

Aktia

INTERIM REPORT JANUARY-JUNE 2011

CEO Jussi Laitinen 3.8.2011

Aktia

January – June 2011 in short

Operating profit was EUR 30.9 (41.0) million.

Earnings per share (EPS) was EUR 0.33 (0.43).

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

Write-downs on credit and outstanding premiums totalled
EUR 5.7 (8.4) million.

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

April – June 2011 in short

Operating profit was EUR 12.1 (23.5) million.

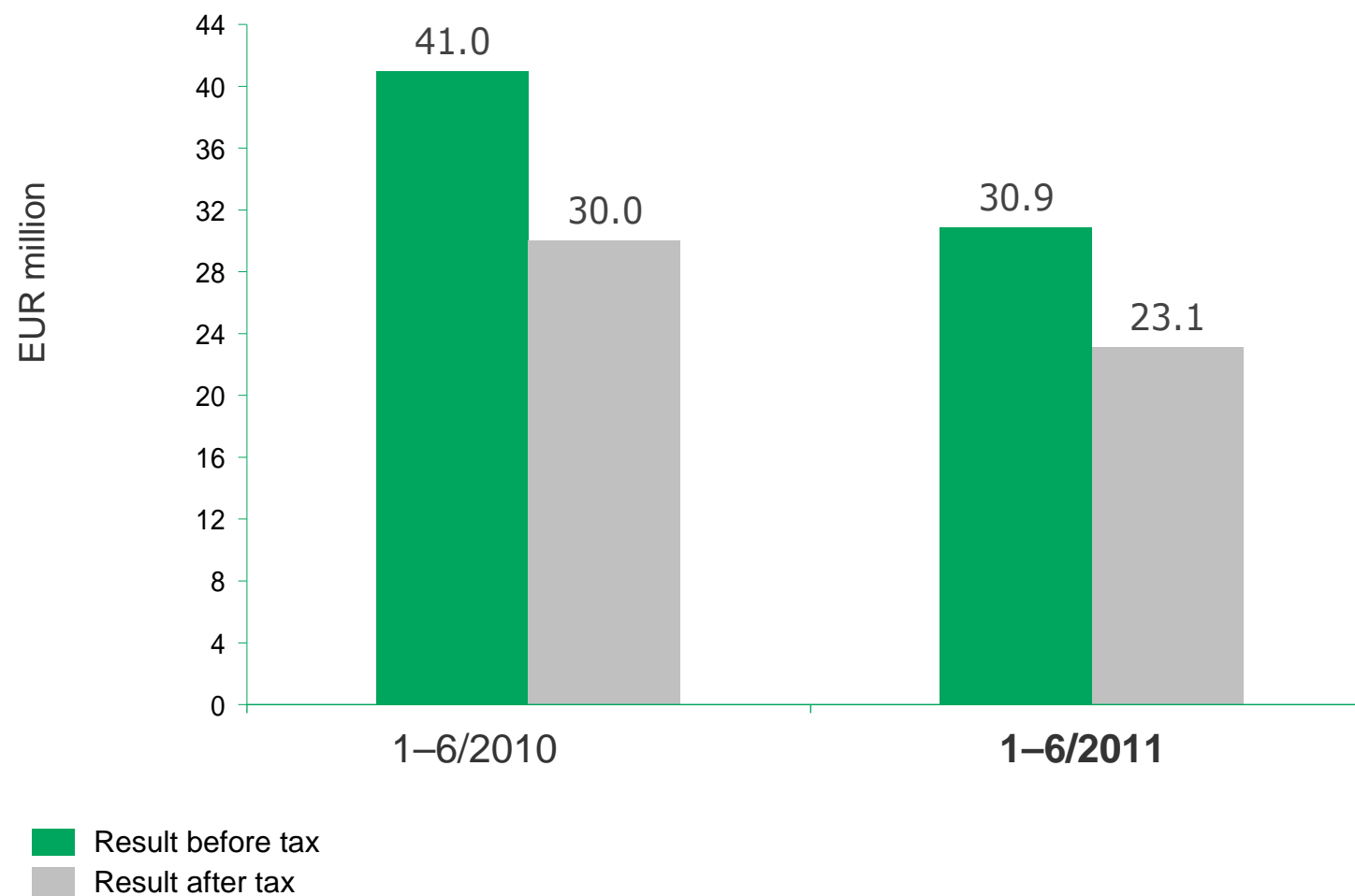
Earnings per share (EPS) was EUR 0.13 (0.25).

Write-downs on credit and outstanding premiums totalled EUR 2.1 (3.8) million.

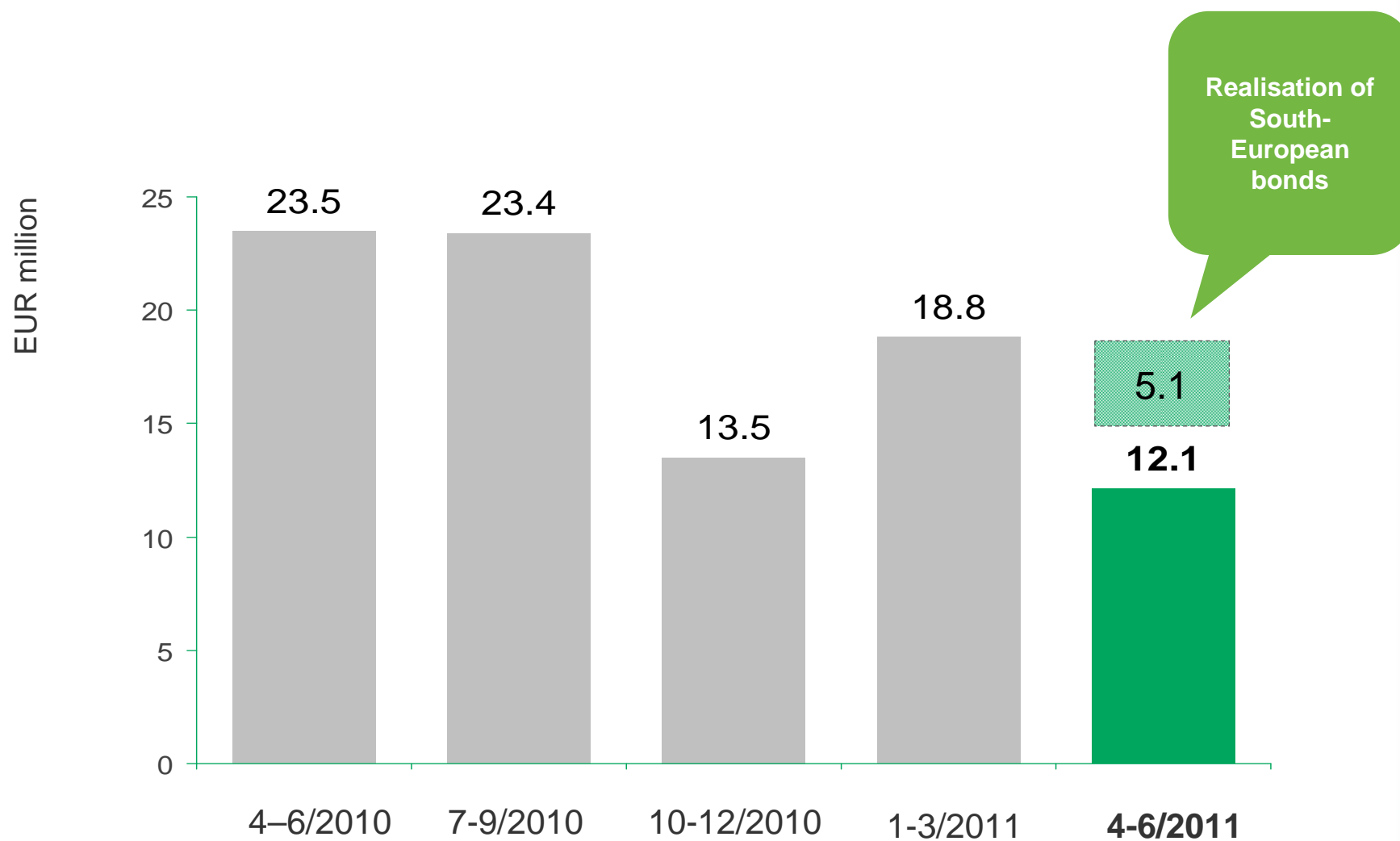
Interim report 1 January – 30 June 2011

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

Result before and after tax

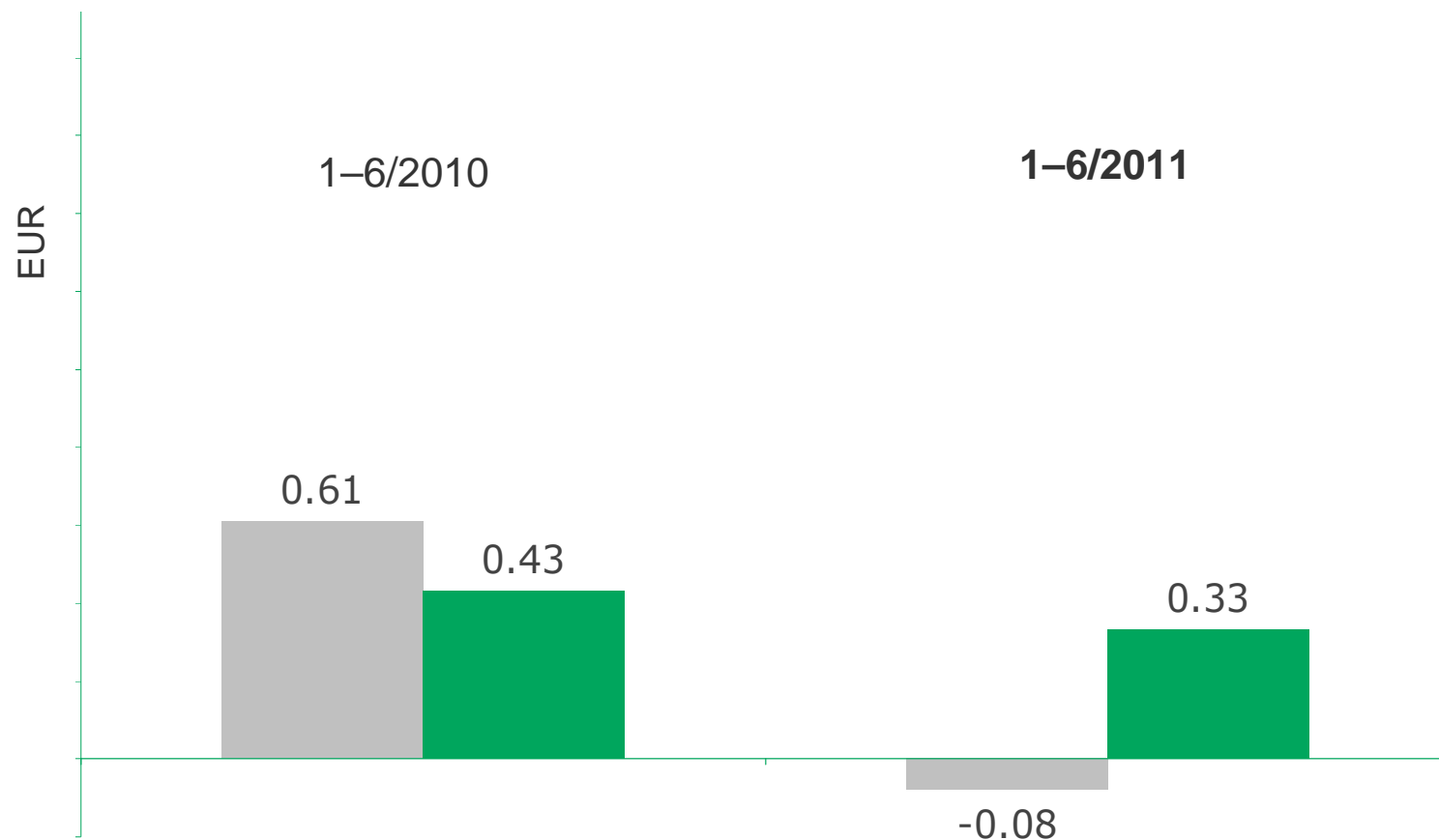




Operating profit per quarter



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Earnings per share 1-6/2011

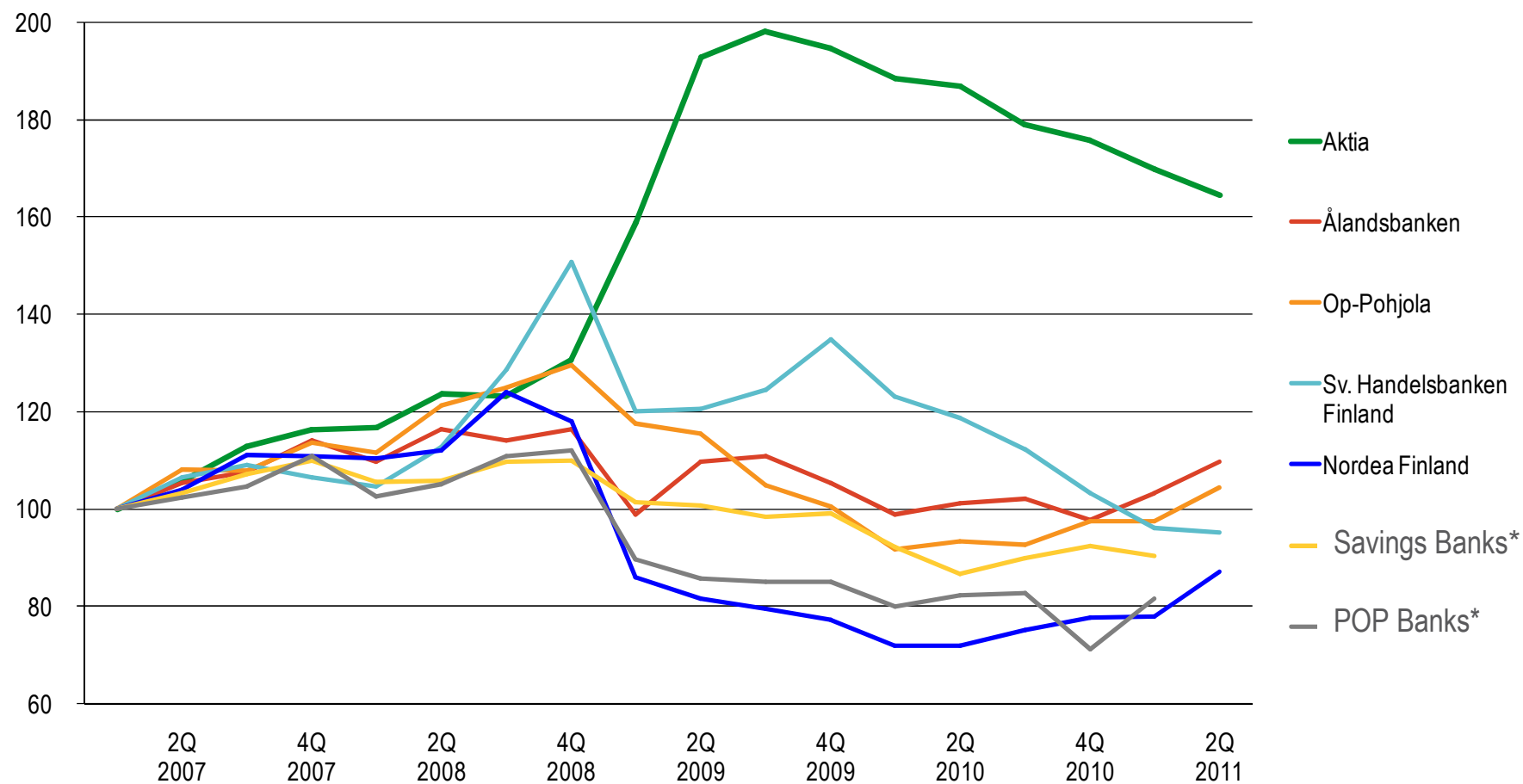


 Earnings per share, EPS
 Total earnings per share

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Net interest income (1/2007 = 100)

Banks in Finland

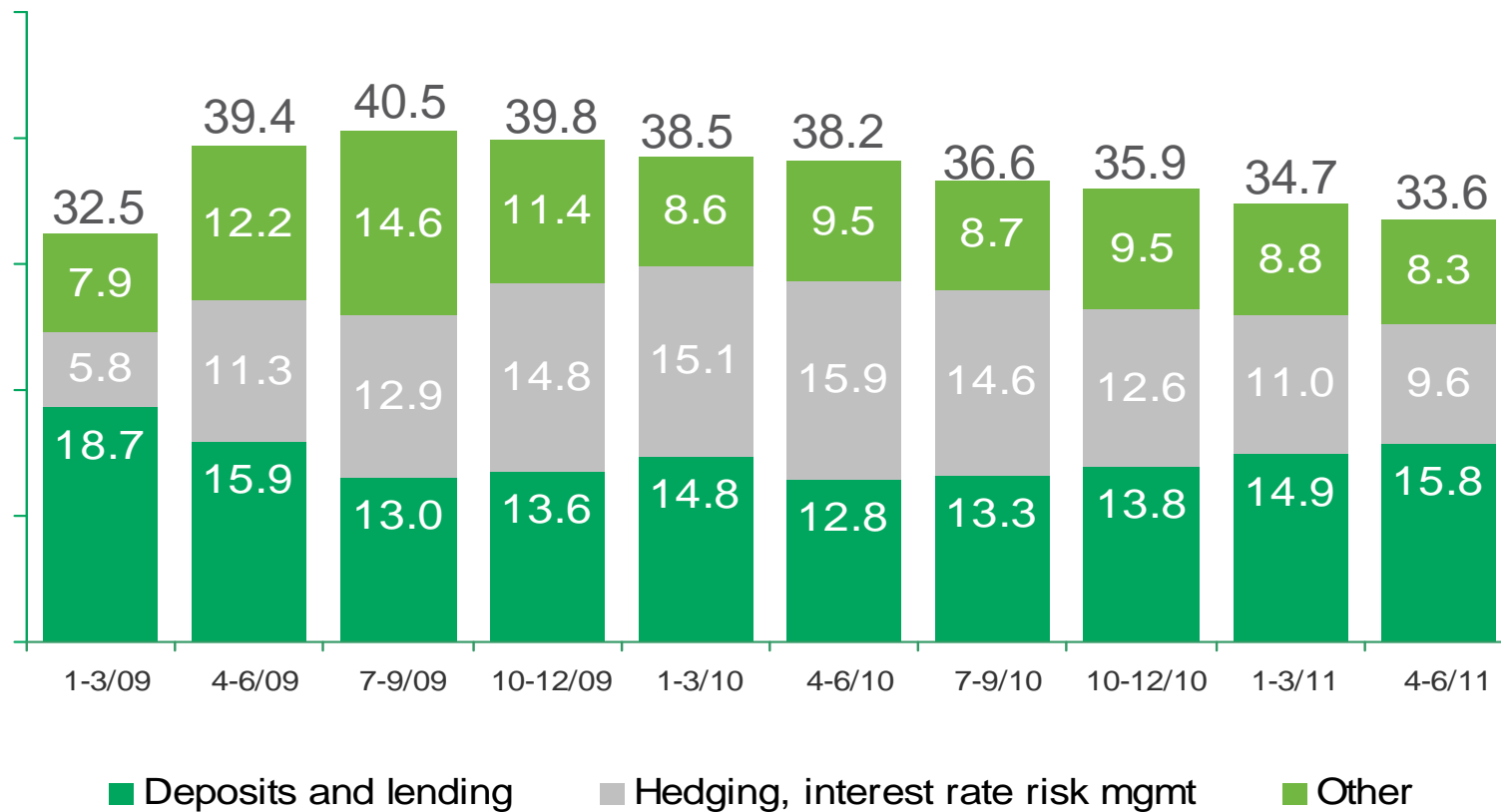


* 1Q 2011

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Net interest income, split

EUR million



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Income (EURm)

3Q 2011 – plan for the reduction of costs

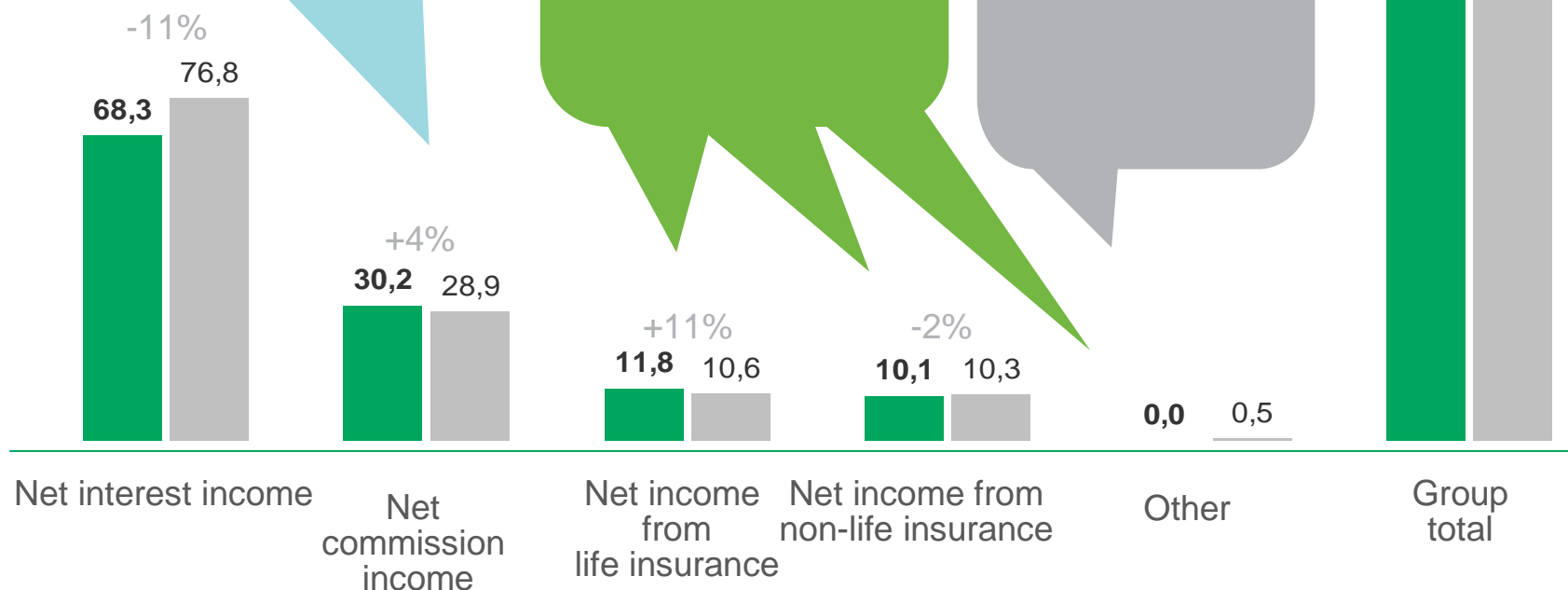
4Q 2011 – possible provisions for costs

Increasing long-term savings
has positive impact on:
→ net commission income
→ net income from life
insurance

Investment linked insurances,
Profile service

Divestment of South-
European bonds:
EUR -5.1m

Non-life status quo



■ 1-6/2011
■ 1-6/2010

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Costs (EURm)

Industry wage increase 2.6 %
Incorporation of ALM partners

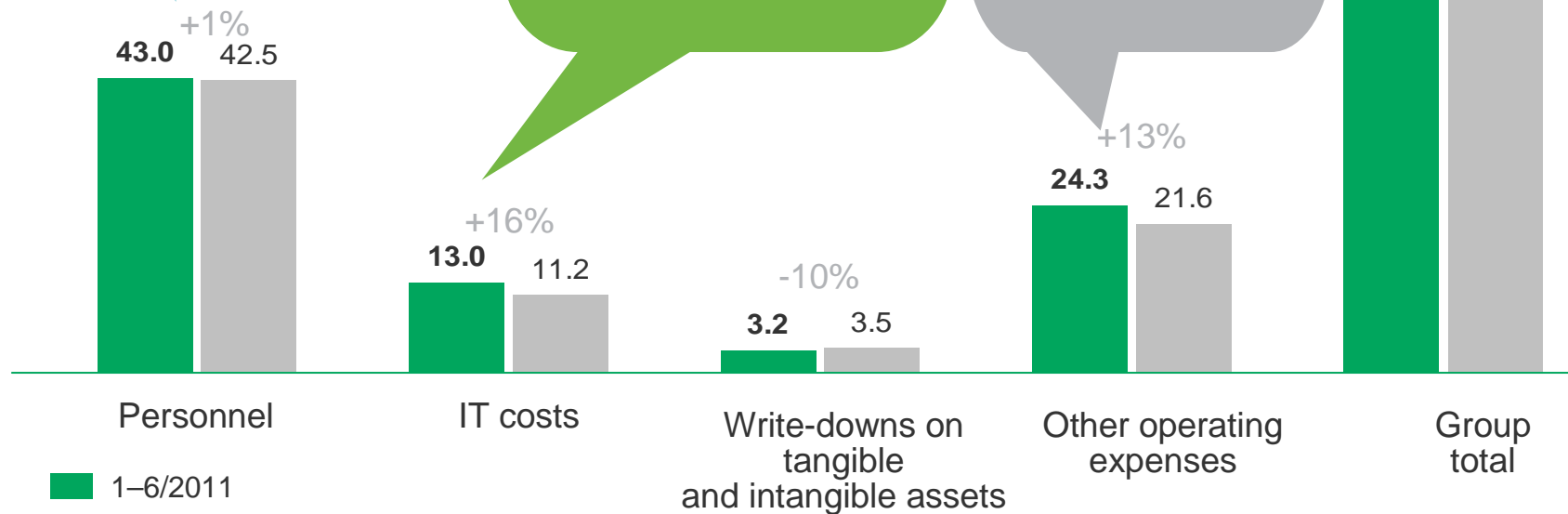
Larger IT investments
according to plan

Samlink –costs of
development higher than
estimated

Increased marketing

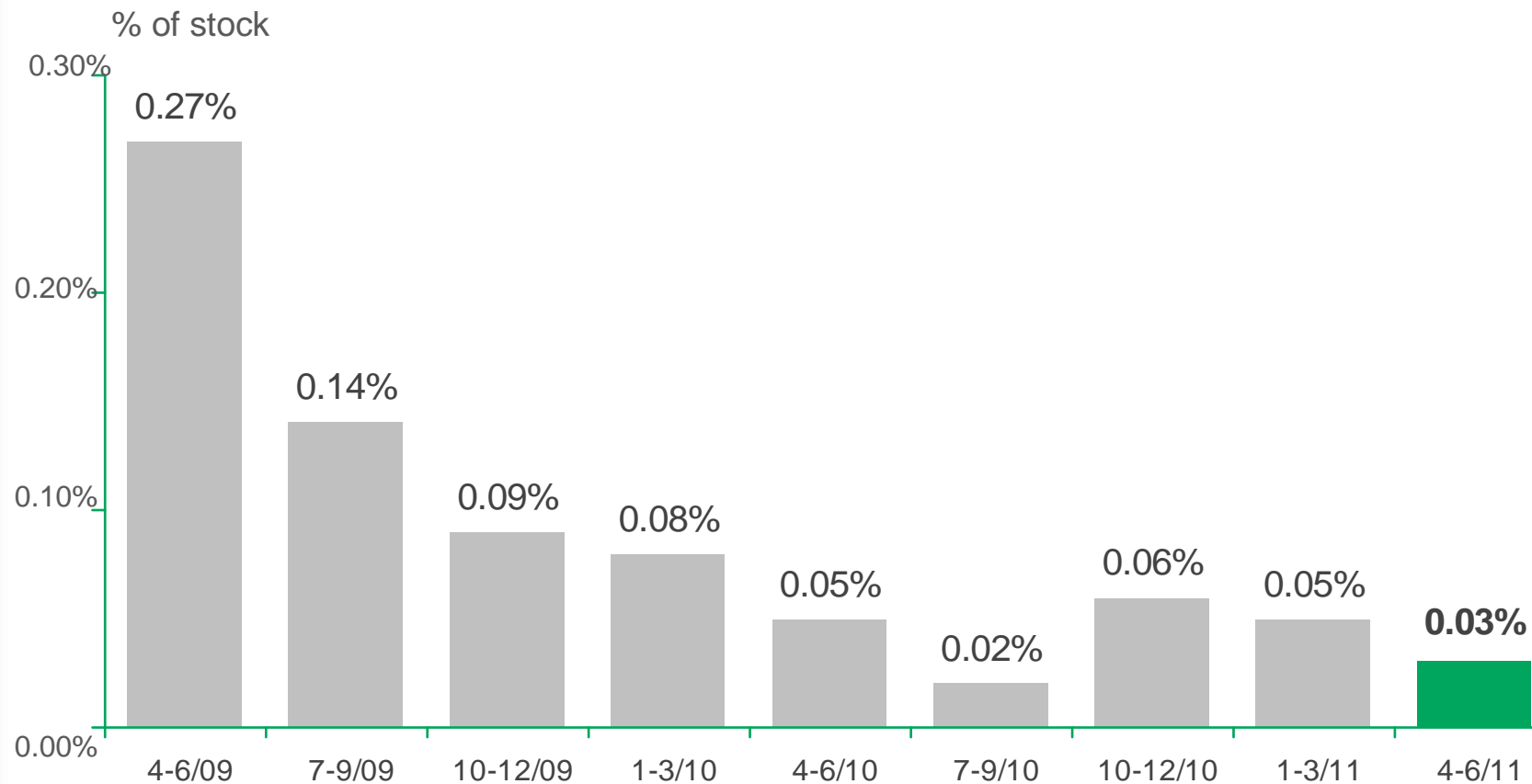
One time effect 2010
of dissolved bonus
programme

Incorporation of ALM
partners



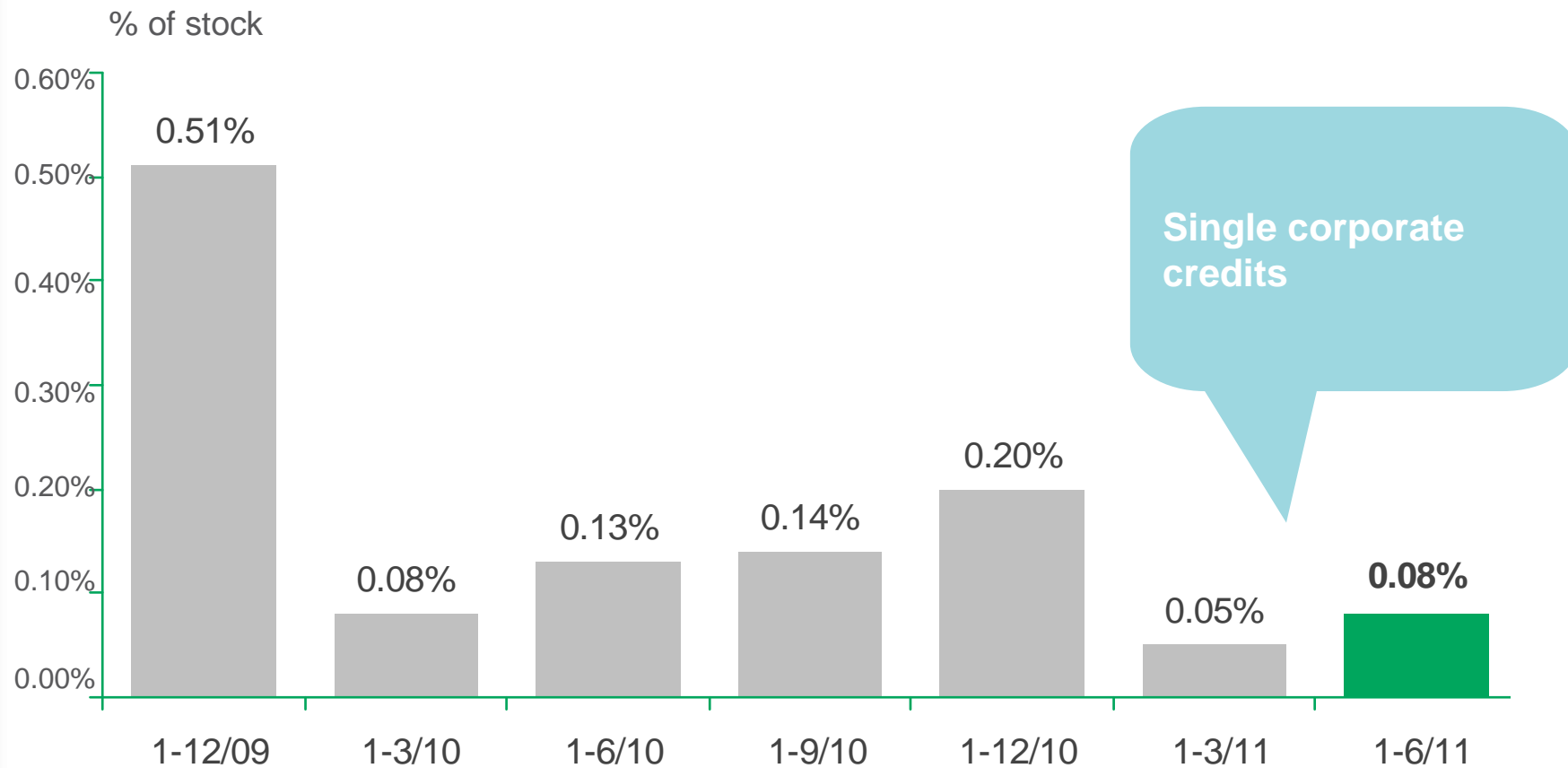
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Quarterly write-downs on credit



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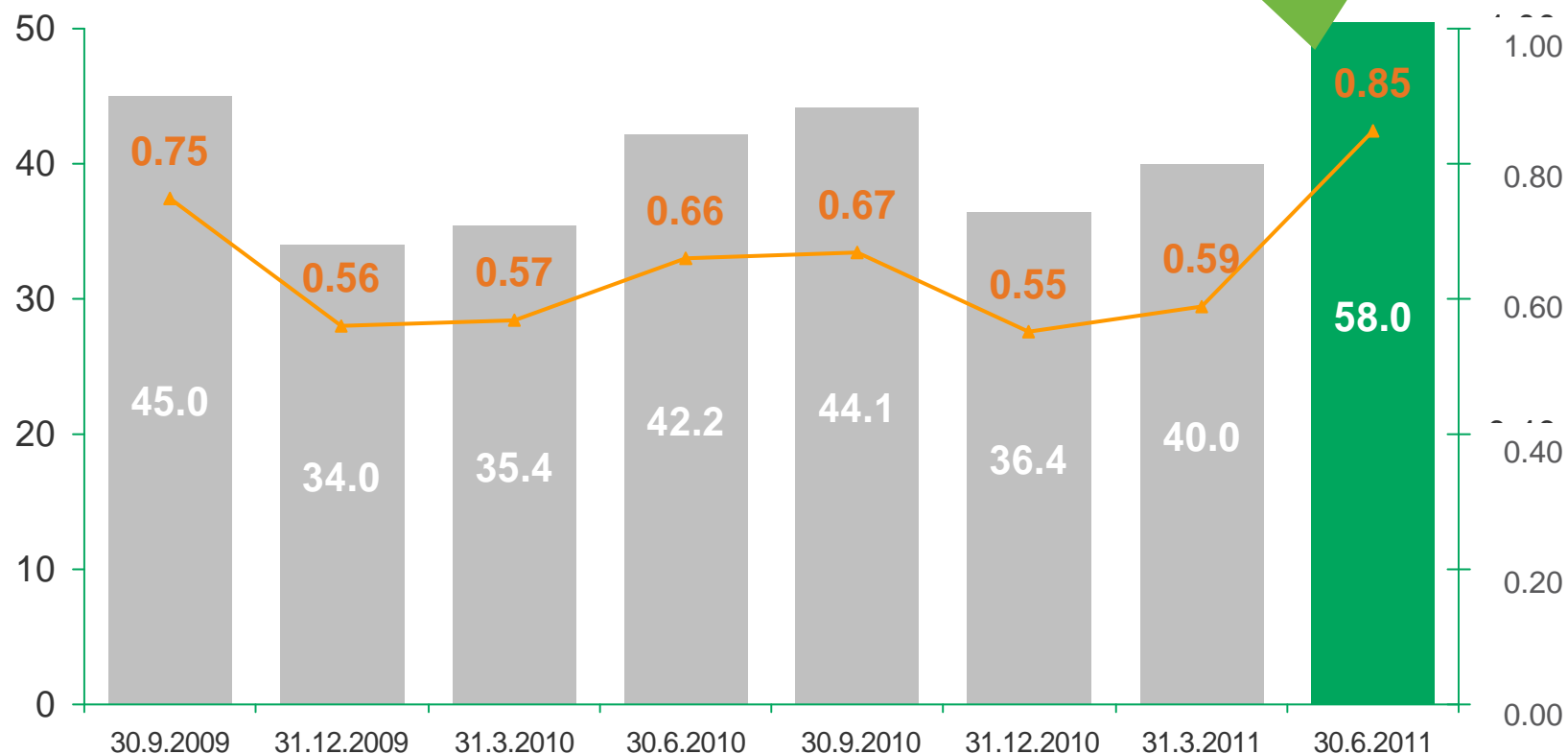
Cumulative write-downs on credit



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More than 90 days overdue

EUR million



Somewhat more stress
in retail portfolio

Stable collaterals,
marginal increase in
risk

■ More than 90 days overdue

—▲ % of credit stock

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Undischarged debts by time overdue

EUR million				
Days	30.6.2011	% of stock	30.6.2010	31.12.2010
1–30	241	3.52	195	171
of which households	162	2.36	131	118
31–89	59	0.86	57	56
of which households	49	0.71	40	45
90*–	58	0.85	42	36
of which households	34	0.49	22	20

* Collateral accounts for 89% of the value

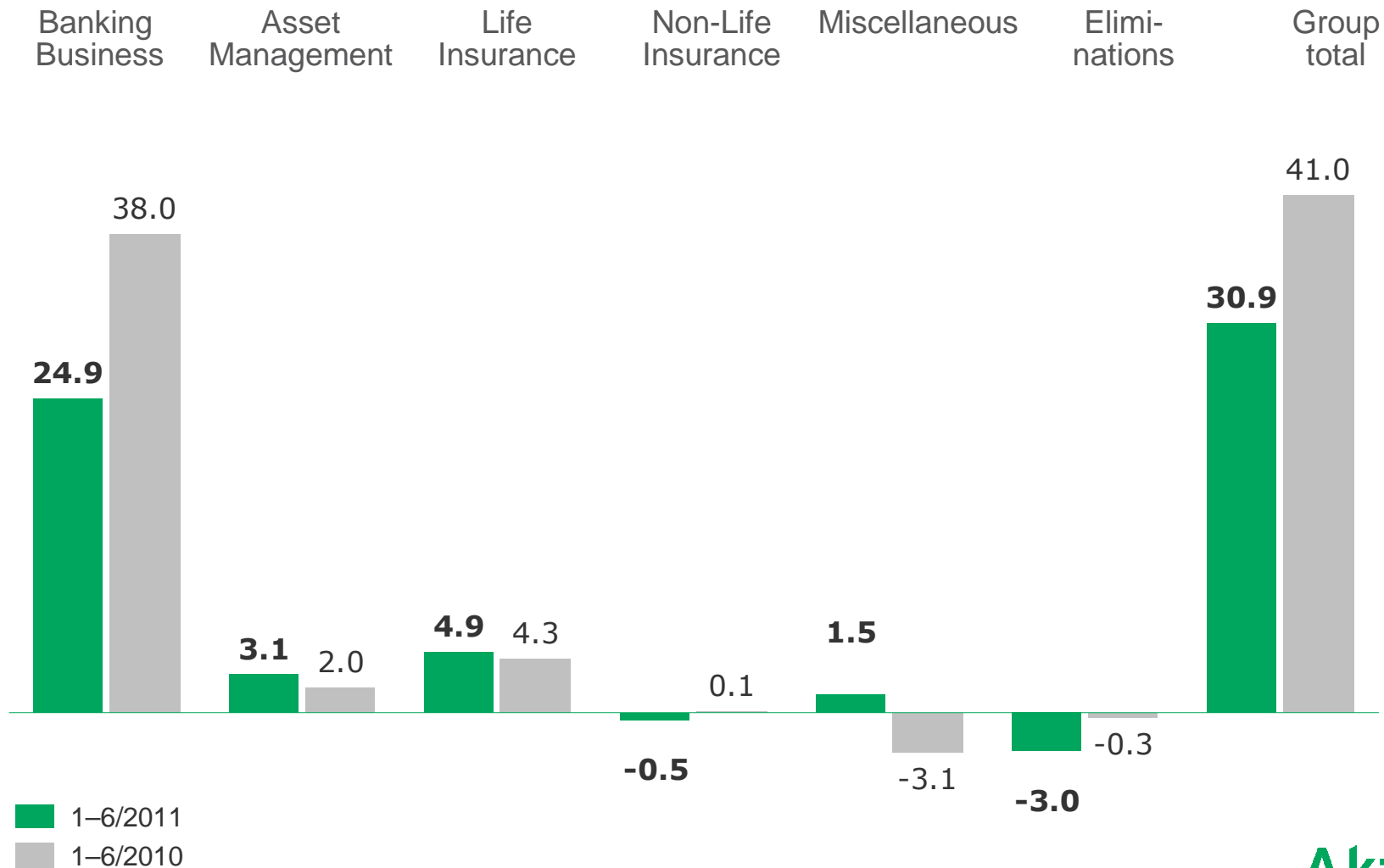
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Write-downs on loans, other commitments and premium claims

Write-downs on credits, other commitments and outstanding premium receivables totalled net EUR 5.7 (8.4) million.

- Write-downs by group amounted to EUR 16.0 (19.3) million, of which EUR 7.3 (7.3) million attributable to households and smaller companies and EUR 8.7 (12.0) to larger corporate engagements.
- The non-life insurance company's write-downs on outstanding premiums (credit losses) totalled EUR 0.5 (0.4) million.

The segments' contribution to the Group's operating profit



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Consolidated income statement

(EUR million)	1-6/2011	1-6/2010	Change
Net interest income	68.3	76.8	-11%
Dividends	0.1	1.1	-92%
Commission income	39.5	36.8	7%
Commission expenses	-9.3	-7.9	-18%
Net commission income	30.2	28.9	4%
Net income from life insurance	11.8	10.6	11%
Net income from non-life insurance	10.1	10.3	-2%
Net income from financial transactions	-2.3	-5.9	60%
Net income from investment properties	0.3	0.3	-26%
Other operating income	1.9	5.0	-61%
Total operating income	120.3	127.2	-5%
Staff costs	-43.0	-42.5	1%
IT costs	-13.0	-11.2	16%
Impairment of tangible and intangible assets	-3.2	-3.5	-10%
Other operating expenses	-24.3	-21.6	13%
Total operating expenses	-83.5	-78.8	6%
Write-downs on credits, other commitments and outstanding premium receivables	-5.7	-8.4	-32%
Share of profit from associated companies	-0.1	1.0	-
Operating profit	30.9	41.0	-25%
Taxes	-7.8	-11.0	-29%
Profit for the period	23.1	30.0	-23%
Attributable to:			
Shareholders in Aktia plc	21.9	28.7	-23%
Holdings where a non-controlling interest exists	1.1	1.3	-16%
Total	23.1	30.0	-23%
Earnings per share (EPS), EUR	0.33	0.43	-24%
Earnings per share (EPS), after dilution, EUR	0.33	0.43	-24%

Summary 1 January – 30 June 2011

Profit

Aktia's operating profit amounted to EUR 30.9 (41.0) million.

Income

Income declined to EUR 120.3 (127.2) million

Net interest income amounted to EUR 68.3 (76.8) million.

Expenses

The Group's operating expenses increased by 6% to EUR 83.5 (78.8) million.

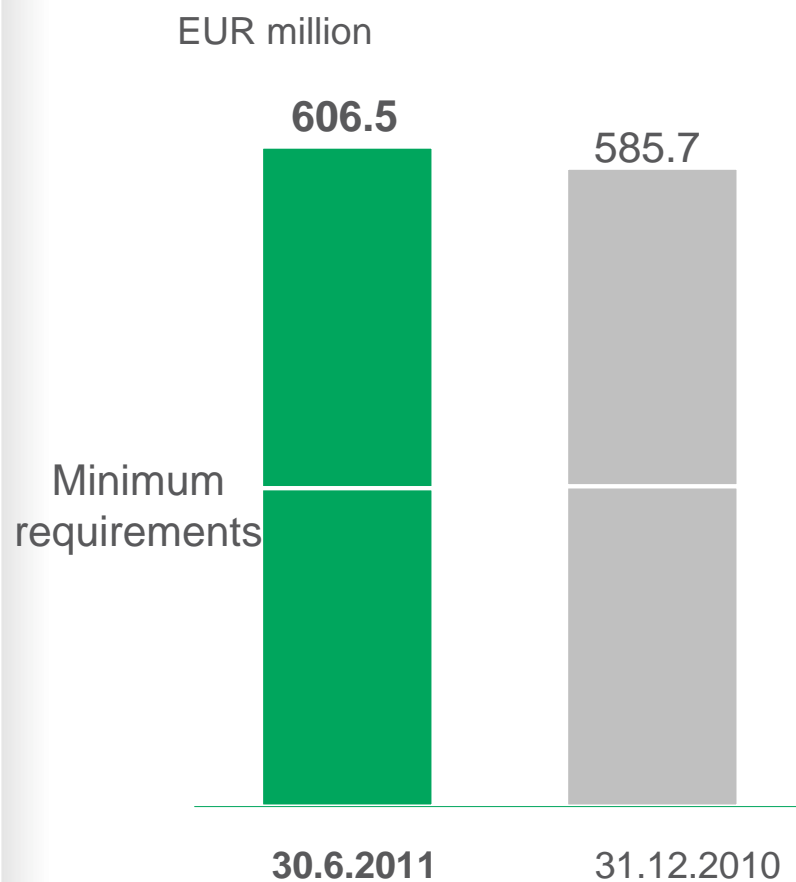
Write-downs

The Group's write-downs totalled EUR 5.7 (8.4) million.

Interim report 1 January – 30 June 2011

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Capital adequacy in banking business

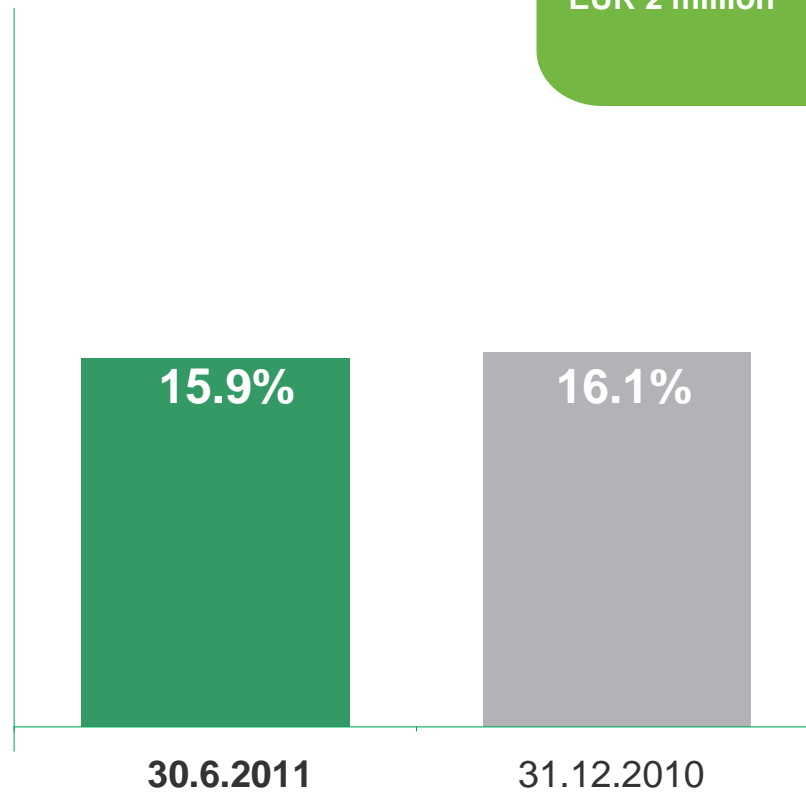


Simulation of the European stress test:
Aktia made it with good margin

	30.6.2011	31.12.2010
Capital buffer	314.6	291.8
Minimum capital requirements	291.9	293.8
Capital adequacy ratio, %	16.6	15.9
Tier 1 capital ratio, %	10.8	10.1

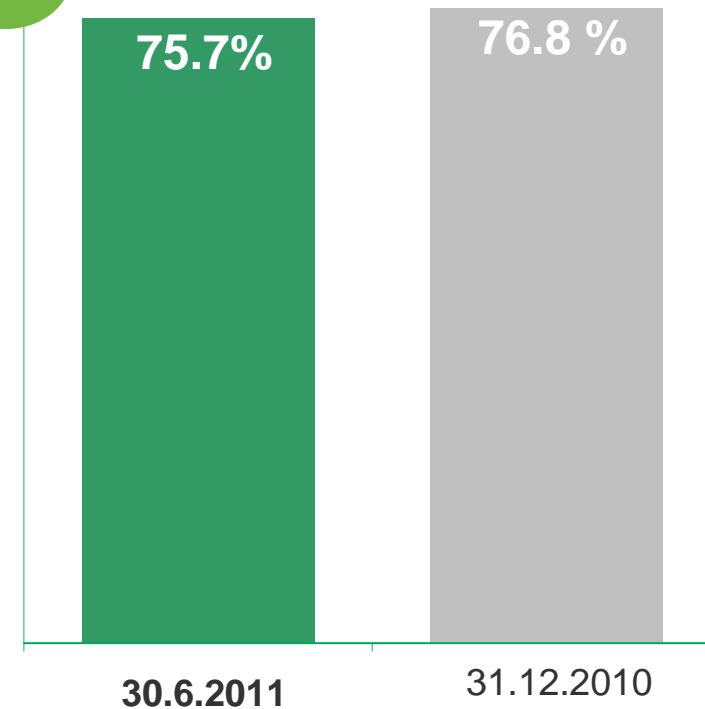
Solvency ratio

Life Insurance



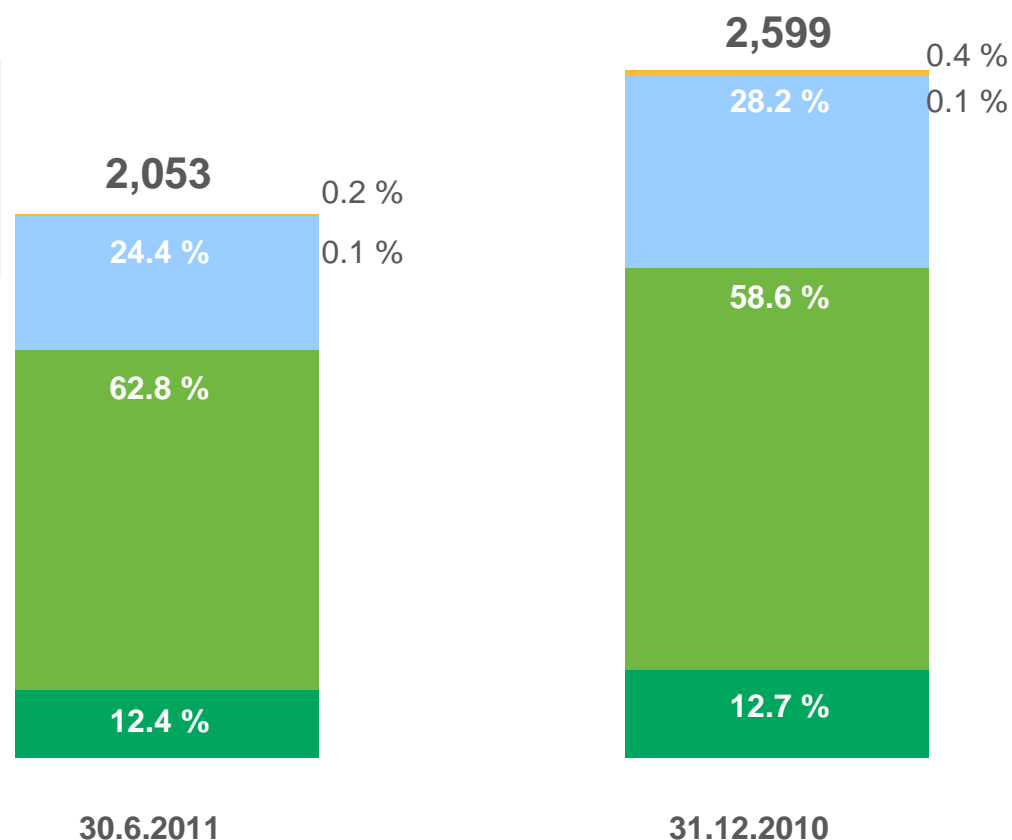
The parent company capitalised the non-life company with EUR 2 million

Non-Life Insurance



The Bank Group's liquidity

Smaller gross portfolio
Lower financing
Strengthened liquidity



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

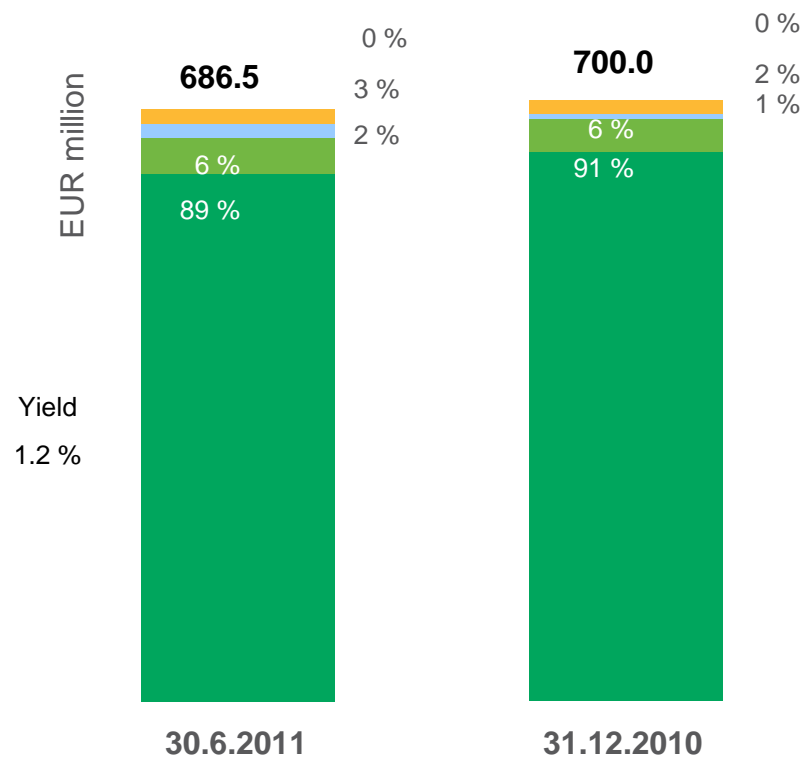
Aktia

Rating distribution for banking business

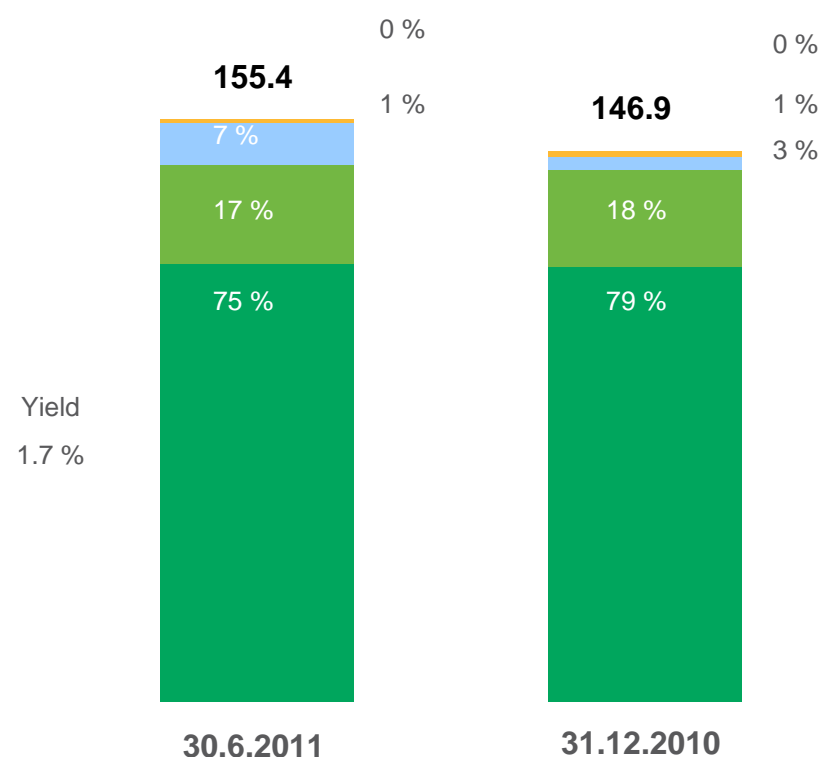
	30.6.2011	31.12.2010
(EUR million)	2,053	2,599
Aaa	55.5%	53.0%
Aa1 – Aa3	26.3%	32.3%
A1- A3	10.4%	10.8%
Baa1-Baa3	5.0%	0.8%
Ba1-Ba3	0.6%	0.7%
B1-B3	0.0%	0.0%
Caa1 or lower	0.2%	0.0%
Finnish municipalities	1.7%	1.8%
No rating	0.3%	0.6%
Total	100.0%	100.0%

Continued migration towards Solvency II

Life Insurance



Non-life Insurance



■ Bonds in total

■ Real Estate

■ Money market

■ Alternative

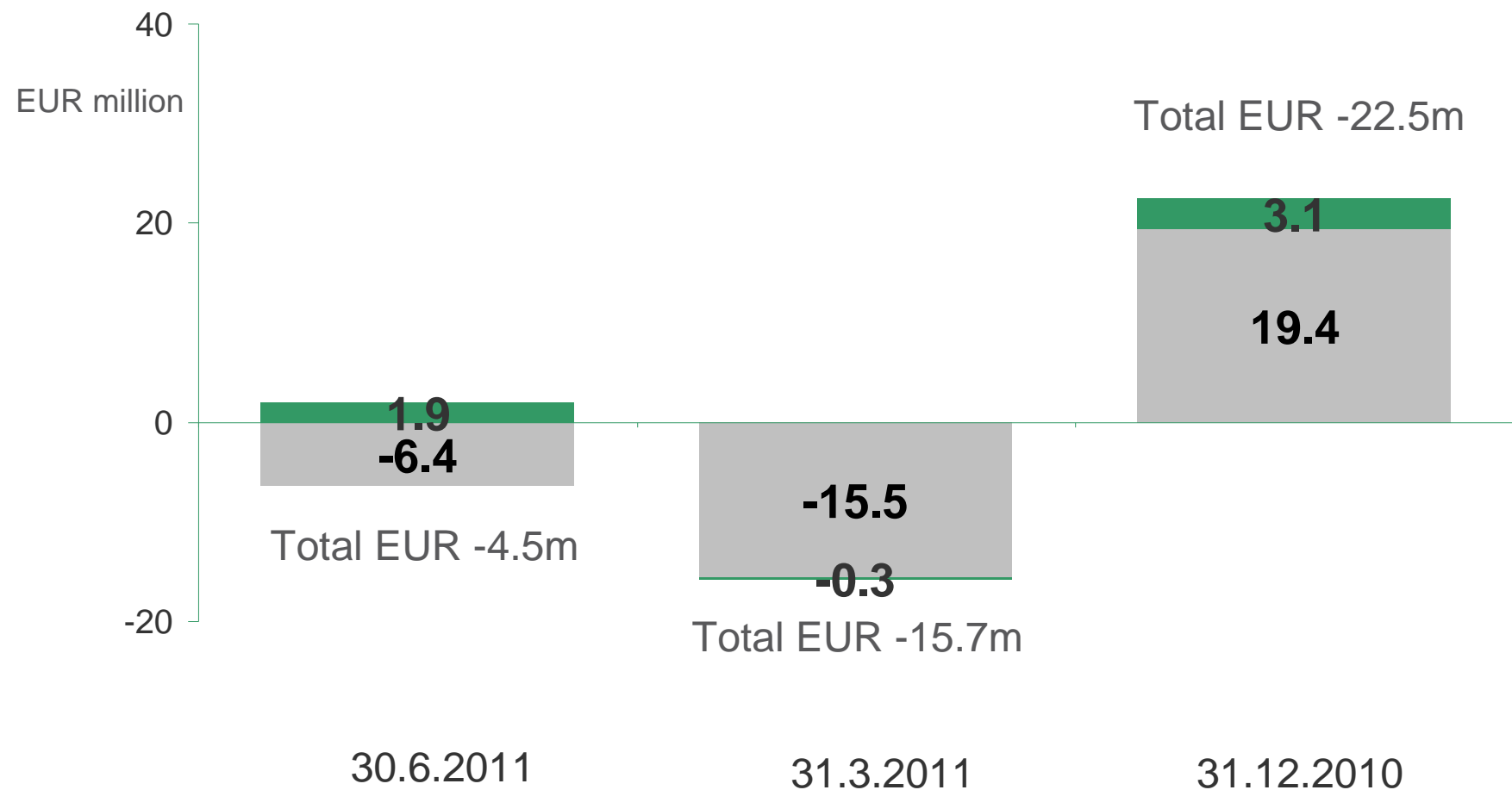
■ Equity

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Rating distribution for life - and non-life insurance businesses

Life insurance (EURm)	30.6.2011 565	31.12.2010 577	Non-life insurance EURm	30.6.2011 113	31.12.2010 113
Aaa	67.9%	58.9%	Aaa	67.8%	57.9%
Aa1 – Aa3	13.1%	13.1%	Aa1 – Aa3	22.5%	24.4%
A1- A3	10.4%	14.3%	A1- A3	6.3%	7.0%
Baa1-Baa3	4.2%	6.2%	Baa1-Baa3	0.9%	1.4%
Ba1-Ba3	0.2%	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	1.7%	0.0%
No rating	4.2%	4.9%	No rating	2.5%	2.2%
Total	100.0%	100.0%	Total	100.0%	100.0%

Fund at fair value

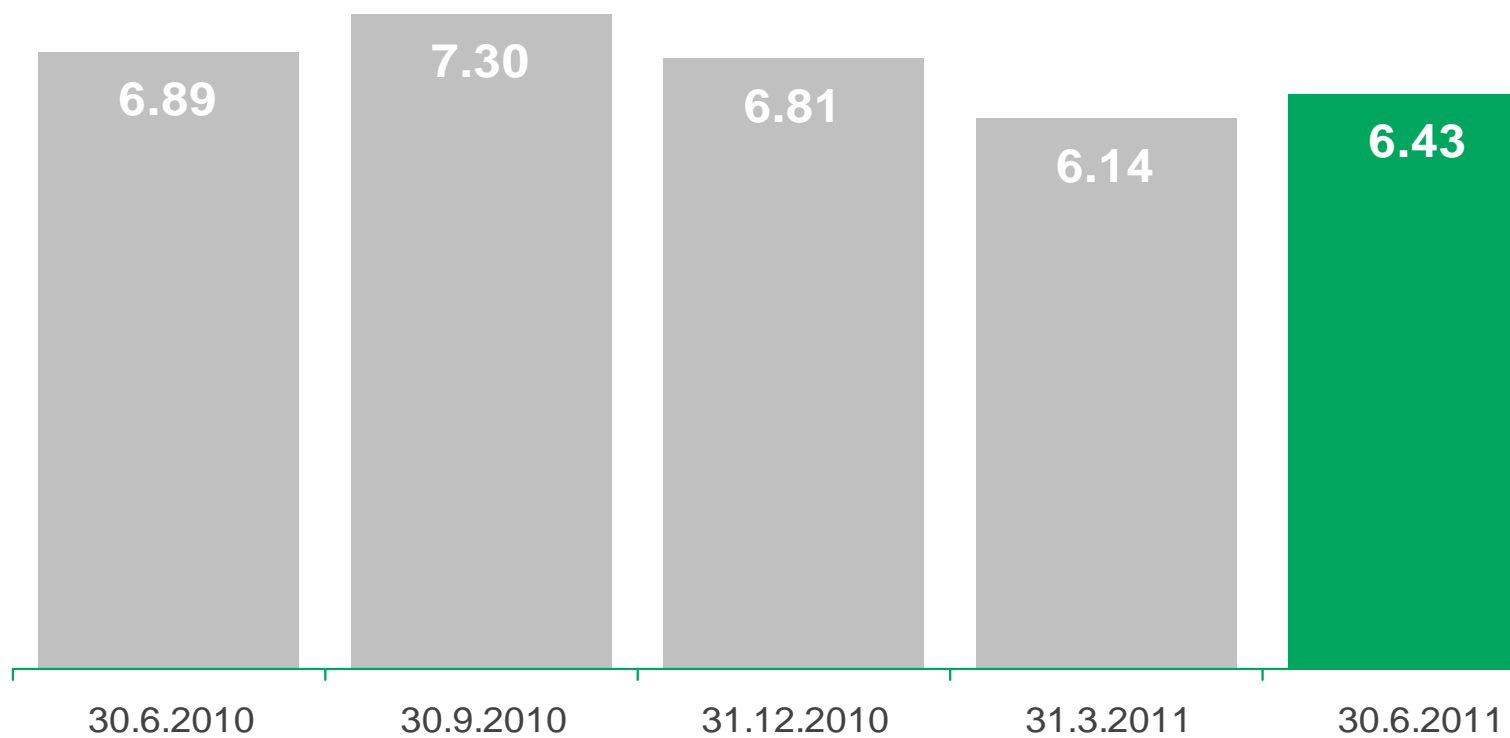


Interest-bearing securities and cash flow hedging
 Shares and participations

Aktia

Equity per share (NAV)

Group
EUR



Aktia

Summary: Capital adequacy 30 June 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 96.9 (98.8) million.
Solvency ratio 15.9 (16.1)%.

The non-life insurance company's solvency capital

The solvency capital amounted to EUR 46.9 (46.6) million.
Risk carrying capacity 75.7 (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 June 2011

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Consolidated balance sheet – Assets

(EUR million)	30.6.2011	31.12.2010	Change
Assets			
Cash and balances with central banks	349.6	273.4	28%
Financial assets reported at fair value via the income statement	10.1	20.9	-52%
Interest-bearing securities	2,676.6	3,241.0	-17%
Shares and participations	131.9	142.7	-8%
Financial assets available for sale	2,808.5	3,383.7	-17%
Financial assets held until maturity	20.7	21.5	-3%
Derivative instruments	145.2	230.2	-37%
Lending to credit institutions	109.8	46.0	139%
Lending to the public and public sector entities	6,805.2	6,591.6	3%
Loans and other receivables	6,915.0	6,637.6	4%
Investments for unit-linked provisions	300.2	280.0	7%
Investments in associated companies	2.6	5.2	-50%
Intangible assets	16.8	13.3	26%
Investment properties	22.8	24.3	-6%
Other tangible assets	6.3	6.7	-7%
Accrued income and advance payments	74.8	87.1	-14%
Other assets	47.8	21.3	125%
Total other assets	122.6	108.3	13%
Income tax receivables	10.9	0.0	-
Deferred tax receivables	13.7	13.4	2%
Tax receivables	24.6	13.4	83%
Assets classified as held for sale	0.7	0.7	0%
Total assets	10,745.8	11,019.2	-2%

Consolidated balance sheet – Liabilities

(EUR million)	30.6.2011	31.12.2010	Change
Liabilities			
Liabilities to credit institutions	804.8	959.7	-16%
Liabilities to the public and public sector entities	3,492.1	3,396.6	3%
Deposits	4,296.9	4,356.3	-1%
Derivative instruments	105.2	149.5	-30%
Debt securities issued	3,664.6	3,381.9	8%
Subordinated liabilities	257.4	256.0	1%
Other liabilities to credit institutions	630.3	1,012.5	-38%
Other liabilities to the public and public sector entities	30.4	177.0	-83%
Other financial liabilities	4,582.6	4,827.4	-5%
Technical provisions for interest-related insurances	581.1	587.7	-1%
Technical provision for unit-linked insurances	298.5	282.4	6%
Technical provision for non-life insurances	133.1	119.7	11%
Technical provisions	1,012.7	989.8	2%
Accrued expenses and income received in advance	95.2	93.2	2%
Other liabilities	119.9	44.0	172%
Total other liabilities	215.1	137.2	57%
Provisions	0.2	0.7	-65%
Income tax liabilities	2.1	9.0	-76%
Deferred tax liabilities	44.6	51.8	-14%
Tax liabilities	46.7	60.7	-23%
Liabilities for assets classified as held for sale	0.2	0.2	0%
Total liabilities	10,259.5	10,521.9	-2%
Equity			
Restricted equity	100.1	127.4	-21%
Unrestricted equity	327.6	325.6	1%
Shareholders' share of equity	427.7	453.0	-6%
Holdings where a non-controlling interest exists	58.6	44.3	32%
Equity	486.3	497.3	-2%
Total liabilities and equity	10,745.8	11,019.2	-2%

Balance sheet 30 June 2011

The Group's balance sheet total decreased 2%

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

Borrowing grew by 3% to EUR 3,492 (3,397) million.

Lending to the public increased by 3%

and amounted to EUR 6,805 (6,592) million. Loans to private households amounted to EUR 5,706 million or 83.8%.

The housing loan stock amounted to EUR 5,338 (5,121) million showing an increase of 4%.

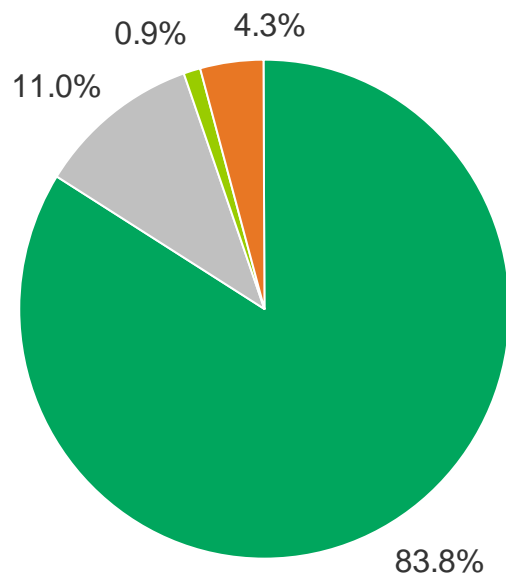
Corporate lending continued to be moderate

The credit stock amounted to EUR 749 (761) million.

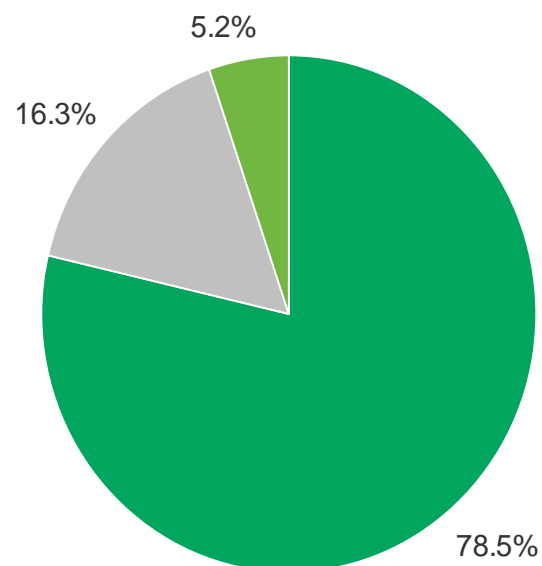
Aktia Real Estate Mortgage Bank issued fixed rate covered bonds worth EUR 600 million over 5 years.

Credit- and deposit stocks 30.6.2011


Credits
EUR 6,805 (6,592) million



Deposits
EUR 3,492 (3,397) million



 Households
 Housing associations

 Small and medium sized enterprises (SME)

 Public sector entities and Non-profit org

Share capital and ownership 30.6.2011

	Series A shares	Series R shares	Shares total	Shares %	Votes	Share of votes, %
The 20 largest shareholders:						
Stiftelsen Tre Smeder	3,009,837	3,997,265	7,007,102	10.5	82,955,137	18.5
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
Oy Hammarén & Co Ab	1,890,000	950,000	2,840,000	4.2	20,890,000	4.7
Varma Mutual Pension Insurance Company	2,675,000	-	2,675,000	4.0	2,675,000	0.6
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	5.7
Aktiastiftelsen i Esbo-Grankulla	1,146,585	1,223,458	2,370,043	3.5	25,615,745	
Aktiastiftelsen i Vanda	1,047,486	997,478	2,044,964	3.1	20,997,046	3.7
Aktiastiftelsen i Borgå	1,303,370	651,525	1,954,895	2.9	14,333,870	4.7
Aktiastiftelsen i Vasa	978,525	547,262	1,525,787	2.3	11,923,765	3.2
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	2.0	9,641,809	2.7
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.8	8,660,850	2.2
Föreningen Konstsamfundet rf	670,040	377,951	1,047,991	1.6	8,229,060	1.9
Sparbanksstiftelsen i Ingå	646,236	324,118	970,554	1.5	7,132,596	1.8
Ab Kelonia Oy	549,417	308,662	858,079	1.3	6,722,657	1.6
Sparbanksstiftelsen i Sibbo	462,002	232,001	694,003	1.0	5,102,022	1.5
Mutual Fund Alfred Berg Finland	665,706	-	665,706	1.0	665,706	1.1
Sparbanksstiftelsen i Sjundea	404,377	227,188	631,565	0.9	4,948,137	0.2
Aktiastiftelsen i Malax	352,138	177,600	529,738	0.8	3,904,138	1.1
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

Aktia

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Outlook for 2011 (amended)

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.** (Previously: *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.

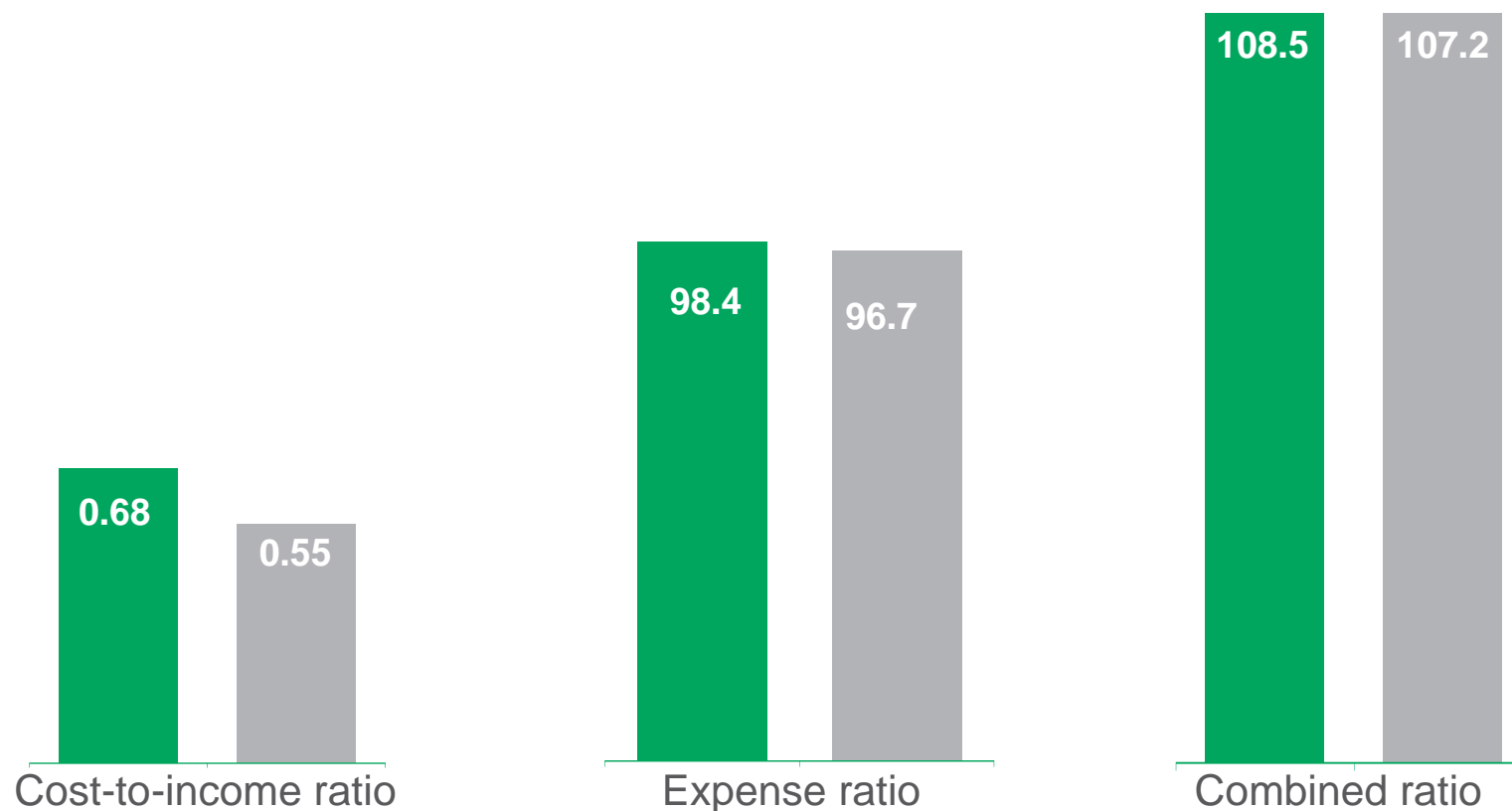
New regulation. The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital requirements. A change in capital requirements could actualise both capitalisation needs and need for changes in the Aktia Group's structure.

Cost efficiency

Banking Business

Life Insurance

Non-Life Insurance



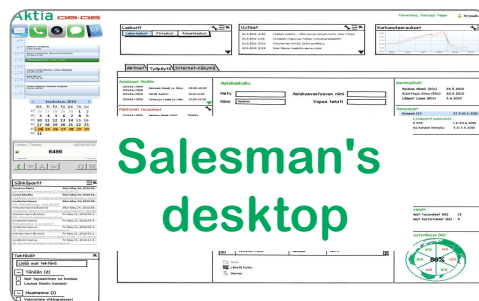
■ 1-6/2011
■ 1-6/2010

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FOCUS 2013 Development projects



- Launch late 2011
- Piloting among personnel



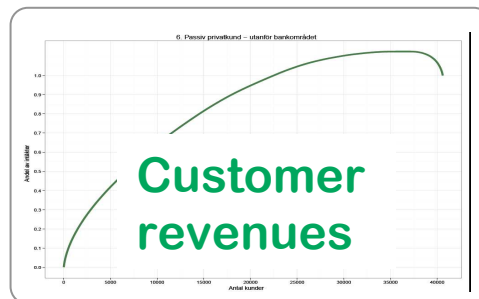
- Launch early 2012



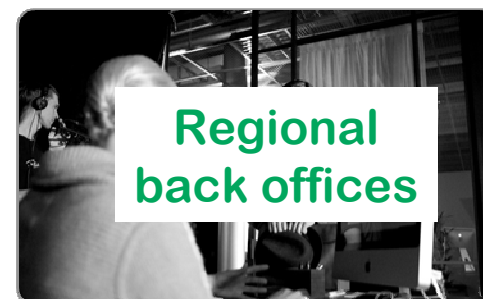
- Launched in June 2011



- First Aktia Store in Espoo opened



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



- Launch early 2011

Aktia

*"Efforts to secure growth continue.
In my view, we still need to reduce costs by 10% and this
has to be done during the coming three years".*

CEO Jussi Laitinen

Aktia

Aktia