

# Q2

HALF-YEAR REPORT JANUARY - JUNE 2019

**Aktia**

## Stable development of net interest and net commission income, cost level maintained

### In brief

- Strong lending and a high customer activity during the second quarter while tough competition is still putting pressure on margins.
- Net interest income from borrowing and lending increased by 5% during the period.
- The market environment developed favourably and Aktia's total fund book increased to a record level at the end of June.
- Assets under management in internationally sold UI-Aktia funds increased by 38% from the year-end and amounted to EUR 1.6 billion.
- Comparable operating expenses were approximately on the same level as last year.
- Comparative figures include some accruals and structural changes affecting the comparability between the periods.

### Outlook 2019 (unchanged)

Despite the uncertainty of the economic development, the comparable operating profit 2019 is expected to be approximately on the same level as for 2018 (see page 18).

### Key figures

(EUR million)	2Q2019	2Q2018	Δ %	Jan-Jun 2019	Jan-Jun 2018	Δ %	1Q2019	2Q/1Q	2018
Net interest income	19.2	23.5	-18%	38.7	44.2	-13%	19.4	-1%	85.9
Net commission income	24.0	26.2	-9%	46.7	50.1	-7%	22.7	6%	95.6
Net income from life insurance	6.6	5.0	33%	14.9	10.8	38%	8.3	-20%	21.4
Other operating income	10.8	1.1	856%	13.1	2.0	562%	2.3	374%	7.3
Total operating income	60.6	55.8	9%	113.3	107.0	6%	52.7	15%	210.1
Total operating expenses	-35.0	-38.3	-9%	-71.1	-71.8	-1%	-36.1	-3%	-143.0
Impairment of credits and other commitments	-1.4	0.7	-	-2.5	0.1	-	-1.1	32%	-0.8
<b>Operating profit</b>	<b>24.2</b>	<b>18.2</b>	<b>33%</b>	<b>41.4</b>	<b>35.9</b>	<b>15%</b>	<b>17.2</b>	<b>41%</b>	<b>67.6</b>
Comparable operating income <sup>1</sup>	50.6	55.8	-9%	103.2	107.0	-4%	52.7	-4%	206.1
Comparable operating expenses <sup>1</sup>	-34.9	-38.0	-8%	-71.0	-71.1	0%	-36.1	-3%	-141.2
<b>Comparable operating profit<sup>1</sup></b>	<b>14.3</b>	<b>18.5</b>	<b>-23%</b>	<b>31.4</b>	<b>36.6</b>	<b>-14%</b>	<b>17.2</b>	<b>-17%</b>	<b>65.4</b>
Cost-to-income ratio	0.58	0.69	-16%	0.63	0.67	-6%	0.69	-16%	0.68
Comparable cost-to-income ratio <sup>1</sup>	0.69	0.68	1%	0.69	0.66	5%	0.69	0%	0.69
Earnings per share (EPS), EUR	0.30	0.21	43%	0.50	0.43	16%	0.21	46%	0.81
Comparable earnings per share (EPS), EUR <sup>1</sup>	0.16	0.22	-27%	0.36	0.44	-18%	0.21	-24%	0.77
Return on equity (ROE), %	13.7	10.1	36%	11.8	10.2	15%	9.4	45%	9.4
Comparable return on equity (ROE), % <sup>1</sup>	7.2	10.3	-31%	8.4	10.4	-19%	9.4	-24%	9.0
Common Equity Tier 1 capital ratio (CET1), % <sup>2</sup>	16.5	16.3	1%	16.5	16.3	1%	16.9	-2%	17.5

1) Alternative performance measures excluding items affecting comparability, see page 20

2) At the end of the period

# CEO's comments

The positive development of Aktia's underlying business operations continued during the second quarter of the year, despite the challenging market still marked by low interest rates and pressed margins. I want to point out that the comparative figures for e.g. net interest and net commission income include some accruals and structural changes affecting the comparability between the periods. These are described in detail in the profit section of the report.

Net interest income was strengthened especially as a result of the strong growth in lending to both private persons and companies and the demand on interest rate cap and interest rate collar products was on a good level. Credit quality continued to be on good level.

Aktia's total fund book rose at the end of June to an all-time high.

Mikko Ayub, CEO

The underlying development of the commission income was also positive during the second quarter of the year, compared to the corresponding period last year. The market environment developed favourably and Aktia's total fund book rose at the end of June to an all-time high. The internationalisation of asset management is progressing well and assets under management in our UI-Aktia funds sold on international markets increased from the year-end by 38% and amounted to EUR 1.6 billion. In total, approximately 25% of the assets in funds managed by Aktia was of foreign origin at the end of the second quarter.

We also managed to keep costs for the quarter at the same level as last year, despite the challenging investment and regulatory environment.

## Corporate responsibility as a part of daily operations

Corporate responsibility is an integrated part of Aktia's strategy and our daily operations. In the spring we launched as the first bank in Finland our completely digital and plastic-free credit card, which is a good example of our concrete measures within responsibility. The digital card improves further the safety of online payments through its unique safety code.

In early summer Aktia prepared a new climate policy and approved for the coming five-year period a new action plan for corporate responsibility, as well as the UN's selected themes for sustainable development. We have also started to set up WWF's Green



Office environmental system. The system will in its initial stage be implemented in the Group's future head office, where we will also develop new working methods. Our goal is to further develop also our reporting in corporate responsibility. We will report every six months on the most important indicators of our corporate responsibility programme, e.g. the carbon footprint of our funds and the customer satisfaction in customer meetings within Personal and Premium customers (NPS). The indicators will be complemented in the future.

The digitalisation of banking services is progressing well and in May we launched the digital Investment Assistant service. The goal of the service is to make saving and investing available for all, and to encourage Finns to actively manage their assets. The Investment Assistant is a good addition to the personal and competent investment advice provided by Aktia. During the past quarter Aktia also launched digital housing transaction services, which save time since there is no need to visit a branch any more when buying or selling a home.

I am satisfied with the quarter as a whole but I am convinced that we can do even better in the future. We will continue our determined work to develop Aktia further to a modern and forward-looking bank for both customers, owners and our employees.

Helsinki 1 August 2019

**Mikko Ayub**  
CEO

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## Webcast from the results conference

A live webcast from the results conference will take place on 1 August 2019 at 10 am. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The conference is held in Finnish and Swedish and can be seen live at <https://aktia.videosync.fi/2019-q2-results>. A recording of the webcast will be available at [www.aktia.com](http://www.aktia.com) after the conference.

## Financial calendar

Capital Markets Day.....10 September 2019  
Interim report January - September 2019.....31 October 2019

The half-year report January - June 2019 is a translation of the original Swedish version "Halvårsrapport 1.1-30.6.2019". In case of discrepancies, the Swedish version shall prevail.

# Profit and balance

## Profit April – June 2019

The Group's operating profit was EUR 24.2 (18.2) million and profit was EUR 20.6 (14.7) million. Comparable operating profit decreased to EUR 14.3 (18.5) million. The implementation of IFRS 16 affected the operating profit of the second quarter with EUR -0.2 million. The effects of the implementation of the standard are described more in detail in note 1.

### Items affecting comparability

(EUR million)	Apr-Jun 2019	Apr-Jun 2018
Additional income from divestment of Visa Europe to Visa Inc	0.5	-
Profit from divestment of shares in Samlink Ltd	9.6	-
Costs for restructuring	-0.1	-0.3
<b>Total</b>	<b>9.9</b>	<b>-0.3</b>

### Income

The Group's operating income increased to EUR 60.6 (55.8) million. However comparable operating income decreased by 9% to EUR 50.6 (55.8) million.

Net interest income decreased by 18% to EUR 19.2 (23.5) million. Net interest income from borrowing and lending increased by 5% to EUR 18.2 (17.4) million. Continued low market interest rates and thereby lower interest income from the bank's liquidity portfolio decreased the Group's net interest income by EUR 0.6 million. Interest income from the 2012 unwound interest rate hedges decreased by EUR 2.2 million, while interest income from active interest rate hedging amounted to EUR 0.3 (0.3)

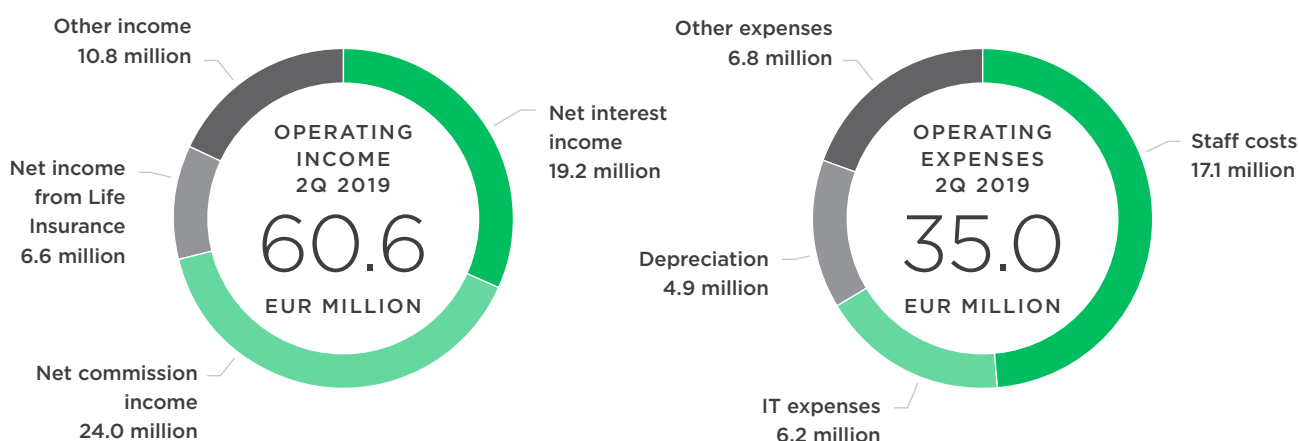
million. Interest income from Aktia's TLTRO financing programme amounted to EUR 0.4 (2.6) million. The European Central Bank determined the cost for Aktia's TLTRO financing in June 2018 when also the cumulative interest income was recognised.

Net commission income decreased by 9% to EUR 24.0 (26.2) million. Taking into account the reference period's income from the sold real estate agency and the changes in accounting principles for recognition of insurance brokerage commissions, net commission income increased by 4% to EUR 24.0 (23.1) million. Commission income from borrowing and lending amounted to EUR 3.5 (3.7) million. Commission income from funds, asset management and securities brokerage increased by 4% to 15.5 (15.0) million. Card and other payment service commissions increased by 6% to EUR 6.5 (6.1) million.

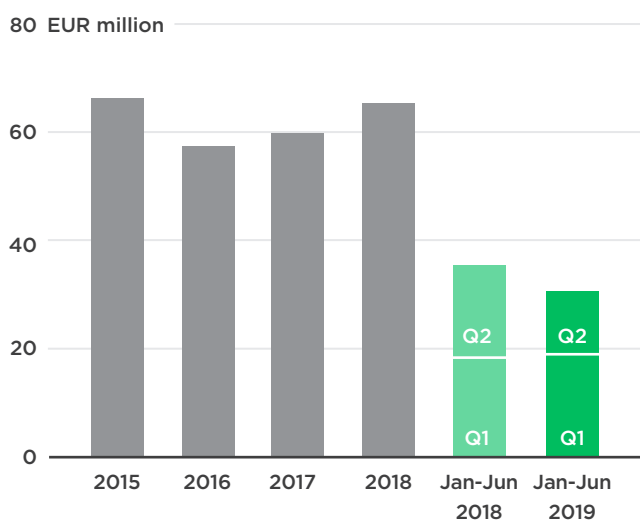
Net income from life insurance increased by 33% to EUR 6.6 (5.0) million, which relates to improved net income from investment operations. The income from investments includes value changes of EUR 0.8 (-1.3) million. The actuarially calculated result was somewhat higher than last year.

Net income from financial transactions was EUR 0.8 (0.7) million, which includes an additional income of EUR 0.5 million from the sale of Visa Europe to Visa Inc. The quarter includes a change in expected credit losses (ECL) on the bank's interest-bearing securities of EUR -0.3 (0.2) million, and a value change in shares and participations of EUR 0.4 (0.3) million.

Other operating income amounted to EUR 9.8 (0.3) million, which includes a profit of EUR 9.6 million from the divestment of shares in Samlink Ltd.



## COMPARABLE OPERATING PROFIT 2015-Q2 2019, EUR MILLION



### Expenses

The operating expenses decreased to EUR 35.0 (38.3) million. Operating expenses excluding items affecting comparability decreased by 8% to EUR 34.9 (38.0) million.

Staff costs amounted to EUR 17.1 (17.8) million, including EUR 0.1 (0.3) million in restructuring costs.

IT costs were on the same level as last year and amounted to EUR 6.2 (6.3) million.

The depreciation of tangible and intangible assets increased to EUR 4.9 (3.2) million. The increase of EUR 1.7 million is related to depreciations of real estate leases and cars according to IFRS 16.

Other operating expenses decreased to EUR 6.8 (11.0) million. The decrease relates mainly to the implementation of IFRS 16, which was EUR 1.8 (-) million. The second quarter of last year includes also an accrual of the expense for the fund for financial stability of EUR 1.1 million, whereas the expense for the whole year, EUR 2.0 million, was recognised in January 2019.

Impairment on credits and other commitments amounted to EUR -1.4 (0.7) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.7 (0.4) million.

## Profit January – June 2019

The Group's operating profit was EUR 41.4 (35.9) million and the Group's profit was EUR 34.8 (29.8) million. Comparable operating profit decreased by 14% to EUR 31.4 (36.6) million. The implementation of IFRS 16 affected the operating profit of the period with EUR -0.3 million.

### Items affecting comparability

(EUR million)	Jan-Jun 2019	Jan-Jun 2018
Additional income from divestment of Visa Europe to Visa Inc	0.5	-
Profit from divestment of shares in Samlink Ltd	9.6	-
Costs for restructuring	-0.1	-0.7
<b>Total</b>	<b>9.9</b>	<b>-0.7</b>

### Income

The Group's operating income increased to EUR 113.3 (107.0) million. Comparable operating income decreased by 4% to EUR 103.2 (107.0) million.

Net interest income decreased by 13% to EUR 38.7 (44.2) million. Net interest income from borrowing and lending increased by 5% to EUR 36.1 (34.3) million. Continued low market interest rates and thereby lower interest income from the bank's liquidity portfolio decreased the Group's net interest income by EUR 1.4 million. Interest income from the 2012 unwound interest rate hedges decreased by EUR 4.4 million, while interest income from active interest rate hedging increased to EUR 0.7 (0.4) million. The interest income from Aktia's TLTRO financing programme amounted to EUR 0.8 (2.6) million.

Net commission income decreased by 7% to EUR 46.7 (50.1) million. Taking into account the reference period's income from the sold real estate agency and the unwound co-operation with Folksam, as well as the changes in accounting principles for recognition of insurance brokerage commissions, net commission income increased by 4% to EUR 46.7 (45.1) million. Commission income from borrowing and lending amounted to EUR 6.8 (7.0) million. Commission income from funds, asset management and securities brokerage increased by 2% to EUR 30.2 (29.7) million. Card and other payment service commissions increased by 6% to EUR 12.7 (12.0) million.

Net income from life insurance increased to EUR 14.9 (10.8) million, which is related to unrealised value changes in the investment portfolio of EUR 2.5 (-2.3) million. The actuarially calculated result was somewhat higher than last year.

Net income from financial transactions was EUR 2.8 (1.4) million, which includes an additional income of EUR 0.5 million from the sale of Visa Europe to Visa Inc. The period includes value changes on shares and participations of EUR 0.8 (0.3) million, as well as a change in model-based credit losses (ECL) on the bank's interest-bearing securities of EUR 0.1 (0.1) million.



Other operating income amounted to EUR 10.1 (0.5) million and include a profit of EUR 9.6 million from the divestment of shares in Samlink Ltd.

## Expenses

The operating expenses amounted to EUR 71.1 (71.8) million. Operating expenses excluding items affecting comparability were on the same level as last year and amounted to EUR 71.0 (71.1) million.

Staff costs amounted to EUR 33.5 (34.3) million, including EUR 0.1 (0.7) million in restructuring costs.

IT costs increased due to investments at the beginning of the year and amounted to EUR 13.0 (12.0) million.

The depreciation of tangible and intangible assets increased to EUR 9.8 (6.3) million and includes depreciation of real estate leases and cars according to IFRS 16 of EUR 3.4 (-) million.

Other operating expenses decreased to EUR 14.9 (19.2) million. The decrease relates mainly to the implementation of IFRS 16, which was EUR 3.7 (-) million. The period includes also a cost of EUR 2.0 (1.1) million for the EU statutory expense to the fund for financial stability.

Impairment on credits and other commitments continued on a low level and amounted to EUR -2.5 (0.1) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.8 (0.6) million.

Share of profit from associated companies includes dividend of EUR 1.7 (0,5) million from Samlink Ltd.

## Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 9,533 (9,267) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees increased to EUR 594 (519) million.

## Borrowing

Borrowing from the public and public-sector entities amounted to EUR 4,140 (3,963) million. Aktia's market share of deposits was 3.3 (3.3) % at the end of May.

In total, the value of bonds issued by the Aktia Group amounted to EUR 2,538 (2,460) million. Of these, EUR 1,622 (1,666) million were covered bonds issued by Aktia Bank.

During the period, Aktia Bank issued a new long-term covered bond to a value of EUR 500 million and a maturity of 7 years.

The issue was carried out to very favourable terms and it was oversubscribed more than twofold. As security for the covered bond issue, bonds with a value of EUR 2,308 (2,264) million were reserved.

During the period, Aktia Bank has also issued new long-term unsecured bonds to the value of EUR 120 million as part of its EMTN programme.

## Lending

Total Group lending to the public and public-sector entities increased by EUR 140 million to EUR 6,246 (6,107) million. Loans to households accounted for EUR 4,815 (4,756) million, or 77.1 (77.9) % of the loan book.

The housing loan book totalled EUR 4,758 (4,698) million, of which the share for households was EUR 3,987 (3,958) million. Aktia's new lending to households increased to EUR 537 (501) million. At the end of May, Aktia's market share in housing loans to households stood at 4.1 (4.1) %.

Corporate lending accounted for 11.9 (11.6) % of Aktia's loan book. Total corporate lending increased to EUR 744 (708) million. Loans to housing companies amounted to EUR 647 (604) million, making up 10.4 (9.9) % of Aktia's total loan book.

## Loan book by sector

(EUR million)	30 Jun 2019	31 Dec 2018	Δ	Share, %
Households	4,815	4,756	59	77.1%
Corporates	744	708	36	11.9%
Housing companies	647	604	43	10.4%
Non-profit organisations	36	35	1	0.6%
Public sector entities	4	4	0	0.1%
<b>Total</b>	<b>6,246</b>	<b>6,107</b>	<b>140</b>	<b>100.0%</b>

## Financial assets

Aktia Group's financial assets consist of the liquidity portfolio and other interest-bearing investments of the Bank Group amounting to EUR 1,478 (1,368) million, the life insurance company's investment portfolio amounting to EUR 553 (551) million and the equity holdings of the Bank Group amounting to EUR 4 (4) million.

## Technical provisions

The life insurance company's technical provisions were EUR 1,220 (1,156) million, of which EUR 832 (757) million were unit-linked. Interest-related technical provisions decreased to EUR 388 (399) million.

## Equity

Aktia Group's equity amounted to EUR 593 (590) million. The fund at fair value increased by EUR 9 million to EUR 26 (18) million and the profit for the period amounted to EUR 35 million. Dividend amounting to EUR 42 million was paid to the shareholders in April.

## Managed assets

The Group's total assets under management amounted to EUR 12,085 (10,973) million.

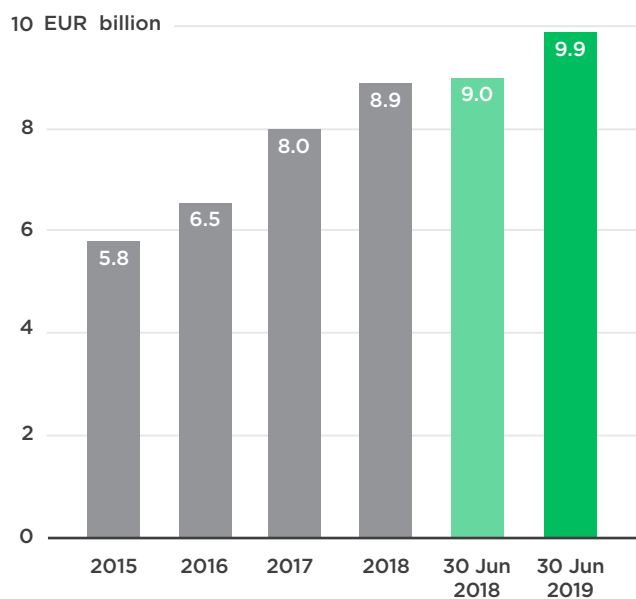
Assets under management comprise managed and brokered mutual funds as well as managed capital in the subsidiaries Aktia Asset Management Ltd and Aktia Fund Management Company Ltd. The assets under management presented in the table below reflect net volumes, so that AuM in multiple companies have been eliminated.

Group financial assets include the liquidity portfolio in the Bank Group managed by the treasury function and the life insurance company's investment portfolio.

### Managed assets

(EUR million)	30 Jun 2019	31 Dec 2018	Δ %
Assets under management	9,896	8,860	12%
Group financial assets	2,188	2,113	4%
<b>Total</b>	<b>12,085</b>	<b>10,973</b>	<b>10%</b>

### ASSETS UNDER MANAGEMENT (AUM) EXCLUDING CUSTODY ASSETS 2015- 30 JUNE 2019, EUR BILLION





# Segment overview

Aktia Bank's operations are divided into three reporting business segments: Banking Business, Asset Management and Group functions.



## Banking Business

The segment comprises private and corporate customers of the banking business. Aktia's private customers are provided a wide range of financing, insurance, savings as well as investment products and services through various channels. The segment also includes the customer concepts Aktia Personal, Aktia Premium and Aktia Private Banking. Aktia's corporate business provides services to companies and organisations, from micro sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

### The segment's operating profit

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %
Operating income	63.8	65.2	-2%
Operating expenses	-53.6	-51.9	3%
Operating profit	7.8	13.4	-42%
Comparable operating profit	7.9	13.9	-43%

Net interest income was on the same level as last year and amounted to EUR 32.0 (31.9) million. The net commission income was EUR 31.7 (33.1) million. Although the market has recovered from the downswing in the fourth quarter last year, its effects through managed customer assets were still partly visible in the commission income at the beginning of the year. The net commission income from brokered insurance was EUR 1.3 million lower than during the reference period, which includes income from the co-operation with Folksam Non-Life Insurance that ended in 2018.

The second quarter was characterised by strong growth especially within lending. Lending increased to EUR 6,240 (6,099) million, of which the private customers' loan book increased to EUR 4,846 (4,787) million and the corporate customers' loan book to EUR 1,394 (1,312) million.

The tough competition for housing loan borrowers was still putting pressure on customer margins for new housing loans. Customer demand on interest rate collar and interest rate cap products continued on a high level.

The digitalisation of payment services is progressing gradually and the need for cash is decreasing. During the second quarter e.g., a virtual credit card and a new digital service for private customers' savings were launched.

Private customers' savings in deposits increased to EUR 3,203 (3,041) million and savings in funds to EUR 1,595 (1,419) million. The development of sales for the period was positive and the monthly savings of private customers increased by 12% from the corresponding period last year. The special investment fund Aktia Business Premises has been received well and provides private customers the opportunity to enter the business premises market with lower capital.

The increase in the corporate customers' loan book reflects the demand on the market for both corporate investments and property financing. The segment's strategic focus on small and medium-sized companies as well as the financial solutions for larger corporate customers contributed to the positive development of the loan book. A certain weakening in new construction can be detected on the market, which slows down the establishment of new housing companies. However the demand for financing of renovations was still strong.

The operating expenses for the period increased to EUR 53.6 (51.9) million. The increase is mainly attributable to the stability fee of EUR 2.0 million, which this year has been booked in its entirety to the first quarter. Last year the stability fee was accrued as of the second quarter and amounted to EUR 1.1 million for the reference period.

Impairment on credits and other commitments remained low. The change in the allowance for model-based credit losses (ECL) increased by EUR 1.4 million from the corresponding period last year, which resulted in the increase of total impairments to EUR -2.5 (0.1) million.



## Asset management

The segment includes asset management and life insurance business and provides asset management to institutional investors, as well as a wide range of investment and life insurance products to be distributed in Aktia's and external partners' sales channels.

### The segment's operating profit

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %
Operating income	32.2	26.9	20%
Operating expenses	-14.3	-13.5	6%
Operating profit	17.9	13.4	34%
Comparable operating profit	17.9	13.4	34%

The operating income for the period increased by 20% to 32.2 (26.9) million, which is mainly explained by positive value changes in the life insurance business of EUR 2.5 (-2.3) million. Net income from life insurance increased to EUR 12.6 (8.5) million and the net commission income increased by 6.5% to EUR 19.5 (18.3) million.

Assets under management including managed and brokered mutual funds, as well as managed capital in the subsidiaries Aktia Asset Management Ltd and Aktia Fund Management Company Ltd, increased by 12% from the year-end and amounted to EUR 9,896 (8,860) million, of which 64 (66) % was related to institutional assets.

(EUR million)	30 Jun 2019	31 Dec 2018	Δ %
Assets under management	9,896	8,860	12%
of which institutional assets	6,311	5,824	8%

Total sales of mutual funds during the period amounted to EUR 531 (634) million. The market environment developed favourably, and the total fund book increased at the end of June to an all-time high. Institutional sales continued their strong development. Most of the sales were carried out to foreign institutions which subscribed to funds through fund management company Universal-Investment (UI) in Luxembourg. The UI-Aktia mutual fund capital increased by 38% from the year-end and amounted to EUR 1,551 (1,121) million at the end of June.

Aktia Fund Management Company's fund book was EUR 5.0 billion, which is EUR 0.6 billion higher than at the year-end. The increase is mainly explained by a positive market change and the fund book has now recovered to the level at the end of June 2018. Net subscriptions of funds to Finnish institutional investors and for funds distributed through Aktia's branch network were positive for the period. The fund capital in the Nordic equity funds Aktia Nordic, Aktia Nordic Small Cap and Aktia Nordic Micro Cap exceeded each EUR 100 million at the end of June, and the total fund capital for these amounted to more than EUR 300 million.

The segment's operating expenses increased by EUR 0.8 million, which is mainly due to higher staff costs and other operating expenses. The expense ratio for the life insurance business was at a good level and amounted to 76.6 (76.8) %.



### Group functions

The Group Functions comprise the Group's central functions. The entities oversee the Group's financing and liquidity management and assist the other business segments with sales, IT and product support, and development. Group Functions are also responsible for monitoring and controlling risk and financial follow-up.

#### The segment's operating profit

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %
Operating income	21.0	15.4	36%
Operating expenses	-7.0	-7.2	-2%
Operating profit	13.9	8.2	70%
Comparable operating profit	3.9	8.4	-54%

The segment's reported operating income include a profit of EUR 9.6 million from the divestment of the shares in Samlink Ltd, and an additional income of EUR 0.5 million relating to the sale of Visa Europe to Visa Inc in 2016. The comparable operating income for the period amounted to EUR 10.9 (15.4) million.

The net interest income for the segment decreased due to lower interest yield from the bank's liquidity portfolio and lower interest income from the interest rate hedges unwound in 2012. Income from the interest rate hedges unwound in 2012 decreased during the period by EUR 4.4 million and for the whole year 2019 the interest income will amount to approximately EUR 2.4 (2018: 10.3) million.

Since March 2015, Aktia participates in the European Central Bank's long-term refinancing operations (TLTRO), which has enabled Aktia to offer financing with favourable and competitive terms. During the period the interest income from Aktia's TLTRO financing amounted to EUR 0.8 (2.6) million. The European Central Bank determined the cost for Aktia's TLTRO financing in June 2018 when also the cumulative interest income was recognised.

Lower financing expenses mainly from senior financing is partially compensating for decreasing income from the liquidity portfolio and unwound interest rate hedges. Despite the challenging interest rate situation, a positive interest yield has been retained when reinvesting in the liquidity portfolio.

The operating expenses of the segment were somewhat lower than last year.

## Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group functions		Other & eliminations		Total Group	
	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Jun 2019	Jan-Jun 2018
<b>Income statement</b>										
Net interest income	32.0	31.9	0.0	0.0	6.7	12.3	-	0.0	38.7	44.2
Net commission income	31.7	33.1	19.5	18.3	1.3	1.3	-5.9	-2.6	46.7	50.1
Net income from life insurance	-	-	12.6	8.5	-	-	2.3	2.3	14.9	10.8
Other operating income	0.1	0.3	0.1	0.1	13.0	1.8	-0.1	-0.2	13.1	2.0
<b>Total operating income</b>	<b>63.8</b>	<b>65.2</b>	<b>32.2</b>	<b>26.9</b>	<b>21.0</b>	<b>15.4</b>	<b>-3.7</b>	<b>-0.5</b>	<b>113.3</b>	<b>107.0</b>
Staff costs	-8.5	-10.3	-6.9	-6.5	-18.0	-15.4	-	-2.0	-33.5	-34.3
Other operating expenses <sup>1</sup>	-45.0	-41.6	-7.3	-7.0	10.9	8.1	3.7	2.9	-37.7	-37.5
<b>Total operating expenses</b>	<b>-53.6</b>	<b>-51.9</b>	<b>-14.3</b>	<b>-13.5</b>	<b>-7.0</b>	<b>-7.2</b>	<b>3.7</b>	<b>0.9</b>	<b>-71.1</b>	<b>-71.8</b>
Impairment of credits and other commitments	-2.5	0.1	-	-	-	-	-	-	-2.5	0.1
Share of profit from associated companies	-	-	-	-	-	-	1.7	0.5	1.7	0.5
<b>Operating profit</b>	<b>7.8</b>	<b>13.4</b>	<b>17.9</b>	<b>13.4</b>	<b>13.9</b>	<b>8.2</b>	<b>1.7</b>	<b>0.8</b>	<b>41.4</b>	<b>35.9</b>
<b>Comparable operating profit</b>	<b>7.9</b>	<b>13.9</b>	<b>17.9</b>	<b>13.4</b>	<b>3.9</b>	<b>8.4</b>	<b>1.7</b>	<b>0.8</b>	<b>31.4</b>	<b>36.6</b>
	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>
<b>Balance sheet</b>										
Financial assets measured at fair value	0.1	0.1	1,220.6	1,122.8	1,170.4	1,120.7	-	-	2,391.0	2,243.6
Cash and balances with central banks	3.0	4.4	0.0	0.0	231.7	284.8	-	-	234.7	289.2
Interest-bearing securities measured at amortised cost	-	-	68.9	69.0	293.3	239.0	-	-	362.2	308.0
Loans and other receivables	6,241.4	6,099.9	51.2	77.7	33.2	28.1	-49.2	-75.8	6,276.5	6,129.8
Other assets	20.2	11.8	-65.2	5.0	370.5	342.3	-56.8	-63.0	268.7	296.2
<b>Total assets</b>	<b>6,264.6</b>	<b>6,116.2</b>	<b>1,275.5</b>	<b>1,274.5</b>	<b>2,099.0</b>	<b>2,014.9</b>	<b>-106.0</b>	<b>-138.8</b>	<b>9,533.1</b>	<b>9,266.8</b>
Deposits	4,229.7	4,071.0	-	-	544.1	569.8	-49.2	-75.6	4,724.6	4,565.1
Debt securities issued	0.5	0.6	-	-	2,537.9	2,459.7	-	-	2,538.4	2,460.3
Technical provisions	-	-	1,219.9	1,155.7	-	-	-	-	1,219.9	1,155.7
Other liabilities	12.0	3.6	27.8	29.8	422.9	465.5	-5.5	-3.2	457.3	495.7
<b>Total liabilities</b>	<b>4,242.1</b>	<b>4,075.2</b>	<b>1,247.8</b>	<b>1,185.5</b>	<b>3,505.0</b>	<b>3,495.0</b>	<b>-54.7</b>	<b>-78.9</b>	<b>8,940.2</b>	<b>8,676.9</b>

1) The net expenses for central functions are allocated from the Group functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

The quarterly figures for the segments are presented later in the report.

# Main events

## Aktia involved in the first electronic housing transaction in Finland

Aktia participated in the first electronic housing transaction in Finland where each stage of the transaction process, from the signing of the deeds of sale to the transfer tax, were conducted electronically. Aktia has participated in the development of digital housing transactions from the beginning and together with other Finnish banks been part of the joint venture that owns DIAS, the digital system for housing transactions. DIAS is a platform enabling digital housing transactions through a system between estate agencies, property developers and banks. The platform is based on blockchain technology.

## The launch of a new Investor Assistant solution

Aktia launched a new digital Investor Assistant solution in order to create an easily accessible tool for digital savings and investments. With the help of the Investment Assistant Aktia's customers can define their own savings target and choose the most suitable tools for reaching the target. From the customer's point of view the Investment Assistant renews and digitalises many key banking services and makes using electronic services more flexible. The Investment Assistant has been developed in active co-operation with Aktia's customers.

## Aktia's Capital Markets Day

Aktia will hold a Capital Markets Day in Helsinki on the 10th of September 2019. The event is intended for analysts, institutional investors, bank representatives and the media. The purpose of the Capital Markets Day is to give an overview of Aktia's operations and to introduce the company's strategic alignment. Mikko Ayub, CEO at Aktia and Outi Henriksson, CFO, and other members of the Executive Committee will be presenting at the event.

## Changes in Aktia's Executive Committee

Executive Vice President Anssi Rantala left Aktia on 26 June 2019. Rantala was responsible for Aktia Asset Management, Fund Management Company and Securities Services. Nils Lundberg is leading the Asset Management business for the time being.

## Aktia will join Green Building Council Finland and the WWF Green Office network

Aktia is expanding its corporate responsibility activities and will join Green Building Council Finland, as well as introducing the WWF Green Office environmental system at its head office. The measures form part of Aktia's new corporate responsibility programme which complements the long-term activities within responsible investment and financing business.

## Apple Pay available for Aktia's customers

As of 2 April 2019, Aktia offers its customers Apple Pay, making mobile payments fast and effortless in an easy and secure way. Security and integrity are the core of Apple Pay. When using a charge card with Apple Pay the actual card information is not saved on the device or on Apple's servers. Instead a unique number code is generated, encrypted and saved securely on the device. Each transaction is authorised with a dynamic unique transaction code.

## Aktia divested its holdings in Samlink Ltd

On 23 January 2019, Aktia entered into an agreement to divest its holdings (22.56%) in Samlink Ltd to Cognizant Technology Solutions Finland Ltd. The sale was finalised on 1 April 2019. In 2013 Aktia took the strategic decision to renew its core banking system and to waive from Samlink's system environment. The transaction generated a EUR 9.6 million sales gain in the second quarter, which affects the Group's reported operating profit for 2019. However, the transaction does not have an effect on the Group's comparable operating profit.

## Renewal of business segments

Aktia's operations are now divided into the following three business segments: Banking Business, Asset Management and Group Functions. Aktia is reporting according to the new business segments as of 1 January 2019. The new segment Banking Business comprises the previous segment Personal & Corporate Banking as well as Aktia's private banking business and the banking business of institutional customers, which previously were included in the Wealth Management segment. The new segment Asset Management comprises the previous Wealth Management segment, excluding the private banking business and the banking business of institutional customers, which from now on are included in the new Banking Business segment. Key functions, including the Group's treasury operations, will still form part of the Group Functions segment.

# Capital adequacy and solvency

At the end of the period, the Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance Ltd) was 16.5 (17.5) %. After deductions, Common Equity Tier 1 capital increased by EUR 9.2 million during the period, which affected the CET1 capital ratio by 0.4 percentage points. Risk-weighted commitments increased by EUR 184.2 million, which reduced the CET1 capital ratio by 1.4 percentage points. The change is pertaining mainly to the increase in corporate exposures. The minimum level of 15% for the average risk weight for the housing loan portfolio increased the risk-weighted commitments by EUR 192.2 million, which decreased the CET1 by 1.4 percentage points.

The Bank Group applies internal risk classification (IRB) for the calculation of capital requirement for retail and equity exposures. For other exposures the standardised approach is used. During the second quarter, The Financial Supervisory Authority has granted permission to use the IRB approach to certain corporate exposures (Foundation Internal Ratings Based Approach, F-IRB). The new approach will be implemented during the third quarter and is estimated to reduce the Bank Group's CET1 capital ratio by 1.0-1.5 percentage points.

Capital adequacy, %	30 Jun 2019	31 Dec 2018
<b>Bank Group</b>		
CET1 capital ratio	16.5	17.5
Total capital ratio	18.6	20.5

The total capital requirement for the banking business consists of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components for Aktia's capital requirements. Taking all buffer requirements into account, the minimum total capital ratio for the Bank Group was 12.29%, and 10.29% for Tier 1 capital ratio at the end of the period.

The board of Financial Supervisory Authority has decided to set system risk buffer requirements for Finnish credit institutions. According to the Financial Supervisory Authority, the buffer requirement aims to strengthen the credit institutions' structural system risk tolerance. The requirement varies between the credit institutions and a 1% system risk buffer has been set for Aktia Bank Plc. The system risk buffer is to be met with CET1 capital and entered into force on 1 July 2019. The Financial Supervisory

## Total capital requirement

30 Jun 2019	Pillar 1 minimum requirement	Pillar 2 requirement	Capital Conservation	Buffer requirements			Total
				Counter-cyclical	O-SII	Systemic risk	
CET1 capital	4.50	1.75	2.50	0.04	0.00	0.00	8.79
AT1 capital	1.50	0.00					1.50
Tier 2 capital	2.00	0.00					2.00
<b>Total</b>	<b>8.00</b>						<b>12.29</b>

Authority has also made a decision which requires the Finnish banks to implement a 1% systemic risk buffer requirement on exposures located in Estonia as of 1 January 2019. This marginally increases Aktia's capital requirement.

Leverage Ratio	30 Jun 2019	31 Dec 2018
Tier 1 capital	393.4	384.2
Total exposures	8,301.8	8,111.1
<b>Leverage ratio, %</b>	<b>4.7</b>	<b>4.7</b>

The Financial Stability Board has set a minimum requirement for Aktia Bank on eligible liabilities that can be written down (MREL requirement). The requirement set is twice the minimum capital requirement, including the total buffer requirement according to the Finnish Credit Institutions Act, however, at least 8% of the balance sheet total. The requirement entered into force on 31 December 2018.

MREL-requirement (EUR million)	30 Jun 2019	31 Dec 2018
RWA based	584.9	539.7
Balance sheet based	659.8	645.5
<b>Own funds and eligible liabilities</b>		
CET1	393.4	384.2
AT1 instruments	0.0	0.0
Tier 2 instruments	119.8	148.3
Other liabilities	758.6	660.6
<b>Total</b>	<b>1,271.8</b>	<b>1,193.1</b>

The life insurance company follows the Solvency II directive, in which the calculation for technical provisions are measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

Solvency II (EUR million)	With transitional rules		Whitout transitional rules	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
MCR	24.1	22.7	25.9	24.7
SCR	85.4	76.4	97.1	89.0
Eligible capital	160.9	175.5	114.8	125.8
Solvency coverage ratio, %	188.5	229.8	118.3	141.5

# The Group's risk exposures

The Group focuses primarily on banking, asset management and life insurance operations. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, interest rate and other market risks and actuarial risks in the life insurance business. All of these operations are exposed to business and operational risks.

Definitions and general principles for asset and risk management can be found in Aktia Bank Plc's Annual Report for 2018 ([www.aktia.com](http://www.aktia.com)), in note G2 on pages 83-95, or in Aktia Bank Plc's Capital and Risk Management Report on the Group's website [www.aktia.com](http://www.aktia.com).

## Banking and asset management business

### Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is on an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. The LTV level on average amounted at the end of the period to 45% for the entire loan book.

#### Credit exposures (incl. off-balance sheet items) per probability of default (PD)

(EUR million)	2Q2019	4Q2018
<b>Corporate</b>		
PD grades A	211.3	198.4
PD grades B	863.0	817.5
PD grades C	629.6	542.8
Default	26.2	30.3
	1,730.1	1,589.0
Loss allowance (ECL)	-15.2	-26.8
Carrying amount	1,714.9	1,562.2
<b>Households</b>		
PD grades A	3,411.4	3,354.6
PD grades B	791.8	815.1
PD grades C	855.4	821.3
Default	52.4	49.2
	5,111.0	5,040.3
Loss allowance (ECL)	-13.3	-12.6
Carrying amount	5,097.7	5,027.7
<b>Other</b>		
PD grades A	0.0	0.0
PD grades B	0.0	0.0
PD grades C	14.9	16.7
Default	0.0	0.0
	14.9	16.7
Loss allowance (ECL)	0.0	0.0
Carrying amount	14.9	16.7

#### Loans past due by time overdue and ECL stages \*

(EUR million) Days	30 Jun 2019			Total
	Stage 1	Stage 2	Stage 3	
≤ 30	39.3	14.9	0.1	54.2
of which households	36.5	13.5	0.1	50.1
> 30 ≤ 90	0.0	33.8	0.5	34.2
of which households	0.0	28.3	0.2	28.5
> 90	0.0	0.0	40.4	40.4
of which households	0.0	0.0	33.3	33.3

(EUR million) Days	31 Dec 2018			Total
	Stage 1	Stage 2	Stage 3	
≤ 30	49.7	23.5	0.9	74.1
of which households	43.1	20.8	0.6	64.6
> 30 ≤ 90	0.0	28.8	1.2	29.9
of which households	0.0	24.0	0.9	26.4
> 90	0.0	0.0	38.9	38.9
of which households	0.0	0.0	32.4	32.4

\* The comparison figures 31 Dec 2018 have been restated

### Market risks

Market risks are formed as a result of price changes and risk factors on the financial market. Market risks include interest rate risk, currency risk, as well as equity and real estate risk.

The interest rate risk constitutes the largest market risk. A structural interest rate risk arises as a result of differences in periods for which interest rates are tied and at repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are managed actively through different trading arrangements, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

The bank measures the interest rate risk through sensitivity analyses of the net interest income, and through the current value on interest-bearing assets and liabilities where the interest rate curve is stressed using different interest rate scenarios for a dynamic or parallel change in interest rates.



The table Structural interest rate risk shows the interest rate sensitivity of the net interest income with a parallel shift in the interest rate curve of 1 percentage point.

#### Structural interest rate risk

Interest sensitivity analysis with a parallel shift in the interest rate curve with of 1% percentage point (EUR million)	Interest rate change	Change in net interest income			
		30 Jun 2019		31 Dec 2018	
		Down	Up	Down	Up
Changes during the next 12 months		0.2	2.4	0.0	8.1
Changes during 12-24 months		0.9	11.2	0.6	22.8

The banking business conducts no equity trading or investments in real estate property for yield purposes.

Equity investments pertaining to business operations amounted to EUR 4.3 (3.6) million at the end of the period. The Bank Group has no real estate holdings at the end of the period.

The Bank Group's total currency exposure amounted to EUR 7.2 (3.6) million at the end of the period.

#### Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,148 (965) million at the end of the period.

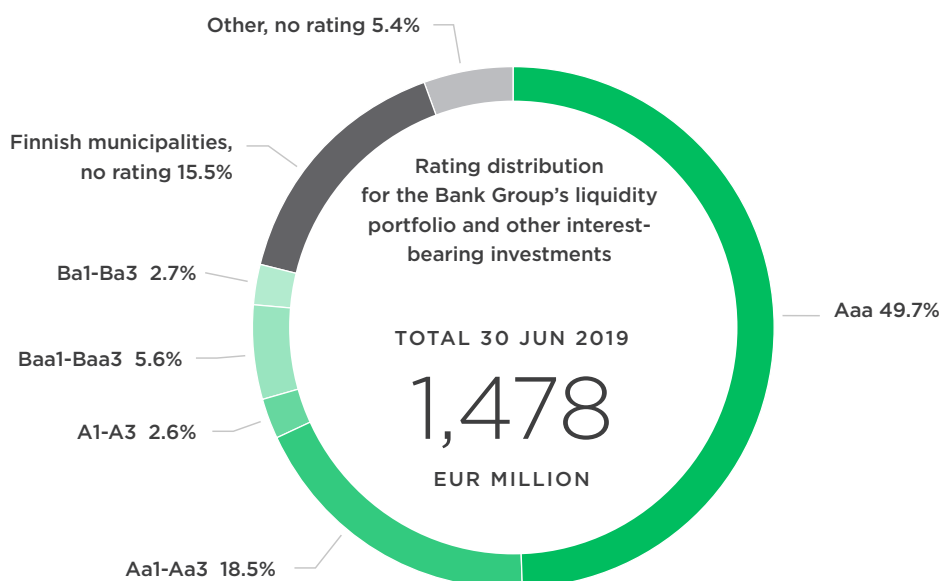
All bonds, with the exception of investments in domestic commercial papers, met the criteria for refinancing at the central bank.

Liquidity reserve, market value (EUR million)	30 Jun 2019	31 Dec 2018
Cash and balances with central banks	205	247
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	221	205
Securities issued or guaranteed by municipalities or the public sector	274	236
Covered bonds	327	241
Securities issued by credit institutions	0	37
Securities issued by corporates (commercial papers)	121	0
<b>Total</b>	<b>1,148</b>	<b>965</b>

To monitor liquidity risks, a so-called survival horizon is used. The survival horizon measures how long the cash flows of the liquidity reserve will last to cover the contractual outgoing cash flows from the capital market without access to new financing. On 30 June 2019 the Bank Group would survive for more than 33 months in a scenario with completely closed capital markets. The liquidity risk is also followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is sufficient to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued securities. At the end of the period LCR amounted to 121 (134) %.

Liquidity coverage ratio (LCR)*	30 Jun 2019	31 Dec 2018
LCR %	121%	134%

\* LCR is calculated according to the resolution published by the EU Commission in October 2014. The authority's minimum requirement for LCR is 100%.





## Life Insurance Business

### Investment portfolio of the life insurance company

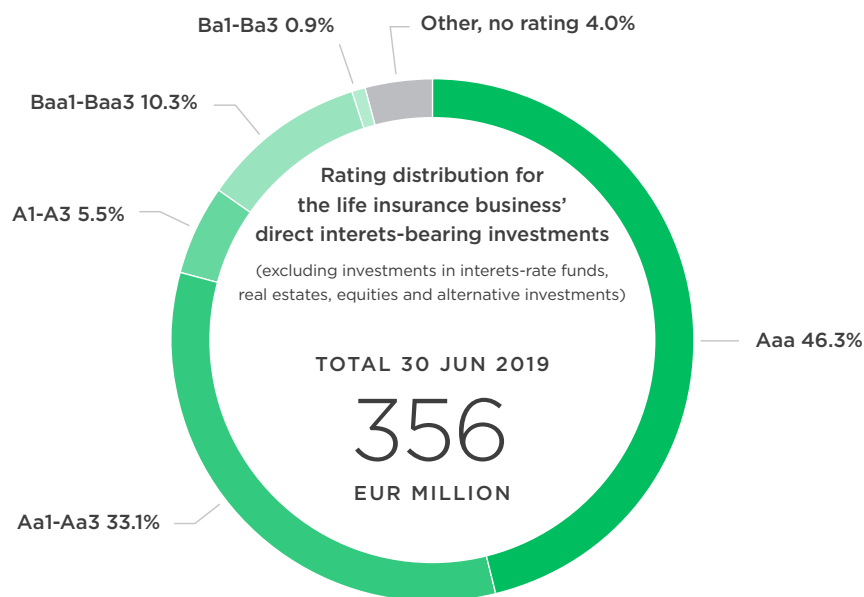
The market value of the life insurance company's total investment portfolio amounted to EUR 554 (552) million. The life insurance company's direct real estate investments amounted to EUR 32 (39) million. The properties are located in the Helsinki region and in other growth areas in Southern Finland, and they mostly have long tenancies.

#### Aktia Life Insurance, allocation of investment portfolio

(EUR million)	30 Jun 2019		31 Dec 2018	
<b>Fixed income investments</b>	<b>456.1</b>	<b>82.4%</b>	<b>428.8</b>	<b>77.7%</b>
Government bonds	119.2	21.5%	84.3	15.3%
Financial bonds	189.4	34.0%	188.6	34.2%
Other corporate bonds	51.5	9.2%	61.3	11.1%
Emerging Markets (mtl. funds)	48.5	8.8%	46.9	8.5%
High yield (mtl. funds)	19.7	3.6%	19.5	3.5%
Trade finance (mtl. funds)	27.9	5.0%	28.2	5.1%
<b>Alternative investments</b>	<b>5.2</b>	<b>0.9%</b>	<b>4.5</b>	<b>0.8%</b>
Private Equity etc.	5.2	0.9%	4.5	0.8%
<b>Real estates</b>	<b>58.3</b>	<b>10.5%</b>	<b>67.2</b>	<b>12.2%</b>
Directly owned	31.9	5.8%	38.6	7.0%
Real estate funds	26.4	4.8%	28.5	5.2%
<b>Cash and bank</b>	<b>33.7</b>	<b>6.1%</b>	<b>51.1</b>	<b>9.3%</b>
<b>Total</b>	<b>553.3</b>	<b>100.0%</b>	<b>551.5</b>	<b>100.0%</b>

### Life insurance company's market risk

The average discount rate for the interest-bearing technical provisions is 3.4%. Technical provisions include an interest reserve of EUR 16.0 (16.0) million, which can be used to cover the future interest rate requirement. Interest rate risk is the most significant risk in conjunction with technical provisions in the life insurance company. It affects profitability through the spread between rate of return and guaranteed customer rate and capital adequacy as a result of the market valuation of assets and liabilities. Interest rate risk of the company's balance sheet items in the investment portfolio and both in the interest-linked and unit-linked technical provisions, is calculated through an interest rate stress test (decrease) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-termed technical provisions, amounted to EUR -45 (-45) million in June.



# Other information

## Rating

On 18 December 2018, Standard and Poor's confirmed its rating of Aktia Bank Plc's creditworthiness. The rating is A- for long-term borrowing and A2 for short-term borrowing, both with a stable outlook.

On 28 December 2018, Moody's Investors Service confirmed the long- and short-term deposit ratings of Aktia Bank. The Senior Unsecured rating was A1/P-1.

Moody's Investors Service confirmed the rating Aaa for Aktia Bank's long-term covered bonds. The outlook is stable.

	Long-term borrowing	Short-term borrowing	Outlook	Covered bonds
Moody's Investors Service	A1	P-1	stable	Aaa
Standard & Poor's	A-	A-2	stable	-

## Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G44 and P44 in the Financial statements 2018.

## Staff

The number of full-time employees at the end of June amounted to 828 (31 December 2018; 779). The average number of full-time employees decreased by 15 from the year-end to 788 (803).

## Incentive scheme

As of 2018, Aktia Bank Plc has launched a new long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy.

The share savings plan AktiaUna is offered to approximately 800 Aktia employees, who will be offered an opportunity to save 2–4% of their salaries (the members of the Group's Executive Committee up to 7%) and regularly acquire the company's

shares at a 10% reduced price. Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

Within the scope of the above mentioned AktiaUna savings plan, approximately 60 key employees, including the CEO and the members of the Group's Executive Committee, have been offered a possibility to participate in a performance-based share savings plan. The performance criteria are the Aktia Group's comparable operating profit and net commission income during the performance period.

For more information on the incentive scheme see [www.aktia.com](http://www.aktia.com) > Corporate Governance > Remuneration

## Decisions of Aktia Bank Plc's Annual General Meeting 2019

The Annual General Meeting of Aktia Bank Plc on 11 April 2019 adopted the consolidated financial statements of the parent company and the Group, and discharged the members of the Board of Directors, the CEO and Deputy CEO from liability.

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.61 per share totalling approximately EUR 42 million for the financial period 1 January–31 December 2018.

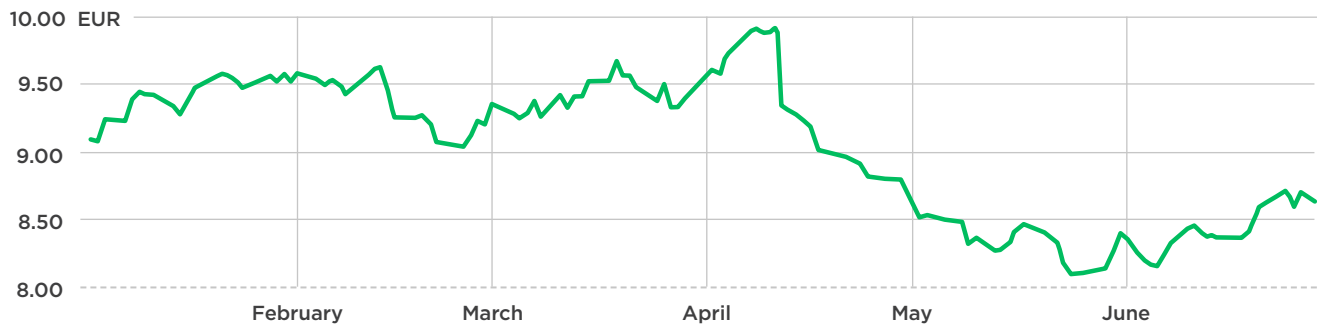
The following Board members were re-elected: Christina Dahlblom, Stefan Damlin, Maria Jerhamre Engström, Johannes Schulman, Lasse Svens and Arja Talma. New Board members are Tarja Wist, LL.M., Attorney-at-Law, and Johan Hammarén, M.Sc (Econ.), LL.M. All Board members were elected for the term running until the end of the next Annual General Meeting. The Board of Directors, which convened after the General Meeting, elected Lasse Svens as chair.

The Annual General Meeting determined that the number of auditors shall be one, and re-elected KPMG Oy Ab as auditor.

The Annual General Meeting adopted the proposals by the Board of Directors concerning the authorisation to issue shares, the authorisation to acquire treasury shares to be used in the company's share-based incentive scheme and/or as remuneration to members of executive bodies in the company as well as the authorisation to divest treasury shares.

All proposals mentioned above are included in the Summons to the AGM published on the website [www.aktia.com](http://www.aktia.com) under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2019.

## DEVELOPMENT OF AKTIA'S SHARE 2 JANUARY - 28 JUNE 2019



### Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 163 million. At the end of June 2019, the number of Aktia shares was 69,094,753. The total amount of registered holders amounted to 36,788 (31 December 2018: 37,475). 7.9% of the shares were in foreign ownership. The number of unregistered shares was 765,583 at 30 June 2019, corresponding to 1.1% of the total number of shares. On 30 June 2019, the Group held 29,321 (31 December 2018; 111,340) Aktia shares. Aktia Bank Plc's market value on 28 June 2019, the last trading day of the period, was EUR 596 million. Aktia's stock exchange value on 28 June 2019 was EUR 8.63. The highest price for the Aktia share was EUR 9.90 and the lowest EUR 8.08.

The average daily turnover of the Aktia share during January–June 2019 was EUR 333,307 or 36,887 shares.

### Corporate responsibility

Corporate responsibility is a part of our strategy and supports our value creation for the customers. To enhance a systematic development of responsibility, Aktia's Executive Committee approved for the coming five-year period a new action plan for corporate responsibility, as well as the UN's selected themes for sustainable development. Aktia will define sustainability goals based on these selected themes.

The UN's 10 selected themes for sustainable development for Aktia are: 1 (no poverty), 3 (good health and well-being), 4 (quality education), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 12 (responsible consumption and production), 13 (climate action) and 17 (partnerships for the goals). The selected themes are based on a materiality analysis of Aktia's sustainability. Aktia has also decided to further strengthen the integration of corporate responsibility with the management's agenda. Aktia will report the key indicators for the corporate responsibility programme every six months.

The carbon footprint of our own equity funds was on average 50% less than on the reference markets. Our goal in the long

term is to have a smaller carbon footprint than that on the reference market. Personal and Premium Banking customers' satisfaction with customer meetings, which describes the success of our customer service, was also on a good level and amounted to 66 (61), when our goal is to exceed 50.

During the six-month period Aktia has also in a concrete manner enhanced the implementation of the new action plan for corporate responsibility. This spring we launched a completely digital and plastic-free credit card, which improves further the safety of online payments through a dynamic unique safety code. Aktia participated in the first digital housing transaction in Finland and launched also digital housing transaction services, which save time and reduce the carbon footprint since they don't require a visit to the bank office. In early summer Aktia prepared also a new climate policy and started to set up the WWF Green Office environmental system. We will implement the system in its initial stage at the Group's head office where we also will develop new working methods.

### Outlook and risks

#### Outlook 2019 (unchanged)

The continued low interest rate environment and decreased income from previously unwound interest-rate hedges (2012) will still have a negative impact on the total net interest income 2019.

The uncertainty regarding the future economic development brings uncertainty to the prognosis, which may have a considerable effect especially on the income from wealth management and investment activities in the net commission income and net income from life-insurance.

Impairment of credits are expected to remain on a low level in 2019.

Despite the uncertainty of the economic development, the comparable operating profit 2019 is expected to be approximately on the same level as for 2018.

## Risks (unchanged)

Aktia's result is affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, as well as the competitive situation. The demand for banking, insurance, and wealth management services can be changed by these factors.

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

Any future impairment of credits in Aktia's loan book could be due to many factors, of which the most important are the general economic situation, the interest rate level, the level of unemployment and the development of house prices.

The availability of liquidity on the financial market 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.

Increased regulation of banking and insurance operations has led to more stringent capital and liquidity requirements for the bank. The new regulations have also resulted in increased competition for deposits, higher demands on long-term financing and higher fixed costs.

## Financial objectives up until 2022

The financial objectives stipulated by the Board of Directors in October 2017 are:

- Improve the comparable operating profit to approximately EUR 80 million (2018; EUR 65.4 million)
- Improve the comparable cost-to-income ratio to 0.61 (2018; 0.69)
- Improve Return on Equity (ROE) to 9.7% (2018; 9.4%)
- Common Equity Tier 1 capital ratio (CET 1) 1.5–3 percentage points over the regulatory requirement (2018; 7.2 percentage points over the minimum capital requirement 10.3%)

# Tables and notes to the half-year report

## Key figures

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2Q2019	1Q2019	4Q2018	3Q2018	2Q2018
Earnings per share (EPS), EUR	0.50	0.43	16%	0.30	0.21	0.09	0.29	0.21
Total earnings per share, EUR	0.63	0.37	68%	0.38	0.25	0.08	0.21	0.20
Equity per share (NAV), EUR *1	8.58	8.26	4%	8.58	8.81	8.56	8.48	8.26
Average number of shares (excl. treasury shares), million <sup>2</sup>	69.0	68.8	0%	69.0	69.0	68.8	68.8	68.8
Number of shares at the end of the period (excl. treasury shares), million <sup>1</sup>	69.1	68.8	0%	69.1	69.0	68.9	68.8	68.8
Return on equity (ROE), %*	11.8	10.2	15%	13.7	9.4	4.4	13.7	10.1
Return on assets (ROA), %*	0.74	0.63	17%	0.85	0.59	0.28	0.84	0.63
Cost-to-income ratio*	0.63	0.67	-6%	0.58	0.69	0.83	0.57	0.69
Common Equity Tier 1 capital ratio, CET1 (Bank Group), % <sup>1</sup>	16.5	16.3	1%	16.5	16.9	17.5	16.6	16.3
Tier 1 capital ratio (Bank Group), % <sup>1</sup>	16.5	16.3	1%	16.5	16.9	17.5	16.6	16.3
Capital adequacy ratio (Bank Group), % <sup>1</sup>	18.6	20.1	-8%	18.6	19.4	20.5	20.1	20.1
Risk-weighted commitments (Bank Group) <sup>1</sup>	2,383.5	2,318.0	3%	2,383.5	2,305.2	2,199.2	2,262.0	2,318.0
Capital adequacy ratio (finance and insurance conglomerate), % <sup>1</sup>	148.6	152.9	-3%	148.6	154.7	166.1	157.0	152.9
Equity ratio, %* <sup>1</sup>	6.3	6.0	5%	6.3	6.3	6.3	6.2	6.0
Group financial assets* <sup>1</sup>	2,188.2	2,350.0	-7%	2,188.2	2,675.9	2,112.9	2,265.0	2,350.0
Assets under management* <sup>1</sup>	9,896.3	8,969.7	10%	9,896.3	9,373.2	8,860.3	9,277.5	8,969.7
Borrowing from the public <sup>1</sup>	4,139.9	4,099.9	1%	4,139.9	3,999.4	3,962.5	4,024.8	4,099.9
Lending to the public <sup>1</sup>	6,246.4	5,958.6	5%	6,246.4	6,156.7	6,106.7	6,029.8	5,958.6
Premiums written before reinsurers' share*	50.6	66.6	-24%	26.0	24.6	19.3	19.8	34.3
Expense ratio, % (life insurance company)* <sup>2</sup>	76.6	76.8	0%	76.6	78.2	77.0	75.3	76.8
Solvency ratio (life insurance company), %	188.5	204.7	-8%	188.5	200.5	229.8	216.1	204.7
Eligible capital (life insurance company)	160.9	170.7	-6%	160.9	166.1	175.5	177.2	170.7
Investments at fair value (life insurance company)* <sup>1</sup>	1,321.7	1,326.7	0%	1,321.7	1,302.9	1,230.5	1,314.8	1,326.7
Technical provisions for risk insurances and interest-related insurances <sup>1</sup>	387.8	407.5	-5%	387.8	396.9	398.9	402.5	407.5
Technical provisions for unit-linked insurances <sup>1</sup>	832.1	815.4	2%	832.1	812.8	756.8	821.9	815.4
Group's personnel (FTEs), average number of employees	788	814	-3%	794	778	780	810	831
Group's personnel (FTEs), at the end of the period <sup>1</sup>	828	868	-5%	828	774	779	770	868
<b>Alternative performance measures excluding items affecting comparability:</b>								
Comparable cost-to-income ratio*	0.69	0.66	5%	0.69	0.69	0.79	0.63	0.68
Comparable earnings per share (EPS), EUR*	0.36	0.44	-18%	0.16	0.21	0.12	0.23	0.22
Comparable return on equity (ROE), %*	8.4	10.4	-19%	7.2	9.4	5.6	10.9	10.3

\* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information. As from the second quarter of 2017, Aktia presents a number of new APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in a table under the Group's income statement and comprehensive income.

1) At the end of the period

2) Cumulative from the beginning of the year

Formulas for key figures are presented in Aktia Bank Plc's annual report 2018 page 71.

## Consolidated income statement

(EUR million)	Note	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Net interest income	3	38.7	44.2	-13%	85.9
Dividends		0.2	0.1	83%	0.1
Commission income		52.2	56.4	-7%	107.9
Commission expenses		-5.5	-6.3	12%	-12.3
Net commission income		46.7	50.1	-7%	95.6
Net income from life insurance	4	14.9	10.8	38%	21.4
Net income from financial transactions	5	2.8	1.4	105%	4.9
Net income from investment properties		-	-	-	0.0
Other operating income		10.1	0.5	-	2.3
<b>Total operating income</b>		<b>113.3</b>	<b>107.0</b>	<b>6%</b>	<b>210.1</b>
Staff costs		-33.5	-34.3	-2%	-66.7
IT expenses		-13.0	-12.0	9%	-25.6
Depreciation of tangible and intangible assets		-9.8	-6.3	56%	-12.4
Other operating expenses		-14.9	-19.2	-23%	-38.3
<b>Total operating expenses</b>		<b>-71.1</b>	<b>-71.8</b>	<b>-1%</b>	<b>-143.0</b>
Impairment of credits and other commitments	7	-2.5	0.1	-	-0.8
Share of profit from associated companies		1.7	0.5	219%	1.3
<b>Operating profit</b>		<b>41.4</b>	<b>35.9</b>	<b>15%</b>	<b>67.6</b>
Taxes		-6.6	-6.1	9%	-11.6
<b>Profit for the period</b>		<b>34.8</b>	<b>29.8</b>	<b>17%</b>	<b>56.0</b>
<b>Attributable to:</b>					
Shareholders in Aktia Bank Plc		34.8	29.8	17%	56.0
<b>Total</b>		<b>34.8</b>	<b>29.8</b>	<b>17%</b>	<b>56.0</b>
Earnings per share (EPS), EUR		0.50	0.43	16%	0.81
Earnings per share (EPS), EUR, after dilution		0.50	0.43	16%	0.81
<b>Operating profit excluding items affecting comparability:</b>					
Operating profit		41.4	35.9	15%	67.6
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc		-0.5	-	-	-
Net income from equity holding in Folsam Non-Life Insurance Company		-	-	-	-4.0
Value change of equity holding in Bohemian Wrappsody		-	-	-	1.0
Profit from divestment of shares in Samlink Ltd		-9.6	-	-	-
Profit from divestment of Aktia Real Estate Agency		-	-	-	-1.1
Operating expenses:					
Expenses for restructuring		0.1	0.7	-83%	1.8
<b>Comparable operating profit</b>		<b>31.4</b>	<b>36.6</b>	<b>-14%</b>	<b>65.4</b>

## Consolidated statement of comprehensive income

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Profit for the period	34.8	29.8	17%	56.0
<b>Other comprehensive income after taxes:</b>				
Change in valuation of fair value for financial assets	9.0	-3.9	-	-8.9
Change in valuation of fair value for cash flow hedging	-	0.0	-	0.1
Transferred to the income statement for financial assets	-0.4	-0.2	-84%	-1.1
Comprehensive income from items which can be transferred to the income statement	8.6	-4.1	-	-10.0
Defined benefit plan pensions	-	-	-	0.0
Comprehensive income from items which can not be transferred to the income statement	-	-	-	0.0
<b>Total comprehensive income for the period</b>	<b>43.4</b>	<b>25.7</b>	<b>69%</b>	<b>46.0</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders in Aktia Bank Plc	43.4	25.7	69%	46.0
<b>Total</b>	<b>43.4</b>	<b>25.7</b>	<b>69%</b>	<b>46.0</b>
Total earnings per share, EUR	0.63	0.37	68%	0.67
Total earnings per share, EUR, after dilution	0.63	0.37	68%	0.67
<b>Total comprehensive income excluding items affecting comparability:</b>				
Total comprehensive income	43.4	25.7	69%	46.0
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc	-0.4	-	-	-
Net income from equity holding in Folksam Non-Life Insurance Company	-	-	-	-4.0
Value change of equity holding in Bohemian Wrappsody	-	-	-	0.8
Profit from divestment of shares in Samlink Ltd	-9.6	-	-	-
Profit from divestment of Aktia Real Estate Agency	-	-	-	-1.1
Operating expenses:				
Expenses for restructuring	0.1	0.5	-83%	1.5
<b>Comparable total comprehensive income</b>	<b>33.5</b>	<b>26.3</b>	<b>28%</b>	<b>43.3</b>

## Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Net income from financial transactions	0.5	-	-	2.9
Other operating income	9.6	-	-	1.1
<b>Total operating income</b>	<b>10.1</b>	<b>-</b>	<b>-</b>	<b>4.0</b>
Staff costs	-0.1	-0.7	-83%	-1.8
Other operating expenses	-	-	-	0.0
<b>Total operating expenses</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-83%</b>	<b>-1.8</b>
<b>Operating profit</b>	<b>9.9</b>	<b>-0.7</b>	<b>-</b>	<b>2.2</b>
Taxes	-0.1	0.1	-	0.6
<b>Total comprehensive income for the period</b>	<b>9.9</b>	<b>-0.5</b>	<b>-</b>	<b>2.8</b>



## Consolidated balance sheet

(EUR million)	Note	30 Jun 2019	31 Dec 2018	Δ %	30 Jun 2018
<b>Assets</b>					
Interest-bearing securities		10.9	8.7	25%	7.3
Shares and participations		136.1	136.2	0%	136.8
Investments for unit-linked investments		832.7	757.8	10%	816.1
Financial assets measured at fair value through income statement	8	979.7	902.7	9%	960.2
Interest-bearing securities		1,411.3	1,340.9	5%	1,677.3
Financial assets measured at fair value through other comprehensive income	8	1,411.3	1,340.9	5%	1,677.3
Interest-bearing securities	7,8	362.2	308.0	18%	338.1
Lending to Bank of Finland and other credit institutions	7,8	30.1	23.1	30%	32.0
Lending to the public and public sector entities	7,8	6,246.4	6,106.7	2%	5,958.6
Cash and balances with central banks	8	234.7	289.2	-19%	145.0
Financial assets valued at amortised cost		6,873.4	6,727.0	2%	6,472.7
Derivative instruments	6,8	88.4	70.0	26%	70.6
Investments in associated companies and joint ventures		0.1	0.1	0%	0.0
Intangible assets		65.3	66.7	-2%	70.2
Right-of-use assets		14.0	-	-	-
Investment properties		31.2	39.1	-20%	56.5
Tangible assets excl. investment properties		2.7	3.2	-16%	3.8
Tangible and intangible assets		113.2	109.0	4%	130.5
Total other assets		65.3	114.9	-43%	65.1
Tax receivables		1.8	2.4	-26%	3.5
<b>Total assets</b>		<b>9,533.1</b>	<b>9,266.8</b>	<b>3%</b>	<b>9,381.0</b>
<b>Liabilities</b>					
Liabilities to central banks		400.0	400.0	0%	400.0
Liabilities to credit institutions		184.8	202.6	-9%	224.3
Liabilities to the public and public sector entities		4,139.9	3,962.5	4%	4,099.9
Deposits	8	4,724.6	4,565.1	3%	4,724.2
Derivative instruments	6,8	13.2	17.1	-23%	30.5
Debt securities issued		2,538.4	2,460.3	3%	2,436.9
Subordinated liabilities		175.0	207.8	-16%	223.3
Other liabilities to credit institutions		42.8	45.6	-6%	55.3
Other liabilities to the public and public sector entities		100.0	100.0	0%	-
Other financial liabilities	8	2,856.3	2,813.7	2%	2,715.5
Technical provisions for risk insurances and interest-related insurances		387.8	398.9	-3%	407.5
Technical provisions for unit-linked insurances		832.1	756.8	10%	815.4
Technical provisions		1,219.9	1,155.7	6%	1,222.9
Total other liabilities		69.8	70.8	-1%	64.3
Provisions		0.9	0.8	24%	0.9
Income tax liabilities		1.0	3.3	-71%	1.4
Deferred tax liabilities		54.5	50.3	8%	52.7
Tax liabilities		55.4	53.6	3%	54.1
<b>Total liabilities</b>		<b>8,940.2</b>	<b>8,676.9</b>	<b>3%</b>	<b>8,812.5</b>
<b>Equity</b>					
Restricted equity		189.3	180.7	5%	186.6
Unrestricted equity		403.6	409.3	-1%	382.0
<b>Total equity</b>		<b>592.9</b>	<b>589.9</b>	<b>1%</b>	<b>568.5</b>
<b>Total liabilities and equity</b>		<b>9,533.1</b>	<b>9,266.8</b>	<b>3%</b>	<b>9,381.0</b>

## Consolidated off-balance-sheet commitments

(EUR million)	30 Jun 2019	31 Dec 2018	Δ %	30 Jun 2018
Guarantees	32.0	31.3	2%	30.1
Other commitments provided to a third party	4.7	3.6	31%	7.4
Commitments provided to a third party on behalf of the customers	36.7	34.8	5%	37.5
Unused credit arrangements	533.9	456.7	17%	481.9
Other commitments provided to a third party	23.4	27.2	-14%	17.9
Irrevocable commitments provided on behalf of customers	557.3	484.0	15%	499.7
<b>Total</b>	<b>594.0</b>	<b>518.8</b>	<b>14%</b>	<b>537.2</b>

## Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for sharebased payments	Unrestricted equity reserve	Retained earnings	Total equity
<b>Equity as at 1 January 2018</b>	<b>163.0</b>	<b>51.5</b>	<b>1.5</b>	<b>108.4</b>	<b>273.6</b>	<b>598.0</b>
Restated for adoption of IFRS 9		-23.9			5.9	-18.0
Divestment of treasury shares				0.5	1.2	1.8
Dividend to shareholders					-37.8	-37.8
Profit for the period					56.0	56.0
Financial assets		-10.1				-10.1
Cash flow hedging		0.1				0.1
Defined benefit plan pensions					0.0	0.0
Total comprehensive income for the period		-10.0			56.0	46.0
Other change in equity			-0.1			-0.1
<b>Equity as at 31 December 2018</b>	<b>163.0</b>	<b>17.7</b>	<b>1.4</b>	<b>108.9</b>	<b>298.9</b>	<b>589.9</b>
<b>Equity as at 1 January 2019</b>	<b>163.0</b>	<b>17.7</b>	<b>1.4</b>	<b>108.9</b>	<b>298.9</b>	<b>589.9</b>
Divestment of treasury shares				0.6	0.8	1.4
Dividend to shareholders					-42.1	-42.1
Profit for the period					34.8	34.8
Financial assets		8.6				8.6
Total comprehensive income for the period		8.6			34.8	43.4
Other change in equity			0.3			0.3
<b>Equity as at 30 June 2019</b>	<b>163.0</b>	<b>26.3</b>	<b>1.7</b>	<b>109.5</b>	<b>292.4</b>	<b>592.9</b>
<b>Equity as at 1 January 2018</b>	<b>163.0</b>	<b>51.5</b>	<b>1.5</b>	<b>108.4</b>	<b>273.6</b>	<b>598.0</b>
Restated for adoption of IFRS 9		-23.9			5.9	-18.0
Divestment of treasury shares				0.0	1.1	1.1
Dividend to shareholders					-37.8	-37.8
Profit for the period					29.8	29.8
Financial assets		-4.1				-4.1
Cash flow hedging		0.0				0.0
Total comprehensive income for the period		-4.1			29.8	25.7
Other change in equity			-0.6			-0.6
<b>Equity as at 30 June 2018</b>	<b>163.0</b>	<b>23.6</b>	<b>0.9</b>	<b>108.4</b>	<b>272.6</b>	<b>568.5</b>

## Consolidated cash flow statement

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
<b>Cash flow from operating activities</b>				
Operating profit	41.4	35.9	15%	67.6
Adjustment items not included in cash flow	3.9	5.4	-27%	12.1
Paid income taxes	-6.3	-4.1	-55%	-6.2
<b>Cash flow from operating activities before change in receivables and liabilities</b>	<b>39.0</b>	<b>37.2</b>	<b>5%</b>	<b>73.4</b>
Increase (-) or decrease (+) in receivables from operating activities	-281.4	-17.9	-	184.6
Increase (+) or decrease (-) in liabilities from operating activities	258.0	-113.8	-	-216.8
<b>Total cash flow from operating activities</b>	<b>15.6</b>	<b>-94.5</b>	<b>-</b>	<b>41.3</b>
<b>Cash flow from investing activities</b>				
Investments in group companies and joint ventures	-	-	-	-0.2
Proceeds from sale of group companies and associated companies	9.6	-	-	1.0
Investment in investment properties	-1.7	-1.0	-80%	-5.0
Proceeds from sale of investment properties	10.7	-	-	21.1
Investment in tangible and intangible assets	-4.5	-4.4	-3%	-6.3
Proceeds from sale of tangible and intangible assets	-	0.0	-	0.0
<b>Total cash flow from investing activities</b>	<b>14.1</b>	<b>-5.3</b>	<b>-</b>	<b>10.6</b>
<b>Cash flow from financing activities</b>				
Subordinated liabilities	-32.8	-11.9	-176%	-27.4
Dividend/share issue to the non-controlling interest	-2.3	-1.7	-35%	-1.7
Divestment of treasury shares	0.7	1.1	-32%	1.2
Paid dividends	-42.1	-37.8	-11%	-37.8
<b>Total cash flow from financing activities</b>	<b>-76.5</b>	<b>-50.3</b>	<b>-52%</b>	<b>-65.7</b>
<b>Change in cash and cash equivalents</b>	<b>-46.8</b>	<b>-150.1</b>	<b>69%</b>	<b>-13.9</b>
Cash and cash equivalents at the beginning of the year	264.4	278.3	-5%	278.3
Cash and cash equivalents at the end of the period	217.6	128.2	70%	264.4
<b>Cash and cash equivalents in the cash flow statement consist of the following items:</b>				
Cash in hand	3.0	4.0	-25%	4.4
Bank of Finland current account	187.5	99.9	88%	242.2
Repayable on demand claims on credit institutions	27.1	24.3	12%	17.7
<b>Total</b>	<b>217.6</b>	<b>128.2</b>	<b>70%</b>	<b>264.4</b>
<b>Adjustment items not included in cash flow consist of:</b>				
Impairment of interest-bearing securities	-0.1	-0.1	-4%	0.3
Unrealised change in value for financial assets measured at fair value through income statement	-3.2	1.9	-	4.9
Write-downs on credits and other commitments	2.5	-0.1	-	0.8
Change in fair values	0.1	4.4	-99%	4.8
Depreciation and impairment of tangible and intangible assets	6.4	6.3	1%	13.4
Sales gains and losses from tangible and intangible assets	-0.9	-	-	-2.3
Unwound fair value hedging	-1.8	-6.1	71%	-10.3
Change in fair values of investment properties	-0.2	-0.3	35%	-0.5
Change in share-based payments	-0.2	-1.5	86%	-0.9
Other adjustments	1.5	1.0	57%	1.9
<b>Total</b>	<b>3.9</b>	<b>5.4</b>	<b>-27%</b>	<b>12.1</b>

## Quarterly trends in the Group

(EUR million)							
	2Q2019	1Q2019	4Q2018	3Q2018	2Q2018	Jan-Jun 2019	Jan-Jun 2018
<b>Income statement</b>							
Net interest income	19.2	19.4	20.7	21.0	23.5	38.7	44.2
Dividends	0.2	0.0	0.0	0.0	0.1	0.2	0.1
Net commission income	24.0	22.7	22.6	22.9	26.2	46.7	50.1
Net income from life insurance	6.6	8.3	5.1	5.5	5.0	14.9	10.8
Net income from financial transactions	0.8	2.0	-1.2	4.6	0.7	2.8	1.4
Net income from investment properties	-	-	-	0.0	-	-	-
Other operating income	9.8	0.3	0.5	1.3	0.3	10.1	0.5
<b>Total operating income</b>	<b>60.6</b>	<b>52.7</b>	<b>47.7</b>	<b>55.4</b>	<b>55.8</b>	<b>113.3</b>	<b>107.0</b>
Staff costs	-17.1	-16.4	-18.1	-14.3	-17.8	-33.5	-34.3
IT expenses	-6.2	-6.8	-7.6	-6.1	-6.3	-13.0	-12.0
Depreciation of tangible and intangible assets	-4.9	-4.9	-3.0	-3.1	-3.2	-9.8	-6.3
Other operating expenses	-6.8	-8.0	-10.7	-8.4	-11.0	-14.9	-19.2
<b>Total operating expenses</b>	<b>-35.0</b>	<b>-36.1</b>	<b>-39.4</b>	<b>-31.8</b>	<b>-38.3</b>	<b>-71.1</b>	<b>-71.8</b>
Impairment of credits and other commitments	-1.4	-1.1	-0.1	-0.8	0.7	-2.5	0.1
Share of profit from associated companies	-	1.7	-0.1	0.9	-	1.7	0.5
<b>Operating profit</b>	<b>24.2</b>	<b>17.2</b>	<b>8.0</b>	<b>23.7</b>	<b>18.2</b>	<b>41.4</b>	<b>35.9</b>
Taxes	-3.6	-3.0	-1.6	-3.9	-3.5	-6.6	-6.1
<b>Profit for the period</b>	<b>20.6</b>	<b>14.1</b>	<b>6.4</b>	<b>19.8</b>	<b>14.7</b>	<b>34.8</b>	<b>29.8</b>
<b>Attributable to:</b>							
Shareholders in Aktia Bank Plc	20.6	14.1	6.4	19.8	14.7	34.8	29.8
<b>Total</b>	<b>20.6</b>	<b>14.1</b>	<b>6.4</b>	<b>19.8</b>	<b>14.7</b>	<b>34.8</b>	<b>29.8</b>
Earnings per share (EPS), EUR	0.30	0.21	0.09	0.29	0.21	0.50	0.43
Earnings per share (EPS), EUR, after dilution	0.30	0.21	0.09	0.29	0.21	0.50	0.43
<b>Operating profit excluding items affecting comparability:</b>	<b>2Q2019</b>	<b>1Q2019</b>	<b>4Q2018</b>	<b>3Q2018</b>	<b>2Q2018</b>	<b>Jan-Jun 2019</b>	<b>Jan-Jun 2018</b>
Operating profit	24.2	17.2	8.0	23.7	18.2	41.4	35.9
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-0.5	-	-	-	-	-0.5	-
Net income from equity holding in Folksam Non-Life Insurance Company	-	-	0.0	-4.0	-	-	-
Value change of equity holding in Bohemian Wrappsody	-	-	1.0	-	-	-	-
Profit from divestment of shares in Samlink Ltd	-9.6	-	-	-	-	-9.6	-
Profit from divestment of Aktia Real Estate Agency	-	-	-	-1.1	-	-	-
Operating expenses:							
Expenses for restructuring	0.1	-	1.1	-	0.3	0.1	0.7
<b>Comparable operating profit</b>	<b>14.3</b>	<b>17.2</b>	<b>10.2</b>	<b>18.6</b>	<b>18.5</b>	<b>31.4</b>	<b>36.6</b>

(EUR million)

	2Q2019	1Q2019	4Q2018	3Q2018	2Q2018	Jan-Jun 2019	Jan-Jun 2018
<b>Comprehensive income</b>							
Profit for the period	20.6	14.1	6.4	19.8	14.7	34.8	29.8
<b>Other comprehensive income after taxes:</b>							
Change in valuation of fair value for financial assets	5.5	3.6	-0.3	-4.8	-0.8	9.0	-3.9
Change in valuation of fair value for cash flow hedging	-	-	0.0	0.0	0.0	-	0.0
Transferred to the income statement for financial assets	0.0	-0.4	-0.6	-0.3	-0.2	-0.4	-0.2
Comprehensive income from items which can be transferred to the income statement	5.5	3.1	-0.9	-5.0	-1.0	8.6	-4.1
Defined benefit plan pensions	-	-	0.0	-	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-	0.0	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>26.1</b>	<b>17.3</b>	<b>5.6</b>	<b>14.7</b>	<b>13.8</b>	<b>43.4</b>	<b>25.7</b>
<b>Total comprehensive income attributable to:</b>							
Shareholders in Aktia Bank Plc	26.1	17.3	5.6	14.7	13.8	43.4	25.7
<b>Total</b>	<b>26.1</b>	<b>17.3</b>	<b>5.6</b>	<b>14.7</b>	<b>13.8</b>	<b>43.4</b>	<b>25.7</b>
Total earnings per share, EUR	0.38	0.25	0.08	0.21	0.20	0.63	0.37
Total earnings per share, EUR, after dilution	0.38	0.25	0.08	0.21	0.20	0.63	0.37

<b>Total comprehensive income excluding items affecting comparability:</b>	2Q2019	1Q2019	4Q2018	3Q2018	2Q2018	Jan-Jun 2019	Jan-Jun 2018
Operating profit	26.1	17.3	5.6	14.7	13.8	43.4	25.7
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-0.4	-	-	-	-	-0.4	-
Net income from equity holding in Folksam Non-Life Insurance Company	-	-	0.0	-4.0	-	-	-
Value change of equity holding in Bohemian Wrappsody	-	-	0.8	-	-	-	-
Profit from divestment of shares in Samlink Ltd	-9.6	-	-	-	-	-9.6	-
Profit from divestment of Aktia Real Estate Agency	-	-	-	-1.1	-	-	-
Operating expenses:							
Expenses for restructuring	0.1	-	0.9	-	0.3	0.1	-0.5
<b>Comparable total comprehensive income</b>	<b>16.2</b>	<b>17.3</b>	<b>7.3</b>	<b>9.7</b>	<b>14.0</b>	<b>33.5</b>	<b>26.3</b>

## Quarterly trends in the Segments

	2Q2019	1Q2019	4Q2018	3Q2018	2Q2018	Jan-Jun 2019	Jan-Jun 2018
<b>Banking business</b>							
Net interest income	16.1	15.9	16.5	16.2	16.1	32.0	31.9
Net commission income	16.3	15.4	15.6	15.7	17.3	31.7	33.1
Other operating income	0.1	0.1	0.1	0.0	0.1	0.1	0.3
<b>Total operating income</b>	<b>32.4</b>	<b>31.4</b>	<b>32.2</b>	<b>32.0</b>	<b>33.6</b>	<b>63.8</b>	<b>65.2</b>
Staff costs	-4.6	-4.0	-5.9	-3.9	-5.4	-8.5	-10.3
Other operating expenses <sup>1</sup>	-21.5	-23.5	-24.7	-19.7	-21.9	-45.0	-41.6
<b>Total operating expenses</b>	<b>-26.0</b>	<b>-27.5</b>	<b>-30.6</b>	<b>-23.6</b>	<b>-27.4</b>	<b>-53.6</b>	<b>-51.9</b>
Impairment of credits and other commitments	-1.4	-1.1	-0.1	-0.8	0.7	-2.5	0.1
<b>Operating profit</b>	<b>5.0</b>	<b>2.8</b>	<b>1.4</b>	<b>7.5</b>	<b>6.9</b>	<b>7.8</b>	<b>13.4</b>
<b>Comparable operating profit</b>	<b>5.1</b>	<b>2.8</b>	<b>2.5</b>	<b>7.5</b>	<b>7.2</b>	<b>7.9</b>	<b>13.9</b>
<b>Asset Management</b>							
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commission income	10.0	9.5	9.4	9.4	9.3	19.5	18.3
Net income from life insurance	5.5	7.1	3.9	4.3	3.8	12.6	8.5
Other operating income	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total operating income</b>	<b>15.6</b>	<b>16.6</b>	<b>13.4</b>	<b>13.7</b>	<b>13.2</b>	<b>32.2</b>	<b>26.9</b>
Staff costs	-3.5	-3.4	-3.5	-3.3	-3.4	-6.9	-6.5
Other operating expenses <sup>1</sup>	-3.8	-3.6	-3.7	-3.4	-3.4	-7.3	-7.0
<b>Total operating expenses</b>	<b>-7.3</b>	<b>-7.0</b>	<b>-7.2</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-14.3</b>	<b>-13.5</b>
<b>Operating profit</b>	<b>8.3</b>	<b>9.6</b>	<b>6.2</b>	<b>7.0</b>	<b>6.4</b>	<b>17.9</b>	<b>13.4</b>
<b>Comparable operating profit</b>	<b>8.3</b>	<b>9.6</b>	<b>6.2</b>	<b>7.0</b>	<b>6.4</b>	<b>17.9</b>	<b>13.4</b>
<b>Group functions</b>							
Net interest income	3.2	3.5	4.2	4.8	7.4	6.7	12.3
Net commission income	0.5	0.8	0.6	0.9	0.5	1.3	1.3
Other operating income	10.8	2.2	-0.8	4.8	1.0	13.0	1.8
<b>Total operating income</b>	<b>14.5</b>	<b>6.5</b>	<b>4.0</b>	<b>10.6</b>	<b>8.9</b>	<b>21.0</b>	<b>15.4</b>
Staff costs	-9.0	-9.0	-8.7	-7.1	-7.7	-18.0	-15.4
Other operating expenses <sup>1</sup>	5.4	5.5	5.2	3.4	3.4	10.9	8.1
<b>Total operating expenses</b>	<b>-3.6</b>	<b>-3.5</b>	<b>-3.4</b>	<b>-3.7</b>	<b>-4.3</b>	<b>-7.0</b>	<b>-7.2</b>
<b>Operating profit</b>	<b>10.9</b>	<b>3.0</b>	<b>0.5</b>	<b>6.9</b>	<b>4.6</b>	<b>13.9</b>	<b>8.2</b>
<b>Comparable operating profit</b>	<b>0.8</b>	<b>3.0</b>	<b>1.6</b>	<b>2.9</b>	<b>4.6</b>	<b>3.9</b>	<b>8.4</b>

1) The net expenses for central functions are allocated from the Group functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other expenses.

## Note 1. Basis for preparing the half-year report and important accounting principles

### Basis for preparing the half-year report

Aktia Bank Plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The half-year report for the period 1 January – 30 June 2019 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The half-year report does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2018. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The half-year report for the period 1 January – 30 June 2019 was approved by the Board of Directors on 1 August 2019.

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

### Key accounting principles

In preparing the half-year report the Group has followed the accounting principles applicable to the annual report of 31 December 2018.

As of 1 January 2019, Aktia is reporting according to the following three business segments: Banking Business, Asset Management and Group functions. Aktia announced in a stock exchange release on 23 November 2018 of an organisational change where the areas of responsibility of the Executive Committee were renewed to more efficiently implement the strategy reform from 2017. Aktia is thus renewing also its business segments. The new segment Banking Business comprises the previous segment Personal & Corporate Banking as well as Aktia's private banking business and the banking business of institutional customers, which previously were included in the Wealth Management segment. The new segment Asset Management comprises the previous segment Wealth Management, excluding the private banking business and the banking business of institutional customers, which from now on are included in the new Banking Business segment. The central functions, including the group's treasury operations, will still form part of the Group functions segment. Operations that are not reported in the business segments mentioned above are reported in Other business. Comparison figures for 2018 have been published in a stock exchange release on 30 April 2019.

### The following new and amended IFRSs has taken effect as of 1 January 2019:

On 13 January 2016 IASB published **IFRS 16** Leases to supersede IAS 17 Leases. IFRS 16 has eliminated the distinction between

operating and finance leases for lessees, and has introduced a new model instead, where assets and liabilities for all leases with lease terms exceeding 12 months are reported in the balance sheet. For leases where the lease term is 12 months or less, or where the value of the underlying asset is low, exemptions may be applied. For the leased asset, depreciation and interest expenses relating to the lease liability are reported separately. The requirements concerning lessor accounting remain largely unchanged from IAS 17, and the earlier distinction between operating and finance leases is retained. The new standard has mainly changed the accounting of rented properties and leased cars. An assessment of the likely rental period has been used to establish the leasing period and the discount rate has been established according to the fair market return requirements. The leased asset and the leased liability have at the transition to IFRS 16 increased the balance sheet total by EUR 15 million. At the transition to IFRS 16, the Group has applied the so-called simplified method, which means that the right-of-use asset amounts to the same amount as the lease liability. Changes in accounting principles for leases have not any significant impact on the Group's result or financial position. The standard was approved by the EU in October 2017. The Aktia Group implemented IFRS 16 when the standard became mandatory as of 1 January 2019.

#### Effects from the implementation of IFRS 16

(EUR million)	31 Dec 2018	Adjust- ment for transition to IFRS 16	1 Jan 2019	30 Jun 2019
Right-of-use asset, real estates	-	14.0	14.0	13.4
Right-of-use asset, cars	-	0.7	0.7	0.5
Deferred tax receivables	-	-	-	0.1
<b>Assets</b>	<b>-</b>	<b>14.7</b>	<b>14.7</b>	<b>14.0</b>
Lease liability, real estates	-	14.0	14.0	13.7
Lease liability, cars	-	0.7	0.7	0.5
Equity	-	-	-	-0.2
<b>Liabilities and equity</b>	<b>-</b>	<b>14.7</b>	<b>14.7</b>	<b>14.0</b>
				<b>Jan-Jun 2019</b>
Interest expenses				-0.5
Depreciations				-3.4
Rental expenses				3.7
<b>Operating profit</b>				<b>-0.3</b>
Change in deferred tax receivables				0.1
<b>Profit for the period</b>				<b>-0.2</b>

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have any significant impact on the Group's future results, financial position or explanatory notes.



## Note 2. Group's risk exposure

### The Bank Group's capital adequacy

Banking Group includes Aktia Bank Plc and all its subsidiaries except for Aktia Life Insurance, and forms a consolidated group in accordance with the capital adequacy regulations.

(EUR million)	30 Jun 2019		31 Dec 2018		30 jun 2018	
	Group	Bank Group	Group	Bank Group	Group	Bank Group
<b>Calculation of the Bank Group's capital base</b>						
<b>Total assets</b>	<b>9,533.1</b>	<b>8,247.6</b>	<b>9,266.1</b>	<b>8,069.2</b>	<b>9,380.1</b>	<b>8,088.1</b>
of which intangible assets	65.3	65.0	66.7	66.3	70.2	69.8
<b>Total liabilities</b>	<b>8,940.2</b>	<b>7,741.6</b>	<b>8,676.1</b>	<b>7,558.5</b>	<b>8,811.6</b>	<b>7,599.3</b>
of which subordinated liabilities	175.0	175.0	207.8	207.8	223.3	223.3
Share capital	163.0	163.0	163.0	163.0	163.0	163.0
Fund at fair value	26.3	12.5	17.7	4.0	23.6	6.3
Restricted equity	189.3	175.5	180.7	167.0	186.6	169.3
Unrestricted equity reserve and other funds	111.3	111.2	110.4	110.3	109.3	109.3
Retained earnings	257.6	192.0	242.9	184.5	242.8	184.4
Profit for the year	34.8	27.3	56.0	48.9	29.8	25.9
Unrestricted equity	403.6	330.5	409.3	343.7	382.0	319.6
Shareholders' share of equity	592.9	506.1	589.9	510.7	568.5	488.9
<b>Equity</b>	<b>592.9</b>	<b>506.1</b>	<b>589.9</b>	<b>510.7</b>	<b>568.5</b>	<b>488.9</b>
<b>Total liabilities and equity</b>	<b>9,533.1</b>	<b>8,247.6</b>	<b>9,266.1</b>	<b>8,069.2</b>	<b>9,380.1</b>	<b>8,088.1</b>
<b>Off-balance sheet commitments</b>	<b>594.0</b>	<b>570.6</b>	<b>518.8</b>	<b>491.6</b>	<b>537.2</b>	<b>519.3</b>
<b>The Bank Group's equity</b>		<b>506.1</b>		<b>510.7</b>		<b>488.9</b>
Provision for dividends to shareholders		-		-42.0		-
Profit for the year, for which no application was filed with the Financial Supervisory Authority		-27.3		-		-25.9
Intangible assets		-65.0		-66.3		-69.8
Debentures		49.2		67.5		88.9
Additional expected losses according to IRB		-14.8		-11.9		-8.9
Deduction for significant holdings in financial sector entities		-6.2		-7.1		-7.7
Other incl. unpaid dividend		0.7		0.8		0.7
<b>Total capital base (CET1 + AT1 + T2)</b>		<b>442.5</b>		<b>451.7</b>		<b>466.1</b>

(EUR million)

	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
<b>The Bank Group's capital adequacy</b>					
Common Equity Tier 1 Capital before regulatory adjustments	479.0	472.9	469.7	461.3	464.1
Common Equity Tier 1 Capital regulatory adjustments	-85.7	-84.3	-85.5	-85.0	-86.9
<b>Total Common Equity Tier 1 Capital (CET1)</b>	<b>393.4</b>	<b>388.6</b>	<b>384.2</b>	<b>376.4</b>	<b>377.2</b>
Additional Tier 1 capital before regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
<b>Additional Tier 1 capital after regulatory adjustments (AT1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Tier 1 capital (T1 = CET1 + AT1)</b>	<b>393.4</b>	<b>388.6</b>	<b>384.2</b>	<b>376.4</b>	<b>377.2</b>
Tier 2 capital before regulatory adjustments	49.2	58.0	67.5	78.0	88.9
Tier 2 capital regulatory adjustments	-	-	-	-	-
<b>Total Tier 2 capital (T2)</b>	<b>49.2</b>	<b>58.0</b>	<b>67.5</b>	<b>78.0</b>	<b>88.9</b>
<b>Total own funds (TC = T1 + T2)</b>	<b>442.5</b>	<b>446.6</b>	<b>451.7</b>	<b>454.4</b>	<b>466.1</b>
<b>Risk weighted exposures total</b>	<b>2 383.5</b>	<b>2,305.2</b>	<b>2,199.2</b>	<b>2,262.0</b>	<b>2,318.0</b>
of which credit risk, the standardised model	1 046.2	1,000.8	898.3	915.8	976.6
of which credit risk, the IRB model	791.4	713.4	721.4	808.1	823.4
of which 15% risk-weight floor for residential mortgages	192.2	237.3	225.9	188.1	168.1
of which market risk	-	-	-	-	-
of which operational risk	353.6	353.6	353.6	349.9	349.9
Own funds requirement (8%)	190.7	184.4	175.9	181.0	185.4
Own funds buffer	251.9	262.2	275.8	273.4	280.7
CET1 Capital ratio	16.5 %	16.9%	17.5%	16.6%	16.3%
T1 Capital ratio	16.5 %	16.9%	17.5%	16.6%	16.3%
Total capital ratio	18.6 %	19.4%	20.5%	20.1%	20.1%
<b>Own funds floor (CRR article 500)</b>					
Own funds	442.5	446.6	451.7	454.4	466.1
Own funds floor <sup>1</sup>	214.2	209.0	201.9	202.4	204.3
Own funds buffer	228.4	237.6	249.9	252.0	261.8

1) 80% of the capital requirement based on standardised approach (8%).

Calculation of capital adequacy is made using ratings from Moody's Investors Services to define risk weight of exposures.

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

(EUR million)

Risk-weighted amount for operational risks	2016	2017	2018	6/2019	3/2019	12/2018	9/2018	6/2018
Gross income	183.3	188.9	193.6					
- average 3 years			188.6					
<b>Capital requirement for operational risk</b>				<b>28.3</b>	<b>28.3</b>	<b>28.3</b>	<b>28.0</b>	<b>28.0</b>
<b>Risk-weighted amount</b>				<b>353.6</b>	<b>353.6</b>	<b>353.6</b>	<b>349.9</b>	<b>349.9</b>

The capital requirement for operational risk is 15% of average gross income for the last three years.  
The risk-weighted amount for operational risk is calculated by dividing the capital requirement by 8%.

(EUR million)	30 Jun 2019				
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
<b>The Bank Group's total exposures</b>					
<b>Exposure class</b>					
<b>Credit risk, IRB approach</b>					
Retail - Secured by immovable property non-SME	4,590.9	4,583.2	11 %	515.1	41.2
Retail - Secured by immovable property SME	173.5	172.2	51 %	88.2	7.1
Retail - Other non-SME	143.6	139.5	34 %	47.1	3.8
Retail - Other SME	29.2	27.4	91 %	24.9	2.0
Risk-weight floor for residential mortgages, 15%	-	-	15 %	192.2	15.4
Equity exposures	44.4	44.4	262 %	116.1	9.3
<b>Total exposures, IRB approach</b>	<b>4,981.6</b>	<b>4,966.6</b>	<b>20 %</b>	<b>983.6</b>	<b>78.7</b>
<b>Credit risk, standardised approach</b>					
States and central banks	384.9	430.3	0 %	0.8	0.1
Regional governments and local authorities	267.3	287.3	0 %	0.6	0.1
Multilateral development banks	15.3	15.3	0 %	-	-
International organisations	51.3	51.3	0 %	-	-
Credit institutions	342.5	200.2	27 %	54.6	4.4
Corporates	634.2	435.6	91 %	398.5	31.9
Retail exposures	304.0	142.4	70 %	99.1	7.9
Secured by immovable property	1,070.2	1,016.7	34 %	349.3	27.9
Past due items	17.8	7.6	108 %	8.2	0.7
Covered bonds	693.1	693.1	10 %	69.3	5.5
Other items	84.6	84.6	55 %	46.8	3.7
<b>Total exposures, standardised approach</b>	<b>3,865.2</b>	<b>3,364.5</b>	<b>31 %</b>	<b>1,027.3</b>	<b>82.2</b>
<b>Total risk exposures</b>	<b>8,846.8</b>	<b>8,331.1</b>	<b>24 %</b>	<b>2,011.0</b>	<b>160.9</b>

(EUR million)	31 Dec 2018				
	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
<b>The Bank Group's total exposures</b>					
<b>Exposure class</b>					
<b>Credit risk, IRB approach</b>					
Retail - Secured by immovable property non-SME	4,535.3	4,528.3	10%	465.3	37.2
Retail - Secured by immovable property SME	177.8	176.8	46%	81.3	6.5
Retail - Other non-SME	139.2	134.8	33%	44.1	3.5
Retail - Other SME	24.8	23.2	83%	19.4	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	225.9	18.1
Equity exposures	42.8	42.8	260%	111.2	8.9
<b>Total exposures, IRB approach</b>	<b>4,919.8</b>	<b>4,905.9</b>	<b>19%</b>	<b>947.2</b>	<b>75.8</b>
<b>Credit risk, standardised approach</b>					
States and central banks	391.8	456.1	0%	0.8	0.1
Regional governments and local authorities	281.0	301.5	0%	0.7	0.1
Multilateral development banks	15.2	15.2	0%	-	-
International organisations	66.7	66.7	0%	-	-
Credit institutions	428.0	240.0	27%	65.7	5.3
Corporates	468.1	309.6	92%	283.7	22.7
Retail exposures	298.7	142.9	72%	102.3	8.2
Secured by immovable property	961.2	917.4	35%	323.1	25.9
Past due items	28.7	6.7	112%	7.5	0.6
Covered bonds	714.9	714.9	10%	71.5	5.7
Other items	63.5	63.5	46%	29.4	2.4
<b>Total exposures, standardised approach</b>	<b>3,717.8</b>	<b>3,234.5</b>	<b>27%</b>	<b>884.9</b>	<b>70.8</b>
<b>Total risk exposures</b>	<b>8,637.6</b>	<b>8,140.4</b>	<b>23%</b>	<b>1,832.1</b>	<b>146.6</b>

### The finance and insurance conglomerates capital adequacy

(EUR million)	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
<b>Summary</b>					
The Group's equity	592.9	607.6	589.9	583.5	568.5
Sector-specific assets	54.4	63.5	73.3	84.0	95.2
Intangible assets and other reduction items	-103.3	-123.3	-107.3	-120.8	-118.7
<b>Conglomerate's total capital base</b>	<b>544.0</b>	<b>547.8</b>	<b>556.0</b>	<b>546.8</b>	<b>545.0</b>
Capital requirement for banking business	280.7	271.3	258.5	266.2	273.1
Capital requirement for insurance business <sup>1</sup>	85.4	82.8	76.4	82.0	83.4
<b>Minimum amount for capital base</b>	<b>366.1</b>	<b>354.1</b>	<b>334.8</b>	<b>348.2</b>	<b>356.5</b>
<b>Conglomerate's capital adequacy</b>	<b>177.9</b>	<b>193.7</b>	<b>221.2</b>	<b>198.6</b>	<b>188.4</b>
Capital adequacy ratio, %	148.6 %	154.7 %	166.1 %	157.0 %	152.9 %

1) From 1 January 2016 Solvency II requirement (SCR)

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 3. Net interest income

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Borrowing and lending	36.1	34.3	5%	70.1
Liquidity portfolio	3.2	4.6	-31%	8.3
Hedging measures through interest rate derivatives	2.5	6.6	-62%	11.4
Other, incl. funfing from wholesale market	-3.1	-1.2	-156%	-4.0
<b>Total</b>	<b>38.7</b>	<b>44.2</b>	<b>-13 %</b>	<b>85.9</b>

Borrowing and lending include the covered bonds issued by mortgage bank operations and the interest rate hedging that was made in connection with the issues. Other consists mainly of senior financing, its interest rate hedging and risk debentures.

### Note 4. Net income from life insurance

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Premiums written	50.2	66.2	-24%	104.9
Net income from investments	11.8	7.8	50%	13.9
of which change in ECL impairment	0.0	0.0	-	0.0
of which unrealised value changes for shares and participations	2.5	-2.3	-	-3.3
Insurance claims paid	-61.1	-56.8	-7%	-110.4
Net change in technical provisions	14.0	-6.4	-	12.9
<b>Total</b>	<b>14.9</b>	<b>10.8</b>	<b>38%</b>	<b>21.4</b>

### Note 5. Net income from financial transactions

(EUR million)	Jan-Jun 2019	Jan-Jun 2018	Δ %	2018
Net income from financial assets measured at fair value through income statement	-0.5	-0.5	-3%	-1.0
Net income from securities and currency trading	2.9	1.5	93%	6.2
of which unrealised value changes for shares and participations	0.8	0.3	137%	3.7
Net income from financial assets measured at fair value through other comprehensive income	0.5	0.1	316%	0.1
of which change in ECL impairment	0.2	0.1	120%	-0.2
Net income from interest-bearing securities measured at amortised cost	-0.1	0.0	-	0.0
of which change in ECL impairment	-0.1	0.0	-	0.0
Net income from hedge accounting	0.1	0.3	-73%	-0.4
<b>Total</b>	<b>2.8</b>	<b>1.4</b>	<b>105%</b>	<b>4.9</b>

## Note 6. Derivatives

Hedging derivative instruments (EUR million)	30 Jun 2019		
	Total nominal amount	Assets, fair value	Liabilities, fair value
<b>Fair value hedging</b>			
Interest rate-related	2,082.0	76.3	0.4
<b>Total</b>	<b>2,082.0</b>	<b>76.3</b>	<b>0.4</b>
<b>Derivative instruments valued through the income statement</b>			
Interest rate-related <sup>1</sup>	240.6	12.1	12.9
Currency-related	4.9	0.0	0.0
<b>Total</b>	<b>245.5</b>	<b>12.1</b>	<b>12.9</b>
<b>Total derivative instruments</b>			
Interest rate-related	2,322.6	88.3	13.2
Currency-related	4.9	0.0	0.0
<b>Total</b>	<b>2,327.5</b>	<b>88.4</b>	<b>13.2</b>

Hedging derivative instruments (EUR million)	31 Dec 2018		
	Total nominal amount	Assets, fair value	Liabilities, fair value
<b>Fair value hedging</b>			
Interest rate-related	2,102.0	54.2	0.7
<b>Total</b>	<b>2,102.0</b>	<b>54.2</b>	<b>0.7</b>
<b>Derivative instruments valued through the income statement</b>			
Interest rate-related <sup>1</sup>	380.8	15.8	16.4
Currency-related	3.0	0.0	0.0
<b>Total</b>	<b>383.8</b>	<b>15.8</b>	<b>16.4</b>
<b>Total derivative instruments</b>			
Interest rate-related	2,482.8	70.0	17.1
Currency-related	3.0	0.0	0.0
<b>Total</b>	<b>2,485.8</b>	<b>70.0</b>	<b>17.1</b>

1) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 240.0 (380.0) million.

## Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
<b>Book value of financial assets 30 June 2019</b>				
Interest-bearing securities	1,773.5	-	-	1,773.5
Lending	6,083.9	144.4	48.3	6,276.5
Off-balance sheet commitments	586.6	7.2	0.1	594.0
<b>Total</b>	<b>8,444.0</b>	<b>151.6</b>	<b>48.4</b>	<b>8,644.0</b>
<b>Book value of financial assets 31 December 2018</b>				
Interest-bearing securities	1,648.9	-	-	1,648.9
Lending	5,948.1	134.9	46.1	6,129.1
Off-balance sheet commitments	511.4	7.2	0.1	518.8
<b>Total</b>	<b>8,108.5</b>	<b>142.1</b>	<b>46.2</b>	<b>8,296.8</b>

### Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2019 according to IFRS 9	2.6	3.7	33.1	39.4
Transferred from stage 1 to stage 2	-0.8	0.8	-	-
Transferred from stage 1 to stage 3	-0.2	-	0.2	-
Transferred from stage 2 to stage 1	0.1	-0.1	-	-
Transferred from stage 2 to stage 3	-	-0.2	0.2	-
Transferred from stage 3 to stage 1	0.0	-	0.0	-
Transferred from stage 3 to stage 2	-	0.1	-0.1	-
Reversal of impairment	-	-	0.0	0.0
Other changes <sup>1</sup>	1.3	0.3	0.9	2.5
Impairment January-June 2019 in the income statement	0.3	0.9	1.3	2.5
Realised losses for which write-downs were made in previous years	-	-	-13.3	-13.3
Reversal of impairment	-	-	0.0	0.0
<b>Impairment of credits and the other commitments 30 June 2019 according to IFRS 9</b>	<b>2.9</b>	<b>4.5</b>	<b>21.1</b>	<b>28.6</b>

1) Includes an increase of EUR 0.4 million from technical updates in the ECL calculations

### Interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2019 according to IFRS 9	1.1	-	-	1.1
Other changes	-0.1	-	-	-0.1
Impairment January-June 2019 in the income statement	-0.1	-	-	-0.1
<b>Impairment of interest-bearing securities 30 June 2019 according to IFRS 9</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>1.0</b>

## Note 8. Financial assets and liabilities

### Fair value of financial assets and liabilities

(EUR million)	30 Jun 2019		31 Dec 2018	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Financial assets measured at fair value through income statement	979.7	979.7	902.7	902.7
Financial assets measured at fair value through other comprehensive income	1,411.3	1,411.3	1,340.9	1,340.9
Interest-bearing securities measured at amortised cost	362.2	403.3	308.0	336.6
Loans and other receivables	6,276.5	6,317.7	6,129.8	6,137.1
Cash and balances with central banks	234.7	234.7	289.2	289.2
Derivative instruments	88.4	88.4	70.0	70.0
<b>Total</b>	<b>9,352.8</b>	<b>9,435.1</b>	<b>9,040.6</b>	<b>9,076.5</b>
<b>Financial liabilities</b>				
Deposits	4,724.6	4,721.2	4,565.1	4,561.1
Derivative instruments	13.2	13.2	17.1	17.1
Debt securities issued	2,538.4	2,565.8	2,460.3	2,457.2
Subordinated liabilities	175.0	176.8	207.8	209.8
Other liabilities to credit institutions	42.8	43.6	45.6	46.3
Other liabilities to the public and public sector entities	100.0	100.3	100.0	100.1
<b>Total</b>	<b>7,594.1</b>	<b>7,621.0</b>	<b>7,396.0</b>	<b>7,391.7</b>

In the table, the fair value and the book value of the financial assets and liabilities, are presented per balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flow using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determining fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flow at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a margin corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market.



## Measurement of financial assets at fair value

**Level 1** consists of financial instruments that are valued using prices listed on an active market. In an active market transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes listed bonds and other securities, listed equity instruments and derivatives, for which tradable price quotes exist.

**Level 2** consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may include listed interest rates, for example, or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the total credit risk component for the counterparty credit risk as well as for the own credit risk.

**Level 3** consists of financial instruments for which the fair value cannot be obtained directly from quoted market prices or indirectly by using valuation techniques or models supported by observable market prices. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

(EUR million)	30 Jun 2019				31 Dec 2018			
	Fair value classified into				Fair value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through income statement</b>								
Investments for unit-linked investments	832.7	-	-	832.7	756.8	-	-	756.8
Interest-bearing securities	10.8	-	0.2	10.9	8.6	-	0.2	8.7
Shares and participations	101.6	-	34.5	136.1	101.1	-	35.0	136.2
<b>Total</b>	<b>945.1</b>	<b>-</b>	<b>34.6</b>	<b>979.7</b>	<b>866.5</b>	<b>-</b>	<b>35.2</b>	<b>901.7</b>
<b>Financial assets measured at fair value through other comprehensive income</b>								
Interest-bearing securities	1,068.0	226.2	117.1	1,411.3	1,124.8	55.1	161.1	1,340.9
Shares and participations	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,068.0</b>	<b>226.2</b>	<b>117.1</b>	<b>1,411.3</b>	<b>1,124.8</b>	<b>55.1</b>	<b>161.1</b>	<b>1,340.9</b>
Derivative instrument, net	0.0	75.1	-	75.1	0.0	52.9	-	52.9
<b>Total</b>	<b>0.0</b>	<b>75.1</b>	<b>-</b>	<b>75.1</b>	<b>0.0</b>	<b>52.9</b>	<b>-</b>	<b>52.9</b>
<b>Total</b>	<b>2,013.1</b>	<b>301.3</b>	<b>151.8</b>	<b>2,466.2</b>	<b>1,991.2</b>	<b>108.0</b>	<b>196.3</b>	<b>2,295.5</b>

## Transfers between levels 1 and 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the period no transfers between level 1 and level 2 have occurred. The increase in level 2 is due to an increase in business volumes, mainly relating to domestic municipal bonds and commercial papers.

Aktia Group's Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level a financial instrument will be classified. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an evaluation based on the quality of the valuation data, if a class of financial instrument is to be transferred between levels.

### Changes within level 3

The following table present the change from year-end regarding level 3 Financial assets reported at fair value.

Reconciliation of changes for financial instruments belonging to level 3  (EUR million)	Financial assets valued at fair value via the income statement			Financial assets measured at fair value through other comprehensive income			Total		
	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total
Carrying amount 1 January 2019	0.2	35.0	35.2	161.1	0.0	161.1	161.3	35.0	196.3
New purchases	-	5.8	5.8	20.0	-	20.0	20.0	5.8	25.8
Sales	-	-7.9	-7.9	-22.5	-	-22.5	-22.5	-7.9	-30.4
Matured during the year	-	-	-	-41.5	-	-41.5	-41.5	-	-41.5
Realised value change in the income statement	-	-	-	-	-	-	-	-	-
Unrealised value change in the income statement	0.0	1.5	1.5	-	-	-	-	1.5	1.5
Value change recognised in total comprehensive income	-	-	-	0.0	-	0.0	0.0	-	0.0
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
<b>Carrying amount 30 June 2019</b>	<b>0.2</b>	<b>34.5</b>	<b>34.6</b>	<b>117.1</b>	<b>0.0</b>	<b>117.1</b>	<b>117.3</b>	<b>34.5</b>	<b>151.8</b>

### Sensitivity analysis for level 3 Financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been valued partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the income statement or via other comprehensive income corresponding to 1.9 (2.1) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3 (EUR million)	30 Jun 2019 Effect at an assumed movement			31 Dec 2018 Effect at an assumed movement		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
<b>Financial assets measured at fair value through income statement</b>						
Investments for unit-linked investments	-	-	-	-	-	-
Interest-bearing securities	0.2	0.0	0.0	0.2	0.0	0.0
Shares and participations	34.5	6.9	-6.9	35.0	7.0	-7.0
<b>Total</b>	<b>34.6</b>	<b>6.9</b>	<b>-6.9</b>	<b>35.2</b>	<b>7.0</b>	<b>-7.0</b>
<b>Financial assets measured at fair value through other comprehensive income</b>						
Interest-bearing securities	117.1	3.5	-3.5	161.1	4.8	-4.8
Shares and participations	-	-	-	-	-	-
<b>Total</b>	<b>117.1</b>	<b>3.5</b>	<b>-3.5</b>	<b>161.1</b>	<b>4.8</b>	<b>-4.8</b>
<b>Total</b>	<b>151.8</b>	<b>10.4</b>	<b>-10.4</b>	<b>196.3</b>	<b>11.8</b>	<b>-11.8</b>

#### Set off of financial assets and liabilities

(EUR million)	30 Jun 2019		31 Dec 2018	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
<b>Assets</b>				
Financial assets included in general agreements on set off or similar agreements	88.4	-	70.0	-
Set off amount	-	-	-	-
<b>Carrying amount in the balance sheet</b>	<b>88.4</b>	<b>-</b>	<b>70.0</b>	<b>-</b>
Amount not set off but included in general agreements on set off or similar	0.4	-	0.4	-
Collateral assets	85.8	-	64.0	-
<b>Total amount of sums not set off in the balance sheet</b>	<b>86.1</b>	<b>-</b>	<b>64.4</b>	<b>-</b>
<b>Net amount</b>	<b>2.2</b>	<b>-</b>	<b>5.6</b>	<b>-</b>
<b>Liabilities</b>				
Financial liabilities included in general agreements on set off or similar agreements	13.2	49.7	17.1	98.8
Set off amount	-	-	-	-
<b>Carrying amount in the balance sheet</b>	<b>13.2</b>	<b>49.7</b>	<b>17.1</b>	<b>98.8</b>
Amount not set off but included in general agreements on set off or similar	0.4	-	0.4	-
Collateral liabilities	3.0	49.8	5.4	99.0
<b>Total amount of sums not set off in the balance sheet</b>	<b>3.4</b>	<b>49.8</b>	<b>5.8</b>	<b>99.0</b>
<b>Net amount</b>	<b>9.9</b>	<b>-0.1</b>	<b>11.4</b>	<b>-0.2</b>

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

## Note 9. Specification of Aktia Group's funding structure

(EUR million)	30 Jun 2019	31 Dec 2018	30 Jun 2018
Deposits from the public and public sector entities	4,139.9	3,962.5	4,099.9
<b>Short-term liabilities, unsecured debts</b>			
Banks	49.3	39.7	45.0
Certificates of deposits issued and Money Market deposits	100.0	100.0	-
<b>Total</b>	<b>149.3</b>	<b>139.7</b>	<b>45.0</b>
<b>Short-term liabilities, secured debts (collateralised)</b>			
Banks - received cash in accordance with collateral agreements	85.8	64.0	61.2
Repurchase agreements - banks	49.7	98.8	118.2
<b>Total</b>	<b>135.5</b>	<b>162.9</b>	<b>179.3</b>
<b>Total short-term liabilities</b>	<b>284.8</b>	<b>302.6</b>	<b>224.3</b>
<b>Long-term liabilities, unsecured debts</b>			
Issued debts, senior financing	916.3	793.9	770.8
Other credit institutions	24.8	27.6	32.3
Subordinated debts	175.0	207.8	223.3
<b>Total</b>	<b>1,116.2</b>	<b>1,029.3</b>	<b>1,026.4</b>
<b>Long-term liabilities, secured debts (collateralised)</b>			
Centralbank and other credit institutions	418.0	418.0	423.0
Issued covered bonds	1,622.1	1,666.4	1,666.1
<b>Total</b>	<b>2,040.1</b>	<b>2,084.4</b>	<b>2,089.1</b>
<b>Total long-term liabilities</b>	<b>3,156.3</b>	<b>3,113.7</b>	<b>3,115.5</b>
<b>Interest-bearing liabilities in the banking business</b>	<b>7,580.9</b>	<b>7,378.8</b>	<b>7,439.7</b>
Technical provisions in the life insurance business	1,219.9	1,155.7	1,222.9
Total other non interest-bearing liabilities	139.4	141.5	148.9
<b>Total liabilities</b>	<b>8,940.2</b>	<b>8,676.0</b>	<b>8,811.6</b>

Short-term liabilities = liabilities which original maturity is under 1 year

Long-term liabilities = liabilities which original maturity is over 1 year

## Note 10. Collateral assets and liabilities

<b>Collateral assets (EUR million)</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
<b>Collateral for own liabilities</b>			
Securities	470.5	529.1	548.8
Outstanding loans constituting security for covered bonds	2,308.0	2,264.0	2,507.1
<b>Total</b>	<b>2,778.5</b>	<b>2,793.1</b>	<b>3,055.9</b>
<b>Other collateral assets</b>			
Pledged securities <sup>1</sup>	113.8	121.7	125.9
Cash included in pledging agreements and repurchase agreements	3.0	5.4	7.7
<b>Total</b>	<b>116.8</b>	<b>127.1</b>	<b>133.6</b>
<b>Total collateral assets</b>	<b>2,895.3</b>	<b>2,920.2</b>	<b>3,189.5</b>
<b>Collateral above refers to the following liabilities</b>			
Liabilities to credit institutions <sup>2</sup>	467.7	516.8	541.2
Issued covered bonds <sup>3</sup>	1,622.1	1,666.4	1,666.1
Derivatives	3.0	5.4	7.7
<b>Total</b>	<b>2,092.8</b>	<b>2,188.7</b>	<b>2,215.0</b>

1) Refers to securities pledged for the intra day limit. As at 30 June 2019, a surplus of pledged securities amounted to EUR 60 (5) million.

2) Refers to debts to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

3) Own repurchases deducted.

<b>Collateral liabilities (EUR million)</b>	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
Cash included in pledging agreements <sup>1</sup>	85.8	64.0	61.2
<b>Total</b>	<b>85.8</b>	<b>64.0</b>	<b>61.2</b>

1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.

Helsinki 1 August 2019

**AKTIA BANK PLC**  
**THE BOARD OF DIRECTORS**

# Report on review of the half-year report of Aktia Bank plc as of and for the six months period ending June 30, 2019

## To the Board of Directors of Aktia Bank plc

### Introduction

We have reviewed the balance sheet as of June 30, 2019 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the six-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

### Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the

Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 1 August, 2019

KPMG OY AB  
Marcus Tötterman  
*Authorised Public Accountant, KHT*





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The Aktia logo consists of the word "Aktia" in a bold, green, sans-serif font.