

Aktia Bank Plc

(subsidiary to the listed Aktia Plc)

Profit for 1-3/2012

Aktia Bank plc is a subsidiary to the listed Aktia plc and operates as parent company in the Bank Group.

Subsidiaries in the Bank Group are: Aktia Real Estate Mortgage Bank plc, Aktia Asset Management Ltd, Aktia Fund Management Company Ltd, Aktia Card Ltd, Aktia Invest Ltd and Aktia Corporate Finance Ltd.

The Bank Group's operating profit for the first three months of 2012 amounted to EUR 12.4 (14.9) million. Profit for the reporting period was EUR 9.1 (11.3) million. Earnings per share stood at EUR 2.9 (3.5) million.

The banking business' operating profit decreased to EUR 11.4 (16.0) million. Asset management improved its profitability and reached an operating profit of EUR 2.3 (1.5) million.

Key figures

(EUR million)	1-3/2012	1-3/2011	Δ%	10-12/2011	Δ%	2011
Earnings per share (EPS)	2.9	3.5	-16%	0.8	281%	8.2
Equity per share (NAV) ¹⁾	130.9	100.1	31%	106.4	23%	106.4
Return on equity (ROE), %	8.8	12.5	-30%	2.5	247%	6.8
Total earnings per share	14.5	-4.1	-	-0.6	-	2.0
Number of shares at the end of the period 1)	3	3	0%	3	0%	3
Cost-to-income ratio	0.68	0.63	8%	0.78	-13%	0.73
Capital adequacy ratio, % ¹⁾	18.1	16.0	13%	16.2	12%	16.2
Tier 1 capital ratio, % 1)	11.3	10.3	10%	10.6	7%	10.6

¹⁾ At the end of the period

"Interim Report 1 January - 31 March 2012" is a translation of the original report in Swedish ("Aktia Bank Delårsrapport 1.1-31.3.2012"). In case of discrepancies, the Swedish version prevails.

Profit for Jan. – March 2012

Aktia Bank reported an operating profit of EUR 12.4 (14.9) million.

The Banking Business segment contributed EUR 11.4 (16.0) million to the Bank Group's operating profit, while the Asset Management segment contributed EUR 2.3 (1.5) million.

The segments' operating profit

(EUR million)	1-3/2012	1-3/2011	Δ%
Banking Business	11.4	16.0	-29%
Asset Management	2.3	1.5	53%
Miscellaneous	-0.5	-0.7	28%
Eliminations	-0.8	-1.8	58%
Total	12.4	14.9	-17%

Income

The Bank Group's total income amounted to EUR 45.7 (50.1) million of which EUR 29.5 (34.1) million was net interest income.

The hedging measures used by Aktia Bank to limit its interest rate risk improved net interest income by EUR 7.2 (11.0) million.

The Bank Group's net commission income increased by 6% to EUR 14.4 (13.6) million. Commission income from brokerage of mutual funds and insurance decreased by 4% to EUR 6.8 (7.1) million. Commission income from card and payment services rose to EUR 4.4 (3.9) million.

Other operating income increased slightly to EUR 1.5 (1.4) million from the corresponding period last year.

Expenses

The Bank Group's total expenses fell by 2% to EUR 31.3 (31.8) million, of which staff costs made up EUR 13.2 (13.3) million.

Continued investment in customer-friendly Internet services and other IT increased IT expenses by 10% to EUR 4.9 (4.4) million.

Total depreciation and write-downs on tangible and intangible assets amounted to EUR 0.8 (1.1) million.

Other operating expenses fell slightly to EUR 12.4 (13.0) million.

Rating

The international rating agency Moody's Investors Service has Aktia Bank plc's credit rating for short-term borrowing at P-2 since 7 March 2012. The credit ratings for long-term borrowing and financial strength are A3 and C- respectively. All values have a stable outlook.

The covered bonds issued by the subsidiary Aktia Real Estate Mortgage Bank plc have a Moody's credit rating of Aa1 (under review since 25 November 2011).

Fitch initiated Aktia Bank plc's credit rating for short-term borrowing at F2 on 9 May 2012. The credit rating for long-term borrowing is BBB+. The outlook for both ratings is negative.

Capital adequacy

The Bank Group's capital adequacy ratio amounted to 18.1 (16.2)%, with Tier 1 capital ratio of 11.3 (10.6)%. The Bank Group's Tier 1 capital ratio was strengthened by EUR 30 million during the period. Capital was freed up as a result of the disposal of 66% of shares in the non-life insurance company.

Aktia Bank plc's capital adequacy ratio stood at 25.9 (22.3)%. The Tier 1 capital adequacy was 15.9 (14.6)%.

Balance sheet and off-balance sheet commitments

The Bank Group's balance sheet total amounted to EUR 10,103 (9,993) million.

Borrowing from the public and public sector entities increased by 1% to EUR 3,701 (3,662) million.

Outstanding bonds issued and certificates of deposit decreased by 1% to EUR 3,770 (3,812) million. Of these bonds EUR 3,374 (3,346) million were covered bonds issued by Aktia Real Estate Mortgage Bank plc. In January, Aktia Real Estate Mortgage Bank plc issued long-term collateralised bonds ('Schuldscheindarlehen') totalling EUR 22 million.

The Bank Group's total lending to the public increased by 2% to EUR 7,240 (7,117) million during the first three months of 2012. This increase is due to growth in the real estate mortgage stock. Excluding mortgages brokered by savings banks and POP Banks, which the local banks are committed to capitalise, the Bank Group's lending totalled EUR 5,242 (5,202) million.

At the end of March, loans to private households accounted for EUR 6,111 (5,966) million, or 84.4 (83.8)% of the total credit stock.

Loans granted to housing associations amounted to EUR 285 (289) million and made up 4.0 (4.1)% of the total credit stock.

Corporate lending accounted for 11.0 (11.4)% of the Bank Group's credit stock. Total corporate lending amounted to EUR 797 (812) million.

Credit stock by sector

(EUR million)	31.3.2012	31.12.2011	Δ	Percentage
Households	6,111	5,966	145	84.4%
Corporate	797	812	-14	11.0%
Housing associations	285	289	-4	3.9%
Non-profit organisations	41	45	-4	0.6%
Public sector entities	5	6	-1	0.1%
Total	7,240	7,117	122	100%

Interest-bearing financial assets available for sale amounted to EUR 2,052 (1,874) million. These assets mainly consist of the banking business' liquidity reserve.

The Bank Group's equity amounted to EUR 451 (377) million at the end of the period. The fund at fair value amounted to EUR 25 (-9) million.

Off-balance sheet commitments totalled EUR 458 (465) million.

Valuation of financial assets

Value changes reported via income statement

No write-downs of financial assets were made during the first quarter.

The Bank Group's risk exposure

Definitions and general principles for asset and risk management can be found in Aktia Bank plc's annual report 2011 in note G2 on pages 20–32.

The Banking Business includes Retail Banking (including financing company operations), Treasury and Asset Management.

Lending-related risks within banking

Loans with payments 1–30 days overdue decreased during January to March to EUR 130 (160) million, equivalent to 1.79 (2.24)% of the credit stock. In the same period, loans with payments 31–89 days overdue increased to EUR 60 (53) million, or 0.83 (0.75)% of the credit stock.

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection increased to EUR 67 (60) million, corresponding to 0.92 (0.84)% of the credit stock. Of the increase of EUR 7 million, EUR 4 million is attributable to household loans and EUR 3 million to corporate loans.

Non-performing loans to households more than 90 days overdue corresponded to 0.55 (0.51)% of the entire credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Undischarged debts by time overdue

(EUR million) Days	31.3.2012	% of stock	31.3.2011	% of stock	2011
1-30	130	1.79	194	2.87	160
of which households	109	1.50	120	1.78	115
31-89	60	0.83	65	0.96	53
of which households	53	0.72	47	0.70	46
90*–	67	0.92	40	0.59	60
of which households	40	0.55	23	0.34	36

* in Aktia Bank, fair value of collateral covers 96% of debts

Write-downs on credits and other guarantee claims

In the first quarter, total write-downs on credits and guarantee claims decreased by EUR 1.4 million from the corresponding period last year to stand at EUR 1.9 (3.3) million. Of these write-downs, EUR 0.3 (0.3) million were attributable to households, and EUR 1.6 million (3.0) million to companies.

Total write-downs on credits amounted to 0.03 (0.05)% of total lending for the period. The corresponding impact on corporate loans amounted to 0.2 (0.4)% of the total corporate lending.

Value changes reported via the fund at fair value

A value impairment that is not reported in the income statement or an increase in the value of financial assets that has not been realised is reported via the fund at fair value. Taking cash flow hedging for the Bank Group into consideration, the fund at fair value amounted to EUR 25.5 (-9.4) million after deferred tax.

Cash flow hedging, which comprises the market value for interest rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 22.5 (25.5) million.

Specification of the fund at fair value

(EUR million)	31.3.2012	31.12.2011	Δ
Shares and participations	-	-	-
Direct interest-bearing securities	2.9	-34.9	37.8
Cash flow hedging	22.5	25.5	-3.0
Fund at fair value, total	25.5	-9.4	34.8

Distribution of risk across financial assets

The Bank Group's liquidity portfolio offers a hedge against short-term fluctuations in liquidity. Fixed-rate investments within the liquidity portfolio are also used to reduce structural interest rate risks. The liquidity portfolio is financed with repurchase agreements to a value of EUR 168 (68) million.

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

Investments within the liquidity portfolio and the Bank Group's other interest-bearing investments increased from the year-end by EUR 155 million, and amounted to EUR 2,123 (1,968) million. During the period, investments in EU countries with a credit rating below AAA fell by EUR 109 million to amount to EUR 333 (442) million.

Allocation of holdings in the Bank Group's investment portfolio and other interest-bearing investments

Aktia Bank Group	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions excl. CB		Corporate bonds		Real estate		Alternative investments		Listed Equity		Total	
	3/12	12/11	3/12	12/11	3/12	12/11	3/12	12/11	3/12	12/11	3/12	12/11	3/12	12/11	3/12	12/11
EU AAA	78	145	1,144	916	356	309	-	-	-	-	-	-	-	-	1,577	1,370
Finland	73	61	115	111	65	37	-	-	-	-	-	-	-	-	253	210
Other AAA-count- ries	4	84	1,029	805	291	272	-	-	-	-	-	-	-	-	1,324	1,161
EU < AAA	37	51	281	352	14	37	-	2	-	-	-	-	-	-	333	442
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greece	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Ireland	-	-	30	27	-	-	-	-	-	-	-	-	-	-	30	27
Italy	-	-	66	60	-	-	-	-	-	-	-	-	-	-	66	60
Portugal	7	22	85	76	10	8	-	1	-	-	-	-	-	-	102	107
Spain	30	29	101	187	5	29	-	1	-	-	-	-	-	-	135	246
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	123	50	15	30	-	-	-	-	-	-	-	-	138	80
North America	-	-	32	33	-	-	-	-	-	-	-	-	-	-	32	33
Other OECD-countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	-	-	-	-	44	43	-	-	-	-	-	-	-	-	44	43
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	115	197	1,580	1,350	429	419	-	2	-	-	-	-	-	-	2,123	1,968

Counterparty risks

Counterparty risks within the bank's liquidity management operations

The banking business' liquidity portfolio, which consists of interest-bearing securities, amounted to EUR 2,123 (1,968) million.

Rating distribution for banking business

(EUR million)	31.3.2012	31.12.2011
	2,123	1,968
Aaa	54.3 %	55.6%
Aa1-Aa3	24.4 %	21.9%
A1-A3	11.7 %	11.9%
Baa1-Baa3	6.0 %	6.3%
Ba1-Ba3	1.0 %	1.9%
B1-B3	0.0 %	0.0%
Caa1 or lower	0.0 %	0.0%
Finnish municipalities (unrated)	2.6 %	2.1%
No rating	0.0 %	0.3%
Total	100.0 %	100.0%

The Bank Group's liquidity portfolio included two rated assets not eligible for refinancing totalling EUR 15 (6) million, corresponding to 0.7 (0.3)% of the portfolio. Unrated assets not eligible for refinancing amounted to 0.0 (0.3)%.

Operational risks

No events regarded as operational risks causing significant financial losses occurred in the first three months of 2012.

Personnel

The average number of full-time employees in the Bank Group during the first quarter of 2012 was 771 (31.12.2011; 774).

Changes in Group structure

As of 31 January 2012, Aktia Card Ltd sold its business operations to its parent company Aktia Bank plc, which continues to run the card business unchanged.

Decisions of 2012 AGM

The Annual General Meeting of Aktia Bank plc held on 13 April 2012 discharged the members of the Board of Directors, the Managing Director and his deputy from liability for the financial period 1 January – 31 December 2011.

The Board of Directors comprises eight members who were all re-elected.

Aktia Bank's Board of Directors for the period 1 January - 31 December 2012 is:

Chair Dag Wallgren, M.Sc. (Econ.)
Vice chair Nina Wilkman, LL.M.
Jannica Fagerholm, M.Sc. (Econ.)
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, Business Economist
Nils Lampi, B.Sc. (Econ.)
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Kjell Sundström, M.Sc. (Econ.)

In accordance with the Board of Directors' proposal, the company pays out a dividend of EUR 6,666,667 per share, totalling EUR 20.0 million for the financial period 1 January – 31 December 2011.

Events after the reporting period

Fitch initiated Aktia Bank plc's credit rating for short-term borrowing at F2 on 9 May 2012. The credit rating for long-term borrowing is BBB+. The outlook for both ratings is negative.

Outlook and risks for the coming year 2012

Outlook unchanged

Aktia is endeavouring to grow above the market in the sectors focusing on retail customers and small companies.

In 2012, Aktia's focus is on increasing growth by strengthening customer relations, increasing sales per customer and cross-selling, and developing Internet services.

In order to strengthen profitability, costs will be cut, risks and capital will be managed.

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 can therefore not be replicated in a low interest rate environment.

Write-downs are expected to decrease in 2012.

The result for 2012 is expected to be lower than in 2011.

Risks

Aktia's financial results are affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, and the competitive situation. Changes in these factors can have an impact on demand for banking, insurance, asset management and real estate agency services.

Change in the interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest rate margins and therefore profitability. Aktia is pursuing effective management of interest rate risks.

Any future write-downs of loans in Aktia's loan portfolio could be due to many factors, the most important of which are the general economic situation, the interest rate level, the level of unemployment and changes in house prices.

The availability of liquidity on the money markets is important for Aktia's refinancing activities. Like other banks Aktia relies on deposits from households in order to service some of its liquidity needs.

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

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 affect both capitalisation needs and the need for changes in Aktia Group's structure in the coming years. The results of new regulations are likely to be higher capital requirements, sharpened competition for deposits, higher demands on long-term financing and eventually higher credit margins.

Consolidated income statement for Bank Group

(EUR million)	1-3/2012	1-3/2011	Δ%	2011
Net interest income	29.5	34.1	-14%	128.2
Dividends	0.0	0.0	-12%	0.2
Commission income	18.7	18.1	4%	71.4
Commission expenses	-4.3	-4.4	3%	-17.5
Net commission income	14.4	13.6	6%	54.0
Net income from financial transactions	0.3	1.0	-71%	-9.3
Net income from investment properties	0.0	0.0	-	-0.1
Other operating income	1.5	1.4	11%	4.6
Total operating income	45.7	50.1	-9%	177.6
Staff costs	-13.2	-13.3	-1%	-52.9
IT-expenses	-4.9	-4.4	10%	-19.9
Depreciation of tangible and intangible assets	-0.8	-1.1	-20%	-4.0
Other operating expenses	-12.4	-13.0	-4%	-53.0
Total operating expenses	-31.3	-31.8	-2%	-129.7
Write-downs on credits and other commitments, net	-1.9	-3.3	-43%	-10.5
Share of profit from associated companies	-0.1	0.0	-227%	0.0
Operating profit	12.4	14.9	-17%	37.4
Income and expenses from other activities	-	-	-	-3.9
Taxes	-3.4	-3.7	-8%	-7.8
Profit for the period	9.1	11.3	-20%	25.7
Attributable to:				
Shareholders in Aktia Bank Plc	8.8	10.5	-16%	24.7
Non-controlling interest	0.3	0.7	-63%	1.0
Total	9.1	11.3	-20%	25.7
Earnings per share (EPS), EUR	2,930,530.55	3,509,604.93	-16%	8,239,314.30

There is no dilution effect to earnings per share.

Consolidated statement of comprehensive income for Bank Group

(EUR million)	1-3/2012	1-3/2011	Δ%	2011
Profit for the period	9.1	11.3	-20%	25.7
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	38.0	-11.8	-	-19.2
Change in valuation of fair value for cash flow hedging	-3.0	-10.7	72%	-0.2
Transferred to the income statement for financial assets available for sale	-	-	-	0.4
Comprehensive income from items which can be transferred to the income statement	35.1	-22.5	-	-19.0
Defined benefit plan pensions	-	-	-	-0.3
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.3
Total comprehensive income for the reporting period	44.1	-11.2	-	6.4
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	43.6	-12.2	-	6.0
Non-controlling interest	0.5	1.1	-49%	0.4
Total	44.1	-11.2	-	6.4
 Total earnings per share, EUR	 14 534 035.15	 -4 079 033.47	 -	 2 002 733.92

There is no dilution effect to total earnings per share.

Consolidated balance sheet for Bank Group

(EUR million)	31.3.2012	31.12.2011	Δ%	31.3.2011
Assets				
Cash and balances with central banks	219.6	466.3	-53%	258.0
Interest-bearing securities	2,052.1	1,874.4	9%	2,316.1
Shares and participations	1.8	1.8	-1%	4.0
Financial assets available for sale	2,053.9	1,876.2	9%	2,320.1
Financial assets held until maturity	19.3	20.0	-4%	20.7
Derivative instruments	309.3	300.7	3%	150.0
Lending to credit institutions	131.0	88.8	48%	68.6
Lending to the public and public sector entities	7,239.5	7,117.1	2%	6,720.3
Loans and other receivables	7,370.5	7,205.8	2%	6,788.9
Investments in associated companies	3.0	3.5	-13%	2.9
Intangible assets	2.2	2.3	-4%	2.8
Investment properties	0.7	0.7	0%	0.0
Other tangible assets	4.9	5.3	-8%	6.1
Accrued income and advance payments	74.2	70.6	5%	75.5
Other assets	39.9	7.6	424%	20.3
Total other assets	114.0	78.2	46%	95.8
Income tax receivables	3.4	22.3	-85%	5.4
Deferred tax receivables	1.8	11.9	-85%	15.3
Tax receivables	5.2	34.2	-85%	20.8
Total assets	10,102.6	9,993.1	1%	9,666.1
Liabilities				
Liabilities to credit institutions	977.1	1,112.1	-12%	797.1
Liabilities to the public and public sector entities	3,700.8	3,662.2	1%	3,463.6
Deposits	4,677.9	4,774.3	-2%	4,260.7
Derivative instruments	163.2	160.6	2%	131.9
Debt securities issued	3,770.4	3,811.5	-1%	3,342.9
Subordinated liabilities	281.6	288.7	-2%	282.3
Other liabilities to credit institutions	486.0	353.5	37%	1,115.9
Other liabilities to the public and public sector entities	65.1	51.7	26%	13.7
Other financial liabilities	4,603.2	4,505.4	2%	4,754.9
Accrued expenses and income received in advance	116.1	102.6	13%	99.2
Other liabilities	59.6	44.4	34%	34.6
Total other liabilities	175.7	147.0	20%	133.8
Income tax liabilities	0.1	0.0	-	8.8
Deferred tax liabilities	31.6	28.9	9%	30.4
Tax liabilities	31.7	29.0	9%	39.2
Total liabilities	9,651.7	9,616.3	0%	9,320.5
Equity				
Restricted equity	188.5	153.6	23%	149.3
Unrestricted equity	204.3	165.5	23%	151.0
Shareholders' share of equity	392.7	319.1	23%	300.3
Non-controlling interest's share of equity	58.3	57.7	1%	45.4
Equity	451.0	376.8	20%	345.7
Total liabilities and equity	10,102.6	9,993.1	1%	9,666.1

Consolidated statement of changes in equity for Bank Group

(EUR million)	Share capital	Fund at fair value	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Non-controlling interest's share of equity	Total equity
Equity as at 1 January 2011	163.0	9.1	44.6	115.9	332.6	44.3	376.8
Dividends to shareholders				-20.0	-20.0		-20.0
Profit for the period				10.5	10.5	0.7	11.3
Financial assets available for sale		-11.9			-11.9	0.1	-11.8
Cash flow hedging		-10.9			-10.9	0.2	-10.7
Total comprehensive income for the period		-22.8		10.5	-12.2	1.1	-11.2
Other change in equity					0.0	0.0	0.0
Equity as at 31 March 2011	163.0	-13.7	44.6	106.4	300.3	45.4	345.7
Equity as at 1 January 2012	163.0	-9.4	44.6	120.9	319.1	57.7	376.8
Profit for the period				8.8	8.8	0.3	9.1
Financial assets available for sale		37.9			37.9	0.2	38.0
Cash flow hedging		-3.1			-3.1	0.1	-3.0
Defined benefit plan pensions					0.0		0.0
Total comprehensive income for the period		34.8		8.8	43.6	0.5	44.1
Other change in equity			30.0		30.0	0.0	30.0
Equity as at 31 March 2012	163.0	25.5	74.6	129.7	392.7	58.3	451.0

Consolidated cash flow statement for Bank Group

(EUR million)	1-3/2012	1-3/2011	Δ%	2011
Cash flow from operating activities				
Operating profit	12.4	14.9	-17%	37.4
Adjustment items not included in cash flow for the period	5.5	3.7	51%	20.1
Unwinded cash flow hedging	6.7	-	-	17.6
Paid income taxes	16.9	-6.7	-	-36.0
Cash flow from operating activities before change in operating receivables and liabilities	41.6	11.9	250%	39.0
Increase (-) or decrease (+) in receivables from operating activities	-329.7	146.3	-	198.1
Increase (+) or decrease (-) in liabilities from operating activities	22.7	-147.2	-	-36.3
Total cash flow from operating activities	-265.4	11.0	-	200.9
Cash flow from investing activities				
Financial assets held until maturity	0.7	0.7	0%	1.4
Investments in group companies and associated companies	0.0	-	-	-
Proceeds from sale of group companies and associated companies	-	0.3	-	0.3
Investment in tangible and intangible assets	-0.3	-1.0	67%	-2.8
Disposal of tangible and intangible assets	0.0	0.1	-88%	0.2
Total cash flow from investing activities	0.4	0.0	703%	-1.0
Cash flow from financing activities				
Subordinated liabilities	-7.1	-1.5	-363%	3.6
Increase in share capital	-	-	-	-
Increase in unrestricted equity reserve	30.0	-	-	-
Share issue of Aktia Real Estate Mortgage Bank Plc. to the non-controlling interest	-	-	-	13.5
Paid dividends	-	-20.0	-	-20.0
Total cash flow from financing activities	22.9	-21.5	-	-2.9
Change in cash and cash equivalents	-242.1	-10.5	-	197.0
Cash and cash equivalents at the beginning of the year	473.0	275.9	71%	275.9
Cash and cash equivalents at the end of the period	230.8	265.4	-13%	473.0
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	8.1	8.5	-5%	9.5
Bank of Finland current account	211.5	249.5	-15%	456.8
Repayable on demand claims on credit institutions	11.2	7.4	51%	6.6
Total	230.8	265.4	-13%	473.0
Adjustment items not included in cash flow consist of:				
Write-downs on credits and other commitments, net	1.9	3.3	-43%	10.5
Change in fair values	2.3	-0.8	-	7.2
Depreciation and impairment of intangible and tangible assets	0.8	1.1	-20%	4.0
Share of profit from associated companies	0.5	0.3	49%	0.3
Sales gains and losses from intangible and tangible assets	0.0	0.1	-	0.6
Unwinded cash flow hedging	0.0	-	-	-2.5
Other adjustments	-	-0.3	-	0.0
Total	5.5	3.7	51%	20.1

Key figures

(EUR million)	1-3/2012	1-3/2011	Δ%	10-12 2011	7-9 2011	4-6/2011
Earnings per share (EPS)	2.9	3.5	-16%	0.8	1.8	2.1
Equity per share (NAV) ¹⁾	130.9	100.1	31%	106.4	106.7	103.1
Return on equity (ROE), %	8.8	12.5	-30%	2.5	5.7	7.5
Total earnings per share	14.5	-4.1	-	-0.6	3.7	3.0
Number of shares at the end of the period ¹⁾	3	3	0%	3	3	3
Personnel (FTEs), average number of employees from the beginning of the financial year ¹⁾	771	772	0%	774	774	772
Banking Business (incl. Private Banking)						
Cost-to-income ratio	0.68	0.63	8%	0.78	0.79	0.74
Borrowing from the public ¹⁾	3,700.8	3,463.6	7%	3,662.2	3,600.3	3,519.3
Lending to the public ¹⁾	7,239.5	6,720.3	8%	7,117.1	6,990.5	6,869.3
Capital adequacy ratio, % ¹⁾	18.1	16.0	13%	16.2	16.6	16.6
Tier 1 capital ratio, % ¹⁾	11.3	10.3	10%	10.6	10.8	10.8
Risk-weighted commitments ¹⁾	3,767.3	3,656.5	3%	3,694.0	3,643.1	3,648.6
Asset Management						
Mutual fund volume ¹⁾	4,140.0	4,125.4	0%	3,613.4	3,379.2	4,147.7
Managed and brokered assets ¹⁾	7,174.6	6,921.6	4%	6,624.1	6,204.6	7,048.7

1) At the end of the period

Formulas for key figures are presented in Aktia Bank plc's annual report 2011 on page 6

Quarterly trends in Aktia Bank Group

(EUR million)	1-3/2012	10-12/2011	7-9/2011	4-6/2011	1-3/2011
Net interest income	29.5	30.2	31.0	32.9	34.1
Dividends	0.0	0.1	0.0	0.0	0.0
Net commission income	14.4	13.3	12.5	14.5	13.6
Net income from financial transactions	0.3	-0.6	-6.4	-3.3	1.0
Net income from investment properties	0.0	0.0	0.0	0.0	0.0
Other operating income	1.5	1.3	0.9	0.9	1.4
Total operating income	45.7	44.3	38.0	45.1	50.1
Staff costs	-13.2	-14.3	-11.6	-13.7	-13.3
IT-expenses	-4.9	-5.1	-5.2	-5.2	-4.4
Depreciation of tangible and intangible assets	-0.8	-0.9	-1.0	-1.0	-1.1
Other operating expenses	-12.4	-14.1	-12.1	-13.8	-13.0
Total operating expenses	-31.3	-34.4	-29.8	-33.7	-31.8
Write-downs on credits and other commitments, net	-1.9	-4.1	-1.1	-1.9	-3.3
Share of profit from associated companies	-0.1	-0.1	0.1	0.0	0.0
Operating profit	12.4	5.7	7.2	9.5	14.9
Income and expenses from other activities	-	-3.9	-	-	-
Taxes	-3.4	0.6	-1.9	-2.8	-3.7
Profit for the period	9.1	2.4	5.3	6.7	11.3

Quarterly trends of comprehensive income in Bank Group

(EUR million)	1-3/2012	10-12/2011	7-9/2011	4-6/2011	1-3/2011
Profit for the period	9.1	2.4	5.3	6.7	11.3
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	38.0	-4.4	-3.5	0.5	-11.8
Change in valuation of fair value for cash flow hedging	-3.0	-0.3	8.8	2.0	-10.7
Transferred to the income statement for financial assets available for sale	-	0.4	-	-	-
Defined benefit plan pensions	-	-0.3	-	-	-
Total comprehensive income for the period	44.1	-2.2	10.6	9.2	-11.2

NOTES TO THE INTERIM REPORT

Note 1 Basis for preparing the Interim Report and important accounting principles

Basis for preparing the Interim Report

Aktia Bank plc's consolidated financial statement is prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU.

The accounts announcement for the period 1 January – 31 March 2012 has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The Interim Report does not contain all the information and notes required for an annual report and should therefore be read together with the Group's annual report of 31 December 2011.

The Interim Report for the period 1 January – 31 March 2012 was approved by the Board of Directors on 10 May 2012.

Aktia Bank plc's financial statements and interim reports are available on Aktia's website www.aktia.fi.

Important accounting principles

In preparing the accounts announcement the Group has followed the accounting principles applicable to the annual report of 31 December 2011.

There were no new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) that had any effect on the Group's result, financial position or explanatory notes in for the period 1 January – 31 March 2012.

Note 2. Segment report for Bank Group

Income statement (EUR million)	Banking Business		Asset Management		Miscellaneous		Eliminations		Total Group	
	1-3/2012	1-3/2011	1-3/2012	1-3/2011	1-3/2012	1-3/2011	1-3/2012	1-3/2011	1-3/2012	1-3/2011
Net interest income	288	333	1.1	0.8	-0.5	0.0	-	-	295	34.1
Dividends	0.0	1.6	-	-	0.5	-	-0.5	-1.6	0.0	0.0
Net commission income	9.0	9.3	5.1	4.4	0.3	0.0	0.0	0.0	14.4	13.6
Net income from financial transactions	0.3	0.9	0.0	0.1	0.0	-	-	-	0.3	1.0
Net income from investment properties	0.0	0.0	-	-	0.0	0.0	0.0	0.0	0.0	0.0
Other income	0.8	1.2	0.1	0.1	1.2	0.7	-0.5	-0.5	1.5	1.4
Total operating income	38.9	46.3	6.3	5.3	1.5	0.7	-1.1	-2.1	45.7	50.1
Staff costs	-8.4	-9.3	-1.9	-1.9	-2.6	-2.0	-0.1	-0.1	-13.2	-13.3
IT-expenses	-3.5	-3.2	-0.4	-0.2	-1.0	-1.1	-	-	-4.9	-4.4
Depreciation of tangible and intangible assets	-0.5	-0.6	-0.1	-0.1	-0.2	-0.4	-	-	-0.8	-1.1
Other expenses	-13.2	-13.9	-1.5	-1.5	1.8	2.0	0.6	0.4	-12.4	-13.0
Total operating expenses	-25.6	-27.0	-4.0	-3.7	-2.1	-1.4	0.4	0.3	-31.3	-31.8
Write-downs on credits and other commitments	-1.9	-3.3	-	-	-	-	-	-	-1.9	-3.3
Share of profit from associated companies	-	-	-	-	-	-	-0.1	0.0	-0.1	0.0
Operating profit	11.4	16.0	2.3	1.5	-0.5	-0.7	-0.8	-1.8	12.4	14.9
Balance sheet (EUR million)	Banking Business		Asset Management		Miscellaneous		Eliminations		Total Group	
	31.3.2012	31.12.2011	31.3.2012	31.12.2011	31.3.2012	31.12.2011	31.3.2012	31.12.2011	31.3.2012	31.12.2011
Cash and balances with central banks	219.5	466.2	0.1	0.1	-	-	-	-	219.6	466.3
Financial assets available for sale	2,053.4	1,876.1	0.9	1.4	0.5	-	-0.9	-1.3	2,053.9	1,876.2
Loans and other receivables	7,281.6	7,139.9	172.7	74.7	0.2	-	-83.9	-8.8	7,370.5	7,205.8
Other assets	519.3	585.1	9.3	7.3	89.9	7.9	-159.9	-155.4	458.6	444.8
Total assets	10,073.9	10,067.3	182.9	83.6	90.5	7.9	-244.7	-165.5	10,102.6	9,993.1
Deposits	4,222.7	4,597.3	539.2	185.8	-	-	-84.0	-8.8	4,677.9	4,774.3
Debt securities issued	3,771.3	3,812.8	-	-	-	-	-0.9	-1.3	3,770.4	3,811.5
Other liabilities to credit institutions	486.0	353.5	-	-	-	-	-	-	486.0	353.5
Other liabilities	679.8	818.6	9.8	14.0	203.5	12.7	-175.9	-168.4	717.3	677.0
Total liabilities	9,159.9	9,582.3	549.1	199.8	203.5	12.7	-260.8	-178.5	9,651.7	9,616.3

Note 3. Derivatives and off-balance sheet commitments

Derivative instruments at 31 March 2012 (EUR million)			
	Total nominal amount	Assets, fair value	Liabilities, fair value
Hedging derivative instruments			
Fair value hedging			
Interest rate-related	4,084.0	176.8	34.3
Total	4,084.0	176.8	34.3
Cash flow hedging			
Interest rate-related	430.0	8.3	0.0
Total	430.0	8.3	0.0
Derivative instruments valued via the income statement			
Interest rate-related *)	5,741.8	120.7	124.8
Currency-related	55.3	0.3	0.8
Equity-related **)	96.5	2.4	2.4
Other derivative instruments **)	22.4	0.8	0.8
Total	5,916.1	124.3	128.9
Total derivative instruments			
Interest rate-related	10,255.8	305.7	159.1
Currency-related	55.3	0.3	0.8
Equity-related	96.5	2.4	2.4
Other derivative instruments	22.4	0.8	0.8
Total	10,430.1	309.3	163.2

Derivative instruments at 31 March 2011 (EUR million)			
	Total nominal amount	Assets, fair value	Liabilities, fair value
Hedging derivative instruments			
Fair value hedging			
Interest rate-related	4,068.5	39.1	52.2
Total	4,068.5	39.1	52.2
Cash flow hedging			
Interest rate-related	960.0	30.3	0.4
Total	960.0	30.3	0.4
Derivative instruments valued via the income statement			
Interest rate-related *)	7,703.5	74.0	73.2
Currency-related	145.7	0.7	0.4
Equity-related **)	106.6	4.9	4.9
Other derivative instruments **)	4.2	0.9	0.9
Total	7,960.1	80.5	79.3
Total derivative instruments			
Interest rate-related	12,732.0	143.5	125.8
Currency-related	145.7	0.7	0.4
Equity-related	106.6	4.9	4.9
Other derivative instruments	4.2	0.9	0.9
Total	12,988.6	150.0	131.9

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 5,356.0 (7,307.0) million.

**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	31.3.2012	31.12.2011	31.3.2011
Commitments provided to a third party on behalf of the customers			
Guarantees	41.2	42.2	48.8
Other commitments provided to a third party	6.2	3.3	4.0
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	410.6	419.8	605.3
Off-balance sheet commitments	458.0	465.4	658.1

Note 4. Risk exposures for Bank Group

Consolidated capital adequacy for Bank Group

Summary (EUR million)	3/2012	12/2011	9/2011	6/2011	3/2011
Tier 1 capital	427.1	392.6	393.4	393.1	378.3
Tier 2 capital	254.5	206.4	210.3	213.4	205.5
Capital base	681.6	599.1	603.7	606.5	583.8
Risk-weighted amount for credit and counterpart risks	3,395.0	3,321.6	3,294.4	3,300.0	3,307.8
Risk-weighted amount for market risks ¹⁾	-	-	-	-	-
Risk-weighted amount for operational risks	372.3	372.3	348.6	348.6	348.6
Risk-weighted commitments	3,767.3	3,694.0	3,643.1	3,648.6	3,656.5
Capital adequacy ratio, %	18.1	16.2	16.6	16.6	16.0
Tier 1 Capital ratio, %	11.3	10.6	10.8	10.8	10.3
Minimum capital requirement	301.4	295.5	291.4	291.9	292.5
Capital buffer (difference between capital base and minimum requirement)	380.2	303.5	312.3	314.6	291.3

1) No capital requirement due to minor trading book and when total of net currency positions are less than 2% of capital base.

(EUR million)	3/2012	12/2011	9/2011	6/2011	3/2011
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	74.5	44.6	44.6	44.6	44.6
Non-controlling interest	58.3	57.7	58.2	58.6	45.4
Retained earnings	100.0	96.2	95.9	95.9	95.4
Profit for the period	8.8	24.7	22.4	16.9	10.5
./. provision for dividends to shareholders	-5.3	-21.3	-15.8	-10.5	-5.3
Capital loan	30.0	30.0	30.0	30.0	30.0
Total	429.3	394.9	398.3	398.4	383.6
./. intangible assets	-2.2	-2.3	-4.9	-5.3	-5.2
Tier 1 capital	427.1	392.6	393.4	393.1	378.3
Fund at fair value	2.9	-34.9	-31.5	-28.1	-28.7
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	206.6	196.3	196.7	196.5	189.2
Tier 2 capital	254.5	206.4	210.3	213.4	205.5
Total capital base	681.6	599.1	603.7	606.5	583.8

Risk-weighted commitments, credit and counterparty risks

Total exposures 3/2012

(EUR million)

Risk-weight	Balance assets	Off-balance sheet commitments	Total
0%	935.4	20.6	956.0
10%	1,256.3	-	1,256.3
20%	779.5	186.0	965.5
35%	5,661.2	74.0	5,735.1
50%	0.6	-	0.6
75%	555.0	99.4	654.3
100%	579.2	77.2	656.4
150%	23.2	0.8	24.0
Total	9,790.4	458.0	10,248.3
Derivatives *)	374.4	-	374.4
Total	10,164.7	458.0	10,622.7

*) derivative agreements credit conversion factor

Risk-weighted exposures

(EUR million)

Risk-weight	3/2012	12/2011	9/2011	6/2011	3/2011
0%	-	-	-	-	-
10%	125.6	105.1	103.8	103.2	110.4
20%	163.9	146.6	158.9	191.6	227.7
35%	1,990.4	1,943.7	1,898.3	1,857.3	1,811.6
50%	0.3	0.3	0.4	0.4	-
75%	437.2	450.9	458.0	465.7	470.3
100%	614.5	601.8	616.6	624.7	637.0
150%	35.3	40.1	30.1	31.3	21.2
Total	3,367.3	3,288.4	3,266.0	3,274.3	3,278.2
Derivatives *)	27.7	33.2	28.4	25.7	29.6
Total	3,395.0	3,321.6	3,294.4	3,300.0	3,307.8

*) derivative agreements credit conversion factor

In capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit rating by Moody's Investors Service or Standard & Poor's to receivables from central governments and central banks, credit institutions, investment firms, corporates and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

Risk-weighted amounts for operational risks

	2011	2010	2009	3/2012	12/2011	9/2011	6/2011	3/2011
Gross income	187.8	208.5	199.4					
- average 3 years	198.6							
Capital requirement for operational risk				29.8	29.8	27.9	27.9	27.9
Risk-weighted amount				372.3	372.3	348.6	348.6	348.6

The capital requirement for operational risk is 15 % of average gross income during the last three years.

The risk-weighted amount is calculated by dividing the capital requirement by 8 %.

Not 5 Net interest income

(EUR million)	1-3/2012	1-3/2011	Δ%	2011
Deposits and lending	15.3	14.9	3%	63.0
Hedging, interest rate risk management	7.2	11.0	-34%	34.8
Other	7.0	8.2	-15%	30.3
Net interest income	29.5	34.1	-14%	128.2

The impact of fixed rate investment is divided into two components consisting of interest rate risk and credit risk. The interest rate risk component is included in "Hedging of Interest rate risk" whereas the credit risk component is booked as a part of "Other net interest income"

Not 6 Gross loans and write-downs

(EUR million)	31.3.2012	31.12.2011
Gross loans	7,303.2	7,180.3
Individual write-downs	-49.5	-49.2
Of which made to non-performing loans past due at least 90 days	-42.7	-39.2
Of which made to other loans	-6.9	-10.0
Write-downs by group	-14.1	-14.0
Net loans, balance amount	7,239.5	7,117.1

Helsinki 10 May 2012

AKTIA BANK PLC

Board of Directors

To the Board of Directors of Aktia Bank p.l.c.

Report on review of the interim report of Aktia Bank p.l.c. as of and for the three months period ending March 31, 2012

Introduction

We have reviewed the balance sheet as of 31 March 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Aktia Bank p.l.c. for the three-month period then ended, as well as a summary of significant accounting policies and other explanatory notes to the financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not give a true and fair view of the entity's financial position as at 31 March 2012 and the result of its operations and cash flows for the three-month period then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 10 May 2012

KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant

Aktia

Contact

Aktia Bank Plc
P.O.Box 207
Mannerheimintie 14, 00101 Helsinki
Tel. +358 10 247 5000
Fax +358 10 247 6356

Website: www.aktia.fi
Contact : aktia@aktia.fi
E-mail: firstname.lastname@aktia.fi
Business ID: 0108664-3
BIC/S.W.I.F.T: HELSFIHH