



Interim Report January – September 2012

Strong result

Aktia

Distinct improvement Jan – Sep 2012

Aktia

Operating profit from continuing operations amounted to EUR 45.6 (38.2) million.

Profit for the period amounted to EUR 43.7 (28.6) million.

Earnings per share (EPS) was EUR 0.65 (0.42).

The sale of Aktia Non-Life Insurance Company Ltd generated a non-recurrent revenue of EUR 10.9 million.

Write-downs on credits and other commitments decreased to EUR 4.6 (6.3) million.

Changed outlook (15.10.2012); Operating profit from continuing operations for 2012 will exceed the level in 2011.

A strong third quarter 2012

Aktia

Operating profit from continuing operations amounted to EUR 13.4 (6.8) million.

Aktia Asset Management praised by SFR

Profit for the period amounted to EUR 9.9 (5.5) million.

Earnings per share (EPS) was EUR 0.15 (0.09).

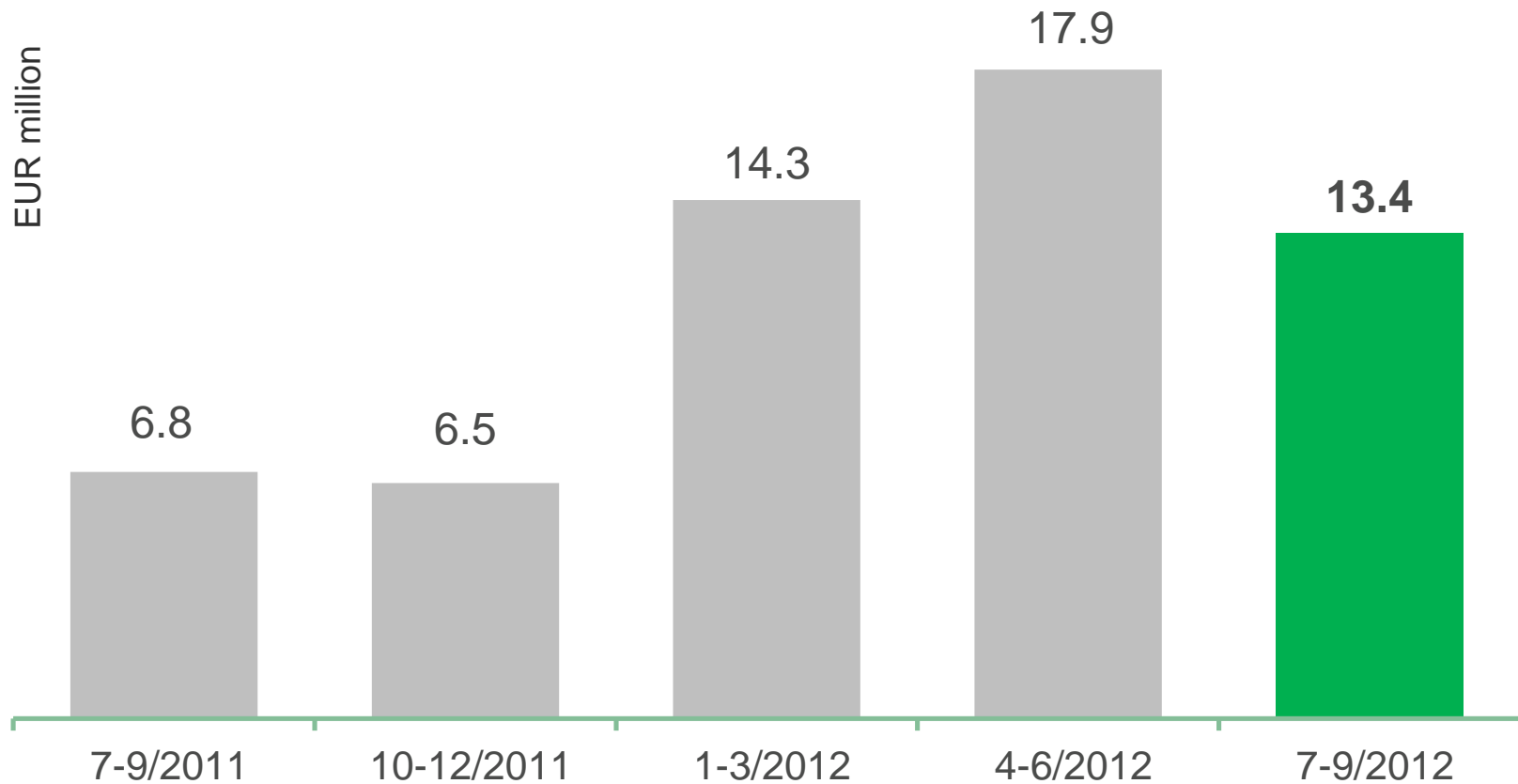
Higher provisions for group write-downs increased write-downs on credits and other commitments to EUR 1.8 (1.1) million.

Holdings in Luottokunta appreciated by EUR 6.6 million, increasing the fund at fair value by EUR 5.0 million.

Holdings in Samlink written down to EUR 0.0 (1.8) million.

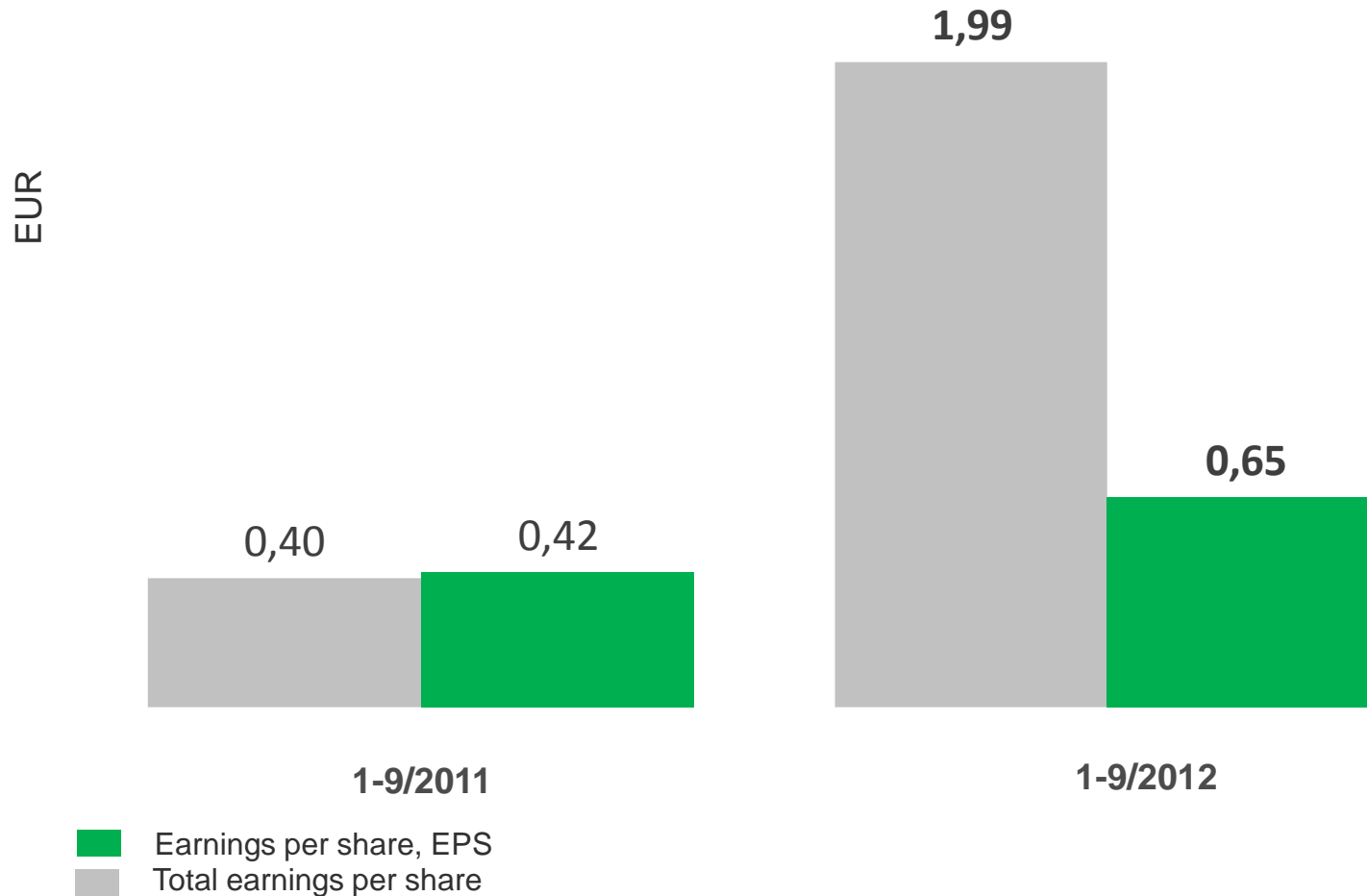
1	Financial performance
2	Capital adequacy
3	Balance sheet and owners
4	Outlook and targets

Improved operating profit for the quarter Aktia Continuing operations

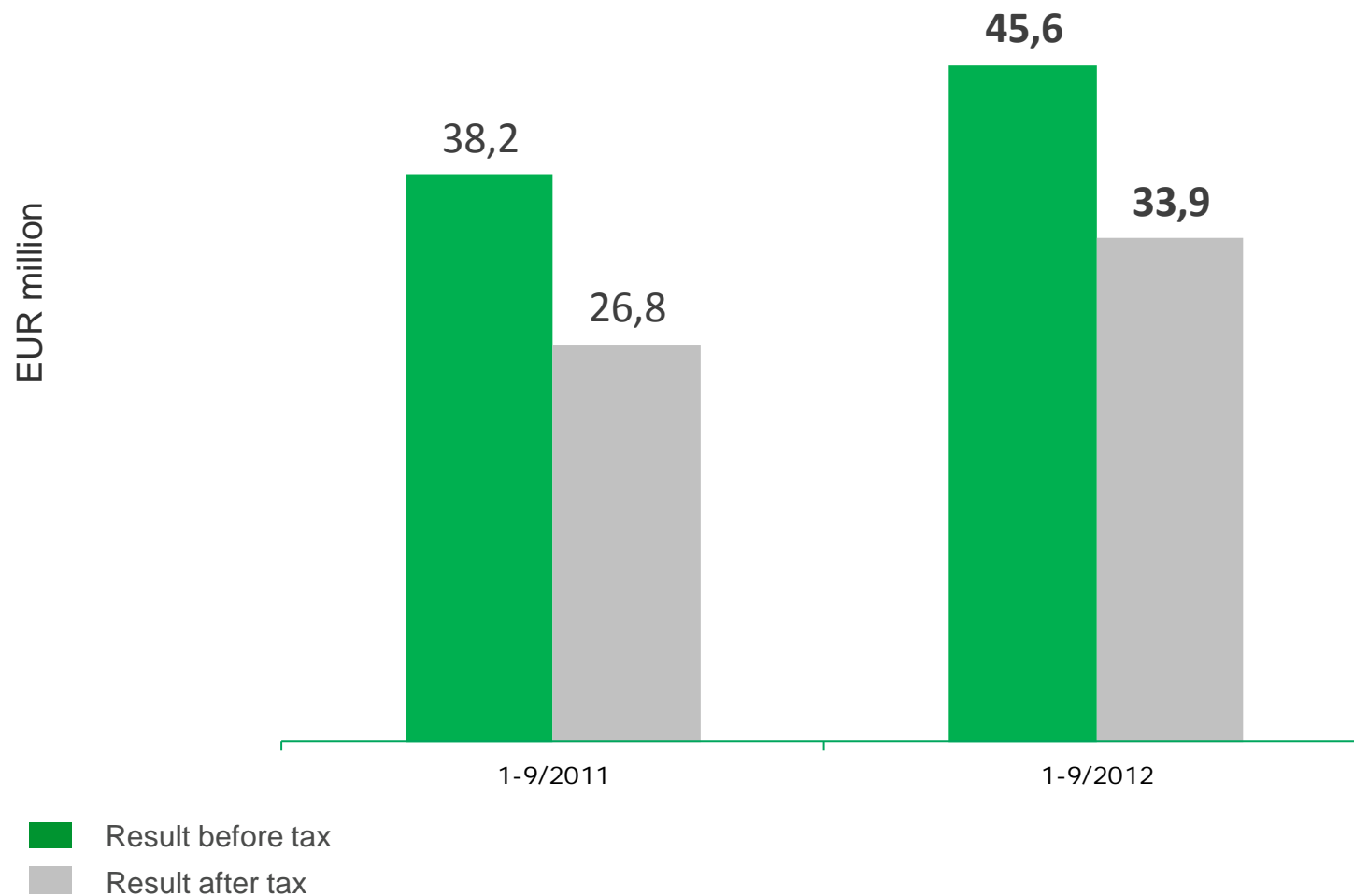


Higher earnings per share 1-9/2012

Aktia

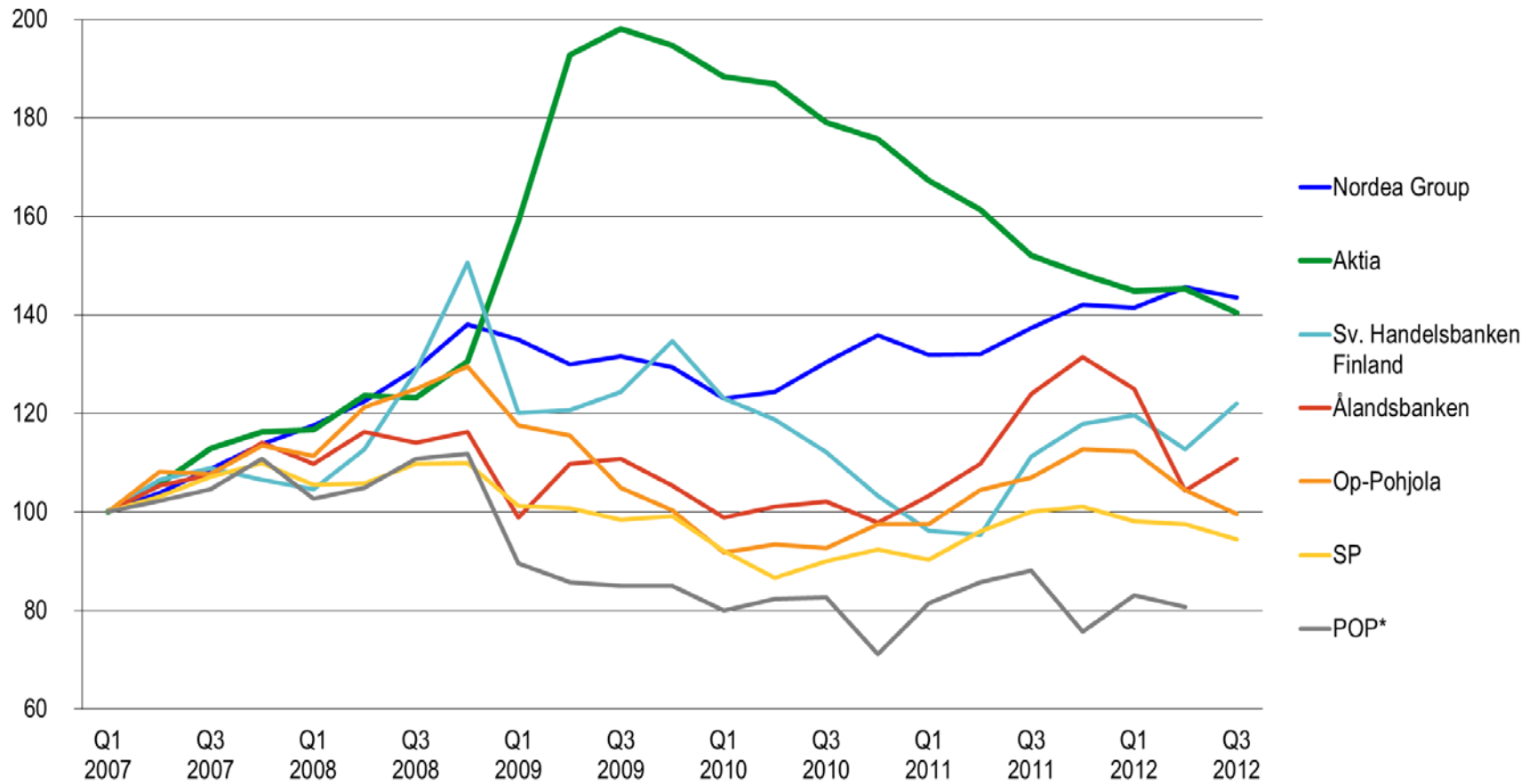


Result before and after tax Continuing operations



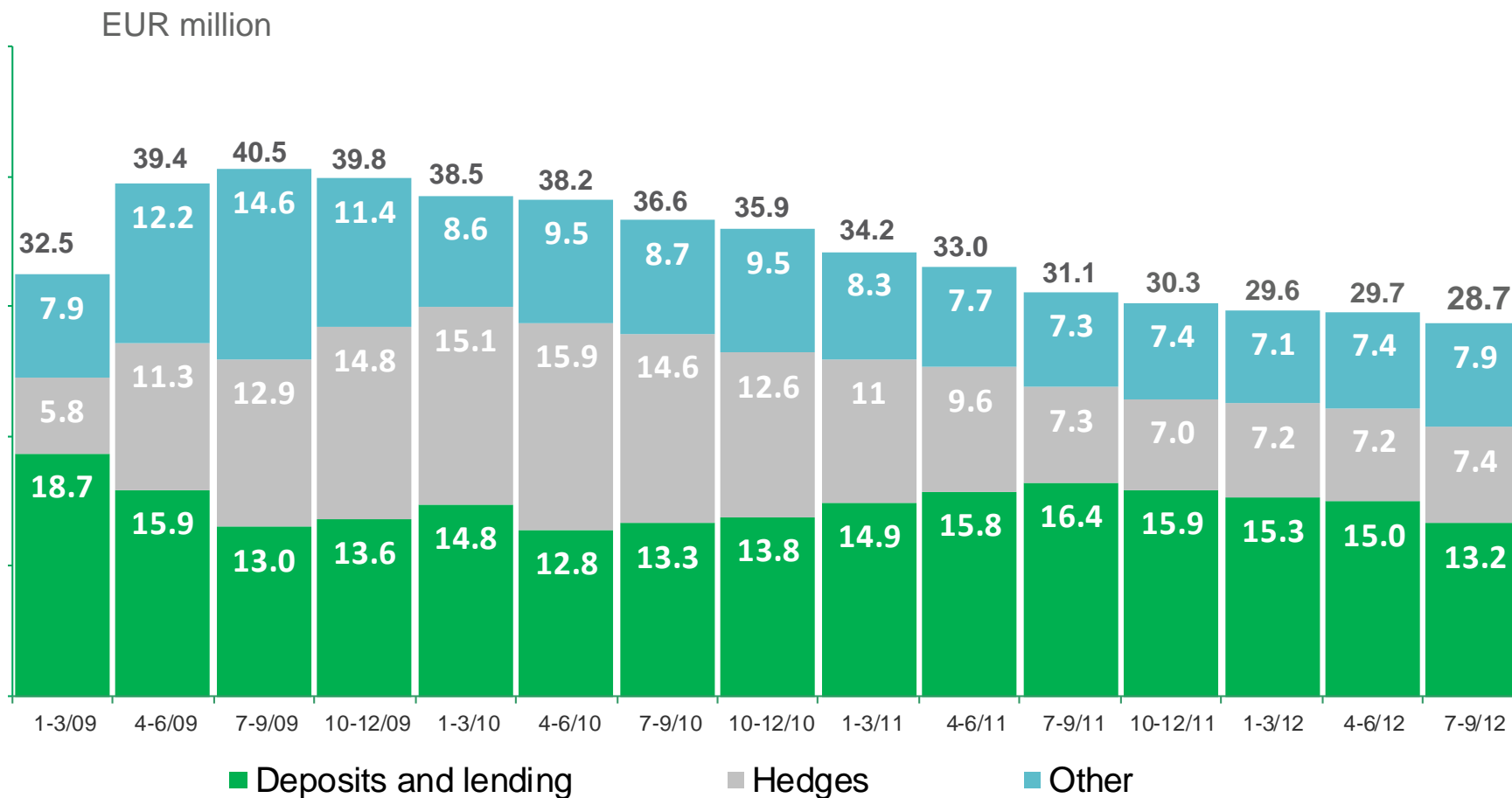
Net interest income (1/2007 = 100)

Banks in Finland

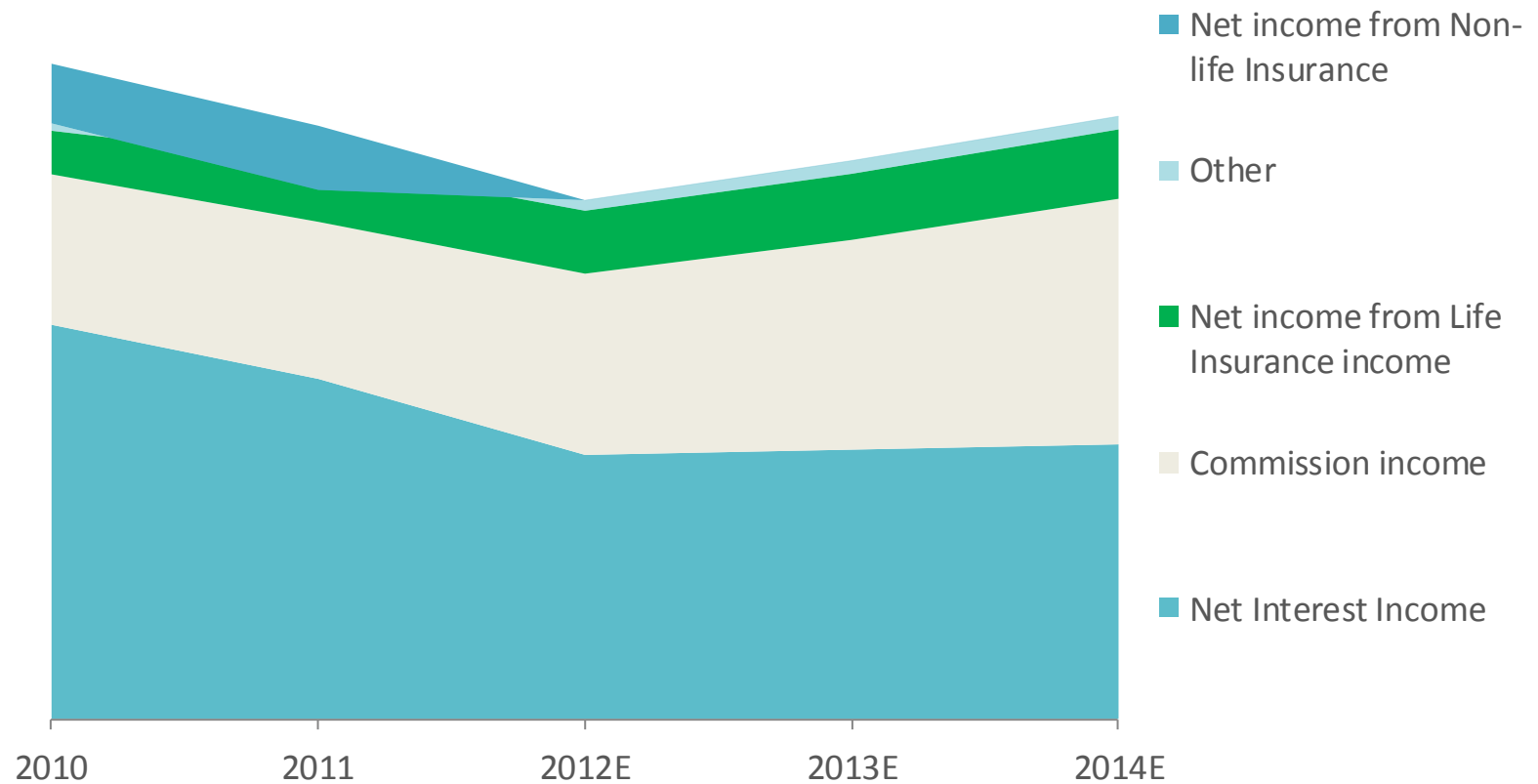


*Q3/2012 not published

Net Interest Income

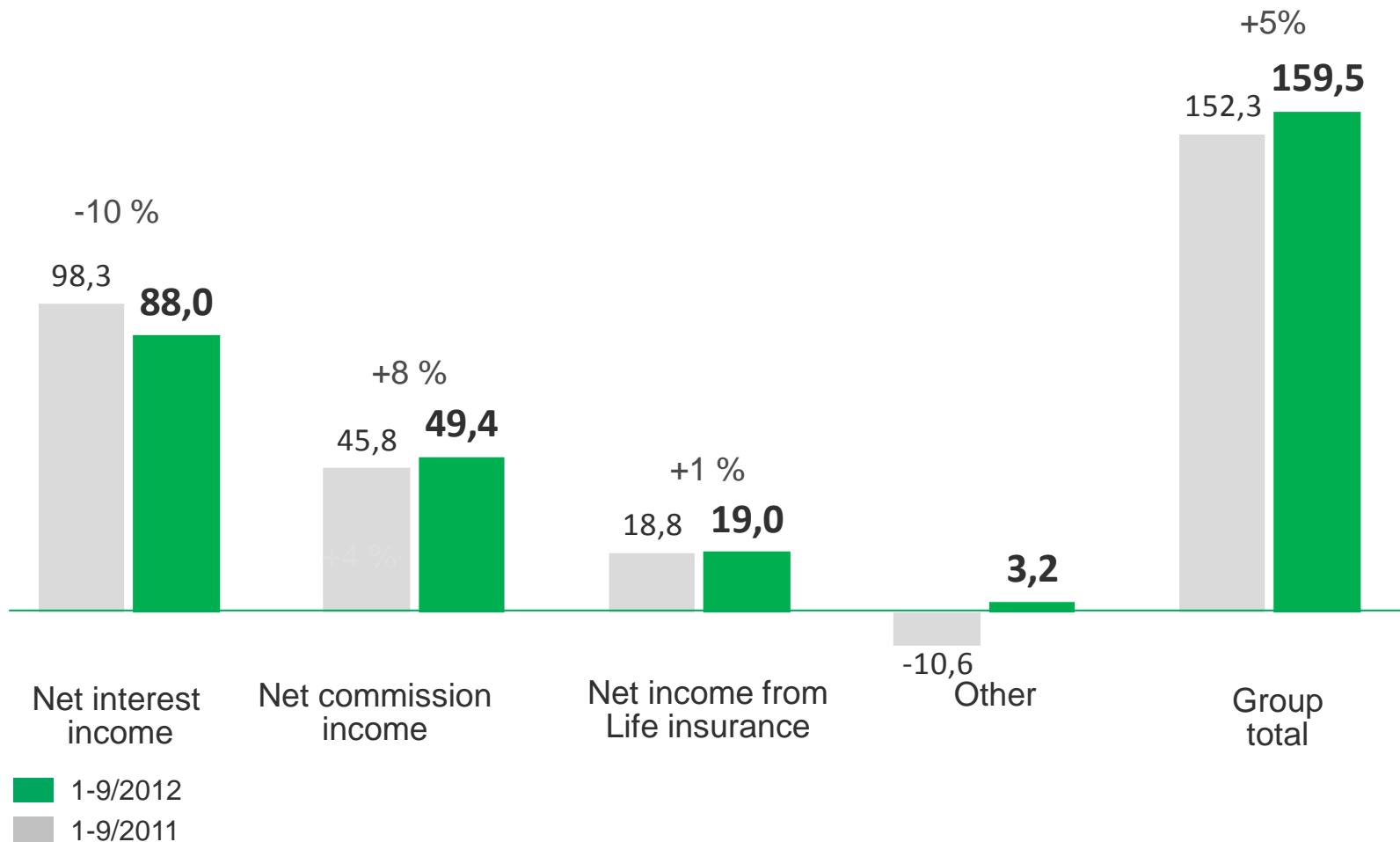


Growth in low interest rate environment **Aktia**

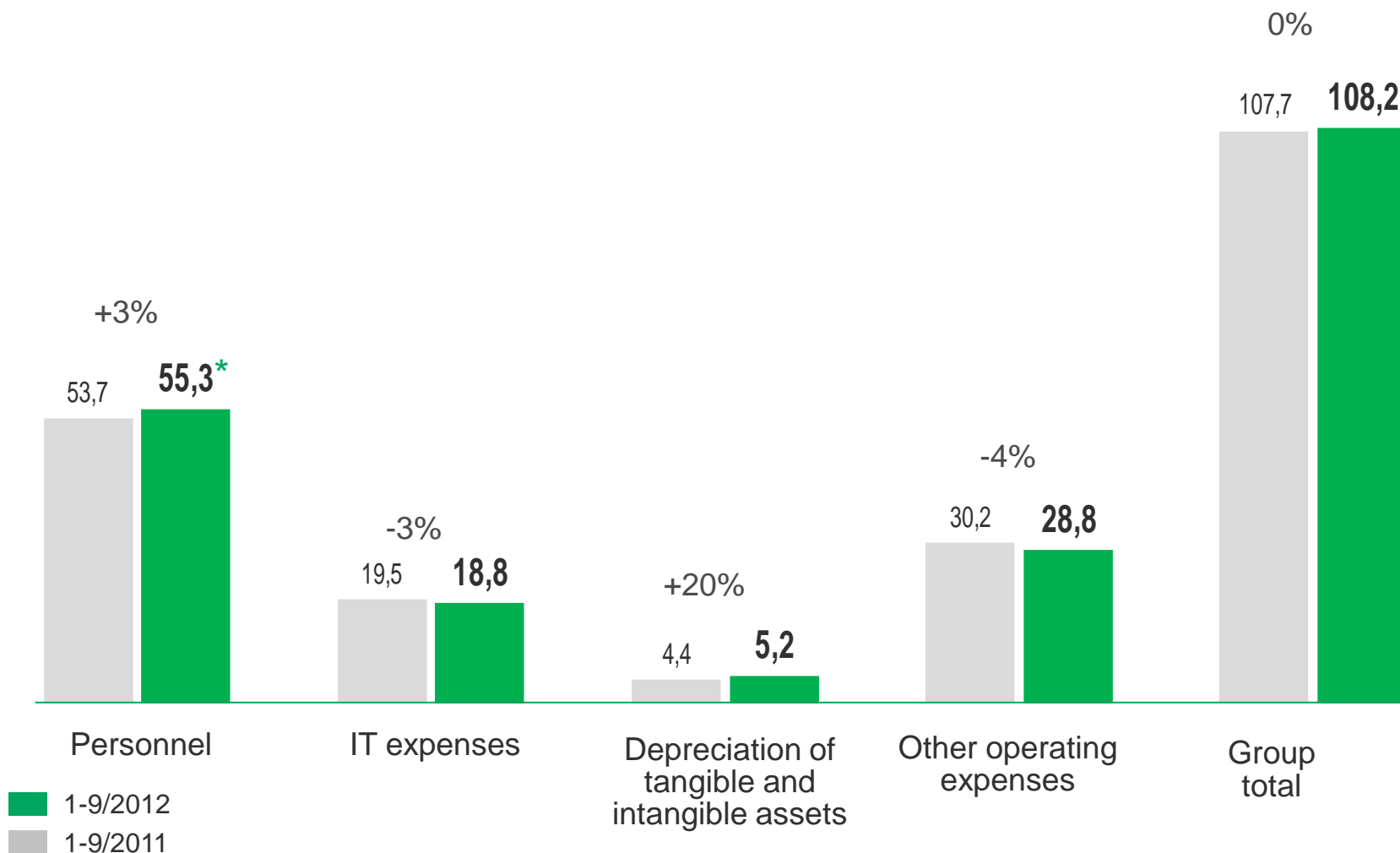


Income (EUR million)

Commission income and Net income from Life Insurance increased



Increase of expenses slowed down (EUR million)

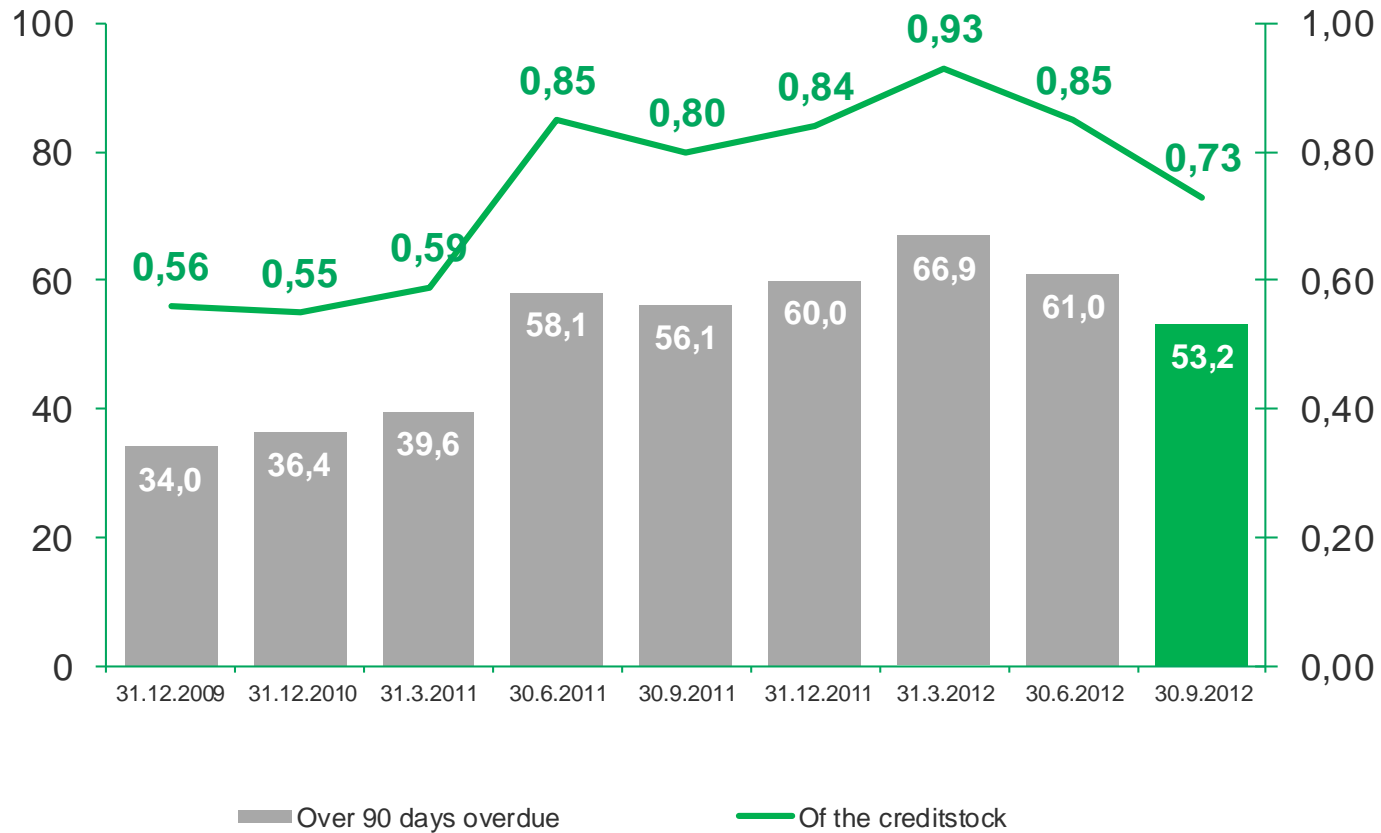


* Result-based remuneration EUR 5.3 (3.8) million

Non-performing loans more than 90 days overdue

EUR million

%



Non-performing loans by days overdue

Aktia

Days	30.9.2012	% of credit stock	30.9.2011	% of credit stock	31.12.2011
1-30	138	1.89	209	2.99	160
of which households	118	1.62	144	2.07	115
31-89	54	0.74	61	0.88	53
of which households	36	0.50	47	0.67	46
90-	53	0.73	56	0.80	60
of which households	38	0.53	39	0.56	36

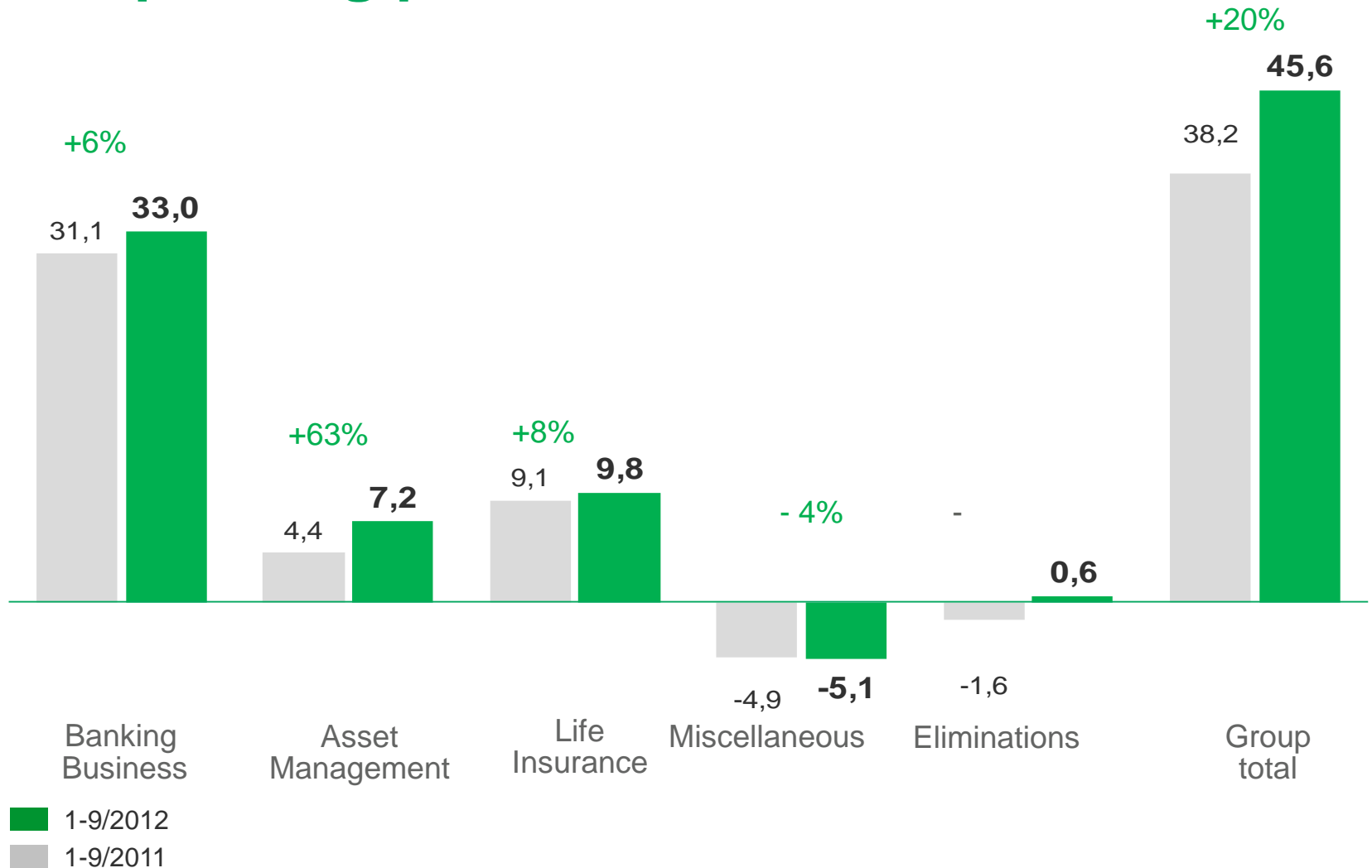
Write-downs on loans and other commitments

Total write-downs on credits and other commitments stood at EUR 4.6 (6.3) million.

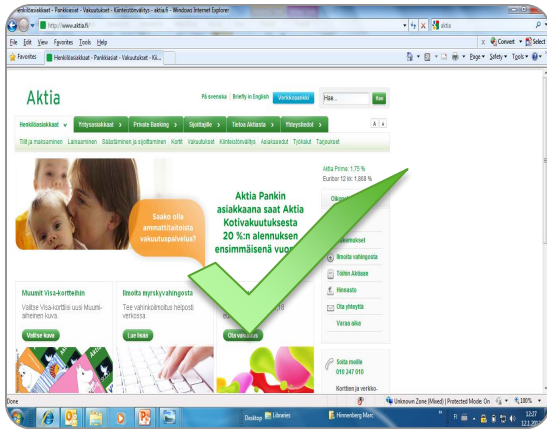
Of these write-downs, EUR 1.4 (0.9) million could be attributed to households and EUR 3.2 (5.4) to companies.

The segments' contribution to the operating profit

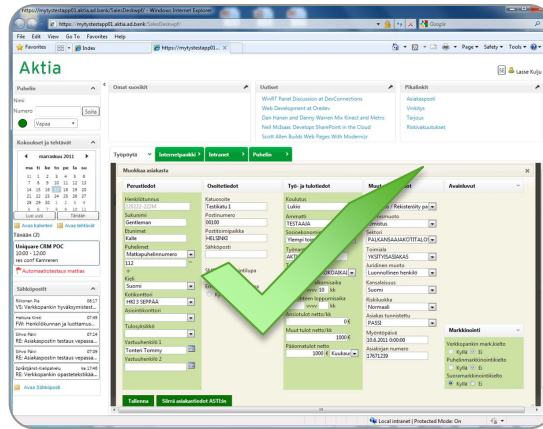
Aktia



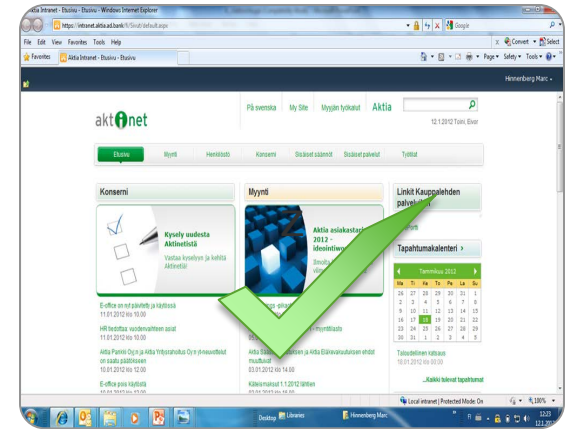
Development projects 2013 – all completed Aktia



Web services



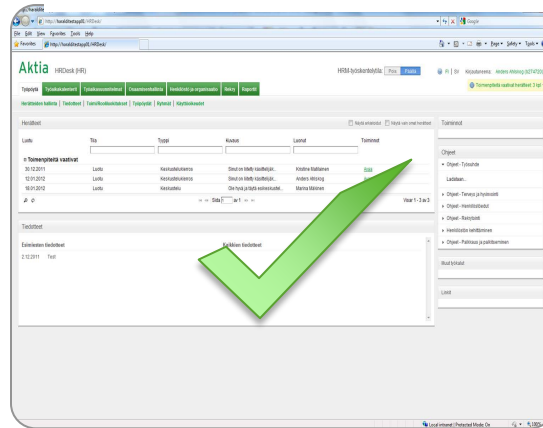
Salesman's desktop



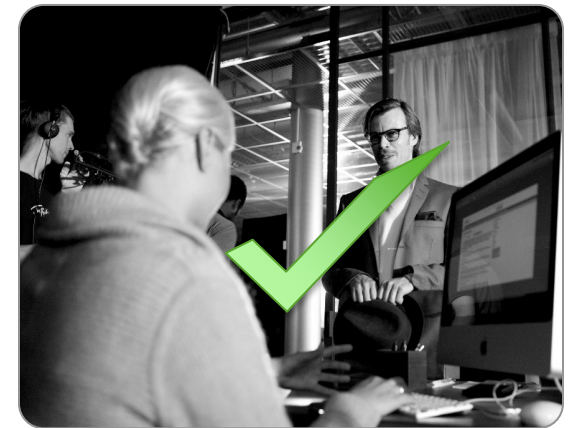
Intranet



Aktia Store



HR project



Regional Back Offices

Aktia Asset Management

Assets under management on all time high

Aktia

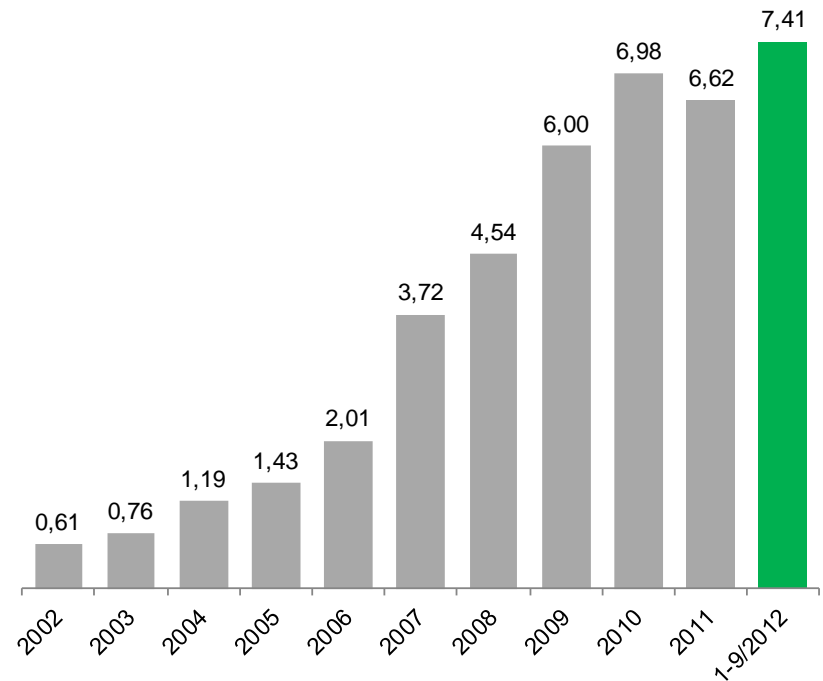
Top ranked asset management

Aktia has established a position as one of the leading asset management companies in Finland



Assets under management, EUR million

CAGR 28 % p.a.



Top ranked asset management (SFR)

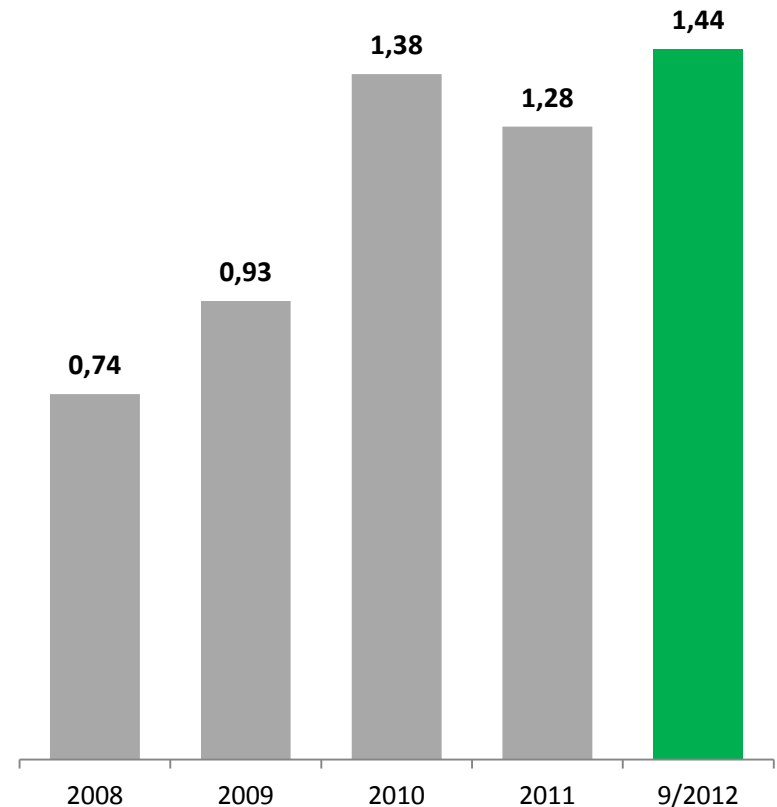
- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for clear investment philosophy
- Best understanding of the customer's needs
- Aktia Invest's fund analysis among the best
- Second year in row we received the highest mark for Quality of Administration
- Highest marks for good reputation and stable organisation

Aktia Private Banking

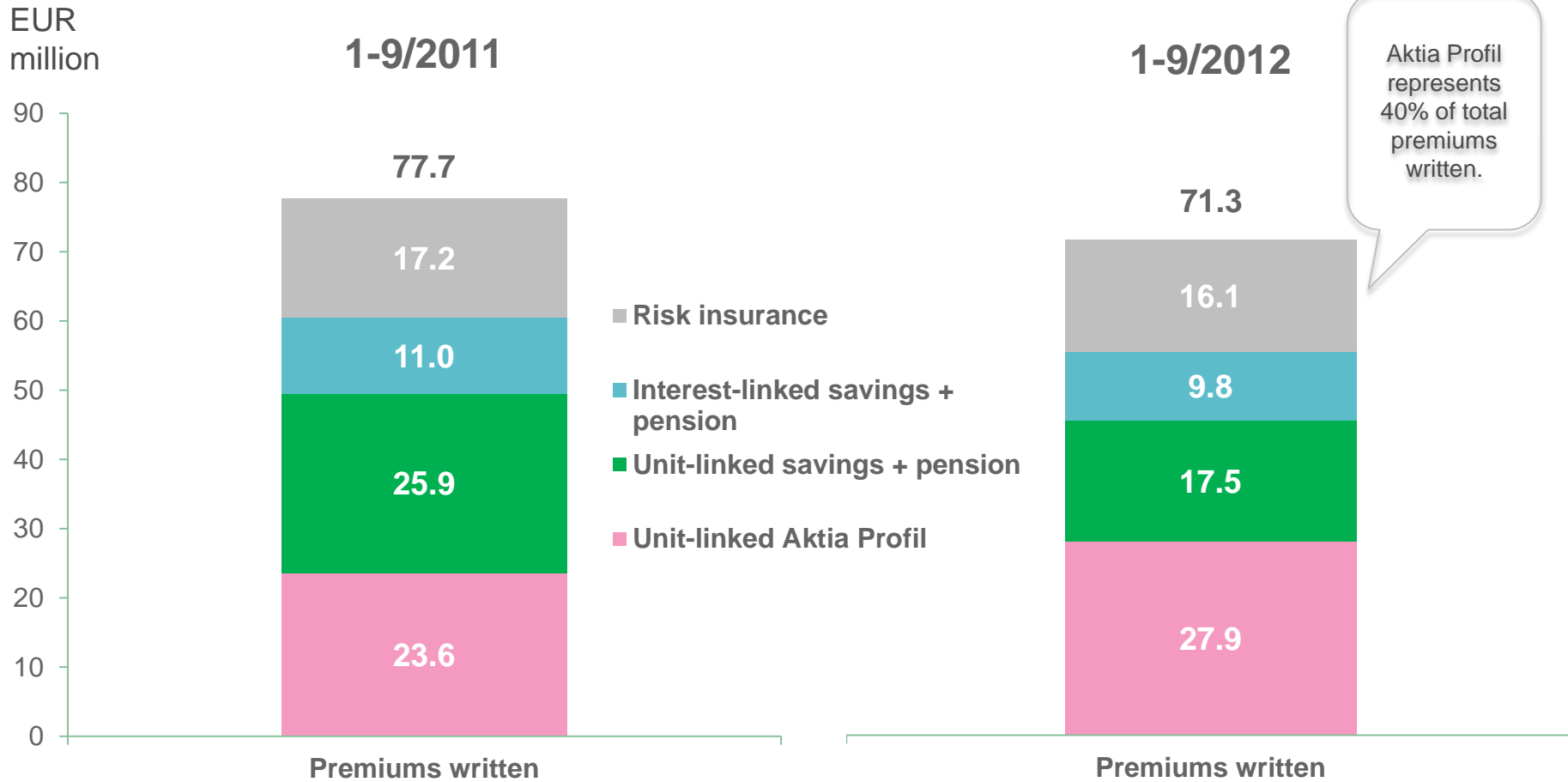
- Individual services for each customer/family
- Optimised allocation of the customer's assets
- A strong alternative in private banking

AuM, EUR bn

CAGR 18 % p.a.

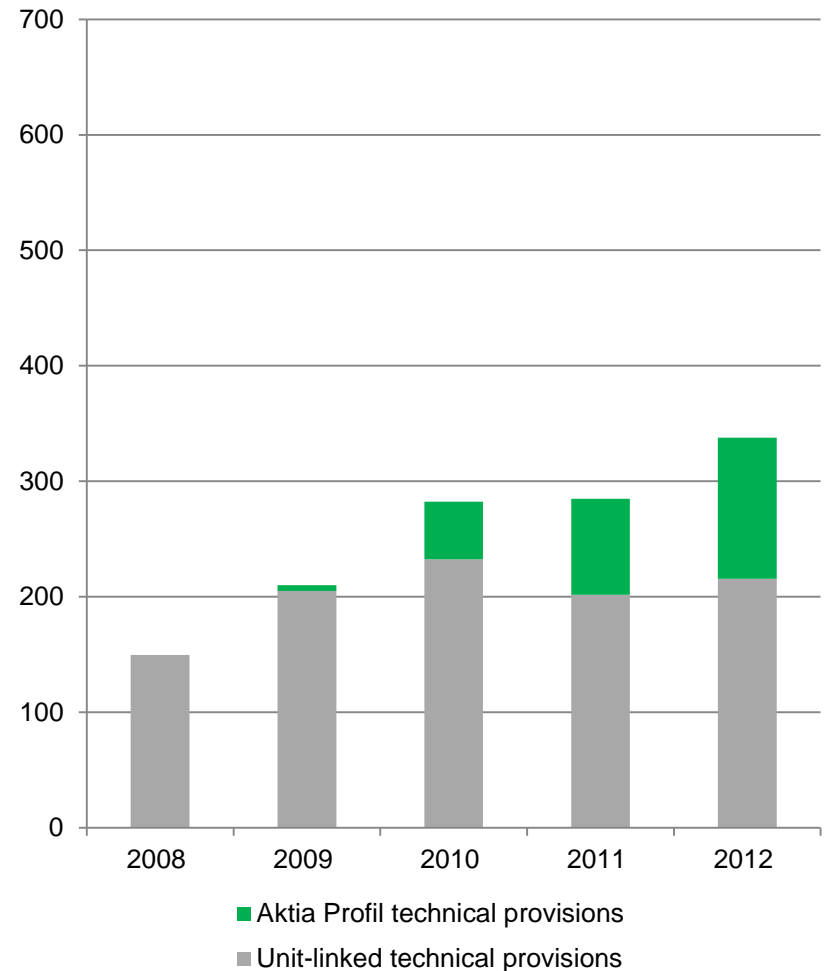
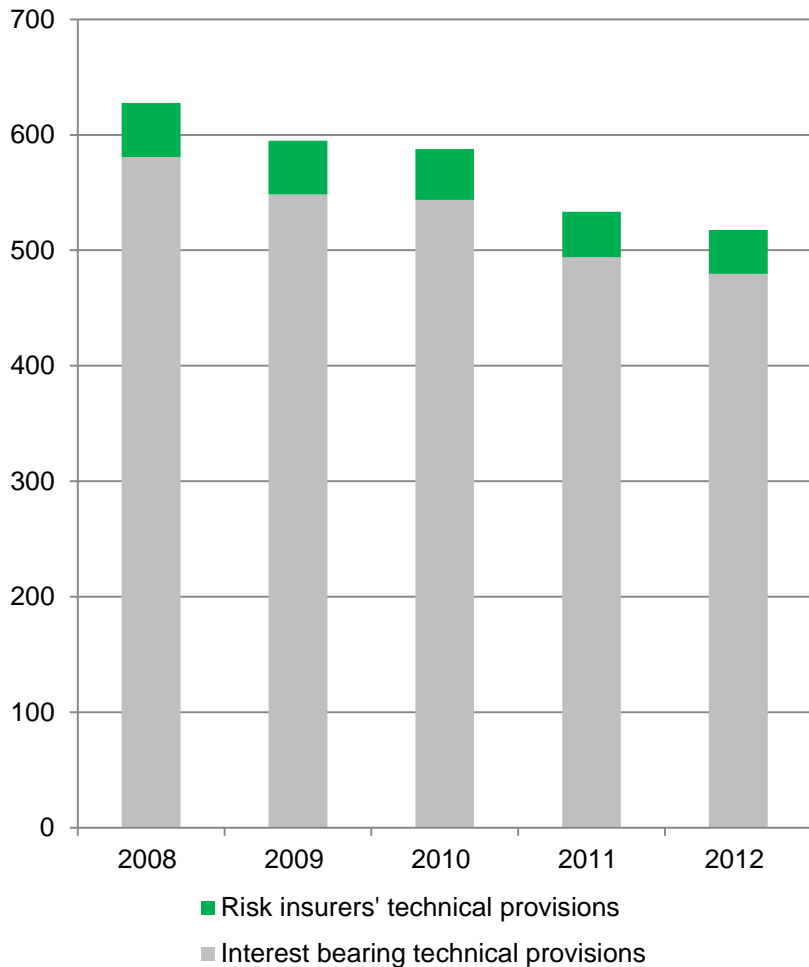


Life Insurance

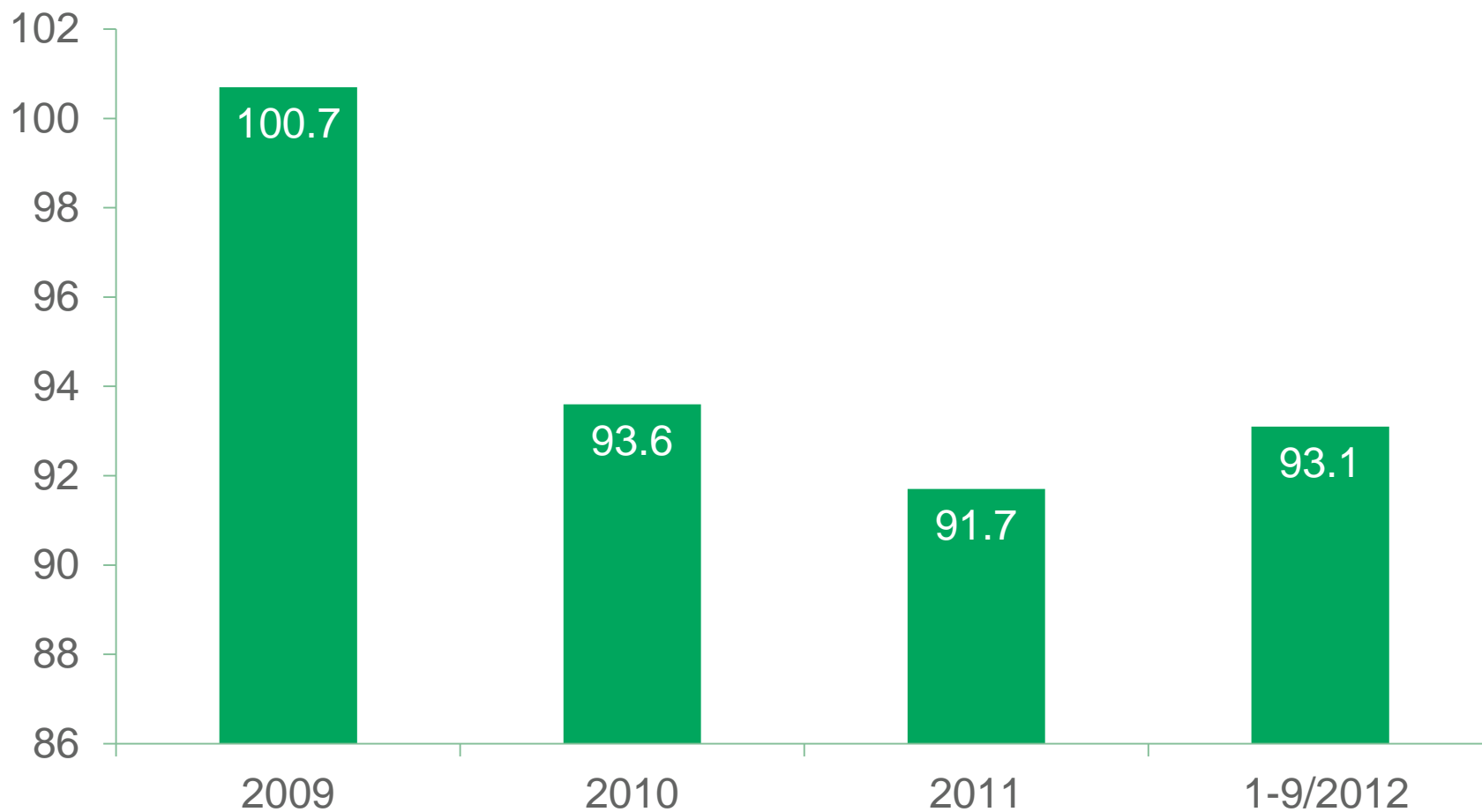


Shrinking interest-linked stock, growth in unit-linked products

Aktia



Life Insurance expense ratio, %



Summary: Operating profit Jan – Sep 2012Aktia

Profit

Operating profit from continuing operations amounted to EUR 45.6 (38.2) million.

The profit for the period was EUR 43.7 (28.6) million.

Income

Income totalled EUR 159.5 (152.3) million.

Net interest income decreased less than expected to EUR 88.0 (98.3) million.

Expenses

The Group's operating expenses totalled EUR 108.2 million (107.7) million.

Write-downs

Group write-downs fell by 27% to EUR 4.6 (6.3) million.

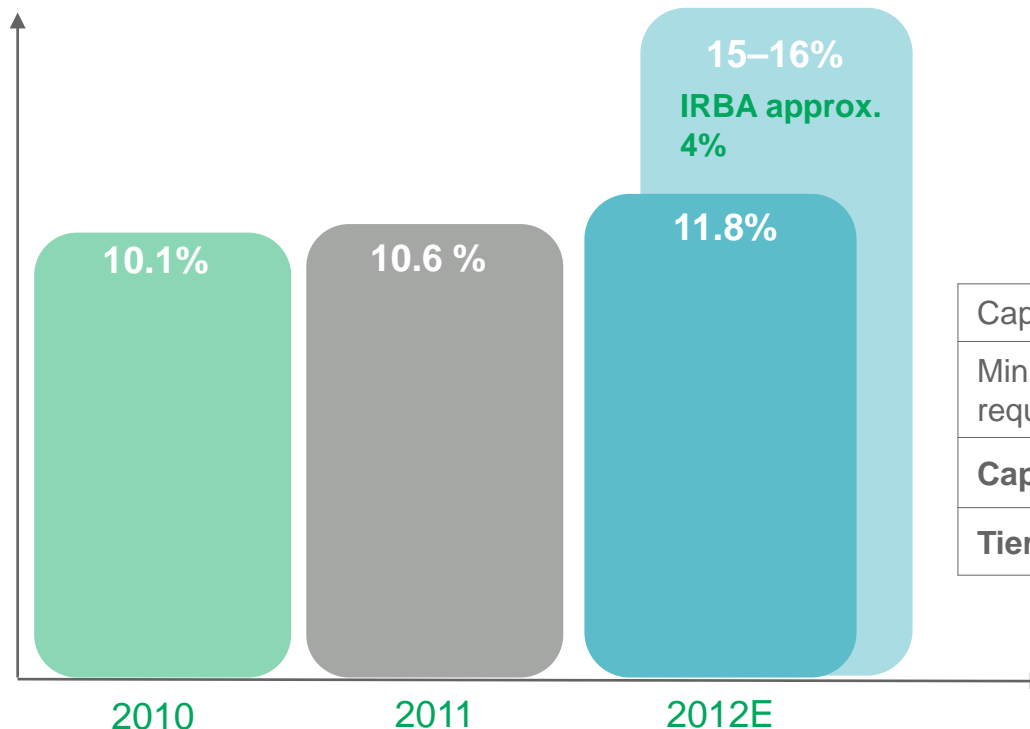
1	Financial performance
2	Capital adequacy
3	Balance sheet and owners
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The Bank's capital adequacy

IRBA application was submitted Aug 2011

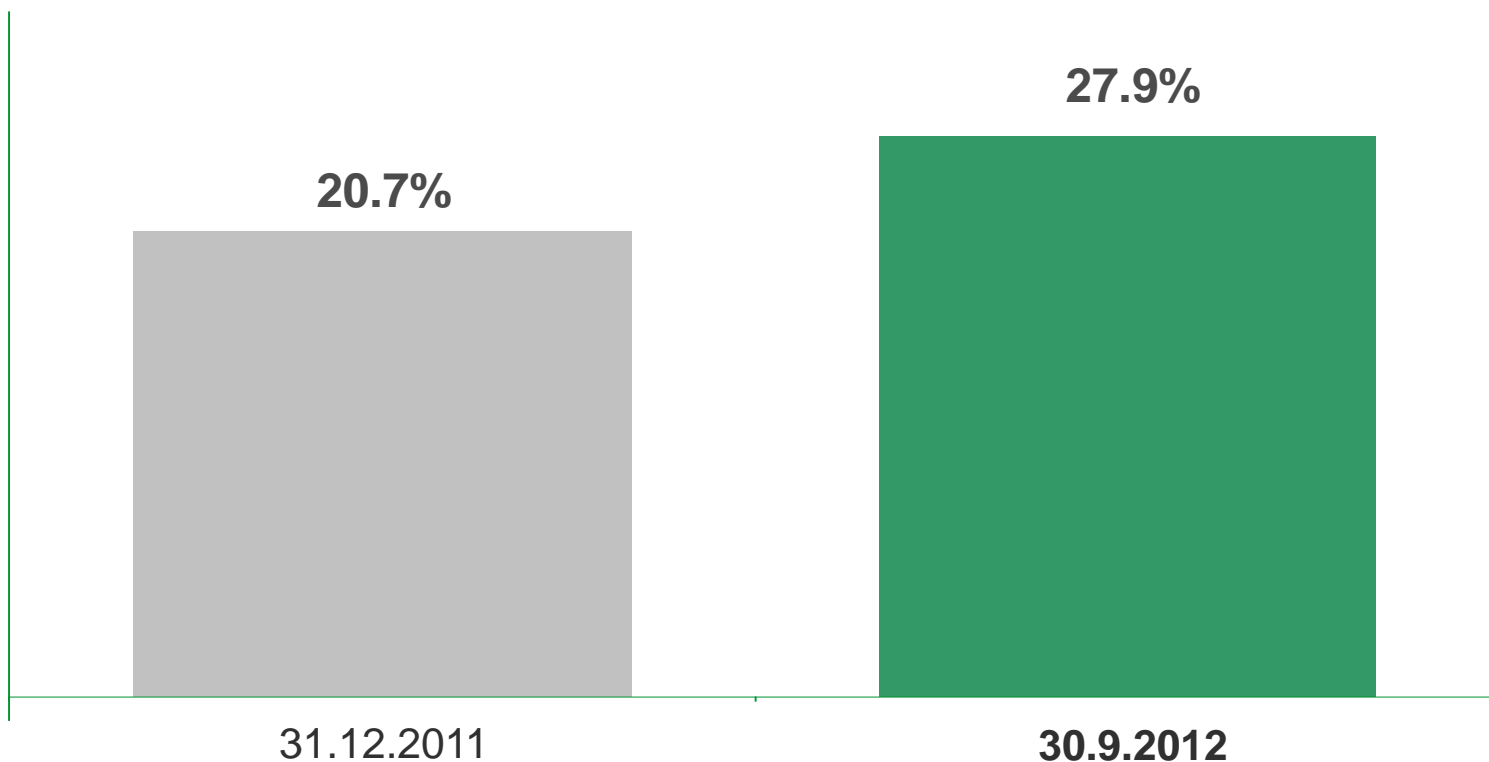
and is reviewed by Financial Supervisory Authority

IRBA is expected to increase Tier 1 capital ratio by approx. 4%



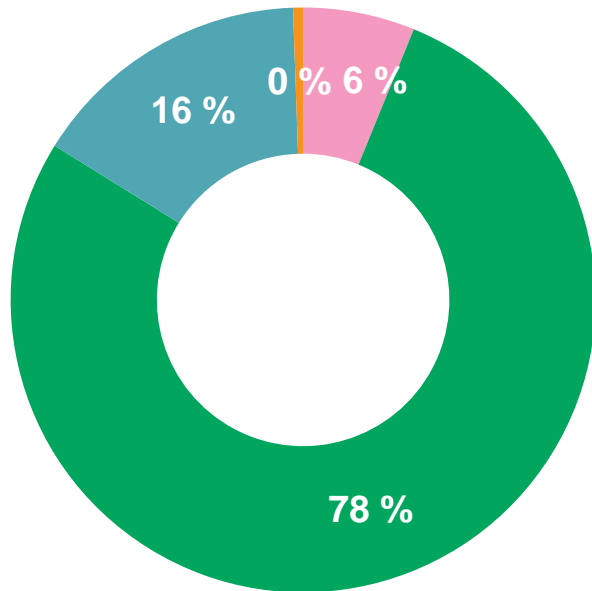
	30.9.2012	31.12.2011
Capital buffer	444.3	303.5
Minimum capital requirements	298.2	295.5
Capital adequacy ratio, %	19.9	16.2
Tier 1 capital ratio, %	11.8	10.6

Life insurance Solvency ratio further improved



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

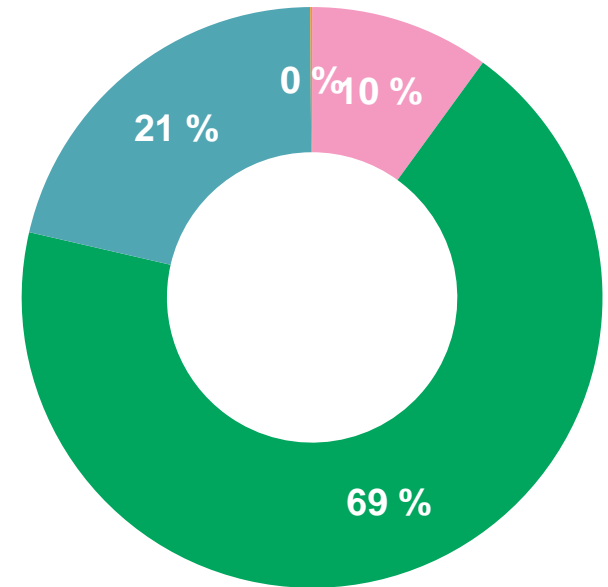
EUR 2,197 million



30.9.2012

EUR 1,968 million

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



31.12.2011

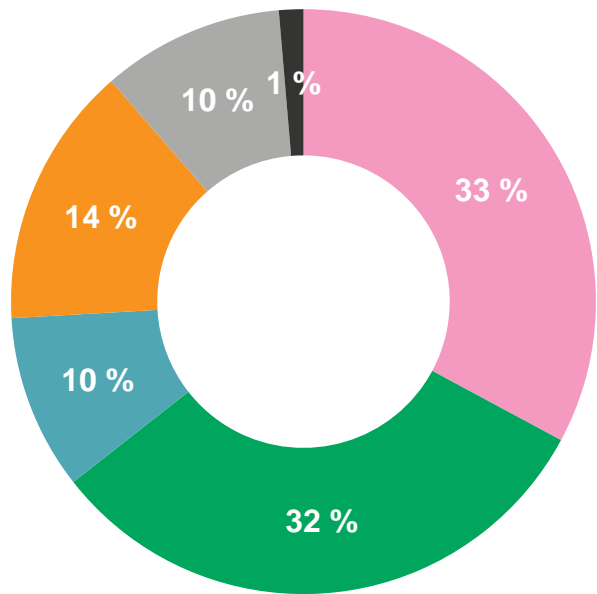
Rating distribution for the liquidity portfolio of the Bank Group

	30.9.2012	31.12.2011
(EUR million)	2,197	1,968
Aaa	55.9%	55.6%
Aa1 – Aa3	26.3%	21.9%
A1- A3	9.0%	11.9%
Baa1-Baa3	4.5%	6.3%
Ba1-Ba3	0.4%	1.9%
B1-B3	0.0%	0.0%
Caa1 eller sämre	0.0%	0.0%
Inhemska kommuner (saknar rating)	3.9%	2.1%
No rating	0.0%	0.3%
Total	100.0%	100.0%

Continued convergence towards Solvency II Life Insurance Company

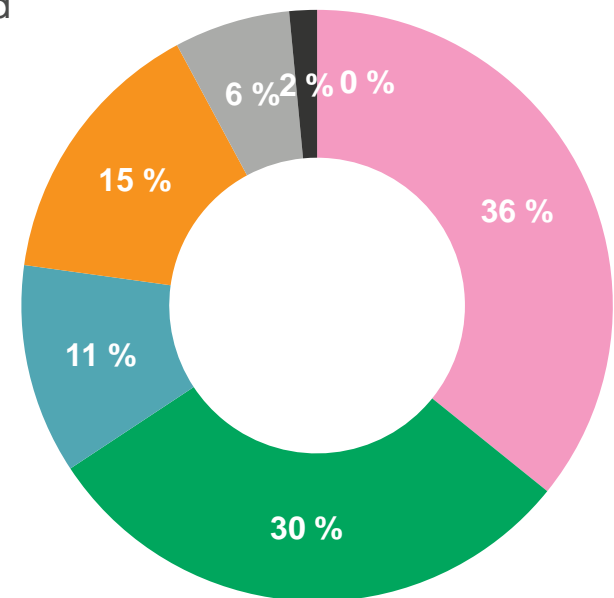
Return on investments 9.0 (5.0)%

Duration 6.0 (5.7) years



30.9.2012

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



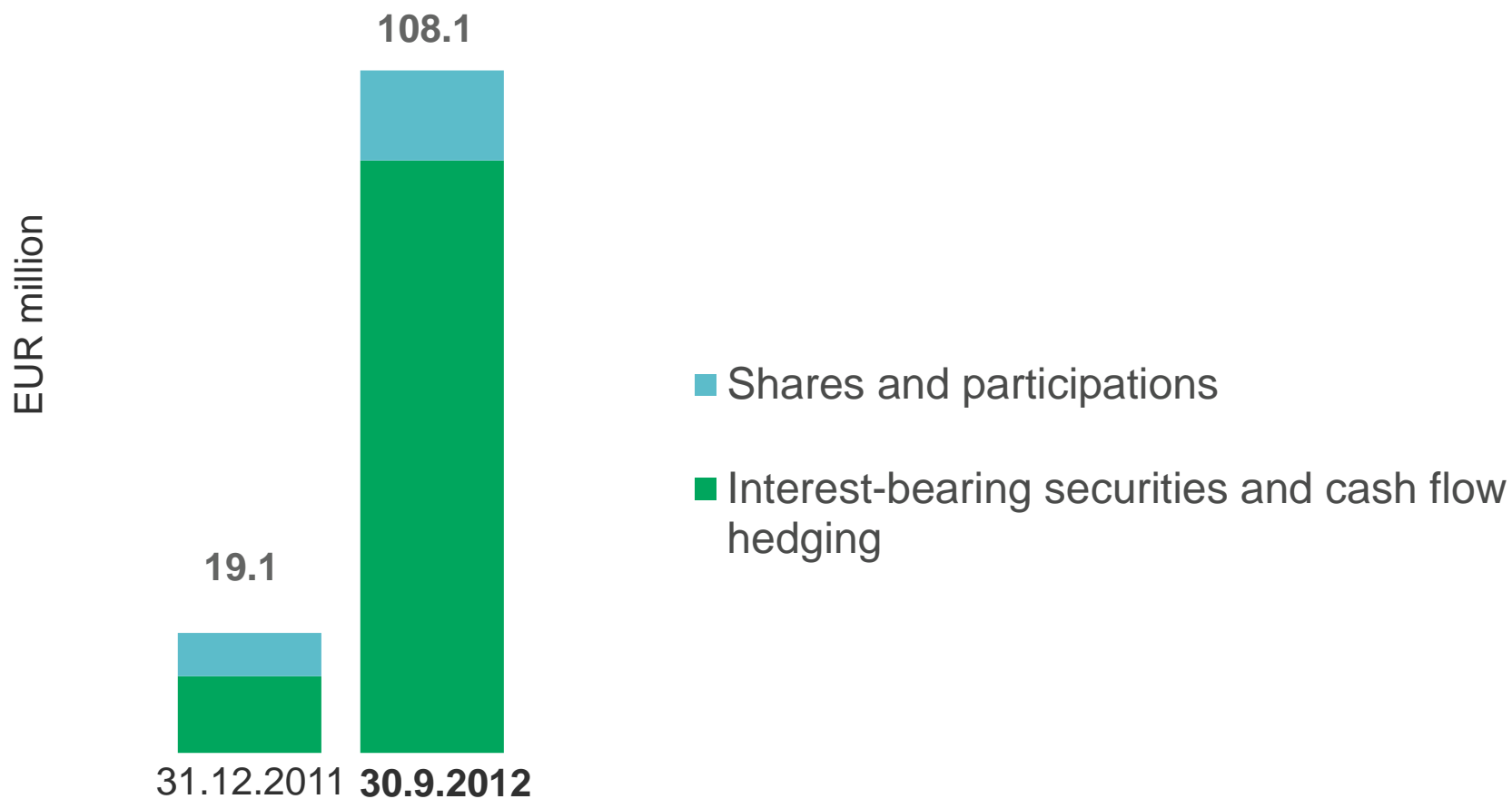
31.12.2011

Rating distribution for life insurance business

Aktia

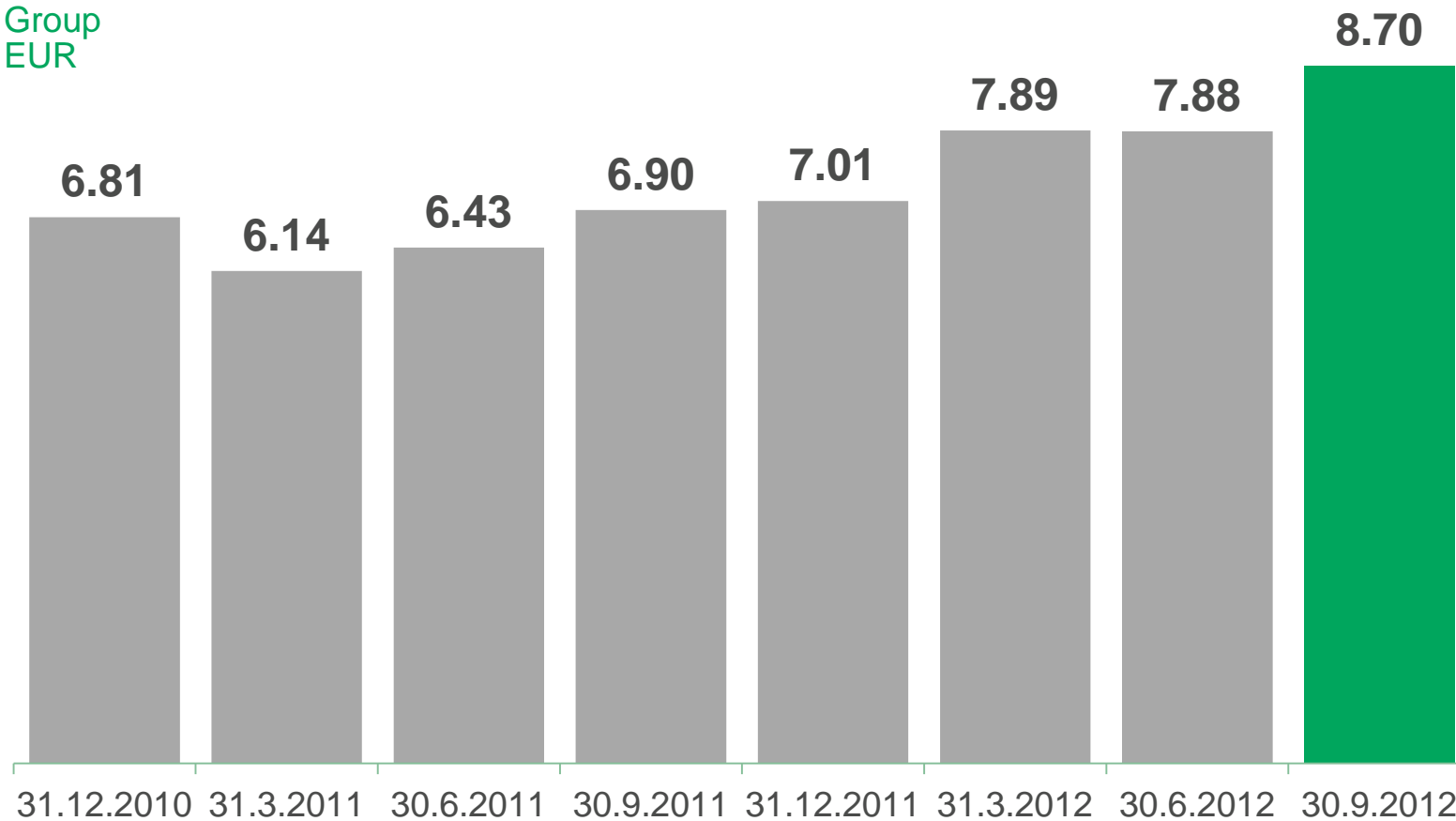
Life Insurance (EUR million)	30.9.2012 551	31.12.2011 546
Aaa	68.4%	70.5%
Aa1–Aa3	9.5%	8.7%
A1–A3	12.8%	11.5%
Baa1–Baa3	3.1%	4.1%
Ba1–Ba3	1.7%	0.8%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	4.5%	4.4%
Total	100%	100%

Fund at fair value



Equity per share (NAV)

Group
EUR



Summary: capital adequacy January-September 2012

Capital adequacy

The Bank Group's capital adequacy amounted to 19.9 (16.2)%.
The Tier 1 capital ratio was 11.8 (10.6)%.

The life insurance company's solvency margin
The solvency margin was EUR 160.5 (117.2) million.
Solvency ratio 27.9 (20.7)%.

Aktia Bank plc's rating Moody's: A3/C-/P-2 (7.3.2012)

Aktia Bank plc's rating Fitch: BBB+/F-2 (9.5.2012)

The covered bonds issued by Aktia Real Estate Mortgage Bank plc have a Moody's Investors Service credit rating of Aa3.

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

Balance sheet 30 September 2012

Aktia

The Group's balance sheet total was almost unchanged and amounted to EUR 11,220 (11,056) million.

Borrowing amounted to EUR 3,651 (3,645) million.

Lending to the public amounted to EUR 7,252 (7,063) million. Loans to private households amounted to EUR 6,225 million or 85.8 % of the credit stock.

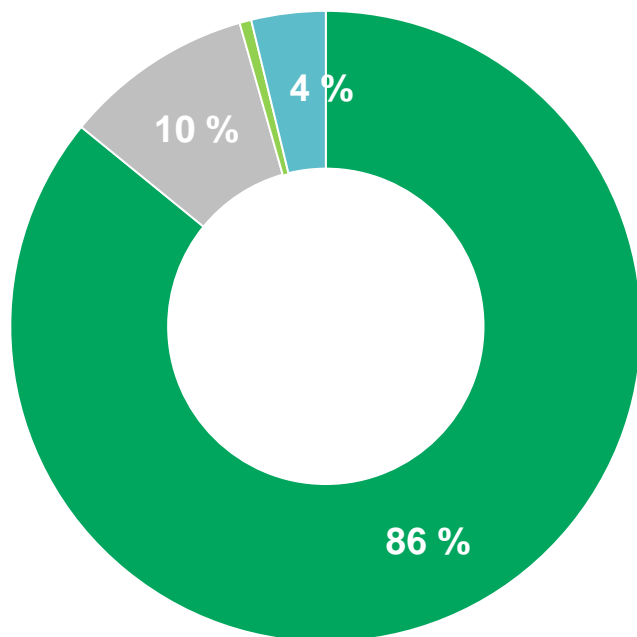
The housing loan stock amounted to EUR 5,855 (5,607) million showing an increase of 4%.

Corporate lending continued to be moderate
The credit stock amounted to EUR 705 (758) million, corresponding to 9.7 %

Credit and deposit stocks 30 September 2012

Credits

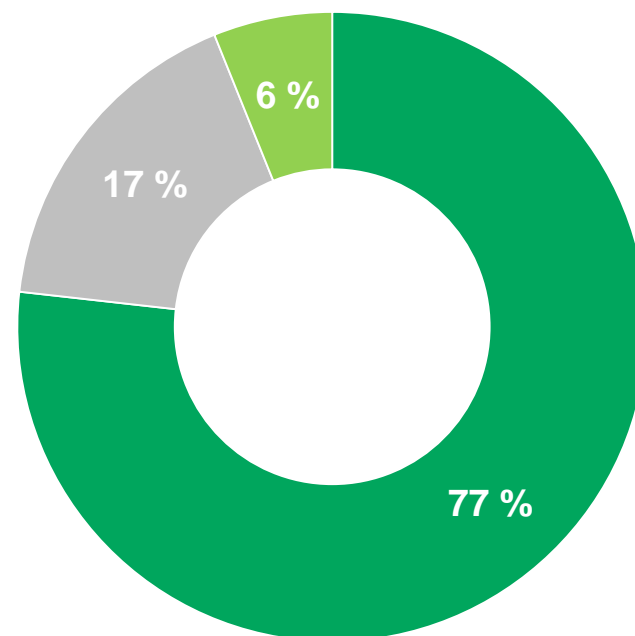
EUR 7,252 (7,063) million



- Households
- SME
- Non-profitand public organisations
- Housing associations

Deposits

EUR 3 651 (3 645) million



Share capital and ownership 30 September 2012 **Aktia**

The 20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes, %
Stiftelsen Tre Smeder	3,009,837	3,997,265	7,007,102	10.46	82,955,137	18.52
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.02	45,970,234	10.26
Pension Insurance Company Veritas	4,027,469	2,134,397	6,161,866	9.2	46,715,409	10.43
Oy Hammarén & Co Ab	1,905,000	950,000	2,855,000	4.26	20,905,000	4.67
Varma Mutual Pension Insurance Company	2,675,000	-	2,675,000	3.99	2,675,000	0.6
The Society of Swedish Literature in Finland	1,681,802	789,229	2,471,031	3.69	17,466,382	3.9
Aktiestiftelsen i Esbo-Grankulla	1,595,640	751,000	2,346,640	3.5	16,615,640	3.71
Stiftelsen för Åbo Akademi	1,000,000	1,247,745	2,247,745	3.36	25,954,900	5.79
Aktiestiftelsen i Borgå	1,303,370	651,525	1,954,895	2.92	14,333,870	3.2
Aktiestiftelsen i Vanda	461,871	1,105,024	1,566,895	2.34	22,562,351	5.04
Aktiestiftelsen i Vasa	978,525	547,262	1,525,787	2.28	11,923,765	2.66
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	1.96	9,641,809	2.15
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf	670,040	370,951	1,040,991	1.55	8,089,060	1.81
Sparbanksstiftelsen i Ingå	646,236	329,318	975,554	1.46	7,232,596	1.61
Ab Kelonia Oy	549,417	308,662	858,079	1.28	6,722,657	1.5
Sparbanksstiftelsen i Sibbo	462,002	232,001	694,003	1.04	5,102,022	1.14
Alfred Berg Finland Mutual funds	994,770	-	994,770	1.49	994,770	0.22
Sparbanksstiftelsen i Sjundeå	374,377	232,188	606,565	0.91	5,018,137	1.12
Aktiestiftelsen i Malax	354,138	177,600	531,738	0.79	3,906,138	0.87
The 20 largest owners	29,001,487	16,722,212	45,723,699	68.26	363,445,727	81.13
Other	17,935,421	3,328,638	21,264,059	31.74	84,508,181	18.87
Total	46,936,908	20,050,850	66,987,758	100.00	447,953,908	100.00

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

Outlook for 2012

Profitability improved through increased sales, cost cuts as well as effective risk management and capital optimisation.

The interest rate derivatives that temporarily lifted the net interest income (NII) to an exceptional level have matured. The high NII level from 2009–2011 was therefore not possible to maintain in a low interest rate environment. Write-downs for the full-year 2012 are expected to decrease. **Operating profit from continuing operations for 2012 will exceed the level in 2011 (changed 15.10.2012).**

Market value may change. The market value of Aktia Bank's financial and other assets may change as a result of, among other things, a requirement for higher returns among investors.

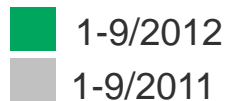
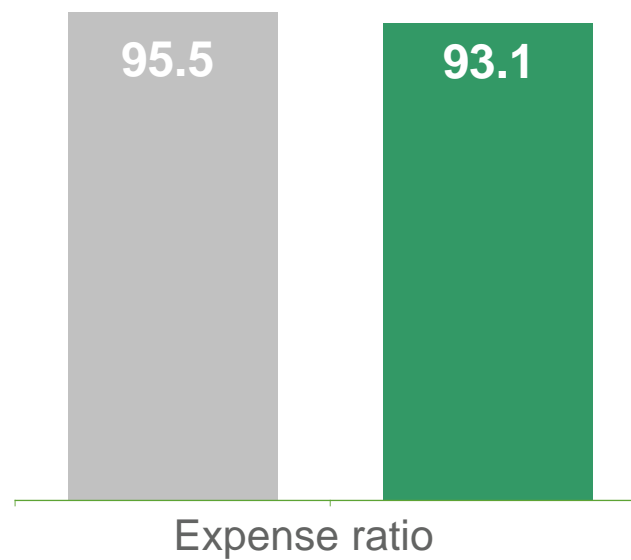
New regulation. The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital and liquidity requirements.

Cost efficiency

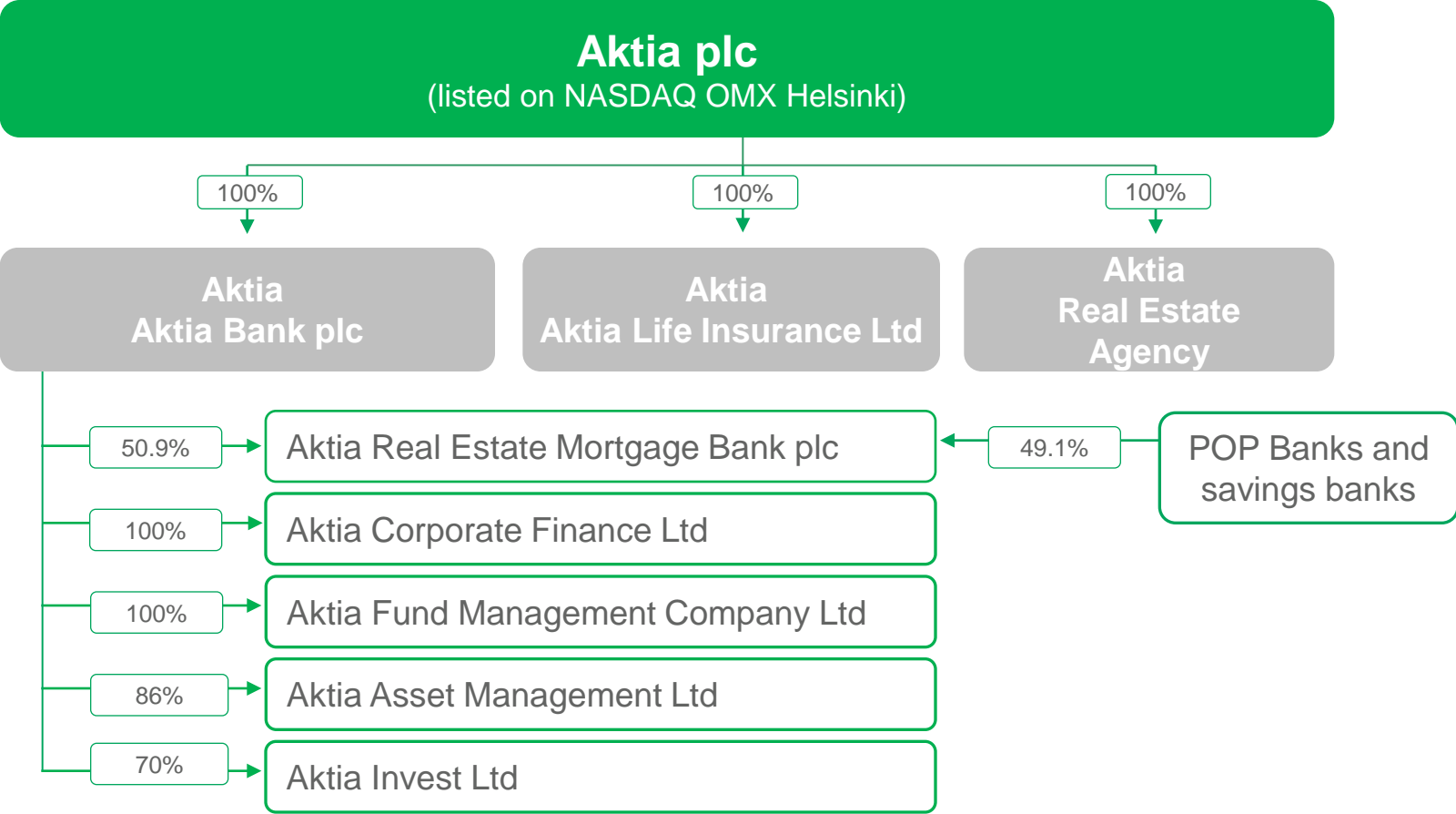
Banking Business



Life Insurance



Legal structure



Targets 2012–2015

Growth

Increase cross-selling index by 20%
Increase commission income by 5% or
EUR 10 million p.a.

Profitability

Cut costs by -5% or EUR 20 million p.a.

Capital adequacy

Tier 1 capital ratio at least 13 % over an
economic cycle

Dividend payout

Dividend payout 40–60% of profit
annually

**Best customer service
in Finland**

Customer closeness and further
improved customer service

Results 9/2011–9/2012

	1-9/2012	1-9/2011	Change, %	New objectives for 2015
Commission income	60.7	57.7	+5%	+5% p.a.
Expenses				
Staff costs*	55.3	53.7	+3%/ 0%*	-5% p.a.
IT expenses	18.8	19.5	-3%	
Other	28.8	30.2	-4%	

* Excluding result-based remuneration and provisions for the personnel fund, amounting to EUR 5.3 (3.8) million

Balance sheet, assets

(EUR million)	30.9.2012	31.12.2011	Δ	30.9.2011
Assets				
Cash and balances with central banks	236.6	475.0	-50 %	303.3
Financial assets reported at fair value via the income statement	0.5	1.9	-71 %	7.3
Interest-bearing securities	2,558.3	2,509.7	2 %	2,582.1
Shares and participations	97.1	109.4	-11 %	110.2
Financial assets available for sale	2,655.4	2,619.1	1 %	2,692.3
Financial assets held until maturity	10.1	20.0	-50 %	20.0
Derivative instruments	395.7	300.6	32 %	264.2
Lending to Bank of Finland and credit institutions	167.8	88.8	89 %	59.8
Lending to the public and public sector entities	7,251.6	7,063.3	3 %	6,938.4
Loans and other receivables	7,419.4	7,152.1	4 %	6,998.2
Investments for unit-linked provisions	338.0	286.7	18 %	271.0
Investments in associated companies	21.1	3.5	508 %	3.5
Intangible assets	14.3	17.3	-17 %	15.0
Investment properties	27.8	24.6	13 %	22.4
Other tangible assets	6.0	7.6	-21 %	8.6
Accrued income and advance payments	81.2	83.5	-3 %	79.7
Other assets	7.5	26.6	-72 %	30.1
Total other assets	88.7	110.1	-19 %	109.9
Income tax receivables	3.8	22.3	-83 %	16.5
Deferred tax receivables	0.9	13.0	-93 %	13.2
Tax receivables	4.6	35.3	-87 %	29.7
Assets classified as held for sale	2.0	2.2	-10 %	0.7
Total assets	11,220.3	11,056.1	1 %	10,746.0

Balance sheet, liabilities

(EUR million)	30.9.2012	31.12.2011	Δ	30.9.2011
Liabilities				
Liabilities to credit institutions	1,097.3	1,111.9	-1 %	945.1
Liabilities to the public and public sector entities	3,651.4	3,645.2	0 %	3,576.2
Deposits	4,748.7	4,757.2	0 %	4,521.3
Derivative instruments	188.0	156.0	20 %	147.8
Debt securities issued	3,736.3	3,800.1	-2 %	3,696.0
Subordinated liabilities	265.4	258.7	3 %	258.5
Other liabilities to credit institutions	395.1	353.5	12 %	395.7
Other liabilities to the public and public sector entities	162.8	51.7	215 %	31.6
Other financial liabilities	4,559.5	4,464.0	2 %	4,381.9
Technical provisions for interest-related insurances	517.5	533.4	-3 %	575.5
Technical provisions for unit-linked insurances	337.7	284.8	19 %	269.6
Technical provisions for non-life insurances	-	123.3	-	127.4
Technical provisions	855.1	941.5	-9 %	972.4
Accrued expenses and income received in advance	100.6	106.9	-6 %	101.2
Other liabilities	59.2	52.1	14 %	45.6
Total other liabilities	159.9	159.0	1 %	146.8
Income tax liabilities	2.7	2.6	1 %	2.4
Deferred tax liabilities	62.4	51.8	21 %	55.8
Tax liabilities	65.1	54.4	20 %	58.2
Liabilities for assets classified as held for sale	0.2	0.2	-5 %	0.2
Total liabilities	10,576.5	10,532.3	0 %	10,228.5
Equity				
Restricted equity	212.3	123.2	72 %	125.6
Unrestricted equity	366.6	342.8	7 %	333.6
Shareholders' share of equity	578.9	466.0	24 %	459.2
Non-controlling interest's share of equity	64.8	57.7	12 %	58.2
Equity	643.7	523.8	23 %	517.5
Total liabilities and equity	11,220.3	11,056.1	1 %	10,746.0

Aktia

Aktia

We see a person in every customer

