

About the annual report

Aktia's 2015 annual report describes Aktia's strategy and presents our group-wide objectives, initiatives and results. Aktia sets out the Group's corporate responsibility as part of the company's annual report. The annual report covers the major events that have taken place in the calendar year, and their effect on the company and on society. The annual report also includes the report by the Board of Directors, financial statements and corporate governance report.

The information is also available on the Aktia Group's website at www.aktia.com.

The annual report can be ordered from Corporate Communications, tel. 010 247 5000 or e-mail kommunikation@aktia. fi. All reports are also available on the Aktia Group website www.aktia.com under Investor Relations and Reports and Messages.

Aktia Bank plc – Capital and Risk Management Report 2015

Aktia Group's internal control, risks and risk management are presented in greater detail in the Group's Capital and Risk Management Report, which is published separately at the same time as the annual report. The report is available at Aktia Group's web site www.aktia.com.

Annual Report 2015 is a translation of the original Swedish version 'Årsredovisning 2015'. In case of discrepancies, the Swedish version shall prevail.

Calendar 2016

Annual General Meeting 12 April 2016

Interim Report 1–3/2016 10 May 2016

Interim Report 1–6/2016 10 August 2016

Interim Report 1–9/2016 17 November 2016

Annual General Meeting 2016

Aktia Bank plc Annual General Meeting is being held at 4.00 pm on Tuesday 12 April 2016 at Pörssitalo, address Fabianinkatu 14, Helsinki.

Right to participate and registration

Shareholders listed as such in the company's register of shareholders maintained by Euroclear Finland Ab as at 31/03/2016 have the right to participate in the Annual General Meeting. Shareholders whose shares a registered to their personal Finnish book-entry account are listed as shareholders in the company's register of shareholders. Shareholders who are entered in the company's register of shareholders and who wish to participate in the Annual General Meeting must register their intention to attend by 4.00 pm on 06/04/2016 at the latest. Participants can register for the AGM:

- a) through the company's website www.aktia.com
- b) by telephone at +358 800 0 2474 (8.30 am-4.30 pm on weekdays)
- c) in writing to Aktia Bank plc, Group Legal, P.O. Box 207, 00101 Helsinki.

For registration purposes, the shareholder is requested to give his/her name and personal identification code or business ID, address, telephone number as well as the name and personal identification code and of any representative. The personal details that shareholders give to Aktia Bank plc will only be used for purposes associated with the Annual General Meeting and preparing the relevant registrations.

Dividend

The Board of Directors proposes that a dividend of EUR 0.54 per share be paid for the financial year 2015. Further, the Board of Directors proposes a return of capital of EUR 0.10 per share.

Shareholders entitled to dividend and return of capital are those who are registered in the register of shareholders maintained by Euroclear Finland Ltd on the record date 14/04/2016. The Board of Directors proposes that the dividend and return of capital be paid out 26/04/2016 in accordance with the rules of Euroclear Finland Ltd.

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Focus on growth

2015 was an eventful year for Aktia. At the beginning of the year, Aktia's new strategy focusing on growth and customer relations was adopted. Aktia's business operations are characterised by a strong regional presence and a genuine interest in the well-being of our customers. We shall be the best advisor for families and their businesses as well as for enterprises. Our primary role is to deliver responsible services and products to our customers and generate long-term profitability through controlled risk and good returns to our owners and society. This way we create both customer and shareholder value.

During the previous strategy period, Aktia concentrated on improving cost efficiency and competitive strength. The bank's strong balance sheet and good profit development as well as the permission granted by the Finnish Financial Supervisory Authority in February 2015 to apply IRBA (internal method for calculating capital requirements) enabled Aktia to focus on growth. Within the framework of the strategy Growth 2018, Aktia shall double the annual number of new customers during the strategy period. According to the new dividend policy a minimum of 50 per cent of the result shall be distributed to the shareholders.

Aktia achieved a good result in 2015 despite the tougher market situation with negative market interest rates and unease on the capital markets. We have managed to compensate for lower net interest income through an increase in net commission income. With the permission to apply internal risk classification for calculation of capital requirements, our capital adequacy increased to a level enabling future growth and a good dividend pay-out.

A favourable development of sales in the past few years is shown as a stable increase of commission income. It is our ambition to meet the demands for the bank and the development of its products and services presented by the changes in customer behaviour. Customers are, to a large extent, the driving force for expanding digitisation, as the demand for self-service via web and mobile applications is increasing. Simultaneously, competence requirements of staff are raised concurrently with an increasing demand for qualified advice. In 2016, Aktia intensifies efforts within mobile services in order to improve accessibility and offer first class customer service also in the future.

The implementation of the new core banking platform was postponed in 2015, but a full-scale implementation is planned for the second half of 2016. The new core banking system will bring more efficient customer service processes and change internal working methods. Costs for IT systems will decrease and flexibility in our product development will improve.

The implementation imposes high demands on both the organisation and the employees, requiring flexibility, good adaptation and a will to develop themselves. A successful implementation of the new core banking system requires hard work. Aktia will be more flexible, efficient and accessible as we guide our own digital development in the future. In order to contribute to increased value for the customer, we will focus on improving the competence of our employees.

In the years to come, we will focus on development of products and services for private customers as well as corporate and institutional customers. Aktia will increase corporate lending, and we seek growth among others in family businesses, owner-operated companies and housing companies.

Aktia shall guarantee good access anywhere and anytime. We want our customers to feel that managing their day-to-day banking at Aktia is easy and flexible, irrespective of how the customer is served: online, on the phone or at a branch. A good and uniform customer experience improves customer satisfaction and strengthens customer loyalty.

Finally, I would like to extend my sincere thanks to each and every member of Aktia's staff for the good work you have done and for your commitment to the strategy focusing on growth. I would also like to thank all customers, shareholders and other stakeholders for placing your confidence in us.

Jussi Laitinen Managing Director





Aktia in brief

Aktia's roots date back to 1825, when Finland's first deposit bank saw the light of day. Business operations started the following year. Aktia of today is the result of a merger of eight savings banks.

We offer a wide range of solutions covering banking, asset management, insurance and real estate agency services. We deliver responsible financial services to our customers and engage in an active dialogue with them.

We make financial decisions easier. Aktia aims to be the best financial advisor for families and their businesses. We understand our customers' needs and provide advice and services helping them maintain a sound financial position, both now and in the future.

Our passion is to enhance our customers' well-being. Thriving families and businesses generate thriving societies. We want our customers to feel that their finances are in safe hands with Aktia.

We are a responsible, safe and humane financial advisor. We have our customer's best interests at heart.

Our customers are given personal service at our offices and by way of the online and telephone banking. We have over 1,000 employees and 47 offices. We operate mainly in coastal areas, in the Helsinki region, and in inland growth areas. Aktia's shares are listed on the Nasdaq Helsinki Ltd stock exchange. Aktia Bank plc's head office is situated in Helsinki.

We maintain an active cooperation with key strategic partners, including Folksam General, Veritas Pension Insurance Company and Genworth Financial, for the provision of comprehensive solutions to our customers.

We are owned by Finnish Aktia and savings bank foundations, institutions, corporations, and private individuals.

Priv	/at	e cı	usto	mers

350,000 private customers 136,000 total customers

Corporate customers and institutions

50,000 corporate and institutional customers 11,000 total customers

Bank	Asset management	Insurance	Real estate agency
We offer our customers comprehensive banking and insurance services and extensive financial advice - digitally, by telephone and in our offices.	We offer our customers mutual funds, discretionary asset management and other investment services. Private banking customers	We offer life insurance solutions and a versatile range of voluntary personal insurance policies through Aktia Life Insurance Ltd.	We offer real estate agency services through Aktia Real Estate Agency Ltd.
Aktia Private Banking also offers personal asset management to wealthier	can even take advantage of active fund-based portfolio management services through the Aktia Profile	Property insurance policies are offered -in partnership with Folksam and statutory pension insurance policies	

Service.

Aktia Group's legal structure



customers.

Aktia Bank plc is the Aktia Group's parent company. The Group consists of the following wholly-owned or partially owned subsidiaries: Aktia Life Insurance Ltd, Aktia Asset Management Ltd, Aktia Fund Management Company Ltd, Aktia Corporate Finance Ltd, Aktia Real Estate Agency Ltd and Aktia Real Estate Mortgage Bank plc.

in partnership with Veritas.

- * of share capital Aktia Bank holds 70% of votes.
- ** minority shares used as incentives for key personnel.

Aktia Group segments

In the financial statements Aktia's business operations are divided into three segments: Banking Business, Asset Management & Life Insurance and Miscellaneous.

The **Banking Business** segment includes Aktia Bank plc's branch office operations, private banking, corporate banking, card activities and treasury as well as the subsidiaries Aktia Real Estate Mortgage Bank plc, Aktia Corporate Finance Ltd, Aktia Real Estate Agency Ltd.

The **Asset Management & Life Insurance** segment includes the subsidiaries Aktia Asset Management Ltd, Aktia Fund Management Company Ltd and Aktia Life Insurance Ltd and its wholly owned and partially owned property subsidiaries.

The **Miscellaneous** segment includes Group management and certain administrative functions in Aktia Bank plc.

The year in brief

Q1

- **IRBA approval.** In February Aktia was granted approval to apply an internal ratings-based approach (IRBA) when calculating the regulatory capital with regard to exposure to households. This approval had a positive effect on the Bank Group's capital adequacy which rose to a high level.
- **Reduced holding in Folksam.** Aktia Bank's holding in Folksam Non-Life Insurance was reduced to 10% in February. Due to the stricter capital adequacy rules Aktia wanted to reduce its holding in the non-life insurance company. However, Aktia will continue to be an important agent for Folksam insurance products.
- Updated financial objectives and dividend policy. Aktia aimed for growth and
 at the same time renewed its value proposition, mission and vision. The financial
 objectives to 2018 were defined and the dividend policy was updated.

Q2

- Increased lending to small businesses and housing companies. For the first time Aktia took part in the European Central Bank's lending programme. Within the framework of this Aktia put EUR 100 million into the market in the form of favourable finance mainly for owner-operated and family businesses as well as housing companies. Participation in the ECB's lending programme supports Aktia's renewed growth strategy.
- Aktia's investment funds gave a record return. In the first half of the year Aktia's funds were historically very successful. The sale of funds through the branch network doubled on the previous year, which contributed to an increase in net commission income. Insurance saving also increased over the course of the year as a result of an increase in the net sales of unit-linked insurance policies by Aktia Life Insurance Ltd.
- Moody's confirmed Aktia's rating. The bank's rating was confirmed in May as A3/P-2. The outlook was improved from negative to stable.

Q3

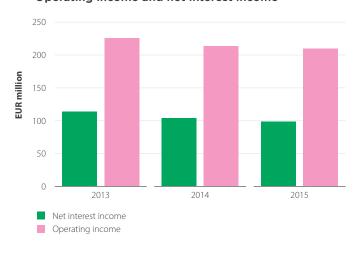
- Top customer service in Finland. Aktia's customer service by telephone took second place in the annual Contact Center competition organised by HDI Nordic Oy. The staff at Aktia's Contact Center are part of the core of the bank, working closely with the specialists, and are often our customers' first and most important contact with the bank. This top place shows that customers appreciate quality, flexibility and development of services.
- The Executive Committee was reinforced. Two new Executive Committee members were appointed in September. The aim of these appointments was to strengthen the Group's ambitions for growth. Our erstwhile Chief Economist Anssi Rantala was appointed to the Executive Committee with responsibility for the development of asset management operations and the comprehensive range of services for institutional customers. As a new member of the Executive Committee Mia Bengts has responsibility for HR and Group legal services.
- Acquisition of minority interest shares in Aktia Real Estate Mortgage Bank plc. In October
 Aktia negotiated the acquisition of minority interest shares in Aktia Real Estate Mortgage Bank
 plc. The share acquisition will take place when the Aktia Real Estate Mortgage Bank 2016 annual
 accounts have been closed. A merger with the parent company is planned thereafter.

Q4

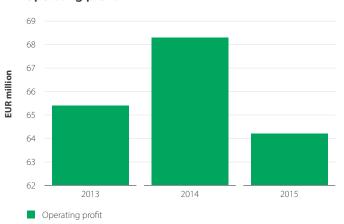
- Aktia was included in the OMX Helsinki Benchmark. In November Nasdaq Nordic announced
 that Aktia Bank plc A (AKTAV) was to be included in the OMX Helsinki Benchmark index. The new
 composition of the OMX Helsinki Benchmark index came into force on 1/12/2015. The OMXHB
 index consists of the largest and most traded shares on Nasdaq Helsinki representing all ten business
 categories. The shares in the index must fulfil certain criteria, including minimum turnover.
- **Finland's best investment fund professionals.** For the seventh year in a row Aktia Asset Management was named Finland's best fund picker. The verdict emphasised out professional analyses and our communication skills.
- Standard & Poor's confirmed our creditworthiness. In December Standard and Poor's confirmed its view of Aktia's creditworthiness. The bank's rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.
- Collaboration with the R-kioski chain of convenience stores started. In December Aktia started collaborating with R-kioski Oy on the sale of Mastercard Prepaid cards. This collaboration is part of the growth strategy, in which we are developing our range of products and services in various channels, the R-kioski chain of convenience stores opened an entirely new distribution channel for standardised banking products.

Key figures

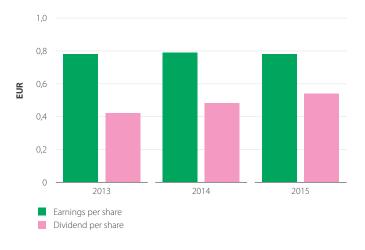
Operating income and net interest income



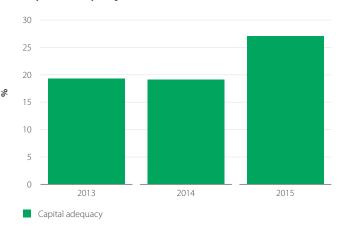
Operating profit



Earnings per share and dividend per share



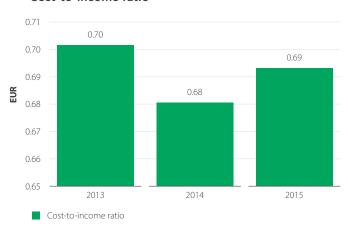
Capital adequacy



Return on equity (ROE)



Cost-to-income ratio



Aktia's role in society

Aktia is an important part of the financial system in Finland. We help to create economic and social values in a society that is subject to constant development and change. The only constant today is change, and we are developing and adapting our business operations to this. Our role in society is in helping maintain the financial system and a working payment system, as well as supporting our customers in dealing with their own finances and with potential risk. We contribute to financing investment and economic growth. By acting responsibly towards our customers, owners and the local community we help strengthen financial stability in the market.

In the past few years, following the global financial crisis, the banking and finance sector has been characterised by an overall bleak economic climate and all-time low market rates. A significant increase in regulatory requirements – designed to protect the financial system and to prevent future tax financing of banks and shaky European national economies – has had a major impact on the general economy and the industry. The problems and phenomena are global, but they have consequences in and for Finland as we are an integrated part of the EU and the euro zone. Because of the consequences we have to be good at adapting ourselves.

The bleak economic climate, characterised by all-time low interest rates and increased regulation, has in recent years resulted in much lower interest income from both traditional borrowing and lending and from the Bank's liquidity investments. Reasons for the increased costs include more extensive reporting and requirements for more comprehensive internal control and risk management. In addition, the new regulations have forced Aktia to redefine its old role as a central credit institution to local banks and its group structure including partially owned subsidiaries which operate within mortgage banking and non-life insurance.

Strong capital adequacy and sustainably profitable operations over time are necessary to ensure that our deposit customers, institutional debt investors and owners will see Aktia as a secure banking and investment option in the future.

Aktia's business operations help maintain the economic flow in society by providing a wide range of solutions for lending, payment, saving, investment and asset management.

Aktia's social commitment is characterised by a local presence and a genuine interest in the well-being of our customers. Our primary role is to generate added value for our customers, shareholders and the local community. We endeavour as best we can to take our responsibility in a continuously changing society. We want to meet our customers' needs and promote economic development and, thus, also contribute to the local communities within our market.

Taking responsibility for us is based locally on concrete action. We take responsibility as both an employer and tax payer. We provide secure financial services to our customers in order to help them reach and maintain a steady financial footing now and in the future. Our specialists make visits to schools, organisations and businesses in order to increase the public's awareness of personal and corporate economy and instruct them in using the new digital services. As a medium-sized player on the Finnish market, we are able to act and react in the local setting.

Change creates business opportunities

In addition to requiring a solid financial position, the changes within the sector place demands upon our capital adequacy and risk management. Digitisation and changes in customer behaviour also require that we develop our products, services and availability in various channels. The bank must be available anywhere and at any time, and digital services are becoming increasingly important for our customers. Customer experience is extremely important and means that our services must be user friendly and suited to purpose.

Today changes to customer behaviour are to a large extent governed by sharply increasing digitalisation. Customers expect to be able to manage their affairs in real time in a stable and predictable environment, at the same time as the demand for expert advice is on the increase. Furthermore, digitisation is opening the market to new actors, challenging and altering the business environment and increasing competition.

Digitisation brings with it significant business opportunities and increases our accessibility, at the same time as it places demands on our capabilities and efficiency. We constantly strive to develop our services with the aim of increasing customer and shareholder value and creating synergies.

Breakdown of economic value added

EUR 90.5 million	EUR 72.7 million	EUR 76.3 million	EUR 42.5 million
Interest paid to the public and for lending and financing	Salaries, pensions and employee benefits	Taxes, supplier fees and sponsorship	Proposed dividend to shareholders (including return of capital)

Trends in society

In recent years developments in the financial sector have escalated: New actors are entering the market. Uncertainty in the global economy, increased regulation and rapid technical developments place heavy demands on us but also create new business opportunities. As customers' requirements change we need to be innovative, agile and effective. We are actively working to carry out external analysis and to analyse trends and changes in customer behaviour so as to meet tomorrow's needs. External analysis is integrated into our strategic work so as to provide us with the capability to react and adapt rapidly.

Explained below are some of the current trends that Aktia sees as being faced by society and the financial sector.

Economy

The global economy finds itself in a grey area. Macroeconomics points towards fairly stable growth in the future while the markets are dominated by unease. The situation in China and the oil price are creating uncertainty and the risks are tangible. All over the world central banks are being tested as, due to the falling price of oil, inflation is not increasing as expected.

In Finland the outlook is still weak and growth will only be marginal in 2016. Furthermore, the risks in the global economy and the unfavourable competitive situation are putting a damper on the outlook for Finnish exports, which highlights the importance of domestic demand in the future. In 2016 the Finnish economy is expected to grow by approximately 0.5%.

The slow economic growth and the continuing low interest rates, as well as unease in the capital markets, remain pervasive for the sector.

Employment

The employment situation remains weak in Finland even though the worst of the decline seems to have subsided. Economic reform is needed to breathe life into the labour market. The incentive structure for to employ people and to work needs to be addressed. A well-functioning active labour market policy is also important for the structural changes that Finland is currently undergoing. The prevailing moderate wage settlements and unimproved labour market situation mean that there is very little latitude for an increase in domestic consumption.

Digitisation

We are living in a time of transition. Technological development and digitisation are rapid. Corporate production is changing, but so is our way of working and consuming. The banking sector finds itself at the centre of this digitisation which is rapidly redefining the real meaning of good service. Digitisation creates new and more cost effective methods of providing banking services to our customers at the same time as it is driven by our customers' expectations and demands. Digitisation increases availability and gives our customers more options, placing ever greater demands on transparency.

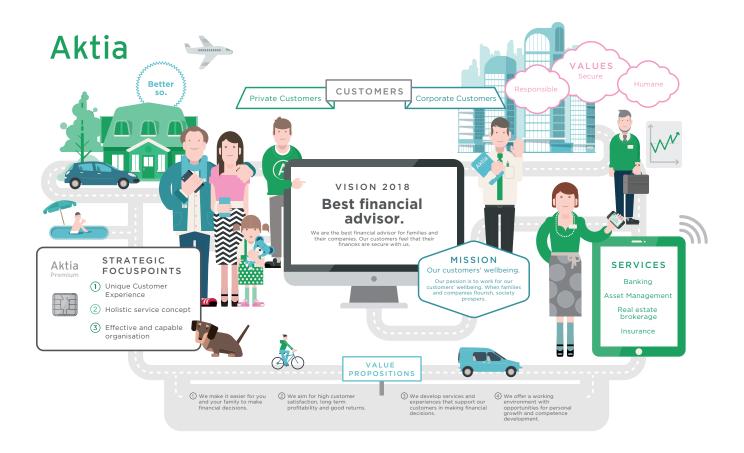
Urbanisation

In parallel with rapid digital advances, urbanisation, a global phenomenon, is on the rise. Although technological development makes it possible to manage interactions wherever one is, the benefits of being close to others doing similar things still seems to dominate. Megacities are growing all over the world. In Finland growth areas are attracting more and more people. This development raises the potential for growth but at the same time puts pressure on the housing market in locations where the population is growing but also in the areas that are being depopulated.

The trends presented above bring challenges and business opportunities for Aktia as an actor in the financial sector. The effects of digitisation on the financial sector are significant, and they affect the range of services and products on offer, as well as production and sales. The majority of customers use our digital services to manage their day-to-day banking and insurance matters. The demand for and use of online and mobile services is increasing exponentially. Aktia endeavours to develop sustainable and dependable services for its customers at the same time as new partnerships are being formed. Today our customers can withdraw cash and pay their bills in thousands of K-food stores and R-kioski convenience stores all over the country, demonstrating the benefits of partnership, with the retail trade for example

9

Strategy - Growth 2018



Aktia aims to be the best economic advisor for families and their businesses. Our customers will feel that their finances are safe with us.

Aktia's strategy focuses on growth and customer relations. Aktia's strength is its local presence and good customer insight. The basis of the strategy is therefore first class advice, accessibility and the continued development of the range of products and services in the various channels. To realise this strategy Aktia is also investing in increased expertise.

Aktia will maintain a well-functioning infrastructure of financial services, both digitally and locally, and guarantee a good customer experience irrespective of the channel chosen by customers to manage their banking. We are working for satisfied customers, long-term profitability, and good returns.

The focus of the new strategy is on growth, and Aktia wants to profile itself as the best bank for families and their businesses. The objective is to double the number of new customers annually during the strategic period. Our institutional customers will still be offered a long-term holistic collaboration within the framework of our asset management services.

Our strategy is based on our strengths and an extensive understanding of our customers' financial situation, the world and the market. Our three strategic emphases: unique customer experience, comprehensive service concept and effective and competent organisation, will support us in our ambition to be the best financial advisor for families and their businesses.

We are not just developing our products, services and advice to add value for our customers but we are also making them easily accessible, local and personal. For customers Aktia is a secure and responsible partner and managing their financial transaction with Aktia is simple and flexible. Our overall goal is to create mutual financial value in our customer relationships. We share our financial expertise with our customers so as to increase their welfare.

Our financial strength is based on strong capital adequacy and creditworthiness. The Group's strategic focal points have consistently emphasised controlled risk taking, cost consciousness, first rate customer service and extensive expertise. The objective has been to create long-term and financially sustainable profitability for the business, guaranteeing good returns for the owners, a dividend for the personnel fund and taxes for society.

Strategic objectives and priorities

Aktia's growth strategy was drawn up in the spring of 2015 and the strategic objectives apply until 2018. They aim for long-term profitability and good returns. The basis of the strategy is first class advice, accessibility and the continued development of the range of products and services in the various channels. Aktia will maintain a well-functioning infrastructure of financial services, both digitally and locally, and guarantee a good customer experience irrespective of the channel chosen by customers to manage their banking.

Our objective is to meet the requirements stipulated for a financial group today. We are to keep our credibility with our stakeholders by maintaining a strong rating and competitive dividend. As a medium-sized, independent and well managed bank Aktia must also have a strong capital adequacy ratio. To achieve target profitability we need to be generally cost conscious, to invest in profitable growth and have satisfied customers and committed and efficient staff.

The Group's strategic focal points have consistently emphasised controlled risk taking, cost consciousness, first rate customer advice and extensive expertise. The Growth 2018 strategy focuses, as its name implies, on growth in selected areas. For some time Aktia has concentrated on streamlining its business operations and create a basis for solid growth. Our growth strategy bravely addresses growth opportunities, but without forgetting to protect and develop the solid footing on which the bank stands.

Aktia's growth is based on profitability and broad earnings, which assume a greater use of digital services and continued investment in comprehensive solutions for our customers. Increased cost effectiveness will be achieved using a renewed core banking platform, allowing the more flexible and effective development of our digital services and simplified processes.

Strategic focal points

In the spring of 2015 Aktia defined the strategic areas of focus that will support the work of achieving our vision of being the best bank for families and their businesses.

Aktia's overall strategy aims at strengthening our customer focus to create mutual financial value. We must satisfy our customers' needs and strengthen customer relationships so as to increase profitability. To ensure that Aktia can be the best financial advisor to its customers, investment in skills is required. We are working to raise the skills of our staff using external certification, ensuring the continuing professional development and skills transfer needed to meet the demands of increased digitisation on our staff.

Our objective in the long-term is to offer our customers a uniform customer experience through all channels - anywhere and at any time. It must be easy and flexible to go from starting a dialogue with Aktia on the internet or by mobile phone to the branch office and vice versa. The demand for first rate customer service must be met regardless of the channel used.

The enormous change in customer behaviour, rooted in digitisation, places demands on accessibility and flexibility in our business operations. The demand for digital services is on the increase. With its new core banking platform Aktia will be able to develop its services to be significantly more efficient, more flexible and faster than before. Alongside the development of our digital services we are looking for new partners to secure access to traditional financial services locally such as cash management and payment services.

Strategic focal points

Unique customer experience	Comprehensive service concept	An efficient and proficient organisation
We are developing our products, services and advice to add value for our customers. We are a credible partner for owner-operated and family businesses. Aktia constantly strives to develop our customer service so as to fulfil our promise to be the best financial advisor. Aktia Dialogue is an important tool in our discussions with customers and guarantees a comprehensive review of the customer's current financial situation and their future financial needs and goals.	We are developing our channels so that they form an effective comprehensive service for our customers. Our first class advice and products are to be accessible to all of our customers in all of our channels. Aktia constantly strives to develop and improve services in all of our channels. The new core banking platform will allow a more efficient use of all of our channels and will support effective development work and streamline our processes and working methods. Aktia endeavours to achieve growth by offering our customers access to all of our products and services in all of our channels.	We strive to constantly boost our expertise in order to respond to changes in the outside world and in the market. Aktia is striving to continuously improve the skills of our staff, and our values govern the way we treat our customers and colleagues in everyday life. Proficient and committed staff are the key to good customer service and advice. To ensure first class advice we aim for the majority of our customer service staff to have an external certification of their skills.
Outcome	Outcome	Outcome
Over the course of the year Aktia has reviewed the definitions and content of the customer levels and related benefits in order to create added value for the customers choosing to carry out all their banking with Aktia. Alongside discounts customers are offered tailored services to make their everyday lives easier.	Aktia's customer service has been renewed over the course of the year so that the focus is on advice. Customers must be able to manage day-to-day banking anywhere and at any time using online banking or through our payment services and cash management partners.	Over the year Aktia has been active in the implementation of the new strategy along with its objectives and metrics. Our purpose has been to hold an active dialogue with and engage all staff in the strategic work. Over the course of the year the renewed personnel strategy has been implemented and a new modular training programme has been fashioned.
Priorities 2015	Priorities 2015	Priorities 2015
Renewed and improved Premium Concept Increased investment in services for small and medium-sized enterprises All priorities were realised over the course of	Launch of online meetings and electronic signatures Launch of the chat function All priorities were realized ever the source of	 New modular training programme including a focus on increased competence in corporate services, among others An increase in the number of certified salespeople
the year. Read more on page 142.	All priorities were realised over the course of the year. Read more on page 143.	All priorities were realised over the course of the year. Read more on pages 145-146.
Priorities 2016	Priorities 2016	Priorities 2016
 Improved customer satisfaction survey results Increased investment in asset management 	 New mobile services Investment in the development of digital services 	 Implementation of a new management model Smooth transition to the new core banking platform

Strategic objectives and metrics

Financial and qualitative objectives support Aktia's ambitions for growth and guarantee that in the long-term Aktia will create value for both its customers and shareholders. Aktia's commercial growth target is to double the number of new customers annually during the strategic period 2015-2018. All objectives were adopted in the spring of 2015, when the implementation of the new growth strategy was initiated.

The financial objectives were adjusted in the spring of 2015 because Aktia was granted IRBA approval which strengthened the capital adequacy of the Bank Group. During the previous strategy period the focus was on cost effectiveness and the development of Aktia's core business. The bank's strong balance sheet and solid footing now allows investment in growth.

The financial objectives are supported by long-term qualitative objectives aimed at achieving our vision of being the best financial advisor.

Our qualitative objectives are customer and staff-related. We measure customer satisfaction using an NPS (Net Promoter Score) based on customer experience and the customer's readiness to recommend us to others. Customer satisfaction is an important metric for the confidence our customers have in us and our brand. Alongside customer satisfaction we measure the readiness of our staff to recommend Aktia as an employer. Continuing professional development is needed to ensure first class financial advice and our objective is to increase the number of certified salespeople.

Objectives and outcomes

Financial objectives	Remarks on performance and outcome
Double the annual number of new customers	In 2015 the number of new private and corporate customers was 1,300. In 2016 the aim is an increase to 3,000 new private and corporate customers.
Improve the cost-to-income ratio by at least 10%	In 2015 the Group's cost-to-income ratio increased to 0.69 (0.68). The long-term objective of an improvement of -10% will require both growth in the form of new customers and increased earnings, as well as the continuous oversight of operating expenses.
Improve return on equity (ROE) to at least 9%	In 2015 the Group's return on equity decreased slightly to 7.9% (8.3%). The long-term objective of an ROE of 9% will require both growth in the form of new customers and increased earnings, as well as the continuous oversight of operating expenses.
Maintain a Common Equity Tier 1 Capital Ratio (CET 1) of 15% as a minimum	In 2015 the Bank Group's Common Equity Tier 1 Capital Ratio improved to 20.7% (14.6%), which allows for both future growth and stable dividends.
Pay out at least 50% of the annual profit as dividends	The proposed dividend of EUR 0.54 per share corresponds to a dividend of 69% of the profits for 2015. Including the proposed return of capital of EUR 0.10 per share this corresponds to a payout of 82% of the profits for 2015.

Qualitative objectives	Remarks on performance and outcome
Increased customer satisfaction, NPS (EPSI recommended index)	In 2015 Aktia's NPS improved to 37.5 (31.3). The long-term objective is to have an NPS level among the three highest in the country by the end of 2018. Currently Aktia is in fifth place among the banks in Finland.
Employer recommendation, %	Aktia's employer recommendation is high at 86% (87%). The long-term objective throughout the strategy period is to maintain a level above the average for companies in Finland (> 82%).
An increase in the number of certified salespeople, %	In 2015 the proportion of certified salespeople has risen to 45% (24%). The long-term objective is to have over 90% of our salespeople certified before the end of 2018.

The qualitative metrics are described in more detail in the relevant sections of the Corporate Responsibility Report.

Report By the Board of Directors

Implementation of Aktia's strategy "Growth 2018"

Aktia's Action Plan 2015, aimed at improving Aktia's cost efficiency and competitiveness, is largely completed. The most extensive project, the renewal of the core banking system, continues as well as the phasing-out of Aktia Real Estate Mortgage Bank.

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

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

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

Financial objectives 2018

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

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

Implementation of the new core banking system is planned for the second half of 2016

Testing of the systems included in the new core banking platform has been extensive, and final acceptance testing will commence in the first quarter of 2016. Full-scale implementation is planned for the second half of 2016. The migration to the new core banking system is a highly complex project, and comprehensive testing is made in order to ensure smoothest possible transition.

Due to the delay in implementation and comprehensive testing, the total investment for the core banking project, including migration costs, is estimated to exceed EUR 55 million. The total activated investment cost of

the project is estimated to approximately EUR 50 million. In December, the activated investment costs amounted to EUR 41 million.

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

IRBA

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

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

Aktia Real Estate Mortgage Bank

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

Following the agreement, the other owners' holdings in Aktia Real Estate Mortgage Bank are reported as a liability to the owners. Before the agreement the other owners' holdings were reported as non-controlling interest's share of equity. The effect on Aktia's key figures for 2015 was:

- The Group's equity decreased by approximately EUR 66 million, but this will have no impact on Aktia's shareholders' share of equity.
- Aktia's Return on equity (ROE) improved by approximately 0.5 percentage points.

 Aktia's Common Equity Tier 1 capital ratio decreased temporarily by approximately 2 percentage points and increase again concurrently with savings banks and POP Banks repurchasing their respective shares of Aktia Real Estate Mortgage Bank's loan book in 2016.

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

Decreased holdings in Folksam

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

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

Aktia Life Insurance received permission to apply Solvency II transitional measures

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

Application of the transitional measures increases the company's available capital as calculated according to Solvency II rules, thus improved the company's solvency. Taking the transitional measures into consideration, the available solvency capital amounts to approximately 182% of the solvency capital requirement (SCR).

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

Business environment

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

According to EPSI Rating Finland (European Performance Satisfaction Index), confidence for the banking business has been restored compared to the previous year. According to EPSI Rating, published in October 2015, Aktia Bank is best in Finland in offering its customers new solutions proactively. Aktia's position in total comparison of customer satisfaction improved to 4th place (previously 6th).

According to Statistics Finland, inflation was -0.2% in both November and December 2015. The negative inflation is mainly attributable to lower fuel prices and interests on housing loans. In December 2014 inflation was 0.5%

The index of consumer confidence in the economy weakened in December to 2.4 (4.4). In October consumer confidence was 1.3 (0.4), and it improved to 4.7 (2.6) in November. The long-time average is 11.7 (Statistics Finland).

In December 2015, housing prices in Finland increased by 0.2% on the previous year. In the Helsinki region, prices increased by 1.4%, while they decreased in the rest of Finland by 0.9%. Compared with the third quarter of the year, housing prices went down in the whole country by 0.2% (Statistics Finland).

Unemployment increased to 9.2% in December, and was 0.4 percentage points higher than in the previous year (Statistics Finland).

The OMX Helsinki 25-index rose by approximately 12%, and the Nordic banking sector by approximately 7%, in 2015. During the year, the price of Aktia's series A share increased by approximately 4%.

Key figures			
Y-o-y	2016E*	2015E	2014
GDP growth, %			
World	3.4	3.0	3.4
Euro area	1.7	1.5	0.8
Finland	0.5	0.0	-0.4
Consumer price index, %			
Euro area	0.5	0.0	0.4
Finland	0.4	-0.2	1.2
Other key ratios, %			
Development of real value of			
housing in Finland ¹	-0.2	-0.3	-1.7
Unemployment in Finland ¹	9.6	9.4	8.7
OMX Helsinki 25	-	12.4	5.4
Interest rates ² , %			
ECB	0.05	0.05	0.05
10-y Interest Ger (=benchmark)	0.95	0.92	0.80
Euribor 12 months	-0.05	0.06	0.33
Euribor 3 months	-0.20	-0.13	0.08

^{*}Aktia's chief economist's prognosis (25 January 2016)

Rating

On 16 December 2015, Moody's Investors Service confirmed its rating of Aktia Bank plc's creditworthiness. Aktia Bank plc's credit rating for long-term borrowing was confirmed as A3, for short-term borrowing as P-2 and its financial strength as C-. The outlook is unchanged stable.

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

On 2 December 2015, Standard and Poor's confirmed its rating of Aktia Bank plc's creditworthiness. The rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.

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

¹annual average

² at the end of the year

Profit

The Group's operating profit was EUR 64.2 (68.3) million. The Group's profit was EUR 51.6 (55.0) million.

Income

The Group's total income decreased to EUR 208.4 (212.3) million, mainly due to lower net interest income and lower net income from financial transactions

Interest rates remained low and net interest income decreased by 5%, amounting to a total of EUR 97.3 (102.8) million. Net interest income from traditional borrowing and lending operations improved by 22% to EUR 57.4 (47.2) million, while income from interest rate risk management and hedging measures dropped. Derivatives and fixed-rate instruments are used to manage interest rate risk. Their proportion of net interest income decreased to EUR 32.3 (35.0) million. Net interest income from other treasury operations was EUR 7.7 (20.5) million.

Net commission income increased by 7% to EUR 80.0 (74.9) million. Commission income from mutual funds, asset management and securities brokerage increased by 14% to EUR 44.8 (39.4) million. Card and other payment service commissions decreased by 6% to EUR 19.2 (20.4) million. This is mainly a result of decreased payment service commissions after ending operations as central credit institution. Commission income from real estate agency increased by 13% to EUR 6.7 (5.9) million.

Net income from life insurance was EUR 24.9 (24.0) million. The increase is mainly attributable to an increase in premium volumes and to an increased actuarially calculated result. Net income from life insurance investments was somewhat lower than in the previous year.

Net income from financial transactions was EUR 3.7 (7.3) million. The previous year includes a dividend from Suomen Luotto-osuuskunta of EUR 2.4 million. Net income from hedge accounting was EUR -0.1 (0.2) million.

Other operating income was EUR 2.8 (3.1) million. Other operating income was impacted by EUR -0.5 million as a result of the decrease of Aktia's holdings in Folksam Non-Life Insurance in the first quarter of the year.

Expenses

Operating expenses were unchanged and stood at EUR 144.4 (144.5) million.

Staff costs increased by 5% and amounted to EUR 72.7 (69.5) million. In the last quarter of 2015, a provision of EUR 1.0 million was made for the codetermination negotiations in the sales organisation initiated by Aktia in January 2016. IT expenses amounted to EUR 26.9 (26.3) million. Other operating expenses decreased by 11% to EUR 36.8 (41.3) million. The previous year was effected by the temporary bank tax and by payments to the Deposit Guarantee Fund totalling EUR 5.1 million.

The depreciation of tangible and intangible assets increased and was EUR $8.1\ (7.3)$ million.

Write-downs on credits and other commitments

Write-downs on credits remained low. Write-downs on credits and other commitments amounted to EUR -0.3 (-1.7) million. The negative outcome is due to the reversal in the second quarter of an individual large write-down.

Balance sheet and off-balance sheet commitments

The Group balance sheet total at the end of December was EUR 9,882 (10,707) million.

Liquidity

Aktia Bank's liquidity portfolio, which consists of interest-bearing securities, was EUR 2,295 (2,502) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 163 (0) million.

At the end of December, the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 39 months.

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

The Liquidity Coverage Ratio (LCR) was 275%.

Liquidity coverage ratio (LCR)	31.12.2015	31.12.2014
LCR %	275%	186%

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

Borrowing

Deposits from the public and public sector entities decreased marginally to EUR 3,922 (3,979) million, corresponding to a market share of deposits of 3.8 (3.9) %.

In total, the value of the Aktia Group's issued bonds was EUR 3,033 (3,535) million. Of these issued bonds, EUR 776 (1,698) million were covered bonds issued by the Aktia Real Estate Mortgage Bank. The equivalent amount for Aktia Bank was EUR 1,514 (997) million.

Certificates of deposit issued by Aktia Bank amounted to EUR 12 (161) million at the end of the year. During the year Aktia Bank issued new subordinated debts with a total value of EUR 66 million. During the year Aktia Bank issued a new long-term covered bond with a value of EUR 500 million and a maturity of 7 years. The issue was carried out to favourable terms, and it was oversubscribed three times. As security for the CB issue, loans with a value of EUR 2,027 million were reserved at the end of December.

Taking the new regulatory requirements into consideration, the bank strengthened its financing structure with the issue of long-term covered bonds worth EUR 265 million as part of its EMTN programme in October.

During the year, the long-term senior financing received from savings banks and POP Banks for Aktia Real Estate Mortgage Bank, amounting to EUR 198 million, was repaid prematurely.

Lending

Total Group lending to the public amounted to EUR 5,856 (6,416) million at the end of December, a decrease of EUR 560 million.

Loans to private households (including mortgages brokered by savings banks and POP Banks) accounted for EUR 5,177 (5,697) million or 88.4 (88.8)% of the total loan book. Aktia's loan book, including the bank's share in Aktia Real Estate Mortgage Bank, amounted to EUR 5,083 (5,043) million. The loans brokered by savings banks and POP Banks decreased by 44% to EUR 774 (1,373) million.

The housing loan book totalled EUR 4,736 (5,229) million, of which the share for households was EUR 4,453 (4,939) million. Aktia's new lending to private households increased by 24%, totalling EUR 620 (500) million. At the end of December, Aktia's market share in housing loans to households stood at 4.1 (4.1)%.

Corporate lending accounted for 7.1 (6.5)% of Aktia Group's loan book. Total corporate lending amounted to EUR 414 (420) million.

Loans to housing companies totalled EUR 222 (251) million and made up 3.8 (3.9)% of Aktia's total loan book.

Loan book by sector

(EUR million)	31.12.2015	31.12.2014	Δ	Share, %
Households	5,177	5,697	-520	88.4%
Corporates	414	420	-6	7.1%
Housing companies	222	251	-29	3.8%
Non-profit organisations	41	46	-5	0.7%
Public sector entities	1	2	-1	0.0%
Total	5,856	6,416	-560	100.0%

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the Bank Group and other interest-bearing investments amounting to EUR 2,295 (2,512) million, the life insurance company's investment portfolio amounting to EUR 609 (630) million and the real estate and equity holdings of the Bank Group amounting to EUR 8 (1) million.

Technical provisions

The life insurance company's technical provisions were EUR 1,130 (1,025) million, of which EUR 662 (543) million were unit-linked. Interest-related technical provisions amounted to EUR 468 (482) million.

Equity

The Aktia Group's equity decreased by EUR 76 million to EUR 615 (691) million. As of the fourth quarter of 2015, other owners' holdings in Aktia Real Estate Mortgage Bank are reported as liabilities, decreasing equity by approximately EUR 66 million. Compared to the previous year, the fund at fair value decreased by EUR 29 million.

Commitments

Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees, increased by EUR 4 million and amounted to EUR 326 (322) million.

Managed assets

The Group's total managed assets amounted to EUR 10,133 (10,065) million.

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

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

Managed assets

(EUR million)	31.12.2015	31.12.2014	Δ%
Assets under Management (AuM)	7,138	6,783	5%
Group financial assets	2,994	3,282	-9%
Total	10,133	10,065	1%

Capital adequacy and solvency

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

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

	31.12.2015	31.12.2014
Capital adequacy, %	IRB	STD
Bank Group		
CET1 Capital ratio	20.7	14.6
T1 Capital ratio	20.7	14.6
Total capital ratio	27.1	19.1
Aktia Bank		
CET1 Capital ratio	18.6	15.0
T1 Capital ratio	18.6	15.0
Total capital ratio	24.6	20.3
Aktia Real Estate Mortgage Bank		
CET1 Capital ratio	79.5	19.6
T1 Capital ratio	79.5	19.6
Total capital ratio	79.5	19.6

On 8 October 2015, Aktia Bank entered an agreement with savings banks and POP Banks concerning acquisition of minority shares in Aktia Real Estate Mortgage Bank plc. The agreement has a negative effect on the Bank Group's capital adequacy. Following the agreement, the other owners' holdings in Aktia Real Estate Mortgage Bank are reported as a liability, which was recognised in the capital adequacy already at the end of the third quarter. Without the loan book brokered by savings banks and POP Banks, the Bank Group's Common Tier 1 capital ratio would have been approximately 22.3% at the end of the year.

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

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

The capital requirement of banking business increased at the beginning of 2015 as the requirement for a so-called capital conservation buffer and the so-called countercyclical capital buffer requirement were introduced to Finland. The requirement for capital conservation buffer increases the minimum requirement by 2.5 percentage points. The countercyclical buffer requirement will vary between 0.0 and 2.5 percentage points. The board of the Financial Supervisory Authority decides quarterly the magnitude of the requirement for the countercyclical capital buffer on the basis of analysis of macroeconomic stability. The latest decisions on the requirement (22 December 2015) placed no countercyclical capital buffer requirement on the banks for Finnish exposures. The policy for macroeconomic stability was not tightened up by other means either, but the authorities are initiating preparations to increase risk weights of housing loans in the capital adequacy analysis.

The authorities in Sweden and Norway have set 1% as requirement for the countercyclical capital buffer of Swedish and Norwegian exposures. This requirement also applies to certain exposures in the Bank Group's liquidity portfolio. Aktia Bank Group's requirement for a countercyclical buffer amounted to 0.02% as per 31 December 2015, taking the geographic distribution of exposures into account. In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined systemically

important institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements will enter into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia. Taking all buffer requirements into account, the minimum capital adequacy level for the Bank Group was 10.52%.

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

Aktia Bank Group's leverage ratio was 4.7 (4.9)% based on end of fourth quarter figures.

Leverage Ratio*	31.12.2015	31.12.2014
Tier 1 capital	413	476
Total exposure	8,814	9,694
Leverage Ratio, %	4.7	4.9

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

The life insurance company's solvency margin amounted to EUR 130.4 (133.4) million, where the minimum requirement is EUR 34.8 (34.2) million. The solvency ratio was 22.3 (23.3)%. The Solvency II framework entered into force for insurance companies on 1 January 2016. One of the consequences is a new method for calculation of solvency ratio. The Financial Supervisory Authority granted Aktia Life Insurance Ltd permission to apply transitional measures for calculation of technical provision within the Solvency II framework. Without the transitional measures the available solvency capital amounts approx. to 118% of the solvency capital requirement (SCR). Taking the transitional measures into consideration, the available solvency capital amounts approx. to 182% of the solvency capital requirement (SCR).

The financial conglomerate's capital adequacy ratio was 226.7 (216.5)%. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. When the requirements for capital buffers in banking business enter into force, the capital requirements for the financial conglomerate are also increased, thus reducing the financial conglomerate's capital adequacy accordingly. The simultaneous introduction of the IRB approach did, however, reduce the total requirement for the financial conglomerate.

Segment overview

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

Group operating profit by segment

(EUR million)	2015	2014	Δ%
Banking Business	52.0	51.4	1%
Asset Management & Life			
Insurance	23.1	22.0	5%
Miscellaneous	-11.3	-4.8	-135%
Eliminations	0.4	-0.2	-
Total	64.2	68.3	-6%

Banking Business

The segment Banking Business contributed EUR 52.0 (51.4) million to Group operating profit.

Operating income was EUR 165.4 (169.3) million, of which EUR 97.0 (102.3) million was net interest income. Compared to the previous year, net commission income increased to EUR 62.0 (59.0) million. The increase in commission income is primarily due to increased fund and insurance commissions. Commission income from Aktia Real Estate Agency increased by 13% year-on-year to EUR 6.7 (5.9) million.

Net income from financial transactions was EUR 3.6 (4.9) million.

Operating expenses were lower than the year before and totalled EUR 113.0 (116.2) million. Staff costs remained unchanged compared to the previous year, standing at EUR 36.1 (35.9) million. IT-related expenses totalled EUR 15.5 (17.8) million. IT-expenses in the segment Banking Business decreased due to lower costs from the IT supplier Samlink. Other operating expenses decreased to EUR 59.3 (60.7) million. The decrease in other operating expenses is attributable to lower regulatory fees.

Write-downs on credits and other commitments amounted to EUR -0.3 (-1.7) million. Lower write-downs are due to the reversal in the second quarter of a previous write-down related to one large individual customer entity.

Total savings by households increased to EUR 4,310 (4,275) million, of which household deposits were EUR 3,017 (3,054) million and savings by households in mutual funds were EUR 1,293 (1,221) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, amounted to EUR 4,421 (4,357) million. The corporate loan book decreased and was EUR 414 (420) million. Due to the intensified transfer of loans to the local banks, Aktia Real Estate Mortgage Bank's total lending decreased by EUR 1,084 million to EUR 857 (1,941) million.

Aktia Private Banking, which offers comprehensive individual investment services and legal advice, increased its customer base by approximately 9%. Private Banking's Assets under Management had by 31 December 2015 increased by approximately 7% and amounted to EUR 1,923 (1,791) million.

The efforts to develop digital services continued. Electronic signing of documents and an online chat were implemented, and pilots for online meetings were carried out successfully.

The number of Aktia Bank's Premium and Preferred Customers increased during the year and was approximately 134,000 at the end of 2015.

In December, Aktia Bank plc and R-kioski Oy initiated cooperation for sales of Mastercard Prepaid cards. Thus the R-kiosks offer Aktia Mastercard Prepaid cards to customers in all their kiosks. The cooperation enables Aktia to launch of more standardised products in a distribution network throughout the country in the future.

Asset Management & Life Insurance

The segment Asset Management & Life Insurance contributed EUR 23.1 (22.0) million to Group operating profit.

Operating income for the segment was higher than in the previous year and stood at EUR 46.3 (43.5) million. The net commission income from

asset management improved and was EUR 24.5 (20.9) million, and net income from life insurance was EUR 21.6 (21.5) million. The actuarially calculated result developed positively, while the net income from investments for life insurance decreased on the previous year.

Life insurancen premiums written increased by 40% year-on-year to EUR 174.4 (125.1) million. The increase is attributable to unit-linked savings policies, including sales of Aktia Profile and Allocation service+. Sales of Allocation service+ commenced at the end of 2014. The Aktia Profile investment service and the Allocation service+ contributed 66 (54)% to premiums written

Net income from life insurance investment activities amounted to EUR 18.3 (19.5) million. The decrease was the result of lower investment returns and impairment of individual fixed-income funds. The return on the company's investments based on market value was 1.6 (8.0)%.

Operating expenses were higher than in the previous year and stood at EUR 23.2 (21.6) million, mainly as a result of higher sales and maintenance commissions in the life insurance business. Staff costs amounted to EUR 10.3 (9.8) million. The expense ratio for the life insurance business was at a good level, 83.8 (81.5)%.

The value of assets managed by Aktia Asset Management & Life Insurance totalled EUR 5,788 (5,525) million.

(EUR million)	31.12.2015	31.12.2014	Δ%
Aktia Fund Management	3,764	3,450	9%
Aktia Asset Management	6,011	5,677	6%
Aktia Life Insurance	667	545	22%
Eliminations	-4,655	-4,147	12%
Total	5,788	5,525	5%

Life insurance technical provisions totalled EUR 1,130 (1,025) million, of which unit-linked provisions were EUR 662 (543) million and interest-related provisions EUR 468 (482) million. Unit-linked provisions continued to increase, amounting to 59 (53)% of total technical provisions. The average discount rate for the interest-linked technical provisions was 3.5%. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which is used for hedging future interest requirements.

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

Miscellaneous

The Miscellaneous segment contributed EUR -11.3 (-4.8) million to Group operating profit.

Miscellaneous includes some of the joint administrative functions within Aktia Bank plc and the former subsidiary Vasp-Invest Ltd (merged 30 November 2015). Costs attributable to the administrative units are invoiced on an ongoing basis from the subsidiaries.

Operating income totalled EUR 4.6 (8.3) million. Net income from investment properties amounted to EUR -0.4 (0.1) million as a result of continued sale of real estate holdings in the Vasp-Invest Ltd subsidiary. Other operating income is impacted by EUR -0.5 million resulting from the decrease in

Aktia's holdings in Folksam Non-Life Insurance. The previous year included a dividend from Suomen Luotto-osuuskunta of EUR 2.4 million. No dividend is to be received from that cooperative for 2015.

Operating expenses after cost allocations to subsidiaries totalled EUR 15.9 (13.1) million. Staff costs amounted to EUR 25.1 (22.8) million. This increase is mainly attributable to increased reservations for result-related remuneration and a provision of EUR 1.0 million for the codetermination negotiations in the sales organisation initiated by Aktia in January 2016.

IT expenses for the segment increased to EUR 9.5 (6.8) million. The provision recognised in the 2012 annual accounts for the change of core banking system has decreased with EUR 1.2 (2.8) million during the year. At the end of December, the provision amounted to EUR 2.3 (3.5) million, including an increase of EUR 0.6 million due to the delayed implementation of the new core banking system.

During the first six months of 2016, 4 branch offices will be merged, and a provision for costs of EUR 0.4 million was made for this.

Valuation of financial assets

Value changes reported via income statement

Write-downs on financial assets amounted to EUR -3,2 (-3.7) million, attributable to permanent reductions in the value of interest rate and real estate funds and small private equity holdings.

Write-downs on financial assets

(EUR million)	2015	2014
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	-
Shares and participations		
Banking Business	0.0	-0.3
Life Insurance Business	-3.2	-3.4
Total	-3.2	-3.7

Value changes reported via the fund at fair value

A value impairment that is not reported in the income statement, or an increase in the value that has not been realised, is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 75.1 (104.1) million after deferred tax.

Cash flow hedging, which comprises of unwound interest-rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 0.1 (0.2) million.

The fund at fair value

(EUR million)	31.12.2015	31.12.2014	Δ
Shares and participations			
Banking Business	-0.1	0.0	-0.1
Life Insurance Business	3.1	4.0	-0.9
Direct interest-bearing securities			
Banking Business	24.1	40.5	-16.3
Life Insurance Business	48.0	57.1	-9.2
Share of Non-Life insurance's fund at			
fair value	-	2.3	-2.3
Cash flow hedging	0.1	0.2	-0.1
Fund at fair value, total	75.1	104.1	-29.0

Financial assets held until maturity

The portfolio of financial assets held until maturity mainly consists of reclassified interest-bearing securities from previous years. Most of the reclassified securities have an AAA rating. During the year no new acquisitions were made to the portfolio which, on 31 December 2015, amounted to EUR 482 (489) million.

Unwinding of hedging interest-rate derivatives

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

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

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

The Group's risk positions and risk management

Overview

In providing financial solutions to its customers, Aktia is exposed to various risks. Risks and risk management are thus a substantial part of Aktia's operating environment and business activities. The main areas of risk encompass credit, interest rate and liquidity risks in the banking business, market and interest rate risks in the life insurance business. All of these operations are exposed to business and operational risks. The overall business risk is reduced by diversifying operations. The term risk management refers to all activities involved in the taking, reducing, analysing, measuring, controlling and monitoring of risks.

Credit and counterparty risks

Credit risks occur in banking operations, while counterparty risks occur in both banking and insurance operations. Together, these form the largest risks that the Group is exposed to. Aktia pursues a conservative lending policy based on the debtor's ability to repay the debt. The majority of the loan portfolio is to be accounted for by loans to households, and large individual risk concentrations are avoided. Lending to households is generally secured against collateral. Customers' ability to pay is stressed against a higher calculatory interest rate than the actual rate, and in the assessment of collateral a reasonable price reduction is taken into account.

Corporate lending focuses on risk management. Creditworthiness is assessed in a process comprising analyses of the company's business operations and business environment as well as projections of the company's ability to repay the debt. Further, collateral arrangements and contractual terms are considered. This year we have focused especially on training in the assessment of creditworthiness of companies. A major project for employee training concerned analyses and projections of the financial position and business opportunities of companies. Simultaneously, a new tool was taken into use in order to facilitate systematic and quality-wise constant analyses of our corporate customers.

As at 31 December 2015, loans to households accounted for 88.4 (88.8)% of the total loan book, while corporate lending accounted for 7.1 (6.5)%. The total loan book amounted to EUR 5,856 (6,416) million as at 31 December 2015. Credit quality remained high, with credits past due more than 90 days decreasing to EUR 44 (46) million during the year, amounting to 0.75 (0.71)% of the total loan book at the end of the year.

Counterparty risks occur in conjunction with investments and in relation to entering into derivative contracts for hedging purposes. These risks are managed through the requirement for high-level external ratings, conservative allocation, contract based collateral arrangements and daily valuation of collaterals.

Market risks

No trading activities are carried out by the Aktia Group, which is why the market risks are structural in nature and occur due to imbalances between reference rates and repricing of assets and liabilities.

In the banking business, the structural interest rate risks and especially the risk of sustained low interest rates have been actively managed through business arrangements, following the nature of the current market situation either through or as a combination of, hedging derivatives and investments in the liquidity portfolio. The Bank Group's liquidity portfolio and other interest-bearing investments stood at EUR 2,295 (2,512) million at year-end. Of the Bank Group's liquidity portfolio and other interest-bearing securities, 57 (58)% constituted investments in covered bonds, 16 (18)% constituted investments in banks, 27 (24)% constituted investments in public sector entities including state-guaranteed bonds and supranational counterparties and approximately 0 (0)% were investments in corporates.

The migration to Solvency II is completed, and the share of direct interest rate investments has been gradually increased. Of the investment portfolio which stood at EUR 609 (629) million, 86.1 (83.8)% constituted investments in interest-bearing securities, 13.4 (13.6)% constituted investments in real estate holdings and 0.5 (2.6)% alternative investments.

Financing and liquidity risks

The Bank Group's liquidity situation was very good at year-end, corresponding to outgoing cash-flow for approximately 39 months without any new market borrowing. During the year Aktia Bank issued its third long-term covered bonds with a value of EUR 500 million and a maturity of 7 years on very favourable terms. At year-end Aktia Bank's outstanding long-term covered bonds amounted to a total of EUR 1,500 (1,000) million.

The opportunity to emit further long-term covered bonds gives Aktia Bank a significant unused liquidity reserve. At year-end, Aktia Bank's covered housing loan receivables amounted to a total of EUR 3,989 (3,451) million.

Operational risks

Due to its scale and impact on business operations, the ongoing work to implement a new core banking system is associated with significant operational risks. To reduce these risks, risk assessment is carried out and identified risks are dealt with continuously. Possible outcomes of operational risks in connection with the migration to the new core banking system may also cause outcomes of business risks.

As a result of the digitalisation of service channels, and the fact that the bank is responsible for the IT production processes of these, incidents and technical problems in IT systems present serious operational risks for Aktia. Data security arrangements as well as continuity plans are the basis of risk management to guarantee the operation of processes. The bank may also be targeted in incidents concerning information security, such as phising for online bank user codes or spreading malware. In 2015 we had some phising incidents where customers loosed money. Aktia takes these incidents very seriously and cooperates with the authorities in order to take legal action against the perpetrators.

Further details on the Group's risk positions, capital and capital adequacy are presented in Note G2.

Events concerning close relations

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

Further information on events concerning close relations is given in note G45 to the Financial statements. No significant changes concerning close relations occurred during the year.

Action Plan 2015

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

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

The Action Plan 2015 measures still to be completed are the implementation of the renewed core banking system, the phasing-out of Aktia Real Estate Mortgage Bank plc and the process improvements that the new core banking system will bring. These measures will be implemented within the framework of Aktia's present strategy Growth 2018.

Other events during the year

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

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

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

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

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

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

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

ments of Aktia Real Estate Mortgage Bank for 2016 have been completed. Subsequently a merger with the parent company is planned.

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

Aktia Bank and R-kioski initiated cooperation for the sales of Mastercard Prepaid cards as from 10 December 2015.

Events after year-end

On 12 January 2016 Aktia Bank announced that codetermination negotiations will be initiated in the bank's sales organisation. The bank's sales organisation will be reorganised and its efficiency will be enhanced simultaneously with structural changes in customer services. The codetermination negotiations were initiated due to financial and production-related reasons and reorganising of the operations. The negotiations were concluded on 8 February 2016, resulting in a staff reduction of approx. 55 persons. The reduction of staff generated a one-off cost of EUR 1.0 million which was recognised in the last quarter of 2015. The estimated annual cost savings amounts to approx. EUR 2 million.

Aktia Bank has on 15 January 2016 divested 51,727 Series A treasury shares for the payment of deferred instalments under the Share-Based Incentive Scheme to 16 persons included in the Share-Based Incentive Scheme. Following the divestment the number of Series A treasury shares is 90,385 and Series R treasury shares 6,658.

The Board of Directors of Visa Europe has, supported by authorisation from the owners of the company, agreed to sell the company to the American Visa Inc. subject to regulatory approval. The expected time frame for a decision on whether the sale may be executed is the second quarter of 2016. Aktia Bank is a part owner of Visa Europe and a broker of Visa Europe's card services. The divestement of holdings in Visa Europe is expected to bring a one-time gain of approximately EUR 7 million in 2016. Besides upfront consideration for the transaction, an additional earn-out may be paid after 4 to 12 years. Further, Aktia Bank may receive shares of considerations paid to other Visa Europe part owners, the card products of which Aktia Bank has brokered. Both the transaction and the amount of consideration depend on a number of legal and other uncertain factors. Therefore Aktia Bank has decided not to recognise any of the consideration in the income statement.

Personnel and personnel fund

At the end of December 2015, the total number of full time employees in Aktia Group stood at 920 (932).

The average number of full-time employees for the year was 936 (941).

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

Incentive schemes for key personnel

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

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

Board of Directors and Executive Committee

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

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

Aktia Bank plc's Board of Directors for 1 January - 31 December 2016: Chair Dag Wallgren, M.Sc. (Econ.)
Vice chair Nina Wilkman, LL.M.
Christina Dahlblom, M.Sc. (Econ.) (1 April - 31 December 2016)
Stefan Damlin, M.Sc. (Econ.)
Sten Eklundh, M.Sc. (Econ.)
Kjell Hedman, Business Economist
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Lasse Svens, M.Sc. (Econ.)
Arja Talma, M.Sc. (Econ.), eMBA

On 8 December 2015, the Board of Supervisors decided on the annual re-

- Annual remuneration, chair, EUR 61,200
- Annual remuneration, vice chair, EUR 34,650
- Annual remuneration, member, EUR 27,140

Of the annual remuneration 40% shall be paid in the form of Aktia A shares. The remuneration per attended meeting was kept unchanged at EUR 500 and EUR 1,000 per committee meeting for chairs of committees.

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

Proposals for the Annual General Meeting 2016

The Board of Directors proposes an increased dividend of EUR 0.54 (0.48) per share for the period 1 January–31 December 2015. Further, a return of capital of EUR 0.10 per share is proposed.

The proposed record date for the dividend is 14 April 2016 and the proposed day for paying out the dividend is 26 April 2016.

Aktia Bank plc's Nomination Committee proposes to the Annual General Meeting of Aktia Bank plc to be held on 12 April 2016 that the current members of the Board of Supervisors Mikael Aspelin, Agnetha Eriksson, Clas Nyberg, Gunvor Sarelin-Sjöblom, Jan-Erik Stenman, Lars Wallin, Ann-Marie Åberg, whose turn it is to step down at the 2016 AGM, be re-elected.

As new members the Nomination Committee proposes Ralf Asplund (61), entrepreneur, Annika Pråhl (61), B. A., and Marcus Rantala (38), M. Soc. Sc.

All candidates are proposed for a term of three years. Therefore, the number of members in the Board of Supervisors is proposed to be confirmed as 28.

The Nomination Committee proposes that the annual remuneration of the Board of Supervisors members be increased by 5 per cent and therefore be as follows:

- Chair EUR 24,400
- Vice Chair EUR 10,500
- Member EUR 4,400

The Nomination Committee proposes that 35% of the annual remuneration (gross) continues to be paid to the members of the Board of Supervisors in Aktia's A shares. In addition, the Nomination Committee proposes a remuneration or EUR 500 per attended meeting. However, the chair of the Presiding Officers of the Board of Supervisors is proposed to receive a remuneration of EUR 1,000 per meeting of the Presiding Officers. Compensation for traveling and accommodation expenses as well as a daily allowance is proposed to be paid in line with the Tax Administration guidelines.

The Nomination Committee proposes that APA firm KPMG Oy Ab be elected as auditor, with Jari Härmälä, APA, as auditor-in-charge. The auditors are proposed to be paid against invoices.

In accordance with the shareholders' decision, at Aktia Bank plc the Nomination Committee prepares the proposals for the members of the Board of Supervisors, auditor(s) and their remuneration for decision by the AGM. The Nomination Committee consists of representatives of the three largest shareholders on 1 November on the calendar year preceding the AGM, as well as of the Chair of the Board of Supervisors. This year's Nomination Committee has, in addition to Håkan Mattlin, the Chair of the Board of Supervisors, included Mikael Westerback (Foundation Tre Smeder), Jan-Erik Stenman (Pension Insurance Company Veritas) and Dag Wallgren (The Society of Swedish Literature in Finland).

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 December 2015 was 42,194. Foreign ownership was 2.1%.

The number of unregistered shares was 770,115 or 1.2% of all shares. Inspection and registration of outstanding shares continue.

On 31 December 2015, the Group held 142,112 (137,406) A shares and 6,658 (6,658) R shares.

Shares

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

Aktia's market value at 31 December 2015 was EUR 714 (667) million. On 31 December 2015, the closing price for a series A share was EUR 10.31 (9.77) and for a series R share EUR 11.71 (10.60). The highest closing price for A series shares was EUR 12.07 (10.00) and the lowest EUR 9.33 (7.99). The highest for the series R share was EUR 13.49 (11.20) and the lowest EUR 10.45 (8.20).

The average daily turnover in 2015, for series A shares, decreased from the previous year to EUR 279,620 (402,873) or 26,116 (45,032) shares. An average of 109 (113) transactions per day were carried out with series A shares.

The average daily turnover of R shares was higher than in 2014, amounting to EUR 40,078 (10,402), or 3,468 (1,077) shares. The number of trading days was low, and the average number of transactions was about 2 (3) per day.

Outlook and risks

The bank's strong capital adequacy ratio and balance sheet enable Aktia to focus on growth. According to the new strategy, Aktia focuses mainly on services for private customers and their families, but also on family businesses and owner-operated companies. Aktia also seeks growth in loans to housing companies in need for renovations for which the bank may offer competitive loans. Aktia will continue to strive for efficient and customer-friendly service in both branch offices and digital channels.

Outlook 2016

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

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

Aktia's objective is to double the annual number of new customers before the end of 2018. The number of new private and corporate customers was 1,300 in 2015. In 2016, the objective is an increase of 3,000 new private and corporate customers.

Risks

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

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

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

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

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

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

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

Financial objectives 2018

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

5 year overview

Net indexest fracemen	(EUR 1,000)	2015	2014	2013	2012	2011
Note incores honome	Income statement					
Not compended inferioration of the instance 79,000 70,000		97.347	102.779	112.643	117.279	128.615
No. Personal pers						
Clinc proceating income 2461 3.322 4.346 20,007 20,008	Net income from life-insurance	24,875	24,004	28,116	27,304	22,732
Self conts	Net income from financial transactions	3,724	7,327	8,310	2,940	-14,815
Same Pacific costs Pacif	Other operating income	2,461	3,322	4,345	5,073	4,800
Fragmense 26.85 26.324 27.265 31.141 26.380 26.000	Total operating income	208,376	212,298	224,150	217,915	201,898
Poper clapson of trangible assist	Staff costs	-72,652	-69,518	-77,689	-75,352	-73,203
Cheer operating expenses	IT expenses	-26,850	-26,324	-27,265	-31,419	-26,380
Table 144,451	Depreciation of tangible and intangible assets					
Page						
Share of profit from associated companies 599 2,194 1,216 500 700	Total operating expenses	-144,419	-144,451	-157,247	-154,219	-146,735
Operating profit 64,215 68,314 65,385 56,015 44,666 Taxes -12,046 -13,282 -13,030 -15,764 -10,465 Profit for the pear from discontinuing operations 51,569 55,031 52,354 40,251 34,141 Profit for the year from discontinued operations - - - - 9,763 22,354 50,027 36,318 Attributable to: - - - - - - 9,765 52,334 52,09 49,189 53,335 Non-controlling interest -				-2,734		-10,487
Profit for the period from continuing operations						
Profit for the period from continuing operations 51,569 55,031 52,354 40,251 34,141 Profit for the year from discontinued operations 51,569 55,031 52,354 50,027 36,318 Attributable to: 81,500 52,091 52,499 52,169 49,189 35,335 Non-controlling interest 432 2532 186 839 983 Total 51,569 55,031 52,354 50,027 36,318 Comprehensive income 28,906 52,806 24,600 97,336 -3,499 Comprehensive income 22,871 78,257 17,626 146,804 310,25 Comprehensive income attributable to: 23,338 7,5610 17,180 145,600 30,613 Shareh	Operating profit	64,215	68,314	65,385	56,015	44,606
Profit for the year from discontinued operations		-12,646	-13,282	-13,030	-15,764	-10,465
Profit for the year 51,569 55,031 52,354 50,027 36,318 Attributable to: 52,001 52,409 52,169 49,189 35,335 Non-controlling interest 432 2,532 186 88,99 983 Total 51,569 55,031 52,354 50,027 36,318 Comprehensive income 51,569 55,031 52,354 50,027 36,318 Comprehensive income 51,569 55,031 52,354 50,027 36,318 Comprehensive income from items which can be transferred to the income statement 28,906 22,886 34,660 97,336 -3,99 Comprehensive income from items which can not be transferred to the income statement 48 339 -68 -559 -1,344 Comprehensive income attributable to: 500 22,886 34,660 97,336 31,025 Comprehensive income attributable to: 500 17,180 145,600 30,613 Shareholders in Aktia Bank plc 23,038 75,611 17,180 145,600 30,613 </td <td>Profit for the period from continuing operations</td> <td>51,569</td> <td>55,031</td> <td>52,354</td> <td>40,251</td> <td>34,141</td>	Profit for the period from continuing operations	51,569	55,031	52,354	40,251	34,141
Camprehensive income from items which can not be transferred to the income statement (Profit for the year from discontinued operations	-	-	-	9,776	2,177
Shareholders in Aktia Bank plc 52,001 52,499 52,169 49,189 35,335 Non-controlling interest -432 2,532 186 839 983 Total 51,569 55,031 52,354 50,027 36,318 Comprehensive income Profit for the year 51,569 55,031 52,354 50,027 36,318 Comprehensive income from items which can be transferred to the income statement -28,906 22,886 -34,660 97,336 -3,949 Comprehensive income from items which can not be transferred to the income statement 48 339 -68 -559 1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: State in Aktia Bank pic 23,038 75,610 17,180 145,600 30,613 Shareholders in Aktia Bank pic 23,038 75,610 17,180 145,600 30,613 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 4	Profit for the year	51,569	55,031	52,354	50,027	36,318
Non-controlling interest 1432 2,532 186 839 983 1704 1704 1705 170	Attributable to:					
Total	Shareholders in Aktia Bank plc	52,001	52,499	52,169	49,189	35,335
Comprehensive income Profit for the year S1,569 S5,031 S2,354 S0,027 36,318 Comprehensive income from items which can be transferred to the income statement Comprehensive income from items which can not be transferred to the income statement A8 339 C8 C9,366 C9,3	Non-controlling interest	-432	2,532	186	839	983
Profit for the year 51,569 55,031 52,354 50,027 36,318 Comprehensive income from items which can be transferred to the income statement -28,906 22,886 -34,660 97,336 -3,999 Comprehensive income from items which can not be transferred to the income statement 48 339 -68 -559 -1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: Comprehensive income attributable to: Shareholders in Aktia Bank pic 23,038 75,610 17,180 145,600 30,613 Non-controlling interest 3327 2,647 446 1,203 412 Total 22,711 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets available for sale 2,197,648 2,375,417 2,265,050 2,106,661 2,919,464 Financial assets	Total	51,569	55,031	52,354	50,027	36,318
Comprehensive income from items which can be transferred to the income statement -28,906 22,886 -34,660 97,336 -3,949 Comprehensive income from items which can not be transferred to the income statement 48 339 -68 -559 1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: 23,038 75,610 17,180 145,600 30,613 Shareholders in Aktia Bank pic 23,038 75,610 17,180 145,600 30,613 Non-controlling interest 32,271 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement 2,97,648 2,375,417 2,255,500 2,106,661 2,919,146 Financial assets available for sale 2,197,648 2,375,417 2,255,500 2,106,661 2,919,146 Financial assets available for sale 1,297,648 2,337,202 199,267	•					
statement 228,906 22,886 -34,660 97,336 -3,949 Comprehensive income from items which can not be transferred to the income statement income statement 48 339 -68 -559 -1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: Shareholders in Aktia Bank plc 23,038 75,610 17,180 145,600 30,613 Non-controlling interest -327 2,647 446 1,203 41,225 Total 22,711 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - 102 51 1,905 Financial assets savailable for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets seported at fair value via income statement - - 102 55		51,569	55,031	52,354	50,027	36,318
Comprehensive income from items which can not be transferred to the income statement 48 339 -68 -559 -1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: Shareholders in Aktia Bank plo 23,038 75,610 17,180 145,600 30,613 Non-controlling interest -327 2,647 446 1,203 412 Total 222,711 78,257 17,626 146,804 31,025 Balance sheet 322,711 78,257 17,626 146,804 31,025 Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets available for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Cerivative instruments 172,495 231,302 199,679 300,227 300,257 Loars and other receivables	·	20.006	22.007	24.660	07.226	2.040
income statement 48 339 -68 -559 -1,344 Comprehensive income 22,711 78,257 17,626 146,804 31,025 Comprehensive income attributable to: Shareholders in Aktia Bank plc 23,038 75,610 17,180 145,600 30,613 Non-controlling interest -327 2,647 446 1,203 412 Total 22,711 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - 102 51 1,1905 Financial assets reported at fair value via income statement 2,197,648 2,375,417 2,255,506 2,106,661 2,619,146 Financial assets sets available for sale 2,197,648 2,375,417 2,255,506 2,106,661 2,619,146 Financial assets held until maturity 481,653 488,509 499,267 350,022 200,344		-28,906	22,886	-34,000	97,336	-3,949
Comprehensive income attributable to: Shareholders in Aktia Bank plc 23,038 75,610 17,180 145,600 30,613 Non-controlling interest -327 2,647 446 1,203 412 Total 22,711 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - 102 51 1,905 Financial assets available for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets held until maturity 481,653 488,509 499,267 350,002 2,0034 Derivative instruments 172,495 231,302 197,629 302,227 300,575 Cohars and other receivables 5,900,156 6,461,808 6,897,349 7,360,225 7,152,124 Investments for unit-linked insurances 667,748 545,271 465,856 360,873 286,742	·	48	339	-68	-559	-1,344
Shareholders in Aktia Bank plc 23,038 75,610 17,180 145,600 30,613 Non-controlling interest -327 2,647 446 1,203 412 Total 22,711 78,257 17,626 146,804 31,025 Balance sheet Share sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - 1 102 51 1,905 Financial assets available for sale 2,197,648 2,375,417 2,255,500 2,106,661 2,619,146 Financial assets beld until maturity 481,653 488,509 499,267 350,020 20,044 Derivative instruments 1,249,59 231,302 197,629 302,227 300,575 Loans and other receivables 5,900,156 6,461,808 6,897,349 7,360,225 7,152,124 Investments for unit-linked insurances 667,748 545,271 465,855 360,873 286,742 Other	Comprehensive income	22,711	78,257	17,626	146,804	31,025
Non-controlling interest 327 2,647 446 1,203 412 415 416 41,203 412 415	Comprehensive income attributable to:					
Balance sheet 22,711 78,257 17,626 146,804 31,025 Balance sheet Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - 102 51 1,905 Financial assets available for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets held until maturity 481,653 488,509 499,267 350,020 20,034 Derivative instruments 172,495 231,302 197,629 302,227 300,575 Loans and other receivables 5,900,156 6,461,808 6,897,349 7,360,225 7,152,124 Investments for unit-linked insurances 667,748 545,271 465,856 360,873 286,742 Other assets 19,881,543 10,706,688 10,933,806 11,240,190 11,056,063 Deposits 4,396,818 4,755,748 4,892,982 4,689,040 4,757,179 Derivative instruments <	Shareholders in Aktia Bank plc	23,038	75,610	17,180	145,600	30,613
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Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - - 102 51 1,905 Financial assets available for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets held until maturity 481,653 488,509 499,267 350,020 20,034 Derivative instruments 172,495 231,302 197,629 302,227 300,575 Loans and other receivables 5,900,156 6,461,808 6,897,349 7,360,225 7,152,124 Investments for unit-linked insurances 667,748 545,271 465,856 360,873 286,742 Other assets 193,482 208,476 202,769 172,520 200,494 Total assets 9,881,543 10,706,688 10,933,806 11,240,190 11,056,063 Deposits 4,396,818 4,755,748 4,892,982 4,689,040 4,757,179 Derivative instruments 86,176 113,196	Total	22,711	78,257	17,626	146,804	31,025
Cash and balances with central banks 268,361 395,905 414,328 587,613 475,042 Financial assets reported at fair value via income statement - - - 102 51 1,905 Financial assets available for sale 2,197,648 2,375,417 2,256,506 2,106,661 2,619,146 Financial assets held until maturity 481,653 488,509 499,267 350,020 20,034 Derivative instruments 172,495 231,302 197,629 302,227 300,575 Loans and other receivables 5,900,156 6,461,808 6,897,349 7,360,225 7,152,124 Investments for unit-linked insurances 667,748 545,271 465,856 360,873 286,742 Other assets 193,482 208,476 202,769 172,520 200,494 Total assets 9,881,543 10,706,688 10,933,806 11,240,190 11,056,063 Deposits 4,396,818 4,755,748 4,892,982 4,689,040 4,757,179 Derivative instruments 86,176 113,196	Ralance sheet					
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	Equity	615 226	690 890	641 709	657 409	523 756
	• ,					

Key figures and ratios

	2015	2014	2013	2012	2011
Earnings per share (EPS), EUR	0.78	0.79	0.78	0.74	0.53
Total earnings per share, EUR	0.35	1.14	0.26	2.19	0.46
Dividend per share, EUR	**) 0.54	0.48	0.42	*) 0.36	0.30
Payout ratio, %	**) 69.0	60.7	53.6	*) 48.7	56.5
Equity per share (NAV), EUR	9.26	9.39	8.67	8.91	7.01
Average number of shares (excluding treasury shares)	66,532,842	66,548,468	66,561,769	66,521,777	66,503,954
Number of shares at the end of the period (excluding treasury shares)	66,430,041	66,434,747	66,544,500	66,522,280	66,520,322
Return on equity (ROE), %	7.9	8.3	8.1	8.5	7.1
Return on assets (ROA), %	0.50	0.51	0.47	0.45	0.33
Cost-to-income ratio	0.69	0.68	0.70	0.71	0.73
Common Equity Tier 1 capital ratio (Bank Group), %	20.7	14.6	_	_	-
Tier 1 capital ratio (Bank Group), %	20.7	14.6	12.3	11.8	10.6
Capital adequacy ratio (Bank Group), %	27.1	19.1	19.3	20.2	16.2
Risk-weighted commitments (Bank Group), EUR 1,000	1,998,768	3,263,318	3,463,456	3,611,209	3,693,979
Capital adequacy ratio, % (finance and insurance conglomerate)	226.7	216.5	198.6	205.1	163.5
Equity ratio, %	6.0	6.4	5.8	5.9	4.7
Group financial assets, EUR 1,000	2,994,365	3,282,191	3,114,669	2,954,985	2,901,669
Assets under management, EUR 1,000	7,138,190	6,782,800	6,341,319	5,877,367	5,034,487
Borrowing from the public, EUR 1,000	3,921,993	3,979,188	3,797,477	3,631,479	3,645,238
Lending to the public, EUR 1,000	5,856,262	6,416,025	6,802,230	7,201,556	7,063,345
Premiums written before reinsurers' share, EUR 1,000	174,924	125,726	140,765	111,240	103,494
Expense ratio, % (life insurance company)	83.8	81.5	88.3	90.8	91.7
Solvency margin (life insurance company), EUR 1,000	130,423	133,397	99,044	158,578	117,231
Solvency ratio, % (life insurance company)	22.3	23.3	17.5	27.4	20.7
Investments at fair value (life insurance company), EUR 1,000	1,225,742	1,135,207	1,091,811	1,020,711	911,626
Technical provisions for risk insurances and interest-related insurances, EUR	, -,	,,	, , , ,	, ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
1,000	468,260	482,275	503,451	519,930	533,365
Technical provisions for unit-linked insurances, EUR 1,000	662,203	543,143	462,419	358,544	284,836
Group's personnel (FTEs), average number of employees	936	941	998	1,044	1,192
Group's personnel (FTEs), at the end of the period	920	932	967	1,005	1,196

^{*)} In addition to dividend, a return of capital of EUR 0.14 per share was paid.

Starting from 2015, the cost-to-income ratio calculates for the whole Group. The comparative figure have been recalculated correspondingly.

^{**)} According to proposal from Board of Directors, in addition to dividend, a return of capital of EUR 0.10 per share will be paid.

Basis of calculation

Earnings per share (EPS), EUR

Profit for the year after taxes attributable to the shareholders of Aktia Bank plc / Average number of shares over the year (adjusted for new issue)

Total earnings per share, EUR

Comprehensive income for the year after taxes attributable to the shareholders of Aktia Bank plc / Average number of shares over the year (adjusted for new issue)

Equity per share (NAV), EUR

Equity attributable to the shareholders of Aktia Bank plc / Number of shares at the end of the period

Return on equity (ROE), %

Profit for the year / Average equity x 100

Return on assets (ROA), %

Profit for the year / Average balance total x 100

Equity ratio, %

Equity incl. non-controlling interest's share of equity / Average balance total $\times\,100$

Capital adequacy ratio, % (finance and insurance conglomerate)

The total capital base of the conglomerate (equity including sector-specific assets and deductions) / Minimum requirement for the conglomerate's own assets (credit institution + insurance business) x 100

The capital adequacy of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates and its related degree.

Group financial assets

The Bank Group's liquidity portfolio and the life insurance company's investment portfolio

Cost-to-income ratio

Total operating expenses / Total operating income

Common Equity Tier 1 capital ratio (Bank Group), %

Common Equity Tier 1 capital / Risk-weighted commitments x 100

Tier 1 capital ratio (Bank Group), %

Tier 1 capital / Risk-weighted commitments x 100

Capital adequacy ratio (Bank Group), %

Capital base (Tier 1 capital + Tier 2 capital) / Risk-weighted commitments \times 100

The capital base is calculated in accordance with regulation 4.3a.

Risk-weighted commitments (Bank Group)

Total assets in the balance sheet and off-balance sheet items, including derivates valued and risk-weighted in accordance with the standardised method in EU requirements on capital adequacy.

The capital requirements for operational risks have been calculated and risk-weighted in accordance with the standardised method in EU requirements on capital adequacy.

Assets under management

Assets under management and brokered mutual funds and assets managed by Aktia Fund Management Company, Aktia Asset Management, Aktia Bank's Private Banking and Aktia Life Insurance.

Expense ratio, %

(Operating costs + cost of claims paid) / Total expense loadings x 100, life insurance company

Total expense loadings are items which, according to acturial calculations, should cover the costs. The operating costs do not include the re-insurers' commissions.

Solvency margin

The difference between assets and liabilities at fair value, life insurance company

Solvency ratio, %

Solvency capital / Technical provisions - equalisation provision - 75% of provisions for unit-linked insurance x 100, life insurance company

The technical provision is calculated after deduction of the re-insurers' share.

Aktia Bank plc - Consolidated and parent company's financial statements

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Consolidated income statement

(EUR 1,000)	Note	2015	2014
Interest income		135,626	165,388
Interest expenses		-38,278	-62,608
Net interest income	G4	97,347	102,779
Dividends	G5	53	117
Commission income		89,884	84,379
Commission expenses		-9,915	-9,514
Net commission income	G6	79,969	74,866
Net income from life-insurance	G7	24,875	24,004
Net income from financial transactions	G8	3,724	7,327
Net income from investment properties	G9	-399	66
Other operating income	G10	2,807	3,139
Total operating income		208,376	212,298
Staff costs	G11	-72,652	-69,518
IT expenses		-26,850	-26,324
Depreciation of tangible and intangible assets	G12	-8,123	-7,344
Other operating expenses	G13	-36,794	-41,265
Total operating expenses		-144,419	-144,451
Write-downs on credits and other commitments	G20	-341	-1,729
Share of profit from associated companies		599	2,195
Operating profit		64,215	68,314
Taxes	G14	-12,646	-13,282
Profit for the year		51,569	55,031
Attributable to:			
Shareholders in Aktia Bank plc		52,001	52,499
Non-controlling interest		-432	2,532
Total		51,569	55,031
Earnings per share (EPS), EUR	G15	0.78	0.79
Earnings per share (EPS), EUR, after dilution	G15	0.78	0.79

Consolidated statement of comprehensive income

(EUR 1,000)	Note	2015	2014
Profit for the year		51,569	55,031
Other comprehensive income after taxes:		31,309	55,051
Change in valuation of fair value for financial assets available for sale		-21,388	37,631
Change in valuation of fair value for financial assets held until maturity		-3,693	-3,616
Change in valuation of fair value for cash flow hedging		54	-
Transferred to the income statement for financial assets available for sale		-3,804	-6,795
Transferred to the income statement for cash flow hedging		-74	-4,333
Comprehensive income from items which can be transferred to the income statement		-28,906	22,886
Defined benefit plan pensions		48	339
Comprehensive income from items which can not be transferred to the income statement		48	339
Total comprehensive income for the year		22,711	78,257
Total comprehensive income attributable to:			
Shareholders in Aktia Bank plc		23,038	75,610
Non-controlling interest		-327	2,647
Total		22,711	78,257
Total earnings per share, EUR	G15	0.35	1.14
Total earnings per share, EUR, after dilution	G15	0.35	1.14
Total carrings per share, Eon, after anation	015	0.55	1.17

Consolidated balance sheet

(EUR 1,000)	Note	31.12.2015	31.12.2014
Assets			
Cash and balances with central banks	G16	268.361	395,905
Interest-bearing securities available for sale		2,103,235	2,289,989
Shares and participations available for sale		94,413	85,428
Financial assets available for sale	G17	2,197,648	2,375,417
Financial assets held until maturity	G18	481,653	488,509
Derivative instruments	G19	172,495	231,302
Lending to Bank of Finland and other credit institutions		43,894	45,783
Lending to the public and public sector entities		5,856,262	6,416,025
Loans and other receivables	G20	5,900,156	6,461,808
Investments for unit-linked insurances	G21	667,748	545,27
Investments in associated companies	G22	0	23,571
Intangible assets	G23	50,753	36,279
Investment properties	G24	53,746	57,063
Other tangible assets	G25	8,692	8,240
Accrued income and advance payments		51,598	57,231
Other assets		18,152	8,646
Total other assets	G26	69,750	65,877
Income tax receivables		795	3,403
Deferred tax receivables		9,747	12,976
Tax receivables	G27	10,541	16,379
Assets classified as held for sale	G28	-	1,067
Total assets		9,881,543	10,706,688
Liabilities			
Liabilities to Bank of Finland and credit institutions		474,826	776,560
Liabilities to the public and public sector entities		3,921,993	3,979,188
Deposits	G29	4,396,818	4,755,748
Derivative instruments	G19	86,176	113,196
Debt securities issued	G30	3,033,374	3,534,511
Subordinated liabilities	G31	235,049	222,539
Other liabilities to credit institutions	G32	84,825	99,767
Liabilities to the public and public sector entities	G33	74,000	73,852
Other financial liabilities		3,427,248	3,930,668
Technical provisions for risk insurances and interest-related insurances		468,260	482,275
Technical provisions for unit-linked insurances		662,203	543,143
Technical provisions	G34	1,130,463	1,025,417
Accrued expenses and income received in advance		62,721	78,146
Other liabilities		101,903	47,174
Total other liabilities	G35	164,624	125,320
Provisions	G36	2,336	3,549
Income tax liabilities		938	2,559
Deferred tax liabilities		57,714	59,209
Tax liabilities	G27	58,651	61,768
Liabilities for assets classified as held for sale Total liabilities	G28	9,266,317	133 10,015,79 9
		,,	.,,
Equity		220.004	267.41
Restricted equity		238,081	267,410
Unrestricted equity		377,145	356,539
Shareholders' share of equity		615,226	623,949
Non-controlling interest'		-	66,941
Equity	G37	615,226	690,890
Total liabilities and equity		9,881,543	10,706,688

Consolidated off-balance-sheet commitments

_(EUR 1,000)	Note	31.12.2015	31.12.2014
Off-balance sheet commitments	G42		
Guarantees		27,394	26,778
Other commitments provided to a third party		1,287	2,140
Commitments provided to a third party on behalf of the customers		28,681	28,918
Unused credit arrangements		296,089	291,485
Other commitments provided to a third party		991	1,336
Irrevocable commitments provided on behalf of customers		297,080	292,820
Total		325,761	321,739

Consolidated statement of changes in equity

(EUR 1,000)	Share capital	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Sharehol- ders' share of equity	Non- controlling interests	Total equity
Equity as at 1 January 2014	163,000	317	81,147	1,608	128,434	202,619	577,126	64,583	641,709
Acquisition of treasury shares						-1,255	-1,255		-1,255
Divestment of treasury shares						182	182		182
Dividend to shareholders					-13,405	-14,558	-27,963	-283	-28,246
Profit for the year						52,499	52,499	2,532	55,031
Financial assets available for sale			30,837				30,837	-1	30,835
Financial assets held until maturity			-3,616				-3,616		-3,616
Cash flow hedging			-4,449				-4,449	116	-4,333
Defined benefit plan pensions						339	339		339
Total comprehensive income for the year			22,772			52,838	75,610	2,647	78,257
Other change in equity *)			174	249		-174	249	9	244
Equity as at 31 December 2014	163,000	317	104,093	1,858	115,030	239,651	623,949	66,941	068'069
Equity as at 1 January 2015	163,000	317	104,093	1,858	115,030	239,651	623,949	66,941	068'069
Acquisition of treasury shares						-1,305	-1,305		-1,305
Divestment of treasury shares					84	1,113	1,197		1,197
Dividend to shareholders						-31,938	-31,938	-262	-32,200
Profit for the year						52,001	52,001	-432	51,569
Financial assets available for sale			-25,193				-25,193	0	-25,193
Financial assets held until maturity			-3,693				-3,693		-3,693
Cash flow hedging			-126				-126	106	-20
Defined benefit plan pensions						48	48		48
Total comprehensive income for the year			-29,012			52,050	23,038	-327	22,711
Other change in equity *)		-317		286		317	286	-66,352	-66,067
Equity as at 31 December 2015	163,000	•	75,081	2,143	115,113	259,889	615,226	•	615,226

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

Consolidated cash flow statement

(EUR 1,000)	2015	2014
Cash flow from operating activities		
Operating profit	64,215	68,314
Adjustment items not included in cash flow for the period	-7,104	-10,381
Paid income taxes	-3,190	-8,739
Cash flow from operating activities before change in receivables and liabilities	53,922	49,194
Increase (-) or decrease (+) in receivables from operating activities	591,901	357,509
Financial assets reported at fair value via the income statement	-	102
Financial assets available for sale	149,097	-84,924
Loans and other receivables	557,504	502,595
Investments for unit-linked insurances	-122,477	-79,415
Other assets	7,778	19,152
Increase (+) or decrease (-) in liabilities from operating activities	-746,656	-347,627
Deposits	-343,026	-177,390
Debt securities issued	-471,516	-173,911
Other financial liabilities	-14,794	-43,193
Technical provisions	105,046	60,021
Other liabilities Total cash flow from operating activities	-22,366 -100,833	-13,155 59,076
Total Cash flow from operating activities	-100,633	39,070
Cash flow from investing activities	2 712	11.005
Investments in group companies and associated companies Proceeds from sale of group companies and associated companies	-3,712	-11,805
Investment in tangible and intangible assets	15,557 -23,049	1,822 -25,148
Proceeds from sale of investment properties	-23,049 480	132
Proceeds from sale of tangible and intangible assets	0	11
Total cash flow from investing activities	-10,725	-34,988
Cash flow from financing activities		
Subordinated liabilities, increase	65,722	64,144
Subordinated liabilities, decrease	-53,208	-73,809
Share issue/dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	-262	-283
Acquisition of treasury shares	-1,305	-1,255
Divestment of treasury shares	1,197	182
Paid dividends Total cash flow from financing activities	-31,938	-27,963
lotal cash flow from financing activities	-19,794	-38,985
Change in cash and cash equivalents	-131,352	-14,897
Cash and cash equivalents at the beginning of the year	414,767	429,663
Cash and cash equivalents at the end of the year	283,415	414,767
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	7,415	7,968
Bank of Finland current account	260,946	387,937
Repayable on demand claims on credit insitutions	15,054	18,862
Total	283,415	414,767
Adjustment items not included in cash flow consist of:		
Impairment of financial assets available for sale	3,249	3,691
Write-downs on credits and other commitments	341	1,729
Change in fair values	-1,307	327
Depreciation and impairment of tangible and intangible assets	8,123	7,344
Result effect from associated companies	-261	-1,857
Sales gains and losses from tangible and intangible assets	782	5 5 416
Unwound cash flow hedging Unwound fair value hedging	-93 -15,903	-5,416 -15,903
Change in provisions	-1,213	-13,903
Change in provisions Change in fair values of investment properties	-1,338	1,664
Change in share-based payments	516	854
Total	-7,104	-10,381

Quarterly trends in the Group

(EUR 1,000)	4Q2015	3Q2015	2Q2015	1Q2015
National	22.715	22.702	24242	25.506
Net interest income	23,715	23,783	24,343	25,506
Dividends	-	-	53	-
Commission income	21,745	21,803	24,287	22,049
Commission expenses	-2,812	-2,101	-2,616	-2,386
Net commission income	18,933	19,702	21,671	19,663
Net income from life-insurance	7,954	4,138	6,010	6,773
Net income from financial transactions	85	880	1,394	1,365
Net income from investment properties	1	1	8	-408
Other operating income	1,213	832	531	230
Total operating income	51,901	49,337	54,009	53,130
Staff costs	-19,966	-16,021	-18,674	-17,991
IT expenses	-7,974	-6,423	-5,913	-6,541
Depreciation of tangible and intangible assets	-1,965	-1,985	-2,082	-2,091
Other operating expenses	-10,606	-7,973	-9,103	-9,112
Total operating expenses	-40,511	-32,402	-35,772	-35,734
Write-downs on credits and other commitments	-278	-498	1,468	-1,033
Share of profit from associated companies	-	-	-	599
Operating profit	11,112	16,437	19,706	16,961
Taxes	-2,416	-3,041	-3,253	-3,937
Profit for the period	8,696	13,396	16,453	13,025
Attributable to:				
Shareholders in Aktia Bank plc	8,696	13,477	16,796	13,032
Non-controlling interest	-	-81	-343	-8
Total	8,696	13,396	16,453	13,025
Earnings per share (EPS), EUR	0.13	0.20	0.25	0.20
Earnings per share (EPS), EUR, after dilution	0.13	0.20	0.25	0.20

Quarterly trends of comprehensive income

(EUR 1,000)	4Q2015	3Q2015	2Q2015	1Q2015
Profit for the period	8,696	13,396	16,453	13,025
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-4,190	-1,044	-18,158	2,003
Change in valuation of fair value for financial assets held until maturity	-931	-931	-921	-910
Change in valuation of fair value for cash flow hedging	54	-	-	-
Transferred to the income statement for financial assets available for sale	-107	-1,106	-2,478	-114
Transferred to the income statement for cash flow hedging	-	-	-	-74
Comprehensive income from items which can be transferred to the income statement	-5,175	-3,080	-21,556	905
Defined benefit plan pensions	48	-	-	-
Comprehensive income from items which can not be transferred to the income				
statement	48	-	-	-
Total comprehensive income for the period	3,570	10,316	-5,103	13,929
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	3,570	10,397	-4,794	13,866
Non-controlling interest	-	-81	-309	64
Total	3,570	10,316	-5,103	13,929
Total earnings per share, EUR	0.05	0.16	-0.07	0.21
Total earnings per share, EUR, after dilution	0.05	0.16	-0.07	0.21

G1 Consolidated accounting principles

The report by the Board of Directors and the financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 29 February 2016 and are to be adopted by the Annual General Meeting on 12 April 2016. The report by the Board of Directors and financial statements are published on 21 March 2016 at the latest.

The Group's parent company is Aktia Bank plc, domiciled in Helsinki. A copy of the consolidated financial statement is available from Aktia Bank plc, Mannerheimintie 14, 00100 Helsinki, Finland or from Aktia's website www. aktia.com.

Basis for preparing financial statements

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. In preparing the notes to the consolidated accounts, the applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account. Figures in the accounts are presented in thousands of euros, unless indicated otherwise. The consolidated accounts have been prepared in accordance with original acquisition value, unless otherwise indicated in the accounting principles.

During the year, the figures in the interim reports are presented so that income statement items are compared with the corresponding period of the previous year, while the comparison of balance sheet items relates to the previous year-end unless specified otherwise.

As of 1 January 2014, capital adequacy is calculated according to Basel III. In the financial statement, the term refers to Basel III EU requirements on capital adequacy 575/2013 and additional regulations issued by European and national supervisory authorities.

New and amended standards in 2016 or later that may have an impact on the Group's result and financial position

IFRS 15 Revenue from contracts with customers replaces all earlier standards and interpretations of recognition of revenue. IFRS 15 includes a complete revenue recognition model, and the standard is not estimated to have significant impact on the recognition of revenue in the Aktia Group. The standard will become mandatory as of 1 January 2018.

IFRS 9 The Financial Instruments standard is the first stage in the process to replace IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification 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. Aktia's financial assets are expected to be classified at amortised cost and at fair value through other comprehensive income. Based on preliminary surveys the implementation of IFRS 9 is expected to increase reported provisions for credit losses. Hedge accounting according to IFRS 9 in not expected to have a significant impact on the Group's results or financial position. Aktia continues to follow the development of the new standard, evaluating its impact on financial reporting on an on-going basis. The standard has yet to be approved by the

EU. Aktia Group plans to apply IFRS 9 when the standard will become mandatory as of 1 January 2018.

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

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

Consolidation principles

The consolidated financial statement encompasses the parent company, Aktia Bank plc, and all the subsidiaries in which the parent company has a controlling interest. The Group is deemed to have a controlling interest if its shareholding brings entitlement to more than 50% of the votes, including potential votes, or if it is otherwise entitled to influence the company's financial position and operating strategies in order to gain benefit from its operations. Subsidiaries are consolidated from the time of acquisition until the date of disposal.

The consolidated accounts cover those subsidiaries in which the parent company directly or indirectly owns more than 50% of voting rights or otherwise has controlling interest. The acquisition method has been applied to acquisition eliminations. The acquisition method involves the assets, liabilities, contingent assets and contingent liabilities of the acquired company at the time of acquisition being assessed at fair value. Acquisition costs are not included in the acquisition calculation, but entered as cost when they occur and the services are received.

The consolidated accounts cover those associated companies in which the parent company directly or indirectly owns 20-50% of voting rights or otherwise has considerable influence. When consolidating associated companies, the equity method has been applied. The equity method means that the Group's share of the associated company's equity and results increases or reduces the value of the shares reported on the date the accounts are closed.

All internal business transactions, receivables, liabilities, dividends, profits and losses are eliminated within the consolidated accounts.

Holdings where a non-controlling interest exists are shown separately in consolidated shareholders' equity. The share of holdings where a non-con-

trolling interest exists which cannot be reported as shareholders' equity is reported as other liabilities. In acquisitions possible non-controlling holdings in the acquired company are identified at the time of acquisition. The holdings are reported as shareholders' equity or as other liabilities depending on the contents of possible agreements with the owners of non-controlling interest.

Segment-based reporting

Segment reporting corresponds internal reporting to the highest executive body. The highest executive body is the function responsible for appropriation of resources and evaluation of the business segments' results. In the Group this function is identified as the Executive Committee, taking strategic decisions.

The Banking Business segment includes Aktia Bank plc's branch office operations, private banking, corporate banking, card operations and treasury as well as the subsidiaries Aktia Real Estate Mortgage Bank plc, Aktia Corporate Finance Ltd and Aktia Real Estate Agency Ltd.

The Asset Management & Life insurance segment includes the subsidiaries Aktia Asset Management Ltd, Aktia Fund Management Company Ltd, Aktia Life Insurance Ltd and its real estate subsidiaries Keskinäinen Kiinteistö Oy Pakkalantie 21, Keskinäinen Kiinteistö Oy Pakkalantie 19, Keskinäinen Kiinteistö Oy Tikkurilantie 141, Kiinteistö Oy Kantaatti as well as the associated companies Kiinteistö Oy Keinusaaren Toimistotalo 1 (holdings 50%), Keskinäinen Kiinteistö Oy Sähkötie 14–16 (holdings 33.3%, 66.7% of the company was sold 30 October 2015) and Kiinteistö Oy Lahden BW Tower (holdings 33.3%).

The Miscellaneous segment encompasses the Group administration of Aktia Bank plc. The subsidiary Vasp-Invest Ab merged with the parent company Aktia Bank plc 30 November 2015.

Allocation principles and Group eliminations

Net interest income from those units included in the Banking Business segment includes the margins on volumes of borrowing and lending. Reference interest rates for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity as well as asset and liability hedging for which management has issued authority. The costs of central support functions are allocated to the segments in accordance with resource use, defined projects and according to different allocation rules.

Aktia Bank plc is not allocating equity to the different segments. The Miscellaneous segment consists of items in the income statement and balance sheet that are not allocated to the business segments. Internal Group transactions between legal entities are eliminated and reported within each segment if the legal entities are in the same segment. Internal Group transactions between legal entities in different segments are included in the eliminations.

Pricing between the segments is based on market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies outside the Euro zone have been converted into euros using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as Net income from currency trading. The exchange rate differences that arise from the life insurance business are reported in Net income from investments, which is included in the Net income from life-insurance

Revenue and expenses recognition

Interest and dividends

Interest income and expenses are periodised according to the lifetime of the agreement by using the effective interest rate method. This method recognises income and expenses from the instrument evenly in proportion to amounts outstanding over the period until maturity. Interest income and expenses attributable to Financial assets held for trading are reported in the income statement as Net income from financial transactions.

When a financial asset is written down due to a reduction in value, the original effective interest rate is used when calculating interest income.

Dividends paid on shares and participations are reported as income for the reporting period during which the right to receive payment is noted.

Commissions

Commission income and expenses are generally reported in accordance with the accruals convention. The cost of acquiring new insurance policies or renewing existing policies is dealt with within the insurance business as commission expenses, and is included in other operating expenses.

Insurance premiums

Life insurance premiums received are reported as premiums written in the income statement and are included in the Net income from life-insurance. Premiums are reported as premiums written depending on the line of insurance in accordance with the debiting or payment principle. For the duration of the insurance contract, insurance premiums are generally reported as income on a pro rata basis. For the share of premiums written attributed to the time after the balance sheet date, a provision for unearned premiums (premium liabilities) is adopted in the balance sheet as part of the technical provision. An outstanding premium receivable is reported only if there is insurance coverage on the balance sheet date, but so that the insurance premiums which, according to experience will remain unpaid, is deducted from premiums written.

The life insurance business' insurance policies are classified either as insurance or investment agreements, based on the assessment of the insurance risk included in the agreements. Risk insurance and interest-linked insurance policies are classified as insurance agreements. Unit-linked agreements that do not cause sufficient insurance risk and where there is no possibility for discretionary benefits, are classified as investment agreements. For investment agreements with the right to discretionary benefits

(customer compensation), the opportunity in IFRS 4 to report these as insurance agreements is applied.

Claim costs

Claims paid by the life insurance business and the change in technical provision are reported in the income statement and are included in the Net income from life-insurance.

In this respect, for losses incurred that remain unpaid at the time the accounts are prepared and claims adjustment costs for these, including for losses that have not yet been reported to the Group, a provision is made in the company's technical provision (claim provision).

Other income and expenses

Income from derivatives for hedge accounting issued to savings banks and local co-operative banks are entered directly.

Depreciation

Tangible and intangible assets are subject to linear planned depreciation, according to the financial lifetime of the assets. As a rule, the residual value of these tangible and intangible assets is assumed to be zero. There is no depreciation of land areas. The estimated financial lifetimes for each asset category are as follows:

Buildings	40 years
Basic repairs to buildings	5–10 years
Other tangible assets	3–5 years
Intangible assets (IT acquisitions)	3–7 years

If fixed assets are classified according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, depreciation ceases.

Employee remuneration

Pension plans

The Group reports pension plans either as defined-contribution pension plans or defined-benefit pension plans. For defined-contribution pension plans, the Group makes fixed payments to external pension insurance companies. After this, the Group has no legal or actual obligation to make further payments if the pension insurance companies do not have sufficient assets to pay the employees' pensions for current or preceding periods. According to the Employees' Pensions Act, basic insurance coverage is the most important defined-contribution pension plan. Independent pension insurance companies are responsible for this form of pension protection within the Group companies. The pension insurance premiums for those arrangements which are classified as defined-contribution plans have been periodised to correspond to performance salaries in the financial statements.

The Group also has voluntary defined-benefit plans. For defined-benefit plans, the Group still has obligations after payments have been made for

the reporting period, and bears the actuarial risk and/or the investment risk. The Group's defined-benefit plans are reported in accordance with IAS 19 Employee benefits. Liabilities for defined-benefit pension plans have been recorded in the financial statements.

Share-based payments

The Group has an incentive agreement with key personnel in management positions. The Group continuously evaluates the likely outcome of this incentive agreement. The benefits earned within the incentive agreement are valued at fair value on the decision date and costs are entered linearly during the earning-period. Payment is made either as transfer of equity instruments or in cash.

For the part of the incentive agreement where payment is made as transfer of equity instruments, a periodised change is booked in shareholders' equity under Fund for share-based payments. The cash-payment part of the incentive agreement is recorded under liabilities. Possible changes in the fair value of the liabilities are reported as Staff costs.

Taxes

Taxes in the income statement consist of direct and deferred taxes for the year and previous years. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is reported as part of shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is entered in relation to differences between the book value of assets and liabilities, compared with their taxation value. A deferred tax asset is reported where it is likely that future taxable income will arise against which the temporary difference can be used.

Financial assets

Aktia applies IAS 39 rules whereby financial assets (debt securities, shares and participations, receivables from credit institutions and receivables from the public and public sector entities) are divided into four valuation categories.

Financial assets reported at fair value via the income statement

Financial assets reported at fair value via the income statement include financial assets which are held for trading. This category includes debt certificates, shares and participations that are actively traded with and that have been acquired for the short term with the intent to earn revenue. They have continuously been entered at fair value with changes in value entered in the income statement. Structured bonds and investments with embedded derivatives are classified as financial assets held for trading, which means that changes in value are recognised directly in the income statement.

In the life insurance business, investments providing cover for unit-linked agreements are classified as Financial assets reported at fair value via the income statement, and these are reported separately in the balance sheet under the item Investments for unit-linked insurances.

Financial assets available for sale

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are reported in the category Financial assets available for sale. The unrealised value change is recognised in the comprehensive income with deductions for deferred tax until sold or impaired. When sold or impaired, the accumulated unrealised profit or loss is transferred to the income statement and included under the item Net income from financial assets available for sale and falls under Net income from financial transactions. In the life insurance businesses, the abovementioned gains and losses are reported as Net income from investments, which is included in the Net income from life-insurance.

Financial assets held until maturity

Debt certificates to be held until maturity are reported in the category Financial assets held until maturity. These securities are entered at accrued acquisition cost. If there is objective evidence to suggest that full repayment will not be received on such a security at the end of the reporting period, the difference compared with the acquisition price is entered as an expense. The difference between the acquisition price and the nominal value has been periodised as interest income or loss of it.

If securities classified as Financial assets held until maturity are sold prior to maturity, these securities are reclassified as Financial assets available for sale. The reason for the reclassification is that the intention or ability in relation to the investments (a significant amount) changes so that the conditions for the use of this category are no longer met. After any such reclassification, these securities are reported as Financial assets available for sale for at least two consecutive reporting periods.

Loans and other receivables

Receivables from credit institutions and receivables from the public and public sector entities are reported in the category Loans and other receivables. These receivables are entered at accrued acquisition value.

Reclassification

Financial assets, excluding derivatives, held for sale may be reclassified to assets held until maturity if Aktia intends and has the opportunity to hold the financial assets for the foreseeable future or until maturity. At the time of reclassification, the assets to be reclassified shall comply with the definitions of the category to which they are reclassified. A prerequisite for reclassification to the category Financial assets held until maturity is that Aktia has changed the purpose of the holdings and has the opportunity to hold the financial assets until maturity.

Reclassification is made at fair value at the time of reclassification. As fair value will be the original acquisition cost or accrued acquisition cost.

Securities to be reclassified from financial assets available for sale to financial assets held until maturity shall be pledgeable with the central bank and have good creditworthiness. When reclassified the financial assets shall fulfil the minimum rating of Aa3/AA-.

Financial liabilities

Liabilities to credit institutions, liabilities to the public and public sector entities and debt securities to the public are reported in the category Financial liabilities. Financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value. When hedge accounting is applied, the accrued acquisition value of the liabilities is adjusted with the fair value of the hedged risk. If the financial liabilities are related to commitments to acquire equity instruments, the liabilities are reported at fair value through the income statement. In the cash flow statement, issued debts are deemed to belong to the bank's operating activities, while subordinated liabilities are deemed to belong to financing activities.

Valuation of financial instruments at fair value

The fair value of listed shares and other financial instruments that are traded on an active market is based on the latest listed purchase price. Should the listed price of a financial instrument not represent actual market transactions occurring with regularity, or if listed prices cannot be obtained, the fair value is established with an appropriate valuation technique. The valuation techniques may vary from a simple analysis of discounted cash flows to complex option valuation models. The valuation models have been drawn up so that observable market prices and rates are used as input parameters in the evaluated cases, but unobservable model parameters may also be used.

The fair value for financial instruments has been divided in three levels. The levels are based on quoted market prices available on an active market for the same instrument (level 1), valuation techniques based on observable market data (level 2), and valuation techniques not using observable market data (level 3).

Impairment of financial assets

The impairment of Financial assets available for sale is recognised through the income statement if the financial position of the company in which the investment has been made has deteriorated significantly. The criteria are as follows:

- the company has entered into bankruptcy or is de facto insolvent and unable to make payments
- the company has entered into a corporate reorganisation agreement, or has sought protection against its creditors, or is undergoing significant restructuring which affects creditors.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the market value and the acquisition value at the time of reporting. If no market value is available, or if there are specific reasons for assuming that the market value does not represent the fair value of the security, or if the Group holds a controlling stake in the company, a decision is made on reporting an impairment in accordance with a separate assessment made by the Board of Directors.

In addition to default, interest-bearing securities are reviewed individually to assess the need for write-downs if the price of the security has fallen

by more than 50% and the instrument rating has fallen below investment grade (BB+, Ba1 or lower).

For shares and share fund investments, an impairment is also recognised if there has been a significant or long-term drop in the value of the investment. A significant drop has occurred if the difference between the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) and the acquisition value exceeds certain volatility-based limits. Volatility is quantified using betas which measure the riskiness of the shares in relation to the market (a comparison index). For share funds, this index is the same as the share fund's ascribed comparison index. For individual shares, the index is a combination of an industry index and a geographic exposure index. The weighting for these two indices is calculated separately for each share by applying the change in value for historic data and maximising the share-index correlation. The same method is used for the Group's Value-at-Risk calculation.

For investments in real estate funds, an impairment is also recognised if there has been a significant or long-term drop in the value of the investment. When determining the extent of the impairment, real estate risks, liquidity risks, financing risks and interest rate risks are taken into account.

A long-term drop has occurred if the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) has been continuously below the acquisition value for 18 months.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the fair value at the time of reporting and the acquisition value.

Write-downs of loans and other receivables

Write-downs of loans and other receivables are entered individually and in groups. A write-down is entered individually if there is objective evidence that the customer's ability to pay has been weakened after the receivable was originally entered in the balance sheet. Objective evidence exists where the debtor is experiencing significant financial difficulties, a breach of contract such as delayed payment of interests or capital occurs, concessions are granted for financial or legal reasons which the lender had not otherwise considered, the debtor enters bankruptcy or other financial restructuring.

The value of the receivable has been weakened if the estimated incoming cash flow from the receivable, with regard to the fair value of the security, is less than the sum of the book value of the receivable and the unpaid interest on the receivable. The estimated incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable interest rate, the interest rate in the agreement is used as the discount rate at the time of review. The write-down is entered as the difference between the lower current value of the recoverable cash flow and the book value of the credit.

A write-down by group is carried out where there is objective evidence for there being uncertainty in connection with repayment of the receivables in underlying credit portfolios. The write-down is based on a historic analysis of the probability of bankruptcy and loss in the event of bankruptcy in view of macroeconomic and microeconomic events and an experience-

based assessment. The need for write-downs is assessed taking into account changes in credit quality and security values that are expected to occur within 12 months, whereas the size of the write-down is determined taking the whole lifetime of the portfolios into account.

Accounting for the acquisition and disposal of financial assets

When acquiring or selling financial assets, these are entered in accordance with the trade date.

Derivative instruments

All derivative instruments are reported in the balance sheet and are valued at fair value. Derivatives with a positive fair value are reported as assets in Derivative instruments. Derivatives with a negative fair value are reported as liabilities in Derivative instruments.

Derivative instruments in the banking business are reported in the income statement according to the classification of the derivatives. When hedge accounting is applied for derivative instruments, the value change is entered as fair value hedging or cash flow hedging according to the following accounting principles. The life insurance business reports the change in value of derivative instruments, together with gains and losses realised, in the income statement as Net income from investments in Net income from life-insurance

Hedge accounting

All derivatives are valued at fair value. In accordance with the IAS 39, Aktia has documented hedge accounting either as fair value hedging or cash flow hedging.

Aktia's policy for hedge accounting is that the hedging relationship between the hedging instrument and the hedged item, along with the risk management aim and the strategy, are documented when hedging. In order to apply hedge accounting, the hedge must be highly efficient. A hedge is deemed to be highly efficient if, at the time of hedging and throughout the entire hedging period, it can be expected that changes in the fair value of the hedge item will be significantly neutralised by changes in the fair value of the hedging instrument. The outcome should be within the range of 80-125%. When subsequently assessing the efficiency of the hedging, Aktia values the hedging instrument at fair value and compares the change in this value with the change in the fair value of the hedged item. The efficiency is measured on a cumulative basis. If the hedging relationship between the derivatives and the hedged items is not a 100 per cent match, the ineffective part is reported in the income statement as Net income from financial transactions.

If the hedging relationship fails to meet the above requirements, the hedge accounting ceases. The change in the unrealised value of the derivative is reported at fair value in the income statement as Net interest income with effect from the time when the hedging was latest deemed to be efficient.

Fair value hedging

Fair value hedging is applied for derivatives which are used in order to hedge changes in fair value for a reported asset or liability which is attributable to a specific risk. The risk of changes in fair value for assets and liabilities reported by Aktia relates primarily to loans, securities and fixed-interest borrowing, giving rise to interest rate risk.

Changes in the fair value of derivatives are, like changes in the fair value of the hedged item, reported separately in the income statement as Net income from financial transactions. If the hedging is efficient, both changes in fair value mostly cancel each other out, which means that the net result is virtually zero. In the balance sheet, the change in value of the hedged item is reported as adjusted value of the hedged balance sheet item. Interest rate swaps and forward rate agreements are used as hedging instruments

Fair value hedging is no longer applied in the following situations:

- the hedging instrument expires, is sold, unwound or revoked
- the hedge no longer qualifies for hedge accounting
- hedging is discontinued

When hedging ceases, accumulated profit or loss adjusting the value of the item hedged, is periodised in the income statement. Periodisation is made over the hedged item's remaining period until maturity or over the unwound hedging instrument's original lifetime.

Cash flow hedging

Cash flow hedging is applied in order to hedge future interest streams, such as future interest payments on assets or liabilities with variable interest rate. The efficient element of the year's change in fair value this year is reported in comprehensive income and the inefficient element in the income statement as Net income from financial transactions. The accumulated change in fair value is transferred from Cash flow hedging in shareholders' equity to the income statement during the same period as the hedged cash flows have an impact on the income statement. Interest rate swaps, forward rate agreements and interest rate options are used as hedging instruments.

When interest rate options are used as hedging instruments, only their intrinsic value is included in hedge accounting. The change in time value for interest rate options is reported through the income statement.

Cash flow hedging ceases in the same situations as fair value hedging. When cash flow hedging ceases, but an inward cash flow is expected, accumulated profit or loss concerning the hedging instrument is reported as separate item in shareholders' equity. Accumulated profit or loss is then reported in the income statement under the same periods as previously hedged interest streams are reported in the income statement.

Other derivative instruments valued through the income statement (hedged back-to-back with third parties)

Other derivative instruments consist primarily of interest-rate derivatives issued to local banks, which are hedged back-to-back with third parties. These interest-rate derivatives are valued at fair value, and the change in result is recognised in Net income from financial transactions. The counter-

party risk arising in these derivative agreements has been limited via mutual pledging agreements with local banks. Individual security arrangements are made with third parties in accordance with the terms and conditions of ISDA/CSA (Credit Support Annex).

Financial derivatives valued at fair value through the income statement

Derivatives which are not classified as hedging instruments and which are not efficient as such are classified as derivatives valued at fair value through the income statement

Financial derivatives which are valued at fair value through the income statement are initially valued at fair value, but the transaction costs are reported directly in the income statement and are revalued thereafter at fair value. Derivatives are entered in the balance sheet as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value, together with profits and losses realised, are reported in the income statement and are included in Net income from financial transactions.

Repurchase agreements

Repurchase agreements relate to agreements where the parties have reached an agreement on selling securities and the subsequent repurchase of corresponding assets at a set price. For repurchase agreements, sold securities are still reported in the balance sheet, and the payment received is reported as a financial liability. Sold securities are also reported as collateral pledged. The payment made for acquired securities is reported as lending to the vendor.

Cash and balances with central banks

Cash and balances with central banks consist of cash, bank balances, a current account held with the Bank of Finland and short-term deposits with a duration of less than three months. Loans to credit institutions repayable on demand are included in Loans and other receivables. Cash and cash equivalents in the cash flow statement include cash and balances with central banks, and loans to credit institutions repayable on demand.

Tangible and intangible assets

The Group's real estate and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. If part of the premises is used by the Group, the division has been made according to the square metres reserved for their respective purposes.

Commercial properties are reported at original acquisition value, whereas investment properties are reported at fair value. The valuation of the fair value of investment properties is based on statements from independent valuers and the company's own valuation models for future rental payments. Changes in the fair values of investment properties are reported in the income statement.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. Planned depreciation is based on the financial lifetime of the assets.

Assets classified as held for sale

A fixed asset, or a disposal group, is reported in Assets classified as held for sale if the asset is available for immediate sale in accordance with conditions that are normal and customary when selling such assets. It must also be extremely likely that a sale will take place. In order for a sale to be extremely likely, a decision must have been taken by the Board of Directors on a plan for selling the asset, and active work must have been started to find a buyer and accomplish the plan. Assets held for sale are valued at fair value with deductions for sales costs.

Provisions

A provision is reported where the Group has an existing legal or informal obligation due to an event which has occurred, and it is likely that the obligation will be realised and the Group can reliably estimate the amount of the obligation. If it is possible to obtain remuneration from a third party for part of the obligation, this remuneration is reported as a separate asset item when it is certain in practice that remuneration will be received. The provisions are assessed each balance sheet date and are adjusted if needed. The provision is valued at the current value of the amount which is expected in order to regulate the obligation.

The Group as a lessor

Finance lease agreements

The leasing of assets where the financial risks and advantages associated with the ownership of an object are essentially transferred from the Group to the lessee is classified as a finance lease, and the assets are entered in the lessee's balance sheet. At the beginning of the leasing period, a receivable on the lessee arises in the Group which is repaid in line with the length of the leasing period. Each leasing payment is allocated between interest and repayment of the receivable. The interest income is allocated over the leasing period, so that every reporting period is allocated an amount which corresponds to a fixed interest rate for the receivable reported for each reporting period.

The Group as a lessee

Operating lease agreements

Where a lessor in all significant respects bears the financial risks and advantages associated with the ownership of an object, this is classified as an operating lease and the assets are entered in the lessor's balance sheet. Leasing rents on operating lease agreements are reported in the income statement as rental expenses.

Insurance and investment agreements

Classification of insurance and investment agreements

Insurance agreements are classified either as insurance agreements or investment agreements. Insurance agreements are agreements whereby sufficient insurance risks are transferred from the policyholder to the insurer. Investment agreements are agreements with policyholders that do not cause sufficient insurance risk to be classified as insurance agreements.

For investment agreements with the right to discretionary benefits (customer compensation) or which can be changed to such agreements, the opportunity in IFRS 4 to report these as insurance agreements is applied. Unit-linked agreements are classified either as insurance agreements or investment agreements. Unit-linked agreements that do not cause sufficient insurance risk and where there is no possibility for discretionary benefits, are classified as investment agreements. Capitalisation agreements are agreements without insurance risk, so these are classified as investment agreements.

Agreements are classified as follows:

Insurance agreements

- Agreements with sufficient insurance risk
- Agreements containing a discretionary part or the possibility of one
- Unit-linked agreements with sufficient insurance risk

Investment agreements

- Unit-linked agreements without sufficient insurance risk
- Capitalisation agreements

Reinsurance

The term reinsurance agreements refers to insurance agreements under which the insurance business can receive remuneration from another insurance company if it is liable to pay remuneration itself as a result of insurance agreements entered into. Premiums paid to reinsurers are reported as premiums written and costs attributable to compensation as insurance claims paid. Remuneration which will be received through reinsurance agreements is reported in the balance sheet as assets. Unpaid premiums to reinsurers are reported in the balance sheet as liabilities.

Liabilities attributable to insurance and investment agreements

Liabilities attributable to insurance and investment agreements are reported as technical provisions, comprising premium liabilities and outstanding claims. Calculation of technical provisions are based on assumptions of for example mortality, costs and loss ratios. The technical interest rate used in the calculation of technical provisions for insurance agreements with a quaranteed interest varies between 1.0 and 4.5%.

Outstanding claims include provisions for losses incurred which are still unpaid when the accounts are closed (claims incurred) and the estimated claims adjustment costs for these and provisions for claims which have not yet been reported to the Group (claims incurred but not reported). Risk insurance outstanding claims include provisions for losses incurred which are still unpaid when the accounts are closed (claims incurred) and provisions

for claims which have not yet been reported to the Group (claims incurred but not reported).

Savings insurance outstanding claims include provision for losses incurred which are still unpaid when the accounts are closed (claims incurred). Pension insurance outstanding claims include provision for losses incurred which are still unpaid when the accounts are closed (claims incurred) and an estimate of future pension payments including costs.

In the consolidated IFRS accounts, the insurance company's equalisation provisions (FAS) have been transferred to shareholders' equity and deferred tax liability.

Assessment of technical provisions

When the accounts are closed, an assessment is made on whether the technical provisions included in the balance sheet are sufficient or not. If this assessment shows that they are insufficient, the technical provisions are increased.

The life insurance business' equity principle

In accordance with chapter 13, § 3 of the Insurance Companies Act, the equity principle should be followed when it comes to insurance for policies which, according to the insurance agreement, bring entitlement to additional benefits

The life insurance business strives to ensure that the sum of the technical interest rate and the annually set customer compensation on the interest-linked pension insurance savings is higher than the return on the Finnish state ten-year bond, and on the interest-linked saving and investment insurance savings is at the same level as the Finnish state five-year bond. The solvency of the life insurance company should also be kept at a level which allows customer compensation payments and profits to be paid to the shareholders.

The Board of Directors of Aktia Life Insurance Ltd decides on customer bonuses and rebates on an annual basis.

Equity

Dividend payments to shareholders are reported in shareholders' equity when the annual general meeting decides on the pay-out.

Holdings where a non-controlling interest exists

The subsidiaries Aktia Real Estate Mortgage Bank plc and Aktia Asset Management Ltd have certain redemption clauses in their contracts, as a result of which their non-controlling holdings are reported as liabilities. The liability is valued at fair value on the reporting date. The change in the fair value of Aktia Asset Management's liability to its owners is reported as personnel costs. On 8 October 2015, Aktia Bank signed an agreement with the savings banks and POP Banks to acquire the other owners' holdings. As from the agreement of sale, the other owners' holdings are for Aktia Real Estate Mortgage Bank reported as a liability to the owners (before the agreement

the other owners' holdings were reported as non-controlling interest's share of equity). The change in the fair value of Aktia Real Estate Mortgage Bank's liability to its owners is reported as net income from financial transactions

Accounting principles requiring management discretion

When preparing reports in accordance with the IFRSs certain estimations and assessments are required by management which have an impact on the income, expenses, contingent assets and contingent liabilities presented in the report.

The Group's central assumption relates to the future and key uncertainty factors in connection with balance date estimations, and depends on factors such as fair value estimations, the impairment of financial assets, the write-down of loans and other receivables, impairment of tangible and intangible assets, and assumptions made in actuarial calculations.

Estimates and valuation of fair value

Valuation of unquoted financial assets or other financial assets where access to market information is limited requires management discretion. The principles of valuation at fair value are described in the section Valuation of financial instruments at fair value. The fair value of financial assets held until maturity is sensitive to both changes in interest rate levels and the liquidity and risk premiums of the instrument.

Impairment of financial assets

The Group performs an impairment test for every balance sheet date to see whether there is objective evidence of a need to make impairments on financial assets, except for financial assets that are valued at fair value through the income statement. The principles are described above in the section Impairment of financial assets.

Write-downs of loans and other receivables

The Group continuously evaluates objective causes for value changes in receivables and decides according to certain criteria if a write-down or a reversal of write-down shall be booked. The principles are described above in the section Write-downs of loans and other receivables.

Actuarial calculations

Calculation of technical provisions always includes uncertainties as the technical provisions are based on assumptions of, among other things, future interest rates, mortality, illness and future cost levels. This is described in more detail in the notes and methods used and assumptions made when determining technical provisions in the life insurance business.

Share-based payments

The Group has an incentive agreement with key personnel in management positions, and the probable outcome of the incentive agreement is continuously evaluated. The principles are described above in the Section Employee remuneration and Share-based payments.

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1. General

The Group focuses primarily on banking, asset management and life insurance operations, and real estate agency services. Risks and risk management are thus a substantial part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, interest rate and other market risks and actuarial risks in the life insurance business. All operations are exposed to business and operational risks. The overall business risk is reduced by diversifying operations.

Aktia Bank plc is the parent company of Aktia Group. The preparation of regulatory reporting, capital adequacy calculations as well as internal risk and capital allocation assessments are compiled as tasks concerning the Bank Group. The Bank Group includes Aktia Bank plc and all its subsidiaries, excluding insurance company holdings (Aktia Life Insurance Ltd).

Aktia Group's internal control and risk management, as well as the requirements on disclosure according to CRR, Chapter 8 (Pillar III), are presented in greater detail in the Group's Capital and Risk Management Report, which is published separately from the Annual Report.

2. Internal control and risk management

In providing financial solutions to its customers, Aktia is exposed to various risks. Risks and risk management are thus a substantial part of Aktia's operating environment and business activities. The term risk management refers to all activities involved in the taking, reducing, analysing, measuring, controlling and monitoring of risks.

The Group's strategy governs all risk taking, with the board of directors responsible for the Group's risk management and the resources required. The board of directors annually sets the Group's risk management framework, also called the Group's risk policy, including goals and limits for managing the operations. The board of directors regularly monitors the Group's compliance with the risk policy.

The CEO is responsible for organising the risk management processes, and the executive committee prepares matters relating to internal capital allocation and further delegation of risk mandates.

The primary responsibility for internal control lies with the business units and line organisations responsible for the day-to-day running of business, operational processes and their control as well as for risk management measures. Risk management is the key element of internal control.

The control functions consist of the Group's risk control and the compliance function, both of which are independent from the business units. The role of risk control function is to develop the principles, methods and instructions for managing risks, analysis and assessment of risk positions as well as for monitoring how risk management is implemented in business operations. The compliance function works to ensure that applicable regulatory frameworks are known within the organisation and are appropriately implemented and that any breaches of regulations are identified, managed and reported.

The Group's internal audit makes an independent assessment and evaluation of the sufficiency and quality of the Group's internal control, risk management and control functions. External parties, such as the Group's auditors, also assess the internal control and its adequacy.

3. Group capital management

3.1 Capital management

Capital management assesses the Group's capitalisation in relation to the risks of operations. The aim is to support business strategies and secure an adequate capital base even during weaker parts of the economic cycle. The objective is to strike a balance between shareholder demands on returns and the need for financial stability as imposed by the authorities, investors in debt instruments, business partners and rating agencies. Capital management aims to identify material risks as a whole and to assess their extent and the capital they require. The capital management process complies with current regulatory requirements such as Internal Capital Adequacy Assessment Process (ICAAP) for the banking business and Own Risk and Solvency Assessment (ORSA) for the insurance business.

The Group executive committee is responsible for preparing the board's annual strategic planning process, and for the accompanying capital planning and allocation. The Board's risk committee monitors this work while decisions are made in the Group's board of directors. The Group's internal audit conducts an annual evaluation of the capital management process in its entirety. The rules of procedure for the board of directors and its risk committee closely govern the work and decision-making within the capital management process. The Group's risk control function is responsible for preparing the proposal for the internal minimum capital requirements and capital adequacy targets.

A business plan regarding changes in volumes and risk levels within the near future is used as the starting point for capital planning. The plans are also used as the basis for creating forecasts regarding the development of the capital adequacy of the Group and different companies. In addition to base scenarios, stress tests are carried out in order to assess how weaker parts of the economic cycle affect capital adequacy.

3.2 Capital adequacy

On 10 February 2015, the Financial Supervisory Authority granted Aktia Bank Group (Aktia Bank plc and all its subsidiaries except Aktia Life Insurance Ltd) permission to apply internal risk classification (IRB) to the calculation of capital requirement for retail exposures. Simultaneously, the IRB approach was introduced also in the calculation of capital requirement for equity exposures. A total of 58% of the Bank Group's exposures are calculated according to the IRB approach. For other exposures the Standardised Approach is used. Capital adequacy for operational risks is calculated using the Basic Indicator Approach. There are no capital requirements for market risks because of the small trading book and small currency positions.

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

G2.1 Capital adequacy in banking operations

Capital adequacy, %	31.12.2015	31.12.2014
	IRB	STD
Bank Group		
CET1 Capital ratio	20.7%	14.6%
Tier 1 Capital ratio	20.7%	14.6%
Total capital ratio	27.1%	19.1%
Aktia Bank		
CET1 Capital ratio	18.6%	15.0%
Tier 1 Capital ratio	18.6%	15.0%
Total capital ratio	24.6%	20.3%
Aktia Real Estate Mortgage Bank		
CET1 Capital ratio	79.5%	19.6%
Tier 1 Capital ratio	79.5%	19.6%
Total capital ratio	79.5%	19.6%
Aktia Asset Management		
CET1 Capital ratio	11.2%	19.9%
Tier 1 Capital ratio	11.2%	19.9%
Total capital ratio	11.2%	19.9%

The capital requirement of the bank Group increased at the beginning of 2015 as the requirement for a so-called capital conservation buffer and the so-called countercyclical capital buffer requirement were introduced to Finland. The requirement for capital conservation buffer will increase the minimum requirement by 2.5 percentage points. The countercyclical buffer requirement will vary between 0.0 and 2.5 percentage points. The board of the Financial Supervisory Authority will decide quarterly the magnitude of the requirement for the countercyclical capital buffer on the basis of analysis of macroeconomic stability. In 2015 no countercyclical capital buffer requirement was set on the banks for Finnish exposures.

The authorities in Sweden and Norway have set 1% as requirement for the countercyclical capital buffer of Swedish and Norwegian exposures. This requirement also applies to certain exposures in the Bank Group's liquidity portfolio. Aktia Bank Group's requirement for a countercyclical buffer amounted to 0.02% as per 31/12/2015, taking the geographic distribution of exposures into account. In accordance with the Credit Institutions Act, the Financial Supervisory Authority has defined Other Systemically Important Institutions (O-SIIs) in Finland, and set buffer requirements for them. The requirements entered into force at the beginning of 2016. No O-SII buffer requirement was set for Aktia. Taking all buffer requirements into account, the minimum capital adequacy level for the Bank Group was 10.52%

The life insurance company's solvency margin amounted to EUR 130.4 (133.4) million, where the minimum requirement is EUR 34.8 (34.2) million. The solvency ratio was 22.3 (23.3)%. The Solvency II framework entered into force for insurance companies on 1 January 2016. One of the consequences is a new method for calculation of solvency ratio. The Financial Supervisory Authority granted Aktia Life Insurance Ltd permission to apply transitional measures for calculation of technical provision within the Solvency II framework. Without the transitional measures the available solvency capital is estimated to approximately 118% of the solvency capital requirement (SCR). Taking the transitional measures into consideration, the available solvency capital is approximately 182% of the solvency capital requirement (SCR).

The capital adequacy of the finance and insurance conglomerate is calculated using the consolidation approach. The Aktia's financial conglomerate includes all companies in the Aktia Group. Following the decrease of Aktia Bank's holdings in Folksam Non-Life Insurance to 10%, the company is no longer part of the Aktia Bank financial conglomerate. The financial conglomerate's capital adequacy ratio was 226.7 (216.5)%. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. When the requirements for capital buffers in the bank Group entered into force, the capital requirements for the financial conglomerate were also increased, thus reducing the financial conglomerate's capital adequacy accordingly. The simultaneous introduction of the IRB approach did, however, reduce the total requirement for the financial conglomerate.

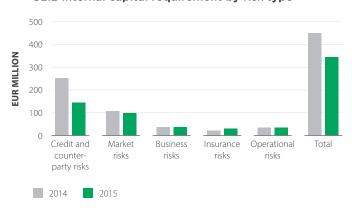
3.3 Capital adequacy target and internal assessment of capital requirements

The internal assessment of capital requirements for the Group companies is an important element of capital management. The internal capital requirement reflects the company's capital adequacy more comprehensively than the regulatory requirements because it also takes into account risks not included in them. The internal capital requirement encompasses all the material risks facing the Group and represents an internal assessment of the capital requirements implied by business operations.

The Banking Group's internal capital requirement is based on the regulatory capital requirements for credit risks and operational risks according to Pillar 1. In 2015 Aktia has calculated the capital requirement for retail exposures according to the IRB approach. The capital requirement is supplemented with capital requirement for other risks as well as with factors covered insufficiently under Pillar 1.

The internal capital requirement of the life insurance business is based on the company's internal models for different areas of risk. The models were developed as part of the company's preparations for the new Solvency II framework. The capital requirements in banking and life insurance businesses are combined into an internal capital requirement for the Group.

G2.2 Internal capital requirement by risk type



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

G2.3 The Group's maximum exposure by operation

	a	s at 31.12.2015		as	at 31.12.2014	
(EUR million)	Banking business	Life insurance business	Total group	Banking business	Life insurance business	Total group
Cash and money market	308	40	312	440	28	442
Bonds	2,190	429	2,615	2,356	460	2,816
Public sector	521	126	646	497	149	646
Government guaranteed bonds	98	6	104	87	0	87
Banks	355	43	394	447	51	497
Covered bonds	1,217	186	1,402	1,324	198	1,522
Corporate	0	68	68	0	62	63
Shares and mutual funds	8	87	95	18	84	103
Fixed income funds	0	56	56	0	40	40
Shares and equity funds	8	0	8	18	12	30
Real estate funds	0	28	28	0	29	29
Private Equity	0	3	3	0	4	4
Hedge funds	0	0	0	0	0	0
Loans and claims	5,864	0	5,864	6,425	0	6,425
Public sector entities	1	0	1	2	0	2
Housing associations	223	0	223	252	0	252
Corporate	416	0	416	423	0	423
Households	5,182	0	5,182	5,703	0	5,703
Non-profit organisations	42	0	42	46	0	46
Tangible assets	9	54	62	8	57	65
Bank guarantees	29	0	29	29	0	29
Unused facilities and unused limits	296	1	297	291	1	293
Derivatives (credit equivalents)	200	0	200	258	0	258
Other assets	40	4	43	37	3	40
Total	8,943	615	9,517	9,863	635	10,471

The capital adequacy required by the authorities for the other regulated companies in the Group should exceed the minimum requirements under the current rules, so that any capital buffer is maintained in the parent company.

For the financial conglomerate, the target for capital adequacy is for it to exceed 150%.

4. Credit and counterparty risks

Credit risk is defined as the risk of losses brought about by the debtor failing to fulfil obligations towards Aktia, while counterparty risk is defined as the risk of losses or negative valuation differences due to deterioration of the counterparty's credit worthiness. Credit and counterparty risks are measured by assessing the probability of default and any losses incurred by such. The probability of default is measured using scoring or rating models, and the loss given default is measured by taking into account the realisation value of collateral and the anticipated recovery, with deductions for recovery costs. Each year, the Group's board of directors determines a credit policy, and revises both the credit risk strategy and delegation of decision-making. The regulation of counterparty risks is managed in a similar manner.

Table G2.3 shows the Group's exposure by area of operations. The figures include accrued interest. Internal Group receivables and liabilities are eliminated, and deductions for eligible collateral have not been made. Investments that provide cover for unit-linked provisions are not included.

Credit risks occur in the Bank Group, while counterparty risks occur in both banking and insurance operations.

The limit structure restricts credit and counterparty risks in both banking and insurance operations, individually and also at financial conglomerate level, through restrictions on the total exposure to individual counterparties.

4.1 Problem loans

Problem loans are regularly monitored both at the branch network through delinquency lists and at portfolio level at the Group's risk control. Internal policies and tools have been put in place in order to identify customers whose credit standing no longer corresponds to their level of debt at an early stage. Quickly reacting to such situations is in the interest of both the customer and the bank.

Loan forbearance and modification in the form of repayment deferral also takes place due to other circumstances than a persistent deterioration in the borrower's credit standing.

According to the Group's accounting principles a receivable will be tested for individual write-down when there is objective evidence that the customer's credit standing has deteriorated since the receivable was originally booked into the balance sheet. Objective evidence includes the borrower having significant financial difficulties; breach of contract, such as late payments of interest or capital; the granting of concessions for financial or

legal reasons which the lender would otherwise not have considered; the bankruptcy or other financial reconstruction of the borrower. An adjustment of the terms of the loan, as a result of the borrower's deteriorated credit standing as above, thus results in an individual write-down where the receivable exceeds the anticipated cash flow.

G2.4 Past due loans by length of payment delay (EUR million)

Days	31.12.2015	% of the loan book	31.12.2014	% of the loan book
3–30	76	1.29	101	1.57
of which households	71	1.20	94	1.46
31-89	28	0.48	41	0.63
of which households	26	0.44	34	0.53
90-	44	0.75	46	0.71
of which households	37	0.63	36	0.56

G2.5 Loans past due but not impaired

EUR million			31.12.2015
Days	Book value	% of the loan book	Fair value of collateral
3–30	76	1.29	75
31–89	28	0.48	26
90-	40	0.68	39

EUR million			31.12.2014
Days	Book value	% of the loan book	Fair value of collateral
3–30	101	1.56	99
31-89	38	0.58	35
90-	42	0.66	40

G2.6 Gross loans and write-downs

EUR million	31.12.2015	31.12.2014
Gross loans	5,910.5	6,475.5
Individual write-downs	-44.5	-50.3
Of which made to non-performing loans		
past due at least 90 days	-38.9	-37.6
Of which made to other loans	-5.6	-12.7
Write-downs by group	-9.7	-9.2
Net loans, balance amount	5,856.3	6,416.0

5. Management of funding and liquidity risks

Funding and liquidity risk implies a risk that the Group will not be able to meet its payment obligations, or could only do so at high cost, and is defined as the availability and cost of refinancing, as well as differences in maturity between assets and liabilities. Funding risk also occurs if funding is largely concentrated in individual counterparties, instruments or markets. Management of refinancing risks ensures that the Group can meet its financial obligations.

The funding and liquidity risks are dealt with at the legal company level, and there are no explicit financing commitments between Aktia Bank plc and Aktia Life Insurance Ltd.

5.1 Funding and liquidity risks in the Bank Group

In the Bank Group, funding and liquidity risks are defined as the availability of refinancing and the differences in maturity between assets and liabilities. To ensure market-related refinancing, the banking business strives to maintain a diverse range of funding sources and an adequate diversification across different markets and investors.

The Group's executive committee is responsible for managing funding and liquidity risks. The Group's risk control, which continuously monitors liquidity risks and associated limits, reports on these to the board of directors and the executive committee. The treasury unit is responsible for maintaining the bank's day-to-day liquidity, and constantly monitors how Aktia's wholesale assets and liabilities mature. Developments and pricing in the deposit stock are also followed closely. The treasury unit implements the adopted measures, to change the liquidity position.

5.1.1 Sources of funding

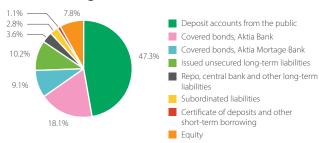
The foundations of Aktia's funding comprise stable borrowing and deposit stocks from households developed via the network of branch offices, and the issue of covered bonds. During the year, Aktia Bank issued its third long-term with a value of EUR 500 million. At year-end, Aktia Bank's cover pool eligible assets, mortgage loans, amounted to EUR 3,989 (3,451) million.

Funding is supplemented by other well-diversified borrowing, such as bonds and certificates of deposit issued on the domestic market as well as deposits by Finnish institutional investors. Aktia Bank will also receive funding from the European Investment Bank within the framework of their programmes for financing small businesses and environmental projects.

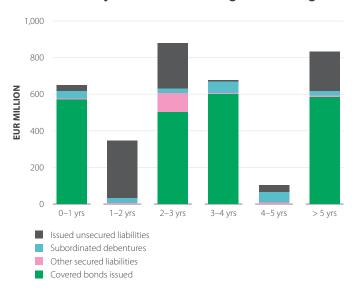
The diversified funding structure is complemented by a liquidity portfolio consisting of high-quality and liquid interest-bearing securities. The portfolio serves as a liquidity buffer in the event of short-term fluctuations in liquidity or any disturbances occurring on the refinancing market. The portfolio can be sold or used as collateral for funding, either on the market via so-called repurchase agreements or through the central bank.

Aktia Bank's sources of funding are presented in the diagram G2.7 and the maturity structure of long-term funding in the table G2.8.

G2.7 Funding sources



G2.8 Maturity structure for the long-term funding



5.1.2 Liquidity reserve and assessment of liquidity risks

The aim of the bank is to continuously maintain a liquidity reserve that covers the outgoing cash flow for at least one year.

The liquidity portfolio contains high-quality assets to service liquidity needs in stressed situations. The non-pledged financial assets in the liquidity portfolio that can be utilised, as outlined above, as a liquidity reserve, including cash assets, had a total market value of approximately EUR 2,090 million at year-end, corresponding to an outgoing cash flow for just over 39 months from the wholesale market.

Furthermore, liquidity risks are measured and monitored with the help of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). LCR measures the short-term liquidity risk and the purpose is to ensure that Aktia Bank's liquidity reserve, comprising unencumbered financial assets of high-quality, is large enough to meet a short-term cash outflows in a stress scenario within the next 30 days. NFSR which is expected to be introduced in 2018 measures the matching of assets and liabilities with a maturity of over one year in Aktia Bank's balance sheet and the purpose is to ensure that long-term lending is to a safe extent matched by long-term funding.

LCR will fluctuate over time, depending among other things on how the maturity structure of the bank's issued debt securities evolves. Table G2.9 presents the development of LCR and NSFR in 2015 for Aktia Bank Group.

G2.9 LCR and NFSR

	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014
LCR %	275%	221%	189%	232%	186%
NFSR %	120%	118%	122%	124%	111%

Liquidity coverage ratio (LCR)	31.12.2015	31.12.2014
EUR million		
Liquid assets, level 1	1,554	1,685
Liquid assets, level 2	24	10
Total liquid assets	1,577	1,695
Total cash outflows	708	999
Total cash inflows	135	90
Net cash outflows	574	909
Liquidity coverage ratio (LCR), %	275%	186%

5.2 Liquidity risks in the life insurance business

Within the life insurance business, liquidity risk is defined as the availability of liquidity for paying out insurance claims from the various risk insurance lines, as well as savings and surrenders from savings policies, and surrenders and pensions from voluntary pension policies. Availability of liquidity is planned based on these needs, and on the basis of the liquidity needed for investment activities to manage the investment portfolio effectively and optimally. For the most part, liquidity can be satisfied through the inward flow of cash and a portfolio of investment certificates adjusted to the varying requirements. Any unforeseen significant need for liquidity is taken care of through realisations of investment assets.

6. Management of market, balance sheet and counterparty risks

6.1 Market and asset and balance sheet risks in the Bank Group

After preparation in the executive committee and the board's risk committee, the board of directors sets out annually the strategy and limits for managing market risks related to the development of net interest income and volatility. The Group's investment and funding committee is responsible for the operational management of internal Group investment assets within the given guidelines and limits. The bank's treasury unit carries out transactions in order to manage the structural interest rate risk based on the established strategy and limits.

6.1.1 Interest rate risk in the banking book (IRRBB)

Structural net interest income risk arises as a result of an imbalance between reference rates and the re-pricing of assets and liabilities. As well as matching reference rates in lending and borrowing through business management, hedging with interest rate derivatives and fixed-rate investments in the liquidity portfolio are also utilised with the aim of maintaining net interest income at a stable level and protecting financial performance against sustained low interest rates.

The structural net interest income risk is simulated using a dynamic asset and liability risk management model. The model takes into account the effects on the balance sheet's structure, starting from planned growth and simulated customer behaviour. In addition, various interest rate scenarios for dynamic or parallel changes in interest rates are applied. Table G2.10 shows the increase of net interest income with an upturn in interest rates and the decrese with a downturn of interest rates.

G2.10 Structural interest rate risk

Interest sensitivity analysis with a parallel shift in the interest rate curve with of 1 % point

Change in net interest income (EUR million)

		31.12	.2015	31.12	.2014
Period	change	Down	Up	Down	Up
Changes during the nex	-1.1	8.3	-6.1	-0.4	
Changes during 12–24 r	months	-3.7	20.1	-9.7	+6.2

6.1.2 Market value interest rate risk and credit spread risk

Interest rate risk consists of changes in the value of financial assets available for sale, due to interest rate fluctuations or changes in the credit spread. The size and maturity of the liquidity portfolio is restricted and the risk level is managed by a capital limit based on dynamic interest rate shocks (described in more detail in section 6.1.6). In keeping with the prevailing regulations, the impact of the interest rate shock is taken into account only for financial assets available for sale.

The size of the credit spread risk depends on the prospects for the counterparty, the instrument's seniority, and whether or not the investment has collateral. With regard to contracts traded on an active market, the market is constantly valuing the risk, making credit spread a component of the instrument's market price, and this credit spread is thus usually regarded as a part of the market risk.

Changes in market interest rates or credit spreads affect the market value of the interest-bearing securities. Interest rate fluctuations are reported in the fund at fair value after the deduction of deferred tax, while any significant or long-term impairment of market value compared to the acquisition price is shown in the income statement.

The net change in the fund at fair value relating to market value interest rate risk, credit risk and spread risk posted during the period was negative and totalled EUR -16.3 million after the deduction of deferred tax. At the end of December 2015, the valuation difference in interest-bearing securities was EUR 24.1 (40.5) million.

6.1.2.1 Reclassification of financial assets

Aktia Bank decided to reclassify interest-bearing securities at the end of 2012 and at the middle of 2013 from the portfolio of financial assets available for sale to the portfolio of financial assets held until maturity in order to reduce the volatility of the Group's equity and in order to manage the regulatory risks that materialise with Basel III.

Most of the reclassified securities have an AAA rating. No new reclassifications were done during the financial period. Securities held until maturity are recognised amortised cost. As of 31/12/2015, no write-downs had been necessary. Table G2.11 shows the carrying amount of the reclassified financial assets.

G2.11 Reclassification of financial assets

EUR million	2015	2014
Carrying amount	419.2	426.4
Fair value	425.8	434.8
Value change which would have been recognised in other comprehensive income if reclassification		
had not occurred	5.3	6.7
Recognaised interest income after reclassification	8.2	8.2

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

The liquidity portfolio of the Bank Group, which consists of interest-bearing securities and is managed by the bank's treasury unit, stood at EUR 2,295 (2,512) million as of 31/12/2015. The figure includes Aktia Bank's liquidity portfolio as well as other interest-bearing securities in the Bank Group.

Counterparty risks arising from the liquidity portfolio and derivative contracts are managed through the requirement for high-level external ratings. Counterparty risks in derivative instruments are managed through the requirement for a Credit Support Annex agreement. Individual investment decisions are made in accordance with an investment plan in place and are based on careful assessment of the counterparty. The Group's board of directors establishes limits for counterparty risks every year. The investment portfolio is market valued and monitored on a daily basis.

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

No write-downs were made during the year.

G2.12 Rating distribution for banking business' liquidity portfolio and other direct fixed income assets

	31.12.2015	31.12.2014
EUR million	2,295	2,512
Aaa	59.9%	50.9%
Aa1–Aa3	25.1%	29.7%
A1-A3	5.5%	13.5%
Baa1-Baa3	2.2%	0.6%
Ba1-Ba3	0.0%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Domestic municipalities (unrated)	7.4%	5.3%
No rating	0.0%	0.0%
Total	100.0%	100.0%

6.1.3 Counterparty risks in the Bank Group's management of interest rate risks

Derivative hedges are used to ensure an adequate level of net interest income in a low interest rate scenario.

To limit counterparty risks arising from derivative transactions, only counterparties with high-quality external credit ratings are used.

To further reduce counterparty risks, individual collateral arrangements are used, in accordance with ISDA/CSA (Credit Support Annex) conditions. At year-end, Aktia had derivative exposures with 11 counterparties, with a positive market value totalling EUR 156.9 million, of which the derivatives brokered to local banks had a market value of EUR 61.9 million. The net exposure after credit risk mitigation totalled EUR 1.2 million, i.e. the collateral provided exceeded the market value of the net exposure. The derivative exposures are market valued on an ongoing basis. If no market value is

	Governme	ent and	Covered	Bonds	Finar	ncial							
Aktia Bank Group	govt. gua	ranteed	(CI	(CB)		institutions exkl. CB		Corporate bonds		Listed Equity		Total	
EUR million	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	
Finland	182.2	149.2	148.9	239.3	83.9	50.0	-	-	-	-	415.1	438.5	
United Kingdom	-	-	298.1	320.5	18.6	25.0	-	-	-	-	316.7	345.5	
Netherlands	25.0	25.0	189.0	208.4	85.1	129.3	-	-	-	-	299.2	362.7	
Norway	-	-	283.1	247.9	-	10.3	-	-	-	-	283.1	258.2	
France	65.4	65.5	142.3	194.8	47.4	132.9	-	-	-	-	255.1	393.2	
Sweden	-	-	74.5	87.4	119.9	95.5	-	-	-	-	194.4	182.9	
Denmark	-	-	83.6	27.1	-	-	-	-	-	-	83.6	27.1	
Austria	25.9	26.3	53.8	95.1	-	-	-	-	-	-	79.7	121.4	
Germany	48.5	48.4	9.4	9.7	-	3.1	-	-	-	-	57.8	61.2	
Supranational	228.1	239.6									228.1	239.6	
Other	53.7	42.2	28.1	39.1	-	-	-	-	-	-	81.8	81.3	
Total	628.9	596.2	1,310.9	1,469.2	354.9	446.2	-	-	-	-	2,294.7	2,511.6	

available, an independent valuation by a third party is used.

6.1.4 Foreign exchange rate risk

Foreign exchange (FX) rate risk refers to a negative change in value of the Bank Group 's currency positions caused by fluctuations in exchange rates, particularly against the Euro.

Within the Bank Group, FX transactions are based on customer requirements, which is why most activity involves Nordic currencies and the US dollar. The guiding principle in managing exchange rate risks is matching. The treasury unit is responsible for managing the bank's day-to-day FX exposure, subject to the limits set.

At year-end, total net FX exposure for the Bank Group amounted to EUR 0.6 million (0.7) million.

6.1.5 Equity and real estate risk

Equity risk refers to changes in value due to fluctuations in share prices. Real estate risk refers to risk associated with a fall in the market value of real estate assets.

No equity trading or investments in real estate are carried out by the Bank Group .

At the end of the period, real estate holdings amounted to EUR 0.1 (0.1) million and investments in shares necessary for the business amounted to EUR 7.5 (0.9) million. The increase of investments in shares is attributable solely to the divestment of shares in Folksam Non-Life Insurance. The remaining minority holding in Folksam Non-Life Insurance is reported as normal equity holdings.

6.1.6 Risk sensitivity

With regard to investments, the key risks are interest rate risk and credit spread risk. The table G2.14 summarises market value sensitivity for the Bank Group 's assets available for sale in various market risk scenarios as of 31/12/2015 and 31/12/2014. The shocks applied are based on historical interest rate volatility and reflect both a high and low interest rate scenario. The same interest rate scenarios form the basis for the board's limits on capital usage. The risk components set out in the table are defined as follows:

Upward interest rate risk: Change applied to a risk-free interest rate curve

based on Euribor and euro swap interest rates. The stress factors were determined using historical analysis and the stresses were chosen so that they represent a percentile of 99.5% (the 995th highest of 1,000 cases) of the historical rate changes during a period of one year. The factors are revised every year. Due to the low interest rates this method gives an insignificant change. Therefore, for the upward chock an absolute minimum of 1.0 percentage points is applied for the stressed interest rate curve.

Downward interest rate risk: Change applied to a risk-free interest rate curve derived from Euribor and Euro swap interest rates. The stress factors were determined using historical analysis and the stresses were chosen so that they represent a percentile of 0.5% (the 5th lowest of 1,000 cases) of the historical rate changes during a period of one year. The factors are revised every year. Due to the low interest rates this method gives an insignificant change. Therefore, for the downward chock an absolute minimum of 0.5 percentage points is applied for the stressed interest rate curve. However, the downward chocked interest rate, cannot sink lower than -0.5%.

Credit spread risk: Describes the risk that the spreads, i.e. the counterparty-specific risk premiums, will rise. The magnitude of the change is an annually revised figure which is based on the yield curves of interest instruments of a given rating and investment type. The stress factors were determined using historical analysis and the stresses were chosen for 2015 based on a percentile of 99.5% from which the interest component has been excluded.

Currency risk: Describes the risk of the values of different currencies changing against the euro. Each currency is tested separately for the shock that the increase or decrease of its value would cause, and the worst case scenario is chosen for each currency, after which the effects of all currencies are added together. The stress factors were determined using historical analysis and the stresses were chosen so that an upward shock represents a percentile of 99.5% and a downwards shock a percentile of 0.5% of the possible outcomes during a period of one year. The factors are revised every year.

Equity and real estate risk: Describes the risk that the market value of shares and real estate will fall. The extent of the shock is -50% or -60% (unlisted) for equity and -25% for real estate.

The impact on equity or income statement is given after tax. The large difference compared to 2014 figures concerning interest rate risk is due to the introduction of the minimum increase and decrease in the stress of the interest curve.

G2.14 Sensitivity analysis for market risks

	availab	Assets ole for sale		Total
		2015		2014
Banking Group	EUR million	%	EUR million	%
Market value 31.12.	1,828.2	100.0%	1,999.0	100.0%
IR risk up (99.5 th precentile)	-21.3	-1.2%	-3.9	-0.2%
IR risk up (100 bp)	-21.3	-1.2%	-27.6	-1.4%
IR risk down (0.5 th pre-				
centile)	10.5	0.6%	3.2	0.2%
Spreadrisk	-42.4	-2.3%	-49.1	-2.5%
Equity risk	0.0	0.0%	0.0	0.0%
Real estate risk	0.0	0.0%	0.0	0.0%

6.2 Market and asset and liability risks in the insurance business

After preparation by the executive committee, the companies' boards of directors and the board's risk committee, the Group's board of directors sets out investments strategies and the strategy and plan as well as limits for managing market risks in both the investment portfolio and interest-linked provisions. The Group's investment committee is responsible for the operational management of internal Group investment assets within predetermined guidelines and limits. An investment manager has been appointed to be in charge of operational management. The Group's risk control unit supervises risk exposure and limits.

In the life insurance business, the policyholder bears the investment risk of the investments covering the unit-linked insurance policies. Other investments within the insurance companies for covering technical provisions are at the company's risk. There is thus a certain degree of risk-taking in the investment activities of insurance companies.

G2.15 Rating distribution for the life insurance business' direct fixed income investments (excluding investments in fixed-income funds, real estates, equities and alternative investments)

	31.12.2015	31.12.2014
EUR million	429	460
Aaa	61.2%	59.6%
Aa1-Aa3	17.9%	18.4%
A1-A3	7.9%	9.4%
Baa1-Baa3	4.8%	4.3%
Ba1-Ba3	0.5%	0.5%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Domestic municipalities (unrated)	0.0%	0.0%
No rating	7.7%	7.8%
Total	100.0%	100.0%

With regard to risk sensitivity, the key market risks involved are interest rate, counterparty (spread) and real estate risk. With regard to the technical provisions of the interest-linked insurance policies, other risks except interest risk are insignificant. With regard to the unit-linked insurance policies, equity risk is the most important risk. On the unit-linked side the netting effect between the portfolio and the technical provisions is much higher than for the interest-linked policies, as the customer bears the largest part of the risk.

Interest rate risk is the most significant risk connected with technical provisions in the life insurance company and affects profitability through the rate of return over guaranteed interest rates, as well as capital adequacy through the market valuation of assets and liabilities applied in the Solvency II framework. From capital adequacy point-of-view, the interest rate risk is an ALM risk which arises from differences between incoming and outgoing future cash flows. In terms of liquidity and risk-taking, interest rate risk arises from the difference between the rate guaranteed to the customer and the market's risk-free rate. If the interest guaranteed to the customer exceeds the risk-free interest, a higher degree of risk-taking is required in investment activities.

G2.16 Geopolitical distribution of investments due to instrument type

Aktia Life	Govern and g	govt.	Cove		Finar institu	tions	Corpo				Altern				_	
Insurance	guara	nteed	Bond	s (CB)	exkl	CB	bor	ıds	Real e	state	invest	ments	Listed	Equity	Tot	al
EUR million	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14	12/15	12/14
Finland	34.4	35.4	6.1	6.3	55.7	44.7	60.9	53.0	81.6	85.7	2.9	15.4	-	-	241.7	240.5
France	38.0	45.5	85.9	88.1	1.2	6.3	9.5	3.1	-	-	-	-	-	-	134.7	143.0
Netherlands	10.1	23.4	30.7	36.7	13.0	13.4	2.0	0.6	-	-	-	-	-	-	55.9	74.1
United																
Kingdom	-	-	35.9	36.9	3.2	4.4	1.2	1.2	-	-	0.1	0.1	-	-	40.4	42.6
Austria	22.5	23.4	6.1	6.3	-	-	-	-	-	-	-	-	-	-	28.6	29.7
Germany	16.9	17.4	-	-	-	-	3.7	3.9	-	-	-	-	-	-	20.6	21.3
Denmark	-	-	19.2	19.6	-	-	2.4	2.5	-	-	-	-	-	-	21.5	22.1
Sweden	-	-	-	-	9.0	8.2	-	-	-	-	0.2	0.3	-	-	9.1	8.5
Norway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranational	6.5	5.4													6.5	5.4
Other	21.4	25.7	2.1	4.2	5.5	5.6	21.2	6.8	-	-	0.2	0.3	-	-	50.4	42.6
Total	149.8	176.2	185.9	198.1	87.6	82.6	100.9	71.1	81.6	85.7	3.3	16.1	-	-	609.3	629.8

The size of the credit spread risk depends on the prospects for the counterparty, the instrument's seniority, and whether or not the investment has collateral. With the current low interest rates, the credit spread risk has increased in importance, and at year-end it is the second biggest market risk after the interest rate risk. Interest rate and credit spread risk applies largely to the same securities (fixed income instruments), but as there is no credit spread risk in the interest-linked technical provisions, the risk is one-sided as opposed to the interest rate risk. Therefore it is also much more difficult to hedge, practically impossible without the use of credit derivatives. As the company refrains from equity holdings at present, a higher credit risk is the natural price to pay for a higher yield. Fixed income investments continued to dominate in the life insurance company's portfolio, and at the end of the year these investments including cash amounted to EUR 524.4 (EUR 527.9) million, corresponding to 86 (84)% of the investment portfolio.

The equity risk of the interest-linked stock has for many years comprised only Private Equity holdings and other asset types that cannot be sold promptly. In 2015, these holdings have decreased further, and now they only amount to EUR 3.3 (15.9) million. A further EUR 0.2 (0.3) million is associated with hedge funds. For the portfolio comprising unit-linked insurance, equity risk is significant. This is due to the large volume of investments in equity and mixed funds, which yields a substantial risk even though the percentage of the risk is low. At year-end, the market value of the unit-linked insurance policies amounted to EUR 667.7 (545.3) million, of which EUR 368.1 (296.9) million were exposed to equity risk.

The life insurance company's real estate risk arises through investments in indirect real estate instruments, such as unlisted real estate funds and shares in real estate companies, or in direct real estate. At year-end, total real estate investments amounted to EUR 81.6 (85.7) million. Real estate risk is the third most important risk. It is insignificant in the unit-linked insurance stock.

The life insurance company's FX risk comes from holdings in fixed income funds that invest in emerging market government bonds issued in USD or local currencies. Some hedge fund and Private Equity holdings are also in other currencies. At the end of the period, the life insurance company had underlying investments totalling EUR 20.6 (23.7) million, with open FX risk in its interest-linked portfolios.

There is FX risk also in unit-linked portfolios, as the interest rate and equity funds are partly in other currencies than euro.

When calculating risk sensitivity the same parameters as in calculation of the bank's risk sensitivity are used. These are described in section 6.1.6. For the life insurance company, the stress for technical provision is also taken into consideration. The large difference compared to 2014 concerning interest rate risk is due to the introduction of the minimum increase and decrease in the stress of the interest curve.

7. Managing insurance risks

Insurance risk refers to the risk that claims to be paid out to policyholders exceed the amount expected. The risk is divided into underwriting risk and provision risk. Underwriting risk is caused by losses due to e.g. incorrect pricing, risk concentrations, inadequate reinsurance or unexpectedly high frequency of claims. Provision risk is the risk caused by a situation where reserves in the technical provision are not adequate to cover the claims arising from claims incurred, or claims incurred but not reported covered by insurance contracts that have already been entered into.

Aktia Life Insurance provides voluntary pension insurance, life insurance and savings insurance. Due to legislation concerning insurance contracts, the company is very limited in its ability to influence premiums, terms or conditions for old policies that have already come into effect. Premium adequacy is followed up annually. For new policies, the company is free to set

G2.17 Sensitivity analysis for market risks EUR million	Porti	folio	Tech provis					
Life insurance company	2015	2014	2015	2014	2015	%	2014	%
Interest linked								
Market value 31.12.	609.3	629.8	-504.6	-529.7	104.7	100.0%	111.4	100.0%
IR risk up	-23.2	-7.4	52.4	16.7	29.2	27.9%	9.3	8.3%
IR risk down	18.4	12.0	-60.8	-34.3	-42.4	-40.5%	-22.3	-20.0%
Spread risk	-24.3	-29.2	0.0	0.0	-24.3	-23.2%	-29.2	-26.2%
Currency risk	-8.2	-8.1	0.0	0.0	-8.2	-7.8%	-8.1	-7.3%
Equity risk	-2.1	-8.9	-0.2	0.0	-2.3	-2.2%	-8.9	-8.0%
Real estate risk	-21.5	-17.1	0.0	0.0	-21.5	-20.5%	-17.1	-15.4%
Unit- and index linked								
Market value 31.12.	667.7	-	-635.7	-	32.0	100.0%	-	-%
IR risk up	-12.3	-	13.6	-	1.3	4.1%	-	-%
IR risk down	13.8	-	-14.6	-	-0.8	-2.5%	-	-%
Spread risk	-17.0	-	16.4	-	-0.6	-1.9%	-	-%
Currency risk	-42.6	-	44.0	-	1.4	4.4%	-	-%
Equity risk	-184.9	-	167.1	-	-17.8	-55.6%	-	-%
Real estate risk	0.0	-	0.0	-	0.0	0.0%	-	-%

^{*} The market value of the Technical Provisions is a risk neutral value which is obtained by discounting simulated cashflows. Therefore it differs from the book value of the Technical Provisions.

G2.18 Liabilities (Techical provisions) - Life Insurance business

	TP				Expense	Guaranteed		TP
EUR million	31.12.2015	%	Premiums	Claims paid	charges	interest	Bonuses	31.12.2014
Group pension	51.7	4.6%	2.8	2.7	0.3	1.6	0.0	50.0
3,5%	51.2	4.5%	2.8	2.6	0.3	1.6	0.0	49.6
2,5%	0.2	0.0%	0.0	0.1	0.0	0.0	0.0	0.2
1,0%	0.3	0.0%	0.0	0.1	0.0	0.0	0.0	0.2
Individual pension insurance	296.1	26.2%	6.3	27.3	0.9	12.1	0.0	302.8
4,5%	197.0	17.4%	3.0	19.5	0.6	8.9	0.0	205.1
3,5%	70.4	6.2%	1.9	5.7	0.2	2.4	0.0	70.1
2,5%	28.7	2.5%	1.4	2.1	0.1	0.7	0.0	27.6
Savings insurance	69.7	6.2%	1.6	9.1	0.4	2.2	0.0	76.2
4,5%	13.9	1.2%	0.7	4.5	0.2	0.7	0.0	17.2
3,5%	22.0	2.0%	0.7	1.5	0.1	0.8	0.0	22.5
2,5%	33.7	3.0%	0.3	3.1	0.1	0.8	0.0	36.5
Risk insurance	31.2	2.8%	19.9	12.1	6.8	1.0	0.0	33.3
Unit linked insurance	662.2	58.6%	143.7	39.1	7.8	0.0	0.0	543.1
Savings insurance	526.8	46.6%	134.6	35.9	6.1	0.0	0.0	418.5
Individual pension insurance	124.9	11.0%	7.2	3.1	1.5	0.0	0.0	116.2
Group pension	10.5	0.9%	1.9	0.0	0.2	0.0	0.0	8.5
Reservation for increased life								
expectancy	3.7	0.3%	0.0	0.0	0.0	0.0	0.0	3.9
Reservation for lowered								
discount rate	16.0	1.4%	0.0	0.0	0.0	0.0	0.0	16.0
	1,130.5	100.0%	174.4	90.3	16.2	16.9	0.0	1,025.4

the premium levels. This is done by the board, at the proposal of the head actuary. Reinsurance is used to limit compensation liabilities on the company's own account, so that its solvency capital is adequate and the profit level does not fluctuate too much. In the Group's capital and risk management process, and in the life insurance company's board, limits have been set for the risks that the company can bear itself without mitigating the risks by using reinsurance.

With the entry into force of Solvency II regulatory framework 01/01/2016, insurance risks will more explicitly appear as part of the capital requirements. The requirements will primarily be based on stress tests, which examine how the market value of technical provisions change if there are changes compared to the assumptions made in the factors affecting cash flows. In the company's ALM model, the insurance risks have been estimated using such techniques.

8. Managing operational risks

Operational risks refer to risk of loss arising from unclear or incomplete instructions and internal processes, unreliable information, human error,

deficient systems or external events.

Operational risks are present in all of Aktia's operations. The level of operational risk should be low, and this is achieved through keen insight into business activities, good internal control mechanisms, good leadership and competent staff.

Within the framework of the Group's risk management, the executive committee has laid down principles and guidelines for management of operational risk. In addition to the preventive work aimed at avoiding operational risks, efforts are also made within the Group to maintain adequate insurance cover for damage that occurs as a result of irregularities, hacking and other criminal activities, etc.

Due to its scale and impact on business operations, the ongoing work to implement a new core banking system is associated with significant operational risks. To reduce these risks, risk assessment is carried out and identified risks are dealt with continuously. Possible outcomes of operational risks in connection with the migration to the new core banking system may also cause outcomes of business risks.

Appendix to note G2, Group's capital adequacy and risk exposures

(EUR 1,000)

The Bank Group's capital adequacy

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

	31.12.	2015	30.9.2	2015	30.6.2	2015	31.3.2015		
Calculation of the Bank Group's capital base	Group	Bank Group	Group	Bank Group	Group	Bank Group	Group	Bank Group	
Total assets	9,881,543	8,686,252	9,938,232	8,769,444	10,123,159	8,916,833	10,597,587	9,381,829	
of which intangible assets	50,753	49,364	46,931	45,414	43,968	42,367	40,261	38,530	
Total liabilities	9,266,317	8,156,260	9,260,241	8,175,083	9,454,738	8,330,016	9,892,418	8,770,109	
of which subordinated liabilities	235,049	235,049	218,832	218,832	217,333	217,333	215,501	215,501	
Share capital	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	
Fund at fair value	75,081	24,048	80,256	27,042	83,336	31,033	104,926	38,767	
Other restricted equity	-	-	-	-	-	-	-	-	
Restricted equity	238,081	187,048	243,256	190,042	246,336	194,033	267,926	201,767	
Unrestricted equity reserve and other									
funds	117,256	117,256	117,003	117,003	116,679	116,679	116,501	116,501	
Retained earnings	207,887	179,549	208,073	179,735	209,144	180,805	240,966	212,628	
Profit for the year	52,001	46,138	43,305	41,228	29,828	28,866	13,032	14,181	
Unrestricted equity	377,145	342,943	368,382	337,966	355,651	326,351	370,500	343,310	
Shareholders' share of equity	615,226	529,991	611,638	528,009	601,987	520,384	638,426	545,077	
Non-controlling interest's share of equity	-	-	66,352	66,352	66,434	66,434	66,743	66,743	
Equity	615,226	529,991	677,990	594,361	668,421	586,817	705,169	611,820	
Total liabilities and equity	9,881,543	8,686,252	9,938,232	8,769,444	10,123,159	8,916,833	10,597,587	9,381,929	
Off-balance sheet commitments	325,761	324,770	314,943	313,912	328,673	327,624	298,856	297,751	
The Bank Group's equity		529,991		594,361		586,817		611,820	
Provision for dividends to shareholders		-43,661		-27,151		-18,663		-8,204	
Intangible assets		-49,364		-45,414		-42,367		-38,530	
Non-controlling interest's share of equity *		_		-66,352		-21,592		-20,547	
Debentures		128,365		114,226		113,166		104,310	
Additional expected losses according to IRB		-19,153		-17,728		-17,903		-12,322	
Deduction for significant holdings in						17,203		12,222	
financial sector entities		-4,412		-2,414		-		-	
Other incl. unpaid dividend 2014		-22		51		964		-31,308	
Total capital base (CET1 + AT1 + T2)		541,745		549,578		600,421		605,218	

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

The Bank Group	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014
Common Equity Tier 1 Capital before regulatory adjustments	486,331	500,858	545,122	549,360	550,663
Common Equity Tier 1 Capital regulatory adjustments	-72,950	-65,506	-59,306	-44,061	-75,546
Total Common Equity Tier 1 Capital (CET1)	413,380	435,352	485,816	505,299	475,117
Additional Tier 1 capital before regulatory adjustments	-	-	617	758	1,023
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	-	-	617	758	1,023
Total Tier 1 capital (T1 = CET1 + AT1)	413,380	435,352	486,433	506,058	476,140
Tier 2 capital before regulatory adjustments	128,365	114,226	113,988	105,321	105,218
Tier 2 capital regulatory adjustments	-	-	-	-6,161	40,462
Total Tier 2 capital (T2)	128,365	114,226	113,988	99,160	145,680
	.,	,	,		,,,,,,
Total own funds (TC = T1 + T2)	541,745	549,578	600,421	605,218	621,820
Risk weighted exposures total	1,998,768	2,126,322	2,164,546	2,234,393	3,263,318
of which credit risk, the standardised model	643,216	751,626	779,299	723,359	2,900,132
of which credit risk, the IRB model	999,429	1,011,511	1,022,062	1,147,848	-
of which market risk	-	-	-	-	-
of which operational risk	356,123	363,185	363,185	363,185	363,185
Own funds requirement (8%)	159,901	170,106	173,164	178,751	261,065
Own funds buffer	381,844	379,472	427,258	426,466	360,755
CET1 Capital ratio	20.7%	20.5%	22.4%	22.6%	14.6%
T1 Capital ratio	20.7%	20.5%	22.5%	22.7%	14.6%
Total capital ratio	27.1%	25.8%	27.7%	27.1%	19.1%
·					
Own funds floor (CRR article 500)					
Own funds	541,745	549,578	600,421	605,218	
Own funds floor *	185,841	195,090	198,065	198,183	
Own funds buffer	355,905	354,488	402,356	407,035	

^{* 80%} of the capital requirement based on standardised approach (8%)

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

Risk-weighted amount for operational risks	2013*	2014	2015	12/2015	9/2015	6/2015	3/2015	12/2014
Gross income	196,351	186,491	186,954					
- average 3 years			189,932					
Capital requirement for operational risk				28,490	29,055	29,055	29,055	29,055
Risk-weighted amount				356,123	363,185	363,185	363,185	363,185

 $^{* \} Recalculated \ after \ transfer \ of \ the \ banking \ business \ of \ V\"{o}yrin \ S\"{a}\"{a}st\"{o}pankki \ to \ Aktia \ Bank \ plc \ and \ the \ merger \ with \ Saaristos \"{a}\"{a}st\"{o}pankki \ Oy.$ The capital requirement for operational risk is 15 % of average gross income during the last three years. The risk-weighted amount for operational risk is calculated by dividing the capital requirement by 8%.

The financial conglomerate's capital adequacy	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014
Summary					
The Group's equity	615,226	677,990	668,421	673,231	690,890
Sector-specific assets	128,365	114,226	113,166	104,310	103,854
Intangible assets and other reduction items	-212,741	-240,655	-216,963	-184,827	-167,622
Conglomerate's total capital base	530,850	551,561	564,623	592,714	627,122
Capital requirement for banking business	199,367	212,135	215,073	222,406	250,712
Capital requirement for insurance business	34,789	34,634	35,142	35,220	38,988
Minimum amount for capital base	234,156	246,769	250,215	257,626	289,700
Conglomerate's capital adequacy	296,694	304,792	314,408	335,088	337,422
Capital adequacy ratio, %	226.7%	223.5%	225.7%	230.1%	216.5%

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.

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	Contractual	Exposure at	Risk weight,	Risk- weighted	Capital requirement
The Bank Group's total exposures	exposure	default	%	amount	8%
Exposure class					
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	5,012,230	5,006,767	15%	732,121	58,570
Retail - Secured by immovable property SME	162,212	161,277	52%	84,485	6,759
Retail - Other non-SME *	89,374	83,542	39%	32,227	2,578
Retail - Other SME	24,113	22,043	84%	18,459	1,477
Equity exposures	49,328	49,328	268%	132,137	10,571
Total exposures, IRB approach	5,337,256	5,322,956	19%	999,429	79,954
Credit risk, standardised approach					
States and central banks	390,030	497,957	0%	0	0
Regional goverments and local authorities	205,071	225,888	0%	164	13
Multilateral development banks	64,992	64,992	0%	0	0
International organisations	159,525	159,525	0%	0	0
Credit institutions	864,805	469,546	31%	144,106	11,528
Corporates	199,249	66,227	96%	63,846	5,108
Retail exposures	237,422	99,765	70%	69,715	5,577
Secured by immovable property	501,880	476,883	39%	184,447	14,756
Past due items	44,815	11,177	109%	12,218	977
Covered bonds	1,183,777	1,183,777	10%	118,378	9,470
Other items	55,923	49,208	46%	22,526	1,802
Total exposures, standardised approach	3,907,490	3,304,946	19%	615,400	49,232
Total risk exposures	9,244,746	8,627,903	19%	1,614,829	129,186

^{*} Changed classification between IRB exposure classes

31.3.2015

The Bank Group's total exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk- weighted amount	Capital requirement 8%
Exposure class	ехрозите	delauit	/0	amount	070
Credit risk, IRB approach					
Retail - Secured by immovable property non-SME	5,058,090	5,058,090	15%	783,308	62,665
Retail - Secured by immovable property SME	160,497	160,497	53%	84,878	6,790
Retail - Other non-SME *	360,721	360,721	37%	132,081	10,567
Retail - Other SME	13,547	13,547	48%	6,497	520
Equity exposures	52,728	52,728	268%	141,084	11,287
Total exposures, IRB approach	5,645,583	5,645,583	20%	1,147,848	91,828
Credit risk, standardised approach					
States and central banks	590,972	738,219	0%	-	-
Regional goverments and local authorities	176,505	197,302	0%	181	14
Multilateral development banks	65,508	65,508	0%	-	-
International organisations	159,802	159,802	0%	-	-
Credit institutions	1,147,115	532,040	35%	185,051	14,804
Corporates	242,196	102,280	98%	100,384	8,031
Retail exposures	239,753	98,160	69%	68,027	5,442
Secured by immovable property	457,810	447,005	37%	167,478	13,398
Past due items	50,409	9,246	112%	10,379	830
Covered bonds	1,254,735	1,254,735	10%	125,474	10,038
Other items	58,230	48,710	56%	27,181	2,174
Total exposures, standardised approach	4,443,035	3,653,007	19%	684,155	54,732
Total risk exposures	10,088,618	9,298,591	20%	1,832,003	146,560

The bank group's main counterparties and branches by exposure class before the effect of risk mitigation techniques

Counterparty Corporate	Industry	Corporate exposures	Retail ex- posures	Real estate collatera- lised	Past due items	Total
Corporate	Property	18,832	4,268	135,147	400	158,647
	Trade	4,789	11,672	33,526	1,192	51,179
	Financing	32,605	431	20,493	203	53,733
	Industry, energy	18,911	6,556	19,971	1,760	47,197
	Construction	13,686	9,076	24,404	722	47,887
	Research, consulting, services	2,514	9,594	25,928	1,619	39,655
	Transport	4,121	9,145	11,713	396	25,374
	Hotels and restaurants	378	2,263	10,849	645	14,135
	Agriculture, fisheries, mining	954	2,857	11,947	11	15,768
	Other	48,422	10,427	16,259	4,220	79,328
Total		145,212	66,289	310,236	11,166	532,903
Households		9,814	267,870	5,071,225	39,274	5,388,183
Housing corporations		30,923	8,482	222,182	759	262,346
Other non-profit corpo	prations	13,551	1,182	28,473	6	43,211
Total	<u> </u>	199,500	343,823	5,632,116	51,206	6,226,644

The Bank Group's loans which have been individually impaired

31.12.2015				(Change during	g the period
Sector	Contract value	Individual impair- ments	Book value	Fair value of colla- teral	Change in impar- ments	Losses on credits and other commitments
Corporates	39,294	34,524	4,770	4,803	-2,066	4,469
Housing corporations	1,099	393	706	1,290	150	-
Public corporations	-	-	-	-	-	-
Non-profit corporations	-	-	-	-	-	-
Households	12,340	9,594	2,746	6,444	1,935	1,350
Total	52,733	44,510	8,222	12,537	19	5,819
Write-downs on corporate loans by industry						
Research, consulting and other services	15,888	15,149	740			
Trade	2,383	2,353	30			
Construction	3,275	3,060	215			
Industry	4,963	4,744	219			
Human health and other service activities for households	6,008	3,304	2,704			
Other	6,777	5,914	863			
Total	39,294	34,524	4,770			

Sector	Contract value	Individual impair- ments	Book value	Fair value of colla- teral	Change in impar- ments	Losses on credits and other commit- ments
Corporates	47,452	41,071	6,381	7,185	-872	6,890
Housing corporations	243	243	-	67	196	-
Public corporations	-	-	-	-	-	-
Non-profit corporations	-	-	-	-	-	-
Households	11,359	8,997	2,362	5,792	2,935	470
Total	59,053	50,311	8,742	13,044	2,258	7,360
Write-downs on corporate loans by industry						
Research, consulting and other services	19,456	18,717	740			
Trade	2,420	2,379	42			
Construction	3,054	2,849	205			
Industry	8,295	6,862	1,433			
Human health and other service activities for households	6,346	3,285	3,061			
Other	7,880	6,980	900			
Total	47,452	41,071	6,381			

G3 Group's segment reporting

			Asset Management and	ement and						
(EUR 1,000)	Banking Business	usiness	Life Insurance	rance	Miscellaneous	neous	Eliminations	ıtions	Total Group	roup
Income statement	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net interest income	97,033	102,346	-2	6	251	280	65	145	97,347	102,779
Dividends	5	107	Ĩ	1	47	6	ı	1	53	117
Net commission income	62,008	59,048	24,472	20,908	5,261	4,833	-11,772	-9,923	696'62	74,866
Net income from life-insurance	Г	1	21,617	21,506	ı	1	3,258	2,498	24,875	24,004
Net income from financial transactions	3,605	4,863	27	28	-55	2,436	147	ı	3,724	7,327
Net income from investment properties	5	ε	Ĩ	ı	-403	63	ı	ı	-399	99
Other operating income	2,721	2,937	197	1,080	-495	671	384	-1,548	2,807	3,139
Total operating income	165,378	169,304	46,312	43,530	4,605	8,293	-7,918	-8,829	208,376	212,298
Staff costs	-36,144	-35,945	-10,343	-9,825	-25,123	-22,792	-1,042	-957	-72,652	-69,518
П expenses	-15,529	-17,785	-1,836	-1,781	-9,485	-6,758	ı	1	-26,850	-26,324
Depreciation of tangible and intangible assets	-2,009	-1,761	-780	-1,064	-5,334	-4,519	ı	1	-8,123	-7,344
Other operating expenses	-59,312	-60,727	-10,267	-8,910	24,047	20,967	8,737	7,405	-36,794	-41,265
Total operating expenses	-112,994	-116,218	-23,226	-21,580	-15,895	-13,102	7,695	6,448	-144,419	-144,451
Write-downs on credits and other commitments	-341	-1,729	1	1	1	ı	ľ	1	-341	-1,729
Share of profit from associated companies	Γ	ı	Ī	-	1	1	599	2,195	599	2,195
Operating profit	52,043	51,358	23,086	21,950	-11,289	-4,809	375	-186	64,215	68,314

Balance sheet	31.12.2015 31.1	31.12.2014		31.12.2014	31.12.2015 31.12.2014 31.12.2015 31.12.2014	31.12.2014		31.12.2015 31.12.2014	31.12.2015	31.12.2014
Cash and balances with central banks	268,360	395,904	0	0	ı	1	ı	ı	268,361	395,905
Financial assets available for sale	1,686,147	1,841,714	507,628	538,037	7,445	751	-3,571	980'5-	2,197,648	2,375,417
Financial assets held until maturity	481,653	488,509	ı	ı	ı	1	1	1	481,653	488,509
Loans and other receivables	5,889,759	6,453,706	57,120	42,835	6,616	6,136	-53,339	-40,869	5,900,156	6,461,808
Investments for unit-linked insurances	ı	ı	667,748	545,271	ı	1	ı	ı	667,748	545,271
Other assets	226,554	283,531	72,486	75,980	193,929	202,919	-126,992	-122,652	365,977	439,778
Total assets	8,552,473	9,463,364	1,304,982	1,202,124	207,990	209,807	-183,902	-168,606	9,881,543	10,706,688
Deposits	4,450,157	4,797,967	1	1	1	1	-53,339	-42,220	4,396,818	4,755,748
Debt securities issued	3,036,945	3,539,597	1	ı	I	1	-3,571	980'5-	3,033,374	3,534,511
Technical provisions	ı	ı	1,130,463	1,025,417	ı	1	ı	ı	1,130,463	1,025,417
Other liabilities	573,145	530,872	29,601	31,892	40,037	138,950	62,879	-1,592	705,662	700,123
Total liabilities	8,060,246	8,868,437	1,160,064	1,057,310	40,037	138,950	2,969	-48,898	9,266,317	10,015,799

Notes to the consolidated income statement

(EUR 1,000)

G4 Net interest income	2015	2014
Interest income		
Cash and balances with central banks	23	184
Financial assets reported at fair value via income statement	-	66
Financial assets available for sale	24,828	30,857
Caims on credit institutions	282	1,672
Claims on public and public sector entities	97,748	119,486
Finance lease contracts	383	530
Loans and other receivables	98,413	121,688
Financial assets held until maturity	9,688	9,715
Hedging instruments	-	70
Other interest income	2,673	2,807
Total	135,626	165,388
Interest expenses		
Deposits, credit institutions	-3,244	-7,569
Deposits, other public entities	-21,315	-29,852
Deposits	-24,558	-37,421
Debt securities issued to the public	-59,553	-83,721
Subordinated liabilities	-6,411	-6,594
Securities issued and subordinated liabilities	-65,964	-90,315
Hedging derivative instruments	52,433	65,359
Other Interest expenses	-188	-231
Total	-38,278	-62,608
Net interest income	97,347	102,779
Deposits and lending	57,407	47,203
Hedging, interest rate risk management	32,290	35,034
Other	7,650	20,542
Net interest income	97,347	102,779
G5 Dividends	2015	2014
Equity instruments available for sales	53	117
Total	53	117

Dividends in life insurance business are included in net income from investments, see note G7. Dividends from life insurance business are EUR 0.0 (0.0) million.

G6 Net commission income	2015	2014
Commission income		
Lending	10,290	9,503
Borrowing	1,612	1,724
Card- and payment services	19,153	20,395
Mutual funds, asset management and securities brokerage	44,756	39,402
Brokerage of insurance	4,341	3,847
Guarantees and other off-balance sheet commitments	435	532
Real estate agency	6,694	5,925
Legal services	1,082	1,037
Other commission income	1,520	2,013
Total	89,884	84,379

Commission expenses	2015	2014
Money handling	-1,804	-1,854
Card- and payment services	-2,957	-2,766
Securities and investments	-4,621	-4,222
Other commission expenses	-532	-672
Total	-9,915	-9,514
Net commission income	79,969	74,866
G7 Net income from life-insurance	2015	2014
Premiums written	174,397	125,054
Net income from investments	21,590	21,958
Insurance claims paid	-90,288	-94,809
Net change in technical provisions	-80,824	-28,200
Net income from life-insurance	24,875	24,004
Premiums written		
Premiums written from insurance agreements		
Insurance agreements	36,456	55,631
Total gross premiums written before reinsurer's share	36,456	55,631
Reinsurer's share	-527	-671
Premiums written from investment agreements	138,467	70,094
Total premiums written	174,397	125,054

Distribution of premiums

	From insurance	ce agreements	From investme	ent agreements	To	tal
Premiums written from risk insurance and						
interest-related insurance	2015	2014	2015	2014	2015	2014
Saving plans	1,639	1,891	-	-	1,639	1,891
Individual pension insurance	6,339	7,209	-	-	6,339	7,209
Group pension insurance	2,797	2,808	-	-	2,797	2,808
Risk insurance	20,429	21,264	-	-	20,429	21,264
Total	31,204	33,172	-	-	31,204	33,172
Premiums written from unit-linked agreements						
Saving plans	385	17,559	134,202	65,626	134,587	83,184
Individual pension insurance	2,970	3,212	4,265	4,469	7,235	7,681
Group pension insurance	1,897	1,689	-	-	1,897	1,689
Total	5,252	22,461	138,467	70,094	143,719	92,555
On-going and one-off premiums from direct insu	ırance				2015	2014
On-going premiums from insurance agreements					36,106	55,226
One-off premiums from insurance agreements					350	405
On-going premiums from investment agreements					67,967	25,063
One-off premiums from investment agreements					70,500	45,031
Total premiums written					174,924	125,726

Net income from investments	2015	2014
Net income from financial assets available for sale		
Interest income	13,855	15,307
Capital gains and losses	-367	-137
Transferred to income statement from fund at fair value	1,542	4,699
Other income and expenses	9	-24
Interest-bearing securities	15,039	19,846
Dividends	-	24
Capital gains and losses	3,011	3,240
Impairments	-3,241	-3,385
Transferred to income statement from fund at fair value	145	-1,471
Other income and expenses	1,163	817
Shares and participations	1,078	-774
Total	16,117	19,072
Net income from investment properties		
Rental income	5,078	5,336
Valued at fair value	1,350	-1,680
Capital gains and losses	-128	-29
Direct expenses from investment properties, which generated rental income during during the accounting period	-828	-740
Total	5,472	2,887
Total for the Insurance business' net income from the investment business	21,590	21,958
Exchange rate differences included in net income from the investment business	7	10

Insurance claims paid

	From insura	nce agreements	From investme	ent agreements	То	tal
Claims paid from risk insurance and interest-						
related insurance	2015	2014	2015	2014	2015	2014
Saving plans						
Repayment of saving sums	-5,595	-9,004	-	-	-5,595	-9,004
Payments in the event of death	-1,455	-2,157	-	-	-1,455	-2,157
Repurchase	-2,069	-2,207		-	-2,069	-2,207
Total	-9,119	-13,368	-	-	-9,119	-13,368
Individual pension insurance						
Pensions	-25,064	-24,642	-	-	-25,064	-24,642
Payments in the event of death	-269	-586	-	-	-269	-586
Repurchase	-1,930	-4,123	-	-	-1,930	-4,123
Total	-27,262	-29,351	-	-	-27,262	-29,351
Group pension insurance						
Pensions	-2,645	-2,323	-	-	-2,645	-2,323
Repurchase	-5	-2	-	-	-5	-2
Other	-56	-18	-	-	-56	-18
Total	-2,706	-2,344	-	-	-2,706	-2,344
Risk insurance						
Individual insurance	-11,467	-12,693	-	-	-11,467	-12,693
Group life insurance for employers	-637	-1,056	-	-	-637	-1,056
Other group life insurance	-16	-25	-	-	-16	-25
Total	-12,120	-13,774	-	-	-12,120	-13,774
Total claims paid from risk insurance and interest-related insurance	-51,207	-58,837	-	-	-51,207	-58,837

	From insurance	e agreements	From investme	ent agreements	To	tal
Claims paid from unit-linked agreements	2015	2014	2015	2014	2015	2014
Saving plans						
Repayment of saving sums	-349	-354	-1	-	-350	-354
Payments in the event of death	-138	-5,067	-11,424	-3,468	-11,562	-8,535
Repurchase	-1,366	-16,760	-22,670	-8,516	-24,036	-25,276
Total	-1,854	-22,180	-34,095	-11,984	-35,949	-34,165
Individual pension insurance						
Pensions	-	-	-1,108	-1,012	-1,108	-1,012
Payments in the event of death	-64	-100	-84	-154	-148	-253
Repurchase	-1,588	-173	-258	-227	-1,846	-400
Total	-1,653	-273	-1,450	-1,392	-3,103	-1,665
Group pension insurance						
Payments in the event of death	-29	-141	-	-	-29	-141
Total	-29	-141	-	-	-29	-141
Total claims paid from unit-linked agreements	-3,536	-22,594	-35,545	-13,377	-39,081	-35,971
Total claims paid	-54,743	-81,432	-35,545	-13,377	-90,288	-94,809

	2015	2014
Changes in premium provisions, interest-related	-6,463	1,885
Changes in claims provisions, interest-related	20,477	19,291
Change in technical provisions, risk insurance and interest-related insurance	14,015	21,177
Changes in claims provisions, unit-linked	-698	-217
Changes in premium provisions, unit-linked	-118,362	-80,507
Changes in value of unit-linked investments, net	24,222	31,347
Net change in technical provisions, unit-linked insurance	-94,838	-49,377
Total net change in technical provisions	-80,824	-28,200

G8 Net income from financial transactions	2015	2014
Financial assets held for trading		
Capital gains and losses		
Interest-bearing securities	_	-1
Other items	0	-2
Total	0	-3
Valuation gains and losses		
Interest-bearing securities	_	-1
Total	_	-1
Total	0	-4
Financial assets and liabilities reported at fair value via the income statement		
Capital gains and losses		
Derivative instruments	-243	-232
Total	-243	-232
Valuation gains and losses		
Derivative instruments	-228	-307
Total	-228	-307
Total	-471	-539
Financial assets available for sale		
Capital gains and losses		
Interest-bearing securities	-222	1 128
Shares and participations	-55	545
Total	-277	1 673
Transferred to income statement from fund at fair value		
Interest-bearing securities	3,069	3,008
Shares and participations	-	2,257
Total	3,069	5,265
Impairments		
Shares and participations	-8	-306
Total	-8	-306
Total	2,784	6,632
Net income from currency trading	1,471	1,081
Net income from hedge accounting		
Ineffective share of cash flow hedging	-	-
Fair value hedging		
Financial derivatives hedging issued bonds	-25,768	53,018
Changes in fair value of hedge instruments, net	-25,768	53,018
Bonds issued	25,709	-52,861
Changes in fair value of items hedged, net	25,709	-52,861
Total	-59	157
Total hedge accounting	-59	157
Net income from financial transactions	3,724	7,327

On disposal of financial instruments, the unrealised value change, included in the fund at fair value at the beginning of the year, is transferred from the fund at fair value to the income statement.

G9 Net income from investment properties	2015	2014
Rental income	31	127
Capital gains	21	33
Other income	3	9
Capital loss	-553	-
Impairment and reversal of impairment	122	-29
Direct expenses, which generated rental income during the accounting period	-22	-74
Total	-399	66

Net income from investment properties in life insurance business are included in net income from investments, see note G7, and are EUR 5.5 (2.9) million.

G10 Other operating income	2015	2014
Income from central bank services	176	1,22
Capital gains from sale of tangible and intangible assets	-469	20
Other operating income	3,100	1,89
Total	2,807	3,139
G11 Staff	2015	2014
Salaries and remunerations	-58,839	-55,86
Share-based payments	-508	-84
Pension costs		
Defined contribution plans	-10,475	-9,92
Defined benefit plans	-436	-652
Other indirect emplyee costs	-2,394	-2,23
Indirect emplyee costs	-13,304	-12,810
Total	-72,652	-69,518
Number of emplyees 31 December		
Full-time	822	839
Part-time	87	10
Temporary	142	128
Total	1,051	1,068
Number of employees converted to full-time equivalents	920	93:
Full-time equivalent average number of employees for the year	936	94
The managements salaries and remuneration are presented in note G45.		

G12 Depreciation of tangible and intangible assets	2015	2014
Depreciation on tangible assets	-2,862	-2,380
Depreciation on intangible assets	-5,261	-4,964
Total	-8,123	-7,344

Cities staff expenses			
Office expenses -1,905 -23,37 -23,57 Communication expenses -5,317 -23,57 -23,57 Marketing-and representation expenses -5,619 -4,6 Purchased services -1,908 -10,0 Expenses for properties in own use -1,905 -1,0 Expenses for properties in own use -1,102 -1,1 Monitoring, control and membership fees -1,102 -1,1 Other presenting expenses -2,609 -2,2 Total -36,794 -41,2 Auditors' fees -36,794 -41,2 Statutory auditing -15 -5 Services related to auditing -87 -87 Tack consisting -98 -98 Other services -2,25 - Total -614 -4 The Financial Stability Board has determined the stability fee for 2015 as: -1,928 Deposit quasinate contribution -1,928 Aktis's estimate of how many years funds may be transferred for Aktis Sank plc from the old Deposit Guarantee Fund 16 Contribution to the S	G13 Other operating expenses	2015	2014
Office expenses -1,905 -2,337 -3,337 -3,337 -3,337 -3,337 -3,337 -3,337 -3,337 -3,337 -3,237 -3,508 -3,618 -4,018 -4,018 -4,018 -4,018 -4,018 -4,018 -1,018 <t< td=""><td>Other staff expenses</td><td>-3.781</td><td>-3,965</td></t<>	Other staff expenses	-3.781	-3,965
Communication expenses 3,337 3,337 3,338 3,4			-2,091
Marketing and representation expenses 5.419 5.419 5.528 5.53			-3,244
Rental expenses 1,0,648 1,0; Expenses for properties in own use 1,1,005 - 5,0 Expenses for properties in own use 1,1,005 - 1,1,0		-5,419	-4,917
Expenses for properties in own use insurance and security expenses (incl. bank tax) Aborties or perainty expenses (incl. bank tax) Other operating expenses 7.00 7.0	Purchased services	-5,598	-5,829
Insurance and security expenses (incl. bank tax) Monitoring, control and membership fees 1,102 1,1 Other operating expenses 2,209 -2,2 Total 3-36,794 4,1,2 Auditors' fees Statutory auditing 3-154 -4,2 Auditors' fees Statutory auditing 4-154 -8 Services related to auditing 4-96 Total -614 -614 The Financial Stability Board has determined the stability fee for 2015 as: Deposit guarantee contribution -1,928 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from the old Deposit Guarantee Fund -1,928 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -639 G14 Taxes -2015 -20 G14 Taxes -2015 -20 G14 Taxes -2015 -20 G15 -20 G14 Taxes -2015 -20 G15 -20 G16 -13,2 More Information on deferred taxes is presented in note G27. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company as follows: Profit before tax	Rental expenses	-10,648	-10,378
Insurance and security expenses finct bank tax) Monitoring, control and membership fees -1,102 -1,101 -1,10	Expenses for properties in own use	-1,805	-1,643
Other operating expenses		-590	-5,805
Other operating expenses 2,2699 -2,2 Total 36,794 -41,2 Auditions' fees Statutory auditing -154 -4 Stary considered to auditing -98 Stary consistered to auditing -98 Other services 1,275 -4 Total -614 -4 The Financial Stability Board has determined the stability fee for 2015 as: Deposit guarantee contribution -1,928 amount of which paid from the old Deposit Guarantee Fund -1,928 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from the old Deposit Guarantee Fund -1,928 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from the old Deposit Guarantee Fund -983 amount of which transferred from previously paid bank tax -53 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -53 Contribution to the Single Resolution Fund amount of which transferred from previously paid bank tax -53 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -55 Contribution to the Single Resolution Fund -983 Taxes from previous years -3,25 -	Monitoring, control and membership fees	-1,102	-1,182
Auditors' fees Statutory auditing Services related to auditing Services Services Services related to auditing Services Services related to auditing Services Service	·	-2,609	-2,210
Statutory auditing -154 -154 -155 -155 -155 -155 -155 -155	Total	-36,794	-41,265
Services related to auditing 1ax counselling 1ax conselling 1ax co	Auditors' fees		
Services related to auditing 1ax counselling 1	Statutory auditing	-154	-197
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Other services275			-66
The Financial Stability Board has determined the stability fee for 2015 as: Deposit guarantee contribution -1,928 amount of which paid from the old Deposit Guarantee Fund -1,928 amount of which paid from the old Deposit Guarantee Fund -1,928 amount of which paid from the old Deposit Guarantee Fund -1,928 amount of which paid from the old Deposit Guarantee Fund -1,928 amount of which transferred from knay be transferred for Aktia Bank plc from the old Deposit Guarantee Fund -983 amount of which transferred from previously paid bank tax -639 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously paid bank tax -5 amount of which transferred from previously unrecognised tax losses -5 amount of which transferred from previously unrecognised tax losses -5 amount of previously unreco	· ·		-125
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Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from the old Deposit Guarantee Fund Contribution to the Single Resolution Fund			
Contribution to the Single Resolution Fund amount of which transferred from previously paid bank tax -639 Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax -5 G14 Taxes -2015 -20 Income taxes -4,502 -6, Taxes from previous years -325 -6 Taxes from previous years -8,469 -6,5 Total -12,646 -13,2 More information on deferred taxes is presented in note G27. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company as follows: Profit before tax -12,843 -13,6 Non-deductible expenses -227 -3 Tax free income -3 -4 Unused write-downs for tax purposes -122 Utilisation of previously unrecognised tax losses -46 Loss when deferred tax is not recorded -4 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161 Tax free income -161 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161 Tax on the share of the profit from associated companies -161	amount of which paid from the old Deposit Guarantee rund	-1,920	
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Taxes from previous years Change in deferred taxes Change in deferred taxes Total More information on deferred taxes is presented in note G27. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company as follows: Profit before tax From the fore tax deviates from the fore tax			
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Total More information on deferred taxes is presented in note G27. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company as follows: Profit before tax From the before tax Cax calculated on a 20.0 tax rate Non-deductible expenses Tax free income Unused write-downs for tax purposes Unused write-downs for tax purposes Utilisation of previously unrecognised tax losses Loss when deferred tax is not recorded Tax on the share of the profit from associated companies Taxes from previous years Other -12,646 -13,2 -13,6		325	-157
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theoretical value that should arise when using the tax rate for the parent company as follows: Profit before tax Tax calculated on a 20.0 tax rate -12,843 -13,6 Non-deductible expenses -227 -3 Tax free income Unused write-downs for tax purposes 122 Utilisation of previously unrecognised tax losses 46 Loss when deferred tax is not recorded -4 Tax on the share of the profit from associated companies Taxes from previous years Other 64,215 68,3 68,3 64,215 68,3 61,215 61,2	Total	-12,646	-13,282
Tax calculated on a 20.0 tax rate -12,843 -13,6 Non-deductible expenses -227 -3 Tax free income 3 4 Unused write-downs for tax purposes 122 Utilisation of previously unrecognised tax losses 46 Loss when deferred tax is not recorded -4 Tax on the share of the profit from associated companies 93 Taxes from previous years 325 Other -161			
Tax calculated on a 20.0 tax rate -12,843 -13,6 Non-deductible expenses -227 -3 Tax free income 3 4 Unused write-downs for tax purposes 122 Utilisation of previously unrecognised tax losses 46 Loss when deferred tax is not recorded -4 Tax on the share of the profit from associated companies 93 Taxes from previous years 325 Other -161	Profit before tax	64 215	68,314
Non-deductible expenses Tax free income Unused write-downs for tax purposes Utilisation of previously unrecognised tax losses Loss when deferred tax is not recorded Tax on the share of the profit from associated companies Taxes from previous years Other -227 -3 -4 -4 -4 -4 -4 -4 -4 -4 -4			-13,663
Tax free income 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4			-302
Unused write-downs for tax purposes Utilisation of previously unrecognised tax losses Loss when deferred tax is not recorded Tax on the share of the profit from associated companies Taxes from previous years Other 122 46 74 75 76 77 78 78 78 78 79 79 79 79 79	•		476
Utilisation of previously unrecognised tax losses Loss when deferred tax is not recorded Tax on the share of the profit from associated companies Taxes from previous years Other 46 -4 -4 -4 -4 -4 -4 -4 -4 -4			-14
Loss when deferred tax is not recorded Tax on the share of the profit from associated companies 93 4 Taxes from previous years 325 Other			131
Tax on the share of the profit from associated companies934Taxes from previous years325-7Other-161-7			
Taxes from previous years 325 - Other - 161 - 1			439
Other -161			-157
			-192
-12,040 -13,2			-13,282
Average effective tax rate 20% 1			19%

Deferred tax recognised in comprehensive income	2015	2014
Deferred tax relating to financial assets available for sale	5,679	-7,074
Deferred tax relating to financial assets held until maturity	923	904
Deferred tax relating to cash flow hedging	5	1,083
Deferred tax relating to defined benefit plan pensions	-12	-85
Total	6,595	-5,171

G15 Earnings per share	2015	2014
Profit for the year attributable to shareholders in Aktia Bank plc	52,001	52,499
Average number of A shares	46,667,412	46,683,038
Average number of R shares	19,865,430	19,865,430
Average number of shares (excluding treasury shares)	66,532,842	66,548,468
Earnings per share (EPS), EUR (excluding treasury shares)	0.78	0.79
Earnings per share (EPS), EUR, after dilution (excluding treasury shares)	0.78	0.79
Total comprehensive income attributable to shareholders in Aktia Bank plc	23,038	75,610
Total earnings per share, EUR (excluding treasury shares) Total earnings per share, EUR, after dilution (excluding treasury shares)	0.35 0.35	1.14 1.14

As both A and R series shares entitle holders to equal amounts of the company's profit, these are not shown separately.

Notes to the consolidated balance sheet

(EUR 1,000)

G16 Cash and balances with central banks	2015	2014
Cash in hand	7,415	7,968
Bank of Finland current account	260,946	387,937
Total	268,361	395,905
G17 Financial assets available for sale	2015	2014
Interest bearing securities, goverments and public sector entities	424,054	390,703
Interest bearing securities, credit institutions	1,261,989	1,450,825
Interest-bearing securities, Banking business	1,686,043	1,841,528
Interest bearing securities, goverments and public sector entities	129,613	146,319
Interest bearing securities, credit institutions	221,175	240,794
Interest bearing securities, other	66,404	61,347
Interest-bearing securities, Life insurance	417,192	448,461
Total interest-bearing securities	2,103,235	2,289,989
Shares and holdings that are not publicly quoted	7,549	937
Shares and holdings, Banking business	7,549	937
Publicly quoted shares and holdings	55,870	39,786
Shares and holdings that are not publicly quoted	30,994	44,704
Shares and holdings, Life insurance	86,865	84,490
Total shares and holdings	94,413	85,428
Total	2,197,648	2,375,417

Impairments of financial assets available for sale was EUR 3.2 (3.7) million and are a result of significant or long-term negative value changes in shares and share funds and in interest-bearing securities where the issuer has noted an inability to pay. During the year all impairments are related to shares and participations.

Impairment of financial assets	2015	2014
Shares and participations		
Banking business	8	306
Life insurance business	3,241	3,385
Total	3,249	3,691

Above mentioned impairments reported in income statement are included in notes G7 and G8.

G18 Financial assets held until maturity	2015	2014
Interest-bearing securities, states	47,535	47,202
Interest-bearing securities, other public corporations	434,118	441,308
Total	481,653	488,509

G19 Derivative instruments

Derivative instruments, book value

	2015		2014	ļ
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	97,455	12,949	131,466	13,773
Fair value hedging	97,455	12,949	131,466	13,773
Interest rate derivatives	2,023	-	-	_
Cash flow hedging	2,023	-	-	-
Interest rate derivatives	70,942	70,877	97,283	97,186
Currency derivatives	359	634	736	421
Shares derivatives	1,716	1,716	1,817	1,817
Other derivative instruments	73,017	73,227	99,836	99,423
Total	172,495	86,176	231,302	113,196

The nominal value of the underlying property and the fair value of the derivative instrument

31 December 2015						
Hedging derivative instruments						
	N	lominal values /	term remaining		Fair va	lue
	Under 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedging						
Interest rate swaps	648,000	1,475,000	782,000	2,905,000	97,455	12,949
Total fair value hedging	648,000	1,475,000	782,000	2,905,000	97,455	12,949
Cash flow hedging						
Interest rate swaps	-	85,079	-	85,079	2,023	-
Total cash flow hedging	-	85,079	-	85,079	2,023	-
Total interest rate derivatives	648,000	1,560,079	782,000	2,990,079	99,478	12,949
Total hedging derivative instruments	648,000	1,560,079	782,000	2,990,079	99,478	12,949

	Nominal values / term remaining			Fair value		
Other derivative instruments	Under 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Interest rate swaps	394,000	772,480	120,000	1,286,480	60,928	60,862
Interest rate option agreements	-	480,000	60,000	540,000	10,014	10,015
Purchased	-	240,000	30,000	270,000	10,008	10,008
Written	-	240,000	30,000	270,000	7	7
Total interest rate derivatives	394,000	1,252,480	180,000	1,826,480	70,942	70,877
Forward rate agreements	59,659	241	-	59,900	359	634
Total forward rate agreements	59,659	241	-	59,900	359	634
Equity options	10,556	4,594	-	15,150	1,716	1,716
Purchased	5,278	2,297	-	7,575	1,668	48
Written	5,278	2,297	-	7,575	48	1,668
Total equity options	10,556	4,594	-	15,150	1,716	1,716
Total other derivative instruments	464,215	1,257,315	180,000	1,901,530	73,017	73,227
Total derivative instruments	1,112,215	2,817,395	962,000	4,891,609	172,495	86,176

31 December 2014

Hedging derivative instruments

Hedging derivative instruments						
		ominal values /	term remaining		Fair val	lue
	Under 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedging						
Interest rate swaps	510,000	2,123,000	282,000	2,915,000	131,466	13,773
Total fair value hedging	510,000	2,123,000	282,000	2,915,000	131,466	13,773
Total interest rate derivatives	510,000	2,123,000	282,000	2,915,000	131,466	13,773
Total hedging derivative instruments	510,000	2,123,000	282,000	2,915,000	131,466	13,773
Other derivative instruments						
Interest rate swaps	352,000	1,064,580	222,400	1,638,980	82,190	82,091
Interest rate option agreements	235,200	480,000	60,000	775,200	15,093	15,095
Purchased	122,000	240,000	30,000	392,000	14,469	14,470
Written	113,200	240,000	30,000	383,200	624	625
Total interest rate derivatives	587,200	1,544,580	282,400	2,414,180	97,283	97,186
Forward rate agreements	37,800	-	-	37,800	736	421
Total forward rate agreements	37,800	-	-	37,800	736	421
Equity options	24,570	15,334	-	39,904	1,817	1,817
Purchased	12,285	7,667	-	19,952	1,564	252
Written	12,285	7,667	-	19,952	252	1,564
Total equity options	24,570	15,334	-	39,904	1,817	1,817
Options	1,922	-	-	1,922	-	-
Purchased	961	-	-	961	-	-
Written	961	-	-	961	-	-
Other derivative instruments	1,922	-	-	1,922	-	-
Total other derivative instruments	651,492	1,559,914	282,400	2,493,806	99,836	99,423
Total derivative instruments	1,161,492	3,682,914	564,400	5,408,806	231,302	113,196

G20 Loans and other receivables	2015	2014
Repayable on demand claims on credit institutions	15,054	18,862
Other than repayable on demand claims on credit institutions	28,840	26,921
Lending to Bank of Finland and other credit institutions	43,894	45,783
Current account credits, public and corporates	143,899	162,126
Loans	5,701,771	6,241,666
Receivables from finance lease contracts	10,051	11,815
Loans	5,855,722	6,415,607
Bank quarantee claims	540	418
Lending to the public and public sector entities	5,856,262	6,416,025
Total	5,900,156	6,461,808
A sector-by-sector analysis of receivables from the public and public sector entities as well as write-downs and		
reversed write-downs for these		
Households	5,177,241	5,697,038
Corporates	414,368	420,138
Housing associations	221,872	251,179
Public sector entities	1,293	2,049
Non-profit organisations	41,487	45,622
Total	5,856,262	6,416,025
Write-downs during the year		
Write-downs at the beginning of the year	59,679	65,170
Individually assessed write-downs on credits	4,523	5,805
Individually assessed write-downs on other commitments	0	15
Individually assessed write-downs on interest receivables	33	44
Write-downs on collectively assessed credits	511	-394
Reversal of individually assessed write-downs on credits	-4,447	-2,870
Reversal of individually assessed write downs on other commitments	-58	-690
Reversal of individually assessed write-downs on interest receivables	-16	-11
Reversal of impairment losses on credits	-206	-169
Total write-downs for the year	341	1,729
Realised credit losses for which individual write-downs were made in previous years	-5,674	-7,337
Realised other commitments for which individual write-downs were made in previous years	-5,074	-7,557 -51
Reversal of impairment losses on credits Write-downs at the end of the year	206 54,372	169 59,679
Impaired receivables at the beginning of the year contract value	68,421	75,749
Impaired receivables at the beginning of the year, contract value New impaired receivables during this year, contract value	7,151	6,624
	-13,008	
Reversal of impaired receivables during this year Impaired receivables at the end of the year, contract value	62,565	-13,952 68,421
Information on the fair values is given in note G39 and on collateral obtained in note G41.		
Breakdown of maturity on finance lease receivables		
Under 1 year	3,645	4,819
1-5 years	6,939	7,477
Over 5 years	-	197
Gross investment	10,583	12,493
Unearned future finance income	-533	-678
Net investment	10,051	11,815
Present value of lease payment receivables		
	3,375	4,482
Under 1 year		
Under 1 year 1-5 years	6,676	7,138
·	6,676	7,138 195

G21 Investments for unit-linked insurances	2015	2014
Publicly quoted shares and holdings	667,748	545,271
Total	667,748	545,271
G22 Investments in associated companies	2015	2014
Acquisition cost at 1 January	17,516	17,516
Disposals	-17,516	-
Acquisition cost at 31 December	0	17,516
Share of profits at 1 January	6,056	1,776
Accrued equity adjustments on disposals	-4,017	-
Share of profit from associated companies	599	2,195
Dividends obtained during the year	-338	-338
Share of direct entries of equity	-2,300	2,422
Share of profits at 31 December	-	6,056
Book value at 31 December	0	23,571
Associated companies		
Percentage of shares and votes:		
Folksam Non-Life Insurance Company Ltd, Helsinki	-	34%
Samlink Ltd, Helsinki	23%	23%
Folksam Non-Life Insurance Company Ltd		
Profit for the year	767	5,463
attributabel to non-controlling interest	261	1,857
attributabel to investee's shareholders	506	3,606
Total comprehensive income for the year	2,332	12,586
attributabel to non-controlling interest	793	4,279
attributabel to investee's shareholders	1,539	8,307
Assets	-	226,156
Liabilities	-	156,829
Net assets	-	69,327
attributabel to non-controlling interest	-	23,571
attributabel to investee's shareholders	-	45,756
Book value in parent company at 1 January	17,516	17,516
Share of profits at 1 January	6,056	1,776
Group's share of net assets at 1 January	23,571	19,292
Disposals	-24,364	-
Total comprehensive income for the year attributable to the group	793	4,279
Group's share of net assets at 31 December	0	23,571
Samlink Ltd		
Book value of Samlink Ltd in parent company at 31 December	0	0
Total investments in associated companies	0	23,571
Profit for the year attributable to non-controlling interests:		
Folksam Non-Life Insurance Company Ltd	261	1,857
Samlink Ltd	338	338
Total share of profits in associated companies	599	2,195

Aktia Bank pcl has obtained dividends from Samlink Ltd EUR 0.3 (0.3) million.

Reports for associated companies are prepared following the Group's accounting principles in accordance with IFRS. On 3 March 2015, Aktia Bank plc divested further 24% of its holdings in Folksam Non-Life Insurance Ltd. The remaining holding (10%) is reported as shares available for sale.

See note G45 for transactions with associated companies.

G23 Intangible assets	2015	2014
Acquisition cost at 1 January	54,103	35,572
Increases	19,735	20,915
Decreases	-2,303	-2,384
Acquisition cost at 31 December	71,536	54,103
Accumulated depreciations and impairments at 1 January	-17,825	-15,246
Accumulated depreciation on decreases	2,303	2,384
Planned depreciation	-5,261	-4,962
Accumulated depreciations and impairments at 31 December	-20,783	-17,825
Book value at 31 December	50,753	36,279

G24 Investment properties

31 December 2015	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	7,602	39,776	9,685	57,063
Valuation at fair value	-	1,350	354	1,704
Divestments	-1,641	-8,109	-	-9,750
Increases	-	-	4,729	4,729
Acquisition cost at 31 December	5,961	33,017	14,768	53,746
Book value at 31 December	5,961	33,017	14,768	53,746

	Land and					
31 December 2014	water areas	Buildings	corporations	Total		
Acquisition cost at 1 January	8,122	42,836	9,685	60,644		
Valuation at fair value	-	-1,680	-	-1,680		
Acquisitions	-520	-1,380	-	-1,900		
Acquisition cost at 31 December	7,602	39,776	9,685	57,063		
Book value at 31 December	7,602	39,776	9,685	57,063		

G25 Other tangible assets

31 December 2015	Machines and equipment	Office renovations	Other tangible assets	Total other tangible assets
Acquisition cost at 1 January	13,433	9,207	1,588	24,227
Increases	1,695	1,619	-	3,314
Decreases	-136	-7	-1	-143
Acquisition cost at 31 December	14,992	10,820	1,587	27,398
Accumulated depreciations and impairments at 1 January	-9,973	-4,761	-1,253	-15,987
Accumulated depreciation on decreases	136	7	-	142
Planned depreciation	-1,615	-1,246	-1	-2,862
Accumulated depreciations and impairments at 31 December	-11,452	-6,001	-1,254	-18,707
Book value at 31 December	3,539	4,819	333	8,692

31 Deecember 2014	Machines and equipment	Office renovations	Other tangible assets	Total other tangible assets
Acquisition cost at 1 January	12,547	8,080	1,588	22,215
Increases	2,102	2,137	-	4,239
Decreases	-1,216	-1,010	-	-2,227
Acquisition cost at 31 December	13,433	9,207	1,588	24,227
Accumulated depreciations and impairments at 1 January	-9,742	-4,820	-1,249	-15,812
Accumulated depreciation on decreases	1,196	1,010	-	2,207
Planned depreciation	-1,427	-951	-4	-2,382
Accumulated depreciations and impairments at 31 December	-9,973	-4,761	-1,253	-15,987
Book value at 31 December	3,460	4,446	335	8,240

G26 Other assets	2015	2014
Accrued and advance interests	37,541	42,997
Premiums paid for derivative instruments	-	925
Other accrued income and advance payments	14,057	13,309
Accrued income and advance payments	51,598	57,231
Cash items being collected	79	66
Other receivables	18,073	8,579
Other assets	18,152	8,646
Total	69,750	65,877

G27 Deferred taxes	2015	2014
Defermed to a light little of the control less than		
Deferred tax liabilities / receivables, net Net deferred tax liabilities / receivables at 1 January	46,233	34,187
Acquisitions / divestments	40,233 -115	54,167 -51
·	8,444	6,926
Changes during the year booked via the income statement Financial assets:	0,444	0,920
Valuation at fair value direct to equity	-5,651	7.869
Transferred to the income statement	-5,051 -951	-1,699
Cash flow hedging:	106-	-1,099
Valuation at fair value direct to equity	13	0
Transferred to the income statement	-19	-1,083
Defined-benefit pensions plans via comprehensive income	12	-1,003
Net deferred tax liabilities / receivables at 31 December	47,967	46,233
The deferred tax habilities, receivables at 5 i Sections	17,507	10,233
Deferred tax liabilities		
Appropriations	36,707	32,367
Group-specific write-downs	-1,944	-1,842
Financial assets	18,509	24,651
Cash flow hedging	-304	256
Investment properties valued at fair value	959	733
Activated development costs	1,627	896
Equalisation provision of the life insurance business	2,160	2,147
Total	57,714	59,209
Deferred tax receivables		
Financial assets	8,607	0
Cash flow hedging	-	11,868
Defined-benefit pension plans	472	483
Other	667	625
Total	9,747	12,976

Specification of changes during the year booked via the income statement	2015	2014
Appropriations	-4,340	-3,455
Group-specific write-downs	102	-199
Financial assets	-2,930	546
Cash flow hedging	-236	-3,085
Investment properties valued at fair value	-341	-119
Defined-benefit pension plans	1	72
Activated development costs	-731	-516
Equalisation provision of the life insurance business	-13	-277
Other	43	106
Total	-8,444	-6,926
Investment properties valued at fair value	-25	-3
Change in deferred taxes from assets classified as held for sale	-25	-3
Total change in deferred taxes	-8,469	-6,929

G28 Assets and liabilities classified as held for sale	2015	2014
Loans and other receivables	-	12
Investment properties	-	1,000
Other receivables	-	30
Deferred tax receivables	-	25
Assets classified as held for sale	-	1,067
Deposits	-	113
Other liabilities	-	20
Liabilities for assets classified as held for sale	-	133

G29 Deposits	2015	2014
Repayable on demand liabilities to credit institutions	48,647	271,296
Other than repayable on demand deposits from credit institutions	426,179	505,264
Liabilities to credit institutions	474,826	776,560
Repayable on demand deposits	3,479,734	3,450,695
Other than repayable on demand deposits	442,258	528,493
Liabilities to the public and public sector entities	3,921,993	3,979,188
Total	4,396,818	4,755,748

G30 Debt securities issued

	20	15	2014	ļ
	Book value	Nominal value	Book value	Nominal value
ertificates of deposits	11,997	12,000	161,336	161,500
onds	3,021,377	3,031,087	3,373,175	3,383,187
tal	3,033,374	3,043,087	3,534,511	3,544,687

		2015			2014	
Cogured Dakte (collatoralized)	Under	Over	Total	Under	Over	Total
Secured Debts (collateralised) Issued debts	1 year 515,596	1 year 1,685,409	2,201,004	1 year 495,105	1 year 2,120,320	2,615,425
Total	515,596	1,685,409	2,201,004	495,105	2,120,320	2,615,425
	Under	Over		Under	Over	
Unsecured Debts	1 year	1 year	Total	1 year	1 year	Total
Issued unsecured debts, senior financing	37,232	795,137	832,369	392,579	526,508	919,086
Total	37,232	795,137	832,369	392,579	526,508	919,086

31 December 2015	Under 3 months	3-12 months	1–5 years	5–10 years	Over 10 years	Total
Certificates of deposit with fixed interest rate	5,000	7,000	-	-	-	12,000
Aktia Bank's EMTCN (Euro Medium Term Covered Note) program, fixed interest rate	-	-	1,000,000	500,000	-	1,500,000
Aktia Bank's EMTN (Euro Medium Term Note) program, incl. Schuldscheindarlehen fixed interest rate	-	-	305,000	15,000	184,000	504,000
Aktia Bank's EMTN (Euro Medium Term Note) program, variable interest rate	-	20,000	265,079	-	-	285,079
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed interest rate	-	569,500	100,000	-	83,000	752,500
Others						-10,492
Total	5,000	596,500	1,670,079	515,000	267,000	3,043,087

	Under	3–12			Over	
31 December 2014	3 months	months	1–5 years	5-10 years	10 years	Total
Certificates of deposit with fixed interest rate	71,500	90,000	-	-	-	161,500
Aktia Bank's EMTCN (Euro Medium Term Covered Note) program, fixed interest rate	-	-	1,000,000	-	-	1,000,000
Aktia Bank's EMTN (Euro Medium Term Note) program, incl. Schuld- scheindarlehen fixed interest rate	-	-	305,000	-	199,000	504,000
Aktia Bank's EMTN (Euro Medium Term Note) program, variable interest rate	-	200,000	20,000	-	-	220,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed interest rate	500,000	-	700,000	-	83,000	1,283,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable interest rate	125,000	250,000	-	-	-	375,000
Others						1,187
Total	696,500	540,000	2,025,000	-	282,000	3,544,687

G31 Subordinated liabilities	2015	2014
Debentures	235,049	222,539
Total	235,049	222,539
Nominal value	235,046	222,532
Amount counted to Tier 2 capital	128,365	103,854

The bank has a bond program that is updated and approved by the Board yearly. Currently, the program's size is EUR 500 million. In this program, other bonds (included in note G30) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

No individual debenture loan exceeds 10% of all the subordinated liabilities.

G32 Other liabilities to credit institutions	2015	2014
Other liabilities to credit institutions, secured debts	33,000	44,000
Other liabilities to credit institutions, unsecured debts	51,825	55,767
Total	84,825	99,767

Other liabilities to deposit banks include liabilities of EUR 73 (84) million with both fixed and variable interest rate to the European Investment Bank.

G33 Other liabilities to the public and public sector entities	2015	2014
Repayable on demand	74,000	72,225
Other	-	1,627
Total	74,000	73,852

G34 Technical provisions for life insurance business

	From investment					
	From insurance	e agreements	agreei	ments	To	tal
	2015	2014	2015	2014	2015	2014
Technical provisions at 1 January	786,863	806,471	238,554	159,399	1,025,417	965,870
Change of category due to amended insurance terms and conditions	-223,056	-	223,056	-	-	-
Income from insurance premiums	35,930	54,960	138,467	70,094	174,397	125,054
Insurance claims paid	-54,743	-81,432	-35,545	-13,377	-90,288	-94,809
Transfer of savings from / to unit-linked insurance	-3,074	-11,279	3,074	11,279	-	-
Compensated interest for savings	16,862	17,725	-	-	16,862	17,725
Customer compensation for savings	2	57	-	-	2	57
Interest reductions and provision for customer compensation	-	-	-	-	-	-
Total expense loading	-9,403	-12,293	-6,788	-2,901	-16,191	-15,194
Value increases and other items	2,806	12,653	17,457	14,060	20,263	26,713
Technical provisions at 31 December	552,188	786,863	578,276	238,554	1,130,463	1,025,417

Technical provisions by the various insurance branches	From insurance	e agreements	From inv	estment ments	To	tal
	2015	2014	2015	2014	2015	2014
Saving plans	83,206	314,847	513,287	179,831	596,493	494,678
Individual pension insurance	373,070	377,498	64,989	58,724	438,059	436,221
Group pension insurance	64,711	61,195	-	-	64,711	61,195
Risk insurance	31,200	33,324	-	-	31,200	33,324
Total	552,188	786,863	578,276	238,554	1,130,463	1,025,417

	From investment					
Change in technical provisions	From insurance	e agreements	agreements		Total	
	2015	2014	2015	2014	2015	2014
Technical provisions at 1 January	786,863	806,471	238,554	159,399	1,025,417	965,870
Change of category due to amended insurance terms						
and conditions	-223,056	-	223,056	-	-	-
Year's change	-11,619	-19,608	116,665	79,155	105,046	59,548
Technical provisions at 31 December	552,188	786,863	578,276	238,554	1,130,463	1,025,417
- of which technical provisions for risk insurance and						
interest-related insurance	465,718	481,427	2,542	847	468,260	482,275
- of which technical provisions for unit-linked insurance	86,470	305,436	575,734	237,707	662,203	543,143
Account to a local address to decrease	2015	2014				
Average calculation interest	2015	2014				
Saving plans	3.1%	3.1%				
Individual pension insurance	3.8%	3.9%				
Group pension insurance	3.3%	3.3%				
Risk insurance	3.2%	3.2%				
Total	3.6%	3.6%				

Methods used and assumptions made when determining technical insurance provisions of the life insurance business

Technical provisions is partly calculated so that future benefits are discounted at current value with deductions for future premiums, and partly so that premiums paid are credited with technical rate of interest and customer bonuses and rebates and debited with costs and risk premiums. In the calculations assumptions for the technical rate of interest, mortality and prevalence are used, as well as the loading mentioned in the actuarial assumptions of respective product. Further, extra provisions are made in pension insurance for interest costs and increased life expectancy. Provisions for outstanding claims include provisions for claims incurred and claims incurred but not reported. Specified customer bonuses are included in technical provisions.

For unit-linked insurances, the technical provisions is calculated on the basis of the market value for those funds which are associated with the insurance policy.

The insurance amount for risk insurance which exceed the company's excess are reinsured.

G35 Other liabilities	2015	2014
Interest liabilities	31,749	46,993
Interets received in advance	115	119
Accrued interest expenses and interest income received in advance	31,864	47,111
Other accrued expenses and income received in advance	30,857	31,035
Accrued expenses and income received in advance	62,721	78,146
Cash items in the process of collection	24,970	37,031
Defined benefit plan pensions	2,359	2,414
Other liabilities	74,575	7,729
Total other liabilities	101,903	47,174
Total	164,624	125,320

G36 Provisions	2015	2014
Provisions 1 January	3,549	6,367
Increase in provisions	595	-
Provisions used	-1,808	-2,818
Provisions 31 December	2,336	3,549

Aktia Bank plc has decided to invest in a modern core banking system. The migration to the new core banking system is made in collaboration with the current IT operator Samlink Ltd. An agreement was made on the transitional period and services that Samlink will continue to provide. Following the agreement, Aktia is obliged to bear a part of the development and project costs during the transitional period. The adequacy of the provision is valued at each time of reporting. Should there be strong indications of delays in the system change, extra provisions may have to be made. The implementation of the new core banking system will be completed during the second half of 2016.

G37 Equity	2015	2014
Share capital	163,000	163,000
Base fund	-	317
Fund at fair value	75,081	104,093
Restricted equity	238,081	267,410
Fund for share-based payments	2,143	1,858
Unrestricted equity reserve	115,113	115,030
Retained earnings 1 January	239,651	202,619
Dividend to shareholders	-31,938	-27,963
Other change in retained earnings	317	13,231
Acquisition of treasury shares	-1,305	-1,255
Divestment of treasury shares	1,113	182
Defined pension plans, OCI	48	339
Profit for the year	52,001	52,499
Unrestricted equity	377,145	356,539
Shareholders' share of equity	615,226	623,949
Non-controlling interest's share of equity	-	66,941
Equity	615,226	690,890

Share capital and shares

The shares are divided into A and R series shares. The shares have no nominal value. The book counter-value of the share is EUR 1.40 (not exact value). At the end of the year, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR 163,000,000 divided into 46,706,723 A shares and 19,872,088 R shares, totalling 66,578,811 (66,578,811) shares. The number of registered shareholders at the end of the year was 42,194. The number of A shares attributable to unidentified shareholders was 770,115. A shares have 1 vote, and R shares have 20 votes.

Treasury shares

At year-end, the number of treasury A shares was 142,112 (137,406) and the number of treasury R shares was 6,658 (6,658).

Fund at fair value

The fund at fair value contains changes in fair value after tax on the financial assets available for sale and on financial derivatives that are held for cash flow hedging. Financial assets recognised in the fund at fair value are transferred to the income statement on sale or on impairment of the assets.

Base fund

The base fund comprised in 2014 a construction fund from one of the Group's subsidiaries.

Fund for share-based payments

Share-based payments relate to the transfer of equity instruments which are paid to employees as remuneration for work carried out. Within the Group, there are remuneration programs with key personnel in management positions whereby certain targets must be met in order for the incentives to be issued in full. The Group continuously evaluates the likely outcome of this incentive agreement, booking a periodised increase in shareholder's equity under Fund for sharebased payments.

Unrestricted equity reserve

Items entered in the unrestricted equity reserve has since 1 September 2006 been equivalent to the sum paid in addition to the counter value paid for shares in an new issue.

Retained earnings

Retained earning contains retained earnings from previous years, dividends to shareholders and profit for the year. Retained earnings also contains appropriations in the seperate financial statements of Group companies and the insurance companies' equalisation provisions that in the IFRS financial statements have been booked under retained earnings after deduction for deferred tax.

Specification of change in fund at fair value	2015	2014
Fund at fair value at 1 January	104,093	81,147
Profit / loss on valuation to fair value, shares and holdings	-1,181	1,034
Profit / loss on valuation to fair value, interest bearing securities	-27,251	38,428
Deferred taxes on profit / loss on valuation to fair value	5,651	-7,869
Transferred to the income statement, shares and participations, included in:		
Net income from financial transactions	-	-2,257
Net income from life insurance	-145	1,471
Deferred taxes	29	157
Transferred to the income statement, interest-bearing securities, included in:		
Net income from financial transactions	-3,069	-3,008
Net income from life insurance	-1,542	-4,699
Deferred taxes	922	1,541
Profit / loss on valuation to fair value for cash flow hedging derivative contracts	-39	-116
Deferred taxes on profit / loss on valuation to fair value	-13	-
Transferred to the income statement, cash flow hedging derivative contracts, included in:		
Net income from securities and currency trading	-93	-5,416
Deferred taxes	19	1,083
Share of Folksam Non-Life Insurance's fund at fair value	-2,300	2,596
Fund at fair value at 31 December	75,081	104,093

Share capital and unrestricted equity reserve

	Number of shares	Share capital	equity reserve
1 January 2014	66,578,811	163,000	128,434
Transfer from retained earnings to unrestricted equity reserve			-13,405
31 December 2014	66,578,811	163,000	115,030
Divestment of treasury shares			84
31 December 2015	66,578,811	163,000	115,113

Group's unrestricted equity	2015	2014
Group's non-distributable earnings in unrestricted equity		
Share of the accumulated appropriations that have been included in the retained earnings at 1 January	129,469	115,650
Share of accumulated appropriations that have been included in the profit for the year	17,426	13,819
Share of the accumulated appropriations that have been included in the retained earnings at 31 December	146,894	129,469
Group's distributable earnings in unrestricted equity		
Fund for share-based payments	2,143	1,858
Unrestricted equity reserve	115,113	115,030
Retained earnings 1 January	110,183	86,969
Dividend to shareholders	-31,938	-27,963
Other changes in retained earnings	174	12,496
Profit for the year	34,576	38,680
Total	230,251	227,070
Group's total unrestricted equity		
Fund for share-based payments	2,143	1,858
Unrestricted equity reserve	115,113	115,030
Retained earnings 1 January	239,651	202,619
Dividend to shareholders	-31,938	-27,963
Other changes in retained earnings	174	12,496
Profit for the year	52,001	52,499
Total	377,145	356,539

Dividend to shareholders

The Board of Directors proposes to the Annual General Meeting of Aktia Bank plc held on 12 April 2016 that a dividend of EUR 0.54 per share, totalling EUR 35,872,222.14, be paid for the year based on the parent company's distributable retained earnings of EUR 62,360,986.05. Further, the Board of Directors proposes that a return of capital of EUR 0.10 per share, totalling EUR 6,643,004.10 be paid from the unrestricted equity reserve of EUR 115,113,148.63.

There have been no significant changes in the company's financial position after the end of the accounting period. The company's liquidity is good, and according to the Board of Directors the proposed distribution of dividend does not affect the solvency of the company.

(EUR 1,000)

Other notes

G38 Classification of financial instruments

Assets

G16
G17, G18
G17
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G20
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		Derivatives used for		Non-financial	
31 December 2015		neaging	ciai liabilities	llabilities	lotal
Liabilities to credit institutions	G29		474,826		474,826
Liabilities to the public and public sector entities	G29		3,921,993		3,921,993
Derivative instruments	G19	86,176			86,176
Debt securities issued	G30		3,033,374		3,033,374
Subordinated liabilities	G31		235,049		235,049
Other liabilities to credit institutions	G32		84,825		84,825
Other liabilities to the public and public sector entities	G33		74,000		74,000
Technical provisions for risk insurances and interest-related insurances	G34			468,260	468,260
Technical provisions for unit-linked insurances	G34			662,203	662,203
Accrued expenses and income received in advance	G35			62,721	62,721
Other liabilities	G35			101,903	101,903
Provisions	G36			2,336	2,336
Income tax liabilities	G27			938	938
Deferred tax liabilities	G27			57,714	57,714
Total		86,176	7,824,066	1,356,075	9,266,317
31 December 2014					
Liabilities to credit institutions	G29		776,560		776,560
Liabilities to the public and public sector entities	G29		3,979,188		3,979,188
Derivative instruments	G19	113,196			113,196
Debt securities issued	G30		3,534,511		3,534,511
Subordinated liabilities	G31		222,539		222,539
Other liabilities to credit institutions	G32		292'66		792'66
Other liabilities to the public and public sector entities	G33		73,852		73,852
Technical provisions for risk insurances and interest-related insurances	G34			482,275	482,275
Technical provisions for unit-linked insurances	G34			543,143	543,143
Accrued expenses and income received in advance	G35			78,146	78,146
Other liabilities	G35			47,174	47,174
Provisions	G36			3,549	3,549
Income tax liabilities	G27			2,559	2,559
Deferred tax liabilities	G27			59,209	59,209
Liabilities for assets classified as held for sale	G28			133	133
Total		113,196	8,686,416	1,216,188	10,015,799

G39 Financial assets and liabilities

Fair value of financial assets and liabilities

	2015	5	2014		
Financial assets	Book value	Fair value	Book value	Fair value	
Cash and balances with central banks	268,361	268,361	395,905	395,905	
Financial assets available for sale	2,197,648	2,197,648	2,375,417	2,375,417	
Financial assets held until maturity	481,653	496,090	488,509	505,257	
Derivative instruments	172,495	172,495	231,302	231,302	
Loans and other receivables	5,900,156	5,841,073	6,461,808	6,321,274	
Total	9,020,313	8,975,667	9,952,942	9,829,155	
Investments for unit-linked insurances	667,748	667,748	545,271	545,271	
Financial liabilities					
Deposits	4,396,818	4,358,617	4,755,748	4,704,788	
Derivative instruments	86,176	86,176	113,196	113,196	
Debt securities issued	3,033,374	3,035,333	3,534,511	3,504,130	
Subordinated liabilities	235,049	239,163	222,539	225,467	
Other liabilities to credit institutions	84,825	86,914	99,767	105,817	
Other liabilities to the public and public sector entities	74,000	74,026	73,852	73,843	
Total	7,910,242	7,880,228	8,799,611	8,727,242	

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

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

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

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

Measurement of financial assets at fair value

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

Level 2 consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may include listed interest rates, for example, or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the total credit risk component for the counterparty credit risk as well as for the own credit risk. 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. 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		31 Decemi Fair value cla				31 Decem Fair value cla		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued via the income statement								
Interest-bearing securities	-	-	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Financial assets available for sale								
Interest-bearing securities	1,745,128	186,033	172,073	2,103,235	1,975,602	194,930	119,457	2,289,989
Shares and participations	55,870	-	38,543	94,413	39,786	-	45,642	85,428
Total	1,800,999	186,033	210,616	2,197,648	2,015,389	194,930	165,098	2,375,417
Derivative instrument, net	-275	86,594	-	86,319	315	117,791	-	118,107
Total	-275	86,594	-	86,319	315	117,791	-	118,107
Investments for unit-linked insurances	667,748	-	-	667,748	545,271	-	-	545,271
Total	2,468,472	272,627	210,616	2,951,716	2,560,975	312,721	165,098	3,038,794

Transfers between levels 1 and 2

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

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

Changes within level 3

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

		assets valued via	a the	Financial as	sets availab	le for sale		Total	
Reconciliation of the changes ta- ken place for financial instruments which belong to level 3	Interest- bearing securities	Shares and partici- pations	Total	Interest- bearing securities	Shares and partici- pations	Total	Interest- bearing securities	Shares and partici- pations	Total
Carrying amount 1 January 2015	-	-	-	119,504	45,642	165,146	119,504	45,642	165,146
New purchases	-	-	-	61,040	7,166	68,206	61,040	7,166	68,206
Sales	-	-	-	-	-11,855	-11,855	-	-11,855	-11,855
Matured during the year	-	-	-	-18,468	-164	-18,632	-18,468	-164	-18,632
Realised value change in the income statement	-	-	-	-	-381	-381	-	-381	-381
Unrealised value change in the income statement	-	-	-	-	-	-	-	-	-
Value change recognised in the total comprehensive income	-	-	-	-	-1,865	-1,865	-	-1,865	-1,865
Transfer from level 1 and 2	-	-	-	9,997	-	9,997	9,997	-	9,997
Transfer to level 1 and 2	_	_	-	-	-	-	_	_	
Carrying amount 31 December 2015	-	-	-	172,073	38,543	210,616	172,073	38,543	210,616

Sensitivity analysis for level 3 Financial instruments

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

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

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percantage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 2.4 (2.0)% of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	Effect a	December 201 at an assumed	-	31 December 2014 Effect at an assumed moveme		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets valued via the income statement						
Interest-bearing securities	-	-	-	-	-	-
Shares and participations	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial assets available for sale						
Interest-bearing securities	172,073	5,162	-5,162	119,457	3,584	-3,584
Shares and participations	38,543	7,709	-7,709	45,642	9,088	-9,088
Total	210,616	12,871	-12,871	165,098	12,672	-12,672
Total	210,616	12,871	-12,871	165,098	12,672	-12,672

Set off of financial assets and liabilities

Assets	31 Dec	ember 2015 Reverse repurchase agreements	31 Dec	cember 2014 Reverse repurchase agreements
Financial assets included in general agreements on set off or similar	172.405		221 202	
agreements	172,495	-	231,302	-
Set off amount	-	-	-	-
Carrying amount in the balance sheet	172,495	-	231,302	-
Amount not set off but included in general agreements on set off or				
similar	15,317	-	22,438	-
Collateral assets	158,040	-	201,857	-
Total amount of sums not set off in the balance sheet	173,357	-	224,295	-
Net amount	-862	-	7,007	-

Liabilities	31 December 2015 Reverse repurchase Derivatives agreements		31 Dec	ember 2014 Reverse repurchase agreements
Financial liabilities included in general agreements on set off or similar agreements	86,176	-	113,196	-
Set off amount	-	-	-	-
Carrying in the balance sheet	86,176	-	113,196	-
Amount not set off but included in general agreements on set off or similar	15.317	_	22.438	-
Collateral liabilities	44,128	-	58,596	-
Total amount of sums not set off in the balance sheet	59,445	-	81,034	-
Net amount	26,731	-	32,162	-

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

Assets	Note						
		Under 3	3–12			Over 10	
31 December 2015		months	months	1–5 years	5-10 years	years	Total
Cash and balances with central banks	G16	268,361	-	-	-	-	268,361
Financial assets available for sale	G17	189,308	204,851	1,482,854	166,466	154,169	2,197,648
Financial assets held until maturity	G18	7,737	35,793	390,588	47,535	-	481,653
Derivative instruments	G19	2,627	21,675	96,825	17,278	34,091	172,495
Loans and other receivables	G20	142,566	597,240	1,715,657	1,510,279	1,934,413	5,900,156
Total		610,599	859,559	3,685,924	1,741,557	2,122,673	9,020,313
31 December 2014		Under 3 months	3-12 months	1–5 years	5–10 years	Over 10 years	Total
Cash and balances with central banks	G16	395,905	-	1-5 years	5-10 years	years	395,905
Financial assets available for sale	G17	115,164	236,325	1,638,049	198,128	187,751	2,375,417
Financial assets held until maturity	G18	-	230,323	426,387	62,122	-	488,509
Derivative instruments	G19	15,002	4,872	143,546	24,992	42,891	231,302
Loans and other receivables	G20	162,503	633,685	1,861,375	1,673,957	2,130,288	6,461,808
Total		688,574	874,882	4,069,357	1,959,199	2,360,931	9,952,942
Liabilities							
		Under 3	3–12			Over 10	
31 December 2015		months	months	1–5 years	5–10 years	years	Total
Deposits	G29	3,866,845	347,885	182,089	-	-	4,396,818
Derivative instruments	G19	3,490	6,669	57,669	18,348	-	86,176
Debt securities issued	G30	4,999	547,617	1,676,774	507,462	296,521	3,033,374
Subordinated liabilities	G31	13,893	26,336	173,242	21,577	-	235,049
Other liabilities to credit institutions	G32	-	10,850	49,423	24,552	-	84,825
Other liabilities to the public and public sector entities	G33	42,000	32,000		-	-	74,000
Total		3,931,226	971,358	2,139,197	571,939	296,521	7,910,242
		Under 3	3–12			Over 10	
31 December 2014		months	months	1–5 years	5-10 years	years	Total
Deposits	G29	4,029,733	422,001	106,170	197,844	-	4,755,748
Derivative instruments	G19	3,477	4,866	80,016	24,836	_	113,196
Debt securities issued	G30	698,638	433,166	2,082,919	-	319,789	3,534,511
Subordinated liabilities	G31	17,926	35,285	156,177	13,151	-	222,539
Other liabilities to credit institutions	G32	-	16,000	48,698	35,069		
Other liabilities to the public and public sector entities	C22			10,000	33,009	-	99,767
	G33	72,000	-	-	-	- 1,852	99,767 73,852
Total	G33	72,000 4,821,775	911,317	2,473,979	270,900	1,852 321,641	
	G33				-		73,852
Total	G33				-	321,641	73,852
	G33				-		73,852
Total G41 Collateral assets and liabilities	G33				-	321,641	73,852 8,799,611
Total G41 Collateral assets and liabilities Collateral assets	G33				-	321,641	73,852 8,799,611
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities	G33				-	321,641 2015	73,852 8,799,611 2014
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities					-	2015 303,464	73,852 8,799,611 2014 67,383
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond					-	2015 303,464 2,907,300	73,852 8,799,611 2014 67,383 3,613,633
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities					-	2015 303,464	73,852 8,799,611 2014 67,383
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond					-	2015 303,464 2,907,300	73,852 8,799,611 2014 67,383 3,613,633
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond Total					-	2015 303,464 2,907,300	73,852 8,799,611 2014 67,383 3,613,633
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond Total Other collateral assets					-	321,641 2015 303,464 2,907,300 3,210,764	73,852 8,799,611 2014 67,383 3,613,633 3,681,016
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond Total Other collateral assets Pledged securities 1)	ds				-	321,641 2015 303,464 2,907,300 3,210,764	73,852 8,799,611 2014 67,383 3,613,633 3,681,016
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond Total Other collateral assets Pledged securities 1) Securities included in pledging agreements	ds				-	321,641 2015 303,464 2,907,300 3,210,764 125,951 25,000	73,852 8,799,611 2014 67,383 3,613,633 3,681,016 160,359 43,000
Total G41 Collateral assets and liabilities Collateral assets Collateral for own liabilities Securities Outstanding loans constituting security for covered bond Total Other collateral assets Pledged securities 1) Securities included in pledging agreements Cash included in pledging agreements and repurchase a	ds				-	321,641 2015 303,464 2,907,300 3,210,764 125,951 25,000 28,840	73,852 8,799,611 2014 67,383 3,613,633 3,681,016 160,359 43,000 19,700

Collateral above refers to the following liabilities	2015	2014
Liabilities to credit institutions 2)	296,139	44,000
Issued covered bonds 3)	2,201,004	2,633,993
Derivatives	53,840	62,700
Total	2,550,983	2,740,693
1) Refers to securities pledged for the intra day limit. As at 31 December 2015, a surplus of pledged securities amounted to EUR 26 (60) million.		
2) Refers to debts to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.		
3) Own repurchases deducted.		
Collateral liabilities		
Cash included in pledging agreements 1)	158,040	201,857
Securities included in repurchase agreements 2)	-	7,231
Total	158,040	209,088

- 1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.
- 2) Refers to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

G42 Off-balance sheet commitments	2015	2014
Guarantees	27,394	26,778
Other commitments provided to a third party	1,287	2,140
Unused credit arrangements	296,089	291,485
Other irrevocable commitments	991	1,336
Total	325,761	321,739

Off-balance sheet commitments, exclude rental commitments.

	Under 3					
31 December 2015	months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Guarantees	8,260	5,529	9,421	4,105	80	27,394
Other commitments provided to a third party	192	61	820	214	-	1,287
Unused credit arrangements	90,802	24,370	11,857	5,990	163,071	296,089
Other irrevocable commitments	12	690	289	-	-	991
Total	99,265	30,650	22,387	10,308	163,151	325,761
	Under 3					
31 December 2014	Under 3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
31 December 2014 Guarantees		3–12 months 7,023	1–5 years 9,518	5–10 years 4,061	Over 10 years	Total 26,778
	months		,	•	•	
Guarantees	months 5,977	7,023	9,518	4,061	200	26,778
Guarantees Other commitments provided to a third party	months 5,977 276	7,023 88	9,518 1,469	4,061 308	200	26,778 2,140

G43 Rent commitments	2015	2014
Less than 1 year	8,243	8,401
1-5 years	14,451	20,385
More than 5 years	319	381
Total	23,014	29,168

The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. Materiality principle has been adopted and only significant rent commitments are considered.

	2015		2014	
	Percentage of shares	Percentage of votes	Percentage of shares	Percentage of votes
Financing				
Aktia Real Estate Mortgage Bank plc, Helsinki	51%	70%	51%	70%
Aktia Corporate Finance Ltd, Helsinki	100%	100%	100%	100%
Investment funds				
Aktia Fund Management Company Ltd, Helsinki	100%	100%	100%	100%
Securities companies				
Aktia Asset Management Ltd, Helsinki *)	76%	76%	75%	75%
Real estate agency operations				
Aktia Kiinteistönvälitys Oy, Turku	100%	100%	100%	100%
Insurance companies				
Aktia Life Insurance Ltd, Turku	100%	100%	100%	100%
Keskinäinen Kiinteistö Oy Pakkalantie 21, Turku	100%	100%	100%	100%
Keskinäinen Kiinteistö Oy Pakkalantie 19, Turku	100%	100%	100%	100%
Keskinäinen Kiinteistö Oy Tikkurilantie 141, Turku	100%	100%	100%	100%
Kiinteistö Oy Kantaatti, Turku	100%	100%	100%	100%
Kiinteistö Oy Keinusaaren Toimistotalo 1, Helsinki	50%	50%	50%	50%
Keskinäinen Kiinteistö Oy Sähkötie 14-16, Turku	33%	33%	100%	100%
Kiinteistö Oy Lahden BW Tower, Helsinki	33%	33%	-	-
Real estate operations				
Vasp-Invest Ltd, Helsinki **)	-	-	100%	100%

Subsiadiaries that have material non-controlling interets		2015 Non-controlling interests' share of		2014 Non-controlling interests' share of	
	Segment	shares	votes	shares	votes
Aktia Real Estate Mortgage Bank plc	Banking Business	49%	30%	49%	30%
Aktia Asset Management Ltd *)	Asset Management & Life Insurance	24%	24%	25%	25%

^{*)} Aktia Invest Ltd was merged with Aktia Asset Management Ltd on 1 October 2014.

Non-controlling holdings in subsidiaries are subject to restrictions concerning transfer of the shares. On 8 October 2015, Aktia Bank signed an agreement with the savings banks and POP Banks to acquire the other owners' holdings.

	Aktia Real Est	ate Mortgage			
Summarised financial information (before inter-company eliminations)	Banl	k plc	Aktia Asset Management Ltd		
	2015	2014	2015	2014	
Profit for the year	-1,357	5,154	4,353	3,827	
attributabel to non-controlling interest	-667	2,532	1,042	957	
Total comprehensive income for the year	-1,141	5,387	4,353	3,827	
attributabel to non-controlling interest	-561	2,647	1,041	957	
Assets	950,462	2,232,138	11,065	11,156	
Liabilities	815,913	2,095,915	4,367	4,473	
Net assets	134,549	136,224	6,698	6,683	
attributabel to non-controlling interest	66,118	66,941	1,602	1,671	
Cash flow from operating activities	-149,001	160,144	5,657	3,054	
Cash flow from investing activities	-	-13	-8	-1	
Cash flow from financing activities	-533	-9,576	-4,338	-505	
Net change in cash and cash equivalents	-149,535	150,555	1,311	2,548	
Dividens paid to non-controlling interest	262	283	1,038	581	

See note G45 for transactions with subsidiaries.

^{**)} Vasp-Invest Ltd was merged with Aktia Bank plc on 30 November 2015.

G45 Related-party transactions

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

Key Management personnel compensation	2015	2014
Fixed compensation; salary, remunerations and benefits in kind *)	1,620	1,242
Variable compensation based on results **)		
Result-based salary	243	115
Share-based payment	1,057	792
Total	2,920	2,148

^{*)} Including salaries and other fringe benefits such as car and phone

^{**)} Payments in accordance with the long-term incentive programme for executive management during the financial year

Compensation to Executive Management		2015			2014	
	Salary and remunerations	Statutory pension costs	Cost for voluntary supplemen- tary pension (IFRS)	Salary and remunerations	Statutory pension costs	Cost for voluntary supplemen- tary pension (IFRS)
Jussi Laitinen, Managing Director	837	64	160	701	58	132
Jarl Sved, Deputy Managing Director	-	-	-	330	40	190
Taru Narvanmaa, Deputy Managing Director	593	50	101	-	-	-
Executive Management excl. Managing Director and Deputy Managing Director 1)	1,490	209	128	1,117	159	171
Total	2,920	323	389	2,148	257	492
Compensation to the Board of Directors and the Board of Supervisors						
Members of the Board of Directors 2)						
Dag Wallgren, Chairman	82	14	-	66	11	-
Nina Wilkman, Vice Chairman	49	9	-	46	8	-
Sten Eklundh	46	8	-	39	7	-
Hans Frantz	38	7	-	35	6	-
Kjell Hedman	39	7	-	34	6	-
Catharina von Stackelberg-Hammarén	34	6	-	31	5	-
Arja Talma	36	6	-	35	6	-
Total	324	56	-	284	49	-
Members of the Board of Supervisors 3)						
Håkan Mattlin, Chair	29	5	-	27	5	-
Christina Gestrin, Deputy Chair	15	3	-	13	2	-
Patric Lerche, Deputy Chair	15	3	-	14	2	-
Clas Nyberg, Deputy Chair	14	2	-	-	-	-
Jorma J. Pitkämäki, Deputy Chair	14	2	-	13	2	-
Jan-Erik Stenman, Deputy Chair	15	3	-	12	2	-
Henrik Sundbäck, Deputy Chair	1	0	-	14	2	-
Lorenz Uthardt, Deputy Chair	-	-	-	1	0	-
Bo-Gustav Wilson, Deputy Chair	15	3	-	14	2	-
Members	132	23	-	157	27	=
Total	249	43	-	262	45	-
Total compensation to Executive Management, the Board of Directors and the Board of Supervisors	3,494	423	389	2,694	350	492

¹⁾ The other members of the Executive Management are Director Mia Bengts, Director and CCO Juha Hammarén, Director Carl Pettersson, Director Anssi Rantala, Director and CFO Fredrik Westerholm and Director Magnus Weurlander.

The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the executive committee the notice of dismissal varies between 12 and 15 months. Members of the Executive Committee have a retirement age of 63 years.

- 2) 35% (25%) of the Board of Directors' annual remuneration was paid in the form of Aktia A shares acquired for the Board members from the Stock Exchange at market price.
- 3) In accordance with the decision taken by the Annual General Meeting of Aktia Bank plc 2015, the members of the Board of Supervisors acquired Aktia A shares corresponding 30 (30)% of their annual remuneration from the Stock Exchange at market price.

Shareholding

At the end of 2015, the Group's key personnel held a total of 237,480 series A shares and 8,253 series R shares in Aktia Bank plc. This represents 0.6% of the total number of shares and 0.1% of votes

At the end of 2014, the Group's key personnel held a total of 246,781 series A shares and 28,566 series R shares in Aktia Bank plc. This represents 0.7% of the total number of shares and 0.2% of votes.

	Subsidiaries	Associated companies	Key personnel
Related-party transactions 2015			
Credits and guarantees	49,499	-	7,465
Deposits	67,358	44	7,911
Receivables	11,622	-	-
Liabilities	33,466	-	-
Services bought	-	12,520	13
Polated-party transactions 2014	Subsidiaries	Associated	Key person-

			.,
Related-party transactions 2014	Subsidiaries	Associated companies	Key person- nel
Credits and guarantees	191,183	-	4,099
Deposits	125,998	4,368	6,102
Receivables	4,887	-	-
Liabilities	21,461	-	-
Services bought	-	14,062	310
Income and expenses from other activities	2015	2014	
Group contribution to Aktia Fastighetsförmedling Ab from Group's wholly-owned subsidiaries	200	1,100	
Total	200	1,100	

Lending to close relations is on the normal customer conditions, with the normal evaluation of the debtor risk and with the same security requirement and with the same requirement on return as applies to the bank's customers in general.

G46 Defined benefit pension plans

In addition to statutory pensions, Aktia has defined-benefit pension plans for members of the Executive Committee and some key persons in management as well as for employees who were members of Savings Banks' Pension Fund (Sparbankernas Pensionskassa) when the pensions fund was closed down 31 December 1993. The retirement age of members of the Executive Committee and key persons in management is 63. On reaching retirement age, they receive a pension of 60% of the pensionable salary.

Assets in the insurance plan show the insurance company's liability of the obligation, and they are calculated by using the same discount rate as for the obligation. The insurance plan is regulated by local laws and other legal rules. Thus the company's liability only includes the effect of changes on the discount rate and salary increases on the net liability. The insurance company carries the total risk of pension increases.

The assets comprise 100% qualifying insurance policies.

The impact of the pension reform the Finnish Parliament decided on 20 November 2015 cannot be taken into account in supplementary pension arrangement until in 2016, when possible decisions on compensation for statutory pension age have been made.

	2015	2014
Current service cost	-396	-583
Net interest income	-39	-69
Expense recognised in income statement	-436	-652
Remeasurements in total comprehensive income	61	424
Total comprehensive income before taxes	-375	-228
Present value of obligation 1 January	9,127	8,922
Current service cost	396	583
Interest expenses	170	278
Actuarial gains (-) / losses (+) from experience adjustments	207	-1,563
Actuarial gains (-) / losses (+) from changes in financial assumptions	-92	2,183
Actuarial gains (-) / losses (+) from changes in demographic assumptions	357	-
Settlements	-900	-1,096
Benefits paid	-2,232	-180
Present value of obligation 31 December	7,032	9,127
Fair value of plan assets 1 January	6,712	6,445
Interest income	130	210
Return on plan assets excluding amount included in interest expenses / income	532	1,044
Settlements	-900	-1,096
Benefits paid	-2,232	-180
Contributions by employer	431	290
Fair value of plan assets 31 December	4,673	6,712
Present value of obligation	7,032	9,127
Present value of obligation Fair value of plan assets	7,032 -4,673	9,127 -6,712
Fair value of plan assets	-4,673	-6,712
Fair value of plan assets Liability recognised in balance sheet 31 December	-4,673 2,359	-6,712 2,414
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January	-4,673 2,359 2,414	-6,712 2,414 2,476
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement	-4,673 2,359 2,414 436	-6,712 2,414 2,476 652
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer	-4,673 2,359 2,414 436 -431	-6,712 2,414 2,476 652 -290
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP	-4,673 2,359 2,414 436 -431 5	-6,712 2,414 2,476 652 -290 362
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December	-4,673 2,359 2,414 436 -431 5 -61	-6,712 2,414 2,476 652 -290 362 -424
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, %	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, %	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00%
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, %	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414
Eair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Sensitivity analysis - net liability	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00%
Fair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Rate of benefit increase, %	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00%
Eair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Sensitivity analysis - net liability	-4,673 2,359 2,414 436 -431 5 -61 2,359	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00%
Eair value of plan assets Liability recognised in balance sheet 31 December Liability recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Sensitivity analysis - net liability The following table show how the changes in assumptions used affect the net liability (EUR)	-4,673 2,359 2,414 436 -431 5 -61 2,359 1.80% 2.60% 0.00%	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00% 0.00%
Expenses recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Rate of benefit increase, % Sensitivity analysis - net liability The following table show how the changes in assumptions used affect the net liability (EUR) Discount rate 1.80% Change in discount rate +0.50% Change in discount rate -0.50%	-4,673 2,359 2,414 436 -431 5 -61 2,359 1.80% 2.60% 0.00%	-6,712 2,414 2,476 652 -290 362 -424 2,414
Expenses recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Rate of benefit increase, % Sensitivity analysis - net liability The following table show how the changes in assumptions used affect the net liability (EUR) Discount rate 1.80% Change in discount rate +0.50%	-4,673 2,359 2,414 436 -431 5 -61 2,359 1.80% 2.60% 0.00% 2,359 -250	-6,712 2,414 2,476 652 -290 362 -424 2,414 1.86% 3.00% 0.00%
Expenses recognised in balance sheet 1 January Expenses recognised in income statement Contributions by employer Additional expense (+) to local GAAP Remeasurements in comprehensive income Liability recognised in balance sheet 31 December Actuarial assumptions Discount rate, % Rate of salary increase, % Rate of benefit increase, % Sensitivity analysis - net liability The following table show how the changes in assumptions used affect the net liability (EUR) Discount rate 1.80% Change in discount rate +0.50% Change in discount rate -0.50%	-4,673 2,359 2,414 436 -431 5 -61 2,359 1.80% 2.60% 0.00% 2,359 -250 288	-6,712 2,414 2,476 652 -290 362 -424 2,414 -240 276

The duration is 21 years according to the weighted average of the obligation.

The Group is expected to pay approximately EUR 0.4 million contributions to the defined benefit plans during 2016.

Share Based Incentive Scheme

The Managing Director, other members of the Executive Committee as well as certain key persons are included in a share-based incentive scheme. The incentive scheme has been prepared in accordance with regulations concerning remuneration schemes in the financial sector, and the reward will be paid partly as A shares in Aktia Bank plc and partly in cash. The proportion to be paid in cash is intended for taxes and tax-related costs arising from the reward to a key person.

Key persons are obliged to hold half of all shares received through the incentive scheme until the total value of the shares amounts to the value of their gross annual salary. They must retain their shares as long as they are employed in the Group. The maximum reward paid out through the share-based incentive schemes may amount to a maximum of 801,200 A shares in Aktia Bank plc, as well as a sum in cash corresponding to the value of the shares.

The share-based incentive schemes are based on earnings criteria and cover five earning periods: the calendar years 2011–2012, 2012–2013, 2013–2014, 2014–2015 and 2015-2016. The earnings criteria are based on the development of the Aktia Group's cumulated adjusted equity (NAV) (50% weighting) and of the Group's total net provision and net income from insurance in the earning period (50% weighting).

The potential reward for each earning period will be paid out in five instalments after each earning period. The reward is paid in the form of shares and in cash. The Board of Directors has stipulated a maximum level of reward per key person. In general, the reward is not paid to a key person who is no longer employed by the Aktia Group at the time of payment of rewards.

The earning period 2011 - 2012	2015	2014	2013	2012	2011
Basic information					
Max. number of shares	19,980	38,819	58,500	112,500	120,000
Sum in cash corresponding max. number of shares	19,980	38,819	58,500	112,500	120,000
Decision date	22.6.2011	22.6.2011	22.6.2011	22.6.2011	22.6.2011
Earning period starts	1.1.2011	1.1.2011	1.1.2011	1.1.2011	1.1.2011
Earning period ends	31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012
Number of persons on the decision date	7	9	9	9	10
Rate of A share on the decision date, EUR	6.03	6.03	6.03	6.03	6.03
Rate of A share at the end of the accounting period, EUR	10.31	9.77	8.10	5.80	4.88
The earning period 2012 - 2013	2015	2014	2013	2012	2011
Basic information					
Max. number of shares	38,000	57,000	130,000	137,500	-
Sum in cash corresponding max. number of shares	38,000	57,000	130,000	137,500	-
Decision date	8.5.2012	8.5.2012	8.5.2012	8.5.2012	-
Earning period starts	1.1.2012	1.1.2012	1.1.2012	1.1.2012	-
Earning period ends	31.12.2013	31.12.2013	31.12.2013	31.12.2013	-
Number of persons on the decision date	7	9	10	12	-
Rate of A share on the decision date, EUR	5.25	5.25	5.25	5.25	-
Rate of A share at the end of the accounting period, EUR	10.31	9.77	8.10	5.80	-
The earning period 2013 - 2014	2015	2014	2013	2012	2011
Basic information					
Max. number of shares	36,367	120,000	137,500	-	-
Sum in cash corresponding max. number of shares	36,367	120,000	137,500	-	-
Decision date	19.6.2013	19.6.2013	19.6.2013	-	-
Earning period starts	1.1.2013	1.1.2013	1.1.2013		
Earning period ends		1.1.2013	1.1.2013	-	-
31.	31.12.2014	31.12.2014	31.12.2014	-	-
Number of persons on the decision date	31.12.2014 10			- - -	-
		31.12.2014	31.12.2014	- - -	- - -
Number of persons on the decision date	10	31.12.2014 12	31.12.2014 14	- - -	-
Number of persons on the decision date Rate of A share on the decision date, EUR	10 6.88	31.12.2014 12 6.88	31.12.2014 14 6.88	2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR	10 6.88 10.31	31.12.2014 12 6.88 9.77	31.12.2014 14 6.88 8.10	2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015	10 6.88 10.31	31.12.2014 12 6.88 9.77	31.12.2014 14 6.88 8.10	2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information	10 6.88 10.31 2015	31.12.2014 12 6.88 9.77 2014	31.12.2014 14 6.88 8.10	2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information Max. number of shares	10 6.88 10.31 2015 112,500	31.12.2014 12 6.88 9.77 2014 112,500	31.12.2014 14 6.88 8.10	- - - - 2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information Max. number of shares Sum in cash corresponding max. number of shares	10 6.88 10.31 2015 112,500 112,500	31.12.2014 12 6.88 9.77 2014 112,500 112,500	31.12.2014 14 6.88 8.10	2012 - - - -	2011 - - - - -
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information Max. number of shares Sum in cash corresponding max. number of shares Decision date	10 6.88 10.31 2015 112,500 112,500 28.1.2014	31.12.2014 12 6.88 9.77 2014 112,500 112,500 28.1.2014	31.12.2014 14 6.88 8.10	2012 - - - - - -	2011 - - - - - -
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information Max. number of shares Sum in cash corresponding max. number of shares Decision date Earning period starts	10 6.88 10.31 2015 112,500 112,500 28.1.2014 1.1.2014	31.12.2014 12 6.88 9.77 2014 112,500 112,500 28.1.2014 1.1.2014	31.12.2014 14 6.88 8.10	2012	2011
Number of persons on the decision date Rate of A share on the decision date, EUR Rate of A share at the end of the accounting period, EUR The earning period 2014 - 2015 Basic information Max. number of shares Sum in cash corresponding max. number of shares Decision date Earning period starts Earning period ends	10 6.88 10.31 2015 112,500 112,500 28.1.2014 1.1.2014 31.12.2015	31.12.2014 12 6.88 9.77 2014 112,500 112,500 28.1.2014 1.1.2014 31.12.2015	31.12.2014 14 6.88 8.10	2012	2011

2012

2011

The earning period 2015 - 2016	2015	2014	2013	2012	2011
Basic information					
Max. number of shares	120,000	-	-	-	-
Sum in cash corresponding max. number of shares	120,000	-	-	-	-
Decision date	28.1.2014	-	-	-	-
Earning period starts	1.1.2015	-	-	-	-
Earning period ends	31.12.2016	-	-	-	-
Number of persons on the decision date	16	-	-	-	-
Rate of A share on the decision date, EUR	9.46	-	-	-	-
Rate of A share at the end of the accounting period, EUR	10.31	-	-	-	-

Share Ownership Scheme

In addition to the share-based incentive schemes key persons are enabled to also receive a conditional reward based on the acquisition of A shares when the incentive scheme is implemented. The conditional reward will be paid to key persons after the earning period, and will take the form of both cash and shares, provided that the key person is still employed by the Aktia Group and that the shares earmarked for payment of the conditional reward have not been transferred at the time of payment of rewards.

Share Ownership Scheme 2011			
Basic information	2015	2014	2013
May number of chares	47.400	54 600	62.600

basic information	2013	2017	2013	2012	2011
Max. number of shares	47,400	54,600	62,600	46,600	33,200
Sum in cash corresponding max. number of shares	47,400	54,600	62,600	46,600	33,200
	28.2.2013/	28.2.2013/	28.2.2013/		
	8.5.2012/	8.5.2012/	8.5.2012/	8.5.2012/	
Decision date	22.6.2011	22.6.2011	22.6.2011	22.6.2011	22.6.2011
	30.4.2013/	30.4.2013/	30.4.2013/	20 6 2012 /	
Earning period starts	30.6.2012/ 31.8.2011	30.6.2012/ 31.8.2011	30.6.2012/ 31.8.2011	30.6.2012/ 31.8.2011	31.8.2011
Earning period starts					
Earning period ends Number of persons on the decision date	30.4.2016	30.4.2016	30.4.2016 14	30.4.2016	30.4.2016
	7.10/5.25/6.03	13		11	8
Rate of A share on the decision date, EUR	7.18/5.25/6.03	7.18/5.25/6.03	7.18/5.25/6.03	5.25/6.03	6.03
Rate of A share at the end of the accounting period, EUR	10.31	9.77	8.10	5.80	4.88
Share Ownership Scheme 2014					
Basic information	2015	2014	2013	2012	2011
Max. number of shares	69,000	69,000	-	-	-
Sum in cash corresponding max. number of shares	69,000	69,000	-	-	-
Decision date	28.1.2014	28.1.2014	-	-	-
Earning period starts	1.1.2014	1.1.2014	-	-	-
Earning period ends	31.12.2016	31.12.2016	-	-	-
Number of persons on the decision date	23	22	-	-	-
Rate of A share on the decision date, EUR	8.35	8.35	-	-	-
Rate of A share at the end of the accounting period, EUR	10.31	9.77	-	-	-
Share Ownership Scheme 2015					
Basic information	2015	2014	2013	2012	2011
Max. number of shares	45,000	-	_	-	-
Sum in cash corresponding max. number of shares	45,000	-	_	-	-
Decision date	18.12.2014	-	_	-	-
Earning period starts	1.1.2015	_	_	_	_
Earning period ends	31.12.2017	_	_	_	_
Number of persons on the decision date	14	_	_	_	_
Rate of A share on the decision date, EUR	9.46	_	_	_	_
Rate of A share at the end of the accounting period, EUR	10.31	_	_	_	_
σ _γ ,					
Impact of share-based payments on the company's result and	2015	2014	2012	2012	2011
financial position	2015	2014	2013	2012	2011
Accounting period expenses from share-based payments in the income statement	516	854	1,652	1,947	341
meome statement	310	034	1,032	1,54/	J 4 1
of which recorded as liability 31 December	3,166	2,936	2,331	1,171	156
of which recorded as fund for share-based payments 31 December	2,143	1,858	1,608	1,116	185

G48 The customer assets being managed	2015	2014
Aktia Bank plc offers private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers. Aktia Asset Management Ltd offers institutions discretionary asset management services.		
Customer assets being managed		
Funds in discretionary asset management services	4,643,016	4,528,618
Funds within the framework of investment advising according to a separate agreement	4,206,666	4,737,030
Total	8,849,682	9,265,648
PS savings		
The act governing long-term savings agreements entered into force 1 January 2010. As service provider, Aktia Bank plc offers this form of saving for private customers since 1 April 2010. The pension saving comprises bank account, investments in mutual funds, bonds and shares.		
Customer assets witin PS savings		
PS Savings account	49	47
PS Deposit	66	62
Total	114	109
Customers' PS investments		
Investments in mutual funds	4,513	3,842
Shares	168	142
Total	4,681	3,983

G49 Events after the end of the year

On 12 January 2016 Aktia Bank announced that codetermination negotiations will be initiated in the bank's sales organisation. The bank's sales organisation will be reorganised and its efficiency will be enhanced simultaneously with structural changes in customer services. The codetermination negotiations were initiated due to financial and production-related reasons and reorganising of the operations. The negotiations were concluded on 8 February 2016, resulting in a staff reduction of approx. 55 persons. The reduction of staff generated a one-off cost of EUR 1.0 million which was recognised in the last quarter of 2015. The estimated annual cost savings amounts to approx. EUR 2 million.

Aktia Bank has on 15 January 2016 divested 51,727 Series A treasury shares for the payment of deferred instalments under the Share-Based Incentive Scheme to 16 persons included in the Share-Based Incentive Scheme. Following the divestment the number of Series A treasury shares is 90,385 and Series R treasury shares 6,658.

The Board of Directors of Visa Europe has, supported by authorisation from the owners of the company, agreed to sell the company to the American Visa Inc. subject to regulatory approval. The expected time frame for a decision on whether the sale may be executed is the second quarter of 2016. Aktia Bank is a part owner of Visa Europe and a broker of Visa Europe's card services. The divestement of holdings in Visa Europe is expected to bring a one-time gain of approximately EUR 7 million in 2016. Besides upfront consideration for the transaction, an additional earn-out may be paid after 4 to 12 years. Further, Aktia Bank may receive shares of considerations paid to other Visa Europe part owners, the card products of which Aktia Bank has brokered. Both the transaction and the amount of consideration depend on a number of legal and other uncertain factors. Therefore Aktia Bank has decided not to recognise any of the consideration in the income statement.

Income statement – Aktia Bank plc

(EUR 1,000)	Note	2015	2014
Interest income		115,664	125,557
Interest expenses		-22,626	-32,547
Net interest income	P2	93,038	93,010
Income from equity instruments	P3	9,462	52,947
Commission income		70,535	66,498
Commission expenses		-6,601	-8,158
Net commission income	P4	63,934	58,340
Net income from securities and currency trading	P5	985	-605
Net income from financial assets available for sale	P6	2,784	6,262
Net income from hedge accounting	P7	-290	-465
Net income from investment properties	P8	5	2
Other operating income	P9	7,089	3,684
Staff costs	P10	-61,055	-57,094
Other administrative expenses	P11	-39,656	-38,888
Total administrative expenses		-100,711	-95,982
Depreciation of tangible and intangible assets	P12	-7,101	-6,010
Other operating expenses	P13	-16,339	-20,871
Write-downs on credits and other commitments	P14	-360	-2,012
Operating profit		52,495	88,301
Appropriations		-21,800	-18,810
Taxes	P15	-3,252	-3,222
Profit for the year		27,442	66,269

Balance sheet – Aktia Bank plc

(EUR 1,000)	Note	2015	2014
Assets			
Cash and balances with central banks		268,360	395,904
Bonds eligible for refinancing with central banks	P16, P19	2,088,062	2,325,385
Claims on credit institutions	P17		199,641
	P17	60,467 4,991,345	4,467,299
Receicables from the public and public sector entities Bonds from public sector entities	F10	4,991,343	
Total bonds	P19	,	133,499 133,499
Shares and participations	P20	168,508 131,643	142,872
Derivative instruments	P20 P21		
		179,927	196,699
Intangible assets	P22	46,208	34,588
Investment properties and shares and participations in investment properties		78	78
Other tangible assets	000	3,807	3,730
Tangible assets	P23	3,885	3,808
Other assets	P24	16,473	6,917
Accrued income and advance payments	P25	38,506	95,219
Deferred tax receivables	P26	8,607	11,788
Total assets		8,001,991	8,013,621
Liabilities			
Liabilities to credit institutions	P27	612,116	881,020
Borrowing		3,983,365	4,037,353
Other liabilities		74,000	73,852
Liabilities to the public and public sector entities	P28	4,057,365	4,111,205
Debt securities issued to the public	P29	2,349,831	1,979,062
Derivatives and other liabilities held for trading	P21	119,121	136,545
Other liabilities	P30	25,934	37,490
Provisions	P31	2,336	3,549
Total other liabilities		28,270	41,039
Accrued expenses and income received in advance	P32	46,309	85,198
Subordinated liabilities	P33	235,049	222,539
Deferred tax liabilities	P34	6,056	10,134
Other liabilities		7,454,119	7,466,742
Accumulated appropriations		183,350	161,550
Equity			,
Share capital		163,000	163,000
Fund at fair value		24,048	40,536
Restricted equity		187,048	203,536
Unrestricted equity reserve		115,113	115,030
Retained earnings		66,763	16,167
Dividend to shareholders		-31,938	-27,963
Transfer from retained earnings to unrestricted equity		-	13,405
Change in share-based payments		286	249
Acquisistion of treasury shares		-192	-1,364
Profit for the year		27,442	66,269
Unrestricted equity		177,474	181,793
Total equity	P35	364,523	385,329
Total liabilities and equity		8,001,991	8,013,621

Aktia Bank plc – off-balance-sheet commitments for the parent company

(EUR 1,000)	Note	2015	2014
Off-balance sheet commitments	P40		
Guarantees and pledges		27,394	26,798
Other		1,287	2,140
Commitments provided to a third party on behalf of the customers		28,681	28,938
Unused credit arrangements		954,615	944,137
Irrevocable commitments provided on behalf of customers		954,615	944,137
Total		983,296	973,076

Cash flow statement – Aktia Bank plc

(EUR 1,000)	2015	2014
Cash flow from operating activities		
Operating profit	52,495	88,301
Adjustment items not included in cash flow for the period	-6,380	-13,349
Paid income taxes	2,562	-515
Increase (-) or decrease (+) in receivables from operating activities	-205,358	-373,292
Financial assets available for sale	176,132	-74,009
Claims on credit institutions	133,201	203,761
Receicables from the public and public sector entities	-524,405	-559,380
Other assets	9,715	56,335
Increase (+) or decrease (-) in liabilities from operating activities	47,370	328,422
Liabilities to credit institutions	-268,904	-158,802
Liabilities to the public and public sector entities	-31,477	181,809
Debt securities issued to the public	381,460	344,415
Other liabilities	-33,709	-39,000
Total cash flow from operating activities	-109,311	29,567
Cash flow from investing activities		
Investments in group companies and associated companies	-	-11,805
Proceeds from sale of group companies and associated companies	14,124	-
Investments in tangible and intangible assets	-18,798	-21,992
Proceeds from sale of tangible and intangible assets	-	2
Total cash flow from investing activities	-4,674	-33,795
Cash flow from financing activities		
Subordinated liabilities, increase	65,722	64,144
Subordinated liabilities, decrease	-53,208	-67,359
Acquisition of treasury shares	-1,305	-1,364
Divestment of treasury shares	1,197	-
Paid dividends	-31,938	-27,963
Total cash flow from financing activities	-19,532	-32,542
Change in cash and cash equivalents	-133,517	-36,770
Cash and cash equivalents at the beginning of the year	412,505	449,273
Cash and cash equivalents at the end of the year	278,987	412,505
Cash and equivalents transferred in connection with merger	-	1
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	7,414	7,967
Bank of Finland current account	260,946	387,937
Repayable on demand claims on credit insitutions	10,627	16,600
Total	278,987	412,505
Adjustment items not included in cash flow consist of:		
Impairment of financial assets available for sale	8	306
Write-downs on credits and other commitments	360	2,012
Change in fair values	7,132	1,824
Depreciation and impairment of intangible and tangible assets	7,101	6,010
Sales gains and losses from tangible and intangible assets	-3,774	-
Unwound cash flow hedging	-93	-5,416
Unwound fair value hedging	-15,903	-15,903
Change in provisions	-1,213	-2,818
Change in share-based payments	516	854
Other adjustments	-514	-218
Total	-6,380	-13,349

Notes to the parent company's financial statements

P1 The parent company's accounting principles

The parent company Aktia Bank plc's financial statement is prepared in compliance with Finnish accounting standard (FAS), the statutes of the Finnish Accounting Act and the Credit Institutions Act, the ordinance issued by the Ministry of Finance on financial statements, consolidated financial statements and reports by the board of directors for credit institutions (150/2007) as well as Regulations and guidelines 1/2013, Accounting, financial statements and management report issued by the Financial Supervisory Authority.

Information about business segments in the parent company is not relevant. The Group's segment reporting is presented in note G3.

Aktia Bank plc, domiciled in Helsinki, is the parent company of the Aktia Bank plc Group. A copy of the consolidated financial statement is available from Aktia Bank plc, Mannerheimintie 14, 00100 Helsinki, Finland or from Aktia's website www.aktia.com.

Foreign currency translation

Assets and liabilities denominated in foreign currencies outside the Euro zone have been converted into euros using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as Net income from currency trading.

Revenue and expenses recognition

Interest and dividends

Interest income and expenses are periodised according to the lifetime of the agreement by using the effective interest rate method. This method recognises income and expenses from the instrument evenly in proportion to amounts outstanding over the period until maturity. Interest income and interest expenses attributable to Financial assets held for trading are reported in the income statement as Net income from securities and currency trading.

When a financial asset is impaired due to a reduction in value, the original effective interest rate is used when calculating interest income.

Dividends paid on shares and participations are reported as income for the reporting period during which the right to receive payment is noted.

Commissions

Commission income and expenses are generally reported in accordance with the accruals convention.

Other income and expenses

Income from derivatives for hedge accounting issued to savings banks and local co-operative banks are entered directly.

Depreciation

Tangible and intangible assets are subject to linear planned depreciation, according to the financial lifetime of the assets. As a rule, the residual value of these tangible and intangible assets is assumed to be zero. There is no depreciation of land areas. The estimated financial lifetimes for each asset category are as follows:

Buildings	40 years
Basic repairs to buildings	5–10 years
Other tangible assets	3–5 years
Intangible assets (IT acquisitions)	3–7 years

Taxes

Taxes in the income statement consist of direct and deferred taxes for the year and previous years. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is reported as part of shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is entered in relation to differences between the book value of assets and liabilities, compared with their taxation value. A deferred tax asset is reported where it is likely that future taxable income will arise against which the temporary difference can be used.

Financial assets and liabilities

Financial assets reported at fair value via the income statement include financial assets which are held for trading. This category includes debt certificates, shares and participations that are actively traded with and that have been acquired for the short term with the intent to earn revenue. They have continuously been entered at fair value with changes in value entered in the income statement. Structured bonds and investments with embedded derivatives are classified as financial assets held for trading, which means that changes in value are recognised directly in the income statement.

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are reported in the category Financial assets available for sale. The unrealised value change is recognised in equity in the Fund at fair value with deductions for deferred tax until sold or impaired. When sold or impaired, the accumulated unrealised profit or loss is transferred to the income statement and included in Net income from financial assets available for sale.

Debt certificates to be held until maturity are reported in the category Financial assets held until maturity. These securities are entered at accrued acquisition cost. If there is objective evidence to suggest that full repayment will not be received on such a security at the end of the reporting period, the difference compared with the acquisition price is entered as an expense. The difference between the acquisition price and the nominal value has been periodised as interest income or loss of it. If securities classified as Financial assets held until maturity are sold prior to maturity, these securities are reclassified as Financial assets available for sale. The reason for the reclassification is that the intention or ability in relation to the investments (a significant amount) changes so that the conditions for the use of this category are no longer met. After any such reclassification, these securities are reported as Financial assets available for sale for at least two consecutive reporting periods.

Receivables from credit institutions and receivables from the public and public sector entities are reported in the category Loans and other receivables. These receivables are entered at accrued acquisition value.

Liabilities to credit institutions, liabilities to the public and public sector entities and debt securities to the public are reported in the category Financial liabilities. Financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value. In the cash flow statement, issued debts are deemed to belong to the bank's operating activities, while subordinated liabilities are deemed to belong to financing activities.

Reclassification

Financial assets, excluding derivatives, held for sale may be reclassified to assets held until maturity if Aktia intends and has the opportunity to hold the financial assets for the foreseeable future or until maturity. At the time of reclassification, the assets to be reclassified shall comply with the definitions of the category to which they are reclassified. A prerequisite for reclassification to the category Financial assets held until maturity is that Aktia has changed the purpose of the holdings and has the opportunity to hold the financial assets until maturity.

Reclassification is made at fair value at the time of reclassification. As fair value will be the original acquisition cost or accrued acquisition cost.

Securities to be reclassified from financial assets available for sale to financial assets held until maturity shall be pledgeable with the central bank and have good creditworthiness. When reclassified the financial assets shall fulfil the minimum rating of Aa3/AA-.

Valuation of financial instruments at fair value

The fair value of listed shares and other financial instruments that are traded on an active market is based on the latest listed purchase price. Should the listed price of a financial instrument not represent actual market transactions occurring with regularity, or if listed prices cannot be obtained, the fair value is established with an appropriate valuation technique. The valuation techniques may vary from a simple analysis of discounted cash flows to complex option valuation models. The valuation models have been drawn up so that observable market prices and rates are used as input parameters in the evaluated cases, but unobservable model parameters may also be used.

The fair value for financial instruments has been divided in three levels. The levels are based on quoted market prices available on an active market for the same instrument (level 1), valuation techniques based on observable

market data (level 2), and valuation techniques not using observable market data (level 3).

Impairment of financial assets

The impairment of Financial assets available for sale is recognised through the income statement if the financial position of the company in which the investment has been made has deteriorated significantly. The criteria are as follows:

- the company has entered into bankruptcy or is de facto insolvent and unable to make payments
- the company has entered into a corporate reorganisation agreement, or has sought protection against its creditors, or is undergoing significant restructuring which affects creditors.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the market value and the acquisition value at the time of reporting. If no market value is available, or if there are specific reasons for assuming that the market value does not represent the fair value of the security, or if the Group holds a controlling stake in the company, a decision is made on reporting an impairment in accordance with a separate assessment made by the Board of Directors.

In addition to default, interest-bearing securities are reviewed individually to assess the need for write-downs if the price of the security has fallen by more than 50% and the instrument rating has fallen below investment grade (BB+, Ba1 or lower).

For shares and share fund investments, an impairment is also recognised if there has been a significant or long-term drop in the value of the investment. A significant drop has occurred if the difference between the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) and the acquisition value exceeds certain volatility-based limits. Volatility is quantified using betas which measure the riskiness of the shares in relation to the market (a comparison index). For share funds, this index is the same as the share fund's ascribed comparison index. For individual shares, the index is a combination of an industry index and a geographic exposure index. The weighting for these two indices is calculated separately for each share by applying the change in value for historic data and maximising the share-index correlation. The same method is used for the bank's Value-at-Risk calculation.

A long-term drop has occurred if the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) has been continuously below the acquisition value for 18 months.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the fair value at the time of reporting and the acquisition value.

Write-downs of loans and other receivables

Write-downs of loans and other receivables are entered individually and in

groups. A write-down is entered individually if there is objective evidence that the customer's ability to pay has been weakened after the receivable was originally entered in the balance sheet. Objective evidence exists where the debtor is experiencing significant financial difficulties, a breach of contract such as delayed payment of interests or capital occurs, concessions are granted for financial or legal reasons which the lender had not otherwise considered, the debtor enters bankruptcy or other financial restructuring.

The value of the receivable has been weakened if the estimated incoming cash flow from the receivable, with regard to the fair value of the security, is less than the sum of the book value of the receivable and the unpaid interest on the receivable. The estimated incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable interest rate, the interest rate in the agreement is used as discount rate at the time of review. The write-down is entered as the difference between the lower current value of the recoverable cash flow and the book value of the credit.

A write-down by group is carried out where there is objective evidence for there being uncertainty in connection with repayment of the receivables in underlying credit portfolios. The write-down is based on a historic analysis of the probability of bankruptcy and loss in the event of bankruptcy in view of macroeconomic and microeconomic events and an experience-based assessment. The need for write-downs is assessed taking into account changes in credit quality and security values that are expected to occur within 12 months, whereas the size of the write-down is determined taking the whole lifetime of the portfolios into account.

As of 2014, the above mentioned principle is applied also in assessment write-downs by group related to larger corporate customers.

Accounting for the acquisition and disposal of financial assets

When acquiring or selling financial assets, these are entered in accordance with the trade date.

Derivative instruments

All derivative instruments are reported in the balance sheet and are valued at fair value. Derivatives with a positive fair value are reported as assets in Derivative instruments. Derivatives with a negative fair value are reported as liabilities in Derivative instruments.

Derivative instruments are reported in the income statement according to the classification of the derivatives. When hedge accounting is applied for derivative instruments, the value change is entered as fair value hedging or cash flow hedging according to the following accounting principles.

Hedge accounting

All derivatives are valued at fair value. Aktia Bank has documented hedge

accounting either as fair value hedging or cash flow hedging.

Aktia Bank's policy for hedge accounting is that the hedging relationship between the hedging instrument and the hedged item, along with the risk management aim and the strategy, are documented when hedging. In order to apply hedge accounting, the hedge must be highly efficient. A hedge is deemed to be highly efficient if, at the time of hedging and throughout the entire hedging period, it can be expected that changes in the fair value of the hedge item will be significantly neutralised by changes in the fair value of the hedging instrument. The outcome should be within the range of 80-125%. When subsequently assessing the efficiency of the hedging, Aktia values the hedging instrument at fair value and compares the change in this value with the change in the fair value of the hedged item. The efficiency is measured on a cumulative basis. If the hedging relationship between the derivatives and the hedged items is not a 100 per cent match, the ineffective part is reported in the income statement as Net income from financial transactions.

If the hedging relationship fails to meet the above requirements, the hedge accounting ceases. The change in the unrealised value of the derivative is reported at fair value in the income statement as Net interest income with effect from the time when the hedging was latest deemed to be efficient

Fair value hedging

Fair value hedging is applied for derivatives which are used in order to hedge changes in fair value for a reported asset or liability which is attributable to a specific risk. The risk of changes in fair value for assets and liabilities reported by Aktia Bank relates primarily to loans, securities and fixed-interest borrowing, giving rise to interest rate risk.

Changes in the fair value of derivatives are, like changes in the fair value of the hedged item, reported separately in the income statement as Net income from hedge accounting. If the hedging is efficient, both changes in fair value mostly cancel each other out, which means that the net result is virtually zero. In the balance sheet, the change in value of the hedged item is reported as adjusted value of the hedged balance sheet item. Interest rate swaps and forward rate agreements are used as hedging instruments.

Fair value hedging is no longer applied in the following situations:

- the hedging instrument expires, is sold, unwound or revoked
- the hedge no longer qualifies for hedge accounting
- hedging is discontinued

When hedging ceases, accumulated profit or loss adjusting the value of the item hedged, is periodised in the income statement. Periodisation is made over the hedged item's remaining period until maturity or over the unwound hedging instrument's original lifetime.

Cash flow hedging

Cash flow hedging is applied in order to hedge future interest streams,

such as future interest payments on assets or liabilities with variable interest rate. The efficient element of the year's change in fair value this year is reported in equity in the Fund at fair value with deductions for deferred tax and the inefficient element in the income statement as Net income from hedge accounting. The accumulated change in fair value is transferred from Cash flow hedging in shareholders' equity to the income statement during the same period as the hedged cash flows have an impact on the income statement. Interest rate swaps, forward rate agreements and interest rate options are used as hedging instruments.

When interest rate options are used as hedging instruments, only their intrinsic value is included in hedge accounting. The change in time value for interest rate options is reported through the income statement.

Cash flow hedging ceases in the same situations as fair value hedging. When cash flow hedging ceases, but an inward cash flow is expected, accumulated profit or loss concerning the hedging instrument is reported as separate item in shareholders' equity. Accumulated profit or loss is then reported in the income statement under the same periods as previously hedged interest streams are reported in the income statement.

Other derivative instruments valued through the income statement (hedged back-to-back with third parties)

Other derivative instruments consist primarily of interest-rate derivatives issued to local banks, which are hedged back-to-back with third parties. These interest-rate derivatives are valued at fair value, and the change in result is recognised in Net income from securities. The counterparty risk arising in these derivative agreements has been limited via mutual pledging agreements with local banks. Individual security arrangements are made with third parties in accordance with the terms and conditions of ISDA/CSA (Credit Support Annex).

Financial derivatives valued at fair value through the income statement

Derivatives which are not classified as hedging instruments and which are not efficient as such are classified as derivatives valued at fair value through the income statement.

Financial derivatives which are valued at fair value through the income statement are initially valued at fair value, but the transaction costs are reported directly in the income statement and are revalued thereafter at fair value. Derivatives are entered in the balance sheet as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value, together with profits and losses realised, are reported in the income statement and are included in Net income from securities.

Repurchase agreements

Repurchase agreements relate to agreements where the parties have reached an agreement on selling securities and the subsequent repurchase of corresponding assets at a set price. For repurchase agreements, sold securities are still reported in the balance sheet, and the payment received is reported as a financial liability. Sold securities are also reported as collateral pledged. The payment made for acquired securities is reported as

lending to the vendor.

Cash and balances with central banks

Cash and balances with central banks consist of cash, bank balances, a current account held with the Bank of Finland and short-term deposits with a duration of less than three months. Loans to credit institutions repayable on demand are included in Loans and other receivables. Cash and cash equivalents in the cash flow statement include cash and balances with central banks, and loans to credit institutions repayable on demand.

Tangible and intangible assets

Real estate and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Company. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. If only part of the premises is used by the Company, the division has been made according to the square metres reserved for their respective purposes. Both commercial properties and investment properties have been included at their original acquisition value. If the probable assignment value of the properties or participations is essentially or permanently lower than the acquisition price, an impairment is entered as an expense in the income statement. If there is a likely objective indication that there will be a need for an impairment, the value of the asset is examined.

The valuation of the fair value of investment properties is based on statements from independent valuers and the company's own valuation models for future rental payments.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. Planned depreciation is based on the financial lifetime of the assets.

Provisions

A provision is reported where the bank has an existing legal or informal obligation due to an event which has occurred, and it is likely that the obligation will be realised and the Group can reliably estimate the amount of the obligation. If it is possible to obtain remuneration from a third party for part of the obligation, this remuneration is reported as a separate asset item when it is certain in practice that remuneration will be received. The provisions are assessed each balance sheet date and are adjusted if needed. The provision is valued at the current value of the amount which is expected in order to regulate the obligation.

Equity

Dividend payments to shareholders are reported in shareholders' equity when the annual general meeting decides on the pay-out.

Notes to the income statement – Aktia Bank plc

(EUR 1,000)

P2 Net interest income	2015	2014
Interest income		
Claims on credit institutions	1,233	6,111
Receivables from the public and public sector entities	78,107	76,424
Bonds	34,603	41,394
Derivatives	· ·	70
Other interest income	1,721	1,559
Total	115,664	125,557
Interest expenses		
Liabilities to credit institutions	-918	-3,062
Liabilities to the public and public sector entities	-21,315	-29,683
Debt securities issued to the public	-30,910	-29,312
Derivatives and liabilities held for trading	40,010	40,447
Subordinated liabilities	-6,411	-6,598
Other interest expenses	-3,082	-4,339
Total	-22,626	-32,547
Net interest income	93,038	93,010
P3 Income from equity instruments	2015	2014
Group companies	9,072	52,501
Associated companies	338	338
Equity instruments available for sales	53	108
Total	9,462	52,947
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P4 Net commission income	2015	2014
Commission income		
Lending	13,489	11,888
Borrowing	1,612	1,724
Card- and payment services	19,301	20,564
Mutual funds, asset management and securities brokerage	18,282	16,078
Brokerage of insurance	10,172	8,496
Guarantees and other off-balance sheet commitments	435	530
Other commission income	7,244	7,219
Total	70,535	66,498
Commission expenses		
Money handling	-1,804	-1,852
Card- and payment services	-2,808	-2,614
Securities and investments	-1,520	-1,182
Other commission expenses	-469	-2,510
Total	-6,601	-8,158
Net commission income	63,934	58,340

Page	P5 Net income from securities and currency trading	2015	2014
Decinative instruments	Interest-bearing securities		
Derivative instruments	Capital gains and losses	-	1_
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Shares and participations Capital gains and losses -55 2,436 Impairments -8 -306 Total -63 2,130 Total -277 3,560 Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - - Fair value hedging - - - Financial derivatives hedging repayable on demand liabilities 5,703 -4,360 Financial derivatives hedging issued bonds -6,977 6,2332 Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 62,225 Changes in fair value of items hedged, net 12,390 -58,433 Total -290			
Capital gains and losses -55 2,436 Impairments -8 -300 Total -63 2,130 Total Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -300 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 -4,360	iotai	2,047	4,132
Capital gains and losses -55 2,436 Impairments -8 -300 Total -63 2,130 Total Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -300 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 -4,360	Shares and participations		
Impairments -8 -306 Total -63 2,130 Total -63 2,130 Total -8 -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 Financial derivatives hedging issued bonds -6,977 62,332 Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -5,8437 Total -290 -465		-55	2,436
Total -63 2,130 Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - Fiair value hedging - - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 -4,360 Financial derivatives hedging issued bonds -6,977 62,332 - Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465			
Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - Fair value hedging - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 Financial derivatives hedging issued bonds -6,977 62,332 Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465	Total	-63	2,130
Capital gains and losses -277 3,560 Transferred to income statement from fund at fair value 3,069 3,008 Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - Fair value hedging - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 Financial derivatives hedging issued bonds -6,977 62,332 Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465			
Transferred to income statement from fund at fair value3,0693,008Impairments-8-306Total2,7846,262P7 Net income from hedge accounting20152014Ineffective share of cash flow hedgingFair value hedgingFinancial derivatives hedging repayable on demand liabilities-5,703-4,360Financial derivatives hedging issued bonds-6,97762,332Changes in fair value of hedge instruments, net-12,68057,972Repayable on demand liabilities5,6213,817Bonds issued6,769-62,254Changes in fair value of items hedged, net12,390-58,437Total-290-465	Total		
Impairments -8 -306 Total 2,784 6,262 P7 Net income from hedge accounting 2015 2014 Ineffective share of cash flow hedging - - Fair value hedging - - Financial derivatives hedging repayable on demand liabilities -5,703 -4,360 Financial derivatives hedging issued bonds -6,977 62,332 Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465			
Total2,7846,262P7 Net income from hedge accounting20152014Ineffective share of cash flow hedgingFair value hedgingFinancial derivatives hedging repayable on demand liabilities-5,703-4,360Financial derivatives hedging issued bonds-6,97762,332Changes in fair value of hedge instruments, net-12,68057,972Repayable on demand liabilities5,6213,817Bonds issued6,769-62,254Changes in fair value of items hedged, net12,390-58,437Total-290-465			
P7 Net income from hedge accounting Ineffective share of cash flow hedging Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities Repayable on demand liabilities Financial derivatives hedging issued bonds Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Financial derivatives hedging issued bonds Financial derivatives hedging issued bonds Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Financial derivatives hedging repayable on demand liabilities			
Ineffective share of cash flow hedging Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities 5,621 3,817 Bonds issued Changes in fair value of items hedged, net 12,390 -58,437 Total	lotal	2,/84	6,262
Ineffective share of cash flow hedging Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities 5,621 3,817 Bonds issued Changes in fair value of items hedged, net 12,390 -58,437 Total			
Ineffective share of cash flow hedging Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities 5,621 3,817 Bonds issued Changes in fair value of items hedged, net 12,390 -58,437 Total	D7 Net in some from hadron securities	2045	2044
Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Financial derivatives hedging issued bonds Financial derivatives hedging i	Net income from neage accounting	2015	2014
Fair value hedging Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Financial derivatives hedging issued bonds Financial derivatives hedging i	Ineffective chara of each flow hadging		
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Financial derivatives hedging repayable on demand liabilities Financial derivatives hedging issued bonds Changes in fair value of hedge instruments, net Repayable on demand liabilities Society of the state of	Fair value hedging		
Financial derivatives hedging issued bonds-6,97762,332Changes in fair value of hedge instruments, net-12,68057,972Repayable on demand liabilities5,6213,817Bonds issued6,769-62,254Changes in fair value of items hedged, net12,390-58,437Total-290-465		-5,703	-4,360
Changes in fair value of hedge instruments, net -12,680 57,972 Repayable on demand liabilities 5,621 3,817 Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465			
Bonds issued 6,769 -62,254 Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465	Changes in fair value of hedge instruments, net	-12,680	
Changes in fair value of items hedged, net 12,390 -58,437 Total -290 -465			
Total -290 -465		6,769	-62,254
Total hedge accounting -290 -465	Total	-290	-465
iotal neage accounting -290 -465	Totally day accounting		
	iotal neage accounting	-290	-465

P8 Net income from investment properties	2015	2014
Rental income	3	1
Other income	2	1
Total	5	2

P9 Other operating income	2015	2014
Income from central bank services	176	1,227
Group internal compensations	241	327
Merger and sales gains	4,063	359
Other operating income	2,609	1,771
Total	7,089	3,684

P10 Staff	2015	2014
Salaries and remunerations	-49,683	-46,609
Pension costs	-8,683	-8,139
Other indirect emplyee costs	-2,689	-2,346
Indirect emplyee costs	-11,372	-10,485
Total	-61,055	-57,094
Number of emplyees 31 December		
Full-time	649	672
Part-time	72	79
Temporary	130	113
Total	851	864

Pension commitments

The personnel's retirement plan is organised via the Pension insurance company Veritas and there are not any pension commitments that have a liability deficit.

P11 Other administrative expenses	2015	2014
Other staff expenses	-3,017	-3,166
Office expenses	-1,627	-1,848
Communication expenses	-2,559	-2,449
IT-expenses	-24,658	-23,888
Marketing- and representation expenses	-4,361	-3,743
Group internal expenses	-537	-748
Other administrative expenses	-2,898	-3,047
Total	-39,656	-38,888

P12 Depreciation of tangible and intangible assets	2015	2014
Depreciation on tangible assets	-1,594	-1,374
Depreciation on intangible assets	-5,507	-4,636
Total	-7,101	-6,010

	2015	2014
Rental expenses	-9 122	-8 901
Expenses for properties in own use	-1 706	-1 512
Insurance and security expenses (incl. bank tax)	-555	-5 720
Monitoring, control and membership fees	-748	-739
Consulting fees	-1 990	-2 051
Group internal expenses	-220	-64
Other operating expenses	-1 999	-1 883
Total	-16 339	-20 871
Auditors' fees		
Statutory auditing	-79	-104
Services related to auditing	-24	-18
Tax counselling	-51	-19
Other services	-273	-105
Total	-427	-246
TI 51 116 119 D. H. L.		
The Financial Stability Board has determined the stability fee for 2015 as:	1 020	
Deposit guarantee contribution amount of which paid from the old Deposit Guarantee Fund	-1 928 -1 928	
amount of which paid from the old Deposit Guarantee Fund	-1 920	
Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from the old Deposit Guarantee Fund	16	
Contribution to the Single Resolution Fund	-639	
amount of which transferred from previously paid bank tax	-639	
Aktia's estimate of how many years funds may be transferred for Aktia Bank plc from earlier paid bank tax	5	
P14 Write-downs on credits and other commitments		
The write downs on creates and other communicities	2015	2014
	2015	2014
Receivables from the public and public sector entities		
Receivables from the public and public sector entities Individual write-downs	-4 494	-5 760
Receivables from the public and public sector entities Individual write-downs Write-downs by group	-4 494 -511	-5 760 394
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs	-4 494 -511 4 498	-5 760
Receivables from the public and public sector entities Individual write-downs Write-downs by group	-4 494 -511	-5 760 394
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses	-4 494 -511 4 498 163	-5 760 394 3 381 9
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables	-4 494 -511 4 498 163	-5 760 394 3 381 9
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs	-4 494 -511 4 498 163 - 343	-5 760 394 3 381 9 -1 976
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs	-4 494 -511 4 498 163 - 343	-5 760 394 3 381 9 -1 976
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs	-4 494 -511 4 498 163 - 343	-5 760 394 3 381 9 -1 976
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs	-4 494 -511 4 498 163 - 343	-5 760 394 3 381 9 -1 976
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs Total	-4 494 -511 4 498 163 -343 -33 16	-5 760 394 3 381 9 -1 976 -46 10 -36
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs Total	-4 494 -511 4 498 163 -343 -33 16	-5 760 394 3 381 9 -1 976 -46 10 -36
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs Total Total write-downs on credits and other commitments	-4 494 -511 4 498 163 -343 -33 16 -17	-5 760 394 3 381 9 -1 976 -46 10 -36
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs Total Total Total write-downs on credits and other commitments	-4 494 -511 4 498 163 -343 -33 16 -17 -360	-5 760 394 3 381 9 -1 976 -46 10 -36 -2 012
Receivables from the public and public sector entities Individual write-downs Write-downs by group Reversals of and recoveries of write-downs Reversals of credit losses Total Interest receivables Individual write-downs Reversals of and recoveries of write-downs Total Total write-downs on credits and other commitments P15 Taxes Income taxes on the ordinary business	-4 494 -511 4 498 163 -343 -33 16 -17 -360 2015	-5 760 394 3 381 9 -1 976 -46 10 -36 -2 012

Notes to the balance sheet – Aktia Bank plc

(EUR 1,000)

P16 Bonds eligible for refinancing with central banks	2015	2014
Government bonds	82,021	72,488
Banks' certificates of deposit	02,021	69,941
Other	2,006,041	2,182,956
Total	2,088,062	2,325,385
	_,,,,,,,,	_,5_5,555
P17 Claims on credit institutions	2015	2014
Repayable on demand		
Finnish credit institutions	186	6,535
Foreign credit institutions	10,441	10,065
Total	10,627	16,600
Other than repayable on demand		
Finnish credit institutions	46,500	180,341
Foreign credit institutions	3,340	2,700
Total	49,840	183,041
Total claims on credit institutions	60,467	199,641
Total claims on credit institutions P18 Receicables from the public and public sector entities	60,467 2015	199,641 2014
P18 Receicables from the public and public sector entities		
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities	2015	2014
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households	2015 4,332,902	2014 3,788,221
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates	2015 4,332,902 411,041	2014 3,788,221 417,801
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations	2015 4,332,902 411,041 204,629	2014 3,788,221 417,801 213,626
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities	4,332,902 411,041 204,629 1,293	3,788,221 417,801 213,626 2,049
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations	4,332,902 411,041 204,629 1,293 41,480	3,788,221 417,801 213,626 2,049 45,603
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand.	4,332,902 411,041 204,629 1,293 41,480	3,788,221 417,801 213,626 2,049 45,603
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable	4,332,902 411,041 204,629 1,293 41,480	3,788,221 417,801 213,626 2,049 45,603
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand. Write-downs during the year	4,332,902 411,041 204,629 1,293 41,480 4,991,345	3,788,221 417,801 213,626 2,049 45,603 4,467,299
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand. Write-downs during the year Write-downs at the beginning of the year	4,332,902 411,041 204,629 1,293 41,480 4,991,345	3,788,221 417,801 213,626 2,049 45,603 4,467,299
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand. Write-downs during the year Write-downs at the beginning of the year Receivables from the public sector entities	4,332,902 411,041 204,629 1,293 41,480 4,991,345	2014 3,788,221 417,801 213,626 2,049 45,603 4,467,299
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand. Write-downs during the year Write-downs at the beginning of the year Receivables from the public and public sector entities Individual write-downs	4,332,902 411,041 204,629 1,293 41,480 4,991,345 59,521 4,494	2014 3,788,221 417,801 213,626 2,049 45,603 4,467,299
P18 Receicables from the public and public sector entities A sector-by-sector analysis of receivables from the public and public sector entities Households Corporates Housing associations Public sector entities Non-profit organisations Total The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand. Write-downs during the year Write-downs at the beginning of the year Receivables from the public and public sector entities Individual write-downs Group write-downs Group write-downs	4,332,902 411,041 204,629 1,293 41,480 4,991,345 59,521 4,494 511	2014 3,788,221 417,801 213,626 2,049 45,603 4,467,299 64,702 6,243 -394

	Total 2015	Of which, the bonds that are eligible for refinan- cing with central banks	Total 2014	Of which, the bonds that are eligible for refinan- cing with central banks
Bonds available for sale				
Publicly quoted	1,722,409	1,676,214	1,939,875	1,906,694
Other	52,508	52,508	30,499	30,499
Total	1,774,917	1,728,722	1,970,375	1,937,194
Bonds held until maturity				
Publicly quoted	481,653	481,653	488,509	488,509
Total	481,653	481,653	488,509	488,509
Total bonds	2,256,570	2,210,375	2,458,884	2,425,703
P20 Shares and participations			2015	2014
Shares and participations available for sale				
Credit institutions			168	168
Other			7,379	768
Total			7,547	936
Shares and participations in associated companies				
			0	17,516
Other companies			0	17,516
Total				,
				,
Total			70,399	70,399
Total Shares and participations in group companies			70,399 53,697	

131,643

142,872

The holdings in associated- and group companies have been valued at their acquisition cost.

Total shares and participations

P21 Derivative instruments

 $The \ nominal \ value \ of \ the \ underlying \ property \ and \ the \ fair \ value \ of \ the \ derivative \ instrument$

Hedging derivative instruments						
	N	ominal values /	term remaining		Fair va	lue
	Under 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
Interest rate derivatives						
Interest rate swaps	1,692,700	2,540,869	985,000	5,218,569	167,838	106,755
Interest rate options	41,870	507,903	60,000	609,773	10,014	10,017
Purchased	-	240,000	30,000	270,000	10,008	10,008
Written	41,870	267,903	30,000	339,773	7	8
Total	1,734,570	3,048,772	1,045,000	5,828,342	177,852	116,771
Total interest rate derivatives	1,734,570	3,048,772	1,045,000	5,828,342	177,852	116,771
Forward rate agreements	59,659	241	-	59,900	359	634
Total forward rate agreements	59,659	241	-	59,900	359	634
Equity options	10,556	4,594	-	15,150	1,716	1,716
Purchased	5,278	2,297	-	7,575	1,668	48
Written	5,278	2,297	-	7,575	48	1,668
Total equity options	10,556	4,594	-	15,150	1,716	1,716
Total derivative instruments	1,804,785	3,053,608	1,045,000	5,903,392	179,927	119,121

31 December 2014

Hedging derivative instruments

ricaging acrivative instruments						
	N	ominal values /	term remaining		Fair va	lue
	Under 1 year	1-5 years	Over 5 years	Total	Assets	Liabilities
Interest rate derivatives						
Interest rate swaps	1,721,630	4,102,930	595,710	6,420,270	229,059	157,530
Interest rate options	322,474	549,773	60,000	932,247	15,093	15,104
Purchased	209,274	309,773	30,000	549,047	14,469	14,479
Written	113,200	240,000	30,000	383,200	624	625
Total	2,044,104	4,652,703	655,710	7,352,517	244,152	172,634
Total interest rate derivatives	2,044,104	4,652,703	655,710	7,352,517	244,152	172,634
Forward rate agreements	37,800	-	-	37,800	736	421
Total forward rate agreements	37,800	-	-	37,800	736	421
Equity options	24,570	15,334	-	39,904	1,817	1,817
Purchased	12,285	7,667	-	19,952	1,564	252
Written	12,285	7,667	-	19,952	252	1,564
Total equity options	24,570	15,334	-	39,904	1,817	1,817
Option agreements	1,922	-	-	1,922	-	-
Purchased	961	-	-	961	-	-
Written	961	-	-	961	-	-
Other derivative instruments	1,922	-	-	1,922	-	-
Total derivative instruments	2,108,396	4,668,037	655,710	7,432,143	246,705	174,871

P22 Intangible assets

31 December 2015	Immaterial rights (IT expenses)	Other long- term expendi- tures	Total
Acquisition cost at 1 January	42,441	8,704	51,145
Increases	15,507	1,619	17,127
Decreases	-2,303	-2	-2,305
Acquisition cost at 31 December	55,646	10,321	65,967
Accumulated depreciations and impairments at 1 January	-12,299	-4,257	-16,556
Accumulated depreciation on decreases	2,303	2	2,305
Planned depreciation	-4,261	-1,246	-5,507
Accumulated depreciations and impairments at 31 December	-14,256	-5,502	-19,759
Book value at 31 December	41,389	4,819	46,208

	Immaterial rights (IT	Other long- term expendi-	
31 Decemebr 2014	expenses)	tures	Total
Acquisition cost at 1 January	24,709	7,567	32,276
Acquisitions	-	10	10
Increases	17,788	2,137	19,925
Decreases	-56	-1,010	-1,066
Acquisition cost at 31 December	42,441	8,704	51,145
Accumulated depreciations and impairments at 1 January	-8,612	-4,373	-12,985
Acquisitions	-	-2	-2
Accumulated depreciation on decreases	56	1,010	1,066
Planned depreciation	-3,743	-893	-4,636
Accumulated depreciations and impairments at 31 December	-12,299	-4,257	-16,556
Book value at 31 December	30,142	4,446	34,588

P23 Tangible assets	2015	2014
Investment are nextice		
Investment properties		
Shares and participations in real estate corporations		
Acquisition cost at 1 January	78	-
Acquisitions	-	78
Acquisition cost at 31 December	78	78
Book value at 31 December	78	78
Carrying amount at 31 December	78	78

Other tangible assets

31 December 2015	Machines and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 January	11,627	1,574	13,279
Increases	1,672	-	1,672
Decreases	-80	-	-80
Acquisition cost at 31 December	13,219	1,574	14,871
Accumulated depreciations and impairments at 1 January	-8,220	-1,252	-9,471
Accumulated depreciation on decreases	80	-	80
Planned depreciation	-1,594	-1	-1,594
Accumulated depreciations and impairments at 31 December	-9,733	-1,252	-10,986
Book value at 31 December	3,485	322	3,885

31 December 2014	Machines and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 January	10,664	1,569	12,233
Acquisitions	58	5	141
Increases	2,072	-	2,072
Decreases	-1,167	-	-1,167
Acquisition cost at 31 December	11,627	1,574	13,279
Accumulated depreciations and impairments at 1 January	-7,996	-1,248	-9,244
Acquisitions	-19	-	-19
Accumulated depreciation on decreases	1,165	-	1,165
Planned depreciation	-1,370	-4	-1,374
Accumulated depreciations and impairments at 31 December	-8,220	-1,252	-9,471
Book value at 31 December	3,408	322	3,808
P24 Other assets		2015	2014
124 Other assets		2013	2014
Cash items being collected		14	4
Other assets		16,459	6,913
Total		16,473	6,917
		,	·
P25 Accrued income and advance payments		2015	2014
Interests		30,316	84,006
Other		8,190	11,213
Total		38,506	95,219
P26 Deferred tax receivables		38,506	95,219 2014
P26 Deferred tax receivables		2015	2014
P26 Deferred tax receivables Deferred tax receivables at 1 January		2015	2014 14,968
P26 Deferred tax receivables		2015	
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year		2015 11,788 -3,181	2014 14,968 -3,181
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December		2015 11,788 -3,181	2014 14,968 -3,181
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions		2015 11,788 -3,181 8,607	2014 14,968 -3,181 11,788
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions		2015 11,788 -3,181 8,607 2015	2014 14,968 -3,181 11,788 2014
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions		2015 11,788 -3,181 8,607	2014 14,968 -3,181 11,788
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total		2015 11,788 -3,181 8,607 2015 59,132 552,985	2014 14,968 -3,181 11,788 2014 352,768 528,252
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities Repayable on demand		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116 2015 3,541,107	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020 2014 3,508,860
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities Repayable on demand Other than repayable on demand		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116 2015 3,541,107 442,258	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020 2014 3,508,860 528,493
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities Repayable on demand Other than repayable on demand Borrowing		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116 2015 3,541,107 442,258 3,983,365	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020 2014 3,508,860 528,493 4,037,353
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities Repayable on demand Other than repayable on demand Borrowing Repayable on demand		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116 2015 3,541,107 442,258	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020 2014 3,508,860 528,493 4,037,353 72,225
P26 Deferred tax receivables Deferred tax receivables at 1 January Change booked via the income statement during the year Deferred tax receivables at 31 December Deferred tax receivables relates to the unwound hedge interest-rate derivatives. P27 Liabilities to credit institutions Repayable on demand liabilities to credit institutions Other than repayable on demand deposits from credit institutions Total P28 Liabilities to the public and public sector entities Repayable on demand Other than repayable on demand Borrowing		2015 11,788 -3,181 8,607 2015 59,132 552,985 612,116 2015 3,541,107 442,258 3,983,365	2014 14,968 -3,181 11,788 2014 352,768 528,252 881,020

	2015		2015 2014		ļ
		Nominal		Nominal	
	Book value	value	Book value	value	
Certificates of deposits	11,997	12,000	162,836	163,000	
Bonds	2,337,834	2,296,654	1,816,227	1,763,113	
Total	2,349,831	2,308,654	1,979,062	1,926,113	

P30 Other liabilities	2015	2014
Cash items in the process of collection	23,016	35,265
Other	2,918	2,225
Total	25,934	37,490

P31 Provisions	2015	2014
Provisions 1 January	3,549	6,367
Increase in provisions	595	-
Provisions used	-1,808	-2,818
Provisions 31 December	2,336	3,549

Aktia Bank plc has decided to invest in a modern core banking system. The migration to the new core banking system is made in collaboration with the current IT operator Samlink Ltd. An agreement was made on the transitional period and services that Samlink will continue to provide. Following the agreement, Aktia is obliged to bear a part of the development and project costs during the transitional period. The adequacy of the provision is valued at each time of reporting. Should there be strong indications of delays in the system change, extra provisions may have to be made. The implementation of the new core banking system will be completed during the second half of 2016.

P32 Accrued expenses and income received in advance	2015	2014
Interests	20,891	58,924
Other	25,418	26,274
Total	46,309	85,198

P33 Subordinated liabilities	2015	2014
Debentures	235,049	222,539
Total	235,049	222,539
Nominal value	235,046	222,532
Amount counted to Tier 2 capital	128,365	103,854

The bank operates a bond programme that is updated and approved each year by the Board of Directors. The size of the programme is currently EUR 500 million. Under the programme, both other bonds (included in note P29) and debenture loans are issued. Debentures are currently issued at fixed interest rates primarily with a maturity of 5 years.

No individual debenture loan exceeds 10% of all the subordinated liabilities.

P34 Deferred tax liabilities	2015	2014
Deferred tax liabilities at 1 January	10,134	10,144
Transferred deferred tax liability in connection with merger	-	51
Change during the year booked via the income statement		
Financial assets:		
- Fair value measurement	-3,445	1,624
-Transferred to income statement	-632	-1,685
Deferred tax liabilities at 31 December	6,056	10,134

Deferred tax liabilities relates to the fund at fair value.

P35 Equity

	At the		
	beginning of the year	Increase/ Decrease	At the end of the year
Share capital	163,000	-	163,000
Fair value hedging	40,462	-16,467	23,995
Cash flow hedging	74	-20	54
Fund at fair value	40,536	-16,488	24,048
Restricted equity	203,536	-16,488	187,048
Unrestricted equity reserve	115,030	84	115,113
Retained earnings	66,763	-	66,763
Dividend to shareholders		-31,938	-31,938
Change in share-based payments		286	286
Acquisition / divestment of treasury shares		-192	-192
Profit for the year		27,442	27,442
Unrestricted equity	181,793	-4,318	177,474
Equity	385,329	-20,806	364,523
		2015	2014
Fund at fair value at 1 January		40,536	40,577
Changes in fair value during the year		-17,404	8,119
Deferred taxes on changes in fair value during the year		3,445	-1,583
Transferred to income statement during the year		-3,161	-8,221
Deferred taxes on transferred to income statement during the year		632	1,644
Fund at fair value at 31 December		24,048	40,536
Fair value for financial assets available for sale are recognised in the fund at fair value.			
Distributable assets in unrestricted equity		2015	2014
Retained earnings		64,714	26,599
Dividend to shareholders		-31,938	-27,963
Profit for the year		27,442	66,269
Unrestricted equity reserve		115,113	115,030
Share-based payments		2,143	1,858
Total		177,474	181,793
10141		1//,4/4	101,193

Unrestricted equity only consist of distributable assets.

Share capital and shares

The shares are divided into A and R series shares. The shares have no nominal value. The book counter-value of the share is EUR 1.40 (not exact value). At the end of the year, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR 163,000,000 divided into 46,706,723 A shares and 19,872,088 R shares, totalling 66,578,811 shares (66,578,811) shares. The number of registered shareholders at the end of the year was 42,194. The number of A shares attributable to unidentified shareholders was 770,115. A shares have 1 vote, and R shares have 20 votes.

Treasury shares

At year-end, the number of treasury A shares was 142,112 (137,406) and the number of treasury R shares was 6,658 (6,658).

Fund at fair value

The fund at fair value contains changes in fair value after tax on the financial assets available for sale and on financial derivatives that are held for cash flow hedging. Financial assets recognised in the fund at fair value are transferred to the income statement on sale or on impairment of the assets.

Unrestricted equity reserve

Items entered in the unrestricted equity reserve has since 1 September 2006 been equivalent to the sum paid in addition to the counter value paid for shares in an new issue.

Retained earnings

Retained earnings contains retained earnings from previous years and profit for the year.

Other notes to the accounts - Aktia Bank plc

(EUR 1,000)

P36 Fair value of financial assets and liabilities

Financial assets	2015	5	2014	ļ
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	268,360	268,360	395,904	395,904
Bonds	2,256,570	2,271,006	2,458,884	2,475,632
Claims on credit institutions	60,467	60,467	199,641	199,652
Receicables from the public and public sector entities	4,991,345	4,925,030	4,467,299	4,332,557
Shares and participations	7,547	7,547	936	936
Shares and participations in associated companies	0	0	17,516	17,516
Shares and participations in group companies	124,095	124,095	124,418	124,418
Derivative instruments	179,927	179,927	196,699	196,699
Total	7,888,312	7,836,433	7,861,298	7,743,314

Financial liabilities	2015		2014	ŀ
	Book value	Fair value	Book value	Fair value
Liabilities to credit institutions and central banks	612,116	614,294	881,020	887,081
Liabilities to the public and public sector entities	4,057,365	4,014,011	4,111,205	4,049,512
Debt securities issued to the public	2,349,831	2,350,786	1,979,062	1,956,393
Derivatives and other liabilities held for trading	119,121	119,121	136,545	136,545
Subordinated liabilities	235,049	239,163	222,539	225,467
Total	7,373,483	7,337,374	7,330,371	7,254,998

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

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

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

P37 Breakdown by maturity of financial assets and liabilities by balance sheet item

Assets	Note						
31 December 2015	Und	Under 3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Bonds eligible for refinancing with central banks	P16, P19 139	139,490	296,112	1,603,153	48,951	356	2,088,062
Claims on credit institutions	P17 60	60,467	ı	ı	ı	1	60,467
Receicables from the public and public sector entities	P18 109	109,544	521,132	1,440,512	1,255,268	1,664,889	4,991,345
Bonds	P19 52	52,508	ı	116,000	ı	ı	168,508
Total	362	362,009	817,244	3,159,664	1,304,219	1,665,245	7,308,381
	Und	Under 3					
31 December 2014	om	months	3-12 months	1-5 years	5-10 years	Over 10 years	Total
Bonds eligible for refinancing with central banks	P16, P19 203	203,976	206,198	1,821,587	93,260	363	2,325,385
Claims on credit institutions	P17 81	81,026	2,496	1	I	116,119	199,641
Receicables from the public and public sector entities	P18 133	133,262	480,335	1,282,306	1,102,654	1,468,743	4,467,299
Bonds	P19 3C	30,499	18,000	85,000	ı	1	133,499
Total	448	448,763	707,029	3,188,892	1,195,914	1,585,226	7,125,824
Liabilities							
	onn	Under 3					
31 December 2015	om	months	3-12 months	1–5 years	5-10 years	Over 10 years	Total
Liabilities to credit institutions and central banks	P27 424	424,291	13,850	149,423	24,552	1	612,116
Liabilities to the public and public sector entities	P28 3,598	3,598,391	376,885	82,089	ı	1	4,057,365
Debt securities issued to the public	P29 4	4,999	32,234	1,601,993	507,462	203,144	2,349,831
Subordinated liabilities	P33 13	13,893	26,336	173,242	21,577	1	235,049
Total	4,041	4,041,575	449,305	2,006,747	553,591	203,144	7,254,362
	Ono	Under 3					
31 December 2014	om	months	3-12 months	1-5 years	5-10 years	Over 10 years	Total
Liabilities to credit institutions and central banks	P27 757	757,754	39,500	48,698	35,069	1	881,020
Liabilities to the public and public sector entities	P28 3,603	3,603,083	398,645	107,850	1,627	1	4,111,205
Debt securities issued to the public	P29 72	72,943	321,135	1,328,110	57,874	199,000	1,979,062
Subordinated liabilities	P33 17	17,926	35,285	156,177	13,151	1	222,539
Total	4,451,	4,451,705	794,565	1,640,834	107,721	199,000	7,193,826

Assets

31 December 2015	Euros	Foreign currency	Total
Bonds	2,256,570	-	2,256,570
Claims on credit institutions	51,690	8,777	60,467
Receicables from the public and public sector entities	4,991,345	-	4,991,345
Shares and participations	131,643	-	131,643
Derivative instruments	179,927	-	179,927
Other assets	382,040	-	382,040
Total	7,993,214	8,777	8,001,991
31 December 2014	Euros	Foreign currency	Total
Bonds	2,458,884	-	2,458,884
Claims on credit institutions	191,630	8,010	199,641
Receicables from the public and public sector entities	4,467,299	-	4,467,299
Shares and participations	142,872	-	142,872
Derivative instruments	196,699	-	196,699
Other assets	548,225	-	548,225
Total	8,005,610	8,010	8,013,621

Liabilities

31 December 2015	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	612,116	0	612,116
Liabilities to the public and public sector entities	4,040,290	17,075	4,057,365
Debt securities issued to the public	2,349,831	-	2,349,831
Derivative instruments	119,121	-	119,121
Subordinated liabilities	235,049	-	235,049
Other liabilities	80,635	-	80,635
Total	7,437,043	17,075	7,454,119
31 December 2014	Euros	Foreign currency	Total
31 December 2014 Liabilities to credit institutions and central banks	Euros 881,020	Foreign currency	Total 881,020
		Foreign currency 0 18,898	
Liabilities to credit institutions and central banks	881,020	0	881,020
Liabilities to credit institutions and central banks Liabilities to the public and public sector entities	881,020 4,092,307	0 18,898	881,020 4,111,205
Liabilities to credit institutions and central banks Liabilities to the public and public sector entities Debt securities issued to the public	881,020 4,092,307 1,979,062	0 18,898	881,020 4,111,205 1,979,062
Liabilities to credit institutions and central banks Liabilities to the public and public sector entities Debt securities issued to the public Derivative instruments	881,020 4,092,307 1,979,062 136,545	0 18,898 - -	881,020 4,111,205 1,979,062 136,545

P39 Collateral assets and liabilities	2015	2014
Collateral assets		
Collateral for own liabilities		
Securities	345,332	188,449
Outstanding loans constituting security for covered bonds	2,026,700	1,579,375
Total	2,372,032	1,767,824
Other collateral assets		
Pledged securities 1)	125,951	160,359
Securities included in pledging agreements	25,000	43,000
Cash included in pledging agreements and repurchase agreements	49,840	59,700
Total	200,791	263,059
Total collateral assets	2,572,824	2,030,883

	2015	2014
Collateral above refers to the following liabilities		
Liabilities to credit institutions 2)	338,120	165,066
Issued covered bonds 3)	1,513,891	1,022,739
Derivatives	74,840	102,700
Total	1,926,851	1,290,505
1) Refers to securities pledged for the intra day limit. As at 31 December 2015, a surplus of pledged securities amounted to EUR 26 (60) million. 2) Refers to debts to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions. 3) Own repurchases deducted.		
Collateral liabilities		
Cash included in pledging agreements 1)	158,040	201,857
Securities included in repurchase agreements 2)	-	7,231
Total	158,040	209,088

- 1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.
- 2) Refers to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

P40 Off-balance sheet commitments	2015	2014
Guarantees	27,394	26,798
Other commitments provided to a third party	1,287	2,140
Unused credit arrangements	954,615	944,137
Total	983,296	973,076
- of which Group internal off-balance sheet commitments:		
guarantees	-	20
unused credit arrangements	700	655,337

Off-balance sheet commitments, exclude rental commitments.

P41 Rent commitments	2015	2014
Less than 1 year	7,730	7,827
1–5 years	12,961	18,954
More than 5 years	319	381
Total	21,010	27,163

The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. Materiality principle has been adopted and only significant rent commitments are considered.

P42 Customer assets being managed	2015	2014
The parent company, Aktia Bank plc, offers private individuals and institutions discretionary asset management services.		
Customer funds are not intermediated to other customers.		
Customer assets being managed		
Funds in a customer funds account	253	1,467
Funds in discretionary asset management services	86,937	84,787
Funds within the framework of investment advising according to separate agreement	1,814,676	1,654,275
Total	1,901,867	1,740,530

PS savings	2015	2014
-		
The act governing long-term savings agreements entered into force 1 January 2010. As service provider, Aktia Bank plc offers this form of saving for private customers since 1 April 2010. The pension saving comprises bank account, investments		
in mutual funds, bonds and shares.		
Customer assets witin PS savings	49	47
PS Savings account PS Deposit	66	62
Total	114	109
Customers' PS investments		
Investments in mutual funds	4,513	3,842
Shares	168	142
Total	4,681	3,983
P43 The parent company's capital adequacy	2015	2014
Total assets	8,001,991	8,013,631
of which intangible assets	41,389	30,142
of Which intulgable disets	11,505	50,1 12
Total liabilities	7,637,469	7,628,292
of which subordinated liabilities	235,049	222,539
Share capital	163,000	163,000
Fund at fair value	24,048	40,536
Other restricted equity Restricted equity	187,048	203,536
Unrestricted equity reserve and other funds	115,113	115,030
Retained earnings	34,929	494
Profit for the year	27,432	66,279
Unrestricted equity	177,474	181,803
Equity	364,523	385,338
-quity	30 1,323	303,330
Total liabilities and equity	8,001,991	8,013,631
Off-balance sheet commitments	983,296	973,076
Aktia Bank plc's equity	364,523	385,338
Provision for dividends to shareholders	-42,515	-31,889
Intangible assets	-46,208	-34,588
Non-controlling interest's share of equity	-	_
Debentures	128,365	103,854
Additional expected losses according to IRB	-18,174	-
Deduction for significant holdings in financial sector entities	-5,766	-
Other	146,626	129,166
Total capital base (CET1 + AT1 + T2)	526,851	551,881
		•
Common Equity Tier 1 Capital before regulatory adjustments	470,243	484,053
Common Equity Tier 1 Capital regulatory adjustments	-71,757	-76,488
Common Equity Tier 1 Capital total (CET1)	398,485	407,565
Additional TIER 1 capital before regulatory adjustments	_	-
Additional TIER 1 capital regulatory adjustments	-	-
Additional TIER 1 capital after regulatory adjustments (AT1)	-	-
TIFD 1 constant/T1 (CFT1 - AT1)	200 405	407 545
TIER 1 capital (T1 = CET1 + AT1)	398,485	407,565

TIER 2 capital before regulatory adjustments TIER 2 capital regulatory adjustments TIER 2 capital (T2)	2015 128,365 - 128,365	2014 103,854 40,462 144,316
Own funds total (TC = T1 + T2)	526,851	551,881
Risk weighted exposures total of which credit risk, the standardised model of which credit risk, the IRB model of which market risk of which operational risk	2,142,045 697,710 1,139,976 - 304,359	2,724,233 2,416,834 307,399
CET1 Capital ratio T1 Capital ratio Total capital ratio	18.6% 18.6% 24.6%	15.0% 15.0% 20.3%

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

Risk-weighted amount for operational risks	2013*	2014	2015	12/2015	12/2014
Gross income	168,627	156,069	162,278		
- average 3 years			162,325		
Capital requirement for operational risk				24,349	24,592
Risk-weighted amount				304,359	307,399

^{*} Recalculated after the conveyance of the banking business of Vöyrin Säästöpankki to Aktia Bank plc. The capital requirement for operational risk is 15% of average gross income during the last three years. The risk-weighted amount for operational risk is calculated by dividing the capital requirement by 8%.

P44 Holdings in other companies

Subsidiaries	201	5	201	4
	Percentage of shares	Book value	Percentage of shares	Book value
Financing				
Aktia Real Estate Mortgage Bank plc, Helsinki	51%	61,895	51%	61,895
Aktia Corporate Finance Ltd, Helsinki	100%	8,503	100%	8,503
Investment funds				
Aktia Fund Management Company Ltd, Helsinki	100%	2,507	100%	2,507
Securities companies				
Aktia Asset Management Ltd, Helsinki *)	76%	2,206	75%	2,206
Real estate agency operations				
Aktia Kiinteistönvälitys Oy, Turku	100%	2,792	100%	2,792
Insurance companies				
Aktia Life Insurance Ltd, Turku	100%	46,191	100%	46,191
Keskinäinen Kiinteistö Oy Pakkalantie 21, Turku	100%	8,203	100%	8,203
Keskinäinen Kiinteistö Oy Pakkalantie 19, Turku	100%	6,803	100%	6,803
Keskinäinen Kiinteistö Oy Tikkurilantie 141, Turku	100%	13,000	100%	13,000
Kiinteistö Oy Kantaatti, Turku	100%	9,588	100%	9,300
Kiinteistö Oy Keinusaaren Toimistotalo 1, Helsinki	50%	9,495	50%	9,495
Keskinäinen Kiinteistö Oy Sähkötie 14-16, Turku	33%	1,017	100%	8,500
Kiinteistö Oy Lahden BW Tower, Helsinki	33%	3,712	-	-
Real estate operations				
Vasp-Invest Ltd, Helsinki **)	-	-	100%	325
Total		175,913		179,721

^{*)} Aktia Invest Ltd was merged with Aktia Asset Management Ltd on 1 October 2014.

^{**)} Vasp-Invest Ltd was merged with Aktia Bank plc on 30 November 2015.

Associated companies	201	5	201	4
	Percentage of shares	Book value	Percentage of shares	Book value
Insurance companies				
Folksam Non-Life Insurance Company Ltd	-	-	34%	17,516
Data processing				
Samlink Ltd, Helsinki	23%	0	23%	0
Total		0		17,516

On 3 March 2015 Aktia Bank plc divested further 24% of its holdings in Folksam Non-Life Insurance Ltd. The remaining holding (10%) is reported as shares and participations available for sale.

Financing income obtained from and financing expenses paid to other group companies

	2015	2014
Interest income	1,385	5,905
Dividends	9,409	52,839
Interest expenses	-2,961	-4,268
Net finance income	7,833	54,476
Receivables from and liabilities to other group companies		
Loans to credit institutions	20,814	156,119
Lending to the public and public sector entities	28,313	35,084
Debt securities	88,874	138,846
Other assets	2,155	-
Accrued income and advance payments	4,243	7,980
Total receivables	144,398	338,029
Liabilities to credit institutions	52,838	204,362
Liabilities to the public and public sector entities	56,279	45,626
Debt securities issued	3,571	5,086
Other liabilities	10,450	-
Accrued expenses and income received in advance	80	20,473
Total liabilities	123,218	275,547

P45 Shareholders

		IS	Shareholders 31 December 2015	December 2015			Shareholders 31 December 2014	December
	A shares	Rshares	Shares	Of shares, %	Votes	Of votes, %	Of shares, %	Of votes, %
The 20 largest shareholders:								
Stiftelsen Tre Smeder	1,291,925	4,606,804	5,898,729	8.9	93,428,005	21.0	9.4	19.9
Veritas Pension Insurance Company Ltd.	3,627,469	2,154,397	5,781,866	8.7	46,715,409	10.5	9.3	10.5
Svenska litteratursällskapet i Finland r.f.	4,864,205	789,229	5,653,434	8.5	20,648,785	4.7	7.9	4.6
Sampo Plc (Sampo plc, Mandatum Life	4,061,857	ı	4,061,857	6.1	4,061,857	6:0	5.7	6.0
Oy Hammaren & Co AB	1,905,000	000'056	2,855,000	4.3	20,905,000	4.7	4.3	4.7
Åbo Akademi University Foundation	1,595,640	751,000	2,346,640	3.5	16,615,640	3.7	3.5	3.7
Aktia foundation in Borgå	1,312,297	656,348	1,968,645	3.0	14,439,257	3.3	2.9	3.2
Life Annuity Institution Hereditas plc	1	1,646,106	1,646,106	2.5	32,922,120	7.4	3.1	9.2
Aktia foundation in Vaasa	978,525	547,262	1,525,787	2.3	11,923,765	2.7	2.3	2.7
Nordea (Fennia fund, Nordea Life, Nordea Bank plc)	1,449,132	ı	1,449,132	2.2	1,449,132	0.3	2.2	0.3
Aktia foundation in Espoo-Kauniainen	1	1,338,708	1,338,708	2.0	26,774,160	0.9	2.0	0.9
Savings bank foundation in Kyrkslätt	844,206	458,350	1,302,556	2.0	10,011,206	2.3	1.9	2.2
Aktia foundation in Vantaa	28,541	1,222,000	1,250,541	6:1	24,468,541	5.5	1.8	5.1
Savings bank foundation in Karjaa-Pohja	787,350	393,675	1,181,025	6.	8,660,850	2.0	1.8	2.0
Föreningen Konstsamfundet rf	1,176,173	1	1,176,173	<u></u>	1,176,173	0.3	1.8	0.3
Varma Mutual Pension Insurance Company	1,175,000	1	1,175,000	<u></u>	1,175,000	0.3	1.8	0.3
Savings bank foundation in Inkoo	412,669	349,349	762,018	1.1	7,399,649	1.7	1.2	1.7
Savings bank foundation in Sipoo	464,254	234,201	698,455	1.1	5,148,274	1.2	1.0	1.2
Vöyri Savings Banks Aktia foundation	615,460	10,500	625,960	6:0	825,460	0.2	6:0	0.2
Aktia foundation in Maalahti	361,138	177,600	538,738	0.8	3,913,138	6.0	0.8	6.0
Largest 20 owners	26,950,841	16,285,529	43,236,370	64.9	352,661,421	79.4	9:29	79.4
Other	19,755,882	3,586,559	23,342,441	35.1	91,487,062	20.6	34.4	20.6
Total	46,706,723	19,872,088	66,578,811	100.0	444,148,483	100.0	100.0	100.0

Shareholders by sector 2015:	Number of owners	%	Number of shares	%	Votes	%
Corporates	3,152	7.5	8,554,025	12.8	69,267,138	15.6
Financial institutes and insurance companies	58	0.1	8,349,625	12.5	19,248,913	4.3
Public sector entities	31	0.1	7,118,202	10.7	48,051,745	10.8
Non-profit organisations	688	1.6	32,991,154	49.6	294,680,453	66.3
Households	38,107	90.3	7,261,928	10.9	11,999,445	2.7
Foreign shareholders	158	0.4	119,700	0.2	130,674	0.0
Total	42,194	100.0	64,394,634	96.7	443,378,368	99.8
entered in nominee register	6		1,414,062	2.1		22.0
Unidentified shareholders			770,115	1.2	770,115	0.2
Total by sector	42,194	100.0	66,578,811	100.0	444,148,483	100.0
Shareholders by sector 2014:	Number of owners	%	Number of shares	%	Votes	%
	2.222	7.0	0.404.074	4.40	77.767.660	47.5
Corporates	3,332	7.6	9,491,074	14.3	77,767,669	17.5
Financial institutes and insurance companies Public sector entities	58	0.1	7,963,913	12.0	18,446,559	4.2
	31	0.1	7,455,145	11.2	48,008,688	10.8
Non-profit organisations Households	689	1.6	32,788,896	49.2	286,801,549	64.6
Foreign shareholders	39,591 161	90.3 0.4	7,132,105 160,740	10.7 0.2	12,170,506 181,974	2.7
Total	43,862	100.0	64,991,873	97.6	443,376,945	99.8
entered in nominee register	43,802 9	100.0	815,400	1.2	443,370,945	99.0
Unidentified shareholders	9		771,538	1.2	771,538	0.2
Total by sector	43,862	100.0	66,578,811	100.0	444,148,483	100.0
Duralidania of stadic 2015.						
Breakdown of stock 2015:	Number of		Number of			
Number of shares	owners	%	shares	%	Votes	%
1-100	29,695	70.4	1,165,460	1.8	1,278,263	0.3
101-1,000	10,850	25.7	3,208,725	4.8	4,402,856	1.0
1,001 - 10,000	1,479	3.5	3,749,954	5.6	6,546,203	1.5
10,001 - 100,000	103	0.2	3,014,451	4.5	6,875,764	1.5
100,000 -	67	0.2	54,670,106	82.1	424,275,282	95.5
Total	42,194	100.0	65,808,696	98.8	443,378,368	99.8
entered in nominee register	6					
Unidentified shareholders			770,115	1.2	770,115	0.2
Total by sector	42,194	100.0	66,578,811	100.0	444,148,483	100.0
Breakdown of stock 2014:						
	Number of		Number of			
Number of shares	owners	%	shares	%	Votes	%
1-100	31,300	71.4	1,221,710	1.8	1,329,117	0.3
101-1,000	10,983	25.0	3,175,752	4.8	4,384,836	1.0
1,001 - 10,000	1,419	3.2	3,568,334	5.4	6,176,521	1.4
10,001 - 100,000	93	0.2	2,548,821	3.8	7,627,863	1.7
100,000 -	67	0.2	55,292,656	83.0	423,858,608	95.4
Total	43,862	100.0	65,807,273	98.8	443,376,945	99.8
entered in nominee register	9					
Unidentified shareholders			771,538	1.2	771,538	0.2
Total by sector	43,862	100.0	66,578,811	100.0	444,148,483	100.0

P46 Close relations

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

Compensation to Executive Management		2015			2014	
	Salary and remunera-tions	Statutory pension costs	Cost for voluntary supplementa- ry pension	Salary and remunera- tions	Statutory pension costs	Cost for voluntary supplementa- ry pension
Jussi Laitinen, Managing Director	837	64	160	701	58	132
Jarl Sved, Deputy Managing Director	-	-	-	330	40	190
Taru Narvanmaa, Deputy Managing Director	593	50	101	-	-	-
Executive Management excl. Managing Director						
and Deputy Managing Director 1)	1,490	209	128	1,117	159	171
Total	2,920	323	389	2,148	257	492
Compensation to the Board of Directors and the Board of Supervisors						
Members of the Board of Directors 2)						
Dag Wallgren, Chairman	82	14	-	66	11	-
Nina Wilkman, Vice Chairman	49	9	-	46	8	-
Sten Eklundh	46	8	-	39	7	-
Hans Frantz	38	7	-	35	6	-
Kjell Hedman	39	7	-	34	6	-
Catharina von Stackelberg-Hammarén	34	6	-	31	5	-
Arja Talma	36	6		35	6	-
Total	324	56	-	284	49	-
Members of the Board of Supervisors 3)						
Håkan Mattlin, Chair	29	5	-	27	5	-
Christina Gestrin, Deputy Chair	15	3	-	13	2	-
Patric Lerche, Deputy Chair	15	3	-	14	2	-
Clas Nyberg, Deputy Chair	14	2	-	-	-	-
Jorma J. Pitkämäki, Deputy Chair	14	2	-	13	2	-
Jan-Erik Stenman, Deputy Chair	15	3	-	12	2	-
Henrik Sundbäck, Deputy Chair	1	0	-	14	2	-
Lorenz Uthardt, Deputy Chair	-	-	-	1	0	-
Bo-Gustav Wilson, Deputy Chair	15	3	-	14	2	-
Members	132	23	-	157	27	_
Total	249	43	-	262	45	
Total compensation to Executive Management, the Board of Directors and the Board of						
Supervisors	3,494	423	389	2,694	350	492

¹⁾ The other members of the Executive Management are Director Mia Bengts, Director and CCO Juha Hammarén, Director Carl Pettersson, Director Anssi Rantala, Director and CFO Fredrik Westerholm and Director Magnus Weurlander.

The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the executive committee the notice of dismissal varies between 12 and 15 months. Members of the Executive Committee have a retirement age of 63 years.

- 2) 35% (25%) of the Board of Directors' annual remuneration was paid in the form of Aktia A shares acquired for the Board members from the Stock Exchange at market price.
- 3) In accordance with the decision taken by the Annual General Meeting of Aktia Bank plc 2015, the members of the Board of Supervisors acquired Aktia A shares corresponding 30 (30)% of their annual remuneration from the Stock Exchange at market price.

Shareholding

At the end of 2015, the Group's key personnel held a total of 237,480 series A shares and 8,253 series R shares in Aktia Bank plc. This represents 0.6% of the total number of shares and 0.1% of votes.

At the end of 2014, the Group's key personnel held a total of 246,781 series A shares and 28,566 series R shares in Aktia Bank plc. This represents 0.7% of the total number of shares and 0.2% of votes.

The Board of Director's and the CEO's signing of the Report by the Board of Directors and the Financial Statements 2015

The Group's parent company is Aktia Bank plc, domiciled in Helsinki. A copy of the report by the Board of directors and financial statement is available from Aktia Bank plc, Mannerheimintie 14, 00100 Helsinki, Finland and from Aktia's website www.aktia.com.

The parent company's distributable retained earnings inclusive profit for the year amount to EUR 62,360,986.05 and unrestricted equity reserve to EUR 115,113,148.63. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.54 per share, totalling EUR 35,872,222.14, excluding dividend for treasury shares, be paid. Dividend is paid from retained earnings. After dividend pay-out the distributable retained earnings in the parent company are EUR 26,488,763.91.
- A return of capital of EUR 0.10 per share, totalling 6,643,004.10, excluding
 a return of capital for treasury shares, be paid. A return of capital is paid
 from unrestricted equity reserve. After a return of capital the parent
 company's unrestricted equity reserve amounts to EUR 108,470,144.53.

Helsinki, 29 February 2016 Aktia Bank plc's Board of Directors

Dag Wallgren
Chair

Nina Wilkman
Vice Chair

Sten Eklundh
Stefan Damlin

Kjell Hedman
Catharina
von Stackelberg-Hammarén

Arja Talma
Jussi Laitinen
Managing Director

Our auditor's report has been issued today Helsinki 29 February 2016

KPMG Oy Ab

Jari Härmälä Authorised Public Accountant This document is an English translation of the Swedish auditor's report. Only the Swedish version of the report is legally binding.

Auditor's report

To the Annual General Meeting of Aktia Bank p.l.c.

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Aktia Bank p.l.c. for the year ended 31 December 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages

towards the company or have violated the Limited Liability Companies Act, Finnish Credit Institutions Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 29 February 2016

KPMG OY AB

Jari Härmälä Authorized Public Accountant in Finland

Statement by the Board of Supervisors

Approved at the meeting of the Board of Supervisors on 17 Mach 2016.

The Board of Supervisors has examined the financial statement, the consolidated accounts, the report by the Board of Directors, and the audit report for 2015 and recommends that the financial statement and the consolidated accounts be accepted at the General Meeting of Aktia Bank plc.

Members of Aktia Bank plc's Board of Supervisors

Håkan Mattlin Chair	Christina Gestrin Deputy Chair	Patrik Lerche Deputy Chair
Clas Nyberg Deputy Chair	Jorma J. Pitkämäki Deputy Chair	Jan-Erik Stenman Deputy Chair
Bo-Gustav Wilson Deputy Chair	Harriet Ahlnäs	Mikael Aspelin
Johan Aura	Anna Bertills	Agneta Eriksson
Håkan Fagerström	Annika Grannas	Erik Karls
Peter Karlgren	Yvonne Malin-Hult	Stefan Mutanen
Henrik Rehnberg	Gunvor Sarelin-Sjöblom	Peter Simberg
Bengt Sohlberg	Solveig Söderback	Sture Söderholm
Maj-Britt Vääriskoski	Lars Wallin	Mikael Westerback
Kim Wikström	Ann-Marie Åberg	

Corporate Governance Report for Aktia Bank plc

This report was approved by the Board of Directors of Aktia Bank plc on 29 February 2016. The report is drawn up separately from the Report by the Board of Directors.

The report is prepared following the corporate governance code for listed companies issued by the Finnish Securities Market Association in 2010 ("Corporate Governance Code 2010"). References to recommendations in this report refer to the Corporate Governance Code 2010.

Recommendations concerning corporate governance

In addition to complying with legislation in force and the company's articles of association, Aktia follows the Corporate Governance Code 2010 and the corporate governance code for listed companies issued by the Finnish Securities Market Association 2015 ("Corporate Governance Code 2015"). Aktia complies with the recommendations laid down in the Corporate Governance Code 2010 with the exception of recommendation 8 (election of members of the Board of Directors), recommendation 28 (setting up a nomination committee), 29 (election of and members of the nomination committee) and 40 (decision-making process for remuneration).

Deviations from the recommendations

By way of deviation from recommendations 8 and 40, Aktia's annual general meeting appoints a Board of Supervisors, whose tasks include appointing Aktia's Board of Directors and making decisions on the remuneration of board members and on issues which involve the significant restriction or expansion of operations. These decision-making arrangements have been adopted by Aktia shareholders in current articles of association. The arrangements are deemed to describe and ease implementation of the company's strategy.

Aktia's Board of Directors has not set up a nomination committee in itself, which means that Aktia is deviating from recommendations 28, 29 and 30 of the Corporate Governance Code 2010. The reason for these deviations is that the members of the Board of Directors are appointed by the Board of Supervisors, the presiding officers of which prepare issues that relate to the composition, appointment and remuneration of the Board of Directors.

Corporate Governance Code publicly available on the Internet

The Corporate Governance Code 2010 and the Corporate Governance Code 2015 are publicly available on the website of the Finnish Securities Market Association at www.cgfinland.fi.

Composition of and work undertaken by the Board of Directors

Aktia's Board of Directors 2015:

Name	Born	Education, title and main occupation
Dag Wallgren, Chair	1961	M.Sc. (Econ.), Managing Director of The Society of Swedish Literature in Finland
Nina Wilkman, Deputy Chair	1958	LL.M., Attorney-at-Law, postgraduate student, doctoral program
Sten Eklundh	1960	M.Sc. (Econ.)
Hans Frantz	1948	Lic. Soc. Sc.
Kjell Hedman,	1951	Business Economist
Catharina von Stackelberg-Hammarén	1970	M. Sc. (Econ.), Managing Director of Marketing Clinic Ab
Arja Talma	1962	M.Sc. (Econ.), eMBA

The composition of the Board of Directors 2016:

Name	Born	Education, title and main occupation
Dag Wallgren, Chair	1961	M.Sc. (Econ.), Managing Director of The Society of Swedish Literature in Finland
Nina Wilkman, Deputy Chair	1958	LL.M., Attorney-at-Law, postgraduate student, doctoral program
Christina Dahlblom		
(From 01/04/2016)	1978	M.Sc. (Econ.), Managing Director of Dahlblom&Sparks Oy
Stefan Damlin	1968	M. Sc. (Econ.), Managing Director of Wärtsilä Finland Ltd
Sten Eklundh	1960	M.Sc. (Econ.)
Kjell Hedman	1951	Business Economist
Catharina von Stackelberg-Hammarén	1970	M. Sc. (Econ.), Managing Director of Marketing Clinic Ab
Lasse Svens	1962	M.Sc. (Econ.), CEO for Åbo Akademi University Endowment
Arja Talma	1962	M.Sc. (Econ.), eMBA

The Board of Directors deems all board members of Aktia Bank plc, with the exception of Lasse Svens who is a member of the Board of Directors of Pension Insurance Company Veritas, to be independent in relation to Aktia and in their relationships with significant shareholders (shareholders who hold at least ten per cent of the total number of shares or votes) within the meaning of the Corporate Governance Code 2010.

The Board of Directors represents Aktia and is responsible for managing the company in accordance with the provisions of the applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board of Directors to its members in individual cases, board members do not have individual duties related to the governance of the company.

In keeping with the provisions of the articles of association, Aktia's Board of Directors encompasses a minimum of five and a maximum of twelve ordinary members, whose term of office is one calendar year. No person who turns 67 before the beginning of the term can be elected as a board member. Aktia's Board of Directors is appointed by the Board of Supervisors for one calendar year at a time. The Board of Supervisors also appoints the chair and vice chair of the Board of Directors. No members of the Board are appointed through special order of appointment.

Meetings of the Board of Directors are deemed quorate when more than half the members, including the chair or vice chair, are present. No member of the Board of Directors may be a member of the Board of Supervisors.

The rules of procedure adopted by the Board of Directors define, in greater detail, the general duties of the Board, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at Board meetings and reporting procedures.

The Board of Directors convened 12 times in 2015. In addition, the Board of Directors adopted separate decisions on 7 occasions concerning matters that fell under its authority.

Attendance of Board members in 2015:

Wallgren Dag, Chair	12/12
Eklundh Sten	12/12
Frantz Hans	10/12
Hedman Kjell	12/12
von Stackelberg-Hammarén Catharina	12/12
Talma Arja	12/12
Wilkman Nina, Vice Chair	10/12

Composition of and work undertaken by the Board of Directors' committees

The Board of Directors set up three committees from among its members to take decisions on certain predefined matters and to draw up issues to be resolved upon by the Board of Directors.

Within an established framework, the risk committee can make independent decisions on risk-taking and risk management issues. In addition, the committee lays down measurement, limit and reporting structures for risk issues, oversees the capital management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues,

and draws up risk-related matters for the Board of Directors to pass decision on. The committee convened 12 times in 2015.

Members of the risk committee and attendance in 2015:

Eklundh Sten, Chair	12/12
Hedman Kjell	12/12
Wallgren Dag	12/12

The composition of the risk committee 2016:

Eklundh Sten, Chair Hedman Kjell Svens Lasse Wallgren Dag

The audit committee draws up matters to be decided upon by the Board of Directors that concern proposals for the financial statements and interim reports. The committee determines the principles for internal auditing, sets down the Group's internal audit schedule and annual plan, and adopts routines and procedures for the compliance function. The committee studies the reports issued by the external auditor, the internal audit unit and the compliance function and assesses the sufficiency of other internal reports. The audit committee assesses the independence of the auditor or firm of auditors and, in particular, the provision of accessory services. The committee convened 9 times in 2015.

Members of the audit committee and attendance in 2015:

Wilkman Nina, Chair	9/9
Frantz Hans	8/9
Talma Arja	8/9

The composition of the audit committee 2016:

Wilkman Nina, Chair Damlin Stefan Talma Arja

The remuneration and corporate governance committee prepares and puts forward proposals to be decided upon by the Board of Directors concerning guidelines for the remuneration and incentive schemes of executives, approval of the CEO's main duties outside the company, and on matters relating to the development of the Group's administration and control system. The committee convened 3 times in 2015.

Members of the remuneration and corporate governance committee and attendance in 2015:

Wallgren Dag, Chair	3/3
Frantz Hans	3/3
von Stackelberg-Hammarén Catharina	3/3
Wilkman Nina	2/3

The composition of the remuneration and corporate governance committee 2016:

Wallgren Dag, Chair von Stackelberg-Hammarén Catharina Wilkman Nina

Composition of and work undertaken by the Board of Supervisors in 2015

NameBornEducation, title and main occupationHåkan Mattlin, Chair1948Lic.Soc. Sc., Honorary CounsellorChristina Gestrin, Deputy Chair1967M. Sc. (Agr. & For.), Member of ParliamentPatrik Lerche, Deputy Chair1964M.Sc. (Econ.), Managing DirectorClas Nyberg, Deputy Chair1953M.Sc. (Eng.), Entrepreneur in agriculture and tourismJorma J. Pitkämäki, Deputy Chair1953M. Sc. Econ.), Director GeneralJan-Erik Stenman, Deputy Chair1953LL.M., Managing DirectorHenrik Sundbäck, Deputy Chair1947M. Sc. (Agr. & For.), Consultant(Member until 13/04/2015)1947M.Sc. (Econ.)Bo-Gustav Wilson, Deputy Chair1947M.Sc. (Econ.)Harriet Ahlnäs1955M.Sc. (Eng.), PrincipalMikael Aspelin1954LL.M.Johan Aura1972MA (Education), Chief SecretaryAnna Bertills1979M.Soc.Sc., Managing DirectorRoger Broo1945M.Soc.Sc, Chamber Counsellor(Member until 13/04/2015)M.A., DirectorHåkan Fagerström1956Forester, Managing DirectorAnnika Grannas1971M.Sc. (Econ.), Ombudsman(Member from 13/04/2015)
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Annika Grannas 1971 M.Sc. (Econ.), Ombudsman
(IVIEITIDELTIOIT 13/04/2013)
Gun Kapténs 1957 M.Soc.Sc., Municipal Manager
(Member until 13/04/2015)
Peter Karlgren 1969 Agrologist, Agricultural Entrepreneur
Erik Karls 1947 Farmer, Entrepreneur
Bo Linde 1946 B.Sc. (Econ.), Honorary Counsellor
(Member until 13/04/2015)
Per Lindgård 1946 Teacher
(Member until 13/04/2015)
Kristina Lyytikäinen 1946 B.A. (Soc. Sc.), Entrepreneur
(Member until 13/04/2015)
Yvonne Malin-Hult 1959 M. Sc. (Econ.), CFO
(Member from 13/04/2015)
Stefan Mutanen 1953 M.Soc.Sc, Managing Director, Honorary Councsellor
Henrik Rehnberg 1965 Engineer, Farmer
Gunvor Sarelin-Sjöblom 1949 M.A., Author, Artist
Peter Simberg 1954 Agrologist
Bengt Sohlberg 1950 Agrologist, Agricultural Entrepreneur
Solveig Söderback 1955 M. Soc. Sc. , Chief Secretary
Sture Söderholm 1949 Lic. Odont.
Maj-Britt Vääriskoski 1947 Financial Director, retired
Lars Wallin 1953 Service Manager
Mikael Westerback 1948 Chamber Counsellor
Ann-Marie Åberg 1950 Physiotherapist
Kim Wikström 1961 D.Sc. (Tech.), Industrial Management, professor
(Member from 13/04/2015)

The Board of Supervisors is responsible for overseeing the administration of Aktia and comments on Aktia's accounts, the report by the Board of Directors and the audit report at Aktia's Annual General Meeting. The Board of Supervisors makes decisions on matters that involve the significant restriction or expansion of operations, determines the number of members on the Board of Directors, appoints and dismisses the chair of the Board of Directors, the vice chair and other board members and determines the remuneration of the board members. It may issue instructions to the Board of Directors in matters that are of special importance or fundamentally vital.

The Board of Supervisors, which consists of at least seven and no more than 36 members, is appointed by Aktia's Annual General Meeting for a term of three years. No person who turns 67 before the beginning of the term of office can be elected as a member of the Board of Supervisors. All members of the Board of Supervisors are Finnish citizens.

Within the Board of Supervisors, the most important task of the presiding officers is to prepare the election of the Board of Directors. The presiding officers also closely monitor the activities of the Board of Directors and executive management and report their observations to the Board of Supervisors.

The rules of procedure adopted by the Board of Supervisors define, in greater detail, the general duties of the Board of Supervisors, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at meetings of the Board of Supervisors and reporting procedures.

Proposals for decisions to be taken by Aktia Bank's Annual General Meeting concerning members of the Board of Supervisors as well as their remuneration are prepared by a nomination committee, comprising representatives of the three largest shareholders plus the Chair of the Board of Supervisors as expert member.

The Board of Supervisors convened 4 times in 2015 and the average attendance of members was 89%.

Composition of and work undertaken by the Board of Supervisors' presiding officers

At its first meeting following the annual general meeting, the Board of Supervisors appoints a number of presiding officers.

The presiding officers are tasked with drawing up matters to be dealt with by the Board of Supervisors, studying reports on decisions taken by the Board of Directors concerning overall strategy and studying reports concerning loans and guarantee commitments that have been extended to members of the Board of Directors. The presiding officers include the chair and deputy chairs of the Board of Supervisors. The presiding officers 2015 were Håkan Mattlin (chair), Christina Gestrin, Patrik Lerche, Clas Nyberg, (12/05/2015-31/12/2015), Jorma J. Pitkämäki, Jan-Erik Stenman, Henrik Sundbäck (01/01/2015-13/04/2015) and Bo-Gustav Wilson. The presiding officers held 6 minuted meetings in 2015 and attendance of the officers was 90%.

CEO and his duties

Aktia's CEO is Jussi Laitinen, born 1956, M.Sc. (Econ.).

The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The Executive Committee assists the CEO in day-to-day management.

The most important elements of the internal control and risk management system associated with the financial reporting process in the Aktia Group

Internal controls in the financial reporting process are based on the following underlying principles: having clear roles, a clear division of responsibility, sufficient understanding of operations in the parts of the organisation concerned and comprehensive and regular reporting procedures with the Aktia Group.

To ensure that the financial reporting is accurate, system-based internal controls, duality and reconciliation have also been built into all key processes where information is recorded. Internal control is supported by observations from the Group's internal audit unit which, by means of random sampling, verifies the accuracy of information flows and the sufficiency of the level of control. The internal audit unit reports directly to the Aktia Group's Board of Directors and its committees.

Control and evaluation of compliance managed by Aktia Group's Compliance function. The function supports financial reporting with information and comments on laws, regulation and other requirements concerning listed companies. The Compliance function reports to the Executive Committee and Aktia Group's Board of Directors.

The Aktia Group's operational organisation for financial reporting comprises a finance unit at Group level which is in charge of both external and internal reporting. The organisation is responsible for Group consolidation, budgeting, internal follow-up of results, upholding accounting principles and internal reporting guidelines and instructions. For each business segment and/or key individual companies within these units, segment controllers have been appointed with responsibility for financial monitoring and analysis. Group reporting is compiled centralised and supported by a common system for financial reporting, comprising both external and internal reporting and contributing to consistent management of financial reporting on different levels on an on-going basis.

Important parts of current accounting activities in companies within the Aktia Group have been outsourced to external companies that provide accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements entered into between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperation, meetings are arranged regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. Concerning the most important IT service provider, Samlink Ltd, the Group has a direct ownership interest and is represented in the company's Board of Directors. Further, Aktia Group has a representative in the Board of Directors of the wholly-owned subsidiary of Samlink Ltd providing and managing accountancy services for Aktia Group.

Within the Aktia Group, duties and responsibilities have been organised so that people involved in the financial reporting process only have very restricted rights of use to the different production systems and business applications in the respective business area. The Aktia Group's Financial Manager, who is in charge of internal and external financial reporting, is not involved in making direct business decisions. His incentives are mainly neutral when it comes to factors driving the business. The Financial Manager reports to the Aktia Group's Chief Financial Officer, who is a member of the Executive Committee.

The Aktia Group's internal reporting and monthly financial statements are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing the respective business segment are currently distributed to Aktia Group's Board of Directors and management, selected key personnel and the auditors.

The Group's financial development and performance is addressed each month by the Aktia Group's executive committee. Similar detailed review takes place on a quarterly basis by the Group's Board of Directors and its audit committee in the form of interim reports and an annual report. The interim reports and the annual report are scrutinised by the Group's external auditors who report their observations to the audit committee. New or revised accounting principles are to be dealt with and approved by the Group's Board of Directors and its audit committee.

The Aktia Group's risk control unit, which is a part of the Group's internal process for risk management but independent of business operations, oversees and evaluates risk management in the Group and reports to the management and Board of Directors. The unit is responsible for measuring, analysing and monitoring risks in all areas of operation within the Group, and for evaluating the Group's total risk exposure. The purpose of the reports that the risk control unit provides to management regularly and to the Group's Board of Directors and its risk committee on a quarterly basis encompasses all the central risk exposure and balance sheet items that can have an essential impact on the outcome indicated in the Group's financial reporting.

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Corporate responsibility is part of our business strategy

At Aktia corporate responsibility is anchored in day-to-day business operations and is based on Aktia's mission, vision, value proposition and values. Our aim is to have a responsible approach towards customers and society. For Aktia this means delivering responsible financial services to our customers but at the same time taking account of the interests of our shareholders and society. Aktia promotes financial stability on the market through controlled risk-taking and responsible advice to customers. At Aktia, responsibility work is governed by the Group's strategy and managed as an integral part of business operations.

Aktia's development and business opportunities are depending on customers, staff, shareholders, investors and society having a high degree of confidence in the company. To maintain and strengthen this confidence activity, transparency, high ethical standards and comprehensively responsible behaviour is needed from the company.

Since 2010 Aktia has reported the measures it has taken to support sustainable development. In our Corporate Responsibility Report we focus on setting out how taking responsibility on our part impacts society economically, socially and environmentally.

Taking responsibility for us is based locally on concrete action. We take responsibility as both an employer and tax payer. We provide safe financial services to our customer in order to help them reach and maintain a steady financial footing now and in the future. Our specialists make visits to schools, organisations and businesses in order to increase the public's awareness of personal and corporate economy and instruct them in using the new digital services. As a medium-sized player on the Finnish market, we are able to act and react in the local setting. At Aktia customer satisfaction is one of the most important metrics of our success in maintaining and strengthening confidence in us as a local player.

It is important to us that the local community grows and prospers. Through our ownership foundations, a significant part of our profit is channelled back to the local community.

Overall corporate responsibility objectives

Financial responsibility

We are working for satisfied customers, long-term profitability, and good returns. We make financial decisions easier for our customers, their families and businesses. We provide financial advice to support steady growth. We maintain a working infrastructure of financial services. We are accessible. We work for a sustainable national economy and for transparency, while combating corruption. We create and maintain responsible products and services.

Social and environmental responsibility

We work for a functioning society which respects diversity. We offer a versatile workplace where each individual is met with respect and is given the opportunity to grow and develop themselves. We work for the continuous improvement of the working environment, continuing professional development, diversity and equality. We support efficient resource management and strive to reduce emissions. With the aid of technology, we can take resource efficiency into account in our actions and thereby help to reduce the environmental impact.

Good governance

We strive for transparency and openness in our administration. In addition to complying with legislation in force and the company's articles of association, Aktia also follows the corporate governance code for listed companies issued by the Finnish Securities Market Association. Aktia's governance model, with a Board of Supervisors, deviates from some of the code's recommendations. We set out these exceptions in the corporate governance report and at www.aktia.com.

The development of reporting

In 2014 Aktia took the first steps towards reporting its corporate responsibility according to the new GRI G4 guidelines so as to make it easier to assess our performance in relation to responsibility. In 2015 we have focused on increasing our understanding of corporate responsibility issues within the Group and how they should be reported.

In our reporting of corporate responsibility Aktia has focussed on reporting on the economic and social sphere, as the bank's direct environmental impact is relatively limited. Our judgment has been strengthened by the results of the materiality analyses. It is important for Aktia to behave responsibly in every respect with regard to all stakeholders. We see a clear competitive advantage in being a secure financial partner for our customers and a long-term investment for our owners.

Using the materiality analysis that has been undertaken for the second time we have been able to define the most important aspects of our corporate responsibility. The most important aspects of Aktia's corporate responsibility are generating added value for stakeholders; stability and reliability; the protection of our customers' integrity (data protection); transparent and good governance; and compliance. Particular weight is also given to the delivery of responsible products and services and an emphasis on competency and good corporate leadership. This response supports and boosts Aktia's overall corporate responsibility goals.

The organisation of responsibility issues

Aktia's various business areas are responsible for observing responsibility issues in day-to-day business operations. The activities are governed by Aktia's internal rules in which external regulations and regulatory requirements have been implemented.

The strategic goals and the principles of responsible business are laid down by Aktia's Executive Committee. Aktia observes its financial, social and environmental responsibilities in all business activities.

At Group level, the promotion of corporate responsibility is managed and coordinated by the Group's Chief Financial Officer (CFO) in cooperation with the head of communications. The operational responsibility for observing corporate responsibility at Aktia rests on every employee of the Group. In this manner, it is duly integrated in the day-to-day work.

Responsible marketing

Aktia's marketing activities are governed by the principles of responsible marketing, the Finnish marketing law, as well as instructions issued by the Finnish Competition and Consumer Authority and the Financial Supervisory Authority.

In its marketing activities, Aktia aims at transparency and divulging such essential information about the products and services which may influence the customer's decision. As stipulated by national law and directives, Aktia has restricted its marketing targeted at persons under age. The restricted legal capacity of both minors and incapacitated persons with regard to signing contracts on certain bank services has been taken into account in marketing.

No major transgressions of the regulations and voluntary codes for marketing, advertising or sponsoring have been reported for 2015.

International agreements

Aktia follows accepted international conventions and standards, such as the UN Universal Declaration of Human Rights, ILO conventions, OECD Guidelines for Multinational Enterprises, and the Rio Declaration on Environment and Development.

Aktia is a signatory to the United Nations Principles for Responsible Investment (PRI). Thus, Aktia has committed itself to focus on the environment, society and good asset management practice. The PRI principles are seen as a tool for developing Aktia's asset management activities in both those units that manage investment funds and discretionary customer assets, and in those areas where the bank's own investments are managed. The PRI also mean that Aktia can assist in achieving more responsible activities in those companies in which Aktia holds shares.

 $\label{lem:aktia} \textbf{Aktia is a member of FINSIF} - \textbf{Finland's Sustainable Investment Forum Ry}.$

Aktia's stakeholders

Aktia's stakeholders are the people who impact the company's business activities most and are most affected by them. They are the company's greatest asset and expect Aktia to deliver stable results and maintain an ongoing and open dialogue with them.

Aktia's stakeholder groups include customers, staff, shareholders, and investors as well as society including the authorities, industry organisations, partners, suppliers and the media.

Aktia listens to its stakeholders, involving them in developing its products and services as well as its corporate responsibility. Through an active dialogue with our stakeholders, we will become better at identifying those aspects of our operations which we must prioritise and improve. Thus, we keep up to date with their demands on and preferences for Aktia.

We undertake both ongoing and individual surveys, directed primarily at our customers, our staff and our shareholders. These surveys are supplemented with in-depth dialogue. Through systematic work with internal and external customer surveys we can find out what our customers think of us and our products and services. Customer satisfaction is measured using an NPS.

In 2015 we undertook our first comprehensive stakeholder survey on corporate responsibility. Over 700 respondents took part in the survey. Alongside an online survey several in-depth interviews were carried out. The survey showed that our stakeholders consider that responsibility issues are part of our business operations and that they have been dealt with properly. Particular weight was also given to issues that affected good governance and communication. Stakeholders felt that Aktia is a secure, reliable,

stable and well managed bank and that communication with owners and investors was working well. Additional information is available and reporting is transparent and correct. In addition to this particular weight was also given to the bank's economic analyses which according to the stakeholders maintain a high degree of quality.

Stakeholders also felt that Aktia could further its corporate responsibility through continued focus on the expertise of staff. The change in customer behaviour increases the demand for digital services and places greater demands on financial advice, increasing competency requirements.

We participate in various industry forums in order to discuss trends, challenges and opportunities. Aktia holds an active dialogue with the authorities. We meet with representatives for both national and local media to discuss current topics. We take part in seminars, local events, trade fairs and projects, giving us an excellent opportunity to listen to and learn from our stakeholders.

Aktia's Chief Economist is responsible for the bank's macroeconomic analyses and forecasts. The Chief Economist publishes a quarterly Economic Overview and also participates regularly in the socio-economic debate.

We communicate actively with our stakeholders through a number of channels. The most important tools for communication are the company's webpages, social media, press and stock exchange releases, customer messages and regular customer information to selected customer groups.

See below for details about our most important stakeholders.

Customers

Aktia has approximately 350,000 private customers and approximately 50,000 corporate and institutional customers

We work to provide for our customers' welfare and we provide advice and services helping them maintain a sound financial position, now and in the long-term. We aim to deliver responsible financial services to our customers. We hold an active dialogue with them so as to understand their current and future needs. The most important dialogue with customers takes place daily at our branch offices, by telephone and through our digital channels. We listen to our customers and undertake regular customer surveys, we listen to customer feedback. We invest in long-term customer relations, proactivity and follow-up. We behave responsibly, ethically and transparently.

Personnel

Aktia has approximately 1,000 staff

We endeavour to be an attractive employer. The skill and performance of our staff are crucial to Aktia's development and growth. We strive for continuing professional development and encourage our employees to grow in their roles. We maintain an open dialogue between staff and management. We hold annual performance appraisals and undertake regular staff and management surveys, organise joint meetings, offer a leadership training programme and organise regular health and safety inspections. We offer a versatile workplace with respect for equal opportunities and equality.

Shareholders and investors

Aktia has approximately 42,000 shareholders

We aim for long-term profitability and good returns in order to create long-term value for our shareholders. This value is created through a stable share price trend and dividend. We want to be an interesting and stable investment and we achieve this by maintaining a strong capital adequacy ratio and ratings and through cost consciousness and investment in profitable growth. Through transparent reporting we regularly provide our shareholders and debt investors as well as analysts with comprehensive information about Aktia's economic development and business activities. At the annual general meeting our shareholders have the opportunity to put questions to the management and Board of Directors.

Society

We endeavour to hold an open and active dialogue with the authorities, decision makers, the media and industry organisations. We also aim for long-term relationships with our partners and suppliers. Aktia provides industry specific expert opinions and when necessary takes part as an expert in the drafting of legislation. We are proactive in the dialogue regarding the evolution of the industry. We actively discuss market growth and trends with our stakeholders. We arrange regular discussions with the authorities, media and decision makers and actively participate in the work of industry organisations.

Materiality analysis

The first materiality analysis was carried out in 2014 and this was repeated in 2015 in partnership with KPMG Oy Ab. The purpose of the materiality analysis is to identify the most relevant aspects of the Group's corporate responsibility. The materiality analysis was undertaken as an online survey and in part as in-depth interviews. Respondents were asked to assess how important various aspects of its responsibility were for Aktia in the following areas: good governance, financial responsibility as well as social and environmental responsibility. The Group's corporate responsibility was updated as a result of the analysis.

Using the materiality analysis Aktia has identified the areas in which the expectations of our stakeholders are highest and in which the impact from the Group is greatest. The results of the materiality analysis form the basis of our work on corporate responsibility and fashion our common holistic approach to the important areas of focus. They influence our stakeholders' perception of Aktia's progress and its ability to create and maintain value. The information we get from the materiality analysis guides our strategic work and our reporting.

In the materiality analysis undertaken in 2015 the aspects of our responsibility were described in more detail and the results of the analysis are based on approximately 700 responses from representatives of our external stakeholder groups. Aktia's internal assessment of issues of strategic importance to the business has been combined with the assessment of the stakeholders. The dialogue with our stakeholders is described on page 135. The materiality analyses from 2015 and 2014 confirm that to a great extent Aktia has prioritised the most important issues. The greatest changes identified in the comparison are described below.

The largest increase in perceived significance from both a business and stakeholder perspective related to the supply chain and transparent reporting. On the other hand the significance of participation in the development of the information society decreased for stakeholders. The stakeholders also considered that combating economic crime and the misuse of funds as well as equality and diversity had increased in importance as had transparent management practices and ethical principles.

The materiality analysis shows that the most important aspects of Aktia's corporate responsibility are generating added value for stakeholders; stability and reliability; confidential customer data and data security; transparency and ethical principles; and compliance. One additional aspect is competency and good leadership. These aspects are of major importance both for the business operations and decision making in the stakeholder groups. Other important factors are that the Group should pursue responsible investment and asset management along with financing and lending and deliver responsible services overall. Among the priorities were also customer loyalty and customer satisfaction.

Environmental impact, participation in the development of the information society and the promotion of finance knowledge have a lower priority for stakeholders.

Aktia's Executive Committee has approved the topics and aspects considered important for Aktia's corporate responsibility and the areas of focus that result from the analysis.

The most important aspects to stakeholders

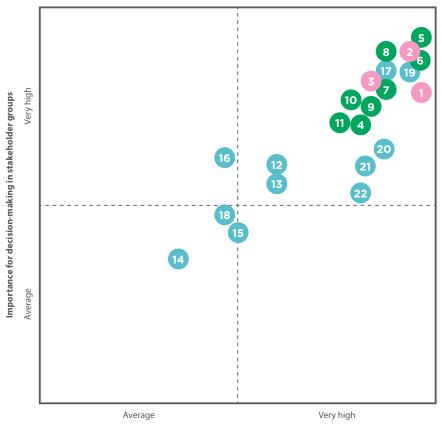
- 1. Stability and reliability
- 2. Confidential customer data, and data security
- 3. Compliance with finance sector regulations
- 4. Qualified personnel and leadership
- 5. Transparent management practices and ethical principles
- 6. Responsible investment and asset management
- 7. Customer loyalty and customer satisfaction
- 8. Responsible financing, lending and responsible services
- 9. Compliance with competition legislation
- 10. Prevention of money laundering and combatting corruption
- 11. Transparent reporting and payment of taxes
- 12. Management of liability risk and opportunity

Other aspects of medium importance to stakeholders

- 1. Responsible marketing
- 2. Occupational health
- Conditions of employment, remuneration and attractiveness as an employer
- 4. Equality and diversity
- 5. The accessibility of banking services for everybody
- 6. Responsible supply chain
- 7. Contact with and development of society
- 8. Promotion of finance knowledge
- 9. Participation in the development of the information society
- 10. Environmental impact

Materiality analysis matrix

The diagram below shows an assessment and evaluation of the issues identified as important to Aktia and our stakeholders.



Importance for business operations

- 1. Transparent management practices and ethical principles
- 2. Compliance with finance sector regulations
- 3. Compliance with competition legislation
- 4. Responsible Marketing
- 5. Stability and reliability
- 6. Confidential customer data, and data security
- 7. Responsible financing, lending and responsible services
- 8. Responsible investment and asset management
- 9. Prevention of money laundering and combatting corruption
- 10. Transparent reporting and payment of taxes
- 11. Management of liability risk and opportunity

- 12. Responsible supply chain
- 13. Contact with and development of society
- 14. Enviromental impact
- 15. Participation in the development of the information society
- 16. The accessibility of banking services for everybody
- 17. Customer loyality and customer satisfaction
- 18. Promotion of finance knowledge
- 19. Qualified personnel and leadership
- 20. Occupational health
- 21. Conditions of employment, remuneration and attractiviness as an employer
- 22. Equality and diversity

Financial responsibility

Good administration

Social and environmental responsibility

Areas of focus in the work on corporate responsibility

The materiality analysis has been used as a starting point for identifying prioritised topics for Aktia's corporate responsibility. We have endeavoured to identify the areas in which the expectations of the Group's stakeholders and which as a company we have the best opportunity to influence. We endeavour to find new method of working so as to generate new,

innovative solutions for the market, reduce risk and meet future challenges. Our greatest potential for influence is in our own products and services. Because of this responsibility issues are part of our day-to-day business operations.

Topic 1: Responsible business

Aktia must be very stable and highly effective. We guarantee a high degree of availability and reliability performance through our digital channels. We focus on risk management and responsible product and service development.

- Aktia pursues responsible lending. We work to create a sound and sustainable economy for our customers.
- Aktia takes part in work to prevent money laundering and corruption.
- Aktia develops responsible products and services.
- Aktia works to increase understanding for and knowledge about corporate responsibility within the Group and among our partners and service providers.

Topic 2: Value for our customers

Aktia must be the best financial advisor. We have a high level of customer satisfaction, mutual confidence and a strong brand.

- Aktia helps its customers to grow by understanding their needs and by providing them with the right products and services.
- Aktia develops service models in order to better manage and safeguard our customers' finances though proactivity, responsible lending and good forward planning.
- Aktia has a high degree of digital accessibility and secure services.
- Aktia strives to improve customer satisfaction in all channels, to reach an NPS score >50.

Topic 3: Value for our staff

Aktia must be an attractive workplace. Our staff are committed and motivated and our management is good. We aim for continuing professional development and encourage our employees to grow in their roles

- Aktia provides a versatile and interesting working environment with space for individual development.
- Aktia continues to focus on professional development and the transfer of knowledge in order to increase resource efficiency.
- Aktia aims for equal opportunities and diversity to secure our competitiveness and expertise.
- Aktia is working to raise employee satisfaction and employer recommendation.

Topic 4: Value for society and the environment

Aktia plays an important role in the local community, as an employer and provider of financial services. We contribute to society by having stable finances. We want to be an active driving force in society and try to generate interest in important topics.

- Aktia is working to contribute to a more sustainable society through innovative products and services.
- Aktia is working to reduce its environmental and climate footprint caused by business travel.
- Aktia is working to reduce environmental impact through increased resource and energy efficiency.
- Aktia is working to increase finance knowledge, especially among children and young adults.

Governance and approach

As an actor in the financial sector Aktia is dependent on the confidence of its customers and the market in how it carries on its business. It is therefore vital that Aktia's staff are aware of and observe the regulations that apply to them so as to contribute to maintaining the confidence that our customers, the market and the authorities have in Aktia.

The purpose of Aktia's governance model is to support management in its work to achieve strategic objectives and generate added value for the shareholders and other stakeholders. Aktia's governance model is designed to ensure that the results of the business correspond to the decisions that have been taken

Aktia's business operations are governed by a number of internal regulatory frameworks. All of these internal regulatory frameworks are binding and have been established by authorised individuals or organisations and adequately documented.

In its financial communication and reporting Aktia follows the instructions and regulations of Nasdaq Helsinki Oy, the Financial Supervisory Authority and the EU as well as the requirements and governance principles of Finnish legislation and regulations.

Corporate governance

Aktia's corporate governance model supports the Group's aim to fulfil the requirements of good governance for a listed company. The purpose of corporate governance and reporting is to openly and transparently inform all stakeholders about corporate governance and remuneration. Aktia's corporate governance must contribute to our value creation and increase interest in the company as an investment.

According to the articles of association Aktia's general meeting appoints a Board of Supervisors, whose tasks include appointing Aktia's Board of Directors, deciding on the remuneration of members of the board and making decisions on issues which involve the significant restriction or expansion of business operations. This decision making arrangement is deemed to describe and facilitate the implementation of the company's strategy.

The Board of Directors represents Aktia and is responsible for managing the company in accordance with the provisions of the applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Aktia's Board of Directors is appointed by the Board of Supervisors for one calendar year at a time. The Board of Supervisors also appoints the chair and vice chair of the Board of Directors. To draw up issues to be resolved by the Board of Directors and to make decisions on certain defined matters, the Board of Directors has three committees; the risk committee, the audit committee and the remuneration and corporate governance committee.

The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The CEO is assisted in the day-to-day management by the Executive Committee.

Aktia publishes a separate corporate governance report which is included in the annual report. The corporate governance report is issued separately to the report by the Board of Directors. For a more detailed presentation see pages 127–131 in the Annual Report for 2015 or the Group's website at www.aktia.com.



Code of conduct

To support its staff in their work Aktia has compiled the most important rules to be observed when they are carrying out their duties in a Code of Conduct. The Group's Code of Conduct includes rules regarding access to workplaces, the use of the Group's computer system, the role of staff as representatives of Aktia, managing one's own matters and those of friends and family in Aktia, outside work, positions of trust, and on keeping Aktia's trade secrets confidential. Customer relationships are crucial to Aktia's business operations and because of this the Code of Conduct contains the most important rules related to the duty of confidentiality and the handling of complaints.

Based on the Group's internal regulations, the CoC constitutes the foundation of Aktia's corporate responsibility which aims at providing responsible financial services to our customers.

All Aktia employees have been enjoined to observe the Code of Conduct. The Code lays great responsibility on each employee to maintain the customers' and the market's confidence in Aktia. Staff receive training on CoC issues on a regular basis.

The CoC urges all Group staff to report any infringement of CoC rules as well as unethical business methods or the suspicion of this (whistle blowing). Notification is made on the intranet and relayed to the heads of Aktia Compliance and Internal Audit. In 2015 no reports of infringements of this sort were received.

Compliance with certain of the rules in the CoC is checked regularly by Compliance, while observance of other rules is subject to monitoring by the immediate supervisor or other person assigned to the task.

Prevention of money laundering and the financing of terrorism

Through a high level of business ethics and internal scrutiny Aktia shall prevent the Group, deliberately or by mistake, contributing directly or indirectly to illegal activities, such as money laundering and the financing of terrorism. Aktia is obliged to have a good working knowledge of their customers and their banking, both when the customer relationship is initiated and while it is in place.

Aktia's internal regulatory frameworks, procedures, system support and training support staff in achieving knowledge about customers. In this way Aktia can ensure that group companies or group services are not utilised for money laundering or the financing of terrorism.

For the prevention of the financing of terrorism, Aktia's customer register and customer transactions are regularly checked against the sanctions lists published by various authorities. On a regular basis, Aktia's staff receive training in Group principles for preventing money laundering and the financing of terrorism.

Risk management

Risk management refers to systematic activities aimed at defining, identifying, analysing and preventing risk. The aim of risk management is to ensure that the capital base is adequate in relation to risk exposure, that fluctuations in financial results and values are kept within fixed targets and limits, and that risks are priced correctly so as to achieve sustainable profitability. Aktia applies a conservative risk policy, which means that risk management is a crucial element within the organisation.

The Group focuses primarily on banking, investment, asset management and life insurance operations, as well as real estate agency services. Risks and risk management are an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest and liquidity risks in the banking sector, interest and other market risks along with insurance risk in the life insurance business. All of these operations are exposed to business and operational risks. The overall business risk is reduced by diversifying operations.

In providing financial solutions to its customers, Aktia is exposed to various risks that need to be managed. Risk management has a central role within the organisation and in all operations. The term risk management refers to all activities involved in the taking, reducing, analysing, measuring, controlling and monitoring of risks.

The Group's risk control reports to the Board of Directors. Independent of business operations, the risk control function controls and monitors the business line's risk management and is responsible for maintaining an appropriate limit structure, as well as models for such activities such as measurement, analysis, stress testing, reporting and follow-up of risks.

Equally independent of business operations, the Group's Compliance function applies itself to the task of securing the observance of the rules within its area of responsibility.

The internal audit provides independent evaluation of the group's risk management system and control functions, including Group risk control and compliance functions.

Roles and responsibilities in risk management

Aktia's Board of Directors bears the primary responsibility for risk management within the group. The Board of Directors controls risk-taking by laying down guidelines for the major risk areas and business units as part of the Group strategy, and by annually drawing up instructions for the organisation of risk management, internal control and capital management process for Group. Alongside these overriding principles, Aktia's risk management is based on the idea of three lines of defence.

First line of defence the Line Organisation

The first line of defence consists of the line organisation. Risk management is part of the internal control process and the responsibility for implementing the risk management measures rests with the line organisation. The role of the line manager is to build up processes and know-how concerning risk management and internal control, to identify and analyse risks and take decisions as to how the risks are to be managed through pricing, covenants, securities or other protective measures.

Second line of defence

Risk Control, Compliance and Financial Reporting and Analysis

The second line of defence is made up of the independent control functions Risk Control, Compliance and Financial Reporting and Analysis. The remit of Risk Control includes developing, maintaining and monitoring principles, instructions and limits for risk-taking, measuring and analysing risk items, assessing the need for economic capital, handling capital allocation and monitoring how risk management is carried out in the line organisation. Risk Control reports directly to the Board of Directors. Compliance is responsible for ensuring that the rules are adhered to within the Group's activities by assisting operational management and line managers in the application of internal rules and by identifying, handling and reporting on risks related to a lack of compliance. Compliance reports directly to the Board of Directors. Financial Reporting and Analysis is responsible for financial data, analyses made of current and future situations and financial reporting to different authorities and other functions.

Third line of defence Internal Audit

The third line of defence is provided by the Group's Internal Audit, which is an independent unit separated from other functions, whose role is to ensure that internal control and risk management are properly organised. Internal Audit also aims to create added value by contributing to continuous improvements in these activities. Internal Audit reports its findings to the Board of Directors.

Risk areas

The Aktia Group operates in the banking, asset management, life insurance and real estate agency services. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities.

The main areas of risk encompass credit, interest rate and liquidity risk in the banking business and market and interest rate risks in the life insurance business. Business and operational risks arise in all business areas.

The CEO is responsible for the operational organisation of the risk management processes, and the Executive Committee takes care of matters relating to internal capital allocation and further regulation of the risk mandate. The CEO has appointed special committees to follow up on and develop the risk management for credit and market risks. Within the set limits, the role of the committees is to make decisions pertaining to the group's risk taking and risk management, to prepare matters for decisions by higher bodies, and to develop risk management processes.

The committees are staffed by Executive Committee members with line responsibility, representatives of Risk Control and other experts. Risk Control does not take part in decision-making involving risk-taking.

This strategy governs all risk-taking and the Board of Directors is ultimately responsible for risk-taking by the Group. The Board of Directors annually approves the Group's risk policy, including risk management strategies as well as instructions for internal control and risk management.

Before new products are introduced within the Group, they are subjected to thorough assessment, focusing among other things on how well aligned they are with Aktia's strategy and how well customer protection is being observed. Aktia has established a framework for the prevention of money laundering and the financing of terrorism. The framework comprises, among other things, good knowledge of the customer, risk classification of customers, and analysis of customer behaviour. In addition to the (partly automated) customer behaviour analysis, prevention of money laundering is also based on Aktia staff's ability and experience to identify suspicious cases.

For more detailed information about Aktia's risk management see note G2 in the Annual Report or in Aktia Bank plc's Capital and Risk Management Report (only in English) on the Group's website www.aktia.com.

External regulations

- National legislation and EU regulations
- Finnish code for Corporate Governance
- Stock exchange rules and regulations
- Industry rules and regulations

Internal regulations

- Articles of Association
- The rules of procedure for the Board of Directors
- Instructions issued by the Board of Directors
- Directives issues by the CEO
- Other internal instructions

Long-term customer relationships

Aktia carries on its business activities in a responsible fashion. Our financial responsibility stresses strong capital adequacy, controlled risk and sustainable earnings. Our primary goal is to support the customers to achieve a stable economy. In this way we create and maintain long-term and confidential customer relationships.

Aktia offers its customers a wide range of banking and insurance services. Aktia has approximately 350,000 private customers and approximately 50,000 corporate and institutional customers. In 2015 the number of customers increased by 1,300. Aktia's strategic objective is to double the number of new customers annually before end of 2018.

In accordance with our vision Aktia is to be the best financial advisor to its customers. In order to manage our customers' finances we want them to concentrate their banking and insurance matters to Aktia, and in this way can offer them a number of customer benefits. Today Aktia has approximately 147,000 total customers.

In 2015 our priorities of continued development and improved accessibility in the digital channels and developing service models in order to better manage and secure our customers' finances and improve customer satisfaction. We care about our customers' loyalty by giving them first class advice and providing them with good access. We want our customers to be satisfied with their relationship with their bank and to recommend us to others.

Within the framework of Aktia's growth strategy an increase in customer recommendations has been established as a qualitative metric.

Monitoring customer satisfaction

Customer satisfaction is one of the key indicators for how well customers are served at Aktia. Compared to the previous year confidence in the banking sector has been restored according to the results of EPSI Rating Finland (European Performance Satisfaction Index). According to EPSI Rating, published in October 2015, Aktia is the best bank in Finland in proactively offering its customers new solutions. Aktia's customer satisfaction rating has remained stable. In 2015 it was 79.8 (77.7). Aktia continuously strives to improve its customer satisfaction. Our goal is that customers feel well-received, regardless if they contact us in person at the branch office or do it online or by telephone.

Listening to the customers' opinions and wishes is a long-standing custom of Aktia. We chart and monitor customer satisfaction based on the focus themes in our sales and operational processes. In order to create a comprehensive idea of what our customers think about our staff, products and services, we monitor customer satisfaction using both internal and external surveys. Aktia's own customer satisfaction surveys give us a concrete idea of how the customers experience the service they receive in our own channels, in the branches, by telephone and online. The internal surveys

focus on specific channels and, therefore, they can be effectively utilised in managing the operations and sales activities. Aktia has chosen NPS (Net Promoter Score) as the common metric for all surveys.

The purpose of the external marketing surveys is to create a picture of our standing on the market. We monitor consumer perception and customer experiences of the bank, for instance, through customer panels which are administrated by external service providers. In addition, Aktia participates in the national EPSI survey that acts as an external and unbiased metric of customer satisfaction. Aktia's NPS (i.e. recommendation index) was 37.5 (31.3) in 2015.

The results of the customer surveys are reported regularly to the sales management and they are used as the basis for developing our customer service

According to the surveys, Aktia's customers are very happy with their customer relation. Aktia's strengths include friendliness, security, expertise and good handling of customers' problems, which is in line with our promise to provide responsible banking services. A development issues, Aktia has identified its accessibility through digital channels and the development of products and services.

Handling customer feedback

Aktia has a customer feedback directive which applies to the entire Group. The idea is that all customer feedback shall be registered in a system which at the same time functions as a log for the measures taken. Customers can give feedback using a form on Aktia's website, by telephone or in person at a bank branch.

Aktia's executive management (including sales management, Compliance and Internal Audit) receive regularly a summary of the customer feedback and the corresponding measures taken. Complaints are handled in the first instance by the unit they apply to, but all complaints are recorded and followed up as necessary.

Aktia receives approximately 1,000 feedback messages and suggestions every year through the various channels. The content primarily reflects operational changes which in one way or another have affected customers. Based on the feedback received in 2012-2015, Aktia's situation is very good. The result is in line with Aktia's marketing and customer satisfaction surveys, which have given excellent scores for customer satisfaction.

Furthermore, customer feedback is an important tool for developing Aktia's products and services. Customers have shown great appreciation for the customer service they receive through the various channels. Based on the spontaneous feedback, one of Aktia's major strengths is the friendly, per-

sonal and human service approach, which is also confirmed by our own customer surveys. Most of the criticism relates to service interruptions.

Increased availability

In the past few years, we have seen a significant change in customer behaviour which, in turn, has led to changes in demands on accessibility and availability. Our customers are constantly on-line and they expect the same of their bank. Today customers are, to a large extent, the driving force for increasing digitisation.

Changed customer behaviour clearly shows that customers to a large extent manage their day-to-day banking themselves using digital services anywhere and at any time. For example Aktia changed its opening times at the end of 2015 so that customers can book an appointment at branch offices on weekdays between 08:00 and 20:00. In conjunction with this the opening times for cash transactions were reduced to place greater emphasis on customer advice. Our customers want straightforward and transparent products and when they book an appointment at a branch office to manage their affairs they want more extensive financial advice. This means that the competency requirements on our staff are changing at the same time as the demand for flexibility is increasing.

In the past few years, Aktia has invested a great deal on developing digital services in order to meet the customers' needs. Today, Aktia's services are available online, over the telephone and in our branches. In addition, social media have become an increasingly important communication channel. No customers' issues are handled in the social media, but our customer service answers general questions about products and services. In this manner we will maintain secrecy in customer cases.

Due to the increased demand on place-independent service, we have allocated more resources to the functions which handle customers over the internet and by telephone. Lately, we have concentrated our development measures on our capability to provide customers a more comprehensive range of digital services. Over the course of the year the online meeting has been introduced among other things. During an online meeting the customer speaks to the customer advisor on the telephone at the same time seeing the material being discussed on their computer or tablet.

In November a chat function was also launched on Aktia's webpages. Using automatic chat a customer can receive advice and tips quickly and easily just when they need it. Thus, the number of questions being asked through the response tool on the website or via online banking has decreased significantly. Using the chat function we can easily help customers find the right product or service.

For Aktia, it is important to maintain good availability of services. In general, we pick up customer calls within seconds, and customer messages through the secure messaging function in the online bank receive a reply within a banking day. Aktia emphasises the importance of data security in all customer communication over the internet, and instructs all customers to contact the bank via the secure messaging function in the online bank.

Responsible lending

Lending is central to Aktia's aim of creating long-term customer relations in its private and corporate customer segments. The credit risk exposure pertaining to customer financing is the most crucial risk area for Aktia; therefore, it serves the bank's and society's interest that loans are not granted to customers who lack the resources to handle the loan. In accordance to good trading practice, the bank adheres to responsibility with regard to loan contracts and strives to take the customer's economy into account as well as the prospect of success for the loan-financed activity. Consequently, whenever loans are granted, the basic criterion is the customer's ability to repay the debt.

Following from the above, loans are granted only to well-known purposes in which we understand the business aspects for the use of the loan and for the repayment. There has to be full comprehension of the business situation, from both the customer's and Aktia's perspective, before the bank can enter a financing commitment. Whenever necessary, any official handling a loan is obliged to make use of the best available knowledge at Aktia.

We only sign loan contracts that are sound and ethically defensible. We refrain from arrangement whose purpose it is to evade laws or regulations. We do not grant financing to borrowers who in the bank's opinion will not be able to repay their debts, even if the bank receives sufficient security. We also refrain from granting financing against security placed by third parties who apparently have failed to see the risks related to the financing.

The customer's ability to repay the debt is assessed for each loan application and the customer's credit rating is established after the results assessment. The customer's ability to bear considerably higher interest expenses is also established. The loan period is fixed with taking the time of use of the financed object into account. In addition, the customer is presented the option of coverage for unemployment, illness and possible increase in the interest rate in the form of various insurance policies and interest rate hedging.

The Bank encourages customers to save prior to buying a house and requires a reasonable deposit when granting a housing loan in accordance with applicable current regulatory policies.

In order to ascertain that the loan costs for customers are not too high in proportion to their income, the customer has to have a sufficient sum to live by, after the loan and housing expenses have been paid. The credit rating used for the assessment of private persons is based on, for instance, information about possible payment default, the customer's ability to repay the loan at the time of application and in the future. In 2015 Aktia took a formula into operation to assess ability to repay and environmental risk.

With regard to financing business activities, factors which will be taken into account include the business idea, market, management competence, cash flow and potential earnings. For businesses, the company's environmental risks and the effects of the planned investment on the environment will be investigated within the normal corporate credit analysis.

If loan repayment problems arise, the bank aims at finding a solution as quickly as possible to enable the customer to handle the loan. In the case of temporary difficulties, the bank can suggest various repayment relief plans to help the customer to successfully meet their obligations towards the bank. If the difficulties are permanent and force the customer to sell of the assets placed as collateral for the loan, the bank encourages the customer to handle the discharge of assets voluntarily and using their own resources

Responsible investment

Aktia's sustainable investments are based on the idea that businesses operating in a responsible manner, in accordance with sustainable norms, are more profitable and have a better competitive edge in the long term than companies that do not adhere to these norms.

Aktia's aim regarding asset management is to adhere to principles of responsibility and sustainability. Aktia applies the principles of responsible investments to both Aktia Fund Management Company Ltd's investment funds and our other investment services provided to institutional investors.

From the beginning of 2016, Aktia regularly publishes an overview of responsible investments. It also includes the CO2 profile of Aktia's equity funds. The overview is available on Aktia Bank plc's website. Since 2006, Aktia's investment funds are managed in accordance with Aktia Fund Management Company Ltd's principles of responsible investments. The principles are updated regularly; the latest revision took place in 2014. The principles are based on the idea that businesses operating in a responsible manner, in accordance with sustainable norms, are more profitable and have a better competitive edge and have a more positive risk profile in the long term than companies that do not adhere to these norms. By focusing on factors pertaining to the environment, society and management, we

are creating a solid foundation for sound investment decisions. In addition, we have determined that certain forms of operations, though legal, can be subject to negative effects and events such as damage claims and unfavourable publicity, which can increase risks that are difficult to predict or quantify. Therefore, Aktia's investment strategy is to avoid investments in companies with such risk profile, and the funds avoid direct investments in companies whose main business area is within the gambling, tobacco and weapons industries. The funds also avoid direct investments in companies using child labour.

In practicing our owner governance, we observe Aktia Fund Management Company Ltd's ownership policy. It allows for Aktia to vote, if needed, on the funds' behalf at annual meetings. The purpose is to look after the participation holders' joint interests in the long term. The ownership policy was last updated in 2012. Aktia assumes that Finnish listed companies observe the principles of the Finnish Corporate Governance Code published by the Securities Market Association.

Institutional customers are given the option to invest according to their own responsibility criteria and guidelines. For each customer's investment portfolio, the selected financial instruments correspond to the customer's agreed principles of responsible investment. In this manner, the customers can prioritise responsible companies that respect the environment and follow good management practice.

With goal-oriented activities, we have been able to achieve a solid position within our industry. Over many years our business model and expert staff have received very positive responses in independent customer surveys. Asset Management has been named Finland's best institutional asset manager in the SFR (Scandinavian Financial Research) surveys in 2012 and 2013 (Platinum Award), and placed in the top two in 2011 and 2015 (Gold Award). In addition to this Morningstar named us best interest fund manager in Finland in 2013, 2014 and 2015.

The Swedish Tell Media Group, specialised in fund analysis, has for the sixth year in row named our fund analyst team for external investment funds as the best in Finland (2010-2015). According to the response, our strengths are i.e. analysis and choice of investment products, the combination of investment products, a coherent investment process and successful operations

An attractive workplace

Aktia aims at being the best financial advisor for families and their businesses. To achieve this goal good relationships with both our customers and staff are required. At Aktia it is important that the staff are committed and motivated and that they have good leadership. Good management has positive effects on both occupational health and a good working atmosphere. We want our staff to experience Aktia as a good workplace and to feel valued.

Our values – responsible, safe and humane – permeate our entire business operation. They form the basis of how we treat our customers, colleagues, partners and other stakeholders.

In 2015 the priority was to finalise and implement plans for the promotion of equality of treatment and opportunity, to continue developing training modules to secure continuing professional development in Aktia and to maintain good staff satisfaction.

Within the framework of Aktia's growth strategy two qualitative staff metrics have been defined in order to guarantee extensive expertise and to meet our objective of being the best financial advisor. One qualitative metric is that Aktia increases the number of certified salespeople. At the end of 2015 the proportion of certified salespeople at Aktia was approximately 45%. The other metric is employer recommendation. At the end of the year the readiness of staff to recommend Aktia as an employer was 86.5%. Our objective is that the proportion of certified salespeople should be above 90%, and the figure for employer recommendation should be above the Finnish average, 82%, at the end of the strategy period in 2018.

By certified salespeople we mean that individuals are to have met the diploma requirements set by the Federation of Finnish Financial Services for people working in customer services in the securities market today. Examinations that form part of these diploma requirements include the General Securities Qualification (APV 1) and the Investment Adviser Qualification (APV 2). The diploma for authorised real estate broker (LKV), the insurance examination (VTS) and the advanced diploma in insurance (YVTS) have been included as metrics for certification.

The year ahead will be defined by our growth strategy running in parallel with the conclusion of the core banking project and the implementation of the new core banking platform. Over the course of the year we will focus on staff training and development of internal processes to make the transition to the new core banking environment as smooth as possible. Over the year we will also continue investing in management training.

Materiality analyses show that issues related to staff have a high priority and are deemed essential for Aktia. The key aspects which were emphasised in the materiality analysis related to continuing professional development, leadership and occupational health, equality and diversity, and remuneration.

Broad skills

The changes in customer behaviour, the increasing digitisation and the technological development make heavy demands on competence enhancement. Continuous, well-planned and needs-based training raises skills levels in the Group and strengthen the motivation of employees. Adequate skills are also important to wellbeing at work.

The goal is extensive expertise at both an organisational and individual level so as to strengthen Aktia's competitiveness, contribute to Aktia's differentiation from its competitors and support Aktia's growth strategy.

Aktia has a broad palette of various training modules, and many courses are arranged in a local setting in order to, among other things, reduce travel. On average, Aktia employees spent 2.6 days in training in 2015. Aktia also has a broad range of external training, including language training provided to staff in order to secure a genuine equal use of Finnish and Swedish within the Group.

Still, the idea is that each employee is responsible for enhancing their own competence. All employees are encouraged to find new solutions and methods and to engage in an open dialogue with their colleagues and supervisors. The most important tool for securing competence enhancement within the Group are, however, the regularly held development reviews where the employee's individual development, goals and performance are discussed and assessed. The training platforms are improved and the number of available online courses has increased. Consequently, the amount of self-tuition and distance learning is increasing within the Group.

The number of internal course days in 2015 was 2,428. In addition to this approximately 20 e-learning courses were carried out. A total of approximately 650 employees participated in the training.

Aktia's training structure has been overhauled for 2016 to correspond to the changes in the financial sector and future competency requirements. The new training structure made in the sales organisation in the autumn of 2015 support the role changes aimed at strengthening the financial advice that Aktia is to be best at. The purpose of this is also to raise the quality of training and simplify and standardise harmonise the training structure.

Occupational health and job satisfaction

The work environment is extremely important for the employees' day-to-day work and their job satisfaction. Aktia monitors closely job satisfaction and occupational health using both occupational health surveys and taking the pulse of employees. The aim is to establish a working culture geared in on job satisfaction.

The staff wellbeing survey Pulse has been carried out since 2014. The aim of the Pulse survey is to gauge the current general mood of staff. The Pulse survey is carried out at least twice a year and gives an insight into staff satisfaction levels, motivation and the mood of the workplace as a whole. The comprehensive occupational health survey is carried out every other year.

The results from the Pulse scores are generated at Group level and used to continuously improve operations. The results of the Pulse survey in 2015 show that staff are very satisfied with their duties, workplace and management.

The most important factors behind job satisfaction and inspiration for the employees are experiencing success and feeling proud of your achievements. It is extremely important to feel that you have a good grasp of your tasks and that there is a balance between work and the private sphere. As an employer, Aktia supports the employees' individual resources, for instance, by providing training and health promotion measures.

Good leadership

Committed and motivated employees and good leadership constitute the foundation of success in order to become the best financial advisor for our customers. All employees have the right to enjoy good leadership. A major proportion of the individual development takes place on the job; therefore, it is important that we create opportunities for our employees to do so.

Aktia continuously invests in strengthening management, including through regular management training. Management training is based on Aktia's strategy and values and change leadership. There was a 91% response rate to Aktia's management survey. The total manager index was 79.1%, i.e. an increase of 2.9% from 2014. The index has improved by 7.3 percentage points since 2009, when the Group carried out the first managerial assessment on this scale. The assessment is carried our every year.

Aktia employees place great importance on leadership in the organisation; the managers are expected to define clear targets, possess good decision-making abilities, have the ability to motivate, and have an interactive approach.

Remuneration

Aktia's salary and remuneration system is aimed at supporting diverse expertise, collaboration and professional development, taking into account changing circumstances such as requirements on business development and changes to the company and to society. Aktia has a remuneration system based on fixed and variable components.

The Aktia Group remuneration policy describes the remuneration principles for the management and other staff. Supporting good and efficient risk management, the remuneration policy is based on the principles of fairness and competitiveness. Equality of treatment is a core principle of Aktia's HR management and remuneration policy. Aktia's aim is equal pay for equal work. As an employer, Aktia wants to offer its employees competitive remuneration.

The contribution of our employees is necessary for Aktia to achieve sustainable earnings. To motivate its staff, Aktia aims to transfer some of its profits into the Personnel Fund each year. The Personnel Fund is a registered and independent legal entity owned by its members; its purpose is to receive and manage the profit-sharing provision paid annually into the Personnel Fund, depending on Aktia's business result. The outcome of the profit-sharing provision for 2015 is EUR 1.5 million.

More detailed information on Aktia's remuneration system and the Group's accounts for remuneration of the Group Executive Committee and administrative organs is presented in note G45 Related-party transactions (page 89)

Cooperation between management and employees

Aktia aims at an open dialogue between the management and the employees. At Aktia, approximately 88% of employees are covered by a collective bargaining agreement. Aktia has a cooperation delegation which functions as a discussion forum for the Group's elected officials and where both the employees and the employer are represented. In addition, Aktia has an occupational safety committee. The occupational safety committee and the cooperation delegation have regular meetings over the year.

Aktia observes national legislation in all activities. In case of considerable changes in operations, Aktia complies with the regulations in the Act on Co-operation within Undertakings which applies to employments and restructuring of enterprises. According to the Act, in connection with a business transfer, the personnel shall be informed within a week from the transfer. At the commencement of negotiations and carrying out measures which affect the employees, employee representatives shall be given a written proposal for negotiations at least five days prior to the negotiations.



A stable and secure investment

Aktia's aim is to create a long-term and financially sustainable level of profitability that guarantees good returns for the owners. This value is created through a positive share price trend and stable dividend.

Aktia endeavours to be an attractive and stable investment for both domestic and foreign investors. A long-term and sustainable level of profitability is necessary to ensure good returns, strong creditworthiness and refinancing at favourable terms.

Aktia maintains transparent and regular reporting of the company's economic development and business activities to both shareholders and debt investors, ratings agencies, the media and analysts. The purpose of providing detailed information is to promote a better understanding of the business and thus minimise share price volatility.

Aktia should be perceived as a secure and sustainable long-term investment. For the past five years the price of the A series share has risen by 36%, and with reinvested dividends the return has been 74%.

Within the framework of its growth strategy Aktia has clearly defined and communicated its financial goals, the outcome and development of which are regularly reported in Aktia's financial statements and interim reports.

Aktia's current capital level and long-term capital adequacy target (a Common Equity Tier 1 Capital Ratio above 15%) exceed the current average level for banks in Finland. The stated objective of an improved cost-to-income ratio (-10%) describes Aktia's aim of achieving a cost effectiveness that is reasonable in relation to competing banks of a similar size, while growing at the same time. The target for return on equity (ROE above 9%) has been set taking into consideration Aktia's ambition for a relatively high level of capital, a generally conservative level of risk in the various business operations and a stable dividend to its owners.

Aktia Bank plc is listed on the Nasdaq Helsinki Ltd exchange.

Dividends

Aktia aims to pay out a stable dividend to its shareholders which, according to the dividend policy, is at least 50% of annual profit.

For 2015 the Board of Directors proposes a dividend of EUR 0.54 (0.48) and a return of capital of EUR 0.10 (-) per share. This equals a dividend pay-out-ratio of 69% (61%) of the profit for the year. Including the proposed return of capital this corresponds to a total pay-out of 82%. This corresponds to a direct yield, calculated on the share price per 31 December 2015, of 6.2% for series A shares.

Price trends

Aktia's stock exchange value as at 31/12/2015 was EUR 714 (31/12/2014; 667) million. As at 31/12/2015, the closing price for an A series share was EUR 10.31 (9.77) and for an R series share EUR 11.71 (10.60). The highest closing price for an A series share was EUR 12.07 (10.00) and the lowest EUR 9.33 (7.99). The highest for the R series share was EUR 13.49 (11.20) and the lowest EUR 10.45 (8.20).

Total return

In the period from 31 December 2014 to 31 December 2015, the total return (with dividend reinvestment) on the Aktia series A share amounted to 10.2% (26.7%) and on the R series share to 15.0% (34.5%). During 2015, the OMX Helsinki-25 index rose by 12.0% (8.6%).

Turnover

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.

Average daily turnover in 2015 for A series shares dropped from the previous year to EUR 279,620 (EUR 402,873) or 26,116 (45,032) shares. For the A series share there were an average of 109 (113) transactions per day.

The average daily turnover of R series shares was greater than in 2014 and was EUR 40,078 (EUR 10,402) or 3,468 (1,077) shares. However, the number of trading days was low and on average just 2 (3) transactions were made per day.

Ownership structure

The number of registered shareholders at the end of 2014 was 42,194 (43,862). Of the shareholders, 12.8% (14.3%) were corporations; 12.5% (12.0%) financial institutions and insurance companies;10.7% (11.2%) public sector entities; 49.6% (49.2%) non-profit organisations; and 10.9% (10.7%) households. Foreign owners represented 2.1% (1.2%) of the shareholders.

The most part of the shareholders, i.e. 70.4% (71.4%), owned less than 100 shares. The 0.2% of all shareholders, holding 500,001 shares or more, owned a total of 67.6% (67.9%) of share capital and 82.0% (82.5%) of votes. Together, the three largest shareholders represent 26.0% of shares and 36.2% of votes. The foundation Stiftelsen Tre Smeder (8.86% of the share capital, 21.04% of the votes), Pension Insurance Company Veritas (8.68% and 10.52%) and The Society of Swedish Literature in Finland (8.49% and 4.65%).

At the end of December 2015, the paid-up share capital of Aktia Bank plc as entered in the Finnish Trade Register was EUR 163 million, divided into 46,706,723 series A shares and 19,872,088 series R shares.

Own shares retained by Aktia Bank plc per 31/12/2015 amounted to 142,112 (137,406) series A shares and 6,658 (6,658) series R shares.

Equity policy

Aktia's goal is to have a Common Equity Tier 1 Capital Ratio that exceeds 15%. At year end 2015, this ratio (as calculated according to the IRB method) was 20.7%. Financial Supervisory Authority granted Aktia the permission to apply internal risk classification (IRBA) to the calculation of capital requirements for the credit risks of retail exposure from 31 March 2015. The positive effects of IRBA on the Common Equity Tier 1 Capital Ratio are expected to amount to approximately 6 percentage points.

Investor communication

The fundamental concept behind Aktia's communications is to regularly provide all stakeholders with reliable, up-to-date and transparent information about the Group's objectives, operations and development. Transparency is sought in all financial reporting.

Aktia publishes, without delay, all significant information relating to the Group's strategy and business operations. Aktia's responsibility to provide information consists of providing regular and continuous information. A responsibility to provide regular information relates to the company's duty to regularly publish information about the company's earnings trends. This covers annual accounts and reports by the Board of Directors as well as interim reports. The publishing dates for reports covered by the responsibility to provide regular information are to be disclosed before the end of the previous accounting period.

A responsibility to provide continuous information relates to the company providing information regarding factors that, in the judgement of the company, could substantially affect the value of the company's securities.

With environmental impact and efficiency issues in mind, Aktia has sent the annual report and the interim reports only to those stakeholders who have expressed the wish to receive them in printed format. The annual reports, interim reports and other investor information are available on www. aktia.com.



Social commitment with a local orientation

Aktia has a strong local commitment which derives from the old savings bank tradition. Even 190 years ago, the bank's basic premise was to take care of the local community. The Bank has always been an important and active player in social development. In each region in which Aktia operates, the company plays an important role in the local community, as employer and provider of financial services. Aktia's branches support a number of local cultural events as well as sports and association activities The Group co-operates with authorities, organisations, scientific societies, schools, and institutions of higher learning.

The materiality analysis showed that a primary goal for Aktia, with regard to the local commitment, is to generate added value to stakeholder groups. However, environmental impact, participation in the development of the information society and the promotion of finance knowledge have a lower priority for stakeholders.

In 2015, Aktia has actively supported the local community through contributions to local activities and, even more importantly, by working to increase the public's knowledge of economy.

Support to society

Every year Aktia Group has traditionally supported both culture and sport. Since good many years, Aktia has cooperated with the Swedish Theatre in Helsinki and continues to support the theatre. The major youth events sponsored by Aktia include the annual Relay Carnival, which gathers Swedish-speaking Finnish youth from all over Finland. The sponsor cooperation for the Relay Carnival includes picking out the best cheer of the squads from primary and secondary schools. In addition to this, Aktia sponsors the sports organisation Finlands Svenska Idrott and awards scholarships to young, successful athletes. In 2015, Aktia sponsored a team of two promising young sailors, namely Rosemarie Hartman and Rosa Lindqvist in the 470 class.

Approximately 80% of the returns paid to Aktia and savings bank foundations are channelled back to society in the form of support and subsidies. Currently, there are 31 foundations. Practically all the Aktia and savings bank foundations made contributions to different forms of local activities

in 2015. These contributions varied based on the size of the foundation, but the number of recipients remains stable. Recipients are active in areas such as child and youth activities, cultural activities, and education. Moreover, the foundations emphasise the importance of environmental responsibility and underpin a number of projects to that end. The foundations' contributions are essential to maintaining and developing these activities.

Aktia's collaboration with Dropp Water continued in 2015. DROPP offers sustainable, Baltic Sea friendly spring water to consumers in Finland. They donate 100% of their profits to the Baltic Sea Action Group and its commitment to save the Baltic Sea.

For a couple of years, Aktia has chosen not to give Christmas presents to the employees and instead make a donation to charity. The Christmas donation of EUR 10,000 in 2015 went to the Folkhälsans Community Lucia appeal. The collection was organised in 2015 for the 65th time, raising money for less fortunate families with children in Finland. The money collected is used for various activities that support the everyday lives of families with children.

Aktia is an owner of Women's Bank. Women's Bank is an association and fund supporting women's entrepreneurship and livelihood in developing countries. The funds donated are used to finance projects that promote women's economic livelihood, skills and rights, to finance small loans, vocational training and other activities to encourage women's entrepreneurship.

Cooperation with schools and organisations

During the year, Aktia has engaged in cooperation with schools and organisations relating to managing the individual economy by giving lectures at schools and by inviting groups to the branches and showing them how the digital services work. The objective is to increase the public's understanding for their personal economy and to facilitate their managing of their day-to-day banking activities using the various digital services available. Aktia also wishes to present the financial sectors as an attractive place to work.

In addition, Aktia participates in courses at secondary schools, vocational schools and polytechnics providing expertise in areas of entrepreneurship and the basics of entrepreneurship.

For several years Aktia has engaged in an active cooperation with the Arcada University of Applied Sciences by providing students an excellent opportunity to learn to know the financial services sector via a two-year trainee programme. Through the programme, the students are trained as customer advisers and often have the option to work at Aktia alongside their studies.

Aktia donates – either directly or in cooperation with the bank's ownership foundations – funds for grants to schools in order to promote and encourage study performance. An example is the City of Vantaa, where the city's primary and secondary schools and the Vocational College Varia and the Laurea University of Applied Sciences annually receive a total sum of EUR 20,000 for grants.

Environmental responsibility and sustainable development

Aktia is working to contribute to a more sustainable society through innovative products and services. We work towards reducing our environmental and climate footprint in connection with business travel and endeavour to reduce our environmental impact through increased resource and energy efficiency.

However, Aktia's environmental impact is relatively small. Our direct environmental impact comes from the consumption of energy, materials, equipment, travel and transport. The development of digital solutions in recent years has contributed to a reduced environmental load. One concrete measure is to reduce environmental stress including that caused by business travel. Aktia encourages the use of public transport instead of private cars for work-related travel and recommends telephone and video conferences to avoid unnecessary travel. Aktia endeavours to improve the routines for managing environmental issues and encourages the use of environmentally friendly solutions in day-to-day activities.

Aktia works to continuously raise awareness of environmental and sustainability issues within the company. We endeavour to reduce paper consumption by sending electronic mail instead of conventional letters. Customers and other stakeholders can receive account statements, customer brochures, insurance forms and financial reports by e-mail or through the internet bank. Moreover, Aktia has created a tool for electronic signatures, which enables the customers to sign agreements via the online bank. Aktia is continuously working to create the conditions for the management banking tasks via the digital channels.

Environmental factors and sustainability issues are taken into account both in Aktia's lending and investment operations, which are described on pages 143 and 144.

Aktia has a relatively small supply chain. Our suppliers are mainly domestic service providers with some European exceptions. The annual procurement amount for supplier services is approximately EUR 63 million. Because Aktia has relatively few service providers, and most of these are domestic, the company has no formal process for auditing them. We are convinced that suppliers with high quality service delivery also take account of social, ethical and environmental factors in their business activities. The need for a formal audit process for suppliers is evaluated regularly.

GRI reporting principles

The Corporate Responsibility Report is Aktia's fifth report compiled in accordance with the Global Reporting Initiative (GRI) recommendations. In the CRR, Aktia has chosen to follow the GRI G4 guidelines, where applicable, in order to give a comprehensive picture of how responsibility is theme permeating all activities.

The Corporate Responsibility Report is a presentation of Aktia's view of responsible banking. Unless otherwise indicated, the details accounted in the CRR apply to the financial period 1 January–31 December 2015. The GRI comparison on pages 152–154 contains a list of the GRI indicators accounted by Aktia, including references to where the information can be found.

The CRR supplements the financial reports and comprises activities of the entire Group. The status of the CRR is non-audited. The report can be downloaded from www.aktia.com. Any questions regarding the report can be directed to kommunikation@aktia.fi.

Aktia's Corporate Responsibility Report is now an integrated part of the Annual Report. The report comprises business operations of the entire Group. Reporting in accordance with GRI comprises details and kay figures which, based on the materiality analysis, have been identified as important from the perspective of stakeholders and business operations.

Material aspects and boundaries (G4-20, G4-21)

At Aktia, corporate responsibility means assuming more extensive financial, social and environmental responsibility in all operations. Where applicable, we follow the updated G4 guidelines of Global Reporting Initiative (GRI) as well as GRI's sector-specific recommendations for use by financial accounting professionals. Aktia has reported the measures it has taken to support sustainable development since 2010.

In the CRR 2015. Aktia has applied the GRI G4 guidelines and the "Core" option. The Report has not been reviewed by an external part. Based on Aktia's own assessment, the scope of this CRR meets the criteria for Core according to GRI G4. The key figures for financial responsibility have been audited in conjunction with the audit of the Group's financial statements performed by the APA firm KPMG Oy Ab. Other figures have been generated based on the Group's accounting and calculation principles. All envi-

ronmental data are based on Group level assessments.

Aktia's ambition is to continuously develop corporate reporting as part of the bank's operations. The materiality analysis makes apparent the aspects identified as crucial for Aktia's operations, products and services out of the perspectives of business operations and stakeholders. Aktia's Executive Committee has discussed and adopted the outcome of the materiality analysis (pages 136–137). The APA firm KPMG Oy Ab acted as advisor for the materiality analysis.

Pages 153-154 of the CRR present an overview of the compulsory indicators as well as those relevant indicators for operational performance which Aktia has chosen to report. These will be reported in the table of specific disclosures. Specific disclosures apply to the identified material aspects; for Core, at least one key figure per material aspect has to be disclosed.

The previous report, published on 23/03/2015, followed the GRI G4 recommendations, where applicable.

GRI comparison sheet

		Page	Status	More information
	Strategy and analysis			
54-1	Statement from the CEO	2		
54-2	Description of key impacts, risks and opportunities	8-9		
	Organisational profile			
G4-3	Name of the organisation	Cover		
54-4	Primary brands, products and/or services	4-5		
G4-5	Location of organisation's headquarters	4		
54-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	4	•	
ā 4 -7	Nature of ownership and legal form	4-5, 147-148, 159-160	•	
G4-8	Markets served	4		
54-9	Scale of the organisation	4, 135, 155-156		
54-10	Total number of employees by employment type, region and gender	156-157		
G4-11	Percentage of employees covered by collective bargaining agreements	146	•	
54-12	Supply chain			Not reported 2015.
54-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	6	•	The year in short, excl. significant changes in supply chain.
54-14	Report on how the precautionary principle is addressed	36-43		Note G1, Accounting principles.
G4-15	Externally developed principles or initiatives subscribed or endorsed	134		
54-16	Memberships of associations	134		
	Identified material aspects and boundaries			
54-17	Entities included in the consolidated financial statements	36-43		Note G1, Accounting principles.
G4-18	Process for defining report content	Inner cover, 133- 134, 138, 151	•	
54-19	Material aspects identified	136-137, 151		
54-20	Boundaries of material aspects within the organisation	151		
54-21	Boundaries of material aspects outside the organisation	151		
G4-22	Restatement of information provided in previous reports	133-134, 151- 154	•	No substantial change.
G4-23	Significant changes in the report regarding scope and aspect boundaries	Inner cover, 133- 134, 138		No substantial change.
	Stakeholder engagement			
54-24	List of stakeholder groups	135		

G4-25	Basis for identification and selection of stakeholders with whom to engage	135
G4-26	Approach to stakeholder management	135
G4-27	Key topics and concerns raised through stakeholder engagement	135
	Report profile	
G4-28	Reporting period	Inner cover, 151
G4-29	Date of most recent previous report	151
G4-30	Reporting cycle	151
G4-31	Contact point for questions regarding the report or its contents	Inner cover, 151
G4-32	Report GRI Content Index for chosen options	152-154
G4-33	Policy for seeking external assurance for the report	151
	Governance	
	Governance structure and composition	
G4-34	Governance structure and committees	127-131, 139- 141 Corporate Goverance Statement, www.aktia.com.
	Ethics and integrity	
G4-56	Values, principles and code of conduct in business operations	10-12, 133

GRI G4-comparison sheet for special content

	GRI content index (G4)	Page	Status	More information
	Disclosures on management approach			
DMA	Generic disclosures on management approach (DMA)	139-141		
	Economic responsibility			
	Economic performance			Material aspect
G4-EC1	Direct economic value generated and distributed	8, 158		Revenue distribution.
	Environmental performance			
	Materials			Material aspect
G4-EN1	Materials used by weight or volume	157	•	Estimated paper consumption in Aktia Group reported.
	Energy			Material aspect
G4-EN3	Energy consumption within the organisation	158	•	Estimated energy consumtion in Aktia Group reported.
	Emissions			
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	158		CO2 emissions in air travel reported.
	Products and services			Material aspect
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	142-143, 150, 155	•	
	Social responsibility			
	Workforce and working conditions			
	Employment			Material aspect
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	156	•	Number of new recruitmens and employee turnover reported.
	Labour/management relations			Material aspect
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	146	•	
	Occupational health and safety			Material aspect

G4-LA6	Type of injury and rates of injury, occupational diseases, list days and absenteeism, and total number of work-related fatalities, by region and by gender	156	•	Number of accidents and absence due to illness reported.
	Training			Material aspect
G4-LA9	Average hours of training per year per employee, by gender and by employment category	145		Total number of training days reported.
	Diversity and equal opportunity			Material aspect
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	157	•	Distribution by gender and age in Board of Directors and Board of Supervisors reported.
	Society			
	Product responsibility			
	Product and service labelling			Material aspect
DMA	Procedures to enhance responsible development and sales of financial services and products	44-59, 139-141	•	Note G2 The Group's risk management, Capital and Risk Management Report (CAR) on www.aktia.com.
G4-PR5	Results of surveys measuring customer satisfaction	142		
FS16	Initiatives to improve financial literacy, by beneficiary	150		
	Marketing communication			Material aspect
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome	134	•	
	Product portfolio			Material aspect
DMA	Corporate social responsibility policies in different business operations	141		Partial disclosure, important regulations.
FS6	Distribution of product portfolio	18-20		Report by the Board of Directors, Segment overview.
FS7	Total value of products and services giving special social advantage, by business area and purpose	144		Partly disclosed, Responsible investments.
FS8	Total value of products and services giving environmental advantage			Not reported 2015.
	Ownership			Material aspect
FS10	Interaction with companies in the investment portfolio in environmental and social matters	144	•	Responsible investments.
FS11	Positive or negative valuation of investment objects	144		Responsible investments.

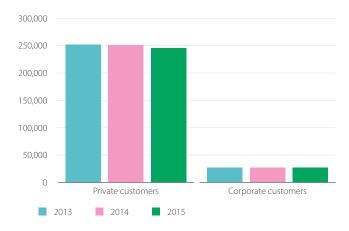
Information on customer relationships

Facts and key figures relating to Aktia's customers in accordance with our material aspects and the GRI G4 quidelines are disclosed below.

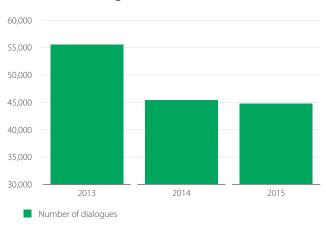
At Aktia, we take it for granted that our customers want easy and flexible options for managing their day-to-day banking activities in the manner that suits them – either online, by telephone or at the branch office. We

aim at regularly meeting the customers for a dialogue, meaning a discussion where we together with the customer systematically consider the customer's current and future needs in order to be able to offer suitable solutions. In 2015, Aktia engaged in about 45,000 dialogues with private and corporate customers. At year-end, the total number of customers in Aktia group was approximately 400,000.

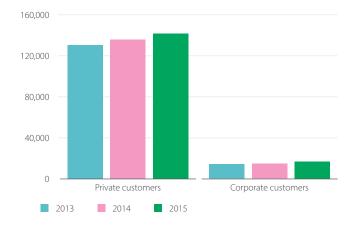
Customers using Aktia's banking services



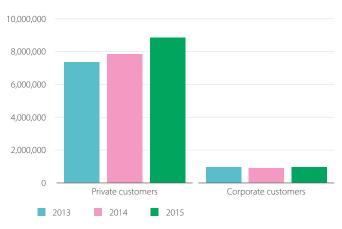
Number of dialogues



Number of online banking contracts



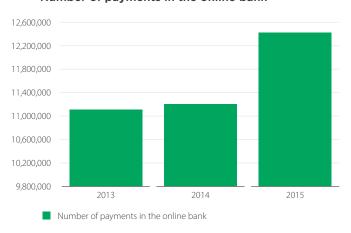
Logins into the online bank



The number of payments in the online bank and the number of online banking contracts has increased steadily over the past few years. The number of online bank contracts for private customers increased by 3% and for corporate customers by 14% in 2015.

The increasing number of online banking contracts and of logins into the banking service confirm the digitalisation trend and prove that customers appreciate functional and flexible digital services. Accessibility is important, and customers want to handle their day-to-day banking activities anywhere and anytime. The number of payments thorugh the online bank increased by approx. 11% during the year. The increasing number of payments, as a result of the increased use of online banking, follows the general trend within the industry.

Number of payments in the online bank



Information on employees and elected representatives

Facts and key figures relating to Aktia's personnel in accordance with the material aspects and the GRI G4 guidelines (G4-9, G4-10, G4-LA1, G4-LA12) are disclosed below.

At year-end, Aktia's total workforce was 1,051 employees; 78% have full-time and 22% part-time contracts. The gender distribution of the total workforce between women and men is 67% and 33%, respectively. At

the end of 2015, the number of employees had decreased by 17 persons, which corresponds to approximately 2%.

Aktia supports versatile competence, cooperation and individual development, and aims at achieving an even distribution of competence, experience, age and gender in the workforce.

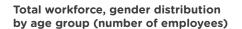
Recruitments, distribution by gender

Total number of employees	2015	2014	2013
Full-time employees, total	822	829	849
Part-time employees, total	229	239	265
Average retirement age	65	63	63
Average age of employees	43	42	42
Absentee rate (%)	2.2	2.1	2.1
Employee turnover (%)	9.7	13.1	12.8
Accidents, registered injuries (occurrences)	28	22	8

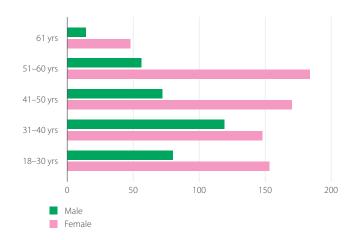
Total workforce by gender	2015	2014	2013
Women	703	716	748
Men	348	352	366

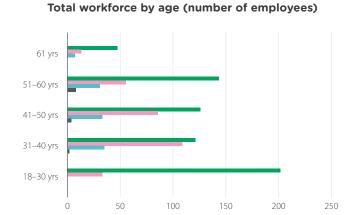
Gender ratio per employment type (%)	2015	2014	2013
Executive management (F/M)	31/69	27/73	29/71
Middle management (F/M)	37/63	36/64	32/68
Specialist (F/M)	51/49	51/49	52/48
Officials (F/M)	80/20	79/21	81/19

and age (number of persons) 61 yrs 51–60 yrs 41–50 yrs 31–40 yrs 0 20 40 60 80

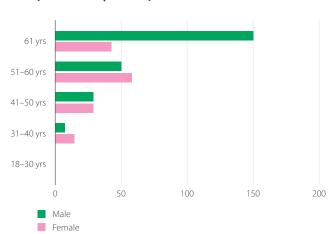


Female

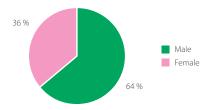




Administrative organs, age distribution (number of persons)



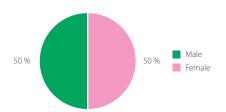




Experts Managers

Executive management

Board of Directors, gender distribution

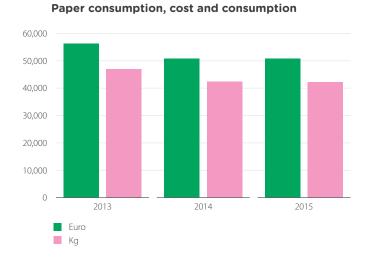


Information on environmental and social impact

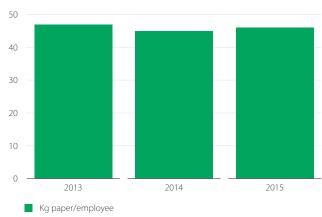
Facts and key figures relating to Aktia's environmental and financial responsibility in accordance with the material aspects and the GRI G4 guidelines are disclosed below.

Paper consumption (G4-EN1)

The tables below show an estimate of the paper consumption within Aktia. The internal paper consumption shows a continuting declining trend.

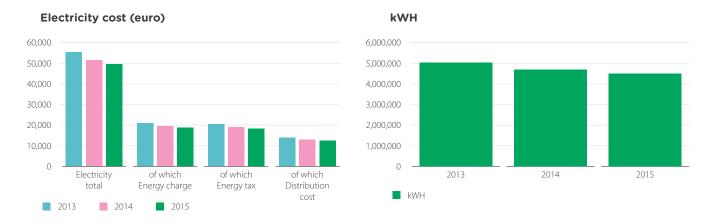


Kg paper/employee



Energy consumption (G4-EN3)

The tables below show an estimate of the energy consumption within Aktia Group. The internal energy consumption displays a clearly declining trend by approximately 4% in 2015, compared to the year before.



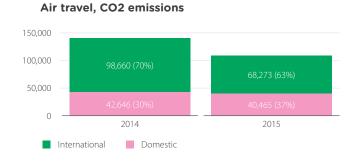
Revenue distribution (G4-EC1)

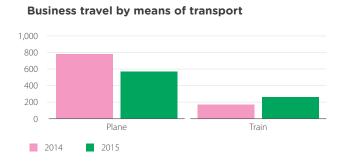
The revenue distribution shows the sources of Aktia's income and how it is divided between various stakeholder groups. This also illustrates Aktia Group's role in society.

Revenue distribution (EUR million)	2015	2014	2013
Net interest income	97.3	102.8	112.6
Net commission income	80.0	74.9	70.7
Premium income and change in value in unit-linked insurance policies from the life insurance business	101.3	95.9	80.0
Net income from investments	23.8	28.2	34.2
Other income	4.5	6.6	6.9
Total income	307.0	308.3	304.5
Paid out insurance claims to customers	97.4	93.1	78.4
Reinsurers' share	0.5	0.7	0.7
Customers – write-down of credits (net)	0.3	1.7	2.7
Wages to personnel	59.3	56.7	64.2
Other operating expenses	71.8	74.9	79.6
Society	26.0	26.1	26.5
Continuous development of Aktia Group	16.1	20.6	24.2
Dividends to shareholders	35.9	31.9	27.9
Share of non-controlling holdings	-0.4	2.5	0.2
Distribution of revenue	307.0	308.3	304.5

Business travel (G4-EN17)

The tables below show an estimate of the number of business trips and of CO2 emissions. The number of business trips has clearly decreased in 2015, which correlates to the decline of CO2 emissions.





Information on shareholders and investors

Facts and key figures relating to Aktia's shareholders and investors in accordance with the material aspects and the GRI G4 guidelines are disclosed below.

The 20 largest shareholders

	A shares	R shares	Shares	Of shares, %	Votes	Of votes, %
31 December 2015						
Stiftelsen Tre Smeder	1,291,925	4,606,804	5,898,729	8.9	93,428,005	21.0
Veritas Pension Insurance Company Ltd.	3,627,469	2,154,397	5,781,866	8.7	46,715,409	10.5
Svenska litteratursällskapet i Finland r.f.	4,864,205	789,229	5,653,434	8.5	20,648,785	4.7
Sampo Plc (Sampo plc, Mandatum Life	4,061,857	-	4,061,857	6.1	4,061,857	0.9
Oy Hammaren & Co AB	1,905,000	950,000	2,855,000	4.3	20,905,000	4.7
Åbo Akademi University Foundation	1,595,640	751,000	2,346,640	3.5	16,615,640	3.7
Aktia foundation in Borgå	1,312,297	656,348	1,968,645	3.0	14,439,257	3.3
Life Annuity Institution Hereditas plc	-	1,646,106	1,646,106	2.5	32,922,120	7.4
Aktia foundation in Vaasa	978,525	547,262	1,525,787	2.3	11,923,765	2.7
Nordea (Fennia fund, Nordea Life, Nordea Bank plc)	1,449,132	-	1,449,132	2.2	1,449,132	0.3
Aktia foundation in Espoo-Kauniainen	-	1,338,708	1,338,708	2.0	26,774,160	6.0
Savings bank foundation in Kyrkslätt	844,206	458,350	1,302,556	2.0	10,011,206	2.3
Aktia foundation in Vantaa	28,541	1,222,000	1,250,541	1.9	24,468,541	5.5
Savings bank foundation in Karjaa-Pohja	787,350	393,675	1,181,025	1.8	8,660,850	2.0
Föreningen Konstsamfundet rf	1,176,173	-	1,176,173	1.8	1,176,173	0.3
Varma Mutual Pension Insurance Company	1,175,000	-	1,175,000	1.8	1,175,000	0.3
Savings bank foundation in Inkoo	412,669	349,349	762,018	1.1	7,399,649	1.7
Savings bank foundation in Sipoo	464,254	234,201	698,455	1.1	5,148,274	1.2
Vöyri Savings Banks Aktia foundation	615,460	10,500	625,960	0.9	825,460	0.2
Aktia foundation in Maalahti	361,138	177,600	538,738	0.8	3,913,138	0.9
Largest 20 owners	26,950,841	16,285,529	43,236,370	64.9	352,661,421	79.4
Other	19,755,882	3,586,559	23,342,441	35.1	91,487,062	20.6
Total	46,706,723	19,872,088	66,578,811	100.0	444,148,483	100.0

Shareholders by sector

31 December 2015	Number of owners	%	Number of shares	%	Votes	%
Corporates	3,152	7.5	8,554,025	12.8	69,267,138	15.6
Financial institutes and insurance companies	58	0.1	8,349,625	12.5	19,248,913	4.3
Public sector entities	31	0.1	7,118,202	10.7	48,051,745	10.8
Non-profit organisations	688	1.6	32,991,154	49.6	294,680,453	66.3
Households	38,107	90.3	7,261,928	10.9	11,999,445	2.7
Foreign shareholders	158	0.4	119,700	0.2	130,674	0.0
Total	42,194	100.0	64,394,634	96.7	443,378,368	99.8
entered in nominee register	6		1,414,062	2.1		
Unidentified shareholders			770,115	1.2	770,115	0.2
Total by sector	42,194	100.0	66,578,811	100.0	444,148,483	100.0

Breakdown of stock

31 December 2015

	Number of		Number of			
Number of shares	owners	%	shares	%	Votes	%
1-100	29,695	70.4	1,165,460	1.8	1,278,263	0.3
101-1,000	10,850	25.7	3,208,725	4.8	4,402,856	1.0
1,001-10,000	1,479	3.5	3,749,954	5.6	6,546,203	1.5
10,001-100,000	103	0.2	3,014,451	4.5	6,875,764	1.5
100,000-	67	0.2	54,670,106	82.1	424,275,282	95.5
Total	42,194	100.0	65,808,696	98.8	443,378,368	99.8
entered in nominee register	6					
Unidentified shareholders			770,115	1.2	770,115	0.2
Total by sector	42.194	100.0	66.578.811	100.0	444.148.483	100.0

Dividend per share

	2015	2014	2013
Earnings per share (EPS), EUR	0.78	0.79	0.78
Dividend per share, EUR	0.54*	0.48	0.42
Return of capital per share, EUR	0.10*	-	-
Total payout per share, EUR	0.64*	0.48	0.42
Total payout ratio, %	82.0*	60.7	53.6
Total dividend growth, %	12.5*	14.3	16.7

^{*} The Board of Directors proposal

Aktia's share price development compared to index 1 January 2015 - 31 December 2015



Board of Directors

















31.12.2015

Dag Wallgren

b. 1961

Chairman of the Board and chairman of the Remuneration and Corporate Governance Committee and member of the Board's Risk Committee

M.Sc. (Econ.)

Managing Director, Swedish Literature Society in Finland
Member of the Board since 2003
(Chairman since 2010)
Shares in Aktia: A shares 6,487,
R shares 525

Nina Wilkman

h 1958

Vice Chairman of the Board and chairman of the Audit Committee and member of the Board's Remuneration and Corporate Governance Committee

LL.M.

Postgraduate student, doctoral programme, University of Helsinki, Faculty of Law
Member of the Board since 2006
(Vice Chairman since 2010)
Shares in Aktia: A shares 2,007

Stefan Damlin

Managing Director,

h 1968

Member of the Audit Committee M.Sc. (Econ.)

Wärtsilä Finland Oy Member of the Board since 2016 Shares in Aktia: No shares

Sten Eklundh

h 1960

Chairman of the Board's Risk Committee

M.Sc. (Econ.)

Member of the Board since 2013 Shares in Aktia: A shares 12,159

Kjell Hedman

b. 1951

Member of the Risk Committee

Business Economist Member of the Board since 2012 Shares in Aktia: A shares 3,365

Catharina von Stackelberg-Hammarén

b. 1970

Member of the Remuneration and Corporate Governance Committee M.Sc. (Econ.)

Managing Director, Marketing Clinic Oy

Member of the Board since 2012 Shares in Aktia: A shares 2,365

Lasse Svens

b. 1962

Member of the Board's Risk Committee

M.Sc. (Econ.)

CEO, Stiftelsen Åbo Akademi Member of the Board since 2016 Shares in Aktia: No shares

Arja Talma

b. 1962

Member of the Audit Comittee

M.Sc. (Econ.), eMBA

Member of the Board since 2013 Shares in Aktia: A shares 1,507

Managing Director Christina Dahlblom, M.Sc. (Econ), is a new member of the Board of Directors from 01/04/2016.

Executive Committee

















31.12.2015

Jussi Laitinen b. 1956 Managing Director M.Sc. (Econ.) At Aktia since 2008 Shares in Aktia: A shares 64,707

Taru Narvanmaa b. 1963 Deputy Managing Director, Managing Director's alternate M.Sc. (Econ.) At Aktia since 2007 Shares in Aktia: A shares 57,695, R share 5,000

Mia Bengts b. 1970 Director M.Sc. (Econ.), Master of Laws At Aktia since 2010 Shares in Aktia: A shares 1,000

Juha Hammarén b. 1960 CCO LL.M., eMBA At Aktia since 2014 Shares in Aktia: A shares 3,495

Carl Pettersson b. 1979 Development director B.Sc. (Econ.), eMBA At Aktia since 2008 Shares in Aktia: A shares 12,930

Anssi Rantala
b. 1972
Director
Dr.Soc.Sc.
At Aktia since 2014
Shares in Aktia: A shares 1,000

Fredrik Westerholm		
b. 1972		
Director, CFO		
M.Sc. (Econ.)		
At Aktia since 2007		
Shares in Aktia: A shares 7,424		

Magnus Weurlander b. 1964 Director M.Sc. (Econ.) At Aktia since 1990 Shares in Aktia: A shares 19,990



Contact information

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