

Strong sales increased net commission income

CEO Martin Backman

”Increased sales, successful launches of new investment funds and a strong market development contributed to a 12 % increase in net commission income. A revision of Aktia’s strategy has been initiated, aiming at increased profitability.”

January - March 2017:

- Full-scale implementation of the core banking system is planned for the second half of 2017.
- Martin Backman took office 6 March 2017 as President & CEO
- Aktia Real Estate Mortgage Bank was merged with Aktia at the end of February.
- Aktia in the top of fixed income fund management again.
- Aktia donated EUR 500,000 to universities.
- **Outlook for 2017(unchanged):** The operating profit for 2017 is estimated to be lower than in 2016, as no larger one-time gains are expected.

Key figures

(EUR million)	1Q2017	1Q2016	Δ %	2016	4Q2016	1Q/4Q	3Q2016	2Q2016
Net interest income	23.4	24.6	-5 %	95.6	23.0	2 %	23.9	24.1
Net commission income	21.1	18.9	12 %	79.7	20.1	5 %	20.0	20.7
Total operating income	53.1	50.4	5 %	211.3	50.6	5 %	50.9	59.4
Total operating expenses	-37.3	-36.5	2 %	-148.4	-40.5	-8 %	-34.6	-36.8
Write-downs on credits and other commitments	-0.1	-0.1	-29 %	-2.2	-1.5	-97 %	-0.5	-0.1
Operating profit	16.4	14.6	13 %	61.5	8.6	90 %	15.8	22.4
Cost-to-income ratio	0.70	0.72	-3 %	0.70	0.80	-13 %	0.68	0.62
Earnings per share (EPS), EUR	0.20	0.18	13 %	0.74	0.10	103 %	0.19	0.27
Equity per share (NAV) ¹ , EUR	9.34	9.56	-2 %	9.24	9.24	1 %	9.35	9.15
Return on equity (ROE), %	8.7	7.6	15 %	8.0	4.2	106 %	8.4	11.6
Common Equity Tier 1 capital ratio ¹ , %	18.2	19.5	-7 %	19.5	19.5	-7 %	19.2	19.7
Capital adequacy ratio ¹ , %	24.8	25.6	-3 %	26.3	26.3	-6 %	25.5	26.2
Write-downs on credits / total loan book, %	0.00	0.00	-	0.04	0.03	-100 %	0.01	0.00

1) At the end of the period

Content

CEO's comments	3
Main events January - March 2017	4
Activity in January - March 2017	5
Key figures	17
Consolidated income statement	18
Consolidated comprehensive income	19
Consolidated balance sheet	20
Consolidated statement of changes in equity	21
Consolidated cash flow statement	22
Quarterly trends in the Group	23
Notes to the Interim Report	24
Report on review of the interim report of Aktia Bank plc as of and for the three months period ending March 31, 2017	38

Financial calendar

Interim report January - June 2017	8 August 2017
Interim report January - September 2017	8 November 2017

The Interim Report January - March 2017 is a translation of the original Swedish version "Delårsrapport 1.1–31.3.2017". In case of discrepancies, the Swedish version shall prevail.

CEO's comments

Economic activity has improved since the reference period last year, but interest rates remain low. Finnish GDP is expected to grow more than before in the following two years. Growth in the corresponding period of 2016 was 1.4 % (*Statistics Finland*).

Aktia's operating profit for the first quarter amounted to EUR 16.4 million, an increase of EUR 1.8 million compared to the first quarter of 2016.

Aktia's total income increased by 5% in the first quarter, mainly attributable to increased commission income from mutual funds and asset management. Simultaneously the strong market upswing resulted in a new record of assets under management.

Market interest rates continued low and the returns from the bank's liquidity portfolio decreased. As expected, this resulted in lower net interest income. Net interest income from borrowing and lending continued to increase concurrently with increased lending both to households and to companies.

Net income from life insurance increased by 19 %, partly due to sales gains in the investment portfolio.

Total expenses increased by 2 % to EUR 37.3 million due to the prolonged core banking project. IT-related costs increased by 10%, while staff costs decreased by 3 %. The implementation of the new core banking platform has commenced, but full-scale implementation is planned for the second half of 2017. Therefore, IT-related costs will remain at a high level until the implementation has been completed.

Aktia's loan book is of high quality, and credit losses continued to be low during the period. Aktia's Common Equity Tier 1 Capital is on a good level at 18.2 (19.5) %, exceeding the average of Finnish banks 17.8 % (2016). During the first quarter return on equity was 8.7 (7.6) %.

We have initiated a revision of Aktia's strategy with increased profitability, focused growth and capital efficiency as objectives.

Helsinki, 11 May 2017

Martin Backman
CEO

Main events January - March 2017

Implementation of the new core banking platform step-by-step initiated

Implementation of the new core banking system step-by-step commenced in the first quarter of 2017 with a limited group of customers. Full-scale implementation of the core banking system is planned for the second half of 2017.

The total investment, including migration costs, is estimated to exceed EUR 65 million, and the total activated investment costs for the project are estimated to amount to approximately EUR 60 (previously approx. 55) million. At the end of March 2017, the activated investment costs amounted to EUR 57 million.

The new core banking systems will bring more efficient processes and modernised work approaches. The core banking platform will also be a base for continued development of digital services.

The implementation step-by-step implies higher running IT costs in 2017. The cost savings brought by the new core banking platform will materialise gradually from the second half of 2017 onwards.

Martin Backman took office as President & CEO

Aktia Bank plc's Board of Directors appointed Martin Backman as new President & CEO on 8 September 2016, and he took office 6 March 2017.

Merger between Aktia Real Estate Mortgage Bank plc and Aktia Bank plc

Aktia Real Estate Mortgage Bank, a wholly-owned subsidiary to Aktia Bank plc, was on 28 February 2017 merged with Aktia Bank plc in accordance with previously released information (Stock Exchange Release dated 8 October 2015).

All operations of Aktia Real Estate Mortgage Bank plc have thus been terminated, and its assets and liabilities have been transferred to Aktia Bank plc.

Aktia in the top of fixed income fund management again

Aktia was, again, the best Finnish asset manager in Morningstar's Finland Awards 2017. In the category of the best fixed income fund, Aktia's Corporate Bond+ was the only fixed income fund

managed by a Finnish service provider, which made it to the top three.

Aktia was the best interest asset manager in 2013, 2014 and 2015. Further, Aktia was the only Finnish service provider in the top three in 2016 and 2017.

Morningstar named Aktia Asset Management, Fidelity and Invesco as the three best fixed income fund managers in 2017.

Aktia donated EUR 500,000 to universities

Aktia donated a total of EUR 500,000 to various universities in its area of operations. The donations made by Aktia are directed to education and research in the fields of economy, law and technology. Aktia's aim with these donations is to guarantee continued development of internationally competitive, first-class education and research in Finland.

In all, Aktia supports eight Finnish universities. Donations were given to the Aalto University, the University of Helsinki, the University of Oulu, the Hanken School of Economics, the University of Tampere, the University of Turku, the University of Vaasa and the Åbo Akademi University.

Aktia Bank prepares simplification of the company's administration structure

The Chairman of the Board of Supervisors, Håkan Mattlin, was instructed by the Annual General Meeting 2016 to look into whether the current administration model, including the Board of Supervisors, is appropriate from a shareholder perspective. The responsibility to appoint the bank's Board of Directors would then be transferred from the Board of Supervisors to the Annual General Meeting, and the appointments would be prepared by a Nomination Committee.

The phasing out of the Board of Supervisors would simplify the bank's administration structure, increase transparency in the administration and generate cost savings.

The planned schedule for transition to a simplified administration model is September 2017, when the bank aims to hold an extraordinary General Meeting to decide on changes in the articles of association.

Activity in January - March 2017

Business environment

Interest rates continue at historically low levels, but there is some upward pressure on them. In USA interest rates have already been increased three times from the lowest levels, and the long-term interest rates are up also in Europe, but short-term interest rates still continue at very low levels, which is a challenge for the banking sector. The political uncertainty continued in Europe during the first quarter of 2017, both concerning Brexit and the elections in France, the Netherlands and Germany. The Italian banking sector is also still a cause of uncertainty for the whole of Europe. A stronger GDP is expected in several European countries.

According to Statistics Finland, inflation was 0.8 (0.0) % in March. It was higher in February, standing at 1.2 (-0.1) %, and in January it was 0.8 (0.0) %. The average inflation rate for 2016 was 0.4 %. The continued positive inflation was due to increases in consumer prices for fuels, cigarettes, electricity and an increase of the vehicle tax compared to the previous year.

The index of consumer confidence in the economy continued to strengthen, reaching 22.9 (10.4) in March. Consumer confidence has not reached this level since September 2010. In February consumer confidence was 20.8 (7.7), and it was 21.0 (8.2) in January. The long-time average is 11.9. (*Statistics Finland*)

During the first quarter housing prices in Finland increased by 0.4 % on the previous year. In the Helsinki region, prices went up by 2.5 %, and in the rest of Finland prices went down by 1.4 %. (*Statistics Finland*)

Unemployment decreased to 9.6 (10.0) % in March, and the number of unemployed was approximately 260,000. There were 19,000 more employed than in the previous year. During the first quarter of the year, unemployment was 9.3 %, approximately 0.3 percentage points lower than in the corresponding period a year ago. (*Statistics Finland*)

The OMX Helsinki 25-index increased by approximately 2% in January–March, and the Nordic banking sector index somewhat more, by approximately 6 %. The price of Aktia's series A share decreased by approximately 2 %.

KEY FIGURES

Y-o-y	2018E*	2017E*	2016
GDP growth, %			
World	3.5	3.4	3.1
Euro area	1.6	1.6	1.7
Finland	1.4	1.4	1.4
Consumer price index, %			
Euro area	1.3	1.0	0.3
Finland	1.2	1.0	0.4
Other key ratios, %			
Development of real value of housing in Finland ¹	1.0	1.2	0.6
Unemployment in Finland ¹	8.2	8.6	8.8
Interest rates², %			
ECB	0.00	0.00	0.00
10-y Interest rate, Finland	1.00	0.60	0.40
Euribor 12 months	0.05	-0.05	-0.05
Euribor 3 months	-0.10	-0.30	-0.30

*Aktia's chief economist's prognosis (24 April 2017)

1) annual average

2) at the end of the year

Rating

On 9 January 2017, Moody's Investors Service confirmed its rating of Aktia Bank plc's creditworthiness for long-term borrowing as A3, short-term borrowing as P-2 and financial strength as C-. The bank's Baseline Credit Assessment (BCA) is baa2.

Moody's Investors Service confirmed the rating Aaa for Aktia Bank's long-term covered bonds.

Standard and Poor's view on Aktia Bank plc's outlook is stable. The rating is A- for long-term borrowing and A2 for short-term borrowing.

	Long-term borrowing	Short-term borrowing	Outlook	Covered bonds
Moody's Investors Service	A3	P-2	positive	Aaa
Standard & Poor's	A-	A-2	stable	-

Profit January - March 2017

The Group's operating profit was EUR 16.4 (14.6) million. The Group's profit was EUR 13.5 (11.9) million.

Income

The Group's total income increased by 5 % to EUR 53.1 (50.4) million.

Continued low market interest rates and lower returns from the bank's liquidity portfolio resulted in a decrease of total net interest income by 5 % to EUR 23.4 (24.6) million. Net interest income from traditional borrowing and lending operations improved by 15 % to EUR 17.1 (14.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk. Their proportion of net interest income decreased to EUR 8.1 (9.0) million. Net interest income from other treasury operations was EUR -1.8 (0.8) million.

Net commission income increased by 12 % to EUR 21.1 (18.9) million. Commission income from mutual funds, asset management and securities brokerage increased by 18 % to EUR 12.2 (10.4) million. Card and other payment service commissions increased by 6 % to EUR 5.1 (4.8) million. Commission income from real estate agency increased by 17 % to EUR 1.7 (1.5) million.

Net income from life insurance increased by 19 % to EUR 7.0 (5.9) million. Net income from investments was higher than in the previous year, mainly thanks to higher sales gains from the investment portfolio. The actuarially calculated result also improved on last year.

The net income from financial transactions was EUR 1.3 (0.6) million, which includes a dividend from Suomen Luotto-osuuskunta of EUR 1.1 million. Net income from hedge accounting was EUR -0.3 (-0.6) million. The reference period includes expenses of EUR 0.6 million arising from the phasing out of Aktia Real Estate Mortgage Bank.

Other operating income was EUR 0.3 (0.4) million.

Expenses

Operating expenses increased by 2 % and amounted to EUR 37.3 (36.5) million.

Staff costs decreased by 3 % to EUR 17.9 (18.4) million. IT-related expenses increased by 10 % to EUR 7.8 (7.1) million due to higher operating costs and delayed implementation of the core banking platform. Other operating expenses increased by 11 % to EUR 9.9 (8.9) million. The increase is mainly attributable to Aktia's donations totalling EUR 0.5 million to various universities in its operating area.

The depreciation of tangible and intangible assets was EUR 1.7 (2.1) million.

Write-downs on credits and other commitments

Write-downs on credits and other commitments were unchanged and amounted to EUR -0.1 (-0.1) million.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of March was EUR 9,785 (9,486) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 1,964 (1,794) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 233 (146) million.

At the end of March, the Bank Group's liquidity buffer was approximately equivalent to the estimated cash flow of finance from the wholesale market for over 40 months.

The Liquidity Coverage Ratio (LCR) was 179 (209) %.

Liquidity coverage ratio (LCR)	31 Mar 2017	31 Dec 2016	31 Mar 2016
LCR %	179 %	209 %	242 %

LCR is calculated according to the resolution published by the EU Commission in October 2014

Borrowing

Deposits from the public and public sector entities decreased to EUR 4,113 (4,164) million, corresponding to a market share of deposits of 3.7 (3.7) %.

In total, the value of the Aktia Group's issued bonds was EUR 2,465 (2,477) million. Of these, EUR 1,679 (1,685) million were covered bonds issued by Aktia Bank. As security for the issues, bonds with a value of EUR 2,267 million were reserved at the end of March.

During the period Aktia Bank issued new subordinated debts with a total value of EUR 12 million.

Lending

Total Group lending to the public amounted to EUR 5,703 (5,717) million at the end of March, a decrease of EUR 14 million. Aktia's own loan book increased by EUR 114 million (2 %) to EUR 5,613 (5,499) million. The share of the loan book brokered by savings banks and POP Banks, transferred to Aktia Bank in the merger between Aktia Bank and Aktia Real Estate Mortgage Bank on 28 February 2017, decreased by 59 % to EUR 90 (219) million.

Loans to private households, including mortgages brokered by savings banks and POP Banks, accounted for EUR 4,697 (4,790) million or 82.4 (83.8) % of the total loan book.

The housing loan book totalled EUR 4,400 (4,482) million, of which the share for households was EUR 3,981 (4,077) million. Aktia's new lending to private households increased to EUR 203 (January–March 2016: 168) million. At the end of March, Aktia's market share in housing loans to households stood at 4.2 (4.1) %.

Corporate lending accounted for 9.8 (9.5) % of Aktia's loan book. Total corporate lending amounted to EUR 561 (543) million. Loans to housing companies increased by 18 %, totalling EUR 401 (340) million and making up 7.0 (5.9) % of Aktia's total loan book. Other increase in corporate lending is mainly related to a couple of larger financing arrangements for Finnish companies.

LOAN BOOK BY SECTOR

(EUR million)	31 Mar 2017	31 Dec 2016	Δ	Share, %
Households	4,697	4,790	-93	82.4 %
Corporates	561	543	18	9.8 %
Housing companies	401	340	61	7.0 %
Non-profit organisations	40	40	0	0.7 %
Public sector entities	5	5	0	0.1 %
Total	5,703	5,717	-14	100.0 %

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the Bank Group and other interest-bearing investments amounting to EUR 1,964 (1,794) million, the life insurance company's investment portfolio amounting to EUR 588 (600) million and the real estate and equity holdings of the Bank Group amounting to EUR 10 (9) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,184 (1,162) million, of which EUR 750 (719) million were unit-linked. Interest-related technical provisions amounted to EUR 435 (443) million.

Equity

Aktia Group's equity amounted to EUR 621 (613) million. The fund at fair value decreased by EUR 5 million during the period, amounting to EUR 62 (67) million.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, decreased by EUR 39 million and amounted to EUR 489 (528) million.

Managed assets

The Group's total managed assets amounted to EUR 11,696 (10,769) million.

Assets under management (AuM) comprise managed and brokered mutual funds and assets under management in the subsidiary companies in the Asset Management & Life Insurance segment, as well as Aktia Bank's Private Banking business. The assets presented in the table below reflect net volumes, so that AuM in multiple companies have been eliminated.

Group financial assets comprise the liquidity portfolio in the Bank Group managed by the treasury function and the life insurance company's investment portfolio.

MANAGED ASSETS

(EUR million)	31 Mar 2017	31 Dec 2016	Δ %
Assets under Management (AuM)	8,710	8,063	8 %
Group financial assets	2,986	2,706	10 %
Total	11,696	10,769	9 %

Capital adequacy and solvency

At the end of the period, the Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd) was 18.2 (19.5) %. After deductions, Common Equity Tier 1 capital decreased by EUR 7.3 million during the period which affected the CET1 capital ratio by -0.35 percentage points. The decrease is mainly attributable to the increase of intangible assets and other deductible items. At a total, risk-weighted commitments increased by EUR 102.0 million which reduced the CET1 capital ratio by 0.95 percentage points. During the period, risk-weighted commitments in corporate lending grew due to an increase of lending.

Aktia Bank Group applies internal risk classification (IRB) to the calculation of capital requirement for retail and equity exposures. For other exposures the standardised approach is used. A total of 53 (56) % of the Bank Group's exposures are calculated according to the IRB approach. The work continues on migration to internal models for exposure to corporates and credit institutions.

	31 Mar 2017 IRB	31 Dec 2016 IRB	31 Mar 2016 IRB
Capital adequacy, %			
Bank Group			
CET1 capital ratio	18.2	19.5	19.5
T1 capital ratio	18.2	19.5	19.5
Total capital ratio	24.8	26.3	25.6
Aktia Bank			
CET1 capital ratio	17.5	16.1	17.5
T1 capital ratio	17.5	16.1	17.5
Total capital ratio	24.0	21.7	23.3
Aktia Real Estate Mortgage Bank			
CET1 capital ratio	-	193.9	86.8
T1 capital ratio	-	193.9	86.8
Total capital ratio	-	193.9	86.8

The capital requirement of banking business increased at the beginning of 2015 as the requirement for capital conservation buffer and the countercyclical buffer requirement were introduced to Finland. The requirement for capital conservation buffer will increase the minimum requirement by 2.5 percentage points. The countercyclical buffer requirement will vary between 0.0 and 2.5 percentage points. The board of the Financial Supervisory Authority will decide quarterly the magnitude of the requirement for the countercyclical capital buffer on the basis of analysis of macroeconomic stability. The latest decisions on the requirement (28 March 2017) placed no countercyclical capital buffer requirement on the banks for Finnish exposures, and the policy for macroeconomic stability was not tightened up by other means either. However, the board of the Financial Supervisory Authority informed that they have made a decision to make preparations for introducing a minimum level of 15 % for the average risk weight on residential mortgage loans for credit institutions that have adopted for the IRB approach. The minimum level will come into force on 1 January 2018 at the latest. The decision replaces the earlier decision on a minimum level of 10%. At the end of the period, Aktia Bank Group's average risk weight on retail exposures with real estate collateral calculated according to the IRB approach was 13.6 (13.6) %, i.e. the minimum level of risk weight on residential mortgage loans would lead to an decrease of CET 1 by approximately 0.5 percentage points.

The countercyclical buffer is calculated taking the geographic distribution of exposures into account. Authorities in some other countries have set higher requirements for countercyclical buffers. This requirement also applies to certain exposures in the Bank Group's liquidity portfolio. Aktia Bank Group's require-

ment for a countercyclical buffer amounted to 0.04 % as per 31 March 2017, taking the geographic distribution of exposures into account. In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined Other Systemically Important Institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements entered into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia. Taking all buffer requirements into account, the minimum capital adequacy level for the Bank Group was 10.54 % at the end of the period.

The Financial Supervisory Authority has on 16 December 2016, supported by the Credit Institutions Act, set a consolidated buffer requirement based on assessment for Aktia. The requirement is based on the Financial Supervisory Authority's assessment (so-called SREP). The buffer requirement amounts to a total of 1.75 %, including concentration risk within credit risk and structural interest rate risk. For these there are no specific capital requirements in the EU's Capital Requirements Regulation (CRR). According to the decision, the requirements shall be met with CET1 capital. The requirement enters into force as of 30 June 2017, increasing both the Bank Groups minimum requirements for capital adequacy and the conglomerate's capital requirements.

Aktia's target for Common Equity Tier 1 capital ratio (CET1) is 15 % at a minimum, which exceeds regulatory requirements set for Aktia by a good margin.

Aktia Bank Group's leverage ratio was 4.5 (4.7) % based on end of quarter figures.

Leverage Ratio ¹	31 Mar 2017	31 Dec 2016
Tier 1 capital	382	390
Total exposures	8,485	8,206
Leverage Ratio, %	4.5	4.7

1) The leverage ratio is calculated based on end of quarter figures

As of 1 January 2016, the life insurance company follows the Solvency II directive, in which the solvency calculations deviate considerably from previous requirements. The most important difference is that technical provisions are now measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

As at 31 March 2017, SCR amounted to EUR 80.6 (80.6) million, MCR to EUR 24.0 (24.4) million and the available capital to EUR 149.7 (144.7) million. Thus the solvency ratio was 185.7 (179.4) %. Without transitional measures SCR amounted to EUR 80.8 (80.8) million, MCR to EUR 26.2 (26.7) million and the available capital

to EUR 96.5 (87.9) million. The solvency ratio without transitional measures was 119.4 (108.7) %.

The financial conglomerate's capital adequacy ratio was 180.5 (188.6) %. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100 %.

Segment overview

Aktia Bank's operations are divided into three segments: Banking Business, Asset Management & Life Insurance and Miscellaneous.

GROUP OPERATING PROFIT BY SEGMENT

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %
Banking Business	10.6	11.0	-4 %
Asset Management & Life Insurance	6.4	4.9	31 %
Miscellaneous	-1.2	-2.1	41 %
Eliminations	0.6	0.7	-19 %
Total	16.4	14.6	13 %

Banking Business

The segment Banking Business contributed EUR 10.6 (11.0) million to Group operating profit.

Operating income was EUR 40.6 (41.0) million, of which EUR 23.3 (24.5) million was net interest income. Net interest income from borrowing and lending has increased thanks to strong increase in the bank's own lending, lower interest rates on deposits and lower re-financing costs. However, Treasury's liquidity portfolio shows a decrease in interest income due to lower interest rates and returns per share.

Compared to the corresponding period last year, net commission income increased to EUR 16.9 (15.5) million. The higher net commission income is mainly due to an increase in commission income from lending, cards and payments as well as from fund and asset management. Over the period, also commission income from Aktia Real Estate Agency increased to EUR 1.7 (1.5) million.

Net income from financial transactions was EUR 0.1 (0.6) million.

Operating expenses remained on the same level as last year and amounted to EUR 30.0 (29.9) million. Staff costs amounted to EUR 13.9 (15.3) million. The lower staff costs are mainly attributable to decreased expenses for share-based incentives. IT-related expenses amounted to EUR 7.2 (5.9) million. The increase is mainly attributable to higher operating costs. Other operating expenses increased by to EUR 7.7 (7.3) million, mainly due to higher costs for purchase of services.

Write-downs on credits and other commitments amounted to EUR -0.1 (-0.1) million.

Total savings by households increased to EUR 4,458 (4,412) million, of which household deposits were EUR 3,008 (3,032) million and savings by households in mutual funds were EUR 1,450 (1,380) million.

Aktia's lending to private households amounted to EUR 4,697 (4,580) million. The total volume of loans brokered by savings banks and POP banks, transferred to Aktia Bank in the merger between Aktia Bank and Aktia Real Estate Mortgage Bank, decreased by EUR 128 million to EUR 90 (219) million during the first quarter. The transfer of all loans brokered by savings banks and POP banks is planned to be completed during the second quarter. The corporate customer loan book increased and was EUR 561 (543) million. Lending to housing companies and non-profit organisations also increased to EUR 405 (345) million. The increase is attributable to larger individual credit arrangements.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its client base by approximately 2 %. Private Banking's customer assets had by 31 March 2017 increased by approximately 3%, amounting to EUR 2,207 (2,152) million.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 6.4 (4.9) million to Group operating profit.

Operating income for the segment was higher than in the corresponding period the previous year and amounted to EUR 12.9 (11.0) million. The capital market has developed positively during the first quarter. The positive market development has turned the trends of sales and income for the period upwards. Aktia Fund Management Company's investment fund stock reached an all-time high, over EUR 4.6 billion, at the end of the quarter. Net commission income from asset management amounted to EUR 6.9 (5.9) million and net income from life insurance to EUR 6.1 (5.1) million.

Premiums written within the life insurance business was on the same level as in the corresponding period the previous year, amounting to EUR 33.1 (33.4) million. The sales of unit-linked savings policies improved somewhat from the previous year, while premiums paid for interest-linked pension insurance was lower than last year. Unit-linked insurance comprises the Aktia Profile investment service and the Allocation service+, and they make up 58 (56) % of premiums written.

Net income from life insurance investment activities amounted to EUR 5.0 (4.7) million. Lower running investment returns were compensated by lower write-downs and higher sales gains in the investment portfolio. The return on the company's investments based on market value was 0.2 (2.0) %.

Operating expenses were higher than in the corresponding period the previous year and was EUR 6.5 (6.1) million. Staff costs amounted to EUR 3.4 (2.7) million, also including one-time costs arising from reorganisation of staff. The expense ratio for the life insurance business was at a good level, 77.7 (86.1) %.

The value of assets managed by Asset Management & Life Insurance totalled EUR 7,135 (6,523) million.

(EUR million)	31 Mar 2017	31 Dec 2016	Δ %
Aktia Fund Management	4,676	4,238	10 %
Aktia Asset Management	7,423	6,796	9 %
Aktia Life Insurance	751	723	4 %
Eliminations	-5,714	-5,233	9 %
Total	7,135	6,523	9 %

Life insurance technical provisions totalled EUR 1,184 (1,162) million, of which allocations for unit-linked provisions were EUR 750 (719) million and interest-related provisions EUR 435 (443) million. Unit-linked provisions continued to increase, amounting to 63 (62) % of total technical provisions. The average discount rate for the interest-linked technical provisions was 3.5 %. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which is used for hedging future interest requirements.

Miscellaneous

The Miscellaneous segment encompasses certain administrative functions for Aktia Bank plc.

The segment's contribution to the Group's operating profit amounted to EUR -1.2 (-2.1) million.

Operating income totalled EUR 1.4 (0.3) million. In the first quarter Aktia received a dividend from Suomen Luotto-osuuskunta of EUR 1.1 million.

Operating expenses amounted to EUR 2.7 (2.4) million, of which staff costs accounted for EUR 0.7 (0.4) million.

The segment's IT expenses after cost allocations to the other segments were EUR 0.0 (0.6) million. Of the provision for the change of core banking system, a total of EUR 0.7 (0.2) million has been released in the first quarter. At the end of March, EUR 0.7 (2.1) million remain of the provision. Other expenses amounting to EUR 1.6 (0.9) million includes Aktia's donations totalling EUR 0.5 million to various universities in its operating area.

The Group's risk exposures

Definitions and general principles for asset and risk management can be found in Aktia Bank plc's Annual Report for 2016 (www.aktia.com), in note G2 on pages 72-85, or in Aktia Bank plc's Capital and Risk Management Report on the Group's website www.aktia.com.

Lending related risks within banking business

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection decreased to EUR 41 (46) million, corresponding to 0.72 (0.79) % of the credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Loans past due to households more than 90 days corresponded to 0.62 (0.67) % of the entire loan book and 0.75 (0.80) % of the household loan book.

Loans with payments 3–30 days overdue increased to EUR 62 (57) million, equivalent to 1.08 (1.00) % of the loan book. Loans with payments 31-89 days overdue increased to EUR 31 (28) million, equivalent to 0.55 (0.49) % of the loan book.

LOANS PAST DUE BY TIME OVERDUE

(EUR million) Days	31 Mar 2017	% of loan book	31 Dec 2016	% of loan book
3 - 30	62	1.08	57	1.00
of which households	57	1.00	52	0.91
31 - 89	31	0.55	28	0.49
of which householdsl	23	0.40	23	0.41
90-	41	0.72	46	0.79
of which households	35	0.62	38	0.67

Write-downs on credit and other commitments

Over the period total write-downs on credits and other commitments amounted to EUR -0.1 (-0.1) million. Of these write-downs, EUR -1.0 (0.0) million were attributable to households, and EUR 1.0 (-0.1) million to companies.

Total write-downs on credits amounted to 0.00 (0.00) % of total lending. The share of write-downs on corporate loans in relation to corporate lending overall amounted to -0.18 (0.02) %.

Distribution of risk across financial assets

The Bank Group maintains a liquidity portfolio as a buffer for situations where, for some reason, borrowing from the capital markets is not possible under common conditions. Fixed-rate investments within the liquidity portfolio are also used to reduce the structural interest rate risk.

In the life insurance business, the investment portfolio covering total technical provisions is measured on an ongoing basis at market value.

Interest rate investments expose the Group to counterparty risks. Direct interest-rate investments are rated by international credit rating agencies such as Standard & Poor's, Fitch or Moody's. This rating is primarily affected by the counterparty's country and financial position, but also by the type of instrument and its right of priority.

BANK GROUP'S GEOPOLITICAL AND INSTRUMENT TYPE DISTRIBUTION

(EUR million)	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Equity instruments		Total	
	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016
Finland	215	185	44	45	107	85	37	-	-	-	403	316
Norway	-	-	235	217	-	-	-	-	-	-	235	217
Sweden	-	-	132	61	97	88	-	-	-	-	229	149
France	66	66	127	108	32	32	-	-	-	-	224	206
United Kingdom	-	-	118	173	12	18	-	-	-	-	130	191
Netherlands	-	25	69	164	59	60	-	-	-	-	128	249
Canada	-	-	89	24	-	-	-	-	-	-	89	24
Denmark	-	-	84	84	-	-	-	-	-	-	84	84
Germany	49	49	-	-	-	-	-	-	-	-	49	49
Austria	25	26	12	-	-	-	-	-	-	-	38	26
Supranationals	232	214	-	-	-	-	-	-	-	-	232	214
Other	54	54	70	16	-	-	-	-	-	-	125	71
Total	641	619	978	892	307	284	37	-	-	-	1,964	1,794

LIFE INSURANCE COMPANY'S GEOPOLITICAL AND INSTRUMENT TYPE DISTRIBUTION

(EUR million)	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Real estate		Alternative investments		Equity instruments		Totalt	
	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016	3/2017	2016
Finland	31	31	-	6	30	38	73	65	84	84	2	2	-	-	221	227
France	38	39	81	83	1	1	7	10	-	-	-	-	-	-	128	133
Netherlands	10	10	30	30	12	13	2	2	-	-	-	-	-	-	55	55
United Kingdom	-	-	35	35	-	3	1	1	-	-	0	0	-	-	36	40
Austria	23	23	6	6	-	-	0	-	-	-	-	-	-	-	29	30
Denmark	-	-	19	19	1	1	-	-	-	-	-	-	-	-	20	20
Germany	10	16	-	-	-	-	-	-	-	-	-	-	-	-	10	16
Sweden	-	-	6	-	7	13	2	2	-	-	0	0	-	-	15	15
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	19	6	-	-	-	-	-	-	-	-	-	-	-	-	19	6
Other	38	21	-	-	5	5	12	33	-	-	-	-	-	-	55	59
Total	170	148	177	179	57	74	97	113	84	84	3	3	-	-	588	600

The Bank Group's liquidity portfolio and other interest-bearing Investments

Investments within the liquidity portfolio and other interest-bearing investments increased during the period by EUR 170 million and amounted to EUR 1,964 (1,794) million.

RATING DISTRIBUTION FOR BANK GROUP'S LIQUIDITY PORTFOLIO AND OTHER DIRECT INTEREST-BEARING INVESTMENTS

	31 Mar 2017	31 Dec 2016
(EUR million)	1,964	1,794
Aaa	52.4 %	53.3 %
Aa1 - Aa3	27.8 %	29.6 %
A1 - A3	4.0 %	4.8 %
Baa1 - Baa3	2.8 %	3.0 %
Ba1 - Ba3	0.0 %	0.0 %
B1 - B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Finnish municipalities (no rating)	11.1 %	9.3 %
No rating	1.9 %	0.0 %
Total	100.0 %	100.0 %

At the end of the period, there were covered bonds with a total value of EUR 43 million that did not meet the eligibility requirements for refinancing at the central bank. Two of the covered bonds from Finnish credit institutions did not meet the eligibility requirements for refinancing at the central bank due to the fact that the issues have no rating. The rest of the covered bonds did not meet the eligibility requirements for refinancing at the central bank due to the fact that their home countries were not countries within the EEA area or G7 countries, this being a criterion for refinancing of covered bonds at the central bank.

The Bank Group's investments in the so-called GIIPS countries stood at EUR 23 (23) million on 31 March 2017. All exposures relating to GIIPS countries are marked to market on an ongoing basis at current market prices.

Other market risks within the banking business

The banking business conducts no equity trading or investments in real estate property for yield purposes.

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares necessary for the business as well as the investments in shares amounted to EUR 10.0 (9.2) million.

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 588 (600) million. The life insurance company's direct real estate investments amounted to EUR 58 (58) million. The properties are located in the Helsinki region and in other growth areas in Southern Finland, and they mostly have long tenancies.

The life insurance company's direct fixed-income interest investments in GIIPS countries amounted to EUR 0 (0) million.

Rating distribution for the life insurance business' direct interest rate investments (excl. investments in interest funds, real estates, equity instruments and alternative investments)

	31 Mar 2017	31 Dec 2016
(EUR million)	403	431
Aaa	48.9 %	47.6 %
Aa1 - Aa3	29.1 %	29.8 %
A1 - A3	6.5 %	6.9 %
Baa1 - Baa3	4.3 %	5.0 %
Ba1 - Ba3	0.0 %	0.0 %
B1 - B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Finnish municipalities (no rating)	1.5 %	1.4 %
No rating	9.7 %	9.3 %
Total	100.0 %	100.0 %

Valuation of financial assets

Value changes reported through the income statement

Write-downs on financial assets amounted to EUR -0.1 (-0.2) million, attributable to permanent impairment of the value of interest and real estate funds and small private equity holdings.

WRITE-DOWNS ON FINANCIAL ASSETS

	Jan-Mar 2017	Jan-Mar 2016
(EUR million)		
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-
Shares and participations		
Banking Business	-	-
Life Insurance Business	-0.1	-0.2
Total	-0.1	-0.2

Value changes reported through the fund at fair value

A value impairment that is not reported in the income statement, or an increase in the value that has not been realised, is reported through the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 61.8 (67.3) million after deferred tax.

Cash flow hedging, which comprises of already unwound interest rate derivative contracts that have been acquired for the purpose of hedging the banking business' net interest income, amounted to EUR -0.2 (-0.1) million.

THE FUND AT FAIR VALUE

(EUR million)	31 Mar 2017	31 Dec 2016	Δ
Shares and participations			
Banking Business	1.8	1.3	0.4
Life Insurance Business	4.4	4.2	0.2
Direct interest-bearing securities			
Banking Business	12.6	14.5	-1.9
Life Insurance Business	43.2	47.3	-4.1
Cash flow hedging	-0.2	-0.1	0.0
Fund at fair value, total	61.8	67.3	-5.5

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of during earlier years reclassified interest-bearing securities. Most of the reclassified securities have an AAA rating. During the first quarter, new purchases to a value of EUR 120 million were made for the portfolio in order to compensate EUR 113 million of maturing securities. As per 31 March 2017 the portfolio amounted to EUR 451 (445) million.

Unwinding of hedging interest rate derivatives

In November 2012, the company unwound all of its interest rate derivatives for hedging purposes, i.e. to hedge the demand deposits and savings deposits (applying the EU 'carve-out' to hedge accounting). For these interest rate derivatives, the effective part of the market value has been compensated by a corresponding amount in the balance sheet item Deposits.

The unwound interest rate derivatives will have a positive impact on the net interest income up until the end of 2019. In 2017, the positive impact on net interest income will amount to approximately EUR 14 million. The remaining positive impact on the result, amounting to approximately EUR 13 million, will be reported in the years 2018-2019.

The bank is maintaining its policy of actively hedging net interest income where this is considered justified in the long term with regard to the interest rate situation.

Operational risks

No operational risk causing significant financial damage occurred during the period.

Events concerning related parties

On 29 March Evry signed a letter of intent and leads negotiations to acquire Oy Samlink Ab. As part of these discussions, the 50 banks currently serviced by Samlink will select Evry's core banking solution as their future IT platform. With the implementation of its new core banking system Aktia will cease to use Samlink as main supplier of its IT systems.

Further information on events concerning related parties is given in notes G44 and P46 to the Financial statements 2016. No significant changes concerning related parties occurred during the period.

Other events during the period

The companies Evry and Samlink have announced on 29 March 2017 that Evry has signed a letter of intent to acquire the entire share capital Oy Samlink Ab. As part of these discussions, 50 banks currently serviced by Samlink would select EVRY's core banking solution as their future banking platform. With the implementation of its new core banking system Aktia will cease to use Samlink as main supplier of its IT systems.

Aktia owns approximately 23 % of the shares in Samlink. In Aktia's balance sheet the shares have a book value of EUR 0. Aktia is not an active part in the on-going negotiations between Evry and Samlink. At present it's not possible to reliably estimate the effects of a possible transaction on Aktia's profit and financial position.

Events after the end of the period

On 5 May 2017 Aktia informed that the company renews its Executive Committee in order to strengthen customer focus and to transform business operations with the aim to increase profitability. The changes in the Executive Committee, entered into force on 5 May 2017, are presented in the Interim Report in the section Board of Directors and Executive Committee.

Personnel

At the end of March 2017, the total number of full time employees in Aktia Group stood at 919 (31 December 2016; 903). The average number of full-time employees in the first quarter was 916 (1 January - 31 December 2016; 925).

Incentive schemes for key personnel

Key employees of the Aktia Group are provided with a possibility to participate in the share-based incentive schemes, Share Based Incentive Scheme and Share Ownership Scheme, in compliance with the decision of Aktia Bank plc's Board of Directors. Both schemes aim to support the long-term strategy of the Group, unify the objectives of the owners and key personnel, raise the value of the company, and tie the key personnel to the company and offering them competitive incentives based on share ownership in Aktia Bank plc.

For more information on the incentive scheme see www.aktia.com > Corporate Governance > Remuneration.

Board of Directors and Executive Committee

Aktia Bank plc's Board of Directors for 1 January - 31 December 2017:

Chair Dag Wallgren, M.Sc. (Econ.)
 Vice chair Lasse Svens, M.Sc. (Econ.)
 Christina Dahlblom, M.Sc. (Econ.)
 Stefan Damlin, M.Sc. (Econ.)
 Sten Eklundh, M.Sc. (Econ.)
 Kjell Hedman, Business Economist
 Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
 Arja Talma, M.Sc. (Econ.), eMBA

Aktia renews its Executive Committee in order to strengthen customer focus and to transform business operations with the aim to increase profitability. The new members of the Executive Committee appointed 5 May 2017 and their respective areas of responsibility are:

Merja Sergelius (52), Executive Vice President; private customers and SMEs
 Carola Nilsson (49), M.Sc. (Econ.), Executive Vice President; private banking

Irma Gillberg-Hjelt (55), LL.M., Vice President; corporate customers
 Sam Olin (43), B.Sc. (Econ.), Vice President; premium customers
 Outi Henriksson (47), M.Sc. (Econ.), Chief Financial Officer; finance, treasury and investor relations
 Minna Miettinen (48), BA, Chief Digital and Marketing Officer

Minna Miettinen comes from VR Passenger Traffic where she was responsible for marketing and e-commerce. Outi Henriksson comes from VR Group where she was CFO and Carola Nilsson comes from SEB where she was Head of SEB Private Bank Finland and managing director for SEB Wealth Management Ltd.

The following persons continue as members of the Executive Committee with new areas of responsibility:

Juha Hammarén (56), LL.M., Executive Vice President and COO
 Anssi Rantala (45), Dr. Soc.Sc., Executive Vice President; Aktia Asset Management, Aktia Fund Management Company and Aktia Life Insurance
 Mia Bengts (47), M.Sc. (Econ.), LL.M., Head of HR, Communications and Group Legal
 Magnus Weurlander (52), M.Sc. (Econ.), Chief Information Officer

There is also a staff representative in the Executive Committee. Previous members of the Executive Committee, Deputy Managing Director Taru Narvanmaa and CFO Fredrik Westerholm, have left Aktia. Deputy Managing Director Carl Pettersson informed 26 January 2017 that he will resign from Aktia to become Managing Director of Veritas Pension Insurance. Carl Pettersson left Aktia on 25 April 2017.

The changes to the Executive Committee of Aktia enter into force 5 May 2017. However, so that Minna Miettinen will take office 1 September 2017 at the latest, Outi Henriksson 6 November at the latest and Carola Nilsson 20 November 2017 at the latest. Martin Backman, M.Sc. (Technology) and M.Sc. (Economics), took office as President & CEO for Aktia Bank plc 6 March 2017. Executive Vice President Juha Hammarén was appointed Deputy to CEO.

Decisions of Aktia Bank plc's Annual General Meeting 2017

The Annual General Meeting of Aktia Bank plc on 5 April 2017 adopted the consolidated financial statements of the parent company and the group, and discharged the members of the Board of Supervisors, the members of the Board of Directors, the Managing Director and his alternate from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.60 per share, totalling approximately EUR 39.9 million for the accounting period 1 January – 31 December 2016.

The Annual General Meeting established the number of members in the Board of Supervisors to be twenty six.

The members of the Board of Supervisors Christina Gestrin, Patrik Lerche, Håkan Fagerström, Peter Simberg, Solveig Söderback and Peter Karlgren, who were all due to step down, were re-elected as members of the Board of Supervisors and Nina Wilkman (LL.M.) and Mats Löfström (Member of Parliament), were elected as new members of the Board of Supervisors.

As annual remuneration for the members of the Board of Supervisors, EUR 24,400 for the chair, EUR 10,500 for deputy chairs and EUR 4,400 for members were established. Further, a remuneration of EUR 500 was set per meeting attended.

The Annual General Meeting determined that the number of auditors shall be one, and elected APA firm KPMG Oy Ab as auditor with Jari Härmälä, M.Sc. (Econ.), APA, as auditor-in-charge.

The Annual General Meeting adopted the proposals by the Board of Directors concerning the authorisation to issue shares, the authorisation to acquire own shares to be used in the company's share based incentive scheme and/or as remuneration to members of executive bodies in the company as well as the authorisation to divest own shares.

An extraordinary General Meeting is planned for September to take decision on amendment of the articles of association of Aktia Bank plc and abolishing the Board of Supervisors.

All proposals mentioned above are included in the Summons to the AGM published on the website www.aktia.com under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2017.

Share capital and ownership

The share capital of Aktia Bank plc amounts to EUR 163 million, comprising a total of 46,706,723 A shares and 19,872,088 R shares, or 66,578,811 shares in all. The number of shareholders at the end of March 2017 was 42,778. Foreign ownership was 2.7 %. The number of unregistered shares was 767,411.

On 31 March 2017, the Group held 59,477 (184,669) treasury A shares and 6,658 (6,658) treasury R shares.

Shares

Aktia Bank's trading codes are AKTAV for A shares and AKTRV for R shares. Each A share confers one vote, and each R share confers 20 votes. Otherwise, the shares confer the same rights.

Aktia's market value at 31 March 2017 was EUR 731 (686) million. On 31 March 2017, the closing price for a series A share was EUR 9.78 (9.82) and for a series R share EUR 13.80 (11.49). The highest closing price for A series shares was EUR 10.95 (9.82) and the lowest EUR 9.59 (8.80). The highest price for the series R share was EUR 15.60 (12.00) and the lowest EUR 13.61 (10.35).

The average daily turnover in 2017, for series A shares, increased from the previous year to EUR 442,022 (211,485) or 44,394 (21,803) shares. An average of 218 (94) transactions per day were carried out with series A shares.

The average daily turnover of R shares continued low, but higher than the previous year, amounting to EUR 14,145 (1,737) or 1,084 (156) shares. An average of 2.5 (2.0) transactions per day were carried out with series R shares.

Outlook and risks

Outlook 2017

The continued low interest rates will have a negative impact on the return from Aktia's liquidity portfolio, resulting in lower net interest income (NII) than in 2016. Write-downs on credits are expected to remain low in 2017.

The operating profit for 2017 is estimated to be lower than in 2016, as no larger one-time gains are expected.

Risks

Aktia's financial results is affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, as well as the competitive situation. The demand for banking, insurance, asset management and real estate agency services can be changed by these factors.

Successful implementation of the core banking system is a critical factor for Aktia's aim to achieve better cost efficiency and attain its future growth targets.

Changes in interest rates, yield curves and credit margins are hard to predict and can affect Aktia's interest margins and thus profitability. Aktia is pursuing a proactive management of interest rate risk.

Any future write-downs on credits in Aktia's loan book could be due to many factors, of which the most important are the general economic situation, the interest rate level, the level of unemployment and changes in house prices.

The availability of liquidity on the financial market is important for Aktia's refinancing activities. Like other banks, Aktia relies on deposits from households to service some of its liquidity needs.

The market value of Aktia's financial and other assets can change, among other things, as a result of requirements among investors for higher returns.

The years following the financial crisis have brought increased regulation of banking and insurance operations, first and foremost the Basel III regulatory framework. This has led to more stringent capital and liquidity requirements for the bank. The new regulation has also resulted in increased competition for deposits, higher demands on long-term financing and higher fixed costs.

Financial objectives 2018

The financial objectives stipulated by the Board of Directors in February 2015 are:

- Improve cost-to-income ratio by at least 10 %
- Common Equity Tier 1 Capital Ratio (CET 1) of 15 % at a minimum
- Improve Return on Equity (ROE) to at least 9 %
- Dividend pay-out of at least 50 % of the profit for the year

Key figures

(EUR million)	1Q2017	1Q2016	Δ %	2016	4Q2016	3Q2016	2Q2016
Earnings per share (EPS), EUR	0.20	0.18	13 %	0.74	0.10	0.19	0.27
Total earnings per share, EUR	0.12	0.30	-61 %	0.62	-0.11	0.19	0.24
Equity per share (NAV), EUR, euro * ¹	9.34	9.56	-2 %	9.24	9.24	9.35	9.15
Average number of shares (excl. treasury shares), million ²	66.5	66.5	0 %	66.5	66.5	66.5	66.5
Number of shares at the end of the period (excl. treasury shares), million ¹	66.5	66.6	0 %	66.4	66.4	66.5	66.6
Return on equity (ROE), % *	8.7	7.6	15 %	8.0	4.2	8.4	11.6
Return on assets (ROA), % *	0.56	0.48	17 %	0.51	0.27	0.53	0.74
Cost-to-income ratio *	0.70	0.72	-3 %	0.70	0.80	0.68	0.62
Common Equity Tier 1 capital ratio (Bank Group), % ¹	18.2	19.5	-7 %	19.5	19.5	19.2	19.7
Tier 1 capital ratio (Bank Group), % ¹	18.2	19.5	-7 %	19.5	19.5	19.2	19.7
Capital adequacy ratio (Bank Group), % ¹	24.8	25.6	-3 %	26.3	26.3	25.5	26.2
Risk-weighted commitments (Bank Group) ¹	2,099.7	2,128.5	-1 %	1,997.7	1,997.7	2,114.1	2,072.9
Capital adequacy ratio (finance and insurance conglomerate), % ¹	180.5	187.4	-4 %	188.6	188.6	181.3	186.4
Equity ratio, % * ¹	6.4	6.5	0 %	6.3	6.3	6.4	6.2
Group financial assets * ¹	2,985.8	2,864.7	4 %	2,706.0	2,706.0	2,667.9	2,692.1
Assets under Management * ¹	8,710.1	7,179.0	21 %	8 063.4	8,063.4	7,728.3	7,298.4
Borrowing from the public ¹	4,113.1	3,969.4	4 %	4,164.3	4,164.3	4,254.0	4,235.4
Lending to the public ¹	5,703.2	5,861.7	-3 %	5,717.4	5,717.4	5,797.7	5,987.0
Premiums written before reinsurers' share *	33.3	33.6	-1 %	112.8	29.9	24.6	24.7
Expense ratio, % (life insurance company) * ²	77.7	86.1	-10 %	81.9	81.9	82.7	85.6
Solvency ratio (life insurance company), %	185.7	160.8	15 %	179.4	179.4	165.3	154.5
Own funds (life insurance company)	149.7	131.4	14 %	144.7	144.7	134.1	131.9
Investments at fair value (life insurance company) * ¹	1,310.6	1,238.0	6 %	1,293.5	1,293.5	1,295.4	1,265.6
Technical provisions for risk insurances and interest-related insurances ¹	434.5	464.7	-6 %	443.0	443.0	450.4	457.0
Technical provisions for unit-linked insurances ¹	749.6	659.7	14 %	719.4	719.4	702.2	672.1
Group's personnel (FTEs), average number of employees	916	924	-1 %	925	911	942	929
Group's personnel (FTEs), at the end of the period ¹	919	924	-1 %	903	903	915	968

1) At the end of the period

2) Cumulative from the beginning of the year

* The alternative key figures for Aktia are chosen to present the development of profit, the financial position or the cash flow that has not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). The alternative key figures make comparison of different periods easier and gives users of financial reports useful further information.

Basis of calculation for the key figures are presented in Aktia Bank plc's Annual Report 2016 on page 62.

Consolidated income statement

(EUR million)	Note	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Net interest income	4	23.4	24.6	-5 %	95.6
Dividends		0.0	0.0	-	0.0
Commission income		23.5	20.8	13 %	90.0
Commission expenses		-2.4	-1.9	-23 %	-10.3
Net commission income		21.1	18.9	12 %	79.7
Net income from life-insurance	5	7.0	5.9	19 %	24.7
Net income from financial transactions	6	1.3	0.6	114 %	8.3
Net income from investment properties		-	0.0	-	-
Other operating income		0.3	0.4	-18 %	3.1
Total operating income		53.1	50.4	5 %	211.3
Staff costs		-17.9	-18.4	-3 %	-72.3
IT expenses		-7.8	-7.1	10 %	-28.4
Depreciations of tangible and intangible assets		-1.7	-2.1	-19 %	-8.2
Other operating expenses		-9.9	-8.9	11 %	-39.6
Total operating expenses		-37.3	-36.5	2 %	-148.4
Write-downs on credits and other commitments		-0.1	-0.1	-29 %	-2.2
Share of profit from associated companies		0.6	0.7	-19 %	0.7
Operating profit		16.4	14.6	13 %	61.5
Taxes		-2.9	-2.7	9 %	-12.2
Profit for the period		13.5	11.9	13 %	49.3
Attributable to:					
Shareholders in Aktia Bank plc		13.5	11.9	13 %	49.3
Total		13.5	11.9	13 %	49.3
Earnings per share (EPS), EUR		0.20	0.18	13 %	0.74
Earnings per share (EPS), EUR, after dilution		0.20	0.18	13 %	0.74

Consolidated comprehensive income

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Profit for the period	13.5	11.9	13 %	49.3
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-9.6	9.6	-	-2.5
Change in valuation of fair value for financial assets held until maturity	4.6	-0.4	-	-0.9
Change in valuation of fair value for cash flow hedging	0.0	-0.2	80 %	-0.2
Transferred to the income statement for financial assets available for sale	-0.5	-0.9	42 %	-4.3
Comprehensive income from items which can be transferred to the income statement	-5.5	8.2	-	-7.8
Defined benefit plan pensions	-0.3	-	-	-0.5
Comprehensive income from items which can not be transferred to the income statement	-0.3	-	-	-0.5
Total comprehensive income for the period	7.7	20.1	-62 %	41.0
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	7.7	20.1	-62 %	41.0
Total	7.7	20.1	-62 %	41.0
Total earnings per share, EUR	0.12	0.30	-62 %	0.62
Total earnings per share, EUR, after dilution	0.12	0.30	-62 %	0.62

Consolidated balance sheet

(EUR million)	Note	31 Mar 2017	31 Dec 2016	Δ %	31 Mar 2016
Assets					
Cash and balances with central banks	9	499.7	380.1	31 %	191.1
Interest-bearing securities		1,885.9	1,739.3	8 %	2,059.5
Shares and participations		117.2	101.3	16 %	104.8
Financial assets available for sale	9	2,003.2	1,840.5	9 %	2,164.3
Financial assets held until maturity	9	450.8	445.3	1 %	472.3
Derivative instruments	7,9	117.1	132.2	-11 %	192.7
Lending to Bank of Finland and credit institutions		46.0	43.1	7 %	48.1
Lending to the public and public sector entities	8	5,703.2	5,717.4	0 %	5,861.7
Loans and other receivables	9	5,749.2	5,760.5	0 %	5,909.9
Investments for unit-linked insurances	9	751.0	723.1	4 %	660.4
Investments in associated companies		0.0	0.0	-	0.0
Intangible assets		67.3	63.7	6 %	53.9
Investment properties		58.4	58.1	1 %	53.7
Other tangible assets		7.3	7.7	-5 %	8.4
Accrued income and advance payments		48.6	46.6	4 %	53.4
Other assets		24.9	20.2	24 %	22.6
Total other assets		73.6	66.8	10 %	76.0
Income tax receivables		0.3	0.2	56 %	0.9
Deferred tax receivables		7.0	7.8	-11 %	9.0
Tax receivables		7.3	8.0	-9 %	9.9
Total assets		9,785.0	9,486.0	3 %	9,792.5
Liabilities					
Liabilities to Bank of Finland and credit institutions		800.9	508.9	57 %	368.5
Liabilities to the public and public sector entities		4,113.1	4,164.3	-1 %	3,969.4
Deposits	9	4,913.9	4,673.1	5 %	4,337.9
Derivative instruments	7,9	44.5	54.3	-18 %	77.5
Debt securities issued	9	2,465.3	2,476.7	0 %	3,017.9
Subordinated liabilities	9	245.6	243.6	1 %	234.3
Other liabilities to credit institutions	9	73.1	74.5	-2 %	84.8
Other liabilities to the public and public sector entities	9	-	5.5	-	32.0
Other financial liabilities		2,784.0	2,800.3	-1 %	3,369.1
Technical provisions for risk insurances and interest-related insurances		434.5	443.0	-2 %	464.7
Technical provisions for unit-linked insurances		749.6	719.4	4 %	659.7
Technical provisions		1,184.1	1,162.4	2 %	1,124.4
Accrued expenses and income received in advance		55.7	53.3	4 %	71.2
Other liabilities		120.6	67.0	80 %	112.8
Total other liabilities		176.3	120.4	46 %	184.0
Provisions		0.7	1.4	-52 %	2.1
Income tax liabilities		1.5	1.0	54 %	1.1
Deferred tax liabilities		59.0	60.0	-2 %	60.4
Tax liabilities		60.4	60.9	-1 %	61.6
Total liabilities		9,164.0	8,872.9	3 %	9,156.5
Equity					
Restricted equity		224.8	230.3	-2 %	246.3
Unrestricted equity		396.2	382.8	4 %	389.8
Total equity		621.0	613.1	1 %	636.1
Total liabilities and equity		9,785.0	9,486.0	3 %	9,792.5

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Total equity
Equity as at 1 Jan 2016	163.0	75.1	2.1	115.1	259.9	615.2
Acquisition of treasury shares					-1.7	-1.7
Divestment of treasury shares				-0.1	1.5	1.4
Dividend to shareholders					-35.9	-35.9
Capital return to shareholders				-6.7		-6.7
Profit for the year					49.3	49.3
Financial assets available for sale		-6.7				-6.7
Financial assets held until maturity		-0.9				-0.9
Cash flow hedging		-0.2				-0.2
Defined benefit plan pensions					-0.5	-0.5
Total comprehensive income for the year		-7.8			48.8	41.0
Other change in equity			-0.2			-0.2
Equity as at 31 Dec 2016	163.0	67.3	2.0	108.3	272.6	613.1
Equity as at 1 Jan 2017	163.0	67.3	2.0	108.3	272.6	613.1
Divestment of treasury shares				0.1	1.2	1.2
Profit for the period					13.5	13.5
Financial assets available for sale		-10.1				-10.1
Financial assets held until maturity		4.6				4.6
Cash flow hedging		0.0				0.0
Defined benefit plan pensions					-0.3	-0.3
Total comprehensive income for the period		-5.5			13.2	7.7
Other change in equity			-1.0			-1.0
Equity as at 31 Mar 2017	163.0	61.8	1.0	108.4	286.9	621.0
Equity as at 1 Jan 2016	163.0	75.1	2.1	115.1	259.9	615.2
Divestment of treasury shares				-0.1	1.5	1.3
Profit for the period					11.9	11.9
Financial assets available for sale		8.8				8.8
Financial assets held until maturity		-0.4				-0.4
Cash flow hedging		-0.2				-0.2
Total comprehensive income for the period		8.2			11.9	20.1
Other change in equity		-	-0.6		-	-0.6
Equity as at 31 Mar 2016	163.0	83.3	1.6	115.0	273.2	636.1

Consolidated cash flow statement

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Cash flow from operating activities				
Operating profit	16.4	14.6	13 %	61.5
Adjustment items not included in cash flow	-3.4	-5.1	35 %	-7.0
Paid income taxes	-1.1	-1.0	-8 %	-4.7
Cash flow from operating activities before change in receivables and liabilities	11.9	8.4	42 %	49.7
Increase (-) or decrease (+) in receivables from operating activities	-200.8	37.8	-	491.1
Increase (+) or decrease (-) in liabilities from operating activities	320.6	-114.6	-	-304.0
Total cash flow from operating activities	131.7	-68.4	-	236.8
Cash flow from investing activities				
Investments in group companies and business operations	-	-	-	-1.0
Proceeds from sale of group companies and associated companies	-	-	-	-63.3
Investment in investment properties	-0.5	-	-	-4.4
Investment in tangible and intangible assets	-5.0	-5.0	1 %	-19.2
Proceeds from sale of tangible and intangible assets	0.0	-	-	0.0
Total cash flow from investing activities	-5.5	-5.0	-10 %	-87.9
Cash flow from financing activities				
Subordinated liabilities	2.0	-0.8	-	8.5
Dividend/share issue to the non-controlling interest	-1.1	-1.1	5 %	-1.1
Acquisition of treasury shares	-	-	-	-1.7
Divestment of treasury shares	1.2	1.3	-6 %	1.4
Paid dividends	-	-	-	-35.9
Paid capital return	-	-	-	-6.7
Total cash flow from financing activities	2.1	-0.6	-	-35.5
Change in cash and cash equivalents	128.3	-74.0	-	113.4
Cash and cash equivalents at the beginning of the year	396.8	283.4	40 %	283.4
Cash and cash equivalents at the end of the period	525.1	209.4	151 %	396.8
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	5.6	6.3	-12 %	7.0
Bank of Finland current account	494.1	184.8	167 %	373.1
Repayable on demand claims on credit institutions	25.4	18.3	39 %	16.7
Total	525.1	209.4	151 %	396.8
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	0.1	0.2	-68 %	0.9
Write-downs on credits and other commitments	0.1	0.1	-29 %	2.2
Change in fair value	1.2	-1.5	-	-0.3
Depreciation and impairment of tangible and intangible assets	1.7	2.1	-19 %	8.2
Unwound fair value hedging	-3.9	-4.0	1 %	-15.9
Change in provisions	-0.7	-0.2	-225 %	-0.9
Change in fair values of investment properties	0.2	0.1	169 %	0.1
Change in share-based remuneration	-2.3	-1.7	-39 %	-0.9
Other adjustments	0.3	-0.2	-	-0.3
Total	-3.4	-5.1	35 %	-7.0

Quarterly trends in the Group

(EUR million)						
Income statement	1Q2017	4Q2016	3Q2016	2Q2016	1Q2016	2016
Net interest income	23.4	23.0	23.9	24.1	24.6	95.6
Dividends	0.0	0.0	-	0.0	0.0	0.0
Net commission income	21.1	20.1	20.0	20.7	18.9	79.7
Net income from life-insurance	7.0	6.1	5.8	6.9	5.9	24.7
Net income from financial transactions	1.3	0.6	-0.3	7.4	0.6	8.3
Net income from investment properties	-	0.0	0.0	0.0	0.0	-
Other operating income	0.3	0.9	1.5	0.4	0.4	3.1
Total operating income	53.1	50.6	50.9	59.4	50.4	211.3
Staff costs	-17.9	-19.7	-16.3	-17.9	-18.4	-72.3
IT-expenses	-7.8	-8.1	-6.4	-6.7	-7.1	-28.4
Depreciation of tangible and intangible assets	-1.7	-1.9	-2.1	-2.1	-2.1	-8.2
Other operating expenses	-9.9	-10.7	-9.9	-10.1	-8.9	-39.6
Total operating expenses	-37.3	-40.5	-34.6	-36.8	-36.5	-148.4
Write-downs on credits and other commitments	-0.1	-1.5	-0.5	-0.1	-0.1	-2.2
Share of profit from associated companies	0.6	-	-	-	0.7	0.7
Operating profit	16.4	8.6	15.8	22.4	14.6	61.5
Taxes	-2.9	-2.1	-3.0	-4.4	-2.7	-12.2
Profit for the period	13.5	6.5	12.9	18.0	11.9	49.3
Attributable to:						
Shareholders in Aktia Bank plc	13.5	6.5	12.9	18.0	11.9	49.3
Total	13.5	6.5	12.9	18.0	11.9	49.3
Earnings per share (EPS), EUR	0.20	0.10	0.19	0.27	0.18	0.74
Earnings per share (EPS), EUR, after dilution	0.20	0.10	0.19	0.27	0.18	0.74
Comprehensive income						
Profit for the period	13.5	6.5	12.9	18.0	11.9	49.3
Other comprehensive income after taxes:						
Change in valuation of fair value for financial assets available for sale	-9.6	-13.8	1.2	0.6	9.6	-2.5
Change in valuation of fair value for financial assets held until maturity	4.6	1.3	-0.9	-0.9	-0.4	-0.9
Change in valuation of fair value for cash flow hedging	0.0	-0.1	0.0	0.1	-0.2	-0.2
Transferred to the income statement for financial assets available for sale	-0.5	-1.0	-0.3	-2.1	-0.9	-4.3
Comprehensive income from items which can be transferred to the income statement	-5.5	-13.6	-0.1	-2.4	8.2	-7.8
Defined benefit plan pensions	-0.3	-0.5	-	-	-	-0.5
Comprehensive income from items which can not be transferred to the income statement	-0.3	-0.5	-	-	-	-0.5
Total comprehensive income for the period	7.7	-7.5	12.8	15.6	20.1	41.0
Total comprehensive income attributable to:						
Shareholders in Aktia Bank plc	7.7	-7.5	12.8	15.6	20.1	41.0
Total	7.7	-7.5	12.8	15.6	20.1	41.0
Total earnings per share, EUR	0.12	-0.11	0.19	0.24	0.30	0.62
Total earnings per share, EUR, after dilution	0.12	-0.11	0.19	0.24	0.30	0.62

Notes to the Interim Report

Note 1. Basis for preparing the Interim report and important accounting principles

Basis for preparing the interim report

Aktia Bank plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The accounts announcement for the period 1 January – 31 March 2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim Report does not contain all the information and notes required for an annual report and should therefore be read together with the Aktia Group's annual report of 31 December 2016. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore the total of individual amounts may differ from the presented total.

The Interim Report for the period 1 January – 31 March 2017 was approved by the Board of Directors on 11 May 2017.

Aktia Bank plc's financial statements and interim reports are available on Aktia's website www.aktia.com.

Key accounting principles

In preparing the Interim Report the Group has followed the accounting principles applicable to the annual report of 31 December 2016.

As from 1 January 2017 staff costs for the share based incentive schemes have been distributed to the business segments, and the reference period has been reconstructed to comply with that. The Groups total staff costs and operating profit have not changes, but the different segments' staff costs and operating profits for the reference period differ from the figures published in 2016.

The following new and amended IFRSs may affect the reporting of future transactions and business:

The standard **IFRS 9** Financial Instruments was approved by the EU in November 2016, and it replaces IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 introduces new requirements for recognition and measurement of financial assets and liabilities. Aktia's model for risk management and the characteristics of financial instruments in respect of future cash flows will have an impact on categories applied by Aktia. Aktia's

financial assets will be classified in the categories amortised cost, fair value through other comprehensive income, and fair value through the income statement. The reporting of financial assets according to a mixed business model, where changes in fair value according to IFRS 9 are reported through other comprehensive income, corresponds to the reporting of financial assets available for sale according to the present IAS 39 standard.

The Group does not expect any significant reclassifications between fair value and amortised cost as a result of the transition to IFRS 9. Therefore, the changes in classification and measurement rules are not expected to have any significant impact on the Group's result or financial position.

Differing from the current model concerning provisions for credit losses based on occurred events, the requirements concerning impairment in IFRS 9 are based on a model for expected credit losses. Calculation of provisions for expected credit losses comprises financial assets valued at amortised cost and financial assets valued at fair value through other comprehensive income as well as guarantees and credit commitments. Based on preliminary calculations, the implementation of IFRS 9 will marginally increase reported provisions for credit losses.

In our view, all the above changes at the transition to IFRS 9 will reduce equity with a marginal negative impact on capital adequacy. In hedge accounting according to IFRS 9 the biggest change will be that it will be more adapted to risk management. The above mentioned changes in hedge accounting are not expected to have any significant impact on the Group's result or financial position. During 2017, Aktia will continue to clarify the impact of IFRS 9 on the Group's result and financial position. The Aktia Group plans to implement IFRS 9 when the standard becomes mandatory as of 1 January 2018.

IFRS 15 Revenue from contracts with customer replaces all earlier standards and interpretations of recognition of revenue. IFRS 15 includes a comprehensive five-step model for revenue recognition, and the standard is not estimated to have any significant impact on the revenue recognition in the Aktia Group. The standard was approved by the EU in October 2016, and it will become mandatory as of 1 January 2018.

On 13 January 2016, IASB published a new standard, **IFRS 16** "Leases", to supersede IAS 17 "Leases". IFRS 16 eliminates the distinction between operating and finance leases for lessees, introducing a new model instead, where assets and liabilities for all leases with lease terms exceeding 12 months shall be reported in the balance sheet. For leases where the lease term is 12 months or less, or where the value of the underlying asset is low, exemptions may be applied. For the leased asset, depreciation and interest expenses relating to the lease liability are reported separately. The requirements concerning lessor accounting remain largely unchanged from IAS 17, and the distinction between operating and finance leases is retained. In our view, the new standard will change accounting concerning leased property, which will mainly impact the balance sheet. The standard has yet to be approved by the EU. The Aktia Group plans to implement IFRS 16 when the standard becomes mandatory as of 1 January 2019.

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have an impact on the Group's future results, financial position or explanatory notes.

Note 2. Group's segment reporting

(EUR million)	Banking Business				Asset Management & Life Insurance				Miscellaneous		Eliminations		Total Group	
	Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
Income statement														
Net interest income	23.3	24.5	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	23.4	24.6
Net commission income	16.9	15.5	6.9	5.9	5.9	5.1	0.2	0.2	-2.8	-2.7	0.8	0.8	21.1	18.9
Net income from life insurance	-	-	6.1	5.1	6.1	5.1	-	-	1.0	0.8	0.0	0.0	7.0	5.9
Other income	0.4	0.9	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	1.6	1.0
Total operating income	40.6	41.0	12.9	11.0	11.0	11.0	1.4	0.3	-1.8	-1.9	0.3	0.3	53.1	50.4
Staff costs	-13.9	-15.3	-3.4	-2.7	-2.7	-0.7	-0.7	-0.4	-	-	-	-	-17.9	-18.4
IT-expenses	-7.2	-5.9	-0.6	-0.5	-0.5	0.0	0.0	-0.6	-	-	-	-	-7.8	-7.1
Depreciation of tangible and intangible assets	-1.1	-1.5	-0.1	-0.2	-0.2	-0.4	-0.4	-0.5	-	-	-	-	-1.7	-2.1
Other expenses	-7.7	-7.3	-2.4	-2.6	-2.6	-1.6	-1.6	-0.9	1.8	1.9	0.0	0.0	-9.9	-8.9
Total operating expenses	-30.0	-29.9	-6.5	-6.1	-6.1	-2.7	-2.4	-2.4	1.8	1.9	0.6	0.6	-37.3	-36.5
Write-downs on credits and other commitments	-0.1	-0.1	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1
Share of profit from associated companies	-	-	-	-	-	-	-	-	0.6	0.7	0.7	0.7	0.6	0.7
Operating profit	10.6	11.0	6.4	4.9	4.9	-1.2	-2.1	-2.1	0.6	0.7	0.7	0.7	16.4	14.6

(EUR million)	Banking Business				Asset Management & Life Insurance				Miscellaneous		Eliminations		Total Group	
	Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017		Jan-Mar 2016		Jan-Mar 2017	
	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2017	Jan-Mar 2016
Balance sheet														
Cash and balances with central banks	499.7	380.1	0.0	0.0	0.0	0.0	-	-	-	-	-	-	499.7	380.1
Financial assets available for sale	1,492.8	1,319.4	503.9	515.6	515.6	10.0	9.1	9.1	-3.5	-3.6	-	-	2,003.2	1,840.5
Financial assets held until maturity	450.8	445.3	-	-	-	-	-	-	-	-	-	-	450.8	445.3
Loans and other receivables	5,737.8	5,750.8	34.1	35.9	35.9	6.6	6.6	6.6	-29.3	-32.8	-	-	5,749.2	5,760.5
Investments for unit-linked insurances	-	-	751.0	723.1	723.1	-	-	-	-	-	-	-	751.0	723.1
Other asset	188.8	194.6	75.9	77.1	77.1	194.5	192.8	192.8	-128.1	-128.0	-	-	331.0	336.5
Total assets	8,369.9	8,090.2	1,364.9	1,351.7	1,351.7	211.1	208.5	208.5	-161.0	-164.4	-164.4	-164.4	9,785.0	9,486.0
Deposits	4,943.2	4,706.0	-	-	-	0.0	0.0	0.0	-29.3	-32.8	-	-	4,913.9	4,673.1
Debt securities issued	2,468.8	2,480.3	-	-	-	-	-	-	-3.5	-3.6	-	-	2,465.3	2,476.7
Technical provisions	-	-	1,184.1	1,162.4	1,162.4	-	-	-	-	-	-	-	1,184.1	1,162.4
Other liabilities	542.8	509.9	29.5	35.8	35.8	32.3	20.8	20.8	-4.0	-6.0	-	-	600.6	560.6
Total liabilities	7,954.8	7,696.1	1,213.6	1,198.3	1,198.3	32.4	20.8	20.8	-36.9	-42.4	-42.4	-42.4	9,164.0	8,872.9

Note 3. Group's risk exposures

THE BANK GROUP'S CAPITAL ADEQUACY

Banking Group includes Aktia Bank plc and all its subsidiaries except for Aktia Life Insurance Ltd, and forms a consolidated group in accordance with regulations pertaining to capital adequacy.

(EUR million)	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	The Group	The bank Group	The Group	The Bank Group	The Group	The Bank Group
Calculation of the Bank Group's capital base						
Total assets	9,785.0	8,506.9	9,486.0	8,224.9	9,792.5	8,584.8
of which intangible assets	67.3	66.6	63.7	62.8	53.9	52.6
Total liabilities	9,164.0	7,980.0	8,872.9	7,706.8	9,156.5	8,041.2
of which subordinated liabilities	245.6	245.6	243.6	243.6	234.3	234.3
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	61.8	14.2	67.3	15.7	83.3	27.1
Total restricted equity	224.8	177.2	230.3	178.7	246.3	190.1
Unrestricted equity reserve and other funds	109.4	109.4	110.3	110.3	116.5	116.5
Retained earnings	273.4	229.9	223.2	189.0	261.3	227.1
Profit for the reporting period	13.5	10.3	49.3	40.0	11.9	9.8
Unrestricted equity	396.2	349.6	382.8	339.4	389.8	353.5
Shareholders' share of equity	621.0	526.8	613.1	518.1	636.1	543.6
Non-controlling interest's share of equity	-	-	-	-	-	-
Equity	621.0	526.8	613.1	518.1	636.1	543.6
Total liabilities and equity	9,785.0	8,506.9	9,486.0	8,224.9	9,792.5	8,584.8
Off-balance sheet commitments	489.4	489.0	527.7	527.2	328.6	327.8
Equity in the Bank Group		526.8		518.1		543.6
Provision for dividends to shareholders		-		-39.8		-8.5
Profit for the year for which no application was filed with the Financial Supervisory Authority		-10.3		-		-
Intangible assets		-66.6		-62.8		-52.6
Debentures		138.1		136.1		130.9
Additional expected losses according to IRB		-21.4		-20.3		-21.0
Deduction for significant holdings in financial sector entities		-7.2		-6.6		-4.3
Other incl. unpaid dividend		-38.9		1.0		-42.5
Total capital base (CET1 + AT1 + T2)		520.5		525.8		545.6

(EUR million)

	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
The Bank Group's capital adequacy					
Common Equity Tier 1 Capital before regulatory adjustments	477.2	480.0	491.0	489.8	492.5
Common Equity Tier 1 Capital regulatory adjustments	-94.8	-90.4	-85.2	-82.1	-77.8
Total Common Equity Tier 1 Capital (CET1)	382.4	389.7	405.8	407.7	414.7
Additional Tier 1 capital before regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	-	-	-	-	-
Total Tier 1 capital (T1 = CET1 + AT1)	382.4	389.7	405.8	407.7	414.7
Tier 2 capital before regulatory adjustments	138.1	136.1	132.8	135.5	130.9
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	138.1	136.1	132.8	135.5	130.9
Total Own funds (TC = T1 + T2)	520.5	525.8	538.6	543.2	545.6
Total Risk weighted exposures	2 099.7	1,997.7	2,114.1	2,072.9	2,128.5
of which credit risk, the standardised approach	863.8	748.8	795.2	712.6	735.2
of which credit risk, the IRBA approach	887.1	900.1	962.0	1 004.2	1 037.1
of which market risk	-	-	-	-	-
of which operational risk	348.7	348.7	356.9	356.1	356.1
Own funds requirement (8%)	168.0	159.8	169.1	165.8	170.3
Own funds buffer	352.5	366.0	369.4	377.3	375.3
CET1 capital ratio	18.2 %	19.5 %	19.2 %	19.7 %	19.5 %
T1 capital ratio	18.2 %	19.5 %	19.2 %	19.7 %	19.5 %
Total capital ratio	24.8 %	26.3 %	25.5 %	26.2 %	25.6 %
Own funds floor (CRR article 500)					
Own funds	520.5	525.8	538.6	543.2	545.6
Own funds floor ¹	189.7	183.6	185.3	189.5	187.8
Own funds buffer	330.8	342.2	353.3	353.7	357.8

1) 80% of the capital requirement based on standardised approach (8%).

Calculation of capital adequacy is made using ratings from Moody's Investors Services to define risk weight of exposures.

THE BANK GROUP'S RISK-WEIGHTED AMOUNT FOR OPERATIONAL RISKS

(EUR million)

Risk-weighted amount for operational risks	2014 ¹	2015 ¹	2016	Mar 2017	Dec 2016	Sep 2016	Jun 2016	Mar 2016
Gross income	187.1	187.7	183.3					
- average 3 years			186.0					
Capital requirement for operational risk				27.9	27.9	28.6	28.5	28.5
Risk-weighted amount				348.7	348.7	356.9	356.1	356.1

1) Recalculated after acquisition of Aktia Finance Ltd.

The capital requirement for operational risk is 15 % of average gross income for the last three years.
The risk-weighted amount for operational risks is calculated by dividing the capital requirement by 8 %.

(EUR million)

	31 Mar 2017				
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8 %
The Bank Group's total exposures					
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	4,529.1	4,522.5	14 %	614.8	49.2
Retail - Secured by immovable property SME	153.9	152.9	49 %	74.6	6.0
Retail - Other non-SME	109.5	104.2	39 %	40.4	3.2
Retail - Other SME	28.5	26.9	85 %	22.8	1.8
Equity exposures	49.0	49.0	275 %	134.5	10.8
Total exposures, IRB approach	4,870.0	4,855.6	18 %	887.1	71.0
Credit risk, standardised approach					
States and central banks	621.4	723.9	0 %	-	-
Regional governments and local authorities	229.4	252.8	0 %	0.8	0.1
Multilateral development banks	51.5	51.5	0 %	-	-
International organisations	178.5	178.5	0 %	-	-
Credit institutions	863.7	478.8	28 %	135.5	10.8
Corporates	369.3	233.2	99 %	231.9	18.6
Retail exposures	254.9	104.2	68 %	71.3	5.7
Secured by immovable property	801.3	728.8	38 %	277.1	22.2
Past due items	36.4	9.1	108 %	9.8	0.8
Covered bonds	865.9	865.9	10 %	86.6	6.9
Other items	77.8	70.4	49 %	34.3	2.7
Total exposures, standardised approach	4,350.2	3,697.1	23 %	847.2	67.8
Total risk exposures	9,220.2	8,552.7	20 %	1,734.4	138.8

(EUR million)

	31 Dec 2016				
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8 %
The Bank Group's total exposures					
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	4,620.2	4,613.6	14 %	629.7	50.4
Retail - Secured by immovable property SME	155.7	154.8	49 %	75.1	6.0
Retail - Other non-SME	110.5	106.0	43 %	45.9	3.7
Retail - Other SME	22.7	21.0	78 %	16.4	1.3
Equity exposures	48.8	48.8	273 %	132.9	10.6
Total exposures, IRB approach	4,957.8	4,944.1	18 %	900.1	72.0
Credit risk, standardised approach					
States and central banks	500.9	630.5	0 %	0.0	0.0
Regional governments and local authorities	199.7	223.8	0 %	0.8	0.1
Multilateral development banks	51.6	51.6	0 %	0.0	0.0
International organisations	159.2	159.2	0 %	0.0	0.0
Credit institutions	696.5	385.4	31 %	117.5	9.4
Corporates	355.8	149.9	99 %	148.8	11.9
Retail exposures	249.5	104.9	69 %	72.2	5.8
Secured by immovable property	772.1	701.4	38 %	265.6	21.2
Past due items	37.6	10.5	109 %	11.5	0.9
Covered bonds	866.1	866.1	10 %	86.6	6.9
Other items	52.6	44.4	44 %	19.6	1.6
Total exposures, standardised approach	3,941.7	3,327.6	22 %	722.6	57.8
Total risk exposures	8,899.5	8,271.7	20 %	1,622.7	129.8

THE FINANCIAL CONGLOMERATE'S CAPITAL ADEQUACY

(EUR million)	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
Summary					
The Group's equity	621.0	613.1	621.9	609.2	636.1
Sector-specific assets	145.8	143.8	140.7	143.6	139.3
Intangible assets and other reduction items	-247.6	-234.5	-236.5	-212.2	-227.4
Conglomerate's total capital base	519.2	522.5	526.0	540.7	547.9
Capital requirement for banking business	207.1	196.4	209.0	204.7	210.7
Capital requirement for insurance business ¹	80.6	80.6	81.1	85.4	81.7
Minimum amount for capital base	287.7	277.0	290.1	290.1	292.4
Conglomerate's capital adequacy	231.5	245.5	235.9	250.6	255.5
Capital adequacy ratio, %	180.5 %	188.6 %	181.3 %	186.4 %	187.4 %

1) From 1 January 2016 Solvency II requirement (SCR)

The conglomerate's capital adequacy is based on consolidation method and is calculated according to the rules of the Finnish Act on the Supervision of Financial and Insurance Conglomerates and the standards of the Finnish Financial Supervision Authority.

Note 4. Net interest income

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Deposits and lending	17.1	14.8	15 %	60.8
Hedging, interest rate risk management	8.1	9.0	-10 %	35.4
Other	-1.8	0.8	-	-0.6
Net interest income	23.4	24.6	-5 %	95.6

The impact of fixed rate investments is divided into two components consisting of interest rate risk and credit risk. The interest rate risk component is included in hedging of interest rate risk whereas the credit risk component is included in other net interest income.

Note 5. Net income from life insurance

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Premiums written	33.1	33.4	-1 %	112.0
Net income from investments	6.0	5.5	8 %	21.1
of which impairment of financial assets	-0.1	-0.2	68 %	-0.9
Insurance claims paid	-32.7	-28.3	-16 %	-112.8
Net change in technical provisions	0.7	-4.8	-	4.4
Net income from life insurance	7.0	5.9	19 %	24.7

Note 6. Net income from financial transactions

(EUR million)	Jan-Mar 2017	Jan-Mar 2016	Δ %	2016
Net income from securities and currency trading	0.4	0.3	2 %	1.4
Net income from financial assets and liabilities valued at fair value through the income statement	0.1	-0.3	-	-1.2
Net income from financial assets available for sale	1.1	1.2	-9 %	9.6
of which impairment of financial assets	-	-	-	0.0
Net income from hedge accounting	-0.3	-0.7	58 %	-1.5
Net income from financial transactions	1.3	0.6	114 %	8.3

Note 7. Derivative instruments

Hedging derivative instruments (EUR million)	31 Mar 2017		
	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,247.0	77.8	4.1
Total	2,247.0	77.8	4.1
Cash flow hedging			
Interest rate-related	85.1	-	1.4
Total	85.1	-	1.4
Derivative instruments valued through the income statement			
Interest rate-related ¹	1,196.8	39.3	38.9
Currency-related	3.6	0.0	0.0
Total	1,200.4	39.4	39.0
Total derivative instruments			
Interest rate-related	3,528.9	117.1	44.4
Currency-related	3.6	0.0	0.0
Total	3,532.5	117.1	44.5

Hedging derivative instruments (EUR million)	31 Dec 2016		
	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,247.0	84.2	4.9
Total	2,247.0	84.2	4.9
Cash flow hedging			
Interest rate-related	85.1	-	1.5
Total	85.1	-	1.5
Derivative instruments valued through the income statement			
Interest rate-related ¹	1,307.0	46.4	46.3
Currency-related	52.4	0.6	0.5
Equity-related ²	4.6	1.1	1.1
Total	1,364.0	48.1	47.8
Total derivative instruments			
Interest rate-related	3,639.1	130.6	52.7
Currency-related	52.4	0.6	0.5
Equity-related	4.6	1.1	1.1
Total	3,696.1	132.2	54.3

1) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 1,195.0 (1,305.0) million.

2) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Note 8. Gross loans and write-downs

(EUR million)	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
Gross loans	5,751	5,766	5,845	6,035	5,915
Individual write-downs	-38	-38	-37	-39	-44
of which made to non-performing loans past due at least 90 days	-33	-34	-33	-34	-40
of which made to other loans	-5	-5	-5	-5	-4
Write-downs by group	-10	-10	-10	-9	-9
Net loans, balance amount	5,703	5,717	5,798	5,987	5,862

Note 9. Financial assets and liabilities

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	31 Mar 2017		31 Dec 2016	
Financial assets	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	499.7	499.7	380.1	380.1
Financial assets available for sale	2,003.2	2,003.2	1,840.5	1,840.5
Financial assets held until maturity	450.8	460.8	445.3	457.2
Derivative instruments	117.1	117.1	132.2	132.2
Loans and other receivables	5,749.2	5,667.0	5,760.5	5,679.6
Total	8,820.1	8,747.8	8,558.6	8,489.7
Investments for unit-linked insurances	751.0	751.0	723.1	723.1
Financial liabilities				
Deposits	4,913.9	4,894.3	4,673.1	4,651.0
Derivative instruments	44.5	44.5	54.3	54.3
Debt securities issued	2,465.3	2,468.8	2,476.7	2,477.2
Subordinated liabilities	245.6	249.8	243.6	247.3
Other liabilities to credit institutions	73.1	74.8	74.5	76.5
Other liabilities to the public and public sector entities	-	-	5.5	5.5
Total	7,742.4	7,732.1	7,527.7	7,511.8

In the table, the fair value and the book value of the financial assets and liabilities, are presented per balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are primarily determined by market prices quoted on active markets. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flows using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determining fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flows at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a marginal corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market

MEASUREMENT OF FINANCIAL ASSETS AT FAIR VALUE

Level 1 consists of financial instruments that are valued using prices listed on an active market. In an active market transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes listed bonds and other securities, listed equity instruments and derivatives, for which tradable price quotes exist.

Level 2 consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may include listed interest rates, for example, or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the counterparty credit risk as well as for the own credit risk.

Level 3 consists of financial instruments for which the fair value cannot be obtained directly from quoted market prices or indirectly by using valuation techniques or models supported by observable market prices. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

(EUR million)	31 Mar 2017				31 Dec 2016			
	Fair value classified into				Fair value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued through the income statement								
Interest-bearing securities	-	-	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Financial assets available for sale								
Interest-bearing securities	1,502.3	177.4	206.3	1,885.9	1,439.5	93.5	206.3	1,739.3
Shares and participations	79.1	-	38.1	117.2	64.0	-	37.3	101.3
Total	1,581.4	177.4	244.4	2,003.2	1,503.5	93.5	243.6	1,840.5
Derivative instrument, net	0.0	72.7	-	72.7	0.1	77.8	-	78.0
Total	0.0	72.7	-	72.7	0.1	77.8	-	78.0
Investments for unit-linked insurances	751.0	-	-	751.0	723.1	-	-	723.1
Total	2,332.4	250.1	244.4	2,826.9	2,226.8	171.3	243.6	2,641.7

Transfers between levels 1 and 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the reporting period, interest-bearing securities worth EUR 4 million were moved from level 2 to level 1 due to increased market activity. The increase in level 2 is due to an increase in business volumes, mainly relating to domestic municipal bonds and commercial papers.

Aktia Group's Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level a financial instrument will be classified. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an evaluation based on the quality of the valuation data, if a type of financial instrument is to be transferred between levels.

Changes within level 3

The following table present the change from year-end regarding level 3 Financial assets reported at fair value.

Reconciliation of the changes for financial instruments belonging to level 3	Financial assets valued at fair value via the income statement			Financial assets available for sale			Total		
	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total
(EUR million)									
Carrying amount 1 Jan 2017	-	-	-	206.3	37.3	243.6	206.3	37.3	243.6
New purchases	-	-	-	-	0.0	0.0	-	0.0	0.0
Sales	-	-	-	-	0.0	0.0	-	0.0	0.0
Matured during the period	-	-	-	0.0	-	0.0	0.0	-	0.0
Realised value change in the income statement	-	-	-	-	-0.1	-0.1	-	-0.1	-0.1
Unrealised value change in the income statement	-	-	-	-	-	-	-	-	-
Value change recognised in other comprehensive income	-	-	-	-0.1	1.0	0.9	-0.1	1.0	0.9
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 31 Mar 2017	-	-	-	206.3	38.1	244.4	206.3	38.1	244.4

Sensitivity analysis for level 3 Financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been valued partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20 %. These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 2.7 (2.6) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3 (EUR million)	31 Mar 2017			31 Dec 2016		
	Effect at an assumed movement			Effect at an assumed movement		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets valued through the income statement						
Interest-bearing securities	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial assets available for sale						
Interest-bearing securities	206.3	6.2	-6.2	206.3	6.2	-6.2
Shares and participations	38.1	7.6	-7.6	37.3	7.5	-7.5
Total	244.4	13.8	-13.8	243.6	13.6	-13.6
Totalt	244.4	13.8	-13.8	243.6	13.6	-13.6

SET OFF OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	31 Mar 2017		31 Dec 2016	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Assets				
Financial assets included in general agreements on set off or similar agreements	117.1	-	132.2	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	117.1	-	132.2	-
Amount not set off but included in general agreements on set off or similar	6.7	-	8.8	-
Collateral assets	106.5	-	117.1	-
Total amount of sums not set off in the balance sheet	113.2	-	126.0	-
Net amount	4.0	-	6.3	-
Liabilities				
Financial liabilities included in general agreements on set off or similar agreements	44.5	-	54.3	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	44.5	-	54.3	-
Amount not set off but included in general agreements on set off or similar	6.7	-	8.8	-
Collateral liabilities	20.6	-	26.4	-
Total amount of sums not set off in the balance sheet	27.3	-	35.2	-
Net amount	17.2	-	19.1	-

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

Note 10. Specification of Aktia Group's funding structure

(EUR million)	31 Mar 2017	31 Dec 2016	31 Mar 2016
Deposits from the public and public sector entities	4,113.1	4,169.8	4,003.5
Short-term liabilities, unsecured debts			
Banks	60.9	46.0	64.9
Certificates of deposits issued	-	-	7.0
Total	60.9	46.0	71.9
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	106.5	117.1	174.1
Repurchase agreements - banks	233.4	145.7	29.5
Total	339.9	262.9	203.6
Total short-term liabilities	400.9	308.9	275.5
Long-term liabilities, unsecured debts			
Issued debts, senior financing	786.7	789.2	819.1
Issued structured debts	-	2.3	7.5
Other credit institutions	45.1	46.5	51.8
Subordinated debts	245.6	243.6	234.3
Total	1,077.4	1,081.6	1,112.7
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	428.0	228.0	133.0
Issued covered bonds	1,678.6	1,685.2	2,184.4
Total	2,106.6	1,913.2	2,317.4
Total long-term liabilities	3,184.0	2,994.8	3,430.1
Interest-bearing liabilities in the banking business	7,697.9	7,473.5	7,709.1
Technical provisions in the life insurance business	1,184.1	1,162.4	1,124.4
Total other non interest-bearing liabilities	281.9	237.0	325.5
Total liabilities	9,164.0	8,872.9	9,158.9

Short-term liabilities = liabilities which original maturity is under 1 year

Long-term liabilities = liabilities which original maturity is over 1 year

Note 11. Collateral assets and liabilities

Collateral assets (EUR million)	31 Mar 2017	31 Dec 2016	31 Mar 2016
Collateral for own liabilities			
Securities	667.7	380.1	171.5
Outstanding loans constituting security for covered bonds	2,267.5	2,315.7	2,902.3
Total	2,935.2	2,695.8	3,073.7
Other collateral assets			
Pledged securities ¹	187.0	119.5	219.7
Securities included in pledging agreements	-	-	25.0
Cash included in pledging agreements and repurchase agreements	20.6	26.4	29.8
Total	207.6	145.9	274.6
Total collateral assets	3,142.8	2,841.7	3,348.3
Collateral above refers to the following liabilities			
Liabilities to credit institutions ²	661.4	373.7	162.5
Issued covered bonds ³	1,678.6	1,685.2	2,184.4
Derivatives	20.6	26.4	54.8
Total	2,360.6	2,085.3	2,401.7

1) Refers to securities pledged for the intra day limit. As at 31 March 2017, a surplus of pledged securities amounted to EUR 5 (4) million.

2) Refers to debts to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

3) Own repurchases deducted.

Collateral liabilities (EUR million)	31 Mar 2017	31 Dec 2016	31 Mar 2016
Cash included in pledging agreements ¹	106.5	117.1	174.1
Total	106.5	117.1	174.1

1) Refers to derivative transactions where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.

Note 12. Off-balance sheet commitments

(EUR million)	31 Mar 2017	31 Dec 2016	31 Mar 2016
Commitments provided to a third party on behalf of the customers			
Guarantees	30.4	30.8	26.3
Other commitments provided to a third party	0.5	0.8	0.9
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	458.1	495.6	300.6
Other commitments provided to a third party	-	0.4	0.8
Off-balance sheet commitments	489.0	527.7	328.6

Helsinki 11 May 2017

AKTIA BANK PLC
THE BOARD OF DIRECTORS

TRANSLATION

Report on review of the interim report of Aktia Bank plc as of and for the three months period ending March 31, 2017

To the Board of Directors
of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of March 31, 2017 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the three-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting

matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 11 May, 2017

KPMG OY AB

Jari Härmälä

Authorized Public Accountant, KHT

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