



Aktia Bank

ACCOUNTS ANNOUNCEMENT 2015

10-12/2015: One-time items strained result

- **Operating profit was EUR 11.1 (12.6) million.**
- **Net commission income was unchanged at EUR 18.9 (18.9) million and NII decreased by 6% to EUR 23.7 (25.3) million. The NII was unchanged from the previous quarter.**
- **Operating expenses increased by 3% to EUR 40.5 (39.3) million. One-time items amounted to EUR 2.4 million.**
- **Write-downs on credits and other commitments stood at EUR -0.3 (0.0) million.**
- **Profit amounted to EUR 8.7 (10.4) million. Earnings per share (EPS) was EUR 0.13 (0.14).**

1-12/2015: Net commission income up

- Operating profit was EUR 64.2 (68.3) million.
- Net commission income was up 7% while NII decreased by 5% to EUR 97.3 (102.8) million.
- Operating expenses were unchanged at EUR 144.4 (144.5) million.
- Write-downs on credits and other commitments decreased to EUR -0.3 (-1.7) million.
- Profit amounted to EUR 51.6 (55.0) million. Earnings per share (EPS) was EUR 0.78 (0.79).
- CET1 increased to 20.7 (14.6)%
- Outlook 2016 (NEW): Aktia's operating profit for 2016 is expected to reach an approximately similar level as in 2015

Dividend pay-out

- Proposed dividend EUR 0.54 (0.48) per share
- Proposed Return of Capital EUR 0.10 (-)

- Proposed pay-out => EUR 0.64 per share
Pay-out corresponds to 82 (61)% of profits

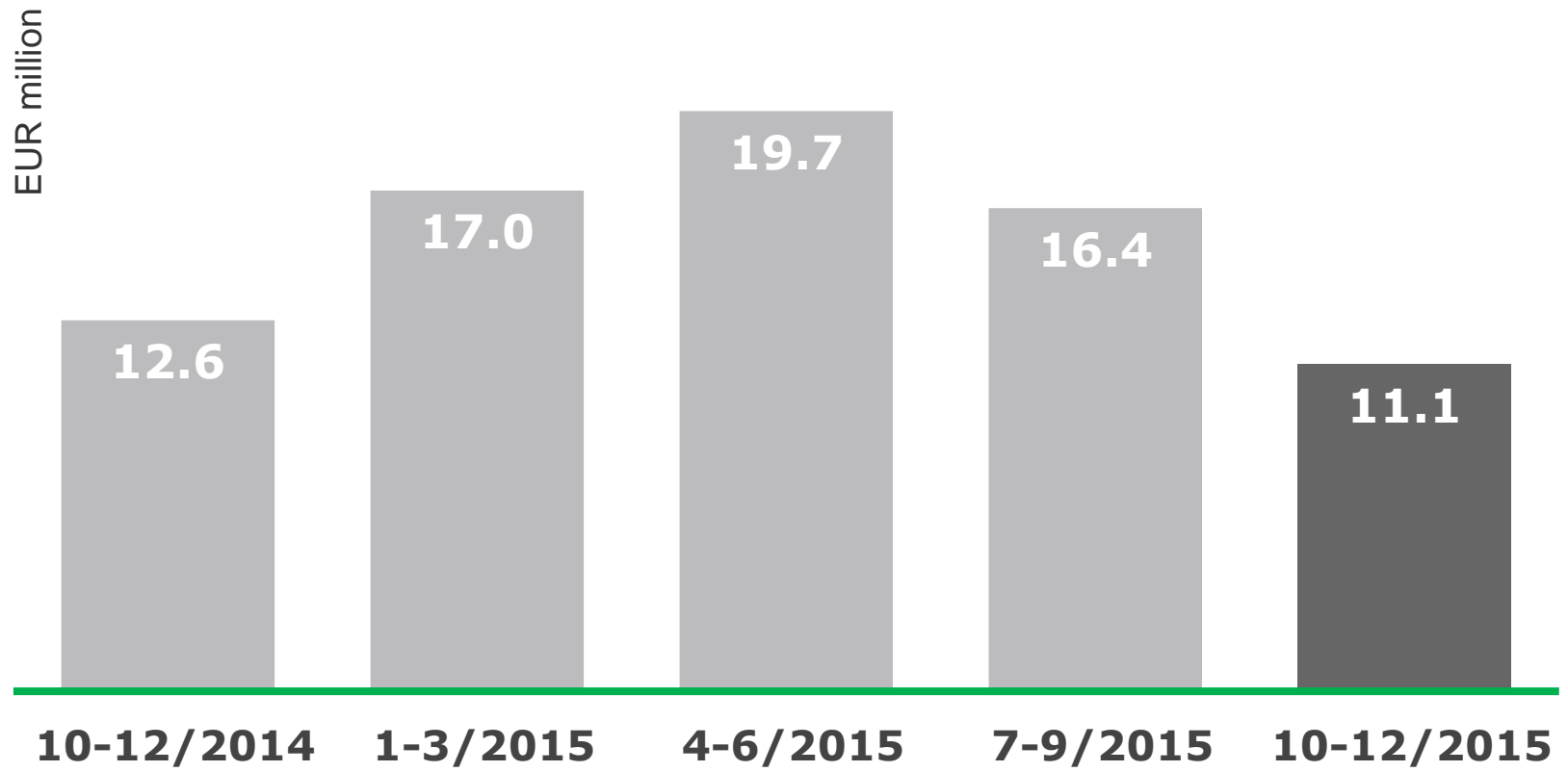
Major events 2015

- **2015 – A challenging yet accomplishing year**
 - **IRBA**
 - **New strategy “Growth 2018”**
 - **Challenging and resource demanding core bank project**
 - **Reduced holding in Folksam Non-life**
 - **Solution for wind-down of Aktia REMB**
 - **Cooperation agreement with R-kioski**
 - **Solvency II permission**

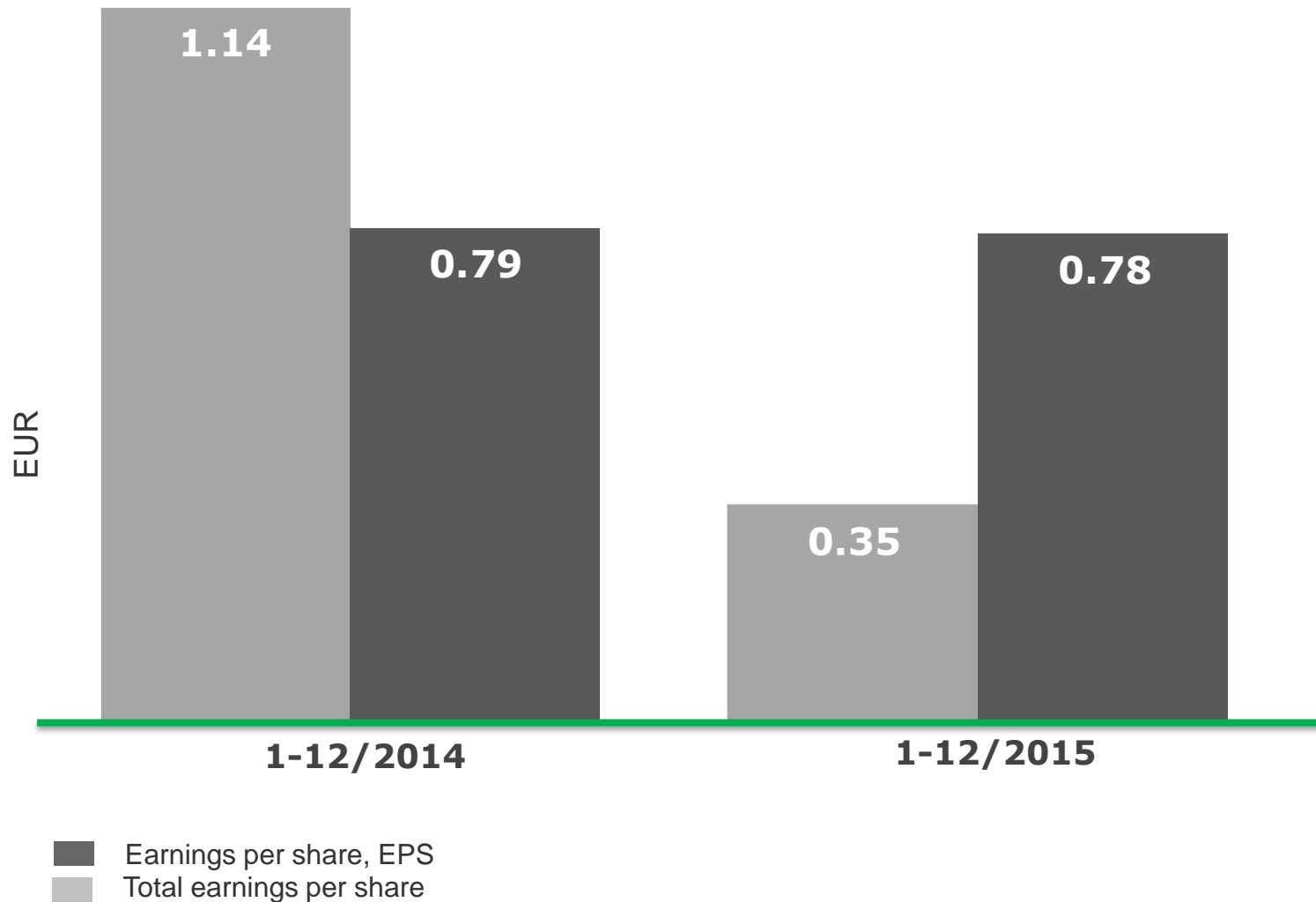
Accounts Announcement 1 January – 31 December 2015

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

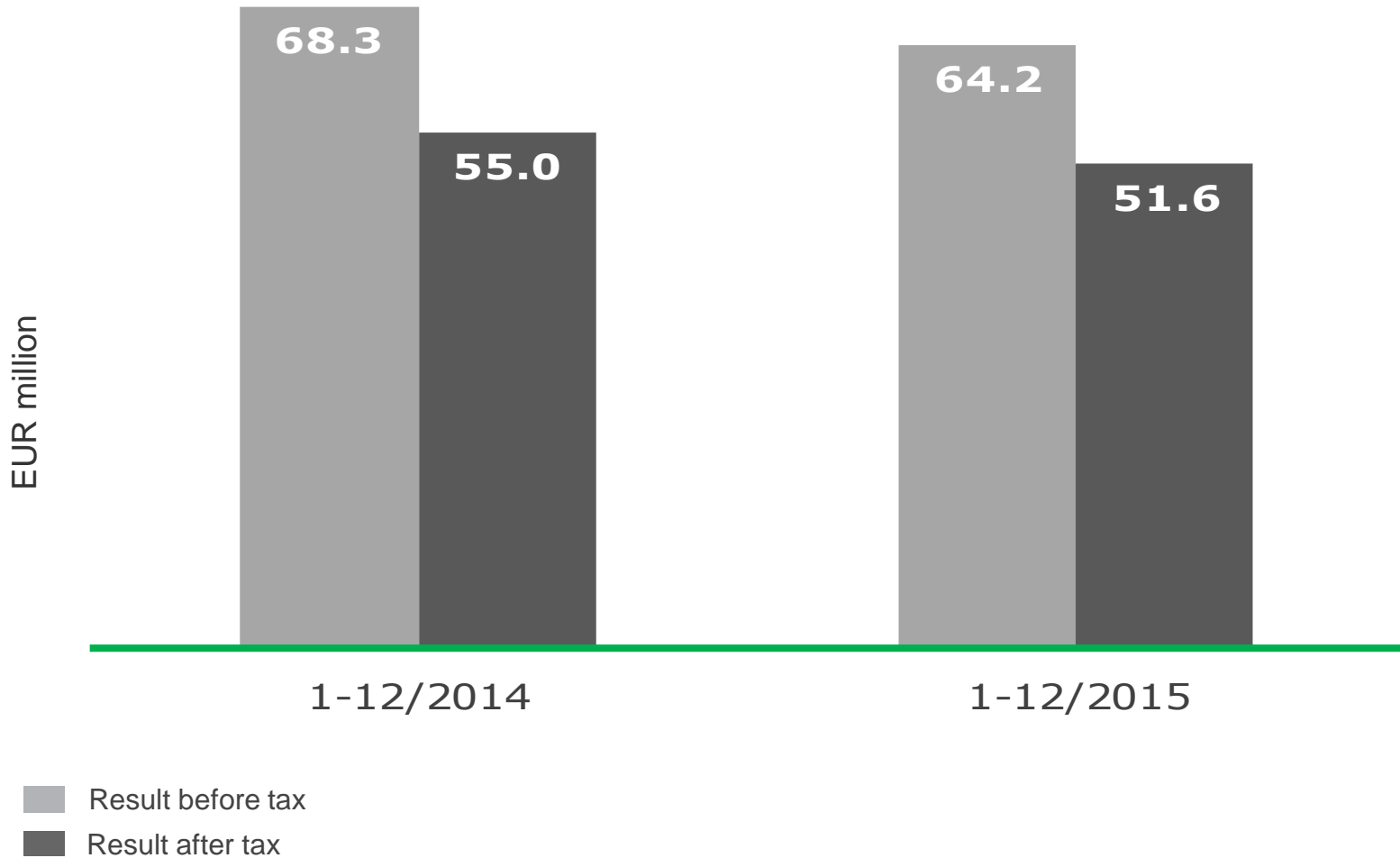
Operating profit for the quarter



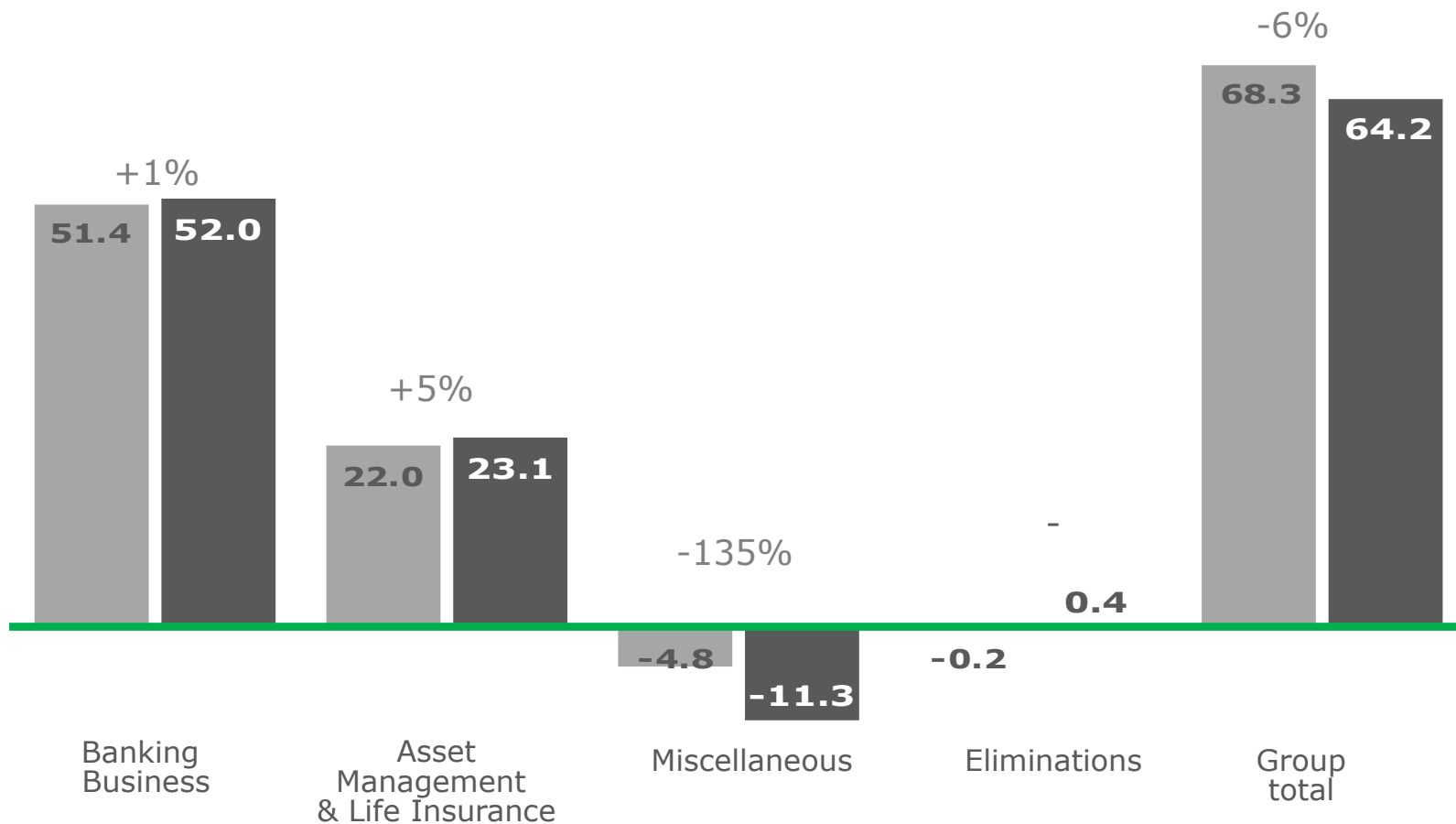
Earnings per share 1-12/2015



Result before and after tax

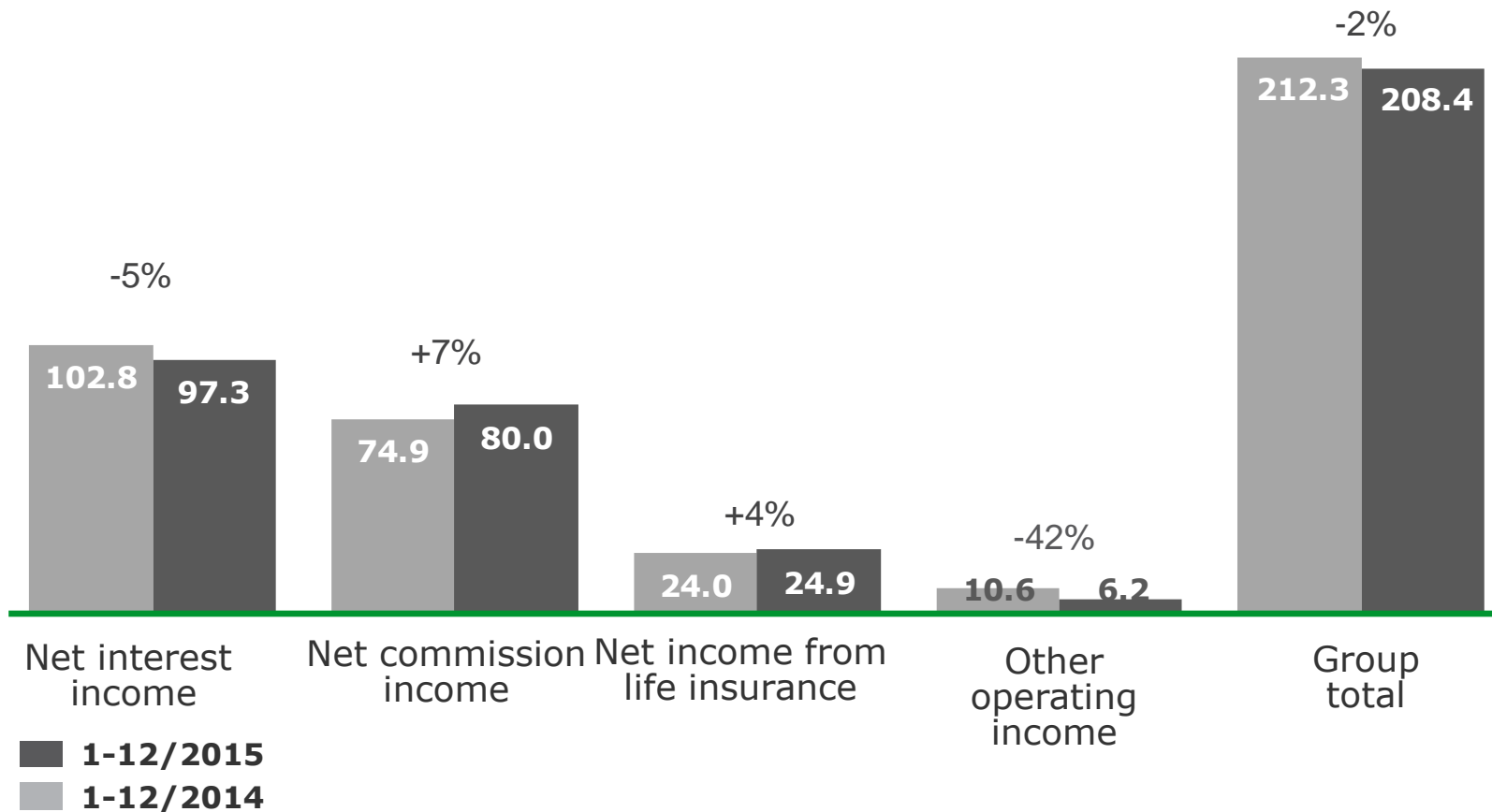


The segments' contribution to the operating profit



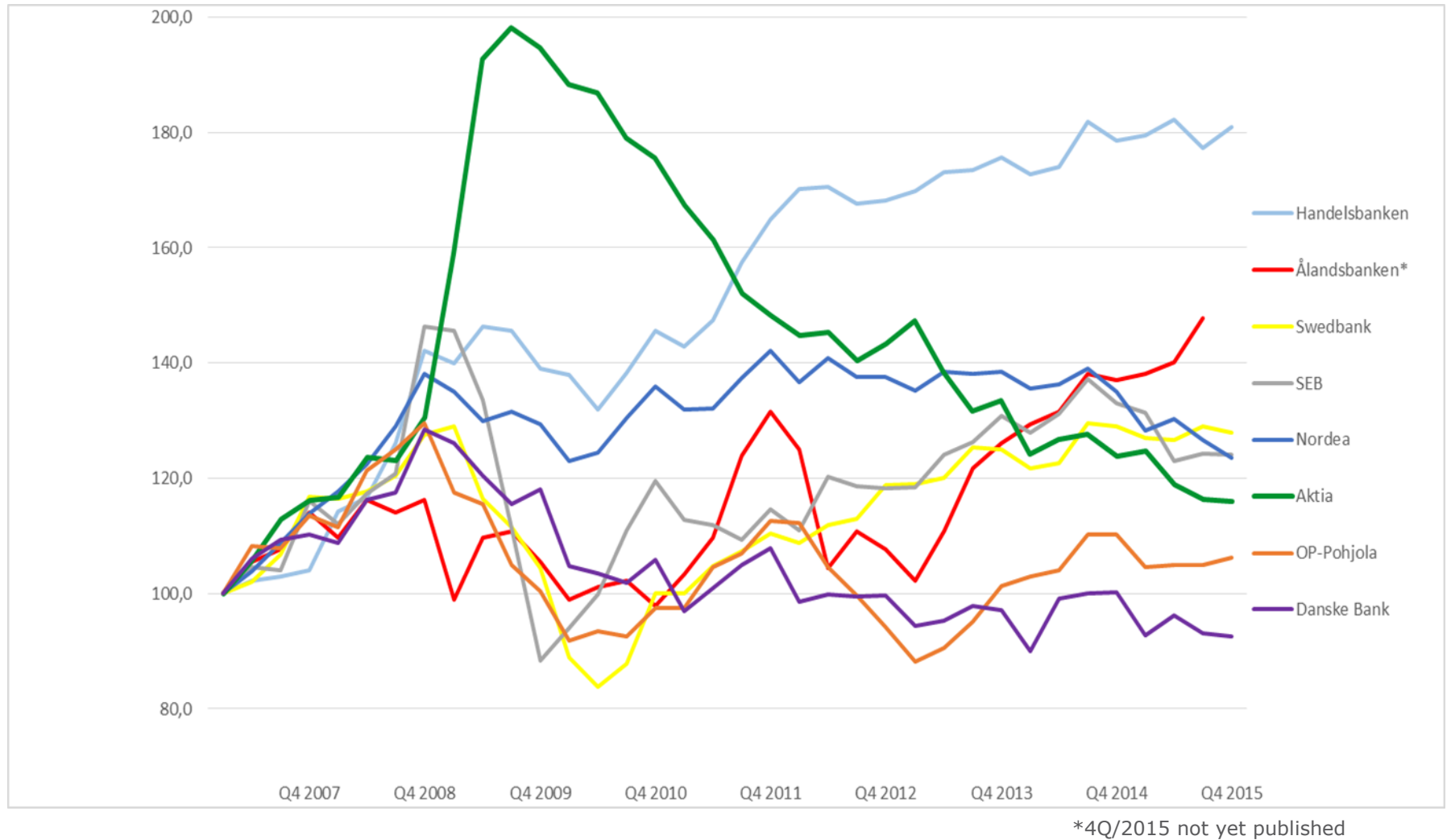
1-12/2015
 1-12/2014

Income (EUR million)



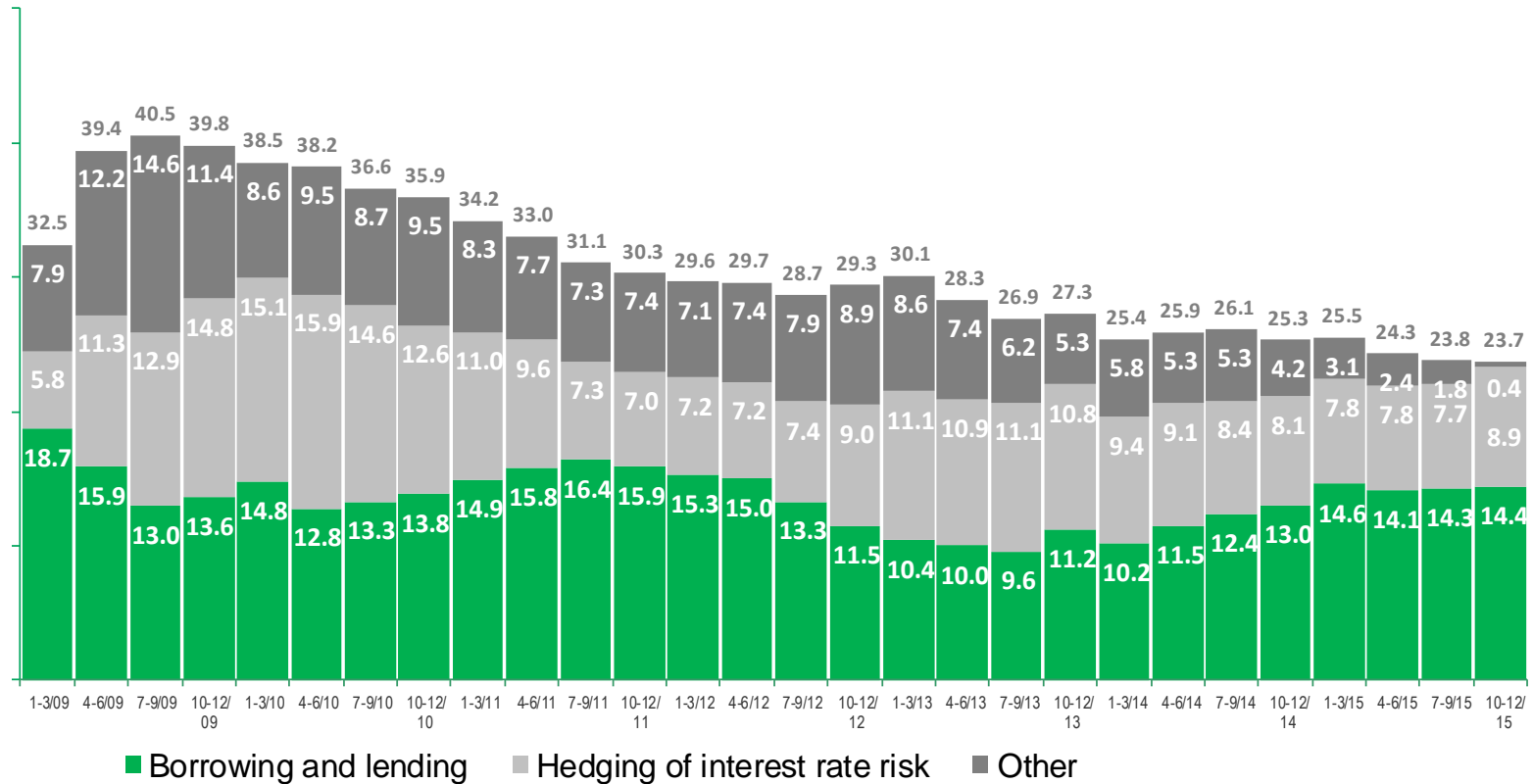
Net interest income (1/2007 = 100)

Nordic banks

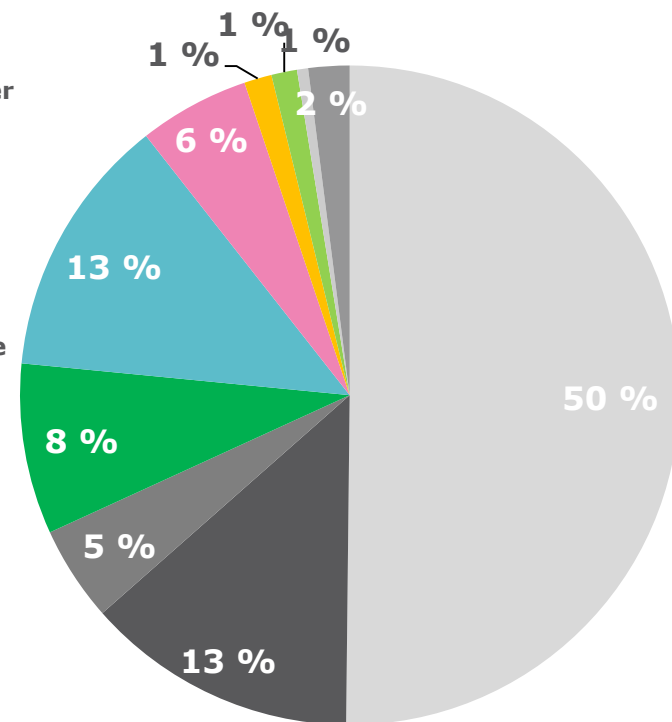
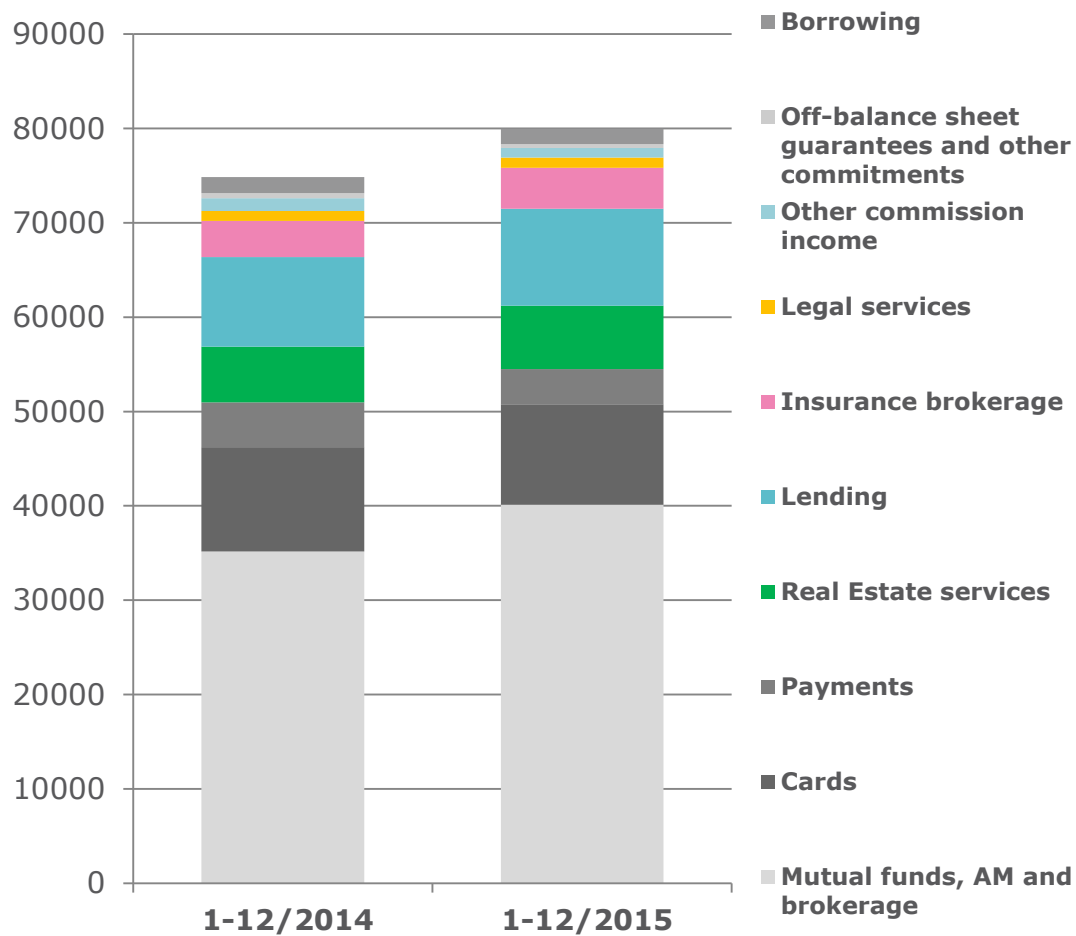


Net interest income (NII)

EUR million



Commission income up 7%

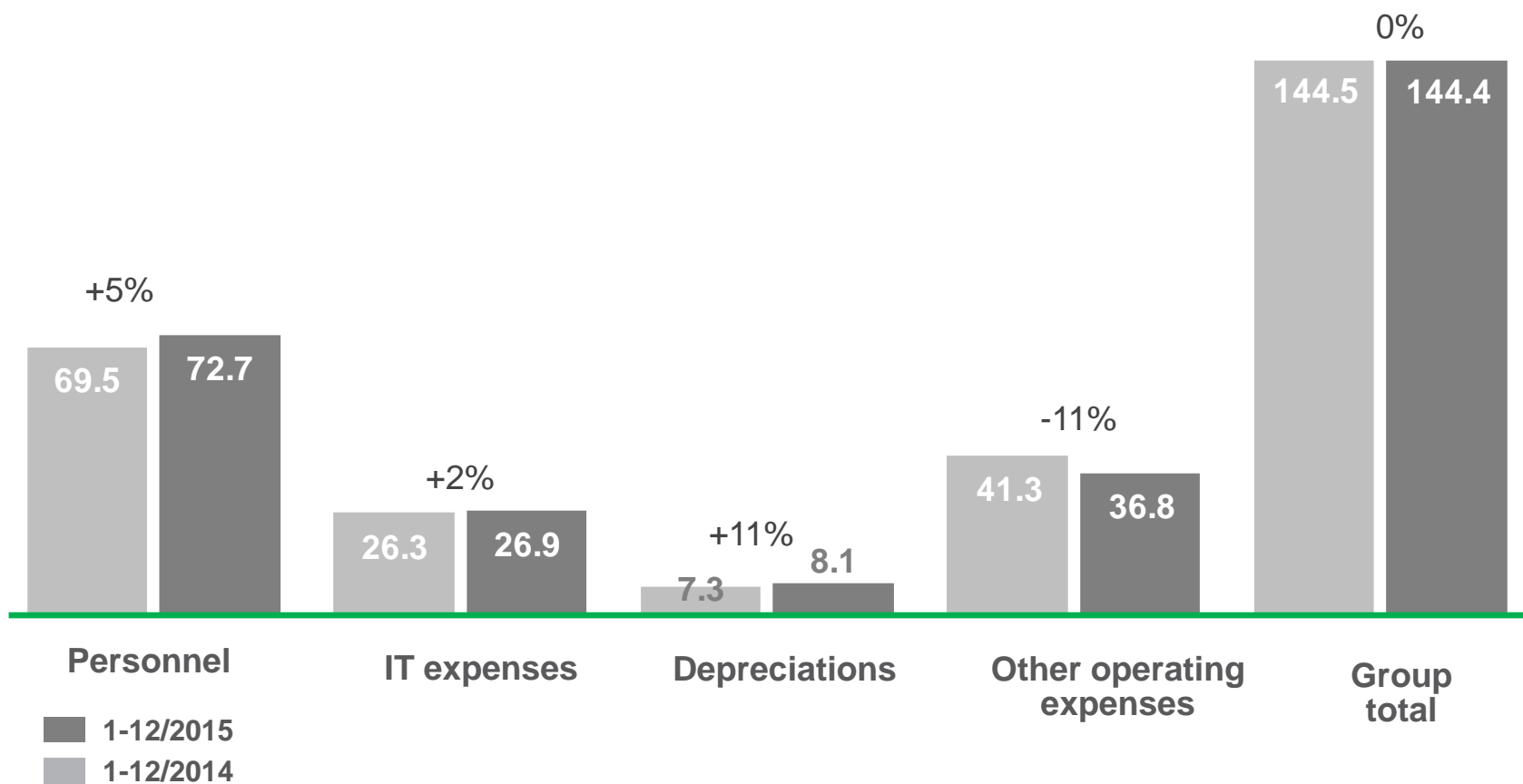


Asset Management & Life Insurance Assets under Management

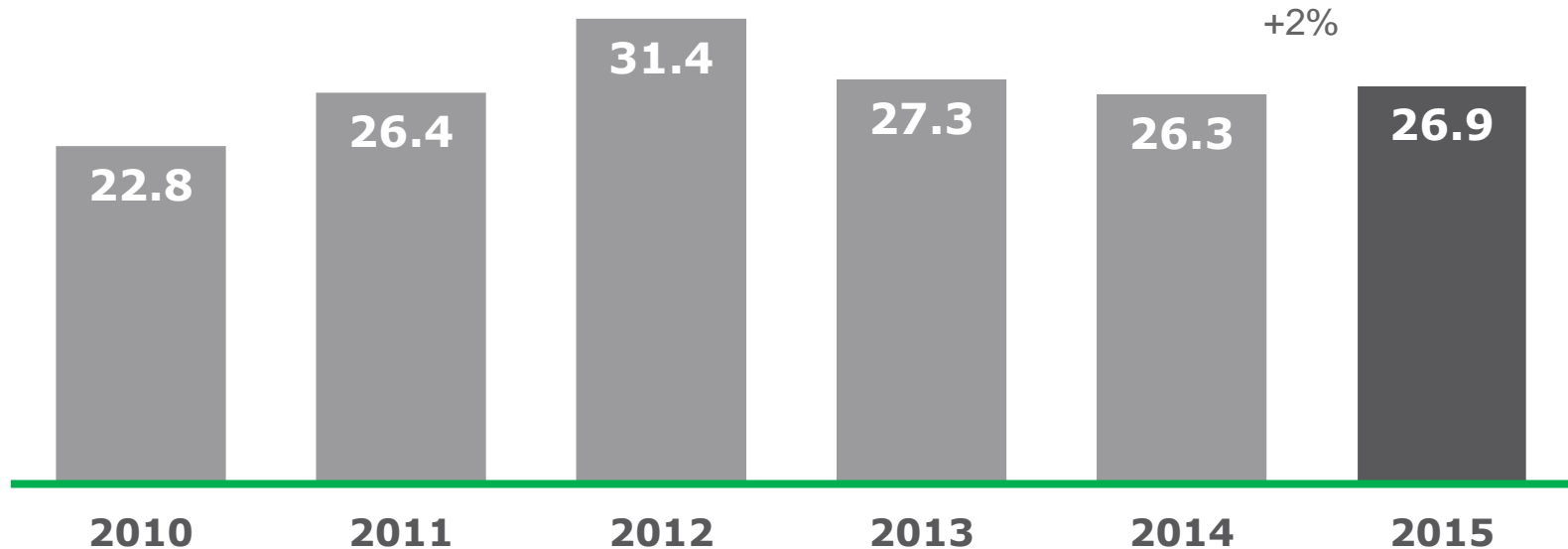
(EUR million)	31.12.2015	31.12.2014	Change %
Aktia Fund Management	3,764	3,450	9%
Aktia Asset Management	6,011	5,677	6%
Aktia Life Insurance	667	545	22%
Eliminations	-4,655	-4,147	-12%
Total	5,788	5,525	5%

Expenses unchanged

(EUR million)



IT expenses (EUR million)

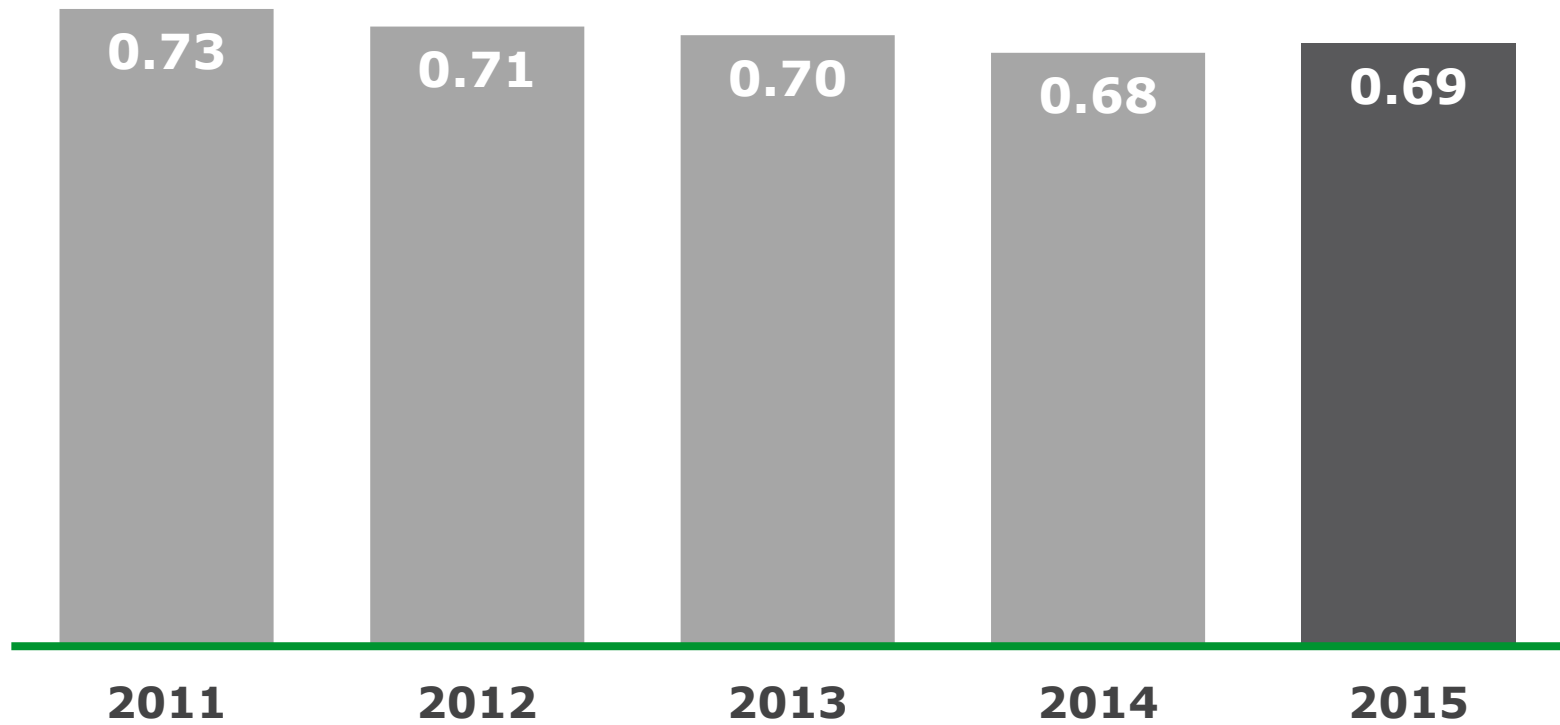


- In 2012 a larger one-off cost/provision for change of IT provider
- Provision 31 December 2015; EUR 2.3 million (during Q4 2016 increase of EUR +0.6million)

Core banking project:

- Cumulative investment as per 31 December 2015; EUR 40.7 million
- Impact on result through depreciations from implementation 2017 →

Aktia Group Cost-Income ratio



Action Plan 2015

Renewal of core banking system

Termination of services as central credit institution 2015

Renewal of card operations

Implementation of One Net

Permission to apply IRBA

Measures to enhance effectiveness, branches & personnel

Simplification of Group structure

Aktia Bank was granted mortgage bank concession

Aktia REMB to merge with Aktia Bank

What's left?

- ***Core Banking Project completed***
- ***Improved processes***

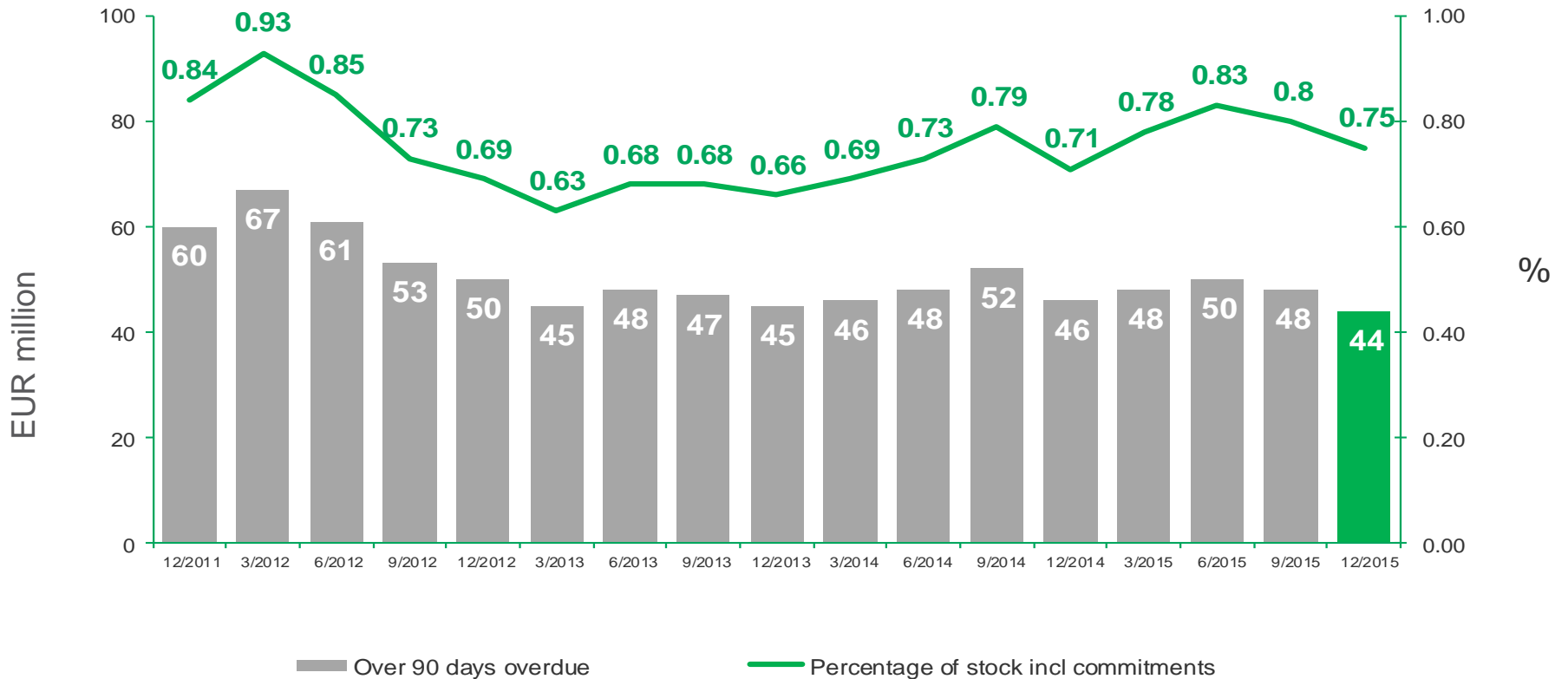
Growth 2018

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

Write-downs on credits and other commitments

- Total write-downs on credits and other commitments stood at EUR -0.3 (-1.7) million.
- Of these write-downs, EUR -0.8 (-1.9) million could be attributed to households and EUR 0.4 (0.2) to companies.

Non-performing loans more than 90 days overdue

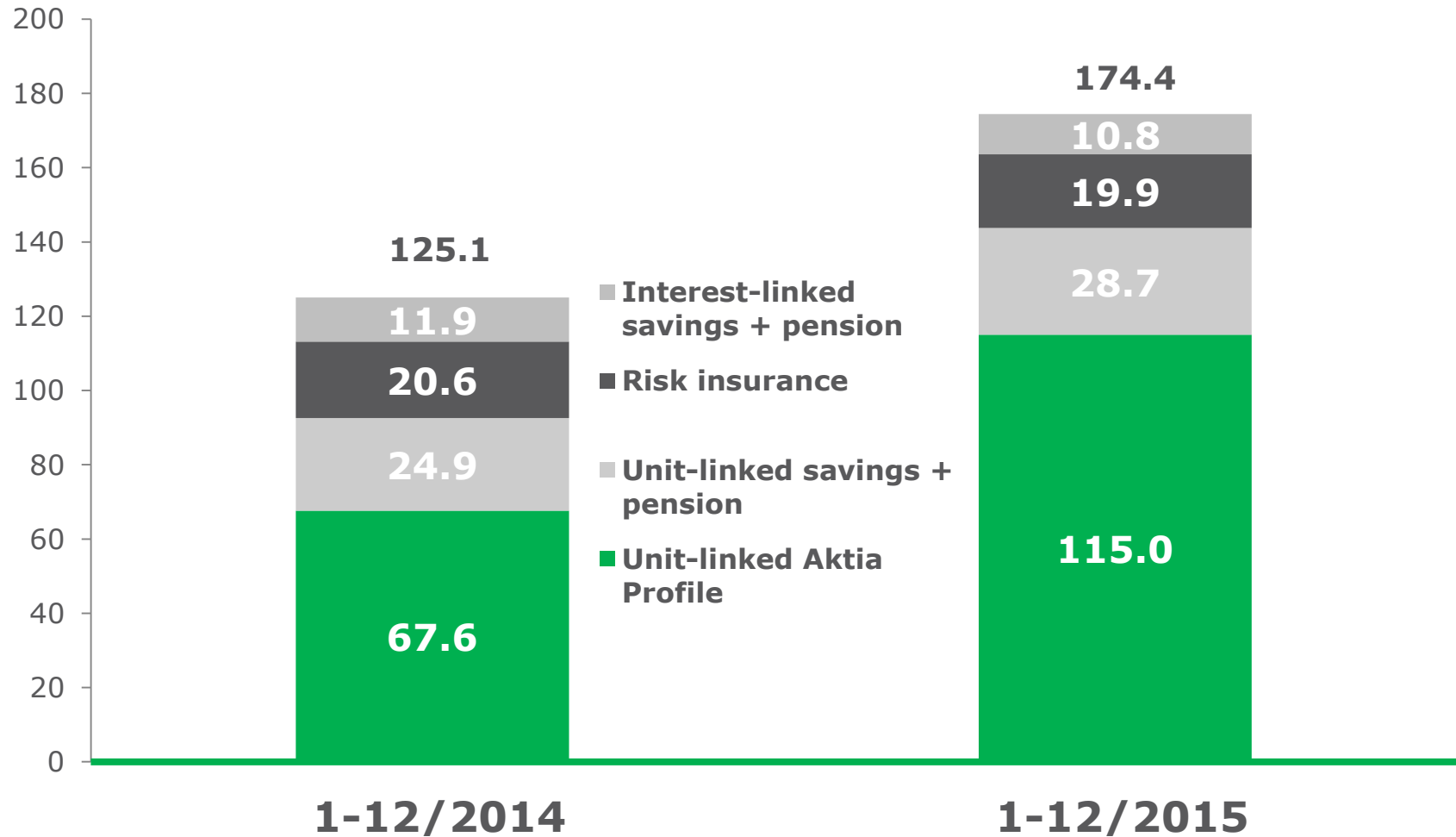


Non-performing loans by days overdue

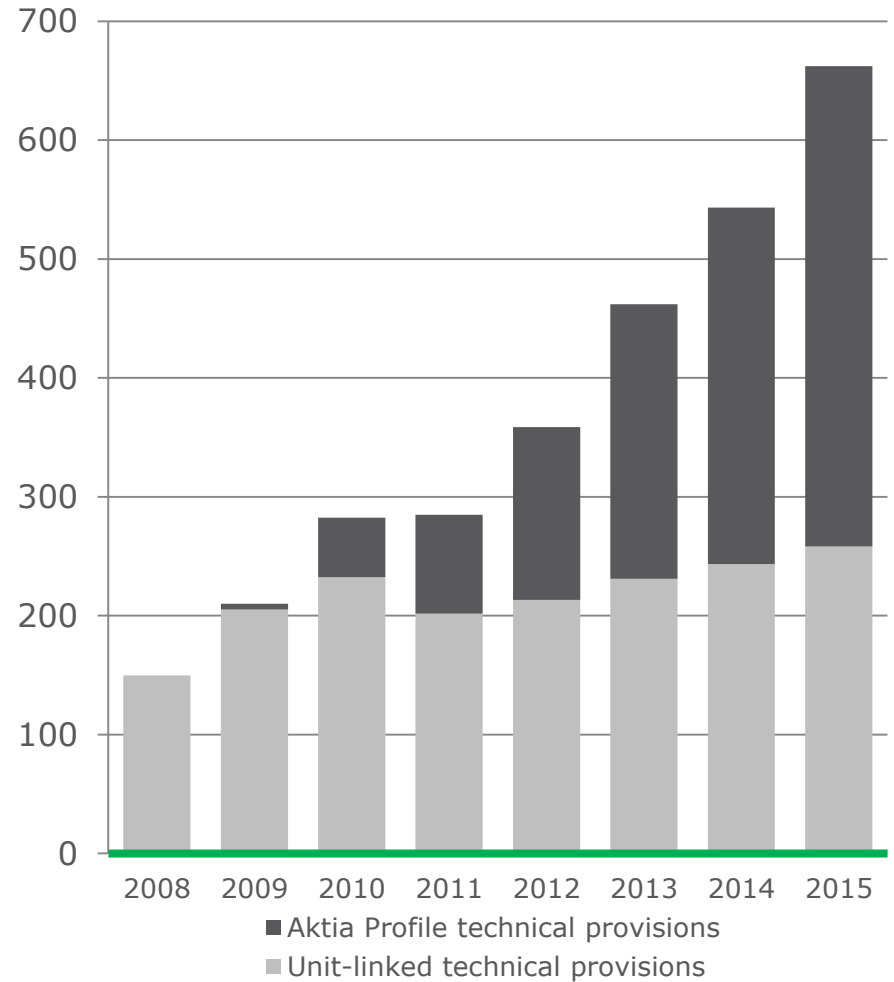
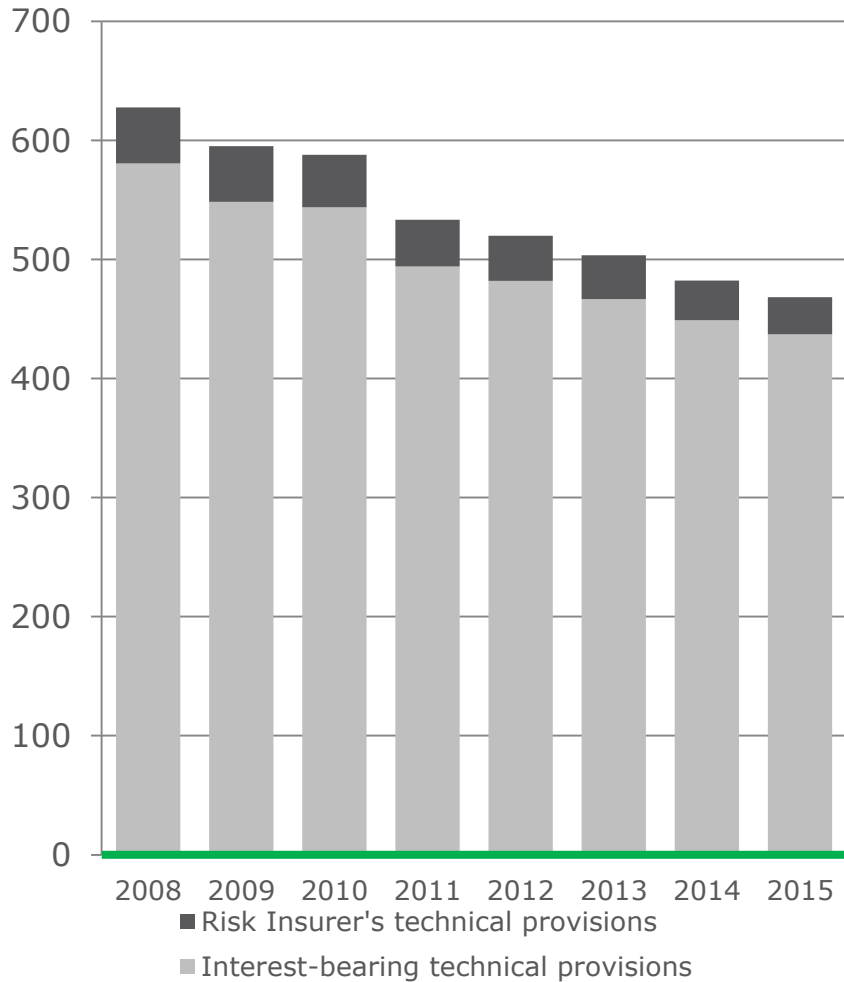
Days	31.12.2015	% of loan book	31.12.2014	% of loan book
3-30	76	1.29	101	1.57
of which households	71	1.20	94	1.46
31-89	28	0.48	41	0.63
of which households	26	0.44	34	0.53
90-	44	0.75	46	0.71
of which households	37	0.63	36	0.56

Life Insurance, premiums written

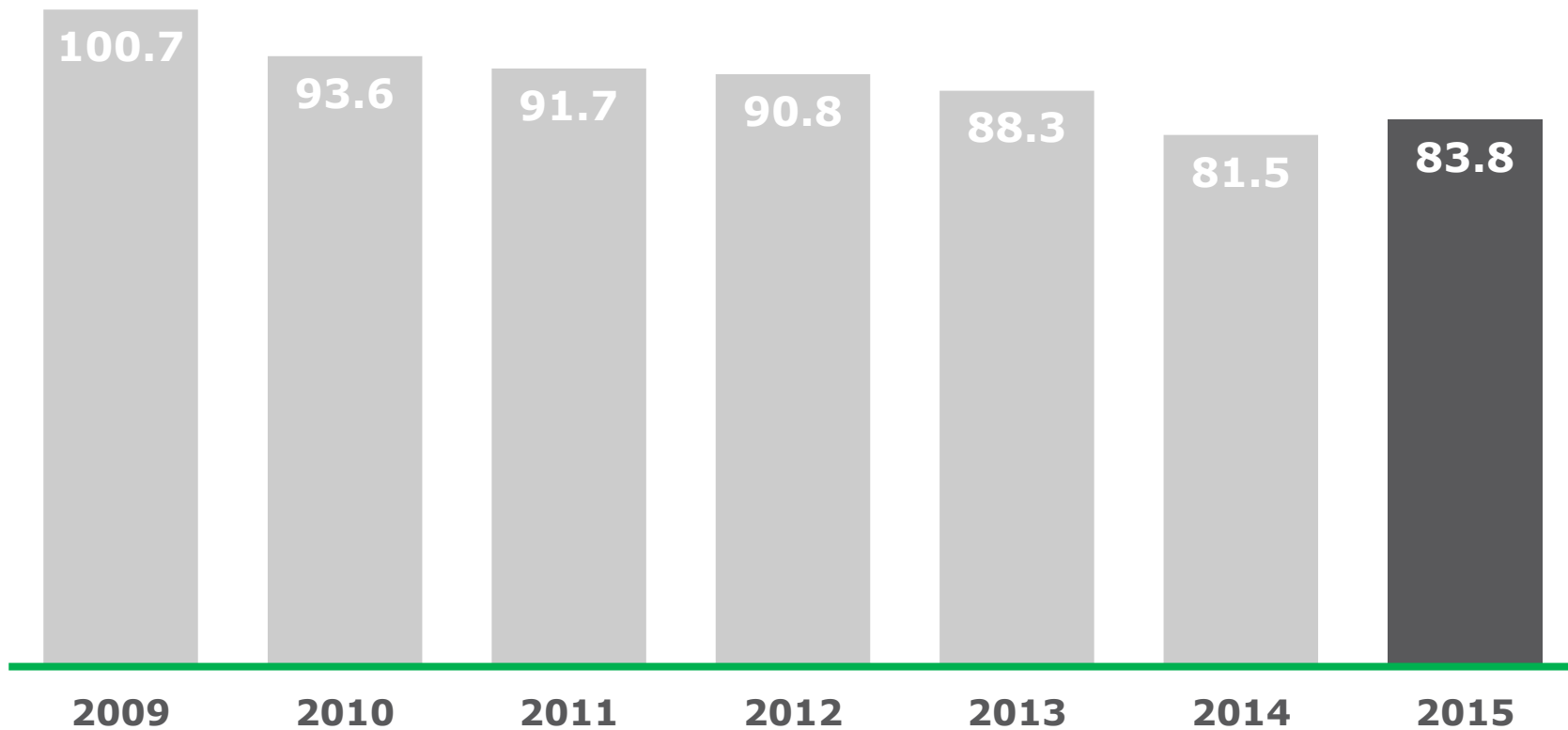
EUR million



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



Expense ratio for life insurance, %

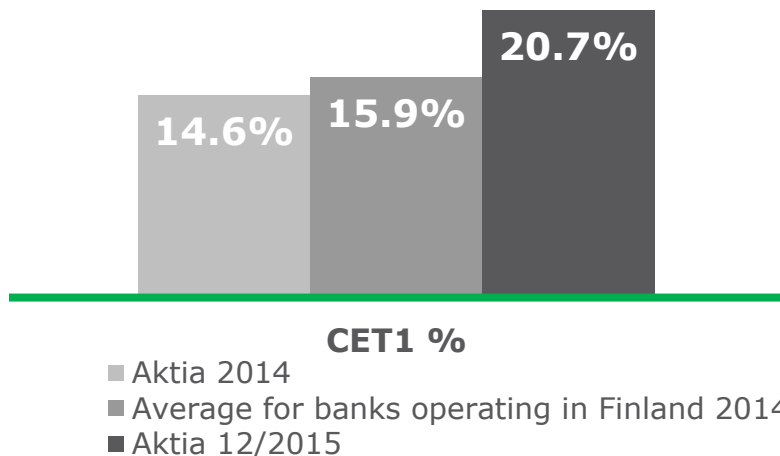


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Capital adequacy

- 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 with real-estate collateral is now 15% (35%).
- A total of 58% of the Bank Group's exposures are now calculated according to the IRB approach.
- The CET1% is temporarily -2%-units lower due to Aktia REMB solution

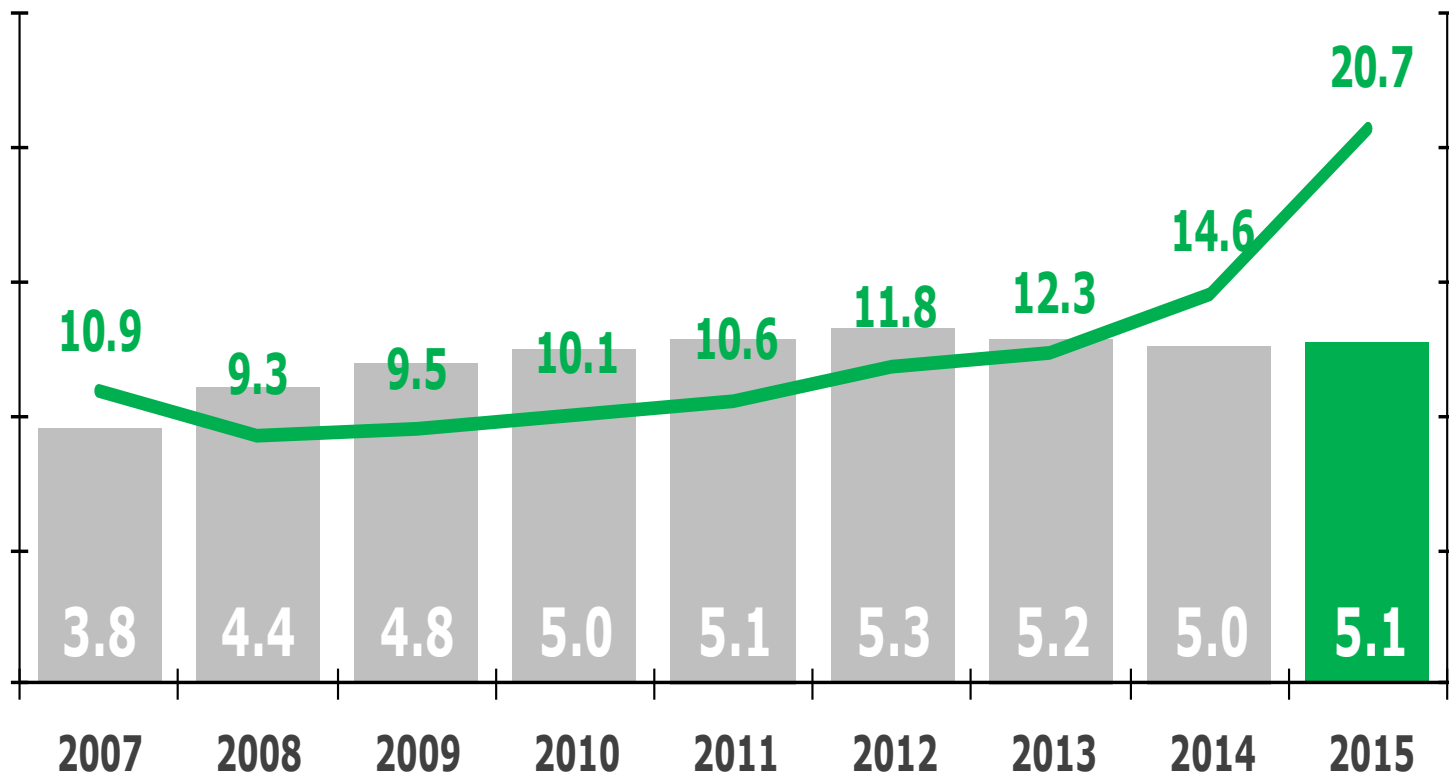


	31.12.15 IRBA	30.9.15 IRBA	31.12.14 STD
Common Equity Tier 1 %	20.7	20.5	14.6
Tier 1 capital ratio %	20.7	20.5	14.6
Capital Adequacy %	27.1	25.8	19.1

Loan book (1,000 million) vs. CET 1 (%)

Loan book

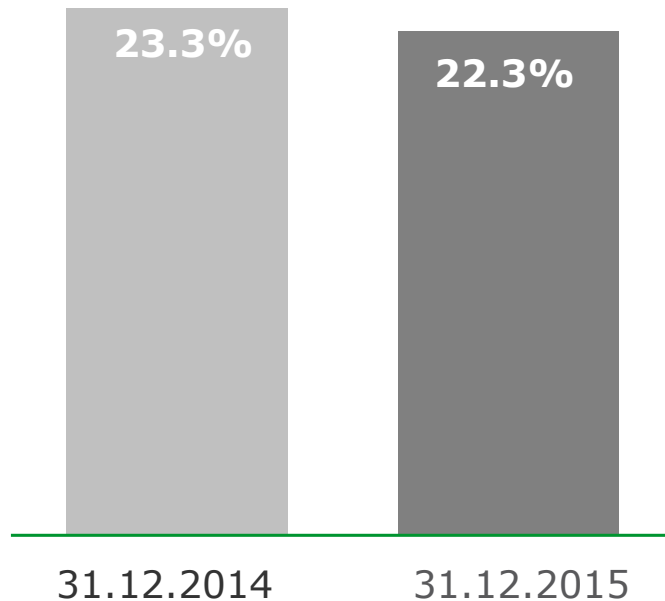
CET1, %



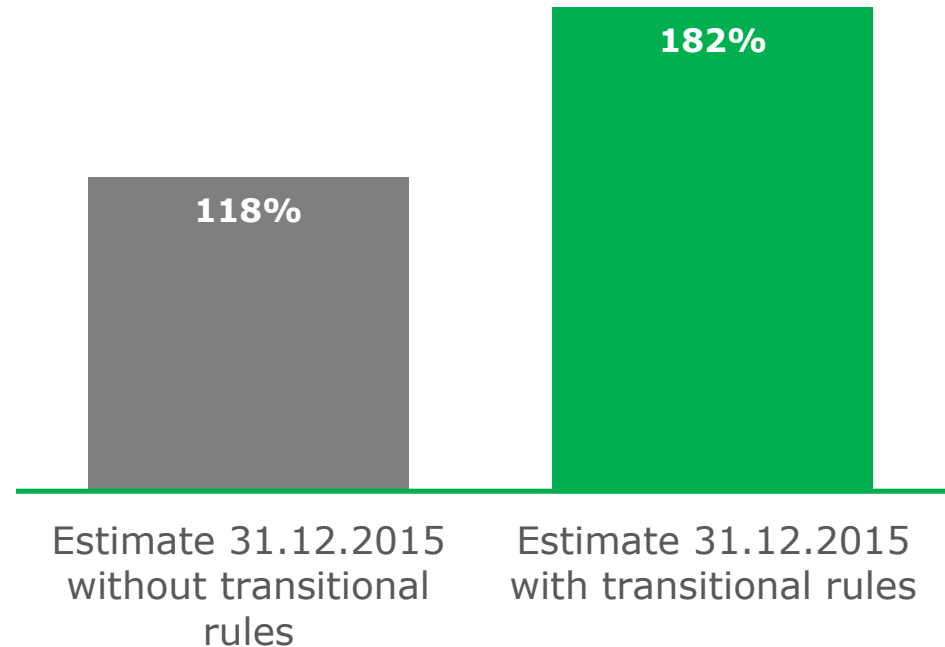
Basel II 2006-2012, Basel III 2013, CET1% 2014-

Life insurance Solvency ratio

Solvency I Solvency ratio



Solvency II Solvency capital/Solvency demand (SCR)



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Balance sheet 31 December 2015

The Group's balance sheet total amounted to EUR 9,882 (10,707) million.

Borrowing amounted to EUR 3,922 (3,979) million.

Lending to the public amounted to EUR 5,856 (6,416) million of which Aktia's lending to EUR 5,083 (5,043) million. Aktia's new lending to households increased by 24% to EUR 620 (500) million.

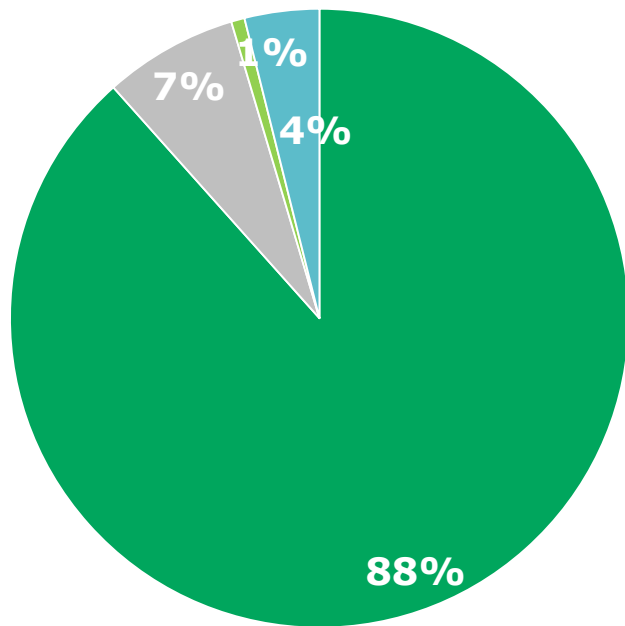
Loans to private households amounted to EUR 5,177 million or 88.4% of the loan book. **The housing loan book** amounted to EUR 4,736 (5,229) million.

Corporate lending amounted to EUR 414 (420) million, corresponding to 7.1% of the loan book.

Credit and deposit stocks 31 Dec 2015

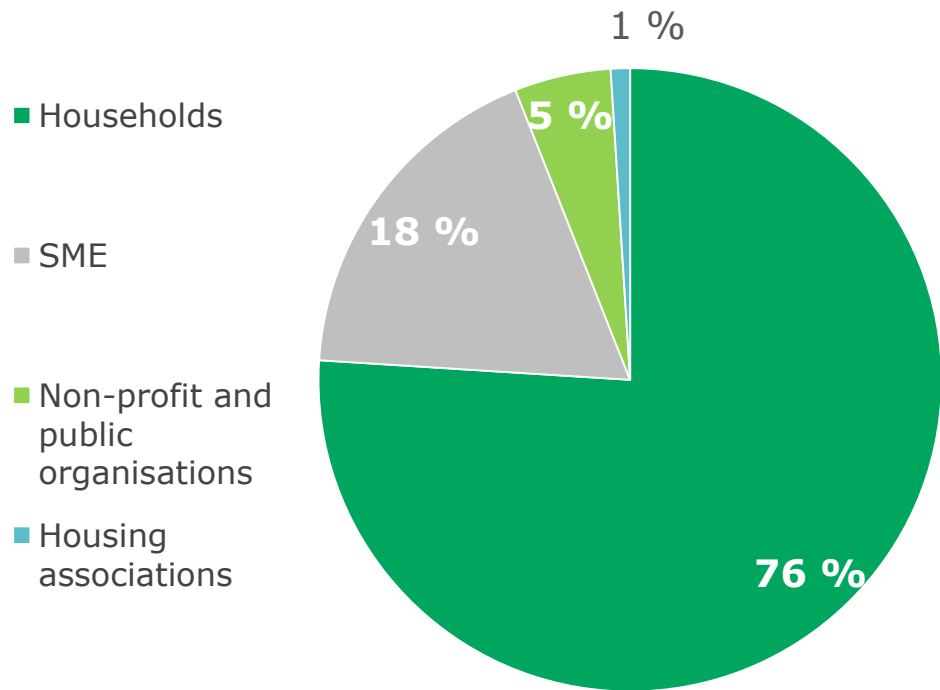
Credits

EUR 5,856 (6,416) million

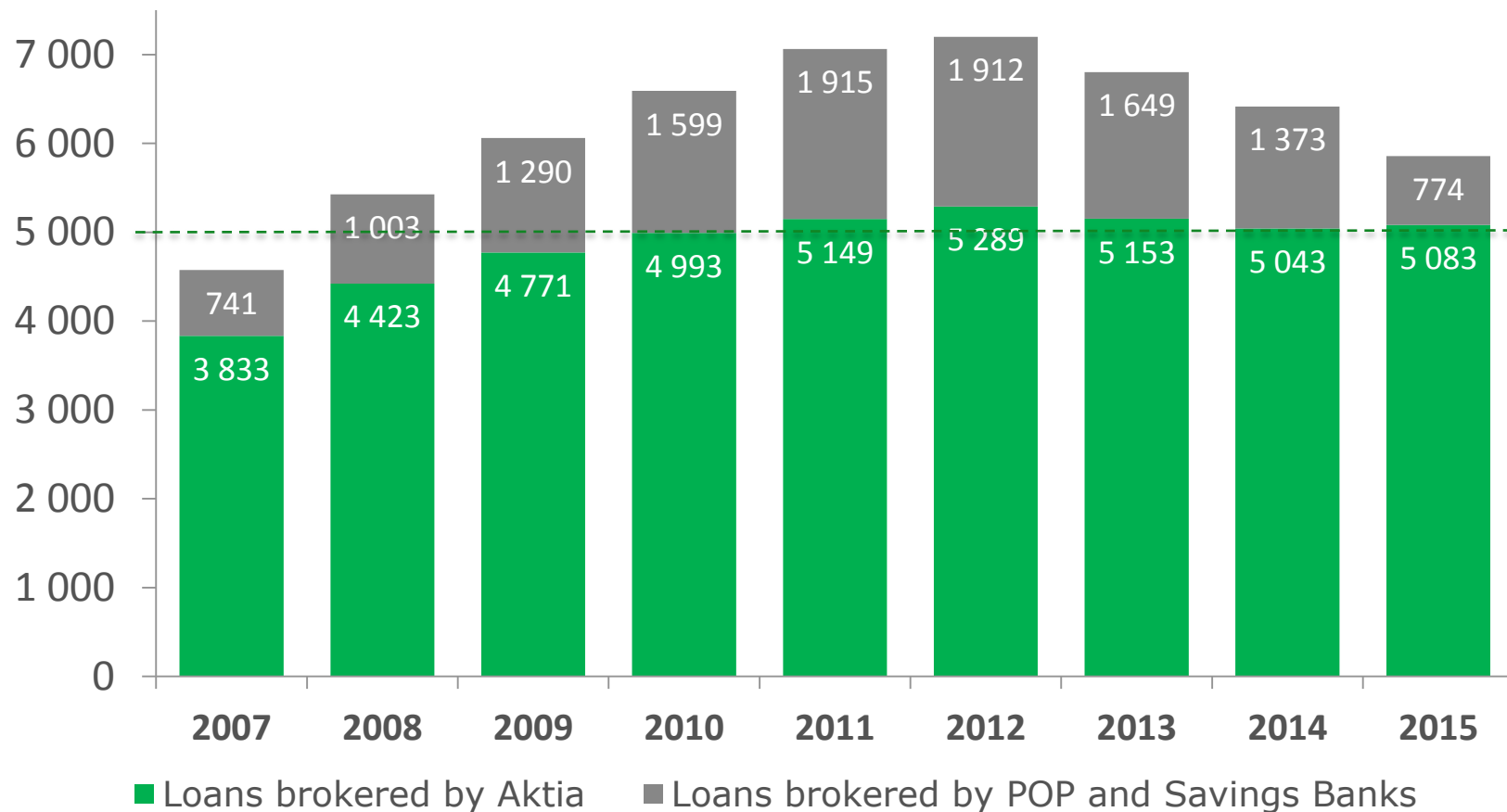


Deposits

EUR 3,922 (3,979) million

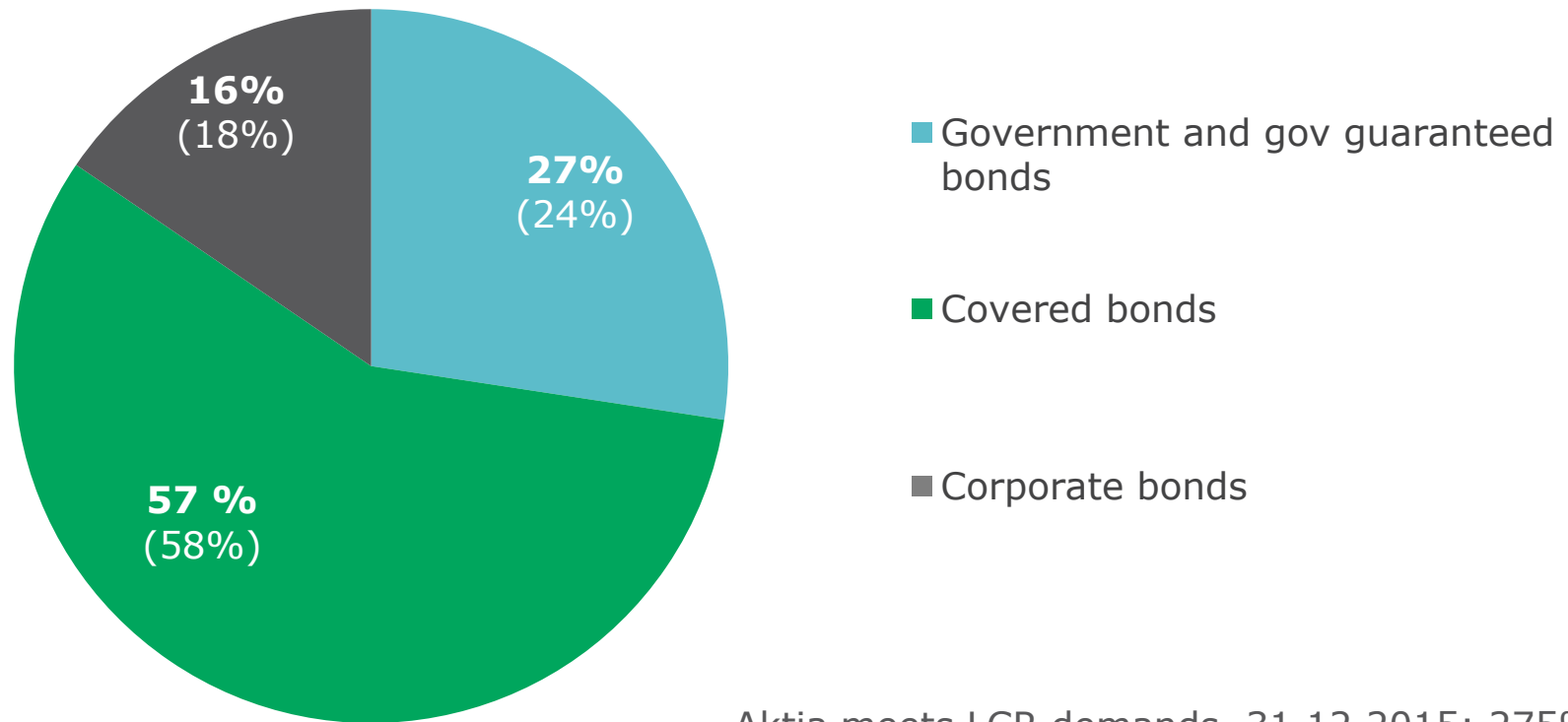


Loan book development 2007-2015



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

EUR 2,295 million
(31.12.2014; 2 512 million)



31.12.2015

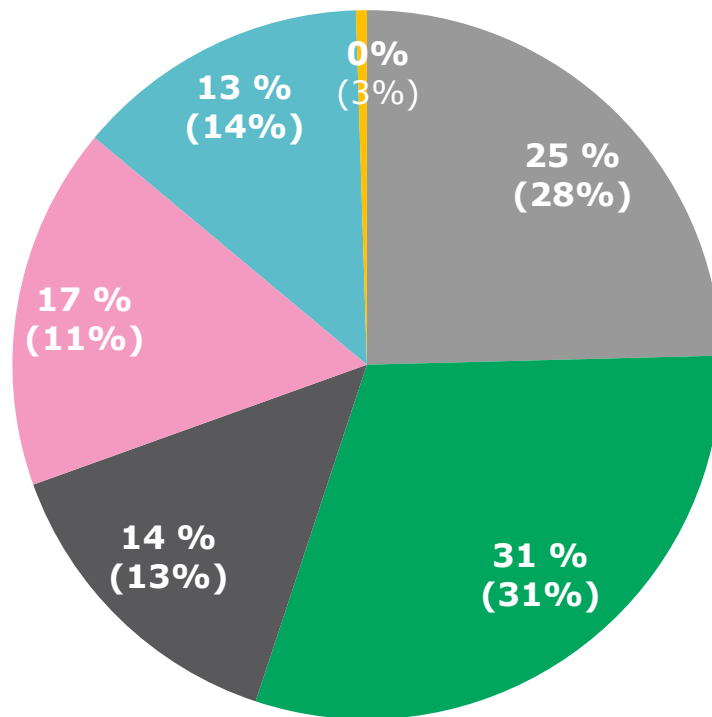
Aktia meets LCR demands, 31.12.2015; 275%

Life Insurance Company's investment portfolio

EUR 609 million
(31.12.2014; EUR 630 million)

Return on investments 1.6 (8.0)%

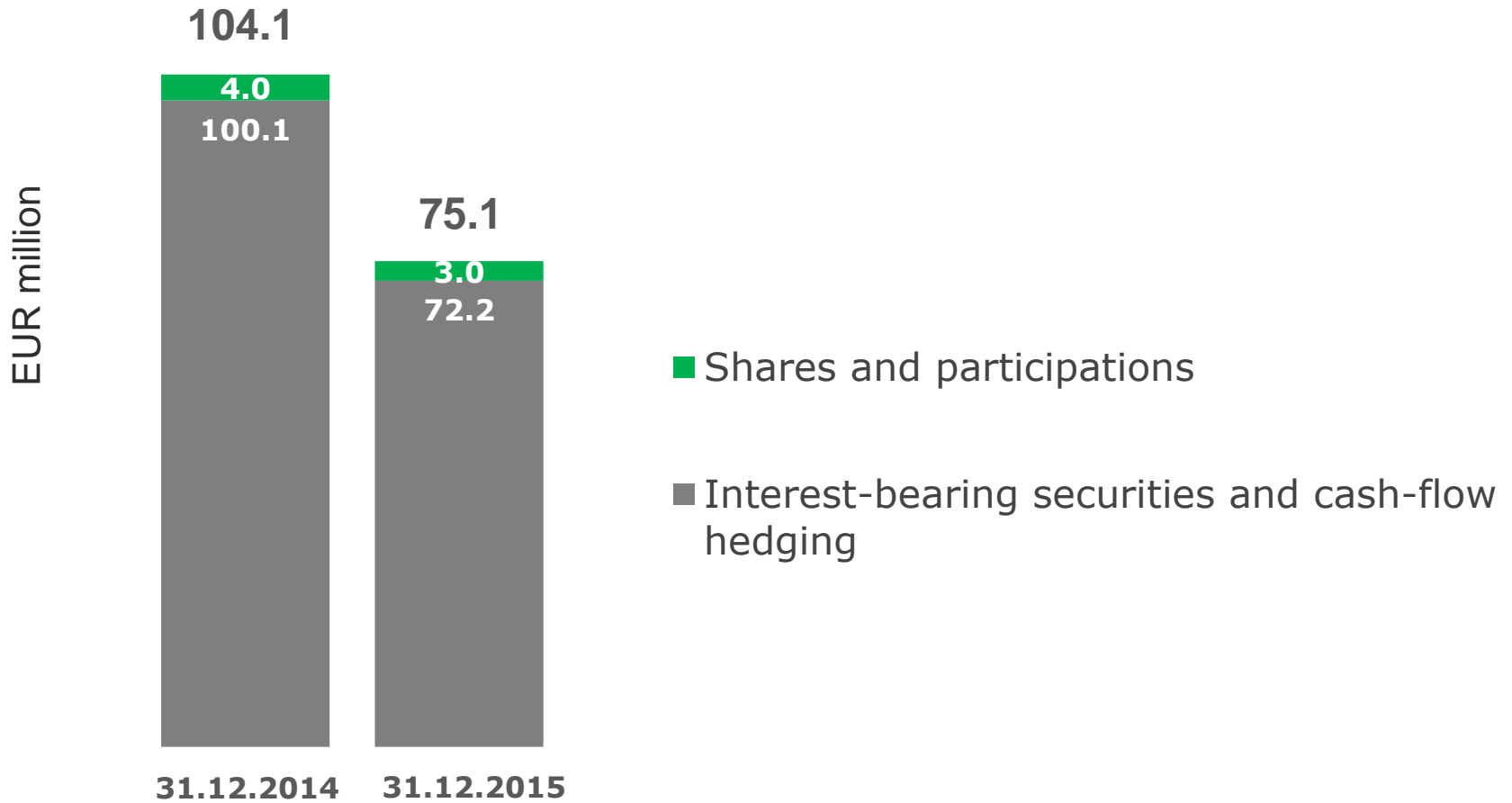
Duration 4.6 (5.3) years



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

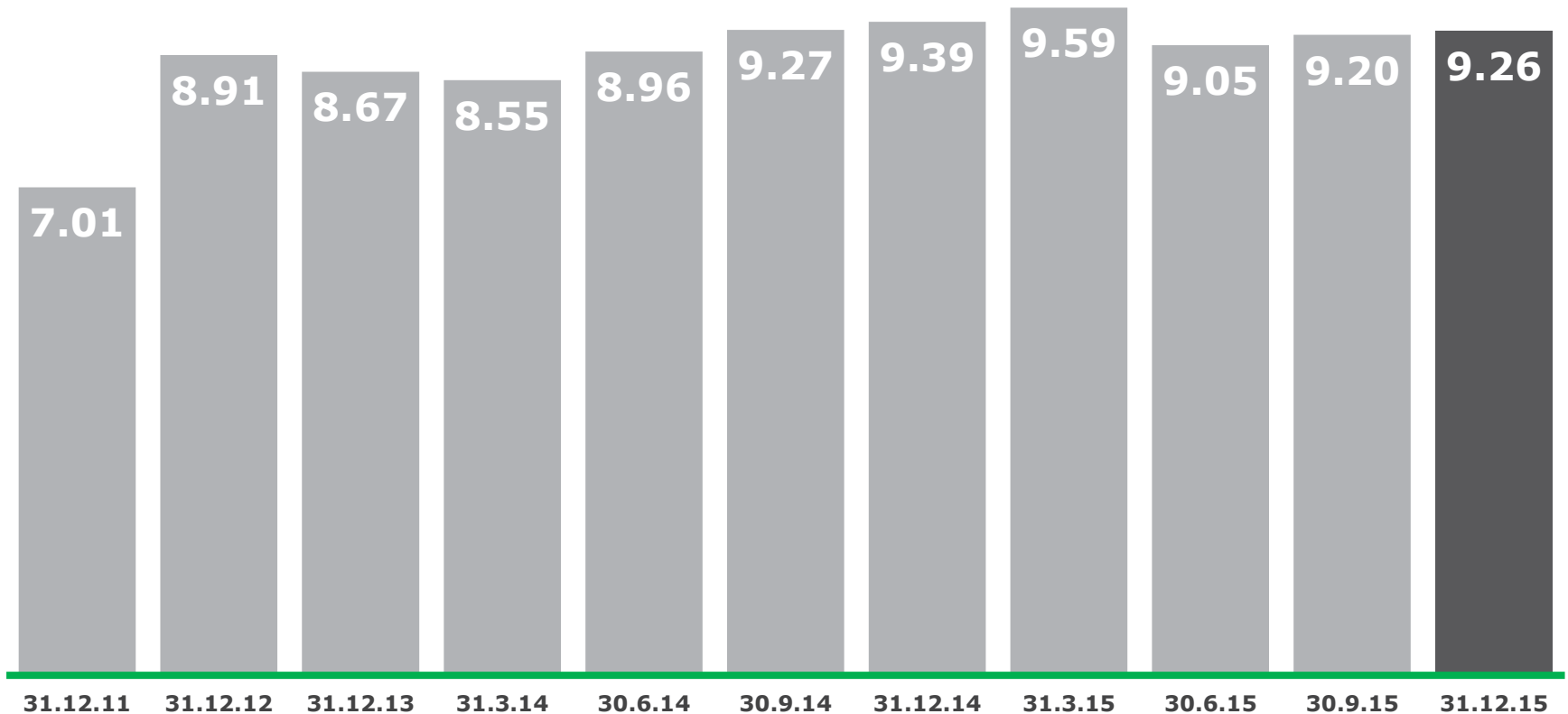
31.12.2015

Fund at fair value



Equity per share (NAV)

EUR/share



Share capital and ownership

31 January 2016

The 20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes, %
Stiftelsen Tre Smeder	1,291,925	4,606,804	5,898,729	8.86	21.04
Veritas Pension Insurance Company Ltd.	3,627,469	2,154,397	5,781,866	8.68	10.52
Svenska litteratursällskapet i Finland r.f.	4,864,205	789,229	5,653,434	8.49	4.65
Sampo Plc	4,046,857		4,046,857	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
Aktia foundation in Porvoo	1,312,297	656,348	1,968,645	2.96	3.25
Life Annuity Institution Hereditas	-	1,646,106	1,646,106	2.47	7.41
Aktia foundation in Vaasa	978,525	547,262	1,525,787	2.29	2.68
Nordea	1,461,426	-	1,461,426	2.20	0.33
Aktia foundation Espoo-Kauniainen	-	1,338,708	1,338,708	2.01	6.03
Savings Bank foundation in Kirkkonummi	844,206	458,350	1,302,556	1.96	2.25
Aktia foundation in Vantaa	28,541	1,222,000	1,250,541	1.88	5.51
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
Savings Bank foundation in Inkoo	412,669	349,349	762,018	1.14	1.67
Savings Bank foundation in Sipoo	464,254	234,201	698,455	1.05	1.16
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
The 20 largest shareholders	26,948,135	16,285,529	43,233,664	64.93	79.40
Other	19,758,588	3,586,559	23,345,147	35.07	20.60
Total	46,706,723	19,872,088	66,578,811	100.0	100.0

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Outlook for 2016 (NEW)

The continued low interest rates have a negative impact on Aktia's net interest income, and the increasing uncertainty on the capital markets makes it challenging to reach the same level of growth in commission income as in 2015.

During 2016 Aktia expects to receive a larger one-off income from the sale of Visa Europe. Write-downs on credits are expected to remain low in 2016.

OUTLOOK (NEW): Aktias operating profit for 2016 is expected to reach an approximately similar level as in 2015.

Operative plans during 2016

- **Finalise the core banking project**
- **New mobile solutions launched**
- **Expansion of Premium concept for private customers**
- **Investments into digital advisory and sales**

Financial objectives 2018

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

	1-12/2015	1-12/2014	Change %	Objectives for 2018
C/I ratio	0.69	0.68	+1%	-10%
ROE %	7.9	8.3	-5%	≥9 % p.a.
CET1 %	20.7	14.6	+6 % units	≥ 15%

Aktia's objective is to double the annual number of new customers before the end of 2018. The number of new private and corporate customers was 1,300 in 2015. In 2016, the objective is an increase of 3,000 new private and corporate customers.

Balance sheet, assets

(EUR million)	31.12.2015	31.12.2014	Δ
Assets			
Cash and balances with central banks	268.4	395.9	-32 %
Interest-bearing securities	2,103.2	2,290.0	-8 %
Shares and participations	94.4	85.4	11 %
Financial assets available for sale	2,197.6	2,375.4	-7 %
Financial assets held until maturity	481.7	488.5	-1 %
Derivative instruments	172.5	231.3	-25 %
Lending to Bank of Finland and other credit institutions	43.9	45.8	-4 %
Lending to the public and public sector entities	5,856.3	6,416.0	-9 %
Loans and other receivables	5,900.2	6,461.8	-9 %
Investments for unit-linked insurances	667.7	545.3	22 %
Investments in associated companies	0.0	23.6	-100 %
Intangible assets	50.8	36.3	40 %
Investment properties	53.7	57.1	-6 %
Other tangible assets	8.7	8.2	5 %
Accrued income and advance payments	51.6	57.2	-10 %
Other assets	18.2	8.6	110 %
Total other assets	69.8	65.9	6 %
Income tax receivables	0.8	3.4	-77 %
Deferred tax receivables	9.7	13.0	-25 %
Tax receivables	10.5	16.4	-36 %
Assets classified as held for sale	-	1.1	-
Total assets	9,881.5	10,706.7	-8 %

Balance sheet, liabilities

(EUR million)	31.12.2015	31.12.2014	Δ
Liabilities			
Liabilities to Bank of Finland and credit institutions	474.8	776.6	-39 %
Liabilities to the public and public sector entities	3,922.0	3,979.2	-1 %
Deposits	4,396.8	4,755.7	-8 %
Derivative instruments	86.2	113.2	-24 %
Debt securities issued	3,033.4	3,534.5	-14 %
Subordinated liabilities	235.0	222.5	6 %
Other liabilities to credit institutions	84.8	99.8	-15 %
Liabilities to the public and public sector entities	74.0	73.9	0 %
Other financial liabilities	3,427.2	3,930.7	-13 %
Technical provisions for risk insurances and interest-related insurance	468.3	482.3	-3 %
Technical provisions for unit-linked insurances	662.2	543.1	22 %
Technical provisions	1,130.5	1,025.4	10 %
Accrued expenses and income received in advance	62.7	78.1	-20 %
Other liabilities	101.9	47.2	116 %
Total other liabilities	164.6	125.3	31 %
Provisions	2.3	3.5	-34 %
Income tax liabilities	0.9	2.6	-63 %
Deferred tax liabilities	57.7	59.2	-3 %
Tax liabilities	58.7	61.8	-5 %
Liabilities for assets classified as held for sale	-	0.1	-
Total liabilities	9,266.3	10,015.8	-7 %
Equity			
Restricted equity	238.1	267.4	-11 %
Unrestricted equity	377.1	356.5	6 %
Shareholders' share of equity	615.2	623.9	-1 %
Non-controlling interest's share of equity	-	66.9	-
Equity	615.2	690.9	-11 %
Total liabilities and equity	9,881.5	10,706.7	-8 %

Calendar 2016

Annual General Meeting	12.4.2016
Interim report 1-3/2016	10.5.2016
Interim report 1-6/2016	10.8.2016
Interim report 1-9/2016	17.11.2016

Contacts and additional information



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Interim reports and presentations

<http://www.aktia.com/en/julkaisut>

Debt investor information:

<http://www.aktia.com/en/velkasijoittajat>

Aktia

We see a person in every customer.