

**Aktia reports a record result of EUR 56.4 million, an improvement of 14.8%****The year in brief**

- The Group's operating profit increased by 14.8% to EUR 56.4 million (49.1).
- After adjustments for non-recurring items the Group's operating profit totalled EUR 48.4 million, an improvement of EUR 6.3 million (+14.9%) compared with the previous year.
- Return on equity (ROE) rose to 16.8% (16.3%)
- Earnings per share rose by 14.3% to EUR 1.20 (1.05)
- The dividend proposed by the Board of Directors to the Annual General Meeting amounts to EUR 0.40 (0.30) per share. The new shares to be subscribed in the coupon issue in February 2007 are also entitled to full dividends for 2006.
- The good result allowed a full payment of EUR 2.1 million (1.8) to be transferred to the personnel fund.
  
- The total savings in mutual funds increased by 46.2% to EUR 1,420 million. The assets managed by Aktia Asset Management increased by 40.6% to EUR 2,008 million and those managed by Aktia Private Banking by 49.1% to EUR 1,105 million.
- Aktia's real estate agency business was developed during 2006 to a chain of 10 companies that arranged the sale of 880 apartments and real estate properties.
- The total number of charge cards increased by 31% to over 52,000.
- A final agreement, according to which Föreningen Konstsamfundet and Veritas Pension Insurance Company have purchased 50.02% of the shares of real estate company Mannerheimintie 14 from Aktia Savings Bank, was signed in August.
- Aktia's Extraordinary General Meeting resolved on 21 December 2006 to pay an additional dividend amounting to EUR 0.30 per share, and this was paid on 5 February 2007. The General Meeting also resolved to carry out a coupon issue of shares, consisting of a maximum of 1,764,902 new shares. The subscription period began on 6 February and ends on 23 February 2007
- An agreement was signed in December regarding the purchase of 99.96% of the shares of Veritas Life Insurance Company from Veritas Pension Insurance Company, as well as a conditional agreement regarding the purchase of 80% of the shares of Oy Fondex Ab from Veritas Pension Insurance Company and Fondex management. The acquisition of Veritas Life Insurance Company was implemented on 17 January 2007.

**Financial result**

The Group's operating profit rose to EUR 56.4 million, an increase of 7.3 million (+14.8%) on the previous year.

The result includes, as in 2005, significant items of a non-recurring nature. The net income reported from administrative property and other operating income includes capital gains totalling EUR 6.5 million, while the corresponding non-recurring gains in 2005 amounted to EUR 14.5 million. The reversals of previous years' loan losses include a single reversal of EUR 1.5 million while in 2005, provisions were made for sector-specific credit losses to the value of EUR 7.5 million. After adjustments for these non-recurring items, the Group's operating profit totalled EUR 48.4 million, an improvement of EUR 6.3 million (+14.9%) compared with the previous year.

This improvement in the overall financial performance is primarily attributable to higher commission income and improved net interest income.

Loan losses and provisions for new loan losses based on an individual examination of receivables continued to be at a low level. Due to the exceptionally high reversals of recorded loan losses from previous years, the net effect of loan losses was positive at EUR 1.6 million.

The share of profits from associated undertakings decreased to EUR 0.7 million (1.0).

Profit for the year rose to EUR 42.3 million, an improvement of EUR 5.2 million (+14.2%). The Group's profitability improved, and the return on equity (ROE) rose to 16.8% (16.3%). If the net change of the fund at fair value was to be taken into account, the return on equity would be 13.4% (17.7%).

## Income

The Group's total income rose to EUR 138.0 million (EUR 132,3 million), an increase of 4.3%.

The Group's net interest income rose by EUR 4.5 million (+5.7 %) to EUR 84.2 million. The increase in net interest income was mainly attributable to a growth of volume both in lending and deposits, as well as on the return of the liquidity portfolio, albeit that the reduced interest margins, particularly in lending, continued to have a negative effect on the net interest income. Rising interest rates also had a positive effect on the net interest income. The measures taken in order to reduce the structural interest risk continued to have a positive effect, amounting to EUR 3.2 million (8.0), on the net interest income during the financial year, but they are expected to have a downholding effect on the increase of net interest income during 2007.

Commission income increased by EUR 9.5 million (+24.7%) to EUR 48.1 million. Commission income from funds, asset management and brokering increased by EUR 5.1 million. Provisions from charge and credit cards grew by EUR 0.4 million, while commission income from payment services decreased marginally. The real estate agencies contributed EUR 3.5 million to the increase in commission income.

Net income from administrative properties rose to EUR 4.9 (2.1) million, which includes profit of EUR 3.3 million from the sale of 50.02% of the shares in the real estate company Mannerheimintie 14.

Other operating income amounted to EUR 6.8 million (16.3), a reduction of EUR 9.5 million on the previous year when non-recurring income amounting to a total of EUR 14.5 million was included, mainly attributable to Aktia's withdrawal from the Savings Banks' voluntary security fund. Non-recurring income amounting to EUR 3.2 million, related to sales of shares, was also included in the 2006 accounts. This is primarily attributable to the sale of 4.3% of shares in the data company Oy Samlink Ab and 10% of the shares in Aktia Real Estate Mortgage Bank, together with, to a lesser extent, transactions in connection with the sale of shares in the real estate company Mannerheimintie 14.

## Expenses

The Group's total costs rose by 10.9% to EUR 84.0 million (75.7), of which approximately 5.5 percentage points relate to new operations in the real estate agencies and the subsidiary Aktia Card and Finance.

Personnel costs increased by 7.5% to EUR 41.7 million (38.8). Most of the increase in expenditure was due to investments which have been made primarily within real estate and capital market operations. The excellent results allowed EUR 2.1 million (1.8) to be transferred to the personnel fund; for which a provision was included in the profit and loss statement.

Other administration expenses increased by 18.2% to EUR 26.9 million (22.7). The largest increases in costs can be attributed to real estate agencies, marketing costs and other costs relating to Aktia's anniversary celebrations.

Planned depreciation continued to decrease and was reduced by EUR 0.4 million to EUR 3.6 million (4.1), mostly because of sold real estate.

Other operative expenses rose by 16.2% to EUR 11.8 million (10.1), largely due to increased consultancy and real estate expenses.

## Balance sheet and off-balance sheet commitments

On 31 December 2006, the Group's balance sheet total stood at EUR 5,490 million (4,553). This increase in the balance sheet total is a result of the growth in lending and improved liquidity. Growth has been financed by long-term covered bond issues and retail deposits. Outstanding long-term debts, i.e. covered bonds, senior debts and subordinated debts, amounted to EUR 1,322 million, an increase of EUR 558 million.

Off-balance sheet commitments totalled EUR 515 million (380), an increase of EUR 135 million. The increase was primarily attributable to extended credit commitments for local banks.

At the end of the financial year, the nominal value of interest-related derivative instruments for hedging purposes totalled EUR 6,534 million (4,008), while the nominal value of other interest-related derivative instruments totalled EUR 2,395 million (526). The major increase in the utilisation of derivative contracts is attributable to the interest rate hedging provided for local savings and co-operative banks; its nominal volume increased by EUR 2,210 million, in addition to which the corresponding amount was used to hedge the positions.

The nominal value of the underlying assets hedged by currency-related and share-related derivative contracts totalled EUR 138 million (115). All share-related derivative contracts, EUR 102.5 million, refer to structured products.

### **Saving and investing**

The total savings in mutual funds grew faster than in 2005, by 46.2% to EUR 1,420 million, while deposits by the public increased by 10.6% to EUR 2,553 million. Of the increase in fund savings, approximately 70% was due to net subscriptions while the balance was due to increases in their market value. Total savings (deposits + mutual fund capital) increased by 21.1% to EUR 3,973 million.

Saving by households (deposits + mutual fund capital) rose by 13.3% to EUR 2,838 million. Investments in mutual funds by households grew by 31.9% to EUR 856 million and deposits from households increased by 6.9% to EUR 1,981 million.

In addition to this, Aktia issued new bonds to the public and institutions worth EUR 116 million. The focus on asset management and private banking services was successful. Assets managed by Aktia Asset Management rose by 40.6% to EUR 2,008 million and assets managed by Aktia Private Banking increased by 49.1% to EUR 1,105 million.

### **Credits**

The demand for housing loans remained high. The Group's total lending amounted to EUR 3,761 million at the end of the year, representing an increase of EUR 511 million (+15.7%). The majority of this growth came from the household sector, the loan stock of which increased by EUR 492 million (+18.7 %) to EUR 3,123 million.

The housing loan stock increased by 20.4% to EUR 2,662 million, of which Aktia Real Estate Mortgage Bank's loan stock constituted EUR 1,166 million, an increase of EUR 411 million (+54.4%). It should be noted, however, that most of the increase in the mortgage loan stock, EUR 320 million, was accounted for by loans distributed by local co-operative banks and other savings banks.

The increase in lending less the mortgage loans distributed by other banks amounted to 6.0% for the whole Group, 6.7% for the household sector and 6.1% for housing loans.

Corporate lending totalled EUR 394 million.

### **Loan losses and risks**

There have been no significant changes to the composition of the credit portfolio during the year. Households continued to account for approximately 83% (81%), with corporate financing totalling over 10% (10%). Housing loans accounted for 70.8% (68%) of the total loan stock.

The Group's loan losses remain low. During the year, loan losses and new provisions for loan losses based on individual examination of receivables totalling EUR 0.7 million were entered. Reversals of loan losses recorded in previous years were entered to a value of EUR 2.3 million, of which EUR 1.5 million is attributable to a single loan loss reversal. The net effect was positive at EUR 1.6 million.

No additional needs for provisions regarding sector-specific loan losses were deemed to exist, which is why these provisions remain unchanged and amount to EUR 13.7 million.

The Group's non-performing and non-interest bearing loans amounted to EUR 14.7 million. Their relative share of the entire loan stock, including off-balance-sheet guarantee commitments, thus increased from 0.3% to 0.4%.

### **Interest rate risks**

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

Fluctuations in the interest rate also affect the market value of the Group's liquidity portfolio (market value interest rate risk). The market valuation of these financial assets which are available for sale is entered against the fair value fund under equity capital after the deduction of deferred tax. The net change of fair value fund to market value interest rate risk entered during the financial year amounted to EUR -9.1 million (-1.1). At the end of the financial year the fair value fund totalled EUR -0.9 (7.7) million.

### **Capital adequacy**

As of 31 December 2006, the Group's capital base totalled EUR 367 million, of which EUR 245 million was Tier 1 capital. Tier 1 capital includes the profit for the financial year less the additional dividends of EUR 0.30 per share, totalling EUR 10.6 million, that Aktia's Extraordinary General Meeting of 21 December 2006 decided on, and less the ordinary dividend according to the Board's proposal.

During the year, the Group issued subordinated debts for EUR 68 million, which is taken into account in the Tier 2 capital. All in all, this means that Tier 2 capital together with earlier reserves increased to EUR 122 million.

The Group's risk-weighted commitments increased over the year by 16.1% to EUR 2,655 million. The capital adequacy ratio decreased to 13.8%, with the Tier 1 capital ratio being 9.2 %. The decrease in the capital adequacy ratio and Tier 1 capital ratio are associated with the additional dividends that were decided upon in the December 2006 General Meeting of Shareholders. These ratios will strengthen again when the coupon issue decided upon in the December 2006 Extraordinary General Meeting of Shareholders is implemented in February 2007. The new capital adequacy regulations according to Basel II (Revised International Capital Framework), which will be implemented during the first quarter of 2007, will further strengthen the Group's capital adequacy and Tier 1 capital ratio due to the lower risk weighting of loans secured by housing collateral.

### **Personnel**

When converted into full-time employees, the number of staff employed by the Group increased by 89 to 772 (683) by the end of the financial year. 63 people were employed in the real estate agencies at the end of the year. The average number of full-time employees during the period was 741 (677).

### **Rating**

Aktia's credit ratings as assessed by Moody's Investors Service Ltd are A3 for long-term borrowing, P-2 for short-term borrowing, and C for financial strength, all with a stable outlook. Aktia, via its subsidiary Aktia Real Estate Mortgage Bank Plc, has been issued long-term bonds with a very high credit rating of Aa2 from Moody's Investors Service Ltd.

## Dividend proposal

Aktia's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share (EUR 0.30) should be paid. The new shares to be subscribed in the coupon issue in February 2007 are also entitled to full dividends for 2006. The proposed dividend amounts to a total of EUR 14.8 million provided that the coupon issue is fully subscribed. The record date for the dividends will be 3 April, and the dividends will be paid out on 12 April.

## Changes in the Board of Supervisors, Board of Directors and Executive Committee

- On 30 March, the General Meeting of Shareholders of Aktia Savings Bank plc elected Director of Administration, Chancellery Counsellor Roger Broo, M.Soc.Sc. and Managing Director Kjell Sundström as new members of the Board of Supervisors.
- Head of Communications, Carola Teir-Lehtinen, M.A. left her assignment as member of the Board of Directors for Aktia Savings Bank plc with effect from 1 July 2006 as a result of new commitments within her employer.
- In September, Mr. Stefan Björkman, M.Sc (Tech.) was appointed Deputy MD and member of the Executive Committee with responsibility for the bank's corporate customers.
- In November, the Board of Supervisors appointed MD Marina Vahtola, M.Sc. (Econ.) as a new member of the bank's Board of Directors.
- In December, Taru Narvanmaa, M.Sc. (Econ.) was appointed Bank Director and a member of the Group's Management Team with responsibility for life insurance products. In January 2007, Ms. Narvanmaa was appointed Managing Director of Life Insurance Company Veritas that was recently acquired by the bank.

## Operations and major events during the year

### Anniversary year 2006

In 2006, the bank celebrated the 180th anniversary of the start of business (as Helsingfors Sparbank) and the 15th anniversary of Aktia Savings Bank in its present form.

The anniversary year was celebrated during the traditional "Aktia Days" which this year culminated in a festive seminar held in Kirkkonummi, a particularly topical location during the year as it marked the 50th anniversary of the end of the Porkkala episode. In the seminar, the Savings Bank Foundation in Helsinki and Aktia jointly donated a considerable sum of money for the Clean Baltic Sea project of the John Nurminen Foundation.

In November, an anniversary seminar with prominent speakers was organised jointly with the Swedish School of Economics and Business Administration in Helsinki. Investor and philanthropist George Soros, Sweden's ex-Prime Minister Göran Persson and Mr. Sixten Korkman, the MD of ETLA, the Research Institute of the Finnish Economy, shared with the audience their views and perspectives on the current economic circumstances and outlook in the Nordic countries, Europe and the world.

To further mark the anniversary year, a book was published in December under the title "Mänskliga mått, Aktia - en stor liten bank och dess hemlighet" (Human touch; Aktia — a large small bank and its secret). The book was written by Svenolof Karlsson, it had a print run of 9,000 copies and was very well received.

### Branch office operations

Aktia continued to focus on accessibility which was among other things reflected in the decision to expand the branch office network. In March, a new branch office was opened in Espoonlahti, Espoo, and another one in Kemiö. A branch office will also be opened in Lohja during spring 2007.

Adjusted, more flexible opening hours and the utilisation of modern telephony technology have also improved the level of service in branch office operations during the year, and more emphasis has been placed on the active provision of advisory services.

### **Savings products**

Last year, Aktia Fund Management Ltd's mutual funds were ranked by the Morningstar Rating Institute as the absolutely best fund management company in Finland.

Aktia Fund Management Ltd has now 50 mutual funds in its range of products. As well as having 23 of its own funds, the portfolio management of which is the responsibility of affiliated company Aktia Asset Management, it also represents Robur's, Hansa Investment Funds' and ABN Amro's funds. A new mutual fund, Aktia Nordic, was launched during the year, as were two Hansabank funds that invest in the real estate markets of Eastern Europe and in Central Asian shares.

The so-called "Duo" offers were continued throughout the year, and they were in high demand particularly among savings and investment customers. The twofold investment arrangements contain part high-interest deposit and part fund investment in an amount that as a minimum corresponds to that of the deposit. Two combination deposit accounts were also offered where the yield is linked to the share price index.

During the year, Aktia issued seven bonds, two of them share index-linked. The Eastern Europe bond issued in the spring was of particular interest to investors.

### **Loan products**

Demand for housing loans remained strong during the year. We were able to meet the demand for housing finance, both in the form of mortgage loans granted by Aktia's wholly-owned subsidiary Aktia Real Estate Mortgage Bank plc, and in the form of traditional bank loans. As interest rates have increased, customers have become more interested in using Aktia prime as the reference rate, and also in using fixed-rate interest. Since the autumn, customers have been able to agree on Interest Rate Caps which give a possibility to at the same time benefit from low short-term rates and to limit the maximum interest rate. This results in a reasonable loan maintenance cost.

Combining Flexlimit, an overdraft facility, to the financing package for the eventuality of unforeseen minor expenditure, has become increasingly popular. Aktia's customers have opted for loan insurance for approximately one third of all new loans.

The competitive situation in lending to companies and communities became more intense during the year. Aktia succeeded in defending its market position and achieved moderate growth. Development work for enhancing the resources and competence in this area begun at the end of the year. During 2006, Aktia utilised financing from the European Investment Bank for small and medium-sized companies.

### **Payment products**

During the year, the subsidiary Aktia Kort & Finans Oy has provided the bank's distribution network with product development and marketing support in selling primarily Visa-related cards which resulted in an increase of 31% in charge cards. Just under half of them also had a credit facility which gives the customer more flexibility when using the card.

In order to offer a more personalised Visa card, Aktia introduced in May, as the first bank in Finland, an option where the customer may self select a personalised picture for the Visa card, either using his/her own photograph or one of the nearly 100 pictures available in the bank's picture gallery. During the summer and autumn, 12,000 customers have already chosen this card solution.

The popularity of Internet banking has continued to increase — in 2006, 66% of Aktia's private customers managed all their payment transactions through the Internet — and customers are increasingly preferring account statements in

electronic form. A new version of the Internet bank with the facility for secure e-mail connections between the customer and the bank, and the possibility for communicating even sensitive issues, was introduced during the autumn, together with a more extensive offering of information regarding the customer's savings, investments and loans with the bank.

The e-invoice was introduced in May for use by the bank's corporate customers. This allows companies invoicing private persons to send their invoices in electronic form to the customer's Internet bank, saving both time and money for the sender and the recipient of the invoice.

In September, Aktia Savings Bank introduced a new service intended for small companies, farmers, foundations and self-employed people. In addition to normal payments traffic and account statements, the service also enables invoicing and file transfers through the Net, and the number of users is steadily increasing.

### **Aktia's real estate agencies**

After the bank's own real estate agency operations were established at the end of 2005, they have been much extended and developed during 2006. Today, Aktia's real estate agencies consist of a chain consisting of 10 agencies covering the bank's geographic area of operations excluding North Ostrobothnia.

The number of employees in the agencies that are all part of the Aktia Group totalled 63 at the end of the year, and they arranged the sale of 880 apartments and real estate properties during 2006.

The business has extended Aktia's service portfolio, and customers have welcomed the concept of "all services under one roof". The "Real estate property for sale" advertisements have also had a positive impact on Aktia's visibility in the local and national press.

### **Other events**

During the year, preparations have been initiated within Aktia for the transfer to SEPA (Single European Payment Area). The transfer will primarily affect the use of the bank's payment and card services.

In March and November, Aktia Real Estate Mortgage Bank plc issued two new bonds on the European market. Thanks to the high credit rating of the issues — Aa2 — and the interest shown by foreign institutional investors in Finnish bonds, both issues were yet again successful and raised EUR 250 million each. They were oversubscribed many times over and achieved a good geographic spread. The loan periods are 7 and 3 years, and the mortgages granted by the Mortgage Bank are used as collateral.

Aktia's personnel fund received a full contribution of EUR 1.8 million following the good financial performance of 2005. Also for 2006 the fund will receive a full contribution amounting to EUR 2.1 million.

In April, a number of local co-operative banks acquired 10% of the shares of Aktia Real Estate Mortgage Bank plc.

In April, Aktia also sold 2.3% of the shares of the data company Oy Samlink Ab to Handelsbanken in Finland, and in November, 2.0% were sold to local co-operative banks, after which Aktia's holding in Samlink amounts to 24%.

A final agreement, according to which Föreningen Konstsamfundet and Veritas Pension Insurance Company purchases 50.02% of the shares of real estate company Mannerheimintie 14 from Aktia Savings Bank, was signed in August. Aktia and the new owners will jointly plan the development of the property as part of the Forum shopping centre, while Aktia continues operating in the building.

Aktia's Extraordinary General Meeting resolved on 21 December 2006 to pay an additional dividend amounting to EUR 0.30 per share, and this was paid on 5 February 2007. The General Meeting also resolved to carry out a coupon issue of shares, consisting of a maximum of 1,764,902 new shares at a subscription price of EUR 9 per share. The subscription period began on 6 February and ends on 23 February 2007

An agreement was signed in December regarding the purchase of 99.96% of the shares of Veritas Life Insurance Company from Veritas Pension Insurance Company, as well as a conditional agreement regarding the purchase of 80% of the shares of Oy Fondex Ab from Veritas Pension Insurance Company and Fondex management. The acquisition of Life Insurance Company Veritas was implemented on 17 January 2007. If the acquisition of Fondex is carried out, the contract price has been agreed to include 560,000 new issue shares of Aktia. An agreement also exists on an option for later acquiring the remaining 20% of Fondex shares depending on how Fondex develops and on the fulfilment of certain conditions during 2007 and 2008.

In December, the bank announced that it will reduce the fees for Internet banking agreements and payment cards from the beginning of 2007. The cards with a Visa facility will be free of charge.

### **Deposit Guarantee Fund**

Aktia's deposit customers are still protected through the statutory Deposit Guarantee Fund. Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 25,000, is obligatory for all banks. Aktia's total contribution to the fund was EUR 1.4 million in 2006. At the end of the year, the total assets of the fund stood at EUR 422.1 million.

### **Investors' Compensation Fund**

Banks and brokerage firms are members of the Investors' Compensation Fund. The purpose of the fund is to safeguard the interests of small investors in the event that a bank or brokerage firm becomes insolvent. Individual investors may receive compensation up to EUR 20,000. By the end of the year, the total assets of the fund amounted to EUR 5.0 million.

### **Important events after the end of the reporting period**

The acquisition of 99.96% of the shares of Life Insurance Company Veritas was implemented on 17 January 2007 for a consideration of EUR 70 million, of which EUR 31 million was paid in cash and the balance through a directed issue of 3 million Aktia shares to Pension Insurance Company Veritas. The company's figures will be reported as part of the Aktia Group from the first quarter of 2007 in accordance with IFRS, the International Financial Reporting Standards. The acquisition is not expected to give rise to any significant amount of goodwill. Given that a significant part of the acquisition was financed through equity, it is not expected to have a negative effect on Aktia's capital adequacy and Tier 1 capital ratio.

### **Prospects for 2007**

The work for integrating Veritas Life Insurance with the rest of the Group will incur costs of a non-recurring nature, but the acquisition is nevertheless expected to make a positive contribution to the Group's operating profit. The measures taken for reducing the structural interest risk will have a reducing effect on the increase of net interest income in the event that market interest rates will generally rise according to market expectations. The operating profit adjusted for non-recurring items is expected to improve in 2007 compared to 2006.

The assessment of future prospects is based on the bank's assumptions regarding future developments on 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 costs. The main assumptions forming the basis of the banks assessment for 2007 are that a moderate increase of the general interest rate level will take place, and that the demand for mortgages will remain strong, but lending margins will be under pressure. The favourable development of 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 above mentioned integration costs, 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 of 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.

Profit and loss account (EUR millions)	Group	
	31 Dec 2006	31 Dec 2005
Interest income	181.2	134.1
Interest expenses	96.9	54.4
<b>Net interest income</b>	<b>84.2</b>	<b>79.7</b>
Income from Tier 1 capital instruments	1.2	1.2
Commission income	48.1	38.6
Commission expenses	-8.0	-6.0
Net income from securities and currency trading	1.4	1.4
Net income from financial assets for sale	-0.5	-1.0
Net income from administrative properties	4.9	2.1
Other operating income	6.8	16.3
<b>Total other income</b>	<b>53.8</b>	<b>52.6</b>
<b>Total income</b>	<b>138.0</b>	<b>132.3</b>
Staff costs	41.7	38.8
Other administrative expenses	26.9	22.7
Depreciation and write-downs on tangible and intangible assets	3.6	4.1
Other operating expenses	11.8	10.1
<b>Total costs</b>	<b>84.0</b>	<b>75.7</b>
<b>Profit before write-downs</b>	<b>54.1</b>	<b>56.6</b>
Sector-specific credit loss provisions	-	-7.5
Write-downs on credits and other commitments	1.6	-1.0
Write-downs on other financial assets	-	-
Share of the result from associated undertakings	0.7	1.0
<b>Operating profit</b>	<b>56.4</b>	<b>49.1</b>
Taxes from the period and from previous reporting periods	-15.5	-9.5
Change in deferred tax liabilities	2.0	-2.3
Minority interest in period's profit/losses	-0.6	-0.3
<b>Profit for the period</b>	<b>42.3</b>	<b>37.0</b>

Balance sheet (EUR millions)	Group	
	31 Dec 2006	31 Dec 2005
<b>Assets</b>		
Liquid assets	307.9	283.7
Bonds that are eligible for refinancing at central banks	1,157.7	714.7
Claims on credit institutions	33.8	23.7
Receivables on the public and public sector entities	3,760.8	3,249.5
Bonds	85.8	66.3
Shares and participations	54.5	29.3
Shares and participations in associated undertakings	2.2	2.7
Shares and participations in group companies	-	-
Derivative instruments	4.9	4.0
Intangible assets	2.7	2.7
Tangible assets	42.2	95.6
Other assets	2.2	54.2
Accrued expenses and advance payments	35.7	27.0
<b>Total assets</b>	<b>5,490.4</b>	<b>4,553.5</b>
<b>Liabilities</b>		
<b>Foreign capital</b>		
Liabilities to credit institutions	885.7	851.0
Borrowing from the public	2,552.8	2,308.6
Other liabilities to the public and public sector entities	124.5	30.2
Debt securities issued to the public	1,321.3	786.3
Derivative instruments and other liabilities held for trading	3.0	4.0
Other liabilities	82.3	106.9
Compulsory provisions	0.8	1.8
Accrued expenses and advance payments received	41.6	24.3
Subordinated liabilities	193.8	163.3
Deferred tax liabilities	22.7	27.7
	<b>5,228.5</b>	<b>4,304.0</b>
<b>Equity</b>		
Share capital	70.6	70.6
Share premium account	1.9	1.9
Ordinary reserve	8.1	8.1
Fund at fair value	-0.9	7.7
Profit brought forward	130.1	117.8
Profit for the period	42.3	37.0
Minority interest	9.8	6.3
	<b>261.9</b>	<b>249.5</b>
<b>Total liabilities</b>	<b>5,490.4</b>	<b>4,553.5</b>

Off-balance-sheet commitments (EUR millions)	Group	
	31 Dec 2006	31 Dec 2005
Commitments provided to a third party on behalf of the customer		
Guarantees	47.4	43.2
Other commitments provided to a third party	28.5	25.8
Irrevocable commitments provided on behalf of a customer		
Unused credit arrangements	361.0	269.4
Other irrevocable commitments	77.8	41.1
<b>Off-balance-sheet commitments</b>	<b>514.7</b>	<b>379.5</b>

Analysis of receivables from the public and public sector entities by sector	Group	
	31 Dec 2006	31 Dec 2005
Households	3,123	2,631
Corporations	394	340
Housing associations	197	227
Non-profit organisations	39	41
Public sector entities	8	11
<b>Total</b>	<b>3,761</b>	<b>3,250</b>

Risk commitments	Group	
	31 Dec 2006	31 Dec 2005
Non-performing loans	14.6	9.9
Non-interest-bearing loans	0.1	0.2
<b>Total</b>	<b>14.7</b>	<b>10.1</b>
Non-performing/credit stock incl. commitments (%)	0.4	0.3

Capital Adequacy	Group	
	31 Dec 2006	31 Dec 2005
Tier 1 capital	245	225
Tier 2 capital	122	120
Tier 3 capital	-	-
<b>Capital base</b>	<b>367</b>	<b>345</b>
Risk-weighted commitments	2,655	2,286
Capital adequacy, %	13.8	15.1
Tier 1 capital ratio, %	9.2	9.8

Derivative contracts	Group 31 Dec 2006			Group 31 Dec 2005		
	For hedging purposes	Other	Actual value	For hedging purposes	Other	Actual value
<b>Interest rate-related</b>	<b>6,534.3</b>	<b>2,395.3</b>	<b>-4.0</b>	<b>4,007.8</b>	<b>526.1</b>	<b>7.7</b>
Forward rate agreements	1,265.0	65.0	-1.7	1,394.0	244.0	-0.6
Interest rate swaps	1,976.4	757.4	-1.7	458.4	6.7	7.7
Interest rate option agreements	3,292.9	1,572.9	-0.6	2,155.4	275.4	0.7
<i>Purchased</i>	1,856.9	696.0	5.6	1,089.4	126.0	7.2
<i>Written</i>	1,436.0	876.9	-6.2	1,066.0	149.4	-6.5
<b>Currency-related</b>	<b>35.8</b>	<b>0.0</b>	<b>-0.3</b>	<b>26.8</b>	<b>0.0</b>	<b>0.1</b>
Forward rate agreements	35.8	0.0	-0.3	26.8	0.0	0.1
<b>Equity-related</b>	<b>102.5</b>	<b>102.5</b>	<b>0.0</b>	<b>88.5</b>	<b>88.5</b>	<b>0.0</b>
Equity options	102.5	102.5	0.0	88.5	88.5	0.0
<i>Purchased</i>	102.5	0.0	12.3	88.5	0.0	8.7
<i>Written</i>	0.0	102.5	-12.3	0.0	88.5	-8.7

## The Group's result by quarter

(EUR million)	4/2006	3/2006	2/2006	1/2006	4/2005
<b>Net interest income</b>	<b>21.7</b>	<b>21.1</b>	<b>20.8</b>	<b>20.6</b>	<b>20.3</b>
Income from Tier 1 capital instruments	0.0	0.0	1.2	0.0	0.0
Commission income	13.1	11.4	12.1	11.5	10.2
Commission expenses	-2.3	-1.8	-2.1	-1.8	-1.7
Net income from securities and currency trading	0.3	0.3	0.3	0.4	0.4
Net income from financial asset for sale	-1.3	0.0	0.5	0.3	-1.6
Net income from administrative properties	0.3	4.1	-0.2	0.7	0.5
Other operating income	2.5	1.2	2.5	0.5	15.1
<b>Total income</b>	<b>34.4</b>	<b>36.3</b>	<b>35.1</b>	<b>32.3</b>	<b>43.2</b>
Staff costs	-11.0	-9.5	-11.2	-10.0	-11.0
Other administrative expenses	-8.2	-5.7	-6.6	-6.4	-6.4
Depreciation and amortisation of tangible and intangible assets	-0.7	-0.9	-0.9	-1.1	-1.0
Other operating expenses	-3.4	-2.1	-3.5	-2.7	-2.4
<b>Total costs</b>	<b>-23.3</b>	<b>-18.2</b>	<b>-22.2</b>	<b>-20.3</b>	<b>-20.7</b>
Write-downs on credits and other commitments	-0.2	1.5	-0.1	0.5	-0.9
Sector-specific credit loss provisions	-	-	-	-	-6.5
Share of result from associated undertakings	0.0	0.2	0.3	0.3	0.0
<b>Net operating profit</b>	<b>10.8</b>	<b>19.8</b>	<b>13.1</b>	<b>12.8</b>	<b>15.1</b>

## Key figures at the end of the reporting period

	31 Dec 2006	30 Sept 2006	30 Jun 2006	31 March 2006	31 Dec 2005
Earnings per share, EUR	1.20	0.96	0.55	0.26	1.05
Equity per share, EUR	7.1	7.3	6.9	7.0	6.9
Return on equity, % (ROE)	16.8	17.7	15.6	15.0	16.3
Cost/income ratio	0.61	0.58	0.63	0.63	0.57
Borrowing from the public, EURm	2,553	2,444	2,414	2,371	2,309
Lending to the public, EURm	3,761	3,612	3,472	3,344	3,250
Mutual fund capital, EURm	1,420	1,148	1,113	1,136	971
Capital adequacy, %	13.8	15.1	14.6	14.6	15.1
Tier 1 capital ration, %	9.2	10.0	9.8	9.7	9.8
Risk-weighted commitments, EURm	2,655	2,537	2,471	2,400	2,286
Personnel (full-time employees)	772	759	743	719	683

## Basis of calculation for key figures

---

### Earnings/share, EUR

$$\frac{\text{Operating profit minus taxes +/- minority interest in the result for the period}}{\text{Average number of shares over the period (adjusted for share issue)}}$$

### Equity per share, EUR

$$\frac{\text{Equity and provisions – minority interest}}{\text{Number of shares at the end of the period}}$$

### Return on equity, % (ROE)

$$\frac{\text{Operating profit (on annual basis)}}{\text{Average equity}} \times 100$$

### Cost/income ratio

$$\frac{\text{Administrative expenses + depreciation and write-downs + other operating costs}}{\text{Net interest income + net commission income + Tier 1 capital instruments + net income from securities and currency trading + net income from financial assets for sale + net income from administrative properties + other operating income}}$$

### Risk-weighted commitments

Assets in the balance sheet and off-balance sheet items valued and risk-weighted in accordance with regulation 106.7 issued by the Finnish Financial Supervisory Authority.

### Capital adequacy, %

$$\frac{\text{Capital base (Tier 1 capital + Tier 2 capital)}}{\text{Risk-weighted commitments}} \times 100$$

The capital base is calculated in accordance with regulation 106.6 issued by the Financial Supervisory Authority.

### Tier 1 capital ratio, %

$$\frac{\text{Tier 1 capital}}{\text{Risk-weighted commitments}} \times 100$$

The auditor's report for the accounting period is not yet completed.

Helsinki, 15 February 2007

AKTIA SAVINGS BANK PLC

Board of Directors