



Accounts Announcement 2012

Strong result

Aktia

Distinct improvement January – December 2012

Aktia

Operating profit from continuing operations amounted to EUR 56.0 (44.6) million.

Profit from continuing operations amounted to EUR 40.3 (34.1) million.

Earnings per share (EPS) was EUR 0.74 (0.53).

The Board of Directors proposes an increased dividend of EUR 0.36 (0.30) + return of capital of EUR 0.14 per share

Write-downs on credits and other commitments decreased to EUR 6.4 (10.5) 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.

Dividend

The Board of Directors proposes a higher dividend of EUR 0.36 (0.30) per share

- This corresponds to a pay-out of 49%

In addition, proposing a return of capital of EUR 0.14 per share

- The sales profit of the divestment of the Non-life Insurance company

In total EUR 0.50 per share

A strong fourth quarter 2012

Aktia

Operating profit from continuing operations amounted to EUR 10.4 (6.5) million.

Aktia Asset Management shared first place in SFR ranking.

Provisions with a cost effect of EUR 5.9 million were made in the fourth quarter to cover winding up of current IT service agreement.

Profit from continuing operations amounted to EUR 6.3 (7.3) million.

Write-downs on credits and other commitments decreased to EUR 1.7 (4.1) million.

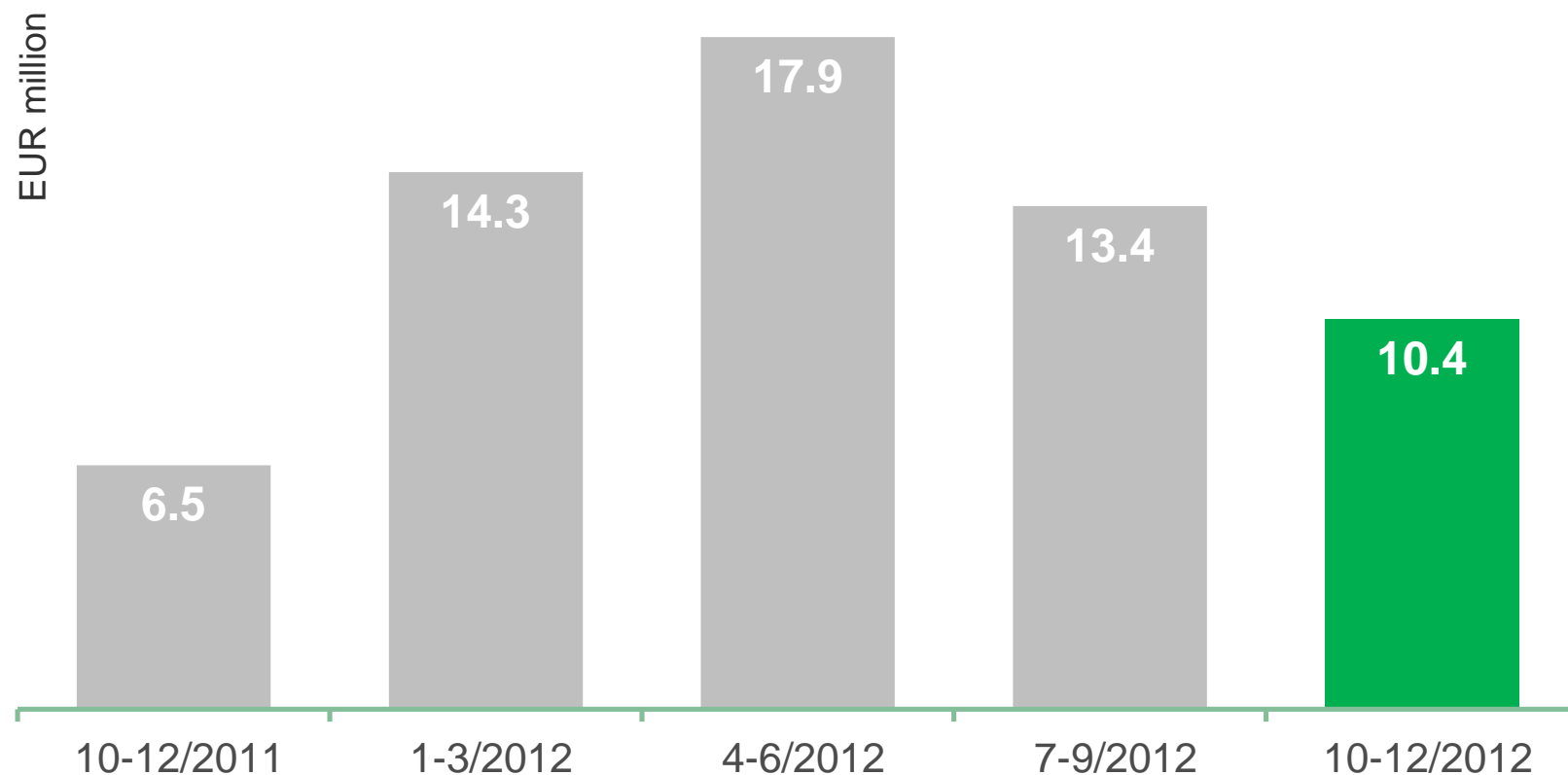
Accounts Announcement

1 January - 31 December 2012

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

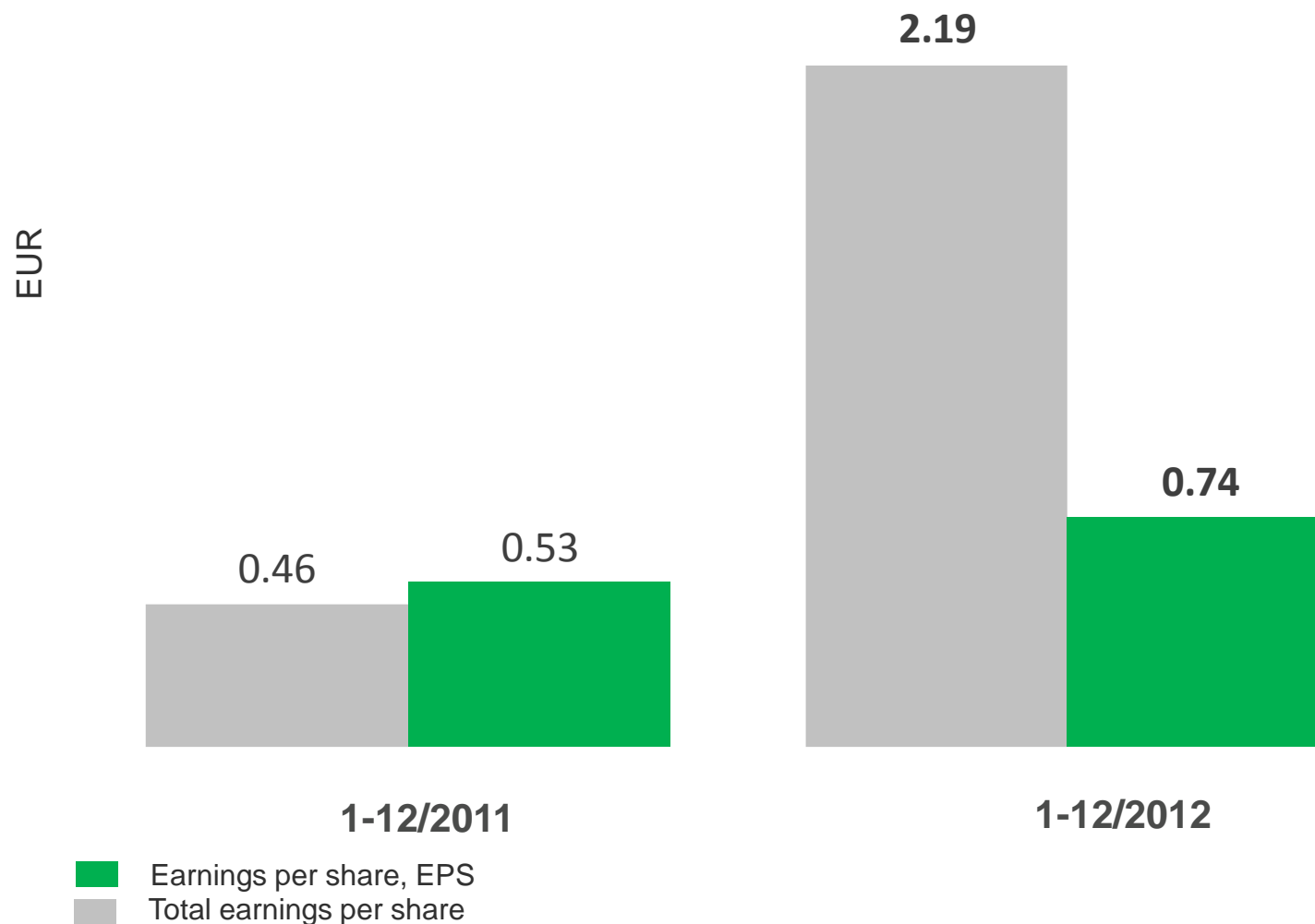
Operating profit for the quarter Continuing operations

Aktia

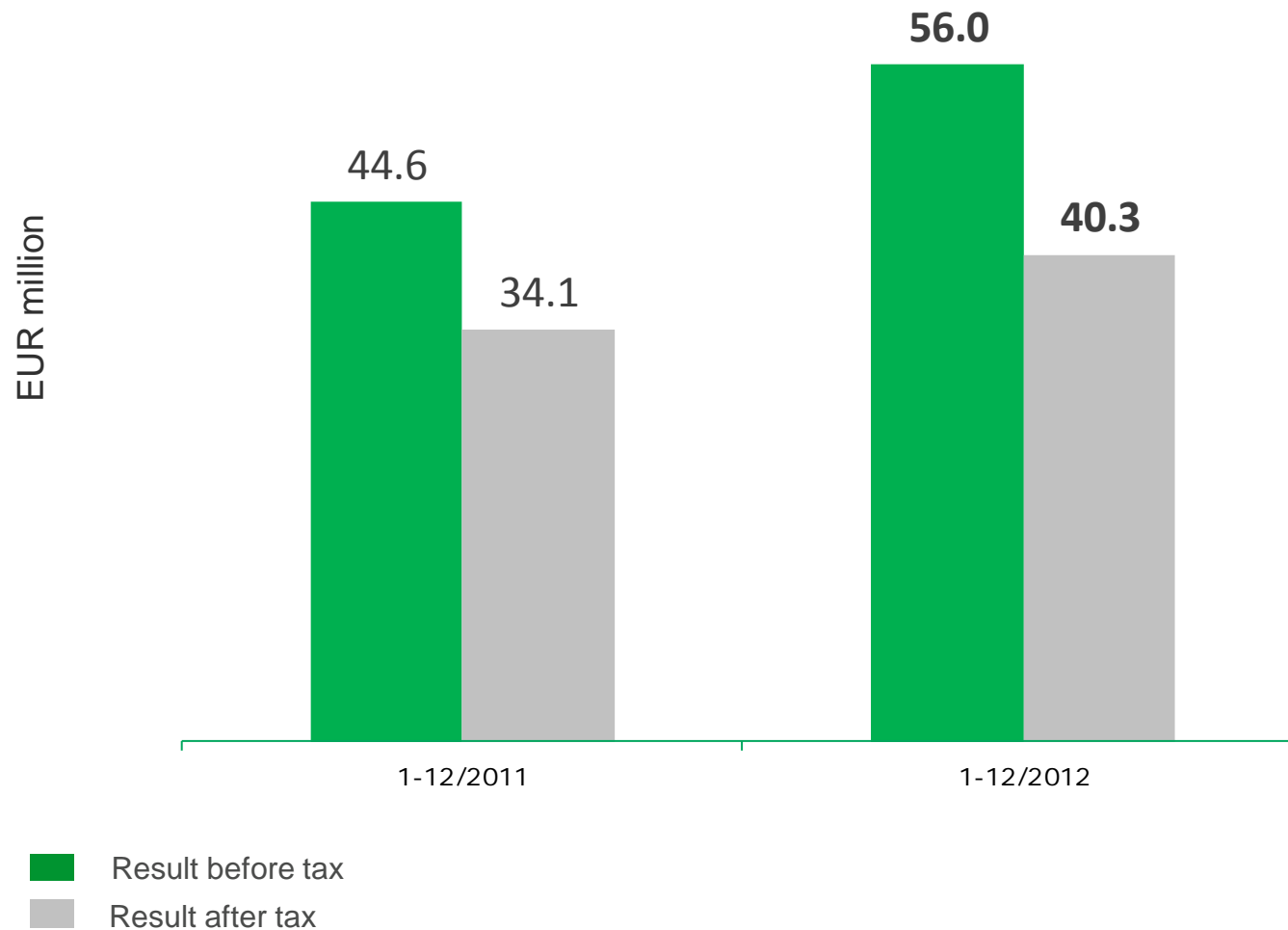


Higher earnings per share 1-12/2012

Aktia

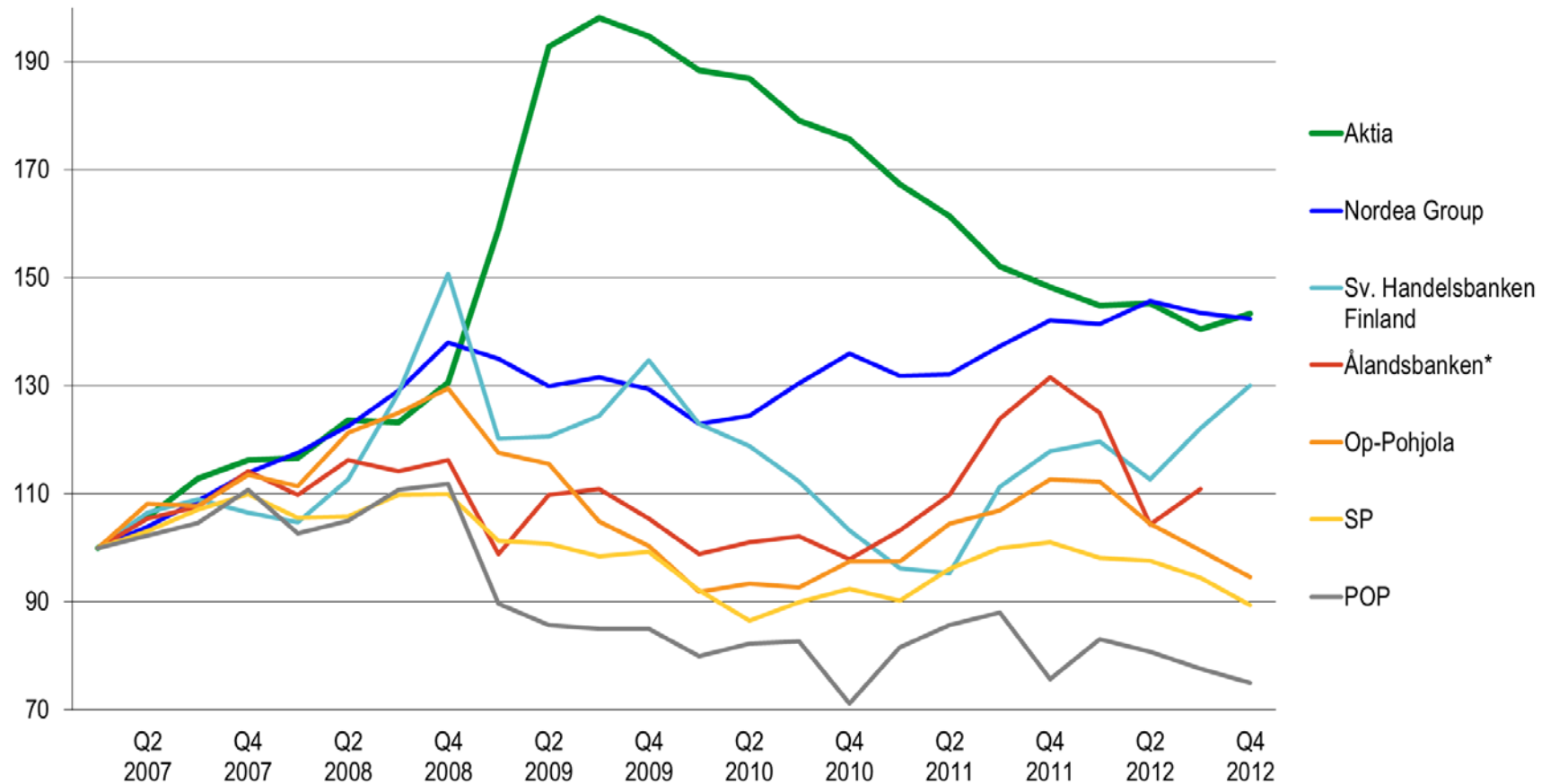


Result before and after tax Continuing operations



Net interest income (1/2007 = 100)

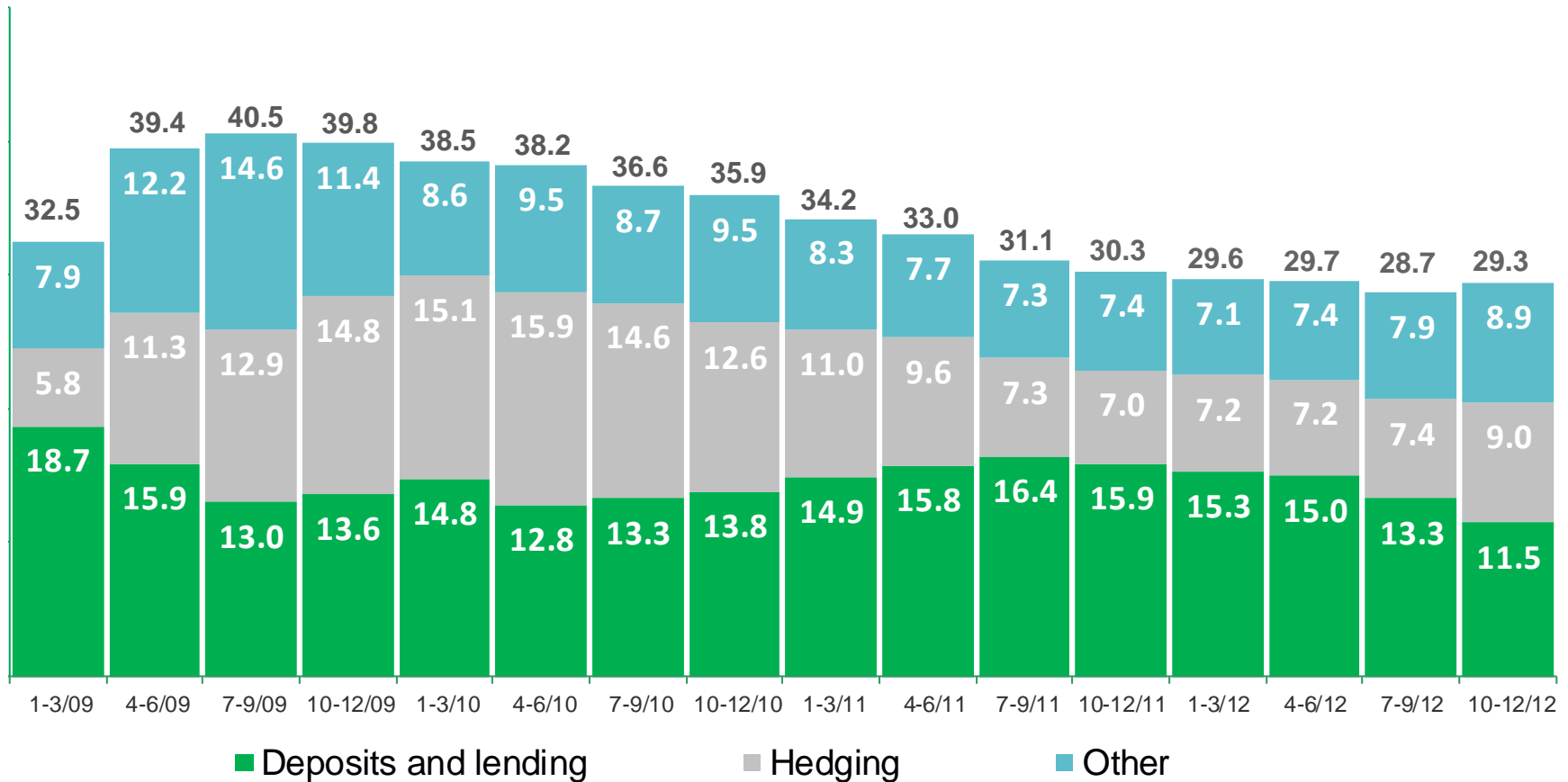
Finnish Banks



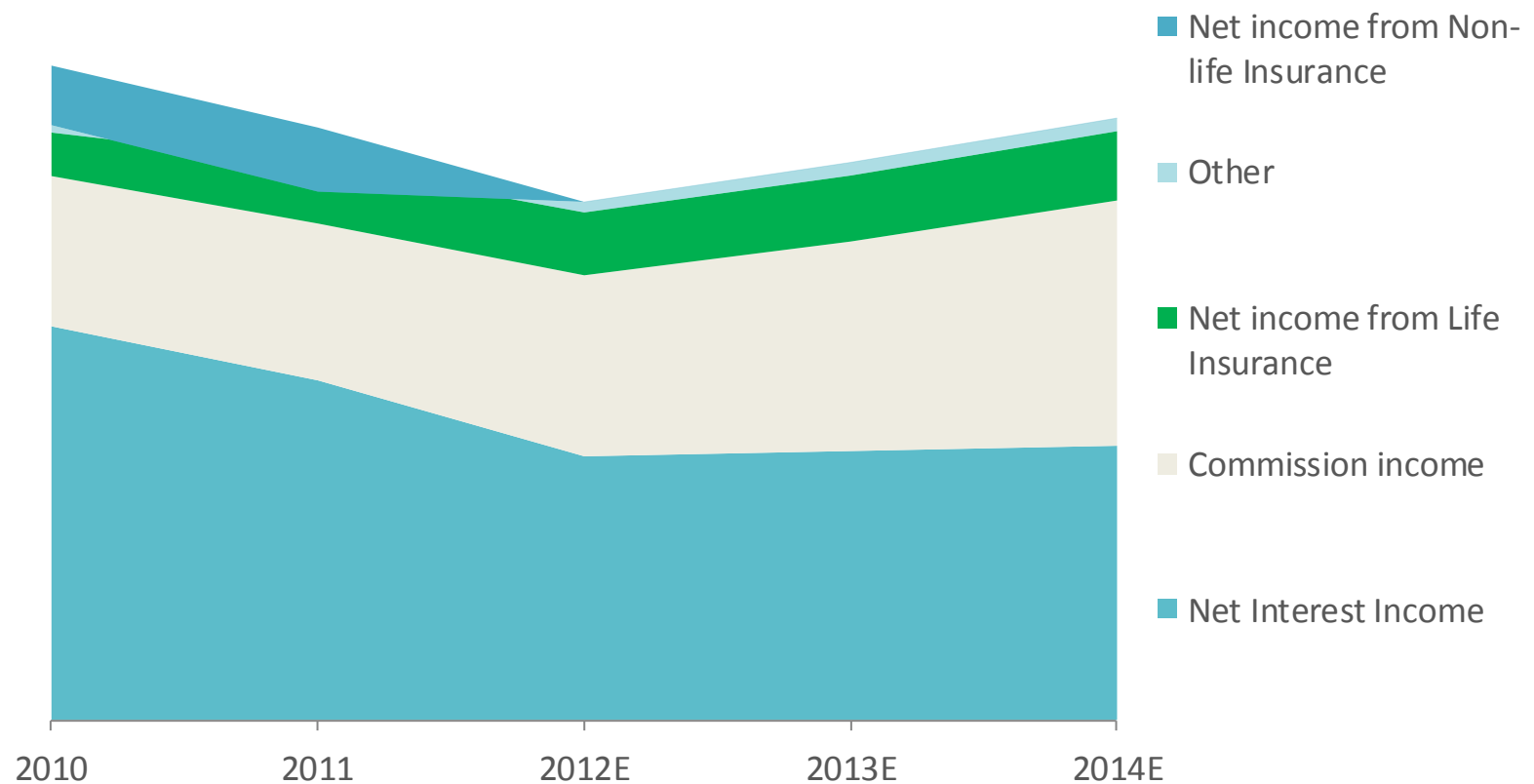
*Q4/2012 not published

Net interest income

EUR million



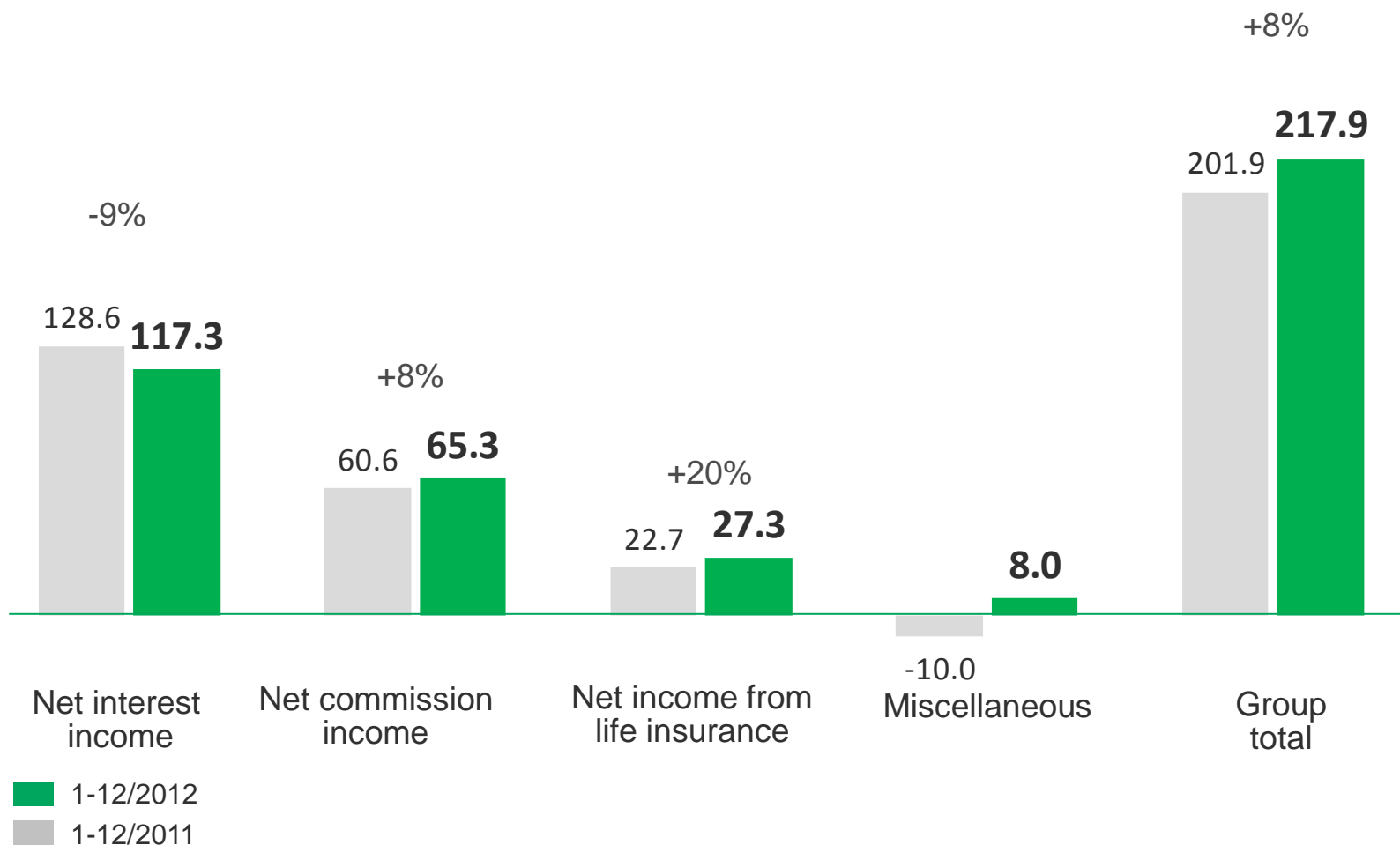
Growth in low interest rate environmentAktia



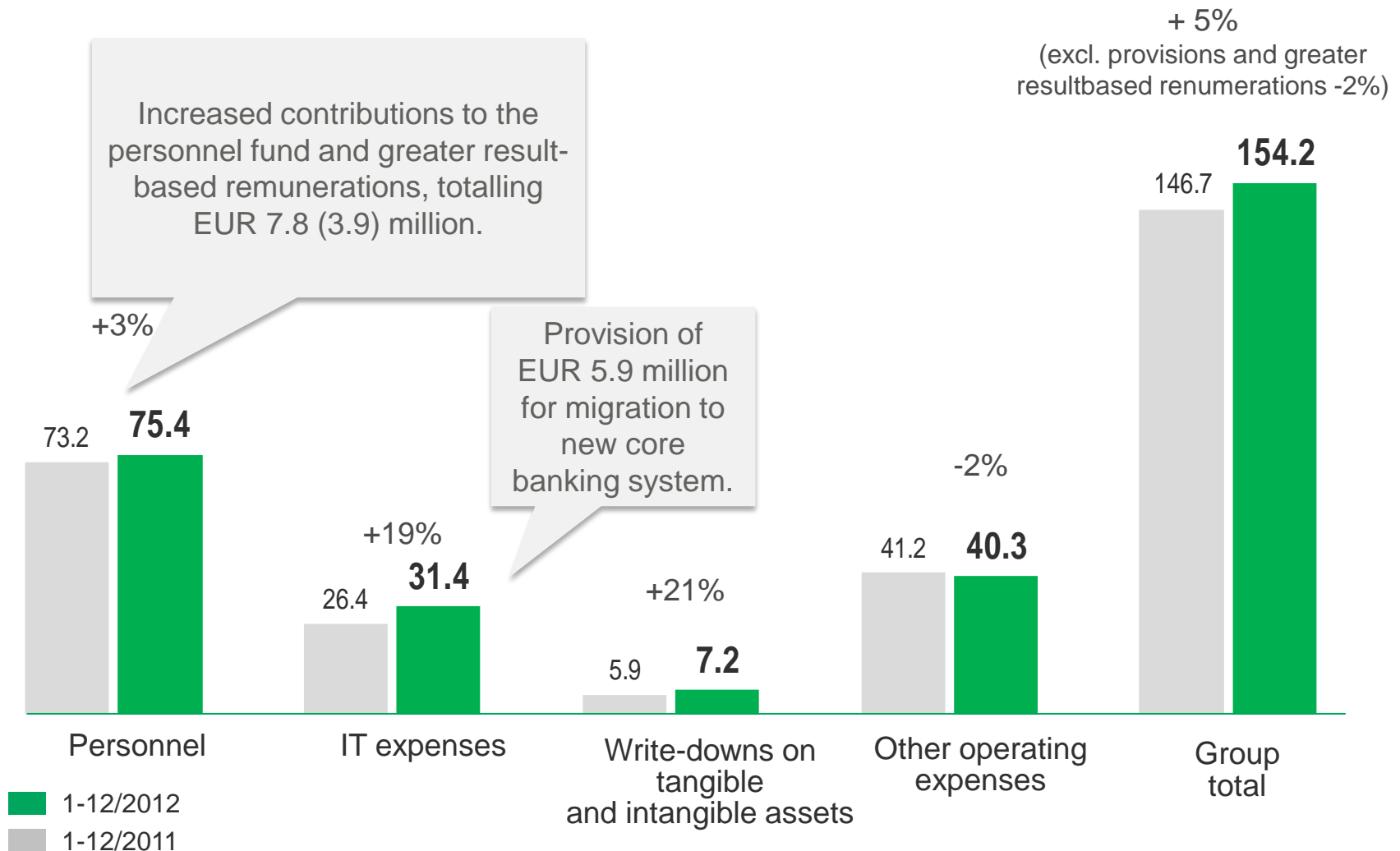
Income (EUR million)

Aktia

Improved net interest income and net income from life insurance



Increase of expenses slowed down (EUR million)

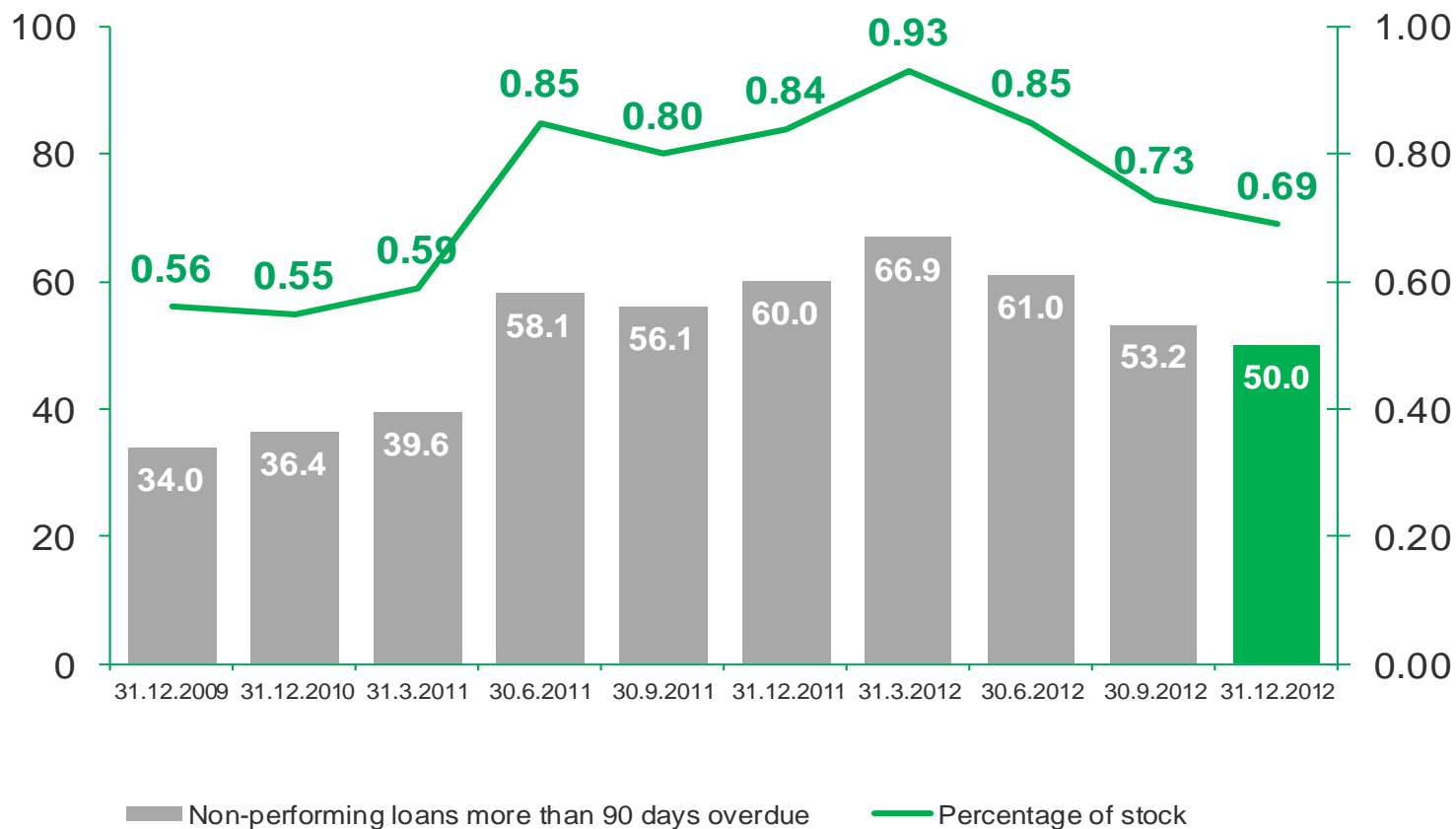


Non-performing loans more than 90 days overdue

Aktia

EUR million

%



Non-performing loans by days overdue

Aktia

Days	31.12.2012	% of credit stock	31.12.2011	% of credit stock
3-30	133	1.84	121	1.71
of which households	117	1.62	102	1.43
31-89	51	0.71	53	0.75
of which households	42	0.58	46	0.64
90- *	50	0.69	60	0.84
of which households	33	0.46	36	0.51

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

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

Aktia



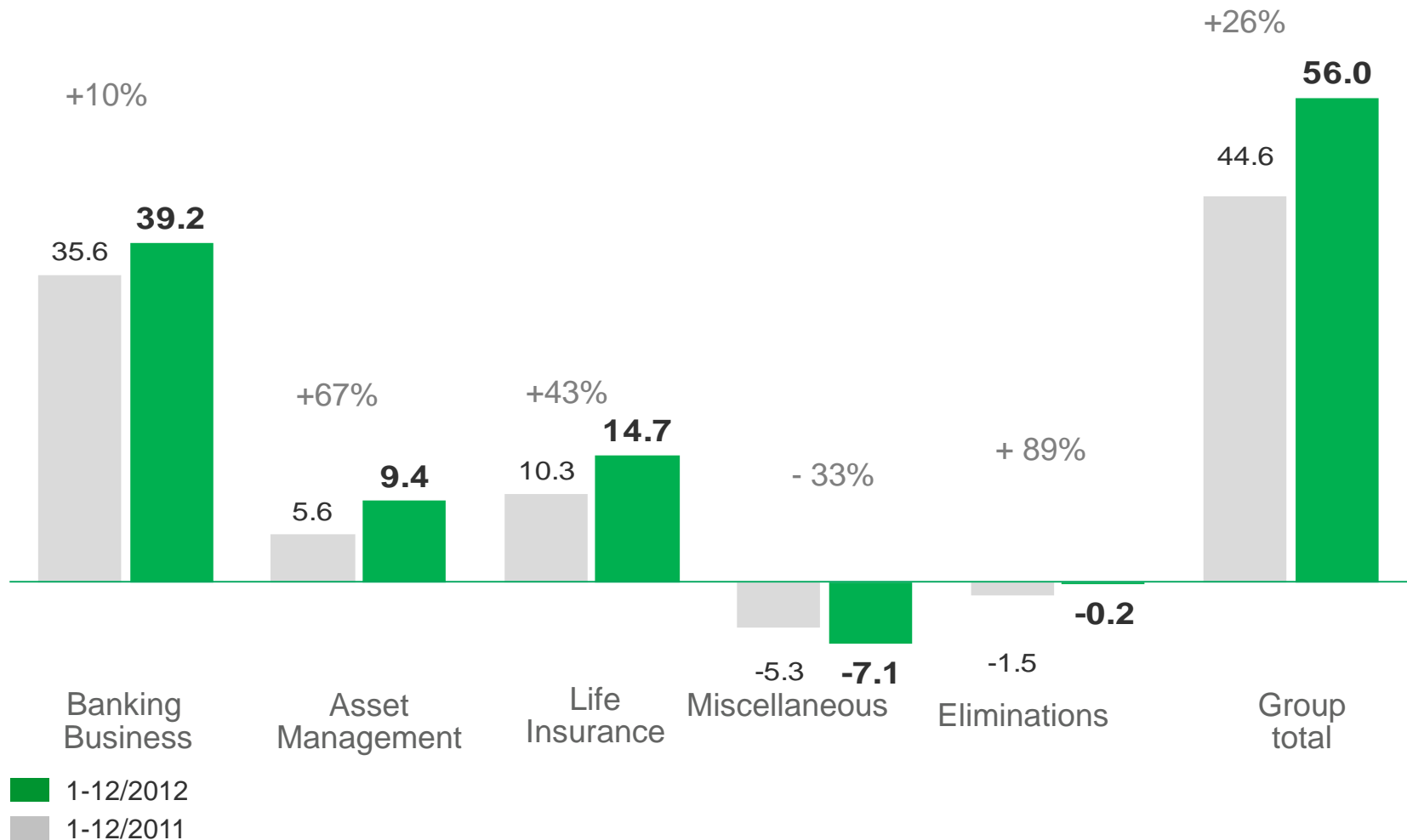
Source: Publication from Finnish Financial Supervisory Authority about the credit market

Write-downs on credits and other commitments

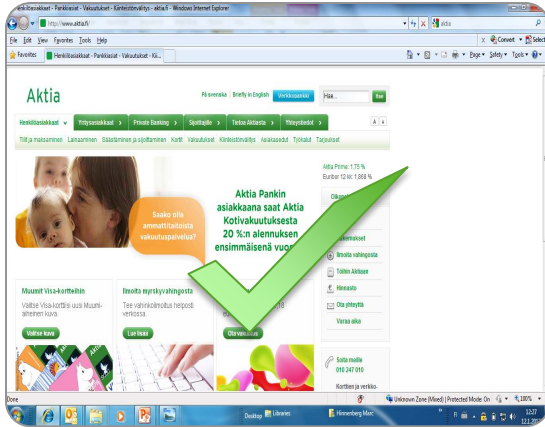
Total write-downs on credits and other commitments stood at EUR 6.4 (10.5) million.

Of these write-downs, EUR 4.4 (1.4) million could be attributed to households and EUR 2.0 (9.1) to companies.

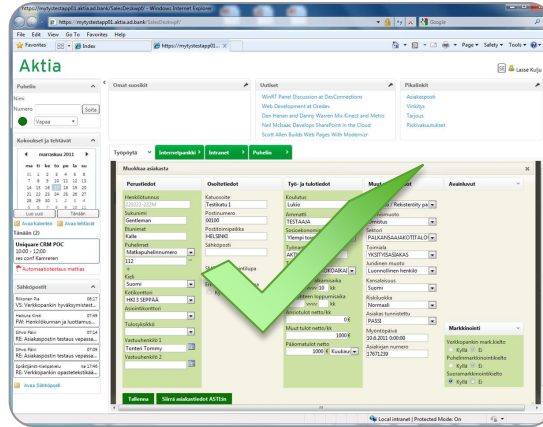
The segments' contribution to the operating profit



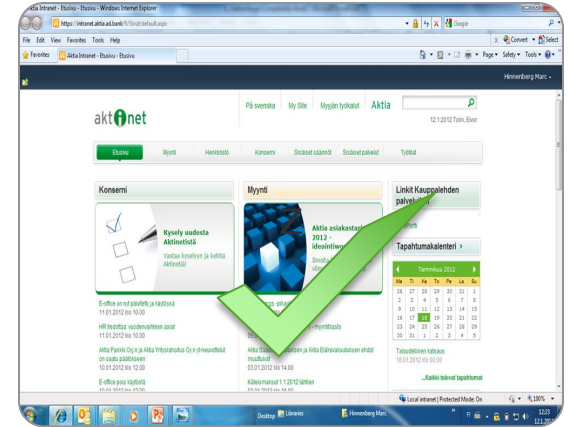
Development project 2013 – all completed **Aktia**



Web services



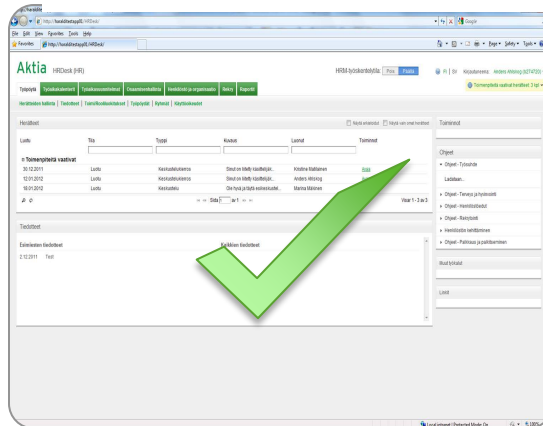
Salesman's desktop



Intranet



Aktia Store



HR project



Regional Back Offices

Aktia Asset Management

Assets under management on exceptionally high level

Aktia

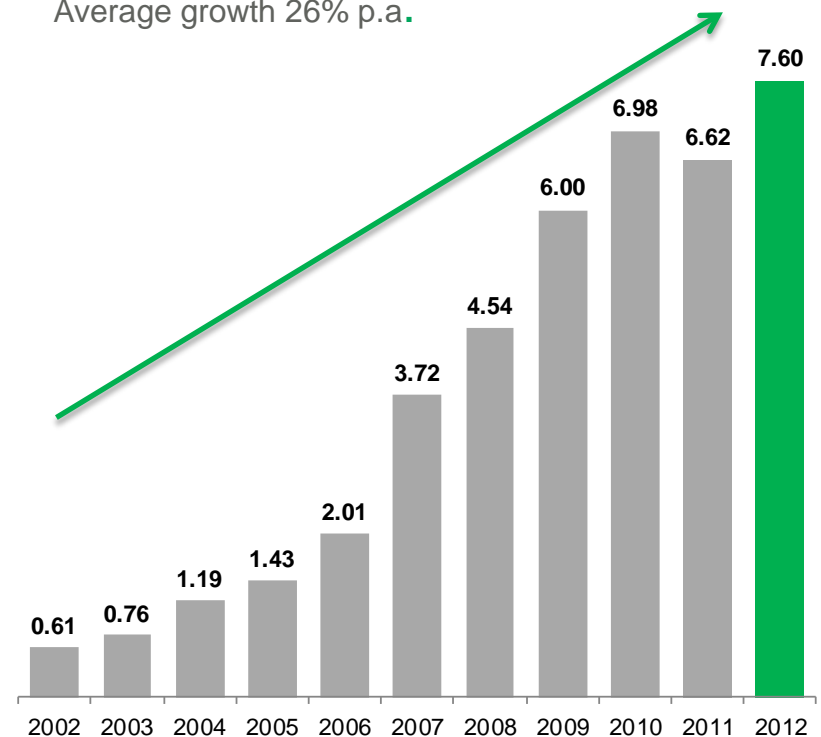
Top ranked asset management

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



Assets under management, EUR million

Average growth 26% p.a.



Top ranked asset management (SFR)

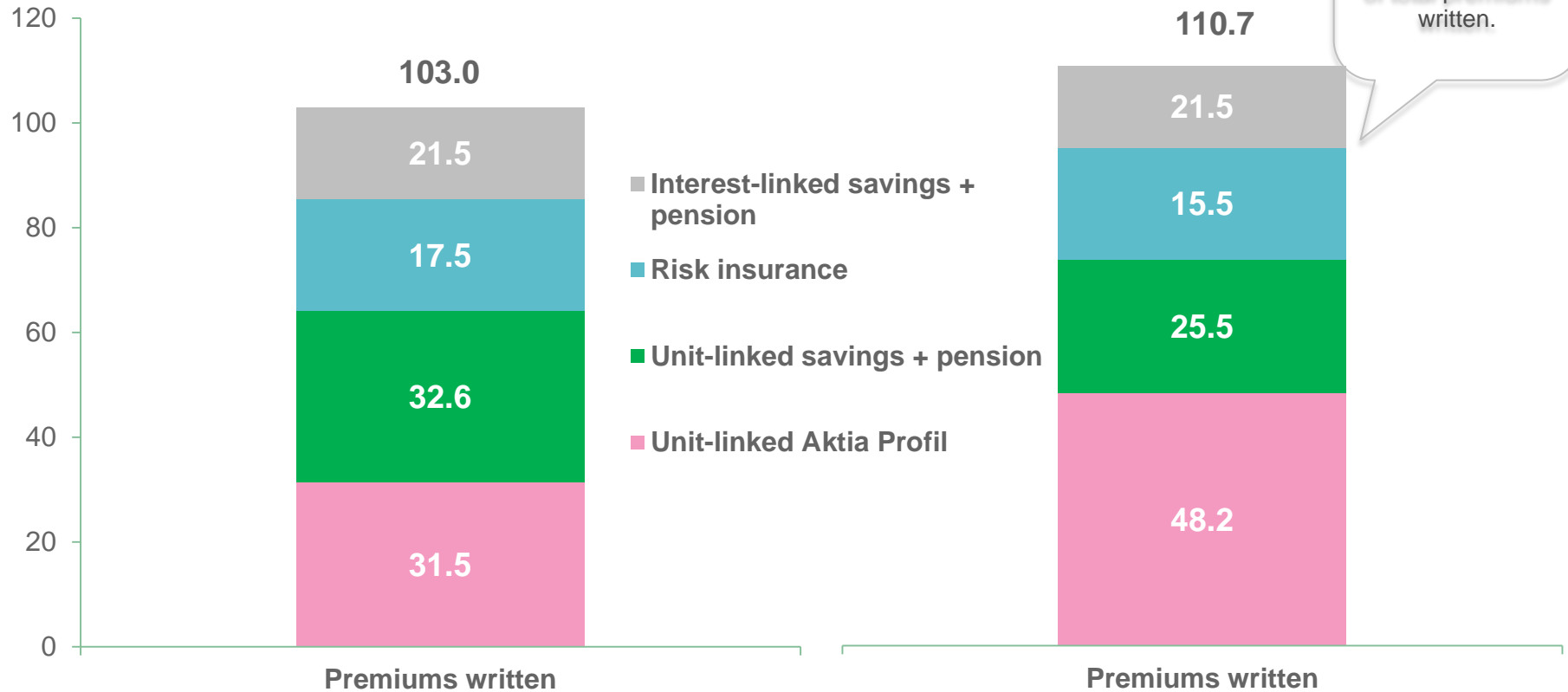
- Highest marks for revenues from portfolio administration over both one and three years
- Highest marks for clear investment philosophy
- Best understanding of the customer's needs
- Aktia Invest's fund analysis among the best
- Second year in row we received the highest mark for Quality of Administration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

Life Insurance

1-12/2011

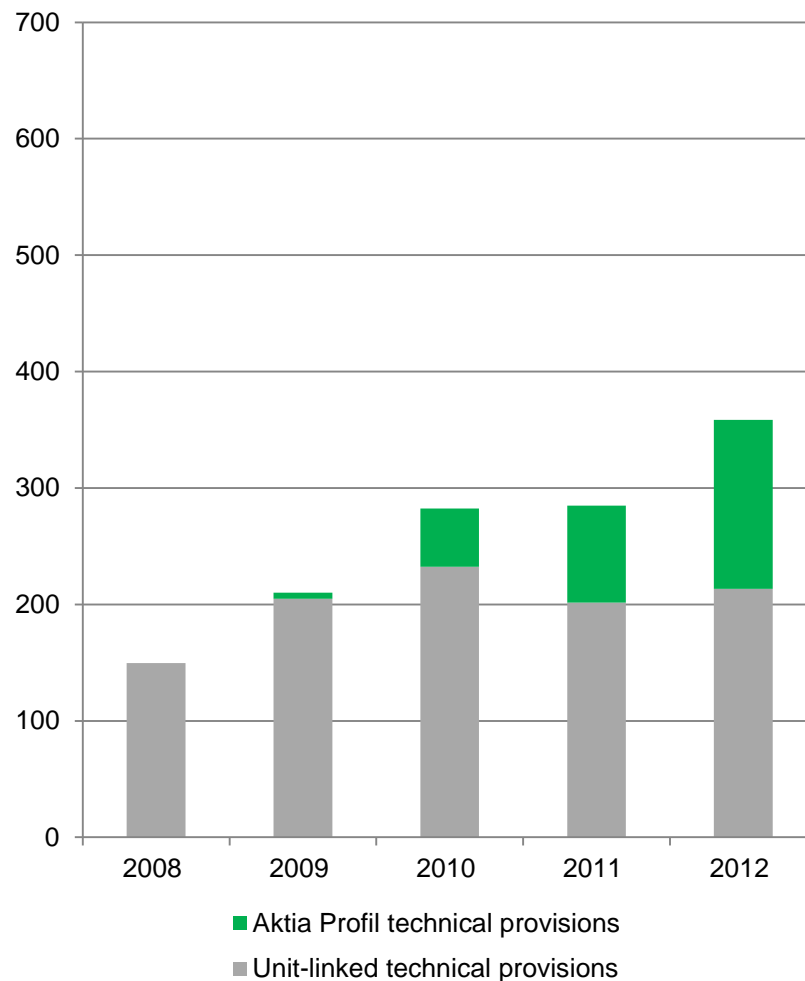
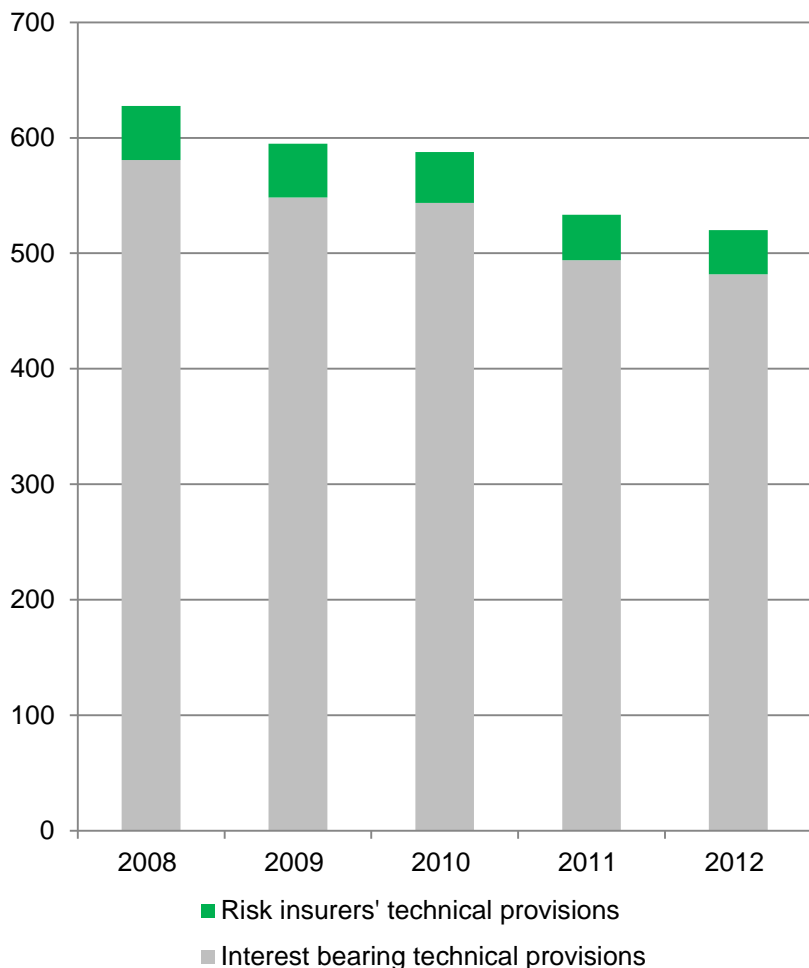
1-12/2012

EUR
million

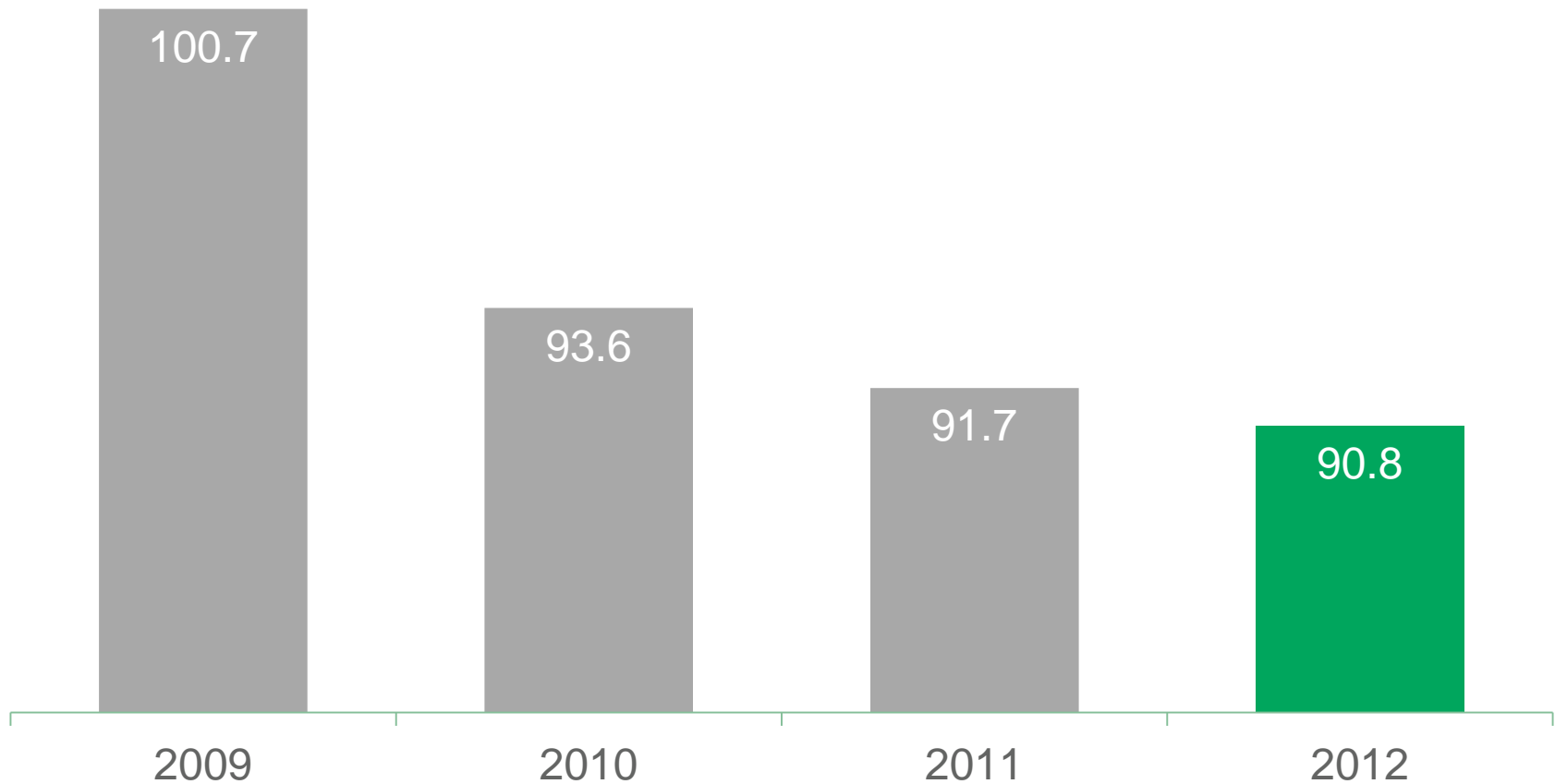


Decreased stock of interest-linked insurance, increase in unit-linked products

Aktia



Expense ratio for life insurance, %



Summary: Operating profit Jan–Dec 2012 **Aktia**

Profit

Operating profit from continuing operations amounted to EUR 56.0 (44.6) million.

Profit for the period from continuing operations amounted to EUR 40.3 (34.1) million.

Income

Income totalled EUR 217.9 (201.9) million.

Net interest income decreased less than expected to EUR 117.3 (128.6) million.

Expenses

The Group's operating expenses totalled EUR 154.2 million (146.7) million.

Write-downs

The Group's write-downs on credits and other commitments decreased by 39% to EUR 6.4 (10.5) million.

Accounts Announcement

1 January - 31 December 2012

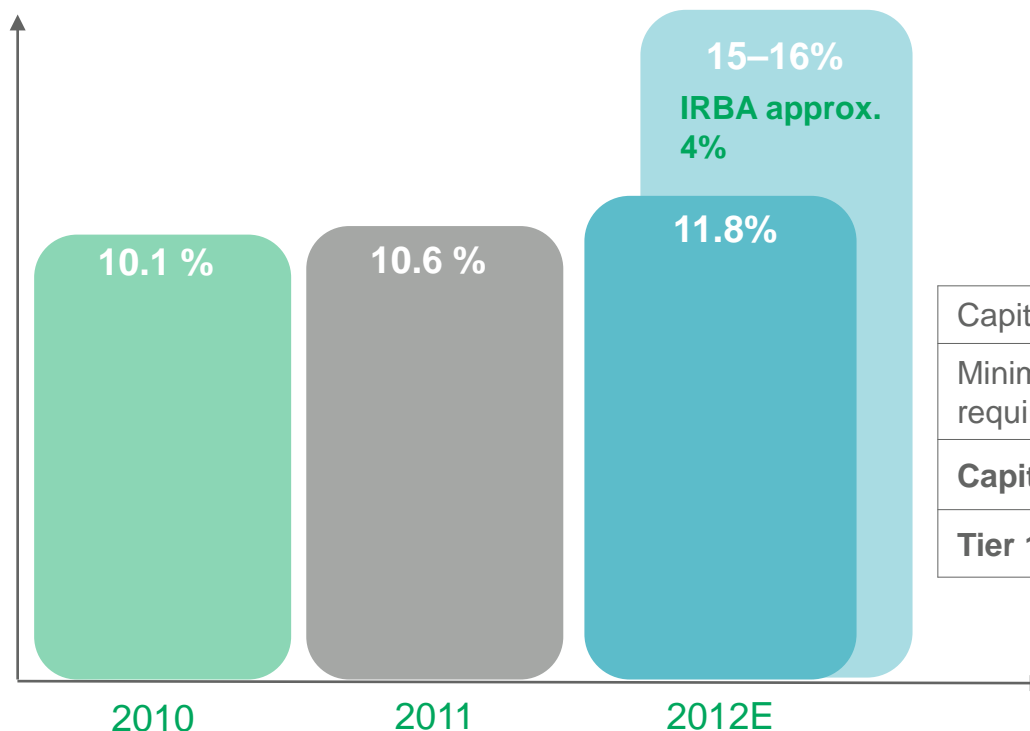
1	Financial performance
2	Capital adequacy
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The Bank's capital adequacy

IRBA application was submitted August 2011

and is reviewed by Financial Supervisory Authority

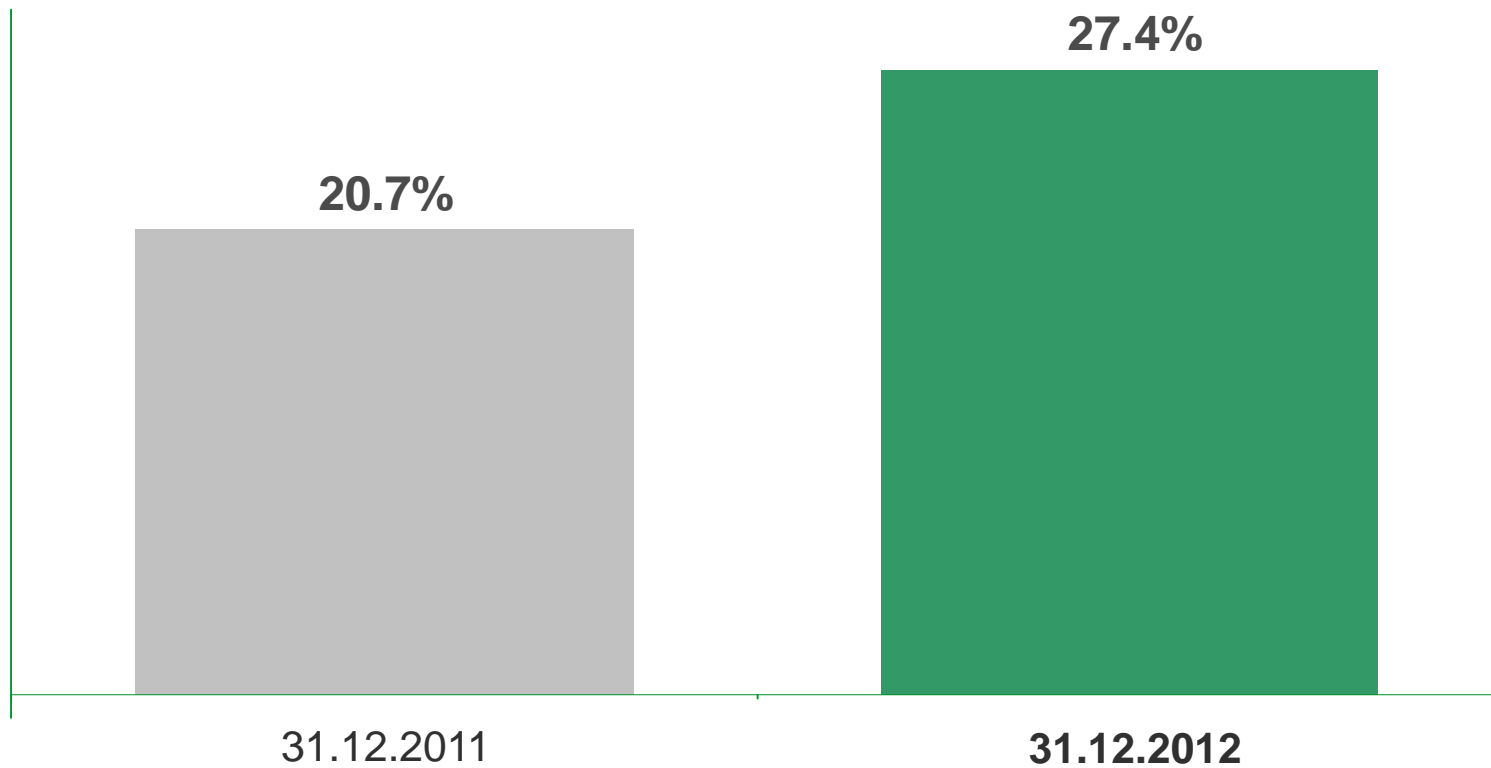
IRBA is expected to increase Tier 1 capital ratio by approx. 4%



	31.12.2012	31.12.2011
Capital buffer	441.3	303.5
Minimum capital requirements	288.9	295.5
Capital adequacy ratio, %	20.2%	16.2%
Tier 1 capital ratio, %	11.8%	10.6%

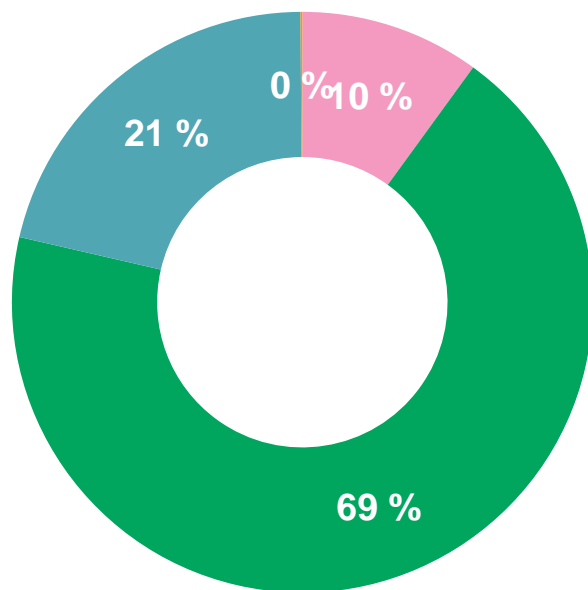
Life insurance Solvency ratio further improved

Aktia



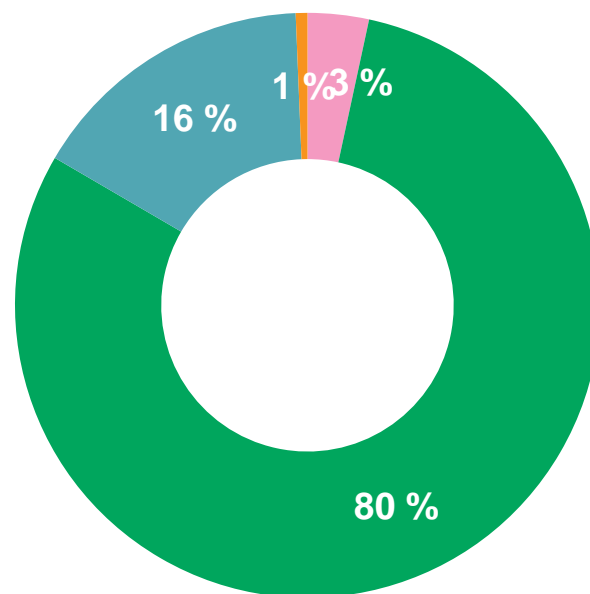
The Bank Group's liquidity portfolio and other interest-bearing investments

EUR 1,968 million



31.12.2011

EUR 1,862 million



31.12.2012

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

Rating distribution for the liquidity portfolio of the Bank Group

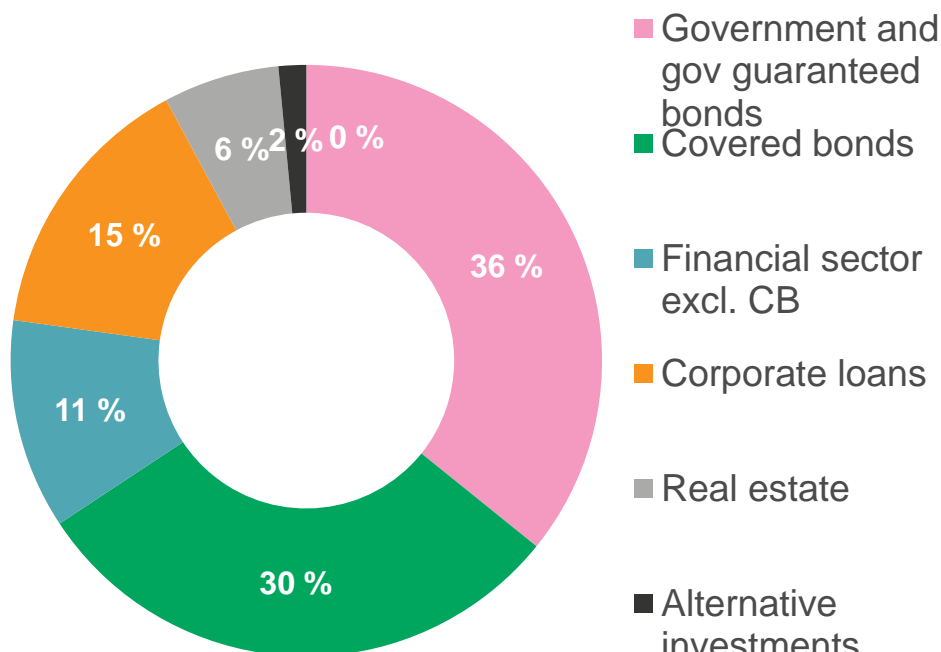
	31.12.2012	31.12.2011
(EUR million)	1,862	1,968
Aaa	64.5%	55.6%
Aa1–Aa3	19.1%	21.9%
A1–A3	8.9%	11.9%
Baa1–Baa3	3.7%	6.3%
Ba1–Ba3	1.5%	1.9%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0 %	0.0%
Finnish municipalities (no rating)	2.2%	2.1%
No rating	0.0%	0.3%
Total	100.0%	100.0%

Continued convergence towards Solvency II

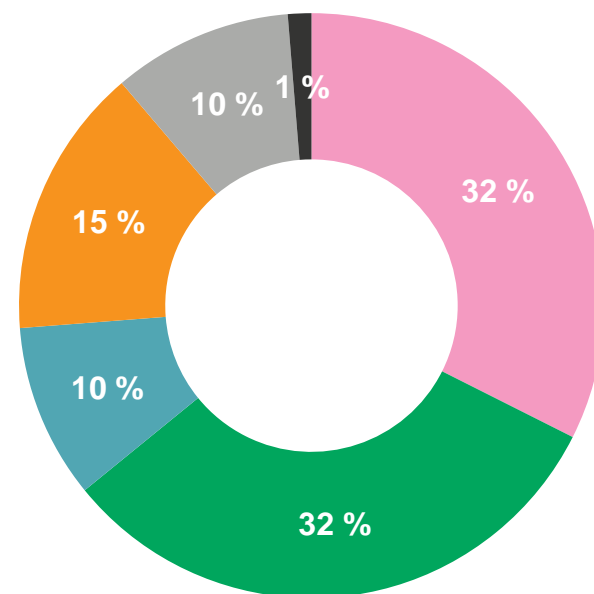
Life Insurance Company

Return on investments 11.7 (5.0)%

Duration 5.6 (5.7) years



31.12.2011



31.12.2012

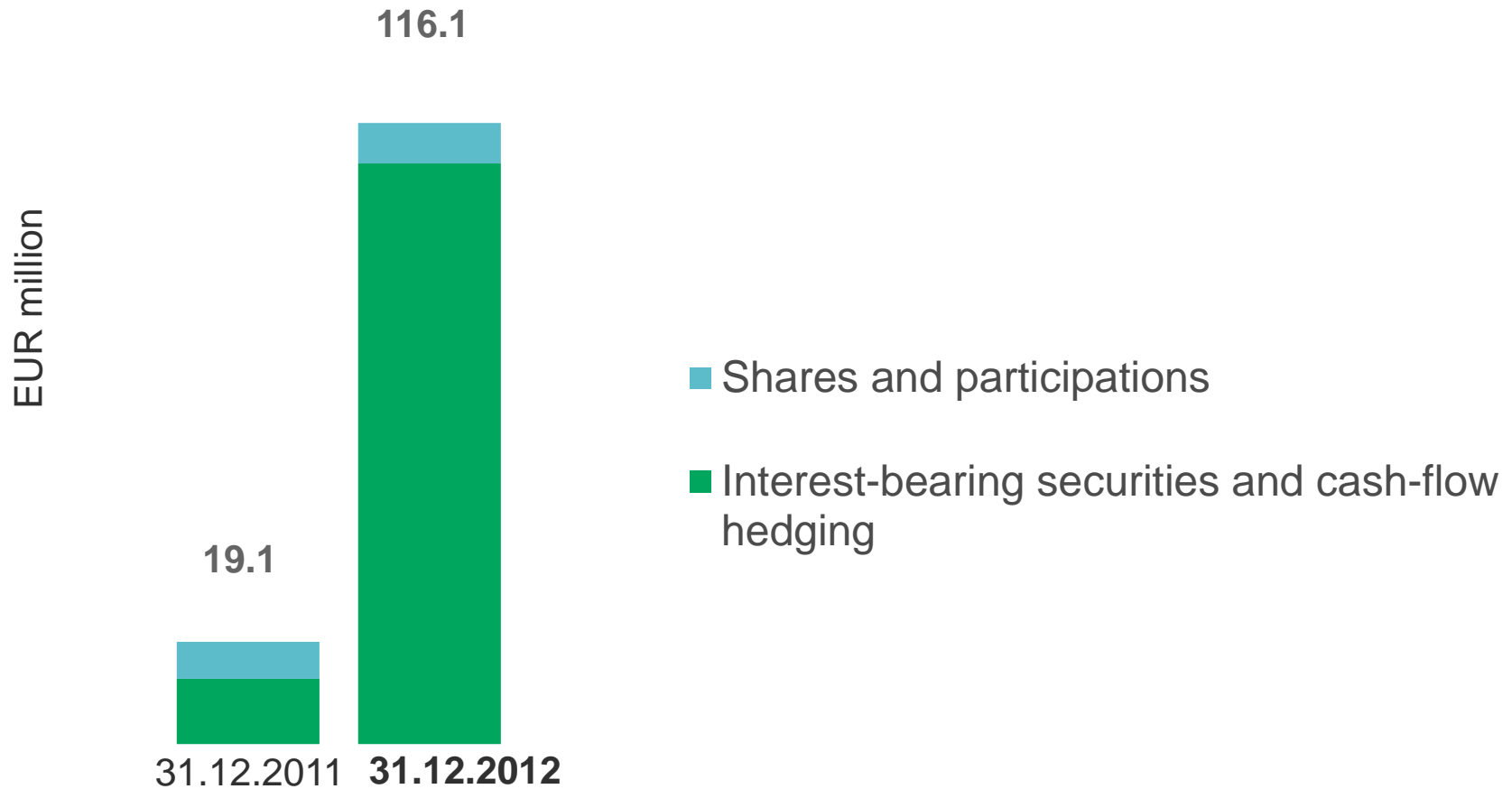
Rating distribution for life insurance business

Aktia

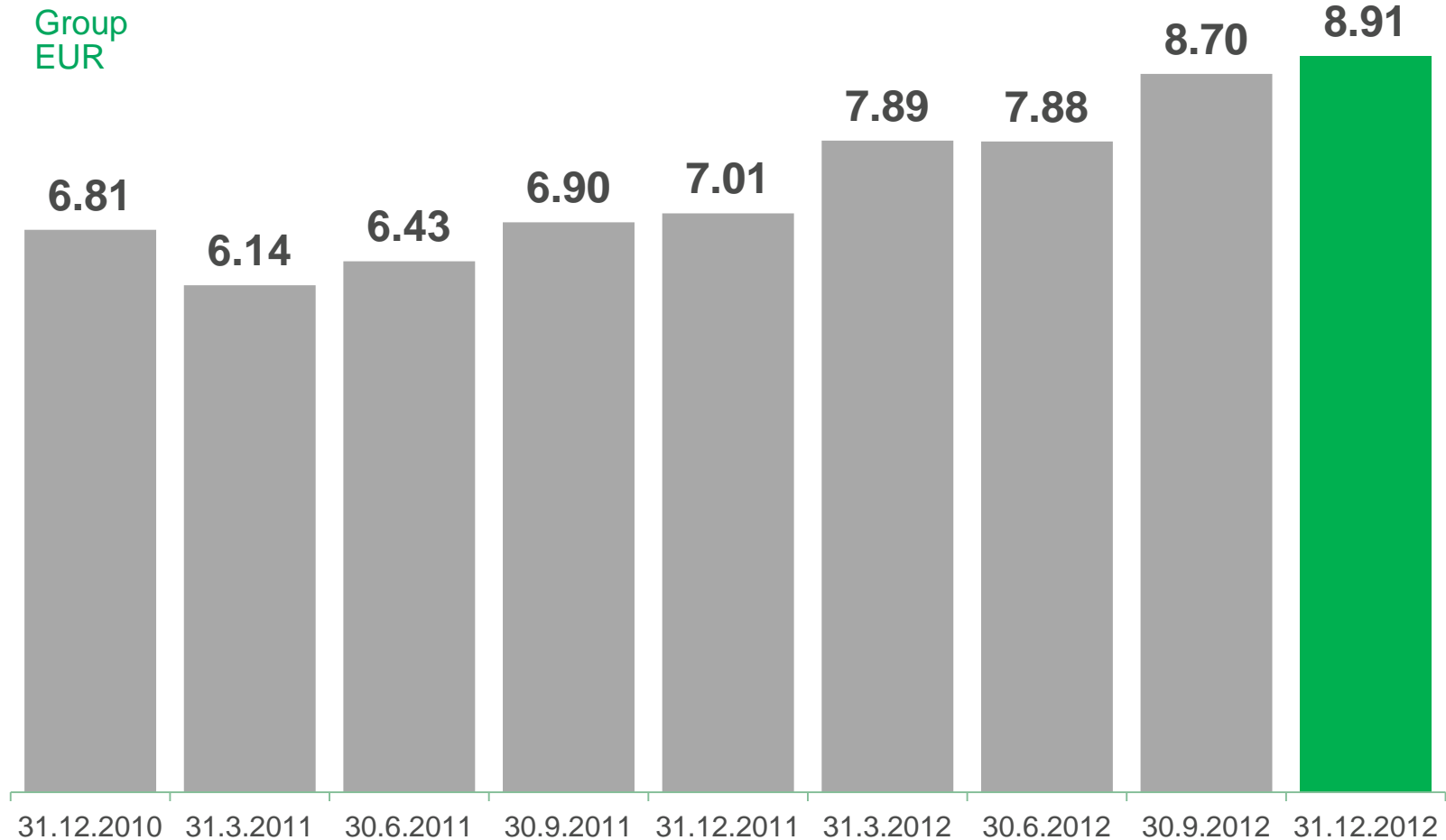
Life Insurance (EUR million)	31.12.2012 563	31.12.2011 546
Aaa	54.5%	70.5%
Aa1–Aa3	21.6%	8.7%
A1–A3	12.0%	11.5%
Baa1–Baa3	3.7%	4.1%
Ba1–Ba3	2.0%	0.8%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	6.2%	4.4%
Total	100%	100%

France fell below AAA in 2012

Fund at fair value



Equity per share (NAV)



Summary: capital adequacy 31 December 2012

Capital adequacy

The Bank Group's capital adequacy amounted to 20.2 (16.2)%.

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

The life insurance company's solvency margin

The solvency margin was EUR 158.6 (117.2) million.

Solvency ratio 27.4 (20.7)%.

Aktia Bank plc's rating S&P A-/A2 (12.12.2012)

Aktia Bank plc's rating Moody's: A3/C-/P-2 (12.2.2013)

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 31.12.2012

Aktia

The Group's balance sheet total was almost unchanged and amounted to EUR 11,240 (11,056) million.

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

Lending to the public amounted to EUR 7,202 (7,063) million.
Loans to private households amounted to EUR 6,222 million or 86.4 % of the credit stock.

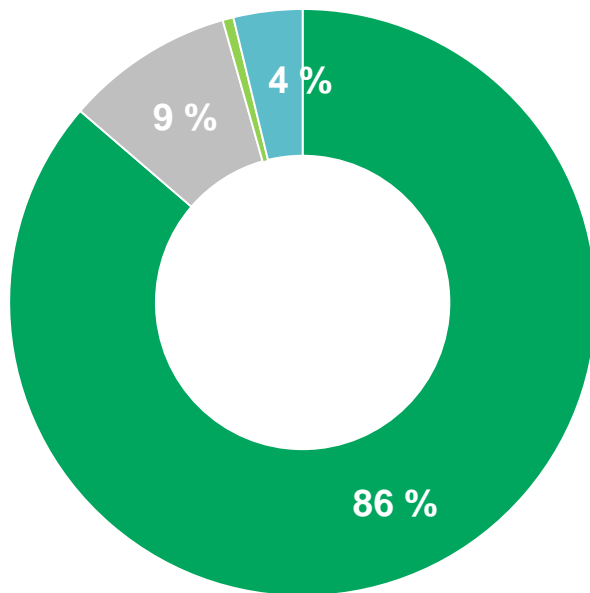
The housing loan stock amounted to EUR 5,850 (5,607) million showing an increase of 4%.

Corporate lending continued to be moderate
The credit stock amounted to EUR 666 (758) million, corresponding to 9.3 %

Credit and deposit stocks 31 December 2012

Credits

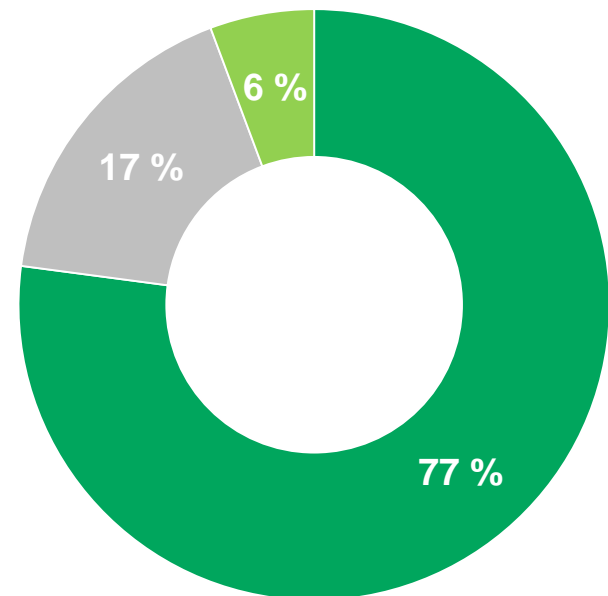
EUR 7,202 (7,063) million



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

Deposits

EUR 3 651 (3 645) million



Share capital and ownership 31 Dec 2012 **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	2,081,802	789,229	2,871,031	4.29	17,866,382	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	351,779	1,300,708	1,652,487	2.47	26,365,939	5.89
AktiaStiftelsen i Vasa	978,525	547,262	1,525,787	2.28	11,923,765	2.66
AktiaStiftelsen i Vanda	353,871	1,123,452	1,477,323	2.21	22,822,911	5.09
Sparbanksstiftelsen i Kyrklätt	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	1,176,173		1,176,173	1.76	1,176,173	0.26
Sparbanksstiftelsen i Ingå	623,561	329,318	952,879	1.42	7,209,921	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
Mutual Fund Alfred Berg Finland	921,125	-	921,125	1.38	921,125	0.21
AktiaStiftelsen i Malax	361,138	177,600	538,738	0.8	3,913,138	0.87
The 20 largest owners	28,624,167	16,743,603	45,367,770	67.74	363,496,227	81.14
Other	18,312,741	3,307,247	21,619,988	32.26	84,457,681	18.86
Total	46,936,908	20,050,850	66,987,758	100.00	447,953,908	100.00

Accounts Announcement

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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.

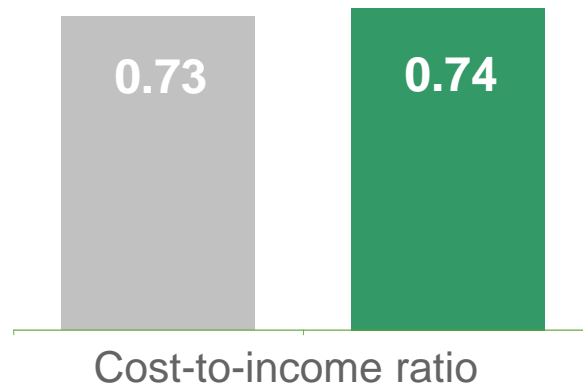
Write-downs on credits are expected to be at the same level as in 2012. **Despite low interest rates and one-off costs from implementing the 2015 plan of action, the Group's operating profit from continuing operations for 2013 expected to reach approximately the 2012 level.**

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.

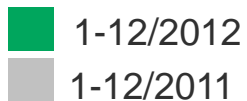
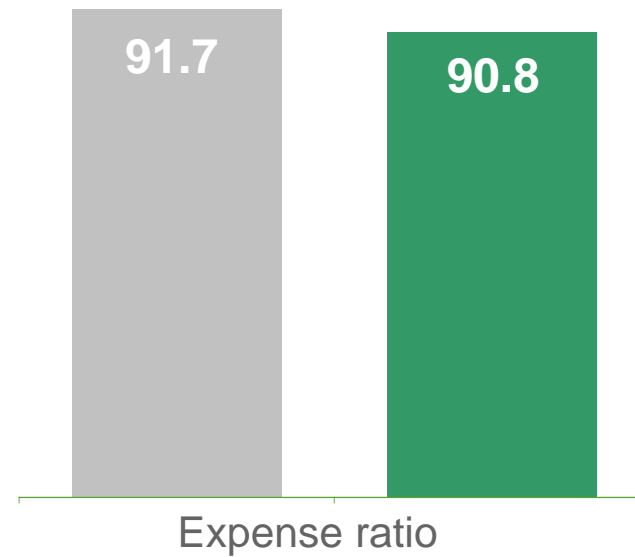
New regulation. The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital and liquidity requirements.

Cost efficiency

Banking Business

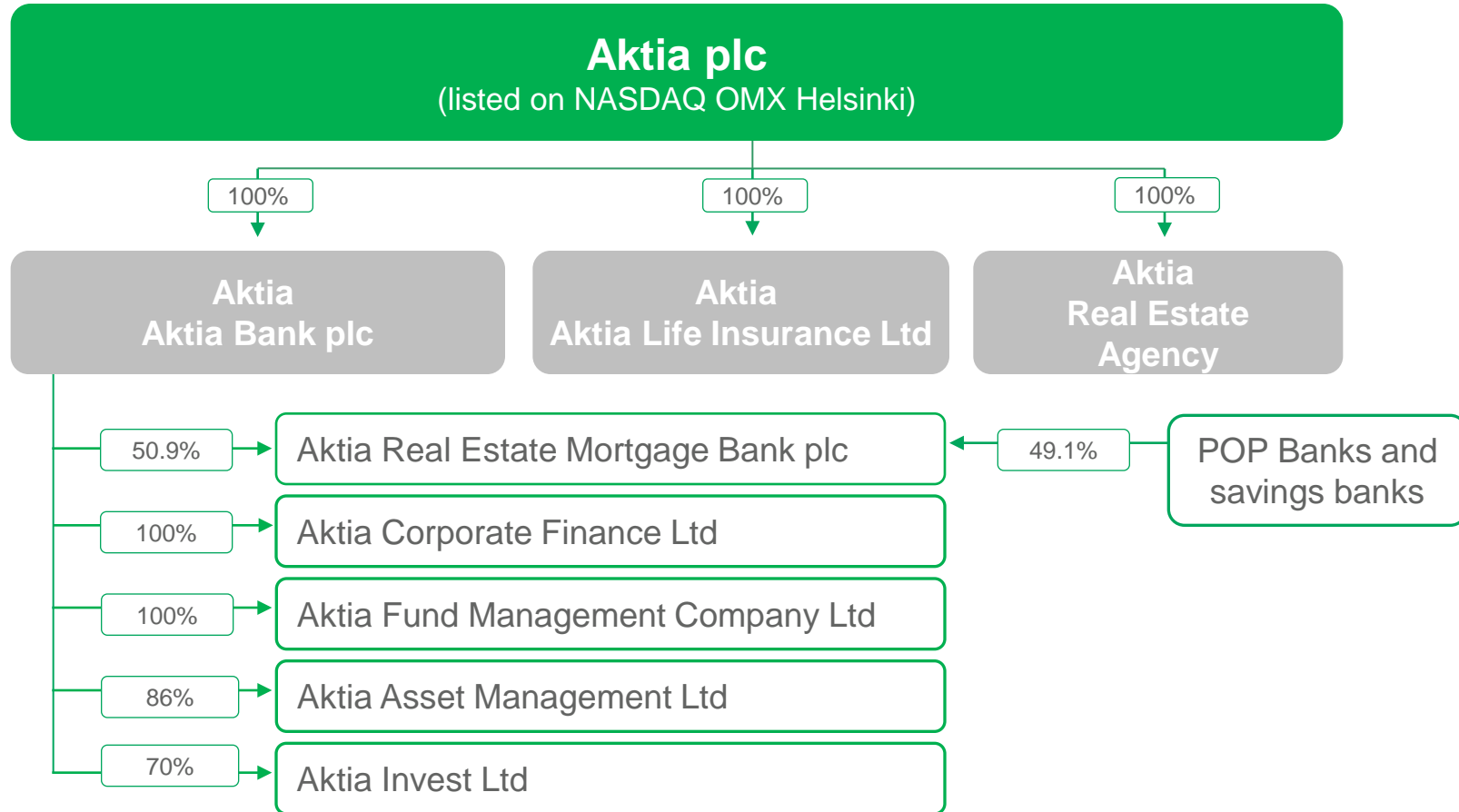


Life Insurance

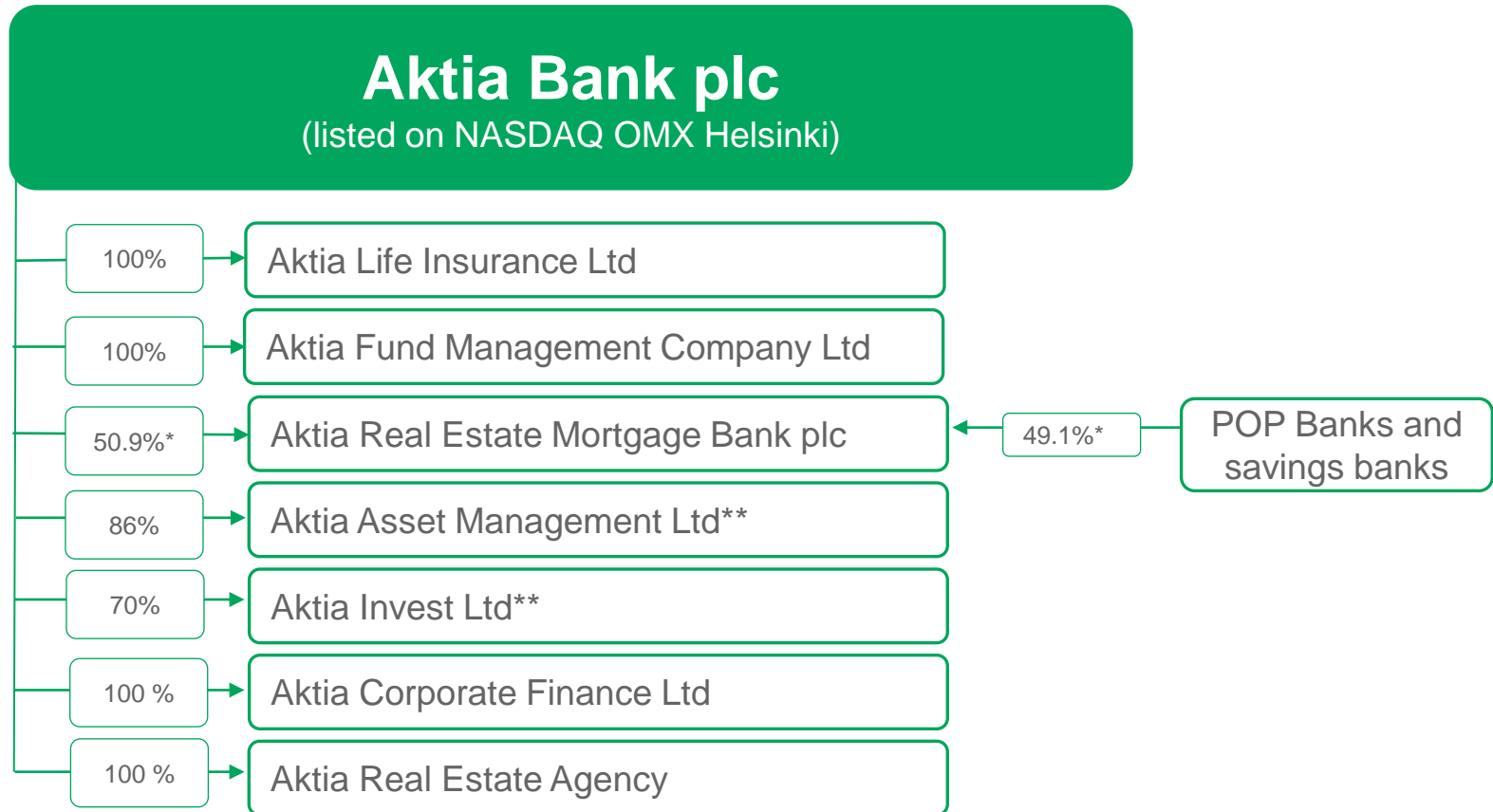


Legal structure

Aktia



Planned Group structure



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

**minority shares used as incentives for key personnel

Action plan 2015

New core banking system

- 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

- 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.

Objectives for 2012–2015

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

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 12/2011-12/2012

	1-12/2012	1-12/2011	Change, %	New objectives for 2015
Commission income	80.8	76.0	+6%	+5% p.a.
Expenses				
Staff costs	75.4	73.2	+3%/ -2%*	-5% p.a.
IT costs	31.4	26.4	+19%/ -3%*	
Other	40.3	41.2	-2%	

* Excluding result-based remuneration and provisions for the personnel fund, amounting to EUR 7.8 (3.9) million

** Excluding the provisions with a cost effect of EUR 5.9 million to cover winding up of current IT service agreement.

Balance sheet, assets

(EUR million)	31.12.2012	31.12.2011	Δ
Assets			
Cash and balances with central banks	587.6	475.0	24 %
Financial assets reported at fair value via the income statement	0.1	1.9	-97 %
Interest-bearing securities	2,011.7	2,509.7	-20 %
Shares and participations	95.0	109.4	-13 %
Financial assets available for sale	2,106.7	2,619.1	-20 %
Financial assets held until maturity	350.0	20.0	-
Derivative instruments	302.2	300.6	1 %
Lending to Bank of Finland and credit institutions	158.7	88.8	79 %
Lending to the public and public sector entities	7,201.6	7,063.3	2 %
Loans and other receivables	7,360.2	7,152.1	3 %
Investments for unit-linked provisions	360.9	286.7	26 %
Investments in associated companies	21.1	3.5	509 %
Intangible assets	14.2	17.3	-18 %
Investment properties	28.3	24.6	15 %
Other tangible assets	5.7	7.6	-26 %
Accrued income and advance payments	75.0	83.5	-10 %
Other assets	3.3	26.6	-88 %
Total other assets	78.3	110.1	-29 %
Income tax receivables	0.1	22.3	-99 %
Deferred tax receivables	23.5	13.0	80 %
Tax receivables	23.6	35.3	-33 %
Assets classified as held for sale	1.5	2.2	-32 %
Total assets	11,240.2	11,056.1	2 %

Balance sheet, liabilities

(EUR million)	31.12.2012	31.12.2011	Δ
Liabilities			
Liabilities to credit institutions	1,057.6	1,111.9	-5 %
Liabilities to the public and public sector entities	3,631.5	3,645.2	0 %
Deposits	4,689.0	4,757.2	-1 %
Derivative instruments	186.4	156.0	19 %
Debt securities issued	3,540.3	3,800.1	-7 %
Subordinated liabilities	268.2	258.7	4 %
Other liabilities to credit institutions	629.6	353.5	78 %
Other liabilities to the public and public sector entities	146.7	51.7	184 %
Other financial liabilities	4,584.7	4,464.0	3 %
Technical provisions for interest-related insurances	519.9	533.4	-3 %
Technical provisions for unit-linked insurances	358.5	284.8	26 %
Technical provisions for non-life insurances	-	123.3	-
Technical provisions	878.5	941.5	-7 %
Accrued expenses and income received in advance	93.1	106.9	-13 %
Other liabilities	55.2	52.1	6 %
Total other liabilities	148.3	159.0	-7 %
Provisions	6.9	-	-
Income tax liabilities	23.3	2.6	781 %
Deferred tax liabilities	65.5	51.8	27 %
Tax liabilities	88.8	54.4	63 %
Liabilities for assets classified as held for sale	0.2	0.2	7 %
Total liabilities	10,582.8	10,532.3	0 %
Equity			
Restricted equity	220.2	123.2	79 %
Unrestricted equity	372.4	342.8	9 %
Shareholders' share of equity	592.6	466.0	27 %
Non-controlling interest's share of equity	64.8	57.7	12 %
Equity	657.4	523.8	26 %
Total liabilities and equity	11,240.2	11,056.1	2 %

Aktia

Aktia

We see a person in every customer

