

Aktia

Interim Report 1 Jan–30 Sep 2007

The period in brief

- 1 Aktia Group's profit for the period increased by 38.0% to EUR 45.8 million. Profit per share rose by 24.3% to EUR 1.15 (0.93).
- 1 The operating profit of Aktia Group increased by 30.7% to EUR 58.3 million (44.6). The insurance business, including the negative goodwill of EUR 11.4 million entered as income, contributed to the increase in profits by approx. EUR 20.5 million. The operating profit of the banking group decreased by EUR 6.8 million, primarily due to less non-recurring income.
- 1 Return on equity (ROE) increased to 20.1% (17.4).

The period in brief

- 1 The total savings in mutual funds increased by 80.2% to EUR 2,068 million. The assets managed by Aktia Asset Management increased by 128.2% to EUR 3,684 million.
- 1 The total number of charge cards increased by 40.2% to approx. 64,000.
- 1 Net commission increased by 18.6% to EUR 34.7 million (29.3).
- 1 According to Basel 2, the banking group's capital adequacy ratio totalled 17.5% and the financial conglomerate's capital adequacy (capital base in relation to the minimum requirement) totalled 153.6%.

Key figures at the period end

	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Earnings/share, EUR	1.15	0.83	0.50	1.17	0.93
Equity per share, EUR	8.40	8.16	8.21	7.11	7.31
Return on equity, % (ROE)	20.1	21.9	26.0	16.6	17.4
Cost-to-income ratio, banking group	0.65	0.67	0.65	0.61	0.59
Life insurance group's expense ratio, %	105.2	111,3	117,5		
Mutual fund capital, EURm	2,068	2,027	1,759	1,420	1,148
Borrowing from the public, EURm	2,739	2,640	2,569	2,544	2,442
Lending to the public, EURm	4,382	4,200	3,944	3,763	3,614
Risk-weighted commitments	2,712	2,579	2,484	2,655	2,537
Capital adequacy ratio, % (banking group)	17.5	18.2	18.3	13.8	15.1
Tier 1 capital ratio, % (banking group)	12.1	12.4	12.4	9.2	10,0
Solvency ratio, % (life insurance group)	20.5	22.0	21.6		
Capital adequacy, % (financial conglomerate)	153.6	156.9	157.8		
Life insurance operations:					
- Investments at fair value ¹⁾	965.9	971.7	930.7		
- Interest-based provisions	641.9	641.2	641.8		
- Unit-linked provisions	197.1	195.9	180.6		
Average number of shares, millions ²⁾	39.8	39.8	39.8	35.8	35.8
Number of shares at end of period, millions	40.1	40.1	40.1	35.3	35.3
Personnel (FTEs), average number	928	921	916	741	715

1) After the elimination of acquisition-related items and internal Group investments

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

Aktia Group's consolidated income statement

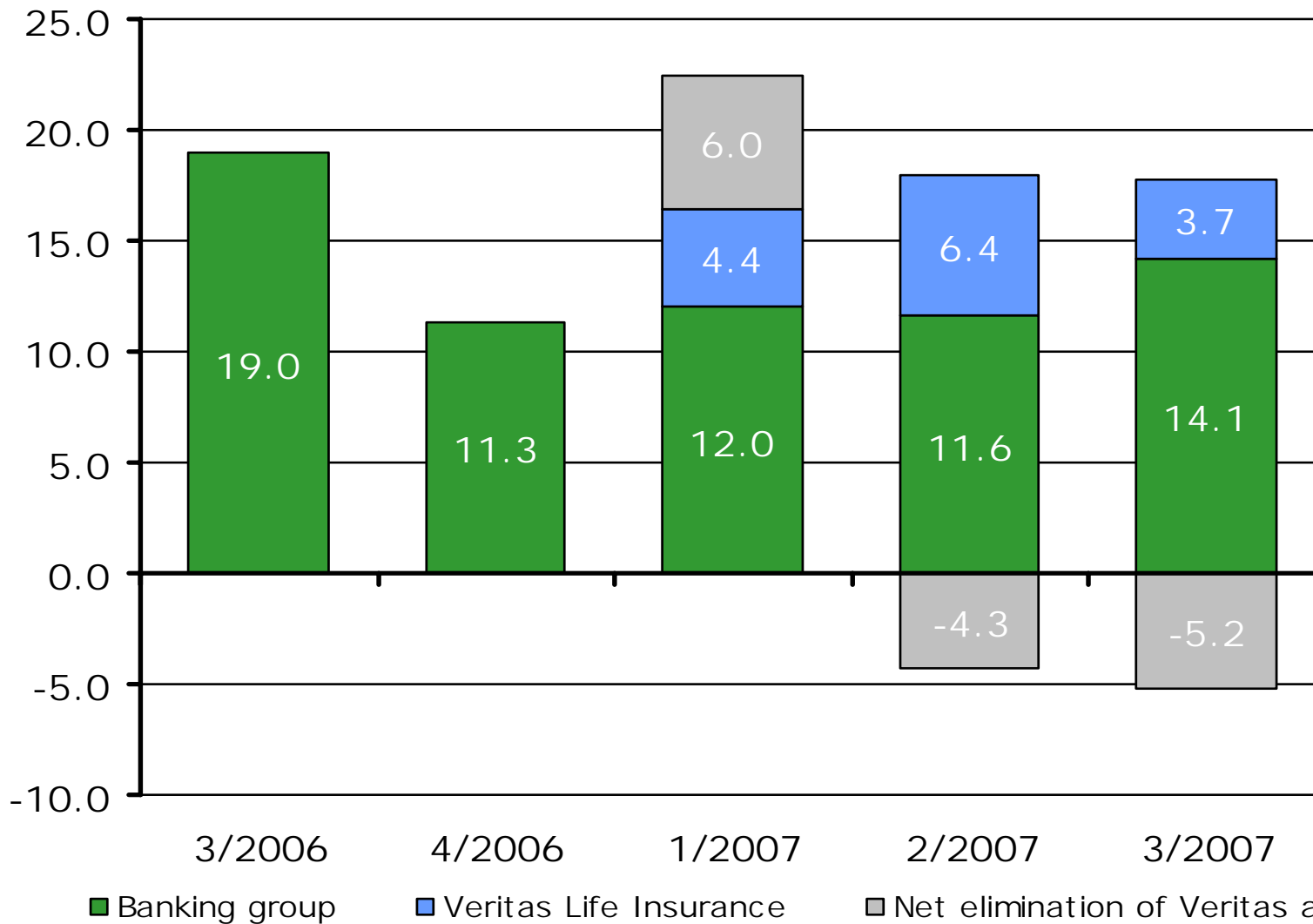
(EURm)	Q3 2007	Q3 2006	Change %	Year 2006
Total operating income	210.8	102.7	105.3%	137.5
- Net interest income	65.4	62.7	4.3%	84.4
- Dividends	1.2	1.2	-4.0%	1.2
- Net commission income	34.7	29.3	18.6%	40.1
- Income from the insurance business	104.5			
- Net profit from financial transactions	2.6	1.1	137.7%	0.7
- Net income from investment properties	0.4	4.6	-90.9%	4.9
- Other operating income	2.1	3.9	-46.6%	6.3
Total operating expenses	-153.0	-60.6	152.5%	-83.9
- Claims paid and change in provisions	-87.4			
- Staff costs	-40.3	-30.6	31.6%	-41.7
- Other administrative expenses	-24.5	-18.7	30.9%	-26.9
- Realised negative goodwill to income	11.4			
- Depreciation of tangible and intangible assets	-3.0	-2.9	1.3%	-3.6
- Other operating expenses	-9.3	-8.3	11.6%	-11.8
Profit before write-downs	57.8	42.1	37.4%	53.6
Write-downs of credits and other commitments	0.0	1.8	N/A	1.6
Share of profit from associated undertakings	0.5	0.7	-34.5%	0.7
Operating profit	58.3	44.6	30.7%	55.9
Profit for the reporting period	45.8	33.2	38.0%	41.9

Segment information

	Retail banking	Capital market	Corporate Banking & Treasury	Life insurance	Miscellaneous and eliminations	Aktia Group
Q3 2007						
Net interest income	46.2	1.3	16.8		1.0	65.4
Net commission income	22.5	10.1	-2.6		4.6	34.7
Income from the insurance business				139.5	-35.0	104.5
Other operating income	1.4	0.7	2.1		2.1	6.3
Total operating income	70.2	12.1	16.4	139.5	-27.2	210.8
Claims paid and change in provisions for the insurance business				-107.3	19.9	-87.4
Staff costs	-20.8	-3.4	-3.1	-4.0	-9.0	-40.3
Other administrative expenses	-27.7	-2.5	-4.2	-3.8	13.7	-24.5
Realised negative goodwill					11.4	11.4
Other expenses	-4.8	-0.8	-0.9	-0.5	-5.3	-12.3
Total operating expenses	-53.2	-6.6	-8.2	-115.7	30.7	-153.0
Write-downs of loans and other commitments						
Share of profit from associated undertakings				0.2	0.3	0.5
Total operating income	16.9	5.5	8.1	24.0	3.8	58.3
Q3 2006						
Net interest income	47.2	1.0	14.2		0.3	62.7
Net commission income	18.3	8.0	-1.1		4.1	29.3
Other operating income	2.3	0.6	0.9		7.0	10.7
Total operating income	67.8	9.7	13.9		11.3	102.7
Staff costs	-17.1	-2.9	-2.5		-8.2	-30.6
Other administrative expenses	-25.0	2.0	-3.9		12.2	-18.7
Other expenses	-5.1	-0.6	-0.7		-4.9	-11.3
Total operating expenses	-47.2	-5.5	-7.1		-0.8	-60.6
Write-downs of credits and other commitments	1.7		0.1			1.8
Share of profit from associated undertakings					0.7	0.7
Operating profit	22.3	4.1	6.9		11.2	44.6

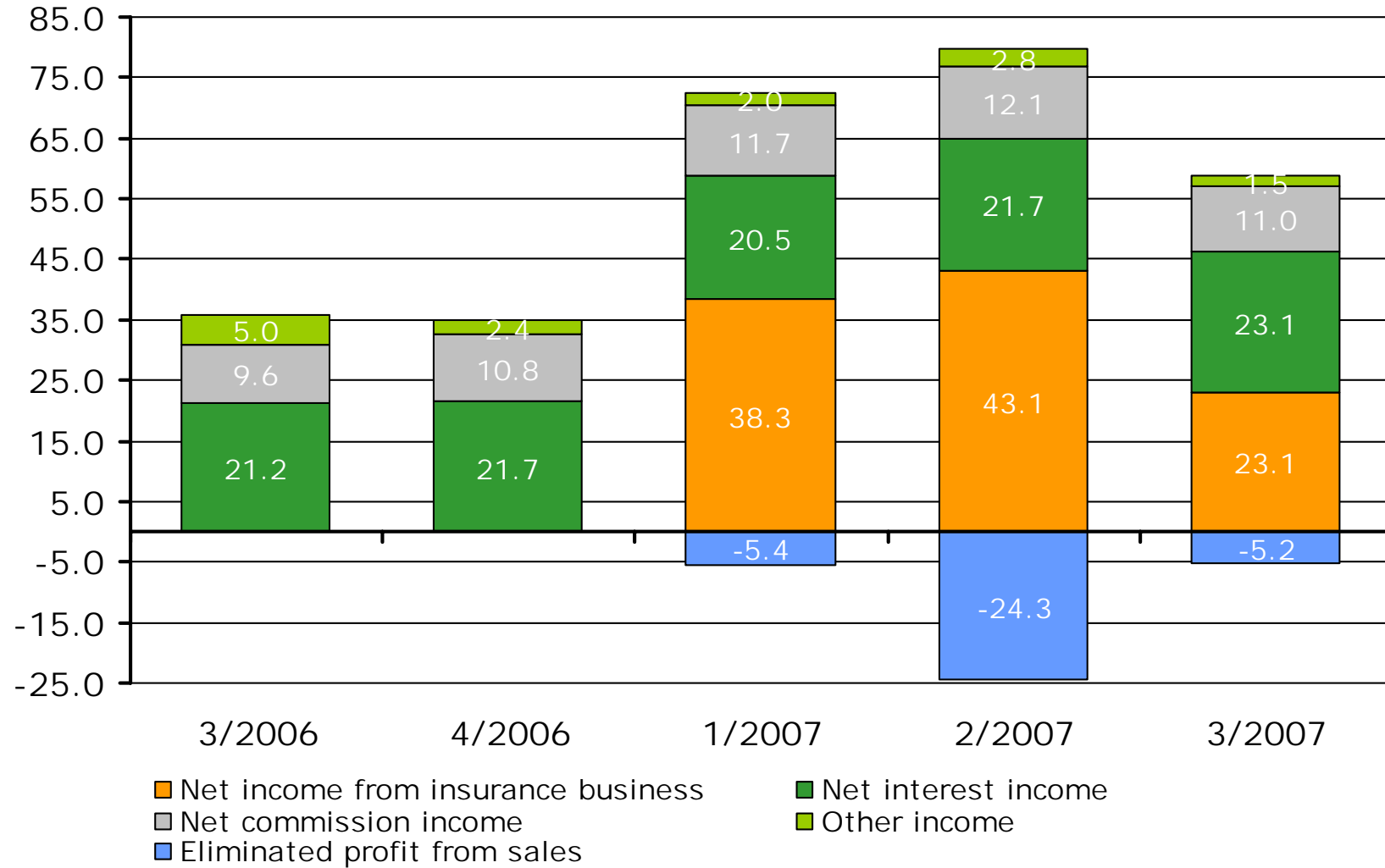
Operating profit for the period

EURm



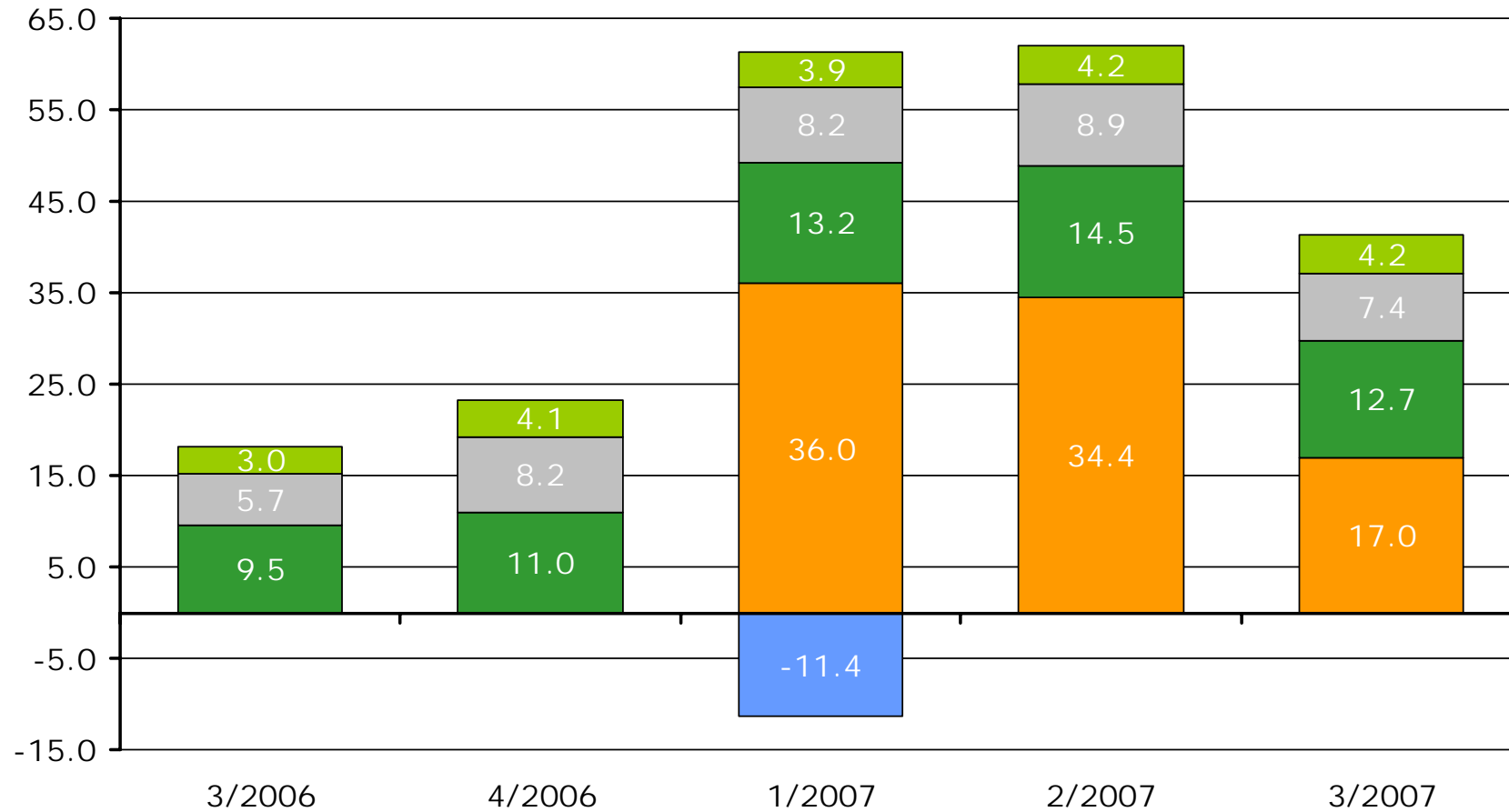
Total operating income

EURm



Total operating expenses

EURm



- Claims paid and change in provisions
- Other administrative expenses
- Negative goodwill

- Staff costs
- Other costs

Aktia Group's consolidated balance sheet

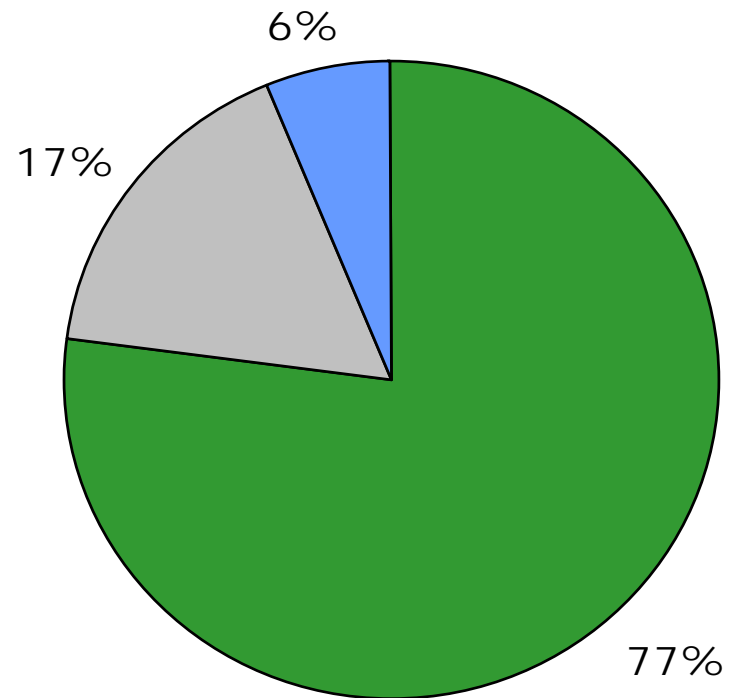
(EURm)	Q3 2007	Q3 2006	Change %	Year 2006
- Cash and balances with central banks	231.9	231.4	0.2%	307.9
- Financial assets held for trading	10.4	2.9	N/A	7.8
- Financial assets available for sale	1,355.9	1,062.9	27.6%	1,242.4
- Loans and other receivables	4,648.8	3,746.3	24.1%	3,797.0
- Financial assets held until maturity	47.8	47.8	0.0%	47.8
- Derivatives for hedge accounting	14.9	5.7	161.0%	5.0
- Assets of the life insurance business	989.1			-
- Tangible and intangible assets	49.5	40.4	22.5%	42.7
- Other assets	79.9	52.7	51.6%	41.1
Total assets	7,428.0	5,190.2	43.1%	5,491.7
- Deposits	3,622.5	3,222.8	12.4%	3,340.4
- Debt securities issued	1,729.2	1,033.6	67.3%	1,321.3
- Subordinated liabilities	192.4	195.5	-1.6%	193.8
- Other financial liabilities	2,374.8	1,544.3	53.8%	1,729.0
- Derivatives for hedge accounting	22.4	8.3	171.0%	12.8
- Liabilities of the insurance business	866.8			-
- Other liabilities	181.7	147.2	23.4%	148.7
Total liabilities	7,068.3	4,922.6	43.6%	5,230.9
- Equity	359.7	267.5	34.5%	260.8
Total liabilities and equity	7,428.0	5,190.2	43.1%	5,491.7

Aktia grows

Aktia Group	30.9.2007	30.9.2006	31.12.2006
Saving (deposits and mutual funds)			
Total saving			
- %	+33.9	+11.0	+20.9
- EURm	4,806	3,589	3,964
Savings by households			
- %	+15.9	+11.8	+13.0
- EURm	3,160	2,727	2,829
Asset Management			
Aktia Asset Management			
- %	+128.2	+12.1	+40.6
- EURm	3,684	1,614	2,008
Other funding			
Bonds			
- %	-47.1	+8.0	+9.7
- EURm	65	124	116

Deposit stock 30.9.2007

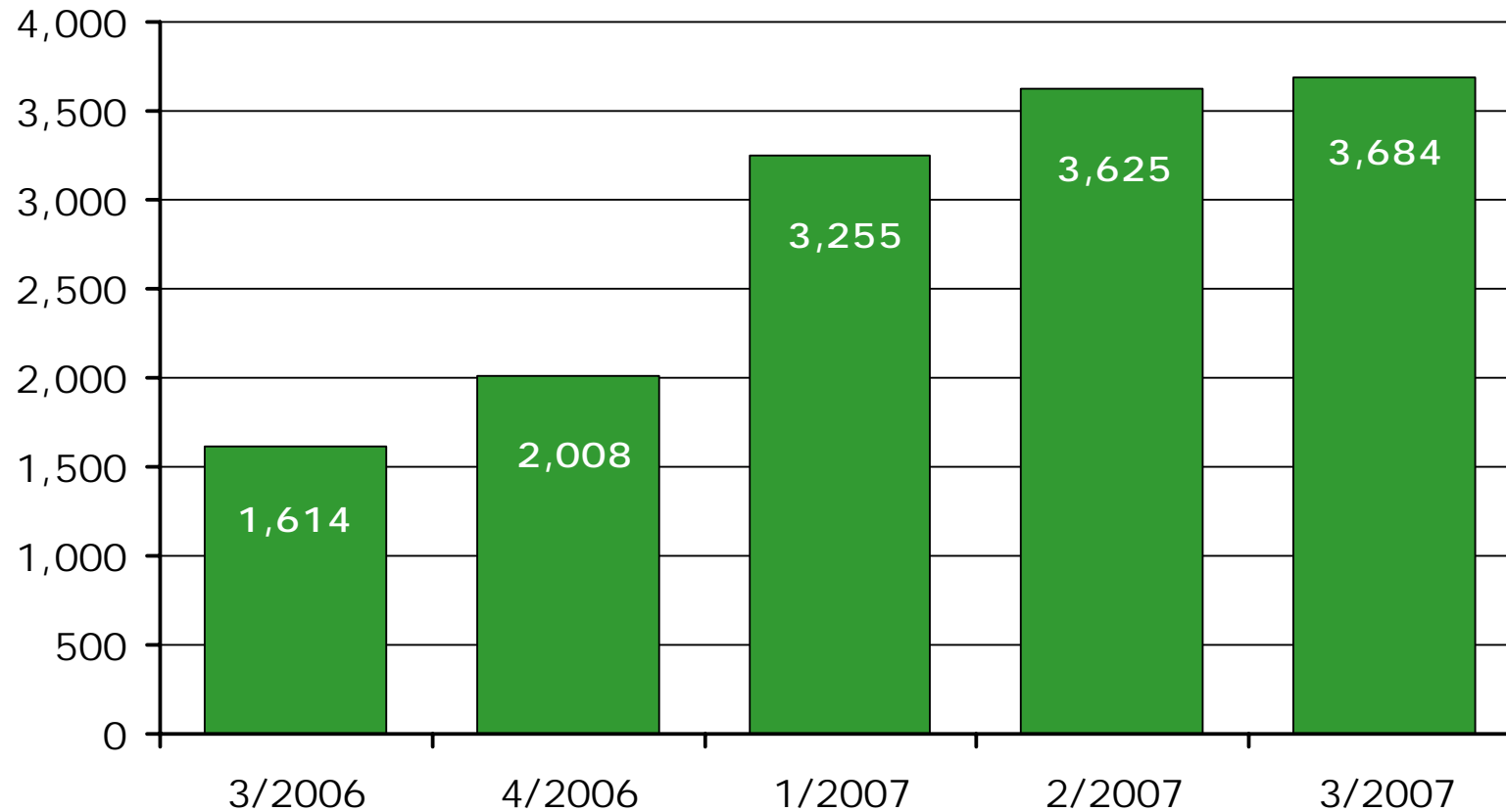
Aktia Group
EURm 2,739



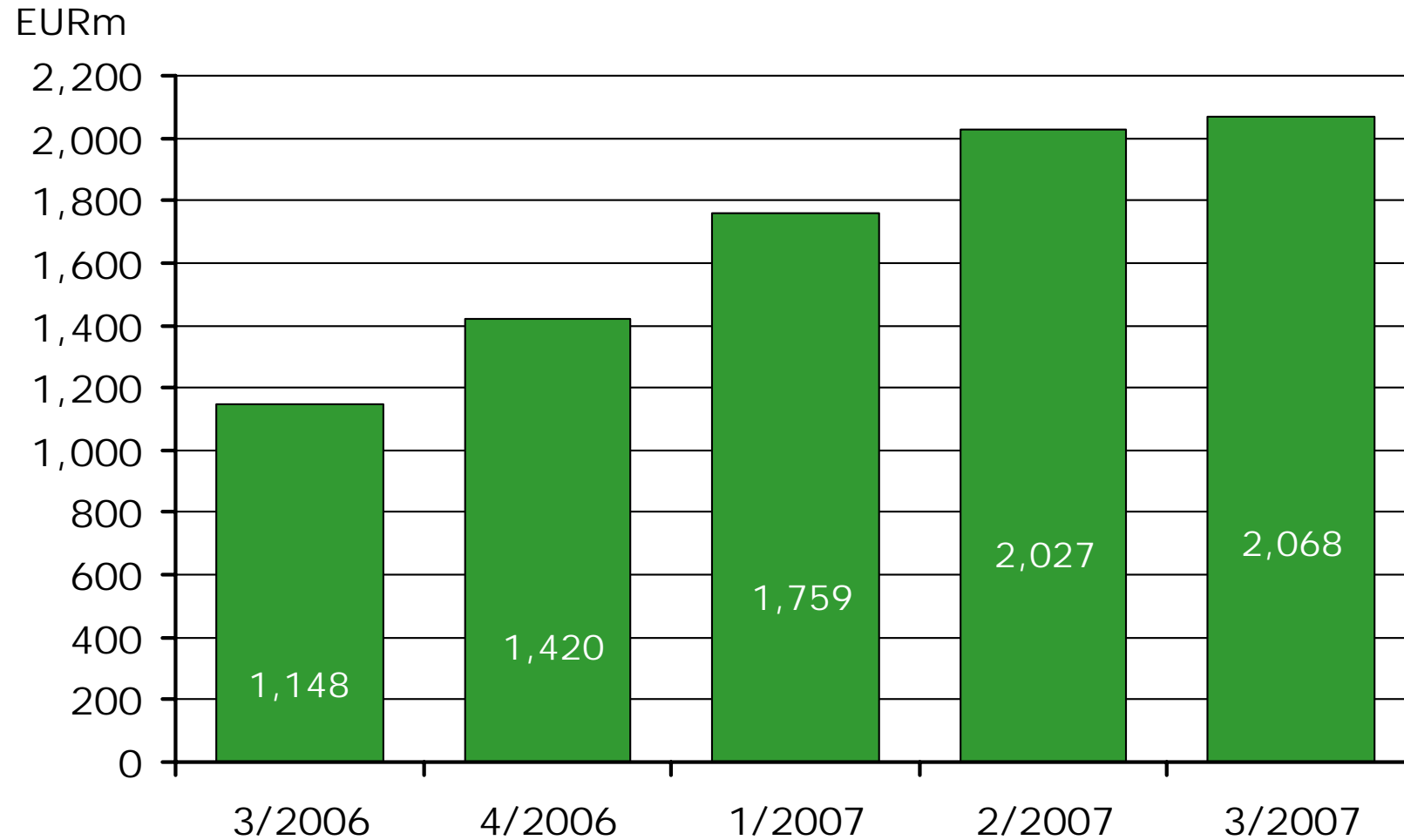
- Households
- Corporate
- Public sector entities and non-profit organisations

Assets managed by Aktia Asset Management

EURm

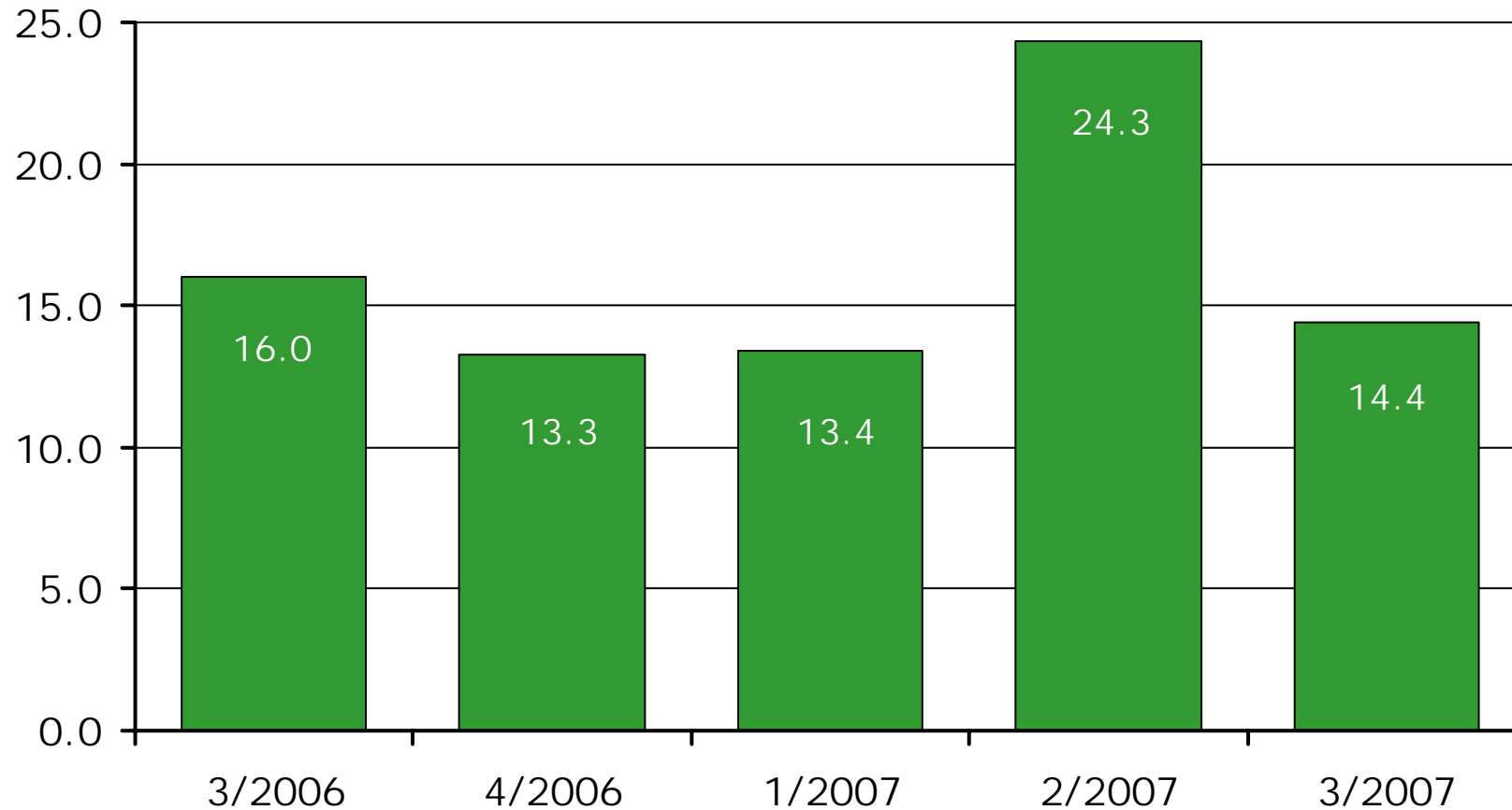


Mutual funds



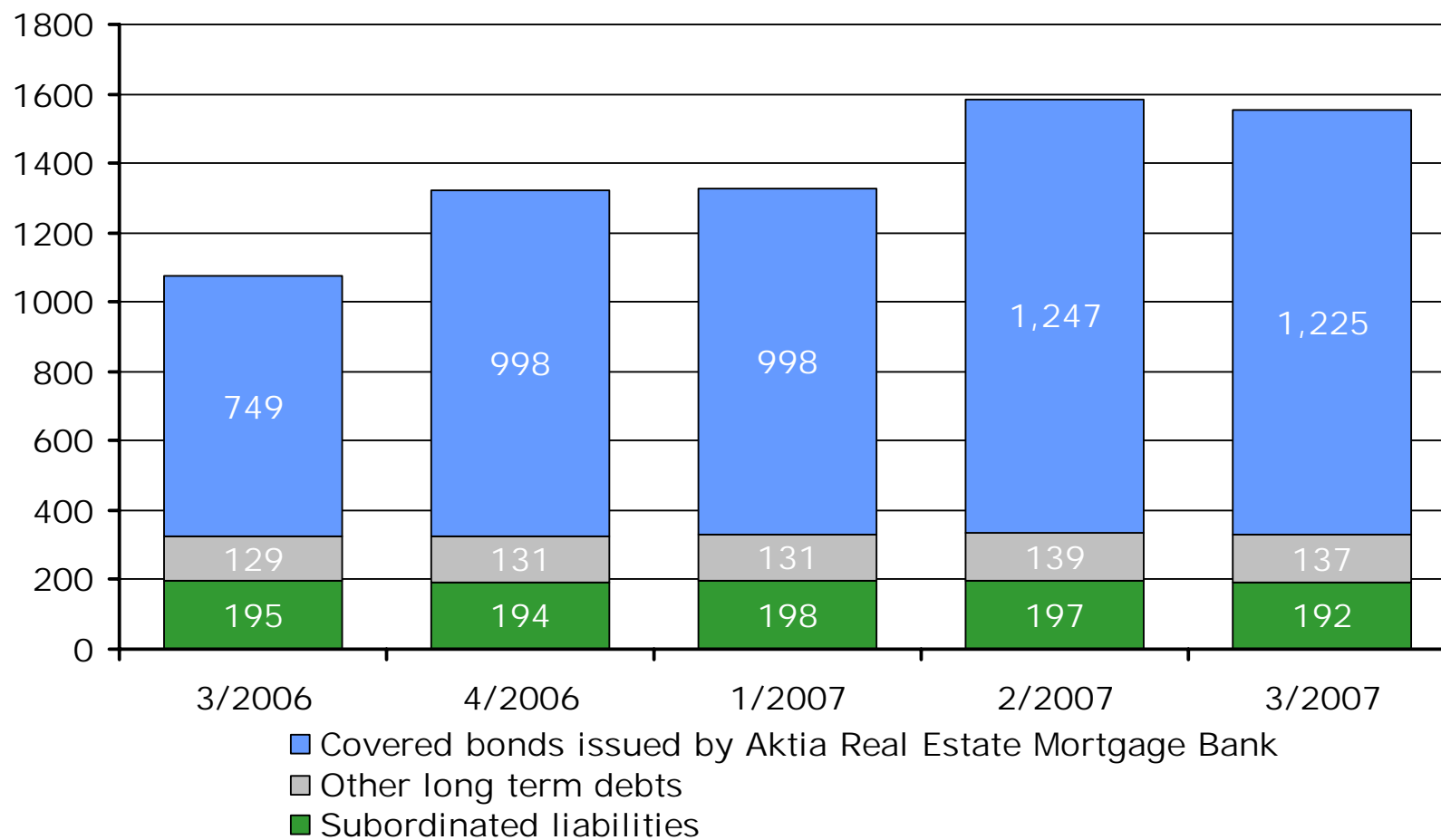
Long term debts issued by Aktia

EURm



Aktia's long term debts

EURm

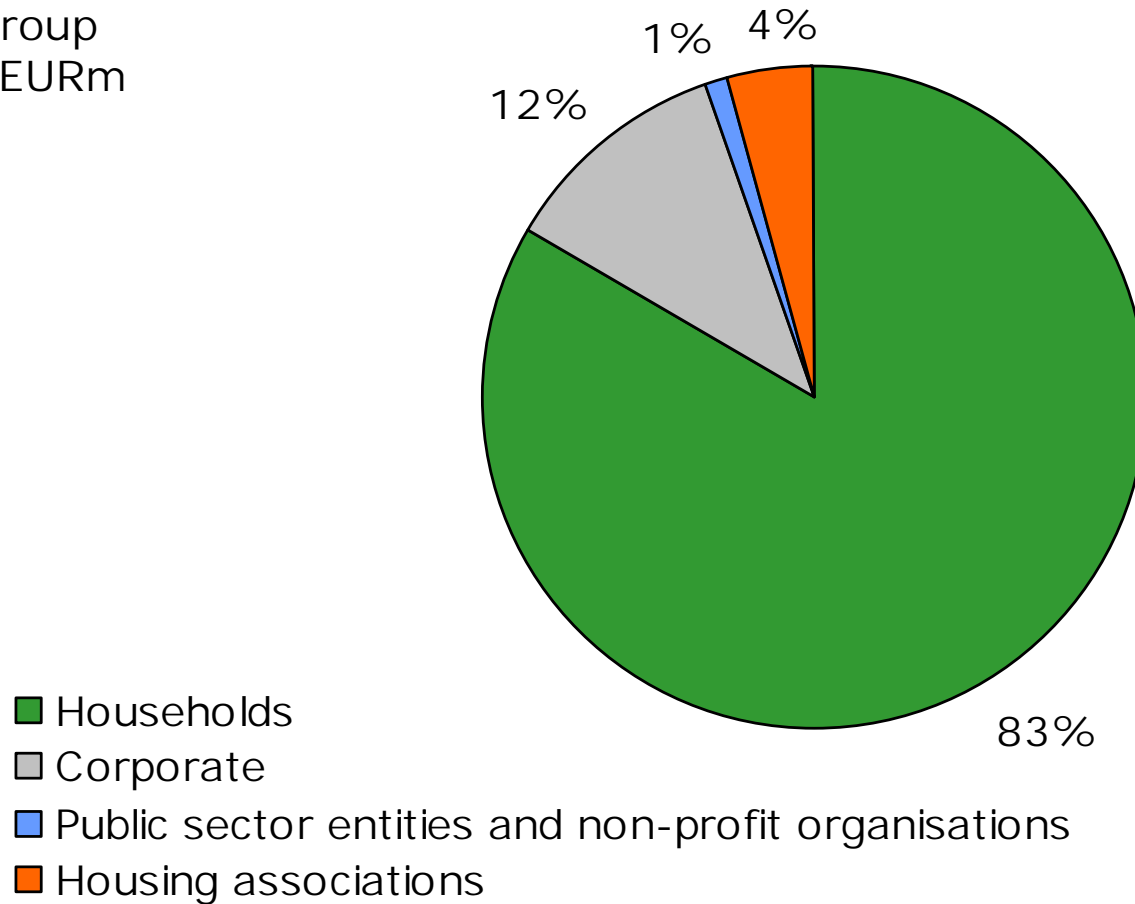


Aktia grows

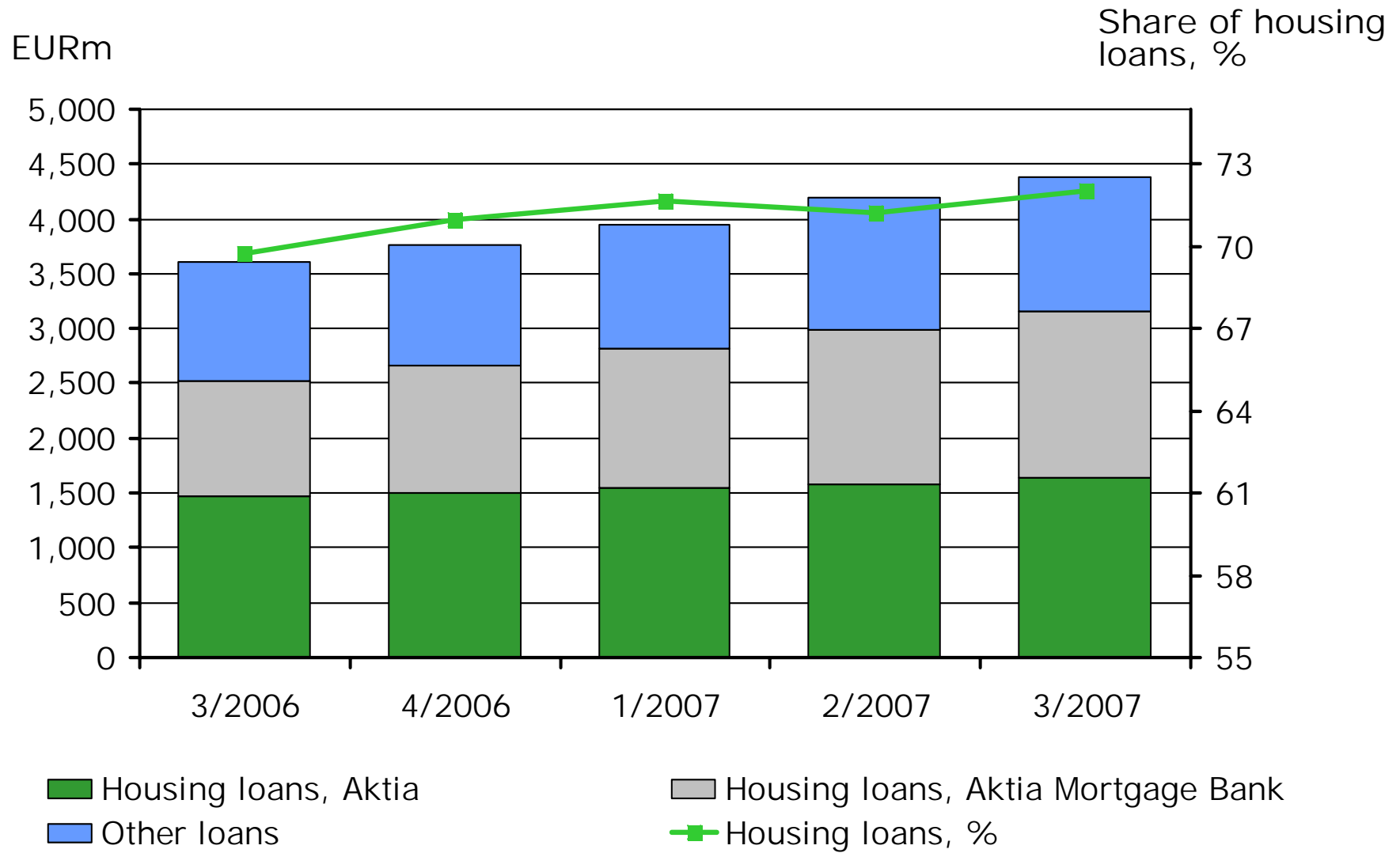
Aktia Group	30.9.2007	30.9.2006	31.12.2006
Lending			
Total lending			
- %	+21.2	+14.7	+15.8
- EURm	4,382	3,614	3,763
Lending to households			
- %	+23.3	+15.5	+18.8
- EURm	3,648	2,958	3,125
Risk-weighted commitments			
- %	+6.9	+12.8	+16,1
- EURm	2,712	2,537	2,655
Balance sheet total			
- %	+43.1	+17.2	+20.6
- EURm	7,428	5,190	5,492

Credit stock 30.9.2007

Aktia Group
4,382 EURm

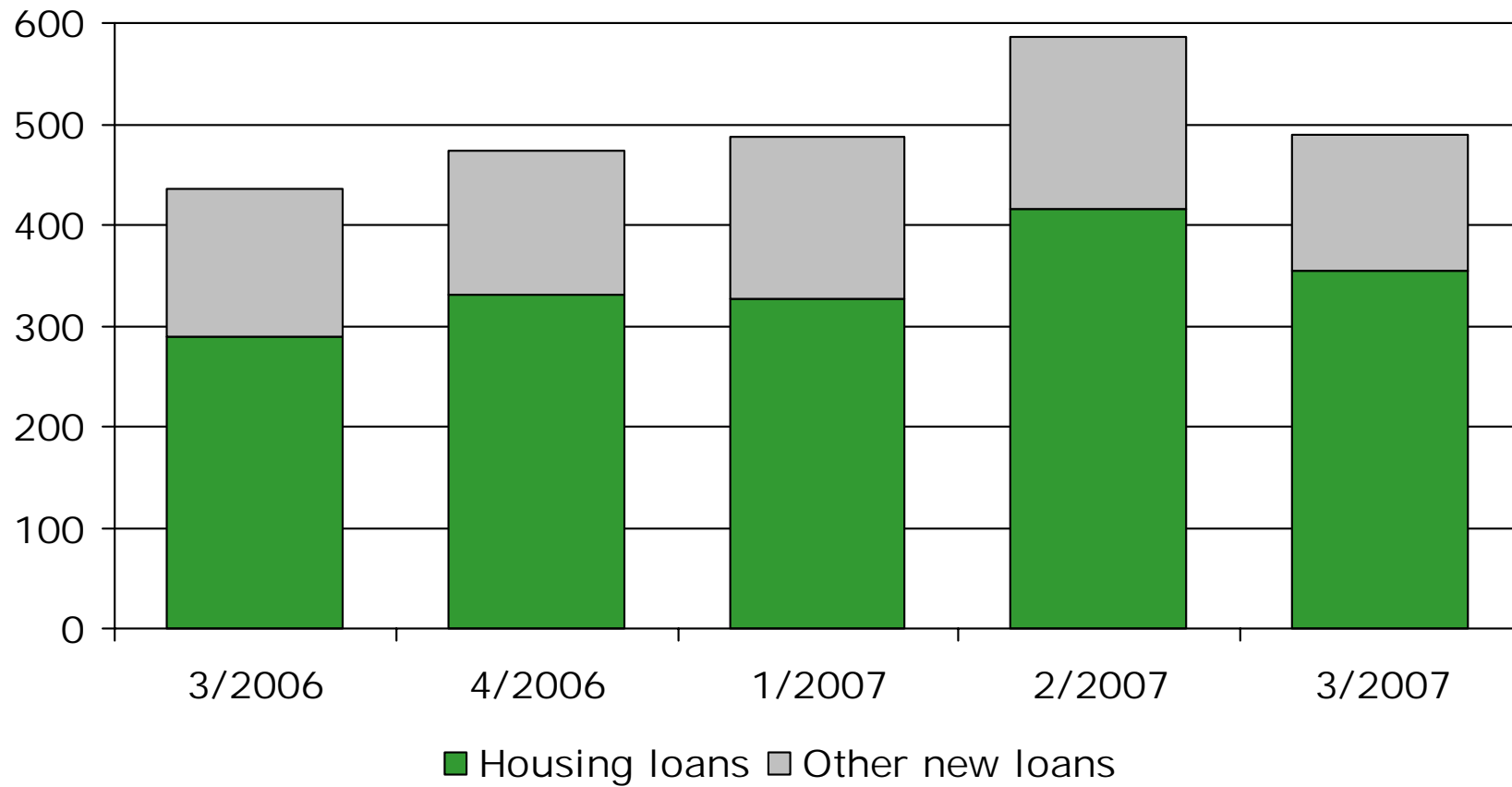


Credit stock

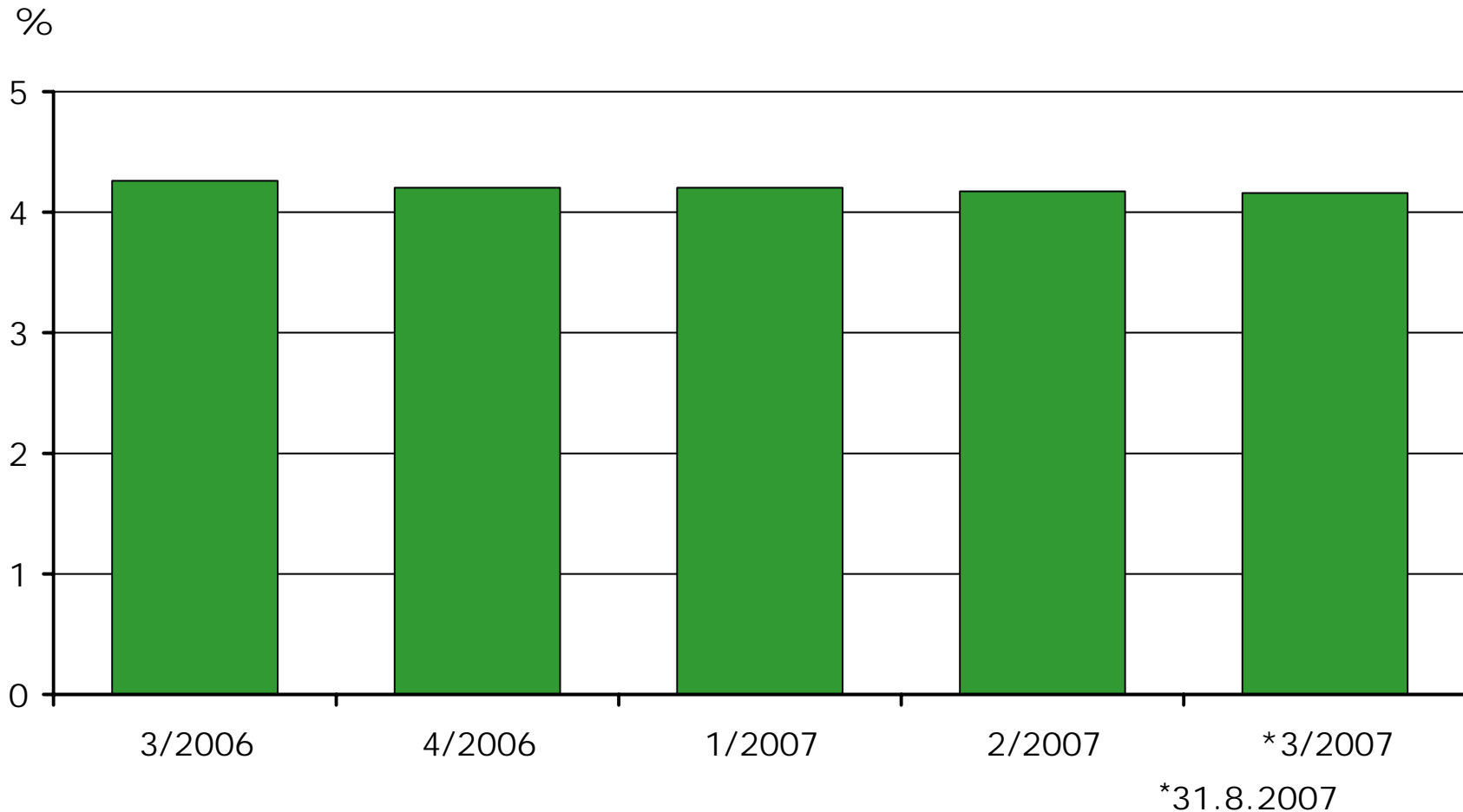


New loans

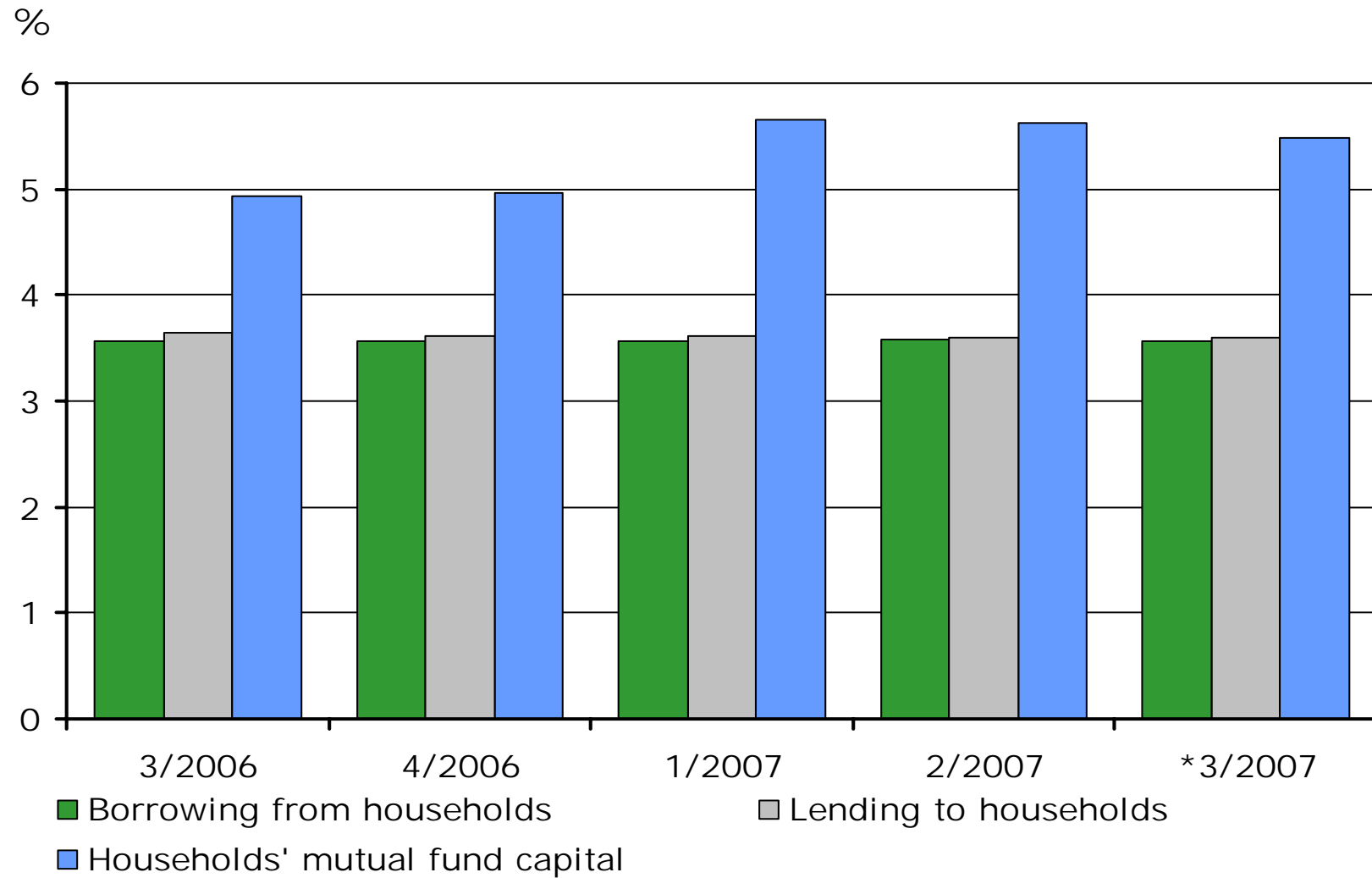
EURm



Aktia's market share of housing loans



Aktia's market share

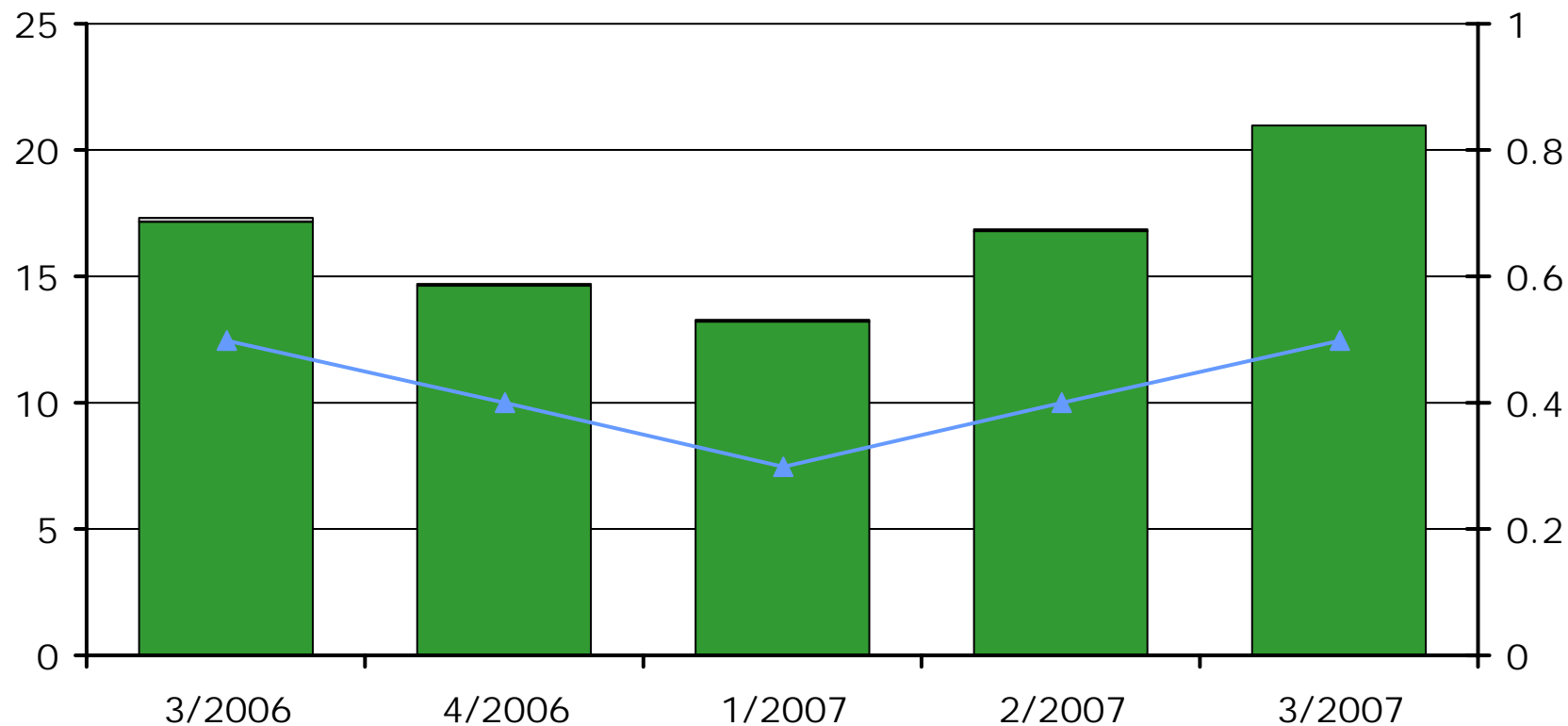


*31.8.2007

Non-performing and non-interest-bearing loans

EURm

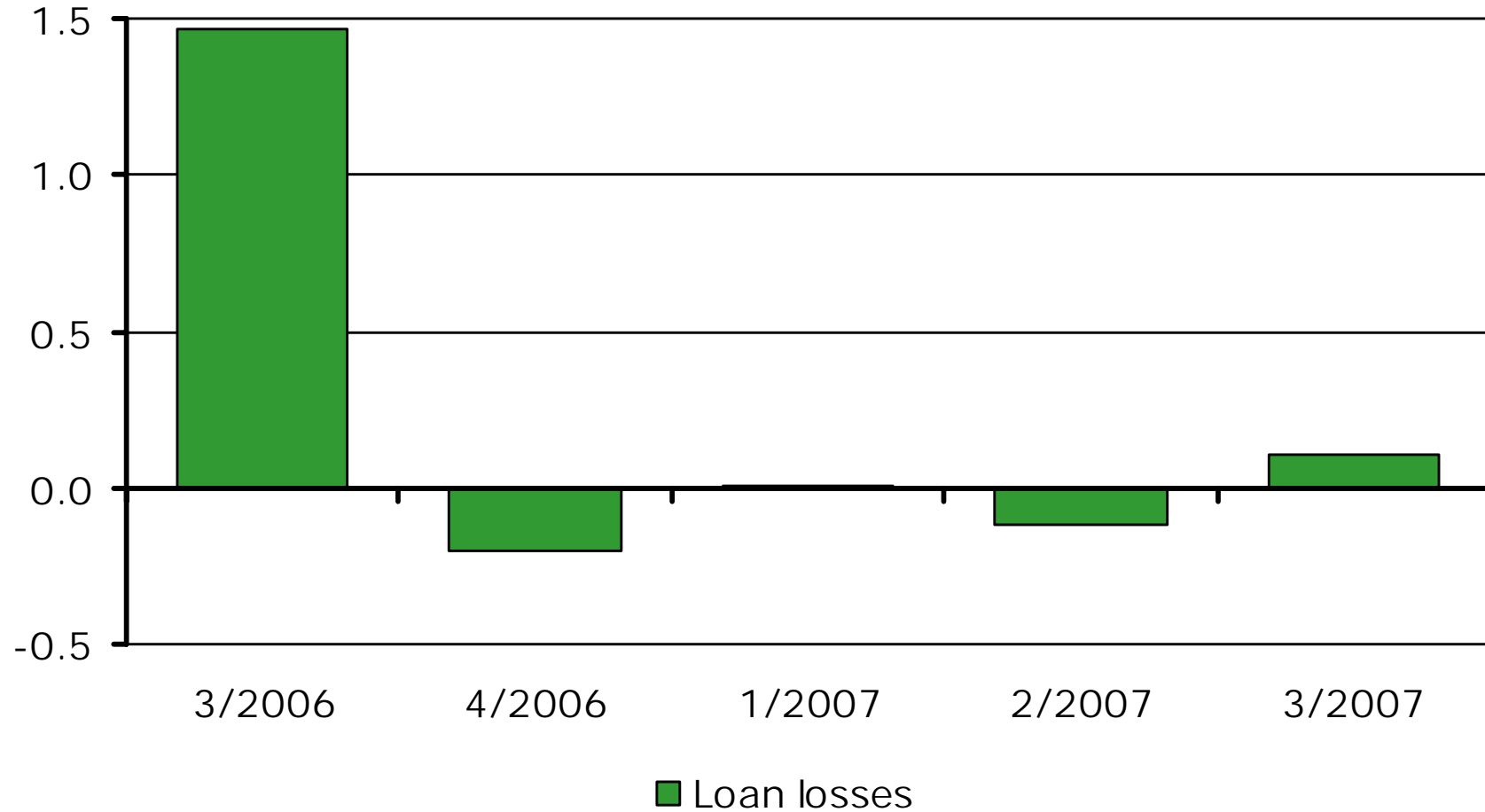
%



- Non-interest-bearing loans
- Non-performing loans
- Non-perf./credit stock incl. commitments

Loan losses

EURm

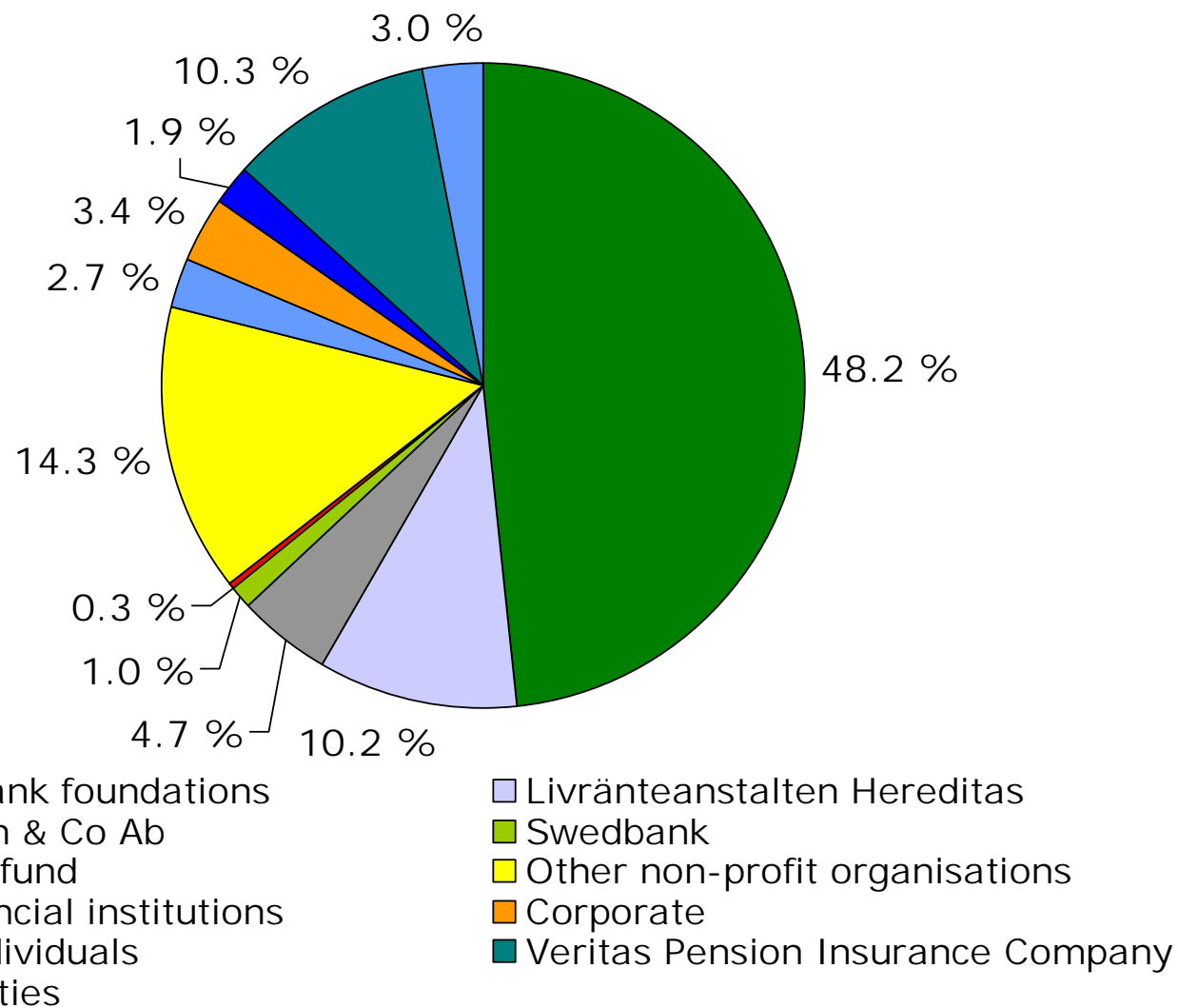


Capital adequacy

(EURm)	30.9.2007	30.9.2006	31.12.2006
Tier 1 capital	327	254	245
Tier 2 capital	147	127	122
Banking group's capital base	474	382	367
Banking group's risk-weighted commitments	2,712	2,537	2,655
Banking group's capital adequacy ratio, %	17.5	15.1	13.8
Banking group's Tier 1 capital ratio, %	12.1	10.0	9.2
Life insurance group's solvency ratio, %	20.5		
Conglomerate's total capital base	402		
Minimum amount of capital base	262		
Conglomerate's capital adequacy	140		
Conglomerate's capital adequacy ratio, %	153.6		

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

Owners



Outlook

- 1 The Group's operating profit is expected to be considerably better than in the previous year. In particular the life insurance business is expected to make a significant contribution to the improved results.
- 1 The measures taken to reduce the structural interest risk will have a strong reducing effect on the increase of net interest income.
- 1 Starting up new activities, especially within Retail Banking and Corporate Banking, has resulted in a considerable increase of costs.
- 1 Against the background of the one-off effects on the results from the acquisition of Veritas Life Insurance, the above cost development and modest increase in net interest income, the operating profit for the fourth quarter will be considerably lower than in the current year's previous quarters.

Outlook

- 1 The main assumptions forming the basis of the assessment for 2007 are:
 - n an increase in the general interest rate level
 - n demand for mortgages will remain strong
 - n lending margins will be under pressure
 - n in spite of the increasing uncertainty of the capital markets, the growth of savings in mutual funds is expected to continue