

# Aktia Bank Plc

## Interim report for

### 1 January – 30 September 2009

Aktia Bank plc is the parent company in the Bank Group and started its banking business on 30 September 2008. As Aktia Bank plc was established and started its operations in 2008 we do not have any comparison figures in the financial statements for the bank. The annual report for January – December encompasses the results for the period 1 October – 31 December 2008.

## Profit

The Bank Group's operating profit for continuing operations during the first nine months was EUR 44.3 million (-). Profit after tax was EUR 30.7 million (-) for January – September.

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 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 42.4 million for January - September. Asset management was able to report a marginal improvement during the latest quarter. Operating profit was EUR 0.5 million.

## Income

The Bank Group's total income amounted to EUR 151.1 million, EUR 112.3 million of which was net interest income.

Net commission income totalled EUR 27.7 million. Commission income from asset management and brokering amounted to EUR 8.9 million. The brokering of funds and insurance generated total income of EUR 13.5 million and accounted for 34.8% of commission income. Card and payment services commission was

EUR 8.5 million. Total commission costs amounted to EUR 11.2 million. Among the commission costs, commissions to savings and local cooperative banks for brokered mortgages amounted to EUR 2.0 million.

Other operating income totalled EUR 2.3 million.

## Expenditure

The Bank Group's total expenses were EUR 81.5 million.

Staff costs amounted to EUR 33.9 million. Other administration costs totalled EUR 31.7 million. Among other administration costs, the largest cost items were primarily attributed to IT which accounted for 36.2% of other administration costs.

Total depreciation and write-downs on tangible and intangible assets amounted to EUR 3.6 million. Other operating costs totalled EUR 12.3 million, of which the costs of renting premises accounted for the larger share.

## Balance sheet and off-balance sheet commitments

The Bank Group's balance sheet total increased by 2.1% from the year-end and amounted to EUR 9,715 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 10.6% from the year-end to EUR 6,006 million (EUR 5,432 million). Loans to private households accounted for EUR 4,818 million, or 80.2% of the total loan stock. Of these loans to households, 88.5% were secured against real estate collateral (in accordance with 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 4,773 million.

Interest-bearing financial assets available for sale amounted to EUR 2,689 million (EUR 2,808 million). These assets mainly consist of the banking business' liquidity reserve.

Deposits from the public and public sector entities totalled EUR 3,095 million (EUR 3,099 million).

Outstanding certificates of deposit and bonds issued increased during the period increased by 24.5% to EUR 2,638 million (EUR 2,119 million).

Off-balance sheet commitments totalled EUR 610 million (EUR 533 million).

The Bank Group's equity amounted to EUR 375 million (EUR 300 million) at the end of the reporting period. The fund at fair value amounted to EUR 36 million (EUR -35 million).

## Capital adequacy

Aktia Bank Group's capital adequacy amounted to 15.7% compared to 13.7% at the year-end. The Tier 1 capital ratio was the same as at the year-end, namely 9.3%. The period's results and higher valuations of financial assets strengthened 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.

## Rating

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

The subsidiary Aktia Real Estate Mortgage Bank plc which issued long-term covered bonds secured against real estate mortgages has a Moody's credit rating of Aa1 for all outstanding bonds.

## 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 35.7 million after deferred tax, compared to EUR -13.8 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 protecting 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	0.0	-0.2	0.2
Life insurance business	0.0	-2.9	2.9
Direct interest-bearing securities			
Banking business	14.9	-26.3	41.1
Life insurance business	0.0	-18.2	18.2
Cash flow hedging	20.8	12.4	8.4
<b>Fund at fair value, total</b>	<b>35.7</b>	<b>-35.1</b>	<b>70.8</b>

### 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.

Write-downs for the period for continuing operations amounted to EUR 0.4 million (EUR 4.6 million at 31 December 2008) and are attributable to one interest-bearing security during the period.

### Write-downs of financial assets

EUR million	1-9 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
<b>Total</b>	<b>0.4</b>	<b>39.2</b>

## Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and guarantee claims totalled EUR -26.2 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 amounted to EUR -23.5 million during the period and to EUR -8.2 million during the last quarter. The period's write-downs of corporate loans corresponds 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 is 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.

## 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 have been no significant changes to the composition of the credit portfolio during the first nine months of the year. Mortgages increased 11.0% to EUR 4,481 million and the corresponding proportion of the total credit stock rose to 74.6% (74.3% at 31 December 2008). 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.

The proportion of the total credit stock accounted for by corporate loans fell as planned from 14.9% at the year-end to 14.1% at the end of the period. The increase in corporate loans is primarily attributed to the parent company Aktia plc.

Lending to the general public secured by collateral objects or unsecured within the framework of the financing companies Aktia Corporate Finance and Aktia Card & Finance totalled EUR 83.3 million (EUR 63.2 million), representing 1.4% of total lending.

### Credit stock by sector

EUR million	30.9.2009	31.12.2008	Change	Percentage
Corporate	848.5	809.7	38.8	14.1
Housing associations	272.0	220.2	51.8	4.5
Public sector entities	10.8	11.7	-0.9	0.2
Non-profit organisations	55.7	46.9	8.8	0.9
Households	4,818.8	4,343.1	475.7	80.2
<b>Total</b>	<b>6,005.9</b>	<b>5,431.6</b>	<b>574.2</b>	<b>100.0</b>

Loans with payments 1–30 days overdue decreased during the period from 3.4% to 2.9% of the credit stock, including off-balance sheet guarantee commitments. Loans with payments 31–90 days overdue increased from 0.9% to 1.1%, totalling approximately EUR 66 million. Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection, totalled approximately EUR 42 million, corresponding to 0.7% (0.5%) 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	2.9	187	3.4
of which households	118	2.0	110	2.0
31–90	66	1.1	48	0.9
of which households	42	0.7	34	0.6
91–	42	0.7	26	0.5
of which households	26	0.4	16	0.3

## The Bank Group's financing and liquidity risks

Financing and liquidity risks are defined as the availability of refinancing plus the differences in maturity

between assets and liabilities. The objective is to be able to cover one year's financing requirements using existing liquidity. Despite continued uncertainty in the financial markets, the liquidity status remained good and in line with this objective.

## Counterparty risks

### Counterparty risks within Group Treasury liquidity management

The banking business' liquidity portfolio – which is managed by Group Treasury – stood at EUR 2,660 million at 30 September 2009 (EUR 2,290 at 31 December 2008).

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 re-financing 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 the banking business' liquidity management operations

	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%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## 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. 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 at 31 December 2008) after the deduction of deferred tax.

The net change in the fund at fair value relating to market value interest rate risk, credit and spread risk posted during the period 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 ties 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%) 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%) 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%), 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 717 people during the first nine months. The average number of full-time employees during January - September was 771.

## 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 and risks that may have an effect on it

The Bank Group's operating profit during the fourth quarter is expected to reach the same level as during the two first quarters. A sustained good credit rating and the Bank 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 continues this 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 Bank 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 – The Bank Group's performance January – September 2009

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## Consolidated income statement for Bank Group

(EUR million)	1-9 2009	1-9 2008	1-12 2008
<b>Continuing operations</b>			
Net interest income	112.3	-	35.5
Dividends	0.1	-	0.2
Commission income	38.9	-	26.0
Commission expenses	-11.2	-	-14.2
Net commission income	27.7	-	11.8
Life Insurance, net income	-	-	-
Net income from financial transactions	8.6	-	-2.8
Net income from investment properties	0.1	-	2.9
Other operating income	2.3	-	8.3
<b>Total operating income</b>	<b>151.1</b>	<b>-</b>	<b>55.9</b>
Staff costs	-33.9	-	-13.9
Other administrative expenses	-31.7	-	-10.3
Negative goodwill recorded as income	-	-	-
Depreciation of tangible and intangible assets	-3.6	-	-1.5
Other operating expenses	-12.3	-	-5.7
<b>Total operating expenses</b>	<b>-81.5</b>	<b>-</b>	<b>-31.4</b>
Impairment and reversing items of tangible and intangible assets	0.0	-	0.4
Write-downs of credits and other commitments	-25.9	-	-0.5
Share of profit from associated companies	0.7	-	0.2
<b>Operating profit from continuing operations</b>	<b>44.3</b>	<b>-</b>	<b>24.6</b>
Taxes	-11.8	-	-5.5
<b>Profit for the period from continuing operations</b>	<b>32.5</b>	<b>-</b>	<b>19.1</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	-1.8	-	-34.9
<b>Profit for the period</b>	<b>30.7</b>	<b>-</b>	<b>-15.7</b>
<b>Attributable to:</b>			
Shareholders in Aktia Bank Plc	31.4	-	-16.4
Minority interest	-0.7	-	0.6
<b>Total</b>	<b>30.7</b>	<b>-</b>	<b>-15.7</b>
<b>Earnings per share attributable to shareholders in Aktia Bank Plc, EUR</b>			
Continuing operations	11,049,265.95	-	6,164,833.41
Discontinued operations	-596,129.27	-	-11,625,755.27
<b>Total</b>	<b>10,453,136.67</b>	<b>-</b>	<b>-5,460,921.86</b>

There is no dilution effect on earnings per share.

# Consolidated statement of comprehensive income for Bank Group

(EUR million)	1-9 2009	1-9 2008	1-12 2008
<b>Continuing operations</b>			
Profit for the period from continuing operations	32.5	-	19.1
<b>Other comprehensive income after taxes:</b>			
Change in valuation of fair value for financial assets available for sale	41.7	-	-29.1
Change in valuation of fair value for cash flow hedging	8.4	-	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
<b>Total comprehensive income for the period for continuing operations</b>	<b>82.6</b>	<b>-</b>	<b>4.3</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	-1.8	-	-34.9
<b>Other comprehensive income after taxes</b>			
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	-	-	-
<b>Total comprehensive income for the period for discontinued operations</b>	<b>-12.8</b>	<b>-</b>	<b>-50.5</b>
<b>Total comprehensive income for the period</b>	<b>69.8</b>	<b>-</b>	<b>-46.2</b>
<b>Total comprehensive income attributable to</b>			
Shareholders in Aktia Bank Plc	70.1	-	-46.3
Minority interest	-0.3	-	0.1
<b>Total</b>	<b>69.8</b>	<b>-</b>	<b>-46.2</b>

## Consolidated balance sheet for Bank Group

(EUR million)	30.9.2009	31.12.2008	Change	30.9.2008
<b>Assets</b>				
Cash and balances with central banks	268.8	506.3	-46.9%	-
Financial assets reported at fair value through profit and loss	3.6	19.5	-81.6%	-
Interest-bearing securities	2,689.0	2,808.4	-4.3%	-
Shares and participations	26.4	211.5	-87.5%	-
Financial assets available for sale	2,715.4	3,019.9	-10.1%	-
Financial assets held until maturity	30.9	35.9	-13.9%	-
Derivative instruments	218.9	137.0	59.8%	-
Lending to credit institutions	122.8	100.5	22.1%	-
Lending to the public and public sector entities	6,005.9	5,431.6	10.6%	-
Loans and other receivables	6,128.6	5,532.2	10.8%	-
Investments for unit-linked provisions	-	148.1	-	-
Investments in associated companies	3.2	2.8	13.9%	-
Intangible assets	7.5	10.3	-27.3%	-
Investment properties	0.0	0.0	0.0%	-
Other tangible assets	5.2	5.9	-12.8%	-
Accrued income and advance payments	66.8	78.7	-15.2%	-
Other assets	258.9	5.9	-	-
<b>Total other assets</b>	<b>325.7</b>	<b>84.7</b>	<b>284.7%</b>	-
Income tax receivables	3.0	2.4	24.3%	-
Deferred tax receivables	4.4	14.8	-70.4%	-
Tax receivables	7.4	17.2	-57.3%	-
<b>Total assets</b>	<b>9,715.1</b>	<b>9,519.9</b>	<b>2.1%</b>	-
<b>Liabilities</b>				
Liabilities to credit institutions	1,706.7	1,917.0	-11.0%	-
Liabilities to the public and public sector entities	3,095.1	3,099.0	-0.1%	-
Deposits	4,801.8	5,016.0	-4.3%	-
Financial liabilities reported at fair value through profit and loss	-	4.6	-	-
Derivative instruments	141.6	84.7	67.1%	-
Debt securities issued	2,638.5	2,118.7	24.5%	-
Subordinated liabilities	246.0	246.8	-0.3%	-
Other liabilities to credit institutions	1,047.0	502.1	108.5%	-
Other liabilities to the public and public sector entities	189.8	262.8	-27.8%	-
Other financial liabilities	4,121.3	3,130.4	31.7%	-
Technical provision (excl. technical provision for unit-linked insurances)	-	627.6	-	-
Technical provision for unit-linked insurances	-	149.6	-	-
Accrued expenses and income received in advance	57.9	79.4	-27.0%	-
Other liabilities	164.7	87.3	88.5%	-
<b>Total other liabilities</b>	<b>222.6</b>	<b>166.7</b>	<b>33.5%</b>	-
Provisions	0.2	0.0	547.9%	-
Income tax liabilities	6.3	2.1	192.5%	-
Deferred tax liabilities	46.2	38.0	21.8%	-
Tax liabilities	52.5	40.1	30.9%	-
<b>Total liabilities</b>	<b>9,339.9</b>	<b>9,219.7</b>	<b>1.3%</b>	-
<b>Equity</b>				
Restricted equity	198.7	127.9	55.3%	-
Unrestricted equity	146.6	147.3	-0.5%	-
Shareholders' share of equity	345.3	275.2	25.5%	-
Minority interest's share of equity	30.0	24.9	20.2%	-
<b>Equity</b>	<b>375.3</b>	<b>300.2</b>	<b>25.0%</b>	-
<b>Total liabilities and equity</b>	<b>9,715.1</b>	<b>9,519.9</b>	<b>2.1%</b>	-



## Consolidated cash flow statement for Bank Group

(EUR million)	1-9 2009	1-9 2008	1-12 2008
<b>Cash flow from operating activities</b>			
Operating profit *)	44.0	-	-23.1
Adjustment items not included in cash flow for the period	26.9	-	37.6
Paid income taxes	-7.0	-	-9.4
<b>Cash flow from operating activities before change in operating receivables and liabilities</b>	<b>63.8</b>	<b>-</b>	<b>5.2</b>
Increase (-) or decrease (+) in receivables from operating activities	-1,127.8	-	-590.6
Increase (+) or decrease (-) in liabilities from operating activities	820.7	-	645.1
<b>Total cash flow from operating activities</b>	<b>-243.3</b>	<b>-</b>	<b>59.6</b>
<b>Cash flow from investing activities</b>			
Financial assets held until maturity	5.0	-	10.0
Acquisition of subsidiaries and associated companies **)	-0.1	-	-27.4
Divestment of subsidiaries and associated companies **)	34.6	-	-
Investments in tangible and intangible assets	-3.4	-	-5.0
Proceeds from sale of tangible and intangible assets	1.0	-	42.9
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	6.6	-	3.8
<b>Total cash flow from investing activities</b>	<b>43.8</b>	<b>-</b>	<b>24.2</b>
<b>Cash flow from financing activities</b>			
Subordinated liabilities	1.9	-	55.3
<b>Total cash flow from financing activities</b>	<b>1.9</b>	<b>-</b>	<b>55.3</b>
<b>Change in cash and cash equivalents</b>	<b>-197.6</b>	<b>-</b>	<b>139.1</b>
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 period	314.8	-	512.3
<b>Cash and cash equivalents in the cash flow statement consist of the following items:</b>			
Cash in hand	8.6	-	10.0
Insurance operations' cash and cash equivalents	-	-	3.7
Bank of Finland current account	260.2	-	492.6
Loans to credit institutions repayable on demand	46.0	-	6.0
<b>Total</b>	<b>314.8</b>	<b>-</b>	<b>512.3</b>
<b>Adjustment items not included in cash flow for the period consist of</b>			
Write-downs of financial assets	0.4	-	39.2
Write-downs of credits and other commitments	25.9	-	0.5
Change in fair value	-2.7	-	2.5
Depreciation, amortisation and impairment of tangible and intangible assets	3.7	-	3.3
Share of profit from associated companies	-0.4	-	-0.1
Capital gains and losses from the sale of tangible and intangible assets	-0.1	-	-7.3
Other adjustments	0.0	-	-0.4
<b>Total</b>	<b>26.9</b>	<b>-</b>	<b>37.6</b>
<b>Discontinuing operations' share of cash flow in the Bank Group, net</b>			
Cash flow from operating activities	-2.5	-	8.1
Cash flow from investing activities	0.0	-	-1.6
Cash flow from financing activities	-	-	-
<b>Total</b>	<b>-2.6</b>	<b>-</b>	<b>6.5</b>

\*) 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
<b>Equity as at 1 January 2009</b>	<b>163.0</b>	<b>0.0</b>	<b>-35.1</b>	<b>44.6</b>	<b>102.8</b>	<b>275.2</b>	<b>24.9</b>	<b>300.2</b>
Share issue				0.0		0.0		0.0
Dividends to shareholders						0.0		0.0
Total comprehensive income for the period			39.1		31.0	70.1	-0.3	69.8
Other change in equity		0.0	32.1		-32.1	0.0	5.3	5.3
<b>Equity as at 30 September 2009</b>	<b>163.0</b>	<b>0.0</b>	<b>36.1</b>	<b>44.6</b>	<b>101.7</b>	<b>345.3</b>	<b>30.0</b>	<b>375.3</b>
<b>Equity at 1 January 2008</b>	<b>0.0</b>	<b>0.0</b>	<b>-4.3</b>	<b>0.0</b>	<b>34.2</b>	<b>30.0</b>	<b>14.2</b>	<b>44.1</b>
Share issue	163.0			44.6		207.6		207.6
Dividends to shareholders						0.0		0.0
Total comprehensive income for the period			-30.5		-15.8	-46.3	0.1	-46.2
Other change in equity			-0.9		84.9	84.0	10.7	94.7
<b>Equity at 31 December 2008</b>	<b>163.0</b>	<b>0.0</b>	<b>-35.6</b>	<b>44.6</b>	<b>103.3</b>	<b>275.2</b>	<b>24.9</b>	<b>300.2</b>

## Key figures

	1-9 2009	1-6 2009	1-3 2009	1-12 2008
Earnings per share, continuing operations, EUR million	11.0	6.4	2.8	6.2
Earnings per share, discontinued operations, EUR million	-0.6	-0.6	-0.6	-11.6
Earnings per share, total, EUR million	10.5	5.8	2.2	-5.5
Equity per share, EUR million	115.1	99.2	91.5	91.7
Return on equity (ROE),%	12.1	10.5	8.6	-5.2
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR million	34.1	18.1	-0.3	-15.4
Average number of shares	3	3	3	3
Number of shares at end of period	3	3	3	3
Personnel (FTEs), average number of employees from the beginning of the financial year	771	794	845	879
<b>Banking Business (incl. Private Banking)</b>				
Cost-to-income ratio	0.54	0.57	0.68	0.56
Borrowing from the public, EUR million	3,095	3,091	3,105	3,099
Lending to the public, EUR million	6,006	5,826	5,599	5,432
Capital adequacy ratio, %	15.7	14.7	14.2	13.7
Tier 1 capital ratio, %	9.3	9.2	9.0	9.3
Risk-weighted commitments, EUR million	3,493	3,395	3,335	3,313
<b>Asset Management</b>				
Mutual fund volume, EUR million	3,488	2,927	2,415	2490,*)
Managed and brokered assets, EUR million	5,680	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

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

### Earnings per share, EUR

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

### Equity per share, EUR

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

### Return on equity (ROE),%

$$\frac{\text{Profit for the period}}{\text{Average equity}} \times 100$$

### 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 regulation 4.3a issued by the Finnish Financial Supervisory Authority.

### Tier 1 Capital ratio, %

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

### 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.

## Notes to the Interim Report

### 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 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](http://www.aktia.fi).

The interim report for the period 1 January – 30 September 2009 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.

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 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 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 report for Bank Group

Income statement (EUR million)	Banking business		Asset Management		Life Insurance		Other		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
Net interest income	108.1	-	1.7	-	-	-	2.4	-	0.0	-	112.3	-
Dividends	0.1	-	0.0	-	-	-	1.3	-	-1.3	-	0.1	-
Net commission income	17.9	-	9.0	-	-	-	1.2	-	-0.4	-	27.7	-
Net income from financial transactions	8.8	-	-0.2	-	-	-	0.0	-	-	-	8.6	-
Net income from investment properties	0.0	-	-	-	-	-	0.1	-	-0.1	-	0.1	-
Other operating income	6.3	-	0.1	-	-	-	1.7	-	-5.8	-	2.3	-
<b>Total operating income</b>	<b>141.3</b>	<b>-</b>	<b>10.6</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>6.8</b>	<b>-</b>	<b>-7.6</b>	<b>-</b>	<b>151.1</b>	<b>-</b>
Staff costs	-23.8	-	-5.6	-	-	-	-4.6	-	0.1	-	-33.9	-
Other administrative expenses	-40.0	-	-3.3	-	-	-	6.1	-	5.4	-	-31.7	-
Depreciation of tangible and intangible assets	-1.7	-	-0.6	-	-	-	-1.3	-	-	-	-3.6	-
Other operating expenses	-7.5	-	-0.6	-	-	-	-4.6	-	0.4	-	-12.3	-
<b>Total operating expenses</b>	<b>-73.0</b>	<b>-</b>	<b>-10.1</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-4.4</b>	<b>-</b>	<b>5.9</b>	<b>-</b>	<b>-81.5</b>	<b>-</b>
Write-downs of credits and other commitments	-25.9	-	-	-	-	-	-	-	-	-	-25.9	-
Share of profit from associated companies	-	-	-	-	-	-	-	-	0.7	-	0.7	-
<b>Operating profit from continuing operations</b>	<b>42.4</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>2.4</b>	<b>-</b>	<b>-1.0</b>	<b>-</b>	<b>44.3</b>	<b>-</b>
Operating profit for discontinued operations	-	-	-	-	-0.3	-	-	-	-	-	-0.3	-
<b>Operating profit</b>	<b>42.4</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>2.4</b>	<b>-</b>	<b>-1.0</b>	<b>-</b>	<b>44.0</b>	<b>-</b>

  

Balance sheet (EUR million)	Banking business		Asset Management		Life Insurance		Other		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
Cash and balances with central banks	268.7	502.5	0.1	0.1	-	13.4	-	-	-	-9.7	268.8	506.3
Financial assets reported at fair value through profit and loss	3.6	4.5	-	-	-	14.9	-	-	-	-	3.6	19.5
Financial assets available for sale	2,686.7	2,354.9	6.9	13.2	-	648.6	24.0	19.0	-2.2	-15.8	2,715.4	3,019.9
Loans and other receivables	6,103.6	5,520.3	27.9	17.6	-	-	-	-	-2.9	-5.7	6,128.6	5,532.2
Investments for unit-linked provisions	-	-	-	-	-	148.1	-	-	-	-	148.1	-
Other assets	889.7	465.3	4.5	7.2	-	21.5	-260.3	-99.3	-35.1	-100.8	598.7	293.9
<b>Total assets</b>	<b>9,952.3</b>	<b>8,847.5</b>	<b>39.5</b>	<b>38.1</b>	<b>0.0</b>	<b>846.6</b>	<b>-236.3</b>	<b>-80.3</b>	<b>-40.3</b>	<b>-132.1</b>	<b>9,715.1</b>	<b>9,519.9</b>
Deposits	4,651.6	4,899.4	153.0	130.1	-	-	-	-	-2.9	-13.6	4,801.8	5,016.0
Debt securities issued	2,640.7	2,134.1	-	-	-	-	-	-	-2.2	-15.3	2,638.5	2,118.7
Technical provision for life insurance business	-	-	-	-	-	777.2	-	-	-	-	-	777.2
Other liabilities	1,743.3	1,173.2	5.2	15.9	-	11.1	251.3	219.8	-100.1	-112.3	1,899.6	1,307.8
<b>Total liabilities</b>	<b>9,035.6</b>	<b>8,206.7</b>	<b>158.2</b>	<b>146.1</b>	<b>0.0</b>	<b>788.3</b>	<b>251.3</b>	<b>219.8</b>	<b>-105.3</b>	<b>-141.2</b>	<b>9,339.9</b>	<b>9,219.7</b>

## Note 3 Derivatives and off-balance sheet commitments

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### Derivative instruments at 30 September 2009 (EUR million)

	Total, nominal amount	Assets, fair value	Liabilities, fair value
<b>Hedging derivative instruments</b>			
<b>Fair value hedging</b>			
Interest rate-related	2,079.5	55.7	21.7
<b>Total</b>	<b>2,079.5</b>	<b>55.7</b>	<b>21.7</b>
<b>Cash flow hedging</b>			
Interest rate-related	960.0	42.8	0.9
<b>Total</b>	<b>960.0</b>	<b>42.8</b>	<b>0.9</b>
<b>Derivative instruments valued through income statement</b>			
Interest rate-related *)	7,059.1	117.8	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
<b>Total</b>	<b>7,354.2</b>	<b>120.4</b>	<b>119.0</b>
<b>Total derivative instruments</b>			
Interest rate-related	10,098.6	216.3	139.1
Currency-related	182.2	0.5	0.4
Equity-related	106.4	1.8	1.8
Other derivative instruments	6.4	0.3	0.3
<b>Total</b>	<b>10,393.7</b>	<b>218.9</b>	<b>141.6</b>

\*) 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.

### Off-balance sheet commitments

(EUR million)	30.9.2009	31.12.2008	30.9.2008
<b>Commitments provided to a third party on behalf of customers</b>			
Guarantees	51.6	54.8	-
Other commitments provided to a third party	7.4	7.5	-
<b>Irrevocable commitments provided on behalf of customers</b>			
Unused credit arrangements	550.8	459.1	-
Other irrevocable commitments *)	-	12.1	-
<b>Off-balance sheet commitments</b>	<b>609.8</b>	<b>533.5</b>	<b>-</b>

\*) 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)	30.9.2009	31.12.2008	30.9.2008
Tier 1 capital	324.5	309.0	-
Tier 2 capital	222.2	143.4	-
<b>Capital base</b>	<b>546.7</b>	<b>452.4</b>	-
Risk-weighted amount for credit and counterpart risks	3,220.7	3,040.5	-
Risk-weighted amount for market risks 1)	-	-	-
Risk-weighted amount for operational risks 2)	272.7	272.7	-
<b>Total risk-weighted commitments</b>	<b>3,493.4</b>	<b>3,313.2</b>	-
<b>Capital adequacy ratio,%</b>	<b>15.7</b>	<b>13.7</b>	-
<b>Tier 1 capital ratio,%</b>	<b>9.3</b>	<b>9.3</b>	-
<b>Minimum capital requirement</b>	<b>279.5</b>	<b>265.1</b>	-
Capital buffer (difference between capital base and minimum requirement)	267.3	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)	30.9.2009	31.12.2008	30.9.2008
Share capital	163.0	163.0	-
Funds	44.6	44.6	-
Minority share	30.0	24.9	-
Retained earnings	70.7	93.5	-
Profit for the reporting period	31.4	9.2	-
./ provision for dividends to shareholders	-7.5	-0.6	-
<b>Total</b>	<b>332.1</b>	<b>334.7</b>	-
./ intangible assets	-7.5	-8.6	-
./ shares in insurance companies	-	-17.1	-
<b>Tier 1 capital</b>	<b>324.5</b>	<b>309.0</b>	-
Fund at fair value	14.9	-47.5	-
Other Tier 2 capital	45.0	45.0	-
Risk debentures	162.3	163.0	-
./ shares in insurance companies	-	-17.1	-
<b>Tier 2 capital</b>	<b>222.2</b>	<b>143.4</b>	-
<b>Total capital base</b>	<b>546.7</b>	<b>452.4</b>	-

## Risk-weighted commitments, credit and counterparty risks

(EUR million)

## Risk-weighted commitments, Basel 2

Risk weighting	Balance assets	Off-balance sheet commitments	Total	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	-
20%	1,651.3	281.1	1,932.3	341.9	335.3	-
35%	4,437.3	120.0	4,557.3	1,567.2	1,421.4	-
50%	9.4	0.6	10.0	4.8	2.5	-
75%	575.9	79.5	655.4	457.8	426.7	-
100%	642.0	101.2	743.2	694.0	720.8	-
150%	14.3	1.3	15.6	22.4	11.3	-
<b>Total</b>	<b>9,488.7</b>	<b>609.8</b>	<b>10,098.5</b>	<b>3,199.6</b>	<b>2,998.4</b>	-
Derivatives *)	-	254.7	254.7	21.1	42.1	-
<b>Total</b>	<b>9,488.7</b>	<b>864.5</b>	<b>10,353.2</b>	<b>3,220.7</b>	<b>3,040.5</b>	-

\*) derivative agreements credit conversion factor

## Risk-weighted amounts for operational risks

## Risk-weighted amount, Basel 2

Year	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			
<b>Capital requirement for operational risk</b>			<b>21.8</b>	<b>272.7</b>	<b>272.7</b>	-

Helsinki, 9 November 2009

Aktia Bank Plc  
Board of Directors



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

To the Board of Directors of Aktia Bank 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 Bank 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

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Jan Holmberg  
Authorised Public Accountant