

Aktia Savings Bank plc

Interim Report
1 Jan - 31 Mar 2007

Aktia

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The business expanded and profits improved

The period in brief

- 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.
- 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.
- Return on equity (ROE) increased to 26.0 per cent (14.8).
- 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.
- The total number of charge cards increased by 34.2 per cent to over 56,000.
- Net commission income increased by 20.5 per cent to EUR 11.7 million (9.7).
- 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.
- As from the first quarter of 2007 the Aktia Group is producing its financial reports in accordance with IFRS. The transitional effects have been described in this interim report.
- 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.

Key figures at the end of each reporting period

| | Q1 2007 | Q1 2006 | 2006 |
|--|---------|---------|-------|
| Earnings/share, EUR | 0.50 | 0.26 | 1.17 |
| Equity per share, EUR | 8.21 | 6.99 | 7.11 |
| Return on equity, % (ROE) | 26.0 | 14.8 | 16.6 |
| Cost-to-income ratio, banking group | 0.65 | 0.63 | 0.61 |
| Life insurance group's expense ratio, % | 117.5 | - | - |
| Mutual fund capital, EUR m | 1,759 | 1,136 | 1,420 |
| Borrowing from the public, EUR m | 2,569 | 2,369 | 2,544 |
| Lending to the public, EUR m | 3,944 | 3,346 | 3,763 |
| Risk-weighted commitments | 2,484 | 2,400 | 2,655 |
| Capital adequacy ratio, % (banking group) | 18.3 | 14.6 | 13.8 |
| Tier 1 capital ratio, % (banking group) | 12.4 | 9.7 | 9.2 |
| 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 |
| Number of shares at end of period, millions | 40.1 | 35.3 | 35.3 |
| Personnel (FTEs), average number | 916 | 699 | 741 |

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

Acquisition of Veritas Life Insurance concluded

Aktia completed the acquisition of 99.96 per cent of the shares in Veritas Life Insurance Company on 17.1.2007. The acquisition balance sheet, which is explained in further detail in the Notes section of the report, was produced as at 1.1.2007. The Veritas Life Insurance Group's balance sheet, with assets of over EUR 940 million, and the profit for the first quarter of 2007 are included in the Aktia Group's consolidated accounts for the first time for the first quarter of 2007. The performance of the insurance operation compared with the first quarter of 2006 is explained in the comments on the Life Insurance segment.

Transition to reporting in accordance with IFRS

As from the first quarter of 2007 the Aktia Group has made the transition to producing financial reports in accordance with IFRS (International Financial Reporting Standards). This means, among other things, that interim reporting for the first time also contains segment reporting. The overall effects of the transition from FAS (Finnish Accounting Standards) to IFRS are described in this interim report in the section on the transitional effects of IFRS.

Improved profit

The Aktia Group's operating profit rose during the first quarter to EUR 22.4 million, an increase of 9.8 million (77.9 per cent) on the corresponding period of the previous year. 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. The increase in revenue within the actual banking group, whose operating profit fell by EUR 0.6 million, corresponded with an almost equally large increase in costs before loan losses and shares in profits of associated undertakings. The real estate agency operation's improved profit, which is included in the retail banking segment, totalled EUR 0.5 million.

Net loan losses totalled EUR 0.0 million (+0.5). The share of profits from associated undertakings decreased to EUR -0.1 million (0.3).

The profit for the reporting period rose to EUR 19.7 million, an improvement of EUR 10.5 million (+115.0 per cent).

As the average number of shares rose from 35.8 to 39.8 million, the improvement in earnings per share was lower. The increase was +94.1 per cent, rising from EUR 0.26 to EUR 0.50 per share.

Return on equity increased to 26.0 per cent (14.8). If the net change of the fund at fair value were to be taken into account, the return on equity would be 31.1 per cent (5.3).

The cost-to-income ratio, which is a traditional measure of performance for banking operations, but not for insurance, moved from 0.63 to 0.65, and was somewhat poorer as a result of the new initiatives that are described in the section on the banking group's costs. The life insurance operation's expense ratio worsened from 112.7 per cent to 117.5 per cent for 2006 as a whole.

A rise in income

The Aktia Group's total income rose to EUR 72.4 million, an increase of EUR 40.4 million. Of this increase in income, EUR 38.1 million is attributable to the newly acquired life insurance operation, while the banking group's income rose by 7.2 per cent to EUR 34.3 (32.0) million.

Net interest income remained at the same level as in the first quarter of 2006, at EUR 20.5 million (20.6). A continued reduction in customer margins, particularly in lending, was largely compensated by the growth in volume, while the increase in borrowing and the increase in interest rates made a definite, positive contribution to the growth in net interest income. However, the measures taken to reduce the structural interest rate risk now had a negative effect on net interest income of EUR 0.7 million, having had a positive effect in the first quarter of 2006 of EUR 1.8 million. Finance costs for the acquisition of the shares in Veritas Life Insurance had a negative impact on net interest income of approx. EUR 0.3 million.

Net commission income increased by EUR 2.0 million (+20.5 per cent) to EUR 11.7 million. Commission income from mutual funds and asset management rose by EUR 1.3 million (+29.8 per cent) to EUR 5.5 million. Commission from charge and credit cards grew by EUR 0.3 million (+49.8 per cent) to EUR 0.8 million, while commission from payment services decreased somewhat. Real estate agency operations, which performed very well, made a contribution of EUR 1.3 million to the increase in commission income. Within commission costs, commission to local banks for mortgages increased by EUR 0.3 million.

Income from the life insurance operation totalled EUR 38.3 million. Of the life insurance operation's net income from investments includes capital gains from securities sold, the proportion of capital gains arising as a profit between the sales price and the investments' fair value as at 1.1.2007 has been included in the consolidated accounts. The capital gains posted to profits were thus EUR 5.4 million lower in the Aktia Group than those posted to income in the Veritas Life Insurance Group. As a consequence of this, the fund relating to the life insurance operation for the fair value in the Aktia Group as at 31.3.2007 totalled EUR 5.4 million, while the fund in the Veritas Life Insurance Group totalled EUR 51.8 million.

The fall of EUR 0.5 million in net income from investment properties is partly due to the fact that last year included capital gains of approx. EUR 0.3 million and partly due to lower rental income because of a reduced real estate portfolio.

Expansion of the business and other initiatives increased costs

The Aktia Group's total expenses rose to EUR 49.9 million, an increase of EUR 29.7 million. Of this increase, EUR 27.6 million is attributable to the life insurance operation, while the banking group's expenses rose by 10.5 per cent to EUR 22.3 million (20.2). Approx. 5.5 per cent of the increase in the banking group's expenses was attributable to new initiatives in real estate agency operations, Aktia Card & Finance and the launch of the new customer concept AktiaBonus.

Claims paid by the life insurance operation totalled EUR 17.4 million. Interest-based provisions increased by EUR 12.9 million and unit-linked provisions increased by EUR 5.6 million.

Staff costs increased by EUR 3.2 million to EUR 13.2 million (10.0). Of this increase, EUR 1.7 million is attributable to Veritas Life Insurance, while the banking group's expenses rose by 15.4 per cent to EUR 11.5 million (10.0). Most of the increase in expenditure was due to investments made primarily in the fields of real estate agencies, the capital market and retail banking.

Other administrative expenses rose by EUR 1.8 million to EUR 8.2 million (6.4), of which Veritas Life Insurance accounted for EUR 1.1 million. The banking group's other administrative expenses rose to EUR 7.1 million (EUR 6.4 million), an increase of 11.0 per cent. 7.5 per cent of the increase in the banking group's expenses is attributable to the real estate agency operation.

Depreciation and write-downs in the banking group fell by EUR 0.4 million to EUR 0.7 million (1.1), primarily because of the reduced real estate portfolio. The life insurance operation contributed EUR 0.2 in new depreciation for the Aktia Group, which is why total depreciation fell to EUR 0.9 million (1.1).

The estimated negative goodwill of a total of EUR 11.4 million arising from the acquisition of Veritas Life Insurance was posted in full as income during the first quarter in accordance with the IFRS requirements – see also the acquisition calculation in the Notes section of the report. Negative goodwill is still preliminary in the light of the agreement concluded in respect of the settlement of the final purchase price for Veritas Life Insurance. The agreed purchase price is dependent on the final result of the realisation of Veritas Life Insurance's real estate holdings on the acquisition date. The seller, Veritas Pension Insurance Company, has undertaken to realise the real estate holdings before the end of 2007. The posting to income of the negative goodwill will be adjusted according to a final calculation no later than in the year-end accounts for 2007. In 2007 the profit will also be charged with some integration expenses of a one-off nature.

Balance sheet and off-balance sheet commitments

On 31 March 2007 the Aktia Group's balance sheet total was EUR 6,667 million (4,898). EUR 945 million of the increase in the balance sheet total is attributable to the life insurance operation, in which investments totalled EUR 931 million at fair value. Otherwise, the increase in the balance sheet total is a result of growth in lending and a strong improvement in liquidity. The reduced real estate portfolio resulted in a reduction in tangible assets.

Total liabilities increased by EUR 1,680 million, of which technical provisions accounted for EUR 642 million and provisions for unit-linked policies EUR 181 million. Growth in the banking operation has been financed by long-term bond issues and borrowing. Outstanding senior and subordinated debts totalled EUR 1,324 million, an increase of EUR 307 million.

The acquisition of Veritas Life Insurance was financed to a large extent by equity. A direct share issue to the seller, Veritas Pension Insurance Company, of 3 million shares and a coupon issue of 1.8 million new shares with preferential rights for the bank's shareholders increased the share capital

by EUR 9.5 million and the unrestricted equity fund by EUR 44.8 million after the deduction of transaction costs of approx. EUR 0.5 million.

Off-balance sheet commitments totalled EUR 588 million (421), an increase of EUR 167 million. This increase was caused primarily by extended credit limits and derivative contracts with other savings banks and local co-operative banks.

Capital market and borrowing

Total savings in mutual funds, which includes both own and managed funds, grew by 54.8 per cent to EUR 1,759 million, while borrowing (deposits) from the public grew by 8.4 per cent to EUR 2,569 million. Total saving (deposits + mutual funds) rose by 23.5 per cent to EUR 4,328 million.

Saving by households (deposits + mutual funds) rose by 14.6 per cent to EUR 3,023 million. Saving by households in mutual funds grew by 34.7 per cent to EUR 1,031 million and deposits from households increased by 6.6 per cent to EUR 1,992 million.

In addition to this, during the first quarter Aktia issued new bonds to the public and institutions to a value of EUR 13.4 million (25.5). On an annual basis, these new sales total EUR 104 million.

Assets managed by Aktia Asset Management rose by 104.2 per cent to EUR 3,255 million. In addition to a number of large mandates, the increased collaboration with Veritas Pension Insurance Company made a significant contribution towards the increase in volume. Aktia Private Banking's volume of assets managed grew by 32.6 per cent to EUR 1,087 million.

Life insurance

As Veritas Life Insurance became a subsidiary in January 2007, the profit from life insurance and corresponding balance sheet items are only included in this interim report for the first quarter of 2007. Because of the elimination effects relating to the acquisition balance sheet, certain figures for Veritas Life Insurance will not match the corresponding figures in the Aktia Group.

Veritas Life Insurance's income from premiums fell by 5.7 per cent to EUR 26.6 million (28.2).

Total provisions (interest-based + unit-linked) rose during the first quarter by EUR 18.5 million to EUR 822.4 million. The expense ratio worsened from 112.7 per cent to 117.5 per cent for the whole of 2006.

The solvency ratio rose to 21.6 per cent of provisions, compared with 20.9 per cent at the end of 2006.

Payment services

The biggest development area in the retail banking segment was the continued migration from traditional bank cards to international charge cards. The total number of charge cards increased by 34.2 per cent to more than 56,000. Other preparations for the Single Euro Payments Area (SEPA) also proceeded according to plan.

The number of Internet agreements and Internet payments continued to grow, mainly because of an increasing number of corporate users, for whom a new Internet bank was launched at the end of 2006.

At the beginning of the year e-invoice services made their commercial breakthrough, and this area is expected to expand.

Loans

Demand for housing loans remained high. The Aktia Group's total lending amounted to EUR 3,944 million at the end of March, representing an increase of EUR 598 million (17.9 per cent). The majority of this growth came from the household sector, whose loan stock increased by EUR 586 million (21.7 per cent) to EUR 3,288 million.

The housing loan stock increased by 24.0 per cent to EUR 2,819 million, of which Aktia Real Estate Mortgage Bank's loan stock constituted EUR 1,270 million, an increase of EUR 439 million (52.8 per cent). It should be noted, however, that most of the increase in the mortgage loan stock, EUR 380 million, comprised loans arranged by local co-operative banks and other savings banks.

The increase in lending less the mortgage loans arranged by other banks totalled 6.7 per cent for the whole Aktia Group, 7.9 per cent for the household sector and 7.5 per cent for housing loans.

Lending to companies grew in line with the new corporate customer strategy by 17.9 per cent to EUR 434 million (368).

Credit risks and losses

There were no significant changes to the composition of the credit portfolio during the quarter. Households accounted for 83.4 per cent (80.8), while corporate financing's share totalled 11.0 per cent (11.0). Housing loans accounted for 71.5 per cent (68.0) of the total loan stock. The other savings and local co-operative banks who intermediate mortgages bear in practice the credit risk for these loans. Corporate financing's share of the loan stock, excluding distributed mortgages, grew to 12.5 per cent (11.3).

Loan losses and provisions for new loan losses based on an individual examination of receivables continued to be at a low level, and was matched by reversals of previous years' book loan losses, EUR 0.3 million, resulting in a zero effect on profits. Because of an exceptionally high level of reversals during the first quarter of 2006, there was a positive effect on profits of EUR 0.5 million.

In addition to the loan loss provisions based on an individual examination of receivables, the Aktia Group has a reserve for sector-specific loan loss provisions, which at the end of the first quarter of 2007 totalled EUR 11.5 million.

The Aktia Group's non-performing and non-interest bearing loans totalled EUR 13.3 million. Their relative share of the entire loan stock, including off-balance-sheet guarantee commitments, thus remained at 0.3 per cent (0.3).

Interest rate risks

Interest rate risk comprises both structural and market value interest rate risk. Structural interest rate risk arises as a result of differences in interest rates between assets and liabilities. To reduce the volatility in the net interest income, structural interest rate risk is reduced primarily through the use of derivative instruments used for hedging purposes.

Fluctuations in the interest rate also affect the market value of the Aktia Group's liquidity portfolio (market risk). The market valuation of these financial assets, which are held for

sale, is posted against the fair value fund under equity after the deduction of deferred tax liability. The net change in the fair value fund relating to market value interest rate risk posted during the first quarter totalled EUR -1.4 million. At the end of the quarter the total fair value fund in the banking group was EUR -3.2 million (1.8).

Investment risks in the life insurance operation

As regards the investments that provide cover for unit-linked insurance policies, the policyholder himself/herself bears the investment risk. These investments are evaluated on an ongoing basis at fair value, and any changes in value are posted to provisions for unit-linked insurance policies.

The rest of the investment portfolio that has to cover the technical provisions is evaluated on an ongoing basis at fair value with reference to the fair value fund. At the end of the first quarter of 2007, the fair value fund relating to the life insurance operation in the Aktia Group totalled EUR 5.4 million after acquisition eliminations.

All risks, such as credit risks, interest rate risks, currency risks, share risks, real estate risks, etc. are added together using a VaR model (Value at Risk), applying a probability level of 97.5 per cent.

Capital adequacy

The banking group

Capital adequacy as at 31 March 2007 is posted in accordance with the new Basel 2 regulations that entered into force on 15.2.2007. The standardised approach is used when calculating the capital requirements for credit risks, and the basic indicator approach for operational risks. Capital requirements are not calculated for market risks because of the small trading book.

As at 31.3.2007 the capital base totalled EUR 454 million, of which EUR 309 million was Tier 1 capital. The Tier 1 capital includes both the profit for the reporting period and deductions for the 2006 dividend determined by the Annual General Meeting, as well as calculated dividends for the reporting period corresponding to last year's dividend level. The capital base was strengthened by a total of EUR 54.3 million from a direct share issue in connection with the acquisition of Veritas Life Insurance and a coupon share issue in February 2007.

Capital adequacy rose to 18.3 per cent at the end of the first quarter compared with 13.8 per cent at the year-end and 14.6 per cent at the end of March 2006. The Tier 1 capital ratio rose to 12.4 per cent compared with 9.2 per cent at the year-end and 9.7 per cent as at March 2006. The already good capital adequacy ratio was further strengthened in connection with the lower risk weighting of loans secured by housing collateral (comparative figures calculated in accordance with Basel 1).

However, the Basel 2 regulations also entail a capital requirement for operational risks, which, calculated according to the basic indicator approach, totalled approx. EUR 20 million at the end of March 2007.

A comprehensive internal risk and capital assessment process (ICAAP) is being developed under the guidance of the Board of Directors and will be reported in the annual report for 2007.

The life insurance group

The solvency ratio rose to 21.6 per cent of provisions, compared with 20.9 per cent at the end of 2006.

The financial conglomerate

With the acquisition of Veritas Life Insurance, the financial conglomerate's capital adequacy is also calculated according to the consolidation method. As at 31.3.2007 the financial conglomerate's capital adequacy (the conglomerate's capital base in relation to the minimum requirement) totalled 157.8 per cent.

Personnel

When converted into full-time employees, the number of people employed by the Aktia Group increased by 199 to 918 (719) at the end of March. The largest increase, 142 full-time employees, came from the acquisition of Veritas Life Insurance. The number of full-time employees in the real estate agency operation increased by 39. The average number of full-time employees during the period was 916 (699).

An organisational change based on business segments was implemented with effect from 2.4.2007. The following persons have been appointed as heads of segments with profit responsibility: Deputy Managing Director Jarl Sved (Retail Banking), Deputy Managing Director Robert Sergelius (Asset Management), Deputy Managing Director Stefan Björkman (Corporate Banking, Treasury and Infrastructure) and Director Taru Narvanmaa (Life Insurance). Director Olav Uppgård continues as head of segment for Aktia's Group Services (Finance, Risk Management, Aktia Group's Law and Administration). Together with the Aktia Group's Managing Director Mikael Ingberg, the heads of segments form the Working Committee of the Aktia Group's Executive Committee. The Working Committee augmented by Directors Merja Hellberg and Gösta Råholm, as well as employees' representative Marit Leinonen, form the Aktia Group Executive Committee.

As Aktia Real Estate Mortgage Bank's former MD Timo Pietilä has left the bank to take up another position, Martti Porkka, M.Sc. (Pol) was appointed MD of Aktia Real Estate Mortgage Bank plc with effect from 16.04.2007

Jyrki Hämäläinen, LL.M, MBA, has been appointed head of Corporate Banking with effect from 4.6.2007.

Rating

Aktia's credit rating with Moody's Investors Service, the international credit rating institute, was raised on 26.2.2007 for short-term borrowing from P-2 to the best classification, P-1. The credit rating for long-term borrowing was also raised on 10.4.2007, by two notches from A3 to A1. The credit rating C for financial strength remains unchanged.

Aktia, via its subsidiary Aktia Real Estate Mortgage Bank Plc, has issued long-term covered bonds with a high credit rating of Aa2 from Moody's Investors Service Ltd.

Share capital

The extraordinary general meeting held on 21.12.2006 decided to implement a coupon share issue of 1,764,903 shares and a direct share issue of a maximum of 3,000,000 new shares to Veritas Pension Insurance Company for the acquisition of Veritas Life insurance Company. These share issues have been implemented. This enabled the share capital to be increased by EUR 9.5 million and the unrestricted equity fund by EUR 44.8 million after a deduction of approx. EUR 0.5 million for transaction costs.

The general meeting also decided to authorise the Board of Directors to issue a maximum of 1,000,000 new shares. The Board of Directors is entitled to exercise the authority to make the payment for the acquisition of shares in Fondex Ab, and for the creation of share-based incentives for key employees in the Aktia Group. This authority remains in force for five years from the date of the general meeting, and during this period it may also be withdrawn by a decision of the general meeting.

Through the authority, a total of 19,021 shares have been used as incentives for key employees. This took place after the end of the first quarter.

In March Aktia announced that the planned acquisition of Fondex was not realised, but that an agreement had been concluded with Rahastotori, a subsidiary of Fondex, in respect of the distribution of Odin funds.

Other events

The Annual General Meeting of Aktia Savings Bank Abp held on 29 March 2007 adopted the financial statements of the parent company and the consolidated financial statements and discharged the Board of Supervisors, the Board of Directors, the Managing Director and his deputy from liability. It was decided that a dividend of EUR 0.40 per share should be paid.

The AGM approved the changes to the bank's articles of association proposed by the Board of Directors. The AGM also approved a suggestion to increase the number of members on the Board of Supervisors from thirty to thirty-six.

Re-elected as members of the Board of Supervisors for a period of three years were Sten Eklundh, M.Sc. (Econ.), Clas Nyberg, M.Sc. (Eng), Gunvor Sarelin-Sjöblom, M.A., Chairman of the Board Carl Eric Stålberg, Financial Director Maj-Britt Vääriskoski, Office Manager Lars Wallin, Bo-Gustav Wilson, M.Sc. (Econ) and physiotherapist Ann-Marie Åberg; their term of office had expired at the 2007 AGM.

In place of Margareta Pietikäinen, whose turn it was to stand down and who could not be re-elected because of the age statutes in the articles of association, as well as Torbjörn Jakas, whose turn it also was to stand down, and Carl-Johan Westberg, who was relieved from his duty at his own request, the new members elected to the Board of Supervisors were Agneta Eriksson, M.A. and Managing Director Anders Nordman for a term of three years until the end of the AGM in 2010, as well as Sture Söderholm, D.D.S. for a term of two years until the end of the AGM in 2009.

The AGM also decided to increase the number of members on the Board of Supervisors to thirty-two. Elected as new members from the date on which the change in the statutes on the number of members on the Board of Supervisors in the articles of association was registered and entered into force and for a term that expires at the AGM in 2010 were Peter Heinström, consul, and Erik Karls, farmer.

Important events after the end of the reporting period

At the meeting of the Board of Supervisors following the 2007 AGM, Managing Director Henry Wiklund, M.Sc. (Econ), Privy Councillor was re-elected as chairman of the Board of Supervisors for 2007. A new deputy chairman of the Board was also appointed: Christina Gestrin, Member of Parliament, M.Sc. (Agriculture and Forestry). Continuing as Deputy Chairman of the Board of Supervisors is Johan Bardy, lawyer, Henrik Sundbäck, M.Sc. (Agriculture and Forestry), Kjell Sundström, M.Sc. (Econ), Lorenz Uthardt, M.Sc. (Pol), Agrolologist and Honorary Councillor, and Bo-Gustav Wilson, M.Sc. (Econ).

Director Sven Åström, a member of the Aktia Group Executive Committee, left his position at Aktia Savings Bank plc on 30 April 2007.

In mid-March Aktia announced plans to expand its operations to Oulu. The branch will open officially in the autumn, but the intention is that the bank will be able to accept new customers and serve existing ones as early as the spring. The branch will offer both private and business customers a full banking service as well as insurance services.

Outlook

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. The measures taken to reduce the structural interest rate 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. The operating profit is expected to improve in 2007 compared to 2006.

The assessment of future prospects is based on the bank's assumptions regarding future developments in the financial market and on an assumption of continued intense competition in the Finnish retail banking services' market, as well as on an assumption regarding the bank's operating expenses. The main assumptions forming the basis of the bank's assessment for 2007 are that a moderate increase in the general interest rate level will take place, and that demand for mortgages will remain strong, but lending margins will be under pressure. The favourable development in the capital markets and the growth of savings in mutual funds are expected to continue. The cost level of the bank's operations, after eliminating the integration costs mentioned above, is expected to increase moderately.

The bank's management can influence the degree of risk-taking and cost levels of the bank's operations. The interest rate level and general development in the financial markets, the demand for loans, the general incentive for fund savings as well as the Finnish retail banking market are all factors beyond the bank's control.

Consolidated income statement

| (EUR millions) | Q1 2007 | Q1 2006 | Change, % | 2006 |
|---|--------------|--------------|--------------|--------------|
| Net interest income | 20.5 | 20.6 | -0.6 | 84.4 |
| Dividends | | | | 1.2 |
| Commission income | 13.7 | 11.5 | 19.6 | 48.1 |
| Commission expenses | -2.0 | -1.8 | 14.3 | -8.0 |
| Net commission income | 11.7 | 9.7 | 20.5 | 40.1 |
| Income from insurance premiums | 26.6 | | N/A | |
| Net income from investments | 11.7 | | N/A | |
| Income from the insurance operation | 38.3 | | N/A | |
| Net income from securities and currency trading | 0.2 | 0.2 | -5.9 | 1.3 |
| Net income from financial assets available for sale | 0.9 | 0.3 | 188.9 | -0.5 |
| 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 operating income | 72.4 | 32.1 | 125.8 | 137.5 |
| Claims payed | -17.4 | | N/A | |
| Change in provisions | -18.6 | | N/A | |
| 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 |
| Total operating expenses | -49.9 | -20.3 | 146.0 | -83.9 |
| 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 |
| Taxes | -2.6 | -3.3 | -22.3 | -13.4 |
| Profit for the reporting period | 19.8 | 9.3 | 112.9 | 42.5 |
| Attributable to: | | | | |
| Shareholders in Aktia Savings Bank plc | 19.7 | 9.2 | 115.0 | 41.9 |
| Minority interest | 0.1 | 0.1 | -24.8 | 0.6 |
| Total | 19.8 | 9.3 | 112.1 | 42.5 |
| Earnings per share, EUR | 0.50 | 0.26 | | 1.17 |

Consolidated balance sheet

| (EUR millions) | Note | 31.3.2007 | 31.3.2006 | Change, % | 31.12.2006 |
|--|------|----------------|----------------|-------------|----------------|
| Assets | | | | | |
| 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 |
| Interest-bearing securities | | 1,251.8 | 825.8 | 51.6 | 1,187.8 |
| Shares and participations | | 52.0 | 31.1 | 67.1 | 54.5 |
| Financial assets available for sale | | 1,303.8 | 856.9 | 52.2 | 1,242.4 |
| Lending to credit institutions | | 123.5 | 195.9 | -37.0 | 33.8 |
| Lending to the public and public sector entities | | 3,943.7 | 3,346.2 | 17.9 | 3,763.2 |
| Loans and other receivables | | 4,067.2 | 3,542.2 | 14.8 | 3,797.0 |
| Financial assets 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 | 2 | 942.1 | | | |
| Intangible assets | | 4.3 | 2.7 | 58.4 | 2.7 |
| Tangible assets | | 41.9 | 92.8 | -54.9 | 40.0 |
| Investments in associated undertakings | | 3.4 | 2.3 | 47.9 | 2.2 |
| Accruals and prepaid expenses | | 47.3 | 34.4 | 37.5 | 35.6 |
| Other assets | | 1.1 | 60.0 | -98.2 | 2.2 |
| Total other assets | | 48.4 | 94.4 | -48.7 | 37.8 |
| Deferred tax receivables | | 2.7 | 1.1 | 144.0 | 1.1 |
| Total assets | | 6,667.0 | 4,897.6 | 36.0 | 5,491.7 |
| Liabilities | | | | | |
| Liabilities to credit institutions | | 761.0 | 673.8 | 12.9 | 796.2 |
| Liabilities to the public and public sector entities | | 2,569.0 | 2,368.7 | 8.5 | 2,544.2 |
| 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 liabilities to credit institutions | | 268.6 | 156.9 | 71.2 | 89.5 |
| Other liabilities to the public and public sector entities | | 128.8 | 46.5 | 176.7 | 124.5 |
| Other financial liabilities | | 1,969.0 | 1,385.9 | 42.1 | 1,729.0 |
| Derivatives for hedge accounting | | 17.1 | 7.2 | 139.4 | 12.8 |
| The insurance operation's liabilities | 2 | 832.9 | | | |
| Provisions | | 0.6 | 1.6 | -62.2 | 0.8 |
| Accruals and prepaid income | | 38.0 | 24.8 | 52.9 | 33.4 |
| Other liabilities | 1 | 75.8 | 150.5 | -49.7 | 82.3 |
| Total other liabilities | | 113.7 | 175.3 | -35.1 | 115.7 |
| Income taxes | | 9.1 | 4.7 | 94.7 | 8.8 |
| Deferred tax liabilities | | 43.3 | 27.6 | 57.1 | 23.4 |
| Tax liabilities | | 52.4 | 32.2 | 62.6 | 32.1 |
| Total liabilities | | 6,315.7 | 4,644.7 | 36.0 | 5,230.9 |
| Equity | | | | | |
| Share capital | 3 | 80.1 | 70.6 | 13.5 | 70.6 |
| Legal reserve | | 8.1 | 8.1 | 0.0 | 8.1 |
| Share premium account | | 1.9 | 1.9 | 0.0 | 1.9 |
| Fund at fair value | | 2.2 | 1.8 | 22.8 | -1.7 |
| Total restricted equity | | 92.3 | 82.4 | 12.1 | 78.9 |
| Unrestricted equity reserve | | 44.8 | | | |
| Retained earnings | | 172.2 | 155.0 | 11.1 | 155.0 |
| Dividend | | | | | -24.7 |
| Profit for the reporting period | | 19.7 | 9.2 | 115.0 | 41.9 |
| Unrestricted equity | | 236.8 | 164.2 | 44.2 | 172.2 |
| Shareholders' share of equity | | 329.1 | 246.6 | 33.5 | 251.1 |
| Minority interest's share of equity | | 22.2 | 6.4 | 245.6 | 9.7 |
| Equity | | 351.2 | 253.0 | 38.8 | 260.8 |
| Total liabilities and equity | | 6,667.0 | 4,897.6 | 36.1 | 5,491.7 |

Derivative contracts

| | Aktia Group 31.3.2007 | | | Aktia Group 31.3.2006 | | | Aktia Group 31.12.2006 | | |
|---------------------------------|--------------------------|----------------|---------------|--------------------------|--------------|---------------|---------------------------|----------------|---------------|
| | For hedging purposes | Other | Fair value | For hedging purposes | Other | Fair value | For hedging purposes | Other | Fair value |
| Interest rate-related | 7,002.3 | 2,763.3 | -1.9 | 3,443.8 | 480.1 | 2.8 | 6,534.3 | 2,395.3 | -4.0 |
| Forward rate agreements | 1,400.0 | 50.0 | -0.7 | 850.0 | 200.0 | -2.0 | 1,265.0 | 65.0 | -1.7 |
| Interest rate swaps | 2,094.4 | 925.4 | -0.5 | 438.4 | 4.7 | 6.6 | 1,976.4 | 757.4 | -1.7 |
| Interest rate option agreements | 3,507.9 | 1,787.9 | -0.7 | 2,155.4 | 275.4 | -1.9 | 3,292.9 | 1,572.9 | -0.6 |
| <i>Purchased</i> | 2,006.9 | 761.0 | 5.6 | 1,089.4 | 126.0 | 4.3 | 1,856.9 | 696.0 | 5.6 |
| <i>Written</i> | 1,501.0 | 1,026.9 | -6.3 | 1,066.0 | 149.4 | -6.2 | 1,436.0 | 876.9 | -6.2 |
| Currency-related | 106.6 | 0.0 | 0.0 | 22.5 | 0.0 | 0.0 | 35.8 | 0.0 | -0.3 |
| Forward rate agreements | 106.6 | 0.0 | 0.0 | 22.5 | 0.0 | 0.0 | 35.8 | 0.0 | -0.3 |
| Equity-related | 102.3 | 102.3 | 0.0 | 83.9 | 83.9 | 0.0 | 102.5 | 102.5 | 0.0 |
| Equity options | 102.3 | 102.3 | 0.0 | 83.9 | 83.9 | 0.0 | 102.5 | 102.5 | 0.0 |
| <i>Purchased</i> | 102.3 | 0.0 | 10.2 | 83.9 | 0.0 | 9.1 | 102.5 | 0.0 | 12.3 |
| <i>Written</i> | 0.0 | 102.3 | -10.2 | 0.0 | 83.9 | -9.1 | 0.0 | 102.5 | -12.3 |

Off-balance-sheet commitments

| | Aktia Group | | |
|---|--------------|--------------|--------------|
| | 31.3.2007 | 31.3.2006 | 31.12.2006 |
| Commitments given to a third party on behalf of customers | | | |
| Guarantees | 47.3 | 40.9 | 47.4 |
| Other commitments to the benefit of a third party | 27.3 | 26.9 | 28.5 |
| Irrevocable commitments provided on behalf of customers | | | |
| Unused credit arrangements | 416.6 | 313.1 | 361.0 |
| Other irrevocable commitments | 97.3 | 39.6 | 77.8 |
| Off-balance-sheet commitments | 588.4 | 420.5 | 514.7 |

Sector-by-sector distribution of lending

| | Aktia Group | | |
|--------------------------|--------------|--------------|--------------|
| | 31.3.2007 | 31.3.2006 | 31.12.2006 |
| Households | 3,288 | 2,702 | 3,125 |
| Corporations | 434 | 368 | 394 |
| Housing associations | 177 | 226 | 197 |
| Non-profit organisations | 39 | 40 | 39 |
| Public sector entities | 7 | 11 | 8 |
| Total | 3,944 | 3,346 | 3,763 |

Risk commitments

| | Aktia Group | | |
|--|-------------|-------------|-------------|
| | 31.3.2007 | 31.3.2006 | 31.12.2006 |
| Non-performing loans | 13.2 | 10.2 | 14.6 |
| Non-interest-bearing loans | 0.1 | 0.2 | 0.1 |
| Total | 13.3 | 10.3 | 14.7 |
| Non-performing/credit stock incl. guarantees (%) | 0.3 | 0.3 | 0.4 |

The banking group's capital adequacy

| | 31.3.2007 | 31.3.2006 | 31.12.2006 |
|---------------------------|------------|------------|------------|
| Tier 1 capital | 309 | 232 | 245 |
| Tier 2 capital | 145 | 119 | 122 |
| Capital base | 454 | 351 | 367 |
| Credit risk | 2,239 | 2,400 | 2,655 |
| Operating risk | 245 | - | - |
| Market risk | - | - | - |
| Risk-weighted commitments | 2,484 | 2,400 | 2,655 |
| Capital adequacy ratio, % | 18.3 | 14.6 | 13.8 |
| Tier 1 Capital ratio, % | 12.4 | 9.7 | 9.2 |

Capital adequacy as at 31.3.2007 calculated according to the Basel 2 rules, while comparative figures are calculated according to Basel 1.

The financial conglomerate's capital adequacy

| | 31.3.2007 |
|--|-----------|
| The conglomerate's capital | 341 |
| Sector-specific items | 160 |
| Intangible assets and sector-specific deductions | -97 |
| Other sector-specific, non-transferrable items | -22 |
| The conglomerate's total capital base | 382 |
| Minimum amount of capital base, total | 242 |
| The conglomerate's capital adequacy | 140 |
| Capital adequacy ratio, % | 157.8 |

The financial conglomerate's capital adequacy as at 31.3.2007 is based on IFRS and calculated according to the FICO rules.

Quarterly trend

| | Q1 2007 | Q4 2006 | Q3 2006 | Q2 2006 | Q1 2006 |
|--|--------------|--------------|--------------|--------------|--------------|
| Net interest income | 20.5 | 21.7 | 21.2 | 20.8 | 20.6 |
| Dividends | 0.0 | 0.0 | 0.0 | 1.2 | 0.0 |
| Net commission income | 11.7 | 10.8 | 9.6 | 10.0 | 9.7 |
| Income from the insurance operation | 38.3 | | | | |
| Net profit from financial transactions | 1.2 | -0.4 | -0.1 | 0.6 | 0.6 |
| Net income from investment properties | 0.1 | 0.3 | 4.1 | -0.2 | 0.7 |
| Other operating income | 0.7 | 2.4 | 1.0 | 2.4 | 0.5 |
| Total operating income | 72.4 | 34.8 | 35.8 | 34.8 | 32.1 |
| Claims payed and change in provisions | -36.0 | | | | |
| Staff costs | -13.2 | -11.0 | -9.5 | -11.2 | -10.0 |
| Other administrative expenses | -8.2 | -8.2 | -5.7 | -6.6 | -6.4 |
| Realised negative goodwill | 11.4 | | | | |
| Depreciation | -0.9 | -0.7 | -0.9 | -0.9 | -1.1 |
| Other operating expenses | -3.0 | -3.4 | -2.1 | -3.5 | -2.7 |
| Total operating expenses | -49.9 | -23.3 | -18.2 | -22.2 | -20.3 |
| Write-downs of credits and other commitments | 0.0 | -0.2 | 1.5 | -0.1 | 0.5 |
| Share of profit from associated undertakings | -0.1 | 0.0 | -0.1 | 0.5 | 0.3 |
| Operating profit | 22.4 | 11.3 | 19.0 | 13.0 | 12.6 |

Key figures by quarter

| | 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, EUR millions | 1,759 | 1,420 | 1,148 | 1,113 | 1,136 |
| Borrowing from the public, EUR millions | 2,569 | 2,544 | 2,442 | 2,410 | 2,369 |
| Lending to the public, EUR million | 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 ratio, % (financial conglomerate) | 157.8 | - | - | - | - |
| Life insurance operation: | | | | | |
| - investments at fair value | 930.7 | - | - | - | - |
| - technical provisions | 641.8 | - | - | - | - |
| - provisions for unit-linked policies | 180.6 | - | - | - | - |
| Average number of shares, millions ¹⁾ | 39.8 | 35.8 | 35.8 | 35.8 | 35.8 |
| Average 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

Segment based reporting

Aktia's operations are divided into four business areas. The business areas are Retail banking, Capital market, Corporate Banking & Treasury and life insurance. Each business area has its own manager with responsibility for the operation's profits. This division into areas of responsibility also satisfies the new criteria according to IFRS 8, Operating Segments.

Business areas

Retail banking includes Aktia Savings Bank's branch office operation, loans arranged by Aktia via Aktia Real Estate Mortgage Bank plc, Aktia Card & Finance and the real estate agencies.

The capital market includes Aktia Savings Banks plc's private banking in Helsinki and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management Oy Ab.

Corporate Banking & Treasury includes Aktia Savings Bank plc's Corporate Banking and treasury and the subsidiary Aktia Real Estate Mortgage Bank plc, with the exception of Aktia's own loans arranged via the mortgage bank.

Life insurance includes the acquired Veritas Life Insurance Group.

Miscellaneous and eliminations includes Aktia Savings Bank plc's real estate operations and certain administrative functions that are not allocated to the various business areas. This business area also includes Vasp-Invest Oy.

Allocation principles

Net interest income in the various segments, especially in retail banking, includes the margins on volumes of borrowing and lending. Reference interest rates for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the Aktia Group's internal pricing. Treasury assumes responsibility for the Aktia Group's interest rate risk, liquidity and balance protection measures for which management has issued authority. The various business areas receive or are charged with an internal interest based on the average surplus or deficit in liquidity during the period. The costs of central support functions are allocated to the business areas in accordance with various allocation rules.

Until further notice Aktia Savings Bank plc is not allocating equity to the various business areas. Miscellaneous and eliminations consists of any items in the income statement and balance sheet that are not allocated to the various business areas.

Internal Group transactions between legal entities are eliminated and reported within each business area, if the legal entities are in the same business area. Internal Group transactions between legal entities in different segments are included in the segment entitled miscellaneous and eliminations.

The share of profits in associated undertakings, acquisition eliminations, the minority interest's share and other Group adjustments are included in the segment entitled miscellaneous and eliminations

| Income statement (EUR millions) | Retail banking | | Capital market | | Corporate Banking & Treasury | | Life insurance | | Miscellaneous and eliminations | | Aktia Group | |
|--|----------------|--------------|----------------|-------------|------------------------------|-------------|----------------|---------|--------------------------------|-------------|--------------|--------------|
| | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 |
| Net interest income | 15.1 | 15.9 | 0.4 | 0.3 | 4.3 | 4.4 | | | 0.8 | 0.0 | 20.5 | 20.6 |
| Dividends | | | 0.0 | 0.0 | | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| Net commission income | 7.5 | 5.9 | 3.1 | 2.6 | -0.5 | -0.1 | | | 1.6 | 1.4 | 11.7 | 9.7 |
| The insurance operation's income | | | | | | | 43.7 | | -5.4 | | 38.3 | |
| Net profit from financial transactions | | | 0.3 | 0.3 | -0.4 | 0.2 | | | 1.2 | 0.0 | 1.2 | 0.6 |
| Net income from investment properties | 0.0 | 0.0 | | | | | | | 0.1 | 0.7 | 0.1 | 0.7 |
| Other operating income | 0.5 | 0.8 | 0.0 | 0.0 | 0.3 | 0.2 | | | -0.1 | -0.6 | 0.7 | 0.5 |
| Total operating income | 23.1 | 22.6 | 3.8 | 3.2 | 3.7 | 4.8 | 43.7 | | -1.8 | 1.6 | 72.4 | 32.1 |
| Claims payed and change in provisions | | | -1.1 | -1.0 | -0.9 | -0.9 | -36.1 | | -3.2 | -2.6 | -36.0 | -10.0 |
| Staff costs | -6.4 | -5.5 | | | | | -1.7 | | | | -13.2 | |
| Other administrative expenses | -9.3 | -8.1 | -0.8 | -0.7 | -1.3 | -1.3 | -1.3 | | 4.5 | 3.6 | -8.2 | -6.4 |
| Realised negative goodwill | | | | | | | | | 11.4 | | 11.4 | |
| Depreciation | -0.3 | -0.5 | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | | -0.2 | -0.5 | -0.9 | -1.1 |
| Other operating expenses | -1.2 | -1.2 | -0.1 | -0.1 | -0.2 | -0.2 | -39.2 | | -1.5 | -1.2 | -3.0 | -2.7 |
| Total operating expenses | -17.2 | -15.3 | -2.0 | -1.9 | -2.4 | -2.4 | | | 11.0 | -0.7 | -49.9 | -20.3 |
| Write-downs of credits and other commitments | 0.0 | 0.3 | | | 0.0 | 0.2 | | | | | 0.0 | 0.5 |
| Share of profit from associated undertakings | | | | | | | -0.1 | | 0.0 | 0.3 | -0.1 | 0.3 |
| Operating profit | 6.0 | 7.5 | 1.7 | 1.3 | 1.2 | 2.6 | 4.4 | | 9.2 | 1.2 | 22.4 | 12.6 |

| Balance sheet (EUR millions) | Retail banking | | Capital market | | Corporate Banking & Treasury | | Life insurance | | Miscellaneous and eliminations | | Aktia Group | |
|---|----------------|----------------|----------------|-------------|------------------------------|----------------|----------------|---------|--------------------------------|-------------|----------------|----------------|
| | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 | Q1 2007 | Q1 2006 |
| Assets | | | | | | | | | | | | |
| Cash and balances with central banks | 7.7 | 7.9 | 0.1 | 0.1 | 180.9 | 256.1 | | | | 0.2 | 188.7 | 264.3 |
| Financial assets available for sale | 0.6 | 0.5 | 11.8 | 9.5 | 1,243.1 | 820.1 | | | 48.3 | 26.8 | 1,303.8 | 856.9 |
| Loans and other receivables | 3,086.8 | 2,858.0 | 17.6 | 22.1 | 971.5 | 693.7 | | | -8.7 | -31.6 | 4,067.2 | 3,542.2 |
| Investments to cover technical and unit-linked provisions | | | | | | | 903.1 | | 27.5 | 99.5 | 930.7 | |
| Other assets | 15.5 | 10.6 | 4.3 | 3.0 | 147.9 | 121.3 | 14.1 | | -5.1 | | 176.7 | 234.4 |
| Total assets | 3,110.5 | 2,876.9 | 33.8 | 34.6 | 2,543.5 | 1,891.2 | 917.3 | | 62.0 | 95.0 | 6,667.0 | 4,897.7 |
| Liabilities | | | | | | | | | | | | |
| Deposits | 2,243.4 | 2,091.3 | 133.6 | 80.7 | 959.0 | 881.6 | | | -6.1 | -11.1 | 3,330.0 | 3,042.5 |
| Debt securities issued | | | | | 1,369.1 | 1,006.8 | | | -0.1 | | 1,369.0 | 1,006.8 |
| Technical provisions | | | | | | | 802.5 | | 19.9 | | 822.4 | |
| Other liabilities | 26.4 | 22.4 | 6.7 | 6.3 | 668.2 | 540.9 | 28.6 | | 64.4 | 25.7 | 794.3 | 595.4 |
| Total liabilities | 2,269.8 | 2,113.6 | 140.4 | 87.0 | 2,996.3 | 2,429.4 | 831.1 | | 78.1 | 14.6 | 6,315.7 | 4,644.7 |

Retail banking

Retail banking's profit fell by EUR 1.5 million to EUR 6 million. Operating income increased by 2.2 per cent to EUR 23.1 million based on an increase of 27.1 per cent in net commission income. The healthy trend in the newly launched real estate agency operation and in sales of long-term savings products contributed to this increase. However, at the same time the continued fall in the net margin from lending led to a reduction of 5 per cent in net interest income, despite a relatively healthy increase in volume. Operating expenses increased by 12.4 per cent to EUR 17.2 million as a result of the investment in real estate agencies and reinforcements in the scope and resources of the branch office network, as well as the launch of the new bonus concept.

- The real estate agencies are up and running, and the operation's profit exceeded expectations.
- Investments in the development of payment methods have met customers' expectations, and the number of charge cards increased by 34.2 per cent compared with the year before.
- Saving has grown healthily, with an increase of 10.2 per cent on the previous year.
- During the early part of the year housing loan stock once more rose in line with the market as a whole.
- The bank has replaced its previous regular customer concept with a new, flexible reward system known as AktiaBonus.
- The pricing of card and payment services was reviewed, and prices fell for a large number of customers.

Capital market

Aktia's capital market units include Aktia Asset Management, Aktia Fund Management and Private Banking in Helsinki. The units continued to perform favourably during the first quarter. Net income, i.e. income after reversals to other Aktia Group entities and business partners, increased by 17 per cent to EUR 3.8 million during the first quarter compared with the first quarter in 2006. The operating profit increased by 31 per cent to EUR 1.7 million. The business's volumes increased significantly, primarily as a result of good net sales and a favourable business environment.

- The mutual funds managed and brokered by the Aktia Group totalled EUR 1,759 million. The increase from the corresponding date in 2006 was 55 per cent. Aktia's market share at the end of March 2007 was 2.72 per cent. Aktia's retail banking accounted for approx. 40 per cent of the total fund volume at the end of the quarter.
- Two new mutual funds were launched during the first quarter: Aktia Bond Allocation and Aktia Emerging Market Bond+. In February Aktia Fund Management announced its intention to launch Finland's first special investment fund with investment in housing shares. In March a distribution agreement was concluded with Rahastotori on the distribution of Odin funds. This agreement is an excellent supplement to Aktia's already very attractive range of fund products.

- Aktia Asset Management manages Aktia Fund Management's own funds. Aktia Asset Management reported a healthy increase in managed capital at the beginning of the year. At the end of the quarter the assets managed by Aktia Asset Management totalled EUR 3,255 million. This is an increase of 104 per cent on the previous year. This increase is based on a number of large mandates and successful sales of our new interest funds.
- The private banking operation also performed well, with a 33 per cent increase in managed assets. Customer assets totalled EUR 1,087 million.

Corporate banking & Treasury

Corporate banking

In order to support growth, resources from the Central Banking unit as well as parts of the corporate offices in Helsinki and Espoo were reassigned to Corporate Banking. Corporate banking specialises in four customer segments: Building & Real Estate, Ownership Structures, Cash & Trade and Banking & Finance. These customer segments are supported by the Transaction Centre. The Local Business Support Unit within the Transaction Centre provides support for the bank's other branch office operations.

- Corporate banking's organisation has been reinforced and will be moving into shared premises in Ruoholahti, Helsinki this June.
- The project to supplement the range of services with financing company and insurance services has started.
- Risk management routines and credit regulations have been reworked in order to provide better support for services to business customers.
- Despite the change projects in progress, Aktia also managed to strengthen its position in the market.

Treasury

The increase in short-term interest rates has been steeper than those for longer terms, and had a negative impact on net interest income during the first quarter. The effects of this can be seen partly in the values of hedging derivative contracts, and partly in the fact that the liquidity portfolio's financing costs grew more quickly than the portfolio's yield, which significantly worsened the portfolio's net interest income. These two negative effects were partly compensated by increased interest income. Net interest income is therefore much worse than for the corresponding period last year. The quarter was also charged with EUR 0.6 million in net capital losses, when securities with a lower yield were sold off in favour of those with a higher yield.

Income from commission is lower than last year because of pressure on customer margins and lost customers.

Expanding areas where Treasury's expertise is used are:

- Asset & liability management service for local banks
- capped loan products for Aktia's Retail banking and Aktia Real Estate Mortgage Bank
- customised products for Corporate Banking

Aktia Real Estate Mortgage Bank plc

Aktia Real Estate Mortgage Bank implemented a share issue to local banks during the first quarter in order to guarantee the capital adequacy ratio for planned growth in 2007. This took place in accordance with the shareholders' agreement, and the share issue did not affect Aktia's share of voting rights.

- Most of the growth in the loan stock was delivered by other saving banks and local co-operative banks.
- Aktia Real Estate Mortgage Bank launched capped interest loans and loans to housing corporations.

Life insurance

As Veritas Life Insurance became a subsidiary in January 2007, the profit from life insurance and corresponding balance sheet items are only included in this interim report for the first quarter of 2007. Because of the elimination effects relating to the acquisition balance sheet, certain figures for Veritas Life Insurance will not match the corresponding figures in the Aktia Group. This section also includes comparative figures for Veritas Life Insurance in order to provide better information.

- Income from premiums was 5.7 per cent below the previous year, at EUR 26.6 million (28.2). Customer demand for unit-linked savings and pension insurance policies continued to increase, while there was a significant drop in sales of interest-based policies.
- Veritas' life insurance policies are sold via Veritas' sales offices at 20 locations and via Aktia, local co-operative banks and Bank of Åland. Only a few savings banks have continued to sell Veritas life insurance policies.
- A restructuring of the branch office network is under way, and the aim is to merge the offices in all places where both Aktia and Veritas Life Insurance have offices.
- The company's technical provisions totalled EUR 802.5 million (EUR 789.6 million as at 31.12.2006). Of these, provisions for unit-linked policies totalled EUR 180.6 million (EUR 166.9 million as at 31.12.2006).
- The company's investment portfolio, which at the fair value totalled EUR 762.3 million, consisted of 53.1 per cent bonds and other interest-bearing instruments, 27.1 per cent shares and 19.8 per cent real estate. The return on the company's investments based on fair values was 1.9 per cent for the first quarter, representing an annual return of 7.6 per cent.
- The solvency ratio for Veritas Life Insurance was further strengthened during the first quarter. Solvency capital accounted for 21.6 per cent of provisions (20.9 per cent as at 31.12.2006).

Miscellaneous and eliminations

The profit for the first quarter of 2007 was charged with the elimination of capital gains posted to profit in the Life Insurance segment to a value of EUR 5.4 million, which arose as the difference between the sales price and the investments' fair value according to the acquisition calculation by Veritas Life Insurance as at 01.01.2007. The

profit has been credited with the posting to income of a preliminary calculation of negative goodwill to the order of EUR 11.4 million arising from the acquisition of Veritas Life Insurance.

Transitional effects of IFRS

In 2001 the EU Commission issued a directive that all publicly quoted companies in the EU must, at the latest as from 1.1.2005, issue financial reports in accordance with the international accounting standard IAS/IFRS. As an issuer of bonds, Aktia made the transition to IFRS reporting as from 1.1.2007. This interim report for the first quarter of 2007 and the comparative information have been prepared in accordance with the IFRS standards as approved by the EU.

As far as the Aktia Group is concerned, the application of IFRS does not involve any major changes to the Aktia Group's opening balance sheet as at 1.1.2006. Most of the Aktia Group's financial assets and liabilities have already been reported in FAS in accordance with IAS 39. Aktia applies IAS 39 in accordance with the format approved by the EU and applies the 'carve-out' model with reference to deposits repayable on demand.

The biggest changes in the accounting policies with regard to the Aktia Group involve the valuation of all hedging derivatives at fair value. The principle of hedge accounting means that a hedged item is also valued at its fair value. Non-hedged items are valued at their acquisition value. This change has no material impact on the Aktia Group's profit or equity.

The biggest change with regard to interest income under IFRS compared with FAS is that interest income is posted at the book value of receivables written down. According to FAS, interest income on non-performing receivables is not reported. According to IAS 39, interest income is posted in accordance with the interest rate originally in force on the written-down book value of all receivables. This also means that the fair value of the total receivable, including book interest income, is subject to consideration.

The IFRS requirements for write-downs and provisions are stricter than in earlier accounting policies. The Aktia Group has therefore reversed some of the segment-based credit loss provisions that did not fulfil the requirements of IFRS.

In accordance with IAS 36, all properties have been examined to check for write-down needs. Properties that were previously valued as a portfolio have become subject to individual evaluation in connection with the transition to IFRS. In cases where the book value of an individual property exceeded the fair value, a write-down has been performed.

With regard to investment properties, the Aktia Group has chosen to report these at their acquisition value in accordance with IAS 40.

Aktia applies the opportunity provided by IFRS 1 for relief of company acquisitions completed before the transition to IFRS. In accordance with IFRS 3, Aktia has not revalued previous company acquisitions.

Effects on the balance sheet of the transition to IFRS on 1.1.2006

Note 1 Loans and other receivables

According to FAS accounting policies, interest is not calculated for non-performing receivables. According to IFRS you must calculate interest on all receivables that have not been written down. In lending to the public and public sector entities, EUR 0.1 million in interest on non-performing receivables has been posted in accordance with IFRS.

According to FAS, the Aktia Group has sector-specific credit loss provisions of EUR 13.7 million. In connection with the transition to IFRS, the requirements of this provision have become stricter, and for this reason a dissolution of EUR 2.2 million has been posted in connection with the transition to IFRS on 1.1.2006.

Note 2. Derivatives for hedge accounting

The increase in derivatives for hedge accounting is primarily attributable to the valuation of these at fair value. The effect as at 1.1.2006 is EUR 2.1 million.

Note 3. Tangible assets

In accordance with IAS 36, all properties have been examined to check for write-down needs. All properties have been subject to individual examination, and in cases where the book value exceeded the fair value a write-down has been performed. The total of these write-downs as at 1.1.2006 is EUR 2.3 million.

Note 4. Tax receivables

The increase in deferred tax receivables is EUR 0.6 million. This is from the write-down of tangible assets in accordance with IAS 36.

Note 5. Deposits

Deposits from the public and public sector entities include a valuation of deposits repayable on demand at fair value according to the 'carve-out' model. The effect as at 1.1.2006 is EUR 1.5 million.

Note 6. Derivatives for hedge accounting

The increase in derivatives for hedge accounting is primarily attributable to the valuation of these at fair value. The effect as at 1.1.2006 is EUR 0.5 million.

Note 7. Tax liabilities

The increase in deferred tax liabilities of EUR 0.6 million comes from the valuation of various balance sheet items at fair value, from the dissolution of some of the sector-specific credit loss provisions and from interest income from non-performing receivables.

Note 8. Fund at fair value

The fund at fair value includes the change in the fair value of derivatives used to hedge cash flow. This change is very small and is rounded to EUR 0.0 million.

Note 9. Effect of transition to IFRS on retained earnings

The effect of the transition to IFRS on retained earnings as at 1.1.2006 was EUR +0.2 million. This effect comes from IFRS standards IAS39 and IAS36.

Note 10. Minority interest's share of equity

The reduction in the minority interest's share of equity at the transition to IFRS as at 1.1.2006 was EUR 0.1 million.

Effects on the income statement 1.1.2006 - 31.12.2006 of the transition to IFRS

Note 11. Net interest income

In net interest income, EUR 0.1 million in interest income from non-performing receivables has been reversed in accordance with IFRS.

Note 12. Net income from securities and currency trading

In net income from securities and currency trading, the ineffective element of the valuation at fair value of derivatives used to hedge cash flow has been reported. The effect for the full year 2006 was EUR -0.1 million.

Note 13. Net income from investment properties

Net income from investment properties includes a negative depreciation of the write-down performed in accordance with IAS36. This effect is very small and is rounded to EUR 0.0 million.

Note 14. Other operating income

Other operating income includes income from derivative contracts arranged for local banks. In IFRS these have been allocated in accordance with the maturity of the derivative contracts. The effect for the full year 2006 was EUR -0.5 million.

Note 15. Depreciation of tangible and intangible assets

Depreciation of tangible and intangible assets includes a negative depreciation of the write-down performed in accordance with IAS36. This effect is very small and is rounded to EUR 0.0 million.

Note 16. Taxes

Various IFRS changes have affected deferred tax receivables and deferred tax liabilities. These changes in deferred tax had a positive effect of EUR 0.1 million during the year.

Balance sheet

| (EUR millions) | Note | 1.1.2006 | | | 31.12.2006 | | |
|--|----------|----------------|------------|----------------|----------------|-------------|----------------|
| | | FAS | IFRS adj. | IFRS | FAS | IFRS adj. | IFRS |
| Assets | | | | | | | |
| Cash and balances with central banks | | 283.7 | | 283.7 | 307.9 | | 307.9 |
| Financial assets held for trading | | 6.9 | | 6.9 | 7.8 | | 7.8 |
| Interest-bearing securities | | 740.7 | | 740.7 | 1,187.8 | | 1,187.8 |
| Shares and participations | | 29.3 | | 29.3 | 54.5 | | 54.5 |
| Financial assets available for sale | | 770.0 | 0.0 | 770.0 | 1,242.4 | 0.0 | 1,242.4 |
| Lending to credit institutions | | 23.7 | | 23.7 | 33.8 | | 33.8 |
| Lending to the public and public sector entities | 1 | 3,249.5 | 2.3 | 3,251.8 | 3,760.8 | 2.4 | 3,763.2 |
| Loans and other receivables | 1 | 3,273.2 | 2.3 | 3,275.5 | 3,794.6 | 2.4 | 3,797.0 |
| Financial assets held until maturity | | 33.5 | | 33.5 | 47.8 | | 47.8 |
| Derivatives for hedge accounting | 2 | 4.0 | 2.1 | 6.1 | 4.9 | 0.1 | 5.0 |
| Intangible assets | | 2.7 | | 2.7 | 2.7 | | 2.7 |
| Tangible assets | 3 | 95.6 | -2.3 | 93.3 | 42.2 | -2.2 | 40.0 |
| Investments in associated undertakings | | 2.7 | | 2.7 | 2.2 | | 2.2 |
| Accruals and prepaid expenses | | 27.0 | | 27.0 | 35.6 | | 35.6 |
| Other assets | | 54.2 | | 54.2 | 2.2 | | 2.2 |
| Total other assets | | 81.2 | 0.0 | 81.2 | 37.8 | 0.0 | 37.8 |
| Deferred tax receivables | 4 | 0.0 | 0.6 | 0.6 | 0.1 | 1.0 | 1.1 |
| Total assets | 4 | 4,553.5 | 2.8 | 4,556.2 | 5,490.4 | 1.3 | 5,491.7 |
| Liabilities | | | | | | | |
| Liabilities to credit institutions | | 746.0 | | 746.0 | 796.2 | | 796.2 |
| Liabilities to the public and public sector entities | 5 | 2,308.6 | 1.5 | 2,310.0 | 2,552.8 | -8.6 | 2,544.2 |
| Deposits | 5 | 3,054.5 | 1.5 | 3,056.0 | 3,349.0 | -8.6 | 3,340.4 |
| Debt securities issued | | 786.3 | | 786.3 | 1,321.3 | | 1,321.3 |
| Subordinated liabilities | | 163.3 | | 163.3 | 193.8 | | 193.8 |
| Other liabilities to credit institutions | | 105.0 | | 105.0 | 89.5 | | 89.5 |
| Other liabilities to the public and public sector entities | | 30.2 | | 30.2 | 124.5 | | 124.5 |
| Other financial liabilities | | 1,084.8 | 0.0 | 1,084.8 | 1,729.0 | 0.0 | 1,729.0 |
| Derivatives for hedge accounting | 6 | 4.0 | 0.5 | 4.5 | 3.0 | 9.9 | 12.8 |
| Provisions | | 1.8 | | 1.8 | 0.8 | | 0.8 |
| Accruals and prepaid income | | 20.8 | | 20.8 | 32.9 | 0.5 | 33.4 |
| Other liabilities | | 106.9 | | 106.9 | 82.3 | | 82.3 |
| Total other liabilities | | 127.6 | 0.0 | 127.6 | 115.2 | 0.5 | 115.7 |
| Income tax liabilities | | 3.5 | | 3.5 | 8.8 | | 8.8 |
| Deferred tax liabilities | 7 | 27.7 | 0.6 | 28.4 | 22.7 | 0.6 | 23.4 |
| Tax liabilities | 7 | 31.3 | 0.6 | 31.9 | 31.5 | 0.6 | 32.1 |
| Total liabilities | | 4,304.0 | 2.6 | 4,306.6 | 5,228.5 | 2.4 | 5,230.9 |
| Equity | | | | | | | |
| Share capital | | 70.6 | | 70.6 | 70.6 | | 70.6 |
| Legal reserve | | 8.1 | | 8.1 | 8.1 | | 8.1 |
| Share premium account | | 1.9 | | 1.9 | 1.9 | | 1.9 |
| Fund at fair value | 8 | 7.7 | 0.0 | 7.8 | -0.9 | -0.8 | -1.7 |
| Total restricted equity | | 88.3 | 0.0 | 88.3 | 79.7 | -0.8 | 78.9 |
| Retained earnings | | 126.6 | | 126.6 | 154.8 | 0.2 | 155.0 |
| Effect of transition to IFRS | 9 | | 0.2 | 0.2 | | | 0.0 |
| Dividend | | -8.8 | | -8.8 | -24.7 | | -24.7 |
| Profit for the reporting period | | 37.0 | | 37.0 | 42.3 | -0.4 | 41.9 |
| Unrestricted equity | | 154.8 | 0.2 | 155.0 | 172.4 | -0.2 | 172.2 |
| Shareholders' share of equity | | 243.1 | 0.2 | 243.4 | 252.1 | -1.0 | 251.1 |
| Minority interest's share of equity | 10 | 6.3 | -0.1 | 6.2 | 9.8 | -0.1 | 9.7 |
| Equity | | 249.5 | 0.1 | 249.6 | 261.9 | -1.1 | 260.8 |
| Total liabilities and equity | | 4,553.5 | 2.8 | 4,556.2 | 5,490.4 | 1.3 | 5,491.7 |

Income statement

| | | 1.1.2006 - 13.12.2006 | | |
|---|------|------------------------------|------------------|--------------|
| (EUR millions) | Note | FAS | IFRS adj. | IFRS |
| Net interest income | 11 | 84.2 | 0.1 | 84.4 |
| Dividends | | 1.2 | | 1.2 |
| Commission income | | 48.1 | | 48.1 |
| Commission expenses | | -8.0 | | -8.0 |
| Net commission income | | 40.1 | 0.0 | 40.1 |
| Net income from securities and currency trading | 12 | 1.4 | -0.1 | 1.3 |
| Net income from financial assets available for sale | | -0.5 | | -0.5 |
| Net profit from financial transactions | | 0.9 | -0.1 | 0.7 |
| Net income from investment properties | 13 | 4.9 | 0.0 | 4.9 |
| Other operating income | 14 | 6.8 | -0.5 | 6.3 |
| Total operating income | | 138.1 | -0.5 | 137.5 |
| Staff costs | | -41.7 | | -41.7 |
| Other administrative expenses | | -26.9 | | -26.9 |
| Depreciation of tangible and intangible assets | 15 | -3.6 | 0.0 | -3.6 |
| Other operating expenses | | -11.8 | | -11.8 |
| Total operating expenses | | -84.0 | 0.0 | -83.9 |
| Profit before write-downs | | 54.1 | -0.5 | 53.6 |
| Write-downs of credits and other commitments | | 1.6 | | 1.6 |
| Share of profit from associated undertakings | | 0.7 | | 0.7 |
| Operating profit | | 56.4 | -0.5 | 55.9 |
| Taxes | 16 | -13.5 | 0.1 | -13.4 |
| Profit for the reporting period | | 42.9 | -0.4 | 42.5 |
| Attributable to: | | | | |
| Shareholders in Aktia Savings Bank plc | | 42.3 | -0.4 | 41.9 |
| Minority interest | | 0.6 | | 0.6 |
| Total | | 42.9 | -0.4 | 42.5 |

Reconciliation of the Aktia Group's equity

| (EUR millions) | Share capital | Legal reserve | Share premium account | Fund at fair value | Retained earnings | Shareholders' share of equity | Minority interest's share | Total equity |
|--|---------------|---------------|-----------------------|--------------------|-------------------|-------------------------------|---------------------------|--------------|
| Equity as at 31.12.2005, FAS | 70.6 | 8.1 | 1.9 | 7.7 | 154.8 | 243.1 | 6.3 | 249.5 |
| Effects of the transition to IFRS | | | | 0.0 | 0.2 | 0.2 | -0.1 | 0.1 |
| Adjusted equity as at 1.1.2006, IFRS | 70.6 | 8.1 | 1.9 | 7.8 | 155.0 | 243.4 | 6.2 | 249.6 |
| Change in valuation of fair value of financial assets available for sale | | | | -11.6 | | -11.6 | | -11.6 |
| Change in valuation of fair value of cash flow hedging | | | | -1.2 | | -1.2 | | -1.2 |
| Share of deferred taxes direct to equity | | | | 3.3 | | 3.3 | | 3.3 |
| Dividend payment to shareholders | | | | | -24.7 | -24.7 | | -24.7 |
| Profit for the reporting period | | | | | 41.9 | 41.9 | 0.6 | 42.5 |
| Other change in minority interest's share of equity | | | | | | 0.0 | 2.9 | 2.9 |
| Equity as at 31.12.2006 | 70.6 | 8.1 | 1.9 | -1.7 | 172.2 | 251.1 | 9.7 | 260.8 |

Notes on the financial reports

Note 1 Changes in the Aktia Group's structure

In addition to some small real estate agencies, Aktia acquired 99.96 per cent of Veritas Life Insurance Company on 17.1.2007. The following acquisition analysis was drawn up as at 1.1.2007. The first financial report is a preliminary one, and will be updated definitively before the end of 2007.

| EUR millions | 1 January 2007 |
|------------------------------|----------------|
| Assets | 922.4 |
| Liabilities | 839.9 |
| Net assets according to IFRS | 82.5 |
| Purchase price | 70.0 |
| Transfer tax | 1.1 |
| Acquisition value | 71.1 |
| Difference | 11.4 |
| Negative goodwill | 11.4 |

When drawing up the acquisition balance sheet, the presence of customer-related intangible assets was also examined, but as these were not considered significant in relation to total assets they were not assigned any value in the acquisition balance sheet. No other intangible assets were allocated in the acquisition balance sheet either.

As the net assets according to the acquisition balance sheet exceeded the total acquisition value, a sum of so-called negative goodwill arose to the order of EUR 11.4 million, which was not allocated but was, in accordance with the IFRS requirement, posted in full as income in the Aktia Group during the first quarter of 2007. The negative goodwill is still preliminary in the light of the agreement concluded in respect of the settlement of the final purchase price for Veritas Life Insurance. This is dependent on the final result of the realisation of Veritas Life Insurance's real estate holdings on the acquisition date. The seller, Veritas Pension Insurance Company, has undertaken to realise its real estate holdings before the end of 2007. The posting to income of the negative goodwill will be adjusted according to a final calculation no later than in the year-end accounts for 2007.

Note 2 Specification of the insurance operation's assets and liabilities

| (EUR millions) | 31.3.2007 | 31.3.2006 | 31.12.2006 |
|---|-----------|-----------|------------|
| Interest bearing investments | 353,4 | - | - |
| Shares and participations | 254,3 | - | - |
| Real estate | 131,2 | - | - |
| Other | 6,7 | - | - |
| Investments for technical provisions | 745,6 | - | - |
| Investments for unit-linked provisions | 185,1 | - | - |
| Total investments | 930,7 | - | - |
| Accruals and advance payments | 8,1 | - | - |
| Other assets | 1,4 | - | - |
| Cash and bank | 1,9 | - | - |
| The insurance operation's assets | 942,1 | - | - |
| Intangible assets | 1,0 | - | - |
| Tangible assets | 0,3 | - | - |
| Income tax receivables | 1,2 | - | - |
| The insurance operation's total assets | 944,5 | - | - |
| Technical provisions | 641,8 | - | - |
| Provision for unit-linked insurances | 180,6 | - | - |
| Accruals and advance payments | 7,9 | - | - |
| Other liabilities | 2,6 | - | - |
| The insurance operation's liabilities | 832,9 | - | - |
| Subordinated liabilities | 4,2 | - | - |
| Deferred tax liabilities | 20,1 | - | - |
| The insurance operation's total liabilities | 857,2 | - | - |

Note 3 Change in the Aktia Group's equity

| | Share capital | Legal reserve | Share premium account | Fund at fair value | Unrestricted equity reserve | Retained earnings | Shareholders' share of equity | Minority interest's share | Total equity |
|--|---------------|---------------|-----------------------|--------------------|-----------------------------|-------------------|-------------------------------|---------------------------|--------------|
| (EUR millions) | | | | | | | | | |
| Equity as at 1.1.2007 | 70.6 | 8.1 | 1.9 | -1.7 | 0.0 | 172.2 | 251.1 | 9.7 | 260.8 |
| Share issue | 9.5 | | | | 44.8 | | 54.4 | | 54.4 |
| Change in valuation of fair value of financial assets available for sale | | | | 4.9 | | | 4.9 | | 4.9 |
| Change in valuation of fair value of cash flow hedging | | | | 0.4 | | | 0.4 | | 0.4 |
| Transferred to the income statement | | | | | | | | | |
| Share of deferred taxes direct to equity | | | | -1.4 | | | -1.4 | | -1.4 |
| Dividend payment to shareholders | | | | | | | 0.0 | | 0.0 |
| Profit for the reporting period | | | | | | 19.7 | 19.7 | 0.1 | 19.8 |
| Other change in minority interest's share of equity | | | | | | | 0.0 | 12.3 | 12.3 |
| Equity as at 31.3.2007 | 80.1 | 8.1 | 1.9 | 2.2 | 44.8 | 191.9 | 329.1 | 22.2 | 351.2 |
| Equity as at 1.1.2006 | 70.6 | 8.1 | 1.9 | 7.8 | 0.0 | 155.0 | 243.4 | 6.2 | 249.6 |
| Share issue | | | | | | | 0.0 | | 0.0 |
| Change in valuation of fair value of financial assets available for sale | | | | -6.2 | | | -6.2 | | -6.2 |
| Change in valuation of fair value of cash flow hedging | | | | -1.8 | | | -1.8 | | -1.8 |
| Transferred to the income statement | | | | | | | 0.0 | | 0.0 |
| Share of deferred taxes direct to equity | | | | 2.1 | | | 2.1 | | 2.1 |
| Dividend payment to shareholders | | | | | | | 0.0 | | 0.0 |
| Profit for the reporting period | | | | | | 9.2 | 9.2 | 0.1 | 9.3 |
| Other change in minority interest's share of equity | | | | | | | 0.0 | 0.0 | 0.0 |
| Equity as at 31.3.2006 | 70.6 | 8.1 | 1.9 | 1.8 | 0.0 | 164.2 | 246.6 | 6.4 | 253.0 |

Basis of calculation for key figures

Earnings/share, EUR

Profit for the period attributable to shareholders in Aktia Savings Bank plc
Average number of shares during the financial year, adjusted for share issues

Equity/share, EUR

Shareholders' share of equity
Number of shares at the end of the financial year

Return on equity (ROE), %

Profit for the period (annual basis) x 100
Average equity

Cost-to-income ratio (banking group)

Total operating expenses
Total operating income

Life insurance group's expense ratio

(Total operating expenses before change in activated acquisition costs of insurance + claims settlement expenses) x 100
Total expense loadings

Loading income is an item that according to calculation assumptions is intended to cover business costs. Business costs do not include the fees of reinsurers. All the loading items are included in loading income.

Risk-weighted commitments (banking group)

Total assets in the balance sheet and off-balance sheet items including derivatives valued and risk-weighted in accordance with the standardised approach of the family of standards 4.3 of the Financial Supervision. The capital requirement of operational risks has been calculated and risk-weighted in accordance with standard 4.3i of the Financial Supervision.

Capital adequacy ratio, % (banking group)

Capital base (Tier 1 + Tier 2 capital) x 100
Risk-weighted commitments

Capital base is calculated in accordance with standard 4.3a of the Financial Supervision.

Tier 1 capital ratio, % (banking group)

Tier 1 capital x 100
Risk-weighted commitments

Solvency ratio, % (life insurance group)

Solvency capital x 100
Technical provisions - equalization provision - 75% of the provision for unit-linked insurances

The technical provisions are calculated after the deduction of the share of reinsurers.

Capital adequacy ratio, % (financial conglomerate)

Total capital of the conglomerate (equity including sector-specific assets and deductions) x 100
Minimum requirement for the conglomerate's own assets (credit institution + insurance operations)

The capital adequacy ratio of the conglomerate is governed by paragraph 3 of the Act on the Supervision of Financial and Insurance Conglomerates.

Helsinki, 24 May 2007

AKTIA SAVINGS BANK PLC

Board of Directors

Review concerning interim report

We have reviewed the interim report of Aktia Savings Bank p.l.c. as of 31.3.2007. The interim report is the responsibility of the Company's board of directors and the board is responsible that the report gives a true and fair view as defined in IFRS. Our responsibility is to issue a report on this interim report based on our review.

The review consist of collecting information primarily from company personnel in the financial department and analytical procedures. The review is much more limited than

an audit according to ISA- standards and thus the review gives only moderate assurance as to whether the financial statements are free of material misstatement. 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 causes us to believe that the interim report does not give a true and fair view of the financial position of the Bank as per 31.3.2007.

Helsinki, 24 May 2007

PriceWaterhouseCoopers Oy
APA Firm

Jan Holmberg, APA

Aktia