



AKTIA PLC
INTERIM REPORT 1-6/2013

Aktia
We see a person in every customer

Sales up, 1-6/2013 result stable

Aktia

Operating profit from continuing operations amounted to EUR 34.6 (32.2) million.

Profit from continuing operations amounted to EUR 25.8 (24.0) million.

Earnings per share (EPS) was EUR 0.38 (0.50).

Write-downs on credits and other commitments decreased to EUR 1.5 (2.8) million.

Outlook for 2013 (unchanged): Despite the probably persistent low interest rates and one-off costs from implementing the 2015 plan of action, the Group's operating profit from continuing operations for 2013 is expected to reach approx the 2012 level.

Weaker 4-6/2013

First CB issue a success

Aktia

Operating profit from continuing operations amounted to EUR 15.1 (17.9) million.

Aktia completed its first CB issue worth EUR 500 million.

Bank tax and higher IT costs raised total costs to EUR 39.2 (37.5) million.

Earnings per share (EPS) was EUR 0.16 (0.21).

Write-downs on credits and other commitments decreased to EUR 0.4 (1.0) million.

- **First covered bond issue worth EUR 500 million in June 2013**
- **Moody's granted best possible rating for the covered bonds, Aaa**
- **Aktia Bank among the best CB debutants (The Cover)**

Acquisition of the savings bank

Saaristosäästöpankki Oy Letter of intent 5 Aug 2013

Aktia

Aktia Bank plc and the savings bank Saaristosäästöpankki Oy have signed a letter of intent to merge business operations of the two banks.

- Saaristosäästöpankki will be incorporated in and its operations will be continued 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 bank with sound economy, and the planned merger would significantly improve Aktia's strategic position in the Turunmaa region.

Saaristosäästöpankki Key figures (2012)

Operating profit	EUR 343 thousand	C/I-ratio	0.81
NII/Total income	72%	Lending/Borrowin	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 Letter of intent

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 (as at 30 June 2013), should the foundations not buy shares in public trading to a lower valuation.
- The acquisition is expected to have a slightly positive impact on the Aktia Group.

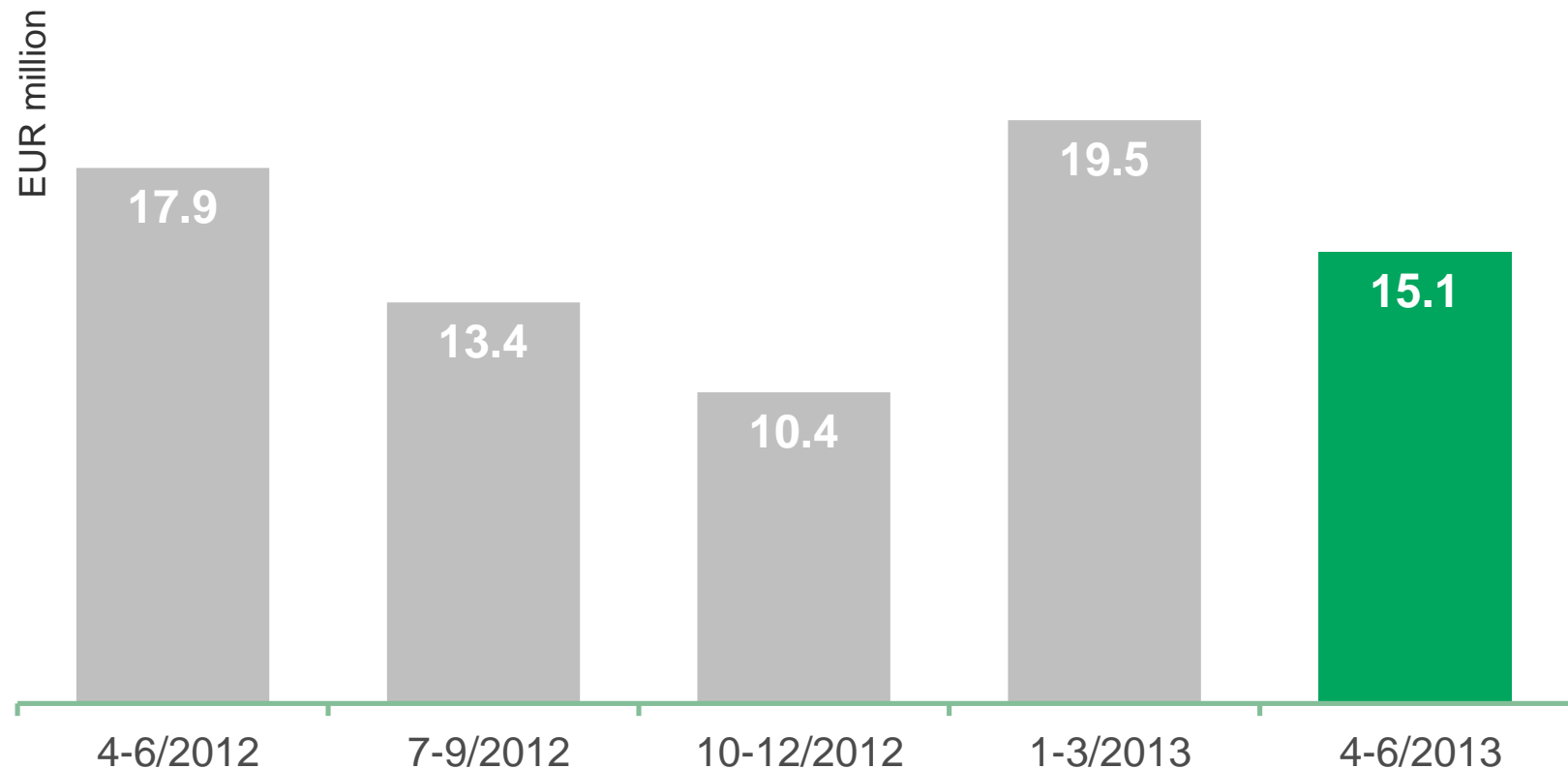
Interim report

1 January - 30 June 2013

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

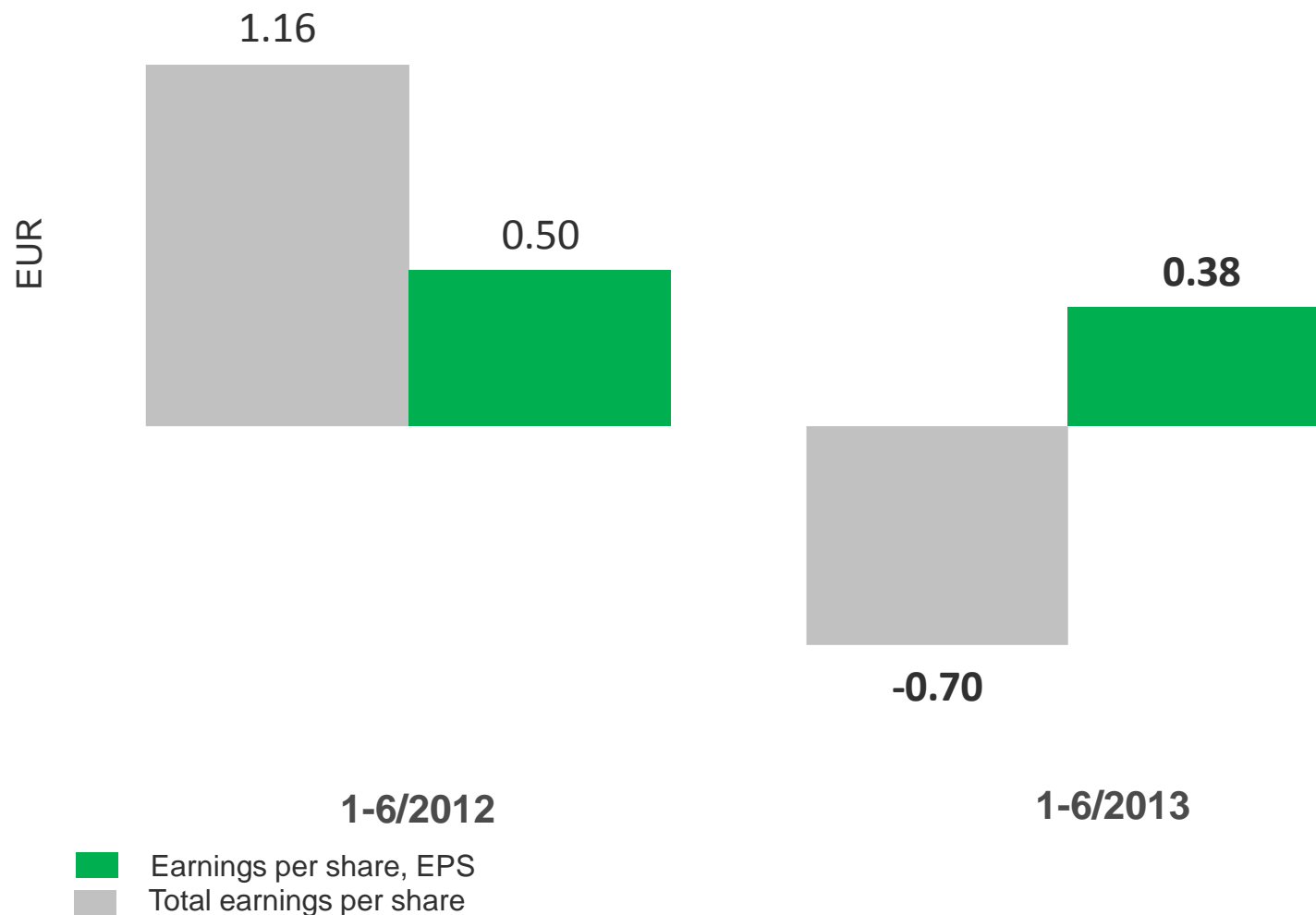
Operating profit for the quarter Continuing operations

Aktia

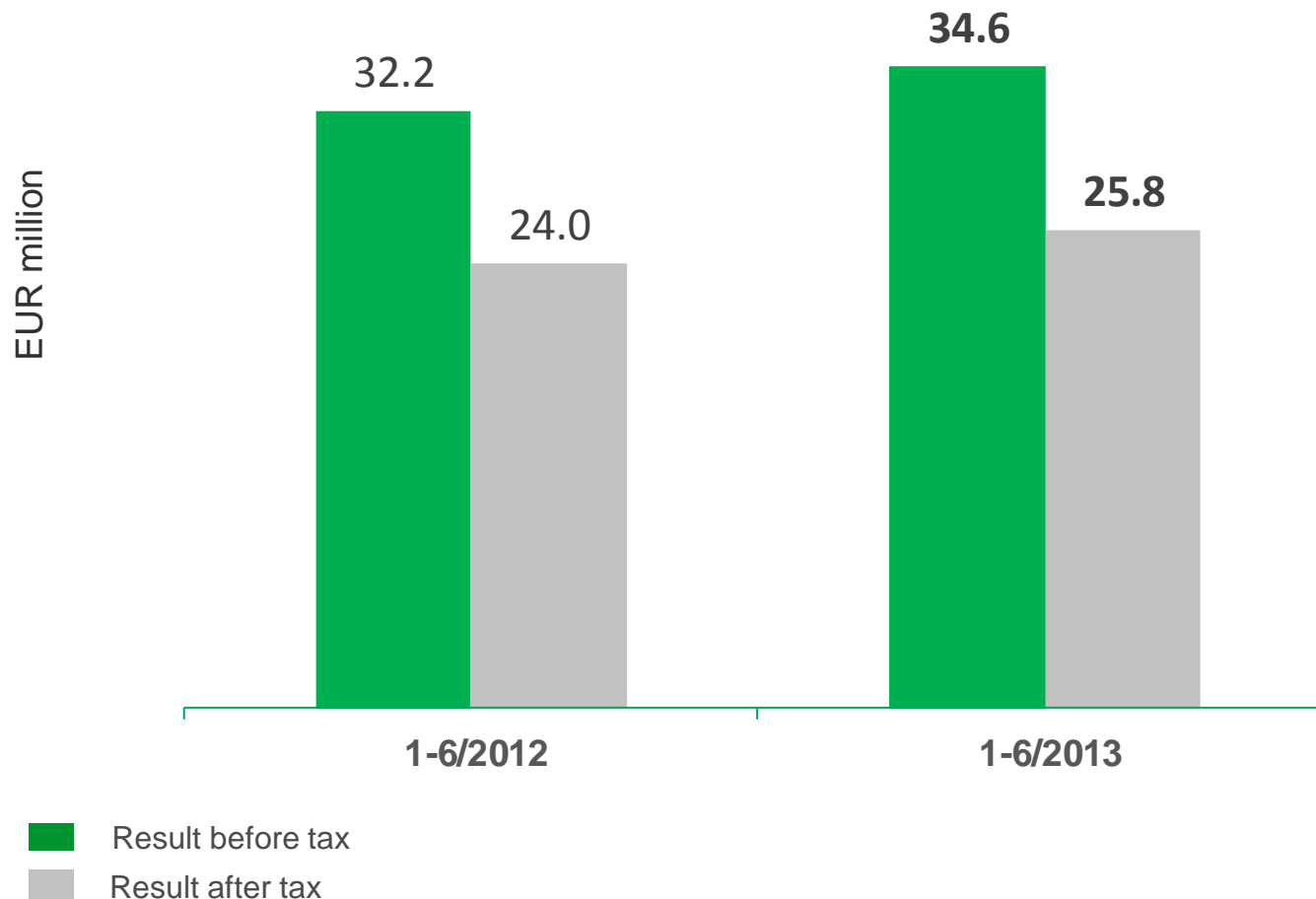


Earnings per share 1-6/2013

Aktia

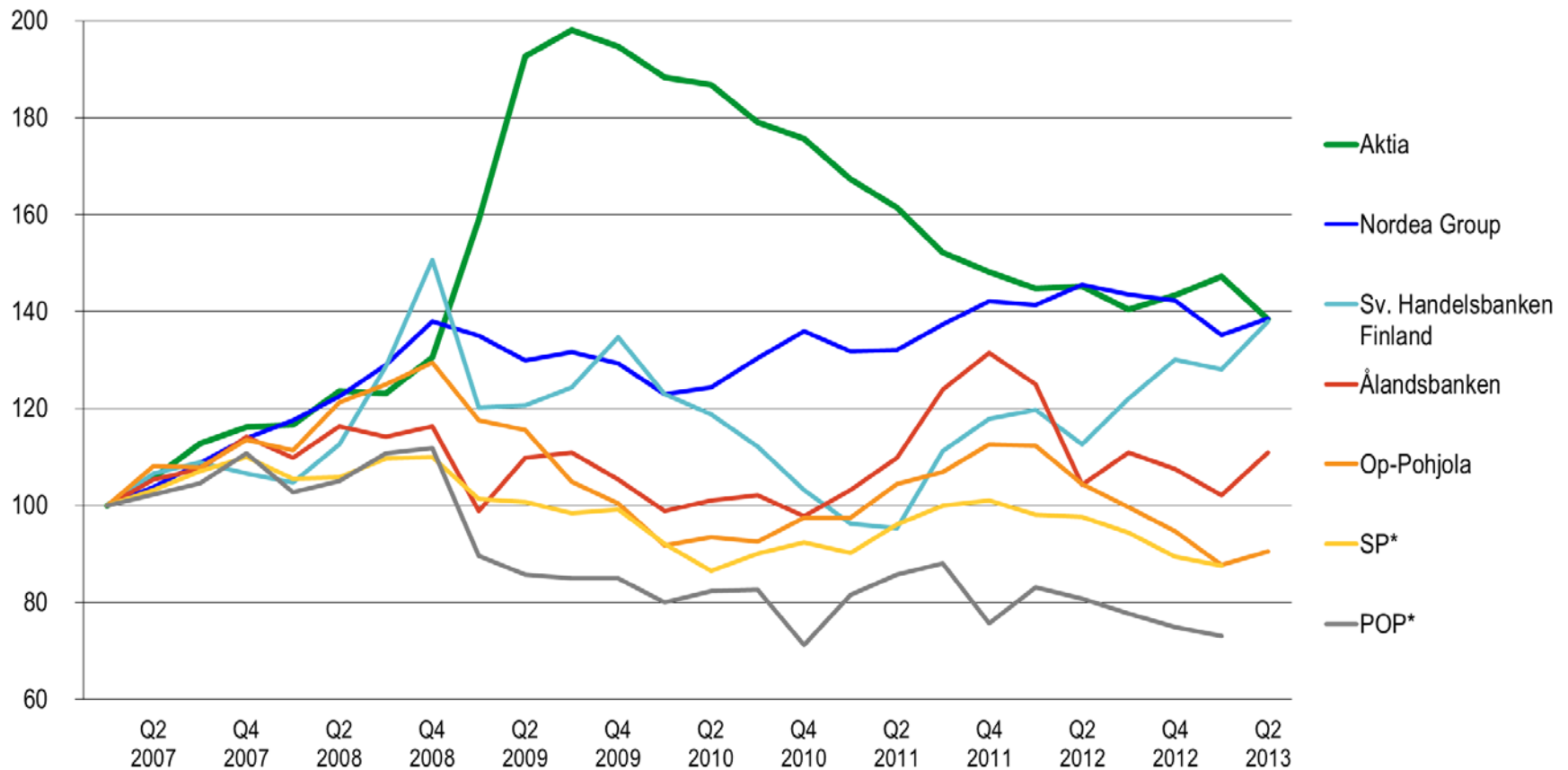


Result before and after tax Continuing operations



Net interest income (1/2007 = 100)

Finnish Banks

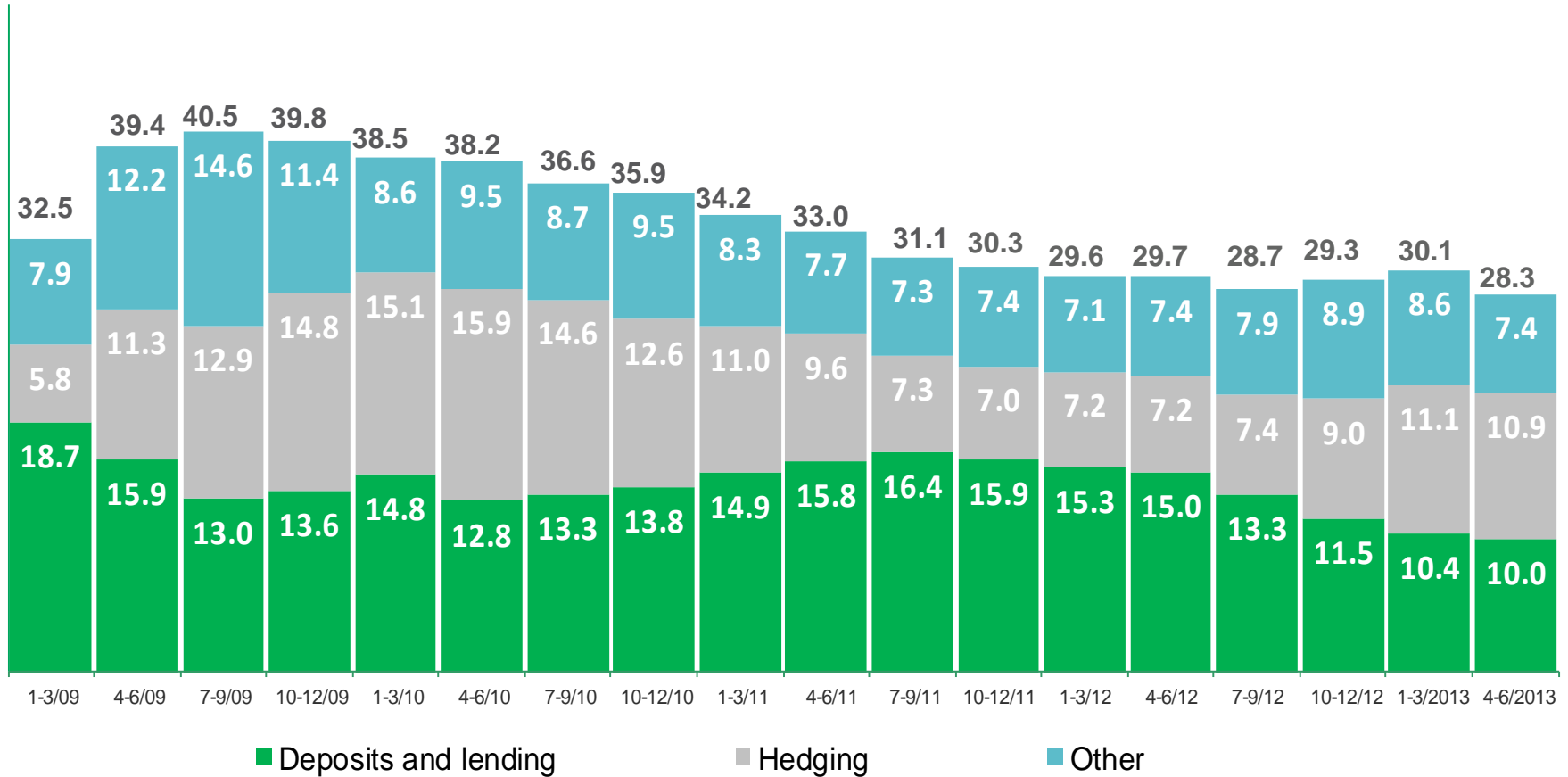


*2Q/2013 not published

Net interest income

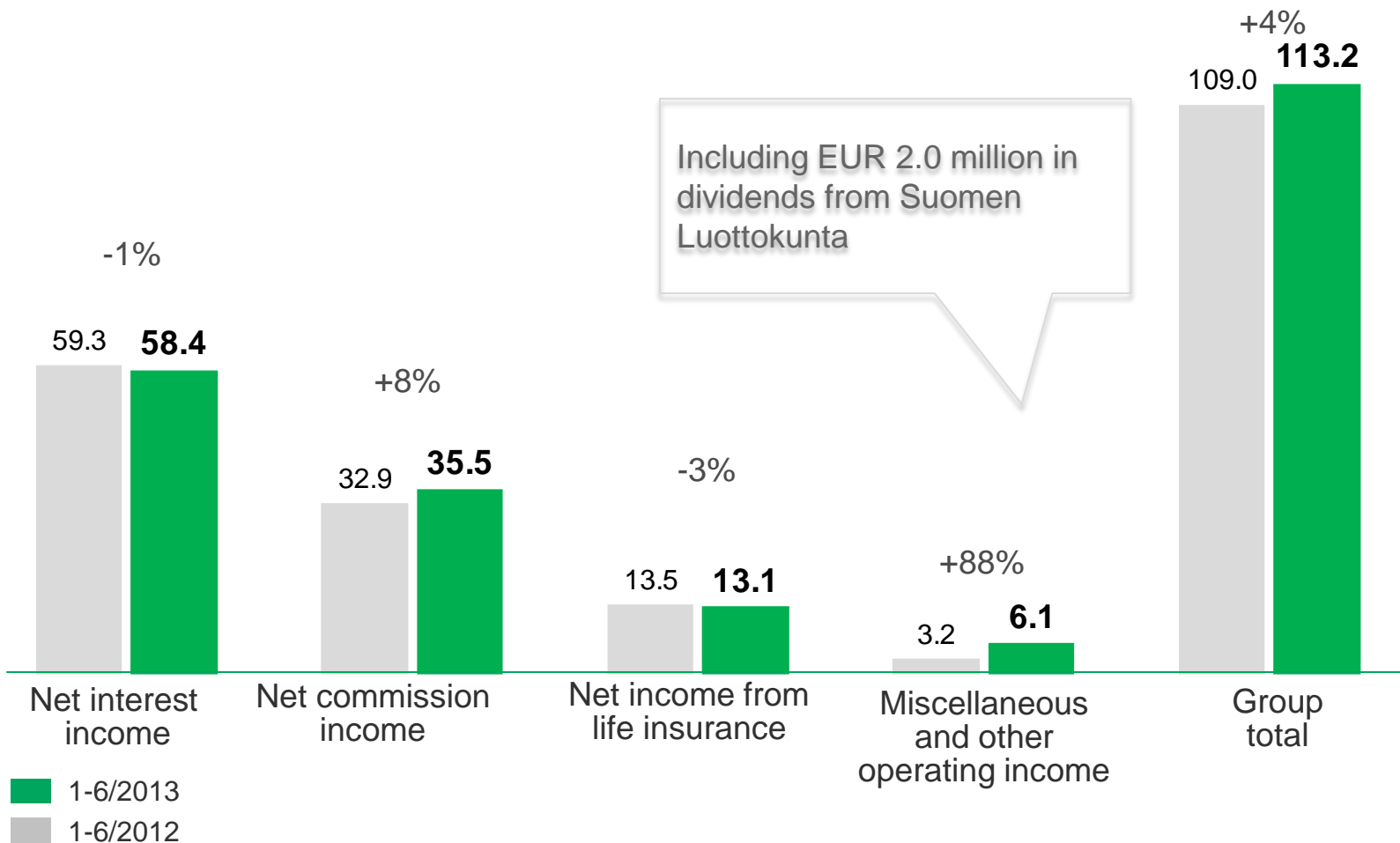
Aktia

EUR million



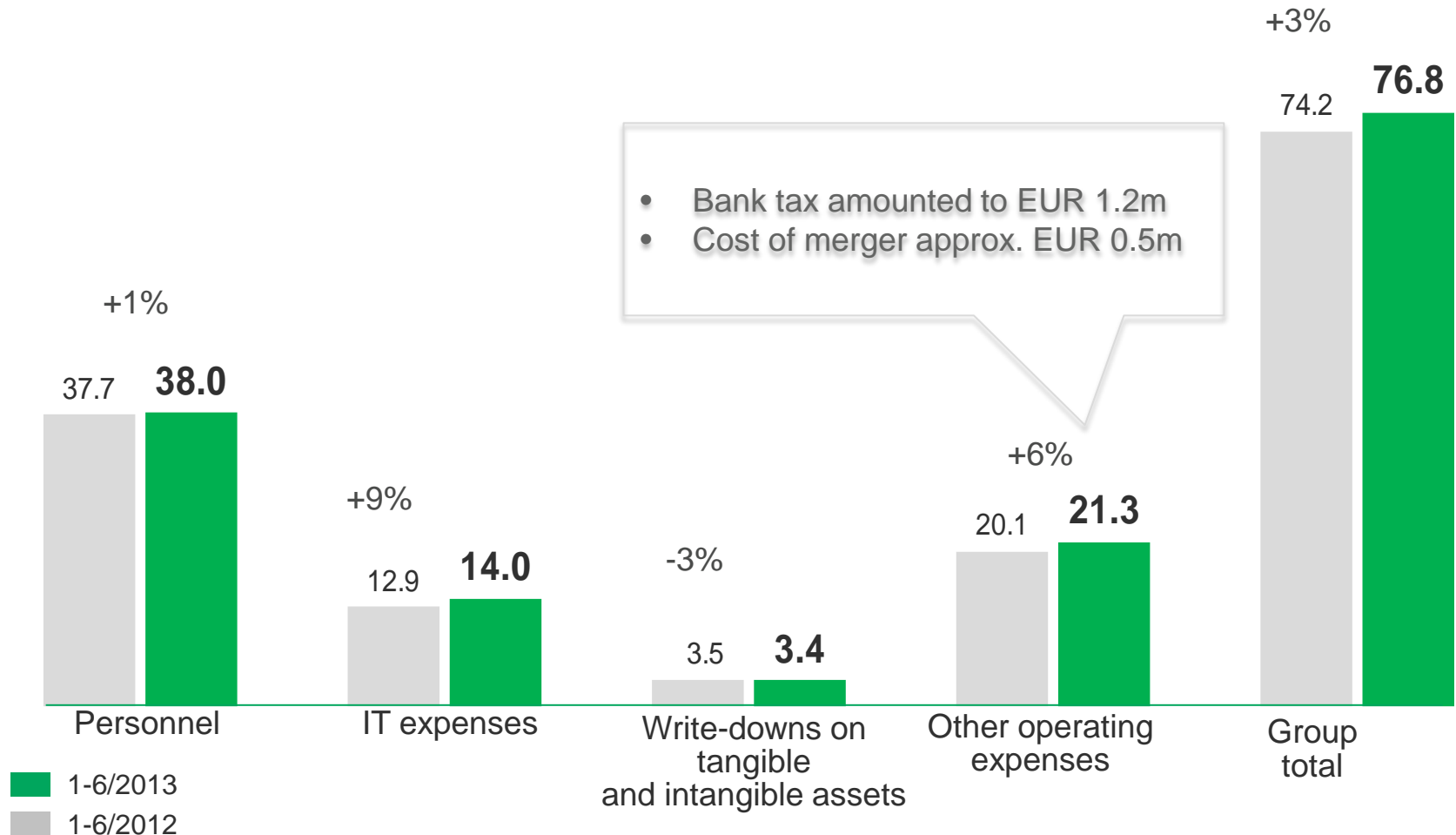
Income (EUR million)

Net commission income on the rise

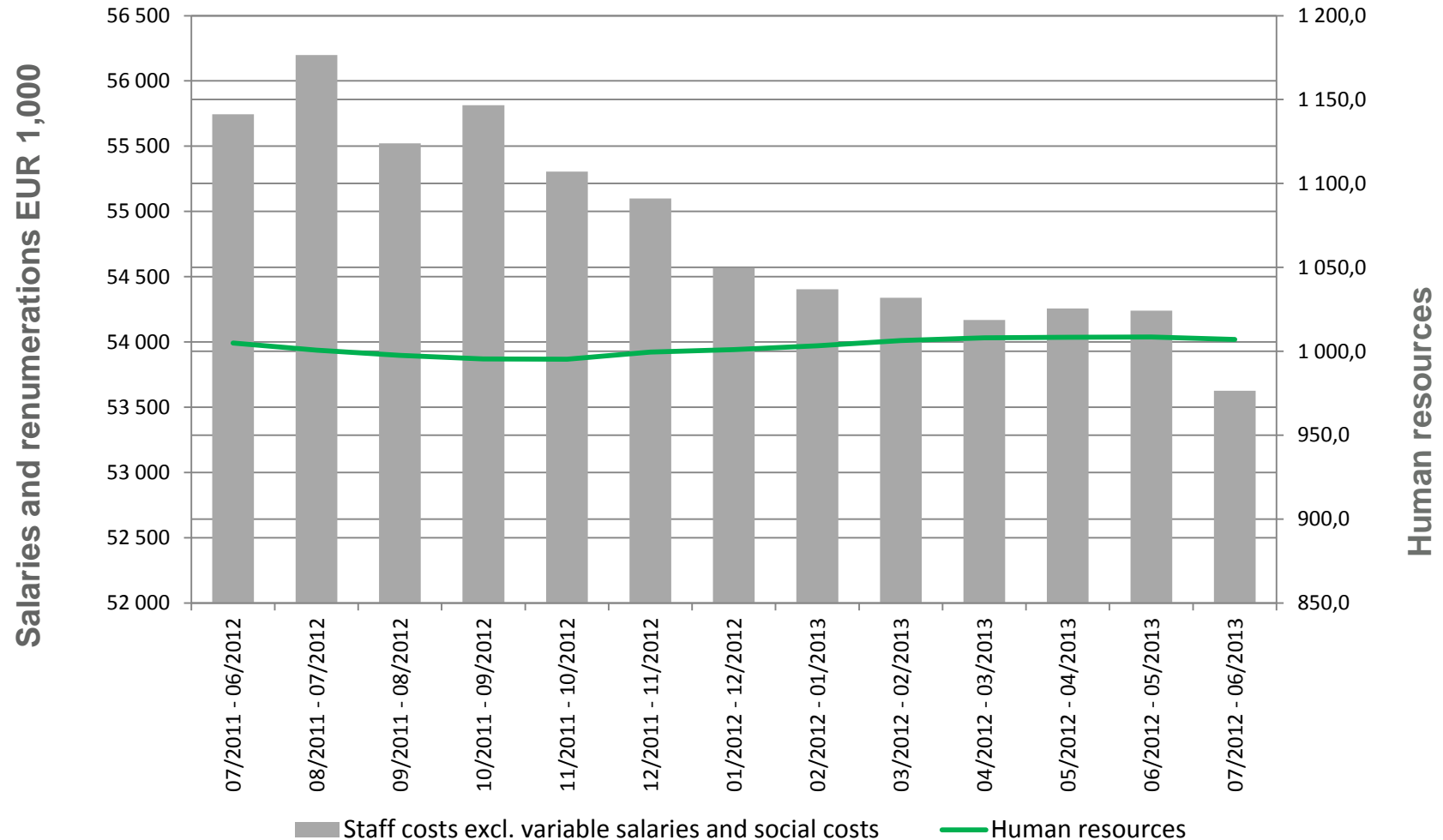


Expenses increased (EUR million)

Aktia



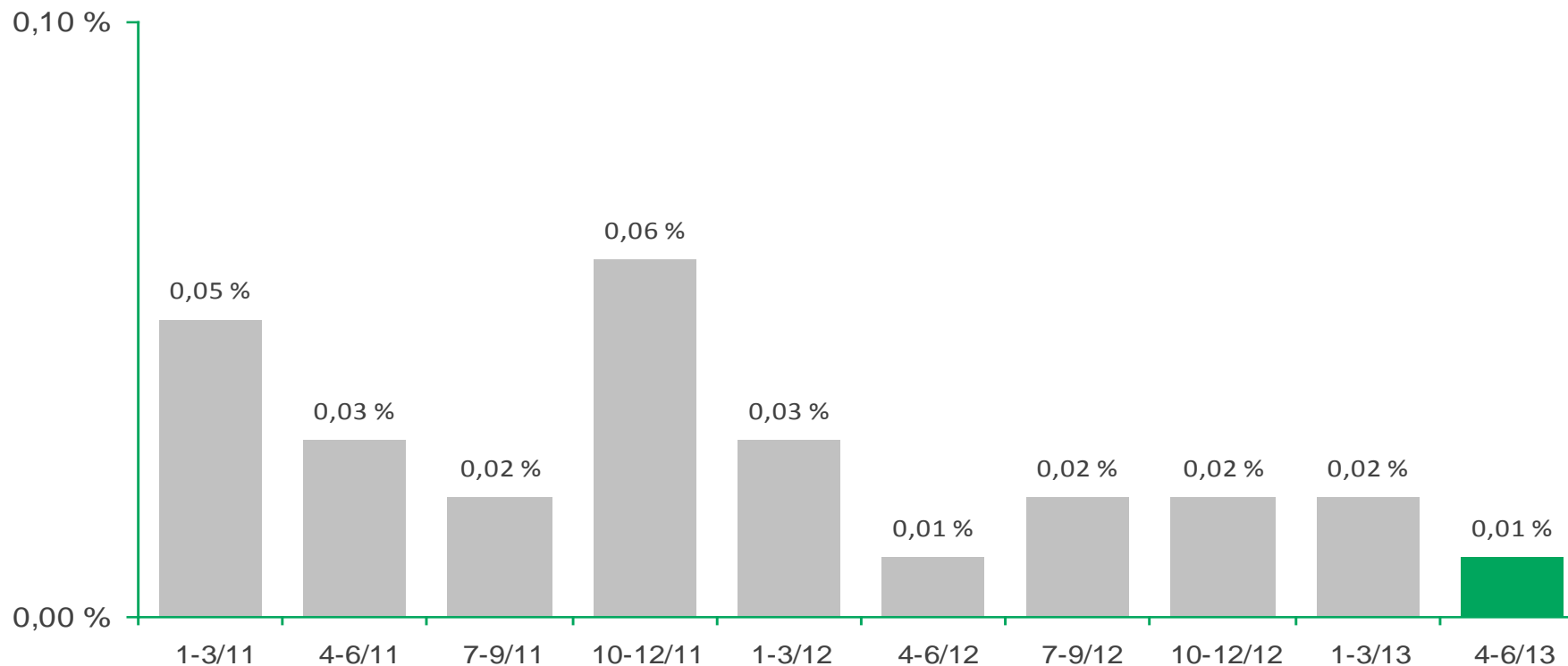
12 months rolling salaries & remunerationsAktia and human resources



Write-downs on credits (per quarter)

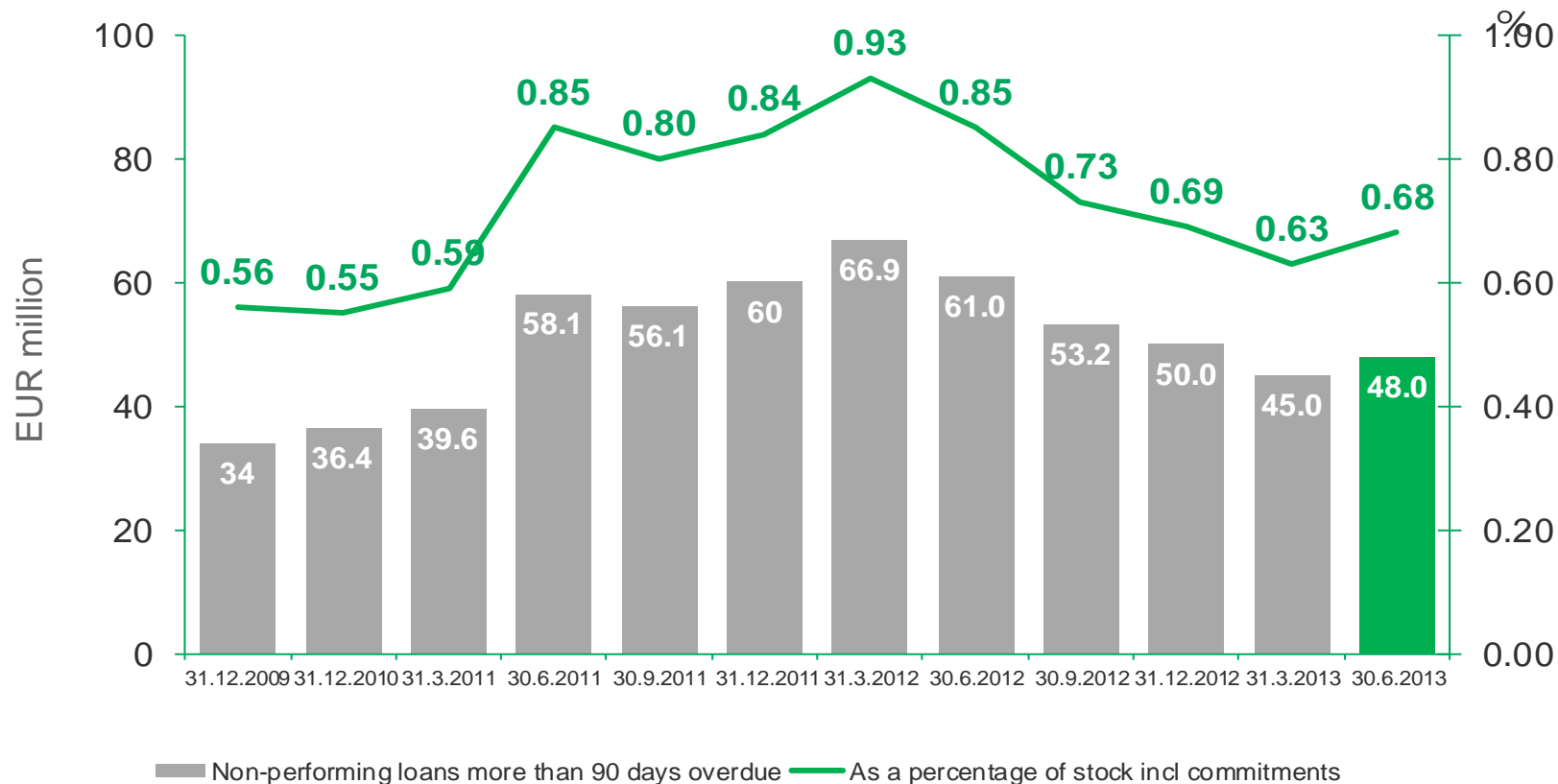
Aktia

% of stock



Non-performing loans more than 90 days overdue

Aktia



Non-performing loans by days overdue

Aktia

Days	30.6.2013	% of credit stock	31.12.2012	% of credit stock
3-30	129	1.84	133	1.84
of which households	115	1.64	117	1.62
31-89	45	0.64	51	0.71
of which households	41	0.58	42	0.58
90- *	48	0.68	50	0.69
of which households	30	0.43	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

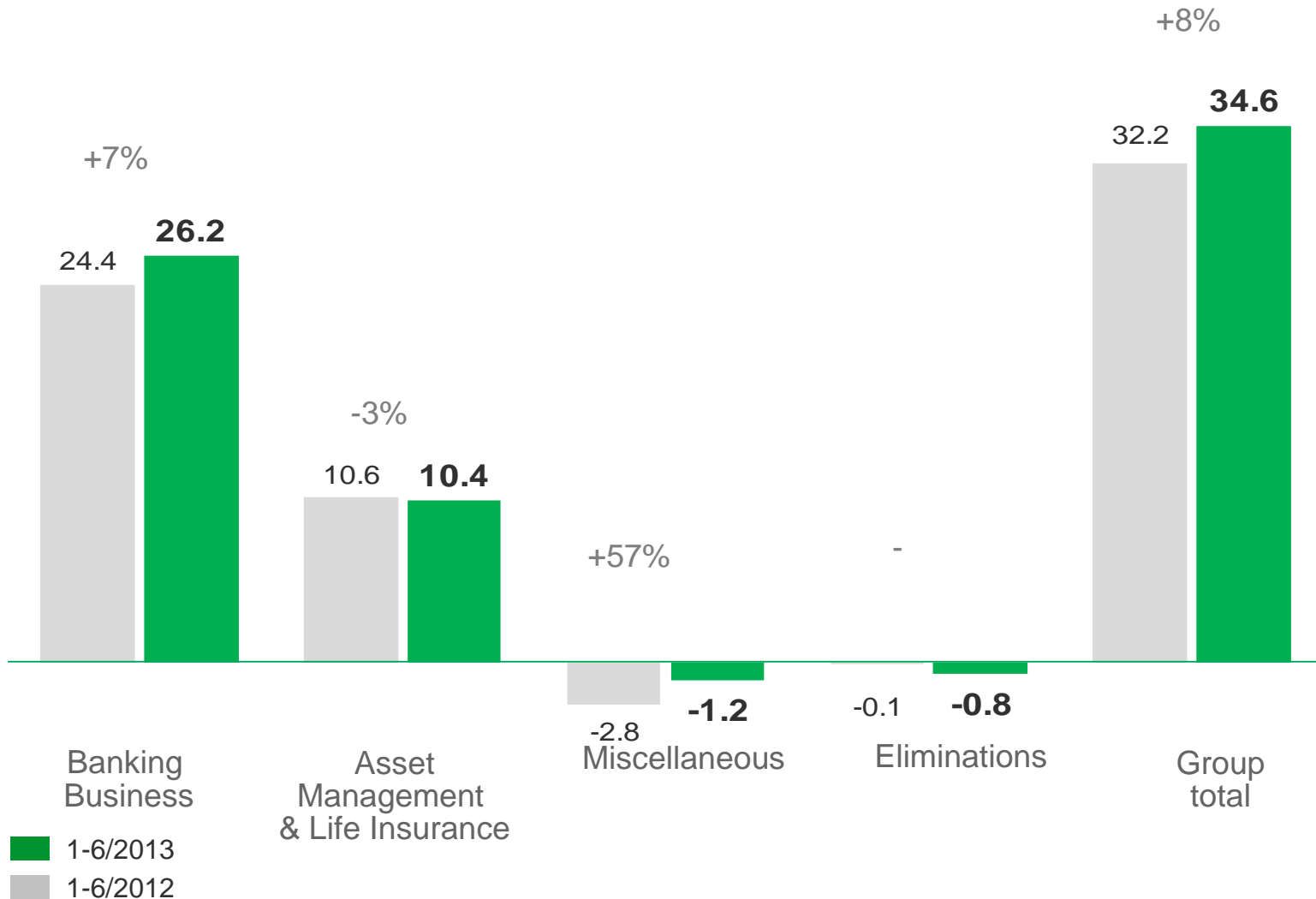
Write-downs on credits and other commitments

Total write-downs on credits and other commitments stood at EUR 1.5 (2.8) million.

Of these write-downs, EUR 0.3 (0.7) million could be attributed to households and EUR 1.2 (2.1) to companies.

The segments' contribution to the operating profit

Aktia



Asset Management & Life Insurance AUM

Aktia

(EUR million)	30.6.2013	31.12.2012	Change %
Aktia Fund Management	2,896	2,843	2%
Aktia Invest	2,412	2,467	-2%
Aktia Asset Management	4,629	4,561	1%
Aktia Life Insurance	412	379	9%
Eliminations	- 5,374	-5,271	2%
Total	4,975	4,978	0%

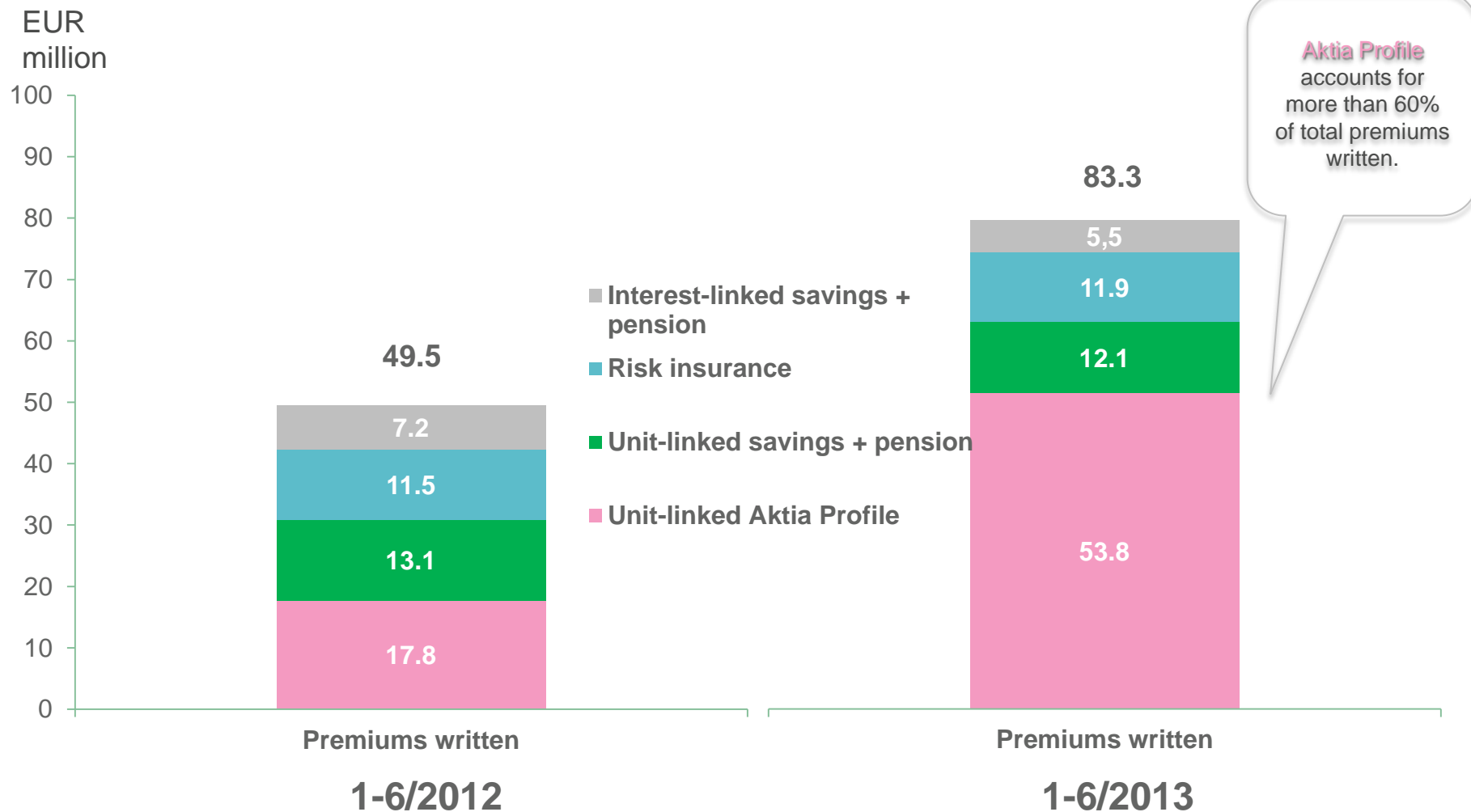
Top ranked asset management (SFR)

Aktia

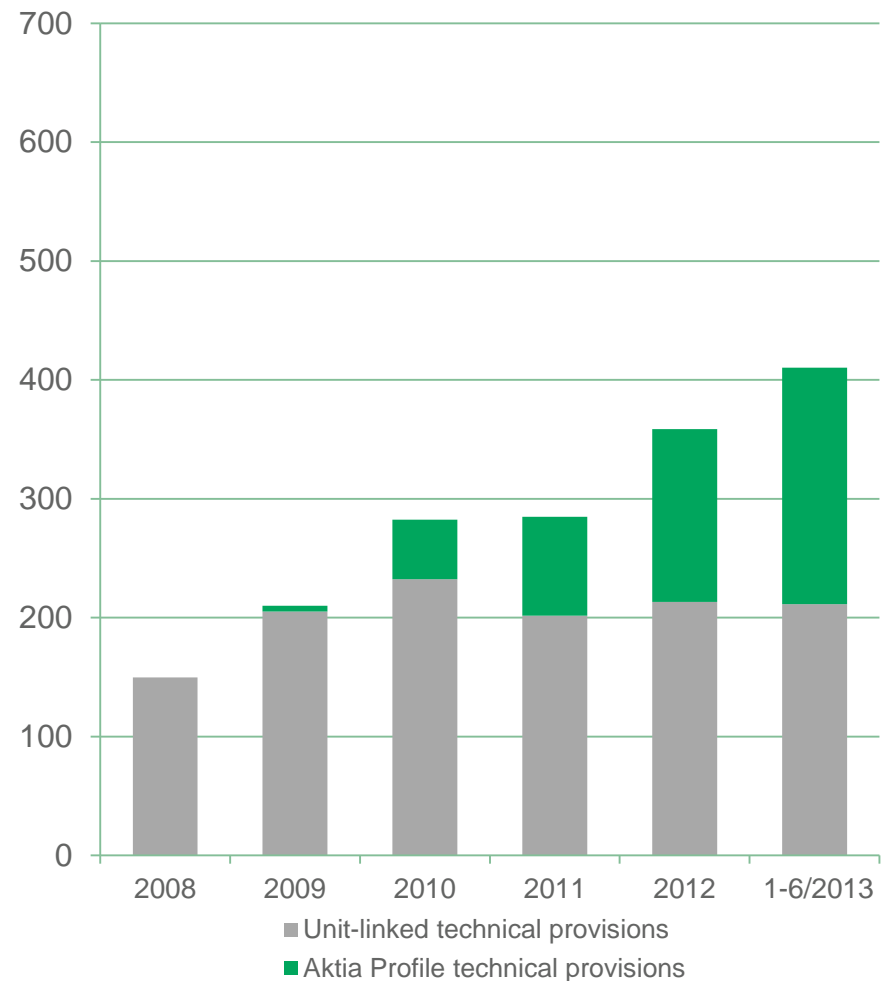
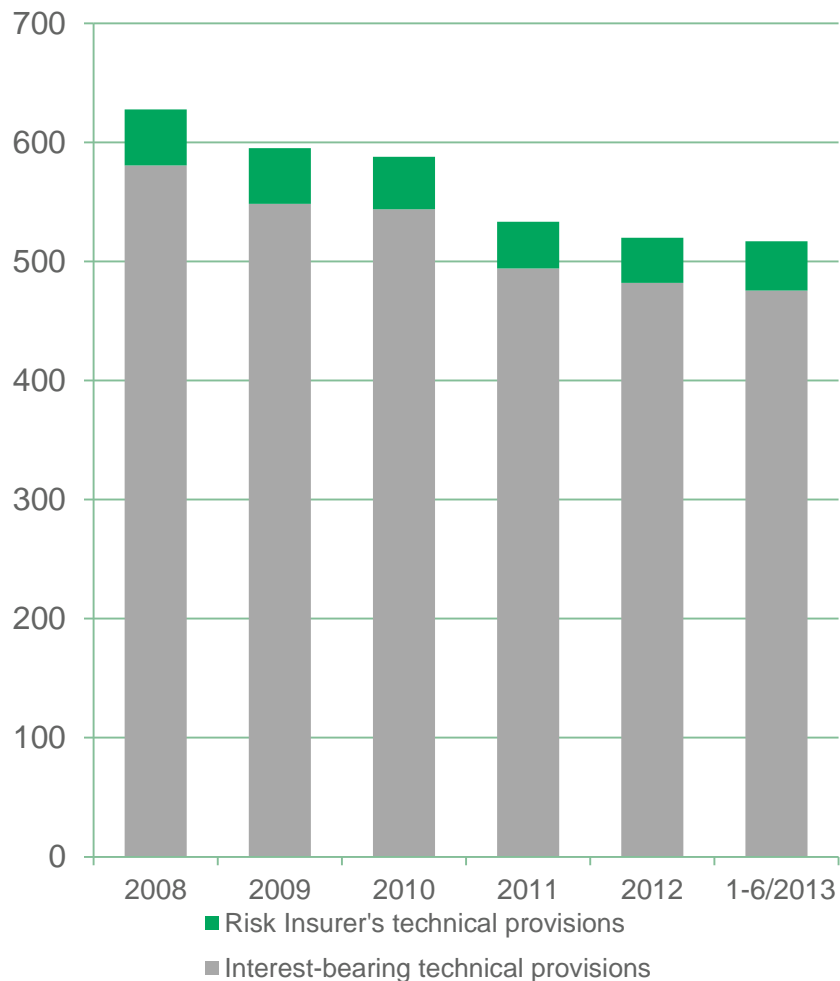
- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for transparent investment philosophy
- Best understanding of the customer's needs
- Aktia Invest's fund analysis among the best
- Second year in row we received the highest mark for Quality of Administration
- Highest marks for good reputation and stable organisation

Life Insurance

Aktia

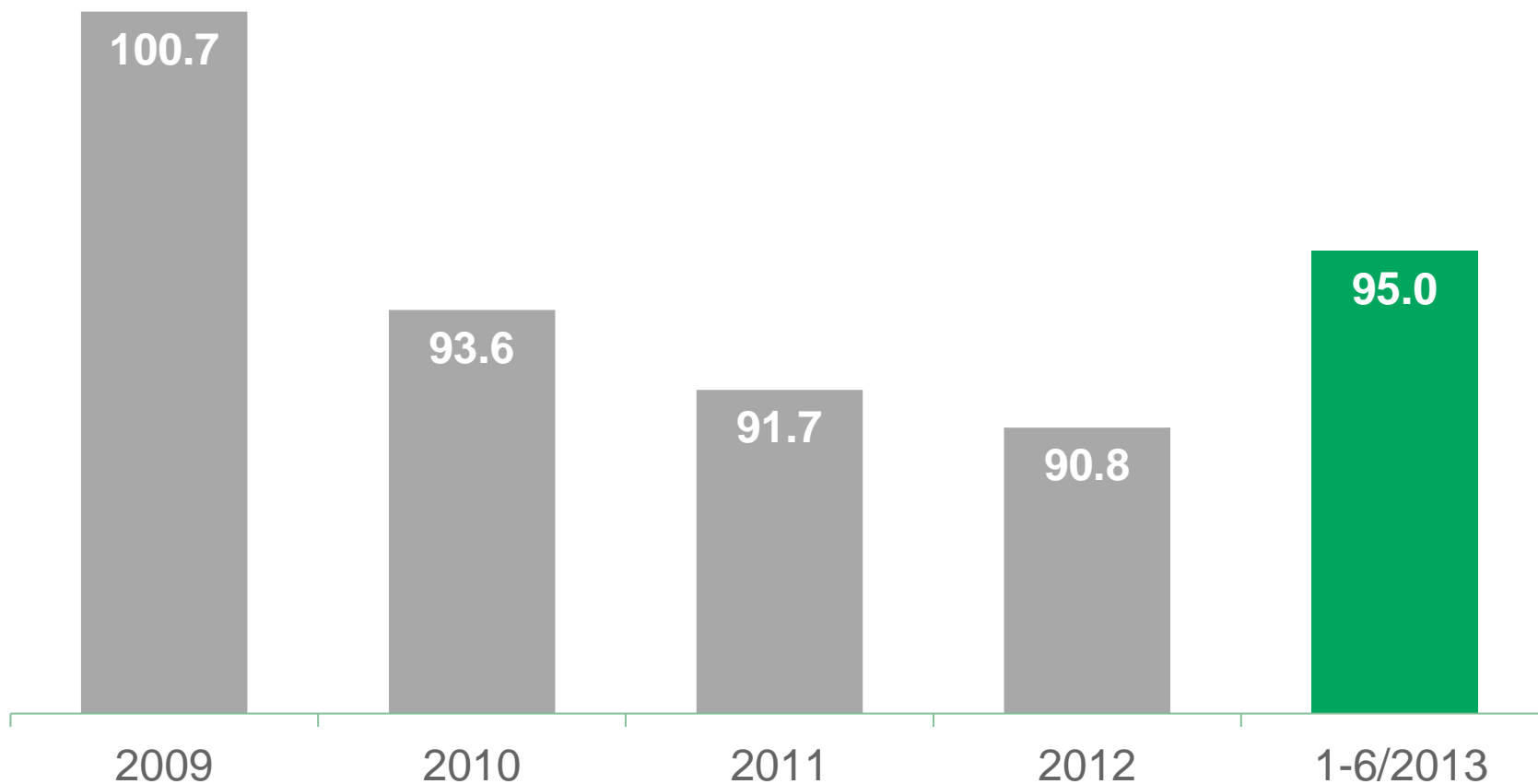


Decreased stock of interest-linked insurance, Aktia increase in unit-linked products (EUR million)



Expense ratio for life insurance, %

Aktia



Action plan 2015

Concession as Mortgage Bank

Aktia

- **First covered bond issue worth EUR 500 million in June 2013**
- **Moody's granted best possible rating for the covered bonds, Aaa**
- **Aktia Bank among the best CB debutants (The Cover)**

Action plan 2015

Aktia

Aktia develops its card business

- The card platform from EVRY AS as main system for card operations
- Agreement with Nets Oy concerning acquisition of Aktia's own Visa Credit credit stock, amounting to approximately EUR 55 million
- Positive effect on the result of approx EUR 2 million per annum from 2014 onwards ->

Action plan 2015

Aktia

Branch offices and customer services

- During 2012 six branch offices were closed in Länsi-Uusimaa, Itä-Uusimaa and in Pohjanmaa
- During 2013 two branch offices in Helsinki were closed
- Today Aktia has 57 (65) branch office
- Telephone and Internet services are greatly expanded

Action plan 2015

Renewed organisation

Aktia

- **Aktia renewed its organisational structure**
- **Three business segments as of 1 January 2013; Banking Business, Asset Management & Life Insurance and Miscellaneous**
- **Aktia plc was merged into Aktia Bank plc 1 July 2013**

Summary:

Operating profit Jan–June 2013

Profit

Operating profit from continuing operations amounted to EUR 34.6 (32.2) million. Profit for the period from continuing operations amounted to EUR 25.8 (24.0) million.

Income

Income totalled EUR 113.2 (109.0) million.

Net interest income was stable at EUR 58.4 (59.3) million.

Expenses

The Group's operating expenses totalled EUR 76.8 million (74.2) million.

Write-downs

The Group's write-downs on credits and other commitments decreased by 46% to EUR 1.5 (2.8) million.

Interim report

1 January – 30 June 2013

Aktia

1

Financial performance

2

Capital adequacy

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Balance sheet and owners

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Outlook and targets

The Bank's capital adequacy

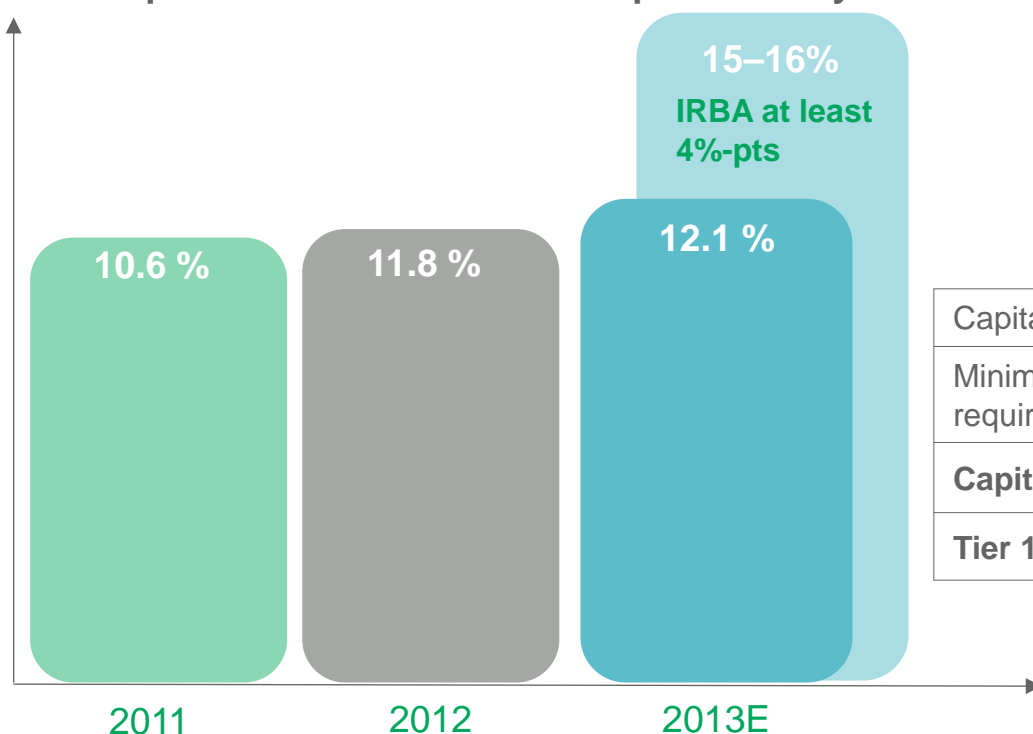
Aktia

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

IRBA application was submitted in August 2011

and is reviewed by Financial Supervisory Authority

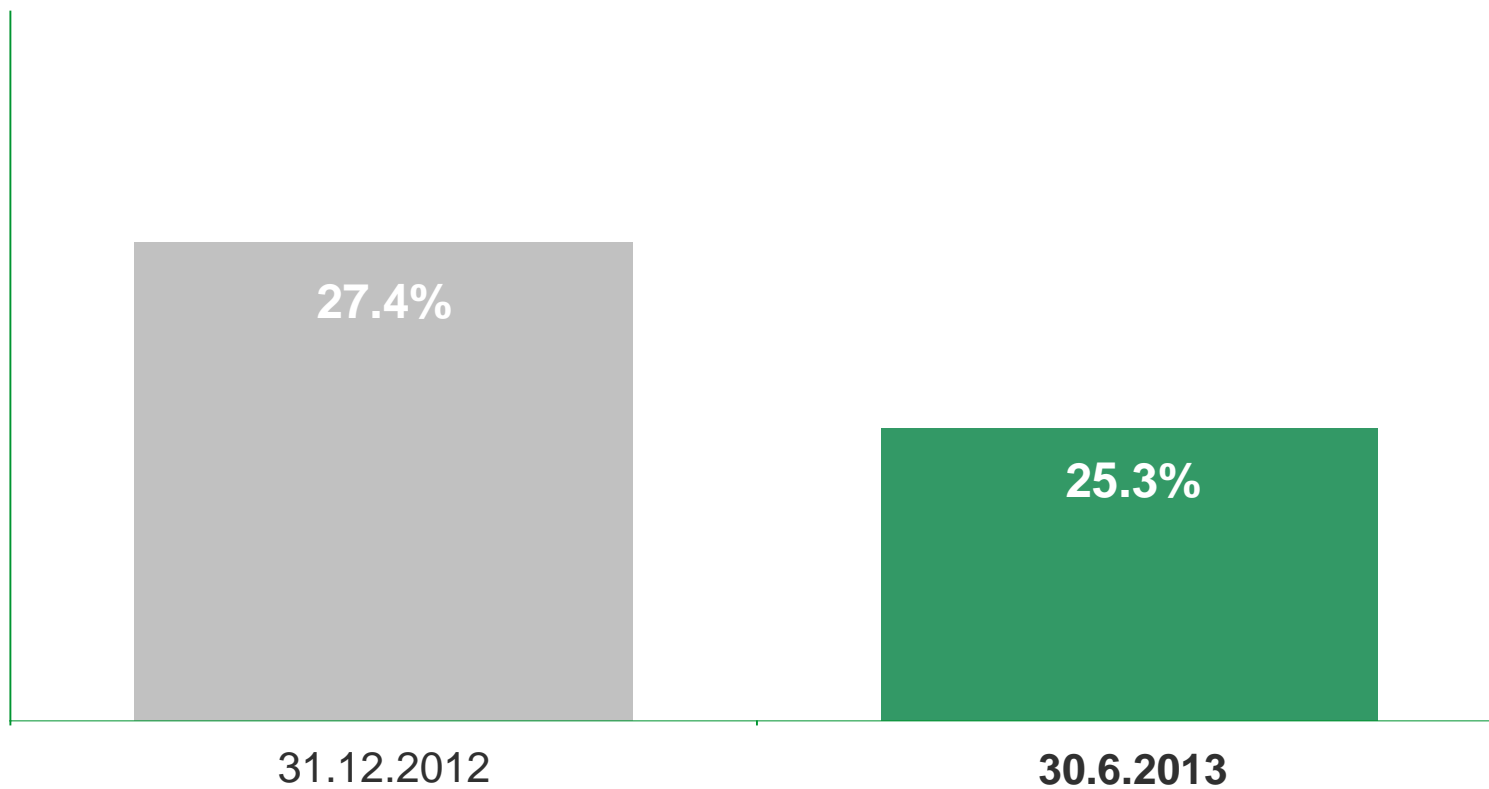
IRBA is expected to increase Tier 1 capital ratio by at least 4%-pts



	30.6.2013	31.12.2012
Capital buffer	445.8	441.3
Minimum capital requirements	290.0	288.9
Capital adequacy ratio,%	20.3%	20.2%
Tier 1 capital ratio, %	12.1%	11.8%

Life insurance Solvency ratio

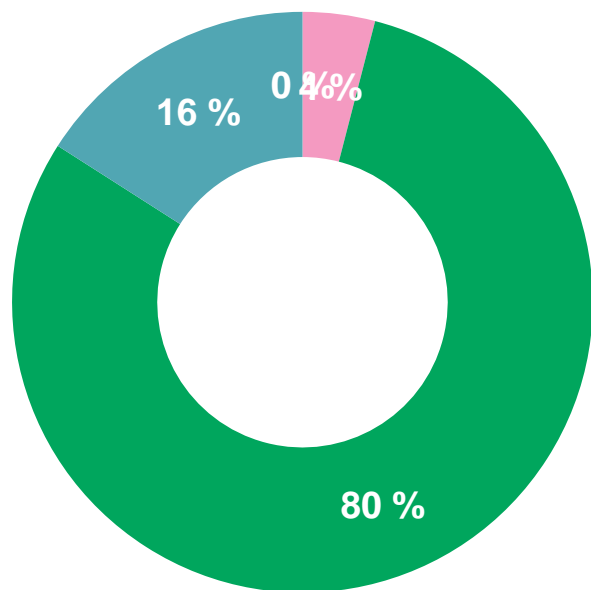
Aktia



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

Aktia

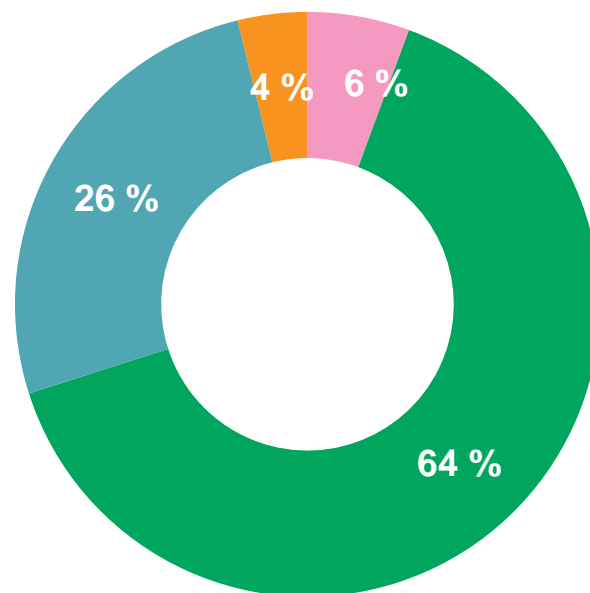
EUR 1,862 million



31.12.2012

EUR 2,499 million

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



30.6.2013

Rating distribution for the liquidity portfolio of the Bank Group

Aktia

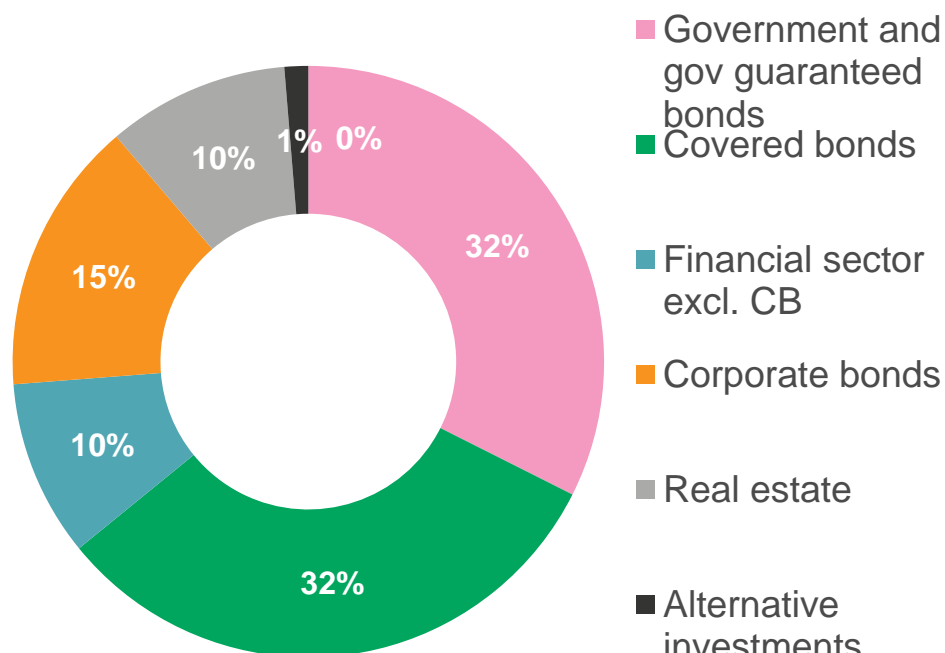
	30.6.2013	31.12.2012
(EUR million)	2,499	1,862
Aaa	55.6%	64.5%
Aa1–Aa3	21.6%	19.1%
A1–A3	15.6%	8.9%
Baa1–Baa3	0.4%	3.7%
Ba1–Ba3	0.8%	1.5%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0 %
Finnish municipalities (no rating)	2.9%	2.2%
No rating	3.1%	0.0%
Total	100.0%	100.0%

Continued convergence towards Solvency II Life Insurance Company

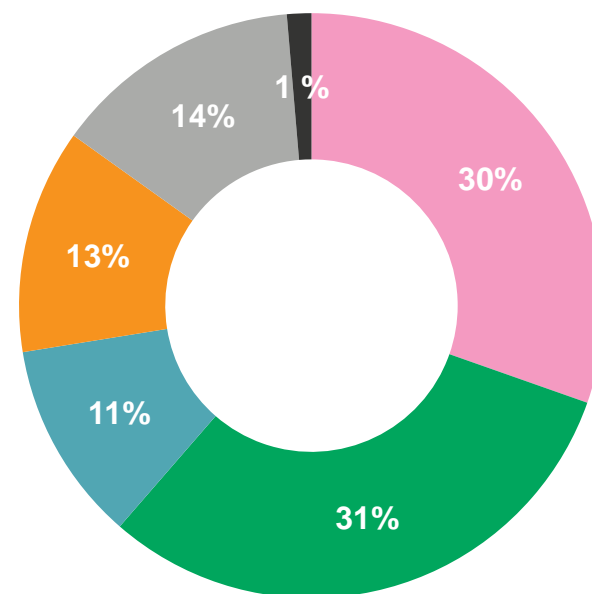
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Return on investments -0.4 (3.0)%

Duration 5.5 (5.6) years



31.12.2012



30.6.2013

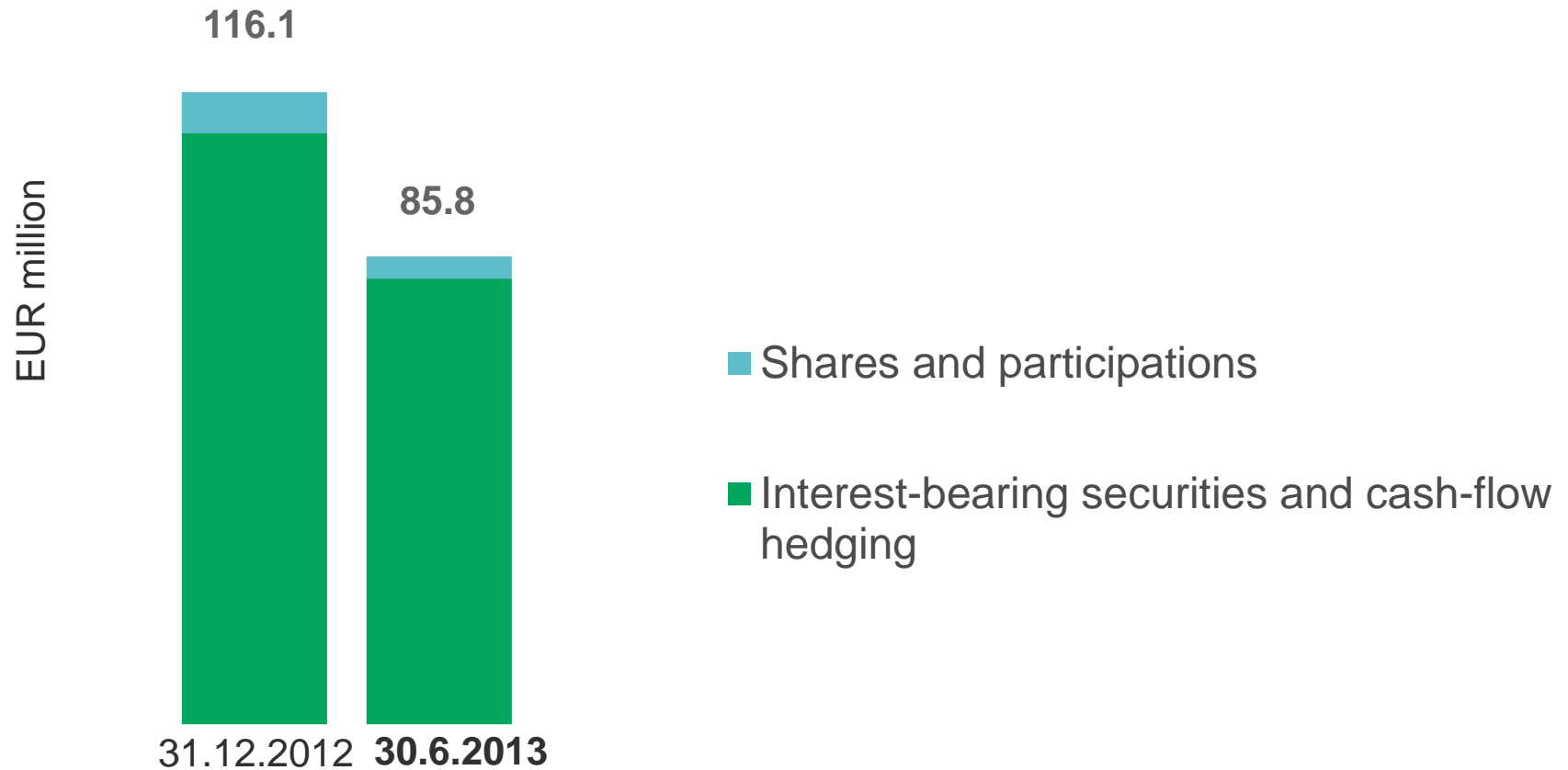
Rating distribution for life insurance portfolio

Aktia

Life Insurance (EUR million)	30.6.2013 509	31.12.2012 563
Aaa	55.9%	54.5%
Aa1–Aa3	19.2%	21.6%
A1–A3	13.9%	12.0%
Baa1–Baa3	3.9%	3.7%
Ba1–Ba3	1.4%	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	5.6%	6.2%
Total	100%	100%

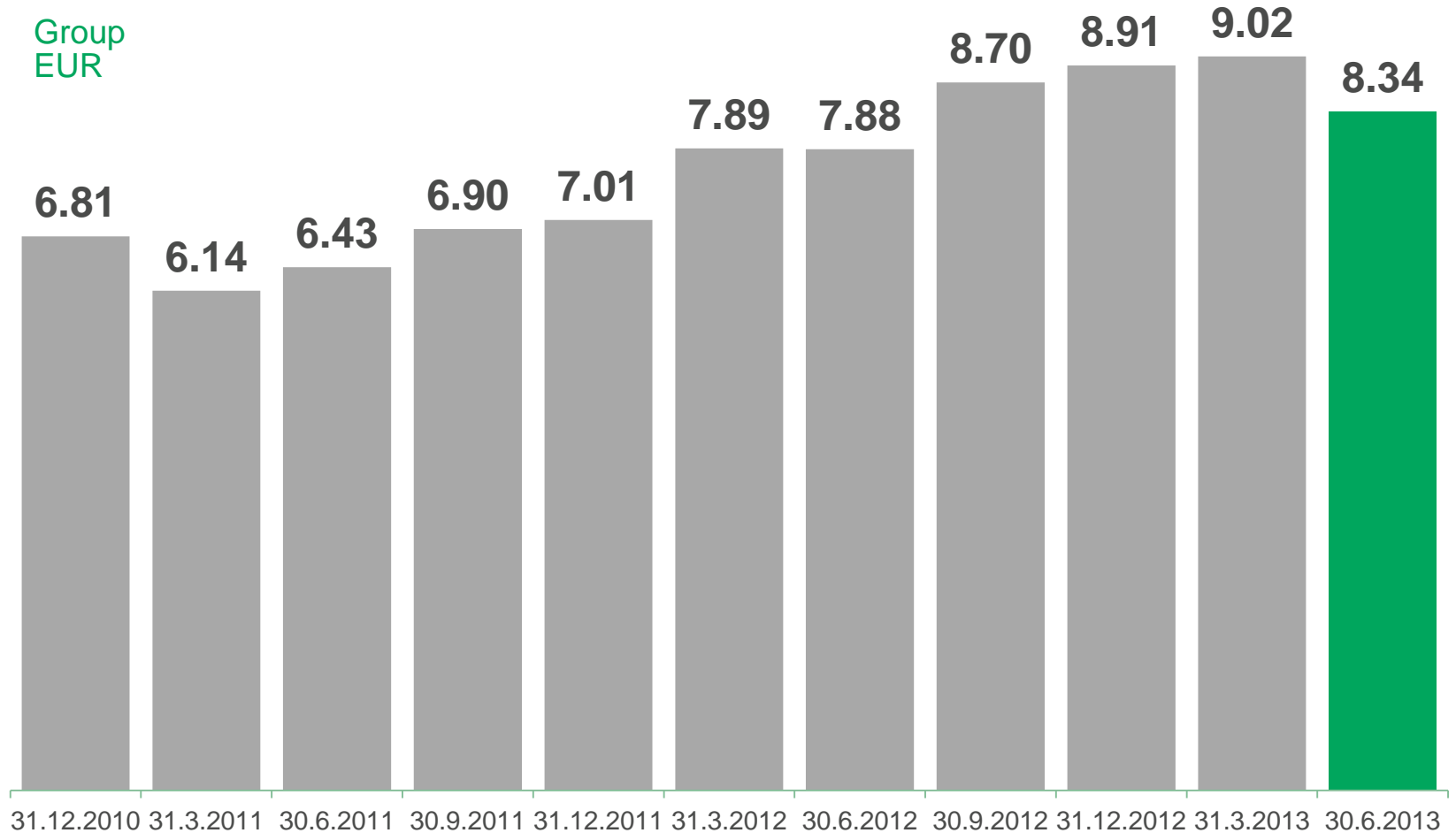
Fund at fair value

Aktia



Equity per share (NAV)

Aktia



Summary: Capital Adequacy 30 June 2013

Capital adequacy

The Bank Group's capital adequacy amounted to 20.3 (20.2)%.

The Tier 1 capital ratio was 12.1 (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 147.5 (158.6) million.

Solvency ratio 25.3 (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 (23.4.2013)

Interim report 1 January - 30 June 2013

Aktia

1	Financial performance
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4	Outlook and targets

Balance sheet 30.6.2013

Aktia

The Group's **balance sheet total** was almost unchanged and **amounted to EUR 11,359 (11,240) million.**

Borrowing amounted to **EUR 3,807 (3,631) million.**

Lending to the public amounted to **EUR 6,985 (7,202) million.**
Loans to private households amounted to EUR 6,064 million or 86.8 % of the credit stock.

The housing loan stock amounted to **EUR 5,700 (5,850) million**

Corporate lending continued to be moderate

The credit stock amounted to EUR 620 (666) million, corresponding to 8.9 %

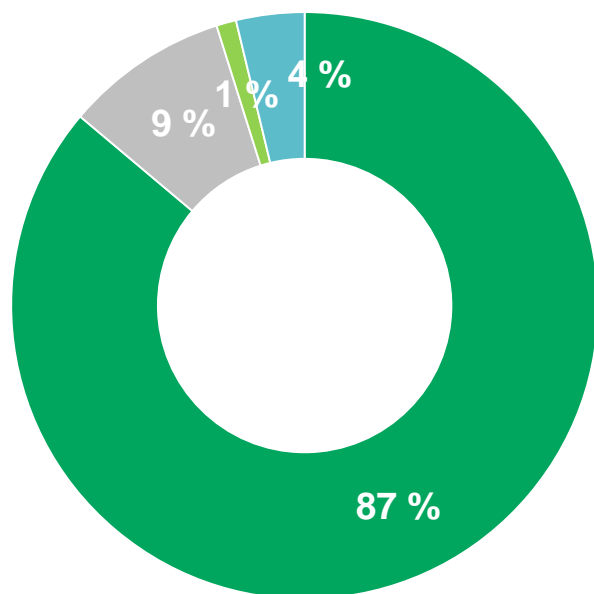
Credit and deposit stocks

30 June 2013

Aktia

Credits

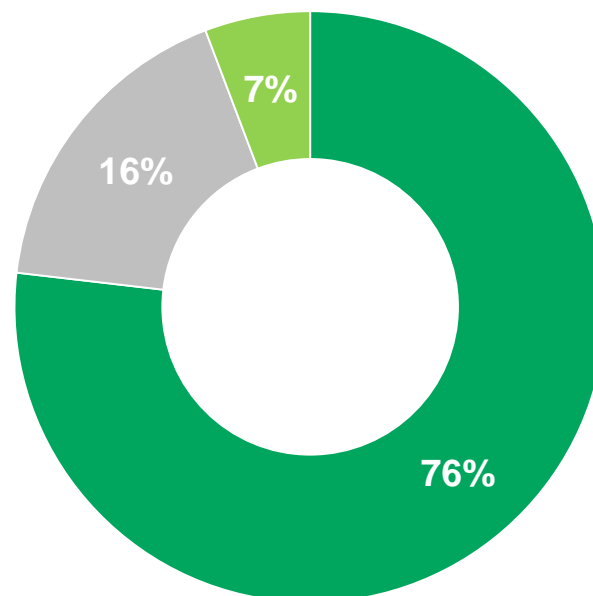
EUR 7,133 (7,202) million



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

Deposits

EUR 3,807 (3,631) million



Share capital and ownership

27 June 2013

Aktia

	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes, %
The 20 largest shareholders:						
Stiftelsen Tre Smeder	2,571,925	4,318,216	6,890,141	10.29	88,936,245	19,85
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.02	45,970,234	10,26
Pension Insurance Co Veritas	4,027,469	2,134,397	6,161,866	9.20	46,715,409	10.43
The Society of Swedish Literature in Finland	2,086,802	789,229	2,876,031	4.29	17,871,382	3.99
Oy Hammarén & Co Ab	1,905,000	950,000	2,855,000	4.26	20,905,000	4.67
Varma Mutual Pension Insurance Company	2,675,000	-	2,675,000	3.99	2,675,000	0.60
Åbo Akademi foundation	1,595,640	751,000	2,346,640	3.50	16,615,640	3.71
Aktiafoundation in Porvoo	1,303,370	651,525	1,954,895	2.92	14,333,870	3.20
Aktiafoundation in Vaasa	978,525	547,262	1,525,787	2.28	11,923,765	2.66
Savings bankfoundation in Kirkkonummi	876,529	438,264	1,314,793	1.96	9,641,809	2.15
Aktiafoundation in Espoo-Kauniainen	-	1,300,708	1,300,708	1.94	26,014,160	5,81
Savings bank foundation in Karis-Pojo	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf	1,176,173	-	1,176,173	1.76	1,176,173	0.26
Aktiafoundation in Vantaa	28,541	1,138,588	1,167,129	1.74	22,800,301	5.09
Sparbanksstiftelsen i Inkoo	596,236	329,318	925,554	1.38	7,182,596	1.60
Ab Kelonia Oy	549,417	308,662	858,079	1.28	6,722,657	1.50
Savingsbank foundation in Sipoo	462,002	232,001	694,003	1.04	5,102,022	1.14
Savingsbank foundation in Siuntio	334,377	237,188	571,565	0.85	5,078,137	1.13
Aktia Savingsbank foundation in Maalahti	361,138	177,600	538,738	0.80	3,913,138	0.87
Mutual fund Nordea Fennia	514,861	-	514,861	0.77	514,861	0.11
The 20 largest owners	27,478,469	16,763,739	44,242,208	66.05	362,753,249	80.98
Other	19,458,439	3,287,111	22,745,550	33.95	85,200,659	19.02
Total	46,936,908	20,050,850	66,987,758	100.00	447,953,908	100.00

Interim report 1 January - 30 June 2013

Aktia

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Outlook for 2013

Aktia

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

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

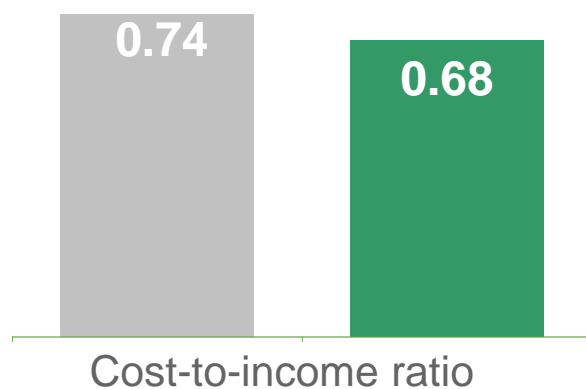
Aktia's aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small companies and institutions.

OUTLOOK (unchanged): Write-downs on credits are expected to be at the same level as in 2012. Despite the probably persistent low interest rate level and one-off costs from implementing the 2015 plan of action, the Group's operating profit from continuing operations for 2013 is expected to reach approximately the 2012 level.

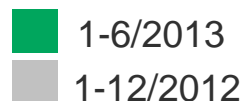
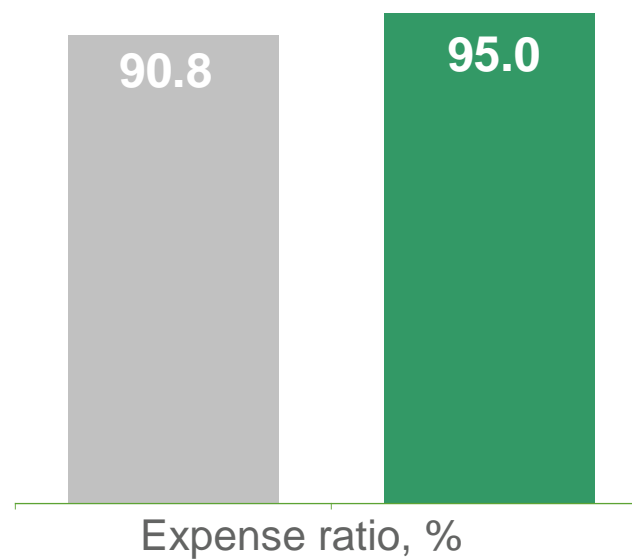
Cost efficiency

Aktia

Banking Business

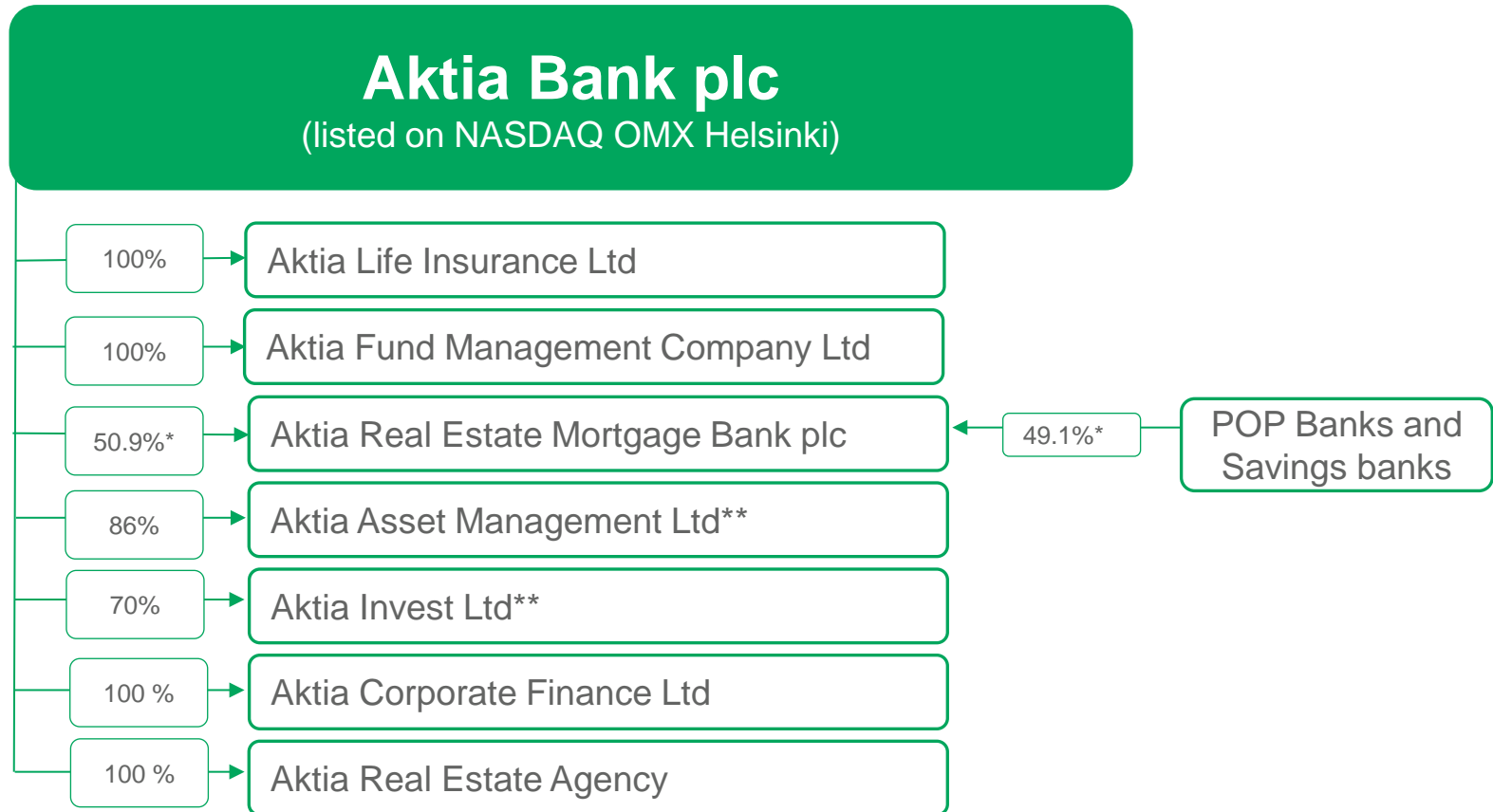


Life Insurance



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

- 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

Aktia

- **Big one-off investment of approx EUR 25 million**
- **Reduces running IT costs from 2015 onwards by EUR 5 million p.a. and allows for similar savings in processes**

Aktia terminates services as central credit institution

Aktia

- **Basel III regulation would have increased expenses for the cooperation with the local banks to more than EUR 10 million p.a.**
- Somewhat negative for rating (Aktia's systemic importance is reduced)
- Earnings from local banks amounts to EUR 2-3 million p.a.

Objectives for 2012–2015

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 closeness and
further improved customer service**

Result 6/2012-6/2013

Aktia

	1-6/2012	1-6/2012	Change, %	New objectives for 2015
Commission income	44.1	40.6	+9%	+5% p.a.
Expenses				
Staff costs	38.0	37.7	+1%	-5% p.a.
IT costs	14.0	12.9	+9%	
Other	21.3	20.1	+6%/-3%	

* Excluding costs related to merger of Aktia plc and Aktia Bank plc, and bank tax totalling EUR 1.7 million

Balance sheet, assets

Aktia

(EUR million)	30.6.2013	31.12.2012	Δ	30.6.2012
Assets				
Cash and balances with central banks	448.5	587.6	-24 %	70.8
Financial assets reported at fair value via the income statement	0.0	0.1	-62 %	1.3
Interest-bearing securities	2,549.3	2,011.7	27 %	2,360.0
Shares and participations	98.3	95.0	3 %	88.6
Financial assets available for sale	2,647.6	2,106.7	26 %	2,448.6
Financial assets held until maturity	355.7	350.0	2 %	15.8
Derivative instruments	210.5	302.2	-30 %	350.1
Lending to Bank of Finland and credit institutions	109.6	158.7	-31 %	551.5
Lending to the public and public sector entities	6,984.9	7,201.6	-3 %	7,217.8
Loans and other receivables	7,094.5	7,360.2	-4 %	7,769.3
Investments for unit-linked provisions	412.7	360.9	14 %	316.4
Investments in associated companies	18.4	21.1	-13 %	21.3
Intangible assets	15.0	14.2	6 %	14.5
Investment properties	51.0	28.3	80 %	28.3
Other tangible assets	5.3	5.7	-5 %	6.5
Accrued income and advance payments	70.5	75.0	-6 %	74.0
Other assets	4.4	3.3	35 %	104.3
Total other assets	74.9	78.3	-4 %	178.3
Income tax receivables	2.0	0.1	-	4.0
Deferred tax receivables	21.8	23.5	-7 %	1.2
Tax receivables	23.8	23.6	1 %	5.1
Assets classified as held for sale	1.2	1.5	-17 %	2.1
Total assets	11,359.2	11,240.2	1 %	11,228.4

Balance sheet, liabilities

Aktia

(EUR million)	30.6.2013	31.12.2012	Δ	30.6.2012
Liabilities				
Liabilities to credit institutions	1,051.5	1,057.6	-1 %	1,075.5
Liabilities to the public and public sector entities	3,807.2	3,631.5	5 %	3,714.4
Deposits	4,858.7	4,689.0	4 %	4,789.9
Derivative instruments	145.4	186.4	-22 %	174.3
Debt securities issued	3,689.3	3,540.3	4 %	3,799.1
Subordinated liabilities	269.7	268.2	1 %	263.6
Other liabilities to credit institutions	518.1	629.6	-18 %	442.7
Other liabilities to the public and public sector entities	51.1	146.7	-65 %	108.1
Other financial liabilities	4,528.2	4,584.7	-1 %	4,613.5
Technical provisions for interest-related insurances	512.2	519.9	-1 %	523.2
Technical provisions for unit-linked insurances	410.3	358.5	14 %	315.1
Technical provisions	922.5	878.5	5 %	838.3
Accrued expenses and income received in advance	73.2	93.1	-21 %	98.0
Other liabilities	142.7	55.2	158 %	77.5
Total other liabilities	215.8	148.3	46 %	175.5
Provisions	6.9	6.9	0 %	-
Income tax liabilities	1.0	23.3	-96 %	1.5
Deferred tax liabilities	60.5	65.5	-8 %	47.3
Tax liabilities	61.5	88.8	-31 %	48.8
Liabilities for assets classified as held for sale	0.2	0.2	-22 %	0.2
Total liabilities	10,739.1	10,582.8	1 %	10,640.5
Equity				
Restricted equity	190.0	220.2	-14 %	167.4
Unrestricted equity	365.1	372.4	-2 %	356.5
Shareholders' share of equity	555.1	592.6	-6 %	523.9
Non-controlling interest's share of equity	64.9	64.8	0 %	64.0
Equity	620.0	657.4	-6 %	587.8
Total liabilities and equity	11,359.2	11,240.2	1 %	11,228.4



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We see a person in every customer