

# AKTIA BANK PLC ANNUAL GENERAL MEETING

CEO JUSSI LAITINEN

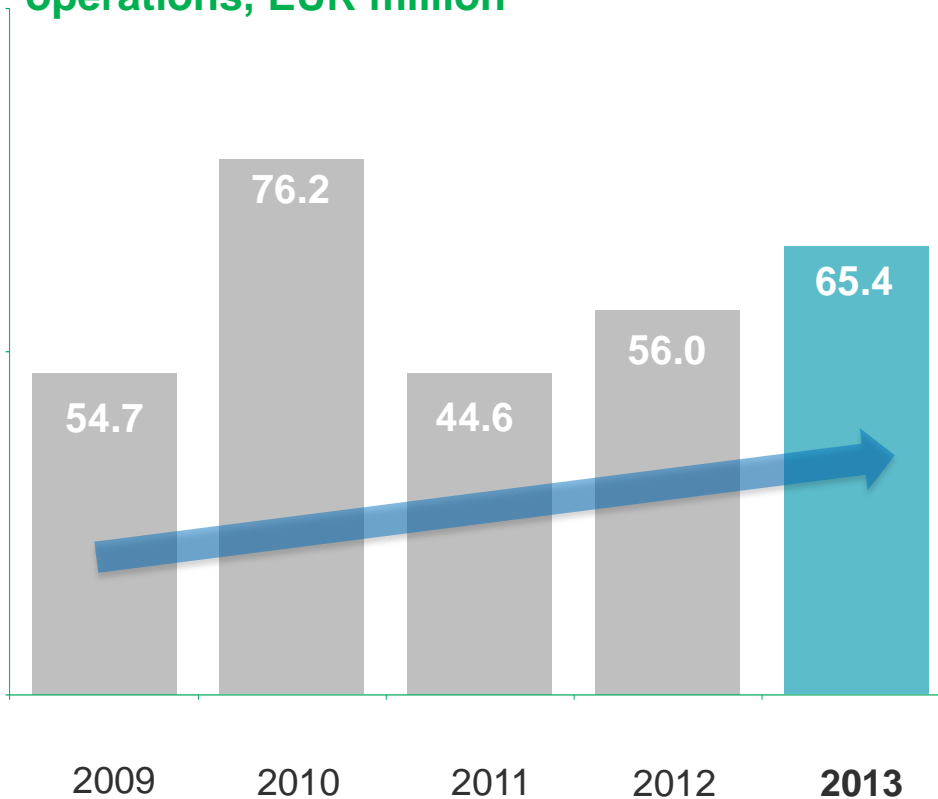
Aktia



# 2013 – Aktia reached a strong result

# Aktia

Operating profit from continuing operations, EUR million

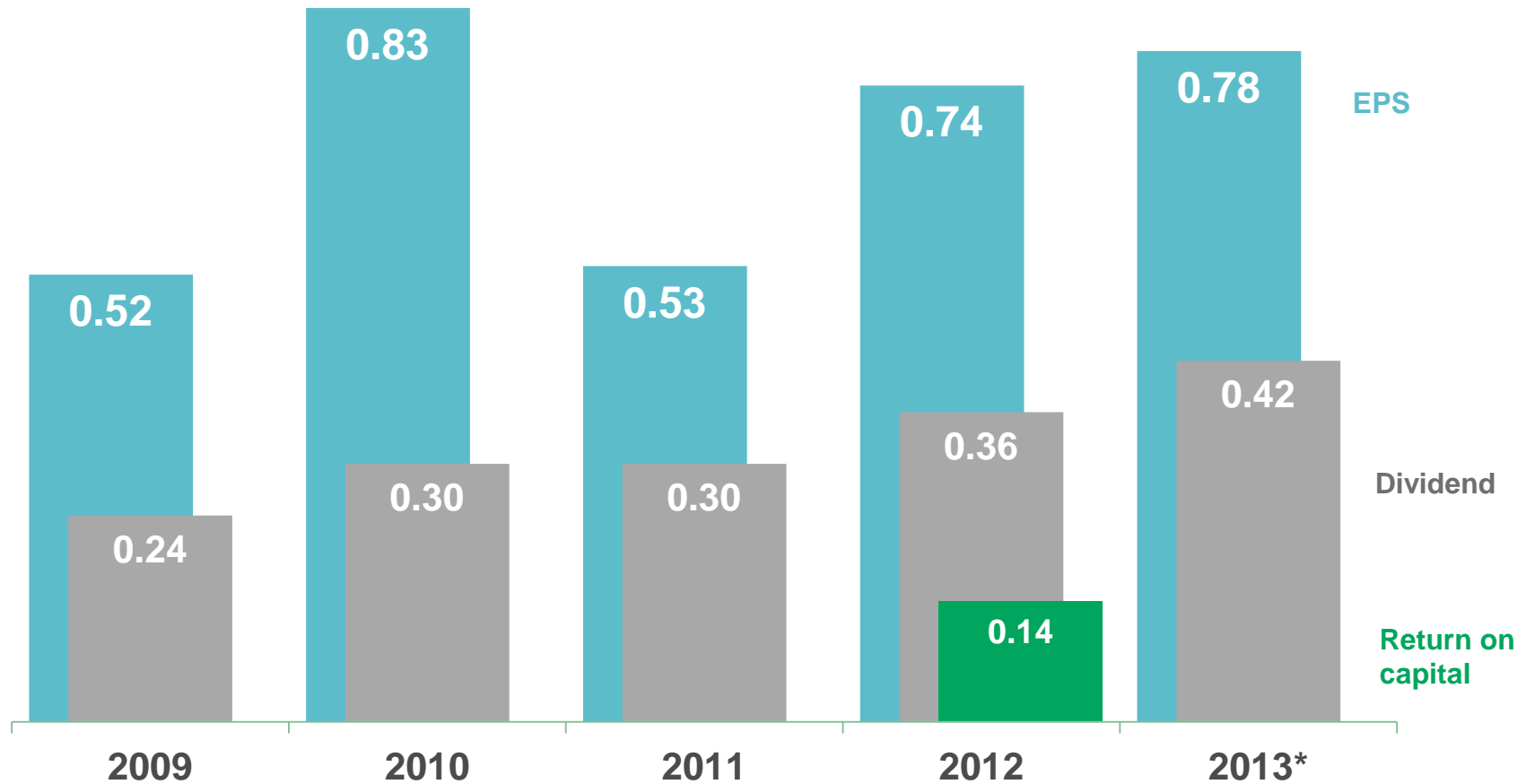


- Sales increased in a difficult market situation
- All operative segments improved
- Aktia Bank was granted concession as Mortgage Bank and issued its first covered bonds
- Saaristosäästöpankki is now a part of Aktia
- Strong capital adequacy, IRBA
- EPS was EUR 0.78 (0.74)

**The Board of Directors propose an increased dividend of EUR 0.42 (0.36) per share**

- Corresponding to a pay-out of 54%

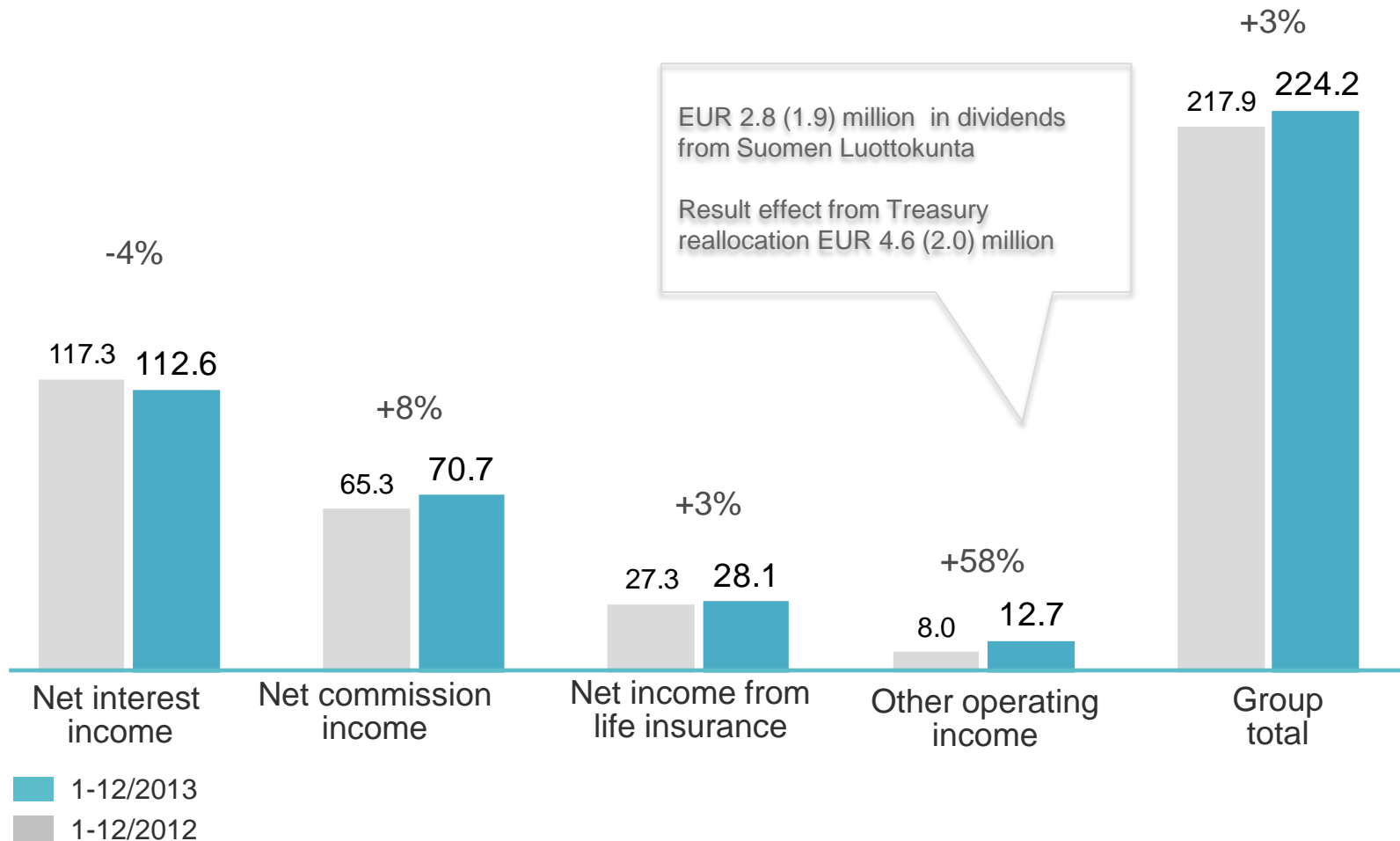
# Dividend pay-out 40-60% of annual profit Aktia



\*Proposed by the Board of Directors

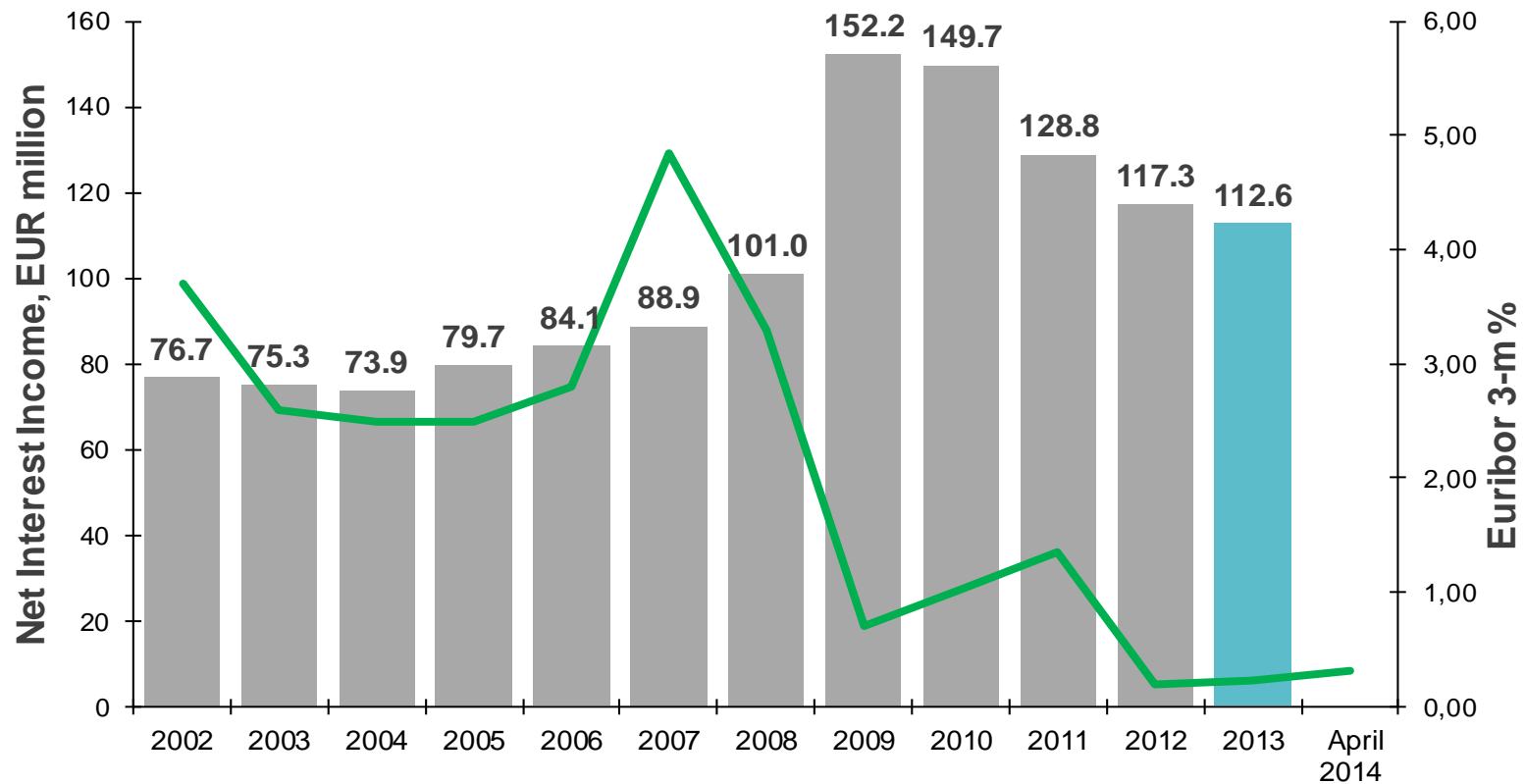
# Income (EUR million)

## Net commission income continued to increase



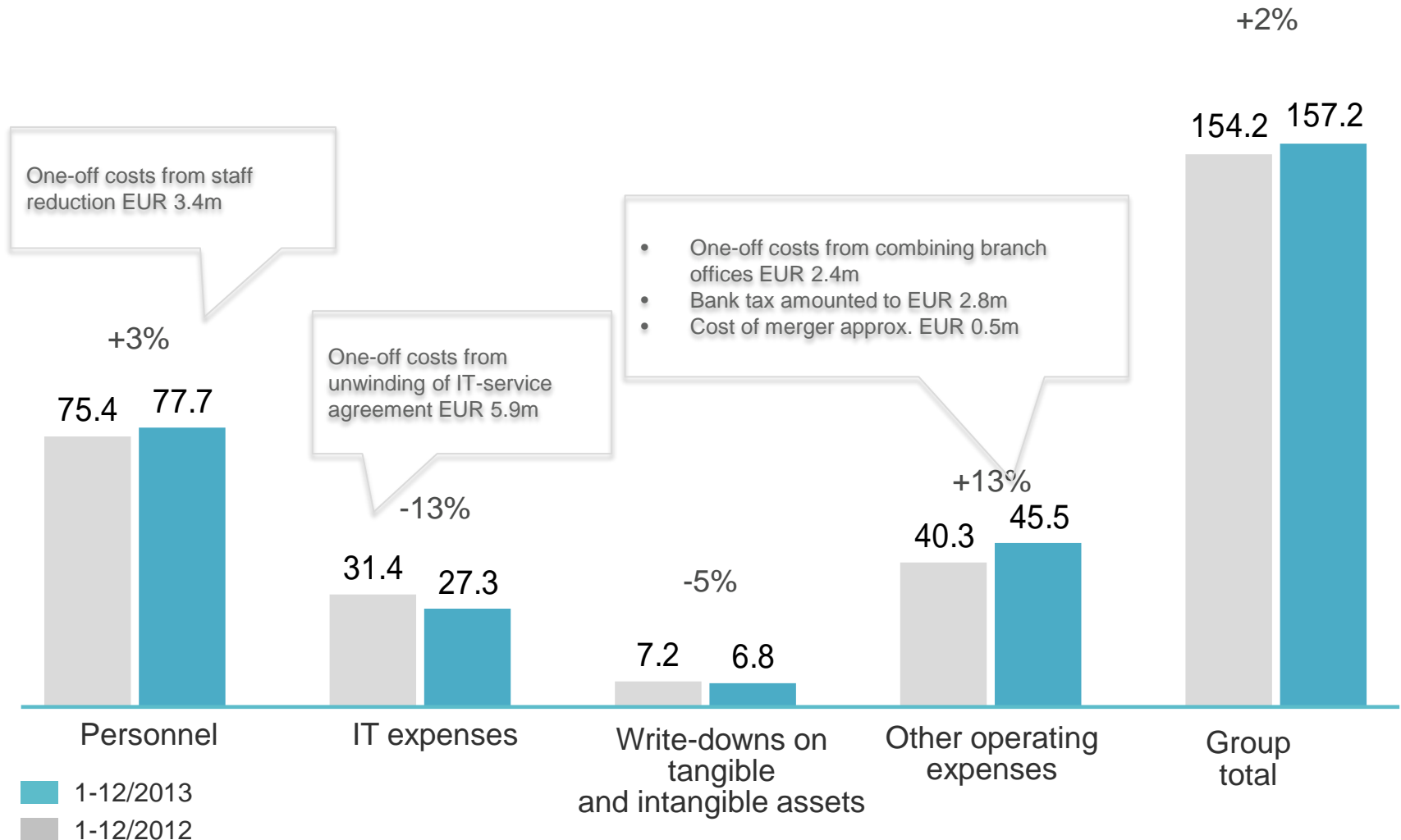
# NII vs. Euribor 3-months

EUR million



# Expenses flat (EUR million)

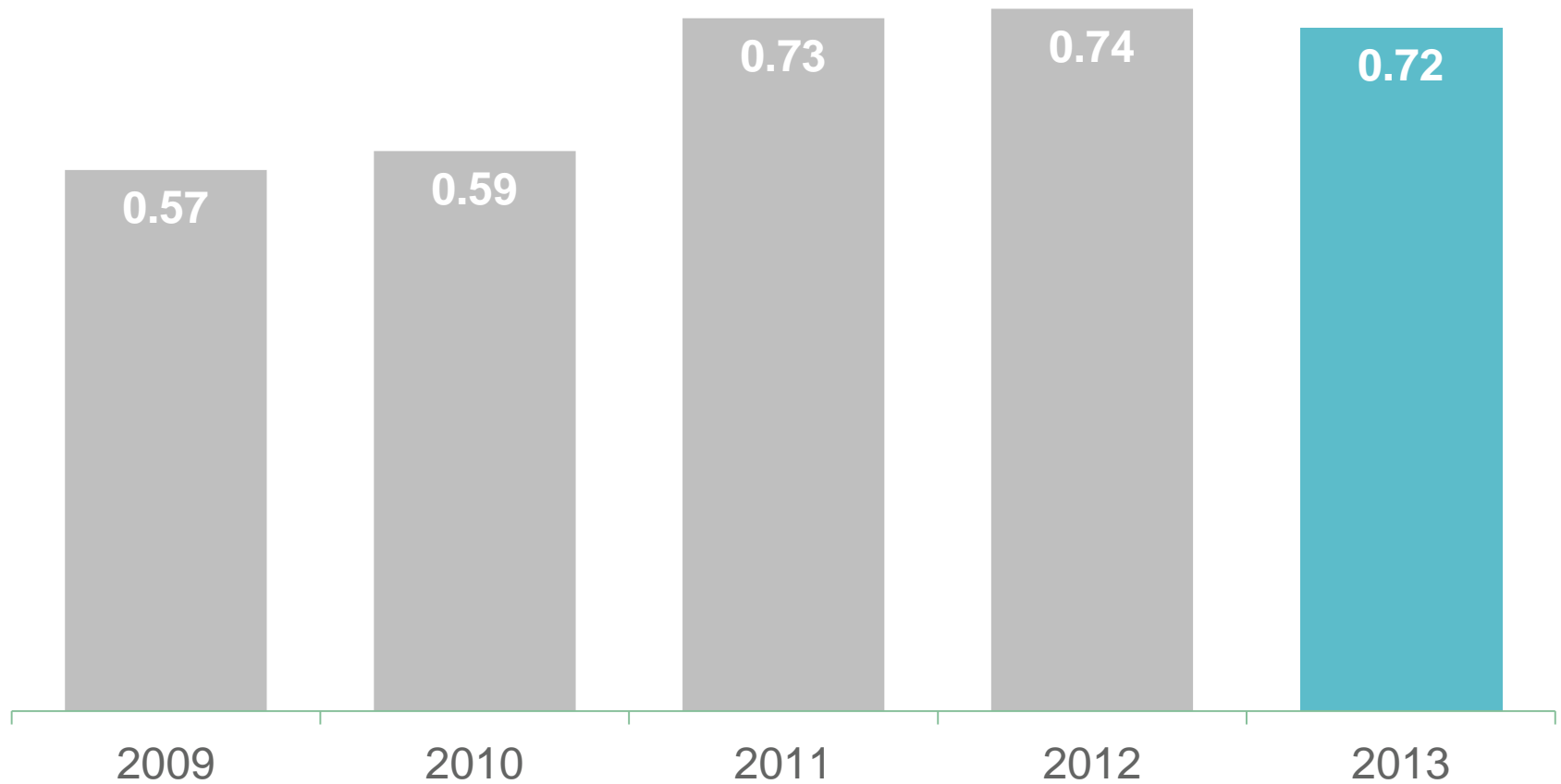
Aktia



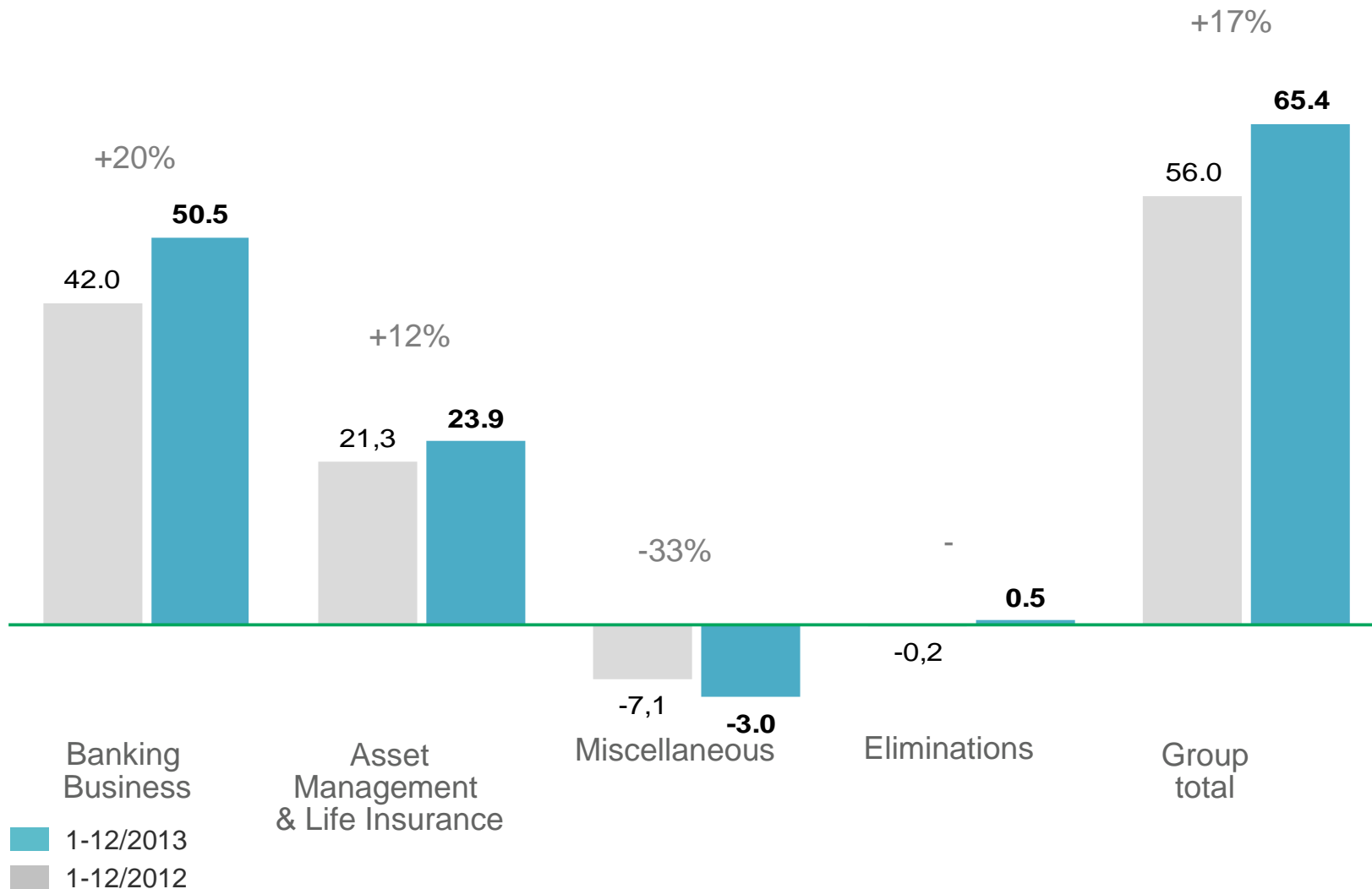
# Banking business

## Cost/Income ratio

Aktia



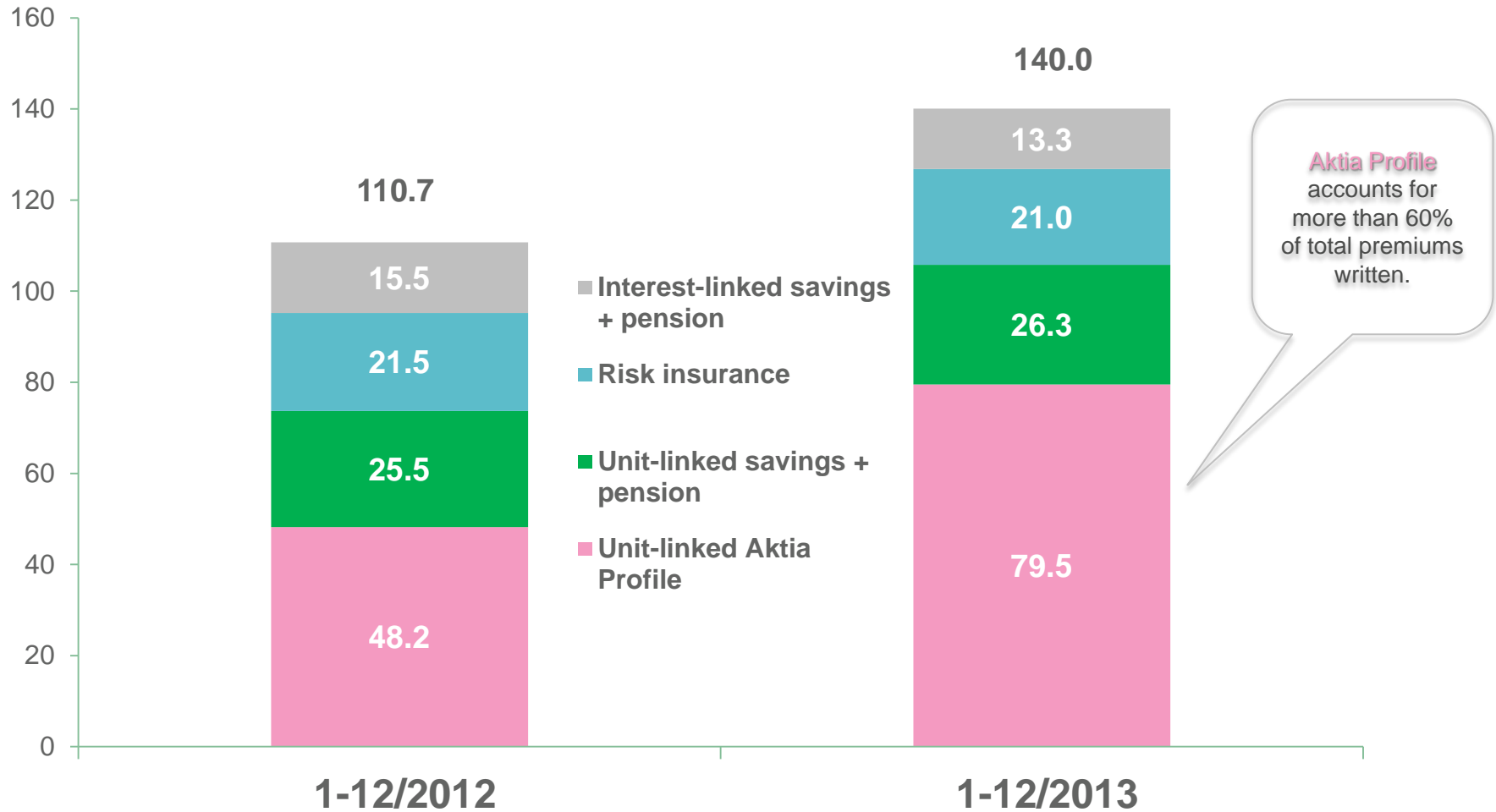
## The segments' contribution to the operating profit



# Life Insurance, premiums written

Aktia

EUR million



# Shared first place for Aktia's Asset Mgmt for the second consecutive year

# Aktia



**Highest certificate for transparent investment philosophy (SFR)**



**Best customer service (SFR)**



**Best fund selection team (Tell Media, fourth consecutive year)**



**Best fixed income manager in Finland (Morningstar, second consecutive year)**



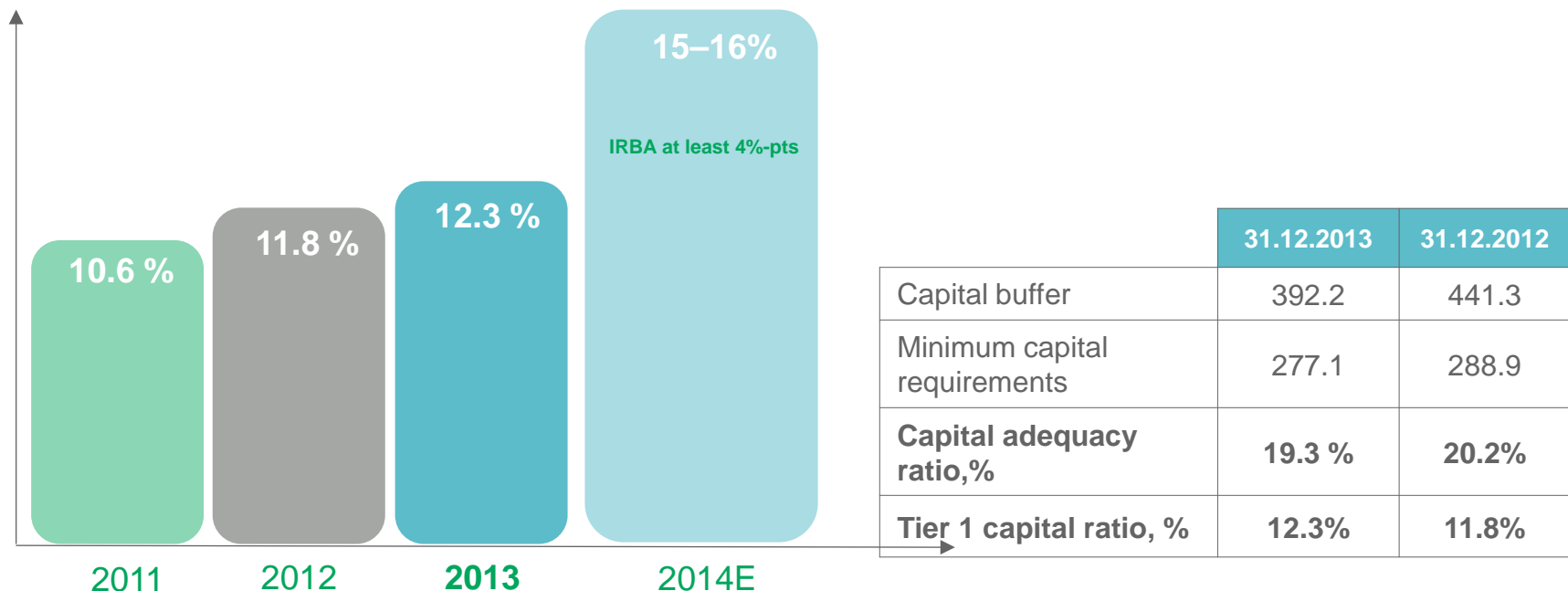
**Best Asset Manager for institutional investors (SFR, second consecutive year)**



## Capital Adequacy

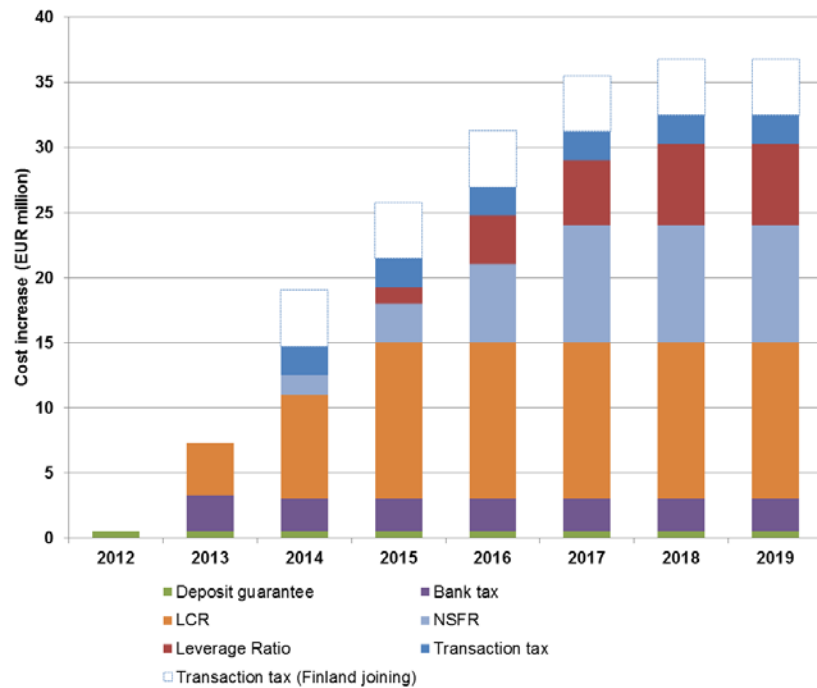
- Basel III entered into force 1 January 2014
- Temporary exceptional permit concerning holdings in Aktia Life Insurance, risk weight 280%
- Principles for Group internal capital allocation adjusted
  - ⇒ Total effect on Core Tier 1 ratio -0.5%-pts

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

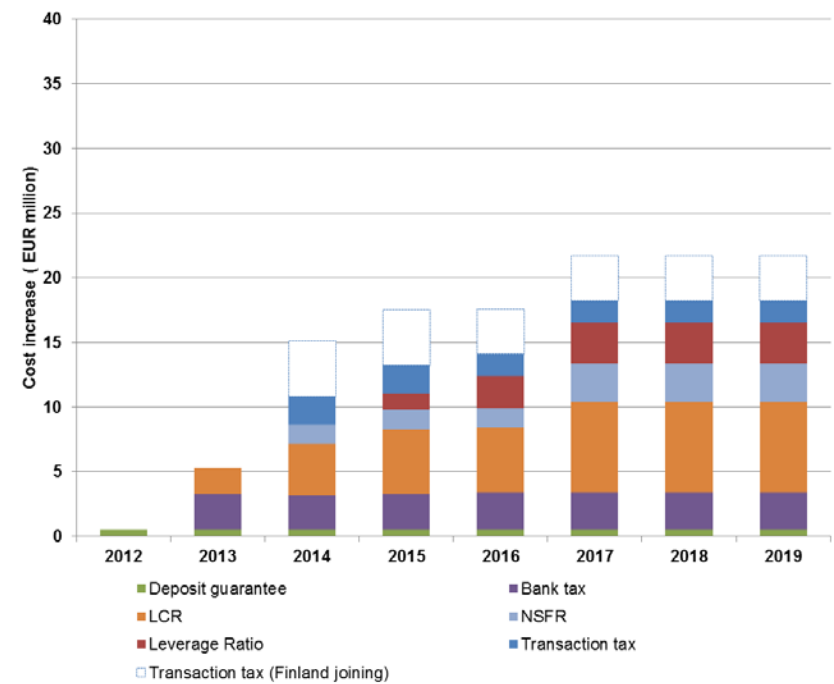


# Costs of regulation

## Aktia before Action plan 2015



## Aktia after Action plan 2015



## 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 efficiency started**
  - Staff reduction of approx. 50
  - Reducing branch network by 8

# Group structure 1.2.2014-

# Aktia



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

\*\*Minority shares used as incentives for key personnel

# Aktia renewed its cards

Aktia

## Debit and credit cards were replaced

- The replacement was problematic
- The inaccuracies have persisted too long
- We take the responsibility towards our customers

## Why change card platform

- Luottokunta/Nets' future was unclear
- Almost all Finnish banks have left Luottokunta/Nets
- Aiming at improving the card company's profitability



# Cooperation with Kesko

# Aktia



# 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.
<b>Expenses</b>				
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%*	

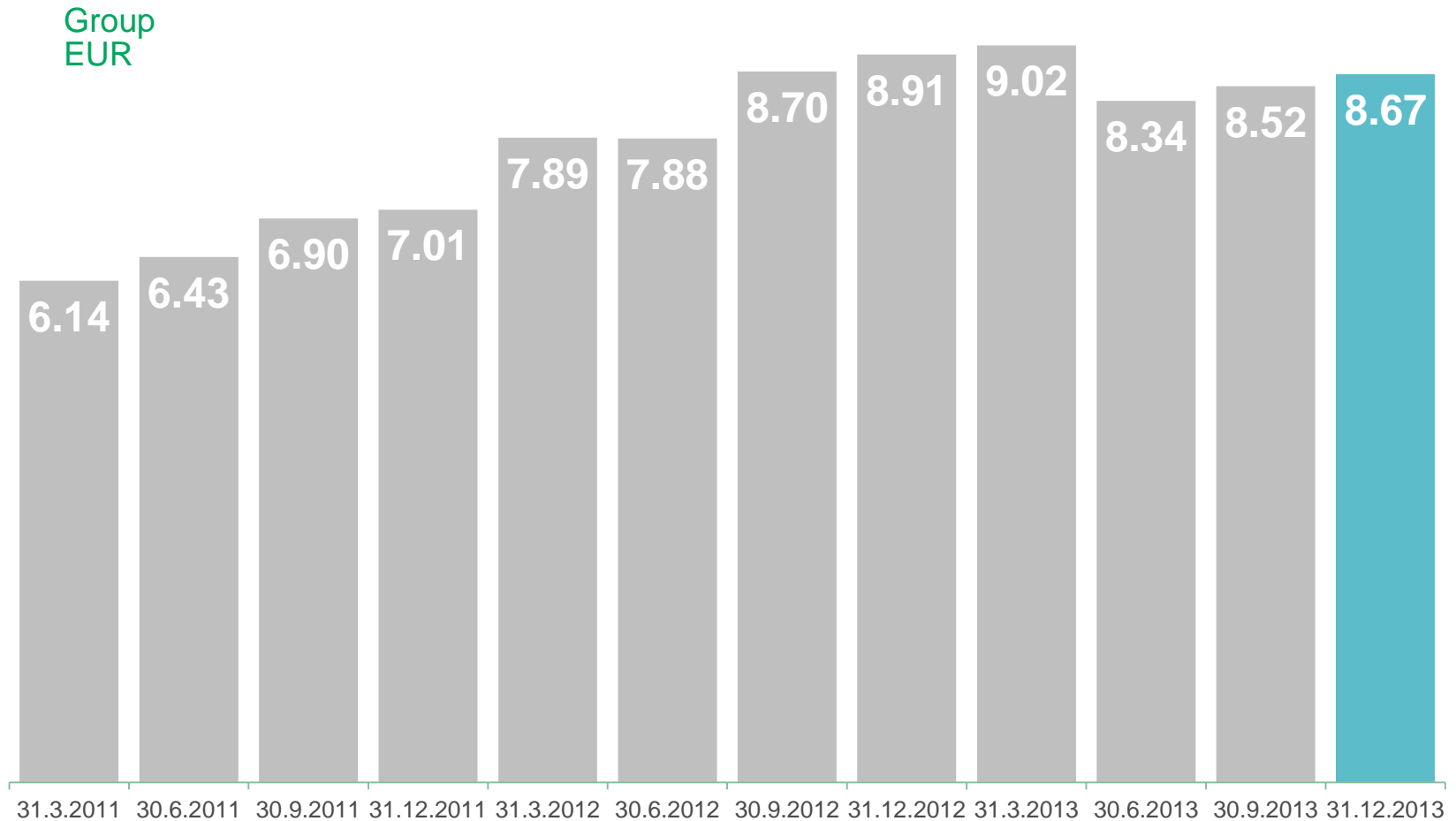
\*Excluding one-off costs 2013 for staff reduction EUR 3.4m

\*\* 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

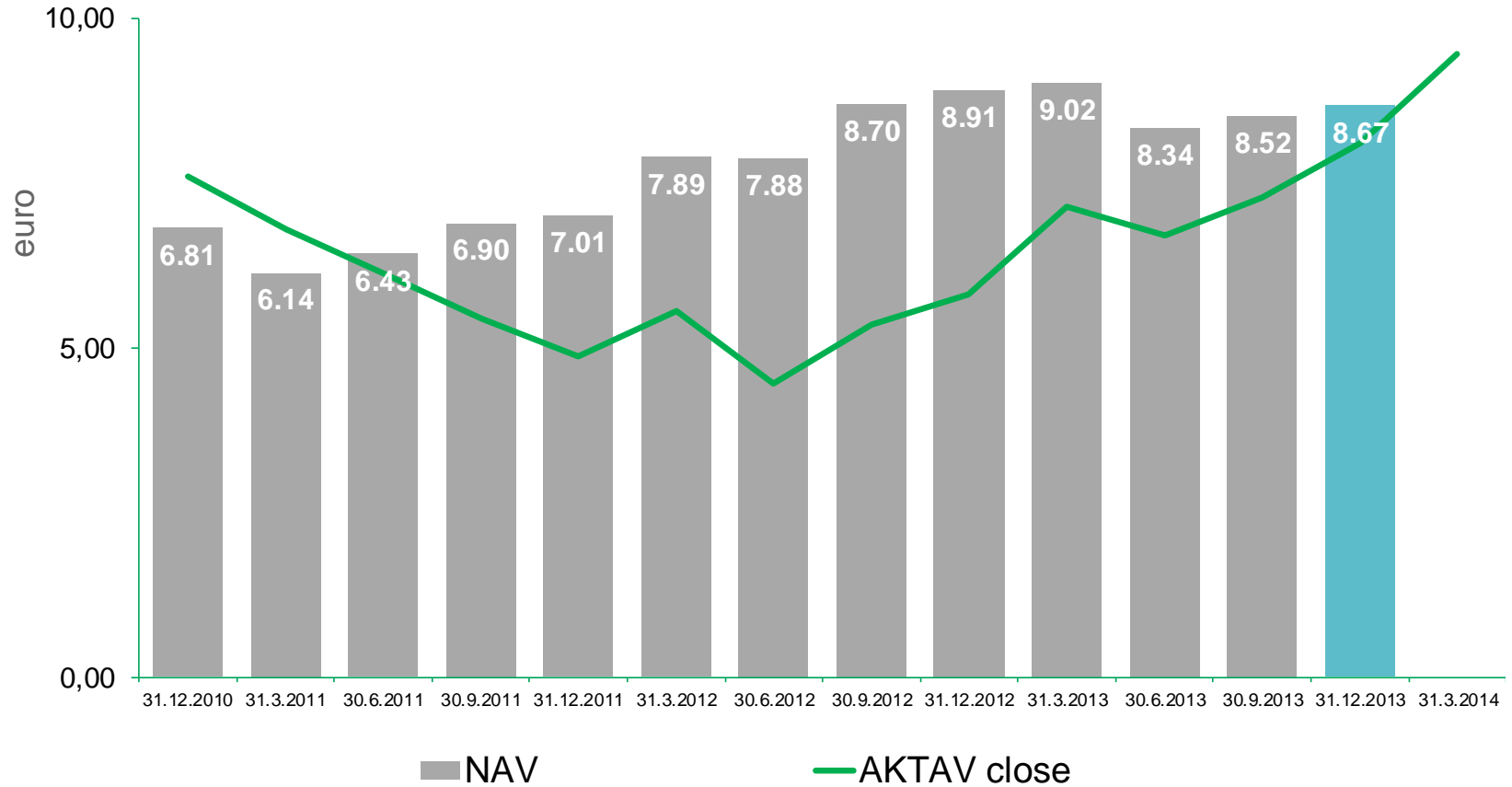
# Equity per share (NAV)

Aktia



# NAV vs AKTAV

Aktia



# Saaristosäästöpankki Oy now a part of 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		

# Agreement on merger with the savings bank Vöyrin Säästöpankki

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		

- **Aktia's revenues increase**
- **Cost cuts continue throughout 2014**
- **Despite the persistent low interest rate level the Group's operating profit for 2013 is expected to reach approximately the 2013 level**

Aktia

Aktia

We see a person in every customer.

