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INTERIM REPORT JANUARY – SEPTEMBER 2011

## January – September 2011 in short

**Operating profit was EUR 40.4 (64.4) million.**

**Earnings per share (EPS) was EUR 0.42 (0.69).**

**Return on equity (ROE) was 7.5 (12.8)%.**

**Capital adequacy amounted to 16.6 (15.9)% and the Tier 1 capital ratio was 10.8 (10.1)%**

**Write-downs on credit and outstanding premiums totalled EUR 6.9 (9.8) million.**

**Aktia expects the full-year result for 2011 to be lower than in 2010 (unchanged).**

## July – September 2011 in short

**Operating profit was EUR 9.5 (23.4) million.**

**Earnings per share (EPS) was EUR 0.09 (0.26).** EPS excluding divestment of shares in Bank of Åland EUR 0.18.

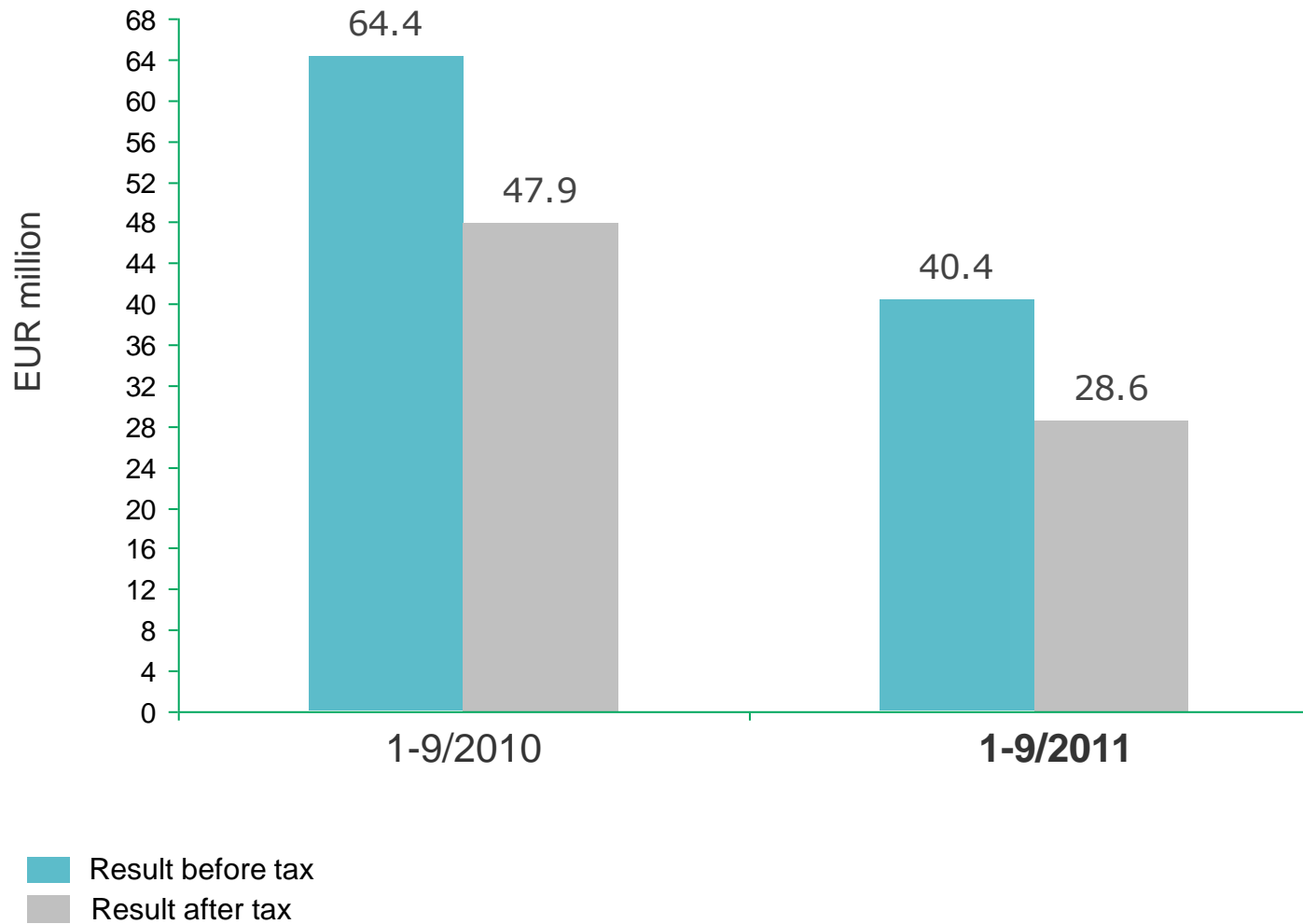
**Return on equity (ROE) was 4.4 (13.9)%.** ROE excluding Bank of Åland 9.5%.

**Write-downs on credits and outstanding premiums** stood at EUR 1.2 (1.4) million.

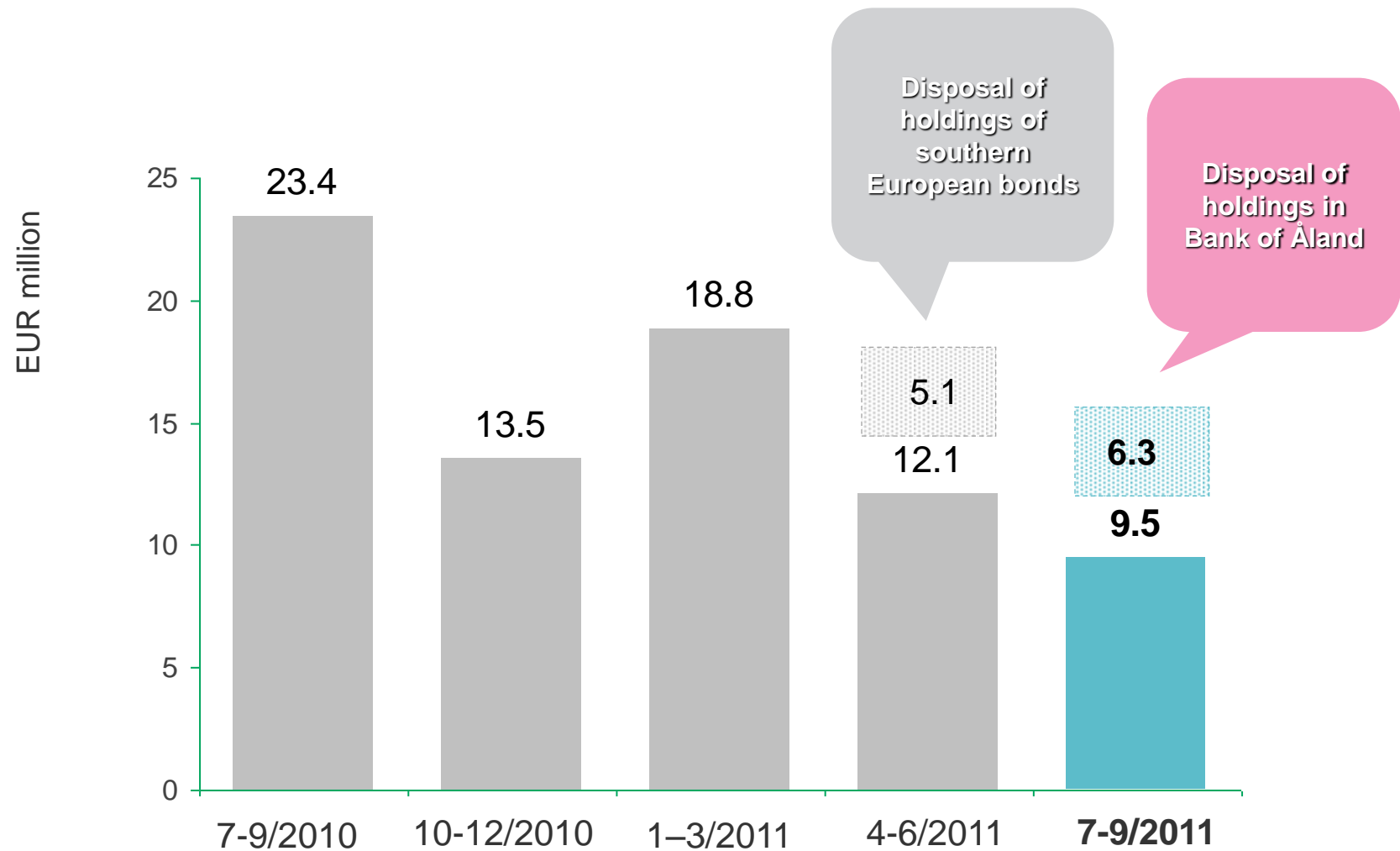
# Interim report 1 January –30 September 2011

<b>1</b>	<b>Financial performance</b>
<b>2</b>	<b>Capital adequacy</b>
<b>3</b>	<b>Balance sheet and owners</b>
<b>4</b>	<b>Outlook and targets</b>

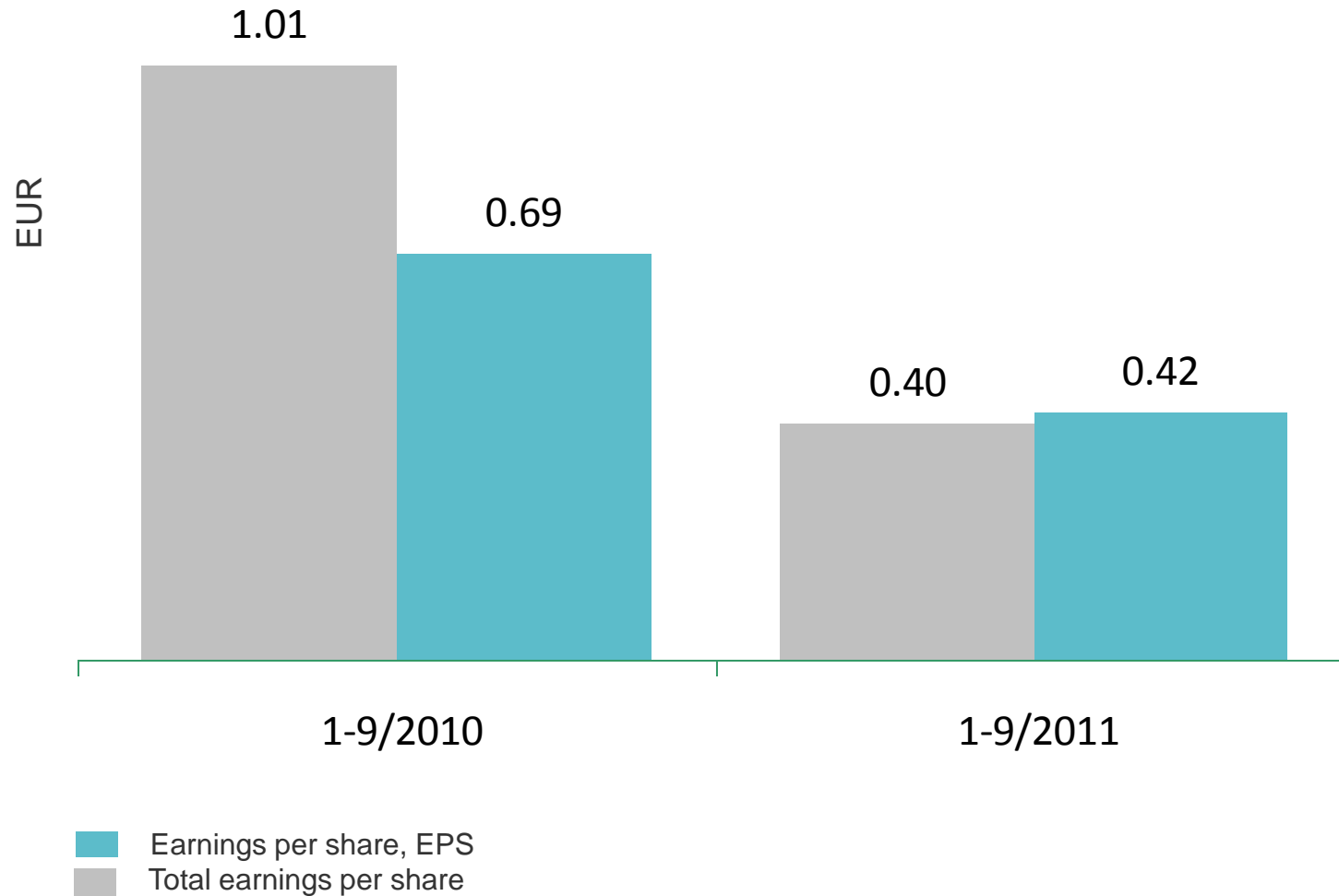
## Result before and after tax



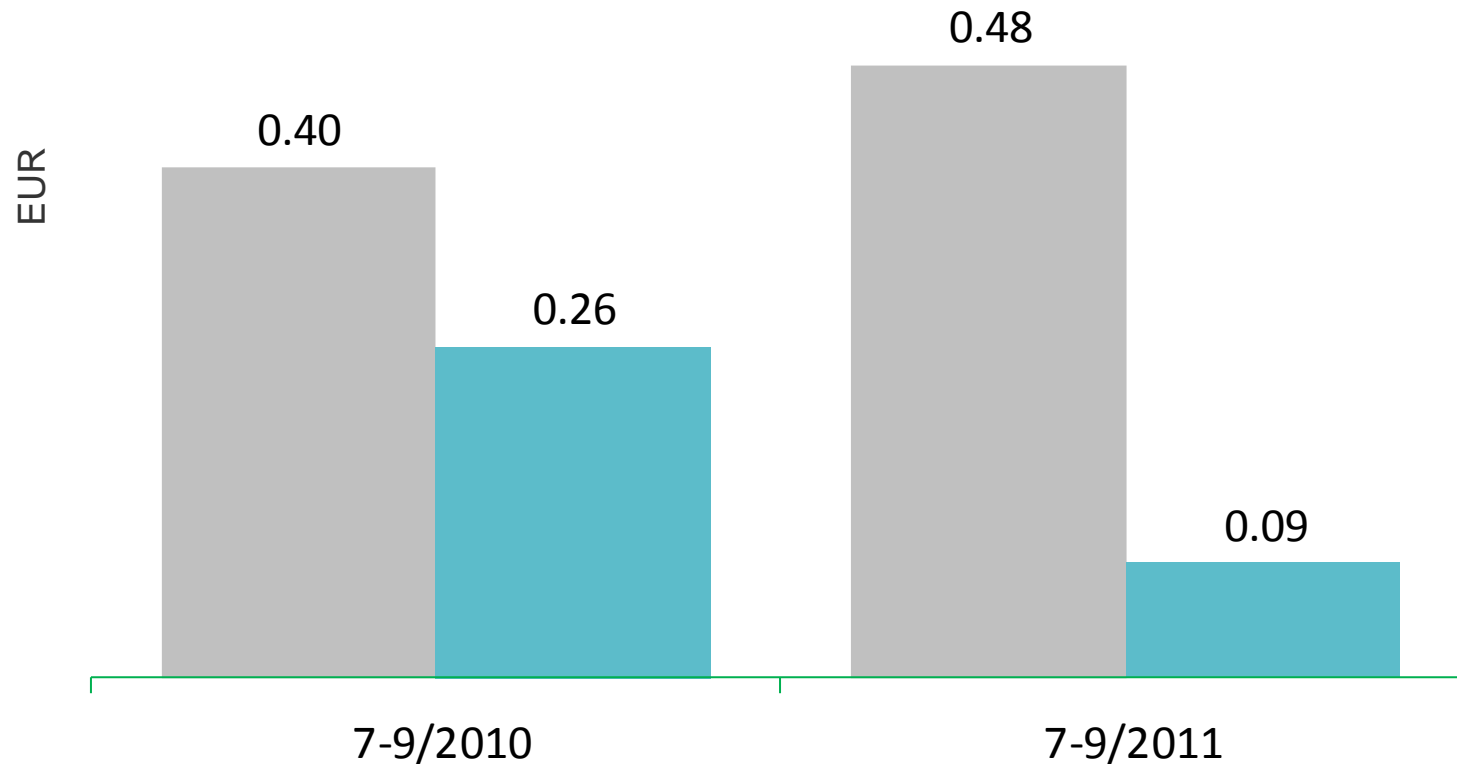
# Operating profit per quarter





# Earnings per share 1-9/2011



# Earnings per share 7-9/2011

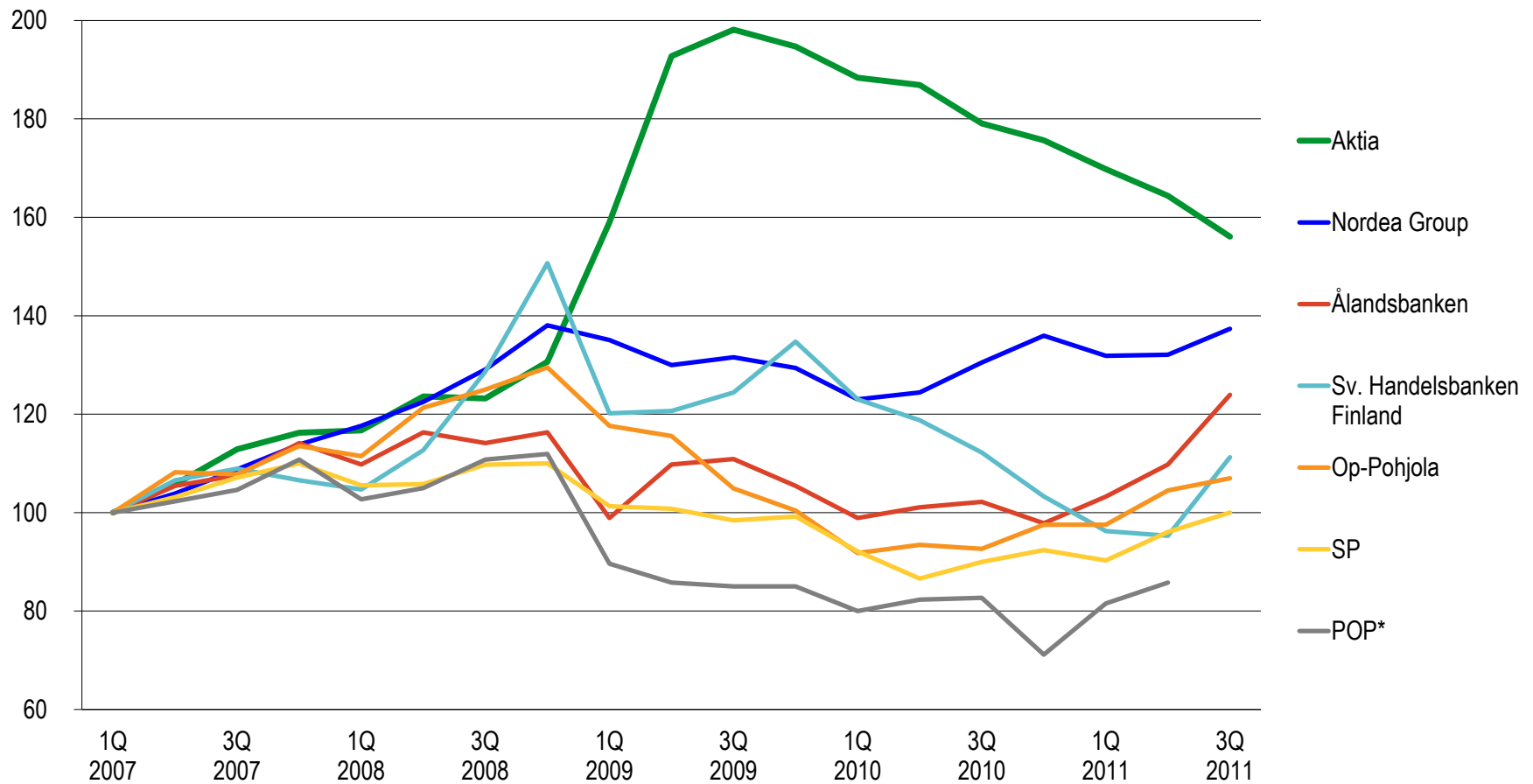


 Earnings per share, EPS  
 Total earnings per share



# Net interest income (1/2007 = 100)

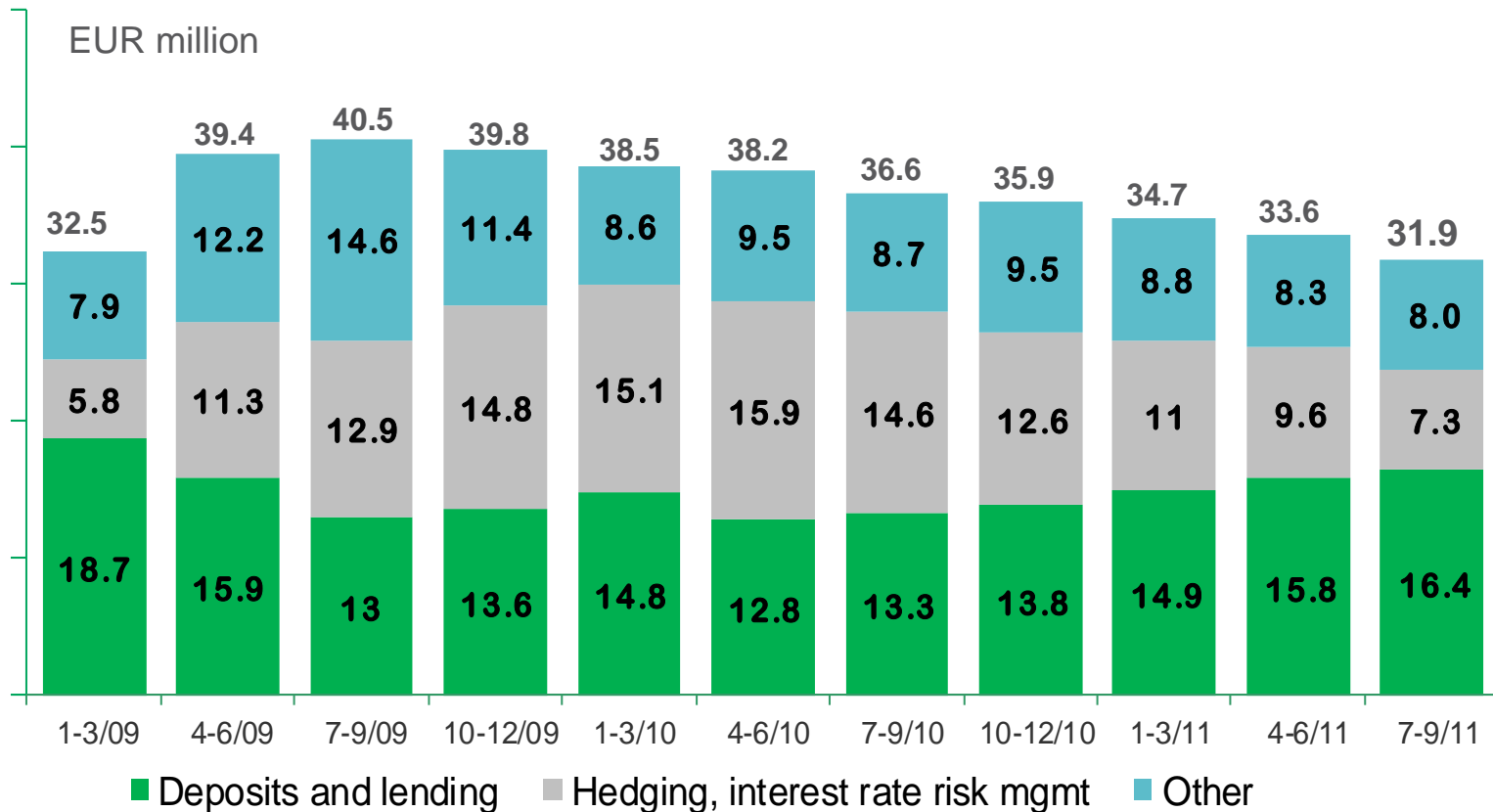
## Banks in Finland



\* 2Q 2011

**Aktia**

# Net interest income, split



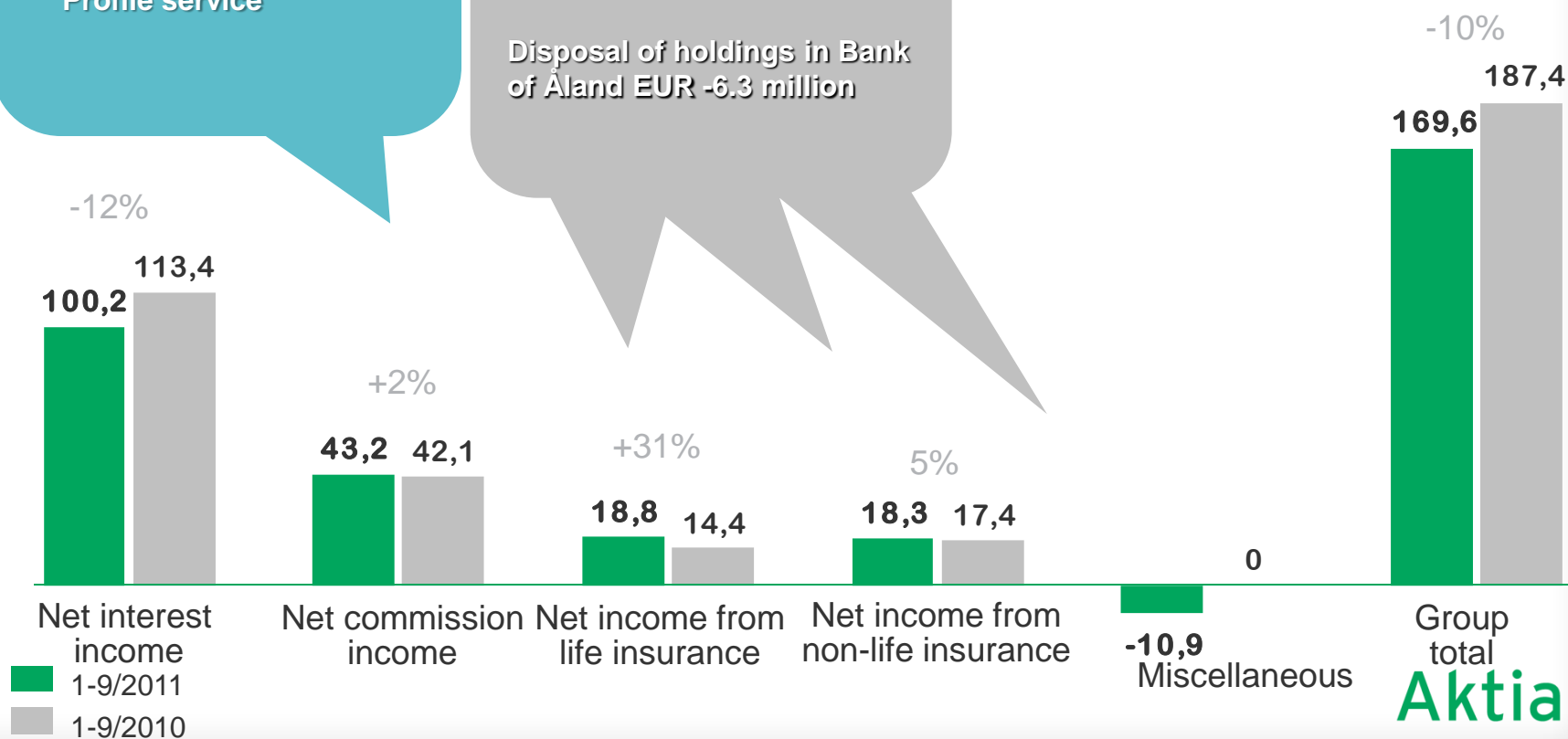
# Income (EUR million)

Increasing long-term savings, positive impact on Net income from life insurance

- Unit-linked insurance, Profile service

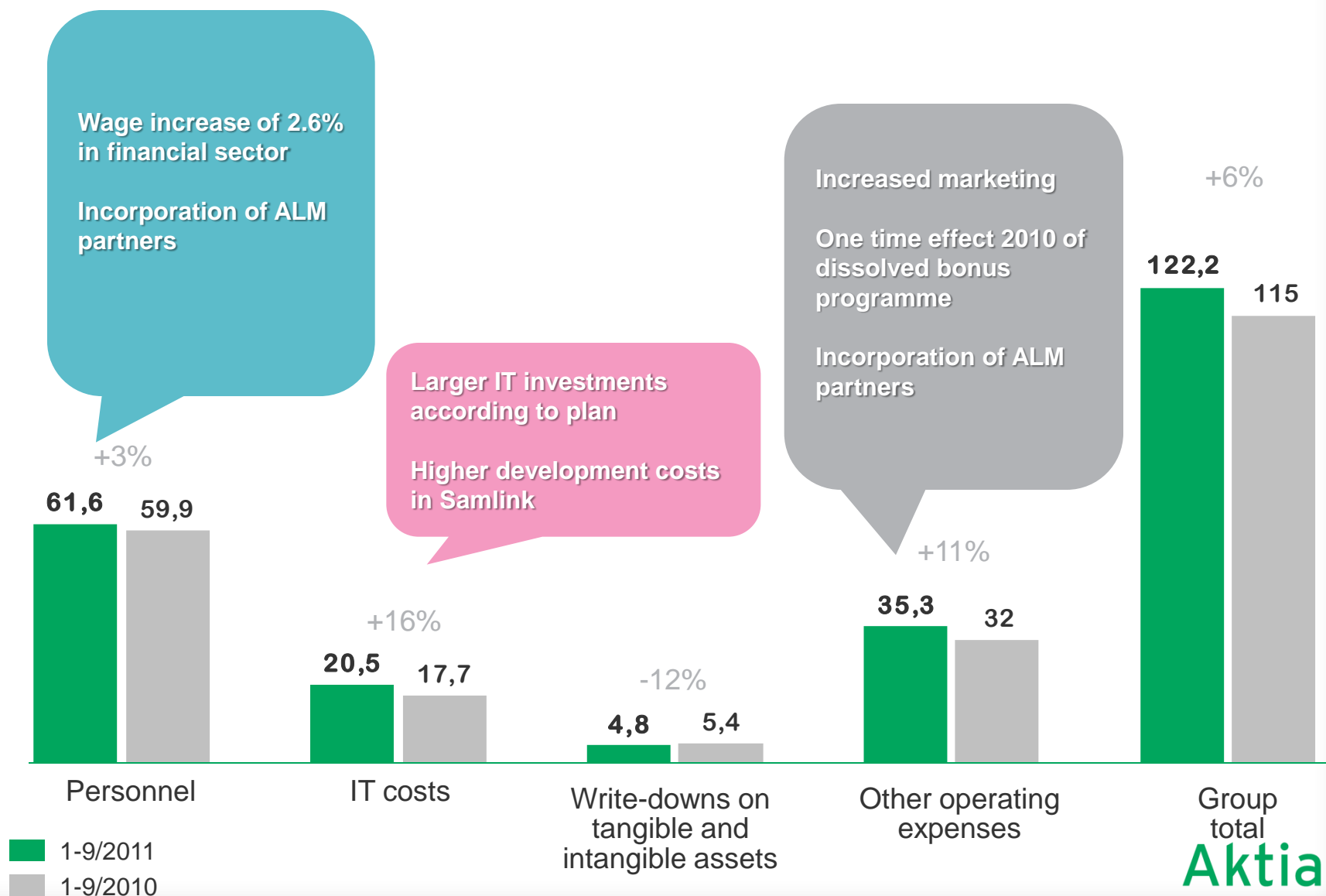
Disposal of holdings of southern European bonds EUR -5.1 million

Disposal of holdings in Bank of Åland EUR -6.3 million

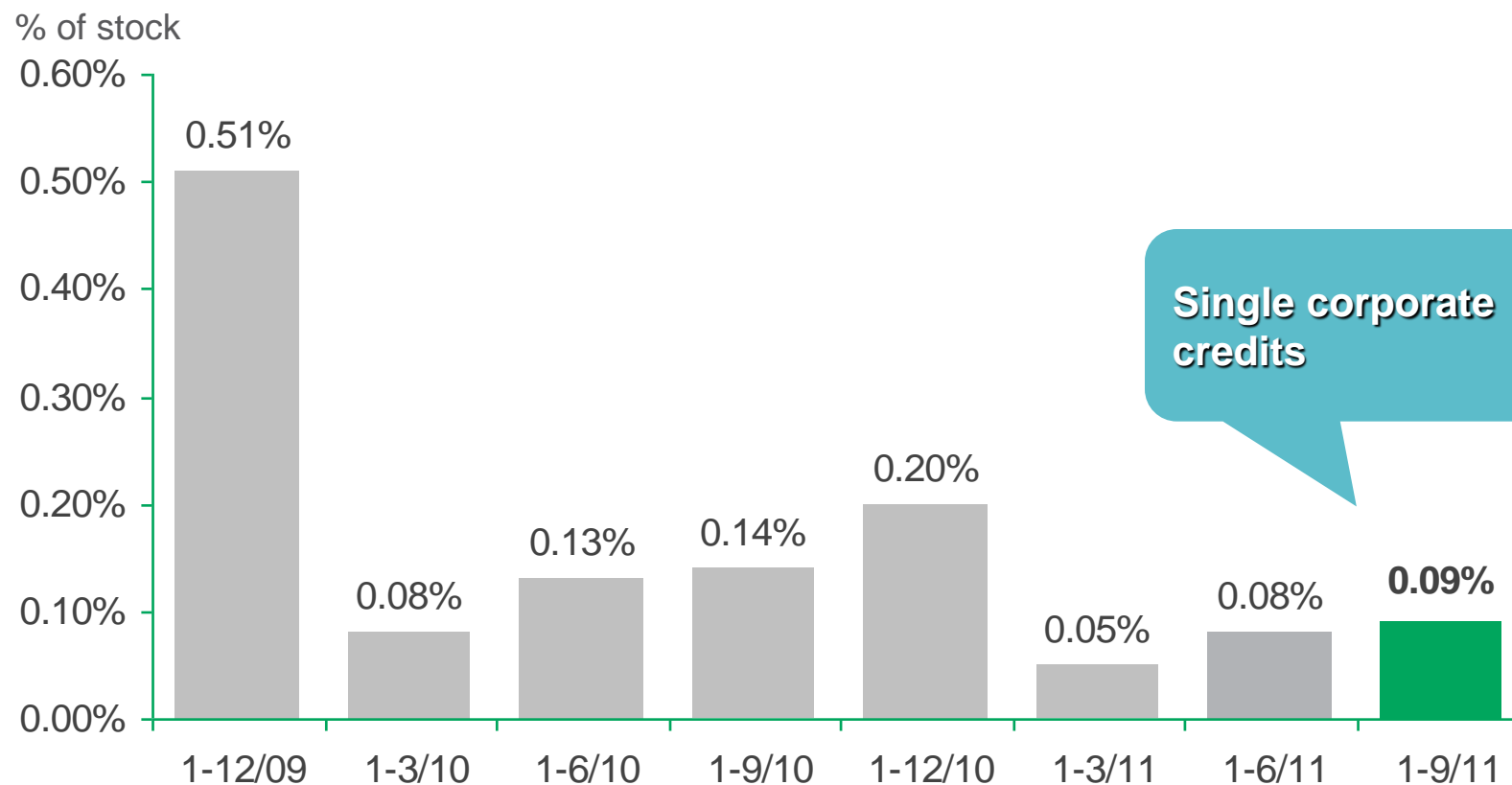


# Expenses (EUR million)

4Q2011 – provisions for costs



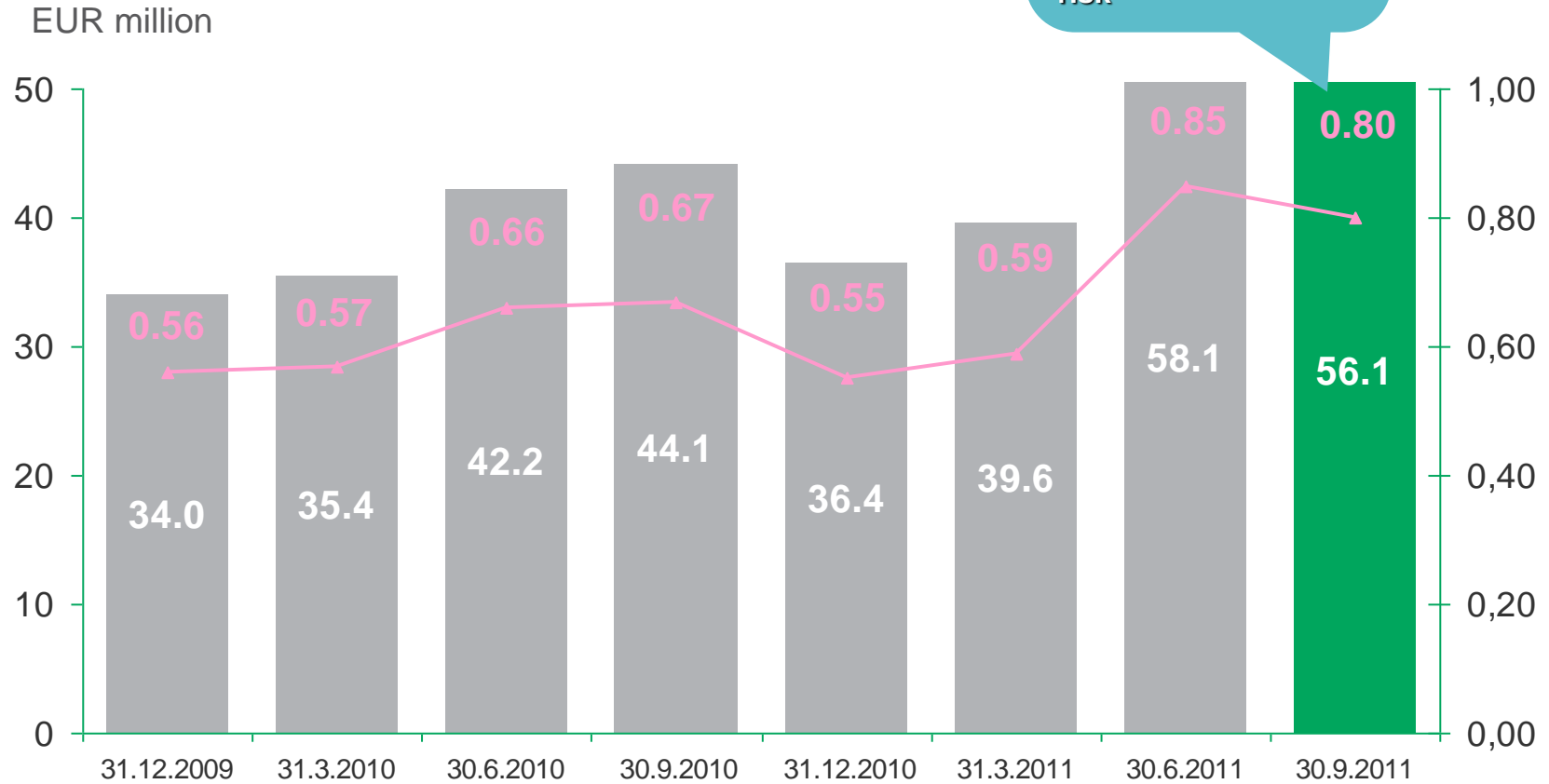
# Cumulative write-downs on credit



# More than 90 days overdue

Somewhat more stress in retail portfolio

Stable collaterals, marginal increase in risk



■ More than 90 days overdue

—▲ % of credit stock incl commitments

**Aktia**

# Undischarged debts by time overdue

EUR million				
Days	30.9.2011	% of stock	30.9.2010	31.12.2010
<b>1-30</b>	<b>209</b>	<b>2.99</b>	<b>184</b>	<b>171</b>
of which households	144	2.07	126	118
<b>31-89</b>	<b>61</b>	<b>0.88</b>	<b>51</b>	<b>56</b>
of which households	47	0.67	41	45
<b>90*-</b>	<b>56</b>	<b>0.80</b>	<b>44</b>	<b>36</b>
of which households	39	0.56	20	20

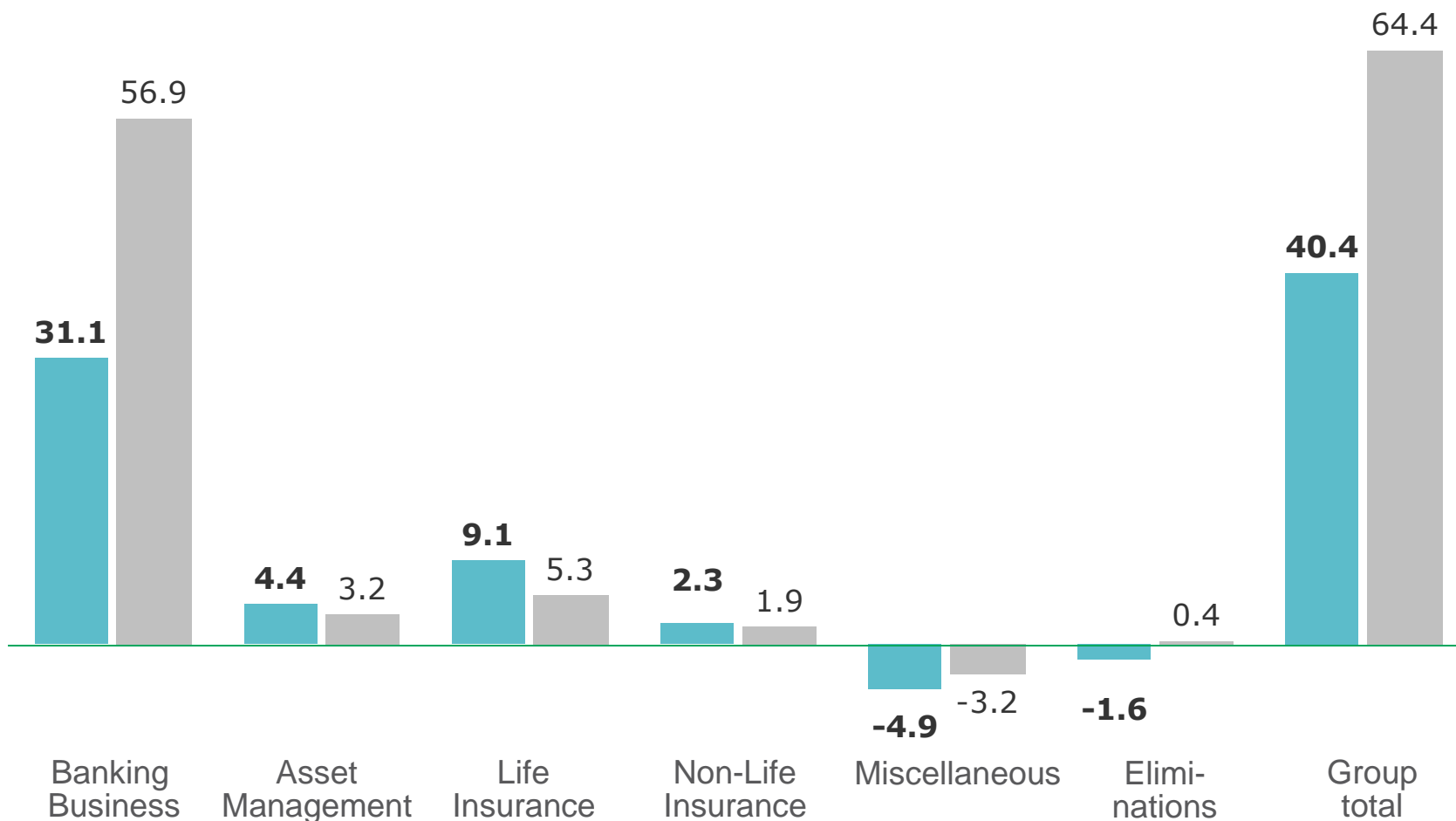
\* collateral accounts for 92% of marketvalue

# Write-downs on loans, guarantee and premium claims

- Total write-downs on credits, other commitments and outstanding premium receivables stood at EUR 6.9 (9.8) million after reversals of EUR 0.9 million for previous years.
- Of these write-downs, EUR 0.9 (0.5) million could be attributed to households and EUR 5.4 (8.6) to companies.
- Write-downs for the non-life insurance company's outstanding premiums were EUR 0.6 (0.7) million.



# The segments' contribution to the Group's operating profit



■ 1-9/2011  
■ 1-9/2010

**Aktia**

# Consolidated income statement

(EUR million)	1-9/2011	1-9/2010	Change
Net interest income	100.2	113.4	-12%
Dividends	0.1	1.1	-92%
Commission income	56.9	54.3	5%
Commission expenses	-13.7	-12.2	-13%
Net commission income	43.2	42.1	2%
Net income from life insurance	18.8	14.4	31%
Net income from non-life insurance	18.3	17.4	5%
Net income from financial transactions	-14.2	-7.7	-84%
Net income from investment properties	0.5	0.4	6%
Other operating income	2.7	6.2	-56%
<b>Total operating income</b>	<b>169.6</b>	<b>187.4</b>	<b>-10%</b>
Staff costs	-61.6	-59.9	3%
IT costs	-20.5	-17.7	16%
Impairment of tangible and intangible assets	-4.8	-5.4	-12%
Other operating expenses	-35.3	-32.0	11%
<b>Total operating expenses</b>	<b>-122.2</b>	<b>-115.0</b>	<b>6%</b>
Write-downs on credits, other commitments and outstanding premium receivables	-6.9	-9.8	-29 %
Andel av intresseföretagens resultat	0.0	1.7	-
<b>Rörelseresultat</b>	<b>40.4</b>	<b>64.4</b>	<b>-37%</b>
Taxes	-11.8	-16.5	-28 %
<b>Periodens vinst</b>	<b>28.6</b>	<b>47.9</b>	<b>-40%</b>
<b>Attributable to:</b>			
Shareholders in Aktia plc	27.7	46.0	-40%
Innehav utan bestämmande inflytande	0.9	1.9	-53%
<b>Total</b>	<b>28.6</b>	<b>47.9</b>	<b>-40%</b>
Earnings per share (EPS), EUR	0.42	0.69	-40%
Earnings per share (EPS), after dilution, EUR	0.42	0.69	-40%

# Summary 1 January – 30 September 2011

## Profit

Aktia's operating profit amounted to EUR 40.4 (64.4) million.

## Income

Income decreased to EUR 169.6 (187.4) million.

Net interest income amounted to EUR 100.2 (113.4) million.

## Expenses

The Group's operating expenses increased by 6% to EUR 122.2 (115.0) million.

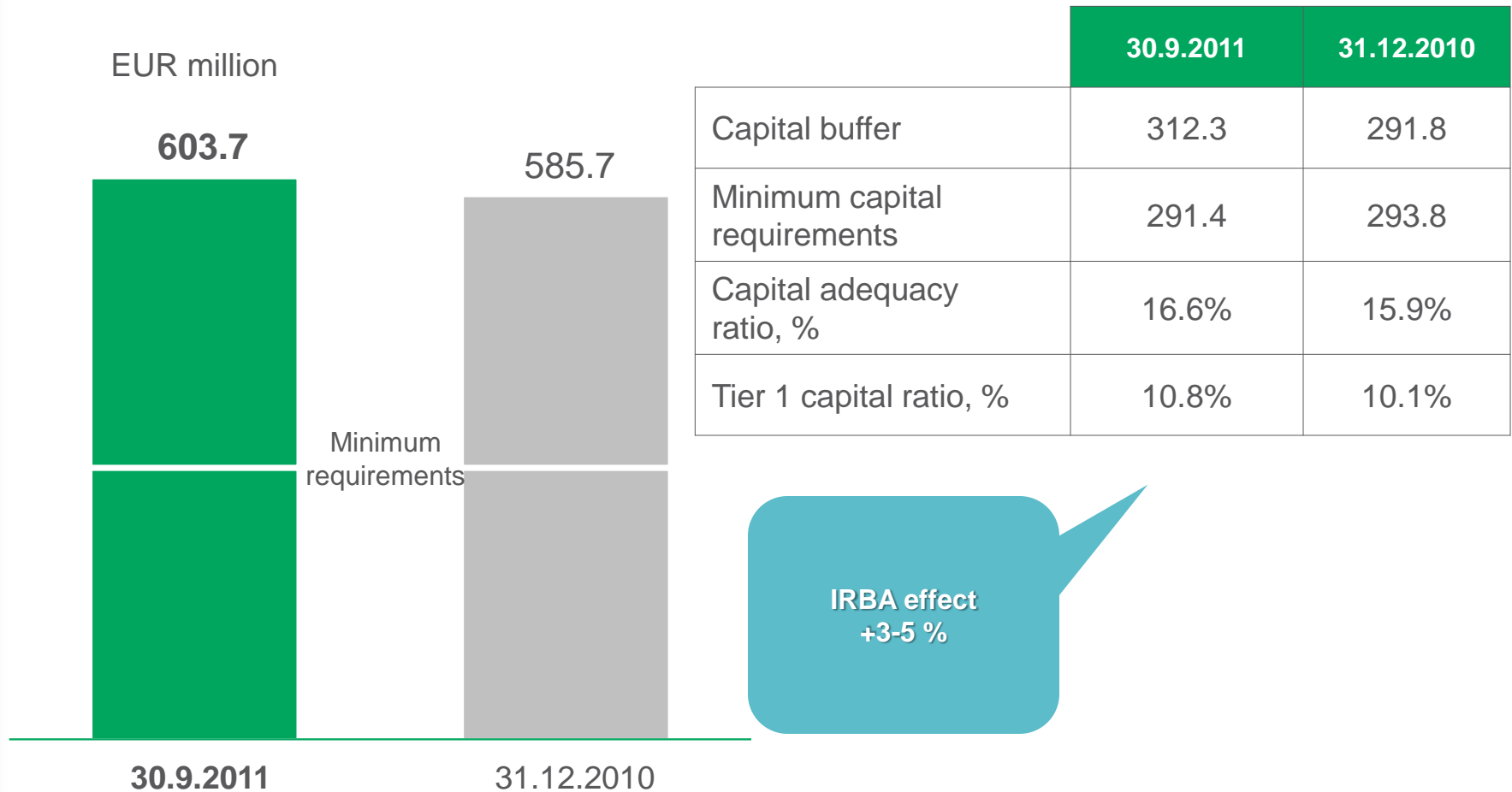
## Write-downs

The Group's write-downs totalled EUR 6.9 million (9.8) million.

# Interim report 1 January – 30 September 2011

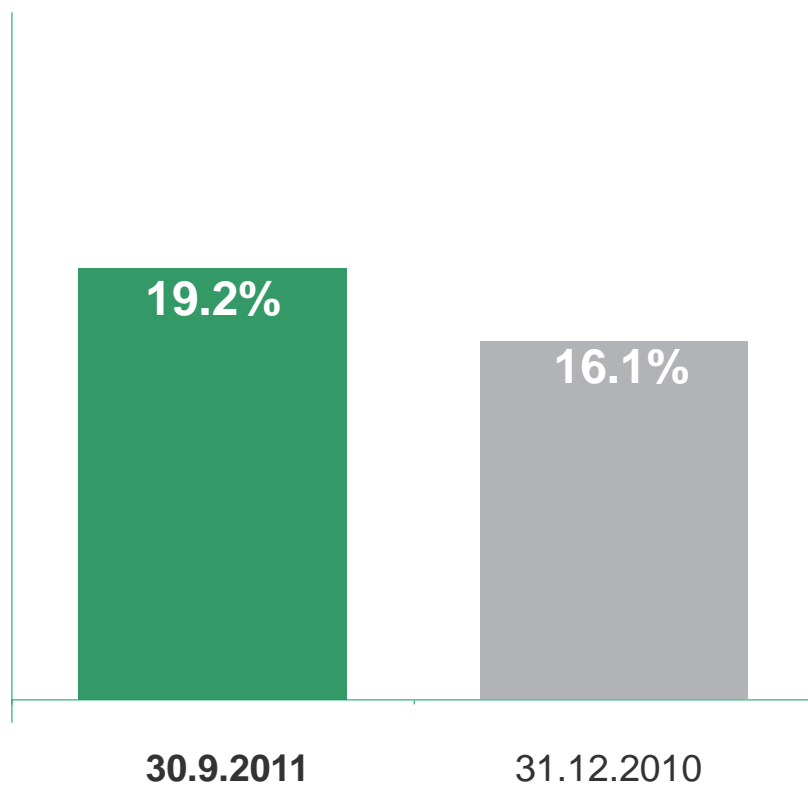
1	Financial performance
2	Capital adequacy
3	Balance sheet and owners
4	Outlook and targets

# Capital adequacy in banking business

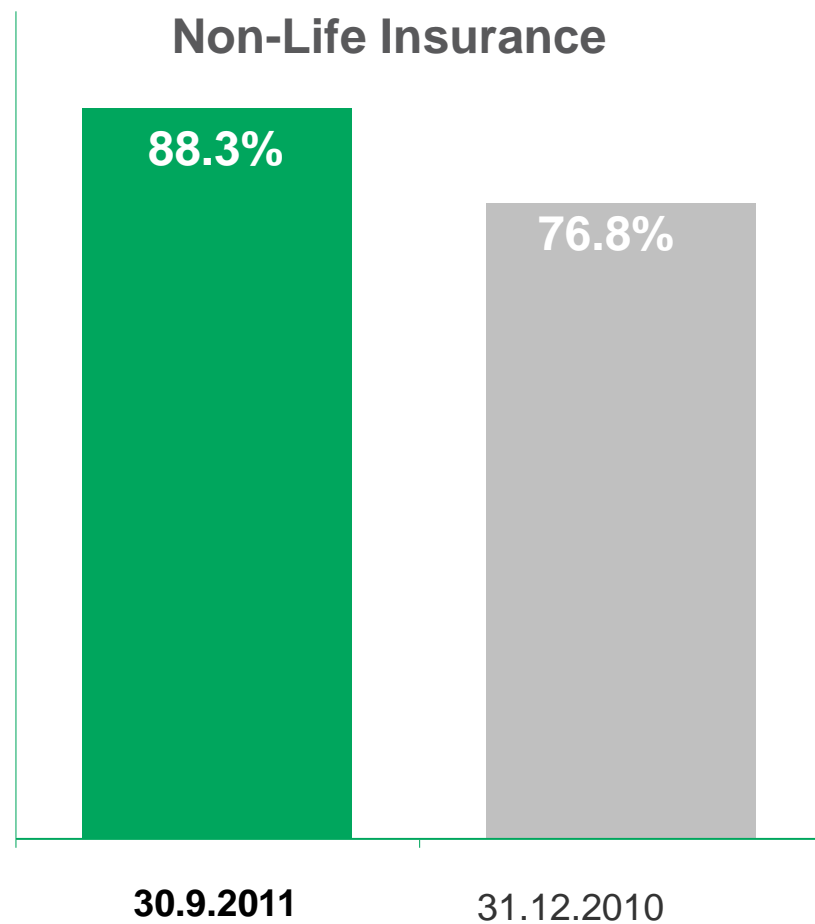


# Stable solvency

## Life Insurance



## Non-Life Insurance

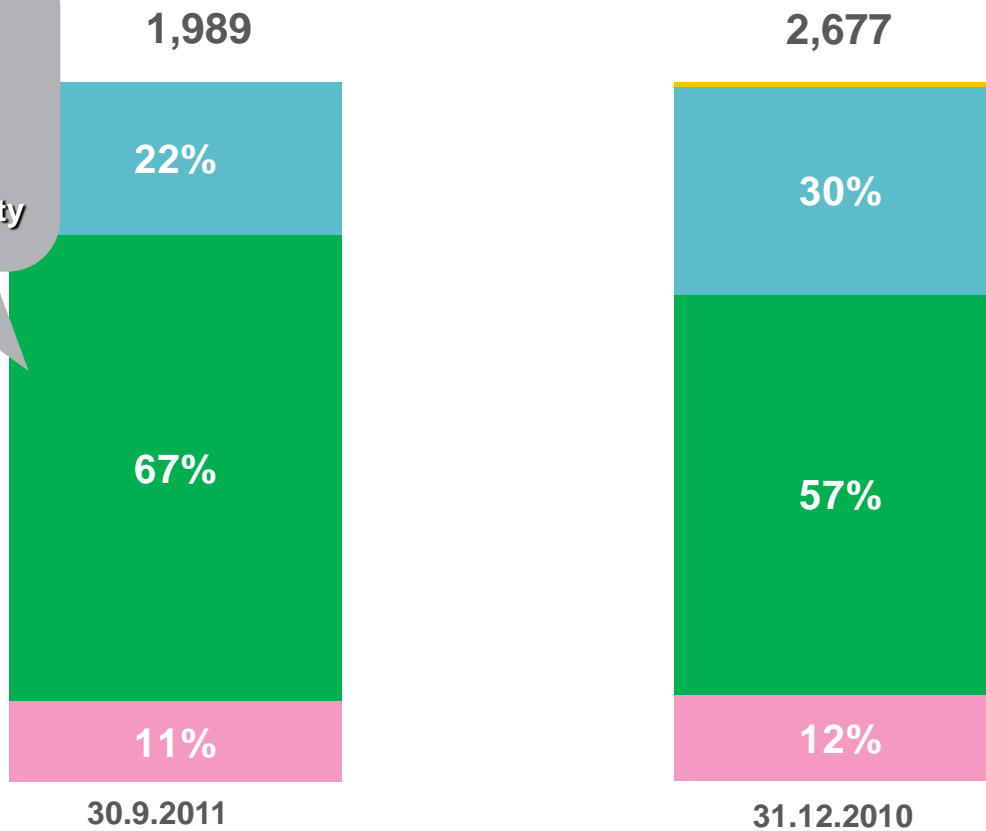


# The Bank Group's liquidity portfolio and other interest-bearing investments

Smaller gross portfolio

Lower loan-to-value

Strengthened liquidity



■ Government and gov. guaranteed   
 ■ Covered Bonds (CB)   
 ■ Financial sector, excl. CB  
■ Corporate loans   
 ■ Miscellaneous

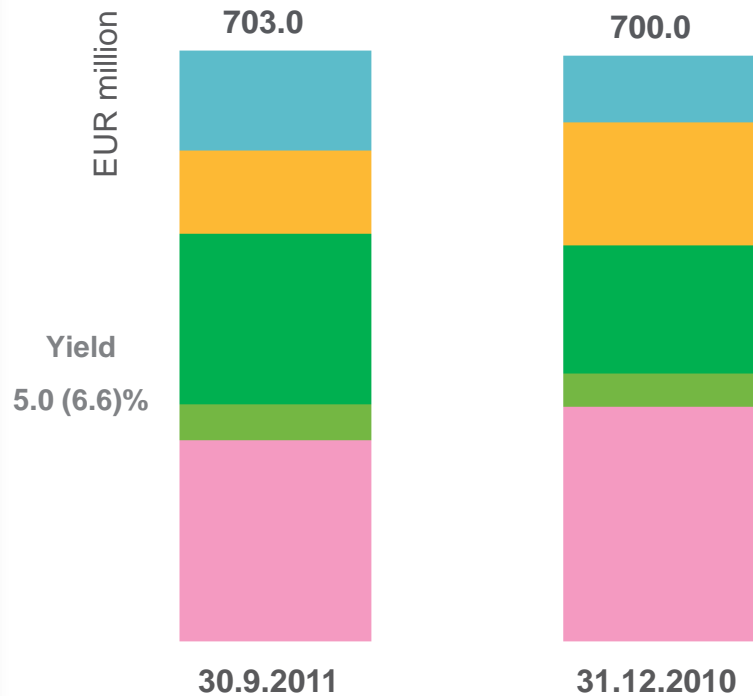
## Rating distribution for the liquidity portfolio of the Bank Group

	30.9.2011	31.12.2010
(EUR million)	1,963	2,599
Aaa	55.0%	53.0 %
Aa1-Aa3	24.2%	32.3%
A1- A3	9.9%	10.8%
Baa1-Baa3	4.7%	0.8%
Ba1-Ba3	3.6%	0.7%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities	2.3%	1.8 %
Utan rating	0.3%	0.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

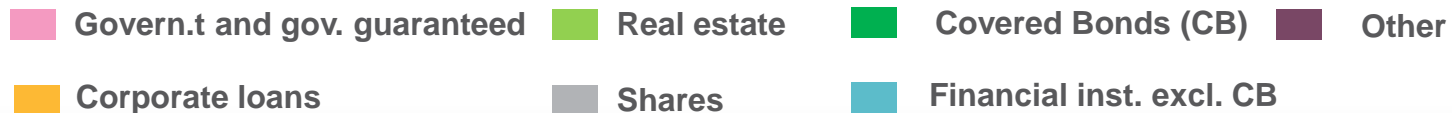
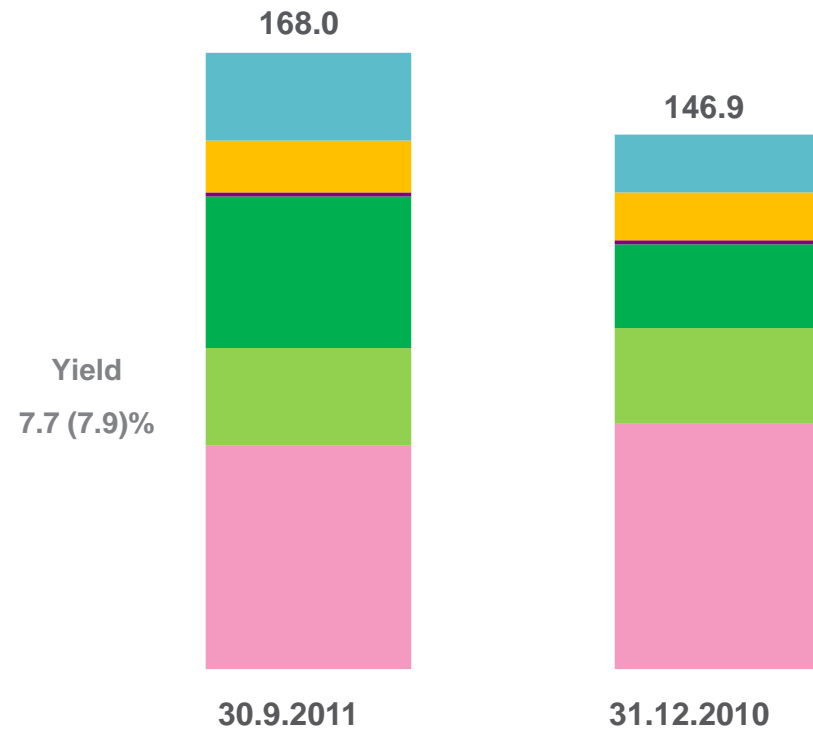


# Continued convergence towards Solvency II

## Life Insurance



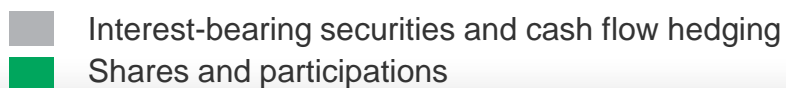
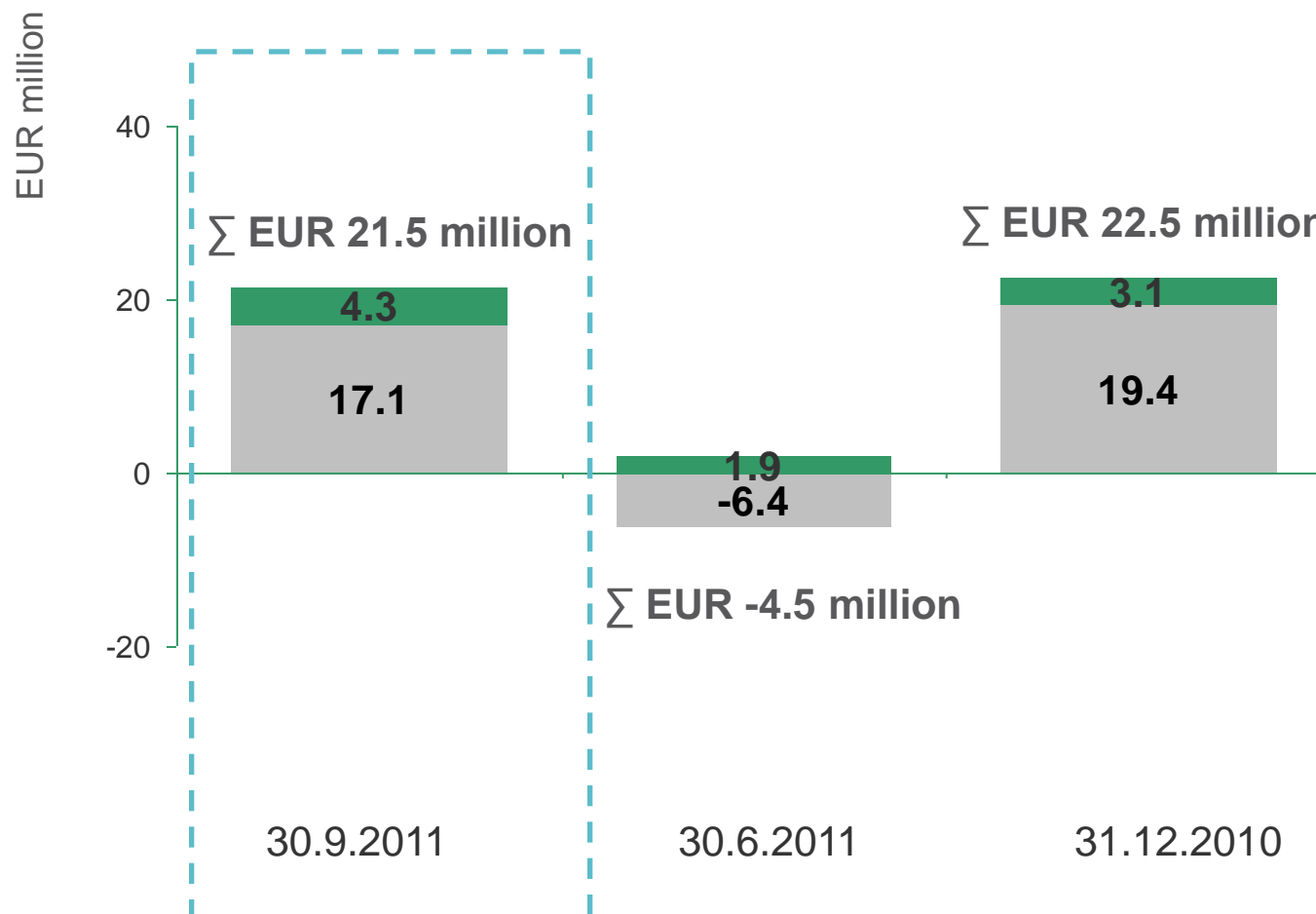
## Non-Life Insurance



# Rating distribution for life and non-life insurance businesses

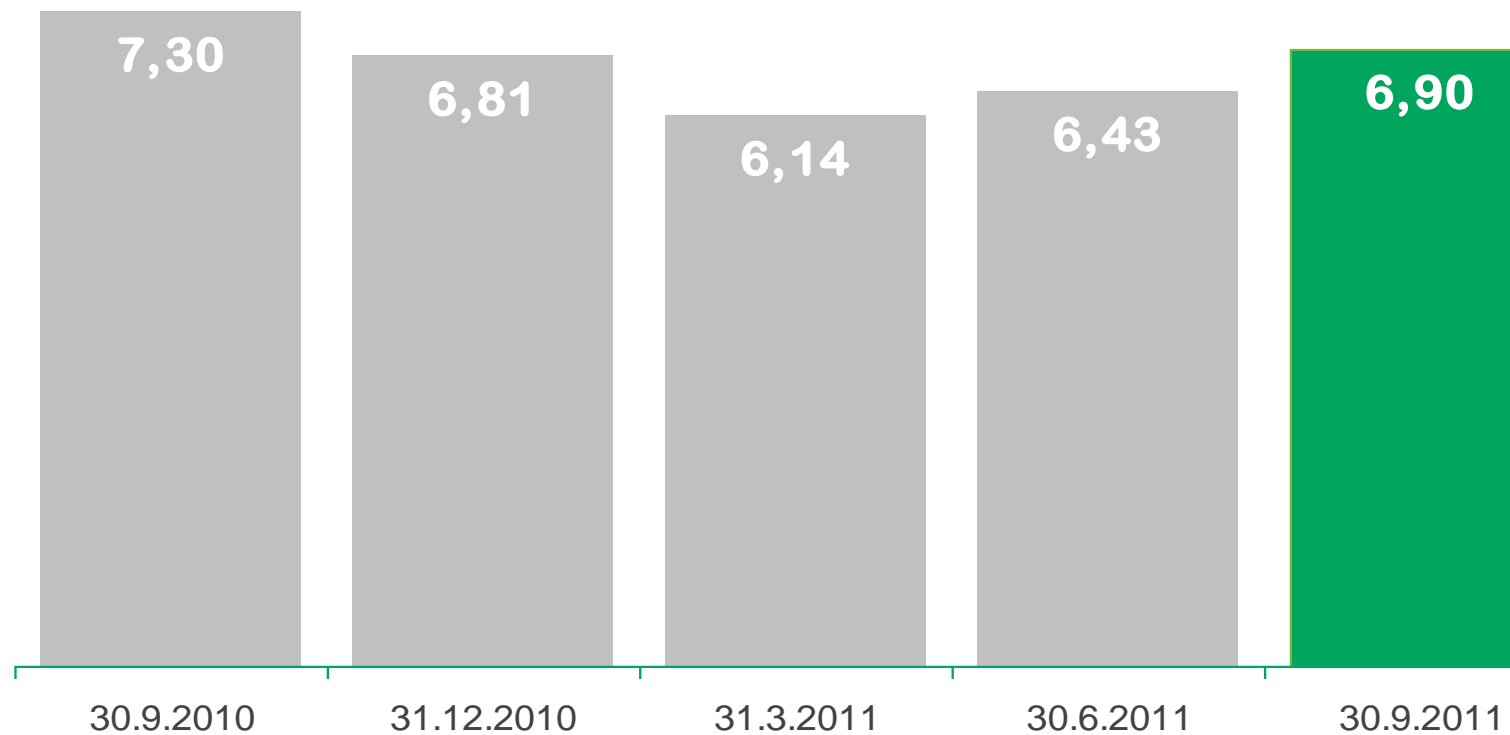
Life Insurance (EUR million)	30.9.2011 580	31.12.2010 577	Non-Life Insurance (EUR million)	30.9.2011 127	31.12.2010 113
Aaa	66.5%	58.9%	Aaa	67.3%	57.9%
Aa1-Aa3	15.3 %	13.1%	Aa1-Aa3	24.1%	24.4%
A1-A3	10.0%	14.3%	A1-A3	5.3%	7.0%
Baa1-Baa3	3.6%	6.2%	Baa1-Baa3	1.2%	1.4%
Ba1-Ba3	0.6%	2.3%	Ba1-Ba3	0.0%	7.1%
B1-B3	0.1%	0.1%	B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.2%	Caa1 or lower	0.0%	0.0%
Finnish municipalities	0.0%	0.0%	Finnish municipalities	0.0%	0.0%
No rating	3.9%	4.9 %	No rating	2.2%	2.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# Fund at fair value



## Equity per share (NAV)

Group  
EUR



# Summary: capital adequacy 30 September 2011

## Capital adequacy

The Bank Group's capital adequacy amounted to 16.6 (15.9)%.  
The Tier 1 capital ratio was 10.8 (10.1)%.

## The life insurance company's solvency margin

The solvency margin was EUR 116.4 (98.8) million.  
Solvency ratio 19.2 (16.1)%.

## The non-life insurance company's solvency capital

The solvency capital amounted to EUR 55.5 (46.6) million.  
Risk carrying capacity 88.3 (76.8)%.

## 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.

# Interim report 1 January – 30 September 2011

1

Financial performance

2

Capital adequacy

3

Balansräkning och ägare

4

Outlook and targets

# Balance sheet 30 September 2011

## **The Group's balance sheet total decreased 2%**

and amounted to EUR 10,746 (11,019) million.

**Borrowing was up 5%** to EUR 3,576 (3,397) million.

## **Lending to the public increased 5%**

and amounted to EUR 6,938 (6,592) million. Loans to private households amounted to EUR 5,832 million or 84.1%.

**The housing loan stock amounted to EUR 5,463** (5,121) million, showing an increase of 7%.

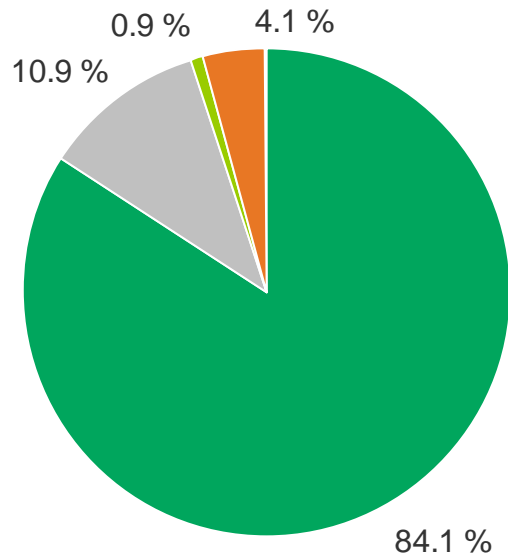
## **Corporate lending continued to be moderate**

The credit stock amounted to EUR 757 (761) million.

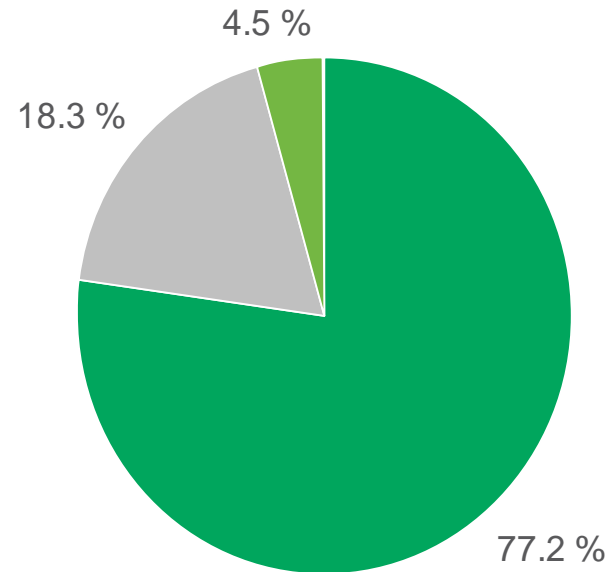
**Aktia Real Estate Mortgage Bank issued** fixed rate covered bonds worth EUR 600 million over 5 years.

# Credit and deposit stocks 30 September 2011


Credits  
EUR **6,938** (6,592) million



Deposits  
EUR **3,576** (3,397) million



 Households  
 Housing associations

 Small and medium sized enterprises (SME)

 Public sector entities and non-profit org.



# Share capital and ownership

## 30 September 2011

	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes votes, %
<b>The 20 largest shareholders:</b>						
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 Co Veritas	4,027,469	2,134,397	6,161,866	9.20	46,715,409	10.43
Oy Hammarén & Co Ab	1,895,000	950,000	2,840,000	4.25	20,895,000	4.66
Varma Mutual Pension Insurance Co	2,675,000	-	2,675,000	3.99	2,675,000	0.60
The Society of Swedish Literature in Finland	1,681,786	789,229	2,471,015	3.69	17,466,366	3.90
AktiaStiftelsen i Esbo-Grankulla	1,146,585	1,223,458	2,370,043	3.54	25,615,745	5.72
Stiftelsen för Åbo Akademi	1,495,640	751,000	2,246,640	3.35	16,515,640	3.69
AktiaStiftelsen i Vanda	958,900	1,045,402	2,044,964	2.99	21,866,940	4.88
AktiaStiftelsen i Borgå	1,303,370	651,525	1,954,895	2.92	14,333,870	3.20
AktiaStiftelsen 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	377,951	1,047,991	1.56	8,229,060	1.84
Sparbanksstiftelsen i Ingå	646,236	324,318	970,554	1.45	7,132,596	1.59
Ab Kelonia Oy	549,417	308,662	858,079	1.28	6,722,657	1.50
Mutual Fund Alfred Berg Finland	763,737		694,003	1.14	763,737	0.17
Sparbanksstiftelsen i Sibbo	462,002	232,001	665,706	1.04	5,102,022	1.14
Sparbanksstiftelsen i Sjundeå	404,377	227,188	631,565	0.94	4,948,137	1.10
AktiaStiftelsen i Malax	352,138	177,600	529,738	0.79	3,904,138	0.87
<b>The 20 largest owners</b>	<b>29,332,052</b>	<b>16,635,303</b>	<b>45,967,355</b>	<b>68.6</b>	<b>362,038,112</b>	<b>80.8</b>
Other	17,604,856	3,415,547	21,020,403	31.4	85,915,796	19.2
<b>Total</b>	<b>46,936,908</b>	<b>20,050,850</b>	<b>66,987,758</b>	<b>100.0</b>	<b>447,953,908</b>	<b>100.0</b>

# Interim report 1 January – 30 September 2011

1	Financial performance
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## Outlook for 2011 (unchanged)

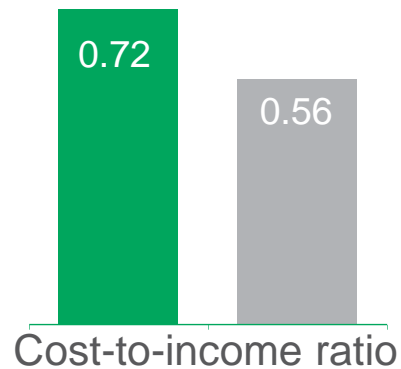
**The interest rate derivatives that temporarily lifted the net interest income (NII) to an exceptional level** are gradually maturing from 2011 onwards. The high NII level from 2009-2010 is therefore difficult to replicate in a low interest rate environment. Aktia strives to increase income through 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 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.

# Cost efficiency

## Banking Business



## Life Insurance



## Non-Life Insurance



■ 1-9/2011  
■ 1-9/2010

# FOCUS 2013 Development projects



- Launch late 2011



- Launch early 2012



- Launched in June 2011



- First Aktia Store in Espoo opened



- Customer scoring since April
- Customer revenues integrated in sales reporting



- Launched early 2011

# Aktia