Q2

Half-year report January–June 2020

Aktia

Strong recovery following a spring hit by the coronavirus

In brief

- Continued organic growth in net interest income
- The market recovered after the steep decline in March, which contributed to positive value changes. Together with increased net subscriptions this led to a significant improvement in assets under management during the second quarter
- Increased use of digital banking services among customers
- Liquidity and capital adequacy remained strong

Outlook 2020 (updated)

Aktia Group's results for 2020 is still very much dependent on how a possible new escalation of the COVID-19 pandemic will affect market values, customer behaviour and impairment levels during the end of the year. The visibility for 2020 is therefore very poor. Aktia is for the moment suspending its outlook for the operating profit 2020.

Despite the weak result due to the coronavirus during the first half of the year, the financial performance is expected to be stable during the second half of the year, provided market and social conditions are stable:

- Continued growth in net interest income. The recovery in commission income from especially fund and asset management is dependent on changes in market values.
- Net income from life insurance is still very much dependent on changes in market values.
- Provisions for expected future credit losses are expected to continue on a moderate level during the second half of the year at the same time as Aktia's liquidity and capital adequacy is still strong.

(EUR million)	2Q2020	2Q2019	Δ %	Jan-Jun 2020	Jan-Jun 2019	Δ %	1Q2020	Δ %	2019
Net interest income	20.1	19.2	5%	39.8	38.7	3%	19.7	2%	77.6
Net commission income	22.9	24.8	-8%	48.1	47.9	0%	25.2	-9%	99.1
Net income from life insurance	10.1	6.6	53%	4.9	14.9	-67%	-5.2	-	30.0
Total operating income	54.8	60.6	-10%	94.7	113.3	-16%	39.9	37%	221.4
Operating expenses	-36.3	-35.0	4%	-71.9	-71.1	1%	-35.6	2%	-143.9
Impairment of credits and other commitments	-1.8	-1.4	24%	-3.2	-2.5	27%	-1.4	25%	-4.5
Operating profit	**16.3**	**24.2**	**-32%**	**19.1**	**41.4**	**-54%**	**2.8**	**488%**	**74.8**
Comparable operating income[1]	54.8	50.6	8%	94.7	103.2	-8%	39.9	37%	211.4
Comparable operating expenses[1]	-36.1	-34.9	3%	-71.7	-71.0	1%	-35.6	1%	-140.4
Comparable operating profit[1]	**16.5**	**14.3**	**16%**	**19.3**	**31.4**	**-39%**	**2.8**	**495%**	**68.2**
Cost-to-income ratio	0.66	0.58	14%	0.76	0.63	21%	0.89	-26%	0.65
Comparable cost-to-income ratio[1]	0.66	0.69	-4%	0.76	0.69	10%	0.89	-26%	0.66
Earnings per share (EPS), EUR	0.19	0.30	-37%	0.22	0.50	-57%	0.03	533%	0.90
Comparable earnings per share (EPS), EUR[1]	0.19	0.16	19%	0.22	0.36	-39%	0.03	533%	0.79
Return on equity (ROE), %	8.4	13.7	-39%	4.9	11.8	-59%	1.4	521%	10.3
Comparable return on equity (ROE), %[1]	8.5	7.2	19%	4.9	8.4	-42%	1.4	529%	9.1
Common Equity Tier 1 capital ratio (CET1), %[2]	15.7	16.5	-5%	15.7	16.5	-5%	15.9	-1%	14.7

1) Alternative performance measures excluding items affecting comparability, see page 21
2) At the end of the period

Half-year report January–June 2020 is a translation of the orginal Swedish version ”Halvårsrapport 1.1-30.6.2020”.
In case of discrepancies, the Swedish version shall prevail.

CEO’s comments

The first six months of 2020 were extremely exceptional for all of us. This was the case also for us at Aktia. During the corona crisis at times nearly 80% of Aktia’s extremely skilled professionals worked from home and sought new solutions to help our customers. I want to sincerely thank them all for this. The coronavirus hit many households hard. Aktia launched therefore a campaign allowing instalment-free periods free of charge. The campaign period extended to the end of May during which more than 11,000 private customers were allowed an instalment-free period.

The main part of our customer meetings was also carried out remotely. The use of digital banking services grew enormously during the spring, and for example the number of digital signatures increased explosively. It was pleasant to see that even those customers who haven’t previously used digital banking services felt that the services were good and functional. During the second quarter we carried out a pilot for the automation of housing loan offers and a portfolio application for asset management aimed at Private Banking customers, and a new chatbot service for daily banking services was introduced. I am totally convinced that the exceptional spring increased the importance of digital banking services to a new level and opened up also many new opportunities for banking transactions for the future.

Strong result improvement from the first quarter

The coronavirus situation in Finland subsided substantially towards the summer. Restrictions have been lifted, which has enabled Aktia to return to more normal operations in everyday business. The market recovered relatively quickly after the steep drop in March, which also meant that Aktia’s results returned to or even exceeded the levels before the corona crisis. The comparable operating profit for the second quarter was EUR 16.5 million, an increase of 16% from the previous year.

The comparable total operating income for the second quarter amounted to EUR 54.8 million, an increase of slightly more than four million euro from last year. The positive development of net interest income continued due to a strong organic growth in the second quarter and amounted to EUR 20.1 million. Commission income amounted to EUR 22.9 million, which was somewhat lower than last year.

Assets under management (AuM) recovered considerably after the first quarter of the year, due to very positive net subscriptions and value changes, and amounted to EUR 9.2 billion. However, the decrease in card payments and payment services reflected the reduced consumption, which was strained also by the considerable drop in travel.

Net income from life insurance recovered after the drop at the beginning of the year supported by the market and amounted to EUR 10.1 million. We notified on 1 June that the Finnish Financial Supervisory Authority had authorised Aktia’s acquisition of Liv-Alandia’s life insurance portfolio and 11,000 life insurance policies were subsequently transferred to Aktia. The transfer was in line with our strategy and a logical next step for us, taking into account that Aktia had handled the portfolio already before the acquisition.

Comparable total operating expenses amounted to EUR 36.1 million, an increase of slightly more than one million euro from last year. The increase in expenses pertained mainly to higher staff costs due to accruements, and to a result impact of EUR -0.5 million on account of the stability fee being set by the Financial Stability Board. The stability fee for 2020 increased to EUR 2.8 million.

In connection with the report for the first quarter we announced that we as a conservative lender have not identified significant individual risk sectors or risk concentrations in our loan book, which to a larger extent would be affected by the difficult situation. This is still the case. The allowance for model-based credit loss (ECL) increased by EUR 1.2 million in the second quarter as more information of the consequences of the pandemic is now available for the calculations. The increase in the allowance was, however, still moderate.

Fortunately, the coronavirus situation in Finland is stable at the moment, but nobody knows what the future will bring us. The economic recovery after an almost complete slowdown will in all probability take a long time and the economic uncertainty is reflected in a lower household consumption. However, I am optimistic about the future. Aktia is an agile organisation and very well prepared for a possible second wave of the coronavirus. According to surveys the consumer confidence has already picked up significantly since the coronavirus spring.

Helsinki 4 August 2020

Mikko Ayub
CEO

Operating environment

The effects of the abrupt halt in the economy due to the corona crisis have had an extensive impact on Finland. The second quarter of the year is expected to be the weakest quarter of the whole year for the national economy, since the main part of the restrictive measures were in effect during this period. At the moment the worst of the coronavirus situation seems to be behind us, and the restrictions, with damaging effects on the economy, started to be gradually lifted in May. According to surveys the consumer confidence has recovered faster than that of the industry.

Countries and central banks reacted quickly to the economic uncertainty with extensive financial support packages. The European Central Bank has notified that it has committed to a long-term maintenance of the eased financial conditions.

Due to the restrictions the number of lay-offs increased heavily during spring. According to the Ministry of Economic Affairs and Employment of Finland (MEAE) the number of unemployed jobseekers rose from about 250,000 to 430,000 in March and April. MEAE predicts, however, that they will quickly return to the job market, since the number of unemployed jobseekers is expected to be approximately 300,000 at the year-end.

The growing economic uncertainty is increasing the savings ratio of households. The development is typical for a recession. We expect the situation to normalise when the uncertainty diminishes.

Profit and balance

Profit April–June 2020

The comparable operating profit increased to EUR 16.5 (2Q2019; 14.3) million. The Group's operating profit decreased to EUR 16.3 (24.2) million and the Group's profit to EUR 13.0 (20.6) million.

The increase in the comparable operating profit in the second quarter pertains to the recovery of unrealised value changes in the Life insurance company's investment portfolio of EUR 4.2 (1.0) million and the continued growth in net interest income. Net commission income decreased from last year due to lower customer assets under management (AuM) after the heavy market drop in March. During the quarter the model-based expected credit losses (ECL) continued to grow as more information of the consequences of the pandemic is now available for the calculations, both when it comes for example to observed customer behaviour and risk assessments, as well as updated macroeconomic assumptions.

Items affecting comparability

(EUR million)	Apr-Jun 2020	Apr-Jun 2019
Additional income from divestment of Visa Europe to Visa Inc	-	0.5
Profit from divestment of shares in Samlink Ltd	-	9.6
Costs for restructuring	-0.2	-0.1
Total	**-0.2**	**9.9**

Income

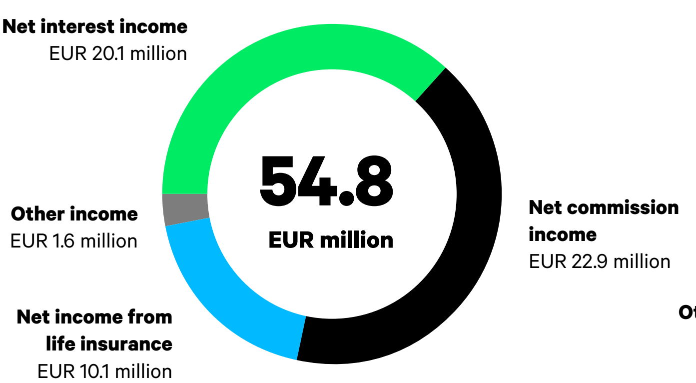
The Group's operating income decreased to EUR 54.8 (60.6) million, which includes items affecting comparability for the reference period of EUR 10.1 million. The Group's comparable operating income increased to EUR 54.8 (50.6) million, which is mainly connected to the recovery of negative unrealised value changes in the Life insurance company's investment portfolio due to the corona crisis.

Net interest income increased to EUR 20.1 (19.2) million. Net interest income from borrowing and lending increased by 6% to EUR 19.4 (18.2) million, whereas interest income from hedging measures through interest rate derivatives decreased to EUR 0.6 (1.2) million. Continued low market interest rates have reduced financing expenses compared to last year.

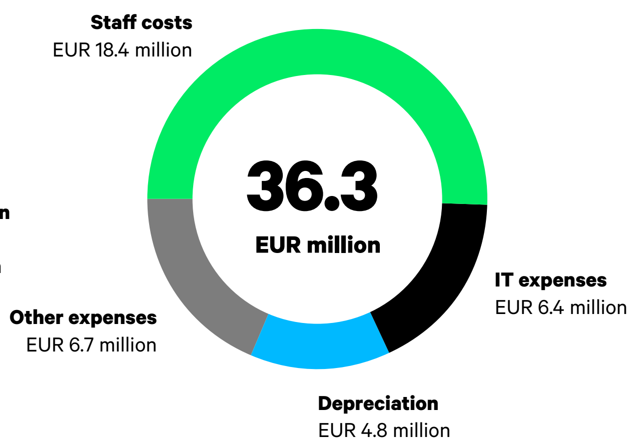
Net commission income decreased by 8% to EUR 22.9 (24.8) million. Commission income from funds, asset management and securities brokerage decreased by 3% to EUR 15.0 (15.5) million. Commission income from cards, payment services and borrowing decreased by 12% to EUR 6.5 (7.3) million. Commission income from lending decreased to EUR 2.3 (2.7) million.

Net income from life insurance increased to EUR 10.1 (6.6) million, which is mainly related to the recovery of negative unrealised value changes in the Life insurance company's investment portfolio. Unrealised value changes from fixed-income funds have recovered with EUR 4.9 (0.2) million during the quarter. The actuarially calculated result increased by EUR 2.1 million from last year. The improvement pertains mainly to lower interest rate costs due to the planned dissolution of the interest reserve from 2012 and a good risk result.

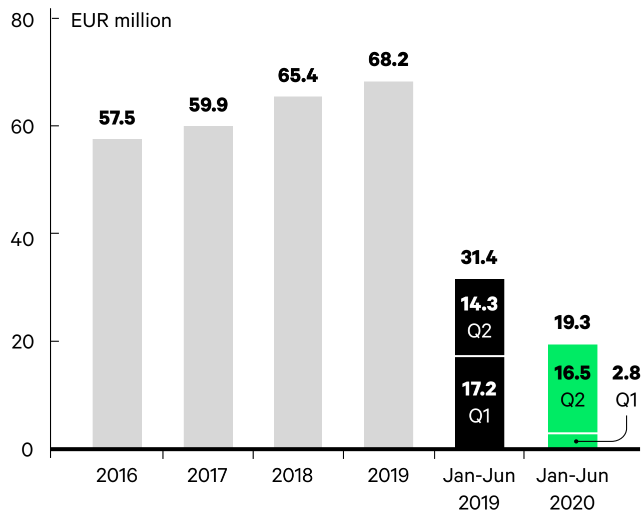
Operating income 2Q2020



Operating expenses 2Q2020



Comparable operating profit 2016–2Q2020, EUR million



Net income from financial transactions was EUR 1.3 (0.1) million. The reference period includes an additional income of EUR 0.5 million from the sale of Visa Europe to Visa Inc. Comparable net result from financial transactions increased to EUR 1.3 (-0.4) million, of which the change in ECL impairments on the interest-bearing securities of the liquidity portfolio increased by EUR 1.0 million and net income from derivative instruments by EUR 0.9 million.

Other operating income amounted to EUR 0.2 (9.8) million. The reference period includes a profit of EUR 9.6 million from the divestment of shares in Samlink Ltd.

Expenses

Operating expenses amounted to EUR 36.3 (35.0) million, including EUR 0.2 (0.1) million in restructuring costs.

Comparable staff costs increased to EUR 18.2 (17.0) million. The increase pertains to higher running staff costs and to higher costs for variable compensation.

IT expenses increased by 3% to EUR 6.4 (6.2) million.

The depreciation of tangible and intangible assets was EUR 4.8 (4.9) million.

Other operating expenses were on the same level as last year and amounted to EUR 6.7 (6.8) million. The quarter includes a cost for the final stability fee of EUR 0.4 (0.0) million, whereas other operating expenses decreased by EUR 0.6 million from last year.

Impairments on credits and other commitments amounted to EUR -1.8 (-1.4) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.2 (-0.8) million. The increase is mainly related to higher allowances with regard to healthy credits in stage 1 and stage 2 as more information of the consequences of the pandemic is now available for the calculations, both when it comes for example to observed customer behaviour and risk assessments, as well as updated macroeconomic assumptions.

Impairments on other receivables amounted to EUR -0.4 (-) million.

Profit January–June 2020

The Group's operating profit decreased to EUR 19.1 (41.4) million and the Group's profit to EUR 15.1 (34.8) million. Comparable operating profit decreased to EUR 19.3 (31.4) million.

The decrease in the comparable operating profit is attributable to the crisis outbreak in March. The individually largest negative impact in the income statement pertains to unrealised value changes in the Life insurance company's investment portfolio of EUR -6.7 (2.7) million. Net commission income is on the same level as last year, whereas net interest income shows a stable growth. The crisis has also resulted in an increase in the model-based expected credit losses (ECL). The increase is mainly attributable to an adjustment and update of the macroeconomic assumptions, as well as to further information on the consequences of the pandemic becoming available for the calculations during the second quarter.

Items affecting comparability

(EUR million)	**Jan-Jun 2020**	**Jan-Jun 2019**
Additional income from divestment of Visa Europe to Visa Inc	-	0.5
Profit from divestment of shares in Samlink Ltd	-	9.6
Costs for restructuring	-0.2	-0.1
Total	**-0.2**	**9.9**

Income

The Group's operating income decreased to EUR 94.7 (113.3) million, which includes items affecting comparability for the reference period of EUR 10.1 million. The Group's comparable operating income decreased to EUR 94.7 (103.2) million, which mainly due to the coronavirus pertains to unrealised value changes in the Life insurance company's investment portfolio.

Net interest income increased to EUR 39.8 (38.7) million. Net interest income from borrowing and lending increased by 6% to EUR 38.2 (36.1) million, whereas interest income from hedging measures through interest rate derivatives decreased to EUR 1.1 (2.5) million. Continued low market interest rates have reduced financing expenses compared to last year.

Net commission income was EUR 48.1 (47.9) million. Commission income from funds, asset management and securities brokerage increased by 4% to EUR 31.5 (30.2) million. Commission income from cards, payment services and borrowing decreased by 5% to EUR 13.6 (14.4) million. Commission income from lending decreased by 14% to EUR 4.3 (5.0) million.

Net income from life insurance decreased to EUR 4.9 (14.9) million. The decrease is mainly related to unrealised value changes of EUR -6.7 (2.6) million. The actuarially calculated result improved by EUR 3.4 million from last year due to lower interest rate costs, mainly as a result of the planned dissolution of the interest reserve from 2012 and a good risk result.

Net income from financial transactions was EUR 0.3 (1.5) million. The reference period includes an additional income of EUR 0.5 million from the sale of Visa Europe to Visa Inc. Net income from derivative instruments has increased, whereas the value change on shares in Visa Inc. and net income from hedge accounting has decreased.

Other operating income amounted to EUR 1.2 (10.1) million. The reference period includes a profit of EUR 9.6 million from the divestment of shares in Samlink Ltd.

Expenses

Operating expenses amounted to EUR 71.9 (71.1) million and comparable operating expenses to EUR 71.7 (71.0) million.

Comparable staff costs increased by 4% to EUR 34.8 (33.3) million. The increase pertains to higher running staff costs and to higher costs for variable compensation.

IT expenses decreased to EUR 11.9 (13.0) million, mainly as a result of lower costs for IT consultants.

The depreciation of tangible and intangible assets decreased to EUR 9.4 (9.8) million.

Other operating expenses increased to EUR 15.6 (14.9) million. The increase from last year is mainly related to a EUR 0.8 million higher cost for the stability fee.

Impairments on credits and other commitments amounted to EUR -3.2 (-2.5) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -2.1 (-0.9) million. The increase is mainly related to higher allowances with regard to healthy credits in stage 1 and stage 2 as more information of the consequences of the pandemic have become available for the calculations during the second quarter, both when it comes for example to observed customer behaviour and risk assessments, as well as updated macroeconomic assumptions.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 10,320 (31 December 2019; 9,697) million. Off-balance sheet commitments, consisting of credit limits, other loan promises and bank guarantees increased to EUR 670 (641) million.

Borrowing

Borrowing from the public and public-sector entities increased to EUR 4,500 (4,060) million. Aktia's market share of deposits was 3.2 (3.2) % at the end of June.

The value of bonds issued by Aktia Bank totalled EUR 2,721 (2,526) million. After the set off of an issued retained Covered Bond, EUR 1,620 (1,613) million were Covered Bonds issued by Aktia Bank.

During the first half of the year Aktia Bank has issued as part of its EMTN programme new long-term unsecured bonds to a total value of EUR 408 million, of which EUR 198 million during the second quarter. In addition, Aktia Bank has issued a retained Covered Bond of EUR 300 million with a maturity of 4 years. The aim of the issue was an exchange of collateral in the central bank.

Lending

The Group's lending to the public and public-sector entities increased by EUR 265 million to EUR 6,694 (6,429) million. Loans to households accounted for EUR 4,939 (4,886) million, or 73.8 (76.0) % of the loan book.

The housing loan book totalled EUR 4,998 (4,877) million, of which the share for households was EUR 4,061 (4,026) million. Aktia's new lending to households amounted to EUR 570 (518) million. At the end of June, Aktia's market share in housing loans to households was 4.0 (4.0) %.

Corporate lending accounted for 13.3 (12.0) % of the Aktia Group's loan book. Total corporate lending increased to EUR 893 (771) million. Loans to housing companies increased to

EUR 831 (738) million, making up 12.4 (11.5) % of Aktia's total loan book.

Loan book by sector

(EUR million)	30 Jun 2020	31 Dec 2019	Δ	Share, %
Households	4,939	4,886	54	73.8%
Corporates	893	771	122	13.3%
Housing companies	831	738	92	12.4%
Non-profit organisations	28	31	-3	0.4%
Public sector entities	3	4	0	0.0%
Total	**6,694**	**6,429**	**265**	**100.0%**

Financial assets

Aktia Group's financial assets consist of the liquidity portfolio of the Bank Group amounting to EUR 1,496 (1,326) million, the life insurance company's investment portfolio of EUR 611 (546) million, and the equity holdings of the Bank Group amounting to EUR 5 (5) million. In connection with the acquisition of Liv-Alandia's life insurance portfolio Aktia subscribed for a subordinated loan to Liv-Alandia, the market value of which amounted to EUR 78 million at the end of June.

Technical provisions

The life insurance company's technical provisions increased to EUR 1,316 (1,260) million, of which EUR 98 million is attributable to the acquisition of the life insurance portfolio from Liv-Alandia. Unit-linked technical provisions decreased to EUR 856 (869) million and includes EUR 15 million from the acquisition of Liv-Alandia's life insurance portfolio. Interest-related technical provisions increased to EUR 459 (390) million and includes EUR 77 million from the acquisition of Liv-Alandia's life insurance portfolio.

Equity

Aktia Group's equity amounted to EUR 629 (610) million. The fund at fair value amounted to EUR 16 (15) million and the profit for the period to EUR 15 million.

During the first quarter Aktia Bank Plc has in a directed share issue issued 744,696 new shares as part of the acquisition of the minority share of 24% in Aktia Asset Management Ltd. The issue was realised through an exchange of shares and it did not affect the Group's total equity as Aktia Asset Management Ltd also prior to the acquisition had been included in the consolidated Aktia Bank Plc Group.

Assets under Management

The Group's total assets under management amounted to EUR 11,669 (11,948) million.

Customer assets under management comprise managed and brokered mutual funds as well as managed capital in the subsidiaries Aktia Asset Management Ltd and Aktia Fund Management Company Ltd. Assets under management presented in the table below reflect net volumes, so that customer assets under management in multiple companies have been eliminated.

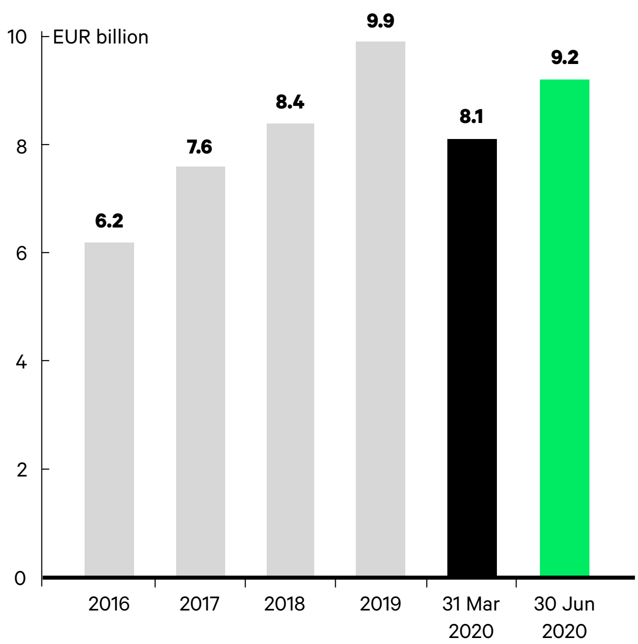
Group financial assets include the liquidity portfolio in the Bank Group managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	30 Jun 2020	31 Dec 2019	Δ %
Customer assets under management*	9,233	9,853	-6%
Group financial assets	2,435	2,095	16%
Total	**11,669**	**11,948**	**-2%**

* Excluding Fund in funds

Customer assets under management (AuM) excluding custody assets 2016–2Q2020, EUR billion



Segment overview

Aktia Bank's operations are divided into three reporting business segments: Banking Business, Asset Management and Group Functions.

Banking Business

The segment comprises private and corporate customers of the banking business. Aktia's private customers are provided a wide range of financing, insurance, savings as well as investment products and services through various channels. Aktia's corporate business provides services to companies and organisations, from micro-sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

Private customers

The second quarter of the year was as a whole characterised by the global spreading of the coronavirus pandemic, which primarily resulted in a growing cautiousness among customers. Customers were interested in the campaign for a free instalment-free period and starting from the beginning of the corona crisis the number of granted applications from private customers amounted to approx. 11,000 (20% of loan book). However, towards the end of the quarter the number of applications started to normalise. The demand in digital housing transactions continued to grow and towards the end of the quarter we could see a normalised interest in housing loans. The recovery has thus picked up speed.

The need for digital services increased clearly during the quarter. The use of the mobile bank increased and the demand in remote meetings grew as the epidemic developed. Aktia's ability to serve the customers digitally is still on a high level and the new remote working methods have been well received both by customers and employees. The customers' readiness for consumption weakened somewhat during the quarter, which primarily decreased the use of cards.

Investment appetite was also somewhat lower during the second quarter, primarily due to the prevailing uncertainty on the global equity and fixed-income markets. The price fall on the equity market at the beginning of March was historically significant, whereas the recovery during the quarter was both swift and strong. Aktia's discretionary mandates performed well also in this turbulent environment.

Customer activity was concentrated mainly to customer guidance and active service during the period. No essential changes within customer behaviour could be detected, apart from that the digital abilities increased in all customer groups. Opportunities for physical meetings were increased through virtual meetings and customer events were carried out as webinars.

Corporate customers

During the second quarter the operational focus was to find solutions for corporate customers' financial needs due to the coronavirus. Quick and professional measures were taken to handle corporate customers' challenges relating to the economic outlook and acute liquidity crises.

Aktia provided its corporate customers with the opportunity for an instalment-free period for financing agreements in order to balance their economy in the current economic situation. Many companies made preparations on their own account at prospect of possible business challenges due to the corona crisis by taking advantage of the opportunity for an instalment-free period. The opportunity for an instalment-free period was also used to alleviate the situation through working capital.

After the easing of the corona restrictions companies' need for investment financing has gradually recovered to the level at the beginning of the year, and the focus has shifted back to the financing of companies' need for growth. The corona crisis also sped up our digital customer service, which in the future will advance the introduction of a flexible model for banking.

Segment results

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %
Operating income	67.3	66.7	1%
Operating expenses	-51.2	-51.7	-1%
Operating profit	12.6	12.4	1%
Comparable operating profit	12.7	12.5	1%

Operating income for the period increased to EUR 67.3 (66.7) million.

Net interest income increased by 4% to EUR 34.9 (33.4) million. The increase is mainly related to the growth in corporate customers' loan book, and the change in the interest rate of savings deposits on 1 April 2020 decreased the interest expenses of the second quarter. Customer margins for both private and corporate customers were still under pressure, which caused margin levels to drop from the corresponding period last year. The total loan book increased by 4% to EUR 6,693 (6,429) million, of which private customers' loan book increased to EUR 4,970 (4,924) million and corporate customers' loan book to EUR 1,723 (1,505) million. Especially corporate customers' deposits increased to EUR 1,354 (971) million.

Net commission income decreased by 4% to EUR 31.7 (33.1) million, mainly due to lower commission income from cards, lending and from insurance brokerage. The renewal of the product selection and the distribution channel decreased temporarily commission income from insurance brokerage. Market values have recovered from the drop in the middle of March, but the impact of the corona crisis on customer assets under management was, however, still partly visible in the commission income from the second quarter.

Other operating income amounted to EUR 0.8 (0.1) million, including one-off recognised items of EUR 0.5 million during the first quarter of the year.

Comparable operating expenses for the period decreased to EUR 51.1 (51.6) million. The decrease is mainly attributable to the change in the service model at the end of 2019. The stability fee for the year was EUR 0.8 million higher than for the corresponding period last year.

Impairments on credits and other commitments increased to EUR -3.1 (-2.5) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -2.1 (-0.9) million, whereas other impairments on credits decreased to EUR -1.0 (-1.6) million. The increase in the allowance for model-based credit losses (ECL) is mainly related to higher allowances with regard to healthy credits in stage 1 and stage 2, as more information of the consequences of the corona pandemic is now available for the calculations, both when it comes for example to observed customer behaviour and risk assessments, as well as updated macroeconomic assumptions.

Asset Management

The segment includes asset management and life insurance business and provides asset management to institutional investors, as well as a wide range of investment and life insurance products to be distributed in Aktia's and external partners' sales channels.

Customer assets under management

(EUR million)	30 Jun 2020	31 Dec 2019	Δ %
Customer assets under management*	9,233	9,853	-6%
of which institutional assets	6,325	6,821	-7%

* Excluding fund in funds

Customer assets under management increased considerably during the quarter due to the recovery in market prices for more high-risk assets. Net subscriptions were positive and amounted to EUR 435 million for the quarter.

Aktia's focus on virtual customer contacts and service continued in the challenging market situation. As a part of the strategic investment in the growth of asset management Aktia launched a second structured product for the private customer segment.

Aktia's strong skills within fixed-income fund management was rewarded again when the fund Aktia Corporate Bond+ won the Refinitiv Lipper Fund Awards 2020 comparison as "Best Fund Over Past 10 years" in the category Best Euro-denominated Fund on the grounds of the return development. Morningstar-ratings of the funds were still strong, in June the average rating increased to 4.05, which was the highest for all asset managers in Finland. Most of the funds received the rating 4–5.

Aktia's fund strategies have generated a very positive long-term return for our customers and the active asset management was very successful also during the turbulent spring. Aktia's investment in international growth continued with virtual customer and issuer meetings during the quarter. At the end of the quarter the fund capital of the UI-Aktia funds amounted to EUR 1.7 billion.

Life insurance

The development of the life insurance business continued during the first six months of the year. The business plan was revised during the spring and it will strengthen the life insurance company's role within the Group. The aim is that the life insurance company will grow organically during the strategy period both through Aktia and external distribution partners. To secure future competitiveness, certain product launches will take place. Capitalisation agreements and group life insurance primarily for organisational customers have been developed during the period and will be launched later this year. In addition, the management of Aktia Life Insurance Company's own investment portfolio has been clarified.

The earlier communicated plan for the acquisition of Försäkringsaktiebolaget Liv-Alandia's insurance portfolio was completed at the end of May. We are welcoming more than 5,000 new Aktia customers from the Åland Islands and in connection with this, Aktia has been awarded concession on the Åland Islands.

The demand for personal coverage was still strong during the period compared to the same period last year, partly due to the uncertainty brought on by the coronavirus. The renewed personal insurance products launched at the beginning of the year, together with the renewed digital application process, have been received well by our customers and employees in all sales channels.

During the first months of the year the sales results were very good measured in premiums written, mainly among savings and investment products, compared to the corresponding period last year. The renewed pricing of savings insurance proved to be successful. With the increased concern on the investment market during spring we experienced a temporarily lower activity. The interest in investments has recovered partly during May and June with increased volumes in savings and investment insurance.

Segment results

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %
Operating income	22.6	31.3	-28%
Operating expenses	-16.3	-15.8	3%
Operating profit	6.3	15.5	-59%
Comparable operating profit	6.3	15.5	-59%

The operating income for the period decreased by 28% to EUR 22.6 million, which is mainly explained by significant negative unrealised value changes from the life insurance business' private equity and fixed-income funds of EUR -6.4 (1.6) million. The period has been affected by a heavy volatility on the investment market. The first quarter ended with heavily decreasing market values, whereas the second quarter has been characterised by rising market prices and a stabilisation of the investment market.

Net commission income increased by 5% to EUR 19.6 million and net income from life insurance decreased heavily to EUR 2.9 million due to the decline in the investment portfolio. Premiums written from life insurance business increased by 5% from the corresponding period last year. The sale of investment-linked savings insurance to Private Banking customers continued strong and increased by approximately 30% compared to the corresponding period last year. Operating expenses for the segment increased by 3% to EUR 16.3 million, which mainly relates to the increase in staff costs.

Customer assets under management decreased by EUR 620 million from the year-end and amounted to EUR 9,233 (9,853) million. Net sales for the period amounted to EUR -261 million, and the market value change to EUR -359 million. The main part of net sales was related to institutional customers. Net sales of the quarter amounted to EUR 435 million and the change in the market value to EUR 662 million.

Net sales of the quarter amounted to EUR 435 million and the change in market value to EUR 662 million. Assets under management amounted at the end of the quarter to EUR 9,233 million.

Group Functions

The Group Functions comprise the Group's central functions. The entities oversee the Group's financing and liquidity management and assist the other business segments with sales, IT and product support, and development. Group Functions are also responsible for monitoring and controlling risk and financial follow-up.

Segment results

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %
Operating income	9.2	19.8	-54%
Operating expenses	-8.9	-8.2	9%
Operating profit	0.3	11.7	-97%
Comparable operating profit	0.4	1.6	-77%

The comparable operating income of the segment decreased to EUR 9.2 (9.8) million and the reported operating income to EUR 9.2 (19.8) million. Last year includes a profit of EUR 9.6 million from the divestment of shares in Samlink Ltd, and an additional income of EUR 0.5 million in connection with the sale of Visa Inc. in 2016. Net interest income of the segment was somewhat lower than last year and amounted to EUR 5.0 million. Interest rate income from hedging measures through interest rate derivatives decreased to EUR 1.1 (2.5) million. Interest income from the bank's liquidity portfolio amounted to EUR 3.1 (3.2) million. Despite the challenging interest rate situation, a positive interest yield has been retained when reinvesting in the liquidity portfolio.

Lower negative interest on assets in Bank of Finland has partly compensated for decreased income from the unwound interest rate hedges. Since March 2015, Aktia participates in the European Central Bank's refinancing operations (TLTRO), which enables Aktia to offer financing with favourable and competitive loans. Interest income from Aktia's TLTRO financing amounted to EUR 0.8 (0.8) million.

Comparable operating expenses for the segment increased by 8% from last year.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
Income statement	**Jan-Jun 2020**	**Jan-Jun 2019**	**Jan-Jun 2020**	**Jan-Jun 2019**	**Jan-Jun 2020**	**Jan-Jun 2019**	**Jan-Jun 2020**	**Jan-Jun 2019**	**Jan-Jun 2020**	**Jan-Jun 2019**
Net interest income	34.9	33.4	0.0	0.0	5.0	5.2	0.0	-	39.8	38.7
Net commission income	31.7	33.1	19.6	18.6	3.1	2.9	-6.3	-6.7	48.1	47.9
Net income from life insurance	-	-	2.9	12.6	-	-	2.0	2.3	4.9	14.9
Other operating income	0.8	0.1	0.1	0.1	1.1	11.7	-0.1	-0.1	1.9	11.8
Total operating income	**67.3**	**66.7**	**22.6**	**31.3**	**9.2**	**19.8**	**-4.4**	**-4.5**	**94.7**	**113.3**
Staff costs	-10.0	-10.0	-7.3	-6.9	-17.7	-16.6	-	-	-35.0	-33.5
Other operating expenses[1]	-41.2	-41.8	-9.0	-8.9	8.8	8.4	4.4	4.6	-37.0	-37.7
Total operating expenses	**-51.2**	**-51.7**	**-16.3**	**-15.8**	**-8.9**	**-8.2**	**4.4**	**4.6**	**-71.9**	**-71.1**
Impairment of credits and other commitments	-3.1	-2.5	-	-	0.0	-	-	-	-3.2	-2.5
Impairment of other receivables	-0.4	-	-	-	-	-	-	-	-0.4	-
Share of profit from associated companies	-	-	-	-	-	-	-0.1	1.7	-0.1	1.7
Operating profit	**12.6**	**12.4**	**6.3**	**15.5**	**0.3**	**11.7**	**-0.1**	**1.7**	**19.1**	**41.4**
Comparable operating profit	**12.7**	**12.5**	**6.3**	**15.5**	**0.4**	**1.6**	**-0.1**	**1.7**	**19.3**	**31.4**

Balance sheet	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**
Financial assets measured at fair value	0.1	0.1	1,297.9	1,268.9	1,140.5	1,025.5	-	-15.0	2,438.4	2,279.4
Cash and balances with central banks	1.3	1.8	0.0	0.0	429.7	313.5	-	-	431.0	315.4
Interest-bearing securities measured at amortised cost	-	-	47.8	47.9	343.4	288.6	-	-	391.1	336.5
Loans and other receivables	6,693.1	6,428.9	71.7	60.8	20.9	15.3	-67.8	-58.5	6,717.8	6,446.5
Other assets	69.8	22.4	67.6	65.1	268.9	293.6	-65.1	-61.7	341.1	319.3
Total assets	**6,764.3**	**6,453.2**	**1,484.9**	**1,442.6**	**2,203.3**	**1,936.4**	**-132.9**	**-135.2**	**10,319.5**	**9,697.1**
Deposits	4,626.3	4,185.6	-	-	574.8	530.4	-67.8	-58.5	5,133.3	4,657.5
Debt securities issued	-	-	-	-	2,720.8	2,637.3	0.3	-14.6	2,721.1	2,622.7
Technical provisions	-	-	1,315.7	1,259.8	-	-	-	-	1,315.7	1,259.8
Other liabilities	64.8	13.5	22.0	32.3	440.6	511.7	-6.9	-10.3	520.5	547.2
Total liabilities	**4,691.1**	**4,199.1**	**1,337.7**	**1,292.1**	**3,736.2**	**3,679.4**	**-74.5**	**-83.4**	**9,690.5**	**9,087.1**

1) The net costs for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

The quarterly figures for the segments are presented later in the report.

Capital adequacy and solvency

At the end of the period, the Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance) was 15.7 (14.7) %. After deductions, Common Equity Tier 1 capital increased by EUR 58.9 million during the period, which affected the CET1 capital ratio by 2.1 percentage points. The increase in the CET1 capital is pertained to the decision on postponing the decision on dividend payment for the financial year 2019 to a later date. Risk-weighted commitments increased by EUR 207.8 million, which reduced the CET1 capital ratio by 1.0 percentage points. The increase in risk-weighted assets is mainly pertained to an increase in corporate exposures.

The Bank Group applies internal risk classification (IRB) to the calculation of capital requirement for retail, equity and certain corporate exposures. For other exposures the standardised approach is used.

Capital adequacy, %	**30 Jun 2020**	**31 Dec 2019**
Bank Group		
CET1 capital ratio	15.7	14.7
Total capital ratio	18.9	18.6

The total capital requirement for banks consists of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components for Aktia's capital requirements. Taking all buffer requirements into account, the minimum total capital ratio level for the Bank Group was 11.76%, and 9.76% for Tier 1 ratio at the end of the period. The Finnish Financial Supervisory Authority has on 13 December 2019 determined a new Pillar 2 requirement of 1.25 (previously 1.75) % for Aktia. The new requirement entered into force on 30 June 2020.

The authorities have lowered capital requirements in Europe in order to ease the negative effects of the coronavirus pandemic. In Finland the Financial Supervisory Authority has decided on abolishing the requirement on system risk buffer for Finnish credit institutions as of 6 April 2020, which lowered Aktia's capital requirement by 1 percentage point.

Leverage ratio	**30 Jun 2020**	**31 Dec 2019**
Tier 1 capital	447.0	388.1
Total exposures	9,084.9	8,474.5
Leverage ratio, %	**4.9**	**4.6**

The Financial Stability Board has set the minimum requirement in accordance with the bank resolution act for own funds and eligible liabilities that can be written down (MREL requirement) for Aktia Bank Plc. The requirement is twice the minimum capital requirement, including the total buffer requirement at the end of 2017. The MREL requirement amounts to 23.37% of total risk-weighted assets (RWA), however, at least 8% of the balance sheet total.

MREL-requirement (EUR million)	**30 Jun 2019**	**31 Dec 2019**
MREL requirement	717.0	670.9
Own funds and eligible liabilities		
CET1	447.0	388.1
AT1 instruments	0.0	0.0
Tier 2 instruments	121.2	160.4
Other liabilities	652.6	247.9
Total	**1,220.8**	**796.4**

The life insurance company follows the Solvency II directive, in which the calculation for technical provisions are measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority. The increase in the solvency requirement during the period pertains to Aktia's acquisition of Liv-Alandias life insurance portfolio.

Solvency II	**With transitional rules**		**Whitout transitional rules**	
(EUR million)	**30 Jun 2020**	**31 Dec 2019**	**30 Jun 2020**	**31 Dec 2019**
MCR	28.0	24.2	29.5	25.9
SCR	107.9	86.6	117.3	98.3
Eligible capital	148.2	166.3	104.4	120.2
Solvency ratio, %	137.4	192.1	89.0	122.2

Total capital requirement

			Buffer requirements				
30 Jun 2020	**Pillar 1 requirement**	**Pillar 2 requirement**	**Capital Conservation**	**Counter-cyclical**	**O-SII**	**Systemic risk**	**Total**
CET1 capital	4.50	1.25	2.50	0.01	0.00	0.00	8.26
AT1 capital	1.50	0.00					1.50
Tier 2 capital	2.00	0.00					2.00
Total	**8.00**						**11.76**

The Group's risk exposures

The Group focuses primarily on banking, asset management and life insurance operations. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, as well as interest rate and other market risks and actuarial risks in the life insurance business. All of these operations are exposed to business and operational risks.

Definitions and general principles for asset and risk management can be found in note 2 on p. 117–132 in Aktia Bank Plc's Annual and Sustainability Report for 2019, and in Aktia Bank Plc's Capital and Risk Management Report on the Group's website www.aktia.com.

Banking and asset management business

Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is on an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. At the year end 2019 the LTV level amounted on average to 45% for the entire loan book.

Loans past due by time overdue and ECL stages

(EUR million)	30 Jun 2020			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
≤ 30	29.7	25.1	0.7	55.4
of which households	22.4	24.5	0.2	47.0
> 30 ≤ 90	0.0	23.1	1.3	24.4
of which households	0.0	20.8	1.0	21.9
> 90	0.0	0.0	43.8	43.8
of which households	0.0	0.0	36.9	36.9

(EUR million)	31 Dec 2019			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
≤ 30	45.9	23.0	0.5	69.4
of which households	36.3	21.6	0.4	58.3
> 30 ≤ 90	0.0	26.0	1.4	27.4
of which households	0.0	23.3	1.1	24.4
> 90	0.0	0.0	44.4	44.4
of which households	0.0	0.0	38.0	38.0

Credit exposures (incl. off-balance sheet commitments) per probability of default (PD)

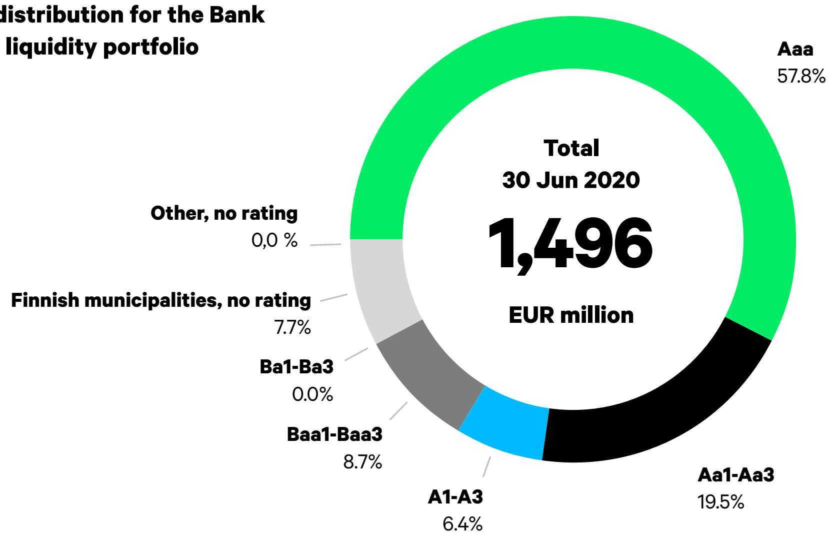
(EUR million)	30 Jun 2020	31 Dec 2019
Corporate		
PD grades A	274.1	199.5
PD grades B	775.8	707.7
PD grades C	687.8	552.1
Default	30.6	20.7
	1,768.3	1,480.0
Loss allowance (ECL)	-16.3	-15.1
Carrying amount	1,752.0	1,464.9
Households		
PD grades A	3,174.8	3,448.6
PD grades B	1,085.5	837.8
PD grades C	845.3	781.1
Default	58.7	51.6
	5,164.3	5,119.1
Loss allowance (ECL)	-14.6	-13.6
Carrying amount	5,149.7	5,105.5
Other		
PD grades A	28.2	26.4
PD grades B	352.4	330.6
PD grades C	52.5	159.2
Default	0.6	0.9
	433.7	517.1
Loss allowance (ECL)	-0.5	-0.5
Carrying amount	433.2	516.7

Market risks

Market risks are formed as a result of price changes and risk factors on the financial market. Market risks include interest rate risk, currency risk, as well as equity and real estate risk.

The interest rate risk constitutes the largest market risk. A structural interest rate risk arises as a result of differences in periods for which interest rates are tied and at repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are managed actively through different trading arrangements, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

Rating distribution for the Bank Group's liquidity portfolio



The bank measures the interest rate risk through sensitivity analyses of the net interest income, and through the present value on interest-bearing assets and liabilities where the interest rate curve is stressed using different interest rate scenarios for a dynamic or parallel change in interest rates.

The Bank Group's interest rate risk is still low. During the second quarter the interest rate risk rose for the NPV measure compared to the first quarter in all calculated interest rate shock scenarios, mainly as a result of updated balance sheet assumptions.

The banking business conducts no equity trading or investments in real estate property for yield purposes.

Equity investments pertaining to business operations amounted to EUR 4.9 (5.0) million. The Bank Group had no real estate holdings at the end of the period.

The Bank Group's total currency exposure is marginal and amounted to EUR 4.6 (4.8) million at the end of the period.

Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,564 (1,104) million at the end of the period.

All bonds met the criteria for refinancing at the central bank.

Liquidity reserve, market value (EUR million)	30 Jun 2020	31 Dec 2019
Cash and balances with central banks	382	271
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	222	195
Securities issued or guaranteed by municipalities or the public sector	115	208
Covered Bonds	845	430
Securities issued by credit institutions	0	0
Securities issued by corporates (commercial papers)	0	0
Total	**1,564**	**1,104**

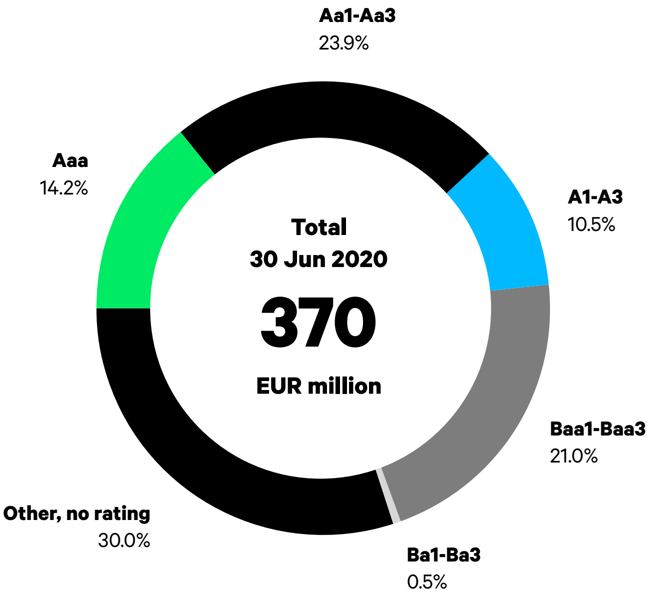
The liquidity risk is, among other things, followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is sufficient to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued securities. The LCR amounted to 137 (118) %.

Liquidity coverage ratio (LCR)*	30 Jun 2020	31 Dec 2019
LCR %	137%	118%

* LCR is calculated according to the resolution published by the EU Commission in October 2014. The authority's minimum requirement for LCR is 100%.

Rating distribution for the life insurance business' direct interest-bearing investments

(excluding investments in fixed income funds, real estates, equities and alternative investments)



Life Insurance Business

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 611 (546) million. The life insurance company's direct real estate investments amounted to EUR 43 (42) million. The properties are located in the Helsinki region and in other growth areas in Southern Finland, and they mostly have long tenancies.

Aktia Life Insurance, allocation of investment portfolio

(EUR million)	30 Jun 2020		31 Dec 2019	
Fixed income investments	**431.4**	**70.6%**	**387.7**	**71.0%**
Government bonds	106.9	17.5%	112.8	20.7%
Financial bonds	73.8	12.1%	114.6	21.0%
Other corporate bonds [1]	176.8	28.9%	80.4	14.7%
Emerging Markets (mtl. funds)	48.2	7.9%	50.1	9.2%
High yield (mtl. funds)	22.4	3.7%	19.5	3.6%
Trade finance (mtl. funds)	3.4	0.5%	10.3	1.9%
Alternative investments	**9.6**	**1.6%**	**6.8**	**1.2%**
Private Equity etc.	9.6	1.6%	6.8	1.2%
Real estates	**71.9**	**11.8%**	**68.7**	**12.6%**
Directly owned	43.4	7.1%	42.5	7.8%
Real estate funds	28.5	4.7%	26.2	4.8%
Money Market	**41.8**	**6.8%**	**48.0**	**8.8%**
Cash and bank	**56.4**	**9.2%**	**34.9**	**6.4%**
Total	**611.0**	**100.0%**	**546.1**	**100.0%**

[1] Includes capital loan to Alandia in connection with the acquisition of their ife insurance portfolio

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 26.0 (16.0) million, which can be used to cover the future interest rate requirement. The average discount rate for the interest-bearing technical provisions after dissolutions from the interest reserve is 2.3% for the coming 10 years. The discount rate is subsequently 3.1%. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. Interest rate risk is the most significant risk in conjunction with technical provisions in the life insurance company. It affects profitability through the spread between rate of return and guaranteed customer rate and capital adequacy as a result of the market valuation of assets and liabilities. Interest rate risk of the company's interest-bearing balance sheet items in the investment portfolio and in the interest-linked and unit-linked technical provisions is calculated through an interest rate stress test (decrease in interest rate) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-term technical provisions and amounted to EUR -46 (-42) million.

Main events

Aktia Asset Management was rewarded in the Refinitiv Lipper Fund Awards 2020

The fund Aktia Corporate Bond+ was rewarded by the Lipper Fund Awards 2020 as the best fund in euro in the series "Bond EUR Global Corporates" in the category "Best Fund Over Past 10 years". The fund award is granted based on the best return development.

Aktia's acquisition of Liv-Alandia's life insurance portfolio completed

Aktia Bank Plc and Alandia Försäkring Abp informed 19 December 2019 that Aktia Life Insurance Ltd and Försäkringsaktiebolaget Liv-Alandia have agreed on the transfer of Alandia's life insurance portfolio to Aktia. Financial Supervisory Authority accepted the transfer, and the acquisition was completed 31 May 2020.

Changes in Aktia's Executive Committee

Irma Gillberg-Hjelt, Executive Vice President, Corporate Customers, resigned from her duties at Aktia 15 April 2020. Carola Nilsson, Executive Vice President, Private Customers, has been appointed acting director for the business area Corporate Customers until a new person in charge is appointed.

Anssi Huhta has been appointed EVP, Corporate customers and member of the Executive Committee at Aktia as of 1 January 2021 at the latest. Huhta reports to the CEO Mikko Ayub.

Lasse Corin was appointed Chief Economist at Aktia

Lasse Corin was appointed Chief Economist at Aktia. In this role, he will monitor and analyse the development of macroeconomics and the investment market.

Aktia was chosen for the sixth time as the best fixed income fund house in Finland

Aktia won the category of Fixed Income Fund House in Morningstar's Finland Awards 2020, which was published on 11 March 2020. It was already the sixth time that Aktia was awarded as the best asset manager in Finland and the eighth consecutive year Aktia was among the three best fixed income fund houses.

Aktia improved significantly its rating in CDP's corporate responsibility ranking

Aktia reached on 23 January 2020 corporate rating B in CDP's international corporate responsibility ranking, which is over the average in the European financial sector. This is a significant improvement compared to last year's rating D-. CDP (former Carbon Disclosure Project) is a global non-profit organisation that collects and spreads company-specific information among other things on climate change mitigation and greenhouse gas emissions. Receiving the rating B means that Aktia takes the risks and possibilities relating to climate change even better into account and takes active measures regarding climate matters.

Google Pay available to Aktia's customers

Aktia expanded its service range of mobile payments and made Google Pay available to its customers on 18 February 2020. By using Google Pay Aktia's customers can use their Android smart devices for payments.

Other information

Rating

On 19 May 2020, Standard & Poor's (S&P) adjusted its outlook for the creditworthiness of Aktia Bank Plc, as well as of six other Finnish banks from stable to negative. The rating is A- for long-term borrowing and A2 for short-term borrowing.

On 11 March 2019, Moody's Investors Service confirmed the long- and short-term deposit ratings of Aktia Bank. The Senior Unsecured rating was A1/P-1. Moody's Investors Service confirmed the rating Aaa for Aktia Bank's long-term Covered Bonds. The outlook is stable. On 16 April 2020, Moody's Investors Service adjusted the outlook for the whole Finnish banking sector from stable to negative, but the decision does not affect bank-specific ratings at this point.

	Long-term borrowing	Short-term borrowing	Outlook	Covered Bonds
Moody's Investors Service	A1	P-1	stable	Aaa
Standard & Poor's	A-	A-2	negative	-

Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G43 and P43 in the Financial statements 2019.

Staff

The number of full-time employees at the end of June amounted to 834 (31 December 2019; 776). The average number of full-time employees amounted to 786 (1 January-30 June 2019; 789).

Incentive scheme

As of 2018, Aktia Bank Plc has launched a new long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy.

The share savings plan AktiaUna is offered to approximately 800 Aktia employees, who will be offered an opportunity to save 2–4% of their salaries (the members of the Group's Executive Committee up to 7%) and regularly acquire the company's shares at a 10% reduced price. Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

Within the scope of the above mentioned AktiaUna savings plan, approximately 60 key employees, including the CEO and the members of the Group's Executive Committee, have been offered a possibility to participate in a performance-based share savings plan. The performance criteria are the Aktia Group's comparable operating profit and net commission income for the performance period.

Matching shares for the first AktiaUna share savings programme, including the performance-based part of the programme, for 2018–2019 have been regulated during the second quarter 2020.

For more information on the incentive scheme see www.aktia.com > Corporate Governance > Remuneration.

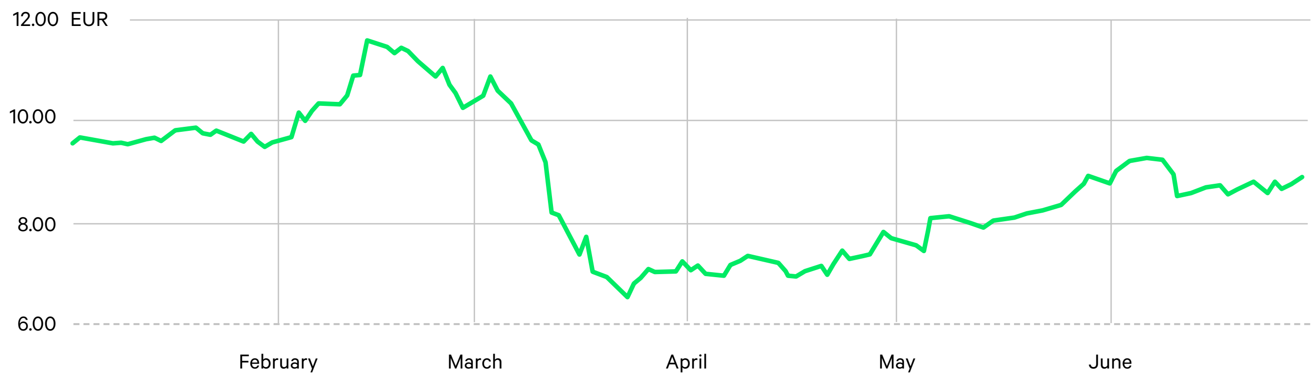
Decisions of Aktia Bank Plc's Annual General Meeting 2020

The Annual General Meeting of Aktia Bank Plc on 16 April 2020 has adopted the financial statements of the parent company and the consolidated financial statements and discharged the previous members of the Board of Directors, the Managing Director and his deputy from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided, taking into account the recommendations issued by the authorities', to authorise the Board to at a later date decide on the payment of a maximum dividend of EUR 0.63 per share for the accounting period 1 January – 31 December 2019 with a payment at one or more occasions, however, at the earliest on 1 October 2020. The authorisation is in force until the Annual General Meeting 2021. The Board was authorised to decide on the record date and the date of payment of a possible dividend. Aktia will notify of the decisions separately.

The Annual General Meeting confirmed the number of board members as nine. Christina Dahlblom, Johan Hammarén, Maria Jerhamre Engström, Johannes Schulman, Lasse Svens and Arja Talma were re-elected as Board members. As new members of the Board of Directors were elected Kari A.J.

Development of Aktia's share 2 January–30 June 2020



Järvinen, M.Sc.Eng., Harri Lauslahti, M.Sc.Econ., and Olli-Petteri Lehtinen, M.Sc.Econ. All board members were elected for a term of office continuing up until the end of the next Annual General Meeting.

The Annual General Meeting determined that the number of auditors shall be one, and re-elected APA firm KPMG Oy Ab as auditor. Remuneration to the auditor shall be paid against the auditor's reasonable invoice.

The Annual General Meeting adopted the proposal of the Board of Directors regarding the right to a share incorporated in the book-entry system and the rights that the share carries have been forfeited for the shares in Aktia Bank Plc's collective account. The shares now object for forfeiture are shares the owner-customers of Veritas Mutual Non-Life Insurance Company received, on the basis of paid insurance premiums, as merger consideration in connection with the merger of Veritas Mutual Non-Life Insurance Company to Aktia Plc on 1 January 2009 and those shares still in the company's collective account and for which a request for registration to the book-entry account has not been put forward before the Annual General Meeting's decision on the matter on 16 April 2020.

All proposals mentioned above are included in the Summons to the Annual General Meeting published on the website www.aktia.com under About Aktia > Corporate Governance > Annual General Meeting > Annual General Meeting 2020.

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 169.7 million. At the end of June 2020, the number of Aktia shares was 70,221,488. The total number of registered holders amounted to 36,640 (30 June 2019; 36,788). 8.21% of the shares were in foreign ownership. The number of unregistered shares was 765,116 on 30 June 2020, corresponding to 1.1% of the total number of shares. On 30 June 2020, the Group held 85,578 Aktia shares (30 June 2019; 29,321). Aktia Bank Plc's market value on 30 June 2020, the last trading day of the period, was approximately EUR 620 million. The closing price for the Aktia share on 30 June 2020 was EUR 8.82. The highest price for the Aktia share during the period was EUR 11.56 and the lowest EUR 6.51.

The average daily turnover of the Aktia share during January–June 2020 was EUR 1,286,339 or 141,585 shares.

(EUR million)	Number of shares	Share capital	Unrestric-ted equity reserve
1 Jan 2019	**69,027,794**	**163.0**	**108.9**
Share issue 16 May 2019	66,959	-	0.6
Share issue 14 Nov 2019	77,684	-	0.7
Other changes	-	-	-
31 Dec 2019	**69,172,437**	**163.0**	**110.2**
Share issue 14 Feb 2020	744,696	6.7	-
Share issue 4 May 2020	220,000	-	1.7
Share issue 27 May 2020	84,355	-	0.6
Other changes	-	-	0.2
30 Jun 2020	**70,221,488**	**169.7**	**112.6**

Corporate responsibility

Corporate responsibility is a part of Aktia's strategy and supports our value creation for the customers. Aktia has continued its systematic development of corporate responsibility from last year. We have, among other things, continued as planned to introduce the WWF Green Office environmental system in our future head office, as well as actively promoted the development of the responsibility of our procurement.

The carbon footprint for our own equity funds was on average 66 (50) %, smaller than that of our reference markets, which is a very good result for us. Our long-term goal is to have a smaller carbon footprint than that on the reference market. Personal and Premium Banking customers' satisfaction with customer meetings, which describes the success of our customer service, was also stable and amounted to 66 (66). Our goal is to exceed 50.

Financial targets up until 2023

The financial targets stipulated by the Board of Directors in September 2019 are:

- comparable operating profit of EUR 100 million (2019; EUR 68.2 million),
- return on equity (ROE) above 11% (2019; 10.3%),
- comparable cost-to-income ratio under 0.60 (2019; 0.66) and
- Common Equity Tier 1 capital ratio (CET 1) 1.5–3 percentage points over the regulatory requirement (2019; 3.4 percentage points over the minimum capital requirement 11.3%).

Risks and outlook

Risks (unchanged)

Aktia's 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, as well as the competitive situation. The demand for banking, insurance, and wealth management services can be changed by these factors.

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

Any future impairment of credits in Aktia's loan book could be due to many factors, of which the most important are the general economic situation, the interest rate level, the level of unemployment and the development of house prices.

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

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

Increased regulation of banking and insurance operations has led to more stringent capital and liquidity requirements for the bank. The new regulations have also resulted in increased competition for deposits, higher demands on long-term financing and higher fixed costs.

The outbreak of the coronavirus pandemic during the first quarter of the year and the measures taken for limiting its development have influenced both the real economy and the financial market. The rapid movements on the equity market and the initial rapid downfall have increased the risk relating to the value of the Group's investment assets.

The development of the commission income is dependent also on the volume and the value development of assets under management, which in turn has increased the risks pertaining to the Group's income and profitability as a result of market fluctuations.

The uncertainty on the financial market relating to the impact of the pandemic as well as its duration, have towards the end of the first quarter increased the risk for refinancing and liquidity, which has up to the present mainly been reflected in higher refinancing prices for Aktia.

The decline in real economy and the economic challenges for both private and corporate customers, cautiousness in investments, deteriorating liquidity or preparations in case of a deterioration, as well as challenges in production, purchases, distribution and demand for services and products, increase the risk for financial difficulties for loan customers and therefore also the risk for future impairments of the credit portfolio.

Challenges in the real economy and the rise in unemployment increase the risk relating to the security value for real estate that are used as security for loans, which in turn increases the risk for possible impairments of the credit portfolio. During the first quarter the increase in Aktia's credit risk was mainly reflected in the increase in the number of applications for an instalment-free period that have been received as a result of the campaign for instalment-free periods for loans, and through an increase in the flexibility of loan management at the end of the first quarter. The impact of the coronavirus pandemic and the effects of the measures taken to prevent it are being monitored and assessed continuously so that the long-term effects of the pandemic on Aktia's risks can be confirmed at a later stage.

Outlook 2020 (updated)

Aktia Group's results for 2020 is still very much dependent on how a possible new escalation of the COVID-19 pandemic will affect market values, customer behaviour and impairment levels during the end of the year. The visibility for 2020 is therefore very poor. Aktia is for the moment suspending its outlook for the operating profit 2020. Despite the weak result due to the coronavirus during the first half of the year, the financial performance is expected to be stable during the second half of the year, provided market and social conditions are stable:

- Continued growth in net interest income. The recovery in commission income from especially fund and asset management is dependent on changes in market values.
- Net income from life insurance is still very much dependent on changes in market values.
- Provisions for expected future credit losses are expected to continue on a moderate level during the second half of the year at the same time as Aktia's liquidity and capital adequacy is still strong.

Tables and notes to the Half-year report

Key figures

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019
Earnings per share (EPS), EUR	0.22	0.50	-57%	0.19	0.03	0.23	0.16	0.30
Total earnings per share, EUR	0.23	0.63	-63%	0.30	-0.07	0.06	0.17	0.38
Equity per share (NAV), EUR *1	8.97	8.58	5%	8.97	8.68	8.82	8.76	8.58
Average number of shares (excl. treasury shares), million2	69.7	69.0	1%	69.7	69.5	69.0	69.0	69.0
Number of shares at the end of the period (excl. treasury shares), million1	70.1	69.1	2%	70.1	69.9	69.1	69.1	69.1
Return on equity (ROE), %*	4.9	11.8	-59%	8.4	1.4	10.5	7.4	13.7
Return on assets (ROA), %*	0.30	0.74	-59%	0.52	0.08	0.66	0.47	0.85
Cost-to-income ratio*	0.76	0.63	21%	0.66	0.89	0.64	0.71	0.58
Common Equity Tier 1 capital ratio. CET1 (Bank Group), %1	15.7	16.5	-5%	15.7	15.9	14.7	15.6	16.5
Tier 1 capital ratio (Bank Group), %1	15.7	16.5	-5%	15.7	15.9	14.7	15.6	16.5
Capital adequacy ratio (Bank Group), %1	18.9	18.6	2%	18.9	19.4	18.6	20.0	18.6
Risk-weighted assets (Bank Group)1	2,844.8	2,383.5	19%	2,844.8	2,746.0	2,636.9	2,495.4	2,383.5
Capital adequacy ratio (finance and insurance conglomerate), %1	135.7	148.6	-9%	135.7	136.2	131.6	129.4	148.6
Equity ratio, %*1	6.3	6.3	0%	6.3	6.2	6.4	6.4	6.3
Group financial assets*1	2,435.5	2,188.2	11%	2,435.5	2,234.9	2,094.7	2,208.9	2,188.2
Customer assets under management*1,3	9,233.3	9,326.5	-1%	9,233.3	8,135.9	9,853.1	9,849.4	9,326.5
Borrowing from the public1	4,499.9	4,139.9	9%	4,499.9	4,260.1	4,059.8	4,116.3	4,139.9
Lending to the public1	6,693.8	6,246.4	7%	6,693.8	6,589.6	6,429.1	6,273.5	6,246.4
Premiums written before reinsurers' share*	53.0	50.6	5%	17.3	35.8	39.5	28.5	26.0
Expense ratio, % (life insurance company)*2	89.3	76.6	17%	89.3	88.3	73.9	75.5	76.6
Solvency ratio (life insurance company), %	137.4	188.5	-27%	137.4	171.7	192.1	166.3	188.5
Eligible capital (life insurance company)	148.2	160.9	-8%	148.2	146.3	166.3	153.1	160.9
Investments at fair value (life insurance company)*1	1,390.1	1,321.7	5%	1,390.1	1,186.9	1,345.0	1,331.7	1,321.7
Technical provisions for risk insurances and interest-related insurances1	459.3	387.8	18%	459.3	383.8	390.4	381.9	387.8
Technical provisions for unit-linked insurances1	856.4	832.1	3%	856.4	753.4	869.4	844.7	832.1
Group's personnel (FTEs), average number of employees	786	788	0%	797	771	773	804	794
Group's personnel (FTEs), at the end of the period1	834	828	1%	834	767	776	767	828
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio*	0.76	0.69	10%	0.66	0.89	0.64	0.65	0.69
Comparable earnings per share (EPS), EUR*	0.22	0.36	-39%	0.19	0.03	0.23	0.20	0.16
Comparable return on equity (ROE), %*	4.9	8.4	-42%	8.5	1.4	10.5	9.2	7.2

* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information.
As from the second quarter of 2017, Aktia presents a number of new APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in the table under the Group's income statement and comprehensive income.
1) At the end of the period
2) Cumulative from the beginning of the year
3) Excluding fund in funds (comparative periods recalculated)

Formulas for the key figures are available in Aktia Bank Plc's Annual and Sustainability Report 2019 on page 104.

Consolidated income statement

(EUR million)	Note	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Net interest income	3	39.8	38.7	3%	77.6
Dividends		0.3	0.2	95%	0.5
Commission income		52.9	53.5	-1%	110.4
Commission expenses		-4.8	-5.5	13%	-11.3
Net commission income		48.1	47.9	0%	99.1
Net income from life insurance	4	4.9	14.9	-67%	30.0
Net income from financial transactions	5	0.3	1.5	-77%	2.9
Other operating income		1.2	10.1	-88%	11.4
Total operating income		**94.7**	**113.3**	**-16%**	**221.4**
Staff costs		-35.0	-33.5	5%	-69.0
IT expenses		-11.9	-13.0	-8%	-26.2
Depreciation of tangible and intangible assets		-9.4	-9.8	-4%	-19.5
Other operating expenses		-15.6	-14.9	5%	-29.2
Total operating expenses		**-71.9**	**-71.1**	**1%**	**-143.9**
Impairment of credits and other commitments	7	-3.2	-2.5	27%	-4.5
Impairment of other receivables		-0.4	-	-	-
Share of profit from associated companies		-0.1	1.7	-	1.7
Operating profit		**19.1**	**41.4**	**-54%**	**74.8**
Taxes		-4.0	-6.6	-39%	-12.9
Profit for the period		**15.1**	**34.8**	**-57%**	**61.8**
Attributable to:					
Shareholders in Aktia Bank Plc		15.1	34.8	-57%	61.8
Total		**15.1**	**34.8**	**-57%**	**61.8**
Earnings per share (EPS), EUR		0.22	0.50	-57%	0.90
Earnings per share (EPS) after dilution, EUR		0.22	0.50	-57%	0.90
Operating profit excluding items affecting comparability:					
Operating profit		19.1	41.4	-54%	74.8
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc		-	-0.5	-	-0.5
Profit from divestment of shares in Samlink Ltd		-	-9.6	-	-9.6
Operating expenses:					
Costs for restructuring		0.2	0.1	71%	3.5
Comparable operating profit		**19.3**	**31.4**	**-39%**	**68.2**

Consolidated statement of comprehensive income

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Profit for the period	15.1	34.8	-57%	61.8
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets	2.9	9.0	-67%	2.8
Change in valuation of fair value for cash flow hedging	0.0	-	-	-
Transferred to the income statement for financial assets	-2.0	-0.4	-380%	-5.3
Comprehensive income from items which can be transferred to the income statement	1.0	8.6	-88%	-2.6
Defined benefit plan pensions	-	-	-	-0.3
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.3
Total comprehensive income for the period	**16.1**	**43.4**	**-63%**	**59.0**
Total comprehensive income attributable to:				
Shareholders in Aktia Bank Plc	16.1	43.4	-63%	59.0
Total	**16.1**	**43.4**	**-63%**	**59.0**
Total earnings per share, EUR	0.23	0.63	-63%	0.85
Total earnings per share after dilution, EUR	0.23	0.63	-63%	0.85
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	16.1	43.4	-63%	59.0
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc	-	-0.4	-	-0.4
Profit from divestment of shares in Samlink Ltd	-	-9.6	-	-9.6
Operating expenses:				
Costs for restructuring	0.2	0.1	71%	2.8
Comparable total comprehensive income	**16.2**	**33.5**	**-52%**	**51.8**

Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Net income from financial transactions	-	0.5	-	0.5
Other operating income	-	9.6	-	9.6
Total operating income	**-**	**10.1**	**-**	**10.1**
Staff costs	-0.2	-0.1	71%	-2.2
Other operating expenses	-	-	-	-1.3
Total operating expenses	**-0.2**	**-0.1**	**71%**	**-3.5**
Operating profit	**-0.2**	**9.9**	**-**	**6.5**
Taxes	0.0	-0.1	-	0.6
Total comprehensive income for the year	**-0.2**	**9.9**	**-**	**7.2**

Consolidated balance sheet

(EUR million)	Note	30 Jun 2020	31 Dec 2019	Δ %	30 Jun 2019
Assets					
Interest-bearing securities		101.0	19.4	421%	10.9
Shares and participations		146.4	148.1	-1%	136.1
Investments for unit-linked investments		856.9	871.6	-2%	832.7
Financial assets measured at fair value through income statement	8	1,104.3	1,039.1	6%	979.7
Interest-bearing securities		1,334.2	1,240.3	8%	1,411.3
Financial assets measured at fair value through other comprehensive income	8	1,334.2	1,240.3	8%	1,411.3
Interest-bearing securities	7,8	391.1	336.5	16%	362.2
Lending to Bank of Finland and credit institutions	7,8	24.0	17.3	39%	30.1
Lending to the public and public sector entities	7,8	6,693.8	6,429.1	4%	6,246.4
Cash and balances with central banks	8	431.0	315.4	37%	234.7
Financial assets measured at amortised cost		7,540.0	7,098.3	6%	6,873.4
Derivative instruments	6,8	70.4	68.1	3%	88.4
Investments in associated companies and joint ventures		0.2	0.1	52%	0.1
Intangible assets		59.9	62.8	-5%	65.3
Right-of-use assets		23.8	11.8	101%	14.0
Investment properties		43.3	42.2	3%	31.2
Other tangible assets		3.0	2.1	41%	2.7
Tangible and intangible assets		130.0	118.9	9%	113.2
Other assets		135.5	128.9	5%	65.3
Income tax receivables		2.2	0.4	428%	0.3
Deferred tax receivables		2.9	2.9	0%	1.5
Tax receivables		5.0	3.3	53%	1.8
Total assets		**10,319.5**	**9,697.1**	**6%**	**9,533.1**
Liabilities					
Liabilities to central banks		500.0	400.0	25%	400.0
Liabilities to credit institutions		133.4	197.6	-32%	184.8
Liabilities to the public and public sector entities		4,499.9	4,059.8	11%	4,139.9
Deposits	8	5,133.3	4,657.5	10%	4,724.6
Derivative instruments	6,8	12.8	9.8	30%	13.2
Debt securities issued		2,721.1	2,622.7	4%	2,538.4
Subordinated liabilities		187.7	215.4	-13%	175.0
Other liabilities to credit institutions		32.3	35.1	-8%	42.8
Other liabilities to the public and public sector entities		150.0	150.0	0%	100.0
Other financial liabilities	8	3,091.1	3,023.1	2%	2,856.3
Technical provisions for risk insurances and interest-related insurances		459.3	390.4	18%	387.8
Technical provisions for unit-linked insurances		856.4	869.4	-1%	832.1
Technical provisions		1,315.7	1,259.8	4%	1,219.9
Other liabilities		84.7	81.1	4%	69.8
Provisions		1.1	1.0	13%	0.9
Income tax liabilities		0.3	4.3	-92%	1.0
Deferred tax liabilities		51.5	50.5	2%	54.5
Tax liabilities		51.9	54.8	-5%	55.4
Total liabilities		**9,690.5**	**9,087.1**	**7%**	**8,940.2**
Equity					
Restricted equity		185.8	178.1	4 %	189.3
Unrestricted equity		443.2	431.9	3 %	403.6
Total equity		**629.0**	**610.0**	**3 %**	**592.9**
Total liabilities and equity		**10,319.5**	**9,697.1**	**6 %**	**9,533.1**

Consolidated off-balance-sheet commitments

(EUR million)	30 Jun 2020	31 Dec 2019	Δ %	30 Jun 2019
Guarantees	24.9	28.3	-12%	31.8
Other commitments provided to a third party	6.8	5.5	25%	4.7
Commitments provided to a third party on behalf of the customers	31.8	33.7	-6%	36.5
Unused credit arrangements	627.9	592.4	6%	533.1
Other commitments provided to a third party	9.9	14.4	-31%	23.4
Irrevocable commitments provided on behalf of customers	637.8	606.9	5%	556.5
Total	**669.5**	**640.6**	**5%**	**593.0**

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Total equity
Equity as at 1 January 2019	**163.0**	**17.7**	**1.4**	**108.9**	**298.9**	**589.9**
Share issue				1.3		1.3
Divestment of treasury shares				0.0	0.8	0.7
Dividend to shareholders					-42.1	-42.1
Profit for the year					61.8	61.8
Financial assets		-2.6				-2.6
Defined benefit plan pensions					-0.3	-0.3
Total comprehensive income for the year		-2.6			61.5	59.0
Change in share-based payments (IFRS 2)			1.2			1.2
Equity as at 31 December 2019	**163.0**	**15.1**	**2.6**	**110.2**	**319.1**	**610.0**
Equity as at 1 January 2020	**163.0**	**15.1**	**2.6**	**110.2**	**319.1**	**610.0**
Share issue	6.7			2.3	-6.1	2.9
Acquisition of treasury shares					-1.7	-1.7
Divestment of treasury shares				0.2	1.3	1.4
Profit for the period					15.1	15.1
Financial assets		1.0				1.0
Cash flow hedging		0.0				0.0
Total comprehensive income for the period		1.0			15.1	16.1
Change in share-based payments (IFRS 2)			-0.5		0.8	0.3
Equity as at 30 June 2020	**169.7**	**16.1**	**2.1**	**112.6**	**328.5**	**629.0**
Equity as at 1 January 2019	**163.0**	**17.7**	**1.4**	**108.9**	**298.9**	**589.9**
Share issue				0.6		0.6
Divestment of treasury shares				0.0	0.8	0.7
Dividend to shareholders					-42.1	-42.1
Profit for the period					34.8	34.8
Financial assets		8.6				8.6
Total comprehensive income for the period		8.6			34.8	43.4
Change in share-based payments (IFRS 2)			0.3		-	0.3
Equity as at 30 June 2019	**163.0**	**26.3**	**1.7**	**109.5**	**292.4**	**592.9**

Consolidated cash flow statement

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Cash flow from operating activities				
Operating profit	19.1	41.4	-54%	74.8
Adjustment items not included in cash flow	21.4	3.9	443%	6.8
Unwound fair value hedging	-	-	-	7.5
Paid income taxes	-9.0	-6.3	-42%	-11.9
Cash flow from operating activities before change in receivables and liabilities	**31.5**	**39.0**	**-19%**	**77.1**
Increase (-) or decrease (+) in receivables from operating activities	-404.5	-281.4	-44%	-405.1
Increase (+) or decrease (-) in liabilities from operating activities	519.3	258.0	101%	381.1
Total cash flow from operating activities	**146.3**	**15.6**	**839%**	**53.1**
Cash flow from investing activities				
Proceeds from sale of group companies and associated companies	-	9.6	-	9.6
Investment in investment properties	-2.3	-1.7	-35%	-7.9
Proceeds from sale of investment properties	-	10.7	-	10.8
Investment in tangible and intangible assets	-4.2	-4.5	8%	-7.8
Proceeds from sale of tangible and intangible assets	-	-	-	0.0
Share issue and capital loan to associated companies	-0.1	-	-	-
Acquisition of Liv-Alandia's life insurance portfolio	7.0	-	-	-
Total cash flow from investing activities	**0.4**	**14.1**	**-97%**	**4.8**
Cash flow from financing activities				
Subordinated liabilities	-27.7	-32.8	15%	7.5
Dividend/share issue to the non-controlling interest	-3.0	-2.3	-30%	-2.3
Divestment of treasury shares	1.4	0.7	93%	0.7
Paid dividends	-	-42.1	-	-42.1
Total cash flow from financing activities	**-29.3**	**-76.5**	**62%**	**-36.1**
Change in cash and cash equivalents	**117.3**	**-46.8**	**-**	**21.7**
Cash and cash equivalents at the beginning of the year	286.1	264.4	8%	264.4
Cash and cash equivalents at the end of the period	403.4	217.6	85%	286.1
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	1.3	3.0	-56%	1.8
Bank of Finland current account	380.7	187.5	103%	269.4
Repayable on demand claims on credit insitutions	21.3	27.1	-21%	14.8
Total	**403.4**	**217.6**	**85%**	**286.1**
Adjustment items not included in cash flow consist of:				
Impairment of interest-bearing securities	0.1	-0.1	-	-0.3
Unrealised value change of financial assets measured at fair value through income statement	6.8	-3.2	-	-4.4
Impairment of credits and other commitments	3.2	2.5	27%	4.5
Change in fair value	5.2	0.1	-	-0.5
Depreciation and impairment of tangible and intangible assets	6.2	6.4	-2%	12.7
Sales gains and losses from tangible and intangible assets	-	-0.9	-	-0.9
Unwound fair value hedging	-1.0	-1.8	42%	-3.1
Change in fair values of investment properties	1.2	-0.2	-	-5.2
Change in share-based payments	-0.7	-0.2	-265%	0.7
Other adjustments	0.5	1.5	-66%	3.3
Total	**21.4**	**3.9**	**443%**	**6.8**

Quarterly trends in the Group

(EUR million)

Income statement	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**	**Jan-Jun 2020**	**Jan-Jun 2019**
Net interest income	20.1	19.7	19.3	19.6	19.2	39.8	38.7
Dividends	0.1	0.2	0.0	0.3	0.2	0.3	0.2
Net commission income	22.9	25.2	25.8	25.3	24.8	48.1	47.9
Net income from life insurance	10.1	-5.2	8.3	6.8	6.6	4.9	14.9
Net income from financial transactions	1.3	-1.0	0.9	0.5	0.1	0.3	1.5
Other operating income	0.2	1.0	0.9	0.4	9.8	1.2	10.1
Total operating income	**54.8**	**39.9**	**55.2**	**52.9**	**60.6**	**94.7**	**113.3**
Staff costs	-18.4	-16.6	-16.9	-18.6	-17.1	-35.0	-33.5
IT expenses	-6.4	-5.6	-6.8	-6.4	-6.2	-11.9	-13.0
Depreciation of tangible and intangible assets	-4.8	-4.6	-4.9	-4.8	-4.9	-9.4	-9.8
Other operating expenses	-6.7	-8.9	-6.7	-7.7	-6.8	-15.6	-14.9
Total operating expenses	**-36.3**	**-35.6**	**-35.3**	**-37.5**	**-35.0**	**-71.9**	**-71.1**
Impairment of credits and other commitments	-1.8	-1.4	-0.8	-1.2	-1.4	-3.2	-2.5
Impairment of other receivables	-0.4	-	-	-	-	-0.4	-
Share of profit from associated companies	0.0	-0.1	0.0	0.0	-	-0.1	1.7
Operating profit	**16.3**	**2.8**	**19.1**	**14.3**	**24.2**	**19.1**	**41.4**
Taxes	-3.3	-0.7	-3.2	-3.1	-3.6	-4.0	-6.6
Profit for the period	**13.0**	**2.1**	**15.9**	**11.2**	**20.6**	**15.1**	**34.8**
Attributable to:							
Shareholders in Aktia Bank Plc	13.0	2.1	15.9	11.2	20.6	15.1	34.8
Total	**13.0**	**2.1**	**15.9**	**11.2**	**20.6**	**15.1**	**34.8**
Earnings per share (EPS), EUR	0.19	0.03	0.23	0.16	0.30	0.22	0.50
Earnings per share (EPS) after dilution, EUR	0.19	0.03	0.23	0.16	0.30	0.22	0.50

Operating profit excluding items affecting comparability:	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**	**Jan-Jun 2020**	**Jan-Jun 2019**
Operating profit	16.3	2.8	19.1	14.3	24.2	19.1	41.4
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-	-0.5	-	-0.5
Profit from divestment of shares in Samlink Ltd	-	-	-	-	-9.6	-	-9.6
Operating expenses:						-	-
Costs for restructuring	0.2	-	0.1	3.3	0.1	0.2	0.1
Comparable operating profit	**16.5**	**2.8**	**19.2**	**17.6**	**14.3**	**19.3**	**31.4**

(EUR million)

Comprehensive income	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**	**Jan-Jun 2020**	**Jan-Jun 2019**
Profit for the period	13.0	2.1	15.9	11.2	20.6	15.1	34.8
Other comprehensive income after taxes:							
Change in fair value for financial assets	8.7	-5.7	-7.0	0.8	5.5	2.9	9.0
Change in fair value for cash flow hedging	0.0	-	-	-	-	0.0	-
Transferred to the income statement for financial assets	-0.7	-1.3	-4.6	-0.3	0.0	-2.0	-0.4
Comprehensive income from items which can be transferred to the income statement	8.0	-7.0	-11.7	0.5	5.5	1.0	8.6
Defined benefit plan pensions	-	-	-0.3	-	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-0.3	-	-	-	-
Total comprehensive income for the period	**21.0**	**-4.9**	**3.9**	**11.6**	**26.1**	**16.1**	**43.4**
Total comprehensive income attributable to:							
Shareholders in Aktia Bank Plc	21.0	-4.9	3.9	11.6	26.1	16.1	43.4
Total	**21.0**	**-4.9**	**3.9**	**11.6**	**26.1**	**16.1**	**43.4**
Total earnings per share, EUR	0.30	-0.07	0.06	0.17	0.38	0.23	0.63
Total earnings per share after dilution, EUR	0.30	-0.07	0.06	0.17	0.38	0.23	0.63

Total comprehensive income excluding items affecting comparability:	**2Q2020**	**1Q2020**	**4Q2019**	**3Q2019**	**2Q2019**	**Jan-Jun 2020**	**Jan-Jun 2019**
Operating profit	21.0	-4.9	3.9	11.6	26.1	16.1	43.4
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-	-0.4	-	-0.4
Profit from divestment of shares in Samlink Ltd	-	-	-	-	-9.6	-	-9.6
Operating expenses:							
Costs for restructuring	0.2	-	0.1	2.7	0.1	0.2	0.1
Comparable total comprehensive income	**21.2**	**-4.9**	**4.0**	**14.3**	**16.2**	**16.2**	**33.5**

Quarterly trends in the Segments

Banking Business	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	Jan-Jun 2020	Jan-Jun 2019
Net interest income	17.9	16.9	16.6	17.4	16.8	34.9	33.4
Net commission income	15.1	16.6	16.7	16.8	17.1	31.7	33.1
Other operating income	0.1	0.7	0.1	0.1	0.1	0.8	0.1
Total operating income	**33.1**	**34.3**	**33.4**	**34.3**	**34.0**	**67.3**	**66.7**
Staff costs	-5.3	-4.6	-5.1	-7.0	-5.3	-10.0	-10.0
Other operating expenses[1]	-20.3	-20.9	-19.5	-20.9	-19.8	-41.2	-41.8
Total operating expenses	**-25.6**	**-25.6**	**-24.6**	**-27.8**	**-25.1**	**-51.2**	**-51.7**
Impairment of credits and other commitments	-1.8	-1.4	-0.7	-1.3	-1.4	-3.1	-2.5
Impairment of other receivables	-0.4	-	-	-	-	-0.4	-
Operating profit	**5.3**	**7.3**	**8.1**	**5.2**	**7.5**	**12.6**	**12.4**
Comparable operating profit	**5.4**	**7.3**	**8.1**	**8.4**	**7.6**	**12.7**	**12.5**

Asset Management	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	Jan-Jun 2020	Jan-Jun 2019
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commission income	9.4	10.2	10.9	10.3	9.6	19.6	18.6
Net income from life insurance	9.2	-6.3	7.2	5.7	5.5	2.9	12.6
Other operating income	0.0	0.1	0.2	0.1	0.1	0.1	0.1
Total operating income	**18.7**	**3.9**	**18.3**	**16.1**	**15.1**	**22.6**	**31.3**
Staff costs	-3.6	-3.6	-3.8	-3.6	-3.5	-7.3	-6.9
Other operating expenses[1]	-4.6	-4.5	-4.5	-4.3	-4.5	-9.0	-8.9
Total operating expenses	**-8.2**	**-8.1**	**-8.3**	**-7.9**	**-8.0**	**-16.3**	**-15.8**
Operating profit	**10.5**	**-4.2**	**10.0**	**8.2**	**7.1**	**6.3**	**15.5**
Comparable operating profit	**10.5**	**-4.2**	**10.0**	**8.2**	**7.1**	**6.3**	**15.5**

Group Functions	2Q2020	1Q2020	4Q2019	3Q2019	2Q2019	Jan-Jun 2020	Jan-Jun 2019
Net interest income	2.2	2.7	2.7	2.2	2.4	5.0	5.2
Net commission income	1.5	1.7	1.5	1.6	1.4	3.1	2.9
Other operating income	1.6	-0.5	1.5	1.1	10.0	1.1	11.7
Total operating income	**5.3**	**4.0**	**5.7**	**4.8**	**13.8**	**9.2**	**19.8**
Staff costs	-9.5	-8.3	-8.0	-8.1	-8.3	-17.7	-16.6
Other operating expenses[1]	4.8	4.1	3.4	4.1	4.1	8.8	8.4
Total operating expenses	**-4.7**	**-4.2**	**-4.7**	**-4.0**	**-4.2**	**-8.9**	**-8.2**
Impairment of credits and other commitments	-	0.0	0.0	0.0	-	0.0	-
Operating profit	**0.6**	**-0.3**	**1.0**	**0.9**	**9.6**	**0.3**	**11.7**
Comparable operating profit	**0.7**	**-0.3**	**1.1**	**1.0**	**-0.4**	**0.4**	**1.6**

1) The net cost for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

Note 1. Basis for preparing the half-year report and important accounting principles

Basis for preparing the half-year report

Aktia Bank Plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The half-year report for the period 1 January–30 June 2020 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The half-year report does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2019. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The half-year report for the period 1 January–30 June 2020 was approved by the Board of Directors on 4 August 2020.

Aktia Bank Plc's financial statements and interim reports are available on the Group's website www.aktia.com.

Key accounting principles

In preparing the half-year report the Group has followed the accounting principles applicable to the annual report of 31 December 2019.

Accounting principles requiring management discretion

The calculation of ECL (Expected Credit Loss) includes essential assessments due to the current uncertainty and the low visibility regarding the effects of the coronavirus crisis. To support the Group's ECL calculations an expert panel has been established in order to observe relevant future macroeconomic factors. Macro-economic factors taken into account include, for example, unemployment, interest rate level, inflation, residential and commercial property prices. The methodologies and scenarios over future macroeconomic prerequisites have been updated per quarter and include essential assessments e.g. in order to observe the coronavirus crisis' impact on future expected credit losses. The assessment includes several considerations, the Group has among other things taken into account the authorities' extensive stimulus packages. In the calculation of the ECL it has also been taken into account that the instalment-free periods due to the corona crisis do not automatically lead to an increased need for provisions, the assessment is carried out individually in conjunction with the handling of the applications. The assessments have been made on the basis of the information available at the date of reporting. Due to the current uncertainty and the limited availability on trustworthy data the assessments for the future include significant uncertainty, which could have a considerable effect on the ECL estimate. The macroeconomic development and the assessments of credit quality are revised continuously during coming quarters.

Aktia has updated the internal principles for allocation of internal Group costs and fund commissions as of 1 January 2020. In addition, currency income from incoming and outgoing payments have been transferred from net results from financial transactions to net commission income. Aktia's comparable numbers that are updated according to the new principles for each quarter 2019 have been published in a stock exchange release on 28 April 2020. The change affects the net commission income, other operating income, total operating income, other operating expenses, total operating expenses, operating profit and comparable operating profit in the Banking, Asset Management and Group Functions segments.

No new or adjusted IFRS standards have been taken into use this year.

The following new and amended IFRSs will affect the reporting of future transactions and business:

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. IFRS 17 means new starting points for reporting and measurement of insurance contracts as well as rules on how insurance contracts are presented in the notes. The aim of the new standard is to increase transparency, give a more accurate picture of the results of the insurance contracts and to reduce the differences in accounting between different insurance contracts. The insurance standard IFRS 17 was published on 18 May 2017. In June 2019 propositions on changes in the standard were published and according to these the adjusted standard will be implemented as of 1 January 2022. The standard is expected to be approved by the EU during 2021 and the compulsory implementation within EU will thus be 1 January 2023. The Aktia Group aims at implementing IFRS 17 when the standard becomes compulsory within EU.

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have any significant impact on the Group's future results, financial position or explanatory notes.

Note 2. Group's risk exposure

The Bank Group's capital adequacy

Banking Group includes Aktia Bank Plc and all its subsidiaries except for Aktia Life Insurance Ltd, and forms a consolidated group in accordance with the capital adequacy regulations.

(EUR million)	**30 Jun 2020**		**31 Dec 2019**		**30 Jun 2019**	
Calculation of the Bank Group's capital base	**Group**	**Bank Group**	**Group**	**Bank Group**	**Group**	**Bank Group**
Total assets	**10,319.5**	**8,963.0**	**9,697.1**	**8,385.8**	**9,533.1**	**8 247.6**
of which intangible assets	59.9	59.1	62.8	62.4	65.3	65.0
Total liabilities	**9,690.5**	**8,418.2**	**9,087.1**	**7,864.8**	**8,940.2**	**7,741.6**
of which subordinated liabilities	187.7	187.7	215.4	215.4	175.0	175.0
Share capital	169.7	169.7	163.0	163.0	163.0	163.0
Fund at fair value	16.1	12.0	15.1	7.7	26.3	12.5
Restricted equity	185.8	181.7	178.1	170.7	189.3	175.5
Unrestricted equity reserve and other funds	114.7	114.7	112.8	112.7	111.3	111.2
Retained earnings	313.4	231.8	257.3	191.7	257.6	192.0
Profit for the period	15.1	16.7	61.8	45.7	34.8	27.3
Unrestricted equity	443.2	363.1	431.9	350.2	403.6	330.5
Shareholders' share of equity	629.0	544.8	610.0	520.9	592.9	506.1
Equity	**629.0**	**544.8**	**610.0**	**520.9**	**592.9**	**506.1**
Total liabilities and equity	**10,319.5**	**8,963.0**	**9,697.1**	**8,385.8**	**9,533.1**	**8,247.6**
Off-balance sheet commitments	**669.5**	**659.6**	**640.6**	**626.2**	**594.0**	**570.6**

	30 Jun 2020	31 Dec 2019	30 Jun 2019
The Bank Group's equity	**544.8**	**520.9**	**506.1**
Provision for dividends to shareholders	-	-44.0	-
Profit for the period, for which no application was filed with the Financial Supervisory Authority	-16.7	-	-27.3
Intangible assets	-59.1	-62.4	-65.0
Debentures	90.1	102.6	49.2
Additional expected losses according to IRB	-21.5	-20.5	-14.8
Deduction for significant holdings in financial sector entities	-1.4	-6.7	-6.2
Other incl. unpaid dividend	0.7	0.8	0.7
Total capital base (CET1 + AT1 + T2)	**537.1**	**490.7**	**442.5**

The calculation of own funds as of June 30th 2020 doesn't include the treatment of article 468 of EU regulation 2020/873 (so called CRR quick fix). The article introduces a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

(EUR million) The Bank Group's capital adequacy	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
Common Equity Tier 1 Capital before regulatory adjustments	528.8	520.5	477.1	480.4	479.0
Common Equity Tier 1 Capital regulatory adjustments	-81.8	-83.6	-89.0	-90.5	-85.7
Total Common Equity Tier 1 Capital (CET1)	**447.0**	**437.0**	**388.1**	**390.0**	**393.4**
Additional Tier 1 capital before regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	**-**	**-**	**-**	**-**	**-**
Total Tier 1 capital (T1 = CET1 + AT1)	**447.0**	**437.0**	**388.1**	**390.0**	**393.4**
Tier 2 capital before regulatory adjustments	90.1	96.1	102.6	110.1	49.2
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	**90.1**	**96.1**	**102.6**	**110.1**	**49.2**
Total own funds (TC = T1 + T2)	**537.1**	**533.1**	**490.7**	**500.0**	**442.5**
Risk weighted assets	**2,844.8**	**2,746.0**	**2,636.9**	**2,495.4**	**2,383.5**
of which credit risk, the standardised model	651.0	591.1	558.7	468.6	1,046.2
of which credit risk, the IRB model	1,727.0	1,631.1	1,567.4	1,496.9	791.4
of which 15% risk-weight floor for residential mortgages	105.5	162.4	149.5	176.3	192.2
of which market risk	-	-	-	-	-
of which operational risk	361.3	361.3	361.3	353.6	353.6
Own funds requirement (8%)	227.6	219.7	211.0	199.6	190.7
Own funds buffer	309.5	313.4	279.8	300.4	251.9
CET1 Capital ratio	15.7%	15.9%	14.7%	15.6%	16.5%
T1 Capital ratio	15.7%	15.9%	14.7%	15.6%	16.5%
Total capital ratio	18.9%	19.4%	18.6%	20.0%	18.6%
Own funds floor (CRR article 500)					
Own funds	537.1	533.1	490.7	500.0	442.5
Own funds floor[1]	220.0	214.6	203.6	208.1	214.2
Own funds buffer	317.1	318.5	287.2	291.9	228.4

1) 80% of the capital requirement based on standardised approach (8%).

Calculation of capital adequacy is made using ratings from Moody's Investors Services to define risk weight of exposures.

Bank Group's risk-weighted amount for operational risks

(EUR million) Risk-weighted amount for operational risks	2017	2018	2019	6/2020	3/2020	12/2019	9/2019	6/2019
Gross income	188.9	193.6	195.6					
- average 3 years			192.7					
Capital requirement for operational risk				**28.9**	**28.9**	**28.9**	**28.3**	**28.3**
Risk-weighted amount				**361.3**	**361.3**	**361.3**	**353.6**	**353.6**

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

(EUR million)	30 June 2020				
The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	576.4	520.4	75%	391.8	31.3
Corporates - Other	688.8	642.0	65%	420.3	33.6
Retail - Secured by immovable property non-SME	4,676.7	4,667.4	14%	630.6	50.4
Retail - Secured by immovable property SME	158.3	156.8	50%	78.5	6.3
Retail - Other non-SME	172.0	168.2	33%	54.8	4.4
Retail - Other SME	32.8	31.1	65%	20.3	1.6
Risk-weight floor for residential mortgages, 15%	-	-	15%	105.5	8.4
Equity exposures	49.9	49.9	262%	130.8	10.5
Total exposures, IRB approach	**6,354.9**	**6,235.9**	**29%**	**1,832.5**	**146.6**
Credit risk, standardised approach					
States and central banks	617.4	664.2	0%	-	-
Regional goverments and local authorities	170.2	189.5	0%	0.5	0.0
Multilateral development banks	-	-	0%	-	-
International organisations	20.0	20.0	0%	-	-
Credit institutions	373.8	297.2	31%	90.9	7.3
Corporates	169.4	99.9	96%	96.1	7.7
Retail exposures	246.0	103.3	72%	73.9	5.9
Secured by immovable property	662.5	632.5	35%	219.1	17.5
Past due items	1.5	1.1	128%	1.5	0.1
Covered Bonds	885.7	885.7	10%	88.6	7.1
Other items	112.2	112.2	57%	64.1	5.1
Total exposures, standardised approach	**3,258.8**	**3,005.6**	**21%**	**634.6**	**50.8**
Total risk exposures	**9,613.7**	**9,241.5**	**27%**	**2,467.1**	**197.4**

(EUR million)	31 December 2019				
The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	334.2	300.6	82%	247.5	19.8
Corporates - Other	751.2	697.4	70%	491.2	39.3
Retail - Secured by immovable property non-SME	4,645.6	4,637.3	12%	567.1	45.4
Retail - Secured by immovable property SME	161.5	160.0	50%	80.5	6.4
Retail - Other non-SME	153.8	149.9	30%	44.7	3.6
Retail - Other SME	30.5	28.7	66%	19.0	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	149.5	12.0
Equity exposures	44.6	44.6	264%	117.5	9.4
Total exposures, IRB approach	**6,121.3**	**6,018.6**	**29%**	**1,716.9**	**137.4**
Credit risk, standardised approach					
States and central banks	463.7	505.4	0%	0.8	0.1
Regional goverments and local authorities	265.4	284.2	0%	0.4	0.0
Multilateral development banks	-	-	-	-	-
International organisations	35.3	35.3	0%	-	-
Credit institutions	319.9	187.3	28%	53.0	4.2
Corporates	163.5	90.9	98%	89.1	7.1
Retail exposures	253.1	111.9	72%	80.2	6.4
Secured by immovable property	587.8	556.9	35%	196.6	15.7
Past due items	0.6	0.5	143%	0.7	0.1
Covered Bonds	750.5	750.5	10%	75.1	6.0
Other items	82.1	82.1	59%	48.1	3.8
Total exposures, standardised approach	**2,921.7**	**2,604.9**	**21%**	**544.0**	**43.5**
Total risk exposures	**9,043.1**	**8,623.5**	**26%**	**2,260.9**	**180.9**

The finance and insurance conglomerates capital adequacy

(EUR million)	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
Summary					
The Group's equity	629.0	606.7	610.0	604.9	592.9
Sector-specific assets	94.4	100.7	107.4	115.1	54.4
Intangible assets and other reduction items	-141.4	-115.1	-159.1	-188.5	-103.3
Conglomerate´s total capital base	**582.0**	**592.2**	**558.3**	**531.5**	**544.0**
Capital requirement for banking business	321.2	349.5	337.6	318.6	280.7
Capital requirement for insurance business[1]	107.9	85.2	86.6	92.1	85.4
Minimum amount for capital base	**429.1**	**434.8**	**424.2**	**410.7**	**366.1**
Conglomerate´s capital adequacy	**153.0**	**157.5**	**134.1**	**120.8**	**177.9**
Capital adequacy ratio, %	135.7%	136.2%	131.6%	129.4%	148.6%

1) From 1 January 2016 Solvency II requirement (SCR)

The finance and insurance 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 3. Net interest income

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Borrowing and lending	38.2	36.1	6%	73.4
Liquidity portfolio	3.1	3.2	-2%	6.1
Hedging measures through interest rate derivatives	1.1	2.5	-56%	4.0
Other, incl. funding from wholesale market	-2.6	-3.1	17%	-5.9
Total	**39.8**	**38.7**	**3%**	**77.6**

Borrowing and lending include the Covered Bonds issued by mortgage bank operations and the interest rate hedging that was made in connection with the issues. Other consists mainly of senior financing, its interest rate hedging and risk debentures.

Note 4. Net income from life insurance

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Premiums written	52.6	50.2	5%	117.9
Net income from investments	-1.7	11.8	-	32.1
of which change in ECL impairment	-0.1	0.0	-	0.1
of which unrealised value changes for shares and participations	-5.6	2.5	-	3.1
of which unrealised value changes for investment properties	-1.2	0.1	-	3.9
Insurance claims paid	-62.2	-61.1	-2%	-136.9
Net change in technical provisions	16.1	14.0	15%	16.9
Total	**4.9**	**14.9**	**-67%**	**30.0**

Note 5. Net income from financial transactions

(EUR million)	Jan-Jun 2020	Jan-Jun 2019	Δ %	2019
Net income from financial assets measured at fair value through income statement	0.3	-0.5	-	-0.1
Net income from securities and currency operations	0.2	1.6	-88%	2.4
of which unrealised value changes in shares and participations	0.1	0.8	-85%	1.4
Net income from financial assets measured at fair value through other comprehensive income	0.1	0.5	-81%	0.5
of which change in ECL impairment	0.0	0.2	-	0.3
Net income from interest-bearing securities measured at amortised cost	0.1	-0.1	-	-0.1
of which change in ECL impairment	0.1	-0.1	-	-0.1
Net income from hedge accounting	-0.3	0.1	-	0.2
Total	**0.3**	**1.5**	**-77%**	**2.9**

Note 6. Derivative instruments

	30 June 2020		
Hedging derivative instruments (EUR million)	**Total nominal amount**	**Assets, fair value**	**Liabilities, fair value**
Fair value hedging			
Interest rate-related	2,432.0	63.0	5.0
Total	**2,432.0**	**63.0**	**5.0**
Cash Flow hedging			
Interest rate-related	47.9	-	0.2
Total	**47.9**	**-**	**0.2**
Derivative instruments valued through the income statement			
Interest rate-related[1]	220.2	7.4	7.6
Currency-related	3.4	0.0	0.0
Total	**223.6**	**7.4**	**7.6**
Total derivative instruments			
Interest rate-related	2,700.1	70.4	12.8
Currency-related	3.4	0.0	0.0
Total	**2,703.4**	**70.4**	**12.8**

	31 December 2019		
Hedging derivative instruments (EUR million)	**Total nominal amount**	**Assets, fair value**	**Liabilities, fair value**
Fair value hedging			
Interest rate-related	1,872.0	58.8	0.0
Total	**1,872.0**	**58.8**	**0.0**
Derivative instruments valued through the income statement			
Interest rate-related[1]	220.4	9.3	9.8
Currency-related	11.1	0.0	0.1
Total	**231.5**	**9.3**	**9.8**
Total derivative instruments			
Interest rate-related	2,092.4	68.1	9.8
Currency-related	11.1	0.0	0.1
Total	**2,103.5**	**68.1**	**9.8**

1) Interest-linked derivative instruments include interest rate hedging provided for local banks, which after back-to-back hedging with third parties amounted to EUR 220.0 (220.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 30 June 2020				
Interest-bearing securities	1,725.3	-	-	1,725.3
Lending	6,325.7	342.1	50.0	6,717.8
Off-balance sheet commitments	666.2	3.0	0.3	669.5
Total	**8,717.2**	**345.1**	**50.3**	**9,112.6**
Book value of financial assets 31 December 2019				
Interest-bearing securities	1,576.8	-	-	1,576.8
Lending	6,254.8	140.6	51.1	6,446.5
Off-balance sheet commitments	637.2	2.9	0.4	640.6
Total	**8,468.9**	**143.5**	**51.5**	**8,663.9**

Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2020 according to IFRS 9	3.8	3.6	21.8	29.2
Transferred from stage 1 to stage 2	-0.2	2.6	-	2.3
Transferred from stage 1 to stage 3	0.0	-	0.5	0.5
Transferred from stage 2 to stage 1	0.1	-0.5	-	-0.4
Transferred from stage 2 to stage 3	-	-0.4	0.5	0.1
Transferred from stage 3 to stage 1	0.0	-	0.0	0.0
Transferred from stage 3 to stage 2	-	0.3	-0.2	0.1
Reversal of impairment	-	-	-0.1	-0.1
Other changes	0.5	0.1	0.1	0.7
Impairment January-June 2020 in the income statement	0.3	2.1	0.8	3.2
Realised losses for which write-downs were made in previous years	-	-	-0.8	-0.8
Reversal of impairment	-	-	0.1	0.1
Impairment of credits and the other commitments 30 June 2020 according to IFRS 9	**4.1**	**5.7**	**21.9**	**31.7**
of which ECL provisions in the balance sheet	0.9	0.1	0.2	1.1

Interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2020 according to IFRS 9	0,8	-	-	0,8
Other changes	0.1	-	-	0.1
Impairment January-June 2020 in the income statement	0.1	-	-	0.1
Impairment of interest-bearing securities 30 June 2020 according to IFRS 9	**0.9**	**-**	**-**	**0.9**

Model-based allowances regarding healthy credits in stage 1 and stage 2 have increased during the second quarter as the model-based ECL calculations for the current quarter are now better taking into account the impact of the corona crisis compared to the calculations for the first quarter. Additional information on the consequences of the pandemic is available for the calculations, both when it comes for example to observed customer behaviour, risk assessments and assumptions on future development, which has resulted in a more precise estimate. The macroeconomic assumptions have also been updated and adjusted downwards before the second quarter and are better reflective of assumptions based on the current starting point as a result of the corona crisis than in the first quarter.

The new information has resulted in that a large number of credits has been transferred to stage 2, mainly due to a relative and/or an absolute change in the credit rating, or when the customer has been subject to mitigating circumstances. Similarly to the first quarter, instalment-free periods offered due to current circumstances do not as a quantitative factor lead to a transfer from stage 1 to stage 2. A possible transfer is based on a qualitative comprehensive analysis when awarding instalment-free periods.

Since no significant individual risk sectors or risk concentrations have been identified, which to a greater extent would be affected by the corona crisis, no need for an adjustment of the calculated model-based ECL estimates, through e.g. a group-specific assessment of experts, or an adjustment of the credit risk models, has been identified. Possible needs for adjustment are assessed continuously. The process for an impairment assessment for stage 3 agreements has not been changed due to the corona crisis. The process complies with the normal routines based mainly on an individual assessment.

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	30 June 2020		31 December 2019	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets measured at fair value through income statement	1,104.3	1 ,04.3	1,039.1	1,039.1
Financial assets measured at fair value through other comprehensive income	1,334.2	1,334.2	1,240.3	1,240.3
Interest-bearing securities measured at amortised cost	391.1	424.8	336.5	368.0
Loans and other receivables	6,717.8	6,752.2	6,446.5	6,476.3
Cash and balances with central banks	431.0	431.0	315.4	315.4
Derivative instruments	70.4	70.4	68.1	68.1
Total	**10,048.8**	**10,116.9**	**9,445.9**	**9,507.2**
Financial liabilities				
Deposits	5,133.3	5,131.9	4,657.5	4,654.5
Derivative instruments	12.8	12.8	9.8	9.8
Debt securities issued	2,721.1	2,740.9	2,622.7	2,645.7
Subordinated liabilities	187.7	185.4	215.4	217.0
Other liabilities to credit institutions	32.3	32.5	35.1	35.4
Other liabilities to the public and public sector entities	150.0	150.1	150.0	150.1
Liabilities for right-of-use assets	24.6	24.6	12.3	12.3
Total	**8,261.7**	**8,278.3**	**7,702.7**	**7,724.9**

In the table, the fair value and the book value of the financial assets and liabilities, are presented per 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 determining 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 flows 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 margin corresponding the seniority of the instrument is applied.

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

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 include listed interest rates, for example, 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. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the total credit risk component for the counterparty credit risk as well as for the own credit risk.

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. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

	30 June 2020				**31 December 2019**			
(EUR million)	**Market value classified into**				**Market value classified into**			
Financial instruments measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through income statement								
Investments for unit-linked investments	856.9	-	-	856.9	871.6	-	-	871.6
Interest-bearing securities	22.5	78.3	0.2	101.0	19.2	-	0.2	19.4
Shares and participations	108.3	-	38.1	146.4	112.6	-	35.5	148.1
Total	**987.7**	**78.3**	**38.3**	**1,104.3**	**1,003.4**	**-**	**35.7**	**1,039.1**
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	1,218.0	41.1	75.0	1,334.2	1,069.4	54.9	116.0	1,240.3
Shares and participations	-	-	-	-	-	-	-	-
Total	**1,218.0**	**41.1**	**75.0**	**1,334.2**	**1,069.4**	**54.9**	**116.0**	**1,240.3**
Derivative instruments, net	0.0	57.6	0.0	57.6	-0.1	58.4	-	58.3
Total	**0.0**	**57.6**	**-**	**57.6**	**-0.1**	**58.4**	**-**	**58.3**
Total	**2,205.7**	**177.0**	**113.3**	**2,496.0**	**2,072.8**	**113.3**	**151.7**	**2,337.7**

Transfers between level 1 and level 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 period no transfers between level 1 and level 2 have occurred. The increase in level 2 is due to an increase in business volumes in Aktia Life Insurance.

Aktia Group's Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 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 in the fair value hierarchy 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 present the change from year-end regarding level 3 financial assets reported at fair value.

Reconciliation of changes for financial instruments belonging to level 3	**Financial assets measured at fair value through income statement**			**Financial assets measured at fair value through other comprehensive income**			**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 January 2020	0.2	35.5	35.7	116.0	-	116.0	116.2	35.5	151.7
New purchases	-	3.4	3.4	-	-	-	0.0	3.4	3.4
Sales	-	-2.2	-2.2	-	-	-	0.0	-2.2	-2.2
Matured during the period	-	-	-	-41.0	-	-41.0	-41.0	-	-41.0
Realised value change in the income statement	-	-	-	-	-	-	-	-	-
Unrealised value change in the income statement	-	1.4	1.4	-	-	-	-	1.4	1.4
Value change recognised in total comprehensive income	-	-	-	0.0	-	0.0	0.0	-	0.0
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 30 June 2020	**0.2**	**38.1**	**38.3**	**75.0**	**-**	**75.0**	**75.2**	**38.1**	**113.3**

Sensitivity analysis for level 3 financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been measured 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 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 level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the income statement or via other comprehensive income corresponding to 1.7 (1.9) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3	30 June 2020			31 December 2019		
	Effect at an assumed movement			Effect at an assumed movement		
(EUR million)	**Carrying amount**	**Positive**	**Negative**	**Carrying amount**	**Positive**	**Negative**
Financial assets measured at fair value through income statement						
Investments for unit-linked investments	-	-	-	-	-	-
Interest-bearing securities	0.2	0.0	0.0	0.2	0.0	0.0
Shares and participations	38.1	7.6	-7.6	35.5	7.1	-7.1
Total	**38.3**	**7.6**	**-7.6**	**35.7**	**7.1**	**-7.1**
Financial assets measured at fair value through other comprehensive income						
Interest-bearing securities	75.0	2.3	-2.3	116.0	3.5	-3.5
Shares and participations	-	-	-	-	-	-
Total	**75.0**	**2.3**	**-2.3**	**116.0**	**3.5**	**-3.5**
Total	**113.3**	**9.9**	**-9.9**	**151.7**	**10.6**	**-10.6**

Set off of financial assets and liabilities

(EUR million)	30 June 2020		31 December 2019	
Assets	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial assets included in general agreements on set off or similar agreements	70.4	-	68.1	-
Set off amount	-	-	-	-
Carrying amount in the balance sheet	**70.4**	**-**	**68.1**	**-**
Amount not set off but included in general agreements on set off or similar	4.4	-	0.0	-
Collateral assets	64.5	-	69.5	-
Amount not set off in the balance sheet	**68.9**	**-**	**69.5**	**-**
Net amount	**1.6**	**-**	**-1.3**	**-**

Liabilities	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Financial liabilities included in general agreements on set off or similar agreements	12.8	-	9.8	52.8
Set off amount	-	-	-	-
Carrying amount in the balance sheet	**12.8**	**-**	**9.8**	**52.8**
Amount not set off but included in general agreements on set off or similar	4.4	-	0.0	52.7
Collateral liabilities	2.7	-	2.5	-
Amount not set off in the balance sheet	**7.1**	**-**	**2.5**	**52.7**
Net amount	**5.7**	**-**	**7.3**	**0.1**

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

Note 9. Specification of Aktia Group's funding structure

(EUR million)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Deposits from the public and public sector entities	4,499.9	4,059.8	4,139.9
Short-term liabilities, unsecured debts			
Banks	68.9	75.3	49.3
Certificates of deposits issued and money market deposits	150.0	247.0	100.0
Total	**218.9**	**322.3**	**149.3**
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	64.5	69.5	85.8
Repurchase agreements - banks	-	52.8	49.7
Total	**64.5**	**122.3**	**135.5**
Total short-term liabilities	**283.4**	**444.6**	**284.8**
Long-term liabilities, unsecured debts			
Issued debts, senior financing	1,100.7	913.1	916.3
Other credit institutions	19.3	22.1	24.8
Subordinated debts	187.7	215.4	175.0
Total	**1,307.7**	**1,150.6**	**1,116.2**
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	513.0	413.0	418.0
Issued Covered Bonds	1,620.4	1,612.6	1 622.1
Total	**2,133.4**	**2,025.6**	**2,040.1**
Total long-term liabilities	**3,441.1**	**3,176.2**	**3,156.3**
Interest-bearing liabilities in the banking business	**8,224.3**	**7,680.6**	**7,580.9**
Technical provisions in the life insurance business	1,315.7	1,259.8	1,219.9
Total other non interest-bearing liabilities	150.5	146.8	139.4
Total liabilities	**9,690.5**	**9,087.1**	**8,940.2**

Short-term liabilities = liabilities which original maturity is under 1 year

Long-term liabilities = liabilities which original maturity is over 1 year

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Collateral for own liabilities			
Securities	514.0	473.1	470.5
Outstanding loans constituting security for Covered Bonds	2,443.4	2,031.8	2,308.0
Total	**2,957.4**	**2,504.9**	**2,778.5**
Other collateral assets			
Pledged securities[1]	109.3	16.8	113.8
Cash included in pledging agreements and repurchase agreements	2.7	2.5	3.0
Total	**112.0**	**19.3**	**116.8**
Total collateral assets	**3,069.4**	**2,524.2**	**2,895.3**
Collaterals above refers to the following liabilities			
Liabilities to credit institutions[2]	513.0	465.8	467.7
Issued Covered Bonds[3]	1,620.4	1,612.6	1,622.1
Derivatives	2.7	2.5	3.0
Total	**2,136.0**	**2,080.9**	**2,092.8**

1) Refers to securities pledged for the intra day limit. As at 30 June 2020, a surplus of pledged securities amounted to EUR 13 (5) million.
2) Refers to liabilities to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.
3) Own repurchases deducted.

Collateral liabilities (EUR million)	30 Jun 2020	31 Dec 2019	30 Jun 2019
Cash included in pledging agreements[1]	64.5	69.5	85.8
Total	**64.5**	**69.5**	**85.8**

1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.

Helsinki 4 August 2020

Aktia Bank Plc
The Board of Directors

This document is an English translation of the Swedish report on review of the interim report. Only the Swedish version of the report is legally binding.

Report on review of the interim report of Aktia Bank plc as of and for the six months period ending 30 June 2020

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of June 30, 2020 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of

Aktia Bank plc Group for the six-month period then ended, as well as other explanatory notes to the consolidated 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 IAS 34 Interim Financial Reporting 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, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki, 4 August 2020

KPMG OY AB
Marcus Tötterman
Authorised Public Accountant, KHT

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BIC/S.W.I.F.T: HELSFIHH

Webcast from the results event

A live webcast from the results event will take place on 4 August 2020 at 10 a.m. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The event is held in English and can be seen live at **https://aktia.videosync.fi/2020-q2-results**. A recording of the webcast will be available at www.aktia.com after the event.

Financial calendar

Interim report January–September 2020___3 November 2020

Aktia