Aktia

AKTIA PLC INTERIM REPORT JANUARY-JUNE 2012

COST CUTS CONTRIBUTED TO IMPROVED RESULT

CEO JUSSI LAITINEN

"Aktia made a good result despite financial turbulence. Our first cost-cutting measures have led to results, and the Group's costs have decreased. Continued turbulence in Europe and low interest rates keep up the pressure to cut the Group's total expenditure. Despite continued savings measures, we will maintain a high level of ambition in services for our customers. "

APRIL-JUNE 2012: OPERATING PROFIT EUR 18.0 (12.1) MILLION

- Group operating profit from continuing operations was EUR 18.0 (12.1) million.
- Profit for the period amounted to EUR 14.4 (8.9) million.
- Income increased by 6% to EUR 55.8 (52.6) million, of which net interest income amounted to EUR 29.7 (33.0) million.
- As a result of increased cost awareness and initiated cost reduction measures, with an ambition to cut costs by 10%, total expenses decreased by 3% to EUR 37.3 (38.5) million.
- Write-downs were cut by half, standing at EUR 1.0 (1.9) million.
- Earnings per share stood at EUR 0.21 (0.13).

JANUARY-JUNE 2012: OPERATING PROFIT EUR 32.5 (31.4) MILLION

- Group operating profit from continuing operations was EUR 32.5 (31.4) million.
- Profit for the period amounted to EUR 34.2 (23.1) million.
- Earnings per share stood at EUR 0.51 (0.33), of which earnings per share from continuing operations was EUR 0.36 (0.33).
- The capital adequacy ratio increased to 18.9 (16.2)% and the Tier 1 capital ratio to 11.7 (10.6)%. NAV was EUR 7.87 (31 December 2011: EUR 7.01).
- Net interest income from borrowing and lending operations was EUR 30.3 (30.7) million. Total net interest income fell to EUR 59.3 (67.2) million due to low interest rates and maturing interest rate derivatives.
- Write-downs on credits and other commitments decreased by 46% to EUR 2.8 (5.3) million.
- IMPROVED OUTLOOK: Operating profit for the financial period from continuing operations 2012 is expected to be on the same level as for 2011. (changed; see the complete outlook on page 12).

KEY FIGURES (EUR million)	4-6/2012	4-6/2011	Δ %	1-6/2012	1-6/2011	Δ %	1-3/2012	2011	10-12/2011
Net interest income	29.7	33.0	-10%	59.3	67.2	-12%	29.6	128.6	30.3
Total operating income	55.8	52.6	6%	109.0	110.9	-2%	53.2	201.9	49.6
Total operating expenses	-37.3	-38.5	-3%	-73.8	-74.1	0%	-36.5	-146.6	-38.8
Operating profit before write downs on credits, continuing operations	19.0	14.0	35%	35.4	36.6	-3%	16.4	55.3	10.8
Write-downs on credits and other commitments	-1.0	-1.9	-51%	-2.8	-5.3	-46%	-1.9	-10.5	-4.1
Operating profit from continuing operations	18.0	12.1	49%	32.5	31.4	4%	14.5	44.8	6.6
Cost-to-income ratio	0.69	0.74	-7%	0.69	0.68	1%	0.68	0.73	0.78
Earnings per share (EPS), EUR	0.21	0.13	67%	0.51	0.33	53%	0.29	0.53	0.12
Equity per share (NAV)[1], EUR	7.88	6.43	23%	7.88	6.43	23%	7.89	7.01	7.01
Return on equity (ROE), %	9.8	7.6	30%	12.3	9.4	31%	14.3	7.2	6.1
Capital adequacy ratio[1], %	18.9	16.6	13%	18.9	16.6	13%	18.1	16.2	16.2
Tier 1 capital ratio[1], %	11.7	10.8	9%	11.7	10.8	9%	11.3	10.6	10.6
Write-downs on credits / total credit stock, %	0.01	0.03	-67%	0.04	0.08	-50%	0.03	0.15	0.06

1) At the end of the period

The Interim report January-June 2012 is a translation of the original Swedish version "Delårsrapport 1.1-30.6.2012". In case of discrepancies, the Swedish version shall prevail.

PROFIT
April-June 2012

Profit April - June 2012

Group operating profit from continuing operations rose to EUR 18.0 (12.1) million.

Income

The Group's total income increased by 6% to EUR 55.8 (52.6) million.

Net interest income from borrowing and lending operations amounted to EUR 15.0 (15.8) million. Total net interest income fell to EUR 29.7 (33.0) million due to maturing interest rate derivatives.

Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. The hedging measures used by Aktia Bank to limit its interest rate risk brought net interest income of EUR 7.2 (9.6) million, EUR 2.3 million less than the previous year.

Net commission income was up 6% to EUR 17.3 (16.3) million. Commission income amounted to EUR 21.0 (20.7) million. Card and payment services commissions rose 11% to EUR 4.5 (4.0) million.

Net income from life insurance improved by 30% and amounted to EUR 7.3 (5.6) million. Net income from the insurance businesses includes insurance premiums written, net income from investments, insurance claims paid and the change in technical provisions.

Net income from financial transactions was EUR 0.2 (-3.3) million.

Net income from hedge accounting was EUR 1.3 (-0.1) million.

Other operating income was EUR 1.2 (0.9) million.

Expenses

Cost reduction measures proceeded according to plan, resulting in a decrease in the Group's total operating expenses by 3% to EUR 37.3 (38.5) million. Of this, staff costs amounted to EUR 18.9 (19.6) million.

IT expenses fell slightly to EUR 6.5 (6.6) million. Other operating expenses decreased by 5% to EUR 10.2 (10.7) million.

Common costs rose by 4% to EUR 11.8 (11.3) million.

Total depreciation on tangible and intangible assets increased to EUR 1.7 (1.4) million.

Segment overview

Group operating profit from continuing operations by segment

(EUR million)	4-6/2012	4-6/2011	Δ %
Banking Business	12.4	8.9	39%
Asset management	2.0	1.6	26%
Life Insurance	4.2	2.0	107%
Miscellaneous	-1.4	0.8	-
Eliminations	0.9	-1.1	-
Total	**18.0**	**12.1**	**49%**

All segments improved profitability.

The segment Banking Business's result improved mainly due to decrease in costs and lower write-downs of credits.

The operating profit of the segment Asset Management rose to EUR 2.0 (1.6) million.

A higher return on investments and a better product mix improved the segment Life insurance's profitability, and the operating profit doubled to EUR 4.2 (2.0) million.

ACTIVITY IN January-June 2012

Business environment

Interest rates fell sharply at the beginning of the year and general interest rate levels are now exceptionally low, which has a negative impact on Aktia's net interest income.

According to Statistics Finland, inflation in Finland was essentially unchanged during the second quarter, and at the end of June 2012 inflation was running at 2.8%. In March 2012, inflation was running at 2.9%. This slight fall in inflation was primarily due to a weaker increase in energy prices.

On the other hand, low interest rates have resulted in higher values for Aktia's fixed-rate investments.

Consumer confidence in the economy clearly weakened compared to June 2011, with the indicator standing at 5.8 (11.4). In May, this indicator stood at 12.0 (15.4) and in April at 10.4 (17.8) . The long-term average was 12.9.

Real estate prices in Finland rose during the second quarter of 2012, by 0.6% over the whole country and 0.7% in the Helsinki region compared with the same period in 2011. Outside the Helsinki region real estate prices went up by 0.5%. Household debt has risen much faster than incomes in recent years. The debt-equity ratio of Finnish households, i.e. debt in relation to disposable income, stood at 156%, against 108% in 2000. (Statistics Finland). However, the low level of interest rates in recent years gives room for a higher debt-equity ratio without straining the households' capacity to pay.

Unemployment stood at 7.9% in June 2012, 0.5% less than a year ago. (Statistics Finland)

During the first half of the year, the Nasdaq OMX Helsinki 25 index went down by 6%.

Key figures Y-o-y, %	2013E*	2012E*	2011
GDP growth			
World	3.5	3.0	3.9
Euro area	1.2	-0.3	1.4
Finland	1.5	0.2	2.9
Consumer price index			
Euro area	2.0	2.4	2.7
Finland	2.6	2.8	3.4
Other key ratios			
Development of real value of housing in Finland	-2.0	-2.0	0.4
Unemployment in Finland[2]	7.8	8.0	7.4
OMX Helsinki 25	-	-	-31.4
Interest rates[1]			
ECB	1.50	1.00	1.00
10-y Interest Ger (=benchmark)	3.30	2.70	2.38
Euribor 12 months	2.50	1.50	1.95
Euribor 3 months	1.75	0.90	1.36

* Aktia's chief economist's prognosis
[1] at the end of the year
[2] annual average

Rating

Since 7 March 2012, the international rating agency Moody's Investors Service has Aktia Bank plc's credit rating for short-term borrowing at P-2. The credit rating for long-term borrowing is A3, and is C- for financial strength. The outlook for all ratings is stable.

The covered bonds issued by the subsidiary Aktia Real Estate Mortgage Bank plc have a Moody's credit rating of Aa1 (under review since 25 November 2011).

Since 9 May 2012, Fitch has Aktia Bank plc's credit rating for short-term borrowing at F2. The credit rating for long-term borrowing is BBB+, and for both ratings the outlook is negative.

Profit January - June 2012

Group operating profit from continuing operations improved against the same point in time in the previous year, and amounted to EUR 32.5 (31.4) million. Group profit from continuing operations amounted to EUR 24.4 (23.4) million.

Following the disposal of 66% of Aktia Non-Life Insurance on 29 February 2012, Aktia's holding amounted to 34%. Aktia Non-Life Insurance is reported as discontinued operations to the date of disposal. The deal has reduced Aktia plc's balance-sheet total by approx. EUR 160 million. Profit for the period from discontinued operations amounted to EUR 9.8 (-0.3) million. The Finnish Supervisory Authority has accepted Folksam Mutual Non-life Insurance and Veritas Pension Insurance Company Ltd as new owners of the Insurance company.

Continuing operations encompass the following Group companies: Banking business, Asset Management, Life Insurance and Miscellaneous.

Income

The Group's total income fell by 2% to EUR 109.0 (110.9) million.

Net interest income from the bank's lending and borrowing operations was EUR 30.3 (30.7) million. Total net interest income fell to EUR 59.3 (67.2) million due to maturing interest rate derivatives.

Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. The hedging measures used by Aktia Bank to limit its interest rate risk brought net interest income of EUR 14.4 (20.5) million, EUR 6.1 million less than the previous year.

Net commission income was up 4% to EUR 32.9 (31.7) million. Commission income increased by 1% to EUR 40.6 (40.0) million. Card and payment services commissions rose 11% to EUR 8.9 (8.0) million.

Net income from life insurance improved by 15% and amounted to EUR 13.5 (11.8) million.

Net income from financial transactions was EUR 0.5 (-2.3) million.

Net income from hedge accounting was EUR 0.7 (0.2) million.

In February, Aktia sold 66% of Aktia Non-Life Insurance to Folksam and the pension company Veritas. These transactions improved profits by EUR 10.9 million. Equity increased by EUR 4.6 million.

Other operating income was EUR 2.6 (2.2) million.

Expenses

Group Group operating expenses were unchanged at EUR 73.8 (74.1) million. Of this, staff costs amounted to EUR 37.3 (37.7) million.

IT costs also rose by 4% to EUR 12.9 (12.4) million, as a result of unexpectedly high development costs within Samlink. Other operating expenses fell by 5% to EUR 20.1 (21.1) million.

The Group's common expenses was EUR 21.4 (21.5) million.

Total depreciation on tangible and intangible assets increased to EUR 3.5 (2.9) million. Depreciation has increased on the previous year, with the launch of Aktia's new online bank, which was started in January. Development of the online bank continues and new functions will be incorporated throughout the year.

Write-downs on credits and other commitments

Write-downs of credits and other commitments decreased by 46% in the period January to June, totalling EUR 2.8 (5.3) million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total at the end of June amounted to EUR 11,228 (11,056) million.

Liquidity

The Bank Group's liquidity portfolio, which consists of interest-bearing securities, amounted to EUR 1,892 (1,947) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 110 (68) million. In addition to this, the Bank holds other interest-bearing securities for a value of EUR 17 (21) million.

The Bank Group's liquidity continued to be good and the liquidity buffer was equivalent to estimated outgoing cash flow for 18 months. Risk in the liquidity portfolio has been proactively reduced.

Borrowing

Deposits from the public and public sector entities increased by 2% to EUR 3,714 (3,645) million. Aktia's market share of deposits was 3.45 (3.46)%.

Aktia Group's outstanding bonds amounted to a total value of EUR 3,799 (3,800) million. Of these bonds EUR 3,489 (3,346) million were covered bonds issued by the Aktia Real Estate Mortgage Bank plc. During the period, Aktia Real Estate Mortgage Bank plc has issued long-term covered bonds amounting to EUR 247 million, of which EUR 22 million were long-term collateralised bonds ('Schuldscheindarlehen'). Outstanding Aktia Bank plc certificates of deposit amounted to EUR 285 million at the end of the period. During the period, Aktia Bank plc issued new subordinated debts and index-linked loans with a total value of EUR 44 million.

Lending

Group total lending to the public amounted to EUR 7,218 (7,063) million at the end of June, an increase of EUR 154 million. Excluding the mortgages brokered by savings banks and POP Banks that the local banks are committed to capitalise, Group lending increased by EUR 88 million (2%) on the beginning of the year.

Loans to private households (including mortgages brokered by local savings banks and POP Banks) accounted for EUR 6,168 (5,966) million or 85.5

(84.5)% of the total loan stock. The housing loan stock increased from the beginning of the year by 4% and totalled EUR 5,805 (5,607) million. Aktia's market share in housing loans to households stood at 4.26 (4.22)% at the end of June.

Corporate lending accounted for 10.1 (10.7)% of Aktia's credit stock. Total corporate lending amounted to EUR 725 (758) million.

Loans granted to housing associations amounted to EUR 280 (289) million and made up 3.9 (4.1)% of Aktia's total credit stock.

Credit stock by sector

EUR million	30.6.2012	31.12.2011	Δ	Share
Households	6,168	5,966	202	85.5 %
Corporate	725	758	-32	10.1 %
Housing associations	280	289	-8	3.9 %
Non-profit organisations	39	45	-6	0.5 %
Public sector entities	5	6	-1	0.1 %
Total	**7,218**	**7,063**	**154**	**100.0 %**

Financial assets

Aktia's financial assets consist of the Bank Group's liquidity portfolio and other interest-bearing investments amounting to EUR 1,909 (1,968) million, the life insurance company's investment portfolio amounting to EUR 674 (661) million and the real estate and share holdings of the parent company amounting to EUR 2 (3) million.

Technical provisions

Life insurance technical provisions amounted to EUR 838 (818) million, of which EUR 315 (285) million were unit-linked.

Equity

Aktia Group's equity increased by EUR 64 million from the year-end to EUR 588 (524) million at the end of June.

Commitments

Off-balance sheet commitments, which primarily consist of liquidity commitments to local banks, other loan promises and bank guarantees, decreased by EUR 15 million during the period and amounted to EUR 451 (466) million.

Capital adequacy and solvency

The Bank Group's capital adequacy ratio amounted to 18.9 (16.2)% and the Tier 1 capital ratio was 11.7 (10.6)%. The Bank Group includes Aktia Bank plc and Aktia Real Estate Mortgage Bank plc.

Aktia Bank plc's capital adequacy ratio stood at 26.4% compared to 22.3% at the end of 2011. The Tier 1 capital ratio was 16.2 (14.6)%.

The Bank Group's Tier 1 capital ratio was strengthened by EUR 30 million during the period. Capital was freed up as a result of the disposal of 66% of shares in the non-life insurance company.

Capital adequacy for the banking business is calculated until further notice using the standard model. The Group's application for internal rating of household exposures (IRBA) is processed by the Financial Supervisory Authority.

The life insurance company's solvency margin amounted to EUR 141.1 (117.2) million, where the minimum requirement is EUR 32.8 million (EUR 32.3) million. The solvency ratio was 24.7 (20.7)%.

The capital adequacy ratio for the conglomerate amounted to 190.5 (163.5) %. The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

Capital adequacy	30.6.2012	31.12.2011
Banking Group		
Capital Adequacy	18.9%	16.2%
Tier 1 ratio	11.7%	10.6%
Aktia Bank		
Capital Adequacy	26.4%	22.3%
Tier 1 ratio	16.2%	14.6%
Aktia Real Estate Mortgage Bank		
Capital Adequacy	10.8%	10.2%
Tier 1 ratio	9.4%	8.5%

Segment overview

Aktia plc's operations are divided into four segments: Banking Business, Asset Management, Life Insurance and Miscellaneous.

Group operating profit from continuing operations by segment

(EUR million)	1-6/2012	1-6/2011	Δ %
Banking Business	23.4	24.9	-6%
Asset management	4.3	3.1	39%
Life Insurance	7.4	4.9	50%
Miscellaneous	-2.5	1.5	-
Eliminations	-0.1	-3.0	98%
Total	**32.5**	**31.4**	**4%**

Banking Business

The Banking Business' contribution to Group operating profit amounted to EUR 23.4 (24.9) million.

Operating income was EUR 82.9 (90.7) million, of which net interest income fell to EUR 57.5 (65.3) million. Net commission income was EUR 23.1 (23.5) million and net income from financial assets available for sale was EUR 1.3 (-2.6) million. Commissions from lending and card services developed favourably. Income from the real estate agency business was down 11% on the corresponding period in the previous year, standing at EUR 3.8 (4.3) million.

Operating expenses fell on the corresponding period last year to EUR 56.6 (60.6) million. Of this, staff costs amounted to EUR 18.9 (21.8) million and IT-related costs were EUR 6.8 (6.6) million. Other operating costs amounted to EUR 29.8 (31.0) million.

Sales activities are being supported by the new marketing campaign "Stress test your finances". The marketing campaign, which was launched in early April, is based on obtaining an even deeper understanding of our customers' financial situation. As part of the campaign, approximately 24,000 persons have used the online tool to work out how much they will earn during their lifetime.

The number of online banking contracts rose by almost 4% during the period, to just over 140,000 (135,000).

Total savings by households were approximately 2% higher than the year-end, amounting to EUR 3,615 (3,536) million, of which household deposits were EUR 2,753 (2,758) million and savings by households in mutual funds were EUR 862 (778) million.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased to EUR 4,236 (4,100) million. Of these mortgages, Aktia brokered EUR 2,087 (1,975) million, while those brokered by the POP Banks amounted to EUR 1,981 (1,915) million.

Asset Management

Asset Management contributed EUR 4.3 (3.1) million to Group operating profit.

Operating income after reversals to the Group's other units and business partners was EUR 12.6 (10.9) million. Operating expenses increased by 6.4% to EUR 8.3 (7.8) million, of which staff costs made up EUR 4.0 (4.1) million.

Aktia has established its position as one of the leading asset managers in Finland. In a survey conducted by Scandinavian Financial Research (SFR) among institutional customers in 2011, Aktia was again placed among the top asset managers. The survey was carried out among the 100 or so largest institutional investors in Finland and Aktia was rated in second place this year.

In an evaluation of larger mutual fund companies in Finland Aktia received the second highest mark. The evaluation was carried out by the independent analyst company Morningstar. In June 2012, the average number of stars received by the bank's 25 evaluated mutual funds was 3.92, when the maximum is 5 Morningstar stars. 18 of Aktia's 25 funds have 4 or more stars.

Over the last few years, the demand for fixed income funds investing in growth markets has risen significantly, and Aktia manages three such funds with a total value of some EUR 637 (578) million.

The volume of mutual funds managed and brokered by Aktia was EUR 4,107 (3,613) million. Aktia's market share of the fund market, including brokered funds, stood at 6.9 (6.6)% (Federation of Finnish Financial Services).

The value of assets managed by Aktia Asset Management and Aktia Invest totalled a record EUR 7,234 (6,624) million, of which assets managed by Aktia Invest amounted to EUR 2,248 (1,961) million. Aktia Private Banking customer assets totalled EUR 1,366 (1,278) million, an increase of 7%.

Life Insurance

The Life Insurance contribution to the Group's operating profit amounted to EUR 7.4 (4.9) million.

A strategic line has been drawn so that all sales are directed against unit-link pension insurance and risk insurance. Premium income was EUR 49.5 (58.5) million. The reduction in premium volumes comes from single-premium policies. Of the premium volume for savings and investment-linked insurance and pension insurance, unit-linked insurance accounted for 81 (83)%. The increased focus on mortgage and life insurance has generated more new sales.

Insurance claims and benefits totalled EUR 45.4 (43.5) million. The claims ratio for risk insurance was maintained at a good level, 83 (82)%.

Operating expenses decreased by 8%, amounting to EUR 6.5 (7.1) million. The life insurance business continues to demonstrate good cost effectiveness. The expense ratio improved to 94.4 (98.4)%.

Net income from investment activities amounted to EUR 16.4 (14.2) million. The return on the company's investments based on market value was 5.2 (1.2)%. The derivatives used by the life insurance company to limit its interest rate and currency risk improved operating profit by EUR 2.3 (0.5) million.

Technical provisions totalled EUR 838 (818) million, of which provisions for unit-linked insurance policies represented EUR 315 (285) million and interest-linked provisions EUR 523 (533) million. The average discount rate for the interest-linked technical provisions was 3.6%.

The company's solvency ratio improved to 24.7 (20.7)%.

Miscellaneous

Operating profit for the Miscellaneous segment was EUR -2.5 (1.5) million.

The decrease in operating profit for the Miscellaneous is a result of changes in allocation principles for the Group's common costs after the sale of Aktia Non-Life Insurance Ltd.

As part of Vasp-Invest Ltd's activities, active efforts continue to sell off real estate assets. As a result, net income from investment properties is lower.

Common costs

The sale of the non-life insurance company enables rationalizing of support functions and staff. The largest common cost items consist of marketing, IT and staff costs.

Common costs amounted to EUR 21.4 (21.5) million and were distributed as follows: banking business EUR 18.7 (18.8) million, asset management EUR 1.7 (1.8) million and life insurance EUR 1.0 (0.9) million.

The Group's risk exposure

Definitions and general principles for asset and risk management can be found in Aktia plc's Annual Report for 2011 (www.aktia.fi) in note G2 on pages 42–67.

Lending related risks within Banking Business

The number of loans with overdue payments decreased. Loans with payments 1–30 days overdue decreased during January to June to EUR 154 (160) million, equivalent to 2.12 (2.25)% of the credit stock. Loans with payments 31–89 days overdue also decreased to EUR 47 (53) million, or 0.65 (0.75)% of the credit stock.

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection was unchanged at EUR 61 (60) million, corresponding to 0.85 (0.84)% of the credit stock.

Non-performing loans to households more than 90 days overdue corresponded to 0.65 (0.61)% of the household credit stock and 0.55 (0.49)% of the entire credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Non-performing loans by time overdue

(EUR million)

Days	30.6.2012	% of credit stock	30.6.2011	% of credit stock	31.12.2011
1 - 30	154	2.12	241	3.52	160
of which households	127	1.75	162	2.34	115
31 - 89	47	0.65	59	0.86	53
of which households	40	0.55	49	0.71	46
90-[1]	61	0.85	58	0.85	60
of which households	40	0.55	34	0.49	36

[1] in Aktia Bank fair value of the asset covers 96 % of debts

Write-downs of loans and other commitments

In the first half of 2012, total write-downs on credits and other commitments decreased by 46% to stand at EUR 2.8 (5.3) million. Of these write-downs, EUR 0.7 (0.6) million were attributable to households, and EUR 2.1 (4.6) million to companies.

Total write-downs on credits amounted to 0.04 (0.08)% of total lending for the period. The corresponding impact on corporate loans amounted to 0.3 (0.6)% of the total corporate lending.

Distribution of risk across financial assets

All financial assets are valued at market prices via the income statement or the fund at fair value. The Bank Group maintains a liquidity portfolio as a buffer for situations where borrowing from the capital markets is not possible under normal conditions for some reason. Fixed-rate investments within the liquidity portfolio are also used to reduce structural interest rate risks.

Within the life insurance business, the investment portfolio covering total technical provisions is measured on an ongoing basis at market value.

Interest-rate investments expose the Group to counterparty risks. Direct interest-rate investments are rated by international credit rating agencies such as Standard & Poor's, Fitch or Moody's. This rating is primarily affected by the counterparty's home country and financial position, but also by the type of instrument and its right of priority.

The Bank Group's liquidity portfolio and other interest-bearing Investments

Investments within the liquidity portfolio and the Bank Group's other interest-bearing investments decreased from the year-end by EUR 59 million, and amounted to EUR 1,909 (1,968) million. During the period, as a result of active measures, investments in EU countries with a credit rating below AAA were reduced by EUR 220 million to EUR 222 (442) million.

Rating distribution for banking business' liquidity portfolio and other fixed income assets

(EUR million)	30.6.2012 1,909	31.12.2011 1,968
Aaa	55.6%	55.6%
Aa1-Aa3	22.8%	21.9%
A1-A3	13.8%	11.9%
Baa1-Baa3	5.1%	6.3%
Ba1-Ba3	0.5%	1.9%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	2.2%	2.1%
No rating	0.0%	0.3%
Total	**100.0%**	**100.0%**

The Bank Group's entire liquidity portfolio met eligibility requirements for refinancing at the Central Bank, whereas assets not eligible for refinancing amounted to 0.6% at the end of the year.

Group investments in EU countries with a credit rating below AAA

As of 30 June, Group investments in EU countries with a credit rating below AAA came to EUR 248 (482) million, and the total unrealised profit was EUR -13.8 (-35.3) million. These items are reported under 'Equity and fund at fair value'. No write-downs have been posted for these holdings via the income statement. However, early disposals have been carried out during the year, which brought about a loss from the sale of EUR 6.9 million before tax. All investments in EU countries, including those with a credit rating below AAA, are measured on an ongoing basis at current market value.

Aktia Bank Group	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity (pub-licly listed)		Total	
	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011
EU AAA	94	145	1,066	916	257	309	12	-	-	-	-	-	-	-	**1,428**	**1,370**
Finland	90	61	125	111	36	37	-	-	-	-	-	-	-		251	210
Other AAA-countries	4	84	940	805	221	272	12	-	-	-	-	-	-	-	1,177	1,161
EU < AAA	-	51	222	352	-	37	-	2	-	-	-	-	-	-	**222**	**442**
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greece	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	2
Ireland	-	-	30	27	-	-	-	-	-	-	-	-	-	-	30	27
Italy	-	-	64	60	-	-	-	-	-	-	-	-	-	-	64	60
Portugal	-	22	51	76	-	8	-	1	-	-	-	-	-	-	51	107
Spain	-	29	77	187	-	29	-	1	-	-	-	-	-	-	77	246
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	182	50	12	30	-	-	-	-	-	-	-	-	**194**	**80**
North America	-	-	22	33	-	-	-	-	-	-	-	-	-	-	**22**	**33**
Other OECD-countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Supranationals	-	-	-	-	44	43	-	-	-	-	-	-	-	-	**44**	**43**
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total	**94**	**197**	**1,491**	**1,350**	**313**	**419**	**12**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**1,909**	**1,968**

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 674 (661) million. The share of covered bonds has continued to rise, as has the share of real estate investments, owing to investments in office and storage facilities.

Investments in EU countries with a credit rating below AAA amounted to EUR 27 (31) million.

Distribution of ratings for the life insurance business' direct interest rate investments (excl real estate, equity and alternative investments)

	30.6.2012	31.12.2011
(EUR million)	**542**	**546**
Aaa	65.8%	70.5%
Aa1-Aa3	10.2%	8.7%
A1-A3	12.8%	11.5%
Baa1-Baa3	3.5%	4.1%
Ba1-Ba3	1.7%	0.8%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	0.0%	0.0%
No rating	6.0%	4.4%
Total	**100.0%**	**100.0%**

Aktia Life Insurance	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institu-tions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity (pub-licly listed)		Total	
	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011	6/2012	2011
EU AAA	192	204	193	184	59	65	89	86	69	42	8	8	-	-	**610**	**589**
Finland	51	49	15	21	25	29	54	44	69	42	7	7	-	-	221	192
Other AAA-countries	142	155	178	164	33	36	34	42	-	-	2	1	-	-	389	397
EU < AAA	9	10	12	13	-	0	6	8	-	-	-	-	-	-	**27**	**31**
Belgium	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-	0
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	0	0	-	0	-	2	-	-	-	-	-	-	0	2
Italy	-	-	2	2	-	-	5	5	-	-	-	-	-	-	6	7
Portugal	1	2	-	-	-	-	-	-	-	-	-	-	-	-	1	2
Spain	-	-	10	11	-	-	1	1	-	-	-	-	-	-	11	13
Other countries	8	7	-	-	-	-	-	-	-	-	-	-	-	-	8	7
Europe excluding EU	0	-	-	0	5	7	3	0	-	-	0	1	-	-	9	8
North America		0		-	(0)	(0)	2	5	-	-	1	1	-	-	3	6
Other OECD-countries	5	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-
Supranationals	-	-	-	-	5	5	-	-	-	-	-	-	-	-	5	5
Others	16	23		-		-		0		-		-	-	-	16	24
Total	**222**	**237**	**205**	**198**	**68**	**76**	**100**	**99**	**69**	**42**	**10**	**10**	**-**	**-**	**674**	**661**

Other market risks within the banking business and the parent company

No equity or real estate trading activities are carried out by the banking business or in the parent company Aktia plc.
At the end of the year, real estate holdings amounted to EUR 0.7 (0.7) million and investments in shares necessary for the business amounted to EUR 1.8 (1.8) million.

Valuation of financial assets

Value changes reported via income statement

The effect of write-downs on financial assets at the end of the period amounted to EUR -1.1 (-0.5) million, mainly related to permanent reductions in the value of real estate funds and smaller private equity investments. These investments are related to the investment portfolio of the life insurance company.

Write-downs on financial assets

(EUR million)	1-6/2012	1-6/2011
Interest-bearing securities		
Banking Business	-	-
Life Insurance Business	-	0.0
Non-life Insurance Business	-	-
Shares and participations		
Banking Business	-	-
Life Insurance Business	-1.1	-0.2
Non-life Insurance Business	-	-0.3
Total	**-1.1**	**-0.5**

Value changes reported via 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 63.2 (19.1) million after deferred tax.

Cash flow hedging, which comprises the market value for interest rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 21.2 (25.5) million.

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Specification of the fund at fair value

(EUR million)	30.6.2011	31.12.2011	Δ
Shares and participations			
Banking Business	-	-	-
Life Insurance Business	6.8	6.1	0.7
Non-life Insurance Business	-	0.8	-0.8
Direct Interest-bearing securities			
Banking Business	4.4	-34.9	39.3
Life Insurance Business	30.4	17.9	12.5
Non-life Insurance Business	-	3.7	-3.7
Share of associated company's fund at fair value	0.4	-	0.4
Cash flow hedging	21.2	25.5	-4.3
Fund at fair value, total	**63.2**	**19.1**	**44.1**

Operational risks

No events regarded as operational risks causing significant financial losses occurred during the first half of 2012.

Events concerning close relations

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

No significant changes concerning close relations occurred.

Other events during the reporting period

At the inaugural meeting on 10 May 2012, Aktia plc's Board of Supervisors elected Honorary Counsellor Håkan Mattlin as new Chair of the Board of Supervisors. Christina Gestrin, Patrik Lerche, Jan-Erik Stenman, Henrik Sundbäck, Lorenz Uthardt and Bo-Gustav Wilson were elected as Deputy Chairs.

Events after the reporting period

Aktia Bank lowered its prime rate by 0.25 percentage points to 1.50 per cent. The new prime rate entered into force on 31 July 2012.

Personnel

The average number of full-time employees during January to June 2012 was 1,089 (31.12.2011: 1,192).

The number of full-time employees fell from the year-end by 214 to 982 at the end of the period (31.12.2011: 1,196). This reduction includes full-time employees from Aktia Non-Life Insurance Ltd. Aktia Non-Life Insurance Ltd is no longer part of the Group.

Personnel fund

Aktia plc's Board of Directors has confirmed that the profit sharing provision to the personnel fund will be based on 10% of the Group operating profit exceeding EUR 30 million. The profit sharing provision cannot exceed EUR 3 million. For 2011, this was EUR 1.2 million.

With effect from 2012, Aktia's Executive Committee is no longer part of the personnel fund as a result of the new incentive scheme.

Incentive scheme for 2012

The Board of Directors of Aktia plc decided in 2011 on a new share-based incentive scheme for key personnel in Aktia Group.

The reward will be paid partly as 'A' shares in Aktia plc and partly in cash. The proportion to be paid in cash is intended for taxes and tax-related costs arising from the reward to a key person. The incentive scheme is divided in two parts.

The first part of the scheme is based on earnings criteria and includes three earnings periods: the calendar years 2011–2012, 2012–2013 and 2013–2014. The earnings criteria for the earning period 2011–2012 are based on the development of the Aktia Group's cumulated adjusted equity during the period 1 January 2011 – 31 December 2012 (NAV) (50% weighting) and of the Group's total net commission and insurance income in the period 1 January 2011 – 31 December 2012 (50% weighting).

The earnings criteria for the earnings period 2012–2013 remain unchanged.

The potential reward for each earning period will be paid in four instalments over a time of approximately three years after each earning period. The Board of Directors has stipulated a maximum level for the reward per key person. In general, the reward is not paid to a key person who is no longer employed by the Aktia Group at the time of payment of rewards.

The second part of the scheme enables key personnel to also receive a conditional reward on the basis of acquisition of 'A' shares in Aktia plc when the incentive scheme is implemented. This conditional reward is payable to key personnel by the end of April 2016 at the latest, and it consists of both shares and cash providing that the key person is employed by the Aktia Group, and that the shares required for payment of the conditional reward have not been transferred at the time of payment of rewards.

Key persons are obliged to hold half of all shares received through the incentive scheme until the total value of the shares amounts to the value of their gross annual salary. They must retain the shares throughout their employment in the Group.

The maximum reward paid on the basis of the scheme may amount to 401,200 'A' shares in Aktia plc and a sum in cash corresponding to the value of the shares. The incentive scheme has been prepared in accordance with new regulations concerning remuneration schemes in the financial sector.

The Aktia Group's report on the remuneration paid to the Executive Committee and other administrative bodies is published on the Aktia plc website (www.aktia.fi).

Board of directors and executive committee

Aktia plc's Board of Directors for the period
1 January –31 December 2012:
Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Jannica Fagerholm, M.Sc.
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, M.B.A.
Nils Lampi, B.Sc. (Econ.)
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Kjell Sundström, M.Sc. (Econ.)

The Board of Supervisors decided on 8 December 2011 that 10% of the (gross) annual fee for members of the Board of Directors is to be payable in the form of Aktia 'A' series shares, acquired directly from the stock exchange at market price on behalf of the Board members on the date on which the accounts announcement for Aktia plc for the period 1 January – 31 December 2011 is published, but no later than two weeks after this.

On 8 December 2011, the Board of Supervisors decided on the Board of Directors' remuneration for 2012:

- annual remuneration, chair, EUR 48,200
- annual remuneration, vice chair, EUR 26,900
- annual remuneration, member, EUR 21,300

Aktia's Executive Committee comprises Managing Director Jussi Laitinen, Managing Director's alternate and Deputy Managing Director Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Taru Narvanmaa, Deputy Managing Director Robert Sergelius and Director Magnus Weurlander.

Changes in Group structure

Aktia sold 66% of Aktia Non-Life Insurance to Folksam Mutual Non-life Insurance and Veritas Pension Insurance Company Ltd. Aktia now holds 34% of Aktia Non-Life Insurance.

On 31 January 2012, Aktia Card Ltd sold its business operations to its parent company Aktia Bank plc, which continues to run the card business.

Decisions at AGM 2012

The Annual General Meeting of Aktia plc held on 16 April 2012 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 0.30 per share totalling EUR 20 million for the financial period 1 January - 31 December 2011. The record date for the dividends was 19 April 2012 and the dividends were paid out on 26 April 2012.

The Annual General Meeting established the number of members on the Board of Supervisors as thirty-three.

The Annual General Meeting decided on the Board of Supervisors' remuneration:

- annual remuneration, chair, EUR 21,500
- annual remuneration, vice chair, EUR 9,500
- annual remuneration, member, EUR 4,200

The nomination committee decided that members of the Board of Supervisors are obliged to use 20% of their annual remuneration (gross amount) for the acquisition of Aktia plc A shares directly from the Stock Exchange at market price within two weeks from the inaugural meeting of the Board of Supervisors 2012.

As members of the Board of Supervisors, the members of the Board Harriet Ahlnäs, Anna Bertills, Roger Broo, Gun Kapténs, Bo Linde, Per Lindgård, Kristina Lyytikäinen, Henrik Rehnberg, Henrik Sundbäck and Sture Söderholm, who were all due to step down, were re-elected, and Chief Secretary Johan Aura was elected new member. All for a term of three years. The annual remuneration to members of the Board of Supervisors remained unchanged.

The Annual General Meeting established the number of auditors as one.

KPMG Oy Ab was appointed auditor for the financial year starting on 1 January 2012, with Jari Härmälä, APA, as the auditor in charge.

The Annual General Meeting approved the proposal by the Board of Directors that Article 6 of the Articles of Association be amended so that summons to the Annual General Meeting is published on the company's website and that information on the Annual General Meeting is also communicated through daily papers specified by the Board of Directors with general circulation in Finland.

The Annual General Meeting approved the proposal by the Board of Directors concerning authorisation to issue shares as well as authorisation to divest shares.

Share capital and ownership

At the end of June 2012, 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 total number of shares is 66,987,758. The number of registered shareholders at the end of June was 48,019. Foreign ownership of shares was 0.03%.

Of the merger compensation related to the merger with Veritas Non-Life Insurance of 6,800,000 shares, a further 3,564 new series A shares were registered on book-entry accounts during the the second quarter. The inspection and registration of outstanding shares continues. The number of unregistered shares was 799,194 or 1.2% of all shares. Aktia's holding of treasury shares amounted to 467,436 shares, corresponding to 0.7% of all shares. As part of its incentive scheme, Aktia plc divested during the second quarter 1,958 of its own A-series shares.

At the beginning of June (7 June 2012), the voting rights in Aktia plc held by Aktiastiftelsen i Vanda exceeded 5.00%.

Shares

Aktia's trading codes are AKTAV for 'A' shares and AKTRV for 'R' shares. Each 'A' share carries one vote and each 'R' share carries 20. Otherwise, the shares confer the same rights.

As at 29 June 2012, the closing price for an A series share was EUR 4.46 and for an R series share EUR 6.85, indicating a market value of approx. EUR 350 million for Aktia plc. The highest quotation for the 'A' share in the period was EUR 6.00 and the lowest EUR 4.42. The highest for the 'R' share was EUR 8.50 and the lowest EUR 6.80.

Average daily turnover increased slightly for both A and R shares. Turnover for A shares was EUR 48,872 or 9,390 shares. Average daily turnover for R shares, over the 28 days they were traded, was EUR 17,192 or 2,420 shares.

Outlook and risks for 2012

Outlook (changed)

Aktia is endeavouring to grow above the market in the sectors focusing on retail customers and small companies.

In 2012, Aktia's focus is on increasing growth by strengthening customer relations, increasing sales per customer and cross-selling, and developing Internet services.

In order to strengthen profitability, costs will be cut, risks effectively managed and capital optimised.

The interest rate derivatives that lifted the net interest income (NII) to an exceptional level have matured. The high NII level from 2009–2011 is therefore not possible to maintain in a low interest rate environment.

Write-downs are expected to decrease in 2012.

The operating profit from continuing operations 2012 is expected to be on the same level as in 2011. (Previously: The operating profit from continuing operations 2012 is expected to be lower than in 2011).

Risks

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 the interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest rate margins and therefore profitability. Aktia is 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.

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 a requirement for higher returns among investors, among other things.

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 affect both capitalisation needs and the need for changes in Aktia Group's structure in the coming years. The results of new regulations are likely to be higher capital requirements, sharpened competition for deposits, higher demands on long-term financing and eventually higher credit margins.

Key figures

	1-6/2012	1-6/2011	Δ %	4-6/2012	1-3/2012	10-12/2011
Earnings per share (EPS), continuing operations, EUR	0.36	0.33	7%	0.21	0.15	0.11
Earnings per share (EPS), discontinued operations, EUR	0.15	0.00	-	0.01	0.14	0.01
Earnings per share (EPS), EUR	0.51	0.33	53%	0.21	0.29	0.12
Equity per share (NAV)[1], EUR	7.88	6.43	23%	7.88	7.89	7.01
Return on equity (ROE), %	12.3	9.4	31%	9.8	14.3	6.1
Total earnings per share, EUR	1.16	-0.08	-	0.28	0.88	0.06
Capital adequacy ratio (finance and insurance conglomerate)[1], %	190.5	156.5	22%	190.5	184.9	163.5
Average number of shares[2], million	66.5	66.5	0%	66.5	66.5	66.5
Number of shares at the end of the period [1], million	66.5	66.5	0%	66.5	66.5	66.5
Personnel (FTEs), average number of employees from the beginning of the year	1,089	1,192	-9%	1,089	1,148	1,192
Banking business (incl. Private Banking)						
Cost-to-income ratio	0.69	0.68	1%	0.69	0.68	0.78
Borrowing from the public[1]	3,714.4	3,492.1	6%	3,714.4	3,689.4	3,645.2
Lending to the public[1]	7,217.8	6,805.2	6%	7,217.8	7,183.8	7,063.3
Capital adequacy ratio[1], %	18.9	16.6	13%	18.9	18.1	16.2
Tier 1 capital ratio[1], %	11.7	10.8	9%	11.7	11.3	10.6
Risk-weighted commitments[1]	3,742.0	3,648.6	3%	3,742.0	3,767.3	3,694.0
Asset Management						
Mutual fund volume[1]	4,107.4	4,147.7	-1%	4,107.4	4,140.0	3,613.4
Managed and brokered assets[1]	7,233.9	7,048.7	3%	7,233.9	7,174.6	6,624.1
Life Insurance						
Premiums written before reinsurers' share	49.7	58.7	-15%	19.7	30.0	25.5
Expense ratio, %	94.5	98.4	-4%	94.5	93.4	91.7
Solvency margin[1]	141.1	96.9	46%	141.1	131.6	117.2
Solvency ratio[1], %	24.7	15.9	55%	24.7	22.8	20.7
Investments at fair value[1]	950.3	950.0	0%	950.3	960.6	911.6
Technical provisions for interest-related insurances[1]	523.2	581.1	-10%	523.2	532.3	533.4
Technical provisions for unit-linked insurances[1]	315.1	298.5	6%	315.1	317.8	284.8

[1] At the end of the period

Basis of calculation

Earnings per share (EPS), EUR

Profit for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

Equity per share (NAV), 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 reporting period x 100

Average equity

Total earnings per share (EPS), EUR

Total comprehensive income for the reporting period after taxes attributable to the shareholders of Aktia plc

Average number of shares over the reporting period (adjusted for new issue)

Capital adequacy ratio, % (finance 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 base of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates and its related degree.

Banking business cost/income ratio

Total operating expenses

Total operating income

Banking business capital adequacy ratio, %

Capital base (Tier 1 capital + Tier 2 capital) x 100

Risk-weighted commitments

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

Banking business Tier 1 capital ratio, %

Tier 1 capital x 100

Rsik-weighted commitments

Banking business risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivates valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervisory Authority.

The capital requirements for operational risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

Life insurance business expense ratio, %

(Operating costs + cost of claims paid) x 100

Total expense loadings

Total expense loadings are items which, according to acturial calculations, should cover the costs.

The operating costs do not include the re-insurers' commissions.

Life insurance business solvency margin

Equity after proposed distribution of profit + valuation difference between fair value of assets and their book value according to balance sheet + capital loan - activated costs for insurance and intangible assets + off-balance sheet commitments + other items

Life insurance business solvency ratio, %

Solvency capital x 100

Technical provisions - equalisation provision - 75% of provisions for unit-linked insurance

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

Consolidated income statement

(EUR million)	1-6/2012	1-6/2011	Δ%	2011
Continuing operations				
Net interest income	59.3	67.2	-12%	128.6
Dividends	0.1	0.1	-37%	0.2
Commission income	40.6	40.0	1%	76.0
Commission expenses	-7.6	-8.3	8%	-15.5
Net commission income	32.9	31.7	4%	60.6
Net income from life insurance	13.5	11.8	15%	22.7
Net income from financial transactions	0.5	-2.3	-	-14.8
Net income from investment properties	0.1	0.3	-51%	0.3
Other operating income	2.6	2.2	18%	4.4
Total operating income	**109.0**	**110.9**	**-2%**	**201.9**
Staff costs	-37.3	-37.7	-1%	-73.0
IT-expenses	-12.9	-12.4	4%	-26.4
Depreciation of tangible and intangible assets	-3.5	-2.9	20%	-5.9
Other operating expenses	-20.1	-21.1	-5%	-41.2
Total operating expenses	**-73.8**	**-74.1**	**0%**	**-146.6**
Write-downs on credits and other commitments	-2.8	-5.3	-46%	-10.5
Share of profit from associated companies	0.2	-0.1	-	-0.1
Operating profit from continuing operations	**32.5**	**31.4**	**4%**	**44.8**
Taxes from continuing operations	-8.2	-8.0	2%	-10.5
Profit for the period from continuing operations	**24.4**	**23.4**	**4%**	**34.3**
Discontinued operations				
Profit for the period from discontinued operations	9.8	-0.3	-	2.2
Profit for the period	**34.2**	**23.1**	**48%**	**36.5**
Attributable to:				
Shareholders in Aktia plc	33.7	21.9	53%	35.5
Non-controlling interest	0.5	1.1	-56%	1.0
Total	**34.2**	**23.1**	**48%**	**36.5**
Earnings per share attributable to shareholders in Aktia Plc, EUR				
Earnings per share (EPS), continuing operations, EUR	0.36	0.33	7%	0.50
Earnings per share (EPS), discontinued operations, EUR	0.15	0.00	-	0.03
Earnings per share (EPS), EUR	**0.51**	**0.33**	**53%**	**0.53**
Earnings per share, EUR, after dilution				
Earnings per share (EPS), continuing operations, EUR	0.36	0.33	7%	0.50
Earnings per share (EPS), discontinued operations, EUR	0.15	0.00	-	0.03
Earnings per share (EPS), EUR	**0.51**	**0.33**	**53%**	**0.53**

Consolidated statement of comprehensive income

(EUR million)	1-6/2012	1-6/2011	Δ%	2011
Continuing operations				
Profit for the period from continuing operations	24.4	23.4	4%	34.3
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	47.1	-15.9	-	-5.1
Change in valuation of fair value for cash flow hedging	-4.3	-8.7	51%	-0.2
Transferred to the income statement for financial assets available for sale	5.2	-1.6	-	-3.2
Comprehensive income from items which can be transferred to the income statement	48.1	-26.1	-	-8.5
Defined benefit plan pensions	-	-	-	-1.3
Share-based payments	-0.3	-	-	-0.2
Comprehensive income from items which can not be transferred to the income statement	-0.3	-	-	-1.5
Total comprehensive income for the period from continuing operations	**72.1**	**-2.7**	**-**	**24.3**
Discontinued operations				
Profit for the period from discontinued operations	9.8	-0.3	-	2.2
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	2.2	-1.0	-	4.2
Transferred to the income statement for financial assets available for sale	-6.3	0.4	-	0.4
Comprehensive income from items which can be transferred to the income statement	-4.1	-0.7	-487%	4.5
Total comprehensive income for the period from discontinued operations	**5.7**	**-1.0**	**-**	**6.7**
Total comprehensive income for the period	**77.8**	**-3.8**	**-**	**31.0**
Total comprehensive income attributable to:				
Shareholders in Aktia plc	77.5	-5.0	-	30.6
Non-controlling interest	0.4	1.3	-71%	0.4
Total	**77.8**	**-3.8**	**-**	**31.0**
Total earnings per share attributable to shareholders in Aktia Plc, EUR				
Total earnings per share, continuing operations, EUR	1.08	-0.06	-	0.36
Total earnings per share, discontinued operations, EUR	0.09	-0.02	-	0.10
Total earnings per share, EUR	**1.16**	**-0.08**	**-**	**0.46**
Total earnings per share, EUR, after dilution				
Total earnings per share, continuing operations, EUR	1.08	-0.06	-	0.36
Total earnings per share, discontinued operations, EUR	0.09	-0.02	-	0.10
Total earnings per share, EUR	**1.16**	**-0.08**	**-**	**0.46**

Consolidated balance sheet

(EUR million)	30.6.2012	31.12.2011	Δ%	30.6.2011
Assets				
Cash and balances with central banks	70.8	475.0	-85%	349.6
Financial assets reported at fair value via the income statement	1.3	1.9	-32%	10.1
Interest-bearing securities	2,360.0	2,509.7	-6%	2,676.6
Shares and participations	88.6	109.4	-19%	131.9
Financial assets available for sale	2,448.6	2,619.1	-7%	2,808.5
Financial assets held until maturity	15.8	20.0	-21%	20.7
Derivative instruments	350.1	300.6	16%	145.2
Lending to Bank of Finland and credit institutions	551.5	88.8	521%	109.8
Lending to the public and public sector entities	7,217.8	7,063.3	2%	6,805.2
Loans and other receivables	7,769.3	7,152.1	9%	6,915.0
Investments for unit-linked provisions	316.4	286.7	10%	300.2
Investments in associated companies	21.3	3.5	513%	2.6
Intangible assets	14.5	17.3	-16%	13.9
Investment properties	28.3	24.6	15%	22.8
Other tangible assets	6.5	7.6	-14%	9.2
Accrued income and advance payments	74.0	83.5	-11%	74.8
Other assets	104.3	26.6	292%	47.8
Total other assets	178.3	110.1	62%	122.6
Income tax receivables	4.0	22.3	-82%	10.9
Deferred tax receivables	1.2	13.0	-91%	13.7
Tax receivables	5.1	35.3	-85%	24.6
Assets classified as held for sale	2.1	2.2	-6%	0.7
Total assets	**11,228.4**	**11,056.1**	**2%**	**10,745.8**
Liabilities				
Liabilities to credit institutions	1,075.5	1,111.9	-3%	804.8
Liabilities to the public and public sector entities	3,714.4	3,645.2	2%	3,492.1
Deposits	4,789.9	4,757.2	1%	4,296.9
Derivative instruments	174.3	156.0	12%	105.2
Debt securities issued	3,799.1	3,800.1	0%	3,664.6
Subordinated liabilities	263.6	258.7	2%	257.4
Other liabilities to credit institutions	442.7	353.5	25%	630.3
Other liabilities to the public and public sector entities	108.1	51.7	109%	30.4
Other financial liabilities	4,613.5	4,464.0	3%	4,582.6
Technical provisions for interest-related insurances	523.2	533.4	-2%	581.1
Technical provisions for unit-linked insurances	315.1	284.8	11%	298.5
Technical provisions for non-life insurances	-	123.3	-	133.1
Technical provisions	838.3	941.5	-11%	1,012.7
Accrued expenses and income received in advance	98.0	106.9	-8%	95.4
Other liabilities	77.5	52.1	49%	119.9
Total other liabilities	175.5	159.0	10%	215.3
Income tax liabilities	1.5	2.6	-42%	2.1
Deferred tax liabilities	47.3	51.8	-9%	44.6
Tax liabilities	48.8	54.4	-10%	46.7
Liabilities for assets classified as held for sale	0.2	0.2	-3%	0.2
Total liabilities	**10,640.5**	**10,532.3**	**1%**	**10,259.5**
Equity				
Restricted equity	167.4	123.2	36%	99.7
Unrestricted equity	356.5	342.8	4%	328.0
Shareholders' share of equity	523.9	466.0	12%	427.7
Non-controlling interest's share of equity	64.0	57.7	11%	58.6
Equity	**587.8**	**523.8**	**12%**	**486.3**
Total liabilities and equity	**11,228.4**	**11,056.1**	**2%**	**10,745.8**

Consolidated statement of changes in equity

(EUR million)	Share capital	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders share of equity	Non-controlling interests' share of equity	Total equity
Equity as at 1 January 2011	**93.9**	**10.3**	**22.5**	**0.8**	**72.7**	**253.0**	**453.0**	**44.3**	**497.3**
Dividends to shareholders						-19.9	-19.9		-19.9
Profit for the period						21.9	21.9	1.1	23.1
Financial assets available for sale			-18.2				-18.2	0.1	-18.1
Cash flow hedging			-8.7				-8.7	0.1	-8.7
Total comprehensive income for the period			-27.0			21.9	-5.0	1.3	-3.8
Other change in equity		-0.3					-0.3	13.0	12.7
Equity as at 30 June 2011	**93.9**	**9.9**	**-4.5**	**0.8**	**72.7**	**254.9**	**427.7**	**58.6**	**486.3**
Equity as at 1 January 2012	**93.9**	**10.3**	**19.1**	**0.2**	**72.7**	**269.9**	**466.0**	**57.7**	**523.8**
Dividends to shareholders						-20.0	-20.0		-20.0
Profit for the period						33.7	33.7	0.5	34.2
Financial assets available for sale			48.2				48.2	0.1	48.3
Cash flow hedging			-4.0				-4.0	-0.3	-4.3
Share-based payments						-0.3	-0.3		-0.3
Total comprehensive income for the period			44.1			33.3	77.5	0.4	77.8
Other change in equity				0.3			0.3	5.9	6.2
Equity as at 30 June 2012	**93.9**	**10.3**	**63.2**	**0.5**	**72.7**	**283.3**	**523.9**	**64.0**	**587.8**

Consolidated cash flow statement

(EUR million)	1-6/2012	1-6/2011	Δ%	2011
Cash flow from operating activities				
Operating profit *)	42.1	30.9	36%	47.0
Adjustment items not included in cash flow for the period	-11.2	10.2	-	26.4
Unwinded cash flow hedging	9.1	-	-	17.6
Paid income taxes	11.7	-23.1	-	-37.2
Cash flow from operating activities before change in operating receivables and liabilities	**51.8**	**18.0**	**188%**	**53.8**
Increase (-) or decrease (+) in receivables from operating activities	-664.1	316.5	-	254.2
Increase (+) or decrease (-) in liabilities from operating activities	199.0	-178.0	-	-92.7
Total cash flow from operating activities	**-413.3**	**156.5**	**-**	**215.4**
Cash flow from investing activities				
Financial assets held until maturity	4.2	0.7	490%	1.4
Investments in group companies and associated companies	0.0	0.0	-173%	-0.4
Proceeds from sale of group companies and associated companies	34.8	0.3	-	0.4
Investment in investment properties	-9,7	-	-	-
Investment in tangible and intangible assets	-3.7	-6.9	46%	-12.7
Disposal of tangible and intangible assets	0.5	1.9	-76%	3.0
Total cash flow from investing activities	**26.1**	**-4.0**	**-**	**-8.4**
Cash flow from financing activities				
Subordinated liabilities	3.6	0.1	-	1.5
Share issue/dividend of Aktia Real Estate Mortgage Bank Plc to the non-controlling interest	5,9	13,5	-57 %	13.5
Divestment of own shares	0.0	-	-	0.2
Paid dividends	-20.0	-19.9	0%	-19.9
Total cash flow from financing activities	**-10.5**	**-6.3**	**-66%**	**-4.8**
Change in cash and cash equivalents	**-397.7**	**146.1**	**-**	**202.2**
Cash and cash equivalents at the beginning of the year	481.7	279.5	72%	279.5
Cash and cash equivalents at the end of the period	84.0	425.6	-80%	481.7
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	7.6	8.1	-5%	9.5
Insurance operation's cash and bank	0.6	3.8	-84%	8.7
Bank of Finland current account	62.5	337.7	-81%	456.8
Repayable on demand claims on credit insitutions	13.2	76.1	-83%	6.6
Total	**84.0**	**425.6**	**-80%**	**481.7**
Adjustment items not included in cash flow consist of:				
Impairment of financial assets available for sale	1.0	0.4	155%	4.3
Write-downs on credits and other commitments	3.0	5.7	-47%	11.3
Change in fair values	-2.7	0.5	-	4.4
Depreciation and impairment of intangible and tangible assets	3.6	3.5	4%	6.9
Share of profit from associated companies	0.2	0.4	-54%	0.4
Sales gains and losses from intangible and tangible assets	-11.0	0.4	-	2.5
Unwinded cash flow hedging	-5.3	-	-	-2.5
Other adjustments	0.0	-0.8	99%	-0.8
Total	**-11.2**	**10.2**	**-**	**26.4**

*) Includes operating profit from both continuing and discontinued operations

Quarterly trends in the Group

(EUR million)	4-6/2012	1-3/2012	10-12/2011	7-9/2011	4-6/2011
Continuing operations					
Net interest income	29.7	29.6	30.3	31.1	33.0
Dividends	0.0	0.0	0.1	0.0	0.0
Net commission income	17.3	15.7	14.8	14.0	16.3
Net income from life insurance	7.3	6.2	3.9	7.1	5.6
Net income from financial transactions	0.2	0.3	-0.6	-11.9	-3.3
Net income from investment properties	0.1	0.0	-0.2	0.2	0.1
Other operating income	1.2	1.4	1.3	0.9	0.9
Total operating income	**55.8**	**53.2**	**49.6**	**41.4**	**52.6**
Staff costs	-18.9	-18.4	-19.3	-16.0	-19.6
IT-expenses	-6.5	-6.4	-6.9	-7.1	-6.6
Depreciation of tangible and intangible assets	-1.7	-1.8	-1.5	-1.4	-1.4
Other operating expenses	-10.2	-9.9	-11.1	-9.1	-10.7
Total operating expenses	**-37.3**	**-36.5**	**-38.8**	**-33.6**	**-38.5**
Write-downs on credits and other commitments	-1.0	-1.9	-4.1	-1.1	-1.9
Share of profit from associated companies	0.5	-0.3	-0.1	0.1	-0.1
Operating profit from continuing operations	**18.0**	**14.5**	**6.6**	**6.8**	**12.1**
Taxes from continuing operations	-4.1	-4.1	0.8	-3.3	-3.2
Profit for the period from continuing operations	**14.0**	**10.4**	**7.5**	**3.5**	**8.9**
Discontinued operations					
Profit for the period from discontinued operations	0.4	9.3	0.4	2.1	0.0
Profit for the period	**14.4**	**19.7**	**7.9**	**5.5**	**8.9**
Attributable to:					
Shareholders in Aktia plc	14.2	19.5	7.8	5.7	8.5
Non-controlling interest	0.2	0.3	0.1	-0.2	0.4
Total	**14.4**	**19.7**	**7.9**	**5.5**	**8.9**
Earnings per share attributable to shareholders in Aktia Plc, EUR					
Earnings per share (EPS), continuing operations, EUR	0.21	0.15	0.11	0.06	0.13
Earnings per share (EPS), discontinued operations, EUR	0.01	0.14	0.01	0.03	0.00
Earnings per share (EPS), EUR	**0.21**	**0.29**	**0.12**	**0.09**	**0.13**
Earnings per share, EUR, after dilution					
Earnings per share (EPS), continuing operations, EUR	0.21	0.15	0.11	0.06	0.13
Earnings per share (EPS), discontinued operations, EUR	0.01	0.14	0.01	0.03	0.00
Earnings per share (EPS), EUR	**0.21**	**0.29**	**0.12**	**0.09**	**0.13**

Quarterly trends of comprehensive income

(EUR million)	4-6/2012	1-3/2012	10-12/2011	7-9/2011	4-6/2011
Continuing operations					
Profit for the period from continuing operations	14.0	10.4	7.5	3.5	8.9
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	5.2	41.9	-2.2	13.0	7.4
Change in valuation of fair value for cash flow hedging	-1.3	-3.0	-0.3	8.8	2.0
Transferred to the income statement for financial assets available for sale	-0.1	5.3	-0.5	-1.1	0.1
Defined benefit plan pensions	-	-	-1.3	-	-
Share-based payments	-0.2	-0.2	-0.2	-	-
Total comprehensive income for the period from continuing operations	**17.7**	**54.4**	**2.9**	**24.1**	**18.4**
Discontinued operations					
Profit for the period from discontinued operations	0.4	9.3	0.4	2.1	0.0
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	0.4	1.9	0.1	5.1	1.1
Transferred to the income statement for financial assets available for sale	-	-6.3	0.0	0.0	0.4
Total comprehensive income for the period from discontinued operations	**0.8**	**4.9**	**0.5**	**7.2**	**1.5**
Total comprehensive income for the period	**18.5**	**59.4**	**3.4**	**31.4**	**20.0**
Total comprehensive income attributable to:					
Shareholders in Aktia plc	18.6	58.8	3.9	31.7	19.8
Non-controlling interest	-0.2	0.5	-0.5	-0.3	0.2
Total	**18.5**	**59.4**	**3.4**	**31.4**	**20.0**
Total earnings per share attributable to shareholders in Aktia Plc, EUR					
Total earnings per share, continuing operations, EUR	0.27	0.81	0.05	0.37	0.27
Total earnings per share, discontinued operations, EUR	0.01	0.07	0.01	0.11	0.02
Total earnings per share, EUR	**0.28**	**0.88**	**0.06**	**0.48**	**0.30**
Total earnings per share, EUR, after dilution					
Total earnings per share, continuing operations, EUR	0.27	0.81	0.05	0.37	0.27
Total earnings per share, discontinued operations, EUR	0.01	0.07	0.01	0.11	0.02
Total earnings per share, EUR	**0.28**	**0.88**	**0.06**	**0.48**	**0.30**

NOTES TO THE INTERIM REPORT

NOTE 1 BASIS FOR PREPARING THE INTERIM REPORT AND KEY ACCOUNTING PRINCIPLES

BASIS FOR PREPARING THE INTERIM REPORT

Aktia plc's consolidated financial statements are prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU.

The interim report for the period 1 January – 30 June 2012 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information required for an annual report and should therefore be read together with the Group's annual report as of 31 December 2011.

The interim report for the period 1 January – 30 June 2012 was approved by the Board of Directors on 6 August 2012.

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

KEY ACCOUNTING PRINCIPLES

In preparing the interim report the Group has followed the accounting principles applicable to the annual report of 31 December 2011.

There were no new or revised IFRSs or interpretations from IFRIC that had any effect on the Group's result, financial position or explanatory notes in the period 1 January – 30 June 2012.

Aktia plc sold 51% of its shares in Aktia Non-Life Insurance Company Ltd to Folksam General and 15% of its shares to the Veritas Pension Insurance Company Ltd on 29 February 2012. With effect from 1 March 2012, Aktia Non-Life Insurance Company Ltd is an associated company of Aktia plc, which holds 34% of the shares.

In the consolidated income statement, the non-life insurance business' income and expenses, including taxes, have been reported in the profit for the period from discontinued operations, both for the current period and for the comparative period in 2011. The consolidated income statement for 2011 has been recalculated to reflect reporting in 2012 of discontinued operations. The non-life insurance business' balance sheet items are included in the consolidated balance sheet for the comparative period in 2011. The Group's segment reporting has been changed and no longer includes the previous Non-Life Insurance segment.

The share of the Group's common costs paid by Aktia Non-Life Insurance Company Ltd to Aktia plc in the period and the comparative period has been reported against the Group's operating expenses.

Note 2. Group's segment reporting

Income statement (EUR million)	Banking Business 1-6/2012	Banking Business 1-6/2011	Asset Management 1-6/2012	Asset Management 1-6/2011	Life Insurance 1-6/2012	Life Insurance 1-6/2011	Non-life Insurance* 1-6/2012	Non-life Insurance* 1-6/2011	Miscellaneous 1-6/2012	Miscellaneous 1-6/2011	Eliminations 1-6/2012	Eliminations 1-6/2011	Group total 1-6/2012	Group total 1-6/2011
Net interest income	57.5	65.3	2.4	1.7	-	-	-	-	-0.6	0.0	0.1	0.1	59.3	67.2
Net commission income	23.1	23.5	10.1	8.9	-	-	-	-	2.3	2.5	-2.6	-3.2	32.9	31.7
Net income from life insurance	-	-	-	-	13.9	12.0	-	-	-	-	-0.4	-0.3	13.5	11.8
Other income	2.3	1.9	0.1	0.3	-	-	-	-	2.2	2.2	-1.4	-4.2	3.3	0.2
Total operating income	**82.9**	**90.7**	**12.6**	**10.9**	**13.9**	**12.0**	**-**	**-**	**3.9**	**4.7**	**-4.3**	**-7.5**	**109.0**	**110.9**
Staff costs	-18.9	-21.8	-4.0	-4.1	-2.8	-2.8	-	-	-11.4	-8.8	-0.3	-0.2	-37.3	-37.7
IT-expenses	-6.8	-6.6	-1.2	-0.4	-0.5	-0.6	-	-	-4.4	-4.8	-	-	-12.9	-12.4
Depreciation of tangible and intangible assets	-1.0	-1.2	-0.2	-0.2	-0.4	-0.3	-	-	-1.9	-1.2	-	-	-3.5	-2.9
Other operating expenses	-29.8	-31.0	-3.0	-3.1	-2.9	-3.4	-	-	11.3	11.5	4.3	4.9	-20.1	-21.1
Total operating expenses	**-56.6**	**-60.6**	**-8.3**	**-7.8**	**-6.5**	**-7.1**	**-**	**-**	**-6.4**	**-3.3**	**4.0**	**4.7**	**-73.8**	**-74.1**
Write-downs on credits and other commitments	-2.8	-5.3	-	-	-	-	-	-	-	-	-	-	-2.8	-5.3
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	0.2	-0.1	0.2	-0.1
Operating profit from continuing operations	**23.4**	**24.9**	**4.3**	**3.1**	**7.4**	**4.9**	**-**	**-**	**-2.5**	**1.5**	**-0.1**	**-3.0**	**32.5**	**31.4**

Balance sheet (EUR million)	Banking Business 30.6.2012	Banking Business 31.12.2011	Asset Management 30.6.2012	Asset Management 31.12.2011	Life Insurance 30.6.2012	Life Insurance 31.12.2011	Non-life Insurance * 30.6.2012	Non-life Insurance * 31.12.2011	Miscellaneous 30.6.2012	Miscellaneous 31.12.2011	Eliminations 30.6.2012	Eliminations 31.12.2011	Group total 30.6.2012	Group total 31.12.2011
Cash and balances with central banks	70.0	466.2	0.1	0.1	16.7	12.9	-	11.2	-	-	-16.1	-15.3	70.8	475.0
Financial assets reported at fair value via the income statement	0.6	-	-	-	0.6	1.9	-	-	-	-	-	-	1.3	1.9
Financial assets available for sale	1,843.1	1,876.1	0.9	1.4	612.4	630.2	-	124.1	0.5	0.0	-8.2	-12.7	2,448.6	2,619.1
Loans and other receivables	7,745.7	7,139.9	168.2	74.7	-	-	-	-	1.5	0.1	-146.1	-62.7	7,769.3	7,152.1
Investments for unit-linked provisions	-	-	-	-	316.4	286.7	-	-	-	-	-	-	316.4	286.7
Other assets	523.8	499.1	6.8	7.3	51.0	22.5	-	48.9	414.7	365.9	-374.2	-422.7	622.0	521.1
Total assets	**10,183.3**	**9,981.3**	**176.0**	**83.6**	**997.0**	**954.3**	**-**	**184.2**	**416.6**	**366.1**	**-544.6**	**-513.4**	**11,228.4**	**11,056.1**
Deposits	4,368.7	4,596.3	530.4	185.8	-	-	-	-	-	1.6	-109.2	-26.5	4,789.9	4,757.2
Debt securities issued	3,807.3	3,812.8	-	-	-	-	-	-	-	-	-8.2	-12.7	3,799.1	3,800.1
Technical provision for insurance business	-	-	-	-	838.3	818.2	-	118.5	-	-	-	4.8	838.3	941.5
Other liabilities	1,104.6	1,087.2	8.8	14.0	23.3	19.5	-	21.0	227.8	70.8	-151.2	-179.0	1,213.2	1,033.5
Total liabilities	**9,280.6**	**9,496.4**	**539.2**	**199.8**	**861.6**	**837.7**	**-**	**139.5**	**227.8**	**72.4**	**-268.7**	**-213.5**	**10,640.5**	**10,532.3**

*) The Group's segment reporting has been changed and does not include the previous segment Aktia Non-life Insurance. Balance sheet items of Aktia Non-life Insurance are included in the balance sheet for the comparing period 2011.

NOTE 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments (EUR million)

30.6.2012	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	4,166.0	199.6	34.2
Total	**4,166.0**	**199.6**	**34.2**
Cash flow hedging			
Interest rate-related	430.0	9.1	0.0
Total	**430.0**	**9.1**	**0.0**
Derivative instruments valued via the income statement			
Interest rate-related *)	5,128.5	138.6	137.6
Currency-related	54.8	0.7	0.5
Equity-related **)	104.2	2.0	2.0
Other derivative instruments **)	21.0	0.1	0.1
Total	**5,308.4**	**141.5**	**140.2**
Total derivative instruments			
Interest rate-related	9,724.5	347.3	171.8
Currency-related	54.8	0.7	0.5
Equity-related	104.2	2.0	2.0
Other derivative instruments	21.0	0.1	0.1
Total	**9,904.4**	**350.1**	**174.3**

Hedging derivative instruments (EUR million)

30.6.2011	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	4,158.5	37.4	30.2
Total	**4,158.5**	**37.4**	**30.2**
Cash flow hedging			
Interest rate-related	960.0	31.8	0.2
Total	**960.0**	**31.8**	**0.2**
Derivative instruments valued via the income statement			
Interest rate-related *)	7,619.5	69.8	68.6
Currency-related	173.5	0.8	0.8
Equity-related **)	121.1	4.6	4.6
Other derivative instruments **)	4.2	0.9	0.9
Total	**7,918.3**	**76.0**	**74.9**
Total derivative instruments			
Interest rate-related	12,738.0	139.0	98.9
Currency-related	173.5	0.8	0.8
Equity-related	121.1	4.6	4.6
Other derivative instruments	4.2	0.9	0.9
Total	**13,036.8**	**145.2**	**105.2**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 4,818.0 (7,277.0) million.
**) All equity-related and other derivative instruments relate to the hedging of structured debt products.

Off-balance sheet commitments

(EUR million)	30.6.2012	31.12.2011	30.6.2011
Commitments provided to a third party on behalf of the customers			
Guarantees	41.4	42.2	46.3
Other commitments provided to a third party	4.1	3.3	3.7
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	402.6	415.3	588.7
Other commitments provided to a third party	3.1	5.2	6.2
Off-balance sheet commitments	**451.2**	**466.1**	**645.0**

NOTE 4. GROUP'S RISK EXPOSURE

The Bank Group's capital adequacy

(EUR million)

Summary	6/2012	3/2012	12/2011	9/2011	6/2011
Tier 1 capital	437.9	427.1	392.6	393.4	393.1
Tier 2 capital	268.0	254.5	206.4	210.3	213.4
Capital base	**705.9**	**681.6**	**599.1**	**603.7**	**606.5**
Risk-weighted amount for credit and counterpart risks	3,369.6	3,395.0	3,321.6	3,294.4	3,300.0
Risk-weighted amount for market risks[1]	-	-	-	-	-
Risk-weighted amount for operational risks	372.3	372.3	372.3	348.6	348.6
Risk-weighted commitments	**3,742.0**	**3,767.3**	**3,694.0**	**3,643.1**	**3,648.6**
Capital adequacy ratio, %	**18.9**	**18.1**	**16.2**	**16.6**	**16.6**
Tier 1 Capital ratio, %	**11.7**	**11.3**	**10.6**	**10.8**	**10.8**
Minimum capital requirement	**299.4**	**301.4**	**295.5**	**291.4**	**291.9**
Capital buffer (difference between capital base and minimum requirement)	406.5	380.2	303.5	312.3	314.6

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)

	6/2012	3/2012	12/2011	9/2011	6/2011
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	74.6	74.5	44.6	44.6	44.6
Non-controlling interest	64.0	58.3	57.7	58.2	58.6
Retained earnings	100.9	100.0	96.2	95.9	95.9
Profit for the period	18.4	8.8	24.7	22.4	16.9
./. provision for dividends to shareholders	-10.6	-5.3	-21.3	-15.8	-10.5
Capital loan	30.0	30.0	30.0	30.0	30.0
Total	440.3	429.3	394.9	398.3	398.4
./. intangible assets	-2.4	-2.2	-2.3	-4.9	-5.3
Tier 1 capital	**437.9**	**427.1**	**392.6**	**393.4**	**393.1**
Fund at fair value	4.4	2.9	-34.9	-31.5	-28.1
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	218.6	206.6	196.3	196.7	196.5
Tier 2 capital	**268.0**	**254.5**	**206.4**	**210.3**	**213.4**
Total capital base	**705.9**	**681.6**	**599.1**	**603.7**	**606.5**

The Bank Group's risk-weighted exposures

Total exposures 6/2012 (EUR million)

Risk-weight	Balance sheet assets	Off-balance sheet commitments	Total
0%	1,141.5	23.1	1,164.6
10%	1,207.8	-	1,207.8
20%	737.8	184.8	922.6
35%	5,712.3	67.3	5,779.6
50%	0.6	-	0.6
75%	557.4	104.1	661.6
100%	555.2	74.1	629.2
150%	18.6	0.8	19.4
Total	**9,931.3**	**454.2**	**10,385.5**
Derivatives *)	414.0	-	414.0
Total	**10,345.3**	**454.2**	**10,799.5**

Risk-weighted exposures					(EUR million)
Risk-weight	**6/2012**	**3/2012**	**12/2011**	**9/2011**	**6/2011**
0%	-	-	-	-	-
10%	120.8	125.6	105.1	103.8	103.2
20%	155.5	163.9	146.6	158.9	191.6
35%	2,008.1	1,990.4	1,943.7	1,898.3	1,857.3
50%	0.3	0.3	0.3	0.4	0.4
75%	439.9	437.2	450.9	458.0	465.7
100%	590.0	614.5	601.8	616.6	624.7
150%	28.5	35.3	40.1	30.1	31.3
Total	**3,343.2**	**3,367.3**	**3,288.4**	**3,266.0**	**3,274.3**
Derivatives *)	26.5	27.7	33.2	28.4	25.7
Total	**3,369.6**	**3,395.0**	**3,321.6**	**3,294.4**	**3,300.0**

*) 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 goverments and central banks, credit institutions, investment firms, corporates 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

								(EUR million)
Year	**2011**	**2010**	**2009**	**6/2012**	**3/2012**	**12/2011**	**9/2011**	**6/2011**
Gross income	187.8	208.5	199.4					
- average 3 years	198.6							
Capital requirement for operational risk				**29.8**	**29.8**	**29.8**	**27.9**	**27.9**
Risk-weighted amount				**372.3**	**372.3**	**372.3**	**348.6**	**348.6**

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

					(EUR million)
Summary	**6/2012**	**3/2012**	**12/2011**	**9/2011**	**6/2011**
Tier 1 capital for the group	521.4	500.8	479.6	470.7	467.1
Sector-specific items	305.6	287.7	234.9	237.4	222.1
Intangible assets and other reductions	-180.9	-156.1	-154.8	-155.8	-153.7
Conglomerate´s total capital base	**646.2**	**632.3**	**559.7**	**552.3**	**535.5**
Capital requirement for banking business	301.6	304.0	296.2	292.3	294.4
Capital requirement for insurance business	37.5	37.9	46.2	47.3	47.9
Minimum amount for capital base	339.1	**341.9**	**342.4**	**339.6**	**342.2**
Conglomerate´s capital adequacy	**307.1**	**290.4**	**217.3**	**212.7**	**193.3**
Capital adequacy ratio, %	**190.5%**	**184.9%**	**163.5%**	**162.6%**	**156.5%**

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

NOTE 5. NET INTEREST INCOME

(EUR million)	1-6/2012	1-6/2011	Δ %	2011
Deposits and lending	30.3	30.7	-1%	63.0
Hedging, interest rate risk management	14.4	20.5	-30%	34.8
Other	14.5	16.0	-9%	30.7
Net interest income	**59.3**	**67.2**	**-12%**	**128.6**

The impact of fixed rate investments is divided into two components consisting of interest rate risk and credit risk. The interest rate risk component is included in "Hedging of interest rate risk" whereas the credit risk component is booked as a part of "Other net interest income".

NOT 6 GROSS LOANS AND WRITE-DOWNS

(EUR million)	30.6.2012	31.3.2012	31.12.2011
Gross loans	7,282.2	7,247.5	7,126.6
Individual write-downs	-50.2	-49.5	-49.2
Of which made to non-performing loans past due at least 90 days	-42.0	-42.7	-39.2
Of which made to other loans	-8.2	-6.9	-10.0
Write-downs by group	-14.2	-14.1	-14.0
Net loans, balance amount	**7,217.8**	**7,183.8**	**7,063.3**

NOTE 7. NET INCOME FROM LIFE INSURANCE

(EUR million)	1-6/2012	1-6/2011	Δ %	2011
Income from insurance premiums	49.5	58.5	-15%	103.0
Net income from investments	16.0	13.9	15%	26.1
Insurance claims paid	-45.4	-43.5	-4%	-92.6
Net change in technical provisions	-6.7	-17.2	61%	-13.8
Net income from life insurance	**13.5**	**11.8**	**15%**	**22.7**

Helsinki 6 August 2012

AKTIA PLC

The Board of Directors

TRANSLATION

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

REPORT ON REVIEW OF THE INTERIM REPORT OF AKTIA P.L.C. AS OF AND FOR THE THREE MONTHS PERIOD ENDING JUNE 30, 2012

INTRODUCTION

We have reviewed the consolidated balance sheet as of 30 June 2012, the consolidated income statement, the statement of comprehensive income, 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. We will express our conclusion on the interim report based on our review.

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 and 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 consequently does not enable us 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.

CONCLUSION

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 consolidated financial position as at 30 June 2012 and the consolidated 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 6 August 2012

KPMG Oy Ab

Jari Härmälä

Authorized Public Accountant

8 November 2012	Interim report January-September 2012
14 February 2013	Annual accounts announcement 2012
9 April 2013	Annual General Meeting
7 May 2013	Interim report Jan-March 2013
6 August 2013	Interim report Jan-June 2013
7 November 2013	Interim report Jan-Sept 2013

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