SAVINGS BANKS GROUP'S

Release of Financial Statements
1 January-31 December 2016

SAVINGS BANKS GROUP'S RELEASE OF FINANCIAL STATEMENT 1 JANUARY–31 DECEMBER 2016

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Review by the Managing Director of the Savings Banks' Union Coop

Savings Banks Group thrived during the year 2016. Success was achieved in all business areas in terms of growth, financial performance and investments. All parts of the Savings Banks Group operated strongly and achieved good results in strengthening the competitiveness of the Savings Banks.

We achieved a great deal in 2016: the new Savings Banks Group was being built and we also engaged in a lot of development work to bring new banking services and products to our customers. The Savings Banks Group's development centre, the Savings Bank Centre, started its operations. The Savings Banks Group strengthened its competitiveness and operations on the international financing market through the launch of its new mortgage bank, Sp Mortgage Bank Plc. Sp Mortgage Bank successfully issued a covered bond of EUR 500 million in November. With the emission, the Savings Banks Group has successfully strengthened its operating conditions through competitive fund-raising.

The business of Savings Banks and the Savings Banks Group progressed excellently according to long-term plans. Through the Group's growth strategy, the Savings Banks Group is to ensure capital adequacy by good financial performance and maintaining moderate risk positions. The balance sheet of the Savings Banks Group made a growth record of 13.4%. Loans and advances to customers grew by 10.0% and liabilities to customers grew by 3.5%. Debt securities issued were EUR 2.0 billion, and they almost doubled from the previous year. The Savings Banks Group's own capital strengthened very well in 2016, by 8.3%.

In 2016, the Savings Banks Group strengthened its customer satisfaction and in particular the grade of its customers for the customer experience in Savings Banks. The positive customer satisfaction results of Savings Banks confirm that, in the midst of rapid changes, the Savings Banks Group has succeeded in changing according to the wishes of its customers. Customers value the service they receive, and their satisfaction with the operations of Savings Banks is excellent. In 2017, the development of the competitiveness of the Savings Banks Group will be continued for the benefit of the customers, as well as the building of our operational prerequisites.

The Savings Banks Group has invested and will in the future significantly invest in the strengthening of its competitiveness, and, in particular, in the development of electronic services, while maintaining the current service network. Digital tools and digital banking play a key role in providing our customers with an opportunity to use all our services regardless of time and place in the future.

The Savings Banks Group will offer Finnish consumers and entrepreneurs a competitive and agile alternative to larger operators in handling their financial affairs in the future. The foundation of our operations is strong: customer satisfaction, decision-making close to our customers, result orientation, strong capital adequacy and moderate risks.

The Savings Banks Group and the Savings Banks Amalgamation

The Savings Banks Group (hereinafter also "the Group") is the most longstanding banking group in Finland, which consists of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop that acts as the Central Institution and the subsidiaries and associated companies owned jointly by the banks.

The member organisations of the Savings Banks Amalgamation (hereinafter also "the Amalgamation") form a financial entity as defined in the Act on the Amalgamation of Deposit Banks, in which the Savings Banks' Union Coop and its member credit institutions ultimately are jointly liable for each other's liabilities and commitments. The Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 23 Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc and the companies within the consolidation groups of the above-mentioned entities, as well as Sp-Fund Management Company Ltd. The coverage of the Savings Banks Group differs from that of the Savings Banks Amalgamation in that the Savings Banks Group also includes institutions other than credit and financial institutions or service companies. The most notable of these are Sb Life Insurance Ltd and Sp-Koti Oy.

Sp Mortgage Bank Plc, a part of the Savings Banks Amalgamation founded by the Savings Banks, received authorisation from the European Central Bank to operate as a residential mortgage credit bank in March 2016, and the Bank's operations were started immediately. Sp Mortgage Bank Plc is responsible for Savings Banks Group's covered bond issuance. In November 2016, Sp Mortgage Bank issued a covered bond of EUR 500 million. The bond has a credit rating of AAA granted by S & P Global Ratings. Sp Mortgage Bank belongs to the Savings Banks Amalgamation and has been a member credit institution of the Savings Banks' Union Coop from March 2016. Only Savings Banks belonging to the Savings Banks Amalgamation can act as intermediary banks for Sp Mortgage Bank.

Further information about the structure of the Savings Banks Group can be found at *www.saastopankki.fi/saastopankkiryhma*.

Description of the operational environment

The global economy

During 2016, a number of politically important changes were seen. The exit of Great Britain from EU membership by a referendum was a continuation of the recurrent political crises in the union. The presidential elections in the United States were another significant change, whose effects on world trade and geopolitics will be seen in the coming years. Despite the significant changes, the investment markets continued to believe in the strong recovery of the economy, and in the second half of the year, the recovery of the global economy continued well with regard to the expectations. A significant factor from the point of view of the global economy was the improvement of the situation in China as a result of recovery measures.

In Europe, the growth outlook was fragmented, and the differences between countries were significant. The slow progress of the structural changes and the difficulties within the banking sector, for their part, influenced the speed of recovery in the economy. In particular, the uncertainty of the impact of the voting result of Great Britain slowed down the investment growth, but the improvement in the employment situation and the positive development in the services sector maintained the positive figures. In the United States, the situation in the labour market has improved for a number of years, and this development also continued during 2016. The low growth in industrial investments, for its part, put pressure on the growth figures, but the oil price increase seen at the end of the year also contributed positively to expectations regarding the development of investment demand.

Investment markets

In the investment market, the year 2016 started weakly, but investment income recovered significantly towards the end of the year. The exception was government bond investments. From the point of view of the fixed income market the most significant change was the gradual decrease in the monetary easing by the Central Banks. In the last quarter of the year, this led to an increase in long interest rates and the steepening of the interest rate curve. This had, for its part, a positive impact on the profits of the banking sector. The increase in the key reference rates will take place over a long period, and the shutdowns of recovery programmes will take years. The outlook on improvement of corporate profits supported the stock market, and the investor confidence remained strong despite the increase in interest rates. The positive development in the stock market was also reflected in the corporate debt markets. The recovery in the United States economy led to the strengthening of the dollar towards the end of the year, which had a negative impact on the performance in investments in emerging markets.

The Finnish economy

The development of economic growth in Finland has been weaker than in other parts of Europe. The export driven economy has suffered from the slow growth of the global economy and lack of investments. However, the recovery that began in 2016 has provided confidence in a better future. Unemployment has decreased, and the household confidence has improved significantly. Growth in private consumption and the low interest rates support the purchasing power of households. The outlook in the industry has also recovered, but industrial production is still at a low level.

The housing market in Finland

The housing market in the year 2016 already involved optimism concerning the recovery of the economy. The year was considerably more stable than the two preceding years, and the fluctuations within the year were more normal. As a whole, the secondhand market in housing rose by approximately 3 %, which in Finland meant total trades of 58,000 in 2016. The trades in new apartments picked up clearly, being up to 28% more active than in 2015.

A slight increase took place in the prices of apartments, if the housing market is examined as whole. However, divergence in the markets continued. This means that housing prices continued to decline in recessive markets subject to population loss. Large growth centres and vital urban areas in developing cities continued to be the winners. The selling periods also remained at the level of the previous year; the average being approximately 70 days.

The most significant positive drivers for the housing trade were affordable loans and the improvement of their availability, as well as the slight recovery in consumer confidence. In addition, a clear change for the better took place in construction operations.

The Savings Banks Group's profit and balance sheet

The Savings Banks Group's profit and balance sheet

(EUR 1,000)	1-12/2016	1-12/2015	1-12/2014 *	1-12/2013 *
Revenue	304,340	298,475	295,628	271,235
Net interest income	131,693	125,018	122,022	110,612
% of revenue	43.3 %	41.9 %	41.3 %	40.8 %
Profit before taxes	69,603	69,699	63,137	71,074
% of revenue	22.9 %	23.4 %	21.4 %	26.2 %
Total operating revenue	245,376	230,531	223,903	224,841
Total operating expenses (excluding depreciations)	-158,060	-146,128	-143,763	-140,619
Cost to income ratio	64.4 %	63.4 %	64.2 %	62.5 %
Total assets	10,423,646	9,189,391	8,400,544	7 717,389
Total equity	953,402	880,694	841,230	781,086
Return on equity %	6.2 %	6.7 %	5.7 %	8.9 %
Return on assets %	0.6 %	0.7 %	0.6 %	0.9 %
Equity/assets ratio %	9.1 %	9.6 %	10.0 %	10.1 %
Solvency ratio %	19.5 %	18.8 %	18.6 %	19.5 %
Impairment losses on loans and other receivables	-8,411	-6,127	-10,539	-5,859

* Additional financial information from the time before the Savings Banks Amalgamation commenced its operations on 31 December 2014.

Profit trends (comparison figures 1 –12/2015)

Savings Banks Group's profit before tax stood at EUR 69.6 million (EUR 69.7 million), in other words, at the level of the comparison year. Profit for the financial year was EUR 57.2 million, of which the share of the owners of the Savings Banks Group was EUR 56.4 million (EUR 56.1 million).

The total operating revenue of the Savings Banks Group grew to EUR 245.4 million (EUR 230.5 million). There was growth in net interest income, net fee and commission income and other operating revenue.

Net interest income grew by 5.3% to EUR 131.7 million (EUR 125.0 million). The share of derivatives used for the management of interest rate risks of net interest income was EUR 21.3 million (EUR 22.0 million), i.e., 16.2% of net interest income (17.6%). The growth of net interest income was particularly influenced by the more advantageous fund-raising expenses of the Savings Banks Group. This was influenced particularly by the access of the Savings Banks Group to the international capital markets through the Central Bank of Savings Bank's unsecured bond issues and Sp Mortgage Bank's covered bond issues. In addition, net interest income was improved by the interest income from the launched card operations at the end of 2015, EUR 4.4 million (EUR 0.4 million). The issuance of payment cards was transferred in December 2015 to the Savings Banks Group. In the same context, the Savings Banks Group bought its customers' credit card portfolio from Nets Oy that had previously granted the credit cards.

Net fee and commission income grew by 3.7% to EUR 71.4 million (EUR 68.8 million). In particular, fees received from funds and the card business experienced growth. Also other fees related to credit granting grew sligthtly with volume growth. Fees received from payment transactions fell from the comparison year.

Net investment income totalled EUR 17.8 million (EUR 20.5 million), i.e., it was 13.2% lower than in the comparison year. Net investment income is largely made up of realised gains on available-for-sale financial assets.

The net life insurance income totalled EUR 11.8 million (EUR 15.2 million). Premiums written decreased by 7.4% year-on-year. Net investment income also fell by 4.4%, being EUR 33.1 million (EUR 34.6 million).

Other operating revenue, EUR 12.7 million, includes EUR 8.0 million of income related to the Visa Europe trade. At the end of 2015, the Board of Directors of Visa Europe agreed to sell the company to United States Visa Inc. in accordance with the authorisation from the company's owners, provided that the necessary authorities' permissions are received. The necessary authorisations were obtained during the spring and early summer, the last one being the approval from the EU competition authorities in June 2016. The division of the selling price between the owners was secured towards the end of 2016.

Operating expenses grew in their entirety by 7.6% to EUR 168.8 million (EUR 156.9 million). Personnel expenses increased by 7.8% to EUR 76.1 million (EUR 70.6 million). The average amount of the total resources of the Savings Banks Group in the financial year grew correspondingly by 5.1%, being 1,250 person-years in the financial year 2016. Other administrative expenses grew by 10.6%, being 63.0 million (56.9 million). The growth is significantly explained by the expenses related to the card operations. The issuance of credit cards was transferred in December 2015 to the Savings Banks Group, due to which the comparison year did not yet include similar expense items. Other operating expenses showed growth particularly in rental expenses.

The Group's cost to income ratio was 64.4% (63.4%). The cost to income ratio has been calculated without the impact of depreciation of property, plant and equipment and intangible assets.

Depreciation, amortisation and impairment of property, plant and equipment and intangible assets stood at EUR 10.7 million (EUR 10.7 million) in the financial year, i.e., at the level of the comparison year.

Impairments on credits and other receivables were registered as a total of EUR 8.4 million (EUR 6.1 million) which is 0.12% (0.10%) of the loan portfolio. Non-performing receivables remained at the level of the comparison year, and amounted to 0,95% of the loan portfolio (0.94%).

The Group's effective income tax percentage was 17.8% (17.3%).

Balance sheet and funding (comparison figures 31 December 2015)

The balance sheet of the Savings Banks Group totalled EUR 10.4 billion at the end of 2016 (EUR 9.2 billion), representing growth of 13.4%. The Group's return on assets was 0.6% (0.7%).

Loans and advances to customers amounted to EUR 6.9 billion (EUR 6.3 billion), growing by 10.0% year-on-year. A large part of the growth, approximately 4.0%, was due to the transfers of loans intermediated by Savings Banks from Aktia Real Estate Mortgage Bank Plc to Savings Banks Group's own balance sheet during the spring of 2016. Loans and advances to credit institutions amounted to EUR 20.9 million (EUR 74.5 million), showing a decrease of 72.0%. The Savings Banks Group's investment assets stood at EUR 1.3 billion (EUR 1.3 billion), and grew by 2.8%. Life insurance assets amounted to EUR 708.4 million (EUR 581.9 million), showing growth of 21.7%.

Liabilities to customers amounted to EUR 6.1 billion (EUR 5.9 billion); representing a year-on-year growth of 3.5%. Liabilities to credit institutions stood at EUR 227.0 million (EUR 351.2 million), decreasing by 35.4%. Debt securities issued stood at EUR 2.0 billion (EUR 1.0 billion). Sp Mortgage Bank belonging to the Savings Banks Group successfully issued a covered bond of EUR 500 million in November. In addition, the Central Bank of Savings Banks Finland Plc issued a total of EUR 524.0 million of bonds and private placement loans in the financial year. Life insurance liabilities amounted to EUR 664.3 million (EUR 544.2 million), growing by 22.1%.

The Savings Banks Group's equity stood at EUR 953.4 million (EUR 880.7 million), showing an increase of 8.3%. The share of non-controlling interests of the equity was EUR 24.0 million (EUR 22.5 million). The Group's growth of equity is mainly explained by the profit of the financial year and the change in fair value recorded in other comprehensive income, which was EUR 17.1 million in the financial year. The impact of cash flow hedging on equity was EUR 0.3 million. During the financial year, other comprehensive income after tax totalled EUR 17.1 million (EUR -15.1 million). The Group's return on equity was 6.2% (6.7%).

Capital adequacy and risk position

Capital adequacy (comparison figures 31 December 2015)

At the end of 2016, the Savings Banks Amalgamation had a strong capital structure, consisting primarily of CET1 capital. Total own funds were EUR 936,6 million (EUR 874.3 million), of which CET1 capital accounted for EUR 887.9 million (EUR 824.5 million). The growth in CET1 capital was due to the profit for the period. Tier 2 (T2) capital accounted for EUR 48,7 million (EUR 49.7 million), which consisted of debentures in the financial year. Risk-weighted assets amounted to EUR 4,805.4million (EUR 4,643.7 million), i.e., they were 3.5% higher than at the end of the previous year. The most significant change related to the increase in risk-weighted assets was the growth in the mortgage portfolio. The capital ratio of the Savings Banks Amalgamation was 19.5% (18.8%) and the CET1 capital ratio was 18.5% (17.8%).

At the beginning of 2015, the capital requirement on banks became higher as Finland adopted the capital conservation buffer and the countercyclical capital buffer. The capital conservation buffer increased the capital adequacy requirement from 8% to 10.5% when calculated on the basis of risk-weighted assets. The countercyclical capital buffer will vary between 0% and 2.5%. The decision on the adoption and percentage of the countercyclical capital buffer is made quarterly by the Board of the Financial Supervisory Authority on the basis of its macroprudential analysis. In 2016, the Financial Supervisory Authority did not set a countercyclical capital buffer requirement for Finnish credit institutions.

The standard method is used to calculate the capital requirement to the credit risk of the Savings Banks Amalgamation. The capital requirement to the operational risk is calculated by the basic method. The capital requirement relating to the market risk is calculated by the basic method on the foreign exchange position.

Capital adequacy's main items

Own Funds (EUR 1,000)	31.12.2016	31.12.2015
Common Equity Tier 1 (CET1) capital before regulatory adjustments	915,685	849,784
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-27,835	-25,252
Common Equity Tier 1 (CET1) capital	**887,850**	**824,531**
Additional Tier 1 (AT1) capital before regulatory adjustments	0	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0
Additional Tier 1 (AT1) capital	**0**	**0**
Tier 1 capital (T1 = CET1 + AT1)	**887 ,850**	**824,531**
Tier 2 (T2) capital before regulatory adjustments	48,717	44,776
Total regulatory adjustments to Tier 2 (T2) capital	0	4,956
Tier 2 (T2) capital	**48,717**	**49,732**
Total capital (TC = T1 + T2)	**936,567**	**874,263**
Risk weighted assets	**4,805,436**	**4,643,728**
of which: credit and counterparty risk	4,250,278	4,097,876
of which: credit valuation adjustment (CVA)	98,561	104,611
of which: market risk	35,147	47,483
of which: operational risk	421,450	393,759
Common Equity Tier 1 (as a percentage of total risk exposure amount)	18.5 %	17.8 %
Tier 1 (as a percentage of total risk exposure amount)	18.5 %	17.8 %
Total capital (as a percentage of total risk exposure amount)	19.5 %	18.8 %
Capital requirement		
Total capital	936,567	874,263
Capital requirement total*	504,571	487,591
Capital buffer	431,996	386,672

*The capital requirement of 10.5% is formed by the statutory minimum capital adequacy requirement of 8%, the capital conservation buffer of 2.5% according to the Act on Credit Institutions, and the country-specific countercyclical capital requirements of foreign exposures.

Leverage ratio

The Savings Banks Amalgamation's leverage ratio was 9.1% (9.2%). The leverage ratio has been calculated according to the known regulation, and it describes the ratio of the Amalgamation's Tier 1 capital to total liability. The Savings Banks Amalgamation monitors excessive indebtedness as part of its capital adequacy management process.

Leverage ratio

(EUR 1,000)	31.12.2016	31.12.2015
Tier 1 capital	887,850	824,531
Total leverage ratio exposures	9,801,832	8,946,523
Leverage ratio	9.1 %	9.2 %

Supervision by the Financial Supervisory Authority

The Savings Banks Amalgamation is under the direct supervision of the Financial Supervisory Authority. The Financial Supervisory Authority set in December a discretionary capital conservation buffer for the Savings Banks Amalgamation according to the Act on Credit Instititions as part of the supervisor's assessment (SREP) related to the process. The discretionary capital conservation buffer is 0.5% in size, and it shall be filled with CET1 capital. The discretionary capital conservation buffer will enter into force on 30 June 2017.

Resolution plan

The Directive of the European Parliament and of the Union 2014/59/EU on the recovery and resolution framework of credit institutions and investment service firms was brought nationally into force as of 1 January 2015 (the Act on the crisis solution of credit institutions and investment service firms). To implement the resolution act, the Financial Stability Authority was established (the Act on the Financial Stability Authority, 1995/2014), which created a resolution plan for the Savings Banks Amalgamation in the early year 2017. As part of the resolution plan, at the Amalgamation level a requirement will be set on the amount of own funds and deductible liabilities (MREL requirement), and it will enter into force on 31 December 2017. The requirement will not be directed at the member credit institutions, but the member credit institution-specific requirement will be assessed again in 2018. The MREL requirement is in nature a Pillar 2 -type minimum requirement, which must be fulfilled continuously.

Risk position

Risk management and internal control of the Savings Banks Group is a part of the internal control framework applied within the Group and the Amalgamation. It is also at the core of the Group's operational activities. It is the responsibility of the Central Institution's Board of Directors to steer the operation of the Amalgamation and, in order to safeguard liquidity and capital adequacy, issue instructions to the member companies on risk management, corporate governance, internal control and compliance with harmonised accounting principles in the preparation of the consolidated financial statements.

The Central Institution approves the principles for the Group's internal control framework. The following functions, which are independent of business operations, have been established within the Central Institution to ensure effective and comprehensive internal control in all the member companies within the Amalgamation and the Group:

- Independent risk control
- Compliance function
- Internal audit

The Central Institution's Risk control function maintains and develops methods for managing risks within the Group. This ensures that all, even new, fundamental but previously unidentified risks are covered by the risk management of the Group's business lines.

All significant loans or commitments including significant risk are made in accordance with collegial decision-making processes, and there is a lending authority limit structure in place. Internal operational guidelines are used to steer business operations and processes. Compliance with the internal guidelines as well as the updating process of the guidelines is monitored. All decisions and significant business operations are documented and archived. An essential part of risk management is executed in daily supervision. The execution of decisions made is monitored through an approval and verification process, controls and reconciliations together with adequate monitoring and reporting. The most significant risks affecting the operation of the Group are credit risk, liquidity risk, interest rate risk, operational risk, real estate risk, as well as various business risks.

Credit ratings

S & P Global Ratings confirmed in November the long-term credit rating of 'BBB+' for Central Bank of Savings Banks Finland Plc belonging to the Savings Banks Group and the short-term credit rating of ('A-2'). S&P lifted the outlook for Central Bank of Savings Banks Finland Plc to be positive from the previous outlook of stable. The previous credit rating assessment by S&P was made in May 2016.

The Central Bank of Savings Banks Finland Plc is part of the Savings Banks Amalgamation. The role of the Central Bank of Savings Banks is to ensure the liquidity and fund-raising of the Savings Banks Group. The Central Bank of Savings Banks raises funds and operates in the money and capital markets on behalf of the Group, manages settlements and the internal balancing of the Group's liquidity. The Central Bank of Savings Banks also manages the levelling out of the Group's internal liquidity.

Supervisory Board, Board of Directors and auditors of the Savings Banks' Union Coop

Under the by-laws of the Savings Banks' Union Coop, the Union's Supervisory board has no less than 9 and no more than 35 members, each of whom has a designated deputy. Under the operating principles of the Group, the trustee chairmen of the Savings Banks' boards of directors are elected to the Supervisory Board as regular members and the deputy chairmen as deputy members. Other members may also be elected to the Supervisory Board, within the limits set for the number of members. No other members apart from the chairmen were elected to the Supervisory Board in 2016.

The Supervisory Board included 22 members. The chairman of the Supervisory Board was Jaakko Puomila (chairman of the Board of Directors of Länsi-Uudenmaan Säästöpankki) and the deputy chairman was Pauli Kurunmäki (chairman of the Board of Directors of Huittisten Säästöpankki).

As of the annual general meeting of Savings Banks' Union Coop in 2016, the following persons have been members of the Board of Directors:

Jussi Hakala, chairman (Liedon Säästöpankki)

Matti Saustila, deputy chairman (Eurajoen Säästöpankki)

Pirkko Ahonen (Aito Säästöpankki Oy)

Toivo Alarautalahti (Huittisten Säästöpankki)

Hans Bondèn (Närpiön Säästöpankki Oy)

Kalevi Hilli (Säästöpankki Optia)

Hanna Kivelä (independent of Savings Banks)

Jan Korhonen (Suomenniemen Säästöpankki)

The Board of Directors of Savings Banks' Union Coop constitutes a quorum when five members are present. The Board of Directors of Savings Banks' Union Coop will be elected at the annual general meeting of the Savings Banks' Union Coop cooperative on 16 March 2017.

The Managing Director of the Savings Banks' Union Coop is Pasi Kämäri.

At the annual general meeting of the Savings Banks' Union Coop cooperative on 17 March 2016, KPMG Oy Ab, Authorised Public Accountants, was elected as the auditor of Savings Banks' Union Coop. The chief auditor designated by the firm is Petri Kettunen, Authorised Public Accountant.

Personnel

At Savings Banks Group, every employee is an expert of their own work. That is why the Group strongly invests in the development of the continuous expertise of personnel. To support the development of expertise, an internal Academy has been established in the Savings Banks Group, which ensures the continuous development of the know-how of the Group's personnel. During the year, the Academy built learning paths for different roles, and organised training events supporting these. During the year, there were 156 internal training events, and approximately 5,500 people participated in them. The number of participants grew significantly compared to the previous year.

In 2016, a uniform management image was built for the Savings Banks Group, which creates a strong basis and clear objectives for the development of supervisory work and management. To support good personnel management and know-how, the Group also introduced a new personnel management information system.

The number of the Savings Banks Group personnel at the end of 2016 was 1,270, while at the end of 2015, 1,230 persons worked in the Group. Converted into total resources, personnel volumes were an average of 1,250 in the financial year. (2015: 1,189). As in the previous year, women accounted for 77% and men for 23% of all employees. There was no change in the average age (44) of personnel. Overall turnover of personnel was 3.9% (4.7%).

Social responsibility

Right from the start, when the first Savings Bank was established in Finland in 1822, the concept of responsibility has played a part in the operation of the Group. In line with the Savings Bank ideal, the basic mission of Savings Banks has been to help the hard-working population of Finland to prosper and take better care of its finances.

Today, the responsible approach taken by Savings Banks is evident in all aspects of a bank's activities. It can be seen in the bank's attitude towards its customers, its partners, its operating sphere, the authorities, the environment as well as other stakeholders. The Savings Banks Group adheres to the principles of corporate governance, openness and the Group's ethical rules.

Promoting social well-being locally

Savings Banks do not operate on the principle of fast short-term profits or with a view to exploiting their customers' circumstances. Savings Banks base their operation on their efforts to promote their customers' personal wealth accumulation and financial management. When Savings Banks' customers prosper and their welfare increases, the Savings Banks prosper as well.

From the start, Savings Banks have directed a proportion of their profits to enhancing welfare within their operating areas. It is important to Savings Banks that towns, villages and communities in Finland retain their vitality and positive development trends. Rather than making major one-off donations, Savings Banks prefer to give their support to several good, local projects. In recent years, Savings Banks have called on their customers to help with their mission.

In 2016, Savings Banks made financial contributions to work with children and young people, war veterans, the elderly, junior sport as well as other leisure activities. Contributions were made to over hundred targets. The Savings Banks Research Foundation granted scholarships to university researchers and study projects. In addition, Savings Bank trusts owning limited liability-format Savings Banks have made significant contributions in various parts of the country. They also distributed considerable sums to non-profit purposes in 2016.

Financial accountability

Financial accountability refers to good profitability, capital adequacy and liquidity, good governance and responsible leadership. Savings Banks want to ensure that their customers and partners are able to rely on the bank's judgment and sense of responsibility in all circumstances.

To maintain financial accountability, the Savings Banks have to ensure their capital adequacy and liquidity even in poor economic conditions. A particular feature that applies to Savings Banks is that they take responsibility for promoting saving and financial well-being among the local population.

For example, Savings Banks only provide their customers with loans and credit that they can manage without straining their finances.

The Group also takes a responsible attitude towards the Finnish economy. Savings Banks pay all of their taxes directly to Finland. They do not participate in controversial tax planning practices. In 2016, we paid EUR 13.2 million in income taxes. The Group employs over 1,270 financial and service industry professionals around the country. Through its presence on the various committees of the Federation of Finnish Financial Services, the Group contributes actively to the development of the Finnish banking sector.

Environmental responsibility

As an accountable Savings Banks Group, the Group also feels a responsibility for the environment. Business travel and meetings are replaced with telephone and video conferencing. Unnecessary paper use is reduced and eco-friendly alternatives are favoured.

Operations and profit by business segment

Banking services

The Banking segment includes the member Savings Banks of the Amalgamation, Central Bank of Savings Banks Finland Plc and Sp Mortgage Bank Plc. The Savings Banks provide retail banking services and Central Bank of Savings Banks Finland Plc acts as their central credit institution. Sp Mortgage Bank Plc engages in residential mortgage credit operations.

Customer relationships

Savings Bank customers value their own bank and are also ready to recommend it to their acquaintances. In the EPSI Rating study of the year 2016, Savings Banks were number two in customer satisfaction among the banks. In the Customer Marketing Union's Customer Index, our customer experience is the best in the banking industry. Savings Banks also annually conduct their own survey on their customers. In 2016, 11,200 customers responded to the survey. They provided valuable information on their satisfaction and ideas to support continued development. The overall satisfaction of Savings Banks' customers continued to be at an excellent level.

To ensure excellent customer experiences, a continuous survey measuring the quality of customer negotiations was started during 2016. More than 10,000 customers provided feedback during the year. The customer recommendation index is a key indicator of success for the Savings Banks Group.

Trend in customer numbers

At the end of 2016, Savings Banks had more than 470,700 customers. Some 28,000 new customer accounts were opened during the year, most of them for families with children. During the year, the customer portfolio was reviewed, and such services were discontinued that had not been used in three years. As a result, the number of customers remained almost unchanged, as there was growth from the previous year of 0.1%. Private customers accounted for 88% of the entire customer base.

In the past year, apart from acquiring new customers, Savings Banks have focused on maintaining current customer relationships: in 2016, the Savings Banks' customer service personnel met with just under one-third of all the customers of the whole Group.

Applying the Savings Banks' own customer service concept, "A Moment with Your Personal Finances", customer service advisors discussed existing and future financial needs with approximately 72,000 customers in 2016. Through this service, the customer's current and future banking needs were extensively reviewed.

In 2016, 3% more customers than in the previous year appointed a Savings Bank as their main bank. The number of insurance and fund saving customers increased by almost 11%.

The Savings Banks are the third most valued banking brand

The long-term work to develop the brand and recognition of the Savings Banks has produced results during 2016. In the study on brand valuation of Markkinointi&Mainonta magazine and Taloustutkimus Oy in 2016, the Savings Banks brand rose to be the third most valued bank.

The use of the mobile application grows fast

The use of the Sp-mobile application published in 2015 continued its strong growth in 2016 among both personal and corporate customers. The number of application users doubled during 2016. The development will probably continue in the same direction in 2017 with the development of the Sp-mobile and the changes in customer behaviour.

School of economics for the customers of Savings Banks and other banks

In the spring of 2016, Savings Banks launched a School of economics, which offers its members tips and guidelines for the management of finances and the accumulation of wealth. Customers of Savings Banks and other banks may join the School of economics. The first guide was a guide of Housing investment, which received a lot of positive feedback from the members of the School of economics. At the end of 2016, the School of economics had 92,500 members.

The use of payment cards is becoming diversified

The contactless payment launched in December 2015 increased its popularity among Savings Banks' customers' card payments throughout the year. During 2016, new additional services for payment cards were developed for customers.

TalletusOtto automatons were taken into use for the Savings Banks' cards in the spring. At the same time, cooperation with the K-Group was begun in terms of withdrawals of cash from K-grocery stores and Neste K -traffic stations. Savings Banks' customers found both services quickly during the summer, and their use is constantly growing. The image gallery of payment cards was also renewed in the summer. The national treasures now travel in the customers' wallets as art works and aphorisms. Savings Banks' customers enjoy the opportunity to personalise card payments, and besides gallery photographs, images of the family, hobbies and dreams are popular.

Launch of Sp-Mortgage Bank functions

Sp Mortgage Bank Plc received an authorisation to operate as a mortgage credit bank, granted by the European Central Bank, on 21 March 2016, and the Bank's operations were started immediately on 29 March 2016. Sp Mortgage Bank was the first Finnish bank which applied for and received its authorisation from the European Central Bank.

Sp Mortgage Bank does not have its own customer business operations or service network; instead, the Savings Banks that belong to the Savings Banks Amalgamation intermediate and sell residential mortgage loans for Sp Mortgage Bank. The Savings Banks also see to the local customer relationship management.

The role of Sp Mortgage Bank is, together with the Central Bank of Savings Banks Finland Plc, to be responsible for obtaining funding for the Savings Banks Group from money and capital markets. Sp Mortgage Bank is responsible for Savings Banks Group's covered bond issuance.

To fulfil its aforementioned task, Sp Mortgage Bank established a programme of EUR 3 billion of covered bonds in November. Within this framework, the Bank issued a covered bond of EUR 500 million. S & P Global Ratings granted a credit rating of AAA for the bond.

Central Bank of Savings Banks strengthened its role as the central credit institution

The Central Bank of Savings Banks Finland Plc is a bank owned by savings banks, which produces various Central Bank services for savings banks. The Central Bank of Savings Banks Finland Plc's services are focused on payment transactions and account management services, issue services for the payment cards of the Amalgamation, and liquidity management, refinancing and asset and liability management.

During 2016, the focus of the refinancing of Central Bank of Savings Banks was on ensuring the refinancing of the Amalgamation banks, and on ensuring the mezzanine financing for Sp Mortgage Bank Plc. During the financial year, Central Bank of Savings Banks issued two-year senior unsecured bonds with a total value of EUR 524 million under the EMTN programme listed on the Irish Stock Exchange, of which 250 million were through a public two-year emission in January 2016.

In November, S&P Global Ratings confirmed that the credit rating of Central Bank of Savings Banks is to remain in the category of 'BBB+'. The short-term credit rating remained at the level of 'A-2'. The outlook changed from stable to positive.

With regard to its other operations, Central Bank of Savings Banks has continued the maintenance and development of its central credit institution services according to its strategy and plans during the year of operations. The Amalgamation's centralised asset and liability management operations were established in Central Bank of Savings Banks in June 2016. As part of the Savings Banks Group's strategic objectives, the transfer of the account management operations within the Group from Nooa Savings Bank Ltd to Central Bank of Savings Banks was implemented in October 2016. Central Bank of Savings Banks is centrally responsible for the management of the book-entry accounts of the customers of the Savings Banks, the clearing of securities trades, return payments and the processing of company events. Euroclear Finland Oy granted the necessary authorisations for the operations of the Central Bank of Savings Banks as of 10 October 2016.

Savings Banks sold their shares in Aktia Real Estate Mortgage Bank

In September 2012, the operations of Aktia Real Estate Mortgage Bank Plc were restricted by the decision of the Board of Directors of Aktia Real Estate Mortgage Bank Plc to control and refinance existing residential mortgage loans. In October 2015, the Savings Banks Group agreed on the selling of the minority share of Aktia Real Estate Mortgage Bank Plc to Aktia Bank and the merging of Aktia Real Estate Mortgage Bank Plc with Aktia Bank. The Savings Banks Group sold its holdings in the company to Aktia Bank in September 2016. The transaction did not have a significant effect on the Savings Banks Group's profit. The loan portfolio of the Savings Banks intermediated to Aktia Real Estate Mortgage Bank Plc will be transferred through loan portfolio repurchases to Savings Banks Group.

Financial performance (comparative figures 1 –12/2015)

Profit before tax of Banking operations stood at EUR 50.0 million (EUR 52.8 million). Net interest income stood at EUR 131.7 million (EUR 125.0 million), representing growth of 5.3%. Net fee and commission income were EUR 51.3 million (EUR 49.5 million), which represented growth of 3.6%. Net investment income was EUR 19.1 million (EUR 19.8 million). Net investment income is largely made up of realised capital gains on available-for-sale financial assets. Other operating revenue amounted to EUR 12.2 million (EUR 8.4 million). Other operating revenue includes non-recurring items both in the financial year and in the comparison year. Other operating revenue included EUR 8.0 million of income related to the Visa Europe trade. In the comparison year, other operating revenue included EUR 6.2 million in capital recovery from the Savings Banks' Guarantee Fund. Savings Banks' Guarantee Fund discontinued its operations according to plan in the spring of 2015.

Personnel expenses grew by 6.0%, being EUR 63.5 million (EUR 59.9 million). The number of personnel in the Banking operations segment was 1,076 (1,104) at the end of the financial year. Other operating expenses grew by 11.3% to EUR 82.9 million (EUR 74.5 million).

The balance sheet for banking operations amounted to EUR 9.6 billion (EUR 8.5 billion), representing a growth of 13.8%. The growth of the balance sheet was boosted by the issues implemented by Central Bank of Savings Banks Finland Plc under the EMTN programme, and the first issue of the covered bond by Sp Mortgage Bank Plc, which increased the balance sheet of the segment by 1.0 billion. Liabilities to credit institutions fell to EUR 227.0 million (EUR 351.2 million). Liabilities to customers, in turn, increased by 3.5% to EUR 6.1 billion (EUR 5.9 billion).

Loans and advances to customers grew by 10.0% to EUR 6.9 billion (EUR 6.3 billion). Of the growth, approximately 4.0 percentage points is explained by the transfers of loans intermediated by Savings Banks to Aktia Real Estate Mortgage Bank Plc to the balance sheets of Savings Banks and Sp Mortgage Bank during 2016. A total of EUR 162.3 million of residential mortgage loans mediated by Savings Banks were at Aktia Real Estate Mortgage Bank Plc at the end of the financial year. The loan portfolio will be transferred through loan portfolio repurchases to Savings Banks Group. Loans and receivables from credit institutions amounted to EUR 20.9 million (EUR 74.5 million).

Asset management and life insurance

The Asset Management and Life Insurance segment comprises Sb-Fund Management Company Ltd and Sb Life Insurance Ltd. Sp-Fund Management Company Ltd offers investment fund and asset management services, while Sb Life Insurance Ltd provides life insurance policies.

The fund capital managed by the Savings Banks Group's asset management operations totalled EUR 1.9 billion (EUR 1.6 billion) at the end of the year, representing a growth of 19.2% on the previous year. Taking into account the assets managed in accordance with asset management agreements, the total assets managed amounted to EUR 2.1 billion (EUR 1.7 billion).

The number of fund unit holders grew by 12.2% and was 159,968 unit holders (142,606 unit holders) at the end of the review period.

The Savings Banks Group fund management company managed 19 investment funds at the end of 2016. During the financial period, one new investment fund was brought to the market, Säästöpankki Kiinteistöosake Eurooppa, which started its operations in May. Säästöpankki Kiinteistöosake Eurooppa invests its funds mainly in European real estate and housing markets. The investments of the fund are implemented either through direct stock investments or investment funds meeting the preconditions of the investment fund directive and UCITS.

Net subscriptions to the Savings Bank investment funds were a total of EUR 202.4 million during 2016. With this amount, the Group's investment fund was the fifth largest of the 28 Finnish investment fund companies.

At the end of 2016, the largest of the Savings Banks investment funds was Savings Bank Interest Plus investment fund with capitals of EUR 448.9 million. With 32,618 unit holders, the investment fund was also the largest in terms of the number of unit holders. Savings Banks collected most of the new capital from the Savings Banks' Korko Plus investment fund, whose net subscriptions were EUR 114.3 million.

Life insurance savings were EUR 643.2 million (EUR 530.5 million) at the end of the year, representing a growth of 21.1%. Unit-linked insurance savings were EUR 516,5 million at the end of the year (EUR 397.1 million), growing by 30.1%. Life insurance premium income was EUR 138.0 million (EUR 148.8 million), representing a decline of 7.3%. EUR 38.8 million was paid out in claims (EUR 25.0 million), which shows a year-on-year growth of 55.3%. The compensation also includes surrenders.

The year 2016 was challenging in the life insurance business.

Premium income fell in the industry on average 30%, and this was seen particularly strongly in the savings products segment of personal customers. With regard to Sb Life insurance, the weakened demand for savings products decreased the premium income by 8.1%. The premium income of risk life insurance developed positively by 7.3% compared to the previous year.

Financial performance (comparison figures 1– –12/2015)

Profit before tax for the Asset Management and Life Insurance segment was EUR 21.0 million (EUR 22.3 million).

The net income from life insurance activities amounted to EUR 11.8 million (EUR 15.7 million), and they declined by 24.9%. The net investment income of life insurance was EUR 33.1 million (EUR 34.6 million). In the comparison period, life insurance net investment income grew, among other things, due to the realisation of available-for-sale financial assets as a result of changing the asset manager.

Net fee and commission income was EUR 21,3 million (EUR 18.9 million), which meant 12,8 % of growth. The amount of net fee and commission income rose especially due to increases in customer assets and managed capital.

Other operating expenses declined by 1.5% to EUR 12.1 million (EUR 12.3 million). Personnel expenses were at the same level as on comparison year being 5.7 million (EUR 5.7 million). The number of segment personnel at the end of the financial year was 79 (72). Other operating expenses amounted to EUR 4.9 million (EUR 5.0 million).

The asset management and life insurance segments' balance sheet grew during the financial year by 24.3%, being EUR 715.0 million (EUR 589.6 million).

Other functions

Other functions include Savings Banks' Union Coop, Sp-Koti Oy, Säästöpankkien Holding Oy and other companies consolidated within the Group. Other functions do not form a reportable segment.

The franchising company Sp-Koti Oy, focusing on real estate agency business, grew clearly more than the housing market, while the turnover grew by 19.6% and the trades grew by 12.6%. In the housing market, the number of trades implemented by real estate agency businesses on second-hand housing grew by approximately 3%. In the companies and number of agents, no changes took place compared to the previous year, but the growth was based on the better success of the agents and the rise in the average prices of sold apartments.

In 2016, Sp-Koti included 32 companies (2015: 35 companies), one own unit and on average eight business entrepreneurs. With regard to offices, the chain is the fourth largest and with regard to sold apartments, the third largest real estate agency business in Finland.

An electronic hint system was introduced from the beginning of March between the chain and the Savings Banks. In addition, a renewed franchising agreement and the Entrepreneur's Manual were introduced in January. With the new agreement, a pricing change was made for the franchising concept, which will improve the profitability in the future.

A continued development project of business models was launched in December, and the project will be completed in Q1/2017. Different business models in the future will enable faster growth in a fiercer competitive situation in a number of localities.

Material events after the closing date

The Board of Directors of the Savings Banks' Union Coop is not aware of any factors which would materially influence the financial position of the Savings Banks Group after the completion of the financial statements.

Outlook for 2017

Outlook for the operational environment

During 2017, the positive development in the labour market will continue, and the outlook in the industry will also improve. The structural reforms driven by the Government have progressed more slowly than expected and, as a result, the sufficiency of the measures can be called into question. The employment targets set by the Government will not be achieved. To support economic growth, additional measures to improve the functionality of the employment market should be examined to drive the structural reforms further.

The year 2017 will be coloured by political risks in Europe. At the same time, the new US President will launch the changes presented in the election programme. These factors will cause uncertainty in the investment markets, but the positive development in the economy will continue next year. This will have a stabilising impact on the investment markets.

The great debt burden in the Chinese national economy and the slowdown of economic growth will be, for their part, significant risk factors in the coming years. Significant risks are still connected to the growth outlook in the emerging markets, but the recovery of the raw material prices and the economic growth experienced in the Western countries are stabilising factors. Global economic growth will recover close to a 3 % level during next year, and the most significant positive impact will be the development of the economy in the United States.

Business outlook

The low level of market interests will still challenge the economic performance in 2017. However, the low interest rates will not jeopardise the performance or capital adequacy of the Savings Banks Amalgamation. The Savings Banks Group is solvent and the risk position of the Group is moderate.

In 2017, the business of the Savings Banks Group will focus on improving the competitiveness of the Group and implementing a customer-oriented strategy. Savings Banks are well placed to achieve this. In 2017, the Group aims to acquire a larger number of customers who will focus their banking services on a Savings Bank.

The Savings Banks Group's profit before tax is estimated to be almost at the same level as in 2016. This estimate is based on the current view of economic development. The expectations include uncertainties due to economic circumstances which have an impact on the estimated result; especially with regard to loan write-downs and investment income.

Further information:

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The release of the financial statements has been audited.
Releases and other corporate information are available on the Savings Banks Group's website at *www.saastopankki.fi/saastopankkiryhma*

Formulas used in calculating the financial highlights:

Revenues	Interest income, fee income, net trading income, net investment income, net life insurance income, other operating revenue
Total operating revenue	Net interest income, net fee and commission income, net trading income, net investment income, net life insurance income, other operating revenue
Total operating expenses	Personnel expenses, other operating expenses (excluding depreciations)
Cost to income ratio	$\frac{\text{Total operating expenses}}{\text{Total operating revenue}}$
Return on equity %	$\frac{\text{Profit}}{\text{Equity, incl. non-controlling interests (average)}}$
Return on assets %	$\frac{\text{Profit}}{\text{Total assets (average)}}$
Equity/assets ratio %	$\frac{\text{Equity (incl. non-controlling interests)}}{\text{Total assets}}$

RELEASE OF FINANCIAL STATEMENT

Savings Banks Group's income statement

(EUR 1,000)	Note	1-12/2016	1-12/2015
Interest income		180,663	182,812
Interest expense		-48,970	-57,794
Net interest income	**4**	**131,693**	**125,018**
Net fee and commission income	5	71,428	68,850
Net trading income		-56	-1,350
Net investment income	6	17,809	20,526
Net life insurance income	7	11,810	15,178
Other operating revenue	8	12,692	2,309
Total operating revenue		**245,376**	**230,531**
Personnel expenses		-76,117	-70,632
Other operating expenses		-81,944	-75,496
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-10,732	-10,737
Total operating expenses		**-168,792**	**-156,865**
Net impairment loss on financial assets	10	-8,411	-6,127
Associate's share of profits		1,430	2,160
Profit before tax		**69,603**	**69,699**
Taxes		-12,406	-12,080
Profit		**57,197**	**57,619**
Profit attributable to:			
Equity holders of the Group		56,361	56,135
Non-controlling interests		835	1,484
Total		**57,197**	**57,619**

Savings Banks Group's statement of comprehensive income

(EUR 1,000)	1-12/2016	1-12/2015
Profit	**57,197**	**57,619**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit obligation	-194	621
Total	**-194**	**621**
Items that are or may be reclassified to profit or loss		
Changes in fair value reserve		
Fair value measurements	17,057	-14,761
Cash flow hedges	254	-985
Share of other comprehensive income of associates	0	68
Total	**17,312**	**-15,678**
Total comprehensive income	**74,315**	**42,562**
Attributable to:		
Equity holders of the Group	72,796	42,821
Non-controlling interests	1,519	-259
Total	**74,315**	**42,562**

Savings Banks Group's statement of financial position

(EUR 1,000)	Note	31.12.2016	31.12.2015
Assets			
Cash and cash equivalents		1,100,784	546,340
Financial assets at fair value through profit or loss		118,055	162,234
Loans and advances to credit institutions	10	20,855	74,522
Loans and advances to customers	10	6,942,744	6 312,589
Derivatives	11	72,024	70,845
Investment assets	12	1,306,780	1 270,588
Life insurance assets	13	708,374	581,866
Investments in associates		7,086	45,731
Property, plant and equipment		56,711	54,029
Intangible assets		22,137	19,129
Tax assets		3,977	3,313
Other assets		64,119	48,202
Total assets		**10,423,646**	**9,189,391**
Liabilities and equity			
Liabilities			
Financial liabilities at fair value through profit or loss		108,595	144,071
Liabilities to credit institutions	14	227,049	351,241
Liabilities to customers	14	6,121,627	5 914,898
Derivatives	11	2,289	1,588
Debt securities issued	15	2,049,588	1,042,238
Life insurance liabilities	16	664,327	544,236
Subordinated liabilities		121,735	146,336
Tax liabilities		66,403	62,122
Provisions and other liabilities		108,631	101,967
Total liabilities		**9,470,245**	**8,308,697**
Equity			
Basic capital		20,338	20,338
Reserves		291,361	267,766
Retained earnings		617,709	570,131
Total equity attributable to equity holders of the Group		**929,408**	**858,235**
Non-controlling interests		23,994	22,458
Total equity		**953,402**	**880,694**
Total liabilities and equity		**10,423,646**	**9,189,391**

Savings Banks Group's statement of cash flows

(EUR 1,000)	1–12/2016	1–12/2015
Cash flows from operating activities		
Profit	57,197	57,619
Adjustments for items without cash flow effect	10,938	17,169
Income taxes paid	-13,158	-16,448
Cash flows from operating activities before changes in assets and liabilities	**54,976**	**58,340**
Increase (-) or decrease (+) in operating assets	**-763,777**	**-762 909**
Financial assets at fair value through profit or loss	9,021	2,572
Loans and advances to credit institutions	6,351	137,866
Loans and advances to customers	-638,453	-670,230
Available-for-sale financial assets	-19,836	-72,548
Increase in held-to-maturity financial assets	-383	-26,907
Decrease in held-to-maturity financial assets	2,488	6,400
Life insurance assets	-105,465	-140,577
Other assets	-17,500	515
Increase (-) or decrease (+) in operating liabilities	**1,217,963**	**768,192**
Liabilities to credit institutions	-124,192	-97,163
Liabilities to customers	212,167	120,681
Debt securities issued	1,001,904	594,955
Life insurance liabilities	120,091	139,594
Other liabilities	7,993	10,125
Total cash flows from operating activities	**509,162**	**63,623**
Cash flows from investing activities		
Other investments	40,980	-763
Investments in investment property and property, plant and equipment and intangible assets	-19,765	-13,646
Disposals of investment property and property, plant and equipment and intangible assets	3,203	1,542
Total cash flows from investing activities	**24,418**	**-12,867**
Cash flows from financing activities		
Increase in subordinated liabilities	15,461	19,473
Decrease in subordinated liabilities	-40,089	-42,880
Distribution of profits	-1,826	-1,602
Total cash flows from financing activities	**-26,453**	**-25,009**
Change in cash and cash equivalents	**507,127**	**25,747**
Cash and cash equivalents at the beginning of the period	**610,489**	**584,742**
Cash and cash equivalents at the end of the period	**1 117,616**	**610,489**

Cash and cash equivalents comprise the following items:

Cash	1,100,784	546,340
Receivables from central banks repayable on demand	16,832	64,149
Total cash and cash equivalents	**1,117,616**	**610,489**

Interest received	191,955	182,569
Interest paid	65,832	60,390
Dividends received	2,644	2,727

Savings Banks Group's statement of changes in equity

(EUR 1,000)	Basic capital	Share premium	Primary capital	Fair value reserve (available for sale)	Reserve for hedging instruments	Reserve fund	Other reserves	Total reserves	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interests	Total equity
Equity 1 January 2015	**10,343**	**13,003**	**34,475**	**35,540**	**4,568**	**68,381**	**136,158**	**292,125**	**511,630**	**814,099**	**27,132**	**841,230**
Comprehensive income												
Profit								0	56,135	56,135	1,484	57,619
Other comprehensive income				-13,018	-917			-13,935	621	-13,314	-1,743	-15,057
Total comprehensive income		0	0	-13,018	-917	0	0	-13,935	56,756	**42,821**	**-259**	**42,562**
Transactions with owners												
Distribution of profits								0	-1,602	-1,602		-1,602
Tranfers between items	9,995	46,420		-1,475		-4,664	-44,857	-4,576	-1,368	4,051	-4,051	0
Other changes				117		4,359	-10,023	-5,548	4,137	-1,411	-570	-1,981
Changes that did not result in loss of control		-301						-301	578	277	206	483
Total equity 31 December 2015	**20,338**	**59,122**	**34,475**	**21,163**	**3,651**	**68,076**	**81,278**	**267,766**	**570,131**	**858,235**	**22,458**	**880,694**
Equity 1 January 2016	**20,338**	**59,122**	**34,475**	**21,163**	**3,651**	**68,076**	**81,278**	**267,766**	**570,131**	**858,235**	**22,458**	**880,694**
Comprehensive income												
Profit									56,361	56,361	835	57,197
Other comprehensive income				16,374	254			16,628	-194	16,434	684	17,118
Total comprehensive income		0	0	16,374	254	0	0	16,628	56,167	**72,796**	**1,519**	**74,315**
Transactions with owners												
Distribution of profits									-1,876	-1,876		-1,876
Tranfers between items		1,234					4,157	5,391	-5,391	0		0
Other changes		-3		-14		1,592		1,575	-1,322	253	17	269
Total equity 31 December 2016	**20,338**	**60,354**	**34,475**	**37,523**	**3,905**	**69,669**	**85,435**	**291,361**	**617,709**	**929,408**	**23,994**	**953,402**

BASIS OF PREPARATION

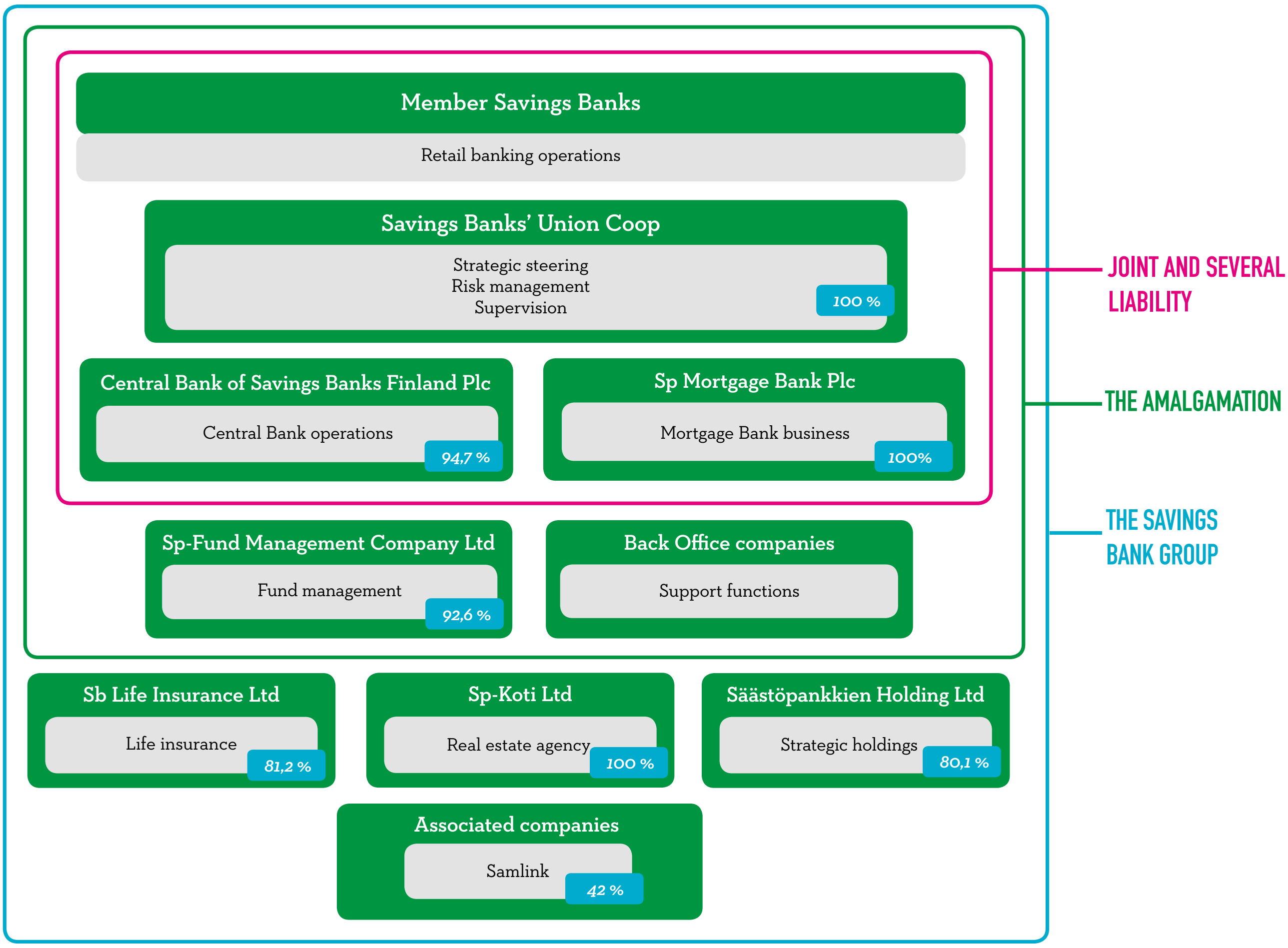
NOTE 1: DESCRIPTION OF THE SAVINGS BANKS GROUP AND THE SAVINGS BANKS AMALGAMATION

The Savings Banks Group (hereafter Group) is the most longstanding banking group in Finland. It comprises of Savings Banks that formed the Savings Banks Amalgamation, the Savings Banks' Union Coop, which acts as the Central Institution and the subsidiaries and associated companies owned by Savings Banks. Together the Savings Banks form a banking group that operates locally as well as nationally. The basic objective of the Savings Banks is to promote thrift, the financial well-being of their customers and to operate near their customers. The Savings Banks operate in the retail banking business, especially in daily banking, saving and investment products and lending. The service and product range offered is complemented with the other financial services and products provided in cooperation with the service and product companies within the Group. The service and product companies within the Group support and promote the operations of the Group via producing centralised services or having responsibility for certain products. The most significant service and product companies of the Group are Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc, Sb Life Insurance Ltd, Sp-Fund Management Company Ltd and Sp-Koti Oy.

The member organisations of the Savings Banks Amalgamation (hereafter Amalgamation) form a financial entity as defined in the Act on Amalgamations, in which the Savings Banks' Union Coop and its member credit institutions are jointly liable for each other's liabilities and commitments. The Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, 23 Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc as well as the companies within the consolidation groups of the above-mentioned entities and Sp-Fund Management Company Ltd.

The structure of the Group differs from that of the Amalgamation so that the Group also includes organisations other than credit and financial institutions or service companies. The most significant of these are Sb Life Insurance Ltd and Sp-Koti Oy. The Savings Banks' Union Coop and its member Savings Banks do not have control over each other as referred to in the general consolidation accounting principles and therefore it is not possible to define a parent company for the Group.

The structure of the Amalgamation and the Group are described in the chart below (the red section represents the joint and several liability, the green section represents the Amalgamation and the blue section represents the Group):



Sp Mortgage Bank Plc received authorisation from the European Central Bank to operate as a residential mortgage credit bank in March 2016, and the Bank's operations were started immediately. Sp Mortgage Bank belongs to the Savings Banks Amalgamation and has been a member credit institution of the Savings Banks' Union from March 2016.

In September 2016, the Savings Banks sold their holding in Aktia Real Estate Mortgage Bank Plc. Aktia Real Estate Mortgage Bank was consolidated in the consolidated financial statements using the equity method until the time of divestment, when the Group's significant control over the company ended with the transaction.

Savings Banks' Union Coop steers the operations of the Group and is responsible for the internal control framework. According to the Amalgamation Act Savings Banks' Union Coop acting as the Central Institution of the Amalgamation is obliged to prepare consolidated financial statements for the Group. The Board of Directors of Savings Banks' Union Coop is responsible for preparing the financial statements. The financial statements are prepared for the financial group formed by the Savings Banks Group. All figures presented hereafter are Group's figures unless otherwise stated.

Savings Banks' Union Coop's registered office is in Espoo and its registered address is Linnoitustie 9, FI-02600 Espoo.

The Group's financial statements and release of the financial statements are available at the website *www.saastopankki.fi/saastopankkiryhma* or at the premises of Savings Banks' Union Coop, address Linnoitustie 9, FI-02600 Espoo.

The Board of directors of Savings Banks' Union Coop has in their meeting 16 February 2017 approved the Group's consolidated financial statements for the financial year ending 31 December 2016. The consolidated financial statements will be presented to the cooperative meeting of Savings Banks' Union Coop in the meeting scheduled for 16 March 2017.

NOTE 2: ACCOUNTING POLICIES

General

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented within the EU.

The release of financial statements of 1.1.-31.12.2016 has been prepared in accordance with the IAS 34 Interim Financial Reporting -standard. Accounting principles applied in the release of financial statements are essentially the same as in the financial statement of 2015.

The release of the financial statements has been audited.

The Group's consolidated financial statements are prepared in euros, which is the accounting and operational currency of the Group. The release of financial statements is presented in thousand euros unless otherwise stated.

Critical accounting estimates and judgments

IFRS-compliant financial statements require the Group's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the financial statements.

The critical estimates of the Group concern the future and key uncertainties related to estimates at the reporting date, and they relate in particular to determining fair value, impairment of financial assets, life insurance liabilities, recognition of deferred tax on confirmed tax losses, and the present value of pension obligations.

There have not been any major changes regarding the uncertainty requiring the Group's management to exercise judgment and make estimates and assumptions compared to the financial statement of 2015.

New and amended standards applied in financial year ended

Savings Banks Group has applied as from 1 January 2016 the following new and amended standards that have come into effect.

- Annual Improvements to IFRSs (2012-2014 cycle) (effective for financial years beginning on or after 1 January 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to four standards. The impact of the changes vary by standard, but they are not significant for Savings Banks Group.

- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016). The amendments clarify the guidance in IAS 1 in relation to applying the materiality concept, disaggregating line items in the balance sheet and in the statement of profit or loss, presenting subtotals and to the structure and accounting policies in the financial statement. Savings Banks Group has made very few changes to the presentation of financial statements.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after 1 January 2016): The amendments state that revenue-based methods of depreciation cannot be used for property, plant and equipment and may only be used in limited circumstances to amortise intangible assets if revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The standard changes have not had an impact on the financial statements of Savings Banks Group, because depreciations have not been made based on sales revenue.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception* (effective for financial years beginning on or after 1 January 2016): The amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements for preparing consolidated financial statements when there are investment entities within the group. The amendments also provide relief for non-investment entities for equity accounting of investment entities. The changes have not had an impact on the financial statements of Savings Banks Group.

- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The changes have not had an impact on the financial statements of Savings Banks Group. Savings Banks Group has not had acquisitions of joint arrangements, where an acquisition of business operations would have been concerned.

Adoption of new and amended standards and interpretations applicable in future financial years

Savings Banks Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

* = not yet endorsed for use by the European Union as of 31 December 2016.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018): The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time, when the performance obligations based on customer contracts are fulfilled. The standard introduces also extensive new disclosure requirements. The new standard does not affect the revenue recognition from financial instruments or insurance contracts, and it concerns mainly various net fee and commission income items. The revenue recognition from interest and dividend yield will be based in the future on the IFRS 9

-standard, and no changes are expected for the revenue recognition compared with the current treatment of the IAS 18 -standard. The revenue recognition of Savings Banks Group is thus based to a significant degree on the IFRS 9 -standard with regard to financial instruments (replaces as of 1 January 2018 the current IAS 39 -standard) and with regard to insurance contracts to the IFRS 4 -standard. The net fee and commission income of Savings Banks Group mainly includes fees that are recorded in a performance-based manner, when a certain service or measure has been performed. In addition, with regard to continuous services, such as asset management, the agreed fee is recorded on the basis of the passing of time. The asset management income of Savings Banks Group is not tied to revenue. With regard to these services, the fulfillment of the performance obligations can be clearly verified, and no changes are expected to the revenue recognition compared with the current practice. Considering the scope of operations, the Group has very little income on which the standard change is estimated to have an impact. The impact of the IFRS 15 -standard on the income of Savings Banks Group and its financial statements is assessed to be slight, as a whole.

- Amendments to IFRS 15 - Clarifications to IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018). The amendments include clarifications and further examples on how to apply certain aspects of the five-step recognition model. The impact assessment of the clarifications has been included in the IFRS 15 impact assessment described above.

- IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Introduction of the IFRS 9 standard

Savings Banks Group has prepared an impact study on the implementation of the IFRS 9 -standard, and it assesses on the basis of the study that the introduction of the IFRS 9 -standard will have significant effects on Savings Banks Group with regard to the financial statements, internal processes and system requirements.

In Savings Banks Group is ongoing an IFRS 9 project that covers the whole Group. A Group-level project ensures the uniform application of the IFRS 9 -standard across the Group. A dedicated steering group guides the IFRS project, which reports on the progress of the project further to the Audit Committee of the Savings Banks' Union Coop. In the project, participate persons from the financial administration, risk management, asset and liability management and ICT.

The project is at a implementation stage, and the objective is full IFRS 9 readiness on 1 January 2018, when the application of the IFRS 9 -standard will begin. The project has been scheduled so that parallel accounting would be possible in the second half-year period of 2017.

The Savings Banks Amalgamation apply the standard approach to the calculation of capital requirements of credit risk, and thus it is not possible to utilise in the implementation of IFRS 9 the models and system readiness of capital adequacy, but they have to be created in their entirety for the application of the IFRS 9 -standard.

Savings Banks Group is going to apply the exceptions provided by the transition provisions in IFRS 9 –standard for the non-presentation of the comparison information.

Classification and measurement

According to the IFRS 9 -standard, financial assets are classified both on the basis of the business model used for the management of assets and on the basis of the characteristics related to contract-based cash flows. On the basis of the business model and the characteristics of the cash flows, the financial assets are either classified at fair value through profit and loss, at fair value through other comprehensive income or valued at amortised cost.

In the classification of the financial assets of Savings Banks Group, no significant changes are to be expected between the valuation at fair value and valuation at amortised cost. The instruments that have been classified as loans and receivables according to the IAS 39, will be, as a starting point, still be valued at amortised cost when applying the IFRS 9 -standard. The most significant change with regard to classification will take place between the profit and other comprehensive income, so that more financial assets will be measured at fair value through profit and loss. The most significant instruments of these will be investments in mutual fund units and direct share investments. Savings Banks Group does not have significant equity instruments that would be classified at fair value through other comprehensive income.

The principles applied to the classification of financial liabilities are the same in the IFRS 9 -standard as in the IAS 39. Financial liabilities are still measured either at amortised cost or at fair value through profit and loss.

Changes in classification and measurement are not estimated to have a significant impact on the capital adequacy of the Savings Banks Amalgamation, because the most significant changes in the classification take place between the profit and other comprehensive income, which are both included in the primary own funds of the Savings Banks Amalgamation and consequently they do not have an impact on the own funds of the Amalgamation.

Impairment

The treatment of impairments will change significantly with the IFRS 9 -standard. In the IAS 39 -standard, impairments have been recorded according to the model of incurred impairment, whereas in the IFRS 9 -standard, the recording of impairments is based on the model of expected credit losses.

The expected credit losses are recognised on debt instruments accounted for at amortised cost and at fair value through other comprehensive income. These include also loan commitments and financial guarantee contracts.

The Savings Banks Group will be distributing agreements for the purpose of expected credit loss calculation according to their risk properties in six segments:

1) Retail customers (excluding mortgage)

2) Corporate customers (excluding mortgage)

3) Mortgage (both retail and corporate mortgage loans)

4) Public sector (includes the whole public sector and the student loans guaranteed by the government)

5) Financial institutions and non-profit institutions

6) Investment portfolio

When measuring the expected credit losses (ECL), the Group applies ECL methodology that incorporates probability of default (PD) and loss given default (LGD). With regard to financial assets, which are segmented to the segments of the public sector, financial institutions and non-profit institutions, the Group uses expected loss approach in calculating expected credit loss. With regard to the credit card receivables, the determination of expected expected credit loss will be based on the Roll Rate approach.

The IFRS 9 -standard requires that in the determination of expected credit losses all available financial information is reasonably utilised, including forecasts on future financial circumstances. For this reason, macroeconomic data will be used in the calculation, when calculating the expected credit losses over the life cycle of the agreement. Macroeconomic data includes information on, among other things, the estimated unemployment rate, interest, inflation and the development of real estate prices.

The IFRS 9 -standard requires that it is assessed whether the credit risk of the receivable has increased significantly since its initial recognition. In the assessment of the significant increase of credit risk is used, among other things, the change in credit rating (both absolute and relative), payment delay information and information on forbearance. The probability of default is determined in the calculation of expected credit losses according to the credit policy of the Group. Savings Banks Group is going to apply a relief concerning low credit risk exemption on the student loans guaranteed by the government and on the government loans.

The European Banking Authority, EBA, published on 10 November 2016 the results of an impact analysis, to which 58 banks in the EU area participated (Savings Banks Group did not participate in the impact analysis). According to the impact analysis of the EBA, impairments are estimated to grow in the banks participating in the impact analysis on average by 18–30%. This corresponds to Savings Banks Group's own preliminary estimate of the total growth of the impairments in Savings Banks Group. At this stage of the implementation, it is not yet possible to specify the estimate. Savings Banks Group estimates that a more specific calculation on the amount of expected credit losses will be obtained during the third quarter of 2017.

The amount of impairments will grow, among other things, because in the IFRS 9 -standard expected credit losses will be recorded instead of the incurred impairments of the IAS 39 -standard. It will also be necessary to estimate an impairment of all items falling under the field of application of the standard, including loans granted to companies of high creditworthiness. In the IFRS 9 -standard, the impairment assessment will also be expanded to off-balance sheet items.

According to the current proposal of the EU Commission, the treatment of IFRS 9 expected credit losses in the capital adequacy calculations has no significant impact on the own funds or the capital adequacy of the Savings Banks Amalgamation.

Hedge accounting

With the IFRS 9 -standard, the application of hedge accounting will be more principled, and the usage potential of hedge items and hedging instruments will grow. Hedge accounting and the risk management strategies will be combined even more strongly than previously.

The transfer to the application of the IFRS 9 -standard with regard to the general hedge accounting is not assessed to have an impact on the existing hedge relationships. The major part of the hedge accounting of Savings Banks Group is macro hedging, and it still belongs under the IAS 39 -standard. The changes to hedge accounting are not estimated to have an impact on the capital adequacy of the Savings Banks Amalgamation.

- IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 –standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Savings Banks Group has started the preliminary assessment of the impact of the standard. According to it, especially the rental facilities used for offices and administrative units by the Savings Banks Group will bring changes to the Group's calculation practices. However, the impact analysis of the standard on the financial statements of the Savings Banks Group is still unfinished, and the estimation of the final impact will require a more exact analysis of the Group's agreement portfolio.

- Amendments to IAS 7 Statement of Cash Flows- Disclosure Initiative* (effective for financial years beginning on or after 1 January 2017). The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The standard change will affect the notes of the Savings Banks Group.

- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses *(effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The standard change will not have an impact on the financial statements of Savings Banks Group, because the current treatment of income taxes corresponds to the clarifications of the standard.

- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (effective for financial years beginning on or after 1 January 2018). The amendments respond to insurance industry concerns about the impact of differing effective dates by allowing two optional solutions to alleviate temporary accounting mismatches and volatility. At the level of the reporting company, an opportunity is given to postpone the deployment of the IFRS 9 until 1 January 2021. At the level of the insurance and bank-centred Group, an overlay opportunity is given. The overlay alternative enables the recording of the difference between IFRS 9 and IAS 39 measurement in the other comprehensive income. It is possible to apply the postponement alternative only at et reporting company level, when the reporting company's main industry is insurance. The postponement alternative is not applicable in the consolidated financial statements of Savings Banks Group. At consolidation level, in Savings Banks Group, it is possible to apply the overlay alternative. The application of the overlay alternative would slightly reduce the profit volatility brought by IFRS 9, because with IFRS 9, with regard to the investments of insurance operations, the current recording practice would value assets at fair value through profit and loss instead of through the other comprehensive income (available-for-sale financial assets). The overlay alternative enables the recording of this difference in the other comprehensive income. Savings Banks Group has not yet made a final decision on the application of the overlay alternative.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Join Venture * (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The standard change does not have an impact on the financial statements of Savings Banks Group for the foreseeable future.

- IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration* (effective for financial years beginning on or after 1 January 2018). When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The standard change does not have a significant impact on the financial statements of Savings Banks Group, as the Group has very few items denominated in foreign currencies and/or operations.

- Amendments to IAS 40 Investment Property - Transfers of Investment Property* (effective for financial years beginning on or after 1 January 2018). When making transfers of an investment property, the amendments clarify that a change in management's intentions, in isolation, provides no evidence of a change in use. The examples of evidences of a change in use are also amended so that they refer to property under construction or development as well as to completed property. The standard change does not have a significant impact on the financial statements of Savings Banks Group.

- Annual Improvements to IFRSs (2014-2016 cycle)* (effective for financial years beginning on or after 1 January 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

The Group estimates that the other new and amended standards and interpretations applicable in future financial years will not have a significant impact on the Savings Banks Group's financial reporting.

PROFIT FOR FINANCIAL YEAR

NOTE 3: OPERATING SEGMENTS

The Savings Banks Group reports information about its operating segments in compliance with IFRS 8. According to IFRS 8, the financial information regularly provided to the chief operating decision maker forms the basis for segment reporting. Thus the segment division of the information presented in the financial statement is based on the same division as is applied in management reporting.

The chief operating decision maker of the Savings Banks Group is the Board of Directors of Savings Banks' Union Coop, which acts as the Central Institution of the Savings Banks Amalgamation. According to the rules of Savings Banks' Union Coop, the Board of Directors of the Central Institution bears the primary responsibility for allocating the resources and evaluating the performance of the Savings Banks Group.

The reportable segments of the Savings Banks Group include Banking as well as Asset Management and Life Insurance. Operations not included in the reportable segments are presented in the reconciliations.

The Banking segment comprises the member Savings Banks, the Central Bank of Savings Banks Finland Plc and Sp Mortgage Bank Plc. Savings Banks practice retail banking. The Central Bank of Savings Banks acts as the central bank of the Savings Banks. Sp Mortgage Bank Plc is engaged in mortgage banking. The most significant income items of Banking are net interest income, fee and commission income as well as investment income. The most significant expense items consist of personnel expenses and other operating expenses.

The Asset Management and Life Insurance segment comprises Sp- Fund Management Company Ltd and Sb Life Insurance Ltd. Sp-Fund Management Company Ltd is engaged in administration of mutual funds and asset management, whereas Sb Life Insurance Ltd practises life insurance operations. The most significant income items of the Asset Management and Life Insurance segment are fee and commission income, insurance premiums and investment income. The most significant expense items consist of fee and commission expenses, claims incurred, personnel expenses and other operating expenses.

Segment reporting is prepared in compliance with the accounting policies (Note 2) of the financial statements of the Savings Banks Group.

Internal transactions of the reportable segments are eliminated within and between the segments. Acquisition cost eliminations, non-controlling interests and other intra-group arrangements are included in the eliminations presented in reconciliations.

Pricing between the segments is based on market prices.

In accordance with IFRS 8, Savings Banks Group is required to disclose business with a single external customer that generates 10 % or more of the combined revenue. The Group has no such customers for which revenue would exceed 10 %.

Income statement 2016 (EUR 1,000)	Banking	Asset Management and Life Insurance	Reportable segments in total
Net interest income	131,722	-26	131,696
Net fee and commission income	51,285	21,295	72,579
Net investment and trading income	19,099		19,099
Net life insurance income		11,810	11,810
Other operating revenue	12,201	13	12,215
Total operating revenue*	**214,306**	**33,093**	**247,399**
Personnel expenses	-63,488	-5,739	-69,226
Other operating expenses and depreciation	-91,954	-6,344	-98,299
Total operating expenses	**-155,442**	**-12,083**	**-167,525**
Net impairment loss on financial assets	-8,411		-8,411
Share of profits or losses of associates	-482		-482
Profit before tax	**49,971**	**21,010**	**70,982**
Taxes	-8,281	-4,246	-12,527
Profit	**41,690**	**16,765**	**58,455**
*** of which external**	**212,627**	**32,569**	**245,195**
*** of which internal**	**1,680**	**525**	**2,204**

Statement of financial position 2016			
Cash and cash equivalents	1,100,784		1,100,784
Financial assets at fair value through profit or loss	9,460		9,460
Loans and advances to credit institutions	20,855		20,855
Loans and advances to customers	6,942,946		6,942,946
Derivatives	72,024		72,024
Investment assets	1,344,047		1,344,047
Life insurance assets		708,019	708,019
Other assets	135,912	7,019	142,931
Total assets	**9,626,030**	**715,038**	**10,341,068**
Liabilities to credit institutions	227,049		227,049
Liabilities to customers	6,123,301		6,123,301
Derivatives	2,289		2,289
Debt securities issued	2,049,588		2,049,588
Life insurance liabilities		671,125	671,125
Subordinated liabilities	121,438	213	121,651
Other liabilities	155,549	7,574	163,123
Total liabilities	**8,679,214**	**678,912**	**9,358,126**
Number of employees at the end of the period	**1,076**	**79**	**1,155**

Reconciliations: (EUR 1,000)	1-12/2016	1-12/2015
Revenue		
Total revenue for reportable segments	247, 399	237,345
Non allocated revenue, other operations**	-2,023	-6,814
Total revenue of the Group	**245,376**	**230,531**
Profit		
Total profit or loss for reportable segments	58,455	62,887
Non allocated amounts	-1,258	-5,268
Total profit of the Group	**57,197**	**57,619**

** The Banking segments other operating revenue includes refunds of Savings Banks Guarantee Fund, which during the financial year 2015 was EUR 6.2 million. The Savings Banks Guarantee Fund ceased operations as planned in the spring of 2015. The Savings Banks Guarantee Fund's refunded capital is seen in the income statement of the Banking operations segment in other operating revenue. In the financial statements of the Group, the assets returned do not have a result impact as an internal item of the Group, which is why non allocated items other operations during the financial year 2015 is negative.

	31.12.2016	31.12.2015
Assets		
Total assets for reportable segments	10,341,068	9,073,880
Non allocated assets, other operations	82,578	115,510
Total assets of the Group	**10,423,646**	**9,189,391**
Liabilities		
Total liabilities for reportable segments	9,358,126	8,161,267
Non allocated liabilities, other operations	112,119	147,430
Total liabilities of the Group	**9,470,245**	**8,308,697**

Income statement 2015 (EUR 1,000)	Banking	Asset Management and Life Insurance	Reportable segments in total
Net interest income	125,019		125,019
Net fee and commission income	49,490	18,883	68,373
Net investment and trading income	19,792		19,792
Net life insurance income		15,718	15,718
Other operating revenue	8,438	4	8,443
Total operating revenue*	**202,739**	**34,606**	**237,345**
Personnel expenses	-59,906	-5,746	-65 652
Other operating expenses and depreciation	-83,522	-6 519	-85,056
Total operating expenses	**-143,428**	**-12,265**	**-155,693**
Net impairment loss on financial assets	-6,127		-6,127
Share of profits or losses of associates	-429		-429
Profit before tax	**52,756**	**22,341**	**75,097**
Taxes	-7,881	-4,329	-12,210
Profit	**44,875**	**18,012**	**62,887**
*** of which external**	**200,207**	**33,975**	**234,182**
*** of which internal**	**2,533**	**631**	**3,163**

Statement of financial position 2015			
Cash and cash equivalents	563,340		563,340
Financial assets at fair value through profit or loss	18,163		18,163
Loans and advances to credit institutions	74,522	0	74,522
Loans and advances to customers	6,313,005		6,313,005
Derivatives	70,845		70,845
Investment assets	1,306,305		1,306,305
Life insurance assets		581,866	581,866
Investments in associates	39,183		39,183
Other assets	98,932	7,719	106,651
Total assets	**8,484,295**	**589,586**	**9,073,880**
Liabilities to credit institutions	351,241		351,241
Liabilities to customers	5,915,969		5,915,969
Derivatives	1,588		1,588
Debt securities issued	1,042,237		1,042,237
Life insurance liabilities		544,236	544,236
Subordinated liabilities	146,039	213	146,252
Other liabilities	154,248	5,496	159,744
Total liabilities	**7,611,322**	**549,945**	**8,161,267**
Number of employees at the end of the period	**1,104**	**72**	**1,176**

NOTE 4: NET INTEREST INCOME

(EUR 1,000)	1-12/2016	1-12/2015
Interest income		
Debts eligible for refinancing with Central Bank	4, 457	4,894
Loans and advances to credit institutions	320	2,008
Loans and advances to customers*	131,978	131,216
Debt securities	16,703	17,644
Derivative contracts		
Hedging derivatives	24,326	24,436
Other than hedging derivatives	252	797
Other	2,626	1,818
Total	**180,663**	**182,812**
* of which interest income from impaired loans	557	488
Interest expense		
Liabilities to credit institutions	4,460	3,742
Liabilities to customers	26,543	37,637
Derivative contracts* **		
Hedging derivatives	3,133	3,186
Other than hedging derivatives	106	
Debt securities issued	10,678	9,480
Subordinated liabilities	3,071	3,587
Other	979	163
Total	**48,970**	**57,794**
Net interest income	**131,693**	**125,018**

NOTE 5: NET FEE AND COMMISSION INCOME

(EUR 1,000)	1-12/2016	1-12/2015
Fee and commission income		
Lending	19,419	16,528
Deposits	977	983
Payment transfers	29,126	30,600
Securities brokerage	1,874	2 115
Mutual fund brokerage	18,145	17,058
Asset management	1,978	2,109
Legal services	3,145	2,812
Custody fees	1,253	1,194
From insurance brokerage	1,645	1,462
Guarantees	1,307	1,208
Other	2,554	2,931
Total	**81,422**	**78,999**

Fee and commission expense		
Payment transfers	3,208	3,357
Securities	1,229	1,711
Asset management	468	127
Other*	5,090	4,954
Total	**9,994**	**10,150**

*of which the most significant expenses are the shared ATM expenses amounting to EUR 2,120 thousand (EUR 2,707 thousand).

Net fee and commission income	**71,428**	**68,850**

NOTE 6: NET FEE AND COMMISSION INCOME

(EUR 1,000)	1–12/2016	1–12/2015
Net income from available-for-sale financial assets		
Debt securities		
Capital gains and losses	145	-25
Transferred from fair value reserve during the financial year	2,988	2,452
Impairment losses and their reversal	-191	50
Total Debt securities	**2,941**	**2,477**
Shares and participations		
Capital gains and losses	312	-479
Transferred from fair value reserve during the financial year	12,396	16,618
Impairment losses	-331	-231
Dividend income	2,644	2,627
Total shares and participations	**15,021**	**18,535**
Total	**17 ,962**	**21,012**
Net income from investment property		
Rental and dividend income	6,858	6,785
Capital gains and losses	283	233
Other income from investment property	185	142
Maintenance charges and expenses	-5,051	-5,194
Depreciation and amortisation of investment property	-2,374	-2,419
Rental expenses arising from investment property	-53	-33
Total	**-153**	**-486**
Net investment income	**17,809**	**20,526**

NOTE 7: NET LIFE INSURANCE INCOME

(EUR 1,000)	1–12/2016	1–12/2015
Premiums written		
Group's share	137,975	148,834
Insurance premiums ceded to reinsurers	-180	-91
Net investment income*	33,102	34,610
Claims incurred		
Claims paid	-38,812	-24,992
Change in provision for unpaid claims	-497	-4,924
Change in insurance contract liabilities		
Change in life insurance provision	-118,410	-137,224
Other	-1,368	-1,034
Net life insurance income	**11,810**	**15,178**

***Net investment income**		
Net Interest	569	1,466
Dividend income	516	27
Net income from investment property	275	94
Realised capital gains and losses	5,426	14,972
Unrealised gains and losses	21,747	15,405
Other investments	-105	-97
Net income from foreign exchange operation	22	90
Net income from unit-linked customer assets	4,651	2 652
Total	**33,102**	**34,610**

NOTE 8: OTHER OPERATING REVENUE

(EUR 1,000)	1-12/2016	1-12/2015
Rental and dividend income from owner-occupied property	177	154
Capital gains from owner-occupied property	103	130
Other income from Banking *	11,936	1,895
Other	476	130
Other operating revenue	**12,692**	**2,309**

* Other income from banking included around EUR 8 million of income related to the Visa Europe trade. Visa Europe was sold to Visa Inc. in the United States in June 2016.

ASSETS

NOTE 9: CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.12.2016 (EUR 1,000)	Loans and receivables	Available-for-sale	Held-to-maturity	Held-for-trading	Designated as at fair value on initial recognition	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and cash equivalents	1,100,784							1,100,784
Financial assets at fair value through profit or loss					118,055			118,055
Loans and advances to credit institutions	20,855							20,855
Loans and advances to customers	6,942,744							6 ,,744
Derivatives				72,024				72,024
hedging derivatives				71,852				
of which cash flow hedging				5,678				
of which fair value hedging				66,174				
other than hedging derivatives				172				
Investment assets		1,217,701	46,454				42,625	1,306,780
Life insurance assets*		187,205			518,043		3,127	708,374
Total assets	**8,064,383**	**1,404,906**	**46,454**	**72,024**	**636,098**	**0**	**45,751**	**10,269,616**
Financial liabilities at fair value through profit or loss					108,595			108,595
Liabilities to credit institutions						227,049		227,049
Liabilities to customers						6,121,627		6,121,627
Derivatives				2,289				2,289
hedging derivatives				2,247				
of which fair value hedging				2,247				
other than hedging derivatives				42				
Debt securities issued						2,049,588		2,049,588
Life insurance liabilities*					515,377	146,574	2,376	664,327
Subordinated liabilities						121,735		121,735
Total liabilities	**0**	**0**	**0**	**2,289**	**623,972**	**8,666,574**	**2,376**	**9,295,210**

* Items at fair value through profit or loss include investments covering unit-linked contracts and related liabilities.

31.12.2015 (EUR 1,000)	Loans and receivables	Available-for-sale	Held-to-maturity	Held-for-trading	Designated as at fair value on initial recognition	Other financial liabilities	Non-financial assets/liabilities	Total
Cash and cash equivalents	546,340							546,340
Financial assets at fair value through profit or loss				1,359	160,875			162,234
Loans and advances to credit institutions	74,522							74,522
Loans and advances to customers	6,312,589							6,312,589
Derivatives				70,845				70,845
hedging derivatives				70,600				
of which cash flow hedging				5,499				
of which fair value hedging				65,100				
other than hedging derivatives				245				
Investment assets		1,178,887	49,011				42,691	1,270,588
Life insurance assets*		156,312			422,345		3,210	581,866
Total assets	**6,933,452**	**1,335,198**	**49,011**	**72,204**	**583,220**	**0**	**45,900**	**9,018,986**
Financial liabilities at fair value through profit or loss					144,071			144,071
Liabilities to credit institutions						351,241		351,241
Liabilities to customers						5,914,898		5,914,898
Derivatives				1,588				1,588
hedging derivatives				1,588				
of which cash flow hedging				4				
of which fair value hedging				1,585				
Debt securities issued						1,042,238		1,042,238
Life insurance liabilities*					395,788	147,043	1,404	544,236
Subordinated liabilities						146,336		146,336
Total liabilities	**0**	**0**	**0**	**1,588**	**539,860**	**7,601,756**	**1,404**	**8,144,608**

* Items at fair value through profit or loss include investments covering unit-linked contracts and related liabilities.

NOTE 10: LOANS AND ADVANCES

(EUR 1,000)	31.12.2016	31.12.2015
Loans and advances to credit institutions		
Deposits	19,232	72,461
Loans and other receivables	1,623	2,062
Total	**20,855**	**74,522**
Loans and advances to customers		
Used overdrafts	82,767	78,586
Loans	6,520,581	5,915,292
Interest subsidized housing loans	279,612	252,007
Loans granted from government funds	4,037	5,353
Credit cards	82,383	81,213
Guarantees	2,350	2,091
Other receivables	2,168	4,010
Impairment losses	-31,155	-25,963
Total	**6,942,744**	**6,312,589**
Total loans and advances	**6,963,599**	**6,387,111**

Impairment losses on loans and receivables (EUR 1,000)	Measured by individual contract	Measured by group	Total
Impairments 1 January 2016	**20,263**	**5,701**	**25,963**
+ increase in impairment losses	9,159	2,422	11,581
-reversal of impairment losses	-993	-1,824	-2,817
-final write-offs	-3,572		-3,572
Impairments 31 December 2016	**24,856**	**6,298**	**31,155**

Impairment losses on loans and receivables (EUR 1,000)	Measured by individual contract	Measured by group	Total
Impairments 1 January 2015	**21,862**	**5,698**	**27,560**
+ increase in impairment losses	7,976	1,299	9,275
-reversal of impairment losses	-1,884	-1,297	-3,181
-final write-offs	-7,691		-7,691
Impairments 31 December 2015	**20,263**	**5,701**	**25,963**

NOTE 11: DERIVATIVES AND HEDGE ACCOUNTING

The Savings Banks Group hedges its interest rate risk against changes both in fair value and in cash flows and applies hedge accounting on hedging relationships. Fair value hedging is applied when fixed interest rate deposits are hedged. Cash flow hedging is applied when hedging the future interest cash flow from variable rate lending.

Changes in the fair value of derivatives in fair value hedging are recognised in the income statement under Net trading income. In fair value hedging, also the hedged item is measured at fair value during the hedging period even if the item is otherwise measured at amortised cost. Changes in the fair value of the hedged item are recognised in the balance sheet as an adjustment to the corresponding balance sheet item and in the income statement under Net trading income. Interests on hedging derivatives are presented as interest income and expense depending on their nature.

The effective part of changes in the fair value of derivatives hedging cash flows are recognised in equity in the reserve for hedging instruments after adjustments for deferred taxes. The ineffective part of changes in fair value are recognised in the income statement under Net trading income. In addition, Net trading income includes changes in the time value of interest rate options which are recognised as hedging instruments as time value is not part of the hedging relationship. Interests on hedging derivatives are presented as interest income and expense depending on their nature.

31.12.2016	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total	Assets	Liabilities
Other than hedging derivatives						
Interest rate derivatives	15,000			15,000		42
Credit derivatives	5,000			5,000	172	
Total	**20,000**	**0**	**0**	**20,000**	**172**	**42**
Hedging derivative contracts						
Fair value hedging	**130,949**	**1,603,491**	**10,000**	**1,744,440**	**66,174**	**2,247**
Interest rate derivatives	55,000	1,489,000	10,000	1,554,000	62,860	
Equity and index derivatives	75,949	114,491		190,440	3,314	2,247
Cash flow hedging		**25,000**		**25,000**	**5,678**	
Interest rate derivatives		25,000		25,000	5,678	
Total	**130,949**	**1,628,491**	**10,000**	**1,769,440**	**71,852**	**2,247**
Derivatives total					**72 024**	**2,289**

In the financial year 2016, EUR 318 thousand of effective cash flow hedging was recognised in other comprehensive income. The ineffective portion of cash flow hedging totalled EUR - 172 thousand in the financial year 2016 and was recognised in Net trading income.

Hedged cash flows are expected to affect profit during the following periods:

(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total
Interest rate derivatives	1,569	3,691	974	6,234
Total	**1,569**	**3,691**	**974**	**6,234**

31.12.2015	Nominal value / remaining maturity				Fair value	
(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total	Assets	Liabilities
Other than hedging derivatives						
Credit derivatives	10,000	5,000		15,000	245	
Total	**10,000**	**5,000**	**0**	**15,000**	**245**	**0**
Hedging derivative contracts						
Fair value hedging	**166,587**	**900,350**	**274,000**	**1,340,937**	**65,100**	**1,588**
Interest rate derivatives	120,000	795,000	274,000	1,189,000	63,223	490
Equity and index derivatives	46,587	105,350	0	151,937	1,877	1,099
Cash flow hedging	**15,000**	**50,000**	**0**	**65,000**	**5,499**	
Interest rate derivatives	15,000	50,000	0	65,000	5,499	0
Total	**181,587**	**950,350**	**274,000**	**1,405,937**	**70,600**	**1,588**
Derivatives total					**70,845**	**1,588**

In the financial year 2015, EUR -1,231 thousand of effective cash flow hedging was recognised in other comprehensive income. The ineffective portion of cash flow hedging totalled EUR 317 thousand in the financial year 2015 and was recognised in Net trading income.

Hedged cash flows are expected to affect profit during the following periods:

(EUR 1,000)	less than 1 year	1 - 5 years	more than 5 years	Total
Interest rate derivatives	1,467	3,680	1,137	6,284
Total	**1,467**	**3,680**	**1,137**	**6,284**

NOTE 12: INVESTMENT ASSETS

(EUR 1,000)	31.12.2016	31.12.2015
Available-for-sale financial assets		
Debt securities	700,564	678,791
Shares and participations	517,137	500,096
Total	**1,217,701**	**1,178,887**
Held-to-maturity investments		
Debt securities	46,454	49,011
Total	**46,454**	**49,011**
Investment property	42,625	42,691
Investment assets	**1,306,780**	**1,270,588**

Available-for-sale financial assets and held-to-maturity investments

31.12.2016 (EUR 1,000)	Available-for-sale Debt securities	Available-for-sale shares and participations			Held-to-maturity investments	Total
	At fair value	At fair value	At cost*	Total	At amortised cost	
Quoted	659, 731	509,653		509,653	46,454	1,215,838
From public entities	178,724				43,645	222,369
From others	481,007	509,653		509,653	2,809	993,469
Other than quoted	40,833	5,077	2,408	7,484		48,317
From others	40,833	5,077	2,408	7,484		48,317
Total	**700,564**	**514,729**	**2,408**	**517,137**	**46,454**	**1,264,155**

* equity instruments which do not have a quoted price in an active market and whose fair value cannot be reliably determined.

Impairment losses on available-for-sale financial assets (EUR 1,000)	Debt securities	Shares and participations	Total
Impairment losses 1 January 2016	1,217	1,429	2,646
+ increase in impairment losses	264	331	595
-reversal of impairment losses	-242	-982	-1,224
Impairment losses 31 December 2016	**1,239**	**778**	**2,017**

Available-for-sale financial assets and held-to-maturity investments

31.12.2015 (EUR 1,000)	Available-for-sale Debt securities	Available-for-sale shares and participations			Held-to-maturity investments	Total
	At fair value	At fair value	At cost*	Total	At amortised cost	
Quoted	636,161	494,922		494,922	47,001	1 178,084
From public entities	137,718				46,002	183,720
From others	498,443	494,922		494,922	999	994,364
Other than quoted	42,630	3,183	1,991	5,174	2,010	49,814
From others	42,630	3,183	1,991	5,174	2,010	49,814
Total	**678,791**	**498,104**	**1,991**	**500,096**	**49,011**	**1,227,898**

* equity instruments which do not have a quoted price in an active market and whose fair value cannot be reliably determined.

Impairment losses on available-for-sale financial assets (EUR 1,000)	Debt securities	Shares and participations	Total
Impairment losses 1 January 2015	1,267	1,198	2,465
+ increase in impairment losses		231	231
-reversal of impairment losses	-50		-50
Impairment losses 31 December 2015	**1,217**	**1,429**	**2,646**

NOTE 13: LIFE INSURANCE ASSETS

(EUR 1,000)	31.12.2016	31.12.2015
Investments covering for unit-linked policies		
At fair value through profit or loss		
Investment funds	330,174	265,857
Asset management portfolios	93,696	71,656
Other unit-linked covering assets	92,637	59,632
Investments covering for unit-linked policies total	**516,506**	**397,146**
Other investments		
At fair value through profit or loss		
Debt securities	1,537	25,199
Total	1,537	25,199
Available-for-sale financial assets		
Debt securities	8,243	17,446
Shares and participations	178,961	138,866
Total	187,205	156,312
Other investments total	**188,741**	**181,511**
Life insurance investments	**705,247**	**578,657**
Other assets		
Other receivables	2,846	2,639
Accrued income	280	571
Total	**3,127**	**3,210**
Total life insurance assets	**708,374**	**581,866**

Breakdown of Life Insurance debt securities recognised at fair value through profit or loss, shares and participations as well as derivatives by issuer of quotation

(EUR 1,000)	31.12.2016			31.12.2015		
	Debt securities	Shares and participations	Derivatives	Debt securities	Shares and participations	Derivatives
Quoted	1,537	516,506		25,199	397,146	
From others	1,537	516,506		25,199	397,146	
Total	**1,537**	**516,506**	**0**	**25,199**	**397,146**	**0**

Available-for-sale life insurance financial assets

31.12.2016	Available-for-sale Debt securities	Available-for-sale shares and participations
(EUR 1,000)	At fair value	At fair value
Quoted	8,243	173,885
From others	8,243	173,885
Other than quoted	0	5,076
From others		5,076
Total	**8,243**	**178,961**

Available-for-sale life insurance financial assets

31.12.2015	Available-for-sale Debt securities	Available-for-sale shares and participations
(EUR 1,000)	At fair value	At fair value
Quoted	15,366	131,222
From others	15,366	131,222
Other than quoted	2,080	7,644
From others	2,080	7,644
Total	**17,446**	**138,866**

LIABILITIES

NOTE 14: LIABILITIES TO CREDIT INSTITUTIONS AND CUSTOMERS

(EUR 1,000)	31.12.2016	31.12.2015
Liabilities to credit institutions		
Liabilities to central banks	18,000	90,000
Liabilities to credit institutions	209,049	261,241
Total	**227,049**	**351,241**
Liabilities to customers		
Deposits	6,059,467	5,845,755
Other financial liabilities	4,362	5,914
Change in the fair value of deposits	57,798	63,229
Total	**6,121,627**	**5,914,898**
Liabilities to credit institutions and customers	**6,348,676**	**6,266,139**

NOTE 15: DEBT SECURITIES ISSUED

(EUR 1,000)	31.12.2016	31.12.2015
Measured at amortised cost		
Bonds	1 ,213,851 *	910,009
Secured bonds	498,460 **	0
Other		
Certificates of deposit	337,277	132,228
Other	0	1
Debt securities issued	**2,049,588**	**1,042,238**
Of which		
Variable interest rate	642,607	154,256
Fixed interest rate	1,406,981	887,982
Total	**2,049,588**	**1,042,238**

* During the financial year, Central Bank of Savings Banks issued senior unsecured bonds with a total value of EUR 524 million under the EMTN programme listed on the Irish Stock Exchange, of which EUR 250 million were through a public two-year emission.

** In November, Sp Mortgage Bank established a programme of EUR 3 billion of covered bonds, within which the bank issued a covered bond of EUR 500 million. The euro-denominated reference loan has a maturity of five years. S&P Global Ratings granted a credit rating of AAA for the bond, and the bond is listed on the Dublin Stock Exchange.

The Group has not had any delays or defaults in respect of its issued debt securities.

NOTE 16: LIFE INSURANCE LIABILITIES

(EUR 1,000)	31.12.2016	31.12.2015
Other than unit-linked contract liabilities		
Guaranteed-interest insurance contracts	146,574	147,043
Unit-linked contract liabilities		
Liabilities for unit-linked insurance contracts	425,835	341,881
Liabilities for unit-linked investment contracts	89,541	53,908
Reserve arising from liability adequacy test	0	0
Other liabilities		
Accrued expenses and deferred income	1,651	1,177
Other	725	227
Life insurance liabilities	**664,327**	**544,236**

Liabilities related to insurance policies are measured in compliance with the Finnish Accounting Standards.

In liability adequacy test, the adequacy of liabilities for insurance policies is compared to the liabilities derived from the internal model. The adequacy test is described in more detail in the accounting policies.

OTHER NOTES

NOTE 17: FAIR VALUES BY VALUATION TECHNIQUE

Fair value measurement

Financial instruments are presented in the Group's balance sheet at fair value or at amortized cost. The classification of financial assets and liabilities by valuation technique as well as the criteria for measurement methods and for determining fair value are described in the accounting policies of the financial statement.

The fair values of financial instruments are primarily determined using quotations on a publicly traded market or market prices received from third parties. If quoted market prices are not available, fair value are mainly measured by discounting future cash flows using market interest rates at the balance sheet date. In respect of cash and deposits payable on demand, the nominal value is considered equivalent to the fair value.

Investment property in the Group's financial statements is measured at cost less depreciation and impairment. The fair value of investment property is presented in the notes. Fair values are determined on the basis of market prices which are as comparable as possible or a valuation model which is based on net income from investment property. At independent appraiser's opinion on the valuation is sought for the most material properties.

The Group does not have assets measured at fair value on a non-recurring basis.

Fair value hierarchy

Level 1 consists of financial assets, for which the value is determined based on quotes on a liquid market. Market is considered liquid if the prices are available easily and regularly enough. Level 1 includes quoted bonds as well as other securities and listed shares and derivatives which are quoted on public.

Level 2 includes financial assets for which there is no quotation directly available on an active market and whose fair value is estimated using valuation techniques or models. These are based on assumptions which are supported by verifiable market information such as the listed interest rates or prices of similar instruments. This group includes e.g. currency and interest rate derivatives as well as commercial papers and certificates of deposit.

Level 3 includes financial assets whose fair value cannot be derived from public market quotations or through valuation techniques or models which are based on observable market data. Level 3 comprises unquoted equity instruments, structured investments and other securities for which there is currently no binding market quotation available. The fair value at level 3 is often based on price information received from a third party. Furthermore, level 3 includes the fair value determined for the Group's investment property.

Transfers between levels

Transfers between the levels of the fair value hierarchy are considered to take place on the date when an event causes such a transfer or when circumstances change.

In the financial year 2016, there were no transfers between levels 1 and 2.

31.12.2016	Carrying amount	Fair value by hierarchy level			Fair value
Financial assets (EUR 1,000)		Level 1	Level 2	Level 3	total
Measured at fair value					
At fair value through profit or loss					
Banking	9,460	649		8,811	**9,460**
Asset Management and Life Insurance*	518,043	516,506		1,537	**518,043**
Other operations**	108,595	108,595			**108,595**
Derivative contracts					
Banking	72,024		70,785	1,239	**72,024**
Available-for-sale financial assets					
Banking	1,217,220	1,172,058	16,478	28,684	**1,217,220**
Asset Management and Life Insurance	187,205	182,128		5,076	**187,205**
Other operations	482	482			**482**

* Including fair value of investments covering unit-linked policies, which are reported on level 1.

** The other investors' share of the consolidated mutual funds.

31.12.2016 Financial assets (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Fair value total
Measured at amortised cost					
Investments held-to-maturity					
Banking	46,454	46,688		301	**46,989**
Loans and receivables					
Banking	8,064,383		9,428,289	3,837	**9,432,126**
Asset Management and Life Insurance					
Total financial assets	**10,223,865**	**2,027,106**	**9,515,552**	**49,485**	**11,592,143**
Investment property					
Banking	42,625			68,410	**68,410**
Total	**42,625**			**68,410**	**68,410**

31.12.2016 Financial liabilities (EUR 1,000)	Carrying amount	Fair value by hierarchy level Level 1	Level 2	Level 3	Fair value total
Measured at fair value					
At fair value through profit or loss					
Asset Management and Life Insurance*	513,377	513,377			**513,377**
Other operations**	108,595	108,595			**108,595**
Derivative contracts					
Banking	2,289		1,672,2897		**2,289**
Measured at amortised cost					
Banking	8,520,000	1,689,352	6,797,932	82,456	**8,569,740**
Total financial liabilities	**9,146,260**	**2,313,323**	**6,800,221**	**82,456**	**9,196,001**

* Includes liabilities for unit-linked insurance and investment contracts which are reported on level 1 in accordance of the underlying investment.

** The other investors' share of the consolidated mutual funds.

Changes at level 3

Reconciliation of changes in financial instruments at level 3

Financial instruments at fair value through profit or loss (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2016	**14,431**	**5,700**	**20,130**
Purchases	402		402
Sales	-3,104	-4,194	-7,298
Matured during the financial year	-3,300		-3,300
Changes in value recognised in income statement, realised	159	12	171
Changes in value recognised in income statement, unrealised	224	20	244
Carrying amount 31 December 2016	**8,811**	**1,537**	**10,348**

Changes in value recognised in the income statement are presented in the items "Net trading income" and "Net life insurance income".

Derivatives (net) (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2016	**1,024**		**1,024**
Purchases	946		946
Sales	-1		-1
Matured during the financial year	-796		-796
Changes in value recognised in income statement, unrealised	66		66
Carrying amount 31 December 2016	**1,239**		**1,239**

Changes in value recognised in the income statement are presented in the item "Net trading income".

Available-for-sale financial assets (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2016	**38,618**	**8,794**	**47,412**
Purchases	7,032		7,032
Sales	-4,257	-3,120	-7,377
Matured during the financial year	-1,707		-1,707
Changes in value recognised in income statement, realised	16		16
Changes in value recognised in income statement, unrealised	-6		-6
Changes in value recognised in comprehensive income statement	191	-598	-406
Transfers to level 1 and 2	-11,202		-11,202
Carrying amount 31 December 2016	**28,684**	**5,076**	**33,760**

Changes in fair value recognized in the income statement during the year are included in the item "Net investment income" and "Net life insurance income". Unrealised changes in fair value are booked in the equity fair value reserve through the other comprehensive income.

Sensitivity analysis of financial instruments at level 3 (EUR 1,000)	Effect of hypothetical changes' on profit		
31.12.2016	Carrying amount	Positive	Negative
At fair value through profit or loss			
Banking	8,811	315	-315
Asset Management and Life Insurance	1,537	16	-16
Total	**10,348**	**331**	**-331**
Derivative contracts			
Banking, assets	1,239		-1,239
Total	**1,239**		**-1,239**
Available-for-sale financial assets			
Banking	28,684	1,767	-1,767
Asset Management and Life Insurance	5,076	761	-761
Total	**33,760**	**2,529**	**-2,529**
Total	**45,348**	**2,860**	**-4,099**

The above table shows the sensitivity of fair value for level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming 1 percentage points parallel shift of the interest rate level in all maturities. For non-interest sensitive instruments the market prices are assumed to change by 15 percentage. For derivatives it is assumed that the possible change in value equals to the fair value of the derivative.

31.12.2015	Carrying amount	Fair value by hierarchy level			Fair value
Financial assets (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Banking	18,163	3,732		14,431	**18,163**
Asset Management and Life Insurance*	422,345	416,645		5,700	**422,345**
Other operations**	144,071	144 ,			**144,071**
Derivative contracts					
Banking	70,845		68,723	2,122	**70,845**
Available-for-sale financial assets					
Banking	1 178,427	1,133,307	6,502	38,618	**1 178,427**
Asset Management and Life Insurance	156, 312	147,518		8,794	**156,312**
Other operations	460	460			**460**
Measured at amortised cost					
Investments held-to-maturity					
Banking	49,011	49,357	2,033	299	**51,690**
Loans and receivables					
Banking	6,933,452		8,215,007	12,892	**8,227,899**
Total financial assets	**8,973,086**	**1,895,091**	**8,292,264**	**82,856**	**10,270,211**
Investment property					
Banking	42,691			67,057	**67,057**
Total	**42, 691**	**0**	**0**	**67,057**	**67,057**

* Including fair value of investments covering unit-linked policies, which are reported on level 1.

** The other investors' share of the consolidated mutual funds.

31.12.2015	Carrying amount	Fair value by hierarchy level			Fair value
Financial liabilities (EUR 1,000)		Level 1	Level 2	Level 3	Total
Measured at fair value					
At fair value through profit or loss					
Asset Management and Life Insurance*	395,788	395,788			**395,788**
Other operations**	114,071	144,071			**144,071**
Derivative contracts					
Banking	1,588		490	1,099	**1,588**
Measured at amortised cost					
Banking	7,454,713	793,117	6,255,764	431,632	**7,480,513**
Total financial liabilities	**7,996,161**	**1,332,977**	**6,256,254**	**432,730**	8,021,961

* Includes liabilities for unit-linked insurance and investment contracts which are reported on level 1 in accordance of the underlying investment.

** The other investors' share of the consolidated mutual funds.

Changes at level 3

Reconciliation of changes in financial instruments at level 3.

Financial instruments at fair value through profit or loss (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2015	**16,927**	**15,314**	**32,241**
Purchases	2,294		2,294
Sales	-2,050	-10,837	-12,887
Matured during the period	-1,200		-1,200
Changes in value recognised in income statement, realised	-64	935	871
Changes in value recognised in income statement, unrealised	-728	288	-440
Transfers to level 1 and 2	-748		-748
Carrying amount 31 December 2015	**14,431**	**5,700**	**20,130**

Changes in value recognised in the income statement are presented in the items "Net trading income" and "Net life insurance income".

Derivatives (net) (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2015	**1,500**	**0**	**1,500**
Purchases	1,139		1,139
Sales	-1,050		-1,050
Changes in value recognised in income statement, realised	0		0
Changes in value recognised in income statement, unrealised	-565		-565
Carrying amount 31 December 2015	**1,024**	**0**	**1,024**

Changes in value recognised in the income statement are presented in the item "Net trading income".

Available-for-sale financial assets (EUR 1,000)	Banking	Asset Management and Life Insurance	Total
Carrying amount 1 January 2015	**100,922**	**6,957**	**107,879**
Purchases	8,750	8,813	17,563
Sales	-8,467	-5,714	-14,181
Matured during the period	-22,166	-9	-22,175
Changes in value recognised in income statement, realised	511	126	638
Changes in value recognised in income statement, unrealised	-62		-62
Changes in value recognised in comprehensive income statement	-184	-1,379	-1,563
Transfers from level 1 and 2	7		7
Transfers to level 1 and 2	-40,693		-40,693
Carrying amount 31 December 2015	**38,618**	**8,794**	**47, 412**

Changes in fair value recognized in the income statement during the year are included in the item "Net investment income" and "Net life insurance income". Unrealised changes in fair value are booked in the equity fair value reserve through the other comprehensive income.

Sensitivity analysis of financial instruments at level 3 (EUR 1,000)	Effect of hypothetical changes' on profit		
31.12.2015	Carrying amount	Positive	Negative
At fair value through profit or loss			
Banking	14,431	529	-529
Asset Management and Life Insurance	5,700	323	-323
Total	**20,130**	**852**	**-852**
Derivative contracts			
Banking, assets	2,122		-2,122
Banking, liabilities	-1,099	1,099	
Total	**1,024**	**1,099**	**-2,122**
Available-for-sale financial assets			
Banking	38,618	1,610	-1,610
Asset Management and Life Insurance	8,794	1,243	-1,143
Total	**47,412**	**2,853**	**-2,853**
Total	**68,566**	**4,804**	**-5,828**

The above table shows the sensitivity of fair value for level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming 1 percentage points parallel shift of the interest rate level in all maturities. For non-interest sensitive instrumetns the market prices are assumed to change by 15 percentage. For derivatives it is assumed that the possible change in value equals to the fair value of the derivative.

NOTE 18: THE ABOVE TABLE SHOWS THE SENSITIVITY OF FAIR VALUE

The derivative contracts of the Savings Banks Group are subject to either ISDA Master Agreement or the Master Agreement of the Federation of Finnish Financial Services. Under these agreements, derivative payments may be offset by payment transaction on each payment date as well as in the event of counterparty default or bankruptcy. In addition, it is possible to agree on collateral on a counterparty-specific basis in the terms and conditions of the agreement. These derivatives are presented in the statement of financial position on a gross basis.

31.12.2016				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held/given as collateral	Cash held/given as collateral	Net amount
Assets							
Derivative contracts				70,957		45,328	25,629
Total				**70,957**		**45,328**	**25,629**
Liabilities							
Derivative contracts				2,289		400	1,889
Total				**2,289**		**400**	**1,889**

31.12.2015				Amounts which are not offset but are subject to enforceable master netting arrangements or similar agreements			
(EUR 1,000)	Recognised financial assets, gross	Recognised financial liabilities offset in balance sheet, gross	Carrying amount in balance sheet, net	Financial instruments	Financial instruments held/given as collateral	Cash held/given as collateral	Net amount
Assets							
Derivative contracts				69,946	15,858	39,048	15,040
Total				**69,946**	**15,858**	**39,048**	**, 040**
Liabilities							
Derivative contracts				1,468		400	1,068
Total				**1,468**	**0**	**400**	**1,068**

NOTE 19: COLLATERALS

(EUR 1,000)	31.12.2016	31.12.2015
Collateral given		
Given on behalf of Group's own liabilities and commitments		
Pledges	37,628	61,316
Other	16,284	31,494
Loans *	703,492	0
Collateral given	**757,404**	**92,810**
Collateral received		
Real estate collateral	6,584,761	5,966,659
Securities	42,032	37,952
Other	73,282	66,638
Guarantees received	60,575	64,718
Collateral received	**6,760,650**	**6,135,967**

*Loans given as collateral for the secured bond of EUR 500 million which Sp Mortgage Bank Plc issued in November 2016.

NOTE 20: OFF BALANCE-SHEET COMMITMENTS

(EUR 1,000)	31.12.2016	31.12.2015
Guarantees	63,467	66,665
Loan commitments	487,120	388,321
Other	8,120	8,564
Off balance-sheet commitments	**558,707**	**463,550**

NOTE 21: RELATED PARTIES

The Board of Savings Banks' Union Coop has defined the related parties of the Savings Banks Group. The related parties of the Savings Banks Group's comprise the entities consolidated in the Group's financial statements, associated companies and key management personnel as well as their close family members. In addition, related parties comprise entities which the key management personnel and/or their close family members control. The key management personnel of the Savings Banks Group comprise the members and deputy members of the Supervisory Board, the members of the Board of Directors, the CEO and his deputy as well as the Executive Board of Savings Banks' Union Coop.

Loans and guarantees to related parties have been granted under the terms and conditions which apply to the corresponding customer loans and guarantees.

Related party transactions consists mainly of granting of loans, deposits and guarantees.

2016 (EUR 1,000) Transactions with related parties	Key management personnel*	Close companies**	Associates and joint arrangements	Total
Assets				
Loans	5,933	1,267	6,716	13,915
Total assets	**5,933**	**1,267**	**6,716**	**13,915**
Liabilities				
Deposits	5,667	1,850	3,500	11,018
Other liabilities	1,029	396	3,674	5,099
Total liabilities	**6,696**	**2,246**	**7,174**	**16,117**
Off balance-sheet commitments				
Loan commitments	493	169	4,858	5,520
Total	**493**	**169**	**4,858**	**5,520**
Revenue and expense 1-12/2016				
Interest income	49	22	141	210
Interest expense	-49	-3		-53
Insurance premiums	242	76		317
Fee and commission income	4	3	219	225
Other expenses			-36,626	-36,626
Impairments				0
Total	**245**	**97**	**-36,267**	**-35,927**

* Including key management personnel and their close family members.

**Including entities which the key management personnel or their close family members control or have shared control.

(EUR 1,000) Key management personnel compensation	1-12/2016	1-12/2015
Short-term employee benefits	2,026	2,450
Post-employment benefits	0	97
Other long-term benefits	192	0
Termination benefits	0	211
Total	**2,218**	**2,758**

2015 (EUR 1,000) Transactions with related parties	Key management personnel*	Close companies**	Associates and joint arrangements	Total
Assets				
Loans	5,185	1,504	6,514	13,203
Total assets	**5,185**	**1,504**	**6,514**	**13,203**
Liabilities				
Deposits	27,116	1,792	2,380	31,288
Other liabilities	2,178	579	3,201	5,958
Total liabilities	**29,295**	**2,371**	**5,581**	**37,247**
Off balance-sheet commitments				
Loan commitments	129	243	4,877	5,249
Guarantees	10			10
Total	**139**	**243**	**4 877**	**5,259**
Revenue and expense 1-12/2015				
Interest income	4579	19	1,440	1,517
Interest expense	-52	-5	-144	-202
Insurance premiums	1,120	63		1 184
Fee and commission income	3	2	160	165
Fee and commission expense			-402	-402
Other expenses			-35,349	-35,349
Impairments				0
Total	**1,129**	**80**	**-34,296**	**-33,087**

* Including key management personnel and their close family members.

**Including entities which the key management personnel or their close family members control or have shared control.

CAPITAL ADEQUACY INFORMATION

NOTE 22: SUMMARY OF REGULATORY CAPITAL, RWA AND CAPITAL RATIOS

The Pillar III disclosure information regarding risk management objectives and policies of the Savings Bank Group are described in the Risk Management note. Corporate governance disclosure information and remuneration are included in the Corporate Governance note.

The Amalgamation comprises the Savings Banks' Union Coop, which acts as the Central Institution of the Amalgamation, Savings Banks, the Central Bank of Savings Banks Finland Plc, Sp Mortgage Bank Plc as well as the companies within the consolidation groups of the above-mentioned entities and Sp-Fund Management Company Ltd. Savings Banks' Union Coop acts as the Central Institution of the Amalgamation.

The standard method is used to calculate the capital requirement to the credit risk of the Savings Banks Amalgamation. The capital requirement to the operational risk is calculated by the basic method. The capital requirement relating to the market risk is calculated by the basic method on the foreign exchange position.

Capital adequacys main items

Own Funds (EUR 1,000)	31.12.2016	31.12.2015
Common Equity Tier 1 (CET1) capital before regulatory adjustments	915,685	849,784
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-27,835	-25,252
Common Equity Tier 1 (CET1) capital	**887,850**	**824,531**
Additional Tier 1 (AT1) capital before regulatory adjustments	0	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	0
Additional Tier 1 (AT1) capital	**0**	**0**
Tier 1 capital (T1 = CET1 + AT1)	**887,850**	**824,531**
Tier 2 (T2) capital before regulatory adjustments	48,717	44,776
Total regulatory adjustments to Tier 2 (T2) capital	0	4,956
Tier 2 (T2) capital	**48,717**	**49,732**
Total capital (TC = T1 + T2)	**936,567**	**874,263**
Risk weighted assets	**4,805,436**	**4,643,728**
of which: credit and counterparty risk	4,250,278	4,097,876
of which: credit valuation adjustment (CVA)	98,561	104,611
of which: market risk	35,147	47,483
of which: operational risk	421,450	393 759
Common Equity Tier 1 (as a percentage of total risk exposure amount)	18.5 %	17.8 %
Tier 1 (as a percentage of total risk exposure amount)	18.5 %	17.8 %
Total capital (as a percentage of total risk exposure amount)	19.5 %	18.8 %
Capital requirement		
Total capital	936,567	874,263
Capital requirement total *	504,571	487,591
Capital buffer	431,996	386,672

*The capital requirement of 10.5% is formed by the statutory minimum capital adequacy requirement of 8%, the capital conservation buffer of 2.5% according to the Act on Credit Institutions, and the country-specific countercyclical capital requirements of foreign exposures.

NOTE 23: MINIMUM CAPITAL REQUIREMENT

Credit and counterparty risk	31.12.2016	31.12.2016	31.12.2015	31.12.2015
Exposure class (EUR 1,000)	Risk weighted assets	Capital requirement	Risk weighted assets	Capital requirement
Exposures to central governments or central banks			181	15
Exposures to regional governments or local authorities	415	33	283	23
Exposures to public sector entities				
Exposures to multilateral development banks	250	20		
Exposures to international organisations				
Exposures to institutions	54,902	4,392	74,140	5,931
Exposures to corporates	917,146	73,372	867,793	69,423
Retail exposures	830,590	66,447	825,740	66,059
Exposures secured by mortgages on immovable property	1,727,994	138,240	1,542,079	123,366
Exposures in default	53,687	4,295	48,392	3,871
Exposures associated with particularly high risk	6,806	545	5,218	417
Exposures in the form of covered bonds	5,376	430	5,687	455
Items representing securitisation positions				
Exposures to institutions and corporates with a short-term credit assesment				
Exposures in the form of units or shares in collective investment undertakings (CIUs)	420,818	33,665	420,694	33,656
Equity exposures	97,589	7,807	199,770	15,982
Other items	134,706	10,776	107,897	8,632
Credit risk total	4,250,278	340,022	4,097,876	327,830
Credit valuation adjustment (CVA)	98,561	7,885	104,611	8,369
Market risk	35,147	2,812	47,483	3,799
Operational risk	421,450	33,716	393,759	31,501
Total	**4,805,436**	**384,435**	**4,643,728**	**371,498**

NOTE 24: TOTAL EXPOSURE

Credit and counterparty risk 31.12.2016

Exposure class (EUR 1,000)	Balance sheet items	Off balance sheet items	Derivatives	Total
Exposures to central governments or central banks	1,311,593			1,311,593
Exposures to regional governments or local authorities	15,071	3,435		18,506
Exposures to public sector entities	1,203			1,203
Exposures to multilateral development banks	1,235			1,235
Exposures to international organisations				
Exposures to institutions	32,200	30,294	111,265	173,758
Exposures to corporates	936,024	110,494		1,046,517
Retail exposures	1,462,812	314,204		1,777,016
Exposures secured by mortgages on immovable property	4,963,506	125,920		5,089,427
Exposures in default	68,744	212		68,956
Exposures associated with particularly high risk	4,538			4,538
Exposures in the form of covered bonds	41,592			41,592
Items representing securitisation positions				
Exposures to institutions and corporates with a short-term credit assesment				
Exposures in the form of units or shares in collective investment undertakings (CIUs)	483,476			483,476
Equity exposures	59,715			59,715
Other items	154,671			154,671
Total	**9,536,381**	**584,558**	**111,265**	**10,232,203**

Credit and counterparty risk 31.12.2015

Exposure class (EUR 1,000)	Balance sheet items	Off balance sheet items	Derivatives	Total
Exposures to central governments or central banks	728,211	397		728,608
Exposures to regional governments or local authorities	17,579	2,221		19,800
Exposures to public sector entities	1,203			1,203
Exposures to multilateral development banks	2,622			2,622
Exposures to international organisations	3,091			3,091
Exposures to institutions	127,151	10,597	99,833	237,581
Exposures to corporates	873,311	69,483	15,000	957,794
Retail exposures	1,426,682	286,380		1,713,062
Exposures secured by mortgages on immovable property	4,428,318	93,902		4,522,220
Exposures in default	61,123	402		61,525
Exposures associated with particularly high risk	3,479			3,479
Exposures in the form of covered bonds	45,045			45,045
Items representing securitisation positions				
Exposures to institutions and corporates with a short-term credit assesment				
Exposures in the form of units or shares in collective investment undertakings (CIUs)	468,656			468,656
Equity exposures	99,487			99,487
Other items	130,261			130,261
Total	**8,416,219**	**463,381**	**114,833**	**8,994,433**

NOTE 25: RECONCILIATION OF OWN FUNDS

Reconciliation of own funds

(EUR 1,000)	31.12.2016	31.12.2015
Total shareholders' equity (IFRS)	953,402	880,694
Deductions	-37,717	-30,910
CET1 capital before statutory adjustments	**915,685**	**849,784**
Profit for the period	-2,199	-2,062
Cash flow hedging	-3,905	-3,651
Intangible assets	-19,217	-17,227
Difference in deferred tax assets	-2,513	-2,312
Total CET1 capital	**887,850**	**824,531**

Savings Bank

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