

# Aktia

## AKTIA PLC

### ACCOUNTS ANNOUNCEMENT

### JAN-DEC 2012

### OPERATING PROFIT IMPROVED BY 26%

#### CEO JUSSI LAITINEN

"The year was good for Aktia, resulting also in a strong operating profit. Customers show an increasing interest towards Aktia's products and received well the launch of our new online bank. Aktia's staff has performed extraordinary well, and I am convinced that the on-going modernisation of Aktia will improve customer service even more.

The market situation is still difficult with very low interest rates and pressure from costs due to stricter regulation and new taxes. These factors put demands on our cost efficiency. We will direct our efforts on our core business, simplify the Group structure and modernise IT systems in order to be able to lower our annual expenses."

#### OCTOBER-DECEMBER 2012: OPERATING PROFIT EUR 10.4 (6.5) MILLION

- Group operating profit from continuing operations rose to EUR 10.4 (6.5) million.
- Profit for the period amounted to EUR 6.3 (7.7) million.
- Income increased by 18% to EUR 58.4 (49.6) million, of which net interest income amounted to EUR 29.3 (30.3) million.
- Expenses amounted to EUR 46.0 (39.0) million, including a provision of EUR 5.9 million for the coming change of core banking system.
- Write-downs on credits and other commitments amounted to EUR 1.7 (4.1) million.
- Earnings per share stood at EUR 0.09 (0.12).

#### JANUARY-DECEMBER 2012: OPERATING PROFIT EUR 56.0 (44.6) MILLION

- Group operating profit from continuing operations improved to EUR 56.0 (44.6) million.
- Profit for the period from continuing operations amounted to EUR 40.3 (34.1) million.
- Earnings per share stood at EUR 0.74 (0.53), of which earnings per share from continuing operations was EUR 0.59 (0.50).
- The capital adequacy ratio strengthened to 20.2 (16.2)% and the Tier 1 capital ratio to 11.8 (10.6)%. NAV was EUR 8.91 (31.12.2011: EUR 7.01).
- Total net interest income fell to EUR 117.3 (128.6) million due to low interest rates and maturing interest rate hedges.
- Write-downs on credits and other commitments decreased by 39% to EUR 6.4 (10.5) million.
- The Board of Director's proposes a higher dividend of EUR 0.36 (0.30) in addition to a return of capital of EUR 0.14 euro/share.
- OUTLOOK: Despite the probably persistent low interest rate level 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 approximately the 2012 level.

KEY FIGURES (EUR million)	10-12/2012	10-12/2011	Δ %	2012	2011	Δ %	7-9/2012	4-6/2012	1-3/2012
Net interest income	29.3	30.3	-3%	117.3	128.6	-9%	28.7	29.7	29.6
Total operating income	58.4	49.6	18%	217.9	201.9	8%	50.5	55.8	53.2
Total operating expenses	-46.0	-39.0	18%	-154.2	-146.7	5%	-34.0	-37.5	-36.7
Operating profit before write downs on credits, continuing operations	12.1	10.6	14%	62.4	55.1	13%	15.2	18.8	16.2
Write-downs on credits and other commitments	-1.7	-4.1	-58%	-6.4	-10.5	-39%	-1.8	-1.0	-1.9
Operating profit from continuing operations	10.4	6.5	61%	56.0	44.6	26%	13.4	17.9	14.3
Cost-to-income ratio	0.89	0.78	14%	0.74	0.73	1%	0.69	0.69	0.68
Earnings per share (EPS), EUR	0.09	0.12	-20%	0.74	0.53	39%	0.15	0.21	0.29
Equity per share (NAV) <sup>1)</sup> , EUR	8.91	7.01	27%	8.91	7.01	27%	8.70	7.88	7.89
Return on equity (ROE), %	3.9	6.1	-36%	8.5	7.1	19%	6.4	9.7	14.1
Capital adequacy ratio <sup>1)</sup> , %	20.2	16.2	25%	20.2	16.2	25%	19.9	18.9	18.1
Tier 1 capital ratio <sup>1)</sup> , %	11.8	10.6	11%	11.8	10.6	11%	11.8	11.7	11.3
Write-downs on credits / total credit stock, %	0.02	0.06	-67%	0.09	0.15	-40%	0.02	0.01	0.03
Dividend per share, EUR (*proposed by the Board)				0.36*	0.30	20 %			
Return of capital per share, EUR (*proposed by the Board)				0.14*	-	-			

1) At the end of the period

The Accounts Announcement January-December 2012 is a translation of the original Swedish version "Bokslutskommuniké 1.1-31.12.2012".

In case of discrepancies, the Swedish version shall prevail.

# PROFIT

## October-December 2012

### Profit October - December 2012

Group operating profit from continuing operations rose to EUR 10.4 (6.5) million.

#### Income

The Group's total income increased by 18% to EUR 58.4 (49.6) million.

Total net interest income decreased to EUR 29.3 (30.3) million due to maturing interest rate hedges and lower market interest rates. Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. These hedging measures, which are used by Aktia Bank to limit its interest rate risk, earned net interest income of EUR 8.9 (7.0) million, marginally more than the previous year.

Net commission income increased by 8% to EUR 16.0 (14.8) million. Commission income amounted to EUR 20.2 (18.3) million. Card and other payment service commissions fell by 15% to EUR 3.6 (4.3) million.

Net income from life insurance more than doubled to EUR 8.3 (3.9) million, thanks to better technical profitability and improved net income from investments. Net income from the insurance business includes premiums written, net income from investment activities, insurance claims paid and the change in technical provisions.

Net income from financial transactions was EUR 3.1 (-0.6) million. In December 2012, Aktia received an extra dividend of EUR 1.9 million from Suomen Luotto-osuuskunta for its shares in that company resulting from the sale of its holding in Nets Oy (formerly Luottokunta Oy). Net income from hedge accounting was EUR 0.2 (-0.2) million.

In November 2012, the company disposed of all its interest rate derivatives for hedging reasons, i.e. to safeguard the on-demand account and savings deposits (applying the EU 'carve-out' to hedge accounting). The disposal of the interest rate derivatives produced a positive cash flow effect of EUR 92.1 million. This cash flow will be allocated to net interest income according to the original term of the interest rate derivatives from 2013-2019.

Other operating income was EUR 1.5 (1.3) million.

#### Expenses

The Group's operating expenses totalled EUR 46.0 (39.0) million.

Of this, staff costs amounted to EUR 20.0 (19.5) million. The good result led to greater results-based remunerations and increased contributions to the personnel fund. In December, Aktia Bank concluded the codetermination

negotiations that were initiated in September. The reorganisation costs reduced fourth-quarter profits by approx. EUR 0.9 million.

Total IT costs increased to EUR 12.6 (6.9) million. Aktia has decided to modernise its IT setup, which involves a complete change of core banking system. The total costs of the system change are estimated at around EUR 25 million. As a result of the decision, a provision of EUR 5.9 million was raised in the fourth quarter to cover the winding up of the existing service agreement.

Other operating expenses amounted to EUR 11.5 (11.1) million.

Depreciation of tangible and intangible assets increased to EUR 1.9 (1.5) million.

#### Write-downs on credits

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

#### Segment overview

##### Group operating profit from continuing operations by segment

(EUR million)	10-12/2012	10-12/2011	Δ %
Banking Business	6.2	4.5	37%
Asset management	2.2	1.2	81%
Life Insurance	4.9	1.2	322%
Miscellaneous	-2.0	-0.5	-336%
Eliminations	-0.8	0.1	-
<b>Total</b>	<b>10.4</b>	<b>6.5</b>	<b>61%</b>

The Banking Business segment improved its operating profit to EUR 6.2 (4.5) million, mainly due to lower costs.

Higher commission income increased the operating profit for the Asset Management segment to EUR 2.2 (1.2) million.

The profitability and operating profit of the Life Insurance segment improved significantly to EUR 4.9 (1.2) million, thanks to better technical profitability and improved net income from investments.

# ACTIVITY IN January-December 2012

## Business environment

Interest rates fell from the beginning of the year and general interest rates remained at an exceptionally low level throughout the year, which had a negative effect on Aktia's net interest income.

Low interest rates have resulted in higher values for Aktia's fixed-rate investments.

According to Statistics Finland, inflation in Finland eased slightly in the fourth quarter, and at the end of December 2012 it was running at 2.4%. Inflation in January 2012 was at 3.2%. This slight fall in inflation was primarily due to a weaker increase in energy prices.

The index of consumer confidence in the economy strengthened slightly in December to reach 3.5 (0.4). In October it stood at -1.6 (1.3) and in November at 1.0 (1.5). The long-term average was 12.6. (*Statistics Finland*)

Real estate prices in Finland rose during the fourth quarter by 3.7% for the whole country, and by 5.2% in the Helsinki region, compared with the same period in 2011. Outside the Helsinki region, prices rose by 2.4%. Household debt has risen much faster than incomes in recent years. The debt-equity ratio of Finnish households, i.e. debt in relation to disposable income, stood at 118.8% at the end of 2012, compared to 65.1% at the beginning of the 2000s. (*Statistics Finland*) However, the low interest rates over the last few years allow a considerably higher level of debt than before without overloading the ability of households to pay.

Unemployment in December 2012 was at 6.9%, which was 0.5 percentage points lower than a year before. (*Statistics Finland*)

The Nasdaq OMX Helsinki 25 index rose by 11% in 2012.

Key figures Y-o-y, %	2014E*	2013E*	2012
<b>GDP growth</b>			
World	3.9	3.4	3.2
Euro area	1.0	-0.1	-0.4
Finland	1.8	0.3	-0.1
<b>Consumer price index</b>			
Euro area	1.9	1.9	2.5
Finland	2.1	2.6	2.9
<b>Other key ratios<sup>1</sup></b>			
Development of real value of housing in Finland	0.0	0.0	3.7
Unemployment in Finland <sup>2</sup>	7.7	8.2	6.9
OMX Helsinki 25	-	-	11.0
<b>Interest rates<sup>1</sup></b>			
ECB	1.50	0.75	0.75
10-y Interest Ger (=benchmark)	2.50	2.00	1.52
Euribor 12 months	1.90	1.20	0.54
Euribor 3 months	1.60	0.50	0.19

\* Aktia's chief economist's prognosis

<sup>1</sup> at the end of the year

<sup>2</sup> annual average

## Rating

Moody's Investors Service affirmed 12 February 2013 Aktia Bank plc's credit ratings for long-term borrowing A3, short-term borrowing P-2 and the financial strength C-. The outlook for all ratings was revised to negative (stable).

On 12 December 2012, Standard and Poor's published its view of Aktia bank's creditworthiness. The rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.

Since 5 October 2012, the covered bonds issued by the subsidiary Aktia Real Estate Mortgage Bank plc have had a Moody's credit rating of Aa3 (Aa1).

Since 9 May 2012, Fitch has had Aktia Bank plc's credit rating for long-term borrowing at BBB+ and for short-term borrowing at F2, both with a negative outlook.

	Long-term borrowing	Short-term borrowing	Outlook	Updated
Moody's Investor Service	A3	P-2	neg	12.2.2013
Standard & Poor's	A-	A-2	neg	12.12.2012
Fitch	BBB+	F2	neg	9.5.2012

## Profit January - December 2012

Group operating profit from continuing operations improved by 26% from the year before, to EUR 56.0 (44.6) million. Group profit from continuing operations amounted to EUR 40.3 (34.1) million.

Following the disposal of 66% of Aktia Non-Life Insurance on 29 February 2012, Aktia's holding amounted to 34%. Aktia Non-Life Insurance is reported under discontinued operations up to the date of disposal. This deal reduced Aktia plc's balance sheet total by approx. EUR 160 million. Profit from discontinued operations amounted to EUR 9.8 (2.2) million. The Financial Supervisory Authority has accepted Folksam General and Veritas Pension Insurance Company Ltd as new owners of the non-life insurance company.

Continuing operations cover the following segments: Banking Business, Asset Management, Life Insurance and Miscellaneous.

### Income

The Group's total income increased by 8% to EUR 217.9 (201.9) million.

Total net interest income fell to EUR 117.3 (128.6) million due to maturing interest rate derivatives and lower market interest rates.

Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. These hedging measures, which are used by Aktia Bank to limit its interest rate risk, earned net interest income of EUR 30.8 (34.8) million, EUR 4 million less than the previous year.

Net commission income increased by 8% to EUR 65.3 (60.6) million. Commission income increased by 6% to EUR 80.8 (76.0) million. Card and other payment service commissions rose by 5% to EUR 16.9 (16.1) million.

Net income from life insurance rose to EUR 27.3 (22.7) million, thanks to better technical profitability and improved net income from investments.

Net income from financial transactions was EUR 2.9 (-14.8) million. The result for 2011 was burdened by the divestment of Aktia's direct and indirect holdings in the Bank of Åland as well as by the sale of southern European bonds.

In December 2012, Aktia received an extra dividend of EUR 1.9 million from Suomen Luotto-osuuskunta for its shares in that company resulting from the sale of its holding in Nets Oy (formerly Luottokunta Oy).

Net income from investment properties amounted to EUR 0.3 (0.3) million.

Net income from hedge accounting was EUR 1.1 (-0.8) million.

Other operating income was EUR 4.7 (4.4) million.

### Expenses

Group operating expenses increased by 5% to EUR 154.2 (146.7) million. Of this, staff costs amounted to EUR 75.4 (73.2) million. This increase is mainly attributable to increased reservations to the personnel fund and greater results-related remunerations, totalling EUR 7.8 (3.9) million.

IT costs increased by 19% to EUR 31.4 (26.4) million. Aktia has decided to modernise its IT setup, which involves a complete change of core banking system. The total costs of the system change are estimated at around EUR 25 million. As a result of the decision, a provision of EUR 5.9 million was raised in the fourth quarter to cover the winding up of the existing service agreement.

Other operating expenses decreased by 2% to EUR 40.3 (41.2) million.

Depreciation of tangible and intangible assets increased by 21% to EUR 7.2 (5.9) million. Depreciation has increased on the previous year with the launch of Aktia's new online bank, which was started in January. Development of the online bank continues and new functions will be incorporated as they appear.

In the third quarter of 2012 Aktia revalued its holding in Samlink Oy to EUR 0.0 (1.8) million.

### Write-downs on credits and other commitments

Write-downs on credits and other commitments decreased by 39% during 2012, totalling EUR 6.4 (10.5) million.

### Balance sheet and off-balance sheet commitments

The Group's balance sheet total at the end of September amounted to EUR 11,240 (11,056) million.

### Liquidity

The Bank Group's liquidity portfolio, which consists of interest-bearing securities, amounted to EUR 1,852 (1,947) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 107 (68) million. In addition to this, the bank holds other interest-bearing securities for a value of EUR 10 (21) million.

At the end of December, the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow for 18 months.

### Borrowing

Deposits from the public and public sector entities increased to EUR 3,631 (3,645) million. Aktia's market share of deposits was 3.4 (3.5)%.

The Aktia Group's outstanding bonds amounted to a total value of EUR 3,540 (3,800) million. Of these bonds EUR 3,104 (3,346) million were covered bonds issued by the Aktia Real Estate Mortgage Bank plc.

During the year, Aktia Real Estate Mortgage Bank plc has issued long-term covered bonds amounting to EUR 247 million, of which EUR 22 million were long-term collateralised bonds ('Schuldscheindarlehen'). In November, Aktia Bank also issued long-term covered bonds worth EUR 200 million as part of the bank's EMTN programme. Outstanding Aktia Bank plc certificates of deposit amounted to EUR 393 million at the end of the year. During the year, Aktia Bank plc issued new subordinated debts and index-linked loans with a total value of EUR 79 million.

## Lending

Group total lending to the public amounted to EUR 7,202 (7,063) million at the end of December, an increase of EUR 138 million. Excluding the mortgages brokered by savings banks and POP Banks that the local banks are committed to capitalise, Group lending increased by EUR 141 million (3%) on the beginning of the year.

Loans to private households, including mortgages brokered by local savings banks and POP Banks, accounted for EUR 6,222 (5,966) million or 86.4% (84.5)% of the total loan stock. From September 2012 onwards, the Real Estate Mortgage Bank will not be approving any more loans.

The housing loan stock increased from the beginning of the year by 4% to total EUR 5,850 (5,607) million. Aktia's market share of housing loans to households stood at 4.3 (4.2)% at the end of December.

Corporate lending accounted for 9.3 (10.7)% of Aktia's credit stock. Total corporate lending amounted to EUR 666 (758) million.

Loans granted to housing associations amounted to EUR 270 (289) million and made up 3.8 (4.1)% of Aktia's total credit stock.

### Credit stock by sector

EUR million	31.12.2012	31.12.2011	Δ	Share
Households	6,222	5,966	257	86.4%
Corporate	666	758	-91	9.3%
Housing associations	270	289	-19	3.8%
Non-profit organisations	39	45	-7	0.5%
Public sector entities	4	6	-2	0.1%
<b>Total</b>	<b>7,202</b>	<b>7,063</b>	<b>138</b>	<b>100.0%</b>

## Financial assets

Aktia's financial assets consist of the Bank Group's liquidity portfolio and other interest-bearing investments amounting to EUR 1,862 (1,968) million, the life insurance company's investment portfolio amounting to EUR 693 (661) million and the real estate and share holdings of the parent company amounting to EUR 7 (3) million.

## Technical provisions

The life insurance company's technical provisions amounted to EUR 878 (818) million, of which EUR 359 (285) million were unit-linked. Interest-related technical provisions decreased to EUR 520 (533) million.

## Equity

The Aktia Group's equity increased by EUR 134 million from the year-end to EUR 657 (524) million as at 31 December 2012.

## Commitments

Off-balance sheet commitments, which primarily consist of liquidity commitments to local banks, other loan promises and bank guarantees, decreased by EUR 123 million during 2012 and amounted to EUR 343 (466) million.

## Capital adequacy and solvency

The Banking Group's capital adequacy ratio stood at 20.2 (16.2)% and the Tier 1 capital ratio was 11.8 (10.6)%. The Bank Group includes Aktia Bank plc and Aktia Real Estate Mortgage Bank plc.

Aktia Bank plc's capital adequacy ratio stood at 28.1% compared to 22.3% at the end of 2011. The Tier 1 capital ratio was 16.1 (14.6)%.

The Bank Group's capital base was strengthened not only by the result for the year and the positive development in the fund at fair value, but also by a capital increase of EUR 30 million after capital was freed up by the disposal of 66% of shares in Aktia Non-Life Insurance Company Ltd.

Capital adequacy for the banking business is currently calculated using the standard model for credit risk. An IRBA (Internal Risk Based Assessment) application for the Group's retail exposure was submitted in August 2011 and is currently being processed by the Financial Supervisory Authority. Application of the IRBA method would raise the Tier 1 capital ratio by about 4 percentage points.

The life insurance company's solvency margin amounted to EUR 158.6 (117.2) million, where the minimum requirement is EUR 33.3 (32.3) million. The solvency ratio was 27.4 (20.7)%.

The capital adequacy ratio for the conglomerate amounted to 205.1(163.5) %. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

Capital adequacy	31.12.2012	31.12.2011
<b>Banking Group</b>		
Capital adequacy	20.2%	16.2%
Tier 1 ratio	11.8%	10.6%
<b>Aktia Bank</b>		
Capital adequacy	28.1%	22.3%
Tier 1 ratio	16.1%	14.6%
<b>Aktia Real Estate Mortgage Bank</b>		
Capital adequacy	11.3%	10.2%
Tier 1 ratio	9.7%	8.5%

## Segment overview

Aktia plc's operations are divided into four segments: Banking Business, Asset Management, Life Insurance and Miscellaneous.

### Group operating profit from continuing operations by segment

(EUR million)	1-12/2012	1-12/2011	Δ %
Banking Business	39.2	35.6	10%
Asset management	9.4	5.6	67%
Life Insurance	14.7	10.3	43%
Miscellaneous	-7.1	-5.3	-33%
Eliminations	-0.2	-1.5	89%
<b>Total</b>	<b>56.0</b>	<b>44.6</b>	<b>26%</b>

## Banking Business

The Banking Business' contribution to Group operating profit amounted to EUR 39.2 (35.6) million.

Operating income totalled EUR 160.9 (166.1) million, of which net interest income amounted to EUR 112.8 (123.9) million. Net commission income was EUR 45.5 (45.2) million and net income from financial assets available for sale was EUR 0.8 (-3.3) million. Commission income from lending developed favourably and income from asset management and life and pension insurance is at a good level. Income from the real estate agency business was down 3% on the previous year, standing at EUR 7.4 (7.7) million.

Operating expenses were down compared to 2011, totalling EUR 115.3 (120.1) million. Of this total, staff costs amounted to EUR 37.0 (41.9) million and IT-related costs EUR 13.6 (13.7) million. Other operating expenses amounted to EUR 62.8 (62.2) million. Within other operating expenses, marketing costs decreased by 20% to EUR 2.2 million. Despite reduced marketing costs, Aktia's recognition among consumers rose from 27% to 32% in 2012.

Sales activities are being supported by the new marketing campaign 'Stress test your finances' and the 'Aktia Dialogue' customer concept. The campaign is based on obtaining an even deeper understanding of our customers' financial situation. As part of the campaign, approximately 38,000 persons have used the online tool to work out how much they will earn during their lifetime. In 2012, almost 54,000 Dialogues were conducted in the branches.

The number of new customers in the banking business was around 13,200 and the number of online banking contracts rose by 7% to just over 145,000.

Total savings by households were approximately 7% higher than the year-end, amounting to EUR 3,787 (3,536) million, of which household deposits were EUR 2,801 (2,758) million and savings by households in mutual funds were EUR 986 (778) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased to EUR 4,356 (4,100) million.

## Asset Management

Asset Management contributed EUR 9.4 (5.6) million to Group operating profit.

Operating income after reversals to the Group's other units and business partners was EUR 26.4 (21.6) million.

Operating expenses increased by 7% to EUR 17.0 (15.9) million, of which staff costs amounted to EUR 8.0 (8.0) million.

Aktia has established its position as one of the leading asset managers in Finland. In a survey conducted by Scandinavian Financial Research (SFR) among institutional customers in 2012, Aktia was again placed among the top asset managers. The survey was carried out among the 100 largest institutional investors in Finland and Aktia shared the first place this year.

In a comparative analysis of larger mutual fund companies in Finland Aktia received the second highest mark. The evaluation was carried out by the independent analyst company Morningstar. In December 2012, the average number of stars received by the bank's 24 evaluated mutual funds was 3.96, where the maximum is 5 Morningstar stars. 19 of Aktia's 24 funds have at least 4 stars.

Over the last few years, the demand for fixed income funds investing in growth markets has risen significantly, and Aktia manages three such funds with a total value of some EUR 714 (578) million. The volume of mutual funds managed and brokered by Aktia was EUR 4,497 (3,613) million. Aktia's market share of the fund market, including brokered funds, stood at 6.8 (6.6) % (Federation of Finnish Financial Services).

The value of assets managed by Aktia Asset Management and Aktia Invest totalled a record EUR 7,597 (6,624) million, of which assets managed by Aktia Invest amounted to EUR 2,467 (1,961) million. Aktia Private Banking customer assets totalled EUR 1,510 (1,278) million, an increase of 18%.

## Life Insurance

The Life Insurance contribution to the Group's operating profit amounted to EUR 14.7 (10.3) million.

Premiums written increased by 7% on the previous year to EUR 110.7 (103.0) million, the company's best result ever. The strategic line whereby all sales are directed via the bank distribution towards unit-linked savings and investment insurance, as well as risk insurance, has been a success and resulted in higher volumes. Of the premium volume for savings, investment and pension insurance, unit-linked insurance accounted for 83 (79)%. Premiums written in unit-linked savings and investment insurance increased by 19% compared to the previous year and the fund allocation service Aktia Profil in particular was very well received by customers. The increased focus on mortgage and life insurance has been a success and is visible as an increase of 10% in premium volume for mortgage insurance.

Insurance claims paid totalled EUR 96.7 (92.6) million. The loss ratio for risk insurance was maintained at a good level, 75 (76)%.

Operating expenses remained at the same level as the year before, at EUR 13.2 (13.2) million, of which staff costs accounted for EUR 5.3 (5.1) million. Cost-effectiveness within the life insurance business has remained at a good level. The expense ratio improved to 90.8 (91.7)%.

Net income from investment activities amounted to EUR 38.5 (26.8) million. The increase is attributable to increased profits from sales in 2012. The return on the company's investments based on market value was 11.7 (5.9)%. The derivatives used by the life insurance company to limit its interest rate

and currency risk improved operating profit by EUR 4.0 (3.9) million. Interest-rate derivatives were disposed of at the end of the year.

Technical provisions totalled EUR 878 (818) million, of which provisions for unit-linked provisions stood at EUR 359 (285) million and interest-related provisions EUR 520 (533) million. Unit-linked provisions increased to 41 (35)% of total provisions.

Interest-related provisions were strengthened by the establishment of an interest reserve of EUR 16.0 million, which reduced the interest requirement for insurance with guaranteed interest of 4.5% to 3.5% from 2019 onwards. The average duration of the investment portfolio was 6 years at the end of 2012 and the realised coupon rate for the portfolio for the next six years exceeds the average interest requirement on provisions of 3.6% over the year. Previous reserves for customer bonuses and rebates have been dissolved, as the company is not expected to pay any additional amounts with the continuing low interest rates.

In calculating the interest-related provisions for 2012, certain assumptions were made as to an expected longer average lifetime, which increased technical provisions by EUR 2.0 million. The changes in the interest rate, customer bonuses and rebates and lifetime reserves for technical provisions had a negative effect of EUR 9.3 million on operating profit for the year. The average discount rate for the interest-linked technical provisions was 3.6%. Customers with interest-linked policies who are entitled to additional benefits will receive for 2012 a total return of between 2.0% and 4.5% comprising the technical rate of interest and any customer bonuses and rebates.

The company's solvency ratio improved to 27.4% compared to 20.7% the previous year.

## Miscellaneous

Operating profit for the Miscellaneous segment was EUR -7.1 (-5.3) million.

The result 2011 is charged with the loss of EUR 6.3 million before tax incurred when the Aktia Group sold its direct and indirect holdings in Bank of Åland plc. This year's result is affected by the provision for EUR 5.9 million raised to cover the winding up of the current service agreement in relation to the modernisation of the core banking system.

In the third quarter of 2012 Aktia revalued its holding in Samlink Oy to EUR 0.0 (1.8) million. The revaluation is based on an assessment of the agreements regulating ownership and the range of services in the light of Aktia's own future IT needs.

In December 2012, Aktia received an extra dividend of EUR 1.9 million from Suomen Luotto-osouskunta for its shares in that company resulting from the sale of its holding in Nets Oy (formerly Luottokunta Oy).

As part of Vasp-Invest Ltd's activities, there were continued active efforts during the year to sell off real estate assets.

## Common expenses

The sale of the non-life insurance company enables some rationalisation of support and staff functions. The largest common cost items are marketing, IT and staff costs.

Common expenses amounted to EUR 47.1 (43.3) million and were distributed as follows: banking business EUR 41.0 (37.6) million, asset management EUR 3.8 (3.9) million and life insurance EUR 2.3 (1.8) million.

## The Group's risk exposure

Definitions and general principles for asset and risk management can be found in Aktia plc's Annual Report for 2011 ([www.aktia.fi](http://www.aktia.fi)) in note G2 on pages 42–67.

### Lending related risks within Banking Business

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection decreased to EUR 50 (60) million, corresponding to 0.69 (0.84)% of the credit stock.

Non-performing loans to households more than 90 days overdue corresponded to 0.46 (0.51)% of the entire credit stock and 0.53 (0.61)% of the household credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Loans with payments 3–30 days overdue increased during 2012 to EUR 133 (121) million, equivalent to 1.84 (1.71)% of the credit stock. Loans with payments 31–89 days overdue decreased slightly to EUR 51 (53) million, or 0.71 (0.75)% of the credit stock.

### Non-performing loans by time overdue

(EUR million)

Days	31.12.2012	% of credit stock	% of credit stock	
			31.12.2011	31.12.2011
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 <sup>1</sup>	50	0.69	60	0.84
of which households	33	0.46	36	0.51

<sup>1</sup> in Aktia Bank fair value of the asset covers in average 96% of debts

## Write-downs on credits and other commitments

The year's total write-downs on credits and other commitments were EUR 6.4 (10.5) million, which is a drop of 39% compared with the same period in 2011. Of these write-downs, EUR 4.4 (1.4) million were attributable to households, and EUR 2.0 (9.1) million to companies.

Total write-downs on credits amounted to 0.09 (0.15)% of total lending for the year. The corresponding impact on corporate loans amounted to 0.3 (1.2)% of the total corporate lending.

## Distribution of risk across financial assets

The Bank Group maintains a liquidity portfolio as a buffer for situations where borrowing from the capital markets is not possible under normal conditions for some reason. Fixed-rate investments within the liquidity portfolio are also used to reduce structural interest rate risks.

Within the life insurance business, the investment portfolio covering total technical provisions is measured on an on going basis at market value.

Interest-rate investments expose the Group to counterparty risks. Direct interest-rate investments are rated by international credit rating agencies such as Standard & Poor's, Fitch or Moody's. This rating is primarily affected by the counterparty's home country and financial position, but also by the type of instrument and its right of priority.

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

Investments within the liquidity portfolio and other interest-bearing investments decreased from the year-end by EUR 106 million, and amounted to EUR 1,862 (1,968) million.

### Rating distribution for banking business' liquidity portfolio and other fixed income assets

(EUR million)	31.12.2012	31.12.2011
	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%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The Bank Group's entire liquidity portfolio at 31 December 2012 met the eligibility requirements for refinancing at the central bank. A year earlier, at year-end 2011, 0.6% of the securities did not meet these requirements.

Aktia Bank Group	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity		Total		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
EU AAA	63	145	798	694	226	264	12	-	-	-	-	-	-	-	-	1,098	1,103
Finland	59	61	117	111	43	37	-	-	-	-	-	-	-	-	-	218	210
Other AAA-countries	4	84	681	583	182	227	12	-	-	-	-	-	-	-	-	880	893
EU < AAA	-	51	443	574	5	82	-	2	-	-	-	-	-	-	-	448	709
France *	-	-	270	222	5	45	-	-	-	-	-	-	-	-	-	275	267
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greece	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	2
Ireland	-	-	16	27	-	-	-	-	-	-	-	-	-	-	-	16	27
Italy	-	-	47	60	-	-	-	-	-	-	-	-	-	-	-	47	60
Portugal	-	22	56	76	-	8	-	1	-	-	-	-	-	-	-	56	107
Spain	-	29	54	187	-	29	-	1	-	-	-	-	-	-	-	54	246
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	238	50	20	30	-	-	-	-	-	-	-	-	-	258	80
North America	-	-	12	33	-	-	-	-	-	-	-	-	-	-	-	12	33
Other OECD-countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supranationals	-	-	-	-	45	43	-	-	-	-	-	-	-	-	-	45	43
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>63</b>	<b>197</b>	<b>1,490</b>	<b>1,350</b>	<b>297</b>	<b>419</b>	<b>12</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,862</b>	<b>1,968</b>

\* France fell below AAA during 2012

## Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 693 (661) million. The share of covered bonds has continued to rise, as has the share of real estate investments in office and storage facilities.

Investments in GIIPS countries amounted to EUR 17 (24) million.

### Distribution of ratings for the life insurance business' direct interest rate investments (excl. investments in interest funds, real estate, shares and alternative investments)

(EUR million)	31.12.2012		31.12.2011	
	563	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%		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		

Aktia Life Insurance	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>EU AAA</b>	126	145	117	111	56	64	89	80	69	42	8	8	-	-	<b>464</b>	<b>450</b>
Finland	51	49	16	21	23	29	61	44	69	42	7	7	-	-	226	192
Other AAA-countries	75	96	101	91	33	35	28	36	-	-	1	1	-	-	239	258
<b>EU &lt; AAA</b>	<b>78</b>	<b>68</b>	<b>102</b>	<b>86</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>14</b>	-	-	-	-	-	-	<b>188</b>	<b>170</b>
France *	68	59	90	73	1	1	5	6	-	-	-	-	-	-	163	139
Belgium	-	-	-	-	0	-	-	-	-	-	-	-	-	-	0	-
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	1	0	-	0	-	2	-	-	-	-	-	-	1	2
Italy	-	-	2	2	-	-	2	5	-	-	-	-	-	-	4	7
Portugal	2	2	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Spain	-	-	10	11	-	-	-	1	-	-	-	-	-	-	10	13
Other countries	8	7	-	-	-	-	-	-	-	-	-	-	-	-	8	7
Europe excluding EU	0	-	-	0	4	7	2	0	-	-	0	1	-	-	<b>7</b>	<b>8</b>
North America	-	0	-	-	(0)	6	5	-	-	0	1	-	-	-	<b>6</b>	<b>6</b>
Other OECD-countries	6	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>6</b>	-
Supranationals	-	-	-	-	6	5	-	-	-	-	-	-	-	-	<b>6</b>	<b>5</b>
Others	15	23	-	-	-	-	-	0	-	-	-	-	-	-	<b>15</b>	<b>24</b>
<b>Total</b>	<b>225</b>	<b>237</b>	<b>220</b>	<b>198</b>	<b>67</b>	<b>76</b>	<b>104</b>	<b>99</b>	<b>69</b>	<b>42</b>	<b>9</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>661</b>

\* France fell below AAA during 2012

## Group investments in GIIPS countries

During the fourth quarter, the Group's investments in GIIPS countries continued to fall according to plan, and at 31 December 2012 amounted to EUR 188 (466) million. The total unconverted result amounted to EUR -0.1 (-35.3) million. These items are reported under Equity and fund at fair value. No write-downs have been posted for these holdings via the income statement. However, early disposals have been carried out during the year, which brought about a loss from the sale of EUR 11.5 million before tax. All investments in GIIPS countries are measured on an ongoing basis at current market value.

## Other market risks within the banking business and the parent company

No equity or real estate trading activities are carried out by the banking business or in the parent company Aktia plc.

At the end of the year, real estate holdings amounted to EUR 0.5 (0.7) million and investments in shares necessary for the business amounted to EUR 6.7 (1.8) million.

## Valuation of financial assets

### Value changes reported via income statement

Write-downs on financial assets amounted to EUR -0.7 (-4.3) million at the end of the year, mainly related to permanent reductions in the value of real estate funds and smaller private equity holdings. These investments are related to the investment portfolio of the life insurance company. Aktia Bank posted a reversal of EUR 1.2 million, which is attributable to earlier write-downs relating to Lehman Brothers.

#### Write-downs on financial assets

(EUR million)	1-12/2012	1-12/2011
<b>Interest-bearing securities</b>		
Banking Business	1.2	-
Life Insurance Business	-	0.6
Non-life Insurance Business	-	-
<b>Shares and participations</b>		
Banking Business	-	-
Life Insurance Business	-1.9	-4.6
Non-life Insurance Business	-	-0.3
<b>Total</b>	<b>-0.7</b>	<b>-4.3</b>

### Value changes reported via the fund at fair value

A value impairment that is not reported in the income statement, or an increase in the value of financial assets that has not been realised, is reported via the fund for fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 116.1 (19.1) million after deferred tax.

Cash flow hedging, which comprises of unwound interest rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 16.2 (25.5) million.

#### The fund at fair value

(EUR million)	31.12.2011	31.12.2011	Δ
<b>Shares and participations</b>			
Banking Business	3.6	-	3.6
Life Insurance Business	4.0	6.1	-2.1
Non-life Insurance Business	-	0.8	-0.8
<b>Direct interest-bearing securities</b>			
Banking Business	42.0	-34.9	76.9
Life Insurance Business	48.4	17.9	30.5
Non-life Insurance Business	-	3.7	-3.7
Share of associated company's fund at fair value	1.8	-	1.8
Cash flow hedging	16.2	25.5	-9.3
<b>Fund at fair value, total</b>	<b>116.1</b>	<b>19.1</b>	<b>97.0</b>

### Financial assets held until maturity

In December 2012, interest-bearing securities to the value of EUR 340 million were reclassified from financial assets available for sale to financial assets held until maturity. The reclassified securities all have an AAA rating.

The aim of the reclassification is to reduce volatility in the fund at fair value and to address the regulatory risks arising from Basel III. Securities held until maturity are reported at their accrued acquisition value.

#### Financial assets held until maturity

(EUR million)	31.12.2012	31.12.2011	Δ
<b>Direct interest-bearing securities</b>			
Banking Business			
Reclassified assets	340	0	340
Others	10	20	-10
Life Insurance	0	0	0
<b>Financial assets held until maturity, total</b>	<b>350</b>	<b>20</b>	<b>330</b>

### Disposal of hedging interest-rate derivatives

In November 2012, the company disposed of all its interest rate derivatives for hedging reasons, i.e. to hedge the on-demand account and savings deposits (applying the EU 'carve-out' to hedge accounting). For these interest-rate derivatives, the effective part of the market value has been compensated by a corresponding amount in the balance sheet item deposits.

Given the historically low interest rates on both short and long-term investments, the added-value from these items is judged to be very limited compared to the negative effect they would have if interest rates rose. To preserve the positive effect, these items were sold in November.

The disposal of the interest rate derivatives produced a positive cash flow effect of EUR 92.1 million. This cash flow will be allocated to net interest income according to the original term of the interest rate derivatives at a value of approx. EUR 15.5 million per year in 2013-2017. The remaining positive cash flow of approx. EUR 14 million is allocated in 2018-2019.

Despite this measure, with the present interest rates, the bank is maintaining its policy of actively hedging net interest income where this is considered justified in the long term.

### Operational risks

No events regarded as operational risks causing significant financial losses occurred during the year.

### Events concerning close relations

Close relations refers to Aktia plc's key persons in management positions, close family members and companies that are under the dominating influence of a key person in a management position. The group's key persons refer to the members of the Board of Supervisors and the Board of Directors of Aktia plc, the Managing Director and Deputy Managing Director.

No significant changes concerning close relations occurred.

## Aktia applies for concession to issue covered bonds

Aktia Bank's Board of Directors decided to apply for a concession to issue covered bonds. The revised law governing mortgage banks allows deposit banks such as Aktia Bank to issue covered bonds directly from their own balance sheet and the new law allows for a more cost-efficient credit process. On 10 December 2012 Aktia Bank applied to the Financial Supervisory Authority for a mortgage bank concession.

Due to the changed rules, it is more advantageous for Aktia Bank to issue covered bonds directly, rather than to continue using the present structure with a separate mortgage bank, the subsidiary company Aktia Real Estate Mortgage Bank plc. For more than 10 years, Aktia Bank has successfully used covered bonds as a source of finance, through its subsidiary Aktia Real Estate Mortgage Bank. Aktia Real Estate Mortgage Bank is jointly owned with the savings banks and the POP Banks.

For now, the owners of Aktia Real Estate Mortgage Bank grant new loans from their respective balance sheets, and the activities of Aktia Real Estate Mortgage Bank will focus on the management and refinancing of the current credit stock.

All owners of Aktia Real Estate Mortgage Bank are also in future responsible for capitalization and senior financing of the bank in accordance with the current shareholders' agreement. Aktia Bank offers its subsidiary Aktia Real Estate Mortgage Bank's liquidity limits, and aims to manage the mortgage bank activities in a way that secures the interests of financiers and investors of Aktia Real Estate Mortgage Bank.

## Action plan 2015

On 8 November 2012, Aktia's Board of Directors decided to introduce a plan of action and updated the financial objectives up until 2015. The update is motivated by the new business climate, which is characterised by extremely low interest rates and new regulations. The plan of action includes several individual measures and will be realised in steps up until 2015.

The aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small businesses and institutions. The development of Internet services and the new Net bank, launched in 2012, continues. Aktia's network of offices is being developed and modernised step-by-step, and we continue to train our already skilled personnel, focusing on proactive customer dialogue.

The work on improving the Group's cost structure is being given a high priority. Simplifying the Aktia Group structure will lead to greater cost efficiency in administration, processes and shared functions. In 2013 a merger of holding company Aktia plc with Aktia Bank plc is planned, with the concurrent introduction of the new parent company Aktia Bank plc onto the stock exchange.

The plan of action also means that cooperation with the local banks will be re-negotiated, to adapt to the new regulations and business climate.

## Other events during the year

Aktia Bank has on 1 November 2012 signed an agreement on outsourcing of services for foundations and organisations to the accounting firm Tärnan Ab as per 31 December 2012. Tärnan is co-owned by Stiftelsen Tre Smeder, Aktiastiftelsen i Esbo-Grankulla, Aktiasäätiö Porvoo, Aktiasäätiö Vantaa and Aktia Bank. Aktia Bank's holding is 19.2%.

1 November 2012 Aktia Bank lowered its prime interest rate by 0.25 percentage points to 1.25%.

Aktia improved the outlook for continuing operations for the whole year of 2012 on 15 October 2012.

On 8 October 2012 Aktia Bank concluded co-determination negotiations that commenced on 18 September 2012. The reorganisation had a negative impact on the fourth quarter's result by around EUR 0.9 million.

31 July 2012 Aktia Bank lowered its prime interest rate by 0.25 percentage points to 1.50%.

## Events after the end of the year

Aktia invests in a modern core banking system. For Aktia, the costs of the investment, including migration from the old system, corresponds to IT expenses for one year, i.e. EUR 25 million. A modern core banking system enables more efficient processes and considerably lower operating IT expenses. The new system is expected to be in use in 2015.

The role as central credit institution following new regulation, Basel III, would be a significant burden for Aktia, both in the respect of profit and liquidity. Therefore, Aktia will phase out the services provided to be terminated at the beginning of 2015.

## Personnel

The average number of full-time employees during January to December 2012 was 1,044 (31.12.2011: 1,192). The number of full-time employees decreased by 191 to 1,005 at the end of the year (31.12.2011: 1,196). This reduction includes full-time employees from Aktia Non-Life Insurance Ltd. As of March 2012, Aktia Non-Life Insurance is no longer part of the Group.

## Personnel fund

Aktia plc's Board of Directors has confirmed that the profit sharing provision to the personnel fund for 2013 will be based on 10% of the part of the Group earnings before tax exceeding EUR 35 million. The profit sharing provision cannot, however, exceed EUR 3 million.

With effect from 2012, Aktia's Executive Committee is no longer part of the personnel fund as a result of the new incentive scheme.

The outcome of the profit-sharing provision is projected at EUR 2.9 (1.2) million.

## Incentive scheme for 2012

The Board of Directors of Aktia plc decided in 2011 on a new share-based incentive scheme for key personnel in Aktia Group.

The bonus will be paid partly as A-shares in Aktia plc and partly in cash. The proportion to be paid in cash is intended for the taxes and tax-related costs related to the payment of the bonus. The incentive scheme is divided into two parts.

The first part of the scheme is based on earnings criteria and covers three earnings periods: the calendar years 2011-2012, 2012-2013 and 2013-2014. The earnings criteria for the earning period 2011-2012 are based on the development of the Aktia Group's cumulated adjusted equity during the period 1 January 2011 to 31 December 2012 (NAV) (50% weighting), and of the Group's total net commission and insurance income in the period 1 January 2011 to 31 December 2012 (50% weighting).

The earnings criteria for the earnings period 2012-2013 remain unchanged.

The potential bonus for each earnings period will be paid out in four instalments after the earnings period, over a span of approximately three years. The Board of Directors has stipulated a maximum level of bonus per key person. In general, a bonus is not paid out to a key person who, at the time of payment, no longer has a work or employment relationship with the Aktia Group.

The second part of the scheme enables key personnel to also receive a conditional bonus based on the acquisition of A-shares in Aktia plc when the incentive scheme is implemented. The conditional bonus will be paid to key persons by the end of April 2016, and will take the form of both cash and shares provided that the key person is still employed by the Aktia Group and that the shares earmarked for payment of the conditional bonus have not been transferred at the time of payment of rewards.

Key persons are obliged to hold half of all shares received through the incentive scheme until the total value of the shares amounts to the value of their gross annual salary. These persons must retain their shares as long as they are employed by the Group.

The total bonus paid out through the scheme can amount to a maximum of 401,200 A-shares in Aktia plc, as well as a sum in cash corresponding to the value of the shares. The incentive scheme has been prepared in accordance with new regulations concerning bonus schemes in the financial sector.

The Aktia Group's report on the remuneration paid to the Executive Committee and other administrative bodies is published on the Aktia plc website ([www.aktia.fi](http://www.aktia.fi)).

## Board of directors and executive committee

Aktia plc's Board of Directors for 1 January - 31 December 2012:

Chair Dag Wallgren, M.Sc. (Econ.)

Vice Chair Nina Wilkman, LL.M.

Jannica Fagerholm, M.Sc.

Hans Frantz, Lic.Soc.Sc.

Kjell Hedman, M.Sc. (Econ.)

Nils Lampi, B.Sc. (Econ.)

Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)

Kjell Sundström, M.Sc. (Econ.)

Aktia plc's Board of Directors for 1 January - 31 December 2013:  
Chair Dag Wallgren, M.Sc. (Econ.)  
Vice Chair Nina Wilkman, LL.M.  
Sten Eklundh, M.Sc.  
Jannica Fagerholm, M.Sc.  
Hans Frantz, Lic.Soc.Sc.  
Kjell Hedman, M.Sc. (Econ.)  
Nils Lampi, B.Sc. (Econ.)  
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)

On 11 December 2012, the Board of Supervisors decided on the annual remuneration for the Board of Directors for 2013:  
annual remuneration, chair, EUR 48,200  
annual remuneration, vice chair, EUR 26,900  
annual remuneration, member, EUR 21,300

The remuneration of the Board of Directors is unchanged but the proportion paid in shares has been increased to 15 (10%). The shares are acquired at market price two weeks after the publication of the Accounts Announcement for 2012.

Aktia's Executive Committee comprises Managing Director Jussi Laitinen, Deputy Managing Director and proxy Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Taru Narvanmaa, Director Fredrik Westerholm and Director Magnus Weurlander.

## Changes in Group structure

On 29 February 2012 Aktia sold 66% of Aktia Non-Life Insurance Ltd to Folksam General and Veritas Pension Insurance. Aktia now owns 34% of Aktia Non-Life Insurance Ltd.

On 31 January 2012, Aktia Card Ltd sold its business operations to its parent company Aktia Bank plc, which continues to run the card business. Aktia Card Ltd was liquidated on 10 December 2012.

Through a merger on 31 August 2012, HSB-Finance Ltd has been incorporated into the parent company Aktia plc and thus dissolved.

## Proposals for the 2013 AGM

The Board of Directors propose a higher dividend of 0.36 (0.30) euro per share for the period 1.1-31.12.2012. A return of capital of 0.14 euro per share is proposed which corresponds to the realised sales gain from the divestment of Aktia Non-life Insurance Ltd.

The proposed record date for the dividend will be 12 April 2013 and the dividend and return of capital will be paid out on 19 April 2013.

Aktia plc's Nomination committee proposes to the Annual General Meeting of Aktia plc, held on 9 April 2013, that members of the Supervisory Board Agneta Eriksson, Erik Karlsson, Clas Nyberg, Gunvor Sarelin-Sjöblom, Jan-Erik Stenman, Maj-Britt Vääriskoski, Leif Wallin, Bo-Gustav Wilson and Ann-Mari Åberg, who are all due to step down at the Annual General Meeting 2013, be re-elected, and that Mikael Aspelin, LL.M., and Stefan Mutanen, M.Sc. (Pol.), be elected as new members. All candidates are proposed a 3 years term of office. Thus, the number of members of the Supervisory Board is proposed to be 33.

The Nomination Committee proposes the annual remuneration for mem-

bers of the Supervisory Board to remain unchanged from the previous year. Remuneration proposed:

- Chair, EUR 21,500
- Vice Chair EUR 9,500
- Member EUR 4,200.

The Nomination Committee proposes that the share of annual remuneration (gross amount) that is required to be used for the acquisition of Aktia plc A shares be increased to 25% (2012: 20 %).

Further, the Nomination Committee proposes a remuneration of EUR 500 per meeting to be paid to the members, and also that compensation for costs for travel and lodging and a daily allowance be paid in accordance with government travel rules.

The nomination committee proposes to the Annual General Meeting that the APA firm KPMG Oy Ab be elected as auditor, with Jari Härmälä, APA, as auditor-in-charge. Remuneration to the auditor is proposed to be paid as invoiced.

Following the decision taken by Aktia plc's Annual General Meeting, the Nomination Committee prepares proposals for decisions to be taken by the Annual General Meeting concerning individuals to become members of the Board of Supervisors, auditor/s as well as the remuneration of these. The Nomination Committee comprises representatives of the three largest shareholders on 1 November the year before the Annual General Meeting plus the chairman of the Board of Supervisors.

## Share capital and ownership

At the end of December 2012, the paid-up share capital of Aktia PLC as entered in the Finnish Trade Register was EUR 93,873,816, divided into 46,936,908 series A shares and 20,050,850 series R shares. The total number of shares is 66,987,758. The number of registered shareholders at the end of December was 47,931. 0.6% of the shares were in foreign ownership.

Of the merger compensation related to the merger with Veritas Non-Life Insurance of 6,800,000 shares, a further 1,758 new series A shares were registered on book-entry accounts in the fourth quarter of the year. Inspection and registration of outstanding shares continues. The number of unregistered shares was 795,971 or 1.2 % of all shares. Aktia's holding of treasury shares amounted to 465,478 shares, corresponding to 0.7% of all shares. In the course of 2012 Aktia plc sold 1,958 series A treasury shares to finance the company's 2011 incentive scheme.

## Shares

Aktia's trading codes are AKTAV for A-shares and AKTRV for R-shares. Each A-share confers one vote, and each R-share confers 20 votes. Otherwise, the shares confer the same rights.

As at 31 December 2012, the closing price for an 'A' share was EUR 5.80 and for an 'R' share EUR 7.51, indicating a market value of approx. EUR 420 million for Aktia plc. The highest quotation for the 'A' share in the year was EUR 6.00 and the lowest EUR 4.34. The highest for the 'R' share was EUR 8.50 and the lowest EUR 6.75.

The average daily turnover increased, particularly for 'A' shares. The average daily turnover of 'A' shares was EUR 115,862, or 21,950 shares. The average turnover of 'R' shares per trading day during the year was EUR 39,496, or 4,679 shares.

# Outlook and risks for 2013

## Outlook

Aktia is striving to grow slightly more than the market in the sectors focusing on private customers and small companies.

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.

Aktia's aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small businesses and institutions.

Write-downs on credits are expected to be at the same level as in 2012.

**Despite the probably persistent low interest rate level 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 approximately the 2012 level.**

## Risks

Aktia's financial results are affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, and the competitive situation. The demand for banking, insurance, asset management and real estate agency services can be changed by these factors.

Changes in interest rates, yield curves and credit margins are hard to predict and can affect Aktia's interest margins and thus profitability. Aktia is pursuing proactive management of interest rate risks.

Any future write-downs of loans in Aktia's loan portfolio could be due to many factors, the most important of which are the general economic situation, interest rates, the level of unemployment and changes in house prices.

The availability of liquidity on the money markets is important for Aktia's refinancing activities. Like other banks, Aktia relies on deposits from households to service some of its liquidity needs.

The market value of Aktia's financial and other assets can change, among other things as a result of requirements among investors for higher returns.

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which have brought uncertainty concerning future equity and liquidity requirements. The results of the new regulations are likely to be higher capital requirements, sharpened competition for deposits, higher demands on long-term financing, higher fixed costs and, eventually, higher credit margins.

## Aktia's financial objectives for 2015

- Increase cross-selling index by 20%
- Increase commission income by 5% p.a.
- Cut expenses by 5% p.a.
- Tier 1 capital ratio at least 13% over an economic cycle (upon approval of internal rating)
- Dividend pay-out 40–60% of profit after taxes

## Key figures

	2012	2011	Δ %	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Earnings per share (EPS), continuing operations, EUR	0.59	0.50	19%	0.09	0.15	0.20	0.15
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	349%	0.00	0.00	0.01	0.14
Earnings per share (EPS), EUR	0.74	0.53	39%	0.09	0.15	0.21	0.29
Equity per share (NAV) <sup>1</sup> , EUR	8.91	7.01	27%	8.91	8.70	7.88	7.89
Return on equity (ROE), %	8.5	7.1	19%	3.9	6.4	9.7	14.1
Total earnings per share, EUR	2.19	0.46	375%	0.20	0.82	0.28	0.88
Capital adequacy ratio (finance and insurance conglomerate) <sup>1</sup> , %	205.1	163.5	25%	205.1	203.4	190.5	184.9
Average number of shares <sup>2</sup> , million	66.5	66.5	0%	66.5	66.5	66.5	66.5
Number of shares at the end of the period <sup>1</sup> , million	66.5	66.5	0%	66.5	66.5	66.5	66.5
Personnel (FTEs), average number of employees from the beginning of the year <sup>1</sup>	1,044	1,192	-12%	1,044	1,056	1,089	1,148
<b>Banking business (incl. Private Banking)</b>							
Cost-to-income ratio	0.74	0.73	1%	0.89	0.69	0.69	0.68
Borrowing from the public <sup>1</sup>	3,631.5	3,645.2	0%	3,631.5	3,651.4	3,714.4	3,689.4
Lending to the public <sup>1</sup>	7,201.6	7,063.3	2%	7,201.6	7,251.6	7,217.8	7,183.8
Capital adequacy ratio <sup>1</sup> , %	20.2	16.2	25%	20.2	19.9	18.9	18.1
Tier 1 capital ratio <sup>1</sup> , %	11.8	10.6	11%	11.8	11.8	11.7	11.3
Risk-weighted commitments <sup>1</sup>	3,611.2	3,694.0	-2%	3,611.2	3,727.9	3,742.0	3,767.3
<b>Asset Management</b>							
Mutual fund volume <sup>1</sup>	4,496.6	3,613.4	24%	4,496.6	4,246.7	4,107.4	4,140.0
Managed and brokered assets <sup>1</sup>	7,597.1	6,624.1	15%	7,597.1	7,413.3	7,233.9	7,174.6
<b>Life Insurance</b>							
Premiums written before reinsurers' share	111.2	103.5	7%	39.7	21.9	19.7	30.0
Expense ratio <sup>2</sup> , %	90.8	91.7	-1%	90.8	93.1	94.4	93.4
Solvency margin <sup>1</sup>	158.6	117.2	35%	158.6	160.5	141.1	131.6
Solvency ratio <sup>2</sup> , %	27.4	20.7	32%	27.4	27.9	24.7	22.8
Investments at fair value <sup>1</sup>	1,020.7	911.6	12%	1,020.7	987.9	950.3	960.6
Technical provisions for interest-related insurances <sup>1</sup>	519.9	533.4	-3%	519.9	517.5	523.2	532.3
Technical provisions for unit-linked insurances <sup>1</sup>	358.5	284.8	26%	358.5	337.7	315.1	317.8

<sup>1</sup> At the end of the period

<sup>2</sup> Cumulative from the beginning of the year

## Basis of calculation

### Earnings per share (EPS), EUR

Profit for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

### Equity per share (NAV), EUR

Equity attributable to the shareholders of Aktia plc

Number of shares at the end of the period

### Return on equity (ROE), %

Profit for the reporting period x 100

Average equity

### Total earnings per share (EPS), EUR

Total comprehensive income for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

### Capital adequacy ratio, % (finance and insurance conglomerate)

The total capital base of the conglomerate (equity including sector-specific assets and deductions) x 100

Minimum requirement for the conglomerate's own assets (credit institution + insurance business)

The capital base of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates and its related degree.

### Banking business cost/income ratio

Total operating expenses

Total operating income

### Banking business capital adequacy ratio, %

Capital base (Tier 1 capital + Tier 2 capital) x 100

Risk-weighted commitments

The capital base is calculated in accordance with regulation 4.3a issued by the Finnish Financial Supervisory Authority.

### Banking business Tier 1 capital ratio, %

Tier 1 capital x 100

Risk-weighted commitments

### Banking business risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivatives valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervisory Authority.

The capital requirements for operational risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

### Life insurance business expense ratio, %

(Operating costs + cost of claims paid) x 100

Total expense loadings

Total expense loadings are items which, according to actuarial calculations, should cover the costs.

The operating costs do not include the re-insurers' commissions.

### Life insurance business solvency margin

Equity after proposed distribution of profit + valuation difference between fair value of assets and their book value according to balance sheet + capital loan - activated costs for insurance and intangible assets + off-balance sheet commitments + other items

### Life insurance business solvency ratio, %

Solvency capital x 100

Technical provisions - equalisation provision - 75% of provisions for unit-linked insurance

The technical provision is calculated after deduction of the re-insurers' share.

## Consolidated income statement

(EUR million)	1-12/2012	1-12/2011	Δ%
<b>Continuing operations</b>			
Net interest income	117.3	128.6	-9%
Dividends	0.1	0.2	-69%
Commission income	80.8	76.0	6%
Commission expenses	-15.5	-15.5	0%
Net commission income	65.3	60.6	8%
Net income from life insurance	27.3	22.7	20%
Net income from financial transactions	2.9	-14.8	-
Net income from investment properties	0.3	0.3	27%
Other operating income	4.7	4.4	7%
<b>Total operating income</b>	<b>217.9</b>	<b>201.9</b>	<b>8%</b>
Staff costs	-75.4	-73.2	3%
IT-expenses	-31.4	-26.4	19%
Depreciation of tangible and intangible assets	-7.2	-5.9	21%
Other operating expenses	-40.3	-41.2	-2%
<b>Total operating expenses</b>	<b>-154.2</b>	<b>-146.7</b>	<b>5%</b>
Write-downs on other financial assets	-1.8	-	-
Write-downs on credits and other commitments	-6.4	-10.5	-39%
Share of profit from associated companies	0.5	-0.1	-
<b>Operating profit from continuing operations</b>	<b>56.0</b>	<b>44.6</b>	<b>26%</b>
Taxes from continuing operations	-15.8	-10.5	51%
<b>Profit for the reporting period from continuing operations</b>	<b>40.3</b>	<b>34.1</b>	<b>18%</b>
<b>Discontinued operations</b>			
Profit for the reporting period from discontinued operations	9.8	2.2	349%
<b>Profit for the reporting period</b>	<b>50.0</b>	<b>36.3</b>	<b>38%</b>
<b>Attributable to:</b>			
Shareholders in Aktia plc	49.2	35.3	39%
Non-controlling interest	0.8	1.0	-15%
<b>Total</b>	<b>50.0</b>	<b>36.3</b>	<b>38%</b>
<b>Earnings per share attributable to shareholders in Aktia plc, EUR</b>			
Earnings per share (EPS), continuing operations, EUR	0.59	0.50	19%
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	349%
<b>Earnings per share (EPS), EUR</b>	<b>0.74</b>	<b>0.53</b>	<b>39%</b>
<b>Earnings per share, EUR, after dilution</b>			
Earnings per share (EPS), continuing operations, EUR	0.59	0.50	19%
Earnings per share (EPS), discontinued operations, EUR	0.15	0.03	349%
<b>Earnings per share (EPS), EUR</b>	<b>0.74</b>	<b>0.53</b>	<b>39%</b>

## Consolidated statement of comprehensive income

(EUR million)	1-12/2012	1-12/2011	Δ%
<b>Continuing operations</b>			
Profit for the reporting period from continuing operations	40.3	34.1	18%
<b>Other comprehensive income after taxes:</b>			
Change in valuation of fair value for financial assets available for sale	94.8	-5.1	-
Change in valuation of fair value for cash flow hedging	-3.3	-0.2	-
Transferred to the income statement for financial assets available for sale	16.1	-3.2	-
Transferred to the income statement for cash flow hedging	-5.8	-	-
Comprehensive income from items which can be transferred to the income statement	101.8	-8.5	-
Defined benefit plan pensions	-0.6	-1.3	58%
Comprehensive income from items which can not be transferred to the income statement	-0.6	-1.3	58%
<b>Total comprehensive income for the reporting period from continuing operations</b>	<b>141.5</b>	<b>24.3</b>	<b>482%</b>
<b>Discontinued operations</b>			
Profit for the reporting period from discontinued operations	9.8	2.2	349%
<b>Other comprehensive income after taxes:</b>			
Change in valuation of fair value for financial assets available for sale	1.8	4.2	-56%
Transferred to the income statement for financial assets available for sale	-6.3	0.4	-
Comprehensive income from items which can be transferred to the income statement	-4.5	4.5	-
<b>Total comprehensive income for the reporting period from discontinued operations</b>	<b>5.3</b>	<b>6.7</b>	<b>-21%</b>
<b>Total comprehensive income for the reporting period</b>	<b>146.8</b>	<b>31.0</b>	<b>373%</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders in Aktia plc	145.6	30.6	376%
Non-controlling interest	1.2	0.4	192%
<b>Total</b>	<b>146.8</b>	<b>31.0</b>	<b>373%</b>
<b>Total earnings per share attributable to shareholders in Aktia plc, EUR</b>			
Total earnings per share. continuing operations. EUR	2.11	0.36	487%
Total earnings per share. discontinued operations. EUR	0.08	0.10	-21%
<b>Total earnings per share. EUR</b>	<b>2.19</b>	<b>0.46</b>	<b>375%</b>
<b>Total earnings per share, EUR, after dilution</b>			
Total earnings per share. continuing operations. EUR	2.11	0.36	487%
Total earnings per share. discontinued operations. EUR	0.08	0.10	-21%
<b>Total earnings per share. EUR</b>	<b>2.19</b>	<b>0.46</b>	<b>375%</b>

## Consolidated balance sheet

(EUR million)	31.12.2012	31.12.2011	Δ%
<b>Assets</b>			
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%
<b>Total assets</b>	<b>11,240.2</b>	<b>11,056.1</b>	<b>2%</b>
<b>Liabilities</b>			
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%
<b>Total liabilities</b>	<b>10,582.8</b>	<b>10,532.3</b>	<b>0%</b>
<b>Equity</b>			
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%
<b>Equity</b>	<b>657.4</b>	<b>523.8</b>	<b>26%</b>
<b>Total liabilities and equity</b>	<b>11,240.2</b>	<b>11,056.1</b>	<b>2%</b>

## Consolidated statement of changes in equity

		Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Non-controlling interests' share of equity	Total equity
<b>Equity as at 1 January 2011</b>		93.9	10.3	22.5	0.8	72.7	253.0	453.0	497.3
Divestment of own shares					-0.8		0.2	-0.5	-0.5
Dividends to shareholders						-19.9		-19.9	-19.9
<i>Profit for the reporting period</i>					35.3	7.0	35.3	7.0	36.3
<i>Financial assets available for sale</i>						-3.7	0.0	0.0	-3.8
<i>Cash flow hedging</i>		-3.7	0.3			0.3	-0.5	-0.2	-0.2
<i>Defined benefit plan pensions</i>		0.3			-7.3		-7.3		-7.3
Total comprehensive income for the reporting period		-3.4	0.2		34.0	2.7	30.6	0.4	31.0
Other change in equity						2.9	13.0	13.0	15.9
<b>Equity as at 31 December 2011</b>		93.9	10.3	19.1	0.2	72.7	269.9	466.0	523.8
<b>Equity as at 1 January 2012</b>		93.9	10.3	19.1	0.2	72.7	269.9	466.0	523.8
Dividends to shareholders						-20.0		-20.0	-20.0
<i>Profit for the reporting period</i>					49.2	0.8	49.2	0.8	50.0
<i>Financial assets available for sale</i>		106.2			104.6	0.2	104.6	0.2	104.7
<i>Cash flow hedging</i>		-9.3			-7.6	0.2	-7.6	0.2	-7.4
<i>Defined benefit plan pensions</i>		0.6			-0.6		-0.6		-0.6
Total comprehensive income for the reporting period		97.0	0.9		48.6	145.6	145.6	1.2	146.8
Other change in equity					0.9	5.9	5.9	6.8	6.8
<b>Equity as at 31 December 2012</b>		93.9	10.3	116.1	1.1	72.7	298.6	592.6	64.8
									<b>657.4</b>

## Consolidated cash flow statement

(EUR million)	1-12/2012	1-12/2011	Δ%
<b>Cash flow from operating activities</b>			
Operating profit *)	65.6	46.8	40%
Adjustment items not included in cash flow for the period	0.5	27.6	-98%
Unwinded cash flow hedging	17.5	17.6	0%
Unwinded fair value hedging	92.1	-	-
Paid income taxes	9.1	-37.2	-
<b>Cash flow from operating activities before change in receivables and liabilities</b>	<b>184.8</b>	<b>54.8</b>	<b>237%</b>
Increase (-) or decrease (+) in receivables from operating activities	-127.6	254.2	-
Increase (+) or decrease (-) in liabilities from operating activities	36.0	-93.7	-
<b>Total cash flow from operating activities</b>	<b>93.2</b>	<b>215.4</b>	<b>-57%</b>
<b>Cash flow from investing activities</b>			
Financial assets held until maturity	9.9	1.4	595%
Investments in group companies and associated companies	0.0	-0.4	89%
Proceeds from sale of group companies and associated companies	34.8	0.4	-
Investment in investment properties	-9.5	-	-
Investment in tangible and intangible assets	-6.5	-12.7	49%
Disposal of tangible and intangible assets	1.6	3.0	-47%
<b>Total cash flow from investing activities</b>	<b>30.3</b>	<b>-8.4</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Subordinated liabilities	11.1	1.5	654%
Share issue/dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	5.9	13.5	-57%
Divestment of own shares	0.0	0.2	-93%
Paid dividends	-20.0	-19.9	0%
<b>Total cash flow from financing activities</b>	<b>-3.0</b>	<b>-4.8</b>	<b>39%</b>
<b>Change in cash and cash equivalents</b>	<b>120.6</b>	<b>202.2</b>	<b>-40%</b>
Cash and cash equivalents at the beginning of the year	481.7	279.5	72%
Cash and cash equivalents at the end of the year	602.3	481.7	25%
<b>Cash and cash equivalents in the cash flow statement consist of the following items:</b>			
Cash in hand	8.0	9.5	-17%
Insurance operation's cash and bank	1.7	8.7	-80%
Bank of Finland current account	577.9	456.8	27%
Repayable on demand claims on credit institutions	14.6	6.6	121%
<b>Total</b>	<b>602.3</b>	<b>481.7</b>	<b>25%</b>
<b>Adjustment items not included in cash flow consist of:</b>			
Impairment of financial assets available for sale	0.7	4.3	-84%
Write-downs on other financial assets	1.8	-	-
Write-downs on credits and other commitments	6.5	11.3	-42%
Change in fair values	-0.3	4.4	-
Depreciation and impairment of intangible and tangible assets	7.2	6.9	5%
Share of profit from associated companies	-0.2	0.4	-
Sales gains and losses from intangible and tangible assets	-11.1	2.5	-
Unwinded cash flow hedging	-11.7	-2.5	-358%
Unwinded fair value hedging	-1.3	-	-
Change in provisions	6.9	-	-
Change in fair values of investment properties	-0.1	-	-
Change in share-based payments	1.9	0.3	472%
<b>Total</b>	<b>0.5</b>	<b>27.6</b>	<b>-98%</b>

\*) Includes operating profit from both continuing and discontinued operations

## Quarterly trends in the Group

(EUR million)	10-12/2012	7-9/2012	4-6/2012	1-3/2012	10-12/2011
<b>Continuing operations</b>					
Net interest income	29.3	28.7	29.7	29.6	30.3
Dividends	-	0.0	0.0	0.0	0.1
Net commission income	16.0	16.4	17.3	15.7	14.8
Net income from life insurance	8.3	5.5	7.3	6.2	3.9
Net income from financial transactions	3.1	-0.7	0.2	0.3	-0.6
Net income from investment properties	0.2	0.0	0.1	0.0	-0.2
Other operating income	1.5	0.6	1.2	1.4	1.3
<b>Total operating income</b>	<b>58.4</b>	<b>50.5</b>	<b>55.8</b>	<b>53.2</b>	<b>49.6</b>
Staff costs	-20.0	-17.7	-19.1	-18.6	-19.5
IT-expenses	-12.6	-6.0	-6.5	-6.4	-6.9
Depreciation of tangible and intangible assets	-1.9	-1.7	-1.7	-1.8	-1.5
Other operating expenses	-11.5	-8.7	-10.2	-9.9	-11.1
<b>Total operating expenses</b>	<b>-46.0</b>	<b>-34.0</b>	<b>-37.5</b>	<b>-36.7</b>	<b>-39.0</b>
Write-downs on other financial assets	-	-1.8	-	-	-
Write-downs on credits and other commitments	-1.7	-1.8	-1.0	-1.9	-4.1
Share of profit from associated companies	-0.3	0.6	0.5	-0.3	-0.1
<b>Operating profit from continuing operations</b>	<b>10.4</b>	<b>13.4</b>	<b>17.9</b>	<b>14.3</b>	<b>6.5</b>
Taxes from continuing operations	-4.1	-3.5	-4.1	-4.1	0.8
<b>Profit for the period from continuing operations</b>	<b>6.3</b>	<b>9.9</b>	<b>13.8</b>	<b>10.2</b>	<b>7.3</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	-	0.0	0.4	9.3	0.4
<b>Profit for the period</b>	<b>6.3</b>	<b>9.9</b>	<b>14.2</b>	<b>19.6</b>	<b>7.7</b>
<b>Attributable to:</b>					
Shareholders in Aktia plc	6.1	9.8	14.0	19.3	7.7
Non-controlling interest	0.2	0.2	0.2	0.3	0.1
<b>Total</b>	<b>6.3</b>	<b>9.9</b>	<b>14.2</b>	<b>19.6</b>	<b>7.7</b>
<b>Earnings per share attributable to shareholders in Aktia plc, EUR</b>					
Earnings per share (EPS), continuing operations, EUR	0.09	0.15	0.20	0.15	0.11
Earnings per share (EPS), discontinued operations, EUR	0.00	0.00	0.01	0.14	0.01
<b>Earnings per share (EPS), EUR</b>	<b>0.09</b>	<b>0.15</b>	<b>0.21</b>	<b>0.29</b>	<b>0.12</b>
<b>Earnings per share, EUR, after dilution</b>					
Earnings per share (EPS), continuing operations, EUR	0.09	0.15	0.20	0.15	0.11
Earnings per share (EPS), discontinued operations, EUR	0.00	0.00	0.01	0.14	0.01
<b>Earnings per share (EPS), EUR</b>	<b>0.09</b>	<b>0.15</b>	<b>0.21</b>	<b>0.29</b>	<b>0.12</b>

## Quarterly trends of comprehensive income

(EUR million)	10-12/2012	7-9/2012	4-6/2012	1-3/2012	10-12/2011
<b>Continuing operations</b>					
Profit for the period from continuing operations	6.3	9.9	13.8	10.2	7.3
<b>Other comprehensive income after taxes:</b>					
Change in valuation of fair value for financial assets available for sale	-0.5	47.8	5.6	41.9	-2.2
Change in valuation of fair value for cash flow hedging	3.2	-2.2	-1.3	-3.0	-0.3
Transferred to the income statement for financial assets available for sale	10.9	-0.1	-0.1	5.3	-0.5
Transferred to the income statement for cash flow hedging	-5.8	-	-	-	-
Defined benefit plan pensions	-0.6	-	-	-	-1.3
<b>Total comprehensive income for the period from continuing operations</b>	<b>13.5</b>	<b>55.5</b>	<b>18.0</b>	<b>54.5</b>	<b>2.9</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	-	0.0	0.4	9.3	0.4
<b>Other comprehensive income after taxes:</b>					
Change in valuation of fair value for financial assets available for sale	-	-	-	1.8	0.1
Transferred to the income statement for financial assets available for sale	-	-	-	-6.3	0.0
<b>Total comprehensive income for the period from discontinued operations</b>	<b>-</b>	<b>0.0</b>	<b>0.4</b>	<b>4.9</b>	<b>0.5</b>
<b>Total comprehensive income for the period</b>	<b>13.5</b>	<b>55.5</b>	<b>18.5</b>	<b>59.4</b>	<b>3.4</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders in Aktia plc	13.5	54.6	18.6	58.8	3.9
Non-controlling interest	0.0	0.9	-0.2	0.5	-0.5
<b>Total</b>	<b>13.5</b>	<b>55.5</b>	<b>18.5</b>	<b>59.4</b>	<b>3.4</b>
<b>Total earnings per share attributable to shareholders in Aktia plc, EUR</b>					
Total earnings per share, continuing operations, EUR	0.20	0.82	0.27	0.81	0.05
Total earnings per share, discontinued operations, EUR	0.00	0.00	0.01	0.07	0.01
<b>Total earnings per share, EUR</b>	<b>0.20</b>	<b>0.82</b>	<b>0.28</b>	<b>0.88</b>	<b>0.06</b>
<b>Total earnings per share, EUR, after dilution</b>					
Total earnings per share, continuing operations, EUR	0.20	0.82	0.27	0.81	0.05
Total earnings per share, discontinued operations, EUR	0.00	0.00	0.01	0.07	0.01
<b>Total earnings per share, EUR</b>	<b>0.20</b>	<b>0.82</b>	<b>0.28</b>	<b>0.88</b>	<b>0.06</b>

## Notes to the Accounts Annoucement

### NOTE 1 Basis for preparing the Accounts Annoucement and key accounting principles

#### Basis for preparing the Accounts Annoucement

Aktia plc's consolidated financial statements are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU.

The Accounts Annoucement for the period 1 January – 31 December 2012 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Accounts Annoucement does not contain all the information required for an annual report and should therefore be read together with the Group's Annual Report as of 31 December 2011.

The Accounts Annoucement for the period 1 January – 31 December 2012 was approved by the Board of Directors on 14 February 2013.

Aktia plc's financial statements and interim reports are available on Aktia's website [www.aktia.fi](http://www.aktia.fi).

#### Key accounting principles

In preparing the Accounts Annoucement the Group has followed the accounting principles applicable to the annual report of 31 December 2011.

There were no new or revised IFRSs or interpretations from IFRIC that had any effect on the Group's result, financial position or explanatory notes in the period 1 January – 31 December 2012.

Aktia plc sold 51% of its shares in Aktia Non-Life Insurance Company Ltd to Folksam General and 15% of its shares to the Veritas Pension Insurance Company Ltd on 29 February 2012. With effect from 1 March 2012, Aktia Non-Life Insurance Company Ltd is an associated company of Aktia plc, which holds 34% of the shares.

In the consolidated income statement, the non-life insurance business' income and expenses, including taxes, have been reported in the profit for the period from discontinued operations, both for the current period and for the comparative period in 2011. The consolidated income statement for 2011 has been recalculated to reflect reporting in 2012 of discontinued operations. The non-life insurance business' balance sheet items are included in the consolidated balance sheet for the comparative period in 2011. The Group's segment reporting has been changed and no longer includes the previous Non-Life Insurance segment.

The share of the Group's common costs paid by Aktia Non-Life Insurance Company Ltd to Aktia plc in the period and the comparative period has been reported against the Group's operating expenses.

## Note 2. Group's segment reporting

Income statement (EUR million)	Banking Business			Asset Management			Life Insurance			Non-life Insurance*			Miscellaneous			Group total	
	1-12/2012	1-12/2011	1-12/2012	1-12/2011	1-12/2012	1-12/2011	1-12/2011	1-12/2012	1-12/2011	1-12/2011	1-12/2012	1-12/2011	1-12/2012	1-12/2011	1-12/2012	1-12/2011	
Net interest income	112.8	123.9	5.4	4.3	-	-	-	-	-	-1.1	0.1	0.2	0.3	117.3	128.6		
Net commission income	45.5	45.2	20.7	16.6	-	-	-	-	-	4.8	5.3	-5.8	-6.5	65.3	60.6		
Net income from life insurance	-	-	-	27.9	23.4	-	-	-	-	-	-0.6	-0.7	-27.3	22.7			
Other income	2.6	-3.0	0.4	0.7	-	-	-	-	9.3	-3.3	-4.2	-4.4	8.0	-10.0			
<b>Total operating income</b>	<b>160.9</b>	<b>166.1</b>	<b>26.4</b>	<b>21.6</b>	<b>27.9</b>	<b>23.4</b>	<b>-</b>	<b>-</b>	<b>13.1</b>	<b>2.1</b>	<b>-10.3</b>	<b>-11.3</b>	<b>217.9</b>	<b>201.9</b>			
Staff costs	-37.0	-41.9	-8.0	-5.3	-5.1	-	-	-	-24.5	-17.7	-0.5	-0.4	-75.4	-73.2			
IT-expenses	-13.6	-13.7	-2.1	-0.9	-0.9	-1.1	-	-	-15.8	-10.7	1.0	-	-31.4	-26.4			
Depreciation of tangible and intangible assets	-2.0	-2.3	-0.7	-0.5	-0.8	-0.7	-	-	-3.7	-2.5	-	-	-7.2	-5.9			
Other expenses	-62.8	-62.2	-6.3	-6.1	-6.3	-	-	-	25.5	23.6	9.4	10.2	-40.3	-41.2			
<b>Total operating expenses</b>	<b>-115.3</b>	<b>-120.1</b>	<b>-17.0</b>	<b>-15.9</b>	<b>-13.2</b>	<b>-13.2</b>	<b>-</b>	<b>-</b>	<b>-18.6</b>	<b>-7.4</b>	<b>9.9</b>	<b>9.9</b>	<b>-154.2</b>	<b>-146.7</b>			
Write-downs on other financial assets	-	-	-	-	-	-	-	-	-1.6	-	-	-0.2	-	-1.8	-		
Write-downs on credits and other commitments	-6.4	-	-10.5	-	-	-	-	-	-	-	-	-	-	-6.4	-10.5		
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	0.5	-0.1	0.5	-0.1			
<b>Operating profit from continuing operations</b>	<b>39.2</b>	<b>35.6</b>	<b>9.4</b>	<b>5.6</b>	<b>14.7</b>	<b>10.3</b>	<b>-</b>	<b>-</b>	<b>-7.1</b>	<b>-5.3</b>	<b>-0.2</b>	<b>-1.5</b>	<b>56.0</b>	<b>44.6</b>			
Balance sheet (EUR million)																	
Cash and balances with central banks	585.8	466.2	0.1	0.1	15.5	12.9	-	-	11.2	-	-	-	-13.7	-15.3	587.6	475.0	
Financial assets reported at fair value via the income statement	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.1	1.9
Financial assets available for sale	1,468.9	1,876.1	1.5	1.4	639.3	630.2	-	-	124.1	5.8	0.0	-8.8	-12.7	-2,106.7	2,619.1		
Financial assets held until maturity	350.0	20.0	-	-	-	-	-	-	-	-	-	-	-	-	350.0	20.0	
Loans and other receivables	7,338.7	7,135.9	153.5	74.7	-	-	-	-	-	3.3	0.1	-135.3	-62.7	-7,360.2	7,152.1		
Investments for unit-linked provisions	-	-	-	-	360.9	286.7	-	-	-	-	-	-	-	-	360.9	286.7	
Other assets	362.9	565.4	6.6	7.3	46.4	22.5	-	-	48.9	423.0	365.9	-364.1	-509.0	-474.7	501.1		
<b>Total assets</b>	<b>10,106.3</b>	<b>10,067.6</b>	<b>161.7</b>	<b>83.6</b>	<b>1062.2</b>	<b>954.3</b>	<b>-</b>	<b>184.2</b>	<b>432.0</b>	<b>366.1</b>	<b>-522.0</b>	<b>-599.7</b>	<b>11,240.2</b>	<b>11,056.1</b>			
Deposits	4,259.1	4,596.3	532.5	185.8	-	-	-	-	0.0	1.6	-102.6	-26.5	-4,689.0	4,757.2			
Debt securities issued	3,549.1	3,812.8	-	-	-	-	-	-	-	-	-8.8	-12.7	-3,540.3	3,800.1			
Technical provision for insurance business	-	-	-	-	878.5	818.2	-	-	1185	-	-	-	4.8	878.5	941.5		
Other liabilities	1,323.2	1,173.5	9.6	14.0	27.3	19.5	-	-	21.0	261.4	70.8	-146.5	-265.3	1,475.0	1,033.5		
<b>Total liabilities</b>	<b>9,131.4</b>	<b>9,582.6</b>	<b>542.2</b>	<b>199.8</b>	<b>905.8</b>	<b>837.7</b>	<b>-</b>	<b>139.5</b>	<b>261.4</b>	<b>72.4</b>	<b>-257.9</b>	<b>-299.7</b>	<b>10,582.8</b>	<b>10,532.3</b>			

\*) The Group's segment reporting has been changed and does not include the previous segment Aktia Non-life Insurance. Balance sheet items of Aktia Non-life Insurance are included in the balance sheet for the comparing period 2011.

### Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments		(EUR million)		
31.12.2012		Total nominal amount	Assets, fair value	Liabilities, fair value
<b>Fair value hedging</b>				
Interest rate-related		2,837.0	149.8	34.3
<b>Total</b>		<b>2,837.0</b>	<b>149.8</b>	<b>34.3</b>
<b>Cash flow hedging</b>				
Interest rate-related		75.0	0.1	0.0
<b>Total</b>		<b>75.0</b>	<b>0.1</b>	<b>0.0</b>
<b>Derivative instruments valued via the income statement</b>				
Interest rate-related *)		4,280.1	150.0	149.1
Currency-related		53.6	0.6	1.2
Equity-related **)		102.2	1.7	1.7
Other derivative instruments **)		20.8	0.1	0.1
<b>Total</b>		<b>4,456.6</b>	<b>152.4</b>	<b>152.0</b>
<b>Total derivative instruments</b>				
Interest rate-related		7,192.1	299.8	183.4
Currency-related		53.6	0.6	1.2
Equity-related		102.2	1.7	1.7
Other derivative instruments		20.8	0.1	0.1
<b>Total</b>		<b>7,368.6</b>	<b>302.2</b>	<b>186.4</b>

Hedging derivative instruments		(EUR million)		
31.12.2011		Total nominal amount	Assets, fair value	Liabilities, fair value
<b>Fair value hedging</b>				
Interest rate-related		4,085.0	157.2	35.5
<b>Total</b>		<b>4,085.0</b>	<b>157.2</b>	<b>35.5</b>
<b>Cash flow hedging</b>				
Interest rate-related		655.0	21.1	0.0
<b>Total</b>		<b>655.0</b>	<b>21.1</b>	<b>0.0</b>
<b>Derivative instruments valued via the income statement</b>				
Interest rate-related *)		6,322.1	118.2	116.9
Currency-related		81.1	1.8	1.3
Equity-related **)		107.2	1.3	1.3
Other derivative instruments **)		22.7	1.1	1.1
<b>Total</b>		<b>6,533.1</b>	<b>122.3</b>	<b>120.5</b>
<b>Total derivative instruments</b>				
Interest rate-related		11,062.1	296.4	152.3
Currency-related		81.1	1.8	1.3
Equity-related		107.2	1.3	1.3
Other derivative instruments		22.7	1.1	1.1
<b>Total</b>		<b>11,273.1</b>	<b>300.6</b>	<b>156.0</b>

\*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 4,210.0 (5,986.0) million.

\*\*) All equity-related and other derivative instruments relate to the hedging of structured debt products.

## Off-balance sheet commitments

(EUR million)	31.12.2012	31.12.2011
<b>Commitments provided to a third party on behalf of the customers</b>		
Guarantees	34.6	42.2
Other commitments provided to a third party	3.4	3.3
<b>Irrevocable commitments provided on behalf of customers</b>		
Unused credit arrangements	302.5	415.3
Other commitments provided to a third party	2.7	5.2
<b>Off-balance sheet commitments</b>	<b>343.1</b>	<b>466.1</b>

## Note 4. Group's risk exposure

### The Bank Group's capital adequacy

Summary	12/2012	9/2012	6/2012	3/2012	(EUR million) 12/2011
Tier 1 capital	426.4	440.4	437.9	427.1	392.6
Tier 2 capital	303.8	302.1	268.0	254.5	206.4
<b>Capital base</b>	<b>730.2</b>	<b>742.5</b>	<b>705.9</b>	<b>681.6</b>	<b>599.1</b>
Risk-weighted amount for credit and counterpart risks	3,248.9	3,355.6	3,369.6	3,395.0	3,321.6
Risk-weighted amount for market risks <sup>1</sup>	-	-	-	-	-
Risk-weighted amount for operational risks	362.3	372.3	372.3	372.3	372.3
<b>Risk-weighted commitments</b>	<b>3,611.2</b>	<b>3,727.9</b>	<b>3,742.0</b>	<b>3,767.3</b>	<b>3,694.0</b>
<b>Capital adequacy ratio, %</b>	<b>20.2</b>	<b>19.9</b>	<b>18.9</b>	<b>18.1</b>	<b>16.2</b>
<b>Tier 1 Capital ratio, %</b>	<b>11.8</b>	<b>11.8</b>	<b>11.7</b>	<b>11.3</b>	<b>10.6</b>
<b>Minimum capital requirement</b>	<b>288.9</b>	<b>298.2</b>	<b>299.4</b>	<b>301.4</b>	<b>295.5</b>
Capital buffer (difference between capital base and minimum requirement)	441.3	444.3	406.5	380.2	303.5

1) No capital requirement due to minor trading book and when total of net currency positions are less than 2% of capital base.

	12/2012	9/2012	6/2012	3/2012	(EUR million) 12/2011
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	74.6	74.6	74.6	74.5	44.6
Non-controlling interest	64.8	64.8	64.0	58.3	57.7
Retained earnings	100.9	100.9	100.9	100.0	96.2
Profit for the period	23.4	25.3	18.4	8.8	24.7
/. provision for dividends to shareholders	-28.3	-15.9	-10.6	-5.3	-21.3
Capital loan	30.0	30.0	30.0	30.0	30.0
Total	428.4	442.8	440.3	429.3	394.9
/. intangible assets	-2.0	-2.3	-2.4	-2.2	-2.3
<b>Tier 1 capital</b>	<b>426.4</b>	<b>440.4</b>	<b>437.9</b>	<b>427.1</b>	<b>392.6</b>
Fund at fair value	45.6	36.9	4.4	2.9	-34.9
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	213.2	220.2	218.6	206.6	196.3
<b>Tier 2 capital</b>	<b>303.8</b>	<b>302.1</b>	<b>268.0</b>	<b>254.5</b>	<b>206.4</b>
<b>Total capital base</b>	<b>730.2</b>	<b>742.5</b>	<b>705.9</b>	<b>681.6</b>	<b>599.1</b>

### The Bank Group's risk-weighted exposures

Risk-weight	Balance sheet assets	Off-balance sheet commitments		Total
0%	1,271.2		20.8	1,292.0
10%	1,255.0		-	1,255.0
20%	572.2		138.4	710.6
35%	5,764.6		53.1	5,817.7
50%	0.1		-	0.1
75%	546.3		91.7	638.0
100%	483.1		40.7	523.8
150%	16.9		0.8	17.7
<b>Total</b>	<b>9,909.3</b>		<b>345.5</b>	<b>10,254.9</b>
Derivatives *)	343.5		-	343.5
<b>Total</b>	<b>10,252.8</b>		<b>345.5</b>	<b>10,598.3</b>

Risk-weighted exposures		(EUR million)				
Risk-weight		12/2012	9/2012	6/2012	3/2012	12/2011
0%	-	-	-	-	-	-
10%	125.5	133.6	120.8	125.6	105.1	
20%	120.3	145.6	155.5	163.9	146.6	
35%	2,025.2	2,023.4	2,008.1	1,990.4	1,943.7	
50%	0.1	0.3	0.3	0.3	0.3	
75%	428.9	437.9	439.9	437.2	450.9	
100%	502.5	567.8	590.0	614.5	601.8	
150%	25.9	20.3	28.5	35.3	40.1	
<b>Total</b>	<b>3,228.3</b>	<b>3,328.8</b>	<b>3,343.2</b>	<b>3,367.3</b>	<b>3,288.4</b>	
Derivatives *)	20.6	26.8	26.5	27.7	33.2	
<b>Total</b>	<b>3,248.9</b>	<b>3,355.6</b>	<b>3,369.6</b>	<b>3,395.0</b>	<b>3,321.6</b>	

\*) derivative agreements credit conversion factor

In its capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit ratings by Moody's Investors Service or Standard & Poor's to receivables from central governments and central banks, credit institutions, investment firms, corporates and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

### The Bank Group's risk-weighted amount for operational risks

Year	2012	2011	2010	(EUR million)				
				12/2012	9/2012	6/2012	3/2012	12/2011
Gross income	183.3	187.8	208.5					
- average 3 years			193.2					
<b>Capital requirement for operational risk</b>				<b>29.0</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>
<b>Risk-weighted amount</b>				<b>362.3</b>	<b>372.3</b>	<b>372.3</b>	<b>372.3</b>	<b>372.3</b>

The capital requirement for operational risk is 15 % of average gross income during the last three years.

The risk-weighted amount is calculated by dividing the capital requirement by 8 %.

### The finance and insurance conglomerate's capital adequacy

Summary	12/2012	9/2012	6/2012	3/2012	(EUR million)	
					12/2011	
Tier 1 capital for the group	536.2	532.7	521.4	500.8	479.6	
Sector-specific items	358.0	354.3	305.6	287.7	234.9	
Intangible assets and other reductions	-220.0	-200.4	-180.9	-156.1	-154.8	
<b>Conglomerate's total capital base</b>	<b>674.2</b>	<b>686.6</b>	<b>646.2</b>	<b>632.3</b>	<b>559.7</b>	
Capital requirement for banking business	290.8	300.1	301.6	304.0	296.2	
Capital requirement for insurance business	38.1	37.5	37.5	37.9	46.2	
<b>Minimum amount for capital base</b>	<b>328.8</b>	<b>337.5</b>	<b>339.1</b>	<b>341.9</b>	<b>342.4</b>	
<b>Conglomerate's capital adequacy</b>	<b>345.4</b>	<b>349.1</b>	<b>307.1</b>	<b>290.4</b>	<b>217.3</b>	
<b>Capital adequacy ratio, %</b>	<b>205.1 %</b>	<b>203.4 %</b>	<b>190.5 %</b>	<b>184.9 %</b>	<b>163.5 %</b>	

The conglomerate's capital adequacy is based on consolidation method and is calculated according to the rules of the Finnish Act on the Supervision of Financial and Insurance Conglomerates and the standards of the Finnish Financial Supervision Authority.

## Note 5. Net interest income

(EUR million)	1-12/2012	1-12/2011	Δ %
Deposits and lending	55.1	63.0	-13%
Hedging, interest rate risk management	30.8	34.8	-12%
Other	31.4	30.7	2%
<b>Net interest income</b>	<b>117.3</b>	<b>128.6</b>	<b>-9%</b>

The impact of fixed rate investments is divided into two components consisting of interest rate risk and credit risk. The interest rate risk component is included in "Hedging of interest rate risk" whereas the credit risk component is booked as a part of "Other net interest income".

## Note 6 Gross loans and write-downs

(EUR million)	31.12.2012	30.9.2012	30.6.2012	31.3.2012	31.12.2011
Gross loans	7,266.4	7,315.3	7,282.2	7,247.5	7,126.6
Individual write-downs	-50.3	-47.8	-50.2	-49.5	-49.2
Of which made to non-performing loans past due at least 90 days	-40.1	-39.4	-42.0	-42.7	-39.2
Of which made to other loans	-10.2	-8.4	-8.2	-6.9	-10.0
Write-downs by group	-14.5	-15.9	-14.2	-14.1	-14.0
<b>Net loans, balance amount</b>	<b>7,201.6</b>	<b>7,251.6</b>	<b>7,217.8</b>	<b>7,183.8</b>	<b>7,063.3</b>

## Note 7. Net income from life insurance

(EUR million)	1-12/2012	1-12/2011	Δ %
Income from insurance premiums	110.7	103.0	7%
Net income from investments	37.9	26.1	45%
Insurance claims paid	-96.7	-92.6	-4%
Net change in technical provisions	-24.6	-13.8	-78%
<b>Net income from life insurance</b>	<b>27.3</b>	<b>22.7</b>	<b>20%</b>

This report has not been subject to external auditing.

Helsinki 14 February 2013

AKTIA PLC

The Board of Directors

9 April 2013	Annual General Meeting
7 May 2013	Interim report Jan-March 2013
6 August 2013	Interim report Jan-June 2013
7 November 2013	Interim report Jan-Sep 2013

# Aktia

## Contacts

Aktia Plc  
PO Box 207  
Mannerheimintie 14, 00101 Helsinki  
Tel. +358 10 247 5000  
Fax +358 10 247 6356

Website: [www.aktia.fi](http://www.aktia.fi)  
Contact : [aktia@aktia.fi](mailto:aktia@aktia.fi)  
E-mail: [firstname.lastname@aktia.fi](mailto:firstname.lastname@aktia.fi)  
Business ID: 0108664-3  
BIC/S.W.I.F.T: HELSFIHH