Aktia

Aktia Bank plc
Interim Report January - June 2013

NEW PARENT COMPANY FOR THE AKTIA GROUP

As from 1 July 2013, Aktia Bank plc is the new listed parent company for the Aktia Group. The former parent company of the Aktia Group, Aktia plc, merged with its subsidiary on 1 July 2013 and was de-listed from the NASDAQ OMX Helsinki exchange. The activities carried out by Aktia Bank plc after the merger are the same and equivalent to the totality operated by Aktia plc up to 30 June 2013. To gain an overall picture of the Aktia Group's profits and financial position in the period January-June 2013, this interim report should be read alongside Aktia plc's interim report for January-June 2013.

APRIL-JUNE 2013: OPERATING PROFIT EUR 14.0 (13.0) MILLION

- The Bank Group's operating profit improved to EUR 14.0 (13.0) million.
- Profit for the period totalled EUR 10.5 (9.8) million.
- Earnings per share stood at EUR 3.4 (3.2) million.
- Net interest income totalled EUR 28.1 (29.5) million.
- Write-downs on credits and other commitments decreased by 56% to EUR 0.4 (1.0) million.

JANUARY-JUNE 2013: OPERATING PROFIT EUR 29.4 (25.4) MILLION

- The Bank Group's operating profit amounted to EUR 29.4 (25.4) million.
- Profit for the period totalled EUR 22.2 (18.9) million.
- Earnings per share stood at EUR 7.3 (6.1) million.
- The capital adequacy ratio stood at 20.3 (31 December 2012; 20.2)% and the Tier 1 capital ratio at 12.1 (11.8)%.
  Equity per share stood at EUR 134.1 (31 December 2012; 141.3) million.
- Net interest income totalled EUR 57.9 (59.0) million.
- Write-downs on credits and other commitments decreased by 46 % to EUR 1.5 (2.8) million.
- OUTLOOK (unchanged): Despite the probably persistent low interest rate level, and one-off costs from implementing the Plan of Action 2015, the Group's operating profit for 2013 is expected to reach approximately the 2012 level.

KEY FIGURES (EUR million)	**4-6/2013**	**4-6/2012**	**Δ %**	**1-6/2013**	**1-6/2012**	**Δ %**	**1-3/2013**	**2012**
Net interest income	28.1	29.5	-5%	57.9	59.0	-2%	29.8	116.5
Total operating income	48.5	46.6	4%	97.2	92.3	5%	48.7	183.4
Total operating expenses	-34.1	-32.3	6%	-66.5	-63.6	5%	-32.4	-136.0
Operating profit before write downs on credits	14.5	13.9	4%	31.0	28.3	10%	16.5	45.1
Write-downs on credits and other commitments	-0.4	-1.0	-56%	-1.5	-2.8	-46%	-1.1	-6.4
Operating profit	14.0	13.0	8%	29.4	25.4	16%	15.4	38.8
Cost-to-income ratio	0.70	0.69	1%	0.68	0.69	-1%	0.67	0.74
Earnings per share (EPS), EUR	3.4	3.2	6%	7.3	6.1	19%	3.9	7.8
Equity per share (NAV)[1], EUR	134.1	127.5	5%	134.1	127.5	5%	134.9	141.3
Return on equity (ROE), %	8.9	8.8	2%	9.3	9.2	1%	9.8	5.6
Capital adequacy ratio[1] %	20.3	18.9	8%	20.3	18.9	8%	20.0	20.2
Tier 1 capital ratio, % [1]	12.1	11.7	3%	12.1	11.7	3%	11.7	11.8

1) At the end of the period

The Interim Report January-June 2013 is a translation of the original Swedish version "Delårsrapport 1.1-30.6.2013". In case of discrepancies, the Swedish version shall prevail.

Profit
April - June 2013

Aktia plc and Aktia Bank plc merged with effect from 1 July 2013

The former parent company of the Aktia Group, Aktia plc, merged with its wholly-owned subsidiary Aktia Bank plc on 1 July 2013. Following the merger, Aktia Bank plc has become the parent company of the Group. The merger is part of the Aktia Group's Plan of Action 2015, which aims to simplify the structure of the Group and increase cost-effectiveness within administration, processes and common functions.

At the time of the merger, shareholders in Aktia plc received Aktia Bank plc's newly issued A and R shares in consideration. An A share in Aktia plc entitled the holder to a new A share in Aktia Bank plc and an R share in Aktia plc entitled the holder to a new R share in Aktia Bank plc. The consideration was paid by registering the newly-issued shares in Aktia Bank plc in the Finnish Trade Register and allocating them as book-entry securities in the book-entry system maintained by Euroclear Finland Oy. The shareholders' rights for the consideration shares took effect from 1 July 2013. After the completion of the merger, Aktia Bank plc's share capital comprises a total of 46,706,723 A shares and 19,872,088 R shares.

The merger caused no direct changes in the Aktia Group's operations. The staff of the merged parent company have transferred to Aktia Bank plc.

The organisational structure of Aktia Bank plc corresponds to that of Aktia plc before the merger. The newly appointed Board of Supervisors of Aktia Bank plc took up its duties on 1 July.

Effect of the merger on the Group's financial position

As a result of the merger, the Bank Group's balance-sheet total as of 1 July 2013 increased by EUR 1,050 million to EUR 11,359 million. New subsidiaries within the Bank Group are Aktia Life Insurance Ltd, Aktia Kiinteistönvälitys Oy and Vasp-Invest Oy, and the associated company Folksam Non-Life Insurance Company Ltd. The changes in Aktia Bank plc's brought-forward balance-sheet as of 1 July 2013 are presented in Note 8 on page 27 of the interim report.

As a result of the merger and the fact that Aktia Bank plc has become the parent company of the Group, the Bank Group's equity as of 1 July 2013 increased by EUR 152.8 million to EUR 620.0 million. The positive difference of EUR 53.9 million from the merger, which arose from consolidating Aktia plc's assets and liabilities, was posted as an increase in Aktia Bank plc's equity. The changes in the Bank Group's equity are presented on page 14 of the interim report.

The new Group structure, with Aktia Bank plc as the parent company for the Group's insurance operations also, affected the Bank Group's capital adequacy as of 1 July 2013 by -0.9 percentage points.
As the new parent company, Aktia Bank plc will switch over to the same segment structure that Aktia plc had in its Group reporting as from 1 July 2013. The future segments are Banking Business, Asset Management & Life Insurance and Miscellaneous.

Profit April - June 4-6/2013

The Bank Group's operating profit amounted to EUR 14.0 (13.0) million.

Income

The Bank Group's total income amounted to EUR 48.5 (46.6) million.
Net interest income from the Bank's borrowing and lending amounted to EUR 10.0 (15.0) million and total net interest income amounted to EUR 28.1 (29.5) million. Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. These hedging measures used by Aktia Bank to limit its interest rate risk brought net interest income of EUR 10.9 million, EUR 3.7 million more than the year before. Net interest from other treasury activities was EUR 7.2 (7.2) million.

Net commission income increased by 12% to EUR 17.5 (15.6) million. Commission income totalled EUR 22.4 (19.6) million. Card and other payment service commissions increased by 4% to EUR 4.7 (4.5) million.

Net income from financial transactions was EUR 1.9 (0.2) million, including a dividend of EUR 2.0 million from Suomen Luotto-osuuskunta arising from the sale of its subsidiary Nets Oy.

Net income from hedge accounting was EUR -0.5 (1.3) million.
Other operating income was to EUR 0.8 (1.3) million.

Expenses

The Bank Group's operating expenses increased by 6% to EUR 34.1 (32.3) million. Of this, staff costs amounted to EUR 12.6 (13.5) million, a decrease of 7%.

The investments in modernising Aktia's IT systems increased IT costs to EUR 6.7 (5.3) million. Other operating expenses increased to EUR 14.1 (12.7) million. In the second quarter, the cost of bank tax came to EUR 0.6 million.

Segment overview

Group operating profit by segment

(EUR million)	4-6/2013	4-6/2012	Δ %
Banking Business	9.9	12.3	-20%
Asset Management	3.1	2.0	56%
Miscellaneous	1.3	-1.3	-
Eliminations	-0.2	0.0	-
Total	**14.0**	**13.0**	**8%**

Operating profit for the Banking Business segment decreased to EUR 9.9 (12.3) million as a result of higher costs. Operating profit for the Asset Management segment rose to EUR 3.1 (2.0) million.

Activity in January - June 2013

Business environment

General interest rate levels remained low during the period, which has had a negative impact on Aktia's net interest income. Low interest rates have resulted in higher values for Aktia's fixed-rate investments.

According to Statistics Finland, inflation eased to 1.4% in June. In May, inflation was 1.6% and in April 1.5%. In June 2012, inflation stood at 2.8%.

The index of consumer confidence in the economy strengthened in June to reach 8.1 (5.8), but fell to 5.0 (0.1) during the first weeks in July. In May it stood at 5.0 (12.0) and in April at 6.4 (10.4). The long-term average was 12.4. (*Statistics Finland*)

Real estate prices in Finland rose up until June 2013 by 0.7% for the whole country, compared with the same period in 2012. Prices increased by 2.6% in the Helsinki region, whereas they fell by 0.8% in other parts of Finland. 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 118.8% at the end of 2012, compared to 65.1% at the beginning of the 2000s. (Statistics Finland). However, the low interest rates over the last few years allow a considerably higher level of debt than before without overloading the ability of households to pay.

Unemployment stood at 7,8% in June 2013, 0.1 percentage points less than a year ago. (Statistics Finland).

The Nasdaq OMX Helsinki 25 index fell by 3% in the period January to June 2013. Aktias A shares rose by 14% in the same period.

Key figures Y-o-y, %	**2014E***	**2013E***	**2012**
GDP growth			
World	3.9	3.2	3.2
Euro area	1.1	-0.6	-0.6
Finland	1.6	-0.2	-0.2
Consumer price index			
Euro area	1.7	1.6	2.5
Finland	2.4	2.2	2.8
Other key ratios			
Development of real value of housing in Finland[1]	0.0	0.0	3.7
Unemployment in Finland[2]	8.2	8.4	7.7
OMX Helsinki 25	-	-	11.0
Interest rates[1]			
ECB	1.00	0.50	0.75
10-y Interest Ger (=benchmark)	2.50	2.00	1.32
Euribor 12 months	1.90	1.10	0.54
Euribor 3 months	1.25	0.30	0.19

* Aktia's chief economist's prognosis (4 June 2013)
[1] at the end of the year
[2] annual average

Rating

On 2 July 2013, Standard and Poor's confirmed its rating of Aktia Bank plc's creditworthiness. The rating for long-term borrowing is A- and for short-term borrowing A2, both with a negative outlook.

On 23 April 2013, Moody's Investors Service confirmed its rating of Aktia Bank plc's creditworthiness for long-term borrowing as A3, short-term borrowing as P-2 and financial strength as C-. The outlook for these ratings remained negative.

On 25 April 2013, Aktia Bank ended its rating agreement with Fitch, and on the same day Fitch affirmed Aktia Bank plc's rating for creditworthiness (long-term borrowing BBB+, short-term borrowing F2), both with an upgraded stable (negative) outlook.

	Long-term borrowing	**Short-term borrowing**	**Outlook**	**Updated**
Moody's Investors Service	A3	P-2	neg	23.4.2013
Standard & Poor's	A-	A-2	neg	2.7.2013

Plan of Action 2015

On 8 November 2012, Aktia's Board of Directors decided to introduce a plan of action and updated the financial objectives for the period up until 2015. The update is motivated by the new business climate, which is characterised by extremely low interest rates and new regulations. The Plan of Action 2015 includes several individual measures and will be realised in phases through to 2015.

Aktia is investing in an up-to-date core banking system. The investment, including migration from the legacy system, corresponds to one year of IT costs for Aktia, or approximately EUR 25 million. The new core banking system will result in more efficient processes and tangible savings in variable costs for IT. The new system is expected to be ready for use in 2015.

The role as a central credit institution following the new Basel III regulation would be a significant burden for Aktia, in terms of both profit and liquidity. Aktia will phase out these services, concluding them at the beginning of 2015.

Aktia Bank plc disposed of its holding (25.8%) in ACH Finland Oy.

Aktia Bank was granted a mortgage bank concession in March, and issued its first covered bonds to the value of EUR 500 million in June 2013.

Aktia plc merged with Aktia Bank plc as of 1 July 2013. As part of the Plan of Action 2015, the Group has made organisational changes, and since 1 January 2013 a new segment structure applies. Continuing operations cover the following three segments: Banking Business, Asset Management & Life Insurance and Miscellaneous.

During the period, Aktia Bank modernised the IT system for credit card services.

Profit January - June 2013

The Bank Group's operating profit improved by 16% on the same period the year before, to EUR 29.4 (25.4) million. The Bank Group's profit totalled EUR 22.2 (18.9) miillion.

Income

The Bank Group's total income increased by 5% to EUR 97.2 (92.3) million.

Despite low market interest rates, total net interest income was stable and stood at EUR 57.9 (59.0) million.

Both derivatives and fixed-rate instruments are utilised to manage interest rate risks. These hedging measures, which are used by Aktia Bank to limit its interest rate risk, brought net interest income of EUR 22.0 (14.4) million.

Net commission income increased by 11% till 33.3 (30.0) million. Commission income from mutual funds, asset management and securities brokerage increased by 16% to EUR 22.5 (19.4) million. Card and other payment service commissions fell to EUR 8.8 (8.9) million.

Net income from financial transactions was EUR 4.1 (0.5) million. Aktia Bank received an extra dividend of EUR 2.0 million from Suomen Luotto-osuuskunta for its shares in that company as a result of Luotto-osuuskunta's sale of its shareholding in Nets Oy (formerly Luottokunta Oy).

Other operating income was EUR 1.7 (2.9) million.

Expenses

The Bank Group's operating expenses increased by 5% to EUR 66.5 (63.6) million. Of this, staff costs amounted to EUR 25.8 (26.7) million.
IT costs increased by 13% to EUR 11.5 (10.2) million. The increase comes mostly from the modernisation of the core banking system.

Other operating expenses increased by 11% to EUR 27.9 (25.1) million.
A new cost incurred from 2013 is the bank tax levied on Finnish deposit banks, to be paid from 2013-2015. For the first half-year, the cost of bank tax came to EUR 1.2 million.

Depreciation of tangible and intangible assets decreased by 19% to EUR 1.3 (1.6) million.

Segment overview

Aktia Bank plc's operations are divided into three segments: Banking Business, Asset Management and Miscellaneous.

Group operating profit by segment

(EUR million)	1-6/2013	1-6/2012	Δ %
Banking Business	24.5	23.6	3%
Asset Management	6.0	4.3	39%
Miscellaneous	-0.8	-1.8	53%
Eliminations	-0.2	-0.7	78%
Total	**29.4**	**25.4**	**16%**

Write-downs on credits and other commitments

During the first half-year, write-downs on credits and other commitments decreased by 46% to EUR 1.5 (2.8) million.

Balance sheet and off-balance sheet commitments

The Bank Group's balance sheet total amounted to EUR 10,310 (10,216) million.

Liquidity

The Bank Group's liquidity portfolio, which consists of interest-bearing securities, amounted to EUR 2,489 (1,852) million. The liquidity portfolio was financed with repurchase agreements to a value of EUR 41 (107) million. In addition to this, the Bank holds other interest-bearing securities to a value of EUR 10 (10) million.

At the end of June, the Bank Group's liquidity buffer covered approximately 21 months of maturing wholesale funding.

Borrowing

Deposits from the public and public sector entities was stable at EUR 3,827 (3,651) million, corresponding to a market share deposits of 3.6 (3.4) %.

Maturing covered bonds and certificates of deposit increased by 4.2% to EUR 3,697 (3,548) million. Of these bonds EUR 2,821 (3,104) million were covered bonds issued by the Aktia Real Estate Mortgage Bank plc. During the period, Aktia Bank plc issued its first long-term covered bonds at a value of EUR 500 million. As security for the issue, loans in the value of EUR 722 million were reserved at the end of July, all with a loan-to-value ratio below 70% of the market value of the securities in accordance with the Mortgage Bank Act.

Outstanding Aktia Bank plc certificates of deposit amounted to EUR 391 million at the end of the period. During the period, Aktia Bank plc issued new subordinated loans with a total value of EUR 49 million. During the period, Aktia Bank also issued long-term collateralised bonds ('Schuldscheindarlehen') at a value of EUR 50 million.

Lending

The Bank Group's total lending to the public amounted to EUR 7,031 (7,248) million at the end of June, a decrease of EUR 217 million.

Loans to private households, including mortgages brokered by savings banks and POP Banks, accounted for EUR 6,064 (6,222) million or 86.2 (86.4) % of the total loan stock.

The housing loan stock totalled EUR 5,700 (5,850) million, of which the share for households was EUR 5,331 (5,458) million. At the end of June, Aktia's market share of housing loans to households stood at 4.2 (4.3)%.

Corporate lending accounted for 9.5 (9.8) % of Aktia's credit stock. Total corporate lending amounted to EUR 667 (713) million.

Loans to housing associations totalled EUR 257 (270) million and made up 3.7 (3.8)% of Aktia's total credit stock.

Credit stock by sector

(EUR million)	30.6.2013	31.12.2012	Δ	Share, %
Households	6,064	6,222	-158	86,2%
Corporate	667	713	-46	9,5%
Housing associations	257	270	-13	3,7%
Non-profit organisations	40	39	1	0,6%
Public sector entities	4	4	0	0,1%
Total	**7,031**	**7,248**	**-217**	**100%**

Equity

The Bank Group's equity at the end of the period totalled EUR 467 (489) million.

Commitments

Off-balance sheet commitments amounted to EUR 335 (346) million.

Capital adequacy and solvency

The Bank Group's capital adequacy ratio stood at 20.3 (31.12.2012; 20.2) % and the Tier 1 capital ratio at 12.1 (11.8) %. The Bank Group includes Aktia Bank plc and Aktia Real Estate Mortgage Bank plc.

Aktia Bank plc's capital adequacy ratio stood at 26.6% compared to 28.1% at the end of 2012. The Tier 1 capital ratio was 15.5 (16.1)%.

Capital adequacy for the banking business is currently calculated using the standard model for credit risk. An IRBA (Internal Risk Based Approach) application for the Group's retail exposure was submitted in August 2011 and is currently being processed by the Financial Supervisory Authority. Application of the IRBA method would raise the Tier 1 capital ratio by at least 4 percentage points.

Capital adequacy	30.6.2013	31.12.2012
Banking Group		
Capital adequacy	20.3%	20.2%
Tier 1 ratio	12.1%	11.8%
Aktia Bank		
Capital adequacy	26.6%	28.1%
Tier 1 ratio	15.5%	16.1%
Aktia Real Estate Mortgage Bank		
Capital adequacy	11.3%	11.3%
Tier 1 ratio	10.6%	9.7%

The Group's risk exposure

Definitions and general principles for asset and risk management can be found in Aktia Bank plc's Annual Report for 2012 in note G2 on pages 25-45.

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

Lending related risks within banking business

Loans with payments 3–30 days overdue decreased to EUR 129 (133) million, equivalent to 1.83 (1.83) % of the credit stock. Loans with payments 31–89 days overdue decreased to EUR 45 (51) million, or 0.63 (0.71) of the credit stock.

Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection decreased to EUR 48 (50) million, corresponding to 0.67 (0.68)% of the credit stock. The credit stock also includes off-balance sheet guarantee commitments.

Non-performing loans to households more than 90 days overdue corresponded to 0.43 (0.45)% of the entire credit stock and 0.50 (0.53)% of the household credit stock.

Non-performing loans by time overdue

(EUR million) Days	30.6.2013	% of credit stock	31.12.2012	% of credit stock
3 - 30	129	1.83	133	1.83
of which households	115	1.63	117	1.61
31 - 89	45	0.63	51	0.71
of which households	41	0.58	42	0.58
90-[1]	48	0.67	50	0.68
of which households	30	0.43	33	0.45

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

Write-downs on credits and other commitments

In the first half-year, total write-downs on credits and other commitments decreased by EUR 1.3 million compared to the same period last year, to stand at EUR 1.5 (2.8) million. Of these write-downs, EUR 0.3 (0.7) million were attributable to households, and EUR 1.2 (2.1) million to companies.

Total write-downs on credits amounted to 0.02 (0.04)% of total lending for the period. The corresponding impact on corporate loans amounted to 0.2 (0.3)% of the total corporate lending.

Distribution of risk across financial assets

The Bank Group's liquidity portfolio acts as a buffer against short-term fluctuations in liquidity. Fixed-rate investments in the liquidity portfolio are also used to reduce the structural interest rate risks. The liquidity portfolio is financed with repurchase agreements to a value of EUR 41 (107) million.

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 increased from the year-end by EUR 637 million, and amounted to EUR 2,499 (1,862) million. During the period, investments in GIIPS countries decreased by EUR 126 million as planned, and amounted to a nominal EUR 47 (173) million.

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

	30.6.2013	31.12.2012
(EUR million)	**2,499**	**1,862**
Aaa	55.6%	64.5%
Aa1 - Aa3	21.6%	19.1%
A1 - A3	15.6%	8.9%
Baa1 - Baa3	0.4%	3.7%
Ba1 - Ba3	0.8%	1.5%
B1 - B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
Finnish municipalities (no rating)	2.9%	2.2%
No rating	3.1%	0.0%
Total	**100.0%**	**100.0%**

At the end of the period, all long-term covered bonds in the Bank Group's liquidity portfolio met eligibility requirements for refinancing at the central bank. Interest-bearing investments without a rating consist entirely of short-term domestic commercial papers, and as the issuer lacks a rating, they do not meet the eligibility requirements for refinancing at the central bank.

Aktia Bank Group	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity		Total	
	6/2013	2012	6/2013	2012	6/2013	2012	6/2013	2012	6/2013	2012	6/2013	2012	6/2013	2012	6/2013	2012
EU AAA	101	75	1,073	798	398	226	96	-	-	-	-	-	-	-	**1,669**	**1,098**
Finland	89	59	165	117	92	43	96	-	-	-	-	-	-	-	442	218
Other AAA-countries	12	16	908	681	307	182	-	-	-	-	-	-	-	-	1,227	880
EU < AAA	40	-	314	443	77	5	-	-	-	-	-	-	-	-	**430**	**448**
France *	-	-	266	270	77	5	-	-	-	-	-	-	-	-	344	275
Belgium	40	-	-	-	-	-	-	-	-	-	-	-	-	-	40	-
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-		16	-	-	-	-	-	-	-	-	-	-	-	16
Italy	-	-	47	47	-	-	-	-	-	-	-	-	-	-	47	47
Portugal	-	-	-	56	-	-	-	-	-	-	-	-	-	-	-	56
Spain	-	-	-	54	-	-	-	-	-	-	-	-	-	-	-	54
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe excluding EU	-	-	212	238	17	20	-	-	-	-	-	-	-	-	**229**	**258**
North America	-	-	12	12		-	-	-	-	-	-	-	-	-	**12**	**12**
Other OECD-countries	-	-	-	-		-	-	-	-	-	-	-	-	-	**-**	**-**
Supranationals	-	-	-	-	159	45	-	-	-	-	-	-	-	-	**159**	**45**
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Total	**141**	**75**	**1,610**	**1,490**	**652**	**297**	**96**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,499**	**1,862**

*France fell below AAA during 2012

Exposure in GIIPS countries

The Bank Group's investments in the so-called GIIPS countries continued to decrease during the first half-year according to plan, and as of 30 June 2013 totalled EUR 59 (189) million. The total unconverted result amounted to EUR 1.4 (-0.1) 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 period, which brought about a loss from the sale of EUR 1.4 million before tax. All exposures relating to GIIPS countries are measured on an on-going basis at current market value.

Valuation of financial assets

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 45.4 (61.8) million after deferred tax.

Cash flow hedging, which comprises of unwound interest rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 9.8 (16.2) million.

The fund at fair value

(EUR million)	30.6.2013	31.12.2012	Δ
Shares and participations			
Banking Business	2.1	3.6	-1.5
Direct interest-bearing securities			
Banking Business	33.5	42.0	-8.5
Cash flow hedging	9.8	16.2	-6.4
Fund at fair value, total	**45.4**	**61.8**	**-16.5**

Financial assets held until maturity

In December 2012, interest-bearing securities to the value of EUR 340 million were reclassified from financial assets available for sale to financial assets held until maturity. The reclassified securities all have an AAA rating. During the period, the portfolio of assets held until maturity increased further, and as at 30 June 2013 it amounted to EUR 356 (350) million.

The purpose of the portfolio of assets held until maturity is to reduce volatility in the fund at fair value, and to manage the regulatory risks associated with the entering into force of Basel III. Securities held until maturity are reported at their accrued acquisition value.

Unwinding of hedging interest-rate derivatives

In November 2012, the company unwound of all its interest rate derivatives for hedging reasons, i.e. to hedge the on-demand accounts and savings deposits (applying the EU 'carve-out' to hedge accounting). For these interest-rate derivatives, the effective part of the market value has been compensated by a corresponding amount in the balance sheet item deposits.

The unwinding of the interest rate derivatives produced a positive cash flow effect of EUR 92.1 million. Hedge accounting ceased following the unwinding of derivatives, and assessment of deposits will be dissolved in 2013-2017 according to the original duration of the interest rate derivatives, which will have a positive effect within net interest income of approx. EUR 15.5 million per year. The remaining cash flow will provide a positive total result effect of approx. EUR 14 million during the years 2018-2019.

The bank is maintaining its policy of actively hedging net interest income where this is considered justified by the present interest rates.

Operational risks

No operational risks causing significant financial losses occurred during the first half of 2013.

Other events during the period

On 7 May 2013, Arja Talma was elected a member of the Board of Directors of Aktia plc and Aktia Bank plc.

On 7 March 2013, Aktia Bank was granted a mortgage bank concession by the Financial Supervisory Authority, and made its first issue in June 2013. For more than 10 years, Aktia Bank successfully used covered bonds as a source of finance, through its subsidiary Aktia Real Estate Mortgage Bank. Aktia Real Estate Mortgage Bank is jointly owned with the savings banks and the POP Banks. The owners of Aktia Real Estate Mortgage Bank continue to manage new loans from their own balance sheets, and the activities of Aktia Real Estate Mortgage Bank will focus on the management and refinancing of the current credit stock.

All owners of Aktia Real Estate Mortgage Bank are also in future responsible for capitalisation and senior financing of the bank in accordance with the current shareholders' agreement. Aktia Bank provides its subsidiary Aktia Real Estate Mortgage Bank's liquidity limits, and aims to manage the mortgage bank activities in a way that secures the interests of financiers and investors in Aktia Real Estate Mortgage Bank.

In the second quarter, Aktia Bank plc sold its holding (25.8%) in ACH Finland Oy to POP Pankkiliitto. The sale had no significant effect on profits.

Aktia Bank selected the EVRY AS card platform as the primary system for credit card services and operations. Aktia Bank has also entered into an agreement with Nets Oy, to acquire Aktia's Visa credit stock of approx. EUR 55 million. The agreement is planned to enter into effect in December 2013. Enhancement of credit card operations is estimated to provide a positive income effect of more than EUR 2 million per year from 2014.

On 12 March 2013, Nils Lampi resigned from his position as member of the Board of Directors of Aktia plc and Aktia Bank plc.

On 26 February 2013, Jannica Fagerholm resigned from her position as member of the Board of Directors of Aktia plc and Aktia Bank plc.

Events after the period

On 5 August 2013, Aktia signed a letter of intent to merge with the savings bank Saaristosäästöpankki Oy.

The merger of Aktia plc's with Aktia Bank plc took effect on 1 July 2013.

Personnel

At the end of the period, the number of full-time employees was 757 (30 June 2012; 727). The average number of full-time employees decreased by 2 in the first half of 2013 and was 751 (31 December 2012: 753).

Personnel fund

Aktia plc's Board of Directors has confirmed that the profit sharing provision to the personnel fund for 2013 will be based on 10% of the part of the group operating profit exceeding EUR 35 million. However, if the Group's operating profit is EUR 35.0-37.5 million, a sum of EUR 250,000 will be added to the personnel fund. The profit sharing provision cannot, however, exceed EUR 3 million.

Incentive scheme for 2013

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

The bonus will be paid partly as A shares in Aktia plc and partly in cash. The proportion to be paid in cash is intended for the taxes and tax-related costs related to the payment of the bonus. The incentive scheme is divided into two parts.

The first part of the scheme is based on earnings criteria and covers three earnings periods: the calendar years 2011-2012, 2012-2013 and 2013-2014. The earnings criteria for the earning period 2012-2013 and 2013-2014 are based on the development of the Aktia Group's cumulated adjusted equity (NAV) (50% weighting), and of the Group's total net commission and insurance income (50% weighting). The earnings criteria for the earning period 2013-2014 were determined in June 2013.

The potential bonus for each earnings period will be paid out in four instalments after the earnings period, over a span of approximately three years. Shares paid out as a reward on the basis of earnings periods will be subject to a waiting period of (1) year, during which they may not be transferred, placed as security or used in any other way. The Board of Directors has stipulated a maximum level of bonus per key person. In general, a bonus is not paid out to a key person who, at the time of payment, no longer has a work or employment relationship with the Aktia Group.

The second part of the scheme enables key personnel to also receive a conditional bonus based on the acquisition of A-shares in Aktia plc when the incentive scheme is implemented. The conditional bonus will be paid to key persons by the end of April 2016, and will take the form of both cash and shares provided that the key person is still employed by the Aktia Group and that the shares earmarked for payment of the conditional bonus 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. These persons must retain their shares as long as they are employed by the Group.

The total bonus paid out through the scheme can amount to a maximum of 401,200 A-shares in Aktia plc, as well as a sum in cash corresponding to the value of the shares. The incentive scheme has been prepared in accordance with new regulations concerning bonus 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 Bank plc's Board of Directors for the period 1 January - 31 December 2013:
Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Sten Eklundh, M.Sc.
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, Business Economist
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Arja Talma M.Sc. (Econ.), eMBA (from 7 May 2013).
Nils Lampi, B.Sc. (Econ.) (1 January - 12 March 2013)
Jannica Fagerholm, M.Sc. (1 January - 26 February 2013)

On 11 December 2012, the Board of Supervisors decided on the annual remuneration for the Board of Directors for 2013:
- annual remuneration, chair, EUR 48,200
- annual remuneration, vice chair, EUR 26,900
- annual remuneration, member, EUR 21,300

The remuneration of the Board of Directors is unchanged. The proportion paid in shares has been increased to 15 (10)%. The shares were acquired directly from the market at market prices 15 February 2013.

Aktia Bank's Executive Committee comprises Managing Director Jussi Laitinen, Deputy Managing Director and proxy Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Taru Narvanmaa, Director Fredrik Westerholm and Director Magnus Weurlander.

Share and share capital

After the completion of the merger with Aktia plc on 1 July 2013, the new parent company has share capital of EUR 163 million, made up of a total of 46,706,723 A shares and 19,872,088 R shares.

As a result of the merger of Aktia plc on 1 July 2013, all shares in Aktia plc were de-listed and all shares in Aktia Bank plc were listed on the NASDAQ OMX Helsinki exchange. The trading codes remain the same: AKTAV for A shares and AKTRV for R shares. Each 'A' share confers one vote, and each R share confers 20 votes. Otherwise, the shares confer the same rights.

Outlook and risks for 2013

Outlook (unchanged)

Aktia Bank is striving to grow slightly more than the market in the sectors focusing on private customers and small companies.

Aktia Bank's Plan of Action 2015 includes several individual measures and will be realised in steps with the aim of reaching the financial objectives for 2015.

Aktia Bank's aim is to improve competitiveness and to become the Finnish champion of customer services in selected customer segments. Aktia Bank will continue to strive for efficient and customer-friendly service, and to provide financial solutions for households, business owners, small companies and institutions.

Write-downs on credits are expected to be at the same level as in 2012.

As from 1 July 2013, Aktia Bank plc is the new listed parent company for the Aktia Group. The new parent company for the Group, Aktia Bank plc, has the same future outlook as the former parent company Aktia plc. In other words, "despite the probably low interest rate level, and one-off costs from implementing the Plan of Action 2015, the Group's operating profit from continuing operations for 2013 is expected to reach approximately the 2012 level".

In 2012,operating profit for the Aktia Group's continuing operations amounted to EUR 56.0 million.

Risks

Aktia Bank's financial result is 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. The demand for banking, insurance, asset management and real estate agency services can be changed by these factors.

Changes in interest rates, yield curves and credit margins are hard to predict and can affect Aktia Bank's interest margins and thus profitability. Aktia Bank is pursuing proactive management of interest rate risks.

Any future write-downs of loans in Aktia Bank's loan portfolio could be due to many factors, the most important of which are the general economic situation, interest rates, the level of unemployment and changes in house prices.

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

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

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which have brought uncertainty concerning future equity and liquidity requirements. The results of the new regulations are likely to be higher capital requirements, sharpened competition for deposits, higher demands on long-term financing, higher fixed costs and, eventually, higher credit margins.

Aktia's financial objectives for 2015

- Increase cross-selling index by 20%
- Increase commission income by 5% p.a.
- Cut expenses by 5% p.a.
- Tier 1 capital ratio at least 13% over an economic cycle (upon approval of internal rating)
- Dividend pay-out 40–60% of profit after taxes

Key figures for Bank Group

(EUR million)	1-6/2013	1-6/2012	Δ %	4-6/2013	1-3/2013	10-12/2012	7-9/2012
Earnings per share (EPS)	7.3	6.1	19%	3.4	3.9	-0.6	2.3
Equity per share (NAV) 1)	134.1	127.5	5%	134.1	134.9	141.3	139.9
Return on equity (ROE), %	9.3	9.2	1%	8.9	9.8	-1.4	6.1
Total earnings per share	1.8	17.8	-90%	-0.9	2.7	1.4	12.4
Number of shares at the end of the period 1)	3	3	0%	3	3	3	3
Personnel (FTEs), average number of employees from the beginning of the financial year 1)	751	764	-2%	751	758	753	753
Banking Business (incl. Private Banking)							
Cost-to-income ratio	0.68	0.69	-1%	0.70	0.67	0.89	0.69
Borrowing from the public 1)	3,826.9	3,732.5	3%	3,826.9	3,703.4	3,651.4	3,666.1
Lending to the public 1)	7,031.4	7,269.5	-3%	7,031.4	7,179.1	7,248.1	7,301.0
Capital adequacy ratio, % 1)	20.3	18.9	8%	20.3	20.0	20.2	19.9
Tier 1 capital ratio, % 1)	12.1	11.7	3%	12.1	11.7	11.8	11.8
Risk-weighted commitments 1)	3,625.3	3,742.0	-3%	3,625.3	3,683.7	3,611.2	3,727.9
Asset Management							
Assets under management 1*)	5,850.8	5,189.3	13%	5,850.8	6,141.0	5,804.5	5,494.7

1) At the end of the period

*) Assets under management = Aktia Fund Management Company's assets under management and brokered mutual funds and assets managed by Aktia Invest, Aktia Asset Management and Aktia Bank's Private Banking

Formulas for key figures are presented in Aktia Bank plc's annual report 2012 page 9.

Consolidated income statement for Bank Group

(EUR million)	1-6/2013	1-6/2012	Δ %	2012
Net interest income	57.9	59.0	-2%	116.5
Dividends	0.1	0.1	74%	0.1
Commission income	42.8	38.3	12%	76.7
Commission expenses	-9.5	-8.4	-13%	-17.1
Net commission income	33.3	30.0	11%	59.6
Net income from financial transactions	4.1	0.5	689%	2.9
Net income from investment properties	0.1	0.0	-	-0.3
Other operating income	1.7	2.9	-41%	4.7
Total operating income	**97.2**	**92.3**	**5%**	**183.4**
Staff costs	-25.8	-26.7	-3%	-52.7
IT-expenses	-11.5	-10.2	13%	-26.4
Depreciation of tangible and intangible assets	-1.3	-1.6	-19%	-3.4
Other operating expenses	-27.9	-25.1	11%	-53.5
Total operating expenses	**-66.5**	**-63.6**	**5%**	**-136.0**
Write-downs on other financial assets	-	-	-	-1.8
Write-downs on credits and other commitments	-1.5	-2.8	-46%	-6.4
Share of profit from associated companies	0.3	-0.5	-	-0.4
Operating profit	**29.4**	**25.4**	**16%**	**38.8**
Income and expenses from other activities	-	-	-	-3.1
Taxes	-7.3	-6.5	12%	-11.4
Profit for the period	**22.2**	**18.9**	**17%**	**24.3**
Attributable to:				
Shareholders in Aktia Bank plc	21.9	18.4	19%	23.4
Non-controlling interest	0.2	0.5	-54%	0.8
Total	**22.2**	**18.9**	**17%**	**24.3**
Earnings per share (EPS), EUR	7,315,046.56	6,140,379.76	19%	7,814,312.31

There is no dilution effect to earnings per share.

Consolidated comprehensive income statement for Bank Group

(EUR million)	1-6/2013	1-6/2012	Δ %	2012
Profit for the period	22.2	18.9	17%	24.3
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-10.5	39.2	-	66.4
Change in valuation of fair value for financial assets held until maturity	2.0	-	-	0.3
Change in valuation of fair value for cash flow hedging	-5.9	-4.3	-38%	-3.3
Transferred to the income statement for financial assets available for sale	-1.5	-	-	14.0
Transferred to the income statement for cash flow hedging	-	-	-	-5.8
Comprehensive income from items which can be transferred to the income statement	-15.9	34.9	-	71.6
Defined benefit plan pensions	-	-	-	0.0
Comprehensive income from items which can not be transferred to the income statement	-	-	-	0.0
Total comprehensive income for the period	**6.2**	**53.8**	**-88%**	**95.9**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank plc	5.5	53.4	-90%	94.7
Non-controlling interest	0.8	0.4	110%	1.2
Total	**6.2**	**53.8**	**-88%**	**95.9**
Total earnings per share, EUR	1,823,331.98	17,803,045.46	-90%	31,556,571.18

There is no dilution effect to total earnings per share.

Consolidated balance sheet for Bank Group

(EUR million)	30.6.2013	31.12.2012	Δ %	30.6.2012
Assets				
Cash and balances with central banks	447.8	585.9	-24%	70.2
Financial assets reported at fair value via the income statement	-	-	-	0.6
Interest-bearing securities	2,056.6	1,468.0	40%	1,841.8
Shares and participations	3.9	6.1	-36%	1.7
Financial assets available for sale	2,060.5	1,474.2	40%	1,843.5
Financial assets held until maturity	355.7	350.0	2%	15.8
Derivative instruments	210.5	302.2	-30%	350.2
Lending to Bank of Finland and credit institutions	109.6	158.7	-31%	551.5
Lending to the public and public sector entities	7,031.4	7,248.1	-3%	7,269.5
Loans and other receivables	7,141.0	7,406.7	-4%	7,821.0
Investments in associated companies	0.0	0.8	-100%	2.6
Intangible assets	2.5	2.0	24%	2.4
Investment properties	0.2	0.5	-62%	0.7
Other tangible assets	4.2	4.4	-3%	4.8
Accrued income and advance payments	62.1	64.2	-3%	65.0
Other assets	2.9	2.1	36%	103.0
Total other assets	65.0	66.3	-2%	168.0
Income tax receivables	1.2	0.1	996%	4.0
Deferred tax receivables	21.0	22.7	-7%	0.7
Tax receivables	22.2	22.8	-2%	4.7
Total assets	**10,309.5**	**10,215.8**	**1%**	**10,284.6**
Liabilities				
Liabilities to credit institutions	1,051.5	1,057.6	-1%	1,075.6
Liabilities to the public and public sector entities	3,826.9	3,651.4	5%	3,732.5
Deposits	4,878.4	4,709.0	4%	4,808.1
Derivative instruments	145.4	186.4	-22%	181.7
Debt securities issued	3,696.6	3,547.6	4%	3,806.4
Subordinated liabilities	299.7	298.2	1%	293.6
Other liabilities to credit institutions	518.1	629.6	-18%	442.7
Other liabilities to the public and public sector entities	51.1	146.7	-65%	108.1
Other financial liabilities	4,565.5	4,622.1	-1%	4,650.8
Accrued expenses and income received in advance	67.1	88.6	-24%	94.0
Other liabilities	134.2	48.5	177%	71.7
Total other liabilities	201.3	137.1	47%	165.7
Provisions	6.9	6.9	0%	-
Income tax liabilities	0.7	19.7	-96%	0.2
Deferred tax liabilities	44.2	46.1	-4%	31.6
Tax liabilities	45.0	65.7	-32%	31.8
Total liabilities	**9,842.4**	**9,727.2**	**1%**	**9,838.2**
Equity				
Restricted equity	208.4	224.8	-7%	188.6
Unrestricted equity	193.9	198.9	-3%	193.9
Shareholders' share of equity	402.2	423.8	-5%	382.5
Non-controlling interest's share of equity	64.9	64.8	0%	64.0
Equity	**467.2**	**488.6**	**-4%**	**446.5**
Total liabilities and equity	**10,309.5**	**10,215.8**	**1%**	**10,284.6**

Consolidated statement of changes in equity for Bank Group

(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 interest's share of equity	Total equity
Equity as at 1 January 2012	**163.0**		**-9.4**		**44.6**	**120.9**	**319.1**	**57.7**	**376.8**
Dividens to shareholders						-20.0	-20.0		-20.0
Profit for the period						*18.4*	*18.4*	*0.5*	*18.9*
Financial assets available for sale			*39.0*				*39.0*	*0.1*	*39.2*
Cash flow hedging			*-4.0*				*-4.0*	*-0.3*	*-4.3*
Total comprehensive income for the period			35.0			18.4	53.4	0.4	53.8
Other change in equity					30.0		30.0	5.9	35.9
Equity as at 30 June 2012	**163.0**		**25.6**		**74.6**	**119.3**	**382.5**	**64.0**	**446.5**
Equity as at 1 January 2013	**163.0**		**61.8**		**74.6**	**124.4**	**423.8**	**64.8**	**488.6**
Dividens to shareholders						-27.0	-27.0		-27.0
Profit for the period						*21.9*	*21.9*	*0.2*	*22.2*
Financial assets available for sale			*-10.0*				*-10.0*	*0.0*	*-10.0*
Cash flow hedging			*-6.4*				*-6.4*	*0.5*	*-5.9*
Total comprehensive income for the period			-16.5			21.9	5.5	0.8	6.2
Other change in equity							0.0	-0.7	-0.7
Equity as at 30 June 2013	**163.0**		**45.4**		**74.6**	**119.3**	**402.2**	**64.9**	**467.2**

The table below shows the changes in the Group equity as a result of the merger of Aktia plc with Aktia Bank plc after the merger 1.7.2013.

The Bank Group's new subsidiaries from 1 July 2013 on are Aktia Life Insurance Ltd, Aktia Real Estate Agency Ltd, Vasp-Invest Ltd, and the associated company Folksam Non-Life Insurance Company Ltd.

Equity as at 30 June 2013	**163.0**	**0.0**	**45.4**	**0.0**	**74.6**	**119.3**	**402.2**	**64.9**	**467.2**
Valuation differences in Fund at fair value from Aktia plc and Bank group's new subsidiaries			40.5				40.5		40.5
Merger difference					53.9		53.9		53.9
Transferred share-based payments from Aktia plc				1.2			1.2		1.2
Other equity from Bank Group's new subsidiaries		0.3				57.0	57.3		57.3
Equity as at 1 July 2013	**163.0**	**0.3**	**85.8**	**1.2**	**128.4**	**176.3**	**555.1**	**64.9**	**620.0**

Consolidated cash flow statement for Bank Group

(EUR million)	1-6/2013	1-6/2012	Δ %	2012
Cash flow from operating activities				
Operating profit	29.4	25.4	16%	38.8
Adjustment items not included in cash flow for the period	-12.4	0.2	-	0.8
Unwound cash flow hedging	-	9.1	-	17.5
Unwound fair value hedging	-	-	-	92.1
Paid income taxes	-22.3	14.5	-	13.5
Cash flow from operating activities before change in receivables and liabilities	**-5.3**	**49.2**	**-**	**162.7**
Increase (-) or decrease (+) in receivables from operating activities	-327.1	-610.7	46%	-15.4
Increase (+) or decrease (-) in liabilities from operating activities	230.6	149.6	54%	-54.3
Total cash flow from operating activities	**-101.8**	**-411.9**	**75%**	**93.0**
Cash flow from investing activities				
Financial assets held until maturity	-9.2	4.2	-	9.9
Investments in group companies and associated companies	-	0.0	-	-
Proceeds from sale of group companies and associated companies	0.9	-	-	0.0
Investment in tangible and intangible assets	-1.9	-1.3	-47%	-2.4
Disposal of tangible and intangible assets	0.7	0.0	-	0.1
Total cash flow from investing activities	**-9.6**	**2.9**	**-**	**7.6**
Cash flow from financing activities				
Subordinated liabilities	0.2	3.6	-94%	11.1
Increase in unrestricted equity reserve	-	30.0	-	30.0
Share issue/dividend of Aktia Real Estate Mortgage Bank plc to the non-controlling interest	-0.7	5.9	-	5.9
Paid dividends	-27.0	-20.0	-35%	-20.0
Total cash flow from financing activities	**-27.5**	**19.4**	**-**	**27.0**
Change in cash and cash equivalents	**-138.8**	**-389.6**	**64%**	**127.6**
Cash and cash equivalents at the beginning of the year	600.5	473.0	27%	473.0
Cash and cash equivalents at the end of the period	461.7	83.3	454%	600.5
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	6.6	7.6	-13%	8.0
Bank of Finland current account	441.1	62.5	605%	577.9
Repayable on demand receivables from credit institutions	13.9	13.2	6%	14.6
Total	**461.7**	**83.3**	**454%**	**600.5**
Adjustment items not included in cash flow consist of:				
Impairment reversal of financial assets available for sale	-	-	-	-1.2
Write-downs on other financial assets	-	-	-	1.8
Write-downs on credits and other commitments	1.5	2.8	-46%	6.4
Change in fair values	0.6	0.1	330%	-4.6
Depreciation and impairment of intangible and tangible assets	1.3	1.6	-19%	3.4
Share of profit from associated companies	0.0	0.9	-	0.8
Sales gains and losses from intangible and tangible assets	-0.1	0.0	-844%	0.2
Unwound cash flow hedging	-7.8	-5.3	-48%	-11.7
Unwound fair value hedging	-7.9	-	-	-1.3
Change in provisions	-	-	-	6.9
Change in fair values of investment properties	-	-	-	0.3
Total	**-12.4**	**0.2**	**-**	**0.8**

Quartely trends in Bank Group

(EUR million)	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012
Net interest income	28.1	29.8	29.1	28.4	29.5
Dividends	0.1	0.0	-	0.0	0.0
Net commission income	17.5	15.8	14.7	14.9	15.6
Net income from financial transactions	1.9	2.2	3.1	-0.7	0.2
Net income from investment properties	0.1	0.0	-0.3	0.0	0.0
Other operating income	0.8	0.9	1.1	0.7	1.3
Total operating income	**48.5**	**48.7**	**47.7**	**43.4**	**46.6**
Staff costs	-12.6	-13.3	-14.2	-11.9	-13.5
IT-expenses	-6.7	-4.8	-11.3	-4.9	-5.3
Depreciation of tangible and intangible assets	-0.7	-0.7	-1.0	-0.7	-0.8
Other operating expenses	-14.1	-13.7	-16.0	-12.4	-12.7
Total operating expenses	**-34.1**	**-32.4**	**-42.4**	**-30.0**	**-32.3**
Write-downs on other financial assets	-	-	-	-1.8	-
Write-downs on credits and other commitments	-0.4	-1.1	-1.7	-1.8	-1.0
Share of profit from associated companies	-	0.3	0.0	0.0	-0.4
Operating profit	**14.0**	**15.4**	**3.6**	**9.8**	**13.0**
Income and expenses from other activities	-	-	-3.1	-	-
Taxes	-3.6	-3.7	-2.2	-2.7	-3.1
Profit for the period	**10.5**	**11.7**	**-1.7**	**7.1**	**9.8**

Quarterly trends of comprehensive income for Bank Group

(EUR million)	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012
Profit for the period	10.5	11.7	-1.7	7.1	9.8
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	-9.1	-1.4	-6.0	33.2	1.1
Change in valuation of fair value for financial assets held until maturity	1.0	1.0	0.3	-	-
Change in valuation of fair value for cash flow hedging	-3.0	-2.9	3.2	-2.2	-1.3
Transferred to the income statement for financial assets available for sale	-1.5	-	14.0	-	-
Transferred to the income statement for cash flow hedging	-	-	-5.8	-	-
Defined benefit plan pensions	-	-	0.0	-	-
Total comprehensive income for the period	**-2.1**	**8.4**	**4.0**	**38.1**	**9.6**

Notes to the Interim Report

Note 1. Basis for preparing the Interim Report and key accounting principles

Basis for preparing the Interim Report

Aktia Bank 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 2013 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 2012.

The Interim Report for the period 1 January – 30 June 2013 was approved by the Board of Directors on 6 August 2013.

Aktia Bank 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 2012.

IFRS 7 specifies supplementary information to be disclosed on net accounting for financial assets and liabilities as of 1 January 2013. In the period, the Group has not used the opportunity to set off financial assets and liabilities included in set-off agreements. The Group will review the use of set-off continuously.

IFRS 13 includes rules for definition of fair value and specifies the requirements on disclosure. The Group has completed the Interim report with the new requirements on disclosure in Note 5.

Note 2. Bank Group's segment reporting

Income statement	Banking Business		Asset Management		Miscellaneous		Eliminations		Group total	
(EUR million)	**1-6/2013**	**1-6/2012**	**1-6/2013**	**1-6/2012**	**1-6/2013**	**1-6/2012**	**1-6/2013**	**1-6/2012**	**1-6/2013**	**1-6/2012**
Net interest income	55.7	57.5	3.0	2.4	-0.8	-0.8	-	-	57.9	59.0
Dividends	0.1	0.0	-	-	0.0	0.0	-	-	0.1	0.1
Net commission income	21.7	19.4	11.1	10.1	0.4	0.4	0.0	-0.1	33.3	30.0
Net income from financial transactions	2.1	0.5	0.0	0.0	2.0	0.0	-	-	4.1	0.5
Net income from investment properties	0.0	0.0	-	-	0.1	0.0	0.0	0.0	0.1	0.0
Other income	1.3	1.8	0.2	0.1	1.2	1.8	-1.0	-0.9	1.7	2.9
Total operating income	**80.8**	**79.3**	**14.4**	**12.6**	**3.0**	**1.4**	**-1.0**	**-1.0**	**97.2**	**92.3**
Staff costs	-15.9	-16.9	-4.2	-4.0	-5.4	-5.5	-0.4	-0.3	-25.8	-26.7
IT-expenses	-7.0	-6.8	-0.8	-1.2	-3.7	-2.2	-	-	-11.5	-10.2
Depreciation of tangible and intangible assets	-0.9	-1.0	-0.1	-0.2	-0.4	-0.4	-	-	-1.3	-1.6
Other expenses	-31.1	-28.0	-3.4	-3.0	5.7	5.0	1.0	1.0	-27.9	-25.1
Total operating expenses	**-54.8**	**-52.8**	**-8.4**	**-8.3**	**-3.9**	**-3.2**	**0.6**	**0.7**	**-66.5**	**-63.6**
Write-downs on credits and other commitments	-1.5	-2.8	-	-	-	-	-	-	-1.5	-2.8
Share of profit from associated companies	-	-	-	-	-	-	0.3	-0.5	0.3	-0.5
Operating profit	**24.5**	**23.6**	**6.0**	**4.3**	**-0.8**	**-1.8**	**-0.2**	**-0.7**	**29.4**	**25.4**

Balance sheet	Banking Business		Asset Management		Miscellaneous		Eliminations		Group total	
(EUR million)	**30.6.2013**	**31.12.2012**	**30.6.2013**	**31.12.2012**	**30.6.2013**	**31.12.2012**	**30.6.2013**	**31.12.2012**	**30.6.2013**	**31.12.2012**
Cash and balances with central banks	447.7	585.8	0.1	0.1	-	-	-	-	447.8	585.9
Financial assets available for sale	2,057.2	1,468.9	1.0	1.5	3.3	5.3	-1.0	-1.5	2,060.5	1,474.2
Financial assets held until maturity	355.7	350.0	-	-	-	-	-	-	355.7	350.0
Loans and other receivables	7,060.9	7,338.7	150.5	153.5	0.2	0.2	-70.5	-85.6	7,141.0	7,406.7
Other assets	260.5	362.5	6.7	6.6	114.7	107.4	-77.4	-77.5	304.6	399.0
Total assets	**10,182.0**	**10,105.9**	**158.3**	**161.7**	**118.1**	**112.9**	**-148.9**	**-164.7**	**10,309.5**	**10,215.8**
Deposits	4,368.7	4,261.4	580.0	532.5	-	0.0	-70.3	-84.9	4,878.4	4,709.0
Debt securities issued	3,697.6	3,549.1	-	-	-	-	-1.0	-1.5	3,696.6	3,547.6
Other liabilities to credit institutions	518.1	629.6	-	-	-	-	-	-	518.1	629.6
Other liabilities	612.6	692.0	9.2	9.6	233.6	237.7	-106.2	-98.3	749.3	841.0
Total liabilities	**9,197.0**	**9,132.0**	**589.2**	**542.2**	**233.6**	**237.7**	**-177.4**	**-184.7**	**9,842.4**	**9,727.2**

Note 3. Derivatives and off-balance sheet commitments

Hedging derivative instruments (EUR million)

30.6.2013	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	3,266.0	91.0	27.1
Total	**3,266.0**	**91.0**	**27.1**
Cash flow hedging			
Interest rate-related	75.0	0.3	-
Total	**75.0**	**0.3**	**-**
Derivative instruments valued via the income statement			
Interest rate-related *)	3,755.8	116.9	116.1
Currency-related	43.5	0.2	0.1
Equity-related **)	72.4	2.1	2.1
Other derivative instruments **)	20.8	0.0	0.0
Total	**3,892.5**	**119.2**	**118.3**
Total derivative instruments			
Interest rate-related	7,096.8	208.2	143.2
Currency-related	43.5	0.2	0.1
Equity-related	72.4	2.1	2.1
Other derivative instruments	20.8	0.0	0.0
Total	**7,233.5**	**210.5**	**145.4**

Hedging derivative instruments (EUR million)

31.12.2012	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,837.0	149.8	34.3
Total	**2,837.0**	**149.8**	**34.3**
Cash flow hedging			
Interest rate-related	75.0	0.1	-
Total	**75.0**	**0.1**	**-**
Derivative instruments valued via the income statement			
Interest rate-related *)	4,280.1	150.0	149.1
Currency-related	55.6	0.6	1.3
Equity-related **)	102.2	1.7	1.7
Other derivative instruments **)	20.8	0.1	0.1
Total	**4,458.6**	**152.4**	**152.1**
Total derivative instruments			
Interest rate-related	7,192.1	299.8	183.4
Currency-related	55.6	0.6	1.3
Equity-related	102.2	1.7	1.7
Other derivative instruments	20.8	0.1	0.1
Total	**7,370.6**	**302.2**	**186.4**

*) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 3,686.0 (4,210.0) million.

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

Off-balance sheet commitments

(EUR million)	30.6.2013	31.12.2012	30.6.2012
Commitments provided to a third party on behalf of the customers			
Guarantees	33.5	34.6	41.4
Other commitments provided to a third party	2.4	3.4	4.1
Irrevocable commitments provided on behalf of customers			
Unused credit arrangements	298.9	307.6	408.7
Off-balance sheet commitments	**334.9**	**345.5**	**454.2**

Note 4. Bank Group's risk exposure

Bank Group's capital adequacy

(EUR million)

Summary	6/2013	3/2013	12/2012	9/2012	6/2012
Tier 1 capital	436.9	432.0	426.4	440.4	437.9
Tier 2 capital	299.0	306.2	303.8	302.1	268.0
Capital base	**735.9**	**738.2**	**730.2**	**742.5**	**705.9**
Risk-weighted amount for credit and counterpart risks	3,263.0	3,321.4	3,248.9	3,355.6	3,369.6
Risk-weighted amount for market risks[1]	-	-	-	-	-
Risk-weighted amount for operational risks	362.3	362.3	362.3	372.3	372.3
Risk-weighted commitments	**3,625.3**	**3,683.7**	**3,611.2**	**3,727.9**	**3,742.0**
Capital adequacy ratio, %	**20.3**	**20.0**	**20.2**	**19.9**	**18.9**
Tier 1 Capital ratio, %	**12.1**	**11.7**	**11.8**	**11.8**	**11.7**
Minimum capital requirement	**290.0**	**294.7**	**288.9**	**298.2**	**299.4**
Capital buffer (difference between capital base and minimum requirement)	445.8	443.5	441.3	444.3	406.5

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

Capital base	6/2013	3/2013	12/2012	9/2012	(EUR million) 6/2012
Share capital	163.0	163.0	163.0	163.0	163.0
Funds	74.6	74.6	74.6	74.6	74.6
Non-controlling interest	64.9	65.1	64.8	64.8	64.0
Retained earnings	97.4	96.0	100.9	100.9	100.9
Profit for the period	21.9	11.7	23.4	25.3	18.4
./. provision for dividends to shareholders	-12.4	-6.2	-28.3	-15.9	-10.6
Capital loan	30.0	30.0	30.0	30.0	30.0
Total	439.3	434.2	428.4	442.8	440.3
./. intangible assets	-2.5	-2.2	-2.0	-2.3	-2.4
Tier 1 capital	**436.9**	**432.0**	**426.4**	**440.4**	**437.9**
Fund at fair value	35.6	45.2	45.6	36.9	4.4
Upper Tier 2 loans	45.0	45.0	45.0	45.0	45.0
Lower Tier 2 loans	218.4	216.0	213.2	220.2	218.6
Tier 2 capital	**299.0**	**306.2**	**303.8**	**302.1**	**268.0**
Total capital base	**735.9**	**738.2**	**730.2**	**742.5**	**705.9**

Bank Group's credit and counterparty risks

Total exposures 6/2013 (EUR million)

Risk-weight	Balance sheet assets	Off-balance sheet commitments	Total
0%	1,288.0	23.7	1,311.7
10%	1,376.0	-	1,376.0
20%	735.7	138.9	874.6
35%	5,628.0	51.2	5,679.2
50%	0.9	-	0.9
75%	512.7	83.6	596.3
100%	537.2	36.9	574.0
150%	14.5	0.6	15.1
Total	**10,093.0**	**334.9**	**10,427.8**
Derivatives *)	248.2	-	248.2
Total	**10,341.2**	**334.9**	**10,676.1**

Risk-weighted exposures (EUR million)

Risk-weight	6/2013	3/2013	12/2012	9/2012	6/2012
0%	-	-	-	-	-
10%	137.6	118.9	125.5	133.6	120.8
20%	153.0	167.2	120.3	145.6	155.5
35%	1,976.7	2,011.7	2,025.2	2,023.4	2,008.1
50%	0.4	0.0	0.1	0.3	0.3
75%	400.8	418.1	428.9	437.9	439.9
100%	555.4	565.8	502.5	567.8	590.0
150%	22.2	20.9	25.9	20.3	28.5
Total	**3,246.2**	**3,302.5**	**3,228.3**	**3,328.8**	**3,343.2**
Derivatives *)	16.8	19.0	20.6	26.8	26.5
Total	**3,263.0**	**3,321.4**	**3,248.9**	**3,355.6**	**3,369.6**

*) 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.

Bank Group's risk-weighted amount for operational risks

(EUR million)

Year	2012	2011	2010	6/2013	3/2013	12/2012	9/2012	6/2012
Gross income	183.3	187.8	208.5					
- average 3 years	193.2							
Capital requirement for operational risk				**29.0**	**29.0**	**29.0**	**29.8**	**29.8**
Risk-weighted amount				**362.3**	**362.3**	**362.3**	**372.3**	**372.3**

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 %.

Note 5. Financial assets and liabilities

Fair value of financial assets and liabilities

	30.6.2013		31.12.2012	
Financial assets (EUR million)	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	447.8	447.8	585.9	585.9
Financial assets available for sale	2,060.5	2,060.5	1,474.2	1,474.2
Financial assets held until maturity	355.7	351.9	350.0	349.7
Derivative instruments	210.5	210.5	302.2	302.2
Loans and other receivables	7,141.0	6,936.9	7,406.7	7,212.2
Total	**10,215.5**	**10,007.6**	**10,119.0**	**9,924.1**

	30.6.2013		31.12.2012	
Financial liabilities (EUR million)	**Book value**	**Fair value**	**Book value**	**Fair value**
Deposits	4,878.4	4,808.6	4,709.0	4,641.4
Derivative instruments	145.4	145.4	186.4	186.4
Debt securities issued	3,696.6	3,734.3	3,547.6	3,575.0
Subordinated liabilities	299.7	303.8	298.2	308.2
Other liabilities to credit institutions	518.1	523.3	629.6	642.4
Other liabilities to the public and public sector entities	51.1	51.0	146.7	146.8
Total	**9,589.3**	**9,566.4**	**9,517.5**	**9,500.3**

In the table, the fair value and the book value of the financial assets and liabilities, are presented by balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flow using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determing fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flow at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a marginal corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market.

The fair values calculated for the situation on 30 June in the table above are partly based on parameters from 31 May, corresponding to the market situation at the time of reporting.

Measurement of financial assets at fair value

Level 1 consists of financial instruments that are valued using prices listed on an active market. In an active market transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes listed bonds and other securities, listed equity instruments and derivatives, for which tradable price quotes exist.

Level 2 consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may for example be listed interest rates or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market.

Level 3 consists of financial instruments for which the fair value cannot be obtained directly from quoted market prices or indirectly by using valuation techniques or models supported by observable market prices on rates. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

	30.6.2013 Fair value classified into				31.12.2012 Fair value classified into			
Financial instruments measured at fair value (EUR million)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued via the income statement								
Interest-bearing securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial assets available for sale								
Interest-bearing securities	1,763.7	245.7	47.1	2,056.6	1,415.5	33.9	18.7	1,468.0
Shares and participations	0.0	0.0	3.9	3.9	0.0	0.0	6.1	6.1
Total	**1,763.7**	**245.7**	**51.1**	**2,060.5**	**1,415.5**	**33.9**	**24.8**	**1,474.2**
Derivative instrument, net	0.1	65.0	0.0	65.1	-0.7	116.5	0.0	115.8
Totalt	**0.1**	**65.0**	**0.0**	**65.1**	**-0.7**	**116.5**	**0.0**	**115.8**
Total	**1,763.8**	**310.7**	**51.1**	**2,125.6**	**1,414.8**	**150.3**	**24.8**	**1,589.9**

Transfers between level 1 and 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the reporting period no transfers between level 1 and level 2 has occurred. The increase in level 2 is purely due to an increase in business volumes especially for domestic commercial papers and to some specific bank senior bonds.

Aktia Group`s Risk control has the responsibility for classifying financial instrument into level 1, 2 or 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level a financial instrument will be classified. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an evaluation based on the quality of the valuation data, if a class of financial instrument is to be transferred between levels.

Changes within level 3

The following table shows a reconciliation from period to period of level 3 Financial assets reported at fair value.

Reconciliation of the changes taken place for financial instruments which belong to level 3	Financial assets valued via the income statement			Financial assets available for sale			Total		
(EUR million)	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total
Carrying amount 1.1.2013	**0.0**	**0.0**	**0.0**	**18.7**	**6.1**	**24.8**	**18.7**	**6.1**	**24.8**
New purchases	0.0	0.0	**0.0**	25.5	0.0	**25.5**	25.5	0.0	**25.5**
Sales	0.0	0.0	**0.0**	0.0	-2.2	**-2.2**	0.0	-2.2	**-2.2**
Matured during the year	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Realised value change in the income statement	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Unrealised value change in the income statement	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Value change recognised in the total comprehensive income	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Transfer from level 1 and 2	0.0	0.0	**0.0**	3.0	0.0	**3.0**	3.0	0.0	**3.0**
Transfer to level 1 and 2	0.0	0.0	**0.0**	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Carrying amount 30.6.2013	**0.0**	**0.0**	**0.0**	**47.1**	**3.9**	**51.0**	**47.1**	**3.9**	**51.0**

Transfers from level 1 and 2 refer to bonds issued by domestic municipals which were earlier reported under level 2. The transfer to level 3 is due to the illiquidity these bonds face on the market.

Sensitivity analysis for level 3 Financial instruments
The value of financial instruments reported at fair value in the balance sheet includes instruments, that have been valued partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as an indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percantage points parallel shift of the interest rate in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%, with exception for Suomen Luotto-osuuskunta, which is valued based on its lowest estimated value of the return of capital after the sale of its subsidiary Nets Oy (previously known as Luottokunta).These assumptions would mean a result or valuation effect via the fund at fair value corresponding to 0.2 (0.1)% of the Group's own funds.

Sensitivity analysis for financial instruments belonging to level 3	30.6.2013 Effect at an assumed movement			31.12.2012 Effect at an assumed movement		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets valued via the income statement						
Interest-bearing securities	0.0	0.0	0.0	0.0	0.0	0.0
Shares and participations	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial assets available for sale						
Interest-bearing securities	47.1	1.4	-1.4	18.7	0.6	-0.6
Shares and participations	3.9	0.2	-0.2	6.1	0.2	-0.2
Total	**51.1**	**1.6**	**-1.6**	**24.8**	**0.8**	**-0.8**
Total	**51.1**	**1.6**	**-1.6**	**24.8**	**0.8**	**-0.8**

Note 6. Net interest income

(EUR million)	1-6/2013	1-6/2012	Δ %	2012
Deposits and lending	20.4	30.3	-33%	55.1
Hedging, interest rate risk management	22.0	14.4	53%	30.8
Other	15.5	14.2	9%	30.6
Net interest income	**57.9**	**59.0**	**-2%**	**116.5**

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".

Note 7. Gross loans and write-downs

(EUR million)	30.6.2013	31.3.2013	31.12.2012	30.9.2012	30.6.2012
Gross loans	7,096.8	7,244.7	7,312.9	7,364.7	7,334.0
Individual write-downs	-51.0	-50.8	-50.3	-47.8	-50.2
Of which made to non-performing loans past due at least 90 days	-40.1	-41.4	-40.1	-39.4	-42.0
Of which made to other loans	-10.9	-9.4	-10.2	-8.4	-8.2
Write-downs by group	-14.5	-14.8	-14.5	-15.9	-14.2
Net loans, balance amount	**7,031.4**	**7,179.1**	**7,248.1**	**7,301.0**	**7,269.5**

Note 8. Balance sheet as at 1 July 2013 for Aktia Bank plc

The merger of Aktia plc with Aktia Bank plc is an absorption merger, in which the parent company Aktia plc mergers with the subsidiary Aktia Bank plc. In connection with the implementation of the merger, assets and liabilities are transferred at their book value. Aktia Bank plc enters the assets and liabilities received in connection with the implementation of the merger at their book value. The merger involves booking of a merger difference in Aktia Bank plc. The merger difference is based on Aktia plc's equity. The book value of the own shares reduces the receiving company Aktia Bank plc's equity. The merger difference, based upon the book values of the participating companies at the time of the merger, amounts to EUR 53,876,632.16. The merger difference is booked according to accounting rules and is entered in the unrestricted equity reserve. The table below describes the effects of the merger on Aktia Bank plc Group balance sheet 1.7.2013.

(EUR million)	Aktia Bank plc Group before merger	Aktia plc and its subsidiaries	Merger adjustments	Ref.	Aktia Bank plc Group after merger
Cash and balances with central banks	447.8	14.9	-14.2	a)	448.5
Financial assests reported at fair value via the income statement	-	0.0	-		0.0
Financial assets available for sale	2,060.5	594.3	-7.3	a)	2,647.6
Financial assets held until maturity	355.7	-	-		355.7
Derivative instruments	210.5	0.0	0.0	a)	210.5
Loans and other receivables	7,141.0	4.3	-50.8	a)	7,094.5
Investments for unit-linked provisions	-	412.7	-		412.7
Investments in associated companies	0.0	17.5	0.8	b)	18.4
Investments in group companies	-	316.9	-316.9	b)	-
Intangible assets	2.5	12.5	-		15.0
Investment properties	0.2	50.8	-		51.0
Other tangible assets	4.2	1.1	-		5.3
Other assets	65.0	16.1	-6.2	a)	74.9
Tax receivables	22.2	1.6	-		23.8
Assets classified as held for sale	-	2.5	-1.2	a)	1.2
Total assets	**10,309.5**	**1,445.3**	**-395.7**		**11,359.2**
Deposits	4,878.4	-	-19.7	a)	4,858.7
Financial liabilities reported at fair value via the income statement	-	-	-		-
Derivative instruments	145.4	0.0	0.0	a)	145.4
Other financial liabilities	4,565.5	46.5	-83.8	a) b)	4,528.2
Technical provisions	-	922.5	-		922.5
Other liabilities	201.3	20.7	-6.2	a)	215.8
Provisions	6.9	-	-		6.9
Tax liabilities	45.0	16.5	-		61.5
Liabilities for assets classified as held for sale	-	0.2	-		0.2
Total liabilities	**9,842.4**	**1,006.4**	**-109.6**		**10,739.1**
Total restricted equity	208.4	63.9	-23.1	b)	249.1
Unrestricted equity	193.9	375.0	-262.9	b)	306.0
Shareholders' share of equity	402.2	438.9	-286.0		555.1
Non-controlling interest's share of equity	64.9	-	-		64.9
Equity	467.2	438.9	-286.0		620.0
Total liabilities and equity	**10,309.5**	**1,445.3**	**-395.7**		**11,359.2**

a) Eliminations of intra-group items:	
Cash and balances with central banks	-14.2
Financial assets available for sale	-7.3
Derivative instruments	0.0
Loans and other receivables	-50.8
Other assets	-6.2
Assets classified as held for sale	-1.2
Assets	**-79.6**
Deposits	-19.7
Derivative instrument	0.0
Other financial liabilities	-53.8
Other liabilities	-6.2
Liabilities	**-79.6**
b) Intra-group equity eliminations	
Investments in associated companies	0.8
Investments in group companies	-316.9
Assets	**-316.0**
Other financial liabilities / Capital loan	-30.0
Merger difference	53.9
Other restricted equity	-77.0
Unrestricted equity	-262.9
Equity	**-286.0**
Other financial liabilities and equity	**-316.0**

Helsinki 6 August 2013

AKTIA BANK PLC

The Board of Directors

TRANSLATION

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

Report on review of the interim report of Aktia Bank p.l.c group as of and for the six months period ending June 30, 2013

Introduction

We have reviewed the balance sheet as of 30 June 2013, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement of Aktia Bank p.l.c. group 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 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 2013 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 regulations governing interim financial reporting preparation in Finland.

Helsinki 6 August 2013

KPMG Oy Ab

Jari Härmälä

Authorized Public Accountant

7.11.2013 Interim report January -September 2013

Aktia

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