Fund stock at record level, continued strong growth in net commission income

CEO Martin Backman

”Continued strong sales of mutual funds and asset management contributed to a 10 % higher net commission income in the third quarter than last year, amounting to EUR 22.0 (20.0) million. The net interest income of EUR 16.9 (15.8) million from borrowing and lending was affected favourably by high demand. Returns from the bank’s liquidity portfolio and interest rate hedges fell to EUR 7.0 (9.8) million, resulting in a decrease of total net interest income to EUR 21.5 (23.9) million. Excluding items affecting comparability amounting to EUR 7.7 (1.0) million, the operating profit for the third quarter was EUR 15.7 (16.8) million.”

July - September 2017:

- Total operating income amounted to EUR 50.3 (50.9) million, with a continued increase of net commission income to EUR 22.0 (20.0) million.
- Net interest income from borrowing and lending amounted to EUR 16.9 (15.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Net interest income was burdened by EUR 2.4 million lower returns from the liquidity portfolio in July–September and a decrease of EUR 0.4 million in interest rate hedges.
- Total operating expenses rose by 20 % to EUR 41.7 (34.6) million. The increase in expenses i mainly attributable to personnel-related costs for restructuring of EUR 6.0 million as well as to an increase of 1.3 million in cost for restructuring related to other expenses. Operating expenses excluding items affecting comparability was EUR 34.4 (34.6) million.
- **Outlook for 2017 (specified):** The operating profit for 2017 is estimated to be EUR 9–12 million (previously: EUR 10–15 million) million lower than in 2016, as the restructuring will burden the operating profit for 2017 and no larger one-time gains are expected. **The comparable operating profit is expected to be approximately on the same level** (previously: on the same level) **as the comparable operating profit in 2016.**

Key figures

(EUR million)	3Q2017	3Q2016	Δ %	Jan-Sep 2017	Jan-Sep 2016	Δ %	2Q2017	3Q/2Q	1Q2017	2016
Net interest income	21.5	23.9	-10 %	67.8	72.6	-7 %	22.9	-6 %	23.4	95.6
Net commission income	22.0	20.0	10 %	67.7	59.6	14 %	24.6	-11 %	21.1	79.7
Total operating income	50.3	50.9	-1 %	157.6	160.7	-2 %	54.2	-7 %	53.1	211.3
Total operating expenses	-41.7	-34.6	20 %	-118.7	-108.0	10 %	-39.7	5 %	-37.3	-148.4
Write-downs on credits and other commitments	0.0	-0.5	-95 %	-0.1	-0.7	-80 %	-0.1	-57 %	-0.1	-2.2
Operating profit	**8.0**	**15.8**	**-49 %**	**38.9**	**52.9**	**-26 %**	**14.4**	**-44 %**	**16.4**	**61.5**
Comparable operating profit[1]	**15.7**	**16.8**	**-7 %**	**48.5**	**49.0**	**-1 %**	**16.9**	**-7 %**	**15.9**	**57.5**
Cost-to-income ratio	0.83	0.68	22 %	0.75	0.67	12 %	0.73	14 %	0.70	0.70
Earnings per share (EPS), EUR	0.10	0.19	-50 %	0.47	0.64	-27 %	0.17	-42 %	0.20	0.74
Equity per share (NAV)[2], EUR	8.92	9.35	-5 %	8.92	9.35	-5 %	8.84	1 %	9.34	9.24
Return on equity (ROE), %	4.4	8.4	-47 %	6.9	9.2	-25 %	7.4	-41 %	8.7	8.0
Common Equity Tier 1 capital ratio[2], %	17,3	19.2	-10 %	17,3	19.2	-10 %	18.0	-4 %	18.2	19.5
Capital adequacy ratio[2], %	22,9	25.5	-10 %	22,9	25.5	-10 %	24.3	-6 %	24.8	26.3

[1] Alternative performance measures excluding items affecting comparability, see page 20
[2] At the end of the period

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Financial calendar

Accounts Announcement 2017	**15 February 2018**
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 Interim report January - September 2017 is a translation of the original Swedish version ”Delårsrapport 1.1–30.9.2017”. In case of discrepancies, the Swedish version shall prevail.

CEO's comments

3Q2017

The Finnish economy continued strong in the summer, and consumer confidence remained at a high level. This is shown as a higher demand for fund and other savings products, but also as an increase in the activity on the housing market, resulting in a bigger demand for housing loans.

Aktia is undergoing a significant transformation in order to remain competitive also in a digital future. Therefore, codetermination negotiations were held and they were concluded at the end of September, resulting in a reduction of 100 staff. Simultaneously, tasks and areas of responsibility were changed, and the 160 new job opportunities could mostly be filled with previous Aktia staff. The number of branch offices will decrease, instead we will establish 10 regional competence centres to focus on advanced customer advice and proactive sales. The competence centres will support other branches.

Aktia's operating profit for July–September amounted to EUR 8.0 million, and it was burdened by items affecting comparability amounting to EUR 7.7 million arising from the ongoing transformation of Aktia. The comparable operating profit was stable at EUR 15.7 million.

The strong development of sales continued, especially in asset management and mutual funds. Sales of mutual funds multiplied, and assets managed in Aktia's funds reached a new all-time high, exceeding EUR 4.8 billion. Commission income from mutual funds and asset management developed very well, increasing by 25 % to EUR 13.8 million. Thus, net commission income increased by 10 % to EUR 22.0 million, now generating income exceeding the net interest income.

During the period, total net interest income decreased by 10 % to EUR 21.5 million. Net interest income from traditional borrowing and lending improved by 7 % to EUR 16.9 (15.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Their proportion of net interest income decreased to EUR 7.0 (9.8) million.

Total expenses increased by 20 % to EUR 41.7 million due to transformation measures. Of these, personnel-related expenses for restructuring amounted to a total of EUR 6.0 million, and other items affecting comparability to EUR 1.7 million. Completion of the implementation of the core banking system increased IT expenses by 5 % to EUR 6.7 million.

Events after the end of the period

In October, Aktia's Board of Directors approved our new strategy and the new financial objectives for the period up until 2022. Key in our strategy is to be able to offer our customers the best possible customer experience in asset management and financing. We endeavour to meet our customers' individual needs through a combination of first-class individual service, digital services, and a unique service offering and smooth execution. Our aim is to improve the customers' wealth over the long-term in an easy and sustainable way.

Our new core banking system is a cost-efficient base for continued digital development. To this effect, we substitute a number of manual processes with digital operational processes to increase resources in direct customer service and sales. The objective is a digital transformation of Aktia into an ecosystem where we offer various customer-oriented digital services.

Helsinki, 8 November 2017

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 of 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 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.

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's financial objectives up until 2022:

- Improve the comparable operating profit to approximately EUR 80 million
- Improve the comparable cost-to-income ratio to 0.61
- Improve Return on Equity (ROE) to 9.7 %
- Common Equity Tier 1 capital ratio (CET1) 1.5-3 percentage points over regulatory requirements

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 % (2016: 0.70)
- Improve Return on Equity (ROE) to at least 9 % (2016: 8.0 %)
- Maintain a Common Equity Tier 1 Capital Ratio (CET1) of 15 % at a minimum (2016: 19.5 %)
- Dividend payout of at least 50 % of the profit for the year (2016: 81 %)

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

The codetermination negotiations with the personnel at Aktia Bank plc and Aktia Life Insurance Ltd, started 4 September 2017, were concluded 22 September 2017. Following the codetermination negotiations approx. 160 new job opportunities will be opened in the bank, and approx. 260 of the present jobs will end.

Aktia's new core banking system 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 implies higher running IT costs in 2017. The cost savings brought by the new core banking platform will materialise gradually in the end of the year.

Aktia Bank's Executive Committee renewed

The changes in the Executive Committee, entered into force during 2017, are presented in the section Board of Directors and Executive Committee of the interim report.

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. This year Aktia came on third place in a customer survey conducted by SFR among institutional investors in 2017 and was awarded as one of the best asset managers in Finland.

In SFR's survey last year, Aktia was on second place. In addition, Aktia got the appreciated Lipper Fund Award this year 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.

SFR i.e. Scandinavian Financial Research is an independent Finnish analyst company, specialising in institutional asset management. The survey is based on individual interviews with the hundred largest investors, and SFR is very well known in the field.

Activity in January – September 2017

Business environment

Despite the central banks massive support measures, inflation has remained at a low level. Thus, the pressure to increase interest rates has been low in Europe. An increase of interest rates is not expected in the US, either. The European Central Bank is expected to raise its interest rates in 2019, at the earliest, and support measures to be continued longer than earlier estimated. The moderate increase earlier seen in long-term interest rates has died down or ceased. The exceptionally low interest rates will be a challenge for the entire banking sector for years to come.

According to Statistics Finland, inflation was 0.8 (0.4) % in September. In July it was 0.5 (0.5) % and in August 0.7 (0.4) %. Consumer prices of for example cigarettes, the vehicle tax and electricity went up from one year ago, while lower interest rates for housing loans, reductions in the prices of mobile phones, games of chance and used cars curbed the increase in prices.

The index of consumer confidence in the economy continued strong, amounting to 23.7 (14.4) in September. In July it was at 22.8 (15.7), and in August at 23.5 (13.1). The long-time average is 12.1. *(Statistics Finland)*

According to Statistics Finland, housing prices increased in the whole country by 1.0 % compared with the corresponding period the previous year. In the Helsinki region, prices increased by 2.6 %, while they decreased in the rest of Finland by 0.4 %.

Unemployment was 8.0 (7.7) % in September, corresponding to approximately 214,000 unemployed, that is approximately 10 000 more than the year before. There were about the same number of employed as in September last year. During the third quarter of the year, unemployment was 7.7 %, 0,1 percentage points higher than in the corresponding period a year ago. *(Statistics Finland)*

The OMX Helsinki 25-index increased by approximately 7 % in January–September 2017, and the Nordic banking sector index by approximately 12 %. During the same period, the price of Aktia's series A share decreased by approximately 7 %.

KEY FIGURES

Y-o-y	2018E*	2017E*	2016
GDP growth, %			
World	3.5	3.5	3.2
Euro area	2.0	2.0	1.8
Finland	2.0	2.8	1.9
Consumer price index, %			
Euro area	1.3	1.4	0.2
Finland	1.2	1.0	0.4
Other key ratios, %			
Development of real value of housing in Finland[1]	1.0	0.6	0.5
Unemployment in Finland[1]	8.3	8.6	8.8
Interest rates[2], %			
ECB	0.00	0.00	0.00
10-y Interest rate, Finland	0.90	0.70	0.40
Euribor 12 months	-0.05	-0.17	-0.05
Euribor 3 months	-0.10	-0.30	-0.30

*Aktia's chief economist's prognosis (24 October 2017)
1) annual average
2) at the end of the year

Rating

On 13 June 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 9 January 2017, Moody's Investors Service confirmed its rating of Aktia Bank plc's creditworthiness for long-term borrowing as A3, short-term borrowing as P-2 and financial strength as C-. The 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 July – September 2017

The Group's operating profit was EUR 8.0 (15.8) million. The Group's profit was EUR 6.5 (12.9) million. Operating profit excluding items affecting comparability was EUR 15.7 (16.8) million.

ITEMS AFFECTING COMPARABILITY

(EUR million)	Jul-Sep 2017	Jul-Sep 2016
Dividend from Suomen Luotto-osuuskunta	0.2	-
Income from the sale of Visa Europe	-	-
Phasing-out of Aktia Real Estate Mortgage Bank	-	-1.0
Costs for restructuring	-7.8	-
Total	**-7.7**	**-1.0**

Income

The Group's operating income was EUR 50.3 (50.9) million. Operating income excluding items affecting comparability was EUR 50.1 (51.9) million.

Net interest income decreased by 10 % to EUR 21.5 (23.9) million. Net interest income from borrowing and lending improved by 7 % to EUR 16.9 (15.8) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Their proportion of net interest income decreased to EUR 7.0 (9.8) million.

Net commission income increased by 10 % to EUR 22.0 (20.0) million. The biggest increase derives from commission income from mutual funds, asset management and securities brokerage which increased by 25 % to EUR 13.8 (11.1) million. Commission income from lending was EUR 2.5 (2.6) million.

Net income from life insurance increased by 11 % to EUR 6.4 (5.8) million. The increase is attributable to increased actuarially calculated result.

Net income from financial transactions was EUR 0.1 (-0.3) million, and included a dividend from Suomen Luotto-osuuskunta of EUR 0.2 million. The reference period includes one-time costs amounting to EUR 1.0 million from the phasing out of Aktia Real Estate Mortgage Bank.

Other operating income amounted to EUR 0.2 (1.5) million.

Expenses

Group operating expenses increased by 20 % to EUR 41.7 (34.6) million. Of this total, staff costs amounted to EUR 22.1 (16.3) million. Staff costs were affected by costs for restructuring amounting to EUR 6.0 million. IT expenses increased by 5 % to EUR 6.7 (6.4) million. Other operating expenses amounted to EUR 9.8 (9.9) million, including restructuring costs of EUR 1.3 million. Operating expenses excluding items affecting comparability was EUR 34.4 (34.6) million.

The period includes impairment of tangible assets amounting to EUR 0.5 million attributable to restructuring costs.

Profit January – September 2017

The Group's operating profit was EUR 38.9 (52.9) million. The Group's profit was EUR 31.1 (42.8) million. Operating profit excluding items affecting comparability was EUR 48.5 (49.0) million.

ITEMS AFFECTING COMPARABILITY

(EUR million)	Jan-Sep 2017	Jan-Sep 2016
Dividend from Suomen Luotto-osuuskunta	1,3	-
Income from the sale of Visa Europe	-	5.9
Phasing-out of Aktia Real Estate Mortgage Bank	-	-1.6
Costs for restructuring	-11.0	-0.4
Total	**-9.7**	**3.8**

Income

Group operating income fell by 2 % to EUR 157.6 (160.7) million. Operating income excluding items affecting comparability was unchanged at EUR 156.3 (156.4) million.

Continued low market interest rates and lower returns from the bank's liquidity portfolio resulted in a decrease of total net interest income by 7 % to EUR 67.8 (72.6) million. Net interest income from borrowing and lending improved by 13 % to EUR 51.8 (45.9) million. Both derivatives and fixed-rate instruments are used to manage interest rate risk and the liquidity portfolio. Their proportion of net interest income decreased to EUR 22.6 (26.8) million. Net interest income from other treasury operations was EUR -6.7 (0.0) million.

Net commission income increased by 14 % to EUR 67.7 (59.6) million. Commission income from mutual funds, asset management and securities brokerage increased by 23 % to EUR 39.7 (32.2) million. Card and other payment service commissions amounted to EUR 15.3 (15.2) million. Commission income from real estate agency increased by 13 % to EUR 5.9 (5.3) million.

Net income from life-insurance increased by 4 % and amounted to EUR 19.2 (18.5) million. Net income from investments was lower than last year, but the actuarially calculated result improved by EUR 1.7 million.

The net income from financial transactions was EUR 1.5 (7.7) million, and included a dividend from Suomen Luotto-osuuskunta of EUR 1.3 million. The reference period includes one-time gains of EUR 5.9 million from the sale of Visa Europe. Net income from hedge accounting was EUR -0.2 (-0.9) million. The reference period includes expenses of EUR 1.6 million arising from the phasing out of Aktia Real Estate Mortgage Bank. Comparable profit from financial transactions was EUR 0.2 (3.4) million, and for last year it included sales gains from the liquidity portfolio amounting to EUR 2.7 million.

Other operating income was at EUR 1.1 (2.2) million.

Expenses

Operating expenses increased by 10 % and amounted to EUR 118.7 (108.0) million. Operating expenses excluding items affecting comparability was EUR 108.3 (107.5) million.

Staff costs increased by 16 % and amounted to EUR 61.1 (52.6) million. The increase is mainly attributable to costs for restructuring of EUR 9.0 (0.4) million. IT expenses increased by 11 % to EUR 22.4 million due to higher operating costs. Other operating expenses amounted to EUR 28.6 (28.9) million, including restructuring costs of EUR 1.4 (-) million.

The period includes impairment of tangible assets amounting to EUR 0.5 million attributable to restructuring costs in the third quarter.

The depreciation of tangible and intangible assets was EUR 6.5 (6.3) million.

Write-downs on credits and other commitments

Write-downs on credits and other commitments amounted to EUR -0.1 (-0.7) million.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of September was EUR 9,515 (9,486) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 1,935 (1,794) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 100 (146) million.

At the end of September, 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 116 (209) %.

Liquidity coverage ratio (LCR)*	30 Sep 2017	31 Dec 2016	30 Sep 2016
LCR %	116 %	209 %	196 %

* 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 4,134 (4,164) million, corresponding to a market share of deposits of 3.6 (3.7) %.

In total, the value of the Aktia Group's issued bonds was EUR 2,454 (2,477) million. Of these, EUR 1,673 (1,685) million were covered bonds issued by Aktia Bank. As security for the issues, bonds with a value of EUR 2,255 (2,103) million were reserved at the end of September.

During the period, Aktia Bank issued new subordinated debts with a total value of EUR 18 million. No new subordinated debts have been issued since the end of April.

Lending

Total Group lending to the public amounted to EUR 5,826 (5,717) million at the end of September, an increase of EUR 109 million. Aktia's own loan book increased by EUR 327 million (6 %) to EUR 5,826 (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 4,716 (4,790) million or 80.9 (83.8)% of the total loan book.

The housing loan book totalled EUR 4,494 (4,482) million, of which the share for households was EUR 3,967 (4,077) million. Aktia's new lending to private households increased to EUR 620 (January–September 2016: 594) million. At the end of September, Aktia's market share in housing loans to households stood at 4.2 (4.1) %.

Corporate lending accounted for 10.4 (9.5) % of Aktia's loan book. Total corporate lending amounted to EUR 605 (543) million. Loans to housing companies increased by 36 %, totalling EUR 463 (340) million and making up 7.9 (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)	30 Sep 2017	31 Dec 2016	Δ	Share, %
Households	4,716	4,790	-74	80.9 %
Corporates	605	543	62	10.4 %
Housing companies	463	340	123	7.9 %
Non-profit organisations	38	40	-2	0.7 %
Public sector entities	4	5	-1	0.1 %
Total	**5,826**	**5,717**	**109**	**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 1,935 (1,794) million, the life insurance company's investment portfolio amounting to EUR 579 (600) million and the real estate and equity holdings of the Bank Group amounting to EUR 11 (9) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,205 (1,162) million, of which EUR 784 (719) million were unit-linked. Interest-related technical provisions decreased to EUR 422 (443) million.

Equity

Aktia Group's equity amounted to EUR 594 (613) million. The fund at fair value decreased by EUR 11 million during the period, amounting to EUR 56 (67) million.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, increased by EUR 127 million and amounted to EUR 654 (528) million.

Managed assets

The Group's total managed assets amounted to EUR 12,037 (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)	30 Sep 2017	31 Dec 2016	Δ %
Assets under management (AuM)	9,446	8,063	17 %
Group financial assets	2,591	2,706	-4 %
Total	**12,037**	**10,769**	**12 %**

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 17.3 (19.5) %. After deductions, Common Equity Tier 1 capital decreased by EUR 7.4 million during the period which affected the CET1 capital ratio by -0.3 percentage points. The change is mainly attributable to the increase of intangible assets and the decrease in the fund at fair value. At a total, risk-weighted commitments increased by EUR 207.9 million which reduced the CET1 capital ratio by 1.8 percentage points. During the period, risk-weighted commitments grew due to 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, %	30 Sep 2017 IRB	31 Dec 2016 IRB	30 Sep 2016 IRB
Bank Group			
CET1 capital ratio	17.3	19.5	19.2
T1 capital ratio	17.3	19.5	19.2
Total capital ratio	22.9	26.3	25.5
Aktia Bank			
CET1 capital ratio	17.1	16.1	15.6
T1 capital ratio	17.1	16.1	15.6
Total capital ratio	22.6	21.7	20.8
Aktia Real Estate Mortgage Bank			
CET1 capital ratio	-	193.9	141.5
T1 capital ratio	-	193.9	141.5
Total capital ratio	-	193.9	141.5

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 (26 September 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 will be 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 13.6 (13.5) %, i.e. the minimum level of risk weight on residential mortgage loans would lead to a decrease of CET1 ratio by approximately 0.5 percentage points.

The countercyclical buffer is calculated taking the geographic distribution of exposures into account. Authorities in some other countries have set higher requirements for countercyclical buffers. This requirement also applies to certain exposures in the Bank Group's liquidity portfolio. Aktia Bank Group's requirement for a countercyclical buffer amounted to 0.05% as per 30 September 2017, taking the geographic distribution of exposures into account. In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined Other Systemically Important Institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements entered into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia.

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 12.30%, and 10.30 % for CET1 at the end of the period.

Aktia Bank Group's leverage ratio was 4.6 (4.7) % based on end of quarter figures.

Leverage Ratio [1]	**30 Sep 2017**	**31 Dec 2016**
Tier 1 capital	382	390
Total exposures	8 245	8,206
Leverage Ratio, %	**4.6**	**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.

As at 30 September 2017, SCR amounted to EUR 79.5 (80.6) million, MCR to EUR 23.7 (24.4) million and the available capital to EUR 160.7 (144.7) million. Thus the solvency ratio was 202.1 (179.4) %. Without transitional measures SCR amounted to EUR 79.7 (80.8) million, MCR to EUR 25.8 (26.7) million and the available capital to EUR 107.4 (87.9) million. The solvency ratio without transitional measures was 134.8 (108.7) %.

The financial conglomerate's capital adequacy ratio was 158.1 (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%.

Segment overview

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

GROUP OPERATING PROFIT BY SEGMENT

(EUR million)	**Jan-Sep 2017**	**Jan-Sep 2016**	**Δ %**
Banking Business	25.1	38.7	-35 %
Asset Management & Life Insurance	20.1	16.1	25 %
Miscellaneous	-6.9	-2.7	-159 %
Eliminations	0.6	0.7	-19 %
Total	**38.9**	**52.9**	**-26 %**

Banking Business

The segment Banking Business contributed EUR 25.1 (38.7) million to Group operating profit.

Operating income was EUR 121.7 (124.4) million, of which EUR 67.6 (72.4) million was net interest income. Net interest income from borrowing and lending has increased thanks to strong increase in the bank's own lending, lower interest rates on deposits and lower re-financing costs. However, Treasury's liquidity portfolio shows a decrease in interest income due to lower interest rates and yield.

Compared to the corresponding period last year, net commission income developed strongly and increased to EUR 53.0 (49.1) million. Strong net sales of funds increased commission income from fund and asset management to EUR 14.1 (12.0) million. Commission income from lending increased to EUR 8.2 (7.7) million and commission income from real estate agency increased to EUR 5.9 (5.3) million.

Net income from financial transactions was EUR 0.2 (1.9) 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 95.9 (85.1) million. Staff costs amounted to EUR 48.1 (40.1) million, and were burdened by costs for restructuring amounting to EUR 8.0 million. IT-related expenses increased to EUR 19.4 (17.3) million. The increase was attributable to higher operating costs due to the delayed implementation of the core banking platform. Other operating expenses were on the same level as in the previous year, standing at EUR 23.4 (23.3) million and including restructuring costs of EUR 1.3 million from the restructuring of Aktia's branch network.

Write-downs on credits and other commitments amounted to EUR -0.1 (-0.7) million. The depreciation of tangible assets was EUR -0.5 (-) million.

Total savings by households increased to EUR 4,499 (4,412) million, of which household deposits were EUR 2,986 (3,032) million and savings by households in mutual funds were EUR 1,513 (1,380) million.

Aktia's lending to private households increased to EUR 4,716 (4,580) 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 and was EUR 605 (543) million. Lending to housing companies and non-profit organisations increased to EUR 467 (345) million. The increase is attributable to larger individual credit arrangements.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its customer assets by approximately 5 % to EUR 2,198 (2,084) million.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 20.1 (16.1) million to Group operating profit.

Operating income for the segment was 14 % higher than in the corresponding period the previous year and was EUR 39.0 (34.1) million. The capital market has continued to develop positively. US stock indexes have reached all-time highs. The positive market development had a positive impact on sales and income in the period. 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.

At the end of September, Aktia Fund Management Company's fund stock reached an all-time high again, exceeding EUR 4.8 billion. The increase in Aktia Fund Management Company's the fund stock during January–September 2017 derives to 71 % from sales in the period and to 29 % from increases in value on the market. The net sales of funds reached record level in the period, totalling EUR 594 (104) million. Of the net sales EUR 520 million are attributable to fixed-income funds on Emerging Markets. Nordic equity funds as well as alternative investments were also well received. Subscriptions amounted to EUR 54 million. Net commission income from asset management amounted to EUR 22.7 (18.1) million and net income from life insurance to EUR 16.3 (16.0) million.

Life insurance premiums written increased by 12 % year-on-year to EUR 92.1 (82.3) million. Premiums paid for interest-linked pensions insurance has decreased. The sales of unit-linked savings policies stood at a higher level than in the previous year. Unit-linked insurance comprises the Aktia Profile investment service and the Allocation service+, and they contribute to 65 (56) % of premiums written.

Net income from life insurance investment activities decreased to EUR 12.5 (13.8) million. The decrease was a result of lower investment returns and smaller net sales gains. The return on the company's investments based on market value was 1.4 (4.7)%.

Operating expenses increased by 5 % to EUR 19.0 (18.0) million. The period includes costs for restructuring, amounting to EUR 1.1 million. Staff costs amounted to EUR 9.8 (8.5) million. The expense ratio of the life insurance business improved to 81.0 (82.7) %.

The value of assets managed by Asset Management & Life Insurance totalled EUR 7,797 (6,523) million.

(EUR million)	30 Sep 2017	31 Dec 2016	Δ %
Aktia Fund Management	5,040	4,238	19 %
Aktia Asset Management	8,040	6,796	18 %
Aktia Life Insurance	784	723	8 %
Eliminations	-6,067	-5,233	16 %
Total	**7,797**	**6,523**	**20 %**

Life insurance technical provisions totalled EUR 1,205 (1,162) million, of which allocations for unit-linked provisions were EUR 784 (719) million and interest-related provisions EUR 422 (443) million. Unit-linked provisions continued at a high level, amounting to 65 (62)% of total technical provisions. The average discount rate for the interest-linked technical provisions was 3.5 %. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which is used for hedging future interest requirements.

Miscellaneous

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

The segment's contribution to the Group's operating profit amounted to EUR -6.9 (-2.7) million.

Operating income totalled EUR 2.4 (7.7) million. During the period, Aktia received a dividend from Suomen Luotto-osuuskunta of EUR 1.3 million. The reference period includes the sale of Visa Europe to Visa Inc., resulting in one-time gains of EUR 5.9 million.

Operating expenses amounted to EUR 9.4 (10.4) million, of which staff costs accounted for EUR 3.3 (4.0) million. The segment's IT expenses after cost allocations to the other segment subsidiaries were EUR 1.4 (1.5) million. Of the provision for the change of core banking system, a total of EUR 1.4 (0.9) million has been released in the period. Thus, the provision is completely dissolved. Other operating expenses amounting to EUR 3.5 (3.5) 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 55 (57) million...

Loans with payments 3–30 days overdue decreased to EUR 55 (57) million, equivalent to 0.94 (1.00) % of the loan book. Loans with payments 31-89 days overdue amounted to EUR 27 (28) million, equivalent to 0.45 (0.49) % of the loan book.

LOANS PAST DUE BY TIME OVERDUE

(EUR million) Days	30 Sep 2017	% of loan book	31 Dec 2016	% of loan book
3 - 30	55	0.94	57	1.00
of which households	51	0.86	52	0.91
31 - 89	27	0.45	28	0.49
of which householdsl	23	0.40	23	0.41
90-	39	0.66	46	0.79
of which households	32	0.55	38	0.67

Write-downs on credit and other commitments

Over the period total write-downs on credits and other commitments amounted to EUR -0.1 (-0.7) million. Of these write-downs, EUR -2.9 (-1.0) million were attributable to households, and EUR 2.7 (0.3) million to companies.

Total write-downs on credits amounted to 0.00 (0.01) % of total lending. The share of write-downs on corporate loans in relation to corporate lending overall amounted to -0.45 (-0.06) %.

Distribution of risk across financial assets

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

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

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

BANK GROUP'S GEOPOLITICAL AND INSTRUMENT TYPE DISTRIBUTION

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Equity instruments		Total	
(EUR million)	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016
Finland	240	185	33	45	91	85	39	-	-	-	403	316
Norway	-	-	258	217	-	-	-	-	-	-	258	217
Sweden	-	-	141	61	118	88	-	-	-	-	259	149
France	66	66	106	108	32	32	-	-	-	-	203	206
United Kingdom	-	-	117	173	-	18	-	-	-	-	117	191
Netherlands	-	25	68	164	49	60	-	-	-	-	117	249
Canada	-	-	89	24	-	-	-	-	-	-	89	24
Denmark	-	-	83	84	-	-	-	-	-	-	83	84
Germany	48	49	-	-	-	-	-	-	-	-	48	49
Austria	25	26	12	-	-	-	-	-	-	-	38	26
Supranationals	181	214	-	-	-	-	-	-	-	-	181	214
Other	54	54	84	16	-	-	-	-	-	-	138	71
Total	**615**	**619**	**992**	**892**	**289**	**284**	**39**	**-**	**-**	**-**	**1,935**	**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)	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016	9/2017	2016
Finland	28	31	-	6	40	38	84	65	73	84	2	2	-	-	228	227
France	38	39	81	83	1	1	8	10	-	-	-	-	-	-	128	133
Netherlands	10	10	29	30	13	13	2	2	-	-	-	-	-	-	54	55
United Kingdom	-	-	35	35	-	3	1	1	-	-	0	0	-	-	36	40
Austria	22	23	6	6	-	-	-	-	-	-	-	-	-	-	28	30
Denmark	-	-	19	19	1	1	-	-	-	-	-	-	-	-	20	20
Sweden	-	-	6	-	7	13	2	2	-	-	0	0	-	-	15	15
Germany	10	16	-	-	-	-	-	-	-	-	-	-	-	-	10	16
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	6	6	-	-	-	-	-	-	-	-	-	-	-	-	6	6
Other	25	21	-	-	-	5	28	33	-	-	-	-	-	-	53	59
Total	**141**	**148**	**175**	**179**	**63**	**74**	**125**	**113**	**73**	**84**	**2**	**3**	**-**	**-**	**579**	**600**

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

Investments within the liquidity portfolio and other interest-bearing investments increased during the period by EUR 141 million and amounted to EUR 1,935 (1,794) million.

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

	30 Sep 2017	31 Dec 2016
(EUR million)	1,935	1,794
Aaa	53.4 %	53.3 %
Aa1 - Aa3	25.6 %	29.6 %
A1 - A3	4.7 %	4.8 %
Baa1 - Baa3	2.4 %	3.0 %
Ba1 - Ba3	0.0 %	0.0 %
B1 - B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Finnish municipalities (no rating)	11.1 %	9.3 %
No rating	2.8 %	0.0 %
Total	**100.0 %**	**100.0 %**

creased to EUR 39 (46) million, corresponding to 0.66 (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 0.55 (0.67) % of the entire loan book and 0.68 (0.80) % of the household loan book.

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

The Bank Group's investments in the so-called GIIPS countries stood at EUR 22 (23) million on 30 September 2017. All exposures relating to GIIPS countries are marked to market on an ongoing basis at current market prices.

Other market risks within the banking business

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

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares related to the business amounted to EUR 11.4 (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 579 (600) million. The life insurance company's direct real estate investments amounted to EUR 49 (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 interest-rate 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)

	30 Sep 2017	31 Dec 2016
(EUR million)	**392**	**431**
Aaa	49.8 %	47.6 %
Aa1 - Aa3	30.8 %	29.8 %
A1 - A3	4.3 %	6.9 %
Baa1 - Baa3	4.1 %	5.0 %
Ba1 - Ba3	0.0 %	0.0 %
B1 - B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Finnish municipalities (no rating)	1.5 %	1.4 %
No rating	9.5 %	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 -1.0 (-0.6) million, attributable to permanent value decrease of interest and real estate funds and small private equity holdings.

WRITE-DOWNS ON FINANCIAL ASSETS

(EUR million)	Jan-Sep 2017	Jan-Sep 2016
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-0.1
Shares and participations		
Banking Business	-	-
Life Insurance Business	-1.0	-0.5
Total	**-1.0**	**-0.6**

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 56.2 (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)	30 Sep 2017	31 Dec 2016	Δ
Shares and participations			
Banking Business	2.0	1.3	0.7
Life Insurance Business	4.6	4.2	0.3
Direct interest-bearing securities			
Banking Business	9.4	14.5	-5.2
Life Insurance Business	40.3	47.3	-7.0
Cash flow hedging	-0.1	-0.1	0.1
Fund at fair value, total	**56.2**	**67.3**	**-11.1**

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of interest-bearing securities reclassified in earlier years. Most of the reclassified securities have an AAA rating. Over the period new purchases to a value of EUR 148 million were made for the portfolio, while a total of EUR 186 million in securities matured during the period. As per 30 September 2017 the portfolio amounted to EUR 404 (445) million.

Unwinding of hedging interest rate derivatives

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

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

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

Operational risks

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

Events concerning related parties

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 period.

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

Other events during the period

The codetermination negotiations with the personnel at Aktia Bank plc and Aktia Life Insurance Ltd, started 4 September 2017, were concluded 25 September 2017. Following the codetermination negotiations approx. 160 new job opportunities were opened in the bank, and approx. 260 of the present jobs ended.

Aktia renews its model of operations. 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 will be merged with nearby branches. The branches to be merged with nearby branches are Bromarf, Espoon Keskus, Espoonlahti, Itäkeskus, Kannelmäki, Kerava, Oravainen, Sulva, Tenhola and Uusikaarlepyy. The changes in the branch network will be made gradually, and the branches will be closed during 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 owns 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. The donations made by Aktia are directed to education and research in the fields of economy, law and technology. Aktia's aim with these donations is to guarantee continued development of internationally competitive, first-class education and research in Finland. Donations were given to the Aalto University, the University of Helsinki, the Hanken School of Economics, the University of Tampere, the University of Turku, the University of Vaasa and the Åbo Akademi University.

Events after the end of the period

Anu Tuomolin (41), M.Sc. (Econ.), has been 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 where she was also Nordic HR Business Partner Lead. Anu Tuomolin will take office 2 January 2018 at the latest.

The Board of Directors of Aktia Bank plc has decided to use the authorisation granted by the Annual General Meeting on 5 April 2017 to acquire the company's own shares for use in the company's share based scheme and/or the remuneration of members of the company's administrative bodies. The acquisition of the company's own shares will commence on 9 November 2017 at the earliest, and be terminated at the latest at the end of the Annual General Meeting in 2018. Start of acquisition requires permission by the Financial Supervisory Authority to acquire own shares.

Supported by the authorisation the Board of Directors has decided to acquire a total of maximum 185,000 A series shares, corresponding to approximately 0.4 % of the number of currently issued series A shares, for a total maximum sum of EUR 2 million. The shares will be acquired through public trading on the Nasdaq Helsinki Oy exchange in one or several lots at the market price prevailing at the time of purchase using the company's unrestricted equity (retained earnings) and deviating from shareholders' pre-emptive subscription right to the company's own shares. The shares will be acquired and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

Staff

At the end of September 2017, the total number of full-time employees in Aktia Group stood at 894 (31 December 2016; 903). The average number of full-time employees in the period was 919 (1 January - 31 December 2016; 925).

Incentive schemes for key personnel

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

The Board of Directors of Aktia Bank plc has, on 15 December 2016, decided to introduce two new share-based incentive schemes for key personnel in Aktia Group, the share-based incentive scheme 2017–2018 and the share ownership scheme 2017.

Share Based Incentive Scheme 2017-2018

The Board of Directors did on 24 August decide to amend the earning period for the share-based incentive scheme 2017–2018 to end on 31 March 2018, taking into consideration the ongoing strategy work and transformation aimed to improve profitability and focus on growth as well as capital efficiency.

The share-based incentive scheme, consisting of a total of 120,000 Aktia A shares, is allocated to members of the Aktia Group's new Executive Committee, and it comprises 10 persons.

The potential incentive will be paid out in four instalments after the earning period, over a period of approximately three years. In general, no incentive is paid to a key person who, at the time of payment, no longer has an employment relationship with the Aktia Group. For transfer of shares paid as incentive, a one-year waiting period is applied. After the waiting period, half of the shares must be held until the value of the person's holdings of Aktia Bank A shares equals his/her fixed annual salary.

Share ownership scheme 2017

Further, the Board of Directors decided that the share ownership scheme 2017 shall be offered to the Managing Director and three members of the Executive Committee. The scheme gives them the opportunity to a receive compensation (matching shares) for Aktia A shares they have acquired with their own means. The scheme comprises a maximum total of 40,000 Aktia A shares and a cash proportion corresponding the value of the shares. Matching shares will be paid out in three instalments in 2018, 2019 and 2020. In order to receive matching shares, the person must have a continuing employment relationship upon payment of the incentive.

Applicable regulations and instructions will be followed in payment of the incentives.

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 – 9 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 new members of the Executive Committee appointed 5 May 2017 and their respective areas of responsibility are:

- Merja Sergelius (52), Executive Vice President; private customers and SMEs
- Carola Nilsson (49), M.Sc. (Econ.), Executive Vice President; private banking
- Irma Gillberg-Hjelt (55), LL.M., Vice President; corporate customers
- Sam Olin (43), B.Sc. (Econ.), Vice President; premium customers
- Outi Henriksson (47), M.Sc. (Econ.), Chief Financial Officer; finance, treasury and investor relations
- Minna Miettinen (48), BBA, Chief Digital and Marketing Officer

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

- Juha Hammarén (56), LL.M., Executive Vice President and COO
- Anssi Rantala (45), Dr. Soc.Sc., Executive Vice President; Aktia Asset Management, Aktia Fund Management Company and Aktia Life Insurance

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 will mainly be governance, corporate and securities markets law. The management of HR and Communications has been redistributed within the Executive Committee, for HR until the new HR Director has taken office.

On 7 July 2017, Juha Volotinen (42), M.Sc. (Econ.) was appointed as new CIO and member of the Executive Committee with responsibility for Aktia's IT and data architecture.

Having completed the implementation of the new core banking system, director Magnus Weurlander, M. Sc. (Econ.), took a new position in Aktia and stepped down from Aktia's Executive Committee.

There is also a staff representative in the Executive Committee.

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

Martin Backman, M.Sc. (Technology) and M.Sc. (Economics), took office as President & CEO for Aktia Bank plc 6 March 2017. Executive Vice President Juha Hammarén was appointed Deputy to CEO.

Decisions of Aktia Bank plc's 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 at 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.

At present, the Board of Directors of Aktia Bank plc comprises the following members: Dag Wallgren, Chair, Lasse Svens, Vice Chair, Christina Dahlblom, Stefan Damlin, Sten Eklundh, Kjell Hedman, Catharina von Stackelberg-Hammarén and Arja Talma.

Further, the Extraordinary General Meeting adopted the decision taken by the Board of Supervisors that remuneration to the members of the Board for the period starting from the end of this calendar year up until the General Meeting 2018 shall be paid as follows in accordance with remuneration adopted for the calendar year 2017:

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

From the proportion of the annual remuneration paid for the period from the beginning of the calendar year (2018) up until the General Meeting 2018, 40 per cent of the remuneration shall be paid in the form of Aktia A shares. The remuneration per meeting attended is EUR 500 for Board members and the remuneration for committee chairs is EUR 1,000 per meeting where they act as chairman.

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.

All proposals and decisions taken at Aktia Bank plc's AGM are published on the website www.aktia.com under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2017.

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.

Prior to the Annual General Meeting 2018 the Nomination Board shall present its proposals for members of the Board of Directors and for remuneration before the end of January 2018.

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

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 September 2017 was 42,236. Foreign ownership was 0.1 (2.6) %. The number of unregistered shares was 767,202.

On 30 September 2017, the Group held 52,440 (37,354) treasury A shares and 6,658 (6,658) treasury R shares.

Shares

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

Aktia's market value at 30 September 2017 was EUR 651 (700) million, a decrease of 7% from the corresponding period the previous year. On 30 September 2017, the closing price for a series A share was EUR 9.27 (9.04) and for a series R share EUR 10.97 (13.99). 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, increased from the previous year to EUR 390,544 (188,556) or 41,166 (20,734) shares. An average of 249 (110) transactions per day were carried out with series A shares.

The average daily turnover of R shares continued low, amounting to EUR 7,505 (5,412) or 591 (224) shares. An average of 3 (2) transactions per day were carried out with series R shares.

Outlook and risks

Outlook 2017 (specified)

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

The operating profit for 2017 is estimated to be EUR 9–12 million (previously: EUR 10–15 million) lower than in 2016, as the restructuring will burden the operating profit for 2017 and no larger one-time gains are expected. The comparable operating profit is expected to be approximately on the same level (previously: on the same level) **as the comparable operating profit in 2016.**

Risks

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

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

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

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

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

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

Financial objectives 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
- Improve the comparable cost-to-income ratio to 0.61
- Improve Return on Equity (ROE) to 9.7 %
- Common Equity Tier 1 capital ratio (CET 1) 1.5–3 percentage points over regulatory requirements

Key figures

(EUR million)	Jan-Sep 2017	Jan-Sep 2016	Δ %	3Q2017	2Q2017	1Q2017	4Q2016	3Q2016
Earnings per share (EPS), EUR	0.47	0.64	-27 %	0.10	0.17	0.20	0.10	0.19
Total earnings per share, EUR	0.30	0.73	-59 %	0.08	0.10	0.12	-0.11	0.19
Equity per share (NAV), EUR, euro *[1]	8.92	9.35	-5 %	8.92	8.84	9.34	9.24	9.35
Average number of shares (excl. treasury shares), million[2]	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), million[1]	66.5	66.5	0 %	66.5	66.5	66.5	66.4	66.5
Return on equity (ROE), % *	6.9	9.2	-25 %	4.4	7.4	8.7	4.2	8.4
Return on assets (ROA), % *	0.44	0.59	-25 %	0.27	0.46	0.56	0.27	0.53
Cost-to-income ratio *	0.75	0.67	12 %	0.83	0.73	0.70	0.80	0.68
Common Equity Tier 1 capital ratio (Bank Group), %[1]	17.3	19.2	-10 %	17.3	18.0	18.2	19.5	19.2
Tier 1 capital ratio (Bank Group), %[1]	17.3	19.2	-10 %	17.3	18.0	18.2	19.5	19.2
Capital adequacy ratio (Bank Group), %[1]	22.9	25.5	-10 %	22.9	24.3	24.8	26.3	25.5
Risk-weighted commitments (Bank Group)[1]	2,205.6	2,114.1	4 %	2,205.6	2,122.9	2,099.7	1,997.7	2,114.1
Capital adequacy ratio (finance and insurance conglomerate), %[1]	158.1	181.3	-13 %	158.1	160.4	180.5	188.6	181.3
Equity ratio, % *[1]	6.2	6.4	-2 %	6.2	6.2	6.4	6.3	6.4
Group financial assets *[1]	2,590.6	2,667.9	-3 %	2,590.6	2,679.1	2,985.8	2,706.0	2,667.9
Assets under Management *[1]	9,446.0	7,728.3	22 %	9,446.0	8,926.1	8,710.1	8,063.4	7,728.3
Borrowing from the public[1]	4,133.8	4,254.0	-3 %	4,133.8	4,185.9	4,113.1	4,164.3	4,254.0
Lending to the public[1]	5,826.0	5,797.7	0 %	5,826.0	5,746.1	5,703.2	5,717.4	5,797.7
Premiums written before reinsurers' share *	92.6	82.8	12 %	26.1	33.3	33.3	29.9	24.6
Expense ratio, % (life insurance company) *[2]	81.0	82.7	-2 %	81.0	78.9	77.7	81.9	82.7
Solvency ratio (life insurance company), %	202.1	165.3	22 %	202.1	193.5	185.7	179.4	165.3
Own funds (life insurance company)	160.7	134.1	20 %	160.7	155.0	149.7	144.7	134.1
Investments at fair value (life insurance company) *[1]	1,327.8	1,295.4	3 %	1,327.8	1,315.6	1,310.4	1,293.5	1,295.4
Technical provisions for risk insurances and interest-related insurances[1]	421.7	450.4	-6 %	421.7	428.3	434.5	443.0	450.4
Technical provisions for unit-linked insurances[1]	783.7	702.2	12 %	783.7	764.7	749.6	719.4	702.2
Group's personnel (FTEs), average number of emplyees	919	929	-1 %	925	924	916	911	942
Group's personnel (FTEs), at the end of the period[1]	894	915	-2 %	894	948	919	903	915
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio *	0.69	0.69	-1 %	0.69	0.69	0.70	0.80	0.67
Comparable earnings per share (EPS), EUR *	0.58	0.60	-2 %	0.19	0.20	0.20	0.10	0.21
Comparable return on equity (ROE), % *	8.6	8.6	0 %	8.5	8.7	8.5	4.2	8.9

* 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	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Net interest income	4	67.8	72.6	-7 %	95.6
Dividends		0.3	0.0	812 %	0.0
Commission income		75.9	66.7	14 %	90.0
Commission expenses		-8.2	-7.1	-15 %	-10.3
Net commission income		67.7	59.6	14 %	79.7
Net income from life-insurnace	5	19.2	18.5	4 %	24.7
Net income from financial transactions	6	1.5	7.7	-81 %	8.3
Net income from investment properties		-	0.0	-	-
Other operating income		1.1	2.2	-49 %	3.1
Total operating income		**157.6**	**160.7**	**-2 %**	**211.3**
Staff costs		-61.1	-52.6	16 %	-72.3
IT expenses		-22.4	-20.2	11 %	-28.4
Depreciations of tangible and intangible assets		-6.5	-6.3	3 %	-8.2
Other operating expenses		-28.6	-28.9	-1 %	-39.6
Total operating expenses		**-118.7**	**-108.0**	**10 %**	**-148.4**
Impairment of tangible and intangible assets		-0.5	-	-	-
Write-downs on credits and other commitments		-0.1	-0.7	-80 %	-2.2
Share of profit from associated companies		0.6	0.7	-19 %	0.7
Operating profit		**38.9**	**52.9**	**-26 %**	**61.5**
Taxes		-7.7	-10.1	-23 %	-12.2
Profit for the period		**31.1**	**42.8**	**-27 %**	**49.3**
Attributable to:					
Shareholders in Aktia Bank plc		31.1	42.8	-27 %	49.3
Total		**31.1**	**42.8**	**-27 %**	**49.3**
Earnings per share (EPS), EUR		0.47	0.64	-27 %	0.74
Earnings per share (EPS), EUR, after dilution		0.47	0.64	-27 %	0.74
Operating profit excluding items affecting comparability:					
Operating profit		38.9	52.9	-26 %	61.5
Operating income:					
The sale of Visa Europe and dividend from Suomen Luottokunta		-1.3	-5.9	78 %	-6.9
Phasing-out of Aktia Real Estate Mortgage Bank		-	1.6	-	1.6
Operating expenses:					
Costs for restructuring		11.0	0.4	-	1.4
Comparable operating profit		**48.5**	**49.0**	**-1 %**	**57.5**

Consolidated comprehensive income

(EUR million)	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Profit for the period	31.1	42.8	-27 %	49.3
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-16.6	11.4	-	-2.5
Change in valuation of fair value for financial assets held until maturity	6.3	-2.2	-	-0.9
Change in valuation of fair value for cash flow hedging	0.1	-0.1	-	-0.2
Transferred to the income statement for financial assets available for sale	-0.9	-3.3	72 %	-4.3
Comprehensive income from items which can be transferred to the income statement	-11.1	5.8	-	-7.8
Defined benefit plan pensions	-0.3	-	-	-0.5
Comprehensive income from items which can not be transferred to the income statement	-0.3	-	-	-0.5
Total comprehensive income for the period	**19.8**	**48.5**	**-59 %**	**41.0**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	19.8	48.5	-59 %	41.0
Total	**19.8**	**48.5**	**-59 %**	**41.0**
Total earnings per share, EUR	0.30	0.73	-59 %	0.62
Total earnings per share, EUR, after dilution	0.30	0.73	-59 %	0.62
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	19.8	48.5	-59 %	41.0
Operating income:				
The sale of Visa Europe and dividend from Suomen Luottokunta	-1.0	-4.7	78 %	-5.5
Phasing-out of Aktia Real Estate Mortgage Bank	-	1.3	-	1.3
Operating expenses:				
Costs for restructuring	8.8	0.4	-	1.1
Comparable total comprehensive income	**27.5**	**45.5**	**-40 %**	**37.9**

Consolidated balance sheet

(EUR million)	Note	30 Sep 2017	31 Dec 2016	Δ %	30 Sep 2016
Assets					
Cash and balances with central banks	9	140.4	380.1	-63 %	133.4
Interest-bearing securities		1,892.0	1,739.3	9 %	1,920.5
Shares and participations		124.0	101.3	22 %	103.7
Financial assets available for sale	9	2,016.0	1,840.5	10 %	2,024.2
Financial assets held until maturity	9	404.2	445.3	-9 %	468.9
Derivative instruments	7,9	94.6	132.2	-28 %	160.3
Lending to Bank of Finland and credit institutions		55.0	43.1	28 %	45.0
Lending to the public and public sector entities	8	5,826.0	5,717.4	2 %	5,797.7
Loans and other receivables	9	5,881.0	5,760.5	2 %	5,842.7
Investments for unit-linked insurances	9	784.2	723.1	8 %	702.2
Investments in associated companies		0.0	0.0	-	0.0
Intangible assets		71.0	63.7	12 %	61.2
Investment properties		49.4	58.1	-15 %	55.8
Other tangible assets		5.3	7.7	-31 %	7.8
Accrued income and advance payments		44.3	46.6	-5 %	57.9
Other assets		18.5	20.2	-8 %	24.6
Total other assets		62.8	66.8	-6 %	82.4
Income tax receivables		0.5	0.2	156 %	1.0
Deferred tax receivables		5.4	7.8	-31 %	8.4
Tax receivables		5.9	8.0	-26 %	9.3
Total assets		**9,514.9**	**9,486.0**	**0 %**	**9,548.2**
Liabilities					
Liabilities to Bank of Finland and credit institutions		642.8	508.9	26 %	422.6
Liabilities to the public and public sector entities		4,133.8	4,164.3	-1 %	4,254.0
Deposits	9	4,776.6	4,673.1	2 %	4,676.6
Derivative instruments	7,9	37.1	54.3	-32 %	64.1
Debt securities issued	9	2,454.1	2,476.7	-1 %	2,516.3
Subordinated liabilities	9	238.1	243.6	-2 %	235.5
Other liabilities to credit institutions	9	68.4	74.5	-8 %	82.9
Other liabilities to the public and public sector entities	9	-	5.5	-	11.0
Other financial liabilities		2,760.6	2,800.3	-1 %	2,845.6
Technical provisions for risk insurances and interest-related insurances		421.7	443.0	-5 %	450.4
Technical provisions for unit-linked insurances		783.7	719.4	9 %	702.2
Technical provisions		1,205.4	1,162.4	4 %	1,152.7
Accrued expenses and income received in advance		56.0	53.3	5 %	59.1
Other liabilities		26.3	67.0	-61 %	62.7
Total other liabilities		82.3	120.4	-32 %	121.8
Provisions		-	1.4	-	1.4
Income tax liabilities		1.5	1.0	61 %	1.3
Deferred tax liabilities		57.8	60.0	-4 %	62.8
Tax liabilities		59.3	60.9	-3 %	64.1
Total liabilities		**8,921.3**	**8,872.9**	**1 %**	**8,926.3**
Equity					
Restricted equity		219.2	230.3	-5 %	243.9
Unrestricted equity		374.4	382.8	-2 %	378.0
Total equity		**593.6**	**613.1**	**-3 %**	**621.9**
Total liabilities and equity		**9,514.9**	**9,486.0**	**0 %**	**9,548.2**

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**
Divestment of treasury shares				0.1	1.2	1.3
Dividend to shareholders					-39.9	-39.9
Profit for the period					31.1	31.1
Financial assets available for sale		-17.5				-17.5
Financial assets held until maturity		6.3				6.3
Cash flow hedging		0.1				0.1
Defined benefit plan pensions					-0.3	-0.3
Total comprehensive income for the period		-11.1			30.8	19.8
Other change in equity			-0.7			-0.7
Equity as at 30 Sep 2017	**163.0**	**56.2**	**1.3**	**108.4**	**264.7**	**593.6**
Equity as at 1 Jan 2016	**163.0**	**75.1**	**2.1**	**115.1**	**259.9**	**615.2**
Acquisition of treasury shares					-0.3	-0.3
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					42.8	42.8
Financial assets available for sale		8.1				8.1
Financial assets held until maturity		-2.2				-2.2
Cash flow hedging		-0.1				-0.1
Total comprehensive income for the year		5.8			42.8	48.5
Other change in equity		-	-0.3		-	-0.3
Equity as at 30 Sep 2016	**163.0**	**80.9**	**1.8**	**108.3**	**267.9**	**621.9**

Consolidated cash flow statement

(EUR million)	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Cash flow from operating activities				
Operating profit	38.9	52.9	-26 %	61.5
Adjustment items not included in cash flow	-3.2	-6.4	51 %	-7.0
Paid income taxes	-4.0	-4.3	6 %	-4.7
Cash flow from operating activities before change in receivables and liabilities	**31.7**	**42.1**	**-25 %**	**49.7**
Increase (-) or decrease (+) in receivables from operating activities	-315.4	209.2	-	491.1
Increase (+) or decrease (-) in liabilities from operating activities	115.7	-265.8	-	-304.0
Total cash flow from operating activities	**-168.0**	**-14.5**	**-**	**236.8**
Cash flow from investing activities				
Investments in group companies and business operations	-	-64.3	-	-1.0
Proceeds from sale of group companies and associated companies	10.4	-	-	-63.3
Investment in investment properties	-0.8	-2.3	63 %	-4.4
Investment in tangible and intangible assets	-12.0	-15.3	22 %	-19.2
Proceeds from sale of tangible and intangible assets	0.0	0.3	-90 %	0.0
Total cash flow from investing activities	**-2.4**	**-81.7**	**97 %**	**-87.9**
Cash flow from financing activities				
Subordinated liabilities	-5.5	0.5	-	8.5
Dividend/share issue to the non-controlling interest	-1.1	-1.1	5 %	-1.1
Acquisation of treasury shares	-	-0.3	-	-1.7
Divestment of treasury shares	1.3	1.4	-6 %	1.4
Paid dividends	-39.9	-35.9	-11 %	-35.9
Paid capital return	-	-6.7	-	-6.7
Total cash flow from financing activities	**-45.2**	**-42.3**	**-7 %**	**-35.5**
Change in cash and cash equivalents	**-215.6**	**-138.5**	**-56 %**	**113.4**
Cash and cash equivalents at the beginning of the year	396.8	283.4	40 %	283.4
Cash and cash equivalents at the end of the period	181.1	145.0	25 %	396.8
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	5.4	5.9	-8 %	7.0
Bank of Finland current account	135.0	127.4	6 %	373.1
Repayable on demand claims on credit insitutions	40.7	11.6	251 %	16.7
Total	**181.1**	**145.0**	**25 %**	**396.8**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	1.0	0.6	72 %	0.9
Write-downs on credits and other commitments	0.1	0.7	-80 %	2.2
Change in fair value	3.0	0.3	915 %	-0.3
Depreciation and impairment of tangible and intangible assets	7.0	6.3	12 %	8.2
Sales gains and losses from tangible and intabgible assets	-0.8	0.0	-	-
Unwound fair value hedging	-11.0	-11.9	8 %	-15.9
Change in provisions	-1.4	-0.9	-51 %	-0.9
Change in fair values of investment properties	-0.4	0.3	-	0.1
Change in share-based remuneration	-1.8	-1.3	-33 %	-0.9
Other adjustments	1.1	-0.3	-	-0.3
Total	**-3.2**	**-6.4**	**51 %**	**-7.0**

Quarterly trends in the Group

(EUR million)

Income statement	**3Q2017**	**2Q2017**	**1Q2017**	**4Q2016**	**3Q2016**	**Jan-Sep 2017**	**Jan-Sep 2016**
Net interest income	21.5	22.9	23.4	23.0	23.9	67.8	72.6
Dividends	0.0	0.3	0.0	0.0	-	0.3	0.0
Net commission income	22.0	24.6	21.1	20.1	20.0	67.7	59.6
Net income from life-insurance	6.4	5.8	7.0	6.1	5.8	19.2	18.5
Net income from financial transactions	0.1	0.1	1.3	0.6	-0.3	1.5	7.7
Net income from investment properties	-	-	-	0.0	0.0	-	0.0
Other operating income	0.2	0.6	0.3	0.9	1.5	1.1	2.2
Total operating income	**50.3**	**54.2**	**53.1**	**50.6**	**50.9**	**157.6**	**160.7**
Staff costs	-22.1	-21.1	-17.9	-19.7	-16.3	-61.1	-52.6
IT-expenses	-6.7	-8.0	-7.8	-8.1	-6.4	-22.4	-20.2
Depreciation of tangible and intangible assets	-3.1	-1.7	-1.7	-1.9	-2.1	-6.5	-6.3
Other operating expenses	-9.8	-9.0	-9.9	-10.7	-9.9	-28.6	-28.9
Total operating expenses	**-41.7**	**-39.7**	**-37.3**	**-40.5**	**-34.6**	**-118.7**	**-108.0**
Impairment of tangible and intangible assets	-0.5	-	-	-	-	-0.5	-
Write-downs on credits and other commitments	0.0	-0.1	-0.1	-1.5	-0.5	-0.1	-0.7
Share of profit from associated companies	-	-	0.6	-	-	0.6	0.7
Operating profit	**8.0**	**14.4**	**16.4**	**8.6**	**15.8**	**38.9**	**52.9**
Taxes	-1.5	-3.3	-2.9	-2.1	-3.0	-7.7	-10.1
Profit for the period	**6.5**	**11.2**	**13.5**	**6.5**	**12.9**	**31.1**	**42.8**
Attributable to:							
Shareholders in Aktia Bank plc	6.5	11.2	13.5	6.5	12.9	31.1	42.8
Total	**6.5**	**11.2**	**13.5**	**6.5**	**12.9**	**31.1**	**42.8**
Earnings per share (EPS), EUR	0.10	0.17	0.20	0.10	0.19	0.47	0.64
Earnings per share (EPS), EUR, after dilution	0.10	0.17	0.20	0.10	0.19	0.47	0.64
Comprehensive income							
Profit for the period	6.5	11.2	13.5	6.5	12.9	31.1	42.8
Other comprehensive income after taxes:							
Change in valuation of fair value for financial assets available for sale	-0.6	-6.4	-9.6	-13.8	1.2	-16.6	11.4
Change in valuation of fair value for financial assets held until maturity	-0.3	2.0	4.6	1.3	-0.9	6.3	-2.2
Change in valuation of fair value for cash flow hedging	0.1	0.0	0.0	-0.1	0.0	0.1	-0.1
Transferred to the income statement for financial assets available for sale	-0.2	-0.2	-0.5	-1.0	-0.3	-0.9	-3.3
Comprehensive income from items which can be transferred to the income statement	-1.1	-4.5	-5.5	-13.6	-0.1	-11.1	5.8
Defined benefit plan pensions	-	-	-0.3	-0.5	-	-0.3	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-0.3	-0.5	-	-0.3	-
Total comprehensive income for the period	**5.4**	**6.7**	**7.7**	**-7.5**	**12.8**	**19.8**	**48.5**
Total comprehensive income attributable to:							
Shareholders in Aktia Bank plc	5.4	6.7	7.7	-7.5	12.8	19.8	48.5
Total	**5.4**	**6.7**	**7.7**	**-7.5**	**12.8**	**19.8**	**48.5**
Total earnings per share, EUR	0.08	0.10	0.12	-0.11	0.19	0.30	0.73
Total earnings per share, EUR, after dilution	0.08	0.10	0.12	-0.11	0.19	0.30	0.73

Notes to the Interim report

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

Basis for preparing the Interim report

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

The Interim report for the period 1 January – 30 September 2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim report does not contain all the information and notes required for an annual report and should therefore be read together with the Aktia Group's annual report of 31 December 2016. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore the total of individual amounts may differ from the presented total.

The Interim report for the period 1 January – 30 September 2017 was approved by the Board of Directors on 8 November 2017.

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

Key accounting principles

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

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. IFRS 9 introduces new requirements for recognition and measurement of financial assets and liabilities. Aktia's model for risk management and the characteristics of financial instruments in respect of future cash flows will have an impact on categories applied by Aktia. Aktia's financial assets will be classified in the categories amortised cost, fair value through other comprehensive income, and fair value through the income statement. The reporting of financial assets according to a mixed business model, where changes in fair value according to IFRS 9 are reported through other comprehensive income, corresponds to the reporting of financial assets available for sale according to the present IAS 39 standard.

The transition to IFRS 9 will not require significant reclassification between fair value and amortised cost. The changes in classification and measurement rules will not have any significant impact on the Group's result or financial position.

Differing from the current model concerning provisions for credit losses based on occurred events, the requirements concerning impairment in IFRS 9 are based on a model for expected credit losses. Calculation of provisions for expected credit losses comprises financial assets valued at amortised cost and financial assets valued at fair value through other comprehensive income as well as guarantees and credit commitments. The development of ECL (Expected Credit Loss) models continues, and preliminary surveys show that the implementation of IFRS 9 will have marginal impact on reported provisions for credit losses.

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

In 2017, Aktia's IFRS 9 project has proceeded according to plan, and calculation of write-downs following the new standard was introduced in August, parallel to current calculations. During the rest of the year we will focus on completing processes, tests and model calibration, continued quantification of effects as well as internal training.

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

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

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

Note 2. Group's segment reporting

(EUR million)	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Total Group	
Income statement	**Jan-Sep 2017**	**Jan-Sep 2016**	**Jan-Sep 2017**	**Jan-Sep 2016**	**Jan-Sep 2017**	**Jan-Sep 2016**	**Jan-Sep 2017**	**Jan-Sep 2016**	**Jan-Sep 2017**	**Jan-Sep 2016**
Net interest income	67.6	72.4	0.0	0.0	0.2	0.2	0.0	0.0	67.8	72.6
Net commission income	53.0	49.1	22.7	18.1	0.6	0.5	-8.5	-8.2	67.7	59.6
Net income from life insurance	-	-	16.3	16.0	-	-	2.9	2.6	19.2	18.5
Other income	1.2	2.9	0.1	0.1	1.6	7.0	0.0	0.0	2.9	10.0
Total operating income	**121.7**	**124.4**	**39.0**	**34.1**	**2.4**	**7.7**	**-5.6**	**-5.5**	**157.6**	**160.7**
Staff costs	-48.1	-40.1	-9.8	-8.5	-3.3	-4.0	-	-	-61.1	-52.6
IT-expenses	-19.4	-17.3	-1.6	-1.4	-1.4	-1.5	-	-	-22.4	-20.2
Depreciation of tangible and intangible assets	-5.0	-4.3	-0.3	-0.5	-1.2	-1.5	-	-	-6.5	-6.3
Other expenses	-23.4	-23.3	-7.3	-7.6	-3.5	-3.5	5.6	5.5	-28.6	-28.9
Total operating expenses	**-95.9**	**-85.1**	**-19.0**	**-18.0**	**-9.4**	**-10.4**	**5.6**	**5.5**	**-118.7**	**-108.0**
Impairment of tangible and intagible assets	-0.5	-	-	-	-	-	-	-	-0.5	-
Write-downs on credits and other commitments	-0.1	-0.7	-	-	-	-	-	-	-0.1	-0.7
Share of profit from associated companies	-	-	-	-	-	-	0.6	0.7	0.6	0.7
Operating profit	**25.1**	**38.7**	**20.1**	**16.1**	**-6.9**	**-2.7**	**0.6**	**0.7**	**38.9**	**52.9**

	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Total Group	
Balance sheet	**30 Sep 2017**	**31 Dec 2016**	**30 Sep 2017**	**31 Dec 2016**	**30 Sep 2017**	**31 Dec 2016**	**30 Sep 2017**	**31 Dec 2016**	**30 Sep 2017**	**31 Dec 2016**
Cash and balances with central banks	140.4	380.1	0.0	0.0	-	-	-	-	140.4	380.1
Financial assets available for sale	1,510.2	1,319.4	497.9	515.6	11.4	9.1	-3.5	-3.6	2,016.0	1,840.5
Financial assets held until maturity	404.2	445.3	-	-	-	-	-	-	404.2	445.3
Loans and other receivables	5,867.0	5,750.8	43.2	35.9	6.7	6.6	-35.9	-32.8	5,881.0	5,760.5
Investments for unit-linked insurances	-	-	784.2	723.1	-	-	-	-	784.2	723.1
Other asset	169.6	205.8	68.7	77.1	119.4	181.6	-68.5	-128.0	289.2	336.5
Total assets	**8,091.5**	**8,101.4**	**1,394.0**	**1,351.7**	**137.4**	**197.4**	**-107.9**	**-164.4**	**9,514.9**	**9,486.0**
Deposits	4,812.5	4,706.0	-	-	0.0	0.0	-35.9	-32.8	4,776.6	4,673.1
Debt securities issued	2,457.6	2,480.3	-	-	-	-	-3.5	-3.6	2,454.1	2,476.7
Technical provisions	-	-	1,205.4	1,162.4	-	-	-	-	1,205.4	1,162.4
Other liabilities	403.2	512.1	34.5	35.8	53.9	18.6	-6.3	-6.0	485.2	560.6
Total liabilities	**7,673.3**	**7,698.3**	**1,239.9**	**1,198.3**	**53.9**	**18.6**	**-45.7**	**-42.4**	**8 921.3**	**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)	30 Sep 2017		31 Dec 2016		30 Sep 2016	
Calculation of the Bank Group's capital base	**The Group**	**The bank Group**	**The Group**	**The Bank Group**	**The Group**	**The Bank Group**
Total assets	**9,514.9**	**8,215.6**	**9,486.0**	**8,224.9**	**9,548.2**	**8,285.2**
of which intangible assets	71.0	70.4	63.7	62.8	61.2	60.1
Total liabilities	**8,921.3**	**7,718.1**	**8,872.9**	**7,706.8**	**8,926.3**	**7,765.1**
of which subordinated liabilities	238.1	238.1	243.6	243.6	235.5	235.5
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	56.2	11.3	67.3	15.7	80.9	20.2
Total restricted equity	219.2	174.3	230.3	178.7	243.9	183.2
Unrestricted equity reserve and other funds	109.7	109.7	110.3	110.3	110.1	110.1
Retained earnings	233.6	190.1	223.2	189.0	225.1	190.9
Profit for the reporting period	31.1	23.4	49.3	40.0	42.8	35.8
Unrestricted equity	374.4	323.1	382.8	339.4	378.0	336.8
Shareholders' share of equity	593.6	497.5	613.1	518.1	621.9	520.1
Non-controlling interest's share of equity	-	-	-	-	-	-
Equity	**593.6**	**497.5**	**613.1**	**518.1**	**621.9**	**520.1**
Total liabilities and equity	**9,514.9**	**8,215.6**	**9,486.0**	**8,224.9**	**9,548.2**	**8,285.2**
Off-balance sheet commitments	**654.5**	**654.1**	**527.7**	**527.2**	**445.1**	**444.7**

Equity in the Bank Group	**497.5**	**518.1**	**520.1**
Provision for dividends to shareholders	-25.2	-39.8	-29.5
Intangible assets	-70.4	-62.8	-60.1
Debentures	122.3	136.1	132.8
Additional expected losses according to IRB	-13.2	-20.3	-20.3
Deduction for significant holdings in financial sector entities	-7.2	-6.6	-5.1
Other incl. unpaid dividend	0.8	1.0	0.3
Total capital base (CET1 + AT1 + T2)	**504.6**	**525.8**	**538.2**

(EUR million)

The Bank Group's capital adequacy	**30 Sep 2017**	**30 Jun 2017**	**31 Mar 2017**	**31 Dec 2016**	**30 Sep 2016**
Common Equity Tier 1 Capital before regulatory adjustments	472.8	474.2	477.2	480.0	491.0
Common Equity Tier 1 Capital regulatory adjustments	-90.5	-91.9	-94.8	-90.4	-85.2
Total Common Equity Tier 1 Capital (CET1)	**382.3**	**382.3**	**382.4**	**389.7**	**405.8**
Additional Tier 1 capital before regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	**-**	**-**	**-**	**-**	**-**
Total Tier 1 capital (T1 = CET1 + AT1)	**382.3**	**382.3**	**382.4**	**389.7**	**405.8**
Tier 2 capital before regulatory adjustments	122.3	133.6	138.1	136.1	132.8
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	**122.3**	**133.6**	**138.1**	**136.1**	**132.8**
Total Own funds (TC = T1 + T2)	**504.6**	**515.8**	**520.5**	**525.8**	**538.6**
Total Risk weighted exposures	**2,205.6**	**2,122.9**	**2,099.7**	**1,997.7**	**2,114.1**
of which credit risk, the standardised approach	952.3	905.5	863.8	748.8	795.2
of which credit risk, the IRBA approach	904.5	868.6	887.1	900.1	962.0
of which market risk	-	-	-	-	-
of which operational risk	348.7	348.7	348.7	348.7	356.9
Own funds requirement (8 %)	176.4	169.8	168.0	159.8	169.1
Own funds buffer	328.1	346.0	352.5	366.0	369.4
CET1 capital ratio	17.3 %	18.0 %	18.2 %	19.5 %	19.2 %
T1 capital ratio	17.3 %	18.0 %	18.2 %	19.5 %	19.2 %
Total capital ratio	22.9 %	24.3 %	24.8 %	26.3 %	25.5 %
Own funds floor (CRR article 500)					
Own funds	504.6	515.8	520.5	525.8	538.6
Own funds floor[1]	200.5	190.8	189.7	183.6	185.3
Own funds buffer	304.0	325.1	330.8	342.2	353.3

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

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

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

(EUR million)

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

* 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)	30 Sep 2017				
The Bank Group's total exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital require-ment 8 %**
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	4,515.4	4,511.6	14 %	615.5	49.2
Retail - Secured by immovable property SME	145.5	145.1	49 %	71.6	5.7
Retail - Other non-SME	135.0	125.8	40 %	49.7	4.0
Retail - Other SME	30.9	29.1	97 %	28.3	2.3
Equity exposures	50.4	50.4	277 %	139.6	11.2
Total exposures, IRB approach	**4,877.2**	**4,861.9**	**19 %**	**904.5**	**72.4**
Credit risk, standardised approach					
States and central banks	259.0	358.4	0 %	0.0	0.0
Regional goverments and local authorities	255.3	278.4	0 %	1.4	0.1
Multilateral development banks	51.1	51.1	0 %	0.0	0.0
International organisations	128.4	128.4	0 %	0.0	0.0
Credit institutions	693.6	458.0	28 %	129.7	10.4
Corporates	558.1	309.3	99 %	306.9	24.6
Retail exposures	264.7	116.4	69 %	80.5	6.4
Secured by immovable property	885.6	799.3	37 %	294.1	23.5
Past due items	38.6	12.1	114 %	13.7	1.1
Covered bonds	880.1	880.1	10 %	88.0	7.0
Other items	62.6	56.3	47 %	26.3	2.1
Total exposures, standardised approach	**4,077.2**	**3,447.8**	**27 %**	**940.6**	**75.3**
Total risk exposures	**8,954.4**	**8,309.6**	**22 %**	**1,845.2**	**147.6**

(EUR million)	31 Dec 2016				
The Bank Group's total exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital require-ment 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)	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
Summary					
The Group's equity	593.6	588.0	621.0	613.1	621.9
Sector-specific assets	129.3	140.8	145.8	143.8	140.7
Intangible assets and other reduction items	-187.7	-200.9	-247.6	-234.5	-236.5
Conglomerate´s total capital base	**535.1**	**527.9**	**519.2**	**522.5**	**526.0**
Capital requirement for banking business	259.0	248.9	207.1	196.4	209.0
Capital requirement for insurance business[1]	79.5	80.1	80.6	80.6	81.1
Minimum amount for capital base	**338.5**	**329.0**	**287.7**	**277.0**	**290.1**
Conglomerate´s capital adequacy	**196.6**	**198.9**	**231.5**	**245.5**	**235.9**
Capital adequacy ratio, %	158.1 %	160.4 %	180.5 %	188.6 %	181.3 %

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

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

Note 4. Net interest income

(EUR million)	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Deposits and lending	51.8	45.9	13 %	60.8
Hedging, interest rate risk management *	22.6	26.7	-15 %	35.4
Other	-6.7	0.0	-	-0.6
Net interest income	**67.8**	**72.6**	**-7 %**	**95.6**

* 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)	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Premiums written	92.1	82.3	12 %	112.0
Net income from investments	15.4	16.4	-6 %	21.1
of which impairment of financial assets	-1.0	-0.6	-72 %	-0.9
Insurance claims paid	-81.7	-75.9	-8 %	-112.8
Net change in technical provisions	-6.6	-4.3	-54 %	4.4
Net income from life insurance	**19.2**	**18.5**	**4 %**	**24.7**

Note 6. Net income from financial transactions

(EUR million)	Jan-Sep 2017	Jan-Sep 2016	Δ %	2016
Net income from securities and currency trading	1.0	1.0	-2 %	1.4
Net income from financial assets and liabilities valued at fair value through the income statement	-0.7	-1.0	24 %	-1.2
Net income from financial assets available for sale	1.4	8.6	-84 %	9.6
of which impairment of financial assets	-	-	-	0.0
Net income from hedge accounting	-0.2	-0.9	79 %	-1.5
Net income from financial transactions	**1.5**	**7.7**	**-81 %**	**8.3**

Note 7. Derivative instruments

	30 Sep 2017		
Hedging derivative instruments (EUR million)	**Total nominal amount**	**Assets, fair value**	**Liabilities, fair value**
Fair value hedging			
Interest rate-related	2,227.0	62.7	2.8
Total	**2,227.0**	**62.7**	**2.8**
Cash flow hedging			
Interest rate-related	85.1	-	2.3
Total	**85.1**	**-**	**2.3**
Derivative instruments valued through the income statement			
Interest rate-related[1]	856.5	31.9	32.0
Currency-related	3.9	0.0	0.0
Total	**860.5**	**31.9**	**32.1**
Total derivative instruments			
Interest rate-related	3,168.6	94.6	37.1
Currency-related	3.9	0.0	0.0
Total	**3,172.5**	**94.6**	**37.1**

	31 Dec 2016		
Hedging derivative instruments (EUR million)	**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 855.0 (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)	**30 Sep 2017**	**30 Jun 2017**	**31 Mar 2017**	**31 Dec 2016**	**30 Sep 2016**
Gross loans	5,873	5,793	5,751	5,766	5,845
Individual write-downs	-37	-37	-38	-38	-37
of which made to non-performing loans past due at least 90 days	-34	-34	-33	-34	-33
of which made to other loans	-3	-4	-5	-5	-5
Write-downs by group	-10	-10	-10	-10	-10
Net loans, balance amount	**5,826**	**5,746**	**5,703**	**5,717**	**5,798**

Note 9. Financial assets and liabilities

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	30 Sep 2017		31 Dec 2016	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	140.4	140.4	380.1	380.1
Financial assets available for sale	2,016.0	2,016.0	1,840.5	1,840.5
Financial assets held until maturity	404.2	413.4	445.3	457.2
Derivative instruments	94.6	94.6	132.2	132.2
Loans and other receivables	5,881.0	5,793.4	5,760.5	5,679.6
Total	**8,536.2**	**8,457.7**	**8,558.6**	**8,489.7**
Investments for unit-linked insurances	784.2	784.2	723.1	723.1
Financial liabilities				
Deposits	4,776.6	4,764.0	4,673.1	4,651.0
Derivative instruments	37.1	37.1	54.3	54.3
Debt securities issued	2,454.1	2,466.4	2,476.7	2,477.2
Subordinated liabilities	238.1	241.6	243.6	247.3
Other liabilities to credit institutions	68.4	69.2	74.5	76.5
Other liabilities to the public and public sector entities	-	-	5.5	5.5
Total	**7,574.3**	**7,578.2**	**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.

	30 Sep 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	1,491.9	165.9	234.2	1,892.0	1,439.5	93.5	206.3	1,739.3
Shares and participations	86.5	-	37.5	124.0	64.0	-	37.3	101.3
Total	**1,578.3**	**165.9**	**271.7**	**2,016.0**	**1,503.5**	**93.5**	**243.6**	**1,840.5**
Derivative instrument, net	0.0	57.5	-	57.5	0.1	77.8	-	78.0
Total	**0.0**	**57.5**	**-**	**57.5**	**0.1**	**77.8**	**-**	**78.0**
Investments for unit-linked insurances	784.2	-	-	784.2	723.1	-	-	723.1
Total	**2,362.5**	**223.4**	**271.7**	**2,857.7**	**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 5 million were moved from level 2 to level 1 due to increased market activity. The increase in level 2 is due to an increase in business volumes, mainly relating to domestic municipal bonds and commercial papers.

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

Changes within level 3

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

Reconciliation of the changes for financial instruments belonging to level 3	Financial assets valued at fair value via the income statement			Financial assets available for sale			Total		
(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	-	-	-	38.0	1.3	39.3	38.0	1.3	39.3
Sales	-	-	-	-	-1.1	-1.1	-	-1.1	-1.1
Matured during the period	-	-	-	-10.0	-	-10.0	-10.0	-	-10.0
Realised value change in the income statement	-	-	-	-	-1.0	-1.0	-	-1.0	-1.0
Unrealised value change in the income statement	-	-	-	-	-	-	-	-	-
Value change recognised in other comprehensive income	-	-	-	-0.2	1.1	0.9	-0.2	1.1	0.9
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 30 Sep 2017	**-**	**-**	**-**	**234.2**	**37.5**	**271.7**	**234.2**	**37.5**	**271.7**

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 2.7 (2.4) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	30 Sep 2017 Effect at an assumed movement			31 Dec 2016 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	234.2	7.0	-7.0	206.3	6.2	-6.2
Shares and participations	37.5	7.5	-7.5	37.3	7.5	-7.5
Total	**271.7**	**14.5**	**-14.5**	**243.6**	**13.6**	**-13.6**
Totalt	**271.7**	**14.5**	**-14.5**	**243.6**	**13.6**	**-13.6**

SET OFF OF FINANCIAL ASSETS AND LIABILITIES

(EUR million)	30 Sep 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	94.6	-	132.2	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	**94.6**	**-**	**132.2**	**-**
Amount not set off but included in general agreements on set off or similar	5.5	-	8.8	-
Collateral assets	89.3	-	117.1	-
Total amount of sums not set off in the balance sheet	**94.8**	**-**	**126.0**	**-**
Net amount	**-0.2**	**-**	**6.3**	**-**
Liabilities	Derivatives	Repurchase agreements	Derivatives	Repurchase agreements
Financial liabilities included in general agreements on set off or similar agreements	37.1	100.4	54.3	145.7
Set off amount	-	-	-	-
Value recognised in the balance sheet	**37.1**	**100.4**	**54.3**	**145.7**
Amount not set off but included in general agreements on set off or similar	5.5	-	8.8	-
Collateral liabilities	14.3	100.4	26.4	145.7
Total amount of sums not set off in the balance sheet	**19.8**	**100.4**	**35.2**	**145.7**
Net amount	**17.3**	**-**	**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)	30 Sep 2017	31 Dec 2016	30 Sep 2016
Deposits from the public and public sector entities	4,133.8	4,169.8	4,265.0
Short-term liabilities, unsecured debts			
Banks	53.2	46.0	74.9
Total	**53.2**	**46.0**	**74.9**
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	89.3	117.1	147.7
Repurchase agreements - banks	100.4	145.7	-
Total	**189.7**	**262.9**	**147.7**
Total short-term liabilities	**242.8**	**308.9**	**222.6**
Long-term liabilities, unsecured debts			
Issued debts, senior financing	781.4	789.2	815.0
Issued structured debts	-	2.3	4.1
Other credit institutions	40.4	46.5	49.9
Subordinated debts	238.1	243.6	235.5
Total	**1,059.9**	**1,081.6**	**1,104.5**
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	428.0	228.0	233.0
Issued covered bonds	1,672.7	1,685.2	1,697.2
Total	**2,100.7**	**1,913.2**	**1,930.2**
Total long-term liabilities	**3,160.6**	**2,994.8**	**3,034.6**
Interest-bearing liabilities in the banking business	**7,537.2**	**7,473.5**	**7,522.2**
Technical provisions in the life insurance business	1,205.4	1,162.4	1,152.7
Total other non interest-bearing liabilities	178.8	237.0	251.4
Total liabilities	**8,921.3**	**8,872.9**	**8,926.3**

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)	30 Sep 2017	31 Dec 2016	30 Sep 2016
Collateral for own liabilities			
Securities	529.9	380.1	235.1
Outstanding loans constituting security for covered bonds	2,254.0	2,315.7	2,508.0
Total	**2,783.9**	**2,695.8**	**2,743.1**
Other collateral assets			
Pledged securities[1]	168.7	119.5	122.5
Cash included in pledging agreements and repurchase agreements	14.3	26.4	33.4
Total	**183.0**	**145.9**	**155.9**
Total collateral assets	**2,966.9**	**2,841.7**	**2,899.0**
Collateral above refers to the following liabilities			
Liabilities to credit institutions[2]	528.4	373.7	233.0
Issued covered bonds[3]	1,672.7	1,685.2	1,697.2
Derivatives	14.3	26.4	33.4
Total	**2,215.4**	**2,085.3**	**1,963.6**

[1] Refers to securities pledged for the intra day limit. As at 30 September 2017, a surplus of pledged securities amounted to EUR 41 (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)	30 Sep 2017	31 Dec 2016	30 Sep 2016
Cash included in pledging agreements[1]	89.3	117.1	147.7
Total	**89.3**	**117.1**	**147.7**

[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)	30 Sep 2017	31 Dec 2016	30 Sep 2016
Commitments provided to a third party on behalf of the customers			
Guarantees	33.2	30.8	26.1
Other commitments provided to a third party	4.2	0.8	0.7
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	616.7	495.6	417.9
Other commitments provided to a third party	0.4	0.4	0.4
Off-balance sheet commitments	**654.5**	**527.7**	**445.1**

Helsinki 8 November 2017

AKTIA BANK PLC
THE BOARD OF DIRECTORS

TRANSLATION *This document is an English translation of the Swedish report on review of the interim report. Only the Swedish version of the report is legally binding.*

Report on review of the interim report of Aktia Bank plc as of and for the nine months period ending September 30, 2017

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of September 30, 2017 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Helsinki 8 November, 2017

KPMG OY AB
Jari Härmälä
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