

Aktia

INTERIM REPORT JANUARY-MARCH 2011

Jussi Laitinen 9.5.2011

Aktia

January – March 2011 in short

Operating profit was EUR 18.8 (17.5) million.

Earnings per share (EPS) rose to EUR 0.20 (0.18).

Operating income totalled EUR 62.6 (61.0) million.

Capital adequacy amounted to 16.0 (15.9)% and the **Tier 1 capital ratio was** 10.3 (10.1)%

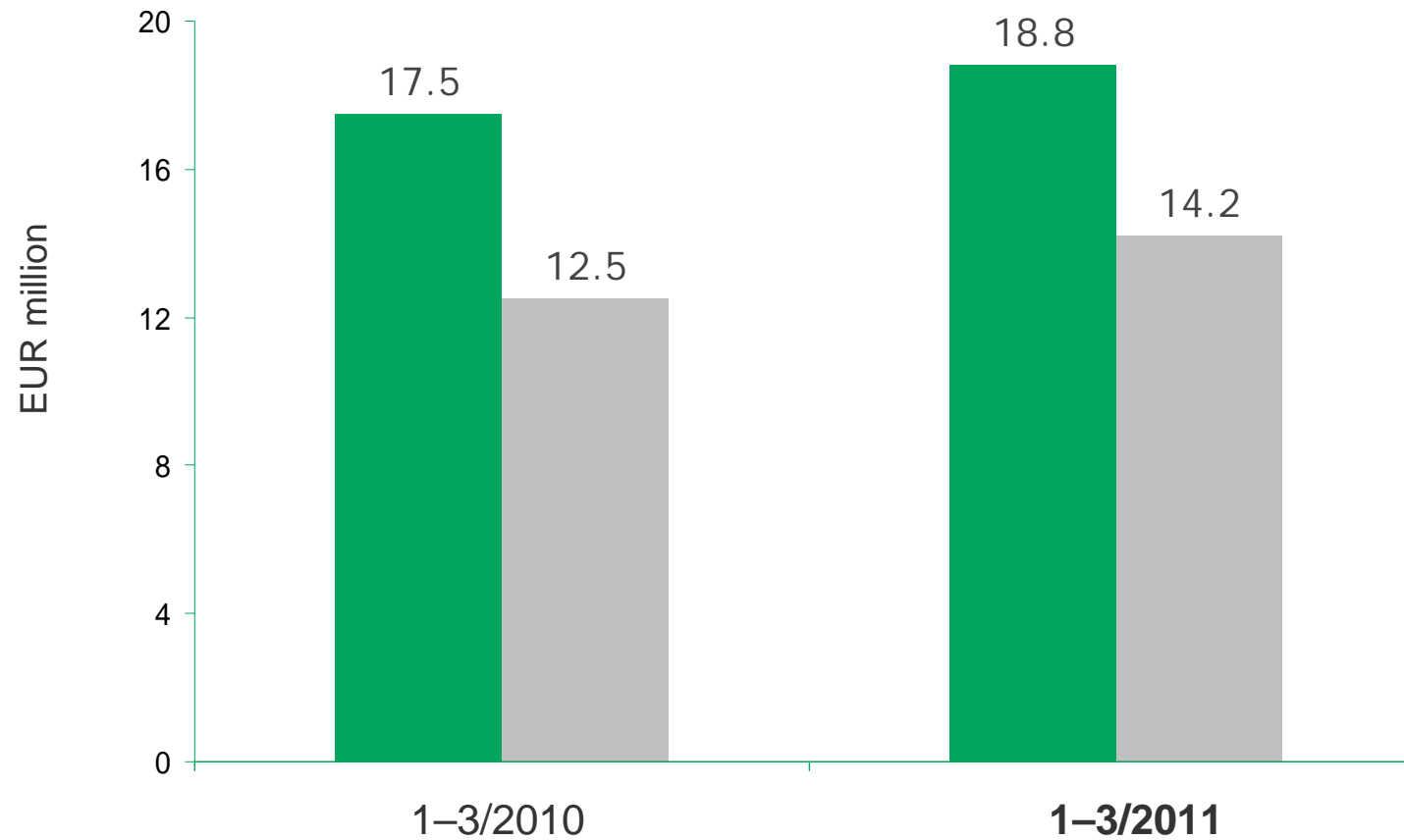
Write-downs on credit and outstanding premiums totalled EUR-3.6 (-4.6) million.

Aktia expects that the full-year result for 2011 will probably be lower than in 2010 (unchanged)

Interim report 1 January – 31 March 2011

1	Financial performance
2	Capital adequacy
3	Balance sheet
4	Outlook

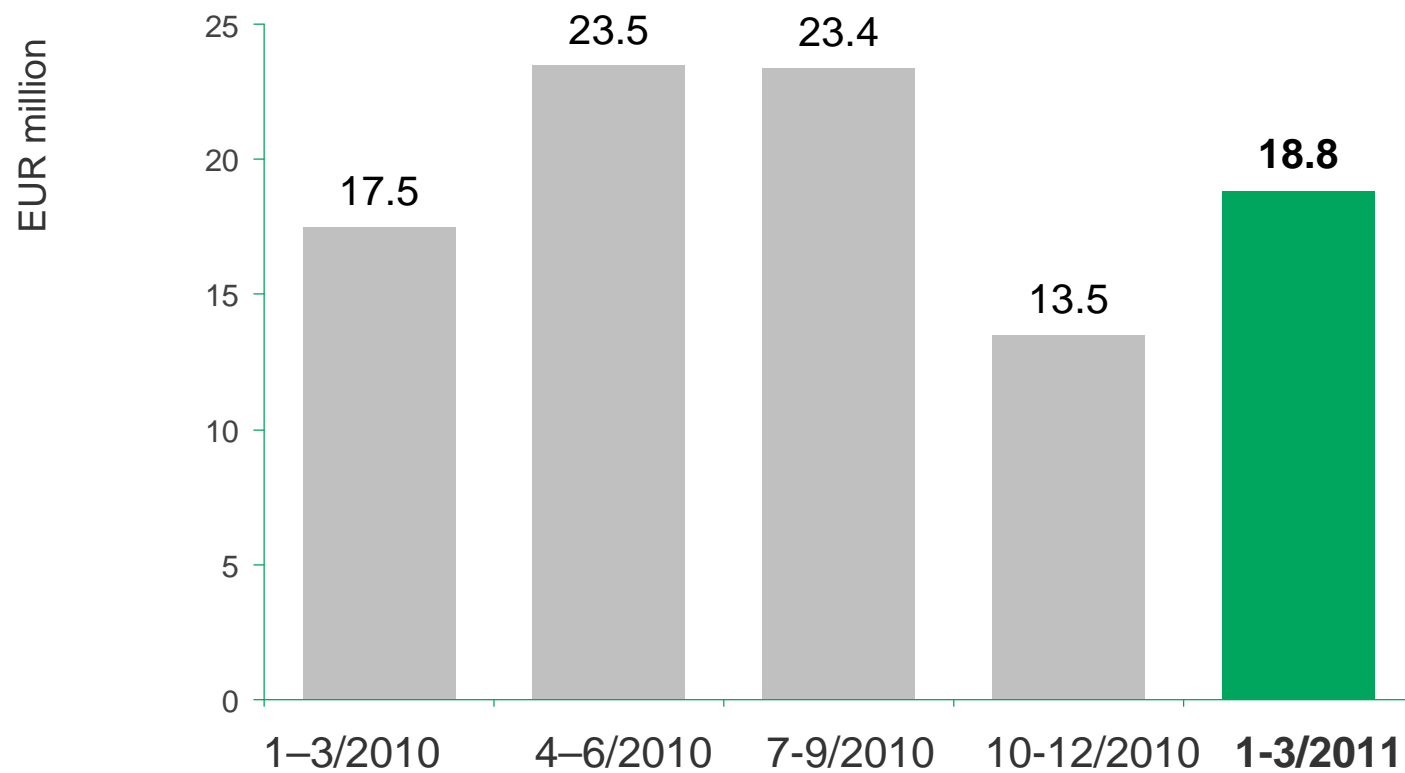
Result before and after tax



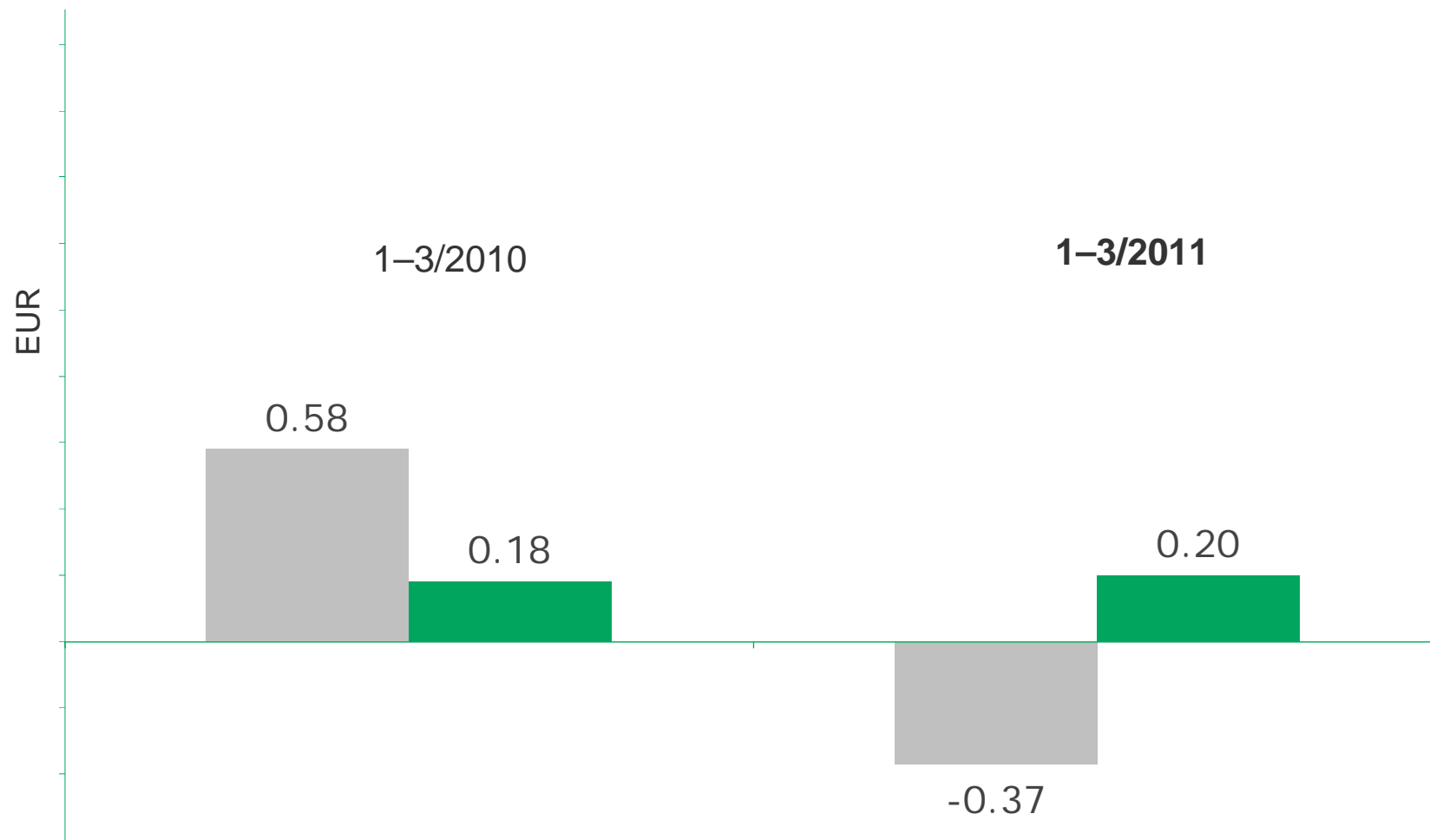
■ Result before tax
■ Result after tax



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Operating profit per quarter





Earnings per share 1–3/2011



 Earnings per share, EPS
 Total earnings per share

Cumulative earnings per share, EPS

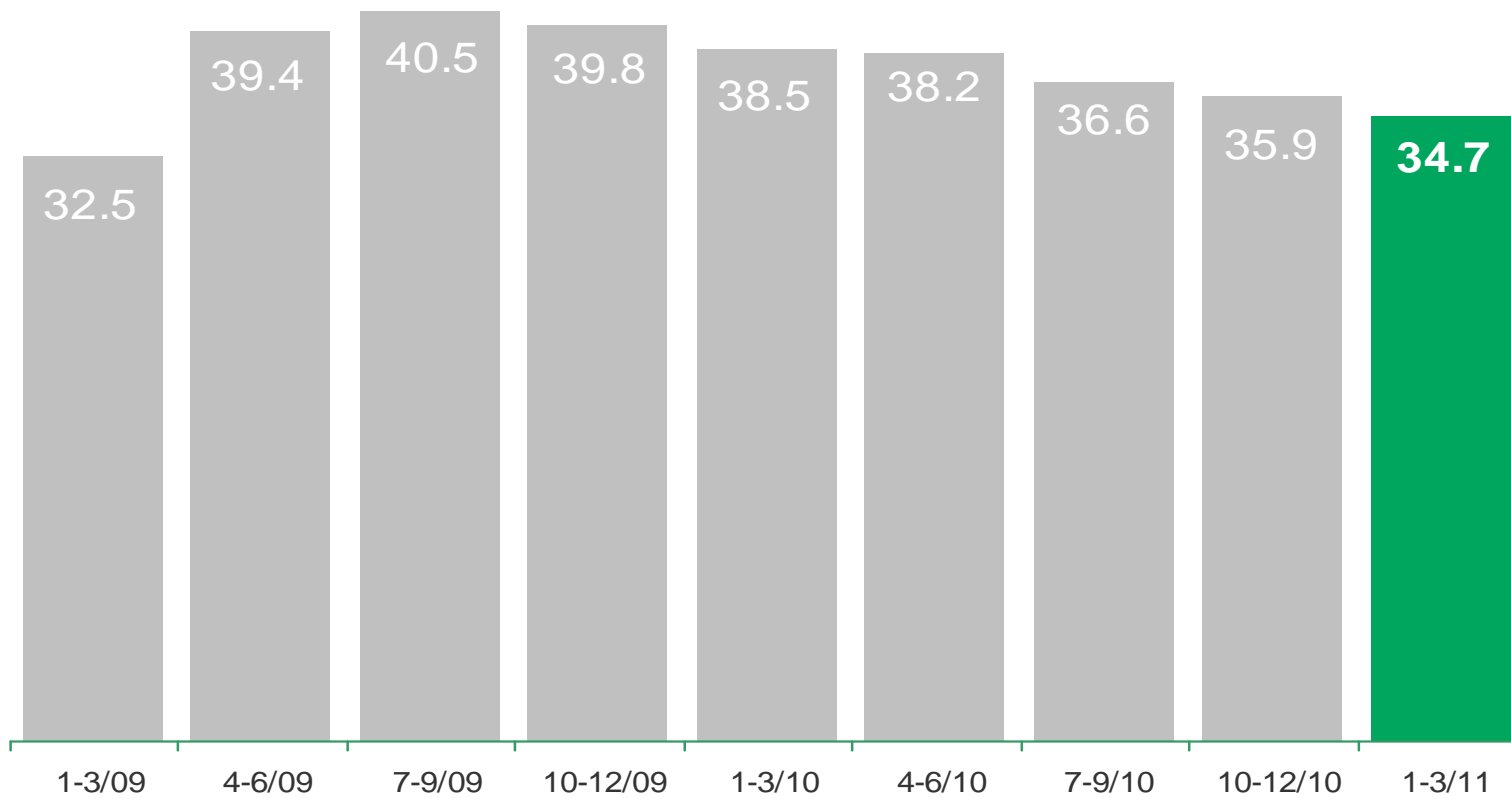


 Earnings per share, EPS
 Total earnings per share

Aktia

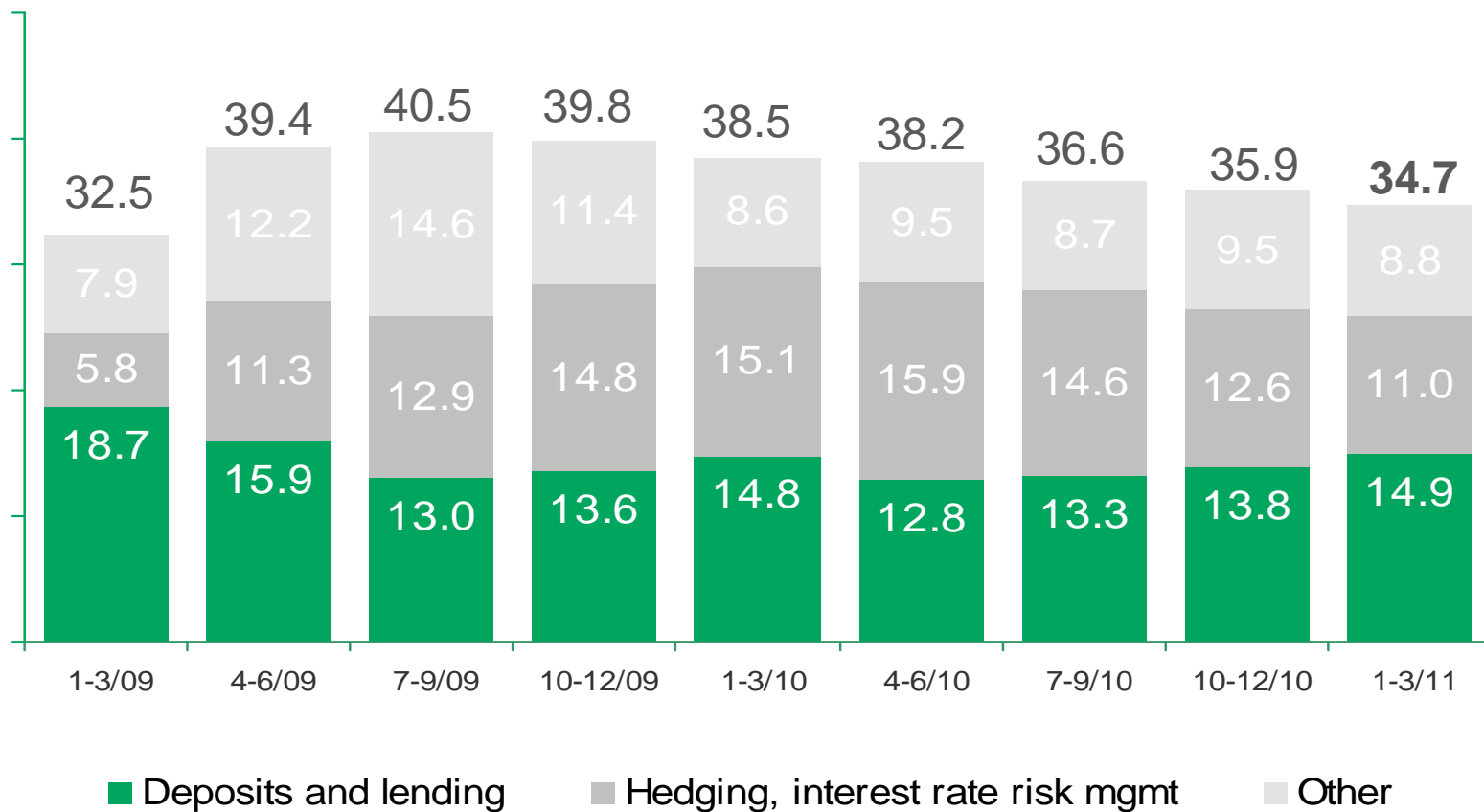
Sustained strong net interest income

EUR million



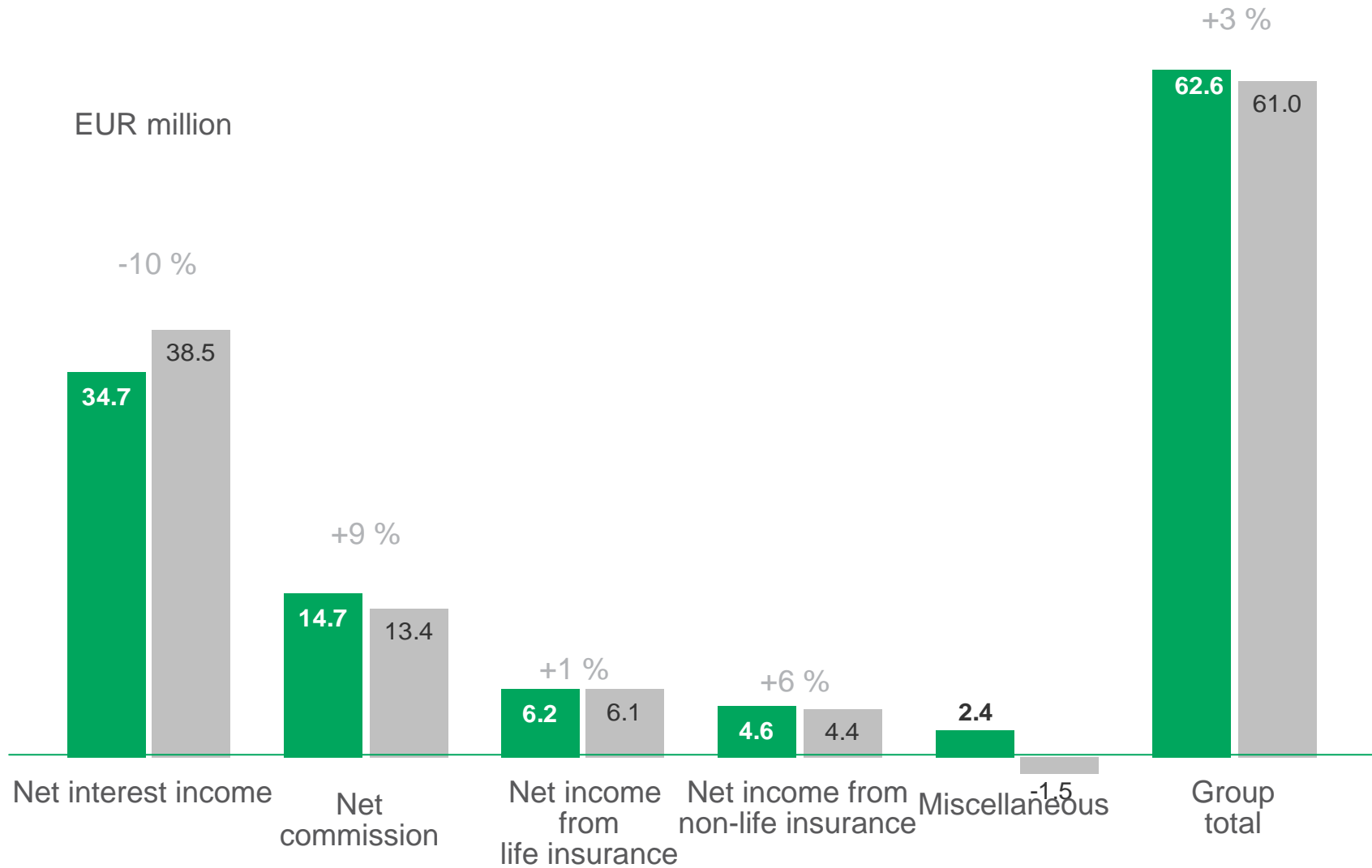
Net interest income, split

EUR million



Income

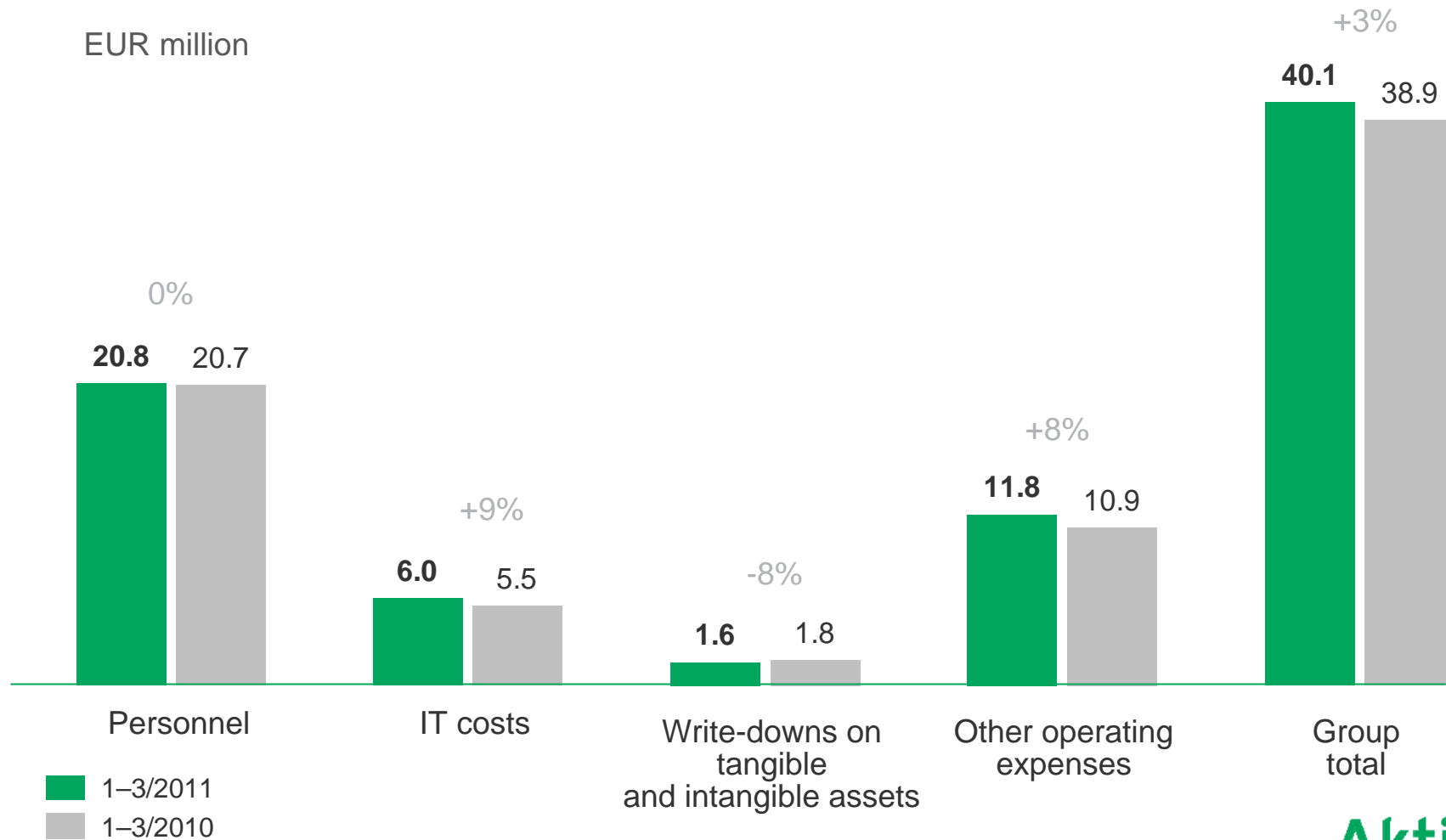
EUR million



■ 1-3/2011
■ 1-3/2010

Costs

EUR million

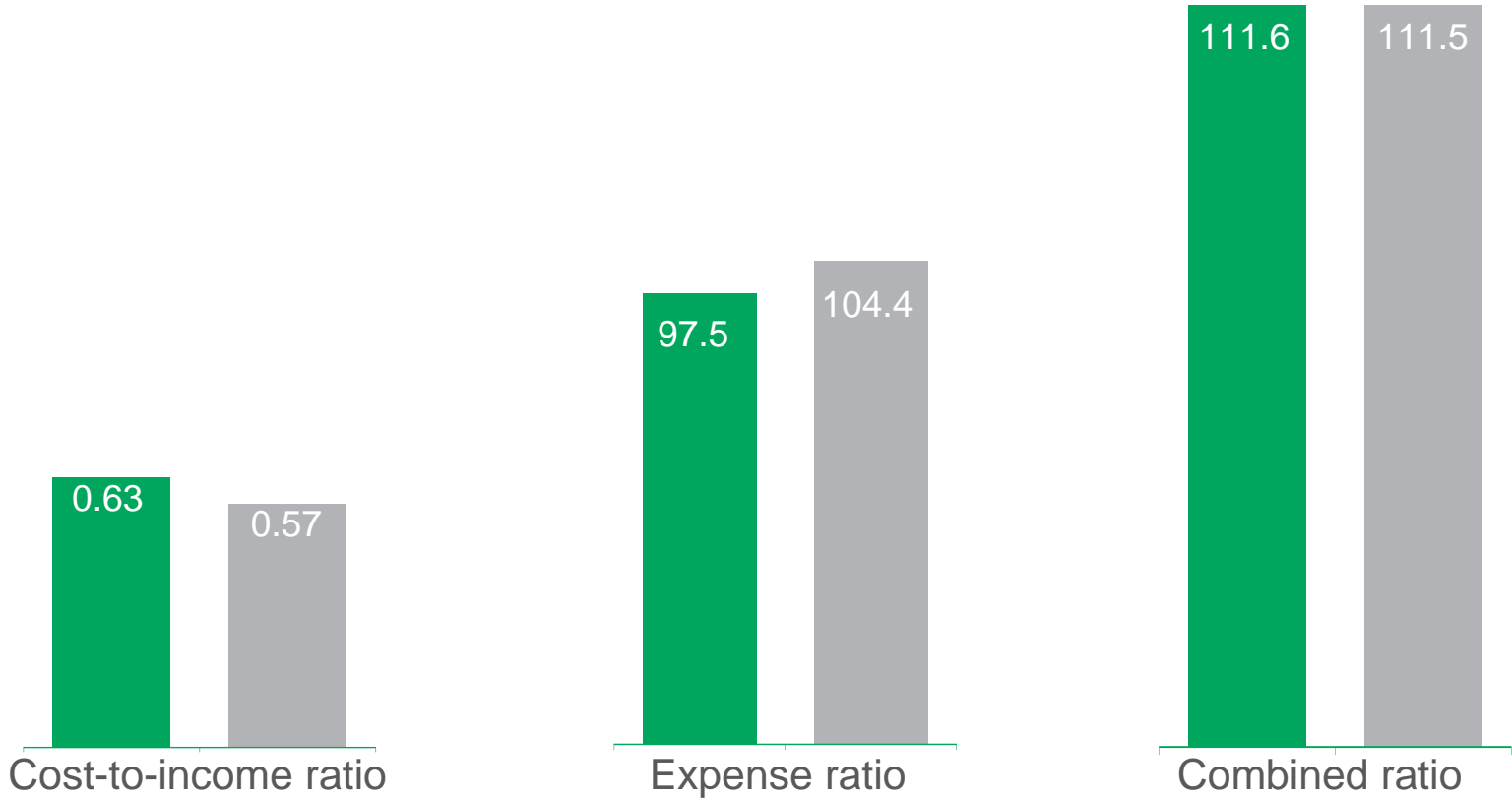


Cost efficiency

Banking Business

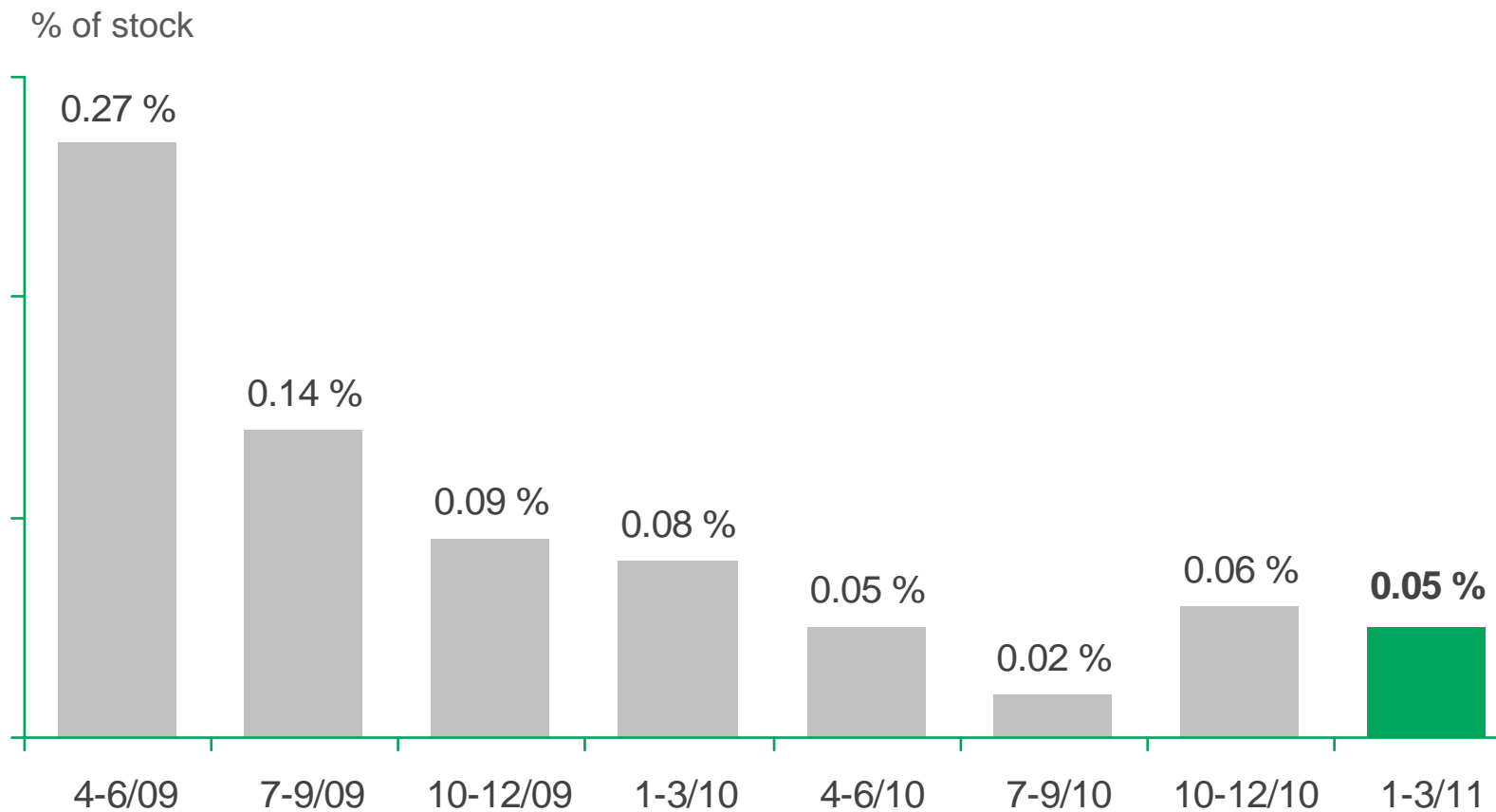
Life Insurance

Non-Life Insurance

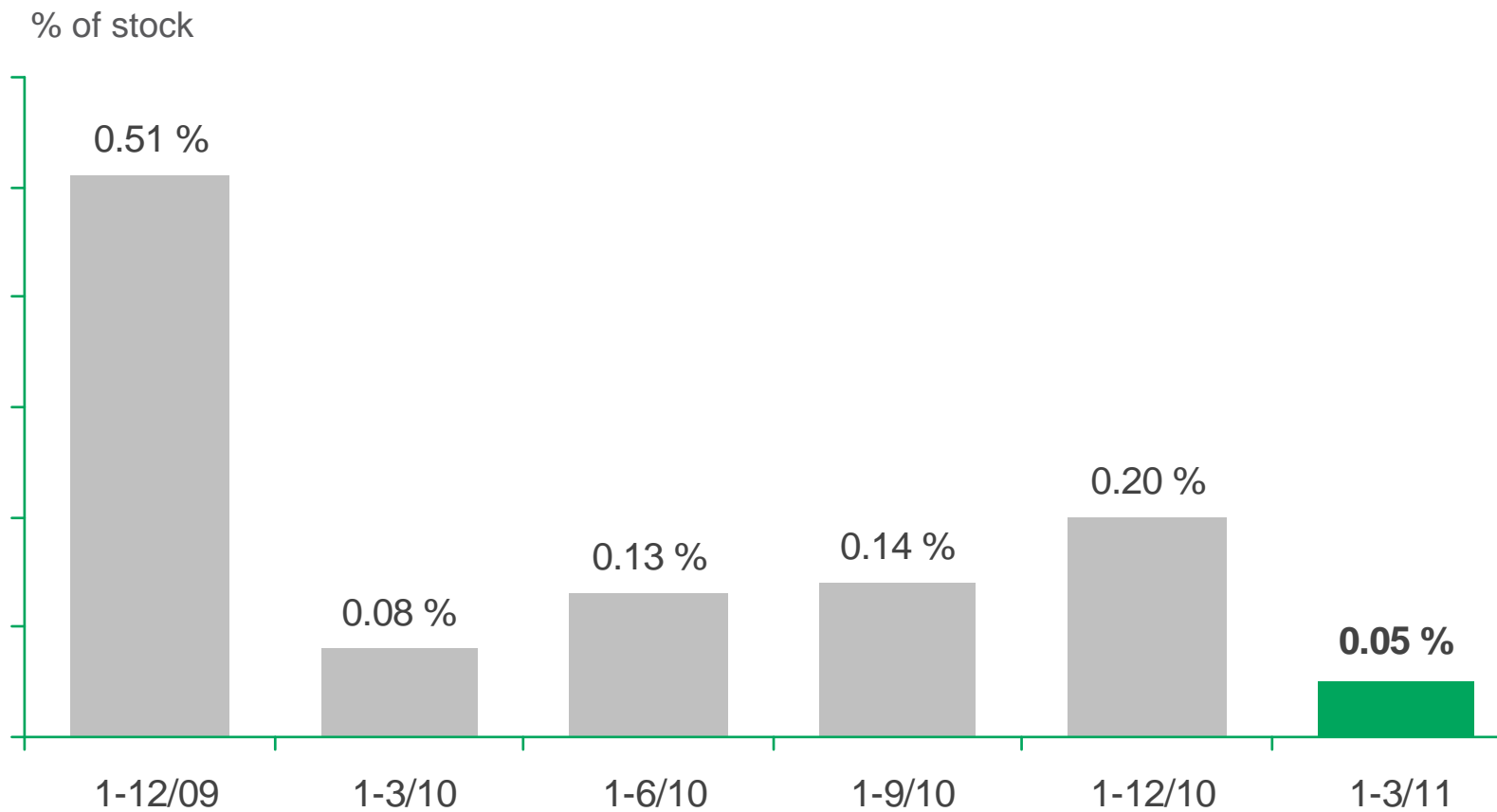


■ 1-3/2011
■ 1-3/2010

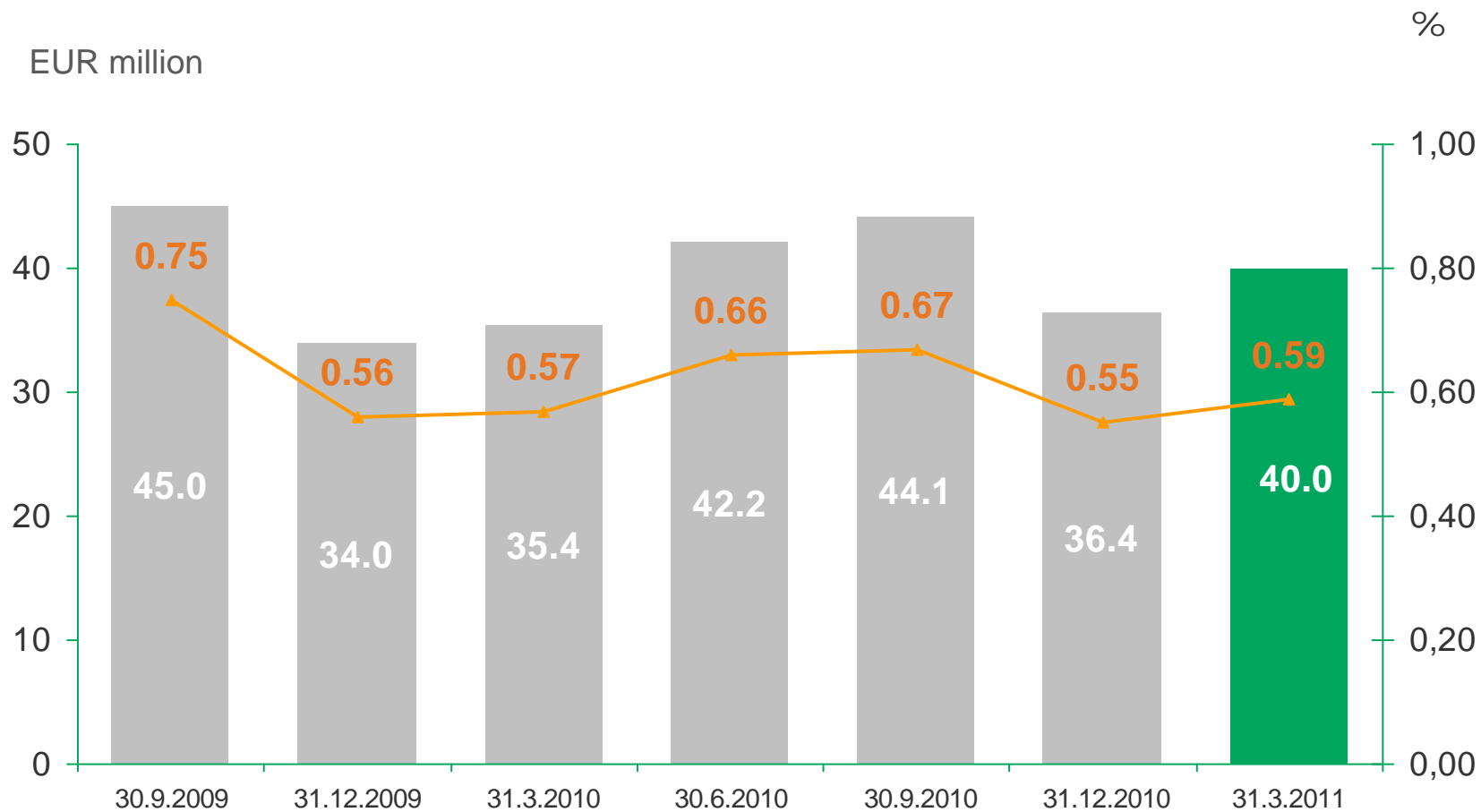
Quarterly write-downs on credit



Cumulative write-downs on credit



More than 90 days overdue



■ More than 90 days overdue

—▲ Per cent of credit stock incl. commitments

Aktia

Undischarged debts by time overdue

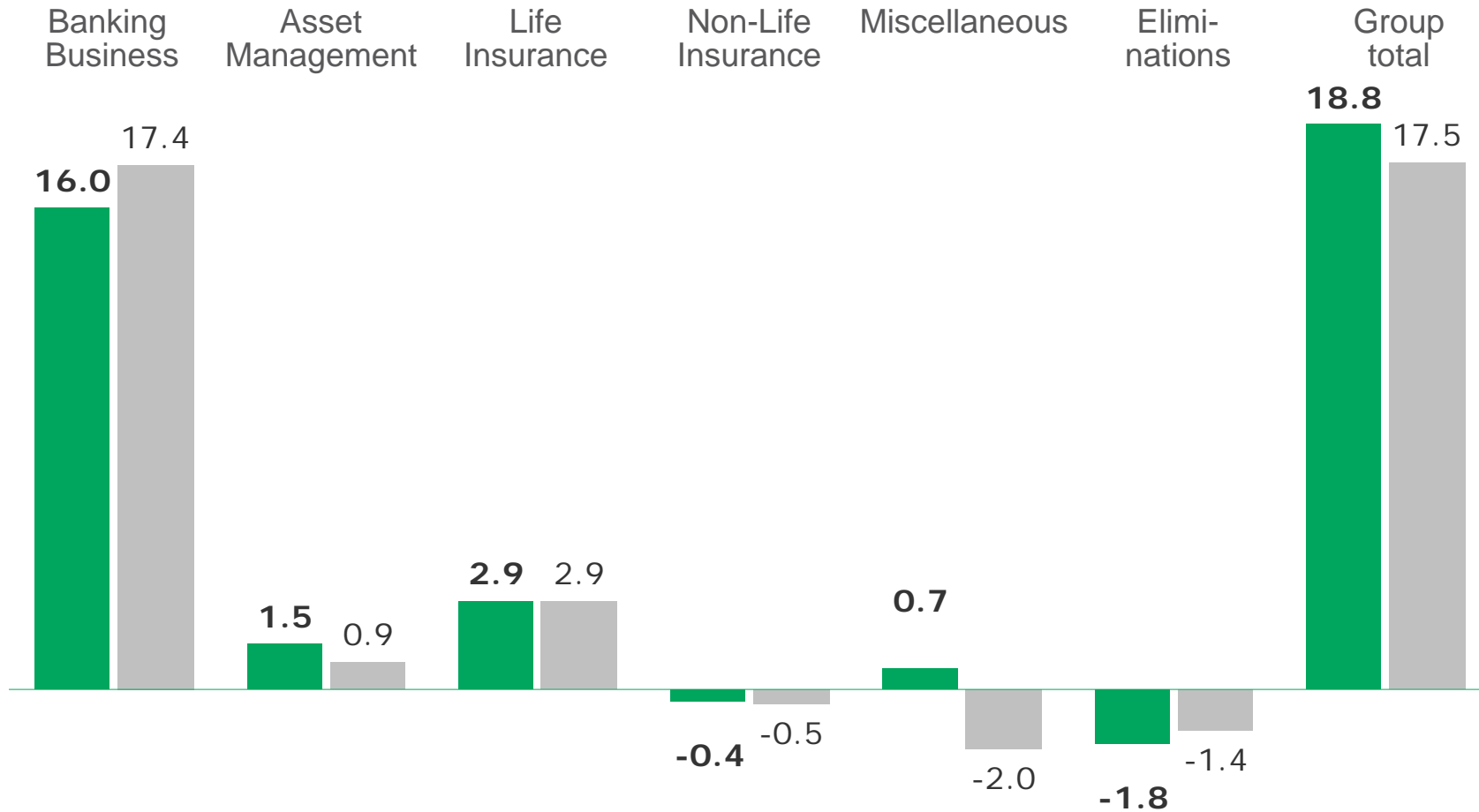
EUR million				
Days	31.3.2011	% of stock	31.12.2010	% of stock
1–30	194	2.89	171	2.58
of which households	120	1.79	118	1.77
31–89	65	0.97	56	0.84
of which households	47	0.70	45	0.67
90–	40	0.59	36	0.55
of which households	23	0.34	20	0.30

Write-downs on loans, guarantee and premium claims

Write-downs on credits, other commitments and outstanding premium receivables totalled net EUR -3.6 (-4.6) million.

- **Write-downs by group** amounted to EUR -17.8 (-19.3) million, of which EUR -7.3 (-7.3) million attributable to households and smaller companies and EUR -10.5 (-12.0) to larger corporate engagements.
- **The non-life insurance company's write-downs on outstanding premiums** (credit losses) totalled EUR -0.3 (0.2) million.

The segments' contribution to the Group's operating profit



■ 1-3/2011
■ 1-3/2010

Consolidated income statement

(EUR million)	1-3/2011	1-3/2010	Change
Net interest income	34.7	38.5	-10%
Dividends	0.0	0.0	165%
Commission income	19.1	17.1	12%
Commission expenses	-4.4	-3.7	-19%
Net commission income	14.7	13.4	9%
Net income from life insurance	6.2	6.1	1%
Net income from non-life insurance	4.6	4.4	6%
Net income from financial transactions	1.0	-3.1	-
Net income from investment properties	0.2	0.3	-43%
Other operating income	1.2	1.3	-7 %
Total operating income	62.6	61.0	3%
Staff costs	-20.8	-20.7	0%
IT costs	-6.0	-5.5	9%
Impairment of tangible and intangible assets	-1.6	-1.8	-8%
Other operating expenses	-11.8	-10.9	8%
Total operating expenses	-40.1	-38.9	3%
Write-downs on credits, other commitments and outstanding premium receivables	-3.6	-4.6	-22%
Share of profit from associated companies	0.0	-0.1	42%
Operating profit	18.8	17.5	8%
Taxes	-4.6	-5.0	-7%
Profit for the period	14.2	12.5	13%
Attributable to:			
Shareholders in Aktia plc	13.4	11.8	14%
Holdings where a non-controlling interest exists	0.7	0.7	5%
Total	14.2	12.5	13%
Earnings per share (EPS), EUR	0.20	0.18	14%
Earnings per share (EPS), after dilution, EUR	0.20	0.18	14%

Summary 1 January – 31 March 2011

Profit

Aktia's operating profit amounted to EUR 18.8 (17.5) million.

Income

Income increased to EUR 62.6 (61.0) million

Net interest income amounted to EUR 34.7 (38.5) million.

Expenses

The Group's operating expenses increased by 3 % to EUR 40.1 (38.9) million.

Write-downs

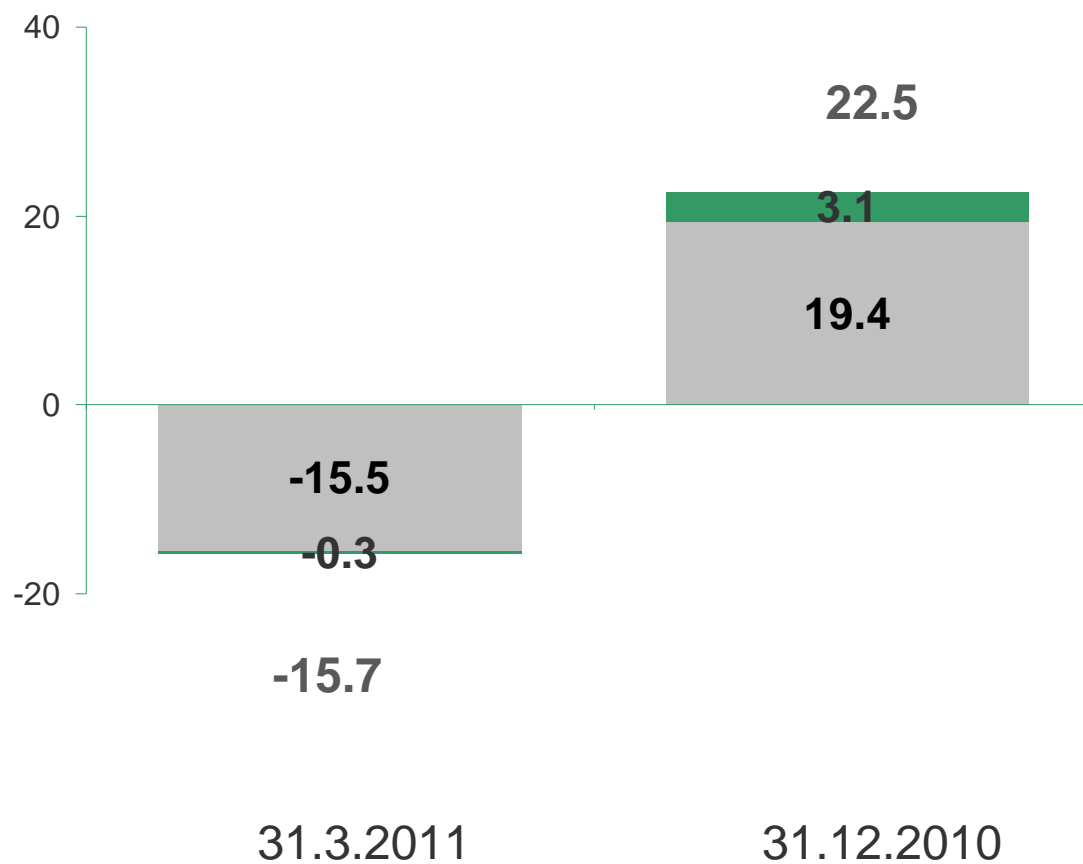
The Group's write-downs totalled EUR -3.6 (-4.6) million.

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Fund at fair value

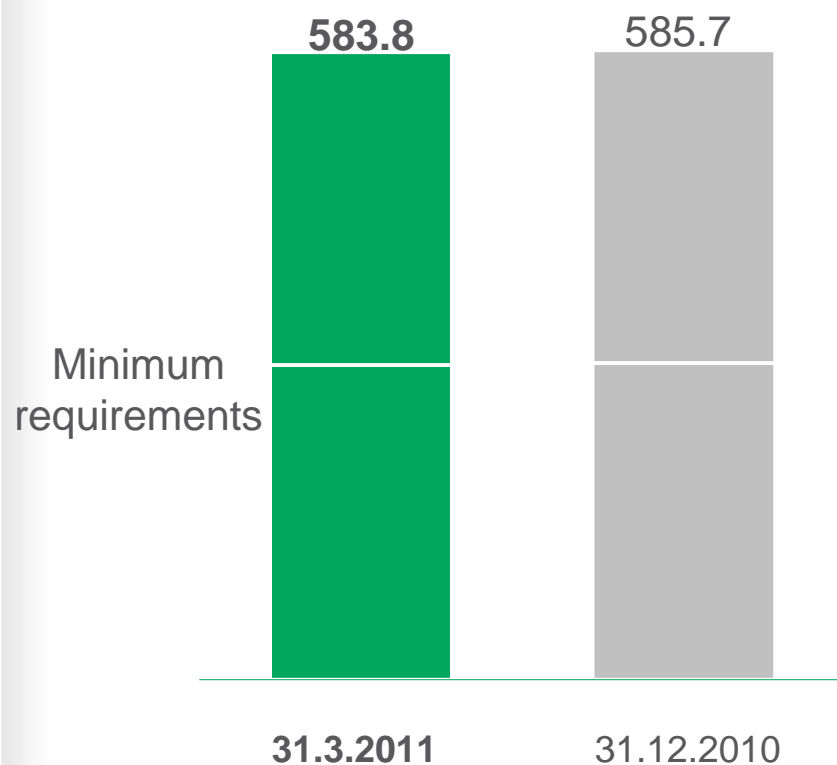
EUR million



- Interest-bearing securities and cash flow hedging
- Shares and participations

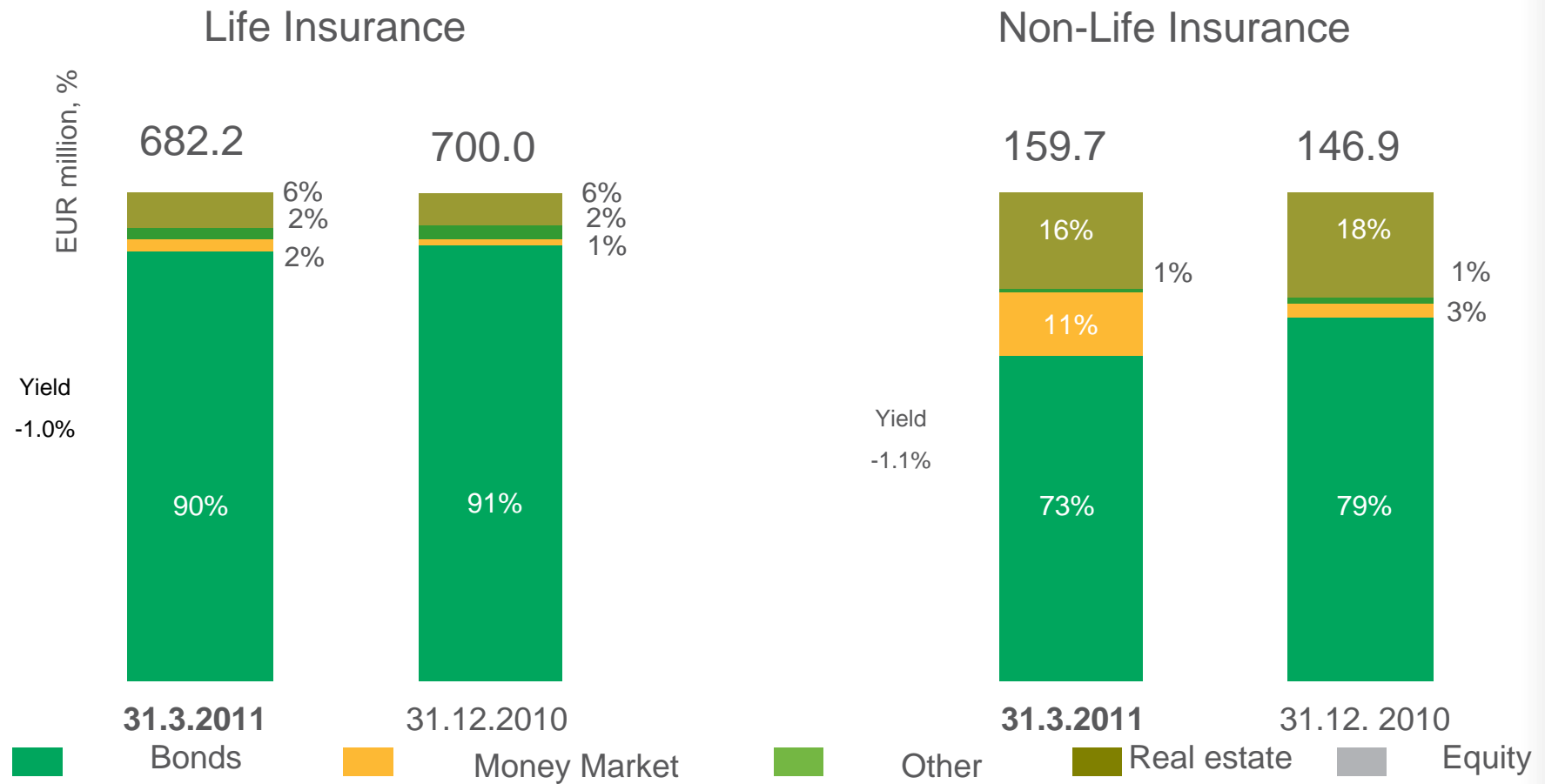
Capital adequacy in banking business

EUR million



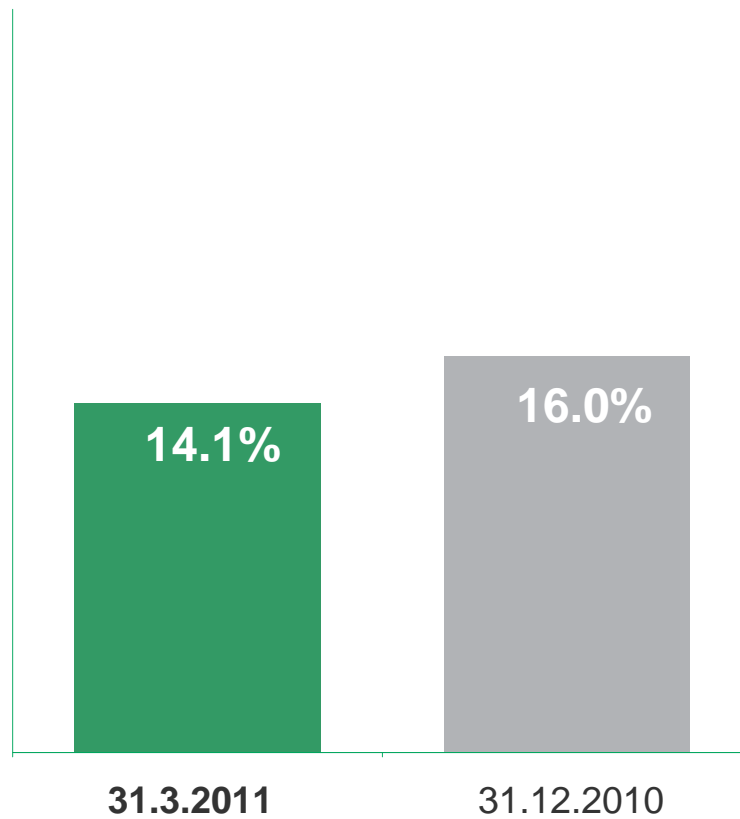
	31.3.2011	31.12.2010
Capital buffer	291.3	291.8
Minimum capital requirements	292.5	293.8
Capital adequacy ratio, %	16.0	15.9
Tier 1 capital ratio, %	10.3	10.1

Continued convergence towards Solvency II

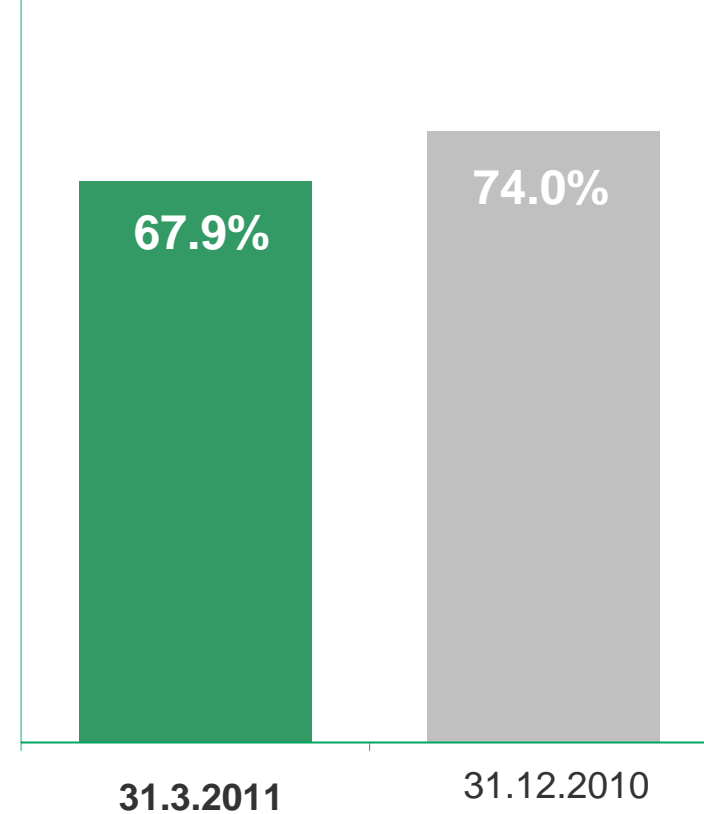


Solvency ratio

Life Insurance

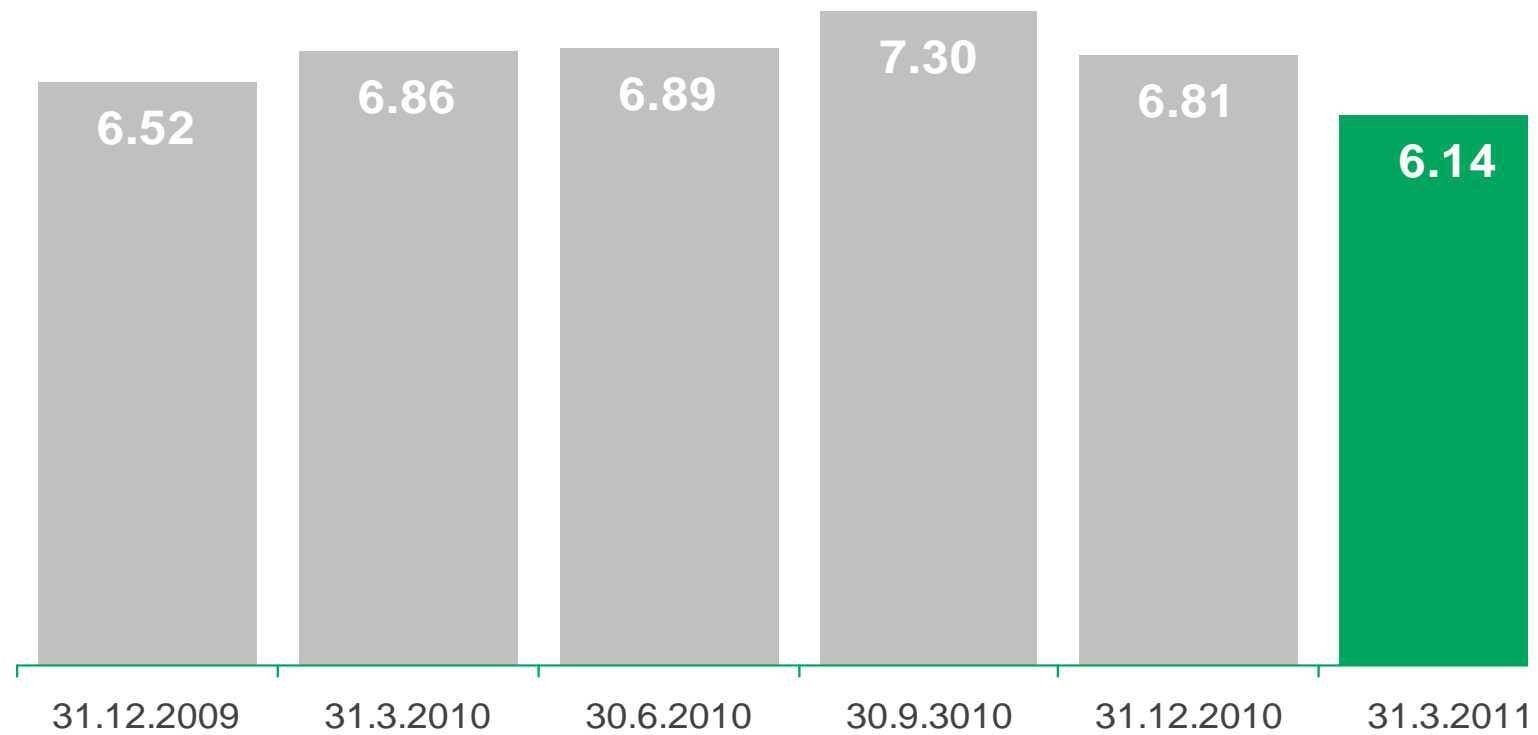


Non-Life Insurance



Equity per share (NAV)

Group
EUR



Aktia

Summary: capital adequacy 31 March 2011

Capital adequacy

The Bank Group's capital adequacy amounted to 16.0 (15.9)%.
The Tier 1 capital ratio was 10.3 (10.1)%.

The life insurance company's solvency margin

The solvency margin decreased to EUR 85.9 (97.0) million.
Solvency ratio 14.1 (16.0)%.

The non-life insurance company's solvency capital

The solvency capital amounted to EUR 42.2 (45.2) million.
Risk carrying capacity 67.9 (74.0)%.

Aktia Bank plc's rating A1/C/P-1

Aktia Bank plc's credit rating remained unchanged.

The covered bonds issued by [Aktia Real Estate Mortgage Bank plc](#) have a Moody's Investors Service credit rating of Aa1.

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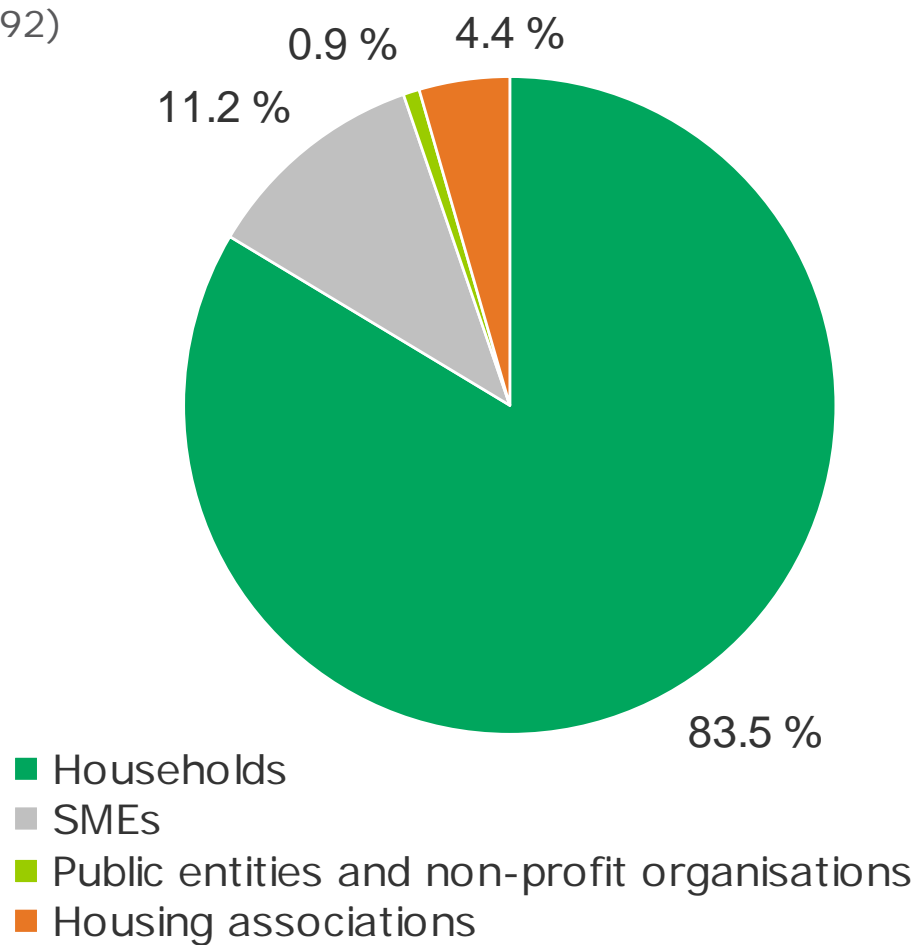
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Consolidated balance sheet – Assets

(EUR million)	31.3.2011	31.12.2010	Change
Assets			
Cash and balances with central banks	262.6	273.4	-4%
Financial assets reported at fair value via the income statement	13.6	20.9	-35%
Interest-bearing securities	2,958.8	3,241.0	-9%
Shares and participations	126.2	142.7	-12%
Financial assets available for sale	3,085.0	3,383.7	-9%
Financial assets held until maturity	20.7	21.5	-3%
Derivative instruments	150.0	230.2	-35%
Lending to credit institutions	68.6	46.0	49%
Lending to the public and public sector entities	6,660.2	6,591.6	1%
Loans and other receivables	6,728.9	6,637.6	1%
Investments for unit-linked provisions	298.6	280.0	7%
Investments in associated companies	4.6	5.2	-12%
Intangible assets	15.0	13.3	13%
Investment properties	24.1	24.3	-1%
Other tangible assets	6.6	6.7	-2%
Accrued income and advance payments	83.9	87.1	-4%
Other assets	54.4	21.3	156%
Total other assets	138.3	108.3	28%
Income tax receivables	5.4	0.0	-
Deferred tax receivables	18.0	13.4	34%
Tax receivables	23.4	13.4	75%
Assets classified as held for sale	0.7	0.7	0%
Total assets	10,772.1	11,019.2	-2%

Credit stock 31 March 2011

Group
EUR **6,660** (6,592)
million

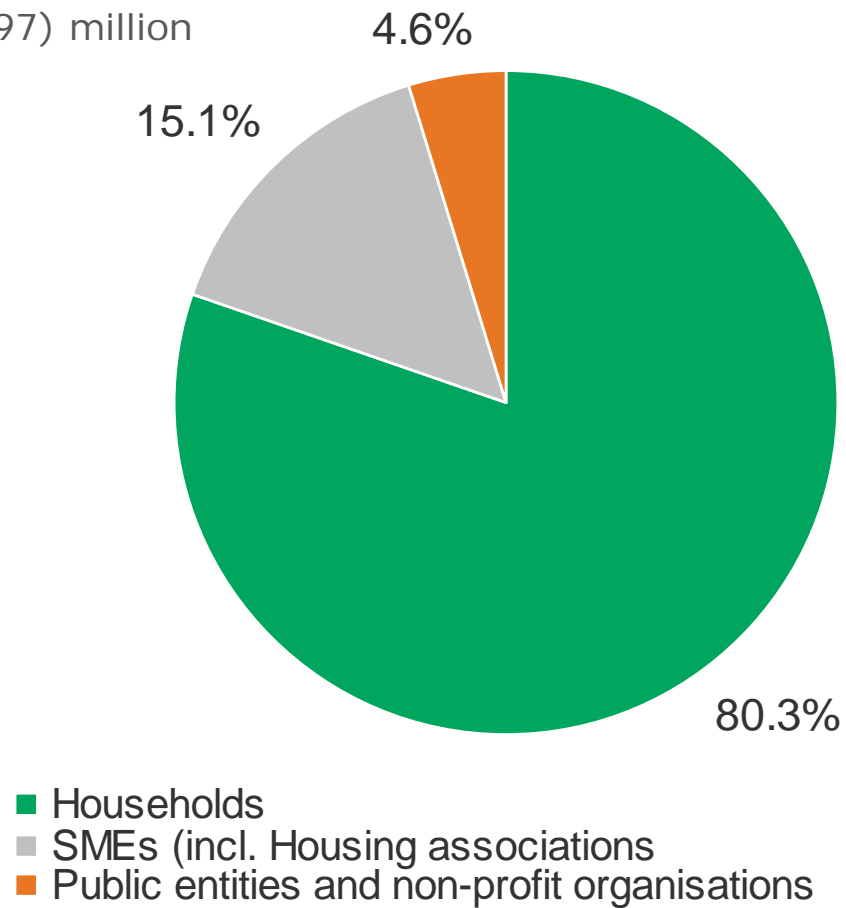


Consolidated balance sheet – Liabilities

(EUR million)	31.3.2011	31.12.2010	Change
Liabilities			
Liabilities to credit institutions	797.0	959.7	17%
Liabilities to the public and public sector entities	3,415.2	3,396.6	1%
Deposits	4,212.3	4,356.3	-3%
Derivative instruments	131.1	149.5	-12%
Debt securities issued	3,331.9	3,381.9	-1%
Subordinated liabilities	254.4	256.0	-1%
Other liabilities to credit institutions	1,115.9	1,012.5	10%
Other liabilities to the public and public sector entities	13.7	177.0	-92%
Other financial liabilities	4,715.9	4,827.4	-2%
Provisions for interest-related insurances	586.8	587.7	0%
Technical provision for unit-linked insurances	297.4	282.4	5%
Technical provision for non-life insurances	135.3	119.7	13%
Technical provisions	1,019.5	989.8	3%
Accrued expenses and income received in advance	102.2	93.2	10%
Other liabilities	82.4	44.0	87%
Total other liabilities	184.6	137.2	34%
Provisions	0.2	0.7	-65%
Income tax liabilities	10.9	9.0	22%
Deferred tax liabilities	44.1	51.8	-15%
Tax liabilities	55.0	60.7	-9%
Liabilities for assets classified as held for sale	0.2	0.2	0%
Total liabilities	10,318.8	10,521.9	-2%
Equity			
Restricted equity	88.9	127.4	-30%
Unrestricted equity	319.1	325.6	-2%
Shareholders' share of equity	408.0	453.0	-10%
Holdings where a non-controlling interest exists	45.4	44.3	2%
Equity	453.4	497.3	-9%
Total liabilities and equity	10,772.1	11,019.2	-2%

Deposit stock 31 March 2011

Group
EUR 3,415 (3,397) million



Balance sheet 31 March 2011

The Group's balance sheet total decreased 2%
and amounted to EUR 10,772 (11,019) million.

Borrowing grew
to EUR 3,415 (3,397) million.

Lending to the public increased 1%
and amounted to EUR 6,660 (6,592) million. Loans to private households amounted to EUR 5,560 million or 83.5%.

The housing loan stock amounted to EUR 5,206 (5,121) million showing an increase of 2%.

Corporate lending continued to be moderate
The credit stock amounted to EUR 748 (761) million.

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Outlook for 2011 (unchanged)

The interest rate derivatives that temporarily lifted the net interest income (NII) to an exceptional level are gradually maturing from 2011 onwards. The high NII level from 2009-2010 is therefore difficult to replicate in a low interest rate environment. Aktia strives to increase income through increasing sales per customer and cross-selling, and to decrease costs. The write-downs on credit 2011 are expected to remain at a low level. The full-year result for 2011 will probably be lower than in 2010.

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 requirements. A change in capital requirements could actualise both capitalisation needs and need for changes in the Aktia Group's structure.

Share capital and ownership 31.3.2011

	Series A shares	Series R shares	Shares total	Shares %	Votes	Share of votes, %
The 20 largest shareholders:						
Stiftelsen Tre Smeder	6,776,490	3,943,938	10,720,428	16.0	85,655,250	19.1
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.0	45,970,234	10.3
Pension Insurance Co Veritas	4,027,469	2,134,397	6,161,866	9.2	46,715,409	10.4
Aktiestiftelsen i Esbo-Grankulla	2,146,585	1,193,458	3,340,043	5.0	26,015,745	5.8
Oy Hammarén & Co Ab	1,890,000	950,000	2,840,000	4.2	20,890,000	4.7
The Society of Swedish Literature in Finland	1,681,786	789,229	2,471,015	3.7	17,466,366	3.9
Stiftelsen för Åbo Akademi	1,495,640	751,000	2,246,640	3.4	16,515,640	3.7
Aktiestiftelsen i Vanda	1,133,108	949,721	2,082,829	3.1	20,127,528	4.5
Aktiestiftelsen i Borgå	1,303,370	651,525	1,954,895	2.9	14,333,870	3.2
Aktiestiftelsen i Vasa	978,525	547,262	1,525,787	2.3	11,923,765	2.7
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	2.0	9,641,809	2.2
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.8	8,660,850	1.9
Föreningen Konstsamfundet rf	670,040	377,951	1,047,991	1.6	8,229,060	1.8
Sparbanksstiftelsen i Ingå	646,236	323,118	969,354	1.5	7,108,596	1.6
Ab Kelonia Oy	549,417	308,662	858,079	1.3	6,722,657	1.5
Sparbanksstiftelsen i Sibbo	462,002	232,001	694,003	1.0	5,102,022	1.1
Sparbanksstiftelsen i Sjundeå	404,377	227,188	631,565	0.9	4,948,137	1.1
Aktiestiftelsen i Malax	347,138	177,600	524,738	0.8	3,899,138	0.9
Sparbanksstiftelsen i Tenala	340,021	171,510	511,531	0.8	3,770,221	0.8
Aktiestiftelsen i Korsholm	326,376	175,938	502,314	0.8	3,845,136	0.9
The 20 largest owners	31,490,573	16,802,543	48,293,116	72.3	367,541,433	82.1
Other	15,446,335	3,248,307	18,694,642	27.7	80,412,475	17.9
Total	46,936,908	20,050,850	66,987,758	100.0	447,953,908	100.0

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