

**SUPPLEMENT DATED 19 MAY 2014 TO THE BASE PROSPECTUS DATED 31 MARCH 2014**

# Aktia

**AKTIA BANK PLC**  
*(Incorporated with limited liability in Finland)*

**€3,000,000,000**

## **Euro Medium Term Note and Covered Bond Programme**

This supplement to the base prospectus dated 31 March 2014, constitutes a prospectus supplement for the purposes of Article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities and is prepared in connection with the €3,000,000,000 Euro Medium Term Note and Covered Bond Programme established by Aktia Bank plc.

This supplement is supplemental to and should be read in conjunction with the abovementioned base prospectus dated 31 March 2014. This supplement and the document incorporated by reference will be available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Terms defined in the base prospectus have the same meaning when used in this supplement.

To the extent that there is any inconsistency between (a) any statement in this supplement or any statement incorporated by reference into the base prospectus by this supplement and (b) any other statement in or incorporated by reference in the base prospectus, the statements in (a) above will prevail.

### **Aktia Bank plc's interim report for the period 1 January - 31 March 2014 published**

On 6 May 2014 Aktia Bank plc published its unaudited interim report for the period 1.1 - 31.3.2014. A copy of the interim report is available in electronic form on the websites of Aktia Bank plc (<http://www.aktia.com/en/porssi-ja-lehdistotiedotteet>), the Finnish stock exchange Nasdaq OMX Helsinki (<http://www.nasdaqomxnordic.com>) and of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The interim report contains the information set out at the following pages:

Consolidated Balance Sheet	Page 17
Consolidated Income Statement	Page 15
Consolidated Statement of Comprehensive Income	Page 16
Consolidated Cash Flow Statement	Page 19
Consolidated Statement of Changes in Equity	Page 18

By virtue of this supplement:

- (a) Aktia Bank plc's interim report for the period 1 January - 31 March 2014 is incorporated by reference in, and forms part of, the base prospectus. The information incorporated by reference that is not included in the cross-reference list above is considered as additional information and is not required

by the relevant schedules of the Commission Regulation (EC) 809/2004 (implementing the Prospectus Directive).

The credit ratings referred to in the interim report are ratings issued by either Moody's Investors Service Ltd, Standard & Poor's Credit Market Services Europe Limited or Fitch Ratings Limited, all of which are established in the European Union and registered as credit rating agencies in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "CRA Regulation"); as such they are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with such Regulation.

- (b) The text in the section "Capital Adequacy Regulatory Framework" on pages 25-26 of the base prospectus is deleted in its entirety and replaced with the following text:

"The Capital Requirements Directive (2013/36/EU; the CRD IV) and the Capital Requirements Regulation (575/2013; the CRR) have replaced the European Capital Requirements Directive (comprising Directives 2006/48/EC and 2006/49/EC) (the Previous CRD). The Finnish Act on Credit Institutions (Laki luottolaitostoiminnasta, 121/2007, as amended), as currently in effect, comprises implementations of the Previous CRD and Basel II requirements. The Previous CRD and Basel II requirements have also been implemented into Finnish legislation and regulation by, among others, regulations and guidelines of the Finnish Ministry of Finance and the Finnish Financial Supervisory Authority (the FSA).

The CRR has come into effect on 28 June 2013 and the CRD IV on 17 July 2013, both with substantial transition periods. The CRR has been directly applicable in the European Union as of 1 January 2014 and the CRD IV regulation is proposed to be implemented through national legislation on 1 July 2014. The criteria for liquidity coverage ratio (LCR) set out in the CRR will enter into force on 1 January 2015.

The new regulation means higher criteria on Tier 1 capital as well as a number of technical changes in calculations, which will have an adverse effect on the Group's Tier 1 capital base. For the Issuer, the principal changes relate to deductions from Tier 1 capital base for holdings in insurance and for minority holders' paid-up share capital. Moreover, the Group's Tier 2 capital base will suffer from the negative effects of stricter maturity criteria on issued debenture capital.

The Group's Core Tier 1 capital is to some extent affected by changes in the risk weights of the investment in the liquidity portfolio, even if these effects will partly be neutralised by stricter liquidity requirements in the future which limits investments in some types of instruments as well as in instruments with lower ratings. The Group applies the transitional regulation for the handling of minority holders' paid-up share capital in Aktia Real Estate Mortgage Bank. This will gradually increase deductions up until 2018.

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

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

**Significant effects on capital adequacy with the implementation of new regulations**

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

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

The introduction of the CRR and the CRD IV may have an effect on the financial performance of the Issuer and on the pricing of its Notes and Covered Bonds issued under the Programme.”

**GENERAL**

Aktia Bank plc accepts responsibility for the information contained in this supplement. To the best of the knowledge of Aktia Bank plc (having taken all reasonable care to ensure that such is the case) the information contained in this supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the base prospectus since the publication of the base prospectus.

In accordance with Article 13 paragraph 2 of Chapter 1, Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, investors who have agreed to purchase or subscribe for the securities before this supplement is published have the right, exercisable no later than 21 May 2014, to withdraw their acceptances.