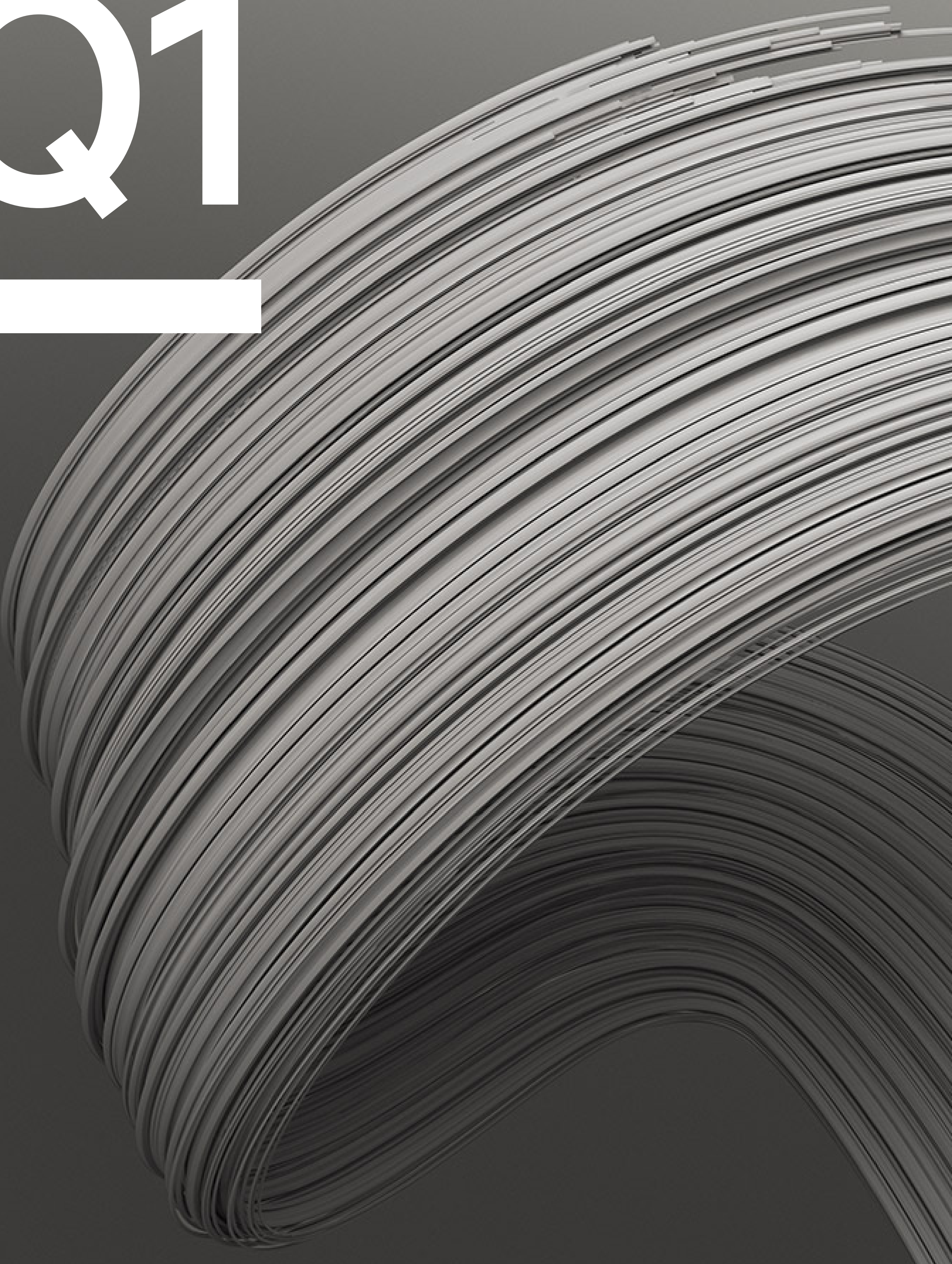
Q1



Interim report January–March 2021

Aktia

A strong start to the year – good income development lifted the comparable operating profit

The quarter in short

- The stable development of the net interest income continued mainly due to the strong balance growth of corporate credits
- The housing market was still active and especially the demand for holiday homes continued to increase
- Assets under management were at the same level as at the year-end and amounted to EUR 10.4 billion
- Net subscriptions for Aktia's investment products on the emerging markets decreased somewhat, but without any significant effect on the results
- Positive value changes together with the stable actuarially calculated result contributed to the very favourable development of net income from life insurance
- Aktia's acquisition of the wealth management operations of Taaleri was completed on 30 April 2021

Outlook 2021 (unchanged)

- The comparable operating profit for 2021 is expected to be clearly higher than during 2020 provided that the circumstances on the market and in society are stable (see page 21).

(EUR million)	**1Q2021**	**1Q2020**	**Δ %**	**2020**	**4Q2020**	**Δ %**	**3Q2020**	**2Q2020**
Net interest income	21.3	19.7	8%	80.7	20.8	2%	20.0	20.1
Net commission income	25.0	25.2	0%	97.6	25.4	-1%	24.2	22.9
Net income from life insurance	9.9	-5.2	-	19.9	10.2	-3%	4.7	10.1
Total operating income	57.9	39.9	45%	201.1	57.0	2%	49.4	54.8
Operating expenses	-38.7	-35.6	9%	-142.2	-36.4	6%	-33.8	-36.3
Impairment of credits and other commitments	-2.2	-1.4	58%	-4.0	-0.8	169%	-0.1	-1.8
Operating profit	**16.9**	**2.8**	**508%**	**54.8**	**19.7**	**-14%**	**16.0**	**16.3**
Comparable operating income[1]	57.9	39.9	45%	201.1	57.0	2%	49.4	54.8
Comparable operating expenses[1]	-38.7	-35.6	9%	-141.9	-36.3	7%	-33.8	-36.3
Comparable operating profit[1]	**16.9**	**2.8**	**508%**	**55.1**	**19.8**	**-15%**	**16.0**	**16.5**
Cost-to-income ratio	0.67	0.89	-25%	0.71	0.64	5%	0.68	0.66
Comparable cost-to-income ratio[1]	0.67	0.89	-25%	0.71	0.64	5%	0.68	0.66
Earnings per share (EPS), EUR	0.20	0.03	567%	0.61	0.22	-9%	0.18	0.19
Comparable earnings per share (EPS), EUR[1]	0.20	0.03	567%	0.61	0.22	-9%	0.18	0.19
Return on equity (ROE), %	8.6	1.4	533%	6.7	9.2	-7%	7.8	8.4
Comparable return on equity (ROE), %[1]	8.6	1.4	533%	6.7	9.3	-7%	7.8	8.5
Common Equity Tier 1 capital ratio (CET1), %[2]	13.8	15.9	-14%	14.0	14.0	-2%	15.6	15.7

1) Alternative performance measures excluding items affecting comparability, see page 22
2) At the end of the period

Interim Report January–March 2021 is a translation of the orginal Swedish version "Delårsrapport 1.1-31.3.2021". In case of discrepancies, the Swedish version shall prevail.

CEO's comments

Aktia had a strong first quarter. Net interest income increased to EUR 21.3 (19.7) million following the positive development continuing from the year before. The underlying reasons for the strong net interest income are both increased lending and active pricing within corporate lending. Financing costs were still at a moderate level. There have not been any significant changes in margins in the private customer segment. The housing market was still active and the demand especially for holiday houses continued to grow. The share of digital housing transactions increased further.

Net commission income for the quarter was at the same level as in the previous year and amounted to EUR 25.0 (25.2) million. Aktia's customer assets under management amounted at the end of the period to EUR 10.4 (31 December 2020; 10.4) billion. Net subscriptions for Aktia's investment products on the emerging markets decreased somewhat, but their total effect on the results was not significant. The change in customers' consumption behaviour and the decline in the use of credit cards were still reflected in the decreased amount of card payments.

Aktia's strong competence within asset management was rewarded during the quarter when the independent fund rating agency Morningstar selected the best asset management houses in Finland in three categories: equity funds, fixed income funds and best overall. Aktia was the best in all these categories. It feels really good to once again receive recognition for our long-term work.

The quarter was excellent in terms of net income from life insurance, which amounted to EUR 9.9 (-5.2) million. Positive changes in market values contributed to the favourable development, but also the actuarially calculated result was stable. It is also worthwhile to remember that the weak results of the reference period for the first quarter of 2020 were burdened by the market drop due to the covid-19 pandemic and the subsequent negative value changes.

The comparable operating expenses for the period amounted to EUR 38.7 (35.6) million and were thus considerably higher than in the previous year. However, the cost base includes one-off expenses of EUR 1.2 million in connection with the acquisition of Taaleri's wealth management operations.

Operating expenses also include the estimated stability fee for credit institutions of EUR 2.8 (2.3) million for 2021.

The Finnish Financial Supervisory Authority's new regulations for the definition of default and the change in calculation models increased the provision for credit loss by approximately EUR 0.8 million. In addition, the macroeconomic assumptions for the ECL model were updated which brought about a positive result effect of EUR 0.6 million for the quarter. Credit losses were still on a moderate level.

Aktia's comparable operating profit for the first quarter of the year was EUR 16.9 (2.8) million. I am very satisfied with the results, although the prevailing covid-19 pandemic still affects the operating income to a degree.

Aktia acquired Taaleri's wealth management operations

Aktia informed in March of the acquisition of Taaleri Plc's wealth management operations. The significant co-operation agreement with Taaleri gives our customers access to Taaleri's successful alternative investment products when Aktia becomes the distributor of Taaleri's alternative investment products in Finland. The transaction received necessary approvals from the authorities and the completion of the transaction was made public on 30 April 2021.

The transaction is unique in Aktia's history and very significant also on the Finnish asset management market. With the transaction, Aktia will become one of the leading asset managers in Finland while providing also comprehensive banking and life insurance operations. Asset management is the core of Aktia's strategy and the acquisition of Taaleri's wealth management operations is a significant step for Aktia towards the goal of being the best asset manager in Finland.

The customer base transferred with the acquisition, and the increasingly broader product offering, supplements well Aktia's current customer and product portfolio. It also enables an even larger investment in new customer acquisition going forward. In the future, Aktia will be able to make better use of current market conditions with its more versatile range of investment products.

At the same time, the transaction signifies a change on the playing field of asset management in Finland: the volume of Aktia's assets under management will increase considerably, which will furthermore strengthen Aktia's position on the asset management market. Together with the operations transferred from Taaleri, Aktia will become one of the leading asset management organisations in Finland combining an extensive and supplementary product range within asset management, a comprehensive portfolio management, strong customer focus and rewarded Private Banking competence, as well as digital competence.

The arrangement is a unique possibility for both Aktia and Taaleri. We are paying special attention to a smooth integration process by underlining both employee and customer satisfaction. The future of asset management in Aktia is built on the strengths in Aktia's and Taaleri's merged units and on the application of best practices of both parties.

Helsinki 5 May 2021

Mikko Ayub
CEO

Profit and balance

Profit January–March 2021

The Group's operating profit increased to EUR 16.9 (2.8) million and the profit for the period increased to EUR 14.0 (2.1) million. The main part of the improved result pertains to net income from life insurance and is mainly related to the reference period's significant negative unrealised value changes in the life insurance company's investment portfolio. Net interest income and net result from financial transactions contributed to the improved result, whereas the operating expenses have increased from last year.

Income

The Group's operating income increased to EUR 57.9 (39.9) million. The increase is mainly attributable to stable growth in net interest income and a clear improvement of net income from life insurance that includes significant negative unrealised value changes and impairments in the life insurance company's investment portfolio for the reference period.

Net interest income increased by 8% to EUR 21.3 (19.7) million. Net interest income from borrowing and lending increased by 10% to EUR 20.7 (18.8) million and interest expenses for other financing increased to EUR -1.3 (-1.1) million.

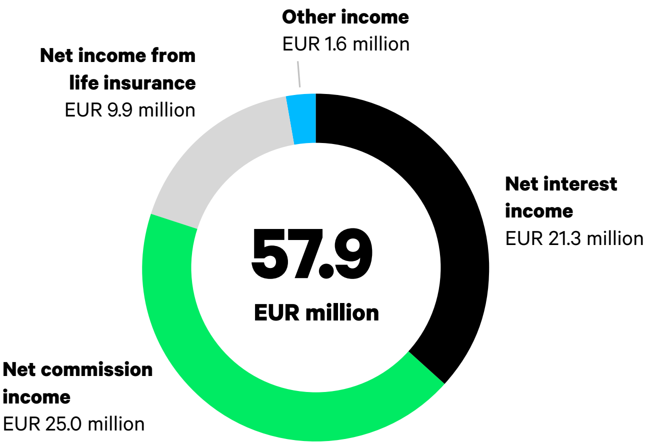
Net commission income was EUR 25.0 (25.2) million. Commission income from funds, asset management and securities brokerage was 4% higher than last year and amounted to EUR 17.2 (16.5) million. Commission income from cards, payment services and borrowing decreased by 11% to EUR 6.4 (7.2) million while commission income from lending increased by 8% to EUR 2.2 (2.1) million.

Net income from life insurance increased to EUR 9.9 (-5.2) million, which is mainly related to the EUR 1.8 (-13.9) million unrealised value changes and impairments in the life insurance company's investment portfolio. Sales gains from the investment portfolio decreased to EUR 0.1 (2.0) million. The actuarially calculated result improved by EUR 0.8 million from last year, which mainly relates to good sales of risk insurance and the acquisition of Liv-Alandia on 1 May 2020.

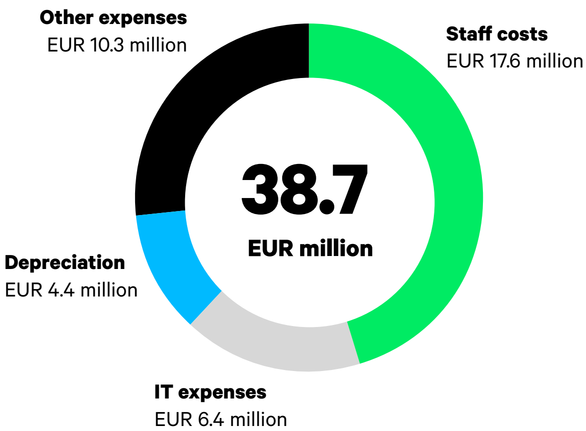
Net income from financial transactions increased to EUR 1.3 (-1.0) million. The increase mainly relates to sales gains in the liquidity portfolio amounting to EUR 0.7 (0.0) million. The value change in the holdings in Visa Inc. increased to EUR 0.1 (-0.5) million and the model-based ECL impairments increased to EUR 0.1 (-0.4) million.

Other operating income decreased to EUR 0.3 (1.0) million. The reference period includes one-off recognised items of EUR 0.5 million.

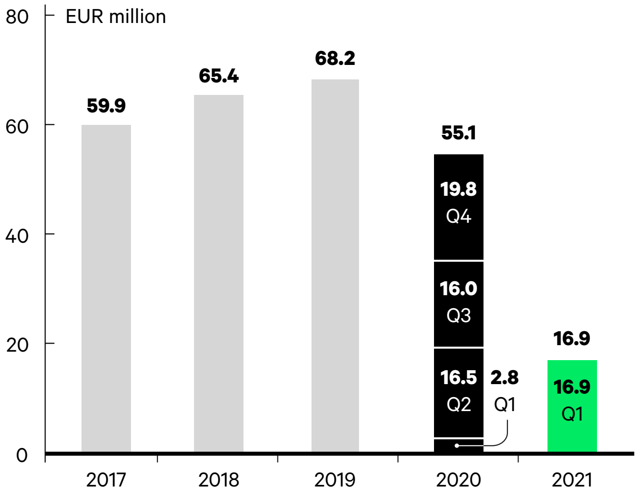
Operating income 1Q2021



Operating expenses 1Q2021



Comparable operating profit 2017–1Q021, EUR million



Expenses

Operating expenses increased by 9% to EUR 38.7 (35.6) million. The increase relates to higher other operating expenses and higher staff expenses than last year.

Staff expenses increased by 6% to EUR 17.6 (16.6) million, which relate to higher running staff expenses.

IT expenses increased to EUR 6.4 (5.6) million. The difference from last year mainly pertains to accruements in the beginning of 2020.

The depreciation of tangible and intangible assets decreased to EUR 4.4 (4.6) million.

Other operating expenses increased to EUR 10.3 (8.9) million. The increase mainly pertains to one-off costs related to the acquisition of Taaleri's wealth management business and higher sales commission expenses in the life insurance company.

Impairments on credits and other commitments amounted to EUR -2.2 (-1.4) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.1 (-0.9) million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 10,647 (10,573) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees increased to EUR 724 (699) million.

Borrowing

Borrowing from the public and public-sector entities decreased to EUR 4,371 (4,466) million. Aktia's market share of deposits was 3.0% (3.1%) at the end of April.

The value of long-term bonds issued by Aktia Bank totalled EUR 2,871 (2,720) million. After an issued retained covered bond was set off, EUR 1,613 (1,622) million consisted of Covered Bonds issued by Aktia Bank.

During the first quarter, Aktia Bank issued new long-term unsecured bonds to the value of EUR 170 million within the scope of the bank's EMTN programme. Additionally, the bank participated in the TLTRO III refinancing operations with an additional EUR 100 million withdrawal.

Lending

Group lending to the public and public-sector entities increased by EUR 139 million to EUR 7,139 (7,000) million. Loans to households accounted for EUR 5,149 (5,083) million, or 72.1% (72.6%) of the total loan book.

The housing loan book totalled EUR 5,268 (5,185) million, of which the share for households was EUR 4,234 (4,178) million. Aktia's new lending was EUR 316 (264) million. At the end of March, Aktia's market share in housing loans to households was 4.1% (4.1%).

Corporate lending accounted for 14.3% (14.0%) of the Aktia Group's loan book. Total corporate lending increased to EUR 1,020 (979) million. Loans to housing companies increased to EUR 941 (908) million, making up 13.2% (13.0%) of Aktia's total loan book.

Loan book by sector

(EUR million)	31 Mar 2021	31 Dec 2020	Δ	Share, %
Households	5,149	5,083	66	72,1%
Corporates	1,020	979	41	14,3%
Housing companies	941	908	33	13,2%
Non-profit organisations	27	27	0	0,4%
Public sector entities	2	3	0	0,0%
Total	**7,139**	**7,000**	**139**	**100,0%**

Financial assets

The Aktia Group's financial assets consist of the Bank Group's liquidity portfolio amounting to EUR 1,380 (1,446) million, the life insurance company's investment portfolio of EUR 591 (602) million, and the Bank Group's equity holdings of EUR 5 (5) million.

Technical provisions

The life insurance company's technical provisions increased to EUR 1,456 (1,411) million. Unit-linked technical provisions increased to EUR 1,020 (970) million while interest-related technical provisions decreased to EUR 436 (441) million.

Equity

The Aktia Group's equity amounted to EUR 638 (667) million. The fund at fair value decreased to EUR 16 (21) million and the profit for the period amounted to EUR 14 million. Dividend amounting to EUR 37 million was paid to the shareholders in January.

Assets under Management

The Group's total assets under management were EUR 12,600 (12,712) million.

Assets under management comprise managed and brokered mutual funds as well as managed capital. Assets under management presented in the table below reflect net volumes, so that assets under management included in multiple companies or funds have been eliminated.

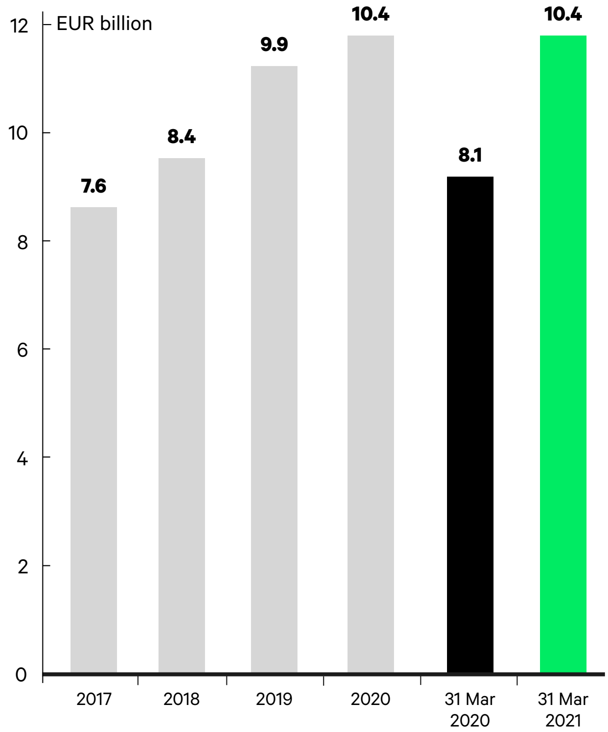
Group financial assets include the liquidity portfolio in the Bank Group managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	31 Mar 2021	31 Dec 2020	Δ %
Customer assets under management*	10,379	10,447	-1%
Group financial assets	2,222	2,265	-2%
Total	**12,600**	**12,712**	**-1%**

* Excluding Fund in funds

Customer assets under management (AuM) excluding custody assets 2017–1Q2021, EUR billion



Segment overview

Aktia Bank's operations are divided into three reporting business segments: Banking Business, Asset Management and Group Functions.

Banking Business

The segment comprises private and corporate customers of the banking business. Aktia's private customers are provided a wide range of financing, insurance, savings as well as investment products and services through various channels. Aktia's corporate business provides services to companies and organisations, from micro-sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

Private customers

The good development in housing loan operations continued during the first quarter of the year. The digital housing market reinforced its position as the customers' preference and the number of digital housing transactions increased further. Restrictions on leisure travelling and the general sentiment in the coronavirus environment continued to affect customers' consumption preferences, which was reflected especially in the decreased transaction income from the card business. The interest in holiday housing increased in Finland and had a positive impact on lending since the holiday home market had an exceptionally early start this year.

Aktia's customer-oriented service model has become a part of the company's everyday business. The share of virtual meetings, digital signatures and webinars increased during the quarter and the demand for virtual services continued to increase. Customer behaviour has changed, and the location-independent service model has strengthened its position in customer work. Aktia Studio and the new service point in Helsinki opened their doors on 25 February 2021. We are brodcasting our webinars from Aktia Studio and when again possible we will arrange customer events. The telephone banking service's availability on Saturdays and Sundays have been appreciated by the customers and the chatbot service is increasingly being used in customer work.

Corporate customers

Despite the uncertainty due to the covid-19 pandemic the demand on corporate lending continued to increase during the first quarter of the year, and the net interest income from corporate customer business had an especially strong development. Aktia's corporate customer business has raised great interest also among large companies.

Aktia continued the active use of European Investment Fund's EIF guarantee programme. However, the corporate investment appetite shows continued sector specific as well as regional differences, but the general investment appetite seems to have a clear upward trend. So far, the covid-19 pandemic seems to have had only a small economic impact on the majority of Aktia's corporate customers within the SME segment.

The increase in financing for RS objects and SMEs was still strong in strategic growth areas. Aktia's corporate customers' interest in leasing and factoring products increased considerably. At the beginning of the year, corporate business invested in the technical development and in competence development within these product areas. The positive development of these products is expected to continue.

Results for Banking Business segment

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %
Operating income	34.6	34.3	1%
Operating expenses	-27.4	-25.6	7%
Operating profit	4.9	7.3	-32%
Comparable operating profit	4.9	7.3	-32%

The operating income for the period increased slightly and amounted to EUR 34.6 (34.3) million.

Net interest income was 6% higher than in the previous year and was EUR 18.0 (16.9) million. The increase is mainly related to the growth in corporate customers' loan book, and the decrease in the interest rate of savings deposits on 1 April 2020 decreased the interest expenses of the private customer segment. The customer margins for corporate customers increased from the corresponding period last year. However, customer margins for private customers were still pressed, which caused margin levels to decrease from last year. The growth in the loan book was strong during the first quarter of the year and increased by EUR 140 million to EUR 7,139 (6,999) million. The private customers' loan book increased to EUR 5,174 (5,109) million and the corporate customers' loan book to EUR 1,965 (1,889) million.

Net commission income was 1% lower than last year and amounted to EUR 16.4 (16.6) million. Net commission income from investment activities increased by 9% due to good sales and a very positive market change. The coronavirus crisis that broke out in the first quarter last year has caused lower card and payment volumes compared to last year and net commission income from cards and payment services decreased by 13%. Assets under management increased by 6% from the year-end and amounted to EUR 3.2 billion.

Other operating income decreased to EUR 0.2 (0.7) million, which is explained by the fact that the reference period includes one-off recognised items of EUR 0.5 million.

Comparable operating expenses for the period increased to EUR 27.4 (25.6) million. The increase is mainly attributable to the estimated stability fee for the year as well as one-off expenses for remuneration to consultants as well as higher IT expenses.

Impairments on credits and other commitments increased to EUR -2.2 (-1.4) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.1 (-0.9) million, whereas other impairments on credits increased to EUR -1.1 (-0.5) million. The new definition of default that entered into force on 1 January 2021 increased the model-based impairments with EUR 0.8 million. However, the updated macroeconomic assumptions in the ECL model entailed a positive result impact amounting to approximately EUR 0.6 million.

Asset Management

The segment includes asset management and life insurance business and provides asset management to institutional investors, as well as a wide range of investment and life insurance products to be distributed in Aktia's and external partners' sales channels.

Customer assets under management

(EUR million)	31 Mar 2021	31 Dec 2020	Δ %
Customer assets under management*	10,379	10,447	-1%
of which institutional assets	6,802	7,071	-4%

* Excluding fund in funds

Asset management

Customer assets under management increased during the quarter due to the rise in market prices for risk investments. Personnel changes in the emerging markets team had a negative impact on net subscriptions which amounted to -304 million for the quarter. In other asset categories, net subscriptions were positive for the quarter. The fund capital for the UI-Aktia funds was EUR 1.92 billion at the end of the quarter.

Aktia informed in March of the acquisition of Taaleri Plc's wealth management operations and initiated a co-operation supporting the strategy of both parties. The transaction signifies that Aktia will distribute Taaleri's alternative investment products in Finland. This is a big step for Aktia towards the company's goal of being the best asset manager in Finland. After the transaction Aktia will provide its customers an increasingly broad product range within savings and investments as well as in asset management.

Aktia's extensive and top-quality asset management competence was rewarded during the quarter with Morningstar's all three fund house awards, which is a historic achievement. The funds' Morningstar ratings were still extraordinarily strong. The average rating was 4.09 in March, which is the best rating for a fund house in Finland. A major part of Aktia's funds received a rating of 4–5. In addition to this, the portfolio managers of the funds Aktia Nordic Small and Micro Cap achieved a Citywire rating of AAA due to a very good return history. Roughly only 2% of portfolio managers achieve this rating.

Life insurance

The sales of personal insurances were still strong during the first quarter of the year. People's awareness of and need to safeguard their economies continued, which is also reflected in an increased demand for personal insurances. The positive development on the investment market and the successful new sales of investment-linked products contributed to the fact that Aktia's investment-linked customer assets reached EUR 1 billion during the quarter and is now record high.

The activity in sales to corporate customers was also boosted through an expanded distribution of e.g. group pension insurance to corporate customers. The selection is well suited for, among other things, long-term incentives and committing the employees in customer enterprises. The Mortgage Society of Finland started sales during the quarter as a new co-operation partner for the distribution of personal insurances to private persons.

To secure its competitiveness, Aktia Life Insurance will continue to develop its product range also going forward. Customer reporting improved during the quarter and the development of digital services, as well as the range of investment products, are included in the development scheme for 2021. In addition to this, we are heavily investing in growth and new customer acquisition both through Aktia Bank and our other distribution channels.

Results for Asset Management segment

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %
Operating income	19.2	3.9	389%
Operating expenses	-9.9	-8.1	22%
Operating profit	9.3	-4.2	-
Comparable operating profit	9.3	-4.2	-

The operating income for the period increased by EUR 15.3 million to EUR 19.2 million, which is mainly explained by the fact that the reference period includes significant negative unrealised value changes in the life insurance company's investment portfolio amounting to EUR -12.2 million in connection with the outbreak of the coronavirus pandemic. The period has been characterised by rising market prices. The reference period was affected by heavy volatility on the investment market. During the period, the capital market has continued rising, fiscal stimulus and support from central banks has contributed strongly to this. Additionally, there is optimism regarding Covid-19, which supports increased entrepreneurship in many different areas.

Net commission income increased by 2% to EUR 10.3 million and net income from life insurance increased to EUR 8.8 (-6.3) million owing to good return on the investment portfolio. The premium income from life insurance business increased by 8% from the corresponding period the previous year, of which the sales of investment-linked savings insurances were still strong. The segment's operating expenses increased by 22% to EUR 9.9 million, which mainly relates to increased sales commission expenses in life insurance, one-off expense items in asset management and higher group expenses.

Assets under management decreased by EUR 68 million from the year-end and amounted to EUR 10,379 (10,447) million. Net subscriptions for the period amounted to EUR -304 million, and the market value change to EUR 235 million.

Group Functions

The Group Functions comprise the Group's centralised functions. The entities oversee the Group's financing and liquidity management and assist the other business segments with sales, IT and product support, and development. Group Functions are also responsible for monitoring and controlling risk and financial follow-up.

Results for Group Functions segment

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %
Operating income	6.2	4.0	56%
Operating expenses	-3.5	-4.2	-17%
Operating profit	2.7	-0.3	-
Comparable operating profit	2.7	-0.3	-

Operating income for the segment increased to EUR 6.2 (4.0) million. The increase is mainly attributable to higher net income from financial transactions that amounted to EUR 1.3 (-1.0) million.

Net interest income for the segment increased by EUR 0.6 million to EUR 3.4 million owing mainly to lower financing expenses. Interest income from hedging measures via interest rate derivatives and interest income from the banks' liquidity portfolio were at the same level as last year. Positive interest yield has been retained when reinvesting in the liquidity portfolio despite the challenging interest rate situation.

Since March 2015, Aktia participates in the European Central Bank's refinancing operations (TLTRO), which has enabled Aktia to offer the market favourable and competitive loans. Interest expenses from Aktia's TLTRO financing decreased to EUR 0.0 (0.4) million.

Operating expenses of the segment were lower than last year.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
Income statement	**Jan-Mar 2021**	**Jan-Mar 2020**	**Jan-Mar 2021**	**Jan-Mar 2020**	**Jan-Mar 2021**	**Jan-Mar 2020**	**Jan-Mar 2021**	**Jan-Mar 2020**	**Jan-Mar 2021**	**Jan-Mar 2020**
Net interest income	18.0	16.9	0.0	0.0	3.4	2.7	0.0	0.0	21.3	19.7
Net commission income	16.4	16.6	10.3	10.2	1.4	1.7	-3.0	-3.3	25.0	25.2
Net income from life insurance	-	-	8.8	-6.3	-	-	1.1	1.1	9.9	-5.2
Other operating income	0.2	0.7	0.1	0.1	1.4	-0.5	-0.1	0.0	1.6	0.3
Total operating income	**34.6**	**34.3**	**19.2**	**3.9**	**6.2**	**4.0**	**-2.0**	**-2.2**	**57.9**	**39.9**
Staff costs	-5.1	-4.6	-3.9	-3.6	-8.6	-8.3	-	-	-17.6	-16.6
Other operating expenses[1]	-22.2	-20.9	-6.0	-4.5	5.1	4.1	2.1	2.3	-21.1	-19.1
Total operating expenses	**-27.4**	**-25.6**	**-9.9**	**-8.1**	**-3.5**	**-4.2**	**2.1**	**2.3**	**-38.7**	**-35.6**
Impairment of credits and other commitments	-2.2	-1.4	-	-	-	0.0	-	-	-2.2	-1.4
Share of profit from associated companies	-	-	-	-	-	-	0.0	-0.1	0.0	-0.1
Operating profit	**4.9**	**7.3**	**9.3**	**-4.2**	**2.7**	**-0.3**	**0.0**	**-0.1**	**16.9**	**2.8**
Comparable operating profit	**4.9**	**7.3**	**9.3**	**-4.2**	**2.7**	**-0.3**	**0.0**	**-0.1**	**16.9**	**2.8**

Balance sheet	**31 Mar 2021**	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**
Financial assets measured at fair value	-	-	1,480.6	1,447.1	972.0	1,053.7	-10.0	-10.0	2,442.6	2,490.7
Cash and balances with central banks	0.7	1.3	0.0	0.0	338.6	297.3	-	-	339.3	298.6
Interest-bearing securities measured at amortised cost	-	-	37.7	37.8	396.1	376.0	-	-	433.8	413.8
Loans and other receivables	7,138.8	6,998.7	48.3	54.6	22.6	24.9	-43.6	-49.6	7,166.1	7,028.7
Other assets	29.6	72.6	64.6	58.3	257.3	277.7	-59.1	-67.6	292.4	341.0
Total assets	**7,169.0**	**7,072.6**	**1,631.3**	**1,597.8**	**1,986.6**	**2,029.6**	**-112.7**	**-127.2**	**10,674.2**	**10,572.8**
Deposits	4,499.0	4,582.3	-	-	709.6	631.7	-43.6	-49.6	5,164.9	5,164.4
Debt securities issued	-	-	-	-	3,014.9	2,855.6	-9.9	-9.8	3,005.0	2,845.8
Technical provisions	-	-	1,456.1	1,410.8	-	-	-	-	1,456.1	1,410.8
Other liabilities	16.2	64.0	23.5	27.9	380.1	402.5	-10.1	-9.5	409.7	484.9
Total liabilities	**4,515.2**	**4,646.2**	**1,479.6**	**1,438.8**	**4,104.5**	**3,889.8**	**-63.6**	**-68.8**	**10,035.7**	**9,905.9**

1) The net costs for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

The quarterly figures for the segments are presented later in the report.

Capital adequacy and solvency

At the end of the period, Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance) was 13.8 (14.0) %. During the quarter, Aktia implemented the new definition of default for IRB models. After deductions, Common Equity Tier 1 capital decreased by EUR 6.4 million during the period. The change mainly pertains to the increase the expected losses as a result of implementing the new definition of default. The maximum dividend pay-out has been deducted from Common Equity Tier 1 capital. The maximum dividend-payout is EUR 0.43 per share for 2020 in accordance with the authorisation given to the Board of Directors by Aktia Bank Plc's General Annual Meeting.

The 15% risk-weight floor for mortgage loans ceased in the beginning of 2021, which decreased the risk-weighted assets. Concurrently, the new definition of default led to an increase in the risk-weighted assets. In total, the risk-weighted assets increased by EUR 5.8 million during the period.

The Bank Group applies internal risk classification (IRB) to the calculation of capital requirement for retail, equity and certain corporate exposures. For other exposures the standardised approach is used.

Capital adequacy, %	**31 Mar 2021**	**31 Dec 2020**
Bank Group		
CET1 capital ratio	13.8	14.0
Total capital ratio	16.3	16.6

The total capital requirement for banks consists of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components for Aktia's capital requirements. Taking all buffer requirements into account, the minimum total capital ratio level for the Bank Group was 11.76%, and 9.76% for Tier 1 ratio at the end of the period.

Leverage ratio	**31 Mar 2021**	**31 Dec 2020**
Tier 1 capital	417.9	424.3
Total exposures	9,282.9	9,211.3
Leverage ratio, %	**4.5**	**4.6**

The Financial Stability Authority has set the minimum requirement in accordance with the bank resolution act for own funds and eligible liabilities that can be written down (MREL requirement) for Aktia Bank Plc. The requirement is twice the minimum capital requirement, including the total buffer requirement at the end of 2017. The MREL requirement amounts to 23.37% of total risk-weighted assets (TREA), however, at least 8% of the balance sheet total.

On 28 April 2021, Financial Stability Authority has renewed the MREL requirement for Aktia. The new requirement is 19.86% of TREA or 5.91% of leverage ratio exposures (LRE). The MREL requirement dos not include a so-called subordination requirement. The requirement enters into force on 1 January 2022 and replaces the previous MREL decision as of 28 April 2021.

MREL-requirement (EUR million)	**31 Mar 2021**	**31 Dec 2020**
MREL requirement	732.4	727.3
Own funds and eligible liabilities		
CET1	417.9	424.3
AT1 instruments	0.0	0.0
Tier 2 instruments	82.4	95.6
Other liabilities	982.1	1,082.4
Total	**1,482.5**	**1,602.3**

Total capital requirement

			Buffer requirements				
31 Mar 2021	**Pillar 1 requirement**	**Pillar 2 requirement**	**Capital Conservation**	**Counter-cyclical**	**O-SII**	**Systemic risk**	**Total**
CET1 capital	4.50	1.25	2.50	0.01	0.00	0.00	8.26
AT1 capital	1.50	0.00					1.50
Tier 2 capital	2.00	0.00					2.00
Total	**8.00**						**11.76**

The life insurance company follows the Solvency II directive, in which the calculation for 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.

Solvency II	**With transitional rules**		**Whitout transitional rules**	
(EUR million)	**31 Mar 2021**	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**
MCR	27.7	28.2	30.1	29.5
SCR	110.7	109.0	120.5	119.4
Eligible capital	171.3	159.1	132.3	116.2
Solvency ratio, %	154.7	145.9	109.8	97.4

The Group's risk exposures

The Group focuses primarily on banking, asset management and life insurance operations. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, as well as interest rate and other market risks and actuarial risks in the life insurance business. All these operations are exposed to business and operational risks.

Definitions and general principles for asset and risk management can be found in note G2 on p. 120–135 in Aktia Bank Plc's Annual and Sustainability Report for 2020 and in Aktia Bank Plc's Capital and Risk Management Report on the Group's website www.aktia.com.

Banking and asset management business

Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is on an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. At the end of Q1 2021, the LTV level amounted on average to 46% for the entire loan book.

Loans past due by time overdue and ECL stages

(EUR million)	31 Mar 2021			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
≤ 30	17.9	30.0	5.8	53.5
of which households	16.2	27.4	5.2	48.8
> 30 ≤ 90	0.0	13.2	8.9	20.6
of which households	0.0	12.2	8.6	19.4
> 90	0.0	0.0	35.4	36.9
of which households	0.0	0.0	30.3	31.7

(EUR million)	31 Dec 2020			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
≤ 30	25.6	24.6	0.7	50.9
of which households	19.0	23.0	0.6	42.6
> 30 ≤ 90	0.0	22.0	0.9	22.9
of which households	0.0	21.3	0.4	21.7
> 90	0.0	0.0	40.8	40.8
of which households	0.0	0.0	34.5	34.5

Credit exposures (incl. off-balance sheet commitments) per probability of default (PD)

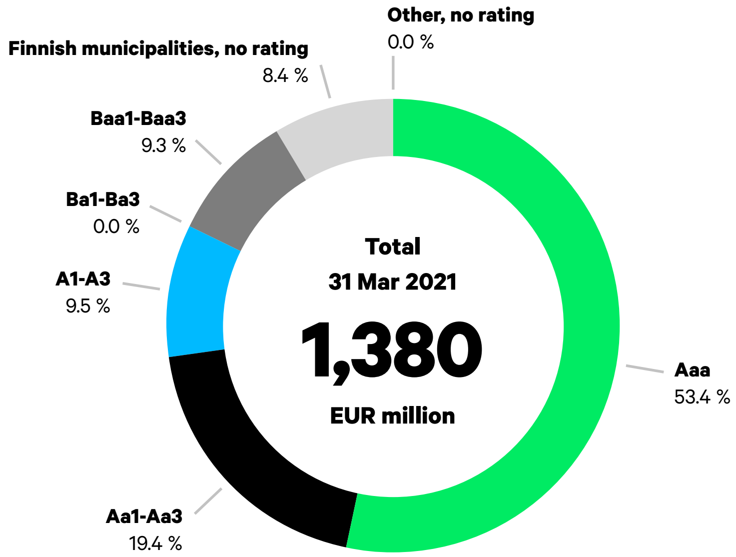
(EUR million)	31 Mar 2021	31 Dec 2020
Corporate		
PD grades A	227.2	209.7
PD grades B	893.7	866.5
PD grades C	849.0	797.0
Default	34.7	27.4
	2,004.6	1,900.6
Loss allowance (ECL)	-14.1	-15.0
Carrying amount	1,990.5	1,885.6
Households		
PD grades A	3,245.2	3,319.7
PD grades B	1,155.9	1,130.4
PD grades C	903.2	908.5
Default	92.1	41.7
	5,396.4	5,400.4
Loss allowance (ECL)	-16.1	-15.5
Carrying amount	5,380.3	5,384.9
Other		
PD grades A	30.1	29.9
PD grades B	348.2	348.0
PD grades C	79.9	79.1
Default	1.1	0.6
	459.3	457.6
Loss allowance (ECL)	-0.4	-0.5
Carrying amount	458.9	457.1

Market risks

Market risks arise as a result of price changes and risk factors on the financial market. Market risks include interest rate risk, currency risk as well as equity and real estate risk.

The interest rate risk is the largest market risk. A structural interest rate risk occurs as a result of differences interest determination periods and repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are actively managed through various trading arrangements considering the current market situation, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

Rating distribution for the Bank Group's liquidity portfolio



The bank measures the interest rate risk through sensitivity analyses of the net interest income and through the current value on interest-bearing assets and liabilities where the interest rate curve is stressed by using different interest rate shock scenarios according to EBA's guidelines as well as with the bank's own internally defined interest rate shock scenarios. The Bank Group's interest rate risk is still on a low level.

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

Equity investments pertaining to business operations amounted to EUR 5.1 (5.0) million. The Bank Group had no real estate holdings at the end of the period.

The Bank Group's total currency exposure is marginal and amounted to EUR 4.9 (3.9) million at the end of the period.

Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,254 (1,368) million at the end of the period.

All bonds met the criteria for refinancing at the central bank.

Liquidity reserve, market value (EUR million)	31 Mar 2021	31 Dec 2020
Cash and balances with central banks	291	250
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	224	226
Securities issued or guaranteed by municipalities or the public sector	115	132
Covered Bonds	625	755
Securities issued by credit institutions	0	6
Securities issued by corporates (commercial papers)	-	0
Total	**1,254**	**1,368**
of which LCR-qualified	*1,254*	*1,362*

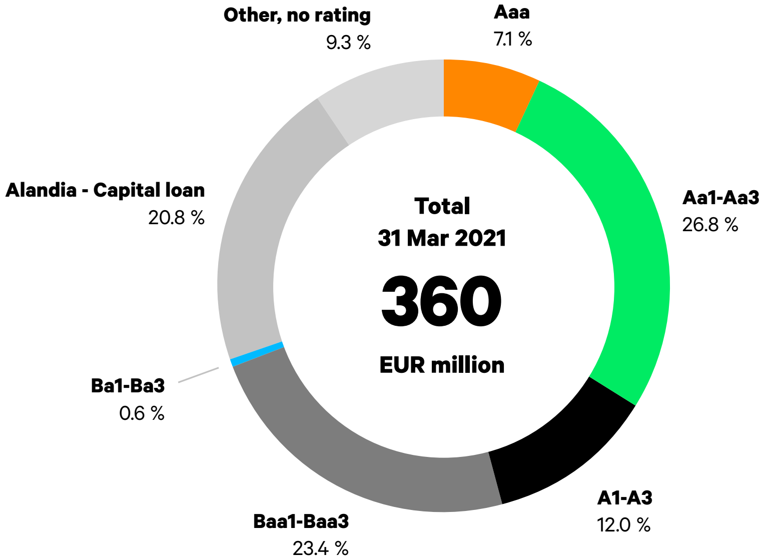
The liquidity risk is, among other things, followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is enough to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued bonds. The LCR amounted to 139 (138) %.

Liquidity coverage ratio (LCR)*	31 Mar 2021	31 Dec 2020
LCR %	139%	138%

* LCR is calculated according to the resolution published by the EU Commission in October 2014. The authority's minimum requirement for LCR is 100%.

Rating distribution for the life insurance business' direct interest-bearing investments

(excluding investments in fixed income funds, real estates, equities and alternative investments)



Life Insurance Business

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 591 (602) million. The life insurance company's direct real estate investments amounted to EUR 42 (40) million. The properties are in the Helsinki region and in other growth areas in Southern Finland and they mostly have long tenancies.

Aktia Life Insurance, allocation of investment portfolio

(EUR million)	31 Mar 2021		31 Dec 2020	
Equities	**5.0**	**0.9%**	**0.0**	**0.0%**
Europe	3.2	0.5%	0.0	0.0%
USA	1.8	0.3%	0.0	0.0%
Fixed income investments	**411.5**	**69.6%**	**437.0**	**74.0%**
Government bonds	120.0	20.3%	119.2	20.2%
Financial bonds	47.7	8.1%	62.7	10.6%
Other corporate bonds [1]	178.2	30.2%	184.6	31.2%
Emerging Markets (mtl. funds)	38.2	6.5%	43.2	7.3%
High yield (mtl. funds)	24.0	4.1%	24.0	4.1%
Trade finance (mtl. funds)	3.4	0.6%	3.4	0.6%
Alternative investments	**12.6**	**2.1%**	**11.8**	**2.0%**
Private Equity etc.	12.6	2.1%	11.8	2.0%
Real estates	**79.5**	**13.5%**	**77.5**	**13.1%**
Directly owned	42.2	7.1%	40.4	6.8%
Real estate funds	37.3	6.3%	37.1	6.3%
Money Market	**48.7**	**8.2%**	**50.2**	**8.5%**
Cash and bank	**33.6**	**5.7%**	**25.8**	**4.4%**
Total	**590.9**	**100.0%**	**602.2**	**101.9%**

[1] Includes capital loan to Alandia in connection with the acquisition of their life insurance portfolio

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 26.9 (28.1) million, which can be used to cover the future interest rate requirements. The average discount rate for the interest-bearing technical provisions after dissolutions from the interest reserve is 2.2% for 2021–2025, 2.3% for 2026–2029. The discount rate is subsequently approximately 3%. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. Interest rate risk is the most significant risk in conjunction with technical provisions in the life insurance company. It affects profitability through the spread between rate of return and guaranteed customer rate and capital adequacy as a result of the market valuation of assets and liabilities. Interest rate risk of the company's interest-bearing balance sheet items in the investment portfolio and in the interest-linked and unit-linked technical provisions is calculated through an interest rate stress test (decrease in interest rate) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-termed technical provisions and amounted to EUR -33 (-44) million.

Main events

Aktia acquired the wealth management operations of Taaleri and companies initiate co-operation supporting the strategy of both parties

On 10 March 2021, Aktia Bank Plc ("Aktia") has signed a contract with Taaleri Plc ("Taaleri"), with which Aktia has agreed to acquire the wealth management operations of Taaleri, including 100% of the following companies: Taaleri Wealth Management Ltd, Taaleri Fund Management Ltd, Taaleri Tax Services Ltd and Evervest Ltd. As a part of the transaction, the parties have agreed on initiating co-operation that supports the strategy of both parties, through which Aktia will be the distributor of Taaleri's alternative investment products in Finland.

Aktia the best fund house in Morningstar's comparison

Aktia won first place in all three Fund House categories in Morningstar's Finland Awards 2021 competition. In terms of fund houses, the five-year risk-adjusted return in three areas is assessed: equities, fixed income and best overall. This year, Aktia was the winner in all three areas.

Changes in Aktia's Executive Committee

Niina Bergring, Director for the business area Asset Management, resigned from the company. She will continue carrying out her duties until June 2021. Aktia will appoint a new director for the business area Asset Management as soon as the transaction for acquiring Taaleri's wealth management operations has been completed.

Juha Volotinen, Aktia's Chief Information Officer, gave notice of his resignation from the company. He left his duties in March 2021. Aktia immediately started a process for recruiting a successor.

Aktia continues developing the service model according to the strategy and initiated cooperation negotiations

Aktia Bank Plc continues to develop its service model in accordance with the strategy and also continues to standardise and automate its functions. The objective is to make the operating models and responsibilities clearer and more flexible as well as even better fulfil customers' needs and expectations. Aktia seeks synergy gains by centralising support functions and operative duties. The objective is to increase the efficiency of the functions through structural changes, digitalisation and automation.

Since the planned measures can affect job descriptions and the terms of employment, Aktia initiated cooperation negotiations on 2 March 2021. The negotiations lasted for six weeks. The planned measures were preliminary expected to bring annual savings of approximately EUR 2.5 million from 2022 onwards.

Distribution cooperation with Hypo

Aktia Life Insurance extends its distribution of personal insurances and started a cooperation with Hypo. The cooperating was started in February, when Hypo started selling Aktia Personal Insurance. With the cooperation, Aktia Life Insurance continues in a purposeful way to increase sales and to extend its distribution cooperation projects.

Aktia Bank Plc's Board of Directors decided on the payment of dividend

The Board of Directors of Aktia Bank Plc decided based on the authorisation given by the Annual General Meeting in 2020 on paying out a dividend of EUR 0.53 per share for the accounting period 1 January–31 December 2019. The payable dividend amounts to EUR 36.8 million. The record date was 13 January 2021 and the payment date 20 January 2021.

The Board of Directors of Aktia acknowledged the recommendation on distribution of credit institutions' profits updated by the Finnish Financial Supervisory Authority (FSA) on 18 December 2020 and decided after careful consideration to pay its shareholders dividend in accordance with the lower end of its dividend policy. Aktia's objective according to its dividend policy is a dividend pay-out of 60–80% for the financial period after taxes.

Other information

Events after the end of the period

Aktia finished the cooperation negotiations

Aktia's cooperation negotiations that were initiated on 18 February 2021 were finished on 20 April 2021. After completing the negotiations, the company decided on making changes that resulted in Aktia abolishing 75 jobs instead on the initially estimated 100 jobs. With the negotiations, approximately 50 persons will have a possibility to obtain new duties within the company.

Change in Aktia's Executive Committee

Perttu Purhonen, M.Sc. (Econ) (b. 1969) was appointed EVP, Director for the business area Asset Management and a member of the Executive Committee of Aktia as of 3 May 2021. In conjuction, Aktia's Private Banking business merged with the Asset Management business area. Purhonen moved to the position from Taaleri Wealth Management Ltd, where he worked as Managing Director since 2019. Perttu Purhonen's predecessor Niina Bergring resigns from Aktia's Executive Committee but will continue in her duties at Aktia until June 2021 to ensure a smooth transition.

Aktia and Taaleri closed the transaction regarding the wealth management operations of Taaleri and Aktia directed a share issue to Taaleri

Aktia Bank Plc ("Aktia") and Taaleri Plc ("Taaleri") decided on 30 April 2021 to complete the transaction in accordance with the sale and purchase agreement signed on 10 March 2021. In the transaction, Aktia agreed to purchase the wealth management operations of Taaleri. All the conditions for closing the transaction was fulfilled. Based on the authorisation by the general meeting held on 13 April 2021, Aktia pays EUR 10 million of the purchase price of EUR 120 million (on a cash and debt free basis) by directing 974,563 new Aktia shares to Taaleri. Since the transaction was completed only recently, the financial impact cannot yet be estimated in detail. The financial impact of the transaction will be reported in the Half-year report.

Rating

On 22 January 2021, Standard & Poor's (S&P) adjusted its outlook for the creditworthiness of Aktia Bank Plc to stable. The rating is A for long-term borrowing and A2 for short-term borrowing.

On 23 September 2020, Moody's Investors Service confirmed the long- and short-term ratings for Aktia Bank. The rating for senior preferred bonds was A1 and for short-term debt instruments P-1. Moody's Investors Service has awarded Aktia Bank the rating Aaa for long-term covered bonds. The outlook is stable. Moody's Investors Service restored the outlook for the Finnish banking sector to stable on 1 April 2021.

	Long-term borrowing	Short-term borrowing	Outlook	Covered Bonds
Moody's Investors Service	A1	P-1	stable	Aaa
Standard & Poor's	A-	A-2	stable	-

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 CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G43 and P43 in the Financial statements 2020.

Staff

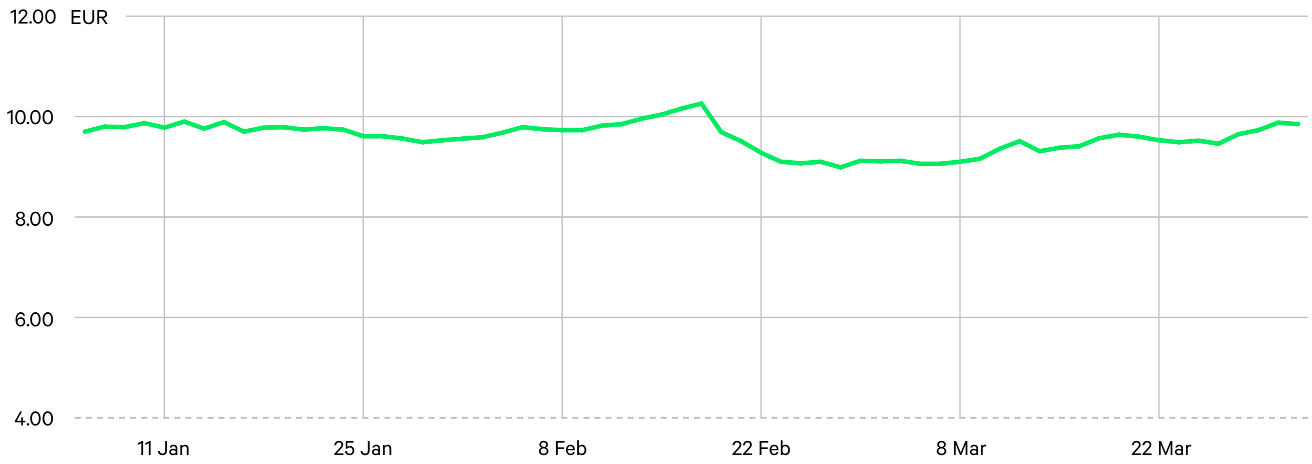
The number of full-time employees at the end of March amounted to 824 (31 December 2020; 830). The average number of full-time employees amounted to 827 (1 January–31 December 2020; 771).

Incentive scheme

As of 2018, Aktia Bank Plc has launched a new long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy.

The share savings plan AktiaUna is offered to approximately 800 Aktia employees, who will be offered an opportunity to save 2–4% of their salaries (the members of the Group's Executive Committee up to 7%) and regularly acquire the

Development of Aktia's share 4 January–31 March 2021



company's shares at a 10% reduced price. Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

Within the scope of the above mentioned AktiaUna savings plan, approximately 60 key employees, including the CEO and the members of the Group's Executive Committee, have been offered a possibility to participate in a performance-based share savings plan. The performance criteria are the Aktia Group's comparable operating profit and net commission income for the performance period.

Matching shares for the AktiaUna share savings programme, including the performance-based part of the programme, for 2019–2020 have been paid during the first quarter 2021.

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

Decisions of Aktia Bank Plc's Annual General Meeting 2021

The Annual General Meeting of Aktia Bank Plc on 13 April 2021 adopted the financial statements of the parent company and the consolidated financial statements and discharged the members of the Board of Directors, the CEO and his deputy from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided, taking into account the recommendations issued by the authorities', to authorise the Board to at a later date decide on the payment of a maximum dividend of 0.43 euro per share for the accounting period 1 January – 31 December 2020 with a payment at one or more occasions. The authorisation is in force until the Annual General Meeting 2022. The Board was authorised to decide on the record date and the date of payment of a possible dividend. Aktia will notify of the decisions separately.

The Annual General Meeting confirmed the number of board members as eight. Johan Hammarén, Maria Jerhamre Engström, Harri Lauslahti, Olli-Petteri Lehtinen, Johannes Schulman, Lasse Svens and Arja Talma were re-elected as Board members. Timo Vättö was elected as a new member of the Board of Directors. The Board of Directors, which convened after the General Meeting, elected Lasse Svens as chair and Timo Vättö as vice chair.

In accordance with the proposal by the Board of Directors the Annual General Meeting decided to approve the remuneration report for the governing bodies of Aktia Bank Plc and confirmed the remuneration for the Board members.

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

The Annual General Meeting adopted the proposal of the Board of Directors regarding resolution for share issue authorisation for up to 6,967,000 shares or securities entitling to shares, authorisation to acquire up to 500,000 company's own shares for use in the company's share based scheme and/or the remuneration of members of the company's Board of Directors and authorisation to divest up to 500,000 company's own shares.

The Annual General Meeting adopted the proposal of the Board of Directors regarding the right to a share incorporated in the book-entry system and the rights that the share carries have been forfeited for the shares in Aktia Bank Plc's collective account. The 47,920 shares now object for forfeiture are shares issued as a buffer in connection with the merger of Veritas Mutual Non-Life Insurance Company to Aktia Plc on 1 January 2009.

All proposals mentioned above are included in the Summons to the Annual General Meeting published on the website www.aktia.com under Investors > Corporate governance > Annual general meeting > Annual General Meeting 2021.

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 169.7 million. At the end of March 2021, the number of Aktia shares was 69,674,173. The total number of registered holders amounted to 39,100 (31 March 2020; 36,055). 10.36% of the shares were in foreign ownership. The number of unregistered shares was 47,920 on 31 March 2021, corresponding to 0.08% of the total number of shares. On 31 March 2021, the Group held 179,026 Aktia shares (31 March 2020; 9,865). Aktia Bank Plc's market value on 31 March 2021, the last trading day of the period, was approximately EUR 686 million. The closing price for the Aktia share on 31 March 2021 was EUR 9.85. The highest price for the Aktia share during the period was EUR 10.26 and the lowest EUR 8.99.

The average daily turnover of the Aktia share during January–March 2021 was EUR 1,326,030 or 138,399 shares.

(EUR million)	Number of shares	Share capital	Unrestricted equity reserve
1 Jan 2020	**69,172,437**	**163.0**	**110.2**
Share issue 14 Feb 2020	744,696	6.7	-
Share issue 4 May 2020	220,000	-	1.7
Share issue 27 May 2020	84,355	-	0.6
Invalidation of shares 7 Oct 2020	-717,196	-	
Share issue 16 Nov 2020	69,881	-	0.7
Other changes	-	-	-0.4
31 Dec 2020	**69,574,173**	**169.7**	**112.7**
Share issue 9 Feb 2021	100,00	-	1.0
31 Mar 2021	**69,674,173**	**169.7**	**113.7**

Financial targets up until 2023

The financial targets stipulated by the Board of Directors in September 2019 are:

- comparable operating profit of EUR 100 million (2020; EUR 55.1 million),
- return on equity (ROE) above 11% (2020; 6.7%),
- comparable cost-to-income ratio under 0.60 (2020; 0.71) and
- Common Equity Tier 1 capital ratio (CET 1) 1.5–3 percentage points over the regulatory requirement (2020; 4.2 percentage points over the minimum capital requirement 9.8%).

Risks and outlook

Risks (changed)

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

Changes in interest rate level, 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 risks.

Any future impairment of credits in Aktia's credit portfolio 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 the development of house prices.

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

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

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

The coronavirus pandemic that broke out during 2020 and the measures taken for limiting its development has influenced both the real economy and the financial market.

The development of the commission income is dependent on the volume and value development of assets under management, which as a result of market fluctuations has increased the risks pertaining to the Group's income and profitability.

The decline in real economy and the economic challenges for both private and corporate customers, cautiousness in investments, deteriorating liquidity or preparation in case of deterioration, as well as challenges in production, purchases, distribution and demand for services and products, increase the risk for financial difficulties for loan customers and therefore also the risk for future impairments of the credit portfolio.

Challenges in the real economy and the rise in unemployment increase the risk relating to the security value for real estate that are used as security for loans, which in turn increases the risk for possible impairments of the credit portfolio. During 2020, the increase in Aktia's credit risk was reflected mainly in an increased number of applications for an instalment-free period for loans but after having ended the campaign for free instalment-free periods in the spring 2020, the number of applications has returned to normal levels. During the first quarter of 2021, there were no signs that customers would have a greater need of a continued instalment-free period compared to normal circumstances.

The negative impact of the coronavirus pandemic as well as the sufficiency of the measures taken to decrease the impact are monitored and assessed continuously.

The risks of a potential realisation of the planned transaction between Taaleri Plc and Aktia Group that was published during Q1 2021, is actively managed through thorough integration planning and capital planning. Before signing the transaction in Q1 2021, a due diligence process was completed to identify and mitigate the considerable risks for the value of the transaction. Future risks associated with the potential transaction affects the realisation of the transaction and whether the set targets will be met in the integration.

Outlook 2021 (unchanged)

The comparable operating profit for 2021 is expected to be clearly higher than during 2020 provided that the circumstances on the market and in society are stable.

- The increase in net interest income is expected to continue owing to a volume increase and reasonable financing expenses. The margins on housing loans are expected to continue at a low level.
- The increase in commission income from fund and asset management is expected to continue provided that the market circumstances continue stable.
- Net income from life insurance is still very much dependent on changes in market values.
- The expenses are expected to be somewhat higher than during 2020, considering planned development projects.
- Provisions for possible credit losses are expected to continue at a moderate level at the same time as Aktia's liquidity and capital adequacy remain solid.

Tables and notes to the interim report

Key figures

(EUR million)	1Q2021	1Q2020	Δ %	2020	4Q2020	3Q2020	2Q2020
Earnings per share (EPS), EUR	0.20	0.03	567%	0.61	0.22	0.18	0.19
Total earnings per share, EUR	0.12	-0.07	-	0.70	0.24	0.23	0.30
Equity per share (NAV), EUR *[1]	9.19	8.68	6%	9.60	9.60	9.21	8.97
Average number of shares (excl. treasury shares), million[2]	69.5	69.5	0%	69.8	69.8	69.7	69.7
Number of shares at the end of the period (excl. treasury shares), million[1]	69.5	69.9	-1%	69.5	69.5	70.1	70.1
Return on equity (ROE), %*	8.6	1.4	533%	6.7	9.2	7.8	8.4
Return on assets (ROA), %*	0.55	0.08	588%	0.42	0.57	0.48	0.52
Cost-to-income ratio*	0.67	0.89	-25%	0.71	0.64	0.68	0.66
Common Equity Tier 1 capital ratio. CET1 (Bank Group), %[1]	13.8	15.9	-14%	14.0	14.0	15.6	15.7
Tier 1 capital ratio (Bank Group), %[1]	13.8	15.9	-14%	14.0	14.0	15.6	15.7
Capital adequacy ratio (Bank Group), %[1]	16.3	19.4	-16%	16.6	16.6	18.5	18.9
Risk-weighted assets (Bank Group)[1]	3,035.8	2,746.0	11%	3,030.0	3,030.0	2,900.7	2,844.8
Capital adequacy ratio (finance and insurance conglomerate), %[1]	126.9	136.2	-7%	126.6	126.6	136.9	135.7
Equity ratio, %*[1]	6.3	6.2	1%	6.6	6.6	6.4	6.3
Group financial assets*[1]	2,221.8	2,234.9	-2%	2,265.5	2,265.5	2,625.9	2,435.5
Customer assets under management*[1,3]	10,378.5	8,135.9	28%	10,446.9	10,446.9	9,623.5	9,233.3
Borrowing from the public[1]	4,370.6	4,260.1	3%	4,465.8	4,465.8	4,497.1	4,499.9
Lending to the public[1]	7,139.0	6,589.6	8%	6,999.8	6,999.8	6,779.9	6,693.8
Premiums written before reinsurers' share*	38.9	35.8	9%	106.2	35.3	17.8	17.3
Expense ratio, % (life insurance company)*[2]	97.3	88.3	10%	73.9	73.9	87.7	89.3
Solvency ratio (life insurance company), %	154.7	171.7	-10%	145.9	145.9	146.8	137.4
Eligible capital (life insurance company)	171.3	146.3	17%	159.1	159.1	154.0	148.2
Investments at fair value (life insurance company)*[1]	1,555.1	1,186.9	31%	1,515.2	1,515.2	1,421.7	1,390.1
Technical provisions for risk insurances and interest-related insurances[1]	435.9	383.8	14%	441.0	441.0	450.7	459.3
Technical provisions for unit-linked insurances[1]	1,020.2	753.4	35%	969.8	969.8	889.0	856.4
Group's personnel (FTEs), average number of employees	827	771	7%	806	826	833	797
Group's personnel (FTEs), at the end of the period[1]	824	767	7%	830	830	821	834
Alternative performance measures excluding items affecting comparability:							
Comparable cost-to-income ratio*	0.67	0.89	-25%	0.71	0.64	0.68	0.66
Comparable earnings per share (EPS), EUR*	0.20	0.03	567%	0.61	0.22	0.18	0.19
Comparable return on equity (ROE), %*	8.6	1.4	533%	6.7	9.3	7.8	8.5

* 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. Aktia presents a number of 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 the table under the Group's income statement and comprehensive income.

1) At the end of the period

2) Cumulative from the beginning of the year

3) Excluding fund in funds (comparative periods recalculated)

Formulas for the key figures are available in Aktia Bank Plc's Annual and Sustainability Report 2020 on page 111.

Consolidated income statement

(EUR million)	Note	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Net interest income	3	21.3	19.7	8%	80.7
Dividends		0.0	0.2	-96%	0.4
Commission income		27.6	27.7	0%	106.9
Commission expenses		-2.5	-2.5	-1%	-9.3
Net commission income		25.0	25.2	0%	97.6
Net income from life insurance	4	9.9	-5.2	-	19.9
Net income from financial transactions	5	1.3	-1.0	-	0.6
Other operating income		0.3	1.0	-71%	1.9
Total operating income		**57.9**	**39.9**	**45%**	**201.1**
Staff costs		-17.6	-16.6	6%	-69.1
IT expenses		-6.4	-5.6	15%	-26.0
Depreciation of tangible and intangible assets		-4.4	-4.6	-4%	-18.3
Other operating expenses		-10.3	-8.9	16%	-28.8
Total operating expenses		**-38.7**	**-35.6**	**9%**	**-142.2**
Impairment of credits and other commitments	7	-2.2	-1.4	58%	-4.0
Share of profit from associated companies		0.0	-0.1	59%	-0.1
Operating profit		**16.9**	**2.8**	**508%**	**54.8**
Taxes		-2.9	-0.7	303%	-12.2
Profit for the period		**14.0**	**2.1**	**579%**	**42.6**
Attributable to:					
Shareholders in Aktia Bank Plc		14.0	2.1	579%	42.6
Total		**14.0**	**2.1**	**579%**	**42.6**
Earnings per share (EPS), EUR		0.20	0.03	580%	0.61
Earnings per share (EPS) after dilution, EUR		0.20	0.03	580%	0.61
Operating profit excluding items affecting comparability:					
Operating profit		16.9	2.8	508%	54.8
Operating expenses:					
Costs for restructuring		-	-	-	0.3
Comparable operating profit		**16.9**	**2.8**	**508%**	**55.1**

Consolidated statement of comprehensive income

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Profit for the period	14.0	2.1	579%	42.6
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets	-4.6	-5.7	20%	8.4
Change in valuation of fair value for cash flow hedging	0.0	-	-	0.3
Transferred to the income statement for financial assets	-0.8	-1.3	33%	-2.6
Comprehensive income from items which can be transferred to the income statement	-5.5	-7.0	22%	6.2
Defined benefit plan pensions	-	-	-	-0.2
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.2
Total comprehensive income for the period	**8.5**	**-4.9**	**-**	**48.6**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank Plc	8.5	-4.9	-	48.6
Total	**8.5**	**-4.9**	**-**	**48.6**
Total earnings per share. EUR	0.12	-0.07	-	0.70
Total earnings per share after dilution. EUR	0.12	-0.07	-	0.70
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	8.9	-4.9	-	48.6
Operating expenses:				
Costs for restructuring	-	-	-	0.2
Comparable total comprehensive income	**8.9**	**-4.9**	**-**	**48.8**

Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Staff costs	-	-	-	-0.3
Total operating expenses	**-**	**-**	**-**	**-0.3**
Operating profit	**-**	**-**	**-**	**-0.3**
Taxes	-	-	-	0.1
Total comprehensive income for the year	**-**	**-**	**-**	**-0.2**

Consolidated balance sheet

(EUR million)	Note	31 Mar 2021	31 Dec 2020	Δ %	31 Mar 2020
Assets					
Interest-bearing securities		99.1	102.7	-4%	20.7
Shares and participations		160.7	159.9	0%	139.0
Investments for unit-linked investments		1,021.5	969.9	5%	754.0
Financial assets measured at fair value through income statement	8	1,281.3	1,232.5	4%	913.7
Interest-bearing securities		1,161.3	1,258.2	-8%	1,249.0
Financial assets measured at fair value through other comprehensive income	8	1,161.3	1,258.2	-8%	1,249.0
Interest-bearing securities	7,8	433.8	413.8	5%	390.8
Lending to Bank of Finland and credit institutions	7,8	27.1	28.9	-6%	17.5
Lending to the public and public sector entities	7,8	7,139.0	6,999.8	2%	6,589.6
Cash and balances with central banks	8	339.3	298.6	14%	403.3
Financial assets measured at amortised cost		7,939.1	7,741.1	3%	7,401.1
Derivative instruments	6,8	59.9	76.1	-21%	69.5
Investments in associated companies and joint ventures		0.2	0.1	89%	0.0
Intangible assets		56.5	57.9	-2%	61.4
Right-of-use assets		24.7	22.6	9%	11.0
Investment properties		41.3	39.8	4%	42.5
Other tangible assets		6.4	5.3	20%	2.1
Tangible and intangible assets		128.9	125.7	3%	116.9
Other assets		100.3	136.1	-26%	89.7
Income tax receivables		0.6	0.5	23%	1.2
Deferred tax receivables		2.5	2.5	1%	3.6
Tax receivables		3.1	3.0	5%	4.8
Total assets		**10,674.2**	**10,572.8**	**1%**	**9,844.7**
Liabilities					
Liabilities to central banks		650.0	550.0	18%	400.0
Liabilities to credit institutions		144.3	148.6	-3%	135.9
Liabilities to the public and public sector entities		4,370.6	4,465.8	-2%	4,260.1
Deposits	8	5,164.9	5,164.4	0%	4,796.0
Derivative instruments	6,8	17.4	12.2	42%	12.1
Debt securities issued		3,005.0	2,845.8	6%	2,837.2
Subordinated liabilities		127.3	158.2	-20%	196.3
Other liabilities to credit institutions		23.2	24.6	-6%	33.7
Other liabilities to the public and public sector entities		100.0	150.0	-33%	100.0
Other financial liabilities	8	3,255.5	3,178.5	2%	3,167.2
Technical provisions for risk insurances and interest-related insurances		435.9	441.0	-1%	383.8
Technical provisions for unit-linked insurances		1,020.2	969.8	5%	753.4
Technical provisions		1,456.1	1,410.8	3%	1,137.2
Other liabilities		89.3	82.9	8%	76.0
Provisions		1.6	1.3	26%	0.9
Income tax liabilities		0.5	4.0	-88%	0.4
Deferred tax liabilities		50.5	51.7	-2%	48.2
Tax liabilities		51.0	55.8	-9%	48.6
Total liabilities		**10,035.7**	**9,905.9**	**1%**	**9,238.0**
Equity					
Restricted equity		185.5	191.0	-3%	177.8
Unrestricted equity		452.9	475.8	-5%	428.9
Total equity		**638.5**	**666.8**	**-4%**	**606.7**
Total liabilities and equity		**10,674.2**	**10,572.8**	**1%**	**9,844.7**

Consolidated off-balance-sheet commitments

(EUR million)	31 Mar 2021	31 Dec 2020	Δ %	31 Mar 2020
Guarantees	22.0	22.2	-1%	28.0
Other commitments provided to a third party	5.6	8.2	-31%	7.9
Commitments provided to a third party on behalf of the customers	27.7	30.4	-9%	35.9
Unused credit arrangements	687.6	660.0	4%	612.3
Other commitments provided to a third party	8.2	8.6	-4%	10.1
Irrevocable commitments provided on behalf of customers	695.8	668.5	4%	622.5
Total	**723.5**	**698.9**	**4%**	**658.4**

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 January 2020	**163.0**	**15.1**	**2.6**	**110.2**	**319.1**	**610.0**
Share issue	6.7			2.9	-2.5	7.2
Acquisition of treasury shares					-1.7	-1.7
Divestment of treasury shares				0.2	1.3	1.5
Profit for the period					42.6	42.6
Financial assets		5.8				5.8
Cash flow hedging		0.3				0.3
Defined benefit plan pensions					-0.2	-0.2
Total comprehensive income for the period		6.2			42.4	48.6
Change in share-based payments (IFRS 2)			0.3		1.5	1.8
Repayment of dividend debt for invalidated shares					3.6	3.6
Equity as at 31 December 2020	**169.7**	**21.3**	**3.0**	**112.7**	**360.2**	**666.8**
Equity as at 1 Janaury 2021	**169.7**	**21.3**	**3.0**	**112.7**	**360.2**	**666.8**
Share issue				1.0	0.0	1.0
Acquisition of treasury shares					-1.0	-1.0
Divestment of treasury shares				0.1	1.0	1.0
Dividend to shareholders					-36.8	-36.8
Profit for the period					14.0	14.0
Financial assets		-5.4				-5.4
Cash Flow hedging		0.0				0.0
Total comprehensive income for the period		-5.5			14.0	8.5
Change in share-based payments (IFRS 2)			-1.4		0.3	-1.1
Equity as at 31 March 2021	**169.7**	**15.8**	**1.5**	**113.7**	**337.6**	**638.5**
Equity as at 1 Janaury 2020	**163.0**	**15.1**	**2.6**	**110.2**	**319.1**	**610.0**
Share issue	6.7				-6.1	0.6
Divestment of treasury shares				0.0	0.2	0.2
Profit for the period					2.1	2.1
Financial assets		-7.0				-7.0
Total comprehensive income for the period		-7.0			2.1	-4.9
Change in share-based payments (IFRS 2)			0.4		0.4	0.8
Egquity as at 31 March 2020	**169.7**	**8.1**	**3.1**	**110.2**	**315.6**	**606.7**

Consolidated cash flow statement

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Cash flow from operating activities				
Operating profit	16.9	2.8	508%	54.8
Adjustment items not included in cash flow	4.3	20.8	-79%	12.5
Paid income taxes	-6.4	-6.7	3%	-12.4
Cash flow from operating activities before change in receivables and liabilities	**14.8**	**16.9**	**-13%**	**54.9**
Increase (-) or decrease (+) in receivables from operating activities	-80.6	-82.2	2%	-774.4
Increase (+) or decrease (-) in liabilities from operating activities	169.9	176.7	-4%	775.1
Total cash flow from operating activities	**104.0**	**111.4**	**-7%**	**55.6**
Cash flow from investing activities				
Investment in investment properties	0.0	-1.2	97%	-1.5
Investment in tangible and intangible assets	-3.0	-1.6	-85%	-11.0
Proceeds from sale of tangible and intangible assets	0.0	-	-	0.0
Share issue and capital loan to associated companies	-0.2	-	-	-0.1
Acquisition of Liv-Alandia's life insurance portfolio	-	-	-	7.0
Total cash flow from investing activities	**-3.2**	**-2.8**	**-15%**	**-5.6**
Cash flow from financing activities				
Subordinated liabilities	-30.9	-19.1	-61%	-57.3
Dividend/share issue to the non-controlling interest	-	-3.0	-	-3.0
Divestment of treasury shares	1.0	0.2	458%	0.9
Paid dividends	-36.8	-	-	-
Total cash flow from financing activities	**-66.6**	**-22.0**	**-203%**	**-59.4**
Change in cash and cash equivalents	**34.2**	**86.6**	**-61%**	**-9.5**
Cash and cash equivalents at the beginning of the year	276.6	286.1	-3%	286.1
Cash and cash equivalents at the end of the period	310.8	372.7	-17%	276.6
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	0.7	1.2	-47%	1.3
Bank of Finland current account	290.0	357.0	-19%	248.3
Repayable on demand claims on credit insitutions	20.2	14.4	40%	27.0
Total	**310.8**	**372.7**	**-17%**	**276.6**
Adjustment items not included in cash flow consist of:				
Impairment of interest-bearing securities	-0.2	0.9	-	0.1
Unrealised value change of financial assets measured at fair value through income statement	-0.5	11.9	-	1.6
Impairment of credits and other commitments	2.2	1.4	58%	4.0
Change in fair value	2.7	3.4	-21%	-9.7
Depreciation and impairment of tangible and intangible assets	3.2	3.1	2%	12.6
Unwound fair value hedging	-0.5	-0.5	5%	-2.1
Change in fair values of investment properties	-1.4	0.9	-	3.8
Change in share-based payments	-1.5	0.2	-	0.1
Other adjustments	0.3	-0.5	-	2.0
Total	**4.3**	**20.8**	**-79%**	**12.5**

Quarterly trends in the Group

(EUR million)

Income statement	**1Q2021**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**2020**
Net interest income	21.3	20.8	20.0	20.1	19.7	80.7
Dividends	0.0	0.1	0.0	0.1	0.2	0.4
Net commission income	25.0	25.4	24.2	22.9	25.2	97.6
Net income from life insurance	9.9	10.2	4.7	10.1	-5.2	19.9
Net income from financial transactions	1.3	0.1	0.2	1.3	-1.0	0.6
Other operating income	0.3	0.4	0.3	0.2	1.0	1.9
Total operating income	**57.9**	**57.0**	**49.4**	**54.8**	**39.9**	**201.1**
Staff costs	-17.6	-17.7	-16.4	-18.4	-16.6	-69.1
IT expenses	-6.4	-6.9	-7.1	-6.4	-5.6	-26.0
Depreciation of tangible and intangible assets	-4.4	-4.6	-4.3	-4.8	-4.6	-18.3
Other operating expenses	-10.3	-7.2	-6.0	-6.7	-8.9	-28.8
Total operating expenses	**-38.7**	**-36.4**	**-33.8**	**-36.3**	**-35.6**	**-142.2**
Impairment of credits and other commitments	-2.2	-0.8	-0.1	-1.8	-1.4	-4,0
Impairment of other receivables	-	-	0.4	-0.4		-
Share of profit from associated companies	0.0	-0.1	0.0	0.0	-0.1	-0.1
Operating profit	**16.9**	**19.7**	**16.0**	**16.3**	**2.8**	**54.8**
Taxes	-2.9	-4.6	-3.5	-3.3	-0.7	-12.2
Profit for the period	**14.0**	**15.1**	**12.4**	**13.0**	**2.1**	**42.6**
Attributable to:						
Shareholders in Aktia Bank Plc	14.0	15.1	12.4	13.0	2.1	42.6
Total	**14.0**	**15.1**	**12.4**	**13.0**	**2.1**	**42.6**
Earnings per share (EPS), EUR	0.20	0.22	0.18	0.19	0.03	0.61
Earnings per share (EPS) after dilution, EUR	0.20	0.22	0.18	0.19	0.03	0.61

Operating profit excluding items affecting comparability:	**1Q2021**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**2020**
Operating profit	16.9	19.7	16.0	16.3	2.8	54.8
Operating expenses:						
Costs for restructuring	-	0.1	-	0.2	-	0.3
Comparable operating profit	**16.9**	**19.8**	**16.0**	**16.5**	**2.8**	**55.1**

(EUR million)

Comprehensive income	**1Q2021**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**2020**
Profit for the period	14.0	15.1	12.4	13.0	2.1	42.6
Other comprehensive income after taxes:						
Change in fair value for financial assets	-4.6	1.5	4.0	8.7	-5.7	8.4
Change in fair value for cash flow hedging	0.0	0.2	0.1	0.0	-	0.3
Transferred to the income statement for financial assets	-0.8	-0.1	-0.5	-0.7	-1.3	-2.6
Comprehensive income from items which can be transferred to the income statement	-5.5	1.5	3.6	8.0	-7.0	6.2
Defined benefit plan pensions	-	-0.2	-	-	-	-0.2
Comprehensive income from items which can not be transferred to the income statement	-	-0.2	-	-	-	-0.2
Total comprehensive income for the period	**8.5**	**16.4**	**16.1**	**21.0**	**-4.9**	**48.6**
Total comprehensive income attributable to:						
Shareholders in Aktia Bank Plc	8.5	16.4	16.1	21.0	-4.9	48.6
Total	**8.5**	**16.4**	**16.1**	**21.0**	**-4.9**	**48.6**
Total earnings per share, EUR	0.12	0.24	0.23	0.30	-0.07	0.70
Total earnings per share after dilution, EUR	0.12	0.24	0.23	0.30	-0.07	0.70

Total comprehensive income excluding items affecting comparability:	**1Q2021**	**4Q2020**	**3Q2020**	**2Q2020**	**1Q2020**	**2020**
Operating profit	8.5	16.4	16.1	21.0	-4.9	48.6
Operating expenses:						
Costs for restructuring	-	0.1	-	0.2	-	0.2
Comparable total comprehensive income	**8.5**	**16.5**	**16.1**	**21.2**	**-4.9**	**48.8**

Quarterly trends in the Segments

Banking Business	1Q2021	4Q2020	3Q2020	2Q2020	1Q2020	2020
Net interest income	18.0	18.5	18.2	17.9	16.9	71.6
Net commission income	16.4	16.2	15.7	15.1	16.6	63.6
Other operating income	0.2	0.1	0.2	0.1	0.7	1.0
Total operating income	**34.6**	**34.9**	**34.0**	**33.1**	**34.3**	**136.2**
Staff costs	-5.1	-5.4	-5.1	-5.3	-4.6	-20.5
Other operating expenses[1]	-22.2	-20.7	-19.5	-20.3	-20.9	-81.3
Total operating expenses	**-27.4**	**-26.1**	**-24.5**	**-25.6**	**-25.6**	**-101.8**
Impairment of credits and other commitments	-2.2	-0.8	-0.1	-1.8	-1.4	-4.0
Impairment of other receivables	-		0.4	-0.4	-	-
Operating profit	**4.9**	**8.0**	**9.8**	**5.3**	**7.3**	**30.4**
Comparable operating profit	**4.9**	**8.0**	**9.8**	**5.4**	**7.3**	**30.5**

Asset Management	1Q2021	4Q2020	3Q2020	2Q2020	1Q2020	2020
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0
Net commission income	10.3	10.7	10.1	9.4	10.2	40.3
Net income from life insurance	8.8	9.2	3.7	9.2	-6.3	15.8
Other operating income	0.1	0.1	0.0	0.0	0.1	0.2
Total operating income	**19.2**	**19.9**	**13.9**	**18.7**	**3.9**	**56.4**
Staff costs	-3.9	-3.6	-3.0	-3.6	-3.6	-13.9
Other operating expenses[1]	-6.0	-4.8	-4.7	-4.6	-4.5	-18.5
Total operating expenses	**-9.9**	**-8.4**	**-7.7**	**-8.2**	**-8.1**	**-32.4**
Operating profit	**9.3**	**11.5**	**6.2**	**10.5**	**-4.2**	**24.0**
Comparable operating profit	**9.3**	**11.6**	**6.2**	**10.5**	**-4.2**	**24.1**

Group Functions	1Q2021	4Q2020	3Q2020	2Q2020	1Q2020	2020
Net interest income	3.4	2.3	1.9	2.2	2.7	9.1
Net commission income	1.4	1.7	1.5	1.5	1.7	6.4
Other operating income	1.4	0.5	0.3	1.6	-0.5	1.9
Total operating income	**6.2**	**4.5**	**3.7**	**5.3**	**4.0**	**17.4**
Staff costs	-8.6	-8.6	-8.4	-9.5	-8.3	-34.7
Other operating expenses[1]	5.1	4.5	4.6	4.8	4.1	17.9
Total operating expenses	**-3.5**	**-4.2**	**-3.8**	**-4.7**	**-4.2**	**-16.8**
Impairment of credits and other commitments	-	-	-	-	0.0	0.0
Operating profit	**2.7**	**0.3**	**-0.1**	**0.6**	**-0.3**	**0.5**
Comparable operating profit	**2.7**	**0.3**	**-0.1**	**0.7**	**-0.3**	**0.6**

1) The net cost for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

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–31 March 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2020. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The interim report for the period 1 January–31 March 2021 was approved by the Board of Directors on 5 May 2021.

Key accounting principles

In preparing the interim report the Group has followed the accounting principles applicable to the annual report of 31 December 2020.

Accounting principles requiring management discretion

The calculation of ECL (Expected Credit Loss) includes essential assessments due to the current uncertainty and the low visibility regarding the effects of the coronavirus crisis. To support the Group's ECL calculations an expert panel has been established in order to observe relevant future macroeconomic factors. Macroeconomic factors considered include, for example, unemployment, interest rate level, inflation, residential and commercial property prices. The methodologies and scenarios over future macroeconomic prerequisites have been updated per quarter and include essential assessments e.g. in order to observe the coronavirus crisis' impact on future expected credit losses. The assessment includes several considerations, the Group has among other things taken into account the authorities' extensive stimulus packages. In the calculation of the ECL it has also been taken into account that the instalment-free periods due to the corona crisis do not automatically lead to an increased need for provisions, the assessment is carried out individually in conjunction with the handling of the applications. The assessments have been made on the basis of the information available at the date of reporting. Due to the current uncertainty and the limited availability on trustworthy data the assessments for the future include significant uncertainty, which could have a considerable effect on the ECL estimate. The macroeconomic development and the assessments of credit quality are revised continuously on a quarterly basis. As of 1 January 2021, Aktia has introduced the new Definition of Default in accordance with EBA's guidelines in CRR 178.

No new or adjusted IFRS standards have been implemented this year.

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

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. IFRS 17 means new starting points for reporting and measurement of insurance contracts as well as rules on how insurance contracts are presented in the notes. The aim of the new standard is to increase transparency, give a more accurate picture of the results of the insurance contracts and to reduce the differences in accounting between different insurance contracts. This year, IASB has approved a change package for IFRS 17 which will postpone the introduction of the standard to 2023. The standard is expected to be approved by the EU during 2021 and will be compulsory in the EU on 1 January 2023. Aktia Group aims at implementing IFRS 17 when the standard becomes compulsory within EU.

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 risk exposure

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 the capital adequacy regulations.

(EUR million)	**31 Mar 2021**		**31 Dec 2020**		**31 Mar 2020**	
Calculation of the Bank Group’s capital base	**Group**	**Bank Group**	**Group**	**Bank Group**	**Group**	**Bank Group**
Total assets	**10,674.2**	**9 154.6**	**10,572.8**	**9,091.4**	**9,844.7**	**8,688.7**
of which intangible assets	56.5	55.7	57.9	57.1	61.4	60.8
Total liabilities	**10,035.7**	**8 611.1**	**9,905.9**	**8,516.9**	**9,238.0**	**8,159.2**
of which subordinated liabilities	127.3	127.3	158.2	158.2	196.3	196.3
Share capital	169.7	169.7	169.7	169.7	169.7	169.7
Fund at fair value	15.8	12.4	21.3	15.5	8.1	5.6
Restricted equity	185.5	182.1	191.0	185.3	177.8	175.4
Unrestricted equity reserve and other funds	115.3	115.2	115.7	115.6	113.2	113.1
Retained earnings	323.6	237.2	317.6	235.9	313.6	231.9
Profit for the period	14.0	9.0	42.6	37.8	2.1	9.1
Unrestricted equity	452.9	361.4	475.8	389.3	428.9	354.1
Shareholders' share of equity	638.5	543.5	666.8	574.5	606.7	529.5
Equity	**638.5**	**543.5**	**666.8**	**574.5**	**606.7**	**529.5**
Total liabilities and equity	**10,674.2**	**9 154.6**	**10,572.8**	**9,091.4**	**9,844.7**	**8,688.7**
Off-balance sheet commitments	**695.0**	**686.4**	**698.9**	**690.4**	**658.4**	**648.3**
The Bank Group's equity		**543.5**		**574.5**		**529.5**
Provision for dividends to shareholders		-		-29.9		-
Profit for the period, for which no application was filed with the Financial Supervisory Authority		-9.0		-		-9.1
Intangible assets		-55.7		-57.1		-60.8
Debentures		76.9		80.1		96.1
Additional expected losses according to IRB		-27.7		-23.6		-21.3
Deduction for significant holdings in financial sector entities		-4.0		-3.4		-2.3
Other incl. unpaid dividend		-29.3		-36.4		0.8
Total capital base (CET1 + AT1 + T2)		**494.8**		**504.3**		**533.1**

The calculation of own funds doesn’t include the treatment of article 468 of EU regulation 2020/873 (so called CRR quick fix). The article introduces a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

(EUR million)

The Bank Group's capital adequacy	**31 Mar 2021**	**31 Dec 2020**	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**
Common Equity Tier 1 Capital before regulatory adjustments	505.2	508.4	532.4	528.8	520.5
Common Equity Tier 1 Capital regulatory adjustments	-87.4	-84.2	-79.6	-81.8	-83.6
Total Common Equity Tier 1 Capital (CET1)	**417.9**	**424.3**	**452.8**	**447.0**	**437.0**
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)	**417.9**	**424.3**	**452.8**	**447.0**	**437.0**
Tier 2 capital before regulatory adjustments	76.9	80.1	84,6	90.1	96.1
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	**76.9**	**80.1**	**84,6**	**90.1**	**96.1**
Total own funds (TC = T1 + T2)	**494.8**	**504.3**	**537,5**	**537.1**	**533.1**
Risk weighted assets	**3,035.8**	**3,030.0**	**2,900.7**	**2,844.8**	**2,746.0**
of which credit risk, the standardised model	654.7	663.8	658.9	651.0	591.1
of which credit risk, the IRB model	2,021.7	1,909.8	1,781.4	1,727.0	1,631.1
of which 15% risk-weight floor for residential mortgages	-	96.9	99.0	105.5	162.4
of which market risk	-	-	-	-	-
of which operational risk	359.5	359.5	361.3	361.3	361.3
Own funds requirement (8%)	242.9	242.4	232.1	227.6	219.7
Own funds buffer	251.9	261.9	305.4	309.5	313.4
CET1 Capital ratio	13.8%	14.0%	15.6%	15.7%	15.9%
T1 Capital ratio	13.8%	14.0%	15.6%	15.7%	15.9%
Total capital ratio	16.3%	16.6%	18.5%	18.9%	19.4%
Own funds floor (CRR article 500)					
Own funds	494.8	504.3	537.5	537.1	533.1
Own funds floor[1]	232.3	229.0	221.4	220.0	214.6
Own funds buffer	262.5	275.3	316.0	317,1	318,5

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.

Bank Group's risk-weighted amount for operational risks

(EUR million)

Risk-weighted amount for operational risks	**2018**	**2019**	**2020**	**31 Mar 2021**	**31 Dec 2020**	**30 Sep 2020**	**30 Jun 2020**	**31 Mar 2020**
Gross income	193.6	195.6	185.9					
- average 3 years			191.7					
Capital requirement for operational risk				**28.8**	**28.8**	**28.9**	**28.9**	**28.9**
Risk-weighted amount				**359.5**	**359.5**	**361.3**	**361.3**	**361.3**

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

(EUR million)	31 March 2021				
The Bank Group's total risk exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital requirement 8%**
Exposure class					
Credit risk, IRB approach					
Corporates - SME	749.7	680.0	78%	530.5	42.4
Corporates - Other	683.3	633.4	76%	482.2	38.6
Retail - Secured by immovable property non-SME	4,883.3	4,872.1	15%	722.1	57.8
Retail - Secured by immovable property SME	150.6	149.0	52%	77.6	6.2
Retail - Other non-SME	190.7	187.1	35%	65.1	5.2
Retail - Other SME	32.1	30.6	63%	19.2	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	-	-
Equity exposures	47.5	47.5	263%	125.0	10.0
Total exposures, IRB approach	**6,737.2**	**6,599.5**	**31%**	**2,021.7**	**161.7**
Credit risk, standardised approach					
States and central banks	524.3	573.7	0%	0.0	0.0
Regional goverments and local authorities	120.0	137.6	0%	0.1	0.0
Multilateral development banks	-	-	-	-	-
International organisations	20.0	20.0	0%	-	-
Credit institutions	397.3	332.4	32%	106.3	8.5
Corporates	146.8	79.8	98%	78.5	6.3
Retail exposures	234.3	89.4	72%	64.7	5.2
Secured by immovable property	815.7	776.3	31%	239.8	19.2
Past due items	1.5	1.0	126%	1.2	0.1
Covered Bonds	735.0	735.0	10%	76.3	6.1
Other items	126.4	126.4	58%	72.9	5.8
Total exposures, standardised approach	**3,121.3**	**2,871.5**	**22%**	**639.8**	**51.2**
Total risk exposures	**9,858.4**	**9,471.0**	**28%**	**2,661.5**	**212.9**

(EUR million)	31 December 2020				
The Bank Group's total risk exposures	**Contractual exposure**	**Exposure at default**	**Risk weight, %**	**Risk-weighted amount**	**Capital requirement 8%**
Exposure class					
Credit risk, IRB approach					
Corporates - SME	520.5	473.7	79%	376.3	30.1
Corporates - Other	893.6	837.5	72%	607.1	48.6
Retail - Secured by immovable property non-SME	4,810.6	4,800.7	14%	656.8	52.5
Retail - Secured by immovable property SME	151.3	149.7	49%	73.1	5.9
Retail - Other non-SME	178.5	174.8	30%	51.9	4.2
Retail - Other SME	33.0	31.2	60%	18.7	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	96.9	7.8
Equity exposures	47.9	47.9	263%	125.8	10.1
Total exposures, IRB approach	**6,635.5**	**6,515.6**	**31%**	**2 006.7**	**160.5**
Credit risk, standardised approach					
States and central banks	482.7	530.0	0%	-	-
Regional goverments and local authorities	186.5	207.7	0%	0.8	0.1
Multilateral development banks	-	-	-	-	-
International organisations	20.1	20.1	0%	-	-
Credit institutions	407.8	319.8	31%	100.5	8.0
Corporates	202.4	105.9	96%	101.9	8.1
Retail exposures	240.0	95.6	72%	69.3	5.5
Secured by immovable property	690.1	652.0	34%	224.4	18.0
Past due items	0.6	0.5	141%	0.7	0.1
Covered Bonds	800.9	800.9	10%	82.2	6.6
Other items	120.4	120.4	54%	64.7	5.2
Total exposures, standardised approach	**3,151.4**	**2,853.0**	**23%**	**644.4**	**51.6**
Total risk exposures	**9,786.9**	**9,368.5**	**28%**	**2 651.1**	**212.1**

The finance and insurance conglomerates capital adequacy

(EUR million)	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
Summary					
The Group's equity	638.5	666.8	645.7	629.0	606.7
Sector-specific assets	80.5	83.9	88.7	94.4	100.7
Intangible assets and other reduction items	-141.1	-177.7	-142.7	-141.4	-115.1
Conglomerate´s total capital base	**577.8**	**573.1**	**591.7**	**582.0**	**592.2**
Capital requirement for banking business	344.6	343.7	327.5	321.2	349.5
Capital requirement for insurance business[1]	110.7	109.0	104.9	107.9	85.2
Minimum amount for capital base	**455.3**	**452.7**	**432.3**	**429.1**	**434.8**
Conglomerate´s capital adequacy	**122.5**	**120.4**	**159.4**	**153.0**	**157.5**
Capital adequacy ratio, %	126.9%	126.6%	136.9%	135.7%	136.2%

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

The finance and insurance 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 3. Net interest income

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Borrowing and lending	20.7	18.8	10%	78.3
Liquidity portfolio	1.4	1.4	1%	6.2
Hedging measures through interest rate derivatives	0.5	0.5	-3%	2.2
Other, incl. funding from wholesale market	-1.3	-1.1	-17%	-6.0
Total	**21.3**	**19.7**	**8%**	**80.7**

Borrowing and lending include the Covered Bonds issued by mortgage bank operations and the interest rate hedging that was made in connection with the issues. Other consists mainly of senior financing, its interest rate hedging and risk debentures.

Note 4. Net income from life insurance

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Premiums written	38.7	35.6	9%	105.3
Net income from investments	6.4	-7.9	-	7.8
of which change in ECL impairment	0.1	-0.3	-	0.0
of which unrealised value changes for shares and participations	0.5	-10.0	-	-0.5
of which unrealised value changes for investment properties	1.4	-0.9	-	-3.8
Insurance claims paid	-25.3	-37.0	32%	-119.3
Net change in technical provisions	-9.9	4.2	-	26.0
Total	**9.9**	**-5.2**	**-**	**19.9**

Note 5. Net income from financial transactions

(EUR million)	Jan-Mar 2021	Jan-Mar 2020	Δ %	2020
Net income from financial assets measured at fair value through income statement	0.2	-0.1	-	0.2
Net income from securities and currency operations	0.1	-0.4	-	0.5
of which unrealised value changes in shares and participations	0.1	-0.5	-	0.2
Net income from financial assets measured at fair value through other comprehensive income	0.9	-0.4	-	0.3
of which change in ECL impairment	0.1	-0.4	-	0.0
Net income from interest-bearing securities measured at amortised cost	0.0	-0.2	91%	0.0
of which change in ECL impairment	0.0	-0.2	91%	0.0
Net income from hedge accounting	0.1	0.1	-50%	-0.4
Total	**1.3**	**-1.0**	**-**	**0.6**

Note 6. Derivative instruments

	31 March 2021		
Hedging derivative instruments (EUR million)	**Total nominal amount**	**Assets, fair value**	**Liabilities, fair value**
Fair value hedging			
Interest rate-related	2,640.4	50.3	13.4
Total	**2,640.4**	**50.3**	**13.4**
Cash Flow hedging			
Interest rate-related	240.2	5.7	-
Total	**240.2**	**5.7**	**-**
Derivative instruments valued through the income statement			
Interest rate-related[1]	100.0	3.8	3.8
Currency-related	8.1	0.1	0.1
Total	**108.1**	**3.9**	**4.0**
Total derivative instruments			
Interest rate-related	2,980.6	59.8	17.2
Currency-related	8.1	0.1	0.1
Total	**2,988.7**	**59.9**	**17.4**

	31 December 2020		
Hedging derivative instruments (EUR million)	**Total nominal amount**	**Assets, fair value**	**Liabilities, fair value**
Fair value hedging			
Interest rate-related	2,570.4	63.3	6.8
Total	**2,570.4**	**63.3**	**6.8**
Cash Flow hedging			
Interest rate-related	240.2	7.4	-
Total	**240.2**	**7.4**	**-**
Derivative instruments valued through the income statement			
Interest rate-related[1]	120.0	5.2	5.5
Currency-related	8.2	0.1	0.0
Total	**128.2**	**5.4**	**5.5**
Total derivative instruments			
Interest rate-related	2,930.6	76.0	12.2
Currency-related	8.2	0.1	0.0
Total	**2,938.9**	**76.1**	**12.2**

1) Interest-linked derivative instruments include interest rate hedging provided for local banks, which after back-to-back hedging with third parties amounted to EUR 100.0 (120.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 31 March 2021				
Interest-bearing securities	1,595.1	-	-	1,595.1
Lending	6,734.4	342.1	89.6	7,166.1
Off-balance sheet commitments	719.3	3.0	1.2	723.5
Total	**9,048.8**	**345.1**	**90.8**	**9,484.7**
Book value of financial assets 31 December 2020				
Interest-bearing securities	1,672.0	-	-	1,672.0
Lending	6,646.2	334.8	47.7	7,028.7
Off-balance sheet commitments	695.8	2.5	0.6	698.9
Total	**9,014.0**	**337.3**	**48.3**	**9,399.6**

Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2021 according to IFRS 9	4.3	5.3	21.3	30.9
Transferred from stage 1 to stage 2	-0.1	0.9	-	0.8
Transferred from stage 1 to stage 3	-0.2	-	1.2	1.0
Transferred from stage 2 to stage 1	0.0	-0.3	-	-0.3
Transferred from stage 2 to stage 3	-	-1.0	1.4	0.4
Transferred from stage 3 to stage 1	0.0	-	-0.1	-0.1
Transferred from stage 3 to stage 2	-	0.1	-0.1	0.0
Reversal of impairment	-	-	-0.1	-0.1
Other changes	0.0	-0.4	0.8	0.5
Impairment January-March 2021 in the income statement	-0.2	-0.7	3.2	2.2
Realised losses for which write-downs were made in previous years	-	-	-1.6	-1.6
Reversal of impairment	-	-	0.1	0.1
Impairment of credits and the other commitments 31 March 2021 according to IFRS 9	**4.0**	**4.6**	**23.0**	**31.6**
of which ECL provisions in the balance sheet	1.0	0.0	0.6	1.6

Interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2021 according to IFRS 9	0.8	-	0.3	1.1
Other changes	-0.2	-	-	-0.2
Impairment January-March 2021 in the income statement	-0.2	-	-	-0.2
Impairment of interest-bearing securities 31 March 2021 according to IFRS 9	**0.6**	**-**	**0.3**	**0.9**

The model-based provisions with regards to healthy credits in stage 1 and stage 2 decreased during the first quarter, compared to the calculations for Q4 2020, as the macroeconomic assumptions were updated during the first quarter to better consider the impact of the more optimistic economic outlook. The provisions with regards to non-performing loans in stage 3 increased because the definition of insolvency had changed.

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	31 March 2021		31 December 2020	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets measured at fair value through income statement	1,281.3	1,281.3	1,232.5	1,232.5
Financial assets measured at fair value through other comprehensive income	1,161.3	1,161.3	1,258.2	1,258.2
Interest-bearing securities measured at amortised cost	433.8	462.2	413.8	448.3
Loans and other receivables	7,166.1	7,220.8	7,028.7	7,127.8
Cash and balances with central banks	339.3	339.3	298.6	298.6
Derivative instruments	59.9	59.9	76.1	76.1
Total	**10,441.6**	**10,524.8**	**10,307.8**	**10,441.5**
Financial liabilities				
Deposits	5,164.9	5,173.3	5,164.4	5,164.5
Derivative instruments	17.4	17.4	12.2	12.2
Debt securities issued	3,005.0	3,043.3	2,845.8	2,882.1
Subordinated liabilities	127.3	127.7	158.2	156.2
Other liabilities to credit institutions	23.2	23.3	24.6	24.7
Other liabilities to the public and public sector entities	100.0	100.3	150.0	150.5
Liabilities for right-of-use assets	26.6	26.6	24.6	24.6
Total	**8,464.4**	**8,511.9**	**8,379.8**	**8,414.8**

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

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flows at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a margin 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 total credit risk component for the counterparty credit risk as well as for the own credit risk.

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

	31 March 2021				31 December 2020			
(EUR million)	**Market value classified into**				**Market 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 measured at fair value through income statement								
Investments for unit-linked investments	1,021.5	0.0	0.0	1,021.5	969.9	-	-	969.9
Interest-bearing securities	24.6	74.5	0.0	99.1	24.2	78.5	-	102.7
Shares and participations	113.0	-	47.7	160.7	113.0	-	46.9	159.9
Total	**1,159.1**	**74.5**	**47.7**	**1,281.3**	**1,107.0**	**78.5**	**46.9**	**1,232.5**
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	1,049.3	36.9	75.2	1,161.3	1,128.6	54.4	75.2	1,258.2
Total	**1,049.3**	**36.9**	**75.2**	**1,161.3**	**1,128.6**	**54.4**	**75.2**	**1,258.2**
Derivative instruments, net	0.0	42.5	-	42.5	0.1	63.7	-	63.8
Total	**0.0**	**42.5**	**-**	**42.5**	**0.1**	**63.7**	**-**	**63.8**
Total	**2,208.3**	**153.9**	**122.9**	**2,485.1**	**2,235.7**	**196.7**	**122.1**	**2,554.5**

Transfers between level 1 and level 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 period no transfers between level 1 and level 2 have occurred.

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 in the fair value hierarchy 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 class 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 changes for financial instruments belonging to level 3	Financial assets measured at fair value through income statement			Financial assets measured at fair value through other comprehensive income			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 January 2021	-	46.9	46.9	75.2	-	75.2	75.2	46.9	122.1
New purchases	-	0.3	0.3	-	-	-	-	0.3	0.3
Sales	-	0.0	0.0	-	-	-	-	0.0	0.0
Unrealised value change in the income statement	-	0.6	0.6	-	-	-	-	0.6	0.6
Value change recognised in total comprehensive income	-	-	-	-0.1	-	-0.1	-0.1	-	-0.1
Carrying amount 31 March 2021	**-**	**47.7**	**47.7**	**75.2**	**-**	**75.2**	**75.2**	**47.7**	**122.9**

Sensitivity analysis for level 3 financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been measured 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 participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the income statement or via other comprehensive income corresponding to 2.0 (2.0) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	31 March 2021 Effect at an assumed movement			31 December 2020 Effect at an assumed movement		
(EUR million)	**Carrying amount**	**Positive**	**Negative**	**Carrying amount**	**Positive**	**Negative**
Financial assets measured at fair value through income statement						
Shares and participations	47.7	9.5	-9.5	46.9	9.4	-9.4
Total	**47.7**	**9.5**	**-9.5**	**46.9**	**9.4**	**-9.4**
Financial assets measured at fair value through other comprehensive income						
Interest-bearing securities	75.2	2.3	-2.3	75.2	2.3	-2.3
Total	**75.2**	**2.3**	**-2.3**	**75.2**	**2.3**	**-2.3**
Total	**122.9**	**11.8**	**-11.8**	**122.1**	**11.6**	**-11.6**

Set off of financial assets and liabilities

(EUR million)	31 March 2021		31 December 2020	
Assets	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial assets included in general agreements on set off or similar agreements	59.9	-	76.1	-
Set off amount	-	-	-	-
Carrying amount in the balance sheet	**59.9**	**-**	**76.1**	**-**
Amount not set off but included in general agreements on set off or similar	6.3	-	6.5	-
Collateral assets	54.4	-	64.6	-
Amount not set off in the balance sheet	**60.7**	**-**	**71.1**	**-**
Net amount	**-0.8**	**-**	**4.9**	**-**

Liabilities	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Financial liabilities included in general agreements on set off or similar agreements	17.4	-	12.2	11.4
Set off amount	-	-	-	-
Carrying amount in the balance sheet	**17.4**	**-**	**12.2**	**11.4**
Amount not set off but included in general agreements on set off or similar	6.3	-	6.5	-
Collateral liabilities	7.0	-	1.9	11.3
Amount not set off in the balance sheet	**13.2**	**-**	**8.4**	**11.3**
Net amount	**4.2**	**-**	**3.9**	**0.0**

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 9. Specification of Aktia Group’s funding structure

(EUR million)	31 Mar 2021	31 Dec 2020	31 Mar 2020
Deposits from the public and public sector entities	4,370.6	4,465.8	4,260.1
Short-term liabilities, unsecured debts			
Banks	89.9	72.7	69.5
Certificates of deposits issued and money market deposits	234.3	276.0	197.0
Total	**324.2**	**348.6**	**266.5**
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	54.4	64.6	66.4
Repurchase agreements - banks	-	11.4	-
Total	**54.4**	**76.0**	**66.4**
Total short-term liabilities	**378.6**	**424.6**	**332.9**
Long-term liabilities, unsecured debts			
Issued debts, senior financing	1,257.3	1,098.3	1,123.7
Other credit institutions	15.2	16.6	20.7
Subordinated debts	127.3	158.2	196.3
Total	**1,399.8**	**1,273.0**	**1,340.6**
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	658.0	558.0	413.0
Issued Covered Bonds	1,613.4	1,621.5	1,616.6
Total	**2,271.4**	**2,179.5**	**2,029.6**
Total long-term liabilities	**3,671.2**	**3,452.5**	**3,370.2**
Interest-bearing liabilities in the banking business	**8,420.4**	**8,342.9**	**7,963.2**
Technical provisions in the life insurance business	1,456.1	1,410.8	1,137.2
Total other non interest-bearing liabilities	159.6	152.2	137.7
Total liabilities	**10,036.1**	**9,905.9**	**9,238.0**

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

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

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	31 Mar 2021	31 Dec 2020	31 Mar 2020
Collateral for own liabilities			
Securities	424.5	333.2	414.0
Outstanding loans constituting security for Covered Bonds	2,364.0	2,475.5	2,178.3
Total	**2,788.4**	**2,808.7**	**2,592.3**
Other collateral assets			
Pledged securities[1]	1.4	1.4	18.8
Cash included in pledging agreements and repurchase agreements	7.0	1.9	3.0
Total	**8.3**	**3.3**	**21.8**
Total collateral assets	**2,796.7**	**2,812.0**	**2,614.1**
Collaterals above refers to the following liabilities			
Liabilities to credit institutions[2]	658.0	569.3	413.0
Issued Covered Bonds[3]	1,613.4	1,621.5	1,616.2
Derivatives	6.9	1.9	3.0
Total	**2,278.3**	**2,192.8**	**2,032.2**

1) Refers to securities pledged for the intra day limit. As at 31 March 2021, a surplus of pledged securities amounted to EUR 9 (6) million.
2) Refers to liabilities to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.
3) Own repurchases deducted.

Collateral liabilities (EUR million)	31 Mar 2021	31 Dec 2020	31 Mar 2020
Cash included in pledging agreements[1]	54.4	64.6	66.4
Total	**54.4**	**64.6**	**66.4**

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

Helsinki 5 May 2021

Aktia Bank Plc
The Board of Directors

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 three months period ending 31 March 2021

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of March 31, 2021 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of

Aktia Bank plc Group for the three-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

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

Conclusion

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

Helsinki 5 May 2021

KPMG OY AB
Marcus Tötterman
Authorised Public Accountant, KHT

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Webcast from the results event

A live webcast from the results event will take place on 5 May 2021 at 10.30 a.m. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The event is held in English and can be seen live at **https://aktia.videosync.fi/2021-q1-results**. A recording of the webcast will be available at www.aktia.com after the event.

Financial calendar

Half-year report January–June 2021........................5 August 2021
Interim report January–September 2021............4 November 2021