



Aktia

INTERIM REPORT 1-6/2015

## 4-6/2015: Stable development

- Operating profit was EUR 19.7 (22.0) million.
- Net commission income was up 11% and NII stable at EUR 24.3 (25.9) million.
- Lower income from financial transactions, EUR 1.4 (5.4) million
- Operating expenses decreased by 1% to EUR 35.8 (36.2) million.
- Write-downs on credits and other commitments were positive at EUR 1.5 (-0.8) million.
- Profit amounted to EUR 16.5 (17.9) million. Earnings per share (EPS) was EUR 0.25 (0.27).

## 1-6/2015: Net commission income up

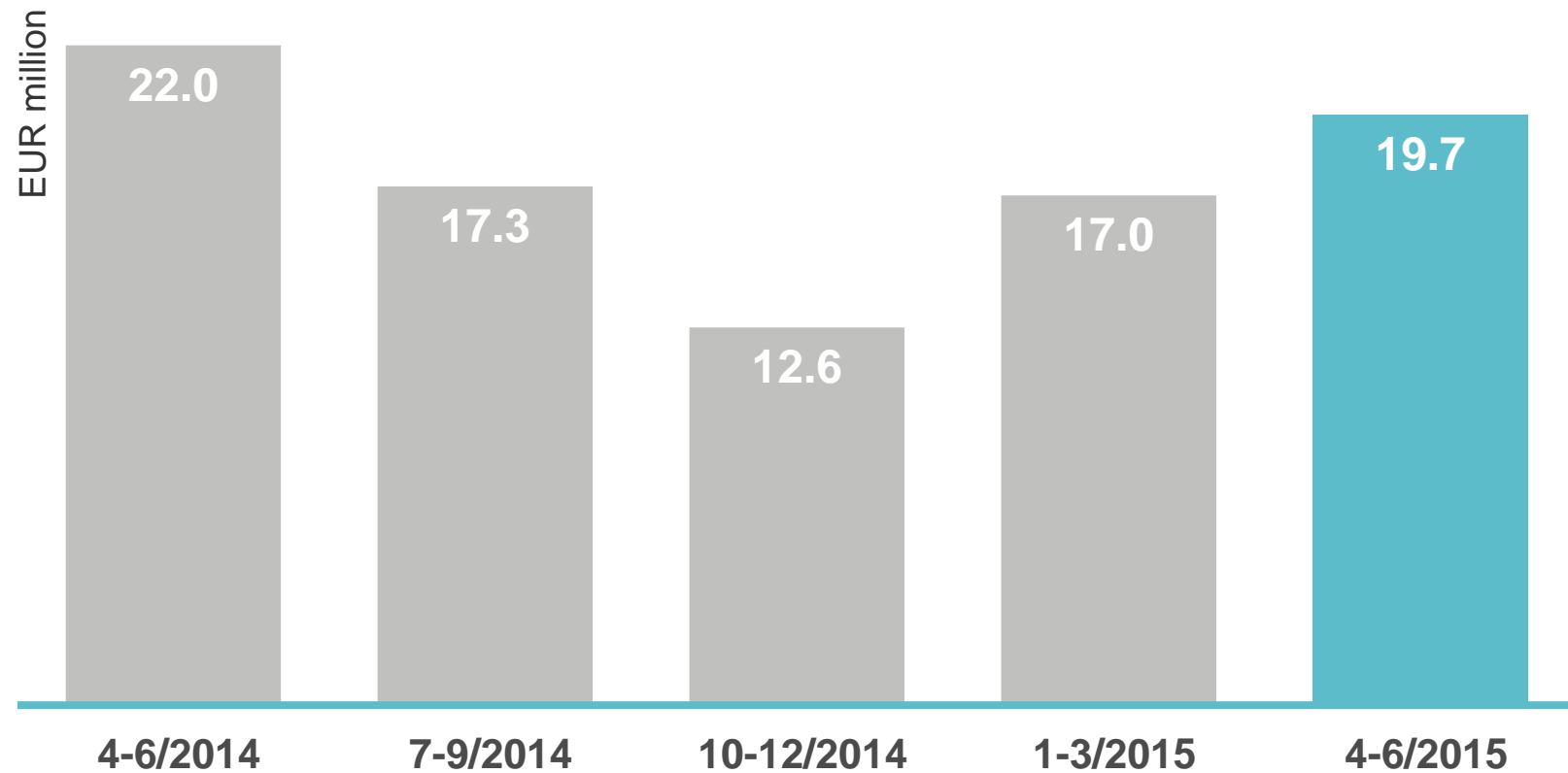
- Operating profit was EUR 36.7 (38.4) million.
- Net commission income was up 8% while NII went down by 3% to EUR 49.8 (51.4) million.
- Operating expenses decreased by 1% to EUR 71.5 (72.3) million.
- Write-downs on credits and other commitments were positive at EUR 0.4 (-1.2) million.
- Profit amounted to EUR 29.5 (31.0) million. Earnings per share (EPS) was EUR 0.45 (0.46).
- CET1 was 22.4 (14.6)%
- **Outlook for 2015 (unchanged):** Aktia's operating profit for 2015 is expected to reach a similar level as in 2014.

# Interim report 1 January – 30 June 2015

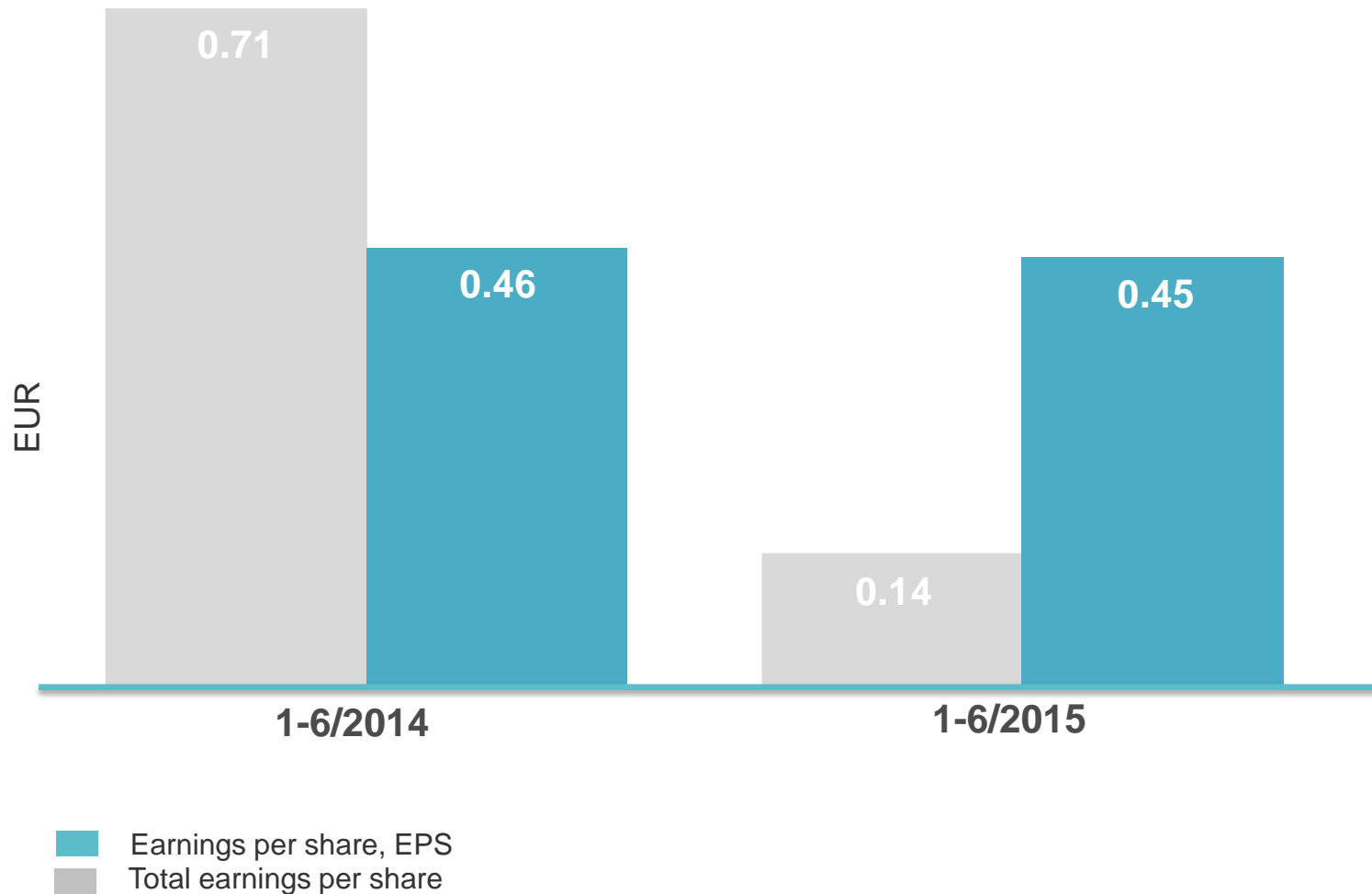
Aktia

1	FINANCIAL PERFORMANCE
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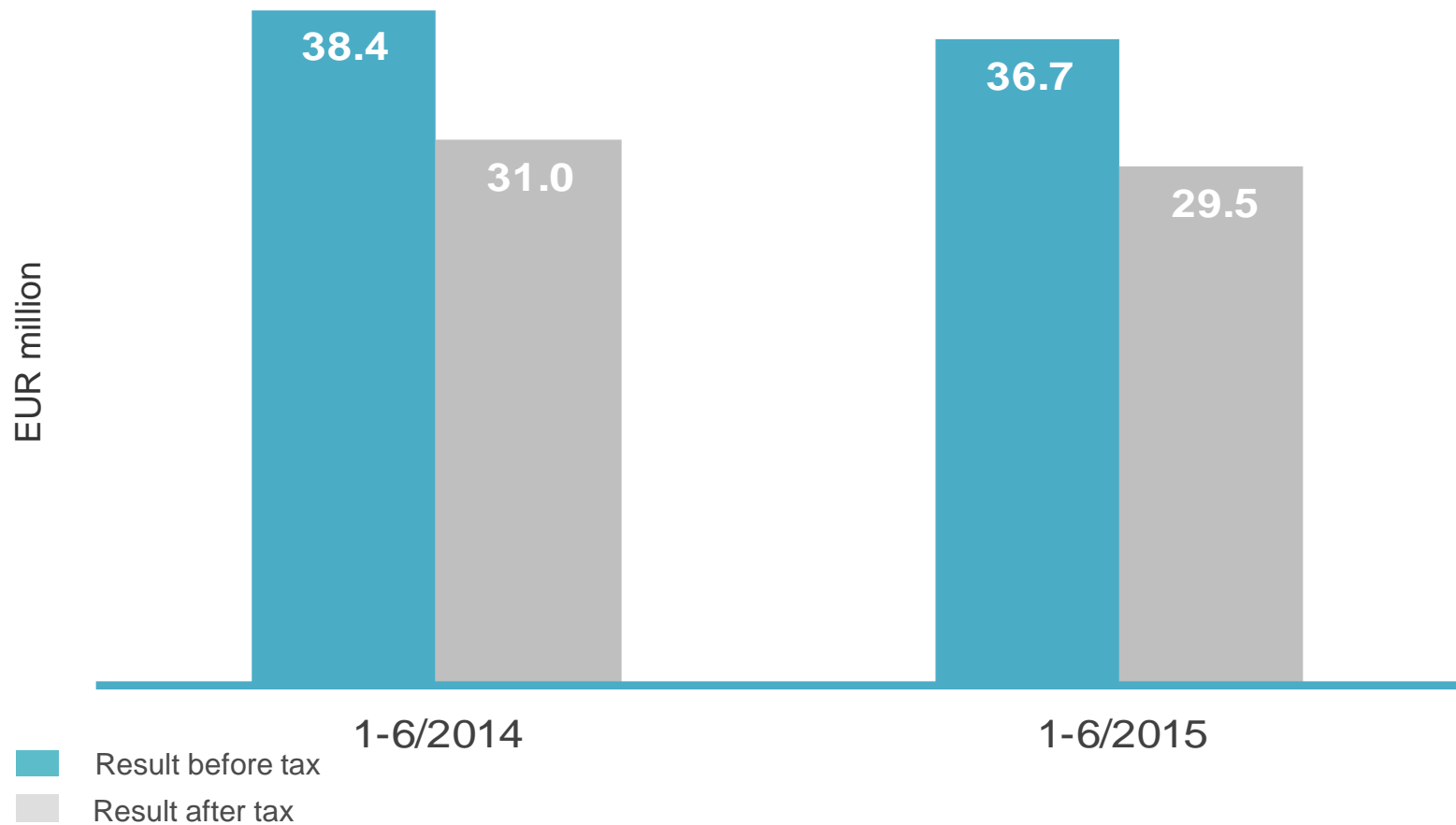
## Operating profit for the quarter



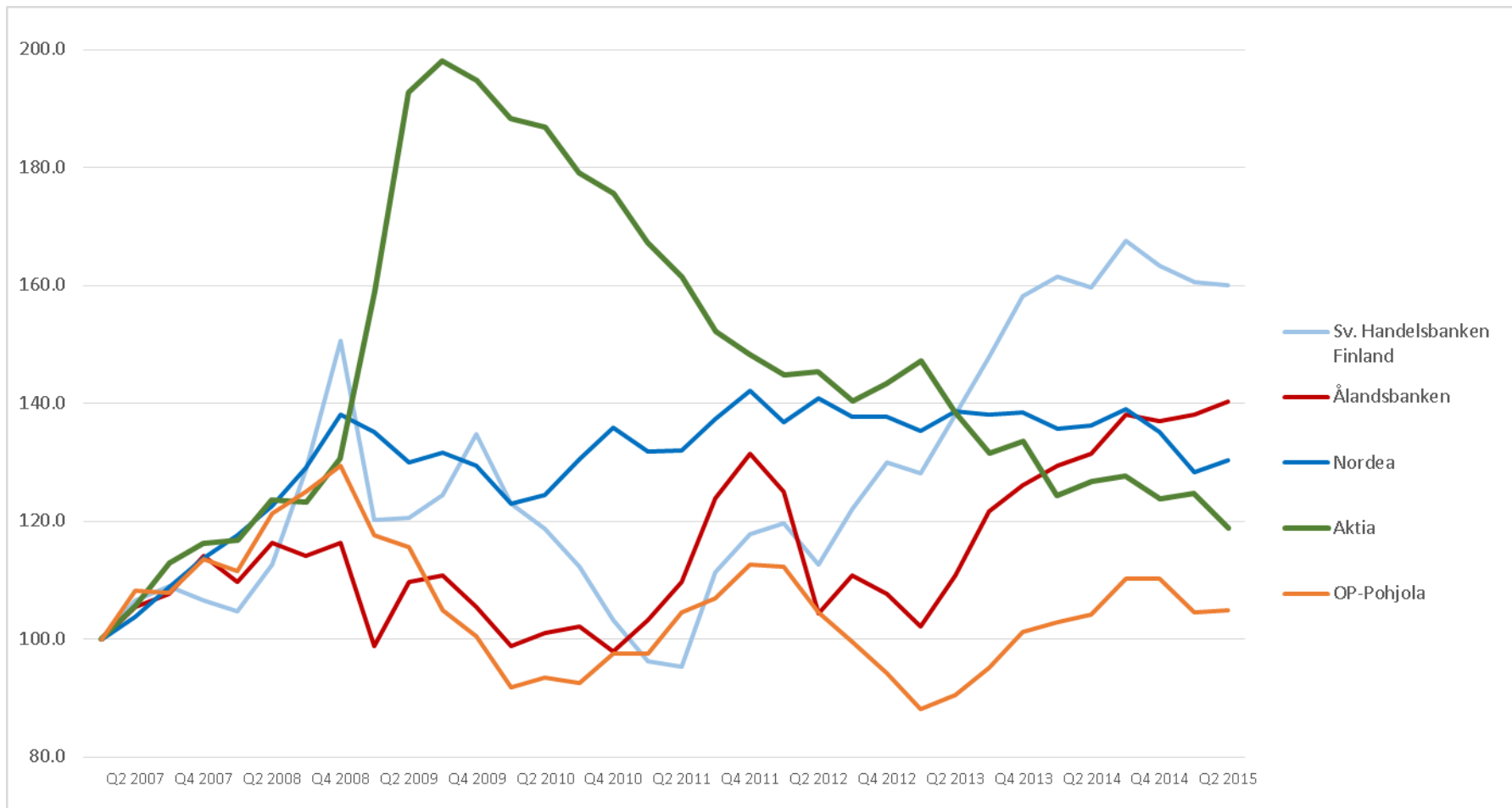
## Earnings per share 1-6/2015



## Result before and after tax



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

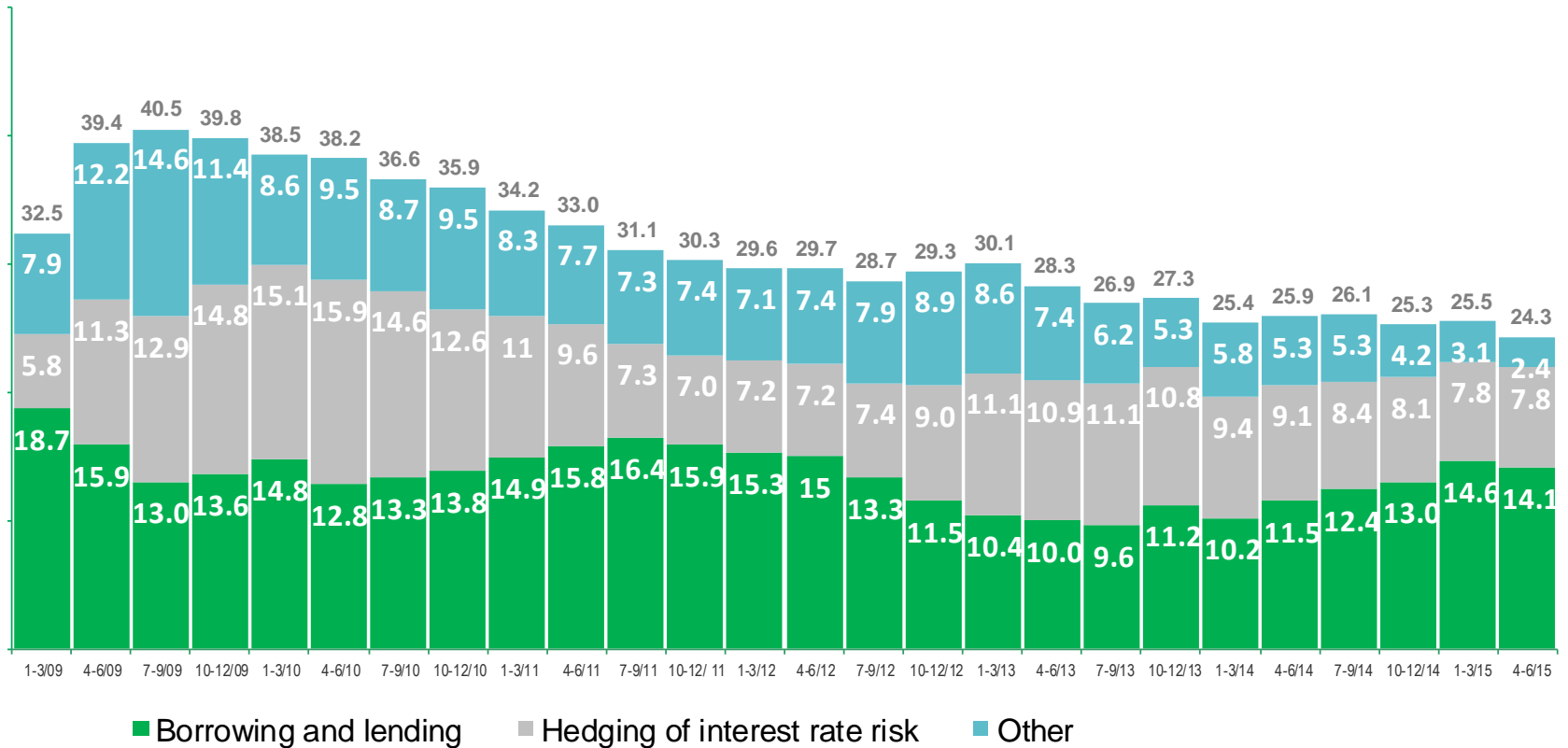


\*2Q/2015 not published

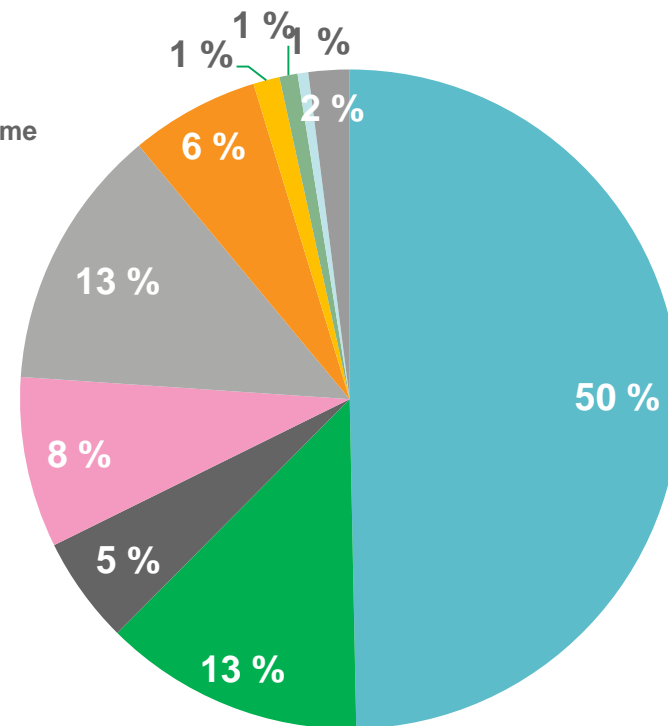
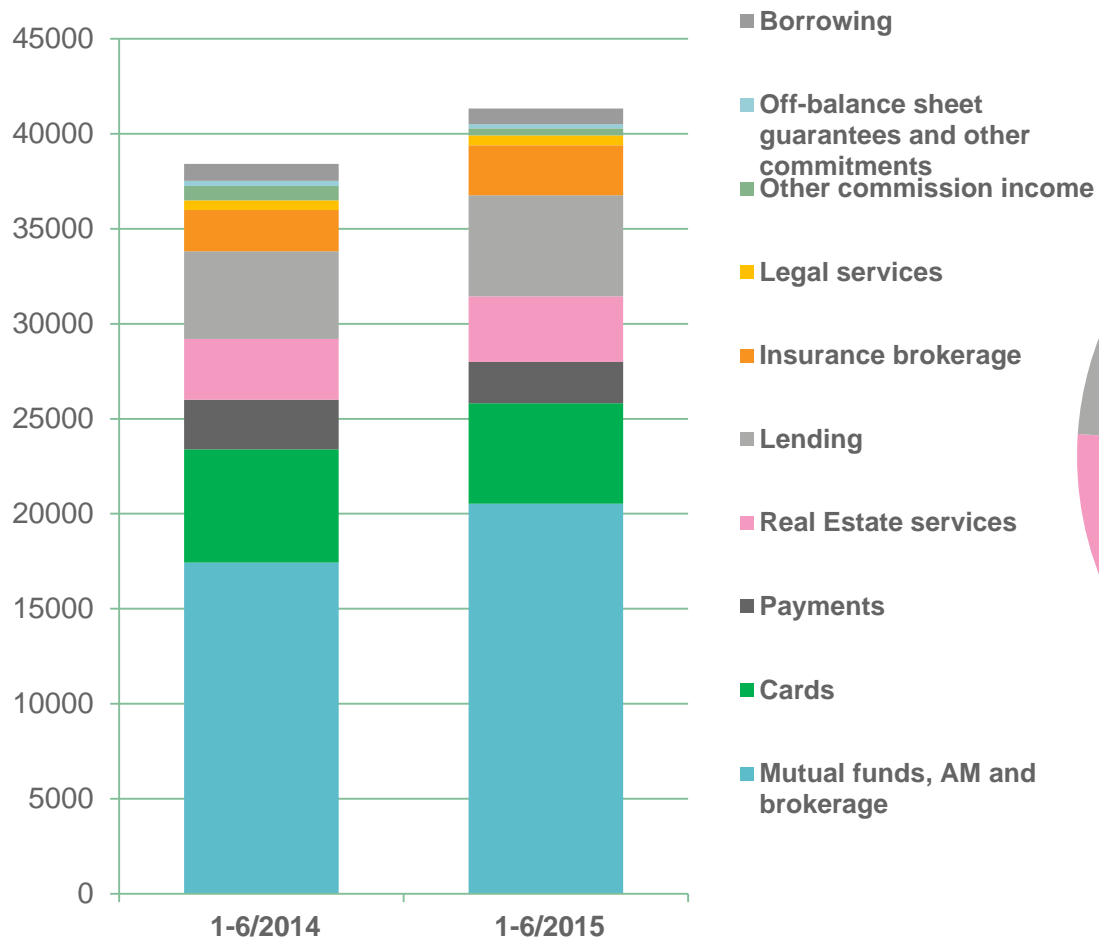


# Net interest income (NII)

EUR million



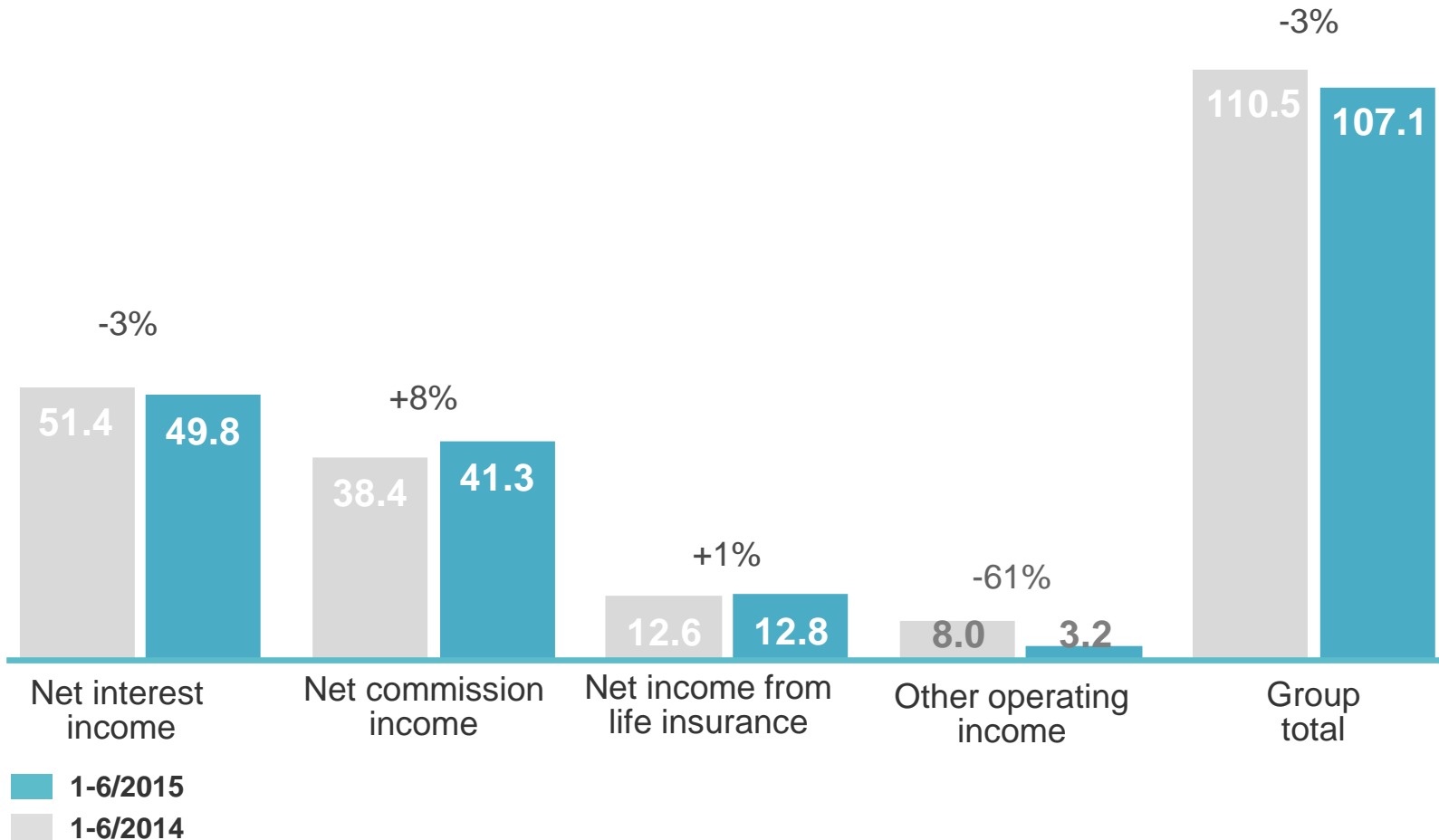
# Commission income up 8 %



# Income (EUR million)

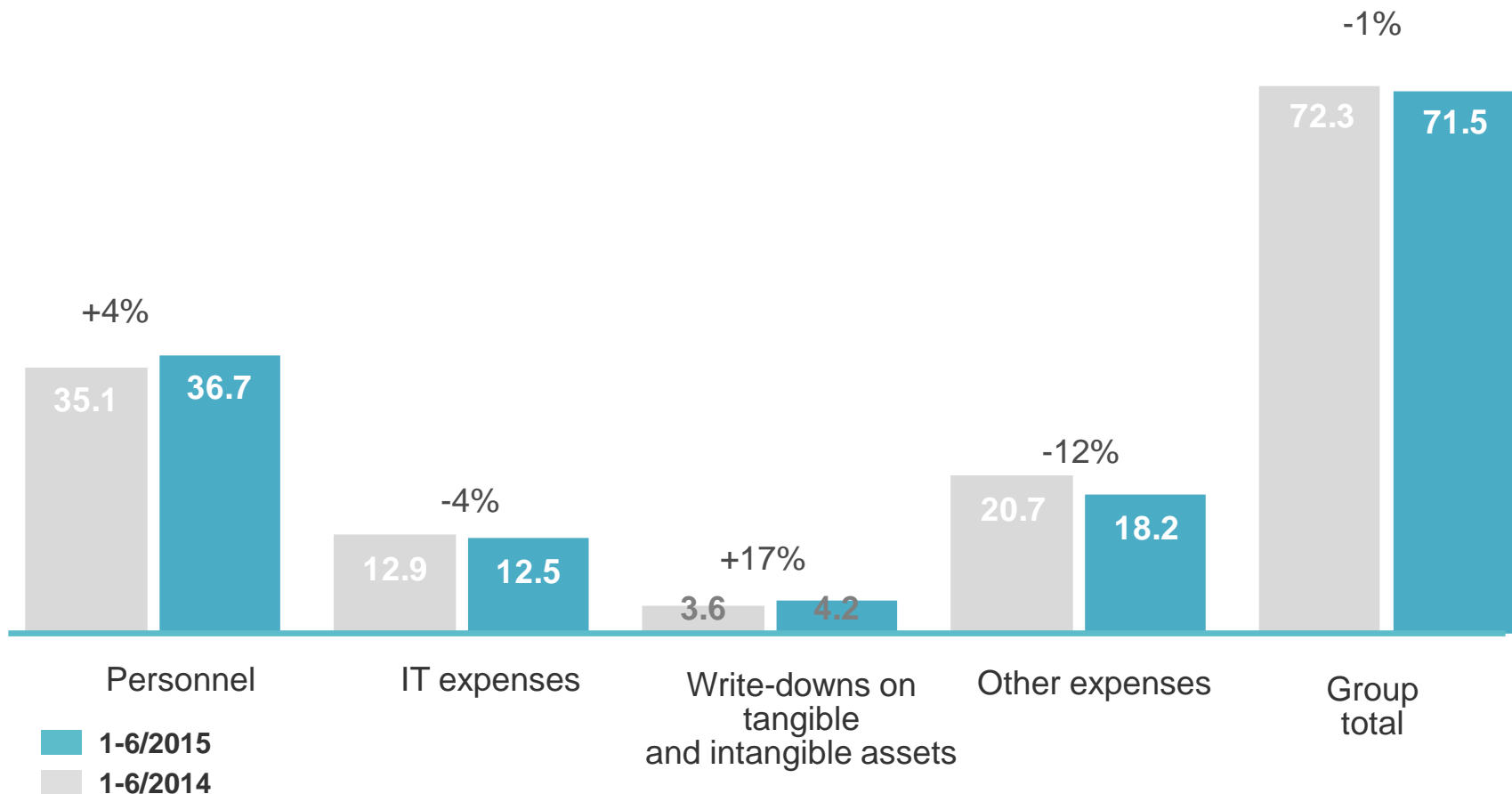
## Lower financial income

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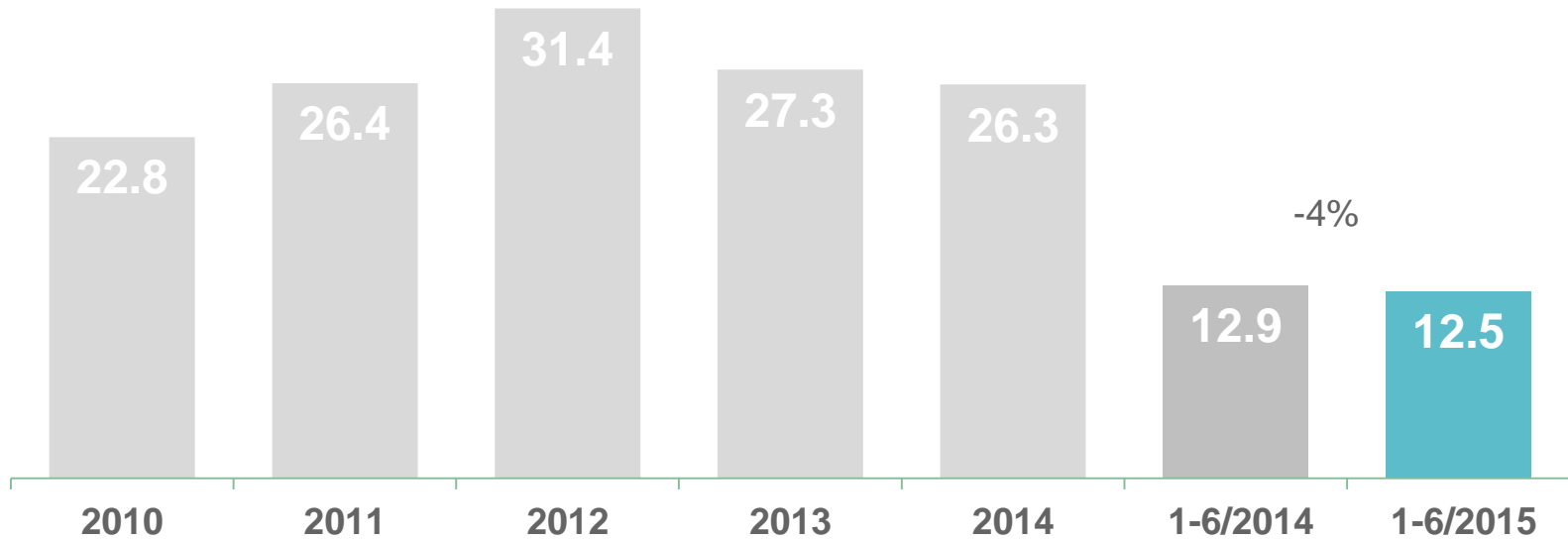


# Expenses unchanged

(EUR million)



## IT expenses (EUR million)



- In 2012 a larger one-off cost/provision for change of IT provider
- During 1-6/2015 a provision utilised against IT expenses of EUR 1.2 million (reservation 30 June 2015; EUR 2.4 million)
- As of Q2 2014 somewhat lower running costs from IT provider Samlink

### Core banking project:

- Cumulative investment as per 30 June 2015; EUR 32.4 million
- Impact on result through write-downs from 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 solutions**

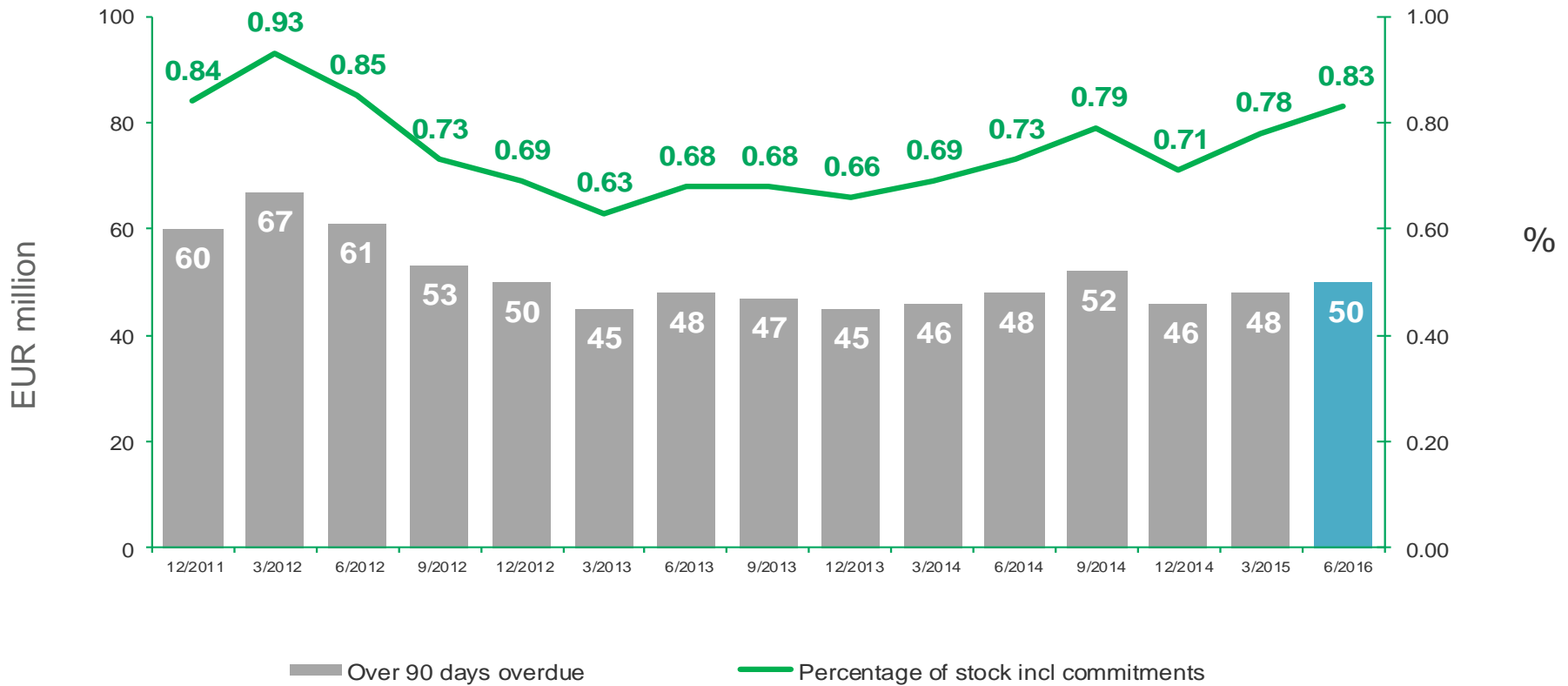
## Cost-Income ratio

Aktia





# Non-performing loans more than 90 days overdue



# Non-performing loans by days overdue

Aktia

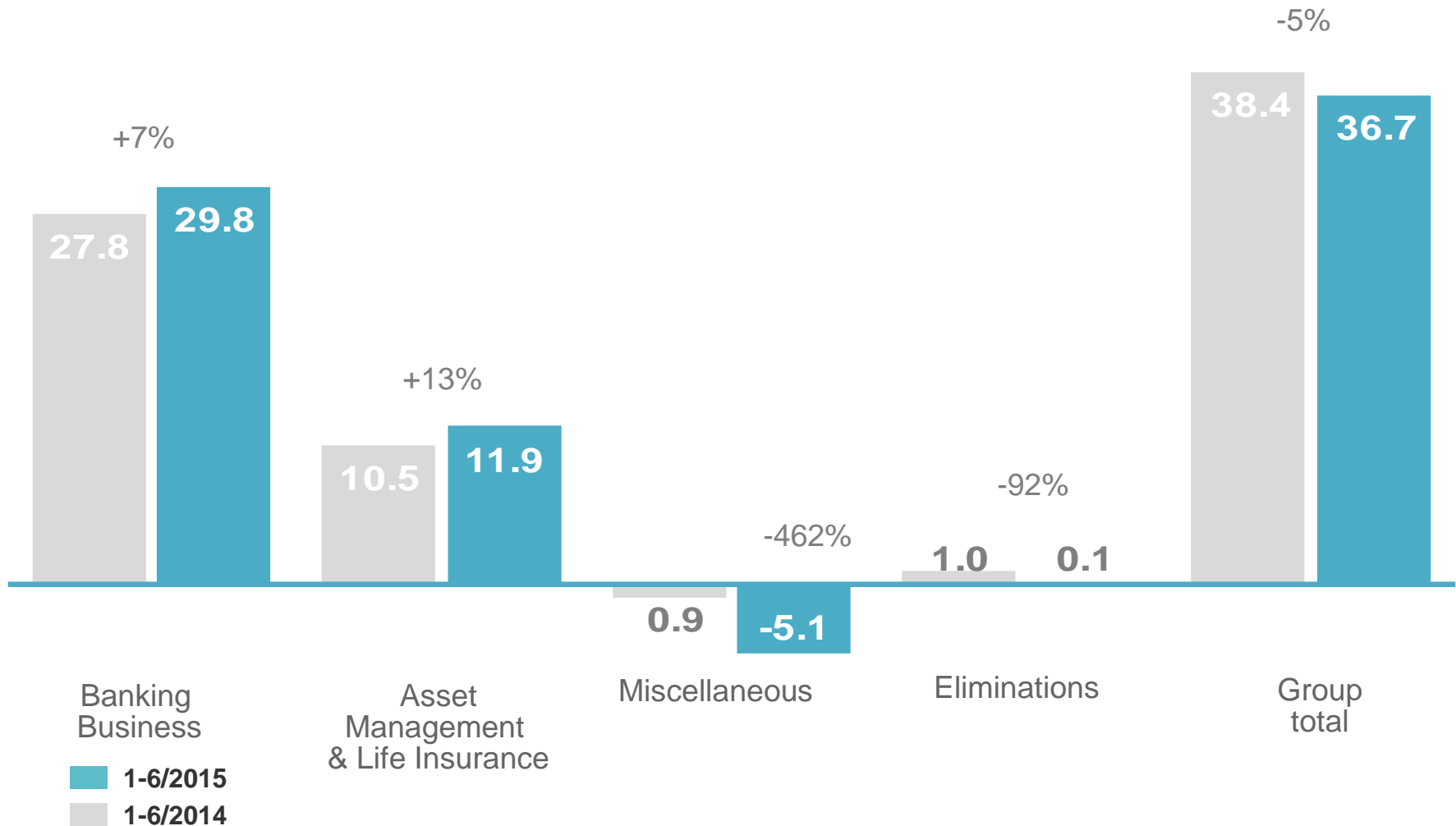
Days	30.6.2015	% of loan book	31.12.2014	% of loan book
<b>3-30</b>	<b>91</b>	<b>1.52</b>	<b>101</b>	<b>1.57</b>
of which households	83	1.39	94	1.46
<b>31-89</b>	<b>33</b>	<b>0.55</b>	<b>41</b>	<b>0.63</b>
of which households	29	0.49	34	0.53
<b>90-</b>	<b>50</b>	<b>0.83</b>	<b>46</b>	<b>0.71</b>
of which households	39	0.65	36	0.56

## Write-downs on credits and other commitments

- Total write-downs on credits and other commitments were positive and stood at EUR 0.4 (-1.2) million.
- Of these write-downs, EUR -0.3 (-0.8) million could be attributed to households and EUR 0.7 (-0.4) to companies.

# The segments' contribution to the operating profit

Aktia



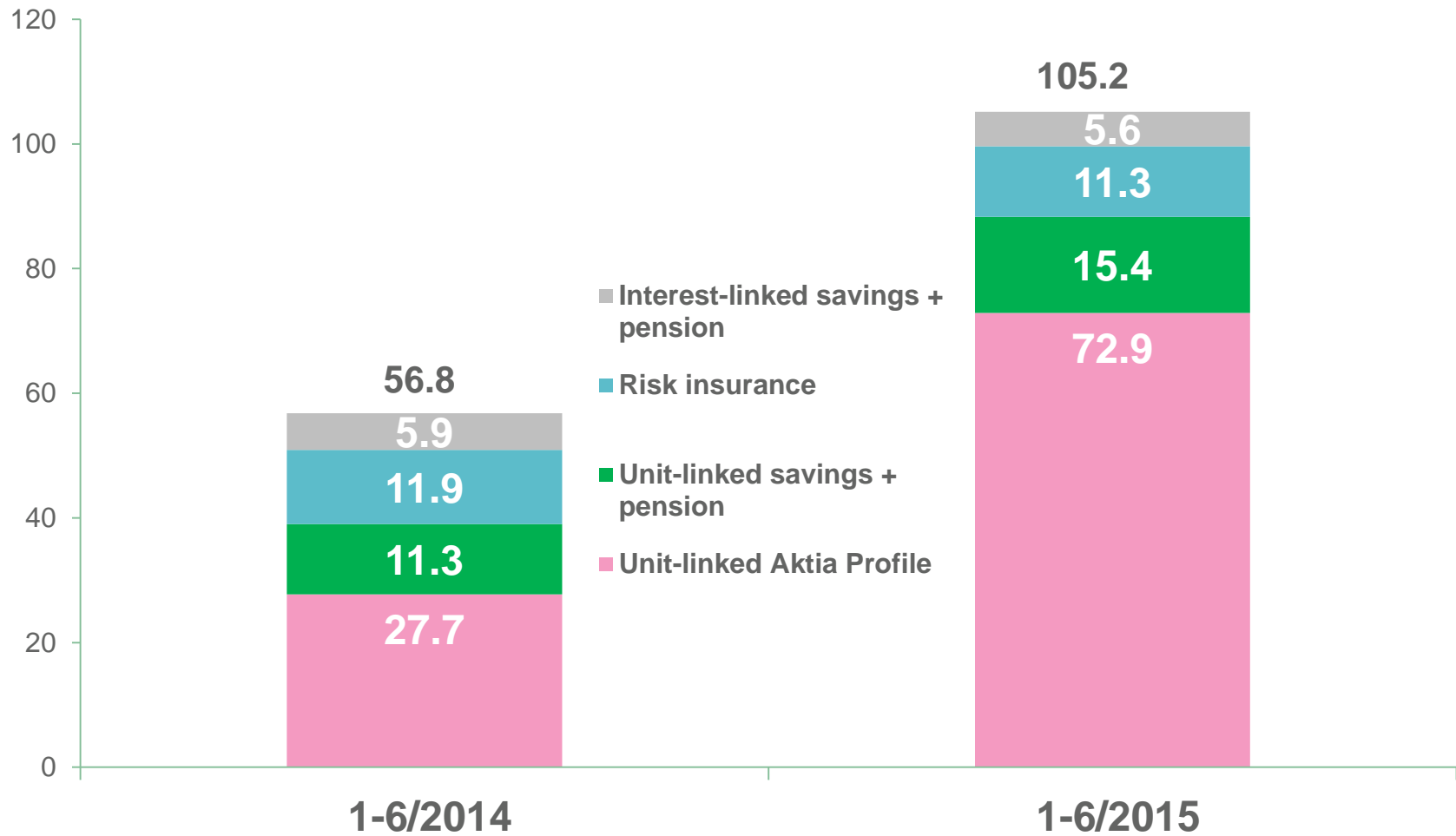
# Asset Management & Life Insurance Assets under Management

Aktia

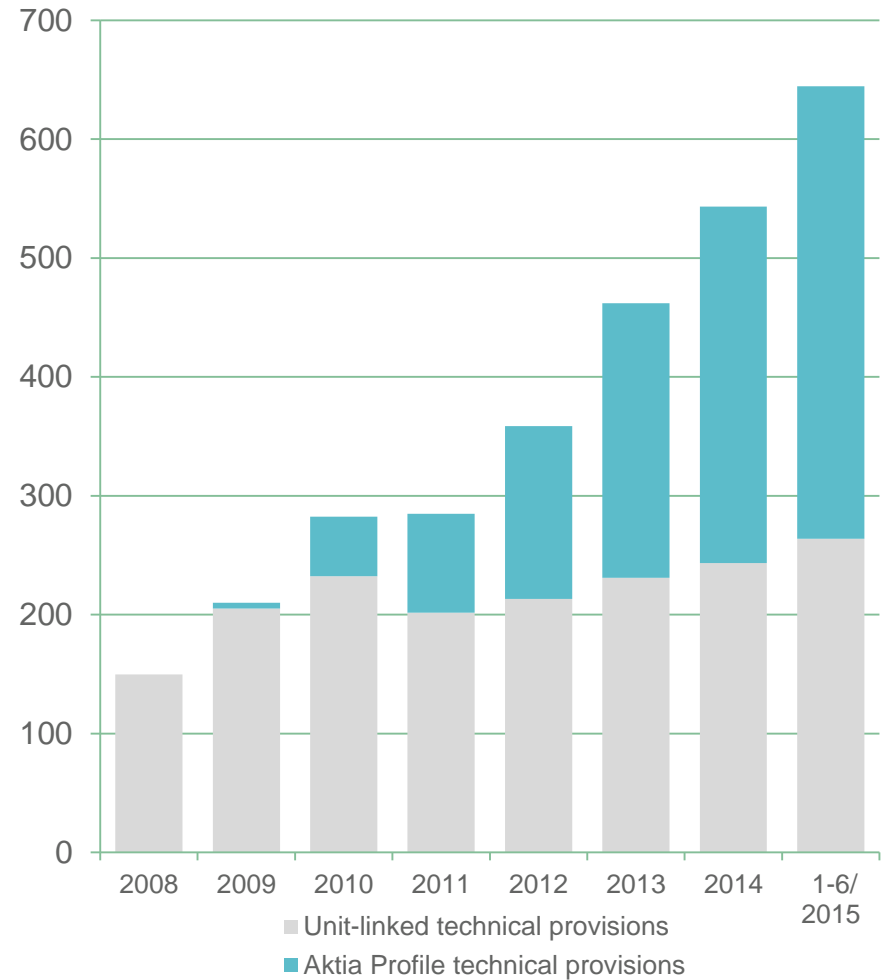
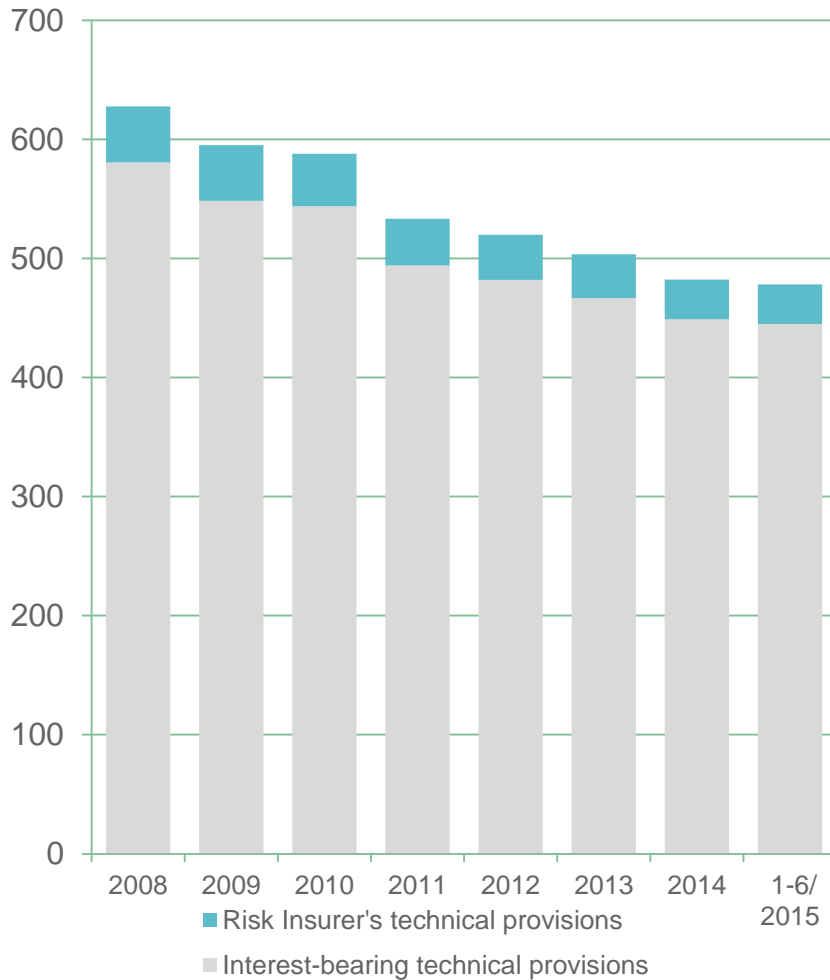
(EUR million)	30.6.2015	31.12.2014	Change %
Aktia Fund Management	3,862	3,450	12%
Aktia Asset Management	5,931	5,677	4%
Aktia Life Insurance	647	545	19%
Eliminations	-4,644	-4,147	12%
<b>Total</b>	<b>5,795</b>	<b>5,525</b>	<b>5%</b>

# Life Insurance, premiums written

EUR million



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



# Expense ratio for life insurance, %

Aktia





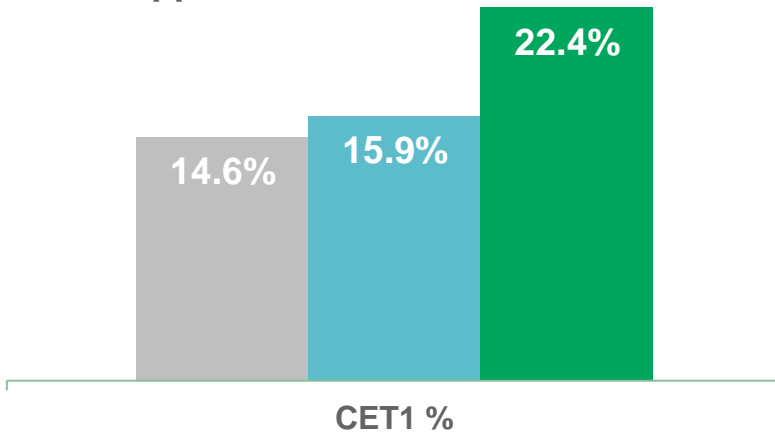
# Interim report 1 January – 30 June 2015

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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 as per 31 March 2015
- The average risk weight for retail exposures secured by residential real estate is now 14.5% (35%).
- A total of 58% of the Bank Group’s exposures are now calculated according to the IRB-approach.

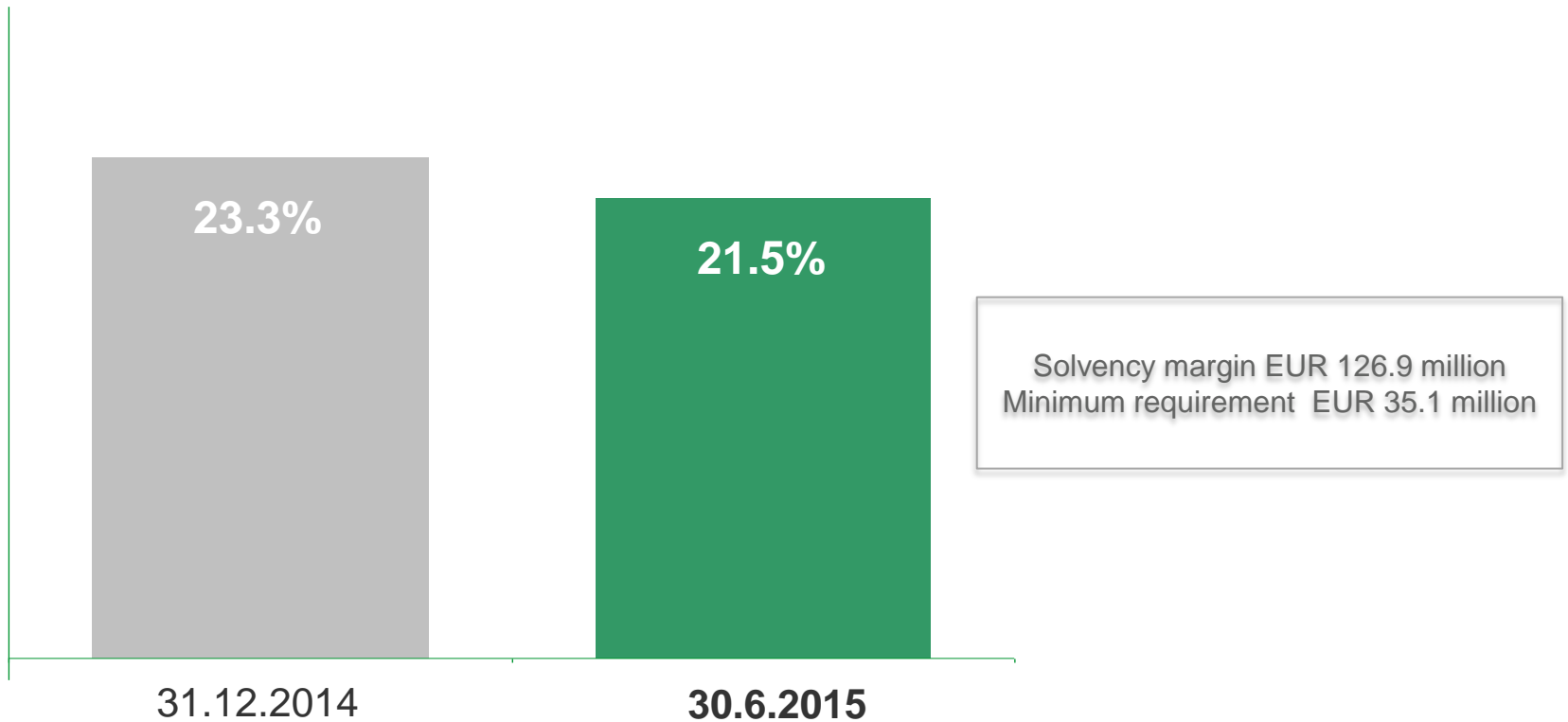


	30.6.15 IRBA	31.3.15 IRBA	31.12.14 STD
Common Equity Tier 1 %	22.4	22.6	14.6
Tier 1 capital ratio %	22.5	22.7	14.6
Capital Adequacy %	27.7	27.1	19.1

■ Aktia 2014 ■ Average for banks operating in Finland 2014 ■ Aktia 6/2015

# Life insurance Solvency ratio

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# Interim report 1 January – 30 June 2015

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## Balance sheet 30 June 2015

Aktia

The Group's balance sheet total amounted to EUR 10,123 (10,707) million.

Borrowing amounted to EUR 3,957 (3,979) million.

Lending to the public amounted to EUR 5,975 (6,416) million of which Aktia's lending to EUR 4,391 (4,357) million.  
Loans to private households amounted to EUR 5,281 million or 88.4% of the credit stock.

The housing loan stock amounted to EUR 5,027 (5,229) million.  
Aktia's new lending to households increased by 30% to EUR 309 (237) million.

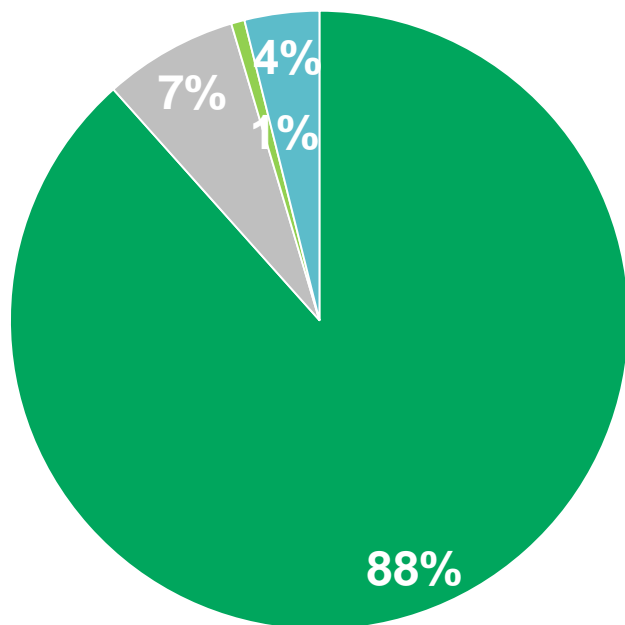
Corporate lending stabilised and amounted to EUR 420 (420) million, corresponding to 7.0%

# Credit and deposit stocks

## 30 June 2015

### Credits

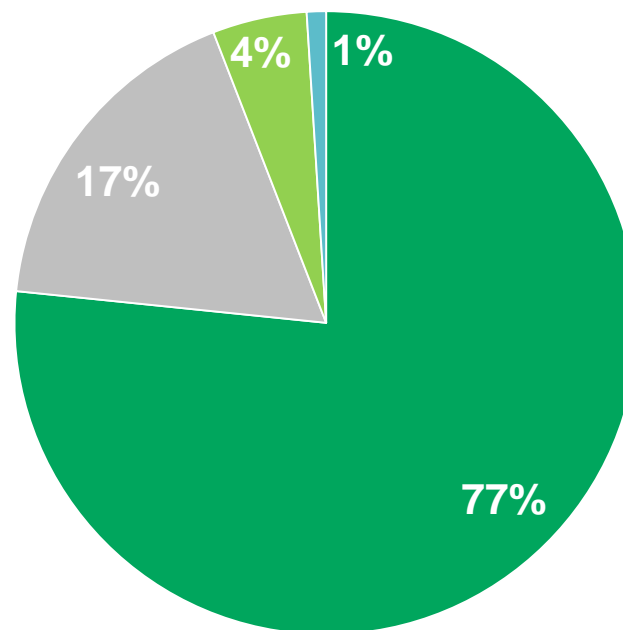
EUR 5,975 (6,416) million



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

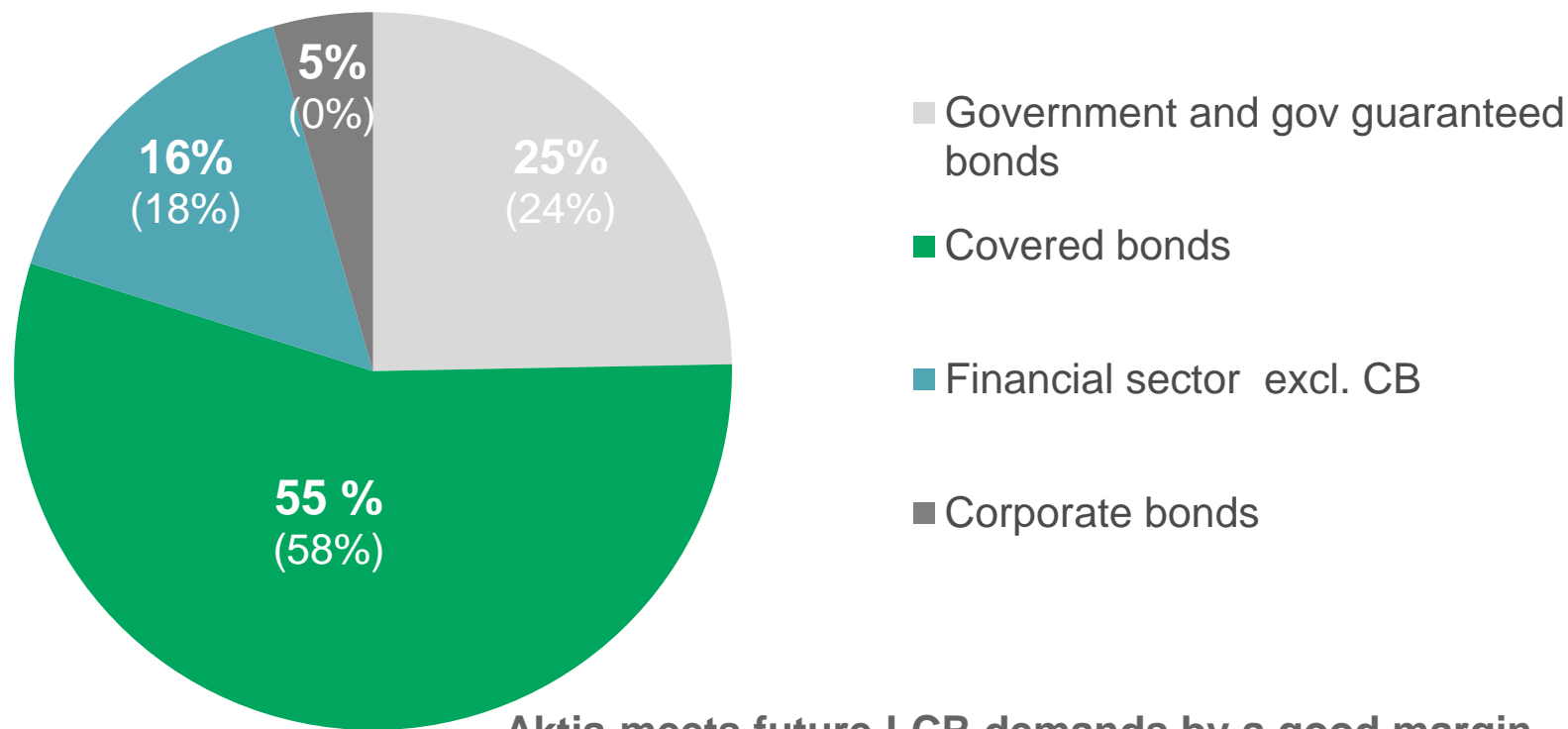
### Deposits

EUR 3,957 (3,979) million



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

EUR 2,462 million  
(31.12.2014; 2 512 million)



**30.6.2015** Aktia meets future LCR demands by a good margin  
(30.6.2015; 189%)

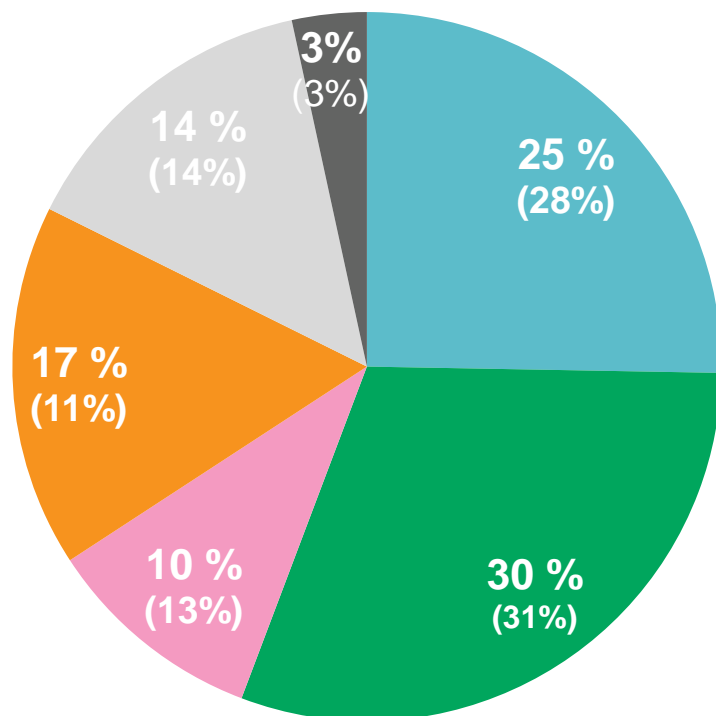
# Continued convergence towards Solvency II Life Insurance Company

# Aktia

Return on investments 0.1 (4.9)%

Duration 5.1 (5.3) years

EUR 617 million  
(31.12.2014; EUR 630 million)

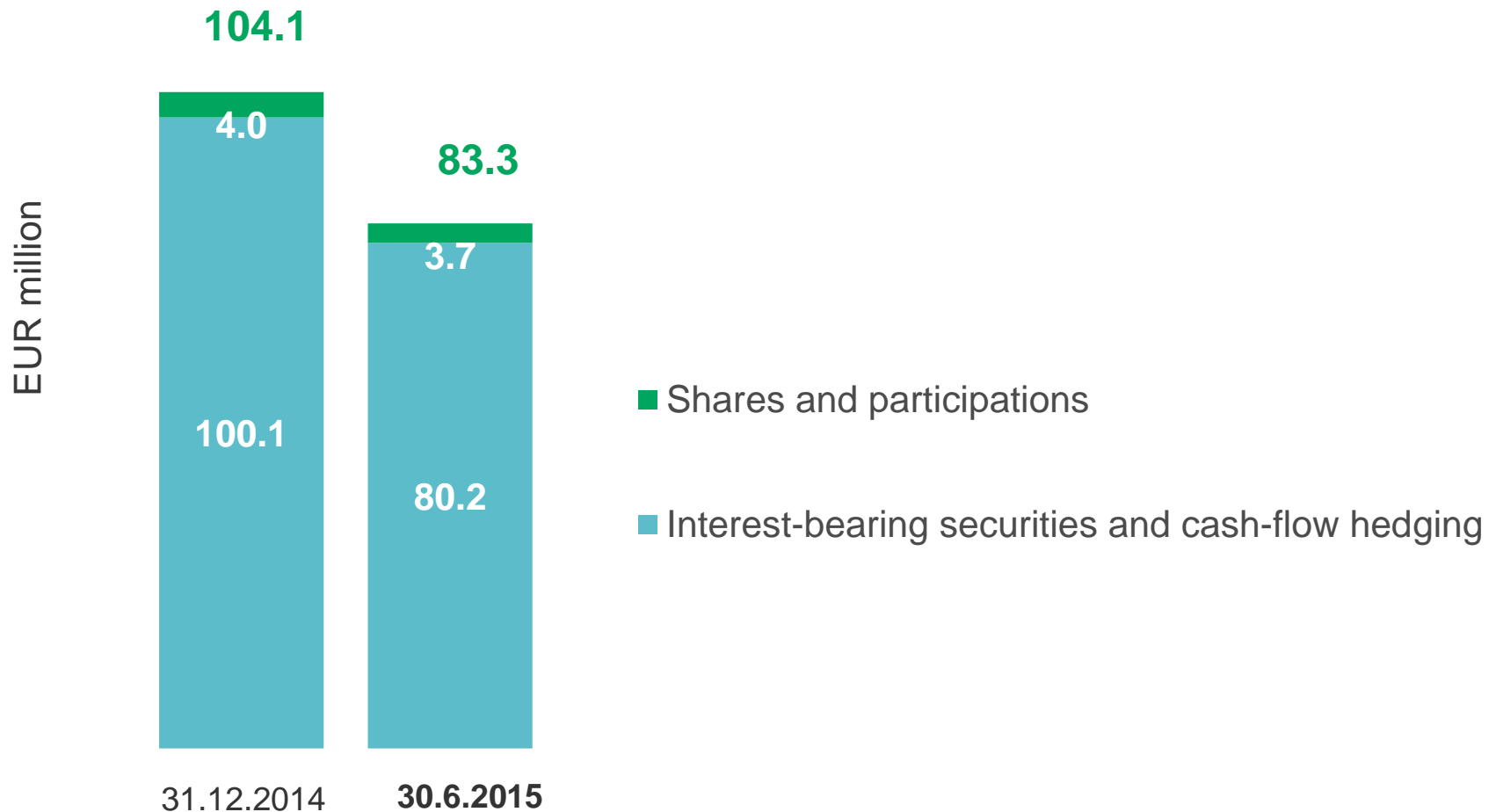


30.6.2015

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



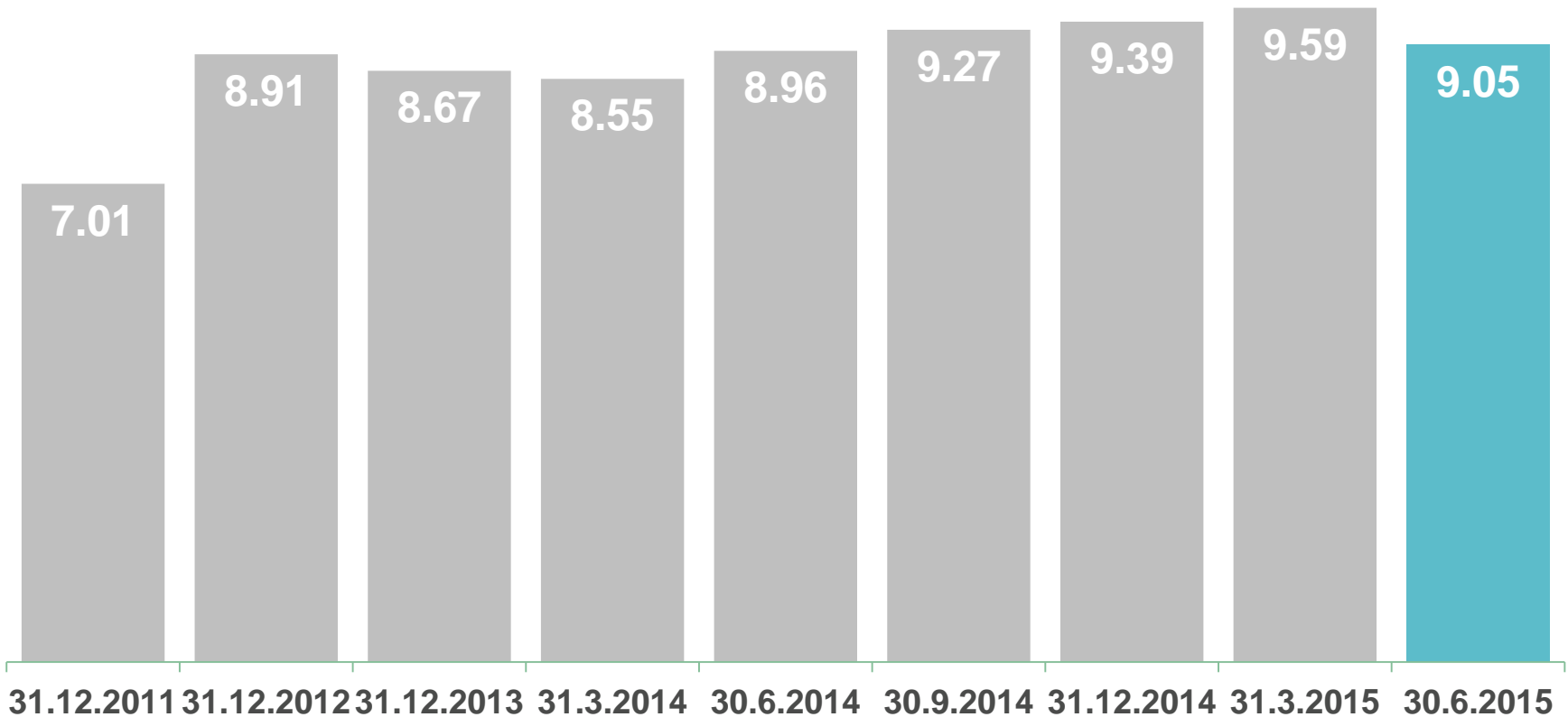
## Fund at fair value decreased with higher long interest rates



# Equity per share (NAV)

Aktia

EUR/share



# Share capital and ownership

## 31 July 2015

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.	4,464,205	789,229	5,253,434	7.89	4.56
Sampo Plc (Sampo Plc, Mandatum Life)	4,049,857	-	4,049,857	6.08	0.91
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 Institution Hereditas	-	2,046,106	2,046,106	3.07	9.21
Aktia foundation in Porvoo	1,303,370	651,525	1,954,895	2.94	3.23
Aktia foundation in Vaasa	978,525	547,262	1,525,787	2.29	2.68
Nordea (Fennia fund, Nordea Life Ins., Nordea Bank Finland)	1,446,980	-	1,446,980	2.17	0.33
Aktia foundation Espoo-Kauniainen	-	1,338,708	1,338,708	2.01	6.03
Savings Bank foundation in Kirkkonummi	844,206	453,392	1,297,598	1.95	2.23
Savings Bank foundation in Karis-Pojo	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
Aktia foundation in Vantaa	28,541	1,138,588	1,167,129	1.75	5.13
Savings Bank foundation in Inkoo	412,669	345,990	758,659	1.14	1.65
Savings Bank foundation in Sipoo	462,002	232,001	694,003	1.04	1.15
Vöyri Savings Banks Aktia foundation	615,460	10,500	625,960	0.94	0.19
Aktia Savings Bank foundation in Maalahti	361,138	177,600	538,738	0.81	0.88
<b>The 20 largest shareholders</b>	<b>27,369,710</b>	<b>16,270,189</b>	<b>43,639,899</b>	<b>65.53</b>	<b>79.42</b>
Other	19,337,013	3,601,899	22,938,912	34.47	20.58
<b>Total</b>	<b>46,706,723</b>	<b>19,872,088</b>	<b>66,578,811</b>	<b>100.00</b>	<b>100.00</b>

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## Strategy and outlook for 2015 (unchanged)

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.

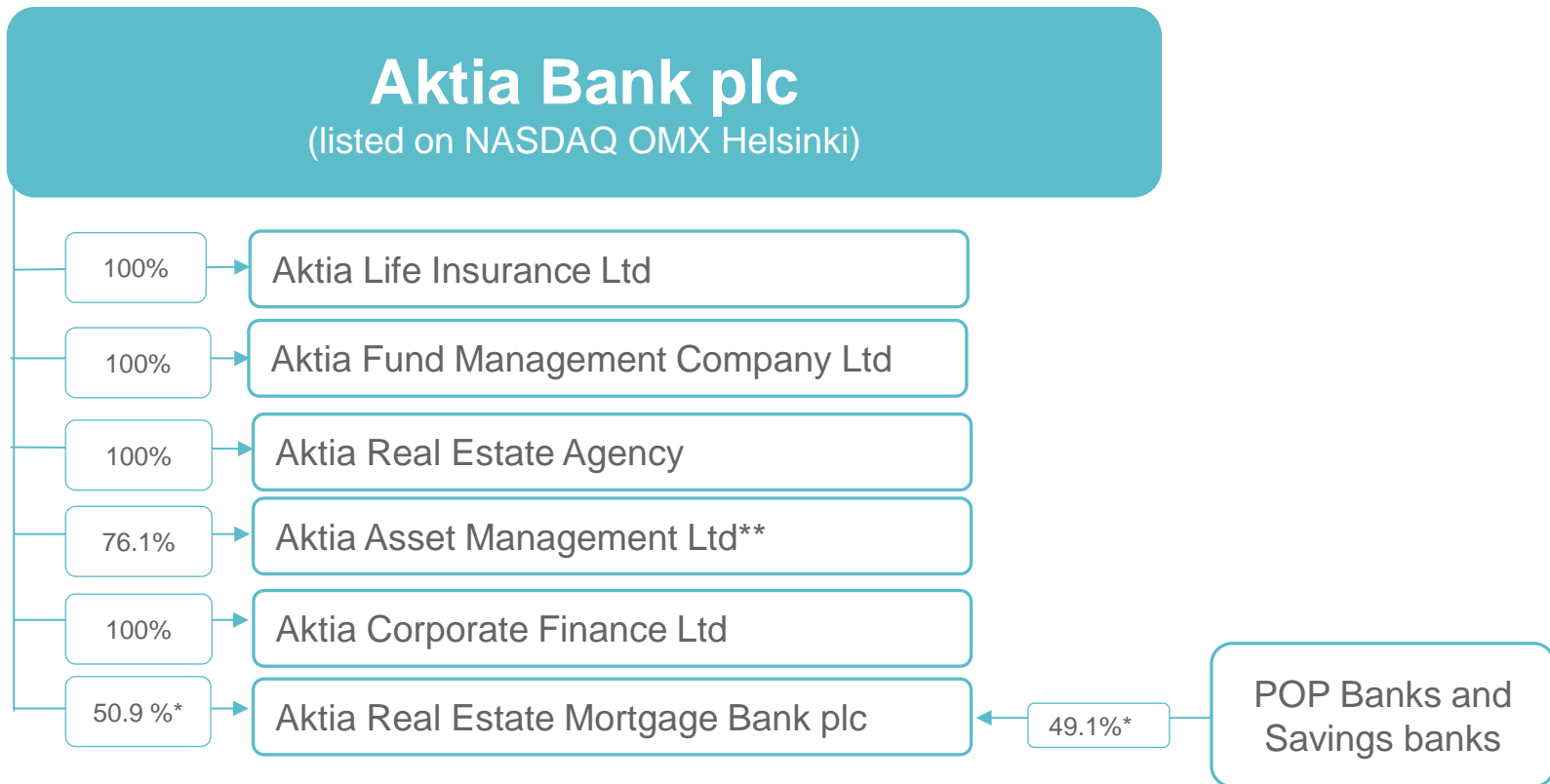
The bank's strong capital adequacy ratio and balance sheet enable Aktia to focus on growth. The objective is to double the annual number of new customers before end of 2018.

During 2015, the write-downs on credits are expected to remain on the same level as in 2014.

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): Aktia's operating profit for 2015 is expected to reach a similar level as in 2014.**

# Group structure 1 October 2014-



\*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**

**Common Equity Tier 1  $\geq$ 15%**

**Dividend pay-outs**

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

# Outcome of financial objectives

Aktia

	1-6/2015	1-6/2014	Change	2014	Objectives for 2018
C/I ratio	0.67	0.68	-1%	0.71	-10%
ROE %	8.7	9.5	-9%	8.3	≥9 % p.a.
CET1 %	22.4	13.6	+9 % units	14.6	≥ 15%



# Balance sheet, assets

Aktia

(EUR million)	30.6.2015	31.12.2014	Δ	30.6.2014
<b>Assets</b>				
Cash and balances with central banks	195.3	395.9	-51 %	358.0
Interest-bearing securities	2,245.7	2,290.0	-2 %	2,357.1
Shares and participations	115.1	85.4	35 %	83.9
Financial assets available for sale	2,360.7	2,375.4	-1 %	2,441.0
Financial assets held until maturity	485.1	488.5	-1 %	495.7
Derivative instruments	170.2	231.3	-26 %	207.2
Lending to Bank of Finland and other credit institutions	38.4	45.8	-16 %	89.2
Lending to the public and public sector entities	5,975.3	6,416.0	-7 %	6,598.3
Loans and other receivables	6,013.6	6,461.8	-7 %	6,687.4
Investments for unit-linked insurances	647.3	545.3	19 %	500.5
Investments in associated companies	0.0	23.6	-100 %	21.9
Intangible assets	44.0	36.3	21 %	27.2
Investment properties	60.4	57.1	6 %	60.4
Other tangible assets	7.7	8.2	-6 %	7.3
Accrued income and advance payments	55.5	57.2	-3 %	65.0
Other assets	68.5	8.6	692 %	18.0
Total other assets	123.9	65.9	88 %	83.0
Income tax receivables	3.7	3.4	10 %	5.1
Deferred tax receivables	11.2	13.0	-14 %	14.7
Tax receivables	15.0	16.4	-9 %	19.8
Assets classified as held for sale	0.0	1.1	-100 %	1.2
<b>Total assets</b>	<b>10,123.2</b>	<b>10,706.7</b>	<b>-5 %</b>	<b>10,910.4</b>

# Balance sheet, liabilities

(EUR million)	30.6.2015	31.12.2014	Δ	30.6.2014
<b>Liabilities</b>				
Liabilities to Bank of Finland and credit institutions	659.8	776.6	-15 %	1,012.7
Liabilities to the public and public sector entities	3,957.5	3,979.2	-1 %	3,978.5
Deposits	4,617.2	4,755.7	-3 %	4,991.1
Derivative instruments	107.0	113.2	-6 %	123.6
Debt securities issued	3,043.2	3,534.5	-14 %	3,547.7
Subordinated liabilities	217.3	222.5	-2 %	218.0
Other liabilities to credit institutions	91.8	99.8	-8 %	116.3
Liabilities to the public and public sector entities	84.4	73.9	14 %	84.0
Other financial liabilities	3,436.7	3,930.7	-13 %	3,966.0
Technical provisions for risk insurances and interest-related insurance	478.2	482.3	-1 %	496.3
Technical provisions for unit-linked insurances	644.4	543.1	19 %	498.5
Technical provisions	1,122.6	1,025.4	9 %	994.8
Accrued expenses and income received in advance	57.2	78.1	-27 %	73.4
Other liabilities	53.1	47.2	12 %	36.7
Total other liabilities	110.3	125.3	-12 %	110.0
Provisions	2.4	3.5	-33 %	5.0
Income tax liabilities	1.1	2.6	-58 %	2.2
Deferred tax liabilities	57.5	59.2	-3 %	56.3
Tax liabilities	58.6	61.8	-5 %	58.5
Liabilities for assets classified as held for sale	0.0	0.1	-97 %	0.2
<b>Total liabilities</b>	<b>9,454.7</b>	<b>10,015.8</b>	<b>-6 %</b>	<b>10,249.3</b>
<b>Equity</b>				
Restricted equity	246.3	267.4	-8 %	261.1
Unrestricted equity	355.7	356.5	0 %	335.4
Shareholders' share of equity	602.0	623.9	-4 %	596.5
Non-controlling interest's share of equity	66.4	66.9	-1 %	64.6
<b>Equity</b>	<b>668.4</b>	<b>690.9</b>	<b>-3 %</b>	<b>661.0</b>
<b>Total liabilities and equity</b>	<b>10,123.2</b>	<b>10,706.7</b>	<b>-5 %</b>	<b>10,910.4</b>

## Calendar 2016

<b>Accounts Announcement 2015</b>	<b>12.2.2016</b>
<b>Final Accounts</b>	<b>week 12</b>
<b>AGM</b>	<b>12.4.2016</b>
<b>Interim report 1-3/2016</b>	<b>10.5.2016</b>
<b>Interim report 1-6/2016</b>	<b>10.8.2016</b>
<b>Interim report 1-9/2016</b>	<b>17.11.2016</b>



Aktia

**Aktia**

We see a person in every customer.