Aktia

AKTIA BANK PLC INTERIM REPORT JANUARY-SEPTEMBER 2015

COMMISSION INCOME CONTINUES TO INCREASE AND COMPENSATE A LOWER NII

CEO JUSSI LAITINEN

"We achieved a stable result and managed to keep expenses under control. The growth of commission income is increasingly important, compensating the negative impact of the continuing low interest rates on net interest income. The launch of our new core banking system will be postponed to the second half of 2016 in order to ensure smoothest possible transition. The delay implies higher costs, and the total investment, including migration costs, is now estimated to exceed EUR 55 million.

In accordance with Action Plan 2015, Aktia has entered an agreement to acquire all minority shares in Aktia Real Estate Mortgage Bank after the publication of financial statements for 2016. Subsequently, the plan is to merge Aktia Real Estate Mortgage Bank with Aktia Bank. The transaction has already a negative impact on Aktia's Common Tier 1 capital ratio, but despite this it is among the highest in the Nordic countries. Our strong capital adequacy enables growth in the years to come.

Aktia continues to develop its customer services as the demand for telephone and digital services increases. Our meritorious Contact Center was recently awarded second place for its service in a national competition. In a new survey of the banking sector, Aktia Bank excelled as the best bank to give proactive offers with new solutions to its customers."

JULY-SEPTEMBER 2015: OPERATING PROFIT EUR 16.4 (17.3) MILLION

- The Group's operating profit was EUR 16.4 (17.3) million and profit for the period was EUR 13.4 (13.6) million.
- Net commission income strengthened by 12% to EUR 19.7 (17.6) million. Net interest income (NII) was EUR 23.8 (26.1) million.
- Earnings per share (EPS) was EUR 0.20 (0.19).

JANUARY-SEPTEMBER 2015: OPERATING PROFIT EUR 53.1 (55.8) MILLION

- The Group's operating profit was EUR 53.1 (55.8) million and profit for the period was EUR 42.9 (44.7) million.
- Net commission income strengthened by 9% to EUR 61.0 (56.0) million and borrowing totalled EUR 3,920 (3,979) million. Net interest income (NII) dropped by 5% to EUR 73.6 (77.5) million.
- Earnings per share (EPS) was EUR 0.65 (0.65).
- The transition to IRB approach increased Aktia's Common Equity Tier 1 capital ratio and stood at 20.5 (14.6)%.
- Equity per share stood at EUR 9.20 (31.12.2014; 9.39).
- Write-downs on credits and other commitments continued low and stood at EUR -0.1 (-1.7) million.
- **OUTLOOK 2015 (changed, p. 15): Aktia's operating profit for 2015 is expected to be EUR 62-65 million (previously: reach a similar level as in 2014).**

KEY FIGURES (EUR million)	**3Q2015**	**3Q2014**	**Δ %**	**1-9/2015**	**1-9/2014**	**Δ %**	**2Q2015**	**Δ %**	**1Q2015**	**2014**
Net interest income	23.8	26.1	-9%	73.6	77.5	-5%	24.3	-2%	25.5	102.8
Net commission income	19.7	17.6	12%	61.0	56.0	9%	21.7	-9%	19.7	74.9
Total operating income	49.3	50.1	-2%	156.5	160.6	-3%	54.0	-9%	53.1	212.3
Total operating expenses	-32.4	-32.8	-1%	-103.9	-105.2	-1%	-35.8	-9%	-35.7	-144.5
Write-downs on credits and other commitments	-0.5	-0.5	-6%	-0.1	-1.7	-96%	1.5	-	-1.0	-1.7
Operating profit	**16.4**	**17.3**	**-5%**	**53.1**	**55.8**	**-5%**	**19.7**	**-17%**	**17.0**	**68.3**
Cost-to-income ratio (Bank Group)	0.66	0.69	-4%	0.66	0.68	-3%	0.68	-3%	0.65	0.71
Earnings per share (EPS), EUR	0.20	0.19	4%	0.65	0.65	0%	0.25	-21%	0.20	0.79
Equity per share (NAV)[1], EUR	9.20	9.27	-1%	9.20	9.27	-1%	9.05	2%	9.59	9.39
Return on equity (ROE), %	8.0	8.1	-2%	8.4	9.0	-7%	9.6	-17%	7.5	8.3
Common Equity Tier 1 capital ratio[1], %	20.5	14.2	44%	20.5	14.2	44%	22.4	-9%	22.6	14.6
Capital adequacy ratio[1], %	25.8	18.4	40%	25.8	18.4	40%	27.7	-7%	27.1	19.1
Write-downs on credits / total loan book, %	0.01	0.01	0%	0.00	0.03	-100%	-0.02	-	0.02	0.03

1) At the end of the period.

The Interim Report January - September 2015 is a translation of the original Swedish version "Delårsrapport 1.1-30.9.2015". In case of discrepancies, the Swedish version shall prevail.

Profit
July-September 2015

Profit July - September 2015

The Group's operating profit was EUR 16.4 (17.3) million.

Income

Total Group income decreased by 2% to EUR 49.3 (50.1) million.

Net interest income from the bank's borrowing and lending operations increased by 15% to EUR 14.3 (12.4) million and the total net interest income was EUR 23.8 (26.1) million. Derivatives and fixed-rate instruments are used to manage interest rate risk. These hedging measures, which are used by Aktia Bank to limit its interest rate risk, earned net interest income of EUR 7.7 million, EUR 0.6 million less than in the previous year. Net interest income from other treasury operations was EUR 1.8 (5.3) million.

Net commission income increased by 12% to EUR 19.7 (17.6) million. Commission income increased by 8% to EUR 21.8 (20.2) million. Commission income from mutual funds, asset management and securities brokerage increased by 13% to EUR 10.8 (9.6) million. Commission income from real estate agency services increased by 15% to EUR 1.5 (1.3) million. Card and other payment service commissions rose to EUR 4.9 (4.9) million.

Net income from life insurance was EUR 4.1 (5.7) million. The quarter was burdened by write-downs on interest instrument funds. However, this was partly compensated by the increase in value of investment properties. Net income from the insurance business includes premiums written, net income from investment activities, insurance claims paid and the change in technical provisions.

The net income from financial transactions was EUR 0.9 (0.1) million. Net income from financial assets available for sale was EUR 0.9 (0.4) million. Net income from hedge accounting was EUR 0.1 (0.1) million.

Other operating income was EUR 0.8 (0.6) million.

Expenses

Group operating expenses decreased slightly and totalled EUR 32.4 (32.8) million. Of this, staff costs amounted to EUR 16.0 (15.8) million. IT expenses amounted to EUR 6.4 (6.4) million.

Other operating expenses decreased to EUR 8.0 (8.8) million.

Group operating profit by segment

(EUR million)	3Q2015	3Q2014	Δ %
Banking Business	14.6	13.0	12%
Asset Management & Life Insurance	4.4	5.8	-24%
Miscellaneous	-2.2	-1.0	-112%
Eliminations	-0.3	-0.4	27%
Total	**16.4**	**17.3**	**-5%**

Operating profit from banking business improved, mainly due to lower regulatory fees than last year. Operating income was at the same level as in the reference period.

Asset management's contribution to the operating profit increased, whereas that of life insurance business decreased due to lower net income from investments and higher sales commissions.

Main events January-September 2015

Implementation of Aktia's new strategy "Growth 2018"

Aktia's Action Plan 2015, aimed at improving Aktia's cost efficiency and competitiveness, is largely completed. The biggest project, the core banking system project, and the phasing-out of Aktia Real Estate Mortgage Bank are underway.

The bank's strong capital adequacy ratio and balance sheet allow Aktia to focus on growth. The objective is to double the annual number of new customers before end of 2018.

Aktia Bank aims to increase its corporate lending and is for the first time participating in the European Investment Bank's longer-term refinancing operations (TLTRO), enabling Aktia to put EUR 100 million on the market in the form of Aktia financing with favourable terms.

According to its new strategy, Aktia focuses mainly on services for private customers and their families, but also on family businesses and owner-operated companies. Aktia also seeks growth in renovation loans to housing companies which the bank can offer at competitive rates.

Financial objectives 2018

Simultaneously with presenting the company's new strategy in the first quarter, Aktia also updated its financial objectives:

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

Implementation of the new core banking system is postponed to the second half of 2016

Testing of the systems included in the new core banking platform has taken longer than planned, and final acceptance testing will commence in the first quarter of 2016. Implementation is planned for the second half of 2016 (previously: during Q1 2016 at the earliest). Implementation of the system step-by-step is being considered in order to facilitate quicker implementation of the already finished parts of the system. The project to change core banking system is comprehensive and complex, and with continuing testing we strive to ensure smoothest possible transition.

Due to the delay in implementation and comprehensive testing, the total investment, including migration costs, is estimated to exceed EUR 55 million (previously: exceeding EUR 40 million). The total activated investment cost of the project is estimated to approximately EUR 50 million. In September, the activated investment costs amounted to EUR 36 million.

The total impact on the result at implementation of the new core banking system will be neutral. The running IT cost will decrease, whereas write-downs will increase and the implementation will require more staff initially. The new core banking system will facilitate a number of quicker customer service processes and changes in work approaches, materialising simultaneously with training for and implementation of the system. The cost savings brought by the new core banking system will be delayed and materialise from 2017 onwards.

IRBA

On 10 February 2015, the Financial Supervisory Authority granted Aktia Bank Group (Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd) permission to apply internal risk classification (IRBA) to the calculation of capital requirement for retail exposures. Simultaneously, the IRB approach was introduced also in the calculation of capital requirement for equity exposures. The work continues on migration to internal models for exposure to corporates and credit institutions.

The switch to IRB approach improved Aktia's Common Equity Tier 1 capital ratio by approximately 6 percentage points.

Main events January-September 2015

Aktia Real Estate Mortgage Bank

Aktia Bank has on 8 October 2015 entered an agreement with savings banks and POP Banks concerning acquisition of minority shares in Aktia Real Estate Mortgage Bank plc and subsequent merger. Prior to the acquisition, the parties aim to further reduce the balance sheet total of Aktia Real Estate Mortgage Bank. Hence the acquisition of shares will not take place until the financial statements of Aktia Real Estate Mortgage Bank for 2016 have been completed.

Following the agreement, the minority interest's share of equity (non-controlling interest) in Aktia Real Estate Mortgage Bank is reclassified from Equity to Other liabilities. The effect on Aktia's key figures for 2015 will be:

- The Group's equity will decrease by approximately EUR 65 million, but this will have no impact on Aktia's shareholders' share of equity (as from Q4 2015.
- Aktia's Return on equity (ROE) will improve by approximately 0.5 percentage points (as from Q4 2015).
- Aktia's Common Equity Tier 1 capital ratio (CET1 30 June 2015;22.4%) will decrease temporarily by approximately 2 percentage points and increase again concurrently with savings banks and POP Banks repurchasing their respective shares of Aktia Real Estate Mortgage Bank's loan book (as from Q3 2015).

The acquisition of minority shares will have no effect on Aktia's profit, but possible premature repayment of liabilities of Aktia Real Estate Mortgage Bank may, considering the current level of interest rates, cause certain one-off costs for the Group in 2016.

Decreased holdings in Folksam

On 3 March 2015, Aktia Bank divested further 24% of its holdings in Folksam Non-Life Insurance Ltd. Thus Aktia Bank's ownership in Folksam Non-Life Insurance decreased to 10 (34)%. The total effect of the transaction on the Bank Group's equity was negative, amounting to EUR -3.3 million, of which EUR -0.5 million burdened the operating profit.

The transaction does not effect Aktia's cooperation with Folksam Non-Life Insurance Ltd, and Aktia continues to offer insurance services to its customers.

Activity in January-September 2015

Business environment

The general interest rate level remained low in 2015, which had a negative impact on Aktia's net interest income and resulted in continued higher values for Aktia's fixed-rate investments.

According to EPSI Rating Finland (European Performance Satisfaction Index), confidence for the banking business has been restored compared to the previous year. As stated by EPSI Rating, Aktia Bank is best in offering its customers new solutions proactively. Aktia's position in total comparison of customer satisfaction improved to 4th place (previously 6th).

According to Statistics Finland, inflation was -0.6% in September 2015. The decrease in inflation is mainly attributable to lower fuel prices and interests on housing loans. In the same period the previous year inflation was 1.3%.

In September, the index of consumer confidence in the economy was higher than a year ago, reaching 4.2 (-0.7), but lower than in August this year. The consumer confidence index was 6.9 (9.4) in July and 8.3 (2.2) in August. The long-time average is 11.8 (Statistics Finland).

In September 2015, housing prices in Finland decreased by 0.5% on the previous year. Prices remained unchanged in the Helsinki region, but decreased in the rest of Finland by 0.8%. Compared with the second quarter of the year, housing prices remained unchanged in the whole country. (Statistics Finland).

Unemployment increased to 8.4% in September, and was 0.2 percentage points higher than in the previous year (Statistics Finland).

The OMX Helsinki 25-index dropped by approximately 1% and the Nordic banking sector rose by 8% during January-September 2015. During the same period, the price of Aktia's series A share increased by approximately 10%.

Key figures Y-o-y	**2016E***	**2015E***	**2014**
GDP growth, %			
World	3.6	3.0	3.4
Euro area	1.7	1.3	0.8
Finland	0.5	-0.5	-0.4
Consumer price index, %			
Euro area	1.4	0.2	0.4
Finland	1.0	0.0	1.0
Other key ratios, %			
Development of real value of housing in Finland[1]	-1.2	-0.6	-1.7
Unemployment in Finland[1]	9.8	9.6	8.7
OMX Helsinki 25	-	-	5.4
Interest rates[2], %			
ECB	0.05	0.05	0.05
10-y Interest Ger (=benchmark)	1.10	0.80	0.80
Euribor 12 months	0.20	0.10	0.33
Euribor 3 months	0.00	-0.05	0.08

* Aktia's chief economist's prognosis (25 October 2015)
[1]annual average
[2]at the end of the year

Rating

On 28 May 2015, Moody's Investors Service confirmed Aktia Bank plc's credit rating in conjunction with general changes to their rating methods. Aktia Bank plc's credit rating for long-term borrowing was confirmed as A3, for short-term borrowing as P-2 and its financial strength as C-. The outlook was improved to stable (negative).

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

On 31 March 2015, Standard and Poor's confirmed its rating of Aktia Bank plc's creditworthiness. The rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.

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

Profit January - September 2015

The Group's operating profit was EUR 53.1 (55.8) million. The Group's profit was EUR 42.9 (44.7) million.

Income

The Group's total earnings decreased to EUR 156.5 (160.6) million, mainly due to lower net interest income and lower income from financial transactions.

Interest rates remained low and net interest income decreased by 5%, amounting to a total of EUR 73.6 (77.5) million. Net interest income from traditional borrowing and lending operations improved by 26% to EUR 43.0 (34.2) million, while income from interest rate risk management and hedging measures dropped. Derivatives and fixed-rate instruments are used to manage interest rate risk. Their proportion of net interest income decreased to EUR 23.4 (26.9) million. Net interest income from other treasury operations was EUR 7.3 (16.4) million.

Net commission income increased by 9% to EUR 61.0 (56.0) million. Commission income from mutual funds, asset management and securities brokerage increased by 16% to EUR 33.8 (29.1) million. Card and other payment service commissions decreased by 6% to EUR 14.6 (15.5) million. This is mainly a result of decreased payment service commissions after ending operations as central credit institution. Commission income from real estate agency services increased by 10% to EUR 5.0 (4.5) million.

Net income from life insurance was EUR 16.9 (18.4) million. The actuarially calculated result developed positively, while the net income from investments for life insurance decreased on the previous year.

Net income from financial transactions was EUR 3.6 (6.3) million. The reference period includes a dividend from Suomen Luotto-osuuskunta of EUR 2.4 million. Net income from hedge accounting was EUR 0.1 (-0.4) million.

Other operating income was EUR 1.6 (2.2) million. Other operating income was impacted by EUR -0.5 million as a result of the decrease of Aktia's holdings in Folksam Non-Life Insurance in the first quarter of the year.

Expenses

Operating expenses decreased marginally, totalling EUR 103.9 (105.2) million.

Staff costs increased by 3% and amounted to EUR 52.7 (50.9) million. IT expenses amounted to EUR 18.9 (19.3) million. Other operating expenses decreased by 11% to EUR 26.2 (29.5) million. The corresponding period last year was affected by the temporary bank tax and by payments to the Deposit Guarantee Fund totalling EUR 3.8 million.

The depreciation of tangible and intangible assets increased to EUR 6.2 (5.4) million.

Write-downs on credits and other commitments

Write-downs on credits remained low. Write-downs on credits and other commitments amounted to EUR -0.1 (-1.7) million. The low outcome is due to the reversal of an individual large write-down in the second quarter.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of September was EUR 9,938 (10,707) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 2,409 (2,502) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 112 (0) million.

At the end of September, the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 36 months.

Aktia Bank has undertaken to guarantee the liquidity of Aktia Real Estate Mortgage Bank up to EUR 550 million.

The Liquidity Coverage Ratio (LCR) was 221%.

Liquidity coverage ratio (LCR)	30.9.2015	30.6.2015	31.12.2014
LCR %	221%	189%	186%

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

Borrowing

Deposits from the public and public sector entities decreased marginally to EUR 3,920 (3,979) million, corresponding to a market share of deposits of 3.9 (3.9) %.

In total, the value of the Aktia Group's issued bonds was EUR 3,008 (3,535) million. Of these issued bonds, EUR 810 (1,698) million were covered bonds issued by the Aktia Real Estate Mortgage Bank. The equivalent amount for Aktia Bank was EUR 1,512 (997) million.

Certificates of deposit issued by Aktia Bank amounted to EUR 49 (161) million at the end of the period. During the period Aktia Bank issued new subordinated loans with a total value of EUR 41 million. During the first quarter Aktia Bank issued a new long-term covered bond with a value of EUR 500 million and a maturity of 7 years. The issue was warried out to favourable terms, and it was oversubscribed three times over. As security for the CB issue, loans with a value of EUR 2,010 million were reserved at the end of September.

At the end of September, the long-term senior financing received from savings banks and POP Banks for Aktia Real Estate Mortgage Bank amounted to EUR 126 (198) million. The long-term senior financing was received without collateral.

Lending

Total Group lending to the public amounted to EUR 5,934 (6,416) million at the end of September, a decrease of EUR 482 million.

Loans to private households (including mortgages brokered by savings banks and POP Banks) accounted for EUR 5,239 (5,697) million or 88.3 (88.8)% of the total loan book. Aktia's loan book, including the bank's share in Aktia Real Estate Mortgage Bank, amounted to EUR 4,404 (4,357) million. The loans brokered by savings banks and POP Banks decreased by 38% to EUR 854 (1,373) million.

The housing loan book totalled EUR 4,786 (5,229) million, of which the share for households was EUR 4,503 (4,939) million. Aktia's new lending to private households increased by 24%, totalling EUR 454 (30 September 2014: 366) million. Aktia's market share in housing loans to households stood at 4.1 (4.1)% at the end of September.

Corporate lending accounted for 7.2 (6.5)% of Aktia's loan book. Total corporate lending amounted to EUR 426 (420) million.

Loans to housing companies totalled EUR 226 (251) million and made up 3.8 (3.9)% of Aktia's total loan book.

Loan book by sector

(EUR million)	30.9.2015	31.12.2014	Δ	Share,%
Households	5,239	5,697	-458	88.3%
Corporate	426	420	6	7.2%
Housing companies	226	251	-25	3.8%
Non-profit organisations	43	46	-3	0.7%
Public sector entities	2	2	0	0.0%
Total	**5,934**	**6,416**	**-482**	**100.0%**

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the banking business and other interest-bearing investments amounting to EUR 2,409 (2,512) million, the life insurance company's investment portfolio amounting to EUR 615 (630) million and the real estate and equity holdings of the banking business amounting to EUR 8 (1) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,087 (1,025) million, of which EUR 614 (543) million were unit-linked. Interest-related technical provisions amounted to EUR 473 (482) million.

Equity

Due to slightly higher long-term interest rates and a downturn in the fund at fair value (unrealised value impairment), Aktia Group's equity decreased by EUR 13 million to EUR 678 (691) million.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, decreased by EUR 7 million and amounted to EUR 315 (322) million.

Managed assets

The Group's total managed assets amounted to EUR 9,765 (10,065) million.

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

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

Managed assets

(EUR million)	30.9.2015	31.12.2014	Δ%
Assets under Management (AuM)	6,815	6,783	0%
Group financial assets	2,949	3,282	-10%
Total	**9,765**	**10,065**	**-3%**

Capital adequacy and solvency

On 10 February 2015, the Financial Supervisory Authority granted Aktia Bank Group (Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd) permission to apply internal risk classification (IRBA) to the calculation of capital requirement for retail exposures. Simultaneously, the IRB approach was introduced also in the calculation of capital requirement for equity exposures. A total of 58% of the Bank Group's exposures are calculated according to the IRB approach. The work continues on migration to internal models for exposure to corporates and credit institutions.

The average risk weight for retail exposures with residential real estate collateral calculated according to the IRB approach was 15% compared to 35 % using the standardised method. The lower risk weight resulted in an improvement of Aktia's Common Equity tier 1 capital ratio compared to year-end.

Capital adequacy, %	30.9.2015 IRB	30.6.2015 IRB	31.12.2014 STD
Bank Group			
CET1 Capital ratio	20.5	22.4	14.6
T1 Capital ratio	20.5	22.5	14.6
Total capital ratio	25.8	27.7	19.1
Aktia Bank			
CET1 Capital ratio	18.7	18.8	15.0
T1 Capital ratio	18.7	18.8	15.0
Total capital ratio	23.7	23.8	20.3
Aktia Real Estate Mortgage Bank			
CET1 Capital ratio	67.8	63.0	19.6
T1 Capital ratio	67.8	63.0	19.6
Total capital ratio	67.8	63.0	19.6

Aktia Bank has on 8 October 2015 entered an agreement with savings banks and POP Banks concerning acquisition of minority shares in Aktia Real Estate Mortgage Bank plc. The agreement has a negative effect on the Bank Group's capital adequacy. Following the agreement, the minority interest's share of equity (non-controlling interest) in Aktia Real Estate Mortgage Bank is reclassified from Equity to Other liabilities, which has been taken into account in capital adequacy already at the end of the third quarter. Without the loan book brokered by savings banks and POP Banks, the Bank Group's Common Tier 1 capital ratio would have been approximately 22.1%

Following the decrease of Aktia Bank's holdings in Folksam Non-Life Insurance to 10%, the company is no longer part of the Aktia Bank financial conglomerate. Aktia Bank still owns 100% of Aktia Non-Life Insurance Ltd. The exemption granted by the Financial Supervisory Authority to the effect that Aktia Bank does not need to deduct its holdings in Aktia Life Insurance when calculating capital adequacy expired at the end of 2014.

As the Group's total holdings in insurance companies decreased, deductions for them will not have to be made in total from the Bank Group's CET1 capital. According to the IRB approach, Aktia Bank's risk weight for holdings in Aktia Life Insurance is 250% and that for holdings in Folksam Non-Life Insurance 370%.

The capital requirement of banking business increased at the beginning of 2015 as the requirement for a so-called capital conservation buffer and the so-called countercyclical capital buffer requirement were introduced to Finland. The requirement for capital conservation buffer increases the minimum requirement by 2.5 percentage points. The countercyclical capital buffer requirement varies between 0.0 and 2.5 percentage points. The board of the Financial Supervisory Authority will decide quarterly the magnitude of the requirement for the countercyclical capital buffer on the basis of analysis of macroeconomic stability. The latest decisions on the requirement (29 September 2015) placed no countercyclical capital buffer requirement on the banks for Finnish exposures, and the policy for macroeconomic stability was not tightened up by other means either.

The authorities in Sweden and Norway have set 1% as requirement for the countercyclical capital buffer of Swedish and Norwegian exposures. This requirement also applies to certain exposures in the Bank Group's liquidity portfolio. Aktia Bank Group's requirement for a countercyclical capital buffer amounted to 0.02% as per 30 September 2015, taking the geographic distribution of exposures into account.

In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined systemically important institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements will enter into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia. Taking all buffer requirements into account, the minimum capital adequacy level for the Bank Group was 10.52%.

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

Aktia Bank Group's leverage ratio was 4.9 (4.9)%, calculated based on end of third quarter figures.

Leverage Ratio*	**30.9.2015**	**31.12.2014**
Tier 1 capital	435	476
Total exposure	8,892	9,694
Leverage Ratio, %	**4.9**	**4.9**

* The leverage ratio is calculated based on end of quarter figures

The life insurance company's solvency margin amounted to EUR 128.9 (133.4) million, where the minimum requirement is EUR 34.6 (34.2) million. The solvency ratio was 22.3 (23.3)%.

The financial conglomerate's capital adequacy ratio was 223.5 (216.5)%. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. When the requirements for capital buffers in banking business enter into force, the capital requirements for the financial conglomerate are also increased, thus reducing the financial conglomerate's capital adequacy accordingly. The simultaneous introduction of the IRB approach did, however, reduce the total requirement for the financial conglomerate.

Segment overview

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

Group operating profit by segment

(EUR million)	**1-9/2015**	**1-9/2014**	**Δ %**
Banking Business	44.4	40.8	9%
Asset Management & Life Insurance	16.2	16.3	0%
Miscellaneous	-7.2	-1.9	-275%
Eliminations	-0.2	0.6	-
Total	**53.1**	**55.8**	**-5%**

Banking Business

The segment Banking Business contributed EUR 44.4 (40.8) million to Group operating profit.

Operating income was EUR 126.2 (127.5) million, of which EUR 73.4 (77.1) million was net interest income. Compared to the corresponding period last year, net commission income increased to EUR 47.6 (44.4) million. The increase in net commission income is primarily due to increased fund and insurance commissions. Over the period, commission income from Aktia Real Estate Agency increased to EUR 5.0 (4.5) million.

Net income from financial transactions was EUR 3.7 (3.9) million.

Operating expenses were lower than the year before and totalled EUR 81.8 (85.0) million. Staff costs remained unchanged compared to the corresponding period last year, standing at EUR 26.5 (26.6) million. IT-related expenses totalled EUR 11.4 (13.0) million. Other operating expenses decreased to EUR 42.4 (44.1) million. The decrease in other operating expenses is due to the temporary bank tax and to payments to the Deposit Guarantee Fund having affected the profit of banking business under the corresponding period the previous year by EUR 3.8 million.

Write-downs on credits and other commitments amounted to EUR -0.1 (-1.7) million. Lower write-downs are due to the reversal of a previous write-down related to an individual large write-down.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its number of clients by approximately 6%. Private Banking's customer assets increased by approximately 1% and amounted to EUR 1,813 (1,791) million on 30 September 2015.

Total savings by households were at the same level as at the beginning of the year, amounting to EUR 4,275 (4,275) million, of which household deposits were EUR 3,031 (3,054) million and savings by households in mutual funds were EUR 1,244 (1,221) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, amounted to EUR 4,404 (4,357) million. The corporate loan book increased to EUR 426 (420) million, which means that the decreasing trend has stopped. Due to the intensified transfer of loans to the local banks, Aktia Real Estate Mortgage Bank's total lending decreased by EUR 996 million to EUR 946 (1,941) million.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 16.2 (16.3) million to Group operating profit.

Operating income for the segment was higher than in the corresponding period the previous year and stood at EUR 33.1 (32.1) million. The net commission income from asset management improved and was EUR 18.4 (15.4) million, and net income from life insurance was EUR 14.5 (16.6) million. The actuarially calculated result developed positively, while the net income from investments for life insurance decreased on the previous year.

Life insurance premiums written increased by 61% year-on-year to EUR 131.6 (81.5) million. The increase is attributable to unit-linked savings policies, including sales of Aktia Profile and Allocation service+. Sales of Allocation service+ commenced at the end of 2014. The Aktia Profile investment service and the Allocation service+ which contributed to 67 (49)% of premiums written.

Net income from life insurance investment activities amounted to EUR 12.4 (16.5) million. The decrease was the result of lower investment returns and impairment of individual fixed-income funds. The return on the company's investments based on market value was 0.7 (6.6)%.

Operating expenses were higher than in the corresponding period the previous year and stood at EUR 16.9 (15.8) million, mainly as a result of higher sales and maintenance commissions in the life insurance business. Staff costs amounted to EUR 7.2 (7.2) million. The expense ratio for the life insurance business was at a good level, 84.9 (82.1)%.

The value of assets managed by Aktia Asset Management & Life Insurance totalled EUR 5,546 (5,525) million.

(EUR million)	**30.9.2015**	**31.12.2014**	**Δ %**
Aktia Fund Management	3,673	3,450	6%
Aktia Asset Management	5,778	5,677	2%
Aktia Life Insurance	616	545	13%
Eliminations	-4,520	-4,147	9%
Total	**5,546**	**5,525**	**0%**

Life insurance technical provisions totalled EUR 1,087 (1,025) million, of which allocations for unit-linked provisions were EUR 614 (543) million and interest-related provisions EUR 473 (482) million. Unit-linked provisions continued to increase, amounting to 56 (53)% of total technical provisions. The average discount rate for the interest-linked technical provisions was 3.5%. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which is used for hedging future interest requirements.

All the companies in the segment had a capital adequacy that exceeded minimum regulatory requirements by a good margin.

Miscellaneous

The Miscellaneous segment contributed EUR -7.2 (-1.9) million to Group operating profit.

Miscellaneous includes some of the joint administrative functions within Aktia Bank plc and the subsidiary Vasp-Invest Ltd. Costs attributable to the administrative units are invoiced on an ongoing basis from the subsidiaries.

Operating income totalled EUR 3.5 (7.5) million. Net income from investment properties amounted to EUR -0.4 (0.0) million as a result of continued sale of real estate holdings in the Vasp-Invest Ltd subsidiary. Other operating income is impacted by EUR -0.5 million resulting from the decrease in Aktia's holdings in Folksam Non-Life Insurance. The reference period included a dividend from Suomen Luotto-osuuskunta of EUR 2.4 million. No dividend is to be received from that cooperative for 2015.

Operating expenses after cost allocations to subsidiaries totalled EUR 10.8 (9.4) million. Staff costs amounted to EUR 18.1 (16.8) million. This increase is mainly attributable to increased reservations for result-related remuneration. IT expenses for the segment totalled EUR 6.1 (5.0) million. Of the provision in the 2012 annual accounts for the change of core banking system, a total of EUR 1.6 (1.9) million has been released in the period. At the end of September, the remaining share of the provision was EUR 2.0 (31 December 2014; 3.5) million.

The subsidiary Vasp-Invest Ltd made an operating profit of EUR 0.1 (0.0) million. Sales of the Vasp-Invest Ltd assets have been completed and the company will be merged with Aktia Bank plc before the end of 2015.

The Group's risk exposures

Definitions and general principles for asset and risk management can be found in Aktia Bank plc's Annual Report for 2014 (www.aktia.com) in note G2 on pages 40–65.

Lending related risks within banking business

Loans past due more than 90 days, including claims on bankrupt companies and loans for collection increased to EUR 48 (46) million, corresponding to 0.80 (0.71)% of the loan book. The loan book also includes off-balance sheet guarantee commitments.

Loans past due to households more than 90 days corresponded to 0.64 (0.56)% of the entire loan book and 0.73 (0.63)% of the household loan book.

Loans with payments 3–30 days overdue decreased to EUR 78 (101) million, equivalent to 1.31 (1.57)% of the loan book. Loans with payments 31–89 days overdue decreased to EUR 34 (41) million, or 0.56 (0.63)% of the loan book.

Loans past due by time overdue

(EUR million)

Days	30.9.2015	% of loan book	31.12.2014	% of loan book
3 - 30	78	1.31	101	1.57
of which households	73	1.23	94	1.46
31 - 89	34	0.56	41	0.63
of which households	28	0.47	34	0.53
90-	48	0.80	46	0.71
of which households	38	0.64	36	0.56

Write-downs on credits and other commitments

Over the period total write-downs on credits and other commitments stood at EUR -0.1 (-1.7) million. Of these write-downs, EUR -0.6 (-1.9) million were attributable to households, and EUR 0.5 (0.2) million to companies.

Total write-downs on credits amounted to 0.00 (0.03)% of total lending for the period. The share of write-downs on corporate loans in relation to corporate lending overall amounted to -0.12 (-0.04)%.

Distribution of risk across financial assets

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

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

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

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

Investments within the liquidity portfolio and the other interest-bearing investments decreased from year-end by EUR 103 million, and amounted to EUR 2,409 (2,512) million.

Rating distribution for Bank Group's liquidity portfolio and other direct interest-bearing investments

	30.9.2015	31.12.2014
(EUR million)	**2,409**	**2,512**
Aaa	59.1%	50.9%
Aa1-Aa3	24.3%	29.7%
A1-A3	5.6%	13.5%
Baa1-Baa3	1.7%	0.6%
Ba1-Ba3	0.6%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	6.2%	5.3%
No rating	2.5%	0.0%
Total	**100.0%**	**100.0%**

At the end of the period, there were two covered bonds with a total value of EUR 21 million, that did not meet the eligibility requirements for refinancing at the central bank. The credit rating of the bonds was Aa1. In addition, there are securities to a value of EUR 25 million from a Finnish credit institution that do not meet the criteria for refinancing at the central bank, due to the fact that the issue has no rating.

Interest-bearing investments without rating consist of short-term domestic commercial papers worth a total of EUR 61 million, which do not meet the criteria for refinancing at the central bank as the issuer has no rating.

The Group's investments in the so-called GIIPS countries amounted to a total of EUR 41 (34) million on 30 September 2015. All exposures relating to GIIPS countries are marked to market on an ongoing basis at current market prices.

Bank Group's geopolitical and instrument type distribution

(EUR million)	Government and Govt. guaranteed 9/2015	Government and Govt. guaranteed 2014	Covered Bonds 9/2015	Covered Bonds 2014	Financial institu-tions exkl. CB 9/2015	Financial institu-tions exkl. CB 2014	Corporate bonds 9/2015	Corporate bonds 2014	Equity instru-ments 9/2015	Equity instru-ments 2014	Total 9/2015	Total 2014
EU-countries	**381**	**357**	**1,093**	**1,210**	**350**	**436**	**80**	**-**	**-**	**0**	**1,903**	**2,002**
Finland	162	149	180	239	79	50	80	-	-	0	**501**	**438**
Sweden	-	-	75	87	120	96	-	-	-	-	**195**	**183**
Denmark	-	-	91	27	-	-	-	-	-	-	**91**	**27**
Germany	48	48	9	10	-	3	-	-	-	-	**58**	**61**
France	65	66	143	195	47	133	-	-	-	-	**256**	**393**
United Kingdom	-	-	302	320	19	25	-	-	-	-	**321**	**346**
Netherlands	25	25	200	208	85	129	-	-	-	-	**310**	**363**
Austria	26	26	64	95	-	-	-	-	-	-	**90**	**121**
Belgium	42	42	-	-	-	-	-	-	-	-	**42**	**42**
Greece	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Ireland	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Italy	-	-	27	27	-	-	-	-	-	-	**27**	**27**
Portugal	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Spain	12	-	-	-	-	-	-	-	-	-	**12**	**-**
Other countries	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Europe excluding EU	**-**	**-**	**267**	**248**	**-**	**10**	**-**	**-**	**-**	**-**	**267**	**258**
North America	**-**	**-**	**11**	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**11**	**12**
Other OECD-countries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Supranationals	**228**	**240**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228**	**240**
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**-**	**-**	-	0
Total	**609**	**596**	**1,371**	**1,469**	**350**	**446**	**80**	**0**	**-**	**0**	**2,409**	**2,512**

Life Insurance company's geopolitical and instrument type distribution

(EUR million)	Government and Govt. guaranteed 9/2015	Government and Govt. guaranteed 2014	Covered Bonds 9/2015	Covered Bonds 2014	Financial insti-tutions exkl. CB 9/2015	Financial insti-tutions exkl. CB 2014	Corporate bonds 9/2015	Corporate bonds 2014	Real estate 9/2015	Real estate 2014	Alternative investments 9/2015	Alternative investments 2014	Equity instruments 9/2015	Equity instruments 2014	Total 9/2015	Total 2014
EU-countries	**124**	**146**	**187**	**198**	**63**	**77**	**99**	**66**	**90**	**86**	**20**	**16**	**-**	**-**	**583**	**589**
Finland	34	35	6	6	35	45	65	53	90	86	15	15	-	-	**245**	**240**
Sweden	-	-	-	-	11	8	-	-	-	-	0	0	-	-	**11**	**9**
Denmark	-	-	19	20	-	-	2	2	-	-	-	-	-	-	**22**	**22**
Germany	17	17	-	-	-	-	4	4	-	-	-	-	-	-	**21**	**21**
France	39	46	87	88	1	6	10	3	-	-	-	-	-	-	**136**	**143**
United Kingdom	-	-	36	37	3	4	1	1	-	-	0	0	-	-	**41**	**43**
Netherlands	10	23	31	37	13	13	2	1	-	-	-	-	-	-	**56**	**74**
Austria	23	23	6	6	-	-	-	-	-	-	-	-	-	-	**29**	**30**
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Ireland	-	-	-	-	-	-	15	-	-	-	-	-	-	-	**15**	**-**
Italy	-	-	-	2	-	-	-	2	-	-	-	-	-	-	**-**	**5**
Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Spain	-	-	2	2	-	-	-	-	-	-	-	-	-	-	**2**	**2**
Other countries	2	1	-	-	-	-	-	0	-	-	5	-	-	-	**6**	**1**
Europe excluding EU	**2**	**1**	**-**	**-**	**5**	**6**	**2**	**2**	**-**	**-**	**0**	**0**	**-**	**-**	**9**	**9**
North America	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**3**	**-**	**-**	**0**	**0**	**-**	**-**	**2**	**3**
Other OECD-countries	**3**	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**6**
Supranationals	**5**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Others	**12**	**17**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12**	**17**
Total	**147**	**176**	**187**	**198**	**68**	**83**	**102**	**71**	**90**	**86**	**21**	**16**	**-**	**-**	**615**	**630**

Other market risks within the banking business

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

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares necessary for the business amounted to EUR 8.0 (0.9) million. The increase of investments in shares is attributable solely to the divestment of shares in the former associated company Folksam Non-Life Insurance. The remaining holding (10%) in Folksam Non-Life Insurance is reported as shares available for sale.

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 615 (630) million. Over the period the real estate allocation in the life insurance company has increased slightly. The life insurance company's direct real estate investments amounted to EUR 62 (57) million. The properties are mainly located in the Helsinki region and have long tenancies.

The life insurance company's investments in GIIPS countries amounted to EUR 2 (7) million.

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

	30.9.2015	31.12.2014
(EUR million)	**437**	**460**
Aaa	60.3%	59.6%
Aa1-Aa3	18.0%	18.4%
A1-A3	8.1%	9.4%
Baa1-Baa3	4.4%	4.3%
Ba1-Ba3	0.5%	0.5%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	8.6%	7.8%
Total	**100.0%**	**100.0%**

Valuation of financial assets

Value changes reported via income statement

Over the period, write-downs on financial assets amounted to EUR -3.1 (-1.3) million, attributable to permanent reductions in the value of interest rate and real estate funds and small private equity holdings.

Write-downs on financial assets

(EUR million)	1-9/2015	1-9/2014
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-
Shares and participations		
Banking Business	0.0	-0.3
Life Insurance Business	-3.1	-1.0
Total	**-3.1**	**-1.3**

Value changes reported via the fund at fair value

A value impairment that is not reported in the income statement, or an increase in the value that has not been realised, is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 80.3 (104.1) million after deferred tax.

Cash flow hedging, which comprises of unwound interest-rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 0.0 (0.2) million.

The fund at fair value

(EUR million)	30.9.2015	31.12.2014	Δ
Shares and participations			
Banking Business	0.1	0.0	0.1
Life Insurance Business	3.2	4.0	-0.8
Direct interest-bearing securities			
Banking Business	27.0	40.5	-13.5
Life Insurance Business	50.0	57.1	-7.1
Share of Non-Life insurance's fund at fair value	-	2.3	-2.3
Cash flow hedging	-	0.2	-0.2
Fund at fair value, total	**80.3**	**104.1**	**-23.8**

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of interest-bearing securities reclassified in previous years. Most of the reclassified securities have an AAA rating. Over the period no new acquisitions were made to the portfolio which, on 30 September 2015, amounted to EUR 483 (489) million.

Unwinding of hedging interest-rate derivatives

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

The unwound interest-rate derivatives will have a positive result impact on the net interest income up until the end of 2019. In 2015, the positive impact on net interest income will amount to approximately EUR 16 million. In 2016-2017, the positive impact will be approximately EUR 15.5 million respectively, and in 2018-2019 it will be approximately EUR 12 million.

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

Operational risks

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

Events concerning close relations

Close relations refers to Aktia Bank's key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling interest. The Aktia Group's key persons are the members of the Board of Supervisors, the Board of Directors of Aktia Bank plc, the Managing Director and Managing Director's alternate.

Further information on events concerning close relations is given in note G46 to the Financial statements 2014. No significant changes concerning close relations occurred during the period.

Action Plan 2015

At the end of 2012, Aktia's Board of Directors introduced Action Plan 2015. This was motivated by the business environment characterised by extremely low interest rates and new regulations. Action Plan 2015 included several separate measures, of which for example the following have been completed:

- Mergers of branch offices and more effective use of office space as well as simplification of Group structure and reduction of the workforce.
- Aktia Bank terminated services as central credit institution, was granted mortgage bank concession and has issued covered bonds since 2013.
- The agreement with Samlink as main supplier of IT services was terminated, development of a new core banking system initiated, and the Group's workstations unified into one network
- The Finnish Financial Supervisory Authority granted Aktia Bank permission to implement an internal method for risk classification (IRBA), further strengthening the good capital adequacy.
- Agreement with savings banks and POP Banks concerning acquisition of minority shares in Aktia Real Estate Mortgage Bank after the balance sheet is unwound during 2015-2016.

The Action Plan 2015 measures still to be completed are the renewal of core banking system, unwinding of Aktia Real Estate Mortgage Bank plc and the process improvements that the new core banking system will bring.

Other events

Aktia Bank plc has divested 115,294 Series A treasury shares as payment to the Board of Directors and Board of Supervisors, as well as for deferred instalments under Share Based Incentive Scheme 2011, earning period 2011–2012 and earning period 2012–2013, to 13 key employees belonging to the share-based incentive scheme.

On 12 May 2015 at its first meeting following the ordinary annual general meeting 2015, the Board of Supervisors of Aktia Bank plc re-elected Honorary Counsellor Håkan Mattlin as the Chair of the Board of Supervisors. Christina Gestrin, Patrik Lerche, Jorma J. Pitkämäki, Jan-Erik Stenman and Bo-Gustav Wilson were re-elected as Deputy Chairs. Clas Nyberg was elected as new Deputy Chair.

During the first quarter, Aktia Bank plc divested further 24% of its holdings in Folksam Non-Life Insurance Ltd. Following the transaction, Aktia Bank's ownership in Folksam Non-Life Insurance decreased to 10%.

On 10 February 2015, the Financial Supervisory Authority granted Aktia Bank Group permission to apply internal risk classification (IRBA) to the calculation of credit risk capital requirements for retail exposures from 31 March 2015. Thus, Aktia implements the internal method for risk classification from the Interim Report 1 January–31 March 2015.

Events after the period

The presiding officers of Aktia Bank plc's Board of Supervisor prepare appointments of the Board of Directors of Aktia Bank plc and present a proposal for the remuneration of the members of the Board of Directors to the Board of Supervisors for decision. The presiding officers proposed 13 November 2015 that the number of members of the Board of Directors be increased to nine (2015: seven).

The presiding officers proposed re-election of the following members of the Board of Directors: Sten Eklundh, Kjell Hedman, Catharina von Stackelberg-Hammarén, Arja Talma, Dag Wallgren and Nina Wilkman. As new members of the Board of Directors, the presiding officers proposed Christina Dahlblom (37), M.Sc. (Econ.), Managing Director and owner of Dahlblom & Sparks Oy, Stefan Damlin (47), M.Sc. (Econ.), Managing Director of Wärtsilä Finland Oy, Lasse Svens (53), M. Sc. (Econ.) treasurer of the foundation Stiftelsen för Åbo Akademi. The term of the nominated candidates is the calendar year 2016, with the exception of Christina Dahlblom, whose term is the period 1 April – 31 December 2016. Further, the present Chair Dag Wallgren was proposed to be appointed as Chair and the present Vice Chair Nina Wilkman as Vice Chair of the Board of Directors.

In order to recruit and retain competent persons to the Board of Directors, the presiding officers proposed a 5% higher annual remuneration for members of the Board of Directors, following their increased responsibility and the restrictions put on members of a credit institution's Board of Directors. The total increase in annual remuneration was proposed to be paid in the form of Aktia series A shares, so that 40 (2015:35)% of the annual remuneration is paid in the form of series A shares. The remuneration for attended meetings was proposed to remain unchanged, i.e. EUR 500 per attended meeting and EUR 1,000 per committee meeting to committee chairs. The Board of Supervisors of Aktia Bank plc convenes on 8 December 2015 to elect the members of the Board of Directors and to confirm the remuneration for board members in the calendar year 2016.

On 10 November 2015, Nasdaq Nordic announced that Aktia Bank plc's A share (AKTAV) will be included in the OMX Helsinki Benchmark index. The new composition of the OMX Helsinki Benchmark index will enter into force on 1 December 2015.

Aktia Bank has on 8 October 2015 entered an agreement concerning acquisition of minority shares in Aktia Real Estate Mortgage Bank plc and subsequent merger. Prior to the acquisition, the parties aim to further reduce the balance sheet total of Aktia Real Estate Mortgage Bank. Hence the acquisition of shares will not take place until the financial statements of Aktia Real Estate Mortgage Bank for 2016 have been completed. Following the agreement, the minority interest's share of equity (non-controlling interest) in Aktia Real Estate Mortgage Bank is reclassified from Equity to Other liabilities.

On 7 October, Heidi Schauman, D.Sc. (Econ.), was appointed as new Chief Economist. She was previously employed by Nordea, and started at Aktia in November 2015.

Aktia Bank plc has on 5 October 2015 completed acquisition of own shares as informed in the Stock Exchange Release of 11 August 2015. A total of 120,000 Series A shares were purchased.

Personnel

At the end of September, the total number of full time employees in Aktia Group stood at 916 (31 December 2014: 932).

The average number of full time employees in the period was at the same level as in 2014 and stood at 941 (1 January–31 December 2014: 941).

Personnel fund

Aktia Bank plc's Board of Directors has confirmed that the maximum profit sharing provision for the personnel fund for 2015 will be EUR 3 million at a group operating profit of EUR 79 million. If the group operating profit amounts to a minimum of EUR 49 million, the profit sharing provision is EUR 250,000 and increases thereafter with an amount corresponding to 10% of the group operating profit exceeding EUR 49 million.

Incentive schemes for key personnel

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

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

Board of Directors and Executive Committee

Aktia Bank plc's Board of Directors for 1 January - 31 December 2015:

Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Sten Eklundh, M.Sc.
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, Business Economist
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Arja Talma M.Sc. (Econ.), eMBA

Aktia's Executive Committee comprises Managing Director Jussi Laitinen, Deputy Managing Director and Managing Director's alternate Taru Narvanmaa, Director Juha Hammarén, Director Carl Pettersson, Director Fredrik Westerholm and Director Magnus Weurlander.

Aktia's Executive Comittee has been was reinforced by two new members: Anssi Rantala , D.Soc.Sc., and Mia Bengts, M.Sc. (Econ.), LL.M. The appointments entered into force 1 October 2015.

Decisions made at the Annual General Meeting 2015

The Annual General Meeting of Aktia Bank plc on 13 April 2015 adopted the consolidated financial statements of the parent company and the group, and discharged the members of the Board of Supervisors, the members of the Board of Directors, the Managing Director and his alternate from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.48 per share, totalling approximately EUR 32 million for the accounting period 1 January – 31 December 2014. The record date for the dividend was stipulated as 15 April 2015 and the dividend was paid out on 22 April 2015.
The Annual General Meeting established the number of members on the Board of Supervisors to be twenty nine.
As members of the Board of Supervisors, Harriet Ahlnäs, Johan Aura, Anna Bertills, Henrik Rehnberg and Sture Söderholm, who were all due to step down, were re-elected, and Annika Grannas, M. Sc. (Econ.), Yvonne Hult-Malin, M. Sc. (Econ.) and Kim Wikström, D. Sc. (Tech), Industrial Management were elected as new members. All for a term of three years.

As annual remuneration for the members of the Board of Supervisors, EUR 22,600 for the chair, EUR 10,000 for deputy chairs and EUR 4,400 for members were established. Further, a remuneration of EUR 500 was set per meeting attended.

The Annual General Meeting established the number of auditors as one. The APA firm KPMG Oy Ab was re-elected as auditor, with Jari Härmälä, APA, as auditor-in-charge. Remuneration to the auditor is paid as invoiced. The Annual General Meeting approved the proposed amendment of Article 2 in the Articles of Association concerning Field of operations, reflecting the fact that the bank ceased to act as central credit institution in spring 2015.

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

All authorisations approved by the AGM have been published on the website www.aktia.com under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2015.

Share capital and ownership

The share capital of Aktia Bank plc amounts to EUR 163 million, comprising a total of 46,706,723 A shares and 19,872,088 R shares, or 66,578,811 shares in all. The number of shareholders at the end of September 2015 was 42,091. Foreign ownership was 2.2%.

The number of unregistered shares was 770,394 or 1.2% of all shares. Inspection and registration of outstanding shares continue.

On 30 September 2015, the Group held 121,078 A shares and 6,658 R shares in the parent company Aktia Bank plc, total 127,736 shares.

Shares

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

On 30 September 2015, Aktia was capitalised at EUR 732 (667) million. On 30 September 2015 the closing price for an A series share was EUR 10.90 and for an R series share EUR 11.21. The highest closing price for A series shares was EUR 12.07 and the lowest EUR 9.33. The highest for the R series shares was EUR 13.00 and the lowest EUR 10.45.

The average daily turnover of A shares during the period was EUR 275,002 (480,470) or 25,276 (54,106) shares. The average turnover of R shares was significantly lower and over the same period was EUR 55,618 (17,820) or 4,824 (1,238) shares per day.

Outlook and risks

According to the new strategy, Aktia focuses mainly on services for private customers and their families, but also on family businesses and owner-operated companies. Aktia also seeks growth in loans to housing companies in need for renovations for which the bank may offer competitive loans. Aktia will continue to strive for efficient and customer-friendly service in both branches and digital channels.

The bank's strong capital adequacy ratio and balance sheet enable Aktia to focus on growth. The objective is to double the annual number of new customers before the end of 2018.

Outlook 2015 (changed)

The continued low interest rates have a negative impact on Aktia's net interest income. Further, the fourth quarter will probably be burdened by one-off costs arising from the concluding stage of Action Plan 2015. The write-downs on credits in 2015 are expected to be at a lower level than in 2014.

Aktia's operating profit for 2015 is expected to be EUR 62-65 million (previously: reach a similar level as in 2014).

Risks

Aktia's financial 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, and the competitive situation. The demand for banking, insurance, asset management and real estate agency services can be changed by these factors.

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

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

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

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

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

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

Financial objectives 2018

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

Key figures

(EUR million)	1-9/2015	1-9/2014	Δ%	3Q2015	2Q2015	1Q2015	2014
Earnings per share (EPS), EUR	0.65	0.65	0%	0.20	0.25	0.20	0.79
Total earnings per share, EUR	0.29	1.02	-71%	0.16	-0.07	0.21	1.14
Equity per share (NAV), EUR[1]	9.20	9.27	-1%	9.20	9.05	9.59	9.39
Return on equity (ROE), %	8.4	9.0	-7%	8.0	9.6	7.5	8.3
Return on assets (ROA), %	0.55	0.54	2%	0.53	0.64	0.49	0.51
Equity ratio, %[1]	6.6	6.2	5%	6.6	6.4	6.6	6.4
Capital adequacy ratio (finance and insurance conglomerate), %[1]	223.5	213.2	5%	223.5	225.7	230.1	216.5
Average number of shares (excl. treasury shares), million[2]	66.5	66.6	0%	66.5	66.5	66.5	66.5
Number of shares at the end of the period (excl. treasury shares), million[1]	66.5	66.6	0%	66.5	66.6	66.5	66.4
Group's personnel (FTEs), average number of employees	941	943	0%	949	945	936	941
Group's personnel (FTEs), at the end of the period	916	938	-2%	916	974	934	932
Group financial assets[1]	2,949.5	3,387.9	-13%	2,949.5	3,087.9	3,360.6	3,282.2
Banking Business							
Cost-to-income ratio (Bank Group)[3]	0.66	0.68	-3%	0.66	0.68	0.65	0.71
Borrowing from the public[1]	3,920.0	3,991.0	-2%	3,920.0	3,978.5	3,903.5	3,979.2
Lending to the public[1]	5,934.4	6,504.9	-9%	5,934.4	6,598.3	6,189.5	6,416.0
Common Equity Tier 1 capital ratio (Bank Group), %[1]	20.5	14.2	44%	20.5	22.4	22.6	14.6
Tier 1 capital ratio (Bank Group), %[1]	20.5	14.2	44%	20.5	22.5	22.7	14.6
Capital adequacy ratio (Bank Group), %[1]	25.8	18.4	40%	25.8	27.7	27.1	19.1
Risk-weighted commitments (Bank Group)[1]	2,126.3	3,426.3	-38%	2,126.3	2,164.5	2,234.4	3,263.3
Personnel (FTEs), at the end of the period	533	550	-3%	533	577	543	547
Asset Management & Life Insurance							
Assets under management[1]	6,815.1	6,889.4	-1%	6,815.1	7,156.2	7,322.8	6,782.8
Premiums written before reinsurers' share	132.0	81.9	61%	26.6	45.1	60.3	125.7
Expense ratio, %[2]	84.9	82.1	3%	84.9	85.3	88.1	81.5
Solvency margin[1]	128.9	128.6	0%	128.9	126.9	144.3	133.4
Solvency ratio, %[2]	22.3	22.3	0%	22.3	21.5	24.2	23.3
Investments at fair value[1]	1,198.2	1,118.4	7%	1,198.2	1,237.7	1,246.8	1,135.2
Technical provisions for interest-related insurances[1]	473.2	491.4	-4%	473.2	496.3	481.9	482.3
Technical provisions for unit-linked insurances[1]	613.8	512.7	20%	613.8	644.4	637.3	543.1
Personnel (FTEs), at the end of the period	117	114	3%	117	120	115	115

[1] At the end of the period
[2] Cumulative from the beginning of the year
[3] Bank Group's total operating expenses (EUR 97.7 milllion / total operating income (EUR 147,2 million)

Banking business Common Equity Tier 1 capital ratio, %= Common Equity Tier 1 capital x 100 / Risk-weighted commitments.

Other formulas for key figures are presented in AktiaBank plc's annual report 2014 page 19.

Consolidated income statement

(EUR million)	1-9/2015	1-9/2014	Δ%	2014
Net interest income	73.6	77.5	-5%	102.8
Dividends	0.1	0.1	-55%	0.1
Commission income	68.1	63.0	8%	84.4
Commission expenses	-7.1	-7.0	-2%	-9.5
Net commission income	61.0	56.0	9%	74.9
Net income from life insurance	16.9	18.4	-8%	24.0
Net income from financial transactions	3.6	6.3	-42%	7.3
Net income from investment properties	-0.4	0.0	-	0.1
Other operating income	1.6	2.2	-29%	3.1
Total operating income	**156.5**	**160.6**	**-3%**	**212.3**
Staff costs	-52.7	-50.9	3%	-69.5
IT-expenses	-18.9	-19.3	-2%	-26.3
Depreciation of tangible and intangible assets	-6.2	-5.4	14%	-7.3
Other operating expenses	-26.2	-29.5	-11%	-41.3
Total operating expenses	**-103.9**	**-105.2**	**-1%**	**-144.5**
Write-downs on credits and other commitments	-0.1	-1.7	-96%	-1.7
Share of profit from associated companies	0.6	2.0	-70%	2.2
Operating profit	**53.1**	**55.8**	**-5%**	**68.3**
Taxes	-10.2	-11.1	-8%	-13.3
Profit for the period	**42.9**	**44.7**	**-4%**	**55.0**
Attributable to:				
Shareholders in Aktia Bank plc	43.3	43.5	0%	52.5
Non-controlling interest	-0.4	1.2	-	2.5
Total	**42.9**	**44.7**	**-4%**	**55.0**
Earnings per share (EPS), EUR	0.65	0.65	0%	0.79
Earnings per share (EPS), EUR, after dilution	0.65	0.65	0%	0.79

Consolidated statement of comprehensive income

(EUR million)	1-9/2015	1-9/2014	Δ%	2014
Profit for the period	42.9	44.7	-4%	55.0
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-17.2	37.8	-	37.6
Change in valuation of fair value for financial assets held until maturity	-2.8	-2.7	-2%	-3.6
Transferred to the income statement for financial assets available for sale	-3.7	-6.7	45%	-6.8
Transferred to the income statement for cash flow hedging	-0.1	-4.0	98%	-4.3
Comprehensive income from items which can be transferred to the income statement	-23.7	24.4	-	22.9
Defined benefit plan pensions	-	-	-	0.3
Comprehensive income from items which can not be transferred to the income statement	-	-	-	0.3
Total comprehensive income for the period	**19.1**	**69.1**	**-72%**	**78.3**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	19.5	67.9	-71%	75.6
Non-controlling interest	-0.3	1.2	-	2.6
Total	**19.1**	**69.1**	**-72%**	**78.3**
Total earnings per share, EUR	0.29	1.02	-71%	1.14
Total earnings per share, EUR, after dilution	0.29	1.02	-71%	1.14

Consolidated balance sheet

(EUR million)	30.9.2015	31.12.2014	Δ%	30.9.2014
Assets				
Cash and balances with central banks	116.3	395.9	-71%	374.0
Interest-bearing securities	2,192.0	2,290.0	-4%	2,409.9
Shares and participations	102.0	85.4	19%	81.7
Financial assets available for sale	2,294.0	2,375.4	-3%	2,491.5
Financial assets held until maturity	483.4	488.5	-1%	490.2
Derivative instruments	175.8	231.3	-24%	228.8
Lending to Bank of Finland and credit institutions	40.7	45.8	-11%	117.1
Lending to the public and public sector entities	5,934.4	6,416.0	-8%	6,504.9
Loans and other receivables	5,975.1	6,461.8	-8%	6,622.0
Investments for unit-linked insurances	616.4	545.3	13%	513.9
Investments in associated companies	0.0	23.6	-100%	23.2
Intangible assets	46.9	36.3	29%	31.0
Investment properties	62.0	57.1	9%	60.4
Other tangible assets	8.2	8.2	0%	7.3
Accrued income and advance payments	57.6	57.2	1%	68.7
Other assets	87.1	8.6	908%	23.0
Total other assets	144.7	65.9	120%	91.7
Income tax receivables	4.8	3.4	40%	6.2
Deferred tax receivables	10.5	13.0	-19%	13.9
Tax receivables	15.3	16.4	-7%	20.1
Assets classified as held for sale	0.0	1.1	-100%	1.2
Total assets	**9,938.2**	**10,706.7**	**-7%**	**10,955.2**
Liabilities				
Liabilities to Bank of Finland and credit institutions	560.8	776.6	-28%	954.8
Liabilities to the public and public sector entities	3,920.0	3,979.2	-1%	3,991.0
Deposits	4,480.8	4,755.7	-6%	4,945.7
Derivative instruments	94.5	113.2	-17%	120.9
Debt securities issued	3,007.6	3,534.5	-15%	3,555.9
Subordinated liabilities	218.8	222.5	-2%	215.7
Other liabilities to credit institutions	91.8	99.8	-8%	136.4
Other liabilities to the public and public sector entities	79.1	73.9	7%	80.5
Other financial liabilities	3,397.3	3,930.7	-14%	3,988.5
Technical provisions for risk insurances and interest-related insurances	473.2	482.3	-2%	491.4
Technical provisions for unit-linked insurances	613.8	543.1	13%	512.7
Technical provisions	1,086.9	1,025.4	6%	1,004.1
Accrued expenses and income received in advance	67.6	78.1	-14%	91.7
Other liabilities	70.8	47.2	50%	54.4
Total other liabilities	138.3	125.3	10%	146.1
Provisions	2.0	3.5	-44%	4.5
Income tax liabilities	1.5	2.6	-41%	3.0
Deferred tax liabilities	58.9	59.2	-1%	59.6
Tax liabilities	60.4	61.8	-2%	62.5
Liabilities for assets classified as held for sale	-	0.1	-	0.2
Total liabilities	**9,260.2**	**10,015.8**	**-8%**	**10,272.5**
Equity				
Restricted equity	243.3	267.4	-9%	269.0
Unrestricted equity	368.4	356.5	3%	348.2
Shareholders' share of equity	611.6	623.9	-2%	617.2
Non-controlling interest's share of equity	66.4	66.9	-1%	65.5
Equity	**678.0**	**690.9**	**-2%**	**682.7**
Total liabilities and equity	**9,938.2**	**10,706.7**	**-7%**	**10,955.2**

Consolidated statement of changes in equity

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders share of equity	Non-controlling interests	Total equity
Equity as at 1 January 2014	**163.0**	**0.3**	**81.1**	**1.6**	**128.4**	**202.6**	**577.1**	**64.6**	**641,7**
Acquisation of treasury shares						-1.3	-1.3		-1,3
Divestment of treasury shares						0.2	0.2		0,2
Dividend to shareholders					-13.4	-14.6	-28.0	-0.3	-28,2
Profit for the year						*52.5*	*52.5*	*2.5*	*55,0*
Financial assets available for sale			*30.8*				*30.8*	*0.0*	*30,8*
Financial assets held until maturity			*-3.6*				*-3.6*		*-3,6*
Cash flow hedging			*-4.4*				*-4.4*	*0.1*	*-4,3*
Defined benefit plan pensions						*0.3*	*0.3*		*0,3*
Total comprehensive income for the year			22.8			52.8	75.6	2.6	78,3
Other change in equity			0.2	0.2		-0.2	0.2	0.0	0,2
Equity as at 31 December 2014	**163.0**	**0.3**	**104.1**	**1.9**	**115.0**	**239.7**	**623.9**	**66.9**	**690,9**
Equity as at 1 January 2015	**163.0**	**0.3**	**104.1**	**1.9**	**115.0**	**239.7**	**623.9**	**66.9**	**690.9**
Acquisation of treasury shares						-1.1	-1.1		-1.1
Divestment of treasury shares					0.1	1.1	1.2		1.2
Dividend to shareholders						-31.9	-31.9	-0.3	-32.2
Profit for the period						*43.3*	*43.3*	*-0.4*	*42.9*
Financial assets available for sale			*-20.9*				*-20.9*	*0.0*	*-20.9*
Financial assets held until maturity			*-2.8*				*-2.8*		*-2.8*
Cash flow hedging			*-0.2*				*-0.2*	*0.1*	*-0.1*
Total comprehensive income for the period			-23.8			43.3	19.5	-0.3	19.1
Other change in equity		-0.3		0.0		0.3	0.0	0.0	0.0
Equity as at 30 September 2015	**163.0**	**-**	**80.3**	**1.9**	**115.1**	**251.4**	**611.6**	**66.4**	**678.0**
Equity as at 1 January 2014	**163.0**	**0.3**	**81.1**	**1.6**	**128.4**	**202.6**	**577.1**	**64.6**	**641.7**
Divestment of treasury shares						0.2	0.2		0.2
Dividend to shareholders					-13.4	-14.6	-28.0	-0.3	-28.2
Profit for the period						*43.5*	*43.5*	*1.2*	*44.7*
Financial assets available for sale			*31.1*				*31.1*	*0.0*	*31.1*
Financial assets held until maturity			*-2.7*				*-2.7*		*-2.7*
Cash flow hedging			*-4.0*				*-4.0*	*0.0*	*-4.0*
Total comprehensive income for the period			24.4			43.5	67.9	1.2	69.1
Other change in equity			0.2	0.0		-0.2	0.0	0.0	0.0
Equity as at 30 September 2014	**163.0**	**0.3**	**105.7**	**1.6**	**115.0**	**231.6**	**617.2**	**65.5**	**682.7**

Consolidated cash flow statement

(EUR million)	1-9/2015	1-9/2014	Δ%	2014
Cash flow from operating activities				
Operating profit	53.1	55.8	-5%	68.3
Adjustment items not included in cash flow for the period	-4.1	-11.0	63%	-10.4
Paid income taxes	-5.1	-9.9	49%	-8.7
Cash flow from operating activities before change in receivables and liabilities	**43.9**	**34.8**	**26%**	**49.2**
Increase (-) or decrease (+) in receivables from operating activities	404.2	105.7	282%	357.5
Increase (+) or decrease (-) in liabilities from operating activities	-692.6	-95.1	-629%	-347.6
Total cash flow from operating activities	**-244.5**	**45.4**	**-**	**59.1**
Cash flow from investing activities				
Investments in business operations	-	-11.8	-	-11.8
Proceeds from sale of group companies and associated companies	14.3	-	-	1.8
Investment in investment properties	-3.7	-	-	-
Investment in tangible and intangible assets	-16.8	-17.6	4%	-25.1
Proceeds from sale of investment properties	0.5	-	-	0.1
Proceeds from sale of tangible and intangible assets	0.0	0.6	-100%	0.0
Total cash flow from investing activities	**-5.7**	**-28.7**	**80%**	**-35.0**
Cash flow from financing activities				
Subordinated liabilities	-3.7	-16.5	78%	-9.7
Dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	-0.3	-0.3	7%	-0.3
Acquisation of treasury shares	-1.1	-	-	-1.3
Divestment of treasury shares	1.2	0.2	558%	0.2
Paid dividends	-31.9	-28.0	-14%	-28.0
Total cash flow from financing activities	**-35.8**	**-44.6**	**20%**	**-39.0**
Change in cash and cash equivalents	**-286.0**	**-27.9**	**-926%**	**-14.9**
Cash and cash equivalents at the beginning of the year	414.8	429.7	-3%	429.7
Cash and cash equivalents at the end of the period	128.8	401.8	-68%	414.8
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	6.4	7.4	-14%	8.0
Bank of Finland current account	109.9	366.6	-70%	387.9
Repayable on demand claims on credit insitutions	12.5	27.8	-55%	18.9
Total	**128.8**	**401.8**	**-68%**	**414.8**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	3.1	1.3	133%	3.7
Write-downs on credits and other commitments	0.1	1.7	-96%	1.7
Change in fair values	0.8	0.5	74%	0.3
Depreciation and impairment of tangible and intangible assets	6.2	5.4	14%	7.3
Result effect from associated companies	-0.3	-1.7	85%	-1.9
Sales gains and losses from tangible and intangible assets	0.8	0.0	-	0.0
Unwound cash flow hedging	-0.1	-5.0	98%	-5.4
Unwound fair value hedging	-11.9	-11.9	0%	-15.9
Change in provisions	-1.6	-1.9	18%	-2.8
Change in fair values of investment properties	-1.3	0.3	-	1.7
Change in share-based payments	0.1	0.3	-69%	0.9
Total	**-4.1**	**-11.0**	**63%**	**-10.4**

Quarterly trends in the Group

Income statement (EUR million)	3Q2015	2Q2015	1Q2015	4Q2014	3Q2014	1-9/2015	1-9/2014
Net interest income	23.8	24.3	25.5	25.3	26.1	73.6	77.5
Dividends	-	0.1	-	-	-	0.1	0.1
Net commission income	19.7	21.7	19.7	18.9	17.6	61.0	56.0
Net income from life insurance	4.1	6.0	6.8	5.6	5.7	16.9	18.4
Net income from financial transactions	0.9	1.4	1.4	1.0	0.1	3.6	6.3
Net income from investment properties	0.0	0.0	-0.4	0.0	0.0	-0.4	0.0
Other operating income	0.8	0.5	0.2	0.9	0.6	1.6	2.2
Total operating income	**49.3**	**54.0**	**53.1**	**51.7**	**50.1**	**156.5**	**160.6**
Staff costs	-16.0	-18.7	-18.0	-18.6	-15.8	-52.7	-50.9
IT-expenses	-6.4	-5.9	-6.5	-7.0	-6.4	-18.9	-19.3
Depreciation of tangible and intangible assets	-2.0	-2.1	-2.1	-1.9	-1.9	-6.2	-5.4
Other operating expenses	-8.0	-9.1	-9.1	-11.8	-8.8	-26.2	-29.5
Total operating expenses	**-32.4**	**-35.8**	**-35.7**	**-39.3**	**-32.8**	**-103.9**	**-105.2**
Write-downs on credits and other commitments	-0.5	1.5	-1.0	0.0	-0.5	-0.1	-1.7
Share of profit from associated companies	-	-	0.6	0.2	0.6	0.6	2.0
Operating profit	**16.4**	**19.7**	**17.0**	**12.6**	**17.3**	**53.1**	**55.8**
Taxes	-3.0	-3.3	-3.9	-2.2	-3.7	-10.2	-11.1
Profit for the period	**13.4**	**16.5**	**13.0**	**10.4**	**13.6**	**42.9**	**44.7**
Attributable to:							
Shareholders in Aktia Bank plc	13.5	16.8	13.0	9.0	12.8	43.3	43.5
Non-controlling interest	-0.1	-0.3	0.0	1.4	0.8	-0.4	1.2
Total	**13.4**	**16.5**	**13.0**	**10.4**	**13.6**	**42.9**	**44.7**
Earnings per share (EPS), EUR	0.20	0.25	0.20	0.14	0.19	0.65	0.65
Earnings per share (EPS), EUR, after dilution	0.20	0.25	0.20	0.14	0.19	0.65	0.65
Comprehensive income (EUR million)							
Profit for the period	13.4	16.5	13.0	10.4	13.6	42.9	44.7
Other comprehensive income after taxes:							
Change in valuation of fair value for financial assets available for sale	-1.0	-18.2	2.0	-0.2	11.5	-19.7	37.8
Change in valuation of fair value for financial assets held until maturity	-0.9	-0.9	-0.9	-0.9	-0.9	-2.8	-2.7
Transferred to the income statement for financial assets available for sale	-1.1	-2.5	-0.1	-0.1	-1.9	-1.2	-6.7
Transferred to the income statement for cash flow hedging	-	-	-0.1	-0.3	-0.9	-0.1	-4.0
Comprehensive income from items which can be transferred to the income statement	-3.1	-21.6	0.9	-1.5	7.8	-23.7	24.4
Defined benefit plan pensions	-	-	-	0.3	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-	0.3	-	0.0	-
Total comprehensive income for the period	**10.3**	**-5.1**	**13.9**	**9.2**	**21.4**	**19.1**	**69.1**
Total comprehensive income attributable to:							
Shareholders in Aktia Bank plc	10.4	-4.8	13.9	7.8	20.5	19.5	67.9
Non-controlling interest	-0.1	-0.3	0.1	1.4	0.9	-0.3	1.2
Total	**10.3**	**-5.1**	**13.9**	**9.2**	**21.4**	**19.1**	**69.1**
Total earnings per share, EUR	0.16	-0.07	0.21	0.12	0.31	0.29	1.02
Total earnings per share, EUR, after dilution	0.16	-0.07	0.21	0.12	0.31	0.29	1.02

Notes to the Interim Report

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

Basis for preparing the Interim Report

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

The Interim Report for the period 1 January – 30 September 2015 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Accounts Announcement does not contain all the information and notes required for an annual report and should therefore be read together with the Aktia Group's annual report of 31 December 2014.

The Interim Report for the period 1 January – 30 September 2015 was approved by the Board of Directors on 17 November 2015.

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

Key accounting principles

In preparing the Interim Report the Group has followed the accounting principles applicable to the annual report of 31 December 2014.

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

IFRS 15 Revenue from contracts with customer replaces all earlier standards and interpretations of recognition of revenue. IFRS 15 includes a complete revenue recognition model, and the standard is not estimated to have significant impact on the recognition of revenue in the Aktia Group. The standard will become mandatory as of 1 January 2017.

IFRS 9 The Financial Instruments standard is the first stage in the process to replace IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 introduces new requirements for recognition and measurement of financial assets and liabilities. Aktia's model for risk management and the characteristics of financial instruments in respect of future cash flows will have an impact on categories applied by Aktia. The standard has yet to be approved by the EU. Aktia follows up development of the new standard, evaluating its impact on financial reporting on an on-going basis. The standard will become mandatory as of 1 January 2018.

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

Note 2. Group's segment reporting

Income statement	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Group total	
(EUR million)	**1-9/2015**	**1-9/2014**	**1-9/2015**	**1-9/2014**	**1-9/2015**	**1-9/2014**	**1-9/2015**	**1-9/2014**	**1-9/2015**	**1-9/2014**
Net interest income	73.4	77.1	0.0	0.0	0.2	0.2	0.0	0.1	73.6	77.5
Net commission income	47.6	44.4	18.4	15.4	3.9	3.6	-8.8	-7.4	61.0	56.0
Net income from life insurance	-	-	14.5	16.6	-	-	2.4	1.8	16.9	18.4
Other income	5.3	6.0	0.2	0.1	-0.6	3.7	0.0	-1.0	4.9	8.7
Total operating income	**126.2**	**127.5**	**33.1**	**32.1**	**3.5**	**7.5**	**-6.4**	**-6.5**	**156.5**	**160.6**
Staff costs	-26.5	-26.6	-7.2	-7.2	-18.1	-16.8	-0.9	-0.5	-52.7	-50.9
IT-expenses	-11.4	-13.0	-1.3	-1.3	-6.1	-5.0	-	-	-18.9	-19.3
Depreciation of tangible and intangible assets	-1.5	-1.3	-0.6	-0.8	-4.0	-3.3	-	-	-6.2	-5.4
Other expenses	-42.4	-44.1	-7.7	-6.5	17.5	15.7	6.5	5.5	-26.2	-29.5
Total operating expenses	**-81.8**	**-85.0**	**-16.9**	**-15.8**	**-10.8**	**-9.4**	**5.5**	**5.1**	**-103.9**	**-105.2**
Write-downs on credits and other commitments	-0.1	-1.7	-	-	-	-	-	-	-0.1	-1.7
Share of profit from associated companies	-	-	-	-	-	-	0.6	2.0	0.6	2.0
Operating profit	**44.4**	**40.8**	**16.2**	**16.3**	**-7.2**	**-1.9**	**-0.2**	**0.6**	**53.1**	**55.8**

Balance sheet	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Group total	
(EUR million)	**30.9.2015**	**31.12.2014**	**30.9.2015**	**31.12.2014**	**30.9.2015**	**31.12.2014**	**30.9.2015**	**31.12.2014**	**30.9.2015**	**31.12.2014**
Cash and balances with central banks	116.3	395.9	0.0	0.0	-	-	-	-	116.3	395.9
Financial assets available for sale	1,766.3	1.841.7	523.5	538.0	7.9	0.8	-3.6	-5.1	2,294.0	2,375.4
Financial assets held until maturity	483.4	488.5	-	-	-	-	-	-	483.4	488.5
Loans and other receivables	5,964.3	6,453.7	38.0	42.8	6.7	6.1	-33.9	-40.9	5,975.1	6,461.8
Investments for unit-linked insurances	-	-	616.4	545.3	-	-	-	-	616.4	545.3
Other assets	302.4	283.5	81.7	76.0	198.3	202.9	-129.4	-122.7	453.0	439.8
Total assets	**8,632.6**	**9,463.4**	**1,259.6**	**1,202.1**	**212.9**	**209.8**	**-166.9**	**-168.6**	**9,938.2**	**10,706.7**
Deposits	4,515.5	4,798.0	-	-	-	-	-34.7	-42.2	4,480.8	4,755.7
Debt securities issued	3,011.2	3,539.6	-	-	-	-	-3.6	-5.1	3,007.6	3,534.5
Technical provisions	-	-	1,086.9	1,025.4	-	-	-	-	1,086.9	1,025.4
Other liabilities	620.1	530.9	31.0	31.9	38.9	139.0	-5.0	-1.6	684.9	700.1
Total liabilities	**8,146.8**	**8,868.4**	**1,117.9**	**1,057.3**	**38.9**	**139.0**	**-43.4**	**-48.9**	**9,260.2**	**10,015.8**

Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments (EUR million)

30.9.2015	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,912.0	97.1	15.4
Total	**2,912.0**	**97.1**	**15.4**
Derivative instruments valued via the income statement			
Interest rate-related *)	1,896.5	77.1	77.4
Currency-related	41.1	0.1	0.2
Equity-related **)	19.8	1.5	1.5
Other derivative instruments **)	1.9	-	-
Total	**1,959.4**	**78.7**	**79.1**
Total derivative instruments			
Interest rate-related	4,808.5	174.2	92.8
Currency-related	41.1	0.1	0.2
Equity-related	19.8	1.5	1.5
Other derivative instruments	1.9	-	-
Total	**4,871.4**	**175.8**	**94.5**

Hedging derivative instruments (EUR million)

31.12.2014	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,915.0	131.5	13.8
Total	**2,915.0**	**131.5**	**13.8**
Derivative instruments valued via the income statement			
Interest rate-related *)	2,414.2	97.3	97.2
Currency-related	37.8	0.7	0.4
Equity-related **)	39.9	1.8	1.8
Other derivative instruments **)	1.9	-	-
Total	**2,493.8**	**99.8**	**99.4**
Total derivative instruments			
Interest rate-related	5,329.2	228.7	111.0
Currency-related	37.8	0.7	0.4
Equity-related	39.9	1.8	1.8
Other derivative instruments	1.9	-	-
Total	**5,408.8**	**231.3**	**113.2**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 1,894.0 (2,370.0) million.
**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	30.9.2015	31.12.2014	30.9.2014
Commitments provided to a third party on behalf of the customers			
Guarantees	25.1	26.8	27.7
Other commitments provided to a third party	1.2	2.1	1.7
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	287.7	291.5	377.1
Other commitments provided to a third party	1.0	1.3	1.4
Off-balance sheet commitments	**314.9**	**321.7**	**407.9**

Note 4. Group's risk exposure

The Bank Group's Capital Adequacy

Aktia Bank Group implements the internal method for risk classification from 31 March 2015. The Bank Group comprises Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd. and forms a consolidated group in accordance with regulations pertaining to capital adequacy.

(EUR million)

Calculation of the Bank Group's capital base	30.9.2015 Group	30.9.2015 The Bank Group	31.12.2014 Group	31.12.2014 The Bank Group	30.9.2014 Group	30.9.2014 The Bank Group
Total assets	**9,938.2**	**8 769.4**	**10.706.7**	**9.597.2**	**10.955.2**	**9.864.6**
of which intangible assets	46.9	45.4	36.3	34.4	31.0	28.9
Total liabilities	**9,260.2**	**8 175.1**	**10.015.8**	**8.998.1**	**10.272.5**	**9.267.4**
of which subordinated liabilities	218.8	218.8	222.5	222.5	215.7	215.7
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	80.3	27.0	104.1	40.6	105.7	46.3
Other restricted equity	-	-	0.3	0.3	0.3	0.3
Total restricted equity	243.3	190.0	267.4	204.0	269.0	209.6
Unrestricted equity reserve and other funds	117.0	117.0	116.9	116.9	116.7	116.7
Retained earnings	208.1	179.7	187.2	119.9	188.1	121.0
Profit for the reporting period	43.3	41.2	52.5	91.5	43.5	84.5
Unrestricted equity	368.4	338.0	356.5	328.2	348.2	322.1
Shareholders' share of equity	611.6	528.0	623.9	532.2	617.2	531.7
Non-controlling interest's share of equity	66.4	66.4	66.9	66.9	65.5	65.5
Equity	**678.0**	**594.4**	**690.9**	**599.1**	**682.7**	**597.2**
Total liabilities and equity	**9,938.2**	**8 769.4**	**10.706.7**	**9.597.2**	**10.955.2**	**9.864.6**
Off-balance sheet commitments	**314.9**	**313.9**	**321.7**	**320.4**	**407.9**	**406.5**
Equity in the Banking Group		**594.4**		**599.1**		**597.2**
Provision for dividends to shareholders		-27.2		-39.4		-27.9
Intangible assets		-45.4		-34.4		-28.9
Non-controlling interest's share of equity*		-66.4		-6.7		-6.5
Debentures		114.2		103.9		96.5
Additional expected losses according to IRB		-17.7		-		-
Deduction for significant holdings in instruments of financial sector entities		-2.4		-		-
Other incl. unpaid dividend 2014		0.1		-0.7		-0.1
Total capital base (CET1 + AT1 + T2)		**549.6**		**621.8**		**630.4**

* Following the agreement on acquisition of minority shares in Aktia Real Estate Mortgage Bank, the minority shares' proportion of equity (non-controlling interest) has been deducted from the Bank Group's capital base.

The financial conglomerate's capital adequacy

(EUR million)

	30.9.2015	30.6.2015	31.3.2015	31.12.2014	30.9.2014
Summary					
The Group's equity	678.0	668.4	673.2	690.9	682.7
Sector-specific assets	114.2	113.2	104.3	103.9	96.5
Intangible assets and other reduction items	-240.7	-217.0	-184.8	-167.6	-133.8
Conglomerate´s total capital base	**551.6**	**564.6**	**592.7**	**627.1**	**645.4**
Capital requirement for banking business	212.1	215.1	222.4	250.7	263.6
Capital requirement for insurance business	34.6	35.1	35.2	39.0	39.2
Minimum amount for capital base	**246.8**	**250.2**	**257.6**	**289.7**	**302.8**
Conglomerate´s capital adequacy	**304.8**	**314.4**	**335.1**	**337.4**	**342.6**
Capital adequacy ratio. %	223.5%	225.7%	230.1%	216.5%	213.2%

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

The Bank Group

(EUR million)

The Bank Group	30.9.2015	30.6.2015	31.3.2015	31.12.2014	30.9.2014
Common Equity Tier 1 Capital before regulatory adjustments	500.9	545.1	549.4	550.7	560.0
Common Equity Tier 1 Capital regulatory adjustments	-65.5	-59.3	-44.1	-75.5	-74.6
Total Common Equity Tier 1 Capital	**435.4**	**485.8**	**505.3**	**475.1**	**485.4**
Additional Tier 1 capital before regulatory adjustments	-	0.6	0.8	1.0	1.2
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments	**-**	**0.6**	**0.8**	**1.0**	**1.2**
Total Tier 1 capital	**435.4**	**486.4**	**506.1**	**476.1**	**486.6**
Tier 2 capital before regulatory adjustments	114.2	114.0	105.3	105.2	98.1
Tier 2 capital regulatory adjustments	-	-	-6.2	40.5	45.7
Total Tier 2 capital	**114.2**	**114.0**	**99.2**	**145.7**	**143.8**
Total Own funds	**549.6**	**600.4**	**605.2**	**621.8**	**630.4**
Total Risk weighted exposures total	**2,126.3**	**2,164.5**	**2,234.4**	**3,263.3**	**3,426.3**
of which Credit risk, the standardised approach	751.6	779.3	723.4	2,900.1	3,054.8
of which Credit risk, the IRBA	1,011.5	1,022.1	1,147.8	-	-
of which Market risk	-	-	-	-	-
of which Operational risk	363.2	363.2	363.2	363.2	371.5
Own funds requirement (8%)	170.1	173.2	178.8	261.1	274.1
Own funds buffer	379.5	427.3	426.5	360.8	356.3
CET1 Capital ratio	20.5 %	22.4%	22.6%	14.6%	14.2%
T1 Capital ratio	20.5 %	22.5%	22.7%	14.6%	14.2%
Total capital ratio	25.8 %	27.7%	27.1%	19.1%	18.4%
Own funds floor (CRR article 500)					
Own funds	549.6	600.4	605.2		
Own funds floor *	195.1	198.1	198.2		
Own funds buffer	354.5	402.4	407.0		

* 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 exposure.

The Bank Group's risk-weighted amount for operational risks

(EUR million)

Risk-weighted amount for operational risks	2012*	2013*	2014	9/2015	6/2015	3/2015	12/2014	9/2014
Gross income	198.3	196.4	186.5					
- average 3 years			193.7					
Capital requirement for operational risk				**29.1**	**29.1**	**29.1**	**29.1**	**29.7**
Risk-weighted amount				**363.2**	**363.2**	**363.2**	**363.2**	**371.5**

* Recalculated after transfer of the banking business of Vöyrin Säästöpankki to Aktia Bank plc and the merger with Saaristosäästöpankki Oy.

The capital requirement for operational risk is 15 % of average gross income during the last three years.

The risk-weighted amount is calculated by dividing the capital requirement by 8 %.

The Bank Group's total exposures	30.9.2015 Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	(EUR million) Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	5,072.5	5,067.6	15 %	737.3	59.0
Retail - Secured by immovable property SME	164.2	163.5	53 %	86.5	6.9
Retail - Other non-SME *	88.0	81.6	38 %	30.9	2.5
Retail - Other SME	24.9	22.7	79 %	18.0	1.4
Equity exposures	51.8	51.8	268 %	138.8	11.1
Total exposures, IRB approach	**5,401.4**	**5,387.2**	**19 %**	**1,011.5**	**80.9**
Credit risk, standardised approach					
States and central banks	242.6	354.7	0 %	0.0	0.0
Regional goverments and local authorities	185.1	205.9	0 %	0.2	0.0
Multilateral development banks	65.1	65.1	0 %	0.0	0.0
International organisations	159.6	159.6	0 %	0.0	0.0
Credit institutions	849.1	473.6	30 %	142.3	11.4
Corporates	279.5	145.0	99 %	143.6	11.5
Retail exposures	246.0	98.6	70 %	68.8	5.5
Secured by immovable property	497.0	478.3	39 %	185.2	14.8
Past due items	48.1	12.9	110 %	14.3	1.1
Covered bonds	1,211.8	1,211.8	10 %	121.2	9.7
Other items	124.1	117.9	33 %	38.8	3.1
Total exposures, standardised approach	**3,908.1**	**3,323.6**	**21 %**	**714.4**	**57.2**
Total risk exposures	**9,309.6**	**8,710.7**	**20 %**	**1,725.9**	**138.1**

The Bank Group's total exposures	31.3.2015 Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	(EUR million) Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	5,058.1	5,058.1	15%	783.3	62.7
Retail - Secured by immovable property SME	160.5	160.5	53%	84.9	6.8
Retail - Other non-SME *	360.7	360.7	37%	132.1	10.6
Retail - Other SME	13.5	13.5	48%	6.5	0.5
Equity exposures	52.7	52.7	268%	141.1	11.3
Total exposures, IRB approach	**5,645.6**	**5,645.6**	**20%**	**1,147.8**	**91.8**
Credit risk, standardised approach					
States and central banks	591.0	738.2	0%	-	-
Regional goverments and local authorities	176.5	197.3	0%	0.2	0.0
Multilateral development banks	65.5	65.5	0%	-	-
International organisations	159.8	159.8	0%	-	-
Credit institutions	1,147.1	532.0	35%	185.1	14.8
Corporates	242.2	102.3	98%	100.4	8.0
Retail exposures	239.8	98.2	69%	68.0	5.4
Secured by immovable property	457.8	447.0	37%	167.5	13.4
Past due items	50.4	9.2	112%	10.4	0.8
Covered bonds	1,254.7	1,254.7	10%	125.5	10.0
Other items	58.2	48.7	56%	27.2	2.2
Total exposures, standardised approach	**4,443.0**	**3,653.0**	**19%**	**684.2**	**54.7**
Total risk exposures	**10,088.6**	**9,298.6**	**20%**	**1,832.0**	**146.6**

* Changed classification between IRB exposure class

Note 5. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	30.9.2015		31.12.2014	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	116.3	116.3	395.9	395.9
Financial assets available for sale	2,294.0	2,294.0	2,375.4	2,375.4
Financial assets held until maturity	483.4	498,4	488.5	505.3
Derivative instruments	175.8	175,8	231.3	231.3
Loans and other receivables	5,975.1	5,838.1	6,461.8	6,321.3
Total	**9,044.7**	**8,922.7**	**9,952.9**	**9,829.2**
Investments for unit-linked insurances	616.4	616.4	545.3	545.3
Financial liabilities				
Deposits	4,480.8	4,441.9	4,755.7	4,704.8
Derivative instruments	94.5	94.5	113.2	113.2
Debt securities issued	3,007.6	3,003.5	3,534.5	3,504.1
Subordinated liabilities	218.8	221.1	222.5	225.5
Other liabilities to credit institutions	91.8	94.8	99.8	105.8
Other liabilities to the public and public sector entities	79.1	79.0	73.9	73.8
Total	**7,972.6**	**7,934.8**	**8,799.6**	**8,727.2**

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

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

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

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

Measurement of financial assets at fair value

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

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

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 on rates. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

(EUR million)	**30.9.2015**				**31.12.2014**			
	Fair value classified into				**Fair value classified into**			
Financial instruments measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued via the income statement								
Interest-bearing securities	-	-	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets available for sale								
Interest-bearing securities	1,753.5	281.2	157.4	2,192.0	1,975.6	194.9	119.5	2,290.0
Shares and participations	50.6	-	51.3	102.0	39.8	-	45.6	85.4
Total	**1,804.1**	**281.2**	**208.7**	**2,294.0**	**2,015.4**	**194.9**	**165.1**	**2,375.4**
Derivative instrument, net	-0.1	81.5	-	81.3	0.3	117.8	-	118.1
Totalt	**-0.1**	**81.5**	**-**	**81.3**	**0.3**	**117.8**	**-**	**118.1**
Investments for unit-linked insurances	616.4	-	-	616.4	545.3	-	-	545.3
Total	**2,420.4**	**362.7**	**208.7**	**2,991.7**	**2,561.0**	**312.7**	**165.1**	**3,038.8**

Transfers between levels 1 and 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the period no transfers between level 1 and level 2 has occurred. Increase in level 2 is due to an increase in business volumes.

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

Changes within level 3

The following table shows a reconciliation from period to period of level 3 Financial assets reported at fair value.

Reconciliation of the changes taken place for financial instruments which belong to level 3	Financial assets valued via the income statement			Financial assets available for sale			Total		
(EUR million)	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total
Carrying amount 1.1.2015	-	-	-	119.5	45.6	165.1	119.5	45.6	165.1
New purchases	-	-	-	56.1	7.2	63.3	56.1	7.2	63.3
Sales	-	-	-	-	-	-	-	-	-
Matured during the year	-	-	-	-18.3	-0.2	-18.4	-18.3	-0.2	-18.4
Realised value change in the income statement	-	-	-	-	-0.3	-0.3	-	-0.3	-0.3
Unrealised value change in the income statement	-	-	-	-	-1.1	-1.1	-	-1.1	-1.1
Value change recognised in the total comprehensive income	-	-	-	-	-	-	-	-	-
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 30.9.2015	**-**	**-**	**-**	**157.4**	**51.3**	**208.7**	**157.4**	**51.3**	**208.7**

Sensitivity analysis for level 3 Financial instruments

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

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as an 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 in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 2.7 (2.0)% of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	30.9.2015 Effect at an assumed movement			31.12.2014 Effect at an assumed movement		
(EUR million)	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets valued via the income statement						
Interest-bearing securities	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets available for sale						
Interest-bearing securities	157.4	4.7	-4.7	119.5	3.6	-3.6
Shares and participations	51.3	10.3	-10.3	45.6	9.1	-9.1
Total	**208.7**	**15.0**	**-15.0**	**165.1**	**12.7**	**-12.7**
Total	**208.7**	**15.0**	**-15.0**	**165.1**	**12.7**	**-12.7**

Set off of financial assets and liabilities

(EUR million)	30.9.2015		31.12.2014	
Assets	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial assets included in general agreements on set off or similar agreements	175.8	-	231.3	-
Set off amount	-	-	-	-
Value recorded in the balance sheet	**175.8**	**-**	**231.3**	**-**
Amount not set off but included in general agreements on set off or similar	16.4	-	22.4	-
Collateral assets	154.2	-	201.9	-
Total amount of sums not set off in the balance sheet	**170.6**	**-**	**224.3**	**-**
Net amount	**5.2**	**-**	**7.0**	**-**

Liabilities	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial liabilities included in general agreements on set off or similar agreements	94.5	-	113.2	-
Set off amount	-	-	-	-
Value recorded in the balance sheet	**94.5**	**-**	**113.2**	**-**
Amount not set off but included in general agreements on set off or similar	16.4	-	22.4	-
Collateral liabilities	44.5	-	58.6	-
Total amount of sums not set off in the balance sheet	**60.9**	**-**	**81.0**	**-**
Net amount	**33.6**	**-**	**32.2**	**-**

The table shows financial assets and liabilities that are presented net in the balance sheet or with potential rights to set-off associated with enforceable master netting arrangements or similar arrangements, together with related collateral. The net amounts show the exposure under normal business conditions as well as in the events of default or bankruptcy.

Note 6. Specification of Aktia Group's funding structure

(EUR million)	30.9.2015	31.12.2014	30.9.2014
Deposits from the public and public sector entities	3,999.0	4,053.1	4,071.5
Short-term liabilities, unsecured debts			
Banks	68.9	377.4	559.9
Certificates of deposits issued	49.5	161.3	178.2
Total	**118.3**	**538.7**	**738.1**
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	154.2	201.4	194.0
Repurchase agreements - banks	111.7	-	-
Total	**265.9**	**201.4**	**194.0**
Total short-term liabilities	**384.2**	**740.1**	**932.1**
Long-term liabilities, unsecured debts			
Senior financing from savings- and POP banks	126.1	197.8	221.1
Issued debts, senior financing	745.8	751.0	745.5
Issued structured debts	10.8	38.9	47.6
Other credit institutions	53.8	55.8	57.7
Subordinated debts	218.8	222.5	215.7
Total	**1,155.3**	**1,266.0**	**1,287.7**
Long-term liabilities, secured debts (collateralised)			
Centralbank and other credit institutions	138.0	44.0	58.5
Issued covered bonds	2,201.5	2,583.3	2,584.5
Total	**2,339.5**	**2,627.3**	**2,643.0**
Total long-term liabilities	**3,494.9**	**3,893.3**	**3.930.7**
Interest-bearing liabilities in the banking business	**7,878.1**	**8,686.5**	**8.934.3**
Technical provisions in the life insurance business	1,086.9	1,025.4	1.003.6
Total other non interest-bearing liabilities	295.2	303.9	334.6
Total liabilities	**9,260.2**	**10,015.8**	**10.272.5**

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

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

Note 7. Collateral assets and liabilities

Collateral assets (EUR million)	30.9.2015	31.12.2014
Collateral for own liabilities		
Securities	257.3	67.4
Outstanding loans constituting security for covered bonds	2,934.4	3,613.6
Total	**3,191.7**	**3,681.0**
Other collateral assets		
Pledged securities[1]	127.0	160.4
Securities included in pledging agreements	25.0	43.0
Cash included in pledging agreements and repurchase agreements	28.2	19.4
Total	**180.2**	**222.7**
Total collateral assets	**3,371.9**	**3,903.8**
Collateral above refers to the following liabilities		
Liabilities to credit institutions[2]	249.7	44.0
Issued covered bonds[3]	2,201.5	2,634.0
Derivatives	53.2	62.7
Total	**2,504.4**	**2,740.7**

1) Refers to securities pledged for the intra day limit. As at 30 September 2015, a surplus of pledged securities amounted to EUR 27 (60) million.

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

3) Own repurchases deducted.

Collateral liabilities (EUR million)	30.9.2015	31.12.2014
Cash included in pledging agreements[1]	154.2	201.9
Securities included in repurchase agreements[2]	-	7.2
Total	**154.2**	**209.1**

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

2) Refers to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

Note 8. Net income from financial transactions

(EUR million)	1-9/2015	1-9/2014	Δ %	2014
Net income from securities and currency trading	1.1	0.6	71%	1.1
Net income from financial assets and liabilities valued at fair value via income statement	-0.3	-0.1	-115%	-0.5
Net income from financial assets available for sale	2.8	6.2	-55%	6.6
of which impairment of financial assets	0.0	-0.3	97%	-0.3
Net income from hedge accounting	0.1	-0.4	-	0.2
Net income from financial transactions	**3.6**	**6.3**	**-42%**	**7.3**

Note 9. Net interest income

(EUR million)	1-9/2015	1-9/2014	Δ %	2014
Deposits and lending	43.0	34.2	26%	47.2
Hedging, interest rate risk management	23.4	26.9	-13%	35.0
Other	7.3	16.4	-56%	20.5
Net interest income	**73.6**	**77.5**	**-5%**	**102.8**

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

Note 10. Gross loans and write-downs

(EUR million)	30.9.2015	30.6.2015	31.3.2015	31.12.2014	30.9.2014
Gross loans	5,992	6,033	6,249	6,476	6,570
Individual write-downs	-48	-48	-50	-50	-55
Of which made to non-performing loans past due at least 90 days	-39	-39	-37	-38	-43
Of which made to other loans	-8	-9	-13	-13	-12
Write-downs by group	-10	-10	-9	-9	-9
Net loans, balance amount	**5,934**	**5,975**	**6,190**	**6,416**	**6,505**

Note 11. Net income from life insurance

(EUR million)	1-9/2015	1-9/2014	Δ %	2014
Premiums written	131.6	81.5	61%	125.1
Net income from investments	14.8	18.3	-19%	22.0
of which impairment of financial assets	-3.1	-1.0	-201%	-3.4
Insurance claims paid	-66.6	-69.1	4%	-94.8
Net change in technical provisions	-62.8	-12.3	-411%	-28.2
Net income from life insurance	**16.9**	**18.4**	**-8%**	**24.0**

Helsinki 17 November 2015

AKTIA BANK PLC

The Board of Directors

TRANSLATION

Report on review of the interim report of Aktia Bank p.l.c. as of and for the nine months period ending September 30, 2015

To the Board of Directors of Aktia Bank p.l.c.

Introduction

We have reviewed the consolidated balance sheet as of 30 September 2015, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Aktia Bank p.l.c. for the nine-month period then ended, as well as a summary of significant accounting policies and other explanatory notes to the 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 the International Financial Reporting Standards (IFRS), as adopted by the EU, 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 ISRE 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 does not give a true and fair view of the consolidated financial position as at 30 September 2015 and the consolidated result of its operations and cash flows for the nine-month period then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 17 November 2015

KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant

Annual accounts announcement 2015	12 February 2016
Annual General Meeting 2016	12 April 2016
Interim report Jan - March 2016	10 May 2016
Interim report Jan - June 2016	10 August 2016
Interim report Jan - Sep 2016	17 November 2016

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