



AKTIA BANK PLC
ACCOUNTS ANNOUNCEMENT 1-12/2013

Aktia

We see a person in every customer.

Commission income increased in a difficult market situation 1-12/2013

Aktia

Operating profit from continuing operations improved to EUR 65.4 (56.0) million.

Profit from continuing operations amounted to EUR 52.4 (40.3) million.

Earnings per share (EPS) was EUR 0.78 (0.74).

Write-downs on credits and other commitments decreased to EUR 2.7 (6.4) million.

Outlook for 2014 (NEW): Despite the persistent low interest rate level, the Group's operating profit from continuing operations for 2014 is expected to reach approximately the 2013 level.

Fourth quarter 10-12/2013

Aktia

Operating profit from continuing operations amounted to EUR 11.1 (10.4) million.

Operating expenses remained unchanged at EUR 45.9 (46.0) million despite bank tax and high one-off costs from Action Plan 2015.

Earnings per share (EPS) was EUR 0.18 (0.09).

Write-downs on credits and other commitments decreased to EUR 1.1 (1.7) million.

Accounts Announcement

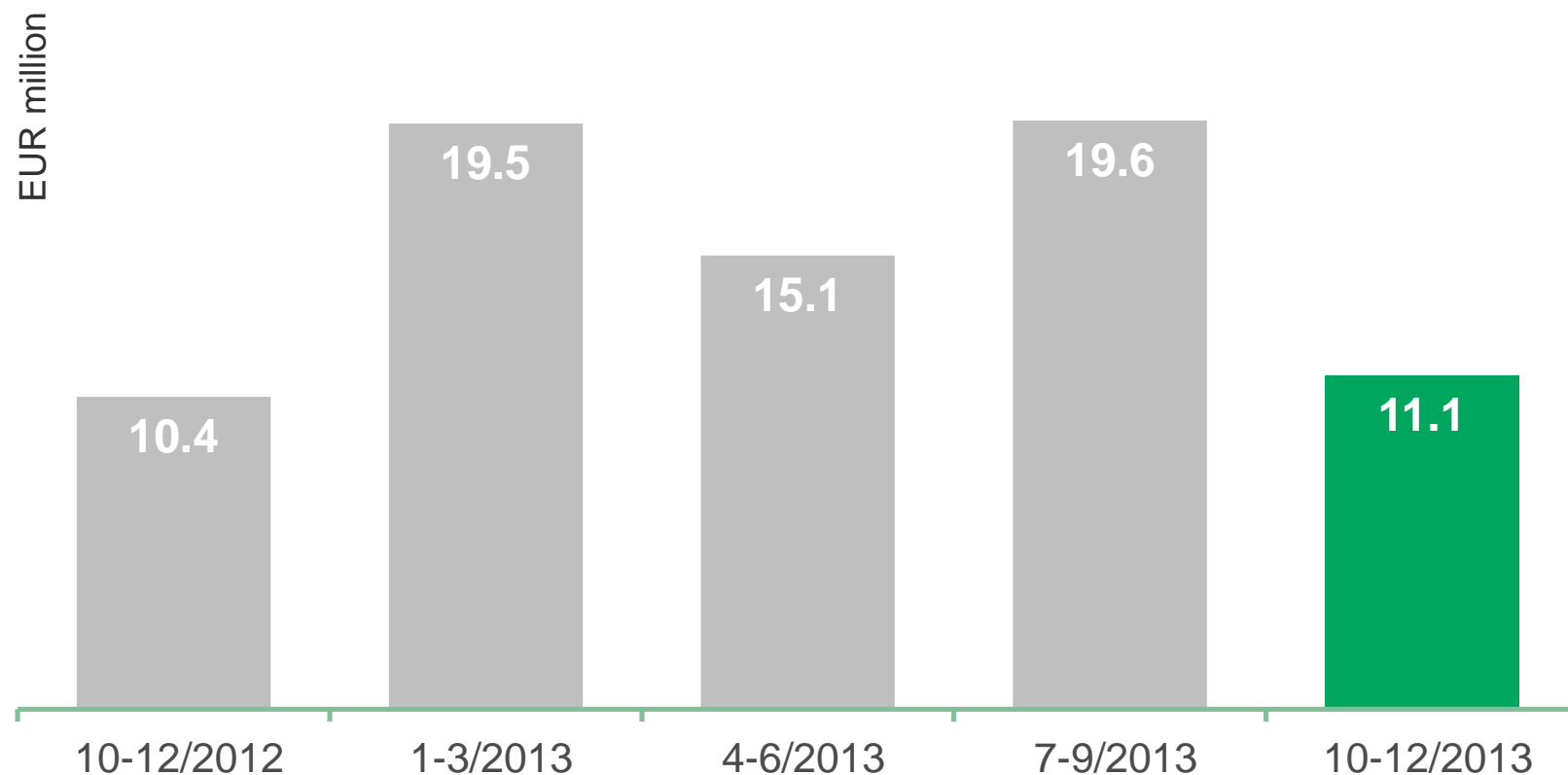
1 January – 31 December 2013

Aktia

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

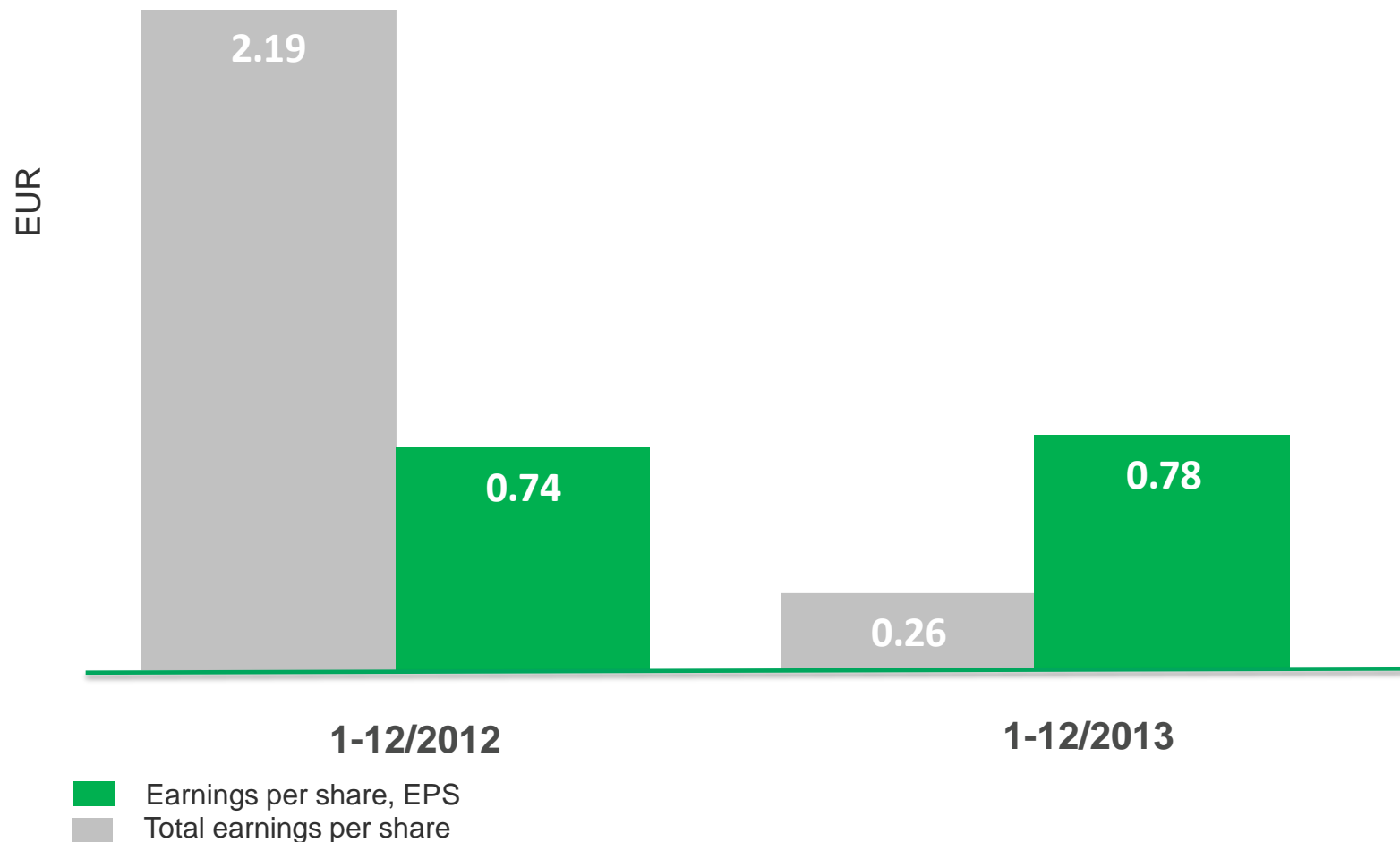
Operating profit for the quarter Continuing operations

Aktia



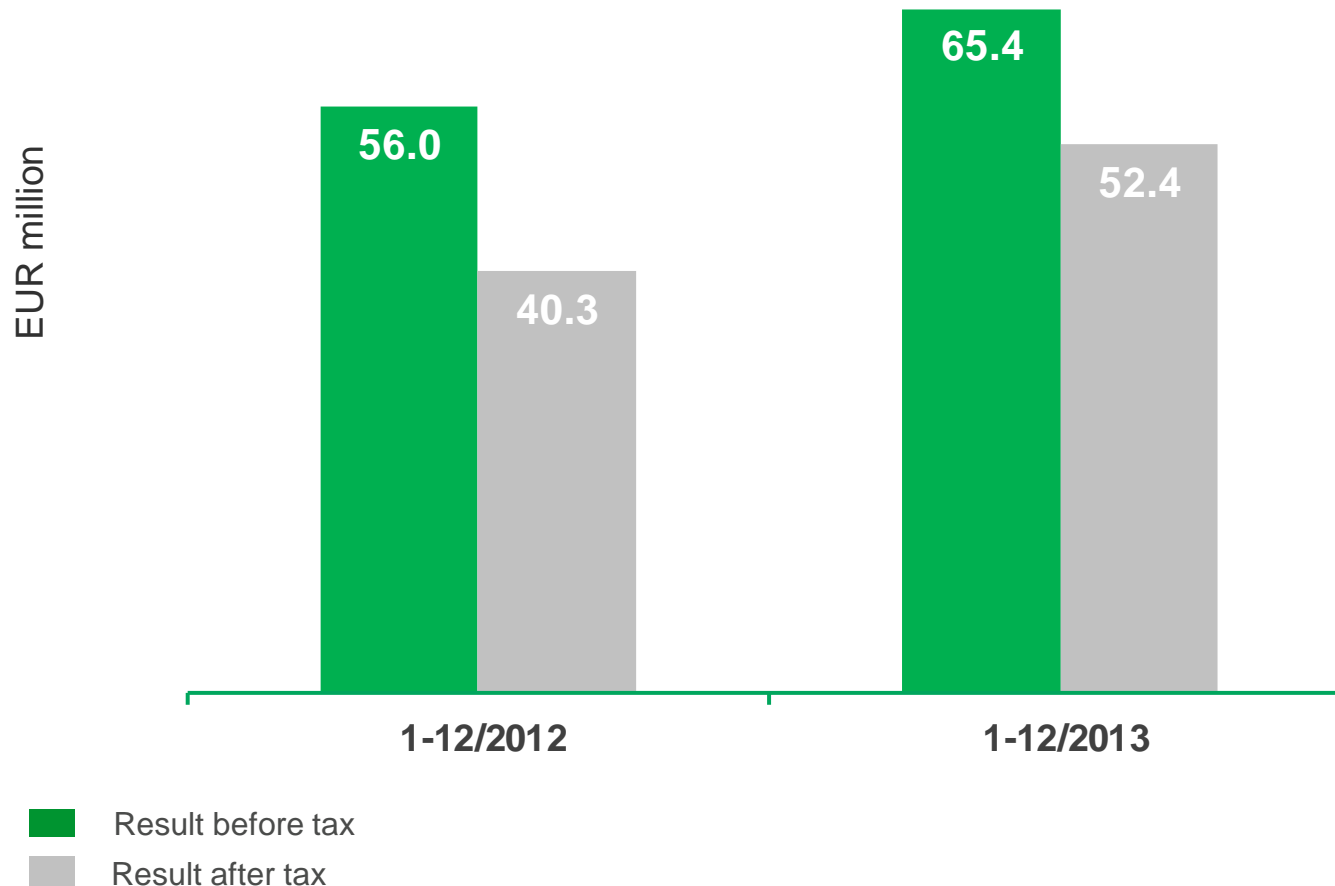
Earnings per share 1-12/2013

Aktia



Result before and after tax Continuing operations

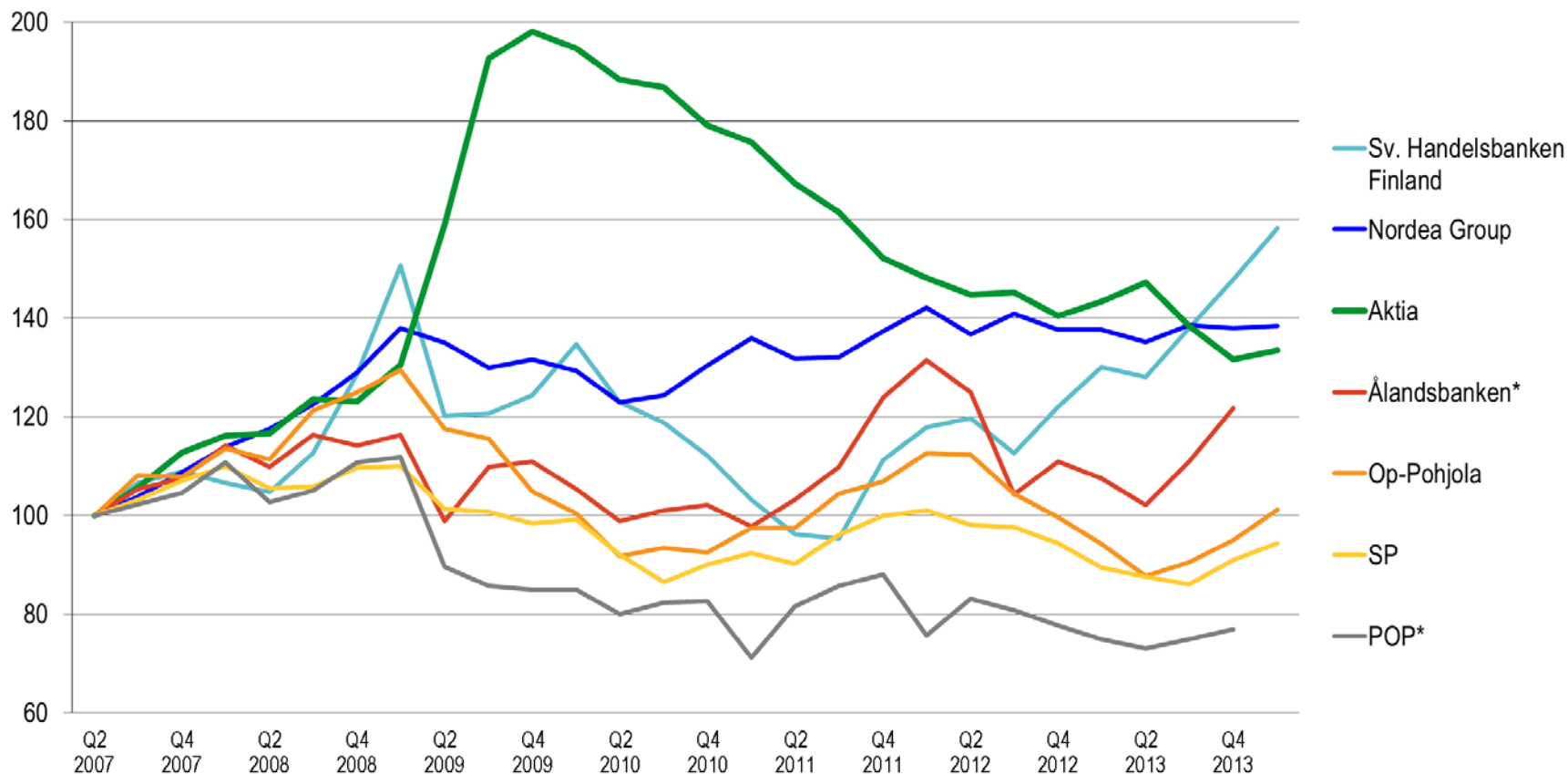
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Net interest income (1/2007 = 100)

Finnish Banks

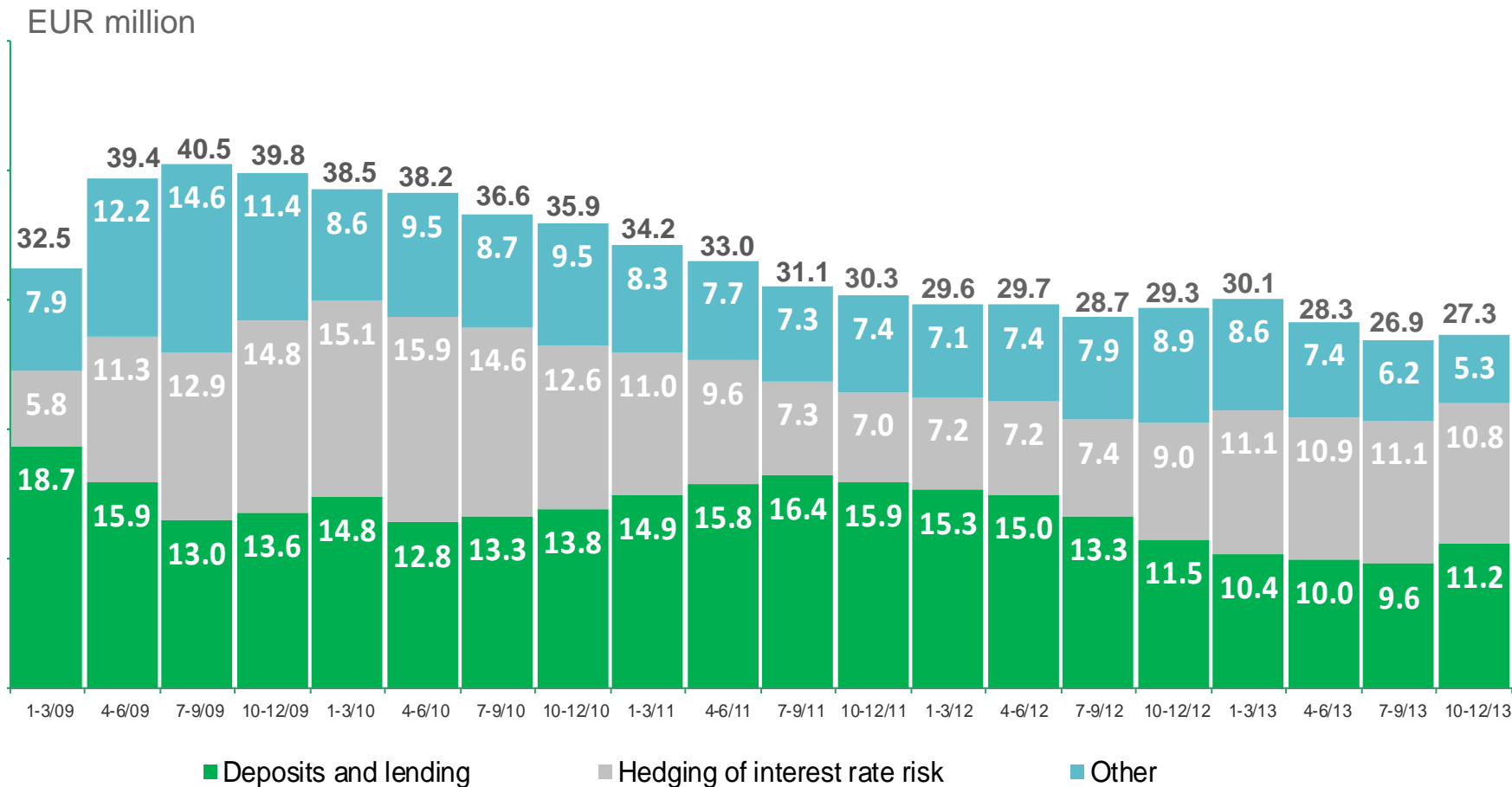
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*4Q/2013 not published

Net interest income

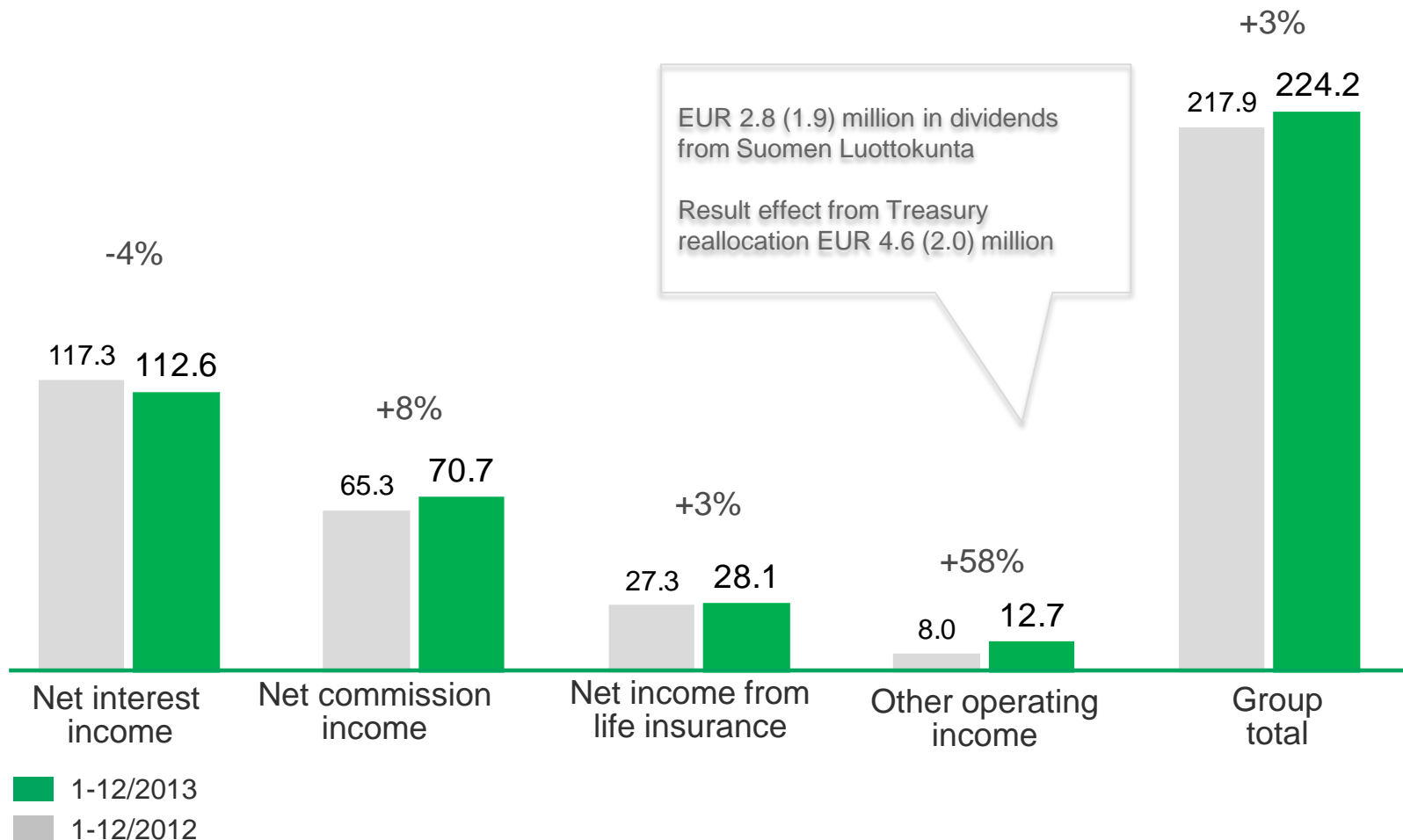
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Income (EUR million)

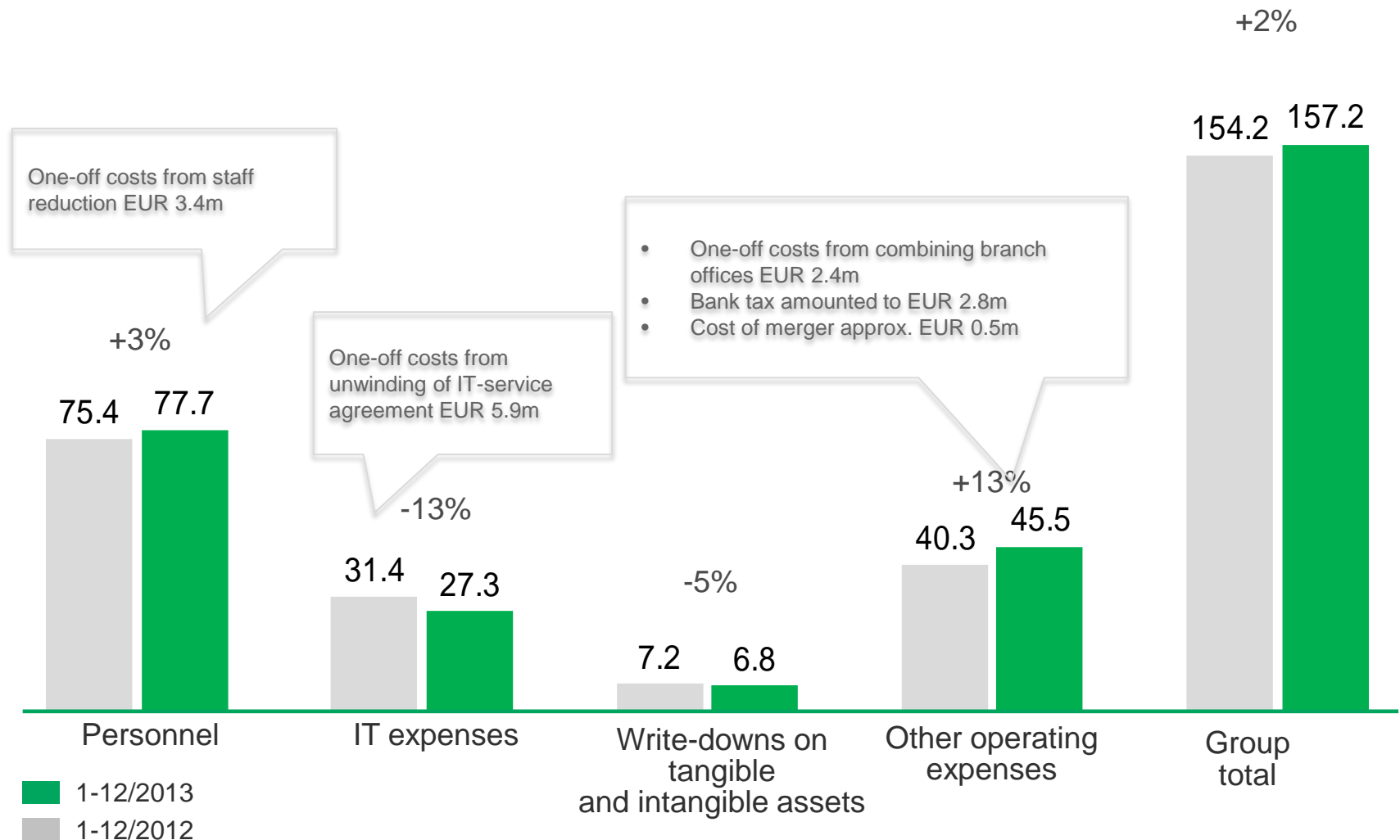
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Net commission income continued to increase



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

Action Plan 2015

Achievements 2013

- **New core banking system 2015**
 - Core banking system providers chosen, agreement with Samlink renegotiated
- **End services as central financial institution 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
 - Asset Management reorganised
- **Card business renewed**
 - New technical platform
 - The card stock acquired December 2013
- **Measures to enhance effectivity started**
 - Staff reduction of approx. 50
 - Reducing branch network by 8

Measures to enhance efficiency

- Aktia Bank concluded codetermination negotiations in November 2013, resulting in to a staff reduction of 50 persons.
- Branch network to be adjusted, 8 branches combined with nearby branches.
- The measures are expected to lower annual costs by EUR 5 to 6 million after implementation in 2014. The reorganising of business operations generated a one-off cost of EUR 5.8 million in the last quarter of 2013.

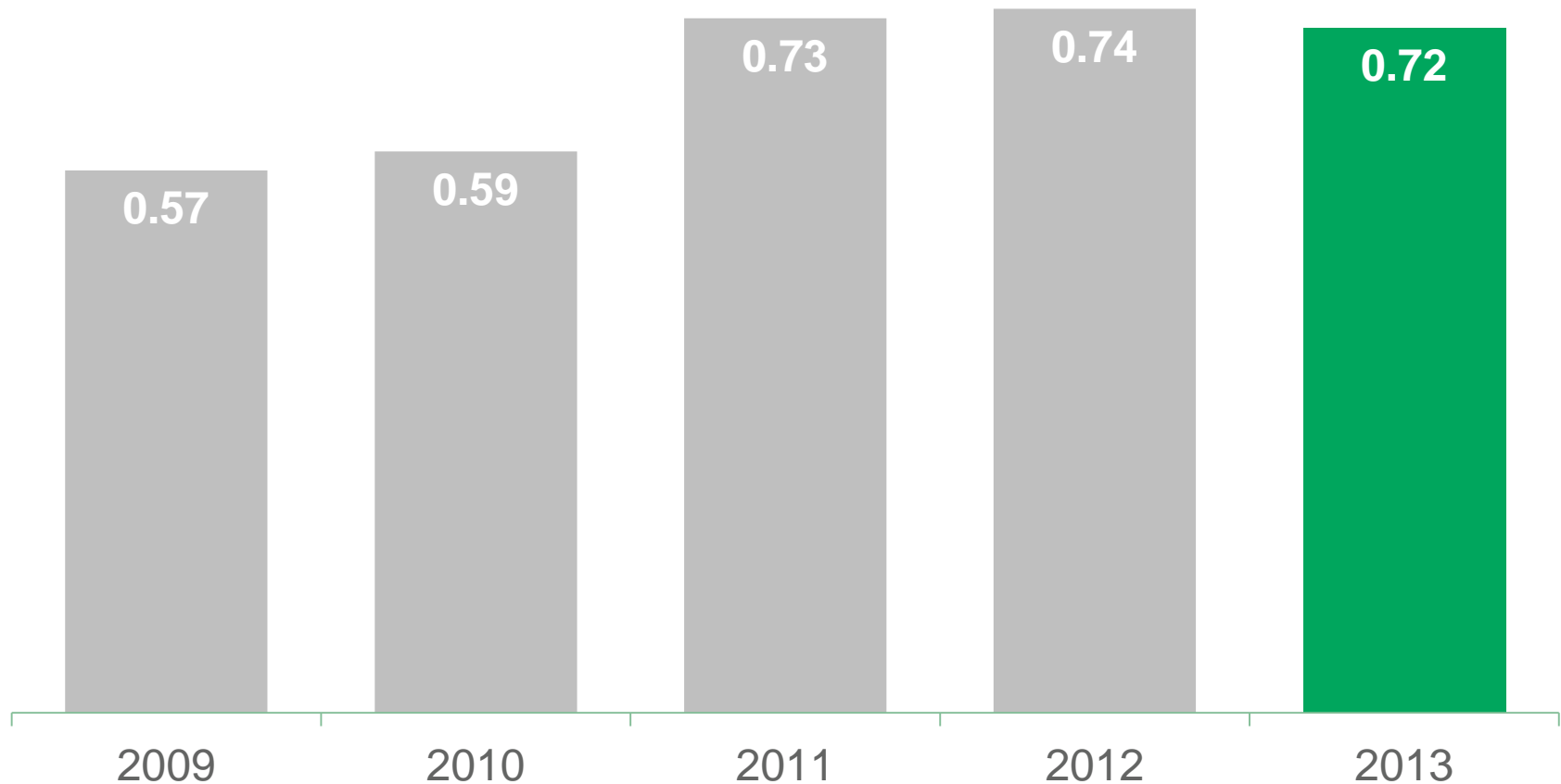
12 months rolling salaries & remunerations and human resources

Aktia



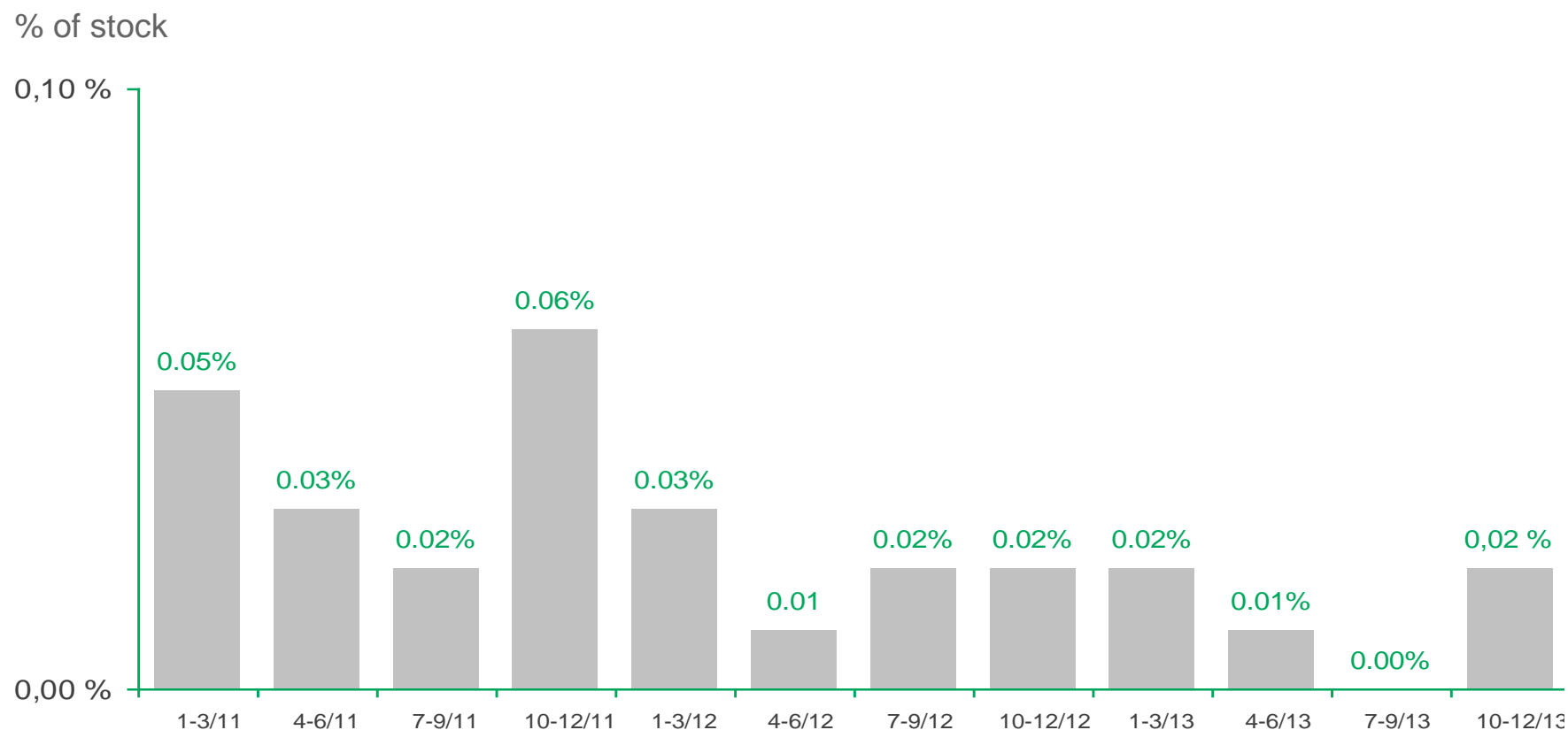
Banking business Cost/Income ratio

Aktia



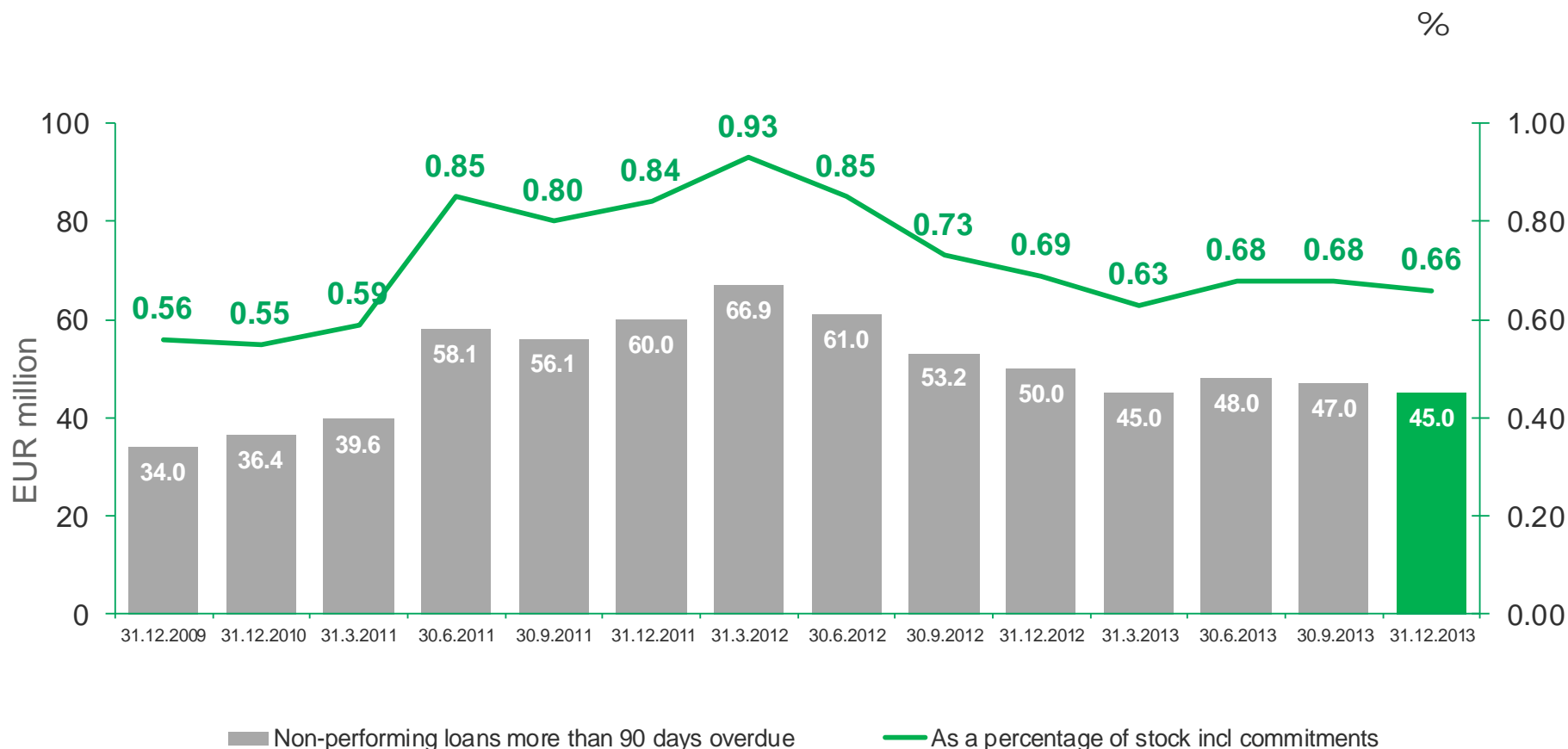
Write-downs on credits (per quarter)

Aktia



Non-performing loans more than 90 days overdue

Aktia



Non-performing loans by days overdue

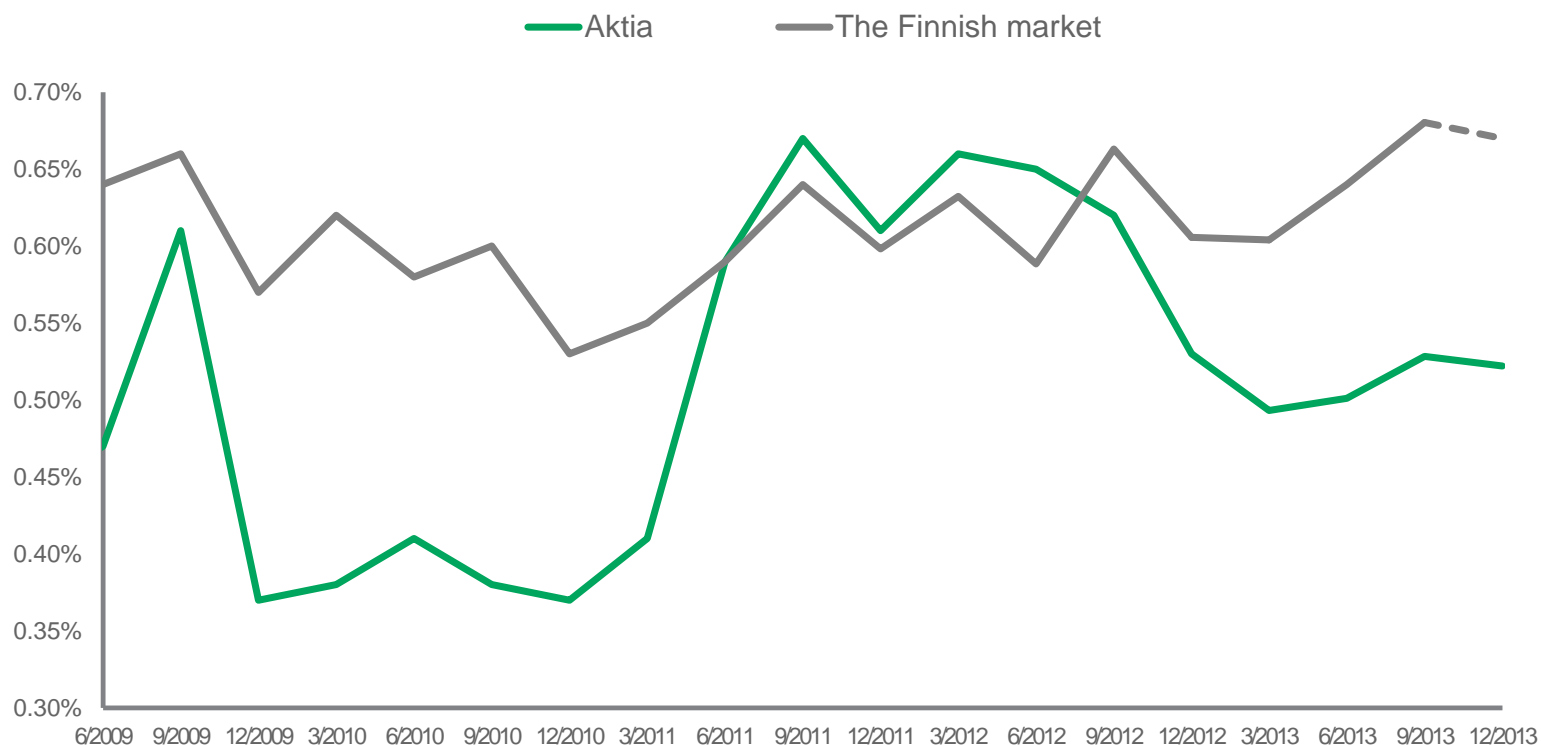
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Days	31.12.2013	% of credit stock	31.12.2012	% of credit stock
3-30	114	1.66	133	1.84
of which households	106	1.55	117	1.62
31-89	34	0.49	51	0.71
of which households	28	0.42	42	0.58
90- *	45	0.66	50	0.69
of which households	31	0.46	33	0.46

* 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

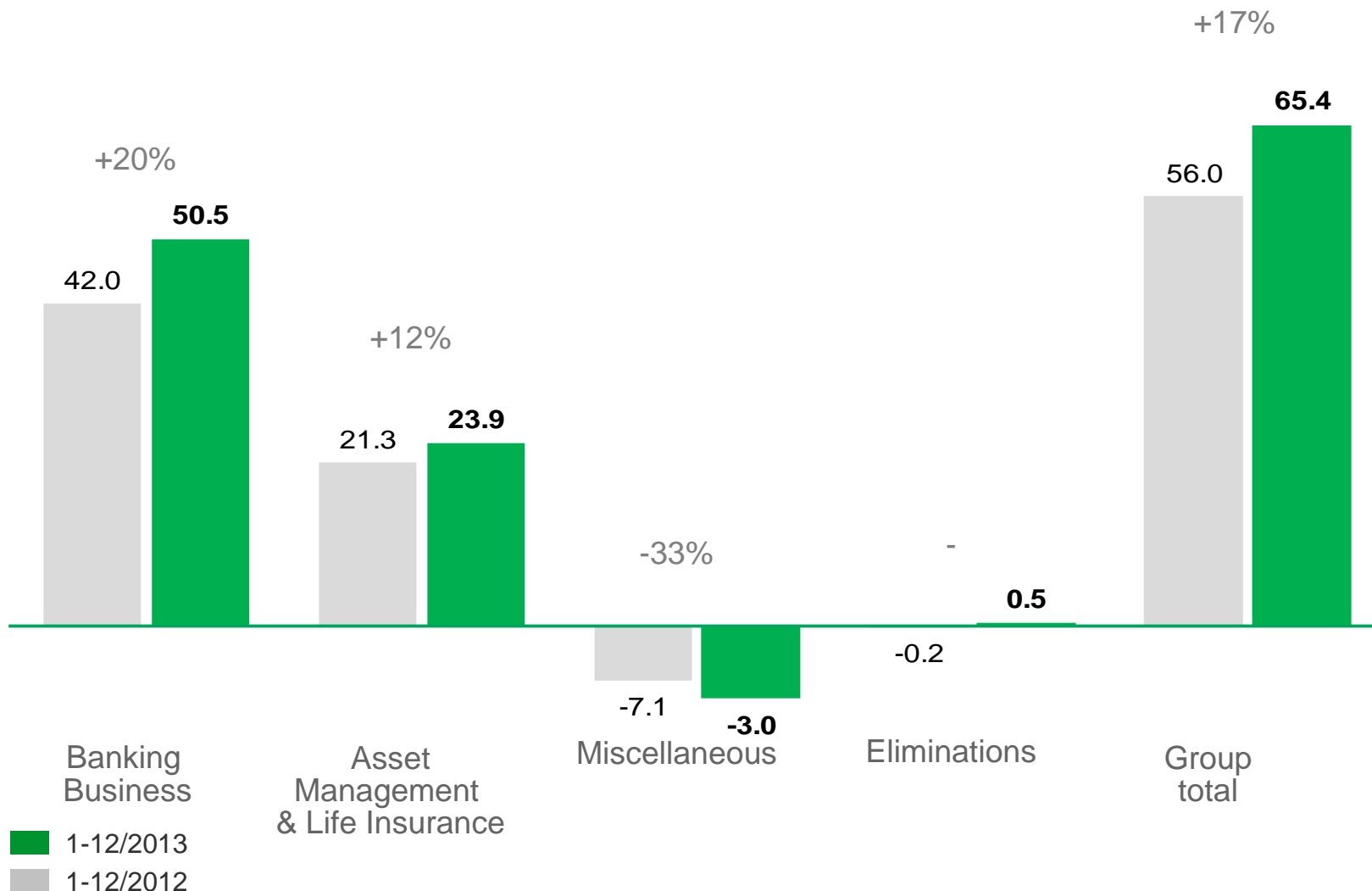
Write-downs on credits and other commitments

Total write-downs on credits and other commitments amounted to EUR 2.7 (6.4) million.

Of these write-downs, EUR 1.8 (4.4) million is attributed to households and EUR 0.9 (2.0) to companies.

The segments' contribution to the operating profit

Aktia



Asset Management & Life Insurance AUM

Aktia

(EUR million)	31.12.2013	31.12.2012	Change %
Aktia Fund Management	3,053	2,843	7%
Aktia Invest	2,452	2,467	-1%
Aktia Asset Management	4,843	4,561	6%
Aktia Life Insurance	451	379	19%
Eliminations	- 5,608	-5,271	6%
Total	5,192	4,978	4%

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**

Aktia's Asset management reorganised

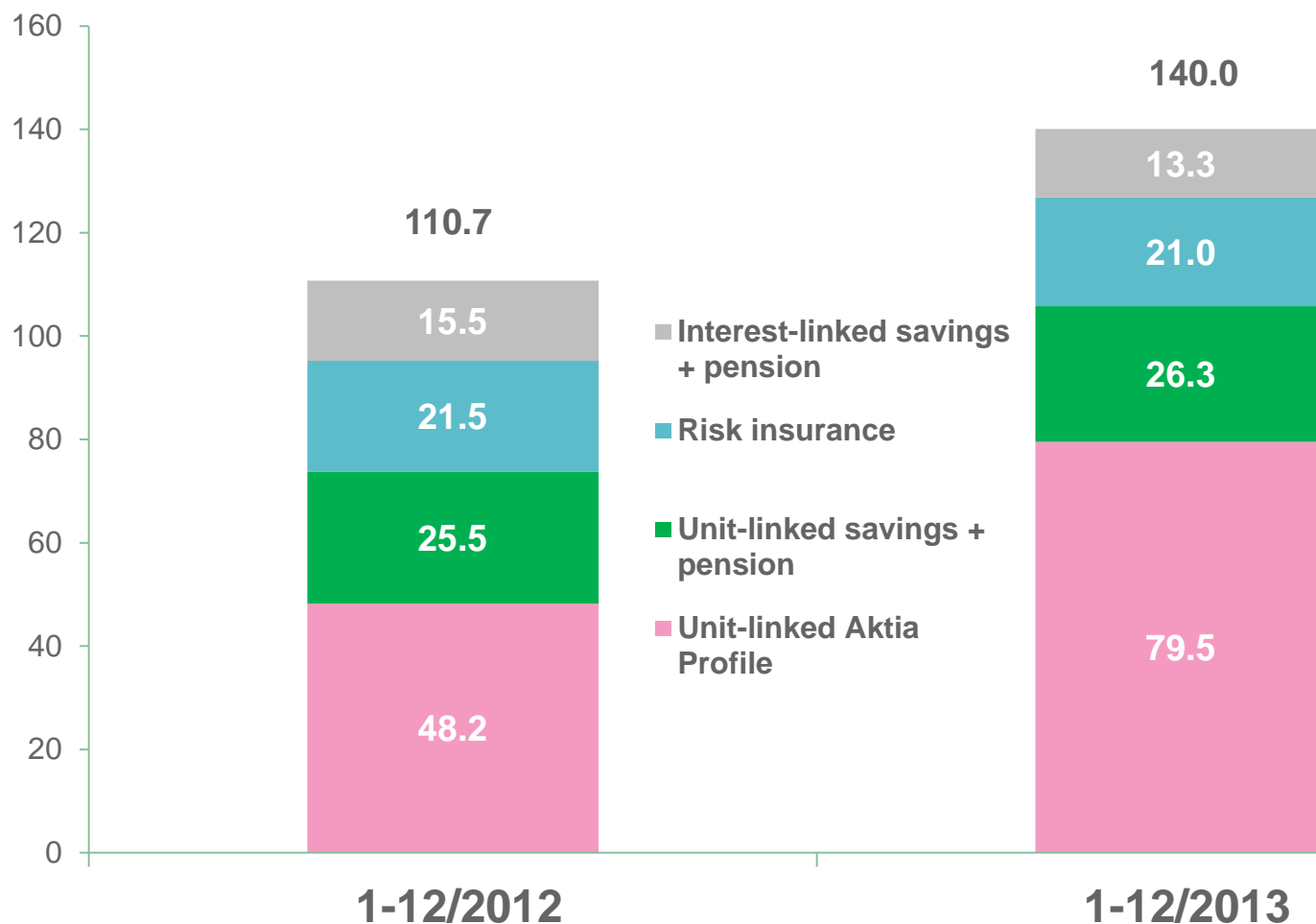
Aktia

- Aktia Asset Management Ltd has acquired all shares in Aktia Invest Ltd.
- Following the transaction, Aktia Bank plc's holding is 75% of the new subsidiary Aktia Asset Management Ltd. Minority shareholders (25%) of the company are key persons in the present Aktia Asset Management and Aktia Invest.
- The reorganising has no significant effect on Aktia Bank plc's profit or financial position.
- Anders Ehrström has been appointed Managing Director of Aktia Asset Management Ltd and Jetro Siekkinen has been appointed Deputy Managing Director.

Life Insurance, premiums written

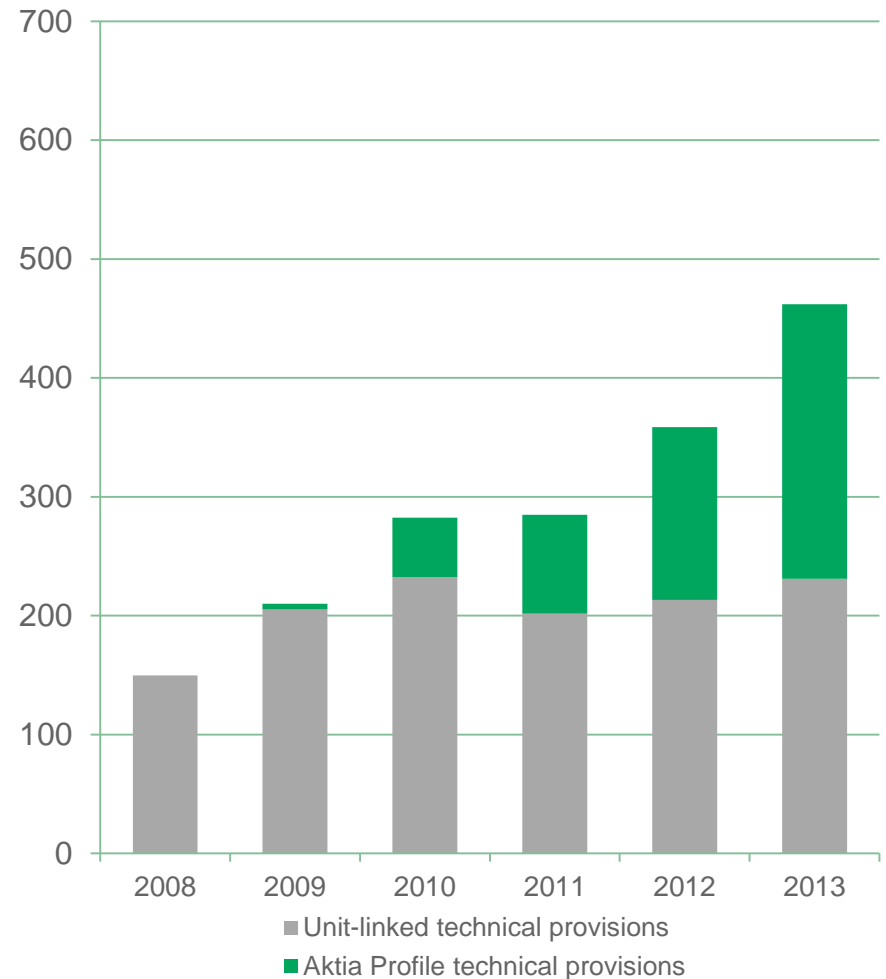
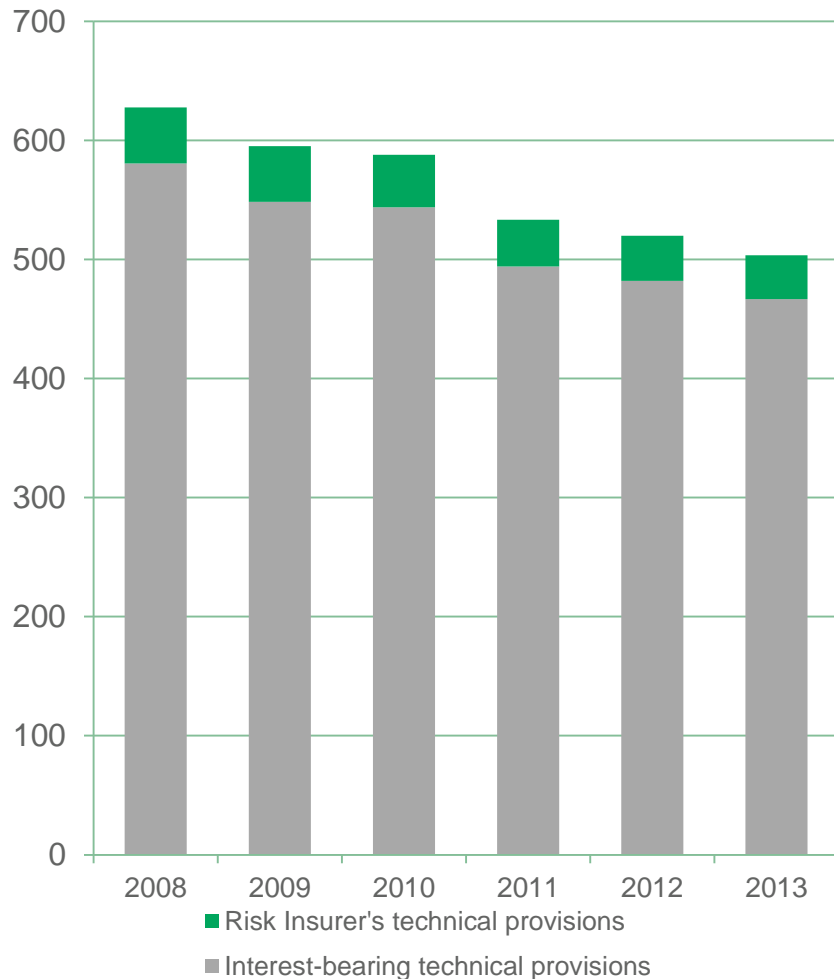
Aktia

EUR million



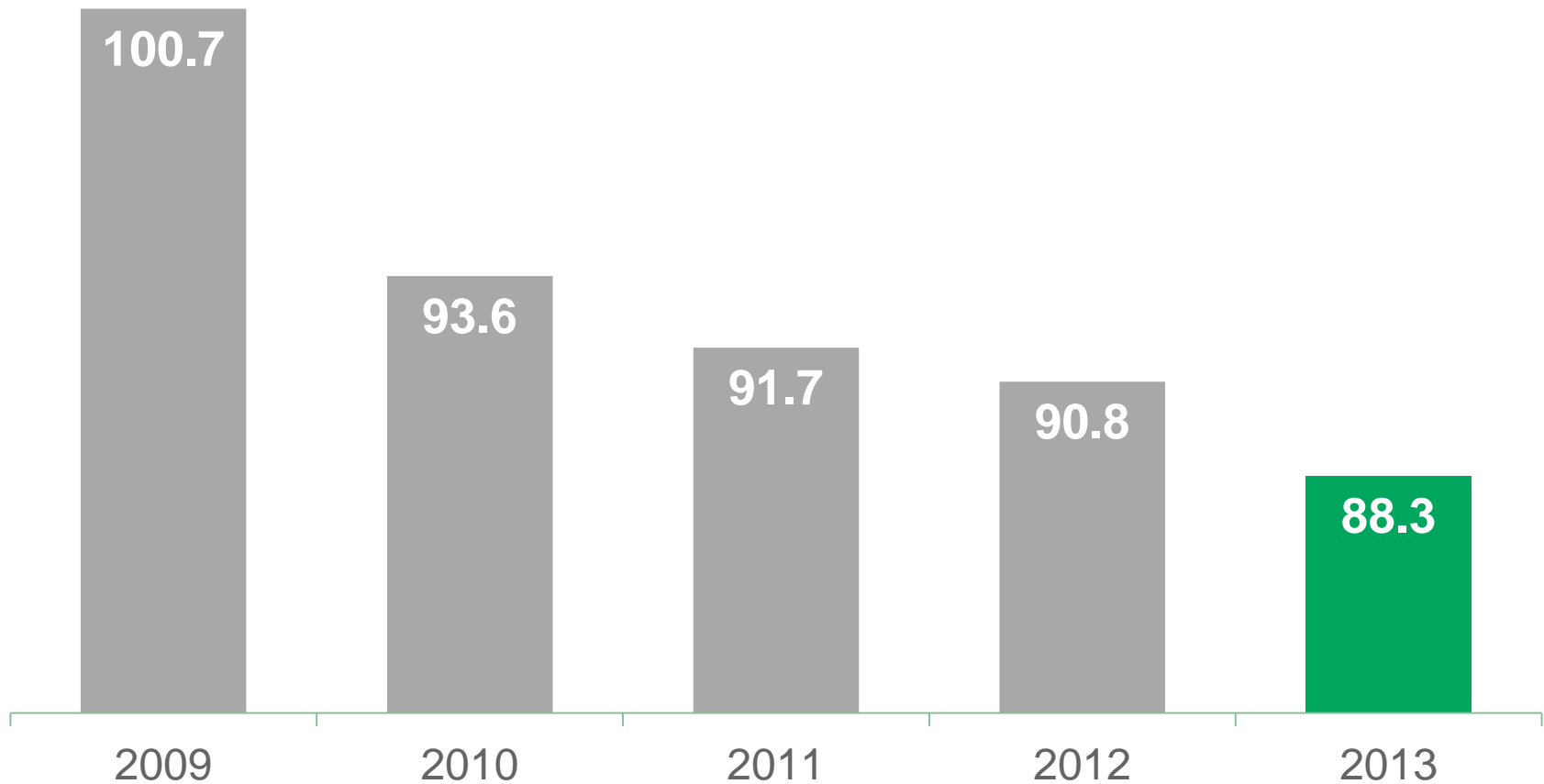
Aktia Profile accounts for more than 60% of total premiums written.

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



Expense ratio for life insurance, %

Aktia



Summary:

Profit January–December 2013

Profit

Operating profit from continuing operations amounted to EUR 65.4 (56.0) million. Profit for the period from continuing operations amounted to EUR 52.4 (40.3) million.

Income

Income totalled EUR 224.2 (217.9) million.

Net interest income was stable at EUR 112.6 (117.3) million.

Expenses

The Group's operating expenses totalled EUR 157.2 (154.2) million.

Write-downs

The Group's write-downs on credits and other commitments decreased by 57% to EUR 2.7 (6.4) million.

Accounts Announcement

1 January – 31 December 2013

Aktia

1

Financial performance

2

Capital adequacy

3

Balance sheet and owners

4

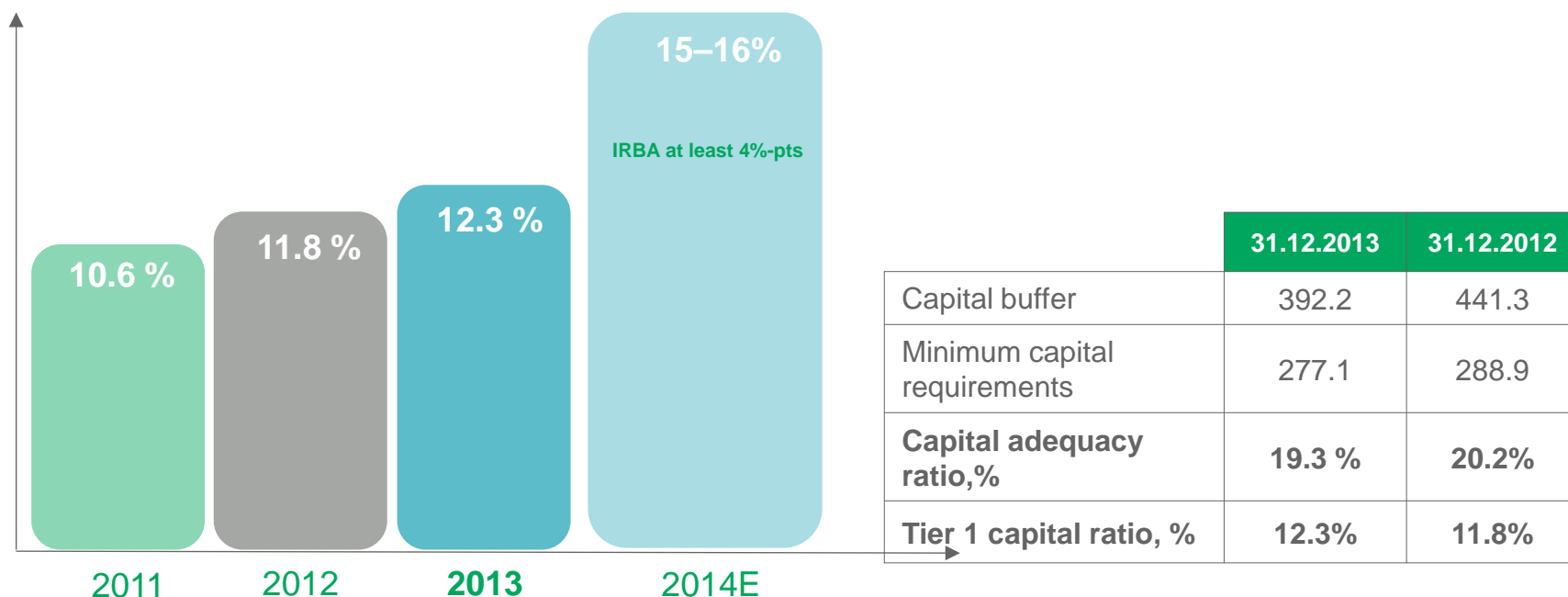
Outlook and targets

The Bank's Capital Adequacy

Aktia

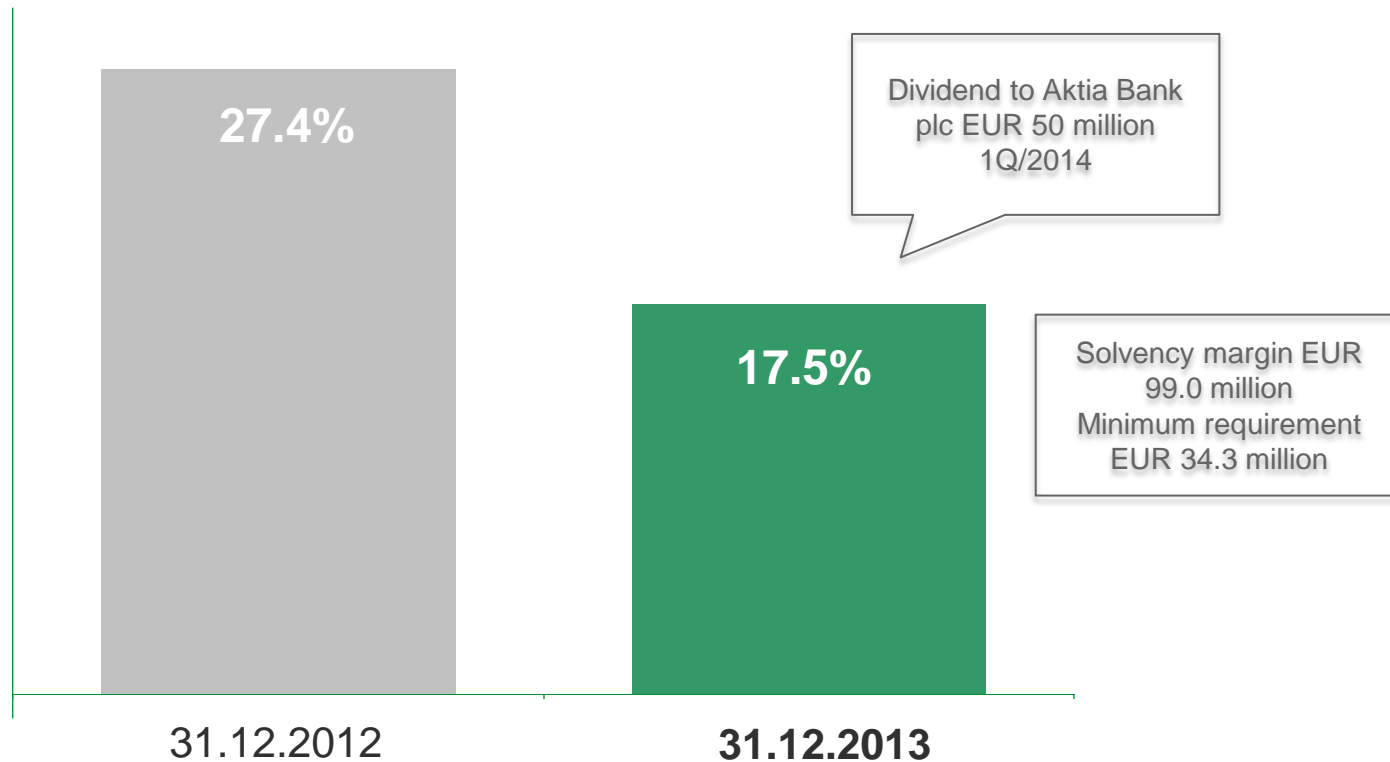
- Basel III entered into force 1 January 2014
- Temporary exceptional permit concerning holdings in Aktia Life Insurance, risk weight 280%
- Principles for Group internal capital allocation adjusted
 - ⇒ Total effect on Core Tier 1 ratio -0.5%-pts

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



Life insurance Solvency ratio

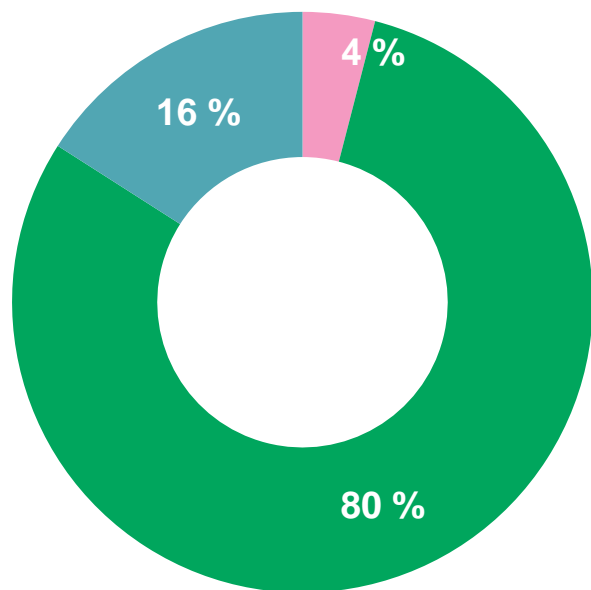
Aktia



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

Aktia

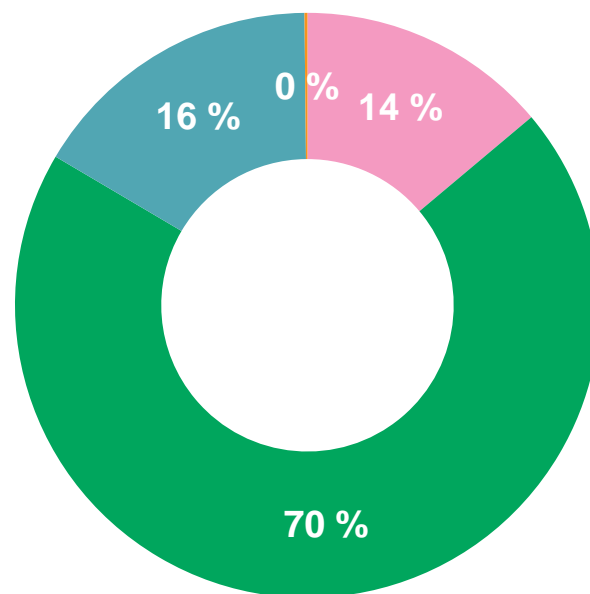
EUR 1,862 million



31.12.2012

EUR 2,424 million

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



31.12.2013

Rating distribution for the liquidity portfolio of the Bank Group

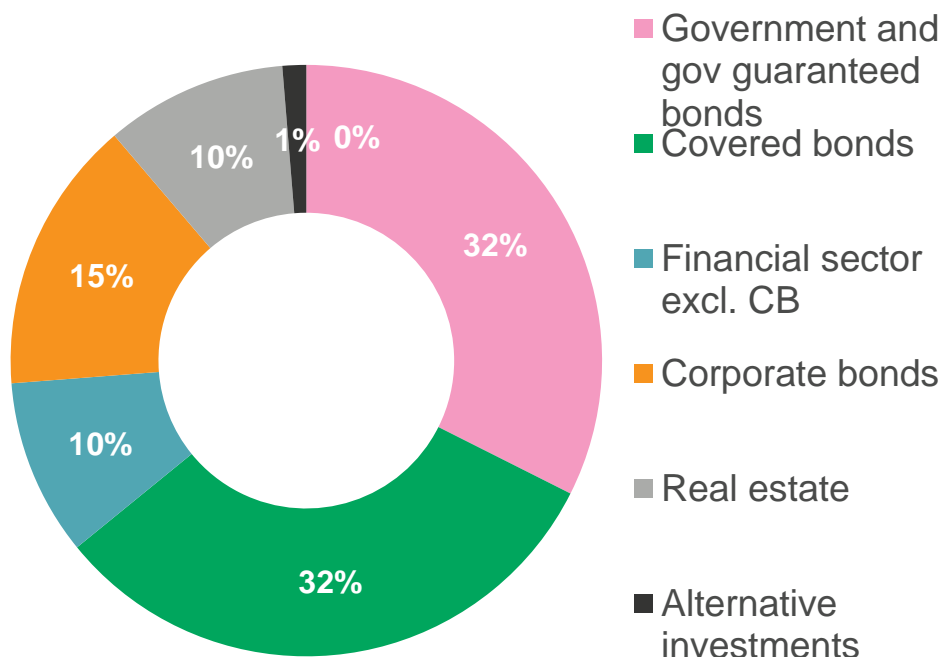
Aktia

	31.12.2013	31.12.2012
(EUR million)	2,424	1,862
Aaa	52.9%	64.5%
Aa1–Aa3	27.5%	19.1%
A1–A3	15.2%	8.9%
Baa1–Baa3	1.3%	3.7%
Ba1–Ba3	0.0%	1.5%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0 %
Finnish municipalities (no rating)	3.0%	2.2%
No rating	0.1%	0.0%
Total	100.0%	100.0%

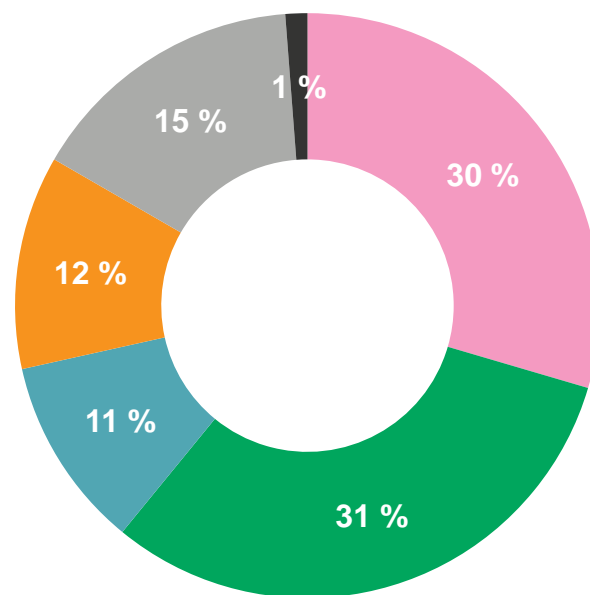
Continued convergence towards Solvency II Life Insurance Company

Aktia

Return on investments 1.0 (11.7)%
Duration 5.4 (5.6) years



31.12.2012



31.12.2013

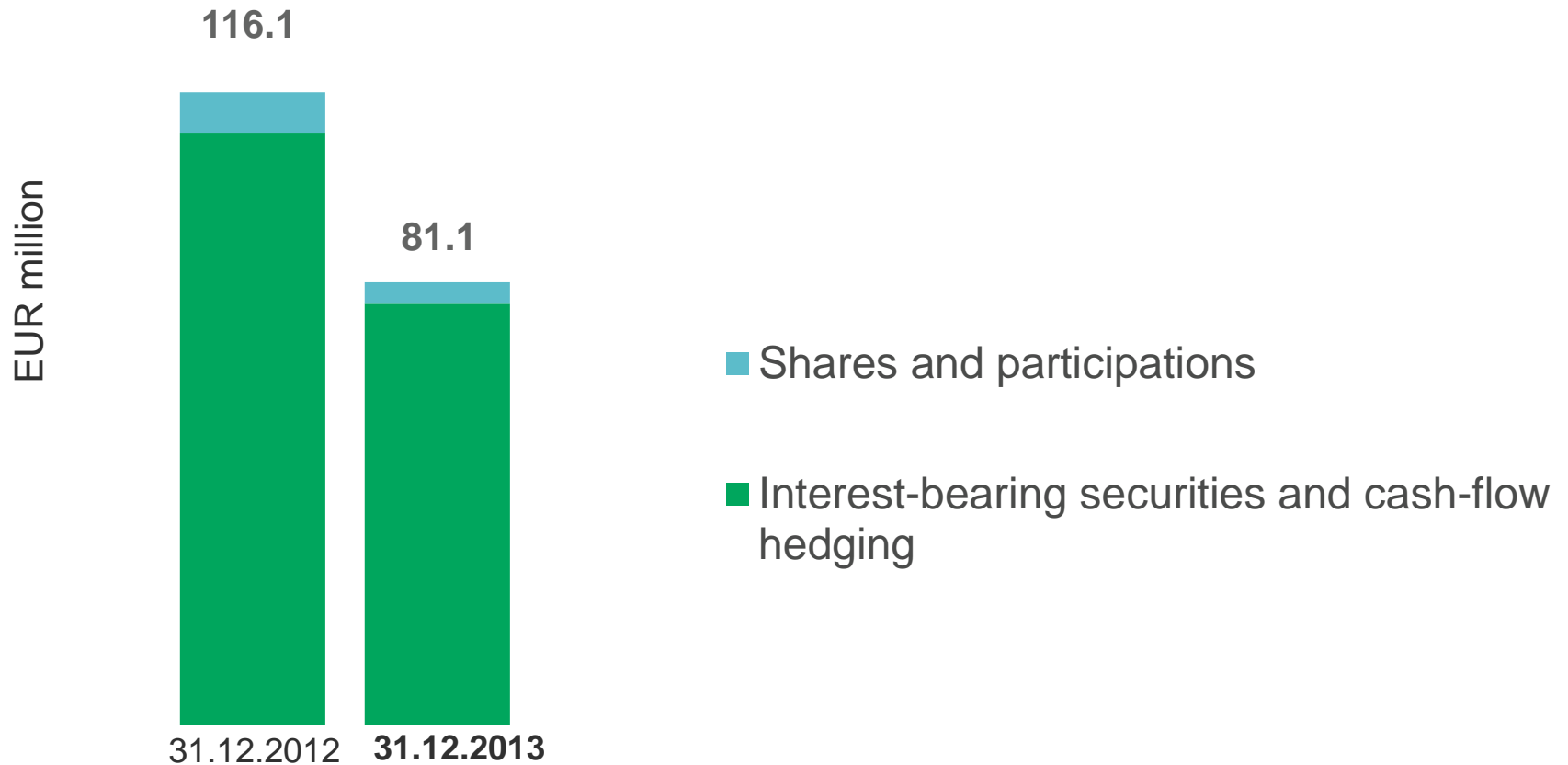
Rating distribution for life insurance portfolio

Aktia

Life Insurance (EUR million)	31.12.2013 493	31.12.2012 563
Aaa	55.4%	54.5%
Aa1–Aa3	19.2%	21.6%
A1–A3	13.9%	12.0%
Baa1–Baa3	4.7%	3.7%
Ba1–Ba3	0.9%	2.0%
B1–B3	0.4%	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%

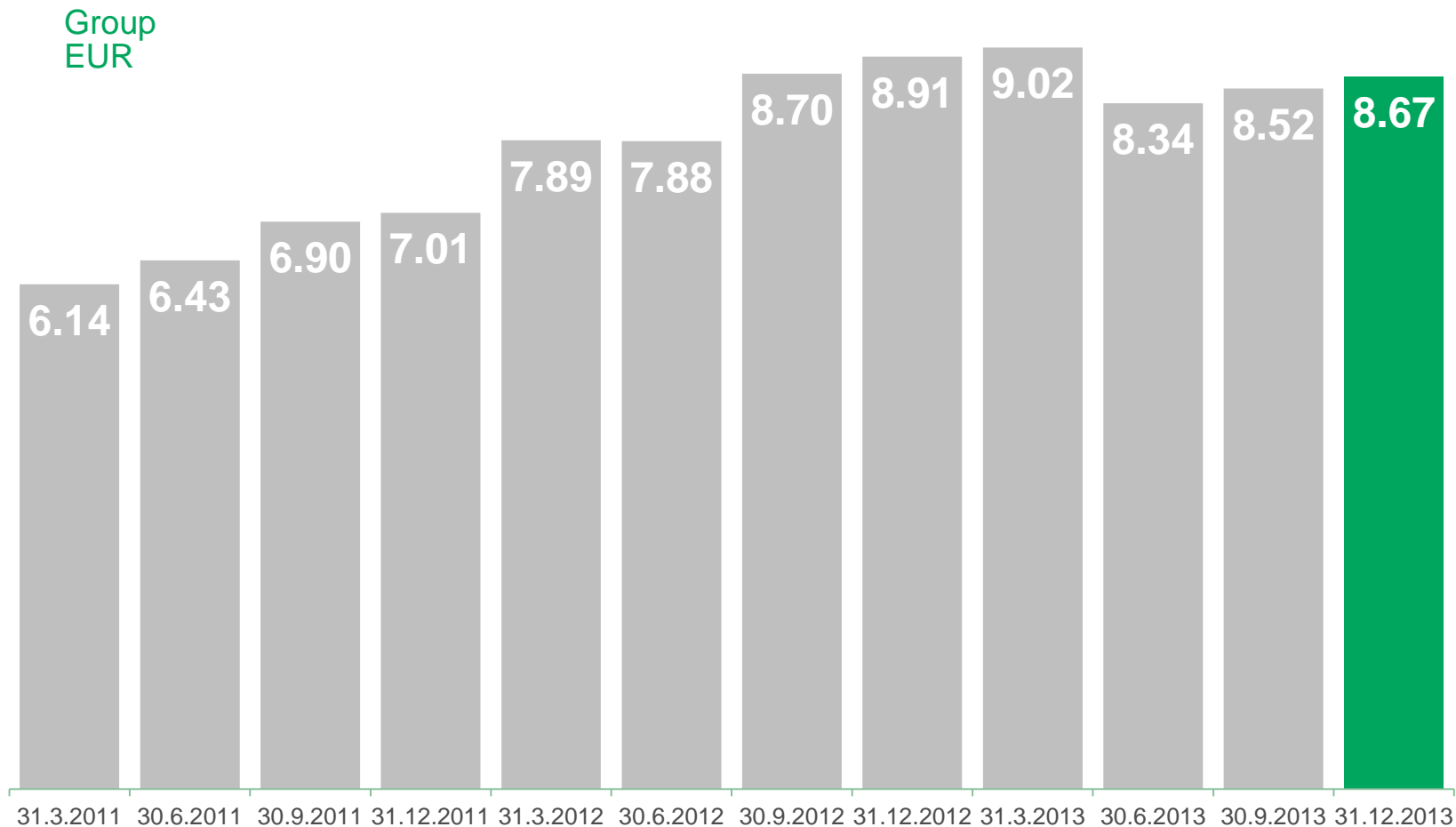
Fund at fair value

Aktia



Equity per share (NAV)

Aktia



Summary:

Capital Adequacy 31 December 2013

Capital adequacy

The Bank Group's capital adequacy amounted to 19.3 (20.2)%.

The Tier 1 capital ratio was 12.3 (11.8)%.

Estimated total impact 2014 on Core Tier 1: -0.5%

- Basel III, exceptional permit concerning Aktia Life Insurance, and Group internal capital allocation

The life insurance company's solvency margin

The solvency margin was EUR 99.0 (158.6) million.

Solvency ratio 17.5 (27.4)%.

Aktia Bank plc's rating S&P A-/A2 (2 July 2013)

Aktia Bank plc's rating Moody's: A3/C-/P-2 (20 August 2013)

Accounts Announcement

1 January – 31 December 2013

Aktia

1

Financial performance

2

Capital adequacy

3

Balance sheet and owners

4

Outlook and targets

Balance sheet 31.12.2013

Aktia

The Group's **balance sheet total** decreased slightly and **amounted to EUR 10,934 (11,240) million.**

Borrowing amounted to **EUR 3,797 (3,631) million.**

Lending to the public amounted to **EUR 6,802 (7,202) million.**
Loans to private households amounted to EUR 5,973 million or 87.8 % of the credit stock.

The housing loan stock amounted to **EUR 5,521 (5,850) million**

Corporate lending continued to be moderate
The credit stock amounted to EUR 541 (666) million, corresponding to 8.0 %

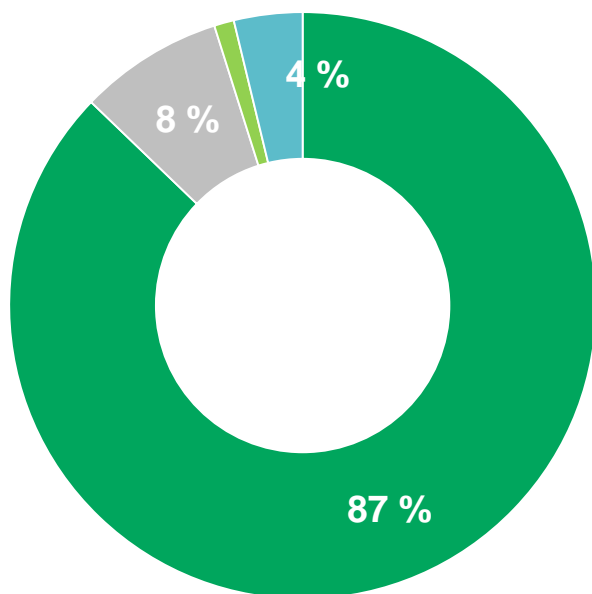
Credit and deposit stocks

31 December 2013

Aktia

Credits

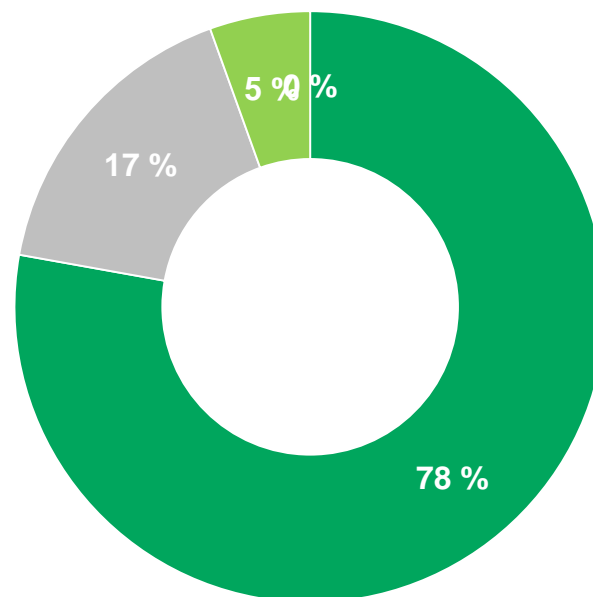
EUR 6,802 (7,202) million



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

Deposits

EUR 3,797 (3,631) million



Share capital and ownership 12.2.2014 Aktia

20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes, %
Stiftelsen Tre Smeder	2,571,925	4,280,216	6,852,141	10.29	19.85
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.08	10.35
Pension Insurance Co Veritas	4,027,469	2,134,397	6,161,866	9.25	10.52
The Society of Swedish Litterature in Finland	2,139,832	789,229	2,929,061	4.40	4.04
Oy Hammarén & Co Ab	1,905,000	950,000	2,855,000	4.29	4.71
Stiftelsen för Åbo Akademi	1,595,640	751,000	2,346,640	3.52	3.74
Aktiafoundation in Porvoo	1,303,370	651,525	1,954,895	2.94	3.23
Aktiafoundation in Vaasa	978,525	547,262	1,525,787	2.29	2.68
Sampo Oyj	1,435,000		1,435,000	2.16	0.32
Aktiafoundation in Espoo-Kauniainen	1,338,708		1,338,708	2.01	6.03
Savingsbank's foundation in Kirkkonummi	876,529	438,264	1,314,793	1.97	2.17
Savingsbank's foundation in Karjaa-Pohja	787,350	393,675	1,181,025	1.77	1.95
Föreningen Konstsamfundet rf	1,176,173		1,176,173	1.77	0.26
Varma Mutual Pension Insurance Company	1,175,000		1,175,000	1.76	0.26
Aktiafoundation in Vantaa	28,541	1,138,588	1,167,129	1.75	5.13
Ab Kelonia Oy	549,417	308,662	858,079	1.29	1.51
Savingsbank's foundation in Inkoo	512,669	336,818	849,487	1.28	1.63
Savingsbank's foundation in Sipoo	462,002	232,001	694,003	1.04	1.15
Savingsbank's foundation in Siuntio	317,057	237,188	554,245	0.83	1.14
Savingsbank's foundation in Maalahti	361,138	177,600	538,738	0.81	0.88
The 20 largest owners	28,189,459	15,432,531	43,621,990	65.52	81.57
Other	18,517,261	4,439,557	22,956,818	34.48	18.43
Total	46,706,720	19,872,088	66,578,808	100.00	100.00

Accounts Announcement 1 January – 31 December 2013

Aktia

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

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

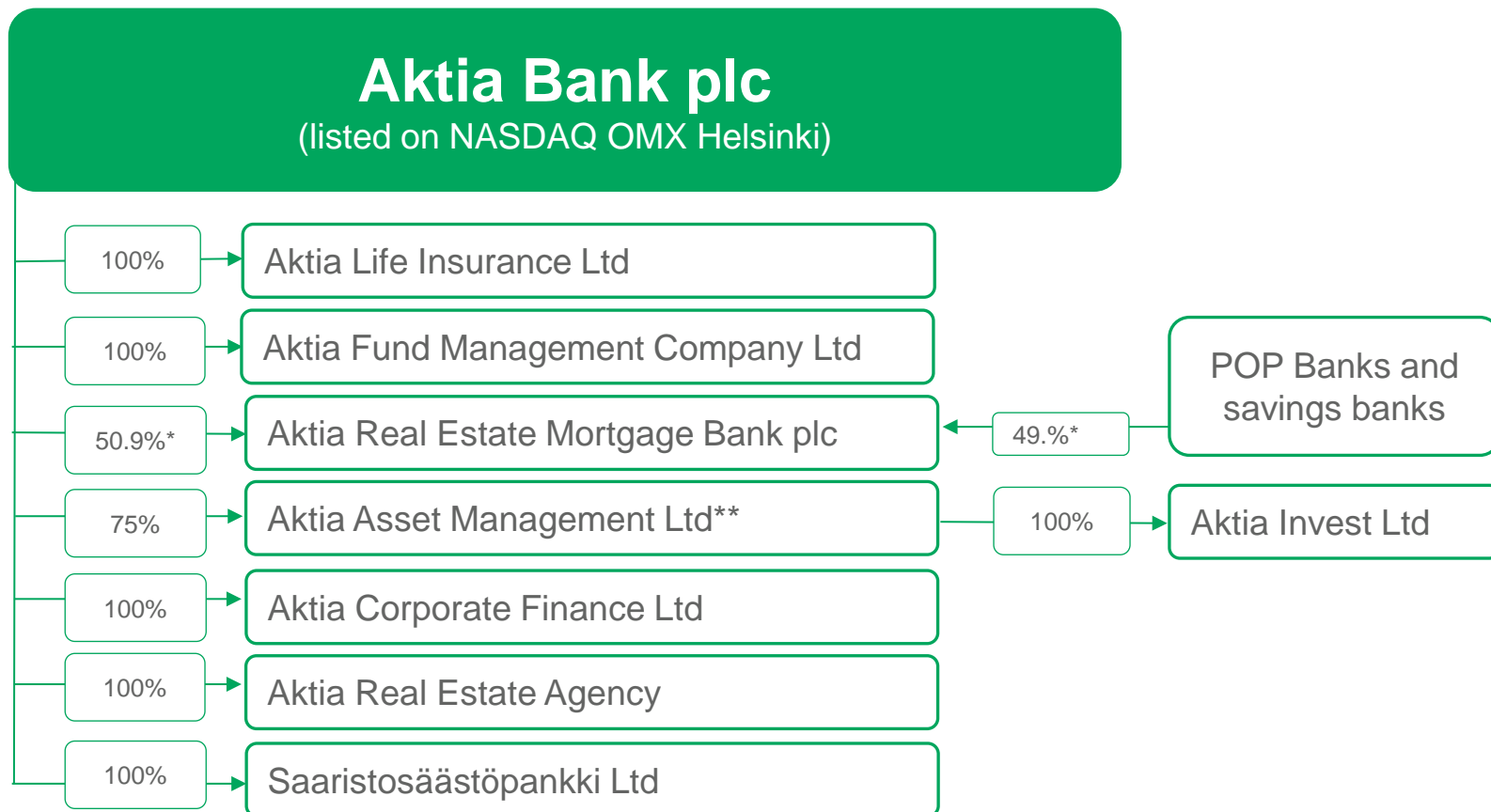
Aktia's Action Plan 2015 includes several individual measures and will be realised in steps with the aim of reaching the financial objectives for 2015.

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 (NEW): Write-downs on credits are expected to be on the same level as in 2013. Despite the persistent low interest rate level the Group's operating profit from continuing operations for 2013 is expected to reach approximately the 2013 level.

Group structure 1.2.2014-

Aktia



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

**Minority shares used as incentives for key personnel

Objectives for 2014–2015

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 12/2012 and 12/2013

Aktia

	1-12/2013	1-12/2012	Change, %	New objectives for 2015
Commission income	88.3	80.8	+9%	+5% p.a.
Expenses				
Staff costs	77.7	75.4	3%/ **-4%	-5% p.a.
IT costs	27.3	31.4	-13%	
Other	45.5	40.3	13%/+ 5%*	

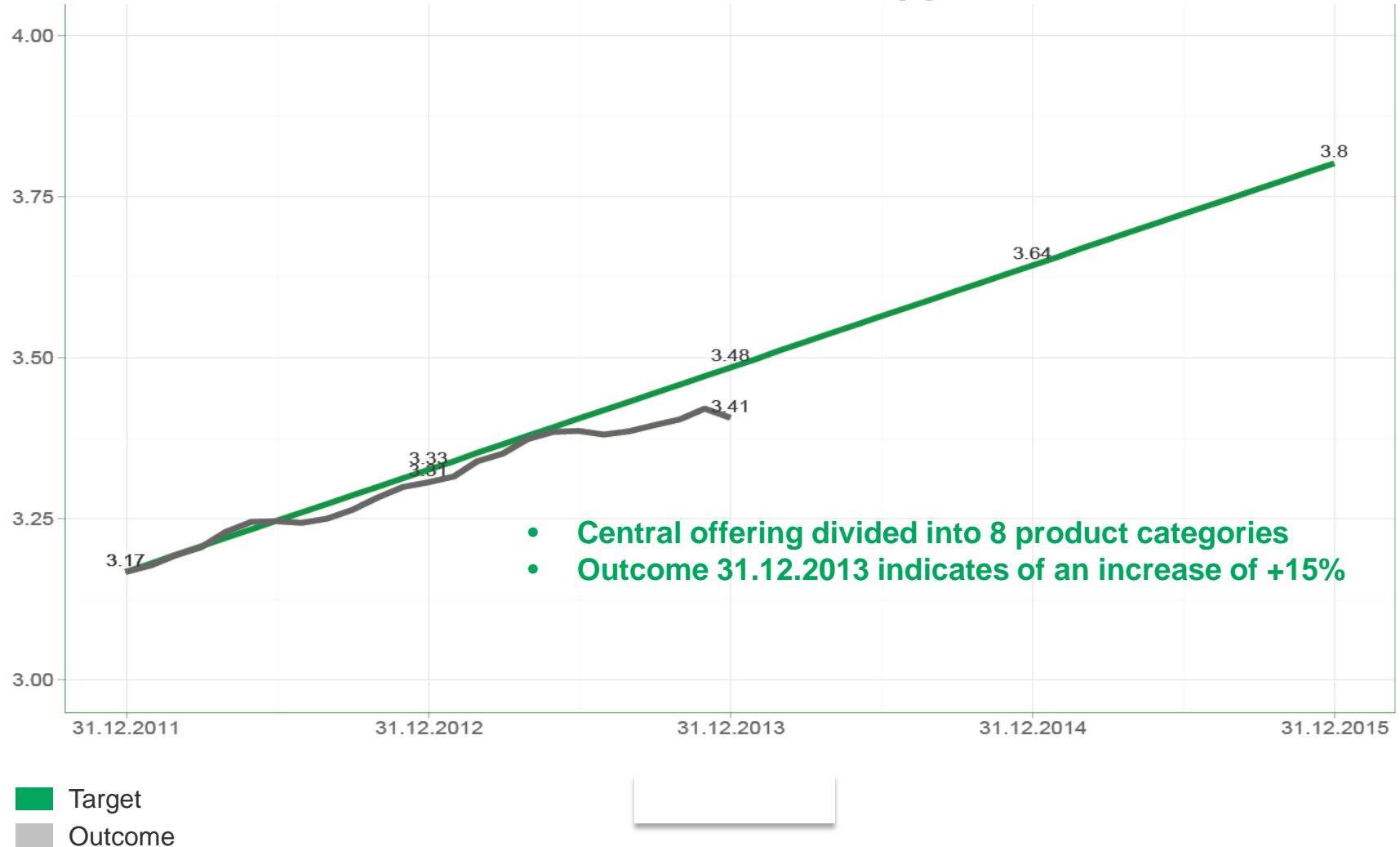
*Excluding one-off costs 2013 for staff reduction EUR 3.4m

** Excluding one-off costs 2012 for unwinding of IT service agreement EUR 5.9m

*** Excluding one-off costs 2013 for combining branch offices EUR 2.4m, costs related to merger of Aktia plc and Aktia Bank plc EUR 0.5m and bank tax EUR 2.8m

Increase the cross-selling index by 20% **Aktia**

Aktia Premium- and Preference customers approx. 130.000



Agreement on merger with the savings bank Vöyrin Säästöpankki

Aktia

Aktia Bank plc and Vöyrin Säästöpankki have signed an 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 implemented the merger of the two banks.

- Saaristosäästöpankki will be incorporated in Aktia Bank in Q2/2014.
- 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		

Balance sheet, assets

Aktia

(EUR million)	31.12.2013	31.12.2012	Δ
Assets			
Cash and balances with central banks	414.3	587.6	-29 %
Financial assets reported at fair value via the income statement	0.1	0.1	100 %
Interest-bearing securities	2,157.0	2,011.7	7 %
Shares and participations	99.5	95.0	5 %
Financial assets available for sale	2,256.5	2,106.7	7 %
Financial assets held until maturity	499.3	350.0	43 %
Derivative instruments	197.6	302.2	-35 %
Lending to Bank of Finland and credit institutions	95.1	158.7	-40 %
Lending to the public and public sector entities	6,802.2	7,201.6	-6 %
Loans and other receivables	6,897.3	7,360.2	-6 %
Investments for unit-linked provisions	465.9	360.9	29 %
Investments in associated companies	19.3	21.1	-9 %
Intangible assets	20.3	14.2	44 %
Investment properties	60.4	28.3	114 %
Other tangible assets	6.6	5.7	17 %
Accrued income and advance payments	66.2	75.0	-12 %
Other assets	8.8	3.3	169 %
Total other assets	75.0	78.3	-4 %
Income tax receivables	3.7	0.1	-
Deferred tax receivables	16.2	23.5	-31 %
Tax receivables	19.9	23.6	-16 %
Assets classified as held for sale	1.2	1.5	-21 %
Total assets	10,933.8	11,240.2	-3 %

Balance sheet, liabilities

Aktia

(EUR million)	31.12.2013	31.12.2012	Δ
Liabilities			
Liabilities to credit institutions	1,095.5	1,057.6	4 %
Liabilities to the public and public sector entities	3,797.5	3,631.5	5 %
Deposits	4,893.0	4,689.0	4 %
Derivative instruments	128.6	186.4	-31 %
Debt securities issued	3,657.9	3,878.9	-6 %
Subordinated liabilities	232.2	268.2	-13 %
Other liabilities to credit institutions	123.5	290.9	-58 %
Other liabilities to the public and public sector entities	92.4	146.7	-37 %
Other financial liabilities	4,106.0	4,584.7	-10 %
Technical provisions for interest-related insurances	503.5	519.9	-3 %
Technical provisions for unit-linked insurances	461.9	358.5	29 %
Technical provisions	965.4	878.5	10 %
Accrued expenses and income received in advance	96.5	93.1	4 %
Other liabilities	40.5	55.2	-27 %
Total other liabilities	137.0	148.3	-8 %
Provisions	6.4	6.9	-7 %
Income tax liabilities	5.2	23.3	-78 %
Deferred tax liabilities	50.4	65.5	-23 %
Tax liabilities	55.6	88.8	-37 %
Liabilities for assets classified as held for sale	0.2	0.2	-21 %
Total liabilities	10,292.1	10,582.8	-3 %
Equity			
Restricted equity	244.5	220.2	11 %
Unrestricted equity	332.7	372.4	-11 %
Shareholders' share of equity	577.1	592.6	-3 %
Non-controlling interest's share of equity	64.6	64.8	0 %
Equity	641.7	657.4	-2 %
Total liabilities and equity	10,933.8	11,240.2	-3 %



Aktia

We see a person in every customer.