

Aktia

AKTIA BANK PLC

INTERIM REPORT

JANUARY-SEPTEMBER 2014

INCREASING NET COMMISSION INCOME AND LOWER COSTS GENERATED A STABLE RESULT

CEO JUSSI LAITINEN

"Net commission income increased and expenses decreased in accordance with our goals. Net interest income from borrowing and lending improved, whereas the share generated by hedging decreased as expected. Low interest rates are still a challenge for day-to-day earnings. One of the most important objectives in Aktia's strategic Action Plan 2015 is the renewal of core banking system. The project is now midway, and we aim to have the new system up and running at the end of 2015. This requires major investments next year, for example in staff training. The new core banking system enables improved customer service, enhance processes, enable swifter product development and generate general cost savings in the bank. This autumn we have started an extensive revision of our strategy in order to define Aktia's ambitions for growth in different customer segments upon the completion of the Action Plan 2015. The new strategy will be launched in the spring of 2015."

JULY-SEPTEMBER 2014: OPERATING PROFIT EUR 17.3 (19.6) MILLION

- The Group's operating profit amounted to EUR 17.3 (19.6) million and profit for the period amounted to EUR 13.6 (14.7) million.
- Net commission income increased by 1% to EUR 17.6 (17.4) million. Net interest income (NII) amounted to EUR 26.1 (26.9) million.
- Earnings per share (EPS) stood at EUR 0.19 (0.22)

JANUARY-SEPTEMBER 2014: OPERATING PROFIT EUR 55.8 (54.3) MILLION

- The Group's operating profit amounted to EUR 55.8 (54.3) million and profit for the period amounted to EUR 44.7 (40.5) million.
- Net commission income increased by 6% to EUR 56.0 (52.9) million and borrowing increased to EUR 3,991 (3,797) million. Net interest income (NII) decreased to EUR 77.5 (85.4) million.
- Earnings per share (EPS) improved to EUR 0.65 (0.61).
- According to the Basel III capital requirement the capital adequacy ratio stood at 18.4% and the Core Tier 1 capital ratio at 14.2%.
- Equity per share stood at EUR 9.27 (31 December 2013: 8.67).
- Write-downs on credits and other commitments remained unchanged on the previous year amounting to EUR 1.7 (1.7) million.
- **OUTLOOK 2014 (unchanged):** Despite the persistent low interest rate level, the Group's operating profit for 2014 is expected to reach approximately the 2013 level.

KEY FIGURES (EUR million)	7-9/2014	7-9/2013	Δ %	1-9/2014	1-9/2013	Δ %	4-6/2014	Δ %	1-3/2014	2013
Net interest income	26.1	26.9	-3%	77.5	85.4	-9%	25.9	1%	25.4	112.6
Net commission income	17.6	17.4	1%	56.0	52.9	6%	19.6	-10%	18.8	70.7
Total operating income	50.1	53.6	-7%	160.6	166.9	-4%	58.4	-14%	52.0	224.2
Total operating expenses	-32.8	-34.6	-5%	-105.2	-111.3	-6%	-36.2	-9%	-36.1	-157.2
Write-downs on credits and other commitments	-0.5	-0.2	242%	-1.7	-1.7	1%	-0.8	-31%	-0.4	-2.7
Operating profit	17.3	19.6	-12%	55.8	54.3	3%	22.0	-21%	16.4	65.4
Cost-to-income ratio	0.68	0.66	3%	0.68	0.68	0%	0.64	6%	0.72	0.72
Earnings per share (EPS), EUR	0.19	0.22	-13%	0.65	0.61	8%	0.27	-27%	0.20	0.78
Equity per share (NAV) ¹ , EUR	9.27	8.52	9%	9.27	8.52	9%	8.96	3%	8.55	8.67
Return on equity (ROE), %	8.1	9.4	-14%	9.0	8.4	7%	11.1	-27%	8.2	8.1
Core Tier 1 capital ratio ¹ , % *	14.2	-	-	14.2	-	-	13.8	3%	13.6	12.1
Capital adequacy ratio ¹ , % **	18.4	19.1	-4%	18.4	19.1	-4%	17.8	3%	17.3	19.3
Tier 1 capital ratio ¹ , % **	14.2	12.2	16%	14.2	12.2	16%	13.8	3%	13.6	12.3
Write-downs on credits / total credit stock, %	0.01	0.00	-	0.03	0.02	50%	0.01	0%	0.01	0.04

¹⁾ At the end of the period.

* According to Basel III, **2014 according to Basel III, other periods 2013 according to Basel II

The Interim report January-September 2014 is a translation of the original Swedish version "Delårsrapport 1.1-30.9.2014". In case of discrepancies, the Swedish version shall prevail.

PROFIT

July-September 2014

Profit July - September 2014

The Group's operating profit was EUR 17.3 (19.6) million.

Income

Total Group income decreased by 7% to EUR 50.1 (53.6) million.

Net interest income from the bank's borrowing and lending operations increased to EUR 12.4 (9.6) million and the total net interest income was EUR 26.1 (26.9) million. Derivatives and fixed-rate instruments are used to manage interest rate risk. These hedging measures, which are used by Aktia Bank to limit its interest rate risk, earned net interest income of EUR 8.4 million, EUR 2.7 million less than in the previous year. Net interest income from other treasury operations was EUR 5.3 (6.2) million.

Net commission income increased by 1% to EUR 17.6 (17.4) million. Commission income was EUR 20.2 (20.3) million. Card and other payment service commissions rose by 1% to EUR 4.9 (4.9) million.

Net income from life insurance was EUR 5.7 (6.5) million. Net income from the insurance business includes premiums written, net income from investment activities, insurance claims paid and the change in technical provisions.

The net income from financial transactions was EUR 0.1 (1.8) million. Net income from financial assets available for sale was EUR 0.4 (1.2) million. Net income from hedge accounting was EUR 0.1 (0.3) million.

Other operating income decreased to EUR 0.6 (0.9) million.

Expenses

Group operating expenses decreased by 5% to EUR 32.8 (34.6) million. Of this, staff costs amounted to EUR 15.8 (16.6) million. IT costs decreased to EUR 6.4 (6.9) million, mainly due to lower costs from the IT supplier Samlink.

Other operating expenses were EUR 8.8 (9.5) million.

Segment overview

Group operating profit by segment

(EUR million)	7-9/2014	7-9/2013	Δ %
Banking Business	13.0	13.5	-3%
Asset Management & Life Insurance	5.8	6.4	-10%
Miscellaneous	-1.0	-0.8	-34%
Eliminations	-0.4	0.6	-
Total	17.3	19.6	-12%

Earnings in the segment Banking Business decreased slightly as net income from financial transactions was higher in the reference period. Earnings in the segment Asset Management & Life insurance decreased due to lower net income from life insurance.

ACTIVITY IN January-September 2014

Business environment

The general interest rate level remained low between January and September. This has had a negative impact on Aktia's net interest income. However, low interest rates have resulted in continued higher values for Aktia's fixed-rate investments.

According to Statistics Finland inflation stood at 1.3% in September compared with the same period the previous year when it was 1.2%.

In September the consumer confidence index fell to -0.7 (6.3). In August the index stood at 2.2 (5.0) and in July at the significantly higher level of 9.4 (5.0). In October the consumer confidence improved slightly to 0.4 (3.8). The long-time average is 12.0. (*Statistics Finland*).

In September 2014, real estate prices in Finland decreased by 1.0% on the previous year. In the Helsinki region prices decreased by 0.8% while in the rest of Finland by 1.2% (*Statistics Finland*).

Unemployment increased to 8.2% in September, and was 0.6 percentage points higher than in the previous year (*Statistics Finland*).

The Nasdaq OMX Helsinki 25 index and the Nordic banking sector rose by 4% in January-September 2014. In the same period Aktia's A series share price rose by approximately 22%.

Key figures Y-o-y	2015E*	2014E*	2013
GDP growth, %			
World	3.8	3.4	3.2
Euro area	1.2	0.8	-0.4
Finland	0.5	-0.5	-1.2
Consumer price index, %			
Euro area	1.0	0.6	1.4
Finland	1.3	1.0	1.5
Other key ratios, %			
Development of real value of housing in Finland ¹	-0.5	-1.0	0.1
Unemployment in Finland ¹	8.7	8.7	8.2
OMX Helsinki 25	-	-	23.0
Interest rates², %			
ECB	0.05	0.05	0.25
10-y Interest Ger (=benchmark)	1.80	1.20	1.90
Euribor 12 months	0.50	0.35	0.56
Euribor 3 months	0.10	0.10	0.29

* Aktia's chief economist's prognosis (20 October 2014)

¹annual average

²at the end of the year

Rating

On 22 October 2014, Standard and Poor's confirmed its rating of Aktia Bank plc's creditworthiness. The rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.

On 3 November 2014, Moody's Investors Service confirmed its rating of Aktia Bank plc's creditworthiness for long-term borrowing as A3, short-term borrowing as P-2 and financial strength as C-. The outlook for these ratings remains negative.

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

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

New regulations and regulatory reporting

The implementation of the Basel III reform on 1 January 2014 in the EU, through the Capital Requirements Regulation (CRR), and the CRD IV regulation, which will be implemented in national law over the course of the year, has meant changes to the form and content of all regulatory reporting.

Taking transitional provisions and exemptions concerning the bank's holdings in the life insurance company into consideration, the new regulation had a marginal impact on the banking business's Core Tier 1 capital ratio. The impact during the transitional period is presented on page 6 under "The effect of the new regulation on the capital adequacy for the banking business".

In every respect Aktia Bank has fulfilled the requirements entailed in the new regulations, reporting within the time limits set by the new reporting standards.

The Bank Group continuously follows up changes to regulations; the interpretations of these by the authorities and transitional provisions in connection with the Basel III regulatory framework.

Profit January - September 2014

The Group's operating profit was EUR 55.8 (54.3) million. The Group's profit was EUR 44.7 (40.5) million.

Income

The Group's total income decreased somewhat due to the lower net interest income, to EUR 160.6 (166.9) million.

As a consequence of the continued low level of interest rates, net interest income decreased to EUR 77.5 (85.4) million. Net interest income from traditional borrowing and lending operations improved by 14% to EUR 34.2 (30.0) million, while income from interest rate risk management and hedging measures dropped. Derivatives and fixed-rate instruments are used to manage interest rate risk. Their proportion of net interest income decreased to EUR 26.9 (33.1) million.

Net commission income increased by 6% to EUR 56.0 (52.9) million. Commission income from mutual funds, asset management and securities brokerage was EUR 29.1 (28.4) million. Card and other payment service commissions rose by 13% to EUR 15.5 (13.7) million.

Net income from life insurance was EUR 18.4 (19.7) million. The actuarially calculated result has developed positively, while net income from investments was somewhat poorer than the previous year.

Net income from financial transactions increased, and was EUR 6.3 (5.8) million, this was due to slightly increased reallocation income from Suomen Luotto-osuuskunta and divestment of the liquidity portfolio of Saaristosäästöpankki at the merger. Net income from hedge accounting was EUR -0.4 (-0.5) million.

Other operating income stood at EUR 2.2 (2.5) million.

Expenses

As a result of measures taken within the Action Plan 2015, Group operating expenses decreased by 6% to EUR 105.2 (111.3) million. Staff costs decreased by 7% to EUR 50.9 (54.6) million.

IT-expenses decreased to EUR 19.3 (20.9) million, mainly due to somewhat lower costs from the IT supplier Samlink.

Other operating expenses decreased to EUR 29.5 (30.8) million, mainly as a result of lower rental and office expenses. Bank tax amounted to EUR 2.3 (2.1) million of the other operating expenses.

The depreciation of tangible and intangible assets was EUR 5.4 (5.1) million.

Write-downs on credits and other commitments

Write-downs on credits remained low. During January-September write-downs on credits and other commitments remained at the same level as in the previous year amounting to EUR 1.7 (1.7) million.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of September was EUR 10,955 (10,934) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 2,616 (2,405) million. The liquidity portfolio was not financed with repurchase agreements. In addition to the liquidity portfolio, the Bank's subsidiaries held other interest-bearing securities to a value of EUR 10 (20) million.

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

Borrowing

Deposits from the public and public sector entities increased to EUR 3,991 (3,797) million, corresponding to a market share of deposits of 3.9 (3.7) %.

In total the value of the Aktia Group's issued bonds was EUR 3,556 (3,658) million. Of these issued bonds, EUR 1,702 (2,305) million were covered bonds issued by the Aktia Real Estate Mortgage Bank. The equivalent amount for Aktia Bank was EUR 997 (498) million.

Certificates of deposit issued by Aktia Bank amounted to EUR 178 (314) million at the end of the period. During the period Aktia Bank issued new subordinated loans with a total value of EUR 46 million. During the period Aktia Bank issued its second long-term covered bond with a value of EUR 500 million. As security for both issues, bonds with a value of EUR 1,428 million were reserved at the end of September. All bonds have an LTV less than 70% of the market value of the securities in compliance with the Mortgage Banking Act. In addition to this, Aktia Bank issued long-term collateralised bonds ("Schuldscheindarlehen") with a value of EUR 20 million.

Secured Debts (collateralised)

(EUR million)	Under 1 year	Over 1 year	Total
Issued debts	739	1 835	2 574
Other secured liabilities	21	38	59
Total	760	1 873	2 633

Unsecured Debts

(EUR million)	Under 1 year	Over 1 year	Total
Issued unsecured debts	215	767	982
Subordinated debts	56	160	216
Other unsecured liabilities	176	274	451
Total	447	1 201	1 648

Lending

Total Group lending to the public amounted to EUR 6,505 (6,802) million at the end of September, a decrease of EUR 297 million.

Loans to private households (including mortgages brokered by savings banks and POP Banks) accounted for EUR 5,768 (5,973) million or 88.7 (87.8)% of the total credit stock.

The housing loan stock totalled EUR 5,297 (5,521) million, of which the share for households was EUR 5,000 (5,191) million. At the end of September, Aktia's market share in housing loans to households stood at 4.1 (4.1)%.

Corporate lending accounted for 6.6 (8.0)% of Aktia's credit stock. Total corporate lending amounted to EUR 429 (541) million.

Loans to housing associations totalled EUR 259 (241) million and made up 4.0 (3.5)% of Aktia's total credit stock.

Credit stock by sector

(EUR million)	30.9.2014	31.12.2013	Δ	Share,%
Households	5,768	5,973	-205	88.7
Corporate	429	541	-112	6.6
Housing associations	259	241	17	4.0
Non-profit organisations	46	43	3	0.7
Public sector entities	2	4	-1	0.0
Total	6,505	6,802	-297	100

Financial assets

The Aktia Group's financial assets consist of the liquidity portfolio of the banking business and other interest-bearing investments amounting to EUR 2,626 (2,424) million, the life insurance company's investment portfolio amounting to EUR 633 (661) million and the real estate and equity holdings of the banking business amounting to EUR 1 (7) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,004 (965) million, of which EUR 512 (462) million were unit-linked. Interest-related technical provisions decreased to EUR 491 (503) million.

Equity

Over the period, the Aktia Group's equity increased by EUR 41 million to EUR 683 (642) million.

Commitments

Off-balance sheet commitments, consisting of liquidity commitments to local banks, other loan promises and bank guarantees, increased by EUR 17 million and amounted to EUR 408 (391) million.

Managed assets

The Group's total managed assets amounted to EUR 10,277 (9,456) million.

Assets under management (AuM) comprise managed and brokered mutual funds and managed capital in the subsidiary companies in the Asset Management & Life Insurance segment, as well as Aktia Bank's Private

Banking unit. The assets presented in the table below reflect net volumes, so that AuM in multiple companies have been eliminated.

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

Managed assets

(EUR million)	30.9.2014	31.12.2013	Δ %
Assets under Management (AuM)	6,889	6,341	9%
Group financial assets	3,388	3,115	9%
Total	10,277	9,456	9%

Capital adequacy and solvency

The Bank Group's (including Aktia Bank plc and subsidiaries except Aktia Life Insurance and the associated company Folksam Non-Life Insurance) capital adequacy was 18.4% according to Basel III requirements* (31 December 2013; 19.3, Basel II)% , the Tier 1 capital ratio was 14.2 (31 December 2013; 12.3, Basel II)% and the Core Tier 1 capital ratio was 14.2%.

	30.9.2014 Basel III*	30.6.2014 Basel III*	31.12.2013 Basel III*
Capital adequacy, %			
Bank Group			
CET1 Capital ratio	14.2	13.8	12.1
T1 Capital ratio	14.2	13.8	12.1
Total capital ratio	18.4	17.8	15.5
Aktia Bank			
CET1 Capital ratio	14.9	14.7	14.0
T1 Capital ratio	14.9	14.7	14.0
Total capital ratio	20.0	19.5	18.4
Aktia Real Estate Mortgage Bank			
CET1 Capital ratio	16.2	14.7	11.9
T1 Capital ratio	16.2	14.7	11.9
Total capital ratio	16.2	14.7	11.9

*EU requirements on capital adequacy and national requirements stipulated by supervisory authorities.

Capital adequacy for the banking business is currently calculated using the standard model for credit risk. An IRBA (Internal Risk Based Approach) application for the Group's retail exposures was submitted in August 2011 and is currently being processed by the Financial Supervisory Authority. Implementation of the IRBA method would raise the Tier 1 capital ratio by at least 4 percentage points.

The life insurance company's solvency margin amounted to EUR 128.6 (99.0) million, where the minimum requirement is EUR 34.4 (34.3) million. The solvency ratio was 22.3 (17.5)%.

The capital adequacy ratio for the conglomerate amounted to 213.2 (31 December 2013; 198.6, Basel II)% . The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

The effect of the new regulations on the capital adequacy for the banking business

The Basel III reform was implemented in the EU through the capital requirement regulation (CRR), which entered into force 1 January 2014 with some transitional regulations, and through the CRD IV regulation, which was implemented through national legislation and entered into force in the middle of August 2014.

The new rules require a higher Tier 1 capital and a number of technical calculation changes with a negative impact on the Banking group's Core Tier 1 capital. The most significant changes for Aktia Bank are those related to holdings in insurance companies and for minority holder's paid-up equity. Moreover, the Bank Group's Tier 2 capital base will suffer from the negative effects of stricter maturity requirements on issued debenture capital.

The Bank Group's Core Tier 1 capital will be impacted somewhat by changes in the risk weighting of investment instruments in the liquidity portfolio. To some degree, these effects will be neutralised by the stricter liquidity requirements in the future, which will restrict investment in certain types of instrument, as well as in instruments with lower ratings.

The Bank Group is applying the transitional provision for handling minority shareholders' paid-up share capital in Aktia Real Estate Mortgage Bank plc. This will gradually increase deductions up until 2018.

The Financial Supervisory Authority granted Aktia Bank an exemption on 22 January 2014 to the effect that Aktia need not deduct from its capital base its investments in its wholly-owned subsidiary Aktia Life Insurance Ltd, which is covered by the supervision of financial and insurance conglomerates. This exemption expires on 31 December 2014 and requires that the holding in Aktia Life Insurance Ltd be included in the Bank Group's risk-weighted exposures at a risk weighting of at least 280%.

As of 1 January 2014, Aktia Bank's holdings in the associated company Folksam Non-Life Insurance are included in the Bank Group's risk-weighted commitments to a risk weight of 250%.

Significant effects on capital adequacy with the implementation of new regulations

Bank Group, %	Core Tier 1 ratio	Capital Adequacy
31.12.2013 according to Basel II rules	12.3	19.3
Change in risk-weighted exposures		
Credit stock	0.5	0.8
Counterparty credit risk in liquidity portfolio	-0.8	-1.3
Investments in Aktia Life Insurance Ltd	-0.4	-0.6
Investments in Folksam Non-Life Insurance Ltd	-0.1	-0.2
Other	0.2	0.3
Changes in regulatory capital		
Minority interests in Aktia REMB plc, including transitional rules	-0.2	-0.1
Investments in Folksam Non-Life Insurance Ltd	0.1	0.1
Exemption regarding investments in Aktia Life Insurance Ltd	0.5	0.9
Stricter maturity criteria on issued debenture capital incl. transitional rules	0.0	-3.9
1.1.2014 according to Basel III rules	12.1	15.5

In order to compensate negative effects of Basel III and to further strengthen capital adequacy of the banking business, the subsidiary Aktia Life Insurance Ltd has paid a dividend of EUR 50 million to the parent company Aktia Bank plc in the first quarter of 2014.

Segment overview

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

Group operating profit by segment

(EUR million)	1-9/2014	1-9/2013	Δ %
Banking Business	40.8	40.7	0%
Asset Management & Life Insurance	16.3	16.8	-3%
Miscellaneous	-1.9	-3.0	35%
Eliminations	0.6	-0.2	-
Total	55.8	54.3	3%

Banking Business

The segment Banking Business contributed EUR 40.8 (40.7) million to Group operating profit.

Operating income was EUR 127.5 (132.8) million, of which EUR 77.1 (85.5) million was net interest income. Compared to the same period the previous year, net commission income increased to EUR 44.4 (41.4) million. The increase in commission income came mainly from card commissions due to the repatriation of the Visa credit stock from Nets Oy in December 2013. Mutual fund commissions and commissions from the day to day services for private customers developed positively. Commissions from the real estate agency business decreased by 16% compared to the same period the previous year to EUR 4.5 (5.4) million.

Net income from financial assets available for sale was EUR 3.8 (3.6) million.

Operating expenses were lower than the year before and totalled EUR 85.0 (90.4) million. Staff costs decreased by 6%, from EUR 28.4 million to EUR 26.6 million. IT-related expenses decreased to EUR 10.1 (11.1) million. Other operating expenses decreased to EUR 47.0 (49.7) million, mainly as a result of lower rental and office expenses. The bank tax reduced the earnings of the banking business by EUR 2.3 million.

Write-downs on credits and other commitments amounted to EUR 1.7 (1.7) million.

Kesko and Aktia entered into a partnership agreement. From the beginning of April 2014 Aktia's customers can withdraw cash using the debit function of debit and credit cards in the K supermarket chain in Finland.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its client base by approximately 18%. In nine months of the year, Private Banking's customer assets increased by approximately 12% and amounted to EUR 1,789 (1,597) million.

Total saving by households was approximately 5% higher than at year end, and was EUR 4,247 (4,060) million, of which household deposits were EUR 3,055 (2,968) million, and savings by households in mutual funds were EUR 1,192 (1,092) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, amounted to EUR 4,361 (4,362) million. During the period, Aktia Real Estate Mortgage Bank's total lending decreased by EUR 617 million and amounted to EUR 2,265 (2,882) million.

Aktia Bank plc and Vöyrin Säästöpankki implemented the transfer of Vöyrin Säästöpankki's banking business to Aktia Bank on 2 June 2014. In the conveyance nearly 4,100 customers, with credit and deposit stocks of EUR 32 million and EUR 56 million, were transferred to Aktia Banks Vöyri branch office.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 16.3 (16.8) million to Group operating profit.

Operating income for the segment was somewhat lower than in the previous year, and stood at EUR 32.1 (32.9) million. The net commission income from asset management improved and was EUR 15.4 (14.7) million. Net income from life insurance decreased to EUR 16.6 (18.3) million. The actuarially calculated result has developed positively and is higher than that of the previous year. The net income from investments for life insurance is lower than for the previous year.

Life insurance premiums written decreased by 24% compared to the previous year to EUR 81.5 (107.4) million. This decrease is attributable to unit-linked savings policies. The Aktia Profile investment service was responsible for 50% (61%) of premiums written.

Net income from life insurance investments was EUR 16.5 (18.6) million. This reduction was the result of lower investment returns and sales gains in 2014 than the previous year. The return on the company's investments based on market value was 6.6% (0.2%).

Operating expenses were lower than in the previous year, and stood at EUR 15.8 (16.2) million. Staff costs amounted to EUR 7.2 (7.5) million. The expense ratio of the life insurance business improved and was 82.1 (89.0)%. This improvement depends both on lower costs and a higher expense loading as a result of an increase in unit-linked savings policies.

The value of assets managed by Aktia Asset Management & Life Insurance totalled EUR 5,631 (5,192) million.

(EUR million)	30.9.2014	31.12.2013	Δ %
Aktia Fund Management	3,378	3,053	11%
Aktia Invest	2,650	2,452	8%
Aktia Asset Management	5,056	4,843	4%
Aktia Life Insurance	514	451	14%
Eliminations	-5,967	-5,608	6%
Total	5,631	5,192	8%

Life insurance technical provisions totalled EUR 1,004 (965) million, of which allocations for unit-linked provisions were EUR 512 (462) million and interest-related provisions EUR 491 (503) million. Unit-linked provisions increased to 51 (48)% of total technical provisions. The average discount rate for the interest-linked technical provisions was 3.5%. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which is used for hedging future interest requirements.

All the companies in the segment have a capital adequacy which exceeds minimum regulatory requirements by a good margin.

Miscellaneous

The Miscellaneous segment contributed EUR -1.9 (-3.0) million to Group operating profit.

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

Operating income was EUR 7.5 (7.0) million, and includes a dividend from Suomen Luotto-osuuskunta of EUR 2.4 (2.0) million. Net income from investment properties has decreased compared with the same period the previous year because of the sale of holdings in the Vasp-Invest Ltd subsidiary.

Operating expenses, including cost allocations to subsidiaries, decreased by EUR 0.5 million to EUR 9.4 (9.9) million. Following staff cuts in the autumn of 2013, staff costs have decreased by EUR 1.5 million to EUR 16.8 (18.2) million. IT-expenses for the segment decreased by EUR 0.5 million from the previous year, and stood at EUR 7.9 (8.4) million. Of the provision in the 2012 annual accounts due to the renegotiation of service agreements associated with the change of core banking system, a total of EUR 1.9 million has been released in the period. At the end of September the remaining share of the provision was EUR 4.5 (31 December 2013; 6.4) million.

The Group's risk exposures

Definitions and general principles for asset and risk management can be found in Aktia Bank plc's Annual Report for 2013 (www.aktia.com) in note G2 on pages 40–64.

Lending related risks within banking business

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection increased to EUR 52 (45) million, corresponding to 0.79 (0.66)% of the credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Non-performing loans to households more than 90 days overdue corresponded to 0.54 (0.46)% of the entire credit stock and 0.61 (0.52)% of the household credit stock.

Loans with payments 3–30 days overdue increased to EUR 112 (114) million, equivalent to 1.71 (1.66)% of the credit stock. Loans with payments 31–89 days overdue increased to EUR 39 (34) million, or 0.59 (0.49)% of the credit stock.

Non-performing loans by time overdue

(EUR million)

Days	30.9.2014	% of credit stock	31.12.2013	% of credit stock
3 - 30	112	1.71	114	1.66
of which households	103	1.58	106	1.55
31 - 89	39	0.59	34	0.49
of which households	33	0.50	28	0.42
90-	52	0.79	45	0.66
of which households	35	0.54	31	0.46

Write-downs on credits and other commitments

Over the period total write-downs on credits and other commitments amounted to EUR 1.7 (1.7) million. Of these write-downs, EUR 1.9 (1.1) million were attributable to households, and EUR -0.2 (0.6) million to companies.

Total write-downs on credits amounted to 0.03% (0.02%) of total lending for the period. The share of write-downs on corporate loans in relation to corporate lending overall amounted to -0.04% (0.09%).

Distribution of risk across financial assets

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

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

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

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

Investments within the liquidity portfolio and the other interest-bearing investments increased from year-end by EUR 198 million, and amounted to EUR 2,626 (2,428) million.

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

(EUR million)	30.9.2014	31.12.2013
	2,626	2,424
Aaa	50.1%	52.9%
Aa1-Aa3	28.8%	27.5%
A1-A3	15.9%	15.2%
Baa1-Baa3	0.6%	1.3%
Ba1-Ba3	0.0%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	4.6%	3.0%
No rating	0.0%	0.1%
Total	100.0%	100.0%

At the end of the period, all covered bonds in the Bank Group's liquidity portfolio with the exception of one local authority paper worth EUR 15 million, met the eligibility requirements for refinancing at the central bank.

Group investments in GIIPS countries

The Group's investments in the so-called GIIPS countries decreased during the period by EUR 19 million, and as of 30 September 2014 totalled EUR 40 (59) million. The total unrealised result amounted to EUR 2.9 (2.2) million. These items are reported under Equity and fund at fair value. No write-downs have been made for these holdings via the income statement during the period.

All exposures relating to GIIPS countries are marked to market on an ongoing basis at current market prices.

Bank Group's geopolitical and instrument type distribution

	Government and Govt. guaranteed		Covered Bonds		Financial institutions excl. CB		Corporate bonds		Equity instruments		Total	
	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013
Nordic EU-countries	136	79	332	423	151	139	0	3	0	2	620	646
Finland	136	79	233	305	50	64	0	3	0	2	419	452
Sweden	-	-	92	111	101	75	-	0	-	-	194	187
Denmark	-	-	8	7	-	0	-	-	-	-	8	8
Other EU-countries	206	98	909	1,022	369	244	-	-	-	-	1,484	1,363
Germany	48	-	10	20	3	6	-	-	-	-	61	26
France	64	66	217	223	162	96	-	-	-	-	443	385
United Kingdom	-	-	325	368	25	29	-	-	-	-	350	397
Netherlands	25	-	209	212	179	113	-	-	-	-	413	325
Austria	27	11	120	151	-	-	-	-	-	-	147	163
Belgium	42	20	-	-	-	-	-	-	-	-	42	20
Greece	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-	-	-	-
Italy	-	-	28	47	-	-	-	-	-	-	28	47
Portugal	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-	-	-
Other countries	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	260	234	10	12	-	-	-	-	271	246
North America	-	-	12	12	-	-	-	-	-	-	12	12
Other OECD-countries	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	240	161	-	-	-	-	-	-	-	-	240	161
Others	-	-	-	-	-	-	0	0	-	-	0	0
Total	582	337	1,513	1,690	530	395	0	4	0	2	2,626	2,428

Other market risks within the banking business

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

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares necessary for the business as well as the investments in shares amounted to EUR 1.1 (6.6) million.

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 633 (661) million. Over the period the real estate allocation in the life insurance company has remained unchanged. The life insurance company's direct real estate investments amounted to EUR 60 (60) million. The properties acquired are located in the Helsinki region and have tenants with long rental agreements.

The life insurance company's investments in GIIPS countries amounted to EUR 12 (12) million.

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

	30.9.2014	31.12.2013
(EUR million)	470	493
Aaa	58.9%	55.4%
Aa1-Aa3	18.7%	19.2%
A1-A3	10.7%	13.9%
Baa1-Baa3	3.8%	4.7%
Ba1-Ba3	0.5%	0.9%
B1-B3	0.0%	0.4%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	7.4%	5.5%
Total	100.0%	100.0%

Life Insurance company's geopolitical and instrument type distribution

	Government and Govt. guaranteed		Covered Bonds		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity instruments		Total	
	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013	9/2014	2013
Nordic EU-countries	35	34	26	34	47	39	54	50	90	102	17	7	-	-	268	267
Finland	35	34	6	15	39	33	52	46	90	102	16	7	-	-	237	237
Sweden	-	-	-	-	8	7	-	2	-	-	0	1	-	-	9	9
Denmark	-	-	20	18	-	-	3	2	-	-	-	-	-	-	22	21
Other EU-countries	119	132	176	174	24	25	11	19	-	-	0	0	-	-	330	349
Germany	23	23	-	-	-	2	4	7	-	-	-	-	-	-	27	33
France	50	63	87	82	6	6	3	3	-	-	-	-	-	-	146	154
United Kingdom	-	-	37	37	4	4	1	1	-	-	0	0	-	-	42	42
Netherlands	23	24	36	34	13	12	1	7	-	-	-	-	-	-	73	77
Austria	22	20	6	11	-	-	-	-	-	-	-	-	-	-	28	31
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Italy	-	-	2	2	-	-	2	2	-	-	-	-	-	-	4	4
Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	7	7	-	-	-	-	-	-	-	-	-	-	7	7
Other countries	1	2	-	-	-	-	(0)	(1)	-	-	-	-	-	-	1	1
Europe excluding EU	1	3	-	-	6	6	3	5	-	-	0	0	-	-	10	14
North America	-	-	-	-	-	-	2	4	-	-	0	0	-	-	2	4
Other OECD-countries	4	6	-	-	-	-	-	-	-	-	-	-	-	-	4	6
Supranationals	5	5	-	-	-	-	-	-	-	-	-	-	-	-	5	5
Others	14	15	-	-	-	-	-	-	-	-	-	-	-	-	14	15
Total	179	195	201	207	76	70	70	78	90	102	17	8	-	-	633	661

Valuation of financial assets

Value changes reported via income statement

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

Write-downs on financial assets

(EUR million)	1-9/2014	1-9/2013
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-
Shares and participations		
Banking Business	-0.3	-
Life Insurance Business	-1.0	-1.3
Total	-1.3	-1.3

Value changes reported via the fund at fair value

A value impairment that is not reported in the income statement, or an increase in the value of financial assets that has not been realised, is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 105.7 (81.1) million after deferred tax.

Cash flow hedging, which comprises of unwound derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 0.6 (4.6) million.

The fund at fair value

(EUR million)	30.9.2014	31.12.2013	Δ
Shares and participations			
Banking Business	0.0	1.7	-1.7
Life Insurance Business	3.0	2.0	0.9
Direct interest-bearing securities			
Banking Business	45.7	36.0	9.7
Life Insurance Business	54.4	36.9	17.6
Share of Non-Life insurance's fund at fair value	2.1	-0.1	2.2
Cash flow hedging	0.6	4.6	-4.0
Fund at fair value, total	105.7	81.1	24.5

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of reclassified interest-bearing securities. Most of the reclassified securities have an AAA rating. Over the period no new acquisitions were made to the portfolio which, on 30 September 2014, amounted to EUR 490 (499) million.

The portfolio includes high credit quality fixed-rate investments with which the bank manages its interest rate risk. The aim of the portfolio is to reduce volatility in the Group's equity and to address the regulatory risks arising from Basel III. Securities held until maturity are reported at their accrued acquisition value.

Unwinding of hedging interest-rate derivatives

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

The unwinding of interest rate derivatives produced a positive cash flow of EUR 92.1 million. Hedge accounting ceased following the unwinding of derivatives, and the valuation of deposits will be dissolved in 2014–2017 according to the original duration of the interest rate derivatives, which will have a positive effect on net interest income of approximately EUR 15.7 million per year. The remaining cash flow will provide a positive result effect of approximately EUR 12 million in 2018–2019.

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

Operational risks

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

Events concerning close relations

Close relations refers to Aktia Bank's key persons in management positions and close family members, as well as companies that are under the dominant influence of a key person in a management position. The Aktia Group's key persons are the members of the Board of Supervisors, the Board of Directors of Aktia Bank plc, the Managing Director and the Deputy Managing Director.

No significant changes concerning close relations occurred.

Action Plan 2015

At the end of 2012, Aktia's Board of Directors introduced Action Plan 2015 and updated the financial objectives up until 2015. The update was motivated by the business environment characterised by extremely low interest rates and new regulations. Action Plan 2015 includes several individual measures and will be realised step-by-step until 2015.

- Aktia's core banking system will be renewed in consultation with the external IT suppliers Temenos and Emric. The new core banking platform will be taken into operation at the end of 2015 and migration will take place in consultation with the existing IT supplier Samlink. Investment in the new core banking platform is estimated to be approximately EUR 30 million. Annual cost savings are expected to be approximately EUR 5 million. On 30 September 2014 total cumulative investment amounted to EUR 18.4 (6.8) million.
- The unifying of the Group's workstations into one network was completed according to plan in March 2014, and in the long-term is expected to generate annual cost savings of approximately EUR 2 million.
- During the first quarter, a total of eight branch offices were merged. During the second quarter, a programme to utilise space at head office more effectively was completed. These measures will result in lower rental expenses.
- In the autumn of 2013 staff numbers were reduced by just over 50 people, this will result in an annual cost saving of EUR 5-6 million.
- Aktia has decided to phase out its services as central financial institution by the beginning of 2015.
- In March 2013, Aktia Bank was granted a mortgage bank concession and issued its first EUR 500 million covered bond in June 2013. The second, of EUR 500 million, was issued in April 2014.
- Action Plan 2015 also aims to simplify the structure of the Group. In 2013 the Group's previous parent company, Aktia plc, was merged with Aktia Bank plc. Aktia's Asset Management was reorganised and Aktia Invest merged with Aktia Asset Management in 2014.
- In 2014 Action Plan 2015 will focus on areas related to: core banking renewal, continued cost reductions and simplifying the Group structure, work on the IRBA application process and investigations into a structural solution for Aktia Real Estate Mortgage Bank plc.

Other events during the period

Aktia Bank plc's wholly-owned subsidiary Saaristosäästöpankki Oy was merged into Aktia Bank on 1 July 2014.

Carl Pettersson B.Sc. (Econ.) was appointed as Development Director and member of Aktia Bank plc's Executive Committee with responsibility for the telephone and internet channels, business development and partnerships of 1 September 2014.

In June 2014, Deputy Managing Director Taru Narvanmaa was appointed Managing Director's alternate in order to enter into office as per 1 September 2014. However, the Board of Directors decided in August that Deputy Managing Director Jarl Sved shall continue as alternate to the Managing Director until further notice, as Taru Narvanmaa is on sick leave recovering from an operation.

Juha Hammarén, LL.M, eMBA was appointed as new CRO (Chief Risk Officer) and member of Aktia Bank plc's Executive Committee with responsibility for the Group's risk control, capital management and credit quality as of 9 September 2014. Juha Hammarén succeeds Deputy Managing Director, CRO Jarl Sved who is retiring on 31 December 2014. Sved will continue to serve Aktia as Senior Advisor and member of the Executive Committee until his retirement, and will hand over his duties to Hammarén in the autumn of 2014.

On 30 May 2014 Aktia Bank plc and Vöyrin Säästöpankki decided to implement the merger of Vöyrin säästöpankki and Aktia Bank. On 2 June 2014 the transfer of the banking business of Vöyrin Säästöpankki to Aktia Bank was filed for registration with the Finnish Trade Register.

On 31 January 2014 Aktia Asset Management Ltd acquired all the shares in Aktia Invest Ltd. Following this transaction Aktia Bank plc owns 75% of the shares in Aktia Asset Management Ltd. The company's minority shareholders (25%) consist of key personnel in Aktia Asset Management Ltd. The restructuring was completed after the period, on 1 October 2014 when Aktia Invest Ltd merged with Aktia Asset Management Ltd.

Anders Ehrström has been appointed Managing Director of Aktia Asset Management Ltd and Jetro Siekkinen its Deputy Managing Director.

On 7 January 2014, Deputy Managing Director Stefan Björkman announced that he was resigning from his position with Aktia to take up a position as Managing Director of the Etera Mutual Pension Insurance Company. Björkman left Aktia on 2 February 2014.

Events after the end of the period

On 3 November 2014 Aktia Bank plc lowered its Prime interest rate to 1.0 (1.25)%.

Personnel

At the end of September, the number of full-time employees was 938 (31 December 2013; 967).

The average number of full time staff has decreased by 55 from year-end and was 943 (31 December 2013; 998).

Personnel fund

Aktia Bank plc's Board of Directors has confirmed that the profit sharing provision for the personnel fund for 2014 will be based on 10% of that part of group operating profit exceeding EUR 45 million. However, if group operating profit is EUR 45 million, a sum of EUR 250,000 will be added to the personnel fund. The profit sharing provision cannot, however, exceed EUR 3 million.

Incentive schemes for key personnel

In January 2014, the Board of Directors of Aktia Bank plc decided to launch two new share-based incentive schemes for key personnel: Share Based Incentive Scheme 2014–2017 and Share Ownership Scheme 2014. Both schemes aim to support the long-term strategy of the group; unify the objectives of the owners and key personnel; raise the value of the company; and tie the key personnel to the company and offering them competitive incentive schemes based on share ownership in Aktia.

Incentive scheme for 2014-2017

The Share Based Incentive Scheme 2014-2017 is a continuation of Aktia's 2011 Share Based Incentive Scheme. The Share Based Incentive Scheme covers three earnings periods; the calendar years 2014-2015, 2015-2016 and 2016-2017. The bonus consists in part of A shares in the company and in part of cash to cover the taxes and tax-related fees that the bonus will cost the key personnel.

The earnings criteria for the earnings period 2014-2015 are based on the development of the Aktia Group's cumulative adjusted equity during the period 1 January 2014 to 31 December 2015 (NAV) (50% weighting), and of the Group's total net commission and insurance income in the period 1 January 2014 to 31 December 2015 (50% weighting).

Any bonus for each earnings period will be paid out in four instalments after the earnings period, over a period of approximately three years. In general a bonus is not paid out to a key person who, at the time of payment, no longer has an employment relationship with the Aktia Group. All shares obtained must be held for one year and then half of the shares until the person owns an amount of Aktia A shares with a value corresponding to their fixed annual salary.

Currently the target group of the Share Based Incentive Scheme 2014–2017 consists of 13 key persons, including the Managing Director and Executive Committee members. The total bonus paid out through the scheme can amount to a maximum of 400,000 A shares in Aktia Bank plc, as well as a sum in cash corresponding to the value of the shares.

Share ownership scheme 2014

The Share Ownership Scheme 2014 makes it possible for key personnel in Aktia to obtain Aktia shares as compensation for the acquisition of A shares in Aktia Bank plc using their own funds. Remuneration will be paid to the key person after approximately three years and will be made up of both shares and cash on condition that the key person still has an employment contract. It is recommended that the Share Ownership Scheme's target

group own a large proportion of the shares obtained through the scheme while they are employed by Aktia Bank plc, or until they own Aktia A shares with a value corresponding to their fixed annual salary.

The target group of the Share Ownership Scheme 2014 consists of 23 key persons. The total bonus paid out through the scheme can amount to a maximum of 90,000 series A shares in Aktia Bank plc, as well as a sum in cash corresponding to the value of the shares.

Incentive scheme 2011

In 2011 Aktia Bank plc's board of directors decided on a new share-based incentive scheme for key personnel in the Aktia Group.

The bonus consisted in part of A shares in Aktia Bank plc and in part of cash to cover the taxes and tax-related fees that the bonus will cost the key personnel. The incentive scheme was divided into two parts. The first part of the scheme is based on earnings criteria and covers three earnings periods: the calendar years 2011-2012, 2012-2013 and 2013-2014. The earnings criteria for the earnings period 2013-2014 are based on the development of the Aktia Group's cumulative adjusted equity (NAV) (50% weighting), and of the group's total net commission and insurance income (50% weighting). The earnings criteria for the earnings period 2013-2014 were determined in June 2013. The second part of the scheme gave key personnel the opportunity to receive Aktia shares as compensation for acquisition of Aktia Bank plc's A shares using their own funds. The earnings periods 2011-2012 and 2012-2013 had an outcome of 100%.

The Aktia Group's report on remuneration to the Executive Committee and Board of Supervisors is published on the Aktia Bank plc website (www.aktia.com).

Board of Directors and Executive Committee

Aktia Bank plc's Board of Directors for 1 January - 31 December 2014:

Chair Dag Wallgren, M.Sc. (Econ.)

Vice Chair Nina Wilkman, LL.M.

Sten Eklundh, M.Sc.

Hans Frantz, Lic.Soc.Sc.

Kjell Hedman, Business Economist

Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)

Arja Talma M.Sc. (Econ.), eMBA

On 11 December 2013, the Board of Supervisors decided on the annual remuneration for the Board of Directors for 2014:

- Annual remuneration, chair, EUR 53,000
- Annual remuneration, vice chair, EUR 30,000
- Annual remuneration, member, EUR 23,500

Following a proposal, the Board of Supervisors decided that members of the Board of Directors be obliged to buy Aktia Bank A shares for 25% of their annual remuneration (2013: 15%). Members of the Board of Directors acquired the shares from the stock exchange at market price 14 February 2014.

In addition, the Board of Supervisors decided to encourage members of the Board of Directors to keep the shares they acquire for the set share of their annual remuneration for the duration of their directorships.

Following a proposal, the Board of Supervisors also decided that the fee of EUR 500 paid to each member of the Board of Directors per meeting attended remain unchanged from 2013 and that committee chairs have the right to a double remuneration (unchanged from 2013), i.e. he or she will receive EUR 1,000 for each meeting that he or she chairs.

On 30 September 2014 Aktia's Executive Committee comprised Managing Director Jussi Laitinen, Deputy Managing Director and alternate Jarl Sved, Deputy Managing Director Taru Narvanmaa, Director Juha Hammarén, Director Carl Pettersson, Director Fredrik Westerholm and Director Magnus Weurlander.

Decisions at the Annual General Meeting 2014

On 7 April 2014 the Annual General Meeting of Aktia Bank plc adopted the consolidated financial statements of the parent company and the Group, and discharged the members of the Board of Supervisors, the members of the Board of Directors, the Managing Director and his alternate from liability.

In accordance with a proposal from the Board of Directors, the AGM decided to distribute a dividend of EUR 0.42 per share, totalling EUR 28.0 million for the accounting period 1 January – 31 December 2013. The record date for the dividend was 10 April 2014 and the dividend was paid out 23 April 2014.

The Annual General Meeting established the number of members on the Board of Supervisors to be thirty two.

Members of the Board of Supervisors Håkan Mattlin, Christina Gestrin, Patrik Lerche, Håkan Fagerström, Jorma J. Pitkämäki, Peter Simberg, Bengt Sohlberg and Mikael Westerback, who were due to step down were re-elected to the Board of Supervisors. Agrologist Peter Karlgren and Solveig Söderback M.Soc.Sc. were elected as new members. All of the above were elected for a term of three years.

The annual remuneration for members of the Board of Supervisors was set at EUR 22,600 for the Chair, EUR 10,000 for the Vice Chair and EUR 4,400 for ordinary members. The remuneration per attended meeting was set at EUR 500. The members of the Board of Supervisors shall be obliged to use 30% of their annual remuneration for the acquisition of Aktia plc A shares directly from the Stock Exchange at market price within two weeks from the inaugural meeting of the Board of Supervisors 6 May 2014. The shares were acquired 7 May 2014.

The Annual General Meeting established the number of auditors as one. The APA firm KPMG Oy Ab was re-elected as auditor, with Jari Härmälä, APA, as auditor-in-charge. The auditors will be paid against invoices.

The AGM adopted the proposal of the Board of Directors regarding resolutions for share issue authorisation, authorisation to acquire the company's own shares for use in the company's share based incentive scheme and/or the remuneration of members of the company Board of Supervisors and authorisation to divest the company's own shares.

Share capital and ownership

The share capital of Aktia Bank plc amounts to EUR 163 million, comprising a total of 46,706,723 A shares and 19,872,088 R shares, or 66,578,811 shares in all. The number of shareholders at the end of September 2014 was 44,287. Foreign ownership was 1.6%.

The number of unregistered shares was 772,885 or 1.2% of all shares. Inspection and registration of outstanding shares continue.

On 30 September 2014 the Group owned 7,406 A series shares and 6,658 R series shares in the parent company Aktia Bank plc.

Shares

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

On 30 September 2014, the closing price for an A series share was EUR 9.80 and for an R series share EUR 10.40, indicating a market value of approx. EUR 660 million for Aktia Bank plc. The highest quotation for the A share during the period January - September 2014 was EUR 10.00 and the lowest EUR 7.99. The highest for the R share was EUR 11.20 and the lowest EUR 8.20.

The average daily turnover of A shares during the period January - September 2014 was EUR 480,470 or 54,106 shares. Average daily turnover for R shares was EUR 17,820 or 1,238 shares.

Outlook and risks in 2014

Outlook (unchanged)

Aktia is striving to grow slightly more than the market in the sectors focusing on private customers and small companies.

Aktia's Action Plan 2015 includes several individual measures and will be realised in steps with the aim of reaching the financial objectives for 2015.

Aktia's aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small companies and institutions.

Write-downs on credits are expected to reach the 2013 level.

Despite the persistent low interest rate level, the Group's operating profit for 2014 is expected to reach approximately the 2013 level.

Risks

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

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

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

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

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

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

Aktia's financial objectives for 2015

- Increase cross-selling index by 20%
- Increase commission income by 5% p.a.
- Cut expenses by 5% p.a.
- Tier 1 capital ratio at least 13% over an economic cycle (upon approval of internal rating)
- Dividend pay-out 40–60% of profit for the year

Key figures

(EUR million)	1-9/2014	1-9/2013	Δ %	7-9/2014	4-6/2014	1-3/2014
Earnings per share (EPS), EUR	0.65	0.61	8%	0.19	0.27	0.20
Equity per share (NAV) ¹ , EUR	9.27	8.52	9%	9.27	8.96	8.55
Return on equity (ROE), %	9.0	8.4	7%	8.1	11.1	8.2
Total earnings per share, EUR	1.02	0.11	798%	0.31	0.41	0.30
Capital adequacy ratio (finance and insurance conglomerate) ¹ , % **	213.2	197.9	8%	213.2	205.7	202.1
Average number of shares ² , million	66.6	66.6	0%	66.6	66.6	66.5
Number of shares at the end of the period ¹ , million	66.6	66.6	0%	66.6	66.6	66.6
Personnel (FTEs), average number of employees from the beginning of the year ¹	943	1,007	-6 %	943	938	936
Group financial assets ¹	3,387.9	3,315.4	2%	3,387.9	3,311.4	3,119.9
Banking business						
Cost-to-income ratio	0.68	0.68	0%	0.68	0.64	0.72
Borrowing from the public ¹	3,991.0	3,742.1	7%	3,991.0	3,978.5	3,861.1
Lending to the public ¹	6,504.9	6,845.8	-5%	6,504.9	6,598.3	6,693.0
Core Tier 1 capital ratio ¹ , % *	14.2	-	-	14.2	13.8	13.6
Capital adequacy ratio ¹ , % **	18.4	19.1	-4%	18.4	17.8	17.3
Tier 1 capital ratio ¹ , % **	14.2	12.2	16%	14.2	13.8	13.6
Risk-weighted commitments ¹ **	3,426.3	3,579.4	-4%	3,426.3	3,539.5	3,592.0
Asset Management and Life Insurance						
Assets under management ¹	6,889.4	6,071.4	13%	6,889.4	6,872.1	6,525.6
Premiums written before reinsurers' share	81.9	107.7	-24%	24.9	25.3	31.7
Expense ratio ² , %	82.1	89.0	-8%	82.1	85.3	85.4
Solvency margin ¹	128.6	149.1	-14%	128.6	120.2	107.2
Solvency ratio ² , %	22.3	25.5	-13%	22.3	20.9	18.8
Investments at fair value ¹	1,118.4	1,074.6	4%	1,118.4	1,101.3	1,064.6
Technical provisions for interest-related insurances ¹	491.4	507.9	-3%	491.4	496.3	502.0
Technical provisions for unit-linked insurances ¹	512.2	436.9	17%	512.2	498.0	474.3

¹ At the end of the period

² Cumulative from the beginning of the year

* According to Basel III

** 2014 according to Basel III, other periods 2013 according to Basel II

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

Basis of calculation for key figures can be found in Aktia Bank plc's Annual Report 2013 on page 19.

Consolidated income statement

(EUR million)	1-9/2014	1-9/2013	Δ%	2013
Net interest income	77.5	85.4	-9%	112.6
Dividends	0.1	0.1	29%	0.1
Commission income	63.0	60.5	4%	81.1
Commission expenses	-7.0	-7.6	8%	-10.4
Net commission income	56.0	52.9	6%	70.7
Net income from life insurance	18.4	19.7	-7%	28.1
Net income from financial transactions	6.3	5.8	8%	8.3
Net income from investment properties	0.0	0.5	-89%	0.4
Other operating income	2.2	2.5	-10%	3.8
Total operating income	160.6	166.9	-4%	224.2
Staff costs	-50.9	-54.6	-7%	-77.7
IT-expenses	-19.3	-20.9	-7%	-27.3
Depreciation of tangible and intangible assets	-5.4	-5.1	7%	-6.8
Other operating expenses	-29.5	-30.8	-4%	-45.5
Total operating expenses	-105.2	-111.3	-6%	-157.2
Write-downs on credits and other commitments	-1.7	-1.7	1%	-2.7
Share of profit from associated companies	2.0	0.4	390%	1.2
Operating profit	55.8	54.3	3%	65.4
Taxes	-11.1	-13.8	-19%	-13.0
Profit for the period	44.7	40.5	10%	52.4
Attributable to:				
Shareholders in Aktia Bank plc	43.5	40.5	8%	52.2
Non-controlling interest	1.2	0.0	-	0.2
Total	44.7	40.5	10%	52.4
Earnings per share (EPS), EUR	0.65	0.61	8%	0.78
Earnings per share (EPS), EUR, after dilution	0.65	0.61	8%	0.78

Consolidated comprehensive income statement

(EUR million)	1-9/2014	1-9/2013	Δ%	2013
Profit for the period	44.7	40.5	10%	52.4
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	37.8	-12.0	-	-10.3
Change in valuation of fair value for financial assets held until maturity	-2.7	-2.3	-16%	-3.3
Change in valuation of fair value for cash flow hedging	0.0	0.0	-	0.2
Transferred to the income statement for financial assets available for sale	-6.7	-9.2	28%	-9.7
Transferred to the income statement for cash flow hedging	-4.0	-8.9	55%	-11.6
Comprehensive income from items which can be transferred to the income statement	24.4	-32.5	-	-34.7
Defined benefit plan pensions	-	-	-	-0.1
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.1
Total comprehensive income for the period	69.1	8.0	764%	17.6
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	67.9	7.6	798%	17.2
Non-controlling interest	1.2	0.4	177%	0.4
Total	69.1	8.0	764%	17.6
Total earnings per share, EUR	1.02	0.11	798%	0.26
Total earnings per share, EUR, after dilution	1.02	0.11	798%	0.26

Consolidated balance sheet

(EUR million)	30.9.2014	31.12.2013	Δ%	30.9.2013
Assets				
Cash and balances with central banks	374.0	414.3	-10%	188.0
Financial assets reported at fair value via the income statement	-	0.1	-	0.0
Interest-bearing securities	2,409.9	2,157.0	12%	2,538.4
Shares and participations	81.7	99.5	-18%	97.9
Financial assets available for sale	2,491.5	2,256.5	10%	2,636.2
Financial assets held until maturity	490.2	499.3	-2%	396.3
Derivative instruments	228.8	197.6	16%	208.6
Lending to Bank of Finland and credit institutions	117.1	95.1	23%	243.5
Lending to the public and public sector entities	6,504.9	6,802.2	-4%	6,845.8
Loans and other receivables	6,622.0	6,897.3	-4%	7,089.3
Investments for unit-linked provisions	513.9	465.9	10%	438.1
Investments in associated companies	23.2	19.3	20%	18.8
Intangible assets	31.0	20.3	52%	14.6
Investment properties	60.4	60.6	0%	50.9
Other tangible assets	7.3	6.4	14%	5.7
Accrued income and advance payments	68.7	66.2	4%	72.6
Other assets	23.0	8.8	161%	6.0
Total other assets	91.7	75.0	22%	78.6
Income tax receivables	6.2	3.7	70%	1.7
Deferred tax receivables	13.9	16.2	-14%	20.9
Tax receivables	20.1	19.9	1%	22.6
Assets classified as held for sale	1.2	1.2	-3%	1.2
Total assets	10,955.2	10,933.8	0%	11,149.1
Liabilities				
Liabilities to credit institutions	954.8	1,095.5	-13%	1,063.4
Liabilities to the public and public sector entities	3,991.0	3,797.5	5%	3,742.1
Deposits	4,945.7	4,893.0	1%	4,805.5
Derivative instruments	120.9	128.6	-6%	138.1
Debt securities issued	3,555.9	3,657.9	-3%	3,910.9
Subordinated liabilities	215.7	232.2	-7%	275.6
Other liabilities to credit institutions	136.4	123.5	10%	100.5
Other liabilities to the public and public sector entities	80.5	92.4	-13%	112.5
Other financial liabilities	3,988.5	4,106.0	-3%	4,399.6
Technical provisions for interest-related insurances	491.4	503.5	-2%	507.9
Technical provisions for unit-linked insurances	512.2	461.9	11%	436.9
Technical provisions	1,003.6	965.4	4%	944.8
Accrued expenses and income received in advance	91.7	96.5	-5%	92.7
Other liabilities	54.9	40.5	35%	64.0
Total other liabilities	146.6	137.0	7%	156.7
Provisions	4.5	6.4	-30%	6.9
Income tax liabilities	3.0	5.2	-43%	4.1
Deferred tax liabilities	59.6	50.4	18%	61.2
Tax liabilities	62.5	55.6	12%	65.3
Liabilities for assets classified as held for sale	0.2	0.2	-1%	0.2
Total liabilities	10,272.5	10,292.1	0%	10,517.0
Equity				
Restricted equity	269.0	244.5	10%	246.5
Unrestricted equity	348.2	332.7	5%	321.0
Shareholders' share of equity	617.2	577.1	7%	567.5
Non-controlling interest's share of equity	65.5	64.6	1%	64.6
Equity	682.7	641.7	6%	632.1
Total liabilities and equity	10,955.2	10,933.8	0%	11,149.1

Consolidated statement of changes in equity

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Non-controlling interests' share of equity	Total equity
Equity as at 1 January 2013	93.9	10.3	116.1	1.1	72.7	298.6	592.6	64.8	657.4
Changes in the Group equity as a result of the merger of Aktia plc with Aktia Bank plc 1.7.2013	69.1	-10.0			65.1	-124.3	0.0		0.0
Divestment of treasury shares									
Dividend to shareholders						0.4	0.4	-0.7	0.4
Capital return to shareholders					-9.3	-24.0	-24.0		-24.6
<i>Profit for the period</i>						40.5	40.5	0.0	40.5
<i>Financial assets available for sale</i>			-21.2				-21.2	0.0	-21.2
<i>Financial assets held until maturity</i>			-2.3				-2.3		-2.3
<i>Cash flow hedging</i>			-9.3				-9.3	0.4	-8.9
Total comprehensive income for the period			-32.9			40.5	7.6	0.4	8.0
Other change in equity				0.2			0.2	0.0	0.2
Equity as at 30 September 2013	163.0	0.3	83.2	1.3	128.4	191.2	567.5	64.6	632.1
Equity as at 1 January 2014	163.0	0.3	81.1	1.6	128.4	202.6	577.1	64.6	641.7
Divestment of treasury shares						0.2	0.2		0.2
Dividend to shareholders					-13.4	-14.6	-28.0	-0.3	-28.2
<i>Profit for the period</i>						43.5	43.5	1.2	44.7
<i>Financial assets available for sale</i>			31.1				31.1	0.0	31.1
<i>Financial assets held until maturity</i>			-2.7				-2.7		-2.7
<i>Cash flow hedging</i>			-4.0				-4.0	0.0	-4.0
Total comprehensive income for the period			24.4			43.5	67.9	1.2	69.1
Other change in equity			0.2	0.0		-0.2	0.0	0.0	0.0
Equity as at 30 September 2014	163.0	0.3	105.7	1.6	115.0	231.6	617.2	65.5	682.7

Consolidated cash flow statement

(EUR million)	1-9/2014	1-9/2013	Δ%	2013
Cash flow from operating activities				
Operating profit	55.8	54.3	3%	65.4
Adjustment items not included in cash flow for the period	-11.0	-14.7	25%	-20.4
Paid income taxes	-9.9	-26.3	62%	-26.3
Cash flow from operating activities before change in receivables and liabilities	34.8	13.3	163%	18.7
Increase (-) or decrease (+) in receivables from operating activities	105.7	-427.7	-	82.6
Increase (+) or decrease (-) in liabilities from operating activities	-95.1	67.3	-	-152.1
Total cash flow from operating activities	45.4	-347.2	-	-50.9
Cash flow from investing activities				
Investments in business operations	-11.8	-	-	-6.3
Proceeds from sale of group companies and associated companies	-	0.6	-	0.6
Investment in investment properties	-	-23.0	-	-32.5
Investment in tangible and intangible assets	-17.6	-5.9	-199%	-14.5
Proceeds from sale of investment properties	-	0.7	-	0.8
Proceeds from sale of tangible and intangible assets	0.6	0.6	6%	1.0
Total cash flow from investing activities	-28.7	-26.9	-7%	-50.8
Cash flow from financing activities				
Subordinated liabilities	-16.5	6.1	-	-37.3
Share issue/dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	-0.3	-0.7	57%	-0.7
Divestment of treasury shares	0.2	0.4	-55%	0.4
Paid dividends	-28.0	-24.0	-17%	-24.0
Capital return	-	-9.3	-	-9.3
Total cash flow from financing activities	-44.6	-27.4	-62%	-70.9
Change in cash and cash equivalents	-27.9	-401.6	93%	-172.6
Cash and cash equivalents at the beginning of the year	429.7	602.3	-29%	602.3
Cash and cash equivalents at the end of the period	401.8	200.7	100%	429.7
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	7.4	6.9	7%	8.3
Bank of Finland current account	366.6	180.0	104%	404.9
Repayable on demand claims on credit institutions	27.8	13.8	102%	16.5
Total	401.8	200.7	100%	429.7
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	1.3	1.3	2%	1.3
Write-downs on credits and other commitments	1.7	1.7	1%	2.7
Change in fair values	0.5	0.7	-31%	0.4
Depreciation and impairment of intangible and tangible assets	5.4	5.1	7%	6.8
Result effect from associated companies	-1.7	-0.2	-994%	-1.0
Sales gains and losses from intangible and tangible assets	0.0	-0.4	96%	-0.4
Unwound cash flow hedging	-5.0	-11.8	58%	-15.4
Unwound fair value hedging	-11.9	-11.9	0%	-15.9
Change in provisions	-1.9	-	-	-0.5
Change in fair values of investment properties	0.3	-	-	0.0
Change in share-based payments	0.3	0.8	-59%	1.7
Other adjustments	-	-	-	-0.1
Total	-11.0	-14.7	25%	-20.4

Quarterly trends in the Group

(EUR million)	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013
Net interest income	26.1	25.9	25.4	27.3	26.9
Dividends	-	0.0	0.1	0.0	-
Net commission income	17.6	19.6	18.8	17.8	17.4
Net income from life insurance	5.7	6.6	6.0	8.4	6.5
Net income from financial transactions	0.1	5.4	0.9	2.5	1.8
Net income from investment properties	0.0	0.0	0.0	0.0	0.0
Other operating income	0.6	0.8	0.8	1.3	0.9
Total operating income	50.1	58.4	52.0	57.3	53.6
Staff costs	-15.8	-17.6	-17.5	-23.1	-16.6
IT-expenses	-6.4	-6.3	-6.6	-6.4	-6.9
Depreciation of tangible and intangible assets	-1.9	-1.8	-1.8	-1.7	-1.7
Other operating expenses	-8.8	-10.5	-10.2	-14.7	-9.5
Total operating expenses	-32.8	-36.2	-36.1	-45.9	-34.6
Write-downs on credits and other commitments	-0.5	-0.8	-0.4	-1.1	-0.2
Share of profit from associated companies	0.6	0.5	0.9	0.8	0.8
Operating profit	17.3	22.0	16.4	11.1	19.6
Taxes	-3.7	-4.1	-3.3	0.8	-5.0
Profit for the period	13.6	17.9	13.1	11.9	14.7
Attributable to:					
Shareholders in Aktia Bank plc	12.8	17.6	13.1	11.7	14.9
Non-controlling interest	0.8	0.3	0.1	0.2	-0.2
Total	13.6	17.9	13.1	11.9	14.7
Earnings per share (EPS), EUR	0.19	0.27	0.20	0.18	0.22
Earnings per share (EPS), EUR, after dilution	0.19	0.27	0.20	0.18	0.22

Quarterly trends of comprehensive income

(EUR million)	7-9/2014	4-6/2014	1-3/2014	10-12/2013	7-9/2013
Profit for the period	13.6	17.9	13.1	11.9	14.7
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	11.5	15.6	10.8	1.6	6.7
Change in valuation of fair value for financial assets held until maturity	-0.9	-0.9	-0.9	-0.9	-0.8
Change in valuation of fair value for cash flow hedging	-	0.0	0.0	0.2	0.0
Transferred to the income statement for financial assets available for sale	-1.9	-3.7	-1.1	-0.4	-5.7
Transferred to the income statement for cash flow hedging	-0.9	-1.4	-1.8	-2.7	-3.0
Comprehensive income from items which can be transferred to the income statement	7.8	9.6	7.0	-2.2	-2.8
Defined benefit plan pensions	-	-	-	-0.1	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.1	-
Total comprehensive income for the period	21.4	27.5	20.1	9.6	11.9
Total comprehensive income attributable to:					
Shareholders in Aktia Bank plc	20.5	27.2	20.1	9.6	12.2
Non-controlling interest	0.9	0.3	0.0	0.0	-0.3
Total	21.4	27.5	20.1	9.6	11.9
Total earnings per share, EUR	0.31	0.41	0.30	0.14	0.18
Total earnings per share, EUR, after dilution	0.31	0.41	0.30	0.14	0.18

Notes to the Interim Report

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

Basis for preparing the Interim Report

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

The Interim Report for the period 1 January – 30 September 2014 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim Report does not contain all the information and notes required for an annual report and should therefore be read together with the Aktia Group's annual report of 31 December 2013.

The Interim Report for the period 1 January – 30 September 2014 was approved by the Board of Directors on 4 November 2014.

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

Key accounting principles

In preparing the Interim Report the Group has followed the accounting principles applicable to the annual report of 31 December 2013.

As of 1 January 2014, the Group harmonises reporting of discounts attributable to asset management. Due to the change, commission income and expenses are reduced by EUR 9 million on an annual basis which gives a more accurate picture of the Group's commission income and expenses. Net commission income is unchanged, thus the amendment has no effect on results. The reference period has been reconstructed to comply with the new accounting principle.

The following IFRSs and interpretations may affect the reporting of future transactions and business, but had no impact on the Group's result or financial position in 2014:

IFRS 10 Consolidated Financial Statements replaces IAS 27 Consolidated and separate financial statements, introducing a new way to define whether an investment object shall be included in the consolidated financial statements or not. The standard is mandatory as of 1 January 2014, and based on an analysis made it causes no changes in companies or other investment objects included in the consolidated financial statements.

IFRS 11 Joint Arrangements replaces IAS 31 Interest in joint ventures. The standard only permits the equity method to be used in consolidation, and has not had any impact on the way that the Aktia Group consolidates joint arrangements. The standard is mandatory as of 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities is a combined disclosure standard for subsidiaries, associated companies, joint arrangements and other unconsolidated structured entities. The standard is mandatory as of 1 January 2014, and Aktia evaluates new requirements on disclosures for the annual report.

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

Calculation of capital adequacy

In the interim report the term *Basel III* refers to EU Regulation No 575/2013 and supplementary regulation issued by European and National supervisory authorities.

Note 2. Group's segment reporting

Income statement (EUR million)	Banking Business			Asset Management & Life Insurance			Miscellaneous		Eliminations		Group total	
	1-9/2014			1-9/2013			1-9/2014		1-9/2013		1-9/2014	
	1-9/2014	1-9/2013		1-9/2014	1-9/2013		1-9/2014	1-9/2013	1-9/2014	1-9/2013	1-9/2014	1-9/2013
Net interest income	77.1	85.5		0.0	0.0		0.2	-0.3	0.1	0.2	77.5	85.4
Net commission income	44.4	41.4		15.4	14.7		3.6	3.8	-7.4	-7.0	56.0	52.9
Net income from life insurance	-	-		16.6	18.3		-	-	1.8	1.4	18.4	19.7
Other income	6.0	5.8		0.1	0.0		3.7	3.5	-1.0	-0.5	8.7	8.9
Total operating income	127.5	132.8		32.1	32.9		7.5	7.0	-6.5	-5.8	160.6	166.9
Staff costs	-26.6	-28.4		-7.2	-7.5		-16.8	-18.2	-0.5	-0.6	-50.9	-54.6
IT-expenses	-10.1	-11.1		-1.3	-1.4		-7.9	-8.4	-	-	-19.3	-20.9
Depreciation of tangible and intangible assets	-1.3	-1.3		-0.8	-0.7		-3.3	-3.1	-	-	-5.4	-5.1
Other expenses	-47.0	-49.7		-6.5	-6.6		18.6	19.8	5.5	5.8	-29.5	-30.8
Total operating expenses	-85.0	-90.4		-15.8	-16.2		-9.4	-9.9	5.1	5.2	-105.2	-111.3
Write-downs on credits and other commitments	-1.7	-1.7		-	-		-	-	-	-	-1.7	-1.7
Share of profit from associated companies	-	-		-	-		-	-	2.0	0.4	2.0	0.4
Operating profit	40.8	40.7		16.3	16.8		-1.9	-3.0	0.6	-0.2	55.8	54.3

Balance sheet (EUR million)	Banking Business			Asset Management & Life Insurance			Miscellaneous		Eliminations		Group total	
	30.9.2014			31.12.2013			30.9.2014		30.9.2014		30.9.2014	
	30.9.2014	31.12.2013		30.9.2014	31.12.2013		30.9.2014	31.12.2013	30.9.2014	31.3.2013	30.9.2014	31.12.2013
Cash and balances with central banks	374.0	413.2		0.0	1.1		-	-	-	-	374.0	414.3
Financial assets reported at fair value via the income statement	-	0.1		-	-		-	-	-	-	-	0.1
Financial assets available for sale	1,952.1	1,688.2		544.7	578.0		0.8	2.9	-6.1	-12.7	2,491.5	2,256.5
Financial assets held until maturity	490.2	499.3		-	-		-	-	-	-	490.2	499.3
Loans and other receivables	6,614.1	6,891.2		29.9	26.7		6.8	6.8	-28.9	-27.3	6,622.0	6,897.3
Investments for unit-linked provisions	-	-		513.9	465.9		-	-	-	-	513.9	465.9
Other assets	293.7	256.2		87.8	82.6		208.4	199.1	-126.4	-137.4	463.6	400.4
Total assets	9,724.2	9,748.2		1,176.3	1,154.3		216.1	208.7	-161.4	-177.4	10,955.2	10,933.8
Deposits	4,975.8	4,920.9		-	-		-	-	-30.1	-27.9	4,945.7	4,893.0
Debt securities issued	3,562.0	3,670.6		-	-		-	-	-6.1	-12.7	3,555.9	3,657.9
Technical provision for insurance business	-	-		1,003.6	965.4		-	-	-	-	1,003.6	965.4
Other liabilities	677.1	679.6		34.9	30.0		60.8	71.0	-5.6	-4.8	767.2	775.8
Total liabilities	9,214.9	9,271.1		1,038.5	995.4		60.8	71.0	-41.8	-45.3	10,272.5	10,292.1

Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments

(EUR million)

	Total nominal amount	Assets, fair value	Liabilities, fair value
30.9.2014			
Fair value hedging			
Interest rate-related	2,946.0	121.1	15.4
Total	2,946.0	121.1	15.4
Cash flow hedging			
Interest rate-related	300.0	1.5	-
Total	300.0	1.5	-
Derivative instruments valued via the income statement			
Interest rate-related *)	2,680.2	103.1	102.7
Currency-related	49.7	0.7	0.4
Equity-related **)	47.7	2.3	2.3
Other derivative instruments **)	11.7	-	-
Total	2,789.3	106.2	105.5
Total derivative instruments			
Interest rate-related	5,926.2	225.8	118.1
Currency-related	49.7	0.7	0.4
Equity-related	47.7	2.3	2.3
Other derivative instruments	11.7	-	-
Total	6,035.3	228.8	120.9

Hedging derivative instruments

(EUR million)

	Total nominal amount	Assets, fair value	Liabilities, fair value
31.12.2013			
Fair value hedging			
Interest rate-related	3,090.0	89.4	21.4
Total	3,090.0	89.4	21.4
Cash flow hedging			
Interest rate-related	300.0	0.2	-
Total	300.0	0.2	-
Derivative instruments valued via the income statement			
Interest rate-related *)	3,505.4	104.3	103.6
Currency-related	36.1	0.2	0.1
Equity-related **)	55.3	3.6	3.6
Other derivative instruments **)	20.8	-	-
Total	3,617.5	108.0	107.2
Total derivative instruments			
Interest rate-related	6,895.4	193.9	124.9
Currency-related	36.1	0.2	0.1
Equity-related	55.3	3.6	3.6
Other derivative instruments	20.8	-	-
Total	7,007.5	197.6	128.6

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 2,636.0 (3,446.0) million.

**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	30.9.2014	31.12.2013	30.9.2013
Commitments provided to a third party on behalf of the customers			
Guarantees	27.7	31.8	33.0
Other commitments provided to a third party	1.7	2.9	2.2
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	377.1	354.3	292.3
Other commitments provided to a third party	1.4	2.2	2.4
Off-balance sheet commitments	407.9	391.3	330.0

The Bank Group's Capital Adequacy

	(EUR million)					
	30.9.2014		30.6.2014		31.3.2014	
Calculation of the Bank Group's capital base	Group	The Bank Group	Group	The Bank Group	Group	The Bank Group
Total assets	10,955.2	9,864.6	10,910.4	9,835.5	10,855.7	9,819.7
of which intangible assets	31.0	28.9	27.2	24.9	24.0	21.5
Total liabilities	10,272.5	9,267.4	10,249.3	9,251.2	10,222.4	9,250.7
of which subordinated liabilities	215.7	215.7	218.0	218.0	227.7	227.7
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	105.7	46.3	97.8	44.1	88.2	43.9
Other restricted equity	0.3	0.3	0.3	0.3	0.3	0.3
Total restricted equity	269.0	209.6	261.1	207.4	251.5	207.2
Unrestricted equity reserve and other funds	116.7	116.7	116.4	116.4	129.6	129.6
Retained earnings	188.1	121.0	188.2	121.1	174.8	107.7
Profit for the reporting period	43.5	84.5	30.7	74.7	13.1	60.2
Unrestricted equity	348.2	322.1	335.4	312.2	317.5	297.5
Shareholders' share of equity	617.2	531.7	596.5	519.7	569.0	504.7
Non-controlling interest's share of equity	65.5	65.5	64.6	64.6	64.3	64.3
Equity	682.7	597.2	661.0	584.2	633.3	569.0
Total liabilities and equity	10,955.2	9,864.6	10,910.4	9,835.5	10,855.7	9,819.7
Off-balance sheet commitments	407.9	406.5	398.3	396.6	403.0	400.7
Equity in the Banking Group		597.2		584.2		569.0
Provision for dividends to shareholders		-27.9		-19.1		-8.1
Intangible assets		-28.9		-24.9		-21.5
Share of non-controlling interest of equity		-6.5		-5.9		-4.9
Debentures		96.5		96.3		89.8
Other		-0.1		-1.2		-2.7
Total capital base (CET1 + AT1 + T2)		630.4		629.4		621.7

The Bank Group

(EUR million)

	30.9.2014 Basel III	30.6.2014 Basel III	31.3.2014 Basel III	31.12.2013 Basel III	31.12.2013 Basel II
Common Equity Tier 1 Capital before regulatory adjustments	560.0	556.2	552.5	499.0	
Common Equity Tier 1 Capital regulatory adjustments	-74.6	-68.6	-65.2	-60.0	
Common Equity Tier 1 Capital total	485.4	487.6	487.4	439.0	
Additional TIER 1 capital before regulatory adjustments	1.2	1.3	1.5	1.6	
Additional TIER 1 capital regulatory adjustments	-	-	-	-	
Additional TIER 1 capital after regulatory adjustments	1.2	1.3	1.5	1.6	
TIER 1 capital total	486.6	488.9	488.9	440.6	427.5
TIER 2 capital before regulatory adjustments	98.1	98.0	91.8	84.8	
TIER 2 capital regulatory adjustments	45.7	42.5	41.0	37.8	
TIER 2 capital total	143.8	140.5	132.8	122.6	241.7
Own funds total	630.4	629.4	621.7	563.2	669.2
Risk weighted exposures total	3,426.3	3,539.5	3,592.0	3,628.5	3,463.5
of which Credit risk	3,054.8	3,170.2	3,224.4	3,260.8	3,095.8
of which Market risk	-	-	-	-	-
of which Operational risk	371.5	369.3	367.7	367.7	367.7
CET1 Capital ratio	14.2%	13.8%	13.6%	12.1%	
T1 Capital ratio	14.2%	13.8%	13.6%	12.1%	12.3%
Total capital ratio	18.4%	17.8%	17.3%	15.5%	19.3%

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

Risk-weighted amount for operational risks

(EUR million)

Year	2011	2012*	2013*	9/2014	6/2014	3/2014	12/2013
Gross income	199.8	198.3	196.4				
- average 3 years			198.1				
Capital requirement for operational risk				29.7	29.5	29.4	29.4
Risk-weighted amount				371.5	369.3	367.7	367.7

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

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

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

The finance and insurance conglomerate's capital adequacy

(EUR million)

	30.9.2014 Basel III	30.6.2014 Basel III	31.3.2014 Basel III	31.12.2013 Basel III	31.12.2013 Basel II
The finance and insurance conglomerate's capital adequacy					
Summary					
The Group's equity	682.7	661.0	633.3	641.7	641.7
Sector-specific assets	96.5	96.3	89.8	82.6	223.5
Intangible assets and other reduction items	-133.8	-115.5	-79.7	-86.7	-237.4
Conglomerate's total capital base	645.4	641.8	643.4	637.7	627.8
Capital requirement for banking business	263.6	272.7	279.1	279.9	277.1
Capital requirement for insurance business	39.2	39.2	39.2	39.0	39.0
Minimum amount for capital base	302.8	311.9	318.4	318.9	316.1
Conglomerate's capital adequacy	342.6	329.9	325.1	318.8	311.7
Capital adequacy ratio, %	213.2%	205.7%	202.1%	199.9%	198.6%

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

Note 5. Financial assets and liabilities

Fair value of financial assets and liabilities

Financial assets (EUR million)	30.9.2014		31.12.2013	
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	374.0	374.0	414.3	414.3
Financial assets reported at fair value via the income statement	-	-	0.1	0.1
Financial assets available for sale	2,491.5	2,491.5	2,256.5	2,256.5
Financial assets held until maturity	490.2	506.2	499.3	498.7
Derivative instruments	228.8	228.8	197.6	197.6
Loans and other receivables	6,622.0	6,490.5	6,897.3	6,698.8
Total	10,206.5	10,091.0	10,265.2	10,066.1

Financial liabilities (EUR million)	30.9.2014		31.12.2013	
	Book value	Fair value	Book value	Fair value
Deposits	4,945.7	4,890.9	4,893.0	4,825.1
Derivative instruments	120.9	120.9	128.6	128.6
Debt securities issued	3,555.9	3,559.2	3,657.9	3,707.7
Subordinated liabilities	215.7	219.0	232.2	237.2
Other liabilities to credit institutions	136.4	142.4	123.5	128.9
Other liabilities to the public and public sector entities	80.5	80.5	92.4	92.3
Total	9,055.2	9,012.9	9,127.6	9,119.9

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

Fair values on investment assets are primarily determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flows using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when 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 marginal corresponding the seniority of the instrument is applied.

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

Measurement of financial assets at fair value

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

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

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

Financial instruments measured at fair value (EUR million)	30.9.2014				31.12.2013			
	Fair value classified into				Fair value classified into			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued via the income statement								
Interest-bearing securities	-	-	-	-	-	-	0.1	0.1
Shares and participations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	0.1	0.1
Financial assets available for sale								
Interest-bearing securities	2,123.7	327.0	99.7	2,550.4	1,920.6	189.1	47.3	2,157.0
Shares and participations	34.6	-	47.0	81.7	45.7	-	53.8	99.5
Total	2,158.3	327.0	146.8	2,632.1	1,966.4	189.1	101.1	2,256.5
Derivative instrument, net	0.3	107.7	-	107.9	0.0	69.0	-	69.0
Totalt	0.3	107.7	-	107.9	0.0	69.0	-	69.0
Total	2,158.6	434.6	146.8	2,740.0	1,966.4	258.0	101.2	2,325.6

Transfers between levels 1 and 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the period, interest-bearing securities worth EUR 126.5 million were moved from level 1 to level 2 due to decreased market activity. Further increase in level 2 is due to an increase in business volumes.

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

Changes within level 3

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

Reconciliation of the changes taken place for financial instruments which belong to level 3 (EUR million)	Financial assets valued via the income statement			Financial assets available for sale			Total		
	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total
Carrying amount 1.1.2014	0.1	-	0.1	47.3	53.8	101.1	47.4	53.8	101.2
New purchases	-	-	-	55.0	-	55.0	55.0	-	55.0
Sales	-0.1	-	-0.1	-0.3	-2.6	-2.9	-0.4	-2.6	-3.0
Matured during the year	-	-	-	-0.8	-	-0.8	-0.8	-	-0.8
Realised value change in the income statement	-	-	-	0.0	-1.3	-1.4	0.0	-1.3	-1.4
Unrealised value change in the income statement	-	-	-	0.0	-	0.0	0.0	-	0.0
Value change recognised in the total comprehensive income	-	-	-	-	-2.9	-2.9	-	-2.9	-2.9
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-1.5	-	-1.5	-1.5	-	-1.5
Carrying amount 30.9.2014	-	-	-	99.7	47.0	146.8	99.7	47.0	146.8

Transfers from level 1 and 2 refer to bonds issued by Finnish municipalities which were earlier reported under level 2. The transfer to level 3 is due to the illiquidity these bonds face on the market.

Sensitivity analysis for level 3 Financial instruments

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

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

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%, with exception for Suomen Luotto-osuuskunta, which is valued based on its lowest estimated value of the return of capital after the sale of its subsidiary Nets Oy (previously known as Luottokunta). These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 2.0 (1.9)% of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	30.9.2014			31.12.2013		
	Effect at an assumed movement			Effect at an assumed movement		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets valued via the income statement						
Interest-bearing securities	-	-	-	0.1	0.0	0.0
Shares and participations	-	-	-	-	-	-
Total	-	-	-	0.1	0.0	0.0
Financial assets available for sale						
Interest-bearing securities	99.7	3.0	-3.0	47.3	1.4	-1.4
Shares and participations	47.0	9.4	-9.4	53.8	10.3	-10.3
Total	146.8	12.4	-12.4	101.1	11.7	-11.7
Total	146.8	12.4	-12.4	101.2	11.8	-11.8

Set off of financial assets and liabilities

(EUR million)	Assets		Liabilities	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013
Financial assets and liabilities included in general agreements on set off or similar agreements				
Derivative instruments, gross amount	228.8	197.6	120.9	128.6
Set off amount	-	-	-	-
Value recorded in the balance sheet	228.8	197.6	120.9	128.6
Amount not set off but included in general agreements on set off or similar				
Derivative instruments	25.2	26.6	25.2	26.6
Collateral assets and liabilities	194.0	173.2	64.2	67.1
Total amount of sums not set off in the balance sheet	219.1	199.8	89.4	93.6
Net	9.7	-2.2	31.5	35.0

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

Note 6. Net interest income

(EUR million)	1-9/2014	1-9/2013	Δ %	2013
Deposits and lending	34.2	30.0	14%	41.2
Hedging, interest rate risk management	26.9	33.1	-19%	44.0
Other	16.4	22.2	-26%	27.5
Net interest income	77.5	85.4	-9%	112.6

The impact of fixed rate investments is divided into two components consisting of interest rate risk and credit risk. The interest rate risk component is included in Hedging of interest rate risk whereas the credit risk component is booked as a part of Other net interest income.

Note 7. Gross loans and write-downs

(EUR million)	30.9.2014	30.6.2014	31.3.2014	31.12.2013	30.9.2013
Gross loans	6,570.0	6,662.7	6,757.1	6,867.2	6,911.5
Individual write-downs	-55.0	-54.3	-54.1	-55.4	-51.6
Of which made to non-performing loans past due at least 90 days	-43.0	-39.6	-40.1	-40.5	-40.7
Of which made to other loans	-12.0	-14.7	-14.1	-15.0	-10.9
Write-downs by group	-9.0	-10.1	-10.0	-9.6	-14.1
Net loans, balance amount	6,505.0	6,598.3	6,693.0	6,802.2	6,845.8

Note 8. Net income from life insurance

(EUR million)	1-9/2014	1-9/2013	Δ %	2013
Premiums written	81.5	107.4	-24%	140.0
Net income from investments	18.3	20.0	-9%	27.2
Insurance claims paid	-69.1	-58.9	-17%	-81.0
Net change in technical provisions	-12.3	-48.9	75%	-58.2
Net income from life insurance	18.4	19.7	-7%	28.1

Helsinki 4 November 2014

AKTIA BANK PLC

The Board of Directors

TRANSLATION

Report on review of the interim report of Aktia Bank p.l.c. as of and for the nine months period ending September 30, 2014

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

Introduction

We have reviewed the consolidated balance sheet as of 30 September 2014, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Aktia Bank p.l.c. for the nine-month period then ended, as well as a summary of significant accounting policies and other explanatory notes to the financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not give a true and fair view of the consolidated financial position as at 30 September 2014 and the consolidated result of its operations and cash flows for the nine-month period then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 4 November 2014

KPMG Oy Ab

Jari Härmälä

Authorized Public Accountant

Annual Accounts Announcement 2014	12 February 2015
Annual General Meeting 2015	13 April 2015
Interim Report Jan - March 2015	8 May 2015
Interim Report Jan - June 2015	11 August 2015
Interim Report Jan - Sep 2015	17 November 2015

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