet using the trading date practice. A financial asset or liability 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 measured at fair value through profit or loss, at fair value through other comprehensive income or at amortised cost. 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 accepted in the markets. The fair values of certificates of deposit, commercial papers and derivative contracts (excluding futures) are determined by discounting future cash flows to the present value, applying market interest rates on the closing date. Bonds, investment funds units and futures are measured at market value. Financial assets recognised at fair value are measured using the bid price, while financial liabilities at fair value are measured using the ask price.

CLASSIFICATION OF FINANCIAL INSTRUMENTS ACCORDING TO VALUATION METHOD

ASSETS, FAIR VALUES 30 Jun 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost				
Cash and cash equivalents	0	215 045	0	215 045
Receivables from credit institutions	0	27 125	0	27 125
Receivables from the public and public sector entities	0	4 805 394	0	4 805 394
Total	**0**	**5 047 564**	**0**	**5 047 564**
Financial assets measured at fair value through profit or loss				
Shares and interests	8 246	17 809	0	26 055
Debt securities	0	363 684	0	363 684
Derivative contracts	0	400	0	400
Total	**8 246**	**381 893**	**0**	**390 140**
Financial assets measured at fair value through other comprehensive income				
Debt securities eligible for refinancing with central banks	931 011	22 160	0	953 171
Debt securities	234 940	0	0	234 940
Shares and interests	0	103	427	530
Total	**1 165 951**	**22 262**	**427**	**1 188 641**
Assets, fair values, total	**1 174 197**	**5 451 719**	**427**	**6 626 344**

ASSETS, FAIR VALUES 31 Dec 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost				
Cash and cash equivalents	0	468 436	0	468 436
Receivables from credit institutions	0	27 835	0	27 835
Receivables from the public and public sector entities	0	4 512 474	0	4 512 474
Total	**0**	**5 008 745**	**0**	**5 008 745**
Financial assets measured at fair value through profit or loss				
Shares and interests	5 637	19 104	0	24 741
Debt securities	0	422 764	0	422 764
Derivative contracts	0	649	0	649
Total	**5 637**	**441 868**	**0**	**447 505**
Financial assets measured at fair value through other comprehensive income				
Debt securities eligible for refinancing with central banks	1 000 881	0	0	1 000 881
Debt securities	172 545	77 907	0	250 453
Shares and interests	0	103	365	467
Total	**1 173 427**	**78 010**	**365**	**1 251 801**
Total	**1 179 064**	**5 528 623**	**365**	**6 708 052**

ASSETS, FAIR VALUES 30 Jun 2019	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost				
Liabilities to credit institutions	0	1	0	1
Liabilities to the public and public sector entities	0	5 796 287	0	5 796 287
Subordinated debts	0	50 401	0	50 401
Lease liabilities	0	0	4 585	4 585
Total	**0**	**5 846 689**	**4 585**	**5 851 274**
Financial liabilities measured at fair value through profit or loss				
Derivative contracts	0	20 905	0	20 905
Total	**0**	**20 905**	**0**	**20 905**

ASSETS, FAIR VALUES 31 Dec 2018	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost				
Liabilities to credit institutions	0	302	0	302
Liabilities to the public and public sector entities	0	5 899 189	0	5 899 189
Subordinated debts	0	50 245	0	50 245
Lease liabilities	0	0	5 810	5 810
Total	**0**	**5 949 736**	**5 810**	**5 955 546**
Financial liabilities measured at fair value through profit or loss				
Derivative contracts	0	13 103	0	13 103
Total	**0**	**13 103**	**0**	**13 103**

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

TRANSFERS BETWEEN LEVELS 1 AND 2

No transfers between levels 1 and 2 took place during the review period.

The value of stage 3 financial instruments recognised at fair value include instruments the fair value of which is estimated using valuation methods that are entirely or partly based on non-verifiable market values and prices.

Changes at level 3	Shares and interests
Carrying amount 1 Jan 2019	365
Purchases	22
Shares and interests received from combining business operations	41
Carrying amount 30 Jun 2019	**427**

NOTE 8: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO MATURITY

30 Jun 2019	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash and cash equivalents	215 045					215 045
Debt securities eligible for refinancing with central banks	5 009	104 817	810 763	30 425	0	951 014
Receivables from credit institutions	27 131	0	0	0	0	27 131
Receivables from the public and public sector entities	205 225	452 018	1 258 595	952 143	1 615 469	4 483 450
Debt securities	318 283	57 929	211 756	9 012	0	596 981
Derivative contracts	0	400	0	0	0	400
Financial assets, total	**770 693**	**615 164**	**2 281 114**	**991 580**	**1 615 469**	**6 274 022**
Liabilities to credit institutions	1	0	0	0	0	1
Liabilities to the public and public sector entities	5 779 509	15 958	3 405	0	0	5 798 872
Subordinated debts	0	0	30 400	19 600	0	50 000
Derivative contracts	1	604	18 295	2 004	0	20 905
Lease liabilities	1	812	3 772	0	0	4 585
Financial liabilities, total	**5 779 512**	**17 373**	**55 872**	**21 604**	**0**	**5 874 361**

31 Dec 2018	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash and cash equivalents	468 436					468 436
Debt securities eligible for refinancing with central banks	69 161	71 159	777 951	84 251	0	1 002 523
Receivables from credit institutions	27 838	0	0	0	0	27 838
Receivables from the public and public sector entities	179 852	421 948	1 269 697	872 647	1 442 856	4 187 001
Debt securities	307 721	164 275	176 329	17 113	0	665 438
Derivative contracts	160	89	400	0	0	649
Financial assets, total	**1 053 169**	**657 471**	**2 224 378**	**974 011**	**1 442 856**	**6 351 885**
Liabilities to credit institutions	302	0	0	0	0	302
Liabilities to the public and public sector entities	5 879 546	847	3 413	0	0	5 883 806
Subordinated debts	0	0	25 200	24 800	0	50 000
Derivative contracts	0	503	10 506	2 093	0	13 103
Lease liabilities	2	1 604	4 204	0	0	5 810
Financial liabilities, total	**5 879 848**	**1 350**	**39 119**	**26 893**	**0**	**5 947 211**

NOTE 9: FINANCIAL ASSETS AND LIABILITIES BY INTEREST RATE LINKING

30 Jun 2019	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash and cash equivalents	215 045					215 045
Debt securities eligible for refinancing with central banks	120 686	66 359	733 545	30 425	0	951 014
Receivables from credit institutions	27 131	0	0	0	0	27 131
Receivables from the public and public sector entities	2 021 993	2 367 922	87 798	5 737	0	4 483 450
Debt securities	333 416	57 929	196 624	9 012	0	596 981
Derivative contracts	400	0	0	0	0	400
Financial assets, total	**2 718 670**	**2 492 210**	**1 017 967**	**45 174**	**0**	**6 274 022**
Liabilities to credit institutions	1	0	0	0	0	1
Liabilities to the public and public sector entities	5 779 600	15 867	3 405	0	0	5 798 872
Subordinated debts	26 000	24 000	0	0	0	50 000
Derivative contracts	6 348	9 875	4 682	0	0	20 905
Lease liabilities	0	0	4 585	0	0	4 585
Financial liabilities, total	**5 811 949**	**49 741**	**12 671**	**0**	**0**	**5 874 361**

31 Dec 2018	0–3 months	3–12 months	1–5 years	5–10 years	More than 10 years	Total
Cash and cash equivalents	468 436					468 436
Debt securities eligible for refinancing with central banks	188 829	68 419	661 023	84 251	0	1 002 523
Receivables from credit institutions	27 838	0	0	0	0	27 838
Receivables from the public and public sector entities	1 760 630	2 348 491	59 843	17 694	343	4 187 001
Debt securities	318 414	164 275	165 636	17 113	0	665 438
Derivative contracts	649	0	0	0	0	649
Financial assets, total	**2 764 796**	**2 581 185**	**886 503**	**119 059**	**343**	**6 351 885**
Liabilities to credit institutions	302	0	0	0	0	302
Liabilities to the public and public sector entities	5 879 546	847	3 413	1	0	5 883 806
Subordinated debts	0	50 000	0	0	0	50 000
Derivative contracts	4 610	2 077	6 416	0	0	13 103
Lease liabilities	0	0	5 810	0	0	5 810
Financial liabilities, total	**5 884 457**	**52 924**	**15 638**	**1**	**0**	**5 953 020**

NOTE 10: DERIVATIVE CONTRACTS

30 Jun 2019	Notional value	Positive fair value	Negative fair value	31 Dec 2018 Notional value	Positive fair value	Negative fair value
Designated for hedge accounting						
Interest rate derivatives						
Interest rate swaps	751 200	95	-19 399	746 200	41	-11 264
Maturities of derivative exposures designated for hedge accounting						
less than one year	60 000			94 000		
1–5 years	541 200			562 200		
more than five years	150 000			90 000		
For non-hedging purposes						
Interest rate derivatives						
Options, bought	50 000	114	0	200 000	158	0
Options, written	125 000	0	-1 042	150 000	0	-809
Interest rate swaps	10 000	0	-274	50 000	0	-464
Maturities of derivative exposures not designated for hedge accounting						
less than one year	50 000			100 000		
1–5 years	125 000			270 000		
more than five years	10 000			30 000		

NOTE 11: IMPAIRMENT OF RECEIVABLES

S-Bank is exposed to credit risk arising from exposures held by retail and corporate customers, investing activities (debt securities) and off-balance sheet commitments. Table 6–Table 9 describe the cash amounts exposed to credit risks, excluding collateral or other credit risk mitigation measures. The information is distributed across credit risk rating categories in the table. The probability of default is the lowest in credit category 1 and the highest in credit category 7.

Loans granted to retail customers form the largest exposure to credit risk in the form of expected credit losses. The exposures to retail customers include housing loans and consumer credit, of which the latter generate a relatively larger credit risk, as they are unsecured credit products. The exposures to corporate customers are mostly held by large companies with a good credit rating. These loans are mostly used to finance the construction of new housing companies. Since they are secured by mortgages on immovable property, these loans pose a smaller risk, which also reduces the amount of expected credit losses.

At the close of the review period, expected credit losses (ECL) totalled EUR 15.4 million (14.5 million). Expected credit losses have grown steadily during the review period in equal proportion with the increase in credit risk exposure. Expected credit losses are within the risk appetite limits set in the credit risk strategy by the S-Bank Board of Directors.

Table 6: Credit risk exposure (retail customers)

30 Jun 2019 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	2 532 818	240 059	0	2 772 878
Category 2	199 798	29 522	0	229 320
Category 3	168 944	32 092	0	201 036
Category 4	69 502	23 178	0	92 680
Category 5	188 377	32 582	0	220 958
Category 6	80 919	33 655	0	114 574
Category 7	832	71 520	0	72 352
In default	0	0	20 087	20 087
Gross carrying amount	**3 241 191**	**462 608**	**20 087**	**3 723 886**
ECL provision	-1 312	-8 575	-2 527	-12 414
Net carrying amount	**3 239 880**	**454 033**	**17 560**	**3 711 472**

31 Dec 2018 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	2 309 352	231 177	0	2 540 528
Category 2	182 340	26 119	0	208 459
Category 3	155 454	28 617	0	184 071
Category 4	63 499	23 599	0	87 097
Category 5	181 764	26 872	0	208 636
Category 6	73 140	28 041	0	101 181
Category 7	593	67 314	0	67 907
In default	0	0	19 113	19 113
Gross carrying amount	**2 966 141**	**431 739**	**19 113**	**3 416 993**
ECL provision	-1 274	-8 108	-2 595	-11 977
Net carrying amount	**2 964 868**	**423 630**	**16 519**	**3 405 017**

Table 7: Credit risk exposure (corporate customers)

30 Jun 2019 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	323 074	10 022	0	333 095
Category 2	142 829	1 948	0	144 777
Category 3	142 923	253	0	143 175
Category 4	36 266	942	0	37 207
Category 5	69 149	1 759	0	70 907
Category 6	44 173	10 274	0	54 448
Category 7	0	0	0	0
In default	0	0	7	7
Gross carrying amount	**758 413**	**25 197**	**7**	**783 618**
ECL provision	-666	-9	0	-675
Net carrying amount	**757 748**	**25 188**	**7**	**782 943**

31 Dec 2018 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	310 445	10 835	0	321 280
Category 2	175 087	915	0	176 002
Category 3	104 459	69	0	104 528
Category 4	66 996	805	0	67 801
Category 5	64 648	1 197	0	65 845
Category 6	49 134	14 354	0	63 489
Category 7	0	0	0	0
In default	0	0	15	15
Gross carrying amount	**770 770**	**28 176**	**15**	**798 960**
ECL provision	-737	-96	-1	-834
Net carrying amount	**770 033**	**28 079**	**14**	**798 127**

Table 8: Credit risk exposure (investing activities)

30 Jun 2019 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	637 462	0	0	637 462
Category 2	158 362	0	0	158 362
Category 3	249 874	0	0	249 874
Category 4	15 214	0	0	15 214
Category 5	120 020	0	0	120 020
Category 6	0	7 180	0	7 180
Category 7	0	0	0	0
In default	0	0	0	0
Total	**1 180 931**	**7 180**	**0**	**1 188 111**
ECL provision	-757	-676	0	-1 433

31 Dec 2018 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	771 824	0	0	771 824
Category 2	93 600	0	0	93 600
Category 3	208 279	0	0	208 279
Category 4	16 586	0	0	16 586
Category 5	153 975	0	0	153 975
Category 6	7 085	0	0	7 085
Category 7	0	0	0	0
In default	0	0	0	0
Total	**1 251 349**	**0**	**0**	**1 251 349**
ECL provision	-927	0	0	-927

Table 9: Credit risk exposure (off-balance sheet commitments)

30 Jun 2019 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	1 199 589	41 329	0	1 240 918
Category 2	105 740	12 672	0	118 412
Category 3	96 938	6 049	0	102 987
Category 4	46 936	3 307	0	50 242
Category 5	111 798	10 031	0	121 829
Category 6	38 328	1 111	0	39 439
Category 7	577	4 951	0	5 528
In default	0	0	186	186
Total	**1 599 905**	**79 449**	**186**	**1 679 541**
ECL provision	-185	-637	-11	-833

31 Dec 2018 (EUR '000)	Stage 1	Stage 2	Stage 3	Total
Category 1	1 346 670	47 297	0	1 393 967
Category 2	100 138	13 708	0	113 846
Category 3	81 011	6 775	0	87 786
Category 4	38 525	11 206	0	49 732
Category 5	149 085	7 770	0	156 856
Category 6	21 342	1 437	0	22 778
Category 7	118	4 381	0	4 499
In default	0	0	159	159
Total	**1 736 888**	**92 574**	**159**	**1 829 621**
ECL provision	-200	-564	-8	-773

Table 10 and Table 11 describe deferrals and changes in expected credit losses per financial instrument category during the period. The tables present the reconciliation between the opening and closing balance of the loss allowance, where Table 10 contains the receivables from retail and corporate customers as well as off-balance sheet items and Table 11 contains the calculations for investing activities (debt securities).

The total amount of expected credit losses (ECL) grew by EUR 844.4 thousand during the review period. Changes in the risk parameters totalled EUR -295.5 thousand during the review period. The item in question is influenced by changes in the forecasts based on the macroeconomic model, among other things. In other respects, the changes and deferrals that have occurred in the loss allowances are in line with the risk appetite defined by the S-Bank Board of Directors.

Table 12 illustrates the impairment of receivables during the review period. The proportion of receivables written off as bad and doubtful debts grew in the review period but were within the risk appetite defined by the S-Bank Board of Directors. Relative to the size of the loan portfolio, the percentage of credit losses and impairments is low.

Table 10: Reconciliation of expected credit losses (Receivables from the public and public sector entities and off-balance sheet items)

RECEIVABLES FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES AND OFF-BALANCE SHEET ITEMS, 2019 (EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Dec, 2019	**2 210**	**8 769**	**2 603**	**13 583**
Transfers from stage 1 to stage 2	-194	3 305	0	3 111
Transfers from stage 1 to stage 3	-12	0	408	396
Transfers from stage 2 to stage 1	136	-1 970	0	-1 834
Transfers from stage 2 to stage 3	0	-609	671	62
Transfers from stage 3 to stage 1	1	0	-53	-52
Transfers from stage 3 to stage 2	0	84	-249	-165
Changes in the risk parameters	-167	27	-110	-250
Increases due to origination and acquisition	270	450	9	730
Decreases due to derecognition	-82	-772	-415	-1 268
Decrease in allowance account due to write-offs	0	-63	-327	-390
Net change in ECL	-48	452	-65	339
ECL 30 Jun 2019	**2 163**	**9 221**	**2 538**	**13 922**

Table 11: Reconciliation of expected credit losses (investing activities)

INVESTING ACTIVITIES, 2019 (EUR '000)	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
ECL 1 Jan 2019	**927**	**0**	**0**	**927**
Transfers from stage 1 to stage 2	-165	676	0	511
Transfers from stage 1 to stage 3	0	0	0	0
Transfers from stage 2 to stage 1	0	0	0	0
Transfers from stage 2 to stage 3	0	0	0	0
Transfers from stage 3 to stage 1	0	0	0	0
Transfers from stage 3 to stage 2	0	0	0	0
Changes in the risk parameters	-45	0	0	-45
Increases due to origination and acquisition	91	0	0	91
Decreases due to derecognition	-52	0	0	-52
Decrease in allowance account due to write-offs	0	0	0	0
Net change in ECL	-171	676	0	505
ECL 30 Jun 2019	**757**	**676**	**0**	**1 433**

Table 12: Expected credit losses and impairment losses

EXPECTED CREDIT LOSSES AND IMPAIRMENT LOSSES (EUR '000)	1 Jan–30 Jun 2019	1 Jan–30 Jun 2018	1 Jan–31 Dec 2018
Receivables written off as bad or doubtful debt	7 813	5 784	13 049
Reversal of receivables written off	-2 184	-2 309	-4 719
Expected credit losses (ECL) on Receivables from the public and public sector entities and off-balance sheet commitments.	339	-770	165
Expected credit losses (ECL) on investment operations	505	61	197
Total	**6 474**	**2 766**	**8 691**

NOTE 12: COLLATERAL GIVEN

	Other collateral	
	30 Jun 2019	**31 Dec 2018**
Collateral given for own debt		
Liabilities to credit institutions	171 206	168 660
Derivative contracts and liabilities held for trading	21 617	12 007
Collateral given on own behalf, total	**192 823**	**180 667**
Other collateral given on own behalf	**125**	**261**
Collateral given on behalf of others	**31**	**31**

NOTE 13: OFF-BALANCE SHEET COMMITMENTS

Impairment of off-balance sheet items is presented above (Note11: Impairment of receivables).

	30 Jun 2019	31 Dec 2018
Guarantees	18 986	23 768
Undrawn credit facilities	167 461	176 803
Total	**186 447**	**200 570**

NOTE 14: RELATED PARTIES

Following the transition to IFRS reporting, the related parties of the bank are defined in accordance with the IAS 24 standard. The related parties of the S-Bank are described in greater details in note 2.

Loans granted to related parties are subject to standard customer terms and conditions.

Changes in related parties did not have material impact on the number of related party business transactions.

5 August 2019

S-Bank Ltd Board of Directors

S-Bank

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