Aktia

AKTIA PLC INTERIM REPORT JAN-SEP 2012

INCOME INCREASED BY 22% IN THE THIRD QUARTER

CEO JUSSI LAITINEN

"Nine months into the year, Aktia is demonstrating good results. Sales and management commissions have developed very well, and this has contributed to a considerable increase in operating income, despite the negative effects of current low interest rates. Aktia Asset Management has grown and again received excellent marks from its customers this year, something that is expected to increase sales even more. Group investments have also developed favourably during the year, which has contributed to a higher capital adequacy ratio. Cost developments continued to be relatively modest.
Aktia is undergoing a comprehensive restructuring process over the next 2–3 years to improve its competitiveness. Aktia is well equipped to carry out this transformation, and we will continue our efforts to boost customer satisfaction."

JULY-SEPTEMBER 2012: OPERATING PROFIT EUR 13.4 (6.8) MILLION

- Group operating profit from continuing operations doubled to EUR 13.4 (6.8) million.
- Profit for the period amounted to EUR 9.9 (5.5) million.
- Income increased by 22% to EUR 50.5 (41.4) million, of which net interest income amounted to EUR 28.7 (31.1) million.
- Expenses amounted to EUR 34.0 (33.6) million.
- Write-downs on credits and other commitments amounted to EUR 1.8 (1.1) million due to higher group write-downs.
- Earnings per share stood at EUR 0.15 (0.09).

JANUARY-SEPTEMBER 2012: OPERATING PROFIT EUR 45.6 (38.2) MILLION

- Group operating profit from continuing operations improved to EUR 45.6 (38.2) million.
- Profit for the period amounted to EUR 43.7 (28.6) million.
- Earnings per share stood at EUR 0.65 (0.42), of which earnings per share from continuing operations was EUR 0.50 (0.39).
- The capital adequacy ratio increased to 19.9 (16.2)% and the Tier 1 capital ratio to 11.8 (10.6)%. NAV was EUR 8.70 (31.12.2011: EUR 7.01).
- Total net interest income fell to EUR 88.0 (98.3) million due to low interest rates and maturing interest rate derivatives.
- Write-downs on credits and other commitments decreased by 27% to EUR 4.6 (6.3) million.
- OUTLOOK: Operating profit from continuing operations for 2012 will exceed the level in 2011 (changed 15.10.2012, the complete outlook on page 12).

KEY FIGURES (EUR million)	**7-9/2012**	**7-9/2011**	**Δ %**	**1-9/2012**	**1-9/2011**	**Δ %**	**4-6/2012**	**1-3/2012**	**2011**
Net interest income	28.7	31.1	-8%	88.0	98.3	-10%	29.7	29.6	128.6
Total operating income	50.5	41.4	22%	159.5	152.3	5%	55.8	53.2	201.9
Total operating expenses	-34.0	-33.6	1%	-108.2	-107.7	0%	-37.5	-36.7	-146.7
Operating profit before write downs on credits, continuing operations	15.2	7.9	93%	50.3	44.5	13%	18.8	16.2	55.1
Write-downs on credits and other commitments	-1.8	-1.1	66%	-4.6	-6.3	-27%	-1.0	-1.9	-10.5
Operating profit from continuing operations	13.4	6.8	98%	45.6	38.2	20%	17.9	14.3	44.6
Cost-to-income ratio	0.69	0.79	-13%	0.69	0.72	-4%	0.69	0.68	0.73
Earnings per share (EPS), EUR	0.15	0.09	70%	0.65	0.42	56%	0.21	0.29	0.53
Equity per share (NAV)[1], EUR	8.70	6.90	26%	8.70	6.90	26%	7.88	7.89	7.01
Return on equity (ROE), %	6.4	4.4	46%	10.0	7.5	33%	9.7	14.1	7.1
Capital adequacy ratio[1], %	19.9	16.6	20%	19.9	16.6	20%	18.9	18.1	16.2
Tier 1 capital ratio[1], %	11.8	10.8	9%	11.8	10.8	9%	11.7	11.3	10.6
Write-downs on credits / total credit stock, %	0.02	0.02	0%	0.06	0.09	-33%	0.01	0.03	0.15

1) At the end of the period

The Interim report January-September 2012 is a translation of the original Swedish version "Delårsrapport 1.1-30.9.2012". In case of discrepancies, the Swedish version shall prevail.

PROFIT
July-September 2012

Profit July - September 2012

Group operating profit from continuing operations doubled to EUR 13.4 (6.8) million.

Income

The Group's total income increased by 22% to EUR 50.5 (41.4) million.

Total net interest income fell to EUR 28.7 (31.1) million due to maturing interest rate derivatives and low interest rates. Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. The hedging measures used by Aktia Bank to limit its interest rate risk brought net interest income of EUR 7.4 (7.3) million, showing a slight increase from the previous year.

Net commission income increased by 17% to EUR 16.4 (14.0) million. Commission income amounted to EUR 20.1 (17.7) million. Card and other payment service commissions rose 15% to EUR 4.4 (3.9) million.

Net income from life insurance amounted to EUR 5.5 (7.1) million. Net income from the insurance businesses includes insurance premiums written, net income from investments activities, insurance claims paid and the change in technical provisions.

Net income from financial transactions was EUR -0.7 (-11.9) million. The result last year was burdened by the divestment of Aktia's direct and indirect holdings in The Bank of Åland as well as by the sale of Southern European bonds.

Net income from hedge accounting was EUR 0.3 (-0.7) million.

Other operating income was EUR 0.6 (0.9) million.

Expenses

The Group's operating expenses amounted to EUR 34.0 (33.6) million. Of this total, staff costs amounted to EUR 17.7 (16.0) million. The good result led to greater result-related remunerations and increased contributions to the personnel fund. IT expenses decreased by 16% to EUR 6.0 (7.1) million. Other operating expenses decreased by 4% to EUR 8.7 (9.1) million.

Common expenses increased slightly to EUR 10.4 (10.2) million.

Depreciation of tangible and intangible assets increased to EUR 1.7 (1.4) million.

Revaluation of ownership

In August 2012, Suomen Luotto-osuuskunta entered into an agreement to divest all of its shares in Luottokunta Ltd. With this deal in mind, Aktia has revaluated its holdings and written up its shares by EUR 6.6 million. The write-up is registered as an increase of EUR 5.0 in the fund at fair value.

Samlink Ltd is a services company that primarily supplies its owner with IT services. Aktia purchases mainly services in connection with its banking system. As grounds for the revaluation, there is an assessment of the agreements regulating ownership and the range of services, as well as Aktia's assessment of its future IT requirements and needs. Consequently, Aktia has written down its holdings in Samlink Ltd to EUR 0.0 (1.8) million.

Write-downs on credits

During the period, Aktia has increased the per-group reserves for corporate loans by EUR 1.7 million, thus raising write-downs of credits and other commitments to EUR 1.8 (1.1) million.

Segment overview

Group operating profit from continuing operations by segment

(EUR million)	7-9/2012	7-9/2011	Δ %
Banking Business	9.6	6.2	55%
Asset management	2.9	1.4	117%
Life Insurance	2.5	4.2	-41%
Miscellaneous	-2.3	-6.3	64%
Eliminations	0.7	1.4	-50%
Total	**13.4**	**6.8**	**98%**

The segment Banking business's result improved to EUR 9.6 (6.2) million, mainly through higher income.

Higher commission income doubled the operating profit of the segment Asset Management to EUR 2.9 (1.4) million.

The profitability and the operating profit of the Life insurance segment dropped to EUR 2.5 (4.2) million due to variation in return on investments.

ACTIVITY IN January-September 2012

Business environment

Interest rates fell from the start of the year and the general interest rate level is now exceptionally low; this has a negative impact on Aktia's net interest income.

According to Statistics Finland, inflation in Finland was essentially unchanged during the third quarter, and at the end of September 2012 inflation was running at 2.7%. Inflation in March was at 2.9%. This slight fall in inflation was primarily due to a weaker increase in energy prices.

On the other hand, low interest rates have resulted in higher values for Aktia's fixed-rate investments.

Consumer confidence in the economy was low and amounted to 3.4 (2.3) in September. In July it was at 0.1 (11.3), and in August at 0.5 (5.1). The long-term average was 12.3. *(Statistics Finland).*

Real estate prices in Finland rose during the third quarter by 2.1% for the whole country, and by 2.5% in the Helsinki region, compared with the same period in 2011. Outside the Helsinki region, prices rose by 1.8%. Household debt has risen much faster than incomes in recent years. The debt-equity ratio of Finnish households, i.e. debt in relation to disposable income, stood at 156%, compared to 108% in the beginning of the 2000's. *(Statistics Finland)* However, the low interest rate level during the last few years allows a considerably higher level of debt than before without overloading the ability of households to pay.

Unemployment in September 2012 was at 7.1%, which was 0.2 percentage points higher than a year before. *(Statistics Finland)*

The Nasdaq OMX Helsinki 25 index rose by 2% in the period January to September 2012.

Key figures Y-o-y, %	**2013E***	**2012E***	**2011**
GDP growth			
World	3.2	2.9	3.9
Euro area	0.3	-0.6	1.4
Finland	0.7	0.2	2.7
Consumer price index			
Euro area	2.1	2.5	2.7
Finland	2.8	2.9	3.4
Other key ratios[1]			
Development of real value of housing in Finland	-2.0	-1.5	0.4
Unemployment in Finland[2]	8.2	7.8	7.8
OMX Helsinki 25	-	-	-31.4
Interest rates[1]			
ECB	0.50	0.50	1.00
10-y Interest Ger (=benchmark)	2.25	1.95	2.38
Euribor 12 months	1.15	0.60	1.95
Euribor 3 months	0.50	0.20	1.36

* Aktia's chief economist's prognosis
[1] at the end of the year
[2] annual average

Rating

Since 7 March 2012, the international rating agency Moody's Investors Service has Aktia Bank plc's credit rating for short-term borrowing at P-2. The credit rating for long-term borrowing is A3, and is C- for financial strength. The outlook for all ratings is stable.

Since 5 October 2012, the covered bonds issued by the subsidiary Aktia Real Estate Mortgage Bank plc have a Moodys credit rating of Aa3 (Aa1).

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

Profit January - September 2012

Group operating profit from continuing operations improved by 20% compared to the same time last year and amounted to EUR 45.6 (38.2) million. Group profit from continuing operations amounted to EUR 33.9 (26.8) million.

Following the disposal of 66% of Aktia Non-Life Insurance on 29 February 2012, Aktia's holding amounted to 34%. Aktia Non-Life Insurance is reported as discontinued operations to the date of disposal. The deal has reduced Aktia plc's balance-sheet total by approx. EUR 160 million. Profit for the period from discontinued operations amounted to EUR 9.8 (1.7) million. The Financial Supervisory Authority has accepted Folksam General and Veritas Pension Insurance Company Ltd as new owners of the Insurance company.

Continuing operations encompass the following segments: Banking business, Asset Management, Life Insurance and Miscellaneous.

Income

The Group's total income increased by 5% to EUR 159.5 (152.3) million.

Total net interest income fell to EUR 88.0 (98.3) million due to maturing interest rate derivatives and low interest rates.

Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. These hedging measures used by Aktia Bank to limit its interest rate risk brought net interest income of EUR 21.8 (27.9) million, EUR 6.0 million less than the previous year.

Net commission income increased by 8% to EUR 49.4 (45.8) million. Commission income increased by 5% to EUR 60.7 (57.7) million. Card and payment services commissions rose 12% to EUR 13.3 (11.8) million.

Net income from life insurance amounted to EUR 19.0 (18.8) million.

Net income from financial transactions was EUR -0.2 (-14.2) million. The result last year was burdened by the divestment of Aktia's direct and indirect holdings in The Bank of Åland as well as by the sale of Southern European bonds.

Net income from investment properties amounted to EUR 0.2 (0.5) million.

Net income from hedge accounting was EUR 0.9 (-0.5) million.

Other operating income was EUR 3.2 (3.0) million.

Expenses

Group operating expenses increased slightly and amounted to EUR 108.2 (107.7) million. Of this total, staff costs amounted to EUR 55.3 (53.7) million. This increase is attributable to increased contributions to the personnel fund and greater result-related remunerations, totalling EUR 5.3 (3.8) million.

Despite higher costs for the jointly owned Samlink, IT-expenses fell slightly to EUR 18.8 (19.5) million. Other operating expenses fell by 4% to EUR 28.8 (30.2) million.

The Group's common expenses was EUR 31.8 (31.7) million.

Depreciation of tangible and intangible assets increased by 20% to EUR 5.2 (4.4) million. Depreciation has increased on the previous year, with the launch of Aktia's new online bank, which was started in January. Development of the online bank continues and new functions will be incorporated throughout the year.

Write-downs on credits and other commitments

Write-downs on credits and other commitments decreased by 27% in the period January to September, totalling EUR 4.6 (6.3) million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total at the end of September amounted to EUR 11,220 (11,056) million.

Liquidity

The Bank Group's liquidity portfolio, which consists of interest-bearing securities, amounted to EUR 2,187 (1,947) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 59 (68) million. In addition to this, the Bank holds other interest-bearing securities for a value of EUR 10 (21) million.

At the end of September, the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow for 16 months.

Borrowing

Deposits from the public and public sector entities increased to EUR 3,651 (3,645) million. Aktia's market share of deposits was 3.43 (3.46)%.

Aktia Group's outstanding bonds amounted to a total value of EUR 3,736 (3,800) million. Of these bonds EUR 3,503 (3,346) million were covered bonds issued by the Aktia Real Estate Mortgage Bank plc.

During the period, Aktia Real Estate Mortgage Bank plc has issued long-term covered bonds amounting to EUR 647 million, of which EUR 22 million were long-term collateralised bonds ('Schuldscheindarlehen'). Outstanding Aktia Bank plc certificates of deposit amounted to EUR 303 million at the end of the period. During the period, Aktia Bank plc issued new subordinated debts and index-linked loans with a total value of EUR 61 million.

Lending

Group total lending to the public amounted to EUR 7,252 (7,063) million at the end of September, an increase of EUR 188 million. Excluding the mortgages brokered by savings banks and POP Banks that the local banks are committed to capitalise, Group lending increased by EUR 128 million (2%) on the beginning of the year.

Loans to private households (including mortgages brokered by local savings banks and POP Banks) accounted for EUR 6,225 (5,966) million or 85.8 (84.5)% of the total loan stock. The housing loan stock increased from the beginning of the year by 4% and totalled EUR 5,855 (5,607) million. Aktia's market share in housing loans to households stood at 4.26 (4.22)% at the end of September.

Corporate lending accounted for 9.7 (10.7)% of Aktia's credit stock. Total corporate lending amounted to EUR 705 (758) million.

Loans granted to housing associations amounted to EUR 278 (289) million and made up 3.8 (4.1)% of Aktia's total credit stock.

Credit stock by sector

EUR million	30.9.2012	31.12.2011	Δ	Share
Households	6,225	5,966	259	85.8%
Corporate	705	758	-53	9.7%
Housing associations	278	289	-10	3.8%
Non-profit organisations	39	45	-6	0.5%
Public sector entities	5	6	-1	0.1%
Total	**7,252**	**7,063**	**188**	**100.0%**

Financial assets

Aktia's financial assets consist of the Bank Group's liquidity portfolio and other interest-bearing investments amounting to EUR 2,197 (1,968) million, the life insurance company's investment portfolio amounting to EUR 690 (661) million and the real estate and share holdings of the parent company amounting to EUR 9 (3) million.

Technical provisions

The Life insurance company's technical provisions amounted to EUR 855 (818) million, of which EUR 338 (285) million were unit-linked. Interest-related technical provisions decreased to EUR 517 (533) million.

Equity

Aktia Group's equity increased by EUR 120 million from the year-end to EUR 644 (524) million at the end of September.

Commitments

Off-balance sheet commitments, which primarily consist of liquidity commitments to local banks, other loan promises and bank guarantees, decreased by EUR 39 million during the period and amounted to EUR 427 (466) million.

Capital adequacy and solvency

The Bank Group's capital adequacy ratio amounted to 19.9 (16.2)% and the Tier 1 capital ratio was 11.8 (10.6)%. The Bank Group includes Aktia Bank plc and Aktia Real Estate Mortgage Bank plc.

Aktia Bank plc's capital adequacy ratio stood at 27.6% compared to 22.3% at the end of 2011. The Tier 1 capital ratio was 16.2 (14.6)%.

The Bank Group's capital base was strengthened not only by the result for the period and the positive development in the fund at fair value, but also by a capital increase of EUR 30 million after capital was freed up by the disposal of 66% of shares in Aktia Non-Life Insurance Company Ltd.

Capital adequacy for the banking business is currently calculated using the standard model for credit risk. An IRBA application for the Group's retail exposure was submitted in August 2011 and is currently being processed by The Financial Supervisory Authority. Application of the IRBA method would raise the Tier 1 capital ratio by about 4 percentage points

The life insurance company's solvency margin amounted to EUR 160.5 (117.2) million, where the minimum requirement is EUR 32.8 million (EUR 32.3) million. The solvency ratio was 27.9 (20.7)%.

The capital adequacy ratio for the conglomerate amounted to 203.4 (163.5) %. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

Capital adequacy	30.9.2012	31.12.2011
Banking Group		
Capital adequacy	19.9%	16.2%
Tier 1 ratio	11.8%	10.6%
Aktia Bank		
Capital adequacy	27.6%	22.3%
Tier 1 ratio	16.2%	14.6%
Aktia Real Estate Mortgage Bank		
Capital adequacy	10.9%	10.2%
Tier 1 ratio	9.4%	8.5%

Segment overview

Aktia plc's operations are divided into four segments: Banking Business, Asset Management, Life Insurance and Miscellaneous.

Group operating profit from continuing operations by segment

(EUR million)	1-9/2012	1-9/2011	Δ %
Banking Business	33.0	31.1	6%
Asset management	7.2	4.4	63%
Life Insurance	9.8	9.1	8%
Miscellaneous	-5.1	-4.9	-4%
Eliminations	0.6	-1.6	-
Total	**45.6**	**38.2**	**20%**

Banking Business

The Banking Business' contribution to Group operating profit amounted to EUR 33.0 (31.1) million.

Operating income was EUR 120.9 (125.7) million, of which net interest income fell to EUR 84.7 (95.2) million. Net commission income was EUR 34.4

(34.1) million and net income from financial assets available for sale was EUR 1.0 (-3.8) million. Commissions from lending and card services developed favourably. Income from the real estate agency business was down 10% on the corresponding period in the previous year, standing at EUR 5.6 (6.2) million.

Operating expenses were down on the corresponding period the previous year to EUR 83.3 (88.3) million. Of this, staff costs amounted to EUR 27.7 (31.1) million and IT-related costs were EUR 10.2 (9.8) million. Other operating costs amounted to EUR 43.9 (45.8) million.

Sales activities are being supported by the new marketing campaign "Stress test your finances". The marketing campaign, which was launched in early April, is based on obtaining an even deeper understanding of our customers' financial situation. As part of the campaign, approximately 32,000 persons have used the online tool to work out how much they will earn during their lifetime.

The number of online banking contracts rose by 5% during the period, to just over 142,000 (135,000).

Total savings by households were approximately 6% higher than the year-end, amounting to EUR 3,744 (3,536) million, of which household deposits were EUR 2,813 (2,758) million and savings by households in mutual funds were EUR 931 (778) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased to EUR 4,297 (4,100) million.

Asset Management

Asset Management contributed EUR 7.2 (4.4) million to Group operating profit.

Operating income after reversals to the Group's other units and business partners was EUR 19.3 (15.9) million. Operating expenses increased by 5% to EUR 12.1 (11.5) million, of which staff costs made up EUR 5.9 (5.9) million.

Aktia has established its position as one of the leading asset managers in Finland. In a survey conducted by Scandinavian Financial Research (SFR) among institutional customers in 2012, Aktia was again placed among the top asset managers. The survey was carried out among the 100 largest institutional investors in Finland and Aktia shared the first place this year.

In an evaluation of larger mutual fund companies in Finland Aktia received the second highest mark. The evaluation was carried out by the independent analyst company Morningstar. In September 2012, the average number of stars received by the bank's 25 evaluated mutual funds was 3.96, when the maximum is 5 Morningstar stars. 18 of Aktia's 25 funds have at least 4 stars.

Over the last few years, the demand for fixed income funds investing in growth markets has risen significantly, and Aktia manages three such funds with a total value of some EUR 660 (578) million.

The volume of mutual funds managed and brokered by Aktia was EUR 4,247 (3,613) million. Aktia's market share of the fund market, including brokered funds, stood at 6.7 (6.6)% (Federation of Finnish Financial Services).

The value of assets managed by Aktia Asset Management and Aktia Invest totalled a record EUR 7,413 (6,624) million, of which assets managed by Aktia Invest amounted to EUR 2,344 (1,961) million. Aktia Private Banking customer assets totalled EUR 1,435 (1,278) million, an increase of 12%.

Life Insurance

The Life Insurance contribution to the Group's operating profit amounted to EUR 9.8 (9.1) million.

A strategic line has been drawn so that all sales are directed towards unit-linked savings and investment insurance, as well as risk insurance. Premiums written amounted to EUR 71.3 (77.7) million. The reduction in premium volumes is attributable to single-premium policies. Of the premium volume for savings, investment and pension insurance, unit-linked insurance accounted for 82 (82)% and interest-related insurance for 18 (18)%. The increased focus on mortgage and life insurance has generated further new sales.

Insurance claims and benefits totalled EUR 66.1 (64.9) million. The loss ratio for risk insurance was maintained at a good level, 81 (75)%.

Operating expenses decreased by 4%, amounting to EUR 9.8 (10.2) million. The life insurance business continues to demonstrate good cost efficiency. The expense ratio improved to 93.1 (95.5)%.

Net income from investment activities amounted to EUR 23.1 (22.0) million. The return on the company's investments based on market value was 9.0 (5.0)%. The derivatives used by the life insurance company to limit its interest rate and currency risk improved operating profit by EUR 3.5 (3.2) million.

Technical provisions totalled EUR 855 (818) million, of which provisions for unit-linked provisions stood at EUR 337 (285) million and interest-related provisions EUR 517 (533) million. The average discount rate for the interest-related technical provisions was 3.6%.

The company's solvency ratio improved to 27.9% compared to 20.7% at the year-end.

Miscellaneous

Operating profit for the Miscellaneous segment was EUR -5.1 (-4.9) million.

Last year's result is charged with the loss of EUR 6.3 million before tax incurred by Aktia plc, Aktia Bank plc and HSb-Finans Ltd selling their direct and indirect holdings in Bank of Åland plc.

Samlink Ltd is a services company that primarily supplies its owner with IT services. Aktia purchases mainly services in connection with its banking system. As grounds for the revaluation, there is an assessment of the agreements regulating ownership and the range of services, as well as Aktia's assessment of its future IT requirements and needs. Consequently, Aktia has written down its holdings in Samlink Ltd to EUR 0.0 (1.8) million.

Through a merger, HSb-Finans Ltd has been incorporated into the parent company Aktia plc and thus dissolved. The merger was completed 31 August 2012, the transaction having no significant effect on the result.

As part of Vasp-Invest Ltd's activities, there were continued active efforts to sell off real estate assets. As a result, net income from investment properties is lower.

Common expenses

The sale of the non-life insurance company enables rationalizing of support and staff functions. The largest common cost items consist of marketing, IT and staff costs.

Common expenses amounted to EUR 31.8 (31.7) million and were distributed as follows: banking business EUR 27.6 (27.7) million, asset management EUR 2.7 (2.7) million and life insurance EUR 1.5 (1.4) million.

The Group's risk exposure

Definitions and general principles for asset and risk management can be found in Aktia plc's Annual Report for 2011 (www.aktia.fi) in note G2 on pages 42–67.

Lending related risks within Banking Business

Loans with payments 1–30 days overdue decreased during January to September to EUR 138 (160) million, equivalent to 1.89 (2.25)% of the credit stock. Loans with payments 31–89 days overdue increased to EUR 54 (53) million, or 0.74 (0.75)% of the credit stock.

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection decreased to EUR 53 (60) million, corresponding to 0.73 (0.84)% of the credit stock.

Non-performing loans to households more than 90 days overdue corresponded to 0.53 (0.51)% of the entire credit stock and 0.62 (0.61)% of the household credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Non-performing loans by time overdue

(EUR million)

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-[1]	53	0.73	56	0.80	60
of which households	38	0.53	39	0.56	36

[1] in Aktia Bank fair value of the asset covers 95 % of debts

Write-downs on credits and other commitments

The period's write-downs on credits and other commitments totalled EUR 4.6 (6.3) million, which is a drop of 27% compared with the same period 2011. Of these write-downs, EUR 1.4 (0.9) million were attributable to households, and EUR 3.2 (5.4) million to companies.

Total write-downs on credits amounted to 0.06 (0.09)% of total lending for the period. The corresponding impact on corporate loans amounted to 0.5 (0.7)% of the total corporate lending.

Distribution of risk across financial assets

All financial assets are valued at market prices via the income statement or the fund at fair value. The Bank Group maintains a liquidity portfolio as a buffer for situations where borrowing from the capital markets is not possible under normal conditions for some reason. Fixed-rate investments within the liquidity portfolio are also used to reduce structural interest rate risks.

Within the life insurance business, the investment portfolio covering total technical provisions is measured on an on going basis at market value.

Interest-rate investments expose the Group to counterparty risks. Direct interest-rate investments are rated by international credit rating agencies such as Standard & Poor's, Fitch or Moody's. This rating is primarily affected by the counterparty's home country and financial position, but also by the type of instrument and its right of priority.

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

Investments within the liquidity portfolio and other interest-bearing investments increased from the year-end by EUR 288 million, and amounted to EUR 2,197 (1,968) million.

Rating distribution for banking business' liquidity portfolio and other fixed income assets

	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 or lower	0.0%	0.0%
Finnish municipalities (no rating)	3.9%	2.1%
No rating	0.0%	0.3%
Total	**100.0%**	**100.0%**

The Bank Group's entire liquidity portfolio at 30 September 2012 met the eligibility requirements for refinancing at ECB. At year-end, 0.6% of the securities did not meet these requirements.

Group investments in EU countries with a credit rating below AAA

During the third quarter, investments in EU countries with a credit rating below AAA fell according to plan, and at 30 September 2012 amounted to EUR 208 (473) million. The total unconverted result amounted to EUR -5.8 (-35.3) million. These items are reported under 'Equity and fund at fair value'. No write-downs have been posted for these holdings via the income statement. However, early disposals have been carried out during the year, which brought about a loss from the sale of EUR 8.8 million before tax. All investments in EU countries, including those with a credit rating below AAA, are measured on an on-going basis at current market value.

Aktia Bank Group	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity (publicly listed)		Total	
	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011
EU AAA	136	145	1,269	916	286	309	12	-	-	-	-	-	-	-	**1,703**	**1,370**
Finland	132	61	233	111	43	37	-	-	-	-	-	-	-		407	210
Other AAA-countries	4	84	1,037	805	243	272	12	-	-	-	-	-	-	-	1,296	1,161
EU < AAA	-	51	183	352	-	37	-	2	-	-	-	-	-	-	**183**	**442**
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greece	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Ireland	-	-	30	27	-	-	-	-	-	-	-	-	-	-	30	27
Italy	-	-	46	60	-	-	-	-	-	-	-	-	-	-	46	60
Portugal	-	22	54	76	-	8	-	1	-	-	-	-	-	-	54	107
Spain	-	29	52	187	-	29	-	1	-	-	-	-	-	-	52	246
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	232	50	12	30	-	-	-	-	-	-	-	-	**244**	**80**
North America	-	-	23	33	-	-	-	-	-	-	-	-	-	-	**23**	**33**
Other OECD-countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Supranationals	-	-	-	-	45	43	-	-	-	-	-	-	-	-	**45**	**43**
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total	**136**	**197**	**1,706**	**1,350**	**343**	**419**	**12**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**2,197**	**1,968**

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 690 (661) million. The share of covered bonds has continued to rise, as has the share of real estate investments in office and storage facilities.

Investments in EU countries with a credit rating below AAA amounted to EUR 25 (31) million.

Distribution of ratings for the life insurance business' direct interest rate investments (excl. investments in interest funds, real estate, shares and alternative investments)

	30.9.2012	31.12.2011
(EUR million)	**551**	**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	**100.0 %**	**100.0%**

Aktia Life Insurance	Government and Govt. guaranteed		Covered Bonds (CB)		Financial insti-tutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity (pub-licly listed)		Total	
	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011	9/2012	2011
EU AAA	196	204	205	184	56	65	88	86	69	42	8	8	-	-	**623**	**589**
Finland	50	49	16	21	23	29	56	44	69	42	7	7	-	-	221	192
Other AAA-countries	146	155	190	164	33	36	31	42	-	-	1	1	-	-	402	397
EU < AAA	9	10	12	13	-	0	3	8	-	-	-	-	-	-	**25**	**31**
Belgium	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	0
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	1	0	-	0	-	2	-	-	-	-	-	-	1	2
Italy	-	-	2	2	-	-	2	5	-	-	-	-	-	-	4	7
Portugal	1	2	-	-	-	-	-	-	-	-	-	-	-	-	1	2
Spain	-	-	10	11	-	-	1	1	-	-	-	-	-	-	11	13
Other countries	8	7	-	-		-		-		-		-	-	-	8	7
Europe excluding EU	0	-	-	0	5	7	3	0	-	-	0	1	-	-	9	8
North America	-	0	-	-	-	(0)	6	5	-	-	1	1	-	-	7	6
Other OECD-countries	5	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-
Supranationals	-	-	-	-	5	5	-	-	-	-	-	-	-	-	5	5
Others	16	23		-		-		0		-		-	-	-	16	24
Total	**227**	**237**	**218**	**198**	**67**	**76**	**100**	**99**	**69**	**42**	**9**	**10**	**-**	**-**	**690**	**661**

Other market risks within the banking business and the parent company

No equity or real estate trading activities are carried out by the banking business or in the parent company Aktia plc.

At the end of the year, real estate holdings amounted to EUR 0.7 (0.7) million and investments in shares necessary for the business amounted to EUR 8.0 (1.8) million.

Valuation of financial assets

Value changes reported via income statement

Write-downs on financial assets amounted to EUR -1.2 (-1.3) million at the end of the period, mainly related to permanent reductions in the value of real estate funds and smaller private equity holdings. These investments are related to the investment portfolio of the life insurance company.

Write-downs on financial assets

(EUR million)	1-9/2012	1-9/2011
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	0.0
Non-life Insurance Business	-	-
Shares and participations		
Banking Business	-	-
Life Insurance Business	-1.2	-1.0
Non-life Insurance Business	-	-0.3
Total	**-1.2**	**-1.3**

Value changes reported via 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 Group into consideration, the fund at fair value amounted to EUR 108.1 (19.1) 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 19.0 (25.5) million.

Specification of the fund at fair value

(EUR million)	30.9.2011	31.12.2011	Δ
Shares and participations			
Banking Business	5.0	-	5.0
Life Insurance Business	8.8	6.1	2.7
Non-life Insurance Business	-	0.8	-0.8
Direct interest-bearing securities			
Banking Business	31.9	-34.9	66.7
Life Insurance Business	41.9	17.9	24.1
Non-life Insurance Business	-	3.7	-3.7
Share of associated company's fund at fair value	1,5	-	1,5
Cash flow hedging	19.0	25.5	-6.5
Fund at fair value, total	**108.1**	**19.1**	**89.0**

Operational risks

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

Events concerning close relations

Close relations refers to Aktia plc's key persons in management positions, close family members and companies that are under the dominating influence of a key person in a management position. The group's key persons refer to the members of the Board of Supervisors and the Board of Directors of Aktia plc, the Managing Director and Deputy Managing Director.

No significant changes concerning close relations occurred.

Aktia applies for concession to issue covered bonds

Aktia Bank's Board of Directors decided to apply for a concession to issue covered bonds. The revised law governing mortgage banks allows deposit banks such as Aktia Bank to issue covered bonds directly from their own balance sheet and the new law allows for a more cost-efficient credit process. In 2013 Aktia Bank plans to apply to the Financial Supervisory Authority for a mortgage bank concession.

Due to the changed rules, it is more advantageous for Aktia Bank to issue covered bonds directly, rather than to continue using the present structure with a separate mortgage bank, the subsidiary company Aktia Real Estate Mortgage Bank plc. For more than 10 years, Aktia Bank has successfully used covered bonds as a source of finance, through its subsidiary Aktia Real Estate Mortgage Bank. Aktia Real Estate Mortgage Bank is jointly owned with the savings banks and the POP Banks.

For now, the owners of Aktia Real Estate Mortgage Bank grant new loans from their respective balance sheets, and the activities of Aktia Real Estate Mortgage Bank will focus on the management and refinancing of the current credit stock.

All owners of Aktia Real Estate Mortgage Bank are also in future responsible for capitalization and senior financing of the bank in accordance with the current shareholders' agreement. Aktia Bank offers its subsidiary Aktia Real Estate Mortgage Bank's liquidity limits, and aims to manage the mortgage bank activities in a way that secures the interests of financiers and investors of Aktia Real Estate Mortgage Bank.

Other events during the reporting period

Aktia Bank lowered its prime interest rate by 0.25% points to 1.50%. The reduced interest rate came into effect on 16 July 2012.

Events after the reporting period

On 8 November 2012, Aktia's Board of Directors approved of a plan of action and updated its financial targets for the period up until 2015. The update is motivated by the new business climate, which is characterised by extremely low interest rates and new regulations. The plan of action includes several individual measures and will be realised in steps up until 2015.

The aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments.
Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small businesses and institutions. The development of Internet services and the new Net bank, launched in 2012, continues. Aktia's network of offices is being developed and modernised step-by-step, and we continue to train our already skilled personnel, focusing on proactive customer dialogue.

The work on improving the Group's cost structure is being given the highest priority. Simplifying the Aktia Group structure will lead to greater cost efficiency in administration, processes and shared functions. In 2013 a merger of holding company Aktia plc with Aktia Bank plc is planned, and the concurrent introduction of the new parent company Aktia Bank plc onto the stock exchange.
Aktia also intends to continue to simplify its processes and modernise the Group's largest IT system. This may have consequences for Aktia's relationship with IT supplier Samlink.

The plan of action also means that cooperation with the local banks will be re-negotiated, to adapt to the new regulations and business climate.

Aktia Bank has on 1 November 2012 signed an agreement on outsourcing of services for foundations and organisations to the accounting firm Tärnan Ab as per 31 December 2012. Tärnan Ab will continue and develop these functions and offer accounting services also to new customer segments, companies and other accountables. Tärnan Ab employs five persons and is co-owned by Stiftelsen Tre Smeder, Aktiastiftelsen i Esbo-Grankulla, Aktiasäätiö Porvoo , Aktiasäätiö Vantaa and Aktia Bank. Aktia Bank's holding is 19.2%.

Aktia improved the outlook for continuing operations for the whole year of 2012 on 15 October 2012.

On 8 October 2012 Aktia Bank concluded co-determination negotiations that commenced on 18 September 2012 with staff representatives. These negotiations were due to financial and production-related reasons, as well as a reorganisation of operations. The reorganisation is expected to impact the fourth quarter's result by around EUR 0.6 million.

Aktia Bank lowered its prime interest rate by 0.25% points to 1.25%.
The reduced interest rate came into effect on 1 November 2012.

Personnel

The average number of full-time employees during January to September 2012 was 1,056 (31.12.2011: 1,192).

The number of full-time employees fell from the year-end by 218 to 978 at the end of the period (31.12.2011: 1,196). This reduction includes full-time employees from Aktia Non-Life Insurance Ltd. Aktia Non-Life Insurance Ltd is no longer part of the Group.

Personnel fund

Aktia plc's Board of Directors has confirmed that the profit sharing provision to the personnel fund will be based on 10% of the Group operating profit exceeding EUR 30 million. The profit sharing provision cannot exceed EUR 3 million. For 2011, this was EUR 1.2 million.

With effect from 2012, Aktia's Executive Committee is no longer part of the personnel fund as a result of the new incentive scheme.

Incentive scheme for 2012

The Board of Directors of Aktia plc decided in 2011 on a new share-based incentive scheme for key personnel in Aktia Group.

The reward will be paid partly as 'A' shares in Aktia plc and partly in cash. The proportion to be paid in cash is intended for taxes and tax-related costs arising from the reward to a key person. The incentive scheme is divided in two parts.

The first part of the scheme is based on earnings criteria and includes three earnings periods: the calendar years 2011–2012, 2012–2013 and 2013–2014. The earnings criteria for the earning period 2011–2012 are based on the development of the Aktia Group's cumulated adjusted equity during the period 1 January 2011 – 31 December 2012 (NAV) (50% weighting) and of the Group's total net commission and insurance income in the period 1 January 2011 – 31 December 2012 (50% weighting).

The earnings criteria for the earnings period 2012–2013 remain unchanged.

The potential reward for each earning period will be paid in four instalments over a time of approximately three years after each earning period. The Board of Directors has stipulated a maximum level for the reward per key person. In general, the reward is not paid to a key person who is no longer employed by the Aktia Group at the time of payment of rewards.

The second part of the scheme enables key personnel to also receive a conditional reward on the basis of acquisition of 'A' shares in Aktia plc when the incentive scheme is implemented. This conditional reward is payable to key personnel by the end of April 2016 at the latest, and it consists of both shares and cash providing that the key person is employed by the Aktia Group, and that the shares required for payment of the conditional reward have not been transferred at the time of payment of rewards.

Key persons are obliged to hold half of all shares received through the incentive scheme until the total value of the shares amounts to the value of their gross annual salary. They must retain the shares throughout their employment in the Group.

The maximum reward paid on the basis of the scheme may amount to 401,200 'A' shares in Aktia plc and a sum in cash corresponding to the value of the shares. The incentive scheme has been prepared in accordance with new regulations concerning remuneration schemes in the financial sector.

The Aktia Group's report on the remuneration paid to the Executive Committee and other administrative bodies is published on the Aktia plc website (www.aktia.fi).

Board of directors and executive committee

Aktia plc's Board of Directors for the period
1 January –31 December 2012:
Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Jannica Fagerholm, M.Sc.
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, M.B.A.
Nils Lampi, B.Sc. (Econ.)
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Kjell Sundström, M.Sc. (Econ.)

The Board of Supervisors decided on 8 December 2011 that 10% of the (gross) annual fee for members of the Board of Directors is to be payable in the form of Aktia 'A' series shares, acquired directly from the stock exchange at market price on behalf of the Board members on the date on which the accounts announcement for Aktia plc for the period 1 January – 31 December 2011 is published, but no later than two weeks after this.

On 8 December 2011, the Board of Supervisors decided the Board of Directors' remuneration for 2012:

- annual remuneration, chair, EUR 48,200
- annual remuneration, vice chair, EUR 26,900
- annual remuneration, member, EUR 21,300

Aktia's Executive Committee comprises Managing Director Jussi Laitinen, Managing Director's alternate and Deputy Managing Director Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Taru Narvanmaa, Deputy Managing Director Robert Sergelius and Director Magnus Weurlander.

Changes in Group structure

Aktia sold 66% of Aktia Non-Life Insurance to Folksam General and Veritas Pension Insurance Company Ltd. Aktia now holds 34% of Aktia Non-Life Insurance.

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

Through a merger on 31 August 2012, HSb-Finans Ltd has been incorporated into the parent company Aktia plc and thus dissolved.

Decisions at AGM 2012

The Annual General Meeting of Aktia plc held on 16 April 2012 adopted the financial statements of the parent company and the consolidated financial statements and discharged the members of the Board of Supervisors, the members of the Board of Directors, the Managing Director and his deputy from liability.

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.30 per share totalling EUR 20 million for the financial period 1 January - 31 December 2011. The record date for the dividends was 19 April 2012 and the dividends were paid out on 26 April 2012.

The Annual General Meeting established the number of members on the Board of Supervisors as thirty-three.

The Annual General Meeting decided on the Board of Supervisors' remuneration:

- annual remuneration, chair, EUR 21,500
- annual remuneration, vice chair, EUR 9,500
- annual remuneration, member, EUR 4,200

The Annual General Meeting decided that members of the Board of Supervisors are obliged to use 20% of their annual remuneration (gross amount) for the acquisition of Aktia plc A shares directly from the Stock Exchange at market price within two weeks from the inaugural meeting of the Board of Supervisors 2012.

As members of the Board of Supervisors, the members of the Board Harriet Ahlnäs, Anna Bertills, Roger Broo, Gun Kapténs, Bo Linde, Per Lindgård, Kristina Lyytikäinen, Henrik Rehnberg, Henrik Sundbäck and Sture Söderholm, who were all due to step down, were re-elected, and Chief Secretary Johan Aura was elected new member. All for a term of three years. The annual remuneration to members of the Board of Supervisors remained unchanged.

The Annual General Meeting established the number of auditors as one.

KPMG Oy Ab was appointed auditor for the financial year starting on 1 January 2012, with Jari Härmälä, APA, as the auditor in charge.

The Annual General Meeting approved the proposal by the Board of Directors that Article 6 of the Articles of Association be amended so that summons to the Annual General Meeting is published on the company's website and that information on the Annual General Meeting is also communicated through daily papers specified by the Board of Directors with general circulation in Finland.

The Annual General Meeting approved the proposal by the Board of Directors concerning authorisation to issue shares as well as authorisation to divest shares.

Share capital and ownership

At the end of September 2012, the paid-up share capital of Aktia plc as entered in the Finnish Trade Register was EUR 93,873,816, divided into 46,936,908 series A shares and 20,050,850 series R shares. The total number of shares is 66,987,758. The number of registered shareholders at the end of September was 48,077. Foreign ownership of shares was 0.5%.

In connection with the merger with Veritas Non-Life Insurance, 1,465 new A-shares (of the total merger compensation of 6 800,000 shares) were registered on book-entry accounts during the third quarter. Inspection and registration of outstanding shares continues. The number of unregistered shares was 797,729 or 1.2%. Aktia's own holding of shares amounted to 467,436 shares, corresponding to 0.7% of all shares. During the second quarter, Aktia plc divested 1,958 of its own A-shares, to implement the company's incentive scheme 2011.

Shares

Aktia's trading codes are AKTAV for 'A' shares and AKTRV for 'R' shares. Each 'A' share carries one vote and each 'R' share carries 20. Otherwise, the shares confer the same rights.

As at 28 September 2012, the closing price for an A series share was EUR 5.35 and for an R series share EUR 6.80, indicating a market value of approx. EUR 390 million for Aktia plc. The highest quotation for the 'A' share in the period was EUR 6.00 and the lowest EUR 4.34. The highest for the 'R' share was EUR 8.50 and the lowest EUR 6.75.

Average daily turnover increased, especially for A-shares. Daily turnover for A shares was EUR 92,038 or 18,328 shares. Average daily turnover for R shares, over the 36 days they were traded, was EUR 15,190 or 2,137 shares.

Outlook and risks for 2012

Outlook (changed 15 October 2012)

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. This and the successful operation of the segment Asset Management has increased commission income for the period, contributing to the improved outlook for the full-year 2012.

Profitability has also been improved through cost savings as well as through effective risk management and capital optimisation.

The interest rate derivatives that lifted the net interest income (NII) to an exceptional level have matured. The high NII level from 2009–2011 is therefore not possible to maintain in a low interest rate environment.

Write-downs on credits are expected to decrease in 2012 as a whole.

Operating profit from continuing operations for 2012 will exceed the level in 2011 (15.10.2012). (Previously: The operating profit from continuing operations for 2012 is expected to be on the same level as 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 equity and liquidity requirements. 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.

Aktia's financial objectives for 2015

- Increase cross-selling index by 20%
- Increase commission income by 5% p.a.
- Cut expenses by 5% p.a.
- Tier 1 capital ratio at least 13% over an economic cycle (upon approval of internal rating)
- Dividend pay-out 40–60% of profit after taxes

Key figures

	1-9/2012	1-9/2011	Δ %	7-9/2012	4-6/2012	1-3/2012
Earnings per share (EPS), continuing operations, EUR	0.50	0.39	28%	0.15	0.20	0.15
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	463%	0.00	0.01	0.14
Earnings per share (EPS), EUR	0.65	0.42	56%	0.15	0.21	0.29
Equity per share (NAV)[1], EUR	8.70	6.90	26%	8.70	7.88	7.89
Return on equity (ROE), %	10.0	7.5	33%	6.4	9.7	14.1
Total earnings per share, EUR	1.99	0.40	395%	0.82	0.28	0.88
Capital adequacy ratio (finance and insurance conglomerate)[1], %	203.4	162.6	25%	203.4	190.5	184.9
Average number of shares[2], million	66.5	66.5	0%	66.5	66.5	66.5
Number of shares at the end of the period [1], million	66.5	66.5	0%	66.5	66.5	66.5
Personnel (FTEs), average number of employees from the beginning of the year[1]	1,056	1,190	-11%	1,056	1,089	1,148
Banking business (incl. Private Banking)						
Cost-to-income ratio	0.69	0.72	-4%	0.69	0.69	0.68
Borrowing from the public[1]	3,651.4	3,576.2	2%	3,651.4	3,714.4	3,689.4
Lending to the public[1]	7,251.6	6,938.4	5%	7,251.6	7,217.8	7,183.8
Capital adequacy ratio[1], %	19.9	16.6	20%	19.9	18.9	18.1
Tier 1 capital ratio[1], %	11.8	10.8	9%	11.8	11.7	11.3
Risk-weighted commitments[1]	3,727.9	3,643.1	2%	3,727.9	3,742.0	3,767.3
Asset Management						
Mutual fund volume[1]	4,246.7	3,379.2	26%	4,246.7	4,107.4	4,140.0
Managed and brokered assets[1]	7,413.3	6,204.6	19%	7,413.3	7,233.9	7,174.6
Life Insurance						
Premiums written before reinsurers' share	71.6	78.0	-8%	21.9	19.7	30.0
Expense ratio[2], %	93.1	95.5	-3%	93.1	94.4	93.4
Solvency margin[1]	160.5	116.4	38%	160.5	141.1	131.6
Solvency ratio[2], %	27.9	19.2	45%	27.9	24.7	22.8
Investments at fair value[1]	987.9	934.1	6%	987.9	950.3	960.6
Technical provisions for interest-related insurances[1]	517.5	575.5	-10%	517.5	523.2	532.3
Technical provisions for unit-linked insurances[1]	337.7	269.6	25%	337.7	315.1	317.8

[1] At the end of the period
[2] Cumulative from the beginning of the year

Basis of calculation

Earnings per share (EPS), EUR

Profit for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

Equity per share (NAV), EUR

Equity attributable to the shareholders of Aktia plc

Number of shares at the end of the period

Return on equity (ROE), %

Profit for the reporting period x 100

Average equity

Total earnings per share (EPS), EUR

Total comprehensive income for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

Capital adequacy ratio, % (finance and insurance conglomerate)

The total capital base of the conglomerate (equity including sector-specific assets and deductions) x 100

Minimum requirement for the conglomerate's own assets (credit institution + insurance business)

The capital base of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates and its related degree.

Banking business cost/income ratio

Total operating expenses

Total operating income

Banking business capital adequacy ratio, %

Capital base (Tier 1 capital + Tier 2 capital) x 100

Risk-weighted commitments

The capital base is calculated in accordance with regulation 4.3a issued by the Finnish Financial Supervisory Authority.

Banking business Tier 1 capital ratio, %

Tier 1 capital x 100

Rsik-weighted commitments

Banking business risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivates valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervisory Authority.

The capital requirements for operational risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

Life insurance business expense ratio, %

(Operating costs + cost of claims paid) x 100

Total expense loadings

Total expense loadings are items which, according to acturial calculations, should cover the costs.

The operating costs do not include the re-insurers' commissions.

Life insurance business solvency margin

Equity after proposed distribution of profit + valuation difference between fair value of assets and their book value according to balance sheet + capital loan - activated costs for insurance and intangible assets + off-balance sheet commitments + other items

Life insurance business solvency ratio, %

Solvency capital x 100

Technical provisions - equalisation provision - 75% of provisions for unit-linked insurance

The technical provision is calculated after deduction of the re-insurers' share.

Consolidated income statement

(EUR million)	1-9/2012	1-9/2011	Δ%	2011
Continuing operations				
Net interest income	88.0	98.3	-10%	128.6
Dividends	0.1	0.1	-40%	0.2
Commission income	60.7	57.7	5%	76.0
Commission expenses	-11.3	-11.9	5%	-15.5
Net commission income	49.4	45.8	8%	60.6
Net income from life insurance	19.0	18.8	1%	22.7
Net income from financial transactions	-0.2	-14.2	99%	-14.8
Net income from investment properties	0.2	0.5	-68%	0.3
Other operating income	3.2	3.0	4%	4.4
Total operating income	**159.5**	**152.3**	**5%**	**201.9**
Staff costs	-55.3	-53.7	3%	-73.2
IT-expenses	-18.8	-19.5	-3%	-26.4
Depreciation of tangible and intangible assets	-5.2	-4.4	20%	-5.9
Other operating expenses	-28.8	-30.2	-4%	-41.2
Total operating expenses	**-108.2**	**-107.7**	**0%**	**-146.7**
Write-downs on other financial assets	-1.8	-	-	-
Write-downs on credits and other commitments	-4.6	-6.3	-27%	-10.5
Share of profit from associated companies	0.8	0.0	-	-0.1
Operating profit from continuing operations	**45.6**	**38.2**	**20%**	**44.6**
Taxes from continuing operations	-11.7	-11.3	3%	-10.5
Profit for the period from continuing operations	**33.9**	**26.8**	**26%**	**34.1**
Discontinued operations				
Profit for the period from discontinued operations	9.8	1.7	463%	2.2
Profit for the period	**43.7**	**28.6**	**53%**	**36.3**
Attributable to:				
Shareholders in Aktia plc	43.1	27.7	56%	35.3
Non-controlling interest	0.6	0.9	-29%	1.0
Total	**43.7**	**28.6**	**53%**	**36.3**
Earnings per share attributable to shareholders in Aktia plc, EUR				
Earnings per share (EPS), continuing operations, EUR	0.50	0.39	28%	0.50
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	463%	0.03
Earnings per share (EPS), EUR	**0.65**	**0.42**	**56%**	**0.53**
Earnings per share, EUR, after dilution				
Earnings per share (EPS), continuing operations, EUR	0.50	0.39	28%	0.50
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	463%	0.03
Earnings per share (EPS), EUR	**0.65**	**0.42**	**56%**	**0.53**

Consolidated statement of comprehensive income

(EUR million)	1-9/2012	1-9/2011	Δ%	2011
Continuing operations				
Profit for the period from continuing operations	33.9	26.8	26%	34.1
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	95.4	-4.1	-	-5.1
Change in valuation of fair value for cash flow hedging	-6.5	0.1	-	-0.2
Transferred to the income statement for financial assets available for sale	5.2	-1.4	-	-3.2
Comprehensive income from items which can be transferred to the income statement	94.1	-5.4	-	-8.5
Defined benefit plan pensions	-	-	-	-1.3
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-1.3
Total comprehensive income for the period from continuing operations	**128.0**	**21.4**	**498%**	**24.3**
Discontinued operations				
Profit for the period from discontinued operations	9.8	1.7	463%	2.2
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	1.8	5.4	-66%	4.2
Transferred to the income statement for financial assets available for sale	-6.3	-0.9	-609%	0.4
Comprehensive income from items which can be transferred to the income statement	-4.5	4.5	-	4.5
Total comprehensive income for the period from discontinued operations	**5.3**	**6.2**	**-15%**	**6.7**
Total comprehensive income for the period	**133.3**	**27.6**	**383%**	**31.0**
Total comprehensive income attributable to:				
Shareholders in Aktia plc	132.1	26.7	395%	30.6
Non-controlling interest	1.2	0.9	32%	0.4
Total	**133.3**	**27.6**	**383%**	**31.0**
Total earnings per share attributable to shareholders in Aktia plc, EUR				
Total earnings per share. continuing operations. EUR	1.91	0.31	519%	0.36
Total earnings per share. discontinued operations. EUR	0.08	0.09	-15%	0.10
Total earnings per share. EUR	**1.99**	**0.40**	**395%**	**0.46**
Total earnings per share, EUR, after dilution				
Total earnings per share. continuing operations. EUR	1.91	0.31	519%	0.36
Total earnings per share. discontinued operations. EUR	0.08	0.09	-15%	0.10
Total earnings per share. EUR	**1.99**	**0.40**	**395%**	**0.46**

Consolidated balance sheet

(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**
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**

Consolidated statement of changes in equity

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders share of equity	Non-controlling interests' share of equity	Total equity
Equity as at 1 January 2011	**93.9**	**10.3**	**22.5**	**0.8**	**72.7**	**253.0**	**453.0**	**44.3**	**497.3**
Divestment of own shares						0.2	0.2		0.2
Dividends to shareholders						-19.9	-19.9		-19.9
Profit for the period						*27.7*	*27.7*	*0.9*	*28.6*
Financial assets available for sale			*-1.2*				*-1.2*	*0.1*	*-1.1*
Cash flow hedging			*0.2*				*0.2*	*0.0*	*0.1*
Total comprehensive income for the period			-1.0			27.7	26.7	0.9	27.6
Other change in equity				-0,7			-0.7	13.0	12.4
Equity as at 30 September 2011	**93.9**	**10.3**	**21.5**	**0.1**	**72.7**	**260.8**	**459.2**	**58.2**	**517.5**
Equity as at 1 January 2012	**93.9**	**10.3**	**19.1**	**0.2**	**72.7**	**269.9**	**466.0**	**57.7**	**523.8**
Divestment of own shares						0.0	0.0		0.0
Dividends to shareholders						-20.0	-20.0		-20.0
Profit for the period						*43.1*	*43.1*	*0.6*	*43.7*
Financial assets available for sale			*95.9*				*95.9*	*0.2*	*96.1*
Cash flow hedging			*-6.9*				*-6.9*	*0.4*	*-6.5*
Total comprehensive income for the period			89.0			43.1	132.1	1.2	133.3
Other change in equity				0.7			0.7	5.9	6.6
Equity as at 30 September 2012	**93.9**	**10.3**	**108.1**	**0.9**	**72.7**	**293.1**	**578.9**	**64.8**	**643.7**

Consolidated cash flow statement

(EUR million)	1-9/2012	1-9/2011	Δ%	2011
Cash flow from operating activities				
Operating profit *)	55.2	40.4	37%	46.8
Adjustment items not included in cash flow for the period	-9.1	15.7	-	26.6
Unwinded cash flow hedging	9.1	-	-	17.6
Paid income taxes	10.5	-30.3	-	-37.2
Cash flow from operating activities before change in operating receivables and liabilities	**65.8**	**25.9**	**154%**	**53.8**
Increase (-) or decrease (+) in receivables from operating activities	-387.1	392.0	-	254.2
Increase (+) or decrease (-) in liabilities from operating activities	74.0	-364.6	-	-92.7
Total cash flow from operating activities	**-247.3**	**53.3**	**-**	**215.4**
Cash flow from investing activities				
Financial assets held until maturity	9.9	1.4	595%	1.4
Investments in group companies and associated companies	0.0	0.0	-173%	-0.4
Proceeds from sale of group companies and associated companies	34.8	1.9	-	0.4
Investment in investment properties	-9.2	-	-	-
Investment in tangible and intangible assets	-4.9	-9.0	45%	-12.7
Disposal of tangible and intangible assets	0.6	2.5	-74%	3.0
Total cash flow from investing activities	**31.2**	**-3.2**	**-**	**-8.4**
Cash flow from financing activities				
Subordinated liabilities	5.4	1.2	330%	1.5
Share issue/dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	5.9	13.5	-57%	13.5
Divestment of own shares	0.0	0.2	-93%	0.2
Paid dividends	-20.0	-19.9	0%	-19.9
Total cash flow from financing activities	**-8.7**	**-5.0**	**-73%**	**-4.8**
Change in cash and cash equivalents	**-224.8**	**45.1**	**-**	**202.2**
Cash and cash equivalents at the beginning of the year	481.7	279.5	72%	279.5
Cash and cash equivalents at the end of the period	256.8	324.6	-21%	481.7
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	8.2	8.3	-1%	9.5
Insurance operation's cash and bank	0.5	5.0	-90%	8.7
Bank of Finland current account	228.0	290.0	-21%	456.8
Repayable on demand claims on credit insitutions	20.2	21.3	-5%	6.6
Total	**256.8**	**324.6**	**-21%**	**481.7**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	1.2	1.3	-4%	4.3
Write-downs on other financial assets	1.8	-	-	-
Write-downs on credits and other commitments	3.0	6.9	-57%	11.3
Change in fair values	-1.7	2.9	-	4.4
Change in sharebased payments	0.7	-	-	0,2
Depreciation and impairment of intangible and tangible assets	5.3	5.1	4%	6.9
Share of profit from associated companies	-0.4	0.3	-	0.4
Sales gains and losses from intangible and tangible assets	-10.9	0.3	-	2.5
Unwinded cash flow hedging	-8.2	-	-	-2.5
Other adjustments	0.0	-1.2	99%	-0.8
Total	**-9.1**	**15.7**	**-**	**26.6**

*) Includes operating profit from both continuing and discontinued operations

Quarterly trends in the Group

(EUR million)	7-9/2012	4-6/2012	1-3/2012	10-12/2011	7-9/2011
Continuing operations					
Net interest income	28.7	29.7	29.6	30.3	31.1
Dividends	0.0	0.0	0.0	0.1	0.0
Net commission income	16.4	17.3	15.7	14.8	14.0
Net income from life insurance	5.5	7.3	6.2	3.9	7.1
Net income from financial transactions	-0.7	0.2	0.3	-0.6	-11.9
Net income from investment properties	0.0	0.1	0.0	-0.2	0.2
Other operating income	0.6	1.2	1.4	1.3	0.9
Total operating income	**50.5**	**55.8**	**53.2**	**49.6**	**41.4**
Staff costs	-17.7	-19.1	-18.6	-19.5	-16.0
IT-expenses	-6.0	-6.5	-6.4	-6.9	-7.1
Depreciation of tangible and intangible assets	-1.7	-1.7	-1.8	-1.5	-1.4
Other operating expenses	-8.7	-10.2	-9.9	-11.1	-9.1
Total operating expenses	**-34.0**	**-37.5**	**-36.7**	**-39.0**	**-33.6**
Write-downs on other financial assets	-1.8	-	-	-	-
Write-downs on credits and other commitments	-1.8	-1.0	-1.9	-4.1	-1.1
Share of profit from associated companies	0.6	0.5	-0.3	-0.1	0.1
Operating profit from continuing operations	**13.4**	**17.9**	**14.3**	**6.5**	**6.8**
Taxes from continuing operations	-3.5	-4.1	-4.1	0.8	-3.3
Profit for the period from continuing operations	**9.9**	**13.8**	**10.2**	**7.3**	**3.5**
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.4	9.3	0.4	2.1
Profit for the period	**9.9**	**14.2**	**19.6**	**7.7**	**5.5**
Attributable to:					
Shareholders in Aktia plc	9.8	14.0	19.3	7.7	5.7
Non-controlling interest	0.2	0.2	0.3	0.1	-0.2
Total	**9.9**	**14.2**	**19.6**	**7.7**	**5.5**
Earnings per share attributable to shareholders in Aktia plc, EUR					
Earnings per share (EPS), continuing operations, EUR	0.15	0.20	0.15	0.11	0.06
Earnings per share (EPS), discontinued operations, EUR	0.00	0.01	0.14	0.01	0.03
Earnings per share (EPS), EUR	**0.15**	**0.21**	**0.29**	**0.12**	**0.09**
Earnings per share, EUR, after dilution					
Earnings per share (EPS), continuing operations, EUR	0.15	0.20	0.15	0.11	0.06
Earnings per share (EPS), discontinued operations, EUR	0.00	0.01	0.14	0.01	0.03
Earnings per share (EPS), EUR	**0.15**	**0.21**	**0.29**	**0.12**	**0.09**

Quarterly trends of comprehensive income

(EUR million)	7-9/2012	4-6/2012	1-3/2012	10-12/2011	7-9/2011
Continuing operations					
Profit for the period from continuing operations	9.9	13.8	10.2	7.3	3.5
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	47.8	5.6	41.9	-2.2	13.0
Change in valuation of fair value for cash flow hedging	-2.2	-1.3	-3.0	-0.3	8.8
Transferred to the income statement for financial assets available for sale	-0.1	-0.1	5.3	-0.5	-1.1
Defined benefit plan pensions	-	-	-	-1.3	-
Total comprehensive income for the period from continuing operations	**55.5**	**18.0**	**54.5**	**2.9**	**24.1**
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.4	9.3	0.4	2.1
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	-	-	1.8	0.1	5.1
Transferred to the income statement for financial assets available for sale	-	-	-6.3	0.0	0.0
Total comprehensive income for the period from discontinued operations	**0.0**	**0.4**	**4.9**	**0.5**	**7.2**
Total comprehensive income for the period	**55.5**	**18.5**	**59.4**	**3.4**	**31.4**
Total comprehensive income attributable to:					
Shareholders in Aktia plc	54.6	18.6	58.8	3.9	31.7
Non-controlling interest	0.9	-0.2	0.5	-0.5	-0.3
Total	**55.5**	**18.5**	**59.4**	**3.4**	**31.4**
Total earnings per share attributable to shareholders in Aktia plc, EUR					
Total earnings per share, continuing operations, EUR	0.82	0.27	0.81	0.05	0.37
Total earnings per share, discontinued operations, EUR	0.00	0.01	0.07	0.01	0.11
Total earnings per share, EUR	**0.82**	**0.28**	**0.88**	**0.06**	**0.48**
Total earnings per share, EUR, after dilution					
Total earnings per share, continuing operations, EUR	0.82	0.27	0.81	0.05	0.37
Total earnings per share, discontinued operations, EUR	0.00	0.01	0.07	0.01	0.11
Total earnings per share, EUR	**0.82**	**0.28**	**0.88**	**0.06**	**0.48**

Notes to the interim report

NOTE 1 Basis for preparing the interim report and key accounting principles

Basis for preparing the interim report

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

The interim report for the period 1 January – 30 September 2012 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information required for an annual report and should therefore be read together with the Group's Annual Report as of 31 December 2011.

The interim report for the period 1 January – 30 September 2012 was approved by the Board of Directors on 8 November 2012.

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

Key accounting principles

In preparing the interim report 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 that had any effect on the Group's result, financial position or explanatory notes in the period 1 January – 30 September 2012.

Aktia plc sold 51% of its shares in Aktia Non-Life Insurance Company Ltd to Folksam General and 15% of its shares to the Veritas Pension Insurance Company Ltd on 29 February 2012. With effect from 1 March 2012, Aktia Non-Life Insurance Company Ltd is an associated company of Aktia plc, which holds 34% of the shares.

In the consolidated income statement, the non-life insurance business' income and expenses, including taxes, have been reported in the profit for the period from discontinued operations, both for the current period and for the comparative period in 2011. The consolidated income statement for 2011 has been recalculated to reflect reporting in 2012 of discontinued operations. The non-life insurance business' balance sheet items are included in the consolidated balance sheet for the comparative period in 2011. The Group's segment reporting has been changed and no longer includes the previous Non-Life Insurance segment.

The share of the Group's common costs paid by Aktia Non-Life Insurance Company Ltd to Aktia plc in the period and the comparative period has been reported against the Group's operating expenses.

Note 2. Group's segment reporting

Income statement	Banking Business		Asset Management		Life Insurance		Non-life Insurance*		Miscellaneous		Eliminations		Group total	
(EUR million)	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**	**1-9/2012**	**1-9/2011**
Net interest income	84.7	95.2	3.9	2.8	-	-	-	-	-0.9	0.0	0.2	0.2	88.0	98.3
Net commission income	34.4	34.1	15.1	12.7	-	-	-	-	3.9	3.7	-4.0	-4.8	49.4	45.8
Net income from life insurance	-	-	-	-	19.6	19.3	-	-	-	-	-0.6	-0.5	19.0	18.8
Other income	1.8	-3.6	0.3	0.4	-	-	-	-	3.2	-3.7	-2.1	-3.7	3.2	-10.6
Total operating income	**120.9**	**125.7**	**19.3**	**15.9**	**19.6**	**19.3**	**-**	**-**	**6.2**	**0.0**	**-6.5**	**-8.8**	**159.5**	**152.3**
Staff costs	-27.7	-31.1	-5.9	-5.9	-4.1	-4.0	-	-	-17.2	-12.5	-0.4	-0.3	-55.3	-53.7
IT-expenses	-10.2	-9.8	-1.5	-0.6	-0.7	-0.8	-	-	-6.4	-8.2	-	-	-18.8	-19.5
Depreciation of tangible and intangible assets	-1.5	-1.7	-0.3	-0.4	-0.6	-0.5	-	-	-2.8	-1.8	-	-	-5.2	-4.4
Other expenses	-43.9	-45.8	-4.4	-4.6	-4.4	-4.9	-	-	16.8	17.6	7.0	7.5	-28.8	-30.2
Total operating expenses	**-83.3**	**-88.3**	**-12.1**	**-11.5**	**-9.8**	**-10.2**	**-**	**-**	**-9.7**	**-4.9**	**6.6**	**7.2**	**-108.2**	**-107.7**
Write-downs on other financial assets	-	-	-	-	-	-	-	-	-1.6	-	-0.2	-	-1.8	-
Write-downs on credits and other commitments	-4.6	-6.3	-	-	-	-	-	-	-	-	-	-	-4.6	-6.3
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	0.8	0.0	0.8	0.0
Operating profit from continuing operations	**33.0**	**31.1**	**7.2**	**4.4**	**9.8**	**9.1**	**-**	**-**	**-5.1**	**-4.9**	**0.6**	**-1.6**	**45.6**	**38.2**

Balance sheet	Banking Business		Asset Management		Life Insurance		Non-life Insurance *		Miscellaneous		Eliminations		Group total	
(EUR million)	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**	**30.9.2012**	**31.12.2011**
Cash and balances with central banks	236.0	466.2	0.2	0.1	14.1	12.9	-	11.2	-	-	-13.6	-15.3	236.6	475.0
Financial assets reported at fair value via the income statement	-	-	-	-	0.5	1.9	-	-	-	-	-	-	0.5	1.9
Financial assets available for sale	2,026.1	1,876.1	1.5	1.4	629.5	630.2	-	124.1	7.1	0.0	-8.9	-12.7	2,655.4	2,619.1
Loans and other receivables	7,384.4	7,139.9	163.6	74.7	-	-	-	-	0.2	0.1	-128.8	-62.7	7,419.4	7,152.1
Investments for unit-linked provisions	-	-	-	-	338.0	286.7	-	-	-	-	-	-	338.0	286.7
Other assets	475.7	585.4	6.8	7.3	52.0	22.5	-	48.9	409.7	365.9	-373.9	-509.0	570.3	521.1
Total assets	**10,122.3**	**10,067.6**	**172.0**	**83.6**	**1,034.2**	**954.3**	**-**	**184.2**	**417.0**	**366.1**	**-525.2**	**-599.7**	**11,220.3**	**11,056.1**
Deposits	4,311.4	4,596.3	529.5	185.8	-	-	-	-	2.8	1.6	-95.0	-26.5	4,748.7	4,757.2
Debt securities issued	3,745.2	3,812.8	-	-	-	-	-	-	-	-	-8.9	-12.7	3,736.3	3,800.1
Technical provision for insurance business	-	-	-	-	855.1	818.2	-	118.5	-	-	-	4.8	855.1	941.5
Other liabilities	1,124.1	1,173.5	10.8	14.0	28.3	19.5	-	21.0	224.9	70.8	-151.8	-265.3	1,236.4	1,033.5
Total liabilities	**9,180.7**	**9,582.6**	**540.3**	**199.8**	**883.4**	**837.7**	**-**	**139.5**	**227.7**	**72.4**	**-255.6**	**-299.7**	**10,576.5**	**10,532.3**

*) The Group's segment reporting has been changed and does not include the previous segment Aktia Non-life Insurance. Balance sheet items of Aktia Non-life Insurance are included in the balance sheet for the comparing period 2011.

Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments (EUR million)

30.9.2012	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	3,757.0	234.4	37.6
Total	**3,757.0**	**234.4**	**37.6**
Cash flow hedging			
Interest rate-related	430.0	9.9	0.0
Total	**430.0**	**9.9**	**0.0**
Derivative instruments valued via the income statement			
Interest rate-related *)	4,788.2	149.1	148.2
Currency-related	75.6	0.1	0.1
Equity-related **)	104.1	2.0	2.0
Other derivative instruments **)	21.0	0.1	0.1
Total	**4,988.8**	**151.3**	**150.3**
Total derivative instruments			
Interest rate-related	8,975.2	393.5	185.8
Currency-related	75.6	0.1	0.1
Equity-related	104.1	2.0	2.0
Other derivative instruments	21.0	0.1	0.1
Total	**9,175.8**	**395.7**	**188.0**

Hedging derivative instruments (EUR million)

30.9.2011	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	3,940.5	127.0	32.5
Total	**3,940.5**	**127.0**	**32.5**
Cash flow hedging			
Interest rate-related	655.0	21.0	0.0
Total	**655.0**	**21.0**	**0.0**
Derivative instruments valued via the income statement			
Interest rate-related *)	7,289.2	112.2	111.4
Currency-related	87.0	0.6	0.5
Equity-related **)	119.3	2.6	2.6
Other derivative instruments **)	4.2	0.8	0.8
Total	**7,499.7**	**116.2**	**115.3**
Total derivative instruments			
Interest rate-related	11,884.7	260.2	143.9
Currency-related	87.0	0.6	0.5
Equity-related	119.3	2.6	2.6
Other derivative instruments	4.2	0.8	0.8
Total	**12,095.2**	**264.2**	**147.8**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 4,478.0 (6,947.0) million.
**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	30.9.2012	31.12.2011	30.9.2011
Commitments provided to a third party on behalf of the customers			
Guarantees	40.0	42.2	45.7
Other commitments provided to a third party	2.7	3.3	3.7
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	381.7	415.3	580.3
Other commitments provided to a third party	2.9	5.2	5.5
Off-balance sheet commitments	**427.4**	**466.1**	**635.1**

Note 4. Group's risk exposure

The Bank Group's capital adequacy

(EUR million)

Summary	9/2012	6/2012	3/2012	12/2011	9/2011
Tier 1 capital	440.4	437.9	427.1	392.6	393.4
Tier 2 capital	302.1	268.0	254.5	206.4	210.3
Capital base	**742.5**	**705.9**	**681.6**	**599.1**	**603.7**
Risk-weighted amount for credit and counterpart risks	3,355.6	3,369.6	3,395.0	3,321.6	3,294.4
Risk-weighted amount for market risks[1]	-	-	-	-	-
Risk-weighted amount for operational risks	372.3	372.3	372.3	372.3	348.6
Risk-weighted commitments	**3,727.9**	**3,742.0**	**3,767.3**	**3,694.0**	**3,643.1**
Capital adequacy ratio, %	**19.9**	**18.9**	**18.1**	**16.2**	**16.6**
Tier 1 Capital ratio, %	**11.8**	**11.7**	**11.3**	**10.6**	**10.8**
Minimum capital requirement	**298.2**	**299.4**	**301.4**	**295.5**	**291.4**
Capital buffer (difference between capital base and minimum requirement)	444.3	406.5	380.2	303.5	312.3

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)

	9/2012	6/2012	3/2012	12/2011	9/2011
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	74.6	74.6	74.5	44.6	44.6
Non-controlling interest	64.8	64.0	58.3	57.7	58.2
Retained earnings	100.9	100.9	100.0	96.2	95.9
Profit for the period	25.3	18.4	8.8	24.7	22.4
./. provision for dividends to shareholders	-15.9	-10.6	-5.3	-21.3	-15.8
Capital loan	30.0	30.0	30.0	30.0	30.0
Total	442.8	440.3	429.3	394.9	398.3
./. intangible assets	-2.3	-2.4	-2.2	-2.3	-4.9
Tier 1 capital	**440.4**	**437.9**	**427.1**	**392.6**	**393.4**
Fund at fair value	36.9	4.4	2.9	-34.9	-31.5
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	220.2	218.6	206.6	196.3	196.7
Tier 2 capital	**302.1**	**268.0**	**254.5**	**206.4**	**210.3**
Total capital base	**742.5**	**705.9**	**681.6**	**599.1**	**603.7**

The Bank Group's risk-weighted exposures

Total exposures 9/2012 (EUR million)

Risk-weight	Balance sheet assets	Off-balance sheet commitments	Total
0%	944.4	19.1	963.5
10%	1,335.8	-	1,335.8
20%	688.7	185.0	873.7
35%	5,756.6	64.6	5,821.2
50%	0.5	-	0.5
75%	555.9	97.2	653.2
100%	538.6	61.0	599.5
150%	13.2	0.8	14.0
Total	**9,833.6**	**427.7**	**10,261.4**
Derivatives *)	456.9	-	456.9
Total	**10,290.5**	**427.7**	**10,718.3**

Risk-weighted exposures					(EUR million)
Risk-weight	**9/2012**	**6/2012**	**3/2012**	**12/2011**	**9/2011**
0%	-	-	-	-	-
10%	133.6	120.8	125.6	105.1	103.8
20%	145.6	155.5	163.9	146.6	158.9
35%	2,023.4	2,008.1	1,990.4	1,943.7	1,898.3
50%	0.3	0.3	0.3	0.3	0.4
75%	437.9	439.9	437.2	450.9	458.0
100%	567.8	590.0	614.5	601.8	616.6
150%	20.3	28.5	35.3	40.1	30.1
Total	**3,328.8**	**3,343.2**	**3,367.3**	**3,288.4**	**3,266.0**
Derivatives *)	26.8	26.5	27.7	33.2	28.4
Total	**3,355.6**	**3,369.6**	**3,395.0**	**3,321.6**	**3,294.4**

*) derivative agreements credit conversion factor

In its capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit ratings by Moody's Investors Service or Standard & Poor's to receivables from central goverments 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.

The Bank Group's risk-weighted amount for operational risks

								(EUR million)
Year	**2011**	**2010**	**2009**	**9/2012**	**6/2012**	**3/2012**	**12/2011**	**9/2011**
Gross income	187.8	208.5	199.4					
- average 3 years	198.6							
Capital requirement for operational risk				**29.8**	**29.8**	**29.8**	**29.8**	**27.9**
Risk-weighted amount				**372.3**	**372.3**	**372.3**	**372.3**	**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 %.

The finance and insurance conglomerate's capital adequacy

					(EUR million)
Summary	**9/2012**	**6/2012**	**3/2012**	**12/2011**	**9/2011**
Tier 1 capital for the group	532.7	521.4	500.8	479.6	470.7
Sector-specific items	354.3	305.6	287.7	234.9	237.4
Intangible assets and other reductions	-200.4	-180.9	-156.1	-154.8	-155.8
Conglomerate´s total capital base	**686.6**	**646.2**	**632.3**	**559.7**	**552.3**
Capital requirement for banking business	300.1	301.6	304.0	296.2	292.3
Capital requirement for insurance business	37.5	37.5	37.9	46.2	47.3
Minimum amount for capital base	337.5	**339.1**	**341.9**	**342.4**	**339.6**
Conglomerate´s capital adequacy	**349.1**	**307.1**	**290.4**	**217.3**	**212.7**
Capital adequacy ratio, %	**203.4%**	**190.5 %**	**184.9 %**	**163.5 %**	**162.6 %**

The conglomerate´s capital adequacy is based on consolidation method and is calculated according to the rules of
the Finnish Act on the Supervision of Financial and Insurance Conglomerates and the standards of the Finnish Financial Supervision Authority.

Note 5. Net interest income

(EUR million)	1-9/2012	1-9/2011	Δ %	2011
Deposits and lending	43.6	47.1	-7%	63.0
Hedging, interest rate risk management	21.8	27.9	-22%	34.8
Other	22.5	23.3	-3%	30.7
Net interest income	**88.0**	**98.3**	**-10%**	**128.6**

The impact of fixed rate investments 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)	30.9.2012	30.6.2012	31.3.2012	31.12.2011
Gross loans	7,315.3	7,282.2	7,247.5	7,126.6
Individual write-downs	-47.8	-50.2	-49.5	-49.2
Of which made to non-performing loans past due at least 90 days	-39.4	-42.0	-42.7	-39.2
Of which made to other loans	-8.4	-8.2	-6.9	-10.0
Write-downs by group	-15.9	-14.2	-14.1	-14.0
Net loans, balance amount	**7,251.6**	**7.217.8**	**7.183.8**	**7.063.3**

Note 7. Net income from life insurance

(EUR million)	1-9/2012	1-9/2011	Δ %	2011
Income from insurance premiums	71.3	77.7	-8%	103.0
Net income from investments	22.5	21.5	5%	26.1
Insurance claims paid	-66.1	-64.9	-2%	-92.6
Net change in technical provisions	-8.7	-15.5	44%	-13.8
Net income from life insurance	**19.0**	**18.8**	**1%**	**22.7**

Helsinki 8 November 2012

AKTIA PLC

The Board of Directors

TRANSLATION

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

Report on review of the interim report of Aktia p.l.c. as of and for the nine months period ending September 30, 2012

Introduction

We have reviewed the balance sheet as of 30 September 2012, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Aktia p.l.c. group for the nine-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 30 September 2012 and the result of its operations and cash flows for the nine-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 8 November 2012

KPMG OY AB

Jari Härmälä
Authorized Public Accountant

14 February 2013	Annual accounts announcement 2012
9 April 2013	Annual General Meeting
7 May 2013	Interim report Jan-March 2013
6 August 2013	Interim report Jan-June 2013
7 November 2013	Interim report Jan-Sep 2013

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