



Aktia

INTERIM REPORT 1-3/2015

1-3/2015: Net commission income up

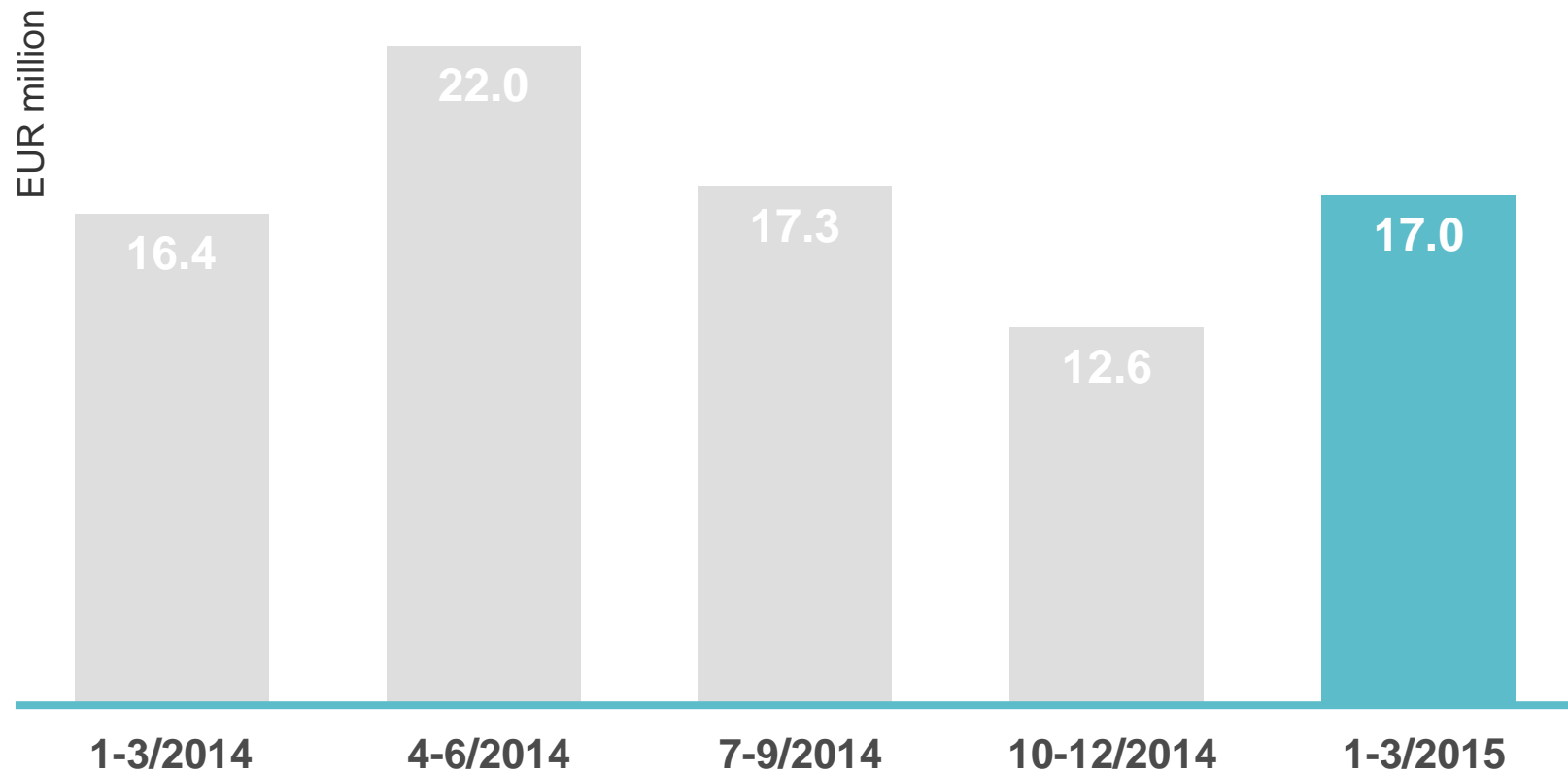
- Operating profit was EUR 17.0 (16.4) million.
- Net commission income was up 5% and NII stable at EUR 25.5 (25.4) million.
- Operating expenses decreased by 1% to EUR 35.7 (36.1) million.
- Write-downs on credits and other commitments increased to EUR 1.0 (0.4) million.
- Profit amounted to EUR 13.0 (13.1) million. Earnings per share (EPS) was EUR 0.20 (0.20).
- CET1% increased to 22.6 (14.6)%
- **Outlook for 2015 (unchanged):** Aktia's operating profit for 2015 is expected to reach approximately the 2014 level.

Interim report 1 January - 31 March 2015

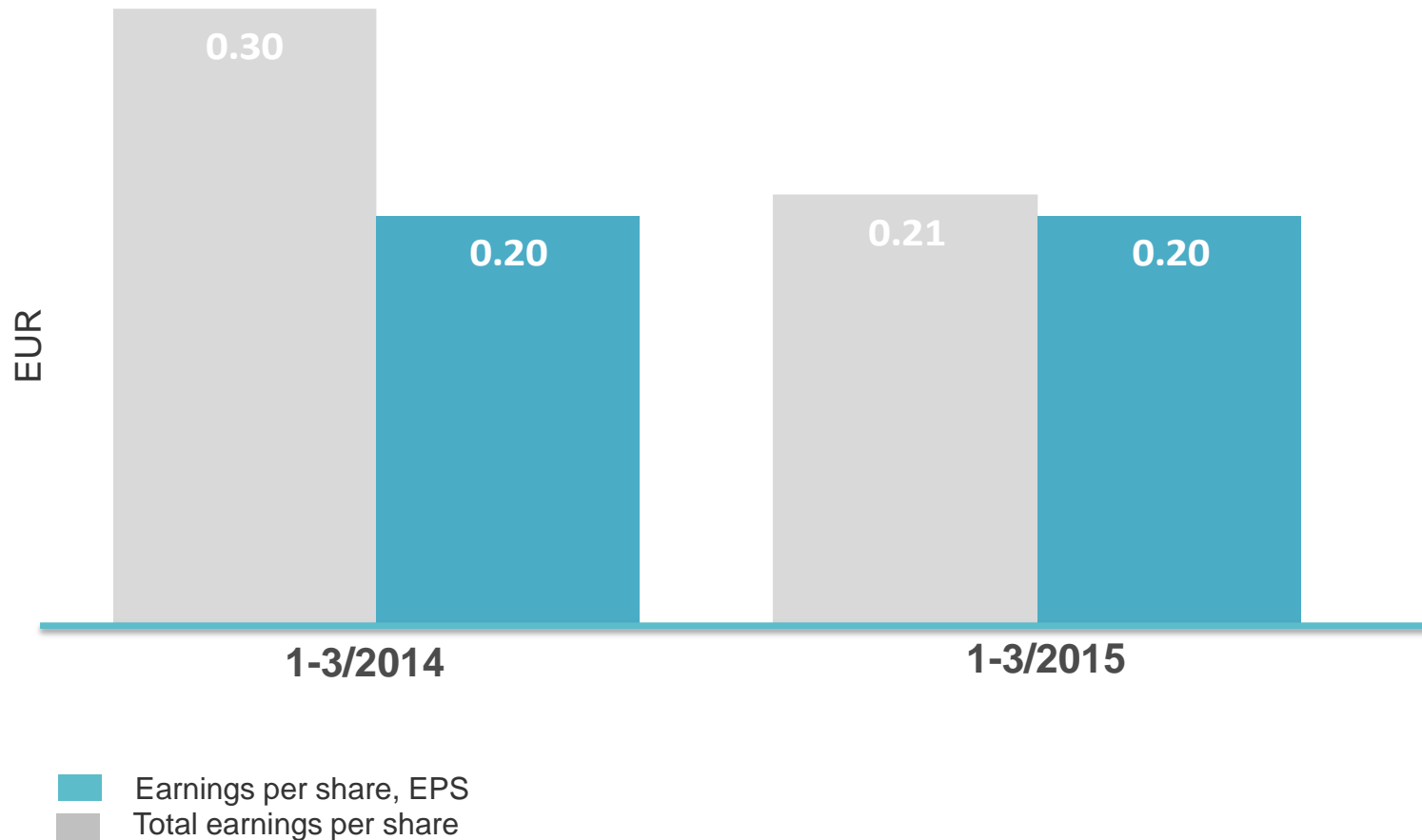
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1	FINANCIAL PERFORMANCE
2	CAPITAL ADEQUACY
3	BALANCE SHEET AND OWNERS
4	OUTLOOK AND TARGETS

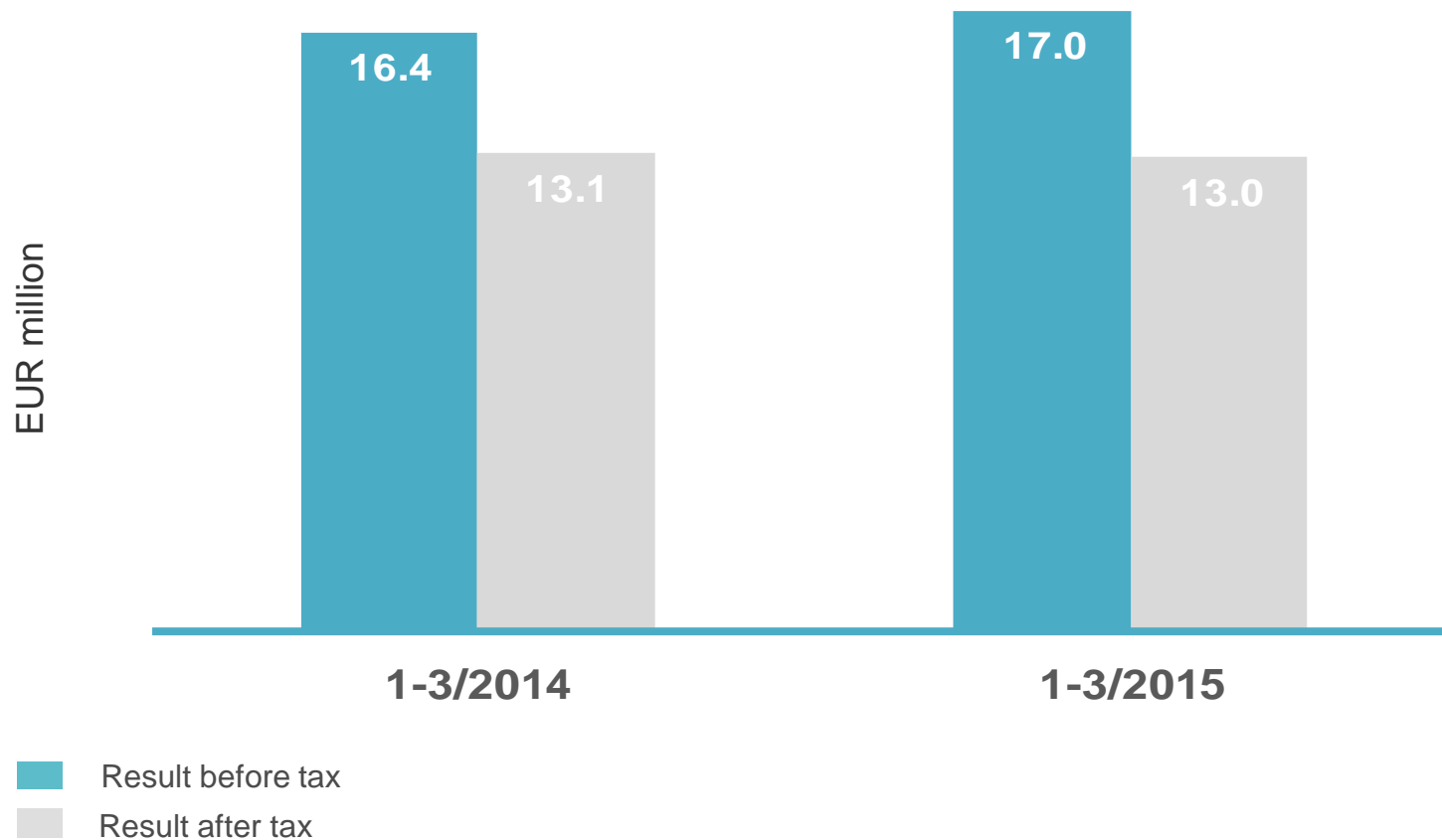
Operating profit for the quarter



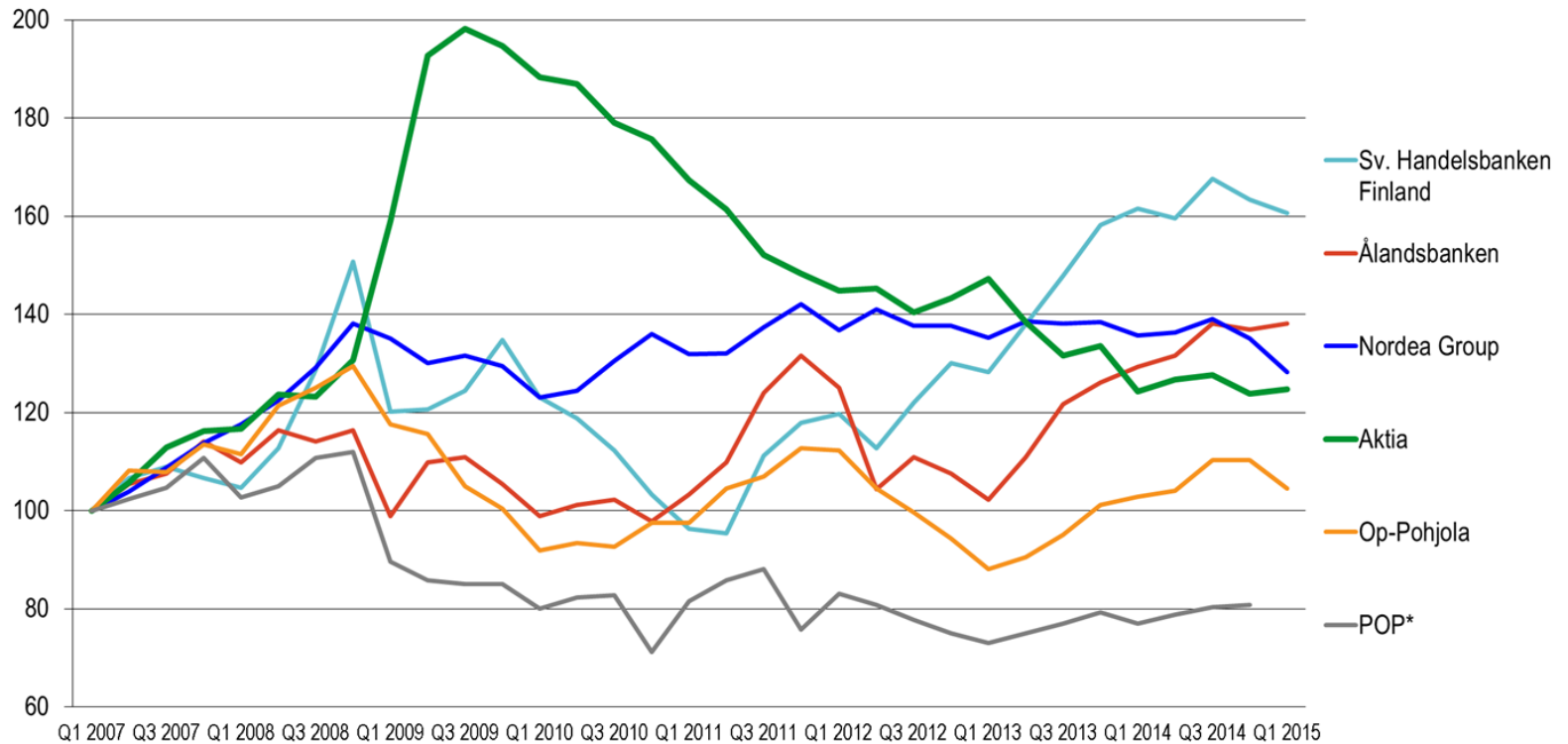
Earnings per share 1-3/2015



Result before and after tax



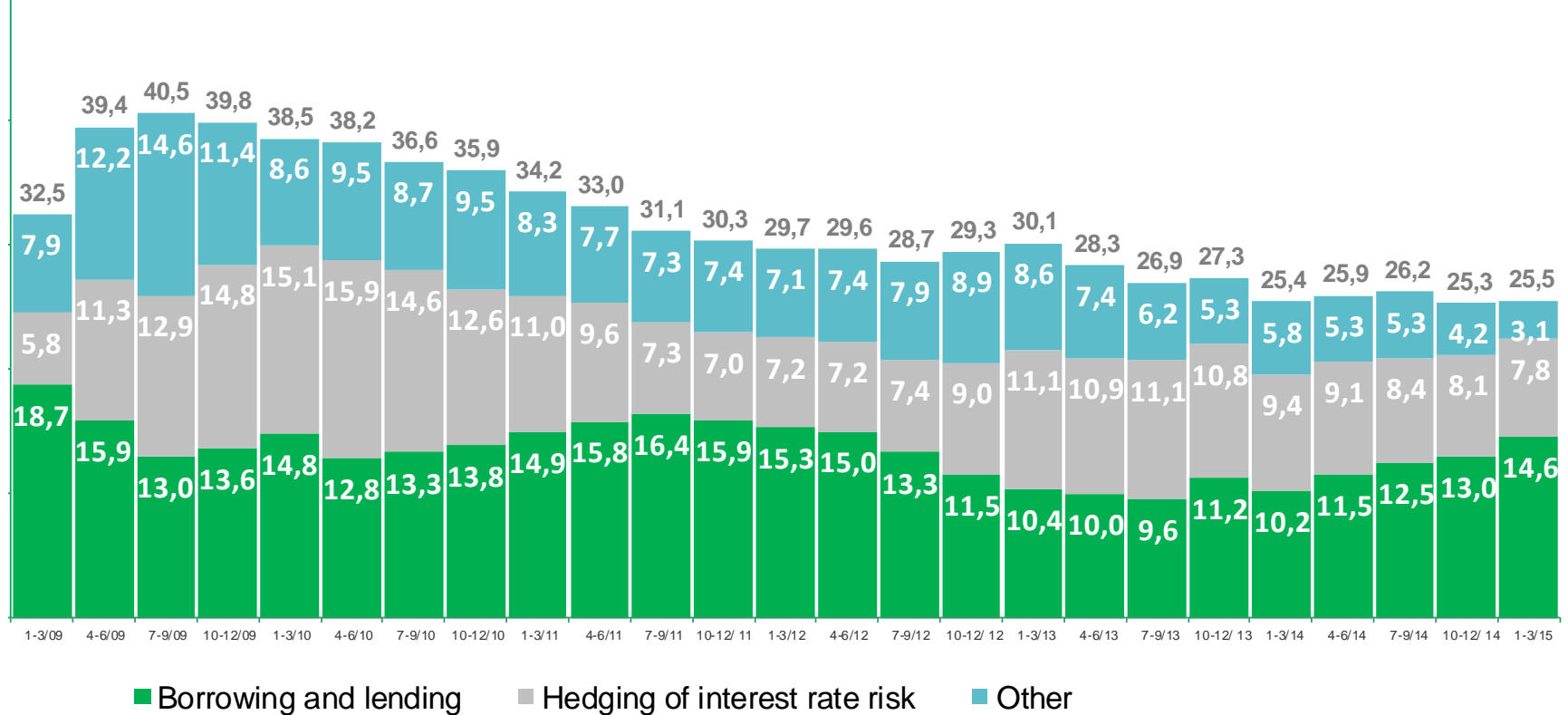
Net interest income (1/2007 = 100) Finnish Banks



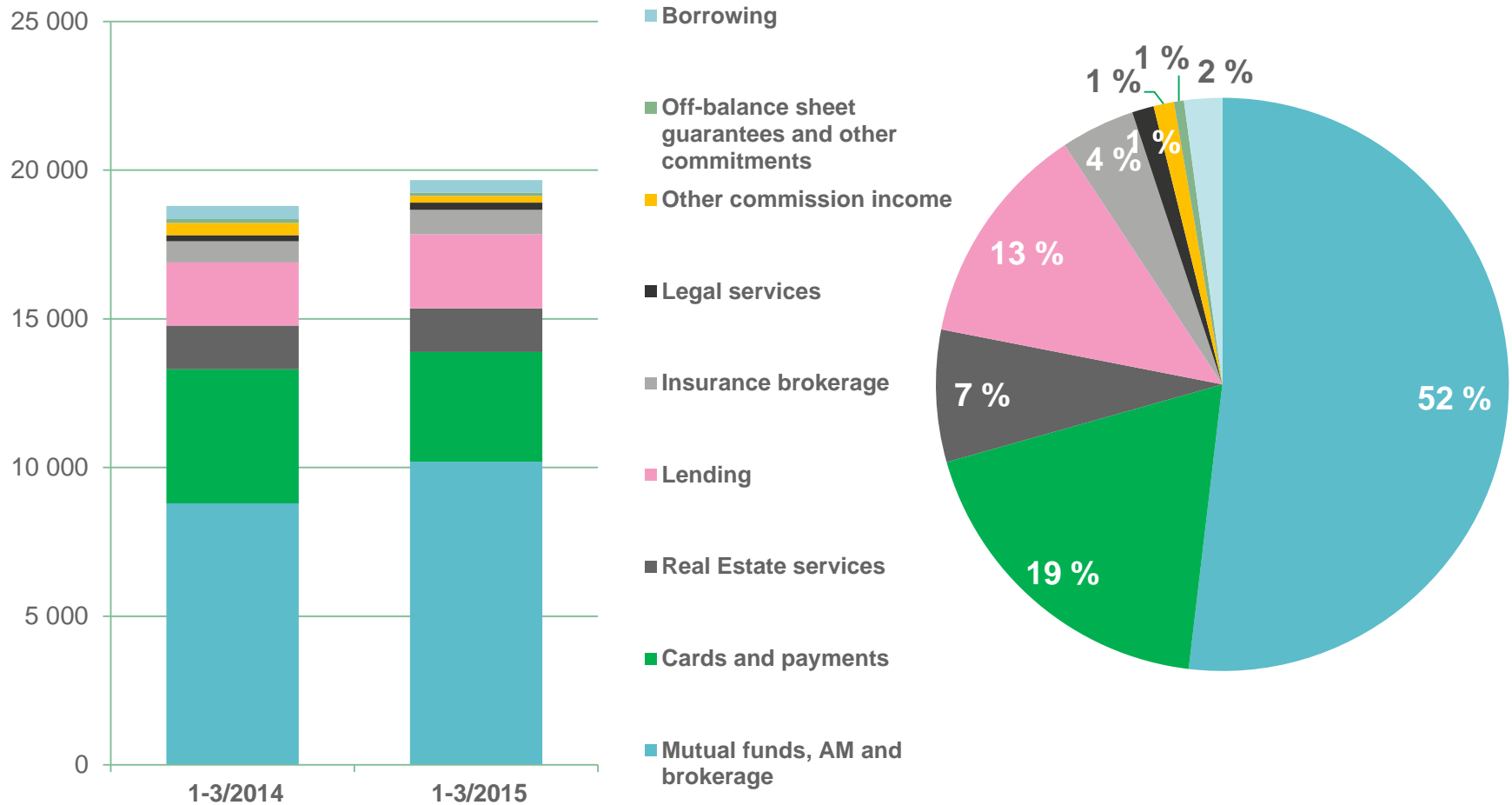
*1Q/2015 not published

Net interest income (NII)

EUR million

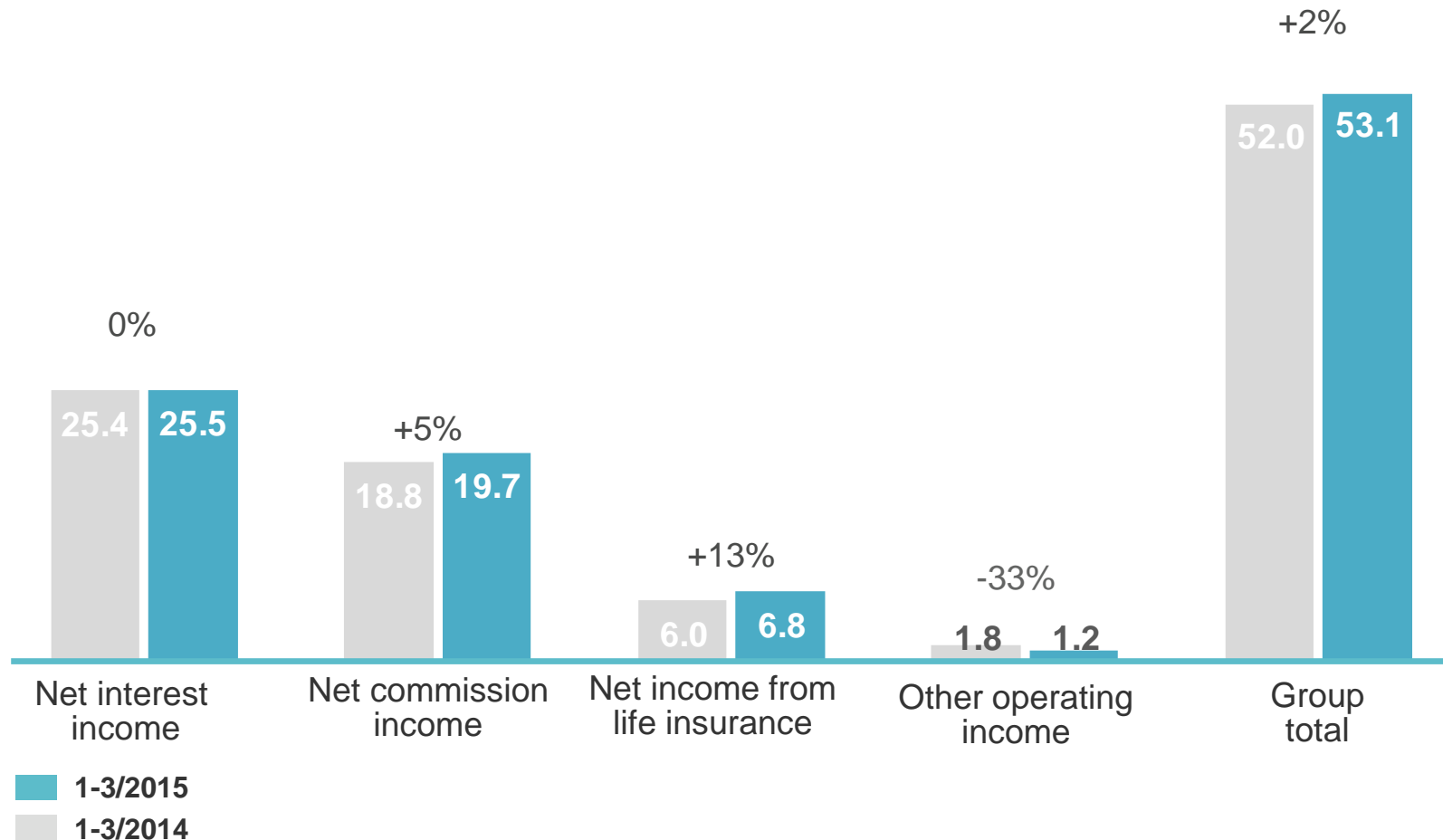


Commission income 1-3/2015



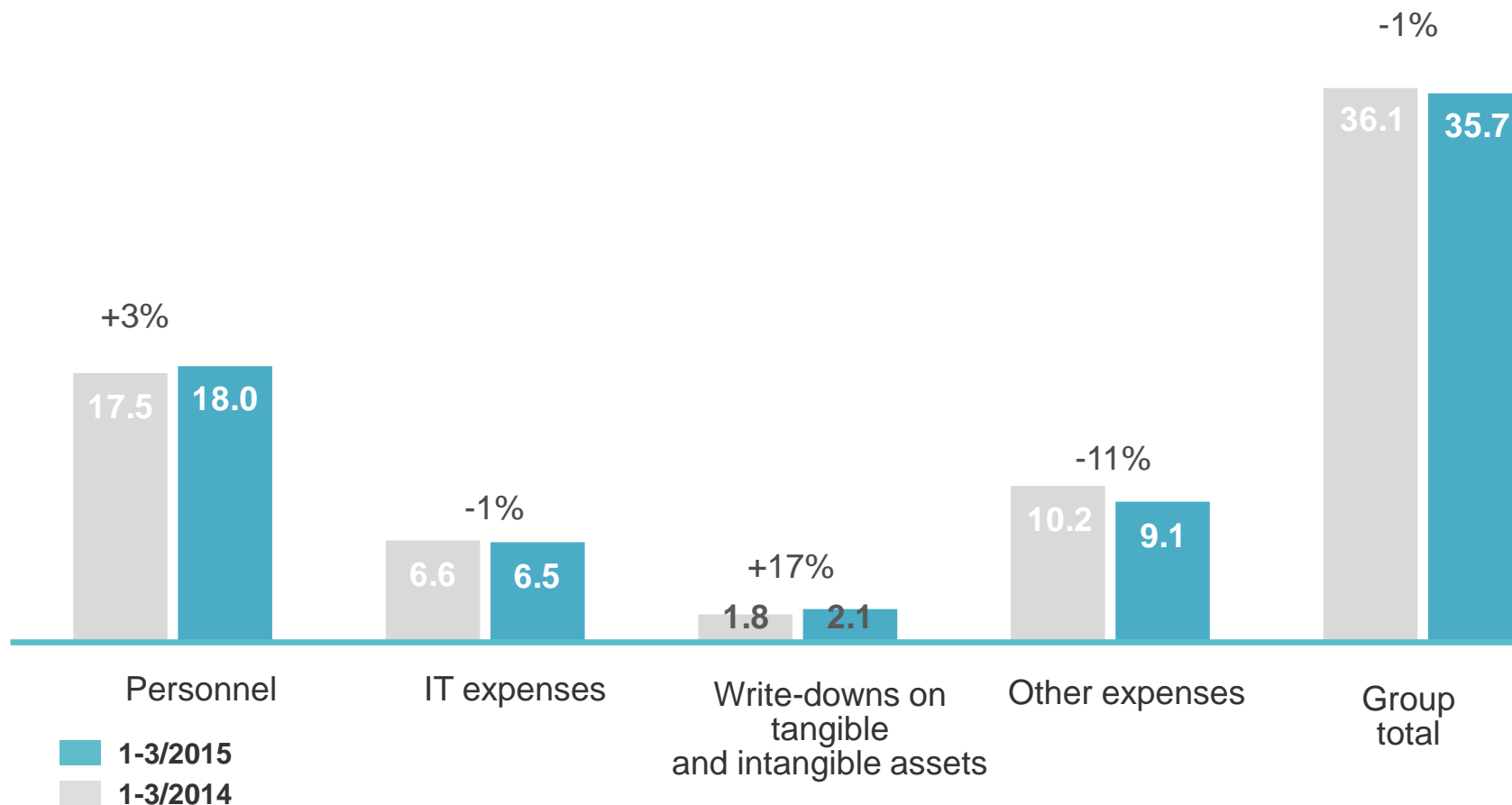
Income (EUR million)

Maintained growth in net commission income and life insurance

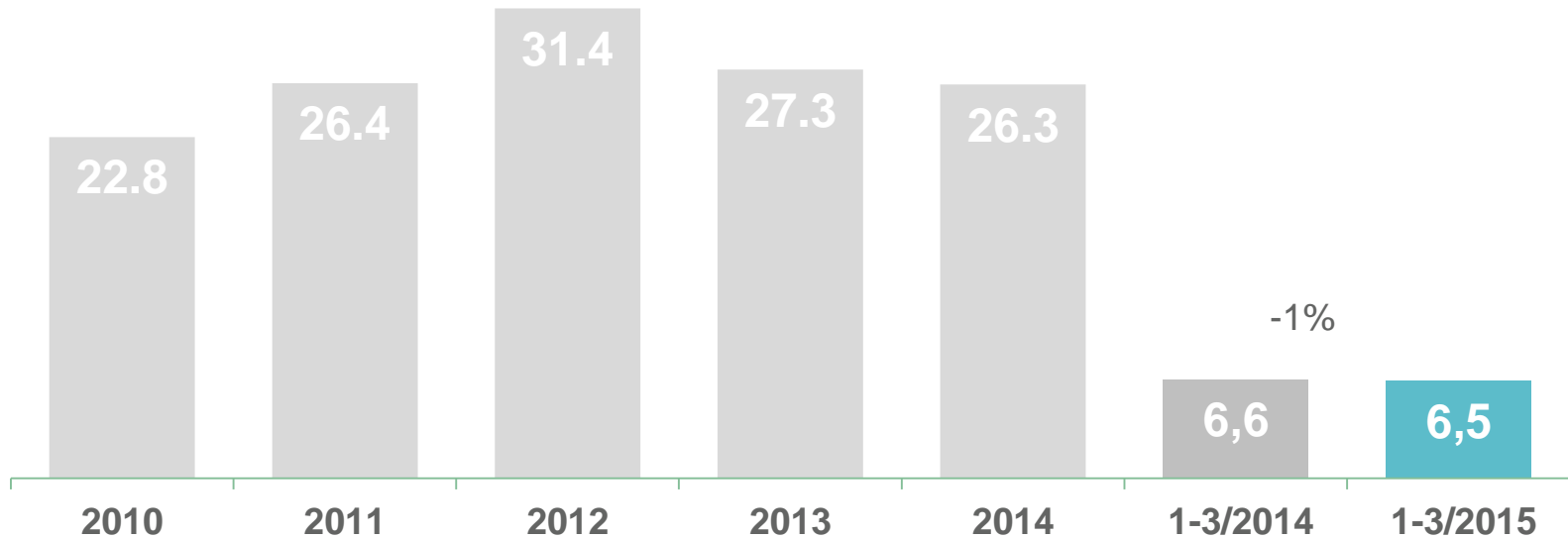


Expenses unchanged (EUR million)

Aktia



IT expenses (EUR million)



- In 2012 a larger one-off cost/provision for change of IT provider
- During 1-3/2015 a provision utilised against IT expenses of EUR 0,6 million (reservation 31 March 2014; EUR 3.0 million)
- As of Q2 2014 somewhat lower running costs from IT provider Samlink

Core banking project:

- Cumulative investment 31 March 2015; EUR 30.8 million
- Impact on result through writedowns as of implementation 2016 →

Action Plan 2015

Aktia

Renewal of core banking system

Termination of services as central credit institution 2015

Renewal of card operations

Implementation of One Net

IRBA

Measures to enhance effectiveness

Simplification of Group structure

Aktia Bank was granted mortgage bank concession

What's left?

- ***Aktia Real Estate Mortgage Bank***
- ***Core Banking Project completed***
- ***Enhancing effectiveness***

- ➔ **Double the number of new customers**
- ➔ **Develop and increase range of services for SMEs**
- ➔ **Offer institutional customers long-term, comprehensive cooperation**

TLTRO = Targeted longer-term refinancing operations

- LTRO 2012 issued by ECB was considered "crisis financing", therefore avoided by banks in order not to be stigmatised and get a bad reputation. Now, the ECB's aim is to stimulate the economy, so the situation has changed completely.
- Aktia was granted a limit within the programme 17 March 2015, and has decided to initially use EUR 100 million of the limit. The interest rate is 0.05%.

Demand for credits low in Finland except in one segment – housing companies

- Low-risk target group
- Large, growing market

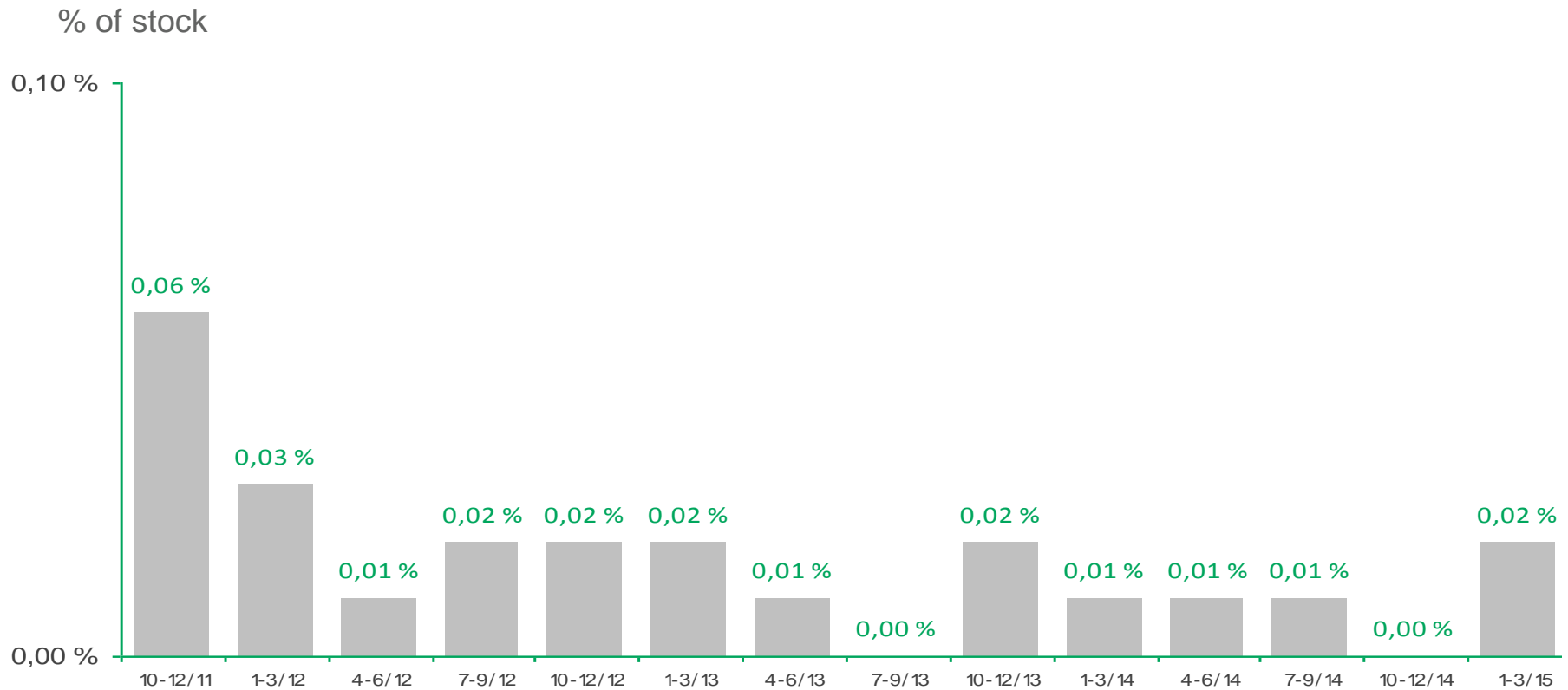
Cost-Income ratio

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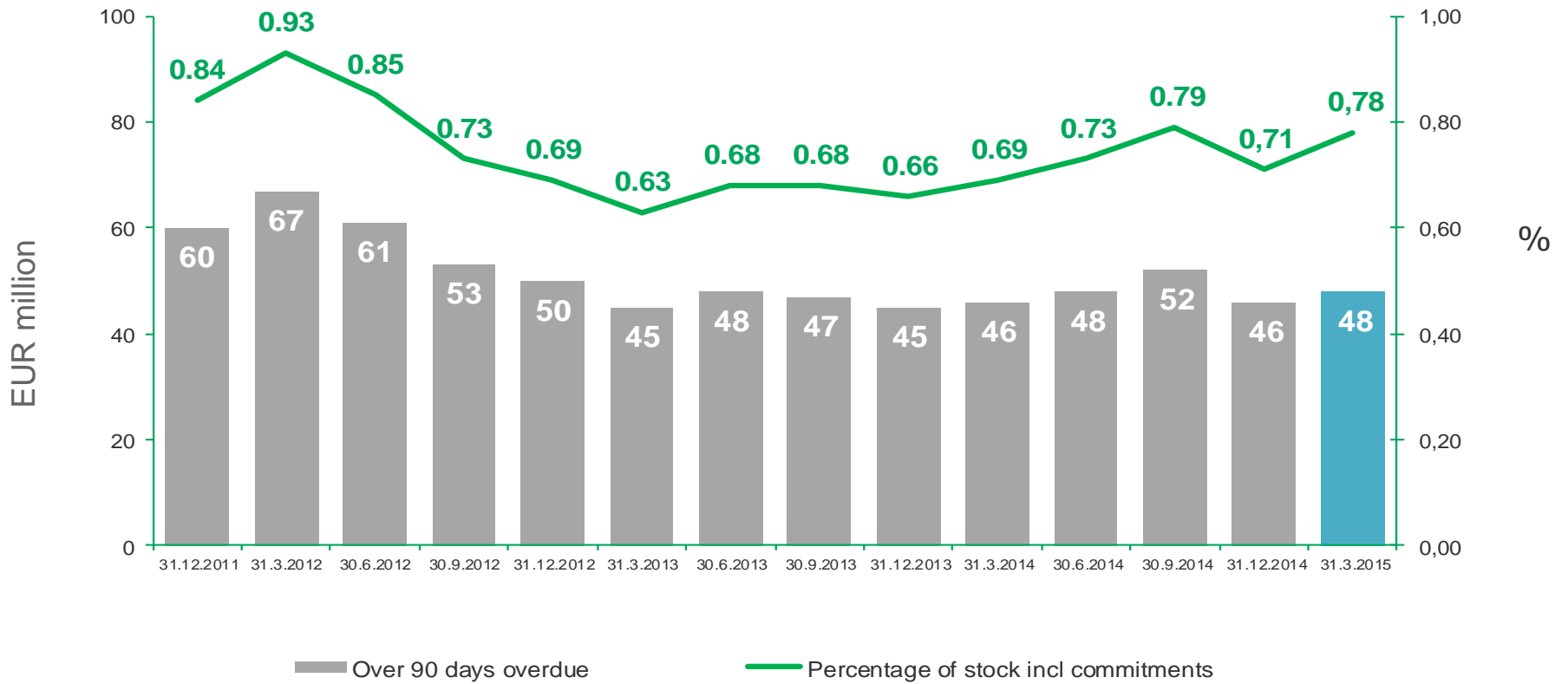


Write-downs on credits (per quarter)

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Non-performing loans more than 90 days overdue



Non-performing loans by days overdue

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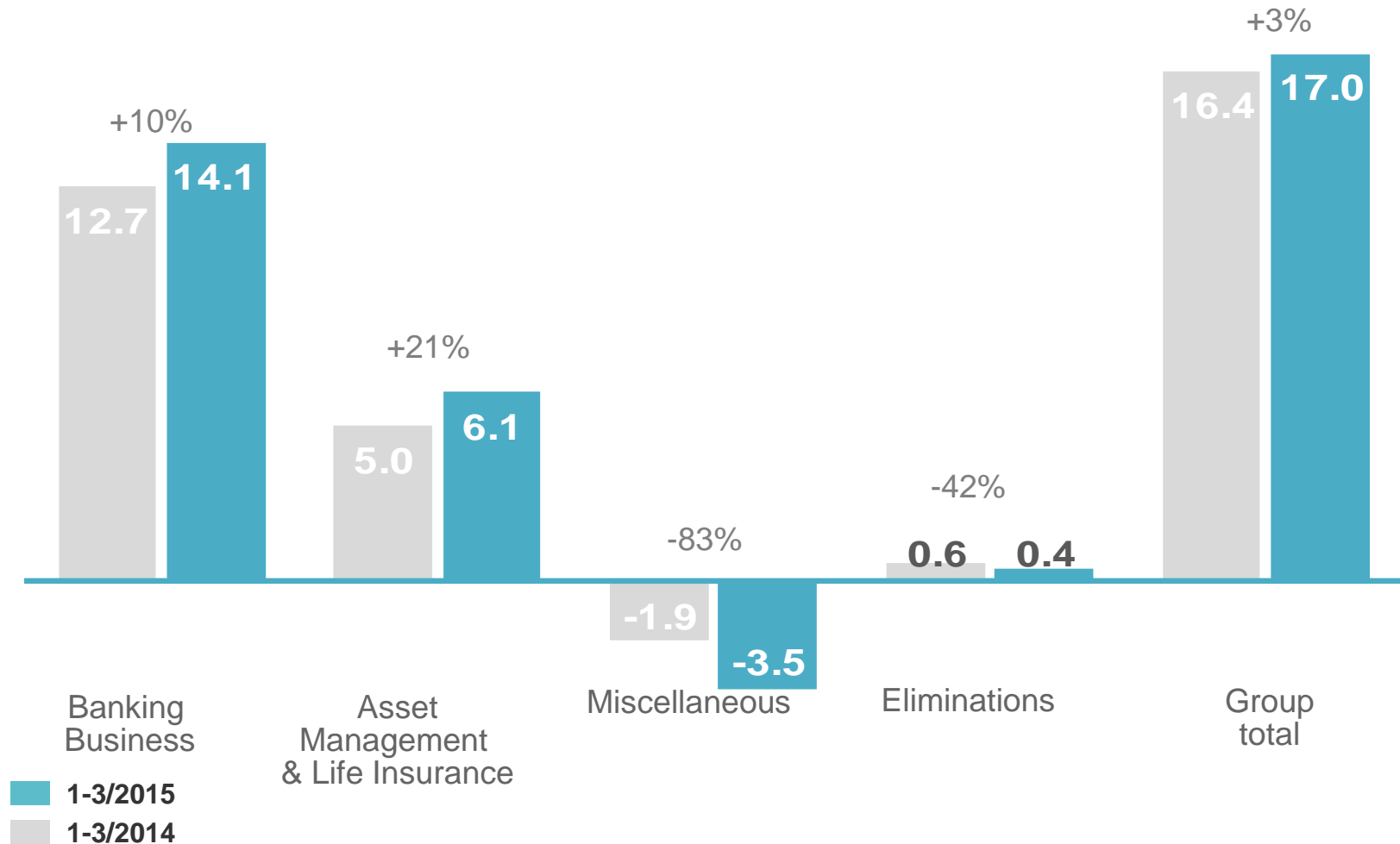
Days	31.3.2015	% of credit stock	31.12.2014	% of credit stock
3-30	88	1.42	101	1.57
of which households	80	1.29	94	1.46
31-89	39	0.63	41	0.63
of which households	31	0.50	34	0.53
90-	48	0.78	46	0.71
of which households	38	0.62	36	0.56

Write-downs on credits and other commitments

- Total write-downs on credits and other commitments stood at EUR 1.0 (0.4) million.
- Of these write-downs, EUR 0.3 (0.2) million could be attributed to households and EUR 0.7 (0.2) to companies.

The segments' contribution to the operating profit

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Asset Management & Life Insurance Assets Under Management

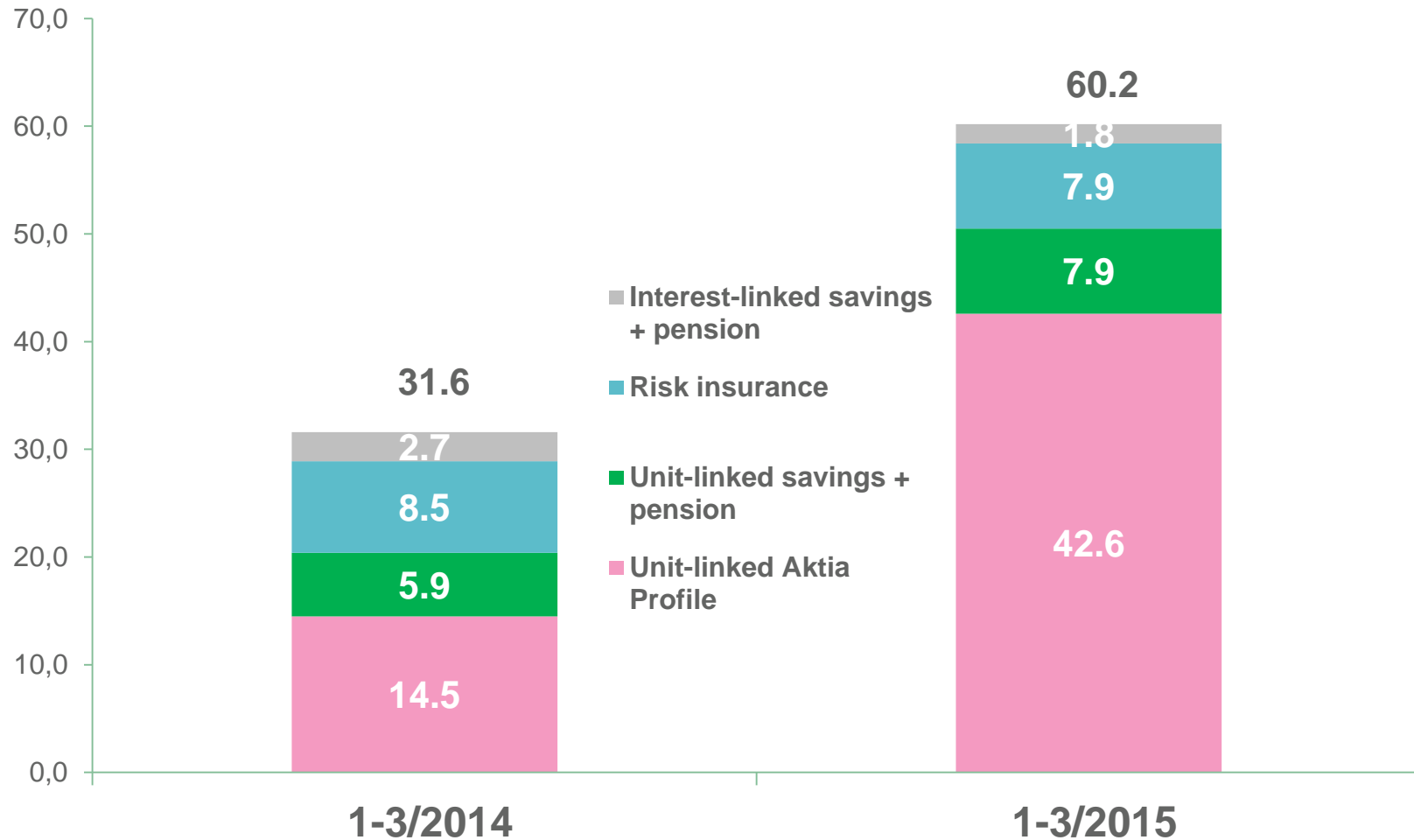
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(EUR million)	31.3.2015	31.12.2014	Change %
Aktia Fund Management	3,813	3,450	11%
Aktia Asset Management	8,052	7,496	7%
Aktia Life Insurance	637	545	17%
Eliminations	-6,604	-5,966	11%
Total	5,899	5,525	7%

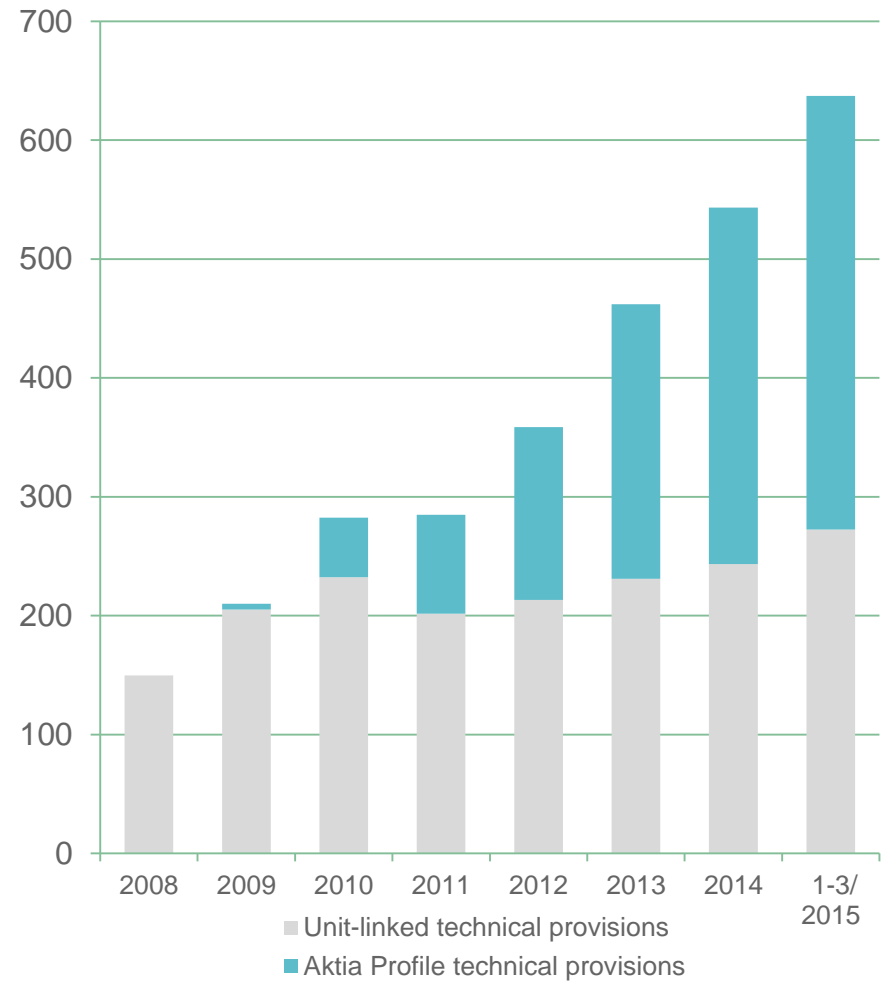
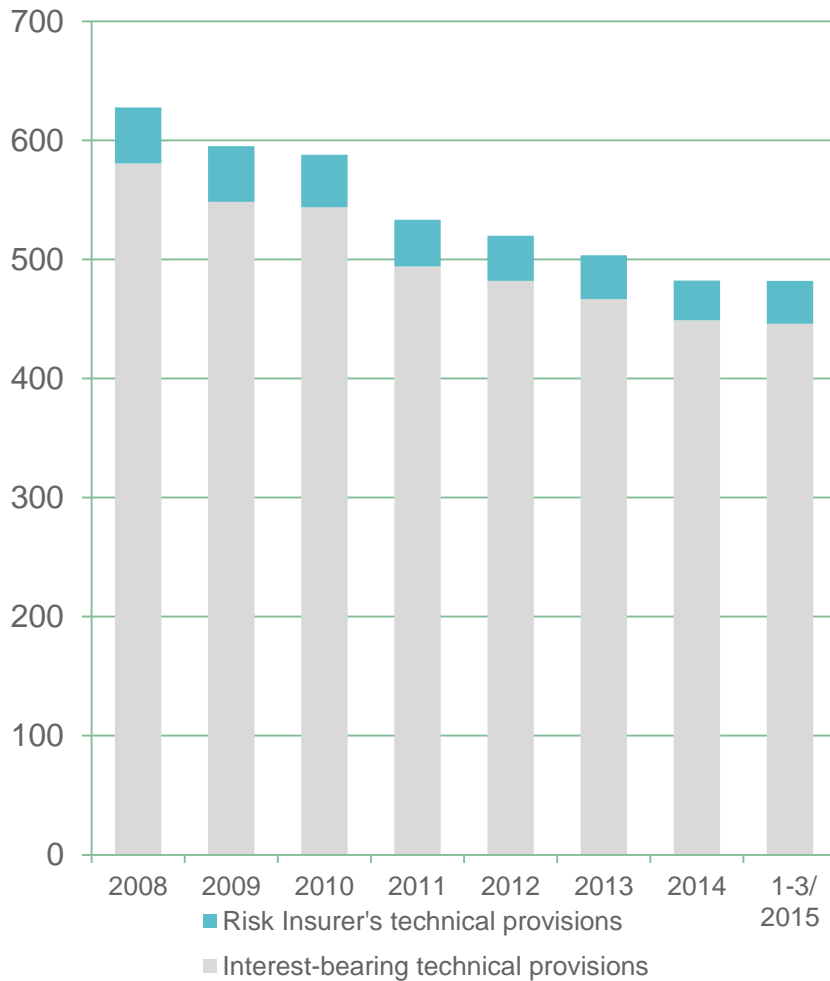
Life Insurance, premiums written

Aktia

EUR million

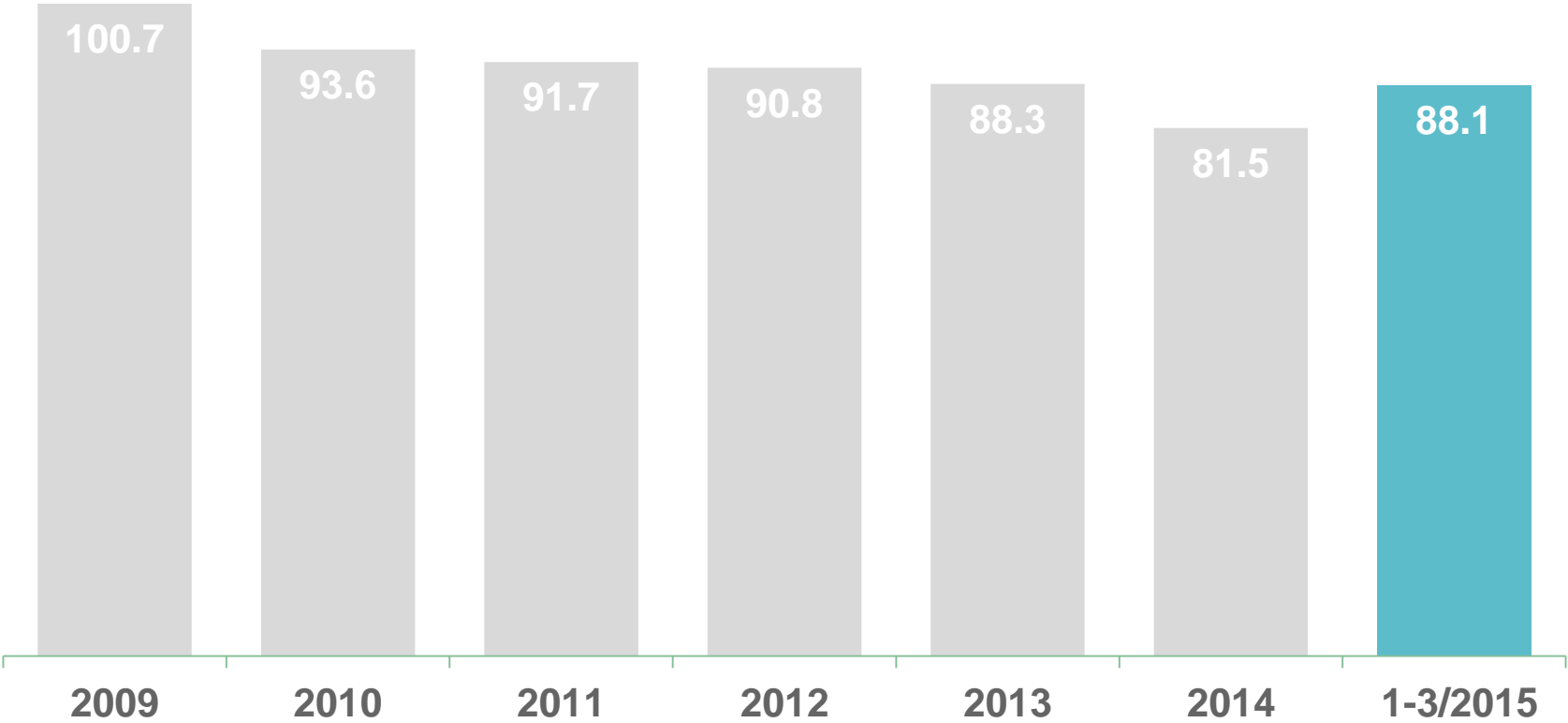


Interest-linked insurance decreased, unit-linked increased (EUR million)



Expense ratio for life insurance, %

Aktia



Summary: Operating profit January–March 2015

Profit

Operating profit amounted to EUR 17.0 (16.4) million.

Profit for the period amounted to EUR 13.0 (13.1) million.

Income

Income totalled EUR 53.1 (52.0) million.

Net interest income decreased to EUR 25.5 (25.4) million.

Expenses

The Group's operating expenses was EUR 35.7 (36.1) million.

Write-downs

The Group's write-downs on credits and other commitments increased to EUR 1.0 (0.4) million.

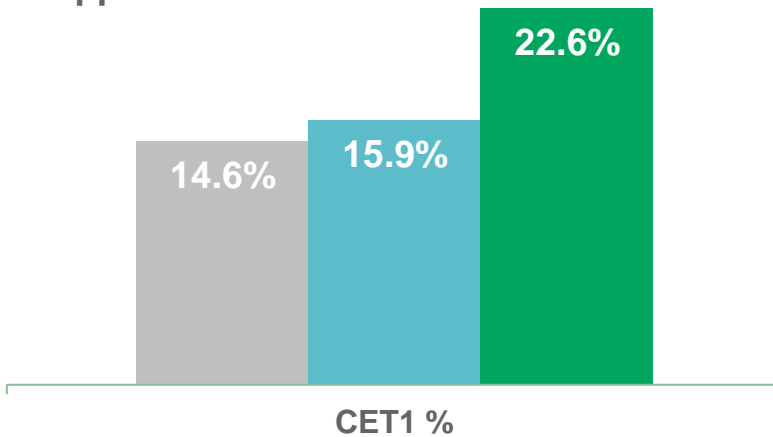
Interim report 1 January - 31 March 2015

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Capital adequacy

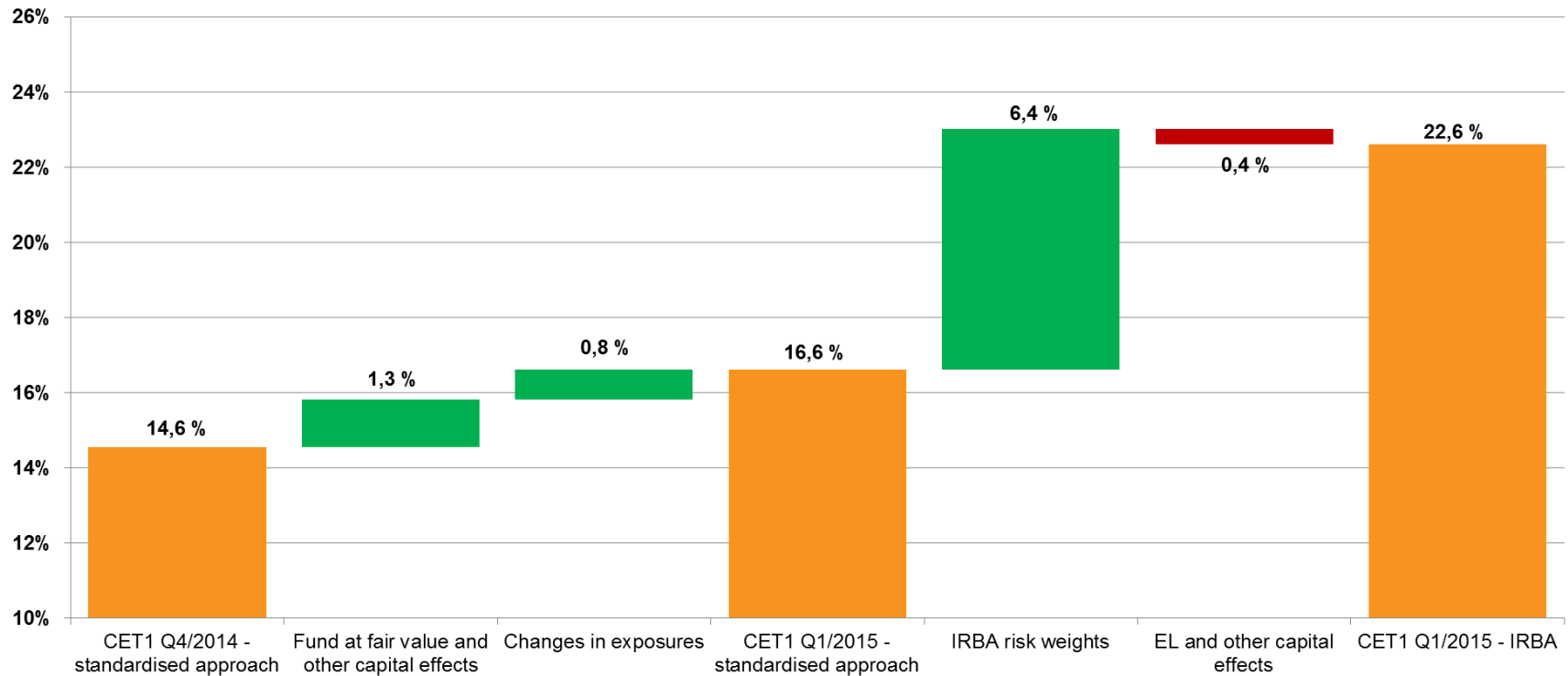
- The Financial Supervisory Authority granted Aktia Bank Group permission to apply internal risk classification (IRBA) to the calculation of capital requirement for retail exposures
- The average risk weight for retail exposures secured by residential real estate is now 15% (35%).
- A total of 56% of the Bank Group’s exposures are now calculated according to the IRB approach.



	31.3.2015 IRBA	31.12.2014 STD
Common Equity Tier 1	22.6	14.6
Tier 1 capital ratio	22.7	14.6
Capital Adequacy	27.1	19.1

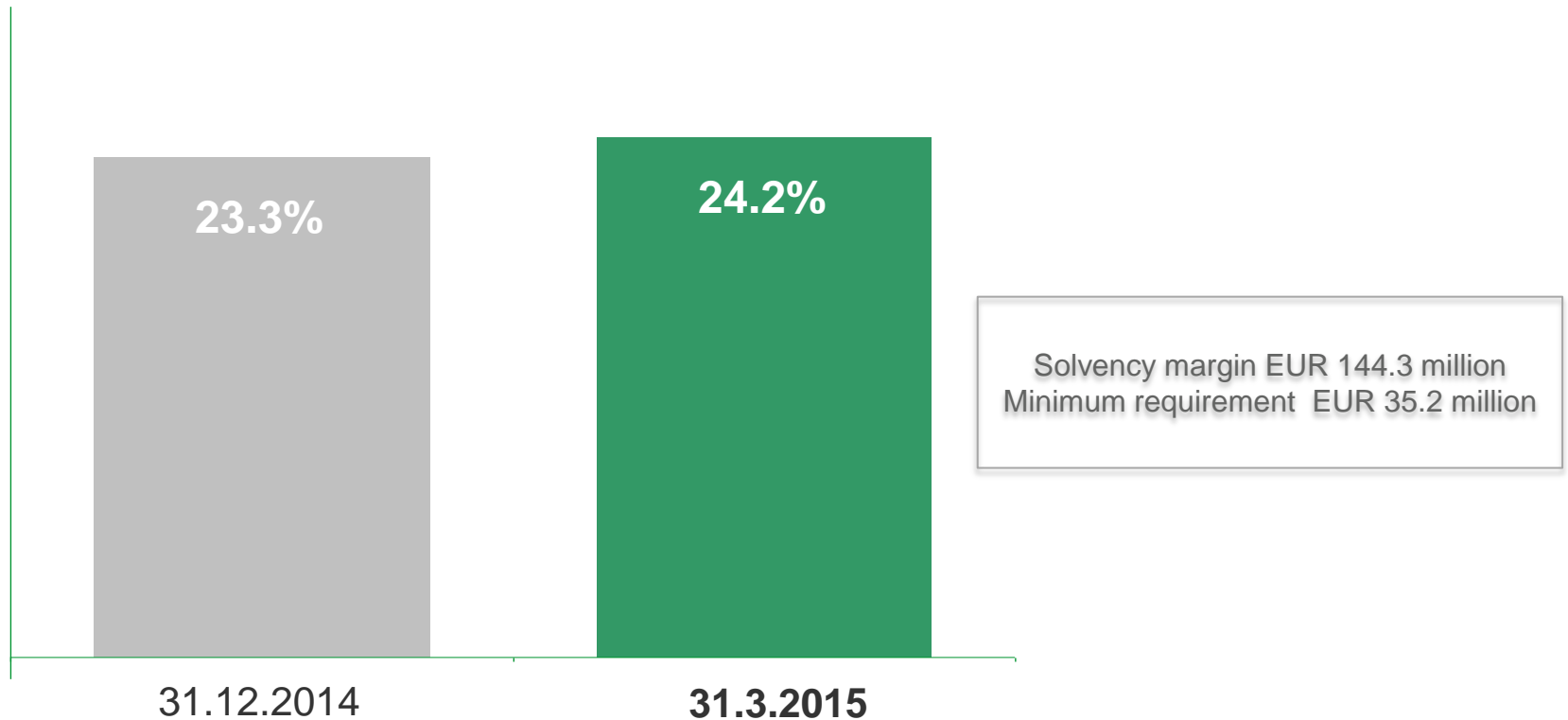
■ Aktia 2014 ■ Average for banks operating in Finland ■ Aktia 3/2015

Common Equity Tier 1%



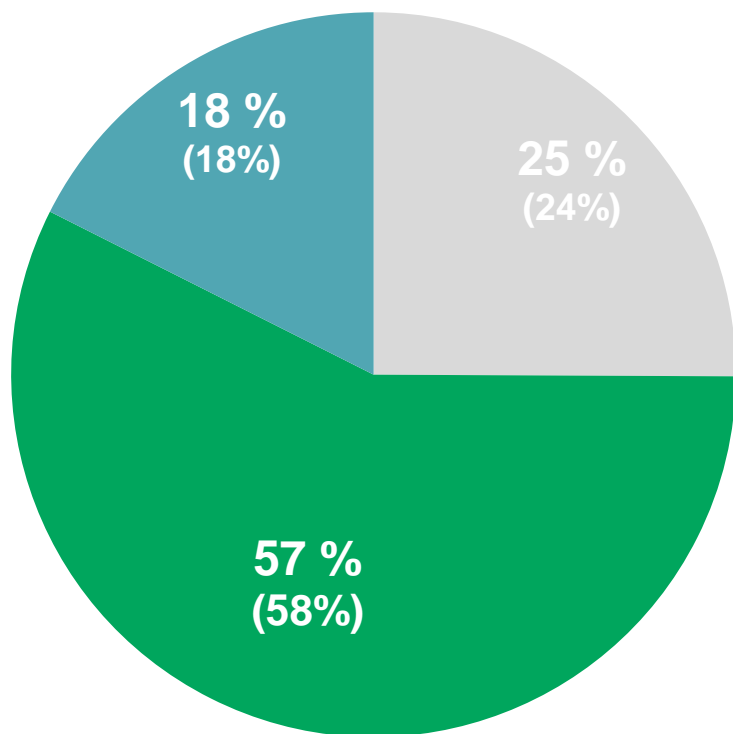
Life insurance Solvency ratio

Aktia



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

EUR 2,428 million
(31.12.2014; 2 512 million)



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

31.3.2015

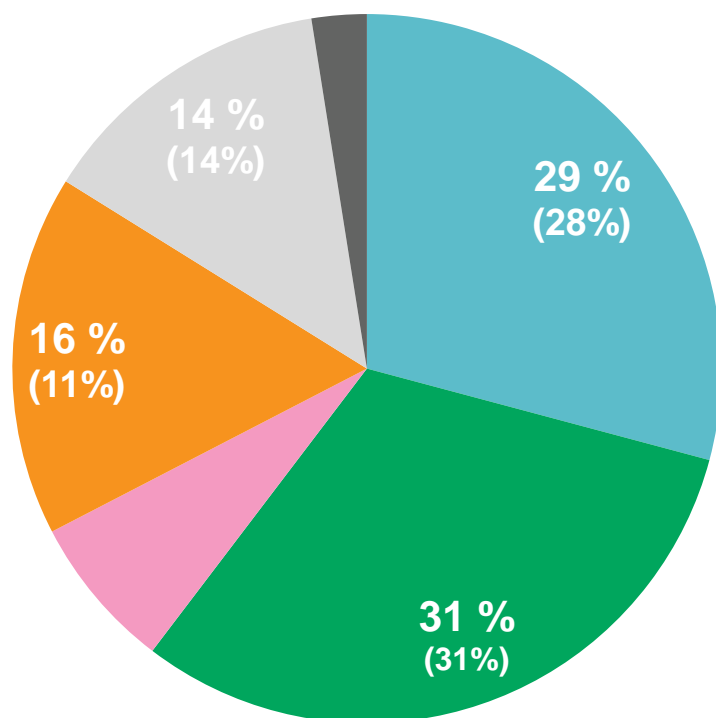
Continued convergence towards Solvency II Life Insurance Company

Aktia

Return on investments 2.0 (1.9)%

Duration 5.3 (5.6) years

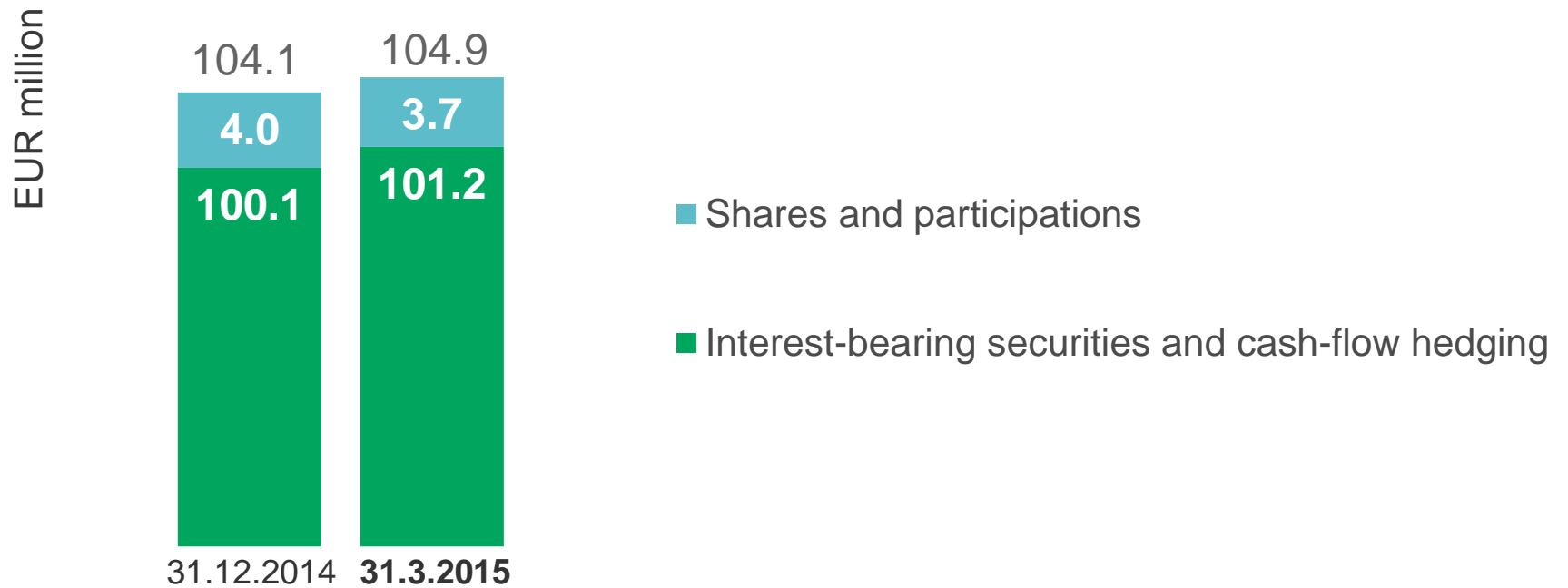
EUR 639 million
(31.12.2014; EUR 630 million)



31.3.2015

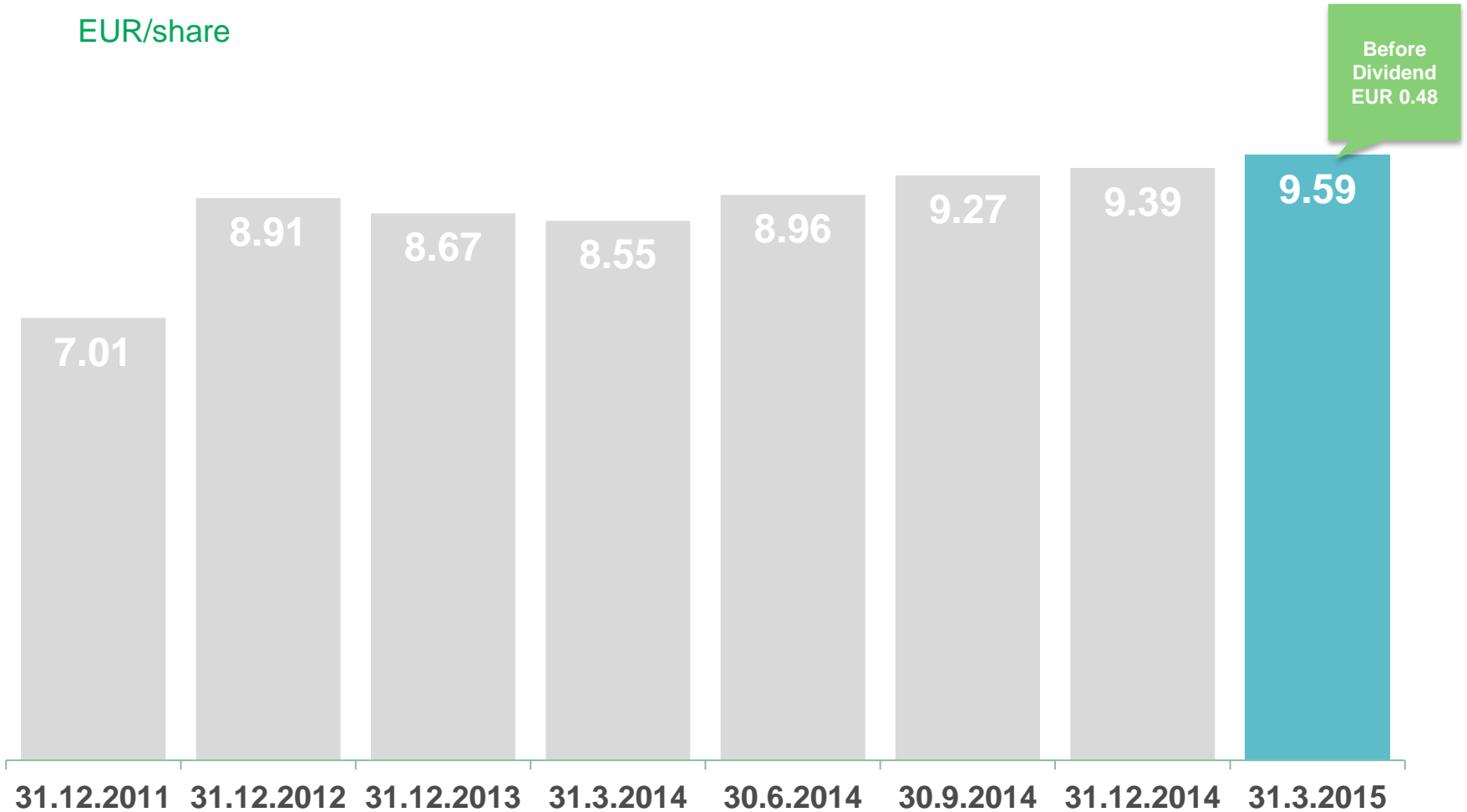
- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds
- Real estate
- Alternative investments
- Equity

Fund at fair value



Equity per share (NAV)

EUR/share



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Balance sheet 31 March 2015

The Group's balance sheet total amounted to EUR **10,598** (10,707) million.

Borrowing amounted to EUR **3,903** (3,979) million.

Lending to the public amounted to EUR **6,190** (6,416) million of which Aktia's lending to EUR 4,361 (4,357) million.
Loans to **private households** amounted to EUR 5,492 million or **88.7%** of the credit stock.

The **housing loan stock** amounted to EUR **5,027** (5,229) million

Corporate lending continued to be moderate.

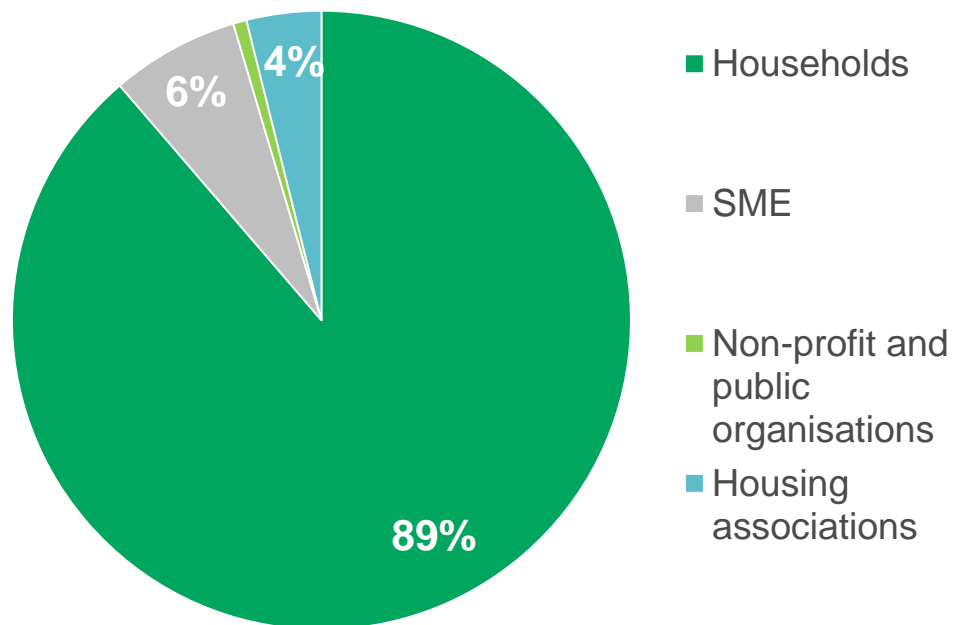
The credit stock amounted to EUR **412** (420) million, corresponding to **6.7%**

Credit and deposit stocks

31 March 2015

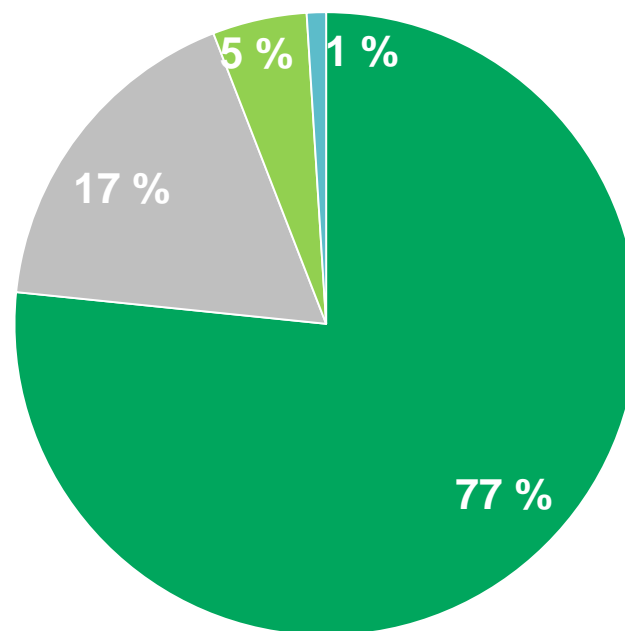
Credits

EUR 6,190 (6,416) million



Deposits

EUR 3,979 (3,979) million



Share capital and ownership

30 April 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	445,933	1,292,462	1.94	2.2
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	432,669	345,569	778,238	1.17	1.65
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	590,000	-	590,000	0.89	0.13
The 20 largest shareholders	26,723,281	16,393,371	43,116,652	64.75	79.82
Other	19,983,442	3,478,717	23,462,159	35.25	20.18
Total	46,706,723	19,872,088	66,578,811	100.00	100.00

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New strategy and outlook for 2015 (unchanged) Aktia

According to the new strategy, Aktia focuses mainly on services for private customers and their families, but also on family businesses and owner-operated companies. Aktia also seeks growth in loans to housing companies in need for renovations for which the bank may offer competitive loans. Aktia will continue to strive for efficient and customer-friendly service in both branches and digital channels.

The bank's strong capital adequacy ratio and balance sheet enable Aktia to focus on growth. The objective is to double the annual number of new customers before end of 2018.

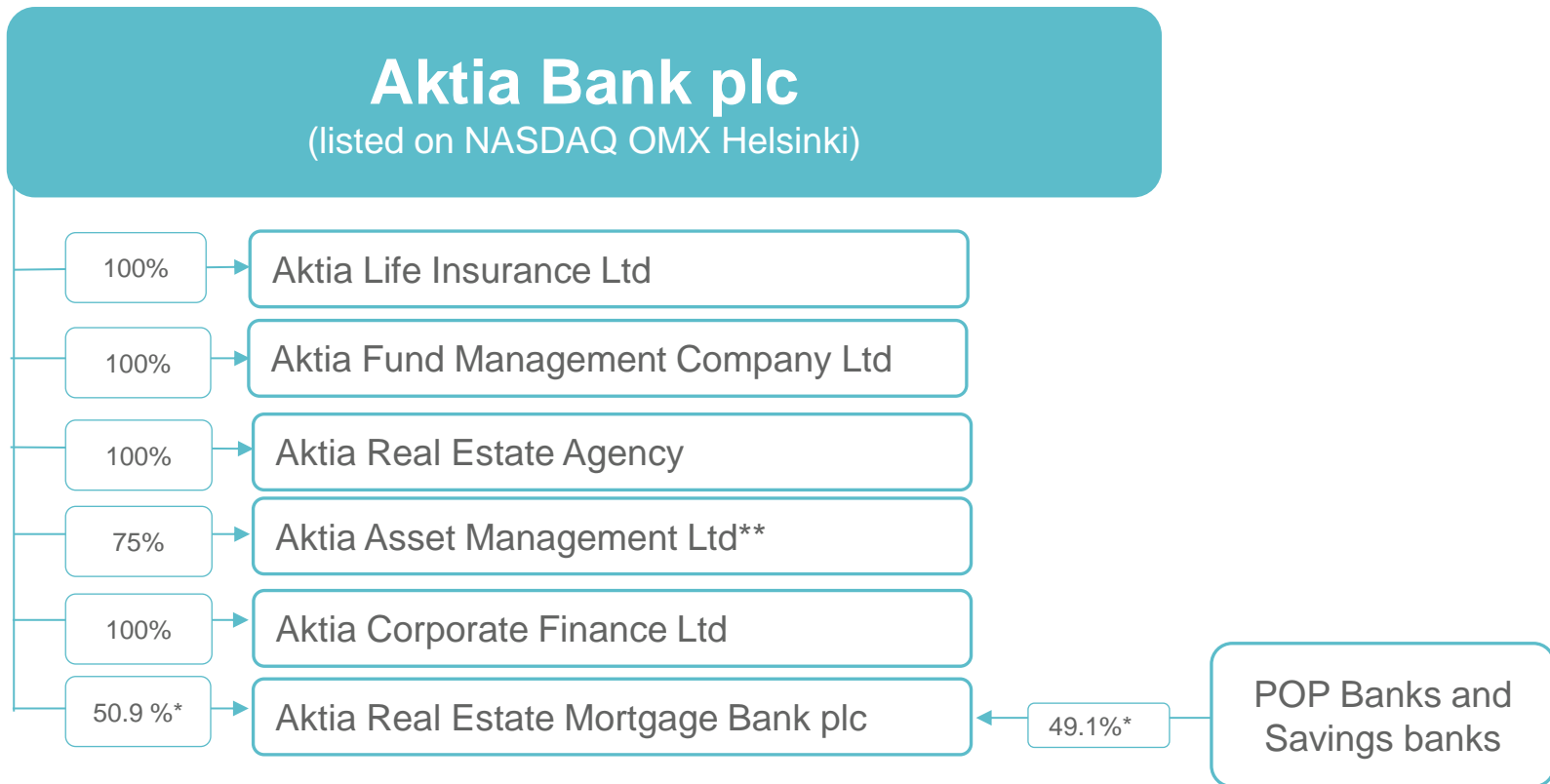
Aktia's main focus in 2015 is the migration to the new core banking system, which is expected to bring with it lower costs, growth and more efficient processes in the long run.

OUTLOOK (unchanged): During 2015, the write-downs on credits are expected to reach the 2014 level.

Aktia's operating profit for 2015 is expected to reach the 2014 level.

Group structure 1 October 2014-

Aktia



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

**Minority shares used as incentives for key personnel

Financial objectives 2018

Aktia

Growth

Double the number of new customers

Profitability

ROE \geq 9%

Cost-to-income ratio down by -10%

Capital adequacy

Tier 1 capital ratio \geq 15%

Dividend pay-outs

Dividend pay-out \geq 50 % of profits for the year

Outcome of financial objectives

Aktia

	1-3/ 2015	1-3/2014	Change q-on-q, %	2014	Objectives for 2018
C/I ratio	0.65	0.72	-10%	0.72	-10%
ROE %	7.5	8.2	-9%	8.3	≥9 % p.a.
CET1 %	22.6	13.6	+9 % units	14.6	≥ 15%

Balance sheet, assets

Aktia

(EUR million)	31.3.2015	31.12.2014	Δ
Assets			
Cash and balances with central banks	472,3	395,9	19 %
Financial assets reported at fair value via income statement	-	-	-
Interest-bearing securities	2 254,4	2 290,0	-2 %
Shares and participations	97,0	85,4	13 %
Financial assets available for sale	2 351,4	2 375,4	-1 %
Financial assets held until maturity	486,8	488,5	0 %
Derivative instruments	223,9	231,3	-3 %
Lending to Bank of Finland and other credit institutions	39,3	45,8	-14 %
Lending to the public and public sector entities	6 189,5	6 416,0	-4 %
Loans and other receivables	6 228,9	6 461,8	-4 %
Investments for unit-linked insurances	637,7	545,3	17 %
Investments in associated companies	0,0	23,6	-100 %
Intangible assets	40,3	36,3	11 %
Investment properties	57,0	57,1	0 %
Other tangible assets	8,0	8,2	-3 %
Accrued income and advance payments	58,4	57,2	2 %
Other assets	16,6	8,6	92 %
Total other assets	75,0	65,9	14 %
Income tax receivables	3,6	3,4	6 %
Deferred tax receivables	12,2	13,0	-6 %
Tax receivables	15,9	16,4	-3 %
Assets classified as held for sale	0,5	1,1	-54 %
Total assets	10 597,6	10 706,7	-1 %

Balance sheet, liabilities

Aktia

(EUR million)	31.3.2015	31.12.2014	Δ
Liabilities			
Liabilities to Bank of Finland and credit institutions	556,1	776,6	-28 %
Liabilities to the public and public sector entities	3 903,5	3 979,2	-2 %
Deposits	4 459,6	4 755,7	-6 %
Derivative instruments	106,4	113,2	-6 %
Debt securities issued	3 456,1	3 534,5	-2 %
Subordinated liabilities	215,5	222,5	-3 %
Other liabilities to credit institutions	262,0	99,8	163 %
Liabilities to the public and public sector entities	84,9	73,9	15 %
Other financial liabilities	4 018,5	3 930,7	2 %
Technical provisions for risk insurances and interest-related insurance	481,9	482,3	0 %
Technical provisions for unit-linked insurances	637,3	543,1	17 %
Technical provisions	1 119,2	1 025,4	9 %
Accrued expenses and income received in advance	78,5	78,1	0 %
Other liabilities	42,3	47,2	-10 %
Total other liabilities	120,8	125,3	-4 %
Provisions	3,0	3,5	-16 %
Income tax liabilities	3,4	2,6	34 %
Deferred tax liabilities	61,5	59,2	4 %
Tax liabilities	65,0	61,8	5 %
Liabilities for assets classified as held for sale	0,1	0,1	-59 %
Total liabilities	9 892,4	10 015,8	-1 %
Equity			
Restricted equity	267,9	267,4	0 %
Unrestricted equity	370,5	356,5	4 %
Shareholders' share of equity	638,4	623,9	2 %
Non-controlling interest's share of equity	66,7	66,9	0 %
Equity	705,2	690,9	2 %
Total liabilities and equity	10 597,6	10 706,7	-1 %



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We see a person in every customer.