

Q1



Comparable operating profit burdened by the steep market drop due to the corona pandemic

The quarter in brief

- Unrealised value changes the main reason for the low comparable operating profit of EUR 2.8 (17.2) million and the net income from life insurance of EUR -5.2 (8.3) million.
- Very strong activity among private and corporate customers during January-February supported an increase in the net interest income to EUR 19.7 (19.4) million. Demand for loans decreased in March.
- Net commission income increased to EUR 25.2 (23.2) million. Customer assets under management decreased due to large market movements but the proportion of corona related redemptions was relatively small.
- The expansion of the product selection for asset management continued during the quarter. The distribution contracts for UI-Aktia funds in Chile and Peru was signed.
- The cost level was close to unchanged compared to the previous year.

Outlook 2020 (updated)

Due to the continuously low visibility and the high volatility on the market it is still very difficult to predict the impacts on the economy. Aktia has therefore decided to suspend its outlook for 2020 for the time being. Aktia's goal is to give an update on the outlook in connection with the half-year report to be published on 4 August 2020 (see p. 18).

(EUR million)	1Q2020	1Q2019	Δ %	2019	4Q2019	Δ %	3Q2019	2Q2019
Net interest income	19.7	19.4	1%	77.6	19.3	2%	19.6	19.2
Net commission income	25.2	23.2	9%	96.4	25.8	-3%	25.3	24.8
Net income from life insurance	-5.2	8.3	-	30.0	8.3	-	6.8	6.6
Total operating income	39.9	52.7	-24%	221.4	55.2	-28%	52.9	60.6
Operating expenses	-35.6	-36.1	-1%	-143.9	-35.3	1%	-37.5	-35.0
Impairment of credits and other commitments	-1.4	-1.1	31%	-4.5	-0.8	88%	-1.2	-1.4
Operating profit	2.8	17.2	-84%	74.8	19.1	-85%	14.3	24.2
Comparable operating income ¹	39.9	52.7	-24%	211.4	55.2	-28%	52.9	50.6
Comparable operating expenses ¹	-35.6	-36.1	-1%	-140.4	-35.2	1%	-34.2	-34.9
Comparable operating profit¹	2.8	17.2	-84%	68.2	19.2	-86%	17.6	14.3
Cost-to-income ratio	0.89	0.69	29%	0.65	0.64	39%	0.71	0.58
Comparable cost-to-income ratio ¹	0.89	0.69	29%	0.66	0.64	39%	0.65	0.69
Earnings per share (EPS), EUR	0.03	0.21	-86%	0.90	0.23	-87%	0.16	0.30
Comparable earnings per share (EPS), EUR ¹	0.03	0.21	-86%	0.79	0.23	-87%	0.20	0.16
Return on equity (ROE), %	1.4	9.4	-86%	10.3	10.5	-87%	7.4	13.7
Comparable return on equity (ROE), % ¹	1.4	9.4	-86%	9.1	10.5	-87%	9.2	7.2
Common Equity Tier 1 capital ratio (CET1), % ²	15.9	16.9	-6%	14.7	14.7	8%	15.6	16.5

¹) Alternative performance measures excluding items affecting comparability, see page 19

²) At the end of the period

CEO's comments

Aktia's first quarter started according to our targets as the positive development from the previous year continued. January-February was busy both for private and corporate customers and the investment appetite of companies was still on a good level. We extended our product selection within asset management with a structured product for private customers and we presented the second private debt fund aimed at institutional investors. In addition, Aktia asset management's offering was extended for the first time outside Europe when the distribution contracts for UI-Aktia funds in Chile and Peru in South America was signed.

However, the coronavirus epidemic, spreading quickly also to Finland, caused extensive and sudden negative effects for both individual Finns and the global market after a strong beginning of the year. This also had an impact on Aktia's result for March. The steep market drop had a large negative impact due to unrealised value changes in the investment portfolio of the life insurance business and net income from life insurance decreased to EUR -5.2 (8.3) million. This was also the main reason for Aktia's low comparable operating profit of EUR 2.8 (17.2) million. However, in April the market has clearly experienced an upturn.

The net interest income for the first quarter was higher than the previous year and amounted to EUR 19.7 (19.4) million. The demand for housing loans declined when housing transactions decreased towards the end of the period and applications for an instalment-free period increased significantly. Aktia carried social responsibility in the difficult situation and supported its customers by offering private customers an instalment-free period. Instalment-free periods were awarded more than usual also to companies. The inorganic growth in the loan book continued through the acquisition of credits to housing companies from the Mortgage Society of Finland to a total value of EUR 48 million.

Aktia's net commission income increased as a result of the strong beginning of the year to EUR 25.2 (23.2) million. The value of assets under management decreased with the market decline in March by EUR 1.7 billion from the year-end and amounted to EUR 8.1 billion at the end of the quarter. The cost level was close to unchanged compared to the previous year.

Remote customer meetings have become a part of everyday business

Aktia is a conservative lender as a whole, and we have not identified individually significant risk sectors or concentrations in our loan book, which to a larger extent would be affected by the difficult situation. The visibility is, however, still weak, and we understand that the coronavirus situation is difficult especially for many companies. I would also like to point out that the current state of emergency situation in Finland should not go on longer than absolutely necessary – in society and above all in the corporate world. Aktia has carried out an estimate of the macroeconomic situation and reports model-based credit losses (ECL) of a total of EUR 1.9 million during the first quarter.

Aktia's Annual General Meeting decided on 16 April 2020, in accordance with the proposal from the Board of Directors and the recommendations of the Finnish Financial Supervisory Authority, that the decision on the payment of dividend will be postponed. The Board of Directors may at a later date decide on a possible dividend for 2019 of EUR 0.63 per share at the most, which will be paid on 1 October 2020 at the earliest. Due to the weak visibility and the large market movements, we are for the time being suspending an outlook for the current year.

The economic impacts the coronavirus has caused private persons and companies, as well as for the entire country, is now causing a lot of worry. The renewal of the service model we started in the autumn has, however, taken a big step forward. With the help of digital banking services our customers have been able to handle their banking business from home at their convenience, and remote customer meetings have become a part of everyday business. I believe that the change will be permanent as the customers notice the advantages of the new service model.

The strategy we updated in the autumn has clearly taken Aktia as an asset manager and bank in the right direction. Despite the uncertainty on the market we will continue our determined work towards reaching our targets. I would like to thank our customers as well as Aktia's employees for a quick adjustment to the state of emergency situation. Thanks to you I have a strong confidence in the future.



Helsinki 5 May 2020

Mikko Ayub
CEO

Profit and balance

Profit January–March 2020

The Group's operating profit decreased to EUR 2.8 (17.2) million and the Group's profit to EUR 2.1 (14.1) million. The period and the reference period do not include any items affecting comparability.

The strong decrease in the operating profit for the first quarter bear reference to the current corona crisis, and the individually largest negative effect in the profit and loss account pertains to unrealised value changes in the life insurance company's investment portfolio of EUR -10.9 (1.7) million. The crisis has also caused an increase of the model-based expected credit losses (ECL) with a result impact of EUR -1.9 (0.5) million in total. The increase is mainly related to higher reservations with regard to financial assets in stage 1 and stage 2, due to adjustments in the macroeconomic assumptions for the credit portfolio and on account of the market volatility for interest-bearing securities.

Income

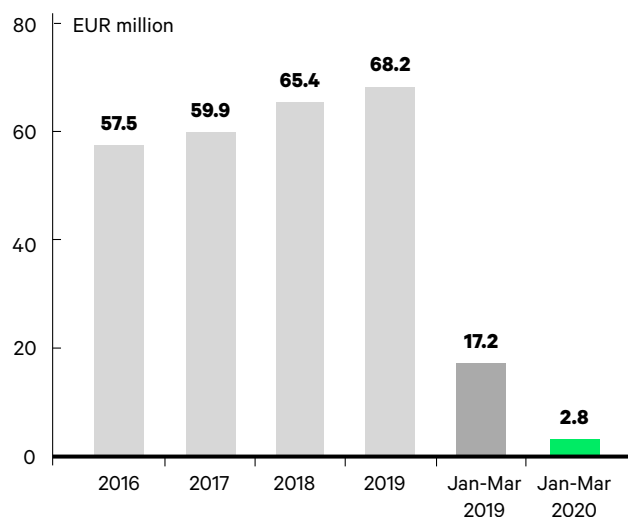
The Group's operating income decreased to EUR 39.9 (52.7) million, mainly due to unrealised value changes in the life insurance company's investment portfolio.

Net interest income was EUR 19.7 (19.4) million. Net interest income from borrowing and lending increased by 5% to EUR 18.8 (17.9) million, whereas interest income from hedging measures through interest rate derivatives decreased to EUR 0.5 (1.3) million. Continued low market interest rates and thereby lower yield from the bank's liquidity portfolio decreased the Group's net interest income by EUR 0.2 million.

Net commission income increased by 9% to EUR 25.2 (23.2) million. Commission income from funds, asset management and securities brokerage increased by 12% to EUR 16.5 (14.7) million. Commission income from cards, payment services and borrowing were on the same level as last year and amounted to EUR 7.2 (7.1) million. Commission income from lending decreased to EUR 2.1 (2.3) million.

Net income from life insurance decreased to EUR -5.2 (8.3) million. The decrease is related to unrealised value changes in private equity and fixed-income funds of EUR -11.2 (1.2) million. The actuarially calculated result improved from last year, mainly due to a good risk result.

Comparable operating profit 2016–1Q2020, EUR million



Net income from financial transactions was EUR -1.0 (1.5) million. The decrease is mainly attributable to unrealised value change in the shareholding in Visa Inc. and higher model-based ECL impairments on the bank's interest-bearing securities.

Other operating income amounted to EUR 1.0 (0.3) million. The increase is mainly attributable to one-off recognised items of EUR 0.5 million.

Expenses

Operating expenses amounted to EUR 35.6 (36.1) million and were in line with the previous year.

Staff costs amounted to EUR 16.6 (16.4) million. Running staff costs increased somewhat from last year on account of Aktia having recruited staff replacing external IT consultants.

IT expenses decreased to EUR 5.6 (6.8) million, mainly as a result of lower costs for IT consultants.

The depreciation of tangible and intangible assets decreased to EUR 4.6 (4.9) million.

Other operating expenses increased to EUR 8.9 (8.0) million. The increase from last year is mainly pertained to a higher estimated cost for the resolution fee and higher marketing expenses.

Impairment on credits and other commitments amounted to EUR -1.4 (-1.1) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.9 (-0.1) million. The increase is mainly related to higher provisions with regard to healthy credits (stage 1 and stage 2) due to adjustments in the macroeconomic assumptions in connection with the corona crisis.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 9,845 (9,697) million. Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees increased to EUR 658 (641) million.

Borrowing

Borrowing from the public and public-sector entities increased to EUR 4,260 (4,060) million. Aktia's market share of deposits was 3.2 (3.2) % at the end of March.

The value of bonds issued by Aktia Bank totalled EUR 2,740 (2,526) million. Of these, EUR 1,616 (1,613) million were Covered Bonds issued by Aktia Bank.

During the period Aktia Bank issued new long-term unsecured bonds to a value of EUR 210 million as part of its EMTN programme.

Lending

The Group's lending to the public and public-sector entities increased by EUR 160 million to EUR 6,590 (6,429) million. Loans to households accounted for EUR 4,900 (4,886) million, or 74.4 (76.0) % of the loan book.

The housing loan book totalled EUR 4,948 (4,877) million, of which the share for households was EUR 4,031 (4,026) million. Aktia's new lending to households amounted to EUR 264 (188) million. At the end of March, Aktia's market share in housing loans to households was 4.0 (4.0) %.

Corporate lending accounted for 12.9 (12.0) % of the Aktia Group's loan book. Total corporate lending increased to EUR 852 (771) million, which is partly related to one larger corporate loan. Loans to housing companies increased to EUR 806 (738) million, making up 12.2 (11.5) % of Aktia's total loan book. The increase is partly related to Aktia's purchase of loans to housing companies of EUR 48 million from the Mortgage Society of Finland at the beginning of 2020.

Loan book by sector

(EUR million)	31 Mar 2020	31 Dec 2019	Δ	Share, %
Households	4,900	4,886	14	74.4%
Corporates	852	771	81	12.9%
Housing companies	806	738	67	12.2%
Non-profit organisations	29	31	-2	0.4%
Public sector entities	3	4	0	0.0%
Total	6,590	6,429	160	100.0%

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the Banking Group amounting to EUR 1,419 (1,326) million, the life insurance company's investment portfolio amounting to EUR 524 (546) million and the equity holdings of the Bank Group amounting to EUR 4 (5) million.

Technical provisions

The life insurance company's technical provisions decreased to EUR 1,137 (1,260) million. Unit-linked technical provisions decreased to EUR 753 (869) million and the interest-related technical provisions to EUR 384 (390) million.

Equity

Aktia Group's equity amounted to EUR 607 (610) million. The fund at fair value decreased by EUR 7 million to EUR 8 (15) million and the profit for the year amounted to EUR 2 million. Aktia Bank Plc has in a directed share issue issued 744,696 new shares as part of the acquisition of the minority share of 24% in Aktia Asset Management Ltd. The issue was realised through an exchange of shares and it did not affect the Group's total equity as Aktia Asset Management Ltd also prior to the acquisition has been included in the consolidated Aktia Bank Plc Group.

Assets under Management

The Group's total assets under management amounted to EUR 10,371 (11,963) million.

Customer assets under management comprise managed and brokered mutual funds as well as managed capital in the subsidiaries Aktia Asset Management Ltd and Aktia Fund Management Company Ltd. Assets under management presented in the table below reflect net volumes, so that customer assets under management in multiple companies have been eliminated.

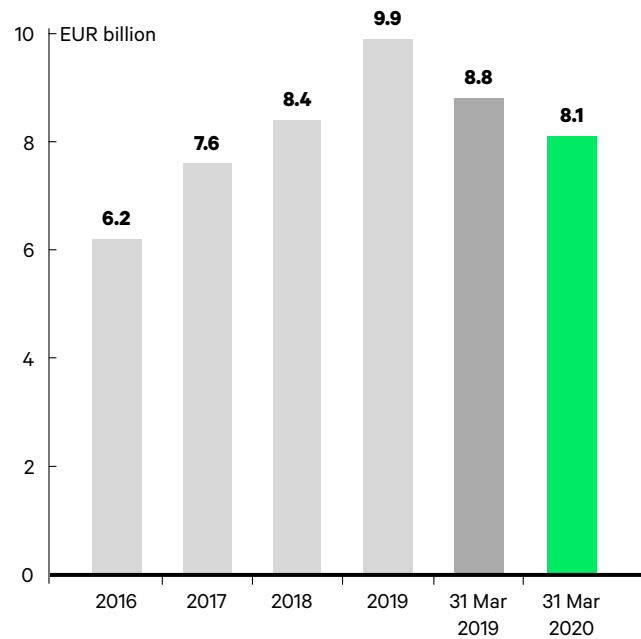
Group financial assets include the liquidity portfolio in the Bank Group managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	31 Mar 2020	31 Dec 2019	Δ %
Customer assets under management*	8,136	9,853	-17%
Group financial assets	2,235	2,110	6%
Total	10,371	11,963	-13%

* Excluding Fund in funds (comparative periods recalculated)

Customer assets under management (AuM) excluding custody assets 2016–1Q2020, EUR billion



Segment overview

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

Banking Business

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

Private customers

The beginning of the year was characterised by high activity within the private customer business. Lending activity was on a good level at the start of the year and the growth of the loan book stable. However, a distinct drop in the demand for housing loans could be seen after the coronavirus outbreak. The interest in instalment-free periods increased clearly towards the end of the quarter.

Now that digital housing transactions can be carried out smoothly, the use of digital signatures has also picked up. Aktia's digital services have interested all customer groups to an increasing degree, and the offering of mobile payment services was expanded to include also Android smart units through the launching of Google Pay, Fitbit Pay and Garmin Pay during the first quarter of the year. Apple Pay, introduced already earlier, has been received well by the customers and is being used increasingly.

The interest in investments and monthly savings was stable during the quarter despite the volatile circumstances characterising the market at the end of the quarter, and the demand for Aktia's asset management services increased among private customers.

Corporate customers

The corporate customer business had a strong growth and a good activity level at the beginning of the year. The market situation was still favourable at the beginning of the year and companies' investment appetite was higher than expected. Also the building sector continued to show a good amount of newly started projects. The good activity is reflected in the growth of the corporate loan book. Aktia launched a factoring co-operation with Puro Finance Oy, which means that Aktia as an addition to its own solutions can provide its customers an excellent alternative for the financing of working capital.

The coronavirus situation in March caused a fast change on the market and the year that started favourably took another direction. The increasingly gloomy economy quickly cut a big part of the turnover in many companies and inquiries about instalment-free periods and working capital increased manifold compared to normal. The main focus in March was on giving advice to our customers and on the processing of applications for financing.

Segment results

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %
Operating income	34.3	32.7	5%
Operating expenses	-25.6	-26.6	-4%
Operating profit	7.3	5.0	47%
Comparable operating profit	7.3	5.0	47%

The operating income for the period increased by 5% to EUR 34.3 (32.7) million.

Net interest income increased somewhat from the previous year to EUR 16.9 (16.6) million. The positive development in the corporate loan book explains largely the increase in the net interest income. Customer margins for both private and corporate customers were still under pressure, which caused margin levels to decrease from the corresponding period last year. The total loan book increased by just under 3% to EUR 6,590 (6,429) million, of which private customers' loan book increased to EUR 4,933 (4,924) million and corporate customers' loan book to EUR 1,657 (1,505) million.

Net commission income increased by 4% to EUR 16.6 (16.0) million, which is mainly explained by a strong growth in customer assets under management until mid-March.

Other operating income amounted to EUR 0.7 (0.1) million, including one-off recognised items of EUR 0.5 million during the first quarter of the year.

Comparable operating expenses decreased by 4% to EUR 25.6 (26.6) million. The decrease is mainly attributable to the change in the service model at the end of 2019.

Impairment on credits and other commitments increased to EUR -1.4 (-1.1) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.9 (-0.1) million. The increase is mainly related to higher allowances with regard to healthy credits (stage 1 and stage 2) due to adjustments in the macroeconomic assumptions in connection with the corona crisis.

Asset Management

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

Assets under management

(EUR million)	31 Mar 2020	31 Dec 2019	Δ %
Customer assets under management*	8,136	9,853	-17%
of which institutional assets	5,528	6,821	-19%

* Excluding fund in funds (comparative period recalculated)

Customer assets under management decreased during the quarter due to strong and negative market movements as a result of the global coronavirus pandemic. Customers remained calm and with regard to the market situation the amount of corona related redemptions was relatively small. In the challenging market situation increased focus was put on customer contacts and service.

The work for expanding the product selection continued during the first quarter. As part of the strategic focus on the growth of asset management, Aktia launched the first structured product for the private customer segment and started the marketing of another private debt fund for professional institutional investors. Aktia's real estate fund continued its stable growth during the quarter.

Aktia's strong competence in fixed-income fund management was rewarded during the first quarter with Morningstar's award as the "Best fixed-income fund house" for the sixth time. The Morningstar-ratings of the funds continued strong; in February the average rating was 3.89. Most of the fixed-income funds received the rating 4–5.

Aktia's focus on international growth continued. The co-operation partner Universal-Investment-Luxembourg S.A., who manages the UI-Aktia funds, expanded during the first quarter of the year the distribution of UI-Aktia funds to Chile and Peru. The current state of emergency situation and the travel ban are, however, delaying the progression. At the end of the first quarter the fund capital of the UI-Aktia funds amounted to EUR 1.4 billion.

Life insurance

The focus on developing the life insurance business continued and led to higher activity levels. At the beginning of the year an insurance providing cover in case of severe illness and unemployment was launched. With these new covers, combined with existing covers in event of death or disability, Aktia is able to provide tailored solutions against the most common personal risks. The new products together with the renewed digital application process have been received well by our customers and employees in all sales channels.

The renewal of the pricing of savings insurance and the expanded distribution for the discretionary managed portfolios within savings insurance at the end of last year also showed an increased interest in our offering. During the first two months of the quarter the sales results were very good measured in premiums written, mainly among savings and investment products, compared to the corresponding period last year. With the increased concern on the investment market during March we experienced a temporarily lower activity.

The demand for personal coverage has increased steadily during the whole quarter compared to the corresponding period last year, and we see that the personal coverage offering constitutes an increasingly important part of the economic counselling which is helping our customer protect themselves from unexpected economic risks and to think ahead.

Segment results

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %
Operating income	3.9	16.2	-76%
Operating expenses	-8.1	-7.8	5%
Operating profit	-4.2	8.4	-
Comparable operating profit	-4.2	8.4	-

The operating income for the period decreased by 76% to EUR 3.9 million, which is mainly explained by significant negative unrealised value changes from the life insurance business' private equity and fixed-income funds of EUR -11.2 (1.2) million. The quarter started with two good months but was influenced negatively mainly during March by the redemption of funds and a negative development on the investment market.

Net commission income increased by 13% to EUR 10.2 million and the net income from life insurance decreased heavily to EUR -6.3 million due to the decline in the investment portfolio. The premiums written from life insurance business increased by 46% compared to the corresponding period last year. The sale of investment-linked savings insurance among Private Banking customers continued strong and more than doubled compared to the corresponding period last year. Operating expenses for the segment increased by 5% to EUR 8.1 million, which mainly relates to the increase in staff costs.

Customer assets under management decreased by EUR 1.7 billion from the year-end and amounted to EUR 8.1 (9.9) billion. Net sales for the quarter amounted to EUR -0.7 billion and the market value change to EUR -1.0 billion. The main part of the net sales was related to institutional customers.

Group Functions

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

Segment results

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %
Operating income	4.0	6.1	-35%
Operating expenses	-4.2	-4.0	5%
Operating profit	-0.3	2.1	-
Comparable operating profit	-0.3	2.1	-

The operating income for the segment decreased to EUR 4.0 million as a result of lower net income from financial transactions. The decrease is mainly pertained to unrealised value change in the shareholding in Visa Inc. of EUR -0.5 (0.4) million and ECL impairment for interest-bearing securities of EUR -0.6 (0.5) million.

The net interest income for the segment was somewhat lower than last year. Interest income from hedging measures through interest rate derivatives decreased to EUR 0.5 (1.3) million and interest income from the bank's liquidity portfolio to EUR 1.4 (1.6) million. Lower financing expenses from new long-term financing has partially compensated for decreasing income from the unwound interest rate hedges and the liquidity portfolio. Despite the challenging interest rate situation, a positive interest yield has been retained when reinvesting in the liquidity portfolio.

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

The operating expenses of the segment were somewhat higher than last year.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019	Jan-Mar 2020	Jan-Mar 2019
Income statement										
Net interest income	16.9	16.6	0.0	0.0	2.7	2.9	0.0	-	19.7	19.4
Net commission income	16.6	16.0	10.2	9.0	1.7	1.5	-3.3	-3.4	25.2	23.2
Net income from life insurance	-	-	-6.3	7.1	-	-	1.1	1.2	-5.2	8.3
Other operating income	0.7	0.1	0.1	0.1	-0.5	1.7	0.0	0.0	0.3	1.8
Total operating income	34.3	32.7	3.9	16.2	4.0	6.1	-2.2	-2.3	39.9	52.7
Staff costs	-4.6	-4.0	-3.6	-3.4	-8.3	-9.0	-	-	-16.6	-16.4
Other operating expenses ¹	-20.9	-22.7	-4.5	-4.3	4.1	5.0	2.3	2.3	-19.1	-19.7
Total operating expenses	-25.6	-26.6	-8.1	-7.8	-4.2	-4.0	2.3	2.3	-35.6	-36.1
Impairment of credits and other commitments	-1.4	-1.1	-	-	0.0	-	-	-	-1.4	-1.1
Share of profit from associated companies	-	-	-	-	-	-	-0.1	1.7	-0.1	1.7
Operating profit	7.3	5.0	-4.2	8.4	-0.3	2.1	-0.1	1.7	2.8	17.2
Comparable operating profit	7.3	5.0	-4.2	8.4	-0.3	2.1	-0.1	1.7	2.8	17.2
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Balance sheet										
Financial assets measured at fair value	0.1	0.1	1,096.9	1,268.9	1,065.8	1,025.5	-	-15.0	2,162.8	2,279.4
Cash and balances with central banks	1.2	1.8	0.0	0.0	402.0	313.5	-	-	403.3	315.4
Interest-bearing securities measured at amortised cost	-	-	47.8	47.9	343.0	288.6	-	-	390.8	336.5
Loans and other receivables	6,589.7	6,428.9	87.3	60.8	15.3	15.3	-85.2	-58.5	6,607.1	6,446.5
Other assets	23.0	22.3	67.2	65.1	261.1	293.7	-70.5	-61.7	280.8	319.3
Total assets	6,614.0	6,453.1	1,299.3	1,442.6	2,087.2	1,936.5	-155.7	-135.2	9,844.7	9,697.1
Deposits	4,407.4	4,185.6	-	-	473.8	530.4	-85.2	-58.5	4,796.0	4,657.5
Debt securities issued	-	-	-	-	2,836.9	2,637.3	0.3	-14.6	2,837.2	2,622.7
Technical provisions	-	-	1,137.2	1,259.8	-	-	-	-	1,137.2	1,259.8
Other liabilities	14.4	13.4	26.2	32.3	439.0	511.7	-12.0	-10.3	467.6	547.2
Total liabilities	4,421.8	4,199.0	1,163.4	1,292.1	3,749.7	3,679.4	-96.8	-83.4	9,238.0	9,087.1

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

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

Capital adequacy and solvency

At the end of the period, the Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance) was 15.9 (14.7) %. After deductions, Common Equity Tier 1 capital increased by EUR 48,9 million during the period, which improved the CET1 capital ratio by 1.8 percentage points. The increase in the CET1 capital is pertained to the decision on postponing the decision on dividend payment for the financial year 2019 to a later date. Risk-weighted assets increased by EUR 109.1 million, which reduced the CET1 capital ratio by 0.6 percentage points. The increase in risk-weighted assets is mainly pertained to an increase in corporate exposures.

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

Capital adequacy, %	31 Mar 2020	31 Dec 2019
Bank Group		
CET1 capital ratio	15.9	14.7
Total capital ratio	19.4	18.6

The total capital requirement for banks consist of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components for Aktia's capital requirements. Taking all buffer requirements into account, the minimum total capital ratio level for the Bank Group was 13.26%, and 11.26% for Tier 1 capital ratio at the end of the period.

The Finnish Financial Supervisory Authority has on 13 December 2019 determined a new Pillar 2 requirement of 1.25% for Aktia. The new requirement is valid as of 30 June 2020 and replaces the current requirement of 1.75%.

Total capital requirement

31 Mar 2020	Pillar 1 requirement	Pillar 2 requirement	Capital Conservation	Buffer requirements			Total
				Counter-cyclical	O-SII	Systemic risk	
CET1 capital	4.50	1.75	2.50	0.01	0.00	1.00	9.76
AT1 capital	1.50	0.00					1.50
Tier 2 capital	2.00	0.00					2.00
Total	8.00						13.26

The authorities have lowered capital requirements in Europe in order to ease the negative effects of the coronavirus pandemic. In Finland the Financial Supervisory Authority has decided on removing the systemic risk buffer requirement for Finnish credit institutions as of 6 April 2020, which will lower Aktia's capital requirement by 1 percentage point.

Leverage ratio	31 Mar 2020	31 Dec 2019
Tier 1 capital	437.0	388.1
Total exposures	8,816.2	8,474.5
Leverage ratio, %	5.0	4.6

The Financial Stability Board has during the third quarter 2019 updated the minimum requirement in accordance with the bank resolution act for own funds and eligible liabilities that can be written down (MREL requirement) for Aktia Bank Plc. The requirement is twice the minimum capital requirement, including the total buffer requirement at the end of 2017. The updated MREL requirement amounts to 23.37% of total risk-weighted assets (RWA), however, at least 8% of the balance sheet total.

MREL-requirement (EUR million)	31 Mar 2019	31 Dec 2019
MREL requirement	695.1	670.9
Own funds and eligible liabilities		
CET1	437.0	388.1
AT1 instruments	0.0	0.0
Tier 2 instruments	129.0	160.4
Other liabilities	456.7	247.9
Total	1,022.8	796.4

The life insurance company follows the Solvency II directive, in which the calculation for technical provisions are measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

Solvency II (EUR million)	With transitional rules		Whitout transitional rules	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
MCR	23.4	24.2	25.0	25.9
SCR	85.2	86.6	95.5	98.3
Eligible capital	146.3	166.3	103.3	120.2
Solvency ratio, %	171.7	192.1	108.2	122.2

The Group's risk exposures

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

Definitions and general principles for asset and risk management can be found in note G2 on pages 117–132 in Aktia Bank Plc's Annual and Sustainability Report 2019 and in Aktia Bank Plc's Capital and Risk Management Report on the Group's website www.aktia.com.

Banking and asset management business

Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is on an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. At the year-end 2019 the LTV level amounted on average to 45% for the entire loan book.

Loans past due by time overdue and ECL stages

(EUR million) Days	31 Mar 2020			Total
	Stage 1	Stage 2	Stage 3	
≤ 30	34.3	26.4	0.3	61.0
of which households	31.6	24.7	0.2	56.5
> 30 ≤ 90	0.0	22.4	1.0	23.4
of which households	0.0	21.3	0.8	22.1
> 90	0.0	0.0	46.5	46.5
of which households	0.0	0.0	38.8	38.8

(EUR million) Days	31 Dec 2019			Total
	Stage 1	Stage 2	Stage 3	
≤ 30	45.9	23.0	0.5	69.4
of which households	36.3	21.6	0.4	58.3
> 30 ≤ 90	0.0	26.0	1.4	27.4
of which households	0.0	23.3	1.1	24.4
> 90	0.0	0.0	44.4	44.4
of which households	0.0	0.0	38.0	38.0

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

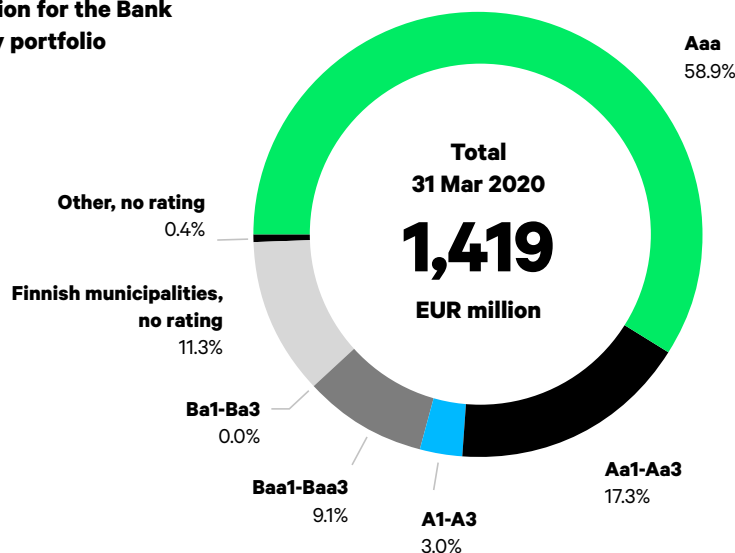
(EUR million)	31 Mar 2020	31 Dec 2019
Corporate		
PD grades A	275.3	199.5
PD grades B	720.5	707.7
PD grades C	704.9	552.1
Default	31.6	20.7
	1,732.3	1,480.0
Loss allowance (ECL)	-15.4	-15.1
Carrying amount	1,716.9	1,464.9
Households		
PD grades A	3,472.1	3,448.6
PD grades B	825.3	837.8
PD grades C	767.6	781.1
Default	59.8	51.6
	5,124.8	5,119.1
Loss allowance (ECL)	-13.4	-13.6
Carrying amount	5,111.4	5,105.5
Other		
PD grades A	27.5	26.4
PD grades B	336.7	330.6
PD grades C	52.9	159.2
Default	0.8	0.9
	417.9	517.1
Loss allowance (ECL)	-0.2	-0.5
Carrying amount	417.7	516.7

Market risks

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

The interest rate risk constitutes the largest market risk. A structural interest rate risk arises as a result of differences in periods for which interest rates are tied and at repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are managed actively through different trading arrangements, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

Rating distribution for the Bank Group's liquidity portfolio



The bank measures the interest rate risk through sensitivity analyses of the net interest income, and through the present value on interest-bearing assets and liabilities where the interest rate curve is stressed using different interest rate scenarios for a dynamic or parallel change in interest rates.

The Bank Group's interest rate risk is still low and at the end of the period the net interest income risk decreased compared to the year-end in all calculated interest rate shock scenarios due to the rising market interest rates.

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

Investments in shares necessary for the business amounted to EUR 4.3 (5.0) million. The Bank Group had no real estate holdings at the end of the period.

The Bank Group's total currency exposure is marginal and amounted to EUR 3.3 (4.8) million at the end of the period.

Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,345 (1,104) million at the end of the period.

All bonds, with the exception of investments in domestic commercial papers, met the criteria for refinancing at the central bank.

Liquidity reserve, market value (EUR million)	31 Mar 2020	31 Dec 2019
Cash and balances with central banks	358	271
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	217	195
Securities issued or guaranteed by municipalities or the public sector	161	208
Covered Bonds	603	430
Securities issued by credit institutions	0	0
Securities issued by corporates (commercial papers)	6	0
Total	1,345	1,104

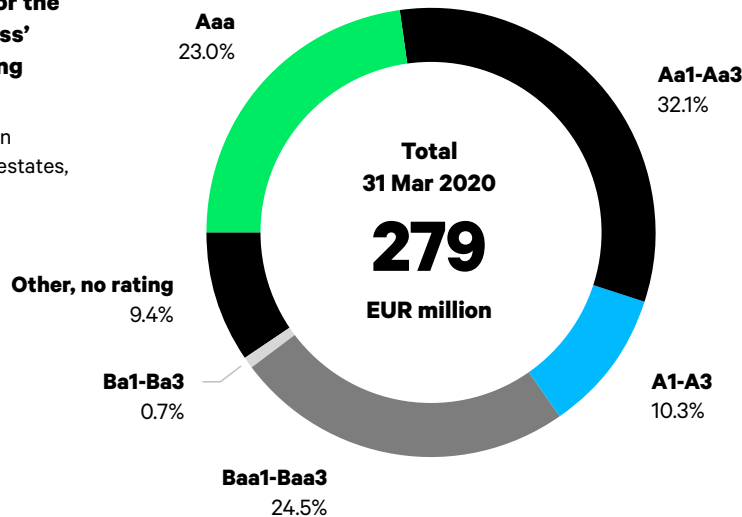
The liquidity risk is, among other things, followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is sufficient to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued securities. The LCR amounted to 129 (118) %.

Liquidity coverage ratio (LCR)*	31 Mar 2020	31 Dec 2019
LCR %	129%	118%

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

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

(excluding investments in interest-rate funds, real estates, equities and alternative investments)



Life Insurance Business

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 522 (546) million. The life insurance company's direct real estate investments amounted to EUR 43 (42) million. The properties are located in the Helsinki region and in other growth areas in Southern Finland, and they mostly have long tenancies.

Aktia Life Insurance, allocation of investment portfolio

(EUR million)	31 Mar 2020		31 Dec 2019	
Fixed income investments	346.9	66.4%	387.7	71.0%
Government bonds	112.0	21.4%	112.8	20.7%
Financial bonds	84.7	16.2%	114.6	21.0%
Other corporate bonds	80.2	15.3%	80.4	14.7%
Emerging Markets (mtl. funds)	46.3	8.9%	50.1	9.2%
High yield (mtl. funds)	20.3	3.9%	19.5	3.6%
Trade finance (mtl. funds)	3.4	0.6%	10.3	1.9%
Alternative investments	8.2	1.6%	6.8	1.2%
Private Equity etc.	8.2	1.6%	6.8	1.2%
Real estates	70.6	13.5%	68.7	12.6%
Directly owned	42.7	8.2%	42.5	7.8%
Real estate funds	27.9	5.3%	26.2	4.8%
Money Market	30.4	5.8%	48.0	8.8%
Cash and bank	66.3	12.7%	34.9	6.4%
Total	522.3	100.0%	546.1	100.0%

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 26.0 (16.0) million, which can be used to cover the future interest rate requirement. The average discount rate for the interest-bearing technical provisions after dissolutions from the interest reserve is 2.3% for the coming 10 years. The discount rate is subsequently 3.1%. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. Interest rate risk is the most significant risk in conjunction with technical provisions in the life insurance company. It affects profitability through the spread between rate of return and guaranteed customer rate and capital adequacy as a result of the market valuation of assets and liabilities. Interest rate risk of the company's interest-bearing balance sheet items in the investment portfolio and in the interest-linked and unit-linked technical provisions is calculated through an interest rate stress test (decrease in interest rate) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-term technical provisions and amounted to EUR -43 (-42) million.

Main events

Aktia improved significantly its rating in CDP's corporate responsibility ranking

Aktia reached on 23 January 2020 corporate rating B in CDP's international corporate responsibility ranking, which is over the average in the European financial sector. This is a significant improvement compared to last year's rating D-. CDP (former Carbon Disclosure Project) is a global non-profit organisation that collects and spreads company-specific information among other things on climate change mitigation and greenhouse gas emissions. Receiving the rating B means that Aktia takes the risks and possibilities relating to climate change even better into account and takes actively measures regarding climate matters.

Change in amount of shares in Aktia Bank Plc

Aktia Bank Plc issued on 13 February 2020 in a directed share issue 744,696 new shares as a part of the acquisition of the minority share of 24% in Aktia Asset Management Ltd. The shares were issued according to the share issue authorisation of the Annual General Meeting on 11 April 2019. The new shares were registered into the Trade Register on 14 February 2020 and started trading on Nasdaq Helsinki Ltd as of 17 February 2020. Following the issue, the number of shares in Aktia amounted to 69,917,133 shares.

Google Pay available to Aktia's customers

Aktia expanded its service range of mobile payments and made Google Pay available to its customers on 18 February 2020. Aktia's customers can use their Android smart devices for payments by starting to use Google Pay.

Aktia was chosen for the sixth time as the best fixed income fund house in Finland

Aktia won the category of Fixed Income Fund House in Morningstar's Finland Awards 2020, which was published on 11 March 2020. It was already the sixth time that Aktia was awarded as the best asset manager in Finland and the eighth consecutive year Aktia was among the three best fixed income fund houses.

Aktia Bank Plc has suspended an outlook for 2020 for the time being

The significant worsening of the macroeconomic outlook and the grown volatility on the market as a result of the coronavirus outbreak is expected to have a negative impact on Aktia's operating profit in 2020. Due to the low visibility and the high volatility on the market it is also very difficult to predict the economic impact. Aktia has therefore decided on 18 March 2020 to suspend its outlook for 2020 for the time being.

Other information

Events after the end of the period

Taking into account the recommendations issued by the authorities' the Board proposed on 2 April 2020 that Aktia Bank Plc's Annual General Meeting authorises the Board to at a later date decide on the payment of a maximum dividend of EUR 0.63 per share for the financial year 2019 with a payment at one or more occasions, however, at the earliest on 1 October 2020. The authorisation would be in force until the Annual General Meeting 2021. The Board was also proposed to be authorised to decide on the record date and the date of payment of a possible dividend. Aktia will notify of the decisions separately.

Irma Gillberg-Hjelt, Executive Vice President, Corporate Customers, resigned from her duties at Aktia 15 April 2020. The search for a new director for the Corporate Customer business has been initiated. Carola Nilsson, Executive Vice President, Private Customers, has been appointed acting director for the business area Corporate Customers until a new person in charge is appointed.

Rating

On 18 December 2019, Standard & Poor's confirmed its rating of Aktia Bank Plc's creditworthiness. The rating is A- for long-term borrowing and A2 for short-term borrowing, both with a stable outlook.

On 13 September 2019, Moody's Investors Service confirmed the long- and short-term deposit ratings of Aktia Bank. The Senior Unsecured rating was A1/P-1.

Moody's Investors Service rating for Aktia Bank's long-term Covered Bonds is Aaa. The outlook is stable.

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

Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G43 and P43 in the Financial statements 2019.

Staff

The number of full-time employees at the end of March amounted to 767 (31 December 2019; 776). The average number of full-time employees amounted to 771 (1 January - 31 March 2019; 778).

Incentive scheme

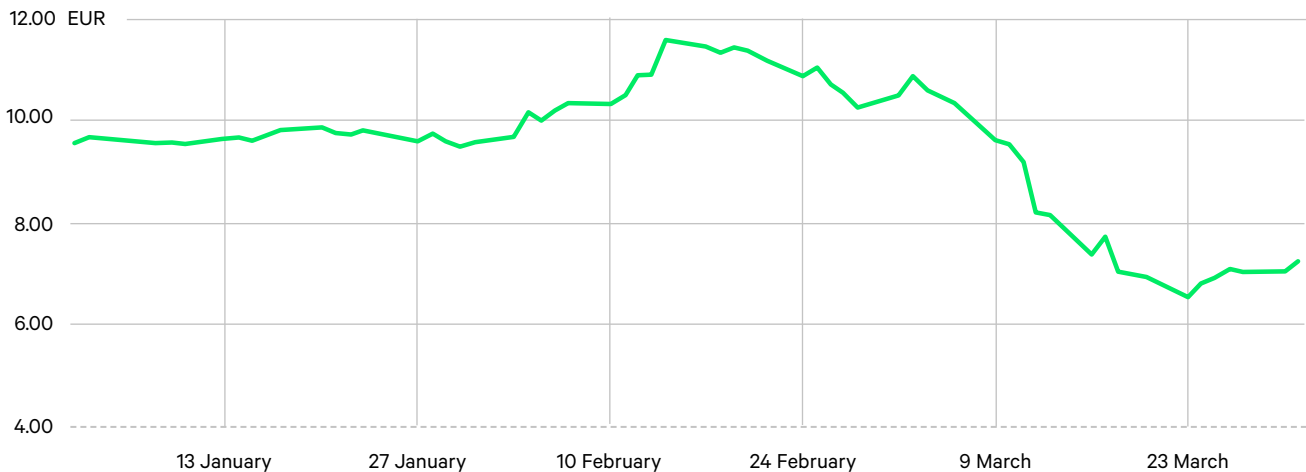
As of 2018, Aktia Bank Plc has launched a new long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy.

The share savings plan AktiaUna is offered to approximately 800 Aktia employees, who will be offered an opportunity to save 2–4% of their salaries (the members of the Group's Executive Committee up to 7%) and regularly acquire the company's shares at a 10% reduced price. Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

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

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

Development of Aktia's share 2 January–31 March 2020



Decisions of Aktia Bank Plc's Annual General Meeting 2020

The Annual General Meeting of Aktia Bank Plc on 16 April 2020 has adopted the financial statements of the parent company and the consolidated financial statements and discharged the previous members of the Board of Directors, the Managing Director and his deputy from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided, taking into account the recommendations issued by the authorities, to authorise the Board to at a later date decide on the payment of a maximum dividend of EUR 0.63 per share for the accounting period 1 January – 31 December 2019 with a payment at one or more occasions, however, at the earliest on 1 October 2020. The authorisation is in force until the Annual General Meeting 2021. The Board was authorised to decide on the record date and the date of payment of a possible dividend. Aktia will notify of the decisions separately.

The Annual General Meeting confirmed the number of board members as nine. Christina Dahlblom, Johan Hammarén, Maria Jerhamre Engström, Johannes Schulman, Lasse Svens and Arja Talma were re-elected as Board members. As new members of the Board of Directors were elected Kari A.J. Järvinen, M.Sc.Eng., Harri Lauslahti, M.Sc.Econ., and Olli-Petteri Lehtinen, M.Sc.Econ. All board members were elected for a term of office continuing up until the end of the next Annual General Meeting.

The Annual General Meeting determined that the number of auditors shall be one, and re-elected APA firm KPMG Oy Ab as auditor. Remuneration to the auditor shall be paid against the auditor's reasonable invoice.

The Annual General Meeting adopted the proposal of the Board of Directors regarding the right to a share incorporated in the book-entry system and the rights that the share carries have been forfeited for the shares in Aktia Bank Plc's collective account. The shares now object for forfeiture are shares the owner-customers of Veritas Mutual Non-Life Insurance Company received, on the basis of paid insurance premiums, as merger consideration in connection with the merger of Veritas Mutual Non-Life Insurance Company to Aktia Plc on 1 January 2009 and those shares still in the company's collective account and for which a request for registration to the book-entry account has not been put forward before the Annual General Meeting's decision on the matter on 16 April 2020.

All proposals mentioned above are included in the Summons to the Annual General Meeting published on the website www.aktia.com under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2020.

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 170 million. At the end of March 2020, the number of Aktia shares was 69,917,133. The total number of registered holders amounted to 36,055 (31 March 2019: 36,863). 9.24% of the shares were in foreign ownership. The number of unregistered shares was 765,483 at 31 March 2020, corresponding to 1.1% of the total number of shares. On 31 March 2019, the Group held 9,865 (31 March 2019; 52,722) Aktia shares. Aktia Bank Plc's market value on 31 March 2020, the last trading day of the period, was EUR 504 million. Aktia's stock exchange value on 31 March 2020 was EUR 7.21. The highest price for the Aktia share was EUR 11.56 and the lowest EUR 6.51.

The average daily turnover of the Aktia share during January–March 2020 was EUR 1,903,312 or 199,326 shares.

Financial targets up until 2023

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

- comparable operating profit of EUR 100 million (2019; EUR 68.2 million),
- return on equity (ROE) above 11% (2019; 10.3%),
- comparable cost-to-income ratio under 0.60 (2019; 0.66) and
- Common Equity Tier 1 capital ratio (CET 1) 15–3 percentage points over the regulatory requirement (2019; 3.4 percentage points over the minimum capital requirement 11.3%).

Risks and outlook

Risks (updated)

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

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

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

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

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

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

The outbreak of the coronavirus pandemic during the first quarter of the year and the measures taken for limiting its development have influenced both the real economy and the financial market. The rapid movements on the equity market and the initial rapid downfall have increased the risk relating to the value of the Group's investment assets.

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

The insecurity on the financial market relating to the impact of the pandemic as well as its duration, have towards the end of the first quarter somewhat increased the risk for refinancing and liquidity, which up to now mainly has been reflected in higher refinancing prices for Aktia.

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

Challenges in the real economy and the rise in unemployment increase the risk relating to the security value for real estates that are used as security for loans, which in turn increases the risk for possible impairments of the credit portfolio. During the first quarter the increase in Aktia's credit risk was mainly reflected in the increase in the number of applications for an instalment-free period that have been received as a result of the campaign for instalment-free periods for loans, and through an increase in the flexibility of loan management at the end of the first quarter.

The impact of the coronavirus pandemic and the effects of the measures taken to prevent it are being monitored and assessed continuously so that the long-term effects of the pandemic on Aktia's risks can be determined at a later stage.

Outlook 2020 (updated)

Due to the continuously low visibility and the high volatility on the market it is still very difficult to predict the impacts on the economy. Aktia has therefore decided to suspend its outlook for 2020 for the time being. Aktia's goal is to give an update on the outlook in connection with the half-year report to be published on 4 August 2020.

Aktia's liquidity and capital positions remain strong.

Tables and notes to the interim report

Key figures

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019	4Q2019	3Q2019	2Q2019
Earnings per share (EPS), EUR	0.03	0.21	-86%	0.90	0.23	0.16	0.30
Total earnings per share, EUR	-0.07	0.25	-	0.85	0.06	0.17	0.38
Equity per share (NAV), EUR *1	8.68	8.81	-1%	8.82	8.82	8.76	8.58
Average number of shares (excl. treasury shares), million ²	69.5	69.0	1%	69.0	69.0	69.0	69.0
Number of shares at the end of the period (excl. treasury shares), million ¹	69.9	69.0	1%	69.1	69.1	69.1	69.1
Return on equity (ROE), %*	1.4	9.4	-86%	10.3	10.5	7.4	13.7
Return on assets (ROA), %*	0.08	0.59	-86%	0.65	0.66	0.47	0.85
Cost-to-income ratio*	0.89	0.69	29%	0.65	0.64	0.71	0.58
Common Equity Tier 1 capital ratio. CET1 (Bank Group), % ¹	15.9	16.9	-6%	14.7	14.7	15.6	16.5
Tier 1 capital ratio (Bank Group), % ¹	15.9	16.9	-6%	14.7	14.7	15.6	16.5
Capital adequacy ratio (Bank Group), % ¹	19.4	19.4	0%	18.6	18.6	20.0	18.6
Risk-weighted assets (Bank Group) ¹	2,746.0	2,305.2	19%	2,636.9	2,636.9	2,495.4	2,383.5
Capital adequacy ratio (finance and insurance conglomerate), % ¹	136.2	154.7	-12%	131.6	131.6	129.4	148.6
Equity ratio, %* ¹	6.2	6.3	-2%	6.4	6.4	6.4	6.3
Group financial assets* ¹	2,234.9	2,675.9	-16%	2,109.7	2,109.7	2,208.9	2,188.2
Customer assets under management* ^{1,3}	8,135.9	8,786.3	-7%	9,853.1	9,853.1	9,849.4	9,326.5
Borrowing from the public ¹	4,260.1	3,999.4	7%	4,059.8	4,059.8	4,116.3	4,139.9
Lending to the public ¹	6,589.6	6,156.7	7%	6,429.1	6,429.1	6,273.5	6,246.4
Premiums written before reinsurers' share*	35.8	24.6	45%	118.6	39.5	28.5	26.0
Expense ratio, % (life insurance company)* ²	88.3	78.2	13%	73.9	73.9	75.5	76.6
Solvency ratio (life insurance company), %	171.7	200.5	-14%	192.1	192.1	166.3	188.5
Eligible capital (life insurance company)	146.3	166.1	-12%	166.3	166.3	153.1	160.9
Investments at fair value (life insurance company)* ¹	1,186.9	1,302.9	-9%	1,345.0	1,345.0	1,331.7	1,321.7
Technical provisions for risk insurances and interest-related insurances ¹	383.8	396.9	-3%	390.4	390.4	381.9	387.8
Technical provisions for unit-linked insurances ¹	753.4	812.8	-7%	869.4	869.4	844.7	832.1
Group's personnel (FTEs), average number of employees	771	778	-1%	787	773	804	794
Group's personnel (FTEs), at the end of the period ¹	767	774	-1%	776	776	767	828
Alternative performance measures excluding items affecting comparability:							
Comparable cost-to-income ratio*	0.89	0.69	29%	0.66	0.64	0.65	0.69
Comparable earnings per share (EPS), EUR*	0.03	0.21	-86%	0.79	0.23	0.20	0.16
Comparable return on equity (ROE), %*	1.4	9.4	-86%	9.1	10.5	9.2	7.2

* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information. As from the second quarter of 2017, Aktia presents a number of new APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in the table under the Group's income statement and comprehensive income.

1) At the end of the period

2) Cumulative from the beginning of the year

3) Excluding fund in funds (comparative periods recalculated)

Formulas for the key figures are available in Aktia Bank Plc's Annual and Sustainability Report 2019 on page 104.

Consolidated income statement

(EUR million)	Note	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Net interest income	3	19.7	19.4	1%	77.6
Dividends		0.2	0.0	-	0.5
Commission income		27.7	25.8	7%	107.7
Commission expenses		-2.5	-2.6	6%	-11.3
Net commission income		25.2	23.2	9%	96.4
Net income from life insurance	4	-5.2	8.3	-	30.0
Net income from financial transactions	5	-1.0	1.5	-	5.6
Other operating income		1.0	0.3	230%	11.4
Total operating income		39.9	52.7	-24%	221.4
Staff costs		-16.6	-16.4	1%	-69.0
IT expenses		-5.6	-6.8	-18%	-26.2
Depreciation of tangible and intangible assets		-4.6	-4.9	-6%	-19.5
Other operating expenses		-8.9	-8.0	11%	-29.2
Total operating expenses		-35.6	-36.1	-1%	-143.9
Impairment of credits and other commitments	7	-1.4	-1.1	31%	-4.5
Share of profit from associated companies		-0.1	1.7	-	1.7
Operating profit		2.8	17.2	-84%	74.8
Taxes		-0.7	-3.0	-76%	-12.9
Profit for the period		2.1	14.1	-85%	61.8
Attributable to:					
Shareholders in Aktia Bank Plc		2.1	14.1	-85%	61.8
Total		2.1	14.1	-85%	61.8
Earnings per share (EPS), EUR		0.03	0.21	-86%	0.90
Earnings per share (EPS) after dilution, EUR		0.03	0.21	-86%	0.90
Operating profit excluding items affecting comparability:					
Operating profit		2.8	17.2	-84%	74.8
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc		-	-	-	-0.5
Profit from divestment of shares in Samlink Ltd		-	-	-	-9.6
Operating expenses:					
Costs for restructuring		-	-	-	3.5
Comparable operating profit		2.8	17.2	-84%	68.2

Consolidated statement of comprehensive income

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Profit for the period	2.1	14.1	-85%	61.8
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets	-5.7	3.6	-	2.8
Transferred to the income statement for financial assets	-1.3	-0.4	-181%	-5.3
Comprehensive income from items which can be transferred to the income statement	-7.0	3.1	-	-2.6
Defined benefit plan pensions	-	-	-	-0.3
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.3
Total comprehensive income for the period	-4.9	17.3	-	59.0
Total comprehensive income attributable to:				
Shareholders in Aktia Bank Plc	-4.9	17.3	-	59.0
Total	-4.9	17.3	-	59.0
Total earnings per share, EUR	-0.07	0.25	-	0.85
Total earnings per share after dilution, EUR	-0.07	0.25	-	0.85
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	-4.9	17.3	-	59.0
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-0.4
Profit from divestment of shares in Samlink Ltd	-	-	-	-9.6
Operating expenses:				
Costs for restructuring	-	-	-	2.8
Comparable total comprehensive income	-4.9	17.3	-	51.8

Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Net income from financial transactions	-	-	-	0.5
Other operating income	-	-	-	9.6
Total operating income	-	-	-	10.1
Staff costs	-	-	-	-2.2
Other operating expenses	-	-	-	-1.3
Total operating expenses	-	-	-	-3.5
Operating profit	-	-	-	6.5
Taxes	-	-	-	0.6
Total comprehensive income for the year	-	-	-	7.2

Consolidated balance sheet

(EUR million)	Note	31 Mar 2020	31 Dec 2019	Δ %	31 Mar 2019
Assets					
Interest-bearing securities		20.7	19.4	7%	9.8
Shares and participations		139.0	148.1	-6%	137.7
Investments for unit-linked investments		754.0	871.6	-13%	813.2
Financial assets measured at fair value through income statement	8	913.7	1,039.1	-12%	960.7
Interest-bearing securities		1,249.0	1,240.3	1%	1,455.9
Financial assets measured at fair value through other comprehensive income	8	1,249.0	1,240.3	1%	1,455.9
Interest-bearing securities	7,8	390.8	336.5	16%	362.3
Lending to Bank of Finland and credit institutions	7,8	17.5	17.3	1%	30.1
Lending to the public and public sector entities	7,8	6,589.6	6,429.1	2%	6,156.7
Cash and balances with central banks	8	403.3	315.4	28%	675.3
Financial assets measured at amortised cost		7,401.1	7,098.3	4%	7,224.3
Derivative instruments	6,8	69.5	68.1	2%	77.5
Investments in associated companies and joint ventures		0.0	0.1	-85%	0.1
Intangible assets		61.4	62.8	-2%	65.9
Right-of-use assets		11.0	11.8	-7%	14.4
Investment properties		42.5	42.2	1%	39.8
Other tangible assets		2.1	2.1	-3%	2.9
Tangible and intangible assets		116.9	118.9	-2%	123.0
Other assets		89.7	128.9	-30%	69.1
Income tax receivables		1.2	0.4	187%	0.0
Deferred tax receivables		3.6	2.9	25%	2.0
Tax receivables		4.8	3.3	45%	2.1
Total assets		9,844.7	9,697.1	2%	9,912.7
Liabilities					
Liabilities to central banks		400.0	400.0	0%	400.0
Liabilities to credit institutions		135.9	197.6	-31%	187.2
Liabilities to the public and public sector entities		4,260.1	4,059.8	5%	3,999.4
Deposits	8	4,796.0	4,657.5	3%	4,586.6
Derivative instruments	6,8	12.1	9.8	23%	14.2
Debt securities issued		2,837.2	2,622.7	8%	3,025.5
Subordinated liabilities		196.3	215.4	-9%	184.5
Other liabilities to credit institutions		33.7	35.1	-4%	44.2
Other liabilities to the public and public sector entities		100.0	150.0	-33%	100.0
Other financial liabilities	8	3,167.2	3,023.1	5%	3,354.3
Technical provisions for risk insurances and interest-related insurances		383.8	390.4	-2%	396.9
Technical provisions for unit-linked insurances		753.4	869.4	-13%	812.8
Technical provisions		1,137.2	1,259.8	-10%	1,209.8
Other liabilities		76.0	81.1	-6%	87.0
Provisions		0.9	1.0	-8%	0.6
Income tax liabilities		0.4	4.3	-91%	0.9
Deferred tax liabilities		48.2	50.5	-5%	51.7
Tax liabilities		48.6	54.8	-11%	52.6
Total liabilities		9,238.0	9,087.1	2%	9,305.1
Equity					
Restricted equity		177.8	178.1	0%	183.8
Unrestricted equity		428.9	431.9	-1%	423.8
Total equity		606.7	610.0	-1%	607.6
Total liabilities and equity		9 844.7	9,697.1	2%	9,912.7

Consolidated off-balance-sheet commitments

(EUR million)	31 Mar 2020	31 Dec 2019	Δ %	31 Mar 2019
Guarantees	28.0	28.3	-1%	31.7
Other commitments provided to a third party	7.9	5.5	45%	4.1
Commitments provided to a third party on behalf of the customers	35.9	33.7	6%	35.8
Unused credit arrangements	612.3	592.4	3%	432.0
Other commitments provided to a third party	10.1	14.4	-30%	26.6
Irrevocable commitments provided on behalf of customers	622.5	606.9	3%	458.6
Total	658.4	640.6	3%	494.4

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Total equity
Equity as at 1 January 2019	163.0	17.7	1.4	108.9	298.9	589.9
Share issue				1.3		1.3
Divestment of treasury shares				0.0	0.8	0.7
Dividend to shareholders					-42.1	-42.1
Profit for the year					61.8	61.8
Financial assets		-2.6				-2.6
Defined benefit plan pensions					-0.3	-0.3
Total comprehensive income for the year		-2.6			61.5	59.0
Change in share-based payments (IFRS 2)			1.2			1.2
Equity as at 31 December 2019	163.0	15.1	2.6	110.2	319.1	610.0
Equity as at 1 January 2020	163.0	15.1	2.6	110.2	319.1	610.0
Share issue 13 February 2020	6.7				-6.1	0.6
Divestment of treasury shares				0.0	0.2	0.2
Profit for the period					2.1	2.1
Financial assets		-7.0				-7.0
Total comprehensive income for the period		-7.0			2.1	-4.9
Change in share-based payments (IFRS 2)			0.4		0.4	0.8
Equity as at 31 March 2020	169.7	8.1	3.1	110.2	315.6	606.7
Equity as at 1 January 2019	163.0	17.7	1.4	108.9	298.9	589.9
Divestment of treasury shares				0.0	0.5	0.5
Profit for the period					14.1	14.1
Financial assets		3.1				3.1
Total comprehensive income for the period		3.1			14.1	17.3
Change in share-based payments (IFRS 2)			-0.2			-0.2
Equity as at 31 March 2019	163.0	20.8	1.3	108.9	313.6	607.6

Consolidated cash flow statement

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Cash flow from operating activities				
Operating profit	2.8	17.2	-84%	74.8
Adjustment items not included in cash flow	20.8	0.1	-	6.8
Unwound fair value hedging	-	-	-	7.5
Paid income taxes	-6.7	-4.5	-49%	-11.9
Cash flow from operating activities before change in receivables and liabilities	16.9	12.8	32%	77.1
Increase (-) or decrease (+) in receivables from operating activities	-82.2	-224.6	63%	-405.1
Increase (+) or decrease (-) in liabilities from operating activities	176.7	634.1	-72%	381.1
Total cash flow from operating activities	111.4	422.3	-74%	53.1
Cash flow from investing activities				
Proceeds from sale of group companies and associated companies	-	-	-	9.6
Investment in investment properties	-1.2	-0.6	-84%	-7.9
Proceeds from sale of investment properties	-	-	-	10.8
Investment in tangible and intangible assets	-1.6	-2.1	22%	-7.8
Proceeds from sale of tangible and intangible assets	-	-	-	0.0
Total cash flow from investing activities	-2.8	-2.7	-2%	4.8
Cash flow from financing activities				
Subordinated liabilities	-19.1	-23.3	18%	7.5
Dividend/share issue to the non-controlling interest	-3.0	-2.3	-30%	-2.3
Divestment of treasury shares	0.2	0.5	-66%	0.7
Paid dividends	-	-	-	-42.1
Total cash flow from financing activities	-22.0	-25.1	12%	-36.1
Change in cash and cash equivalents	86.6	394.5	-78%	21.7
Cash and cash equivalents at the beginning of the year	286.1	264.4	8%	264.4
Cash and cash equivalents at the end of the period	372.7	658.9	-43%	286.1
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	1.2	3.8	-67%	1.8
Bank of Finland current account	357.0	628.9	-43%	269.4
Repayable on demand claims on credit institutions	14.4	26.2	-45%	14.8
Total	372.7	658.9	-43%	286.1
Adjustment items not included in cash flow consist of:				
Impairment of interest-bearing securities	0.9	-0.6	-	-0.3
Unrealised value change of financial assets measured at fair value through income statement	11.9	-2.1	-	-4.4
Impairment of credits and other commitments	1.4	1.1	31%	4.5
Change in fair value	3.4	-0.6	-	-0.5
Depreciation and impairment of tangible and intangible assets	3.1	3.2	-2%	12.7
Sales gains and losses from tangible and intangible assets	-	-	-	-0.9
Unwound fair value hedging	-0.5	-1.0	45%	-3.1
Change in fair values of investment properties	0.9	-0.1	-	-5.2
Change in share-based payments	0.2	-0.5	-	0.7
Other adjustments	-0.5	0.7	-	3.3
Total	20.8	0.1	-	6.8

Quarterly trends in the Group

(EUR million)					
Income statement	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Net interest income	19.7	19.3	19.6	19.2	19.4
Dividends	0.2	0.0	0.3	0.2	0.0
Net commission income	25.2	25.8	25.3	24.8	23.2
Net income from life insurance	-5.2	8.3	6.8	6.6	8.3
Net income from financial transactions	-1.0	0.9	0.5	0.1	1.5
Other operating income	1.0	0.9	0.4	9.8	0.3
Total operating income	39.9	55.2	52.9	60.6	52.7
Staff costs	-16.6	-16.9	-18.6	-17.1	-16.4
IT expenses	-5.6	-6.8	-6.4	-6.2	-6.8
Depreciation of tangible and intangible assets	-4.6	-4.9	-4.8	-4.9	-4.9
Other operating expenses	-8.9	-6.7	-7.7	-6.8	-8.0
Total operating expenses	-35.6	-35.3	-37.5	-35.0	-36.1
Impairment of credits and other commitments	-1.4	-0.8	-1.2	-1.4	-1.1
Share of profit from associated companies	-0.1	0.0	0.0	-	1.7
Operating profit	2.8	19.1	14.3	24.2	17.2
Taxes	-0.7	-3.2	-3.1	-3.6	-3.0
Profit for the period	2.1	15.9	11.2	20.6	14.1
Attributable to:					
Shareholders in Aktia Bank Plc	2.1	15.9	11.2	20.6	14.1
Total	2.1	15.9	11.2	20.6	14.1
Earnings per share (EPS), EUR	0.03	0.23	0.16	0.30	0.21
Earnings per share (EPS) after dilution, EUR	0.03	0.23	0.16	0.30	0.21
Operating profit excluding items affecting comparability:	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Operating profit	2.8	19.1	14.3	24.2	17.2
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-0.5	-
Profit from divestment of shares in Samlink Ltd	-	-	-	-9.6	-
Operating expenses:					
Costs for restructuring	-	0.1	3.3	0.1	-
Comparable operating profit	2.8	19.2	17.6	14.3	17.2

(EUR million)

Comprehensive income	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Profit for the period	2.1	15.9	11.2	20.6	14.1
Other comprehensive income after taxes:					
Change in fair value for financial assets	-5.7	-7.0	0.8	5.5	3.6
Transferred to the income statement for financial assets	-1.3	-4.6	-0.3	0.0	-0.4
Comprehensive income from items which can be transferred to the income statement	-7.0	-11.7	0.5	5.5	3.1
Defined benefit plan pensions	-	-0.3	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-0.3	-	-	-
Total comprehensive income for the period	-4.9	3.9	11.6	26.1	17.3
Total comprehensive income attributable to:					
Shareholders in Aktia Bank Plc	-4.9	3.9	11.6	26.1	17.3
Total	-4.9	3.9	11.6	26.1	17.3
Total earnings per share, EUR	-0.07	0.06	0.17	0.38	0.25
Total earnings per share after dilution, EUR	-0.07	0.06	0.17	0.38	0.25
Total comprehensive income excluding items affecting comparability:					
1Q2020	4Q2019	3Q2019	2Q2019	1Q2019	
Operating profit	-4.9	3.9	11.6	26.1	17.3
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-0.4	-
Profit from divestment of shares in Samlink Ltd	-	-	-	-9.6	-
Operating expenses:					
Costs for restructuring	-	0.1	2.7	0.1	-
Comparable total comprehensive income	-4.9	4.0	14.3	16.2	17.3

Quarterly trends in the Segments

Banking Business	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Net interest income	16.9	16.6	17.4	16.8	16.6
Net commission income	16.6	16.7	16.8	17.1	16.0
Other operating income	0.7	0.1	0.1	0.1	0.1
Total operating income	34.3	33.4	34.2	34.0	32.7
Staff costs	-4.6	-4.5	-6.2	-4.6	-4.0
Other operating expenses ¹	-20.9	-20.1	-21.6	-20.5	-22.7
Total operating expenses	-25.6	-24.6	-27.8	-25.1	-26.6
Impairment of credits and other commitments	-1.4	-0.7	-1.3	-1.4	-1.1
Operating profit	7.3	8.1	5.2	7.5	5.0
Comparable operating profit	7.3	8.1	8.4	7.6	5.0
Asset Management	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Net interest income	0.0	0.0	0.0	0.0	0.0
Net commission income	10.2	10.9	10.3	9.6	9.0
Net income from life insurance	-6.3	7.2	5.7	5.5	7.1
Other operating income	0.1	0.2	0.1	0.1	0.1
Total operating income	3.9	18.3	16.1	15.1	16.2
Staff costs	-3.6	-3.8	-3.6	-3.5	-3.4
Other operating expenses ¹	-4.5	-4.5	-4.3	-4.5	-4.3
Total operating expenses	-8.1	-8.3	-7.9	-8.0	-7.8
Operating profit	-4.2	10.0	8.2	7.1	8.4
Comparable operating profit	-4.2	10.0	8.2	7.1	8.4
Group Functions	1Q2020	4Q2019	3Q2019	2Q2019	1Q2019
Net interest income	2.7	2.7	2.2	2.4	2.9
Net commission income	1.7	1.5	1.6	1.4	1.5
Other operating income	-0.5	1.5	1.1	10.0	1.7
Total operating income	4.0	5.7	4.8	13.8	6.1
Staff costs	-8.3	-8.7	-8.8	-9.0	-9.0
Other operating expenses ¹	4.1	4.0	4.8	4.8	5.0
Total operating expenses	-4.2	-4.7	-4.0	-4.2	-4.0
Impairment of credits and other commitments	0.0	0.0	0.0	-	-
Operating profit	-0.3	1.0	0.9	9.6	2.1
Comparable operating profit	-0.3	1.1	1.0	-0.4	2.1

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

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

Basis for preparing the interim report

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

The interim report for the period 1 January–31 March 2020 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2019. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The interim report for the period 1 January–31 March 2020 was approved by the Board of Directors on 5 May 2020.

Aktia Bank Plc's financial statements and interim reports are available on the Group'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 2019.

Accounting principles requiring management discretion

The calculation of ECL (Expected Credit Loss) includes essential assessments due to the current insecurity and the low visibility regarding the effects of the coronavirus crisis. To support the Group's ECL calculations an expert panel has been established in order to observe relevant future macroeconomic factors. Macroeconomic factors taken into account include, for example, unemployment, interest rate level, inflation, residential and commercial property prices. The methodologies and scenarios over future macroeconomic conditions have been updated during the first quarter 2020 and include essential assessments in order to observe the coronavirus crisis' impact on future expected credit losses. The assessment includes several considerations, the Group has among other things taken into account the authorities' extensive stimulus packages. In the calculation of the ECL it has also been taken into account that the instalment-free periods due to the corona crisis do not automatically lead to an increased need for provisions, the assessment is carried out individually in conjunction with the handling of the applications. The assessments have been made on the

basis of the information available at the date of reporting. Due to the current uncertainty and the limited availability on trustworthy data the assessments for the future include significant uncertainty, which could have a considerable effect on the ECL estimate. The macroeconomic development and the assessments of credit quality are revised continuously during coming quarters.

Aktia has updated internal principles for allocation of internal Group expenses and fund commissions as of 1 January 2020. In addition, currency income from incoming and outgoing payments have been transferred from net income from financial transactions to net commission income. Aktia's comparable figures updated in accordance with the new principles for each quarter 2019 have been published in a stock exchange release on 28 April 2020. The change affects the net commission income, other operating income, total operating income, other operating expenses, total operating expenses, operating profit and comparable operating profit in the Banking Business, Asset Management and Group Functions segments.

No new or amended IFRS standards have been taken into use this year.

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

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. IFRS 17 means new starting points for reporting and measurement of insurance contracts as well as rules on how insurance contracts are presented in the notes. The aim of the new standard is to increase transparency, give a more accurate picture of the results of the insurance contracts and to reduce the differences in accounting between different insurance contracts. The insurance standard IFRS 17 was published on 18 May 2017. In June 2019 propositions on changes in the standard were published and according to these the adjusted standard will be implemented as of 1 January 2022. The standard is expected to be approved by the EU during 2021 and the compulsory implementation within EU will thus be 1 January 2023. The Aktia Group aims at implementing IFRS 17 when the standard becomes compulsory within EU.

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

Note 2. Group's risk exposure

The Bank Group's capital adequacy

Banking Group includes Aktia Bank Plc and all its subsidiaries except for Aktia Life Insurance Ltd, and forms a consolidated group in accordance with the capital adequacy regulations.

(EUR million)	31 Mar 2020		31 Dec 2019		31 Mar 2019	
	Group	Bank Group	Group	Bank Group	Group	Bank Group
Calculation of the Bank Group's capital base						
Total assets	9 844.7	8 688.7	9,697.1	8,385.8	9,912.7	8,644.1
of which intangible assets	61.4	60.8	62.8	62.4	65.9	65.6
Total liabilities	9 238.0	8 159.2	9,087.1	7,864.8	9,305.1	8,119.9
of which subordinated liabilities	196.3	196.3	215.4	215.4	184.5	184.5
Share capital	169.7	169.7	163.0	163.0	163.0	163.0
Fund at fair value	8.1	5.6	15.1	7.7	20.8	7.4
Restricted equity	177.8	175.4	178.1	170.7	183.8	170.4
Unrestricted equity reserve and other funds	113.2	113.1	112.8	112.7	110.2	110.2
Retained earnings	313.6	231.9	257.3	191.7	299.5	233.9
Profit for the period	2.1	9.1	61.8	45.7	14.1	9.7
Unrestricted equity	428.9	354.1	431.9	350.2	423.8	353.8
Shareholders' share of equity	606.7	529.5	610.0	520.9	607.6	524.2
Equity	606.7	529.5	610.0	520.9	607.6	524.2
Total liabilities and equity	9 844.7	8 688.7	9,697.1	8,385.8	9,912.7	8,644.1
Off-balance sheet commitments	658.4	648.3	640.6	626.2	495.1	468.5
The Bank Group's equity		529.5		520.9		524.2
Provision for dividends to shareholders		-		-44.0		-
Profit for the period, for which no application was filed with the Financial Supervisory Authority		-9.6		-		-9.7
Intangible assets		-60.8		-62.4		-65.6
Debentures		96.1		102.6		58.0
Additional expected losses according to IRB		-21.3		-20.5		-12.2
Deduction for significant holdings in financial sector entities		-2.3		-6.7		-6.7
Other incl. unpaid dividend		0.8		0.8		-41.4
Total capital base (CET1 + AT1 + T2)		533.1		490.7		446.6

(EUR million)

	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
The Bank Group's capital adequacy					
Common Equity Tier 1 Capital before regulatory adjustments	520.5	477.1	480.4	479.0	472.9
Common Equity Tier 1 Capital regulatory adjustments	-83.6	-89.0	-90.5	-85.7	-84.3
Total Common Equity Tier 1 Capital (CET1)	437.0	388.1	390.0	393.4	388.6
Additional Tier 1 capital before regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	-	-	-	-	-
Total Tier 1 capital (T1 = CET1 + AT1)	437.0	388.1	390.0	393.4	388.6
Tier 2 capital before regulatory adjustments	96.1	102.6	110.1	49.2	58.0
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	96.1	102.6	110.1	49.2	58.0
Total own funds (TC = T1 + T2)	533.1	490.7	500.0	442.5	446.6
Risk weighted assets	2 746.0	2,636.9	2,495.4	2,383.5	2,305.2
of which credit risk, the standardised model	591.1	558.7	468.6	1,046.2	1,000.8
of which credit risk, the IRB model	1 631.1	1,567.4	1,496.9	791.4	713.4
of which 15% risk-weight floor for residential mortgages	162.4	149.5	176.3	192.2	237.3
of which market risk	-	-	-	-	-
of which operational risk	361.3	361.3	353.6	353.6	353.6
Own funds requirement (8%)	219.7	211.0	199.6	190.7	184.4
Own funds buffer	313.4	279.8	300.4	251.9	262.2
CET1 Capital ratio	15.9%	14.7%	15.6%	16.5%	16.9%
T1 Capital ratio	15.9%	14.7%	15.6%	16.5%	16.9%
Total capital ratio	19.4%	18.6%	20.0%	18.6%	19.4%
Own funds floor (CRR article 500)					
Own funds	533.1	490.7	500.0	442.5	446.6
Own funds floor ¹	214.6	203.6	208.1	214.2	208.9
Own funds buffer	318.5	287.2	291.9	228.4	237.7

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

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

Bank Group's risk-weighted amount for operational risks

(EUR million)

Risk-weighted amount for operational risks	2017	2018	2019	3/2020	12/2019	9/2019	6/2019	3/2019
Gross income	188.9	193.6	195.6					
- average 3 years			192.7					
Capital requirement for operational risk				28.9	28.9	28.3	28.3	28.3
Risk-weighted amount				361.3	361.3	353.6	353.6	353.6

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

(EUR million)

31 March 2020

The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	412.2	375.0	75%	282.0	22.6
Corporates - Other	783.1	727.9	71%	517.1	41.4
Retail - Secured by immovable property non-SME	4,652.5	4,644.4	12%	553.8	44.3
Retail - Secured by immovable property SME	160.4	158.9	50%	80.2	6.4
Retail - Other non-SME	168.2	164.3	31%	51.0	4.1
Retail - Other SME	31.6	29.9	71%	21.2	1.7
Risk-weight floor for residential mortgages, 15%	-	-	15%	162.4	13.0
Equity exposures	48.3	48.3	261%	125.8	10.1
Total exposures, IRB approach	6,256.2	6 148.8	29%	1,793.6	143.5
Credit risk, standardised approach					
States and central banks	592.1	634.0	0%	0.8	0.1
Regional governments and local authorities	167.4	186.2	0%	0.5	0.0
Multilateral development banks	-	-	-	-	-
International organisations	20.0	20.0	0%	-	-
Credit institutions	297.9	218.9	25%	54.6	4.4
Corporates	156.4	94.4	97%	91.2	7.3
Retail exposures	239.5	105.6	72%	75.7	6.1
Secured by immovable property	667.4	629.3	35%	219.1	17.5
Past due items	0.9	0.8	149%	1.2	0.1
Covered Bonds	834.7	834.7	10%	83.5	6.7
Other items	90.3	90.3	55%	49.5	4.0
Total exposures, standardised approach	3,066.7	2,814.3	20%	576.1	46.1
Total risk exposures	9,322.9	8,963.1	26%	2,369.6	189.6

(EUR million)

31 December 2019

The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	334.2	300.6	82%	247.5	19.8
Corporates - Other	751.2	697.4	70%	491.2	39.3
Retail - Secured by immovable property non-SME	4,645.6	4,637.3	12%	567.1	45.4
Retail - Secured by immovable property SME	161.5	160.0	50%	80.5	6.4
Retail - Other non-SME	153.8	149.9	30%	44.7	3.6
Retail - Other SME	30.5	28.7	66%	19.0	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	149.5	12.0
Equity exposures	44.6	44.6	264%	117.5	9.4
Total exposures, IRB approach	6,121.3	6,018.6	29%	1,716.9	137.4
Credit risk, standardised approach					
States and central banks	463.7	505.4	0%	0.8	0.1
Regional governments and local authorities	265.4	284.2	0%	0.4	0.0
Multilateral development banks	-	-	-	-	-
International organisations	35.3	35.3	0%	-	-
Credit institutions	319.9	187.3	28%	53.0	4.2
Corporates	163.5	90.9	98%	89.1	7.1
Retail exposures	253.1	111.9	72%	80.2	6.4
Secured by immovable property	587.8	556.9	35%	196.6	15.7
Past due items	0.6	0.5	143%	0.7	0.1
Covered Bonds	750.5	750.5	10%	75.1	6.0
Other items	82.1	82.1	59%	48.1	3.8
Total exposures, standardised approach	2,921.7	2,604.9	21%	544.0	43.5
Total risk exposures	9,043.1	8,623.5	26%	2,260.9	180.9

The finance and insurance conglomerates capital adequacy

(EUR million)	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
Summary					
The Group's equity	606.7	610.0	604.9	592.9	607.6
Sector-specific assets	100.7	107.4	115.1	54.4	63.5
Intangible assets and other reduction items	-115.1	-159.1	-188.5	-103.3	-123.3
Conglomerate's total capital base	592.2	558.3	531.5	544.0	547.8
Capital requirement for banking business	349.5	337.6	318.6	280.7	271.3
Capital requirement for insurance business ¹	85.2	86.6	92.1	85.4	82.8
Minimum amount for capital base	434.8	424.2	410.7	366.1	354.1
Conglomerate's capital adequacy	157.5	134.1	120.8	177.9	193.7
Capital adequacy ratio, %	136.2%	131.6%	129.4%	148.6%	154.7%

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

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

Note 3. Net interest income

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Borrowing and lending	18.8	17.9	5%	73.4
Liquidity portfolio	1.4	1.6	-10%	6.1
Hedging measures through interest rate derivatives	0.5	1.3	-59%	4.0
Other, incl. funding from wholesale market	-1.1	-1.4	22%	-5.9
Total	19.7	19.4	1%	77.6

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

Note 4. Net income from life insurance

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Premiums written	35.6	24.4	46%	117.9
Net income from investments	-7.9	6.9	-	32.1
of which change in ECL impairment	-0.3	0.1	-	0.1
of which unrealised value changes for shares and participations	-10.0	1.6	-	3.1
of which unrealised value changes for investment properties	-0.9	0.1	-	3.9
Insurance claims paid	-37.0	-28.6	-30%	-136.9
Net change in technical provisions	4.2	5.5	-25%	16.9
Total	-5.2	8.3	-	30.0

Note 5. Net income from financial transactions

(EUR million)	Jan-Mar 2020	Jan-Mar 2019	Δ %	2019
Net income from financial assets measured at fair value through income statement	-0.1	0.0	-	-0.1
Net income from securities and currency operations	-0.4	0.7	-	5.1
of which unrealised value changes in shares and participations	-0.5	0.4	-	1.4
Net income from financial assets measured at fair value through other comprehensive income	-0.4	0.7	-	0.5
of which change in ECL impairment	-0.4	0.4	-	0.3
Net income from interest-bearing securities measured at amortised cost	-0.2	0.0	-	-0.1
of which change in ECL impairment	-0.2	0.0	-	-0.1
Net income from hedge accounting	0.1	0.1	28%	0.2
Total	-1.0	1.5	-	5.6

Note 6. Derivative instruments

Hedging derivative instruments (EUR million)	31 March 2020		
	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,077.0	61.6	3.6
Total	2,077.0	61.6	3.6
Derivative instruments valued through the income statement			
Interest rate-related ¹	220.2	7.8	8.4
Currency-related	21.1	0.1	0.2
Total	241.3	7.9	8.5
Total derivative instruments			
Interest rate-related	2,297.2	69.4	11.9
Currency-related	21.1	0.1	0.2
Total	2,318.3	69.5	12.1

Hedging derivative instruments (EUR million)	31 December 2019		
	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	1,872.0	58.8	0.0
Total	1,872.0	58.8	0.0
Derivative instruments valued through the income statement			
Interest rate-related ¹	220.4	9.3	9.8
Currency-related	11.1	0.0	0.1
Total	231.5	9.3	9.8
Total derivative instruments			
Interest rate-related	2,092.4	68.1	9.8
Currency-related	11.1	0.0	0.1
Total	2,103.5	68.1	9.8

¹) Interest-linked derivative instruments include interest rate hedging provided for local banks, which after back-to-back hedging with third parties amounted to EUR 220.0 (220.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 31 March 2020				
Interest-bearing securities	1,639.8	-	-	1,639.8
Lending	6,414.7	139.2	53.2	6,607.1
Off-balance sheet commitments	655.2	2.7	0.4	658.4
Total	8,709.8	141.9	53.6	8,905.3
Book value of financial assets 31 December 2019				
Interest-bearing securities	1,576.8	-	-	1,576.8
Lending	6,254.8	140.6	51.1	6,446.5
Off-balance sheet commitments	637.2	2.9	0.4	640.6
Total	8,468.9	143.5	51.5	8,663.9

Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2020 according to IFRS 9	3.8	3.6	21.8	29.2
Transferred from stage 1 to stage 2	-0.8	0.8	-	-
Transferred from stage 1 to stage 3	-0.5	-	0.5	-
Transferred from stage 2 to stage 1	0.1	-0.1	-	-
Transferred from stage 2 to stage 3	-	-0.3	0.3	-
Transferred from stage 3 to stage 1	0.0	-	0.0	-
Transferred from stage 3 to stage 2	-	0.2	-0.2	-
Reversal of impairment	-	-	0.0	0.0
Other changes	1.6	-0.3	0.2	1.4
Impairment January-March 2020 in the income statement	0.3	0.3	0.8	1.4
Realised losses for which write-downs were made in previous years	-	-	-0.6	-0.6
Reversal of impairment	-	-	0.0	0.0
Impairment of credits and the other commitments 31 March 2020 according to IFRS 9	4.1	4.0	21.9	30.0
of which ECL provisions in the balance sheet	0.8	0.1	0.1	0.9

Interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2020 according to IFRS 9	0,8	-	-	0,8
Other changes	0,9	-	-	0,9
Impairment January-March 2020 in the income statement	0,9	-	-	0,9
Impairment of interest-bearing securities 31 March 2020 according to IFRS 9	1,8	-	-	1,8

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	31 March 2020		31 December 2019	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at fair value through income statement	913.7	913.7	1,039.1	1,039.1
Financial assets measured at fair value through other comprehensive income	1,249.0	1,249.0	1,240.3	1,240.3
Interest-bearing securities measured at amortised cost	390.8	419.9	336.5	368.0
Loans and other receivables	6,607.1	6,639.4	6,446.5	6,476.3
Cash and balances with central banks	403.3	403.3	315.4	315.4
Derivative instruments	69.5	69.5	68.1	68.1
Total	9,633.4	9,694.9	9,445.9	9,507.2
Financial liabilities				
Deposits	4,796.0	4,794.0	4,657.5	4,654.5
Derivative instruments	12.1	12.1	9.8	9.8
Debt securities issued	2,837.2	2,832.4	2,622.7	2,645.7
Subordinated liabilities	196.3	196.5	215.4	217.0
Other liabilities to credit institutions	33.7	33.9	35.1	35.4
Other liabilities to the public and public sector entities	100.0	100.3	150.0	150.1
Total	7,975.3	7,969.3	7,690.4	7,712.6

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

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

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

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

Measurement of financial assets at fair value

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

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

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

(EUR million)	31 March 2020				31 December 2019			
	Market value classified into				Market value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through income statement								
Investments for unit-linked investments	754.0	-	-	754.0	871.6	-	-	871.6
Interest-bearing securities	20.6	-	0.2	20.7	19.2	-	0.2	19.4
Shares and participations	102.0	-	36.9	139.0	112.6	-	35.5	148.1
Total	876.7	-	37.1	913.7	1,003.4	-	35.7	1,039.1
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	1,092.5	50.6	106.0	1,249.0	1,069.4	54.9	116.0	1,240.3
Shares and participations	-	-	-	-	-	-	-	-
Total	1,092.5	50.6	106.0	1,249.0	1,069.4	54.9	116.0	1,240.3
Derivative instruments, net	-0.1	57.5	-	57.4	-0.1	58.4	-	58.3
Total	-0.1	57.5	-	57.4	-0.1	58.4	-	58.3
Total	1,969.1	108.0	143.0	2,220.1	2,072.8	113.3	151.7	2,337.7

Transfers between level 1 and level 2

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

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

Changes within level 3

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

Reconciliation of changes for financial instruments belonging to level 3 (EUR million)	Financial assets measured at fair value through income statement			Financial assets measured at fair value through other comprehensive income			Total		
	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total
Carrying amount 1 January 2020	0.2	35.5	35.7	116.0	-	116.0	116.2	35.5	151.7
New purchases	-	3.1	3.1	-	-	-	0.0	3.1	3.1
Sales	-	-2.2	-2.2	-	-	-	0.0	-2.2	-2.2
Matured during the period	-	-	-	-10.0	-	-10.0	-10.0	-	-10.0
Realised value change in the income statement	-	-	-	-	-	-	-	-	-
Unrealised value change in the income statement	-	0.5	0.5	-	-	-	-	0.5	0.5
Value change recognised in total comprehensive income	-	-	-	0.0	-	0.0	0.0	-	0.0
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 31 March 2020	0.2	36.9	37.1	106.0	-	106.0	106.1	36.9	143.0

Sensitivity analysis for level 3 financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been measured partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the income statement or via other comprehensive income corresponding to 1.8 (1.9) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3 (EUR million)	31 March 2020			31 December 2019		
	Effect at an assumed movement Carrying amount	Positive	Negative	Effect at an assumed movement Carrying amount	Positive	Negative
Financial assets measured at fair value through income statement						
Investments for unit-linked investments	-	-	-	-	-	-
Interest-bearing securities	0.2	0.0	0.0	0.2	0.0	0.0
Shares and participations	36.9	7.4	-7.4	35.5	7.1	-7.1
Total	37.1	7.4	-7.4	35.7	7.1	-7.1
Financial assets measured at fair value through other comprehensive income						
Interest-bearing securities	106.0	3.2	-3.2	116.0	3.5	-3.5
Shares and participations	-	-	-	-	-	-
Total	106.0	3.2	-3.2	116.0	3.5	-3.5
Total	143.0	10.6	-10.6	151.7	10.6	-10.6

Set off of financial assets and liabilities

(EUR million)	31 March 2020		31 December 2019	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Assets				
Financial assets included in general agreements on set off or similar agreements	69.5	-	68.1	-
Set off amount	-	-	-	-
Carrying amount in the balance sheet	69.5	-	68.1	-
Amount not set off but included in general agreements on set off or similar	3.0	-	0.0	-
Collateral assets	66.4	-	69.5	-
Amount not set off in the balance sheet	69.4	-	69.5	-
Net amount	0.0	-	-1.3	-
Liabilities				
Financial liabilities included in general agreements on set off or similar agreements	12.1	-	9.8	52.8
Set off amount	-	-	-	-
Carrying amount in the balance sheet	12.1	-	9.8	52.8
Amount not set off but included in general agreements on set off or similar	3.0	-	0.0	52.7
Collateral liabilities	3.0	-	2.5	-
Amount not set off in the balance sheet	6.0	-	2.5	52.7
Net amount	6.1	-	7.3	0.1

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

Note 9. Specification of Aktia Group's funding structure

(EUR million)	31 Mar 2020	31 Dec 2019	31 Mar 2019
Deposits from the public and public sector entities	4,260.1	4,059.8	3,999.4
Short-term liabilities, unsecured debts			
Banks	69.5	75.3	59.2
Certificates of deposits issued and money market deposits	197.0	247.0	100.0
Total	266.5	322.3	159.2
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	66.4	69.5	78.4
Repurchase agreements - banks	-	52.8	49.6
Total	66.4	122.3	128.0
Total short-term liabilities	332.9	444.6	287.2
Long-term liabilities, unsecured debts			
Issued debts, senior financing	1,123.7	913.1	854.9
Other credit institutions	20.7	22.1	26.2
Subordinated debts	196.3	215.4	184.5
Total	1,340.6	1,150.6	1,065.7
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	413.0	413.0	418.0
Issued Covered Bonds	1,616.6	1,612.6	2,170.6
Total	2,029.6	2,025.6	2,588.6
Total long-term liabilities	3,370.2	3,176.2	3,654.3
Interest-bearing liabilities in the banking business	7,963.2	7,680.6	7,940.8
Technical provisions in the life insurance business	1,137.2	1,259.8	1,209.8
Total other non interest-bearing liabilities	137.7	146.8	154.5
Total liabilities	9,238.0	9,087.1	9,305.1

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

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

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	31 Mar 2020	31 Dec 2019	31 Mar 2019
Collateral for own liabilities			
Securities	414.0	473.1	479.8
Outstanding loans constituting security for Covered Bonds	2,178.3	2,031.8	2,487.3
Total	2,592.3	2,504.9	2,967.1
Other collateral assets			
Pledged securities ¹	18.8	16.8	78.1
Cash included in pledging agreements and repurchase agreements	3.0	2.5	3.9
Total	21.8	19.3	81.9
Total collateral assets	2,614.1	2,524.2	3,049.0
Collaterals above refers to the following liabilities			
Liabilities to credit institutions ²	413.0	465.8	467.6
Issued Covered Bonds ³	1,616.2	1,612.6	2,170.6
Derivatives	3.0	2.5	3.9
Total	2,032.2	2,080.9	2,642.1

1) Refers to securities pledged for the intra day limit. As at 31 March 2020, a surplus of pledged securities amounted to EUR 5 (5) million.

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

3) Own repurchases deducted.

Collateral liabilities (EUR million)	31 Mar 2020	31 Dec 2019	31 Mar 2019
Cash included in pledging agreements ¹	66.4	69.5	78.4
Total	66.4	69.5	78.4

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

Helsinki 5 May 2020

Aktia Bank Plc
The Board of Directors

Report on review of the interim report of Aktia Bank plc as of and for the three months period ending 31 March 2020

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of 31 March 2020 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the three-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for

financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Helsinki, 5 May 2020

KPMG OY AB
Marcus Tötterman
Authorised Public Accountant, KHT

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BIC/S.W.I.F.T: HELSFIHH

Webcast from the results event

A live webcast from the results event will take place on 5 May 2020 at 10 a.m. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The event is held in English and can be seen live at <https://aktia.videosync.fi/2020-q1-results>. A recording of the webcast will be available at www.aktia.com after the event.

Financial calendar

Half-year report January–June 2020 _____ 4 August 2020
Interim report January–September 2020 ___ 3 November 2020

The Aktia logo consists of the word "Aktia" in a bold, green, sans-serif font.