



Interim Report January – June 2012 Aktia

A strong six months 2012

Aktia

Operating profit from continuing operations amounted to EUR 32.5 (31.4) million.

Profit for the period amounted to EUR 34.2 (23.1) million.

Earnings per share (EPS) was EUR 0.51 (0.33).

The sale of Aktia Non-Life Insurance Company Ltd generated a non-recurrent income of EUR 10.9 million.

Write-downs on credits and other commitments decreased to EUR 2.8 (5.3) million.

Outlook (changed); the operating profit from continuing operations for 2012 is expected to reach the same level as in 2011.

A strong second quarter 2012

Aktia

Operating profit from continuing operations amounted to EUR 18.0 (12.1) million.

Profit amounted to EUR 14.4 (8.9) million.

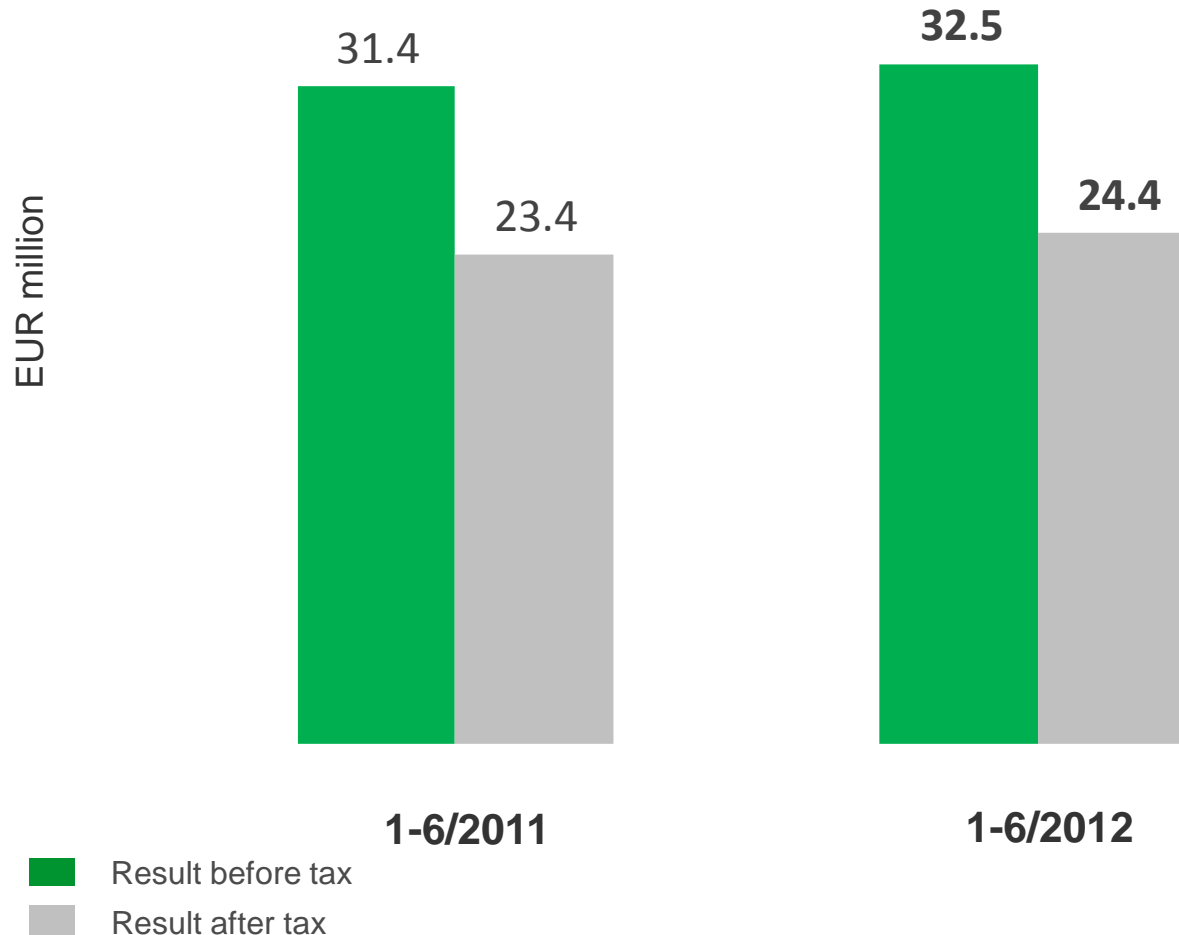
Earnings per share (EPS) was EUR 0.21 (0.13).

Write-downs on credit and other commitments were halved, amounting to EUR 1.0 (1.9) million.

Interim report 1 January – 30 June 2012Aktia

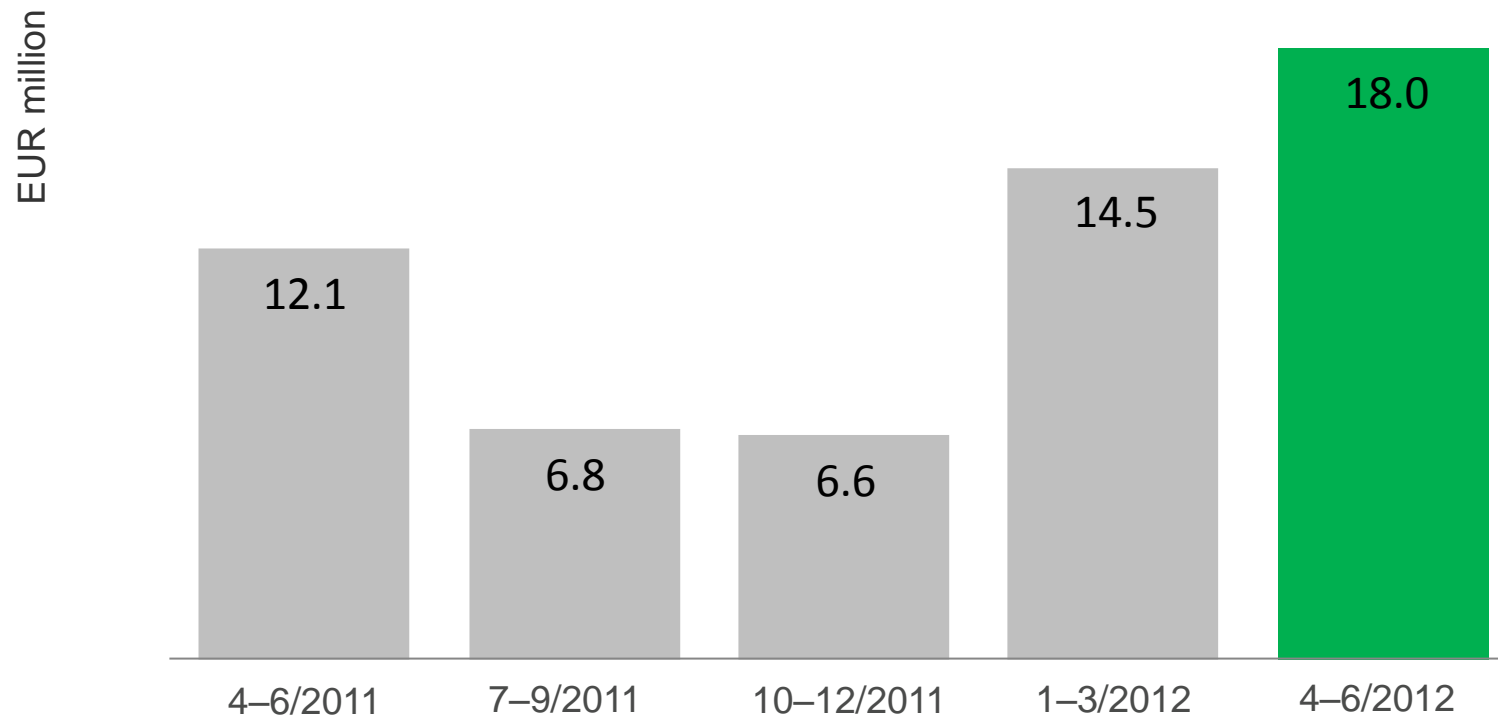
1	Financial performance
2	Capital adequacy
3	Balance sheet and owners
4	Outlook and targets

Result before and after tax Continuing operations



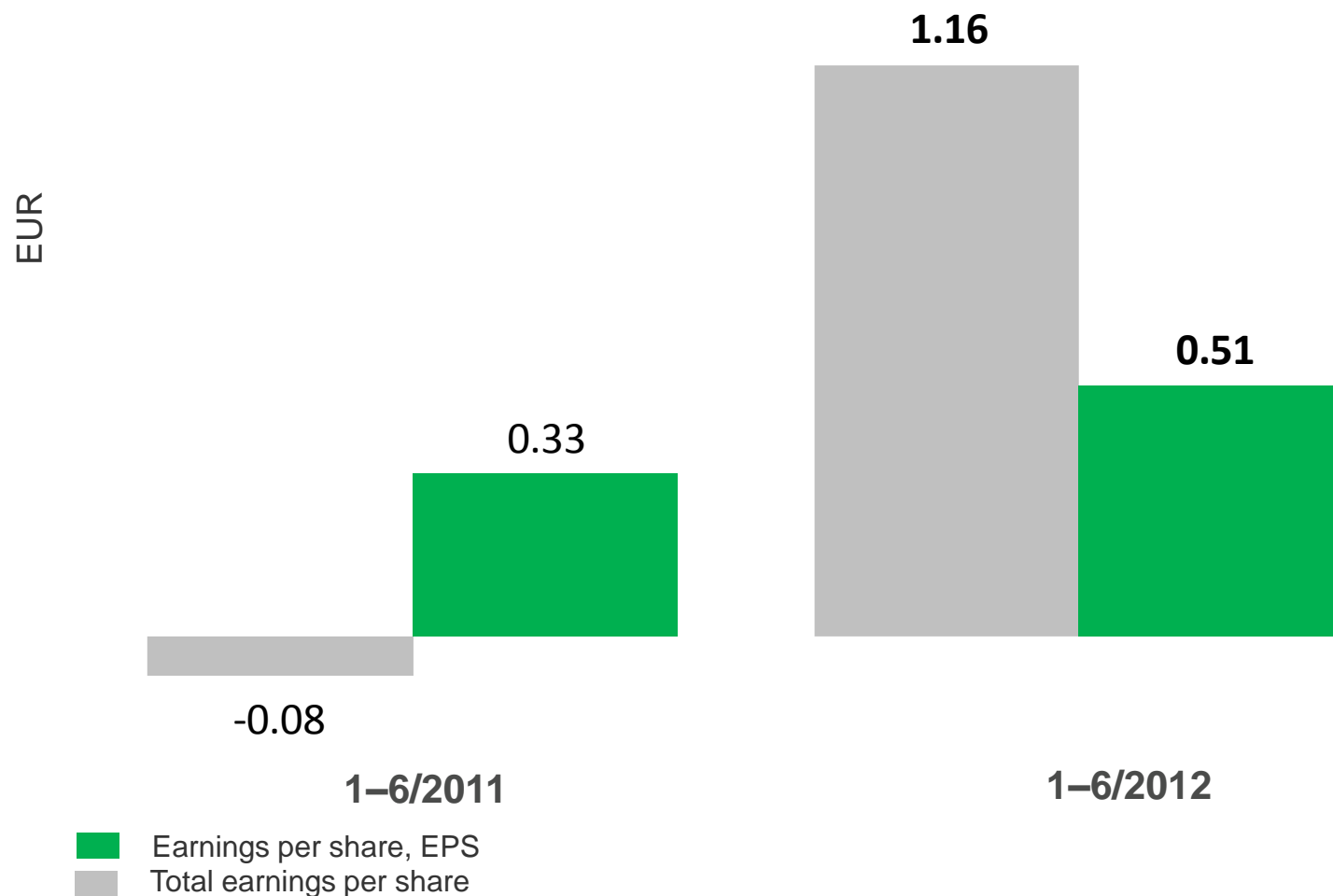
Improved operating profit for the quarterAktia

Continuing operations



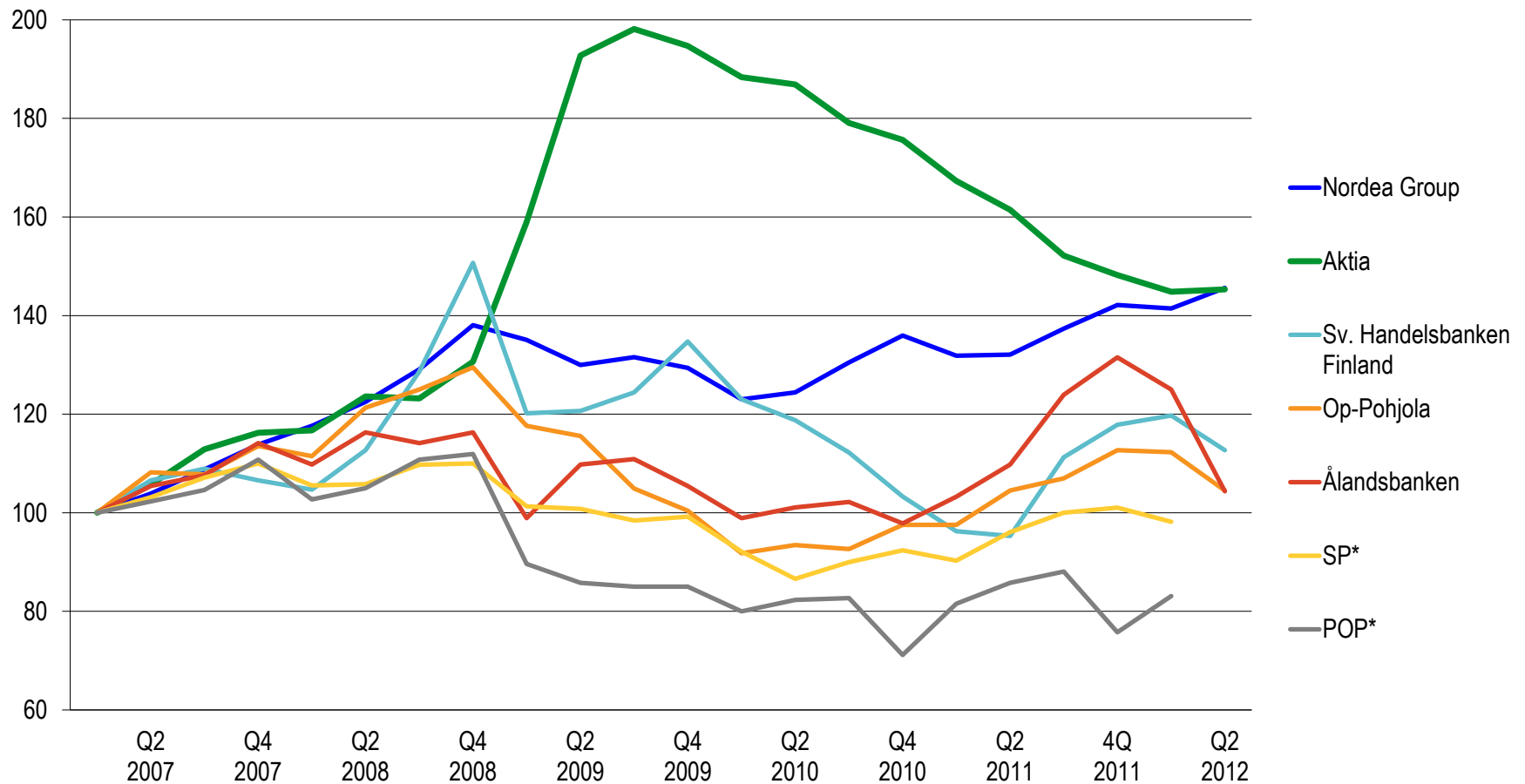
Higher earnings per share 1-6/2012

Aktia



Net interest income (1/2007 = 100)

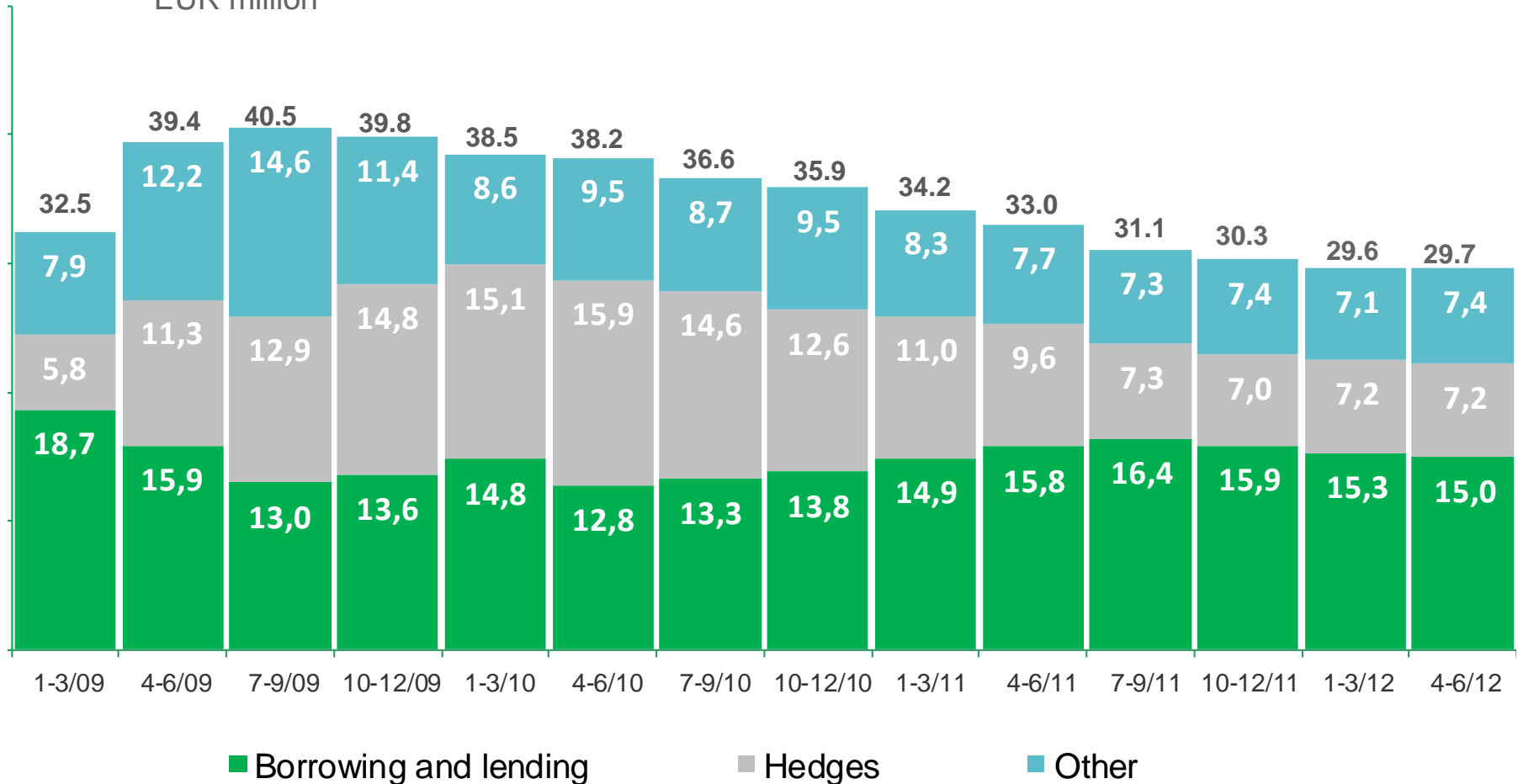
Finnish Banks



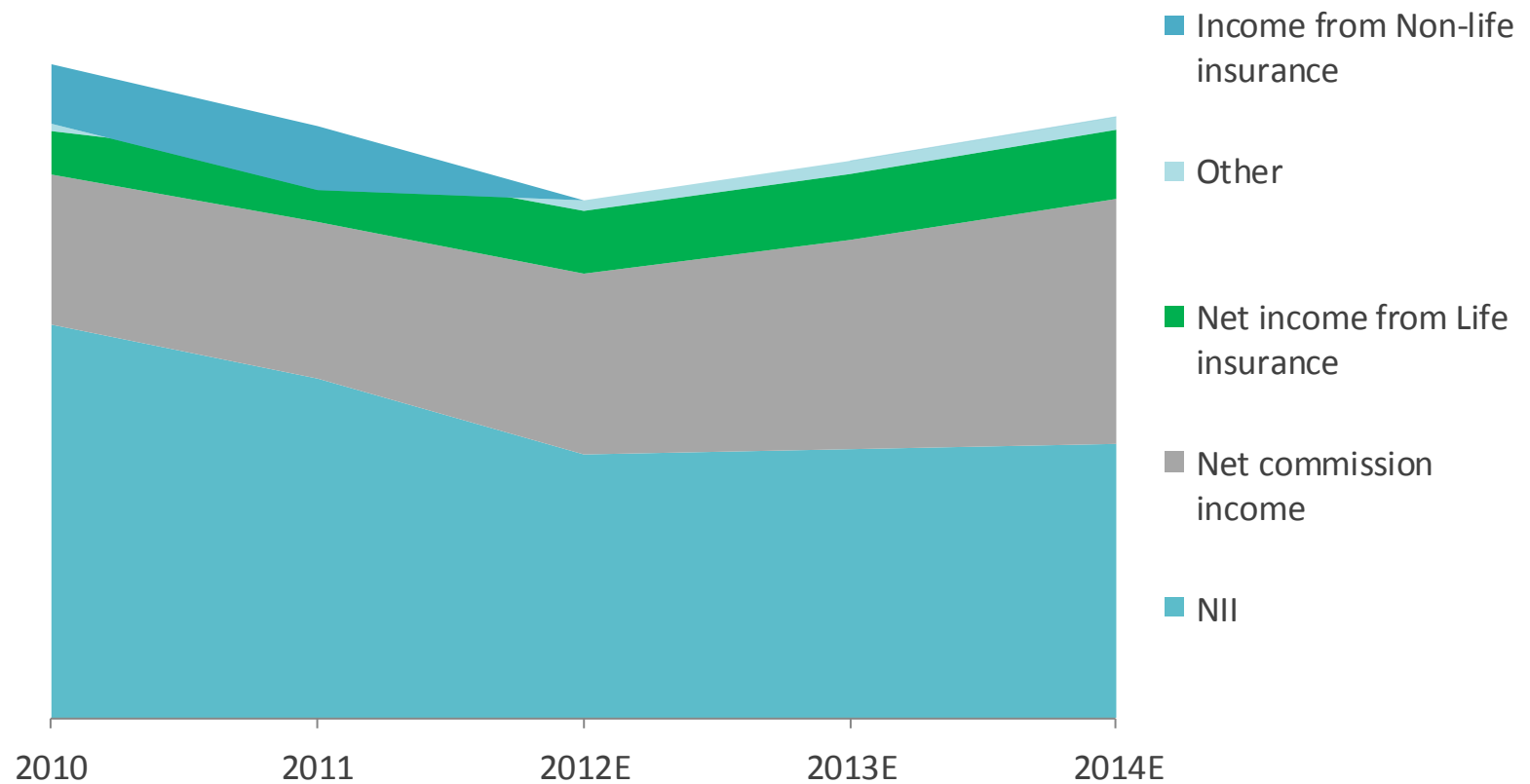
*Q2/2012 not published

Net interest income

EUR million



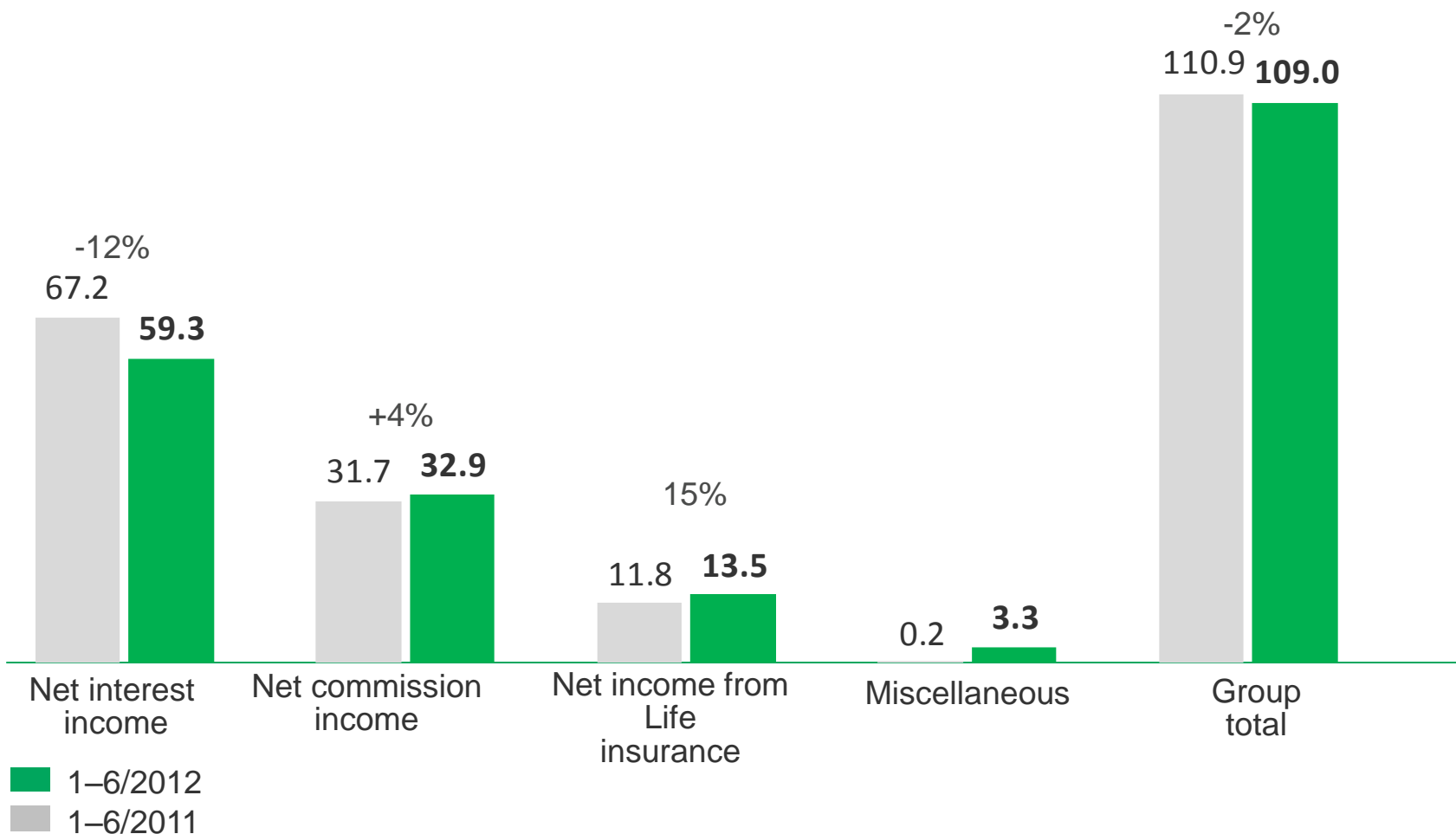
Growth in low interest rate situation



Income (EUR million)

Aktia

Increased commission income and Net income from Life insurance



Aktia Asset Management

Assets under management on exceptionally high level

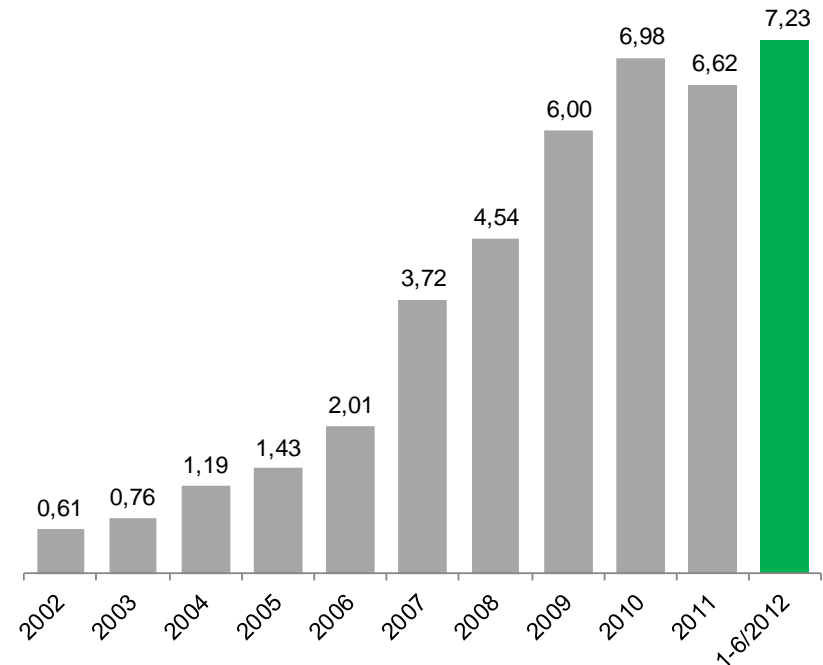
Aktia

Top ranked asset management

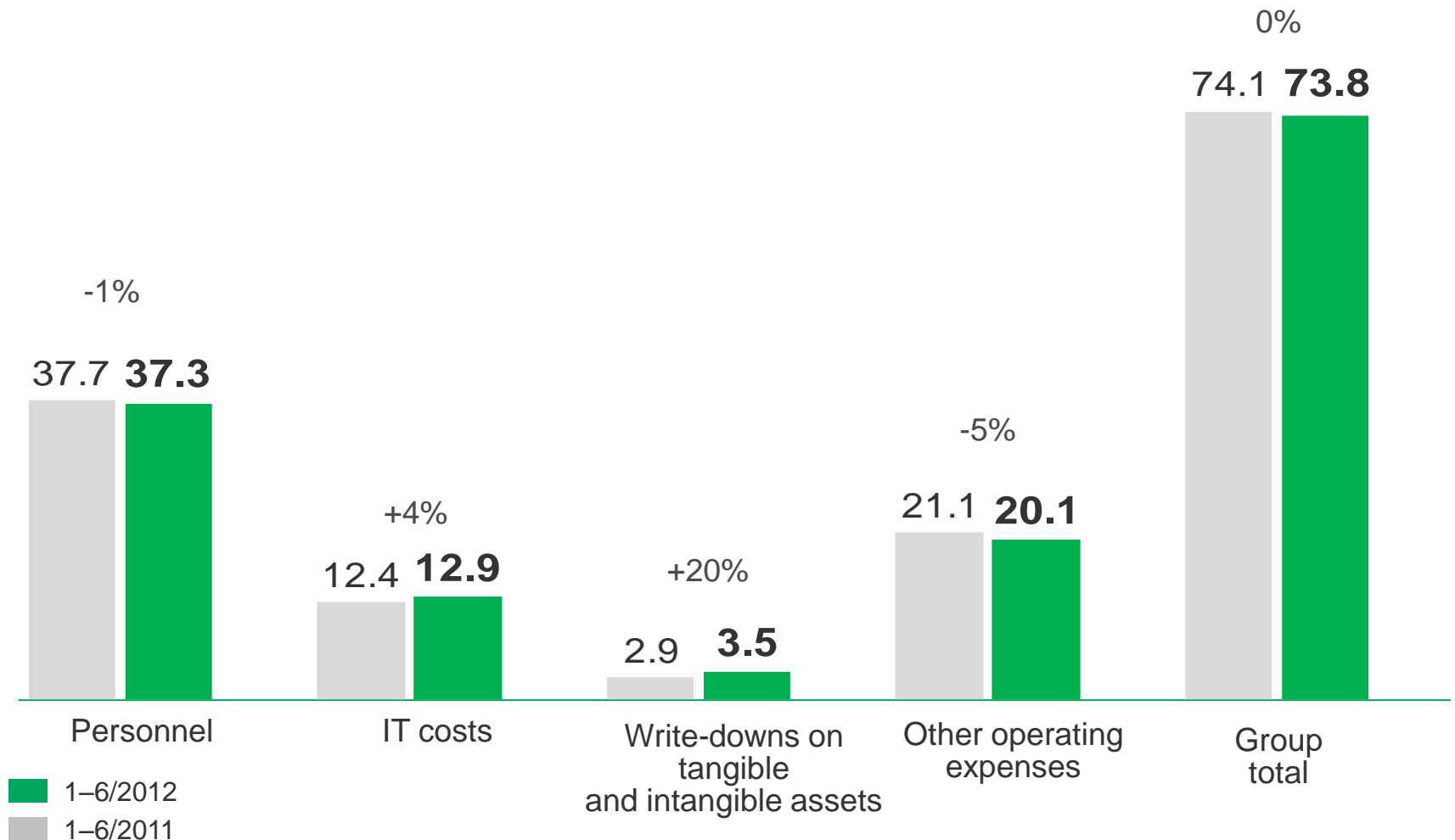
Aktia has established a position as one of the leading asset management companies in Finland



Assets under management, EUR 1,000 million

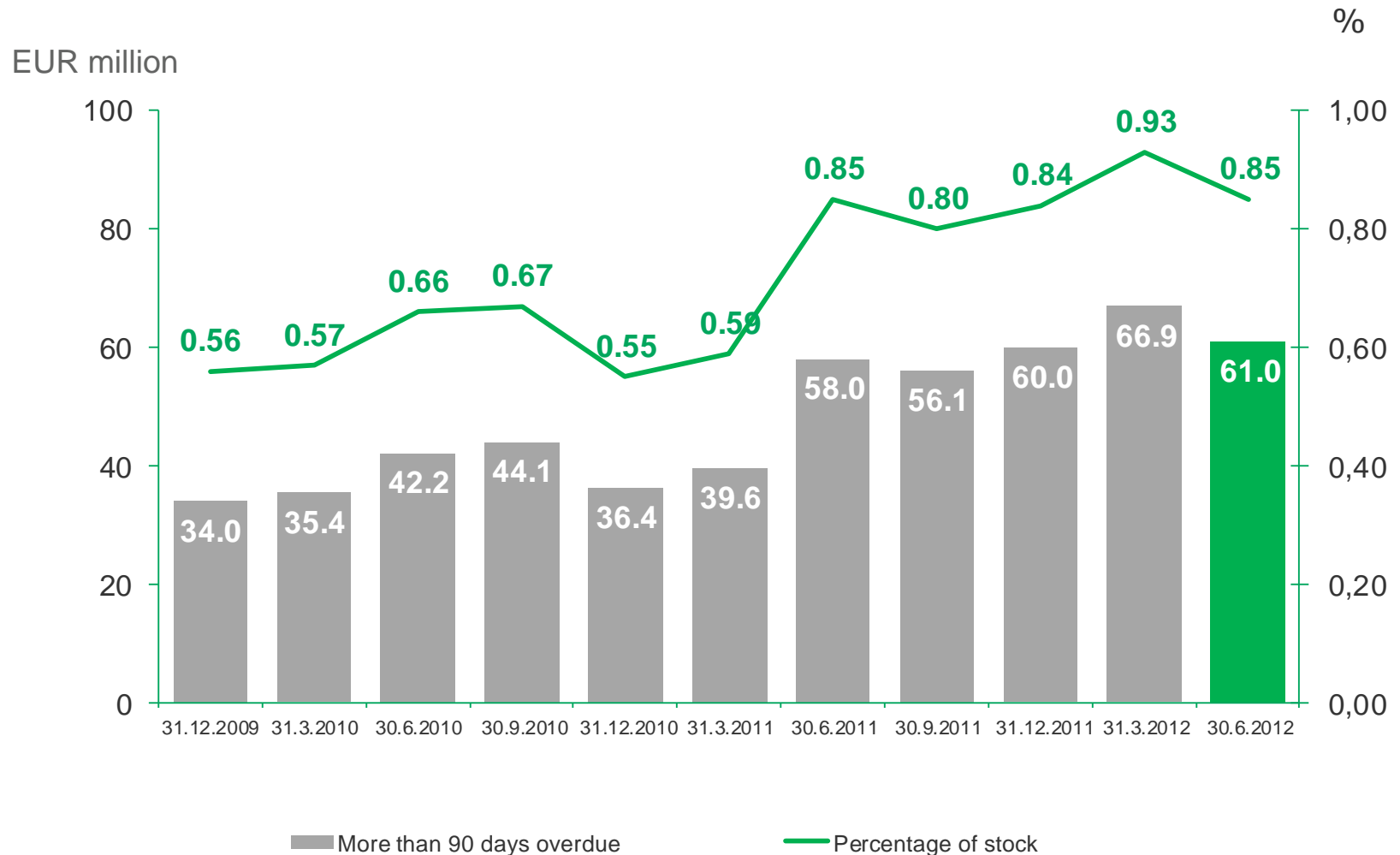


Increase of expenses slowed down (EUR million)



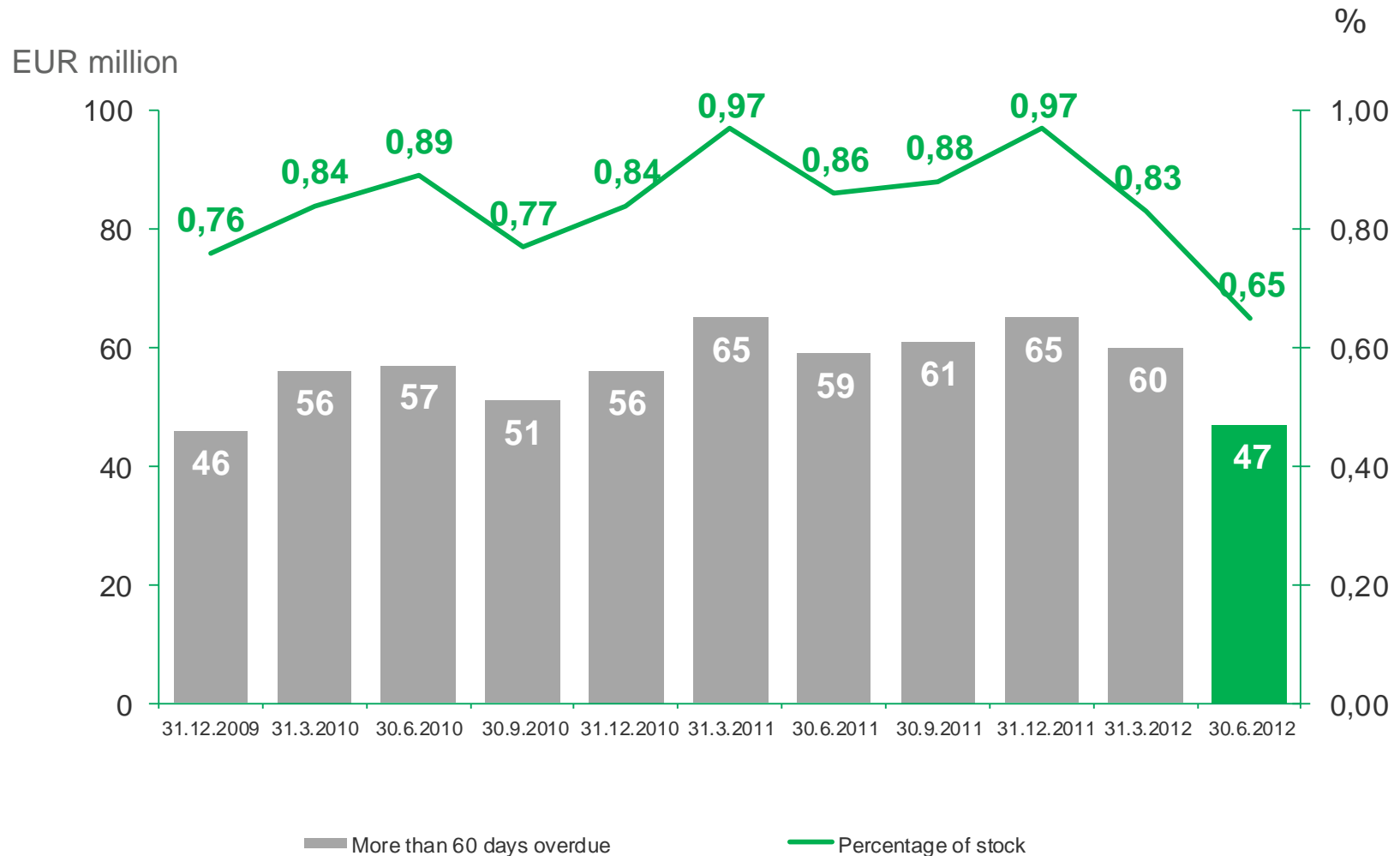
Non-performing loans more than 90 days overdue

Aktia



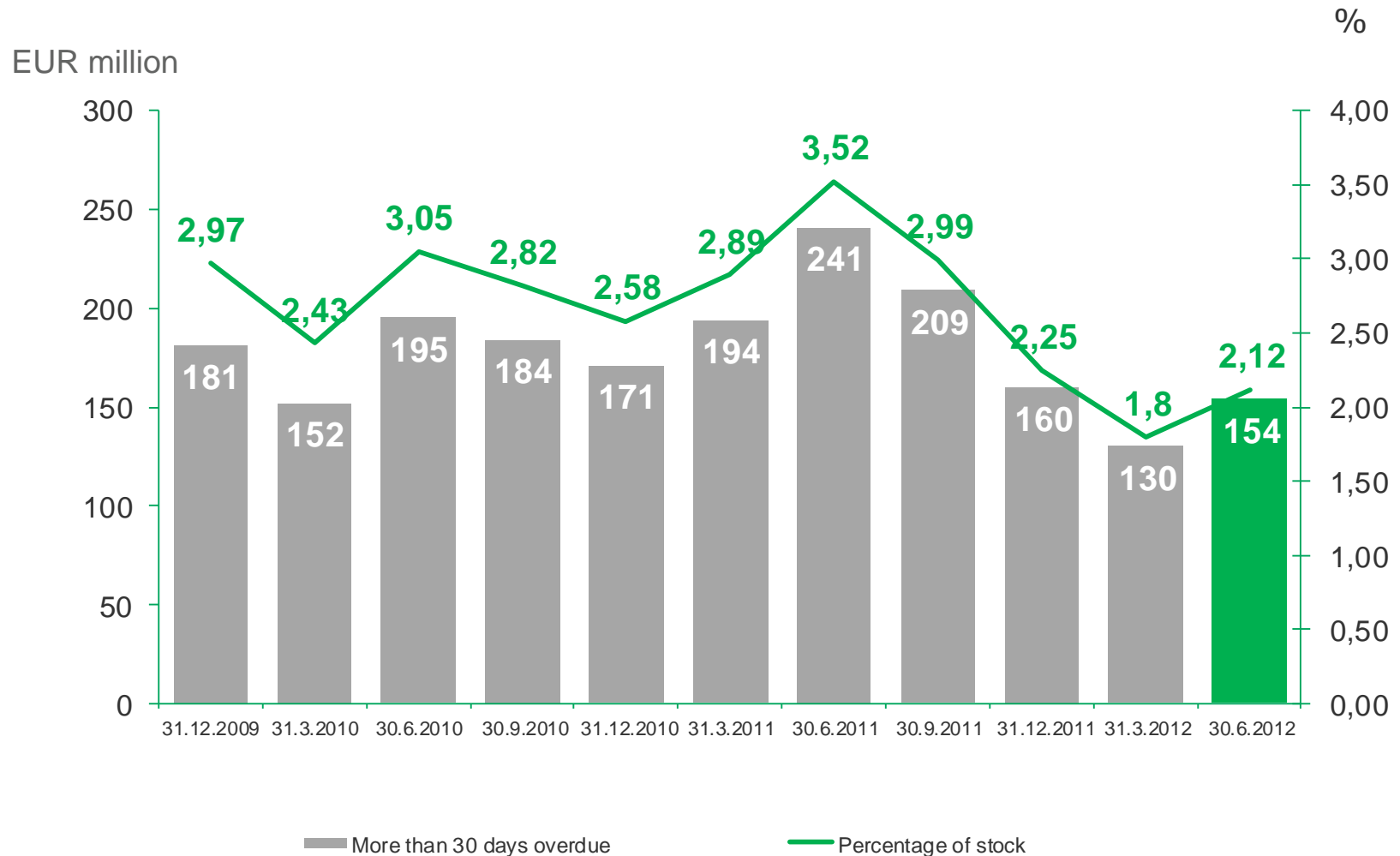
Non-performing loans more than 60 days overdue

Aktia



Non-performing loans more than 30 days overdue

Aktia



Non-performing loans by time overdue

Aktia

Days	30.6.2012	% credit stock	30.6.2011	% credit stock	31.12.2011
1-30	154	2.12	241	3.52	160
Of which households	127	1.75	162	2.34	115
31-89	47	0.65	59	0.86	53
Of which households	40	0.55	49	0.71	46
90- *	61	0.85	58	0.85	60
Of which households	40	0.55	34	0.49	36

Write-downs on credits and other commitments -46%

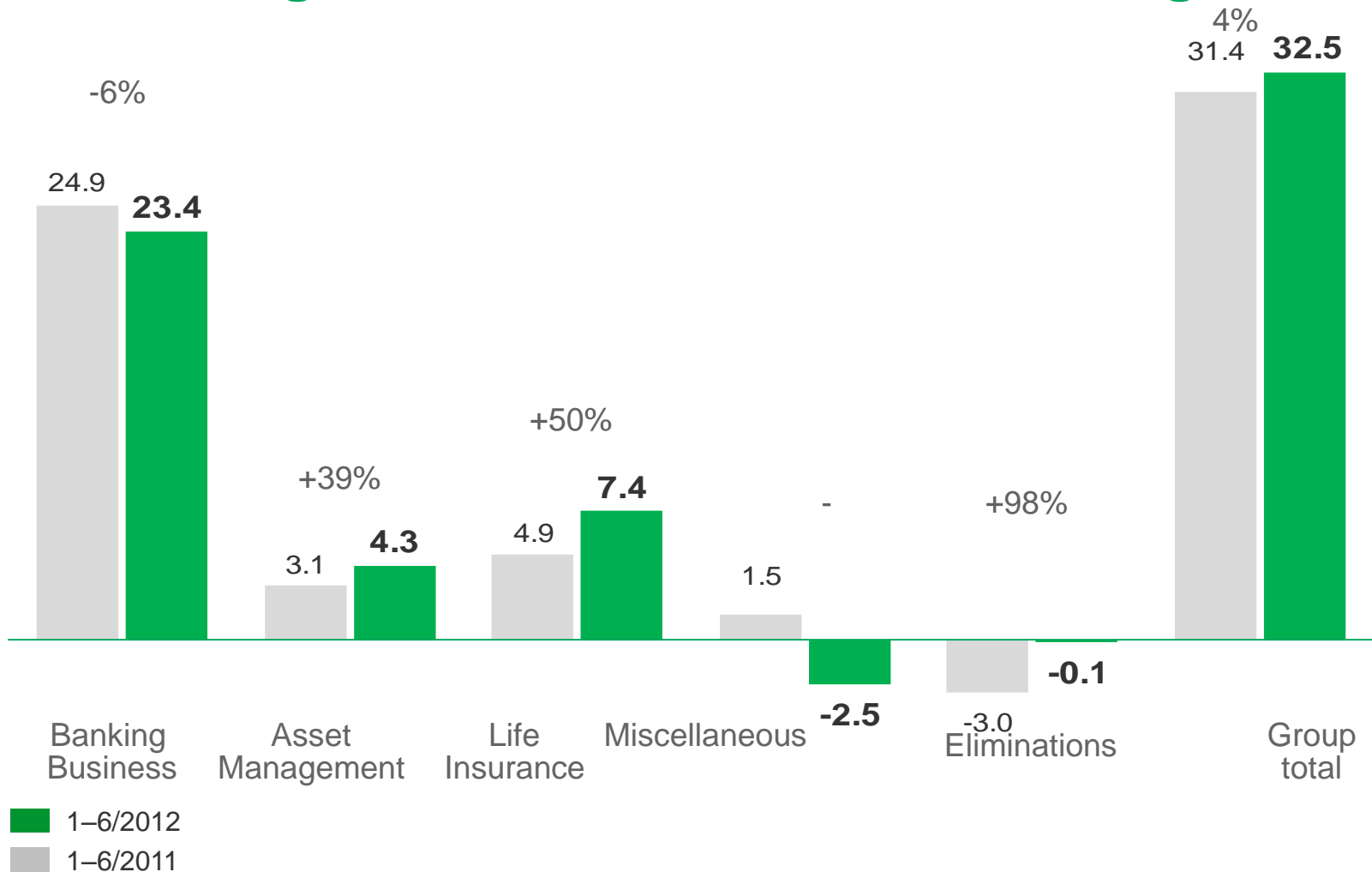
Total write-downs on credits and other commitments stood at EUR 2.8 (5.3) million.

Of these write-downs, EUR 0.7 (0.6) million could be attributed to households and EUR 2.1 (4.6) to companies.

At the end of the period, group write-downs amounted to EUR 14.2 (14.0) million at portfolio level.

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

Asset Management and Life Insurance stronger



Summary: operating profit January-June 2012 **Aktia**

Profit

Operating profit from continuing operations amounted to EUR 32.5 (31.4) million.

The profit for the period was EUR 34.2 (23.1) million.

Income

Income totalled EUR 109.0 (110.9) million.

Net interest income decreased to EUR 59.3 (67.2) million.

Expenses

The Group's operating expenses totalled EUR 73.8 million (74.1) million.

Write-downs

Group write-downs fell by 46 % to EUR 2.8 (5.3) million.

Interim report 1 January – 30 June 2012Aktia

1	Financial performance
2	Capital adequacy
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4	Outlook and targets

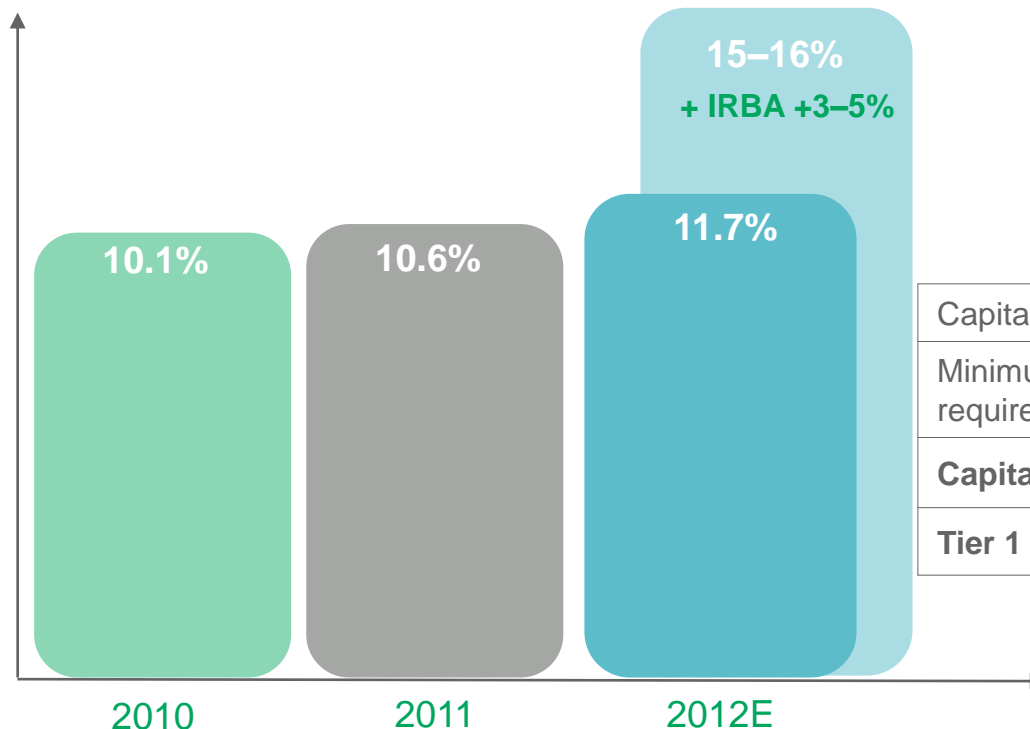
The Bank's capital adequacy

Aktia

IRBA application was submitted Aug 2011

And is expected to be approved 12/2012

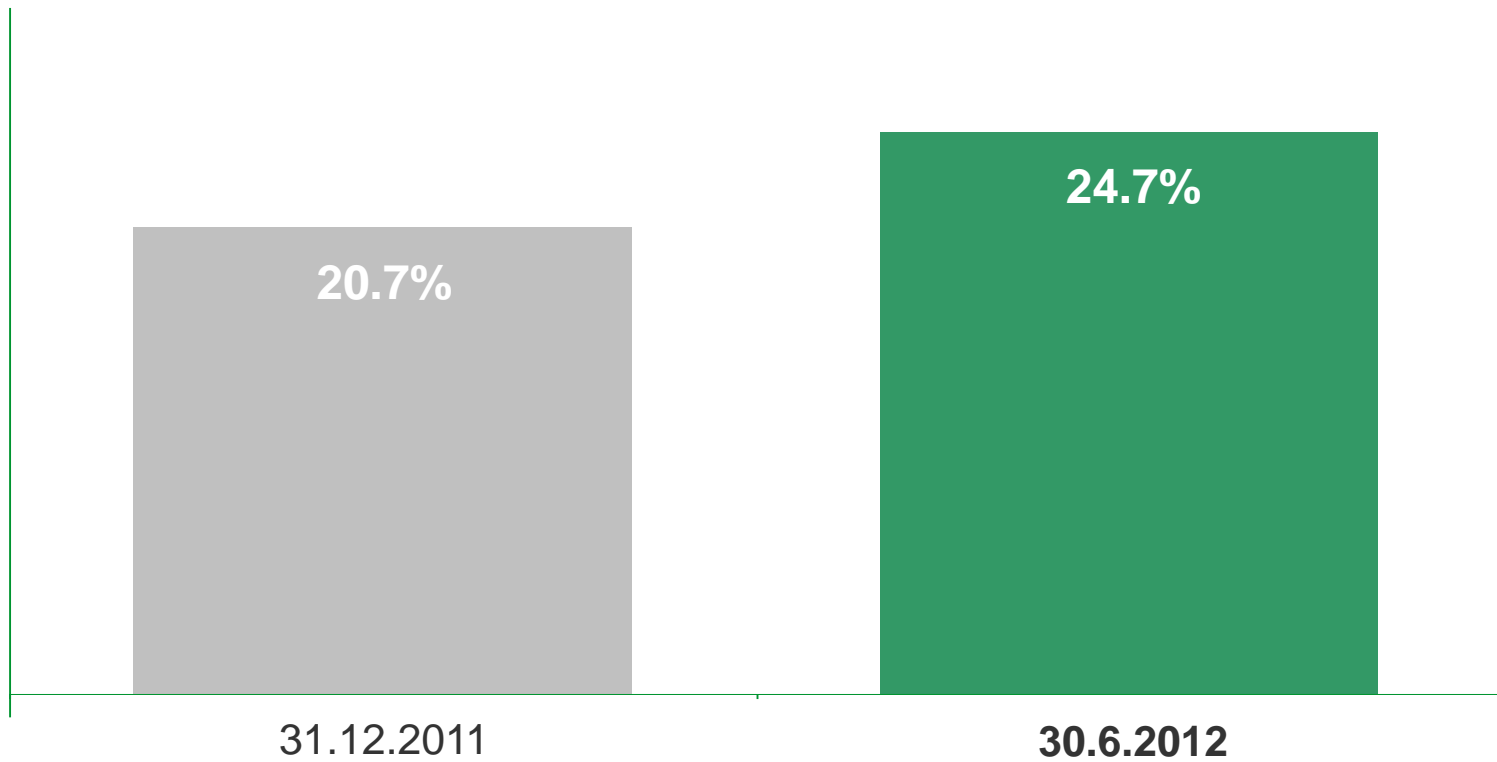
IRBA expected to increase Tier 1 by 3-5%



	30.6.2012	31.12.2011
Capital buffer	406.5	303.5
Minimum capital requirements	299.4	295.5
Capital adequacy ratio, %	18.9%	16.2%
Tier 1 capital ratio, %	11.7%	10.6%

Life insurance Stronger solvency

Aktia



Liquidity

Aktia Real Estate Mortgage Bank

- Binding agreement with savings banks and POP Banks on senior funding
- Higher Tier 1 ambition
- Credits to housing associations in run-off phase
- Second rating

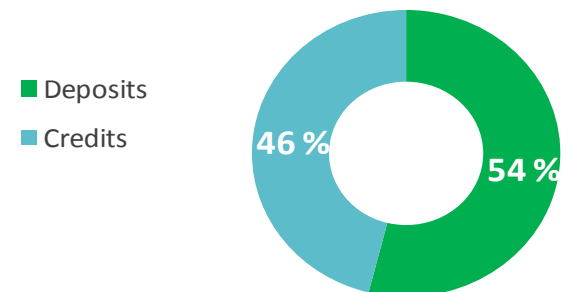
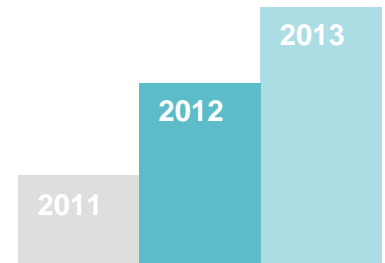
Liquidity limit to local banks

- Volumes nearly halved ahead of Basel III

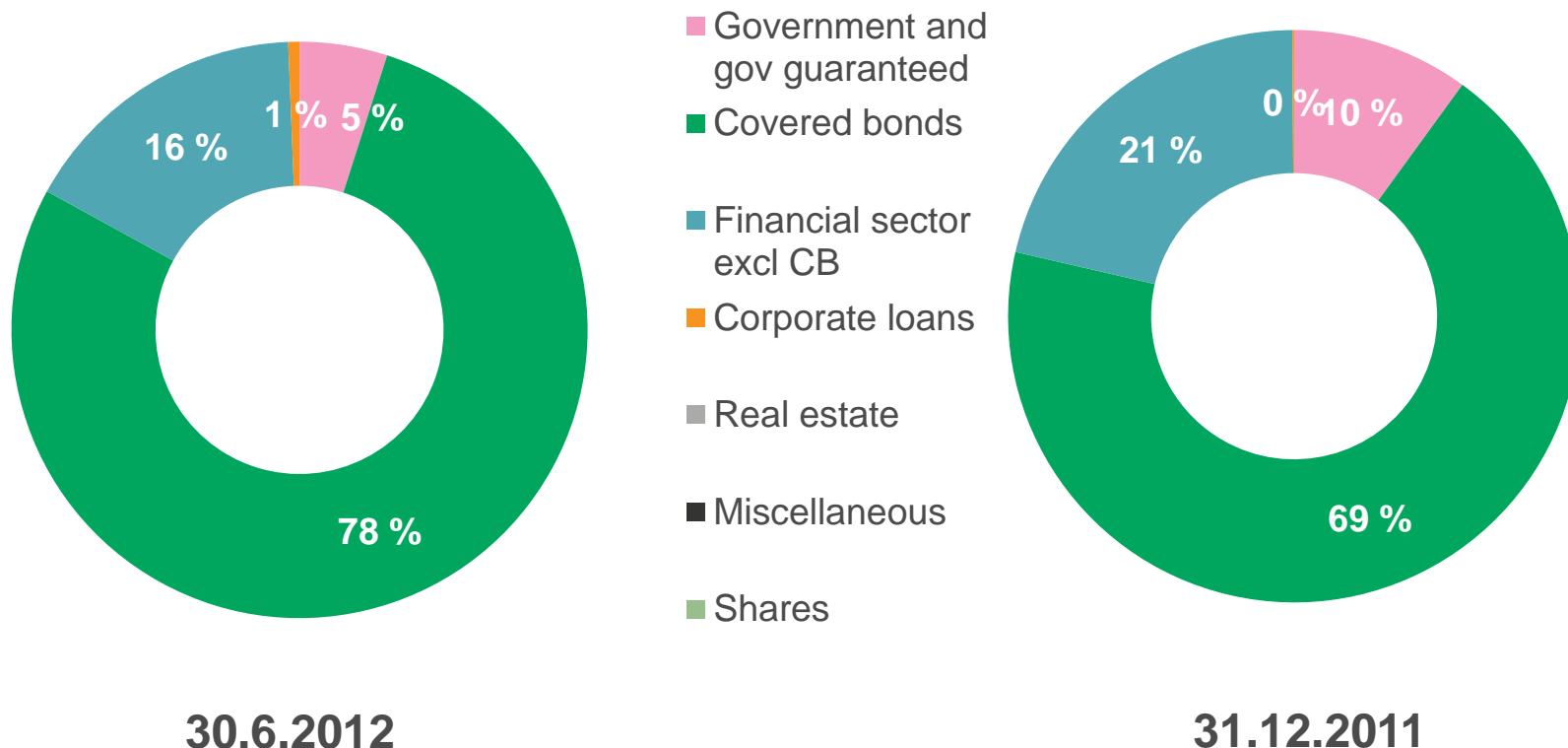
Reviewed corporate (SME) policy

- Credits outside new policy in run-off unit
- SME deposits now exceed credits

Aktia



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



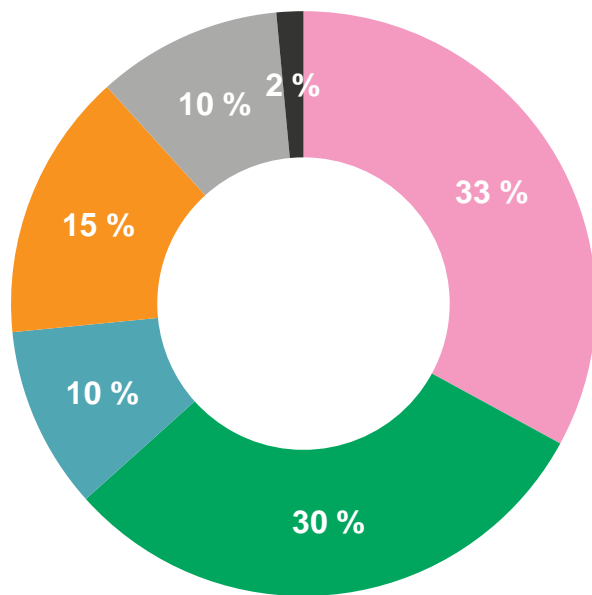
Rating distribution for the liquidity portfolio of the Bank Group

	30.6.2012	31.12.2011
(EUR million)	1,909	1,968
Aaa	55.6%	55.6%
Aa1–Aa3	22.8%	21.9%
A1–A3	13.8%	11.9%
Baa1–Baa3	5.1%	6.3%
Ba1–Ba3	0.5%	1.9%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	1.8%	2.1%
No rating	0.4%	0.3%
Total	100.0%	100.0%

Continued convergence towards Solvency II Life Insurance Company

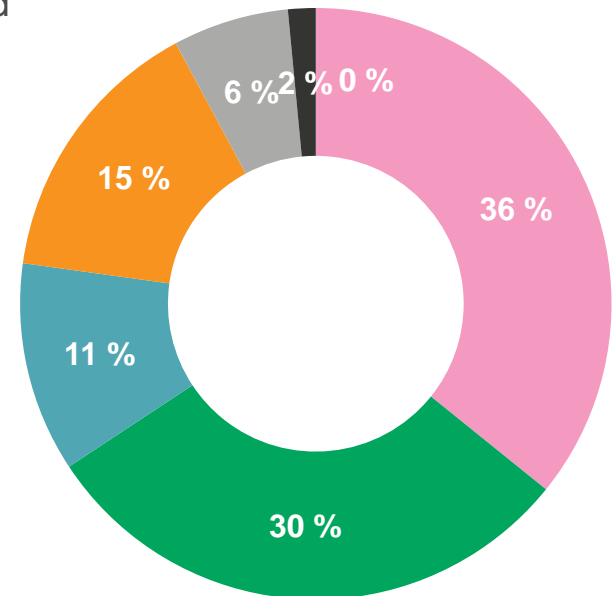
Return on investments
5.2 (1.2)%

Duration 6.0 (5.7) years



30.6.2012

- Government and gov guaranteed
- Covered bonds
- Financial sector excl CB
- Corporate loans
- Real estate
- Miscellaneous
- Shares



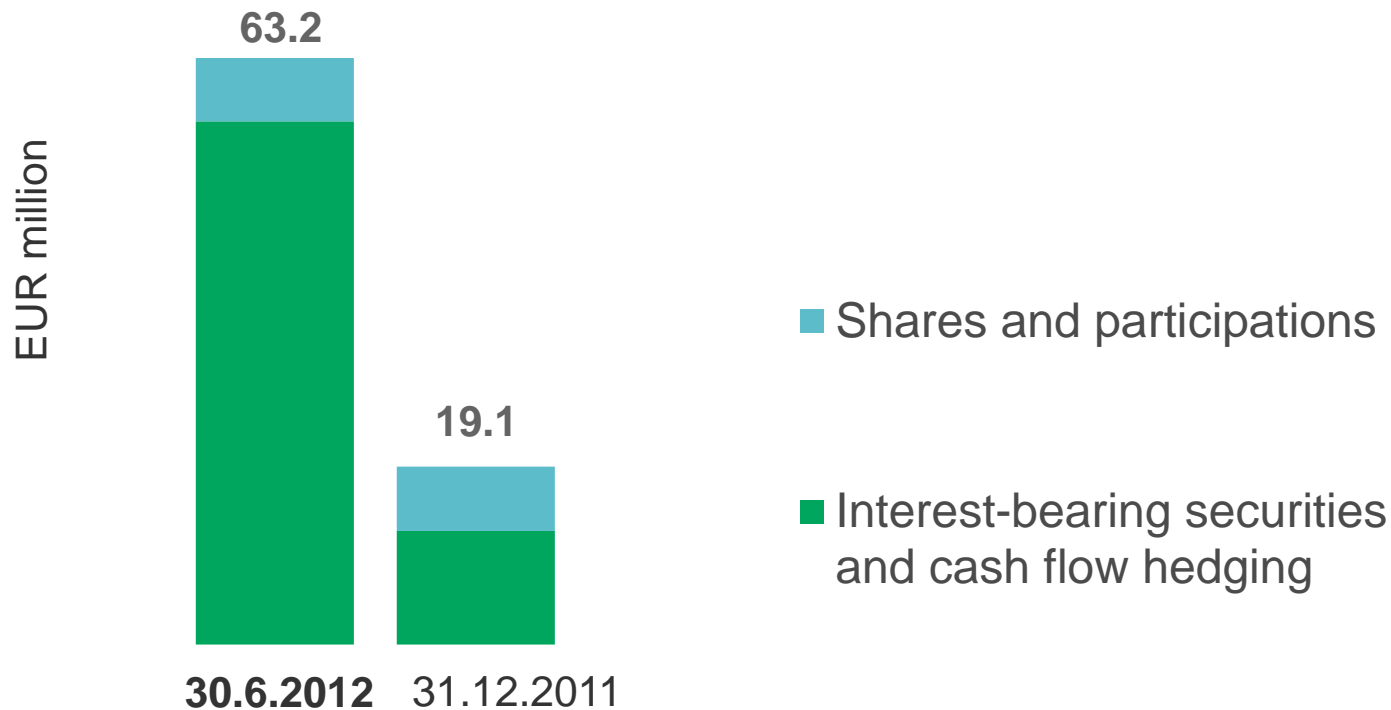
31.12.2011

Rating distribution for life insurance business

Aktia

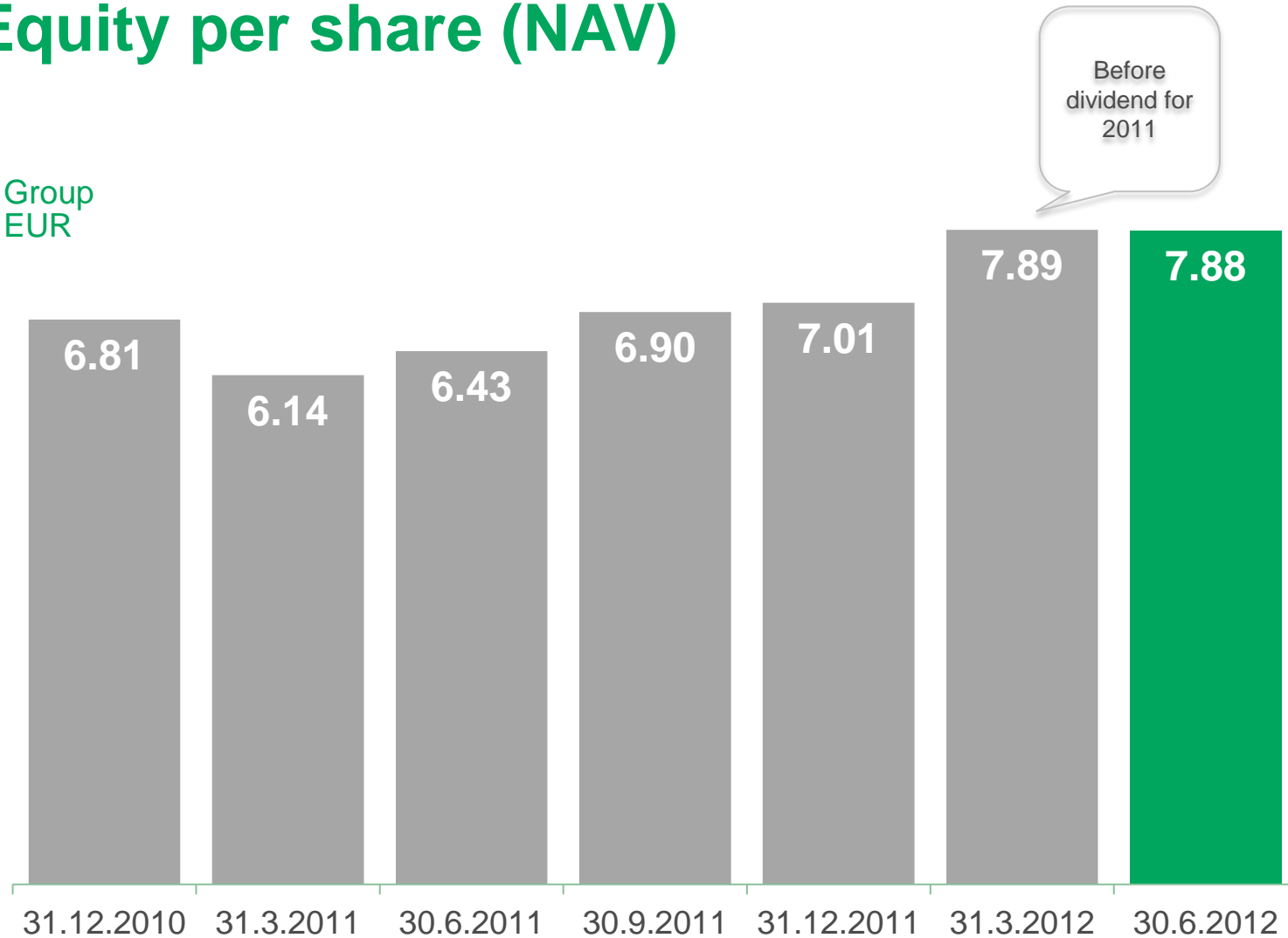
Livförsäkring (EUR million)	30.6.2012 542	31.12.2011 546
Aaa	65.8%	70.5%
Aa1–Aa3	10.2%	8.7%
A1–A3	12.8%	11.5%
Baa1–Baa3	3.5%	4.1%
Ba1–Ba3	1.7%	0.8%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	6.0%	4.4%
Total	100.0%	100.0%

Fund at fair value



Equity per share (NAV)

Group
EUR



Summary: capital adequacy

January-June 2012

Capital adequacy

The Bank Group's capital adequacy amounted to 18.9 (16.2)%.

The Tier 1 capital ratio was 11.7 (10.6)%.

The life insurance company's solvency margin

The solvency margin was EUR 141.1 (117.2) million.

Solvency ratio 24.7 (20.7)%.

Aktia Bank plc's rating Moody's: A3/C-/P-2 (7.3.2012)

Aktia Bank plc's rating Fitch: BBB+/F-2 (9.5.2012)

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

Interim report 1 January – 30 June 2012 **Aktia**

1	Financial performance
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Balance sheet 30 June 2012

Aktia

The Group's balance sheet total was almost unchanged and amounted to EUR 11,228(11,056) million.

Borrowing amounted to EUR 3,714 (3,645) million.

Lending to the public amounted to EUR 7,218 (7,063) million. Credits to private households amounted to EUR 6,168 million or 85.5% of the credit stock.

The housing loan stock amounted to EUR 5,805 (5,607) million showing an increase of 4%.

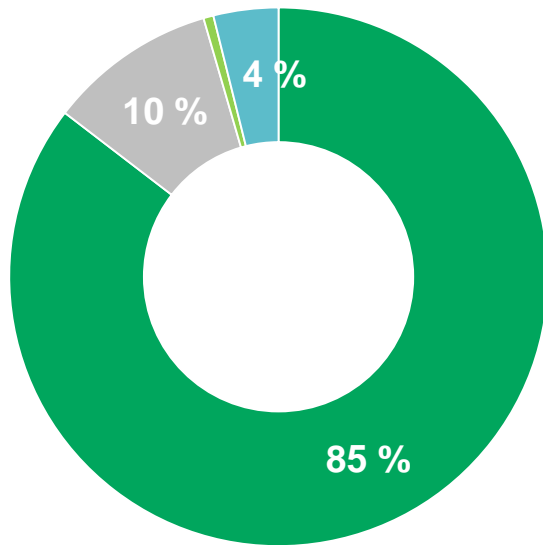
Corporate lending continued to be moderate

The credit stock amounted to EUR 726 (758) million, corresponding to 10.1%

Credit and deposit stocks 30 June 2012 Aktia

Credits

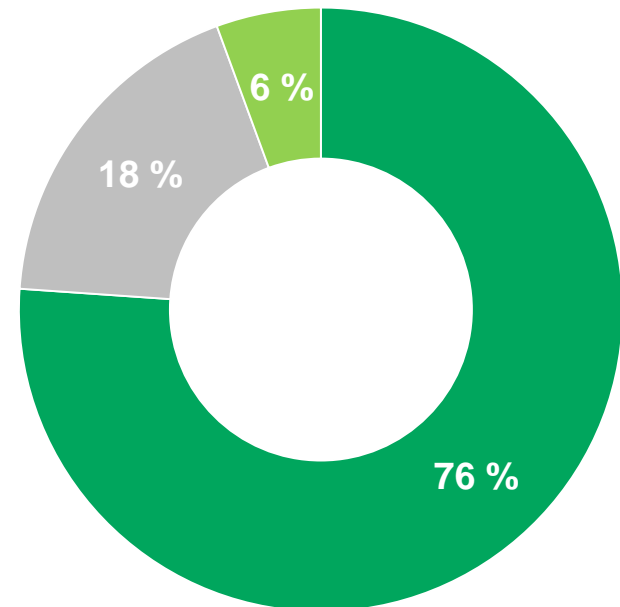
EUR 7,218 (7,063) million



- Households
- SME
- Non-profit organisations
- Housing associations

Deposits

EUR 3,714 (3,645) million



Share capital and ownership 30 June 2012 Aktia

The 20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes, %
Stiftelsen Tre Smeder	3,009,837	3,997,265	7,007,102	10.46	82,955,137	18.52
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.02	45,970,234	10.26
Pension Insurance Company Veritas	4,027,469	2,134,397	6,161,866	9.2	46,715,409	10.43
Oy Hammarén & Co Ab	1,905,000	950,000	2,855,000	4.26	20,905,000	4.67
Varma Mutual Pension Insurance Company	2,675,000	-	2,675,000	3.99	2,675,000	0.6
The Society of Swedish Literature in Finland	1,681,786	789,229	2,471,015	3.69	17,466,366	3.9
AktiaStiftelsen i Esbo-Grankulla	1,146,585	1,243,358	2,389,943	3.57	26,013,745	5.81
Stiftelsen för Åbo Akademi	1,595,640	751,000	2,346,640	3.5	16,615,640	3.71
AktiaStiftelsen i Borgå	1,303,370	651,525	1,954,895	2.92	14,333,870	3.2
AktiaStiftelsen i Vanda	766,417	1,100,985	1,867,402	2.79	22,786,117	5.09
AktiaStiftelsen i Vasa	978,525	547,262	1,525,787	2.28	11,923,765	2.66
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	1.96	9,641,809	2.15
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf	1,125,777		1,125,777	1.68	1,125,777	0.25
Alfred Berg Finland mutual funds	670,040	370,951	1,040,991	1.55	8,089,060	1.81
Sparbanksstiftelsen i Ingå	646,236	329,318	975,554	1.46	7,232,596	1.61
Ab Kelonia Oy	549,417	308,662	858,079	1.28	6,722,657	1.5
Sparbanksstiftelsen i Sibbo	462,002	232,001	694,003	1.04	5,102,022	1.14
Sparbanksstiftelsen i Sjundeå	374,377	232,188	606,565	0.91	5,018,137	1.12
Aktia Sparbanksstiftelsen i Malax	354,138	177,600	531,738	0.79	3,906,138	0.87
The 20 largest owners	29,583,609	16,713,786	46,297,395	69.11	363,859,329	81.23
Other	17,353,299	3,337,064	20,690,363	30.89	84,094,579	18.77
Total	46,936,908	20,050,850	66,987,758	100.00	447,953,908	100.00

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Outlook for 2012

Aktia

To strengthen profitability costs will be cut and risks and capital 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 is therefore not possible to replicate in a low interest rate environment. Write-downs are expected to decrease in 2012.

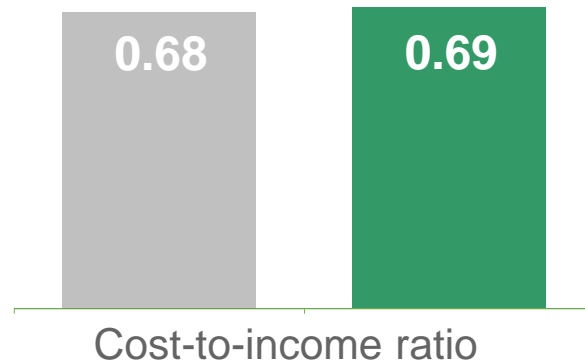
Outlook (changed); the operating profit from continuing operations for 2012 is expected to reach the same level as in 2011.

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

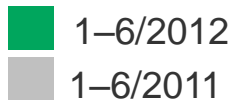
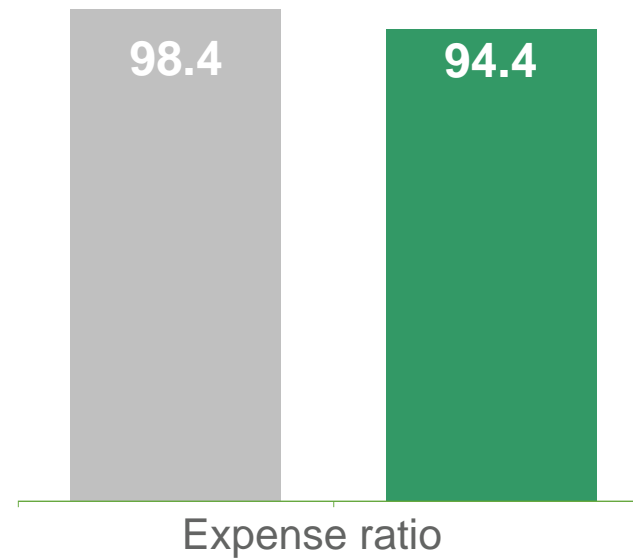
New regulation. The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital requirements. A change in capital requirements could actualise both capitalisation needs and need for changes in the Aktia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

Cost efficiency

Banking Business



Life Insurance



A stronger Aktia

Aktia sold direct and indirect holdings in Bank of Åland

- Loss of EUR 6.3 million.
- The transaction released EUR 20 million risk capital

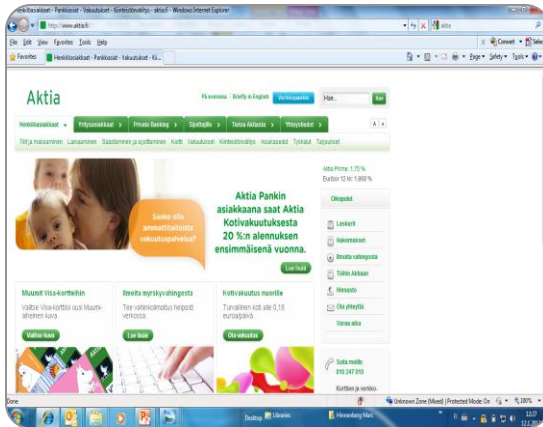
Aktia sold 66% of Aktia Non-Life Insurance for EUR 30 million

- Aktia continues to sell Aktia non-life insurance products
- Folksam takes over insurance production
- Aktia can offer more competitive insurance

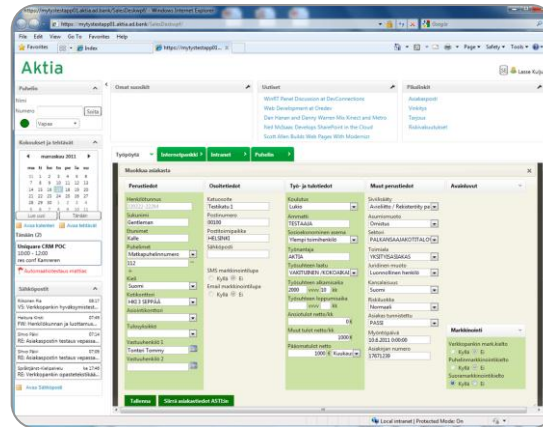
Aktia filed application for internal rating (IRBA)

- Expected to increase Tier 1 capital ratio by 3–5%

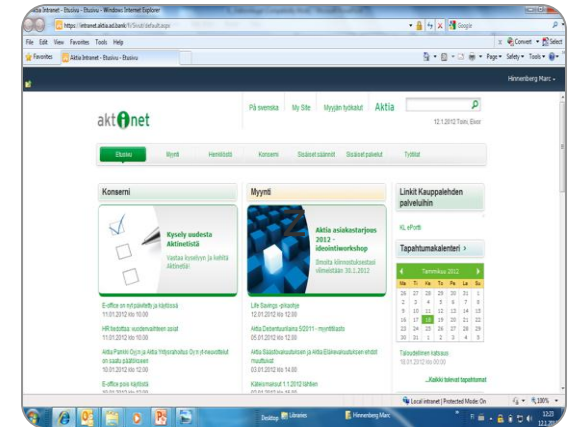
Development projects 2013



Web services



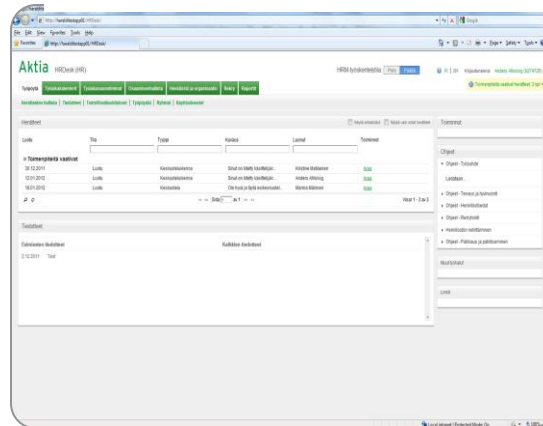
Salesman's desktop



Intranet



Aktia Store



HR project

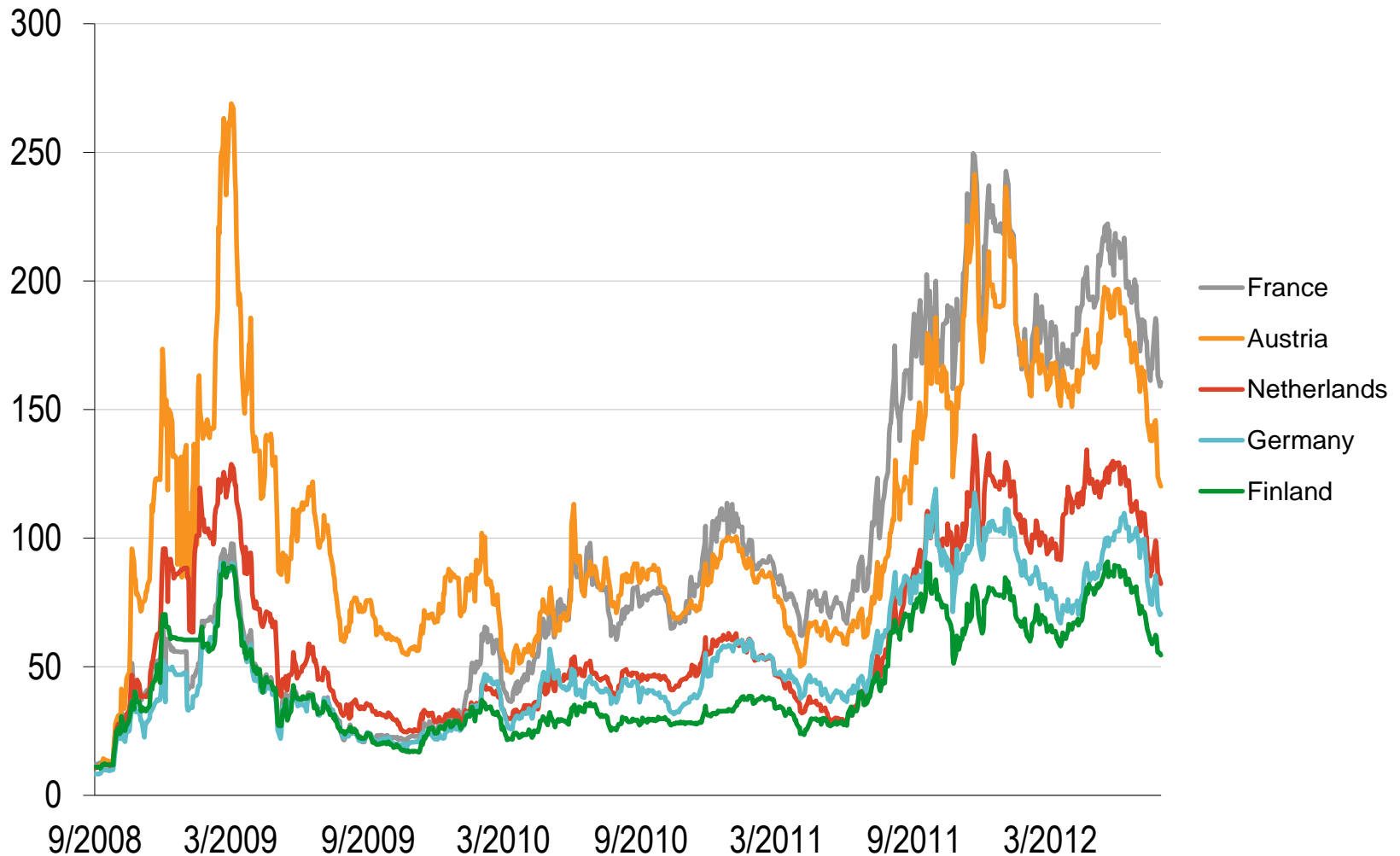


Regional Back Offices

CDS spreads

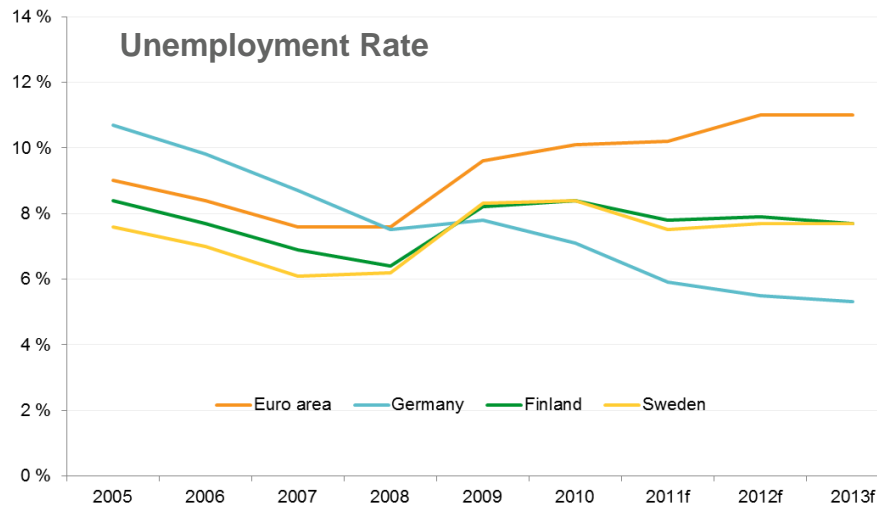
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5yr CDS spreads 9/2008 - 7/2012

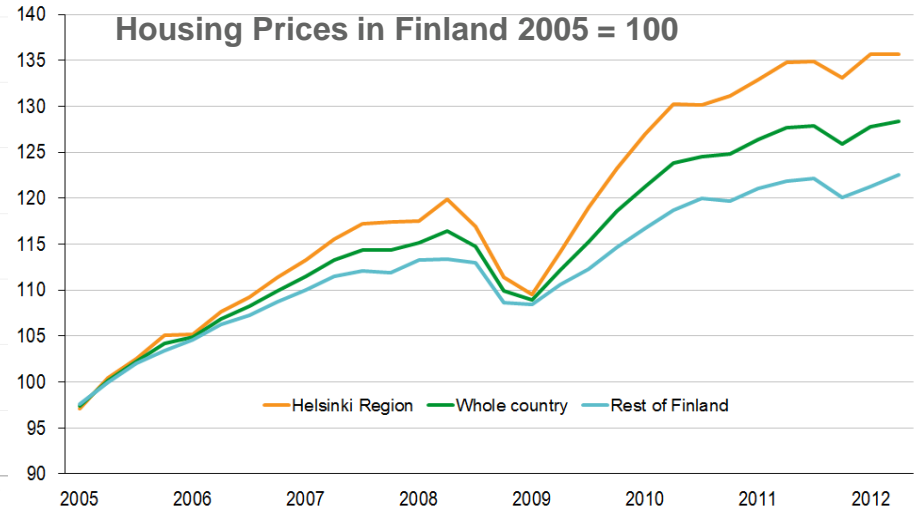


Some macroeconomic data

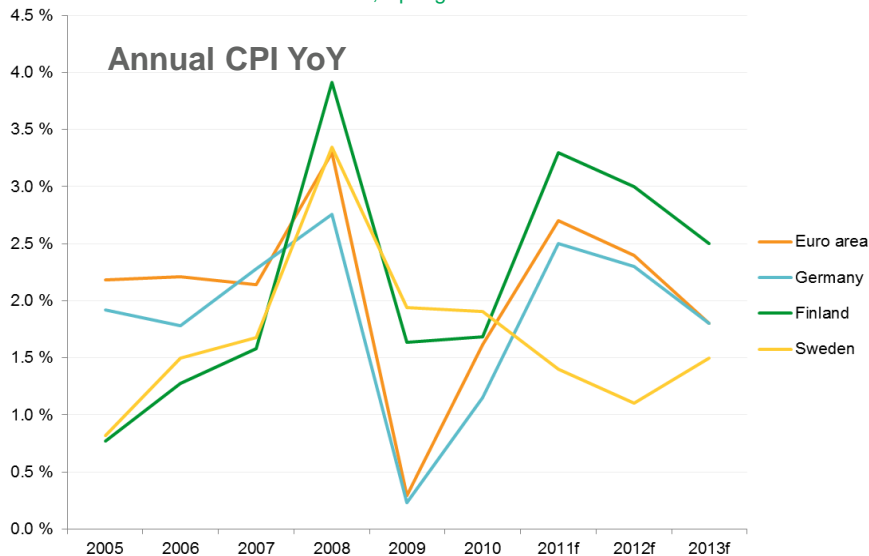
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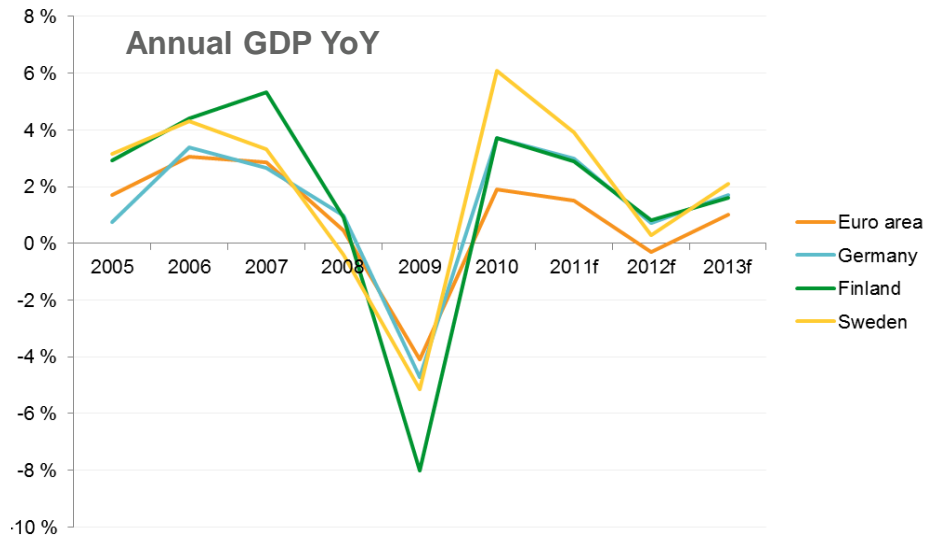
Source: EU Economic Forecast, Spring 2012



Source: Statistics Finland 27.7.2012



Source: EU Economic Forecast, Spring 2012



Source: EU Economic Forecast, Spring 2012

Aktia