AKTIA BANK PLC
INTERIM REPORT
JANUARY-MARCH 2016

SATISFACTORY RESULT IN A CHALLENGING MARKET

CEO JUSSI LAITINEN

"The beginning of the year, with market turbulence and general unrest concerning the Finnish economy, was a challenge, and in combination with the slow development of the financial markets, the impact on Aktia's income was negative. We managed to keep expenses under control despite one-time costs related to the conclusion of Action Plan 2015 and intensified efforts in the project to renew our core banking platform.
Aktia's strong capital adequacy enables focus on growth in the following three years. The number of new customers has already improved this year, and lending is also on the increase.
Aktia celebrated its 190th anniversary in April. Aktia of today is a modern bank with long traditions. In April we introduced new mobile services and expanded our cooperation with the R-kioski chain of convenience stores. We look forward to the launch of our new core banking platform, enabling further modernisation of our services and products."

JANUARY-MARCH 2016: OPERATING PROFIT EUR 14.6 (17.0) MILLION

- The Group's operating profit was EUR 14.6 (17.0) million and the profit was EUR 11.9 (13.0) million.
- Net commission income decreased by 4% to EUR 18.9 (19.7) million. Net interest income (NII) dropped by 3% to EUR 24.6 (25.5) million.
- Earnings per share (EPS) was EUR 0.18 (0.20).
- Aktia's Common Equity Tier 1 capital ratio amounted to 19.5 (20.7)%.
- Equity per share stood at EUR 9.56 (31 Dec 2015; 9.26).
- Write-downs on credits and other commitments continued low and stood at EUR -0.1 (-1.0) million.

- **OUTLOOK 2016 (unchanged, p. 13): Aktias operating profit for 2016 is expected to reach an approximately similar level as in 2015.**

KEY FIGURES (EUR million)	**1Q2016**	**1Q2015**	**1Q/1Q**	**2015**	**4Q2015**	**1Q/4Q**	**3Q2015**	**2Q2015**
Net interest income	24.6	25.5	-3%	97.3	23.7	4%	23.8	24.3
Net commission income	18.9	19.7	-4%	80.0	18.9	0%	19.7	21.7
Total operating income	50.4	53.1	-5%	208.4	51.9	-3%	49.3	54.0
Total operating expenses	-36.5	-35.7	2%	-144.4	-40.5	-10%	-32.4	-35.8
Write-downs on credits and other commitments	-0.1	-1.0	-93%	-0.3	-0.3	-75%	-0.5	1.5
Operating profit	**14.6**	**17.0**	**-14%**	**64.2**	**11.1**	**31%**	**16.4**	**19.7**
Cost-to-income ratio	0.72	0.67	7%	0.69	0.78	-8%	0.66	0.66
Earnings per share (EPS), EUR	0.18	0.20	-9%	0.78	0.13	38%	0.20	0.25
Equity per share (NAV)[1], EUR	9.56	9.59	0%	9.26	9.26	3%	9.20	9.05
Return on equity (ROE), %	7.6	7.5	2%	7.9	5.4	41%	8.0	9.6
Common Equity Tier 1 capital ratio[1], %	19.5	22.6	-14%	20.7	20.7	-6%	20.5	22.4
Capital adequacy ratio[1], %	25.6	27.1	-5%	27.1	27.1	-5%	25.8	27.7
Write-downs on credits / total loan book, %	0.00	0.02	-100%	0.01	0.00	-	0.01	-0.02

1) At the end of the period.

The Interim Report January - March 2016 is a translation of the original Swedish version "Delårsrapport 1.1-31.3.2016". In case of discrepancies, the Swedish version shall prevail.

Main events January-March 2016

The final acceptance testing of the new core banking system has commenced

The final acceptance testing of the systems included in the new core banking platform commenced at the end of the first quarter, and full-scale implementation is planned for the second half of 2016. The migration to the new core banking system is a highly complex project, and comprehensive testing is made in order to ensure smoothest possible transition.

The total costs for the core banking project, including migration costs, is estimated to exceed EUR 55 million, and the total activated investment costs for the project are estimated to amount to approximately EUR 50 million. At the end of March, the activated investment costs amounted to EUR 44 million.

The total impact on the result at implementation of the new core banking system will be neutral. The running IT expenses 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 materialise from 2017 onwards.

Aktia Life Insurance started to apply Solvency II transitional measures

The Financial Supervisory Authority granted Aktia Life Insurance Company Ltd permission to apply transitional measures for calculation of technical provision within the Solvency II framework entered into force on 1 January 2016.

Taking the transitional measures into consideration, the available solvency capital is 160.8% of the solvency capital requirement (SCR), whereas the corresponding solvency ratio was 175.8% on 31 December 2015.

The permission has no impact on the Aktia Bank Group's capital adequacy, operating profit or ability to pay dividends.

Aktia carried out codetermination negotiations

Aktia Bank plc carried out codetermination negotiations in its sales organisation in January–February 2016. The negotiations resulted in a staff reduction of approximately 55 jobs. The reduction of staff generated a one-off cost of EUR 1.4 million, of which EUR 1 million was booked in the last quarter of 2015 and EUR 0.4 million in the first quarter of 2016. The estimated annual cost savings amounts to approx. EUR 2 million.

Activity in January-March 2016

Business environment

The general interest rate level remained low at the beginning of 2016, which had a negative impact on Aktia's net interest income, but resulted in continued higher values for Aktia's fixed-rate investments.

According to Statistics Finland, inflation remained unchanged at 0.0 (-0.1)% in March compared with the same period the previous year. In February, inflation was -0.1% and in January 0.0%. The low inflation is mainly attributable to lower fuel prices and a low average interest on housing loans. At the end of 2015, inflation was running at -0.2%.

The index of consumer confidence in the economy was strengthened during the winter, reaching 10.4 (11.2) in March after 7.7 (10.6) in February and 8.2 (6.0) in January. The long-time average is 11.6 ***(Statistics Finland).***

During the first quarter, housing prices in Finland increased by 0.8% on the previous year. In the Helsinki region, prices increased by 1.3%, while they increased by 0.3% in the rest of Finland. Compared to the last quarter of 2015, housing prices in the whole country increased by 0.6%. ***(Statistics Finland).***

Unemployment stood at 10.1 (10.3)% in March, which is somewhat less than a year ago. On average, unemployment was 9.6 (9.7)% in the period January–March. There were 39,000 more employed than in March of the previous year. ***(Statistics Finland).***

Both the OMX Helsinki 25-index and the Nordic banking sector index decreased by approximately 3% during January–March 2016. Aktia's A shares also dropped by approximately 3% during the first three months of the year.

Key figures Y-o-y	**2017E***	**2016E**	**2015**
GDP growth, %			
World	3.6	3.3	3.2
Euro area	1.7	1.7	1.5
Finland	0.9	0.6	0.6
Consumer price index, %			
Euro area	1.0	0.5	0.0
Finland	1.3	0.1	-0.2
Other key ratios, %			
Development of real value of housing in Finland[1]	0.1	0.2	-0.4
Unemployment in Finland[1]	9.3	9.4	9.4
Interest rates[2], %			
ECB	0.00	0.00	0.00
10-y Interest rate, Finland	0.50	0.40	0.92
Euribor 12 months	-0.05	-0.01	0.06
Euribor 3 months	-0.30	-0.25	-0.13

* Aktia's chief economist's prognosis (18 April 2016)
[1]annual average
[2]at the end of the year

Rating

Moody's Investors Service rating of Aktia Bank plc's creditworthiness is for long-term borrowing A3, short-term borrowing P-2 and financial strength C-. All with unchanged stable outlook.

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

On 29 March 2016, 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	negative	-

Profit January - March 2016

The Group's operating profit was EUR 14.6 (17.0) million. The Group's profit was EUR 11.9 (13.0) million.

Income

The Group's total income decreased by 5% and amounted to EUR 50.4 (53.1) million.

Interest rates remained low and net interest income decreased by 3%, amounting to a total of EUR 24.6 (25.5) million. Net interest income from traditional borrowing and lending operations improved by 2% to EUR 14.8 (14.6) million. Derivatives and fixed-rate instruments are used to manage interest rate risk. Their proportion of net interest income increased to EUR 9.0 (7.8) million. Net interest income from other treasury operations decreased to EUR 0.8 (3.1) million.

Net commission income dropped by 4% to EUR 18.9 (19.7) million. Commission income from mutual funds, asset management and securities brokerage decreased by 9% to EUR 10.4 (11.3) million. Card and other payment service commissions remained unchanged compared to the previous year, standing at EUR 4.8 (4.8) million. Commission income from real estate agency was EUR 1.5 (1.5) million.

Net income from life insurance was EUR 5.9 (6.8) million. The decrease is mainly due to lower investment returns. The actuarially calculated result remained on the same level as in the reference period.

The net income from financial transactions was EUR 0.6 (1.4) million. Net income from hedge accounting was EUR -0.6 (-0.2) million. The change from previous year is mainly related to one-time costs due to the phasing out of

Aktia Real Estate Mortgage Bank, which burdens net income from financial transactions by EUR -0.6 million.

Other operating income was EUR 0.4 (0.2) million.

Expenses

Operating expenses increased by 2% and was EUR 36.5 (35.7) million.

Staff costs increased by 2% and amounted to EUR 18.4 (18.0) million. For the conclusion of the codetermination negotiations in Aktia Bank's sales organisation, further costs of EUR 0.4 million were booked in the first quarter. IT-related expenses increased to EUR 7.1 (6.5) million due to higher operating costs and delayed implementation of the core banking platform. Other operating expenses decreased slightly to EUR 8.9 (9.1) million.

The depreciation of tangible and intangible assets were unchanged and amounted to EUR 2.1 (2.1) 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 (-1.0) million.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of March was EUR 9,793 (9,882) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 2,130 (2,295) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 31 (163) million.

At the end of March, the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 37 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 242%.

Liquidity coverage ratio (LCR)	31 Mar 2016	31 Dec 2015	31 Mar 2015
LCR %	242%	275%	232%

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

Borrowing

Deposits from the public and public sector entities increased slightly to EUR 3,969 (3,922) million, corresponding to a market share of deposits of 3.8 (3.8)%.

In total, the value of the Aktia Group's issued bonds was EUR 3,018 (3,033) million. Of these issued bonds, EUR 655 (776) million were covered bonds issued by the Aktia Real Estate Mortgage Bank. The equivalent amount for Aktia Bank was EUR 1,529 (1,514) million. As security for the CB issue, loans with a value of EUR 2,127 million were reserved at the end of March.

Certificates of deposit issued by Aktia Bank amounted to EUR 7 (12) million at the end of the period. During the year Aktia Bank issued new subordinated debts with a total value of EUR 13 million.

Lending

Total Group lending to the public amounted to EUR 5,862 (5,856) million at the end of March.

Loans to private households, including mortgages brokered by savings banks and POP Banks, accounted for EUR 5,140 (5,177) million or 87.7 (88.4)% of the total loan book. Aktia's loan book, including the bank's share in Aktia Real Estate Mortgage Bank, amounted to EUR 5,161 (5,083) million. The loans brokered by savings banks and POP Banks decreased by 9% to EUR 701 (774) million.

The housing loan book totalled EUR 4,739 (4,736) million, of which the share for households was EUR 4,416 (4,453) million. Aktia's new lending to private households increased by 24%, totalling EUR 168 (1 January - 31 March 2015; 135) million. At the end of March, Aktia's market share in housing loans to households stood at 4.1 (4.1)%.

Corporate lending accounted for 7.7 (7.1)% of Aktia Group's loan book. Total corporate lending amounted to EUR 451 (414) million. The increase in lending is mainly due to a couple of larger low-risk financing arrangements.

Loans to housing companies totalled EUR 228 (222) million and made up 3.9 (3.8)% of Aktia's total loan book.

Loan book by sector

(EUR million)	31 Mar 2016	31 Dec 2015	Δ%	Share,%
Households	5,140	5,177	-38	87,7%
Corporates	451	414	37	7,7%
Housing companies	228	222	7	3,9%
Non-profit organisations	41	41	-1	0,7%
Public sector entities	1	1	0	0,0%
Total	**5,862**	**5,856**	**5**	**100,0%**

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the Bank Group and other interest-bearing investments amounting to EUR 2,130 (2,295) million, the life insurance company's investment portfolio amounting to EUR 619 (609) million and the real estate and equity holdings of the Bank Group amounting to EUR 13 (8) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,124 (1,130) million, of which EUR 660 (662) million were unit-linked. Interest-related technical provisions amounted to EUR 465 (468) million.

Equity

The Aktia Group's equity increased from the year-end by EUR 21 million to EUR 636 (615) million. The fund at fair value increased by EUR 8 million to EUR 83 (75) million from year-end.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, increased by EUR 3 million and amounted to EUR 329 (326) million.

Managed assets

The Group's total managed assets amounted to EUR 10,044 (10,133) 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 has been eliminated.

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

Managed assets

(EUR million)	31 Mar 2016	31 Dec 2015	Δ%
Assets under Management (AuM)	7,179	7,138	1%
Group financial assets	2,865	2,994	-4%
Total	**10,044**	**10,133**	**-1%**

Capital adequacy and solvency

At the end of the period, the Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd) was 19.5 (20.7)%. After deductions, Common Equity Tier 1 capital increased by EUR 1.3 million during the period. During the same time, risk-weighted assets increased by EUR 129.7 million. The change is mainly attributable to an increase of the credit risk in the bank's liquidity portfolio. The increase in Common Equity Tier 1 capital improved the Common Equity Tier 1 capital ratio by 0.1 percentage points whereas the increase in risk-weighted assets had an impact of -1.3 percentage points, resulting in a decrease of the Common Equity Tier 1 capital ratio of 1.2 percentage points during the period.

Aktia Bank Group applies internal risk classification (IRB) to the calculation of capital requirement for retail exposures. For other exposures the standardised approach is used. The average risk weight for retail exposures with residential real estate collateral calculated according to the IRB approach was 16% compared to 35% using the standardised approach. A total of 59 (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.

In October 2015 Aktia Bank 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 other owners' holdings in Aktia Real Estate Mortgage Bank are reported as a liability to the owners. Without the loan book brokered by savings banks and POP Banks, the Bank Group's Common Equity Tier 1 capital ratio would have been approximately 20.9% at the end of the period.

Capital adequacy, %	31 Mar 2016 IRB	31 Dec 2015 IRB	31 Mar 2015 IRB
Bank Group			
CET1 Capital ratio	19.5	20.7	22.6
T1 Capital ratio	19.5	20.7	22.7
Total capital ratio	25.6	27.1	27.1
Aktia Bank			
CET1 Capital ratio	17.5	18.6	19.2
T1 Capital ratio	17.5	18.6	19.2
Total capital ratio	23.3	24.6	23.6
Aktia Real Estate Mortgage Bank			
CET1 Capital ratio	86.8	79.5	51.1
T1 Capital ratio	86.8	79.5	51.1
Total capital ratio	86.8	79.5	51.1

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 will increase the minimum requirement by 2.5 percentage points. The countercyclical capital buffer requirement will vary between 0.0 and 2.5 percentage points. The board of the Financial Supervisory Authority will decide quarterly the magnitude of the requirement for the countercyclical capital buffer on the basis of analysis of macroeconomic stability. The latest decisions on the requirement (22 March 2016) placed no countercyclical capital buffer requirement on the banks for Finnish exposures. The policy for macroeconomic stability was not tightened up by other means either, but the authorities have informed that preparations to increase risk weights of housing loans in the capital adequacy analysis continue.

The countercyclical buffer is calculated taking the geographic distribution of exposures into account. Authorities in some other countries have set higher requirements for countercyclical capital buffers. 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 31 March 2016, taking the geographic distribution of exposures into account. In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined Other Systemically Important Institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements entered into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia. 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 4.8 (4.7)% based on end of first quarter figures.

Leverage Ratio*	31 Mar 2016	31 Dec 2015
Tier 1 capital	415	413
Total exposure	8 729	8,814
Leverage Ratio, %	**4.8**	**4.7**

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

As of 1 January 2016, the life insurance company follows the Solvency II directive, in which the solvency calculations deviate considerably from previous requirements. The most important difference is that technical provisions are now measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

As at 31 March 2016, SCR amounted to EUR 81.7 million, MCR to EUR 25.4 million and the available capital was EUR 131.4 million. Thus the solvency ratio was 160.8%.

The financial conglomerate's capital adequacy ratio was 187.4 (226.7)%. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. Capital adequacy decreased due to higher capital requirements for the insurance business due to the Solvency II framework, entered into force on 1 January 2016.

Segment overview

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

Group operating profit by segment

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ %
Banking Business	11.6	14.1	-17%
Asset Management & Life Insurance	5.0	5.8	-13%
Miscellaneous	-2.8	-3.5	20%
Eliminations	0.7	0.7	10%
Total	**14.6**	**17.0**	**-14%**

Banking Business

The segment Banking Business contributed EUR 11.6 (14.1) million to Group operating profit.

Operating income was EUR 41.0 (43.7) million, of which EUR 24.5 (25.4) million was net interest income. Compared to the corresponding period last year, net commission income decreased, amounting to EUR 15.5 (16.3) million. The lower commission income is mainly due to decreased commission income investments funds and asset management.

Net income from financial transactions was EUR 0.6 (1.3) million. The change compared to the corresponding period last year is mainly a result of one-time costs due to the phasing out of Aktia Real Estate Mortgage Bank, affecting net income from financial transactions by EUR -0.6 million.

Operating expenses were higher than the year before and totalled EUR 29.3 (28.6) million. Staff costs were higher than in the corresponding period last year, standing at EUR 14.6 (13.7) million. For the conclusion of the co-determination negotiations in Aktia Bank's sales organisation, further costs of EUR 0.4 million were booked in the first quarter. IT-related expenses totalled EUR 5.9 (6.0) million. Other operating expenses decreased slightly to EUR 7.3 (7.4) million.

Write-downs on credits and other commitments amounted to EUR -0.1 (-1.0) million. Write-downs include a reversal of group write-downs amounting to EUR 0.4 million.

Total savings by households decreased slightly to EUR 4,276 (4,310) million, of which household deposits were EUR 3,008 (3,017) million and savings by households in mutual funds were EUR 1,268 (1,293) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, amounted to EUR 4,455 (4,421) million. The corporate loan book increased and was EUR 451 (414) million. The increase in corporate lending is mainly due to a couple of larger low-risk financing arrangements. Due to the intensified transfer of loans to the local banks, Aktia Real Estate Mortgage Bank's total lending decreased by EUR 148 million to EUR 709 (857) million.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its customer base by 2%. Private Banking's Assets under Management decreased by 4% and amounted to EUR 1,847 (1,923) million.

As of 2016, the basic Premium customer concept for private customers was renewed. The number of Premium customers has increased, amounting to approximately 14,200 at the end of the first quarter.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 5.0 (5.8) million to Group operating profit.

Operating income for the segment was lower than in the corresponding period the previous year and was EUR 11.0 (11.9) million. Capital markets have been very volatile at the beginning of the year, influencing both sales and income in the period. The net commission income from asset management improved slightly to EUR 5.9 (5.8) million. Net income from life insurance decreased to EUR 5.1 (6.0) million. The decrease is mainly due to lower net income from investments than in the previous year.

Life insurance premiums written decreased by 44% year-on-year to EUR 33.4 (60.2) million. The decrease is attributable to unit-linked savings policies, including sales of Aktia Profile and Allocation service+. The Aktia Profile investment service and the Allocation service+ contributed 53 (71)% to premiums written.

Net income from life insurance investment activities amounted to EUR 4.7 (5.7) million. The decrease was due to lower investment returns. The return on the company's investments based on market value was 2.0 (2.0)%.

Operating expenses were lower than in the previous year and was EUR 6.0 (6.2) million, mainly as a result of lower sales and maintenance commissions in the life insurance business. Staff costs amounted to EUR 2.6 (2.8) million. The expense ratio for the life insurance business was at a good level, 86.1 (88.1)%.

The value of assets managed by Aktia Asset Management & Life Insurance totalled EUR 5,869 (5,788) million.

(EUR million)	**31 Mar 2016**	**31 Dec 2015**	**Δ%**
Aktia Fund Management	3,755	3,764	0%
Aktia Asset Management	6,098	6,011	1%
Aktia Life Insurance	660	667	-1%
Eliminations	-4,644	-4,655	0%
Total	**5,869**	**5,788**	**1%**

Life insurance technical provisions totalled EUR 1,124 (1,130) million, of which unit-linked provisions were EUR 660 (662) million and interest-related provisions EUR 465 (468) million. Unit-linked provisions is still on a high level, amounting to 59 (59)% 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 exceeded minimum regulatory requirements for capital adequacy by a good margin.

Miscellaneous

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

The segment's contribution to the Group's operating profit amounted to EUR -2.8 (-3.5) million.

Operating income for the period totalled EUR 0.3 (-0.7) million. The reference period was affected by capital losses of EUR 0.9 million from the sale of real estate holdings in the former subsidiary Vasp-Invest, and the divestment of further 24% of Aktia Bank's holdings in Folksam Non-Life Insurance Ltd.

Operating expenses totalled EUR 3.1 (2.9) million. Staff costs comprise mainly reservations for result-related remuneration, amounting to EUR 1.1 (1.5) million. The segment's IT expenses after cost allocations to other segments were EUR 0.6 (0.0) million. Of the provision for the migration to the new core banking platform, a total of EUR 0.2 (0.6) million has been released in the period. At the end of March, the remaining share of the provision was EUR 2.1 (31 December 2015: 2.3) million.

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 2015 (www.aktia.com) in note G2 on pages 44–59.

Lending related risks within banking business

Loans past due more than 90 days, including claims on bankrupt companies and receivables for collection increased to EUR 47 (44) million, corresponding to 0.79 (0.75)% 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 0.67 0.63)% of the entire loan book and 0.77 (0.71)% of the household loan book.

Loans with payments 3–30 days overdue increased to EUR 81 (76) million, equivalent to 1.37 (1.29)% of the loan book. Loans with payments 31–89 days overdue increased to EUR 41 (28) million, or 0.70 (0.48)% of the loan book.

Loans past due by time overdue

(EUR million)

Days	31 Mar 2016	% of loan book	31 Dec 2015	% of loan book
3 - 30	81	1.37	76	1.29
of which households	77	1.31	71	1.20
31 - 89	41	0.70	28	0.48
of which households	35	0.59	26	0.44
90-	47	0.79	44	0.75
of which households	40	0.67	37	0.63

Write-downs on credits and other commitments

During the period total write-downs on credits and other commitments was EUR -0.1 (-1.0) million. Of these write-downs, EUR 0.0 (-0.3) million were attributable to households, and EUR -0.1 (-0.8) million to companies.

Total write-downs on credits amounted to 0.00 (0.02)% of total lending. The share of write-downs on corporate loans in relation to corporate lending overall amounted to 0.02 (0.18)%.

Distribution of risk across financial assets

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

In the life insurance business, the investment portfolio covering total technical provisions is marked to market on an ongoing basis.

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 during the period by EUR 165 million, and amounted to EUR 2,130 (2,295) million.

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

(EUR million)	31 Mar 2016 2,130	31 Dec 2015 2,295
Aaa	56.1%	59.9%
Aa1-Aa3	24.4%	25.1%
A1-A3	5.1%	5.5%
Baa1-Baa3	2.8%	2.2%
Ba1-Ba3	0.9%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	7.5%	7.4%
No rating	3.1%	0.0%
Total	**100.0%**	**100.0%**

At the end of the period, there was one covered bond with a value of EUR 10 million, that did not meet the eligibility requirements for refinancing at the central bank. The credit rating of the bond 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 a rating consist entirely of short-term domestic commercial papers, and as the issuer lacks a rating, they do not meet the eligibility requirements for refinancing at the central bank.

The Bank Group's investments in the so-called GIIPS countries stood at EUR 29 (30) million on 31 March 2016. All exposures relating to GIIPS countries are marked to market on an ongoing basis at current market prices.

Other market risks within the banking business

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

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares necessary for the business amounted to EUR 13.3 (7.5) million. The increase is attributable to the increase in value of Aktia's holdings in Visa Europe following the sale of the company to Visa Inc.

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 619 (609) million. The life insurance company's direct real estate investments amounted to EUR 54 (54) million. The properties are mainly located in the Helsinki region and have long tenancies.

The life insurance company's direct fixed-income interest investments in GIIPS countries amounted to EUR 0 (2) million.

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

	31 Mar 2016	31 Dec 2015
(EUR million)	**442**	**429**
Aaa	59.8%	61.2%
Aa1-Aa3	19.2%	17.9%
A1-A3	6.5%	7.9%
Baa1-Baa3	5.3%	4.8%
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	8.7%	7.7%
Total	**100.0%**	**100.0%**

Valuation of financial assets

Value changes reported via income statement

Write-downs on financial assets amounted to EUR -0.2 (-0.1) 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)	Jan-Mar 2016	Jan-Mar 2015
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-
Shares and participations		
Banking Business	-	0,0
Life Insurance Business	-0.2	-0,1
Total	**-0.2**	**-0,1**

Bank Group's geopolitical and instrument type distribution

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Equity instruments		Total	
(EUR million)	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**
Finland	185	182	59	149	78	84	92	-	-	-	**414**	**415**
United Kingdom	-	-	272	298	18	19	-	-	-	-	**290**	**317**
Norway	-	-	282	283	-	-	-	-	-	-	**282**	**283**
Netherland	25	25	165	189	85	85	-	-	-	-	**275**	**299**
France	67	65	131	142	32	47	-	-	-	-	**230**	**255**
Sweden	-	-	74	75	90	120	-	-	-	-	**164**	**194**
Denmark	-	-	89	84	-	-	-	-	-	-	**89**	**84**
Austria	26	26	6	54	-	-	-	-	-	-	**32**	**80**
Germany	49	48	9	9	-	-	-	-	-	-	**58**	**58**
Supranationals	215	228	-	-	-	-	-	-	-	-	**215**	**228**
Others	54	54	28	28	-	-	-	-	-	-	**82**	**82**
Total	**621**	**629**	**1,114**	**1,311**	**303**	**355**	**92**	**-**	**-**	**-**	**2,130**	**2,295**

Life Insurance company's geopolitical and instrument type distribution

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Real estate		Alternative investments		Equity instruments		Total	
(EUR million)	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**	**3/2016**	**2015**
Finland	35	34	6	6	47	56	67	61	81	82	3	3	-	-	**238**	**242**
France	41	38	87	86	1	1	10	10	-	-	-	-	-	-	**139**	**135**
Netherlands	10	10	31	31	13	13	2	2	-	-	-	-	-	-	**56**	**56**
United Kingdom	-	-	36	36	3	3	1	1	-	-	0	0	-	-	**40**	**40**
Austria	24	22	6	6	-	-	-	-	-	-	-	-	-	-	**29**	**29**
Denmark	-	-	20	19	1	-	2	2	-	-	-	-	-	-	**23**	**22**
Germany	16	17	-	-	-	-	1	4	-	-	-	-	-	-	**17**	**21**
Sweden	-	-	-	-	12	9	-	-	-	-	0	0	-	-	**13**	**9**
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Supranationals	6	6	-	-	-	-	-	-	-	-	-	-	-	-	**6**	**6**
Others	47	21	-	2	6	5	5	21	-	-	-	0	-	-	**58**	**50**
Total	**179**	**150**	**185**	**186**	**83**	**88**	**88**	**101**	**81**	**82**	**3**	**3**	**-**	**-**	**619**	**609**

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 83.3 (75.1) million after deferred tax.

Per 31 March 2016, the shares and participations of the Banking Business include a valuation at fair value of Aktia Bank's share of the purchase price for Visa Europe of EUR 4.4 million after the deduction of 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 -0.1 (0.1) million.

The fund at fair value

(EUR million)	31 Mar 2016	31 Dec 2015	Δ
Shares and participations			
Banking Business	4.5	-0.1	4.6
Life Insurance Business	2.9	3.1	-0.1
Direct interest-bearing securities			
Banking Business	22.7	24.1	-1.4
Life Insurance Business	53.2	48.0	5.3
Cash flow hedging	-0.1	0.1	-0.2
Fund at fair value, total	**83.3**	**75.1**	**8.2**

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of reclassified interest-bearing securities from previous years. Most of the reclassified securities have an AAA rating. During the period no new acquisitions were made to the portfolio which, on 31 March 2016, amounted to EUR 472 (482) million.

Unwinding of hedging interest-rate derivatives

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

The unwound interest-rate derivatives will have a positive impact on the result in net interest income up until the end of 2019. In 2016, the positive impact on net interest income will amount to approximately EUR 16 million. The remaining positive impact on the result, amounting to approximately EUR 27 million, will mainly be reported in the years 2017–2018.

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 G45 to the Financial statements 2015. No significant changes concerning close relations occurred during the period.

Growth 2018

The present strategy of the Aktia Group "Growth 2018" was adopted under the first quarter of 2015.

The bank's good capital adequacy ratio and strong balance sheet enable growth. 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 will also continue to strive for efficient and customer-friendly service in both branches and digital channels.

Aktia Bank aims to increase its corporate lending and lending to housing companies. As from March 2015, Aktia participates in the European Investment Bank's long-term refinancing operations (TLTRO), which enable Aktia to offer financing with favourable terms.

Aktia's objective is to double the annual number of new customers before the end of 2018. The number of new private and corporate customers was 1,300 in 2015. In 2016, the objective is an increase of 3,000 new private and corporate customers (primary customers). From the beginning of the year, the number of new private and corporate customers has increased by 735 primary customers.

From the company's previous strategy programme, "Action Plan 2015", measures still to be completed are the migration to the new core banking platform, the final phasing-out of Aktia Real Estate Mortgage Bank plc and the process improvements that the new core banking system will bring. These measures will be implemented within the framework of Aktia's present strategy '"Growth 2018".

Other events during the period

Aktia Bank plc has divested 135,920 Series A treasury shares as payment of remuneration for the Board of Directors and deferred instalments under Share Based Incentive Scheme 2011, earning period 2011–2012, 2012–2013, 2013–2014 and earning period 2014-2015, to 16 key employees included in the share-based incentive scheme. Following the divestment, the number of Series A treasury shares is 6,192 and Series R treasury shares 6,658.

In March, Morningstar chose Aktia, as the only Finnish service provider, as one of the top three in the category of the best asset manager in Morningstar's Finland Awards 2016. In the category of the best interest fund, Aktia's Corporate Bond+ was the only interest fund managed by a Finnish service provider, which made it to the top three. Aktia was the best interest asset manager in 2012, 2013 and 2014.

On 18 February 2016, Aktia announced that the bank lowers its prime rate by 0.25 percentage points from 1.00% to 0.75%. The new rate applies from 1 March 2016. The change was due to the decrease of market rates. Previously, Aktia has lowered its prime rate in November 2014.

The divestment of holdings in Visa Europe resulted in one-time gains in 2016. Aktia Bank is a part owner of Visa Europe and a broker of Visa Europe's card services. The Board of Directors of Visa Europe has, supported by authorisation from the owners of the company, agreed to sell the company to the American Visa Inc. subject to regulatory approval. The expected time frame for a decision on whether the sale may be executed is the second quarter of 2016. Based on an analysis of the transaction terms and of the allocation of the consideration later proposed by Visa Europe, the transaction is expected, upon execution, to generate other operating income amounting to approximately EUR 7 million before tax for Aktia Bank plc. Besides upfront consideration for the transaction, an additional earn-out may be paid 4 to 12 years later. Further, Aktia Bank may receive shares of considerations paid to other Visa part owners, the card products of which Aktia Bank has brokered. Both the transaction and the amount of consideration depend on a number of legal and other uncertain factors, such as profitability of Visa Europe and continued operations of Visa Inc, development of Visa Inc's shares, development of USD exchange rate, outcome of certain legal proceedings etc. Therefore, Aktia Bank has decided not to recognise the consideration to be received for the sale, not even in part, in the income statement.

Events after the end of the period

In April, Aktia and R-kioski decided to expand their cooperation in R-kioski's payment processing operations, transferring the operations to Aktia in summer 2016. The cooperation between Aktia and R-kioski began in December 2015 when R-kioski branches included Aktia's MasterCard Prepaid cards in their product range. Aktia is developing its range of products and services in different channels, and cooperation with R-kioski will allow us to offer the most popular products in a very extensive distribution network. Aktia's Senior Advisor and long-standing Chief Economist Timo Tyrväinen, who will retire this summer, has on 6 April 2016 been conferred the certificate Certified Business Economist (TM) as the first person in Finland. CBE (TM) is a new certificate launched in the autumn of 2015, and owned by the American National Association for Business Economics (NABE).

Personnel and personnel fund

At the end of March 2016, the total number of full time employees in Aktia Group stood at 924 (31 December 2015; 920).

In the first quarter, the average number of full-time employees decreased by 12 to 924 (January–December 2015: 936).

The personnel fund of Aktia Group is a remunerations system including all personnel with the exception of the members of the Executive Committee. Aktia Bank plc's Board of Directors has confirmed that the profit sharing provision for the personnel fund for 2016 is EUR 3 million at a group operating profit of EUR 80 million at a minimum. If the group operating profit amounts to a minimum of EUR 50 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 50 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 2016:

Chair Dag Wallgren, M.Sc. (Econ.)
Vice chair Nina Wilkman, LL.M.
Christina Dahlblom, M.Sc. (Econ.) (from 1 April 2016)
Stefan Damlin, M.Sc. (Econ.)
Sten Eklundh, M.Sc. (Econ.)
Kjell Hedman, Business Economist
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Lasse Svens, 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 Mia Bengts, Director Juha Hammarén, Director Carl Pettersson, Director Anssi Rantala, Director Fredrik Westerholm and Director Magnus Weurlander.

Decisions made at the Annual General Meeting 2016

The Annual General Meeting of Aktia Bank plc on 12 April 2016 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 of the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.54 per share and a return of capital of EUR 0.10 per share, totalling approx. EUR 42,6 million for the financial period 1 January–31 December 2015. The record date for the dividend will be 14 April 2016 and the day for paying out the dividend 26 April 2016.

The Annual General Meeting established the number of members on the Board of Supervisors to be twenty eight.

The members of the Board of Supervisors Mikael Aspelin, Agneta Eriksson, Clas Nyberg, Gunvor Sarelin-Sjöblom, Jan-Erik Stenman, Lars Wallin, and Ann-Marie Åberg who were all due to step down, were re-elected, and Ralf Asplund (entrepreneur), Annika Pråhl (B. A.) and Marcus Rantala (M.Soc.Sc.) were elected as new members, all for a term of three years.

As annual remuneration for the members of the Board of Supervisors, EUR 24,400 for the chair, EUR 10,500 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 determined that the number of auditors shall be one, and elected APA firm KPMG Oy Ab as auditor, with Jari Härmälä, APA, as auditor-in-charge.

The Annual General Meeting adopted 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. The Annual General Meeting also adopted the proposal to authorise the Board of Directors to decide on a donation for philanthropic purposes to support education and research.

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 2016.

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 March 2016 was 41,966. Foreign ownership was 2.1%.

The number of unregistered shares was 768,535 or 1.2% of all shares. Inspection and registration of outstanding shares continue.

On 31 March 2016, the Group held 6,192 (142,112) A shares and 6,658 (6,658) R shares.

Shares

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

Aktia's market value at 31 March 2016 was EUR 686 (730) million. On 31 March 2016, the closing price for a series A share was EUR 9.82 (10.98) and for a series R share EUR 11.49 (10.99). The highest closing price for A series shares was EUR 10.26 (11.20) and the lowest EUR 8.80 (9.33). The highest for the series R share was EUR 12.00 (12.09) and the lowest EUR 10.35 (10.45).

The average daily turnover in 2016, for series A shares, decreased from the previous year to EUR 211,485 (271,645) or 21,803 (25,383) shares. An average of 94 (125) transactions per day were carried out with series A shares.

The average daily turnover of R shares was low, amounting to EUR 1,737 (13,727), or 156 (1,568) shares. An average of 2 (2) transactions per day were carried out.

Outlook and risks 2016 (unchanged)

Outlook

The continued low interest rates have a negative impact on Aktia's net interest income, and the increasing uncertainty on the capital markets makes it challenging to reach the same level of growth in commission income as in 2015. During 2016 Aktia expects to receive a larger one-off income from the sale of Visa Europe. Write-downs on credits are expected to remain low in 2016.

Aktias operating profit for 2016 is expected to reach an approximately similar level as in 2015.

Risks

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

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 a proactive management of interest rate risk.

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, the interest rate level, the level of unemployment and changes in 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 have also resulted in increased competition for deposits, higher demands on long-term financing and higher fixed costs.

Financial objectives 2018

Within the framework of the present strategy "Growth 2018", adopted in February 2015, the following financial objectives have been set:

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

Key figures

(EUR million)	1Q2016	1Q2015	Δ%	2015	4Q2015	3Q2015	2Q2015
Earnings per share (EPS), EUR	0.18	0.20	-9%	0.78	0.13	0.20	0.25
Total earnings per share, EUR	0.30	0.21	45%	0.35	0.05	0.16	-0.07
Equity per share (NAV), EUR[1]	9.56	9.59	0%	9.26	9.26	9.20	9.05
Average number of shares (excl. treasury shares), million[2]	66.5	66.5	0%	66.5	66.5	66.5	66.5
Number of shares at the end of the period (excl. treasury shares), million[1]	66.6	66.5	0%	66.4	66.4	66.5	66.6
Return on equity (ROE), %	7.6	7.5	2%	7.9	5.4	8.0	9.6
Return on assets (ROA), %	0.48	0.49	-2%	0.50	0.35	0.53	0.64
Cost-to-income ratio	0.72	0.67	7%	0.69	0.78	0.66	0.66
Common Equity Tier 1 capital ratio (Bank Group), %[1]	19.5	22.6	-14%	20.7	20.7	20.5	22.4
Tier 1 capital ratio (Bank Group), %[1]	19.5	22.7	-14%	20.7	20.7	20.5	22.5
Capital adequacy ratio (Bank Group), %[1]	25.6	27.1	-5%	27.1	27.1	25.8	27.7
Risk-weighted commitments (Bank Group)[1]	2,128.5	2,234.4	-5%	1,998.8	1,998.8	2,126.3	2,164.5
Capital adequacy ratio (finance and insurance conglomerate), %[1]	187.4	230.1	-19%	226.7	226.7	223.5	225.7
Equity ratio, %[1]	6.5	6.6	-2%	6.0	6.0	6.6	6.4
Group financial assets[1]	2,864.7	3,360.6	-15%	2,994.4	2,994.4	2,949.5	3,087.9
Assets under Management[1]	7,179.0	7,322.8	-2%	7,138.2	7,138.2	6,815.1	7,156.2
Borrowing from the public[1]	3,969.4	3,903.5	2%	3,922.0	3,922.0	3,920.0	3,978.5
Lending to the public[1]	5,861.7	6,189.5	-5%	5,856.3	5,856.3	5,934.4	6,598.3
Premiums written before reinsurers' share	33.6	60.3	-44%	174.9	42.9	26.6	45.1
Expense ratio, % (life insurance company)[2]	86.1	88.1	-2%	83.8	83.8	84.9	85.3
Solvency ratio (according to Solvency II, life insurance company), %[3]	160.8	-	-	175,8	175,8	-	-
Sovency II capital (life insurance company)[3]	131.4	-	-	143,2	143,2	-	-
Solvency ratio (according to Solvency I, life insurance company), %[3]	-	24.2	-	22.3	22.3	22.3	21.5
Solvency margin (according to Solvency I, life insurance company)[3]	-	144.3	-	130.4	130.4	128.9	126.9
Investments at fair value (life insurance company)[1]	1,238.0	1,246.8	-1%	1,225.7	1,225.7	1,198.2	1,237.7
Technical provisions for risk insurances and interest-related insurances[1]	464.7	481.9	-4%	468.3	468.3	473.2	496.3
Technical provisions for unit-linked insurances[1]	659.7	637.3	4%	662.2	662.2	613.8	644.4
Group's personnel (FTEs), average number of employees	924	936	-1%	936	919	949	945
Group's personnel (FTEs), at the end of the period	924	934	-1%	920	920	916	974

[1] At the end of the period
[2] Cumulative from the beginning of the year
[3] From 2016 onwards the life insurance company' solvency ratio is calculated according to Solvency II rules.
Solvency ratio (according to Solvency II) = Solvency II capital / Solvency capital requirement (SCR)

Other formulas for key figures are presented in AktiaBank plc's annual report 2015 page 27.

Consolidated income statement

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ%	2015
Net interest income	24.6	25.5	-3%	97.3
Dividends	0.0	-	-	0.1
Commission income	20.8	22.0	-6%	89.9
Commission expenses	-1.9	-2.4	20%	-9.9
Net commission income	18.9	19.7	-4%	80.0
Net income from life insurance	5.9	6.8	-13%	24.9
Net income from financial transactions	0.6	1.4	-57%	3.7
Net income from investment properties	0.0	-0.4	-	-0.4
Other operating income	0.4	0.2	64%	2.8
Total operating income	**50.4**	**53.1**	**-5%**	**208.4**
Staff costs	-18.4	-18.0	2%	-72.7
IT-expenses	-7.1	-6.5	8%	-26.9
Depreciation of tangible and intangible assets	-2.1	-2.1	0%	-8.1
Other operating expenses	-8.9	-9.1	-2%	-36.8
Total operating expenses	**-36.5**	**-35.7**	**2%**	**-144.4**
Write-downs on credits and other commitments	-0.1	-1.0	-93%	-0.3
Share of profit from associated companies	0.7	0.6	23%	0.6
Operating profit	**14.6**	**17.0**	**-14%**	**64.2**
Taxes	-2.7	-3.9	-32%	-12.6
Profit for the period	**11.9**	**13.0**	**-9%**	**51.6**
Attributable to:				
Shareholders in Aktia Bank plc	11.9	13.0	-9%	52.0
Non-controlling interest	-	0.0	-	-0.4
Total	**11.9**	**13.0**	**-9%**	**51.6**
Earnings per share (EPS), EUR	0.18	0.20	-9%	0.78
Earnings per share (EPS), EUR, after dilution	0.18	0.20	-9%	0.78

Consolidated statement of comprehensive income

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ%	2015
Profit for the period	11.9	13.0	-9%	51.6
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	9.6	2.0	381%	-21.4
Change in valuation of fair value for financial assets held until maturity	-0.4	-0.9	54%	-3.7
Change in valuation of fair value for cash flow hedging	-0.2	-	-	0.1
Transferred to the income statement for financial assets available for sale	-0.9	-0.1	-670%	-3.8
Transferred to the income statement for cash flow hedging	-	-0.1	-	-0.1
Comprehensive income from items which can be transferred to the income statement	8.2	0.9	805%	-28.9
Defined benefit plan pensions	-	-	-	0.0
Comprehensive income from items which can not be transferred to the income statement	-	-	-	0.0
Total comprehensive income for the period	**20.1**	**13.9**	**44%**	**22.7**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	20.1	13.9	45%	23.0
Non-controlling interest	-	0.1	-	-0.3
Total	**20.1**	**13.9**	**44%**	**22.7**
Total earnings per share, EUR	0.30	0.21	45%	0.35
Total earnings per share, EUR, after dilution	0.30	0.21	45%	0.35

Consolidated balance sheet

(EUR million)	31 Mar 2016	31 Dec 2015	Δ%	31 Mar 2015
Assets				
Cash and balances with central banks	191.1	268.4	-29%	472.3
Interest-bearing securities	2,059.5	2,103.2	-2%	2,254.4
Shares and participations	104.8	94.4	11%	97.0
Financial assets available for sale	2,164.3	2,197.6	-2%	2,351.4
Financial assets held until maturity	472.3	481.7	-2%	486.8
Derivative instruments	192.7	172.5	12%	223.9
Lending to Bank of Finland and credit institutions	48.1	43.9	10%	39.3
Lending to the public and public sector entities	5,861.7	5,856.3	0%	6,189.5
Loans and other receivables	5,909.9	5,900.2	0%	6,228.9
Investments for unit-linked insurances	660.4	667.7	-1%	637.7
Investments in associated companies	0.0	0.0	-	0.0
Intangible assets	53.9	50.8	6%	40.3
Investment properties	53.7	53.7	0%	57.0
Other tangible assets	8.4	8.7	-3%	8.0
Accrued income and advance payments	53.4	51.6	4%	58.4
Other assets	22.6	18.2	24%	16.6
Total other assets	76.0	69.8	9%	75.0
Income tax receivables	0.9	0.8	11%	3.6
Deferred tax receivables	9.0	9.7	-8%	12.2
Tax receivables	9.9	10.5	-6%	15.9
Assets classified as held for sale	-	-	-	0.5
Total assets	**9,792.5**	**9,881.5**	**-1%**	**10,597.6**
Liabilities				
Liabilities to Bank of Finland and credit institutions	368.5	474.8	-22%	718.3
Liabilities to the public and public sector entities	3,969.4	3,922.0	1%	3,903.5
Deposits	4,337.9	4,396.8	-1%	4,621.8
Derivative instruments	77.5	86.2	-10%	106.4
Debt securities issued	3,017.9	3,033.4	-1%	3,456.1
Subordinated liabilities	234.3	235.0	0%	215.5
Other liabilities to credit institutions	84.8	84.8	0%	99.8
Other liabilities to the public and public sector entities	32.0	74.0	-57%	84.9
Other financial liabilities	3,369.1	3,427.2	-2%	3,856.3
Technical provisions for risk insurances and interest-related insurances	464.7	468.3	-1%	481.9
Technical provisions for unit-linked insurances	659.7	662.2	0%	637.3
Technical provisions	1,124.4	1,130.5	-1%	1,119.2
Accrued expenses and income received in advance	71.2	62.7	14%	78.5
Other liabilities	112.8	101.9	11%	42.3
Total other liabilities	184.0	164.6	12%	120.8
Provisions	2.1	2.3	-10%	3.0
Income tax liabilities	1.1	0.9	22%	3.4
Deferred tax liabilities	60.4	57.7	5%	61.5
Tax liabilities	61.6	58.7	5%	65.0
Liabilities for assets classified as held for sale	-	-	-	0.1
Total liabilities	**9,156.5**	**9,266.3**	**-1%**	**9,892.4**
Equity				
Restricted equity	246.3	238.1	3%	267.9
Unrestricted equity	389.8	377.1	3%	370.5
Shareholders' share of equity	636.1	615.2	3%	638.4
Non-controlling interest's share of equity	-	-	-	66.7
Equity	**636.1**	**615.2**	**3%**	**705.2**
Total liabilities and equity	**9,792.5**	**9,881.5**	**-1%**	**10,597.6**

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 interest	Total equity
Equity as at 1 Jan 2015	**163.0**	**0.3**	**104.1**	**1.9**	**115.0**	**239.7**	**623.9**	**66.9**	**690.9**
Acquisation of treasury shares						-1.3	-1.3		-1.3
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 year						*52.0*	*52.0*	*-0.4*	*51.6*
Financial assets available for sale			*-25.2*				*-25.2*	*0.0*	*-25.2*
Financial assets held until maturity			*-3.7*				*-3.7*		*-3.7*
Cash flow hedging			*-0.1*				*-0.1*	*0.1*	*0.0*
Defined benefit plan pensions						*0.0*	*0.0*		*0.0*
Total comprehensive income for the year			-29.0			52.0	23.0	-0.3	22.7
Other change in equity *)		-0.3		0.3		0.3	0.3	-66.4	-66.1
Equity as at 31 Dec 2015	**163.0**	**-**	**75.1**	**2.1**	**115.1**	**259.9**	**615.2**	**-**	**615.2**
Equity as at 1 Jan 2016	**163.0**	**-**	**75.1**	**2.1**	**115.1**	**259.9**	**615.2**	**-**	**615.2**
Divestment of treasury shares					-0.1	1.5	1.3		1.3
Profit for the period						*11.9*	*11.9*		*11.9*
Financial assets available for sale			*8.8*				*8.8*		*8.8*
Financial assets held until maturity			*-0.4*				*-0.4*		*-0.4*
Cash flow hedging			*-0.2*				*-0.2*		*-0.2*
Total comprehensive income for the period			8.2			11.9	20.1		20.1
Other change in equity				-0.6			-0.6		-0.6
Equity as at 31 Mar 2016	**163.0**	**-**	**83.3**	**1.6**	**115.0**	**273.2**	**636.1**	**-**	**636.1**
Equity as at 1 Jan 2015	**163.0**	**0.3**	**104.1**	**1.9**	**115.0**	**239.7**	**623.9**	**66.9**	**690.9**
Divestment of treasury shares					0.1	1.0	1.1		1.1
Dividend to shareholders							0.0	-0.3	-0.3
Profit for the period						*13.0*	*13.0*	*0.0*	*13.0*
Financial assets available for sale			*1.9*				*1.9*	*0.0*	*1.9*
Financial assets held until maturity			*-0.9*				*-0.9*		*-0.9*
Cash flow hedging			*-0.1*				*-0.1*	*0.1*	*-0.1*
Total comprehensive income for the period			0.8			13.0	13.9	0.1	13.9
Other change in equity		-0.3	-	-0.5		0.3	-0.5	0.0	-0.5
Equity as at 31 Mar 2015	**163.0**	**-**	**104.9**	**1.4**	**115.1**	**254.0**	**638.4**	**66.7**	**705.2**

*) On 8 October 2015, Aktia Bank signed an agreement with the savings banks and POP Banks to acquire the other owners' holdings in Aktia Real Estate Mortgage Bank plc. As from the agreement of sale, the other owners' holdings are for Aktia Real Estate Mortgage Bank reported as a liability to the owners (before the agreement the other owners' holdings were reported as non-controlling interest's share of equity).

Consolidated cash flow statement

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ%	2015
Cash flow from operating activities				
Operating profit	14.6	17.0	-14%	64.2
Adjustment items not included in cash flow	-5.1	-2.5	-107%	-7.1
Paid income taxes	-1.0	-1.0	-10%	-3.2
Cash flow from operating activities before change in receivables and liabilities	**8.4**	**13.5**	**-38%**	**53.9**
Increase (-) or decrease (+) in receivables from operating activities	37.8	168.5	-78%	591.9
Increase (+) or decrease (-) in liabilities from operating activities	-114.6	-109.0	-5%	-746.7
Total cash flow from operating activities	**-68.4**	**73.0**	**-**	**-100.8**
Cash flow from investing activities				
Investments in business operations	-	-	-	-3.7
Proceeds from sale of group companies and associated companies	-	14.1	-	15.6
Investment in investment properties	-	-0.1	-	-
Investment in tangible and intangible assets	-5.0	-5.8	14%	-23.0
Proceeds from sale of investment properties	-	0.0	-	0.5
Proceeds from sale of tangible and intangible assets	-	-	-	0.0
Total cash flow from investing activities	**-5.0**	**8.2**	**-**	**-10.7**
Cash flow from financing activities				
Subordinated liabilities	-0.8	-7.0	89%	12.5
Dividend/share issue to the non-controlling interest	-1.1	-0.3	-337%	-0.3
Acquisation of treasury shares	-	-	-	-1.3
Divestment of treasury shares	1.3	1.1	24%	1.2
Paid dividends	-	-	-	-31.9
Total cash flow from financing activities	**-0.6**	**-6.2**	**91%**	**-19.8**
Change in cash and cash equivalents	**-74.0**	**75.0**	**-**	**-131.4**
Cash and cash equivalents at the beginning of the year	283.4	414.8	-32%	414.8
Cash and cash equivalents at the end of the period	209.4	489.8	-57%	283.4
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	6.3	6.6	-5%	7.4
Bank of Finland current account	184.8	465.7	-60%	260.9
Repayable on demand claims on credit insitutions	18.3	17.5	5%	15.1
Total	**209.4**	**489.8**	**-57%**	**283.4**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	0.2	0.1	60%	3.2
Write-downs on credits and other commitments	0.1	1.0	-93%	0.3
Change in fair values	-1.5	-0.7	-130%	-1.3
Depreciation and impairment of tangible and intangible assets	2.1	2.1	0%	8.1
Result effect from associated companies	0.0	-0.3	-100%	-0.3
Sales gains and losses from tangible and intangible assets	-	0.8	-	0.8
Unwound cash flow hedging	-	-0.1	-	-0.1
Unwound fair value hedging	-4.0	-3.9	-1%	-15.9
Change in provisions	-0.2	-0.6	60%	-1.2
Change in fair values of investment properties	0.1	0.0	-	-1.3
Change in share-based payments	-1.7	-1.0	-69%	0.5
Total	**-5.1**	**-2.5**	**-107%**	**-7.1**

Quarterly trends in the Group

Income statement (EUR million)	1Q2016	4Q2015	3Q2015	2Q2015	1Q2015
Net interest income	24.6	23.7	23.8	24.3	25.5
Dividends	0.0	-	-	0.1	-
Net commission income	18.9	18.9	19.7	21.7	19.7
Net income from life insurance	5.9	8.0	4.1	6.0	6.8
Net income from financial transactions	0.6	0.1	0.9	1.4	1.4
Net income from investment properties	0.0	0.0	0.0	0.0	-0.4
Other operating income	0.4	1.2	0.8	0.5	0.2
Total operating income	**50.4**	**51.9**	**49.3**	**54.0**	**53.1**
Staff costs	-18.4	-20.0	-16.0	-18.7	-18.0
IT-expenses	-7.1	-8.0	-6.4	-5.9	-6.5
Depreciation of tangible and intangible assets	-2.1	-2.0	-2.0	-2.1	-2.1
Other operating expenses	-8.9	-10.6	-8.0	-9.1	-9.1
Total operating expenses	**-36.5**	**-40.5**	**-32.4**	**-35.8**	**-35.7**
Write-downs on credits and other commitments	-0.1	-0.3	-0.5	1.5	-1.0
Share of profit from associated companies	0.7	-	-	-	0.6
Operating profit	**14.6**	**11.1**	**16.4**	**19.7**	**17.0**
Taxes	-2.7	-2.4	-3.0	-3.3	-3.9
Profit for the period	**11.9**	**8.7**	**13.4**	**16.5**	**13.0**
Attributable to:					
Shareholders in Aktia Bank plc	11.9	8.7	13.5	16.8	13.0
Non-controlling interest	-	-	-0.1	-0.3	0.0
Total	**11.9**	**8.7**	**13.4**	**16.5**	**13.0**
Earnings per share (EPS), EUR	0.18	0.13	0.20	0.25	0.20
Earnings per share (EPS), EUR, after dilution	0.18	0.13	0.20	0.25	0.20
Comprehensive income (EUR million)					
Profit for the period	11.9	8.7	13.4	16.5	13.0
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	9.6	-6.6	-1.0	-18.2	2.0
Change in valuation of fair value for financial assets held until maturity	-0.4	-0.9	-0.9	-0.9	-0.9
Change in valuation of fair value for cash flow hedging	-0.2	0.1	-	-	-
Transferred to the income statement for financial assets available for sale	-0.9	2.3	-1.1	-2.5	-0.1
Transferred to the income statement for cash flow hedging	-	-	-	-	-0.1
Comprehensive income from items which can be transferred to the income statement	8.2	-5.2	-3.1	-21.6	0.9
Defined benefit plan pensions	-	0.0	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	0.0	-	-	-
Total comprehensive income for the period	**20.1**	**3.6**	**10.3**	**-5.1**	**13.9**
Total comprehensive income attributable to:					
Shareholders in Aktia Bank plc	20.1	3.6	10.4	-4.8	13.9
Non-controlling interest	-	-	-0.1	-0.3	0.1
Total	**20.1**	**3.6**	**10.3**	**-5.1**	**13.9**
Total earnings per share, EUR	0.30	0.05	0.16	-0.07	0.21
Total earnings per share, EUR, after dilution	0.30	0.05	0.16	-0.07	0.21

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 – 31 March 2016 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim Report does not contain all the information and notes required for an annual report and should therefore be read together with the Aktia Group's annual report of 31 December 2015.

The Interim Report for the period 1 January – 31 March 2016 was approved by the Board of Directors on 10 May 2016.

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 2015.

As of 1 January 2016 the contents of the segment's has been changed so that administrative units, the net expenses of which are in total allocated to the segment Banking Business, are included directly in Banking Business (previously Miscellaneous). The change has no impact on the segment's operating profit, but as a result of it net expenses, previously reported under other operating expenses, are now reported on separate rows in the income statement of the Banking Business. As of 1 January 2016 the principle for how non-controlling holdings are reported in segment reporting was also changed. Following the change, non-controlling holdings are included in the segments respectively, which affected the operating profit of the segments Banking Business and Asset Management & Life Insurance The changes have an impact on other assets and liabilities in the segments' balance sheets. The reference period has been reconstructed to comply with these changes.

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

IFRS 15 Revenue from contracts with customers 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 2018.

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 Aktia's classification. Aktia's financial assets are expected to be classified at amortised cost and at fair value through other comprehensive income. Based on preliminary surveys the implementation of IFRS 9 is expected to increase reported provisions for credit losses. Hedge accounting according to IFRS 9 in not expected to have a significant impact on the Group's results or financial position. Aktia continues to follow the development of the new standard, evaluating its impact on financial reporting on an on-going basis. The standard has yet to be approved by the EU. Aktia Group plans to apply IFRS 9 when the standard will become mandatory as of 1 January 2018.

On 13 January 2016, IASB published a new standard, IFRS 16 'Leases', to supersede IAS 17 'Leases'. IFRS 16 eliminates the distinction between operating and finance leases for lessees, introducing a new model instead, where assets and liabilities for all leases with lease terms exceeding 12 months shall be reported in the balance sheet. For leases where the lease term is 12 months or less, or where the value of the underlying asset is low, exemptions may be applied. For the leased asset, depreciation and interest expenses relating to the lease liability are reported separately. Lessor accounting remains unchanged from IAS 17, and the distinction between operating and finance leases is retained. Aktia evaluates the impact of the new standard on financial reporting on an on-going basis. The standard has yet to be approved by the EU. The Aktia Group plans to implement IFRS 16 when the standard becomes mandatory as of 1 January 2019.

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have an impact on the Group's future result, 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)	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
Net interest income	24.5	25.4	0.0	0.0	0.1	0.1	0.0	0.0	24.6	25.5
Net commission income	15.5	16.3	5.9	5.8	0.2	0.2	-2.7	-2.6	18.9	19.7
Net income from life insurance	-	-	5.1	6.0	-	-	0.8	0.7	5.9	6.8
Other income	0.9	2.0	0.0	0.1	0.0	-0.9	0.0	0.0	1.0	1.2
Total operating income	**41.0**	**43.7**	**11.0**	**11.9**	**0.3**	**-0.7**	**-1.9**	**-1.8**	**50.4**	**53.1**
Staff costs	-14.6	-13.7	-2.6	-2.8	-1.1	-1.5	-	-	-18.4	-18.0
IT-expenses	-5.9	-6.0	-0.5	-0.5	-0.6	0.0	-	-	-7.1	-6.5
Depreciation of tangible and intangible assets	-1.5	-1.4	-0.2	-0.3	-0.5	-0.4	-	-	-2.1	-2.1
Other expenses	-7.3	-7.4	-2.6	-2.6	-0.9	-1.0	1.9	1.9	-8.9	-9.1
Total operating expenses	**-29.3**	**-28.6**	**-6.0**	**-6.2**	**-3.1**	**-2.9**	**1.9**	**1.9**	**-36.5**	**-35.7**
Write-downs on credits and other commitments	-0.1	-1.0	-	-	-	-	-	-	-0.1	-1.0
Share of profit from associated companies	-	-	-	-	-	-	0.7	0.6	0.7	0.6
Operating profit	**11.6**	**14.1**	**5.0**	**5.8**	**-2.8**	**-3.5**	**0.7**	**0.7**	**14.6**	**17.0**

Balance sheet	Banking Business		Asset Management & Life Insurance		Miscellaneous		Eliminations		Group total	
(EUR million)	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Cash and balances with central banks	191.1	268.4	0.0	0.0	-	-	-	-	191.1	268.4
Financial assets available for sale	1,627.3	1,686.1	527.4	507.6	13.2	7.4	-3.6	-3.6	2,164.3	2,197.6
Financial assets held until maturity	472.3	481.7	-	-	-	-	-	-	472.3	481.7
Loans and other receivables	5,897.5	5,889.8	45.6	57.1	6.6	6.6	-39.8	-53.3	5,909.9	5,900.2
Investments for unit-linked insurances	-	-	660.4	667.7	-	-	-	-	660.4	667.7
Other assets	265.4	235.9	71.3	72.5	185.8	184.6	-127.8	-127.0	394.7	366.0
Total assets	**8,453.5**	**8,561.8**	**1,304.7**	**1,305.0**	**205.6**	**198.7**	**-171.2**	**-183.9**	**9,792.5**	**9,881.5**
Deposits	4,377.7	4,450.2	-	-	0.0	-	-39.8	-53.3	4,337.9	4,396.8
Debt securities issued	3,021.5	3,036.9	-	-	-	-	-3.6	-3.6	3,017.9	3,033.4
Technical provisions	-	-	1,124.4	1,130.5	-	-	-	-	1,124.4	1,130.5
Other liabilities	613.5	644.5	31.0	31.2	37.4	34.8	-5.6	-4.8	676.3	705.7
Total liabilities	**8,012.7**	**8,131.6**	**1,155.4**	**1,161.7**	**37.4**	**34.8**	**-49.0**	**-61.7**	**9,156.5**	**9,266.3**

Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments (EUR million)

31 March 2016	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,885.0	122.3	8.1
Total	**2,885.0**	**122.3**	**8.1**
Cash flow hedging			
Interest rate-related	85.1	1.5	-
Total	**85.1**	**1.5**	**-**
Derivative instruments valued via the income statement			
Interest rate-related *)	1,696.3	66.8	67.1
Currency-related	48.8	0.4	0.6
Equity-related **)	15.0	1.7	1.7
Total	**1,760.1**	**68.9**	**69.4**
Total derivative instruments			
Interest rate-related	4,666.4	190.6	75.2
Currency-related	48.8	0.4	0.6
Equity-related	15.0	1.7	1.7
Total	**4,730.2**	**192.7**	**77.5**

Hedging derivative instruments (EUR million)

31 December 2015	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,905.0	97.5	12.9
Total	**2,905.0**	**97.5**	**12.9**
Cash flow hedging			
Interest rate-related	85.1	2.0	-
Total	**85.1**	**2.0**	**-**
Derivative instruments valued via the income statement			
Interest rate-related *)	1,826.5	70.9	70.9
Currency-related	59.9	0.4	0.6
Equity-related **)	15.2	1.7	1.7
Total	**1,901.5**	**73.0**	**73.2**
Total derivative instruments			
Interest rate-related	4,816.6	170.4	83.8
Currency-related	59.9	0.4	0.6
Equity-related	15.2	1.7	1.7
Total	**4,891.6**	**172.5**	**86.2**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 1,694.0 (1,824.0) million.
**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	31 Mar 2016	31 Dec 2015	31 Mar 2015
Commitments provided to a third party on behalf of the customers			
Guarantees	26.3	27.4	25.0
Other commitments provided to a third party	0.9	1.3	1.8
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	300.6	296.1	271.0
Other commitments provided to a third party	0.8	1.0	1.1
Off-balance sheet commitments	**328.6**	**325.8**	**298.9**

Note 4. Group's risk exposures

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)	31 Mar 2016		31 Dec 2015		31 Mar 2015	
Calculation of the Bank Group's capital base	**The Group**	**Bank Group**	**The Group**	**Bank Group**	**The Group**	**Bank Group**
Total assets	**9,792.5**	**8 584.8**	**9,881.5**	**8,686.3**	**10,597.6**	**9,381.8**
of which intangible assets	53.9	52.6	50.8	49.4	40.3	38.5
Total liabilities	**9,156.5**	**8,041.2**	**9,266.3**	**8,156.3**	**9,892.4**	**8,770.1**
of which subordinated liabilities	234.3	234.3	235.0	235.0	215.5	215.5
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	83.3	27.1	75.1	24.0	104.9	38.8
Other restricted equity	-	-	-	-	-	-
Total restricted equity	246.3	190.1	238.1	187.0	267.9	201.8
Unrestricted equity reserve and other funds	116.5	116.5	117.3	117.3	116.5	116.5
Retained earnings	261.3	227.1	207.9	179.5	241.0	212.6
Profit for the reporting period	11.9	9.8	52.0	46.1	13.0	14.2
Unrestricted equity	389.8	353.5	377.1	342.9	370.5	343.3
Shareholders' share of equity	636.1	543.6	615.2	530.0	638.4	545.1
Non-controlling interest's share of equity	-	-	-	-	66.7	66.7
Equity	**636.1**	**543.6**	**615.2**	**530.0**	**705.2**	**611.8**
Total liabilities and equity	**9,792.5**	**8,584.8**	**9,881.5**	**8,686.3**	**10,597.6**	**9,381.9**
Off-balance sheet commitments	**328.6**	**327.8**	**325.8**	**324.8**	**298.9**	**297.8**
Equity in the Bank Group		**543.6**		**530.0**		**611.8**
Provision for dividends to shareholders		-8.5		-43.7		-8.2
Intangible assets		-52.6		-49.4		-38.5
Non-controlling interest's share of equity*		-		-		-20.5
Debentures		130.9		128.4		104.3
Additional expected losses according to IRB		-21.0		-19.2		-12.3
Deduction for significant holdings in financial sector entities		-4.3		-4.4		-
Other incl. unpaid dividend 2015		-42.5		0.0		-31.3
Total capital base (CET1 + AT1 + T2)		**545.6**		**541.7**		**605.2**

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

The financial conglomerate's capital adequacy

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Summary					
The Group's equity	636.1	615.2	678.0	668.4	673.2
Sector-specific assets	139.3	128.4	114.2	113.2	104.3
Intangible assets and other reduction items	-227.4	-212.7	-240.7	-217.0	-184.8
Conglomerate´s total capital base	**547.9**	**530.9**	**551.6**	**564.6**	**592.7**
Capital requirement for banking business	210.7	199.4	212.1	215.1	222.4
Capital requirement for insurance business*	81.7	34.8	34.6	35.1	35.2
Minimum amount for capital base	**292.4**	**234.2**	**246.8**	**250.2**	**257.6**
Conglomerate´s capital adequacy	**255.5**	**296.7**	**304.8**	**314.4**	**335.1**
Capital adequacy ratio, %	187.4%	226.7%	223.5%	225.7%	230.1%

* From 1 January 2016 Solvency II requirement (SCR)

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

The Bank Group

(EUR million)

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Common Equity Tier 1 Capital before regulatory adjustments	492.5	486.3	500.9	545.1	549.4
Common Equity Tier 1 Capital regulatory adjustments	-77.8	-73.0	-65.5	-59.3	-44.1
Total Common Equity Tier 1 Capital (CET1)	**414.7**	**413.4**	**435.4**	**485.8**	**505.3**
Additional Tier 1 capital before regulatory adjustments	-	-	-	0.6	0.8
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	**-**	**-**	**-**	**0.6**	**0.8**
Total Tier 1 capital (T1 = CET1 + AT1)	**414.7**	**413.4**	**435.4**	**486.4**	**506.1**
Tier 2 capital before regulatory adjustments	130.9	128.4	114.2	114.0	105.3
Tier 2 capital regulatory adjustments	-	-	-	-	-6.2
Total Tier 2 capital (T2)	**130.9**	**128.4**	**114.2**	**114.0**	**99.2**
Total Own funds (TC = T1 + T2)	**545.6**	**541.7**	**549.6**	**600.4**	**605.2**
Total Risk weighted exposures	**2,128.5**	**1,998.8**	**2,126.3**	**2,164.5**	**2,234.4**
of which credit risk, the standardised approach	735.2	643.2	751.6	779.3	723.4
of which credit risk, the IRBA approach	1,037.1	999.4	1,011.5	1,022.1	1,147.8
of which market risk	-	-	-	-	-
of which operational risk	356.1	356.1	363.2	363.2	363.2
Own funds requirement (8%)	170.3	159.9	170.1	173.2	178.8
Own funds buffer	375.3	381.8	379.5	427.3	426.5
CET1 Capital ratio	19.5%	20.7%	20.5%	22.4%	22.6%
T1 Capital ratio	19.5%	20.7%	20.5%	22.5%	22.7%
Total capital ratio	25.6%	27.1%	25.8%	27.7%	27.1%
Own funds floor (CRR article 500)					
Own funds	545.6	541.7	549.6	600.4	605.2
Own funds floor *	22.8	185.8	195.1	198.1	198.2
Own funds buffer	522.8	355.9	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 exposures.

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

(EUR million)

Risk-weighted amount for operational risks	2013*	2014	2015	Mar 2016	Dec 2015	Sep 2015	Jun 2015	Mar 2015
Gross income	196.4	186.5	187.0					
- average 3 years			189.9					
Capital requirement for operational risk				**28.5**	**28.5**	**29.1**	**29.1**	**29.1**
Risk-weighted amount				**356.1**	**356.1**	**363.2**	**363.2**	**363.2**

* 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	31 March 2016				(EUR million)
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	4,977.1	4,972.0	15%	750.3	60.0
Retail - Secured by immovable property SME	161.8	160.8	51%	82.7	6.6
Retail - Other non-SME	90.8	85.3	39%	33.5	2.7
Retail - Other SME	23.2	21.2	80%	16.9	1.4
Equity exposures	55.2	55.2	279%	153.7	12.3
Total exposures, IRB approach	**5,308.1**	**5,294.5**	**20%**	**1,037.1**	**83.0**
Credit risk, standardised approach					
States and central banks	313.8	434.8	0%	0.0	0.0
Regional goverments and local authorities	195.8	217.7	0%	0.2	0.0
Multilateral development banks	52.1	52.1	0%	0.0	0.0
International organisations	159.3	159.3	0%	0.0	0.0
Credit institutions	659.5	406.5	31%	124.9	10.0
Corporates	293.8	161.8	99%	160.2	12.8
Retail exposures	241.0	98.7	69%	68.6	5.5
Secured by immovable property	538.8	513.1	38%	195.9	15.7
Past due items	43.8	10.4	108%	11.2	0.9
Covered bonds	1,089.3	1,089.3	10%	108.9	8.7
Other items	71.3	64.7	53%	34.1	2.7
Total exposures, standardised approach	**3,658.6**	**3,208.4**	**22%**	**704.1**	**56.3**
Total risk exposures	**8,966.6**	**8,502.9**	**20%**	**1,741.2**	**139.3**

The Bank Group's total exposures	31 December 2015				(EUR million)
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	5,012.2	5,006.8	15%	732.1	58.6
Retail - Secured by immovable property SME	162.2	161.3	52%	84.5	6.8
Retail - Other non-SME	89.4	83.5	39%	32.2	2.6
Retail - Other SME	24.1	22.0	84%	18.5	1.5
Equity exposures	49.3	49.3	268%	132.1	10.6
Total exposures, IRB approach	**5,337.3**	**5,323.0**	**19%**	**999.4**	**80.0**
Credit risk, standardised approach					
States and central banks	390.0	498.0	0%	0.0	0.0
Regional goverments and local authorities	205.1	225.9	0%	0.2	0.0
Multilateral development banks	65.0	65.0	0%	0.0	0.0
International organisations	159.5	159.5	0%	0.0	0.0
Credit institutions	864.8	469.5	31%	144.1	11.5
Corporates	199.2	66.2	96%	63.8	5.1
Retail exposures	237.4	99.8	70%	69.7	5.6
Secured by immovable property	501.9	476.9	39%	184.4	14.8
Past due items	44.8	11.2	109%	12.2	1.0
Covered bonds	1,183.8	1,183.8	10%	118.4	9.5
Other items	55.9	49.2	46%	22.5	1.8
Total exposures, standardised approach	**3,907.5**	**3,304.9**	**19%**	**615.4**	**49.2**
Total risk exposures	**9,244.7**	**8,627.9**	**19%**	**1,614.8**	**129.2**

Note 5. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	31 March 2016		31 December 2015	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	191.1	191.1	268.4	268.4
Financial assets available for sale	2,164.3	2,164.3	2.197.6	2.197.6
Financial assets held until maturity	472.3	488.1	481.7	496.1
Derivative instruments	192.7	192.7	172.5	172.5
Loans and other receivables	5,909.9	5,880.1	5.900.2	5.841.1
Total	**8,930.2**	**8,916.3**	**9.020.3**	**8.975.7**
Investments for unit-linked insurances	660.4	660.4	667.7	667.7
Financial liabilities				
Deposits	4,337.9	4,304.2	4.396.8	4.358.6
Derivative instruments	77.5	77.5	86.2	86.2
Debt securities issued	3,017.9	3,003.5	3.033.4	3.035.3
Subordinated liabilities	234.3	239.1	235.0	239.2
Other liabilities to credit institutions	84.8	88.2	84.8	86.9
Other liabilities to the public and public sector entities	32.0	32.0	74.0	74.0
Total	**7,784.4**	**7,744.4**	**7.910.2**	**7.880.2**

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)	31 March 2016 Fair value classified into				31 December 2015 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	1,686.7	195.8	176.9	2,059.5	1,745.1	186.0	172.1	2,103.2
Shares and participations	61.2	-	43.5	104.8	55.9	-	38.5	94.4
Total	**1,748.0**	**195.8**	**220.5**	**2,164.3**	**1,801.0**	**186.0**	**210.6**	**2,197.6**
Derivative instrument, net	-0.2	115.5	-	115.2	-0.3	86.6	-	86.3
Totalt	**-0.2**	**115.5**	**-**	**115.2**	**-0.3**	**86.6**	**-**	**86.3**
Investments for unit-linked insurances	660.5	-	-	660.5	667.7	-	-	667.7
Total	**2,408.2**	**311.3**	**220.5**	**2,940.0**	**2,468.5**	**272.6**	**210.6**	**2,951.7**

Transfers between levels 1 and 2

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

Aktia Group`s Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level 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 Jan 2016	-	-	-	172.1	38.5	210.6	172.1	38.5	210.6
New purchases	-	-	-	5.0	-	5.0	5.0	-	5.0
Sales	-	-	-	-	-0.2	-0.2	-	-0.2	-0.2
Matured during the year	-	-	-	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2
Realised value change in the income statement	-	-	-	-	-0.2	-0.2	-	-0.2	-0.2
Unrealised value change in the income statement	-	-	-	-	-	-	-	-	-
Value change recognised in the total comprehensive income	-	-	-	-	5.4	5.4	-	5.4	5.4
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 31 Mar 2016	**-**	**-**	**-**	**176.9**	**43.5**	**220.5**	**176.9**	**43.5**	**220.5**

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 2.6 (2.4)% of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	31 March 2016 Effect at an assumed movement			31 December 2015 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	176.9	5.3	-5.3	172.1	5.2	-5.2
Shares and participations	43.5	8.7	-8.7	38.5	7.7	-7.7
Total	**220.5**	**14.0**	**-14.0**	**210.6**	**12.9**	**-12.9**
Total	**220.5**	**14.0**	**-14.0**	**210.6**	**12.9**	**-12.9**

Set off of financial assets and liabilities

(EUR million)	31 March 2016		31 December 2015	
Assets	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial assets included in general agreements on set off or similar agreements	192.7	-	172.5	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	**192.7**	**-**	**172.5**	**-**
Amount not set off but included in general agreements on set off or similar	12.6	-	15.3	-
Collateral assets	174.1	-	158.0	-
Total amount of sums not set off in the balance sheet	**186.7**	**-**	**173.4**	**-**
Net amount	**6.0**	**-**	**-0.9**	**-**
Liabilities	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial liabilities included in general agreements on set off or similar agreements	77.5	-	86.2	-
Set off amount	-	-	-	-
Value recognised in the balance sheet	**77.5**	**-**	**86.2**	**-**
Amount not set off but included in general agreements on set off or similar	12.6	-	15.3	-
Collateral liabilities	41.2	-	44.1	-
Total amount of sums not set off in the balance sheet	**53.8**	**-**	**59.4**	**-**
Net amount	**23.7**	**-**	**26.7**	**-**

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)	31 Mar 2016	31 Dec 2015	31 Mar 2015
Deposits from the public and public sector entities	4,003.5	3,985.1	3,988.4
Short-term liabilities, unsecured debts			
Banks	64.9	64.5	60.9
Certificates of deposits issued	7.0	12.0	129.4
Total	**71.9**	**76.5**	**190.3**
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	174.1	158.0	197.4
Repurchase agreements - banks	29.5	163.1	162.2
Total	**203.6**	**321.2**	**359.6**
Total short-term liabilities	**275.5**	**397.7**	**549.9**
Long-term liabilities, unsecured debts			
Senior financing from savings- and POP banks	-	-	197.8
Issued debts, senior financing	819.1	812.9	753.2
Issued structured debts	7.5	7.5	38.9
Other credit institutions	51.8	51.8	55.8
Subordinated debts	234.3	235.0	215.5
Total	**1,112.7**	**1,107.2**	**1,261.2**
Long-term liabilities, secured debts (collateralised)			
Centralbank and other credit institutions	133.0	133.0	144.0
Issued covered bonds	2,184.4	2,201.0	2,534.6
Total	**2,317.4**	**2,334.0**	**2,678.6**
Total long-term liabilities	**3,430.1**	**3,441.3**	**3,939.8**
Interest-bearing liabilities in the banking business	**7,709.1**	**7,824.1**	**8,478.1**
Technical provisions in the life insurance business	1,124.4	1,130.5	1,119.2
Total other non interest-bearing liabilities	325.5	311.8	295.1
Total liabilities	**9,158.9**	**9,266.3**	**9,892.4**

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)	31 Mar 2016	31 Dec 2015	31 Mar 2015
Collateral for own liabilities			
Securities	171.5	303.5	329.2
Outstanding loans constituting security for covered bonds	2,902.3	2,907.3	3,289.3
Total	**3,073.7**	**3,210.8**	**3,618.5**
Other collateral assets			
Pledged securities[1]	219.7	126.0	129.3
Securities included in pledging agreements	25.0	25.0	43.0
Cash included in pledging agreements and repurchase agreements	29.8	28.8	19.4
Total	**274.6**	**179.8**	**191.7**
Total collateral assets	**3,348.3**	**3,390.6**	**3,810.2**
Collateral above refers to the following liabilities			
Liabilities to credit institutions[2]	162.5	296.1	306.2
Issued covered bonds[3]	2,184.4	2,201.0	2,534.6
Derivatives	54.8	53.8	60.7
Total	**2,401.7**	**2,551.0**	**2,901.5**

[1] Refers to securities pledged for the intra day limit. As at 31 March 2016, a surplus of pledged securities amounted to EUR 120 (26) million.

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

[3] Own repurchases deducted.

Collateral liabilities (EUR million)	31 Mar 2016	31 Dec 2015	31 Mar 2015
Cash included in pledging agreements[1]	174.1	158.0	197.4
Securities included in repurchase agreements[2]	-	-	2.5
Total	**174.1**	**158.0**	**199.9**

[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)	Jan-Mar 2016	Jan-Mar 2015	Δ %	2015
Net income from securities and currency trading	0.3	0.4	-9%	1.5
Net income from financial assets and liabilities valued at fair value via income statement	-0.3	0.1	-	-0.5
Net income from financial assets available for sale	1.2	1.1	13%	2.8
of which impairment of financial assets	-	0.0	-	0.0
Net income from hedge accounting	-0.7	-0.2	-259%	-0.1
Net income from financial transactions	**0.6**	**1.4**	**-57%**	**3.7**

Note 9. Net interest income

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ %	2015
Deposits and lending	14.8	14.6	2%	57.4
Hedging, interest rate risk management	9.0	7.8	15%	32.3
Other	0.8	3.1	-75%	7.7
Net interest income	**24.6**	**25.5**	**-3%**	**97.3**

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)	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Gross loans	5,915	5,910	5,992	6,033	6,249
Individual write-downs	-44	-45	-48	-48	-50
of which made to non-performing loans past due at least 90 days	-40	-39	-39	-39	-37
of which made to other loans	-4	-6	-8	-9	-13
Write-downs by group	-9	-10	-10	-10	-9
Net loans, balance amount	**5,862**	**5,856**	**5,934**	**5,975**	**6,190**

Note 11. Net income from life insurance

(EUR million)	Jan-Mar 2016	Jan-Mar 2015	Δ %	2015
Premiums written	33.4	60.2	-44%	174.4
Net income from investments	5.5	6.4	-13%	21.6
of which impairment of financial assets	-0.2	-0.1	-60%	-3.2
Insurance claims paid	-28.3	-20.4	-38%	-90.3
Net change in technical provisions	-4.8	-39.4	88%	-80.8
Net income from life insurance	**5.9**	**6.8**	**-13%**	**24.9**

Helsinki 10 May 2016

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 three-month period ending March 31, 2016

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

Introduction

We have reviewed the balance sheet as of 31 March 2016 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank p.l.c. group for the three-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

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

Conclusion

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

Helsinki 10 May 2016

KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant

Interim report January - June 2016	10 August 2016
Interim report January - September 2016	17 November 2016

Aktia

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