Aktia

AKTIA PLC'S INTERIM REPORT January - June 2010

FIRST HALF YEAR: OPERATING PROFIT EUR 41.0 (17.3) MILLION

- Group operating profit for January-June 2010 improved 137.0% to EUR 41.0 (17.3) million and the profit for the period to EUR 30.0 (13.0) million. Earnings per share was up 107.0% to EUR 0.43 (0.21).
- Net interest income rose 7.7% to EUR 77.5 (71.9) million.
- Net commission income advanced 40.7% to EUR 28.9 (20.6) million.
- Net income from life insurance improved marginally to EUR 7.1 (7.0) million.
- Net income from non-life insurance improved 39.1% to EUR 10.3 (7.4) million.
- Write-downs on credit were clearly lower than last year and stood at EUR 8.4 (17.8) million.
- Aktia Bank plc's credit rating remained unchanged A1/C/P-1 (Moody's Investors Service)
- Aktia expects operating profit for 2010 to exceed the level in 2009 and write-downs on credit to remain clearly lower than last year (updated).

APRIL-JUNE: OPERATING PROFIT EUR 23.5 (9.1) MILLION

- Group operating profit for April-June 2010 improved 158.0% to EUR 23.5 (9.1) million and the profit for the period to EUR 17.5 (7.4) million. Earnings per share was up 108.7% to EUR 0.25 (0.12).
- Net interest income remained at a good level of EUR 38.6 (39.4) million.
- Net commission income improved by 40.8% to EUR 15.5 (11.0) million.
- Net income from life insurance improved by 58.5% to EUR 2.6 (1.7) million.
- Net income from non-life insurance rose 8.9% to EUR 5.9 (5.5) million.
- Write-downs on credit were clearly lower than last year and stood at EUR 3.8 (16.2) million.

CEO JUSSI LAITINEN:

"The first half of this year has been good for us. Operating profit is strong thanks to high net interest income, increased net commissions and insurance income as well as a moderate increase of costs and lower credit losses. Our market position is strengthened by a larger number of Customer Dialogues carried out at the branch offices and improved profile in media. Despite the financial unrest, our financial assets have increased in value from the beginning of the year. I am confident that Aktia's result will develop favourably during the second half of the year. "

(EUR million)	4-6/2010	4-6/2009	Δ	1-6/2010	1-6/2009	Δ	1-3/2010	1-12/2009
Net interest income	38.6	39.4	-2.1%	77.5	71.9	7.7 %	38.9	152.2
Total operating income	66.2	62.4	6.2%	127.2	110.2	15.5 %	61.0	233.1
Operating profit before write-downs on credit	27.4	25.3	8.1%	49.4	35.1	40.8 %	22.1	78.7
Write-downs on credit and other commitments	-3.8	-16.2	-76.3%	-8.4	-17.8	-52.7 %	-4.6	-31.7
Operating profit	23.5	9.1	158.0%	41.0	17.3	137.0 %	17.5	47.0
Cost-to-income ratio	0.54	0.52	4.5%	0.55	0.60	-8.4 %	0.57	0.57
Earnings per share (EPS), EUR	0.25	0.12	108.7%	0.43	0.21	107.0 %	0.18	0.52
Equity per share (NAV)[1], EUR	6.89	5.51	25.0%	6.89	5.51	25.0 %	6.86	6.52
Return on equity (ROE),%	14.2	8.0	78.0%	12.4	7.3	70.3 %	10.5	8.7
Capital adequacy ratio[1],%	16.5	14.5	13.8%	16.5	14.5	13.8 %	16.2	15.9
Tier 1 capital ratio[1],%	10.1	9.1	11.0%	10.1	9.1	11.0 %	9.6	9.5
Write-downs on credit/total credit stock, %	0.05	0.27	-81.5%	0.13	0.31	-57.5 %	0.08	0.51

1) At the end of the period

"Interim report January - June 2010" is a translation of the original report in Swedish ("*Delårsrapport 1.1-30.6.2010*"). In case of discrepacies, the Swedish version shall prevail.

PROFIT
April - June 2010

The Group's operating profit in the second quarter was strong and amounted to EUR 23.5 (9.1) million supported by a sustained high net interest income, a clearly stronger net commission income and notably lower write-downs on credit.

INCOME

During April - June the Group's total income increased 6.2% to EUR 66.2 (62.4) million. Net interest income amounted to EUR 38.6 (39.4) million. Net income from life insurance was EUR 2.6 (1.7) million and that from non-life insurance EUR 5.9 (5.5) million. Net commission income increased 40.8% to EUR 15.5 (11.0) million, the improvement mainly stemming from wealth management products.

COSTS

During April - June the costs stood at EUR 40.0 (37.4) million, showing a rise by 6.8 %. The change originates mainly from higher IT costs and higher reservations for the personnel fund and result related bonus payments.

The group common costs during April - June 2010 amounted to EUR 6.8 (9.3) million.

SEGMENT OVERVIEW

The segments' contribution to the Group's operating profit

(mn euro)	4 -6/2010	4-6/2009	Δ
Banking Business	20.6	9.1	126.4 %
Asset Management	1.1	0.4	148.2 %
Life Insurance	1.4	-1.9	-
Non-Life Insurance	0.6	0.6	3.1 %
Miscellaneous	-1.2	0.6	-
Eliminations	1.1	0.3	239.9 %
Total	**23.5**	**9.1**	**158.0 %**

The operating profit for the banking business, after the Group's common costs, more than doubled to EUR 20.6 (9.1) million. Net interest income remained at a high level of EUR 37.4 (38.1) million. Loans totalling EUR 3.7 (16.1) million were written down. Credit write-downs were significantly lower than during the corresponding period last year and also lower than during the first quarter this year.

Asset management improved profitability and its operating profit after the Group's common costs improved to EUR 1.1 (0.4) million. The market share of mutual funds was 6.7 (7.0)%.

The life insurance business improved and contributed EUR 1.4 (-1.9) million and non-life insurance EUR 0.6 (0.6) million to the Group's operating profit.

PRESS AND ANALYSTS' CONFERENCE 12 AUGUST 2010 AT 11 – 12 A.M.

Aktia's CEO Jussi Laitinen and Deputy Managing Director, CFO Stefan Björkman will present the report and answer questions.

The presentation will be available at www.aktia.fi.

The conference will be held at Aktia's Head Office, Mannerheimintie 14 A, 7th floor.

ACTIVITY IN
January - June 2010

BUSINESS ENVIRONMENT

The short interest rates remained at a low level throughout the period, though rising somewhat during the second quarter. In this environment, Aktia's active management of interest rate risk contributed in this environment greatly to the group net interest income and result development.

The general revival of the Finnish economy as well as the low level of interest rates resulted in clearly lower write-downs on credit compared to 2009.

During the second quarter of 2010, Finnish real estate prices were generally up by 10.0% and in the Helsinki region even by 13.6%. Consumer price index increased by 0.9% and unemployment stood at 8.8%. *(Statistics Finland).*

The decreasing trend in long interest rates continued which generated higher values on the fixed rate instruments that are part of Aktia's investment portfolios.

The Southern European economies caused worries and led to generally higher demands on yields. This had a negative impact on the value of financial assets and caused somewhat higher costs of refinancing.

The new initiatives for regulating banking and insurance businesses are still under work, but will likely result in higher capital requirements, sharpened competition for deposits, higher demands on long-term financing and eventually, higher margins on credits.

Key figures	2010E	2009	2008
GDP growth			
World	3.8*	-1.3	3.0
EU	1.2*	-4.0	0.9
Finland	1.2*	-7.8	0.9
Consumer price index			
EU	1.3*	0.3	3.3
Finland	1.1*	0.1	4.0
Other key ratios			
Development of real value of housing in Finland	7.0*	-0.3	-2.5
OMX Helsinki 25	-	28.3	-49.5
Interest rates			
ECB	1.25*	1.00	4.25
10-y interest Ger (=benchmark)	3.70	3.40	3.80
Euribor 12 months	2.25*	1.30	3.10
Euribor 3 months	1.25*	0.70	4.50
Unemployment in Finland	9.7*	8.2	6.4

* At the end of the year (Aktia's chief economist's prognosis)

RATING

The international rating agency Moody's Investor Service kept its credit opinion of Aktia Bank plc's credit rating unchanged in an update on 6 January 2010. Aktia Bank plc's credit quality remained at the best classification, P-1, for short-term borrowing. The credit rating for long-term borrowing is A1 and that for financial strength is C. All ratings have a stable outlook. See http://www.aktia.fi/aktia_bank/rating.

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

PROFIT FOR THE PERIOD

The Group's operating profit improved by 137.0% to EUR 41.0 (17.3) million. The profit for January - June 2010 increased by 130.8% to EUR 30.0 (13.0) million.

INCOME

The Group's total income increased by 15.5% between January and June to EUR 127.2 (110.2) million.

Net interest income rose to EUR 77.5 (71.9) million. The positive impact of managing interest rate risks has made a significant contribution to the net interest income's rigidity despite the low interest environment.

Both derivatives and fixed rate instruments are utilised by Aktia Bank to manage interest rate risks. The derivatives used by Aktia Bank to limit its interest rate risk improved net interest income by EUR 28.7 (9.1) million.

Net commission income increased by 40.7% to EUR 28.9 (20.6) million. Commission income from mutual funds, asset management and brokering increased to EUR 18.5 (11.9) million. Card and payment services commissions improved somewhat to EUR 6.8 (5.7) million.

Net income from life insurance amounted to EUR 7.1 (7.0) million. A lower number of claims and last year's cost reductions measures improved Aktia Non-Life Insurance's net income to EUR 10.3 (7.4) million. Net income from the insurance businesses includes insurance premiums written, net income from investment activities, insurance claims paid and the change in technical provisions.

Other operating income was EUR 5.0 (1.8) million. This includes a sales gain of divestment of Aktia Bank plc's minority holding in Esperi Care Oy. The banking group's associated company Unicus Oy handled the transaction and divested also its holding in Esperi Care. The transaction added in total EUR 1.7 million to the period's operating profit.

EXPENSES

The Group's operating expenses in January-June rose by 4.5% to EUR 78.8 (75.4) million.

Higher reservations for personnel fund and other result related bonus payments increased staff costs by 8.5% to EUR 42.5 (39.2) million. Other administration expenses increased by 4.9% to EUR 23.4 (22.3) million of which the most part consisted of costs for IT development. Total depreciation and write-downs on tangible and intangible assets were unchanged at EUR 3.5 (3.5) million. Other operating expenses fell somewhat to EUR 9.3 (10.6) million.

The cost reduction measures taken during 2009 have been effective and the results will be fully visible during the latter part of this year.

BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS

The Group's balance sheet total increased by 2.9% from year-end and amounted to EUR 10,867 (31.12.2009; 10,556) million. The increase in the balance sheet total is largely due to growth in both deposit and mortgage stocks.

BORROWING

Aktia's liquidity was partly supported by a larger deposit stock from the public and partly by the Mortgage Bank's issue.

Total deposits from the public, associations and credit institutions rose by 2.4% to EUR 4,868 (4,754) million, of which borrowing from the public and public sector entities rose by 10.6% from the beginning of the year, totalling EUR 3,351 (3,029) million. A more active marketing boosted Aktia's market share in deposits to 3.56 (3.35)%.

In March 2010, Aktia Real Estate Mortgage Bank plc issued a covered bond of EUR 500 million with a fixed interest rate and five-year maturity. Outstanding Aktia Bank certificates of deposit amounted to EUR 394 million at the end of the period and bonds issued by the Group totalled EUR 2,576 million, which represents a decrease of EUR 146 million during 2010. The decrease is mainly attributable to repurchase of Aktia Real Estate Mortgage Bank's bonds expiring in August 2010. During the first half of the year, Aktia Bank issued new subordinated debts and index-linked loans with a total value of EUR 43 million.

Aktia Bank has issued other long-term funding, (Schuldscheindarlehen) worth EUR 25 million as a part of preparations for new regulations concerning banks and insurance companies (Basel III).

LENDING

The Group's total lending to the public amounted to EUR 6,346 (6,061) million at the end of the period, representing an increase of EUR 286 million. 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 150 million (3.1%) from the beginning of the year.

Loans to private households (including mortgages brokered by local savings and cooperative banks) accounted for EUR 5,191 (4,924) million or 81.8% of the total loan stock. The housing loan stock totalled EUR 4,858 (4,598) million. In all, housing loans increased by 5.6% from the beginning of the year. Aktia's market share in housing loans was unchanged at 4.27%.

Corporate lending accounted for 12.3% of Aktia's loan stock. Total corporate lending remained unchanged from year-end and amounted to EUR 781 (782) million at the end of the period.

During the period, loans granted to housing associations increased by 7.6% to EUR 311 (289) million and stood for 4.9% of Aktia's total loan stock.

Interest-bearing financial assets available for sale were EUR 3,281 (3,277) million. Of interest-bearing financial assets, EUR 651 million relates to the insurance companies' investment portfolios and EUR 2,630 million mainly to the banking business' liquidity portfolio. These securities can be used as collateral in central bank or in transactions with binding repurchase terms, so called repurchase agreements.

TECHNICAL PROVISIONS

Life insurance technical provisions amounted to EUR 826 (805) million, of which EUR 236 (210) million were unit-linked.

At the end of June, total technical provisions of non-life insurance stood at EUR 132 (119) million.

EQUITY AND COMMITMENTS

Aktia Group's equity amounted to EUR 501 (466) million at the end of the period. The Group's fund at fair value amounted to EUR 55 (43) million and showed an improvement of EUR 12 million since the beginning of the year.

Off-balance sheet commitments increased by EUR 43 million from the year-end and amounted to EUR 618 (575) million. This increase was largely due to unused credit facilities (loan promises and limits).

SEGMENT OVERVIEW

Aktia plc has five business segments; Banking Business, Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous.

The segments' contribution to the Group's operating profit

(EUR million)	1-6/2010	1-6/2009	Change
Banking Business	38.0	19.1	98.7 %
Asset Management	2.0	0.1	-
Life Insurance	4.3	0.2	-
Non-Life Insurance	0.1	-2.8	-
Miscellaneous	-3.1	2.8	-
Eliminations	-0.3	-2.0	86.9 %
Total	**41.0**	**17.3**	**137.0 %**

BANKING BUSINESS

The banking business' contribution to the Group's operating profit amounted to EUR 38.0 (19.1) million.

Operating income totalled EUR 95.1 (86.8) million. Net interest income increased by 9.5% to EUR 75.4 (68.9) million and net commission income increased by 44.4% and totalling EUR 21.7 (15.0) million. The improvement derives mainly from a higher level of net commission income from mutual funds and insurance. Operating expenses amounted to EUR 49.1 (50.1) million, of which staff costs accounted for EUR 20.0 (18.1) million.

Aktia Bank ended the customers' bonus programme, launched in 2006, at the end of June 2010. Instead, customers are compensated with concentration benefits. The accumulated bonus points were actively utilised by customers during the last months, and more than EUR 120,000 was donated to charities.

The banking business' customer base increased by 6,479 private customers (+2.4%) during the first half year of 2010.

Sales activities are supported by the Aktia Dialogue concept whereby customers' needs are mapped out and Aktia's whole service portfolio is presented. During January - June, more than 21,000 Dialogues were carried out, which is expected to increase sales in 2010.

The number of Internet agreements was up 4.4% from the beginning of the year and amounted to 121,205.

Total savings by households increased by 9.2% from the beginning of the year to EUR 3,382 (3,113) million. Of these, household deposits were EUR 2,590 (2,372) million and household savings in mutual funds stood at EUR 792 (741) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased by 5.2% from the year-end to EUR 3,850 (3,658) million. Mortgage loans brokered by Aktia amounted to EUR 1,493 (1,237) million. In addition, the savings and local cooperative banks brokered mortgages amounting to EUR 1,426 (1,171) million.

Aktia's market share in housing loans was unchanged at 4.27% year-on-year at the end of June.

Corporate banking's net interest income was EUR 4.7 (4.1) million which is 15.3% higher year-on-year. Net commission income from corporate banking was up 16.3% to EUR 1.4 (1.2) million year -on - year.

The income of the real estate agency business were somewhat higher than last year's level, standing at EUR 3.9 (3.7) million.

ASSET MANAGEMENT

The Asset management's contribution to the Group's operating profit amounted to EUR 2.0 (0.1) million.

Managed assets continued to develop favourably during January-June 2010. Aktia provides a wide and competitive range of services in the capital market for both private individuals and institutions. The Asset Management segment carries on to focus on private banking operations and institutional investors this year.

Operating income, i.e. income after reversals to the Group's other units and business partners, was EUR 10.1 (6.4) million. Operating expenses increased by 26.9% to EUR 8.1 (6.4) million, of which staff costs made up EUR 4.4 (3.6) million. This is due to greater investment of resources in the private banking business.

The volume of funds managed and brokered by Aktia was EUR 3,771 (3,786) million.

Aktia's market share of mutual funds was 6.7 (31.12.2009: 7.0)% 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.

The assets managed by Aktia Asset Management and Aktia Invest increased, thanks to an upswing in the markets, and totalled EUR 6,301 (5,996) million. Assets managed by Aktia Invest amounted to EUR 2,119 (2,140) million. The customer assets of Private Banking totalled EUR 1,021 (926) million.

LIFE INSURANCE

The life insurance's contribution to the Group's operating profit amounted to EUR 4.3 (0.2) million. The operating profit at Group level of the comparative year was weakened by eliminations for financial assets sold or written down that existed at the time of acquisition of the life insurance business in 2007.

Premiums written during January-June increased 40.1% and were EUR 50.3 (35.9) million. The growth derives mainly from unit-linked savings and investment-linked insurance. The allocation service for mutual funds launched in 2009, Aktia Profil, showed increasing volumes during the first half of the year. Of the premium volume for savings and investment-linked insurance and pension insurance, unit-linked insurance accounted for 78%.

Claims paid amounted to EUR 42.1 (43.8) million. Surrenders have decreased following the declining effects of the financial crisis. The trend of increased pensions paid has continued.

Operating costs totalled EUR 6.5 (6.9) million. Cost-efficiency improved in the life insurance business as a result of rationalisation measures taken in previous years. The expense ratio stood at 96.7% compared to 106.3% for the year before.

The return on the company's investments based on market value was 4.1 (0.9)%. The derivatives used by the life insurance company to limit its interest rate and currency risk improved operating profit by EUR 2.2 million.

Technical provisions totalled EUR 826 (805) million, of which provisions for unit-linked insurance policies represented EUR 236 (210) million and interest-linked provisions EUR 590 (595) million.

The company's solvency ratio improved to 16.6% compared to 14.4% at year-end.

NON-LIFE INSURANCE

The contribution of the non-life insurance business to the Group's operating profit was EUR 0.1 (-2.8) million.

Premiums written for Aktia Non-Life Insurance rose by approximately 1% on the corresponding period last year. This increase is attributable to private customers. Premiums written before the reinsurers' share were EUR 44.3 (44.0) million. Premiums earned for the period after the reinsurers' share and change in provisions for unearned premiums amounted to EUR 30.6 (29.3) million. Claims incurred fell to EUR 22.9 (23.5) million.

Operating costs were at the same level as last year and amounted to EUR 9.8 (9.7) million.

The combined ratio in January-June 2010 was 107.2% compared to 114.3% the previous year. The lower combined ratio is largely explained by lower frequency of loss and lower staff costs.

The return on the company's investments based on market value was 4.6 (-1.6)%.

Of the non-life insurance business' total technical provisions of EUR 123 (110) million, provisions for outstanding claims stood at EUR 91 (89) million. The market value of the company's investment portfolio was EUR 144 (135) million and the company's risk carrying capacity was 76.6% compared to 72.4% at the end of 2009.

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

MISCELLANEOUS

In January-June 2010 the operating profit of the Miscellaneous segment was EUR -3.1 (2.8) million.

COMMON COSTS

In accordance with the "One Aktia" strategy the Group support functions have been unified and integrated. The integration process is continuing throughout 2010 and the largest expenses consist of marketing and IT costs.

Common costs were in total EUR 15.6 (18.0) million and were distributed as banking business EUR 12.0 (15.5) million, asset management EUR 1.8 (1.0) million, life insurance EUR 0.8 (0.7) million and non-life insurance EUR 1.0 (0.8) million.

CAPITAL ADEQUACY AND SOLVENCY

The Bank Group's capital adequacy amounted to 16.5% compared to 15.9% at the end of 2009. The Tier 1 capital ratio was 10.1 (9.5)%. The operating result and the liquidity portfolio's lower use of capital strengthened the capital adequacy. The Bank Group includes Aktia Bank and Aktia Real Estate Mortgage Bank.

Aktia Bank plc's capital adequacy stood at 20.9% compared to 19.9% at the end of 2009. The Tier 1 ratio was 12.6 (11.7)%.

The life insurance company's solvency margin amounted to EUR 100.7 (86.3) million, where the minimum requirement is EUR 34.2 (34.0) million. The solvency ratio amounted to 16.6 (14.4)%.

The non-life insurance company's solvency margin amounted to EUR 21.5 (18.4) million, where the minimum requirement is EUR 13.1 (13.1) million. The solvency capital was EUR 47.1 (43.6) million and a risk carrying capacity of 76.6 (72.4)% was reported.

Capital adequacy for the conglomerate amounted to 164.5 (157.4)%. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

WRITE-DOWNS OF LOAN, GUARANTEE AND PREMIUM CLAIMS

Write-downs based on individual examination amounted to EUR -8.6 (30.6.2009; -17.8) million during January-June 2010. Recoveries and reversals of previous write-downs came to EUR 0.5 (0.3) million so that the cost effect on the profit for the period was EUR -8.0 (-17.5) million.

Of write-downs, EUR -8.1 (-16.9) million was accounted for by corporate loans, which corresponds to 1.0 (2.1)% of the total corporate lending. Most of the write-downs during the period are related to commitments whose credit rating had already decreased in 2009 and where restructuring efforts now are confirmed as without result.

Write-downs of household loans amounted to EUR -0.5 (-0.9) million of which EUR -0.2 (-0.5) million was accounted for by unsecured consumer loans. The review period's write-downs of household loans were marginal of total lending to households. Total write-downs amounted to 0.1 (0.3)% of total lending.

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 (-7.4) million at the end of the period.

During the period, the non-life insurance company made write-downs for outstanding premiums (credit losses) totalling EUR -0.4 (-0.3) million.

VALUATION OF FINANCIAL ASSETS

VALUE CHANGES REPORTED VIA INCOME STATEMENT

For shares and participations, a value impairment is reported in the income statement where 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. For interest-bearing securities, previous write-downs are reversed in the income statement and for shares and participations in the fund at fair value.

Write-downs on financial assets during January - June 2010 had no impact on the operating result, whereas these totalled EUR 20.7 million during the same period in 2009.

Write-downs on financial assets

EUR million	1-6/2010	1-6/2009
Interest-bearing securities		
Banking Business	-	-0.4
Life Insurance Business	0.6	-13.4
Non-Life Insurance Business	-	-
Shares and participations		
Banking Business	-	-
Life Insurance Business	-0.6	-6.9
Non-Life Insurance Business	-	-
Total	**0.0**	**-20.7**

VALUE CHANGES REPORTED VIA THE FUND AT FAIR VALUE

A value impairment that is not reported in the income statement or an increase in the value of financial assets that has not been realised is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 54.9 million after deferred tax compared to EUR 43.3 million as at 31 December 2009.

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 33.5 (21.4) million.

Specification of the fund at fair value

EUR million	30.6.2010	31.12.2009	Change EUR million
Shares and participations			
Banking Business	1.0	3.7	-2.7
Life Insurance Business	0.6	0.2	0.3
Non-Life Insurance business	0.2	-0.2	0.3
Direct interest-bearing securities			
Banking Business	2.7	13.3	-10.6
Life Insurance Business	15.2	5.6	9.6
Non-Life Insurance business	1.8	-0.8	2.6
Cash flow hedging	33.5	21.4	12.1
Fund at fair value, total	**54.9**	**43.3**	**11.6**

THE GROUP'S RISK MANAGEMENT

RISK EXPOSURE

The banking business includes Retail Banking and the financing companies, 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

Credit stock maintained its good quality.

Credit stock increased in January-June 2010 by 4.7% or EUR 286 million, totalling EUR 6,346 (6,061) million. As planned, this increase mainly occurred within household financing and households' share of the total credit stock amounted to EUR 5,191 (4,924) million or 81.8% at the end of June, or 86.7% when combined with housing associations. Of the loans to households, 86.3 (86.2)% are secured against adequate real estate collateral in accordance with Basel 2.

Credit stock by sector

EUR million	30.6.2010	31.12.2009	Change	Share, %
Corporate	781	782	-1	12.3
Housing associations	311	289	22	4.9
Public sector entities	7	10	-3	0.1
Non-profit organisations	56	55	0	0.9
Households	5,191	4,924	267	81.8
Total	**6,346**	**6,061**	**286**	**100.0**

Housing credit stock totalled EUR 4,858 (4,598) million, of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,752 (2,498) million. In all, housing loans increased by 5.6% against year-end 2009, and the growth derived mainly through Aktia Real Estate Mortgage Bank's lending where the average balance in relation to collateral market value decreased to 56.7 (57.0)% compared to the corresponding period 2009.

New lending to companies remained moderate and corporate loans totalled EUR 781 (782) million. The proportion of the total credit stock accounted for by corporate loans fell as planned to 12.3 (12.9)%.

Lending to the public secured by collateral objects or unsecured within the framework of the financing companies Aktia Corporate Finance and Aktia Card & Finance totalled EUR 97.9 (84.8) million, representing 1.5% of total lending. The increase derived mainly through Aktia Corporate Finance.

Loans with payments 1-30 days overdue rose during from year-end to 3.05 (2.97)% of credit stock, including off-balance sheet guarantee commitments. Loans with payments 31-89 days overdue increased to 0.89 (0.76)%, totalling EUR 57 million. Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection, totalled EUR 42 million, corresponding to 0.66 (0.56)% of the entire credit stock plus bank guarantees.

Undischarged debts by time overdue (EUR million)

Days	30.6.2010	% of the credit stock	31.12.2009	% of the credit stock
1-30	195	3.05	181	2.97
of which households	131	2.04	114	1.86
31-89	57	0.89	46	0.76
of which households	41	0.63	37	0.61
90-	42	0.66	34	0.56
of which households	22	0.34	18	0.30

THE GROUP'S FINANCING AND LIQUIDITY RISKS

The financing and liquidity risks are dealt with at corporate legal level, and there are no financing commitments from the Bank Group (Aktia Bank plc and its subsidiaries) to the insurance companies.

In the banking business, 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 refinancing requirements using existing liquidity. Following the Aktia Real Estate Mortgage Bank's issue in March 2010, the Bank Group's liquidity buffer was good and targets were clearly exceeded.

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. Any unforeseen significant need for liquidity is taken care of through the liquidity portfolio (primarily bonds).

Within the non-life insurance business, liquidity risks are defined as the availability of financing for paying out claims and depend on the number of claims and their scale. Liquidity risks are managed through the inward flow of cash plus an adapted portfolio of bank deposits, investment certificates and government bonds.

COUNTERPARTY RISKS

COUNTERPARTY RISKS WITHIN GROUP TREASURY

The banking business' liquidity portfolio, which comprises interest-bearing securities and stood at EUR 2,691 (2,615) million as at 30 June 2010. Individual investment decisions are made in accordance with an investment plan in place and are based on careful assessment of the counterparty. Counter-party risks are limited by the requirement for a high external rating (a minimum rating of A3 by Moody's Investor Service or equivalent), and limits are set for maximum exposure per counterparty and asset category.

Of the financial assets available for sale, 61 (51)% were investments in covered bonds, 23 (36)% were investments in banks, 11 (9)% were investments in state-guaranteed financial senior bonds and approximately 5 (4)% were investments in public sector entities and companies.

Counterparty risks in derivatives trading are managed through demands on collateral (CSA = Credit Support Annex) limiting the open positions.

Rating distribution for banking business

	30.6.2010	31.12.2009
EUR million	**2,691**	**2,615**
Aaa	58.4%	55.1%
Aa1-Aa3	30.2%	29.6%
A1-A3	7.3%	11.6%
Baa1-Baa3	0.6%	0.6%
Ba1-Ba3	0.5%	0.2%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	3.0%*	2.9%*
Total	**100.0%**	**100.0%**

*) Of which 1.8% Finnish municipalities as at 30.6.2010 and 1.9% at 31.12.2009.

Of these financial assets, 1.1 (0.8)% did not meet the internal rating requirements. As a result of a reduced credit rating, five security assets with a total market value of EUR 20 million were no longer eligible for refinancing with the central bank. Other securities that are not eligible for refinancing and are unrated totalled EUR 80 million.

During the period, no write-downs were realised as a result of the issuer announcing its inability to pay whereas the write-downs during the same period last year amounted to EUR -0.4 million.

COUNTERPARTY RISKS IN THE LIFE INSURANCE BUSINESS

Fixed income assets amounted to EUR 575 (570) million at the end of the period which corresponds to 91 (88)% of investments. 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 Investors Service or equivalent) and by rules concerning the maximal exposure for each counterparty and asset category.

At the end of June 2010, 40 (47)% of direct interest rate investments were receivables from public sector entities, 23 (23)% were corporate bonds and 37 (30)% were receivables from banks and covered bonds.

3.0 (1.7)% of direct interest rate investments did not meet the internal rating requirements at the end of the period.

The net change in value amongst interest-rate instruments earlier written down and booked was EUR 0.6 million. During the period, no write-downs were realised as a result of the issuer's credit rating being lowered.

Rating distribution for life insurance business

	30.6.2010	31.12.2009
EUR million	**575**	**570**
Aaa	56.6%	52.5%
Aa1-Aa3	13.3%	12.2%
A1-A3	15.3%	18.3%
Baa1-Baa3	8.2%	11.4%
Ba1-Ba3	2.6%	1.4%
B1-B3	0.2%	0.0%
Caa1 or lower	0.2%	0.3%
No rating	3.6%	3.9%
Total	**100.0%**	**100.0%**

COUNTERPARTY RISKS IN THE NON-LIFE INSURANCE BUSINESS

The direct interest rate investments totalled EUR 115 (104) million at the end of June 2010 corresponding to 76 (75)% of investments. Counterparty risks arising in connection with the non-life insurance company's investments are managed by the requirement for at least an "investment grade" external rating (rating class Baa3 from Moody's Investors Service or equivalent) and by rules concerning the maximal exposure for each counterparty and asset category.

At the end of June, 61 (64)% of the direct interest rate investments were receivables from public sector entities, 12 (10)% were corporate bonds and 28 (36)% were receivables from banks and covered bonds. During the period no write-downs were realised.

Rating distribution for non-life insurance business

	30.6.2010	31.12.2009
EUR million	**115**	**104**
Aaa	56.9%	58.4%
Aa1-Aa3	19.9%	16.7%
A1-A3	11.8%	12.5%
Baa1-Baa3	2.8%	11.4%
Ba1-Ba3	7.4%	0.5%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	1.3%	0.4%
Total	**100.0%**	**100.0%**

MARKET VALUATION OF FINANCIAL ASSETS

Aktia pursues no trading activities. Both the financial assets within the banking business and the investment assets within the life and non-life insurance businesses are invested in securities with access to market prices in 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.

STRUCTURAL INTEREST RATE RISK IN THE BANKING BUSINESS

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.

Hedging derivative instruments and investments within the liquidity portfolio are exploited to reduce the volatility in net interest income.

According to the strategy for interest rate risk management, a parallel upward or downward shift in the interest rate curve of one percentage point shall not influence estimated net interest income of the banking business for the next 12 months by more than 7%, and 8% for the following year. At the end of the period, the set targets were met. The growth in the deposit stock diminishes net interest income's sensitivity to an upward shift in the interest rate curve.

MARKET VALUE INTEREST RATE RISK IN THE BANKING BUSINESS

Market value interest rate risk refers to changes in value of financial assets available for sale as a result of interest rate fluctuations or changes in credit, interest rate or spread risks. The size, maturity and risk level of the liquidity portfolio is restricted as a result of capital allocation limits and limits for entering into repurchase agreements.

The net change in the fund at fair value relating to market value interest rate risk posted during the period and credit and spread risk was negative and totalled EUR -10.6 after the deduction of deferred tax. At the end of June 2010, the valuation difference in interest-bearing securities was positive at EUR 2.7 (13.3) million.

OTHER MARKET RISKS IN THE BANKING BUSINESS AND PARENT COMPANY

No equity trading or investments in real estate are carried out by the banking business or in the parent company.

At the end of the period, real estate assets totalled EUR 3.5 (3.4) million. Investments in shares which are necessary or strategic to the business totalled EUR 31.6 (30.6) million. At the end of the period, the fund at fair value related to the above strategic share investments amounted to EUR 1.0 (3.7) million after the deduction of deferred tax.

INVESTMENT RISKS IN THE LIFE INSURANCE BUSINESS

The policyholder bears the investment risk of 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 technical provisions for unit-linked insurance policies.

The investment portfolio covering 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 -0.6 (30.6.2009; -6.9) million. The net change in the fund at fair value for shares posted during the period totalled EUR 0.6 (0.2) million after the deduction of deferred tax.

The net change in value of the fund at fair value with regard to interest-bearing securities was EUR 9.6 million after the deduction of deferred tax. At the end of June, the valuation difference of interest-bearing securities stood at EUR 15.2 (5.6) million.

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

EUR million	30.6.2010		31.12.2009	
Shares	0.0	0.0%	0.3	0.0%
Bonds	633.5	90.8%	609.7	88.0%
Money market	7.9	1.1%	24.0	3.5%
Real estate	37.2	5.3%	38.0	5.5%
Other	19.0	2.7%	20.7	3.0%
Total	**697.5**	**100.0%**	**692.6**	**100.0%**

UNDERWRITING RISKS IN THE LIFE INSURANCE BUSINESS

Underwriting risks occur where future claim payments become higher than expected. Taking into account the provision of reinsurance cover, the insurance business has been relatively stable. The provision of reinsurance cover for different insurance portfolios reduces the volatility of financial results and eliminates risks that could affect the company's future business opportunities.

INVESTMENT RISKS IN THE NON-LIFE INSURANCE BUSINESS

The investment portfolio covering total technical provisions is measured on an ongoing basis at market value. The investment plan is to synchronise investments and cash flow of technical provisions. For the time being, the investment plan does not include equity investments.

The net change posted in value of the fund at fair value with regard to interest-bearing securities was EUR 2.6 million after the deduction of deferred tax. At the end of June, the valuation difference of interest-bearing securities stood at EUR 1.8 (-0.8) million.

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

EUR million	30.6.2010		31.12.2009	
Shares	0.0	0.0%	0.0	0.0%
Bonds	117.7	76.5%	105.9	74.4%
Money market	8.3	5.4%	6.3	4.4%
Real estate	26.0	16.9%	28.2	19.8%
Other	1.9	1.2%	2.0	1.4%
Total	**153.9**	**100.0%**	**142.4**	**100.0%**

UNDERWRITING RISKS IN THE NON-LIFE INSURANCE BUSINESS

Underwriting risks occur where future claim payments become higher than expected. Taking into account the provision of reinsurance cover, the insurance business has been relatively stable. The provision of reinsurance cover for different insurance portfolios reduces the volatility of financial results and eliminates risks that could affect the company's future business opportunities.

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 events regarded as operational risks causing significant financial losses occurred in January-June 2010.

EVENTS CONCERNING CLOSE RELATIONS

Close relations refers to Aktia plc's key persons in management positions, close family members and companies that are under dominating influence of a key person in management position. The group's key persons refer to Aktia plc's Members of the Board of Supervisors and the Board of Directors, Managing Director and Deputy Managing Director.

Aktia plc received an extraordinary dividend of EUR 30.0 million from Aktia Bank plc. The funds were reinvested to Aktia Bank plc through a capital loan.

No significant changes concerning close relations occurred during the period.

EVENTS DURING THE REPORTING PERIOD

Aktia plc published a positive profit warning 22 June 2010 upgrading the prognosis for 2010.

Aktia Group's operating profit for the full year 2010 is expected to exceed the result for 2009. In prognoses published earlier, the full year operating profit was expected to be at the same level as in 2009.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No events to report.

PERSONNEL

From the beginning of the year, converted into full-time employees, the number of people employed by the Group declined by 24 persons to 1,183 and by 33 from the same period last year (30.6.2009: 1,216). The average number of full-time employees during the period was 1,195 (31.12.2009; 1,213).

PERSONNEL FUND AND MANAGEMENT'S INCENTIVE PROGRAMME FOR 2010

Aktia Abp's Board of Directors has confirmed the following calculation method for the profit sharing provision to the personnel fund as of 2010. The profit sharing provision is based on 10% of the Group operating profit exceeding EUR 30 million. The profit sharing provision cannot exceed EUR 3 million. The CEO and other members of the Group's Executive Committee are also members of the Group's personnel fund.

A bonus system has been set up for the CEO and the other members of the Group's Executive Committee which is based on the Group's financial results and annually defined targets at company and individual level. The individual bonus to the Executive Committee members cannot exceed the equivalent of three months' salary each year.

For 2010, the Executive Committee is also included in a share-based incentive scheme that offers the members of the Executive Committee the opportunity to acquire a maximum of 55,833 shares. The outcome is dependent on separate targets, the performance conditions of which have been decided on by the Board of Directors.

DECISIONS TAKEN AT THE ANNUAL GENERAL MEETING

The Annual General Meeting of Aktia plc held on 25 March 2010 adopted the financial statements of the parent company and the consolidated financial statements and discharged the members of the Board of Supervisors, the members of 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 0.24 per share totalling EUR 15.9 million for the financial period 1 January - 31 December 2009. The record date for the dividends was 30 March 2010 and the dividends were paid out on 8 April 2010.

Meeting established the number of members on the Board of Supervisors as thirty-four.

The members of the Board of Supervisors Sten Eklundh, Agneta Eriksson, Peter Heinström, Erik Karls, Clas Nyberg, Gunvor Sarelin-Sjöblom, Jan-Erik Stenman, Maj-Britt Vääriskoski, Lars Wallin, Bo Gustav Wilson and Ann-Marie Åberg, who were all due to step down, were elected members of the Board of Supervisors for a term of three years.

The Annual General Meeting established the number of auditors as one. PricewaterhouseCoopers Ab was reappointed as auditor for the financial year starting on 1 January 2010, with Jan Holmberg, APA, as the auditor in charge.

The Annual General Meeting approved the proposals of the Board of Director concerning authorisation to issue shares, as well as authorisation to divest shares. The Annual General Meeting also approved the proposal of the Board of Directors concerning donations for philanthropic purposes and the proposal regarding the appointment of a nomination committee with the task of preparing election matters for the Annual General Meeting.

The proposal of the Finnish Shareholders Association to discontinue the Board of Supervisors was dropped as the author of the proposal did not demand a vote.

All proposals mentioned above are included in the Summons to the AGM published on Aktia plc's website www.aktia.fi.

AKTIA'S EXECUTIVE COMMITTEE

Aktia's Executive Committee comprises CEO Jussi Laitinen, Deputy Managing Director Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Robert Sergelius, Director Barbro Karhulahti, Director Taru Narvanmaa, Director Anders Nordman, Director Gösta Råholm and Director Olav Uppgård and Marit Leinonen, the staff representative.

CHANGES IN GROUP STRUCTURE

During autumn 2009, the merger of Aktia's real estate agency business took place. With effect from 1 January 2010, the business operates as Aktia Fastighetsförmedling Ab and Magnus Nyman, AFM Ab.

Aktia Invest was incorporated and personnel now holds 30% and the remaining 70% by Aktia Bank plc.

Aktia Yritysrahoitus Oy (Corporate Finance) has become a fully owned subsidiary.

SHARE CAPITAL AND OWNERSHIP

At the end of June 2010, 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. The number of share-holders at the end of the period was 49,150.

Of the merger compensation related to the merger with Veritas Non-Life Insurance of 6,800,000 shares, a further 17,787 new series A shares were registered on book-entry accounts during the April –June period. The inspection and registration of outstanding shares continues. The number of unregistered shares at the end of the period under review was 950,629 or 1.4% of all shares.

Aktia's holding of treasury shares amounted to 495,354 shares, corresponding to 0.7% of all shares.

At the 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.

Largest 20 owners Ownership per 30 June 2010	A shares	R shares	Shares	Of shares %	Votes	Of votes %	Change 4-6/2010
Helsinki Savings Bank Foundation*	7,604,111	3,802,048	11,406,159	17.03	83,645,071	18.67	
Life Annuity Institution Hereditas*	4,648,114	2,066,106	6,714,220	10.02	45,970,234	10.26	
Pension Insurance Company Veritas	4,027,469	2,134,397	6,161,866	9.20	46,715,409	10.43	-270,000
Espoo-Kauniainen Savings Bank Foundation*	2,146,585	1,191,458	3,338,043	4.98	25,975,745	5.80	-191,834
Oy Hammarén & Co Ab	1,890,000	945,000	2,835,000	4.23	20,790,000	4.64	
Svenska Litteratursällskapet i Finland rf*	1,681,786	789,229	2,471,015	3.69	17,466,366	3.90	
Åbo Academy Foundation*	1,495,640	751,000	2,246,640	3.35	16,515,640	3.69	
Aktia foundation in Vantaa	1,194,900	915,012	2,109,912	3.15	19,495,140	4.35	-66,000
Aktia Foundation in Porvoo*	1,303,050	651,525	1,954,575	2.92	14,333,550	3.20	
Aktia Foundation in Vaasa*	978,525	547,262	1,525,787	2.28	11,923,765	2.66	
Kirkkonummi Savings Bank Foundation*	876,529	438,264	1,314,793	1.96	9,641,809	2.15	
Karjaa-Pohja Savings Bank Foundation*	787,350	393,675	1,181,025	1.76	8,660,850	1.93	
Föreningen Konstsamfundet rf*	670,040	377,951	1,047,991	1.56	8,229,060	1.84	
Inkoo Savings Bank Foundation*	646,236	323,118	969,354	1.45	7,108,596	1.59	
Ab Kelonia Oy*	549,417	308,662	858,079	1.28	6,722,657	1.50	
Sipoo Savings Bank Foundation*	462,002	232,001	694,003	1.04	5,102,022	1.14	
Siuntio Savings Bank Foundation*	454,377	227,188	681,565	1.02	4,998,137	1.12	
Aktia Foundation in Malax*	340,138	177,600	517,738	0.77	3,892,138	0.87	1,638
Tenhola Savings Bank Foundation*	340,021	171,510	511,531	0.76	3,770,221	0.84	1,500
Aktia Foundation in Korsholm*	323,376	175,888	499,264	0.75	3,841,136	0.86	
20 largest owners in total	32,419,666	16,618,894	49,038,560	73.21	364,797,546	81.44	
Others	14,517,242	3,431,956	17,949,198	26,79	83,156,362	18,56	
Total	**46,936,908**	**20,050,850**	**66,987,758**	**100.0**	**447,953,908**	**100.0**	

*) Part in shareholders' agreement concerning the parties' mutual pre-emptive right to R shares. This agreement covers 72% of R shares and 22% of the total number of shares.

SHARES

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

As at 30 June 2010, the last day of trading, the closing price for an A series share was EUR 6.75 and for an R series share EUR 8.20, indicating a market value of approx. EUR 481 million for Aktia. Since the beginning of 2010, the yield on Aktia A series shares has been -13.13% and -11.83% for R shares. The OMX Nordic Banks and OMX Nordic Financials indices have performed -3.34% respectively -1.03% during the same period.

Share price development 1 Jan - 30 June 2010	Yield
Aktia A	-13.13 %
Aktia R	-11.83%
OMX Nordic Banks	-3.34 %
OMX Nordic Financials	-1.03 %

Share information	A share	R share
Votes /share	1	20
Market	NASDAQ OMX Helsinki	NASDAQ OMX Helsinki
Listed	29.9.2009	29.9.2009
ISIN	FI0009004733	FI0009015911
Code	AKTAV (OMX)	AKTRV (OMX)
List	OMXH Mid Caps	OMXH Mid Caps
Sector	Regional Banks	Regional Banks
Sector ID	40101015	40101015
Number of shares	46,936,908	20,050,850

In January-June 2010, the average daily turnover of A shares was EUR 139,815 or 19,662 shares. The average daily turnover of R shares was EUR 15,312 or 1,817 shares.

Aktia has entered into a market-making or LP (Liquidity Providing) agreement with Handelsbanken in order to improve liquidity in A shares, which should encourage transactions by small shareholders. The agreement entered into force on 4 January 2010.

CALENDAR

2010	
Silent period	*14 Oct - 4 Nov 2010*
Interim report Jan-Sept	4 Nov 2010

OUTLOOK AND RISKS FOR 2010 *(UPDATED)*

Aktia expects operating profit for 2010 to exceed the level in 2009 and write-downs on credit to remain **clearly** lower than last year. *(Previous: Aktia expects write-downs on credit to be lower in 2010 than in 2009)*

In 2010, Aktia's focus will be on strengthening customer relations, increasing sales, developing Internet services, and managing costs, risks and capital in order to strengthen profitability. Aktia is endeavouring to grow above the market, particularly in the sectors of retail customers and small companies.

Aktia's financial results are affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates and the competitive situation. Changes in these factors can have an impact on demand for banking, insurance, asset management and real estate agency services.

Change in interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest rate margins and therefore profitability. Aktia pursuing effective management of interest rate risks.

Any future write-downs of loans in Aktia's loan portfolio could be due to many factors, the most important of which are the general economic situation, the interest rate level, the level of unemployment and changes in house prices. **Aktia expects write-downs on credit to be clearly lower in 2010 than in 2009**. *(Previous: Aktia expects write-downs on credit to be lower in 2010 than in 2009)*

The availability of liquidity on the money markets is important for Aktia's refinancing activities. Like other banks, Aktia relies on deposits from households in order to service some of its liquidity needs.

The market value of Aktia's financial and other assets can change as a result of, among other things, a requirement for higher returns among investors.

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital requirements. A change in capital requirements could actualise both capitalisation needs and need for changes in Aktia Group's structure.

KEY FIGURES

EUR million	1-6/ 2010	1-6/ 2009	Δ	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009
Earnings per share (EPS), EUR	0.43	0.21	107.0 %	0.25	0.18	0.10	0.21	0.12
Equity per share (NAV), EUR[1]	6.89	5.51	25.0 %	6.89	6.86	6.52	6.51	5.51
Return on equity (ROE), %	12.4	7.3	70.3 %	14.2	10.5	5.9	13.2	8.0
Total earnings per share, EUR	0.61	0.70	-13.6 %	0.02	0.58	0.01	1.00	0.68
Capital adequacy ratio, % (finance and insurance conglomerate)[1]	164.5	143.1	15.0 %	164.5	162.4	157.4	155.2	143.1
Average number of shares, million[2]	66.5	66.4	0.0 %	66.5	66.5	66.4	66.4	66.4
Number of shares at the end of the period[1], million	66.5	66.5	0.0 %	66.5	66.5	66.5	66.5	66.5
Personnel (FTEs), average number of employees from the beginning of the financial year[1]	1,195	1,213	-1.5 %	1,195	1,202	1,213	1,212	1,213
Banking Business (incl. Private Banking)								
Cost-to-income ratio	0.55	0.60	-8.4 %	0.54	0.57	0.57	0.51	0.52
Borrowing from the public[1]	3,351.4	3,079.9	8.8 %	3,351.4	3,180.2	3,029.2	3,082.0	3,079.9
Lending to the public[1]	6,346.4	5,820.0	9.0 %	6,346.4	6,176.5	6,060.8	5,946.4	5,820.0
Capital adequacy ratio, % [1]	16.5	14.5	13.8 %	16.5	16.2	15.9	15.4	14.5
Tier 1 capital ratio, % [1]	10.1	9.1	11.0 %	10.1	9.6	9.5	9.1	9.1
Risk-weighted commitments [1]	3,555.3	3,394.8	4.7 %	3,555.3	3,527.2	3,460.2	3,493.4	3,394.8
Asset Management								
Mutual fund volume[1]	3,770.9	2,927.4	28.8 %	3,770.9	4,096.1	3,786.2	3,488.0	2,927.4
Managed and brokered assets[1]	6,300.8	5,082.9	24.0 %	6,300.8	6,382.3	5,995.6	5,680.5	5,082.9
Life Insurance								
Premiums written before reinsurers' share	50.5	36.0	40.2 %	24.4	26.1	27.2	17.7	15.4
Expense ratio, %[2]	96.7	106.3	-9.0 %	96.7	104.4	100.7	101.5	106.3
Solvency margin[1]	100.7	65.3	53.5%	100.7	97.0	86.3	85.0	65.6
Solvency ratio, %[2]	16.6	11.2	48.2 %	16.6	16.0	14.4	14.2	11.2
Investments at fair value[1]	909.2	813.1	11.8 %	909.2	908.4	867.7	849.7	813.1
Technical provisions for interest-linked insurances[1]	589.6	599.1	-1.6 %	589.6	593.4	595.0	596.6	599.1
Technical provisions for unit-linked insurances[1]	236.1	168.6	40.1 %	236.1	233.4	210.1	190.5	168.6
Non-Life Insurance								
Premiums written before reinsurers' share	44.3	44.0	0.8 %	14.7	29.6	12.0	10.3	15.2
Premiums earned	30.6	29.3	4.6 %	15.9	14.8	15.0	16.2	15.5
Expense ratio, % [2]	25.0	26.1	-4.2 %	25.0	24.5	27.9	26.6	26.1
Loss ratio, % [2]	82.2	88.2	-6.8 %	82.2	87.1	91.1	85.8	88.2
Combined ratio, % [2]	107.2	114.3	-6.2 %	107.2	111.5	119.0	112.3	114.3
Technical provisions before reinsurers' share[1]	131.6	127.6	3.1 %	131.6	134.0	119.3	121.1	127.6
Solvency capital[1]	47.1	46.9	0.4 %	47.1	45.2	43.6	50.2	46.9
Solvency ratio of technical provisions, %[1]	39.6	42.6	-7.0 %	39.6	38.1	41.8	47.7	42.6
Risk carrying capacity, %[1]	76.6	78.9	-2.9 %	76.6	74.0	72.4	83.6	78.9

1) At the end of the period, 2) Cumulative from the beginning of the year

BASIS OF CALCULATION FOR KEY FIGURES CAN BE FOUND IN AKTIA PLC:S ANNUAL REPORT, PAGE 28

CONSOLIDATED INCOME STATEMENT

(EUR million)	1-6/2010	1-6/2009	Δ	1-12/2009
Net interest income	77.5	71.9	7.7 %	152.2
Dividends	1.1	0.6	80.8 %	0.6
Commission income	36.8	27.6	33.6 %	60.7
Commission expenses	-7.9	-7.0	-12.5 %	-14.3
Net commission income	28.9	20.6	40.7 %	46.3
Net income from life-insurance	7.1	7.0	1.4 %	14.0
Net income from non-life insurance	10.3	7.4	39.1 %	15.2
Net income from financial transactions	-3.1	0.6	-	0.8
Net income from investment properties	0.3	0.2	44.3 %	0.4
Other operating income	5.0	1.8	174.4 %	3.6
Total operating income	**127.2**	**110.2**	**15.5 %**	**233.1**
Staff costs	-42.5	-39.2	8.5 %	-79.2
Other administrative expenses	-23.4	-22.3	4.9 %	-44.8
Negative goodwill recorded as income	-	0.1	-	0.1
Depreciation of tangible and intangible assets	-3.5	-3.5	2.6 %	-6.9
Other operating expenses	-9.3	-10.6	-11.8 %	-23.4
Total operating expenses	**-78.8**	**-75.4**	**4.5 %**	**-154.2**
Impairment and reversal of impairment on tangible and intangible assets	-	-0.2	-	-0.6
Write-downs on credits and other commitments	-8.4	-17.8	-52.7 %	-31.7
Share of profit from associated companies	1.0	0.6	82.6 %	0.3
Operating profit	**41.0**	**17.3**	**137.0 %**	**47.0**
Taxes	-11.0	-4.3	155.7 %	-13.0
Profit for the period	**30.0**	**13.0**	**130.8 %**	**34.0**
Attributable to:				
Shareholders in Aktia plc	28.7	13.8	107.0 %	34.3
Minority interest	1.3	-0.8	-	-0.3
Total	**30.0**	**13.0**	**130.8 %**	**34.0**
Earnings per share (EPS), EUR	0.43	0.21	107.0 %	0.52
Earnings per share (EPS), EUR, after dilution	0.43	0.21	107.0 %	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR million)	1-6/2010	1-6/2009	Δ	1-12/2009
Profit for the period	30.0	13.0	130.8 %	34.0
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-1.9	19.9	-	51.8
Change in valuation of fair value for cash flow hedging	12.1	9.3	29.8 %	9.0
Transferred to the income statement for financial assets available for sale	0.8	3.7	-79.4 %	19.2
Total comprehensive income for the period	**41.0**	**45.9**	**-10.7 %**	**114.1**
Total comprehensive income attributable to:				
Shareholders in Aktia plc	40.3	46.6	-13.6 %	114.0
Minority interest	0.7	-0.7	-	0.2
Total	**41.0**	**45.9**	**-10.7 %**	**114.1**
Total earnings per share, EUR	0.61	0.70	-13.6 %	1.72
Total earnings per share, EUR, after dilution	0.61	0.70	-13.6 %	1.72

CONSOLIDATED BALANCE SHEET

(EUR million)	30.6.2010	31.12.2009	Δ	30.6.2009
Assets				
Cash and balances with central banks	283.1	341.0	-17.0 %	288.7
Financial assets reported at fair value via the income statement	19.9	22.5	-11.5 %	25.5
Interest-bearing securities	3,280.7	3,277.3	0.1 %	3,039.5
Shares and participations	151.2	155.6	-2.8 %	204.8
Financial assets available for sale	3,431.9	3,433.0	0.0 %	3,244.2
Financial assets held until maturity	22.2	27.9	-20.5 %	30.9
Derivative instruments	288.2	210.0	37.3 %	198.7
Lending to credit institutions	75.1	80.7	-7.0 %	119.2
Lending to the public and public sector entities	6,346.4	6,060.8	4.7 %	5,820.0
Loans and other receivables	6,421.5	6,141.6	4.6 %	5,939.3
Investments for unit-linked provisions	236.8	208.9	13.4 %	168.1
Investments in associated companies	5.3	4.5	17.1 %	4.7
Intangible assets	12.1	12.4	-2.8 %	12.5
Investment properties	25.1	26.9	-6.9 %	28.7
Other tangible assets	7.0	8.1	-13.4 %	7.7
Accrued income and advance payments	71.6	80.3	-10.8 %	67.2
Other assets	33.7	31.4	7.6 %	71.0
Total other assets	105.3	111.6	-5.6 %	138.1
Income tax receivables	1.8	0.8	128.1 %	3.7
Deferred tax receivables	6.3	6.0	3.7 %	13.7
Tax receivables	8.1	6.8	18.4 %	17.4
Assets classified as held for sale	0.8	0.8	0.0 %	0.8
Total assets	**10,867.2**	**10,555.8**	**2.9 %**	**10,105.4**
Liabilities				
Liabilities to credit institutions	1,516.9	1,724.4	-12.0 %	1,597.9
Liabilities to the public and public sector entities	3,351.4	3,029.2	10.6 %	3,079.9
Deposits	4,868.3	4,753.6	2.4 %	4,677.8
Derivative instruments	169.9	132.2	28.6 %	127.7
Debt securities issued	2,970.3	2,747.9	8.1 %	2,568.7
Subordinated liabilities	253.9	252.5	0.5 %	243.8
Other liabilities to credit institutions	818.2	968.2	-15.5 %	742.4
Other liabilities to the public and public sector entities	109.6	77.3	41.8 %	197.5
Other financial liabilities	4,151.9	4,045.9	2.6 %	3,752.5
Technical provisions for interest-related insurances	589.6	595.0	-0.9 %	599.1
Technical provisions for unit-linked insurances	236.1	210.1	12.4 %	168.6
Technical provisions for non-life insurances	131.6	119.3	10.3 %	127.6
Technical provisions	957.3	924.4	3.6 %	895.3
Accrued expenses and income received in advance	82.6	71.9	14.9 %	68.8
Other liabilities	72.0	91.5	-21.3 %	126.8
Total other liabilities	154.6	163.4	-5.4 %	195.6
Provisions	0.6	0.8	-29.0 %	0.9
Income tax liability	4.1	19.2	-78.9 %	4.6
Deferred tax liabilities	59.6	49.9	19.4 %	54.4
Tax liabilities	63.7	69.1	-7.9 %	59.0
Liabilities for assets classified as held for sale	0.2	0.2	0.0 %	0.2
Total liabilities	**10,366.6**	**10,089.7**	**2.7 %**	**9,709.0**
Equity				
Restricted equity	159.2	147.6	7.9 %	100.8
Unrestricted equity	298.8	285.8	4.5 %	265.4
Shareholders' share of equity	458.0	433.4	5.7 %	366.1
Minority interest's share of equity	42.6	32.7	30.3 %	30.2
Equity	**500.6**	**466.2**	**7.4 %**	**396.3**
Total liabilities and equity	**10,867.2**	**10,555.8**	**2.9 %**	**10,105.4**

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	1-6/2010	1-6/2009	Δ	1-12/2009
Cash flow from operating activities				
Operating profit	41.0	17.3	137.0 %	47.0
Adjustment items not included in cash flow for the period	8.6	35.5	-75.9 %	43.8
Paid income taxes	-21.7	-7.8	-178.0 %	-12.4
Cash flow from operating activities before change in operating receivables and liabilities	**27.9**	**45.0**	**-38.0 %**	**78.4**
Increase (-) or decrease (+) in receivables from operating activities	-283.9	-542.9	47.7 %	-919.1
Increase (+) or decrease (-) in liabilities from operating activities	199.4	296.2	-32.7 %	654.0
Total cash flow from operating activities	**-56.5**	**-201.6**	**72.0 %**	**-186.7**
Cash flow from investing activities				
Financial assets held until maturity	5.7	5.0	14.3 %	8.0
Investments in group companies and associated companies	-0.1	16.3	-	16.3
Proceeds from sale of group companies and associated companies	-	0.0	-	0.0
Investment in tangible and intangible assets	-2.8	-3.7	25.2 %	-6.7
Disposal of tangible and intangible assets	4.4	1.3	250.2 %	2.0
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	9.2	6.6	39.5 %	8.9
Total cash flow from investing activities	**16.5**	**25.5**	**-35.5 %**	**28.6**
Cash flow from financing activities				
Subordinated liabilities	0.0	-2.4	-	6.4
Increase in share capital	-	0.0	-	0.0
Own shares divested	0.2	-	-	-
Increase in unrestricted equity reserve	-	0.0	-	0.0
Paid dividends	-15.9	-10.0	-58.7 %	-10.0
Total cash flow from financing activities	**-15.7**	**-12.4**	**-27.2 %**	**-3.6**
Change in cash and cash equivalents	**-55.8**	**-188.5**	**70.4 %**	**-161.7**
Cash and cash equivalents at the beginning of the year	350.7	512.4	-31.6 %	512.4
Cash and cash equivalents at the end of the period/year	294.9	323.9	-8.9 %	350.7
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	8.9	9.2	-3.9 %	10.0
Insurance operation's cash and bank	4.7	4.0	16.2 %	4.5
Bank of Finland current account	269.6	275.5	-2.1 %	326.5
Repayable on demand claims on credit institutions	11.8	35.2	-66.4 %	9.7
Total	**294.9**	**323.9**	**-8.9 %**	**350.7**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	0.0	20.7	-	24.0
Write-downs on credits and other commitments	8.4	17.5	-52.0 %	31.7
Change in fair values	-0.5	-6.1	92.1 %	-19.2
Depreciation and impairment of intangible and tangible assets	4.0	3.7	8.8 %	7.7
Share of profit from associated companies	-0.7	-0.3	-170.5 %	0.0
Sales gains and losses from intangible and tangible assets	-2.3	-0.1	-	-0.5
Negative goodwill recorded as income	-	-0.1	-	-0.1
Other adjustments	-0.3	0.2	-	0.2
Total	**8.6**	**35.5**	**-75.9 %**	**43.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Minority interest's 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
Treasury shares acquired in connection with the merger					-3.2	-3.2		-3.2
Dividends to shareholders					-10.0	-10.0		-10.0
Profit for the period					*13.8*	*13.8*	*-0.8*	*13.0*
Financial assets available for sale			*23.5*			*23.5*	*0.1*	*23.6*
Cash flow hedging			*9.3*			*9.3*		*9.3*
Total comprehensive income for the period			32.8		13.8	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**	**-3.6**	**72.7**	**192.7**	**366.1**	**30.2**	**396.3**
Equity as at 1January 2010	**93.9**	**10.4**	**43.3**	**72.7**	**213.2**	**433.4**	**32.7**	**466.2**
Share issue						0.0		0.0
Divestment of own shares					0.2	0.2		0.2
Dividends to shareholders					-15.9	-15.9		-15.9
Profit for the period					*28.7*	*28.7*	*1.3*	*30.0*
Financial assets available for sale			*-1.1*			*-1.1*	*0.0*	*-1.1*
Cash flow hedging			*12.7*			*12.7*	*-0.6*	*12.1*
Total comprehensive income for the period			11.6		28.7	40.3	0.7	41.0
Other change in equity						0.0	9.2	9.2
Equity as at 30 June 2010	**93.9**	**10.4**	**54.9**	**72.7**	**226.1**	**458.0**	**42.6**	**500.6**

In connection with the acquisition of Veritas Mutual Non-Life Insurance on 1 January 2009, merger compensation of 6,800,000 A shares was paid at a nominal value of EUR 2.00 per share and a subscription price of EUR 6.00 per share. Of this compensation, EUR 13.6 million was attributed to share capital and EUR 27.2 million to the unrestricted equity reserve. The company has continued its operations in the Aktia Group under the name Aktia Non-Life Insurance Ltd.

As a result of the Extraordinary General Meeting of 21 December 2006, the Board of Directors is authorised to issue shares to key personnel in the Group for incentive reasons. On the basis of the authorisations given, the Board of Aktia plc resolved on 30 March 2009 to implement a directed share issue to designated persons in the company's executive management. Within the context of the issue, 12,490 new A shares were issued at a subscription price of EUR 6.00 per share and a nominal value of EUR 2.00 per share. Of the EUR 74,940 remuneration, EUR 24,980 was attributed to share capital and EUR 49,960 to the unrestricted equity reserve.

QUARTERLY TRENDS IN THE GROUP

(EUR million)	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009
Net interest income	38.6	38.9	39.8	40.5	39.4
Dividends	1.1	0.0	0.0	0.0	0.5
Net commission income	15.5	13.4	14.5	11.3	11.0
Net income from life-insurance	2.6	4.5	3.2	3.8	1.7
Net income from non-life insurance	5.9	4.4	1.5	6.3	5.5
Net income from financial transactions	-1.2	-1.8	-1.0	1.2	3.2
Net income from investment properties	0.0	0.3	0.1	0.1	0.1
Other operating income	3.7	1.3	0.5	1.2	1.0
Total operating income	**66.2**	**61.0**	**58.7**	**64.3**	**62.4**
Staff costs	-21.8	-20.7	-21.8	-18.3	-18.9
Other administrative expenses	-12.0	-11.4	-12.9	-9.5	-11.6
Depreciation of tangible and intangible assets	-1.8	-1.8	-1.6	-1.8	-1.7
Other operating expenses	-4.4	-5.0	-6.4	-6.5	-5.2
Total operating expenses	**-40.0**	**-38.9**	**-42.7**	**-36.1**	**-37.4**
Impairment and reversal of impairment on tangible and intangible assets	-	-	-0.3	-	-0.2
Write-downs on credits and other commitments	-3.8	-4.6	-5.5	-8.5	-16.2
Share of profit from associated companies	1.1	-0.1	-0.4	0.1	0.5
Operating profit	**23.5**	**17.5**	**9.8**	**19.8**	**9.1**
Taxes	-6.0	-5.0	-3.0	-5.6	-1.8
Profit for the period	**17.5**	**12.5**	**6.8**	**14.2**	**7.4**

Consolidated statement of comprehensive income

(EUR million)	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009
Profit for the reporting period	17.5	12.5	6.8	14.2	7.4
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	-19.0	17.1	-15.4	47.3	35.8
Change in valuation of fair value for cash flow hedging	2.9	9.2	-4.7	4.5	2.8
Transferred to the income statement for fianancial assets available for sale	0.2	0.5	14.7	0.9	-1.0
Total comprehensive income for the period	**1.6**	**39.3**	**1.4**	**66.8**	**45.0**

NOTES TO THE INTERIM REPORT

NOTE 1 BASIS FOR PREPARING INTERIM REPORTS AND IMPORTANT ACCOUNTING PRINCIPLES

BASIS FOR PREPARING THE INTERIM REPORT

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

The interim report for the period 1 January - 30 June 2010 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 2009.

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 2009 unless specified otherwise. Balance sheet items in the Report by the Board of Directors are mainly given in EUR million without decimals.

The interim report for the period 1 January - 30 June 2010 was approved by the Board of Directors on 12 August 2010.

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

IMPORTANT ACCOUNTING PRINCIPLES

In preparing this interim report the Group has followed the accounting principles applicable to the annual report of 31 December 2009.

NEW ACCOUNTING STANDARDS APPLY FROM 2010

IFRS 3 Business Combinations (revised)

With effect from 1 January 2010, business combinations are reported in accordance with the revised standard IFRS 3. From 1 January 2010 onwards, company acquisitions will involve greater volatility in the consolidated income statement and in the Group's equity. The Group has not had any company acquisitions during the first half of 2010.

IAS 27 Consolidated and Separate Financial Statements (revised)

This revised standard deals with accounting principles relating to minority interests. The application of this standard has not had any impact on the Group's result or financial position during the first half year of 2010.

NOTE 2 SEGMENT REPORTING

SEGMENT

From 1 January 2009, the reported segments are Banking Business, Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous.

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 Ab, 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 as well as Aktia Invest Ltd. 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 AND GROUP ELIMINATIONS

Net interest income from those units included in the banking business and asset management segments contain 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 hedging measures for which management has issued authority. The costs of central support functions are allocated to the segments in accordance with resource use, defined projects and according to different allocation rules.

Until further notice, Aktia plc and Aktia Bank plc are not allocating equity to the different segments. The miscellaneous segment consists of any items in the income statement and balance sheet that are not allocated to the various segments.

Internal Group transactions between legal entities are eliminated and reported within each segments if the legal entities are in the same segment. Internal Group transactions between legal entities in different segments are included in the eliminations.

The share of profits in associated companies, acquisition eliminations, the minority interest's share and other Group adjustments are included in eliminations. Pricing between the segments is based on market prices.

Income statement	Banking Business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		Eliminations		Total Group	
(EUR million)	1-6/2010	1-6/2009	1-6/2010	1-6/2009	1-6/2010	1-6/2009	1-6/2010	1-6/2009	1-6/2010	1-6/2009	1-6/2010	1-6/2009	1-6/2010	1-6/2009
Net interest income	75.4	68.9	1.6	1.0	-	-	-	-	-0.4	1.6	0.8	0.4	77.5	71.9
Net commission income	21.7	15.0	8.3	5.6	-	-	-	-	3.7	2.9	-4.7	-3.0	28.9	20.6
Net income from life-insurance	-	-	-	-	11.0	11.9	-	-	-	-	-3.9	-4.9	7.1	7.0
Net income from non-life insurance	-	-	-	-	-	-	11.3	6.7	-	-	-1.0	0.7	10.3	7.4
Other income	-2.0	2.9	0.2	-0.2	-	-0.5	0.3	0.0	11.5	3.2	-6.6	-2.1	3.4	3.2
Total operating income	**95.1**	**86.8**	**10.1**	**6.4**	**11.0**	**11.5**	**11.6**	**6.7**	**14.8**	**7.6**	**-15.3**	**-8.8**	**127.2**	**110.2**
Staff costs	-20.0	-18.1	-4.4	-3.6	-2.8	-3.0	-5.5	-6.1	-9.7	-8.3	-0.2	0.0	-42.5	-39.2
Other administrative expenses	-23.0	-25.9	-2.9	-2.0	-3.5	-3.6	-3.5	-3.5	-2.8	9.1	12.4	3.6	-23.4	-22.3
Depreciation of tangible and intangible assets	-1.1	-1.2	-0.3	-0.4	-0.2	-0.2	-0.3	-0.3	-1.4	-0.9	-0.4	-0.5	-3.5	-3.5
Other expenses	-4.9	-4.9	-0.5	-0.4	-	-	-0.4	0.1	-4.1	-4.8	0.6	-0.5	-9.3	-10.5
Total operating expenses	**-49.1**	**-50.1**	**-8.1**	**-6.4**	**-6.5**	**-6.9**	**-9.8**	**-9.7**	**-17.9**	**-4.9**	**12.4**	**2.5**	**-78.8**	**-75.4**
Impairment and reversing items of tangible and intangible assets	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	-0.2
Write-downs on credits and other commitments	-8.0	-17.5	-	-	-	-	-0.4	-0.3	-	-	-	-	-8.4	-17.8
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	1.0	0.6	1.0	0.6
Operating profit	**38.0**	**19.1**	**2.0**	**0.1**	**4.6**	**4.6**	**1.4**	**-3.2**	**-3.1**	**2.8**	**-1.9**	**-6.0**	**41.0**	**17.3**
Contribution of insurance businesses to the Groups' operating profit					4.3	0.2	0.1	-2.8						

Balance sheet	Banking Business		Asset Management		Life Insurance		Non-Life Insurance		Miscellaneous		Eliminations		Total Group	
(EUR million)	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Cash and balances with central banks	278.3	336.4	0.1	0.1	7.8	3.1	8.3	5.6	-	-	-11.4	-4.3	283.1	341.0
Financial assets reported at fair value through profit and loss	3.7	3.6	-	-	9.6	10.4	6.5	8.4	-	-	-	-	19.9	22.5
Financial assets available for sale	2,632.9	2,655.8	7.6	7.3	670.0	664.9	114.8	101.1	23.5	30.0	-16.9	-26.1	3,431.9	3,433.0
Loans and other receivables	6,436.3	6,173.7	43.6	34.4	-	-	-	-	9.7	0.1	-68.1	-66.6	6,421.5	6,141.6
Investments for unit-linked provisions	-	-	-	-	236.8	208.9	-	-	-	-	-	-	236.8	208.9
Other assets	444.7	662.9	6.1	5.0	20.4	19.4	41.4	38.5	357.4	20.7	-396.0	-337.3	474.0	409.0
Total assets	**9,796.0**	**9,832.4**	**57.3**	**46.8**	**944.6**	**906.6**	**171.1**	**153.6**	**390.6**	**50.7**	**-492.4**	**-434.2**	**10,867.2**	**10,555.8**
Deposits	4,693.4	4,607.1	190.8	154.7	-	-	-	-	3.4	2.2	-19.3	-10.4	4,868.3	4,753.6
Debt securities issued	2,985.8	2,758.1	-	-	-	-	-	-	-	-	-15.5	-10.2	2,970.3	2,747.9
Technical provision for insurance business	-	-	-	-	825.8	805.1	123.2	109.7	-	-	8.4	9.6	957.3	924.4
Other liabilities	1,621.2	1,508.7	7.8	6.7	18.3	14.1	19.9	19.6	90.5	258.8	-187.0	-144.3	1,570.7	1,663.7
Total liabilities	**9,300.4**	**8,874.0**	**198.6**	**161.4**	**844.0**	**819.2**	**143.0**	**129.4**	**94.0**	**261.0**	**-213.5**	**-155.3**	**10,366.6**	**10,089.7**

NOTE 3 DERIVATIVES AND OFF-BALANCE SHEET COMMITMENTS

Hedging derivative instruments (EUR million) 30.6.2010	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	3,092.5	94.5	34.6
Total	**3,092.5**	**94.5**	**34.6**
Cash flow hedging			
Interest rate-related	960.0	56.7	0.2
Total	**960.0**	**56.7**	**0.2**
Derivative instruments valued through profit and loss			
Interest rate-related *)	7,150.9	132.6	130.5
Currency-related	190.2	0.8	1.1
Equity-related **)	98.3	3.1	3.1
Other derivative instruments **)	4.3	0.4	0.4
Total	**7,443.7**	**136.9**	**135.1**
Total derivative instruments			
Interest rate-related	11,203.4	283.8	165.3
Currency-related	190.2	0.8	1.1
Equity-related	98.3	3.1	3.1
Other derivative instruments	4.3	0.4	0.4
Total	**11,496.2**	**288.2**	**169.9**

Hedging derivative instruments (EUR million) 30.6.2009	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			
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 6,809.0 (6,730.6) million.

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

Off-balance sheet commitments

(EUR million)	30.6.2010	31.12.2009	30.6.2009
Commitments provided to a third party on behalf of the customers			
Guarantees	51.0	49.9	58.3
Other commitments provided to a third party	6.1	7.3	7.6
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	550.6	506.6	538.7
Other commitments provided to a third party	10.5	11.7	12.8
Off-balance sheet commitments	**618.3**	**575.5**	**617.4**

NOTE 4 THE GROUP'S RISK EXPOSURE

The Bank Group's capital adequacy

					(EUR million)
Summary	**6/2010**	**3/2010**	**12/2009**	**9/2009**	**6/2009**
Tier 1 capital	359.8	337.5	329.0	319.2	309.4
Tier 2 capital	227.6	235.4	222.8	219.5	183.4
Capital base	**587.3**	**572.9**	**551.8**	**538.7**	**492.8**
Risk-weighted amount for credit and counterparty risks	3,242.6	3,214.5	3,147.5	3,220.7	3,122.2
Risk-weighted amount for market risks 1)	-	-	-	-	-
Risk-weighted amount for operational risks	312.7	312.7	312.7	272.7	272.7
Risk-weighted commitments	**3,555.3**	**3,527.2**	**3,460.2**	**3,493.4**	**3,394.8**
Capital adequacy ratio, %	**16.5**	**16.2**	**15.9**	**15.4**	**14.5**
Tier 1 Capital ratio, %	**10.1**	**9.6**	**9.5**	**9.1**	**9.1**
Minimum capital requirement	**284.4**	**282.2**	**276.8**	**279.5**	**271.6**
Capital buffer (difference between capital base and minimum requirement)	302.9	290.7	275.0	259.2	221.2

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

					(EUR million)
	6/2010	**3/2010**	**12/2009**	**9/2009**	**6/2009**
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	44.6	44.6	44.6	44.6	44.6
Minority share	42.6	32.7	32.7	30.0	30.2
Retained earnings	65.8	95.8	70.7	70.7	70.7
Profit for the period	27.2	11.6	38.0	26.0	13.9
./. Provision for dividends to shareholders	-7.4	-3.7	-12.9	-7.5	-5.0
Capital loan	30.0	-	-	-	-
Total	365.8	343.9	336.0	326.7	317.4
./. Intangible assets	-6.0	-6.4	-7.0	-7.5	-8.0
Tier 1 capital	**359.8**	**337.5**	**329.0**	**319.2**	**309.4**
Fund at fair value	2.7	21.6	13.3	14.9	-16.3
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	179.9	168.8	164.5	159.6	154.7
Tier 2 capital	**227.6**	**235.4**	**222.8**	**219.5**	**183.4**
Total capital base	**587.3**	**572.9**	**551.8**	**538.7**	**492.8**

The Bank Group's risk-weighted exposures

Total exposure 6/2010			(EUR million)
Risk-weight	**Balance sheet items**	**Off-balance sheet commitments**	**Total**
0%	1,203.8	33.4	1,237.2
10%	1,196.4	0.0	1,196.4
20%	1,119.2	286.2	1,405.4
35%	4,782.4	107.7	4,890.2
50%	0.1	0.0	0.1
75%	605.8	91.3	697.1
100%	613.0	91.2	704.2
150%	16.2	0.7	16.9
Total	**9,537.0**	**610.5**	**10,147.5**
Derivatives *)	345.1	-	345.1
Total	**9,882.1**	**610.5**	**10,492.6**

Risk-weighted exposures, Basel 2					(EUR million)
Risk-weight	**6/2010**	**3/2010**	**12/2009**	**9/2009**	**6/2009**
0%	-	-	-	-	-
10%	119.6	129.0	115.9	111.3	101.6
20%	235.8	258.6	252.5	341.9	291.8
35%	1,686.8	1,633.5	1,596.8	1,567.2	1,516.6
50%	0.1	0.1	0.1	4.8	3.5
75%	483.6	466.9	466.1	457.8	447.2
100%	660.7	673.4	673.3	694.0	702.5
150%	24.9	22.5	19.1	22.4	32.7
Total	**3,211.5**	**3,183.9**	**3,123.7**	**3,199.6**	**3,096.0**
Derivatives *)	31.1	30.6	23.8	21.1	26.2
Total	**3,242.6**	**3,214.5**	**3,147.5**	**3,220.7**	**3,122.2**

*) derivative agreements credit conversion factor

In its capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit ratings by Moody's Investors Service or Standard & Poor's to receivables from central governments and central banks, credit institutions, investment firms and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

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

Year	2009	2008	2007	2006	6/2010	3/2010	12/2009	9/2009	6/2009
Gross income	204.7	150.5	145.2	140.6					
- average 3 years	166.8	145.4							
Capital requirement for operational risk					**25.0**	**25.0**	**25.0**	**21.8**	**21.8**
Risk-weighted amount, Basel 2					**312.7**	**312.7**	**312.7**	**272.7**	**272.7**

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

The finance and insurance conglomerate's capital adequacy

Summary	6/2010	3/2010	12/2009	9/2009	6/2009
Tier 1 capital for the group	422.7	396.7	400.7	388.1	375.0
Sector-specific items	248.3	261.5	233.2	229.4	176.4
Intangible assets and other specific reductions	-120.4	-118.9	-120.0	-105.8	-91.2
Other sector-specific not transferrable items	-1.1	-	-	-	-
Conglomerate's total capital base	**549.6**	**539.3**	**513.9**	**511.7**	**460.2**
Capital requirement for banking business	286.8	284.9	279.4	282.1	273.8
Capital requirement for insurance business	47.3	47.3	47.1	47.6	47.9
Minimum amount for capital base	**334.0**	**332.1**	**326.5**	**329.6**	**321.6**
Conglomerate's capital adequacy	**215.6**	**207.2**	**187.4**	**182.0**	**138.6**
Capital adequacy ratio, %	**164.5 %**	**162.4 %**	**157.4 %**	**155.2 %**	**143.1 %**

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

NOTE 5 NET INCOME FROM INSURANCE BUSINESS

(EUR million)	1-6/2010	1-6/2009	Δ	1-12/2009
Income from insurance premiums	50.3	35.9	40.2 %	80.5
Net income from investments	11.6	-9.7	-	0.4
Insurance claims paid	-42.1	-43.8	3.8 %	-79.8
Net change in technical provisions	-12.6	24.7	-	12.8
Net income from life-insurance	7.1	7.0	1.4 %	14.0
Premium income earned	30.6	29.3	4.6 %	60.6
Net income from investments	1.4	-0.3	-	1.6
Insurance claims paid	-20.7	-21.0	1.4 %	-42.2
Change in provisions for outstanding claims	-1.0	-0.7	-50.1 %	-4.7
Net income from non-life insurance	10.3	7.4	39.1 %	15.2

NOTE 6 BUSINESSES ACQUIRED

Aktia Plc has not acquired any new entities during the first six months of 2010.

The merger with Veritas Non-Life Insurance was concluded on 1 January 2009, where after the non-life insurance business has been operated by Aktia Non-Life Insurance, a 100%-owned subsidiary of Aktia plc. As merger compensation, Aktia plc issued 6,800,000 new shares. The non-life insurance business' acquisition balance sheet was presented in Note 4 in the financial statements 31.12.2009.

Helsinki 12 August 2010

AKTIA PLC
Board of Directors

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

REVIEW REPORT ON THE INTERIM REPORT OF AKTIA P.L.C. AS OF 30.6.2010

INTRODUCTION

We have reviewed the balance sheet as of 30.6.2010, 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 2010 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, 12 August 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Aktia plc
PO Box 207
Mannerheimintie 14
FIN-00101 Helsinki
Tel. +358 10 247 5000
Fax +358 0 247 6356

CEO Jussi Laitinen
tel. +358 10 247 5000
Deputy Managing Director, CFO Stefan Björkman
tel. +358 10 247 5000

Business ID 0108664-3
BIC/S.W.I.F.T. HELSFIHH

Investor Relations
PO Box 207
Mannerheimintie 14
FIN-00101 Helsinki
Fax +358 10 247 6249

Investor Relations Manager Anna Gabrán
tel. +358 10 247 6501
ir(at)aktia.fi

Website: www.aktia.fi
Contact address: aktia(at)aktia.fi
E-mail logic: first name.surname(at)aktia.fi