Aktia's year 2009

Aktia Bank Plc

Interim report for
1 January – 30 June 2009

Aktia

Contents

Activity of the report period

Profit

The Bank Group's operating profit for continuing operations during the first six months was EUR 24.5 million. Profit after tax for the period was EUR 18.3 million.

The Financial Supervisory Authority announced on 28 April 2009 that it 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 operative 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. Aktia Life Insurance is reported as a discontinued operation in the Bank Group.

The banking business posted a profit of EUR 40.8 million before write-downs. Write-downs on credits amounted to EUR 17.5 million.

Asset management suffered as a result of the situation in the investment market and returned an operating loss of EUR 0.1 million.

Income

The Bank Group's total income amounted to EUR 96.9 million, EUR 71.7 million of which was net interest income. The derivatives used by Aktia to limit its interest rate risk made a positive contribution of EUR 9.1 million during the period.

Net commission income totalled EUR 17.7 million. Commission income from asset management and brokering amounted to EUR 5.6 million. The brokering of funds and insurance generated total income of EUR 8.6 million and accounted for 34% of commission income. Card and payment services commission was EUR 5.7 million. Total commission costs amounted to EUR 7.5 million. Among the commission costs, commissions to savings and local cooperative banks for brokered mortgages amounted to EUR 1.7 million.

Other operating income totalled EUR 1.6 million.

Expenses

The Bank Group's total costs were EUR 55.4 million.

Staff costs amounted to EUR 23.4 million. Other administration costs totalled EUR 21.5 million. Among other administration costs, the largest cost items were primarily attributed to IT which accounted for 36.55% of other administration costs.

Total depreciation and write-downs on tangible and intangible assets amounted to EUR 2.3 million. Other operating costs totalled EUR 8.1 million, of which the costs of renting premises accounted for the larger share of other operating costs.

Balance sheet and off-balance sheet commitments

The Bank Group's balance sheet total fell by 4.1% from the year-end and amounted to EUR 9,126 million (EUR 9,520 million at 31 December 2008) at the end of the period.

The Bank Group's total lending to the public increased by 7.3% from the year-end to EUR 5,826 million (EUR 5,432 million at 31 December 2008). Loans to private households accounted for EUR 4,682 million, or 80.4% of the total loan stock. Of these loans to households, 86.4% were secured against adequate real estate collateral (under Basel 2). Excluding the mortgages brokered by savings and local cooperative banks which the local banks are committed to capitalise, the Bank Group's lending totalled EUR 4,655 million.

Interest-bearing financial assets available for sale amounted to EUR 2,464 million (EUR 2,808 million at 31 December 2008). These assets mainly consist of the banking business' liquidity reserve.

Deposits from the public and public sector entities totalled EUR 3,091 million (EUR 3,099 million at 31 December 2008).

Outstanding certificates of deposit and bonds issued increased during the period by 22.1% to EUR 2,587 million (EUR 2,119 million at 31 December 2008).

Off-balance sheet commitments totalled EUR 609 million (EUR 533 million at 31 December 2008).

The Bank Group's equity amounted to EUR 328 million (EUR 300 million at 31 December 2008) at the end of the reporting period. The fund at fair value for the Group amounted to EUR 2 million (EUR -35 million at 31 December 2008).

Capital adequacy

Aktia Bank Group's capital adequacy amounted to 14.7% compared to 13.7% at the year-end. The Tier 1 capital ratio was 9.2%.

The capital adequacy calculated in accordance with the Basel 2 rules improved thanks to good results and positive growth in the value of financial assets. The capital adequacy of the Bank Group remains at a good level, achieving the capital adequacy target and clearly exceeding the limit required by the authorities.

Rating

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service has been confirmed as the best classification, P-1 (unchanged), for short-term borrowing. The credit ratings for long-term borrowing and financial strength were the same, at A1 and C respectively (both unchanged), all with a stable outlook.

The subsidiary Aktia Real Estate Mortgage Bank plc which issues mortgage covered bonds secured against real estate has a Moody's credit rating of Aa1 (previously Aaa) for all bonds as of 25 May 2009.

Valuation of financial assets

Value changes reported via the fund at fair value

Impairments in interest-bearing securities where the issuer has not announced an inability to pay and value impairments 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 2 million after deferred tax, compared to EUR -35 million at 31 December 2008. The cash flow hedging which comprises the 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 18.2 million (EUR 12.4 million at 31 December 2008).

Of the fund at fair value as at 30 June 2009, EUR 16 million was attributable to the negative valuation difference of interest-bearing securities which was mainly due to continued poor market liquidity and investors' demands for high returns as a result of the general uncertainty in the financial markets. The negative value changes in interest-bearing securities will not materialise provided that the issuer does not become unable to pay or the security is cashed in before its maturity.

Specification of the fund at fair value

EUR million	30.6.2009	31.12.2008	Change
Shares and participations			
Banking business	-	-0.2	0.2
Life insurance business	-	-2.9	2.9
Direct interest-bearing securities			
Banking business	-16.3	-26.2	9.9
Life insurance business	-	-18.2	18.2
Cash flow hedging	18.2	12.4	5.8
Fund at fair value, total	**1.9**	**-35.1**	**37.0**

Value changes reported via income statement

Write-downs amounted to EUR 0.4 million (EUR 4.6 million at 31 December 2008) as a result of significant or long-term impairment of shares and share funds as well as interest-bearing securities where the issuer has announced an inability to pay. Of these write-downs, EUR 0.4 million was attributed to interest-bearing securities.

Write-downs of financial assets

EUR million	1-6 2009	1–12 2008
Interest-bearing securities		
Banking business	0.4	3.6
Life insurance business	-	5.1
Shares and participations		
Banking business	-	1.0
Life insurance business	-	29.4
Total	**0.4**	**39.2**

Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and bank guarantee claims totalled EUR -17.8 million. Reversals of losses from previous periods amounted to EUR 0.2 million so that the cost effect on the profit for the period was EUR -17.5 million while the cost effect on the first quarter amounted to EUR -1.6 million.

Of the total write-downs, corporate loans accounted for EUR -16.9 million, of which EUR -10 million can be attributed to one major customer entity whose operating conditions have worsened considerably as a result of liquidity problems and the declining market. The financier har shares in subsidiaries as well as floating charges as collateral. The customer constitutes Aktia's largest credit exposure which is not secured against real estate, shares in listed companies or guarantees from financial institutions.

In addition to individual write-downs, group write-downs were made 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.

The Bank Group's risk management

Risk exposure

The banking business includes Retail Banking (including financing company operations), Corporate Banking, Treasury and Asset Management.

Lending-related risks within banking

There were no significant changes to the composition of the credit portfolio during the first six months. Loans for housing purposes increased 7.9% to EUR 4,354 million and the corresponding proportion of the total credit stock rose to 74.8% (74.4% at 31 December 2008). Mortgage lending for housing purposes totalled EUR 2,288 million (EUR 1,968 million at 31 December 2008), of which EUR 1,113 million was brokered by savings and local co-operative banks.

The proportion of the total credit stock accounted for by corporate loans fell as planned from 14.8% at the year-end to 14.0% 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 78.9 million (EUR 63.2 at 31 December 2008), representing 1.4% of total lending.

Credit stock by sector

EUR million	30.6.2009	31.12.2008	Change	Percentage
Corporate	820	804	16	14.1%
Housing associations	260	220	40	4.5%
Public sector entities	12	12	0	0.2%
Non-profit organisations	52	47	5	0.9%
Households	4,682	4,349	333	80.4%
Total	**5,826**	**5,432**	**394**	**100.0%**

Loans with payments 1–30 days overdue increased during the period from 3.40% to 4.09% of the credit stock, including off-balance sheet guarantee commitments. Loans with payments 31–90 days overdue increased from 0.87% to 0.94 %, totalling approximately EUR 56 million. Non-performing loans more than 90 days overdue, including loans for collection, totalled approximately EUR 44 million, corresponding to 0.74% (0.48% at 31 December 2008) of the entire credit stock plus bank guarantees.

Undischarged debts by time overdue (EUR million)

Days	31.3.2009	% of the credit stock	31.12.2008	% of the credit stock
1–30	240.8	4.09	186.6	3.53
of which households	131.6	2.23	110.3	2.01
31–90	55.6	0.94	47.8	0.90
of which households	47.1	0.8	34.5	0.63
91–	43.6	0.74	26.2	0.49
of which households	22.1	0.37	16.1	0.29

The Bank Group's financing and liquidity risks

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 considerable uncertainty in the financial markets, the liquidity status was good and this aim was achieved.

Counterparty risks

Counterparty risks within Group Treasury liquidity management

The banking business' liquidity portfolio – which is managed by Group Treasury – stood at EUR 2,425 million at 30 June 2009 (EUR 2,290 at 31 December 2008). Counterparty risks arising in relation to liquidity management operations and entry into derivative contracts are managed through the requirement for high-level external ratings (minimum A3 rating from Moody's or equivalent) and the conservative allocation and active selection of investment assets as well as the rules regarding maximum exposure per counterparty and asset category.

Of the financial assets available for sale, 52% (49% at 31 December 2008) were investments in covered bonds, 36% (45% at 31 December 2008) were investments in banks, 10% (3% at 31 December 2008) were investments in state-guaranteed bonds and approximately 2% (3% at 31 December 2008) were investments in public sector entities and companies. Of the financial assets, 1.3% did not meet the internal rating requirements, while eight securities with a total market value of EUR 32 million were no longer eligible for refinancing with the central bank.

Rating distribution for the banking business' liquidity management operations

	30.6.2009	31.12.2008
Aaa	55.1%	49.4%
Aa1-Aa3	35.2%	42.3%
A1-A3	8.3%	4.9%
Baa1-Baa3	0.5%	0.9%
Ba1-Ba3	0.2%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	0.7%	2.5%
Total	**100.0%**	**100.0%**

Market risks

The financial assets within the banking business 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. The net change in the fund at fair value relating to market value interest rate risk posted during the period totalled EUR +9.9 million after the deduction of deferred tax. 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 June 2009 would be EUR -26.9 million (EUR -27.2 million at 31 December 2008) after the deduction of deferred tax.

Structural interest rate risk arises as a result of an imbalance between interest rate ties and the re-pricing of assets and liabilities, and affects net interest income. To reduce the volatility in the net interest income, structural interest rate risk is primarily contained through the use of hedging derivative instruments.

A parallel upward shift in the interest rate curve of one percentage point would reduce the net interest income of the banking business for the next 12 months by -0.9% (-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 +3.9% (-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 reduce the net interest income of the banking business for the next 12 months by -2.9% (+6.3% 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 reduce by -3.4% (+7.9% at 31 December 2008), while the target for structural interest rate risk management is a maximum of -8%.

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.

Personnel

When converted into full-time employees, the number of staff employed by the Bank Group fell by 160 to 718 people during the first six months. The average number of full-time employees during the first six months was 794.

Events after end of the reporting period

There are no events to report that took place after the end of the reporting period.

Outlook for the rest of the year

The Bank Group's operating profitability during 2009 is expected to remain at a stable level. A sustained good credit rating and the Group's strengthened capital base are expected to enable moderate growth and refinancing even in the current market situation.

The current economic situation causes increased loan losses. A continued difficult financial situation could also 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 the Bank Group's capital adequacy.

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

Aktia Bank Plc – Consolidated financial statements

Aktia Bank Plc is the parent company in the Bank Group. It started its banking business on 30 September 2008. As Aktia Bank Plc was founded and started its operations during 2008 no comparative figures are given in the financial statements for the bank. The annual report of for January - December 2008 encompasses the result of Aktia Bank for the period 1 October – 31 December 2008 and the results of the subsidiaries for the period 1 January – 31 December 2008.

Consolidated income statement for Bank Group

(EUR million)	1-6 2009	1-6 2008	1-12 2008
Continuing operations			
Net interest income	71.7	-	35.5
Dividends	0.1	-	0.2
Commission income	25.2	-	26.0
Commission expenses	-7.5	-	-14.2
Net commission income	17.7	-	11.8
Net income from financial transactions	5.8	-	-2.8
Net income from investment properties	0.0	-	2.9
Other operating income	1.6	-	8.3
Total operating income	**96.9**	**-**	**55.9**
Staff costs	-23.4	-	-13.9
Other administrative expenses	-21.5	-	-10.3
Depreciation of tangible and intangible assets	-2.3	-	-1.5
Other operating expenses	-8.1	-	-5.7
Total operating expenses	**-55.4**	**-**	**-31.4**
Impairment and reversing items of tangible and intangible assets	0.0	-	0.4
Write-downs of credits and other commitments	-17.5	-	-0.5
Share of profit from associated companies	0.5	-	0.2
Operating profit from continuing operations	**24.5**	**-**	**24.6**
Taxes	-6.2	-	-5.5
Profit for the period from continuing operations	**18.3**	**-**	**19.1**
Discontinued operations			
Profit for the period from discontinued operations	-1.8	-	-34.9
Profit for the period	**16.5**	**-**	**-15.7**
Attributable to:			
Shareholders in Aktia Bank Plc	17.4	-	-16.4
Minority interest	-0.9	-	0.6
Total	**16.5**	**-**	**-15.7**
Earnings per share attributable to shareholders in Aktia Bank Plc, EUR			
Continuing operations	6,407,745.52	-	6,164,833.41
Discontinued operations	-596,129.27	-	-11,625,755.27
Total	**5,811,616.25**	**-**	**-5,460,921.86**

There is no dilution effect on earnings per share.

Consolidated statement of comprehensive income for Bank Group

(EUR million)	1-6 2009	1-6 2008	1-12 2008
Continuing operations			
Profit for the period from continuing operations	18.3	-	19.1
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale	10.2	-	-29.1
Change in valuation of fair value for cash flow hedging	5.8	-	13.6
Transferred to the income statement for financial assets available for sale	0.0	-	1.0
Transferred to the income statement for cash flow hedging	0.0	-	-0.3
Total comprehensive income for the period for continuing operations	**34.3**	**-**	**4.3**
Discontinued operations			
Profit for the period from discontinued operations	-1.8	-	-34.9
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale	-11.3	-	-40.1
Change in valuation of fair value for cash flow hedging	-	-	-
Transferred to the income statement for financial assets available for sale	0.3	-	24.4
Transferred to the income statement for cash flow hedging	-	-	-
Total comprehensive income for the period for discontinued operations	**-12.8**	**-**	**-50.5**
Total comprehensive income for the period	**21.5**	**-**	**-46.2**
Total comprehensive income attributable to:			
Shareholders in Aktia Bank Plc	22.3	-	-46.3
Minority interest	-0.8	-	0.1
Total	**21.5**	**-**	**-46.2**

Consolidated balance sheet for Bank Group

(EUR million)	30.6.2009	31.12.2008	Change	30.6.2008
Assets				
Cash and balances with central banks	284.7	506.3	-43.8%	-
Financial assets reported at fair value through profit and loss	3.9	19.5	-79.8%	-
Interest-bearing securities	2,463.5	2,808.4	-12.3%	-
Shares and participations	22.3	211.5	-89.5%	-
Financial assets available for sale	2,485.8	3,019.9	-17.7%	-
Financial assets held until maturity	30.9	35.9	-13.9%	-
Derivative instruments	199.2	137.0	45.4%	-
Lending to credit institutions	165.7	100.5	64.8%	-
Lending to the public and public sector entities	5,826.4	5,431.6	7.3%	-
Loans and other receivables	5,992.1	5,532.2	8.3%	-
Investments for unit-linked provisions	-	148.1	N/A	-
Investments in associated companies	3.0	2.8	7.1%	-
Intangible assets	8.0	10.3	-22.9%	-
Tangible assets	4.5	6.0	-24.2%	-
Accrued income and advance payments	60.9	78.7	-22.6%	-
Other assets	40.0	5.9	573.6%	-
Total other assets	**100.9**	**84.7**	**19.2%**	**-**
Income tax receivables	3.4	2.4	40.8%	-
Deferred tax receivables	10.1	14.8	-32.2%	-
Tax receivables	13.4	17.2	-22.1%	-
Total assets	**9,126.4**	**9,519.9**	**-4.1%**	**-**
Liabilities				
Liabilities to credit institutions	1,597.9	1,917.0	-16.6%	-
Liabilities to the public and public sector entities	3,091.0	3,099.0	-0.3%	-
Deposits	4,689.0	5,016.0	-6.5%	-
Financial liabilities reported at fair value through profit and loss	-	4.6	N/A	-
Derivative instruments	127.7	84.7	50.7%	-
Debt securities issued	2,586.6	2,118.7	22.1%	-
Subordinated liabilities	241.7	246.8	-2.1%	-
Other liabilities to credit institutions	742.4	502.1	47.9%	-
Other liabilities to the public and public sector entities	197.5	262.8	-24.8%	-
Other financial liabilities	3,768.2	3,130.4	20.4%	-
Technical provision	-	627.6	N/A	-
Technical provision for unit-linked insurances	-	149.6	N/A	-
Accrued expenses and income received in advance	63.1	79.4	-20.5%	-
Other liabilities	106.6	87.3	22.1%	-
Total other liabilities	**169.7**	**166.7**	**1.8%**	**-**
Provisions	0.2	0.0	562.1%	-
Income tax liabilities	3.5	2.1	62.3%	-
Deferred tax liabilities	40.4	38.0	6.4%	-
Tax liabilities	43.9	40.1	9.4%	-
Total liabilities	**8,798.7**	**9,219.7**	**-4.6%**	**-**
Equity				
Restricted equity	164.9	127.9	28.9%	-
Unrestricted equity	132.7	147.3	-9.9%	-
Shareholders' share of equity	297.6	275.2	8.1%	-
Minority interest's share of equity	30.2	24.9	21.0%	-
Equity	**327.7**	**300.2**	**9.2%**	-
Total liabilities and equity	**9,126.4**	**9,519.9**	**-4.1%**	**-**

Consolidated cash flow statement for Bank Group

(EUR million)	1-6 2009	1-6 2008	1-12 2008
Cash flow from operating activities			
Operating profit *)	24.2	-	-23.1
Adjustment items not included in cash flow for the period	13.6	-	37.6
Paid income taxes	-4.3	-	-9.4
Cash flow from operating activities before change in operating receivables and liabilities	**33.5**	**-**	**5.2**
Increase (-) or decrease (+) in receivables from operating activities	-582.6	-	-590.6
Increase (+) or decrease (-) in liabilities from operating activities	313.6	-	645.1
Total cash flow from operating activities	**-235.4**	**-**	**59.6**
Cash flow from investing activities			
Financial assets held until maturity	5.0	-	10.0
Acquisition and divestment of subsidiaries and associated companies **)	34.6	-	-27.4
Investments in and proceeds from sale of tangible and intangible assets	-0.9	-	37.9
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	6.6	-	3.8
Total cash flow from investing activities	**45.3**	**-**	**24.2**
Cash flow from financing activities			
Subordinated liabilities	-2.4	-	55.3
Total cash flow from financing activities	**-2.4**	**-**	**55.3**
Change in cash and cash equivalents	**-192.5**	**-**	**139.1**
Cash and cash equivalents at the beginning of the year	512.3	-	20.3
Cash and cash equivalents transferred in connection with transfer of business	-	-	353.0
Cash and cash equivalents at the end of the year	319.9	-	512.3
Cash and cash equivalents in the cash flow statement consist of the following items:			
Cash in hand	9.2	-	10.0
Insurance operation's cash and cash equivalents	-	-	3.7
Bank of Finland current account	275.5	-	492.6
Loans to credit institutions repayable on demand	35.2	-	6.0
Total	**319.9**	**-**	**512.3**
Adjustment items not included in cash flow for the period consist of:			
Write-downs of financial assets	0.4	-	39.2
Write-downs of credits and other commitments	17.5	-	0.5
Change in fair value	-6.6	-	2.5
Depreciation, amortisation and impairment of tangible and intangible assets	2.5	-	3.3
Share of profit from associated companies	-0.2	-	-0.1
Capital gains and losses from the sale of tangible and intangible assets	-0.1	-	-7.3
Other adjustments	0.2	-	-0.4
Total	**13.6**	**-**	**37.6**
Discontinuing operations' share of cash flow in the Bank Group, net:			
Cash flow from operating activities	-2.5	-	8.1
Cash flow from investing activities	0.0	-	-1.6
Cash flow from financing activities	-	-	-
Total	**-2.6**	**-**	**6.5**

*) Includes operating profit from both continuing and discontinued operations

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

Consolidated statement of changes in equity for Bank Group

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Un-restricted equity reserve	Retained earnings	Share-holders' share of equity	Minority interest's share of equity	Total Equity
Equity as at 1 January 2009	**163.0**	**0.0**	**-35.1**	**44.6**	**102.8**	**275.2**	**24.9**	**300.2**
Share issue						0.0		0.0
Dividends to shareholders						0.0		0.0
Total comprehensive income for the period			5.0		17.3	22.3	-0.8	21.5
Other change in equity			32.1		-32.1	0.0	6.1	6.1
Equity as at 30 June 2009	**163.0**	**0.0**	**2.0**	**44.6**	**88.0**	**297.6**	**30.2**	**327.7**

Key figures

	1-6 2009	1-3 2009	1-12 2008
Earnings per share, continuing operations, EUR million	6.4	2.8	6.2
Earnings per share, discontinued operations, EUR million	-0.6	-0.6	-11.6
Earnings per share, total, EUR million	5.8	2.2	-5.5
Equity per share, EUR million	99.2	91.5	91.7
Return on equity (ROE), %	10.5	8.6	-5.2
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR million	18.1	-0.3	-15.4
Average number of shares	3	3	3
Number of shares at end of period	3	3	3
Personnel (FTEs), average number of employees from the beginning of the financial year	794	845	869
Banking Business (incl. Private Banking)			
Cost-to-income ratio	0.57	0.68	0.56
Borrowing from the public, EUR million	3,091	3,105	3,099
Lending to the public, EUR million	5,826	5,599	5,432
Capital adequacy ratio, %	14.7	14.2	13.7
Tier 1 capital ratio, %	9.2	9.0	9.3
Risk-weighted commitments, EUR million	3,395	3,335	3,313
Asset Management			
Mutual fund volume, EUR million	2,927	2.415	2,490 *)
Managed and brokered assets, EUR million	5,083	4,515	4,538

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

Basis of calculation for key figures

Cost-to-income ratio, banking business

Total operating expenses
Total operating income

Earnings per share, EUR

Profit for the year after taxes attributable to the shareholders of Aktia Bank Plc
Average number of shares over the period (adjusted for share issue)

Equity per share, EUR

Equity attributable to the shareholders of Aktia Bank Plc
Number of shares at the end of the period

Return on equity (ROE), %

Profit for the period x 100
Average equity

Capital adequacy ratio, %

Capital base (Tier 1 capital + Tier 2 capital) x 100
Risk-weighted commitments

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

Tier 1 Capital ratio, %

Tier 1 capital x 100
Risk-weighted commitments

Risk-weighted commitments

Assets in the balance sheet plus off-balance sheet items including derivatives valued and risk-weighted in accordance with the standard method set out in regulation 4.3 issued by the Finnish Financial Supervisory Authority. The capital requirements for operative risks have been calculated and risk-weighted in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

Note 1 Basis for preparing the interim report and important accounting principles

Basis for preparing the interim report

The Bank Group's 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 – 30 June 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.

Aktia Bank plc's financial statement and interim reports can be downloaded from Aktia's website at www.aktia.fi.

The interim report for the period 1 January – 30 June 2009 was approved by the Board of Directors on 20 August 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.

In February 2009 Aktia Life Insurance was sold to Aktia plc. The life insurance business is a separate segment in the Bank Group, which is why Aktia Life Insurance is to be reported as a discontinued operation in accordance with IFRS 5 as of 2009. Figures provided as a basis for comparison have been adjusted to correspond with 2009 reporting.

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 main principle is that value changes in interest-based investments are reported via the fund at fair value and write-downs are reported when the issuer's financial situation is severely impaired.

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 effective 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 operates one bonus scheme, Aktia Kortbonus. 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 report for Bank Group

Income statement	Banking business		Asset Management		Life Insurance		Other		Eliminations		Total Group	
(EUR million)	**1-6 2009**	**1-6 2008**	**1-6 2009**	**1-6 2008**	**1-6 2009**	**1-6 2008**	**1-6 2009**	**1-6 2008**	**1-6 2009**	**1-6 2008**	**1-6 2009**	**1-6 2008**
Net interest income	68.9	-	1.0	-	-	-	1.8	-	0.0	-	71.7	-
Dividends	0.1	-	0.0	-	-	-	1.3	-	-1.3	-	0.1	-
Net commission income	11.3	-	5.6	-	-	-	1.0	-	-0.2	-	17.7	-
Net income from financial transactions	6.0	-	-0.2	-	-	-	0.0	-	-	-	5.8	-
Net income from investment properties	0.0	-	-	-	-	-	0.1	-	0.0	-	0.0	-
Other operating income	3.7	-	0.1	-	-	-	0.8	-	-3.0	-	1.6	-
Total operating income	**90.0**	**-**	**6.4**	**-**	**0.0**	**-**	**5.0**	**-**	**-4.5**	**-**	**96.9**	**-**
Staff costs	-16.3	-	-3.6	-	-	-	-3.5	-	0.0	-	-23.4	-
Other administrative expenses	-27.2	-	-2.0	-	-	-	4.8	-	2.9	-	-21.5	-
Depreciation of tangible and intangible assets	-1.1	-	-0.4	-	-	-	-0.8	-	-	-	-2.3	-
Other operating expenses	-4.6	-	-0.4	-	-	-	-3.2	-	0.0	-	-8.1	-
Total operating expenses	**-49.2**	**-**	**-6.4**	**-**	**0.0**	**-**	**-2.7**	**-**	**2.9**	**-**	**-55.4**	**-**
Write-downs of credits and other commitments	-17.5	-	-	-	-	-	-	-	-	-	-17.5	-
Share of profit from associated companies	-	-	-	-	-	-	-	-	0.5	-	0.5	-
Operating profit from continuing operations	**23.3**	**-**	**0.1**	**-**	**0.0**	**-**	**2.3**	**-**	**-1.1**	**-**	**24.5**	**-**
Operating profit for discontinued operations	-	-	-	-	0.1	-	-	-	-0.4	-	-0.3	-
Operating profit	**23.3**	**-**	**0.1**	**-**	**0.1**	**-**	**2.3**	**-**	**-1.5**	**-**	**24.2**	**-**

Balance sheet	Banking business		Asset Management		Life Insurance		Other		Eliminations		Total Group	
(EUR million)	**30.6.2009**	**31.12.2008**	**30.6.2009**	**31.12.2008**	**30.6.2009**	**31.12.2008**	**30.6.2009**	**31.12.2008**	**30.6.2009**	**31.12.2008**	**30.6.2009**	**31.12.2008**
Cash and balances with central banks	284.6	502.5	0.1	0.1	-	13.4	-	-	-	-9.7	284.7	506.3
Financial assets reported at fair value through profit and loss	3.9	4.5	-	-	-	14.9	-	-	-	-	3.9	19.5
Financial assets available for sale	2,461.2	2,354.9	6.3	13.2	-	648.6	19.9	19.0	-1.6	-15.8	2,485.8	3,019.9
Loans and other receivables	5,971.7	5,520.3	23.5	17.6	-	-	-	-	-3.0	-5.7	5,992.1	5,532.2
Investments for unit-linked provisions	-	-	-	-	-	148.1	-	-	-	-	-	148.1
Other assets	616.5	465.3	7.3	7.2	-	21.5	-228.7	-99.3	-35.3	-100.8	359.8	293.9
Total assets	**9,338.0**	**8,847.5**	**37.2**	**38.1**	**-**	**846.6**	**-208.8**	**-80.3**	**-39.9**	**-132.1**	**9,126.4**	**9,519.9**
Deposits	4,547.8	4,899.4	144.3	130.1	-	-	-	-	-3.0	-13.6	4,689.0	5,016.0
Debt securities issued	2,588.2	2,134.1	-	-	-	-	-	-	-1.6	-15.3	2,586.6	2,118.7
Technical provision for life insurance business	-	-	-	-	-	777.2	-	-	-	-	-	777.2
Other liabilities	1,376.7	1,173.2	6.7	15.9	-	11.1	239.0	219.8	-99.3	-112.3	1,523.1	1,307.8
Total liabilities	**8,512.6**	**8,206.7**	**151.0**	**146.1**	**-**	**788.3**	**239.0**	**219.8**	**-104.0**	**-141.2**	**8,798.7**	**9,219.7**

Note 3 Derivatives and off-balance sheet commitments

Derivative instruments at 30 June 2009 (EUR million)

Hedging derivative instruments	Total, nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,113.5	51.5	17.8
Total	**2,113.5**	**51.5**	**17.8**
Cash flow hedging			
Interest rate-related	960.0	37.2	1.2
Total	960.0	37.2	1.2
Derivative instruments valued through income statement for other reasons			
Interest rate-related *)	7,037.1	104.9	103.1
Currency-related	191.9	1.9	1.9
Equity-related **)	120.3	3.3	3.3
Other derivative instruments **)	6.3	0.3	0.3
Total	**7,355.6**	**110.4**	**108.6**
Total derivative instruments			
Interest rate-related	10,110.6	193.7	122.2
Currency-related	191.9	1.9	1.9
Equity-related	120.3	3.3	3.3
Other derivative instruments	6.3	0.3	0.3
Total	**10,429.1**	**199.2**	**127.7**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 6, 730.6 million.

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

Off-balance sheet commitments

(EUR million)	30.6.2009	31.12.2008	30.6.2008
Commitments provided to a third party on behalf of customers			
Guarantees	58.3	54.8	-
Other commitments provided to a third party	7.6	7.5	-
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	543.5	459.1	-
Other irrevocable commitments *)	-	12.1	-
Off-balance sheet commitments	**609.3**	**533.5**	**-**

*) 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 for Bank Group

Consolidated capital adequacy for Bank Group

Summary (EUR million)	30.6.2009	31.12.2008	30.6.2008
Tier 1 capital	312.9	309.0	-
Tier 2 capital	185.1	143.4	-
Capital base	**498.0**	**452.4**	**-**
Risk-weighted amount for credit and counterparty risks	3,122.2	3,040.5	-
Risk-weighted amount for market risks 1)	-	-	-
Risk-weighted amount for operational risks 2)	272.7	272.7	-
Total risk-weighted commitments	**3,394.8**	**3,313.2**	**-**
Capital adequacy ratio, %	**14.7**	**13.7**	**-**
Tier 1 capital ratio, %	**9.2**	**9.3**	**-**
Minimum capital requirement	**271.6**	**265.1**	**-**
Capital buffer (difference between capital base and minimum requirement)	226.4	187.3	-

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 (EUR 145.4 million) x risk-weighted factor of 12.5.

Capital base (EUR million)	30.6.2009	31.12.2008	30.6.2008
Share capital	163.0	163.0	-
Funds	44.6	44.6	-
Minority share	30.2	24.9	-
Retained earnings	70.7	93.5	-
Profit for the reporting period	17.4	9.2	-
./. provision for dividends to shareholders	-5.0	-0.6	-
Total	320.8	334.7	-
./. intangible assets	-8.0	-8.6	-
./. shares in insurance companies	-	-17.1	-
Tier 1 capital	**312.9**	**309.0**	**-**
Fund at fair value	-16.3	-47.5	-
Other Tier 2 capital	45.0	45.0	-
Risk debentures	156.4	163.0	-
./. shares in insurance companies	-	-17.1	-
Tier 2 capital	**185.1**	**143.4**	**-**
Total capital base	**498.0**	**452.4**	**-**

Risk-weighted commitments, credit and counterparty risks

(EUR million)				Risk-weighted commitments, Basel 2		
Risk weighting	**Balance assets**	**Off-balance sheet commit-ments**	**Total**	**30.6.2009**	**31.12.2008**	**30.6.2008**
0 %	974.6	26.0	1,000.5	-	-	-
10 %	1,015.6	-	1,015.6	101.6	80.3	-
20 %	1,401.0	278.7	1,679.7	291.8	335.3	-
35 %	4,291.5	120.8	4,412.3	1,516.6	1,421.4	-
50 %	6.7	0.8	7.5	3.5	2.5	-
75 %	565.0	69.7	634.7	447.2	426.7	-
100 %	649.2	112.1	761.3	702.5	720.8	-
150 %	21.2	1.3	22.5	32.7	11.3	-
Total	**8,924.6**	**609.3**	**9,534.0**	**3,096.0**	**2,998.4**	**-**
Derivatives *)		258.4	258.4	26.2	42.1	-
Total	**8,924.6**	**867.7**	**9,792.4**	**3,122.2**	**3,040.5**	**-**

*) derivative agreements credit conversion factor

Risk-weighted amounts for operational risks

				Risk-weighted amount, Basel 2		
Year	**2006**	**2007**	**2008**	**30.6.2009**	**31.12.2008**	**30.6.2008**
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**	**-**

Helsinki, 20 August 2009

Aktia Bank Plc
Board of Directors

Review report on the interim report of Aktia Bank P.l.c. as of 30.6.2009

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

Introduction

We have reviewed the balance sheet as of 30.6.2009, the income statement, the statement of changes in equity and the cash flow statement of Aktia Bank p.l.c. for the six-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 Independent 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 June 2009 and the result of its operations and cash flows for the six-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, 20 August 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant