Aktia's year
2009

Interim report for
1 January – 30 June 2009

Aktia

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The CEO's comments

"Work to integrate Aktia's banking and insurance businesses continues. With our "One Aktia" service concept our aim is to provide our customers with one point of contact where we can present Aktia's wide range of financial products and services. This objective imposes considerable demands on our product companies and especially our staff in the branch offices. The staff have taken on this challenge in an admirable way. We still have a lot to do to become the best at helping our customers improve and safeguard their finances.

The economic situation in Finland continues to be challenging. The financial crisis, which has translated into a general downturn in the real economy, has led to a sharp increase in credit loss provisions, primarily for corporate loans. Small and medium-sized enterprises are being hardest hit by the current economic climate. Given that only 15% of Aktia's lending is to corporate customers, and with strong net interest income and our continued efforts to monitor our costs, we will be able to achieve a satisfactory result this year.

We are looking forward to the Stock Exchange listing that is scheduled for the autumn", says CEO **Jussi Laitinen**.

The period in brief

- Aktia's result for the first six months was stable
- Operating profit before write-downs was EUR 39.5 million (EUR 29.2 million), April – June EUR 27.5 million, (EUR 14.7 million)
- Operating profit was EUR 22.0 million (EUR 29.9 million), April – June EUR 11.7 million (EUR 15.7 million)
- Net interest income increased by 46.4% to EUR 71.9 million (EUR 49.1 million)
- The Group's equity was strengthened by 25.1% to EUR 396.3 million (EUR 317 million at 31 December 2008)
- Listing on the Stock Exchange in September is being prepared
- The general economic situation continues to be weak with increased loan losses
- The Group's income to remain stable in 2009 (for a more detailed new outlook for the whole year, see page 14)

Key figures

	1-6 2009	1-6 2008	1-12 2008
Earnings per share, EUR	0.26	0.37	0.09
Equity per share, EUR	5.51	4.55	4.85
Return on equity (ROE), %	9.2	14.6	1.8
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	0.70	-0.54	-0.22
Capital adequacy ratio, % (conglomerate)	144.2	115.1	135.2
Average number of shares, million	67.0	60.2	60.2
Number of shares at end of period, million	67.0	60.2	60.2
Personnel (FTEs), average number of employees from the beginning of the financial year	1,213	992	1,010
Banking business (incl. Private Banking)			
Cost-to-income ratio	0.57	0.69	0.65
Borrowing from the public, EUR million	3,080	3,069	3,098
Lending to the public, EUR million	5,820	5,082	5,426
Capital adequacy ratio, %	14.7	12.8	13.7
Tier 1 capital ratio, %	9.2	10.1	9.3
Risk-weighted commitments, EUR million	3,395	3,229	3,313
Asset Management			
Mutual fund volume, EUR million *)	2,927	1,858	2,490*
Managed and brokered assets, EUR million	5,083	3,722	4,538
Life Insurance			
Premium income before reinsurers' share, EUR million	36.0	48.2	91.4
Expense ratio, %	106.3	104.1	99.0
Working capital, EUR million	65.6	82.6	50.4
Solvency ratio, %	11.2	12.5	8.5
Investments at fair value, EUR million	813.1	921.8	804.6
Technical provisions for interest-linked policies, EUR million	599.1	655.8	627.6
Technical provisions for unit-linked policies, EUR million	168.6	191.7	149.6
Non-Life Insurance			
Premium income before reinsurers' share, EUR million	44.0	-	-
Premium income, EUR million	29.3	-	-
Operating cost percentage, %	26.1	-	-
Loss ratio, %	88.2	-	-
Total cost percentage, %	114.3	-	-
Technical provisions before reinsurers' share, EUR million	116.8	-	-
Solvency capital, EUR million	46.9	-	-
Solvency ratio of technical provisions, %	42.6	-	-
Solvency percentage (risk carrying capacity), %	78.9	-	-

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

Activity of the report period

Profit

The Group's operating profit for the first six months was EUR 22.0 million (EUR 29.9 million). During April – June the Group's operating profit amounted to EUR 11.7 million (EUR 15.7 million).

The banking business reported an operating profit of EUR 41.4 million (EUR 19.1 million) before write-downs. Despite increased write-downs of credits EUR 17.8 million (0.0), the banking business achieved an operating profit of EUR 23.8 million (EUR 19.0 million) thanks to improved net interest income. Asset management suffered as a result of the situation in the investment market and returned an operating profit of EUR 0.1 million (EUR 2.1 million). The contribution of the insurance business to the Group's operating profit for the reporting period was EUR 0.2 million (EUR 3.7 million) for life insurance, while that of non-life insurance was EUR -2.8 million.

The operating profit from associated companies was EUR 0.6 million (EUR -0.1 million).

Profit for the reporting period was EUR 16.5 million (EUR 22.8 million). During April – June the Group's profit for the period amounted to EUR 9.3 million (EUR 12.2 million).

Income

The Group's total income increased by 24.4% in the first six months to EUR 114.9 million (EUR 92.4 million). During April – June the Group's total income was EUR 65.0 million (EUR 47.6 million).

Net interest income increased to EUR 71.9 million (EUR 49.1 million). The derivatives used by Aktia to limit its interest rate risk contributed EUR 9.1 million (EUR -2.7 million) to the improved net interest income during the first six months. Active interest-rate risk management including fixed-rate investments was the main factor of the remaining improvement in net interest income. Net interest income from borrowing from and lending to the public was stable. During April - June net interest income rose to EUR 39.4 million from its strong level of EUR 32.5 million in the first quarter.

Net commission decreased by 8.1% to EUR 20.6 million (EUR 22.4 million). Commission income from funds, asset management and brokering fell to EUR 10.5 million (EUR 11.2 million). Card and payment services commissions rose to EUR 5.7 million (EUR 5.4 million). Income from real estate agency commissions decreased to EUR 3.7 million (EUR 4.2 million). Commission expenses increased by EUR 3.7 million to EUR 7.0 million (EUR 3.3 million). Of the total commission expenses, EUR 1.7 million is due to local banks for mortgages brokered. All business areas contributed to increased net commission during April – June.

Net income from life insurance amounted to EUR 7.0 million (EUR 11.2 million). Aktia Non-Life Insurance, consolidated since 1 January 2009, reports a net income of EUR 7.4 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. Net income from non-life insurance in particular developed favourably during April - June.

Other operating income totalled EUR 1.8 million (EUR 3.9 million). This reduction is largely due to the fact that the sale of the banking business' real estate holdings during the corresponding period last year resulted in capital gains.

Expenditure

The operating costs of the Group increased by 19.4% to EUR 75.4 million (EUR 63.2 million). Most of the change was due to costs related to the new businesses, Aktia Non-Life Insurance and Aktia Invest. During April – June the Group's operating expenses amounted to EUR 37.4 million (EUR 32.9 million).

Staff costs increased by EUR 6.5 million to EUR 39.2 million (EUR 32.7 million). Other administration costs amounted to EUR 22.3 million (EUR 19.5 million). Most of the increase of EUR 2.8 million is related to investments in IT.

Total depreciation and write-downs on tangible and intangible assets increased to EUR 3.5 million (EUR 2.8 million). Other operating expenses increased by EUR 2.4 million to EUR 10.6 million (EUR 8.2 million). The biggest change in other operating expenses was attributable to increased rental costs that rose by EUR 2.4 million. This increase is due to Aktia having disposed of much of its real estate holdings which it used during 2008 and the rents for the new businesses.

Profit April – June 2009

The Group's operating profit in the second quarter was EUR 11.7 million (EUR 15.7 million). Net interest income improved on the first quarter by EUR 6.9 million to EUR 39.4 million (EUR 25.3 million) during April – June thanks to active risk management. The Group's profit for the period was EUR 9.3 million (EUR 12.2 million).

The banking business' operating profit* was adversely affected during April – June by write-downs of credits totalling EUR 15.9 million (0.0). The insurance business' contribution to the Group's operating profit after eliminations was EUR -1.8 million (EUR 1.1 million) for life insurance and EUR 0.6 million (-) for non-life insurance.

The fund at fair value showed an improvement of EUR 35.5 million (EUR -36.2 million) for April – June.

The Group's segments reported the following operating profit for the second quarter

Operating profit (EUR million)	Q2 2009	Q2 2008
Banking business	11.7	10.4
Asset Management	0.4	1.1
Life Insurance	0.0	5.6
Non-Life Insurance	0.2	
Miscellaneous	0.6	3.9
Eliminations	-1.1	-5.4
Total	**11.7**	**15.7**

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased by 5.9% during the period and amounted to EUR 10,105 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. Borrowing both from the public and from savings banks and local cooperative banks decreased by a total of 6.7% to EUR 4,678 million (EUR 5,015 million at 31 December 2008) while borrowing using other financial instruments increased by 19.9% to EUR 3,752 million (EUR 3,130 million at 31 December 2008).

The Group's total lending to the public amounted to EUR 5,820 (EUR 5,426 million at 31 December 2008) at the end of the period, representing an increase of EUR 394 million (+7.3 %). 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 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 225 million (+5.1%) from the year-end.

The housing loan stock totalled EUR 4,354 million (EUR 4,036 million at 31 December 2008), of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,288 million (EUR 1,968 million at 31 December 2008). In all, housing loans increased by 7.9%. Corporate lending continued to be moderate, totalling EUR 814 million (EUR 804 million at 31 December 2008) at the end of June.

Interest-bearing financial assets available for sale increased by 8.2% to EUR 3,039 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 decreased marginally (-0.6%) from the year-end to EUR 3,080 million (EUR 3,098 million at 31 December 2008).

Aktia Real Estate Mortgage Bank plc issued two covered bonds during the first half of the year. In February, a bond of 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 266 million at the end of the period and issued bonds EUR 2,302 million, which represents an increase of EUR 450 million during the first six months. Aktia Bank also issued new debentures and index-linked loans with a total value of EUR 45 million.

Life insurance provisions amounted to EUR 768 million (EUR 777 million at 31 December 2008).

Non-life insurance provisions stood at EUR 117 million (EUR 99 at 1 January 2009) at the end of the period.

Off-balance sheet commitments increased by EUR 88 million from the year-end and amounted to EUR 617 million (EUR 529 million at 31 December 2008). This increase was largely due to growth in unused credit facilities (loan promises) and high liquidity commitments with the local banks.

The Group's equity amounted to EUR 396 million (EUR 317 million at 31 December 2008) at the end of the period. The Group's fund at fair value amounted to EUR -7.1 million (EUR -36 million at 31 December 2008) and showed an improvement of EUR 35 million on the first quarter.

Capital adequacy and solvency

The Banking Group's capital adequacy amounted to 14.7% compared to 13.7% at year-end. The Tier 1 capital ratio was 9.2% (9.3% at 31 December 2008). The capital adequacy calculated in accordance with the Basel 2 rules improved as a result of Aktia Bank disposing of Aktia Life Insurance from the Banking Group in March to the parent company Aktia plc, thanks to the positive result during the first six months and higher valuations of financial assets which brought about an improvement in the fund at fair value. The capital adequacy of the Banking Group remains at a good level, achieving the capital adequacy target and clearly exceeding regulatory requirements.

The life insurance company's working capital amounted to EUR 65.6 million and solvency 11.2% (8.5% at 31 December 2008). The share risk in the investment portfolio has continued to decrease.

The non-life insurance company's working capital was EUR 17.7 million. It reported solvency of 78.9% (risk carrying capacity).

Capital adequacy for the conglomerate amounted to 144.2% (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 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 covered bonds issued by subsidiary Aktia Real Estate Mortgage Bank plc have a Moody's credit rating of Aa1 (previously Aaa) 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 -7.1 million after deferred tax, compared to EUR -36.4 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 27.3 million was attributable to the negative valuation difference of interest-bearing securities including fund-units in interest-bearing funds which is 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	2.3	-1.5	3.8
Life insurance business	-0.2	-2.9	2.7
Non-life insurance business	-0.1	-	-0.1
Direct interest-bearing securities			
Banking business	-16.3	-26.2	9.9
Life insurance business	-9.2	-18.2	9.0
Non-life insurance business	-1.8	-	-1.8
Cash flow hedging	18.2	12.4	5.8
Fund at fair value, total	**-7.1**	**-36.4**	**29.3**

Value changes reported via income statement

Write-downs for the period amounted to EUR 20.7 million (EUR 39.2 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 the total write-downs EUR 20.3 million are attributable to the life insurance company. Of the write-downs EUR 6.9 million was attributable to shares and participations in the investment portfolio of the life insurance company and EUR 13.8 million to interest-bearing securities after the accounting principles had been defined more precisely. Defining the principles more precisely primarily affected the assessment of securities with subordinate right of priority.

Write-downs on financial assets

EUR million	1-6 2009	1-12 2008
Interest-bearing securities		
Banking business	0.4	3.6
Life insurance business	13.4	5.1
Non-life insurance business	-	-
Shares and participations		
Banking business	-	1.0
Life insurance business	6.9	29.4
Non-life insurance business	-	-
Total	**20.7**	**39.2**

Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and guarantee claims totalled EUR -17.8 million. Reversals of losses from previous years came to EUR 0.2 million so that the cost effect on the profit for the period was EUR -17.5 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 has 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.

Write-downs of household loans amounted to EUR 0.9 million, EUR 0.5 million of which was accounted for by unsecured consumer loans.

In addition to individual write-downs, group write-downs were made for households and small companies, taking the economic situation into consideration, 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 operating profit of the banking business during the first six months was EUR 23.8 million (EUR 19.0 million). The operating profit for April – June was EUR 11.7 million (EUR 10.4 million).

Operating income totalled EUR 93.7 million (EUR 67.8 million). The improvement is mainly attributable to net interest income which increased to EUR 68.9 million (EUR 46.2 million). The decrease in short market rates of interest has had a positive effect on net interest income through lower re-financing costs, hedging derivative instruments and fixed-rate investments in the liquidity portfolio. Increased risk premiums (credit spreads) have allowed better returns from new investments in the liquidity portfolio, which has had a positive effect on net interest income. During April – June net interest income continued to improve from the strong level reached in the first quarter. Net commission income fell to EUR 15.0 million (EUR 16.0 million). During April – June net commission income improved somewhat on the first quarter.

Operating expenses rose to EUR 52.3 million (EUR 48.7 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 economic situation has brought about a sharp increase in loan losses, particularly among corporate customers.

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 customer base of the banking business increased by 4,400 private customers during the first six months. The number of Internet banking agreements rose by 4.2% from the start of the year, amounting to 112,429.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased by 5.3 % to EUR 3,523 million (EUR 3,346 million at 31 December 2008). Mortgage loans brokered by Aktia amounted to EUR 1,237 million (EUR 1,069 million at 31 December 2008). Aktia's market share in housing loans amounted to 4.2%. Aktia's total lending to private households made up 80.4% of the loan stock. 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.

Total savings by households amounted to EUR 2,972 million (EUR 2,907 million at 31 December 2008), of which household deposits were EUR 2,380 million (EUR 2,359 at 31 December 2008) and savings by households in mutual funds stood at EUR 592 million (EUR 548 million at 31 December 2008). The outward flow from the funds has stopped and household savings showed an increase of 2.2% during the first six months.

Aktia Real Estate Mortgage Bank plc showed continued growth. The total credit stock grew by 16.3% to EUR 2,409 million. Of the growth in the credit stock, 51.4% was brokered by Aktia's branch offices and 48.6% by savings banks and local co-operative banks. In February, Aktia Real Estate Mortgage Bank plc issued a covered bond worth EUR 125 million with a three-year maturity. Another 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 0.6 million (EUR -0.2 million), mainly as a result of cost adjustment measures and slightly more activity on the market during the second quarter.

Asset Management

Operating profit for Aktia's asset management business fell to EUR 0.1 million (EUR 2.1 million) during the first six months. The market situation became more positive during the second quarter. Aktia fared relatively well in the market. The operating profit for the period includes non-recurring items, mainly capital losses of approximately EUR 0.4 million. During April – June the operating profit amounted to EUR 0.4 million (EUR 1.1 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 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 6.4 million (EUR 7.3 million). The business environment was challenging throughout the period as a whole. Operating expenses increased by EUR 1.2 million to EUR 6.4 million, of which staff costs constituted EUR 3.6 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 2,927 million (EUR 2,490 million at 31 December 2008). Aktia's market share was 6.4% (6.0%) at the end of the period - this includes the share of brokered funds. The total market is based on information from the Finnish Association of Mutual Funds. Assets managed by Aktia, including Asset Management and Aktia Invest, increased and amounted to EUR 5,083 million (EUR 4,538 at 31 December 2008). The customer assets of Private Banking totalled EUR 871 million (EUR 738 million). The number of customers in Private Banking increased by approximately 4% over the period.

Life Insurance

The contribution of the life insurance business to the Group's operating profit was EUR 0.2 million (EUR 3.7 million). The contribution to the Group's operating profit for April – June was EUR -1.8 million (EUR 1.1 million).

The segment's operating result for both the previous year and the reporting 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.

Premium income was EUR 35.9 million (EUR 48.2 million). The decrease in premium income is mainly due to the fact that the sales of large single premium policies paid for in one payment have decreased. Premium volumes from unit-linked pension insurance schemes and risk insurance policies increased. Of the premium volume, unit-linked insurance accounted for approximately 37% (44%).

Insurance claims and benefits totalled EUR 43.8 million (EUR 37.7 million). Increased payment of insurance benefits resulted primarily from the surrender of savings policies and single premium policies as well as increased pension and health insurance payments.

The operating expenses totalled EUR 6.6 million (EUR 6.7 million). Within the life insurance business, steps to streamline operations have continued, as has work to improve cost efficiency. The operating costs include EUR 0.8 million (EUR 0.1 million) of the Group's administration costs. The increase is due to the change in allocation principles within the Group. The cost ratio worsened to 106.3% compared with 104.1% 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 coordination of sales distribution is expected to bring continued cost benefits.

The return on the company's investments based on market value was 0.9% (-3.2%). In order to enable a secure and long-term investment portfolio, the risks in the portfolio have been reduced, primarily through the continued selling off of holdings in the share portfolio. Net income from investment business has been adversely affected by write-downs entered against income of EUR 20.3 million.

Technical provisions totalled EUR 768 million (EUR 777 million at 31 December 2008), of which unit-linked insurance policies represented EUR 169 million (EUR 150 million at 31 December 2008). Interest-based provisions totalled EUR 599 million (EUR 628 million). The discount rate for certain elements of these provisions was increased, resulting in an average discount rate for all interest-bearing provisions of 3.6%. This increase reduced provisions by EUR 19.8 million and had a positive impact on the profit for the period.

The company's solvency amounted to 11.2% 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 31.9 million, technical provisions amounting to EUR 99.1 million, while the balance sheet total stood at EUR 155.3 million.

The contribution of the non-life insurance business to the Group's operating profit for the first six months was EUR -2.8 million. During April – June the contribution to the Group's operating profit was EUR 0.6 million. Comparative figures for the corresponding period in 2008 are not available.

Insurance premium income for Aktia Non-Life Insurance increased by approximately 5% 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 44.0 million. Premium income for the period after the reinsurers' share and change of premium liabilities amounted to EUR 29.3 million. Claim expenditure amounted to a total of EUR 23.5 million. Operating costs totalled EUR 9.9 million and include loan losses totalling EUR 0.3 million. The operating costs include EUR 0.7 million of the Group's administration costs. The total cost ratio amounted to 114% (compared to 122% in the first quarter).

Net income from investment business amounted to EUR 0.9 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.

Of the company's total provisions of EUR 116.8 million (EUR 99.1 million at 1 January 2009), the actual provisions for pay-out claims stood at EUR 84.5 million (EUR 79.4 million at 1 January 2009). The market value of the company's investment portfolio was EUR 139.0 million (EUR 130.7 million at 1 January 2009) and the company's risk carrying capacity was 78.9%.

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

The operating profit of the Miscellaneous segment was EUR 2.8 million (EUR 6.6 million). The profit for the corresponding period in 2008 includes non-recurring items amounting to EUR 2.3 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 -1.9 million.

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 first six months. Loans for housing purposes increased 7.9% to EUR 4,354 million, accounting for 74.8% (74.4% at 31 December 2008) of the total credit stock. 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. Overall, the proportion of household loans in the total credit stock increased to 80.4% (80.0% at 31 December 2008). Of the household loans, 86.5% are secured against adequate collateral in accordance with Basel 2.

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 78.8 million (EUR 63.8 million 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	814	804	10	14.0
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	4,343	338	80.4
Total	**5,820**	**5,426**	**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 0.95 %, 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	30.6.2009	% 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	0.95	47.8	0.87
of which households	47.1	0.8	34.5	0.63
91–	43.6	0.74	26.2	0.48
of which households	22.1	0.37	16.1	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 Banking Group and the insurance companies. The objective in the Banking Group is to be able to cover one year's financing requirements using existing liquidity. Despite considerable uncertainty in the financial markets, the liquidity status remained good and this aim was achieved.

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 the inward flow of cash 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 liquid portfolio of bonds and shares.

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 2,425 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 for each 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.

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

	30.6.2009	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%**

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, primarily from share investments, and totalled EUR 465 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% at 31 December 2008) of these direct interest rate investments were receivables from public sector entities, 18% (20% at 31 December 2008) were receivables from companies and 36% (32% at 31 December 2008) were receivables from banks and covered bonds.

1.1% of the direct interest rate investments did not meet the internal rating requirements at the end of the period.

During the period, write-downs totalling EUR -13.4 million were realised as a result of the issuers announcing an inability to pay, EUR -9.1 million of which is attributable to the second quarter after the accounting principles have been defined more precisely.

Distribution of ratings for life insurance business

	30.6.2009	31.12.2008
Aaa	54.9%	53.7%
Aa1-Aa3	15.2%	17.3%
A1-A3	17.8%	14.8%
Baa1-Baa3	6.5%	5.7%
Ba1-Ba3	0.5%	0.8%
B1-B3	0.6%	0.2%
Caa1 or lower	0.4%	0.0%
No rating	4.0%	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, and at the end of the period, 60% (80% at 31 December 2008) of these direct interest rate investments were receivables from public sector entities, 8% (4% at 31 December 2008) were receivables from companies and 33% (16% at 31 December 2008) were receivables from banks and covered bonds.

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

Rating distribution for non-life insurance business

	30.6.2009	31.12.2008
Aaa	53.3%	65%
Aa1-Aa3	21.5%	23%
A1-A3	18.4%	10%
Baa1-Baa3	1.5%	0%
Ba1-Ba3	0.5%	0%
B1-B3	0.0%	0%
Caa1 or lower	0.0%	0%
No rating	4.8%	1%
Total	**100.0%**	**100%**

The Group has no counterparty whose total exposure exceeds 10% of the financial and insurance conglomerate's equity calculated in compliance with the official directives.

Market risks

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. 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%.

Other market risks within the banking business and the parent company

No equity trading or investments in, or ownership of real estate is carried out in the banking business, including the parent company. At the end of the year, real estate assets totalled EUR 3.5 million (EUR 3.6 million at 31 December 2008). The investments in shares which are necessary or strategic to the business totalled EUR 24.5 (EUR 21.9 million at 31 December 2008). At the end of the period, the fund at fair value related to the above strategic share investments amounted to EUR 2.3 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 valuated 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 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 -6.9 million, EUR 1.9 million of which was attributable to the second quarter. The net change in the fund at fair value after acquisition eliminations posted during the period totalled EUR -0.2 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 8 million (EUR 39 million at 31 December 2008).

The net change in the fund at fair value for interest-bearing securities posted during the period totalled EUR -9.2 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	30.6.2009	30.6.2009	31.12.2008
Shares	8	1.3%	6%
Bonds	539	79.8%	69%
Money market	48	7.0%	12%
Real estate	41	6.1%	6%
Other	40	5.8%	7%

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	30.6.2009	30.6.2009	31.12.2008
Shares	0	0.0%	18%
Bonds	101	68.0%	51%
Money market	16	10.9%	9%
Real estate	29	19.5%	20%
Other	3	1.7%	2%

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

Converted into full-time employees, the number of people employed by the Group increased during the period by 164 to 1,216. The average number of full-time employees during the first six months was 1,213 (992). At the end of June, Aktia Non-Life Insurance, consolidated in the Aktia Group from 1 January 2009, had 234 full-time employees.

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 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 was approving 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. The effect of the transaction is eliminated at Group level.

Shares and ownership

At the end of June 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. During the period, of the merger compensation of 6,800,000 shares, 5,613,088 new series A shares have been registered on the book-entry account. The number of shareholders at the end of the period was 50,423. 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.

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 financial period 1 January - 31 December 2008.

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 Kyttälä, 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/ Helsingfors
- 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, Agrologist, Siuntio

The following new members of the Board of Supervisors were elected for a one-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 reappointed 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.

Listing on the Stock Exchange

Aktia plc's Board of Directors has decided to seek a listing of Aktia plc's series A and R shares on the list of NASDAQ OMX Helsinki Ltd. The listing should take place in September 2009. The purpose of the listing is to increase both the possibilities of shareholders to trade in Aktia's shares and the interest for Aktia among investors, to enable effective price establishment for Aktia's shares and improve chances to develop Aktia's capital structure when required as well as to strengthen Aktia's brand.

Important events after the end of the reporting period

Aktia Non-Life Insurance Company Ltd starts co-operation negotiations in order to reorganise business operations and rationalise them for financial and productional reasons.

The aim is to adjust the company's cost structure to the current market situation, and to enable stable development of the company. The total savings requirement is approx. EUR 2.5 million per annum. This equals a reduction of the number of personnel with about 40 persons.

The planned savings can be reached through a more effective production system, synergies within the Group, and reduced personnel costs.

Outlook for the rest of the year

The 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 refinancing and moderate growth even in the current market situation.

The current economic situation causes increased loan losses. A continued difficult 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.

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

Key figures

	1-6 2009	1-3 2009	1-12 2008	1-9 2008	1-6 2008
Earnings per share, EUR	0.26	0.11	0.09	0.47	0.37
Equity per share, EUR	5.51	4.83	4.85	4.28	4.55
Return on equity (ROE), %	9.2	8.7	1.8	12.5	14.6
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	0.70	0.02	-0.22	-0.79	-0.54
Capital adequacy ratio, % (conglomerate)	144.2	133.1	135.2	113.8	115.1
Average number of shares, million	67.0	67.0	60.2	60.2	60.2
Number of shares at end of period, million	67.0	67.0	60.2	60.2	60.2
Personnel (FTEs), average number of employees from the beginning of the financial year	1,213	1,204	1,010	1,001	992
Banking business (incl. Private Banking)					
Cost-to-income ratio	0.57	0.70	0.65	0.66	0.69
Borrowing from the public, EUR million	3,080	3,088	3,098	3,072	3,069
Lending to the public, EUR million	5,820	5,592	5,426	5,287	5,082
Capital adequacy ratio, %	14.7	14.2	13.7	12.0	12.8
Tier 1 capital ratio, %	9.2	9.0	9.3	9.9	10.1
Risk-weighted commitments, EUR million	3,395	3,335	3,313	3,247	3,229
Asset Management					
Mutual fund volume, EUR million	2,927	2,415	2,490*	1,709	1,858
Managed and brokered assets, EUR million	5,083	4,515	4,538	3,586	3,722
Life Insurance					
Premium income before reinsurers' share, EUR million	36.0	20.6	91.4	65.1	48.2
Expense ratio, %	106.3	115.4	99.0	99.1	104.1
Working capital, EUR million	65.6	40.0	50.4	52.9	82.6
Solvency ratio, %	11.2	7.1	8.5	8.4	12.5
Investments at fair value, EUR million	813.1	774.8	804.6	879.0	921.8
Technical provisions for interest-linked policies, EUR million	599.1	614.5	627.6	654.9	655.8
Technical provisions for unit-linked policies, EUR million	168.6	146.5	149.6	171.9	191.7
Non-Life Insurance					
Premium income before reinsurers' share, EUR million	44.0	28.8	-	-	-
Premium income, EUR million	29.3	13.9	-	-	-
Operating cost percetage, %	26.1	28.9	-	-	-
Loss ratio, %	88.2	93.5	-	-	-
Total cost percentage, %	114.3	122.4	-	-	-
Technical provisions before reinsurers' share, EUR million	116.8	114.7	-	-	-
Solvency capital, EUR million	46.9	48.0	-	-	-
Solvency ratio of technical provisions, %	42.6	43.7	-	-	-
Solvency percentage (risk carrying capacity), %	78.9	80.8	-	-	-

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

Basis of calculation for key figures

Earnings per share, EUR

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

Equity per share, EUR

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

Return on equity (ROE), %

Profit for the period (on annual basis) x 100
Average equity

Capital adequacy ratio, % - Financial and Insurance Conglomerate

The total capital base of the conglomerate (equity including sector-specific assets and deductions) x 100
Minimum requirement for the conglomerate's own assets (credit institution + insurance business)

The capital 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

Total operating expenses
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, %

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

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

Tier 1 Capital ratio, %

Tier 1 capital x 100
Risk-weighted commitments

Life Insurance
Expense ratio, %

(Operating costs+ cost of claims paid) x 100
Total expense loadings

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, %

Solvency capital x 100
Technical provision – equalisation provision - 75% of provisions for unit-linked insurance

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

Non-Life Insurance
Loss ratio (excluding discounting of pension liabilities), %

Claims paid and claim processing costs x 100
Premium income

Operating cost percentage, %

Operating costs excl. claim processing costs x 100
Premium income

Total cost percentage %

Risk percentage + Expense ratio
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, %

Solvency capital
Technical provisions after reinsurers' share - equalisation provisions

Solvency percentage (risk carrying capacity), %

Solvency capital
Premium income for the last 12 months

Consolidated financial statements for the Aktia Group

Consolidated income sheet

(EUR million)	1-6 2009	1-6 2008	Change	1-12 2008
Net interest income	71.9	49.1	46.4%	101.0
Dividends	0.6	1.3	-55.0%	1.4
Commission income	27.6	25.7	7.3%	48.7
Commission expenses	-7.0	-3.3	110.3%	-7.7
Net commission income	20.6	22.4	-8.1%	41.0
Net income for life insurance	7.0	11.2	-36.8%	-33.8
Net income for non-life insurance	7.4	-	N/A	-
Net income from financial transactions	5.3	2.9	86.0%	-3.4
Net income from investment properties	0.2	1.6	-85.4%	6.0
Other operating income	1.8	3.9	-53.4%	15.0
Total operating income	**114.9**	**92.4**	**24.4%**	**127.2**
Staff costs	-39.2	-32.7	19.8%	-60.6
Other administrative expenses	-22.3	-19.5	14.5%	-38.4
Negative goodwill recorded as income	0.1	-	N/A	-
Depreciation of tangible and intangible assets	-3.5	-2.8	23.2%	-5.7
Other operating expenses	-10.6	-8.2	29.7%	-16.2
Total operating expenses	**-75.4**	**-63.2**	**19.4%**	**-120.9**
Impairment and reversing items of tangible and intangible assets	-0.2	0.8	-129.4%	0.7
Write-downs of credits and other commitments	-17.8	0.0	N/A	-0.7
Share of profit from associated companies	0.6	-0.1	-848.0%	0.2
Operating profit	**22.0**	**29.9**	**-26.3%**	**6.6**
Taxes	-5.5	-7.0	-21.4%	-0.8
Profit for the reporting period	**16.5**	**22.8**	**-27.8%**	**5.8**
Attributable to:				
Shareholders in Aktia plc	17.3	22.2	-21.9%	5.2
Minority interest	-0.8	0.6	-231.0%	0.6
Total	**16.5**	**22.8**	**-27.8%**	**5.8**
Earnings per share, EUR, attributable to shareholders in Aktia plc	0.26	0.37		0.09
Earnings per share, EUR, after dilution	0.26	0.37		0.09

Consolidated comprehensive income

(EUR million)	1-6 2009	1-6 2008	Change	1-12 2008
Profit for the reporting period	16.5	22.8	-27.8%	5.8
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	19.9	-53.3	-137.4%	-57.7
Change in valuation of fair value for cash flow hedging	5.8	-1.8	-429.4%	13.6
Transferred to the income statement for financial assets available for sale	3.7	0.0	N/A	25.4
Transferred to the income statement for cash flow hedging	-	-	N/A	-0.3
Total comprehensive income for the period	**45.9**	**-32.1**	**-242.7%**	**-13.1**
Total comprehensive income attributable to:				
Shareholders in Aktia plc	46.6	-32.6	-243.0%	-13.2
Minority interest	-0.7	0.5	-264.9%	0.1
Total	**45.9**	**-32.1**	**-242.7%**	**-13.1**

Consolidated balance sheet

(EUR million)	30.6.2009	31.12.2008	Change	30.6.2008
Assets				
Cash and balances with central banks	288.7	506.3	-43.0%	242.8
Financial assets reported at fair value through profit and loss	25.5	19.5	30.9%	27.4
Interest-bearing securities	3,039.5	2,808.5	8.2%	2,466.6
Shares and participations	204.8	228.9	-10.5%	400.8
Financial assets available for sale	3,244.2	3,037.3	6.8%	2,867.5
Financial assets held until maturity	30.9	35.9	-13.9%	45.8
Derivative instruments	198.7	137.0	45.0%	68.6
Lending to credit institutions	119.2	100.5	18.6%	86.0
Lending to the public and public sector entities	5,820.0	5,425.7	7.3%	5,082.5
Loans and other receivables	5,939.3	5,526.2	7.5%	5,168.5
Investments for unit-linked provisions	168.1	148.1	13.5%	191.3
Investments in associated companies	4.7	4.5	5.0%	4.2
Intangible assets	12.5	10.4	20.5%	8.0
Tangible assets	36.4	9.8	272.8%	38.4
Accrued income and advance payments	67.2	79.1	-15.1%	66.8
Other assets	71.0	7.2	887.0%	27.5
Total other assets	138.1	86.3	60.0%	94.3
Income tax receivables	3.7	2.4	55.5%	4.7
Deferred tax receivables	13.7	15.6	-12.1%	14.7
Tax receivables	17.4	18.0	-3.1%	19.4
Assets classified as held for sale	0.8	0.8	0.0%	6.8
Total assets	**10,105.4**	**9,540.1**	**5.9%**	**8,783.1**
Liabilities				
Liabilities to credit institutions	1,597.9	1,916.9	-16.6%	1,124.1
Liabilities to the public and public sector entities	3,079.9	3,098.3	-0.6%	3,069.0
Deposits	4,677.8	5,015.3	-6.7%	4,193.1
Financial liabilities reported at fair value through profit and loss	-	4.6	N/A	-
Derivative instruments	127.7	84.7	50.7%	75.8
Debt securities issued	2,568.7	2,118.7	21.2%	2,038.6
Subordinated liabilities	243.8	246.9	-1.2%	206.6
Other liabilities to credit institutions	742.4	502.1	47.9%	742.7
Other liabilities to the public and public sector entities	197.5	262.8	-24.8%	153.2
Other financial liabilities	3,752.5	3,130.5	19.9%	3,141.0
Technical provision	726.7	627.6	15.8%	655.8
Technical provisions for unit-linked insurances	168.6	149.6	12.7%	191.7
Accrued expenses and income received in advance	68.8	81.2	-15.2%	85.6
Other liabilities	126.8	87.8	44.4%	111.0
Total other liabilities	195.6	169.0	15.8%	196.6
Provisions	0.9	0.9	-2.8%	1.2
Income tax liabilities	4.6	3.0	53.8%	5.7
Deferred tax liabilities	54.4	38.0	43.3%	33.6
Tax liabilities	59.0	40.9	44.0%	39.3
Liabilities for assets classified as held for sale	0.2	0.2	0.0%	0.3
Total liabilities	**9,709.0**	**9,223.3**	**5.3%**	**8,494.8**
Equity				
Restricted equity	97.3	54.3	79.2%	21.5
Unrestricted equity	268.9	237.5	13.2%	252.4
Shareholders' share of equity	366.1	291.8	25.5%	273.9
Minority interest's share of equity	30.2	25.0	21.0%	14.3
Equity	**396.3**	**316.8**	**25.1%**	**288.2**
Total liabilities and equity	**10,105.4**	**9,540.1**	**5.9%**	**8,783.1**

Consolidated cash flow statement

(EUR million)	1-6 2009	1-6 2008	1-12 2008
Cash flow from operating activities			
Operating profit	22.0	29.9	6.6
Adjustment items not included in cash flow for the period	35.5	1.0	34.2
Paid income taxes	-7.8	-12.7	-16.1
Cash flow from operating activities before change in operating receivables and liabilities	**49.8**	**18.2**	**24.7**
Increase (-) or decrease (+) in receivables from operating activities	-547.6	-845.1	-1,331.0
Increase (+) or decrease (-) in liabilities from operating activities	296.2	865.5	1,515.0
Total cash flow from operating activities	**-201.6**	**38.6**	**208.6**
Cash flow from investing activities			
Financial assets held until maturity	5.0	-	10.0
Acquisation and divestment of subsidiaries and associated companies *)	-24.4	-28.2	-28.2
Investments in and proceeds from sale of tangible and intangible assets	-2.5	3.4	41.9
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	6.6	3.8	3.8
Total cash flow from investing activities	**-15.3**	**-21.0**	**27.5**
Cash flow from financing activities			
Subordinated liabilities	-2.4	15.5	55.3
Increase of share capital	13.6	0.0	0.0
Increase of unrestricted equity reserve	27.2	0.1	0.1
Paid dividends	-10.0	-20.1	-20.1
Total cash flow from financing activities	**28.4**	**-4.4**	**35.4**
Change in cash and cash equivalents	**-188.5**	**13.2**	**271.6**
Cash and cash equivalents at the beginning of the year	512.4	240.8	240.8
Cash and cash equivalents at the end of the year	323.9	253.9	512.4
Cash and cash equivalents in the cash flow statement consist of the following items:			
Cash in hand	9.2	9.3	10.0
Insurance operation's cash and cash equivalents	4.0	1.5	3.7
Bank of Finland current account	275.5	232.0	492.6
Loans to credit institutions repayable on demand	35.2	11.1	6.0
Total	**323.9**	**253.9**	**512.4**
Adjustment items not included in cash flow for the period consist of:			
Write-downs of financial assets	20.7	-	39.2
Write-downs of credits and other commitments	17.5	0.0	0.7
Change in fair value	-6.1	0.0	2.0
Depreciation, amortisation and impairment of tangible and intangible assets	3.7	2.8	6.0
Share of profit from associated companies	-0.3	0.1	-0.2
Capital gains and losses from the sale of tangible and intangible assets	-0.1	-2.3	-12.5
Negative goodwill recorded as income	0.1	-	-
Other adjustments	0.0	0.3	-1.0
Total	**35.5**	**1.0**	**34.2**

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

Change in 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			29.4		17.2	46.6	-0.7	45.9
Other change in equity		0.1				0.1	6.0	6.1
Equity as at 30 June 2009	**93.9**	**10.5**	**-7.0**	**72.7**	**196.1**	**366.1**	**30.2**	**396.3**
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			-55.0		22.4	-32.6	0.5	-32.1
Other change in equity		4.0		0.1	-2.1	2.0	-0.7	1.3
Equity as at 30 June 2008	**80.2**	**14.0**	**-73.0**	**45.4**	**207.2**	**273.9**	**14.3**	**288.2**

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.

Quarterly trends in Aktia Group

(EUR million)	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Net interest income	39.4	32.5	26.7	25.2	25.3
Dividends	0.5	0.1	0.1	0.0	1.3
Net commission income	11.0	9.5	9.3	9.4	11.8
Net income for life insurance	1.7	5.4	-42.9	-2.0	5.1
Net income for non-life insurance	5.5	2.0	-	-	-
Net income from financial transactions	5.7	-0.4	-3.2	-3.0	1.7
Net income from investment properties	0.1	0.1	3.1	1.3	0.4
Other operating income	1.0	0.8	8.0	3.0	2.1
Total operating income	**65.0**	**50.0**	**1.0**	**33.9**	**47.6**
Staff costs	-18.9	-20.3	-15.2	-12.7	-16.7
Other administrative expenses	-11.6	-10.7	-10.1	-8.8	-10.2
Negative goodwill recorded as income	-	0.1	-	-	-
Depreciation of tangible and intangible assets	-1.7	-1.8	-1.3	-1.6	-1.5
Other operating expenses	-5.2	-5.4	-4.4	-3.6	-4.4
Total operating expenses	**-37.4**	**-38.0**	**-31.0**	**-26.7**	**-32.9**
Impairment and reversing items of tangible and intangible assets	-0.2	0.0	-0.3	0.3	0.8
Write-downs of credits and other commitments	-16.2	-1.6	-0.4	-0.3	0.0
Share of profit from associated companies	0.5	0.0	0.0	0.3	0.1
Operating profit	**11.7**	**10.3**	**-30.7**	**7.4**	**15.7**

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 – 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 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.

Substantial accounting policies

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 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). These more precise accounting principles lead to write-downs of EUR 9.1 million in the second quarter of 2009.

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 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 reporting

Business areas

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 business areas. This business area 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 business areas 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 business areas in accordance with various allocation rules. Until further notice, Aktia is not allocating equity to the various business areas. Miscellaneous consists of any items in the income statement and balance sheet that are not allocated to the various business areas. Internal Group transactions between legal entities are eliminated and reported within each business area if the legal entities are in the same business area. 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	Banking business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		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**	**1-6 2009**	**1-6 2008**
Net interest income	68.9	46.2	1.0	0.9	-	-	-	-	1.6	2.2	0.4	-0.2	71.9	49.1
Dividends	0.1	0.2	0.0	0.1	-	-	-	-	1.8	2.3	-1.3	-1.3	0.6	1.3
Net commission income	15.0	16.0	5.6	5.8	-	-	-	-	2.9	1.9	-3.0	-1.3	20.6	22.4
Net income from life-insurance	-	-	-	-	11.9	36.0	-	-	-	-	-4.9	-24.8	7.0	11.2
Net income from non-life insurance	-	-	-	-	-	-	6.7	-	-	-	0.7	-	7.4	-
Net income from financial transactions	6.0	2.4	-0.2	0.4	-0.5	-	-	-	0.0	0.0	-	-	5.3	2.9
Net income from investment properties	0.0	0.0	-	-	-	-	-	-	0.3	1.7	0.0	0.0	0.2	1.6
Other operating income	3.6	2.9	0.1	0.1	-	-	0.0	-	1.1	3.7	-3.0	-2.8	1.8	3.9
Total operating income	**93.7**	**67.8**	**6.4**	**7.3**	**11.5**	**36.0**	**6.7**	**0.0**	**7.6**	**11.8**	**-11.0**	**-30.5**	**114.9**	**92.4**
Staff costs	-18.1	-19.0	-3.6	-2.9	-3.0	-3.7	-6.1	-	-8.3	-7.1	0.0	-	-39.2	-32.7
Other administrative expenses	-28.1	-25.0	-2.0	-1.8	-3.6	-3.0	-3.5	-	9.1	6.0	5.7	4.3	-22.3	-19.5
Negative goodwill recorded as income	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-
Depreciation of tangible and intangible assets	-1.2	-0.9	-0.4	-0.2	-0.2	-0.2	-0.3	-	-0.9	-0.7	-0.5	-0.7	-3.5	-2.8
Other operating expenses	-4.9	-3.8	-0.4	-0.3	-	-	0.1	-	-4.8	-4.1	-0.7	0.0	-10.6	-8.2
Total operating expenses	**-52.3**	**-48.7**	**-6.4**	**-5.2**	**-6.9**	**-7.0**	**-9.7**	**0.0**	**-4.9**	**-5.9**	**4.7**	**3.6**	**-75.4**	**-63.2**
Impairment and reversing items of tangible and intangible assets	-	-	-	-	-	-	-	-	-	0.8	-0.2	-	-0.2	0.8
Write-downs of credits and other commitments	-17.5	0.0	-	-	-	-	-0.3	-	-	-	-	-	-17.8	0.0
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	0.6	-0.1	0.6	-0.1
Operating profit	**23.8**	**19.0**	**0.1**	**2.1**	**4.6**	**29.0**	**-3.2**	**0.0**	**2.8**	**6.6**	**-6.0**	**-26.9**	**22.0**	**29.9**
Contribution of insurance business to the Group's operating profit					0.2	3.7	-2.8	-						

Balance sheet	Banking business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		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**	**30.6.2009**	**31.12.2008**
Cash and balances with central banks	284.6	502.5	0.1	0.1	5.9	13.4	7.9	-	-	-	-9.7	-9.7	288.7	506.3
Financial assets reported at fair value through profit and loss	3.9	4.5	-	-	9.9	14.9	11.7	-	-	-	-	-	25.5	19.5
Financial assets available for sale	2,461.2	2,355.0	6.3	13.2	653.0	648.6	101.6	-	42.2	37.0	-20.1	-16.4	3,244.2	3,037.3
Loans and other receivables	5,971.6	5,520.2	23.5	17.6	-	-	-	-	0.1	0.1	-56.0	-11.7	5,939.3	5,526.2
Investments for unit-linked provisions	-	-	-	-	168.1	148.1	-	-	-	-	-	-	168.1	148.1
Other assets	617.5	465.9	7.3	7.2	17.2	21.5	46.3	-	81.6	120.4	-330.3	-312.3	439.5	302.6
Total assets	**9,338.9**	**8,848.1**	**37.2**	**38.1**	**854.0**	**846.6**	**167.4**	**0.0**	**124.0**	**157.4**	**-416.1**	**-350.2**	**10,105.4**	**9,540.1**
Deposits	4,546.6	4,898.8	144.3	130.1	-	-	-	-	2.0	1.6	-15.1	-15.2	4,677.8	5,015.3
Debt securities issued	2,588.2	2,134.1	-	-	-	-	-	-	-	-	-19.5	-15.3	2,568.7	2,118.7
Technical provision for life insurance business	-	-	-	-	767.7	777.2	116.8	-	-	-	10.8	-	895.3	777.2
Other liabilities	1,378.3	1,174.5	6.7	15.9	16.2	11.1	23.7	-	295.0	228.0	-152.6	-117.4	1,567.2	1,312.1
Total liabilities	**8,513.1**	**8,207.4**	**151.0**	**146.1**	**783.9**	**788.3**	**140.5**	**0.0**	**296.9**	**229.6**	**-176.4**	**-148.0**	**9,709.0**	**9,223.3**

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	51.0	17.8
Total	**2,113.5**	**51.0**	**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 profit and loss 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	193.2	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**	**198.7**	**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.

Derivative instruments at 30 June 2008 (EUR million)

Hedging derivative instruments	Total, nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,494.0	10.6	16.2
Total	**2,494.0**	**10.6**	**16.2**
Cash flow hedging			
Interest rate-related	480.0	0.6	4.9
Total	**480.0**	**0.6**	**4.9**
Derivative instruments valued through profit and loss for other reasons			
Interest rate-related *)	6,512.3	51.2	48.8
Currency-related	189.0	1.8	2.0
Equity-related **)	163.2	2.6	2.1
Other derivative instruments **)	8.6	1.8	1.8
Total	**6,873.1**	**57.4**	**54.7**
Total derivative instruments			
Interest rate-related	9,486.3	62.4	69.9
Currency-related	189.0	1.8	2.0
Equity-related	163.2	2.6	2.1
Other derivative instruments	8.6	1.8	1.8
Total	**9,847.1**	**68.6**	**75.8**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 6,014.9 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	57.9
Other commitments provided to a third party	7.6	7.5	6.8
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	538.7	454.5	576.2
Other irrevocable commitments *)	12.8	12.1	154.5
Off-balance sheet commitments	**617.4**	**528.8**	**795.4**

*) 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)	30.6.2009	31.12.2008
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 millions) x risk-weighted factor of 12.5.

Capital base (EUR million)	30.6.2009	31.12.2008
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	0.0	-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	0.0	-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)	Balance sheet assets	Off- balance sheet	In total	Risk-weighted commitments, Basel 2	
Risk-weight				**30.6.2009**	**31.12.2008**
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 amount for operational risks

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

Conglomerate's capital adequacy

	30.6.2009	**31.12.2008**
Tier 1 capital for the group	378.5	359.7
Sector-specific assets	178.2	161.4
Intangible assets and other specific deductions	-93.0	-101.9
Other sector-specific not transferrable assets	-	-
Conglomerate´s total capital base	**463.7**	**419.2**
Capital requirement for banking business	273.8	266.6
Capital requirement for insurance business	47.9	43.5
Minimum amount for capital base	**321.6**	**310.1**
Conglomerate´s capital adequacy	**142.1**	**109.1**
Capital adequacy ratio, %	**144.2**	**135.2**

The conglomerate's capital adequacy is based on the consolidation method and is calculated according to FICO rules and the standards of the Financial Supervisory 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 client 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 6.7 million and operating profit was EUR -2.3 million during the first half of the year.

(EUR million)	Veritas Mutual Non-Life Insurance Company	1 January 2009 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
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**

Helsinki, 20 August 2009

AKTIA PLC
Board of Directors

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

To the Board of Directors of Aktia 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 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

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