

Aktia

Aktia plc Interim report for 1 January – 30 September 2009

Strong third quarter

- Operating profit was EUR 44.4 million (EUR 37.3 million), representing a clear improvement to EUR 22.4 million (EUR 7.4 million) in July – September.
- Net interest income continued to be strong at EUR 112.4 million (EUR 74.3 million), primarily thanks to a successful strategy for managing interest rate risk. Net interest income for July - September amounted to EUR 40.5 million (EUR 25.2 million).
- Earnings per share were EUR 0.50 (EUR 0.47), in July – September EUR 0.24 (EUR 0.10). Equity per share (net asset value) was EUR 6.51 (EUR 4.28) as at 30 September 2009.
- Loan write-downs for January – September totalled EUR 26.3 million (EUR 0.3 million). This can be attributed to the weak economic situation. The credit losses relate to corporate loans and are not expected to continue increasing at the same pace. Corporate loans amount to only 13% of Aktia's total loan stock.
- Aktia Bank plc's credit rating with Moody's Investors Service, the international credit rating agency, remained unchanged.
- Aktia series A and R shares were listed on the Nasdaq OMX Helsinki exchange on 29 September 2009. The market value of the Aktia Group was approximately EUR 616 million at the end of the period.
- Operating profit for the third quarter was exceptionally good, but the outlook for the rest of the year is in line with the performance of the two first quarters.

The CEO's comments

Operating profit for the first nine months of the year was strong, despite considerably higher write-downs of loans. Net interest income has continued to develop well, primarily thanks to successful management of interest rate risk. We will continue to focus on cost efficiency.

Customers have liked our "Aktia Dialogue" concept. "Aktia Dialogue" is a tool used to find comprehensive solutions for our customers and help them improve and safeguard their personal finances. I was pleased to note that Aktia was once again well placed in a survey of satisfied customers.

Aktia has started developing products in anticipation of the upcoming change in the law change concerning long-term saving ("PS law") and will be able to offer new alternatives for pension savings in the first quarter of 2010.

Jussi Laitinen

Key figures for the Group

(EUR million)	3Q 2009	3Q 2008	Change	1-9 2009	1-9 2008	Change
Net interest income	40.5	25.2	60.8%	112.4	74.3	51.3%
Total operating income	66.8	33.9	97.2%	181.7	126.3	43.9%
Operating profit before write-downs on credits	30.8	7.7	300.9%	70.7	37.6	88.1%
Write-downs on credits	-8.5	-0.3	-	-26.3	-0.3	-
Operating profit	22.4	7.4	201.4%	44.4	37.3	19.0%
Cost-to-income ratio	0.48	0.59	-18.6%	0.54	0.66	-18.2%
Write-downs on credits/total credit stock, %	-	-	-	0.44	0.01	-
Earnings per share (EPS), EUR	0.24	0.10	140.0%	0.50	0.47	6.4%
Return on equity (ROE),%	15.0	8.3	-	11.1	12.5	-
Capital adequacy ratio,%	-	-	-	15.7	12.0	-
Tier 1 capital ratio,%	-	-	-	9.3	9.9	-

Summary of the third quarter 2009

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(EUR million)	3Q 2009	3Q 2008	Change	1-9 2009	1-9 2008	Change	1-12 2008
Net interest income	40.5	25.2	60.8%	112.4	74.3	51.3%	101.0
Dividends	0.0	0.0	-	0.6	1.3	-55.3%	1.4
Net commission income	11.3	9.4	20.2%	31.8	31.7	0.3%	41.0
Net income for life insurance	3.8	-2.0	-	10.8	9.2	17.9%	-33.8
Net income for non-life insurance	6.3	-	-	13.7	-	-	-
Net income from financial transactions	3.7	-3.0	-	9.0	-0.2	-	-3.4
Net income from investment properties	0.1	1.3	-93.5%	0.3	2.9	-89.0%	6.0
Other operating income	1.2	3.0	-59.8%	3.0	7.0	-56.2%	15.0
Total operating income	66.8	33.9	97.2%	181.7	126.3	43.9%	127.2
Staff costs	-18.3	-12.7	44.0%	-57.5	-45.4	26.6%	-60.6
Other administrative expenses	-9.5	-8.8	8.2%	-31.8	-28.3	12.6%	-38.4
Negative goodwill recorded as income	-	-	-	0.1	-	-	-
Depreciation of tangible and intangible assets	-1.8	-1.6	12.7%	-5.3	-4.4	19.4%	-5.7
Other operating expenses	-6.5	-3.6	77.9%	-17.1	-11.8	44.6%	-16.2
Total operating expenses	-36.1	-26.7	34.9%	-111.5	-89.9	24.0%	-120.9
Impairment and reversing items of tangible and intangible assets	-	0.3	-	-0.2	1.0	-	0.7
Write-downs on credits	-8.5	-0.3	-	-26.3	-0.3	-	-0.7
Share of profit from associated companies	0.1	0.3	-60.7%	0.7	0.2	204.5%	0.2
Operating profit	22.4	7.4	201.4%	44.4	37.3	19.0%	6.6

Aktia Group Key figures, EUR million	3Q 2009	3Q 2008	Change	1-9 2009	1-9 2008	Change	1-12 2008
Earnings per share (EPS), EUR	0.24	0.10	140.0%	0.50	0.47	6.4%	0.09
Equity per share (NAV), EUR	-	-	-	6.51	4.28	52.1%	4.85
Return on equity (ROE),%	15.0	8.3	-	11.10	12.50	-	1.80
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	1.00	-0.24	-	1.70	-0.79	-	-0.22
Banking Business' (incl. Private Banking) key figures							
Cost-to-income ratio	0.48	0.59	-18.6%	0.54	0.66	-18.2%	0.65
Capital adequacy ratio,%	-	-	-	15.7	12.0	-	13.7
Tier 1 capital ratio,%	-	-	-	9.3	9.9	-	9.3

Activity of the report period

Both A and R series shares of Aktia plc were listed on the Nasdaq OMX Helsinki exchange on 29 September 2009. This listing gives Aktia's shareholders an opportunity to trade in Aktia shares through the exchange and to constantly monitor the value of their shareholdings.

Profit

The Group's operating profit for January - September 2009 was EUR 44.4 million (EUR 37.3 million). During July - September the operating profit amounted to EUR 22.4 million (EUR 7.4 million).

The operating profit of the banking business before write-downs was EUR 69.5 million (EUR 25.5 million). Despite considerably higher loan write-downs of EUR 25.9 million (EUR 0.3 million), an operating profit of EUR 43.6 million (EUR 25.2 million) was achieved thanks to strong net interest income.

Asset Management's operating profit weakened on last year to EUR 0.5 million (EUR 3.6 million) due to the difficult situation in the investment market during the first six months but improved somewhat during the third quarter.

Insurance operations contributed EUR 0.4 million (EUR -1.2 million) to the Group's operating profit during the period. Of this contribution, EUR 3.0 million (EUR -1.2 million) came from the life insurance company, while the non-life insurance company's contribution to the Group's profit was EUR -2.6 million (-). The results of the non-life insurance company was adversely affected by a write-down of EUR 0.4 million (-).

Operating profit for affiliates was EUR 0.7 million (EUR 0.2 million).

Profit for the reporting period was EUR 32.6 million (EUR 28.7 million). During the third quarter, July - September, the Group's profit amounted to EUR 16.1 million (EUR 5.8 million).

Income

The Group's total income increased by 43.9% between January and September to EUR 181.7 million (EUR 126.3 million). During July - September, total income almost doubled to EUR 66.8 million (EUR 33.9 million).

Net interest income rose between January and September by 51.3% to EUR 112.4 million (EUR 74.3 million). It should be noted that the positive impact of managing interest rate risk, which is temporary in nature, and the exceptionally steep decline of interest rates have made a significant contribution to the net interest income. The derivatives used by Aktia Bank to limit its interest rate risk improved net interest income to EUR 20.3 million (EUR -4.9 million). Aktia was also able to exploit the situation on the financial markets to generate additional earnings as a result of its good liquidity position. Net interest income from lending to and borrowing from customers was stable. During July - September net interest income improved to EUR 40.5 million (EUR 25.2 million).

Net commission income was EUR 31.8 million (EUR 31.7 million). Commission income from funds, asset management and brokering increased to EUR 19.3 million (EUR 16.0 million). Card and payment services commissions rose 4.5% to EUR 8.4 million (EUR 8.0 million). Income from the real estate agency business was stable at EUR 5.8 million (EUR 5.9 million) between January and September but strengthened during the latest quarter July - September.

Net income from life insurance totalled EUR 10.8 million (EUR 9.2 million). Aktia Non-Life Insurance, consolidated in the Aktia Group since 1 January 2009, reported a net income of EUR 13.7 million (-) from non-life insurance. Net income from the insurance business includes insurance premium income, net income from investment activities, insurance claims paid and the change in provisions.

Expenditure

The Group's operating expenses rose between January and September by 24% to EUR 111.5 million (EUR 89.9 million). This change is primarily due to the new non-life insurance and Aktia Invest operations, consultancy fees connected with the listing on the Stock Exchange and increased rents. The increase of expenses without the new units was 4.6%

The higher rents are a consequence of Aktia during 2008 divesting the majority of its real estate holdings that were in its own use.

Staff costs increased during the first nine months of the year by EUR 12.1 million to EUR 57.5 million (EUR 45.4 million). This change is predominantly due to the

incorporation of the Non-Life Insurance company and Aktia Invest.

Other administration costs increased by 12.6% to EUR 31.8 million (EUR 28.3 million). Total depreciation and write-downs on tangible and intangible assets was EUR 5.3 million (EUR 4.4 million).

Other operating costs amounted to EUR 17.1 million (EUR 11.8 million) for January – September.

Results for July – September 2009

The Group's operating profit for the third quarter was EUR 22.4 million (EUR 7.4 million). Net interest income improved by EUR 15.3 million to EUR 40.5 million (EUR 25.2 million) thanks to successful strategies aimed to manage interest rate risk. Profit for July – September was EUR 16.1 million (EUR 5.8 million).

During July – September, expenses amounted to EUR 36.1 million (EUR 26.7 million), an increase of 34.9%.

The operating profit from the banking business was adversely affected by write-downs of loans totalling EUR 8.4 million (EUR 0.3 million) and amounted to EUR 19.7 million (EUR 6.2 million). Asset management contributed EUR 0.5 million (EUR 1.5 million) to the Group's operating profit. The insurance business' contribution to the Group's operating profit was EUR 2.8 million (EUR -4.9 million) for life insurance and EUR 0.3 million (-) for non-life insurance.

The Group's segment results during July - September

Operating profit (EUR million)	3Q 2009	3Q 2008
Banking business	19.7	6.2
Asset Management	0.5	1.5
Life Insurance	2.8	-4.9
Non-Life Insurance	0.3	-
Miscellaneous	-0.1	4.6
Eliminations	-0.7	0.0
Total	22.4	7.4

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased by 12.4% during the period and amounted to EUR 10,724 million (EUR 9,540 million at 31 December 2008). This increase in the balance sheet total is largely due to growth in the mortgage stock and the financial assets within the banking business. Total borrowing in

the form of deposits from the public, associations and credit institutions fell by 4.5% to EUR 4,789 million (EUR 5,015 million) while financing from other financial instruments increased by 31.2% to EUR 4,106 million (EUR 3,130 million). This growth is largely due to an increase in debt securities issued and debts to credit institutions, i.e. transactions connected to liquidity management.

The Group's total lending to the public amounted to EUR 5,946 million (EUR 5,426 million) at the end of the period, representing an increase of EUR 521 million (9.6%). Loans to private households accounted for EUR 4,819 million, or 81.0% of the total loan stock. Of these loans to households, 88.5% were secured against adequate real estate collateral (in accordance with Basel 2). Excluding the mortgages brokered by savings and local cooperative banks that the local banks are committed to capitalise, the Group's lending increased by EUR 291 million (6.6%) from the year-end.

The housing loan stock totalled EUR 4,481 million (EUR 4,036 million), of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,403 million (EUR 1,968 million). In all, housing loans increased by 11.0%. New corporate lending continued to be moderate. The corporate loan stock was reduced by 1.8% from the start of the year, totalling EUR 789 million (EUR 804 million). Loans granted to housing associations increased by 23.6% during the period to EUR 272 million (EUR 220 million).

Interest-bearing financial assets available for sale increased by 17.2% to EUR 3,292 million (EUR 2,808 million). These assets mainly consist of the banking business' liquidity reserve.

Deposits from the public and public sector entities decreased marginally (-0.5%) from the year-end to EUR 3,082 million (EUR 3,098 million at 31 December 2008).

Aktia Real Estate Mortgage Bank plc issued 2 covered bonds during the period. In February, a bond of EUR 125 million was issued with a floating interest rate and three-year maturity. In June, a bond of EUR 600 million was issued with a fixed interest rate and five-year maturity. Outstanding Aktia Bank certificates of deposit amounted to EUR 327 million at the end of the period and issued bonds EUR 2,294 million, which represents an increase of EUR 437 million during the period January – September. Aktia Bank also issued new subordinated debts and index-linked loans via retail channels with a total value of EUR 64 million.

Life insurance provisions amounted to EUR 787 million (EUR 777 million at 31 December 2008).

Non-life insurance provisions stood at EUR 111 million (EUR 99 million at 1 January 2009) at the end of the period.

Off-balance sheet commitments increased by EUR 90 million from the year-end and amounted to EUR 619 million (EUR 529 million). This increase was largely due to growth in unused credit facilities (loan promises and limits) and high liquidity commitments with the local banks.

The Aktia Group's equity amounted to EUR 463 million (EUR 317 million) at the end of the period. The Group's fund at fair value amounted to EUR 44 million (EUR -36 million), showing an improvement of EUR 51 million during the third quarter and of EUR 80 million from the start of the year.

Capital adequacy and solvency

The Bank Group's capital adequacy amounted to 15.7% compared to 13.7% at year-end. The Tier 1 capital ratio was 9.3% (9.3% at 31 December 2008). The period's results and higher valuations of financial assets strengthened capital adequacy. The divestment of Aktia Life Insurance out of the Bank Group to the parent company Aktia plc also had a positive impact on capital adequacy. The Bank Group's capital adequacy remained at a good level, exceeding both the capital adequacy targets set internally and the requirements of the authorities.

The life insurance company's working capital amounted to EUR 85.0 million (EUR 50.4 million) and solvency 14.2% (8.5%).

The non-life insurance company's solvency capital was EUR 50.2 million. It reported risk carrying capacity of 83.6%.

Capital adequacy for the conglomerate amounted to 156.9% (135.2% at 31 December 2008). The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

Rating

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service remained on 23 September 2009 at the best classification, P-1, for short-term borrowing. The credit rating for long-term borrowing is A1 and that for financial strength C. All ratings have a stable outlook.

The covered bonds issued by subsidiary Aktia Real Estate Mortgage Bank plc have a Moody's credit rating of Aa1.

Valuation of financial assets

Value changes reported via the fund at fair value

Value changes in interest-bearing securities where the issuer has not announced an inability to pay and value changes in shares and participations which are not deemed to be long-term or significant are reported in the fund at fair value, which, taking cash flow hedging for the Group into consideration, amounted to EUR 43.7 million after deferred tax, compared to EUR -36.4 million at 31 December 2008. The cash flow hedging which comprises the basic market value for interest rate derivative contracts which have been acquired for the purposes of hedging the banking business' net interest income amounted to EUR 20.8 million (EUR 12.4 million).

Specification of the fund at fair value

EUR million	30.9.2009	31.12.2008	Change
Shares and participations			
Banking business	3.8	-1.5	5.3
Life insurance business	0.9	-2.9	3.8
Non-Life insurance business	-0.2	-	-0.2
Direct interest-bearing securities			
Banking business	14.9	-26.3	41.2
Life insurance business	3.4	-18.2	21.6
Non-Life insurance business	0.0	-	0.0
Cash flow hedging	20.8	12.4	8.4
Fund at fair value, total	43.7	-36.4	80.1

Value changes reported via income statement

The value of financial assets is written down where, in the case of shares, the value change has been announced as significant or long-term and, in the case of interest-bearing securities, where the issuer has announced an inability to pay. Previous write-downs are reversed for interest-bearing securities in the income statement and for shares in the fund at fair value.

Write-downs for the period totalled EUR 22.3 million (EUR 39.2 million at 31 December 2008) while write-downs for the third quarter amounted to EUR 1.7 million (EUR 8.5 million).

Of the period's write-downs, EUR 8.9 million was attributable to shares and participations in the investment portfolio of the life insurance company. EUR 13.4 million of the write-downs was attributable to interest-bearing securities, of which EUR 0.4 million was related to the bank's liquidity portfolio. The share risk in the life insurance company's investment portfolio has continued to be reduced and direct shareholdings amounted to EUR 3 million at the end of the third quarter. No write-downs have been implemented within the non-life insurance company's investment portfolio during the period.

Write-downs on financial assets

EUR million	1-9 2009	1-12 2008
Interest bearing securities		
Banking business	0.4	3.6
Life insurance business	13.1	5.1
Non-Life insurance business	-	-
Shares and participations		
Banking business	-	1.0
Life insurance business	8.9	29.4
Non-Life insurance business	-	-
Total	22.3	39.2

Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and guarantee claims totalled EUR -26.3 million. Reversals of write-downs from previous years came to EUR 0.3 million so that the cost effect on the profit for the period was EUR -25.9 million.

The weak economic situation continues to be reflected in the write-downs of corporate loans which, between January and September, amounted to EUR -23.5 million and to EUR -8.2 million during the last quarter, July – September. The period's write-downs of corporate loans corresponded to just under 3% of total corporate lending.

Write-downs of household loans amounted to EUR -2.1 million, EUR -0.5 million of which was accounted for by unsecured consumer loans. The period's write-downs of household loans was equivalent to 0.04% of total lending to households.

In addition to individual write-downs, group write-downs were made for households and small companies, where there were objective reasons to believe there was uncertainty in relation to the repayment of claims in underlying credit portfolios. Group write-downs for households and small companies remained unchanged and amounted to EUR -7.4 million at the end of the period.

Segment overview

Aktia plc's new division into business segments was changed from 1 January 2009 so that the segments Retail Banking and Corporate Banking & Treasury are combined into a segment entitled Banking Business. The other segments are Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous. The Miscellaneous segment includes Group administration, certain administrative functions and return on equity.

Comparative figures for 2008 relating to the new segmentation were published on 8 April 2009.

Banking business

The banking business' operating profit improved during the first nine months of the year to EUR 43.6 million (EUR 25.2 million). The operating profit for July - September was EUR 19.7 million (EUR 6.2 million).

Operating income totalled EUR 147.0 million (EUR 96.8 million). The improvement is mainly attributable to net interest income which increased to EUR 108.1 million (EUR 69.7 million).

The drop of short term interest rates has had a positive effect on net interest income through lower re-financing costs and hedging derivative instruments. Fixed-rate investments made at higher interest rates than the present as well as risk premiums remaining at a high level have allowed better returns from investments in the liquidity portfolio, which has had a positive effect on net interest income. During July - September net interest income amounted to EUR 39.2 million (EUR 23.5 million). Net commission income was EUR 23.7 million (EUR 22.8 million) for the reporting period. During July - September net commission income improved to EUR 8.7 million (EUR 6.9 million).

Operating expenses rose to EUR 77.6 million (EUR 71.3 million). The increase in costs includes an increased payment to the Deposit Guarantee Fund as well as increased rents as a result of selling off office premises during 2008.

The banking business' growth is primarily driven by retail customers. Sales activities are supported by the Aktia Dialogue concept whereby customers' needs are mapped out and Aktia's whole service portfolio is presented. The appearance of the branch offices has also been standardised. The banking business' customer base increased by 5,844 private customers (+2.2%) during the first nine months. The number of Internet banking agreements rose by 6.6% from the start of the year, amounting to 114,239.

The economic situation has brought with it increased write-downs of loans, particularly among a limited number of corporate customers. Write-downs of loans during the first nine months totalled EUR 25.9 million, of which EUR 8.2 million was reported during the third quarter.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased by 10.9% to EUR 4,819 million (EUR 4,343 million). Mortgage loans brokered by Aktia amounted to EUR 1,301 million (EUR 1,069 million). Aktia's market share in housing loans to households amounted to 4.2%. Aktia's total lending to private households made up 81.0% of the loan stock. The proportion of the total credit stock accounted for by corporate loans fell as planned from the year-end to 13.3% at the end of the period.

Total savings by households increased by 4.6% from the start of the year and amounted to EUR 3,041 million (EUR 2,907 million). Household deposits were EUR 2,358 million (EUR 2,359 million) and savings by households in mutual funds stood at EUR 683 million (EUR 548 million). The outward flow from the funds has ended.

Aktia Real Estate Mortgage Bank plc showed continued growth. The total credit stock grew by 22.3% to EUR 2,534 million. Of the loan stock, 51.3% or EUR 1,301 million was brokered by Aktia's branch offices and 48.7% by savings and local co-operative banks. In February, Aktia Real Estate Mortgage Bank plc issued a covered bond amounting to EUR 125 million with a floating interest rate and three-year maturity. The second bond was issued in June worth EUR 600 million with a fixed interest rate and five-year maturity.

The operating profit of the real estate agency business developed favourably and amounted to EUR 1.2 million (EUR -0.3 million), mainly as a result of cost adjustment and slightly more activity on the market during both the second and third quarter.

Asset Management

Operating profit for Aktia's asset management business fell to EUR 0.5 million (EUR 3.6 million) during the

first nine months. The market was slightly more positive during the third quarter than during the beginning of the year and Aktia fared relatively well in the market. The operating profit for the period included non-recurring items, mainly capital losses of approximately EUR 0.5 million. During July - September the operating profit amounted to EUR 0.5 million (EUR 1.5 million).

The Asset Management segment has continued to focus on private banking operations and institutional investors. In December 2008, Aktia acquired Kaupthing's Finnish asset management business, now operating under the name Aktia Invest. This acquisition strengthened Aktia's service portfolio, representing expertise which has been very much appreciated by institutional investors in Finland in recent years. Increased investment of resources in the private banking business has been initiated in Aktia's branch offices.

Operating income, i.e. income after reversals to the Group's other units and business partners, was EUR 10.6 million (EUR 10.5 million). Operating expenses increased by EUR 3.2 million to EUR 10.1 million, of which staff costs constituted EUR 5.6 million (EUR 3.5 million). This increase in costs is due to greater investment of resources in the private banking business and institutional investment activities.

The volume of funds managed and brokered by Aktia was EUR 3,488 million (EUR 2,490 million at 31 December 2008). Aktia's market share was 6.75% (6.0%) at the end of the period - this includes the share of managed funds. The total market is based on information from the Finnish Association of Mutual Funds. Assets managed by Aktia, including Aktia Asset Management and Aktia Invest, increased and amounted to EUR 5,680 million (EUR 4,538). The customer assets of Private Banking totalled EUR 755 million (EUR 738 million). The number of customers in Private Banking increased by approximately 2% during the first nine months.

Life Insurance

The contribution of the life insurance business to the Group's operating profit was EUR 3.0 million (EUR -1.2 million). The contribution to the Group's operating profit for July - September was EUR 2.8 million (EUR -4.9 million).

The segment's operating result for both the previous year and the reported period include non-recurring items that make comparison difficult. Such items include write-downs of the investment portfolio, changes in the discount rate for the interest-based provisions and capital gains from real estate holding divestments in 2008. These non-recurring items amounted to EUR

2.1 million (EUR 4.9 million) during January – September.

Premium income was EUR 53.5 million (EUR 64.9 million). The decrease in premium income is mainly due to the fact that the sales of large single premium policies have decreased. Premium volumes from unit-linked pension insurance schemes and risk insurance policies increased. Of the premium volume for savings and investment insurance and pension insurance, unit-linked insurance accounted for around 61% (66%).

Insurance claims and benefits totalled EUR 61.4 million (EUR 56.2 million). Increased payment of insurance claims and benefits resulted primarily from time investment-linked policies maturing as well as from increased pension and health insurance payments.

The operating expenses totalled EUR 9.9 million (EUR 9.8 million). Within the life insurance business, steps to streamline operations have continued, as has work to improve cost efficiency. Despite the additional expenses brought about by the modified principles for allocating the Group's administration expenses, expenses for the year are at the same level as the year before. The cost ratio was 101.5% compared with 99.1% for the corresponding period the year before. The sales organisation of the Life Insurance segment was transferred to Aktia Non-Life Insurance on 1 March 2009 and the ongoing streamlining measures taking place within Aktia Non-Life Insurance have also brought about certain non-recurring expenses for the life insurance business for the latest quarter of 2009. The coordination of sales distribution is expected to bring cost savings from 2010 onwards.

The return on the company's investments based on market value was 4.6% (-6.5%). To enable stable returns on investment in the long term, the risks in the portfolio have been further reduced. Net income from investment business has been adversely affected by write-downs entered against income of EUR 21.9 million.

Provisions totalled EUR 787 million (EUR 777 million at 31 December 2008), of which provisions for unit-linked insurance policies represented 24.2%. Unit-linked provisions amounted to EUR 191 million (EUR 150 million) and interest-linked provisions amounted to EUR 597 million (EUR 628 million). During the first and second quarter of the current financial year, the discount rate for certain elements of these provisions was increased and the average discount rate for all interest-bearing provisions is 3.6%. This increase reduced provisions by EUR 19.8 million and has a positive impact on the profit for the year.

The company's solvency improved to 14.2% compared to 8.5% at the year-end.

Non-Life Insurance

Aktia Non-Life Insurance was merged with Aktia plc on 1 January 2009. In 2008 and in previous years, the company has applied Finnish accounting principles (FAS). In conjunction with the merger, the company has, for consolidation reasons, started applying IFRS reporting principles. An opening balance according to IFRS was prepared as at 1 January 2009. The company's opening balance according to IFRS includes equity amounting to EUR 32 million, technical provisions amounting to EUR 99 million, while the balance sheet total stood at EUR 155 million.

The contribution of the non-life insurance business to the Group's operating profit for the first nine months was EUR -2.6 million. During July - September the contribution to the Group's operating profit was EUR 0.3 million.

Insurance premium income for Aktia Non-Life Insurance increased by approximately 4% on the corresponding period last year. This increase is well above the average growth in the market and is attributable to both private and corporate customers. Premium income before the reinsurers' share was EUR 54.3 million. Premium income for the period after the reinsurers' share and change of premium liabilities amounted to EUR 45.5 million. Claim expenditure amounted to a total of EUR 35.5 million. Operating expenses totalling EUR 15.6 million included EUR 1.1 million of the Group's administration costs. Write-downs on loans for the period totalled EUR 0.4 million. The total cost ratio was reduced to 112.3% (compared to 122.4% at the start of the year).

Net income from investment business amounted to EUR 2.4 million. The result from investment business was adversely affected by net capital losses totalling EUR -1.2 million which resulted from consciously reducing the level of risk in the investment portfolio and selling off all the company's stock market investments during the first quarter. The return on the company's investments based on market value was 1.5%.

Of the company's total provisions of EUR 111 million (EUR 99 million at 1 January 2009), the provisions for pay-out claims stood at EUR 86 million (EUR 79 million at 1 January 2009). The market value of the company's investment portfolio was EUR 140 million (EUR 131 million at 1 January 2009) and the company's risk carrying capacity was 84%.

The integration of Aktia Non-Life Insurance's distribution channels into Aktia's branch office network has increased customer activity particularly in the private customer sector.

Miscellaneous

Operating profit for the Miscellaneous segment was EUR 2.6 million (EUR 11.3 million) during the first nine months. The profit for the corresponding period in 2008 includes non-recurring items amounting to EUR 5.6 million. During 2008 much of Aktia's real estate holdings were disposed of which generated capital gains. Profit was also adversely affected by reduced rental incomes and increased rental costs to an overall effect of EUR 2.6 million.

The operating profit for July - September was EUR -0.1 million (EUR 4.6 million). The profit for the quarter was adversely affected by non-recurring expenses of EUR 1.6 million associated with Aktia's listing of shares on the Stock Exchange in September.

The Group's risk management

Risk exposure

The banking business includes Retail Banking (including financing company operations), Corporate Banking, Treasury and Asset Management. Life insurance business is carried out by Aktia Life Insurance, and non-life insurance business by Aktia Non-Life Insurance.

Lending-related risks within banking

There were no significant changes to the structure of the credit portfolio during the period. Mortgages increased 11.0% to EUR 4,481 million, accounting for 75.4% (74.4% at 31 December 2008) of the total credit stock. Aktia Real Estate Mortgage Bank's lending totalled EUR 2,403 million (EUR 1,968 million), of which EUR 1,170 million was brokered by savings and local co-operative banks. Overall, the proportion of household loans in the total credit stock increased to 81.0% (80.0%). Of loans to households, 88.5% (86.4%) are secured against adequate housing collateral in accordance with Basel 2.

The proportion of the total credit stock accounted for by corporate loans fell as planned from 14.4% at the year-end to 13.3% at the end of the period.

Lending to the general public secured against collateral objects or unsecured within the framework of the financing companies Aktia Corporate Finance and Aktia Card & Finance totalled EUR 83.3 million (EUR 63.8 million), representing 1.4% of total lending.

Credit stock by sector

EUR million	30.9.2009	31.12.2008	Change	Percentage
Corporate	789	804	-15	13.3
Housing associations	272	220	52	4.6
Public sector entities	11	12	-1	0.2
Non-profit organisations	56	47	9	0.9
Households	4,819	4,343	476	81.0
Total	5,946	5,426	521	100.0

Loans with payments 1-30 days overdue decreased during the period from 3.40% to 2.90% of the credit stock, including off-balance sheet guarantee commitments. Loans with payments 31-90 days overdue increased from 0.87% to 1.09%, totalling EUR 65.6 million. Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection, totalled EUR 41.7 million, corresponding to 0.69% (0.48%) of the entire credit stock plus bank guarantees.

Undischarged debts by time overdue (EUR million)

Days	30.9.2009	% of the credit stock	31.12.2008	% of the credit stock
1-30	174	2.90	187	3.40
of which households	118	1.97	110	2.01
31-90	66	1.09	48	0.87
of which households	42	0.69	34	0.63
91-	42	0.69	26	0.48
of which households	26	0.43	16	0.29

The Group's financing and liquidity risks and the actuarial risks in non-life insurance business

Within the banking business, financing and liquidity risks are defined as the availability of refinancing plus the differences in maturity between assets and liabilities. The financing and liquidity risks are dealt with at legal company level, and there are no financing commitments between the Bank Group and the insurance companies. The objective in the Bank Group is to be able to cover one year's refinancing requirements using existing liquidity. Despite uncertainty in the financial markets, the liquidity status remained good and in line with this objective.

Within the life insurance business, liquidity risks are defined as the availability of financing for paying out claims, savings sums and surrenders, and pensions. The need for liquidity is satisfied mainly through cash-flow and a portfolio of investment certificates which has been adapted in line with varying needs, while any unforeseen significant need for liquidity is taken care of through the liquidity portfolio of primarily bonds.

The actuarial risk in the non-life insurance business is related to the sufficiency of premium volumes in relation to claims expenditure. Since claims expenditure depends on the number of accidents and their scale, this may cause major fluctuations in the liquidity and financial performance of non-life insurance business. In order to reduce the actuarial volatility, Aktia Non-Life Insurance has underwritten re-insurance cover for both major individual damages and an unexpected abundance of damages of moderate scale.

The re-insurance cover also reduces the company's liquidity risk as the liquidity needs are catered for by cash flow and an adapted portfolio of bank deposits, investment certificates and government bonds.

Counterparty risks

Counterparty risks within Group Treasury's liquidity management operations

The banking business' liquidity portfolio – which is managed by Group Treasury – stood at EUR 2,660 million at 30 September 2009 (EUR 2,290).

Counterparty risks arising in relation to liquidity management and entry into derivative contracts are managed through conservative allocation and the requirement for high-level external ratings (minimum A3 rating from Moody's or equivalent). In addition, maximum exposure limits have been established for each counterparty and asset type. Individual investment decisions are made in accordance with an investment plan in place and are based on careful assessment of the counterparty.

Of the financial assets available for sale, 52% (49%) were investments in covered bonds, 35% (45%) were investments in banks, 10% (3%) were investments in state-guaranteed bonds and approximately 3% (3%) were investments in public sector entities and companies. Of these financial assets, 1.0% (0.9%) did not meet the internal rating requirements. As a result of a reduced credit rating, one security asset with a market value of EUR 4 million was no longer eligible for refinancing with the central bank. Other securities that are not eligible for refinancing due to the absence of a rating, totalled EUR 31 million.

During the period, write-offs totalling EUR -0.4 million were realised as a result of the issuer announcing its inability to pay.

Rating distribution for banking business

	30.9.2009	31.12.2008
Aaa	54.1%	49.4%
Aa1-Aa3	31.1%	42.3%
A1-A3	12.4%	4.9%
Baa1-Baa3	0.8%	0.9%
Ba1-Ba3	0.2%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	1.4%	2.5%
Total	100.0%	100.0%

Counterparty risks in the life insurance business

The direct interest rate investments in the life insurance company's investment business increased as a result of continued reallocation for the purpose of neutralising interest rate risk in technical provisions and totalled EUR 531 million (EUR 449 million) at the end of the period. Counterparty risks arising in connection with the life insurance company's investments are managed by the requirement for at least an "Investment grade" external rating (rating class Baa3 from Moody's or equivalent) and by rules concerning the maximal exposure for each counterparty and asset category.

At the end of the period, 46% (48%) of these direct interest rate investments were receivables from public sector entities, 21% (20%) were receivables from companies and 33% (32%) were receivables from banks and covered bonds.

1.7% of the direct interest rate investments did not meet the internal rating requirements at the end of the period.

During the period, write-offs totalling EUR -13.1 million were realised as a result of the issuer announcing its inability to pay. During the third quarter, the net effect of write-downs and reversals within write-downs previously implemented was EUR +0.3 million.

Rating distribution for life insurance business

	30.9.2009	31.12.2008
Aaa	53.4%	53.7%
Aa1-Aa3	13.4%	17.3%
A1-A3	19.3%	14.8%
Baa1-Baa3	7.8%	5.7%
Ba1-Ba3	0.5%	0.8%
B1-B3	0.6%	0.2%
Caa1 or lower	0.6%	0.0%
No rating	4.4%	7.6%
Total	100.0%	100.0%

Counterparty risks in the non-life insurance business

A conservative investment policy is observed in the non-life insurance business. The direct interest rate investments in the non-life insurance company's investment business increased as a result of continued reallocation and totalled EUR 106 million (EUR 73 million) at the end of the period.

At the end of the period, 64% (80%) of the direct interest rate investments were receivables from public sector entities, 9% (4%) were receivables from companies and 27% (16%) were receivables from banks and covered bonds.

During the period no write-downs were realised as a result of issuers announcing an inability to pay.

Rating distribution for non-life insurance business

	30.9.2009	31.12.2008
Aaa	56.9%	65.0%
Aa1-Aa3	16.4%	23.0%
A1-A3	22.9%	10.0%
Baa1-Baa3	2.9%	0.0%
Ba1-Ba3	0.5%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	0.4%	1.0%
Total	100.0%	99.0%

Market risks

Aktia pursues no trading activities. Both the financial assets within the banking business and the investment assets within the life and non-life insurance businesses are invested in securities with access to market prices on an active market, and are valued in accordance with official quoted prices. Any significant or long-term impairment of market value compared to the acquisition price is shown in the income statement, while interest-rate fluctuations are reported under the fund at fair value after the deduction of deferred tax.

Market value and structural interest rate risk within the banking business

Market value interest rate risk refers to changes in value as a result of interest rate fluctuations in financial assets available for sale. With an interest rate increase of one percentage point for financial assets available for sale, the net change of the fund at fair value at 30 September 2009 would be EUR -26.5 million (-27.2 million) after the deduction of deferred tax.

The net change in the fund at fair value relating to market value interest rate risk posted during the period and credit and spread risk was positive and totalled EUR 41.1 million after the deduction of deferred tax.

Structural interest rate risk arises as a result of an imbalance between interest rate basis and the re-pricing of assets and liabilities, and affects net interest income. Investments within the liquidity portfolio and hedging derivative instruments are exploited to reduce the volatility in net interest income.

A parallel upward shift in the interest rate curve of one percentage point would increase the net interest income of the banking business for the next 12 months by 1.5% (-5.4% at 31 December 2008) while the target for structural interest rate risk management is a maximum of -6%. For the next 12–24 months, the net interest income of the banking business would increase by +5.8% (-6.0% at 31 December 2008) while the target for structural interest rate risk management is a maximum of -8%.

A parallel downward shift in the interest rate curve of one percentage point would increase the net interest income of the banking business for the next 12 months by +0.1% (+6.3%), while the target for structural interest rate risk management is a maximum of -6%. For the next 12–24 months, the net interest income of the banking business would reduce by -5.0% (+7.9% at 31 December 2008), while the target for structural interest rate risk management is a maximum of -8%.

Other market risks within the banking business and the parent company

No equity trading or investments in real estate property is carried out in the banking business or in the parent company. At the end of the period, real estate assets totalled EUR 3.4 million (EUR 3.6 million). The investments in shares which are necessary or strategic to the business totalled EUR 31.0 (EUR 21.9 million). At the end of the period, the fund at fair value related to the above strategic share investments amounted to EUR 3.8 million after the deduction of deferred tax.

Investment risks in the life insurance business

The policyholder bears the investment risk of the investments that provide cover for unit-linked insurance policies. These investments are valued on an ongoing basis at fair value and any changes in value are posted to provisions for unit-linked insurance policies.

The investment portfolio covering the interest-based technical provisions is measured on an ongoing basis at market value. During the reporting period write-downs affecting profit were posted which were attributable to shares and participations totalling EUR -8.9 million, EUR -2.0 million of which was attributable to the third quarter. The net change in the fund at fair value for shares after acquisition eliminations posted during the period totalled EUR 0.9 million after the deduction of deferred tax.

As the economic situation made the investment market extremely challenging, the share risks have been reduced further and at the end of the period share holdings amounted to EUR 3 million (EUR 38 million at 31 December 2008).

The net change in the fund at fair value for interest-bearing securities posted during the period totalled EUR 3.4 million after the deduction of deferred tax.

The risks in the investment portfolio, such as credit risks, interest rate risks, currency risks, share risks and real estate risks, are measured and contained using different stress models including a VaR (Value at Risk) model, assuming maximum loss for 12 months and applying a probability level of 97.5%.

Allocation of holdings in the life insurance company's investment portfolio

EUR million	30.9.2009		31.12.2008	
	Value	%	Value	%
Shares	3	0.4%	38	5.5%
Bonds	582	84.1%	481	69.4%
Money market	40	5.8%	85	12.3%
Real estate	38	5.5%	43	6.2%
Other	29	4.1%	46	6.6%
Total	692	100.0%	693	100.0%

Investment risks in the non-life insurance business

The investment portfolio covering the technical provisions is measured on an ongoing basis at market value. In order to further reduce the level of risk in the investment portfolio, all listed share holdings were sold off during the reporting period.

During the period no write-downs affecting profit were posted that were attributable to shares and participations.

As the economic situation made the investment market extremely challenging, the decision was taken not to take share risks in the investment business of the non-life insurance company until further notice.

Allocation of holdings in the non-life insurance company's investment portfolio

EUR million	30.9.2009		31.12.2008	
	Value	%	Value	%
Shares	0	0.0%	26	18%
Bonds	111	73.4%	75	51%
Money market	9	5.7%	13	9%
Real estate	29	19.2%	30	20%
Other	2	1.6%	3	2%
Total	151	100.0%	147	100.0%

Operational risks

Operational risks refer to loss risks arising as a result of unclear or incomplete instructions, activities carried out contrary to instructions, unreliable information, deficient systems or actions taken by staff members. If an operational risk is realised, this can result in direct or indirect financial losses or tarnish the corporate image to the extent that the bank's credibility in the marketplace suffers. No significant incidents were recorded during the reporting period.

Close relations

Close relations refers to key personnel in management positions, Aktia plc's Board of Supervisors, members of the Board of Directors, and executive management (Managing Director and Deputy Managing Directors). Close relations also includes close family members of key personnel mentioned above as well as companies where key personnel in management positions exercise control or influence (more than 20% of share capital).

No significant changes in transactions with close relations during the period.

Personnel

Converted into full-time employees, the Group employed 1,206 people (1,037) at the end of September. The average number of full-time employees during the first nine months was 1,212 (1,001). During the period July – September, the average number of full-time employees fell by 1.

Codetermination negotiations in accordance with the Act on Co-operation within Undertakings in Aktia plc's subsidiary Aktia Non-Life Insurance Ltd, which commenced on 24 August 2009, have been completed. As a result of the negotiations, Aktia Non-Life Insurance Ltd has decided to reduce staff by approximately 30 persons. The savings made in this respect are approximately EUR 2.0 million p.a. The cost-effect of the staff reduction is estimated to be approximately EUR -1.0 million in the fourth quarter.

Share capital and ownership

At the end of September 2009, the paid-up share capital of Aktia plc as entered in the Finnish Trade Register was EUR 93,873,816, divided into 46,936,908 series A shares and 20,050,850 series R shares. Of the merger compensation in connection to the merger with Veritas Non-Life Insurance of 6,800,000 shares, a further 26,690 new series A shares were registered

on the book-entry account during the July –September period. The number of shareholders at the end of the period was 49,908. The inspection and registration of outstanding shares continues. Aktia estimates that the final number of shareholders might reach approximately 70,000.

Aktia's holding of treasury shares amounted to 536,288 shares, corresponding to 0.8% of all shares.

At an Extraordinary General Meeting of 21 December 2006, the Board of Directors was authorised to issue a maximum of 1,000,000 shares in order to create a share-based incentive scheme for key personnel in the Group. On 30 March 2009, on the basis of the authorisations given, the Board of Aktia plc implemented a directed share issue to designated persons in the company's executive management. In the issue, 12,490 new series A shares were issued at a subscription price of EUR 6.00 per share. The new shares in Aktia plc were registered in the Trade Register on 29 May 2009.

In relation to the Stock Exchange listing, Aktia's Board of Directors has decided to propose that a nomination committee be set up for the 2010 ordinary AGM tasked with putting forward proposals prior to the company's ordinary AGM on the appointment of members to the Board of Supervisors and auditors for Aktia as well as the fees for these. According to the proposal, the nomination committee would comprise of representatives from the three largest shareholders as well as the chairman of the Board of Supervisors as an expert member. The three shareholders holding the largest percentages of Aktia shares on 1 November in the year before the AGM would have the right to appoint a representative for the nomination committee.

The shareholders Helsinki Savings Bank Foundation, the Life Annuity Institution Hereditas and Veritas Pension Insurance Company have also informed Aktia that they will put forward proposals for appointments to the Board of Supervisors and auditors as well as fees for these for the term that starts after Aktia's 2010 AGM.

Largest 20 owners Ownership per 30 September 2009	A shares	R shares	Shares	Of shares, %	Votes	Of votes,%
Helsinki Savings Bank Foundation*	7,604,111	3,802,048	11,406,159	17.03	83,645,071	18.70
Life Annuity Institution Hereditas*	4,378,114	2,077,106	6,455,220	9.64	45,920,234	10.23
Pension Insurance Company Veritas	4,097,469	2,034,397	6,131,866	9.15	44,785,409	10.00
Espoo-Kauniainen Savings Bank Foundation*	2,346,585	1,173,292	3,519,877	5.25	25,812,425	5.76
Oy Hammarén & Co Ab	1,890,000	945,000	2,835,000	4.23	20,790,000	4.64
Svenska litteratursällskapet i Finland rf*	1,666,786	789,229	2,456,015	3.67	17,451,366	3.90
Vantaa Savings Bank Foundation*	1,514,900	813,012	2,327,912	3.48	17,775,140	3.97
Åbo Academy Foundation*	1,338,657	651,000	1,989,657	2.97	14,358,657	3.21
Porvoo Savings Bank Foundation*	1,303,050	651,525	1,954,575	2.92	14,333,550	3.20
Aktia Foundation in Vaasa*	978,525	537,262	1,515,787	2.26	11,723,765	2.62
Kirkkonummi Savings Bank Foundation*	876,529	438,264	1,314,793	1.96	9,641,809	2.15
Karjaa-Pohja Savings Bank Foundation*	787,350	393,675	1,181,025	1.76	8,660,850	1.93
Föreningen Konstsamfundet rf*	670,040	317,627	987,667	1.47	7,022,580	1.57
Inkoo Savings Bank Foundation*	646,236	323,118	969,354	1.45	7,108,596	1.59
Ab Kelonia Oy*	610,123	304,972	915,095	1.37	6,709,563	1.50
Sipoo Savings Bank Foundation*	426,002	231,001	657,003	1.03	5,082,022	1.13
Siuntio Savings Bank Foundation*	454,377	227,188	681,565	1.02	4,998,137	1.12
Svenska Folkskolans Vänner rf*	419,407	207,375	626,782	0.94	4,566,907	1.02
Swedbank AB plc	400,000	200,000	600,000	0.90	4,400,000	0.98
Etelä-Karjalan Säästöpankki	395,511	197,755	593,266	0.89	4,350,611	0.97
20 largest owners in total	32,803,772	16,314,846	49,118,618	73.39	359,136,692	80.18
Others	14,133,136	3,736,004	17,869,140	26.61	88,804,726	19.82
Total	46,936,908	20,050,850	66,987,758	100.00	447,941,418	100.00

* Part of shareholders' agreement concerning mutual first refusal of R shares. This agreement concerns 69% of R shares and 21% of total number of shares.

Aktia shares

Aktia plc's series A and R shares were listed on the NASDAQ OMX Helsinki exchange on 29 September 2009. The aim of the listing is to increase the opportunities of shareholders to trade in Aktia shares and enable effective pricing.

Aktia's trading codes are AKTAV for A series shares and AKTRV for R series shares. Aktia shares are classified as belonging to the 'Finance, regional banks' sector in keeping with the GICS index.

As at 30 September 2009, the closing price for an A series share was EUR 9.10 and for an R series share was EUR 9.40, indicating a market value of approx. EUR 616 million for Aktia.

Share information	A share	R share
Votes /share	1	20
Market data		
Market	NASDAQ OMX Helsinki	NASDAQ OMX Helsinki
Listed	29.9.2009	29.9.2009
ISIN	FI0009004734	FI0009015912
Code	AKTAV (OMX)	AKTRV (OMX)
List	OMXH Mid Caps	OMXH Mid Caps
Sector	Regional Banks	Regional Banks
Sector ID	40101015	40101015
Number of shares	46936908	20050850

Group structure

The merger of Veritas Mutual Non-Life Insurance Company with Aktia plc was implemented in accordance with the merger plan approved by both companies' Annual General Meetings and registered in the Trade Register on 1 January 2009. The non-life insurance company continues its business in the Aktia Group under the name Aktia Non-Life Insurance Company Ltd.

The Financial Supervisory Authority announced on 28 April 2009 that it had approved Aktia Bank plc's sale of its shares in Aktia Life Insurance to the Group's parent company Aktia plc. The transaction did not affect the operational business of Aktia Life Insurance. The contract price corresponded to the reported net asset value of the life insurance company which stood at EUR 45.5 million on 28 February 2009. The effect of the transaction is eliminated at Group level.

Resolutions by the AGM

The Annual General Meeting of Aktia plc held on 30 March 2009 adopted the financial statements of the parent company and the consolidated financial statements and discharged the Board of Supervisors, the Board of Directors, the Managing Director and his deputy from liability.

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided to distribute a dividend of EUR 0.15 per share totalling EUR 10,046,290.20 for the period 1 January - 31 December 2008. The dividend was paid 9 April 2009.

The Annual General Meeting established the number of members on the Board of Supervisors to be thirty five. The following nine members of the Board of Supervisors, whose term expired at the Annual General Meeting, were re-elected for a three-year period:

- Harriet Ahlnäs, Principal, M.Sc.(Eng.), Porvoo
- Roger Broo, Administrative Director, M.Sc. (Pol.), Turku
- Christoffer Grönholm, Chief Secretary, D.Sc. (Pol.), Helsinki
- Kari Kyttä, LL.M., Nummi-Pusula
- Per Lindgård, Teacher, Bromarv
- Henrik Rehnberg, Farmer, Engineer, Siuntio
- Henrik Sundbäck, Consultant, M.Sc.(Agriculture and Forestry), Porvoo
- Sture Söderholm, Lic. Odont., Hanko
- Henry Wiklund, Chamber Counsellor, M.Sc. (Econ.), Helsinki

The following new members of the Board of Supervisors were elected for a three-year term ending at the close of the AGM in 2012:

- Anna Bertills, Political Adviser, M.Sc. (Pol.), Vöyri/Helsinki
- Gun Kapténs, Municipal Manager, M.Sc. (Pol.), Luoto
- Bo Linde, Ombudsman, M.Sc. (Econ.), Vaasa

The following new members of the Board of Supervisors were elected for a two-year term ending at the close of the AGM in 2011:

- Bengt Sohlberg, Agricultural Entrepreneur, Agrolgist, Siuntio

The following new members of the Board of Supervisors were elected for a two-year term ending at the close of the AGM in 2010:

- Jan-Erik Stenman, Managing Director, LL.M., Turku

The Annual General Meeting established the number of auditors as one. PricewaterhouseCoopers Ab was re-appointed auditor for the financial year starting on 1 January 2009, with Jan Holmberg, APA, as the auditor in charge.

The AGM adopted the proposal of the Board of Directors regarding resolutions for share issue authorisations. The proposal has been published at www.aktia.fi.

Events after the end of the reporting period

Aktia Real Estate Mortgage Bank issued a covered bond with a nominal value of EUR 150 million, a fixed interest rate and three-year maturity on 30 October 2009.

Outlook for the rest of the year

During the fourth quarter, it is expected that the Group's operating profit will reach the same level as in the two first quarters. A sustained good credit rating and the Group's strengthened capital base are expected to enable refinancing and moderate growth even in the current market situation.

The economic situation has brought about a higher level of write-downs, and a new deterioration in the financial situation could lead to permanent reductions in the value of individual investments that are currently deemed to be of good quality. This would have a negative effect on the Group's result. In addition, a requirement for higher returns among investors may lead to a general price decrease in financial assets, which would have a negative effect on Aktia's capital adequacy.

The importance of cost effectiveness will further increase in the current economic and competitive situation.

Calendar 2010	
15.2.2010	Accounts Announcement 2009
25.3.2010 at 4 p.m.	Annual General Meeting
7.5.2010	Interim Report for January - March 2010
12.8.2010	Interim Report for January - June 2010
4.11.2010	Interim Report for January - September 2010

Key figures and basis of calculation of key figures at the end of each reporting period

Key figures

(EUR million)	1-9 2009	1-9 2008	Change, %	1-6 2009	1-3 2009	1-12 2008
Earnings per share (EPS), EUR	0.50	0.47	6.38	0.26	0.11	0.09
Equity per share (NAV), EUR	6.51	4.28	52.10	5.51	4.83	4.85
Return on equity (ROE),%	11.1	12.5	-	9.2	8.7	1.8
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	1.70	-0.79	-	0.70	0.02	-0.22
Capital adequacy ratio,% (conglomerate)	156.9	113.8		144.2	133.1	135.2
Average number of shares, million	66.4	60.2		66.4	66.4	60.2
Number of shares at end of period, million	66.5	60.2		66.5	66.4	60.2
Personnel (FTEs), average number of employees from the beginning of the financial year	1,212	1,001	21.08	1,213	1,204	1,010
Banking Business (incl. Private Banking)						
Cost-to-income ratio	0.54	0.66	-18.18	0.57	0.70	0.65
Borrowing from the public, EUR million	3,082	3,072	0.33	3,080	3,088	3,098
Lending to the public, EUR million	5,946	5,287	12.46	5,820	5,592	5,426
Capital adequacy ratio,%	15.7	12.0		14.7	14.2	13.7
Tier 1 capital ratio,%	9.3	9.9		9.2	9.0	9.3
Risk-weighted commitments, EUR million	3,493	3,247	7.58	3,395	3,335	3,313
Asset Management						
Mutual fund volume, EUR million	3,488	1,709	104.10	2,927	2,415	2490,*)
Managed and brokered assets, EUR million	5,680	3,586	58.39	5,083	4,515	4,538
Life Insurance						
Premium income before reinsurers' share, EUR million	53.7	65.1	-17.51	36.0	20.6	91.4
Expense ratio,%	101.5	99.1		106.3	115.4	99.0
Working capital, EUR million	85.0	52.9	60.68	65.6	40.0	50.4
Solvency ratio,%	14.2	8.4		11.2	7.1	8.5
Investments at fair value, EUR million	849.7	879.0	-3.33	813.1	774.8	804.6
Technical provisions for interest-linked policies, EUR million	596.6	654.9	-8.90	599.1	614.5	627.6
Technical provisions for unit-linked policies, EUR million	190.5	171.9	10.82	168.6	146.5	149.6
Non-Life Insurance						
Premium income before reinsurers' share, EUR million	54.3	-		44.0	28.8	
Premium income, EUR million	27.1	-		29.3	13.9	
Operating cost percentage,%	26.6	-		26.1	28.9	
Loss ratio,%	85.8	-		88.2	93.5	
Total cost percentage,%	112.3	-		114.3	122.4	
Technical provisions before reinsurers' share, EUR million	110.9	-		116.8	114.7	
Solvency capital, EUR million	50.2	-		46.9	48.0	
Solvency ratio of technical provisions,%	47.7	-		42.6	43.7	
Solvency percentage (risk carrying capacity),%	83.6	-		78.9	80.8	

*) Including fund volume of Aktia Invest from December 2008.

Basis of calculation for key figures

Earnings per share, EUR

$\frac{\text{Profit for the year after taxes attributable to the shareholders of Aktia Plc}}{\text{Average number of shares over the period (adjusted for share issue)}}$

Equity per share, EUR

$\frac{\text{Equity attributable to the shareholders of Aktia Plc}}{\text{Number of shares at the end of the period}}$

Return on equity (ROE),%

$\frac{\text{Profit for the period (on annual basis)}}{\text{Average equity}} \times 100$

Capital adequacy ratio,% - Financial and Insurance Conglomerate

$\frac{\text{The total capital base of the conglomerate (equity including sector-specific assets and deductions)}}{\text{Minimum requirement for the conglomerate's own assets (credit institution + insurance business)}}$

The capital adequacy of the conglomerate is regulated by section 3 of the Act on the Supervision of Financial and Insurance Conglomerates and its related decree.

Banking business

Cost/income ratio, figure

$\frac{\text{Total operating expenses}}{\text{Total operating income}}$

Risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivatives valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervisory Authority. The capital requirements for operative risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

Capital adequacy ratio,%

$\frac{\text{Capital base (Tier 1 capital + Tier 2 capital)}}{\text{Risk-weighted commitments}} \times 100$

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

Tier 1 Capital ratio,%

$\frac{\text{Tier 1 capital}}{\text{Risk-weighted commitments}} \times 100$

Life Insurance

Expense ratio,%

$\frac{(\text{Operating costs} + \text{cost of claims paid})}{\text{Total expense loadings}} \times 100$

Total expense loadings are a position which, according to actuarial calculations, should cover the costs. The operating costs do not include the re-insurers' provisions. The total expense loadings include all payment positions.

Solvency ratio,%

$\frac{\text{Solvency capital}}{\text{Technical provision - equalisation provision - 75% of provisions for unit-linked insurance}} \times 100$

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

Non-Life Insurance

Loss ratio (excluding discounting of pension liabilities),%

$\frac{\text{Claims paid and claim processing costs}}{\text{Premium income}} \times 100$

Operating cost percentage,%

$\frac{\text{Operating costs excl. claim processing costs}}{\text{Premium income}} \times 100$

Total cost percentage%

Loss ratio + operating cost percentage

The non-life insurance key indicators for loss ratio and operating cost percentage have been calculated on the basis of function-specific costs and cannot therefore be calculated directly from the consolidated or segment's profit and loss statement

Solvency ratio of provisions,%

$\frac{\text{Solvency capital}}{\text{Technical provisions after reinsurers' share - equalisation provisions}}$

Solvency percentage (risk carrying capacity),%

$\frac{\text{Solvency capital}}{\text{Premium income for the last 12 months}}$

Consolidated financial statements for the Aktia Group

Consolidated income sheet

(EUR million)	1-9 2009	1-9 2008	Change	1-12 2008
Net interest income	112.4	74.3	51.3%	101.0
Dividends	0.6	1.3	-55.3%	1.4
Commission income	42.3	37.2	13.7%	48.7
Commission expenses	-10.5	-5.5	91.4%	-7.7
Net commission income	31.8	31.7	0.3%	41.0
Net income for life insurance	10.8	9.2	17.9%	-33.8
Net income for non-life insurance	13.7	-	-	-
Net income from financial transactions	9.0	-0.2	-	-3.4
Net income from investment properties	0.3	2.9	-89.0%	6.0
Other operating income	3.0	7.0	-56.2%	15.0
Total operating income	181.7	126.3	43.9%	127.2
Staff costs	-57.5	-45.4	26.6%	-60.6
Other administrative expenses	-31.8	-28.3	12.6%	-38.4
Negative goodwill recorded as income	0.1	-	-	-
Depreciation of tangible and intangible assets	-5.3	-4.4	19.4%	-5.7
Other operating expenses	-17.1	-11.8	44.6%	-16.2
Total operating expenses	-111.5	-89.9	24.0%	-120.9
Impairment and reversing items of tangible and intangible assets	-0.2	1.0	-	0.7
Write-downs on credits	-26.3	-0.3	-	-0.7
Share of profit from associated companies	0.7	0.2	204.5%	0.2
Operating profit	44.4	37.3	19.0%	6.6
Taxes	-11.8	-8.7	36.7%	-0.8
Profit for the reporting period	32.6	28.7	13.7%	5.8
Attributable to:				
Shareholders in Aktia plc	33.1	28.1	18.0%	5.2
Minority interest	-0.6	0.6	-	0.6
Total	32.6	28.7	13.7%	5.8
Earnings per share, EUR, attributable to shareholders in Aktia plc	0.50	0.47		0.09
Earnings per share, EUR, after dilution	0.50	0.47		0.09

Consolidated statement of comprehensive income

(EUR million)	1-9 2009	1-9 2008	Change	1-12 2008
Profit for the reporting period	32.6	28.7	13.7%	5.8
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	67.2	-76.7	-	-57.7
Change in valuation of fair value for cash flow hedging	8.4	-0.1	-	13.6
Transferred to the income statement for financial assets available for sale	4.5	1.2	279.1%	25.4
Transferred to the income statement for cash flow hedging	-	-	-	-0.3
Total comprehensive income for the period	112.7	-47.0	-	-13.1
Total comprehensive income attributable to:				
Shareholders in Aktia plc	113.2	-47.3	-	-13.2
Minority interest	-0.5	0.4	-	0.1
Total	112.7	-47.0	-	-13.1

Consolidated balance sheet

(EUR million)	30.9.2009	31.12.2008	Change	30.9.2008
Assets				
Cash and balances with central banks	274.7	506.3	-45.7%	337.0
Financial assets reported at fair value through profit and loss	26.0	19.5	33.6%	18.6
Interest-bearing securities	3,291.9	2,808.5	17.2%	2,383.3
Shares and participations	197.7	228.9	-13.6%	343.5
Financial assets available for sale	3,489.6	3,037.3	14.9%	2,726.8
Financial assets held until maturity	30.9	35.9	-13.9%	45.8
Derivative instruments	219.3	137.0	60.1%	75.6
Lending to credit institutions	122.8	100.5	22.1%	70.7
Lending to the public and public sector entities	5,946.4	5,425.7	9.6%	5,287.3
Loans and other receivables	6,069.2	5,526.2	9.8%	5,358.0
Investments for unit-linked provisions	190.5	148.1	28.6%	172.0
Investments in associated companies	4.9	4.5	8.8%	4.5
Intangible assets	11.9	10.4	14.7%	8.9
Investment properties	28.2	3.6	677.8%	16.0
Other tangible assets	8.3	6.1	34.9%	27.9
Accrued income and advance payments	72.7	79.1	-8.2%	82.4
Other assets	284.9	7.2	-	35.1
Total other assets	357.6	86.3	314.3%	117.6
Income tax receivables	3.4	2.4	41.3%	4.1
Deferred tax receivables	8.4	15.6	-46.3%	18.3
Tax receivables	11.8	18.0	-34.6%	22.4
Assets classified as held for sale	0.8	0.8	0.0%	0.8
Total assets	10,723.8	9,540.1	12.4%	8,931.7
Liabilities				
Liabilities to credit institutions	1,706.6	1,916.9	-11.0%	1,051.3
Liabilities to the public and public sector entities	3,082.0	3,098.3	-0.5%	3,072.4
Deposits	4,788.6	5,015.3	-4.5%	4,123.7
Financial liabilities reported at fair value through profit and loss	-	4.6	-	-
Derivative instruments	141.6	84.7	67.1%	66.5
Debt securities issued	2,620.9	2,118.7	23.7%	2,154.9
Subordinated liabilities	248.1	246.9	0.5%	206.5
Other liabilities to credit institutions	1,047.0	502.1	108.5%	929.4
Other liabilities to the public and public sector entities	189.8	262.8	-27.8%	110.7
Other financial liabilities	4,105.9	3,130.5	31.2%	3,401.5
Technical provision (excl. technical provision for unit-linked insurances)	717.7	627.6	14.4%	654.9
Technical provisions for unit-linked insurances	190.5	149.6	27.4%	171.9
Accrued expenses and income received in advance	63.1	81.2	-22.3%	97.7
Other liabilities	178.2	87.8	103.0%	107.1
Total other liabilities	241.3	169.0	42.8%	204.7
Provisions	0.8	0.9	-11.7%	1.1
Income tax liabilities	8.3	3.0	178.6%	5.9
Deferred tax liabilities	66.3	38.0	74.5%	29.1
Tax liabilities	74.5	40.9	82.1%	35.1
Liabilities for assets classified as held for sale	0.2	0.2	0.0%	0.3
Total liabilities	10,261.1	9,223.3	11.3%	8,659.8
Equity				
Restricted equity	147.9	54.3	172.6%	-2.8
Unrestricted equity	284.7	237.5	19.8%	260.4
Shareholders' share of equity	432.6	291.8	48.3%	257.7
Minority interest's share of equity	30.0	25.0	20.2%	14.3
Equity	462.6	316.8	46.0%	271.9
Total liabilities and equity	10,723.8	9,540.1	12.4%	8,931.7

Consolidated cash flow statement

(EUR million)	1-9 2009	1-9 2008	1-12 2008
Cash flow from operating activities			
Operating profit	44.4	37.3	6.6
Adjustment items not included in cash flow for the period	49.7	8.2	34.2
Paid income taxes	-10.7	-14.3	-16.1
Cash flow from operating activities before change in operating receivables and liabilities	83.4	31.2	24.7
Increase (-) or decrease (+) in receivables from operating activities	-1,098.8	-923.0	-1,331.0
Increase (+) or decrease (-) in liabilities from operating activities	807.3	1,031.0	1,515.0
Total cash flow from operating activities	-208.1	139.2	208.6
Cash flow from investing activities			
Financial assets held until maturity	5.0	-	10.0
Acquisition of subsidiaries and associated companies *)	16.3	-28.2	-28.2
Divestment of subsidiaries and associated companies	0.0	-	-
Investments in tangible and intangible assets	-5.8	-20.7	-24.4
Proceeds from sale of tangible and intangible assets	2.4	24.2	66.3
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	6.6	3.8	3.8
Total cash flow from investing activities	24.5	-21.0	27.5
Cash flow from financing activities			
Subordinated liabilities	1.9	15.3	55.3
Increase of share capital	0.0	0.0	0.0
Increase of unrestricted equity reserve	0.0	0.1	0.1
Paid dividends	-10.0	-20.1	-20.1
Total cash flow from financing activities	-8.1	-4.6	35.4
Change in cash and cash equivalents	-191.6	113.6	271.6
Cash and cash equivalents at the beginning of the period	512.4	240.8	240.8
Cash and cash equivalents at the end of the period	320.7	354.4	512.4
Cash and cash equivalents in the cash flow statement consist of the following items:			
Cash in hand	8.6	10.1	10.0
Insurance operation's cash and cash equivalents	5.9	1.4	3.7
Bank of Finland current account	260.2	325.4	492.6
Loans to credit institutions repayable on demand	46.0	17.5	6.0
Total	320.7	354.4	512.4
Adjustment items not included in cash flow for the period consist of:			
Write-downs of financial assets	22.3	0.3	39.2
Write-downs on credits	25.9	-	0.7
Change in fair value	-3.1	1.6	2.0
Depreciation, amortisation and impairment of tangible and intangible assets	5.5	4.4	6.0
Share of profit from associated companies	-0.4	-0.2	-0.2
Capital gains and losses from the sale of tangible and intangible assets	-0.4	-5.4	-12.5
Negative goodwill recorded as income	-0.1	-	-
Other adjustments	0.0	7.5	-1.0
Total	49.7	8.2	34.2

*) The amount for 2008 includes the additional contract price for the acquisition of Aktia Life Insurance Ab.

Change in Quarterly trends in Aktia Group

(EUR million)	3Q 2009	2Q 2009	1Q 2009	4Q 2008	3Q 2008	2Q 2008	1Q 2008
Net interest income	40.5	39.4	32.5	26.7	25.2	25.3	23.9
Dividends	0.0	0.5	0.1	0.1	0.0	1.3	0.1
Net commission income	11.3	11.0	9.5	9.3	9.4	11.8	10.6
Net income for life insurance	3.8	1.7	5.4	-42.9	-2.0	5.1	6.0
Net income for non-life insurance	6.3	5.5	2.0	-	-	-	-
Net income from financial transactions	3.7	5.7	-0.4	-3.2	-3.0	1.7	1.2
Net income from investment properties	0.1	0.1	0.1	3.1	1.3	0.4	1.3
Other operating income	1.2	1.0	0.8	8.0	3.0	2.1	1.8
Total operating income	66.8	65.0	50.0	1.0	33.9	47.6	44.8
Staff costs	-18.3	-18.9	-20.3	-15.2	-12.7	-16.7	-16.0
Other administrative expenses	-9.5	-11.6	-10.7	-10.1	-8.8	-10.2	-9.3
Negative goodwill recorded as income	-	-	0.1	-	-	-	-
Depreciation of tangible and intangible assets	-1.8	-1.7	-1.8	-1.3	-1.6	-1.5	-1.3
Other operating expenses	-6.5	-5.2	-5.4	-4.4	-3.6	-4.4	-3.7
Total operating expenses	-36.1	-37.4	-38.0	-31.0	-26.7	-32.9	-30.3
Impairment and reversing items of tangible and intangible assets	-	-0.2	0.0	-0.3	0.3	0.8	-
Write-downs on credits	-8.5	-16.2	-1.6	-0.4	-0.3	0.0	0.0
Share of profit from associated companies	0.1	0.5	0.0	0.0	0.3	0.1	-0.2
Operating profit	22.4	11.7	10.3	-30.7	7.4	15.7	14.2

Aktia Group's equity

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Unrestricted equity	Retained earnings	Shareholders' share of equity	Minority interest share of equity	Total equity
Equity as at 1 January 2009	80.2	10.4	-36.4	45.4	192.1	291.8	25.0	316.8
Share issue	13.6			27.2		40.9		40.9
Acquisition of own shares					-3.2	-3.2		-3.2
Dividends to shareholders					-10.0	-10.0		-10.0
Total comprehensive income for the period			80.1		33.0	113.2	-0.5	112.7
Other change in equity		0.0				0.0	5.5	5.5
Equity as at 30 September 2009	93.9	10.4	43.8	72.7	211.9	432.6	30.0	462.6
Equity as at 1 January 2008	80.2	10.0	-18.0	45.3	207.0	324.5	14.5	339.0
Share issue	0.0					0.0		0.0
Acquisition of own shares						0.0		0.0
Dividends to shareholders					-20.1	-20.1		-20.1
Total comprehensive income for the period			-75.6		28.3	-47.3	0.4	-47.0
Other change in equity		0.4		0.1	0.0	0.5	-0.6	-0.1
Equity as at 30 September 2008	80.2	10.3	-93.6	45.4	215.2	257.7	14.3	271.9

In the acquisition of Veritas Mutual Non-Life Insurance Company compensation for the merger was given in the form of 6,800,000 A-shares with a nominal value of EUR 2.00 per share and a subscription price of EUR 6.00 per share. Of the compensation for merger EUR 13.6 million was entered under share capital and EUR 27.2 million under unrestricted equity reserve. The company continues to operate within the Aktia Group under the name Aktia Non-Life Insurance Ltd.

The Board of Directors has an authorisation from the extraordinary General Meeting on 21.12.2006 to issue new shares as incentives for key personnel in the Group. On 30 March 2009, Aktia's Board of Directors decided, supported by this authorisation to issue shares, on a directed share issue to named persons in the company's senior executive management. Hereby 12,490 new A-shares were issued to a subscription price of EUR 6.00 per share and a nominal value of EUR 2.00 per share. Of the EUR 75,000 compensation for merger EUR 25,000 was entered under share capital and EUR 50,000 under unrestricted equity reserve.

Notes to the Interim Report

Note 1 Basis for preparing interim reports and important accounting principles

Basis for preparing the interim report

Aktia plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU.

The interim report for the period 1 January – 10 September 2009 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim financial report does not contain all the information and notes required for an annual report and should therefore be read together with the Group's annual report of 31 December 2008.

The figures in this report are presented so that income statement items are compared with the corresponding period of the previous year, while the comparison of balance sheet items relates to 31 December 2008 unless specified otherwise. Balance sheet items are mainly given in EUR million.

Aktia plc's financial statement and interim reports are available on Aktia's website www.aktia.fi.

The interim report for the period 1 January – 30 September 2008 was approved by the Board of Directors on 9 November 2009.

Important accounting principles

In preparing this interim report the Group has, for the most part, followed the accounting principles applicable to the annual report of 31 December 2008.

The presentation of profit and loss account has changed so that the net income from insurance business including insurance premium income, net income from

investment activities, claims paid out and change in provisions is reported as net income under operating income. This net amount is shown separately for the life insurance business (Net income for life insurance) and for the non-life insurance business (Net income for non-life insurance).

The subsidiaries Aktia Card & Finance Ab, Aktia Corporate Finance Ab and Aktia Asset Management Oy Ab have certain redemption clauses, and they have been transferred from minority interests to liabilities in accordance with IAS 32.25(a) as of 31 December 2008. This change in liabilities is reported in the income statement as personnel costs in 2009.

The accounting principles have also been defined more precisely with regard to interest-bearing securities. In addition to default, interest-bearing securities are reviewed individually to assess the need for write-downs in the event that the price of the security has fallen by more than 50% and the instrument rating has fallen below investment grade (BB+, Ba1 or lower).

New accounting standards valid from 2009:

IAS 1 Presentation of Financial Statements (revised)

This standard has been revised in order to provide better information for analysing and comparing companies. From 1 January 2009, the Group publishes a profit and loss statement and a statement of comprehensive income. The change in the Group's equity includes transactions with owners.

IFRIC 13 Customer Loyalty Programmes

This interpretation deals with reporting on customer loyalty programmes. The Group had a bonus programme that is to be closed, Aktia Bonus. This bonus scheme has already been dealt with in the accounts in accordance with IFRIC 13 which is why the introduction of this standard will not affect the Group's financial results or standing. Bonus liabilities for the comparison year 2008 have been moved from other liabilities to accruals.

Note 2 Segment reporting

Segments

From 1 January 2009, the reported segments are Banking Business, Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous. Comparative figures for 2008 relating to the new segmentation were published on 8 April 2009.

The Banking Business segment includes Aktia Bank plc's branch office operation, corporate banking and treasury as well as subsidiaries Aktia Real Estate Mortgage Bank plc, Aktia Card & Finance, Aktia Corporate Finance Ab and the real estate agencies. Asset Management includes Aktia Bank plc's private bank in Helsinki and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management Oy Ab. Life Insurance includes Aktia Life Insurance Ltd. Non-Life Insurance includes Aktia Non-Life Insurance Company Ltd. Miscellaneous includes Group management in Aktia plc and certain administrative functions in Aktia Bank plc that are not allocated to the various segments. This segment also includes Vasp-Invest Ab.

Allocation principles

Net interest income in the various segments, especially in Banking Business, includes the margins on volumes of borrowing and lending. Reference interest rates for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity and balance protection measures for which management has issued authority. The various segments receive, or are charged with, internal interest based on the average surplus or deficit in liquidity during the period. The costs of central support functions are allocated to the segments in accordance with various allocation rules. Until further notice, Aktia is not allocating equity to the various segments. Miscellaneous consists of any items in the income statement and balance sheet that are not allocated to the various segments. Internal Group transactions between legal entities are eliminated and reported within each segment if the legal entities are in the same segments. Internal Group transactions between legal entities in different segments are included in the eliminations. The share of profits in associated undertakings and the minority interest's share are included in the eliminations.

Group's segment reporting

Income statement (EUR million)	Banking business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		Eliminations		Total Group	
	1-9 2009	1-9 2008	1-9 2009	1-9 2008	1-9 2009	1-9 2008	1-9 2009	1-9 2008	1-9 2009	1-9 2008	1-9 2009	1-9 2008	1-9 2009	1-9 2008
Net interest income	108.1	69.7	1.7	1.3	-	-	-	-	1.9	3.3	0.7	0.0	112.4	74.3
Dividends	0.1	0.3	0.0	0.1	-	-	-	-	1.8	2.3	-1.3	-1.4	0.6	1.3
Net commission income	23.7	22.8	9.0	8.5	-	-	-	-	4.3	2.3	-5.1	-1.9	31.8	31.7
Net income from life-insurance	-	-	-	-	18.6	42.5	-	-	-	-	-7.8	-33.3	10.8	9.2
Net income from non-life insurance	-	-	-	-	-	-	12.5	-	-	-	1.2	-	13.7	-
Net income from financial transactions	8.8	-0.7	-0.2	0.4	0.4	-	-	-	0.0	0.1	-	-	9.0	-0.2
Net income from investment properties	0.0	0.0	-	-	-	-	-	-	0.4	3.0	-0.1	-0.1	0.3	2.9
Other operating income	6.3	4.6	0.1	0.1	-	-	0.3	-	2.2	6.7	-5.8	-4.4	3.0	7.0
Total operating income	147.0	96.8	10.6	10.5	19.0	42.5	12.8	0.0	10.5	17.8	-18.2	-41.2	181.7	126.3
Staff costs	-26.5	-26.7	-5.6	-3.5	-4.3	-5.3	-9.7	-	-11.6	-9.9	0.1	-	-57.5	-45.4
Other administrative expenses	-41.3	-37.2	-3.3	-2.6	-5.3	-4.2	-5.2	-	13.0	9.1	10.3	6.6	-31.8	-28.3
Negative goodwill recorded as income	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-
Depreciation of tangible and intangible assets	-1.7	-1.4	-0.6	-0.3	-0.3	-0.3	-0.4	-	-1.5	-1.1	-0.7	-1.2	-5.3	-4.4
Other operating expenses	-8.0	-6.1	-0.6	-0.4	-	-	-0.2	-	-7.8	-5.5	-0.3	0.1	-17.1	-11.8
Total operating expenses	-77.6	-71.3	-10.1	-6.9	-9.9	-9.8	-15.6	0.0	-7.9	-7.5	9.5	5.6	-111.5	-89.9
Impairment and reversing items of tangible and intangible assets	-	-	-	-	-	-	-	-	-	1.0	-0.2	-	-0.2	1.0
Write-downs of credits and other commitments	-25.9	-0.3	-	-	-	-	-0.4	-	-	-	-	-	-26.3	-0.3
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	0.7	0.2	0.7	0.2
Operating profit	43.6	25.2	0.5	3.6	9.1	32.6	-3.2	0.0	2.6	11.3	-8.3	-35.4	44.4	37.3
Contribution of insurance business to the Group's operating profit	-	-	-	-	3.0	-1.2	-2.6	-	-	-	-	-	-	-

Balance sheet (EUR million)	Banking business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		Eliminations		Total Group	
	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008	30.9.2009	31.12.2008
Cash and balances with central banks	268.7	502.5	0.1	0.1	8.5	13.4	8.7	-	-	-	-11.2	-9.7	274.7	506.3
Financial assets reported at fair value through profit and loss	3.6	4.5	-	-	10.3	14.9	12.1	-	-	-	-	-	26.0	19.5
Financial assets available for sale	2,686.7	2,355.0	6.9	13.2	663.9	648.6	102.0	-	51.3	37.0	-21.2	-16.4	3,489.6	3,037.3
Loans and other receivables	6,103.6	5,520.2	27.9	17.6	-	-	-	-	0.1	0.1	-62.4	-11.7	6,069.2	5,526.2
Investments for unit-linked provisions	-	-	-	-	190.5	148.1	-	-	-	-	-	-	190.5	148.1
Other assets	890.5	465.9	4.5	7.2	16.0	21.5	41.0	-	52.9	120.4	-331.3	-312.3	673.7	302.6
Total assets	9,953.2	8,848.1	39.5	38.1	889.2	846.6	163.8	0.0	104.2	157.4	-426.1	-350.2	10,723.8	9,540.1
Deposits	4,650.0	4,898.8	153.0	130.1	-	-	-	-	3.6	1.6	-18.0	-15.2	4,788.6	5,015.3
Debt securities issued	2,640.7	2,134.1	-	-	-	-	-	-	-	-	-19.8	-15.3	2,620.9	2,118.7
Technical provision for life insurance business	-	-	-	-	787.1	777.2	110.9	-	-	-	10.2	-	908.2	777.2
Other liabilities	1,744.9	1,174.5	5.2	15.9	16.2	11.1	24.2	-	312.2	228.0	-159.3	-117.4	1,943.4	1,312.1
Total liabilities	9,035.5	8,207.4	158.2	146.1	803.3	788.3	135.1	0.0	315.8	229.6	-186.8	-148.0	10,261.1	9,223.3

Note 3 Derivatives and off-balance sheet commitments

Derivative instruments at 30 September 2009 (EUR million)

Hedging derivative instruments	Total, nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,079.5	55.7	21.7
Total	2,079.5	55.7	21.7
Cash flow hedging			
Interest rate-related	960.0	42.8	0.9
Total	960.0	42.8	0.9
Derivative instruments valued through profit and loss			
Interest rate-related *)	7,059.1	118.2	116.5
Currency-related	182.3	0.5	0.4
Equity-related **)	106.4	1.8	1.8
Other derivative instruments **)	6.4	0.3	0.3
Total	7,354.2	120.8	119.0
Total derivative instruments			
Interest rate-related	10,098.6	216.7	139.1
Currency-related	182.3	0.5	0.4
Equity-related	106.4	1.8	1.8
Other derivative instruments	6.4	0.3	0.3
Total	10,393.7	219.3	141.6

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 6 752,6 million.

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

Derivative instruments at 30 September 2008 (EUR million)

Hedging derivative instruments	Total, nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,402.0	16.8	15.9
Total	2,402.0	16.8	15.9
Cash flow hedging			
Interest rate-related	960.0	8.4	3.4
Total	960.0	8.4	3.4
Derivative instruments valued through profit and loss			
Interest rate-related *)	6,572.3	41.3	39.2
Currency-related	208.6	4.5	4.1
Equity-related **)	139.6	3.6	2.9
Other derivative instruments **)	8.6	1.0	1.0
Total	6,929.1	50.4	47.2
Total derivative instruments			
Interest rate-related	9,934.3	66.5	58.5
Currency-related	208.6	4.5	4.1
Equity-related	139.6	3.6	2.9
Other derivative instruments	8.6	1.0	1.0
Total	10,291.1	75.6	66.5

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 6 244,8 million.

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

Off-balance sheet commitments

(EUR million)	30.9.2009	31.12.2008	30.9.2008
Commitments provided to a third party on behalf of customers			
Guarantees	51.6	54.8	58.4
Other commitments provided to a third party	7.4	7.5	6.8
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	547.7	454.5	487.6
Other irrevocable commitments *)	12.0	12.1	130.7
Off-balance sheet commitments	618.6	528.8	683.5

*) Credit equivalents for derivatives are not included in off-balance sheet commitments as their market values are included in the balance sheet.

Note 4 Risk exposure

Consolidated capital adequacy for banking business

Summary (EUR million)	30.9.2009	31.12.2008	30.9.2008
Tier 1 capital	324.5	309.0	319.8
Tier 2 capital	222.2	143.4	68.9
Capital base	546.7	452.4	388.8
	3,220.7	3,040.5	2,983.5
Risk-weighted amount for credit and counterparty risks	-	-	-
Risk-weighted amount for market risks 1)	272.7	272.7	263.4
Risk-weighted amount for operational risks 2)	3,493.4	3,313.2	3,246.9
Total risk-weighted commitments	15.7	13.7	12.0
Capital adequacy ratio,%	9.3	9.3	9.9
Tier 1 capital ratio,%	279.5	265.1	259.7
Minimum capital requirement	267.3	187.3	129.0
Capital buffer (difference between capital base and minimum requirement)	267.3	187.3	129.0

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

2) The capital requirement of 15% is calculated using the definition of average gross income during the last three years (145,4 EUR millions) x risk-weighted factor of 12.5.

Capital base (EUR million)	30.9.2009	31.12.2008	30.9.2008
Share capital	163.0	163.0	163.0
Funds	44.6	44.6	44.8
Minority share	30.0	24.9	14.4
Retained earnings	70.7	93.5	118.6
Profit for the reporting period	31.4	9.2	3.5
./. provision for dividends to shareholders	-7.5	-0.6	-
Total	332.1	334.7	344.4
./. intangible assets	-7.5	-8.6	-6.8
./. shares in insurance companies	-	-17.1	-17.7
Tier 1 capital	324.5	309.0	319.8
Fund at fair value	14.9	-47.5	-94.3
Other Tier 2 capital	45.0	45.0	12.2
Risk debetures	162.3	163.0	168.8
./. shares in insurance companies	0.0	-17.1	-17.7
Tier 2 capital	222.2	143.4	68.9
Total capital base	546.7	452.4	388.8

Risk-weighted commitments, credit and counterparty risks

(EUR million)	Balance sheet assets	Off- balance sheet	In total	Risk-weighted commitments, Basel 2		
Risk-weight				30.9.2009	31.12.2008	30.9.2008
0%	1,045.1	26.3	1,071.3	-	-	-
10%	1,113.5	-	1,113.5	111.3	80.3	80.7
20%	1,651.3	281.1	1,932.3	341.9	335.3	271.5
35%	4,437.3	120.0	4,557.3	1,567.2	1,421.4	1,379.7
50%	9.4	0.6	10.0	4.8	2.5	2.9
75%	575.9	79.5	655.4	457.8	426.7	424.3
100%	642.0	101.2	743.2	694.0	720.8	780.7
150%	14.3	1.3	15.6	22.4	11.3	16.6
Total	9,488.7	609.8	10,098.5	3,199.6	2,998.4	2,956.5
Derivatives *)		254.7	254.7	21.1	42.1	27.0
Total	9,488.7	864.5	10,353.2	3,220.7	3,040.5	2,983.5

*) derivative agreements credit conversion factor

Risk-weighted amount for operational risks

Year	Risk-weighted amount, Basel 2					
	2006	2007	2008	30.9.2009	31.12.2008	30.9.2008
Gross income	140.6	145.2	150.5			
- average 3 years			145.4			
Indicator 15%			21.8			
Capital requirement for operational risk			21.8	272.7	272.7	263.4

Conglomerate's capital adequacy

	30.9.2009	31.12.2008	30.9.2008
Tier 1 capital for the group	393.4	359.7	371.6
Sector-specific assets	232.1	161.4	89.6
Intangible assets and other specific deductions	-108.5	-101.9	-97.8
Other sector-specific not transferrable assets	-	-	-14.4
Conglomerate's total capital base	517.0	419.2	349.0
Capital requirement for banking business	282.1	266.6	261.9
Capital requirement for insurance business	47.6	43.5	44.7
Minimum amount for capital base	329.6	310.1	306.6
Conglomerate's capital adequacy	187.4	109.1	42.4
Capital adequacy ratio,%	156.9	135.2	113.8

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

Note 5 Businesses acquired

The merger with Veritas Non-Life Insurance was completed 1 January 2009 in accordance with the merger plan approved. From 1 January 2009 onwards, non-life insurance business is operated by the 100% Aktia plc-owned subsidiary Aktia Non-Life Insurance Ltd.

As compensation for the merger, Aktia plc has issued 6,800,000 new shares in accordance with the approved merger plan. The evaluation of the issued shares was based on trading at the end of the year.

Customer related immaterial rights were examined when constructing the acquisition balance sheet. The client base of Veritas Non-Life Insurance was 70,000 at the time of acquisition. Estimated value of each customer relation was EUR 20 leading to value of EUR 1,400,000 of immaterial rights. This value will be depreciated during the next two years. Other immaterial asset has valued to zero in the acquisition balance.

Current values of technical provisions were adjusted based on assessments at fair value according to IFRS 4.32 and 4.31. After deductions for deferred tax, the equalisation provision included in technical provision was also entered as shareholders' equity according to IFRS rules.

Net assets in the preliminary acquisition balance were higher than the total acquisition price. That led to a preliminary negative goodwill of EUR 139,856.09 at the time of acquisition which is recognised in the income statement for the first quarter of 2009.

Aktia Non-Life Insurance total operating income was EUR 12.8 million and operating profit was EUR -2.2 million during the first half of the year.

(EUR million)	1 January 2009		
	Veritas Mutual Non-Life Insurance Company	Fair value adjustments	Veritas Mutual Non-Life Insurances' acquisition balance sheet
Assets			
Cash and bank balances	18.0		18.0
Interest-bearing securities	75.8		75.8
Shares and participations	30.1	2.2	32.3
Financial assets available for sale	105.9	2.2	108.1
Real estates	11.1	15.1	26.2
Intangible assets	1.7	1.4	3.1
Other tangible assets	0.8		0.8
Other assets	22.7		22.7
Deferred tax receivables	1.4		1.4
Total assets	161.5	18.7	180.2
Liabilities			
Provisions for life insurance business	99.1	12.0	111.1
Other liabilities	13.9	0.7	14.6
Deferred tax liabilities	10.3	1.6	11.9
Total liabilities	123.4	14.2	137.6
Net assets according to IFRS	38.1		42.6
Compensation for the merger			40.8
Activated acquisition costs			1.6
Acquisition price			42.4
- of which paid in cash			1.6
- of which 6,800,000 shares in Aktia plc at EUR 6 per share have been given as compensation for the merger.			40.8
Difference = negative goodwill			0.1

Note 6. Net of insurance businesses

(EUR million)	1-9 2009	1-9 2008	Change	1-12 2008
Income from insurance premiums	53.5	64.9	-17.6%	91.0
Net income from investments	-4.4	14.9	-	-49.1
Insurance claims paid	-61.4	-56.2	9.3%	-86.7
Net change in technical provisions	23.1	-14.5	-	11.0
Life Insurance. net income	10.8	9.2	17.9%	-33.8
Income from insurance premiums	45.5	-	-	-
Net income from investments	1.1	-	-	-
Insurance claims paid	-30.9	-	-	-
Change in technical provisions	-2.1	-	-	-
Non-Life Insurance. net income	13.7	-	-	-

Helsinki, 9 November 2009

AKTIA PLC
Board of Directors

Review report on the interim report of Aktia P.l.c. as of 30.9.2009

To the Board of Directors of Aktia p.l.c.

Introduction

We have reviewed the balance sheet as of 30.9.2009, the income statement, the statement of changes in equity and the cash flow statement of Aktia p.l.c. for the nine-month period then ended, as well as a summary of significant accounting policies and other explanatory notes to the 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 the International Financial Reporting Standards (IFRS), as adopted by the EU, and other Finnish rules and regulations governing the preparation of interim reports. At the request of the Board of Directors we issue our opinion on the interim report.

Scope of review

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

dependent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 therefore the procedures performed in a review do not enable 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.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report does not give a true and fair view of the entity's financial position as of 30 September 2009 and the result of its operations and cash flows for the nine-month period then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki, 9 November 2009

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