

Aktia

Interim Report 1 Jan–30 Jun 2007

The period in brief

- The profit of Aktia Group during the reporting period rose by 71.2 per cent to EUR 32.9 million, and earnings per share improved by 54.1 per cent to EUR 0.83 (0.54).
- The operating profit of Aktia Group increased by 58.1 per cent to EUR 40.5 million (25.6). The insurance business, including the negative goodwill of EUR 11.4 million entered as income, contributed to the increase in profits by approx. EUR 16.9 million.
- The operating profit of the banking group decreased by EUR 2.0 million compared with the previous year.
- Return on equity (ROE) increased to 21.9 per cent (15.6).

The period in brief

- The total savings in mutual funds increased by 82.1 per cent to EUR 2,027 million. The assets managed by Aktia Asset Management increased by 131.2 per cent to EUR 3,625 million.
- The total number of charge cards increased by 38.4 per cent to approx. 60,000.
- Net commission income increased by 20.7 per cent to EUR 23.8 million (19.7).
- According to Basel 2, the banking group's capital adequacy ratio totalled 18.2 per cent and the financial conglomerate's capital adequacy (capital base in relation to the minimum requirement) totalled 156.9 per cent.
- Moody's Investors Service upgraded Aktia Real Estate Mortgage Bank plc's long-term bonds to the highest possible rating of Aaa from the previous Aa2 in the beginning of June.

Key figures at the period end

	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Earnings/share, EUR	0.83	0.50	1.17	0.93	0.54
Equity per share, EUR	8.16	8.21	7.11	7.31	6.81
Return on equity, % (ROE)	21.9	26.0	16.6	17.4	15.6
Cost-to-income ratio, banking group	0.67	0.65	0.61	0.59	0.63
Life insurance group's expense ratio, %	111.3	117.5			
Mutual fund capital, EURm	2,027	1,759	1,420	1,148	1,113
Borrowing from the public, EURm	2,640	2,569	2,544	2,442	2,410
Lending to the public, EUR m	4,200	3,944	3,763	3,614	3,475
Risk-weighted commitments	2,579	2,484	2,655	2,537	2,471
Capital adequacy ratio, % (banking group)	18.2	18.3	13.8	15.1	14.6
Tier 1 capital ratio, % (banking group)	12.4	12.4	9.2	10.0	9.8
Solvency ratio, % (life insurance group)	22.0	21.6			
Capital adequacy, % (financial conglomerate)	156.9	157.8			
Life insurance operations:					
- investments at fair value	971.7	930.7			
- technical provisions	641.2	641.8			
- technical provisions for unit-linked policies	195.9	180.6			
Average number of shares, millions 1)	39.8	39.8	35.8	35.8	35.8
Number of shares at end of period, millions	40.1	40.1	35.3	35.3	35.3
Personnel (FTEs), average number	921	916	741	715	716

1) Average number of shares, adjusted for new share issue

Aktia Group's consolidated income statement

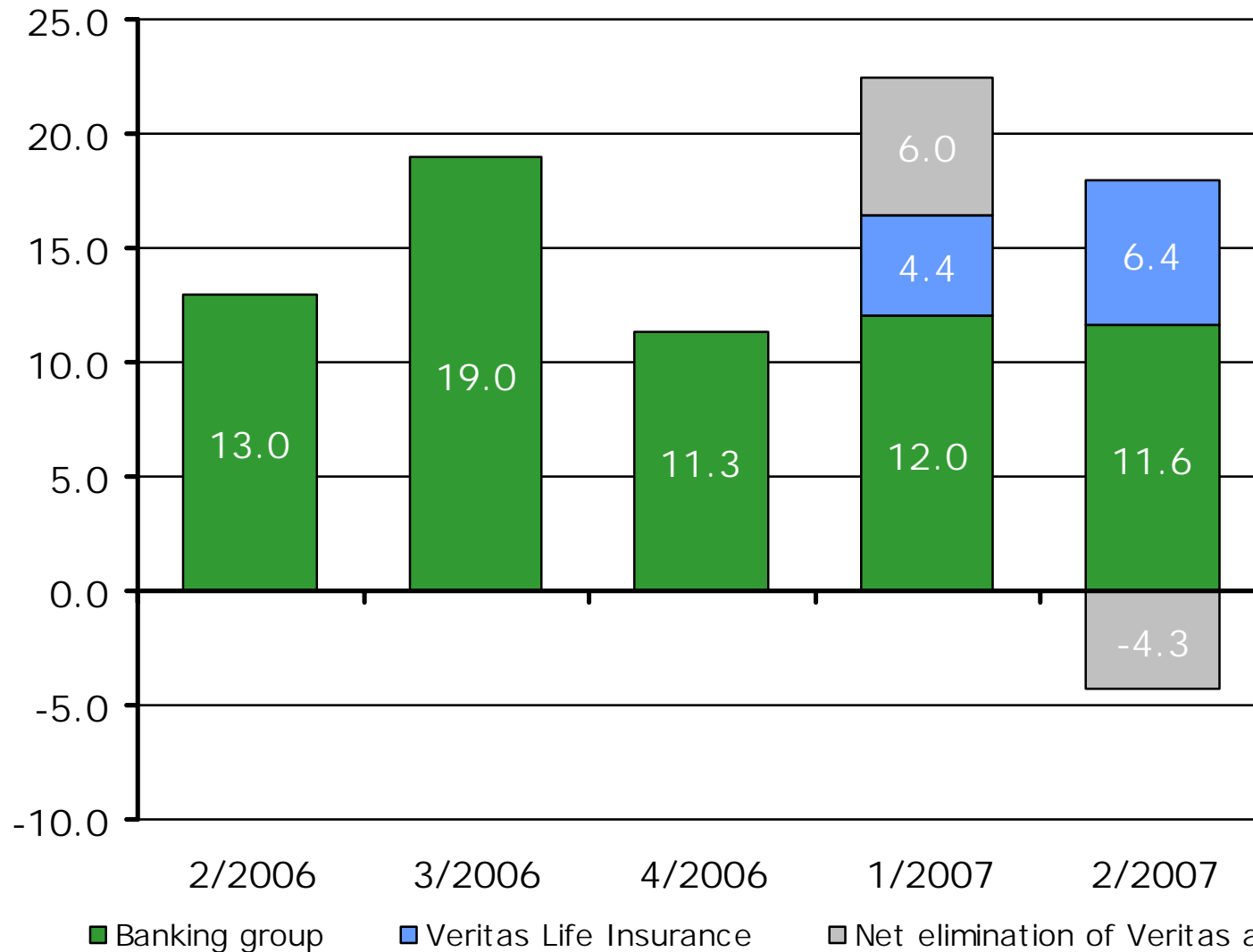
(EURm)	Q2 2007	Q2 2006	Change %	Year 2006
Total operating income	152.2	66.9	127.5%	137.5
- Net interest income	42.2	41.5	1.8%	84,4
- Dividends	1.1	1.2	-8.35%	1,2
- Net commission income	23.8	19.7	20.7%	40,1
- Income from the insurance business	81.5			
- Net profit from financial transactions	1.8	1.2	56.7%	0,7
- Net income from investment properties	0.4	0.4	-13.9%	4,9
- Other operating income	1.5	2.9	-49.8%	6,3
Total operating expenses	-111.9	-42.4	163.6%	-83.9
- Claims paid and change in provisions	-70.4			
- Staff costs	-27.7	-21.1	30.8%	-41,7
- Other administrative expenses	-17.1	-13.0	31.5%	-26,9
- Realised negative goodwill to income	11.4			
- Depreciation of tangible and intangible assets	-2.0	-2.0	-0.7%	-3,6
- Other operating expenses	-6.1	-6.3	-2.5%	-11,8
Profit before write-downs	40.4	24.5	65.0%	53.6
Write-downs of credits and other commitments	-0.1	0.3	N/A	1,6
Share of profit from associated undertakings	0.2	0.8	-70.6%	0,7
Operating profit	40.5	25.6	58.1%	55.9
Profit for the reporting period	32.9	19.2	71.2%	41.9

Segment information

	Retail banking	Capital market	Corporate Banking & Treasury	Life insurance	Miscellaneous and eliminations	Aktia Group
Q2 2007						
Net interest income	30.6	0.8	10.0		0.8	42.2
Net commission income	15.0	6.5	-1.5		3.7	23.8
Income from the insurance business				111.2	-29.7	81.5
Other operating income	1.0	0.6	1.0		2.2	4.8
Total operating income	46.6	7.9	9.5	111.2	-23.1	152.2
Claims paid and change in provisions for the insurance business				-90.3	19.9	-70.4
Staff costs	-14.1	-2.3	-2.1	-3.0	-6.2	-27.7
Other administrative expenses	-19.1	-1.7	-2.8	-2.7	9.1	-17.1
Realised negative goodwill					11.4	11.4
Other expenses	-3.1	-0.5	-0.6	-0.4	-3.6	-8.1
Total operating expenses	-36.2	-4.5	-5.4	-96.3	30.7	-111.9
Write-downs of loans and other commitments and share of profit from associated undertakings	-0.1		0.0	0.3	0.0	0.1
Operating profit	10.3	3.4	4.1	15.2	7.6	40.5
Q2 2006						
Net interest income	31.4	0.7	9.1		0.3	41.5
Net commission income	12.1	5.5	-0.8		2.9	19.7
Other operating income	1.6	0.5	0.7		2.9	5.7
Total operating income	45.1	6.7	9.0		6.1	66.9
Staff costs	-11.8	2.0	-1.8		-5.6	-21.1
Other administrative expenses	-17.0	-1.4	-2.7		8.1	-13.0
Other expenses	-3.4	-0.5	-0.6		-3.8	-8.3
Total operating expenses	-32.2	-3.9	-5.0		-1.3	-42.4
Write-downs of credits and other commitments and share of profit from associated undertakings	0.2		0.1		0.8	1.1
Operating profit	13.1	2.7	4.1		5.6	25.6

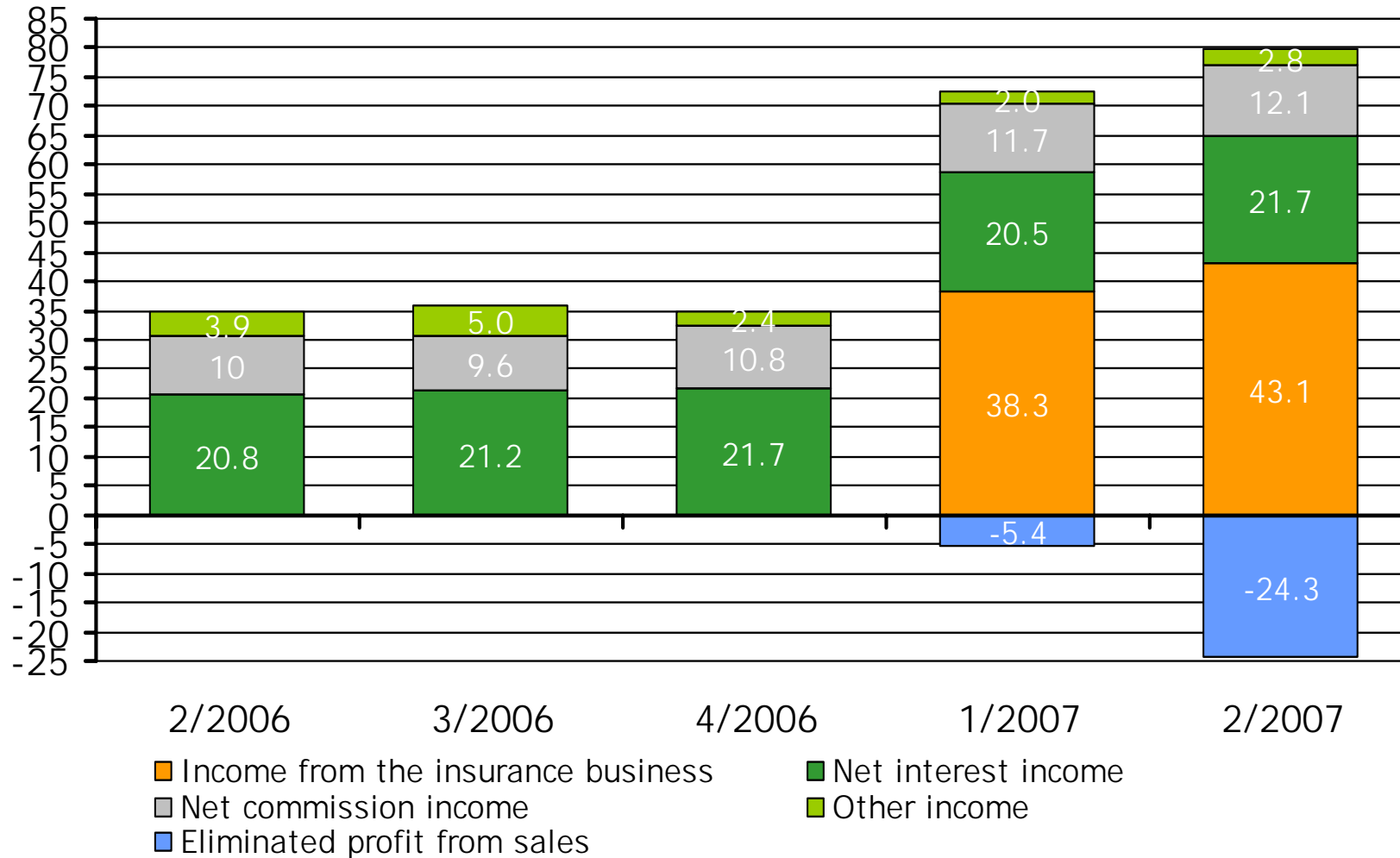
Operating profit for the period

EURm



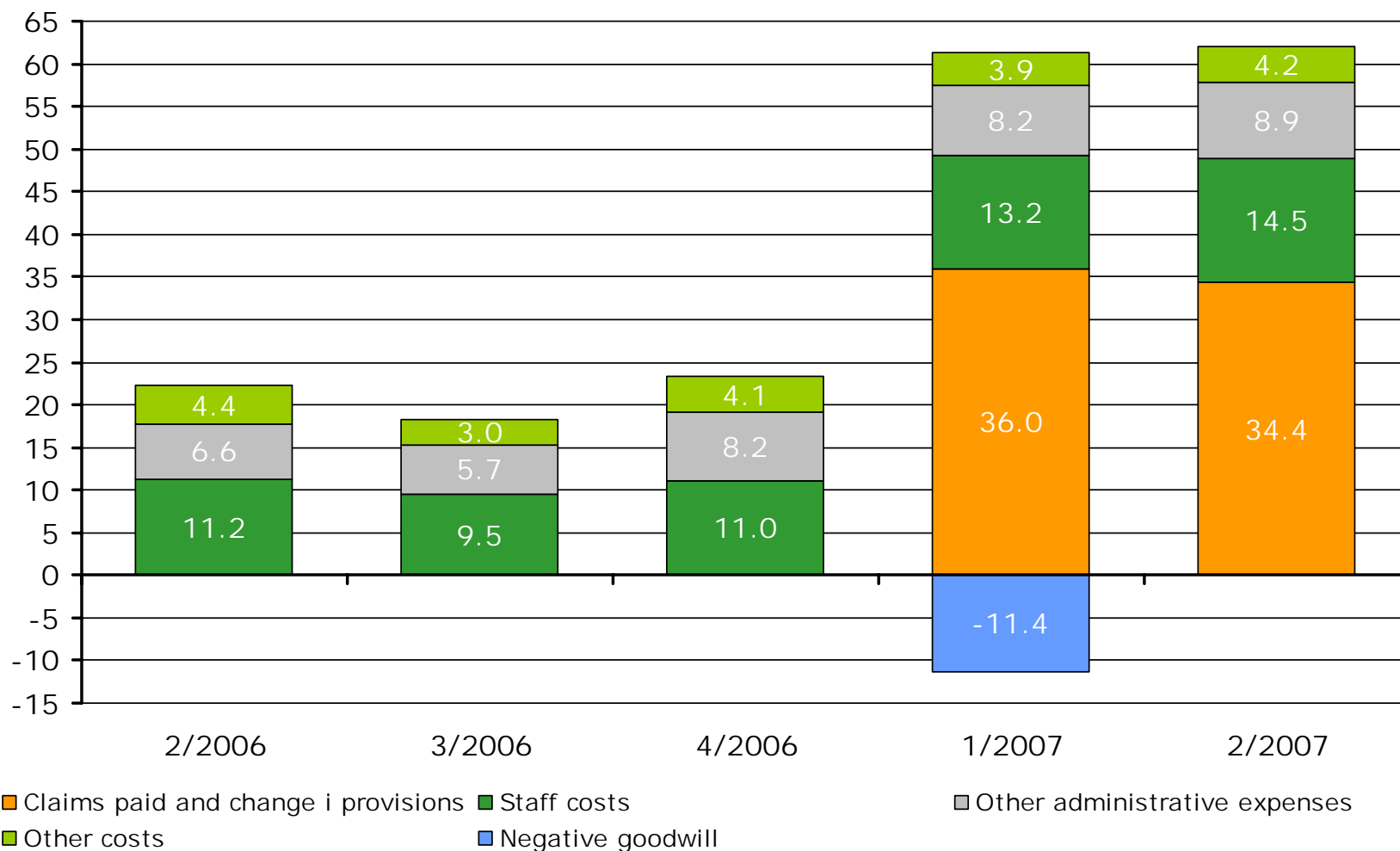
Total operating income

EURm



Total operating expenses

EURm



Aktia Group's consolidated balance sheet

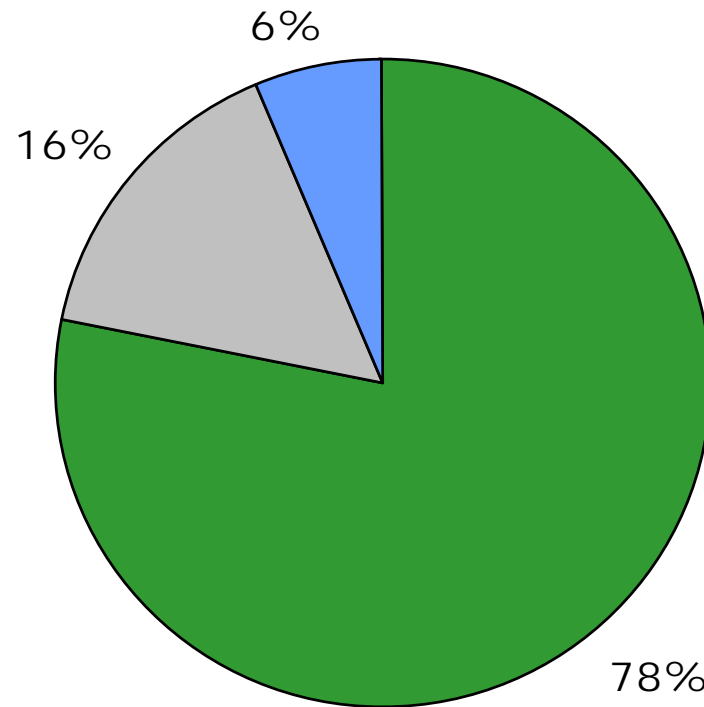
(EURm)	Q2 2007	Q2 2006	Change %	Year 2006
- Cash and balances with central banks	250.0	352.4	-29.1%	307,9
- Financial assets held for trading	0.7	2.0	-68.0%	7,8
- Financial assets available for sale	1,365.3	1,047.5	30.3%	1 242,4
- Loans and other receivables	4,237.1	3,523.6	20.2%	3 797,0
- Financial assets held until maturity	47.8	33.5	43.0%	47,8
- Derivatives for hedge accounting	14.1	6.1	131.9%	5,0
- Assets of the life insurance business	989.3			-
- Tangible and intangible assets	48.3	94.6	-48.9%	42,7
- Other assets	64.0	41.2	55.3%	41,1
Total assets	7,016,6	5,100.9	37.6%	5,491.7
- Deposits	3,480.0	3,,153.4	10.4%	3 340,4
- Debt securities issued	1,650.1	1,37.0	59.1%	1 321,3
- Subordinated liabilities	201.6	193.5	4.2%	193,8
- Other financial liabilities	2,146.0	1,555.4	38.0%	1 729,0
- Derivatives for hedge accounting	31.0	10.6	193.3%	12,8
- Liabilities of the insurance business	853.5			-
- Other liabilities	156.6	132.0	18.7%	148,7
Total liabilities	6,667,1	4,851.3	37.4%	5,230.9
- Equity	349,6	249.6	40.1%	260.8
Total liabilities and equity	7,016,6	5,100.9	37.6%	5,491.7

Aktia grows

Aktia Group	30.6.2007	30.6.2006	31.12.2006
Saving (deposits and mutual funds)			
Total saving			
- %	+32.5	+12.3	+20,9
- EURm	4,667	3,527	3 964
Saving by households			
- %	+19.3	+12.1	+13,0
- EURm	3,167	2,659	2 829
Asset Management			
Aktia Asset Management			
- %	+131.1	+18.0	+40.6
- EURm	3,625	1,568	2,008
Other funding			
Bonds			
- %	-42.5	+3.8	+9.7
- EURm	67.0	116.4	116.3

Deposit stock 30.6.2007

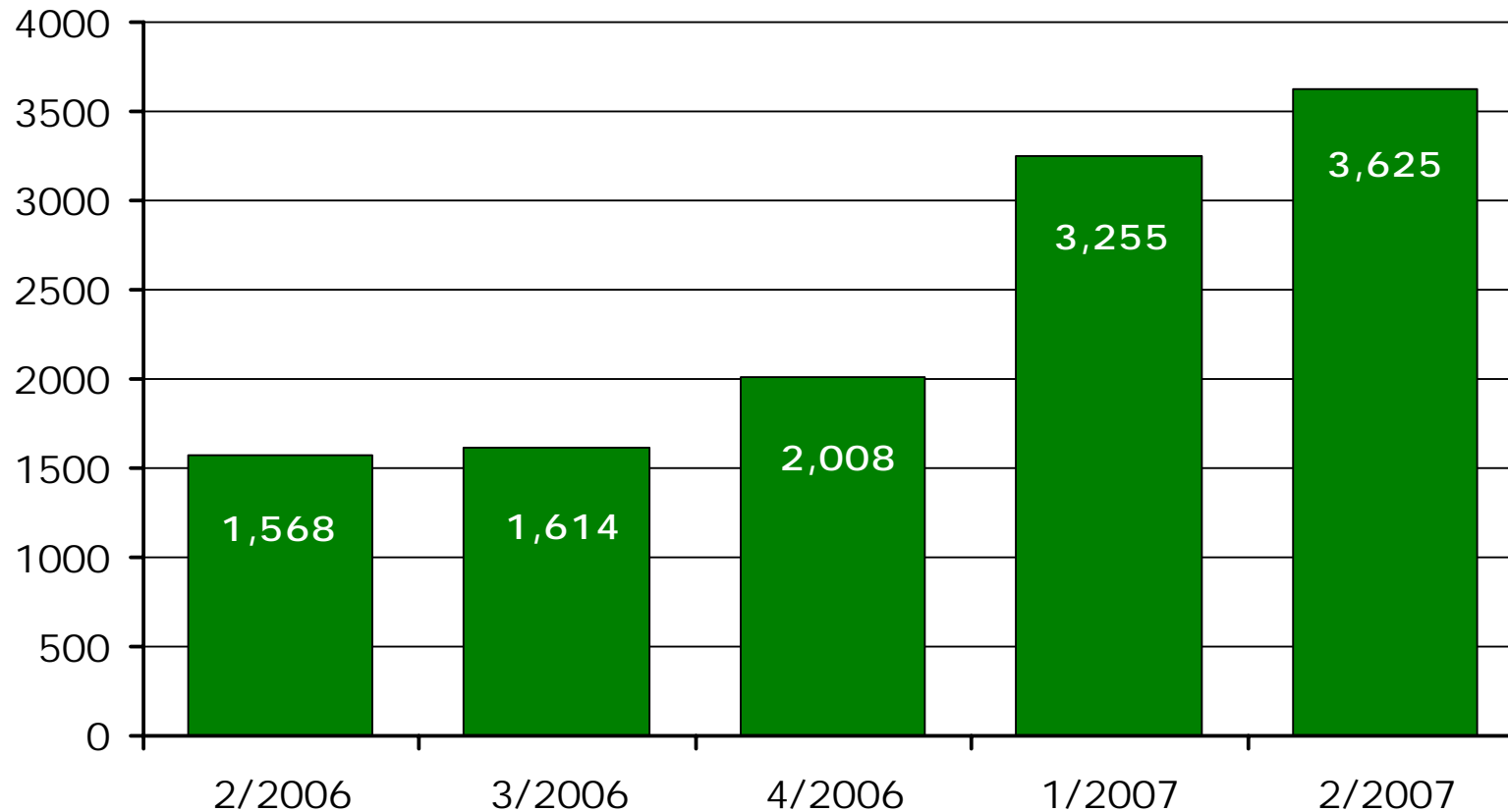
Aktia Group
EURm 2,641



- Households
- Corporate
- Public sector entities and non-profit organisations

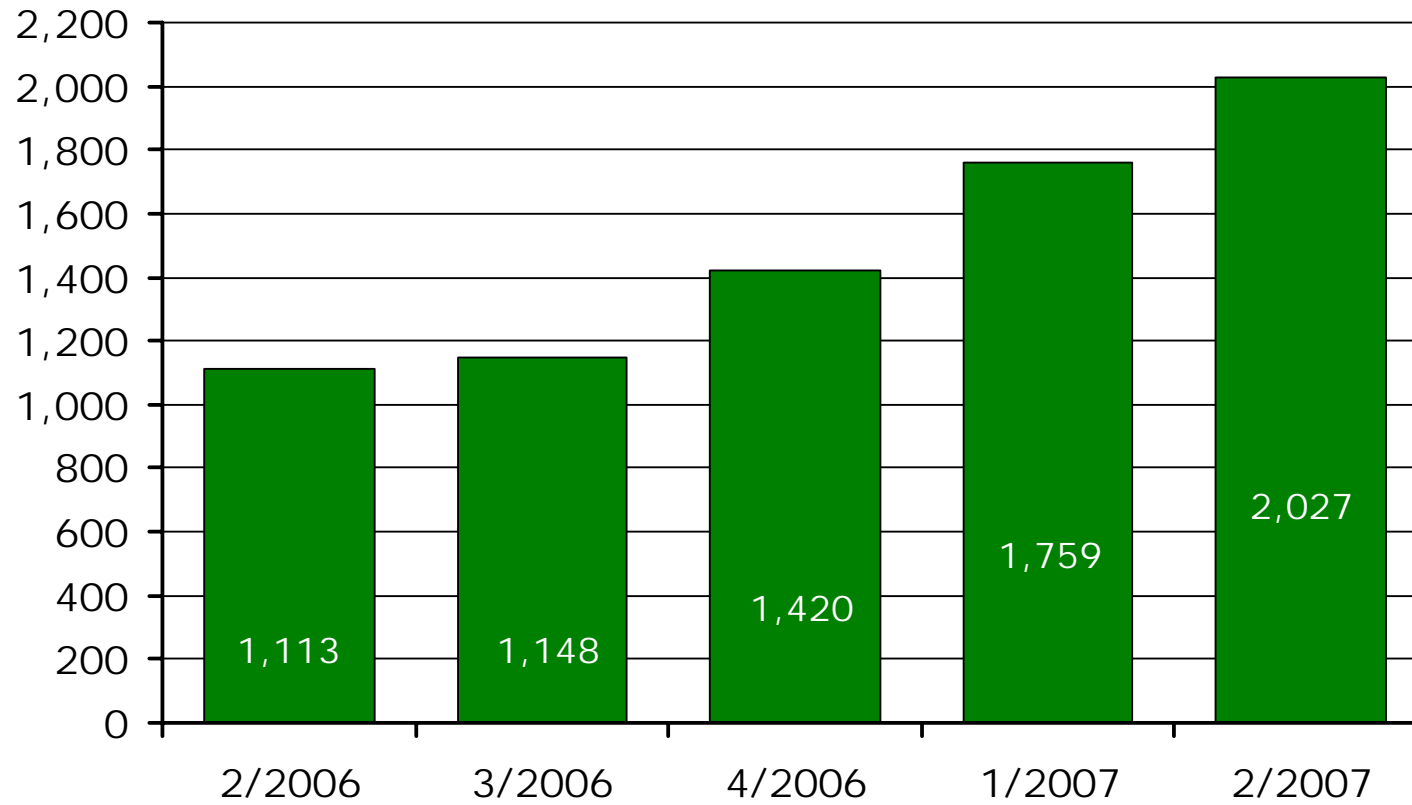
Assets managed by Aktia Asset Management

EURm

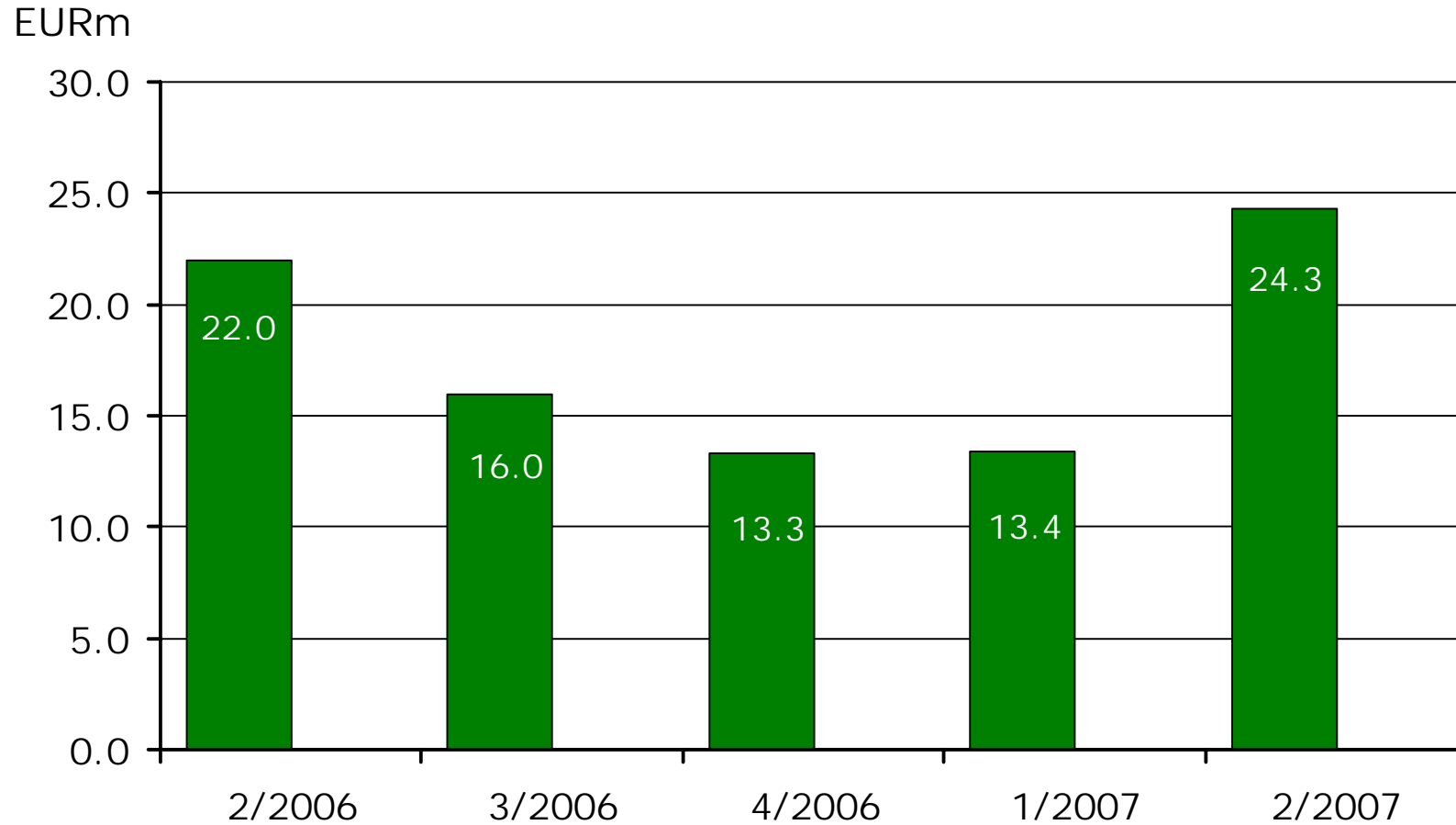


Mutual funds

EURm

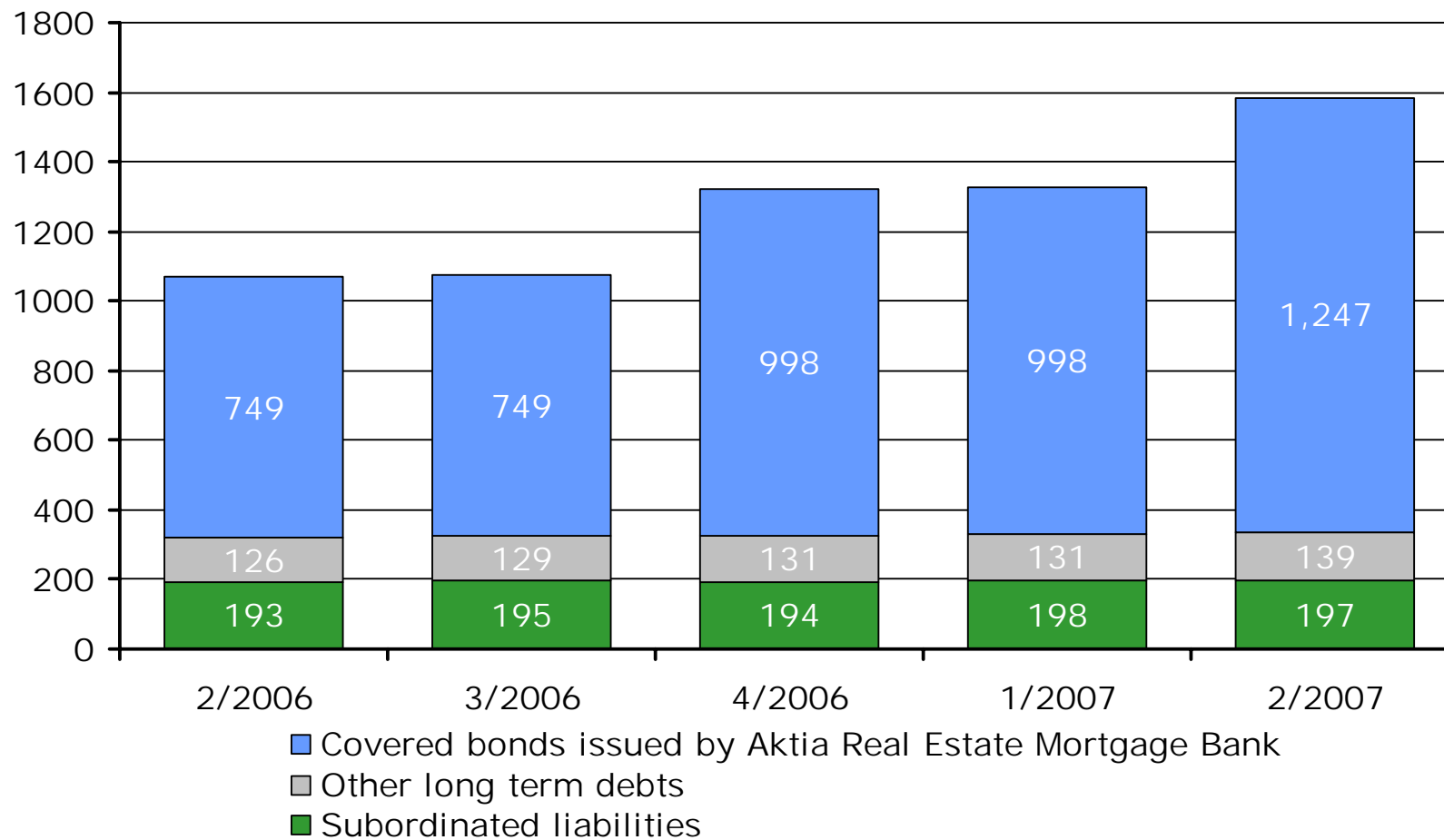


Long term debts issued by Aktia

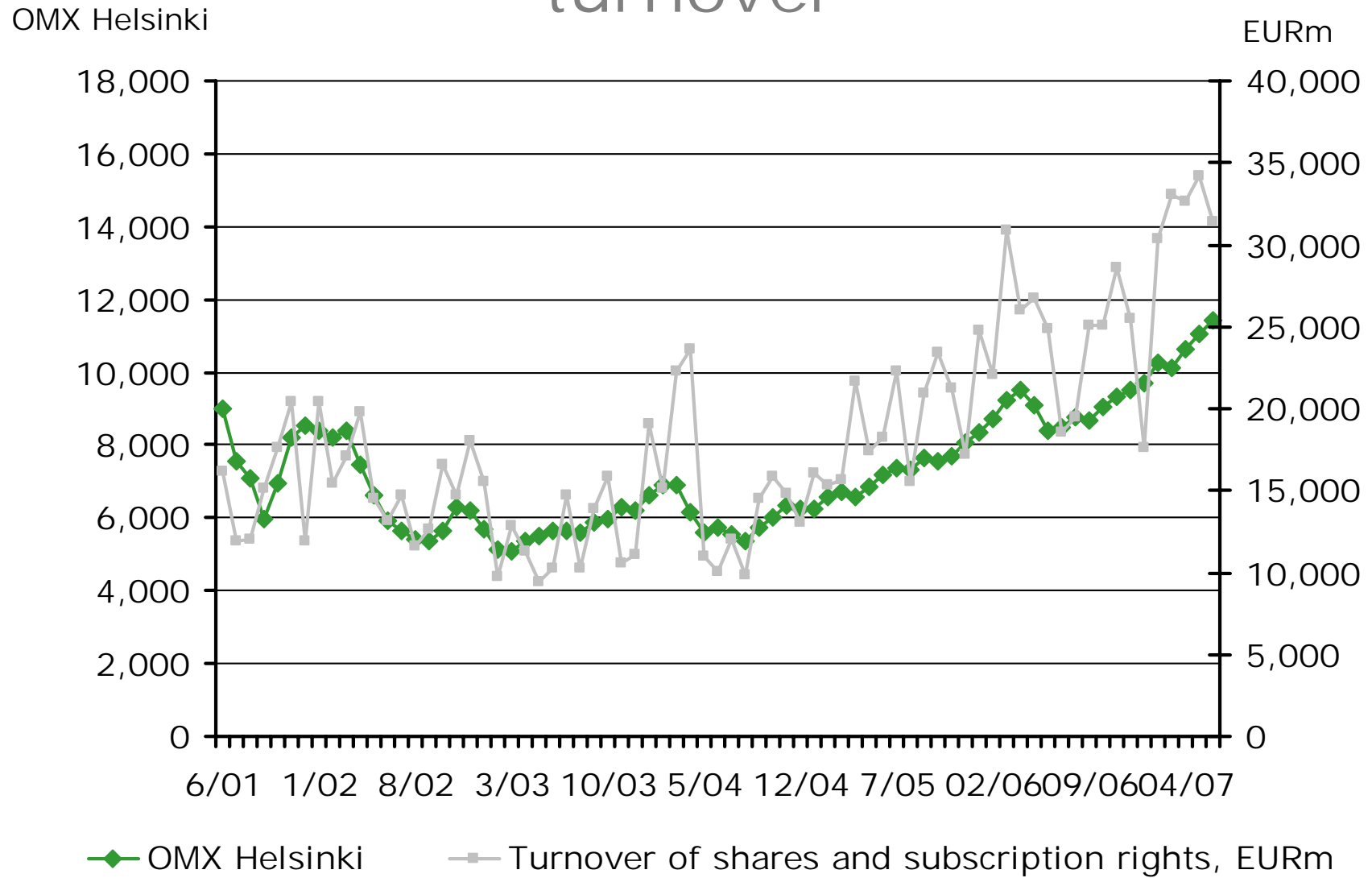


Aktia's long term debts

EURm



OMX Helsinki Index and stock exchange turnover

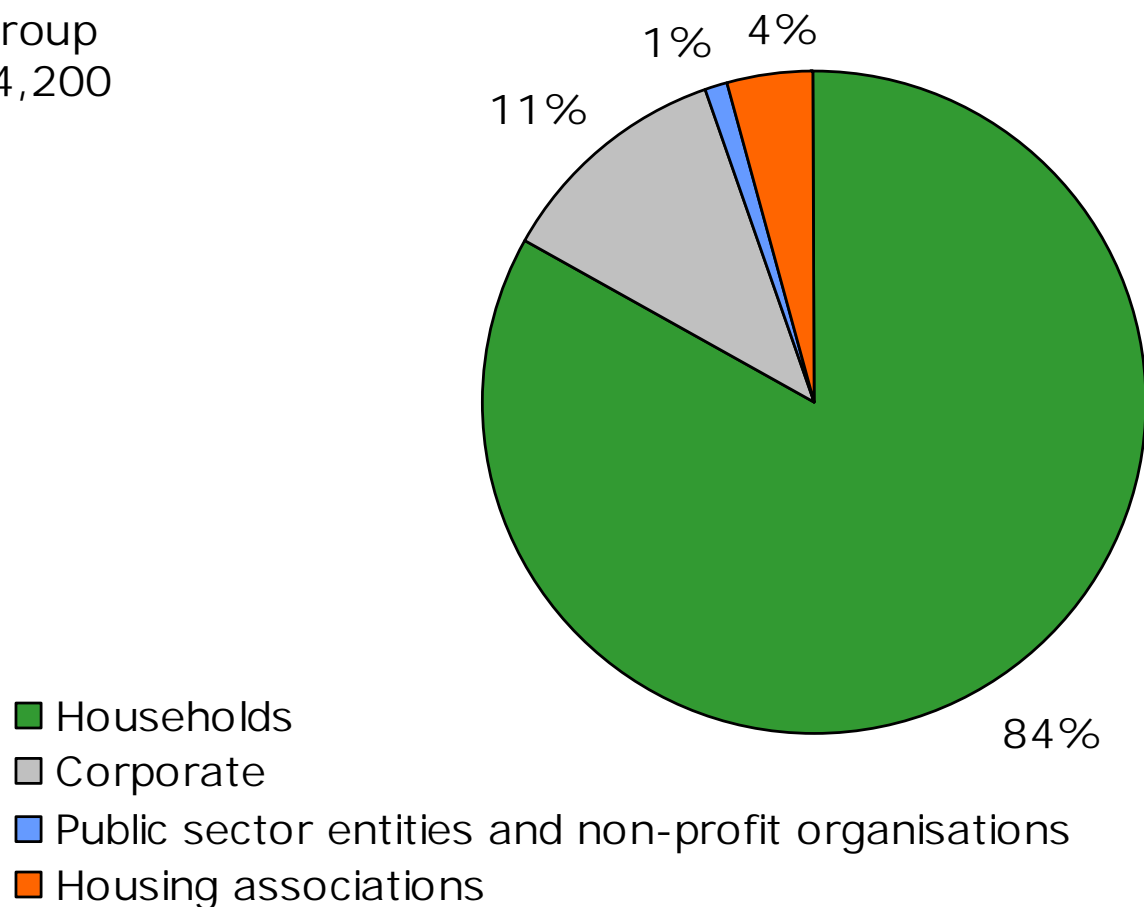


Aktia grows

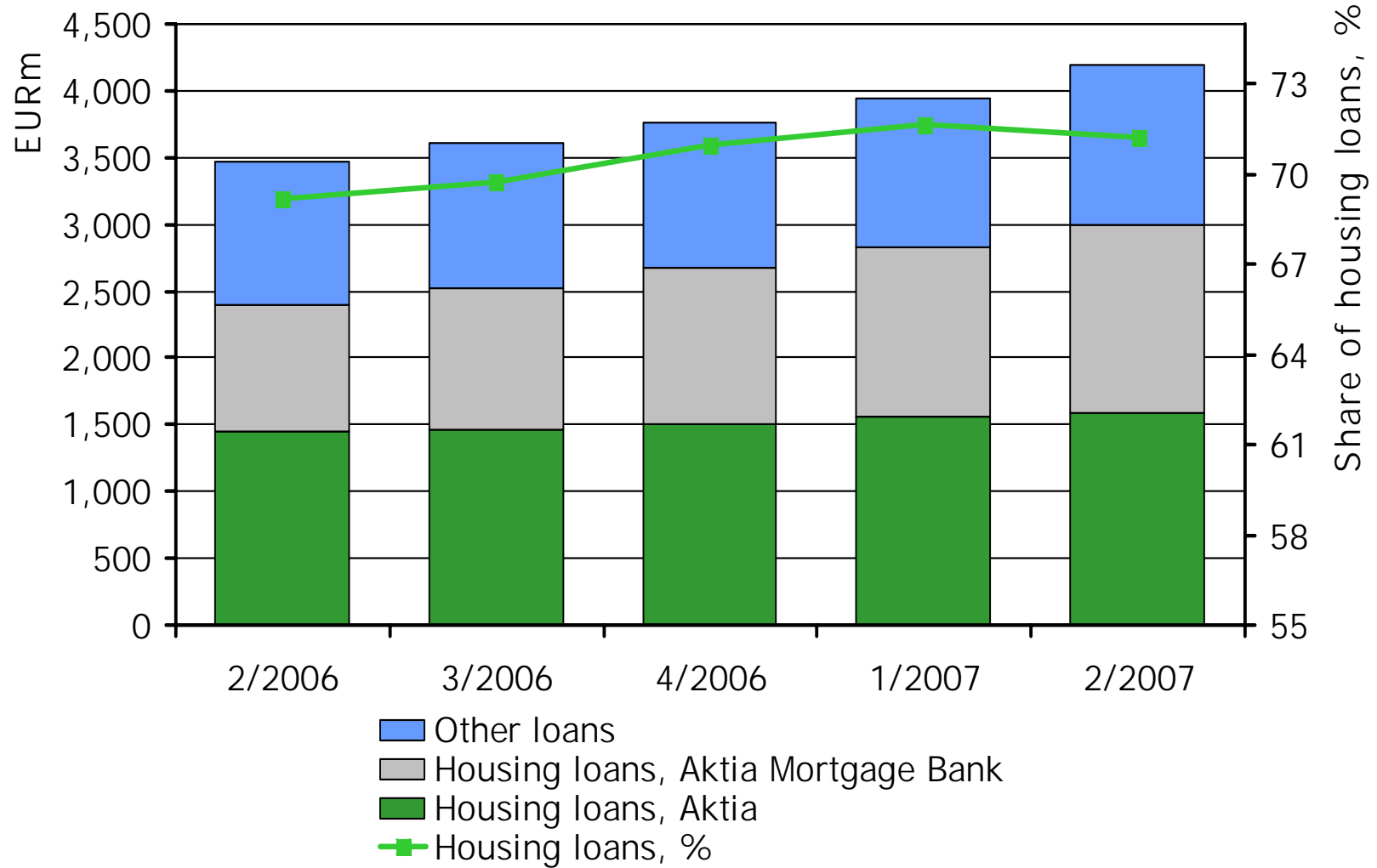
Aktia Group	30.6.2007	30.6.2006	31.12.2006
Lending			
Total lending			
- %	+20.9	+13.2	+15.7
- EURm	4,200	3,472	3,763
Lending to households			
- %	+23.7	+14.0	+18.7
- EURm	3,492	2,832	3,123
Risk-weighted commitments			
- %	+4.4	+11.7	+16.1
- EURm	2,579	2,471	2,655
Balance sheet total			
- %	+37.6	+15.5	+20.6
- EURm	7,017	5,101	5,492

Credit stock 30.6.2007

Aktia Group
EURm 4,200

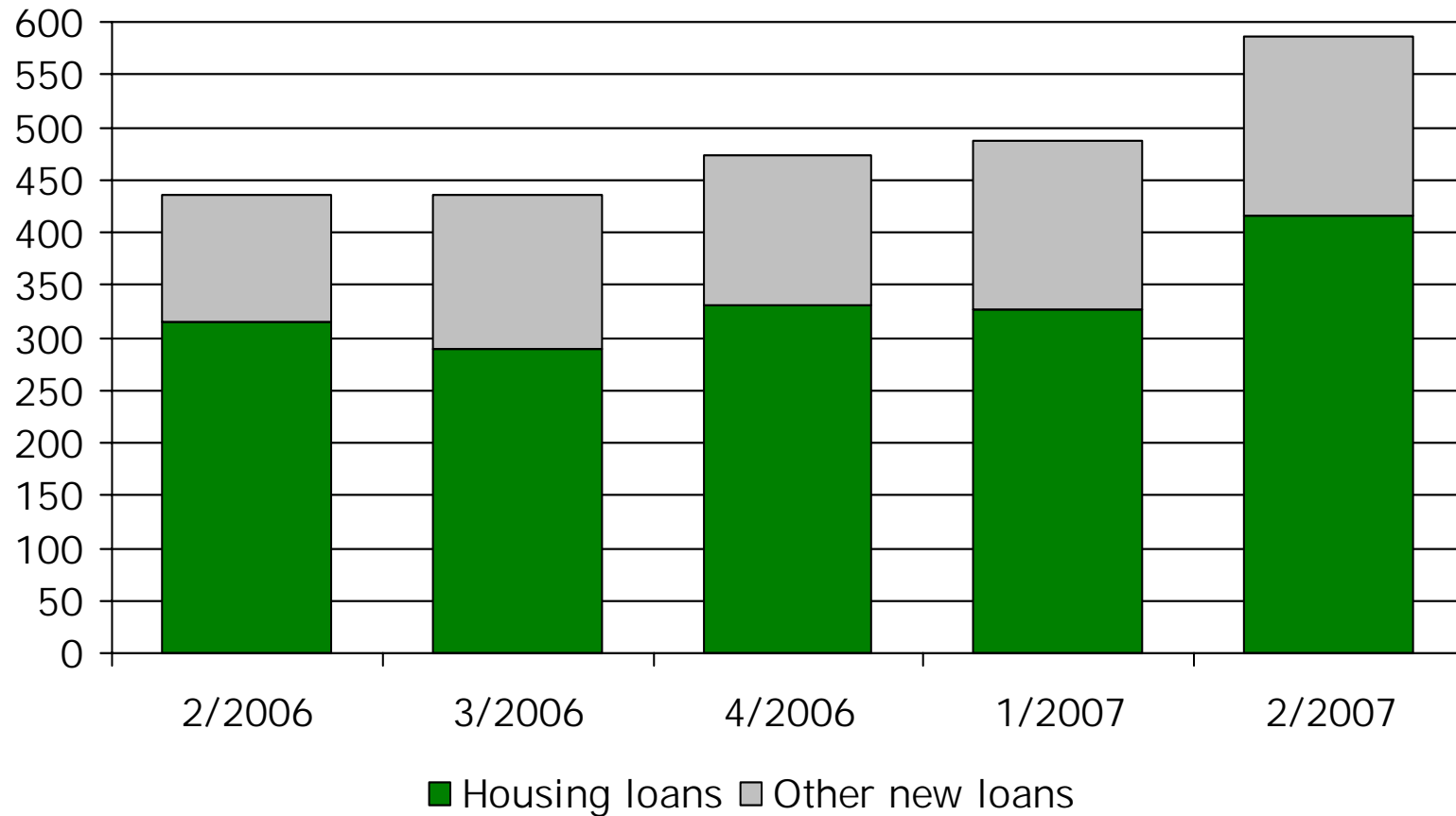


Credit stock

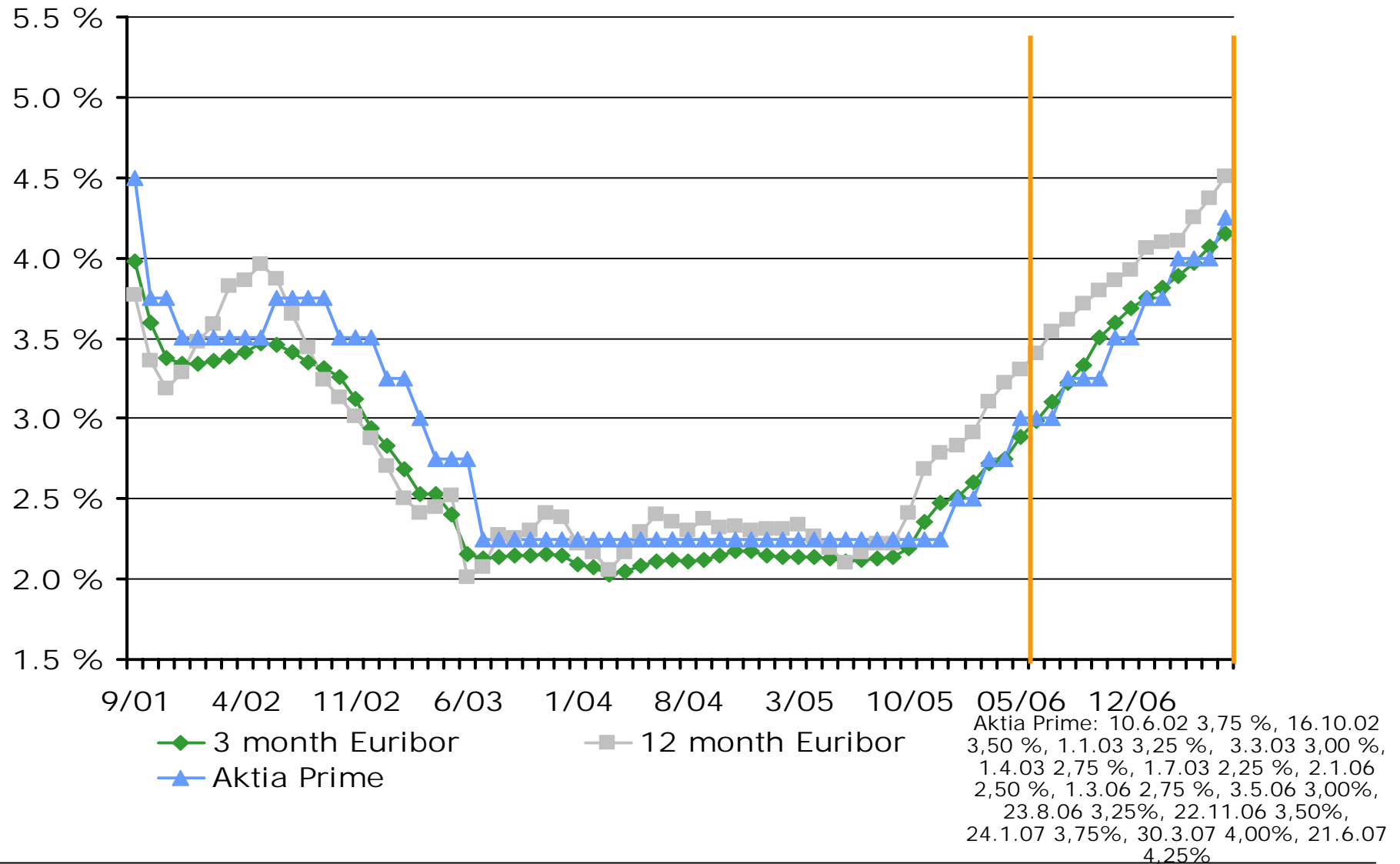


New loans

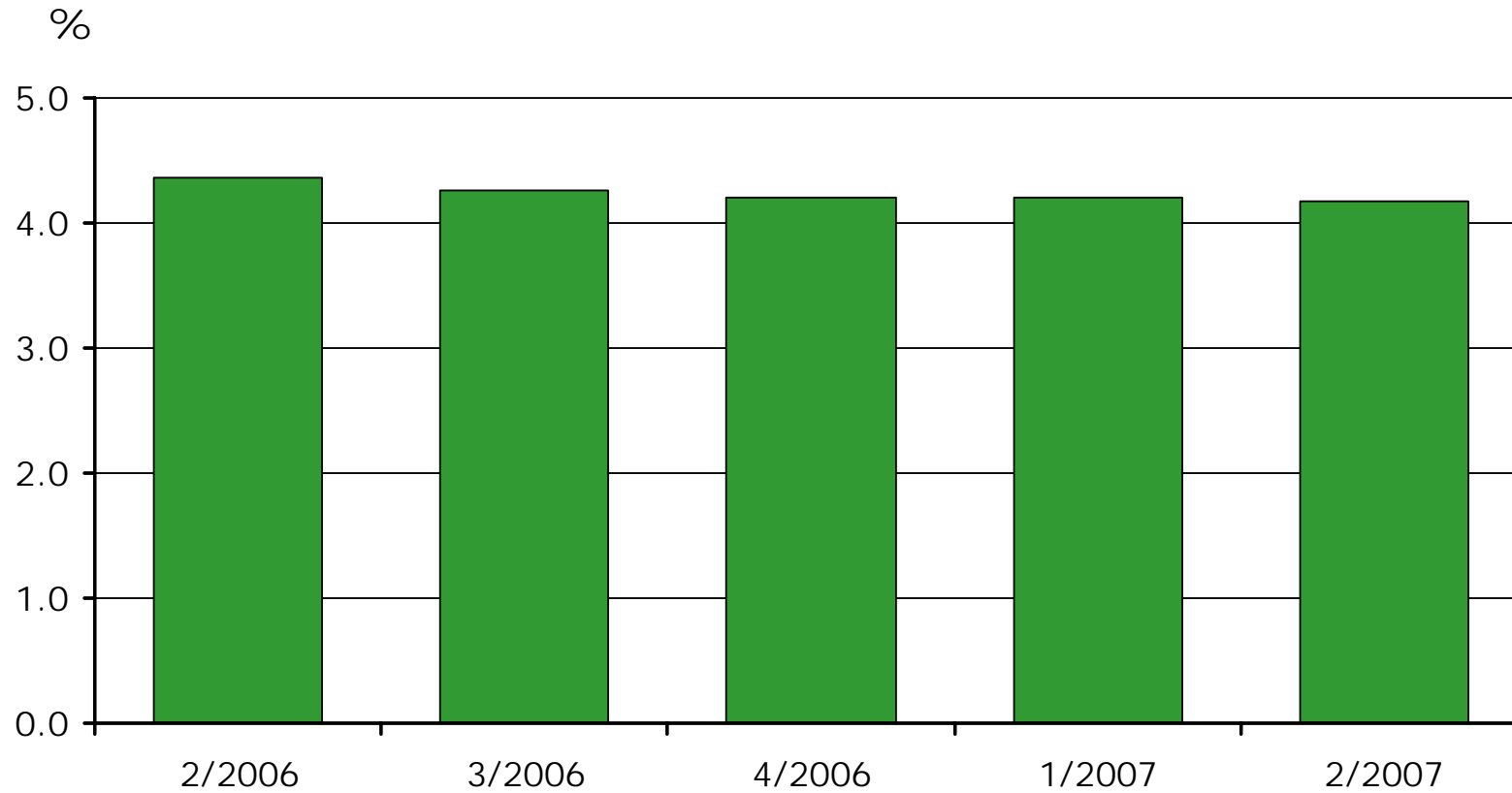
EURm



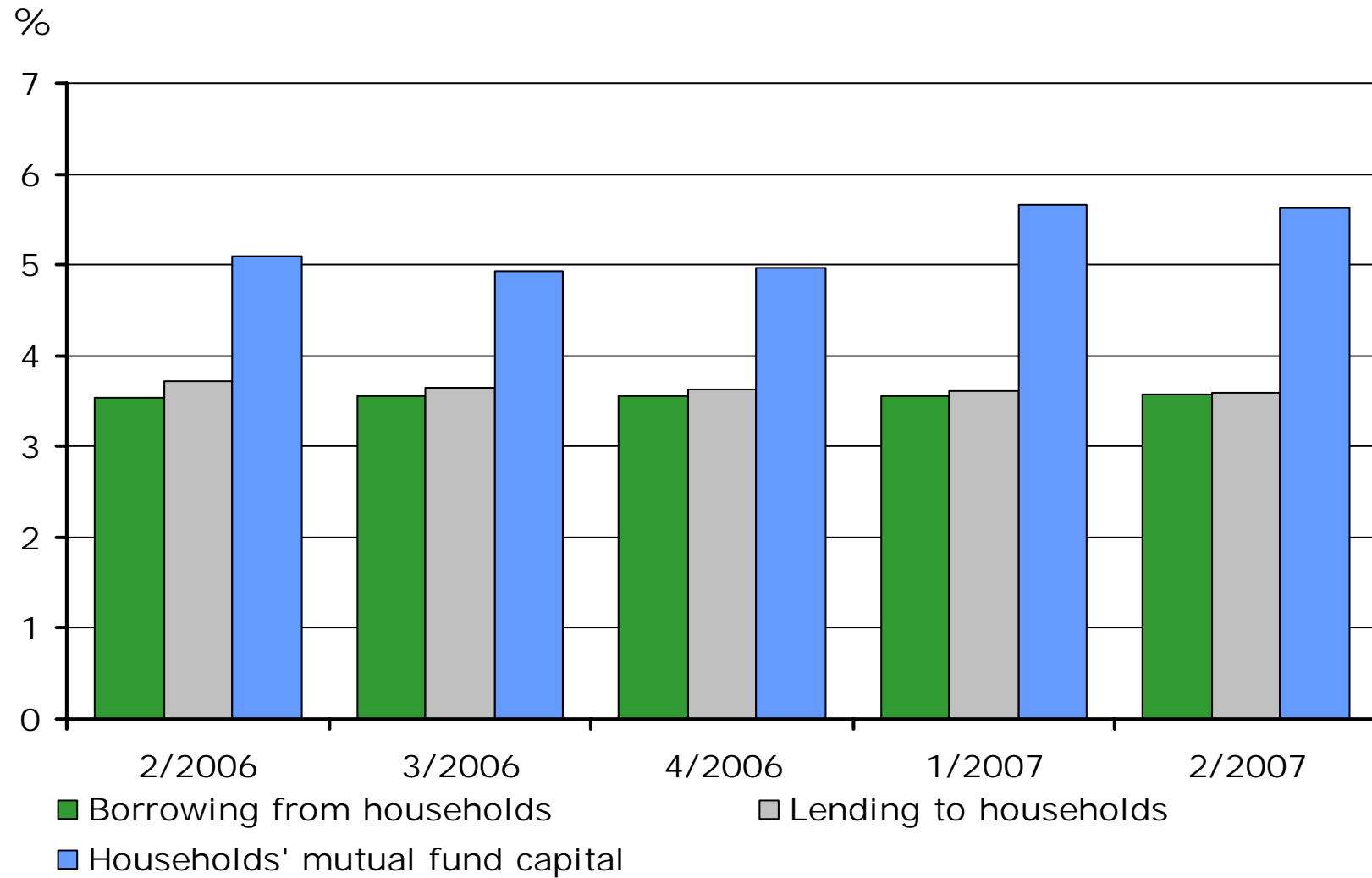
Reference rates



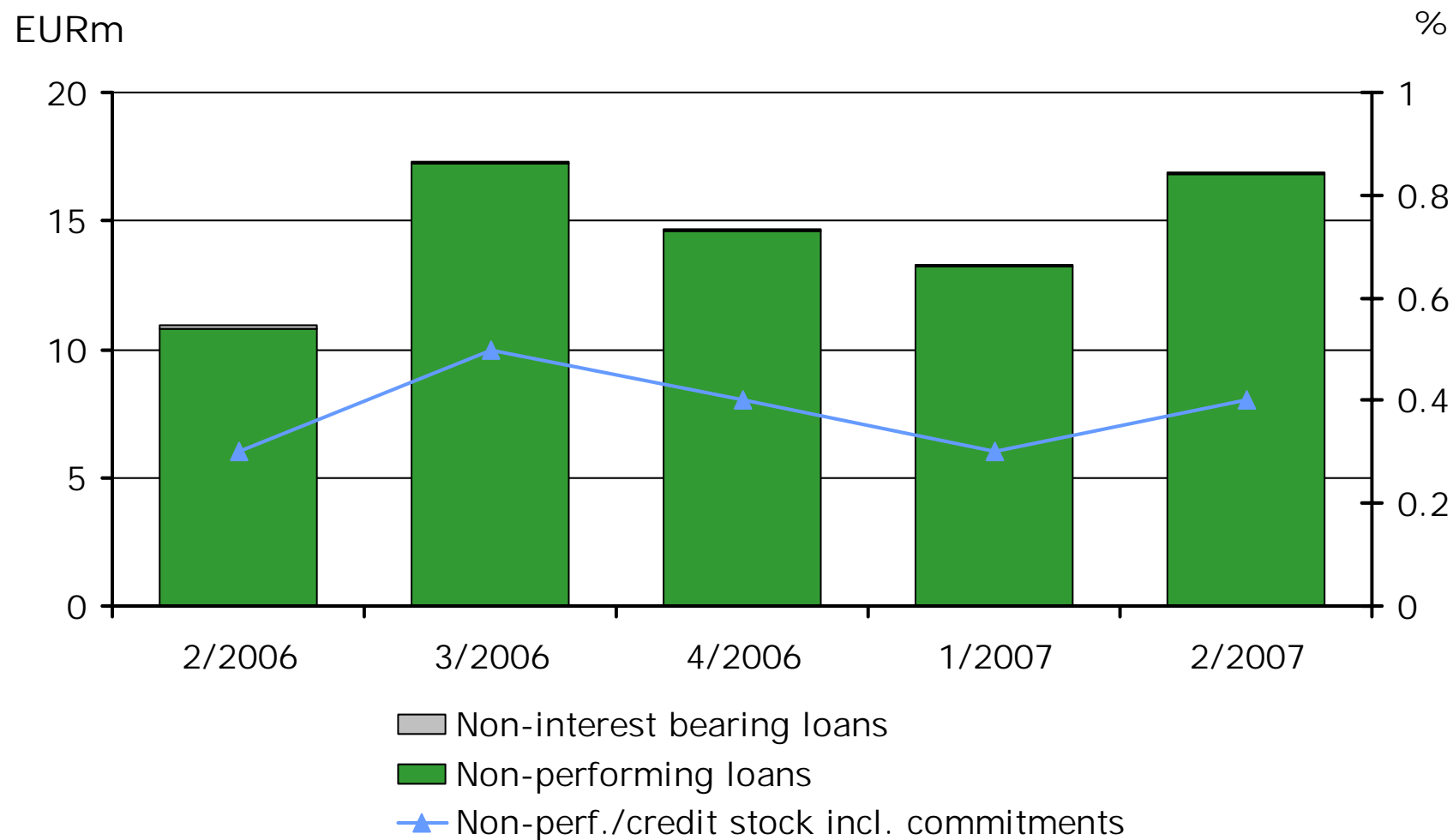
Aktia's market share of housing loans



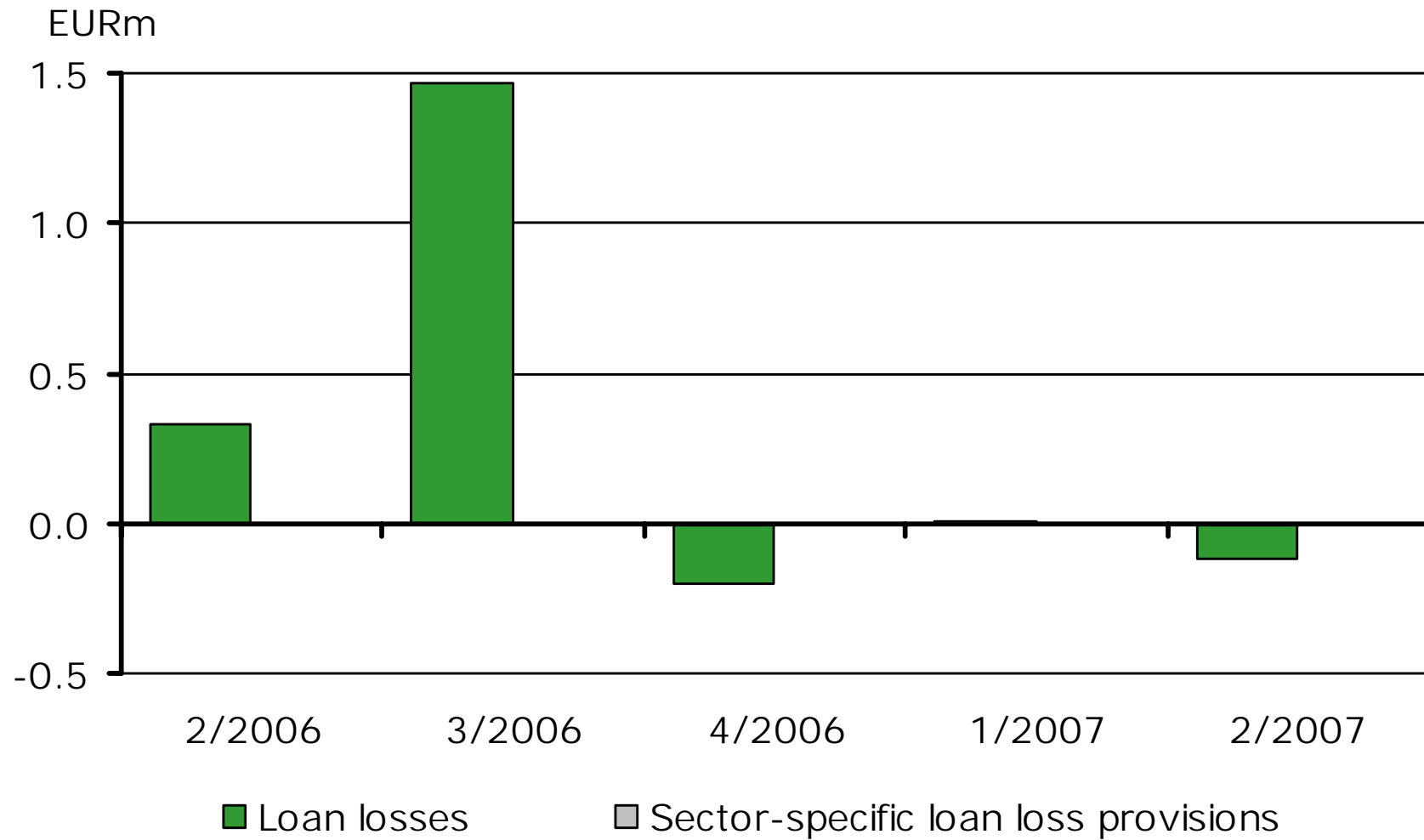
Aktia's market share



Non-performing and non-interest-bearing loans



Loan losses

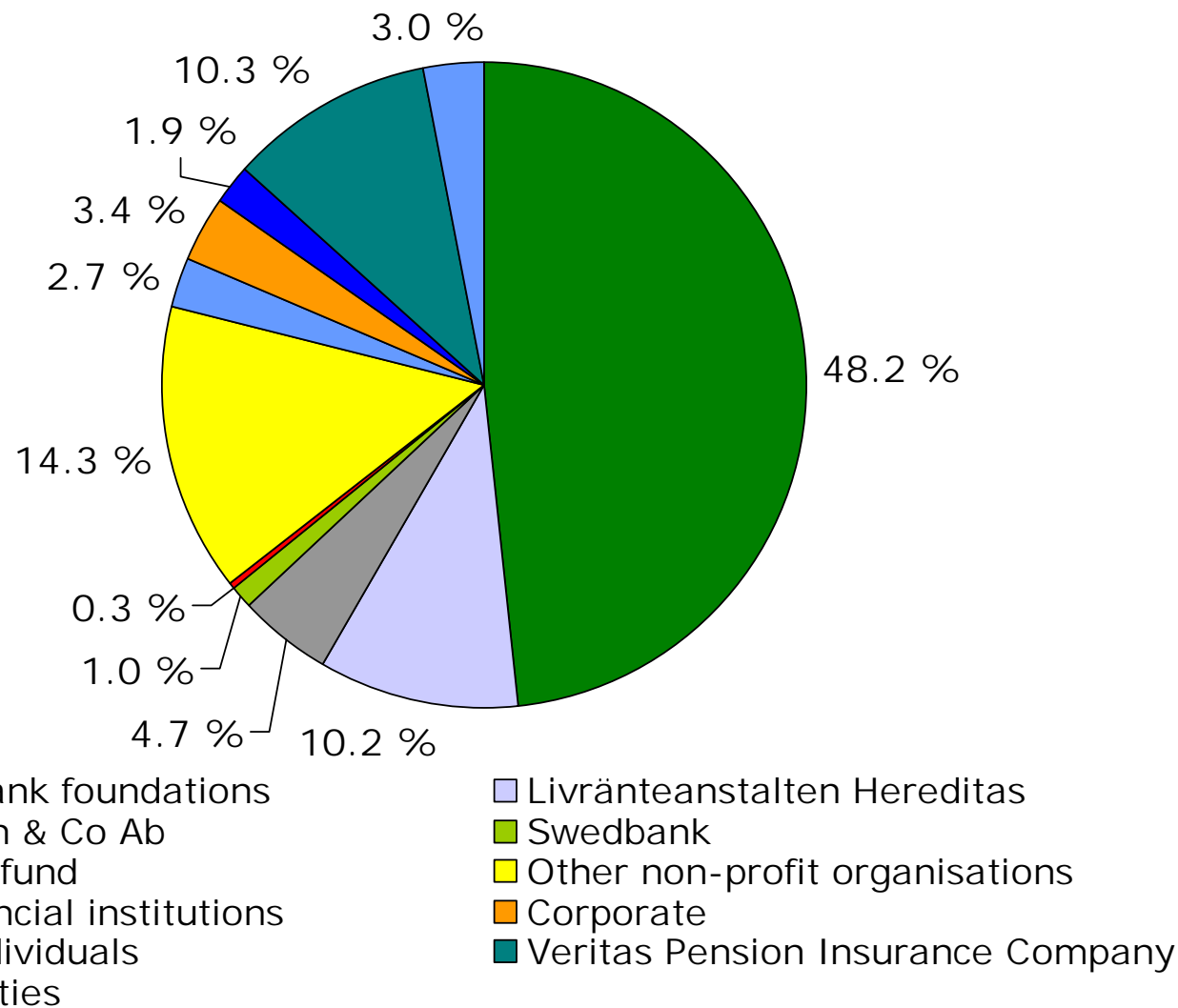


Capital adequacy

(EURm)	30.6.2007	30.6.2006	31.12.2006
Tier 1 capital	319	242	245
Tier 2 capital	150	119	122
Banking group's capital base	469	361	367
Banking group's risk-weighted commitments	2,579	2,471	2,655
Banking group's capital adequacy ratio, %	18.2	14.6	13.8
Banking group's Tier 1 capital ratio, %	12.4	9.8	9.2
Life insurance group's solvency ratio, %	22.0		
Conglomerate's total capital base	393		
Minimum amount of capital base	250		
Conglomerate's capital adequacy	142		
Conglomerate's capital adequacy ratio, %	156.9		

The profit for the period, from which calculated dividends have been deducted, is included in Tier 1 capital.

Owners 30.6.2007



Prospects 2007

- The task of integrating Veritas Life Insurance with the rest of the Group will incur costs of a one-off nature, but the acquisition is nevertheless expected to make a positive contribution to the Group's operating profit.
- The measures taken to reduce the structural interest risk will have a reducing effect on the increase of net interest income.
- The operating profit is expected to improve in 2007 compared to 2006. As a result of the effects on the profit of the acquisition of Veritas Life Insurance, the profit of the second half of the year is not expected to reach the level of the first six months of the year.

Prospects 2007

- The main assumptions forming the basis of the bank's assessment for 2007 are
 - A moderate increase in the general interest rate level will take place
 - Demand for mortgages will remain strong
 - Lending margins will be under pressure
 - The favourable development in the capital markets and the growth of savings in mutual funds are expected to continue
 - The cost level of the bank's operations, after eliminating the integration costs mentioned above, is expected to increase moderately