Positive development in Net commission- and Net income from Life Insurance

CEO Martin Backman

”Continued strong sales of mutual funds and asset management contributed to a 18 % higher net commission income in the fourth quarter than last year, amounting to EUR 23.7 (20.1) million. Simultaneously net income from life insurance business increased to EUR 7.4 (6.1) million. In the fourth quarter, also net interest income from borrowing and lending operations improved to EUR 17.3 (14.8) million. Returns from the bank’s liquidity portfolio and interest rate hedges fell to EUR 6.4 (9.3) million, resulting in a decrease of total net interest income to EUR 21.8 (23.0) million. The comparable operating profit for the fourth quarter was EUR 11.4 (8.5) million, an increase of 34 %.”

October - December 2017:

- Total operating income amounted to EUR 52.7 (50.6) million, with a continued increase of net commission income to EUR 23.7 (20.1) million.
- Net interest income from borrowing and lending amounted to EUR 17.3 (14.8) million. Net interest income was burdened by EUR 2.3 million lower returns from the liquidity portfolio in October–December and a decrease of EUR 0.6 million in interest rate hedges.
- Total operating expenses rose by 4 % to EUR 42.0 (40.5) million. Operating expenses excluding items affecting comparability was EUR 41.8 (39.5) million.

January - December 2017:

- The comparable operating profit 2017 increased by 4 % to EUR 59.9 (57.5) million. The Operating profit was burdened by restructuring costs and was EUR 49.1 (61.5) million.

Dividend and Outlook:

- Following the improved Comparable Operating profit the Board of Directors propose a dividend of EUR 0.57 (2016; 0.60 of which EUR 0.08 derived from one-off gains) per share.
- **Outlook for 2018: The comparable operating profit 2018 is expected to be approximately on the same level as the comparable operating profit in 2017** (see p. 19).

Key figures

(EUR million)	4Q2017	4Q2016	Δ %	2017	2016	Δ %	3Q2017	4Q/3Q	2Q2017	1Q2017
Net interest income	21.8	23.0	-5 %	89.6	95.6	-6 %	21.5	1 %	22.9	23.4
Net commission income	23.7	20.1	18 %	91.4	79.7	15 %	22.0	8 %	24.6	21.1
Total operating income	52.7	50.6	4 %	210.3	211.3	-1 %	50.3	5 %	54.2	53.1
Total operating expenses	-42.0	-40.5	4 %	-160.7	-148.4	8 %	-41.7	1 %	-39.7	-37.3
Write-downs on credits and other commitments	-0.4	-1.5	-71 %	-0.6	-2.2	-74 %	0.0	-	-0.1	-0.1
Operating profit	**10.3**	**8.6**	**19 %**	**49.1**	**61.5**	**-20 %**	**8.0**	**28 %**	**14.4**	**16.4**
Comparable operating profit[1]	**11.4**	**8.5**	**34 %**	**59.9**	**57.5**	**4 %**	**15.7**	**-27 %**	**16.9**	**15.9**
Cost-to-income ratio	0.80	0.80	0 %	0.76	0.70	9 %	0.83	-4 %	0.73	0.70
Earnings per share (EPS), EUR	0.12	0.10	22 %	0.59	0.74	-20 %	0.10	23 %	0.17	0.20
Equity per share (NAV)[2], EUR	9.02	9.24	-2 %	9.02	9.24	-2 %	8.92	1 %	8.84	9.34
Return on equity (ROE), %	5.5	4.2	30 %	6.5	8.0	-19 %	4.4	25 %	7.4	8.7
Common Equity Tier 1 capital ratio[2], %	18.0	19.5	-7 %	18.0	19.5	-7 %	17.3	4 %	18.0	18.2
Capital adequacy ratio[2], %	23.4	26.3	-11 %	23.4	26.3	-11 %	22.9	2 %	24.3	24.8
Dividend per share (proposal from Board of Directors)				0.57	0.60*	-5 %				

[1] Alternative performance measures excluding items affecting comparability, see page 20, [2] At the end of the period. *EUR 0.08 of the dividend derived from one-off gains.

Content

Financial calendar

General Meeting 2018	**10 April 2018**
Interim report January - March 2018	**8 May 2018**
Half-year report January - June 2018	**7 August 2018**
Interim report January - September 2018	**31 October 2018**

The Accounts Announcement January - December 2017 is a translation of the original Swedish version "Bokslutskommuniké 1.1–31.12.2017". In case of discrepancies, the Swedish version shall prevail.

CEO's comments

The Finnish economy strengthened further at the end of the year. Consumer confidence remained at a high level and interest rates continued low. In the fourth quarter, net commission income and net income from life insurance as well as net interest income from borrowing and lending operations developed favourably.

In October, Aktia launched its new strategy and the new financial objectives for the period up until 2022. The new strategy is based on increasing and securing of the customers' wealth, offering them personal service and tailored solutions for investments and financing, developing our service model, our service offering and our digital concepts continuously.

In order to change our model of operations towards this objective, we renewed our sales organisation in the fourth quarter to service prioritised customer segments. In the period we also introduced new processer for continuous handling of our customers' urgent matters. The new model will enable a bigger proportion of staff to concentrate on personal service and financial advice to customers as well as on finding new customers. According to customer feedback, our services and customer experience have remained on a good level during the quarter. Especially advisory services provided by our personnel were experienced as very knowledgeable.

Aktia's operating profit for October–December 2017 was EUR 10.3 (8.6) million, including items affecting comparability of EUR -1.2 million. The comparable operating profit developed positively, improving by 34 % to EUR 11.4 (8.5) million.

The sound development of sales continued, especially in asset management and mutual funds. Sales of mutual funds was substantial, and assets managed in Aktia's funds reached a new all-time high, exceeding EUR 5.0 billion. Commission income from mutual funds, asset management and securities brokerage developed very well, increasing by 22 % to EUR 14.5 (11.9) million. Net commission income increased in the fourth quarter by 18 % to EUR 23.7 (20.1) million, and made up 45 % of total income.

Total net interest income decreased by 5 % to EUR 21.8 (23.0) million during the period. Net interest income from traditional borrowing and lending operations improved by 16 % to EUR 17.3 (14.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio, and their share of net interest income decreased to EUR 6.4 (9.3) million.

Total expenses increased by 4 % to EUR 42.0 (40.5) million in the fourth quarter, including personnel-related cost for restructuring of a total of EUR 0.2 million. The increase is mainly attributable to higher costs for purchased advisory services and one-time costs for changes in card operations.

2017 was a year of changes for Aktia. We renewed our strategy, our Executive Committee and implemented transformation measures and our new core banking system. Despite the changes we had a positive growth in our operating income; net interest income from borrowing and lending increased by 14 % to EUR 69.1 million, net commission income increased by 15 % to EUR 94.1 million and net income from life insurance increased by 8 % to EUR 26.6 million.

In 2018 we will focus on our efforts towards growth in accordance with our new strategy and on improving our customer services and business culture continuously.

Helsinki, 15 February 2018

Martin Backman
CEO

Main events

Aktia Bank's new strategy and financial objectives – focus on asset management and financing

At its meeting 17 October 2017, the Board of Directors approved the renewed strategy and the new financial objectives for Aktia Bank up until 2022. The new strategy is based on increasing and securing the customers' wealth over the long-term in an easy and sustainable way, focusing on customer experience in asset management and financing.

It is the strategic objective of Aktia Bank to develop its service model further in order to provide the customer segments, comprising private and corporate customers as well as institutions, with interactive comprehensive solutions, combining both individual service and user-friendly digital interfaces.

With new strategy changes will be applied to monitoring and reporting of strategic, prioritised business segments. The new segments will be based on the new business and service model.

Aktia Bank's new strategy has three keystones:

- Increase and secure our customers' wealth: We provide tailored solutions for investments and financing in an easy and sustainable way.
- Develop our service model: We enhance our specialist organisation and offer our customers advanced services and individual solutions.
- Use of digitalisation: We invest in flexible digital concepts and user interfaces through which we offer our services.

Financial objectives up until 2022 and dividend policy

Aktia Bank's financial objectives up until 2022:

- Improve the comparable operating profit to approximately EUR 80 million (2017; EUR 59.9 million)
- Improve the comparable cost-to-income ratio to 0.61(2017; 0.71)
- Improve Return on Equity (ROE) to 9.7 % (comparable ROE 2017; 7.9 %)
- Common Equity Tier 1 capital ratio (CET1) 1.5-3 percentage points over regulatory requirements (2017; 7.7 percentage points over minimum capital adequacy level 10.3 %)

Aktia Bank's dividend policy:

- Dividend payout 60–80 % of profit for the period after taxes

Previous financial objectives for the period up until 2018:

- Improve cost-to-income ratio by at least 10 %
- Improve Return on Equity (ROE) to at least 9 %
- Maintain a Common Equity Tier 1 Capital Ratio (CET1) of 15 % at a minimum
- Dividend payout of at least 50 % of the profit for the year

Aktia Bank completed simplification of the company's administration structure

As a step towards simplification of the company's administration structure, the Extraordinary General Meeting of Aktia Bank plc did on 21 September 2017 take the decision to amend the bank's articles of association in order to abolish the Board of Supervisors. Thus, the responsibility to appoint the bank's Board of Directors will be transferred from the Board of Supervisors to the Annual General Meeting. A Nomination Board comprising representatives of the five largest shareholders will have the duty to prepare the election of and remuneration for members of the Board of Directors. The Extraordinary General Meeting adopted a Charter for the Shareholders' Nomination Board.

The amended articles of association were entered in the Trade Register on 22 September 2017.

Codetermination negotiations

As a part of Aktia's transformationprocess codetermination negotiations with the personnel at Aktia Bank plc and Aktia Life Insurance Ltd started 4 September 2017 and were concluded 22 September 2017. Following the codetermination negotiations approx. 160 new job opportunities opened in the bank, and approx. 260 of the earlier jobs ended. The codetermination negotiations resulted in a decrease of 83 jobs.

Aktia's new core banking system was implemented

The full-scale implementation of Aktia's new core banking system was completed during the first week of July. The project to replace the previous core banking system with modern, cost-efficient solutions, enhancing development of Aktia's digital services in the future, started at the end of 2013.

The total investment, including migration costs, amounted to EUR 65 million, and the total activated investment costs for the project amounted to EUR 62 million. However, the implementation step-by-step resulted in higher running IT costs in 2017. The cost savings brought by the new core banking platform materialised gradually at end of the year.

Aktia Bank's Executive Committee renewed

To support Aktia's new strategy, the Executive Committee was renewed 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 during 2017, are presented in the section Board of Directors and Executive Committee of the Accounts announcement.

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 a previous Stock Exchange Release dated 8 October 2015.

Aktia in the top of fixed income fund management again

Aktia Asset Management has been commended for good asset management several years in a row. Aktia came on third place in a customer survey conducted by the independent Scandinavian Financial Research (SFR) among institutional investors in 2017.

In SFR's survey 2016, Aktia was on second place. In 2017 Aktia got the appreciated Lipper Fund Award as best Nordic asset manager in the category "Overall Group Award, Small Company" (Thomson Reuters Lipper Fund Awards 2017), and third place in TNS Sifo Prospera's "External Asset Management Finland 2017". Further, Aktia has been successful as best interest fund manager in evaluations carried out by Morningstar.

Activity in January – December 2017

Business environment

The economy in Europe as well as the financial prognoses developed more positively than expected in 2017, and the European Central Bank has informed that it will ease the pace of its bond-buying stimulus program in 2018. Increases in the interest rates are, however, not expected until 2019. The low interest rates have reacted moderately on the central bank's guidance and the over one-year interest rates have increased slightly. Forward rate agreements expect interest rate levels to increase in 2019 and be clearly positive in longer maturities than one year. On the other hand, the continuing moderate inflation levels within the euro zone imply a more moderate interest level increase. The period with negative interest rates seems to be over after these years.

According to Statistics Finland, inflation was 0.5 (1.0) % in December. In December, consumer prices increased compared to the year before, mainly due to increases in vehicle tax, higher prices on cigarettes and electricity as well as higher rents. The increase in consumer prices from one year ago was curbed mainly by reductions in the prices of mobile phones and detached houses as well as lower interest rates on housing loans. Consumer prices were unchanged from November to December.

The index of consumer confidence in the economy continued strong, amounting to 24.0 (19.5) in December. The index for October–November was at 23.1 (15.8) and 23.0 (17.6) respectively. The long-time average was 12.2. *(Statistics Finland)*

According to Statistics Finland, housing prices increased in the whole country by 1.5 % in October–December compared with the corresponding period the previous year. In the Helsinki region, prices increased by 2.8 %, while they increased by 0.4 % in the rest of Finland.

Unemployment stood at 8.4 (7.9) % in December, corresponding to approximately 227,000 unemployed, 20,000 more than the year before. There were 48,000 more employed than in December the previous year. During the fourth quarter of the year, unemployment was 7.6 %, approximately 0.4 percentage points lower than in the corresponding period a year ago. *(Statistics Finland)*

The OMX Helsinki 25-index increased by approximately 5 % in January–December 2017, while the Nordic banking sector's PI-index decreased by approximately 4 %. The price of Aktia's series A share decreased by approximately 12 % during 2017.

KEY FIGURES

Y-o-y	2018E*	2017E*	2016
GDP growth, %			
World	3.6	3.7	3.3
Euro area	2.1	2.3	1.8
Finland	2.6	3.1	1.9
Consumer price index, %			
Euro area	1.5	1.6	0.2
Finland	1.3	0.8	0.4
Other key ratios, %			
Development of real value of housing in Finland[1]	1.0	0.7	0.5
Unemployment in Finland[1]	8.4	8.7	8.8
Interest rates[2], %			
ECB	0.00	0.00	0.00
10-y Interest rate, Finland	1.20	0.70	0.40
Euribor 12 months	-0.10	-0.19	-0.08
Euribor 3 months	-0.25	-0.33	-0.32

*Aktia's chief economist's prognosis (24 Janury 2018)
1) annual average
2) at the end of the year

Rating

On 22 December 2017, Standard and Poor's confirmed its rating of Aktia Bank plc's creditworthiness. The rating is A- for long-term borrowing and A2 for short-term borrowing, both with a stable outlook.

On 2 January 2018, 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 outlook is positive. 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.

	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 October – December 2017

The Group's operating profit was EUR 10.3 (8.6) million. The Group's profit was EUR 8.2 (6.5) million. Operating profit excluding items affecting comparability was EUR 11.4 (8.5) million.

ITEMS AFFECTING COMPARABILITY

(EUR million)	Oct-Dec 2017	Oct-Dec 2016
Income from the sale of Visa Europe	-	1.0
Write-down of shareholdings in Folksam Non-Life Insurance	-1.0	-
Costs for restructuring	-0.2	-1.0
Total	**-1.2**	**0.1**

Income

The Group's operating income was EUR 52.7 (50.6) million. Operating income excluding items affecting comparability was EUR 53.6 (49.6) million.

Net interest income decreased by 5 % to EUR 21.8 (23.0) million. Net interest income from borrowing and lending improved by 16 % to EUR 17.3 (14.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Their proportion of net interest income has decreased.

Net commission income increased by 18 % to EUR 23.7 (20.1) million. The biggest increase derives from commission income from mutual funds, asset management and securities brokerage which increased by 22 % to EUR 14.5 (11.9) million. Commission income from lending was EUR 2.6 (2.4) million.

Net income from life insurance increased by 20 % to EUR 7.4 (6.1) million. The increase is mainly attributable to increased actuarially calculated result.

Net income from financial transactions was EUR -0.6 (0.6) million of which EUR -1.0 million is attributable to write-downs of shares in Folksam Non-Life Insurance. The reference period includes a one-time gain of EUR 1.0 million from the sale of Visa Europe.

Other operating income amounted to EUR 0.4 (0.9) million.

Expenses

Group operating expenses increased by 4 % to EUR 42.0 (40.5) million. Of this total, staff costs amounted to EUR 17.9 (19.7) million, including costs for restructuring of EUR 0.2 (1.0) million. IT-related expenses amounted to EUR 8.0 (8.1) million. Other operating expenses increased by 22 % to EUR 13.0 (10.7) million. The increase is mainly attributable to higher costs for advisory services and one-time cost for changes in card operations. Operating expenses excluding items affecting comparability was EUR 41.8 (39.5) million.

Profit January – December 2017

The Group's operating profit was EUR 49.1 (61.5) million. The Group's profit was EUR 39.3 (49.3) million. Operating profit excluding items affecting comparability was EUR 59.9 (57.5) million.

ITEMS AFFECTING COMPARABILITY

(EUR million)	2017	2016
Dividend from Suomen Luotto-osuuskunta	1.1	-
Income from the sale of Visa Europe	0.2	6.9
Write-down of shareholdings in Folksam Non-Life Insurance	-1.0	-
Phasing-out of Aktia Real Estate Mortgage Bank	-	-1.6
Costs for restructuring	-11.1	-1.4
Total	**-10.8**	**3.9**

Income

Group operating income amounted to EUR 210.3 (211.3) million. Operating income excluding items affecting comparability amounted to EUR 210.0 (206.0) million.

Net interest income decreased by 6 % to EUR 89.6 (95.6) million. Net interest income from borrowing and lending improved by 14 % to EUR 69.1 (60.8) million. Continued low market interest rates and lower returns from the bank's liquidity portfolio resulted in a decrease of the Group's net interest income of EUR 8.7 million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Net interest income in unwound interest rate hedges decreased by EUR 1.5 million.

Net commission income increased by 15 % to EUR 91.4 (79.7) million. Commission income from mutual funds, asset management and securities brokerage increased by 23 % to EUR 54.2 (44.1) million. Card and other payment service commissions amounted to EUR 20.7 (20.4) million. Commission income from real estate agency increased by 11 % to EUR 7.9 (7.1) million.

Net income from life insurance increased by 8 % to EUR 26.6 (24.7) million. The increase is mainly attributable to increased actuarially calculated result and higher realised capital gains from the investment portfolio.

Net income from financial transactions amounted to EUR 0.8 (8.3) million, including a dividend from Suomen Luotto-osuuskunta EUR 1.1 million and paid as additional consideration in the sale of Visa Europe EUR 0.2 million. Previous year includes one-time gains of EUR 6.9 million from the sale of Visa Europe. In December 2017 a write-down of EUR 1.0 million was made in shares of Folksam Non-Life Insurance. Net income from hedge accounting was EUR -0.3 (-1.5) million. Previous year includes expenses of EUR 1.6 million arising from the phasing out of Aktia Real Estate Mortgage Bank. The comparable net income from financial transactions was EUR 0.5 (3.0) million, of which sales gains from the liquidity portfolio amounted to EUR 0.1 (2.7) million.

Other operating income was at EUR 1.5 (3.1) million. The previous year includes a one-time income amounting to EUR 1.1 million from to the final settlement of the purchase sum for Saaristosäästöpankki.

Expenses

Operating expenses increased by 8 % and amounted to EUR 160.7 (148.4) million. Operating expenses excluding items affecting comparability was EUR 150.0 (147.0) million.

Staff costs increased by 9 % and amounted to EUR 79.1 (72.3) million. The increase is attributable to costs for restructuring of EUR 9.2 (1.4) million. IT expenses increased by 7 % to EUR 30.5 (28.4) million due to higher operating costs. The depreciation of tangible and intangible assets was EUR 9.5 (8.2) million. Other operating expenses increased by 5 % to EUR 41.7 (39.6) million and include costs for restructuring of EUR 1.4 (-) million as well as Aktia's donations to various universities of EUR 0.5 (-) million.

Impairment of tangible assets amounting to EUR 0.5 million is attributable to restructuring costs in the third quarter.

Write-downs on credits and other commitments

Write-downs on credits and other commitments amounted to EUR -0.6 (-2.2) million.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of December was EUR 9,550 (9,486) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 1,816 (1,794) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 146 (146) million.

At the end of December, the Bank Group's liquidity buffer was approximately equivalent to the estimated cash flow of finance from the wholesale market for 33 months.

The Liquidity Coverage Ratio (LCR) was 161 (209) %.

Liquidity coverage ratio (LCR)*	31 Dec 2017	31 Dec 2016
LCR %	161 %	209 %

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

Borrowing

Deposits from the public and public sector entities was EUR 4,119 (4,164) million, corresponding to a market share of deposits of 3.5 (3.7) %.

In total, the value of the Aktia Group's issued bonds was EUR 2,451 (2,477) million. Of these, EUR 1,669 (1,685) million were covered bonds issued by Aktia Bank. As security for the issues, bonds with a value of EUR 2,110 (2,103) million were reserved at the end of December.

During the period, Aktia Bank has issued one senior unsecured bond worth EUR 300 million as part of its EMTN programme. The issue was made in order to replace a senior unsecured by the same size which was repaid at the beginning of October as well as to secure that the bank complies with future regulatory requirements.

Lending

Total Group lending to the public amounted to EUR 5,839 (5,717) million at the end of December, an increase of EUR 121 million. Aktia's own loan book increased by EUR 340 million (6 %) to EUR 5,839 (5,499) million. The share of the loan book brokered by savings banks and POP Banks was transferred to the distributing banks by the end of May 2017.

Loans to private households accounted for EUR 4,714 (4,790) million or 80.7 (83.8) % of the total loan book.

The housing loan book increased by 4 % and amounted to EUR 4,655 (4,482) million, of which the share for households was EUR 3,971 (4,077) million. Aktia's new lending to private households increased to EUR 791 (778) million. At the end of December, Aktia's market share in housing loans to households stood at 4.2 (4.1) %.

Corporate lending accounted for 10.1 (9.5) % of Aktia's loan book. Total corporate lending amounted to EUR 592 (543) million. Loans to housing companies increased by 45 %, totalling EUR 491 (340) million and making up 8.4 (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 Dec 2017	31 Dec 2016	Δ	Share, %
Households	4,714	4,790	-76	80.7 %
Corporates	592	543	49	10.1 %
Housing companies	491	340	152	8.4 %
Non-profit organisations	38	40	-2	0.6 %
Public sector entities	4	5	-1	0.1 %
Total	**5,839**	**5,717**	**121**	**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 1,816 (1,794) million, the life insurance company's investment portfolio amounting to EUR 574 (600) million and the real estate and equity holdings of the Bank Group amounting to EUR 9 (9) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,217 (1,162) million, of which EUR 802 (719) million were unit-linked. Interest-related technical provisions decreased to EUR 415 (443) million.

Equity

Aktia Group's equity amounted to EUR 598 (613) million. The fund at fair value decreased by EUR 16 million amounting to EUR 52 (67) million.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, increased by EUR 25 million and amounted to EUR 553 (528) million.

Managed assets

The Group's total managed assets amounted to EUR 12,281 (10,769) million.

Assets under management (AuM) comprise managed and brokered mutual funds and managed capital 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 Dec 2017	31 Dec 2016	Δ %
Assets under management (AuM)	9,679	8,063	20 %
Group financial assets	2,602	2,706	-4 %
Total	**12,281**	**10,769**	**14 %**

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 18.0 (19.5) %. After deductions, Common Equity Tier 1 capital decreased by EUR 14.2 million during the period which affected the CET1 capital ratio by -0.7 percentage points. The change is mainly attributable to the increase of intangible assets, the decrease in the fund at fair value as well as the dividend pay-out. At a total, risk-weighted commitments increased by EUR 82.5 million which reduced the CET1 capital ratio by 0.8 percentage points. During the period, risk-weighted assets grew as a result of an increase of corporate 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 54 (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.

Capital adequacy, %	31 Dec 2017 IRB	31 Dec 2016 IRB
Bank Group		
CET1 capital ratio	18.0	19.5
T1 capital ratio	18.0	19.5
Total capital ratio	23.4	26.3
Aktia Bank		
CET1 capital ratio	17.9	16.1
T1 capital ratio	17.9	16.1
Total capital ratio	23.2	21.7
Aktia Real Estate Mortgage Bank		
CET1 capital ratio	-	193.9
T1 capital ratio	-	193.9
Total capital ratio	-	193.9

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 (22 December 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. The European Commission did not object to the decision taken earlier by the Finnish Financial Supervisory Authority to introduce a minimum level of 15 % for the average risk weight on residential mortgage loans for credit institutions that have adopted the IRB approach. Thus the minimum level was applied as from 1 January 2018. At the end of the period, Aktia Bank Group's average risk weight on households' exposures with residential real estate collateral calculated according to the IRB approach was 13.0 (13.5) %, i.e. the minimum level of risk weight on residential mortgage loans would lead to a decrease of CET1 by approximately 0.7 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 requirement for a countercyclical buffer amounted to 0.06 % as per 31 December 2017, taking the geographic distribution of exposures into account. When taking its latest macro-prudential decision, the Financial Supervisory Authority also updated the list of Other Systemically Important Institutions (O-SIIs) in Finland, and set buffer requirements for them. No O-SII buffer requirement was set for Aktia.

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 (Supervisory Review and Evaluation Process, 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 entered into force on 30 June 2017. Taking all buffer requirements into account, the minimum capital adequacy level for the Bank Group was 12.31 %, and 10.31 % for CET1 at the end of the period.

The Aktia Group has implemented IFRS 9 as of 1 January 2018. The transition to IFRS 9 had a marginal impact on the Bank Group's capital adequacy.

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

Leverage Ratio [1]	**31 Dec 2017**	**31 Dec 2016**
Tier 1 capital	375	390
Total exposures	8,259	8,206
Leverage Ratio, %	**4.5**	**4.7**

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

During the second quarter the Financial Stability Board set the minimum requirement for Aktia Bank on eligible liabilities that can be written down (MREL requirement). The requirement set is twice the minimum capital requirement, including the total buffer requirement according to the Finnish Credit Institutions Act, however, at least 8 % of the balance sheet total. The requirement will enter into force on 31 December 2018.

As of 1 January 2016, the life insurance company follows the Solvency II directive, in which the solvency calculations deviate from previous solvency requirements, as technical provisions are 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.

At the end of December 2017, SCR amounted to EUR 85.1 (80.6) million, MCR to EUR 23.9 (24.4) million and the available capital to EUR 169.5 (144.7) million. Thus the solvency ratio was 199.2 (179.4) %. Without transitional measures SCR amounted to EUR 98.6 (80.8) million, MCR to EUR 26.1 (26.7) million and the available capital to EUR 116.3 (87.9) million. The solvency ratio without transitional measures was 117.9 (108.7) %. In the solvency figures 31 December 2017 the consideration of adjustments for deferred taxes has changed from previous periods, thus increasing SCR requirements. The transition to IFRS 9 had no impact on the solvency of Aktia Life Insurance.

The financial conglomerate's capital adequacy ratio was 164.5 (188.6) %. The financial conglomerate's capital adequacy decreased during the period, following the introduction of the SREP requirement. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. The transition to IFRS 9 had no significant impact on the conglomerate's capital adequacy.

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)	**2017**	**2016**	**Δ %**
Banking Business	33.5	44.3	-25 %
Asset Management & Life Insurance	28.1	21.5	30 %
Miscellaneous	-13.0	-5.1	-154 %
Eliminations	0.6	0.7	-19 %
Total	**49.1**	**61.5**	**-20 %**

Banking Business

The segment Banking Business contributed EUR 33.5 (44.3) million to Group operating profit.

Operating income was EUR 162.2 (163.7) million, of which EUR 89.3 (95.3) 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, the liquidity portfolio shows a decrease in interest income due to continuing low interest rates and lower yield.

Net commission income increased to EUR 71.0 (65.2) million, of which commission income from mutual funds, asset management and securities brokerage amounted to EUR 19.3 (16.4) million. The increase is mainly a result of strong net sales of mutual funds. Commission income from lending operations also increased to EUR 10.9 (10.1) million and commission income from Aktia real estate agency increased to EUR 7.9 (7.1) million.

Net income from financial transactions was EUR 0.5 (1.4) million. Sales gains from the liquidity portfolio amounted to EUR 0.1 (2.7) million.

Operating expenses were higher than the year before and totalled EUR 127.6 (117.1) million. Staff costs amounted to EUR 61.2 (55.7) million, including costs for restructuring of EUR 8.2 (1.4) million. IT-related expenses totalled EUR 25.4 (23.6) million. The increase in IT-related expenses is mainly attributable to higher operating costs due to the delayed implementation of the new core banking platform. Other operating expenses were higher than in the previous year and amounted to EUR 34.3 (32.2) million, including costs for restructuring of EUR 1.3 million from the codetermination negotiations and the restructuring of Aktia's branch network.

Write-downs on credits and other commitments amounted to EUR -0.6 (-2.2) million. The depreciation of tangible and intangible assets was EUR -0.5 (-) million.

Total savings by households increased to EUR 4,473 (4,412) million, of which household deposits were EUR 2,939 (3,032) million and savings by households in mutual funds were EUR 1,534 (1,380) million.

Aktia's lending to private households increased to EUR 4,714 (4,581) million. All loans brokered by savings banks and POP Banks were transferred to the distributing banks by 31 May 2017. The corporate customer loan book increased to EUR 585 (536) million. Lending to housing companies and non-profit organisations increased to EUR 529 (380) million. The increase is attributable to larger single credit arrangements.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its customer assets by approximately 6 % to EUR 2,276 (2,154) million.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 28.1 (21.5) million to Group operating profit.

Operating income for the segment was significantly higher than in the corresponding period the previous year and was EUR 53.7 (46.0) million. The capital market has continued to develop positively during the period. The equity markets in USA, Europe and Japan reaches new record levels. The commodity market has also been strong. The positive market development had a positive impact on sales and income for the year. The demand for Aktia Group's broad and competitive offering of investment solutions and products was good. Aktia was rewarded by for example Thompson Reuters as best asset manager of Nordic equity funds.

Aktia Fund Management Company's investment fund stock closed 2017 at an all-time high, over EUR 5.0 billion. The increase in Aktia Fund Management Company's fund stock during 2017 derives to 74 % from sales and to 26 % from increases in value on the market. Fund sales for the year reached a record level. Net sales totalled EUR 678 (219) million, of which the main part, i.e. EUR 536 million, is attributable to fixed-income funds on Emerging markets. Nordic equity funds and alternative investments were also well received by our customers, subscriptions of approximately EUR 67 million were made during the year. Net commission income from asset management was EUR 31.0 (24.8) million and net income from life insurance EUR 22.6 (21.2) million.

Premiums written in life insurance increased by 12 % year-on-year to EUR 125.2 (112.0) million. Premiums paid for interest-linked pensions insurance has decreased as expected. The sales of unit-linked savings policies was at a higher level than in the previous year. Unit-linked insurance comprises Aktia Profile investment service and the Allocation service+ and they contribute to 65 (56) % of premiums written.

Net income from life insurance investment activities amounted to EUR 16.4 (17.6) million. The decrease in net income from the investment portfolio was a result of lower investment returns and smaller net sales gains. The return on the company's investments based on market value was 1.8 (3.6) %.

Operating expenses increased slightly from the year before, and totalled EUR 25.7 (24.5) million. Staff costs amounted to EUR 13.1 (11.7) million, including costs for restructuring, amounting to EUR 1.0 (-) million. The expense ratio for the life insurance business was at a good level, 78.9 (81.9) %.

The value of assets managed by Aktia Asset Management & Life Insurance totalled EUR 7,962 (6,523) million.

(EUR million)	31 Dec 2017	31 Dec 2016	Δ %
Aktia Fund Management	5,138	4,238	21 %
Aktia Asset Management	8,236	6,796	21 %
Aktia Life Insurance	802	723	11 %
Eliminations	-6,214	-5,233	19 %
Total	**7,962**	**6,523**	**22 %**

Life insurance technical provisions totalled EUR 1,217 (1,162) million, of which allocations for unit-linked provisions were EUR 802 (719) million and interest-related provisions EUR 415 (443) million. Unit-linked provisions continued at a high level, amounting to 66 (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 was EUR -13.0 (-5.1) million.

Operating income totalled EUR 1.8 (9.0) million. Net income from financial transactions was EUR 0.4 (6.9) million including a dividend from Suomen Luotto-osuuskunta EUR 1.1 million and paid as additional consideration in the sale of Visa Europe EUR 0.2 million. The previous year includes a one-time gain of EUR 6.9 million from the sale of Visa Europe. In December 2017 a write-down of EUR 1.0 million was made in shares of Folksam Non-Life Insurance. Other operating income decreased to EUR 0.1 (1.1) million. The previous year includes a one-time income amounting to EUR 1.1 million from the final settlement of the purchase sum for Saaristosäästöpankki.

BANK GROUP'S GEOPOLITICAL AND INSTRUMENT TYPE DISTRIBUTION

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Equity instruments		Total	
(EUR million)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Finland	225	185	49	45	82	85	10	-	-	-	366	316
Norway	-	-	257	217	-	-	-	-	-	-	257	217
Sweden	-	-	133	61	108	88	-	-	-	-	241	149
France	66	66	79	108	32	32	-	-	-	-	176	206
Netherlands	-	25	67	164	49	60	-	-	-	-	116	249
Canada	-	-	89	24	-	-	-	-	-	-	89	24
Denmark	-	-	77	84	-	-	-	-	-	-	77	84
United Kingdom	-	-	76	173	-	18	-	-	-	-	76	191
Germany	48	49	-	-	-	-	-	-	-	-	48	49
Austria	15	26	12	-	-	-	-	-	-	-	27	26
Supranationals	181	214	-	-	-	-	-	-	-	-	181	214
Other	54	54	109	16	-	-	-	-	-	-	162	71
Total	**589**	**619**	**948**	**892**	**269**	**284**	**10**	**-**	**-**	**-**	**1,816**	**1,794**

LIFE INSURANCE COMPANY'S GEOPOLITICAL AND INSTRUMENT TYPE DISTRIBUTION

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Real estate		Alternative investments		Equity instruments		Totalt	
(EUR million)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Finland	28	31	-	6	35	38	80	65	78	84	2	2	-	-	222	227
France	38	39	80	83	-	1	7	10	-	-	-	-	-	-	126	133
Netherlands	11	10	29	30	13	13	2	2	-	-	-	-	-	-	55	55
United Kingdom	-	-	34	35	-	3	1	1	-	-	-	0	-	-	36	40
Austria	23	23	6	6	-	-	0	-	-	-	-	-	-	-	29	30
Denmark	-	-	18	19	1	1	-	-	-	-	-	-	-	-	20	20
Sweden	-	-	6	-	7	13	2	2	-	-	0	0	-	-	15	15
Germany	3	16	-	-	-	-	-	-	-	-	-	-	-	-	3	16
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	9	6	-	-	-	-	-	-	-	-	-	-	-	-	9	6
Other	51	21	-	-	1	5	9	33	-	-	-	-	-	-	61	59
Total	**162**	**148**	**174**	**179**	**57**	**74**	**101**	**113**	**78**	**84**	**2**	**3**	**-**	**-**	**574**	**600**

Operating expenses amounted to EUR 14.8 (14.2) million, of which staff costs accounted for EUR 4.7 (4.9) million. The segment's IT expenses after cost allocations to the other segments were EUR 3.0 (2.7) million. Of the provision for the change of core banking system, a total of EUR 1.4 (0.9) million was released in the year. Thus, the provision is completely dissolved. Other operating expenses amounting to EUR 4.8 (4.6) million include Aktia's donations of 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 36 (46) million, corresponding to 0.61 (0.79) % of the loan book. The loan book also includes off-balance sheet guarantee commitments.

Loans to households past due more than 90 days corresponded to 0.51 (0.67) % of the entire loan book and 0.64 (0.80) % of the household loan book.

Loans with payments 3–30 days overdue increased to EUR 74 (57) million, equivalent to 1.26 (1.00) % of the loan book. Loans with payments 31-89 days overdue amounted to EUR 29 (28) million, equivalent to 0.50 (0.49) % of the loan book.

LOANS PAST DUE BY TIME OVERDUE

(EUR million) Days	31 Dec 2017	% of loan book	31 Dec 2016	% of loan book
3 - 30	74	1.26	57	1.00
of which households	56	0.96	52	0.91
31 - 89	29	0.50	28	0.49
of which households	26	0.44	23	0.41
90-	36	0.61	46	0.79
of which households	30	0.51	38	0.67

Write-downs on credit and other commitments

Over the period total write-downs on credits and other commitments amounted to EUR -0.6 (-2.2) million. Of these write-downs, EUR -3.1 (-1.2) million were attributable to households, and EUR 2.5 (-1.0) million to companies.

Total write-downs on credits amounted to 0.01 (0.04) % of total lending. The share of write-downs on corporate loans in relation to total corporate lending amounted to -0.42 (0.18) %.

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.

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

Investments within the liquidity portfolio and other interest-bearing investments increased during the year by EUR 22 million and amounted to EUR 1,816 (1,794) million.

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

	31 Dec 2017	31 Dec 2016
(EUR million)	**1,816**	**1,794**
Aaa	53.1 %	53.3 %
Aa1 - Aa3	27.4 %	29.6 %
A1 - A3	5.0 %	4.8 %
Baa1 - Baa3	2.3 %	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)	11.6 %	9.3 %
No rating	0.6 %	0.0 %
Total	**100.0 %**	**100.0 %**

At the end of the year, 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 amounted to EUR 22 (23) million. 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 year, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares related to the business amounted to EUR 9,3 (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 574 (600) million. The life insurance company's direct real estate investments amounted to EUR 55 (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 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-rate funds, real estates, equity instruments and alternative investments)

	31 Dec 2017	31 Dec 2016
(EUR million)	**373**	**431**
Aaa	50.0 %	47.6 %
Aa1 - Aa3	32.4 %	29.8 %
A1 - A3	3.3 %	6.9 %
Baa1 - Baa3	3.8 %	5.0 %
Ba1 - Ba3	0.5 %	0.0 %
B1 - B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Finnish municipalities (no rating)	1.6 %	1.4 %
No rating	8.3 %	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 -2.5 (-0.9) million, attributable to permanent value decrease of interest and real estate funds and small private equity holdings as well as the Bank's shares and participations.

WRITE-DOWNS ON FINANCIAL ASSETS

(EUR million)	2017	2016
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-0.1
Shares and participations		
Banking Business	-1.0	0.0
Life Insurance Business	-1.6	-0.8
Total	**-2.5**	**-0.9**

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 51.5 (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 -0.1 (-0.1) million.

THE FUND AT FAIR VALUE

(EUR million)	31 Dec 2017	31 Dec 2016	Δ
Shares and participations			
Banking Business	1.3	1.3	0.0
Life Insurance Business	3.7	4.2	-0.6
Direct interest-bearing securities			
Banking Business	7.6	14.5	-6.9
Life Insurance Business	39.0	47.3	-8.3
Cash flow hedging	-0.1	-0.1	0.1
Fund at fair value, total	**51.5**	**67.3**	**-15.8**

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of reclassified interest-bearing securities reclassified in earlier yeras. Most of the reclassified securities have an AAA rating. Over the year new purchases to a value of EUR 148 million were made for the portfolio, while a total of EUR 222 million in securities matured during the year. As per 31 December 2017 the portfolio amounted to EUR 368 (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 amounted to EUR 14.4 million. In 2018, the positive impact on net interest income will amount to approximately EUR 10.3 million. The remaining positive impact on the result, amounting to approximately EUR 2.5 million, will be reported in the 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 year.

Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the Managing Director, the Managing Director's alternate and other members of the Executive Committee.

On 21 September 2017, the Extraordinary General Meeting of Aktia Bank plc took the decision to amend the bank's articles of association in order to abolish the Board of Supervisors. Before 21 September 2017, the members of the Board of Supervisors were included in Aktia Group's key persons. No other significant changes concerning related parties occurred during the year.

Further information on events concerning related parties is given in notes G44 and P46 to the Financial statements 2016.

Other events during the year

Aktia Bank plc divested 125,192 series A treasury shares as payment of remuneration for the Board of Directors and deferred instalments under the Share-Based Incentive Schemes' earning periods 2012-2013, 2013-2014, 2014-2015 and 2015-2016 as well as under the Share ownership scheme 2014–2017, earning period 2015–2016.

To the company's 26 members of the Board of Supervisors 40 % of the annual remuneration 2017 was paid in the form of Aktia A shares, a total of 7,037 shares.

During the period from 9 November to 4 December 2017, Aktia Bank plc purchased a total of 185,000 of its own series A shares in public trading in compliance with the rules of NASDAQ Helsinki Ltd. The acquired treasury shares have, and will continue to be used for the company's share-based incentive scheme and for the remuneration of members of the Board of Directors, mainly in 2018.

At the end of December the number of series A treasury shares held by the company was 237,440 and the number series R shares 6,658.

Anu Tuomolin (41), M.Sc. (Econ.), was appointed new HR Director and member of the Executive Committee of Aktia Bank plc. Anu Tuomolin comes from the post as HR Director at Accenture Finland. Anu Tuomolin took office 2 January 2018.

In the future, Aktia will provide services at 32 customer service units, of which 10 units will be competence centres (Espoo Tapiola, Helsinki Kolme Seppää, Karjaa, Oulu, Pietarsaari, Porvoo, Tampere, Turku, Vaasa Torikonttori and Vantaa Tikkurila). The regional competence centres are going to focus on advanced customer advice and proactive sales. The competence centres will support other branches in respective area.

Within the branch network of Aktia, a total of 10 branches were merged with nearby branches. The branches Bromarf, Espoon Keskus, Espoonlahti, Itäkeskus, Kannelmäki, Kerava, Oravainen, Sulva, Tenhola and Uusikaarlepyy closed at the end of 2017.

The companies Evry and Samlink announced on 29 March 2017 that Evry has signed a letter of intent to acquire 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. Aktia implemented its own new core bank platform during the summer 2017, but still holds approximately 23 % of the shares in Samlink. In Aktia's balance sheet the shares have a book value of EUR 0 million. 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.

Aktia donated EUR 500,000 to various universities in its area of operations. Donations were given to the Aalto University, the University of Helsinki, the Hanken School of Economics, the University of Oulu, the University of Tampere, the University of Turku, the University of Vaasa and the Åbo Akademi University.

Events after year-end

In its meeting on 31 January 2018, the Board of Directors of Aktia Bank Plc resolved to launch a new long-term share savings plan for Aktia's employees to support the implementation of Aktia's new strategy.

The AktiaUna Share Plan will be offered to approximately 800 Aktia employees, who will be offered an opportunity to save a proportion of their salaries (2–4 %, the members of the Group's Executive Committee, 7 %) and regularly acquire the company's A shares at a reduced price (-10 %). Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

The total savings amount and thus the value of the matching shares to be paid on the basis of the savings period 2018–2019 to the participants amounts up to a maximum total of 1,800,000 euros upon the launch of the plan, corresponding to the value of 195,000 Aktia A shares. As from 2018, the share savings plan will replace the annual savings into Aktia Group's personnel fund.

In addition to the above AktiaUna Share Plan, approximately 60 key employees can within the programme, including the Managing Director and the members of the Group's Executive Committee, be offered a possibility to participate in a performance-based share savings plan. This part of the programme would replace the Executive Committee´s share based incentive scheme.

The performance criteria of the performance period 2018–2019 are the Aktia Group's comparable operating profit and net commission income during the performance period. The value of the reward payable of the basis of the performance period 2018–2019 amounts up to a maximum total of 2,600,000 euros upon the launch of the plan, corresponding to the value of 280,000 Aktia A shares.

Aktia Bank plc has on 15 January 2018, supported by a decision taken by the company's Board of Directors, divested 39,831 series A treasury shares held by the company for payment of deferred instalments for the earning periods 2013-2014. 2014-2015 and 2015-2016 under the share-based incentive scheme as well as the share ownership programme to 24 key persons included in the share-based incentive scheme.

Following the divestment the number of series A treasury shares is 197,609 and series R treasury shares 6,658.

The Board of Directors decided 12 January 2018, following an initiative taken by the five largest shareholders of the company, to start preparations for combination of the company's two share series to be resolved upon by Aktia Bank's Annual General Meeting 2018. According to the proposal, the combination of the two share series shall be based on a provision be paid to the owners of R shares, corresponding to 12 % of the value of A shares.

Staff

At the end of December 2017, the total number of full-time employees in Aktia Group stood at 804 (903). The average number of full-time employees in the year was 903 (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

The Extraordinary General Meeting held on 21 September 2017 adopted the decision to extend the term of office of the current Board of Directors from the end of this calendar year up until the General Meeting 2018, that will appoint the members of the Board of Directors.

Aktia Bank plc's Board of Directors for 1 January 2017 – 10 April 2018:

- 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

The members of Aktia Bank plc's Executive Committee were 31 December 2017:

- Martin Backman, M.Sc. (Technology) and M.Sc. (Economics), Managing Director
- Juha Hammarén, LL.M., Executive Vice President and COO
- Merja Sergelius, Executive Vice President; private customers and SMEs
- Anssi Rantala, Dr. Soc.Sc., Executive Vice President; Aktia Asset Management, Aktia Fund Management Company and Aktia Life Insurance
- Carola Nilsson, M.Sc. (Econ.), Executive Vice President; private banking
- Irma Gillberg-Hjelt, LL.M., Vice President; corporate customers
- Sam Olin, B.Sc. (Econ.), Vice President; premium customers
- Outi Henriksson, M.Sc. (Econ.), Chief Financial Officer; finance, treasury and investor relations
- Minna Miettinen, BBA, Chief Digital and Marketing Officer
- Juha Volotinen, M.Sc. (Econ.), Aktia's IT and data architecture
- Anu Tuomolin, M.Sc. (Econ.), HR. Anu Tuomolin took office 2 January 2018.

There is also a staff representative in the Executive Committee.

Director Mia Bengts, responsible for HR, Legal & Communications, stepped down from Aktia's Executive Committee 10 August 2017 to focus on the role as Corporate Counsel at Aktia in the future. Her areas of responsibility are governance, corporate and securities markets law as well as CSR.

Having completed the implementation of the new core banking system, director Magnus Weurlander, M. Sc. (Econ.), took a new position in Aktia. Weurlander is responsible for coordination and monitoring of strategic development projects within the Group. Simultaneously Weurlander resigned from Aktia's Executive Committee.

Previous members of the Executive Committee, Deputy Managing Director Taru Narvanmaa and CFO Fredrik Westerholm, left Aktia 5 May 2017. Deputy Managing Director Carl Pettersson left Aktia on 25 April 2017 to become Managing Director of Veritas Pension Insurance.

Decisions of Aktia Bank plc's Extraordinary General Meeting 21 September 2017

As a step towards simplification of the company's administration structure, the Extraordinary General Meeting of Aktia Bank plc took the decision to amend the bank's articles of association in order to abolish the Board of Supervisors. Thus, the responsibility to appoint the bank's Board of Directors will be transferred from the Board of Supervisors to the Annual General Meeting. A Nomination Board comprising representatives of the five largest shareholders will have the duty to prepare the election of and remuneration for members of the Board of Directors. The Extraordinary General Meeting adopted a Charter for the Shareholders' Nomination Board.

The amended articles of association were entered in the Trade Register on 22 September 2017, thus abolishing the Board of Supervisors.

The Extraordinary General Meeting confirmed the decision taken by the Board of Supervisors to extend the term of office of the current Board of Directors from the end of this calendar year up until the Extraordinary General Meeting 2018 in order to facilitate a rhythm where the General Meeting elects the members of the Board of Directors and the Board's term of office runs from that General Meeting to the following General Meeting.

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

Shareholders' Nomination Board ofAktia Bank plc

In accordance with the Articles of Association of Aktia Bank plc registered 22 September 2017, a Nomination Board shall be appointed annually with the duty to prepare a proposal for members of the Board of Directors as well as for the remuneration of them to the Annual General Meeting. The Nomination Board comprises representatives of the five largest shareholders according to number of shares held. Further, the chairman of the Board of Directors participates in the work of the Nomination Board.

The composition of the Nomination Board up until 30 august 2018 is:

- Chancellery counsellor Håkan Mattlin, appointed by Stiftelsen Tre Smeder
- Managing Director Carl Pettersson, appointed by the Pension Insurance Company Veritas
- Honorary Counsellor Magnus Bargum, appointed by The Society of Swedish Literature in Finland
- Chairman of the Board, Lars Hammarén, appointed by Oy Hammarén & Co Ab
- Honorary Counsellor Peter Boström, appointed by the Åbo Akademi University Foundation
- Chairman of the Board of Aktia Bank plc Dag Wallgren.

Håkan Mattlin was elected chairman of the Nomination Board.

The Nomination Board complies with a Charter set by the General Meeting and published at www.aktia.com under Corporate Governance.

The proposals of the Shareholders' Nomination Board to the Annual General Meeting 2018

The Shareholders' Nomination Board has decided to present the following proposition to the Annual General Meeting of Aktia Bank plc on 10 April 2018:

The number of Board members is proposed to be seven, i.e. one less than the present eight members.

The Shareholders' Nomination Board proposes that the present members of the Board of Directors, Christina Dahlblom, Stefan Damlin, Catharina von Stackelberg-Hammarén, Lasse Svens and Arja Talma, subject to consent, be re-elected for a term continuing up until the end of the next Annual General Meeting.

The Board members Sten Eklundh and Kjell Hedman as well as the Chairman of the Board Dag Wallgren have informed that they are no longer available for election to members of the Board.

The Nomination board proposes that:

- MBA Maria Jerhamre Engström, with her consent, be elected to new member of the Board of Directors with the same term as above. Maria Jerhamre Engström, (b. 1969, Swedish citizen) has held several executive posts in banking, insurance and IT, the latest as CIO at the Länsförsäkringar Alliance and before that positions at SkandiaBanken
- M. Sc. (Econ.) Johannes Schulman, with his consent, be elected to new member of the Board of Directors with the same term as above. Johannes Schulman (b. 1970, Finnish citizen) is partner and Managing Director for Miltton Markets and he has earlier held several leading positions in the FIM Group, such as member of the Board of Directors and Managing Director, and before that positions at Deutsche Bank.

The Shareholders' Nomination Board proposes that the fees for the members of the Board of Directors be unchanged from last year.

- Chair EUR 61,200 p.a.
- Vice Chair EUR 34,650 p.a.
- Member EUR 27,140 p.a.

The Nomination Committee proposes that 40 % of the annual remuneration be paid to the members of the Board of Supervisors in the form of Aktia's A shares. The remuneration per attended meeting was kept unchanged at EUR 500 and EUR 1,000 per committee meeting for chairs of committees.

The proposals of the Shareholders' Nomination Board will be included in the summons of the Annual General Meeting, and be available at the company's website at www.aktia.com.

Board of Directors Proposals for the Annual General Meeting 2018

Following the improved Comparable Operating profit, the Board of Directors propose a dividend of EUR 0.57 (2016; 0.60 of which EUR 0.08 derived from one-off gains) per share.

The proposed record date for the dividend will be 12 April 2018, and the dividend will be paid on 27 April 2017.

As recommended by the Board of Directors' Audit Committee, the Board of Directors propose to the AGM that the number of auditors for the accounting period 2018 be defined to one and that the APA firm KPMG Oy Ab be re-elected as auditor. KPMG Oy Ab has informed that APA Markus Tötterman would act as auditor-in-charge.

The recommendation given by the Board of Directors' Audit Committee is based on audit tenders for the company. In the tender process the company received tenders from the APA firms who were interviewed by the Audit Committee. Two finalists were chosen (KPMG and PWC). The Audit Committee found that KPMG Oy Ab complied best with the criteria given in the call for tenders, and therefore proposes that they will be chosen as auditor.

The auditors are proposed to be paid against invoices.

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 December 2017 was 39,757 (41,791). Foreign ownership was 0.1 (2.6) %. The number of unregistered shares was 765,829 (768,001).

On 31 December 2017, the Group held 237,440 (184,669) treasury A shares and 6,658 (6,658) treasury R shares.

The Board of Directors decided 12 January 2018, following an initiative taken by the five largest shareholders of the company, to start preparations for combination of the company's two share series to be resolved upon by Aktia Bank's Annual General Meeting 2018. According to the proposal, the combination of the two share series shall be based on a provision be paid to the owners of R shares, corresponding to 12 % of the value of A 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 December 2017 was EUR 631 (720) million, a decrease of 12 % from the end of 2016. On 31 December 2017, the closing price for a series A share was EUR 9.11 (9.73) and for a series R share EUR 10.36 (13.40). The highest closing price for A series shares was EUR 10.95 (10.26) and the lowest EUR 8.76 (7.70). The highest price for the series R share was EUR 15.60 (16.00) and the lowest EUR 10.97 (9.59).

The average daily turnover in 2017, for series A shares, doubled from the previous year to EUR 396,990 (192,880) or 42,125 (21,028) shares. An average of 250 (111) transactions per day were carried out with series A shares.

The average daily turnover of R shares decreased, amounting to EUR 6,878 (13,716) or 560 (1 124) shares. An average of 3 (2) transactions per day were carried out with series R shares.

Outlook and risks

Outlook for 2018

The persistent low interest rate level and decreased income from previously unwound interest rate hedging (2012) will have a negative impact on total net interest income in 2018.

Commission income is expected to increase in 2018. Further, cost savings from 2017 are expected to have a positive impact on profitability.

Write-downs on credits are expected to remain low in 2018.

The comparable operating profit 2018 is expected to be approximately on the same level as the comparable operating profit in 2017.

Risks

Aktia's result 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.

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.

Increased regulation of banking and insurance operations has led to more stringent capital and liquidity requirements for the bank. The new regulations have also resulted in increased competition for deposits, higher demands on long-term financing and higher fixed costs.

Financial objectives up until 2022

The financial objectives stipulated by the Board of Directors in October 2017 are:

- Improve the comparable operating profit to approximately EUR 80 million (2017; EUR 59.5 million)
- Improve the comparable cost-to-income ratio to 0.61 (2017; 0.71)
- Improve Return on Equity (ROE) to 9.7 % (comparable ROE 2017; 7.9 %)
- Common Equity Tier 1 capital ratio (CET1) 1.5-3 percentage points over regulatory requirements (2017; 7.7 percentage points over minimum capital adequacy level 10.3 %)

Key figures

(EUR million)	2017	2016	Δ %	4Q2017	3Q2017	2Q2017	1Q2017	4Q2016
Earnings per share (EPS), EUR	0.59	0.74	-20 %	0.12	0.10	0.17	0.20	0.10
Total earnings per share, EUR	0.39	0.62	-37 %	0.09	0.08	0.10	0.12	-0.11
Equity per share (NAV), EUR, euro *1	9.02	9.24	-2 %	9.02	8.92	8.84	9.34	9.24
Average number of shares (excl. treasury shares), million2	66.5	66.5	0 %	66.5	66.5	66.5	66.5	66.5
Number of shares at the end of the period (excl. treasury shares), million1	66.3	66.4	0 %	66.3	66.5	66.5	66.5	66.4
Return on equity (ROE), % *	6.5	8.0	-19 %	5.5	4.4	7.4	8.7	4.2
Return on assets (ROA), % *	0.41	0.51	-20 %	0.34	0.27	0.46	0.56	0.27
Cost-to-income ratio *	0.76	0.70	9 %	0.80	0.83	0.73	0.70	0.80
Common Equity Tier 1 capital ratio (Bank Group), %1	18.0	19.5	-7 %	18.0	17.3	18.0	18.2	19.5
Tier 1 capital ratio (Bank Group), %1	18.0	19.5	-7 %	18.0	17.3	18.0	18.2	19.5
Capital adequacy ratio (Bank Group), %1	23.4	26.3	-11 %	23.4	22.9	24.3	24.8	26.3
Risk-weighted commitments (Bank Group)1	2,080.2	1,997.7	4 %	2,080.2	2,205.6	2,122.9	2,099.7	1,997.7
Capital adequacy ratio (finance and insurance conglomerate), %1	164.5	188.6	-13 %	164.5	158.1	160.4	180.5	188.6
Equity ratio, % *1	6.3	6.3	-1 %	6.3	6.2	6.2	6.4	6.3
Group financial assets *1	2,601.9	2,706.0	-4 %	2,601.9	2,590.6	2,679.1	2,985.8	2,706.0
Assets under Management *1	9,679.3	8,063.4	20 %	9,679.3	9,446.0	8,926.1	8,710.1	8,063.4
Borrowing from the public1	4,118.5	4,164.3	-1 %	4,118.5	4,133.8	4,185.9	4,113.1	4,164.3
Lending to the public1	5,838.8	5,717.4	2 %	5,838.8	5,826.0	5,746.1	5,703.2	5,717.4
Premiums written before reinsurers' share *	125.9	112.8	12 %	33.3	26.1	33.3	33.3	29.9
Expense ratio, % (life insurance company) *2	78.9	81.9	-4 %	78.9	81.0	78.9	77.7	81.9
Solvency ratio (life insurance company), %	199.2	179.4	11 %	199.2	202.1	193.5	185.7	179.4
Own funds (life insurance company)	169.5	144.7	17 %	169.5	160.7	155.0	149.7	144.7
Investments at fair value (life insurance company) *1	1,342.8	1,293.5	4 %	1,342.8	1,327.8	1,315.6	1,310.4	1,293.5
Technical provisions for risk insurances and interest-related insurances1	415.0	443.0	-6 %	415.0	421.7	428.3	434.5	443.0
Technical provisions for unit-linked insurances1	802.3	719.4	12 %	802.3	783.7	764.7	749.6	719.4
Group's personnel (FTEs), average number of emplyees	903	925	-2 %	859	925	924	916	911
Group's personnel (FTEs), at the end of the period1	804	903	-11 %	804	894	948	919	903
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio *	0.71	0.71	0 %	0.79	0.69	0.69	0.70	0.80
Comparable earnings per share (EPS), EUR *	0.72	0.69	4 %	0.13	0.19	0.20	0.20	0.10
Comparable return on equity (ROE), % *	7.9	7.5	5 %	5.5	8.5	8.7	8.5	4.2

* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information. As from the second quarter of 2017, Aktia presents a number of new APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in a table under the Group's income statement and comprehensive income on pages 21 and 22.

[1] At the end of the period
[2] Cumulative from the beginning of the year

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	2017	2016	Δ %
Net interest income	4	89.6	95.6	-6 %
Dividends		0.3	0.0	717 %
Commission income		102.5	90.0	14 %
Commission expenses		-11.1	-10.3	-7 %
Net commission income		91.4	79.7	15 %
Net income from life-insurnace	5	26.6	24.7	8 %
Net income from financial transactions	6	0.8	8.3	-90 %
Other operating income		1.5	3.1	-52 %
Total operating income		**210.3**	**211.3**	**-1 %**
Staff costs		-79.1	-72.3	9 %
IT expenses		-30.5	-28.4	7 %
Depreciations of tangible and intangible assets		-9.5	-8.2	16 %
Other operating expenses		-41.7	-39.6	5 %
Total operating expenses		**-160.7**	**-148.4**	**8 %**
Impairment of tangible and intangible assets		-0.5	-	-
Write-downs on credits and other commitments		-0.6	-2.2	-74 %
Share of profit from associated companies		0.6	0.7	-19 %
Operating profit		**49.1**	**61.5**	**-20 %**
Taxes		-9.8	-12.2	-20 %
Profit for the year		**39.3**	**49.3**	**-20 %**
Attributable to:				
Shareholders in Aktia Bank plc		39.3	49.3	-20 %
Total		**39.3**	**49.3**	**-20 %**
Earnings per share (EPS). EUR		0.59	0.74	-20 %
Earnings per share (EPS). EUR. after dilution		0.59	0.74	-20 %
Operating profit excluding items affecting comparability:				
Operating profit		49.1	61.5	-20 %
Operating income:				
The sale of Visa Europe and dividend from Suomen Luottokunta		-1.3	-6.9	81 %
Write-down of shareholdings in Folksam Non-Life Insurance		1.0	-	-
Phasing-out of Aktia Real Estate Mortgage Bank		-	1.6	-
Operating expenses:				
Costs for restructuring		11.1	1.4	698 %
Comparable operating profit		**59.9**	**57.5**	**4 %**

Consolidated comprehensive income

(EUR million)	2017	2016	Δ %
Profit for the year	39.3	49.3	-20 %
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale	-20.5	-2.5	-730 %
Change in valuation of fair value for financial assets held until maturity	7.6	-0.9	-
Change in valuation of fair value for cash flow hedging	0.1	-0.2	-
Transferred to the income statement for financial assets available for sale	-3.0	-4.3	30 %
Comprehensive income from items which can be transferred to the income statement	-15.8	-7.8	-102 %
Defined benefit plan pensions	2.1	-0.5	-
Comprehensive income from items which can not be transferred to the income statement	2.1	-0.5	-
Total comprehensive income for the year	**25.7**	**41.0**	**-37 %**
Total comprehensive income attributable to:			
Shareholders in Aktia Bank plc	25.7	41.0	-37 %
Total	**25.7**	**41.0**	**-37 %**
Total earnings per share. EUR	0.39	0.62	-37 %
Total earnings per share. EUR. after dilution	0.39	0.62	-37 %
Total comprehensive income excluding items affecting comparability:			
Total comprehensive income	25.7	41.0	-37 %
Operating income:			
The sale of Visa Europe and dividend from Suomen Luottokunta	-1.0	-5.5	81 %
Write-down of shareholdings in Folksam Non-Life Insurance	1.3	-	-
Phasing-out of Aktia Real Estate Mortgage Bank	-	1.3	-
Operating expenses:			
Costs for restructuring	8.9	1.1	698 %
Comparable total comprehensive income	**34.8**	**37.9**	**-8 %**

Consolidated balance sheet

(EUR million)	Note	31 Dec 2017	31 Dec 2016	Δ %
Assets				
Cash and balances with central banks	9	282.5	380.1	-26 %
Interest-bearing securities		1,797.2	1,739.3	3 %
Shares and participations		128.2	101.3	27 %
Financial assets available for sale	9	1,925.4	1,840.5	5 %
Financial assets held until maturity	9	367.8	445.3	-17 %
Derivative instruments	7,9	84.0	132.2	-36 %
Lending to Bank of Finland and credit institutions		49.9	43.1	16 %
Lending to the public and public sector entities	8	5,838.8	5,717.4	2 %
Loans and other receivables	9	5,888.7	5,760.5	2 %
Investments for unit-linked insurances	9	802.6	723.1	11 %
Investments in associated companies		0.0	0.0	-
Intangible assets		71.1	63.7	12 %
Investment properties		55.2	58.1	-5 %
Other tangible assets		4.8	7.7	-37 %
Accrued income and advance payments		38.9	46.6	-17 %
Other assets		24.4	20.2	21 %
Total other assets		63.3	66.8	-5 %
Income tax receivables		0.5	0.2	119 %
Deferred tax receivables		4.2	7.8	-46 %
Tax receivables		4.6	8.0	-42 %
Total assets		**9,550.0**	**9,486.0**	**1 %**
Liabilities				
Liabilities to Bank of Finland and credit institutions		694.4	508.9	36 %
Liabilities to the public and public sector entities		4,118.5	4,164.3	-1 %
Deposits	9	4,813.0	4,673.1	3 %
Derivative instruments	7,9	33.6	54.3	-38 %
Debt securities issued	9	2,450.7	2,476.7	-1 %
Subordinated liabilities	9	235.2	243.6	-3 %
Other liabilities to credit institutions	9	60.0	74.5	-19 %
Other liabilities to the public and public sector entities	9	-	5.5	-
Other financial liabilities		2,746.0	2,800.3	-2 %
Technical provisions for risk insurances and interest-related insurances		415.0	443.0	-6 %
Technical provisions for unit-linked insurances		802.3	719.4	12 %
Technical provisions		1,217.3	1,162.4	5 %
Accrued expenses and income received in advance		53.7	53.3	1 %
Other liabilities		29.6	67.0	-56 %
Total other liabilities		83.3	120.4	-31 %
Provisions		-	1.4	-
Income tax liabilities		1.8	1.0	90 %
Deferred tax liabilities		57.1	60.0	-5 %
Tax liabilities		58.9	60.9	-3 %
Total liabilities		**8,952.0**	**8,872.9**	**1 %**
Equity				
Restricted equity		214.5	230.3	-7 %
Unrestricted equity		383.5	382.8	0 %
Total equity		**598.0**	**613.1**	**-2 %**
Total liabilities and equity		**9,550.0**	**9,486.0**	**1 %**

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**
Acquisation 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**
Acquisation of treasury shares					-1.7	-1.7
Divestment of treasury shares				0.1	1.2	1.3
Dividend to shareholders					-39.9	-39.9
Profit for the year					39.3	39.3
Financial assets available for sale		-23.4				-23.4
Financial assets held until maturity		7.6				7.6
Cash flow hedging		0.1				0.1
Defined benefit plan pensions					2.1	2.1
Total comprehensive income for the year		-15.8			41.4	25.7
Other change in equity			-0.5			-0.5
Equity as at 31 Dec 2017	**163.0**	**51.5**	**1.5**	**108.4**	**273.6**	**598.0**

Consolidated cash flow statement

(EUR million)	2017	2016	Δ %
Cash flow from operating activities			
Operating profit	49.1	61.5	-20 %
Adjustment items not included in cash flow	0.9	-7.0	-
Paid income taxes	-4.9	-4.7	-3 %
Cash flow from operating activities before change in receivables and liabilities	**45.1**	**49.7**	**-9 %**
Increase (-) or decrease (+) in receivables from operating activities	-226.2	491.1	-
Increase (+) or decrease (-) in liabilities from operating activities	164.8	-304.0	-
Total cash flow from operating activities	**-16.3**	**236.8**	**-**
Cash flow from investing activities			
Investments in group companies and business operations	-3.6	-1.0	-252 %
Proceeds from sale of group companies and associated companies	10.4	-63.3	-
Investment in investment properties	-2.8	-4.4	36 %
Investment in tangible and intangible assets	-14.6	-19.2	24 %
Proceeds from sale of tangible and intangible assets	0.0	0.0	-
Total cash flow from investing activities	**-10.6**	**-87.9**	**88 %**
Cash flow from financing activities			
Subordinated liabilities	-8.4	8.5	-
Dividend/share issue to the non-controlling interest	-1.1	-1.1	5 %
Acquisation of treasury shares	-1.7	-1.7	1 %
Divestment of treasury shares	1.3	1.4	-6 %
Paid dividends	-39.9	-35.9	-11 %
Paid capital return	-	-6.7	-
Total cash flow from financing activities	**-49.8**	**-35.5**	**-40 %**
Change in cash and cash equivalents	**-76.7**	**113.4**	**-**
Cash and cash equivalents at the beginning of the year	396.8	283.4	40 %
Cash and cash equivalents at the end of the year	320.1	396.8	-19 %
Cash and cash equivalents in the cash flow statement consist of the following items:			
Cash in hand	4.8	7.0	-32 %
Bank of Finland current account	277.7	373.1	-26 %
Repayable on demand claims on credit insitutions	37.6	16.7	126 %
Total	**320.1**	**396.8**	**-19 %**
Adjustment items not included in cash flow consist of:			
Impairment of financial assets available for sale	2.5	0.9	190 %
Write-downs on credits and other commitments	0.6	2.2	-74 %
Change in fair value	4.9	-0.3	-
Depreciation and impairment of tangible and intangible assets	10.0	8.2	22 %
Sales gains and losses from tangible and intabgible assets	-0.8	-	-
Unwound fair value hedging	-14.4	-15.9	10 %
Change in provisions	-1.4	-0.9	-51 %
Change in fair values of investment properties	-0.6	0.1	-
Change in share-based remuneration	-1.3	-0.9	-52 %
Other adjustments	1.4	-0.3	-
Total	**0.9**	**-7.0**	**-**

Quarterly trends in the Group

(EUR million)

Income statement	**4Q2017**	**3Q2017**	**2Q2017**	**1Q2017**	**4Q2016**	**2017**	**2016**
Net interest income	21.8	21.5	22.9	23.4	23.0	89.6	95.6
Dividends	-	0.0	0.3	0.0	0.0	0.3	0.0
Net commission income	23.7	22.0	24.6	21.1	20.1	91.4	79.7
Net income from life-insurance	7.4	6.4	5.8	7.0	6.1	26.6	24.7
Net income from financial transactions	-0.6	0.1	0.1	1.3	0.6	0.8	8.3
Other operating income	0.4	0.2	0.6	0.3	0.9	1.5	3.1
Total operating income	**52.7**	**50.3**	**54.2**	**53.1**	**50.6**	**210.3**	**211.3**
Staff costs	-17.9	-22.1	-21.1	-17.9	-19.7	-79.1	-72.3
IT-expenses	-8.0	-6.7	-8.0	-7.8	-8.1	-30.5	-28.4
Depreciation of tangible and intangible assets	-3.0	-3.1	-1.7	-1.7	-1.9	-9.5	-8.2
Other operating expenses	-13.0	-9.8	-9.0	-9.9	-10.7	-41.7	-39.6
Total operating expenses	**-42.0**	**-41.7**	**-39.7**	**-37.3**	**-40.5**	**-160.7**	**-148.4**
Impairment of tangible and intangible assets	0.0	-0.5	-	-	-	-0.5	-
Write-downs on credits and other commitments	-0.4	0.0	-0.1	-0.1	-1.5	-0.6	-2.2
Share of profit from associated companies	-	-	-	0.6	-	0.6	0.7
Operating profit	**10.3**	**8.0**	**14.4**	**16.4**	**8.6**	**49.1**	**61.5**
Taxes	-2.1	-1.5	-3.3	-2.9	-2.1	-9.8	-12.2
Profit for the period	**8.2**	**6.5**	**11.2**	**13.5**	**6.5**	**39.3**	**49.3**
Attributable to:							
Shareholders in Aktia Bank plc	8.2	6.5	11.2	13.5	6.5	39.3	49.3
Total	**8.2**	**6.5**	**11.2**	**13.5**	**6.5**	**39.3**	**49.3**
Earnings per share (EPS), EUR	0.12	0.10	0.17	0.20	0.10	0.59	0.74
Earnings per share (EPS), EUR, after dilution	0.12	0.10	0.17	0.20	0.10	0.59	0.74

Operating profit excluding items affecting comparability:	**4Q2017**	**3Q2017**	**2Q2017**	**1Q2017**	**4Q2016**	**2017**	**2016**
Operating profit	10.3	8.0	14.4	16.4	8.6	49.1	61.5
Operating income:							
The sale of Visa Europe and dividend from Suomen Luottokunta	-	-0.2	-	-1.1	-1.0	-1.3	-6.9
Write-down of shareholdings in Folksam Non-Life Insurance	1.0	-	-	-	-	1.0	-
Phasing-out of Aktia Real Estate Mortgage Bank	-	-	-	-	**-**	**-**	**1.6**
Operating expenses:							
Costs for restructuring	0.2	7.8	2.4	0.7	**1.0**	**11.1**	**1.4**
Comparable operating profit	**11.4**	**15.7**	**16.9**	**15.9**	**8.5**	**59.9**	**57.5**

Comprehensive income	**4Q2017**	**3Q2017**	**2Q2017**	**1Q2017**	**4Q2016**	**2017**	**2016**
Profit for the period	8.2	6.5	11.2	13.5	6.5	39.3	49.3
Other comprehensive income after taxes:							
Change in valuation of fair value for financial assets available for sale	-3.9	-0.6	-6.4	-9.6	-13.8	-20.5	-2.5
Change in valuation of fair value for financial assets held until maturity	1.3	-0.3	2.0	4.6	1.3	7.6	-0.9
Change in valuation of fair value for cash flow hedging	0.0	0.1	0.0	0.0	-0.1	0.1	-0.2
Transferred to the income statement for financial assets available for sale	-2.1	-0.2	-0.2	-0.5	-1.0	-3.0	-4.3
Comprehensive income from items which can be transferred to the income statement	-4.7	-1.1	-4.5	-5.5	-13.6	-15.8	-7.8
Defined benefit plan pensions	2.4	-	-	-0.3	-0.5	2.1	-0.5
Comprehensive income from items which can not be transferred to the income statement	2.4	-	-	-0.3	-0.5	2.1	-0.5
Total comprehensive income for the period	**5.9**	**5.4**	**6.7**	**7.7**	**-7.5**	**25.7**	**41.0**
Total comprehensive income attributable to:							
Shareholders in Aktia Bank plc	5.9	5.4	6.7	7.7	-7.5	25.7	41.0
Total	**5.9**	**5.4**	**6.7**	**7.7**	**-7.5**	**25.7**	**41.0**
Total earnings per share, EUR	0.09	0.08	0.10	0.12	-0.11	0.39	0.62
Total earnings per share, EUR, after dilution	0.09	0.08	0.10	0.12	-0.11	0.39	0.62

Total comprehensive income excluding items affecting comparability:	**4Q2017**	**3Q2017**	**2Q2017**	**1Q2017**	**4Q2016**	**2017**	**2016**
Total comprehensive income	5.9	5.4	6.7	7.7	-7.5	25.7	41.0
Operating income:							
The sale of Visa Europe and dividend from Suomen Luottokunta	-	-0.1	-	-0.9	-0.8	-1.0	-5.5
Write-down of shareholdings in Folksam Non-Life Insurance	1.3	-	-	-	-	1.3	-
Phasing-out of Aktia Real Estate Mortgage Bank	-	-	-	-	-	-	1.3
Operating expenses:							
Costs for restructuring	0.2	6.3	1.9	0.6	0.8	8.9	1.1
Comparable total comprehensive income	**7.3**	**11.5**	**8.6**	**7.3**	**-7.6**	**34.8**	**37.9**

Notes to the Accounts Announcement

Note 1. Basis for preparing the Accounts Announcement and important accounting principles

Basis for preparing the Accounts Announcement

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 December 2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Accounts Announcement 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 Accounts Announcement for the period 1 January – 31 December 2017 was approved by the Board of Directors on 15 February 2018.

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

Key accounting principles

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

Aktia complies with the guidelines for Alternative Performance Measures (APMs) issued by the European Securities and Markets Authority (ESMA). The APMs make comparison of different periods easier and gives users of financial reports useful further information. As from the second quarter of 2017, Aktia presents a number of new APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business.

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 changed, 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. The Aktia Group implemented IFRS 9 when the standard became mandatory on 1 January 2018. IFRS 9 introduces new requirements for recognition and measurement of financial assets and liabilities. The model for risk management and the characteristics of financial instruments in respect of future cash flows will have an impact on categories applied by the Group. The Group's financial assets are from 1.1.2018 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 new rules for measurement and recognition with the transition to IFRS 9 led to less reclassification from the present category Financial assets available for sale to the categories Financial assets measured at amortised cost and Financial assets measured at fair value through the income statement. The reclassifications had no significant impact on the Group's result or financial position with the transition to IFRS 9.

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 measured at amortised cost and financial assets measured at fair value through other comprehensive income as well as guarantees and credit commitments. The implementation of ECL (Expected Credit Loss) models in accordance with IFRS 9 marginally decreased the provisions for write-downs. The decrease had no significant impact on the Group's result or financial position with the transition to IFRS 9.

The effects of reclassification and revaluation of financial assets and the new model for write-downs somewhat reduced the Group's equity. The effects in the Bank Group and on capital adequacy were marginal.

The requirements for hedge accounting in accordance with IFRS 9 made the method for assessing the efficiency of hedge accounting less based on rules and more adjusted according to the Group's risk management. The Group will implement the exclusion from the rules, according to which IAS 39 may be applied to so-called portfolio hedging. Changes in hedge accounting rules are not expected to have any significant impact on the Group's result or financial position.

The effect of reclassification and revaluation of financial assets and the impact on equity with the transition to IFRS 9 is presented in the Aktia Group's financial statement for 2017. The Aktia Group's financial statement for 2017 also includes the changes in provisions for credit losses with the implementation of ECL (Expected Credit Loss) models according to IFRS 9 as well as the impact on the Group's equity at the time of transition to IFRS 9.

IFRS 15 Revenue from contracts with customer has replaced all earlier standards and interpretations of revenue recognition. The standard was approved by the EU in October 2016, and it is mandatory as of 1 January 2018. The Aktia Group implemented IFRS 15 when the standard became mandatory. IFRS 15 includes a comprehensive five-step model for revenue recognition. In the Aktia Group, revenue recognition is reported using the accruals convention when recognising expenses and revenue. Interests are recognised according to the effective interest rate and commissions are recognised on a pro rata basis as from the time of the contract. Income from real estate agency is recognised at the time when ownership of the object sold is transferred from the seller to the buyer. Commission income is recognised when the work to carry out a transaction is done and the transaction is completed. Changes in accounting principles for revenue recognition are not expected to have any significant impact on the Group's result or financial position.

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 was approved by the EU in October 2017. The Aktia Group implements 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 any significant 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	
Income statement	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net interest income	89.3	95.3	0.0	0.0	0.2	0.2	0.1	0.1	89.6	95.6
Net commission income	71.0	65.2	31.0	24.8	0.8	0.7	-11.5	-10.9	91.4	79.7
Net income from life insurance	-	-	22.6	21.2	-	-	4.0	3.5	26.6	24.7
Other income	1.8	3.2	0.1	0.1	0.7	8.1	0.0	0.0	2.6	11.4
Total operating income	**162.2**	**163.7**	**53.7**	**46.0**	**1.8**	**9.0**	**-7.4**	**-7.4**	**210.3**	**211.3**
Staff costs	-61.2	-55.7	-13.1	-11.7	-4.7	-4.9	-	-	-79.1	-72.3
IT-expenses	-25.4	-23.6	-2.1	-2.0	-3.0	-2.7	-	-	-30.5	-28.4
Depreciation of tangible and intangible assets	-6.7	-5.6	-0.4	-0.6	-2.4	-2.0	-	-	-9.5	-8.2
Other expenses	-34.3	-32.2	-10.0	-10.1	-4.8	-4.6	7.4	7.4	-41.7	-39.6
Total operating expenses	**-127.6**	**-117.1**	**-25.7**	**-24.5**	**-14.8**	**-14.2**	**7.4**	**7.4**	**-160.7**	**-148.4**
Impairment of tangible and intagible assets	-0.5	-	-	-	-	-	-	-	-0.5	-
Write-downs on credits and other commitments	-0.6	-2.2	-	-	-	-	-	-	-0.6	-2.2
Share of profit from associated companies	-	-	-	-	-	-	0.6	0.7	0.6	0.7
Operating profit	**33.5**	**44.3**	**28.1**	**21.5**	**-13.0**	**-5.1**	**0.6**	**0.7**	**49.1**	**61.5**

	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Total Group	
Balance sheet	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
Cash and balances with central banks	282.5	380.1	0.0	0.0	-	-	-	-	282.5	380.1
Financial assets available for sale	1,430.9	1,319.4	485.2	515.6	9.2	9.1	-	-3.6	1,925.4	1,840.5
Financial assets held until maturity	367.8	445.3	-	-	-	-	-	-	367.8	445.3
Loans and other receivables	5,878.6	5,750.8	50.7	35.9	6.9	6.6	-47.5	-32.8	5,888.7	5,760.5
Investments for unit-linked insurances	-	-	802.6	723.1	-	-	-	-	802.6	723.1
Other asset	160.9	205.8	73.3	77.1	120.8	181.6	-71.9	-128.0	283.1	336.5
Total assets	**8,120.7**	**8,101.4**	**1,411.8**	**1,351.7**	**136.9**	**197.4**	**-119.4**	**-164.4**	**9,550.0**	**9,486.0**
Deposits	4,860.4	4,706.0	-	-	0.0	0.0	-47.5	-32.8	4,813.0	4,673.1
Debt securities issued	2,450.7	2,480.3	-	-	-	-	-	-3.6	2,450.7	2,476.7
Technical provisions	-	-	1,217.3	1,162.4	-	-	-	-	1,217.3	1,162.4
Other liabilities	389.5	512.1	38.0	35.8	53.1	18.6	-9.7	-6.0	470.9	560.6
Total liabilities	**7,700.7**	**7,698.3**	**1,255.3**	**1,198.3**	**53.2**	**18.6**	**-57.2**	**-42.4**	**8,952.0**	**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 Dec 2017		31 Dec 2016	
Calculation of the Bank Group's capital base	**The Group**	**The bank Group**	**The Group**	**The Bank Group**
Total assets	**9,550.0**	**8,242.1**	**9,486.0**	**8,224.9**
of which intangible assets	71.1	70.6	63.7	62.8
Total liabilities	**8,952.0**	**7,741.5**	**8,872.9**	**7,706.8**
of which subordinated liabilities	235.2	235.2	243.6	243.6
Share capital	163.0	163.0	163.0	163.0
Fund at fair value	51.5	8.9	67.3	15.7
Total restricted equity	214.5	171.9	230.3	178.7
Unrestricted equity reserve and other funds	109.9	109.9	110.3	110.3
Retained earnings	234.3	190.8	223.2	189.0
Profit for the reporting period	39.3	28.1	49.3	40.0
Unrestricted equity	383.5	328.8	382.8	339.4
Shareholders' share of equity	598.0	500.6	613.1	518.1
Equity	**598.0**	**500.6**	**613.1**	**518.1**
Total liabilities and equity	**9,550.0**	**8,242.1**	**9,486.0**	**8,224.9**
Off-balance sheet commitments	**553.0**	**544.2**	**527.7**	**527.2**

Equity in the Bank Group		**500.6**		**518.1**
Provision for dividends to shareholders		-37.8		-39.8
Intangible assets		-70.6		-62.8
Debentures		111.0		136.1
Additional expected losses according to IRB		-9.8		-20.3
Deduction for significant holdings in financial sector entities		-7.9		-6.6
Other incl. unpaid dividend		0.8		1.0
Total capital base (CET1 + AT1 + T2)		**486.5**		**525.8**

(EUR million)

The Bank Group's capital adequacy	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2016	31 Dec 2016
Common Equity Tier 1 Capital before regulatory adjustments	465.1	472.8	474.2	477.2	480.0
Common Equity Tier 1 Capital regulatory adjustments	-89.6	-90.5	-91.9	-94.8	-90.4
Total Common Equity Tier 1 Capital (CET1)	**375.5**	**382.3**	**382.3**	**382.4**	**389.7**
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)	**375.5**	**382.3**	**382.3**	**382.4**	**389.7**
Tier 2 capital before regulatory adjustments	111.0	122.3	133.6	138.1	136.1
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	**111.0**	**122.3**	**133.6**	**138.1**	**136.1**
Total Own funds (TC = T1 + T2)	**486.5**	**504.6**	**515.8**	**520.5**	**525.8**
Total Risk weighted exposures	**2 080.2**	**2,205.6**	**2,122.9**	**2,099.7**	**1,997.7**
of which credit risk, the standardised approach	855.8	952.3	905.5	863.8	748.8
of which credit risk, the IRBA approach	874.5	904.5	868.6	887.1	900.1
of which market risk	-	-	-	-	-
of which operational risk	349.9	348.7	348.7	348.7	348.7
Own funds requirement (8 %)	166.4	176.4	169.8	168.0	159.8
Own funds buffer	320.1	328.1	346.0	352.5	366.0
CET1 capital ratio	18.0 %	17.3 %	18.0 %	18.2 %	19.5 %
T1 capital ratio	18.0 %	17.3 %	18.0 %	18.2 %	19.5 %
Total capital ratio	23.4 %	22.9 %	24.3 %	24.8 %	26.3 %
Own funds floor (CRR article 500)					
Own funds	486.5	504.6	515.8	520.5	525.8
Own funds floor[1]	193.0	200.5	190.8	189.7	183.6
Own funds buffer	293.5	304.0	325.1	330.8	342.2

[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	2015*	2016	2017	Dec 2017	Sep 2017	Jun 2017	Mar 2017	Dec 2016
Gross income	187.7	183.3	188.9					
- average 3 years			186.6					
Capital requirement for operational risk				**28.0**	**27.9**	**27.9**	**27.9**	**27.9**
Risk-weighted amount				**349.9**	**348.7**	**348.7**	**348.7**	**348.7**

* Recalculated after acquisation 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 Dec 2017				
The Bank Group's total exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital requirement 8 %**
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	4,493.6	4,489.6	13 %	585.0	46.8
Retail - Secured by immovable property SME	141.6	141.3	50 %	70.4	5.6
Retail - Other non-SME	140.5	131.4	45 %	58.9	4.7
Retail - Other SME	33.9	32.2	93 %	30.0	2.4
Equity exposures	47.6	47.6	273 %	130.2	10.4
Total exposures, IRB approach	**4,857.2**	**4,842.1**	**18 %**	**874.5**	**70.0**
Credit risk, standardised approach					
States and central banks	401.0	488.6	0 %	-	-
Regional goverments and local authorities	240.7	264.3	1 %	1.3	0.1
Multilateral development banks	51.0	51.0	0 %	-	-
International organisations	128.0	128.0	0 %	-	-
Credit institutions	702.8	433.9	25 %	109.8	8.8
Corporates	412.5	229.1	99 %	226.8	18.1
Retail exposures	276.1	127.2	68 %	86.6	6.9
Secured by immovable property	903.0	839.3	36 %	299.8	24.0
Past due items	36.0	9.0	104 %	9.3	0.7
Covered bonds	836.4	836.4	10 %	83.6	6.7
Other items	70.5	64.6	40 %	26.0	2.1
Total exposures, standardised approach	**4,058.0**	**3,471.3**	**24 %**	**843.4**	**67.5**
Total risk exposures	**8,915.2**	**8,313.3**	**21 %**	**1,717.9**	**137.4**

(EUR million)	31 Dec 2016				
The Bank Group's total exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital requirement 8 %**
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 %	-	-
Regional goverments and local authorities	199.7	223.8	0 %	0.8	0.1
Multilateral development banks	51.6	51.6	0 %	-	-
International organisations	159.2	159.2	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 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016
Summary					
The Group's equity	598.0	593.6	588.0	621.0	613.1
Sector-specific assets	117.8	129.3	140.8	145.8	143.8
Intangible assets and other reduction items	-174.8	-187.7	-200.9	-247.6	-234.5
Conglomerate´s total capital base	**540.9**	**535.1**	**527.9**	**519.2**	**522.5**
Capital requirement for banking business	243.9	259.0	248.9	207.1	196.4
Capital requirement for insurance business[1]	85.1	79.5	80.1	80.6	80.6
Minimum amount for capital base	**328.9**	**338.5**	**329.0**	**287.7**	**277.0**
Conglomerate´s capital adequacy	**212.0**	**196.6**	**198.9**	**231.5**	**245.5**
Capital adequacy ratio, %	164.5 %	158.1 %	160.4 %	180.5 %	188.6 %

[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)	2017	2016	Δ %
Deposits and lending	69.1	60.8	14 %
Hedging, interest rate risk management *	29.2	35.4	-17 %
Other	-8.7	-0.6	-
Net interest income	**89.6**	**95.6**	**-6 %**

* Includes liquidity porfolio's fixed rate investments

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)	2017	2016	Δ %
Premiums written	125.2	112.0	12 %
Net income from investments	20.4	21.1	-3 %
of which impairment of financial assets	-1.6	-0.9	-81 %
Insurance claims paid	-106.7	-112.8	5 %
Net change in technical provisions	-12.2	-4.4	-
Net income from life insurance	**26.6**	**24.7**	**8 %**

Note 6. Net income from financial transactions

(EUR million)	2017	2016	Δ %
Net income from securities and currency trading	1.5	1.4	12 %
Net income from financial assets and liabilities valued at fair value through the income statement	-0.9	-1.2	21 %
Net income from financial assets available for sale	0.5	9.6	-95 %
of which impairment of financial assets	-1.0	0.0	-
Net income from hedge accounting	-0.3	-1.5	82 %
Net income from financial transactions	**0.8**	**8.3**	**-90 %**

Note 7. Derivative instruments

Hedging derivative instruments (EUR million)	31 Dec 2017 Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	1,927.0	56.9	2.4
Total	**1,927.0**	**56.9**	**2.4**
Cash flow hedging			
Interest rate-related	85.1	-	3.9
Total	**85.1**	**-**	**3.9**
Derivative instruments valued through the income statement			
Interest rate-related[1]	696.5	27.1	27.2
Currency-related	8.8	0.0	0.0
Total	**705.3**	**27.2**	**27.2**
Total derivative instruments			
Interest rate-related	2,708.6	84.0	33.5
Currency-related	8.8	0.0	0.0
Total	**2,717.4**	**84.0**	**33.6**

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 695.0 (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 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016
Gross loans	5,885	5,873	5,793	5,751	5,766
Individual write-downs	-37	-37	-37	-38	-38
of which made to non-performing loans past due at least 90 days	-34	-34	-34	-33	-34
of which made to other loans	-3	-3	-4	-5	-5
Write-downs by group	-9	-10	-10	-10	-10
Net loans, balance amount	**5,839**	**5,826**	**5,746**	**5,703**	**5,717**

Note 9. Financial assets and liabilities

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	31 Dec 2017		31 Dec 2016	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	282.5	282.5	380.1	380.1
Financial assets available for sale	1,925.4	1,925.4	1,840.5	1,840.5
Financial assets held until maturity	367.8	376.5	445.3	457.2
Derivative instruments	84.0	84.0	132.2	132.2
Loans and other receivables	5,888.7	5,811.2	5,760.5	5,679.6
Total	**8,548.4**	**8,479.5**	**8,558.6**	**8,489.7**
Investments for unit-linked insurances	802.6	802.6	723.1	723.1
Financial liabilities				
Deposits	4,813.0	4,803.5	4,673.1	4,651.0
Derivative instruments	33.6	33.6	54.3	54.3
Debt securities issued	2,450.7	2,465.7	2,476.7	2,477.2
Subordinated liabilities	235.2	238.2	243.6	247.3
Other liabilities to credit institutions	60.0	60.4	74.5	76.5
Other liabilities to the public and public sector entities	-	-	5.5	5.5
Total	**7,592.5**	**7,601.3**	**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 determing 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.

	31 Dec 2017				31 Dec 2016			
(EUR million)	**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	1,457.6	93.2	246.4	1,797.2	1,439.5	93.5	206.3	1,739.3
Shares and participations	94.3	0.0	33.9	128.2	64.0	-	37.3	101.3
Total	**1,551.9**	**93.2**	**280.3**	**1,925.4**	**1,503.5**	**93.5**	**243.6**	**1,840.5**
Derivative instrument, net	0.0	50.5	-	50.5	0.1	77.8	-	78.0
Total	**0.0**	**50.5**	**-**	**50.5**	**0.1**	**77.8**	**-**	**78.0**
Investments for unit-linked insurances	802.6	-	-	802.6	723.1	-	-	723.1
Total	**2,354.5**	**143.7**	**280.3**	**2,778.4**	**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 8 million were moved from level 2 to level 1 due to increased market activity.

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		
(EUR million)	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total
Carrying amount 1 Jan 2017	-	-	-	206.3	37.3	243.6	206.3	37.3	243.6
New purchases	-	-	-	56.0	1.3	57.3	56.0	1.3	57.3
Sales	-	-	-	-	-1.8	-1.8	-	-1.8	-1.8
Matured during the period	-	-	-	-15.8	-	-15.8	-15.8	-	-15.8
Realised value change in the income statement	-	-	-	-	-2.5	-2.5	-	-2.5	-2.5
Unrealised value change in the income statement	-	-	-	-	-	-	-	-	-
Value change recognised in other comprehensive income	-	-	-	-0.2	-0.4	-0.6	-0.2	-0.4	-0.6
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 31 Dec 2017	**-**	**-**	**-**	**246.4**	**33.9**	**280.3**	**246.4**	**33.9**	**280.3**

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 percantage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participa-tions are assumed to change by 20 %. These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 2.6 (2.4) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	31 Dec 2017			31 Dec 2016		
	Effect at an assumed movement			Effect at an assumed movement		
(EUR million)	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	246.4	7.4	-7.4	206.3	6.2	-6.2
Shares and participations	33.9	6.8	-6.8	37.3	7.5	-7.5
Total	**280.3**	**14.2**	**-14.2**	**243.6**	**13.6**	**-13.6**
Totalt	**280.3**	**14.2**	**-14.2**	**243.6**	**13.6**	**-13.6**

SET OFF OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	31 Dec 2017		31 Dec 2016	
Assets	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Financial assets included in general agreements on set off or similar agreements	84.0	-	132.2	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	**84.0**	**-**	**132.2**	**-**
Amount not set off but included in general agreements on set off or similar	5.8	-	8.8	-
Collateral assets	76.6	-	117.1	-
Total amount of sums not set off in the balance sheet	**82.4**	**-**	**126.0**	**-**
Net amount	**1.7**	**-**	**6.3**	**-**

Liabilities	Derivatives	Repurchase agreements	Derivatives	Repurchase agreements
Financial liabilities included in general agreements on set off or similar agreements	33.6	146.2	54.3	145.7
Set off amount	-	-	-	-
Value recognised in the balance sheet	**33.6**	**146.2**	**54.3**	**145.7**
Amount not set off but included in general agreements on set off or similar	5.8	-	8.8	-
Collateral liabilities	12.3	145.9	26.4	145.7
Total amount of sums not set off in the balance sheet	**18.1**	**145.9**	**35.2**	**145.7**
Net amount	**15.5**	**0.3**	**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 Dec 2017	31 Dec 2016
Deposits from the public and public sector entities	4,118.5	4,169.8
Short-term liabilities, unsecured debts		
Banks	71.7	46.0
Total	**71.7**	**46.0**
Short-term liabilities, secured debts (collateralised)		
Banks - received cash in accordance with collateral agreements	76.6	117.1
Repurchase agreements - banks	146.2	145.7
Total	**222.7**	**262.9**
Total short-term liabilities	**294.4**	**308.9**
Long-term liabilities, unsecured debts		
Issued debts, senior financing	782.2	789.2
Issued structured debts	-	2.3
Other credit institutions	37.0	46.5
Subordinated debts	235.2	243.6
Total	**1,054.4**	**1,081.6**
Long-term liabilities, secured debts (collateralised)		
Central bank and other credit institutions	423.0	228.0
Issued covered bonds	1,668.6	1,685.2
Total	**2,091.6**	**1,913.2**
Total long-term liabilities	**3,146.0**	**2,994.8**
Interest-bearing liabilities in the banking business	**7,559.0**	**7,473.5**
Technical provisions in the life insurance business	1,217.3	1,162.4
Total other non interest-bearing liabilities	175.7	237.0
Total liabilities	**8,952.0**	**8,872.9**

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 Dec 2017	31 Dec 2016
Collateral for own liabilities		
Securities	575.2	380.1
Outstanding loans constituting security for covered bonds	2,110.4	2,315.7
Total	**2,685.5**	**2,695.8**
Other collateral assets		
Pledged securities[1]	146.7	119.5
Cash included in pledging agreements and repurchase agreements	12.3	26.4
Total	**158.9**	**145.9**
Total collateral assets	**2,844.5**	**2,841.7**
Collateral above refers to the following liabilities		
Liabilities to credit institutions[2]	569.2	373.7
Issued covered bonds[3]	1,668.6	1,685.2
Derivatives	12.3	26.4
Total	**2,250.0**	**2,085.3**

[1] Refers to securities pledged for the intra day limit. As at 31 December 2017, a surplus of pledged securities amounted to EUR 21 (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 Dec 2017	31 Dec 2016
Cash included in pledging agreements[1]	76.6	117.1
Total	**76.6**	**117.1**

[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 Dec 2017	31 Dec 2016
Commitments provided to a third party on behalf of the customers		
Guarantees	31.7	30.8
Other commitments provided to a third party	7.3	0.8
Irrevocable commitments provided on behalf of customers		
Unused credit arrangements	505.2	495.6
Other commitments provided to a third party	8.8	0.4
Off-balance sheet commitments	**553.0**	**527.7**

This report has not been subject to external auditing.

Helsinki 15 February 2018

AKTIA BANK PLC
THE BOARD OF DIRECTORS

Aktia Bank plc
PO Box 207
Mannerheimintie 14, 00101 Helsinki
Tel. +358 10 247 5000
Fax +358 10 247 6356

Website: www.aktia.com
Contact: aktia@aktia.fi
E-mail: firstname.lastname@aktia.fi
Business ID: 2181702-8
BIC/S.W.I.F.T: HELSFIHH

Aktia