



**Interim Report January – September 2012**

**Strong result**

**Aktia**

# Distinct improvement Jan – Sep 2012

**Aktia**

Operating profit from continuing operations amounted to EUR 45.6 (38.2) million.

Profit for the period amounted to EUR 43.7 (28.6) million.

Earnings per share (EPS) was EUR 0.65 (0.42).

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

Write-downs on credits and other commitments decreased to EUR 4.6 (6.3) million.

Changed outlook (15.10.2012); Operating profit from continuing operations for 2012 will exceed the level in 2011.

# A strong third quarter 2012

Aktia

Operating profit from continuing operations amounted to EUR 13.4 (6.8) million.

Aktia Asset Management praised by SFR

Profit for the period amounted to EUR 9.9 (5.5) million.

Earnings per share (EPS) was EUR 0.15 (0.09).

Higher provisions for group write-downs increased write-downs on credits and other commitments to EUR 1.8 (1.1) million.

Holdings in Luottokunta appreciated by EUR 6.6 million, increasing the fund at fair value by EUR 5.0 million.

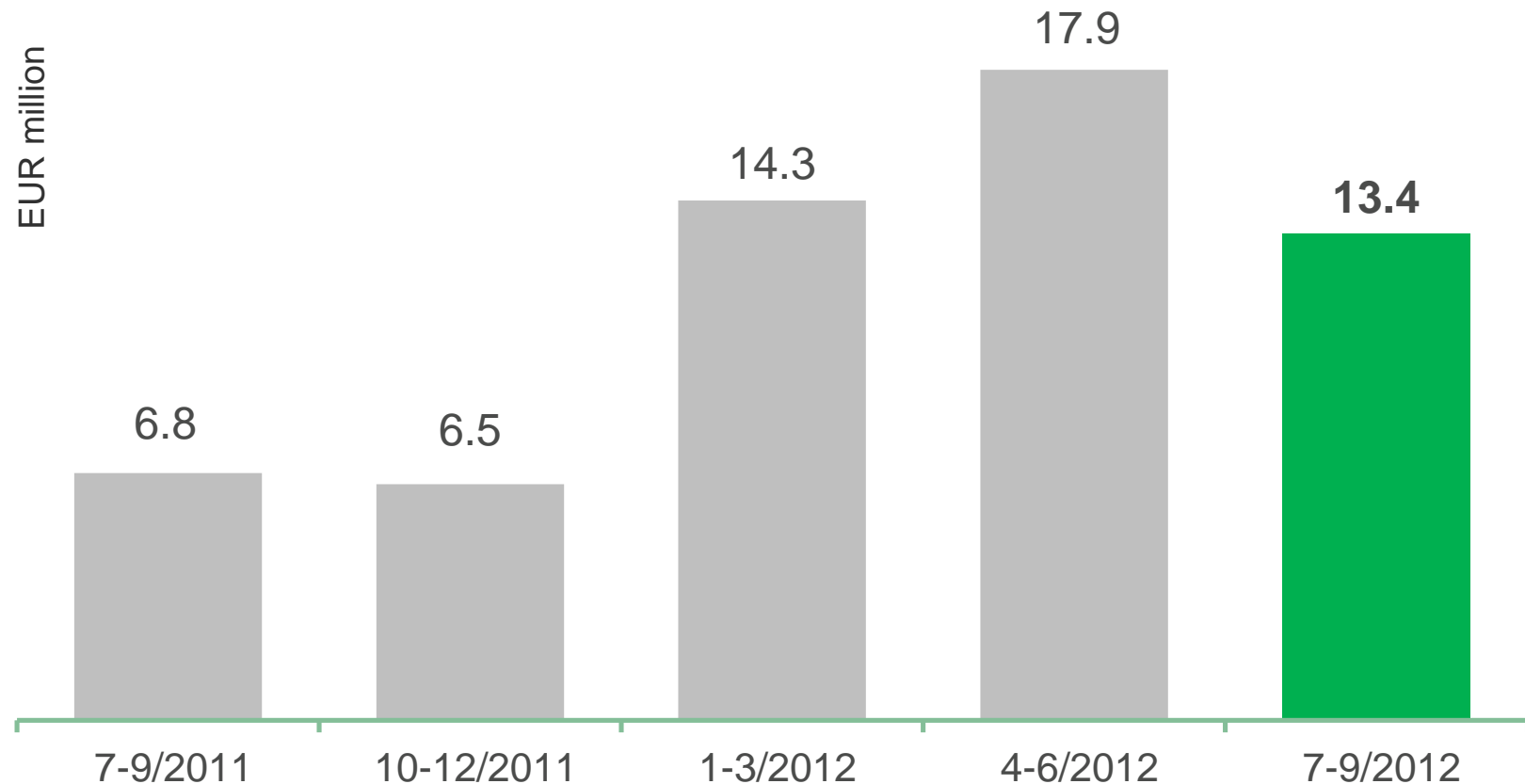
Holdings in Samlink written down to EUR 0.0 (1.8) million.

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

# Improved operating profit for the quarter

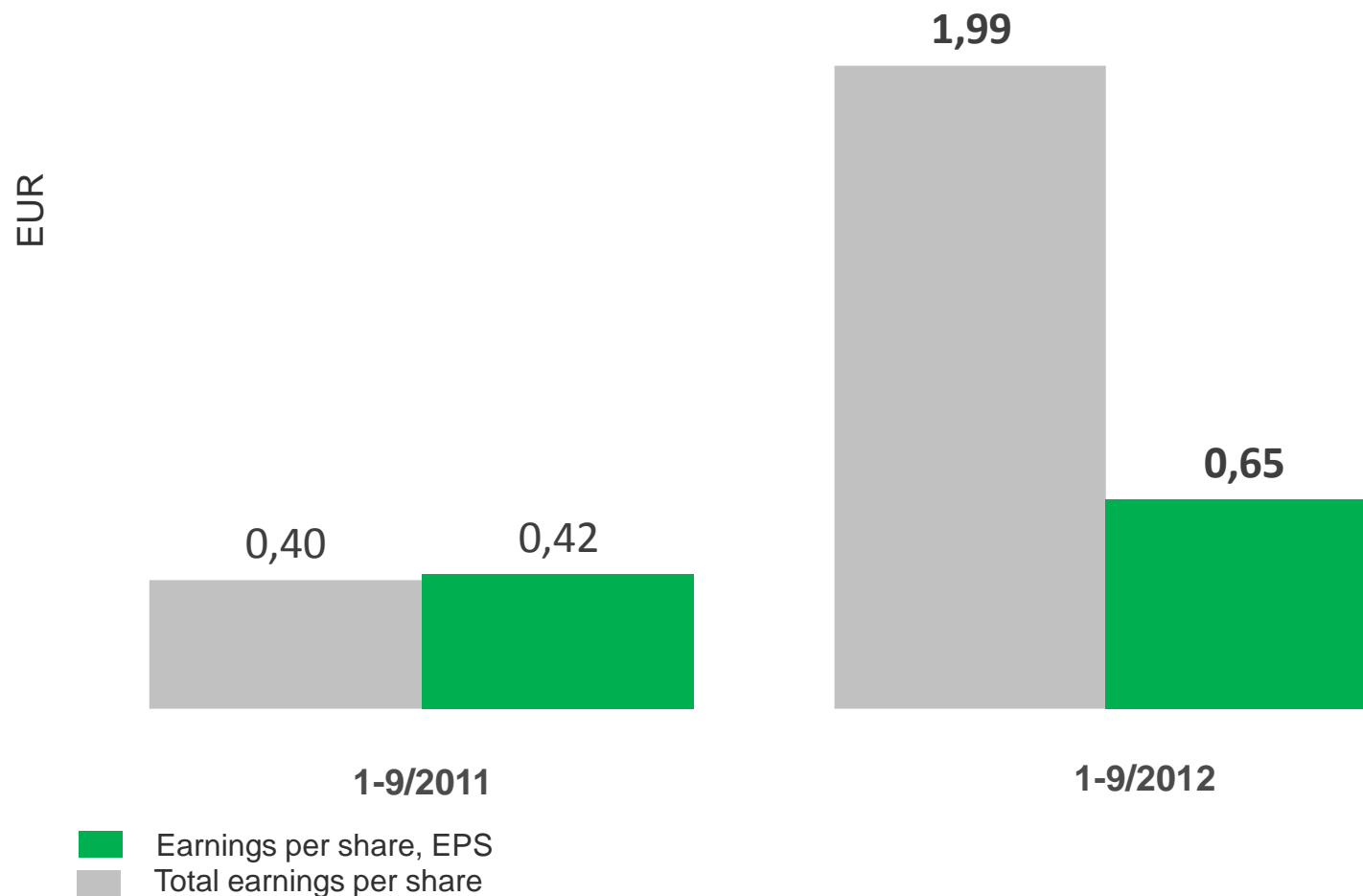
## Continuing operations

Aktia

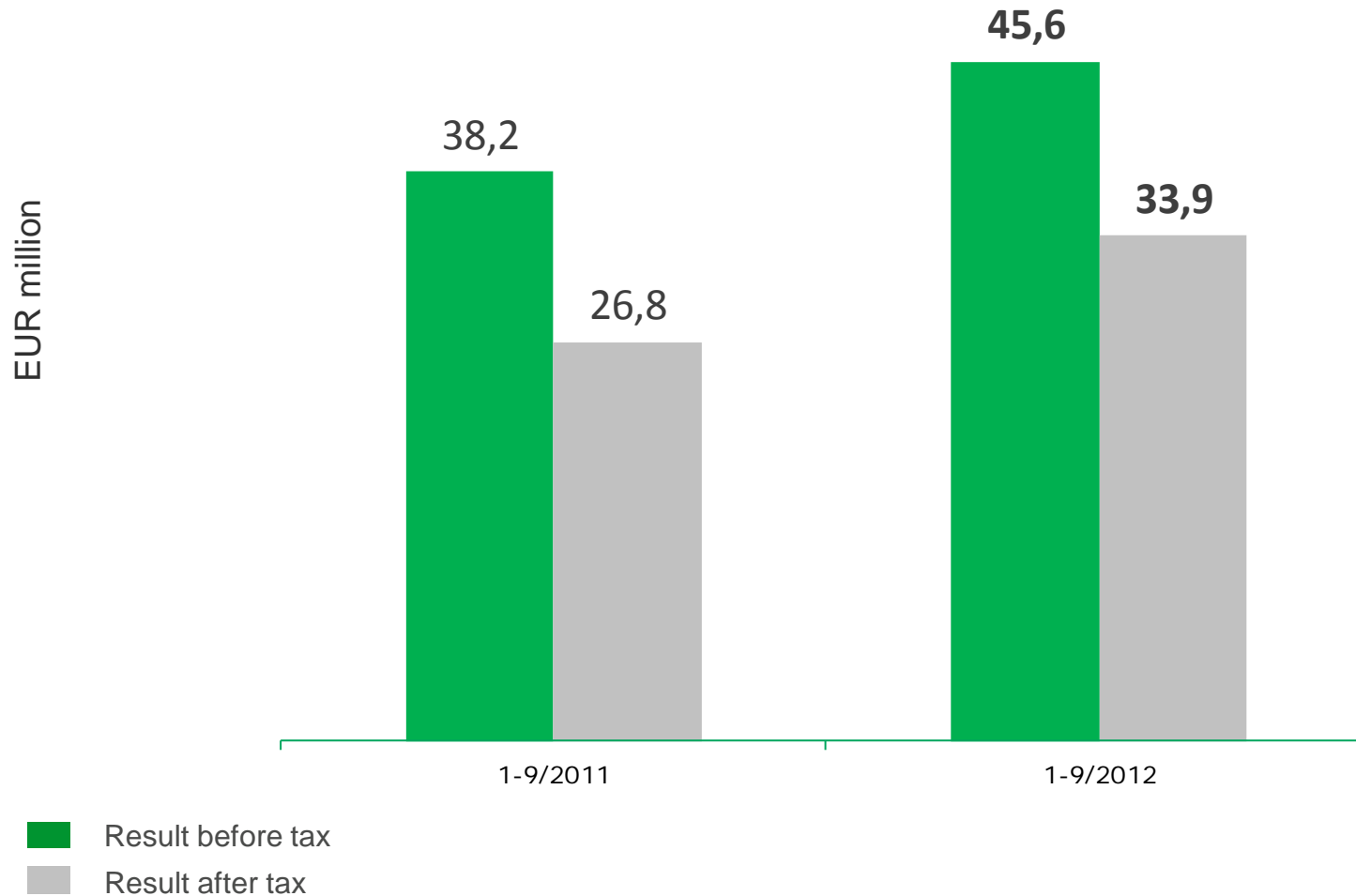


# Higher earnings per share 1-9/2012

Aktia

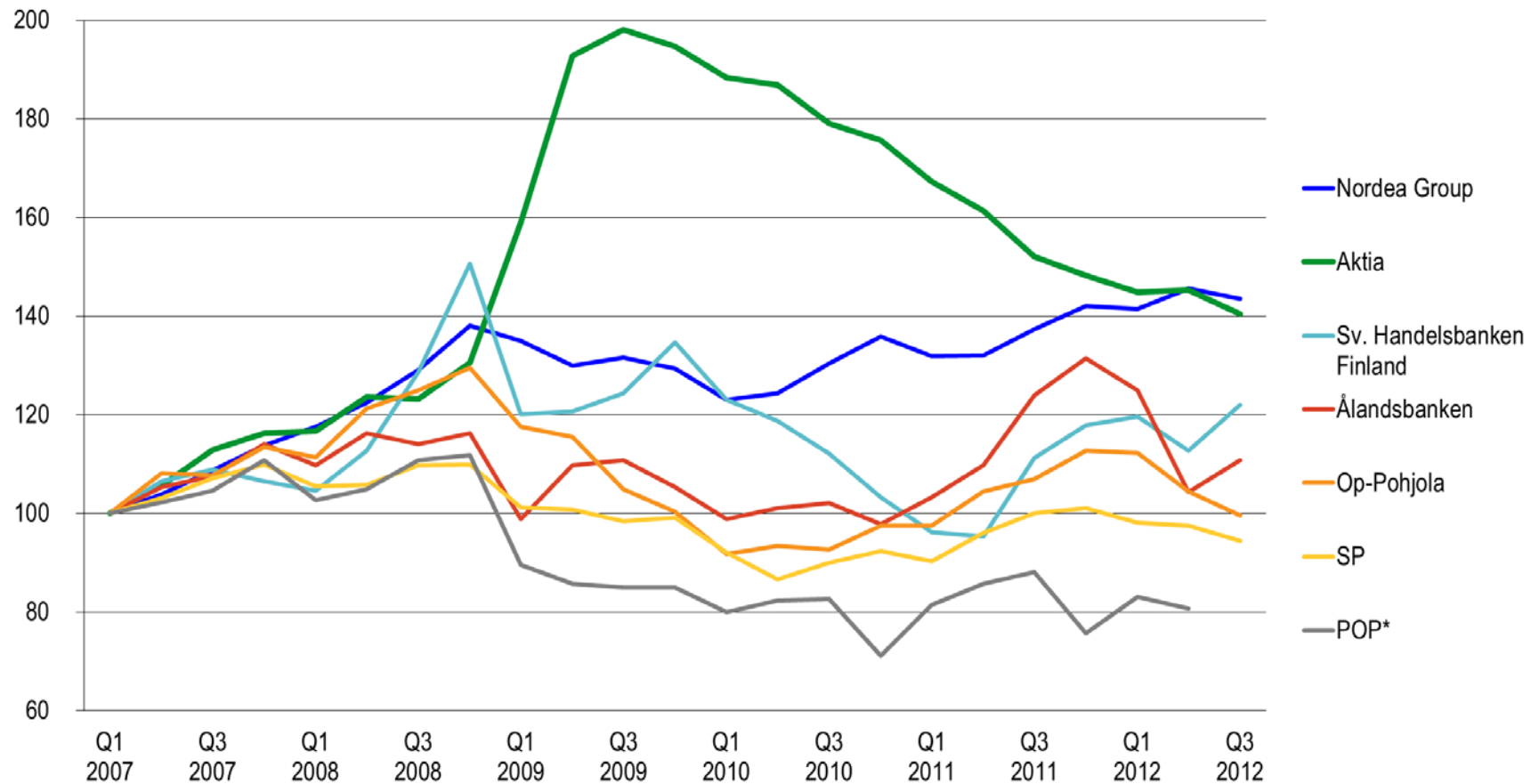


# Result before and after tax Continuing operations



# Net interest income (1/2007 = 100)

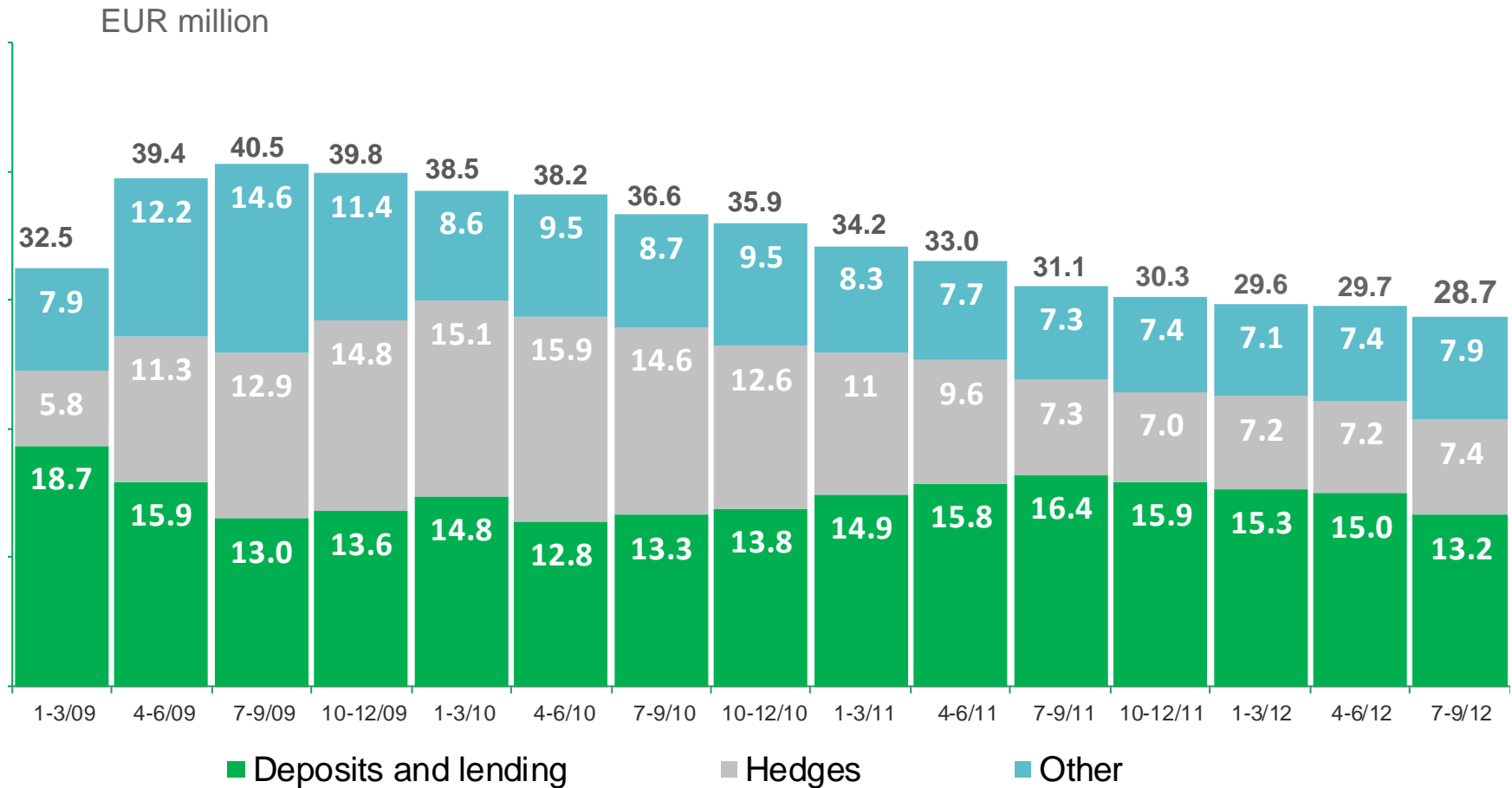
## Banks in Finland



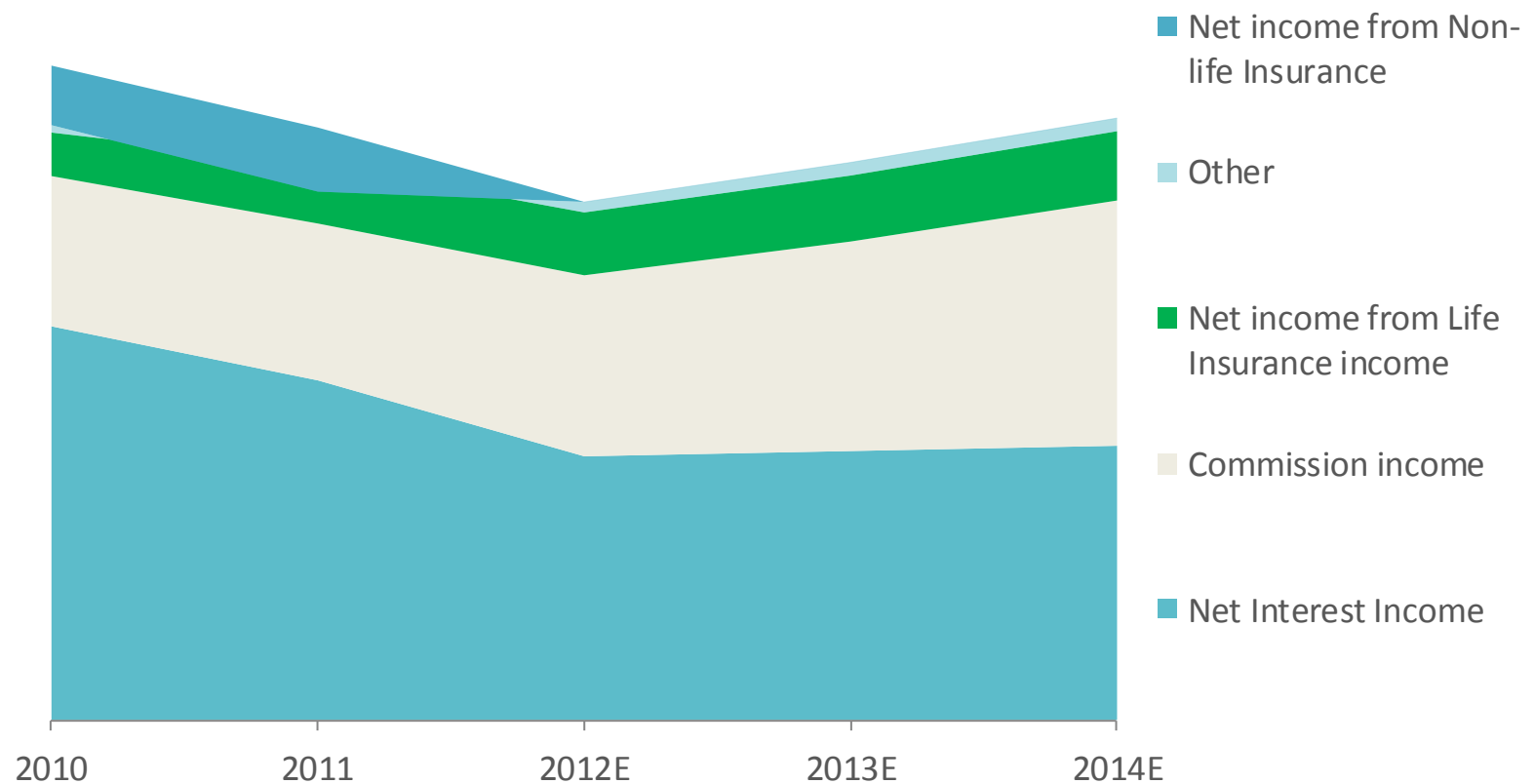
\*Q3/2012 not published



# Net Interest Income



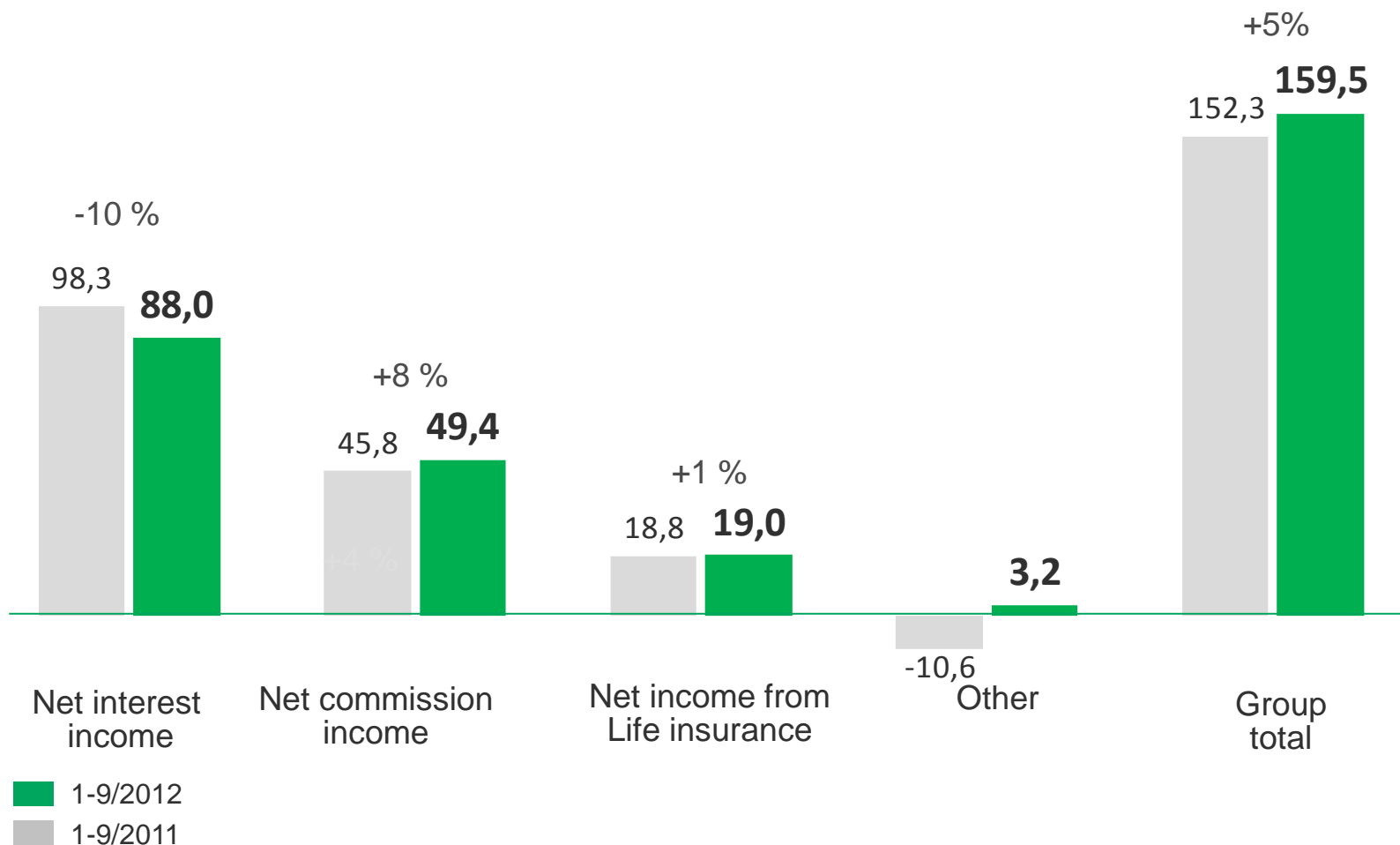
# Growth in low interest rate environmentAktia



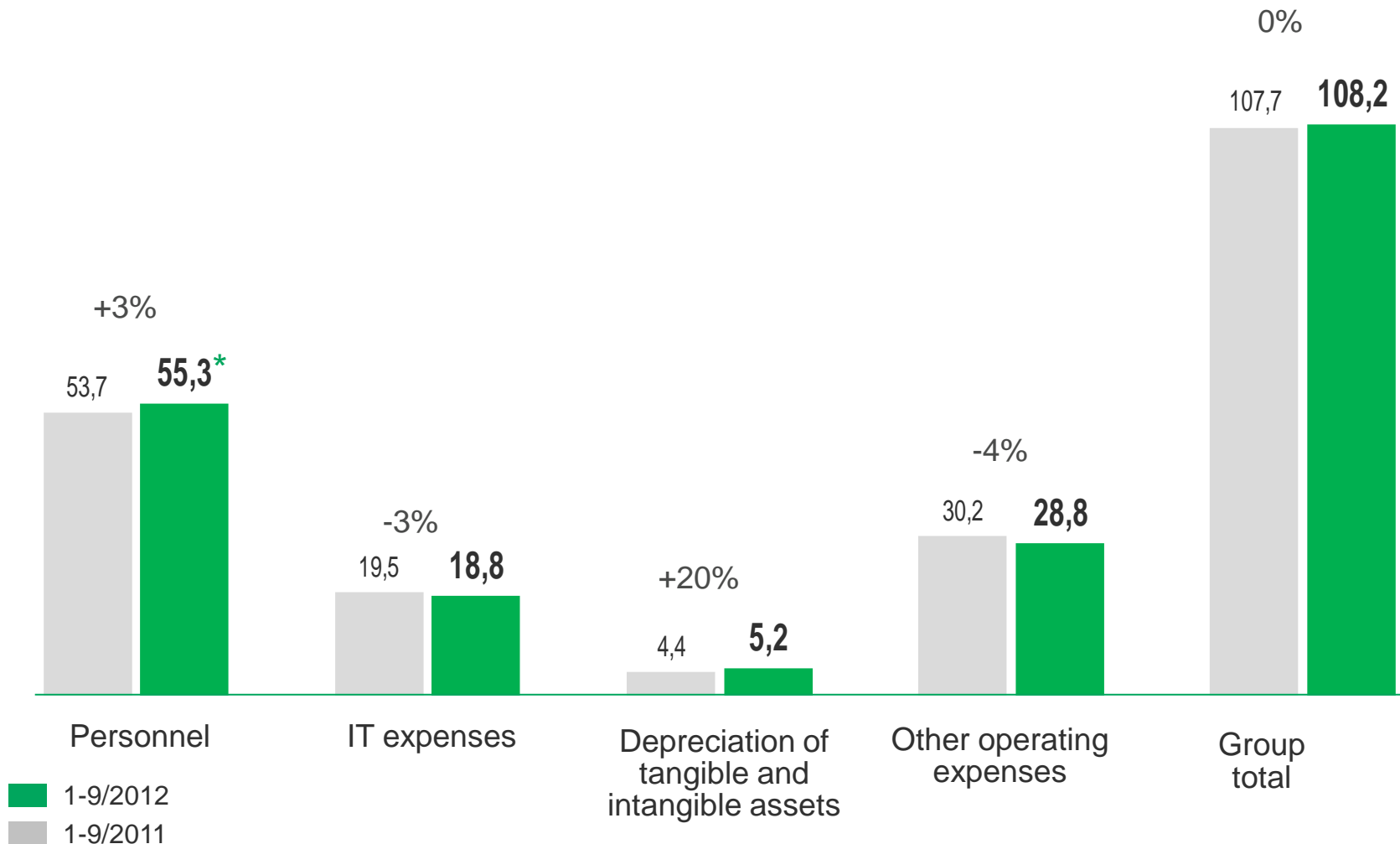
# Income (EUR million)

Aktia

## Commission income and Net income from Life Insurance increased



## Increase of expenses slowed down (EUR million)



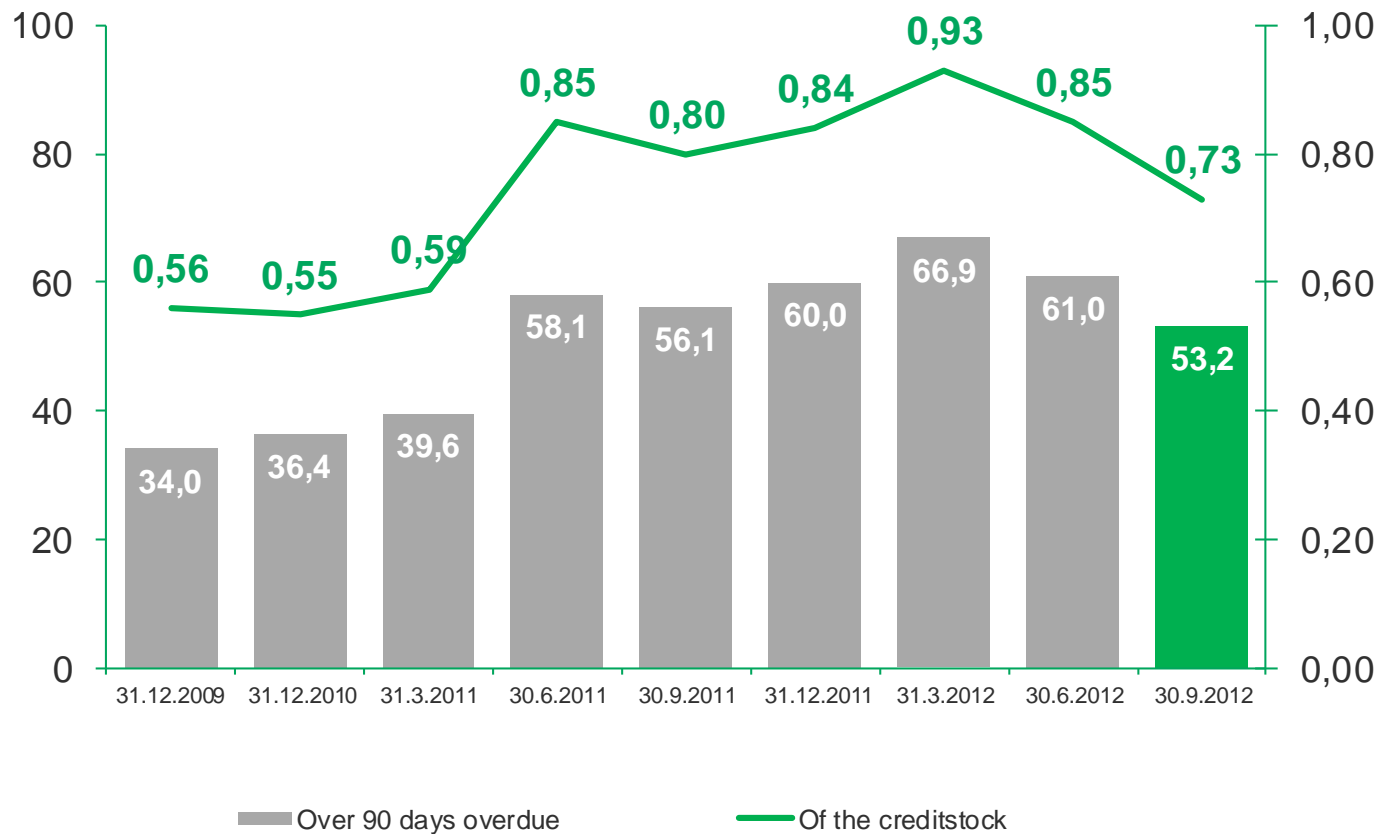
\* Result-based remuneration EUR 5.3 (3.8) million

# Non-performing loans more than 90 days overdue

Aktia

EUR million

%



# Non-performing loans by days overdue

Aktia

Days	30.9.2012	% of credit stock	30.9.2011	% of credit stock	31.12.2011
<b>1-30</b>	<b>138</b>	<b>1.89</b>	<b>209</b>	<b>2.99</b>	<b>160</b>
of which households	118	1.62	144	2.07	115
<b>31-89</b>	<b>54</b>	<b>0.74</b>	<b>61</b>	<b>0.88</b>	<b>53</b>
of which households	36	0.50	47	0.67	46
<b>90-</b>	<b>53</b>	<b>0.73</b>	<b>56</b>	<b>0.80</b>	<b>60</b>
of which households	38	0.53	39	0.56	36

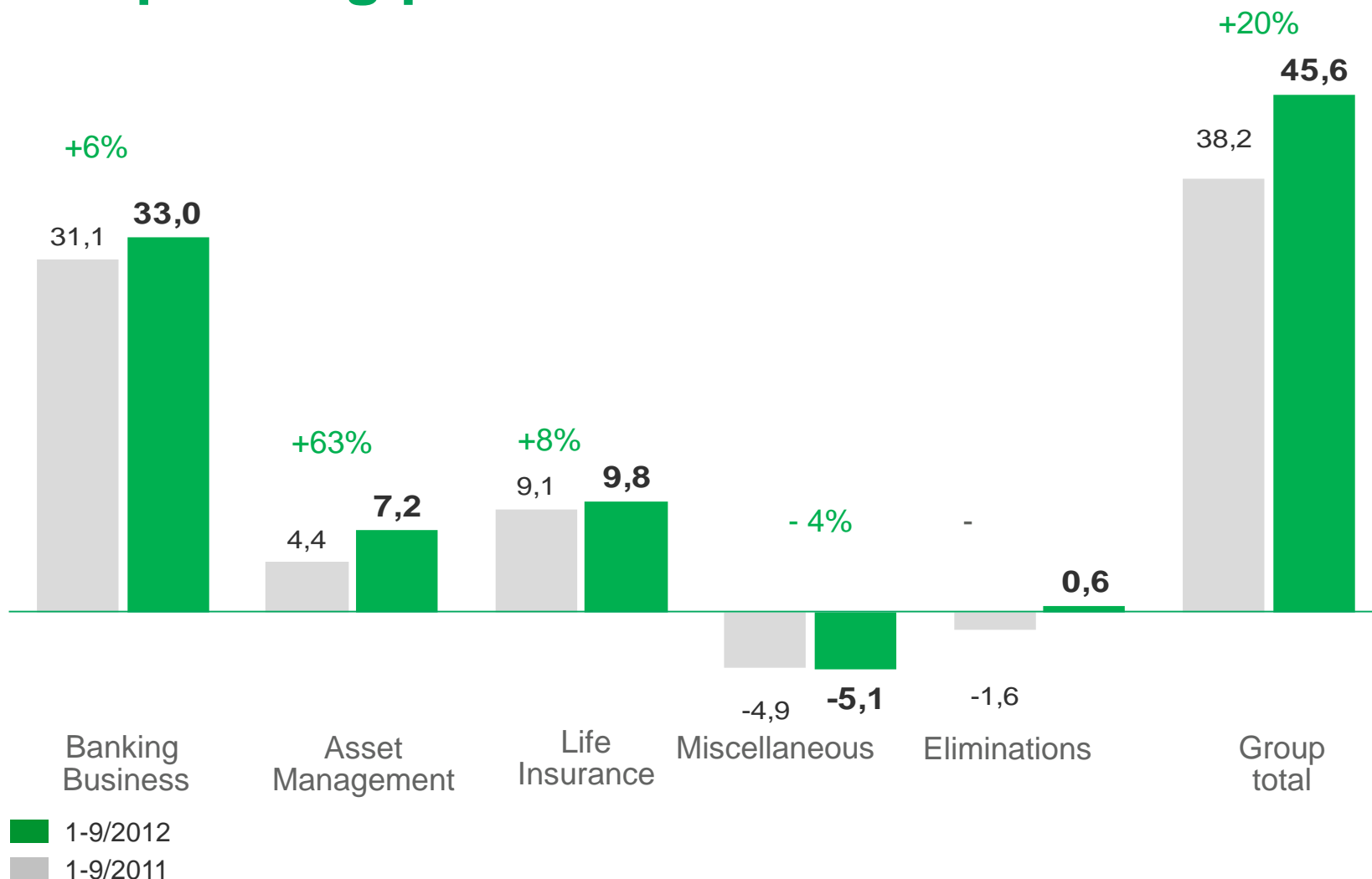
## Write-downs on loans and other commitments

Total write-downs on credits and other commitments stood at EUR 4.6 (6.3) million.

Of these write-downs, EUR 1.4 (0.9) million could be attributed to households and EUR 3.2 (5.4) to companies.

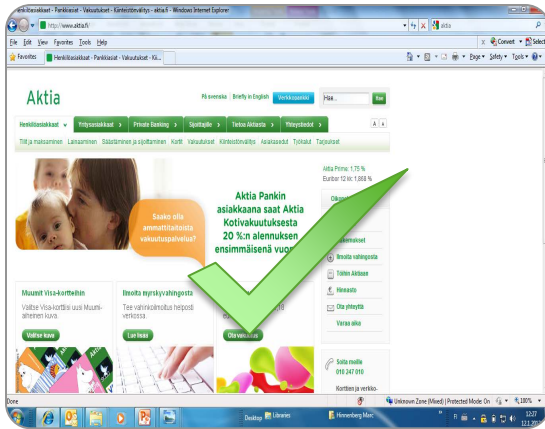
# The segments' contribution to the operating profit

Aktia

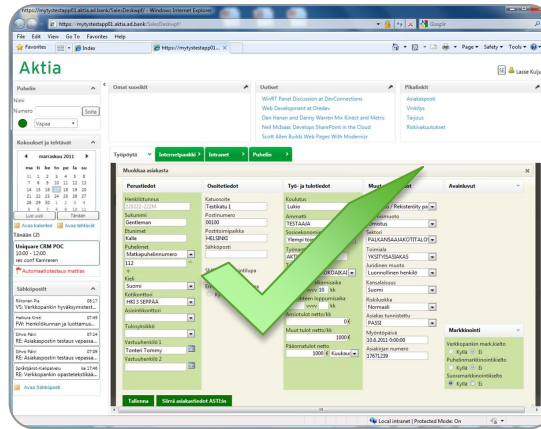




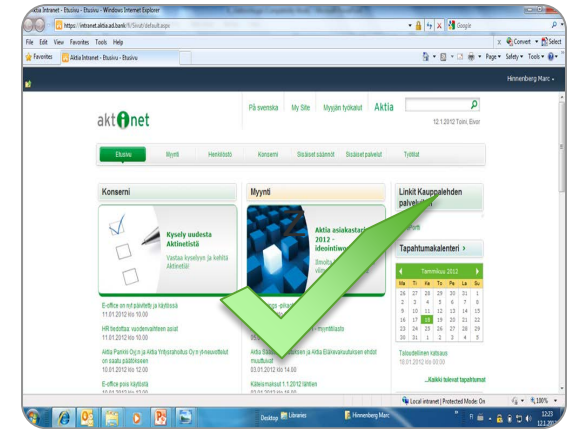
# Development projects 2013 – all completed **Aktia**



Web services



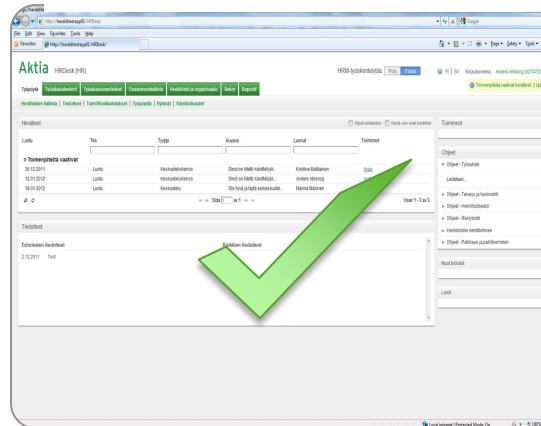
Salesman's desktop



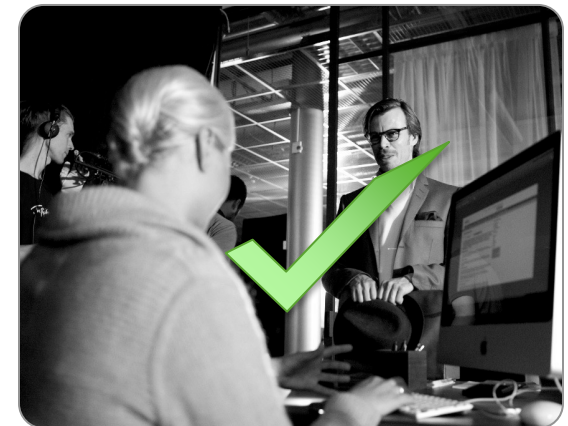
Intranet



Aktia Store



HR project



Regional Back Offices

# Aktia Asset Management

## Assets under management on all time high

Aktia

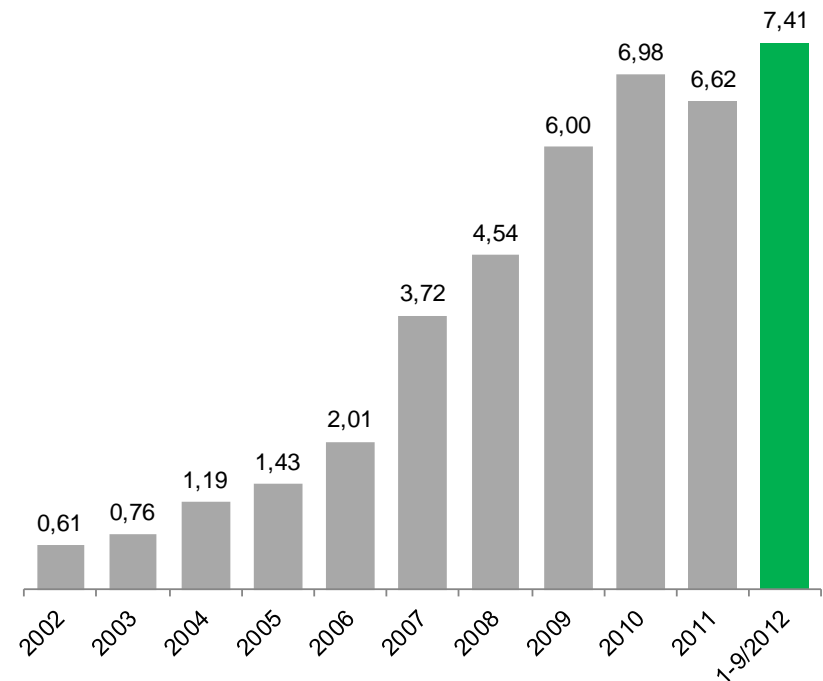
### Top ranked asset management

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



### Assets under management, EUR million

CAGR 28 % p.a.



## Top ranked asset management (SFR)

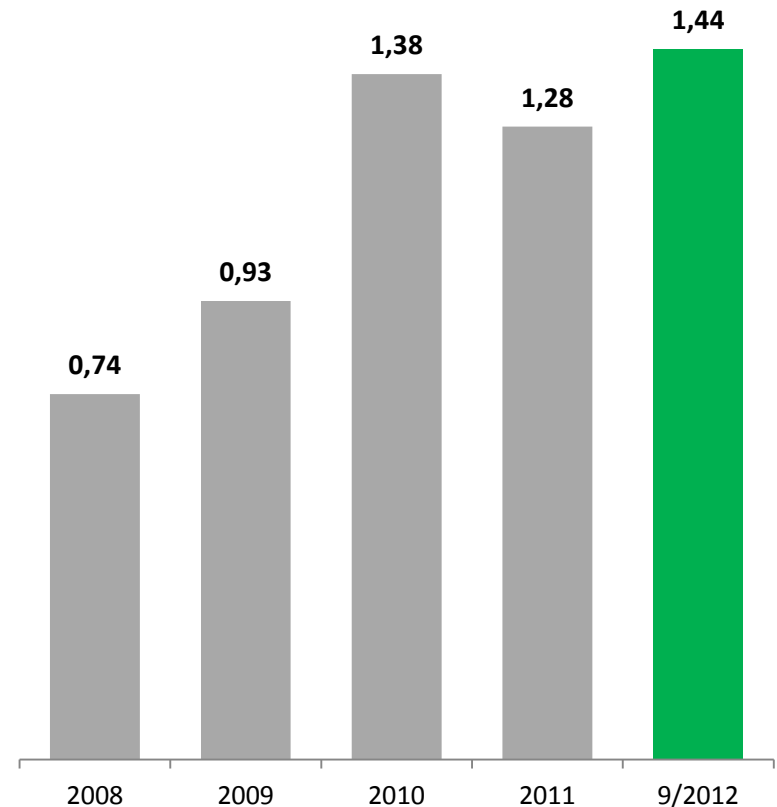
- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for clear investment philosophy
- Best understanding of the customer's needs
- Aktia Invest's fund analysis among the best
- Second year in row we received the highest mark for Quality of Administration
- Highest marks for good reputation and stable organisation

# Aktia Private Banking

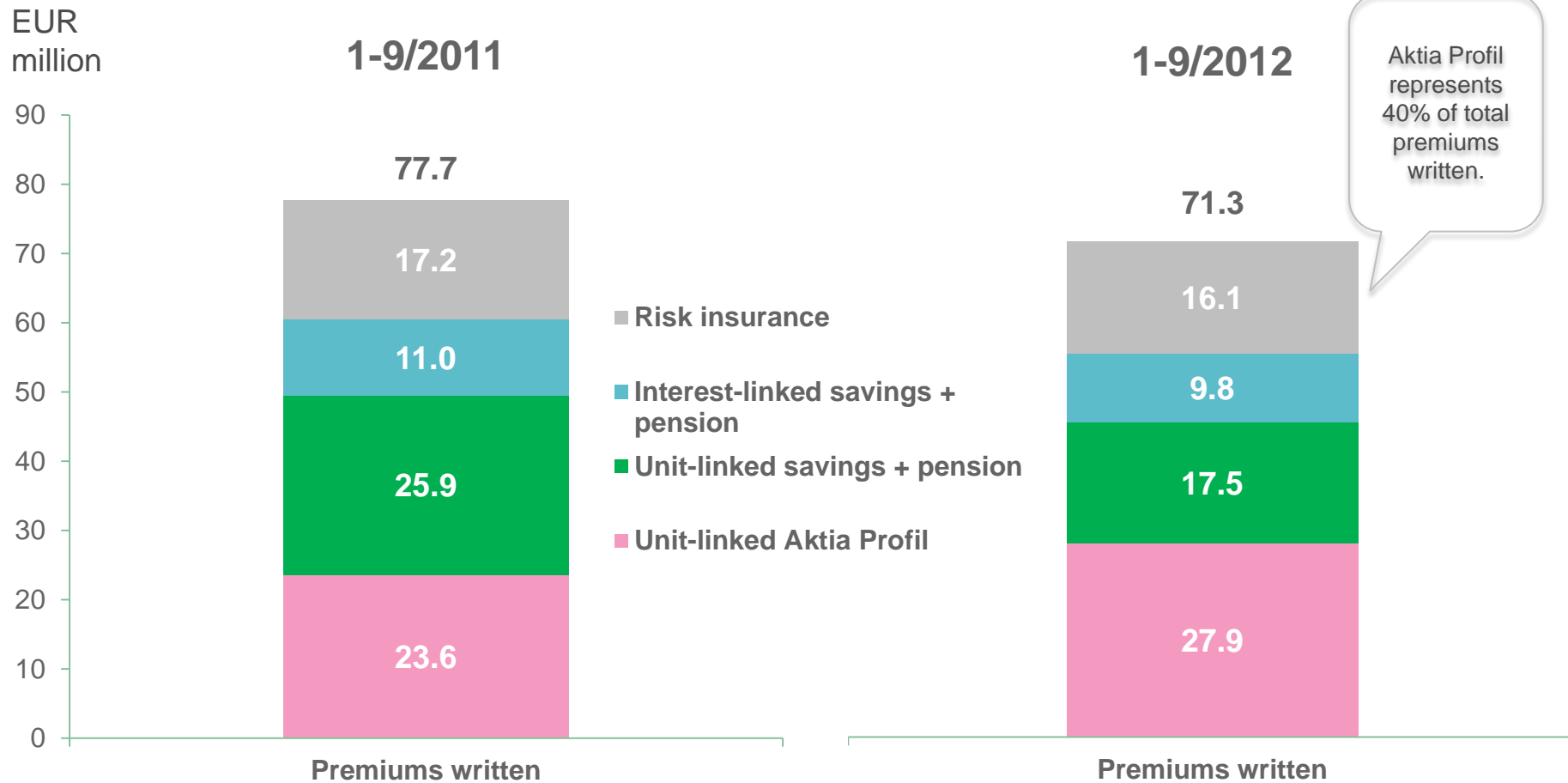
- Individual services for each customer/family
- Optimised allocation of the customer's assets
- A strong alternative in private banking

AuM, EUR bn

CAGR 18 % p.a.

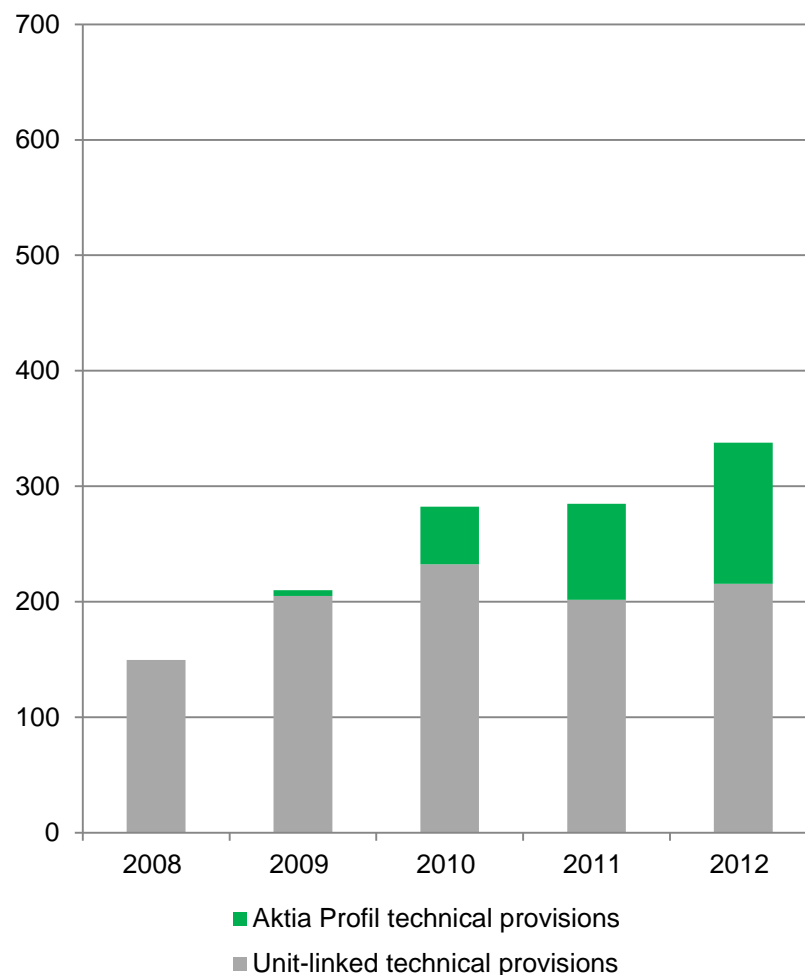
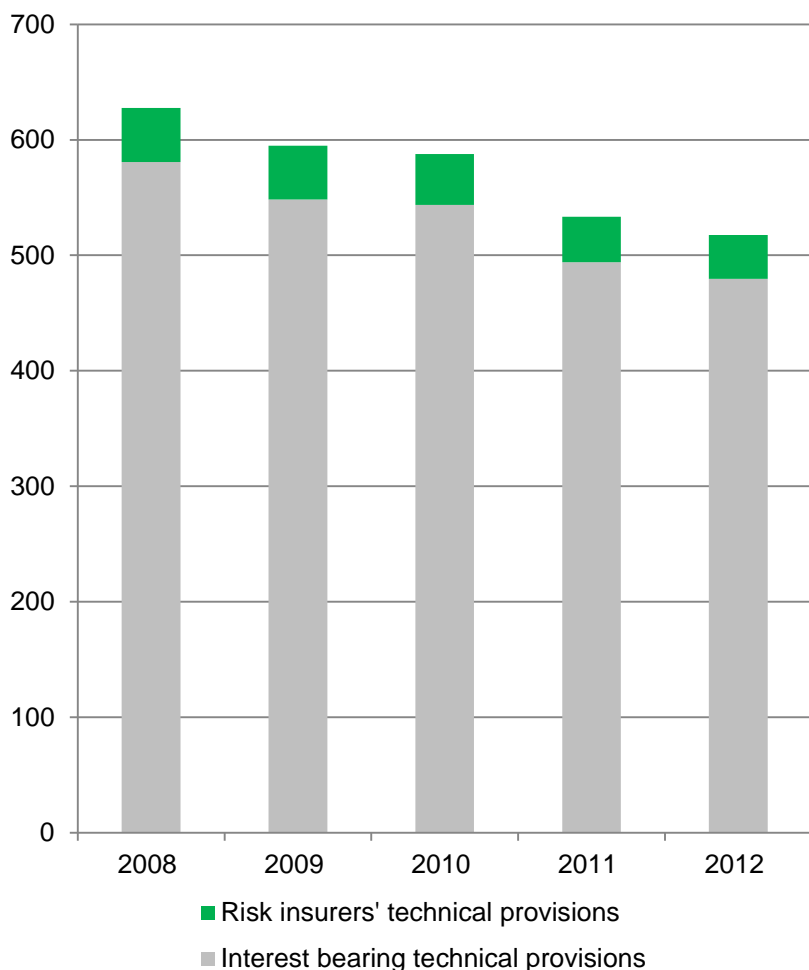


## Life Insurance

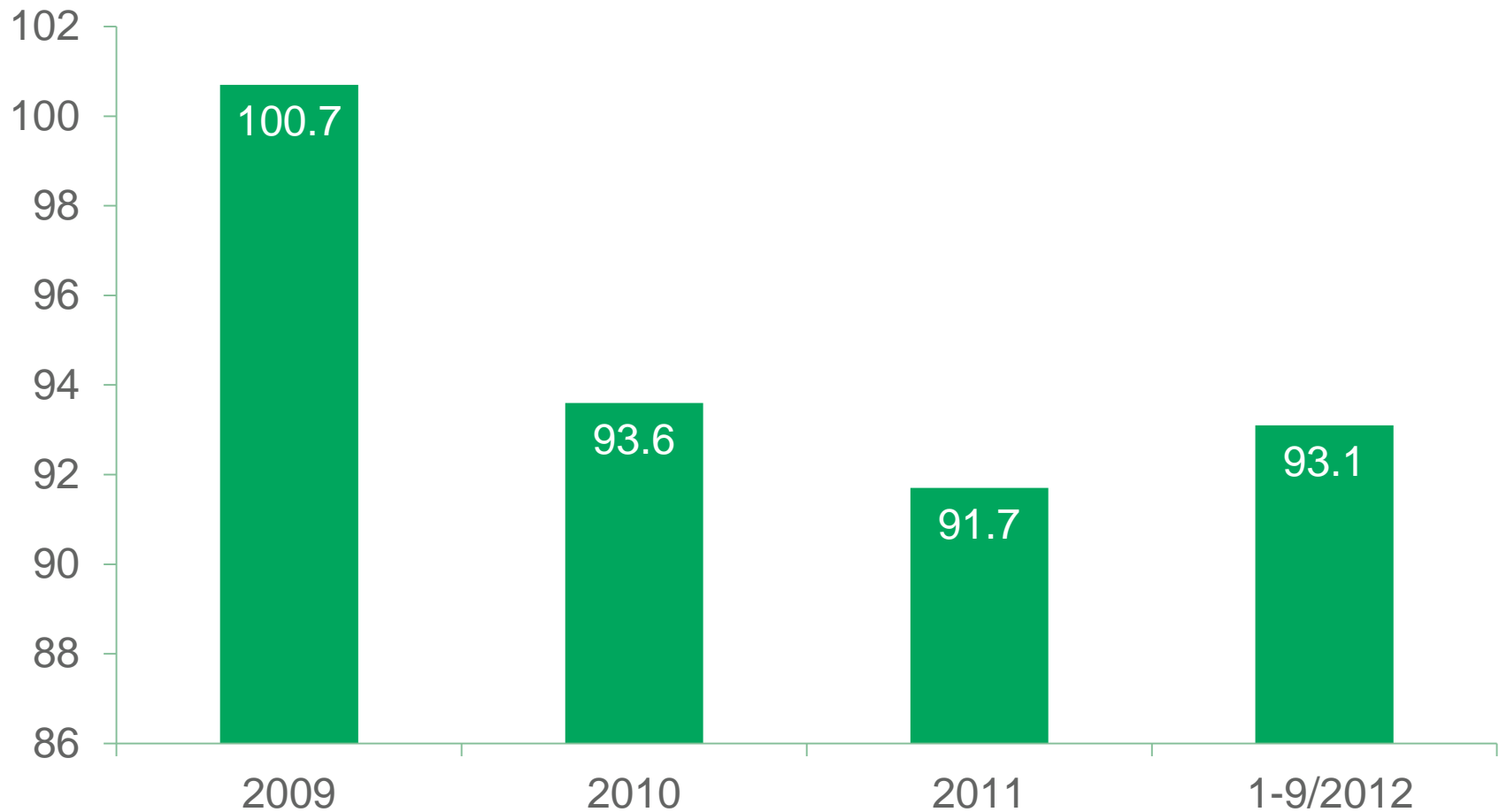


# Shrinking interest-linked stock, growth in unit-linked products

Aktia



## Life Insurance expense ratio, %



# Summary: Operating profit Jan – Sep 2012Aktia

## **Profit**

Operating profit from continuing operations amounted to EUR 45.6 (38.2) million.

The profit for the period was EUR 43.7 (28.6) million.

## **Income**

Income totalled EUR 159.5 (152.3) million.

Net interest income decreased less than expected to EUR 88.0 (98.3) million.

## **Expenses**

The Group's operating expenses totalled EUR 108.2 million (107.7) million.

## **Write-downs**

Group write-downs fell by 27% to EUR 4.6 (6.3) million.



1

Financial performance

2

Capital adequacy

3

Balance sheet and owners

4

Outlook and targets

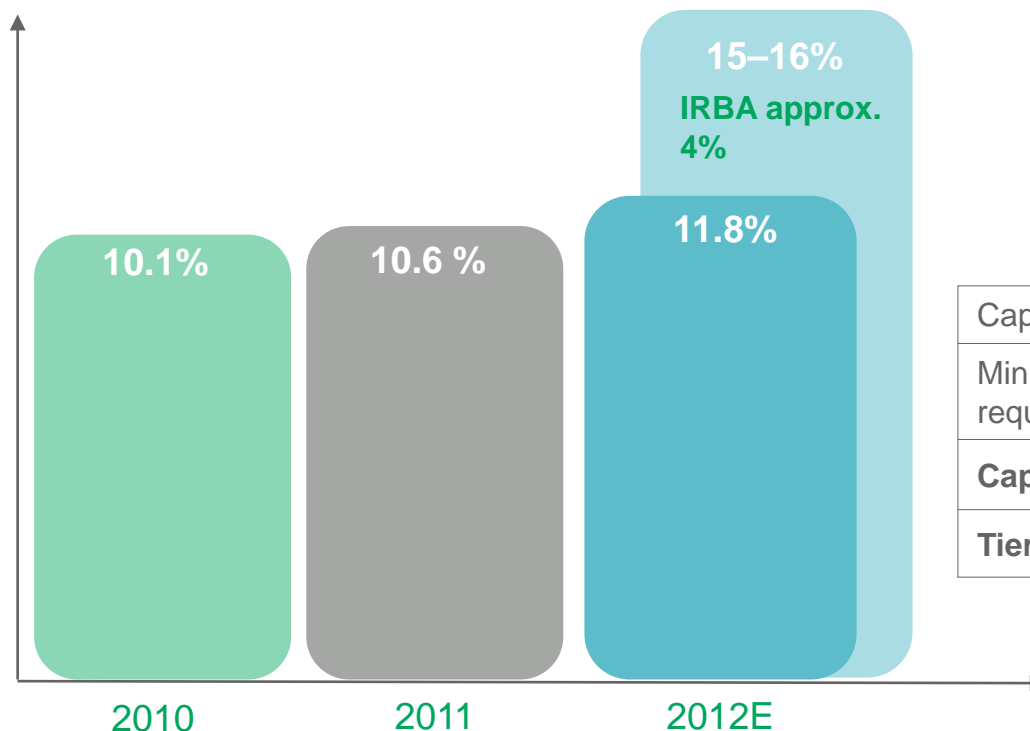
# The Bank's capital adequacy

Aktia

IRBA application was submitted Aug 2011

and is reviewed by Financial Supervisory Authority

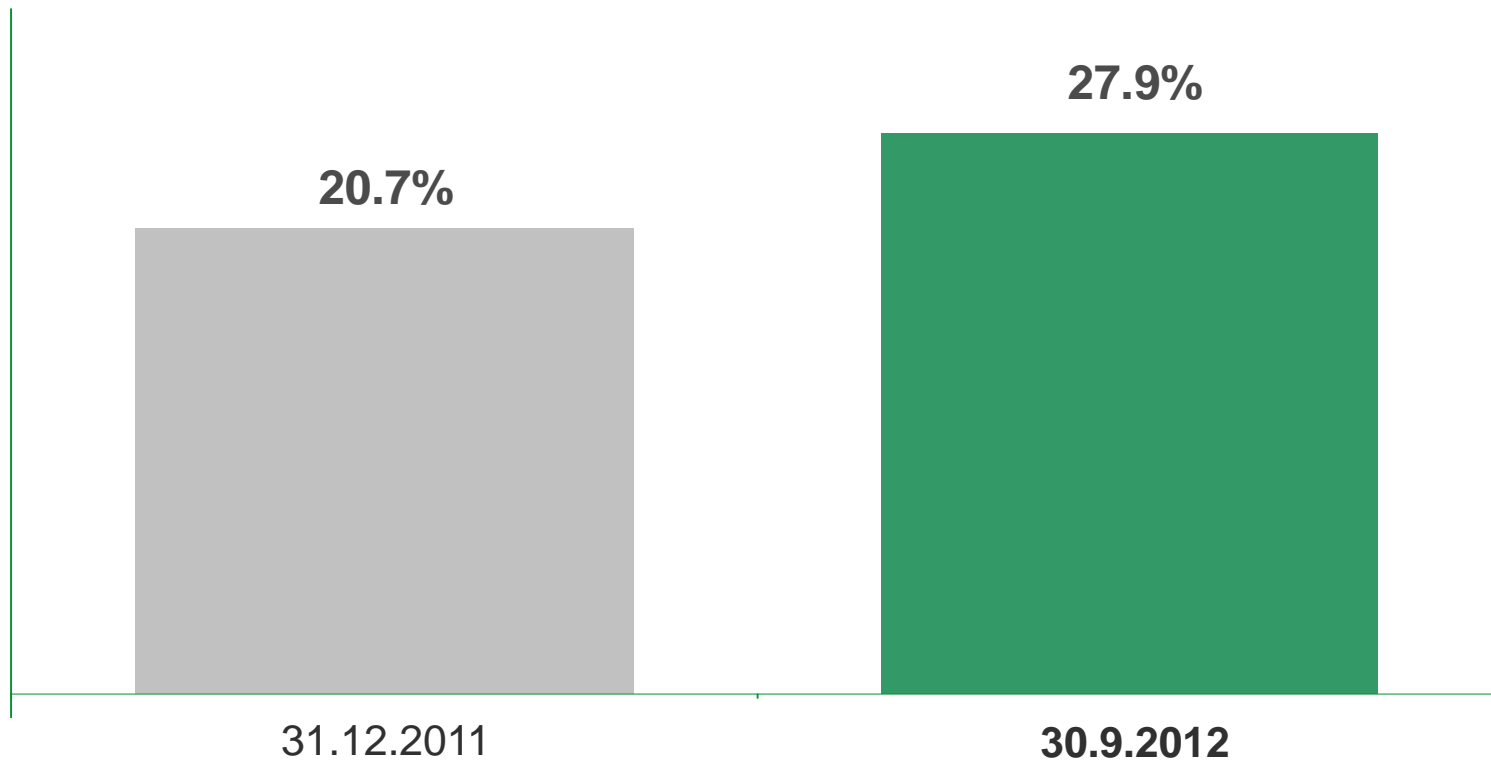
IRBA is expected to increase Tier 1 capital ratio by approx. 4%



	30.9.2012	31.12.2011
Capital buffer	444.3	303.5
Minimum capital requirements	298.2	295.5
Capital adequacy ratio, %	19.9	16.2
Tier 1 capital ratio, %	11.8	10.6

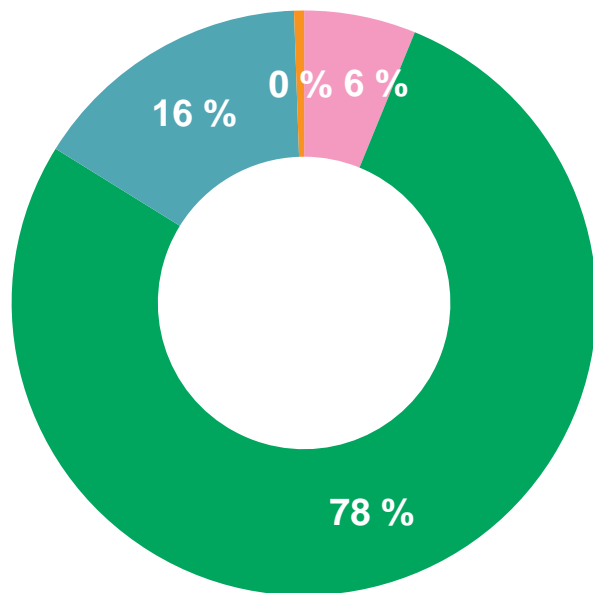
# Life insurance Solvency ratio further improved

Aktia



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

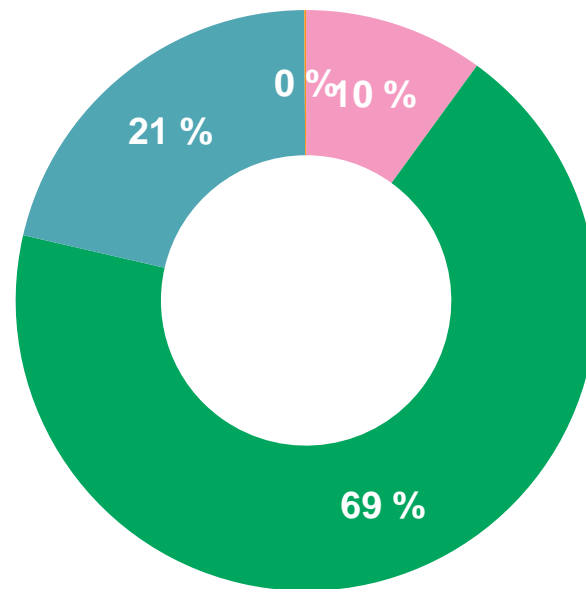
EUR 2,197 million



30.9.2012

EUR 1,968 million

- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl CB
- Corporate loans
- Real estate
- Alternative investments



31.12.2011

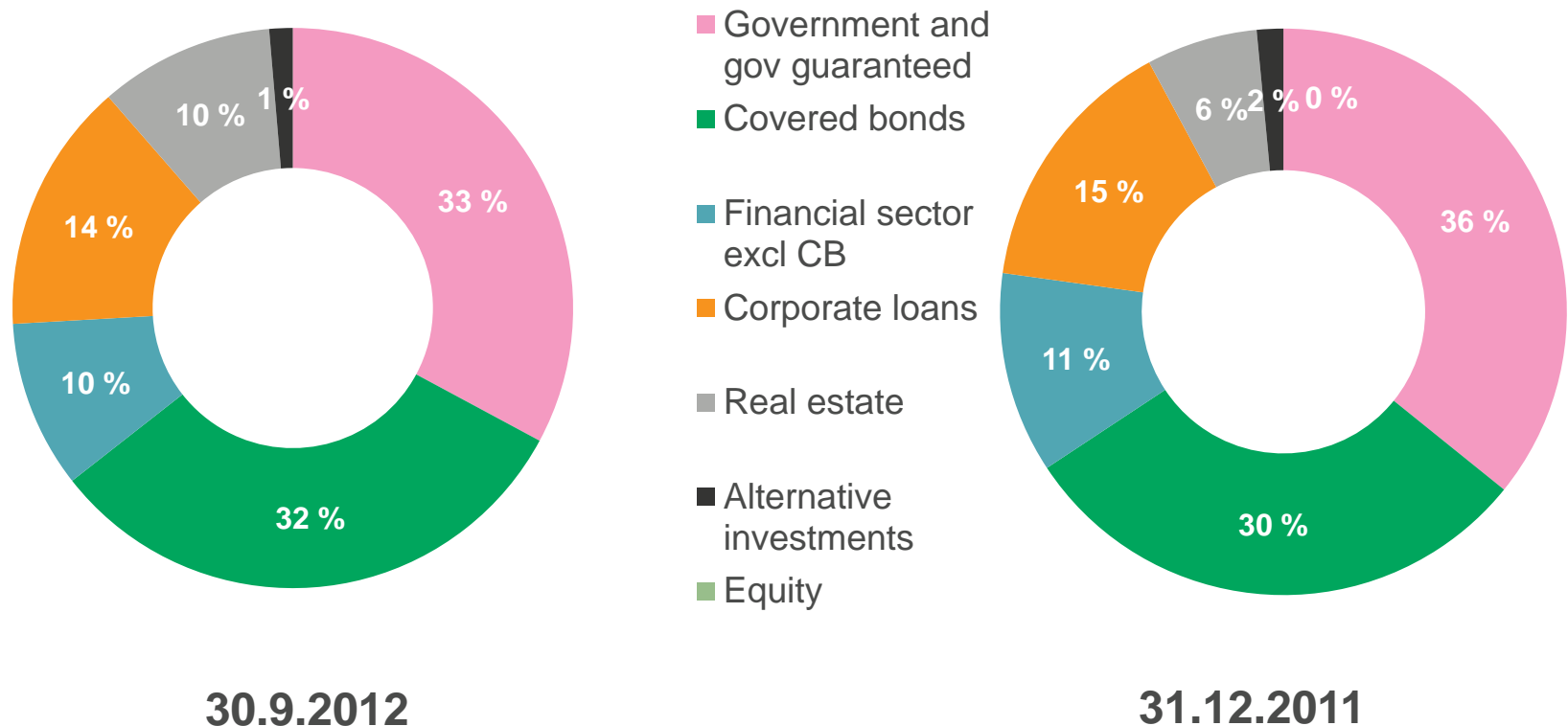
# Rating distribution for the liquidity portfolio of the Bank Group

	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 eller sämre	0.0%	0.0%
Inhemska kommuner (saknar rating)	3.9%	2.1%
No rating	0.0%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

# Continued convergence towards Solvency II Life Insurance Company

Return on investments 9.0 (5.0)%

Duration 6.0 (5.7) years

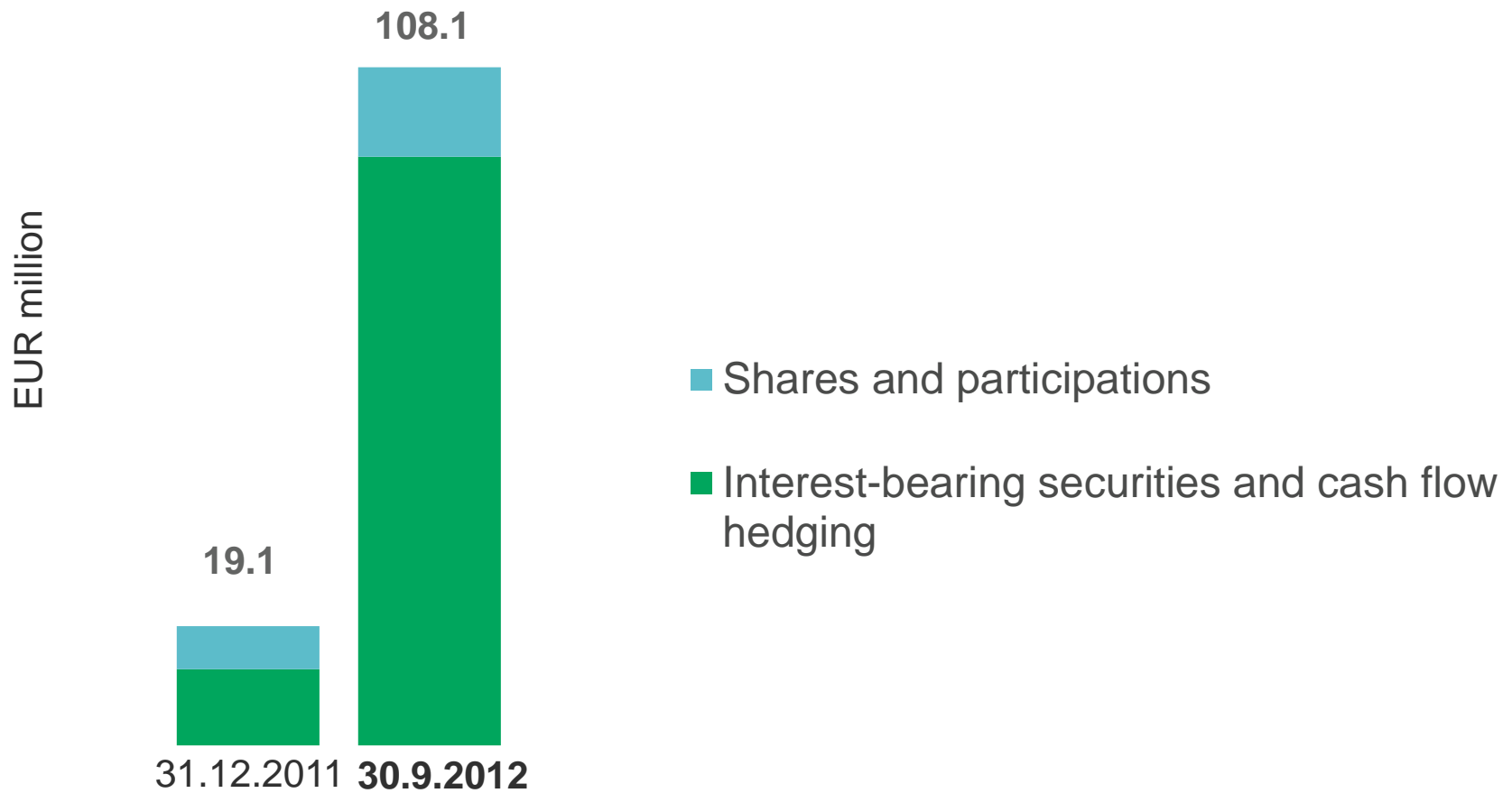


# Rating distribution for life insurance business

Aktia

Life Insurance (EUR million)	30.9.2012 551	31.12.2011 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%
<b>Total</b>	<b>100%</b>	<b>100%</b>

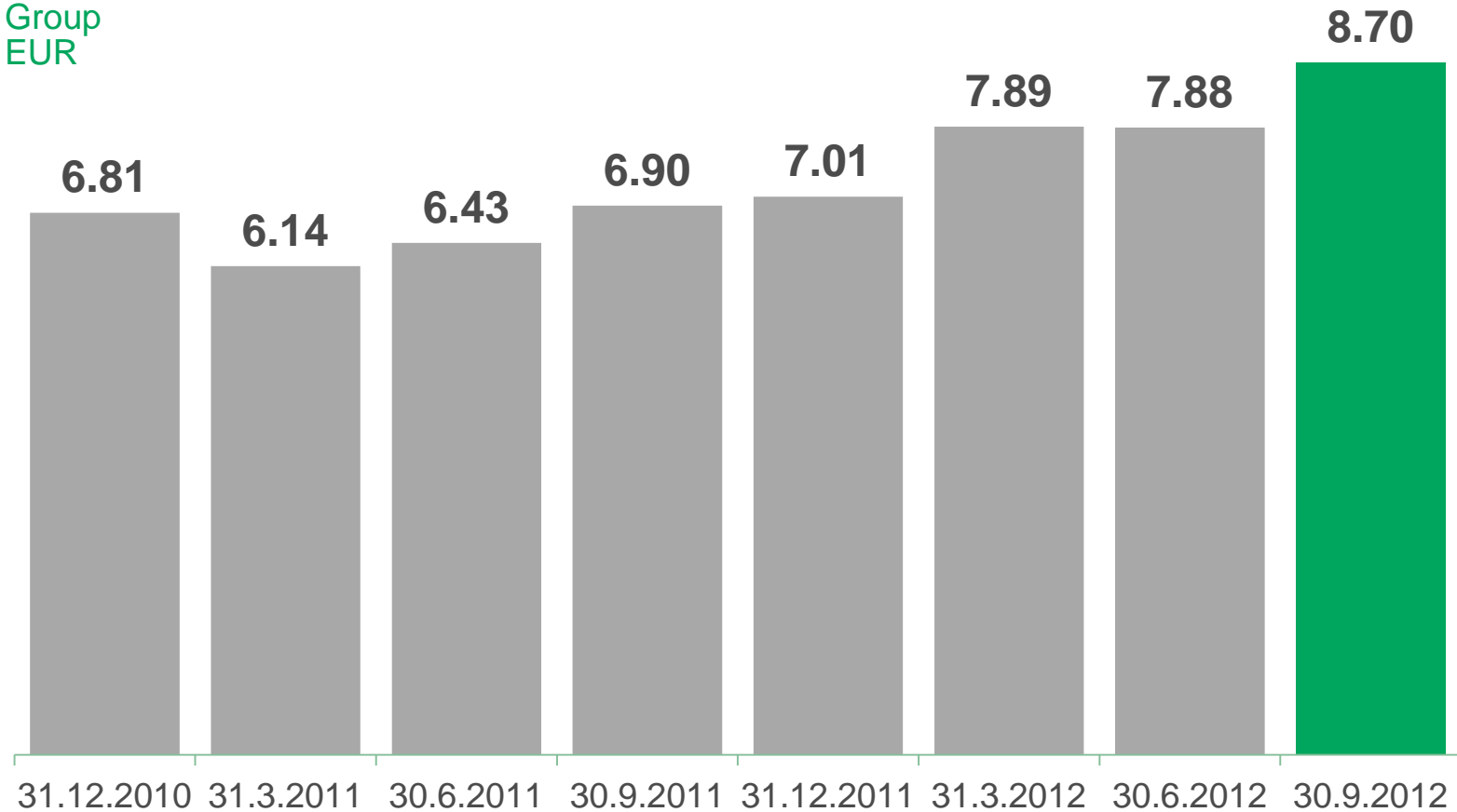
## Fund at fair value





# Equity per share (NAV)

Group  
EUR



## Summary: capital adequacy January-September 2012

### Capital adequacy

The Bank Group's capital adequacy amounted to 19.9 (16.2)%.

The Tier 1 capital ratio was 11.8 (10.6)%.

The life insurance company's solvency margin

The solvency margin was EUR 160.5 (117.2) million.

Solvency ratio 27.9 (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 Aa3.

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

# Balance sheet 30 September 2012

Aktia

The Group's balance sheet total was almost unchanged and amounted to EUR 11,220 (11,056) million.

Borrowing amounted to EUR 3,651 (3,645) million.

Lending to the public amounted to EUR 7,252 (7,063) million. Loans to private households amounted to EUR 6,225 million or 85.8 % of the credit stock.

The housing loan stock amounted to EUR 5,855 (5,607) million showing an increase of 4%.

Corporate lending continued to be moderate

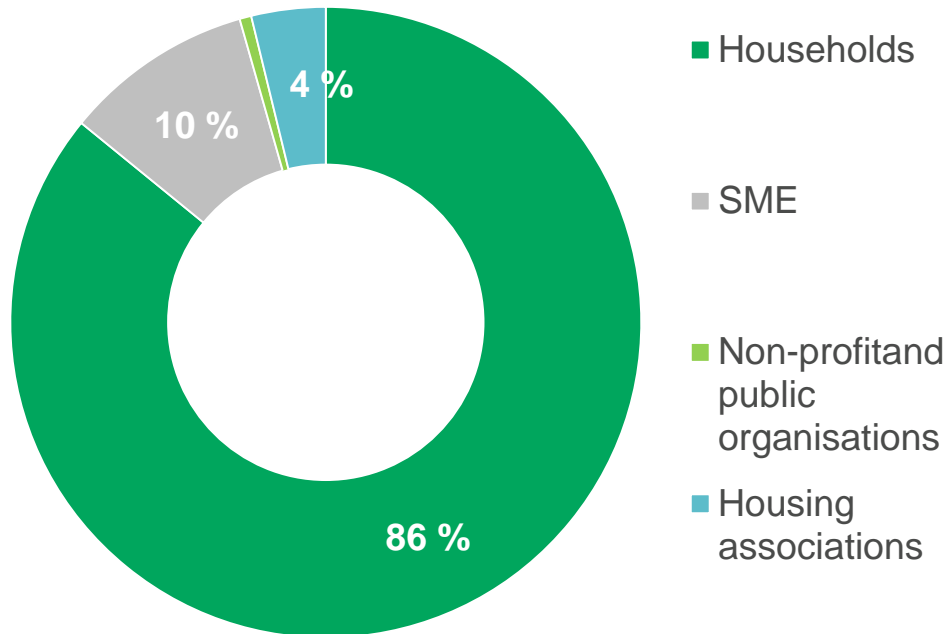
The credit stock amounted to EUR 705 (758) million, corresponding to 9.7 %

# Credit and deposit stocks

## 30 September 2012

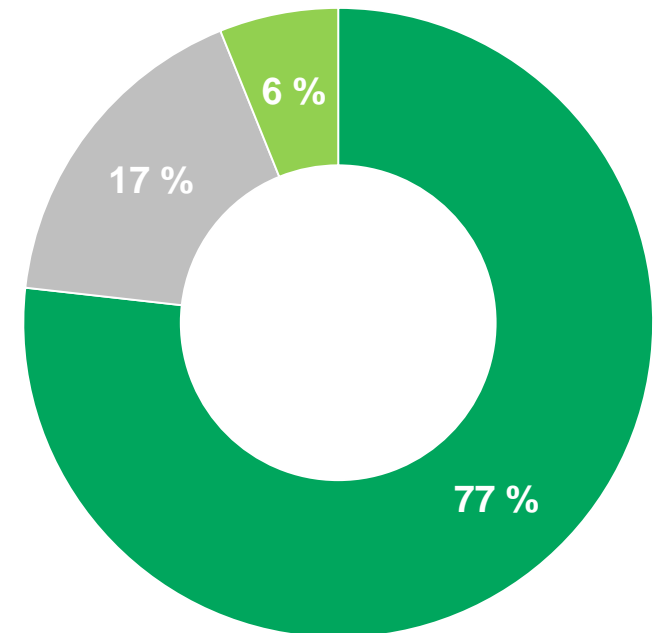
### Credits

EUR 7,252 (7,063) million



### Deposits

EUR 3 651 (3 645) million



# Share capital and ownership 30 September 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	1,681,802	789,229	2,471,031	3.69	17,466,382	3.9
AktiaStiftelsen i Esbo-Grankulla	1,595,640	751,000	2,346,640	3.5	16,615,640	3.71
Stiftelsen för Åbo Akademi	1,000,000	1,247,745	2,247,745	3.36	25,954,900	5.79
AktiaStiftelsen i Borgå	1,303,370	651,525	1,954,895	2.92	14,333,870	3.2
AktiaStiftelsen i Vanda	461,871	1,105,024	1,566,895	2.34	22,562,351	5.04
AktiaStiftelsen i Vasa	978,525	547,262	1,525,787	2.28	11,923,765	2.66
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	1.96	9,641,809	2.15
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf	670,040	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
Alfred Berg Finland Mutual funds	994,770	-	994,770	1.49	994,770	0.22
Sparbanksstiftelsen i Sjundeå	374,377	232,188	606,565	0.91	5,018,137	1.12
AktiaStiftelsen i Malax	354,138	177,600	531,738	0.79	3,906,138	0.87
<b>The 20 largest owners</b>	<b>29,001,487</b>	<b>16,722,212</b>	<b>45,723,699</b>	<b>68.26</b>	<b>363,445,727</b>	<b>81.13</b>
Other	17,935,421	3,328,638	21,264,059	31.74	84,508,181	18.87
<b>Total</b>	<b>46,936,908</b>	<b>20,050,850</b>	<b>66,987,758</b>	<b>100.00</b>	<b>447,953,908</b>	<b>100.00</b>

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

# Outlook for 2012

Aktia

**Profitability improved through increased sales, cost cuts as well as effective risk management and capital optimisation.**

**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 was therefore not possible to maintain in a low interest rate environment. Write-downs for the full-year 2012 are expected to decrease. **Operating profit from continuing operations for 2012 will exceed the level in 2011 (changed 15.10.2012).**

**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 and liquidity requirements.

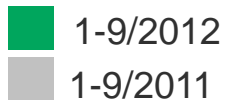
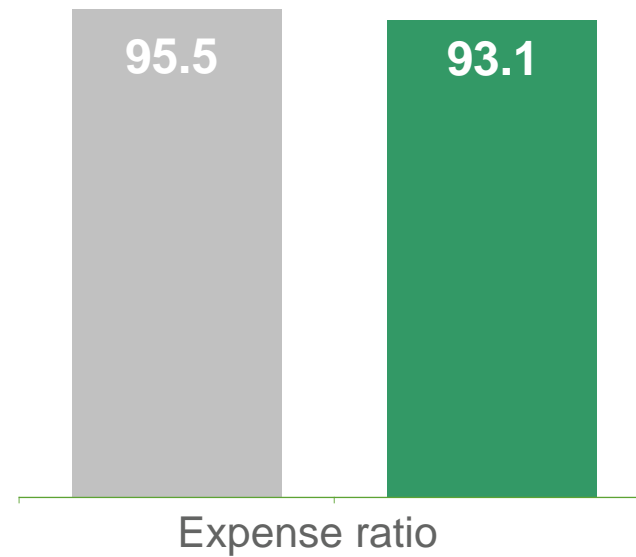


## Cost efficiency

### Banking Business

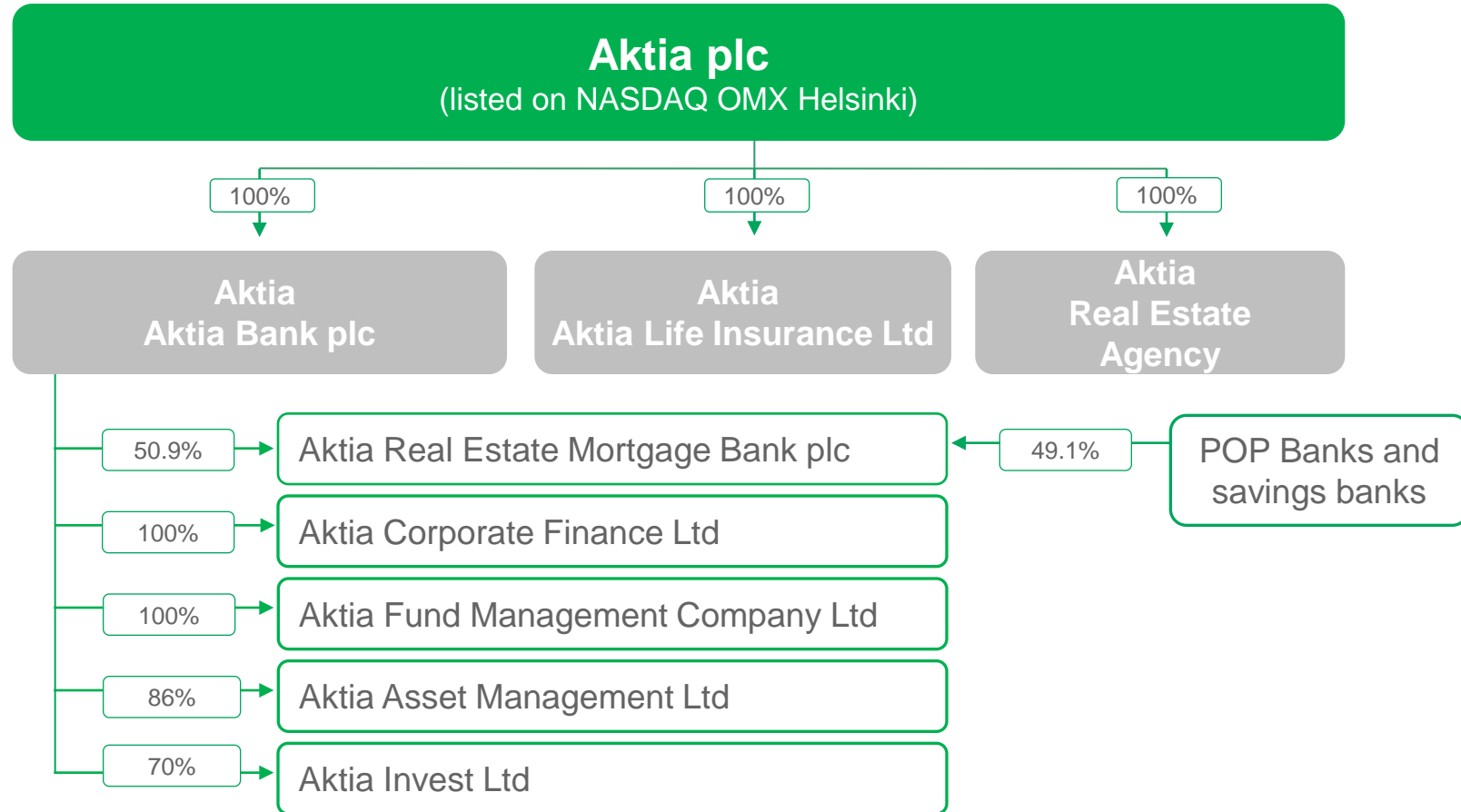


### Life Insurance



# Legal structure

# Aktia



# Targets 2012–2015

## Growth

Increase cross-selling index by 20%  
Increase commission income by 5% p.a.

## Profitability

Cut costs by -5% p.a.

## Capital adequacy

Tier 1 capital ratio at least 13 % over an economic cycle

## Dividend payout

Dividend payout 40–60% of profit annually

## Best customer service in Finland

Customer closeness and further improved customer service

## Results 9/2011–9/2012

	1-9/2012	1-9/2011	Change, %	New objectives for 2015
Commission income	60.7	57.7	+5%	+5% p.a.
<b>Expenses</b>				
Staff costs*	55.3	53.7	+3%/ 0%*	-5% p.a.
IT expenses	18.8	19.5	-3%	
Other	28.8	30.2	-4%	

\* Excluding result-based remuneration and provisions for the personnel fund, amounting to EUR 5.3 (3.8) million

# Balance sheet, assets

(EUR million)	30.9.2012	31.12.2011	Δ	30.9.2011
<b>Assets</b>				
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
<b>Total assets</b>	<b>11,220.3</b>	<b>11,056.1</b>	<b>1 %</b>	<b>10,746.0</b>

# Balance sheet, liabilities

(EUR million)	30.9.2012	31.12.2011	Δ	30.9.2011
<b>Liabilities</b>				
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
<b>Total liabilities</b>	<b>10,576.5</b>	<b>10,532.3</b>	<b>0 %</b>	<b>10,228.5</b>
<b>Equity</b>				
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
<b>Equity</b>	<b>643.7</b>	<b>523.8</b>	<b>23 %</b>	<b>517.5</b>
<b>Total liabilities and equity</b>	<b>11,220.3</b>	<b>11,056.1</b>	<b>1 %</b>	<b>10,746.0</b>

Aktia

Aktia

We see a person in every customer

