



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).

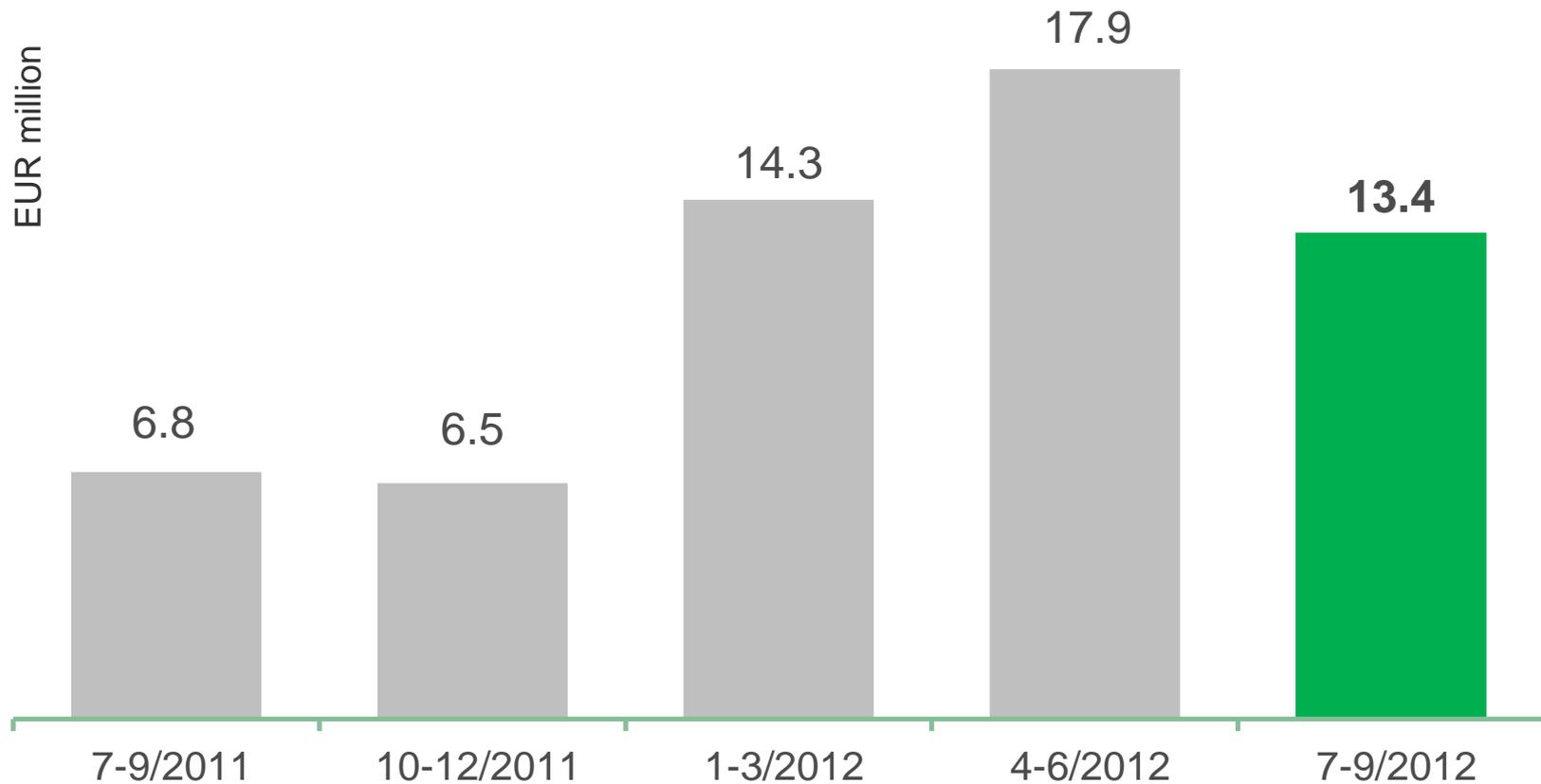
Higher provisions for group write-downs increased write-downs on credits and other commitments to EUR 1.8 (1.1) million.

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.

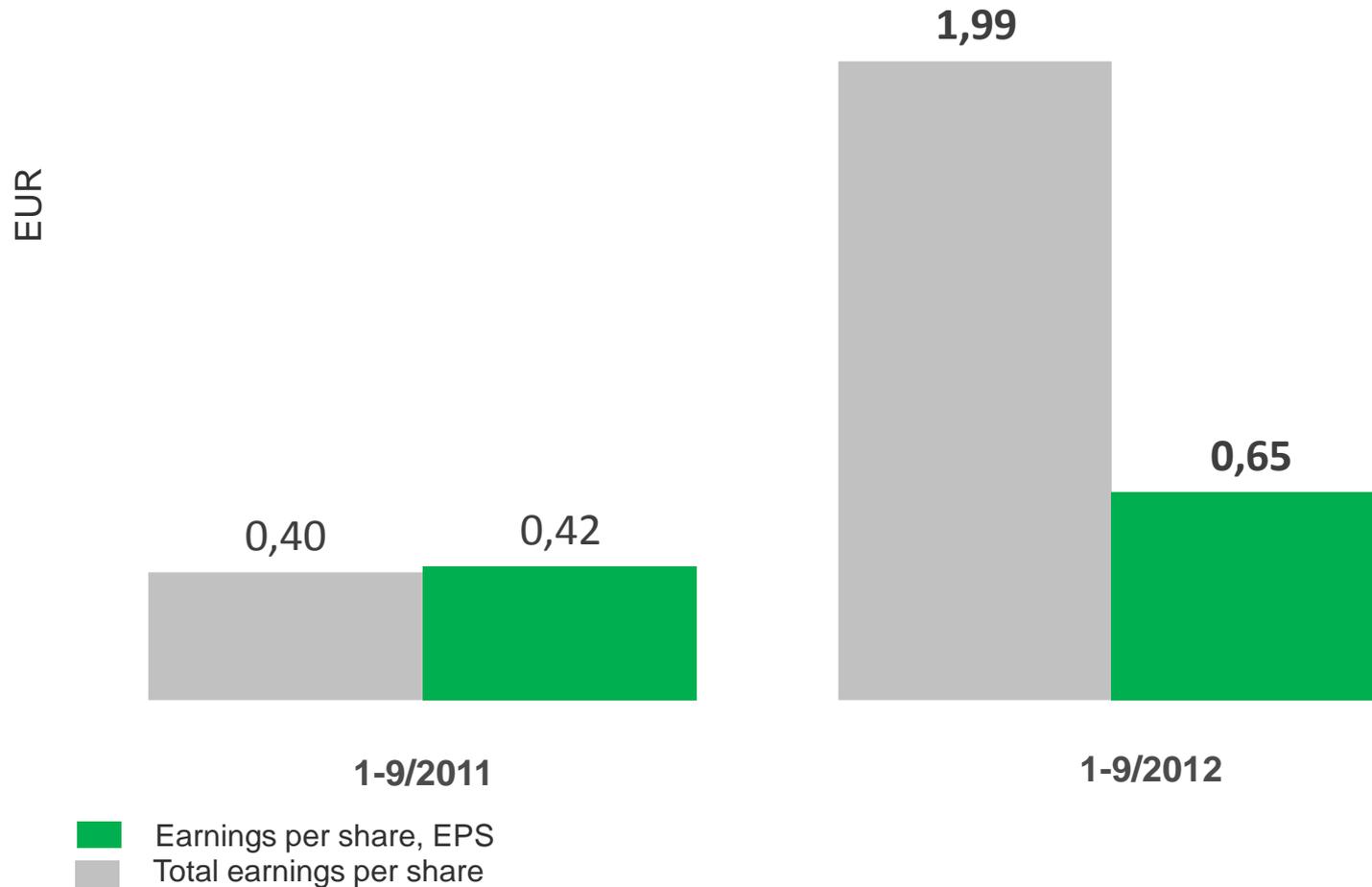
| | |
|----------|------------------------------|
| 1 | Financial performance |
| 2 | Capital adequacy |
| 3 | Balance sheet and owners |
| 4 | Outlook and targets |

Improved operating profit for the quarter Aktia Continuing operations

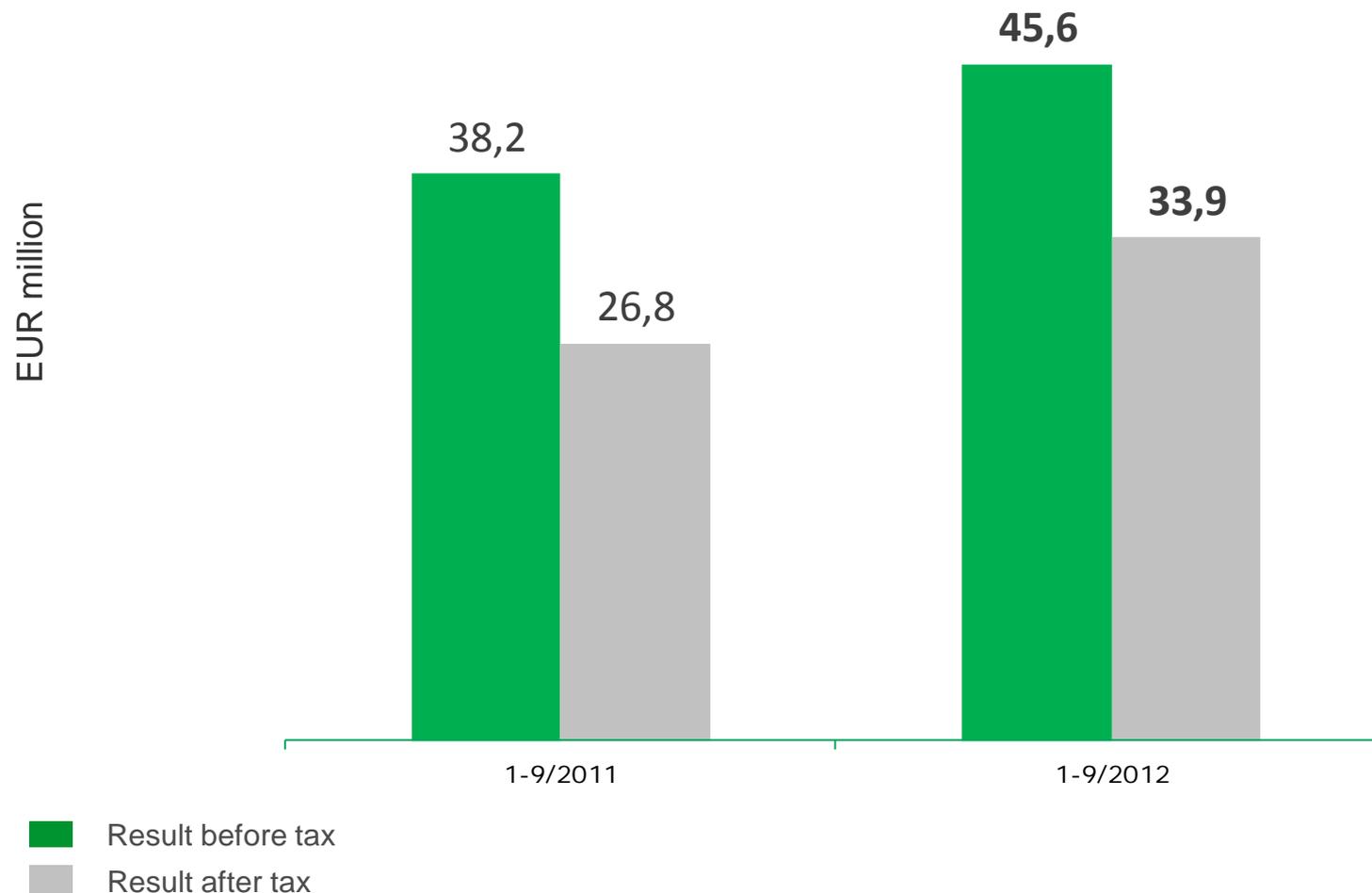


Higher earnings per share 1-9/2012

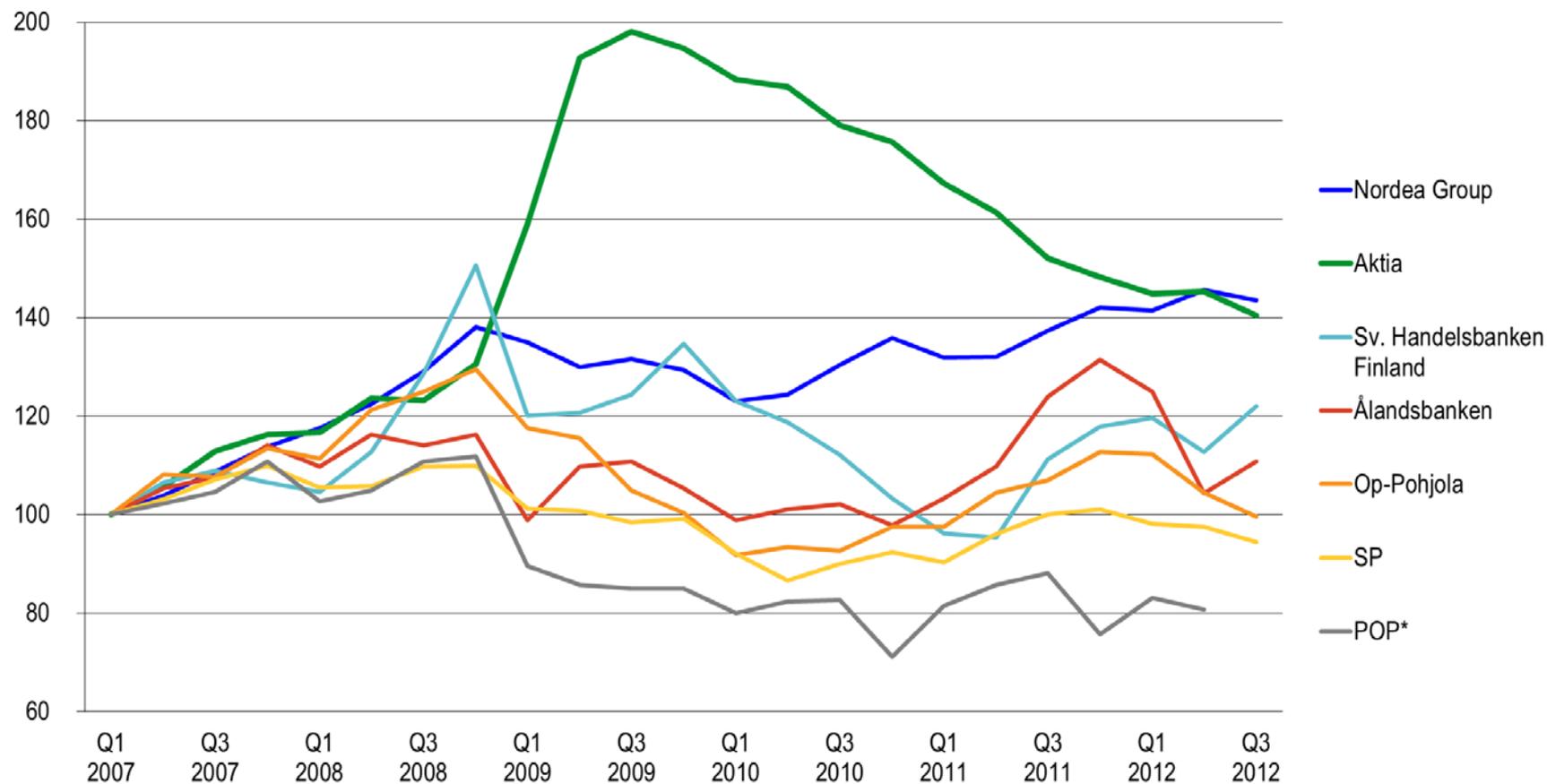
Aktia



Result before and after tax Continuing operations

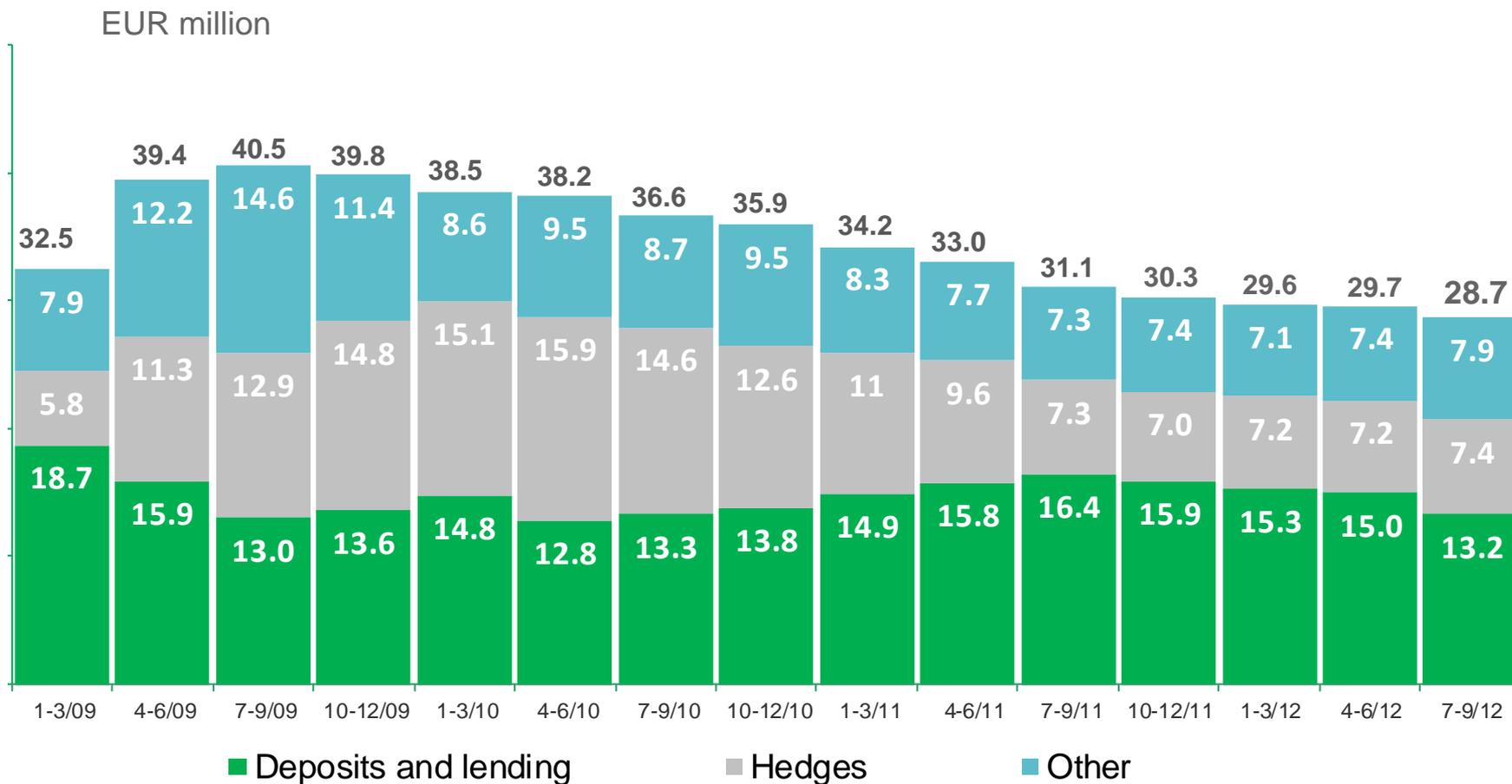


Net interest income (1/2007 = 100) Banks in Finland

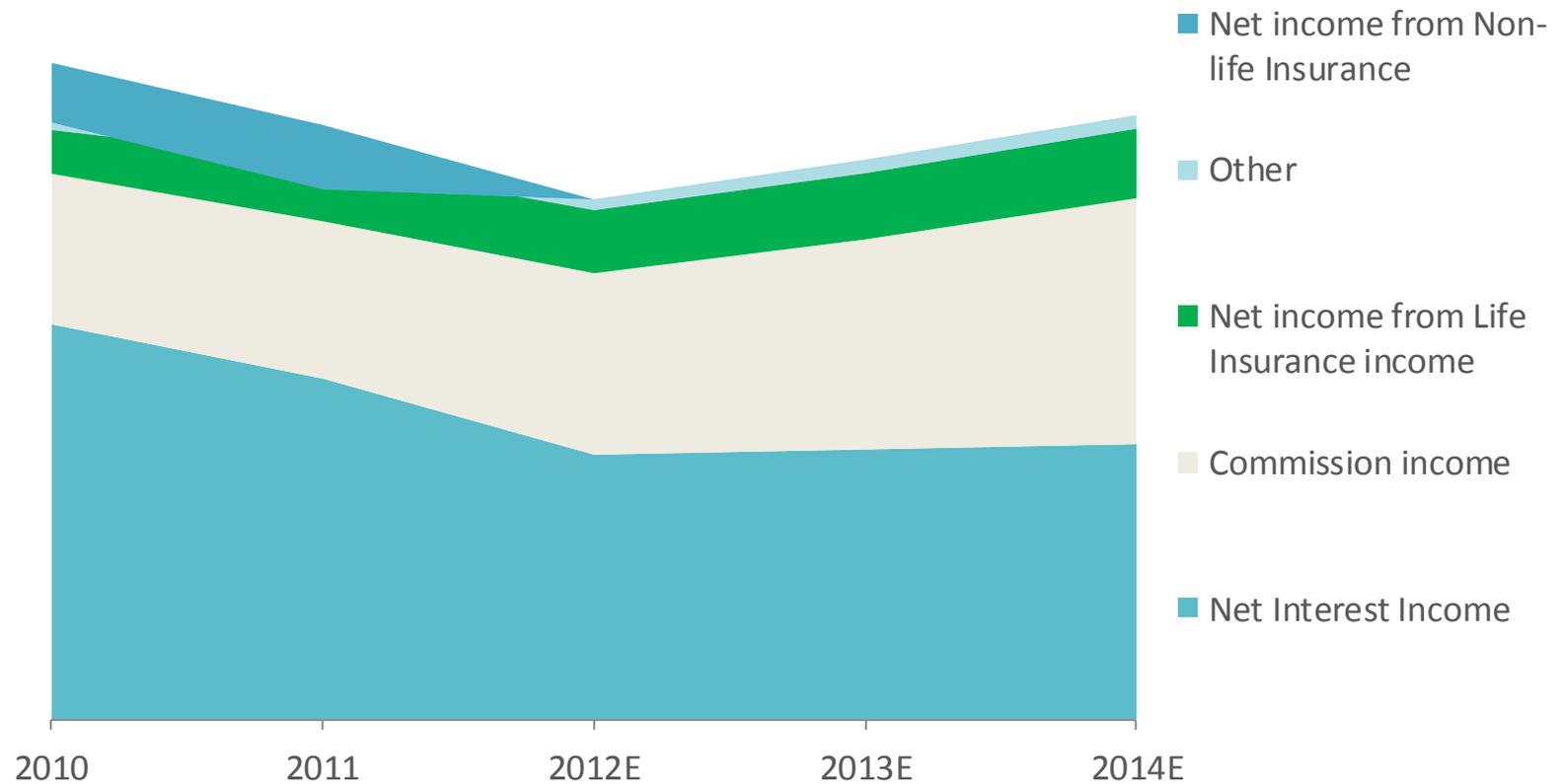


*Q3/2012 not published

Net Interest Income

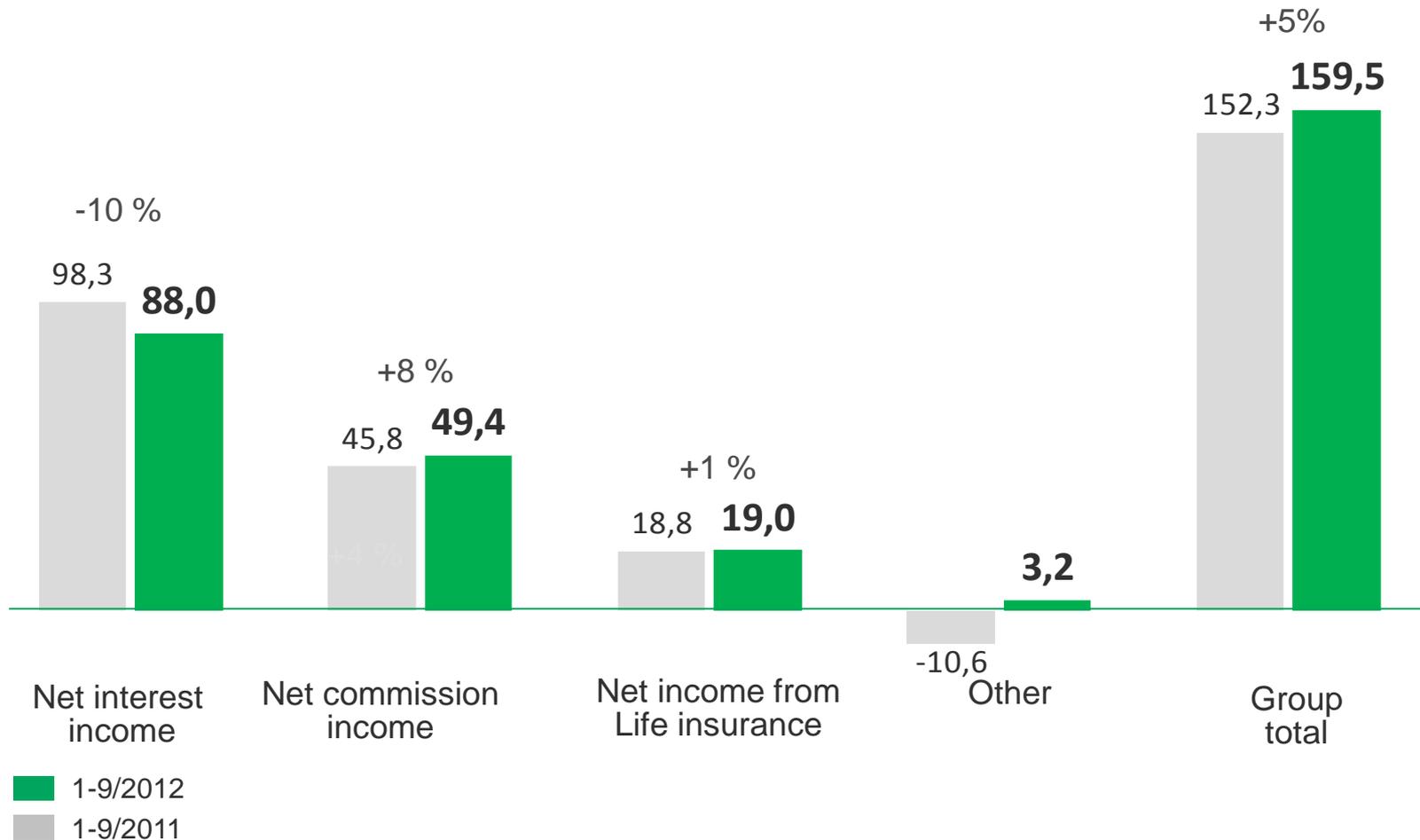


Growth in low interest rate environment **Aktia**

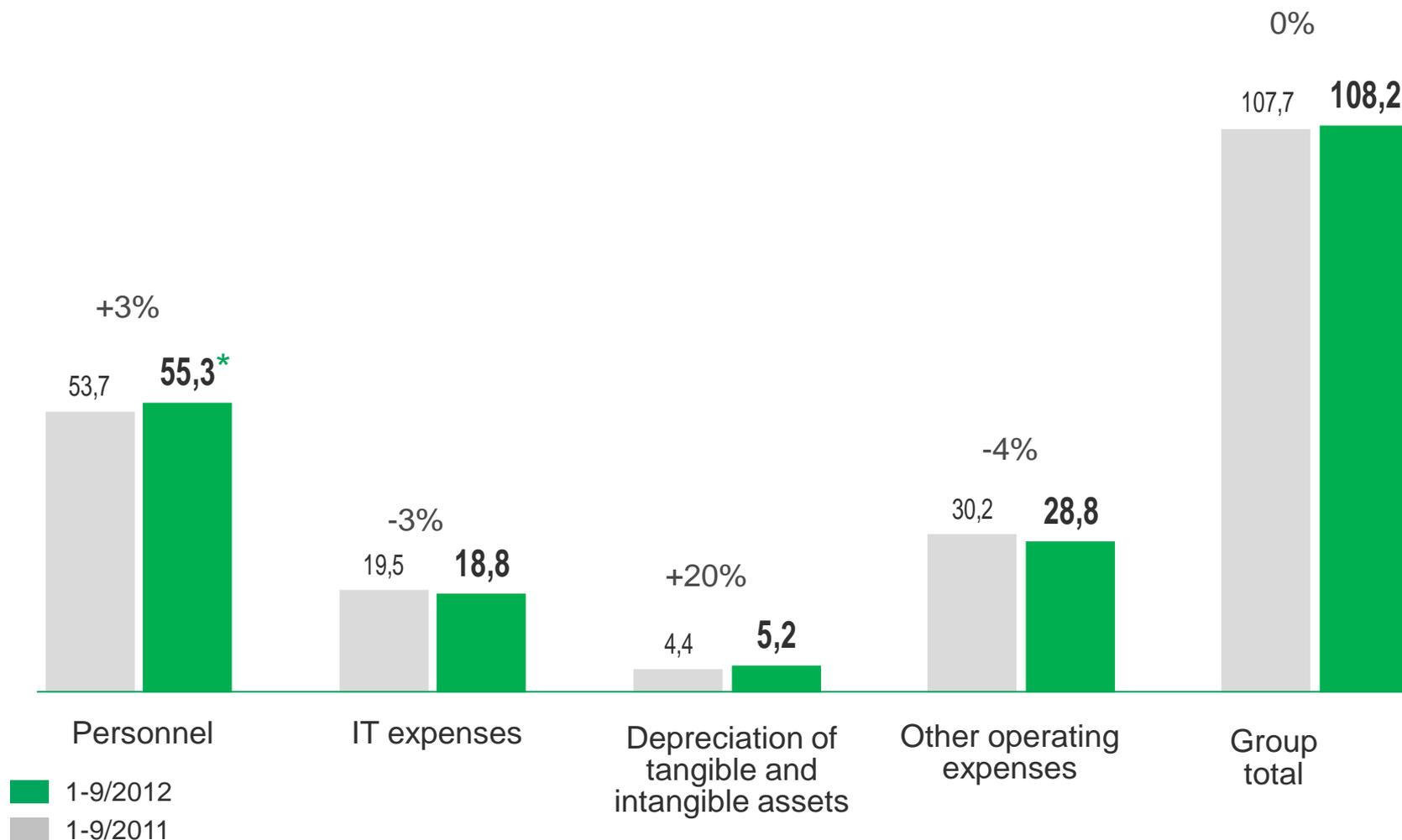


Income (EUR million)

Commission income and Net income from Life Insurance increased



Increase of expenses slowed down (EUR million)

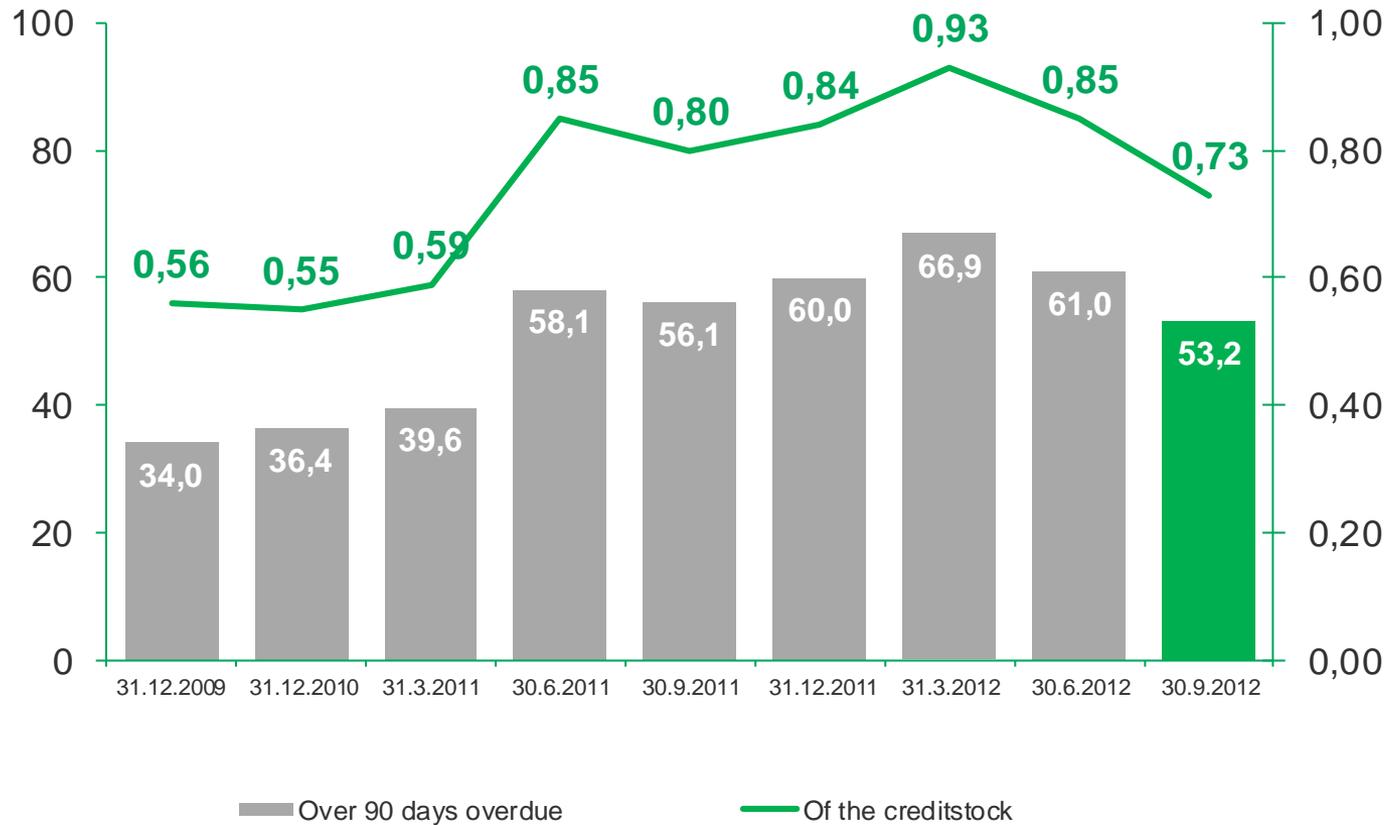


* Result-based remuneration EUR 5.3 (3.8) million

Non-performing loans more than 90 days overdue

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 |
|---------------------|------------|-------------------|------------|-------------------|------------|
| 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- | 53 | 0.73 | 56 | 0.80 | 60 |
| of which households | 38 | 0.53 | 39 | 0.56 | 36 |

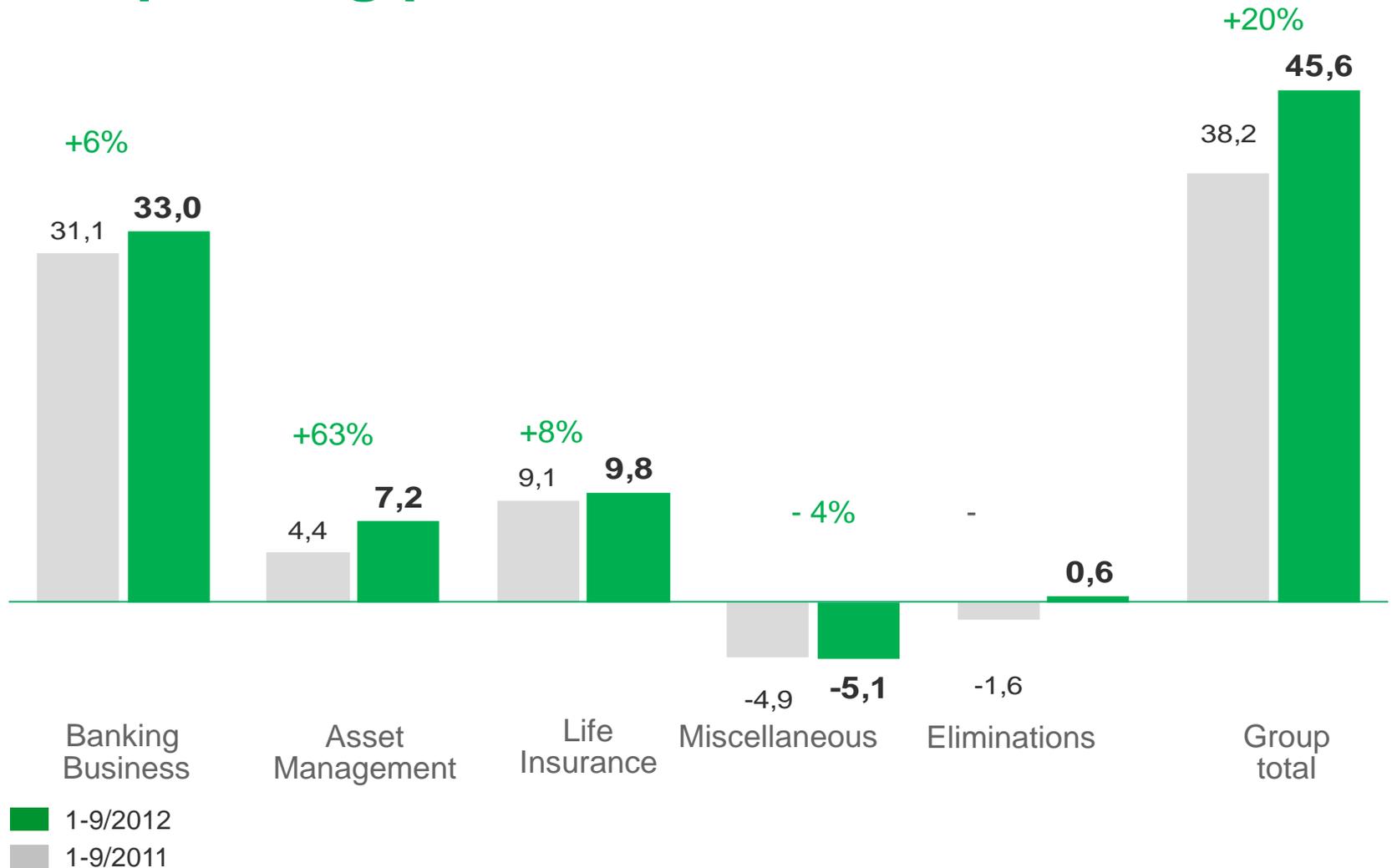
Write-downs on loans and other commitments

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

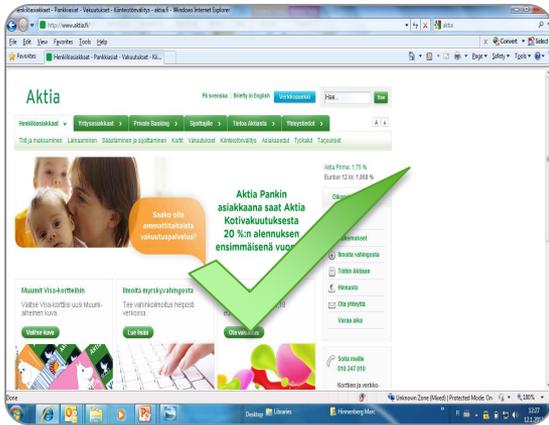
Of these write-downs, EUR 1.4 (0.9) million could be attributed to households and EUR 3.2 (5.4) to companies.

The segments' contribution to the operating profit

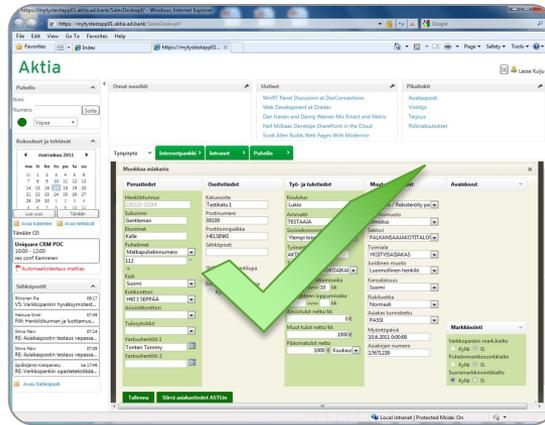
Aktia



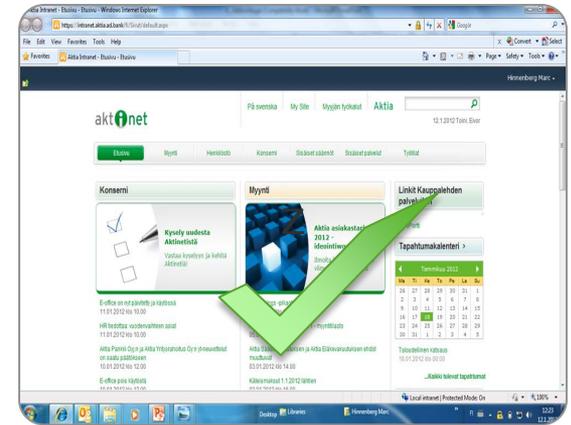
Development projects 2013 – all completed **Aktia**



Web services



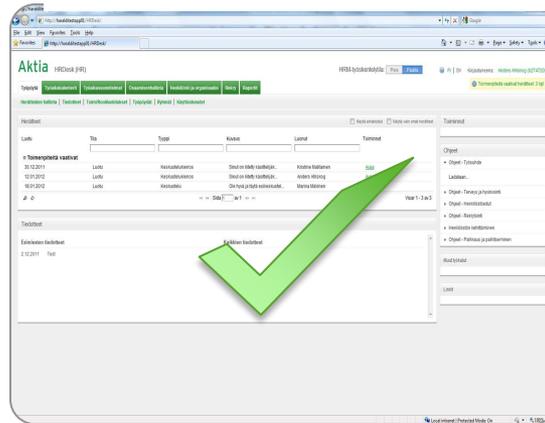
Salesman's desktop



Intranet



Aktia Store



HR project



Regional Back Offices

Aktia Asset Management

Assets under management on all time high

Aktia

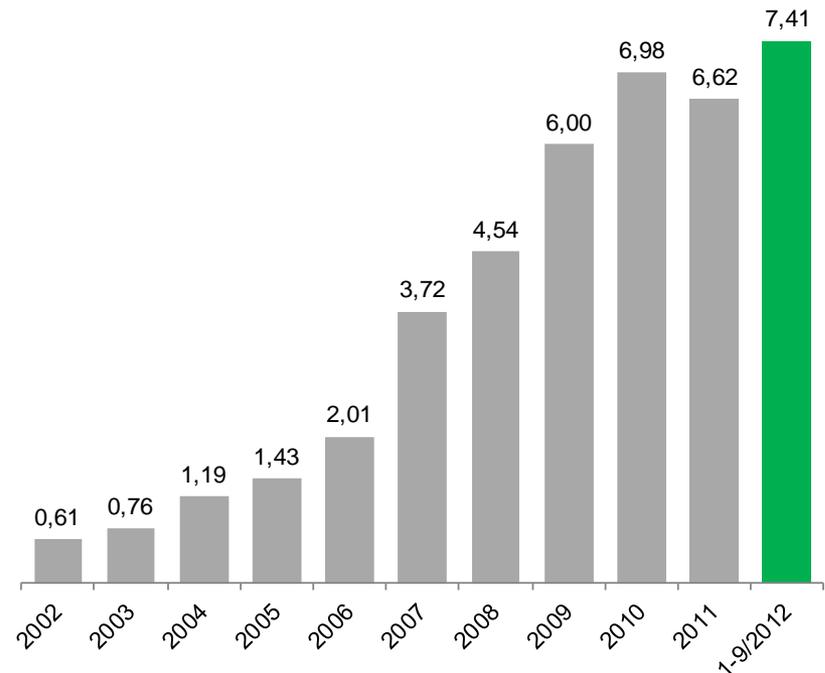
Top ranked asset management

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)

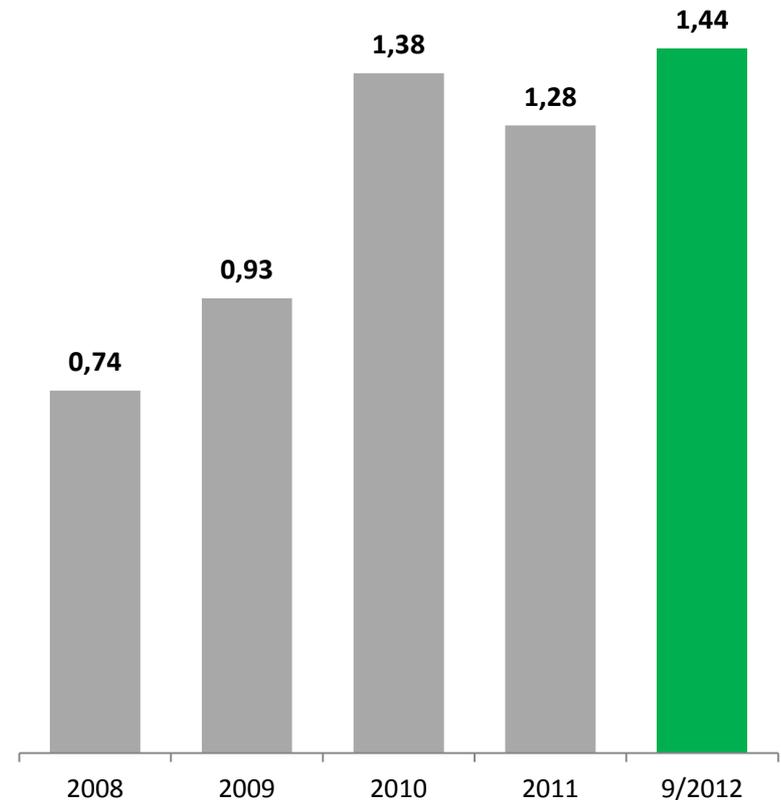
- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for clear investment philosophy
- Best understanding of the customer's needs
- Aktia Invest's fund analysis among the best
- Second year in row we received the highest mark for Quality of Administration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

Aktia Private Banking

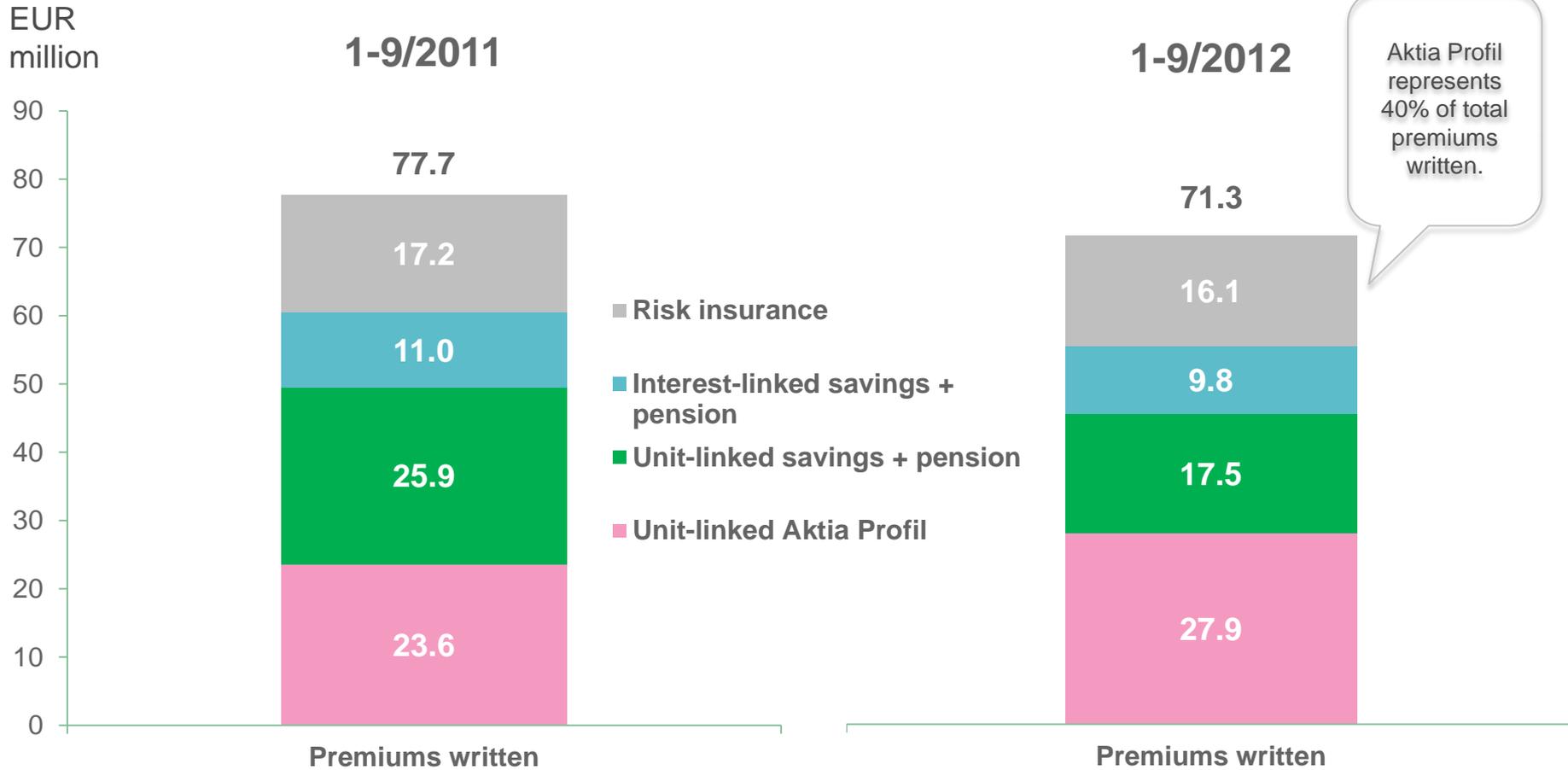
- Individual services for each customer/family
- Optimised allocation of the customer's assets
- A strong alternative in private banking

AuM, EUR bn

CAGR 18 % p.a.

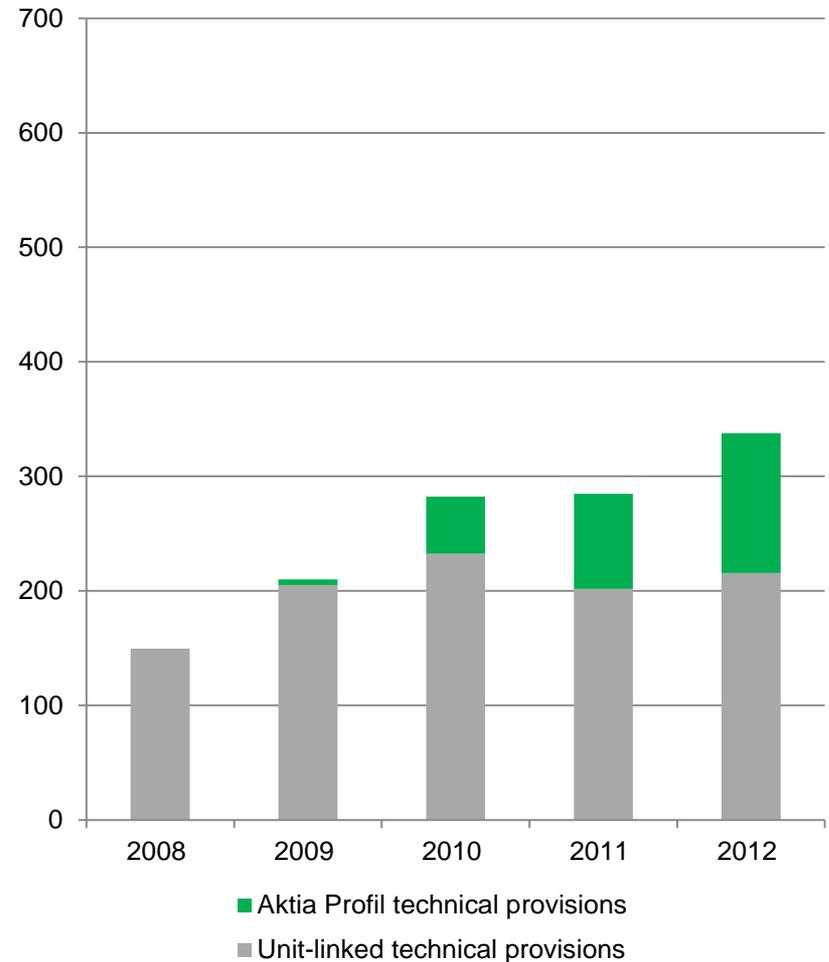
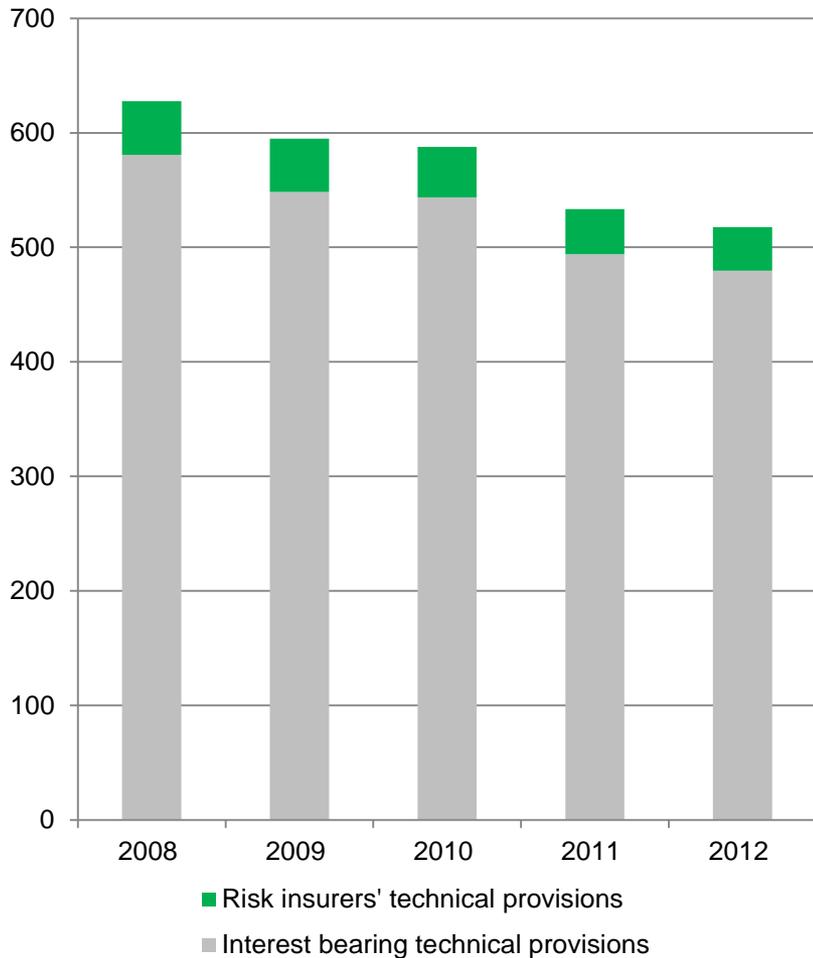


Life Insurance

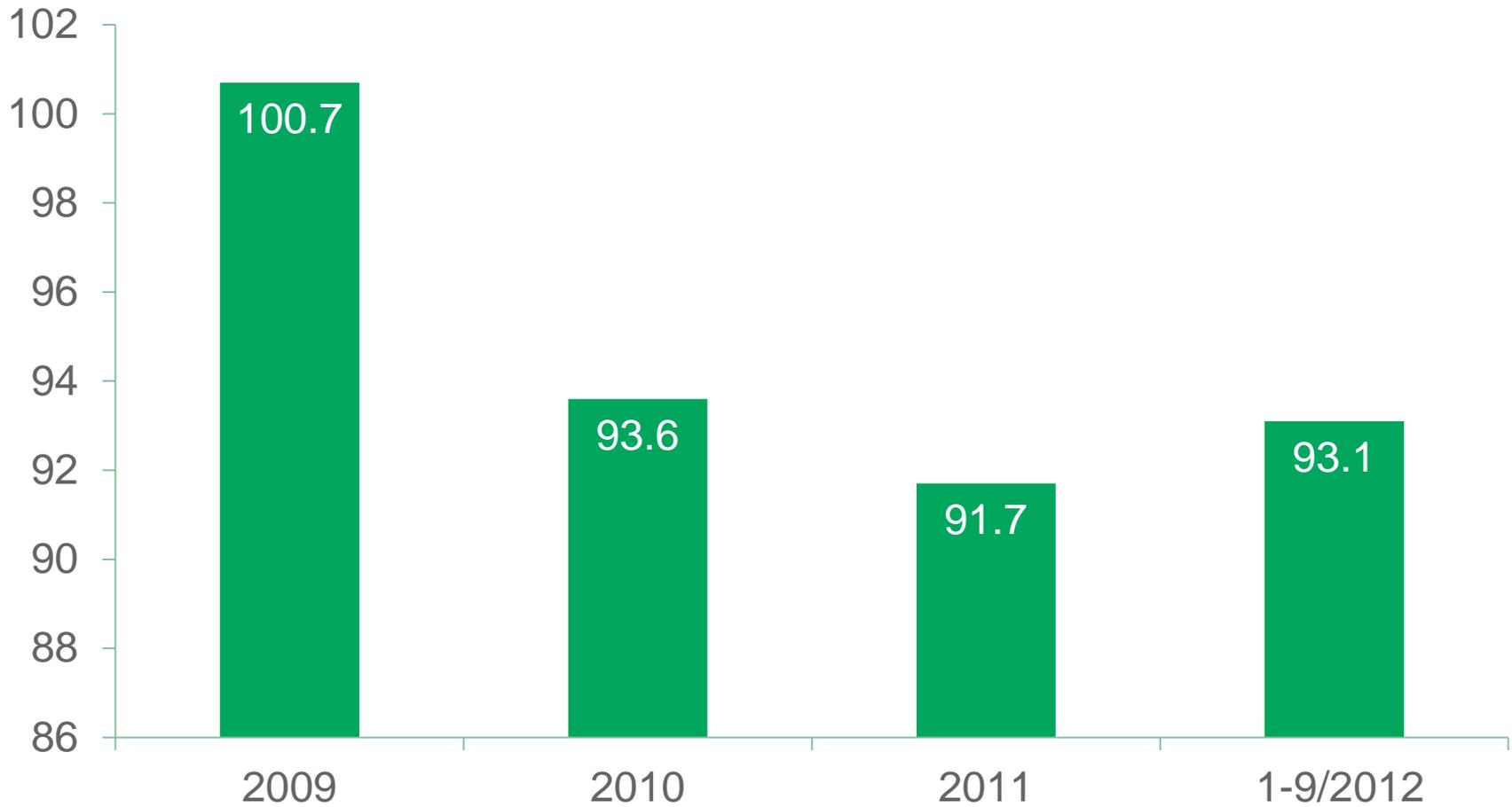


Shrinking interest-linked stock, growth in unit-linked products

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.

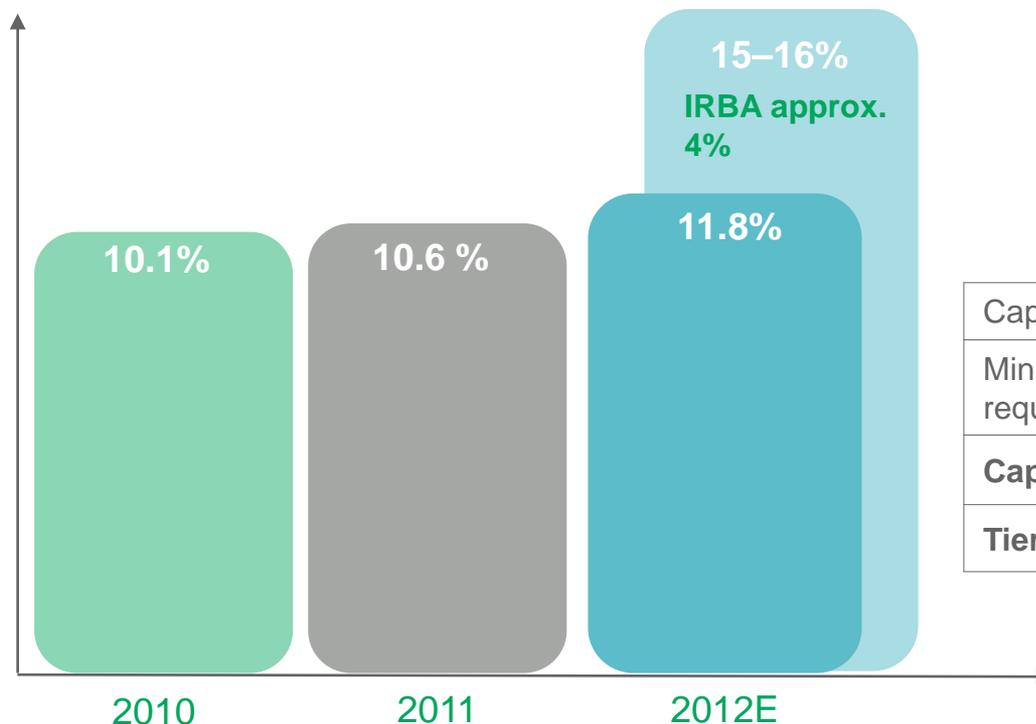
| | |
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| 1 | Financial performance |
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The Bank's capital adequacy

IRBA application was submitted Aug 2011

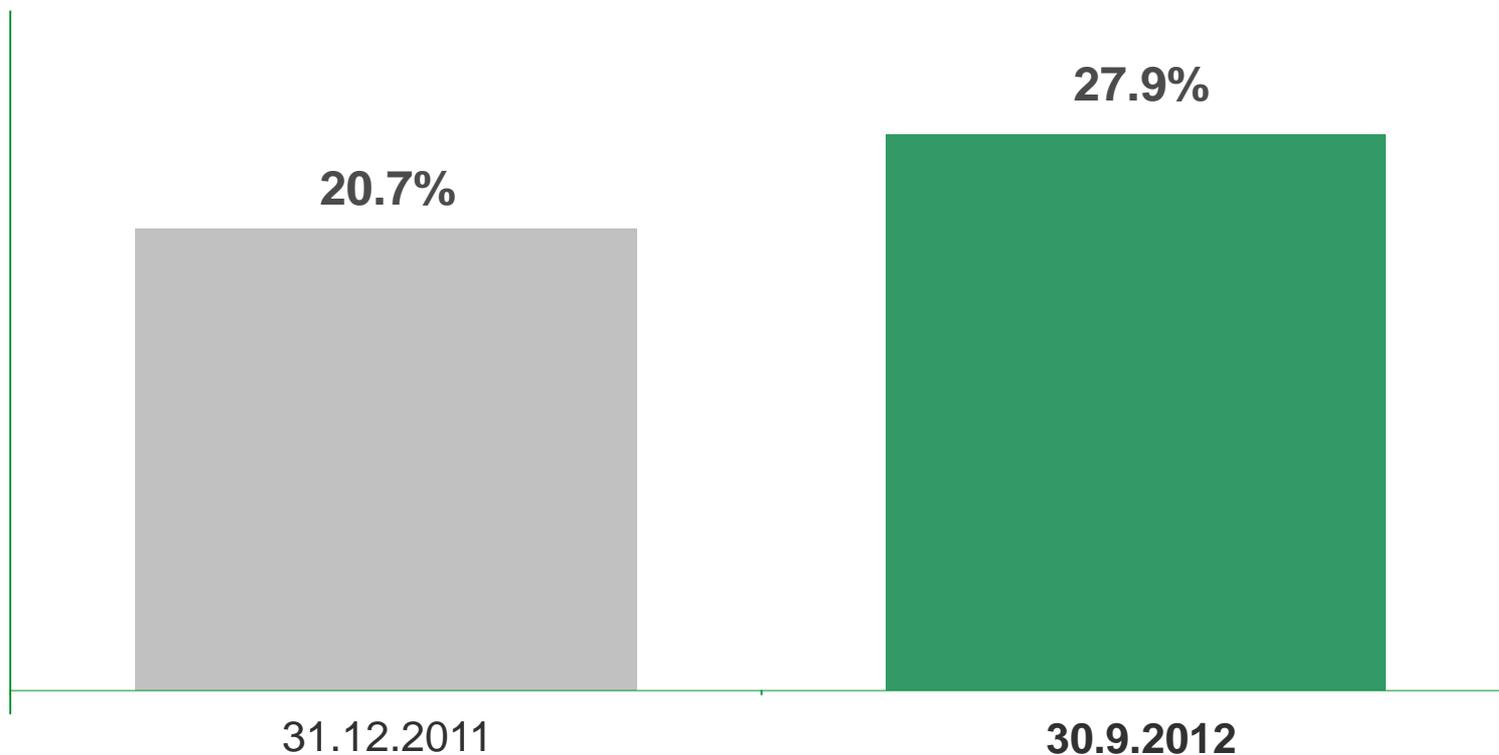
and is reviewed by Financial Supervisory Authority

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



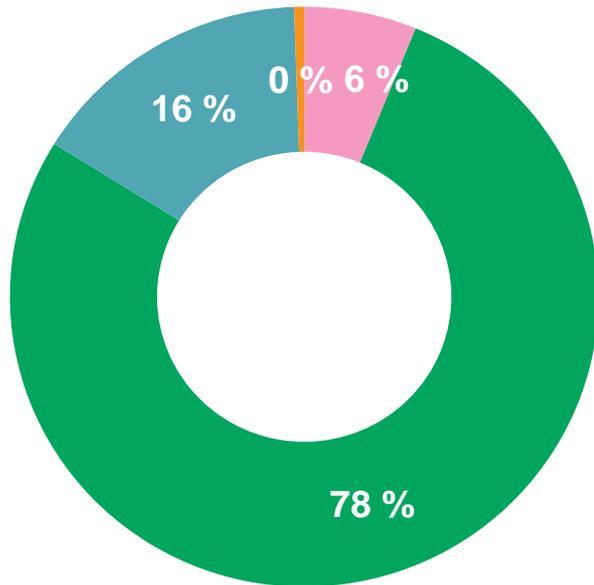
| | 30.9.2012 | 31.12.2011 |
|----------------------------------|-------------|-------------|
| Capital buffer | 444.3 | 303.5 |
| Minimum capital requirements | 298.2 | 295.5 |
| Capital adequacy ratio, % | 19.9 | 16.2 |
| Tier 1 capital ratio, % | 11.8 | 10.6 |

Life insurance Solvency ratio further improved



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

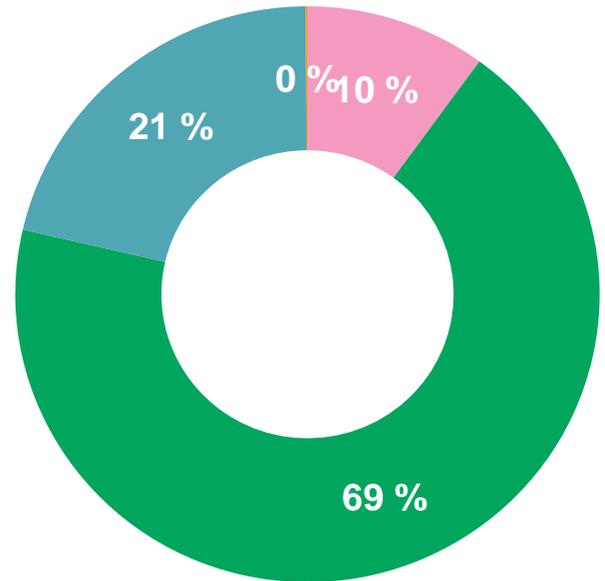
EUR 2,197 million



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

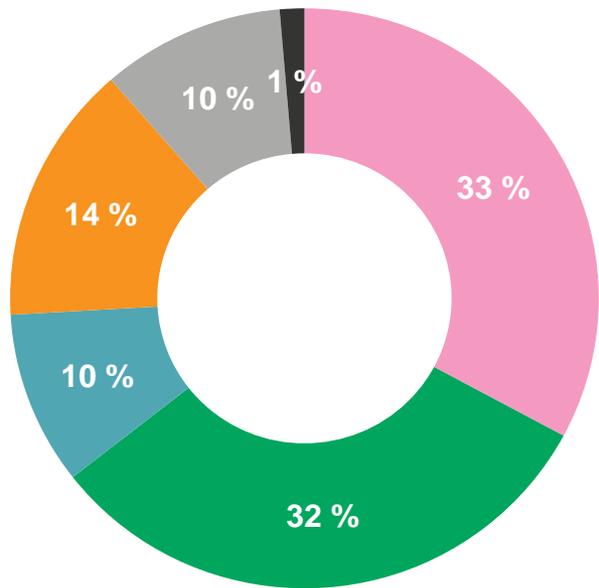
Rating distribution for the liquidity portfolio of the Bank Group

| | 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% |
| Total | 100.0% | 100.0% |

Continued convergence towards Solvency II Life Insurance Company

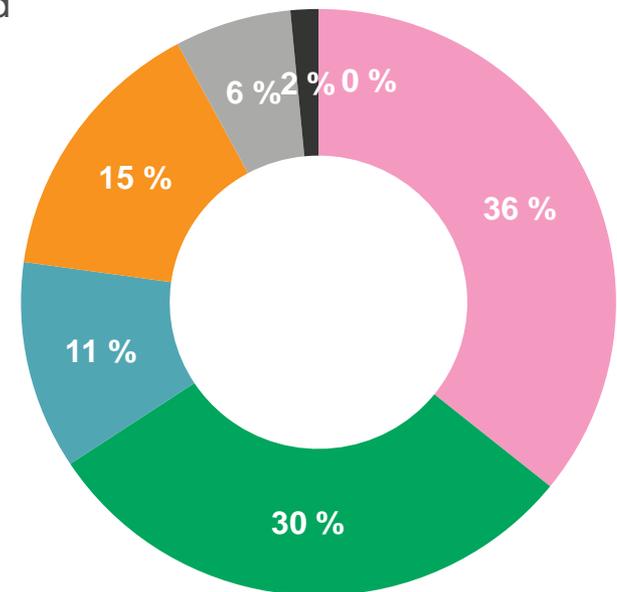
Return on investments 9.0 (5.0)%

Duration 6.0 (5.7) years



30.9.2012

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



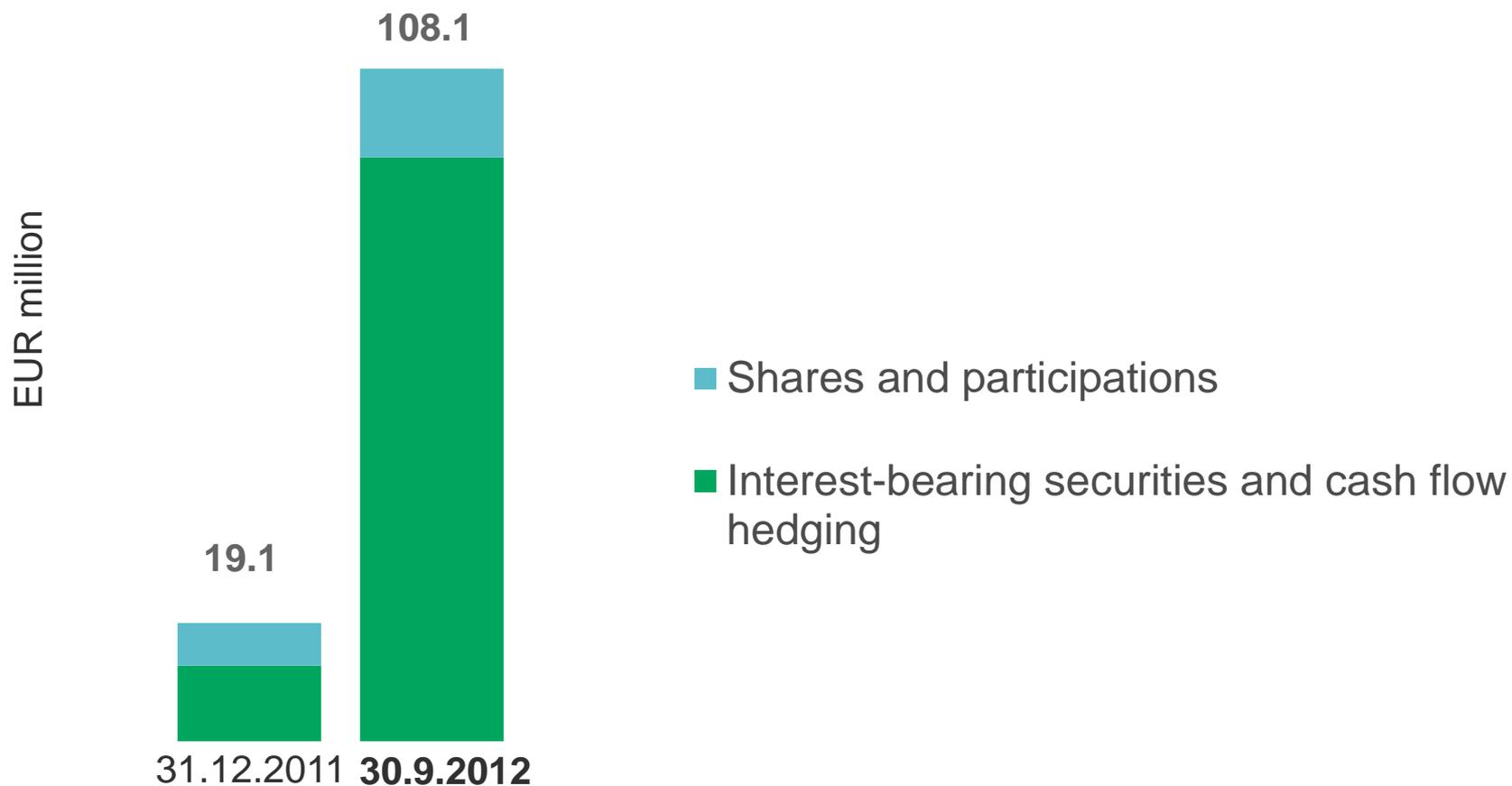
31.12.2011

Rating distribution for life insurance business

Aktia

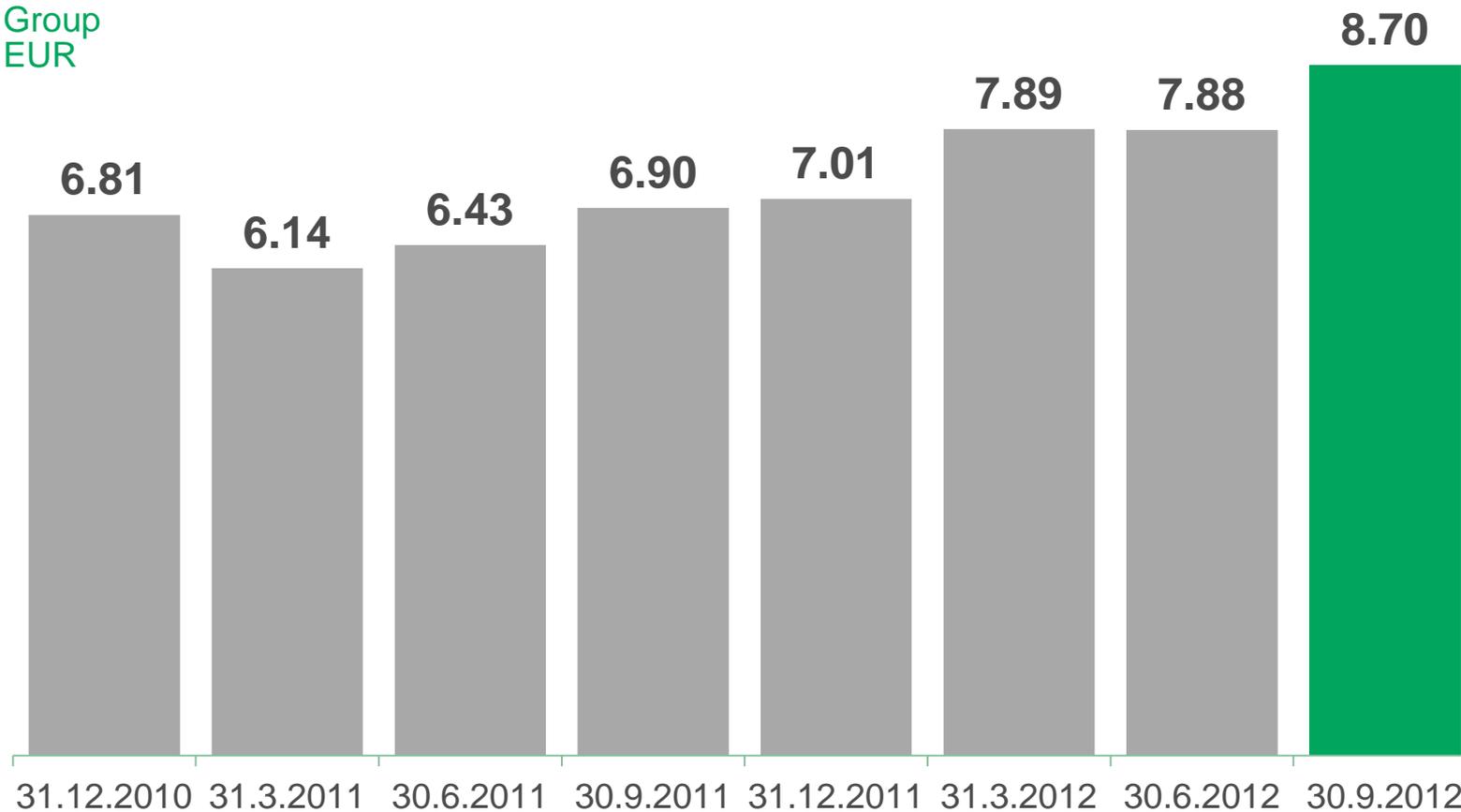
| Life Insurance (EUR million) | 30.9.2012 551 | 31.12.2011 546 |
|------------------------------------|------------------|-------------------|
| Aaa | 68.4% | 70.5% |
| Aa1–Aa3 | 9.5% | 8.7% |
| A1–A3 | 12.8% | 11.5% |
| Baa1–Baa3 | 3.1% | 4.1% |
| Ba1–Ba3 | 1.7% | 0.8% |
| B1–B3 | 0.0% | 0.0% |
| Caa1 or lower | 0.0% | 0.0% |
| Finnish municipalities (no rating) | 0.0% | 0.0% |
| No rating | 4.5% | 4.4% |
| Total | 100% | 100% |

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.

| | |
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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.

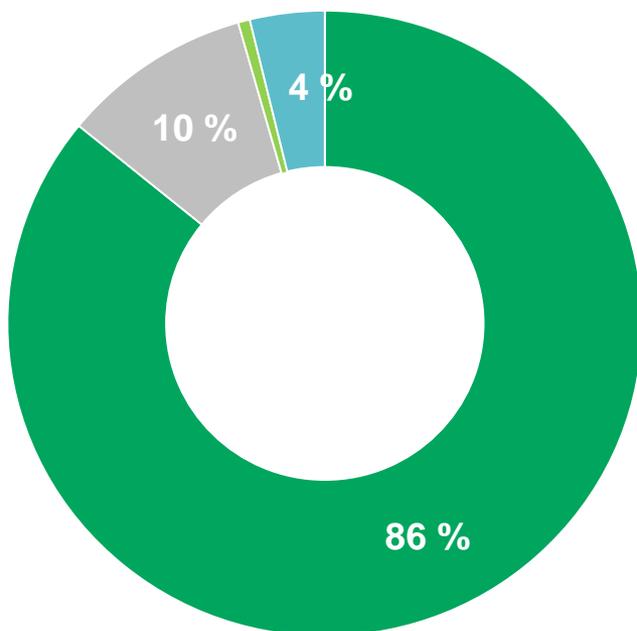
The housing loan stock amounted to EUR 5,855 (5,607) million showing an increase of 4%.

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

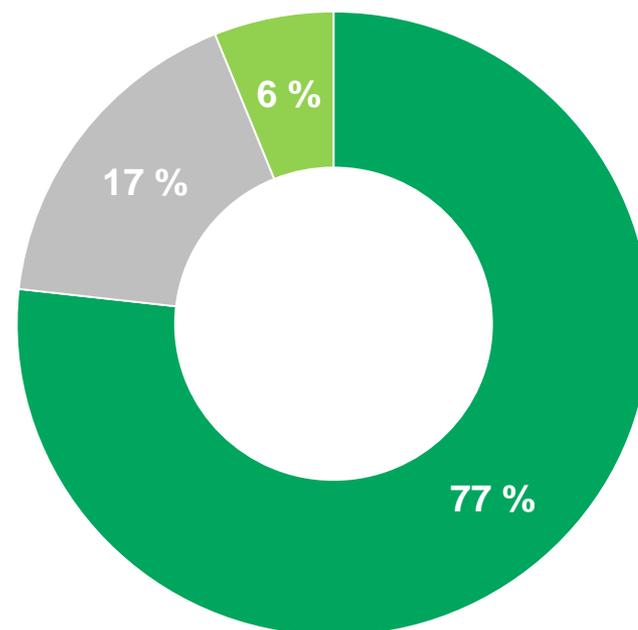
EUR 7,252 (7,063) million



- Households
- SME
- Non-profitand public organisations
- Housing associations

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 |
| The 20 largest owners | 29,001,487 | 16,722,212 | 45,723,699 | 68.26 | 363,445,727 | 81.13 |
| Other | 17,935,421 | 3,328,638 | 21,264,059 | 31.74 | 84,508,181 | 18.87 |
| Total | 46,936,908 | 20,050,850 | 66,987,758 | 100.00 | 447,953,908 | 100.00 |

| | |
|---|--------------------------|
| 1 | Financial performance |
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Outlook for 2012

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).**

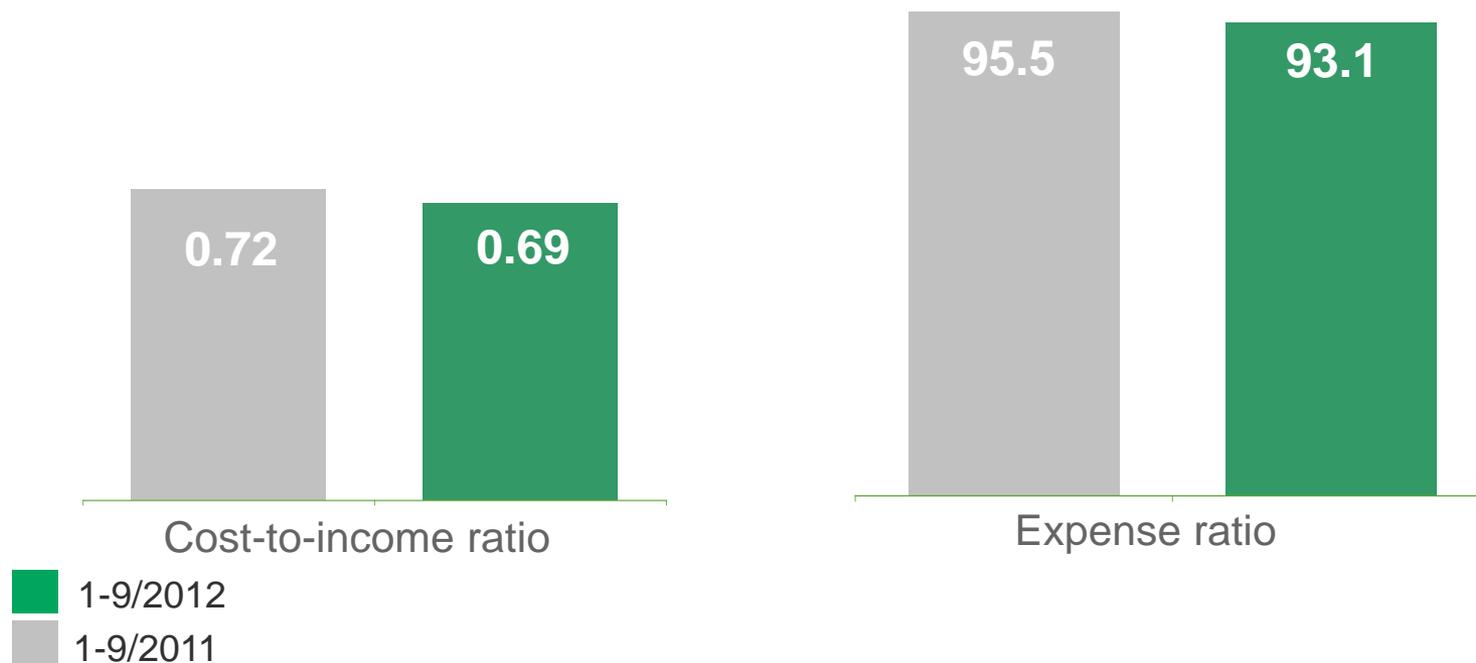
Market value may change. The market value of Aktia Bank's financial and other assets may change as a result of, among other things, a requirement for higher returns among investors.

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.

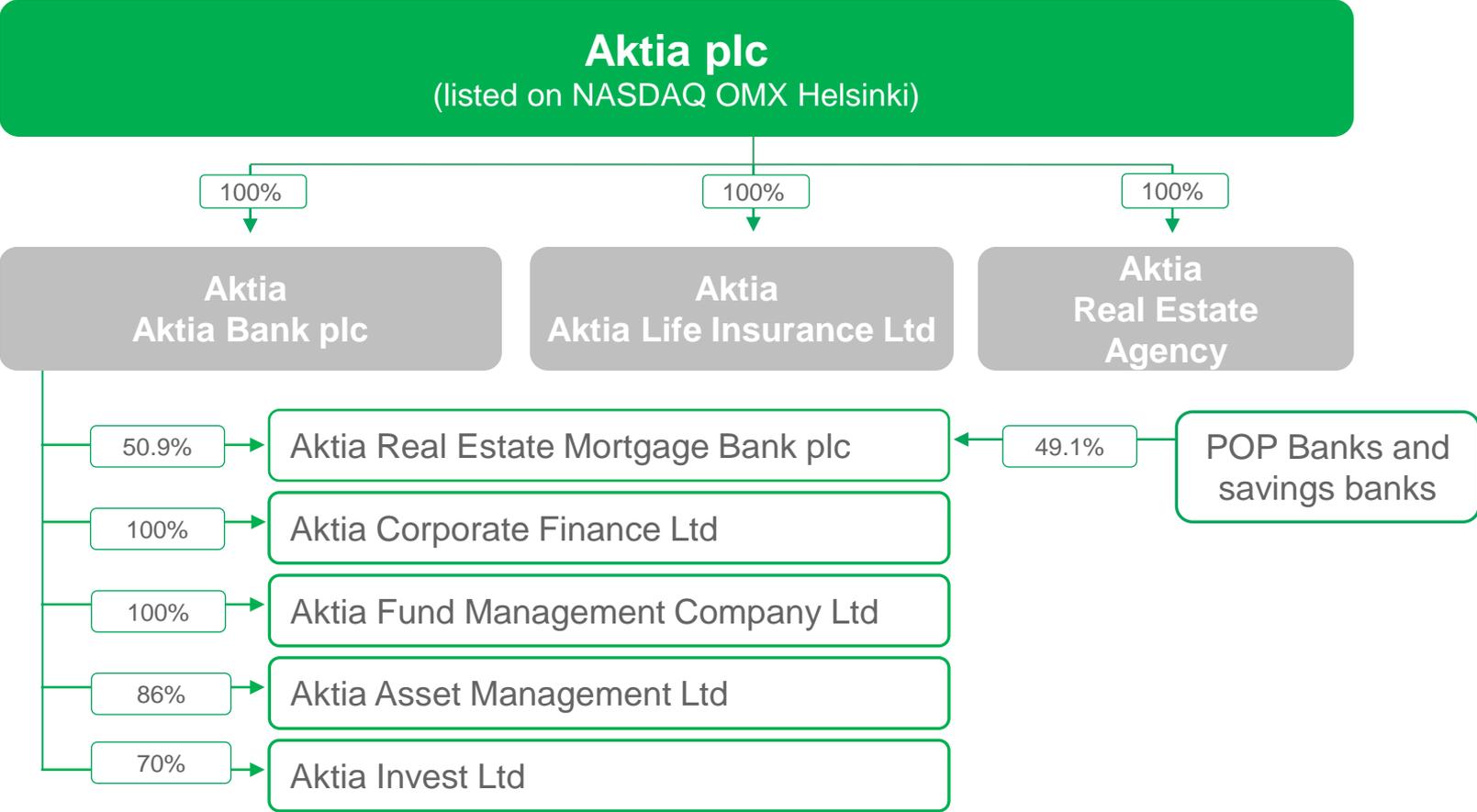
Cost efficiency

Banking Business

Life Insurance



Legal structure



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. |
| Expenses | | | | |
| 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 |
|--|-----------------|-----------------|------------|-----------------|
| 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 |

Balance sheet, liabilities

| (EUR million) | 30.9.2012 | 31.12.2011 | Δ | 30.9.2011 |
|--|-----------------|-----------------|-------------|-----------------|
| 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 |

Aktia

Aktia

We see a person in every customer

