

AKTIA BANK PLC
CORPORATE SOCIAL
RESPONSIBILITY REPORT 2013



Aktia

Banking | Asset Management | Insurance | Real Estate Agency

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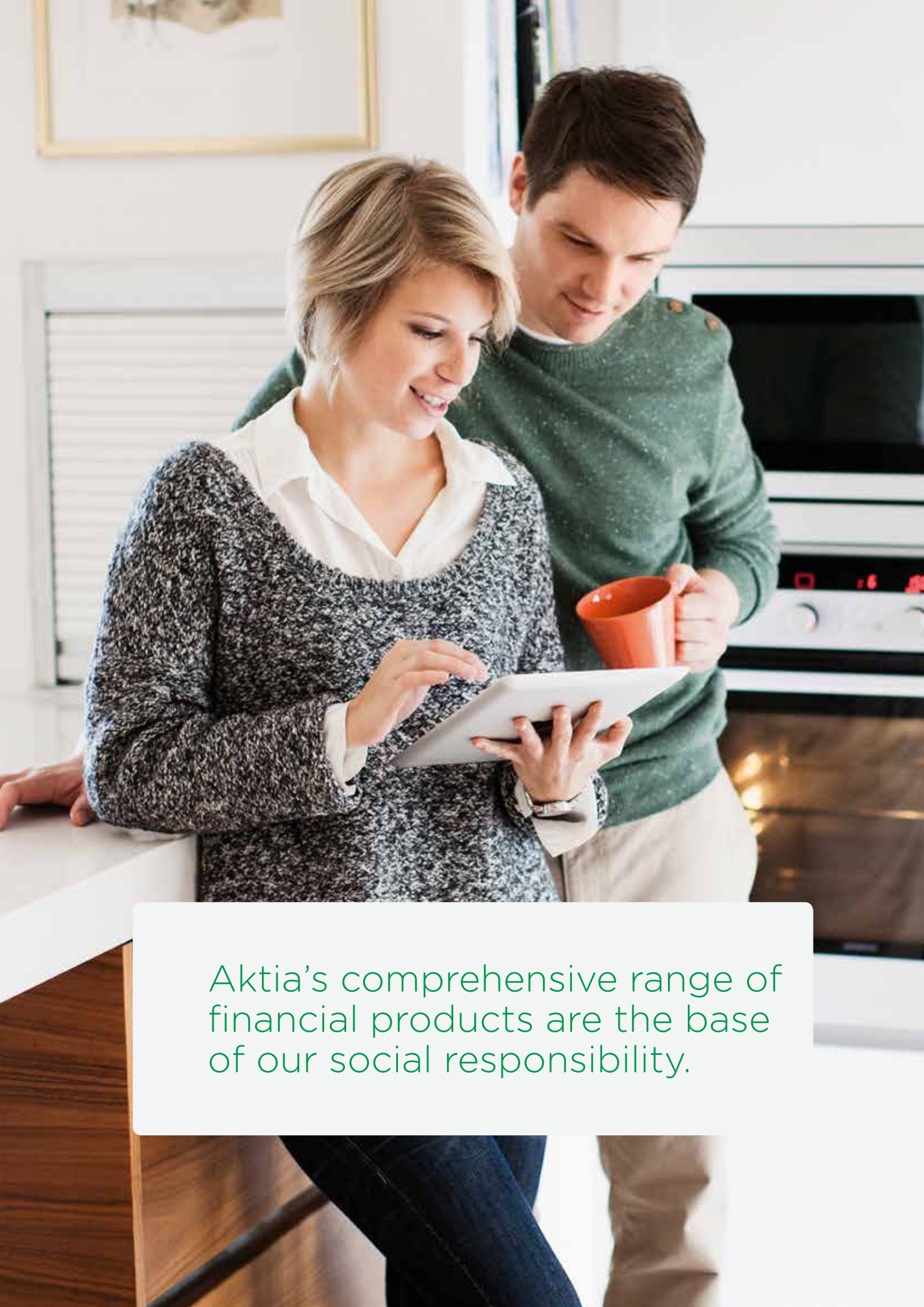
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Aktia's corporate social responsibility

Aktia's corporate social responsibility is defined as how the company's daily activities influence society from an economic, environmental, and social perspective. Corporate social responsibility is an integral element of our operational activities. Since 2010 Aktia has reported the measures it has taken to support sustainable development .

Aktia reports on its corporate social responsibility once a year. This report covers the major events that have taken place in the calendar year, and their effect on the company and on society.

Aktia's Corporate Social Responsibility Report is based on the activities of the entire group, and supplements Aktia's financial reports and data. Aktia endeavours to apply the international Global Reporting Initiative (GRI) model, however the GRI recommendations are currently followed where applicable. The report is not guaranteed to be fully compliant. The report can be downloaded from www.aktia.com. Questions and comments regarding the report can be directed to kommunikation@aktia.fi.



Aktia's comprehensive range of financial products are the base of our social responsibility.

CEO's comments:

Commitment and responsibility permeate our operational activities

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 adopt a responsible approach by acting profitably, reliably, and ethically. Aktia's business environment is challenging. Slow economic growth and low interest rates are a threat that must be faced. We maintain our drive through our Action Plan 2015. Our objective is to improve our competitiveness while becoming Finland's best company in the provision of customer service in our chosen customer segment.

Aktia's financial performance in 2013 was good. Commission income increased throughout the year and counterbalanced the negative effect of low interest rates. Our revised lending policy generated results, and write-downs on credits decreased more than expected. This year the savings banks Saarisosäästöpankki and Vöyrin Säästöpankki announced a merger with Aktia. This further expands the geographical area in which we operate and strengthens our position in the regions Turunmaa and Pohjanmaa. The levels of Aktia's refinancing, liquidity and capital adequacy are good and comply with rapidly tightening regulations.

The new regulations impose exacting demands on the banks and have a long-term effect on the entire sector. Aktia has deliberately continued to adjust its cost structure and created the conditions needed for profitable growth in the Group. At Aktia it is important for us to take good care of our stakeholders, meeting their needs during the restructuring process.

As the regulations become stricter the banks are being encouraged to reduce lending and to focus on business areas requiring less capital. These changes also lead to a re-evaluation of business models that combine banking and insurance services.

As a consequence of the changes, companies in the financial sector are spending ever more time in adapting and securing their business activities. The costs of increased regulation and statutory requirements are greater in relative terms for smaller actors. Actors in the financial sector flourish only when things are going well for Finnish companies and households. However, it is also important to realise that the opposite is true: only profitable financial actors can support economic growth by financing households and businesses and providing versatile and efficient savings and asset management solutions.

The requirements imposed on profitability by the new regulations also affect our customers. Efficiency measures have resulted in Aktia merging branches in 2013. By saving on infrastructure we can continue to offer extensive expertise while ensuring high quality customer service.



Customer satisfaction surveys show that Aktia has satisfied customers. Our objective is to be Finland's best company in the provision of customer service in 2015, and we are working hard to achieve this. Our customers appreciate flexibility and today we can identify our customers over the telephone so that many tasks can be accomplished outside normal branch hours. The number of Dialogues conducted rose by 4% over the year, this means that almost half our private customers had a discussion with their customer service representative regarding their finances. The Dialogue is aimed at creating a sustainable financial development for the customer. In these financially unstable times it is important for us to help achieve secure and stable finances for our customers.

Aktia has a long tradition of social responsibility and we have always been close to our customers. And this is how we want to continue to be in the future. We endeavour as best we can to take our responsibility in a continuously changing society. As a company we want to stay up-to-date, meeting existing needs. We want to be accessible on the internet, by telephone and in our branches. We want to help work for an economically, socially and environmentally sustainable future.

Jussi Laitinen
CEO

Aktia Group

Aktia has a long tradition of social engagement. Aktia has its roots in the Helsinki Savings Bank, which was founded in 1825. Even then the underlying idea was to offer customers secure deposit accounts and interest on their money. Behind this was the welfare of the bank's local community and customers, to whom the bank wanted to offer the opportunity of building a better life. Since then the bank has been an important and active player in social development.

Its local presence is the mainstay of Aktia's activities. We have a presence in both towns and villages, where our branches are close to our customers. Aktia foundations and the savings bank foundations are important players in the geographical areas in which we operate. Profits generated by the company are channelled back into the local community through them.

The financial sector has defined how a sense of responsibility for society should be expressed in practice. This means that the principles of sustainable development and good banking and insurance practice are observed. Aktia offers a wide range of products, services and solutions for banking, asset management, insurance and real estate brokerage. The geographi-

cal areas in which Aktia does business include Finland's coastal areas, the Helsinki region and some larger inland towns. Aktia's 350,000 customers are served by approximately 1,000 staff at Aktia's 55 branches, as well as through the internet and by telephone. Our headquarters are in Helsinki.

Aktia Bank plc is the Aktia Group's parent company. The Aktia Group includes the subsidiaries Aktia Life Insurance Ltd, Aktia Fund Management Company Ltd, Aktia Corporate Finance Ltd, Aktia Real Estate Agency Ltd as well as Saaristosäästöpankki Oy. The group also includes Aktia Real Estate Mortgage Bank plc and Aktia Asset Management Ltd along with Aktia Invest Ltd which is a wholly-owned subsidiary of Aktia Asset Management Ltd.

Range of services

Banking

Aktia is a full service bank that provides day-to-day banking services as well as services related to savings, loans and investment. In addition, the banking business provides individual investment services and legal advice.

Asset management

The asset management business is responsible for institutional investors and wealthy individuals. It is also responsible for producing and administering funds and providing management services.

Insurance

Aktia has its own life insurance business and sells non-life insurance provided by Folk-sam General.

Real estate agency

Aktia Real Estate are professionals in the field of real estate services.

Aktia's Action Plan 2015

Aktia's Action Plan which was established in 2012, includes several individual measures and will be realised in phases through to 2015. The overriding objective of the action plan is to safeguard Aktia's economic position in the market while maintaining the confidence of both our customers and the market.

- Work on renewing Aktia's core banking system started in 2013. The new system will be taken into operation in 2015 and is expected to make an annual cost saving of EUR 5 million. The introduction of a modern core banking platform will also result in more cost-effective processes.
- Work on developing internet and telephone channels continues. Aktia is working to develop its range of services on the internet so that customers can handle their banking activities to a greater extent without visiting a branch. Surveys show that three out of four customers have not visited a branch in the past 12 months. In 2013 Aktia launched a mobile online bank where customers can see their balances, make payments, see their cards, make Visa transfers and approve e-invoices. In addition the My Economy service was launched in the online bank. Using the My Economy service customers can categorise their expenditure, income and savings; thereby getting more control over their finances.
- Using their bank codes Aktia customers can now be identified over the phone by Aktia's Customer Service representatives. This maintains banking secrecy, even when customers handle their banking activities over the telephone. Aktia's customer services were judged to be most accessible in Finland in a survey carried out by Helsingin Sanomat in September 2013.
- Aktia wants to be Finland's leader in the provision of customer service in 2015. To achieve this goal we are refining our approach and maintaining a continuous dialogue in order to discover our customers' expectations. We also carry out regular surveys to confirm that Aktia's efforts are in line with the opinions of our customers. Surveys show that our customers see Aktia as a reliable partner. Working with the customer in focus gives Aktia the ability to achieve our objectives. We have continued to develop the Aktia Store branch office concept to create a better customer experience. In 2013 a further three branches adopted the new concept.
- With the merger of Saarisosäästöpankki with Aktia Bank and the decision of Vöyrin Säästöpankki to merge with Aktia Bank, the geographical area in which we operate has been expanded.
- For the second year in a row Aktia's asset management services for institutional customers have been voted the most sophisticated in Finland. Our investors particularly value the clarity of Aktia's investment philosophy, market view and fund analysis, as well as the quality of our customer service. This survey was carried out by Scandinavian Financial Research (SFR), which interviewed over 90 institutional investors.

Our values guide our actions

Aktia's mission is to develop and sell customer-oriented banking and insurance services that generate added value for our customers, shareholders and the local community. Aktia's mission and values stress social responsibility and form the basis of what we believe to be right and where we believe our priorities should lie. These values also govern our actions. Aktia aims to operate a responsible business by offering both financial and insurance services that are profitable, reliable and effective.

Aktia's core values emphasise responsibility and security. We adopt a responsible approach to our customers, shareholders, and our local commu-

nity by acting profitably, reliably, and ethically. Active and close customer relations increases the confidence of our customers in Aktia, creating an atmosphere of security. Aktia sees a person in every customer. Our focus is the individual, and we take responsibility for the world in which we live and where we operate our business. We take responsibility for our clients by offering them our expertise and our products to create security.

Aktia's principles for corporate social responsibility

Aktia's ethical principles are based on the idea that businesses operating in a responsible manner, in accordance with sustainable norms, are more profitable in the long term than companies that do not adhere to these norms.

Security

We provide our customers with security and ensure, by means of controlled risk-taking, that Aktia is a secure employer and partner

Customer closeness

The staff at our local branches provide personal customer service in a respectful manner

Active approach

We are modern and active, and we are committed.

Individuality

We respect each individual – customers and colleagues alike. Togetherness, competence and job satisfaction are important cornerstones of Aktia

Interaction with stakeholder groups

Aktia's stakeholders are those who have the greatest impact on us and those who are most impacted by the company's activities. The different stakeholder groups are the company's greatest asset, as it is with their help that the company continues to build the business. Aktia's five main stakeholder groups are introduced below - along with their expectations and how the company aims to meet these. We keep in close contact with them. This makes it easier for us to react, prioritise and communicate so as to meet these expectations.

Aktia's most important stakeholder groups are customers, staff, shareholders and the media .

Customers

We maintain an active dialogue with our customers. Using the Aktia Dialogue concept, which is based on a conversation between Aktia and its customers, we can find solutions that best suit each customer's individual situation. Our range of products and services is under continuous development. Aktia also provides general information to its customers via social media.

Staff

Aktia aims for an open dialogue between staff and management . Aktia currently has approximately 1,000 staff. With their expertise they are actively involved in planning and developing Aktia's business. Growth requires strong leadership and committed staff. So Aktia invests in supporting staff in management positions, and in the well-being of people in the organisation. The aim is to maintain the productivity of staff through continuous training and motivational remuneration. The employee's current career

situation, along with their expectations and goals, are identified through performance appraisals. Aktia provides the opportunity to take on new challenges and provides training to improve skills.

Shareholders

Aktia maintains close contact with its 46,000 shareholders and with representatives of the capital markets. Investors and analysts are provided with plenty of information on Aktia's financial development and activities through stock exchange releases and the website. The company also arranges regular informational meetings.

Society

Aktia is an important part of society as an employer at local level. Where necessary we also contribute by providing expertise and advice in different contexts. Financial support is distributed to local cultural, youth and sports events through 27 Aktia and savings bank foundations in Aktia's operating area.

Media

We provide continuous, transparent, diverse and accurate information about our business, both in accordance with the rules imposed by the stock exchange and other regulatory reporting requirements, and on our own initiative. Aktia also arranges press conferences and regularly meets journalists.

Customers

Aktia offers its customers attractive, reliable and integrated solutions in the fields of banking, insurance, asset management and real estate agency services. Aktia sees a person in every customer, and the bank's aim is to safeguard our customers' finances in every respect.

Customer relations

Aktia continuously strives to improve its customer service. We serve our customers expertly and effectively, helping them to improve their finances, realise their dreams and increase their wealth.

Our customers can reach us through several channels. A significant component of our advice related to finance, investment and lending is handled through our branch network. Aktia calls a pre-booked customer discussion a Dialogue and this is our approach which allows the systematic identification of customer needs, enabling us to offer them the correct solutions. Approximately 56,000 pre-booked and prepared Dialogues were held at Aktia branches in 2013.

An increasing number of customers make their payments through the online bank or by card. Banking and insurance matters can be handled and help with problems provided quickly and conveniently over the telephone.

In 2013 we developed our customer service through investment in new online banking tools and a mobile application, helping our customers handle their finances. We started an insurance service to allow insurance matters to be handled by telephone. Several branch offices were refurbished to improve efficiency and to improve the well-being of our customers and staff. The expertise of our staff is refined and strengthened through wide-ranging training programmes.

We regularly measure customer satisfaction, collecting responses through channels such as our website www.aktia.fi. In various surveys Aktia is described as friendly and reliable. We strive to learn from the responses we receive and to continue to develop our customer service in 2014. In 2013 we also started to use the customer loyalty measure NPS (NET Promoter Score) that follows an international standard.

Secure services on the internet and by telephone

In 2013 Aktia invested in the development of internet services. We have developed our existing online bank as well as launching a mobile online bank in 2013, here customers can see their balances, make payments, see their cards, make Visa transfers and approve e-invoices.

	2013
Private customers	311,184
Corporate customers	29,954
Private customers with online banking + e-invoice	130,000
Corporate customers with online banking	11,000
Logins in online bank (monthly)	800,000
E-invoice (private customers + corporate customers)	248,286
Customer contacts at Aktia Customer Service*	327,850

* includes all contacts by phone, mail service in online bank, contact requests and e-mail.

In 2013 a new online banking service was launched, My Economy. The My Economy service helps customers keep better control of their finances by maintaining a clear overview of income, expenditure and savings. This service categorises all account and card transactions. In 2013 an insurance service for private health insurance claims was also launched.

Aktia has continued to develop its telephone services so that we can deal with customers simply and flexibly. Today our customers can be identified over the phone by Aktia customer services using their bank codes. This maintains banking secrecy, even when customers handle their banking activities over the telephone. Aktia provides its customers with general information and responds to general queries through social media.

Sustainable solutions for customers

Aktia carries on its business activities in a responsible fashion. Aktia's financial responsibility stresses strong capital adequacy and returns along with controlled risk. Aktia also takes financial responsibility when lending to private as well as corporate customers. This is achieved by planning the customer's finances together, so that they maintain balanced finances even in economically unstable times. When granting mortgages customers must provide a 10% deposit. This is a way for Aktia to prevent customers from becoming overextended.

Aktia offers its customers ethical products. These include the Aktia Folkhälsan investment fund which donates some of its revenue to charity, and funds provided by Aktia's partners, such as the Swedbank Robur Ethica investment funds, which apply ethical principles to their investments. In addition, Aktia offers its institutional investors ethical investment funds through a large network of partners.

Our product range also includes Aktia's Environmental Loans, granted for renovation and renewal projects that result in environmentally valuable outcomes. These projects aim to reduce emissions or energy consumption.

Environmental loans are also granted to projects involving the transition from non-renewable to renewable resources for energy and heat production. For these environmental loans, Aktia works together with the Nordic Investment Bank, which makes these loans cheaper.

Responsible investment

Aktia's responsible investments are based on the idea that businesses which operate in a responsible manner, in accordance with established norms, are more profitable in the long term than companies that do not adhere to these norms.

These sustainable investment principles are applied to the Aktia Fund Management Company Ltd's investment funds and to discretionary asset management and investment services provided to institutional investors.

Aktia's investment funds are managed in accordance with the ethical principles of Aktia Fund Management Company Ltd since 2006. The principles are updated on a regular basis. The principles are based on the idea that businesses which operate in a responsible manner, in accordance with established norms, are more profitable in the long term than companies that do not adhere to these norms. Certain forms of operations, though legal, can be subject to negative effects and events such as claims for damages and unfavourable publicity, which can increase risks that are difficult to predict or quantify. Aktia's investment strategy strives to avoid investment in such companies.

When funds invest in companies, Aktia does not perform specific analyses of the companies' environmental or ethical policies. Instead, the effects of environmental, social and governance factors are taken into account in traditional analyses. Further, Aktia avoids investments in certain industries. In addition to the companies' primary branches, their secondary branches are also considered. Industries avoided are gambling, tobacco and defence industries. Close attention is paid to how companies manage social and ethical issues. No direct investments are made in companies using child labour or violating environmental practice.

Institutional investors have the possibility to invest according to their own specific criteria on responsible investment. For each customer's investment portfolio, we select instruments that comply with the principles agreed with the customer in terms of responsible investment. Thus the customer can prioritise investment in companies that respects the environment and follow good management practice.

Aktia follows accepted international conventions and norms, such as the UN Universal Declaration of Human Rights and similar UN conventions, ILO conventions, OECD Guidelines for Multinational Enterprises and the Rio Declaration on Environment and Development.

Aktia Bank plc has also become a signatory to the United Nations Principles for Responsible Investment (PRI). Aktia is committing itself to focus on the environment, society and good asset management practice.

The PRI principles are primarily seen as a tool for developing Aktia Bank plc's asset management activities both in those units that manage investment funds and discretionary customer assets and in those areas where the bank's own investments are managed.

The PRIs also mean that Aktia can assist in achieving more responsible activities in those companies in which Aktia holds shares.

Aktia is also a member of FINSIF – Finland's Sustainable Investment Forum r.y.

Case: My Economy

My Economy is a new service in Aktia's online bank that helps customers to keep better control of their finances by giving them a clear overview of all their account and card transactions. The service allows customers to easily see how much money they have spent in the past year, on housing, food or petrol for example. There are a total of 100 categories and customers can view transactions from the current and preceding years.

Staff

Aktia's responsibility towards its staff is based on a promise to look after their well-being and to support their development. Our staff are Aktia's most important asset. Motivated and prosperous staff are necessary for good results. Work on a new staff strategy was started in 2013. Our aim is to make Aktia the best workplace by 2017.

Employment

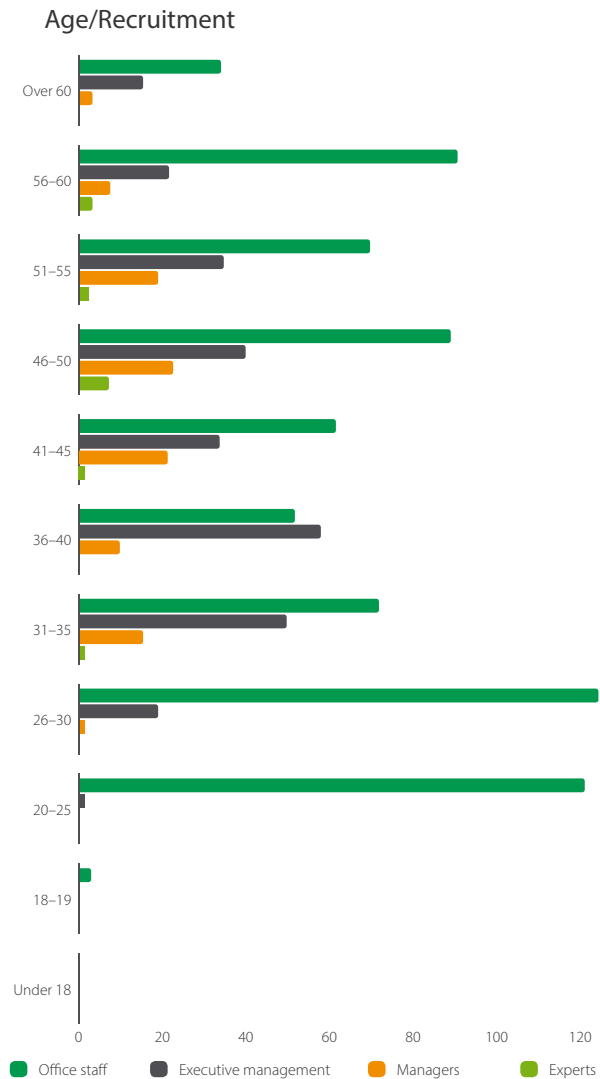
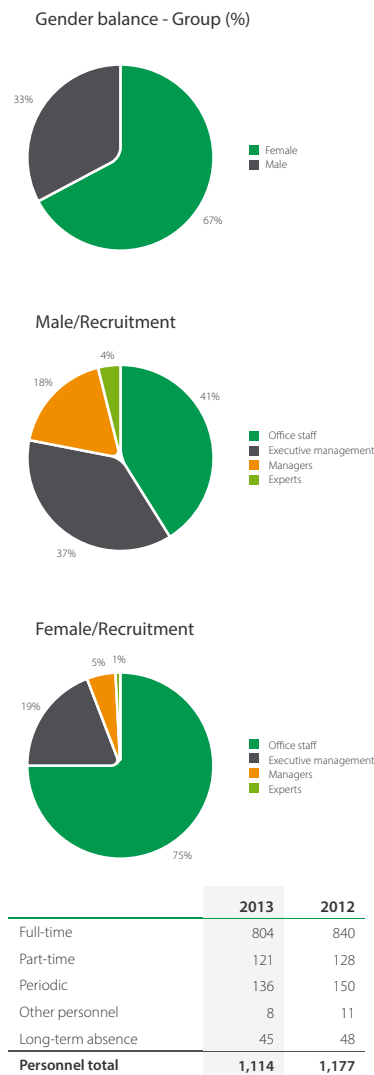
At the end of 2013 Aktia had 1,114 employees, of which 804 were full-time employees, 121 part-time employees, and 136 on fixed-term contracts. There were 8 other employees with 45 on long-term leave. Of the entire Aktia Group workforce, 33% were men and 67% women. The average age of employees was 42.15. 29 employees retired over the course of the year and the average age of the retirees was 63.5. The average number of years of service was 11.9.

At the end of 2013 the number of employees had decreased by 63 from 2012.

Professional development

The aim of professional development is to support Aktia's business. Motivated and expert employees are necessary for Aktia's strategic business and its development.

Professional development is one of the most important cornerstones of Aktia's human resources policy. To achieve its strategic objectives Aktia needs committed employees who are motivated by their work. The aim of training is to support our personnel with their work and goals so that they can all experience success.



The number of internal course days in 2013 was 81. In total 552 employees took part in these training sessions.

One of Aktia's strategic objectives is to be Finland's best company in the provision of customer service in 2015. This objective also puts pressure on our professional development programme. We have already started to renew our training programme to base the course modules more on roles and duties, and to ensure that they are flexible when necessary. One of the most important changes was to develop an induction programme for everybody working in the sales organisation. The objective of this is to ensure that in future all our employees are guaranteed a good, systematic introduction to their new duties.

In 2014 we will be introducing a new module into the training programme - Financial Advice. The aim of this module is to ensure that Aktia's customers receive good advice on how to safeguard their finances. This is part of our journey to become Finland's best company in the provision of customer service in 2015. Bilingual service is also part of this goal, and to ensure this we are encouraging Aktia employees to study both languages spoken in Finland.

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.

In 2013 Aktia paid a total of EUR 74.4 million in salaries, including wages, salaries and related social welfare costs.

The contribution of our employees is necessary for Aktia to achieve its goals. To motivate its staff Aktia aims to transfer some of its profits into the Personnel Fund each year. The 2012 results allowed a the transfer of a share of profits of EUR 2.9 million to the Aktia Group's Personnel Fund. The profit sharing provision for 2013 is calculated to be EUR 3.0 million, the maximum result.

Long-term and goal-oriented activities to support well-being at work

The central objectives for the development of well-being at work in 2013 were an increase in productivity, a reduction in operating costs and the minimising of the risk of incapacity.

To improve productivity one can work towards polished management, the right level of expertise, a good work environment and good motivation. Aktia arranged the "Use your brain" management training programme in 2013. The central theme of this was the role of the manager in personnel management and the managers interactive skills. To support our managers' personal development a manager assessment programme was carried out in the spring of 2012. In conjunction with this managers were able to individually define their development targets themselves. In addition, managers were given guidance in specific issues related to day-to-day management. Flexibility and the work environment were improved through workplace coaching.

Operating costs were reduced as the costs of sick leave decreased. For Aktia the challenge is primarily neck and shoulder problems and infections. In order to prevent neck and shoulder injuries we invested in comprehensive ergonomics training and health promotion activities, such as the Feel Better initiative. We also have about 10 different well-being at work projects aimed at promoting the well-being of both the individual and the workplace as a whole.

Preventive measures to minimise the risks of incapacity have been taken in partnership with the occupational health service. The foundation for these activities was a comprehensive occupational health agreement and an active co-operation with the occupational health service. And by continuing to develop these we will create even better preventive occupational health services for our employees in the future.

In accordance with the changes to the Health Insurance Act in 2012 we started to apply the so called 30-60-90 day rule. This further increased our co-operation with the occupational health service to minimise risks. At Aktia applying this rule meant that we created a joint approach with the occupational health service, and that our HR Department reorganised its work. Managers were trained with regards the amendment to the Health Insurance Act, and personnel were informed about the changes.

In addition to services connected to occupational health our employees were offered coaching to improve their well-being. The employees invited for coaching were those who, according to our survey on well-being at work, had a significantly increased risk of illness. Coaching for well-being focussed on maintaining physical health and coaching for occupational health focussed on psychological health.

Metrics for well-being at work

Work on maintaining and developing well-being at work was a supervised activity. In order to supervise this work it was necessary to draw up clear objectives and metrics. Well-being at work has been measured and followed up on the basis of indices such as absence due to illness, pension premium class according to Employees Pensions Act (TyEL) and the well-being at work survey. In addition to these, and jointly with the occupational health service, we follow occupational health risks and the number of internet hits.

We will also carry out a new survey of well-being at work for all employees in 2014. We will gather data using this survey, and, on the basis of the results, plan practical measures to promote the well-being of our employees. To measure the well-being of personnel we will undertake smaller surveys in 2014, taking the pulse of employees to obtain information about their satisfaction, motivation and management. In 2014 a 270 management assessment will be carried out.

Case: Feel Better

The Feel Better initiative, which lasted all year, aimed to get our employees to think about their well-being, and to encourage them to take exercise through various physical training campaigns and programmes.

Shareholders

Ownership structures and shares

Aktia's ownership structure is that of a public utility. The largest groups of shareholders are companies and private individuals as well as non-profit organisations. Of the non-profit organisations the largest ownership group consists of Aktia and savings bank foundations which own just over 40% of the shares.

Aktia Bank plc is listed on the NASDAQ OMX Helsinki exchange. As at 31 December 2013, the closing price for an A series share was EUR 8.10 and for an R series share EUR 8.17, indicating a market value of approx. EUR 540 million for Aktia Bank plc. The highest quotation for the 'A' share during the period was EUR 8.14 and the lowest EUR 5.82.

The highest for the 'R' share was EUR 8.60 and the lowest EUR 6.76. The average daily turnover of 'A' shares was EUR 173,713 or 24,808 shares. The average daily turnover for the 'R' share was EUR 9,810 or 1,262 shares.

Communication with investors

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.

Stable dividend

Profitable operations provide a stable dividend for the shareholders. This makes it possible for Aktia and savings bank foundations to disburse funds to the local community.

According to its dividend policy Aktia aims to pay out a dividend of 40-60% of the group's annual profits after tax. When the dividend payment is established, the target for the capital adequacy ratio, the result of internal capital assessment and the group's growth objectives are taken into consideration.

For the 2014 annual general meeting the Board of Directors proposes an increased dividend of EUR 0.42 (0.36) per share for the financial period 1 January – 31 December 2013. At the annual general meeting on 9 April 2013 it was decided to pay a return on capital of EUR 0.14 per share, which corresponds to the gain from the sale of Aktia Non-Life Insurance Company Ltd. The proposed record date for the dividend will be 10 April 2014 and the dividend will be paid on 23 April 2014.

Case: Aktia's award winning asset management services

Morningstar named Aktia as Finland's best asset manager for interest rate investments in 2013 and Scandinavian Financial Research awarded Aktia its Platinum Award for the best asset management services in Finland for 2013. In 2013, for the fourth time in a row Aktia Invest was awarded the title of Fund Picker of the Year in Finland.

Development of Aktia shares 1 January-31 December 2013

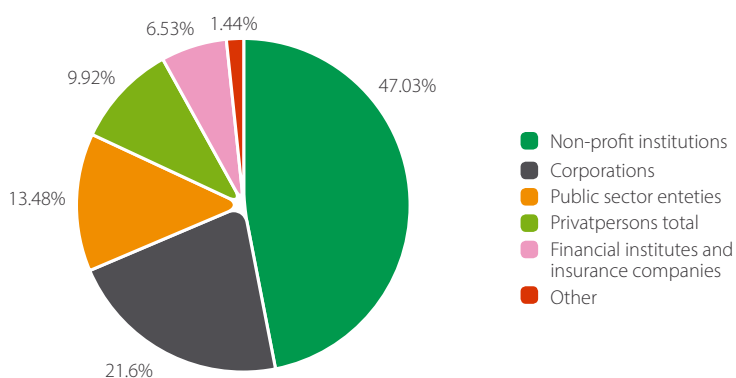
Aktia A shares 8,10
2.1.2013-30.12.2013



The 10 largest shareholders in Aktia Bank plc

31 December 2013	A shares	R shares	Shares	Of shares,%	Votes,%
Stiftelsen Tre Smeder	2,571,925	4,280,216	6,852,141	10.3	19.9
Livränteanstalten Hereditas	4,648,114	2,066,106	6,714,220	10.1	10.4
Pensionsförsäkringsbolaget Veritas	4,027,469	2,134,397	6,161,866	9.3	10.5
Svenska Litteratursällskapet i Finland RF	2,139,832	789,229	2,929,061	4.4	4.0
Hammaren & Co Oy Ab	1,905,000	950,000	2,855,000	4.3	4.7
Keskinäinen Työeläkevakuutusyhtiö Varma	2,675,000	-	2,675,000	4.0	0.6
Stiftelsen för Åbo Akademi	1,595,640	751,000	2,346,640	3.5	3.7
Aktiastiftelsen i Borgå	1,303,370	651,525	1,954,895	2.9	3.2
Aktiastiftelsen i Vasa	978,525	547,262	1,525,787	2.3	2.7
Aktiastiftelsen i Esbo-Grankulla	-	1,338,708	1,338,708	2.0	6.0
Delsumma 10 största aktieägare	21,844,875	13,508,443	35,353,318	53.1	65.7
Övriga	21,861,848	6,363,645	31,225,493	46.9	34.3
Total	46,706,723	19,872,088	66,578,811	100.00	100.00

Shareholders by sector 31 December 2013



Aktia in society and sustainable development

Aktia takes social responsibility through its role in the local community as an employer, a specialist and a provider of financial services. Through its expertise and presence Aktia supports its customers in achieving a good quality of life. The Aktia Group also cooperates with authorities, industry organisations, scientific associations, schools and universities.

Revenue distribution

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)	2013	2012
Net interest income	112.6	117.3
Net commission income	70.7	65.3
Premiums written and value changes in unit-linked insurance, life insurance business	79.9	97.8
Net income from investments	34.2	39.6
Other income	6.9	16.4
Total income	304.4	336.4
Claims paid to customers	78.3	107.8
Reinsurers' share	0.7	0.6
Customers – write-downs on credit, net	2.7	6.4
Salaries to personnel	64.2	62.0
Other operating expenses	79.6	80.7
Society, including taxes	26.5	29.0
Continued development of Aktia Group	24.2	15.9
Dividends to shareholders	27.9	33.3
Share of non-controlling interest	0.2	0.8
Distribution of income	304.4	336.4

Support to society

Every year Aktia has traditionally supported both culture and sport. Among other things Aktia has chosen to sponsor ice hockey in the geographical areas in which it does business. In 2013 Aktia sponsored youth sport through the Stafettkarnevalen. This sporting event gathers Swedish speaking Finnish youth from all over Finland. In addition to this Aktia sponsors the sports organisation Finlands Svenska Idrott and awards scholarships to young, successful athletes. In 2013 Aktia also sponsored two promising pairs of sailors, Annina Takala and Rosa Lindqvist and Okko Konttinen and Zacharias Still in the 470 class, on their way to the Olympics in Rio de Janeiro.

In 2013 Aktia sponsored the Swedish Theatre in general and the musical Kristina from Dufvemåla in particular, which was that theatre's big event of the year. In 2013 Aktia donated EUR 10,000 to the planned new children's hospital in Helsinki.

Aktia is a part owner of Women's Bank. Women's Bank is an association and fund supporting women's sustainable 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.

Shareholder's support to society

Of the dividend paid by the Aktia and savings bank foundations approximately 80% is returned to society in the form of support and subsidies. Almost all the Aktia and savings bank foundations made contributions to different forms of local activities in 2013. 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, education etc. The foundations' contributions are essential to maintaining and developing these activities.

Sustainable development

Aktia is trying to reduce the impact on the environment of business travel. Aktia encourages the use of public transport for business travel instead of private cars. Telephone and video conferencing are recommended to avoid unnecessary travel. Video conferencing has reduced travel for meetings in 2013.

Business travel in Finland and abroad takes place by car, boat, train and aeroplane. In terms of cost there is little difference between these modes of travel. However, domestic journeys dominate in terms of number. Business travel is undertaken by employees and by Aktia's Board of Directors and Board of Supervisors.

Aktia provides lease cars to those entitled to a company car. In accordance with its leasing policy Aktia replaces these cars every three years. This means that Aktia only uses new cars with the latest technology and low carbon dioxide emissions. The CO₂ limit is currently 160 g/kg. The accepted CO₂ emissions level will be updated as necessary in line with technical developments. At the end of 2013, the Aktia Group had 70 lease cars.

Business activities from an environmental perspective

The environment plays a major role in Aktia's business operations. Aktia takes the environment into account when granting credit, and endeavours to reduce impact on the environment in its investment, insurance and corporate finance activities.

We take environmental impact into account when developing solutions and services for our customers. Customers are encouraged to manage their day-to-day banking activities electronically, and Aktia is continuously working to create the conditions for the digital management of other tasks and activities. Aktia's internet bank and the new mobile internet bank offer customers both new and familiar functions for handling banking and insurance matters smoothly.

The environment in our day-to-day work

Aktia endeavours to reduce paper consumption by sending electronic mail instead of conventional letters wherever possible. Customers and other stakeholders can receive account statements, customer brochures, insurance forms and financial reports by e-mail or through the Internet. Certain applications and other forms are available in versions that can be filled out and sent electronically. We are also trying to reduce our carbon footprint

by adopting coordinated mailings.

Directives, policies, handbooks, and information to employees are published on the company intranet. Most documentation and information is only accessible in electronic form.

Trips

	2013	2012
Total	281,474 €	362,426 €

Ways of transport

	2013	2012
Plane	81%	91.4%
Train	13.5%	7.5%
Boat	5.6%	1.2%
Total	100%	100%

Trips by plane

	2013	2012
Domestic	54.5%	69.2%
	343pcs	637pcs
International	45.5%	30.8%
	286pcs	283pcs
Total	100%	100%
	629pcs	920pcs

The tables are approximate. The information is based on bookings in Aktia's electronic travel booking system.

Case: New children's hospital 2017

The completion of the new children's hospital is planned for 2017. It will replace both the Lastenkliniikka clinic and the Lastenlinna hospital which no longer serve their purpose. The planned new children's hospital is a joint project for all Finns. In 2013 Aktia made a financial contribution and encouraged its customers to take part in the project.

The Aktia Foundation in Esbo-Grankulla and the Stiftelsen Tre Smeder foundation, which belongs to Aktia's largest shareholder group, have donated EUR 600,000 in total.

Chief Economist:

Climate change, the world economy and Finland

Climate change is a reality: dangerous and man-made. It is caused by the carbon dioxide and by other greenhouse gas emissions accumulated in the atmosphere over a period of over one hundred years. The fact that the consequences will be dire is a scientific certainty. Management of the risks associated with climate change is the most complex collective challenge ever faced by mankind. It is a global threat, and stopping it requires global action. The benefit to be gained from quick and decisive action will clearly exceed the costs that will be incurred if business is continued as usual. Failure to act now means that each wasted year will increase the urgency and the total cost. An inactive climate policy will increase the negative effects of global warming and increase the cost of averting them. Some consequences may even be impossible to rectify afterwards.

The fact that climate conferences (including Copenhagen and Warsaw) regularly fail shows that awareness of the threat to the future of mankind does not generate the kind of political behaviour which is necessary if we want to avoid the worst-case scenario. This in spite of the fact that according to a recent estimate (William Nordhaus: Climate Casino, Yale University) the cost of a sensible policy would be 'only' 1.5% of global GDP. When the world economy is growing at 3–3½% per year, a sensibly acting mankind would 'only' achieve the material living standard in January 2050 that it would otherwise have 'as early as' June 2049. Not many people in the world would notice the difference. In contrast, the climatic catastrophe will be noticed by everyone.

If the current trend of greenhouse gas emissions continues, the prerequisites for economic growth and everyday life will be clearly compromised in the coming decades. The melting of glaciers would increase floods and reduce the quantity of clean drinking water available. Hundreds of millions of people, perhaps even a billion, in India, China and the Andes in South America would be affected. Grain crops would decrease, particularly in Africa. That would weaken the livelihoods of hundreds of millions of people. Malaria and dengue fever would spread. The rising sea levels would expose tens, perhaps hundreds, of millions of people to floods. Enormous masses of people would have to leave their homes because of rising seawater, higher floods and more violent storms. Social balance would be at great risk throughout the world.

The greenhouse gas emissions of the world have increased sixfold since the early 50s. If the current trend continues, they will double from the present by 2050. The current greenhouse gas content of the atmosphere primarily originates from today's rich countries. As much as two thirds of the new emissions are now coming from developing countries, and their share will continue to increase if no progress is made with the climate policy. That is why the participation of China, India, Brazil and Russia is vitally important.

The climate change will hit first and hardest the poorest people and countries which are the least guilty of the change already taken place. However, the costs caused by extreme weather phenomena (floods, droughts and storms) will also increase in rich countries. The temperature has already risen by almost 1 °C from the pre-industrial era, and a temperature increase of 2 °C will materialise almost inevitably, because the existing greenhouse gases will stay in the atmosphere even if the climate policy is rapidly changed. In order to limit the global increase in temperature to 2–3 °C, emissions should be reduced by 80% by 2050. New technology and major investments are required. When the temperature was two degrees higher than the present, some ten million years ago, the seawater level was 6–7 metres higher than now. If the warming Earth can expect something similar, cities like London, New York, Shanghai, Tokyo and Helsinki would cease to exist in their present form.

Without decisive action, an increase of 4–6 °C is probable. An additional cause of concern is the fact that the northern areas are warming up twice as rapidly as the rest of the world. That is why the thawing of permafrost – under which huge amounts of methane are stored – is progressing. If the thawing of permafrost speeds up, the total emissions of the world will increase dramatically. This is an example of how the increase in temperature tends to start processes that further speed up the increase of temperature. That leads to a self-feeding feedback loop.

Climate change will be curbed both by reducing the energy intensity of total production and by reducing the carbon content of the energy used. The simplest way forward would be to have the governments agree on a price for carbon dioxide emissions; according to Professor Nordhaus, that price should be €25–30 per tonne. After that, each government would set a corresponding tax, the revenue of which would remain in the respective



country. The revenue could be used to support cleaner energy solutions. The market does not function in this respect, because the individual polluter sees the atmosphere as a free dumping ground. The governments need to promote technologies that reduce the emissions from electricity and heat production and from traffic and generally improve the efficiency of energy usage. The public authorities also have an important role in preventing deforestation. China has overtaken the USA as the world's largest source of greenhouse gas emissions. In the future, the per capita emissions of populous, poor countries (like China and India) will increase, thus increasing the total global emissions, even though the energy efficiency per unit of GDP produced improves.

Cooperation on climate matters is of vital importance to mankind. Curbing climate change requires both cooperation between governments and cooperation between the public and private sectors in each country.

Cooperation between governments has floundered considerably. In this respect, the EU is one of the few bright spots, in spite of the fact that its climate policy is not much of a success. The worst thing is the total failure of the emissions trading model. The initial defects of the system, the economic recession and too many exemptions have led to a situation where the price of emission rights has collapsed to about \$5 per tonne of carbon dioxide. This is such a low price that it does not encourage any reduction in emissions. As massive subsidies have been targeted at renewable energy (wind, solar) at the same time, this sector has grown rapidly. The perverse nature of the system is evidenced by the fact that the increased use of renewable sources of energy (and therefore the policy to subsidise them) has resulted in so many emissions rights coming to the market that their price has plummeted. Consequently, coal has become a very inexpensive source of energy. The system that was supposed to reduce emissions, has therefore led to an increase in the use of coal, and that is the worst alternative of all for the climate.

At the moment, European industry pays four times as much for gas and twice as much for electricity as industry in the USA. American consumers and companies benefit from shale gas while attitudes towards it are negative in Europe. This is in spite of the fact that, thanks to shale gas, US emissions decreased by 12% during 2007–2012.

In January 2014, the EU Commission proposed a reassessment of the climate policy strategy. The good news is that the Commission is thus admitting the failure of the current strategy. The new proposal aims for a reduction of emissions by 40 per cent by 2030 when 1990 is used as the baseline. The proposed EU-level target is to have 27% as the share of renewable energy sources in 2030.

The EU Commission has estimated that the new strategy it is proposing would slow down economic growth in Europe by less than 0.5% cumulatively by 2030. In real life, hardly anyone would notice this difference, accumulated over a period of more than 15 years. This – like the above estimate by Professor Nordhaus – tells us that questioning a sensible and responsible climate policy using its costs as an argument does not stand up to critical analysis.

It is conceivable that if climate change progresses, the Finnish climate will start to resemble that now prevailing in northern Germany. That would improve the operating prerequisites of agriculture. Households would see a reduction in their heating bills. On the other hand, winter tourism might

face a more challenging situation if the latitude above which snow is guaranteed moved further up north.

For Finnish companies, climate change opens new opportunities. Clean technology will with high probability be one of the important new themes for business and innovation in the future. As pollution does not only concern the atmosphere, but also the soil and the aquatic environment, the Finnish experience in cleaning soil and water will be of high value in many countries. In this respect, the needs are in a class of their own in China, where not only the air but also the waterways and soil are badly contaminated in many areas.

When discussing the possibilities opened by Finnish expertise, one must remember that technologies intended for averting climate change and pollution are being hectically developed everywhere in the world. Today's head start does not guarantee success in tomorrow's tendering process. In order to convert know-how into successful sales, the business models and methods of climate companies must be upgraded to top international standard.

Timo Tyrväinen
Chief Economist
Aktia Bank plc

Communication to stakeholders

Aktia provides continuous, transparent, diverse and accurate information about our business, in part in accordance with the rules imposed by the stock exchange and other regulatory reporting requirements, and in part on our own initiative. Aktia also arranges press conferences and briefings with journalists.

Information channels

The main channel for current information is the Aktia website (www.aktia.com). Aktia aims to provide reliable and up-to-date information on the website, allowing a correct picture of the company to be formed.

In addition to the website Aktia has several other channels open to it for providing information such as memoranda, interviews, public appearances and conference calls to stakeholder groups.

Information about Aktia's shareholders and shares published on the website are produced by Euroclear Finland.

The corporate and press releases published by Aktia are available on the Aktia website for at least five years. Financial reports are available for at least five years from their date of publication.

Media coverage

Aktia organises press conferences when results and significant news are published. At these the company's Managing Director and representatives of the Executive Committee are present.

Aktia actively engages with the media. Aktia organises regular briefings to provide background information on various topics. The aim of these is to provide information about the environment in which Aktia and its companies operate. Conversations are based on information that Aktia has published, or that is generally available in the market. Unpublished material that could impact the value of the company's securities is not revealed.

G3 GRI Content index

Aktia's Corporate Social Responsibility Report has been compiled according to the G3 guidelines for the Global Reporting Initiative (GRI).

X = in this report

AR = in Aktia' Annual Report

1. Strategy and analysis

1.1	Statement from corporate management	x
1.2	Description of key impacts, risks, and opportunities	x

2. Organisational profile

2.	Name of the organisation	x
2.2	Primary brands, products and/or services	x
2.3	Operational structure of the organisation	x
2.4	Location of organisation's headquarters	x
2.5	Countries where the organisation operates	x
2.6	Nature of ownership and legal form	x
2.7	Markets where the organisation operates	x
2.8	Scale of the organisation	x
2.9	Significant changes during the reporting period	x
2.10	Awards received during the reporting period	x

3. Report parameters

3.1	Reporting period	x
3.2	Date of most recent previous report	x
3.3	Reporting cycle	x
3.4	Contact person for questions regarding the report	x
3.5	Process for defining report content	x
3.6	Boundary of the report	x
3.7	Specific limitations on the scope or boundary of the report	x
3.8	Basis for reporting on joint ventures, subsidiaries etc.	AR
3.9	Data measurement techniques and calculation principles	AR
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	AR
3.11	Significant changes from previous reporting periods	AR
3.12	Table identifying the location of the Standard Disclosures in the report	x
3.13	Policy and current practice with regard to seeking external assistance for the report	AR

4. Governance, commitment, and engagement

4.1	Governance structure of the organisation	AR
4.2	The Chairman of the Board's role in the organisation	AR
4.3	Independent and/or non-executive board members	AR
4.4	Mechanisms for shareholders and employees to provide recommendations to the board or the executive committee	AR
4.5	Principles for compensation to senior executives	AR
4.6	Processes for avoiding conflicts of interests in the board	AR
4.7	Processes for determining the qualifications of board members	AR
4.8	Mission, values, Code of Conduct, etc.	x
4.9	The board's monitoring of the sustainability work	AR

4.10	Processes for evaluating the board's own performance	AR
4.11	Explanation of how the precautionary principle is applied	-
4.12	Endorsement of external voluntary codes, principles, etc.	-
4.13	Membership in associations	-
4.14	List of stakeholder groups	x
4.15	Basis for identification and selection of stakeholders with whom to engage	x
4.16	Approaches to stakeholder engagement	x
4.17	Key topics and concerns that have been raised through stakeholder engagement	-

5. Economic indicators

EC1	Direct economic value generated and distributed	x
EC2	Risks and opportunities due to climate changes	-
EC3	Coverage of the organisation's defined benefit plan obligations	AR
EC4	Financial assistance received from government	-
EC6	Policy, practices, and proportion of spending on locally-based suppliers	-
EC7	Local hiring and proportion of senior management hired from the local community	-
EC8	Infrastructure investments and services provided for public purposes	-

6. Environmental performance indicators

EN1	Materials used by weights or volume	-
EN2	Percentage of recycled input materials	-
EN3	Direct energy consumption by primary source	-
EN4	Indirect energy consumption by primary source	-
EN8	Total water withdrawal by source	-
EN11	Location/scope of land owned, hired, or used, near protected areas/areas of biodiversity value	-
EN12	Impacts of products of operations on biodiversity	-
EN16	Direct and indirect greenhouse gas emissions	-
EN17	Other relevant greenhouse gas emissions	-
EN19	Emission of ozone-depleting substances	-
EN20	NO, SO, and other significant air emissions, by weight end per type	-
EN21	Total water discharge	-
EN22	Waste by type and disposal method	-
EN23	Number and volume of significant spills	-
EN26	Initiatives to mitigate environmental impacts of products and services	-
EN27	Products sold and their packaging materials that are reclaimed	-
EN28	Fines and/or non-monetary sanctions for non-compliance with environmental laws	-

7. Social performance indicators

LA1	Total workforce by employment type, contract and region	x
LA2	Rate of employee turnover by age group, gender and region	x
LA3	Benefits provided to full-time employees	x
LA4	Percentage of employees covered by collective bargaining agreements	-
LA5	Minimum notice period(s) regarding operational changes	-
LA7	Rates of injury, occupational diseases, lost days, work-related fatalities, and absence	-
LA8	Education, training, prevention and risk-control programs in place to support employees	x
LA10	Average hours of training per year per employee	-

LA13	Composition of governance bodies and employees according to diversity indicators	AR
LA14	Ratio of basic salary of men to women, per personnel category-	
HR1	Investment agreements that include human rights clauses	-
HR2	Suppliers that have undergone screening on human rights, and actions taken	-
HR4	Total number of incidents of discrimination and actions taken-	
HR5	Operations where freedom of association and collective bargaining may be a significant risk and actions taken	-
HR6	Operations identified as having significant risk for incidents of child labour and actions taken	-
HR6	Operations identified as having significant risk for incidents of forced or compulsory labour and actions taken	-
SO1	Programs for evaluating the operation's impacts on communities	-
SO2	Business units analysed for risk related to corruption	-
SO3	Employees train in the organisation's anticorruption policies and procedures	-
SO4	Actions taken in response to incidents of corruption	-
SO5	Participation in public policy development and lobbying	-
	Monetary value of fines for non-compliance with applicable laws	-
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	-
PR3	Types of information about products and services, required according to routines, and per cent of products and services subject to these requirements	-
PR6	Programs for adherence to laws, standards and voluntary codes for marketing communications	-
PR9	Monetary value of fines for non-compliance with regulations concerning the use of products and services	-

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BIC/S.W.I.F.T: HELSFIHH

Aktia

We see a person in every customer.