ÅLANDSBANKEN

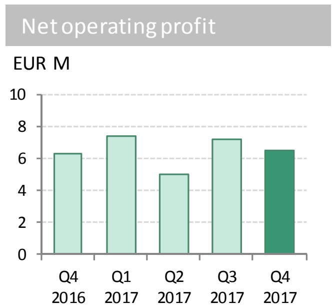
Year-end Report

For the period January–December 2017 • February 13, 2018

January–December 2017

Compared to January-December 2016

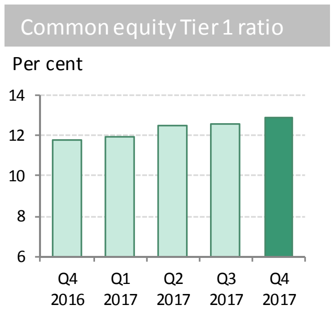
- Net operating profit increased by 4 per cent to EUR 26.0 M (25.1).
- Profit for the period attributable to shareholders increased by 5 per cent to EUR 20.7 M (19.7).
- Net interest income increased by 1 per cent to EUR 55.9 M (55.1).
- Net commission income rose by 11 per cent to EUR 49.7 M (44.9).
- Total expenses increased by 9 per cent to EUR 99.8 M (91.3).
- Net impairment losses on loans (including recoveries) totalled EUR 2.1 M (4.1), equivalent to a loan loss level of 0.06 (0.11) per cent.
- Return on equity after taxes (ROE) amounted to 9.1 (9.1) per cent.
- Earnings per share amounted to EUR 1.35 (1.29).
- The common equity Tier 1 ratio, not taking into account transitional rules, amounted to 12.9 per cent (11.8).
- The Board of Directors proposes a dividend of EUR 0.65 (0.60) per share.
- Future outlook: Net operating profit in 2018 is expected to be about the same level as, or better than, in 2017.

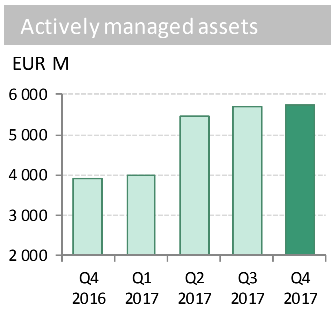


The fourth quarter of 2017

Compared to the fourth quarter of 2016

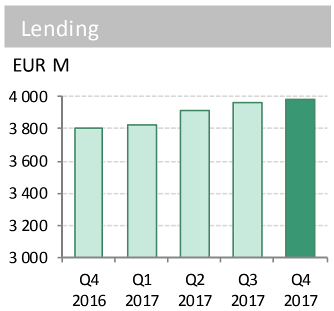
- Net operating profit increased by 3 per cent to EUR 6.5 M (6.3).
- Profit for the period attributable to shareholders increased by 5 per cent to EUR 5.2 M (4.9).
- Net interest income rose by 1 per cent to EUR 14.1 M (14.0).
- Net commission income rose by 3 per cent to EUR 12.6 M (12.2).
- Total expenses increased by 6 per cent to EUR 25.3 M (23.8).
- Net impairment losses on loans (including recoveries) totalled EUR 0.6 M (1.0), equivalent to a loan loss level of 0.06 (0.11) per cent.
- Return on equity after taxes (ROE) amounted to 8.8 (8.9) per cent.
- Earnings per share amounted to EUR 0.34 (0.32).





"During 2017 we saw continued stable customer growth in all markets, and we improved our profit after taxes by 5 per cent to EUR 20.7 M. The single most positive element of our volume increase can be seen in the significant growth in customer investment volume (+47 per cent). This increased volume was also accompanied by a clear improvement in net commission income. Our total expenses climbed relatively sharply during the year (+9 per cent). This was largely driven by project expenses connected to the launch of a new IT platform for our capital market business and continued hiring to expand our customer base.

"Digitisation and sustainability issues are playing an ever-increasing role in the financial services sector. The Bank of Åland is well-positioned in both areas but has also chosen to continue offering its customers the opportunity for personal meetings with their chosen advisor, an alternative that is available to fewer and fewer customers at other banks."



Peter Wiklöf, Managing Director

The Bank of Åland is a bank with strong customer relationships and personal service. The Bank has extensive financial investment expertise and at the same time can offer good financing services. The commercial bank was founded in 1919 and has been listed on the Nasdaq Helsinki Oy (Helsinki Stock Exchange) since 1942. The Bank of Åland's Head Office is in Mariehamn. The Bank has three offices in the Åland Islands, five offices elsewhere in Finland and three offices in Sweden. A total of three subsidiaries, whose operations are connected in various ways to banking, belong to the Bank of Åland Group.

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Business Identity Code: 0145019-3. Telephone: +358 204 29 011. Website: www.alandsbanken.fi

Financial summary

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Income								
Net interest income	14,1	14,3	-1	14,0	1	55,9	55,1	1
Net commission income	12,6	12,2	4	12,2	3	49,7	44,9	11
Net income from financial items at fair value	1,0	1,8	-46	0,3		3,1	4,2	-26
Other income	4,6	3,9	20	4,7	-2	19,3	16,2	19
Total income	**32,4**	**32,2**	**1**	**31,2**	**4**	**128,0**	**120,4**	**6**
Staff costs	-14,9	-14,1	6	-14,8	0	-59,8	-57,0	5
Other expenses	-8,5	-8,3	3	-7,5	13	-32,9	-28,3	16
Depreciation/amortisation	-1,9	-2,0	-6	-1,5	27	-7,1	-5,9	20
Total expenses	**-25,3**	**-24,4**	**4**	**-23,8**	**6**	**-99,8**	**-91,3**	**9**
Profit before impairment losses	**7,1**	**7,8**	**-8**	**7,4**	**-3**	**28,2**	**29,2**	**-3**
Impairment losses on loans and other commitments	-0,6	-0,6	9	-1,0	-41	-2,1	-4,1	-47
Net operating profit	**6,5**	**7,2**	**-10**	**6,3**	**3**	**26,0**	**25,1**	**4**
Income taxes	-1,3	-1,5	-9	-1,4	-6	-5,3	-5,4	-2
Profit for the report period	**5,2**	**5,8**	**-10**	**4,9**	**5**	**20,7**	**19,7**	**5**
Attributable to:								
Shareholders in Bank of Åland Plc	**5,2**	**5,8**	**-10**	**4,9**	**5**	**20,7**	**19,7**	**5**
Volume								
Lending to the public	3 979	3 967	0	3 808	4			
Deposits from the public [1]	3 197	3 286	-3	3 100	3			
Actively managed assets [2]	5 737	5 700	1	3 900	47			
Equity capital	234	230	2	222	5			
Balance sheet total	5 353	5 356	0	5 137	4			
Risk exposure amount	1 538	1 553	-1	1 576	-2			
Financial ratios								
Return on equity after taxes, % (ROE) [3]	8,8	10,1		8,9		9,1	9,1	
Expenses/income ratio [4]	0,78	0,76		0,76		0,78	0,76	
Loan loss level, % [5]	0,06	0,06		0,11		0,06	0,11	
Gross non-performing receivables, % [6]	0,35	0,66		0,57				
Level of provisions for doubtful receivables, % [7]	60	41		50				
Core funding ratio, % [8]	88	91		89				
Equity/assets ratio, % [9]	4,4	4,3		4,3				
Common equtiy Tier 1 capital ratio, % [10]	12,9	12,6		11,8				
Earnings per share, EUR [11]	0,34	0,38	-10	0,32	5	1,35	1,29	5
Earnings per share after dilution, EUR	0,34	0,37	-9	0,32	6	1,34	1,28	5
Equity capital per share, EUR [12]	15,14	14,98	1	14,50	4			
Equity capital per share after dilution, EUR	15,02	14,82	1	14,37	5			
Market price per Series A share, EUR	14,20	14,86	-4	14,84	-4			
Market price per Series B share, EUR	14,05	14,90	-6	14,38	-2			
Number of shares outstanding (not own shares), 000s	15 435	15 335	1	15 299	1			
Number of shares outstanding (not own shares), after dilution, 000s	15 586	15 588	0	15 572	0			
Working hours re-calculated to full-time equivalent positions	693	702	-1	685	1	691	683	1

1 Deposits from the public and public sector enteties, including certificates of deposit, index bonds and debentures issued to the public
2 Actively managed assets encompassed managed assets in the Group's own mutual funds, as well as discretionary and advisory securities volume.
3 Profit for the report period attributable to shareholders / Average shareholders´portion of equity capital
4 Expenses / Income
5 Impaiment losses on loan portfolio and other commitments / Lending to the public at the beginning of the period
6 Gross doubtful receivables / Lending to the public before provisions for impairment losses
7 Provisions for individual impairment losses / Gross doubtful receivables
8 Lending to the public / Deposits including certificates of deposit, index bonds and debentures issued to the public plus covered bonds issued
9 Equity capital / Balance sheet total
10 (Common equity Tier 1 capital / Capital requirement) x 8%
11 Shareholders' portion of earnings for the period / Avarage number of shares
12 Shareholders' portion of equity capital / Number of shares less own shares on closing day

Comments

MACRO SITUATION AND REGULATORY REQUIREMENTS

The Finnish economy ended 2017 strongly, after many years of stagnation. Growth is mainly export-driven. The manufacturing sector is reporting that order books are back at pre-financial crisis levels. Sources of concern such as an ageing population combined with continued high unemployment will require new reforms.

In Sweden a new trend is apparent, with several months of falling home prices. The price decline is mainly visible among flats in the Stockholm, Gothenburg and Malmö regions, where a number of housing developers have also noticed a sharp downturn in demand. During the autumn, the government approved a further tightening of the principal repayment ("amortisation") requirement for home mortgage loans. The tightened repayment requirement will go into effect on March 1, 2018.

A decade after the outbreak of the global financial crisis, it is still making itself felt – both through the flood of regulations that continues to pour over the banking industry and through negative interest rates. However, a turnaround is discernible in the United States, whose central bank (the Federal Reserve) has begun to hike its key interest rate and where long-term market yields have begun to climb. Meanwhile signals are coming from the new US administration that reduced financial market regulation is desirable. In Finland and Sweden, as elsewhere in Europe, the corresponding turnaround has not yet manifested itself, although long-term market yields have begun to climb.

BENCHMARK INTEREST RATES, AVERAGES, PER CENT

	Q4 2017	Q3 2017	Q4 2016
Euribor 3 mo	-0.33	-0.33	-0.31
Euribor 12 mo	-0.19	-0.16	-0.07
Stibor 3 mo	-0.57	-0.44	-0.57

	2017	2016
Euribor 3 mo	-0.33	-0.26
Euribor 12 mo	-0.15	-0.03
Stibor 3 mo	-0.50	-0.49

During 2017, share prices according to both the Nasdaq Helsinki (OMXHPI) index and the Nasdaq Stockholm (OMXSPI) index rose by about 6 per cent.

The average value of the Swedish krona in relation to the euro was 2 per cent lower during 2017 than in 2016. Compared to its position at year-end 2016, the value of the krona was 3 per cent lower. When translating the income statement of the Bank of Åland's Swedish operations into euros, the average exchange rate for the period has been used, while the balance sheet has been translated at the exchange rate prevailing on the closing day of the period.

IMPORTANT EVENTS

On July 3, the Bank of Åland placed a new securities platform developed by its subsidiary Crosskey Banking Solutions in operation in Sweden. For the past five years, the Bank of Åland has worked systematically to create Group-wide, modern solutions in the securities field encompassing trading systems, custody systems, portfolio systems, back office processes and customer service via the Internet Office and mobile applications. The launch in Sweden was an important milestone in this journey. Certain development phases still remain in Sweden, especially connected to functionality via the Internet Office and mobile apps, as well as replacement of custody systems in Finland, before this large-scale development programme is completed.

In May the Bank's fund management subsidiary, Ålandsbanken Funds (Ålandsbanken Fondbolag), reached an agreement with the fund management company Allra to take over the holdings of its mutual funds, about EUR 1.3 billion, in the Swedish premium pension system. To begin with, the Bank of Åland took over management of the assets in Allra's funds. Later a controlled exchange of Allra's fund assets to the Bank of Åland's corresponding funds occurred.

For the fourth consecutive year, the Bank of Åland (Ålandsbanken) Euro Bond Fund was named the best Nordic Fund in its category and received the prestigious Lipper Fund Award Nordic. The Fund won the award for all management periods that were analysed: 3, 5 and 10 years.

The Bank of Åland's work on behalf of the Baltic Sea is continuing to attract interest. For example Peter Wiklöf, Managing Director of the Bank of Åland, was invited to a meeting on climate change at the United Nations in New York during March. There he spoke about the Bank's Baltic Sea Card and the Åland Index, a digital tool that measures the environmental impact of your purchases. The Bank of Åland and the Swedish advertising agency RBK Communication received awards from various national and international marketing competitions for their insightful visualisation of the state of the Baltic Sea and for the concrete actions the Bank has taken to benefit the environment. These included Sweden's Golden Egg award and the Grand Prix at the Cannes Lions festival of creativity in France.

In the Åland Islands, the Bank of Åland joined with two locally based insurance companies – Ålandia Försäkring and Ålands Ömsesidiga Försäkringsbolag – in a partnership called AX3. Initially, AX3 is offering three basic packages of banking and insurance services. Two are targeted to young people up to age 25: the Study Package and the Moving from Home Package. The third package is aimed at helping those who are thinking about buying a home: the Home Buyer Package. These individual services already exist at the Bank of Åland, Alandia Försäkring and Ålands Ömsesidiga Försäkringsbolag. What is unique about AX3 is that the three companies are working together in providing their respective services, in order to make things simpler for customers.

The Annual General Meeting on April 6, 2017 re-elected the Board consisting of Nils Lampi, Christoffer Taxell, Åsa Ceder, Anders Å. Karlsson, Göran Persson, Ulrika Valassi, Anders Wiklöf and Dan-Erik Woivalin. At the statutory meeting of the Board the same day, Nils Lampi was elected as Chairman and Christoffer Taxell as Deputy Chairman of the Board. The AGM approved the payment of a divided of EUR 0.60 per share for the financial year 2016.

The number of Series B shares outstanding increased by 136,163. In February, the Bank of Åland issued 28,198 Series B shares to fulfil the Bank's obligations within the framework of its 2016 share savings programme for employees. In March the Bank of Åland issued 7,965 new Series B shares for the implementation of its incentive programme. In December the Bank of Åland issued 100,000 new Series B shares as part of the implementation of the 2014 option programme.

EARNINGS FOR THE FOURTH QUARTER OF 2017

Profit for the period attributable to shareholders amounted to EUR 5.2 M (4.9), which was an increase of EUR 0.3 M or 5 per cent from the year-earlier quarter. Net operating profit rose by EUR 0.2 M or 3 per cent to EUR 6.5 M (6.3).

Return on equity after taxes amounted to 8.8 (8.9) per cent. Total income increased by EUR 1.2 M or 4 per cent to EUR 32.4 M (31.2).

Net interest income rose by EUR 0.1 M or 1 per cent to EUR 14.1 M (14.0). The adverse effect of falling and negative market interest rates was offset by an increase in business volume.

Net commission income rose by EUR 0.4 M or 3 per cent to EUR 12.6 M (12.2). Income from customers' investment transactions in the form of brokerage commissions as well as mutual fund and asset management commissions increased by EUR 0.2 M or 2 per cent.

Net income on financial items at fair value rose by EUR 0.7 M to EUR 1.0 M (0.3), due to valuation effects within the framework of hedge accounting.

Information technology (IT) income decreased by EUR 0.1 M or 4 per cent to EUR 4.4 M (4.5).

Total expenses increased by EUR 1.5 M or 6 per cent to EUR 25.3 M (23.8). Fees for the new resolution fund totalled more than EUR 0.3 M for the quarter. Lower production for own use (capitalisation of development expenses) totalling EUR 0.8 M and EUR 0.4 M higher depreciation and amortisation expenses were largely explained by the IT project to implement a new securities platform developed by the Bank's IT subsidiary, Crosskey.

Impairment losses on loans amounted to EUR 0.6 M, equivalent to a loan loss level of 0.06 per cent, compared to EUR 1.0 M and 0.11 per cent in the year-earlier quarter.

EARNINGS FOR JANUARY – DECEMBER 2017

Profit for the period attributable to shareholders increased by EUR 1.0 M or 5 per cent to EUR 20.7 M (19.7). Net operating profit rose by EUR 0.9 M or 4 per cent to EUR 26.0 M (25.1).

Return on equity after taxes amounted to 9.1 (9.1) per cent.

Total income increased by EUR 7.6 M or 6 per cent to EUR 128.0 M (120.4), mainly attributable to higher commission income from our customers' financial investment transactions and higher IT income.

Net interest income increased by EUR 0.8 M or 1 per cent to EUR 55.9 M (55.1). The negative effect of falling and negative market interest rates was offset by an increase in business volume.

Net commission income rose by EUR 4.8 M or 11 per cent to EUR 49.7 M (44.9). Income from customers' investment transactions in the form of brokerage commissions as well as mutual fund and asset management commissions increased by a total of EUR 4.9 M or 14 per cent. Lending and card-related commissions decreased. As for the lower card-related commissions from Compass Card, the downturn was explained by the end of collaboration with S-Bank in June 2016 as agreed earlier.

Net income on financial items at fair value fell by EUR 1.1 M or 26 per cent to EUR 3.1 M (4.2), mainly due to lower capital gains in the liquidity portfolio.

IT income rose by EUR 2.7 M or 18 per cent to EUR 17.6 M (14.9), due to increased project and service income from new customers as well as nonrecurring income from licence sales of Crosskey's card system in the Swedish market.

Total expenses increased by EUR 8.5 M or 9 per cent to EUR 99.8 M (91.3). In the same period of 2016, these expenses included EUR 0.5 M as a finally determined reduction in purchase price related to the Swedish subsidiary that was sold in 2012. Fees for the new resolution fund amounted to EUR 0.9 M. Half of the increase of EUR 2.8 M in staff costs consisted of higher severance pay. Increased IT project expenses of EUR 1.4 M, a decline of EUR 2.8 M in production for own use (capitalisation of development expenses) and EUR 1.2 M in higher depreciation and amortisation expenses were largely explained by the Bank's IT project to implement a new securities platform developed by Crosskey.

Impairment losses on loans amounted to EUR 2.1 M, equivalent to a loan loss level of 0.06 per cent, compared to a loan loss of EUR 4.1 M and 0.11 per cent in 2016.

Tax expenses amounted to EUR 5.3 M (5.4), equivalent to an effective tax rate of 20.5 (21.6) per cent.

STRATEGIC BUSINESS AREAS

The increase in the Group's net operating income by EUR 0.9 M to EUR 26.0 M in 2017 was allocated as follows:

Private Banking	+0.2 (higher income on customer investments)
Premium Banking	+2.9 (higher income on customer investments, lower loan losses)
Asset Management	+1.0 (higher income on customer investments)
IT	-1.0 (higher project expenses)
Corporate Units & Eliminations	-2.2 (Treasury, severance pay, reduction in purchase price)

The Bank's core business in the form of Private Banking, Premium Banking and Asset Management thus improved its operating income by a full EUR 4.1 M. Operating income from IT business (Crosskey Banking Solutions) decreased, despite substantial nonrecurring licence sales income, because of expenses from the implementation of the Bank of Åland's new securities platform.

BUSINESS VOLUME

Actively managed assets increased by EUR 1,837 M or 47 per cent during 2017 to EUR 5,737 M (3,900). The Allra transaction, which was carried out in May, accounted for nearly EUR 1,300 M of this. Assets under discretionary management rose by EUR 67 M or 4 per cent to EUR 1,698 M (1,631). Managed assets in the Group's own mutual funds increased by EUR 1,676 M or 115 per cent to EUR 3,139 M (1,463).

Deposits from the public – including certificates of deposit, index bonds and subordinated debentures issued to the public – increased by EUR 97 M or 3 per cent during 2017 and amounted to EUR 3,197 M (3,100).

Lending to the public rose by EUR 171 M or 4 per cent during the first nine months to EUR 3,979 M (3,808).

CREDIT QUALITY

Lending to private individuals comprises 72 (70) per cent of the loan portfolio. Home mortgage loans account for 78 per cent of lending to private individuals. Loans for the purchase of securities, with market-listed securities as collateral, comprise the second-largest type of lending to individuals. Loan-to-value ratios are conservative. Historically, the Bank of Åland has not had any substantial loan losses on this type of lending. The corporate portfolio has a close affinity with the retail portfolio, since many of the companies are owned by customers who, as individuals, are also Private Banking customers.

Gross doubtful receivables decreased by EUR 7.6 M or 35 per cent to EUR 14.1 M (21.7) during 2017. As a share of lending to the public, doubtful receivables decreased to 0.35 (0.57) per cent during the year. The level of provisions for doubtful receivables, i.e. individual impairment losses as a proportion of all doubtful receivables, was 60 per cent compared to 50 per cent at year-end 2016.

The Bank of Åland Group had EUR 10.4 M (12.6) in impairment loss provisions, of which individual impairments totalled EUR 8.5 M (10.8) and group impairments EUR 1.9 M (1.8).

LIQUIDITY AND BORROWING

The Bank of Åland's liquidity reserve in the form of cash and deposits with the central bank, account balances and investments with other banks, liquid interest-bearing securities plus holdings of unencumbered covered bonds issued by the Bank amounted to EUR 1,066 M on December 31, 2017 (906). This was equivalent to 20 (18) per cent of total assets and 27 (24) per cent of lending to the public.

In June 2017, SEK 1,000 M in covered bonds matured. In November, SEK 850 M in non-covered bonds matured. In March, the Bank of Åland issued EUR 100 M in non-covered bonds with a maturity of 3 years. In November, the Bank of Åland issued SEK 2,500 M in covered bonds with a maturity of 5 years.

On December 31, 2017, the average remaining maturity on outstanding bonds was about 3.2 (3.4) years. During 2018, SEK 500 M in covered bonds will mature in June and EUR 150 M in covered bonds will mature in October.

The Bank of Åland's core funding ratio, defined as lending to the public divided by deposits from the public including certificates of deposit, index bonds and subordinated debentures issued to the public, as well as covered bonds issued, amounted to 88 (89) per cent on December 31.

Of the Bank of Åland's external funding sources aside from equity capital, deposits from the public accounted for 63 (64) per cent and covered bonds issued accounted for 27 (25) per cent.

The liquidity coverage ratio (LCR) amounted to 142 (97) per cent.

The net stable funding ratio (NSFR) amounted to 110 (128) per cent.

RATING

The Bank of Åland has a credit rating from the Standard & Poor's Global Ratings agency of BBB/A-2 with a stable outlook for its long- and short-term borrowing. Covered bonds issued by the Bank of Åland have a credit rating of AAA with a stable outlook.

EQUITY AND CAPITAL ADEQUACY

Equity capital changed in the amount of profit for the period, EUR 20.7 M; other comprehensive income, EUR -1.3 M; the issuance of new shares as part of the share savings programme, EUR 0.8 M; and within the framework of incentive programmes EUR 0.8 M; as well as the payment of EUR 9.2 M in dividends to shareholders. On December 31, 2017, equity capital totalled EUR 233.6 M (221.8).

Other comprehensive income included re-measurements of defined-benefit pension plans by EUR -1.3 M after taxes, in compliance with IAS 19.

Common equity Tier 1 capital increased by EUR 11.6 M or 6 per cent during 2017 to EUR 197.6 M (186.0), mainly due to the comprehensive income for the period minus foreseeable dividend payments to shareholders.

The risk exposure amount fell by EUR 38 M or 2 per cent to EUR 1,538 M (1,576). The credit risk exposure amount fell by EUR 51 M. The operational risk exposure amount, calculated using a three-year rolling average of the Group's income, increased by EUR 13 M.

The common equity Tier 1 capital ratio amounted to 12.9 (11.8) per cent. Since the Bank of Åland has no hybrid capital, its common equity Tier 1 capital ratio is the same as its Tier 1 capital ratio.

In addition to the basic capital requirement, various buffer requirements apply. These are mainly imposed by national regulatory authorities. The capital conservation buffer requirement, 2.5 per cent of common equity Tier 1 capital, applies in all European Union countries. The countercyclical capital buffer requirement may vary between 0-2.5 per cent. The decision concerning the size of a countercyclical capital buffer in Finland is made quarterly by the Board of the Financial Supervisory Authority (FSA) on the basis of a macroeconomic stability analysis. So far, the FSA has not imposed any countercyclical buffer requirement related to Finnish exposures. As for Sweden, the Swedish FSA raised the requirement to 2.0 per cent of Swedish exposures starting in March 2017. The Finnish FSA has identified systemically important institutions in Finland and has imposed individual buffer requirements for them. The Bank of Åland is not included in the buffer requirements for systemically important institutions.

The Finnish FSA has decided to introduce a 15 per cent risk weight floor for home mortgage loans from banks that use internal ratings-based (IRB) models in their capital requirement calculations. This requirement went into effect in January 2018. The Finnish risk weight floor will be part of the Pillar 1 requirement, unlike its Swedish equivalent, for example, which is part of the Pillar 2 requirement.

The total capital ratio increased to 14.2 (13.0) per cent.

DIVIDEND

The Board of Directors proposes that the Annual General Meeting approve the payment of a dividend of EUR 0.65 per share (0.60), equivalent to a total amount of EUR 10.0 M (9.2). The proposed dividend is equivalent to a 48 (47) per cent payout ratio.

IMPORTANT EVENTS AFTER CLOSE OF REPORT PERIOD

The Finnish FSA has established buffer requirements related to Pillar 2 capital adequacy regulations totalling 1.5 per cent of the Group's risk exposure amount. This requirement is related to credit concentration risk (1.0 per cent) and interest rate risk in the balance sheet (0.5 per cent). The requirement, which must be covered by common equity Tier 1 capital, goes into effect starting in the third quarter of 2018.

RISK AND UNCERTAINTIES

The Bank of Åland's earnings are affected by external changes that the Company itself cannot control. Among other things, the Group's trend of earnings is affected by macroeconomic changes and changes in general interest rates, share prices and exchange rates, along with higher expenses due to regulatory decisions and directives as well as the competitive situation.

The Group aims at achieving operations with reasonable and carefully considered risks. The Group is exposed to credit risk, liquidity risk, market risk, operational risk and business risk.

The Bank does not engage in trading for its own account.

FUTURE OUTLOOK

The Bank of Åland expects operating profit in 2018 to be at about the same level as, or better than, in 2017.

The Bank of Åland is especially dependent on developments in the fixed income and stock markets. There is concern about the economic trends in various important markets. For this reason, there is significant uncertainty in our current forecast of the future.

GENERAL MEETING

The Annual General Meeting will be held on Thursday, April 5, 2018.

FINANCIAL INFORMATION

The Annual Report for 2017 will be published on Tuesday, March 6, 2018. The corporate governance statement and the risk report (Pillar 3) are included in the Annual Report.

The Interim Report for January–March 2018 will be published on Wednesday, April 25, 2018.

The Half-year Financial Report for January–June 2018 will be published on Friday, July 20, 2018.

The Interim Report for January–September 2018 will be published on Tuesday, October 23, 2018.

This Year-end Report is unaudited.

Mariehamn, February 13, 2018
THE BOARD OF DIRECTORS

Table of contents, financial information

NOTES

Summary income statement

Group	Note	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M									
Net interest income	5	14.1	14.3	-1	14.0	1	55.9	55.1	1
Net commission income	6	12.6	12.2	4	12.2	3	49.7	44.9	11
Net income from financial items at fair value	7	1.0	1.8	-46	0.3		3.1	4.2	-26
IT income		4.4	3.6	21	4.5	-4	17.6	14.9	18
Other operating income		0.3	0.3	6	0.2	44	1.6	1.3	29
Total income		**32.4**	**32.2**	**1**	**31.2**	**4**	**128.0**	**120.4**	**6**
Staff costs		-14.9	-14.1	6	-14.8	0	-59.8	-57.0	5
Other expenses	8	-8.5	-8.3	3	-7.5	13	-32.9	-28.3	16
Depreciation/amortisation		-1.9	-2.0	-6	-1.5	27	-7.1	-5.9	20
Total expenses		**-25.3**	**-24.4**	**4**	**-23.8**	**6**	**-99.8**	**-91.3**	**9**
Profit before impairment losses		**7.1**	**7.8**	**-8**	**7.4**	**-3**	**28.2**	**29.2**	**-3**
Impairment losses on loans and other commitments	9	-0.6	-0.6	9	-1.0	-41	-2.1	-4.1	-47
Net operating profit		**6.5**	**7.2**	**-10**	**6.3**	**3**	**26.0**	**25.1**	**4**
Income taxes		-1.3	-1.5	-9	-1.4	-6	-5.3	-5.4	-2
Profit for the period		**5.2**	**5.8**	**-10**	**4.9**	**5**	**20.7**	**19.7**	**5**
Attributable to:									
Non-controlling interests		0.0	0.0		0.0	-64	0.0	0.0	
Shareholders in Bank of Åland Plc		**5.2**	**5.8**	**-10**	**4.9**	**5**	**20.7**	**19.7**	**5**
Earnings per share, EUR		0.34	0.38	-10	0.32	5	1.35	1.29	5

Summary statement of other comprehensive income

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Profit for the period	**5.2**	**5.8**	**-10**	**4.9**	**5**	**20.7**	**19.7**	**5**
Cash flow hedge								
Gains/Losses arising during the period	3.5	0.2		-1.5		7.8	10.5	-26
Transferred to the income statement	-3.5	-0.2		1.6		-7.6	-10.3	-26
Assets available for sale								
Gains/Losses arising during the period	0.1	0.4	-81	-0.8		0.1	2.5	-95
Transferred to the income statement	0.0	0.0		0.2	-91	0.0	-1.7	
Translation differences								
Gains/Losses arising during the period	0.2	-0.1		-0.3		0.1	-0.6	
of which hedging of net investment in foreign operations	1.1	0.1		-0.6		1.6	0.8	
Transferred to the income statement	0.0	0.0		0.0		0.0	0.0	
Taxes on items that have been or may be reclassified to the income statement	-0.2	-0.1		0.2		-0.4	-0.4	9
of which cash flow hedges	0.0	0.0		0.0		0.0	0.0	-25
of which assets available for sale	0.0	-0.1	-78	0.1		0.0	-0.2	-83
of which hedging of net investments in foreign operations	-0.2	0.0		0.1		-0.3	-0.2	79
Items that have been or may be reclassified to the income statement	**0.0**	**0.3**		**-0.6**	**-100**	**0.0**	**0.1**	**-48**
Re-measurements of defined benefit pension plans	-2.6	-0.4		0.2		-1.6	-4.0	-60
Taxes on items that may not be reclassified to the income statement	0.5	0.1		0.0		0.3	0.8	-60
Items that may not be reclassified to the income statement	**-2.1**	**-0.3**		**0.2**		**-1.3**	**-3.2**	**-60**
Other comprehensive income	**-2.1**	**-0.1**		**-0.4**		**-1.3**	**-3.2**	**-60**
Total comprehensive income for the period	**3.1**	**5.7**	**-45**	**4.5**	**-31**	**19.4**	**16.5**	**18**
Attributable to:								
Non-controlling interests	0.0	0.0		0.0	-64	0.0	0.0	
Shareholders in Bank of Åland Plc	**3.1**	**5.7**	**-45**	**4.5**	**-31**	**19.4**	**16.5**	**18**

Income statement by quarter

Group	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
EUR M					
Net interest income	14.1	14.3	13.6	13.9	14.0
Net commission income	12.6	12.2	12.8	12.1	12.2
Net income from financial items at fair value	1.0	1.8	-0.6	0.9	0.3
IT income	4.4	3.6	4.4	5.2	4.5
Other operating income	0.3	0.3	0.2	0.9	0.2
Total income	**32.4**	**32.2**	**30.5**	**32.9**	**31.2**
Staff costs	-14.9	-14.1	-14.9	-15.9	-14.8
Other expenses	-8.5	-8.3	-8.4	-7.7	-7.5
Depreciation/amortisation	-1.9	-2.0	-1.7	-1.6	-1.5
Total expenses	**-25.3**	**-24.4**	**-25.1**	**-25.1**	**-23.8**
Profit before impairment losses	**7.1**	**7.8**	**5.5**	**7.8**	**7.4**
Impairment losses on loans and other commitments	-0.6	-0.6	-0.5	-0.5	-1.0
Net operating profit	**6.5**	**7.2**	**5.0**	**7.4**	**6.3**
Income taxes	-1.3	-1.5	-1.0	-1.5	-1.4
Profit for the period	**5.2**	**5.8**	**3.9**	**5.9**	**4.9**
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Shareholders in Bank of Åland Plc	**5.2**	**5.8**	**3.9**	**5.9**	**4.9**

Summary balance sheet

Group	Note	Dec 31, 2017	Dec 31, 2016	%
EUR M				
Assets				
Cash and balances with central banks		524	513	2
Debt securities eligible for refinancing with central banks		634	504	26
Lending to credit institutions		93	201	-54
Lending to the public and public sector entities	10, 11	3,979	3,808	4
Shares and participations		1	1	2
Participations in associated companies		0	0	
Derivative instruments	14	18	21	-15
Intangible assets		17	16	11
Tangible assets		24	25	-5
Investment properties		0	0	-6
Current tax assets		1	0	
Deferred tax assets		5	5	3
Other assets		32	20	59
Accrued income and prepayments		25	23	12
Total assets		**5,353**	**5,137**	**4**
Liabilities				
Liabilities to credit institutions		206	219	-6
Liabilities to the public and public sector entities	12	3,148	3,028	4
Debt securities issued	12, 13	1,600	1,452	10
Derivative instruments	14	22	33	-35
Current tax liabilities		0	1	-82
Deferred tax liabilities		25	21	19
Other liabilities		50	96	-48
Provisions		1	0	
Accrued expenses and prepaid income		34	27	26
Subordinated liabilities	12	33	39	-16
Total liabilities		**5,119**	**4,915**	**4**
Equity capital and non-controlling interests				
Share capital		42	42	1
Share premium account		33	33	
Reserve fund		25	25	
Fair value reserve		1	1	2
Own shares		0	0	
Unrestricted equity capital fund		27	26	4
Retained earnings		106	95	11
Shareholders´ portion of equity capital		**234**	**222**	**5**
Non-controlling interests´ portion of equity capital		0	0	
Total equity capital		**234**	**222**	**5**
Total liabilities and equity capital		**5,353**	**5,137**	**4**

Statement of changes in equity capital

Group

EUR M	Share capital	Share premium account	Reserve fund	Hedging reserve	Fair value reserve	Translation differance	Own shares	Unrestricted equity capital fund	Retained earnings	Shareholders´ portion of equity capital	Non-controlling interests´ portion of equity capital	Total
Equity capital, Dec 31, 2015	**41.5**	**32.7**	**25.1**	**-0.4**	**1.1**	**0.4**	**-0.1**	**25.0**	**87.4**	**212.9**	**0.0**	**212.9**
Profit for the period									19.7	19.7	0.0	19.7
Other comprehensive income				0.2	0.6	-0.8			-3.2	-3.2		-3.2
Dividends paid									-9.2	-9.2		-9.2
Incentive programme	0.0						0.1	0.3	0.0	0.4		0.4
Share savings programme	0.1							0.7	0.4	1.3		1.3
Equity capital, Dec 31, 2016	**41.7**	**32.7**	**25.1**	**-0.2**	**1.7**	**-0.4**	**0.0**	**26.0**	**95.1**	**221.8**	**0.0**	**221.8**
Profit for the period									20.7	20.7	0.0	20.7
Other comprehensive income				0.1	0.1	-0.2			-1.3	-1.3		-1.3
Dividends paid									-9.2	-9.2		-9.2
Incentive programme	0.2						0.0	0.6	0.0	0.8		0.8
Share savings programme	0.1							0.3	0.4	0.8		0.8
Equity capital, Dec 31, 2017	**41.9**	**32.7**	**25.1**	**0.0**	**1.8**	**-0.6**	**0.0**	**26.9**	**105.7**	**233.6**	**0.0**	**233.6**

Summary cash flow statement

Group	Jan-Dec 2017		Jan-Dec 2017	
EUR M				
Cash flow from operating activities				
Net operating profit	26.0		25.1	
Adjustment for net operating profit items not affecting cash flow	12.9		17.9	
Gains/losses from investing activities	0.0		0.5	
Income taxes paid	-2.5		-2.0	
Changes in assets and liabilities in operating activities	-171.0	-134.6	163.8	205.4
Cash flow from investing activities		-7.6		-11.6
Cash flow from financing activities		152.2		154.7
Exchange rate differences in cash and cash equivalents		-2.9		-2.2
Change in cash and cash equivalents		**7.1**		**346.3**
Cash and cash equivalents at beginning of period		579.2		232.9
Cash and cash equivalents at end of period		586.4		579.2
Change in cash and cash equivalents		**7.1**		**346.3**

Notes to the consolidated Year-end Report

1. Corporate information

The Bank of Åland Plc (Ålandsbanken Abp) is a Finnish public limited company with its Head Office in Mariehamn. It is a commercial bank with a total of 11 offices. Through its subsidiary Crosskey Banking Solutions Ab Ltd, the Bank of Åland Group is also a supplier of modern banking computer systems for small and medium sized banks.

The Head Office of the Parent Company has the following address:
Bank of Åland Plc
Nygatan 2
AX-22100 Mariehamn, Åland, Finland

The shares of the Bank of Åland Plc are traded on the Nasdaq Helsinki Oy (Helsinki Stock exchange).

The Year-end Report for the financial period January 1–December 31, 2017 was approved by the Board of Directors on February 12, 2018.

2. Basis for preparation of the Year-end Report and essential accounting principles

BASIS FOR PREPARATION OF THE YEAR-END REPORT

This Year-end Report for the period January 1–December 31, 2017 has been prepared in compliance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards, IAS 34, "Interim Financial Reporting", which have been adopted by the European Union.

The Year-end Report does not contain all information and notes required in annual financial statements and should be read together with the consolidated financial statements for the year ending December 31, 2016.

Tables show correct rounded-off figures on each line, but this does not mean that rounded-off figures add up to the correct total.

The impact on earnings of the divestment of businesses and strategic shareholdings, as well as restructuring expenses in connection with major organisational changes and discontinuation of business operations, are defined as nonrecurring items.

ESSENTIAL ACCOUNTING PRINCIPLES

The essential accounting principles used in preparing the Year-end Report are the same as those used in preparing the financial statements for the year ending December 31, 2016.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are financial metrics of historical or future earnings developments, financial position or cash flow that have not been defined in applicable accounting regulations (IFRSs) or capital requirement directives (CRD/CRR). The Bank of Åland uses alternative performance measures when they are relevant in order to monitor and describe the Bank's financial situation, to facilitate comparability between periods and to provide additional usable information to the readers of its financial reports. These measures are not necessarily comparable to similar financial metrics that are presented by other companies.

COMING CHANGES

Amendments to IFRS 2, "Share-based payments – Classification and measurement of share-based payment transactions" (has not yet been approved by the European Union and will be applied to accounting periods that begin on January 1, 2018 or later). The amendments clarify the reporting of a certain type of transactions and affect three areas: the measurement of share-based payments that are classified as cash-settled payments, payments settled with equity instruments where a part consists of withholding tax that has been subtracted and modifications of share-based payments from cash-settled to equity-settled. The Bank of Åland's assessment is that the amendments to the standard will not have any impact on the Group's financial reports.

On July 24, 2014, the International Accounting Standards Board (IASB) published the standard IFRS 9, "Financial instruments", which will replace IAS 39, "Financial instruments: Recognition and Measurement". IFRS 9, "Financial instruments" includes a new model for classification and measurement of financial instruments, a forward-looking "expected loss" impairment model and simplified conditions for hedge accounting.

The new rules about hedge accounting include simplifications of effectiveness testing and a broadening of the range of permitted hedging instruments and hedged items. The Bank of Åland will not apply IFRS 9 to hedge accounting.

The financial asset categories contained in IAS 39 are being replaced by three categories, with measurement taking place either at amortised cost, fair value reported under "Other comprehensive income" or fair value reported via the income statement ("profit and loss"). The classification into these three categories is based on a company's business model for the various holdings and the characteristics of the cash flows that result from the assets ("solely payments of principal and interest" or SPPI test). At the Bank of Åland, as for liquidity exposures it concerns two different portfolios with different purposes: one for the purpose of holding financial assets to collect their contractual cash flows (measured at amortised cost) and another for the purpose of both holding financial assets to collect their contractual cash flows and selling these financial assets (measured at fair value under "Other comprehensive income"). In addition, there is a portfolio for lending exposures, which is held for the purpose of collecting their contractual cash flows. All these portfolios pass the SPPI test.

Fixed interest loans have been reclassified from fair value option (FVO) to amortised cost, which upon the transition to IFRS has an effect of EUR 1.2 M which is recognised directly under equity capital. Starting on January 1, 2018, hedge accounting is being applied to these loans (fair value hedging).

The new impairment model will require accounting for 12-month expected credit losses, from the date when the asset is first recognised. In case of a significant increase in credit risk, the impairment loss shall be equivalent to the credit losses that are expected to occur during the remaining life of the loan. To the greatest possible extent, the Bank of Åland intends to use the existing models and processes that are already being used for risk management and risk monitoring, in order to ensure that a uniform picture of the Bank is presented for risk and financial reporting purposes. The Bank of Åland will apply a credit rating model (PD x LGD x EAD).

The Bank of Åland is applying IFRS starting on January 1, 2018. Based on assessments made prior to that date, the total estimated adjustment (net after tax) in initial balances for the Bank of Åland's equity capital will be negatively affected in the amount of EUR 3.1 M, which consists of:

- A reduction equivalent to EUR 2.4 M related to implementation of the expected loss principle
- A reduction equivalent to EUR 1.5 M related to reclassifications
- An increase equivalent to EUR 0.8 M related to deferred tax

The actual impact of the transition to IFRS 9 on January 1, 2018 may still be affected by the continued development of the impairment model that will occur during early 2018. The Bank of Åland will apply the transition rules to its capital base.

IFRS 9 has also resulted in changes in the disclosure requirements in IFRS 7, “Financial instruments: Disclosure” and in FINREP reporting to regulatory authorities, which will affect the disclosures that are provided.

IFRS 15, “Revenue from contracts with customers”. The new standard replaces the current IFRS revenue reporting standards: IAS 18 and IAS 11. The purpose of a new revenue standard is to have a single principle-based standard for all industries, which can replace existing standards and statements on revenue. According to IFRS 15, companies shall recognise revenue in an amount that reflects the compensation to which the company expects to be entitled in exchange for transferring goods or services to a customer. The revenue standard also includes expanded disclosure requirements. IFRS went into effect on January 1, 2018, and earlier application was allowed. The European Commission approved the standard in 2016, and clarifications were approved in 2017. The Bank of Åland is still evaluating its impact on the Group’s financial reports.

IFRS 16, “Leases (has not yet been approved by the EU and will be applied for accounting periods beginning January 1, 2019 or later): The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires lessees to report a lease liability and a “right-of-use” asset. This accounting model resembles the current treatment of financial leases according to IAS 17. There are two applicable exemptions: short-term leases running for 12 months or less or leases of “low value items”, i.e. assets worth USD 5,000 or less. The lessor’s accounting is essentially equivalent to the current treatment according to IAS 17. The Bank of Åland is still evaluating IFRS 16’s impact on the Group’s financial reports.

Other new and amended IRFSs to be applied in the future are not expected to have any significant effect on the Bank of Åland’s financial reports.

- Amended IFRS 11, “Joint arrangements: Accounting for acquisitions of interests in joint operations”

ESTIMATES AND JUDGEMENTS

Preparation of this Year-end Report in compliance with IFRSs requires the Company’s Executive Team to make assessments, estimates and assumptions that affect the application of accounting principles and the recognised amounts of assets and liabilities, income and expenses as well as disclosures about commitments. Although these estimates are based on the best knowledge of the Executive Team on current events and measures, the actual outcome may diverge from the estimates.

3. Segment report

The Bank of Åland Group reports operating segments in compliance with IFRS 8, which means that operating segments reflect the information that the Group's Executive Team receives.

"Private Banking" encompasses Private Banking operations in Åland, on the Finnish mainland and in Sweden. "Premium Banking" encompasses operations in all customer segments excluding private banking in Åland, on the Finnish mainland and in Sweden. "Asset Management" encompasses Ålandsbanken Fondbolag Ab and the Bank's institutional sales organisation. "IT" encompasses the subsidiary Crosskey Banking Solutions Ab Ltd including S-Crosskey Ab. "Corporate and Other" encompasses all central corporate units in the Group, including Treasury and the subsidiary Ab Compass Card Oy Ltd.

Group			Jan-Dec 2017				
EUR M	**Private Banking**	**Premium Banking**	**Asset Management**	**IT**	**Corporate and Other**	**Eliminations**	**Total**
Net interest income	26.9	24.3	0.0	-0.1	4.8	0.0	55.9
Net commission income	26.9	13.0	9.8	-0.1	-0.1	0.2	49.7
Net income from financial items at fair value	0.8	0.6	0.1	-0.1	1.7	0.0	3.1
IT income				33.2		-15.6	17.6
Other income	0.2	0.0	0.0	0.6	6.2	-5.3	1.6
Total income	**54.8**	**38.0**	**9.8**	**33.6**	**12.6**	**-20.8**	**128.0**
Staff costs	-11.0	-7.1	-4.9	-16.3	-20.5	0.0	-59.8
Other expenses	-5.2	-4.5	-1.8	-12.5	-25.6	16.9	-32.9
Depreciation/amortisation	-0.2	-0.7	0.0	-3.4	-4.4	1.6	-7.1
Internal allocation of expenses	-20.0	-17.1	-1.4	0.0	38.4	0.0	0.0
Total expenses	**-36.4**	**-29.3**	**-8.2**	**-32.2**	**-12.2**	**18.4**	**-99.8**
Profit before impairment losses	**18.4**	**8.7**	**1.7**	**1.4**	**0.4**	**-2.3**	**28.2**
Impairment losses on loans and other commitments	0.1	-2.3			0.0		-2.1
Net operating profit	**18.5**	**6.4**	**1.7**	**1.4**	**0.4**	**-2.3**	**26.0**
Income taxes	-3.8	-1.4	-0.4	-0.3	0.4		-5.3
Profit for the period attributable to shareholders	**14.7**	**5.0**	**1.3**	**1.1**	**0.9**	**-2.3**	**20.7**
Business volume							
Lending to the public	1,789	2,181			30	-22	3,979
Deposits from the public	1,627	1,540	1		38	-9	3,197
Actively managed assets	2,850	571	5,737			-3,421	5,737
Risk exposure amount	662	612	11	44	209		1,538
Equity capital	71	86	2	11	64		234
Financial ratios etc.							
Return on equity after taxes, % (ROE)	20.3	5.6	77.4	10.0	1.7		9.1
Expense/income ratio	0.66	0.77	0.83	0.96	0.97		0.78
Gross non-performing receivables > 90 days, %	0.01	0.66			5.84		0.42
Loan loss level, %	-0.01	0.11			-0.05		0.06

Group			Jan-Dec 2016				
EUR M	Private Banking	Premium Banking	Asset Management	IT	Corporate and Other	Eliminations	Total
Net interest income	27.5	23.4	0.1	-0.1	4.1	0.1	55.1
Net commission income	24.1	11.9	8.9	0.0	0.1	0.0	44.9
Net income from financial items at fair value	0.6	0.6	0.0	-0.1	3.1	0.1	4.2
IT income				30.5		-15.6	14.9
Other income	0.1	0.1	0.1	0.2	2.9	-2.1	1.3
Total income	**52.2**	**36.0**	**9.0**	**30.6**	**10.2**	**-17.6**	**120.4**
Staff costs	-11.5	-7.2	-4.9	-15.0	-18.2	-0.2	-57.0
Other expenses	-5.1	-4.5	-2.1	-10.3	-20.6	14.8	-27.8
Depreciation/amortisation	-0.2	-0.6	0.0	-2.9	-3.0	0.9	-5.9
Internal allocation of expenses	-17.1	-16.6	-1.2		34.9		0.0
Nonrecurring items	0.0	0.0	0.0	0.0	-0.5	0.0	-0.5
Total expenses	**-33.9**	**-29.0**	**-8.3**	**-28.2**	**-7.4**	**15.5**	**-91.3**
Profit before impairment losses	**18.4**	**7.0**	**0.7**	**2.4**	**2.8**	**-2.1**	**29.2**
Impairment losses on loans and other commitments	-0.1	-3.5			-0.5		-4.1
Net operating profit	**18.3**	**3.5**	**0.7**	**2.4**	**2.3**	**-2.1**	**25.1**
Income taxes	-3.7	-0.7	-0.2	-0.5	-0.3		-5.4
Profit for the period attributable to shareholders	**14.5**	**2.8**	**0.5**	**1.9**	**2.0**	**-2.1**	**19.7**
Business volume							
Lending to the public	1,700	2,099			35	-26	3,808
Deposits from the public	1,673	1,369	5		61	-8	3,100
Actively managed assets	2,556	465	3,900			-3,021	3,900
Risk exposure amount	678	638	11	41	207		1,576
Equity capital	71	91	2	11	47		222
Financial ratios etc.							
Return on equity after taxes, % (ROE)	21.3	3.3	28.2	18.5	4.1		9.1
Expense/income ratio	0.65	0.81	0.93	0.92	0.72		0.76
Gross non-performing receivables > 90 days, %	0.07	1.20			4.63		0.74
Loan loss level, %	0.01	0.18			1.02		0.11

4. Changes in Group structure

There are no changes during the period to report.

5. Net interest income

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Lending to credit institutions and central banks	-0.2	-0.2	-10	0.2		-1.0	-1.2	-12
of which negative interest	-0.3	-0.3	24	-0.5	-27	-1.3	-1.5	-12
Lending to the public	16.0	16.0	0	16.0	0	63.7	66.2	-4
of which negative interest	0.0	-0.1	-97	-0.3	-99	0.0	0.0	-41
Debt securities	0.1	0.1	-39	0.2	-59	0.5	1.1	-53
Derivatives	0.2	0.2	-9	0.3	-38	1.0	0.5	
Other interest income	0.0	0.0	-41	0.0		0.0	0.0	-66
Total interest income	**16.0**	**16.1**	**-1**	**16.7**	**-4**	**64.2**	**66.6**	**-4**
of which negative interest	-0.3	-0.4	-10	-0.8	-58	-1.3	-1.5	-13
Liabilities to credit institutions and central banks	-0.1	-0.1	5	0.3		-0.5	0.1	
of which negative interest	-0.1	-0.1	1	0.3		-0.5	-0.3	96
Liabilities to the public	0.9	0.8	4	0.9	3	3.8	5.2	-28
of which negative interest	-0.1	0.0		0.0		-0.1	0.0	
Debt securities issued	0.6	0.7	-10	1.0	-35	2.9	4.5	-35
of which negative interest	-0.1	-0.1	21	0.0		-0.4	0.0	
Subordinated liabilities	0.2	0.2	2	0.3	-7	1.0	1.0	-1
Derivatives	0.3	0.2	47	0.3	-25	1.0	0.6	68
Other interest expenses	0.0	0.0	-10	0.0	16	0.1	0.1	53
Total interest expenses	**1.9**	**1.9**	2	**2.7**	-31	8.3	11.5	-28
of which negative interest	-0.3	-0.2	39	0.3		-1.0	-0.3	
Net interest income	**14.1**	**14.3**	**-1**	**14.0**	**1**	**55.9**	**55.1**	**1**
Interest margin, per cent	1.09	1.10		1.18		1.08	1.17	
Investment margin, per cent	1.04	1.05		1.11		1.05	1.14	

Interest from derivative instruments is recognised together with the item that they hedge within the framework of hedge accounting (fair value hedging and cash flow hedging) and the fair value option.

Interest margin is interest on interest-bearing assets divided by the average balance of assets minus interest on interest-bearing liabilities divided by the average balance of liabilities. Average balance is calculated as the average of end-of-month figures for the period in question plus the opening balance for the period.

Investment margin is net interest income divided by the average balance sheet total.

6. Net commission income

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Deposits	0.2	0.2	-8	0.2	-3	0.8	0.8	-3
Lending	0.9	0.8	14	1.0	-8	3.5	4.0	-13
Payment intermediation	1.7	1.6	5	1.5	13	6.4	6.8	-6
Mutual fund commissions	11.2	10.8	4	5.6		33.4	20.6	62
Management commissions	2.8	2.7	2	2.5	13	11.0	9.9	11
Securities commissions	2.8	2.5	12	3.3	-13	11.7	10.2	15
Insurance commissions	0.0	0.0	10	0.0	-19	0.1	0.1	-50
Other commission income	0.8	0.8	3	0.7	10	3.3	2.8	17
Total commission income	**20.4**	**19.4**	**5**	**14.7**	**39**	**70.2**	**55.3**	**27**
Payment commission expenses	-0.9	-1.0	-10	-0.9	-2	-3.8	-4.0	-7
Mutual fund commission expenses	-5.8	-5.4	8	-0.6		-12.7	-2.5	
Management commission expenses	-0.2	-0.2	27	-0.2	-2	-0.7	-1.0	-24
Securities commission expenses	-0.7	-0.5	36	-0.5	33	-2.4	-1.9	27
Other commission expenses	-0.2	-0.2	-14	-0.2	-22	-0.8	-1.0	-13
Total commission expenses	**-7.8**	**-7.2**	**8**	**-2.5**		**-20.4**	**-10.4**	**97**
Net commission income	**12.6**	**12.2**	**4**	**12.2**	**3**	**49.7**	**44.9**	**11**

7. Net income from financial items at fair value

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Valuation category fair value via the income statement ("profit and losses")								
Debt securities	0.0	0.0	42	-0.1	-27	-0.2	-0.1	22
Shares and participations	0.0	0.0		0.0		0.1	0.0	
Derivative instruments	0.2	0.1	92	0.7	-75	0.9	0.2	
Loan receivables	-0.2	-0.1	60	-0.5	-59	-1.3	-0.3	
Valuation category fair value via the income statement ("profit and losses")	**-0.1**	**-0.1**	**7**	**0.1**		**-0.5**	**-0.2**	
Hedge accounting								
of which hedging instruments	-1.5	0.6		-9.3	-83	-6.7	-1.1	
of which hedged item	1.6	0.5		8.7	-81	7.3	1.0	
Hedge accounting	**0.1**	**1.1**	**-91**	**-0.6**		**0.6**	**-0.1**	
Net income from foreign exchange dealing	**1.0**	**0.8**	**17**	**1.0**	**3**	**3.0**	**2.8**	**8**
Net income from financial assets available for sale	**0.0**	**0.0**		**-0.2**	**-91**	**0.0**	**1.7**	
Total	**1.0**	**1.8**	**-46**	**0.3**		**3.1**	**4.2**	**-26**

8. Other expenses

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
IT expenses (excluding market data)	3.1	3.0	3	3.1	1	12.5	11.1	13
Premises and property expenses	1.4	1.4	2	1.3	6	5.6	5.5	1
Marketing expenses	0.5	0.4	46	0.6	-15	2.1	2.3	-11
Market data	0.6	0.5	15	0.6	10	2.2	2.3	-4
Staff-related expenses	0.7	0.5	35	0.7	5	2.4	2.2	9
Travel expenses	0.4	0.3	52	0.4	8	1.3	1.3	2
Purchased services	0.7	0.6	21	0.6	23	2.3	2.0	17
Deposit guarantee fee	0.0	0.0	57	0.0		0.0	0.0	2
Stability fee	0.3	0.3	0	0.0		0.9	0.0	
Other expenses	1.6	1.7	-8	2.1	-22	6.5	7.4	-12
Production for own use	-0.9	-0.4		-1.7	-48	-3.0	-5.8	-48
Total	**8.5**	**8.3**	**3**	**7.5**	**13**	**32.9**	**28.3**	**16**

9. Impairment losses on loans and other commitments

Group	Q4 2017	Q3 2017	%	Q4 2016	%	Jan-Dec 2017	Jan-Dec 2016	%
EUR M								
Impairment losses								
Actual losses for the period	2.8	0.9		3.1	-10	4.9	3.9	26
Recoveries of actual losses	0.0	0.0	62	-0.2	-80	-0.6	-0.6	3
Total	**2.8**	**0.9**		**2.9**	**-6**	**4.4**	**3.4**	**29**
Specific provisions for individually valued receivables								
New and increased provisions	0.7	0.4	82	0.6	18	2.6	3.9	-34
Reversals of earlier provisions	-0.3	0.0		-0.1		-0.5	-1.0	-45
Utilised for actual losses	-2.7	-0.7		-2.6	4	-4.4	-2.8	55
Total	**-2.3**	**-0.3**		**-2.1**	**10**	**-2.3**	**0.2**	
Net provisions for the period, receivables valued by group	**0.2**	**0.0**		**0.2**	**-25**	**0.1**	**0.6**	**-86**
Net provisions for the period, interest receivable	**0.0**	**0.0**		**0.0**		**0.0**	**0.0**	
Net loan losses	**0.6**	**0.6**	9	**1.0**	**-41**	**2.1**	**4.1**	**-47**
Loan loss level, %	0.06	0.06		0.11		0.06	0.11	

10. Lending to the public and public sector by purpose

Group	Dec 31, 2017			Dec 31, 2016			%
EUR M	Lending before provisions	Provisions	Lending after provisions	Lending before provisions	Provisions	Lending after provisions	
Private individuals							
Home loans[1]	2,227	-3	2,224	1,891	-3	1,888	18
Securities and other investments[1]	308	0	308	435	0	434	-29
Business operations	122	-2	120	143	-1	142	-15
Other household purposes	215	-2	213	193	-2	191	11
Total, private individuals	**2,872**	**-7**	**2,865**	**2,662**	**-6**	**2,656**	**8**
Companies							
Shipping	48	0	48	57	0	56	-16
Wholesale and retail trade	41	0	41	40	-1	39	4
Housing operations	327	0	327	373	-1	372	-12
Other real estate operations	255	-2	253	264	-2	262	-3
Financial and insurance operations	198	0	198	194	0	194	2
Hotel and restaurant operations	26	0	26	27	0	27	-5
Other service operations	96	-1	95	99	-3	97	-2
Agriculture, forestry and fishing	11	0	11	12	0	12	-13
Construction	43	0	43	34	0	33	29
Other industry and crafts	41	0	41	34	0	34	20
Total, companies	**1,084**	**-3**	**1,081**	**1,134**	**-7**	**1,127**	**-4**
Public sector and non-profit organisations	32	0	32	25	0	25	29
Total, public sector and non-profit organisations	**32**	**0**	**32**	**25**	**0**	**25**	**29**
Total lending	**3,989**	**-10**	**3,979**	**3,821**	**-13**	**3,808**	**4**

1 Due to amended legislation, lending to private individuals related to investments in homes and housing company shares has been reclassified from "Securities and other investments" to "Home loans" during 2017.

11. Doubtful receivables and impairment losses

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Gross doubtful receivables	14.1	21.7	-35
of which private individuals	9.6	8.1	20
of which companies	4.5	13.6	-67
Doubtful receivables as % of total	0.35	0.57	-38
Provisions for individually measured receivables	8.5	10.8	-21
of which private individuals	5.3	4.1	29
of which companies	3.2	6.7	-52
Net doubtful receivables	5.7	10.9	-48
Level of provisions for doubtful receivables, %	60	50	21
Provisions for receivables measured by group	1.9	1.8	5
of which private individuals	1.7	1.5	9
of which companies	0.2	0.3	-17
Total level of provisions for doubtful receivables, %	73	58	27
Non-performing receivables > 90 days past due	16.6	28.2	-41
of which private individuals	12.7	16.7	-24
of which companies	3.9	11.5	-66
Provisions for individually measured receivables	-7.9	-10.3	-23
Carrying amount after taking individual provisions into account	8.7	17.8	-51
Gross non-performing receivables > 90 days as % of total	0.42	0.74	-43

12. Deposits from the public and public sector, including bonds and certificates of deposit issued

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Deposit accounts from the public and public sector			
Sight deposits	2,749	2,782	-1
Time deposits	399	246	62
Total deposit accounts	**3,148**	**3,028**	**4**
Certificates of deposit issued to the public[1]	7	18	-62
Index bonds (structured products)	10	16	-39
Subordinate debentures	33	39	-16
Total bonds and certificates of deposit	**49**	**73**	**-32**
Total deposits	**3,197**	**3,100**	**3**

1 This item does not include debt securities subscribed by credit institutions.

13. Debt securities issued

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Certificates of deposit	158	154	3
Covered bonds	1,332	1,193	12
Senior non-covered bonds	100	89	12
Index bonds (structured products)	10	16	-39
Total	**1,600**	**1,452**	**10**

14. Derivative instruments

Group	Dec 31, 2017						Dec 31, 2016		
	Nominal amount/maturity								
EUR M	Under 1 yr	1-5 yrs	over 5 yrs	Nominal amount	Positive market values	Negative market values	Nominal amount	Positive market values	Negative market values
Derivatives for trading									
Interest-related contracts									
Interest rate swaps	8	20	66	94	2	3	90	2	4
Interest rate futures	0	0	0	0	0	0	8	0	0
Interest rate options - purchased	0	0	0	0	0	0	1	0	0
Interest rate options - sold	0	0	0	0	0	0	0	0	0
Currency-related contracts									
Currency forward contracts	492	0	0	492	4	4	338	1	2
Equity-related contracts									
Equity options - purchased	5	0	0	5	1	0	7	1	0
Equity options - written	5	0	0	5	0	1	4	0	1
Other derivative contracts	8	0	0	8	0	0	20	0	0
Total	**517**	**20**	**66**	**603**	**7**	**7**	**468**	**5**	**8**
Derivatives for market value hedge									
Interest-related contracts									
Interest rate swaps	10	364	398	771	11	7	733	16	5
Total	**10**	**364**	**398**	**771**	**11**	**7**	**733**	**16**	**5**
Derivatives for cash flow hedge									
Interest-related contracts									
Interest rate and currency swaps	51	0	0	51	0	7	246	0	20
Total	**51**	**0**	**0**	**51**	**0**	**7**	**246**	**0**	**20**
Derivatives for hedging of net investment in foreign operations									
Currency-related contracts									
Currency swaps	55	0	0	55	0	0	48	0	1
Total	**55**	**0**	**0**	**55**	**0**	**0**	**48**	**0**	**1**
Total derivative instruments	**632**	**384**	**463**	**1,479**	**18**	**22**	**1,495**	**21**	**33**
of which cleared OTC									
of which cleared by other means	14	380	460	855	11	9	535	4	6

15. Financial instruments at fair value

Group		Dec 31, 2017		
EUR M	Instruments with quoted prices (Level 1)	Measurement techniques based on observable market data (Level 2)	Measurement techniques based on non-observable market data (Level 3)	Total
Debt securities eligible for refinancing with central banks	495			495
Lending to the public and public sector entities		88		88
Shares and participations	0	0	1	1
Derivative instruments	0	18		18
Total financial assets	**495**	**106**	**1**	**601**
Liabilities to the public and public sector entities		0		0
Debt securities issued		705		705
Derivative instruments	0	22		22
Subordinated liabilities		8		8
Total financial liabilities	**0**	**734**	**0**	**734**

Group		Dec 31, 2016		
EUR M	Instruments with quoted prices (Level 1)	Measurement techniques based on observable market data (Level 2)	Measurement techniques based on non-observable market data (Level 3)	Total
Debt securities eligible for refinancing with central banks	414			414
Lending to the public and public sector entities		42		42
Shares and participations	0	0	0	1
Derivative instruments	0	21		21
Total financial assets	**414**	**63**	**0**	**477**
Liabilities to the public and public sector entities		0		0
Debt securities issued		712		712
Derivative instruments	0	33		33
Subordinated liabilities		13		13
Total financial liabilities	**0**	**758**	**0**	**758**

Financial instruments for which there is price information that is easily available and that represent actual and frequently occurring transactions are measured at current market price. For financial assets, the current purchase price is used. For financial liabilities, the current sale price is used. The current market price of groups of financial instruments that are managed on the basis of the Bank's net exposure to market risk equals the current market price that would be received or paid if the net position were divested.

In the case of financial assets for which reliable market price information is not available, fair value is determined with the help of measurement models. Such models may, for example, be based on price comparisons, present value estimates or option valuation theory, depending on the nature of the instrument. The models use incoming data in the form of market prices and other variables that are deemed to influence pricing. The models and incoming data on which the measurements are based are validated regularly to ensure that they are consistent with market practices and generally accepted financial theory.

The measurement hierarchy
Financial instruments that are measured according to quoted prices in an active market for identical assets/liabilities are categorised as Level 1.Financial instruments that are measured using measurement models that are, in all essential respects, based on market data are categorised as Level 2. Financial instruments that are measured with the help of models based on incoming data that cannot be verified with external market information are categorised in Level 3. These assets essentially consist of unlisted shares. Such holdings are generally measured as the Bank's portion of the net asset value of the company. Unlisted shares are essentially classified as available for sale. The changes in the value of these holdings are reported in "Other comprehensive income".

In the above tables, financial instruments measured at fair value have been classified with regard to how they have been measured and the degree of market data used in this measurement on closing day. If the classification on closing day has changed, compared to the classification at the end of the previous year, the instrument has been moved between the levels in the table. During the period, no instruments were moved between Levels 1 and 2.

Changes in Level 3 are presented in a separate table.

Changes in Level 3 holdings	Jan-Dec 2017
EUR M	Shares and participations
Carrying amount on January 1	0.5
New purchases/reclassification	0.0
Divested/reached maturity during the year	0.0
Realised change of value in the income statement	0.0
Unrealised change of value in the income statement	0.0
Change in value recognised in "Other comprehensive income"	0.0
Carrying amount on December 31	**0.5**

16. Off-balance sheet commitments

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Guarantees	40	12	
Unutilised overdraft limits	216	85	
Unutilised credit card limits	74	67	11
Lines of credit	142	200	-29
Other commitments	14	50	-72
Total	**485**	**415**	**17**

17. Offsetting of financial assets and liabilities

Group	Assets			Liabilities		
	Dec 31, 2017	Dec 31, 2016	%	Dec 31, 2017	Dec 31, 2016	%
EUR M						
Financial assets and liabilities covered by offsetting, netting or similar agreements						
Gross amount	18	21	-15	54	199	-73
Offset amount						
Total	**18**	**21**	**-15**	**54**	**199**	**-73**
Related amounts not offset						
Financial instruments, netting agreements	-10	-18	-44	-11	-19	-41
Financial instruments, collateral				-11	-42	-74
Cash, collateral	-1	-2	-54	-25	-126	-80
Total amounts not offset	**-11**	**-19**	**-44**	**-47**	**-187**	**-75**
Net amount	**7**	**2**		**8**	**11**	**-33**

The tables report financial instruments that were offset in the balance sheet in compliance with IAS 32 and those that were covered by legally binding master netting agreements or similar agreements not qualified for netting. The financial instruments consisted of derivatives, repurchase agreements (repos) and reverse repos, securities deposits and securities loans. Collateral consisted of financial instruments or cash received or paid for transactions covered by legally binding netting agreements or similar agreements that allow netting of obligations to counterparties in case of default. The value of the collateral was limited to the related amount recognised in the balance sheet, so the excess value of collateral is not included. Amounts not offset in the balance sheet are presented as a reduction in the carrying amount of financial assets or liabilities in order to recognise the net exposure of the asset and liability.

18. Assets pledged

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Lending to credit institutions	30	135	-77
Debt securities	162	167	-3
Loan receivables constituting collateral (cover pool) for covered bonds	1,989	1,665	20
Other assets pledged	3	3	22
Total	**2,186**	**1,969**	**11**

19. Capital adequacy

Group	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Equity capital according to balance sheet	233.6	221.8	5
Foreseeable dividend	-10.0	-9.2	9
Common equity Tier 1 capital before deductions	**223.6**	**212.6**	**5**
Intangible assets	-15.9	-14.3	11
Tax assets due to future profitability offset against tax liabilities within same tax category	0.0	0.0	
Deduction of surplus value in pension assets	0.0	0.0	
Non-controlling interests	0.0	0.0	9
Cash flow hedge	0.0	0.2	-75
Further adjustments in value	-1.3	-1.3	2
Expected losses according to IRB approach beyond recognised losses (deficit)	-8.8	-11.2	-21
Common equity Tier 1 capital	**197.6**	**186.0**	**6**
Additional Tier 1 capital	**0.0**	**0.0**	
Tier 1 capital	**197.6**	**186.0**	**6**
Supplementary capital instruments	19.7	19.1	3
Expected losses according to IRB approach beyond recognised losses (surplus)	1.7	0.0	0
Supplementary capital	**21.4**	**19.1**	**12**
Total capital base	**219.0**	**205.2**	**7**
Capital requirement for credit risk according to the IRB approach	46.5	47.8	-3
Capital requirement for credit risk according to standardised approach	60.3	61.9	-3
Capital requirement for credit-worthiness adjustment risk	0.0	1.2	-99
Capital requirement for operational risk	16.2	15.2	7
Capital requirement	**123.0**	**126.0**	**-2**
Capital ratios			
Common equity Tier 1 capital ratio, %	12.9	11.8	
Tier 1 capital ratio, %	12.9	11.8	
Total capital ratio, %	14.2	13.0	
Risk exposure amount	1,538	1,576	-2
of which % comprising credit risk	87	87	0
of which % comprising credit-worthiness adjustment risk	0	1	-99
of which % comprising operational risk	13	12	10

Requirements related to capital buffers, %	Dec 31, 2017	Dec 31, 2016
Total common equity Tier 1 capital requirements including buffer requirements	7,9	7,7
of which common equity Tier 1 capital requirement	4,5	4,5
of which capital conservation buffer requirement	2,5	2,5
of which countercyclical capital buffer requirement	0,9	0,7
Common equity Tier 1 capital available to be used as a buffer	12,9	11,8

Exposure category	Dec 31, 2017				
EUR M	Gross exposure	Exposure at default	Risk weight %	Risk exposure amount	Capital requirement
Credit risk according to the IRB approach					
Without own LGD estimates					
Companies - Miscellaneous large companies	178,3	145,7	51	74,6	6,0
Companies - Small and medium-sized companies	345,7	318,7	66	211,2	16,9
Companies - Special lending	7,1	7,1	83	5,9	0,5
Own LGD estimates					
Households with property as collateral (small and medium-sized companies)	111,3	110,9	29	32,4	2,6
Households with property as collateral (not small and medium-sized companies)	1 781,9	1 772,1	11	199,7	16,0
Households, other (small and medium-sized companies)	38,3	37,5	28	10,5	0,8
Households, other (not small and medium-sized companies)	323,8	293,0	16	47,0	3,8
Total exposures according to the IRB approach	**2 786,4**	**2 685,1**	**22**	**581,3**	**46,5**
Credit risk according to the standardised approach					
Exposure to sovereigns or central banks	603,1	650,0	0	0,0	0,0
Regional governments or local authorities	7,4	26,5	0	0,0	0,0
Public authorities	5,1	5,1	0	0,0	0,0
Multilateral development banks	46,0	46,2	0	0,0	0,0
International organisations	22,1	22,1	0	0,0	0,0
Exposure to institutions	297,3	255,7	24	62,3	5,0
Corporate exposures	465,6	228,4	98	223,1	17,8
Household exposures	240,5	82,2	72	59,5	4,8
Exposures with real property mortgages as collateral	951,7	948,0	33	309,6	24,8
Past due exposures	0,0	0,0	150	0,0	0,0
Items associated with especially high risk	0,4	0,4	150	0,6	0,0
Covered bonds	371,0	371,0	10	37,1	3,0
Collective investment companies (funds)	0,0	0,0	0	0,0	0,0
Equity exposures	0,7	0,7	100	0,7	0,1
Other items	68,4	68,4	89	60,5	4,8
Total exposures according to the standardised approach	**3 079,2**	**2 704,5**	**28**	**753,5**	**60,3**
Total risk exposure amount, credit risk	**5 865,6**	**5 389,6**	**25**	**1 334,8**	**106,8**

Exposure category	Dec 31, 2016				
EUR M	Gross exposure	Exposure at default	Risk weight %	Risk exposure amount	Capital requirement
Credit risk according to the IRB approach					
Without own LGD estimates					
Companies - Miscellaneous large companies	168.8	148.7	50	74.6	6.0
Companies - Small and medium-sized companies	305.8	279.2	72	201.0	16.1
Companies - Special lending	10.7	10.7	77	8.2	0.7
Own LGD estimates					
Households with property as collateral (small and medium-sized companies)	119.0	117.9	36	38.5	3.1
Households with property as collateral (not small and medium-sized companies)	1,751.3	1,742.5	13	220.5	17.6
Households, other (small and medium-sized companies)	40.5	40.0	35	13.9	1.1
Households, other (not small and medium-sized companies)	278.7	252.8	16	41.0	3.3
Total exposures according to the IRB approach	**2,674.8**	**2,591.9**	**23**	**597.6**	**47.8**
Credit risk according to the standardised approach					
Exposure to sovereigns or central banks	572.0	609.4	0	0.0	0.0
Regional governments or local authorities	8.1	25.3	0	0.0	0.0
Public authorities	5.1	5.1	0	0.0	0.0
Multilateral development banks	53.5	53.6	0	0.0	0.0
International organisations	4.1	4.1	0	0.0	0.0
Exposure to institutions	306.0	302.9	23	69.1	5.5
Corporate exposures	498.3	288.7	100	288.3	23.1
Household exposures	185.4	59.0	73	43.2	3.5
Exposures with real property mortgages as collateral	869.0	860.4	34	293.0	23.4
Past due exposures	1.1	1.1	101	1.1	0.1
Items associated with especially high risk	0.3	0.3	150	0.5	0.0
Covered bonds	333.0	333.0	10	33.3	2.7
Collective investment companies (funds)	0.0	0.0	0	0.0	0.0
Equity exposures	0.6	0.6	100	0.6	0.0
Other items	51.2	51.2	87	44.4	3.5
Total exposures according to the standardised approach	**2,887.7**	**2,594.7**	**30**	**773.4**	**61.9**
Total risk exposure amount, credit risk	**5,562.6**	**5,186.6**	**26**	**1,371.1**	**109.7**

Capital requirement according to transitional rules for Basel 1 floor	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Capital requirement adjusted according to Basel 1 floor rule	128.3	126.0	2
Capital base according to Basel 1	226.1	216.4	5
Surplus capital according to transitional rules for Basel 1 floor	97.8	90.3	8
Ratio of capital base to capital requirement according to Basel 1 floor, %	176.3	171.7	3

Leverage ratio	Dec 31, 2017	Dec 31, 2016	%
EUR M			
Tier 1 capital	197.6	186.0	6
Total exposure measure	5,440.4	5,232.9	4
of which balance sheet items	5,340.6	5,120.5	4
of which off-balance sheet items	99.8	112.4	-11
Leverage ratio, %	3.6	3.6	2

The leverage ratio is calculated according to the situation at the end of the period. Tier 1 capital includes profit for the period.