

Aktia

Interim Report 1 Jan –31 Mar 2007

The period in brief

- 1 The profit during the reporting period rose by 115.0 per cent to EUR 19.7 million, and earnings per share improved by 94.1 per cent to EUR 0.50 (0.26). Once all acquisition eliminations, including negative goodwill of EUR 11.4 million posted to income and eliminations of capital gains of EUR 5.4 million posted to expenses, and other eliminations of internal transactions have been taken into account, the insurance operation made a contribution of approx. EUR 10.4 million to the profit improvement.
- 1 The Aktia Group's operating profit increased by 77.9 per cent to EUR 22.4 million (12.6). The banking group's operating profit fell by EUR 0.6 million compared to the previous year.
- 1 Return on equity (ROE) increased to 26.0 per cent (14.8).

The period in brief

- 1 Total savings in mutual funds increased by 54.8 per cent to EUR 1,759 million. Assets managed by Aktia Asset Management increased by 104.2 per cent to EUR 3,255 million.
- 1 The total number of charge cards increased by 34.2 per cent to over 56,000.
- 1 Net commission income increased by 20.5 per cent to EUR 11.7 million (9.7).

The period in brief

- 1 The acquisition of 99.96 per cent of Veritas Life Insurance Company Ltd was concluded on 17.1.2007. The Veritas Life Insurance Group's balance sheet and profits are included in the Aktia Group's consolidated accounts for the first time in the first quarter of 2007.
- 1 As from the first quarter of 2007 the Aktia Group is producing its financial reports in accordance with IFRS.
- 1 According to Basel 2, the banking group's capital adequacy ratio totalled 18.3 per cent and the financial conglomerate's capital adequacy (capital base in relation to the minimum requirement) totalled 157.8.

Aktia's transition to IFRS

- 1 As an issuer of bonds, Aktia made the transition to IFRS reporting as from 1.1.2007.
- 1 As far as the Aktia Group is concerned, the application of IFRS does not involve any major changes to the Group's opening balance sheet or income statement.
- 1 The changes in the accounting policies with IFRS:
 - n Valuation of all hedging derivatives at fair value
 - n Interest income is posted at the book value of receivables written down
 - n Stricter requirements for write-downs and provisions
 - n Fair value of all properties have become subject to individual examination
 - n Net effect on equity was +0.1 EURm

Key figures at the period end

	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Earnings/share, EUR	0.50	1.17	0.93	0.54	0.26
Equity per share, EUR	8.21	7.11	7.31	6.81	6.99
Return on equity, % (ROE)	26.0	16.6	17.4	15.6	14.8
Cost-to-income ratio, banking group	0.65	0.61	0.59	0.63	0.63
Life insurance group's expense ratio, %	117.5				
Mutual fund capital, EURm	1,759	1,420	1,148	1,113	1,136
Borrowing from the public, EURm	2,569	2,544	2,442	2,410	2,369
Lending to the public, EUR m	3,944	3,763	3,614	3,475	3,346
Risk-weighted commitments	2,484	2,655	2,537	2,471	2,400
Capital adequacy ratio, % (banking group)	18.3	13.8	15.1	14.6	14.6
Tier 1 capital ratio, % (banking group)	12.4	9.2	10.0	9.8	9.7
Solvency ratio, % (life insurance group)	21.6				
Capital adequacy, % (financial conglomerate)	157.8				
Life insurance operations:					
- investments at fair value	930.7				
- technical provisions	641.8				
- technical provisions for unit-linked policies	180.6				
Average number of shares, millions 1)	39.8	35.8	35.8	35.8	35.8
Number of shares at end of period, millions	40.1	35.3	35.3	35.3	35.3
Personnel (FTEs), average number	916	741	715	716	699

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

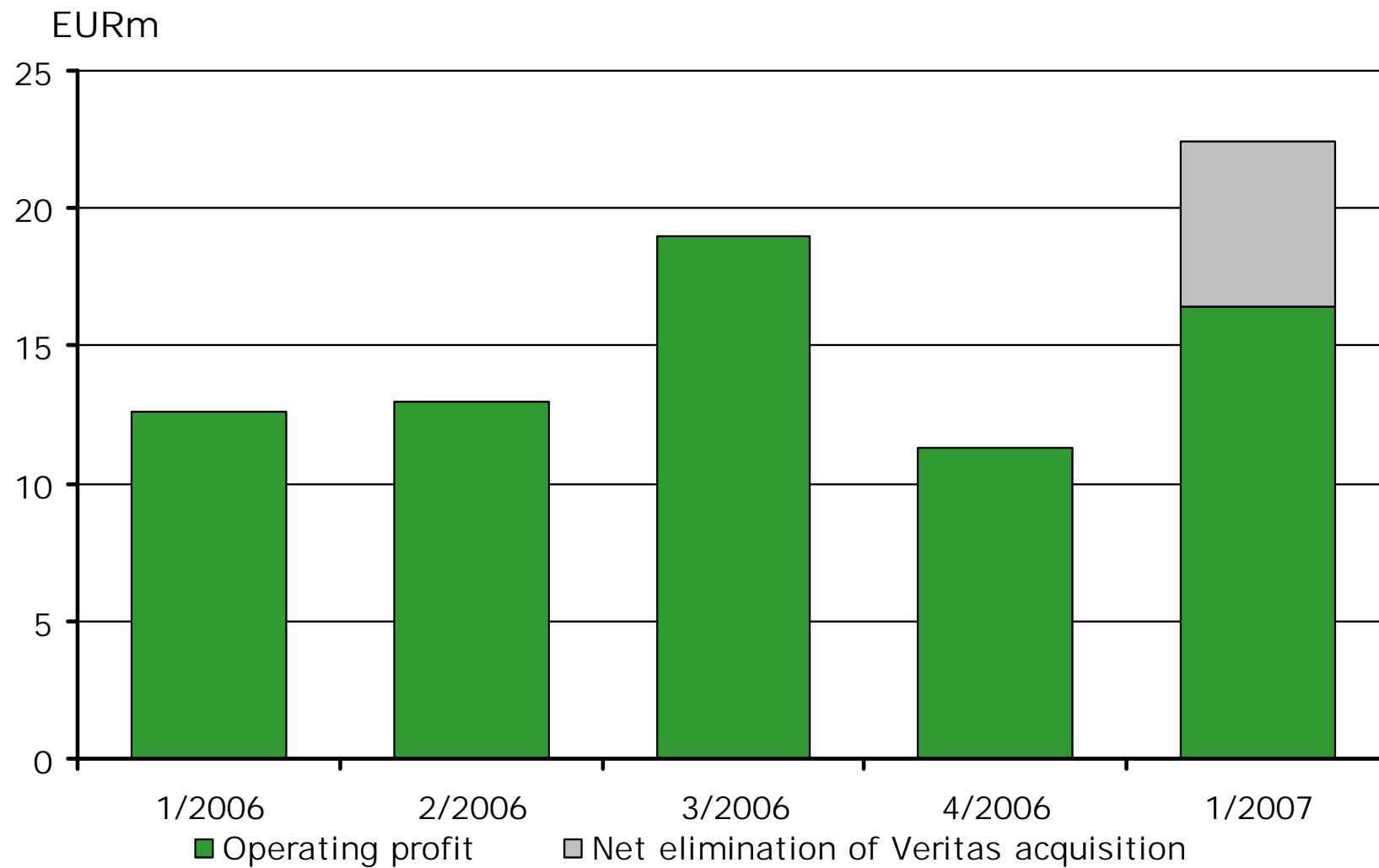
Aktia Group's consolidated income statement

(EURm)	Q1 2007	Q1 2006	Change , %	Year 2006
Total income	72.4	32.1	125.8	137.5
- Net interest income	20.5	20.6	-0.6	84.4
- Dividends				1.2
- Net commission income	11.7	9.7	20.5	40.1
- Income from the insurance operation	38.3		N/A	
- Net profit from financial transactions	1.2	0.6	106.4	0.7
- Net income from investment properties	0.1	0.7	-79.7	4.9
- Other operating income	0.7	0.5	29.4	6.3
Total costs	-49.9	-20.3	146.0	-83.9
- Claims payed and change in provisions	-36.0		N/A	
- Staff costs	-13.2	-10.0	32.3	-41.7
- Other administrative expenses	-8.2	-6.4	28.3	-26.9
- Realised negative goodwill	11.4		N/A	
- Depreciation of tangible and intangible assets	-0.9	-1.1	-21.0	-3.6
- Other operating expenses	-3.0	-2.7	10.6	-11.8
Profit before write-downs	22.5	11.8	89.9	53.6
Write-downs of credits and other commitments	0.0	0.5	-98.1	1.6
Share of profit from associated undertakings	-0.1	0.3	-130,7	0.7
Operating profit	22.4	12.6	77.9	55.9
Profit for the period	19.7	9.2	115.0	41.9

Segment information

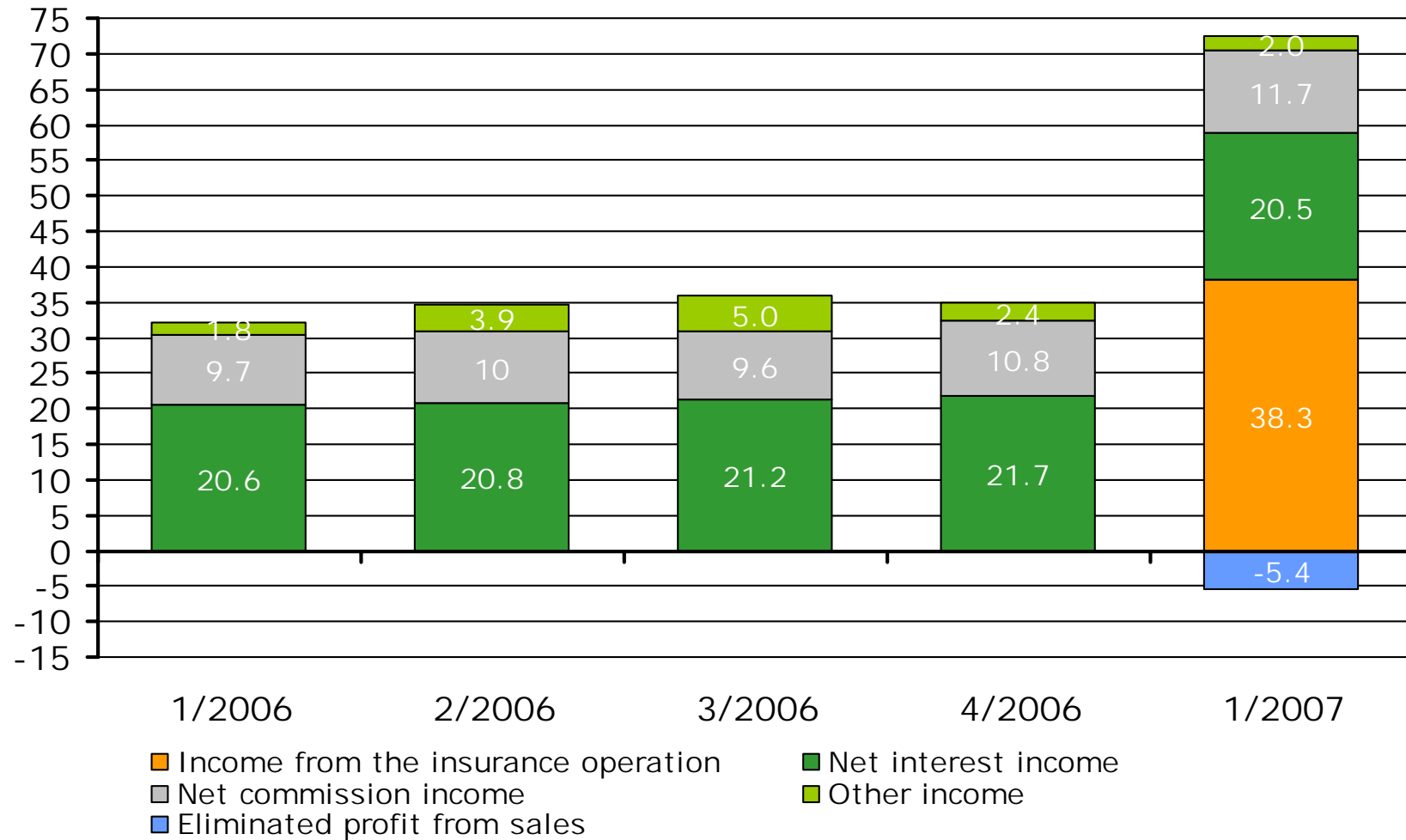
	Retail banking	Capital market	Corporate Banking & Treasury	Life insurance	Miscellaneous and eliminations	Aktia Group
Q1 2007						
Net interest income	15.1	0.4	4.3		0.8	20.5
Net commission income	7.5	3.1	-0.5		1.6	11.7
The insurance operation's income				43,7	-5.4	38.3
Other operating income	0.5	0.3	-0.1		1.2	2.0
Total operating income	23.1	3.8	3.7	43,7	-1.8	72.4
Claims payed and change in provisions				-36,0		-36.0
Staff costs	-6.4	-1.1	-0.9	-1,7	-3.2	-13.2
Other administrative expenses	-9.3	-0.8	-1.3	-1,3	4.5	-8.2
Realised negative goodwill					11.4	11.4
Other expenses	-1.5	-0.2	-0.3	-0,2	-1.7	-3.9
Total operating expenses	-17.2	-2.0	-2.4	-39,2	11.0	-49.9
Write-downs of loans and other commitments and share of profit from associated undertakings				-0,1		-0.1
Operating profit	6.0	1.7	1.2	4,4	9.2	22.4
Q1 2006						
Net interest income	15.9	0.3	4.4			20.6
Net commission income	5.9	2.6	-0.1		1.4	9.7
Other operating income	0.8	0.3	0.4		0.1	1.8
Total operating income	22.6	3.2	4.8		1.6	32.1
Staff costs	-5.5	-1.0	-0.9		-2.6	-10.0
Other administrative expenses	-8.1	-0.7	-1.3		3.6	-6.4
Other expenses	-1.7	-0.2	-0.3		-1.7	-3.8
Total operating expenses	-15.3	-1.9	-2.4		-0.7	-20.3
Write-downs of credits and other commitments and share of profit from associated undertakings	0.3		0.2		0.3	0.8
Operating profit	7.5	1.3	2.6		1.2	12.6

Operating profit for the period



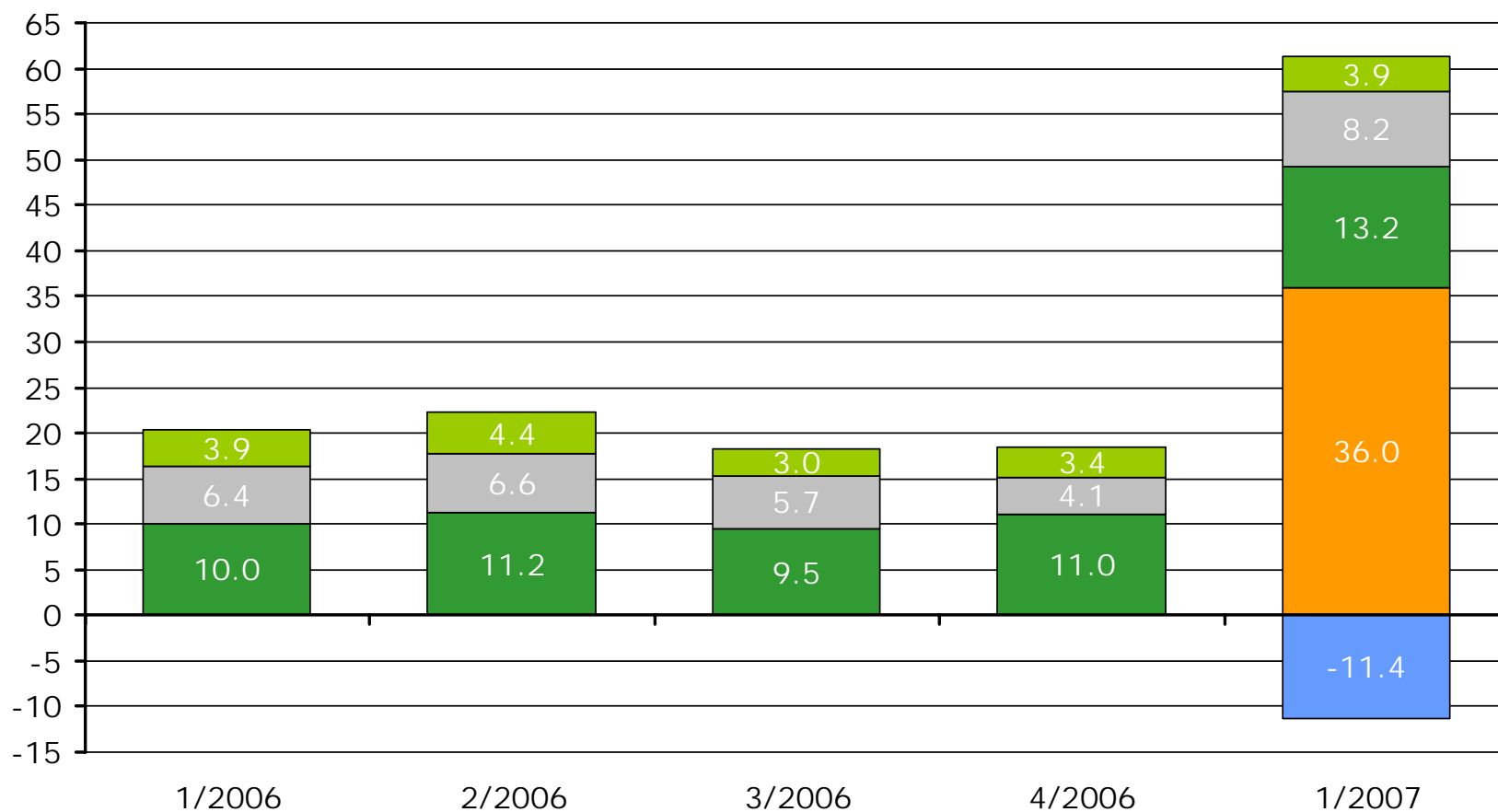
Total operating income

EURm



Total operating expenses

EURm



■ Claims payed and change i provisions

■ Staff costs

■ Other administrative expenses

■ Other costs

■ Negative goodwill

Aktia group's consolidated balance sheet

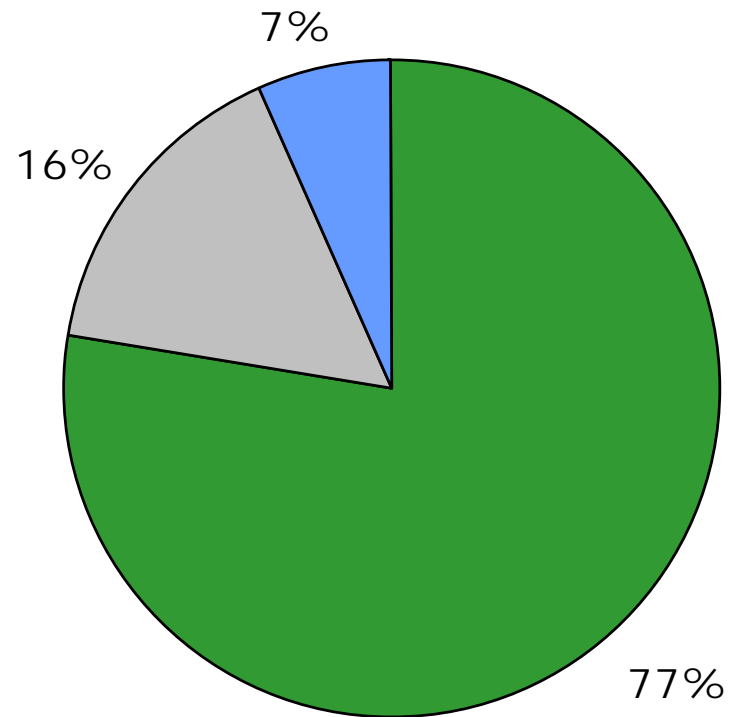
(EURm)	Q1 2007	Q1 2006	Change, %	Year 2006
- Cash and balances with central bank	188.7	264.3	-28.6	307.9
- Financial assets held for trading	7.8	3.8	105.2	7.8
- Financial assets available for sale	1,303.8	856.9	52.2	1,242.4
- Loans and other receivables	4,067.2	3,542.2	14.8	3,797.0
- Financial securities held until maturity	47.8	33.5	43.0	47.8
- Derivatives for hedge accounting	9.0	3.8	138.0	5.0
- The insurance operation's assets	942.1	-	N/A	-
- Tangible and intangible assets	46.2	95.5	-51.6	42.7
- Other assets	54.5	97.8	-44.3	41.1
Total assets	6,667.0	4,897.6	36.1	5,491.7
- Deposits	3,330.0	3,042.5	9.5	3,340.4
- Debt securities issued	1,369.0	1,006.8	36.0	1,321.3
- Subordinated liabilities	202.6	175.7	15.4	193.8
- Other financial liabilities	397.4	203.4	95.4	214.0
- Derivatives for hedge accounting	17.1	7.2	139.4	12.8
- The insurance operation's liabilities	832.9	-	N/A	-
- Other liabilities	166.7	209.1	-20.3	148.6
Total liabilities	6,315.7	4,644.7	36,0	5,230.9
- Equity	351.2	253.0	38.8	260.8
Total liabilities and equity	6,667.0	4,897.6	36.1	5,491.7

Aktia grows

Aktia Group	31.3.2007	31.3.2006	31.12.2006
Saving (deposits and mutual funds)			
Total saving			
- %	+23,5	+17.2	+20.9
- EURm	4,328	3,505	3,964
Saving by households			
- %	+14.6	+15.5	+13.0
- EURm	3,023	2,637	2,829
Asset management			
Aktia Asset Management			
- %	+104.2	+30.0	+40.6
- EURm	3,255	1,594	2,008
Other funding			
Bonds			
- %	-10.2	+45.4	+9.7
- EURm	104.2	116.0	116.3

Deposit stock 31 March 2007

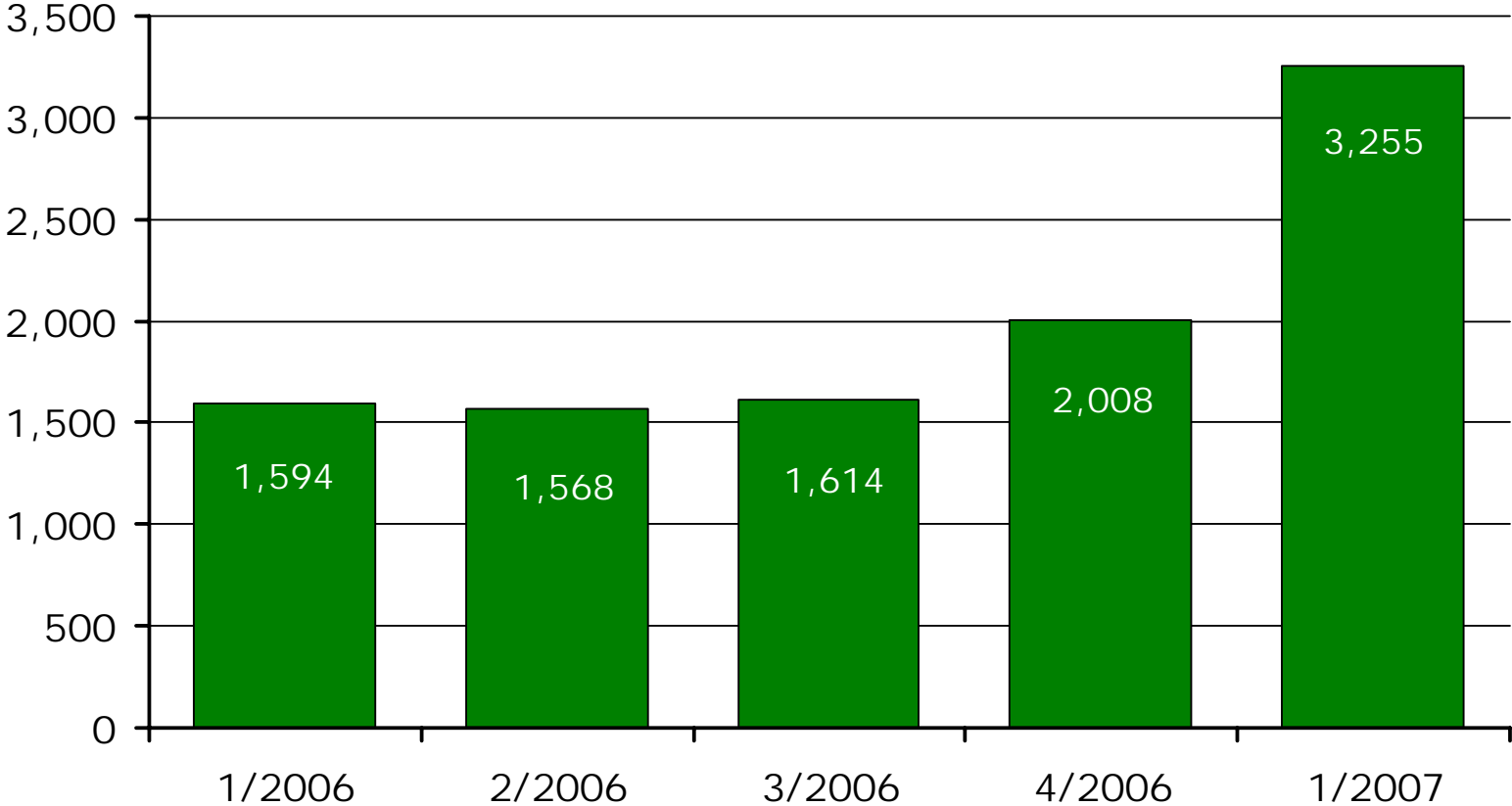
Aktia Group
EURm 2,569



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

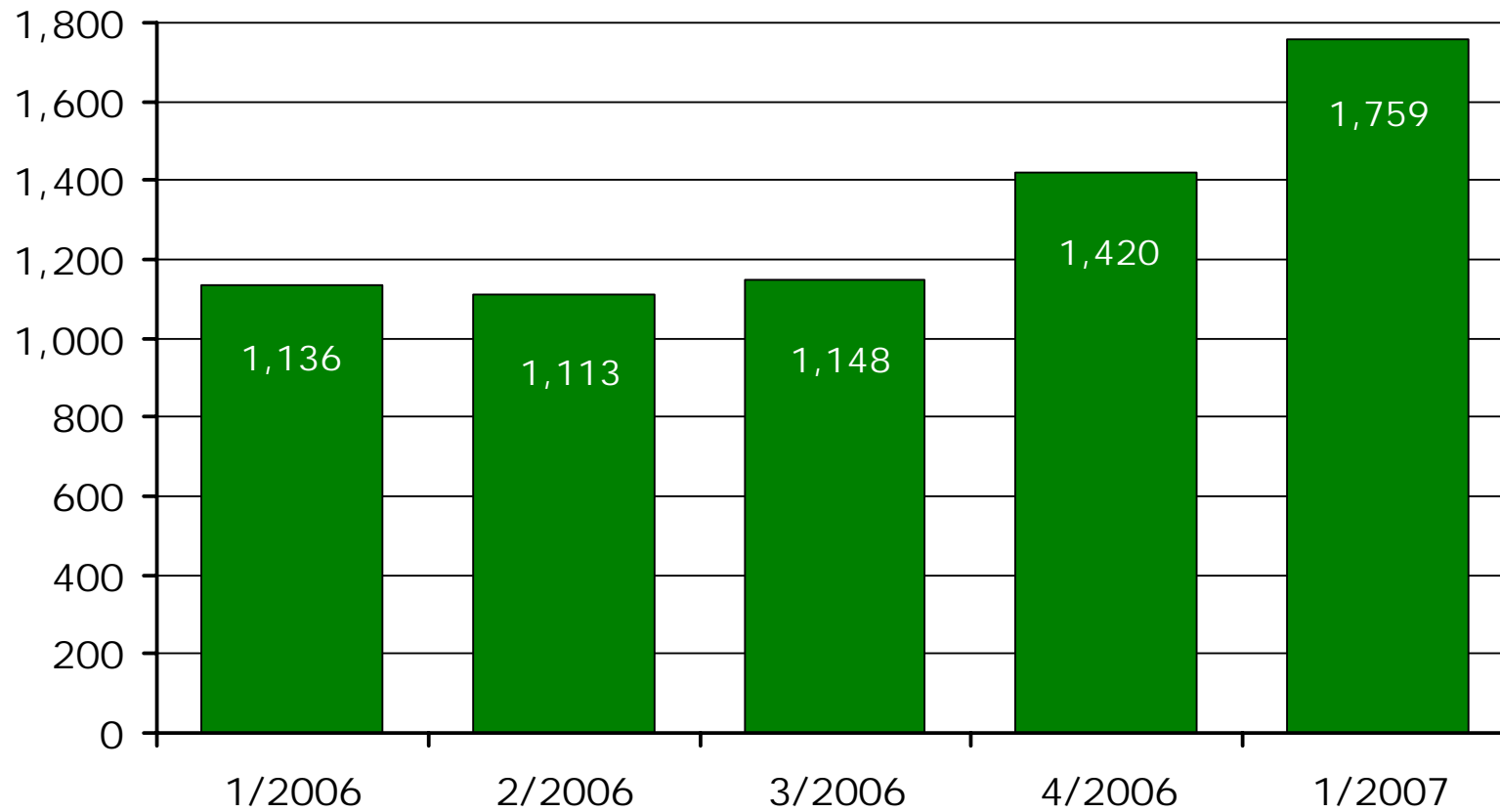
Assets managed by Aktia Asset Management

EURm

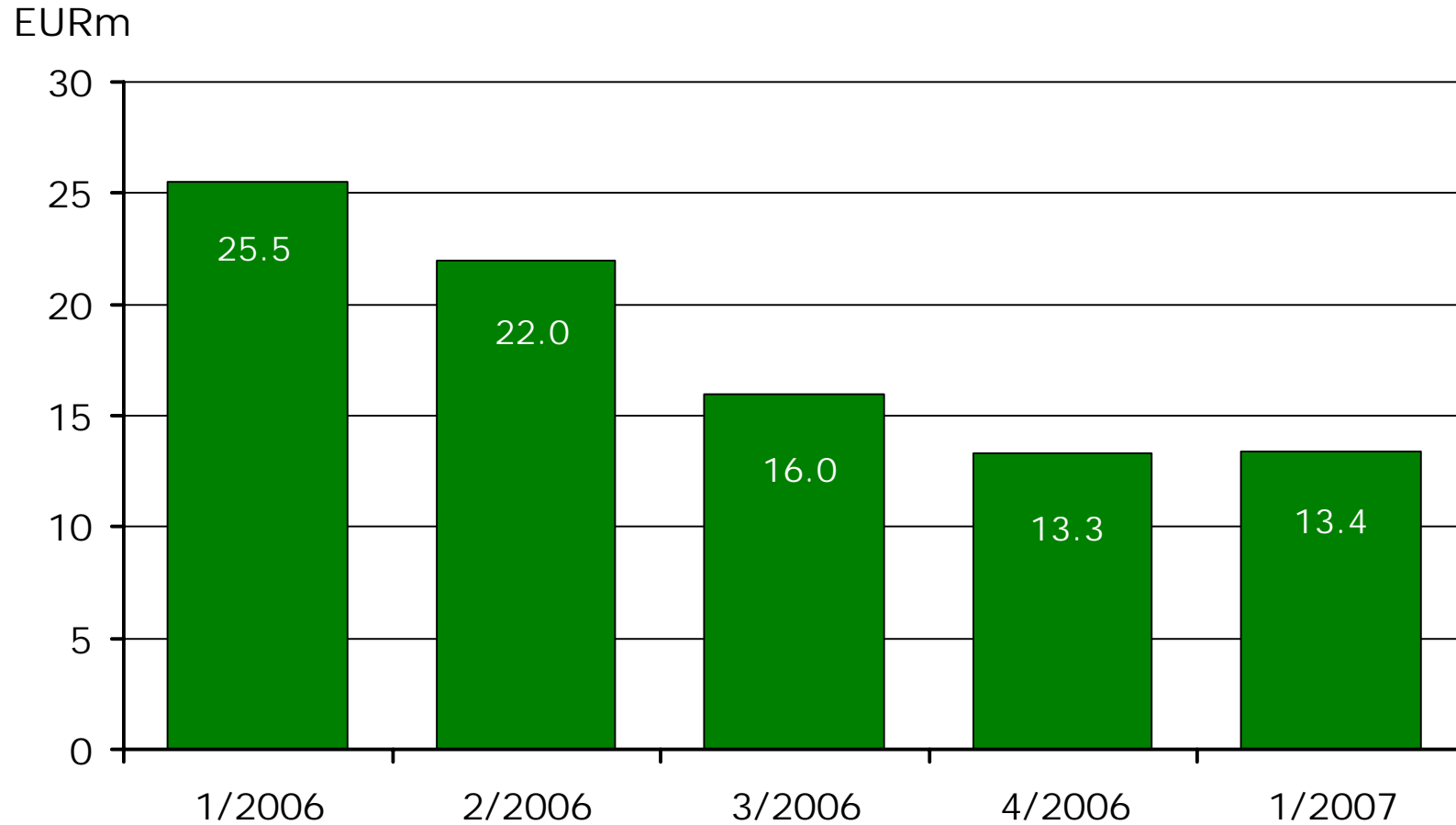


Mutual funds

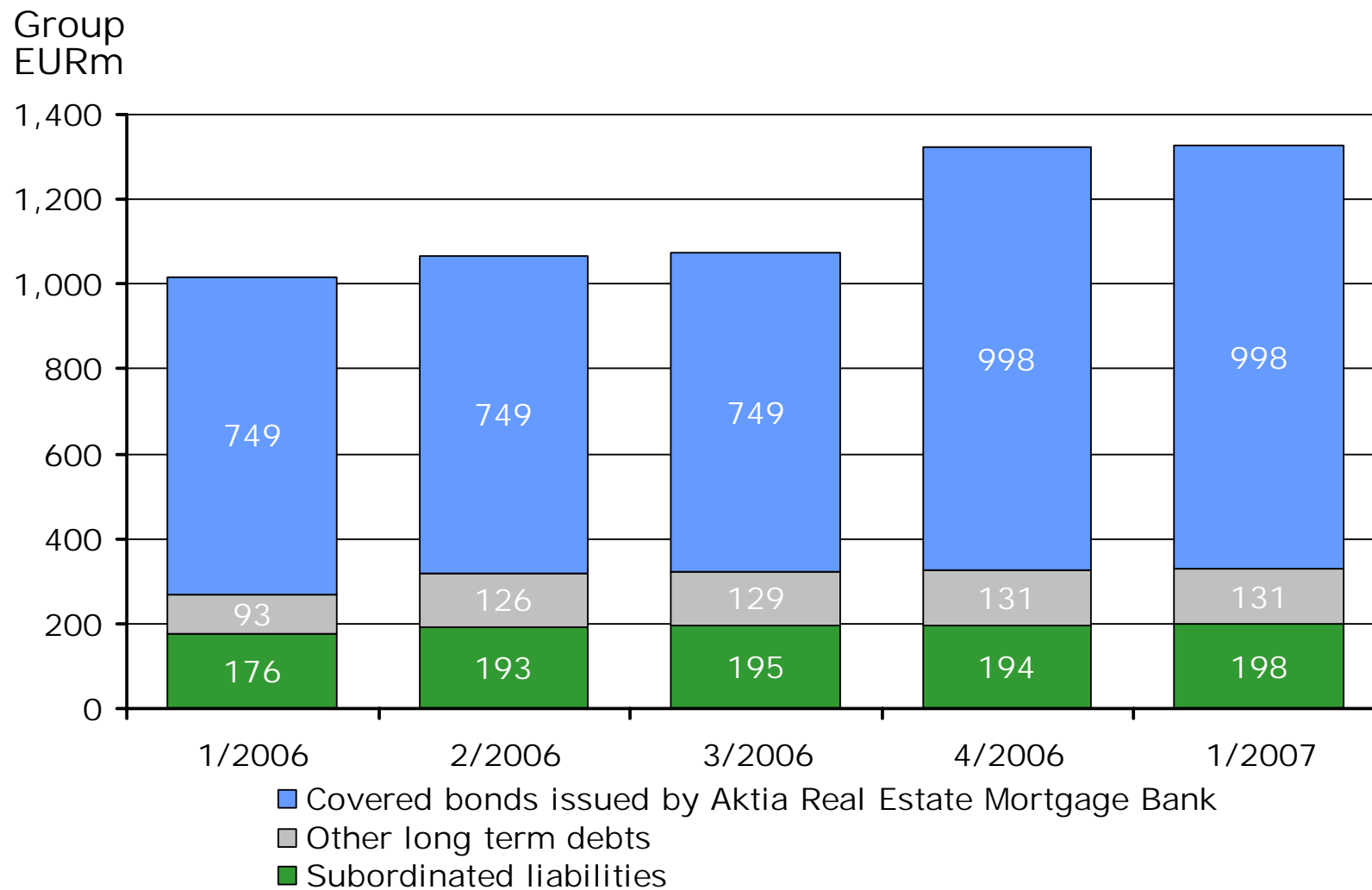
EURm



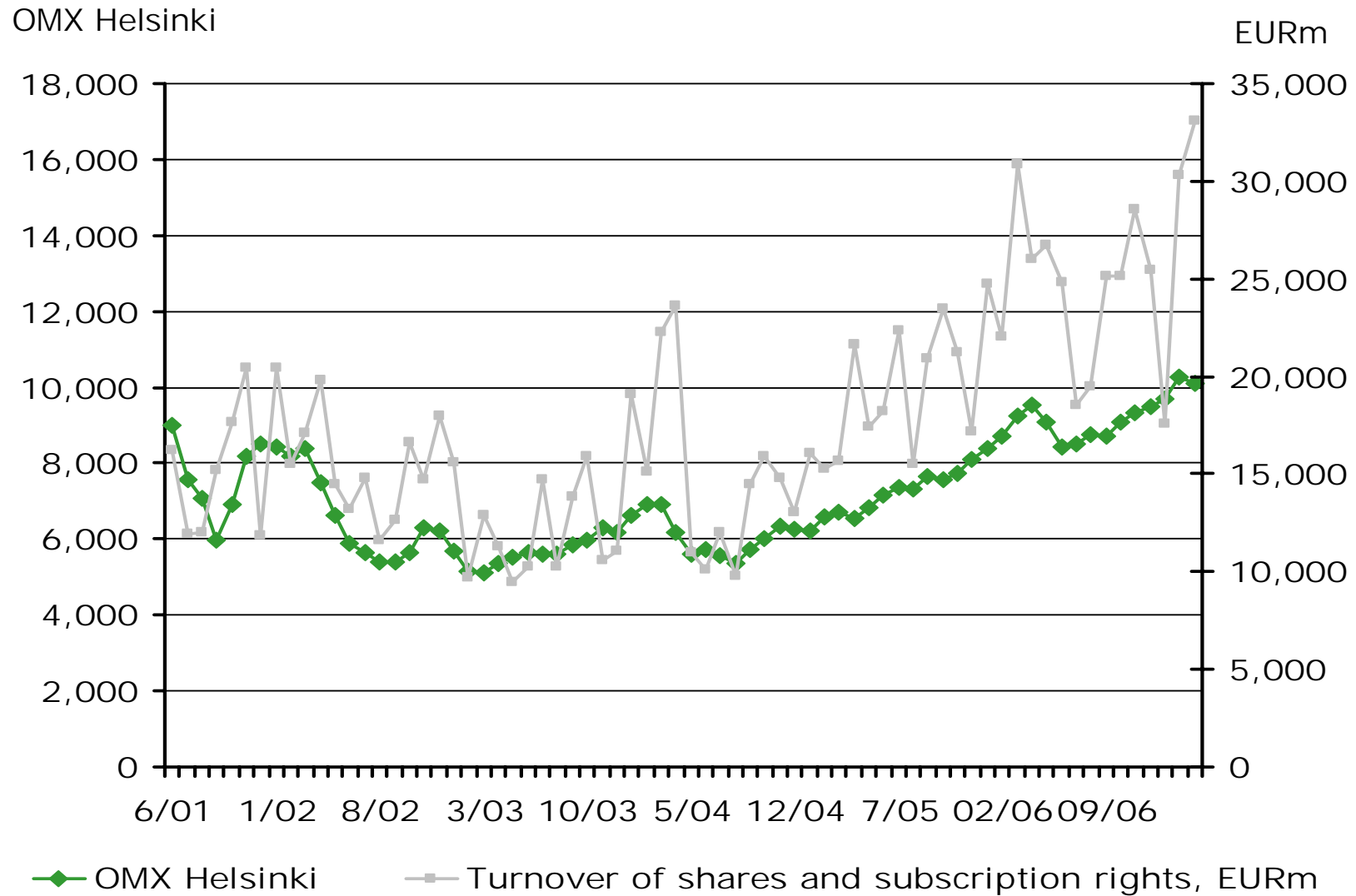
Long term debts issued by Aktia



Aktia's long term debts



OMX Helsinki Index and stock exchange turnover

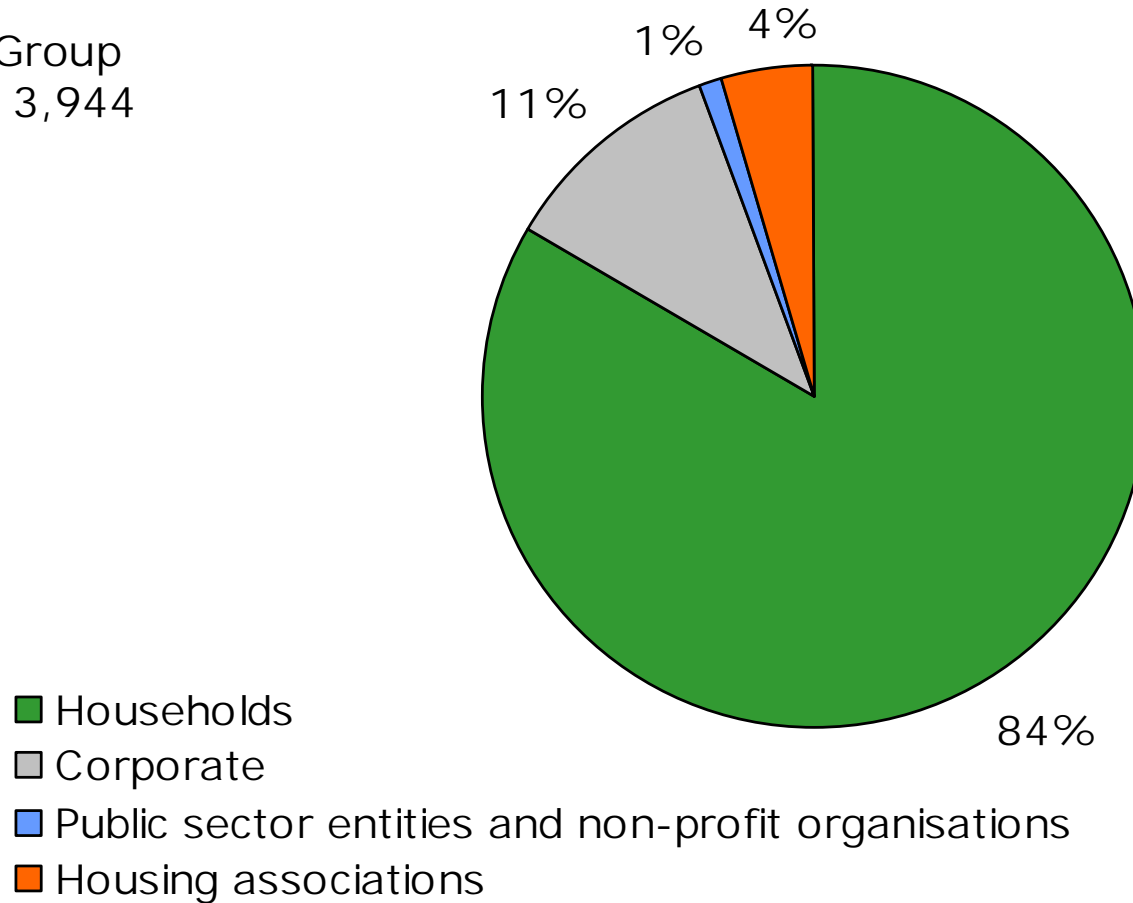


Aktia grows

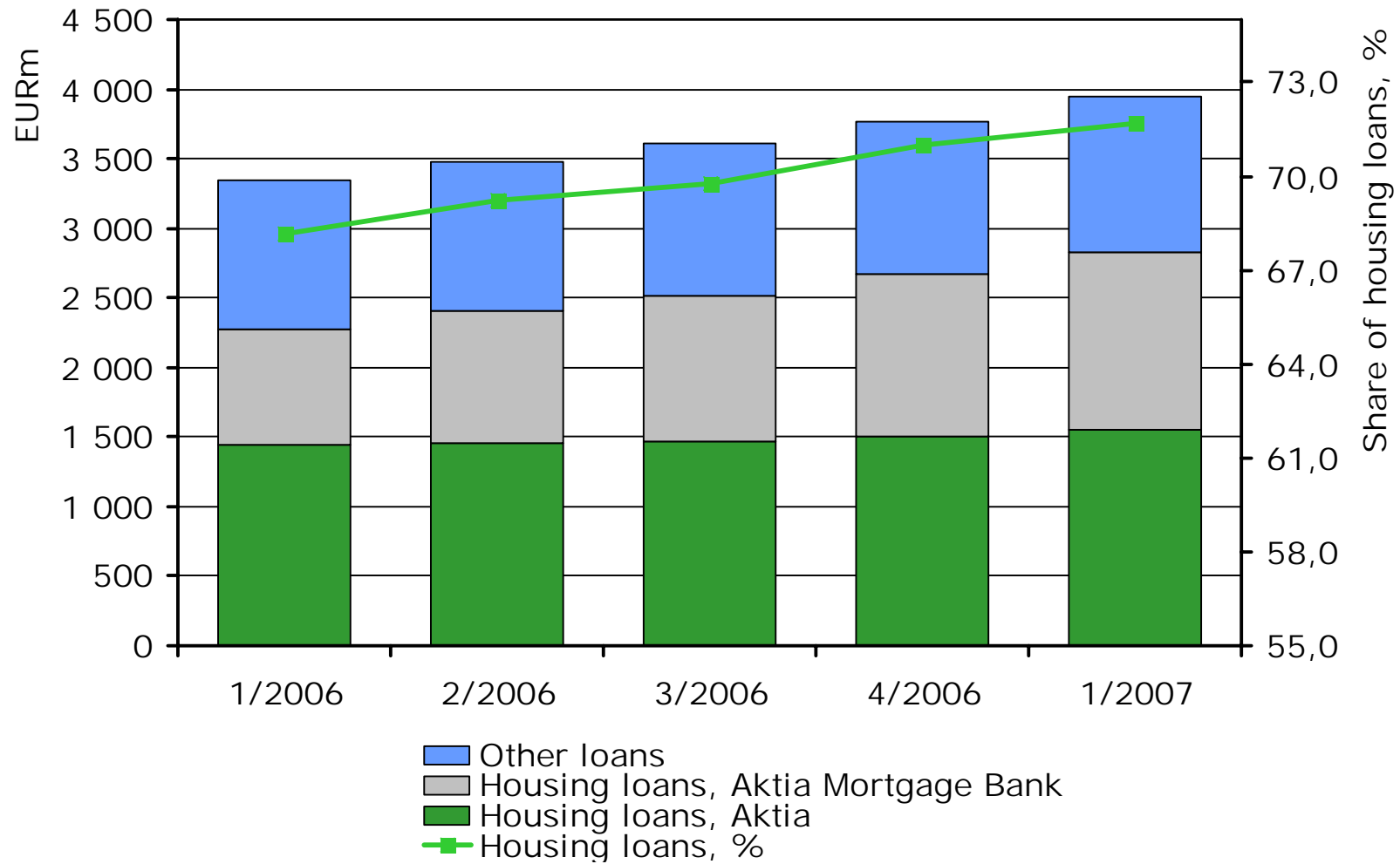
Aktia Group	31.3.2007	31.3.2006	31.12.2006
Lending			
Total lending			
- %	+17.9	+13.2	+15.7
- EURm	3,944	3,346	3,761
Lending to households			
- %	+21.7	+13.6	+18.7
- EURm	3,288	2,702	3,123
Risk-weighted commitments			
- %	+3.5	+12.4	+16.1
- EURm	2,484	2,400	2,655
Balance sheet total			
- %	+36.0	+16.2	+20.6
- EURm	6,667	4,898	5,492

Credit stock 31 March 2007

Aktia Group
EURm 3,944

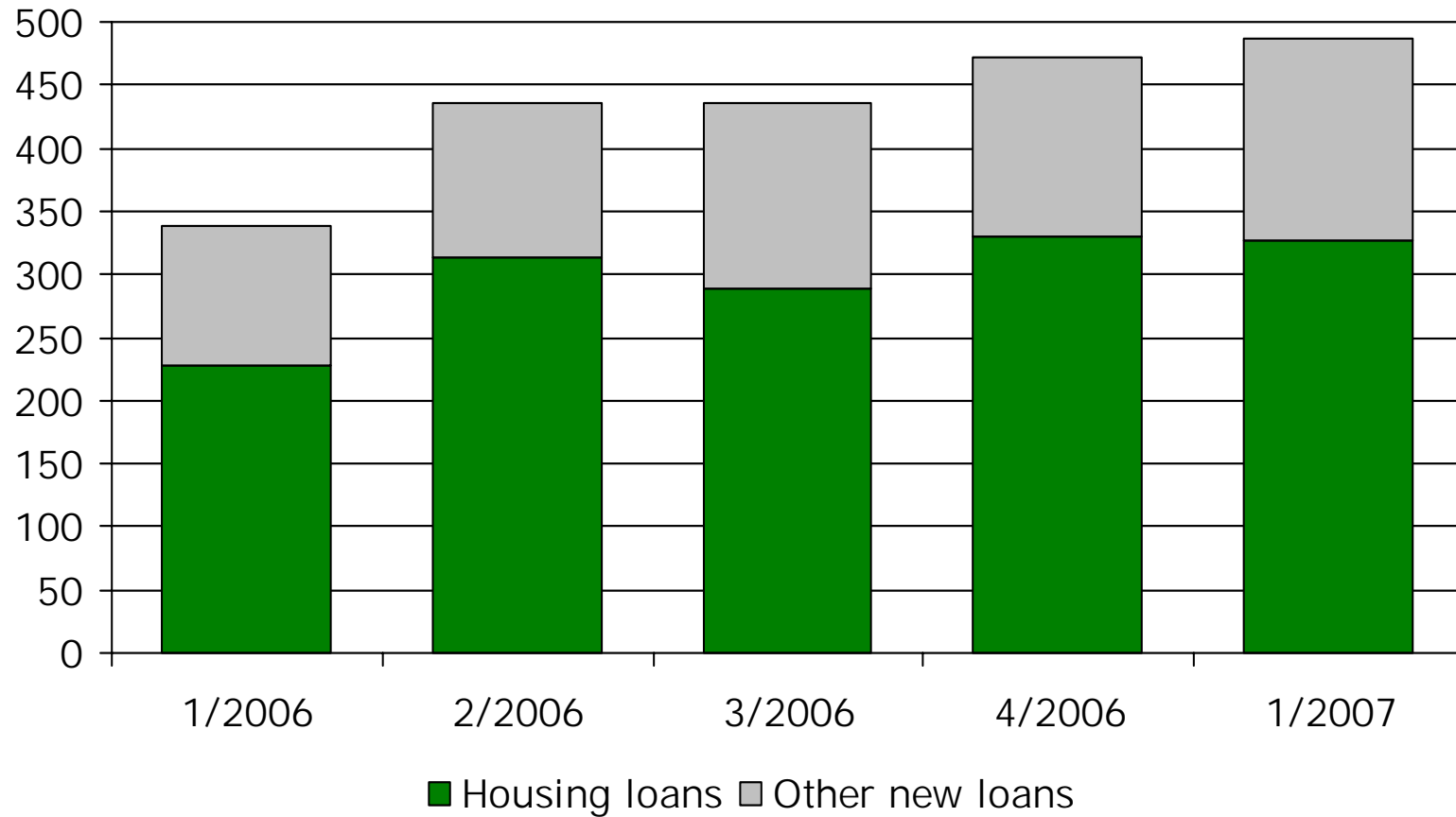


Credit stock

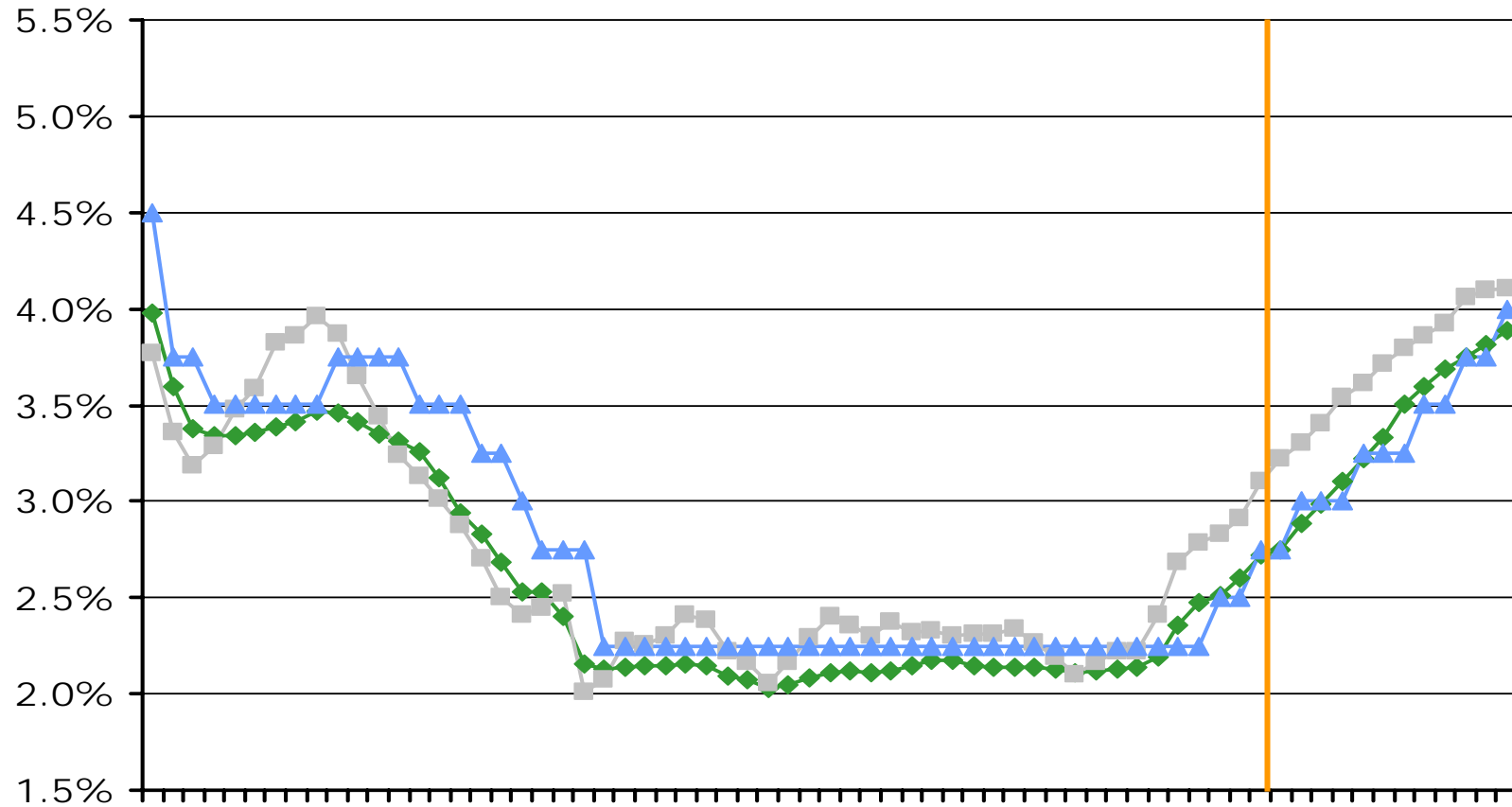


New loans

EURm



Reference rates



9/01 3/02 9/02 3/03 9/03 3/04 9/04 3/05 9/05 03/06 09/06 12/06

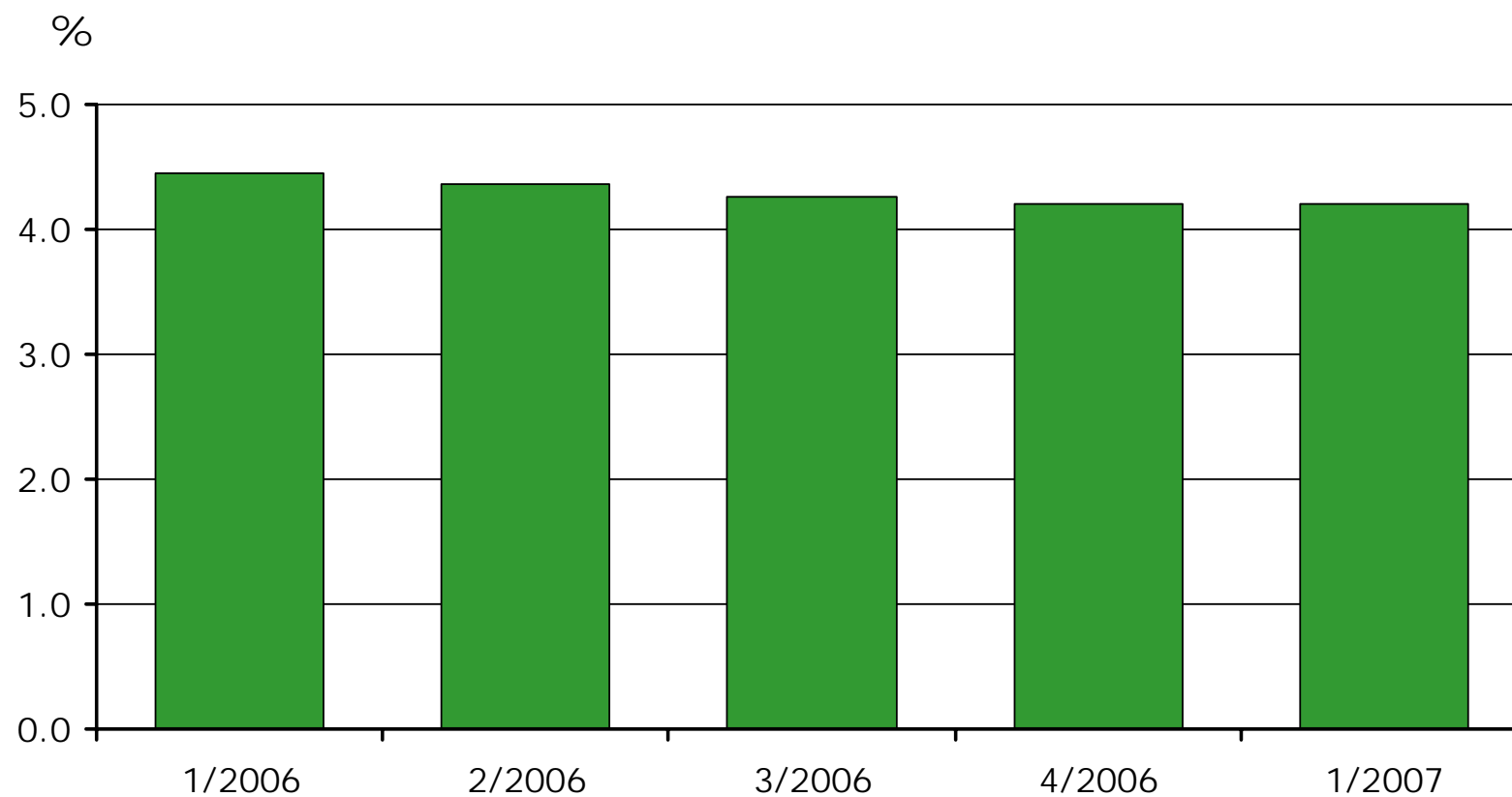
◆ 3 month Euribor

■ 12 month Euribor

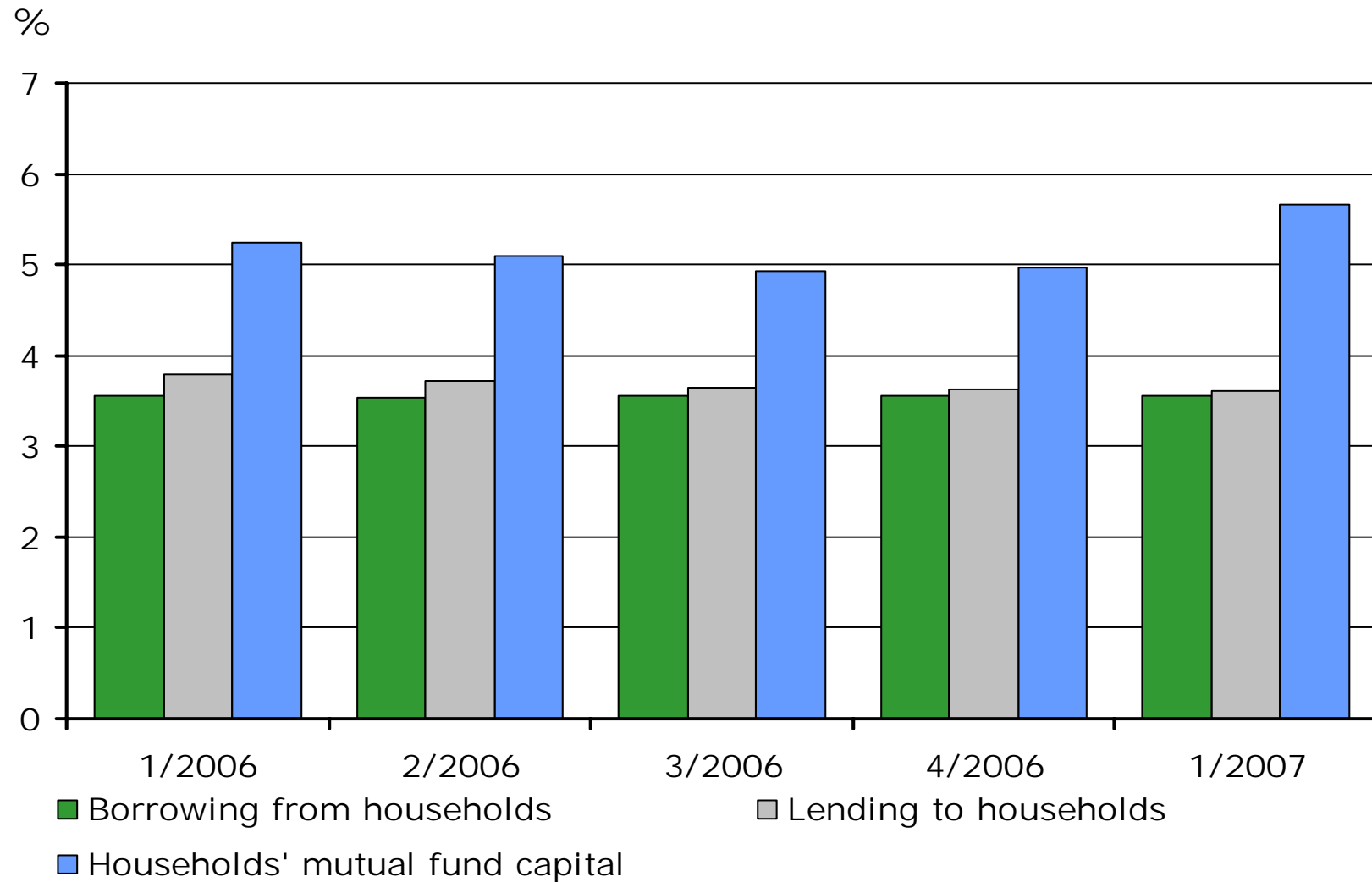
▲ Aktia Prime

Aktia Prime: 10.6.02 3,75%, 16.10.02 3,50%, 1.1.03 3,25%, 3.3.03 3,00%, 1.4.03 2,75%, 1.7.03 2,25%, 2.1.06 2,50%, 1.3.06 2,75%, 3.5.06 3,00%, 23.8.06 3,25%, 22.11.06 3,50%, 24.1.07 3,75%, 30.3.07 4,00%

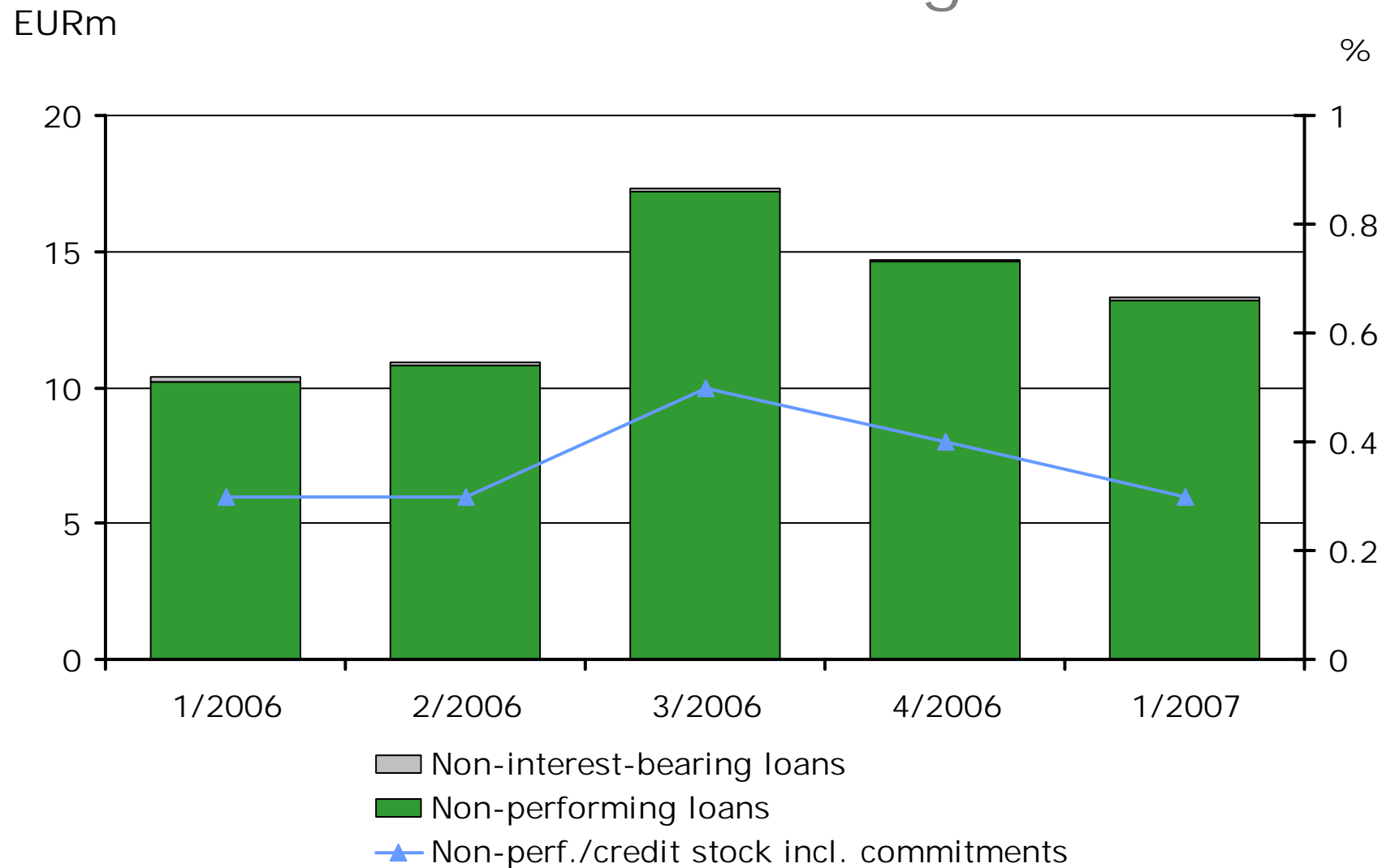
Aktia's market share of housing loans



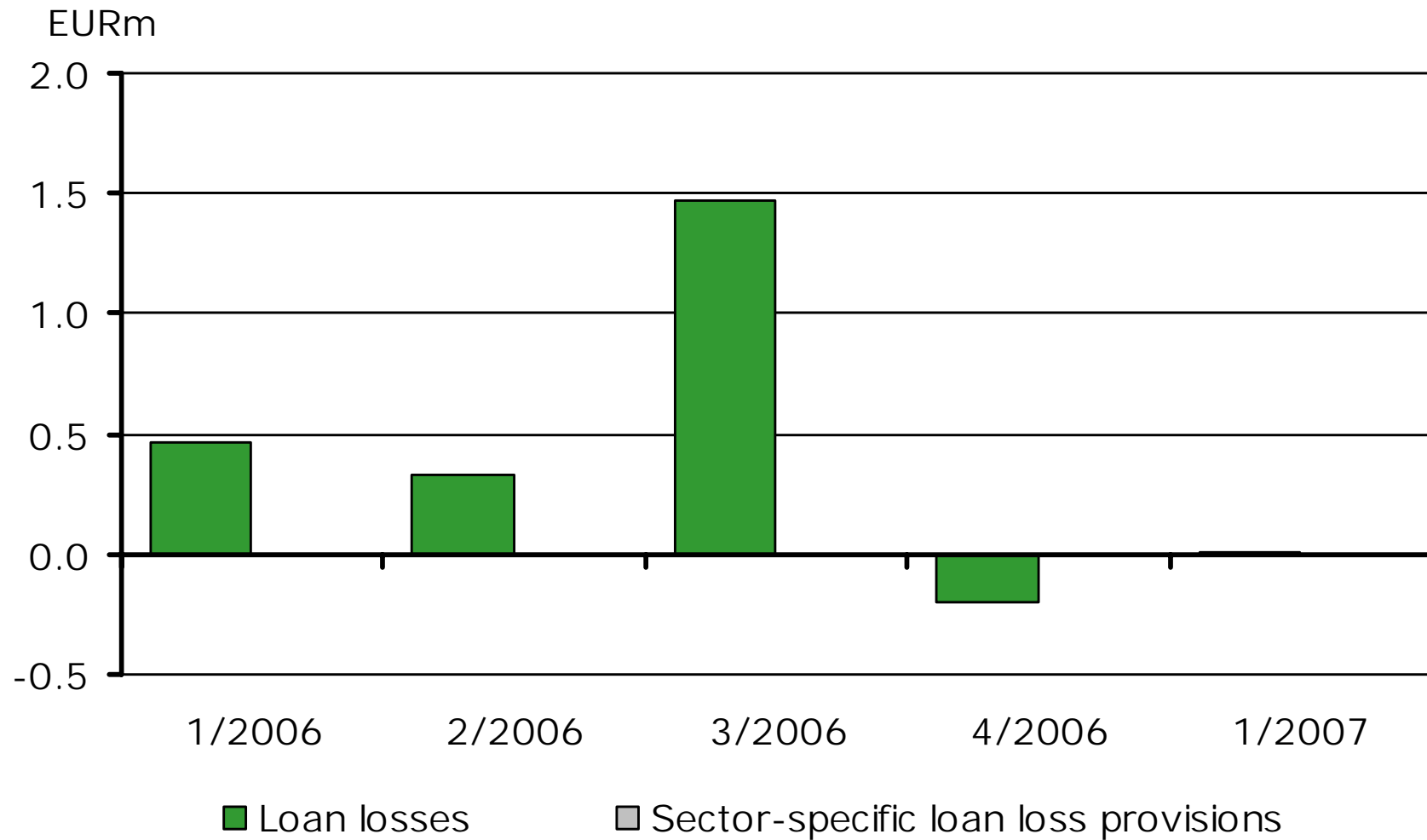
Aktia's market share



Non-performing and non-interest-bearing loans



Loan losses

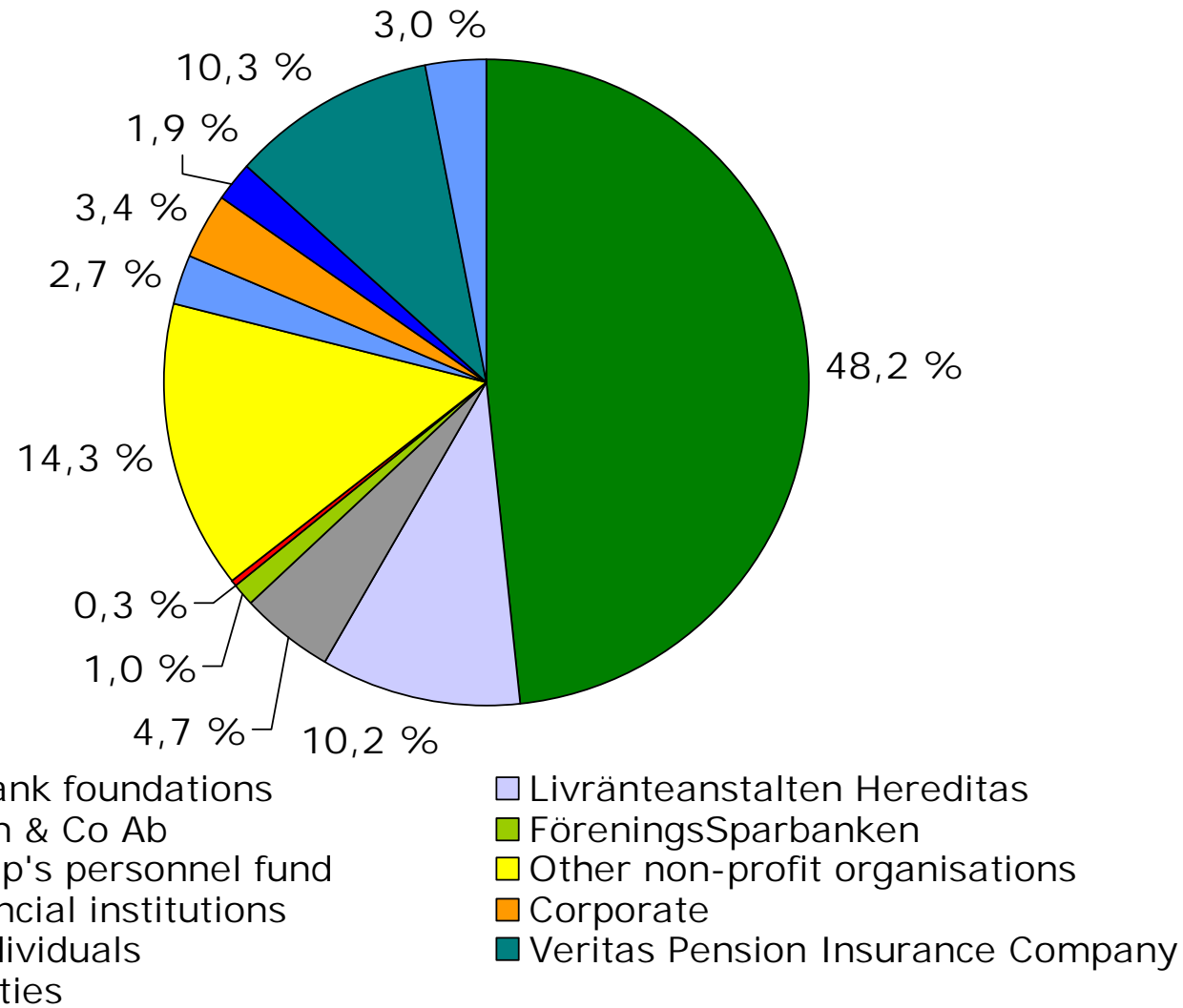


Capital adequacy

(EURm)	31.3.2007	31.3.2006	31.12.2006
Tier 1 capital	309	232	245
Tier 2 capital	145	119	124
The banking group's capital base	454	351	367
The banking group's risk-weighted commitments	2,484	2,400	2,655
The banking group's capital adequacy ratio, %	18.3	14.6	13,8
The banking group's Tier 1 capital ratio, %	12.4	9.7	9.2
Life insurance group's solvency ratio, %	21.6		
The conglomerate's total capital base	382		
Minimum amount of capital base	242		
The conglomerate's capital adequacy	140		
The conglomerate's capital adequacy ratio, %	157.8		

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

Owners



Prospects 2007

- 1 The task of integrating Veritas Life Insurance with the rest of the Aktia Group will incur costs of a one-off nature, but the acquisition is nevertheless expected to make a positive contribution to the Aktia Group's operating profit.
- 1 The measures taken to reduce the structural interest risk will have a reducing effect on the increase of net interest income in the event that there is a general rise in market interest rates.
- 1 The operating profit is expected to improve in 2007 compared to 2006.

Prospects 2007

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