



AKTIA PLC
INTERIM REPORT 1-3/2013

Aktia
We see a person in every customer

A strong first quarter 1-3/2013

Aktia

Operating profit from continuing operations amounted to EUR 19.5 (14.3) million.

Profit from continuing operations amounted to EUR 14.8 (10.2) million.

Earnings per share (EPS) was EUR 0.22 (0.29).

Write-downs on credits and other commitments decreased to EUR 1.1 (1.9) million.

Outlook for 2013: Despite the probably persistent low interest rates and one-off costs from implementing the 2015 plan of action, the Group's operating profit from continuing operations for 2013 is expected to reach approx the 2012 level.

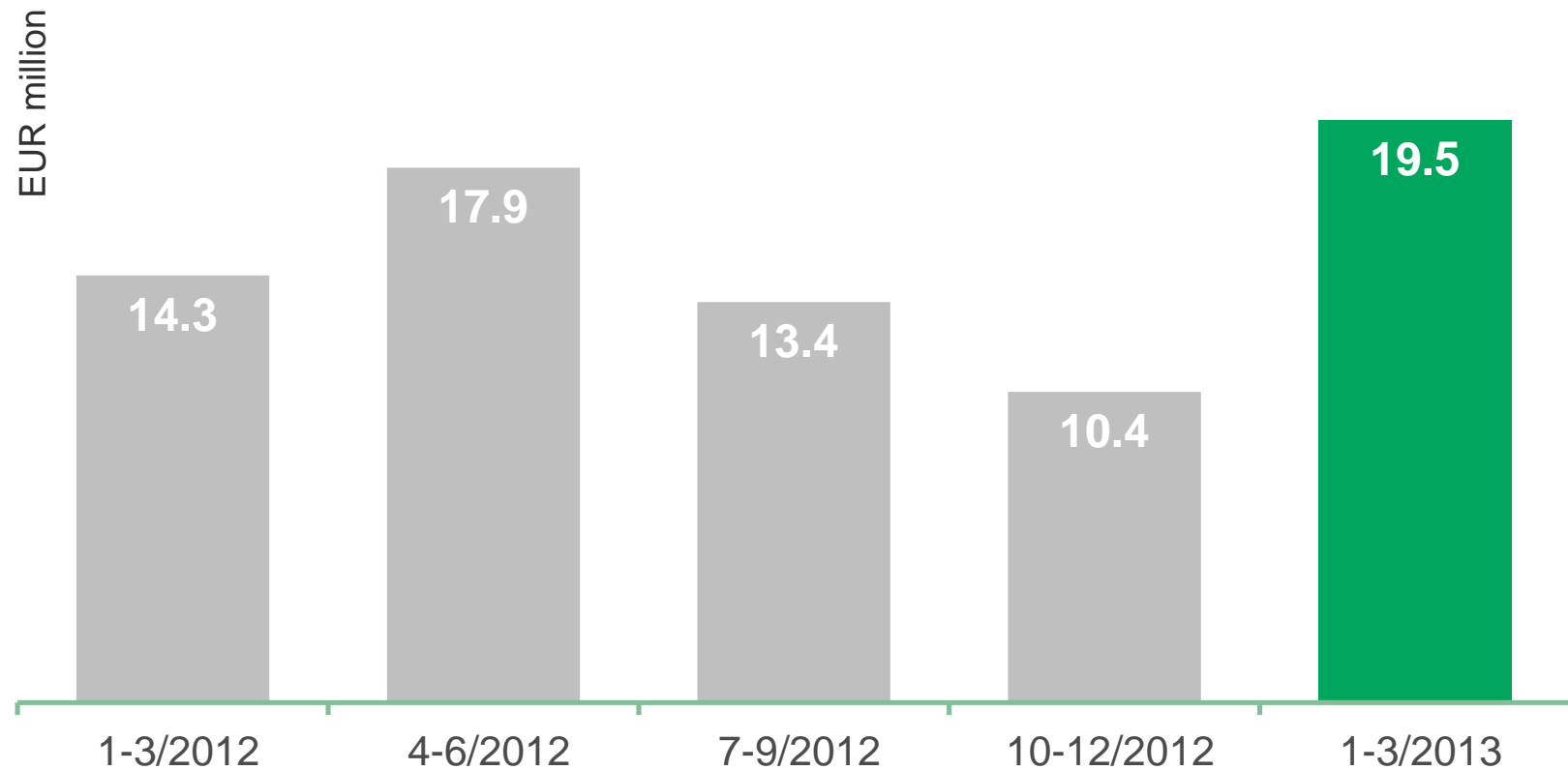
Interim report

1 January - 31 March 2013

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

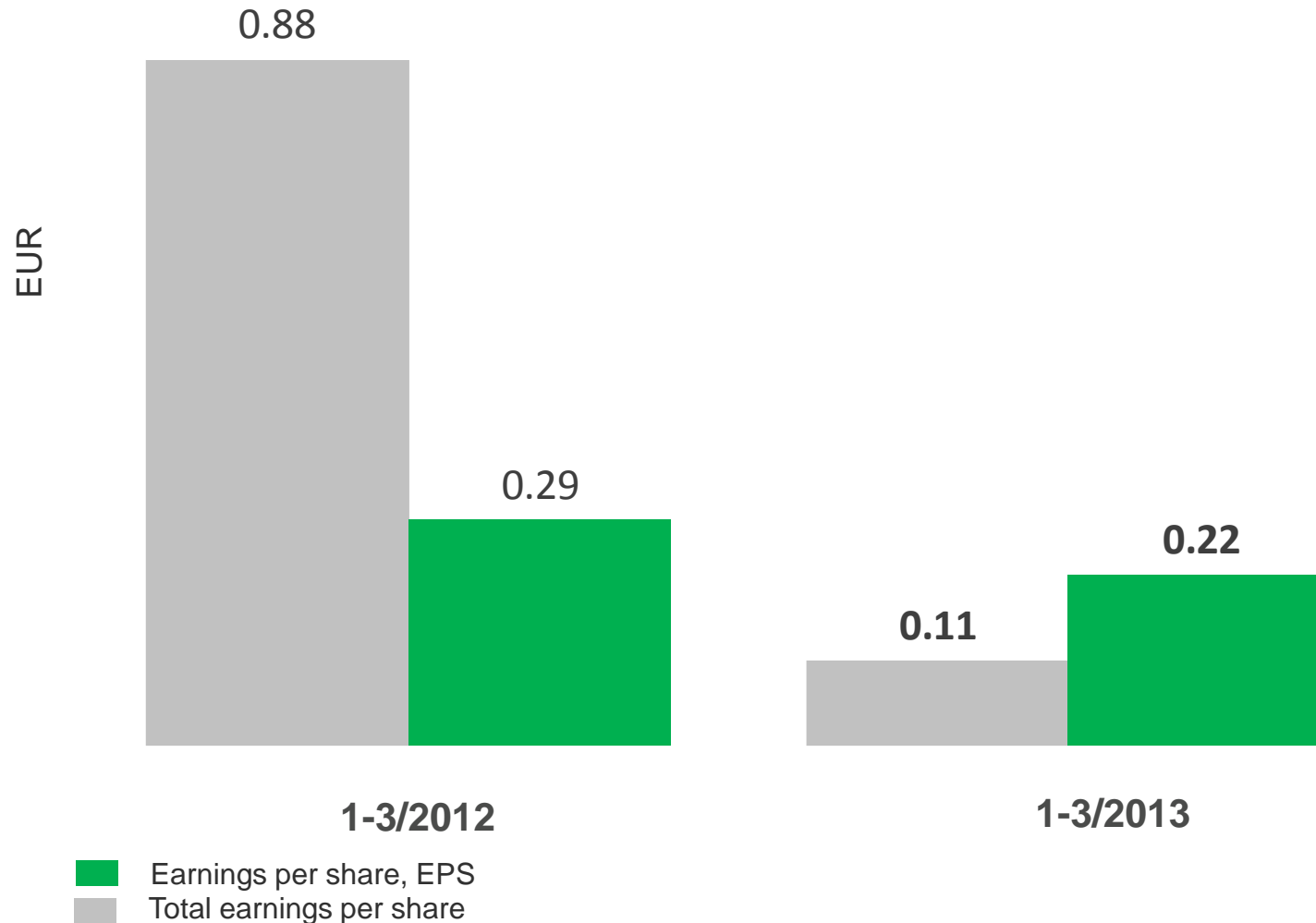
Operating profit for the quarter Continuing operations

Aktia

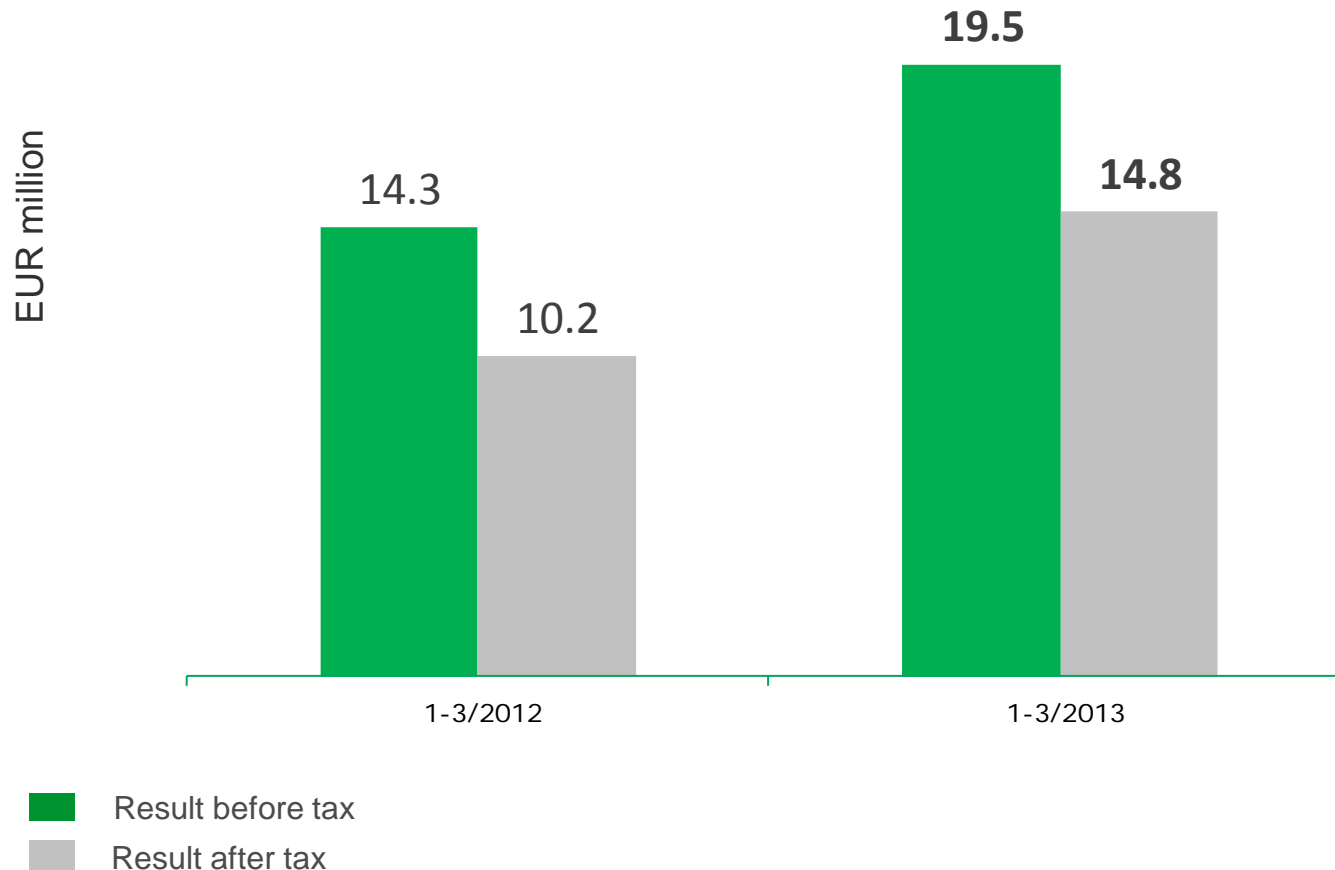


Earnings per share 1-3/2013

Aktia

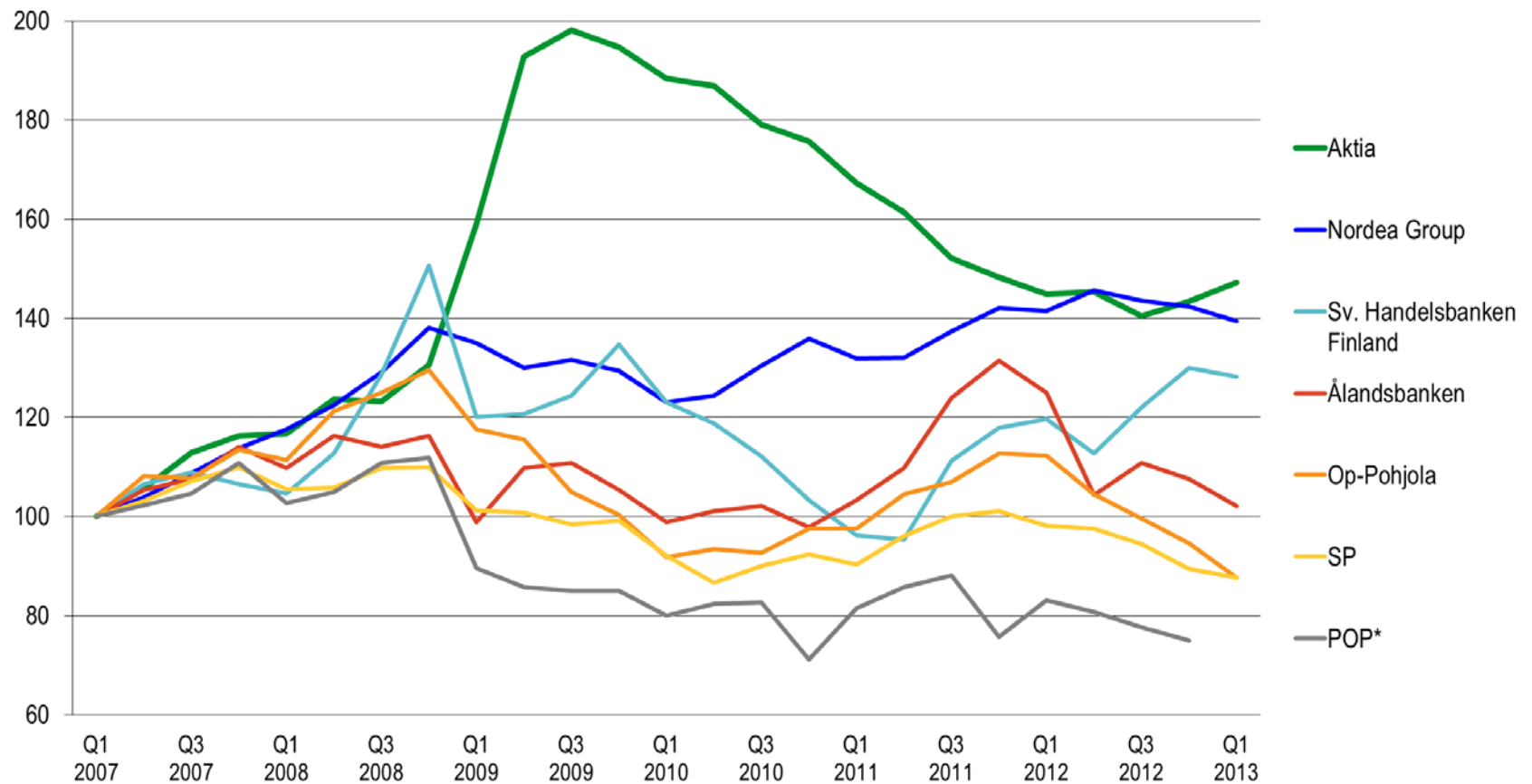


Result before and after tax Continuing operations



Net interest income (1/2007 = 100)

Finnish Banks

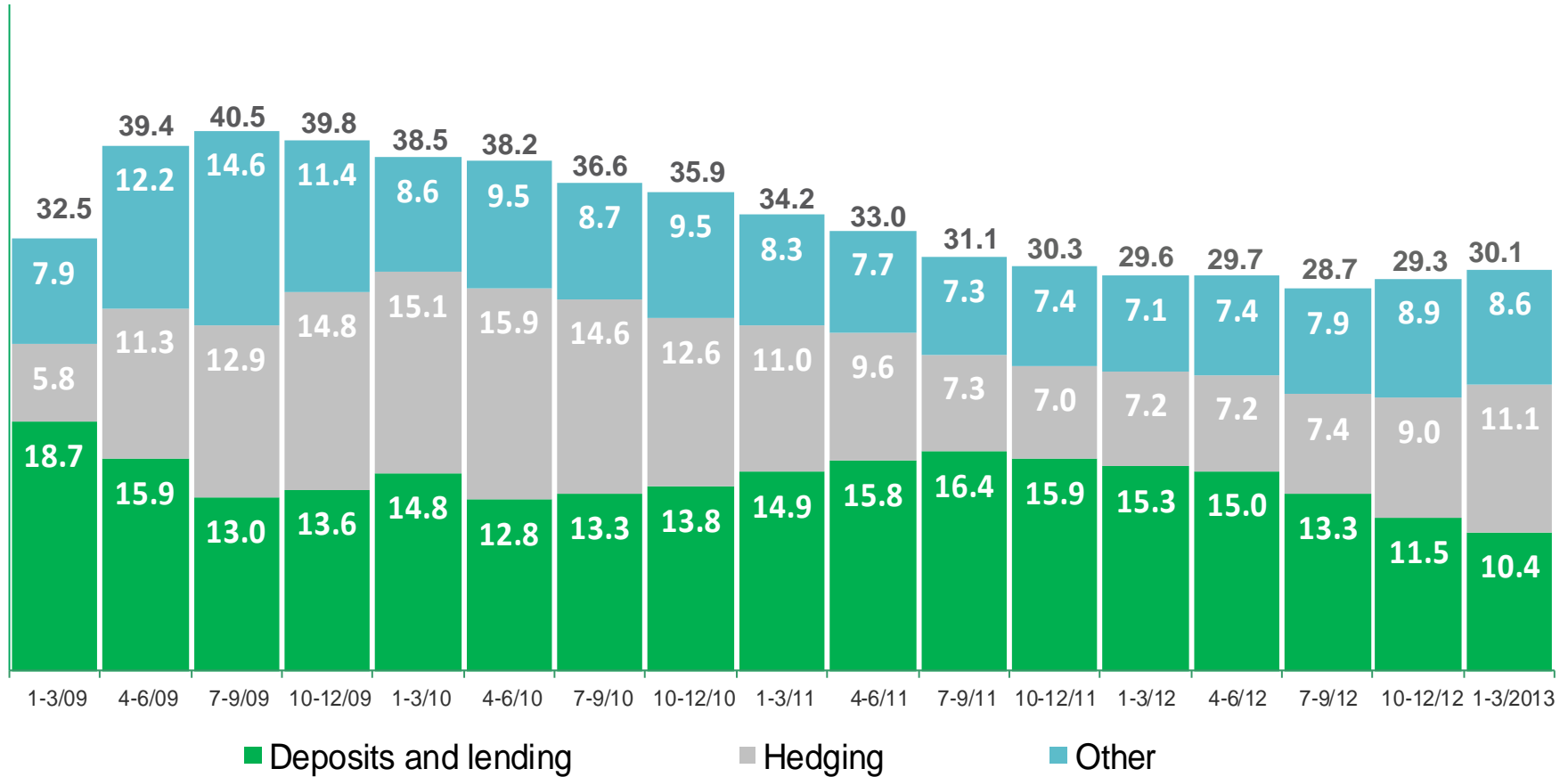


*1Q/2013 not published

Net interest income

Aktia

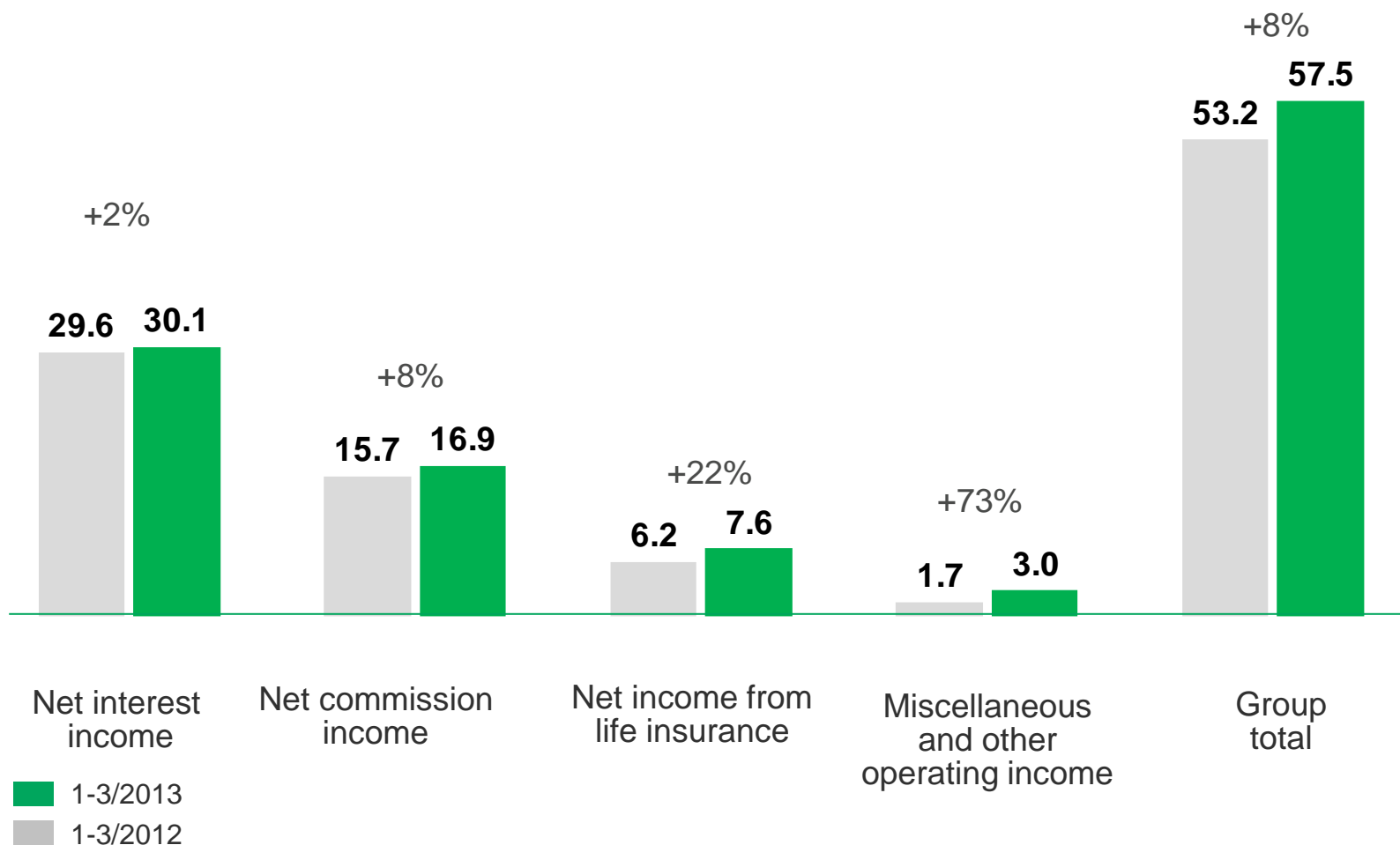
EUR million



Income (EUR million)

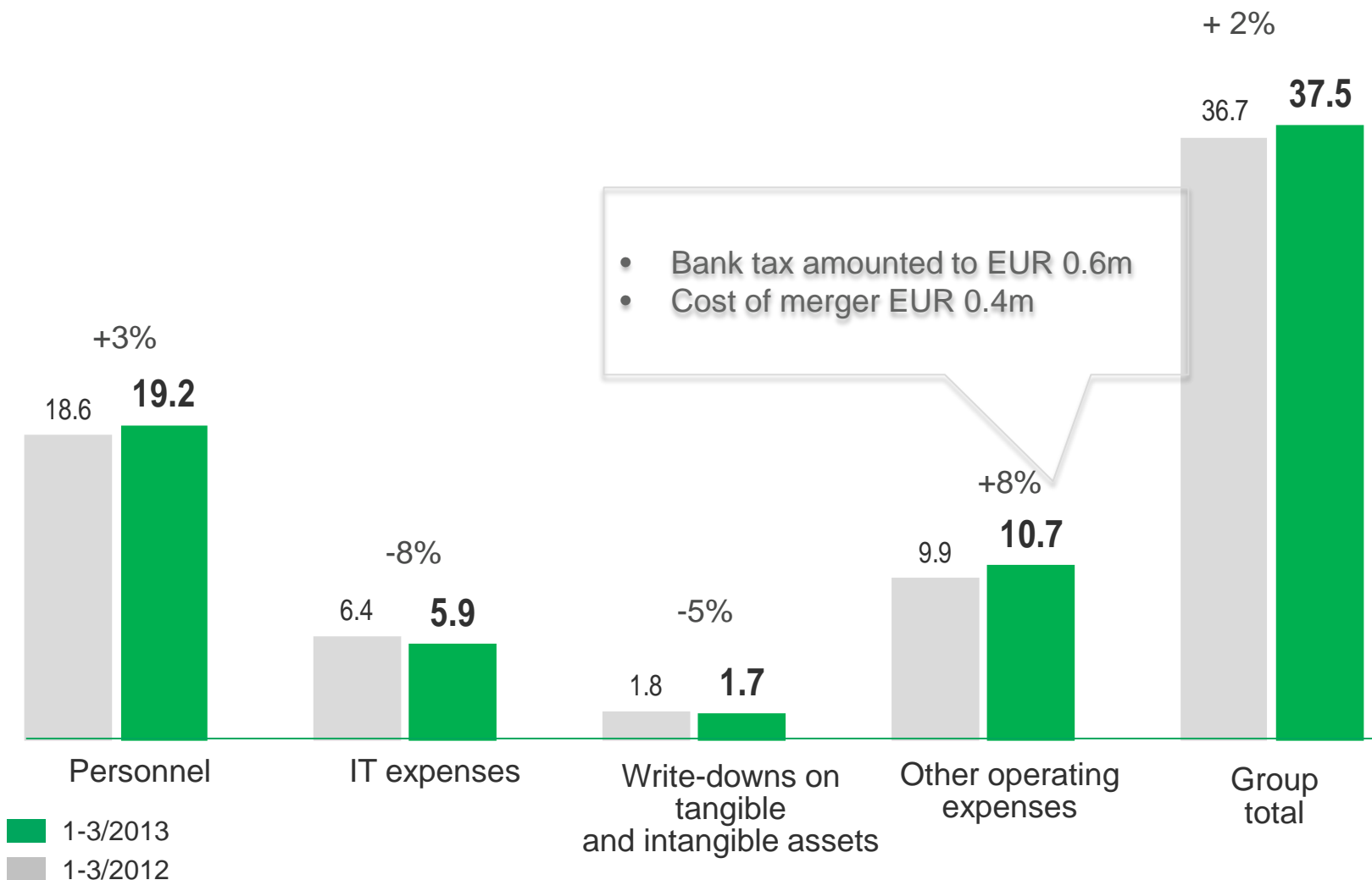
Aktia

Improved net interest income and net income from life insurance



Increase of expenses slowed down (EUR million)

Aktia

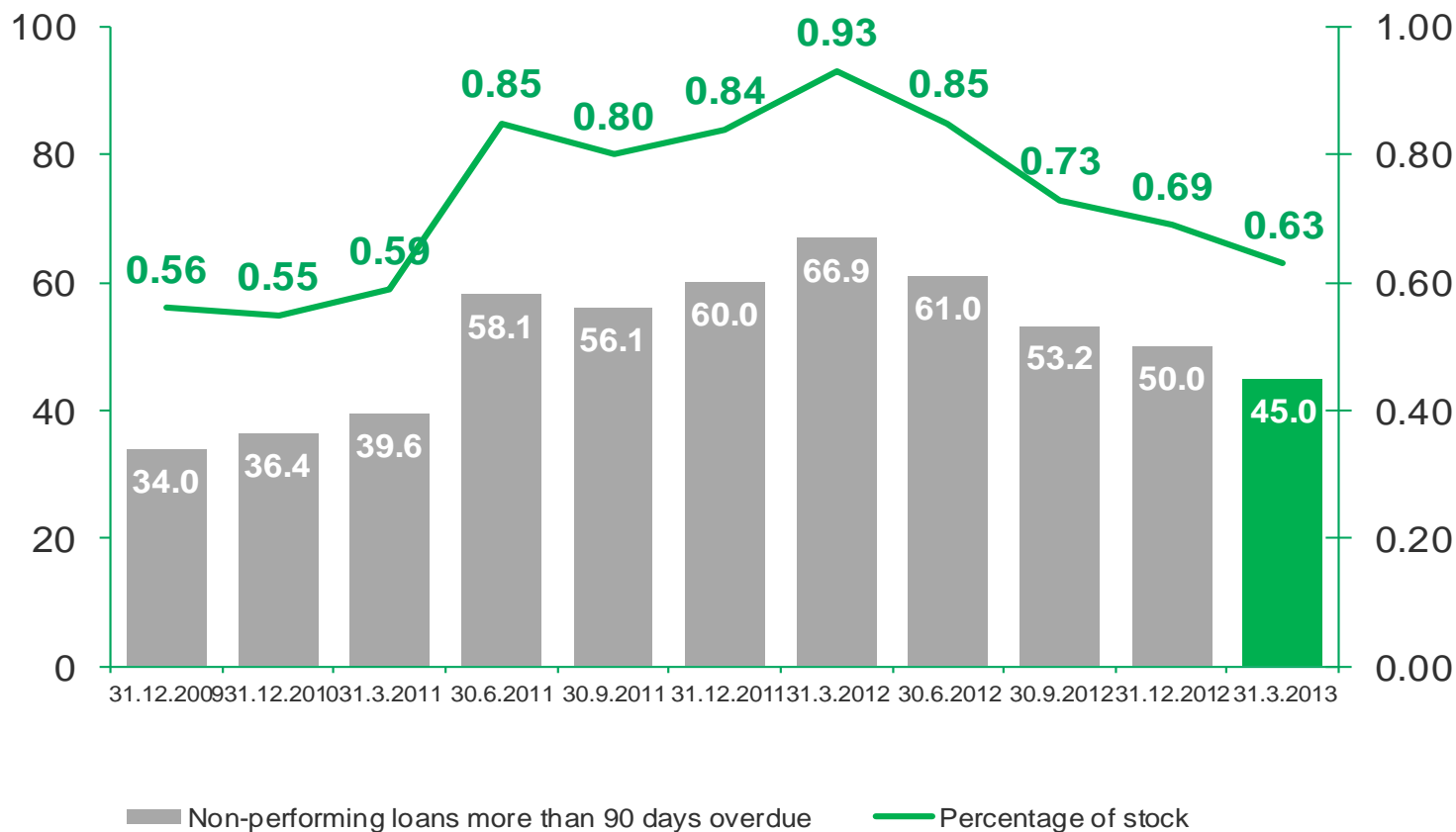


Non-performing loans more than 90 days overdue

Aktia

EUR million

%



Non-performing loans by days overdue

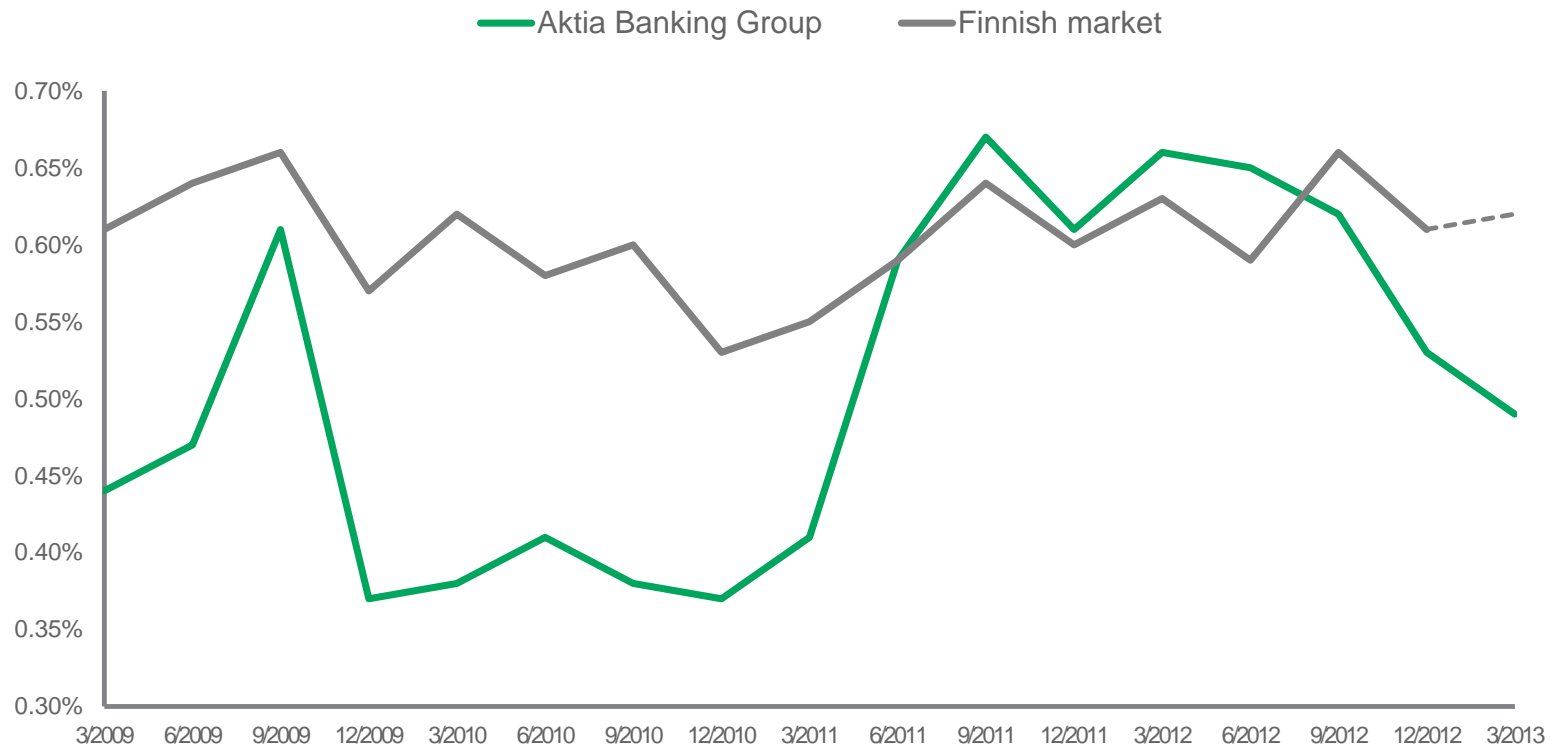
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Days	31.3.2013	% of credit stock	31.12.2012	% of credit stock
3-30	137	1.91	133	1.84
of which households	119	1.66	117	1.62
31-89	49	0.68	51	0.71
of which households	36	0.50	42	0.58
90- *	45	0.63	50	0.69
of which households	30	0.43	33	0.46

* in Aktia Bank, the average fair value of collateral covers 96% of loans

Non-performing loans (>90 days) - share of loans to households

Aktia



Source: Publication from Finnish Financial Supervisory Authority about the credit market

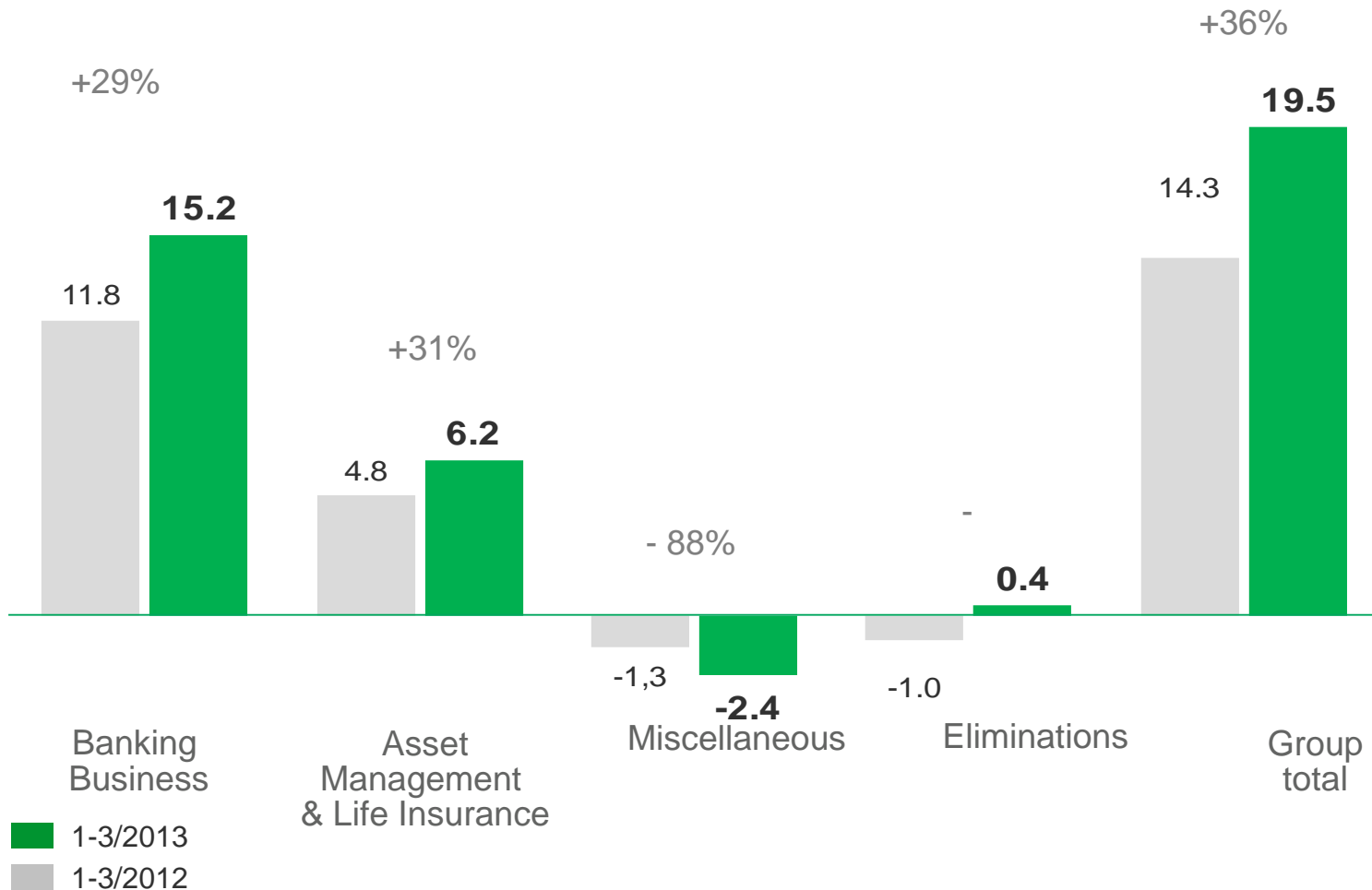
Write-downs on credits and other commitments

Total write-downs on credits and other commitments stood at EUR 1.1 (1.9) million.

Of these write-downs, EUR 0.0 (0.3) million could be attributed to households and EUR 1.1 (1.6) to companies.

The segments' contribution to the operating profit

Aktia



Asset Management & Life Insurance AUM

Aktia

(EURm)	31.3.2013	31.12.2012	Change %
Aktia Fund Management	2,907	2,843	2%
Aktia Invest	2,627	2,467	6%
Aktia Asset Management	4,675	4,561	3%
Aktia Life Insurance	418	379	10%
Eliminations	- 5,390	-5,271	2%
Total	5,237	4,978	5%

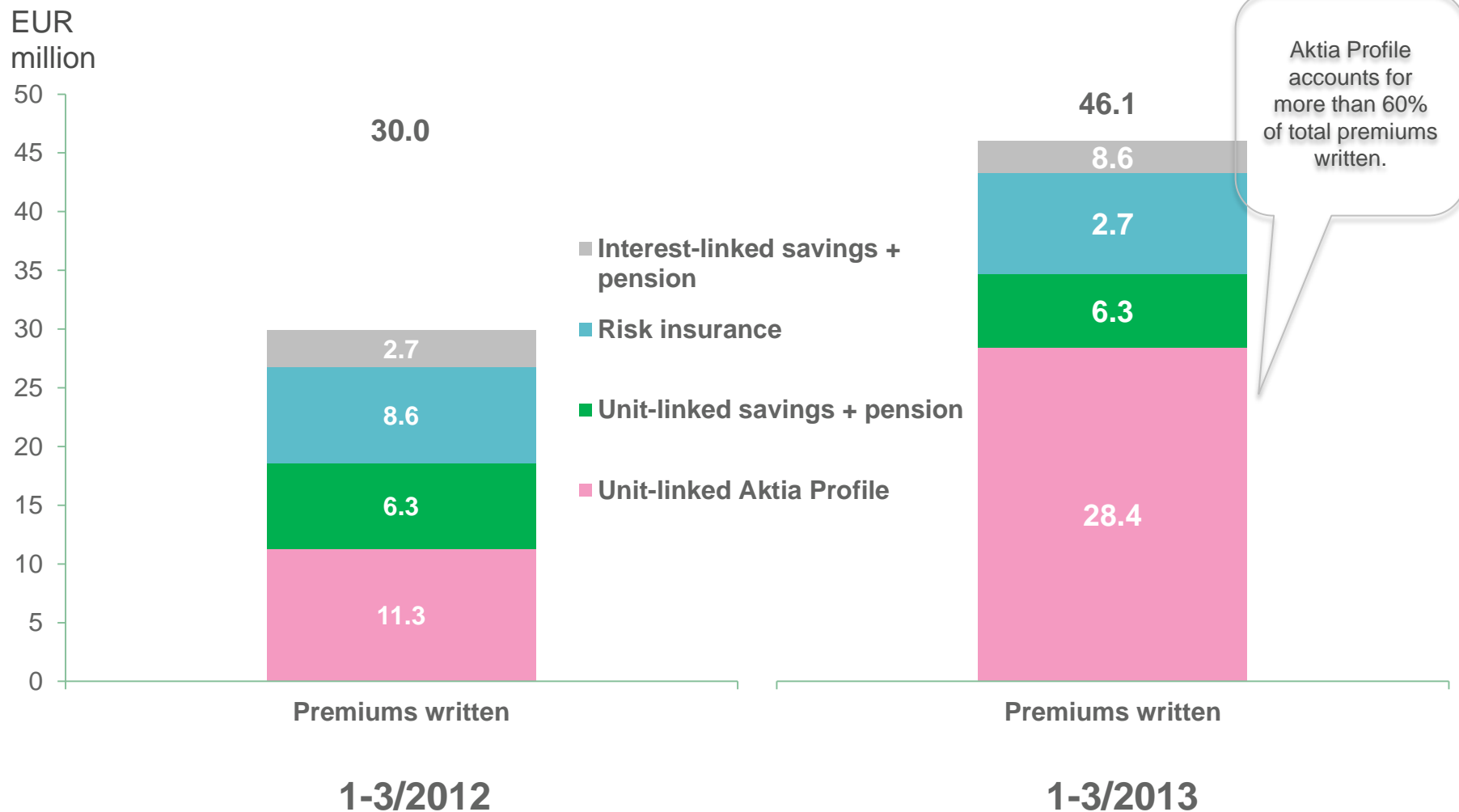
Top ranked asset management (SFR)

Aktia

- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for transparent 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

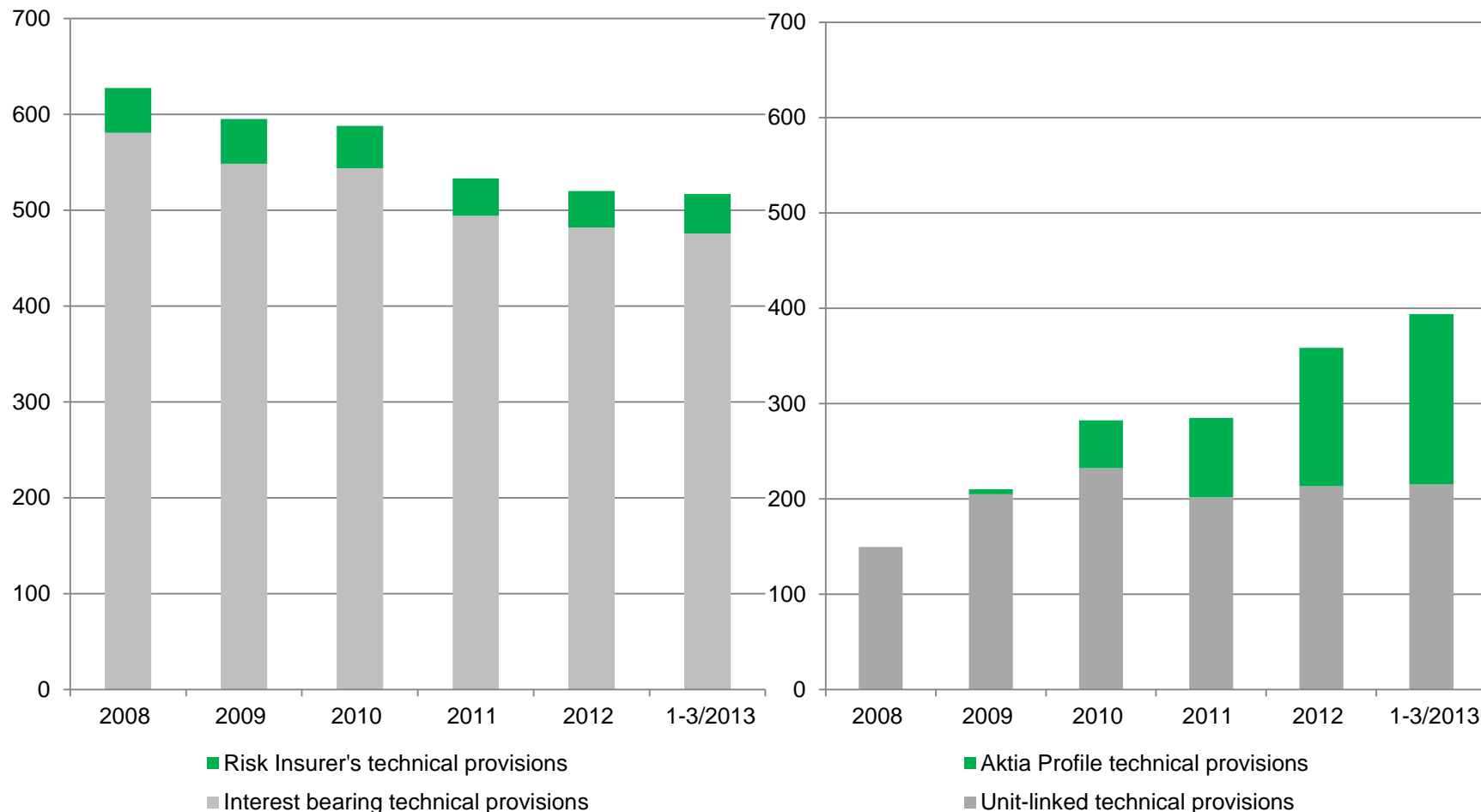
Life Insurance

Aktia



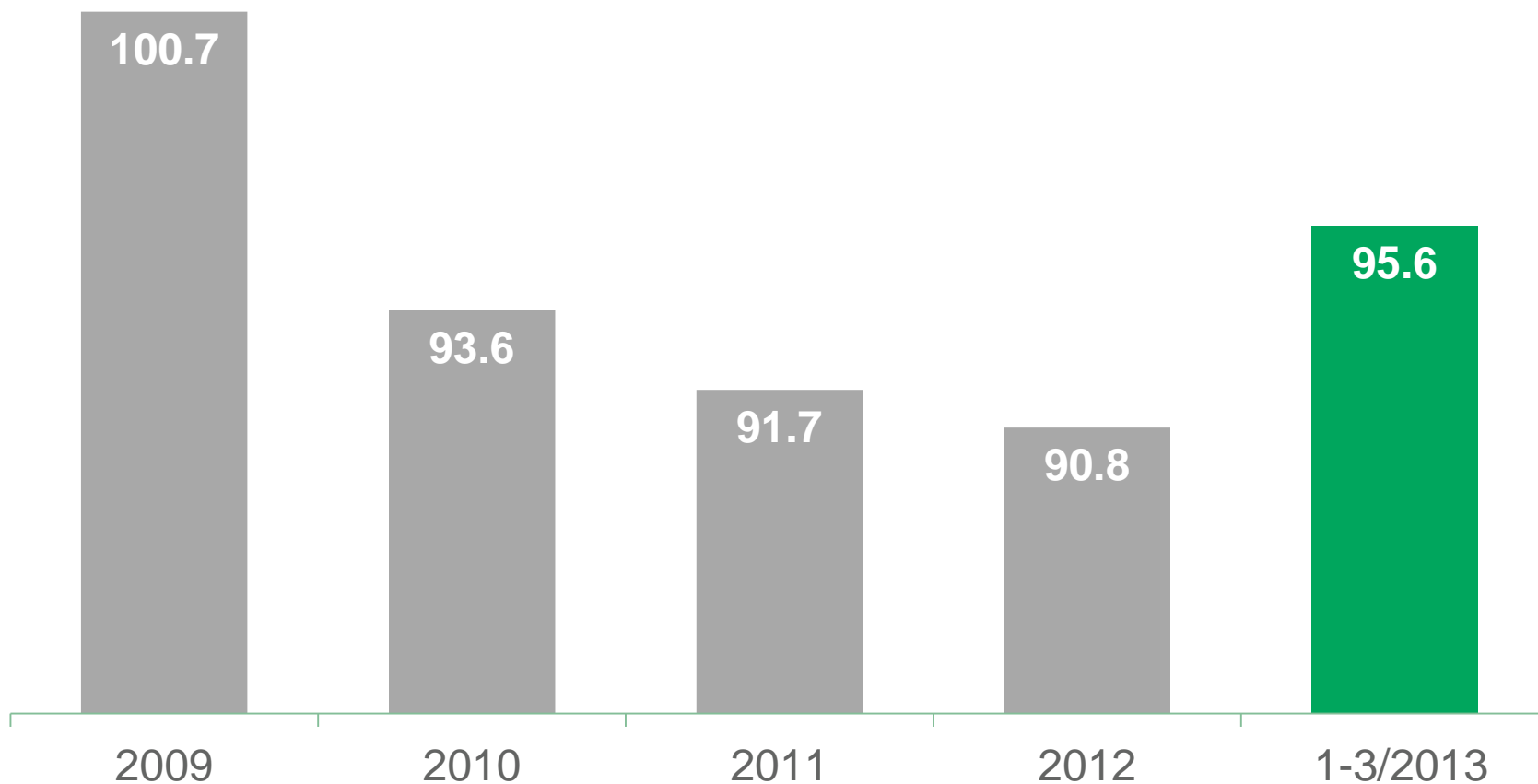
Decreased stock of interest-linked insurance, increase in unit-linked products

Aktia



Expense ratio for life insurance, %

Aktia



Action plan 2015

Concession as Mortgage Bank

Aktia

- The FSA has granted Aktia Bank concession as Mortgage Bank
- This enables Aktia Bank to issue covered bonds directly from the bank's balance sheets and allows for a considerably more cost-effective credit process
- Aktia Bank aims to issue its first covered bonds during H1 2013

Action plan 2015

Aktia

Aktia develops its card business

- The card platform from EVRY AS as main system for card operations
- Agreement with Nets Oy concerning acquisition of Aktia's own Visa Credit credit stock, amounting to approximately EUR 55 million
- Positive effect on the result exceeding EUR 2 million per annum as of 2014 ->

Action plan 2015

New business segments

Aktia

- Aktia renews its organisational structure
- Three business segments as of 1 January 2013; Banking business, Asset Management & Life Insurance and Miscellaneous
- The change is result neutral

Summary: Operating profit Jan–Mar 2013Aktia

Profit

Operating profit from continuing operations amounted to EUR 19.5 (14.3) million.

Profit for the period from continuing operations amounted to EUR 14.8 (10.2) million.

Income

Income totalled EUR 57.5 (53.2) million.

Net interest income decreased less than expected to EUR 30.1 (29.6) million.

Expenses

The Group's operating expenses totalled EUR 37.5 million (36.7) million.

Write-downs

The Group's write-downs on credits and other commitments decreased by 41% to EUR 1.1 (1.9) million.

Interim report

1 January - 31 March 2013

Aktia

1

Financial performance

2

Capital adequacy

3

Balance sheet and owners

4

Outlook and targets

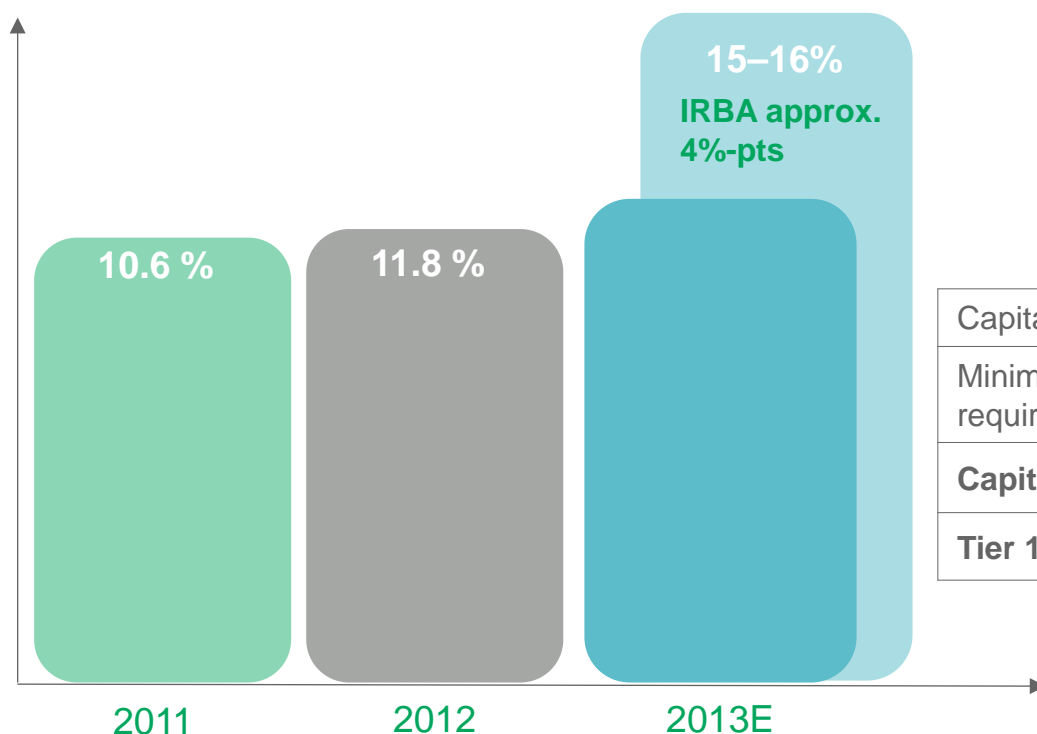
The Bank's capital adequacy

Aktia

IRBA application was submitted August 2011

and is reviewed by Financial Supervisory Authority

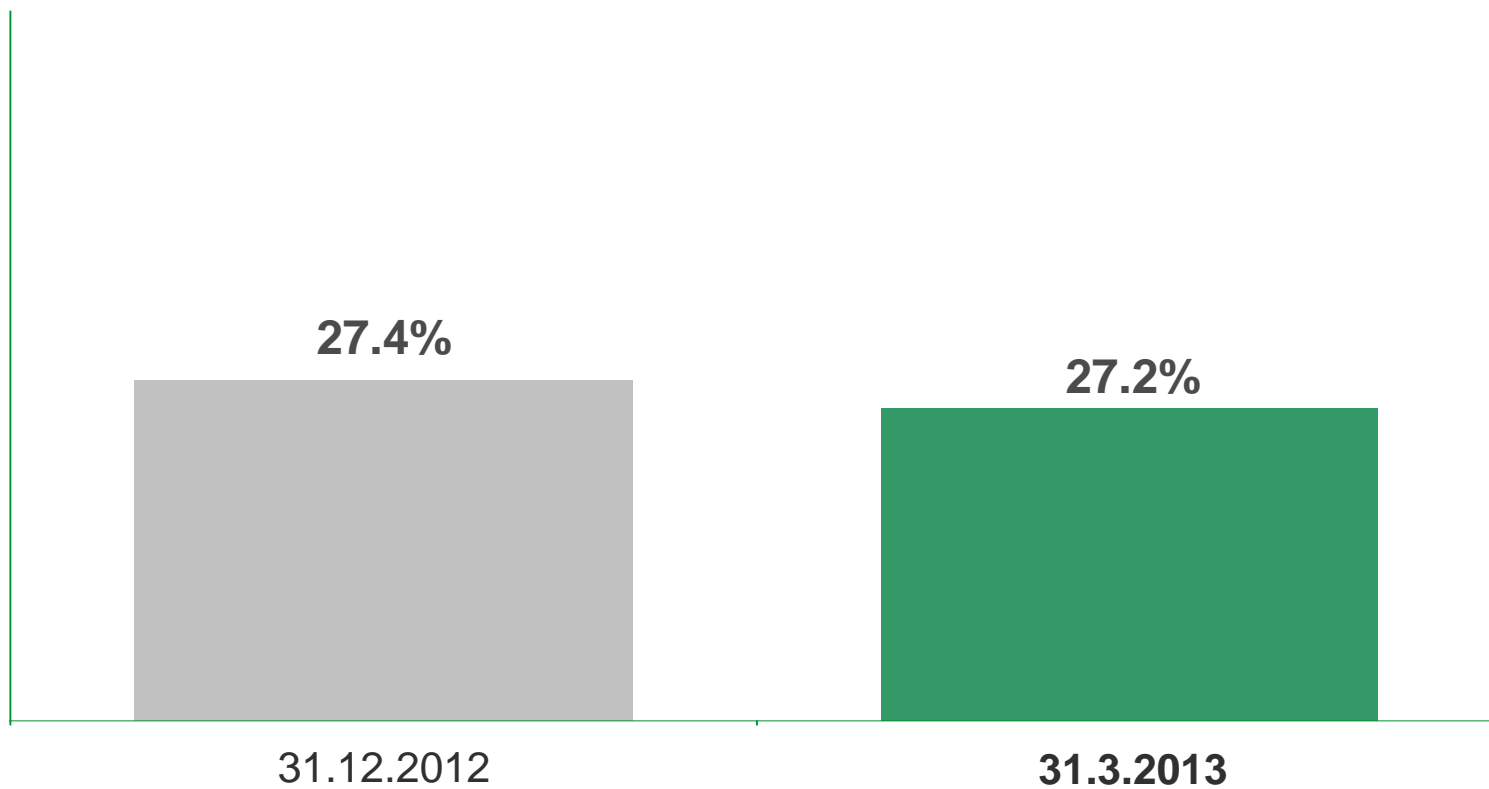
IRBA is expected to increase Tier 1 capital ratio by approx. 4%-pts



	31.3.2013	31.12.2012
Capital buffer	443.5	441.3
Minimum capital requirements	294.7	288.9
Capital adequacy ratio, %	20.0%	20.2%
Tier 1 capital ratio, %	11.7%	11.8%

Life insurance Solvency ratio

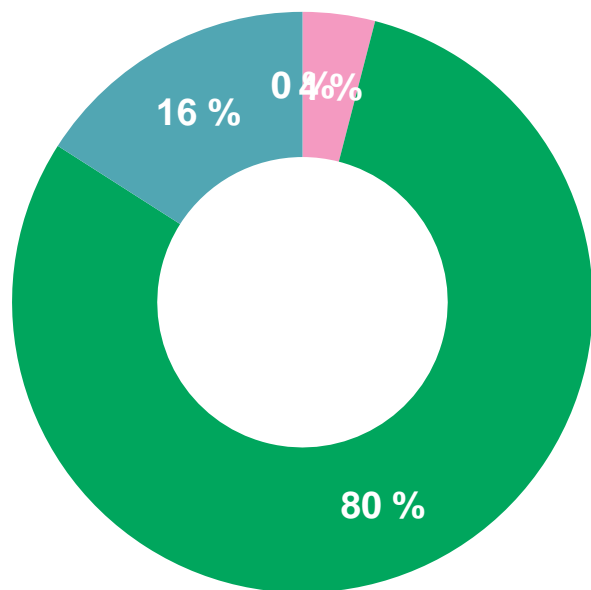
Aktia



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

Aktia

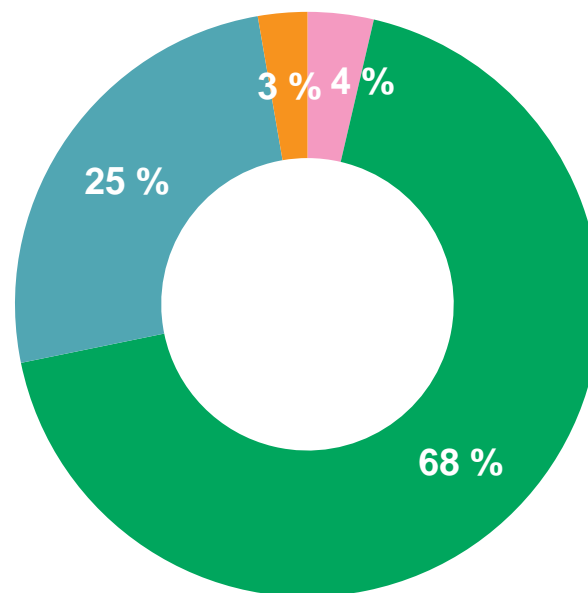
EUR 1,862 million



31.12.2012

EUR 2,043 million

- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds



31.3.2013

Rating distribution for the liquidity portfolio of the Bank Group

Aktia

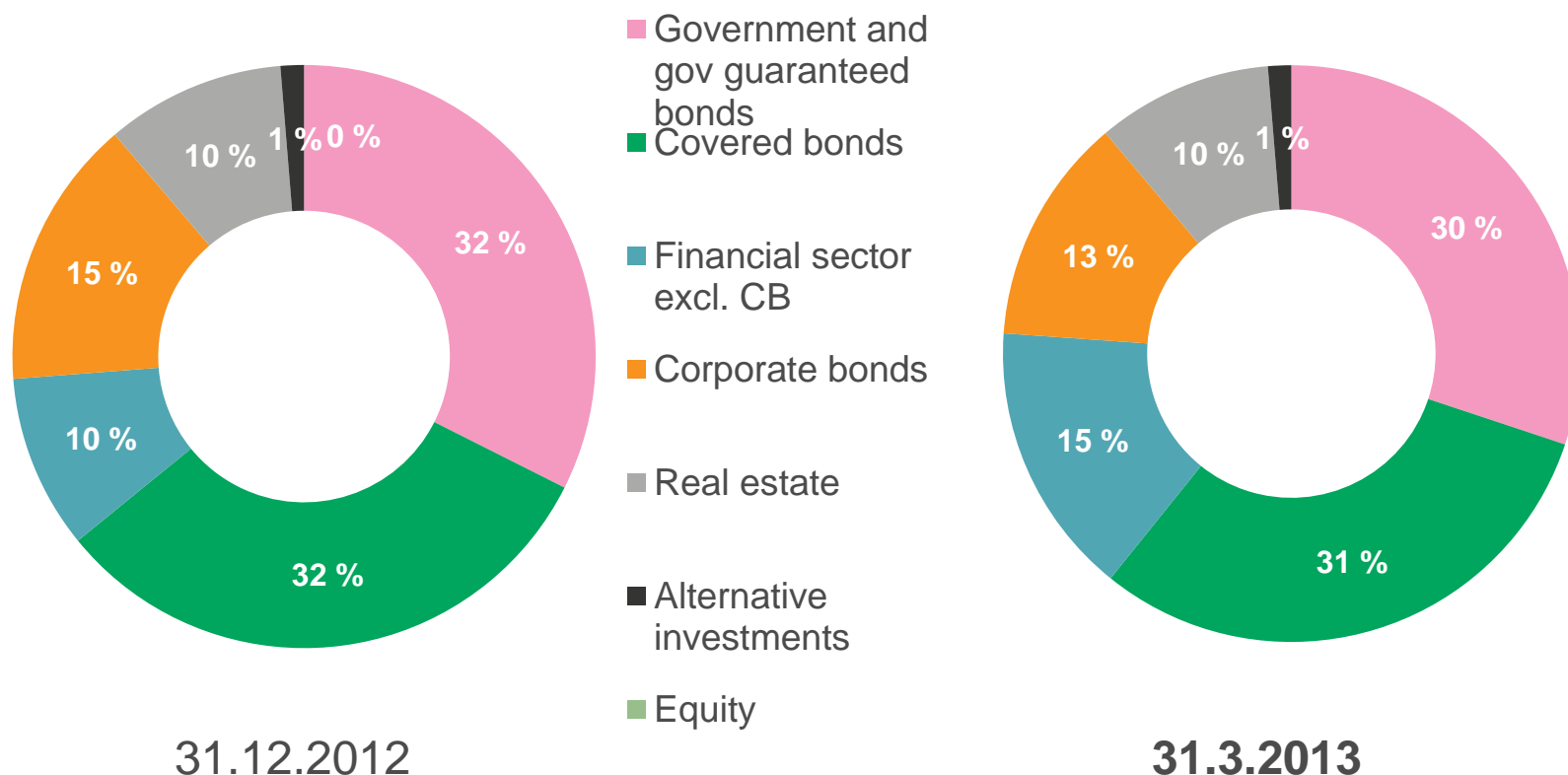
	31.3.2013	31.12.2012
(EUR million)	2,043	1,862
Aaa	59.9%	64.5%
Aa1–Aa3	19.5%	19.1%
A1–A3	15.9%	8.9%
Baa1–Baa3	0.8%	3.7%
Ba1–Ba3	0.5%	1.5%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0 %
Finnish municipalities (no rating)	1.4%	2.2%
No rating	2.1%	0.0%
Total	100.0%	100.0%

Continued convergence towards Solvency II Life Insurance Company

Aktia

Return on investments 0.5 (3.0)%

Duration 5.6 (5.6) years



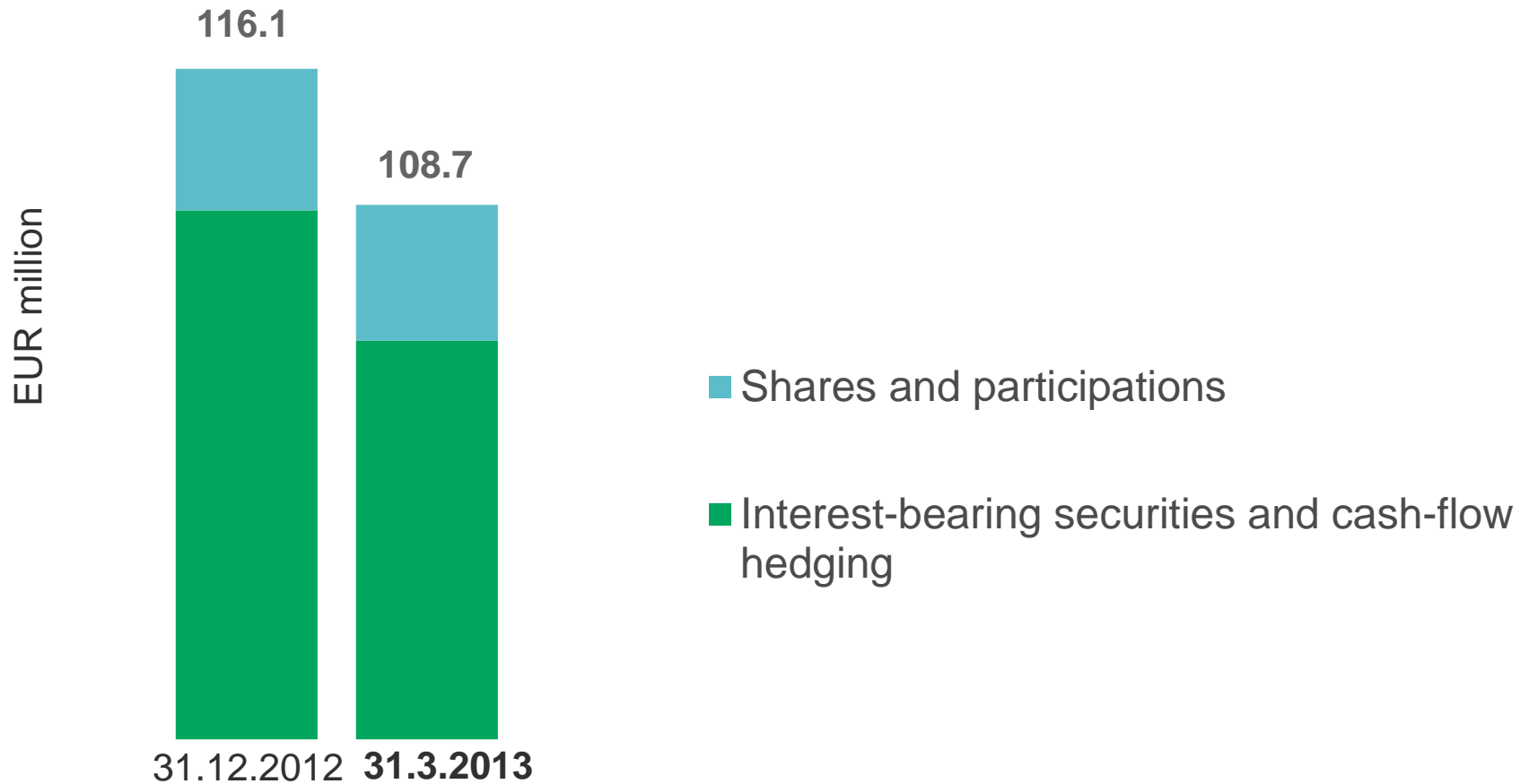
Rating distribution for life insurance portfolio

Aktia

Life Insurance (EUR million)	31.3.2013 530	31.12.2012 563
Aaa	54.8%	54.5%
Aa1–Aa3	19.8%	21.6%
A1–A3	14.6%	12.0%
Baa1–Baa3	3.5%	3.7%
Ba1–Ba3	1.7%	2.0%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	5.5%	6.2%
Total	100%	100%

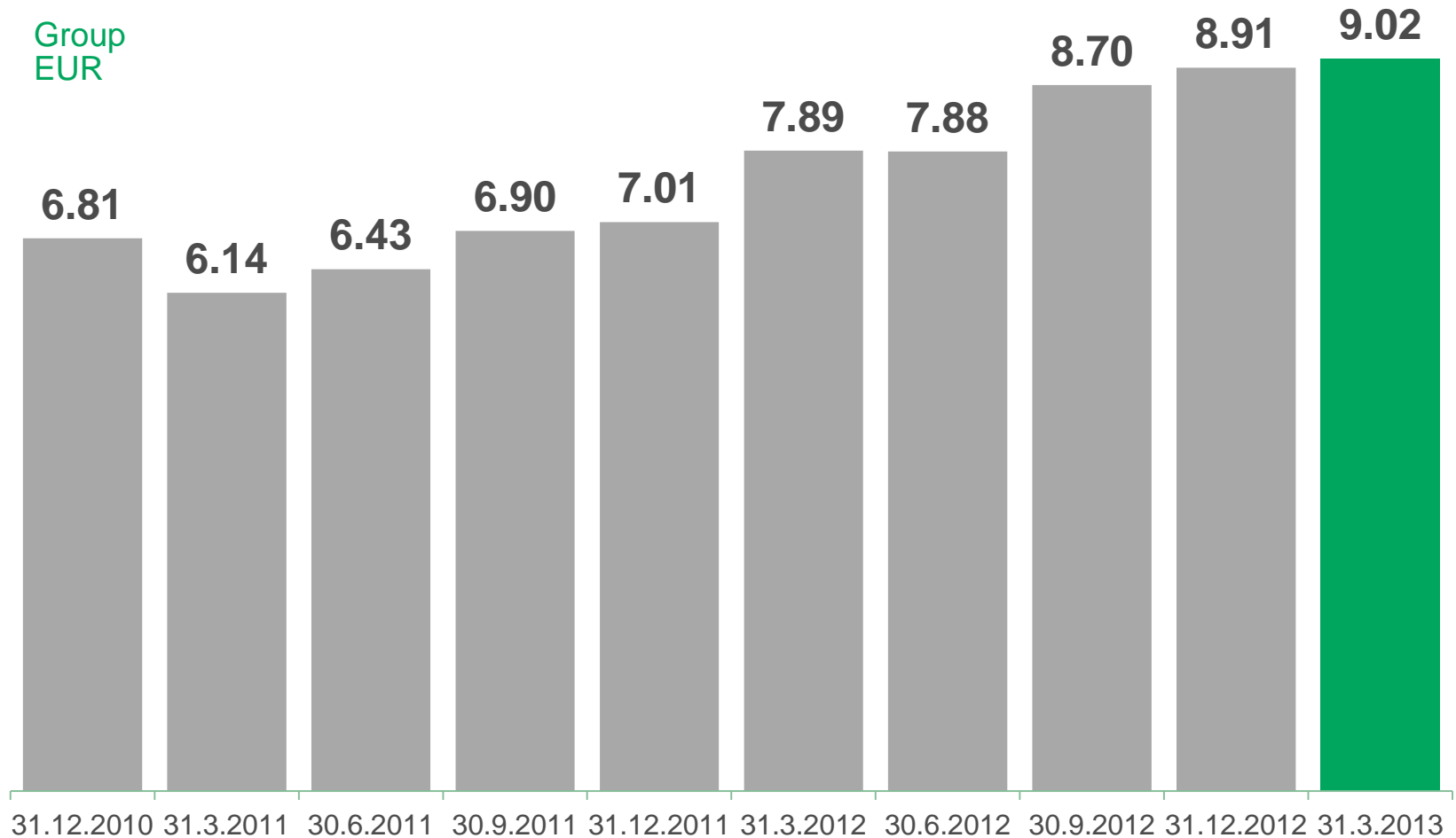
Fund at fair value

Aktia



Equity per share (NAV)

Aktia



Summary:

Capital Adequacy 31 March 2013

Capital adequacy

The Bank Group's Capital Adequacy amounted to 20.0 (20.2)%.

The Tier 1 capital ratio was 11.7 (11.8)%.

The impact of the merger between Aktia plc and Aktia Bank plc is expected to be less than 1% on Capital Adequacy

The life insurance company's solvency margin

The solvency margin was EUR 157.3 (158.6) million.

Solvency ratio 27.2 (27.4)%.

Aktia Bank plc's rating S&P A-/A2 (28.3.2013)

Aktia Bank plc's rating Moody's: A3/C-/P-2 (23.4.2013)

Interim report 1 January - 31 March 2013

Aktia

1	Financial performance
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Balance sheet 31.3.2013

Aktia

The Group's balance sheet total was almost unchanged and amounted to EUR 11,138 (11,240) million.

Borrowing amounted to EUR 3,632 (3,631) million.

Lending to the public amounted to EUR 7,133 (7,202) million.
Loans to private households amounted to EUR 6,177 million or 86.6 % of the credit stock.

The housing loan stock amounted to EUR 5,807 (5,850) million

Corporate lending continued to be moderate
The credit stock amounted to EUR 649 (666) million, corresponding to 9.1 %

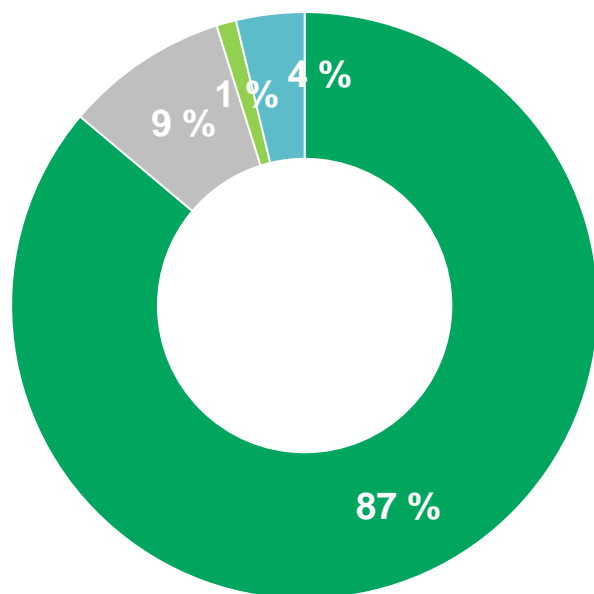
Credit and deposit stocks

31 March 2013

Aktia

Credits

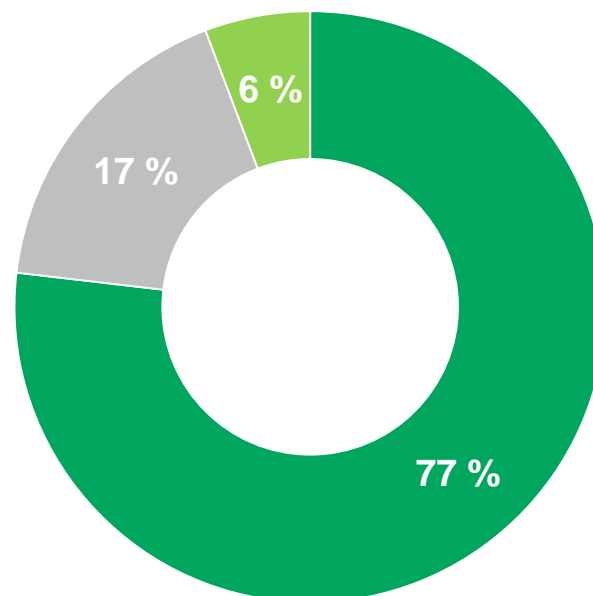
EUR 7,133 (7,202) million



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

Deposits

EUR 3 632 (3 631) million



Share capital and ownership

31 March 2013

Aktia

	Series A shares	Series R shares	Shares total	Shares %	Votes	Votes, %
The 20 largest shareholders:						
Stiftelsen Tre Smeder	2,571,925	4,318,216	6,890,141	10.29	88,936,245	19.85
Life Annuity Institution Hereditas	4,648,114	2,066,106	6,714,220	10.02	45,970,234	10.26
Pension Insurance Co Veritas	4,027,469	2,134,397	6,161,866	9.2	46,715,409	10.43
The Society of Swedish Literature in Finland	2,086,802	789,229	2,876,031	4.29	17,871,382	3.99
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
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 Esbo-Grankulla	978,525	547,262	1,525,787	2.28	11,923,765	2.66
AktiaStiftelsen i Vasa	876,529	438,264	1,314,793	1.96	9,641,809	2.15
AktiaStiftelsen i Vanda		1,300,708	1,300,708	1.94	26,014,160	5.81
Sparbanksstiftelsen i Kyrklätt	105,344	1,133,000	1,238,344	1.85	22,765,344	5.08
Sparbanksstiftelsen i Karis-Pojo	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf	1,176,173		1,176,173	1.76	1,176,173	0.26
Sparbanksstiftelsen i Ingå	596,236	329,318	925,554	1.38	7,182,596	1.6
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	354,377	232,188	586,565	0.88	4,998,137	1.12
Aktia Sparbanksstiftelsen i Malax	361,138	177,600	538,738	0.8	3,913,138	0.87
Sparbanksstiftelsen i Tenala	340,021	171,510	511,531	0.76	3,770,221	0.84
The 20 largest owners	27,400,432	16,924,661	44,325,093	66.16	365,893,652	81.67
Other	19,536,476	3,126,189	22,662,665	33.84	82,060,256	18.33
Total	46,936,908	20,050,850	66,987,758	100.00	447,953,908	100.00

Interim report

1 January - 31 March 2013

Aktia

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Outlook for 2013

Aktia

Aktia's plan of action includes several individual measures and will be realised in steps with the aim of reaching the financial objectives for 2015.

Write-downs on credits are expected to be at the same level as in 2012. **Despite low interest rates and one-off costs from implementing the 2015 plan of action, the Group's operating profit from continuing operations for 2013 expected to reach approximately the 2012 level.**

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.

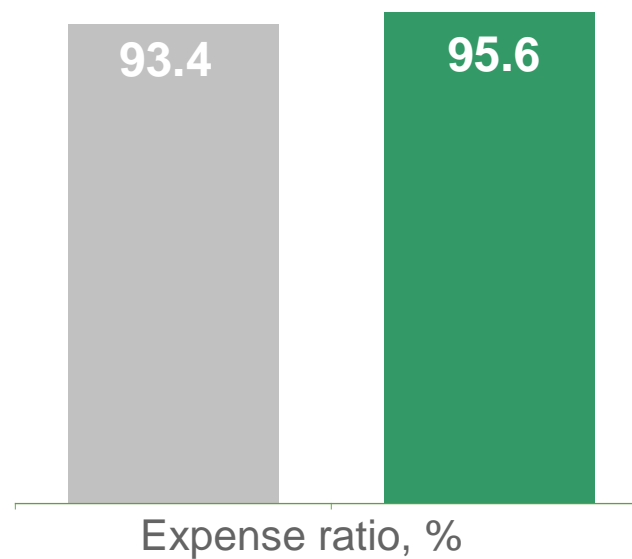
Cost efficiency

Aktia

Banking Business



Life Insurance



■ 1-3/2013
■ 1-3/2012

- **Resources focused on core business**
- **Utilise credit capacity to own customers rather than to the cooperation with the local banks**
- **Simplified group structure and modern systems allow for lower costs**
- **Minimise costs from Basel III**

New core banking system

Aktia

- **Big one-off investment of approx EUR 25 million**
- **Reduces running IT costs from 2015 onwards by EUR 5 million p.a. and allows for similar savings in processes**

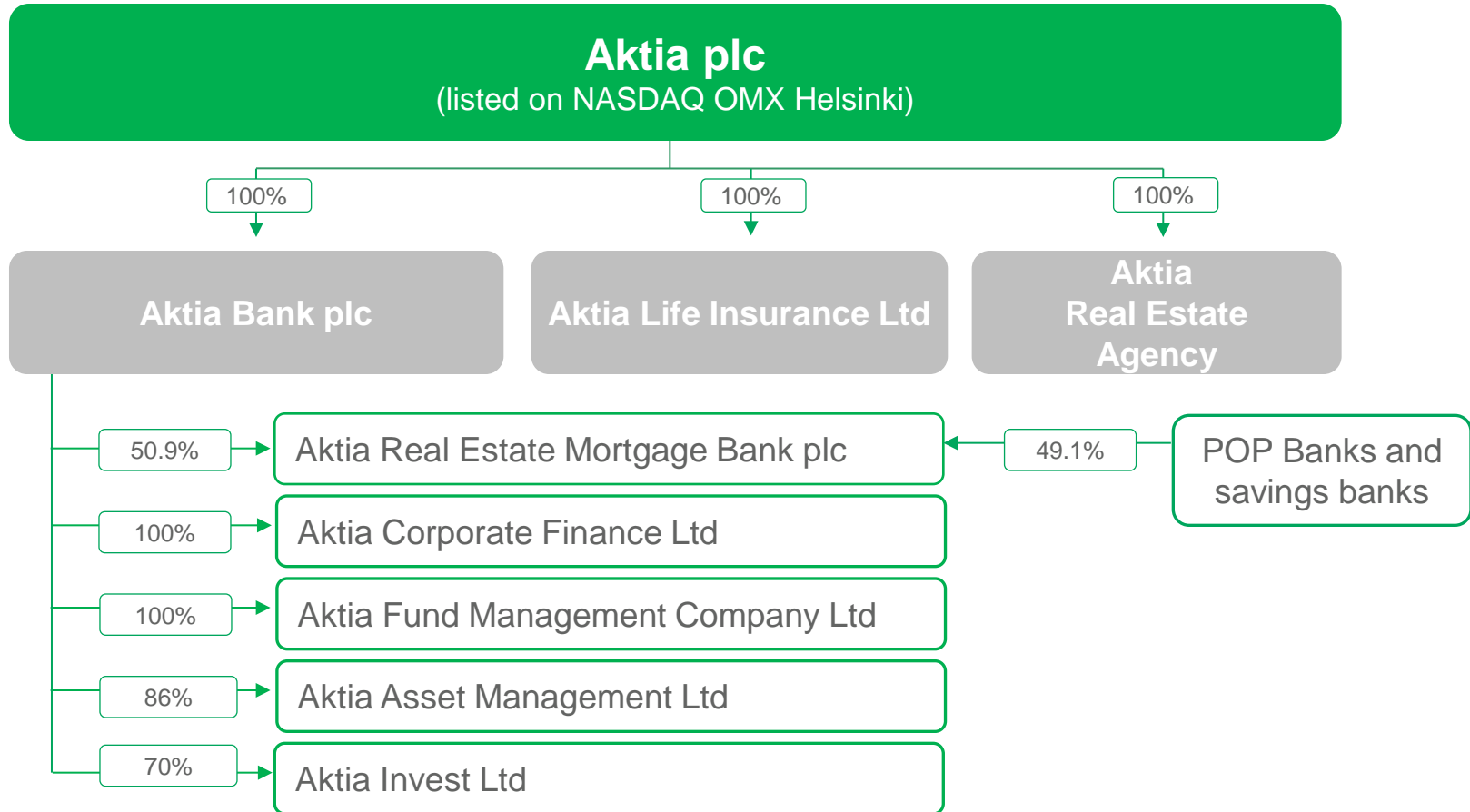
Aktia terminates services as central credit institution

Aktia

- **Basel II regulation would have increased expenses for the cooperation with the local banks to more than EUR 10 million p.a.**
- Somewhat negative for rating (Aktia's systemic importance is reduced)
- Earnings from local banks amounts to EUR 2-3 million p.a.

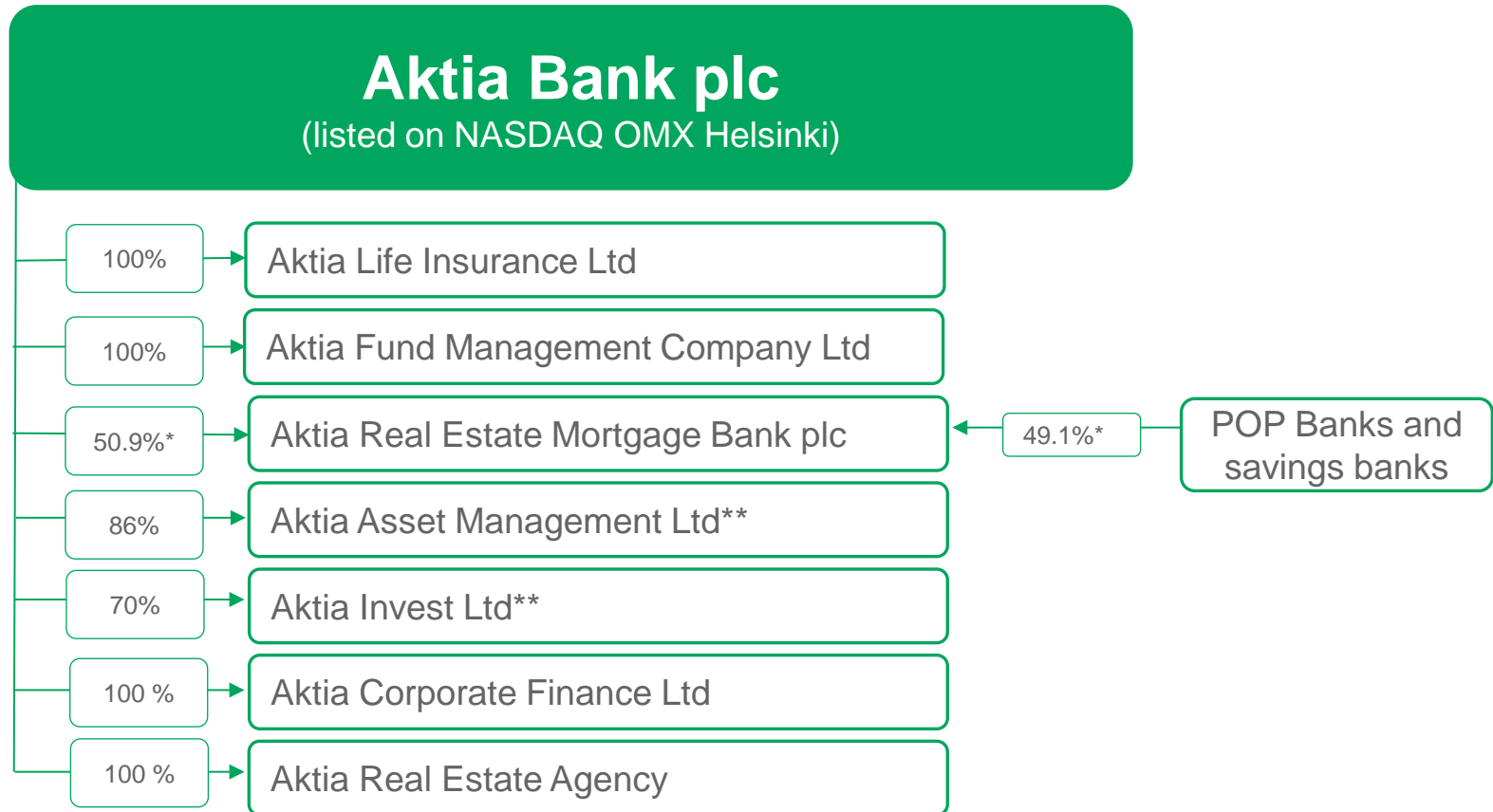
Legal structure today

Aktia



Planned Group structure

Aktia



*of share capital Aktia Bank holds 70% of votes.

**Minority shares used as incentives for key personnel

Objectives for 2012–2015

Aktia

Growth

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

Profitability

Expenses -5 % p.a.

Capital adequacy

**Tier 1 capital ratio at least 13 % over an
economic cycle (post-IRBA)**

Dividend pay-out

**Dividend pay-out 40–60% of profit after
taxes**

Best customer service in Finland

**Increased customer closeness and
further improved customer service**

Result 3/2012-3/2013

Aktia

	1-3/2012	1-3/2012	Change, %	New objectives for 2015
Commission income	21.0	19.6	+7%	+5% p.a.
Expenses				
Staff costs	19.2	18.6	+3%	-5% p.a.
IT costs	5.9	6.4	-8%	
Other	10.7	9.9	+8%/0 %	

* Excluding costs related to merger of Aktia plc and Aktia Bank plc, and bank tax

Balance sheet, assets

Aktia

(EUR million)	31.3.2013	31.12.2012	Δ	31.3.2012
Assets				
Cash and balances with central banks	295.1	587.6	-50 %	220.4
Financial assets reported at fair value via the income statement	0.0	0.1	-19 %	0.7
Interest-bearing securities	2,158.2	2,011.7	7 %	2,588.7
Shares and participations	98.8	95.0	4 %	87.8
Financial assets available for sale	2,257.0	2,106.7	7 %	2,676.5
Financial assets held until maturity	362.5	350.0	4 %	19.3
Derivative instruments	270.8	302.2	-10 %	309.3
Lending to Bank of Finland and credit institutions	129.0	158.7	-19 %	131.0
Lending to the public and public sector entities	7,132.6	7,201.6	-1 %	7,183.8
Loans and other receivables	7,261.6	7,360.2	-1 %	7,314.8
Investments for unit-linked provisions	401.1	360.9	11 %	318.3
Investments in associated companies	21.2	21.1	1 %	20.4
Intangible assets	14.5	14.2	2 %	14.0
Investment properties	28.3	28.3	0 %	18.6
Other tangible assets	5.4	5.7	-4 %	6.7
Accrued income and advance payments	70.8	75.0	-6 %	85.4
Other assets	124.9	3.3	-	45.4
Total other assets	195.7	78.3	150 %	130.8
Income tax receivables	0.9	0.1	683 %	3.4
Deferred tax receivables	22.3	23.5	-5 %	2.2
Tax receivables	23.1	23.6	-2 %	5.6
Assets classified as held for sale	1.4	1.5	-6 %	2.2
Total assets	11,137.7	11,240.2	-1 %	11,057.6

Balance sheet, liabilities

Aktia

(EUR million)	31.3.2013	31.12.2012	Δ	31.3.2012
Liabilities				
Liabilities to credit institutions	983.5	1,057.6	-7 %	977.0
Liabilities to the public and public sector entities	3,631.8	3,631.5	0 %	3,689.4
Deposits	4,615.2	4,689.0	-2 %	4,666.4
Derivative instruments	161.6	186.4	-13 %	157.6
Debt securities issued	3,552.2	3,540.3	0 %	3,763.1
Subordinated liabilities	274.2	268.2	2 %	251.6
Other liabilities to credit institutions	586.6	629.6	-7 %	486.0
Other liabilities to the public and public sector entities	128.7	146.7	-12 %	65.1
Other financial liabilities	4,541.8	4,584.7	-1 %	4,565.9
Technical provisions for interest-related insurances	517.0	519.9	-1 %	532.3
Technical provisions for unit-linked insurances	400.5	358.5	12 %	317.8
Technical provisions	917	878	4 %	850.2
Accrued expenses and income received in advance	100.5	93.1	8 %	118.9
Other liabilities	39.8	55.2	-28 %	66.2
Total other liabilities	140.4	148.3	-5 %	185.1
Provisions	6.9	6.9	0 %	-
Income tax liabilities	24.1	23.3	3 %	3.4
Deferred tax liabilities	64.8	65.5	-1 %	45.6
Tax liabilities	88.9	88.8	0 %	49.0
Liabilities for assets classified as held for sale	0.2	0.2	-15 %	0.2
Total liabilities	10,472.4	10,582.8	-1 %	10,474.3
Equity				
Restricted equity	212.9	220.2	-3 %	162.8
Unrestricted equity	387.4	372.4	4 %	362.2
Shareholders' share of equity	600.2	592.6	1 %	525.0
Non-controlling interest's share of equity	65.1	64.8	0 %	58.3
Equity	665.4	657.4	1 %	583.3
Total liabilities and equity	11,137.7	11,240.2	-1 %	11,057.6



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We see a person in every customer