



AKTIA BANK PLC

ACCOUNTS ANNOUNCEMENT 1-12/2014

Aktia

10-12/2014: Lower costs and a stabilised NII

- Operating profit was EUR 12.6 (11.1) million.
- Net commission income was up 6% to EUR 18.9 (17.8) million, NII decreased by 7% to EUR 25.3 (27.3) million.
- Operating expenses decreased by 14% to EUR 39.3 (45.9) million.
- Result effect from associated companies, EUR 0.2 (0.8) million
- Write-downs on credits and other commitments decreased to EUR 0.0 (1.1) million.
- Profit amounted to EUR 10.4 (11.9) million. Earnings per share (EPS) was EUR 0.14 (0.18).

1-12/2014: Net commission income up, expenses down

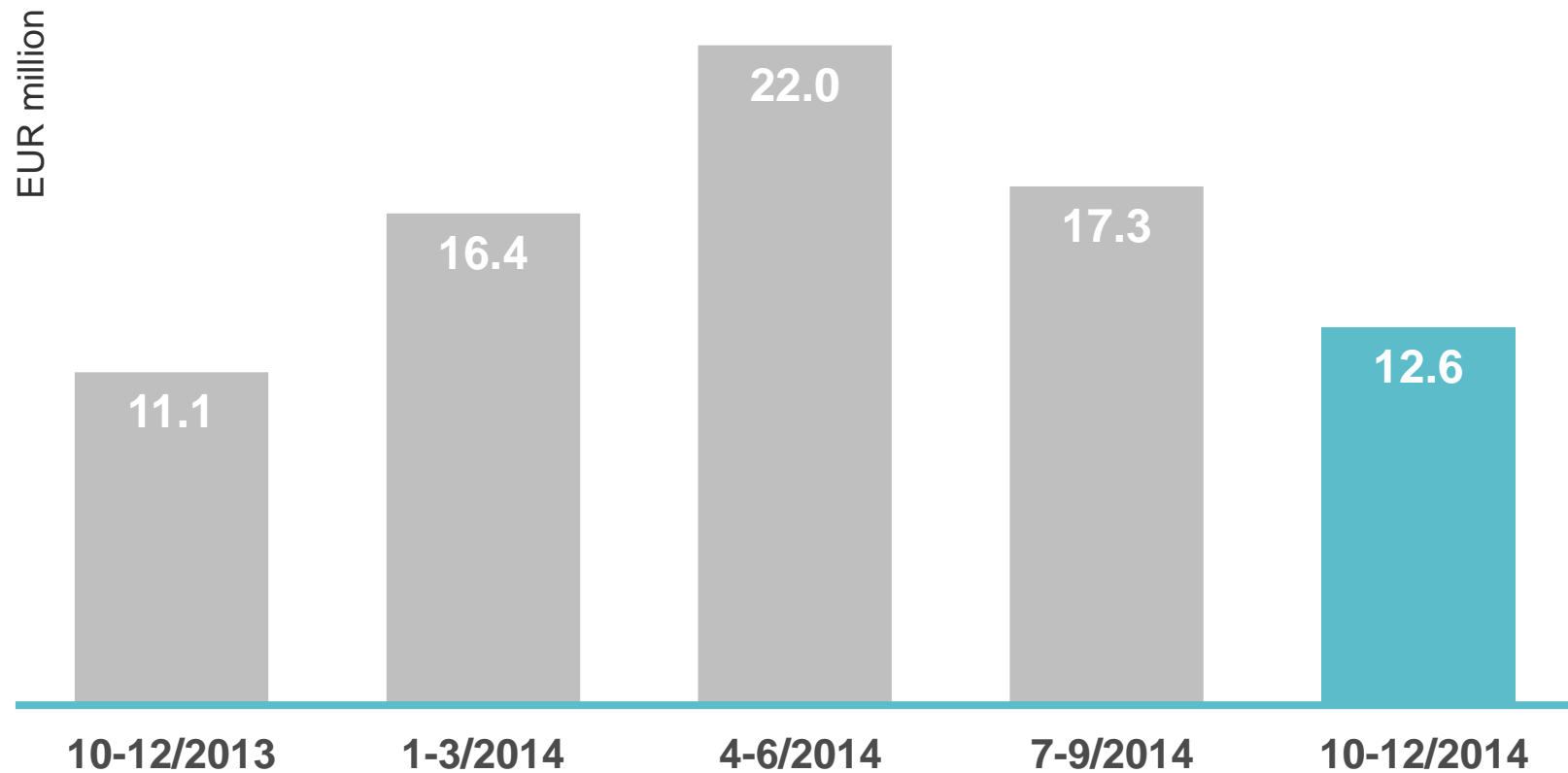
- Operating profit was EUR 68.3 (65.4) million.
- Net commission income was up 6% but NII decreased by 9% to EUR 102.8 (112.6) million.
- Operating expenses was down 8% to EUR 144.5 (157.2) million.
- Result effect from associated companies, EUR 2.2 (1.2) million
- Write-downs on credits and other commitments decreased to EUR 1.7 (2.7) million.
- Profit amounted to EUR 55.0 (52.4) million. Earnings per share (EPS) was EUR 0.79 (0.78).
- **Outlook for 2015 (NEW):** Aktias operating profit for 2015 is expected to reach a similar level as 2014.

Accounts Announcement 1 January - 31 December 2014

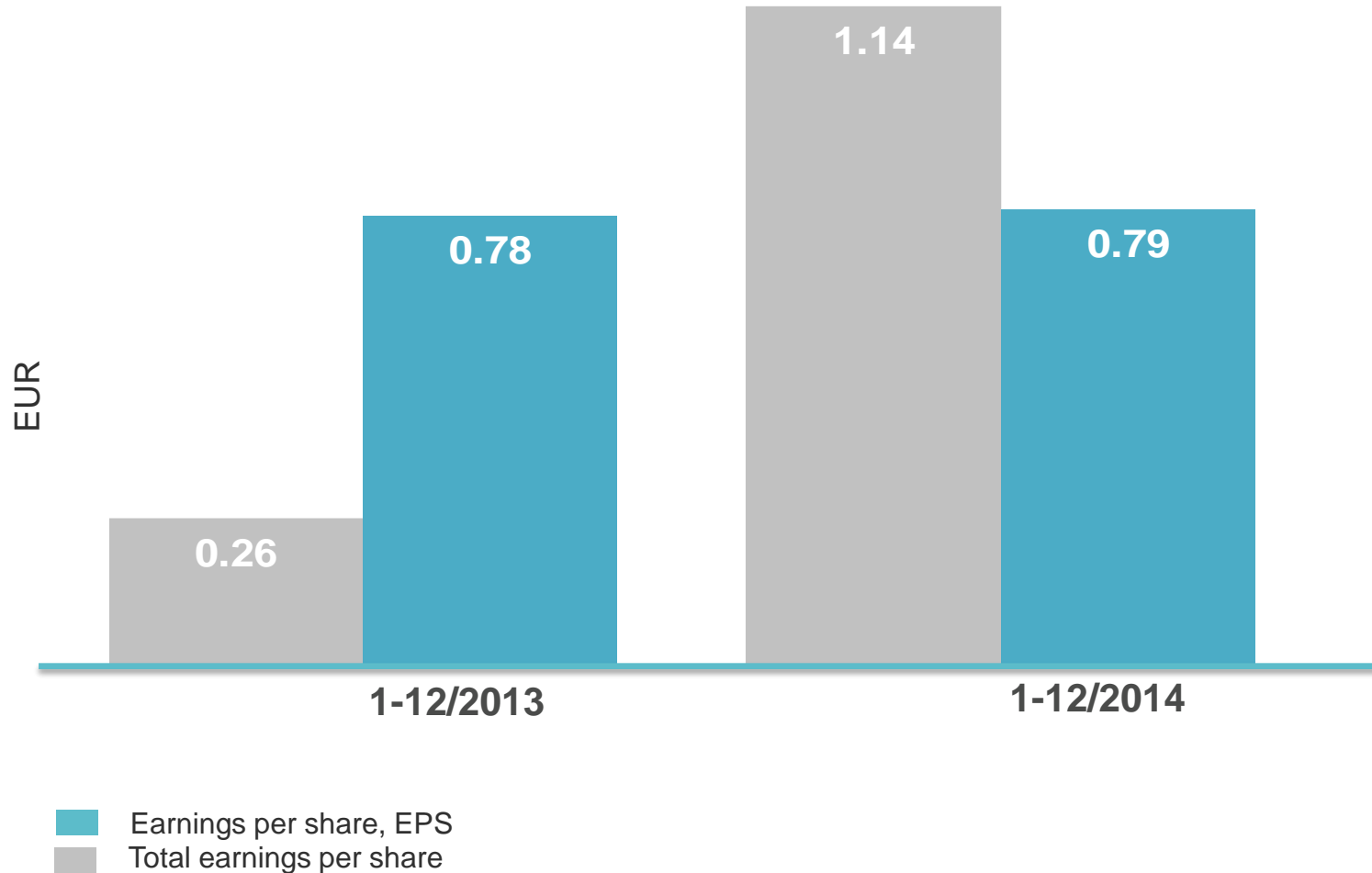
Aktia

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

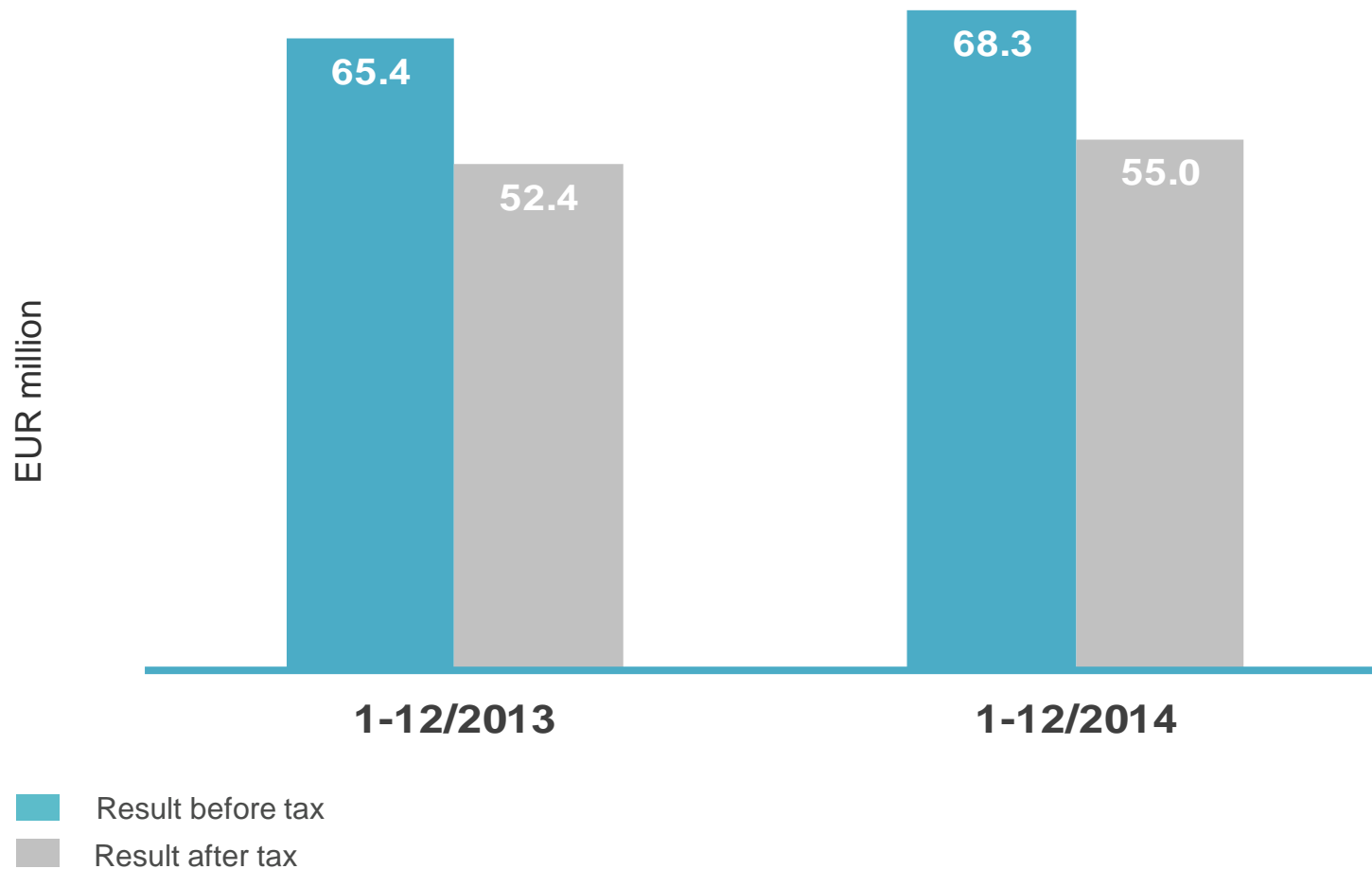
Operating profit for the quarter



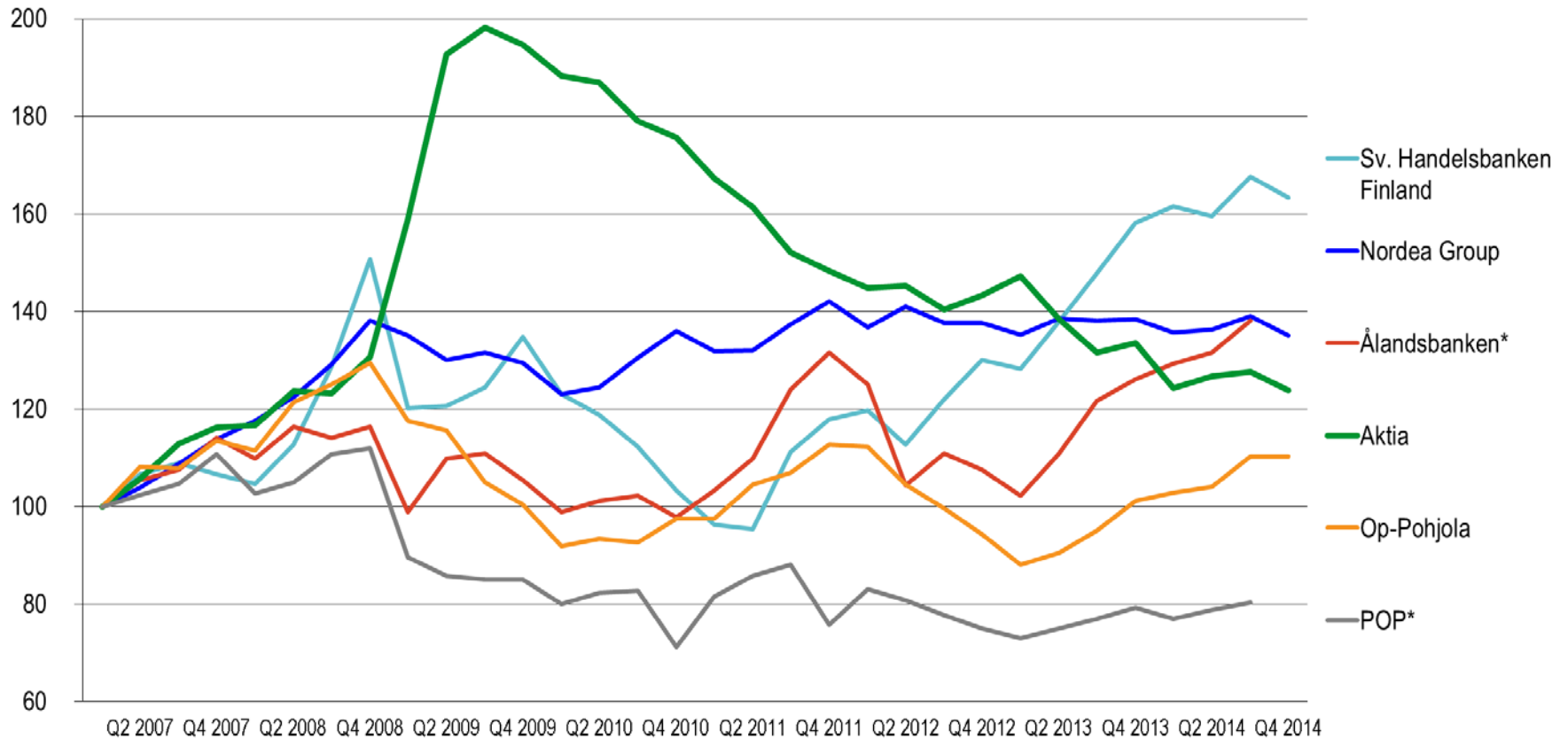
Earnings per share 1-12/2014



Result before and after tax



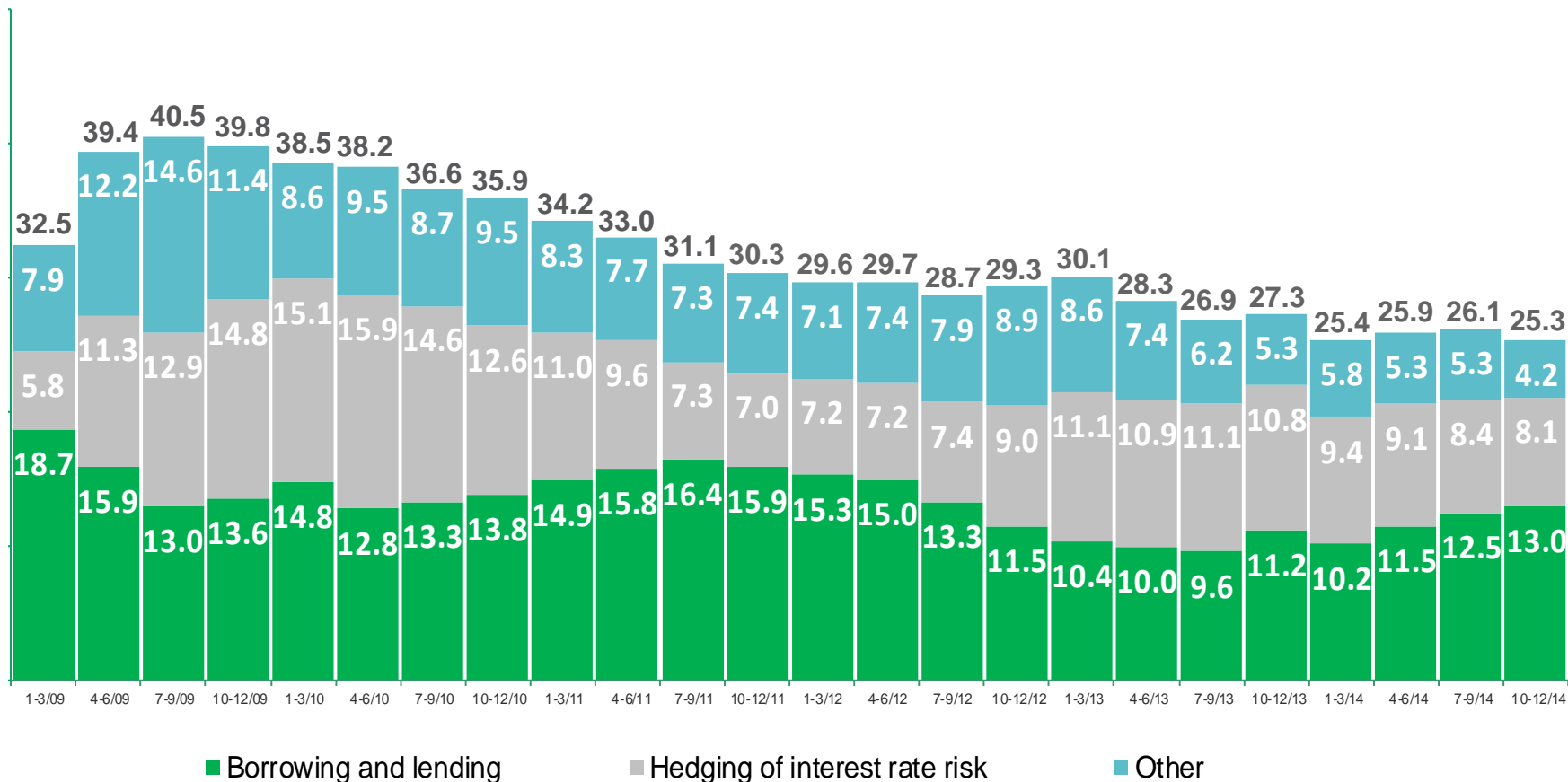
Net interest income (1/2007 = 100) Finnish Banks



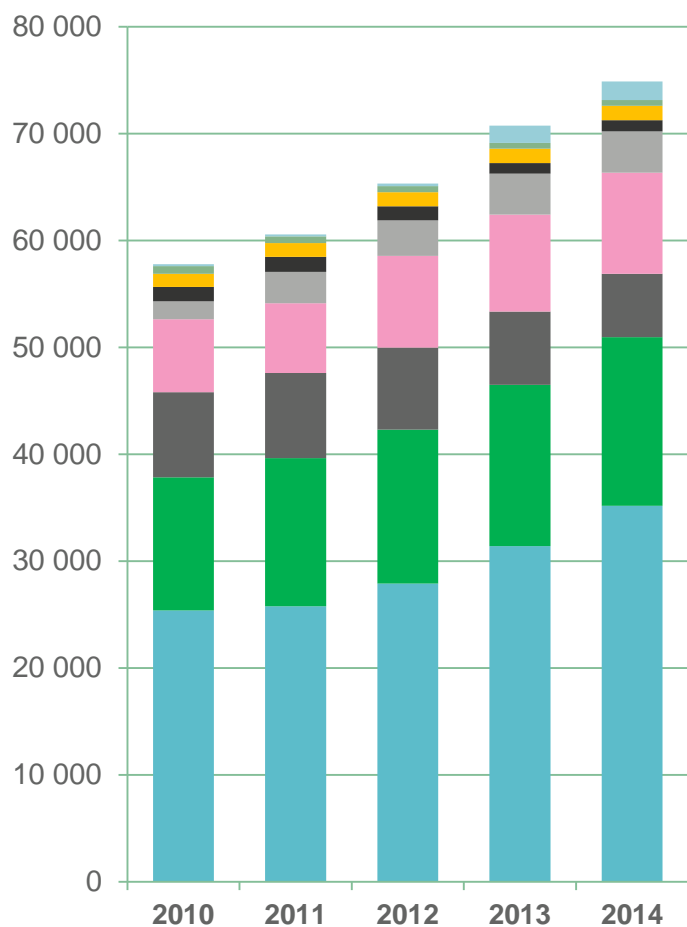
*4Q/2014 not published

Net interest income

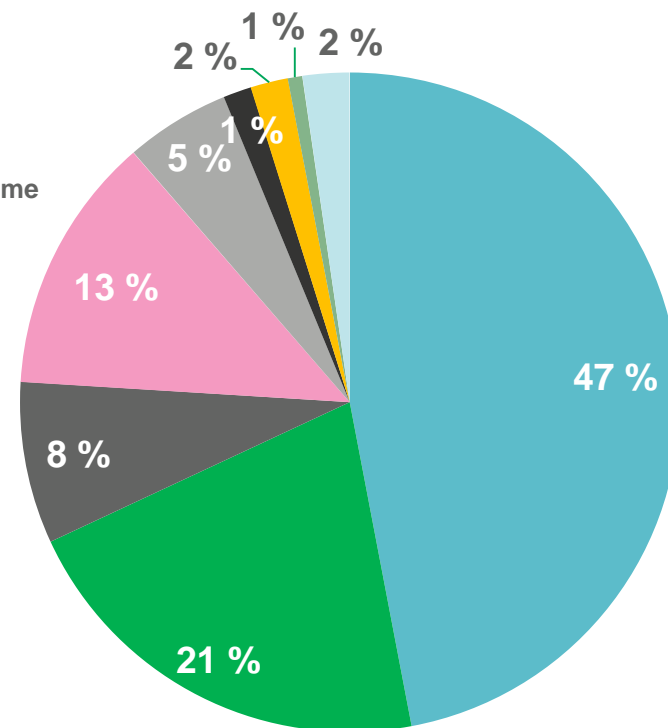
EUR million



Commission income 2014

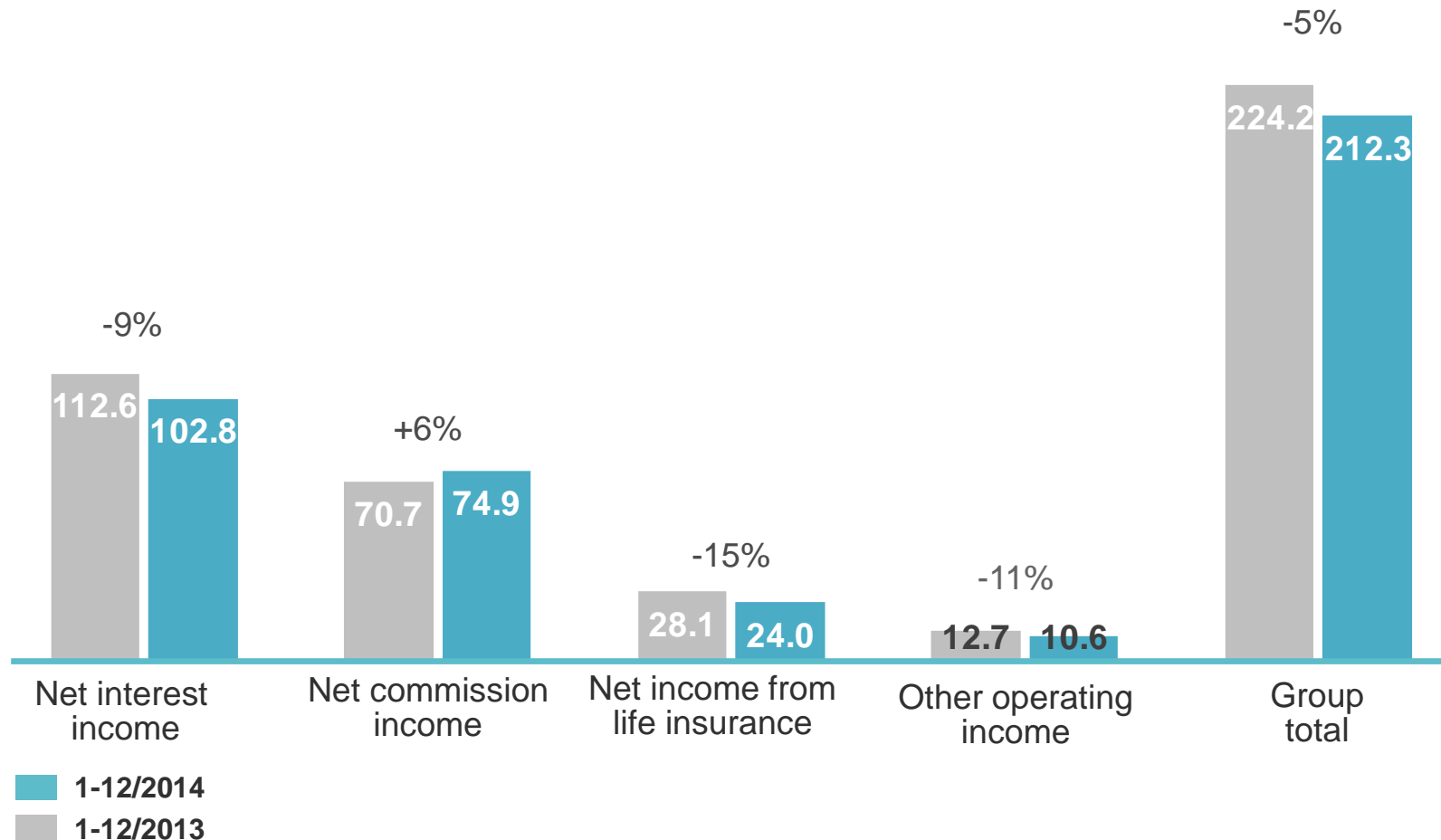


- Borrowing
- Off-balance sheet guarantees and other commitments
- Other commission income
- Legal services
- Insurance brokerage
- Lending
- Real Estate services
- Cards and payments
- Mutual funds, AM and brokerage



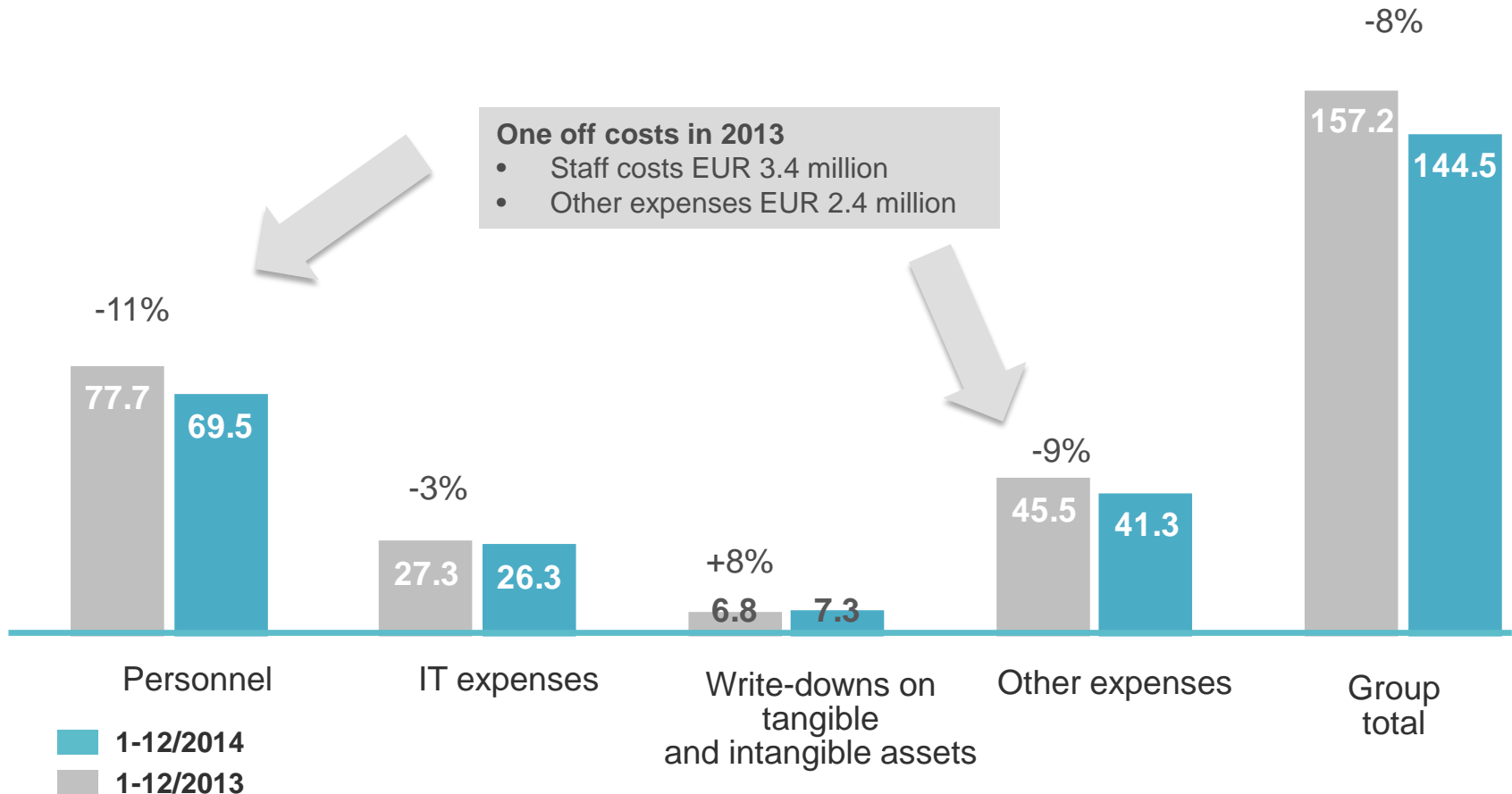
Income (EUR million)

Maintained growth in net commission income

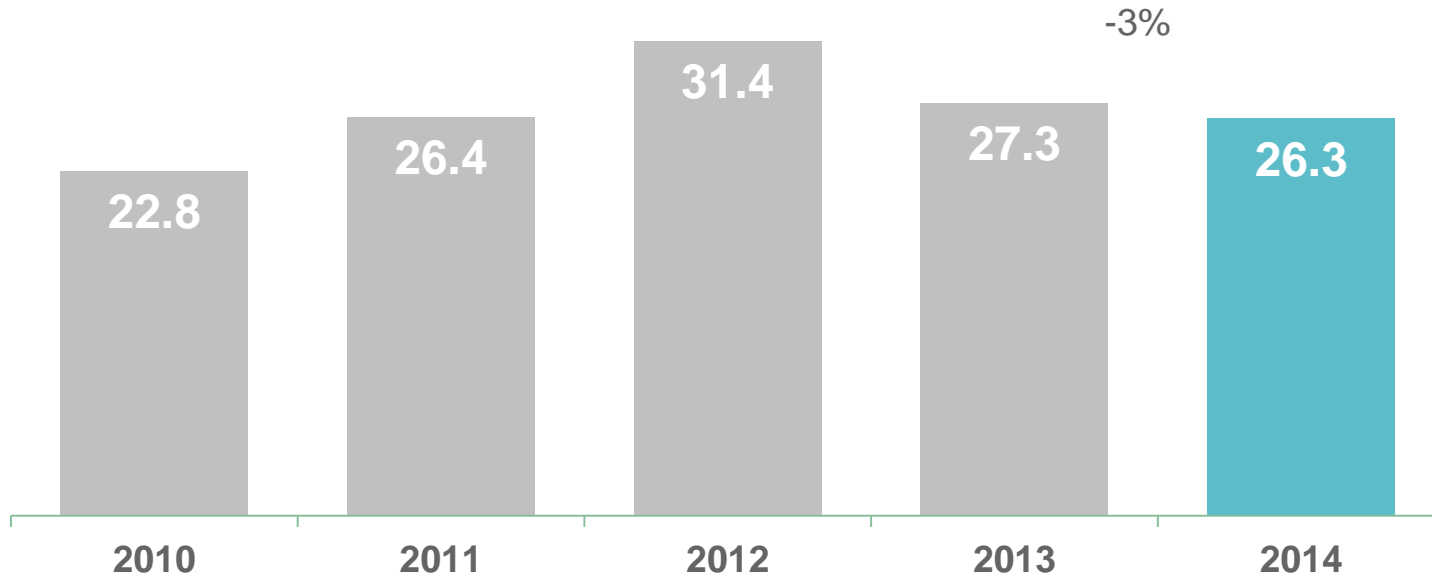


Expenses down by 8% (EUR million)

Aktia



IT expenses (EUR million)



- In 2012 a larger one-off cost/provision for change of IT provider
- During 1-12/2014 a provision utilised against IT expenses of EUR 2.8 million (reservation 30 Dec 2014; EUR 3.5 million)
- As of Q2 2014 somewhat lower running costs from IT provider Samlink

Core banking project:

- Investment approx. EUR 40 million (previously EUR 30 million), annual cost savings EUR -5 million
- Cumulative investment 31 December 2014; EUR 24.3 million
- Impact on result through writedowns as of implementation in late 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

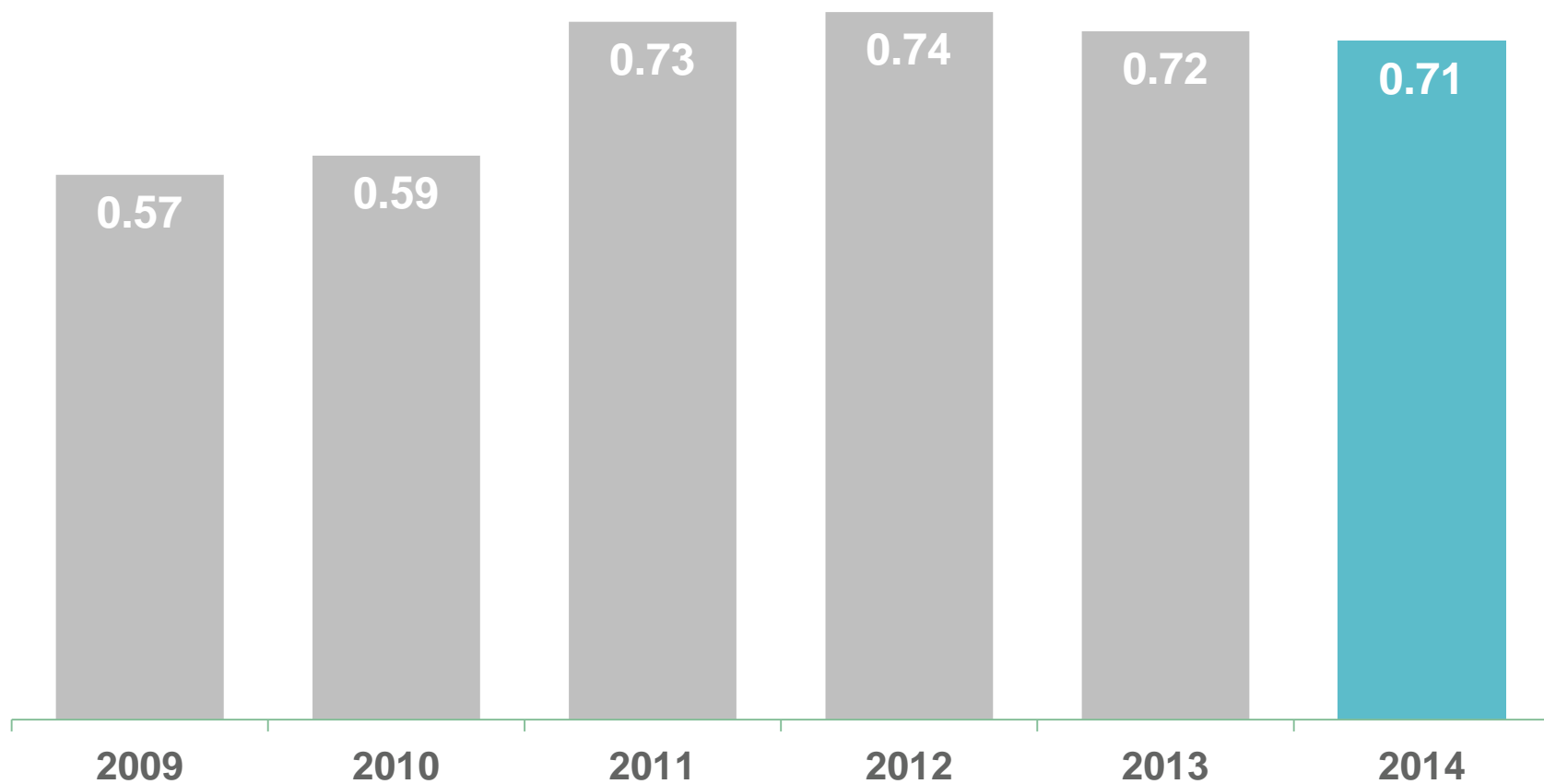
Achievements

Aktia

- ✓ **New core banking system 2015**
 - Core banking system providers chosen, agreement with Samlink renegotiated
 - Renewal of core banking system proceeds according to plan
- ✓ **End services as central financial institution 2015**
 - ✓ Savings Banks 11/2014
 - ✓ POP Banks 02/2015
- ✓ **Aktia Bank granted concession as Mortgage Bank**
 - First CB issue in June 2013, second in April 2014
- ✓ **Simplified Group structure**
 - New segment division
 - Merger with Aktia plc 1 July 2013
 - Asset Management reorganised
 - Aktia Invest merged with Asset Mgmt
 - Merger with Saaristosäästöpankki completed
- ✓ **Card business renewed**
 - New technical platform
 - The card stock acquired December 2013
- ✓ **Measures to enhance effectivity started**
 - Staff reduction of approx. 50
 - Branch network reduced by 8
 - HQ offices rationalised
- ✓ **One Net finalised**
 - Group IT-workstations in one network
- ✓ **IRBA**
 - FSA granted 10 Feb 2015 Aktia Bank permission to apply IRBA on household exposures.

Cost-Income ratio

Aktia



Write-downs on credits (per quarter)

Aktia

% of stock

0,10 %

0,00 %

0,06 %

0,03 %

0,01 %

0,02 %

0,02 %

0,02 %

0,01 %

0,00 %

0,02 %

0,01 %

0,01 %

0,01 %

0,00 %

10-12/11

1-3/12

4-6/12

7-9/12

10-12/12

1-3/13

4-6/13

7-9/13

10-12/13

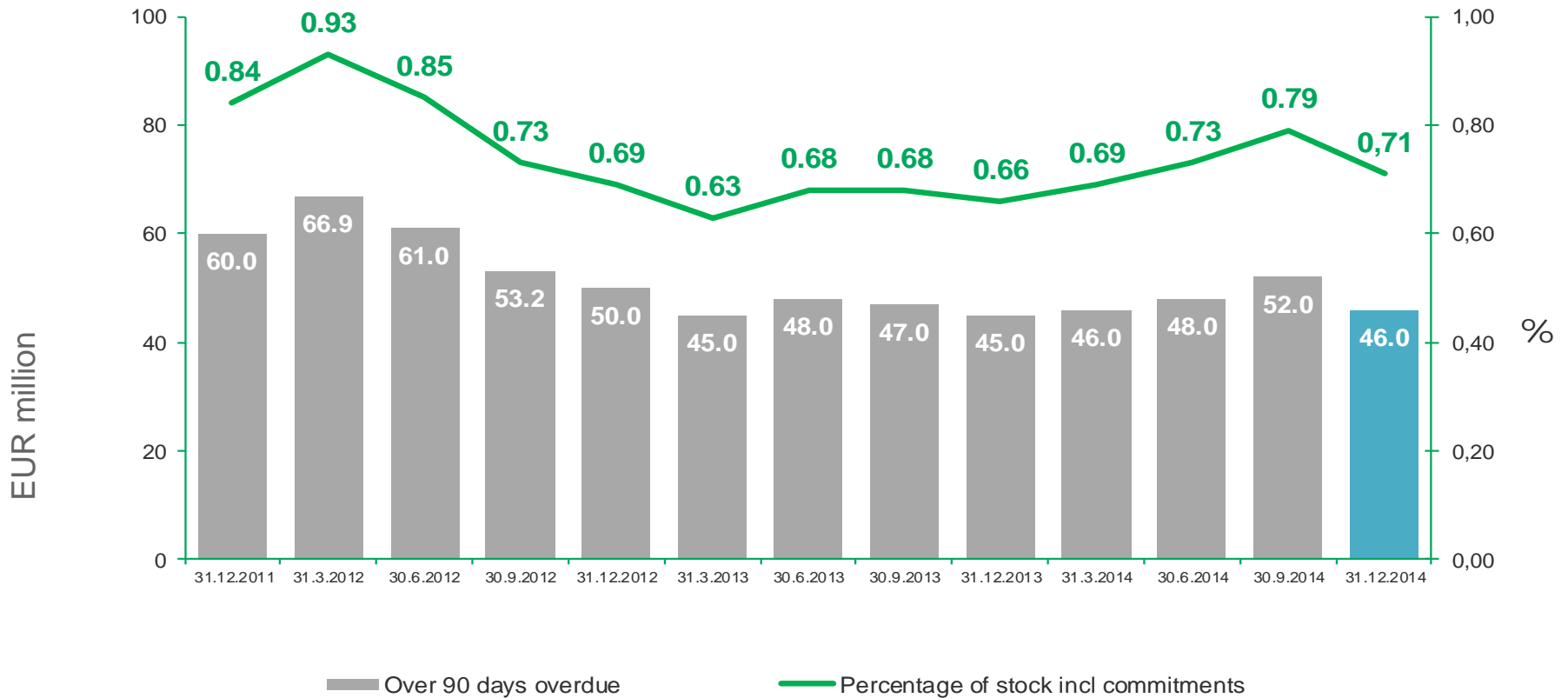
1-3/14

4-6/14

7-9/14

10-12/14

Non-performing loans more than 90 days overdue

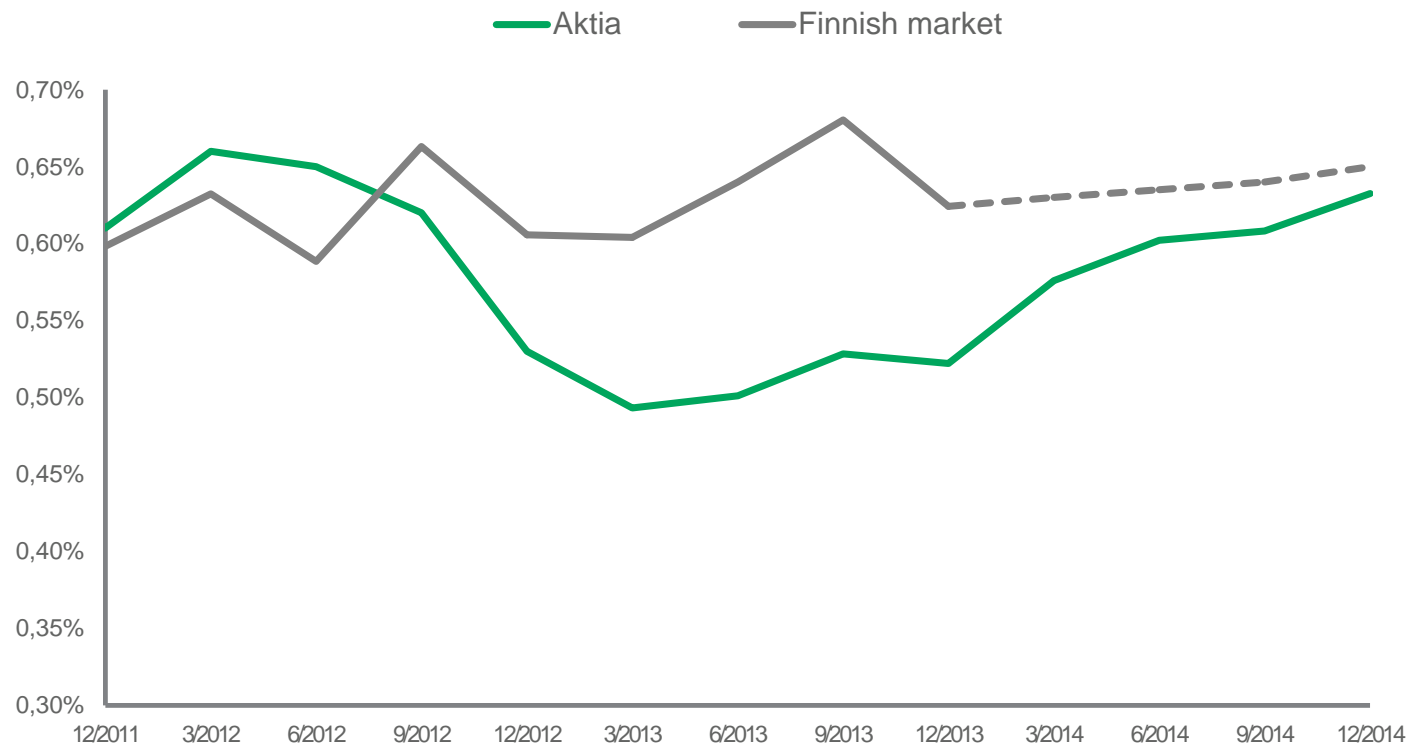


Non-performing loans by days overdue

Aktia

Days	31.12.2014	% of credit stock	31.12.2013	% of credit stock
3-30	101	1.57	114	1.66
of which households	94	1.46	106	1.55
31-89	41	0.63	34	0.49
of which households	34	0.53	28	0.42
90-	46	0.71	45	0.66
of which households	36	0.56	31	0.46

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



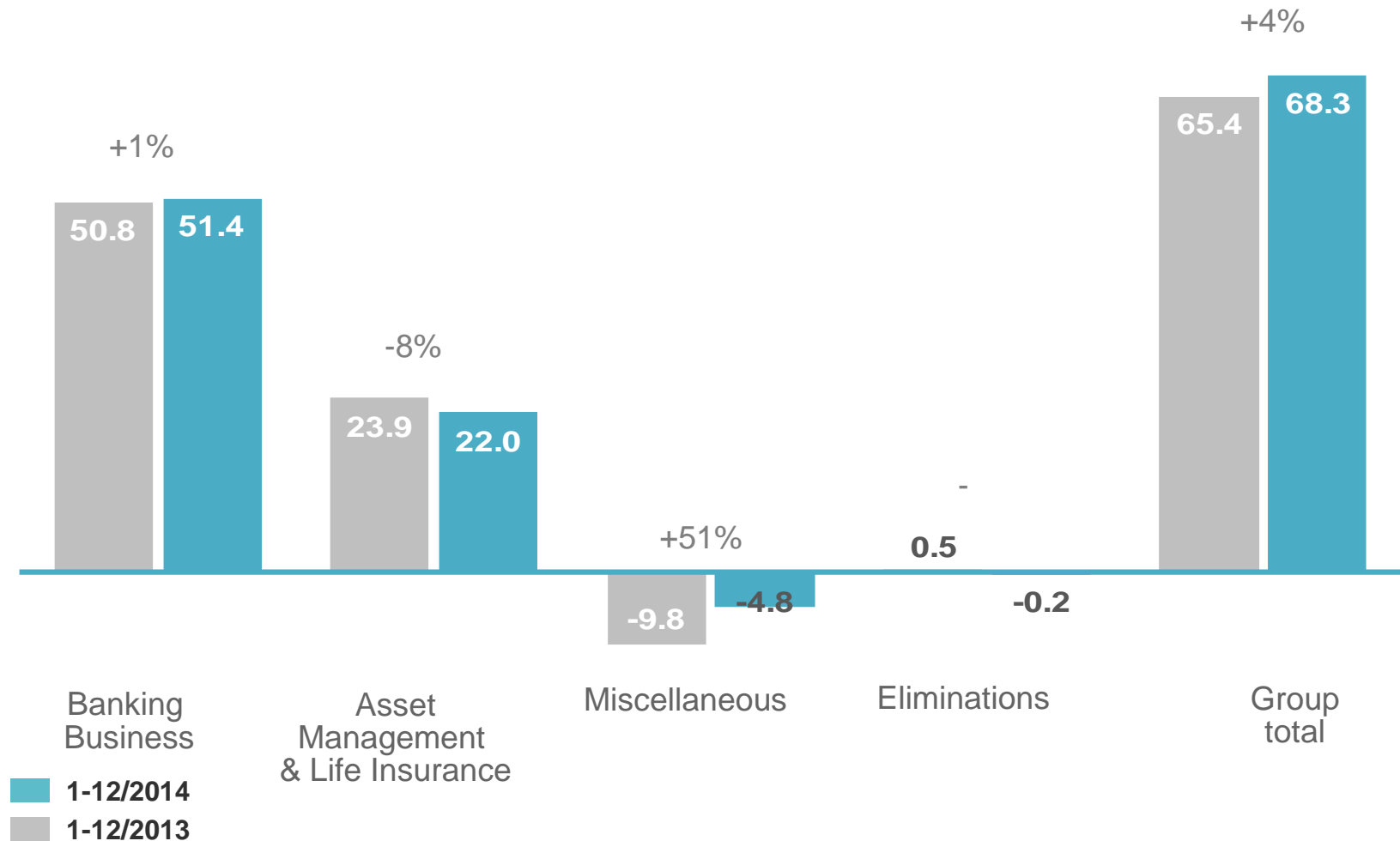
Source: Publication from Finnish Financial Supervisory Authority about the credit market

Write-downs on credits and other commitments

- Total write-downs on credits and other commitments stood at EUR 1.7 (2.7) million.
- Of these write-downs, EUR 1.9 (1.8) million could be attributed to households and EUR -0.2 (0.9) to companies.

The segments' contribution to the operating profit

Aktia



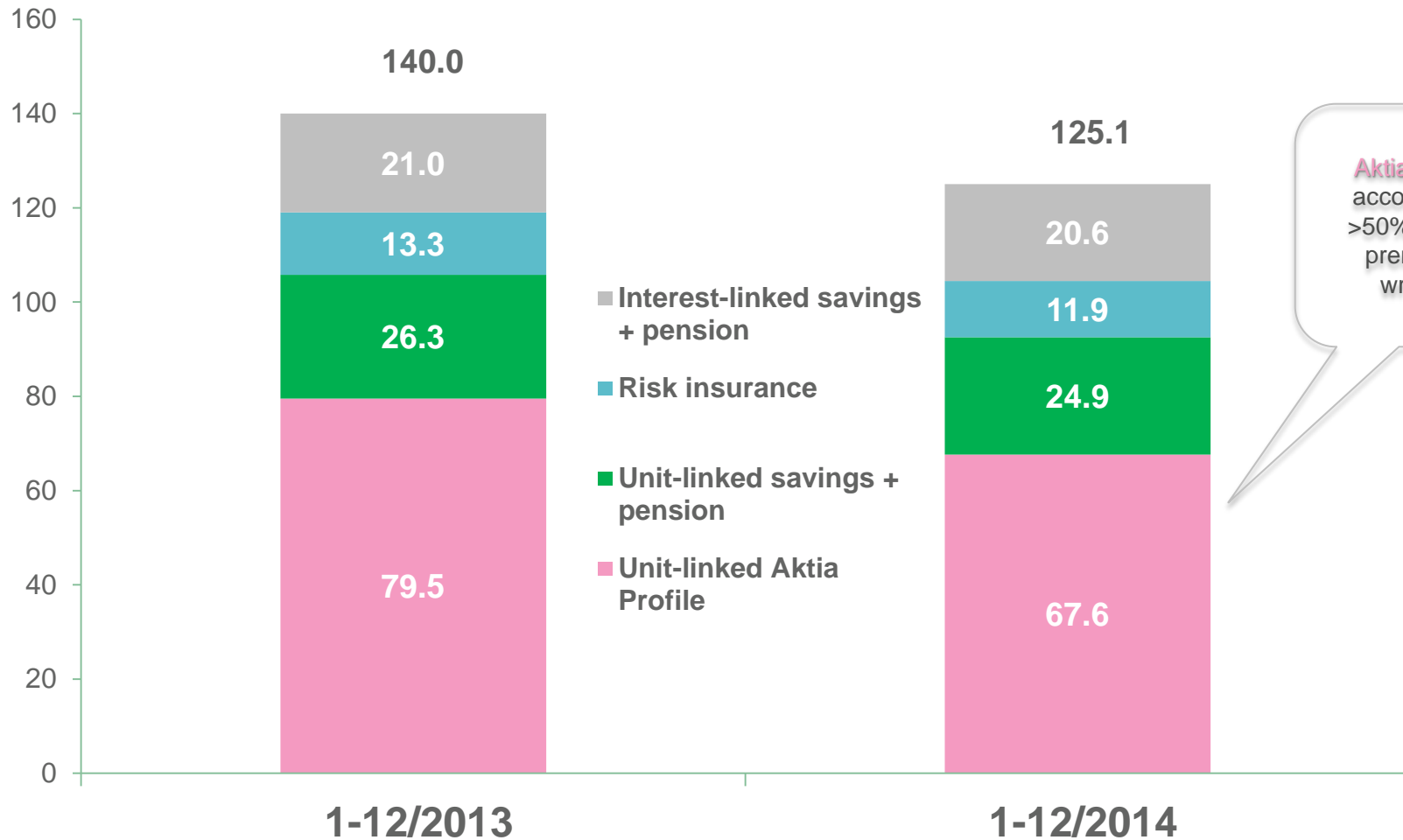
Asset Management & Life Insurance Assets Under Management

Aktia

(EUR million)	31.12.2014	31.12.2013	Change %
Aktia Fund Management	3,450	3,053	13%
Aktia Asset Management	7,496	7,295	3%
Aktia Life Insurance	545	466	17%
Eliminations	-5,966	-5,622	6%
Total	5,525	5,192	6%

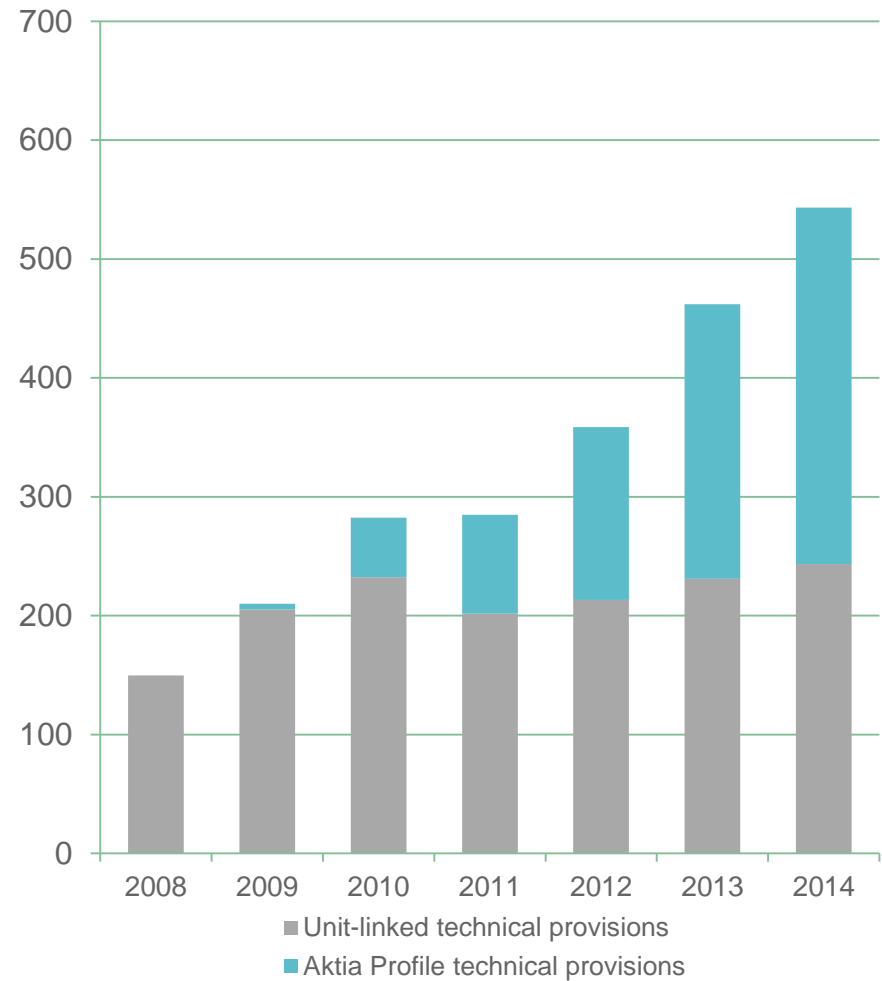
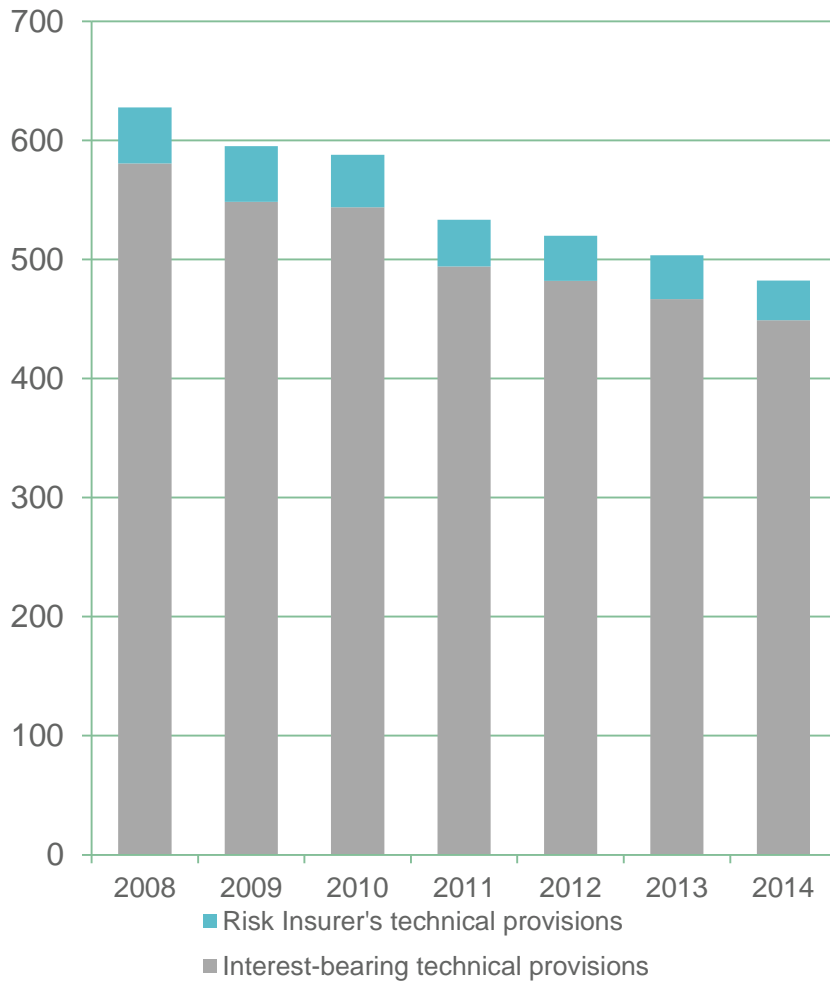
Life Insurance, premiums written

EUR million



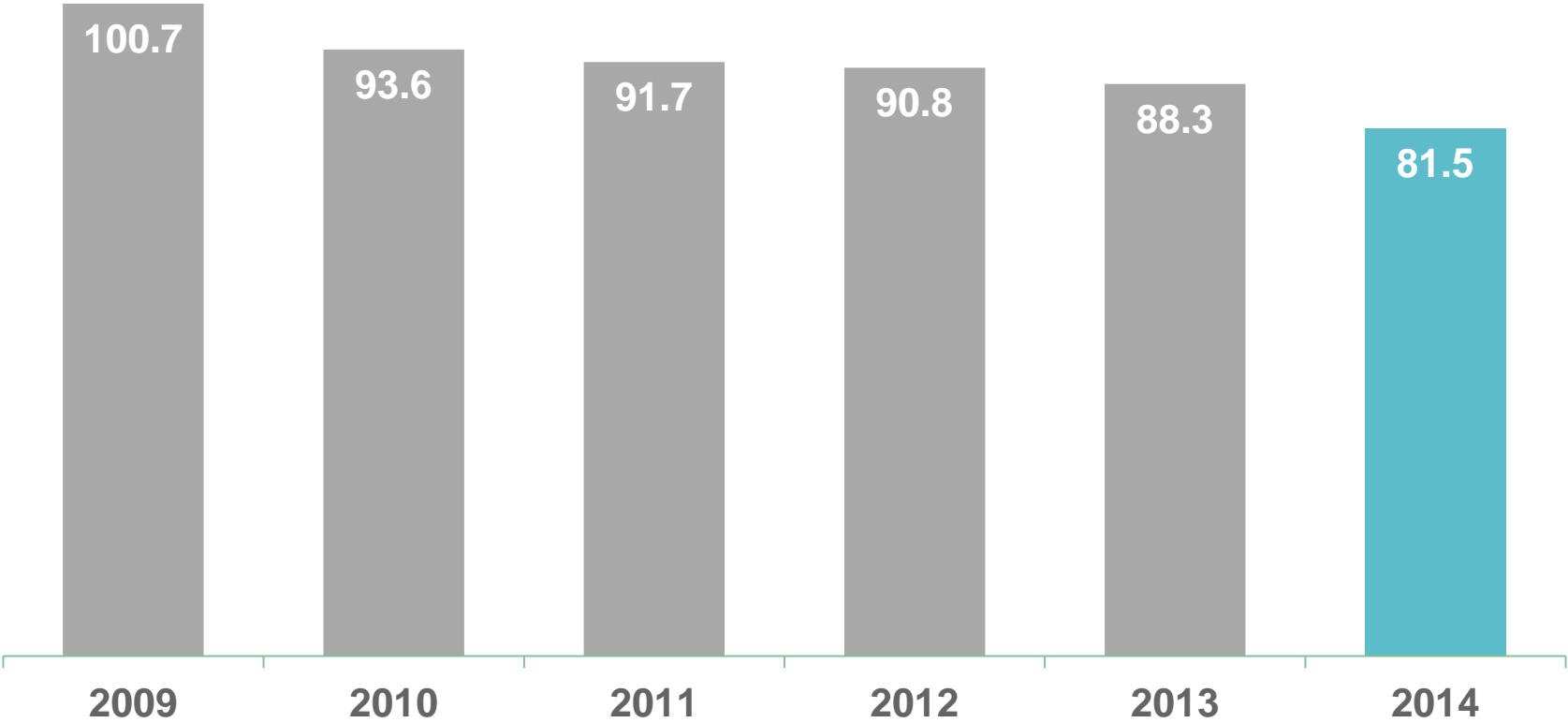
Aktia Profile accounts for >50% of total premiums written.

Interest-linked insurance decreased, unit-linked increased (EUR million)



Expense ratio for life insurance, %

Aktia



Summary: Operating profit January–December 2014

Profit

Operating profit amounted to EUR 68.3 (65.4) million.

Profit for the period amounted to EUR 55.0 (52.4) million.

Income

Income totalled EUR 212.3 (224.2) million.

Net interest income decreased to EUR 102.8 (112.6) million.

Expenses

The Group's operating expenses decreased by 8% to EUR 144.5 (157.2) million.

Write-downs

The Group's write-downs on credits and other commitments decreased to EUR 1.7 (2.7) million.

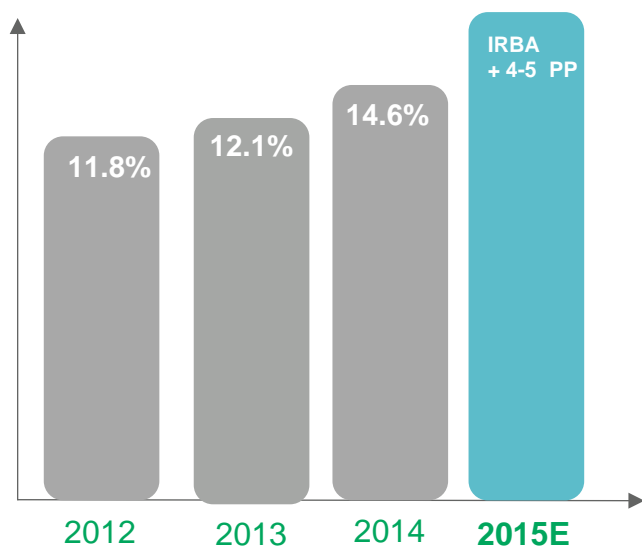
Accounts Announcement 1 January - 31 December 2014

Aktia

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4	Outlook and targets

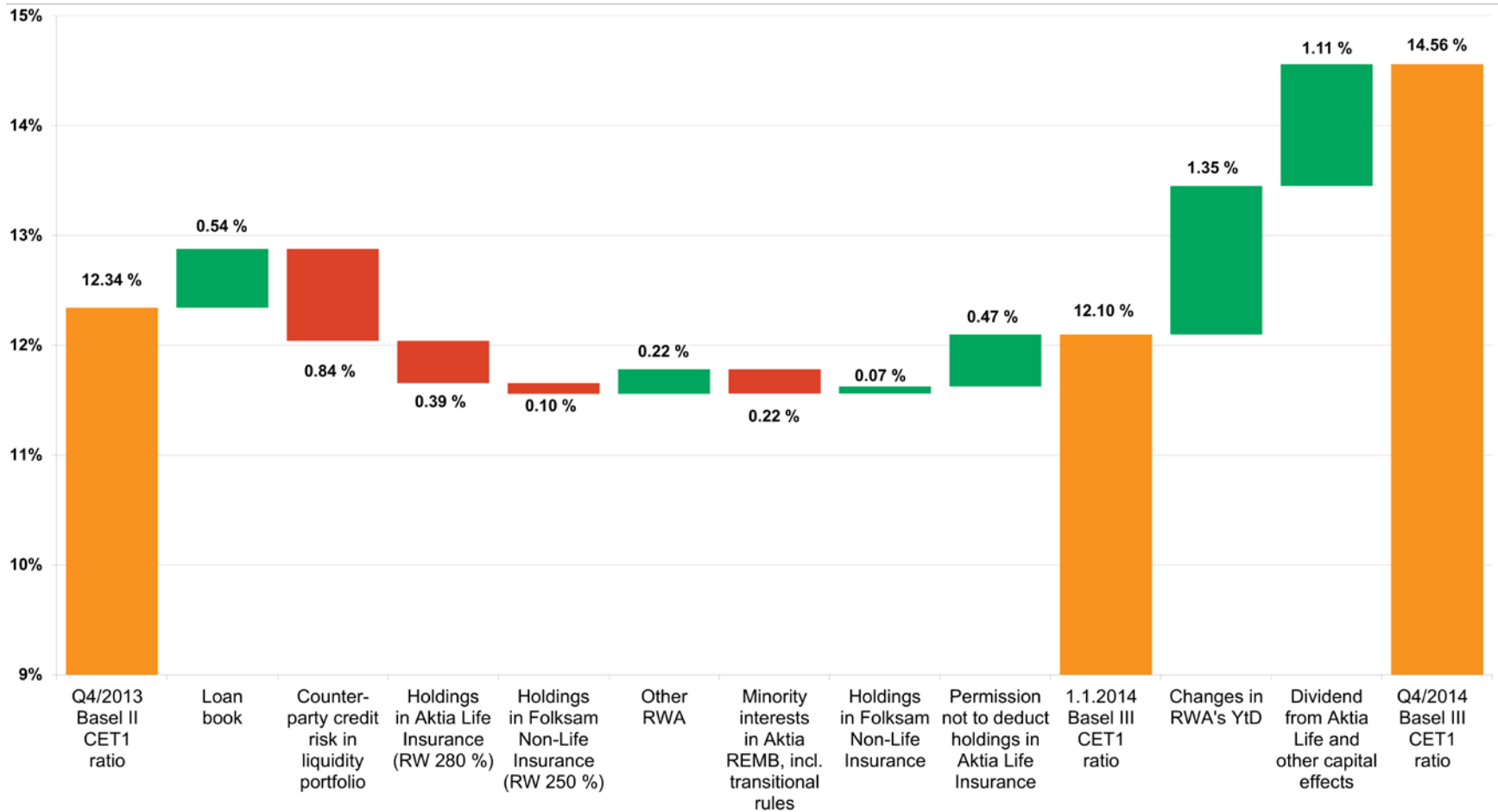
The Bank's capital adequacy

- FSA granted Aktia IRBA as of 31 March 2015
- Capital adequacy improved to 19.1% thanks to a positive result and a dividend from Aktia Life Insurance
- Basel III regulatory framework in effect as of 1 January 2014
 - Limited effect on Core Tier 1, -0.2%
 - Larger negative effect on capital adequacy, -3.9% mainly due to stricter demands on maturity on issued debentures
 - Temporary exemption 2014 concerning holdings in Aktia Life Insurance, risk weight 280%

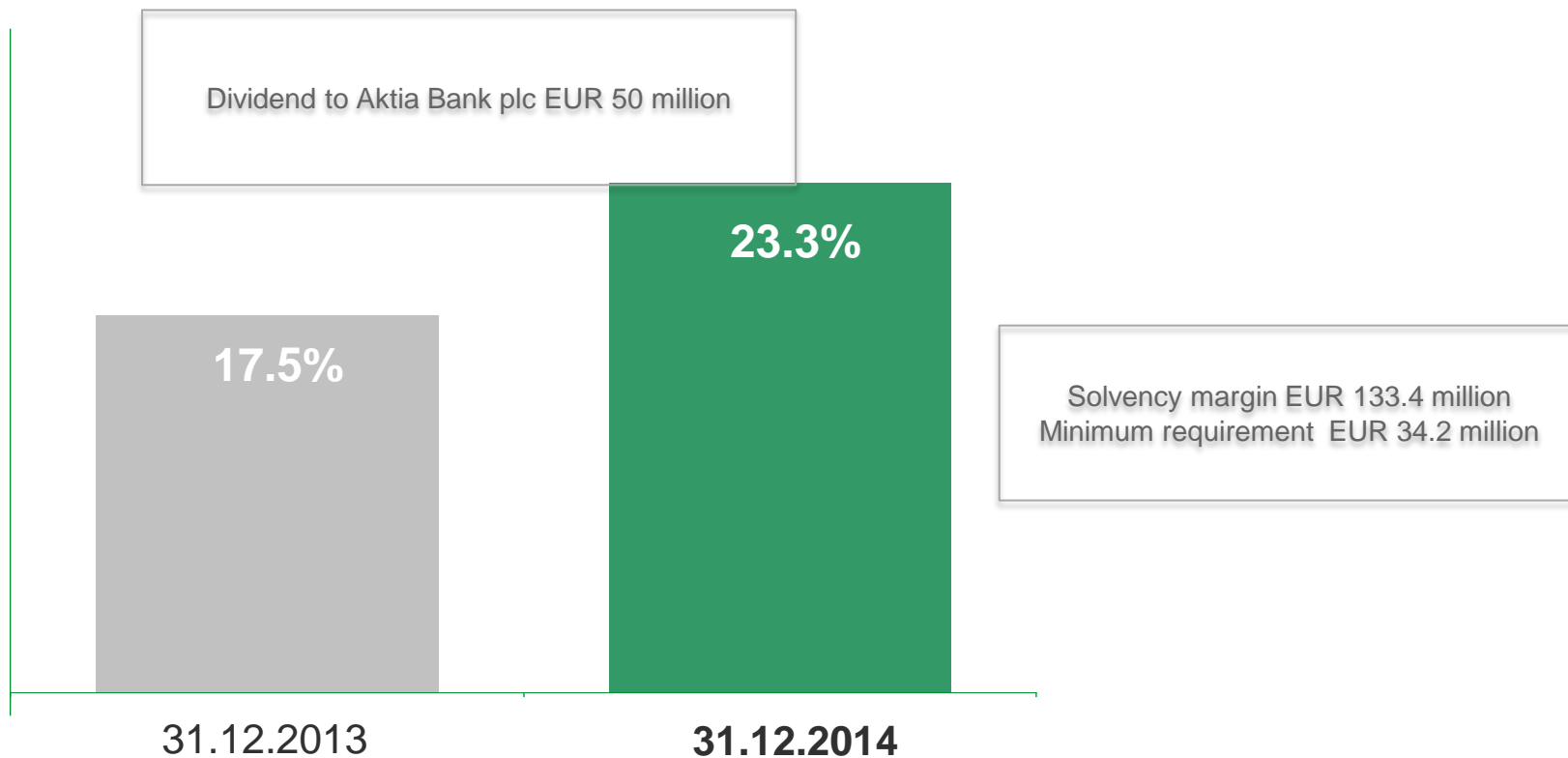


	31.12.2014 Basel III	30.9.2014 Basel III	31.12.2013 Basel III
Core Tier 1 ratio	14.6%	14.2%	12.1%
Tier 1 capital ratio	14.6%	14.2%	12.1%
Capital Adequacy	19.1%	18.4%	15.5%

Effects of new regulation Basel II to Basel III

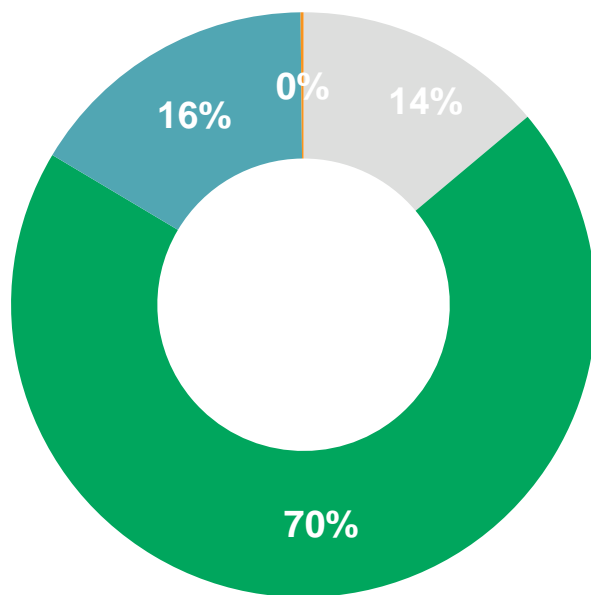


Life insurance Solvency ratio



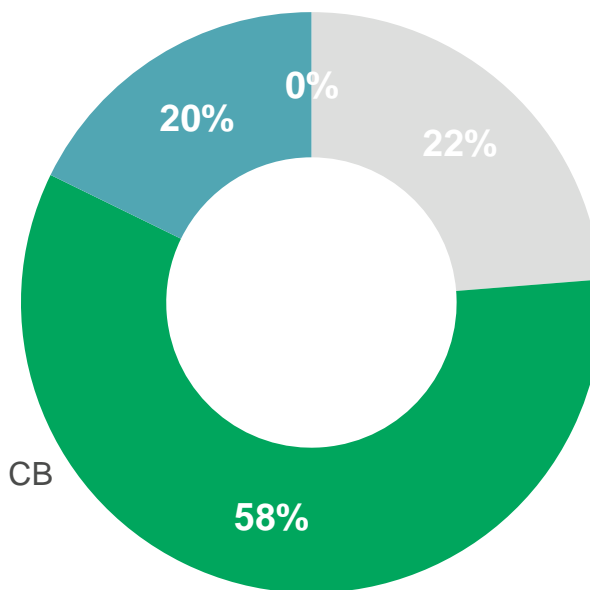
The Bank Group's liquidity portfolio and other interest-bearing investments

EUR 2,428 million



31.12.2013

EUR 2,512 million



31.12.2014

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

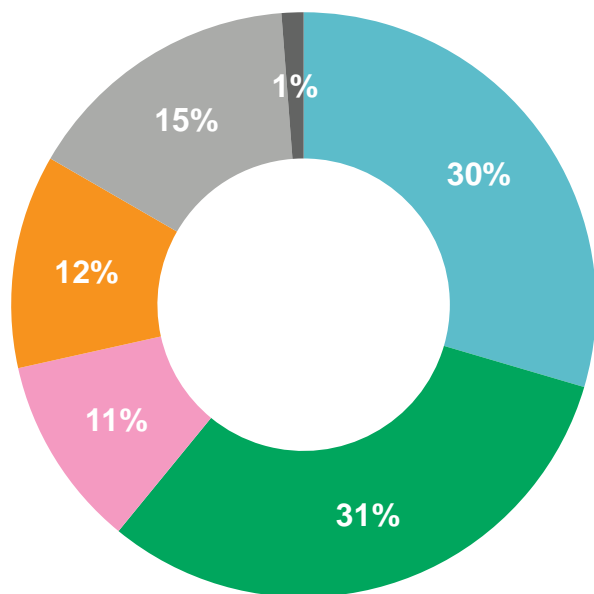
Continued convergence towards Solvency II Life Insurance Company

Aktia

Return on investments 8.0 (1.0)%

Duration 5.3 (5.4) years

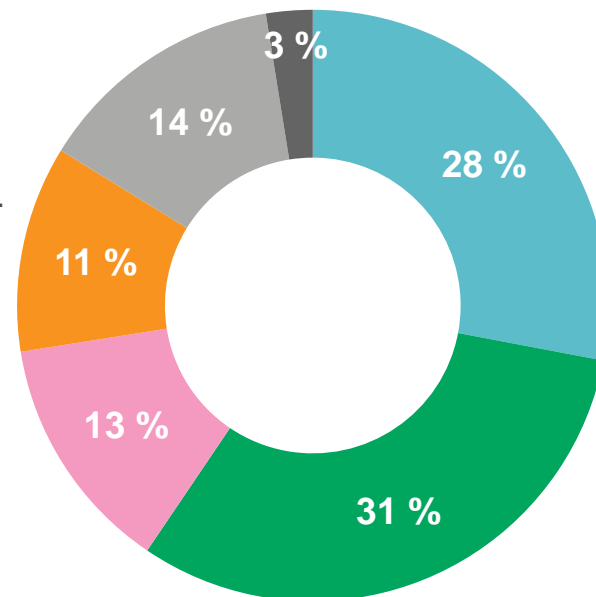
EUR 661 million



31.12.2013

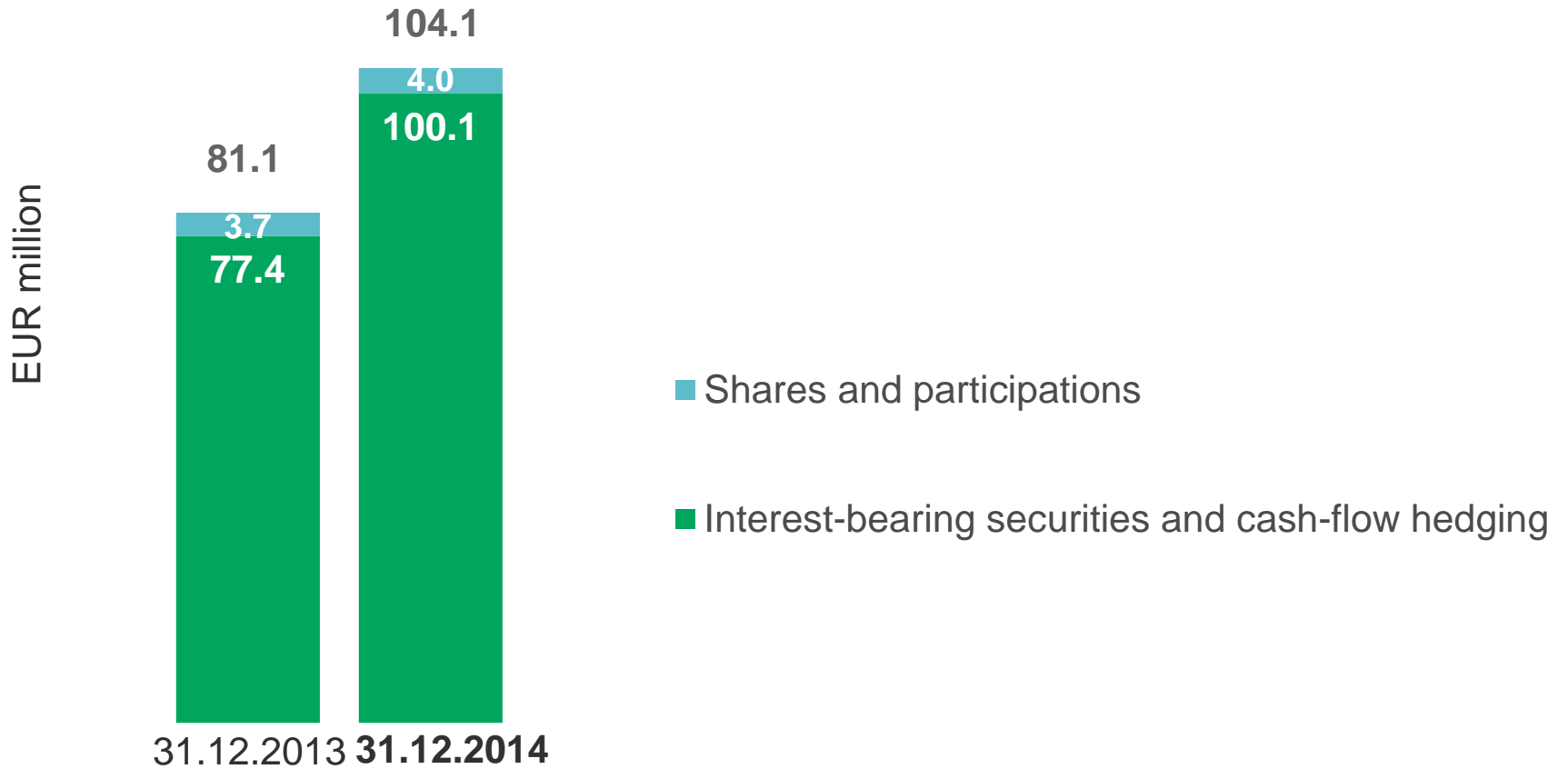
EUR 629 million

- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds
- Real estate
- Alternative investments
- Equity



31.12.2014

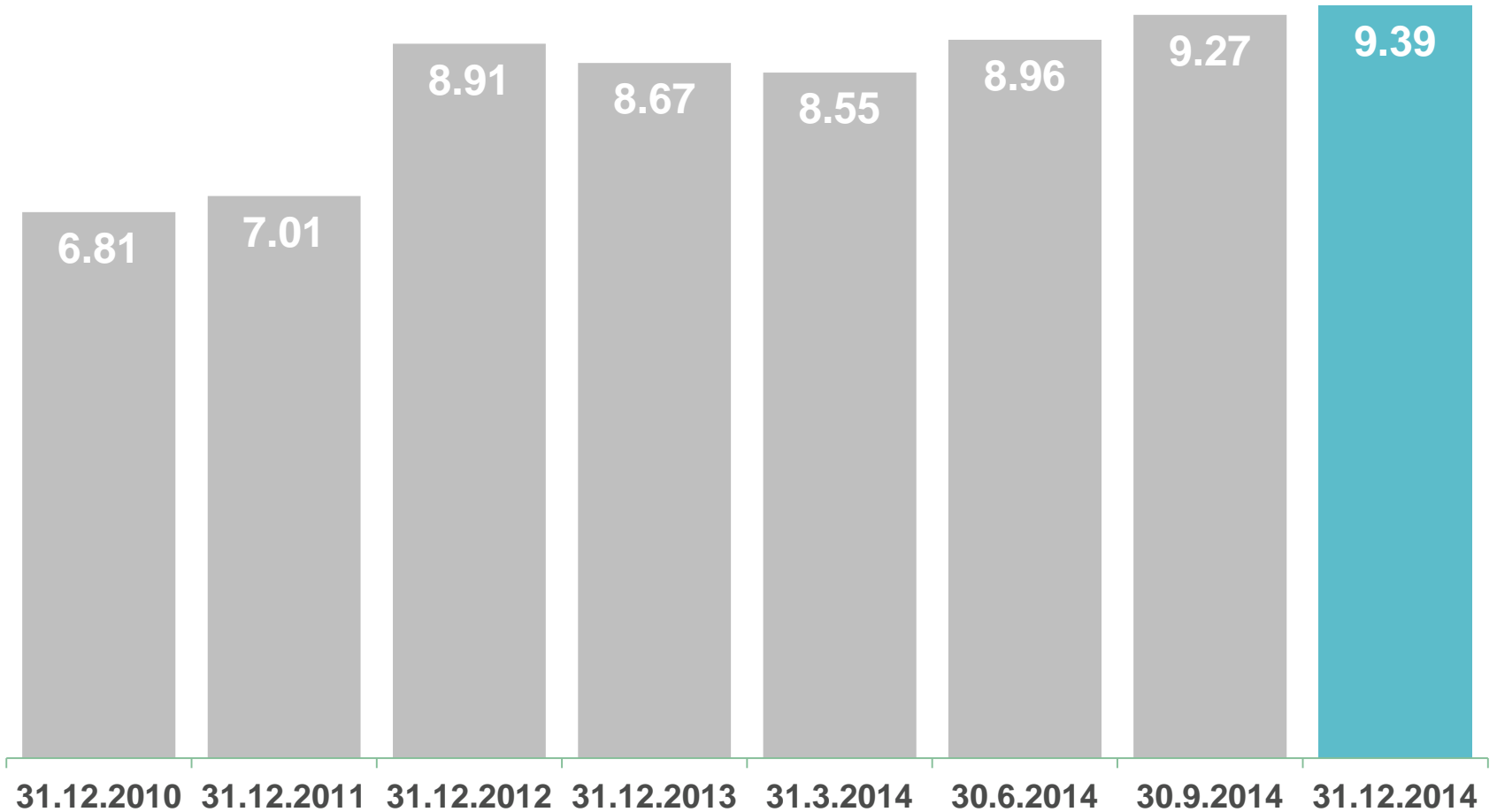
Fund at fair value



Equity per share (NAV)

Aktia

EUR/share



Accounts Announcement 1 January - 31 December 2014

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Balance sheet 31 December 2014

The Group's balance sheet total amounted to EUR 10,707 (10,934) million.

Borrowing amounted to EUR 3,979 (3,797) million.

Lending to the public amounted to EUR 6,416 (6,802) million. Loans to private households amounted to EUR 5,697 million or 88.8% of the credit stock.

The housing loan stock amounted to EUR 5,229 (5,521) million

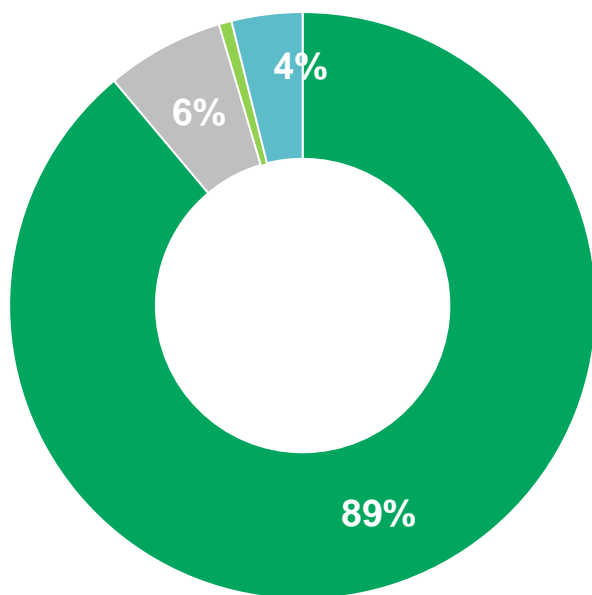
Corporate lending continued to be moderate

The credit stock amounted to EUR 420 (541) million, corresponding to 6.5%

Credit and deposit stocks 31 December 2014

Credits

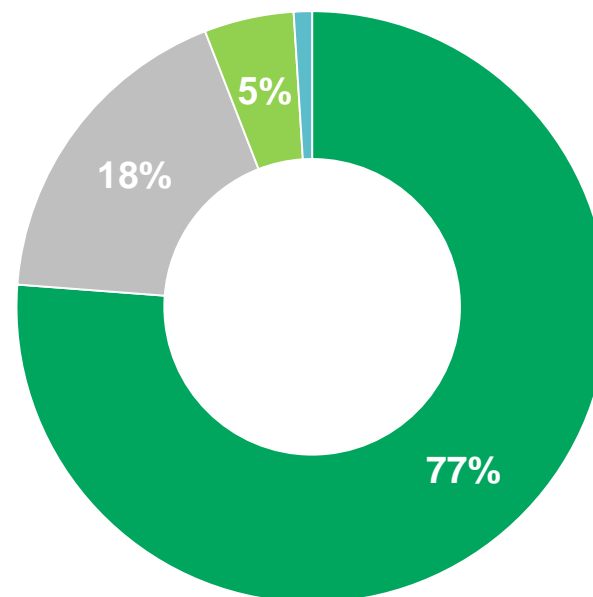
EUR 6,416 (6,802) million



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

Deposits

EUR 3,979 (3,797) million



Share capital and ownership

31 January 2015

Aktia

The 20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes, %
Stiftelsen Tre Smeder	1,971,925	4,310,216	6,282,141	9.44	19.85
Veritas Pension Insurance Company Ltd.	4,027,469	2,134,397	6,161,866	9.25	10.52
Svenska litteratursällskapet i Finland r.f.	4,464,154	789,229	5,253,383	7.89	4.56
Sampo Plc	3,814,057	-	3,814,057	5.73	0.86
Oy Hammaren & Co AB	1,905,000	950,000	2,855,000	4.29	4.71
Åbo Akademi University Foundation	1,595,640	751,000	2,346,640	3.52	3.74
Life Annuity Hereditas	-	2,046,106	2,046,106	3.07	9.21
Sparbanksstiftelsen in Porvoo	1,303,370	651,525	1,954,895	2.94	3.23
Aktiastiftelsen in Vaasa	978,525	547,262	1,525,787	2.29	2.68
Aktiastiftelsen in Espoo-Kauniainen	-	1,338,708	1,338,708	2.01	6.03
Sparbanksstiftelsen in Kirkkonummi	846,529	441,733	1,288,262	1.93	2.18
Sparbanksstiftelsen 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
Aktiastiftelsen 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
Sparbanksstiftelsen in Inkoo	452,669	345,569	798,238	1.2	1.66
Sparbanksstiftelsen in Sipoo	462,002	232,001	694,003	1.04	1.15
Vörå Sparbanks Aktiastiftelse	615,460	10,500	625,960	0.94	0.19
Nordea Fennia Fund	620,000	-	620,000	0.93	0.14
The 20 largest shareholders	26,773,281	16,389,171	43,162,452	64.81	79.82
Other	19,933,442	3,482,917	23,416,359	35.19	20.18
Total	46,706,723	19,872,088	66,578,811	100.00	100.00

Accounts Announcement 1 January - 31 December 2014

Aktia

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Outlook for 2015 (NEW)

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.

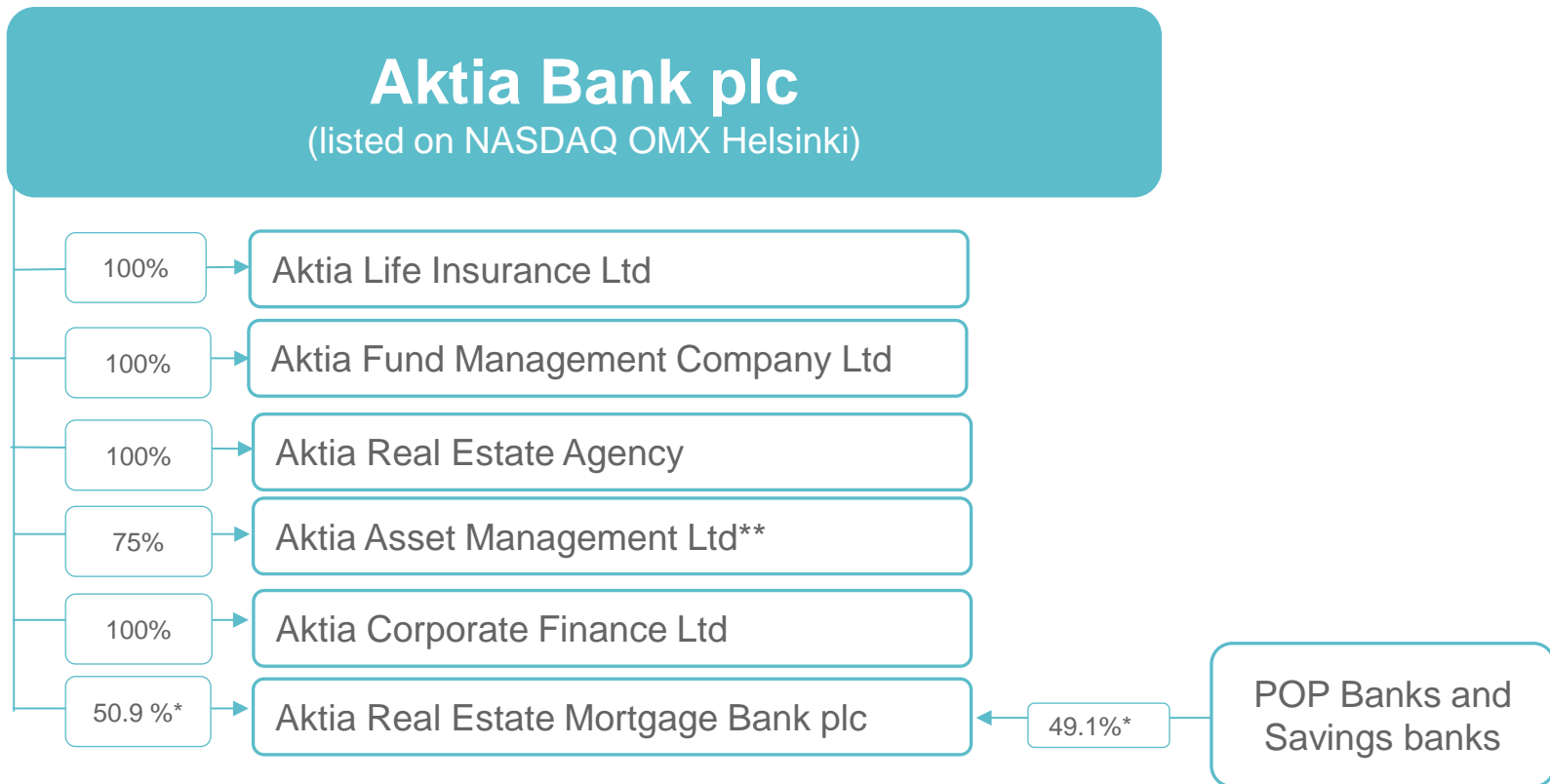
Aktia's aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small companies and institutions.

Aktia's main focus in 2015 is on the migration to the new core banking system. The core banking system is expected to bring with it lower costs, more growth and more efficient processes.

OUTLOOK (NEW): During 2015, the write-downs on credits are expected to remain at the same level as in 2014.

Aktias operating profit for 2015 is expected to reach a similar level as 2014.

Group structure 1 October 2014-



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

**Minority shares used as incentives for key personnel

Objectives for 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 1-12/2014 and 1-12/2013

	1-12/2014	1-12/2013	Change, %	Objectives for 2015
Commission income	84.4	81.1	+4%	+5% p.a.
Expenses				
Staff costs	69.5	77.7	-11%/-6%*	-5% p.a.
IT costs	26.3	27.3	-3%	
Other	48.6	52.3	-7%/-3%*	

*Excl one- off costs 2013

Balance sheet, assets

Aktia

(EUR million)	31.12.2014	31.12.2013	Δ
Assets			
Cash and balances with central banks	396	414	-4 %
Financial assets reported at fair value via income statement	-	0	-
Interest-bearing securities	2,290	2,157	6 %
Shares and participations	85	100	-14 %
Financial assets available for sale	2,375	2,257	5 %
Financial assets held until maturity	489	499	-2 %
Derivative instruments	231	198	17 %
Lending to Bank of Finland and other credit institutions	46	95	-52 %
Lending to the public and public sector entities	6,416	6,802	-6 %
Loans and other receivables	6,462	6,897	-6 %
Investments for unit-linked insurances	545	466	17 %
Investments in associated companies	24	19	22 %
Intangible assets	36	20	78 %
Investment properties	57	61	-6 %
Other tangible assets	8	6	29 %
Accrued income and advance payments	57	66	-14 %
Other assets	9	9	-2 %
Total other assets	66	75	-12 %
Income tax receivables	3	4	-7 %
Deferred tax receivables	13	16	-20 %
Tax receivables	16	20	-18 %
Assets classified as held for sale	1	1	-10 %
Total assets	10,707	10,934	-2 %

Balance sheet, liabilities

Aktia

(EUR million)	31.12.2014	31.12.2013	Δ
Liabilities			
Liabilities to credit institutions	777	1,096	-29 %
Liabilities to the public and public sector entities	3,979	3,797	5 %
Deposits	4,756	4,893	-3 %
Derivative instruments	113	129	-12 %
Debt securities issued	3,535	3,658	-3 %
Subordinated liabilities	223	232	-4 %
Other liabilities to credit institutions	100	124	-19 %
Liabilities to the public and public sector entities	74	92	-20 %
Other financial liabilities	3,931	4,106	-4 %
Technical provisions for risk insurances and interest-related insurances	482	503	-4 %
Technical provisions for unit-linked insurances	543	462	17 %
Technical provisions	1,025	966	6 %
Accrued expenses and income received in advance	78	96	-19 %
Other liabilities	47	40	18 %
Total other liabilities	125	136	-8 %
Provisions	4	6	-44 %
Income tax liabilities	3	5	-51 %
Deferred tax liabilities	59	50	17 %
Tax liabilities	62	56	11 %
Liabilities for assets classified as held for sale	0	0	-18 %
Total liabilities	10,016	10,292	-3 %
Equity			
Restricted equity	267	244	9 %
Unrestricted equity	357	333	7 %
Shareholders' share of equity	624	577	8 %
Non-controlling interest's share of equity	67	65	4 %
Equity	691	642	8 %
Total liabilities and equity	10,707	10,934	-2 %

A photograph of a woman and a man in business attire. The woman, on the left, has brown hair tied back and is wearing a light blue blazer over a light blue shirt. She is smiling broadly and looking towards the man. The man, on the right, has dark hair and is wearing a light blue dress shirt and a dark patterned tie. He is also smiling and looking towards the woman. They appear to be in a professional setting, possibly an office, with a laptop visible in the foreground on the left. The background is a plain, light-colored wall.

Aktia

We see a person in every customer.

Aktia