



AKTIA BANK PLC
INTERIM REPORT 1-9/2013

Aktia

We see a person in every customer.

Sales up, 1-9/2013

Credit losses remained low

Aktia

Operating profit from continuing operations improved to EUR 54.3 (45.6) million.

Profit from continuing operations amounted to EUR 40.5 (33.9) million.

Earnings per share (EPS) was EUR 0.61 (0.65).

Write-downs on credits and other commitments decreased to EUR 1.7 (4.6) million.

Outlook for 2013 (changed): **Despite the persistent low interest rate level and one-off costs from implementing the Action Plan 2015, the Group's operating profit from continuing operations for 2013 is expected to reach the 2012 or a slightly higher level.**

Third quarter 7-9/2013

Aktia

Operating profit from continuing operations amounted to EUR 19.6 (13.4) million.

Bank tax and higher IT costs raised total costs to EUR 34.6 (34.0) million.

Earnings per share (EPS) was EUR 0.22 (0.15).

Write-downs on credits and other commitments decreased to EUR 0.2 (1.8) million.

Pre-agreement on merger with the savings bank Vöyrin Säästöpankki

Aktia

Aktia Bank plc and Vöyrin Säästöpankki have signed a pre-agreement on merger. The merger is to be implemented as conveyance of the business operations of Vöyrin Säästöpankki to Aktia Bank plc.

- Vöyrin Säästöpankki will continue under the name Aktia Bank
- The Vöyrin Säästöpankki Foundation commits to acquire shares in Aktia Bank corresponding to 1%

The net value of Vöyrin Säästöpankki's business operations is in the transaction estimated to approx. EUR 11 million.

- The estimated affect of the transaction on Aktia Bank's result and key figures is neutral.

Vöyrin Säästöpankki's Key figures (2012)

Operating profit	EUR 262,000	C/I-ratio	0.80
NII/Total income	83%	Lending/Borrowing	53%
Assets	EUR 70.2 million	Equity (NAV)	EUR 11.4 million
Lending	EUR 30.1 million	Tier 1 ratio	33.0%
Borrowing	EUR 57.1 million	Customers	4,300
Investments	EUR 38.2 million		

Acquisition of the savings bank Saaristosäästöpankki Oy

Aktia

Aktia Bank plc and the savings bank Saaristosäästöpankki Oy to merge business operations of the two banks.

- Saaristosäästöpankki will be incorporated in and its operations will continue under the name Aktia Bank.
- All employees will be transferred as so-called long-term employees
- The present Managing Director will continue as Regional Director

Saaristosäästöpankki is a well-run and solid bank, and the planned merger will significantly improve Aktia's strategic position in the Turunmaa region.

Saaristosäästöpankki's Key figures (2012)

Operating profit	EUR 343 thousand	C/I-ratio	0.81
NII/Total income	72%	Lending/Borrowing	74%
Assets	EUR 69 million	Equity (NAV)	EUR 10.7 million
Lending	EUR 42 million	Tier 1 ratio	30.7%
Borrowing	EUR 57 million	Customers	approx. 5,500
Investments	EUR 25 million		

Acquisition of the savings bank Saaristosäästöpankki Oy

Aktia

- In the transaction, Saaristosäästöpankki is valued to net asset value at a maximum.
- Saaristosäästöpankki's owner foundations commit to acquisition of shares corresponding to approx. 1% of Aktia Bank's shares, 1/3 of which R shares and 2/3 A shares, in the period up until the next Annual General Meeting.
- Aktia Bank puts an option to, if necessary, issue or sell own shares to the owner foundations of Saaristosäästöpankki at a rate corresponding Aktia Bank's net asset value per share (EUR 8.34), if the foundations cannot acquire shares in public trading to a lower valuation.
- The acquisition is expected to have a slightly positive impact on the Aktia Group.

Interim report

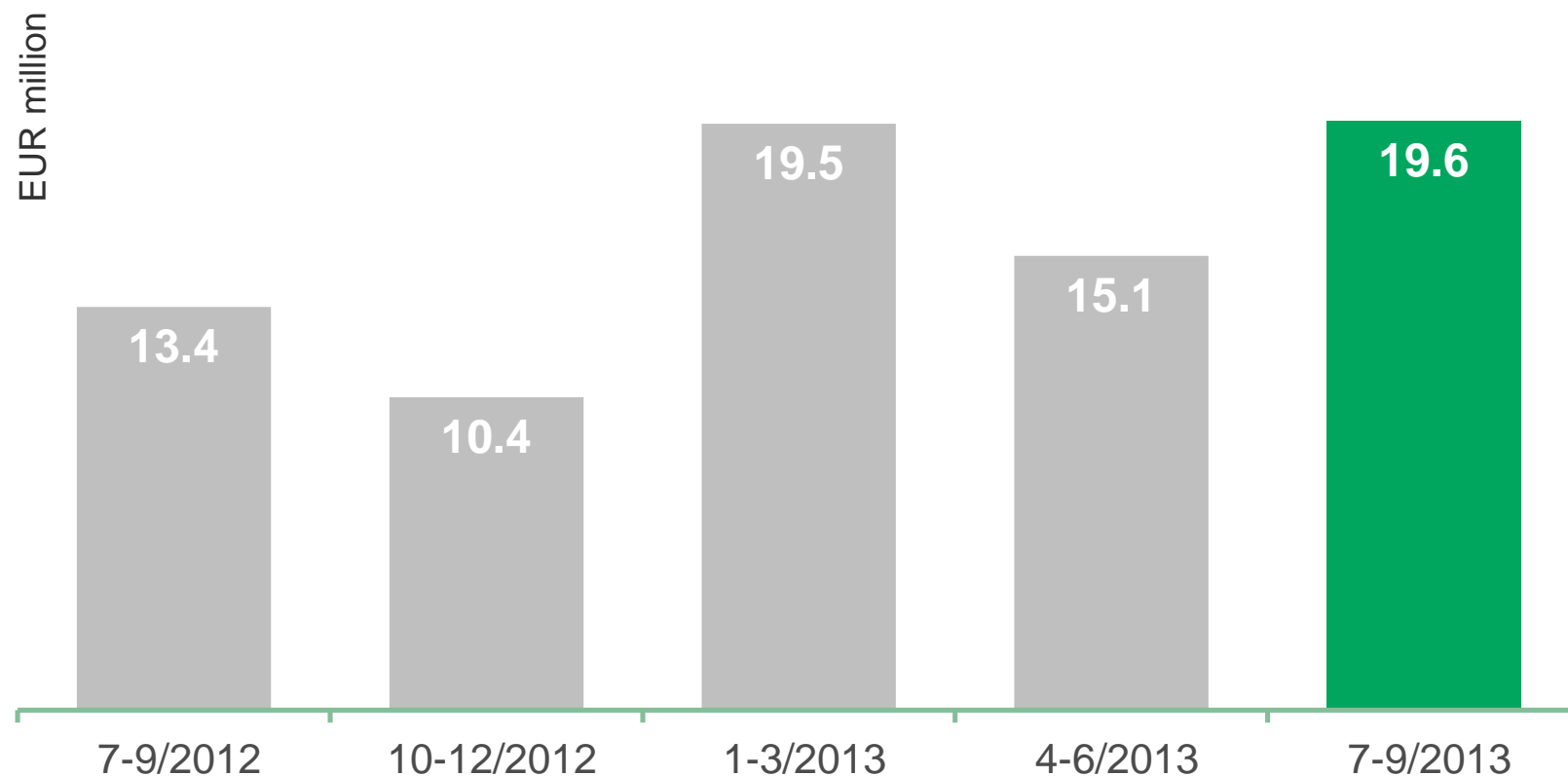
1 January - 30 September 2013

Aktia

1	Financial performance
2	Capital adequacy
3	Balance sheet and owners
4	Outlook and targets

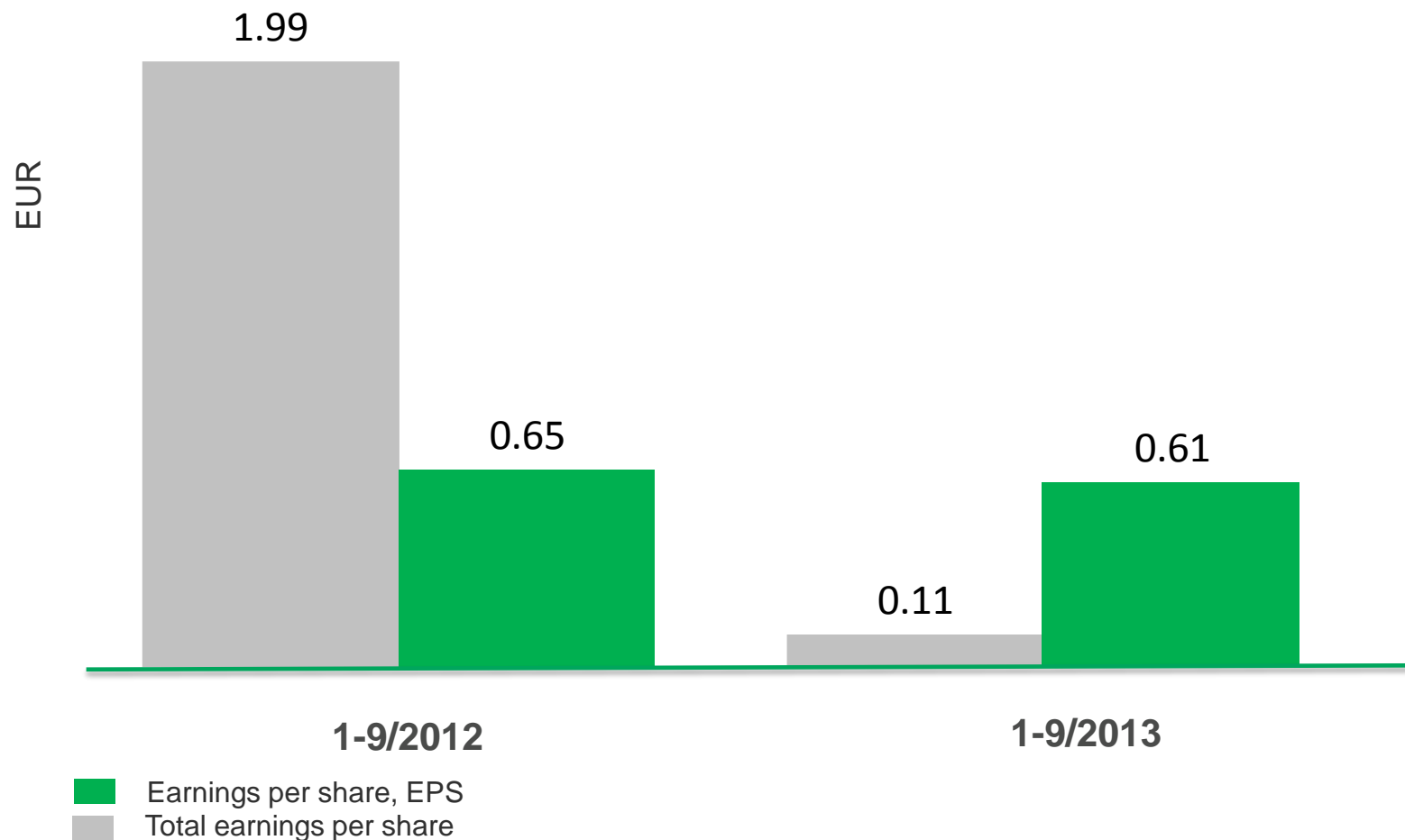
Operating profit for the quarter Continuing operations

Aktia



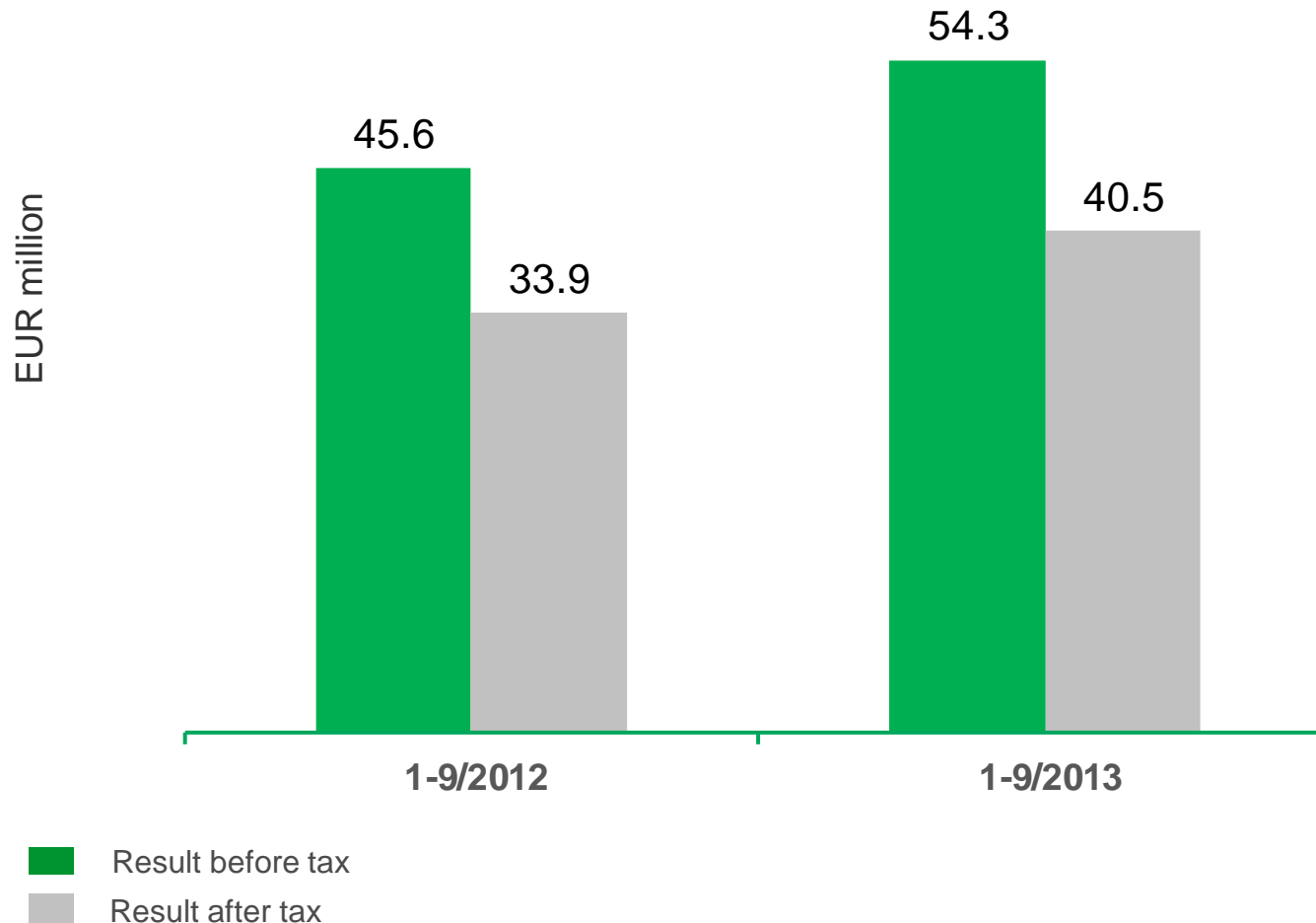
Earnings per share 1-9/2013

Aktia



Result before and after tax Continuing operations

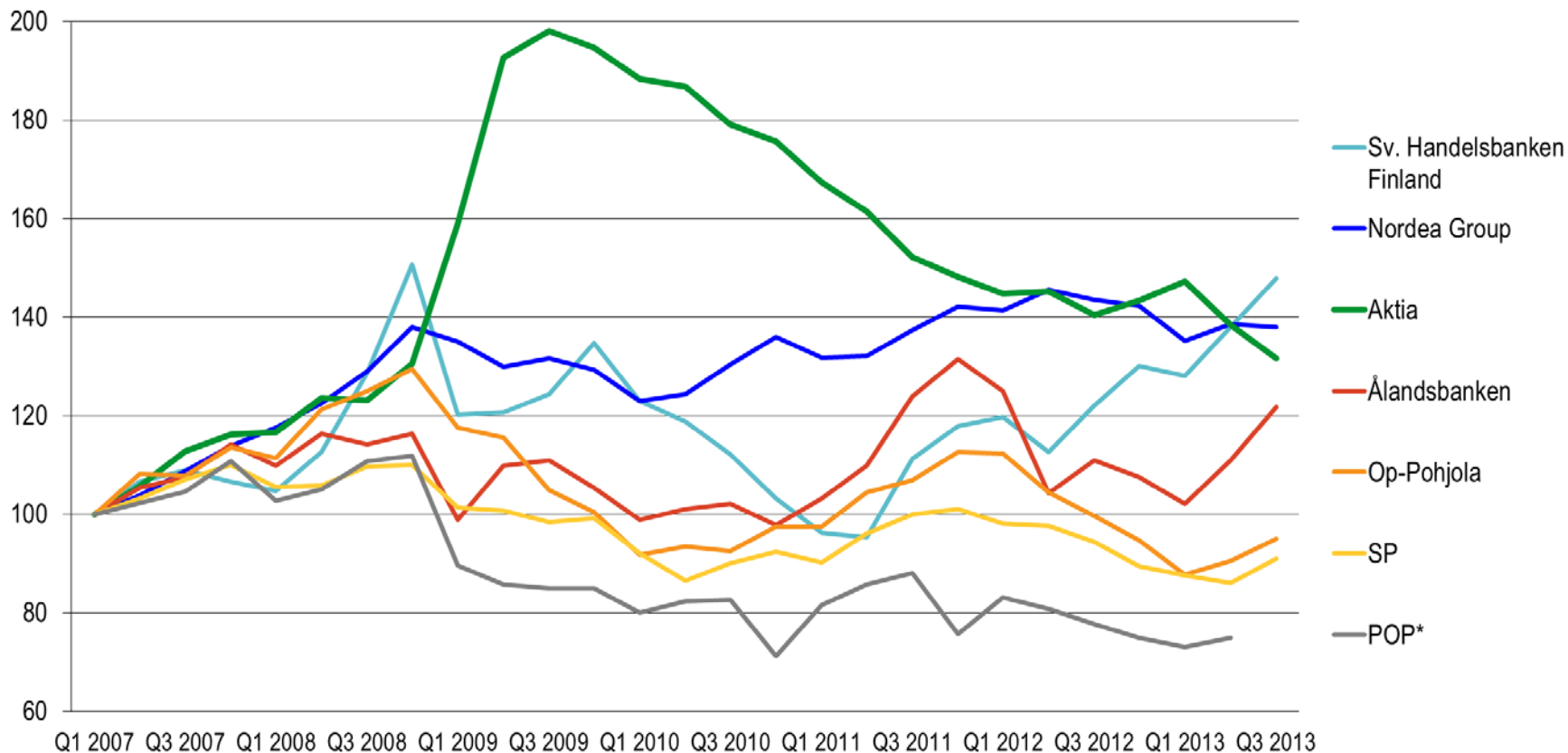
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Net interest income (1/2007 = 100)

Finnish Banks

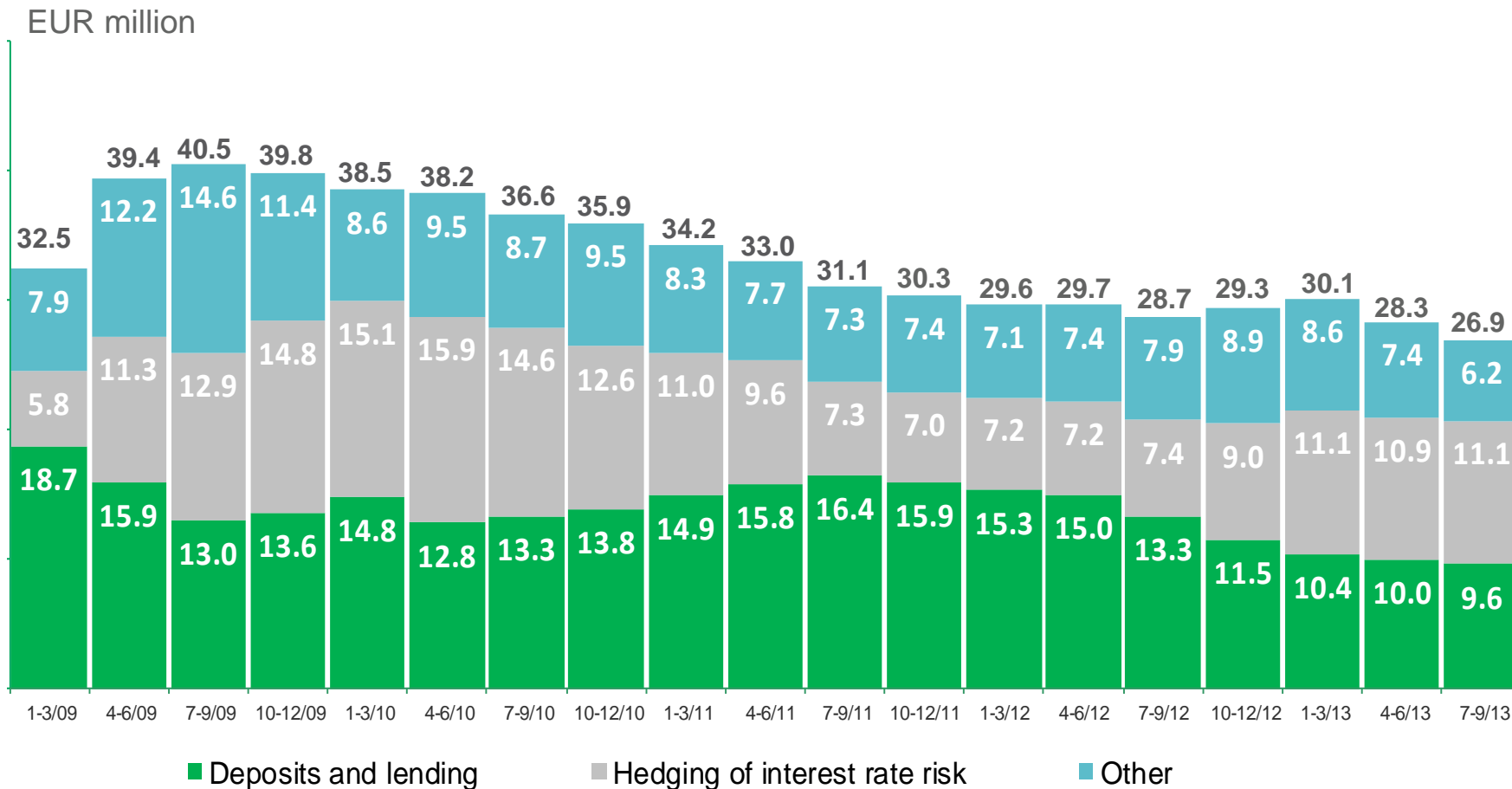
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*3Q/2013 not published

Net interest income

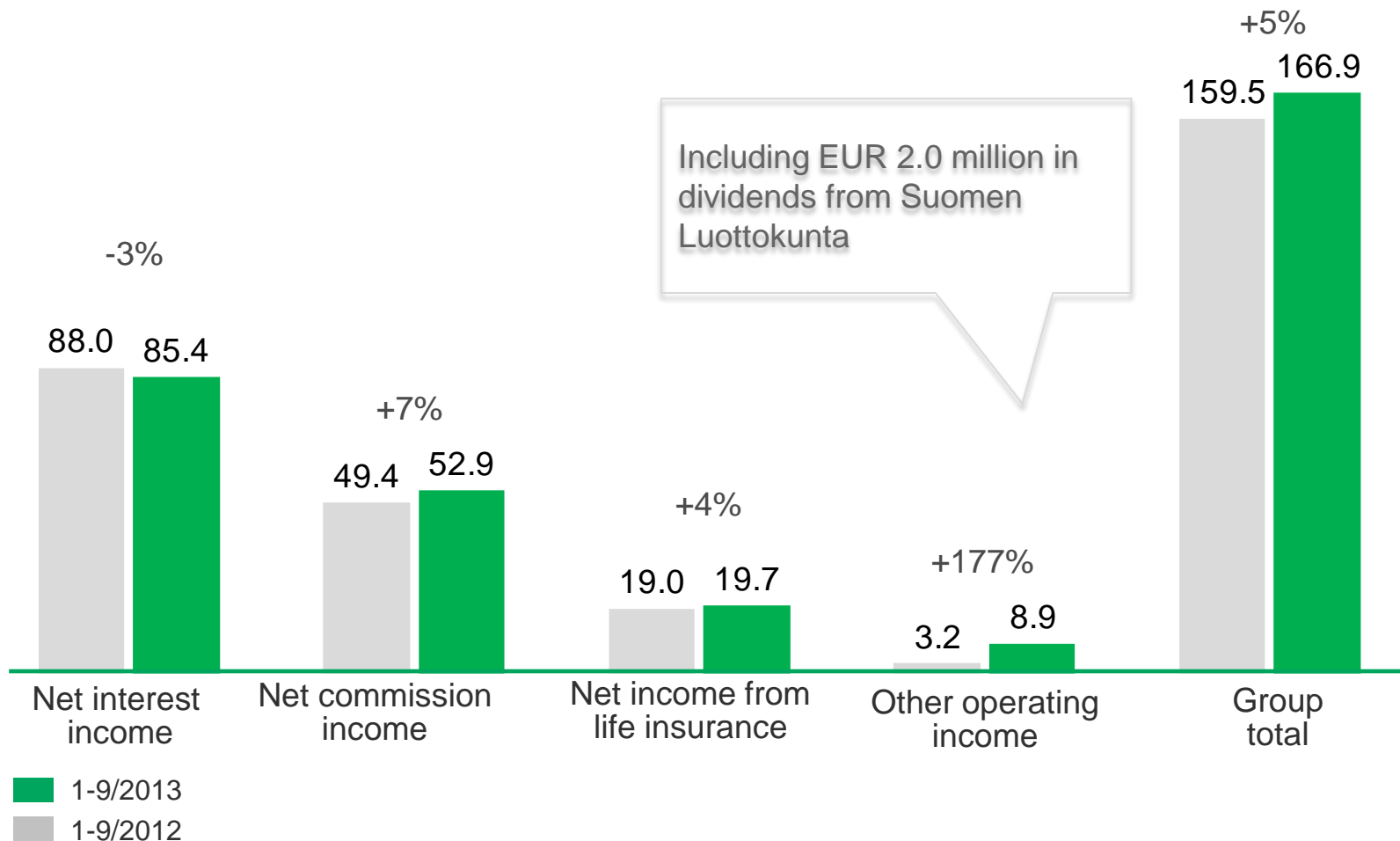
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Income (EUR million)

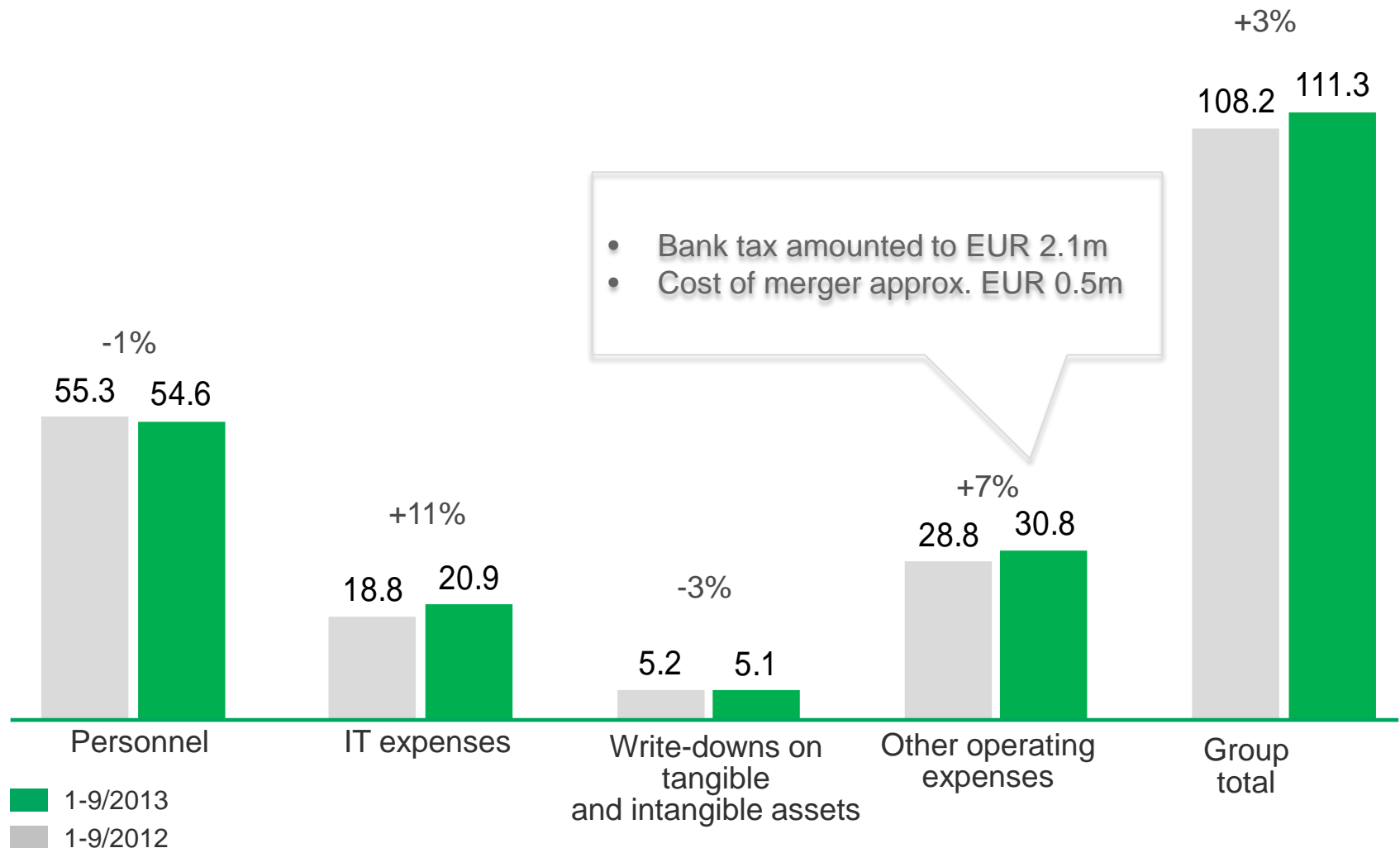
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Net commission income continued to increase



Expenses increased (EUR million)

Aktia



Targets

- Resources focused on core business
- Utilise credit capacity to own customers rather than to the cooperation with the local banks
- Simplified group structure and modern systems allow for lower costs
- Minimise costs from Basel III

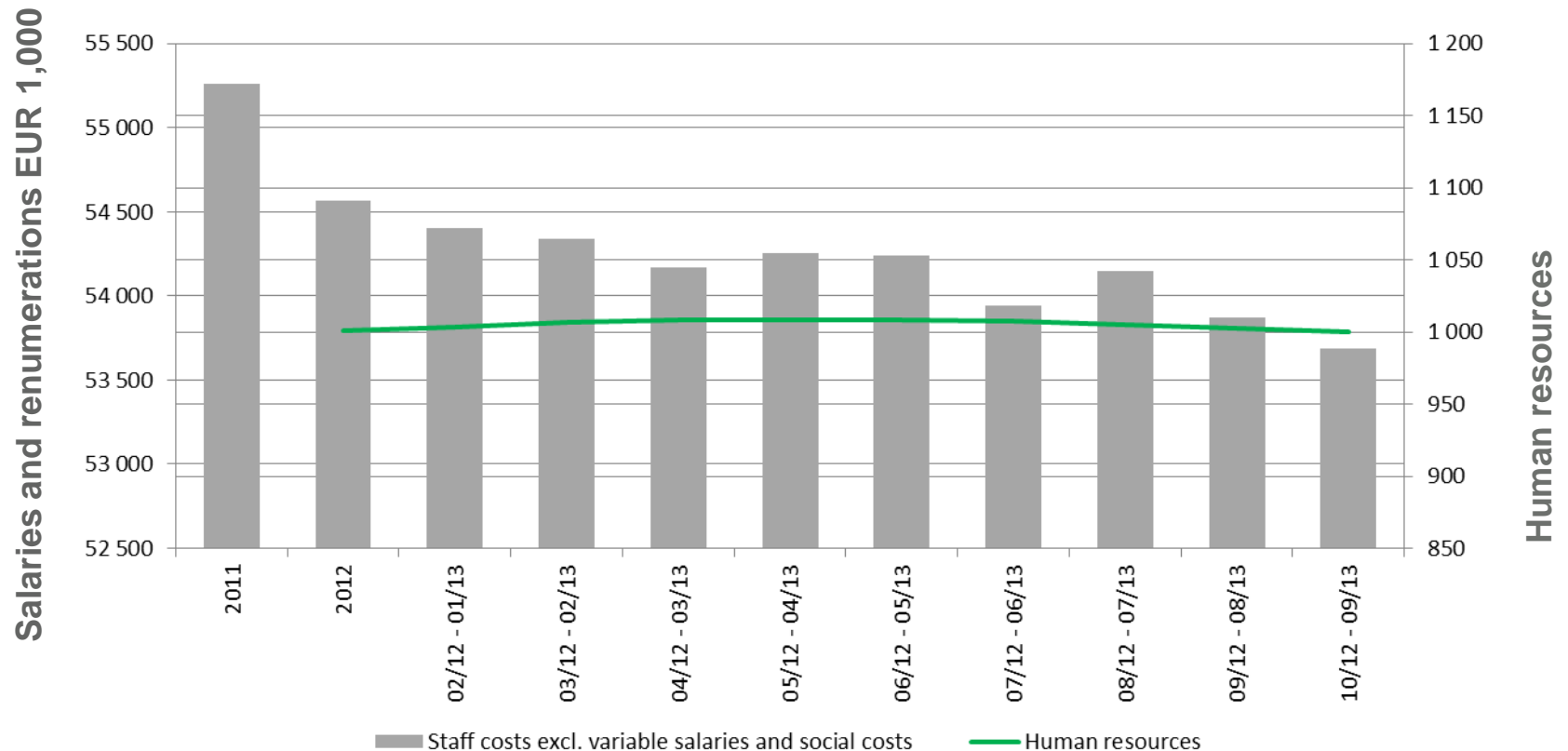
- **New core banking system 2015**
 - Core banking system providers chosen, agreement with Samlink renegotiated
- **End services as central financial institute 2015**
- **Aktia Bank granted concession as Mortgage Bank**
 - First CB issue in June 2013
- **Group structure has been simplified**
 - New segment division
 - Merger with Aktia plc 1 July 2013
- **Card business has been renewed**
 - New technical platform
 - Acquiring the card stock
- **Efficiency measures started**
 - Codetermination negotiations initiated
 - Branch network to be looked over

Efficiency and improvement measures

- Aktia has concluded codetermination negotiations which led to a staff reduction of 50 persons.
- The measures are expected to lower annual costs by EUR 5 to 6 million after implementation in 2014. The reorganising of business operations generates a one-off cost of approx. EUR 5 million to be recognised in the last quarter of 2013.
- The branches will be reduced by 8.

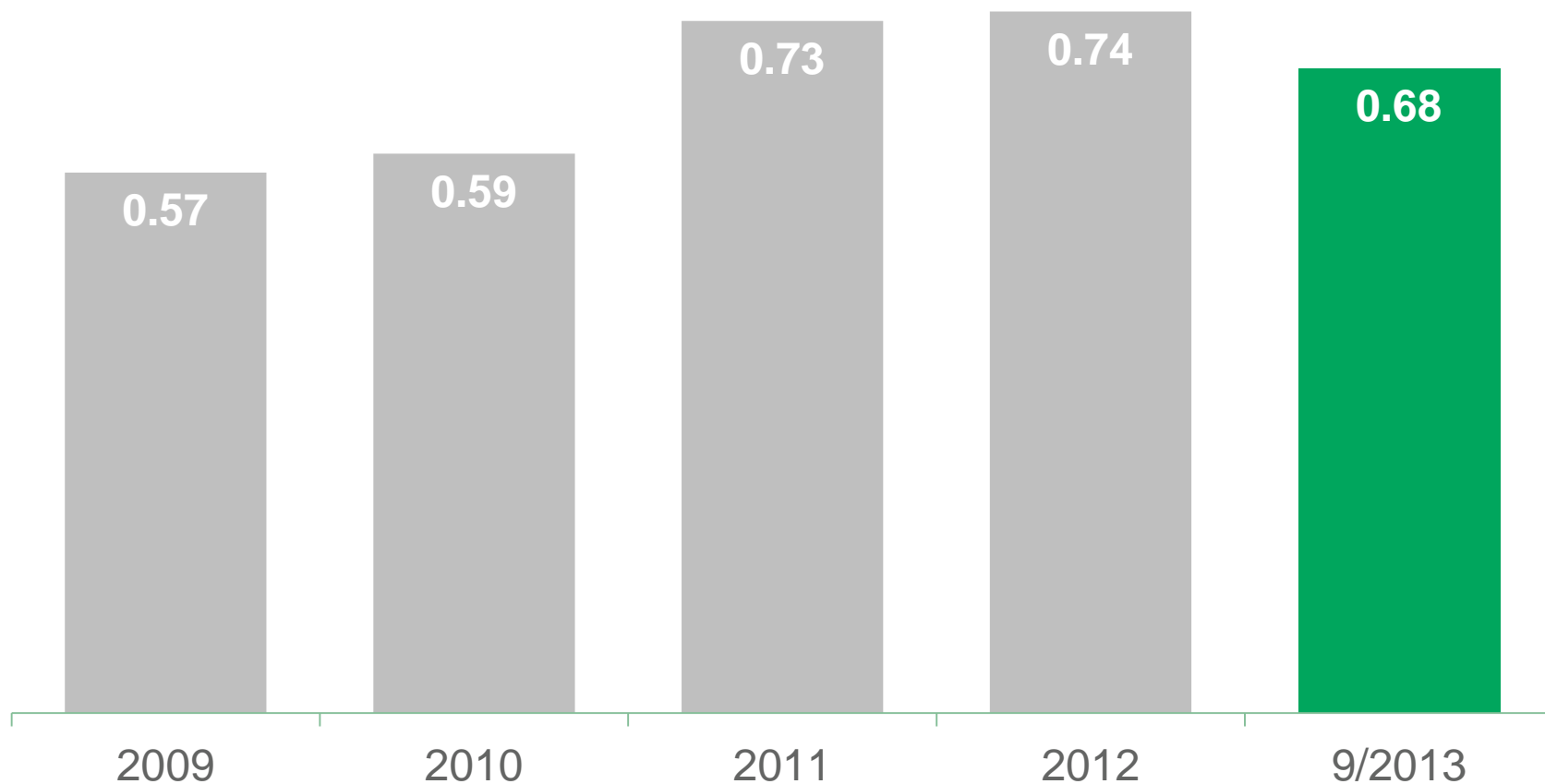
12 months rolling salaries & remunerations and human resources

Aktia



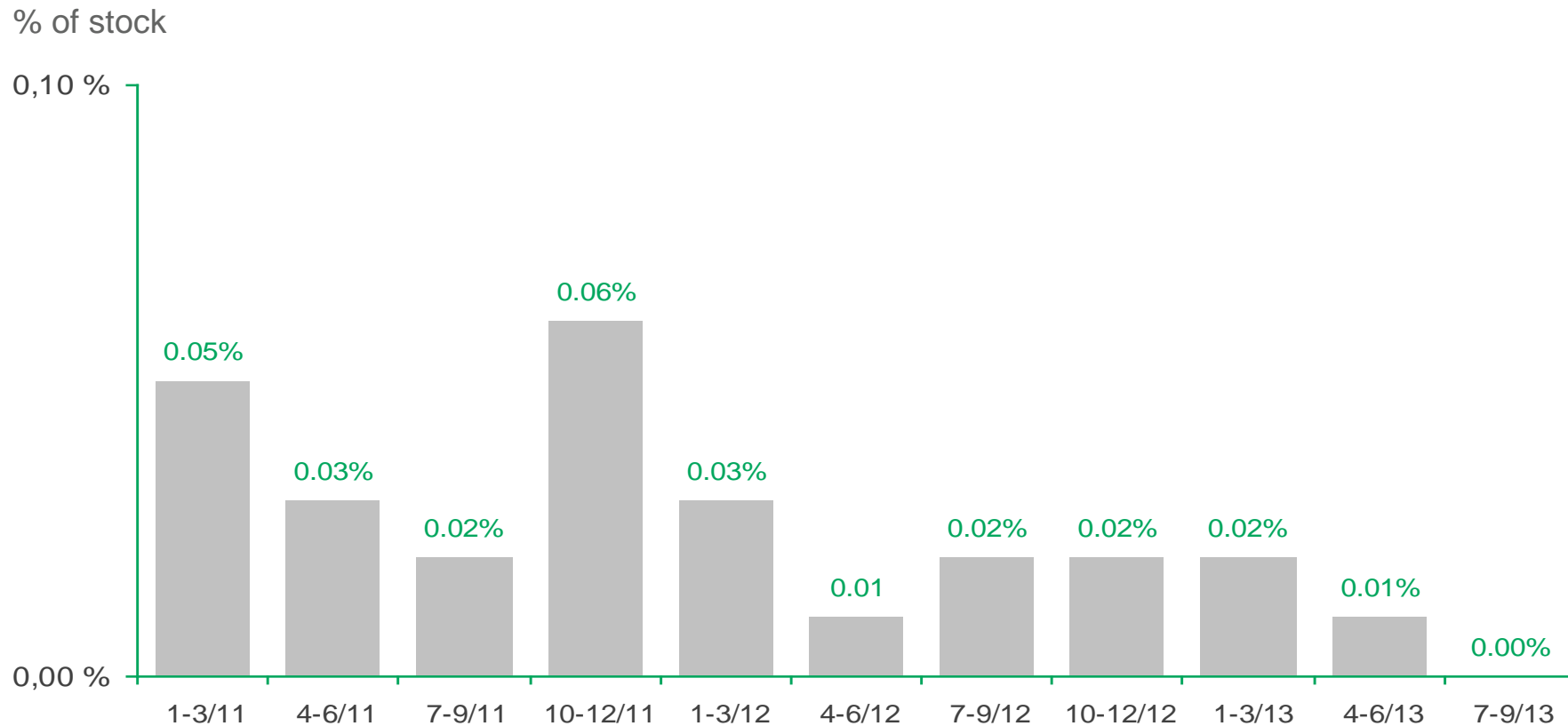
Banking business Cost/Income ratio

Aktia



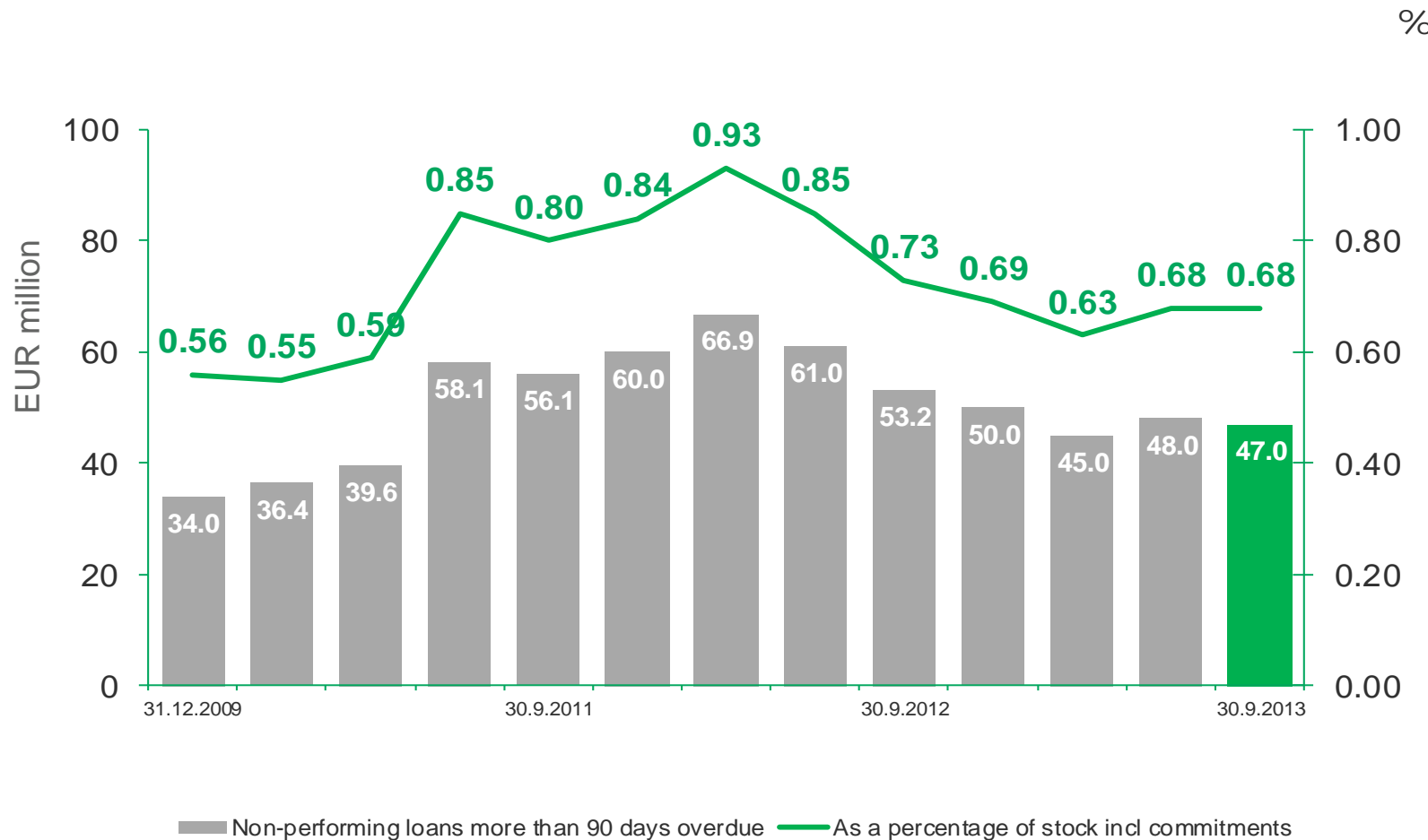
Write-downs on credits (per quarter)

Aktia



Non-performing loans more than 90 days overdue

Aktia



Non-performing loans by days overdue

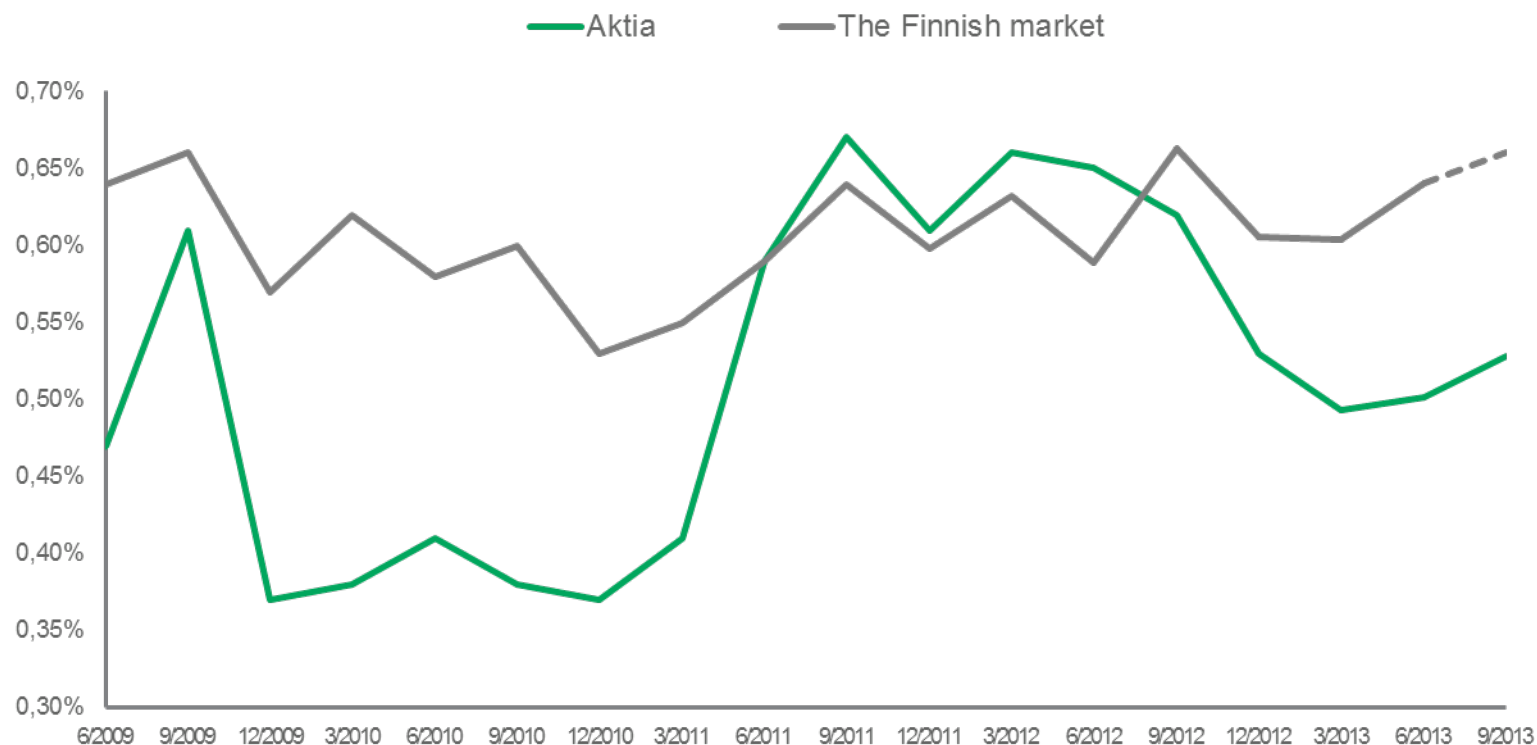
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Days	30.9.2013	% of credit stock	31.12.2012	% of credit stock
3-30	112	1.63	133	1.84
of which households	104	1.51	117	1.62
31-89	37	0.54	51	0.71
of which households	34	0.49	42	0.58
90- *	47	0.68	50	0.69
of which households	32	0.46	33	0.46

* in Aktia Bank, the average fair value of collateral covers 96% of loans

Non-performing loans (>90 days) - share of loans to households

Aktia



Source: Publication from Finnish Financial Supervisory Authority about the credit market

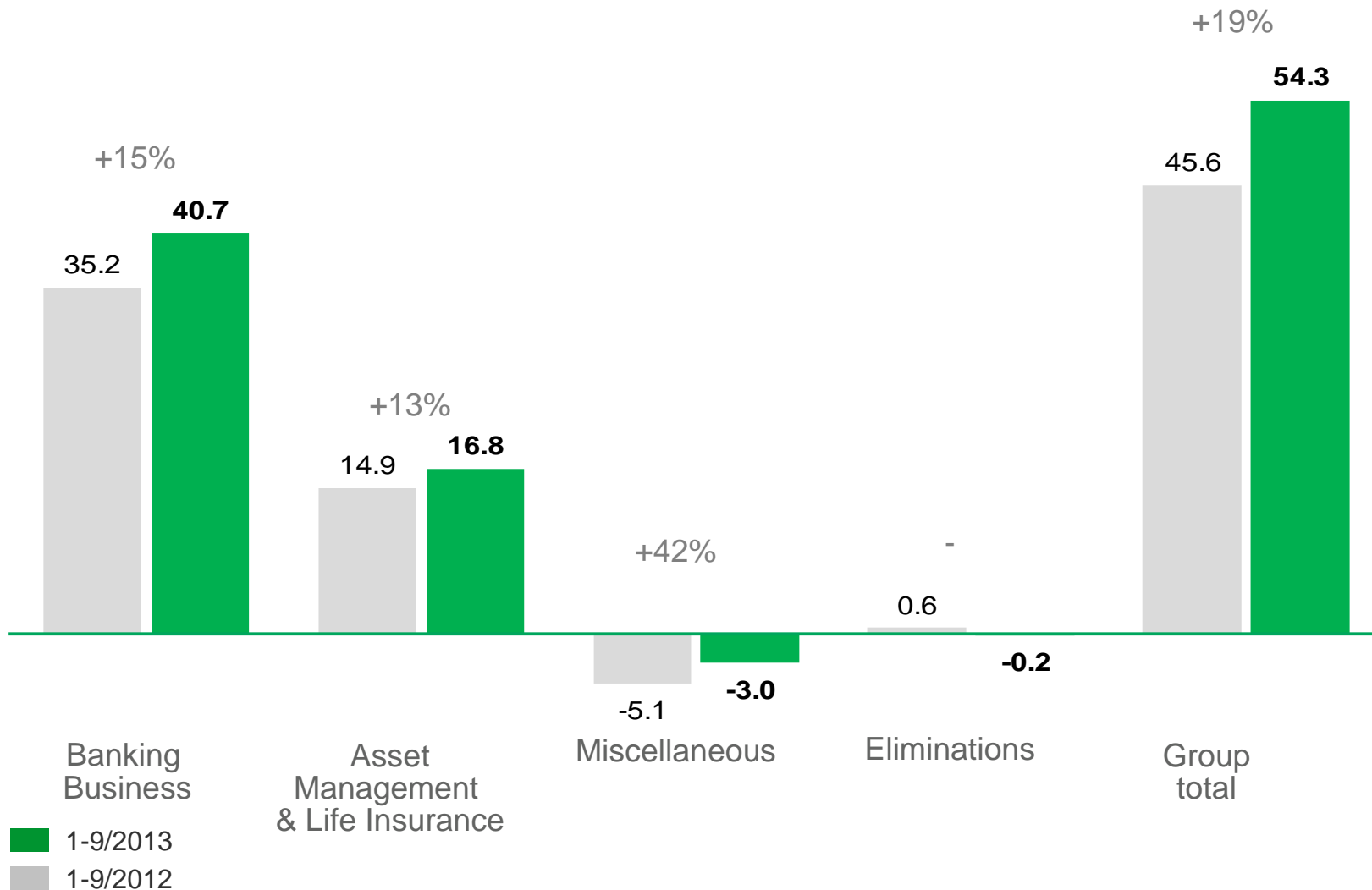
Write-downs on credits and other commitments

Total write-downs on credits and other commitments amounted to EUR 1.7 (4.6) million.

Of these write-downs, EUR 1.1 (1.4) million is attributed to households and EUR 0.5 (3.2) to companies.

The segments' contribution to the operating profit

Aktia



Asset Management & Life Insurance AUM

Aktia

(EUR million)	30.9.2013	31.12.2012	Change %
Aktia Fund Management	3,015	2,843	6%
Aktia Invest	2,422	2,467	-2%
Aktia Asset Management	4,801	4,561	5%
Aktia Life Insurance	438	379	16%
Eliminations	- 5,621	-5,271	7%
Total	5,054	4,978	2%

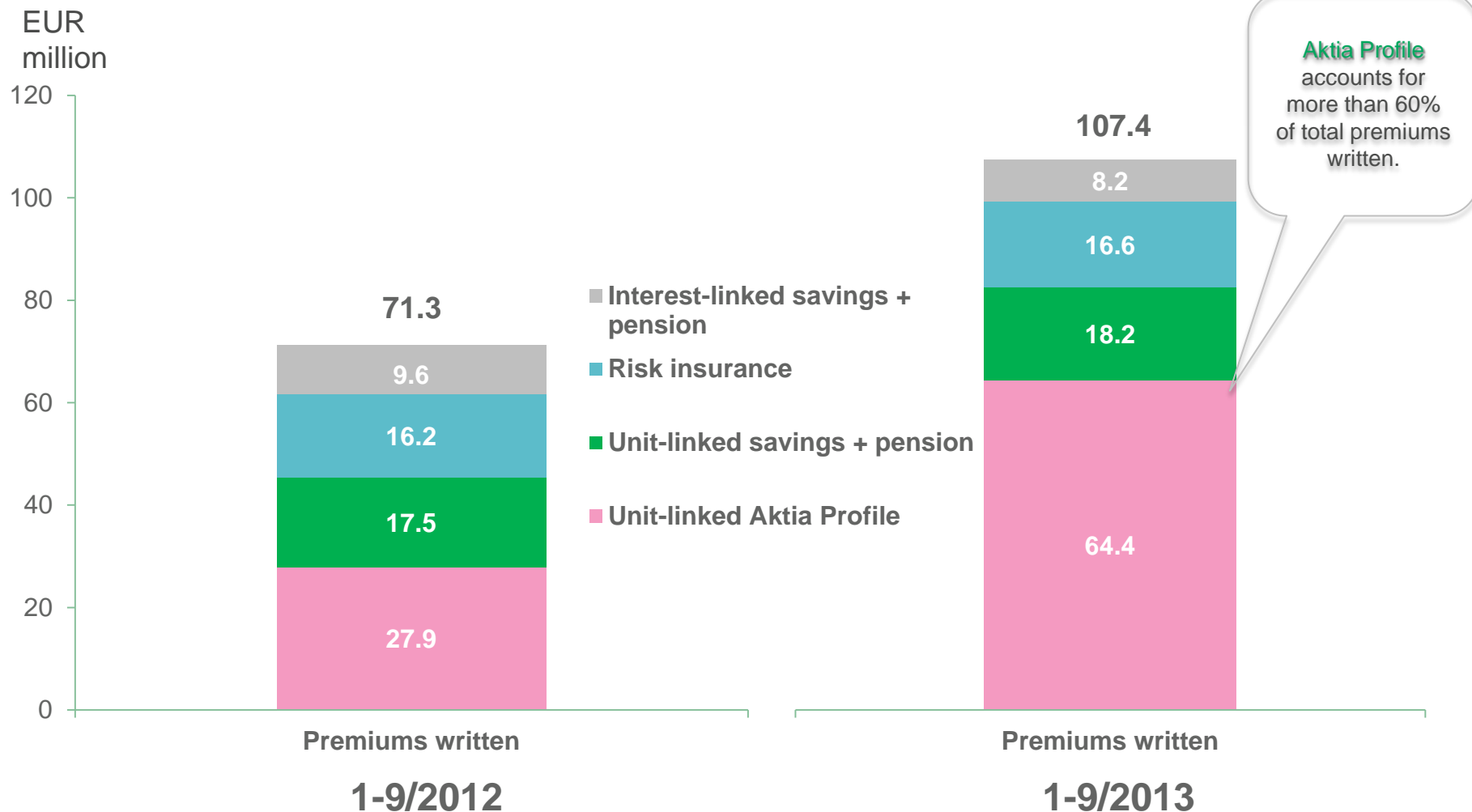
Shared first place for Aktia's AM for second consecutive year (SFR)

Aktia

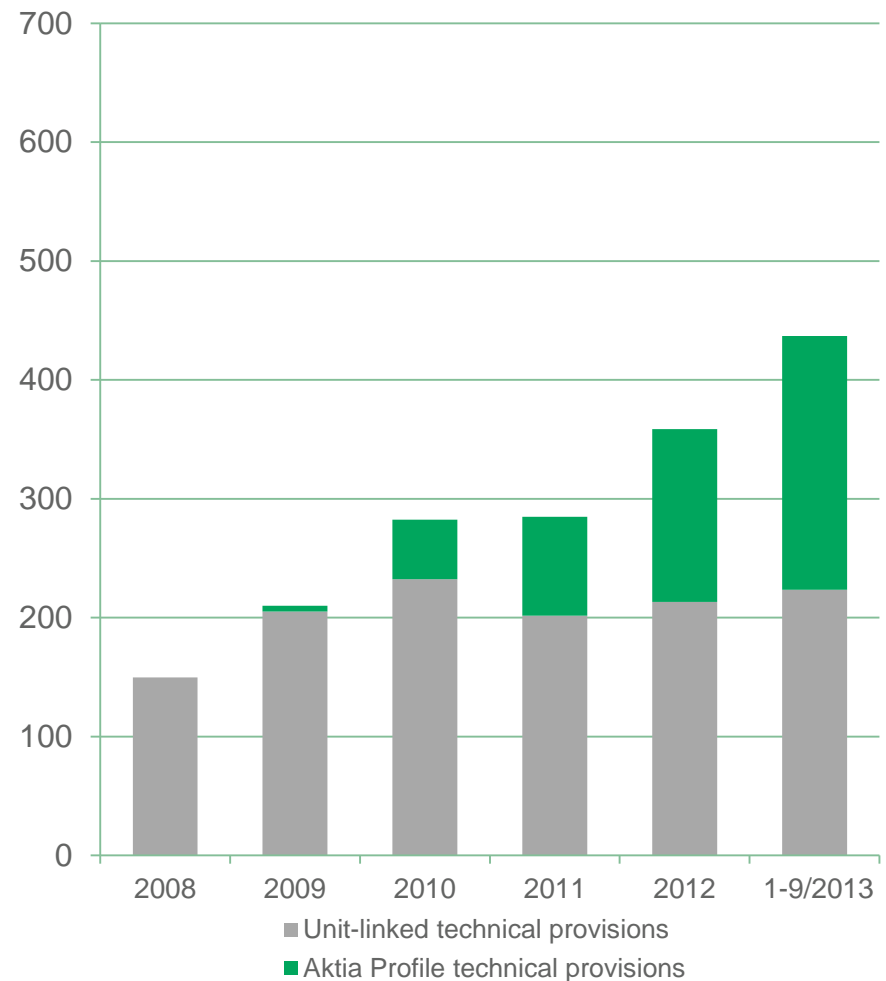
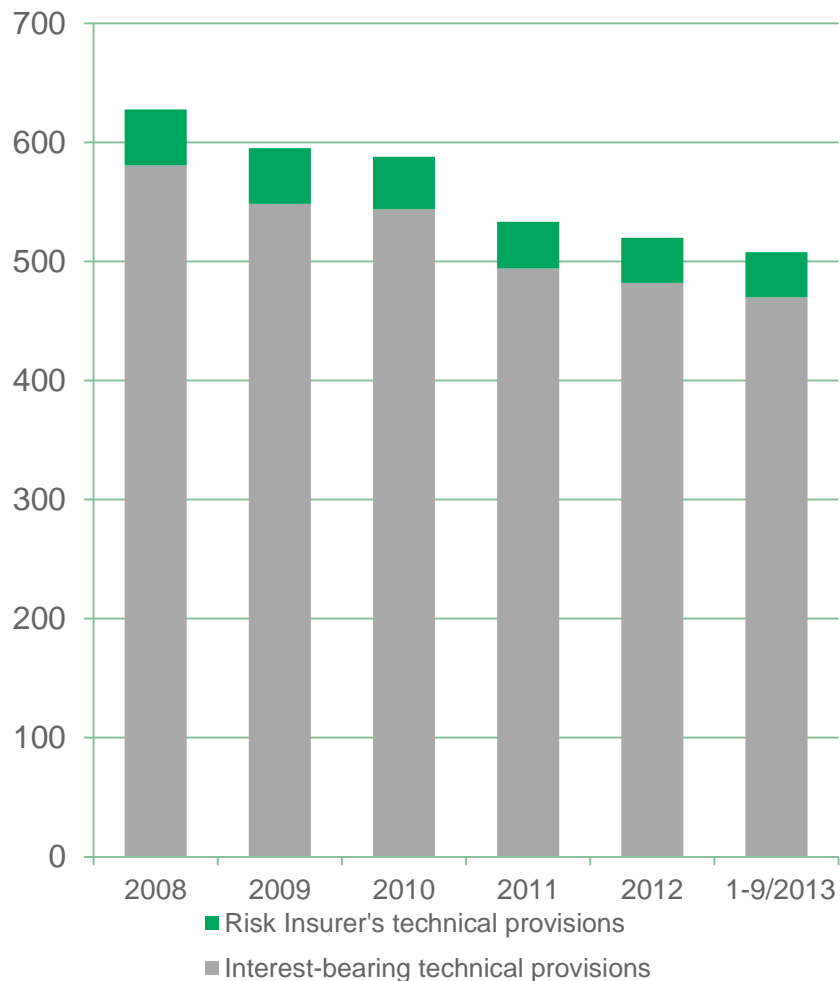
- **Highest marks for transparent investment philosophy**
- **Best customer service**
- **Aktia Invest's fund analysis among the best**
- **Third year in row we received the highest mark for Quality of Administration**
- **Highest marks for good reputation and stable organisation**

Life Insurance

Aktia

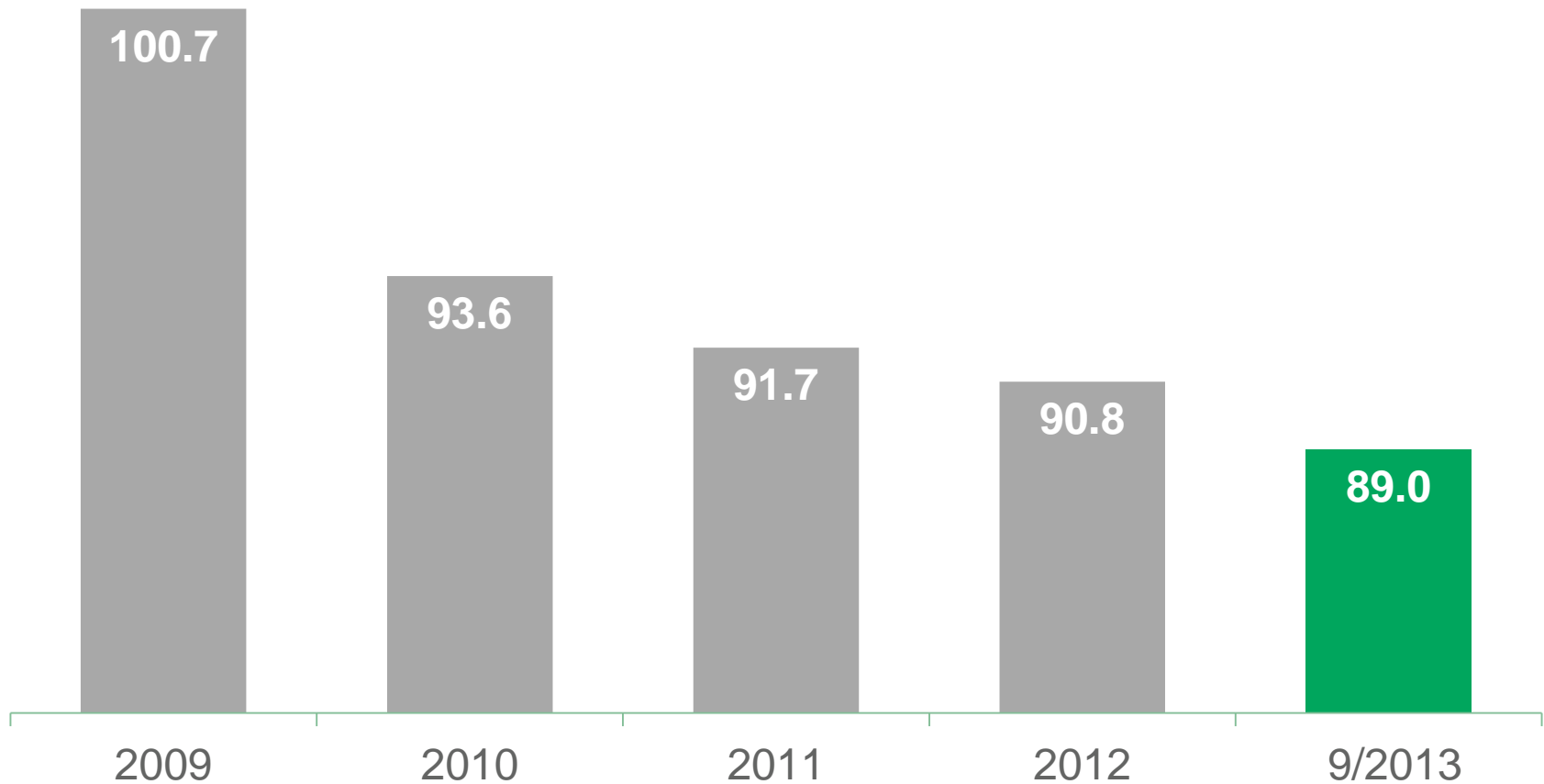


Decreased stock of interest-linked insurance, Aktia increase in unit-linked products (EUR million)



Expense ratio for life insurance, %

Aktia



Summary:

Profit January–September 2013

Profit

Operating profit from continuing operations amounted to EUR 54.3 (45.6) million.
Profit for the period from continuing operations amounted to EUR 40.5 (33.9) million.

Income

Income totalled EUR 166.9 (159.5) million.
Net interest income was stable at EUR 85.4 (88.0) million.

Expenses

The Group's operating expenses totalled EUR 111.3 (108.2) million.

Write-downs

The Group's write-downs on credits and other commitments decreased by 64% to EUR 1.7 (4.6) million.

Interim report

1 January – 30 September 2013

Aktia

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Financial performance

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Outlook and targets

The Bank's Capital Adequacy

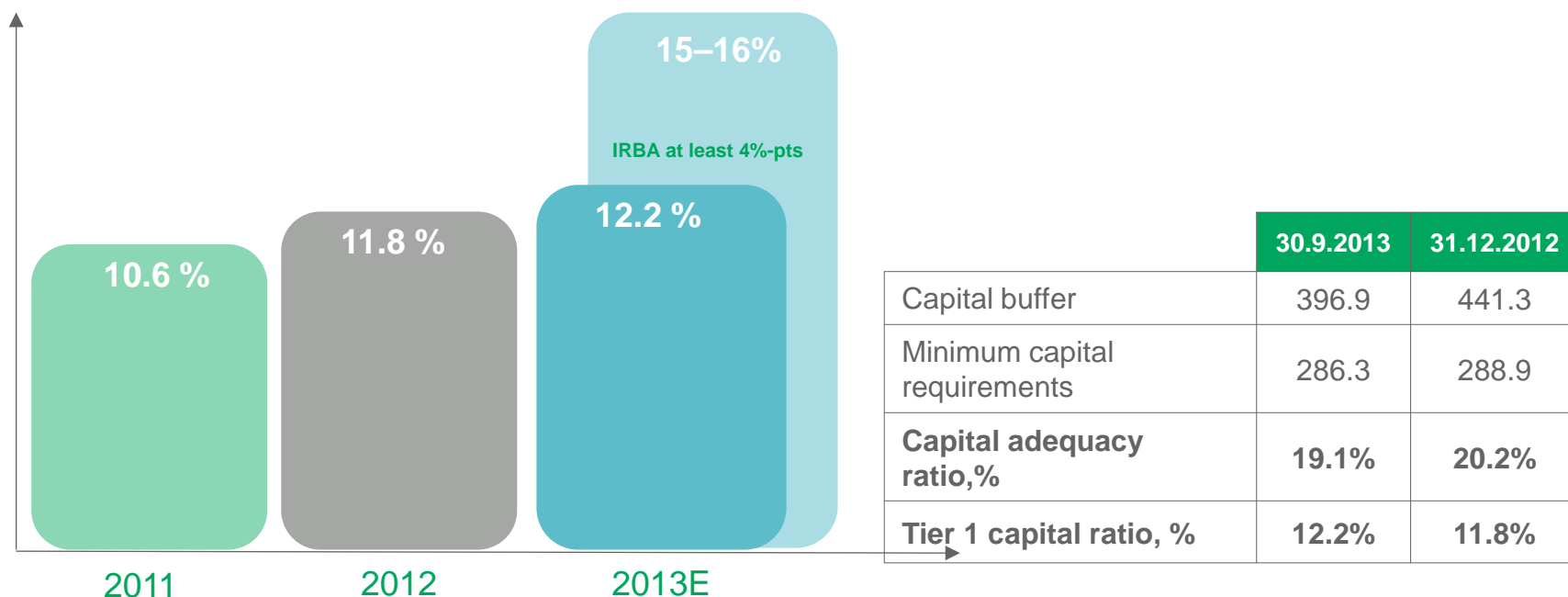
Aktia

Analyses of Basel III impact reveal that the group's current Tier 1 capital base is strong enough and that the higher requirements do not require additional capitalisation.

IRBA application was submitted in August 2011 and is reviewed by Financial Supervisory Authority. IRBA is expected to increase Tier 1 capital ratio by at least 4%-pts

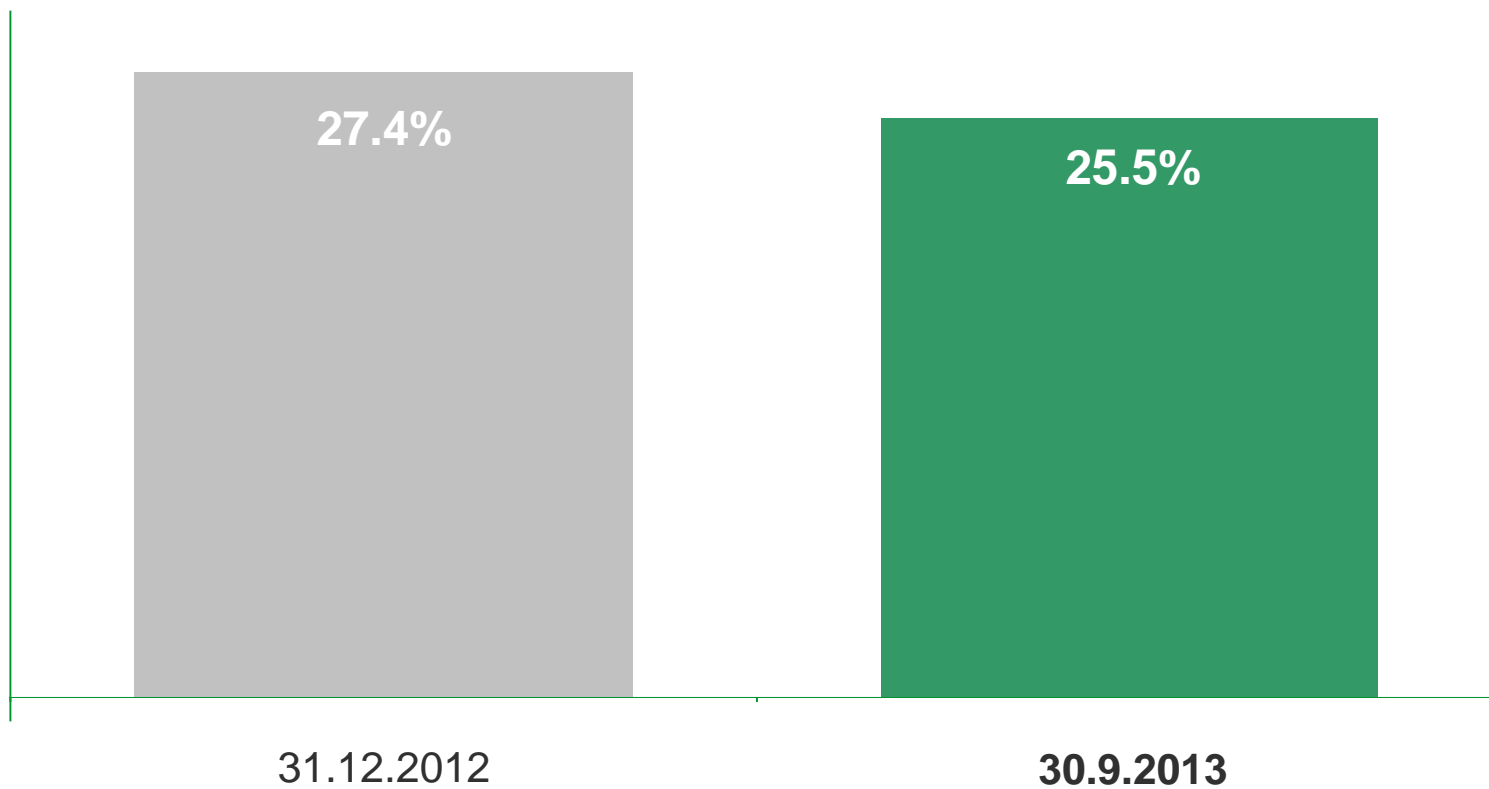
One-time effects on capital adequacy 30 September 2013

- Merger 1 July 2013; -0.9%-pts on capital adequacy, -0.4%-pts on Tier 1
- Repayment of EUR 45m Tier2 loan in November; -1.2%-pts on capital adequacy



Life insurance Solvency ratio

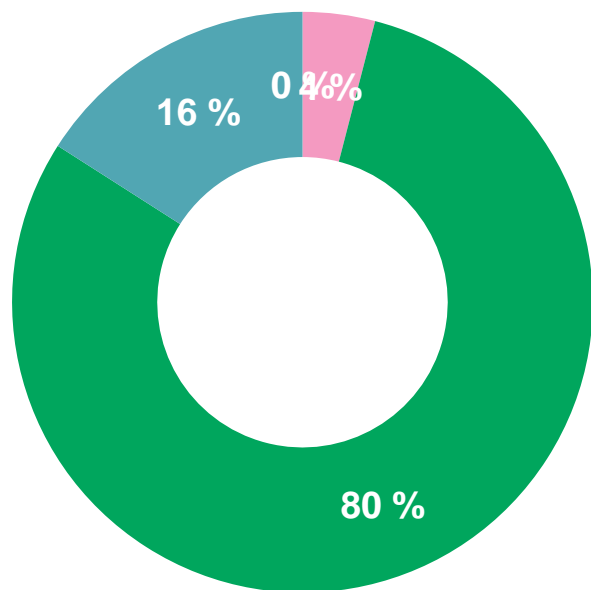
Aktia



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

Aktia

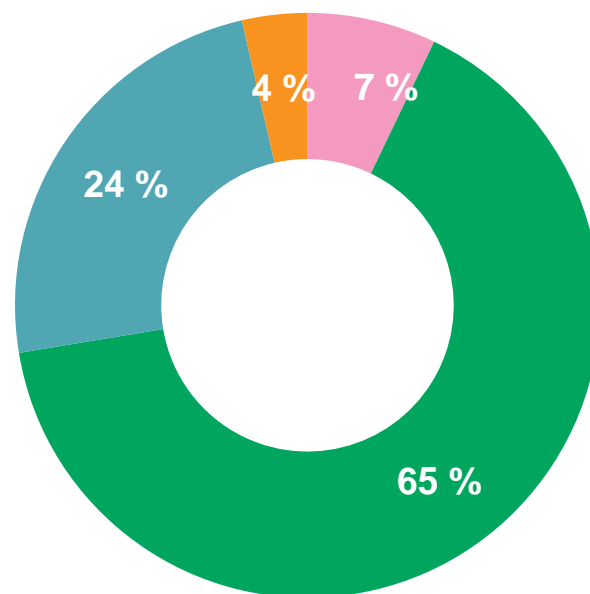
EUR 1,862 million



31.12.2012

EUR 2,662 million

- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds



30.9.2013

Rating distribution for the liquidity portfolio of the Bank Group

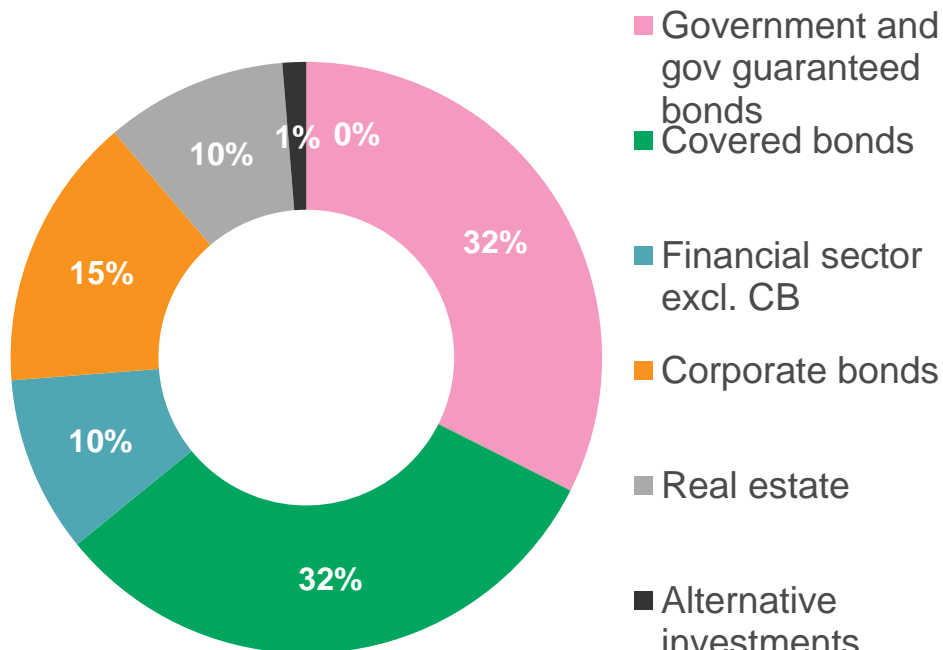
Aktia

	30.9.2013	31.12.2012
(EUR million)	2,662	1,862
Aaa	50.6%	64.5%
Aa1–Aa3	26.1%	19.1%
A1–A3	15.2%	8.9%
Baa1–Baa3	1.2%	3.7%
Ba1–Ba3	0.8%	1.5%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0 %
Finnish municipalities (no rating)	3.3%	2.2%
No rating	2.8%	0.0%
Total	100.0%	100.0%

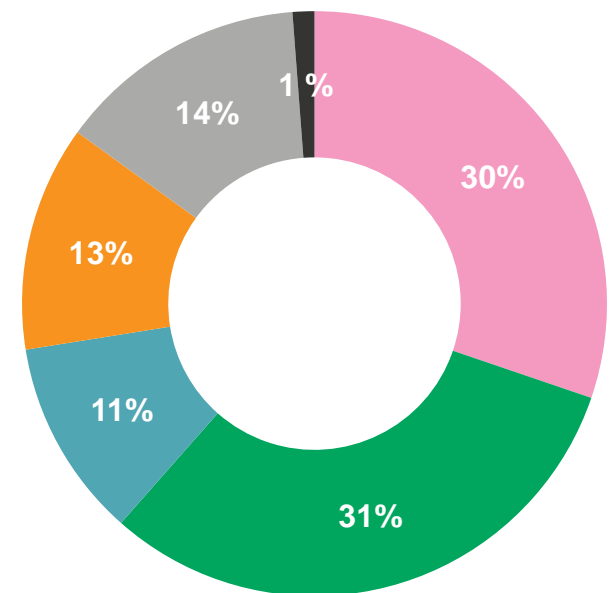
Continued convergence towards Solvency II Life Insurance Company

Aktia

Return on investments 0.4 (9.0)%
Duration 5.4 (5.6) years



31.12.2012



30.9.2013

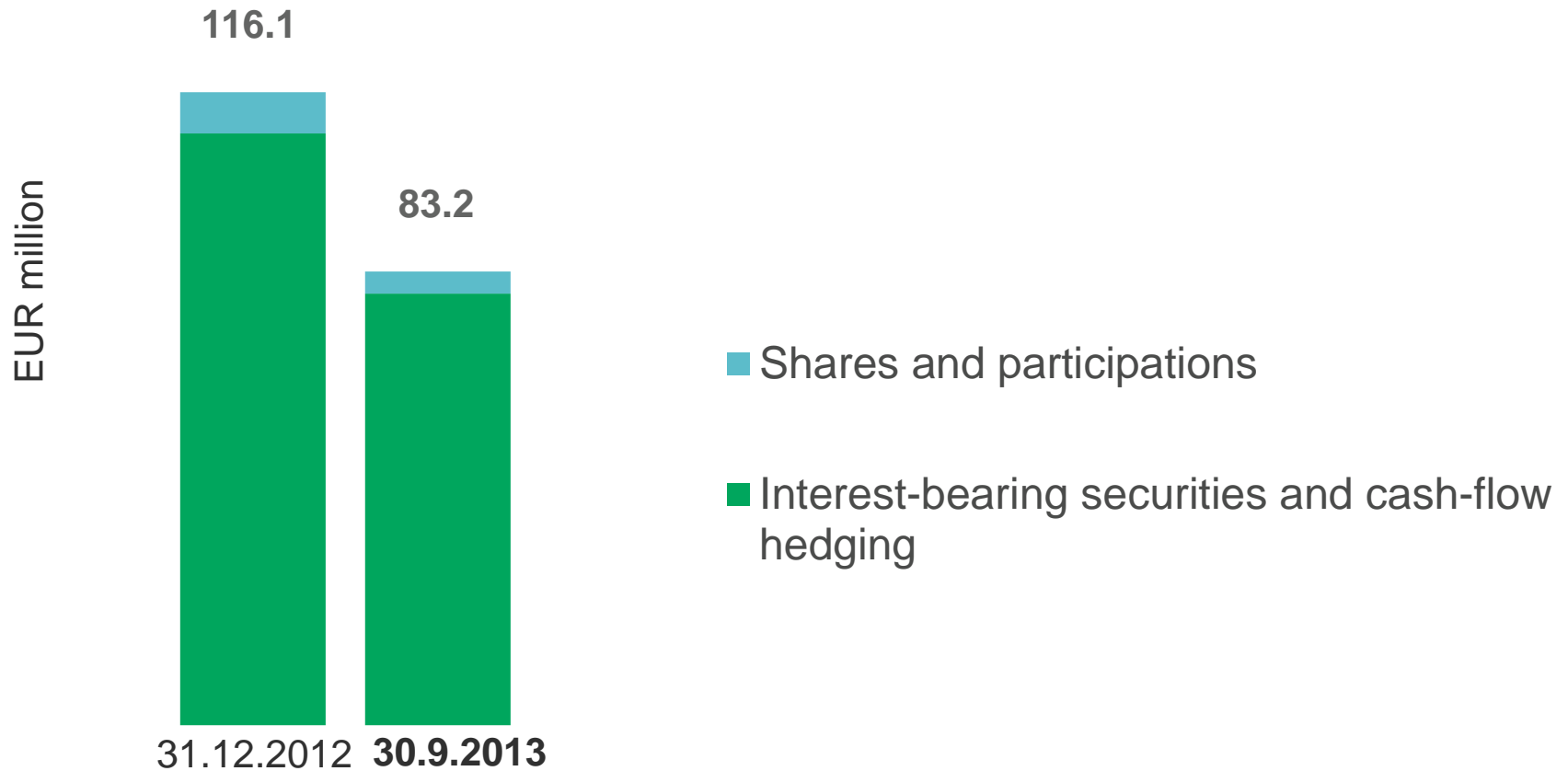
Rating distribution for life insurance portfolio

Aktia

Life Insurance (EUR million)	30.9.2013 508	31.12.2012 563
Aaa	55.7%	54.5%
Aa1–Aa3	19.3%	21.6%
A1–A3	13.2%	12.0%
Baa1–Baa3	4.8%	3.7%
Ba1–Ba3	1.0%	2.0%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	5.5%	6.2%
Total	100%	100%

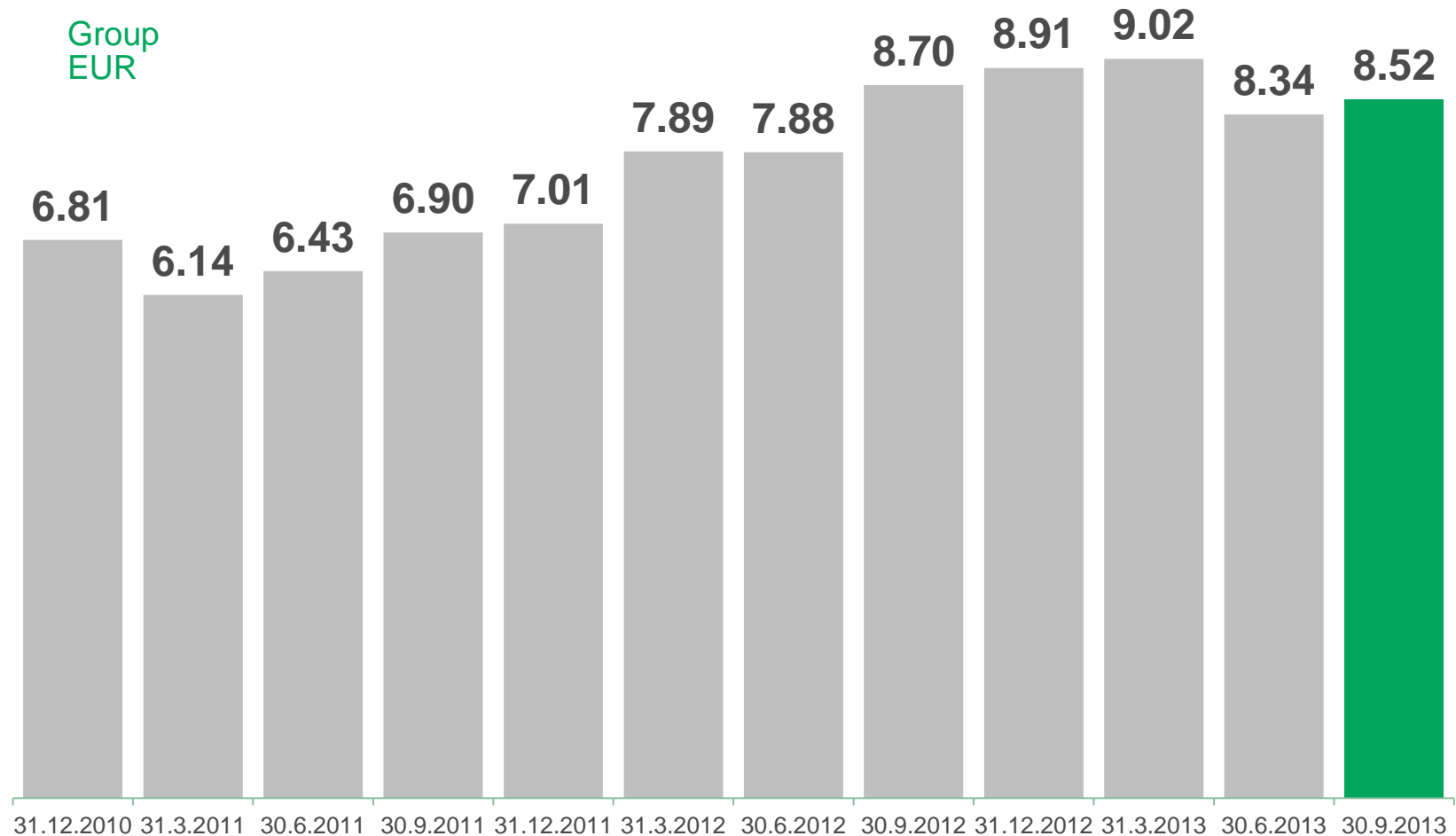
Fund at fair value

Aktia



Equity per share (NAV)

Aktia



Summary:

Capital Adequacy 30 September 2013

Capital adequacy

The Bank Group's capital adequacy amounted to 19.1 (20.2)%.

The Tier 1 capital ratio was 12.2 (11.8)%.

The impact of the merger between Aktia plc and Aktia Bank plc is less than 1% on capital adequacy

The life insurance company's solvency margin

The solvency margin was EUR 149.1 (158.6) million.

Solvency ratio 25.5 (27.4)%.

Aktia Bank plc's rating S&P A-/A2 (2.7.2013)

Aktia Bank plc's rating Moody's: A3/C-/P-2 (20.8.2013)

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Balance sheet 30.9.2013

Aktia

The Group's **balance sheet total** was almost unchanged and **amounted to EUR 11,149 (11,240) million.**

Borrowing amounted to **EUR 3,742 (3,631) million.**

Lending to the public amounted to **EUR 6,846 (7,202) million.**
Loans to private households amounted to EUR 5,969 million or 87.2 % of the credit stock.

The housing loan stock amounted to **EUR 5,599 (5,850) million**

Corporate lending continued to be moderate

The credit stock amounted to EUR 589 (666) million, corresponding to 8.6 %

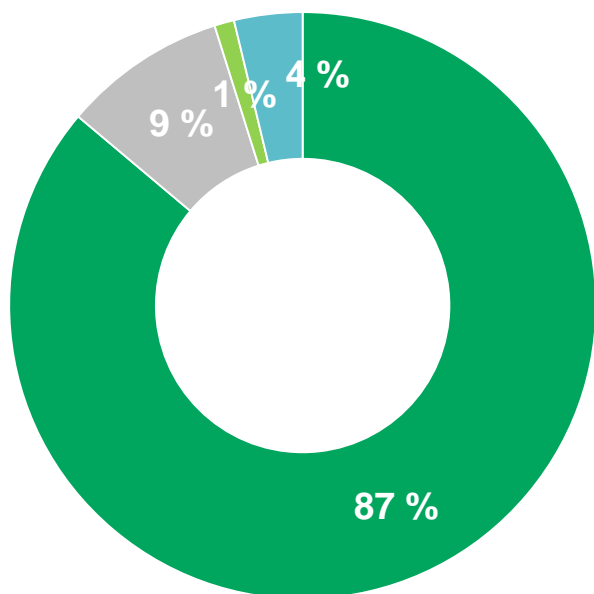
Credit and deposit stocks

30 September 2013

Aktia

Credits

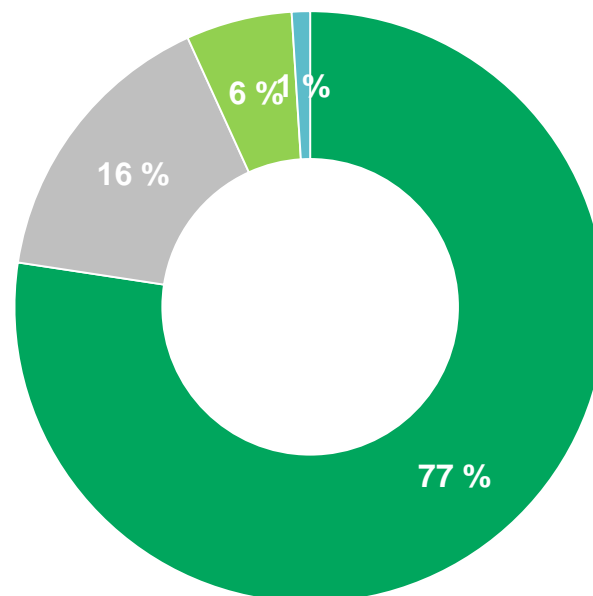
EUR 6,846 (7,202) million



- Households
- SME
- Non-profit and public organisations
- Housing associations

Deposits

EUR 3,742 (3,631) million



Share capital and ownership

Aktia

31 October 2013	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes, %
The 20 largest shareholders:						
Stiftelsen Tre Smeder	2,571,925	4,280,216	6,852,141	10.29	88,176,245	19.85
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.08	45,970,234	10.35
Pension Insurance Co Veritas	4,027,469	2,134,397	6,161,866	9.25	46,715,409	10.52
The Society of Swedish Literature in Finland	2,139,832	789,229	2,929,061	4.40	17,924,412	4.04
Oy Hammarén & Co Ab	1,905,000	950,000	2,855,000	4.29	20,905,000	4.71
Varma Mutual Pension Insurance Company	2,675,000		2,675,000	4.02	2,675,000	0.60
Åbo Akademi foundation	1,595,640	751,000	2,346,640	3.52	16,615,640	3.74
Aktiafoundation in Porvoo	1,303,370	651,525	1,954,895	2.94	14,333,870	3.23
Aktiafoundation in Vaasa	978,525	547,262	1,525,787	2.29	11,923,765	2.68
Aktiafoundation in Espoo-Kauniainen		1,338,708	1,338,708	2.01	26,774,160	6.03
Savings bankfoundation in Kirkkonummi	876,529	438,264	1,314,793	1.97	9,641,809	2.17
Savings bank foundation in Karis-Pojo	787,350	393,675	1,181,025	1.77	8,660,850	1.95
Föreningen Konstsamfundet rf	1,176,173		1,176,173	1.77	1,176,173	0.26
Aktiafoundation in Vantaa	28,541	1,138,588	1,167,129	1.75	22,800,301	5.13
Sparbanksstiftelsen i Inkoo	536,236	331,824	868,060	1.30	7,172,716	1.61
Ab Kelonia Oy	549,417	308,662	858,079	1.29	6,722,657	1.51
Savingsbank foundation in Sipoo	462,002	232,001	694,003	1.04	5,102,022	1.15
Savingsbank foundation in Siuntio	334,377	237,188	571,565	0.86	5,078,137	1.14
Aktia Savingsbank foundation in Maalahti	361,138	177,600	538,738	0.81	3,913,138	0.88
Mutual fund Nordea Fennia	529,000		529,000	0.79	529,000	0.12
The 20 largest owners	27,485,638	16,766,245	44,251,883	66.47	362,810,538	81.69
Other	19,221,085	3,105,843	22,326,928	33.53	81,337,945	18.31
Total	46,706,723	19,872,088	66,578,811	100.00	444,148,483	100.00

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

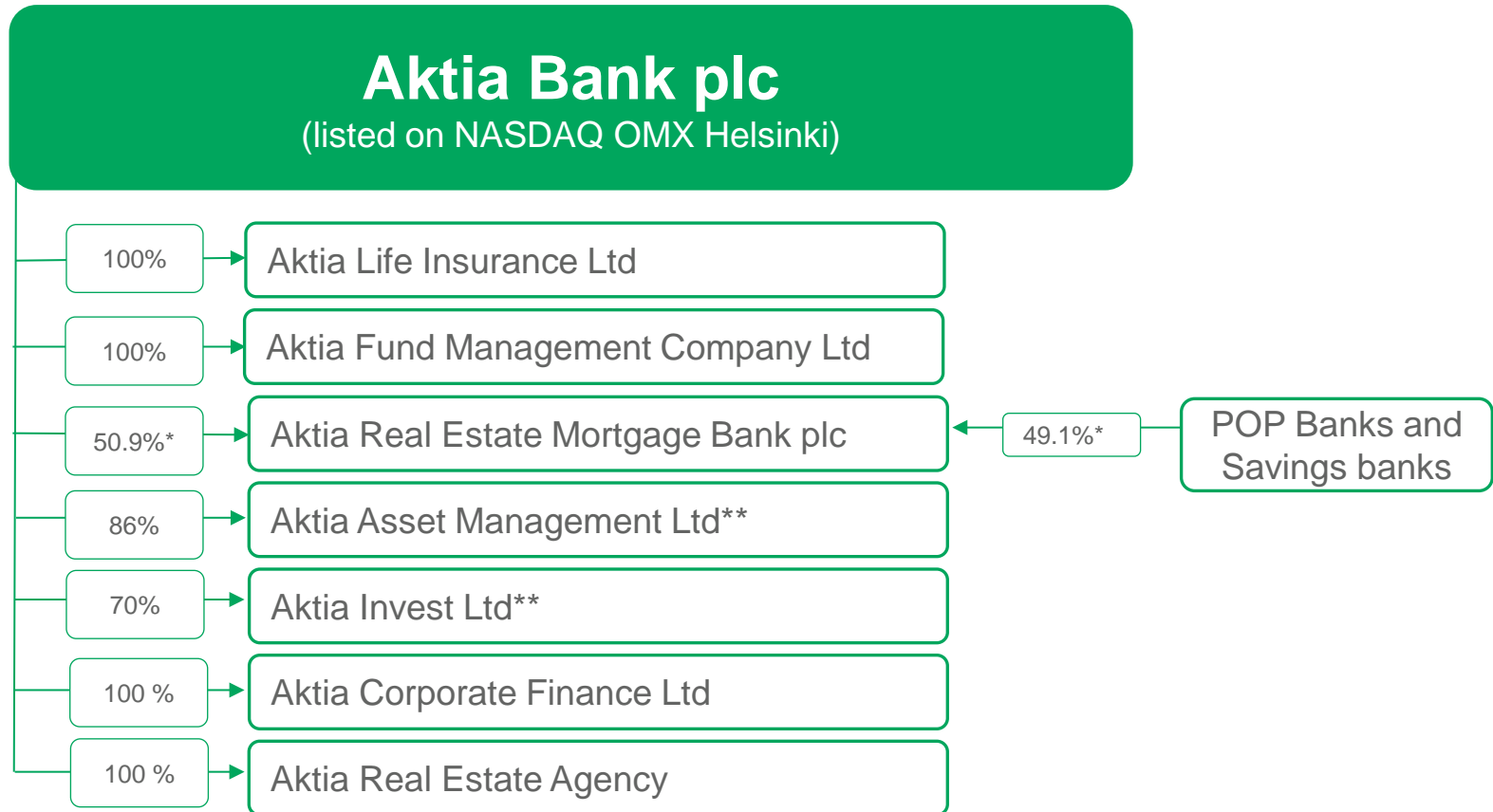
Aktia's Action Plan 2015 includes several individual measures and will be realised in steps with the aim of reaching the financial objectives for 2015.

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

OUTLOOK (changed): Write-downs on credits are expected to be lower than in 2012. Despite the persistent low interest rate level and one-off costs from implementing the Action Plan 2015, the Group's operating profit from continuing operations for 2013 is expected to reach the 2012, or a slightly higher level.

Group structure as of 1 July 2013

Aktia



*of share capital Aktia Bank holds 70% of votes.

**Minority shares used as incentives for key personnel

Objectives for 2013–2015

Aktia

Growth

**Increase the cross-selling index by 20%
Increase commission income by 5% p.a.**

Profitability

Expenses -5 % p.a.

Capital adequacy

**Tier 1 capital ratio at least 13 % over an
economic cycle (post-IRBA)**

Dividend pay-out

**Dividend pay-out 40–60% of profit after
taxes**

Best customer service in Finland

**Increased customer proximity and
further improved customer service**

Outcome 9/2012 and 9/2013

Aktia

	1-9/2012	1-9/2012	Change, %	New objectives for 2015
Commission income	66.1	60.7	+9%	+5% p.a.
Expenses				
Staff costs	54.6	55.3	-1%	-5% p.a.
IT costs	20.9	18.8	+11%	
Other	30.8	28.8	+7%/-2%	

* Excluding costs related to merger of Aktia plc and Aktia Bank plc, and bank tax totalling EUR 2.6 million

Balance sheet, assets

Aktia

(EUR million)	30.9.2013	31.12.2012	Δ	30.9.2012
Assets				
Cash and balances with central banks	188.0	587.6	-68 %	236.6
Financial assets reported at fair value via the income statement	0.0	0.1	-64 %	0.5
Interest-bearing securities	2,538.4	2,011.7	26 %	2,558.3
Shares and participations	97.9	95.0	3 %	97.1
Financial assets available for sale	2,636.2	2,106.7	25 %	2,655.4
Financial assets held until maturity	396.3	350.0	13 %	10.1
Derivative instruments	208.6	302.2	-31 %	395.7
Lending to Bank of Finland and credit institutions	243.5	158.7	53 %	167.8
Lending to the public and public sector entities	6,845.8	7,201.6	-5 %	7,251.6
Loans and other receivables	7,089.3	7,360.2	-4 %	7,419.4
Investments for unit-linked provisions	438.1	360.9	21 %	338.0
Investments in associated companies	18.8	21.1	-11 %	21.1
Intangible assets	14.6	14.2	3 %	14.3
Investment properties	50.9	28.3	80 %	27.8
Other tangible assets	5.7	5.7	2 %	6.0
Accrued income and advance payments	72.6	75.0	-3 %	81.2
Other assets	6.0	3.3	82 %	7.5
Total other assets	78.6	78.3	0 %	88.7
Income tax receivables	1.7	0.1	-	3.8
Deferred tax receivables	20.9	23.5	-11 %	0.9
Tax receivables	22.6	23.6	-4 %	4.6
Assets classified as held for sale	1.2	1.5	-18 %	2.0
Total assets	11,149.1	11,240.2	-1 %	11,220.3

Balance sheet, liabilities

Aktia

(EUR million)	30.9.2013	31.12.2012	Δ	30.9.2012
Liabilities				
Liabilities to credit institutions	1,063.4	1,057.6	1 %	1,097.3
Liabilities to the public and public sector entities	3,742.1	3,631.5	3 %	3,651.4
Deposits	4,805.5	4,689.0	2 %	4,748.7
Derivative instruments	138.1	186.4	-26 %	188.0
Debt securities issued	3,910.9	3,878.9	1 %	3,871.3
Subordinated liabilities	275.6	268.2	3 %	265.4
Other liabilities to credit institutions	100.5	290.9	-65 %	260.1
Other liabilities to the public and public sector entities	112.5	146.7	-23 %	162.8
Other financial liabilities	4,399.6	4,584.7	-4 %	4,559.5
Technical provisions for interest-related insurances	507.9	519.9	-2 %	517.5
Technical provisions for unit-linked insurances	436.9	358.5	22 %	337.7
Technical provisions	944.8	878.5	8 %	855.1
Accrued expenses and income received in advance	92.7	93.1	0 %	100.6
Other liabilities	64.0	55.2	16 %	59.2
Total other liabilities	156.7	148.3	6 %	159.9
Provisions	6.9	6.9	0 %	-
Income tax liabilities	4.1	23.3	-83 %	2.7
Deferred tax liabilities	61.2	65.5	-7 %	62.4
Tax liabilities	65.3	88.8	-27 %	65.1
Liabilities for assets classified as held for sale	0.2	0.2	-22 %	0.2
Total liabilities	10,517.0	10,582.8	-1 %	10,576.5
Equity				
Restricted equity	246.5	220.2	12 %	212.3
Unrestricted equity	321.0	372.4	-14 %	366.6
Shareholders' share of equity	567.5	592.6	-4 %	578.9
Non-controlling interest's share of equity	64.6	64.8	0 %	64.8
Equity	632.1	657.4	-4 %	643.7
Total liabilities and equity	11,149.1	11,240.2	-1 %	11,220.3



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We see a person in every customer.