OKO BANK

Stock Exchange Release
August 11, 2005 at 8:00 am

OKO BANK INTERIM REPORT JAN. 1–JUNE 30, 2005 AND THE PRESIDENT'S COMMENTS

The President's Comments:

"OKO Bank Group's earnings development was stable in the second quarter: earnings before tax amounted to € 35.8 million. Earnings from January to June totalled € 75 million, which is 7 per cent more than a year earlier.

In the first part of the year, OKO Bank's income increased by 10 per cent on the comparison period. The rate of growth slowed down in the second quarter due to decreased capital gains compared with the first quarter and lower earnings of money market operations.

The increase in expenses also slowed down in the second quarter. Expenses from January to June were 11 per cent higher than in the comparison period.

Our business has continued to grow rapidly. During the last 12 months, the loan portfolio has increased by 15 per cent, deposits by 15 per cent and client funds in asset management by more than 40 per cent. The increase in income was mostly attributable to increased business volumes, as price competition did not ease during the second quarter. Most of the increase in expenses is also attributable to the rapid growth of business.

The profitability, capital adequacy and risk position of OKO Bank and the entire OP Bank Group have been good for a long time and indicated stable development. These were the main arguments for Standard & Poor's upgrading OKO Bank's credit ratings in late July. The strong rating will provide good foundations for business development in the future.

OKO Bank's full-year earnings outlook has remained unchanged. Earnings exclusive of non-recurring items will probably be equal to or slightly better than last year's comparable earnings."

OKO Bank

Mikael Silvennoinen

Interim Report January 1 – June 30, 2005

Improved Performance

- OKO Bank Group's earnings before tax amounted to € 75 million (70)[1]. The figure includes € 4.7 million in gains from the divestiture of capital assets. The figure for the comparison period included almost equal gains from the sale of OMX shares.

- The annualised return on equity was 14.9 per cent (14.9).

- The capital adequacy ratio was at the year-end level of 11.0 per cent, while the Tier I ratio was 7.8 per cent (7.6).

- Earnings per share totalled € 0.58 (0.58).

Growing Business

- The loan portfolio grew by 5 per cent during the period under review and 15 per cent during the year, reaching € 9.1 billion (8.7).

- Deposits from the public remained at the year-end level of € 2.4 billion. However, deposits increased by 15 per cent in a year.

- Customer funds in asset management totalled € 12.7 billion (10.9). They increased by 17 per cent from the year-end and 41 per cent from a year earlier.

Stable Prospects

The operating environment is expected to remain similar to the first part of the year. The interest rate level will probably remain low and intense price competition is expected to continue.

OKO Bank's risk position is estimated to remain good. The entire year's earnings are estimated to be at least on par with last year's earnings or somewhat bigger, excluding non-recurring capital gains.

[1] The brackets contain comparative figures from 2004. The figures from the period January-June 2004 serve as a comparison for income statement figures and other cumulative figures. Balance sheet figures and other benchmarks are compared to the previous balance sheet date (December 31, 2004).

Operating Environment

After last year's peak, economic growth in Western industrial countries is going to slow down this year. However, moderate growth continues in the USA thanks to domestic demand. Minor growth in the euro area is being maintained by exports. The international economy is growing at the fastest rate in Asia and the so-called transitional economies.

The US Federal Reserve has continued to gradually increase its regulatory interest rate. This has not had any significant effect on the equity market as the earnings of most companies have out-performed expectations. However, the outlook is more cautious than before.

There are no pressures on increasing the European Central Bank's regulatory interest rate, so the era of low interest rates will continue. The increased price of oil has not boosted inflation but rather suppressed domestic demand even more.

The growth of production in Finland will be cut in half this year, compared with last year. Development during the first half of the year was weaker than expected in terms of consumption as well as investments. Furthermore, the production stoppages in the paper industry will significantly reduce the growth figures.

Despite the fact that the first half of the year was spiritless, the expectations of businesses with regard to the rest of the year are relatively positive. The expectations for industrial production have particularly improved since the labour dispute in the paper industry was solved. Confidence in the construction industry has remained strong throughout the first half of the year. Short-term sales estimates for service businesses have also improved.

Household income has continued to increase as a result of pay increases and an improved rate of employment. This has been evidenced by strong demand for credits and by increased long-term savings. Household indebtedness has also increased but is mostly focused on households that have taken out housing loans.

Very low interest rates and longer maturities on new loans have underpinned the rapid growth in the home mortgage portfolio. During the first half of the year, housing prices increased by a few per cent on the corresponding period last year. This was fairly small compared with the rapid growth of housing loans.

IFRS Reporting

This Interim Report has been prepared in accordance with IFRS recognizing and valuation principles. The comparison figures for 2004 are compliant with IFRS. They were published on March 24, 2005, for the Group, and on April 27, 2005, for the business divisions. The latter bulletin also comprised the effects of the standards IAS 39 (Financial instruments: Recognition and Measurement) and IAS 32 (Financial instruments: Disclosure and Presentation) on shareholders' equity on January 1, 2005. The information provided in the above-mentioned bulletins was specified in the first quarter interim report which included a calculation on changes to OKO Bank's consolidated shareholders' equity in 2004 as well as a calculation on changes to consolidated earnings for the Financial Period.

The financial information provided in the report is based on the currently valid IAS/IFRS standards that are assumed to remain valid on December 31, 2005. The new accounting principles were included in the bulletin released on March 24, 2005.

Key Figures

	1-6/2005	*1-6/2004*	*1-12/2004*	*Long-term target*
Earnings before tax, € million	75	70	138	
Return on equity, %	14.9	14.9	13.9	14.0
Return on assets, %	0.69	0.76	0.69	
Total income, € million	151	137	271	
Cost/income ratio, %	50	51	51	55
Balance sheet total, € billion	17.6	15.1	16.5	
Risk-weighted items, € billion	10.7	9.3	10.0	
Loan portfolio, € billion	9.1	8.0	8.7	
Proportion of problem receivables to loans and quarantees, %	0.3	0.2	0.2	
Proportion of impairment losses to loans and quarantees, %	0.0	0.0	0.0	
Client funds, € billion*	15.1	11.1	13.3	
Capital adequacy ratio, %	11.0	11.0	11.0	
Tier I ratio, %	7.8	8.0	7.6	7.0
Earnings per share, €	0.58	0.58	1.10	
Earnings per share, diluted, €	0.57	0.56	1.07	
Equity per share, €	7.93	7.73	7.91	
Dividend per share, €			0.52	
Dividend payout ratio, %			50	50
Effective dividend yield (OKO A), %			5.1	
Market capitalisation (A and K), € million	1 355	854	1 022	
Average personnel	1 340	1 229	1 246	

*) Client funds = deposits and amount of assets under management

Improved Performance

OKO Bank Group's earnings before tax amounted to € 75 million (70). The earnings included a total of € 4.7 million of gains from the sale of shares in Automatia Pankkiautomaatit Oy, Suomen Asiakastieto Oy and a number of other companies to the OP Bank Group Central Cooperative. Automatia used to be an affiliate included in the consolidated financial statements. OKO Bank owned one-third of the company. The sale of Automatia shares had an effect of € 0.3 million on consolidated earnings. The figure for the comparison period included € 4.7 million of capital gains from OMX shares.

The annualised return on equity was 14.9 per cent (14.9) and earnings per share totalled € 0.58 (0.58). The cost/income ratio was 50 per cent (51).

Financial Performance

€ million	2004				2005	
	1-3	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	36	36	36	39	38	40
Impairment losses on receivables	-1	0	0	1	1	0
Net interest income after impairment losses	**36**	**36**	**36**	**38**	**37**	**40**
Net commissions and fees	21	20	19	26	24	24
Net trading income	-2	8	-3	-1	3	-1
Net income from investments	8	8	9	6	11	7
Other operating income	1	1	1	4	2	3
Total income	**63**	**74**	**62**	**72**	**77**	**73**
Personnel costs	15	14	14	17	17	16
IT expenses	6	6	6	6	7	7
Depreciation	2	2	3	2	3	3
Other expenses	11	12	11	12	12	13
Total expenses	**34**	**35**	**33**	**38**	**38**	**38**
Share of affiliate profits	1	1	1	3	0	1
Earnings before tax	**30**	**40**	**30**	**38**	**39**	**36**
Cost/income ratio, %	54	48	52	51	49	52

Growth of Business Continued

Growth continued in all of the business divisions.

OKO Bank's loan portfolio increased by 5 per cent from year-end to € 9.1 billion. The annualised increase was 15 per cent. The risk exposure remained good and write-downs on loans were minor.

Unused standby credit facilities increased by approximately one-third during the review period and also on the annual level. The amount was € 3.1 billion at the end of June. At € 1.3 billion, the amount of loan and other guarantees was almost equal to the year-end level. However, the annualised increase was 7 per cent.

Even though price competition remained intense, the level of margins on corporate loans during the review period was higher than the 2004 average. However, the margins on loans granted to municipalities, other institutions and private customers continued to decrease.

Deposits from the public remained at the year-end level, or € 2.4 billion. However, deposits increased by 15 per cent in a year.

Payment transfer volumes continued to grow. The number of outgoing and incoming payment transactions was 10 per cent higher than a year earlier. Due to intense price competition, commission income from payment transactions only increased by 5 per cent on the comparison period.

The lending of OP Bank Group member cooperative banks continued to increase more rapidly than their deposits, creating a need for additional funding from their central financial institution, OKO Bank. OKO Bank's receivables from member banks increased by 17 per cent to € 3.0 billion. The amount of member banks' deposits in OKO Bank remained at the year-end level of € 3.1 billion.

In order to fund the increased lending, OKO Bank issued a € 1 billion bond and a € 50 million capital loan to the international market in March. The demand was a record-setting high and the level of margins was favourable.

Customer funds in asset management increased by 17 per cent to € 12.7 billion. The annualised increase was 41 per cent. OP mutual funds in particular succeeded in increasing their capital.

Increased Income

Income increased by 10 per cent to € 151 million.

Net interest income improved by 9 per cent to € 78 million. The increase was mainly attributable to the increased loan portfolio of Corporate Banking and wider customer margins. Net interest income from Treasury operations amounted to € 11 million (11), resulting in a net interest income of € 67 million (60) from operations other than Treasury. Impairment losses on receivables were € 1.3 million (€ 0.5 million earnings improvement), so net interest income after impairment losses was 7 per cent higher than a year earlier. (Notes 1 and 2 to the Income Statement.)

Net commission income rose by 17 per cent to € 48 million. The increase was primarily generated from lending, securities brokerage and asset management. (Note 3 to the Income Statement.)

Net income from trading amounted to € 2.4 million (5.8). (Note 4 to the Income Statement.)

Net income from investment operations amounted to € 18.2 million (16.3). Income from equity investments amounted to € 11.6 million (7.3) and income from real estate investments € 1.8 million (2.5). The increase in equity investment income was primarily attributable to gains on equities sold. (Note 5 to the Income Statement.)

Increased Business Volume Created Costs

Due to the increased business volume, expenses increased by 11 per cent to € 76 million.

Personnel costs represented slightly more than 40 per cent of the expenses. The increase was 12 per cent. This was due to the increased number of personnel, increased level of salaries and the accrual of costs for new incentive systems. The personnel of OKO Bank and its subsidiaries averaged 1,340 employees during the period, rising 9 per cent over last year. Particular attention will be paid to measures that will reduce the rate of increase in personnel costs. (Note 7 to the Income Statement.)

Investments Improved the Service Level

Investments during the period under review amounted to € 5 million. Slightly less than one-third of this was spent on branch office modernisations and service level improvements within Retail Banking. Other investments were associated with IT system development and the improvement of efficiency in customer service as well as internal processes.

Planned investments for the entire year are estimated to reach over € 10 million.

Capital Adequacy

The capital adequacy ratio was 11.0 per cent. The Tier I ratio to risk-weighted items was 7.8 per cent, which is above the long-term target. Risk-weighted items increased by 8 per cent from year-end while the level of Tier I funds increased by € 82 million. The increase was primarily attributable to the € 50 million capital loan issued in March. Tier I funds also include earnings for the period less the Bank's long-term dividend payout target.

According to the guidelines issued by the Financial Supervision Authority for the interpretation of own funds, the calculatory excess margin on pension liabilities in accordance with the IAS 19 standard is not included in own funds or risk-weighted receivables and commitments. Deferred tax receivables in accordance with IAS 12 are not included in own funds; the fair valuation of real estate in accordance with IAS 40 has no effect on the capital adequacy ratio either.

Risk Exposure

Credit Risks

The Bank has been able to maintain a stable overall credit risk exposure. Total exposure means the total amount of receivables and off-balance sheet items vulnerable to credit risk, which increased to € 22.2 billion (20.3) during the review period. The loan portfolio made up 42 per cent (43) of the total exposure. The most significant growth was seen in receivables from member banks and corporate customers. The credit ratings of exposure remain at a good level. The relative share of investment-grade exposure – that is, ratings 1 to 4 (excluding private customers) in total exposure - increased to 64 per cent (62) during the review period.

Total Exposure by Counterparty, € billion	*June 30, 2005*	*Dec. 31, 2004*	*Change, %*
Corporates	8.9	7.9	13
Finance and insurance	4.4	4.3	3
Cooperative banks and OP Bank Group Central Cooperative	3.9	3.2	21
Private customers	2.7	2.4	9
Non-profit institutions	1.8	1.8	-2
Public entities	0.6	0.6	-12
Total	22.2	20.3	9

Investment-grade exposure in corporate customers increased by slightly more than one-fifth, representing 42 per cent (39) of corporate exposure at the end of June. Due to decreased credit ratings, exposure in the two lowest ratings increased by € 15 million but their relative share remained minor at 0.5 per cent of corporate exposure (0.4).

Corporate exposure by Credit Rating, € million	*S&P Equivalent*	*June 30, 2005*	*Dec. 31, 2004*	*Change, %*
1-2	AAA – A-	206	144	43
3-4	BBB+ – BBB-	3 567	2 946	21
5-6	BB+ – BB	2 658	2 342	13
7-8	BB- – B+	1 316	1 258	5
9-10	B – C	416	415	0
11-12	D	47	33	46
Non-rated		713	779	-8
Total		8 923	7 917	13

Exposure is well diversified across various industries. The metal industry was the largest sector and accounted for € 1.3 billion, or 15 per cent (14) of corporate exposure. The largest increases in the relative shares of the sectors were seen in the metal industry, real estate investment and energy production.

The proportion of problem receivables, referring to non-performing and interest-free receivables, as well as past due payments in the loan and guarantee portfolio remained low. The amount of past due payments at the end of June was € 18 million (16) and represented 0.2 per cent (0.2) of the loan and guarantee portfolio. The amount of problem receivables was € 26 million, which is € 2 million more than at year-end (24). This represented 0.3 per cent (0.2) of the loan and guarantee portfolio.

New impairment losses and final loan and guarantee losses were booked for a total of € 3.5 million. The total amount of reversals of impairment losses and recoveries of previous loan losses was € 2.2 million, so the net effect of these items impaired earnings by € 1.3 million.

Market Risks

In accordance with OKO Bank's risk-taking policy, market risks have been maintained at a moderate level during the first half of the year. They accounted for 8 per cent (8) of the risk-weighted commitments at the end of June.

Market Risks, € million	*June 30, 2005*	*Dec. 31, 2004*	*Change, %*
Interest rate risk*)	15.1	7.8	94
Market value of equity exposure**)	3.6	4.8	-25
Net currency exposure**)	0.5	0.4	25

*) The effect of 100 basis point interest rate movement on the present value of future cashflows (currencies added up in absolute values)
**) Effect of a price change of 10 percentage points on the market value of the exposure

The amount of venture capital fund investments and binding investment commitments totalled € 32 million (36) at the end of June.

Capital invested in real estate investments decreased substantially with OKO Bank's divestiture of two fairly large real estate items in the second quarter. At the end of June, it amounted to € 98 million (134).

OKO Bank's Ratings

Standard & Poor's upgraded OKO Bank's international ratings on July 27, 2005. The upgrade was based on the consistency of both revenues and earnings reported by OKO Bank supported by the well-entrenched market position of the OP Bank Group. The upgrade also acknowledged the fact that the succesfull trend in profitability has been achieved without jeopardizing OKO Bank's and OP Bank Group's moderate risk profile and conservative capital adequacy levels.

Rating Agency	*Short-term debt*	*Long-term debt*
Standard & Poor's	A-1+	AA-
Moody's Investors Service	P-1	Aa2
Fitch Ratings	F1+	AA-

Joint Responsibility

Under the Cooperative Bank Act (Act on Cooperative Banks and Other Credit Institutions in the Form of a Cooperative), the OP Bank Group is monitored on a consolidated basis, and the OP Bank Group Central Cooperative, which is the Group's central institution, and its member banks, including OKO Bank, are jointly responsible for each other's liabilities and commitments.

Changes in Group Structure

OKO Bank sold its holding in Automatia Pankkiautomaatit Oy in February, and Toimiraha Oy was dissolved in June. Automatia Pankkiautomaatit and Toimiraha used to be affiliates included in the consolidated financial statements. OKO Bank owned one-third of both companies. The sale of Automatia shares had an effect of € 0.3 million on consolidated earnings, while the dissolution of Toimiraha had no earnings effect.

In June, OKO Bank sold the stock of the real estate companies Kiinteistö Oy Arkadiankatu 23 and Kiinteistö Oy Dagmarinkatu 14, which were previously included in the consolidated financial statements. Approximately € 2.7 million of capital gains were recognised on the sales of shares.

Shares and Shareholders

In December 2004, a total of 1,184,300 new Series A shares were subscribed for using the A/B option rights of the 1999 share option incentive system. These shares were registered on January 13, 2005. The subscription price was € 2.485. Additional 1,138,390 new Series A shares were registered between April and June. The registrations from January to June raised OKO Bank's share capital by € 4.8 million to € 211 million. In addition, € 0.5 million was booked in the share premium account. In April, after dividend payout from the year 2004, the subscription price was lowered to € 2.105, which is the minimum price in accordance with the terms and conditions of the option scheme.

Pursuant to the conversion clause in OKO Bank's Articles of Association, 33,600 Series K shares were converted into an equivalent number of Series A shares.The number of A shares quoted on the Helsinki Stock Exchange at the end of June was 78.3 million, representing 78 per cent of all shares and 41.5 per cent of the votes. The number of Series K shares was 22.1 million.

At the end of June, OKO Bank had some 26,000 shareholders. The largest shareholder was the OP Bank Group Central Cooperative, which held 38.9 per cent of OKO Bank's shares and 55.6 per cent of the votes. The number of nominee registered shares in proportion to all Series A shares increased by more than 3 percentage points to 25 per cent.

Administration

At the OKO Bank Annual General Meeting, held on March 31, 2005, the shareholders approved the Financial Statements of the year 2004 and discharged the members and deputy members of the Supervisory Board and the Executive Board, as well as the President from liability. In accordance with the proposal of the Executive Board, the shareholders approved the payment of a dividend totalling € 0.53 on each Series A share and € 0.50 on each Series K share.

In accordance with the Articles of Association, the shareholders elected new members to the Supervisory Board at the Annual General Meeting. At its meeting, held on the same day, the Supervisory Board re-elected Mr Seppo Penttinen as its chairman and likewise re-elected Mr Paavo Haapakoski as its vice-chairman.

The regular auditors elected were the firm of chartered public accountants KPMG Oy Ab and Mr Raimo Saarikivi, Authorised Public Accountant.

Reform of Corporate Governance

OKO Bank’s Executive Board initiated a survey of reforming the Bank’s corporate governance in September 2004. The survey is based on the Corporate Governance recommendation for listed companies published in December 2003. The survey examined the possibility to abolish OKO Bank’s Supervisory Board and replace the internal Board of Directors (Executive Board) with an external Board of Directors. The Supervisory Board of OP Bank Group Central Cooperative, which is OKO Bank’s principal shareholder, discussed the reform in February 2005.

On April 15, 2005, the President of the Republic ratified an amendment to the Act on Cooperative Banks and Other Cooperative Credit Institutions. As a result of this, the Supervisory Board is no longer a mandatory body within OKO Bank. Possible changes to the corporate governance model require decisions by OKO Bank’s General Meeting of Shareholders on amending the Articles of Association and other required measures. The Bank’s Extraordinary General Meeting will probably decide on the matter during the current year.

Authorisation Granted to the Executive Board

The shareholders authorised OKO Bank's Executive Board to raise the share capital by one or several new issues, by issuing one or several convertible bonds and/or issuing options within one year of the date of the meeting so that shares to be issued in the new issue or to be subscribed pursuant to options or convertible bonds shall be Series A shares and their aggregate maximum number shall be 18,000,000 shares and the Bank's share capital can increase by up to € 37,851,390.54.

The authorisation includes the right to deviate from the shareholders' pre-emptive subscription right to the new shares, convertible bonds and options. The shareholders' pre-emptive subscription right can be deviated from only in connection with company and co-operation arrangements, provided that such deviation is justified by an important financial reason for the Bank. However, the decision cannot be made for the benefit of the Bank's close circle. The aggregate increase amount of the share capital and the votes attached thereto of the effective unused authorisations can correspond to a maximum of one fifth of the registered share capital and the aggregate amount of votes attached thereto during the Annual General Meeting's authorisation decision and the Executive Board's decision to increase the share capital.

The Executive Board is entitled upon authorisation to decide the grounds for determining the subscription price, the subscription price and other subscription terms as well as the terms for convertible bonds or options. The Executive Board is entitled to decide that the shares provided in the new issue, the convertible bond or options may be subscribed against property given as capital contribution or by using the right of set-off or on other terms.

The authorisation given to the Executive Board by the Annual General Meeting on March 31, 2004, was cancelled unused.

OKO Bank Group's Prospects

The operating environment is expected to remain similar to the first part of the year. The interest rate level will probably remain low and intense price competition is expected to continue.

OKO Bank’s risk position is estimated to remain good. The entire year’s earnings are estimated to be at least on par with last year’s earnings or somewhat bigger, excluding non-recurring capital gains.

Divisions

OKO Bank's divisions include Corporate Banking, Investment Banking, Retail Banking and Group Treasury. The income, expenses, investments and equity that are not allocated to business divisions have been integrated under Group Administration.

The financial results of the divisions have been calculated by allocating the income and expenses to the division in question. Capital allocated to each division equals 7 per cent of the division's risk-weighted items. The capital that is not allocated to divisions has been allocated to Group Administration. However, the equity for Investment Banking is equal to the equity indicated on the balance sheet of Opstock Ltd.

In autumn 2004, OKO Bank's Executive Board confirmed a new strategy for the period 2005–2007. Reinforcing OKO Bank's position on the market profitably is one of its main objectives. The financial targets for the Group remained unchanged. In addition, long-term financial objectives were confirmed for the divisions. They are shown in the following table.

Division	*Earnings before tax, € million*		*Return on equity (12 month moving average), % *)*			*Cost/ income ratio, %*		
	1-6/2005	*1-6/2004*	*Target*	1-6/2005	*1-6/2004*	*Target*	*1-6/2005*	1-6/2004
Corporate Banking	34	35	12	10.4	11.6	40	44	40
Investment Banking	5	3	-	53.9	36.2	-	64	70
Retail Banking	12	11	>15	13.3	13.1	<60	70	71
Central Banking Operations	7	6	14	14.2	12.9		41	41
Treasury	22	19	30	75.0	73.5	-	8	9
Group Administration	-4	-4	-	-	-	-	-	-
Total	75	70	14	14.1	14.9	55	50	51

*) Due to the lack of IFRS comparison data for 2003, the ROE figure for 1-6/2004 is annualised.

Corporate Banking

Corporate Banking offers corporate customers and institutions financing and cash management services, as well as money market, capital market and foreign exchange services. Financial services include loans and guarantees, leasing and factoring, bond issues and syndicated loans, and venture capital investments.

Income in Corporate Banking is generated primarily by lending margins, customer trading in the money, foreign exchange and debt capital markets, and commissions and fees from financing and payment transfer services. The net interest income of lending is not sensitive to interest rate fluctuations because the funding of lending is market rate-driven.

	2004				*2005*	
€ million	*1-3*	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	18	19	18	20	19	22
Impairment losses on receivables	0	0	1	1	1	1
Net interest income after impairment losses	**18**	**19**	**18**	**19**	**19**	**20**
Net commissions and fees	8	9	8	10	9	10
Net trading income	-1	4	0	1	2	0
Other operating income	1	1	1	1	2	1
Total income	**26**	**32**	**27**	**30**	**31**	**31**
Personnel costs	5	5	5	6	6	6
IT expenses	2	2	2	2	2	2
Depreciation	1	1	1	1	1	2
Other expenses	3	4	3	4	4	5
Total expenses	**11**	**12**	**11**	**14**	**14**	**14**
Earnings before tax	**14**	**21**	**16**	**17**	**17**	**17**
Key figures and ratios						
Return on equity (12 month moving average), %				10.9	11.6	10.4
Return on equity (annualised), %	10.2	14.0	10.9	10.7	10.7	10.3
Cost/income ratio, %	45	36	38	43	44	44
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	375	405	391	395	416	457
Important balance sheet items						
Receivables from customers, € million	5 150	5 350	5 462	5 931	6 008	6 253
Notes and bonds, € million	441	489	472	563	874	799
Liabilities to customers, € million	999	883	860	1 917	971	1 360
Other items						
Unused standby credit facilities, € million	1 235	1 370	1 487	1 483	1 547	1 896
Guarantees, € million	1 035	1 079	1 055	1 199	1 164	1 171
Risk-weighted items, € million	5 883	6 239	6 371	6 699	6 947	7 320
Problem receivables, € million	19	13	16	13	15	20
Proportion of problem receivables to receivables from customers and guarantees, %	0.30	0.20	0.24	0.19	0.21	0.26
Average margins						
Margin on corporate loan stock, %	0.79	0.78	0.79	0.90	0.87	0.85
Margin on institutional loan stock, %	0.35	0.34	0.34	0.33	0.31	0.30

Earnings on Par with Comparison Period

Earnings before tax amounted to € 33.8 million (34.7). Income before impairment losses increased by € 6.2 million while expenses rose by € 4.9 million. Impairment losses on receivables had a € 2.1 million negative effect on earnings (€ 0.2 million earnings improvement).

Commitment Portfolio Continued to Increase

The aggregate amount of loans, unused standby credit facilities and guarantees amounted to almost € 9.4 billion, which is € 0.7 billion more than at year-end. The annual increase was € 1.5 billion, or 19 per cent. The commitment portfolio increased clearly more in the second quarter than in the first quarter. The loan portfolio increased by more than 5 per cent since the year-end, and 17 per cent in a year, to € 6.3 billion. OKO Bank's market share of corporate loans remained unchanged at approximately 15 per cent. The amount of unused standby credit facilities increased by 28 per cent during the first half of the year, and the guarantee portfolio was on par with the year-end level.

New long-term loans to corporations and institutions amounted to € 1.35 billion, € 0.8 billion of which was granted in the second quarter. The amount of new leasing and factoring was almost € 0.6 billion. OKO Bank was the lead manager in three syndicated loans and participated in the financing of a few substantial corporate arrangements. Commissions and fees received from lending increased by one-third on the comparison period.

The average margin on the corporate loan portfolio fell slightly on the year-end but was higher than in the comparison period. The margins on loans granted to municipalities and other institutions continued to decrease.

Risk exposure remained good. There were no significant changes in the sector and rating distribution of corporate exposure.

More Lively Debt Issue Market

During the period under review OKO Bank was the lead manager in four bond issues, through which a total of € 300 million of funds were accumulated for client companies. Furthermore, OKO Bank issued structured index loans with an aggregate amount of € 24 million.

The trading volume of money market products, bonds and foreign exchange products from January to June totalled € 100 billion, or approximately one-fourth up on the comparison period.

Payment Transfer Continued to Grow

The number of outgoing and incoming payment transfers was 68 million, which was 11 per cent more than a year earlier. Owing to the intense price competition, growth in commissions and fees from payment transfers amounted to no more than 4 per cent.

For the third time in a row, OKO Bank was the winner in competitive bidding arranged by the European Commission and will continue as the Commission's Primary Bank in Finland from 2005 to 2009. All of the Commission's money transactions directed towards Finland are arranged through OKO Bank, including, among other things, EU subsidies through Government agencies and salaries to staff.

Positive Earnings Prospects

The operating environment is expected to remain similar to the first part of the year. Corporate Banking's full-year earnings are expected to increase on the last year, and impairment losses are not expected to have any significant impact on earnings.

Investment Banking

OKO Bank's Investment Banking services are provided by Opstock Ltd, which offers private and institutional investors individual asset management services and brokerage. In addition, Opstock carries out investment research, arranges equity financing and acts as an adviser in M&A transactions.

Opstock offers retail customers high-quality banking and asset management services in partnership with member cooperative banks and Okopankki.

Operating income consists of portfolio management fees, commissions of mutual fund sales, proceeds from the Corporate Finance services, and brokerage commissions.

	2004				*2005*	
€ million	*1-3*	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	0	0	0	0	0	0
Impairment losses on receivables	0	0	0	0	0	0
Net interest income after impairment losses	**0**	**0**	**0**	**0**	**0**	**0**
Net commissions and fees	6	5	5	8	6	7
Net trading income	0	0	0	0	0	0
Net income from investments	0	0	0	0	0	0
Other operating income	0	0	0	0	0	0
Total income	**6**	**5**	**5**	**8**	**6**	**7**
Personnel costs	2	2	2	2	2	2
IT expenses	1	1	1	1	1	1
Depreciation	0	0	0	0	0	0
Other expenses	1	1	1	1	1	1
Total expenses	**4**	**4**	**4**	**4**	**4**	**4**
Earnings before tax	**2**	**1**	**1**	**4**	**2**	**3**
Key figures and ratios						
Return on equity (12 month moving average), %				40.3	49.8	53.9
Return on equity (annualised), %	49.5	27.2	30.1	74.8	47.4	58.4
Cost/income ratio, %	65	75	74	55	66	62
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	127	136	132	134	136	143
Important balance sheet items						
Receivables from securities sold, € million	50	23	34	12	51	32
Liabilities from securities purchased, € million	53	26	43	23	55	36
Other items						
Client funds under management*, € million	8 673	9 038	9 387	10 906	11 535	12 712
Risk-weighted items, € million	26	16	19	14	29	23
Brokerage of international investment funds, € million	1 094	1 101	1 035	1 037	1 000	1 079
Value of brokerage on the Helsinki Stock Exchange, € million	2 038	2 081	1 496	2 104	2 162	1 784
Margins						
Margin on discretionary portfolios (annualised), %				0.14	0.16	0.13

*) brokered international funds are not included

Dramatic Improvement in Financial Performance

Earnings before tax amounted to € 4.8 million (3.3). The earnings performance of brokerage and Corporate Finance operations improved clearly. Income increased by € 2.3 million and expenses by € 0.9 million on the comparison period.

Managed Client Funds Increased – Fixed Income Funds Favoured by Investors

Client funds under management increased by 17 per cent during the period, amounting to € 12.7 billion at the end of June. € 9.2 billion of the amount was managed under full power of attorney. Client funds increased by 41 per cent in a year. The greatest increase was seen in the capital of OP mutual funds, 72 per cent in a year. The aggregate capital of mutual fund companies operating in Finland was 45 per cent greater than a year earlier.

The capital of OP mutual funds administered by Opstock increased by € 1.5 billion to € 6.2 billion during the period under review. Growth was intense, particularly in the second quarter, and focused on fixed income funds. Net subscriptions to mutual funds amounted to € 1.0 billion, with fixed income funds representing more than 70 per cent of the amount. The combined market share of OP mutual funds was 16.2 per cent (15.1).

The range of foreign funds offered to institutional investors expanded as Opstock entered into cooperation agreements with two new partners. The capital of foreign funds brokered was € 1.1 billion at the end of the period under review.

Fourth Largest Domestic Broker

Opstock's market position as an equity broker remained unchanged. The number of trades brokered increased by 10 per cent on the comparison period but the trading volume in euro decreased slightly. At the same time, the number of trades in the Helsinki Stock Exchange increased by 11 per cent and the trading volume in euro increased by 4 per cent. Opstock's market share of brokerage at the Helsinki Stock Exchange was 5.0 per cent (5.1) of trades, or 1.9 per cent (2.1) of the trading volume in euro. Judged by the number of trades, the company was the fourth largest domestic broker during the period under review.

The number of equity trades brokered for households was 178,000, which is 20 per cent more than in the comparison period. 71 per cent (70) of investors' assignments were handled through the Bank's online service.

Opstock reorganised and extended its online services offered to investors during the first part of the year. For example, customers engaging in active equities trading will have access to a service enabling intra-day short selling. Furthermore, the brokerage fees for online trading are now based on volume.

Income from Corporate Finance Increased

Commission income from Opstock Corporate Finance increased on the comparison period. Transactions completed during the period under review included the share issue/sale of Technopolis Plc as well as the initial public offering of AffectoGenimap Plc, and the commissions received from these resulted in increased income.

Opstock is about to expand its Corporate Finance services to Russia. The objective is to provide businesses with guidance on transactions between Finland and Russia. A subsidiary is being established in Moscow for this purpose.

Positive Earnings Prospects

Investing in mutual funds is expected to remain popular, which will increase the amount of assets under management. The earnings performance of brokerage and Corporate Finance operations is significantly affected by equity market development. The earnings of Investment Banking are expected to outperform the previous year if the operating environment remains similar to the first half during the rest of the year.

Retail Banking

Retail banking operations within OKO Bank are handled by Okopankki Oyj, which serves retail customers as well as small and medium-sized corporate customers in the Greater Helsinki area. Okopankki offers comprehensive financing, wealth management and payment transfer services.

Operating income in Retail Banking consists primarily of the interest rate spread between lending and deposits, as well as commissions and fees from credit arrangements, payment transfer services, sales of savings and insurance products and housing brokerage. The amount of income depends on the level of interest rates and on the lending-deposits ratio.

	2004				*2005*	
€ million	*1-3*	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	12	12	12	12	12	12
Impairment losses on receivables	0	0	0	0	0	0
Net interest income after impairment losses	**12**	**12**	**12**	**12**	**12**	**12**
Net commissions and fees	6	6	5	8	8	7
Net trading income	0	0	0	0	0	0
Net income from investments	1	0	0	0	0	0
Other operating income	0	0	0	0	0	0
Total income	**19**	**18**	**17**	**20**	**20**	**20**
Personnel costs	5	6	5	6	6	6
IT expenses	2	2	2	2	2	2
Depreciation	0	1	1	0	1	1
Other expenses	5	5	5	5	5	5
Total expenses	**13**	**13**	**13**	**13**	**14**	**14**
Earnings before tax	**6**	**4**	**4**	**7**	**6**	**6**
Key figures and ratios						
Return on equity (12 month moving average), %				13.1	12.6	13.3
Return on equity (annualised), %	15.7	10.7	10.3	15.5	14.6	13.1
Cost/income ratio, %	67	75	74	67	68	71
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	580	613	605	585	641	668
Important balance sheet items						
Receivables from customers, € million	2 418	2 525	2 598	2 658	2 707	2 784
Liabilities to depositors, € million	1 589	1 666	1 708	1 822	1 769	1 881
Other items						
Customer funds, € million	2 170	2 264	2 325	2 449	2 498	2 704
Risk-weighted items, € million	1 614	1 680	1 726	1 760	1 840	1 887
Problem receivables, € million	8	8	9	11	8	7
Proportion of problem receivables to receivables from customers and guarantees, %	0.31	0.32	0.36	0.40	0.30	0.24
Number of customers, thousands	262	264	266	267	266	267
Margins						
Margin on corporate loan stock, %	0.88	0.85	0.83	0.81	0.79	0.77
Margin on loan stock to private customers, %	0.95	0.92	0.90	0.88	0.86	0.82
Margin on mortgage stock, %	0.84	0.82	0.80	0.78	0.77	0.73

Improved Performance

Earnings before tax amounted to € 12.0 million (10.5). Income increased by € 3.4 million and expenses by € 1.9 million. Increased commission income and net interest income resulted in income improvement. Increased personnel costs were the main reason for increased expenses. Impairment losses on receivables remained minor even though the loan portfolio increased.

Extending Service Network

At the end of June, Okopankki had 267,000 customers. The number is growing steadily. The Bank gained more than 6,000 new customers during the first part of the year.

Customers belonging to the bonus scheme spent € 1.7 million (1.2) of their bonuses on banking service fees from January to June. Furthermore, almost € 0.9 million (0.8) of unused bonuses were paid out in cash in January.

In January, Okopankki opened a service outlet in the Sello shopping centre in Espoo. A new service outlet is also going to be established in the Jumbo shopping centre in Vantaa. It will be opened for business during the end of this year. Customers currently have access to a total of 28 branches or service outlets.

Increase in Loan Portfolio

The loan portfolio and the amount of new loans increased more in the second quarter compared with the first quarter. The loan portfolio increased by 5 per cent from January to June and 10 per cent in a year. The housing loan portfolio increased by 12 per cent to € 1.8 billion in a year. Okopankki's market share of housing loans in the Helsinki metropolitan area is estimated to have slightly diminished, as the total housing loan portfolio of all financial institutions operating in Finland increased by 16 per cent in a year. New lending from Okopankki amounted to almost € 0.6 billion from January to June, showing an increase of 7 per cent on the previous year.

The average margins on both corporate and private customer loans decreased during the review period.

The amount of problem receivables decreased by € 4 million since year-end. Their share of loans and guarantees remained low.

Customer Assets Increased

Customer funds under management increased by 19 per cent to € 2.7 billion compared with a year earlier. The deposit portfolio increased by 13 per cent to almost € 1.9 billion, and the market value of brokered life insurance policies and mutual fund investments increased by 38 per cent to € 0.8 billion.

Okopankki brokered insurance policies for OP Life Assurance for € 31 million, which was € 11 million more than a year before. At € 143 million, the net amount of mutual fund subscriptions and redemptions increased by € 58 million on the comparison period.

Housing Brokerage Almost Doubled

The real-estate agency Helsingin Seudun OP-Kiinteistökeskus, which is a subsidiary of Okopankki, had 27 offices and 92 employees at the end of June. The number of dwellings brokered exceeded 1,000, which is 47 per cent more than in the comparison period.

A Stable Earnings Outlook

The operating environment is expected to remain similar to the first part of the year. Competition will remain intense and keep customer margins down. The interest rate level will probably remain low, which will support the growth in lending. The amount of problem receivables is minor, so impairment losses are not expected to have any significant impact on earnings. The earnings of Retail Banking are expected to be at least equal to the 2004 level.

Group Treasury

The Group Treasury business division is responsible for the Central Banking Operations of OKO Bank in the OP Bank Group, as well as the Bank's own investment and funding operations. This interim report is the second one to include separate reporting for Central Banking Operations and Treasury.

As the central financial institution, OKO Bank is responsible for maintaining the liquidity of member cooperative banks and for accepting deposits. OKO Bank is also responsible for acquiring the collateral required by the payment transfer system and for providing the member banks with services associated with money, currency and capital markets. Central Banking Operations income originates in operations associated with maintaining the liquidity and funding of the OP Bank Group.

Treasury engages in fixed income, equity and real estate investment activities. It is also responsible for the Group's long-term funding and relationships with banks and debt capital investors. The objective of investment activities is to generate long-term benefit from the changes of interest rates, exchange rates and stock prices as well as from dividend and other income. The funds will be invested securely, aiming at maximum return. Investment portfolios are diversified by instrument, country and industry. Derivative agreements are used to hedge against market risks.

Central Banking Operations

€ million	2004 1-3	2004 4-6	2004 7-9	2004 10-12	2005 1-3	2005 4-6
Net interest income	5	5	5	5	5	5
Impairment losses on receivables	0	0	0	0	0	0
Net interest income after impairment losses	**5**	**5**	**5**	**5**	**5**	**5**
Net commissions and fees	0	0	0	0	0	1
Net trading income	0	1	1	1	0	0
Net income from investments	0	0	0	0	0	0
Other operating income	0	0	0	1	0	1
Total income	**6**	**5**	**6**	**7**	**6**	**6**
Personnel costs	1	1	1	1	1	1
IT expenses	1	1	1	1	1	1
Depreciation	0	0	0	0	0	0
Other expenses	1	1	0	1	1	0
Total expenses	**2**	**2**	**2**	**3**	**3**	**2**
Earnings before tax	**3**	**3**	**4**	**4**	**3**	**4**
Key figures and ratios						
Return on equity (12 month moving average), %				14.0	12.9	14.2
Return on equity (annualised), %	12.8	12.6	14.2	16.1	11.0	15.3
Cost/income ratio, %	42	40	35	37	46	37
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	62	75	67	66	66	74
Important balance sheet items						
Receivables from member cooperative banks, € million	2 170	2 248	2 530	2 608	2 956	3 046
Receivables from others, € million	589	394	790	828	917	675
Notes and bonds, € million	1 610	1 489	1 455	1 693	1 554	1 757
Liabilities to member cooperative banks, € million	3 066	3 071	3 237	3 129	3 079	3 077
Liabilities to others, € million	13	7	0	21	10	13
Other items						
Risk-weighted items, € million	1 030	1 009	1 115	1 122	1 221	1 217
Average margins*						
Margin on loan stock, %	0.13	0.14	0.13	0.14	0.13	0.13
Margin on deposits, %	0.31	0.31	0.31	0.32	0.33	0.35

*) The average margin on loans and deposits has been calculated on the basis of loans granted to member banks and member banks' deposits in OKO Bank.

Return on Equity at Target Level

Central Banking's earnings before tax amounted to € 7.1 million (6.3). The targeted return on equity at 14 per cent was achieved. Increased commission income from custodial services and improved net interest income contributed to the increase in income, while expenses remained almost on par with the comparison period.

Funding Requirements of the Member Banks Continued to Increase

The member banks' need for funding from OKO Bank continued to increase, and receivables from member banks increased by € 0.4 billion to € 3 billion. At € 3.1 billion, the amount of member banks' deposits in OKO Bank remained at the level of the year-end 2004. This means that OKO Bank's net debt to the member banks decreased to € 30 million.

Treasury

	2004				*2005*	
€ million	*1-3*	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	2	2	2	3	2	2
Impairment losses on receivables	0	0	0	0	0	-1
Net interest income after impairment losses	**2**	**2**	**2**	**3**	**2**	**3**
Net commissions and fees	0	0	0	0	0	0
Net trading income	-2	4	-4	-2	2	-1
Net income from investments	8	8	9	6	9	7
Other operating income	0	0	0	2	0	2
Total income	**8**	**13**	**8**	**9**	**13**	**11**
Personnel costs	0	0	0	1	0	0
IT expenses	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0
Other expenses	0	0	0	0	0	0
Total expenses	**1**	**1**	**1**	**1**	**1**	**1**
Earnings before tax	**7**	**12**	**7**	**8**	**12**	**10**
Key figures and ratios						
Return on equity (12 month moving average), %				66.1	73.5	75.0
Return on equity (annualised), %	53.8	93.4	53.9	59.7	93.5	81.6
Cost/income ratio, %	11	7	12	11	7	9
Net yield on leasable properties	8.1	5.8	5.9	6.1	6.5	7.3
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	18	17	16	17	16	16
Important balance sheet items						
Receivables from financial institutions and central banks, € million	712	827	802	812	899	807
Trading assets, € million	407	408	412	405	417	384
Investment assets, € million	291	251	245	231	197	168
Liabilities to financial institutions and central banks, € million	4	5	23	50	7	34
Debt securities issued to the public, € million	6 007	5 881	6 472	6 103	7 595	7 398
Subordinated liabilities, € million	371	397	320	390	394	389
of which capital loans, € million	0	76	73	72	116	123
Other items						
Risk-weighted items, € million	529	538	534	522	546	481

Treasury's Earnings Improved

Treasury's earnings before tax increased to € 21.7 million (19.3) and rolling 12-month return on equity increased to 75.0 per cent. Income from equities and real estate investments particularly contributed to the increase. Expenses remained at the level of the comparison period.

Income from Trading and Investments Nearly Unchanged

Net income from trading decreased by € 0.7 million. Net income from investment operations was increased by capital gains on shares and dividend income, which increased by € 1.7 million on the comparison period. However, total fixed-income revenue fell € 0.9 million short of the comparison period. Income from real estate investments was € 0.7 million less than in the comparison period. When the dissolution of an impairment loss reserve of € 0.8 million is taken into account, income from real estate investments was € 0.1 million greater than in the comparison period.

In February, the Bank sold its holdings in Suomen Asiakastieto Oy and a number of other companies to the OP Bank Group Central Cooperative, recording a capital gain of € 4.5 million. The amount of dividend income decreased to € 2.7 million (5.2). Dividend income in the comparison period included € 1.3 million of avoir fiscal tax credits.

Net yield from real estate investments increased to 7.3 per cent at the end of June (6.1) and the vacancy rate was 8 per cent (7). Capital invested in real estate holdings was down to € 98 million (134). In June, the Bank sold the real estate company Kiinteistöosakeyhtiö Arkadiankatu 23 to OP Life Assurance Company Ltd. The capital gain on the part in own use, € 1.4 million, was recorded in other operating income, while the capital gain on investment assets, € 1.2 million, was recorded in net income from investments. OKO Bank still intends to reduce profitably the amount of real estate investments.

OP Bank Group's and OKO Bank's Growth Financed by Increased Long-term Funding

Long-term funding was increased by a total of more than € 1.1 billion during the review period. The amount of debt securities issued to the public stood at € 7.3 billion (6.1) at the end of June.

Within the scope of its EMTN programme, OKO Bank issued a bond of € 1 billion in March. Demand for the bond was a record-setting high.

Also in March, OKO Bank issued a capital loan of € 50 million. The amount of capital loans stood at € 123 million at the end of June.

Short-term bonds issued under the Euro Commercial Paper scheme and OKO Bank certificates of deposit increased to a total of € 3.7 billion (3.1).

Positive Earnings Prospects for Group Treasury

The development of the equity and fixed income markets will have a significant effect on Treasury earnings. The markets are expected to remain similar to the first part of the year on average.

The member banks' funding needs are expected to grow further, but the effect of this growth on Central Banking's earnings is minor.

The division's full-year earnings are expected to exceed the 2004 earnings exclusive of the € 10 million capital gain on OMX shares.

Group Administration

Group Administration includes income, expenses, investments and capital not allocated to the divisions, as well as eliminations between divisions. Investments comprise, for example, OP Life Assurance Company Ltd's and OP-Kotipankki Oyj's shares.

	2004				2005	
€ million	*1-3*	*4-6*	*7-9*	*10-12*	*1-3*	*4-6*
Net interest income	0	0	-1	-1	0	0
Impairment losses on receivables	0	0	0	0	0	0
Net interest income after impairment losses	**1**	**0**	**0**	**-1**	**0**	**0**
Net commissions and fees	0	0	0	0	0	0
Net trading income	0	0	0	0	0	0
Net income from investments	-1	0	0	0	2	0
Other operating income	0	0	0	0	0	0
Total income	**0**	**0**	**-1**	**-2**	**1**	**-1**
Personnel costs	1	1	1	1	1	1
IT expenses	0	1	1	1	1	1
Depreciation	0	0	0	0	0	0
Other expenses	1	1	1	1	1	1
Total expenses	**3**	**3**	**3**	**3**	**3**	**3**
Share of affiliate profits	**1**	**1**	**1**	**3**	**0**	**1**
Earnings before tax	**-2**	**-2**	**-2**	**-2**	**-1**	**-3**
	March 31	*June 30*	*Sept. 30*	*Dec. 31*	*March 31*	*June 30*
Personnel	41	44	43	45	45	46

The earnings comprise dividends from investments, Group Administration expenses and shares in affiliate profits or losses. Earnings before tax were € 4.4 million in the red (€ 4.2 million in the red). The earnings included a dividend of € 1.5 million paid by OP Life Assurance. The share of affiliate profits decreased to € 1.0 million (2.0). Total Group Administration expenses were almost similar to the level of the comparison period.

Weaker Result

Group Administration earnings are expected to fall somewhat short of 2004, as costs are increasing and shares of affiliate profits are decreasing.

OKO Bank Group Income Statement, January 1 to June 30, 2005

€ million	1-6/05	1-6/04	*Change, %*	1-12/04
Interest income	352	199	77	416
Interest expenses	274	127		269
Net interest income (Note 1)	**78**	**72**	**9**	**147**
Impairment losses on receivables (Note 2)	1	-1		1
Net interest income after impairment losses	**77**	**72**	**7**	**145**
Net commissions and fees (Note 3)	48	41	17	85
Net trading income (Note 4)	2	6	-58	2
Net income from investments (Note 5)	18	16	12	31
Other operating income (Note 6)	5	2		7
Total income	**151**	**137**	**10**	**271**
Personnel costs (Note 7)	32	29	12	59
Other administrative expenses (Note 8)	28	25	12	49
Other operating expenses (Note 9)	16	15	8	31
Total expenses	**76**	**69**	**11**	**139**
Share of affiliate profits/losses	1	2	-52	6
Earnings before tax	**75**	**70**	**7**	**138**
Income tax	17	13	26	30
Profit for the period	**58**	**56**	**3**	**108**
Share of parent company's owners in the period's earnings	58	56	2	107
Share of minority interest in the period's earnings	1	0	68	1
Total	**58**	**56**	**3**	**108**
Earnings per share, €	0.58	0.58	0	1.10
Earnings per share, diluted, €	0.57	0.56	2	1.07

Due to changes in the recognition and presentation, interest income and expenses are not comparable in 2004 and 2005.

OKO Bank Group Income Statement, April 1 to June 30, 2005

	4-6/05	4-6/04	*Change, %*
€ million			
Interest income	179	100	79
Interest expenses	139	64	117
Net interest income (Note 1)	**40**	**36**	12
Impairment losses on receivables (Note 2)	0	0	360
Net interest income after impairment losses	**40**	**36**	11
Net commissions and fees (Note 3)	24	20	20
Net trading income (Note 4)	-1	8	-109
Net income from investments (Note 5)	7	8	-14
Other operating income (Note 6)	3	1	147
Total income	**73**	**74**	0
Personnel costs (Note 7)	16	14	8
Other administrative expenses (Note 8)	15	13	14
Other operating expenses (Note 9)	8	8	1
Total expenses	**38**	**35**	9
Share of affiliate profits/losses	1	1	-54
Earnings before tax	**36**	**40**	-10
Income tax	9	5	80
Profit for the period	**27**	**35**	-23
Earnings per share, €	0.27	0.36	-26
Earnings per share, diluted, €	0.26	0.34	-24

Reconciliation of OKO Bank's Consolidated FAS and IFRS Income Statements

€ million	1-6/2004	4-6/2004
Operating income (FAS)	**53.9**	**33.6**
Effects from transition to IFRS		
IAS 12, Income taxes	1.3	0.7
IAS 18, Revenue	-0.5	-0.3
IAS 19, Employee benefits	1.1	0.4
IAS 36, Impairment of assets	0.3	0.2
IAS 40, 16, 31 Valuation and consolidation of real estate	0.1	0.1
Other	0.0	0.0
IFRS adjustments, total	**2.3**	**1.0**
Earnings before tax (IFRS)	**56.2**	**34.6**

OKO Bank Group Balance Sheet

€ million	*June 30, 2005*	*June 30, 2004*	*Change, %*	*Dec. 31, 2004*
Liquid assets	592	678	-13	297
Receivables from financial institutions	3 824	2 763	38	3 548
Financial assets for trading (Note 10)	3 055	2 751	11	3 085
Derivative contracts	137	48		93
Receivables from customers	9 127	7 957	15	8 664
Investment assets (Note 11)	206	367	-44	339
Investments in affiliates	10	21	-52	25
Intangible assets	11	12	-7	10
Tangible assets	66	59	11	64
Other assets	604	447	35	356
Tax receivables	7	7	-11	7
Total assets	**17 638**	**15 113**	**17**	**16 490**
Liabilities to financial institutions	4 470	4 418	1	4 310
Financial liabilities for trading	10	-		-
Derivative contracts	174	65		99
Liabilities to customers	3 483	2 797	25	4 072
Debt securities issued to the public (Note 12)	7 303	5 881	24	6 103
Reserves and other liabilities	792	739	7	578
Tax liabilities	96	67	45	88
Subordinated liabilities (Note 13)	512	397	29	462
Total liabilities	**16 840**	**14 364**	**17**	**15 713**
Shareholders' equity				
Share of parent company's owners				
Share capital	211	203		206
Share issue account	-	-		3
Reserves	245	233		234
Retained earnings	339	311		332
Minority interest	**2**	**1**		**2**
Total shareholders' equity	**797**	**749**	**6**	**777**
Total liabilities and shareholders' equity	**17 638**	**15 113**	**17**	**16 490**

Changes in Shareholders' Equity

€ million	*Share capital*	*Reserves and share issue*	*Retained earnings*	*Minority interest*	*Total share-holders' equity*
Shareholders' equity January 1, 2004	**202**	**234**	**331**	**2**	**770**
Increase in the share capital	1	-1	-	-	0
Fair value reserve	-	-	-	-	-
Changes of reserves	-	-	-	-	-
Profit distribution	-	-	-77	-1	-78
Profit for the period	-	-	56	0	56
Shareholders' equity June 30, 2004	**203**	**233**	**311**	**1**	**749**
Shareholders' equity January 1, 2005	**206**	**237**	**332**	**2**	**777**
Changes in accounting principles	-	13	2	-	15
Increase in the share capital	5	-2	-	-	2
Fair value reserve	-	-2	-	-	-2
Changes of reserves	-	-	-	-	-
Profit distribution	-	-	-52	-1	-53
Profit for the period	-	-	58	1	58
Shareholders' equity June 30, 2005	**211**	**245**	**339**	**2**	**797**

Reconciliation of Changes to OKO Bank's Consolidated Shareholder´s Equity due to IFRS Transition

€ million	June 30, 2004
Shareholders´ equity (FAS)	**712**
Effects from transition to IFRS	
IAS 19, Employee benefits	45
IAS 40, 16, 31 Valuation and consolidation of real estate	8
IAS 18, Revenue	-10
IAS 12, Income taxes	-6
IAS 36, Impairment of assets	-1
Other	1
IFRS adjustments, total	**37**
Shareholders´ equity (IFRS)	**749**

Capital Adequacy

€ million	*June 30, 2005*	*Share of own funds*	*June 30, 2004*	*Dec. 31, 2004*
Own funds				
Tier I	833	70 %	747	751
of which capital loans *)	124	10 %	74	74
Tier II	368	31 %	290	356
Mandatory adjustments **)	-16	-1 %	-14	-15
Total	1 185	100 %	1 023	1 092
Risk-weighted receivables, investments and off-balance sheet items	10 750		9 334	9 951
Capital adequacy ratio, %	11.0		11.0	11.0
Tier I ratio, %	7.8		8.0	7.6

*) OKO Bank has two capital loans that are allowed to be included in own funds:

Capital loan of 10 billion Japanese yen, €74 million of which is considered Tier I funds. Interest on the loan is fixed at 4.23% until 2034, and thereafter variable 6-month Yen LIBOR +1.58%. If interest cannot be paid for a given interest period, the obligation to pay interest will lapse. The loan may be called in at the earliest in 2014.

Capital loan of € 50 million, which is a perpetual loan without interest rate step-ups with 8 per cent interest rate cap. The loan was issued on March 31, 2005, and the interest rate for the first year is 6.5%. Thereafter, the interest rate will be CMS 10 years + 0.1%. Interest payments are annual. The loan may be called in at the earliest in 2010, subject to authorisation by the Financial Supervision Authority.

**) The following investments in venture capital funds, totalling € 7 million and managed by OKO Venture Capital Ltd have not been deducted according to the exception provided by the Financial Inspection in line with the order in 75 §, clause 5 of the Credit Institution Act: Promotion Equity I Ky, Promotion Capital I Ky, Promotion Rahasto II Ky and Promotion Bridge I Ky.

Cash Flow Statement

€ million	1-6/05	1-6/04
Liquid assets January 1	**350**	**956**
Cash flows from operational activities	-917	-1 301
Cash flows from investing activities	17	-3
Cash flows from financing activities	1 191	1 055
Liquid assets June 30	**641**	**706**

The cash flow statement presents the cash flows of the period on the cash basis, divided into cash flows from operational, investing and financing activities. Cash flows from operational activities include cash flows originating from day-to-day operations. Cash flows from investing activities include payments associated with tangible and intangible assets, investments held to maturity and shares that are not considered as belonging to cash flows from operational activities. Cash flows from financing activities include cash flows originating in the financing of operations either on equity terms or liability terms from the money or capital market. Liquid assets include cash in hand and receivables from financial institutions payable on demand. The calculation is based on a so-called indirect way of presentation.

Changes on June 30, 2005

The most essential changes in the cash flows from operational activities concern other liabilities to the public and public sector entities, which have decreased by € 1.0 million. The decrease in liabilities has been covered by an increase in debt securities issued to the public within cash flows from financing activities.

Changes on June 30, 2004

The most essential changes in cash flows from operational activities concern liabilities to credit institutions and other liabilities to the public and public sector entities, which have decreased by € 1.3 million. The decrease in liabilities has been covered by an increase in debt securities issued to the public within cash flows from financing activities.

Notes

1) Net interest income

€ million	1-6/05	1-6/04	Change, %	1-12/04
Interest income				
From receivables from financial institutions	52.1	39.2	33	83.5
From receivables from customers	159.9	132.7	20	274.0
From others	140.3	27.1		58.3
Total	352.2	199.0	77	415.7
Interest expenses				
From liabilities to financial institutions	45.4	40.4	12	81.5
From liabilities to customers	26.1	19.6	34	40.3
From others	202.4	67.5		147.3
Total	274.0	127.5		269.1
Net interest income	78.3	71.5	9	146.6

Due to changes in the recognition and presentation, interest income and expenses are not comparable in 2004 and 2005.

2) Impairment losses on receivables

€ million	1-6/05	1-6/04	Change, %	1-12/04
Loan and guarantee losses of the period	0.7	0.3		0.9
Recoveries on loan and guarantee losses recognised earlier	-0.3	-0.5	-47	-2.2
Impairment loss provision of the period	2.8	0.6		3.8
Revaluation of impairment loss provisions recognised earlier	-1.9	-0.9		-1.1
Total	1.3	-0.5		1.2

3) Net commissions and fees

€ million	1-6/05	1-6/04	Change, %	1-12/04
Commission income				
From lending	10.7	8.2	30	18.0
From deposits	0.2	0.3	-5	0.5
From payment transfers	11.6	11.0	5	22.5
From securities brokerage	13.0	9.3	40	21.7
From securities issuance	3.8	3.2	17	5.9
From asset management and legal services	7.3	6.1	20	13.8
From insurance brokerage	2.6	-		-
From guarantees	2.5	2.4	6	5.1
From real estate brokerage	4.6	3.2	41	6.5
Customer bonus provision	-1.9	-1.7	16	-3.6
Other	2.6	5.6	-53	8.7
Total	57.1	47.8	20	99.2
Commission expenses				
On payment transfers	2.8	2.5	13	5.1
On securities brokerage	3.2	2.4	31	4.7
On securities issuance	1.4	0.4		1.0
On asset management and legal services	1.4	1.0	40	2.1
Other	0.6	0.8	-29	1.3
Total	9.3	7.1	32	14.1
Net commissions and fees	47.8	40.7	17	85.1

4) Net trading income

€ million	1-6/05	1-6/04	Change, %	1-12/04
Capital gains, losses and realised changes in value				
Notes and bonds	6.4	2.0		7.7
Shares and holdings	-1.1	-1.5	-26	-5.5
Derivatives	-7.2	-1.4		-11.8
Unrealised changes in value				
Notes and bonds	8.5	-4.2		-1.4
Shares and holdings	-0.4	0.1		0.4
Derivatives	-7.4	7.4		6.7
Dividend income	-	0.0		0.1
Net income from foreign exchange operations	3.7	3.3	11	5.8
Total	2.4	5.8	-58	2.1

5) Net income from investments

€ million	1-6/05	1-6/04	Change, %	1-12/04
Financial assets available for sale				
Capital gains and losses				
Notes and bonds	0.1	2.0	-95	3.6
Shares and holdings	11.6	7.3	59	15.0
Net income from hedge accounting				
Net income from hedging instruments	0.0	-		-
Net income from hedged instruments	-	-		-
Dividend income	4.6	6.2	-25	7.3
Impairment losses	-	-1.6		2.5
Total	16.3	13.8	18	28.3
Investment properties				
Rental income	4.1	4.9	-16	8.7
Maintenance charges and expenses	-2.9	-2.9	0	-6.1
Capital gains and losses	0.2	-0.1		-0.1
Changes in value	-	-		-0.2
Other	0.4	0.5	-18	1.1
Total	1.9	2.5	-24	3.4
Other	-	-		-0.3
Net income from investments	18.2	16.3	12	31.4

6) Other operating income

€ million	1-6/05	1-6/04	Change, %	1-12/04
Income from real estate holdings in own use	1.6	0.4		1.2
Other	3.5	1.8	90	6.1
Total	5.1	2.2		7.3

7) Personnel costs

€ million	1-6/05	1-6/04	Change, %	1-12/04
Salaries and remunerations	28.7	25.5	13	51.1
Pension costs	1.6	2.0	-19	4.2
Other indirect personnel costs	2.0	1.5	37	4.0
Total	32.4	29.0	12	59.2

8) Other administrative expenses

€ million	1-6/05	1-6/04	Change, %	1-12/04
Office expenses	4.7	4.5	6	9.0
IT expenses	13.8	12.1	14	24.6
Telecommunications expenses	1.6	1.7	-4	3.4
Marketing expenses	3.8	3.3	13	6.2
Other administrative expenses	3.7	3.1	18	6.3
Total	27.6	24.8	12	49.5

9) Other operating expenses

€ million	1-6/05	1-6/04	Change, %	1-12/04
Expenses from real estate holdings and offices in own use	4.7	4.9	-3	9.5
Depreciation	5.2	4.6	12	9.6
Other	6.5	5.8	13	11.7
Total	16.4	15.3	8	30.7

10*) Financial assets for trading*

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Notes and bonds	3 054.2	2 749.2	11	3 082.7
Shares and holdings	0.8	2.2	-63	2.4
Total	3 055.0	2 751.5	11	3 085.1

11*) Investment assets*

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Financial assets available for sale				
Notes and bonds	52.5	185.6	-72	166.5
Shares and holdings	99.3	94.9	5	90.6
Financial assets to be held to maturity	-	-		-
Investment properties	54.1	83.2	-35	81.9
Subsidiaries and affiliates not consolidated	0.5	3.2	-85	0.3
Total	206.4	366.9	-44	339.4

12*) Debt securities issued to the public*

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Bonds	3 459.0	2 241.3	54	2 837.7
Certificates of deposit	3 784.0	2 977.1	27	2 775.4
Other	59.7	662.5	-91	489.9
Total	7 302.7	5 880.9	24	6 103.0

13*) Subordinated liabilities*

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Capital loans	122.6	75.5	62	71.6
Other	389.2	321.6	21	390.2
Total	511.8	397.1	29	461.8

Assets Given as Collateral on Own and Others' Behalf as well as Liabilities and Commitments for Which They Were Pledged

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Collateral for Bank liabilities and commitments				
Pledges	1 340	1 279	5	1 287
Other	15	15	0	15
Collateralised liabilities				
Liabilities to financial institutions	1 000	1 003	0	961
Liabilities to customers	319	241	32	325
Collateral pledged on behalf of group companies				
Pledges	-	-		-
Mortgages	-	-		-
Collateral pledged on behalf of others				
Pledges	-	1		1
Mortgages	-	-		-

Off-balance Sheet Items

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Commitments given to a third party on behalf of customers				
Guarantees and pledges	279	302	-8	293
Other guarantees	1 008	904	11	1 019
On behalf of affiliates	2	2	1	2
Other commitments	153	88	75	98
Irrevocable commitments given on behalf of a customer				
Unused standby credit facilities	3 099	2 303	35	2 352
Other commitments	365	386	-6	367
Total commitments,	**4 904**	**3 983**	**23**	**4 130**
of which to affiliates or commitments given on their behalf	2	2	1	2

Accounts Receivable and Payable from Sale or Purchase of Assets on Behalf of Customers

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Accounts receivable	24	28	-15	52
Accounts payable	28	31	-9	57

Derivative Contracts

€ million	June 30, 2005	June 30, 2004	Change, %	Dec. 31, 2004
Values of the underlying instruments				
Futures and forwards	7 578	5 293	43	4 148
Options				
Purchased	2 242	229		896
Written	4 709	229		827
Interest rate swaps	13 417	12 071	11	10 430
Interest rate derivatives, total	**27 946**	**17 821**	**57**	**16 300**
Futures and forwards	2 624	1 618	62	1 915
Options				
Purchased	37	16		1
Written	37	17		1
Interest rate and currency swaps	877	237		679
Currency derivatives, total	**3 575**	**1 888**	**89**	**2 595**
Equity derivatives	**97**	**67**	**44**	**71**
Other derivatives	**137**	**80**	**71**	**105**
Total	**31 755**	**19 856**	**60**	**19 071**
Positive fair value of derivative contracts	**184**	**73**		**133**
Negative fair value of derivative contracts	**215**	**113**	**90**	**200**
Credit counter values of contracts				
Interest rate derivatives	168	76		112
Currency derivatives	129	49		104
Equity derivatives	-	-		-
Other derivatives	22	18	22	18
Total	**319**	**143**		**234**

Other Contingent Liabilities and Commitments

On June 30, 2005, OKO Bank's commitments to venture capital funds totalled € 13.5 million. They are included in the section "Off-balance Sheet Commitments".

Calculation of Financial Ratios

Earnings per share, €
Profit adjusted by minority share of profit or loss divided by the adjusted number of shares on average during the report period.

Earnings per share, diluted, €
The denominator is the average share-issue adjusted number of shares during the period plus the number of shares which is obtained if all options are converted into shares. Subtracted from the figure thus obtained is the number of shares that can be obtained through the exercise of options multiplied by the share subscription price and divided by the average price of the share during the report period.

Equity per share, €
$$\frac{\text{Equity attributable to equity holders of the parent at the end of the period}}{\text{Average number of shares on the balance sheet date, adjusted for share issues}}$$

Return on equity, %
$$\frac{\text{Annualised profit}}{\text{Shareholders' equity (average at the beginning and end of the period)}} \times 100$$

Return on assets, %
$$\frac{\text{Annualised profit}}{\text{Balance sheet total (average at the beginning and end of the period)}} \times 100$$

Cost income ratio, %
$$\frac{\text{Personnel costs + other administrative expenses + other operating expenses}}{\text{Net interest income + net commissions and fees + net trading income + net income from investments + other operating income}} \times 100$$

The figures in this Interim Report are unaudited.

Financial Reporting 2005

- Interim Report for January-September on November 10, 2005

Helsinki, August 11, 2005

OKO Bank
The Executive Board and President

This Interim Report, as well as the background material, is available at the Internet address www.oko.fi/english > Press.

Further information:
Mr Antti Tanskanen, CEO, Tel. +358 10 252 2202
Mr Mikael Silvennoinen, President, Tel. +358 10 252 2549

(Translation)

Statement on the review of the OKO Bank interim report for the period 1 January to 30 June, 2005

To the Executive Board of OKO Bank

We have performed a review of the OKO Bank interim report for the period 1 January to 30 June, 2005. The interim report has been prepared by, and is the responsibility of, the Executive Board and the President, as defined under chapter 2, section 5 of the Finnish Securities Markets Act. Based on our review, and at the request of the Executive Board, we issue our statement on the interim report in line with chapter 2, section 5, subsection 2 of the Finnish Securities Markets Act.

Our review was conducted in accordance with practice statement "910 Review" issued by the Finnish Institute of Authorised Public Accountants. The review was planned and conducted in order to obtain reasonable assurance about whether the interim report is free of material misstatement. The review was limited in scope and mainly consisted of enquiries of company personnel and analytical procedures, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would cause us to believe that the interim report, in all material respects, would not have been prepared in accordance with relevant rules and regulations, and that it would not fairly present the result of operations and financial position of OKO Bank Consolidated, as defined in the Finnish Securities Markets Act.

Helsinki, 11 August, 2005

KPMG OY AB

Hannu Niilekselä
Authorised Public Accountant

Raimo Saarikivi
Authorised Public Accountant