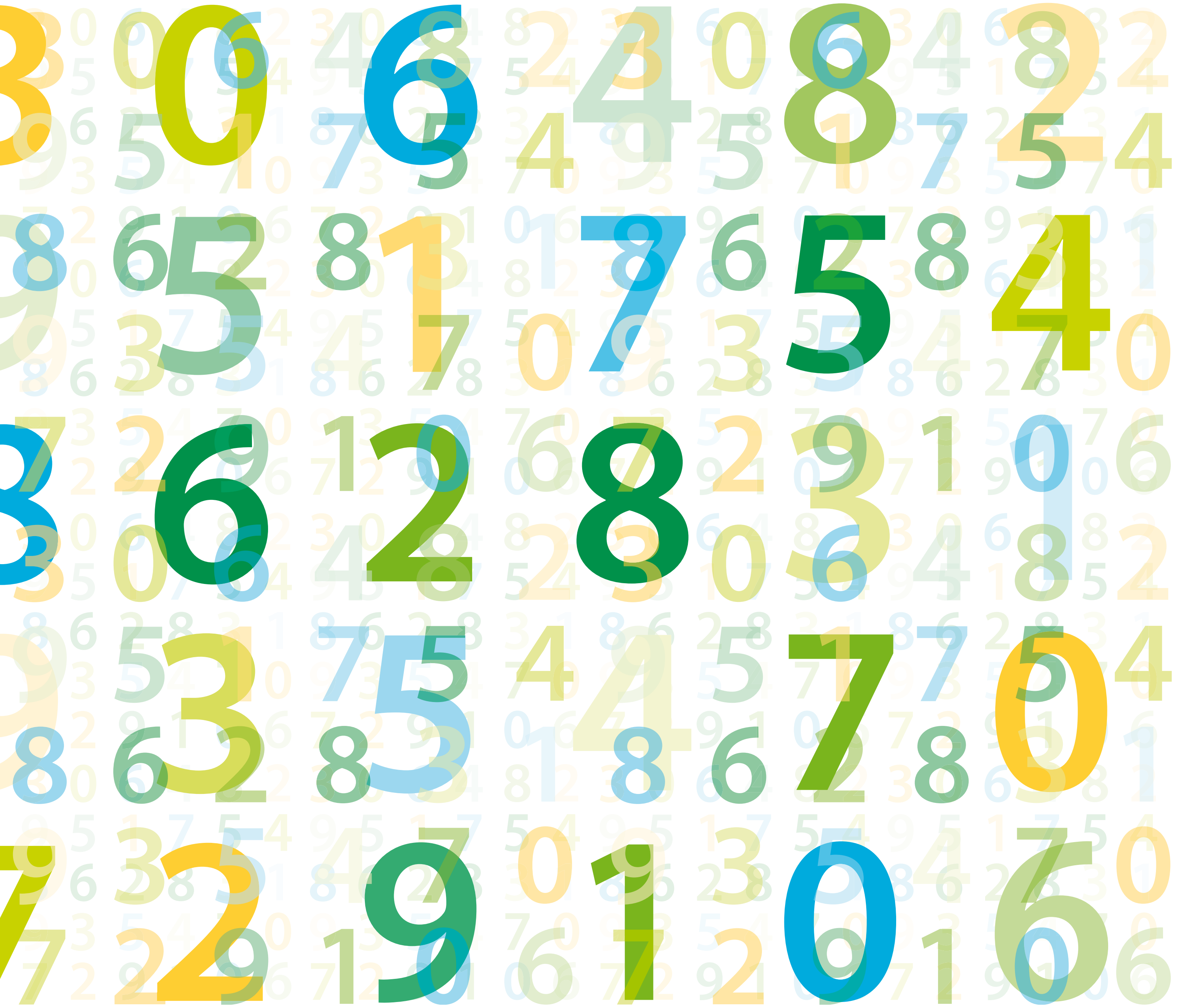
2007



Report and financial statements

Aktia Savings Bank plc

Contents of the Report by the Board of Directors and financial statements

Report by the Board of Directors

- Aktia Group's profit increased by 26.1% to EUR 52.0 million (41.2).
- Profit per share rose by 13.6% to EUR 1.31 (1.15).
- The acquisition of Veritas Life Insurance had a positive impact on financial performance.
- Net commission increased by 18.2% to EUR 47.3 million (40.1).

- The dividend proposed by the Board of Directors to the Annual General Meeting amounts to EUR 0.50 (0.40) per share.
- Moody's Investors Service upgraded the credit ratings of both Aktia Savings Bank plc and Aktia Real Estate Mortgage Bank plc.
- Jussi Laitinen, M.Sc. (Econ), new Managing Director from 4 April 2008

THE YEAR'S ACTIVITIES

Financial performance

Aktia Group's operating profit rose, mainly as a result of the acquisition of Veritas Life Insurance, to EUR 66.3 million, an increase of 11.5 million (+20.9%) on the previous year. After the elimination of all acquisition-related items, including the entry as income of the negative goodwill of EUR 12.1 million, as well as of the elimination of capital gains and other transactions totalling EUR 32.7 million entered as costs, the insurance business contributed EUR 18.6 million to the improvement of financial performance. The operating profit of the banking group (Aktia Group excluding the life insurance business) decreased by EUR 7.1 million, of which EUR 4.5 million was due to lower one-off capital gains compared to the previous year and EUR 2.5 million was due to loan losses and shares in profits of associated undertakings. Net loan losses totalled EUR -0.2 million (+1.6). The share of profits from associated undertakings decreased to EUR 0.2 million (0.7).

The profit for the reporting period rose to EUR 52.0 million, an improvement of EUR 10.7 million (+26.1%). As the average number of shares has increased from 35.8 million to 39.8 million, the improvement in earnings per share was lower, i.e. +13.6%, rising from EUR 1.15 to EUR 1.31 per share. If the net change of the fair value fund were to be taken into account, the earnings per share would be EUR 0.90 (0.89).

Return on equity increased to 17.9% (16.8). If the net change of the fair value fund is taken into account, the return on equity is 12.4% (13.0).

The cost-to-income ratio, which is a traditional measure of performance for banking operations, but not for insurance, was poorer for the banking group, moving from 0.62 to 0.67 primarily as a result of the new initiatives which are described in the section on the banking group's costs.

The cost ratio of insurance business improved to 110.0% from 112.7%.

Income

The total income of Aktia Group rose to EUR 281.6 million, an increase of EUR 145.2 million. Of this increase in income, after elimination of all internal group transactions, EUR 138.1 million is attributable to the newly-acquired life insurance business, while the banking group's income rose by 5.1% to EUR 143.5 (136.5) million.

The net interest income increased by 5.6% to EUR 88.9 million (84.1). Of the improvement, approximately EUR 2.5 million is due to mortgages sold by other banks. A continued reduction in customer margins, particularly in lending, was largely compensated for 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 had a negative effect on net interest income of EUR 4.1 million, having had a positive effect of EUR 3.2 million in 2006.

Net commission income increased by EUR 7.3 million (+18.2%) to EUR 47.3 million. Commission income from funds, asset management and securities depository services rose by EUR 6.0 million (+29.3%) to EUR 26.7 million. Commission from charge and credit cards grew by EUR 1.3 million (+58.6%) to EUR 3.6 million. Of the increase, approximately EUR 0.5 million was due to a change in the accounting principles applicable to card commissions. However, the commissions from payment transaction services decreased. The commission income of the real estate agency business rose by EUR 3.9 million (+110.6%) to EUR 7.4 million. Within commission costs, the commissions to local banks for mortgages increased by EUR 1.6 million.

Income from the life insurance business totalled EUR 138.1 million, of which insurance premium income was EUR 99.8 million and net income from investment business EUR 38.3 million. Of the capital gains from securities sold, amounting to EUR 65.1 million, included in the life insurance business' net income from investments, the proportion of capital gains arising as a profit between the sale price and the investments' fair value as at the date of acquisition of Veritas Life Insurance has been eliminated from the consolidated accounts of Aktia Group. The capital gains posted to profits were thus EUR 54.2 million lower in the Aktia Group than those entered as income in the Veritas Life Insurance Group. The eliminations related to the acquisition date also affect the fair value of the life insurance business fund which in the Aktia Group as at 31 December 2007 totalled EUR -5.4 million, while the fund in the Veritas Life Insurance Group totalled EUR 31.8 million.

The total decrease of EUR 6.8 million in net interest income from investment properties and other operating income is mainly due to the fact that the previous year's figures included capital gains of approximately EUR 5.7 million related to the sale of shares in Fastighets Ab Mannerheimvägen 14 and data company Oy Samlink Ab.

Expenses

The total expenses of Aktia Group rose to EUR 215.3 million, an increase of EUR 131.4 million. Of this increase, EUR 119.8 million is attributable to the life insurance business, while the banking group's expenses rose by 13.8% to EUR 95.6 million (83.9). Approximately 5.5% 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. The new branch offices established in new business territories as well as the investments in Corporate Banking also increased the cost levels.

Claims paid by the life insurance business totalled EUR 66.1 million. Interest-based provisions increased by EUR 20.2 million and unit-linked provisions increased by EUR 33.6 million. In addition to the estimated payments to customers in 2007, a provision of EUR 4.5 million for future payments was included in the interest-based provisions.

Staff costs increased by EUR 13.9 million to EUR 55.6 million (41.7). Of this increase, EUR 6.0 million is attributable to Veritas Life Insurance, while the banking group's expenses rose by 18.8% to EUR 49.5 million (41.7). Most of the increase in expenditure was due to investments made primarily in the fields of real estate agencies, retail banking and Corporate Banking. The excellent results allowed a provision to be made for EUR 2.8 million (2.1) to be transferred to the personnel fund, which burdened the financial performance for the financial year.

Other administrative expenses rose by EUR 7.5 million to EUR 34.4 million (26.9), of which Veritas Life Insurance accounted for EUR 4.0 million. The banking group's other administrative expenses rose to EUR 30.4 million (26.9), an increase of 13.0%. A large part of the cost increases were due to the investments discussed above. The negative goodwill, which arose from the acquisition of Veritas Life Insurance, totalled EUR 12.1 million.

Balance sheet and off-balance sheet commitments

As of 31 December 2007, Aktia Group's balance sheet total stood at EUR 7,952 million (5,492), an increase of EUR 2,461 million. EUR 984 million of the increase in the balance sheet total is attributable to the life insurance business, of which investments after elimination of all internal group transactions totalled EUR 966 million at fair value.

In other respects, the increase in the balance sheet total is due to an EUR 811 million increase in lending to the public and an increase of EUR 536 million to 1,699 million in bonds eligible for refinancing with central banks. These bonds – which in the balance sheet are entered under Financial assets available for sale – form, together with Cash and cash equivalents, most of the Group's liquidity.

Total liabilities increased by EUR 2,371 million, of which technical provisions accounted for EUR 855 million. Growth in the banking operation has been financed by long-term bond issues and borrowing. Outstanding senior and subordinated debts totalled EUR 1,793 million, an increase of EUR 471 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 the Bank's existing shareholders having the priority rights of subscription, 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 approximately EUR 0.5 million.

The fair value fund, reported under equity, decreased by EUR 16.3 million from EUR -1.7 to -18.0 million. The decrease is attributable to changes in the market value related to current valuations at fair value of financial assets available for sale and the investment portfolio of the insurance business held for covering the interest-linked provisions, and to the impact of the bank's strategic protection against interest rate risks to the extent that the protection has not taxed the net interest income.

Off-balance sheet commitments increased by EUR 115 million to EUR 630 million (515).

At the end of the financial year, the nominal value of interest-linked derivative contracts amounted to EUR 9,529 million (8,930). Of these, EUR 3,556 million (4,139) made up the protection against the Group's structural and momentary interest rate risks, including those of the Real Estate Mortgage Bank, of which EUR 3,316 million (3,899) fulfilled the criteria for hedge accounting. The other interest-linked derivative contracts included interest rate hedging provided for local banks which, after back-to-back protective measures with third parties, amounted to EUR 5,885 million (4,703). The rest of the interest-linked derivative contracts, EUR 88 million, related to the hedging of structured products.

The nominal value of the hedging currency-related and share-related and other derivative contracts totalled EUR 309 million (241). All share-related and other options contracts, EUR 172 million (205), related to the hedging of structured products.

Acquisition of Veritas Life Insurance

Aktia completed the acquisition of 99.96% of the stock capital of Life Insurance company Veritas on 17 January 2007. The preliminary acquisition balance sheet, which is explained in further detail in a separate attachment describing the changes in group structure, was produced as at 1 January 2007.

As shown in the acquisition balance sheet, the final negative goodwill was EUR 12.1 million, which was entered, in line with IFRS requirements, in its entirety as income during 2007.

The balance sheet of Veritas Life Insurance Group, with its assets amounting to more than EUR 980 million and its profits for 2007, was consolidated in Aktia Group for the first time in 2007. The development of the insurance business compared to the corresponding period in 2006 is explained in the comments shown in the Life Insurance segment.

Life Insurance

The technical provisions totalled EUR 854.8 million. Unit-linked provisions amounted to EUR 200.5 million and the provisions for interest-linked policies amounted to EUR 654.3 million. The interest requirement for the latter decreased to 2.9% through an increase of provisions by EUR 20.2 million. A provision of EUR 9.1 million was made for payments to customers this year and in the future.

At market values, the investment portfolio stood at EUR 784.3 million excluding the investments of EUR 203.1 million in unit-linked policies.

Balance sheet and financial structure

ASSETS

Receivables from the public

The demand for housing loans remained high. The Group's total lending amounted to EUR 4,574 million at the end of the year, representing an increase of EUR 811 million (+21.5%). The majority of this growth came from the household sector, whose loan stock increased by EUR 664 million (+21.3%) to EUR 3,789 million. Of the claims, 82.8% (83.0) consisted of loans extended to private individuals and households.

The majority of the credit extended to households was in the form of housing loans, which accounted for 71.7% (70.8) of the total loan stock. The housing loan stock increased by 23.2% to EUR 3,280 million, of which mortgages constituted EUR 1,614 million, an increase of EUR 448 million (+38.4%). It should be noted, however, that most of the increase in the mortgage loan stock, EUR 383 million, was accounted for by loans distributed by local cooperative banks and other savings banks. The increase in lending less the mortgage loans distributed by local banks amounted to 12.6% for the whole Group, 10.1% for the household sector and 10.1% for housing loans.

Corporate financing rose to EUR 553 (394) million, which accounted for 12.1% (10.5) of the total loan stock. The credit extended to housing associations reached EUR 184 (197) million, which represented 4.0% (5.2) of the total loan stock.

The structure of the loan stock was well diversified. 34% (41) of the total loan stock consisted of credit to customers whose liabilities corresponded to less than EUR 100,000. The proportion of credit extended to customers with a liability of more than EUR 800,000 only amounted to 11% (9) of the total loan stock.

Matured claims more than 90 days overdue and zero-interest credits rose from EUR 14.7 million to EUR 19.4 million However, their relative share of the entire credit stock, including off-balance-sheet commitments, remained at the same level, 0.4% (0.4), as in 2007.

The group's write-downs of credit and other claims remained low. During the year, write-downs based on individual examination of receivables totalling EUR 0.8 million (0.7) were entered. The total reversing entries amounted to EUR 0.6 million. The net effect on the results was thus EUR 0.2 million negative.

No additional need for grouped write-downs of the credit stock was deemed to exist, which is why these provisions remain unchanged at EUR 11.5 million.

Investments in interest-bearing securities and shares

Investments in interest-bearing securities are made primarily to manage the bank's asset and liability risks (financial and interest rate risks) and to ensure liquidity. Bonds are divided according to their intended use into bonds held for trading and that can be sold and bonds that are retained until maturity.

The market book has only been used to support customer business. The bank has received permission from the Financial Supervisory Authority to maintain a "small trading book". At the end of 2007, the bank had no trading book. The trading book amounted to EUR 7.8 million during the previous year.

The portfolios booked as bonds that can be sold are administered by the Finance Committee, which is responsible for the bank's asset and liability management. Investment decisions are made with a view to ensuring liquidity, and therefore funds are invested only in debt securities with high liquidity. On 31 December 2007, the balance sheet value of the portfolios was EUR 1,726.4 million (1,187.9), with an average duration of 3.3 years. Compared with the previous year, these investments have increased by EUR 538.5 million.

At market values, Veritas Life Insurance's investment portfolio stood at EUR 784.3 million, excluding the investments of EUR 203.1 million in unit-linked policies.

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. The net change of the fair value fund entered during the financial year amounted to EUR 16.3 million (-9.5) negative. At the end of the financial year, the total fair value fund was EUR 18.0 million (-1.7) negative.

Shares included in the balance sheet consisted mainly of investments regarded as shares available for sale. This category also includes the Group's direct and indirect holdings of Bank of Åland shares, which showed a balance sheet value of EUR 32.4 million (24.1) at the end of 2007.

The Finance Committee also manages investments that are entered as bonds that are retained until maturity. At the end of 2007, the balance sheet value of the portfolio stood at EUR 45.8 million (47.8). The average maturity of the portfolios was 3.0 years. The valuation principles are discussed in more detail in the Accounting principles section.

Real estate

At the end of 2007, the amount of Group capital tied up in real estate property, excluding Veritas Life Insurance's real estate holdings which are included in the assets of the insurance business, stood at EUR 40.9 (34.7) million, of which EUR 11.6 million was made up of real estate property not used by the bank itself. Real estate property accounted for 0.5% of the Group's balance sheet total. The total actual value of the real estate holdings has been estimated at EUR 47.7 million.

LIABILITIES

Deposits from the public and savings in mutual funds

Deposits from the public (deposits) increased by 10.5% and stood at EUR 2,801 million at the end of the year. Of the entire deposit stock, households accounted for 77.0% (EUR 2,156 million). The greatest growth was attributable to investment deposits, while savings deposits fell.

At the end of the year, prime rate accounts accounted for 12.5% (12.4), accounts with a fixed one-percent interest for 12.7% (15.9), and actual current accounts for 32.9% (36.0) of the total deposit stock. Time deposits accounted for 40.0% (34.6) of the deposits.

The deposit stock is still well diversified. Approximately 36% (33) of the funds consisted of deposits that were in excess of EUR 150,000.

Total savings in mutual funds, which includes both own and managed funds, increased by 41.8% to EUR 2,013 million. The proportion of saving by households in mutual funds grew by 16.4% to EUR 997 million.

Funding from money and capital markets

As in the past, most of the borrowing still consisted of deposits by the public, debt securities issued to the public and money market investments by local banks in Aktia.

The Group markedly increased its long-term borrowing, and during the year issued new bonds for EUR 553 million (548) and new subordinated debts for EUR 64 million (68). The majority of the new bonds were issued by Aktia Real Estate Mortgage Bank plc on the Euromarket, secured by mortgages granted. The Mortgage Bank carried out two share issues worth EUR 250 million each, with terms of 5 and 1.5 years, within the framework of its EUR 2 billion EMTCN (Euro Medium Term Covered Notes) programme. As at 31 December 2007, Aktia Real Estate Mortgage Bank had issued a total of 1.5 billion guaranteed bonds through this programme. The bank has also issued certificates of deposit standing at EUR 381 million (193) at the end of the year.

The Group's risk management

Overview

Risks make up a significant proportion of Aktia's operating environment and business activities. The main aim of risk management is to ensure that these risks are identified correctly, that the risk assessment is independent, and that the capital base is sufficient in relation to these risks. All risk-taking is based on sufficient competence, appropriate risk management and control processes, adequate capital allocation and risk pricing. The risks are monitored and dealt with at both subsidiary and Group level.

The Group has a conservative risk policy, and the most significant risk areas within the Group's banking business are credit, interest and liquidity risks and, within the life insurance business, market risks. All operations are exposed to business and operational risks. Business risks are reduced through diversifying operations, cross-selling and broader earnings.

Risk management is mainly divided up into two functions which are independent of each other. The risk control function measures, compiles instructions and controls risks, while the line organisation for commercial interests makes decisions on how risks will be dealt with through pricing, covenants, pledges or other risk deducting policies.

The Board of Directors is ultimately responsible for the Group's risks being dealt with and monitored correctly and risk-taking being regulated, primarily through the capital management process and the Board of Directors' instructions for managing the Group's business operations, including more detailed limits and regulations as well as reporting requirements.

Risk-bearing capacity

During the year, the Board of Directors confirmed an internal capital adequacy assessment process (ICAAP) in accordance with the new Basel 2 regulations. The purpose of the internal capital adequacy assessment process is to comprehensively identify and assess the relevant risks, to increase the awareness of the organisation regarding the relevant risks faced by the Group, and to develop "risk-reward" thinking among the decision-makers as well as to ensure that the capital base is sufficient in relation to the risks and that a sufficient buffer against the minimum capital required by authorities is maintained.

The results of the ICAAP for 2007 indicate that the earning capability of the Group is good, well diversified and stable, and that it therefore serves as protection against risks and losses, and that the capital adequacy ratio is high. The authorities' requirements regarding capital adequacy are fulfilled with a clear margin even during times of macroeconomic recession, and the needed economic capital is clearly smaller than the Group's own equity in view of the planned dividends policy.

At the end of the year, the relationship between the conglomerate's capital base and the minimum requirement was 138.6%, with the minimum requirement being 100% in accordance with the act governing financial and insurance conglomerates. This means that the Group has a buffer against unforeseen losses and is well placed for growth within business operations.

Credit risks

Credit risks are the largest individual risk area within the Group. During the year, no significant changes have been made to the composition of the credit portfolio; at the end of the year, households made up approximately 83% (83), with corporate financing making up just over 12% (10). Housing loans' share of the total loan stock increased slightly to 72% (71). Corporate financing's share of the loan stock, excluding mortgage loans distributed by other banks, grew to 14.4% (11.6).

Credit risks are measured by estimating the likelihood of, and losses in the event of, bankruptcy. Large-scale exposure has been limited to a maximum of 10% of the finance conglomerate's own assets, calculated as specified by the supervisory authorities.

At the end of the year, the matured claims more than 90 days overdue and zero-interest credits amounted to EUR 19.4 (14.7) million, corresponding to 0.4% (0.4) of the entire credit stock including off-balance-sheet guarantee commitments.

The write-downs of credits and claims are entered individually and in groups. During 2007, the total amount of individual write-downs was EUR 0.8 million (of which EUR 0.34 million is related to private customers and 0.42 million to corporate customers). The reversing entries totalled EUR 0.6 million, after which the net effect on the year's results was EUR 0.2 million negative. Because of an exceptionally high level of reversals during 2006, the resulting effect was EUR 1.6

million positive. In addition to the write-downs based on an individual examination, Aktia Group has previously made grouped write-downs of the credit stock which totalled EUR 11.5 million.

Interest rate risk and investment risk within the banking business

The interest rate risk within the banking business comprises both structural and momentary interest rate risk. Structural interest rate risk arises as a result of differences in interest rates or re-pricing between assets and liabilities. To reduce the volatility in the net interest income, structural interest rate risk is limited primarily through the use of hedging derivative instruments.

Fluctuations in the interest rate also affect the market value of the liquidity portfolio of the banking business (market value interest rate 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, and the risk level is limited so that a parallel shift of one percentage point in interest rates, ignoring deferred tax liabilities or assets, may not exceed 10% of the banking group's own assets. The net change of fair value fund related to market value interest rate risk entered during the financial year amounted to EUR -11.9 million (-9.1).

At the end of the financial year, the total fair value fund in the Aktia Group's banking business was EUR -12.6 million (-1.7).

Investment risks in the life insurance business

The policyholder bears the market risk him/herself regarding the investments providing cover for unit-linked insurance policies. 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 portion of the investment portfolio that has to cover the technical provisions of interest-linked insurance is evaluated on an ongoing basis at fair value with reference to the fair value fund after the deduction of deferred tax. At the end of the year, the fair value fund relating to the life insurance business in the Aktia Group totalled EUR -5.4 million after acquisition eliminations.

The investment activities are based on a neutral allocation between different types of assets within which the tactical allocation takes place. The highest possible return for the given level of risk is sought by diversification.

The market risks of the investment portfolio are measured using a VaR model, and the limit restricts the maximal loss during the year applying a significance level of 97.5%.

Liquidity risk

The liquidity risk is defined as the availability of refinancing plus the differences in maturity between assets and liabilities. Management of refinancing risks ensures that the Group can honour its financial obligations.

The financing and equity risks are dealt with at legal company level, and there is no connection between the banking group and the life insurance company.

A stable borrowing and deposit stock from households, the Mortgage Bank's share issues and deposits received within the framework of central financial institution operations, as well as a sufficient liquidity buffer, are the cornerstones of the bank business's liquidity management.

In managing refinancing risks, Aktia takes into account both its own lending activities and its obligations with respect to savings and local cooperative banks, for which Aktia serves as the central financial institution. The local banks are also an important source of financing for Aktia.

The aim is to cover one year's worth of refinancing needs with existing liquid assets.

Within the life insurance business, liquidity can be supplied by the inward flow of cash and a portfolio of investment certificates which has been adapted in line with varying needs. Any unforeseen major need for liquidity is taken care of through the liquid portfolio of bonds and shares.

CAPITAL ADEQUACY

The banking group

The banking group's capital adequacy as at 31 December 2007 is shown in accordance with the new Basel 2 regulations that entered into force on 15 February 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 December 2007, the capital base totalled EUR 443 million, of which EUR 313 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 the Board of Directors' proposal for dividends for the reporting period corresponding to EUR 0.50 per share. 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.

During the year, the banking group issued subordinated debts for EUR 64 million, which is taken into account in the Tier 2 capital. All in all, this means that Tier 2 capital together with earlier reserves that can be included in the capital adequacy calculation increased to EUR 130 million.

Capital adequacy amounted to 15.4% compared with 13.8% at year-end 2006. The Tier 1 capital ratio was 10.9% compared with 9.2% at year-end 2006. The already good capital adequacy ratio was further strengthened by the lower risk weighting of loans secured by housing collateral in accordance with Basel 2 (the comparative figures for 2006 were calculated in accordance with Basel 1).

However, the Basel 2 regulations also involve a capital requirement for operational risks, which, calculated according to the basic indicator approach, totalled approximately EUR 21 million at the end of 2007.

The life insurance group

The solvency ratio rose to 18.1% of provisions, compared with 20.9% at the end of 2006.

The financial and insurance conglomerate

With the acquisition of Veritas Life Insurance, the conglomerate's capital adequacy is also calculated according to the consolidation method. As at 31 December 2007, the conglomerate's capital adequacy (the conglomerate's capital base in relation to the minimum requirement) was 139%, with the minimum requirement being 100% in accordance with the act governing financial and insurance conglomerates.

Personnel

When converted into full-time employees, the number of staff employed by the Group increased by 211 to 983 (772) by the end of the financial year. At the end of the year, the estate agency business had 78 employees, an increase of 15 during the year. Corporate Banking recruited 8 new employees while the branch offices increased the number of full-time employees by 10. The largest increase, 128 full-time employees, came from the acquisition of Veritas Life Insurance. The average number of full-time employees during the period was 940 (741).

Rating

Aktia's credit rating with Moody's Investors Service, the international credit rating institute, was raised on 26 February 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 April 2007, by two notches from A3 to A1. The credit rating C for financial strength remains unchanged.

Moody's Investors Service upgraded Aktia Real Estate Mortgage Bank plc's long-term bonds to the highest possible rating of Aaa from the previous Aa2 at the beginning of June 2007.

Share capital

The extraordinary general meeting decided on 21 December 2006 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 approximately 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 Findex Ab, and for the creation of share-based incentives for key employees of 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.

Under the authorisation, a total of 39,021 shares have been issued during the year as incentives for key personnel, following which the total number of shares at the end of the financial year stood at 40,101,936.

In March, Aktia announced that the planned acquisition of Fondex will not materialise, but that an agreement with Rahastotori, a subsidiary of Fondex, was signed for the distribution of Odin funds.

Deposit Guarantee Fund and the Investors' Compensation Fund

The banks' 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 1.5 million in 2007. At the end of the year, the total assets of the fund stood at EUR 473.6 million.

The Investors' Compensation Fund
The 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 5.2 million.

Business areas – 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.

The branch office operation includes Aktia Savings Bank plc'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 Bank plc's private bank in Helsinki and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management 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, as well as the new subsidiary Aktia Corporate Finance Ltd from September.

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 Ab.

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 Aktia Group's internal pricing principles. Treasury assumes responsibility for the 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 share and other group adjustments are included in the segment entitled Miscellaneous and Eliminations

Retail Banking
Retail Banking includes the traditional deposit, investment, financing and payment traffic business that takes place through Aktia's network of branch offices, as well as the sales of mortgages through Aktia Real Estate Mortgage Bank.

As far as the subsidiaries are concerned, Retail Banking includes both Aktia's real estate agency business and Aktia Card & Finance. In addition, the retail banking business receives commissions for the sale of insurance products in conjunction with financing and investment services.

Financial performance

The segment's operating profit of EUR 23.0 million (27.6) was lower than in the previous year, partly because of investments that are expected to yield results in the longer term and partly because of lower earnings as a result of tighter lending margins. The lower lending margins were the result of the new capital adequacy regulations concerning the banking sector requiring considerably less capital for lending to households secured by housing collateral. In spite of the good growth of volumes, the net interest income for reference rate-neutral credits was therefore EUR 0.8 million, or 1.3% lower than in the previous year.

Commission income increased by 24.6% to EUR 95.1 million. The improvement was due to a strong increase in revenues, compared to the previous year, from the estate agency business of +111.6%, from payment transaction commissions of +40.7% and from mutual funds of +25.6%. As Aktia expanded its product company holdings at the beginning of the year to include life insurance business, the sales of insurance products has been activated and the commission income from insurance business has increased by 17.4% from the previous year.

Personnel costs increased during the year by 16.4% to EUR 28.1 million as a result of investments in new branch offices and strengthening of human resources, particularly in estate agency business, long-term saving, corporate services and new product areas. Marketing costs doubled as a result of the increased visibility of the expanding estate agency business and as a result of launching the bank's new customer rewards concept. Loan losses amounted to EUR 0.2 million during the year. The previous year's results included a large non-recurring item of EUR 1.5 million in the form of reversals of the previous year's write-downs.

Volume trends

The volume of business, i.e. the total savings and lending volumes, increased during the year by EUR 613.3 million, or 9.9%. The credit stock, including mortgage loans arranged by other banks, increased by 11.1%. The volume of housing loans increased during the year by 10.3% to EUR 2,434 million while the volume of other lending increased by 13.6% to EUR 860.1 million. The volume of savings including deposits and brokered borrowing and long-term savings products increased by a total of 8.3%. Insurance saving increased the most, by 18.9%. The positive development in savings in mutual funds during the first six months of the year took a downward turn towards the end of the year as customers moved their investments to interest-bearing instruments as a result of the uncertainties on the stock market. During the whole year, the savings in funds increased by 5.2%.

Main events in 2007

Aktia enhanced its local presence by opening two new bank branch offices. A branch office was opened in Oulu to provide a complete range of banking, estate agency and insurance services in conjunction with the existing life insurance company branch office. The other branch office was opened in Lohja. The branch office staff of Veritas Life Insurance and Aktia are now working in the same premises in a total of nine locations. Following the opening of four new local offices during the year, estate agency services are now also available throughout the entire branch office network. Considerable emphasis has been placed on the continuing migration from traditional bank cards to internationally accepted charge cards which during the year increased by 27% in terms of numbers. At the end of the year, Aktia Card & Finance launched a new one-off credit service called Aktia-Xpress. An extended loan insurance product was also launched during the year.

Capital Market

Aktia's capital market units include Aktia Fund Management, Aktia Asset Management and Private Banking in Helsinki. Aktia Fund Management Ltd administers and markets unit-linked, mixed and interest-linked mutual funds that invest in both the Finnish and international money markets. Aktia Asset Management manages Aktia Fund Management's own funds and exercises discretionary management of customer assets. The Private Banking operation in Helsinki provides assets management, legal consultation and accounting services to wealthy individuals, foundations and associations.

Financial performance

The financial performance of the Capital Market unit developed favourably during the year. Investments have been made both in human resources and marketing. The investments are evidenced by higher costs, but the positive effects are already visible as increased revenues.

Net income, i.e. income after reversals to other Aktia Group units and business partners, increased by 24.6% to EUR 16.2 million during the period compared with the corresponding period in 2006. The net commission makes up most of the revenues and, thanks to the strong growth of volume, shows an increase of 24.5%.

Operating expenses increased by 19.1% to EUR 9.5 million. The investments have required additional resources, which is also demonstrated through increased personnel costs which grew by 16.4% to EUR 4.9 million.

The segment's operating profit increased by 33.4% to EUR 6.7 million as a result of positive developments in the financial performance of all units.

Volume trends

The funds managed and brokered by the Aktia Group totalled EUR 2,013 million. This is an increase of 41.8% on the previous year. Aktia's branch office business represents approximately 35% of the total volume of funds.

The market share of Aktia's funds increased from 2.33% in December 2006 to 3.05% in December 2007. The net sales of funds have been good during the year. Aktia' share of the net growth of the total fund capital on the market was 12.1%.

At the end of December, the assets managed by Aktia Asset Management totalled EUR 3,721 million. This represents an increase of 85.3% on the previous year.

The private banking operation also performed well, with an 8.1% increase in managed assets. The number of customers has increased by approximately 17% from the beginning of the year. Customer assets totalled EUR 1,153 million.

Miscellaneous

During the year, Aktia Fund Management signed an agreement with Standard Life regarding the sale of units in a real estate fund, an agreement with Hagström & Qviberg regarding a number of funds targeted at emerging markets, and a distribution agreement regarding Odin. These agreements will further strengthen Aktia's competitive product portfolio.

Corporate Banking & Treasury

Corporate Banking operations consist of four branch-specific customer teams, the Transaction Centre and Aktia Corporate Finance Ltd. In 2007, the corporate banking branches in Helsinki and Espoo were also included in the segment. The Corporate Banking segment provides a comprehensive range of services to corporate customers, with a special focus on building and real estate, ownership structure, cash and trade, and banking and financing customers. A corporate support unit operates in conjunction with the Corporate Banking segment, providing assistance to the Retail Banking segment as they serve local corporate customers.

In addition, Corporate Banking includes the Treasury segment and Aktia Real Estate Mortgage Bank plc. The Treasury is responsible for managing the bank's balance sheet and interest rate risks as well as the Group's liquidity and financing. Aktia Real Estate Mortgage Bank is an important part of the funding of Aktia and local banks.

Aktia cooperates with savings banks and local co-operative banks in the following areas:

- central financial institution
- Aktia Real Estate Mortgage Bank Plc
- sales of funds and insurance policies
- asset and liability management services
- special payment transaction services and joint financing of corporate customers

Financial performance

Operating income increased by 21.0% to EUR 23.2 million (19.2).

Aktia's interest rate risk management which in previous years has made a positive contribution to the net interest income has, with the sharply rising interest rates in 2007, resulted in the net interest income only increasing by 5% compared with the previous year.

The net interest income of the segment increased by 21.9% to EUR 24.2 million (19.8) as a result of the volume growth of the Mortgage Bank, as well as the growth of Corporate Banking and Treasury, in particular during the fourth quarter as the bank was able to utilise its good liquidity in the generally tight credit situation.

Net commission income was negative, EUR -3.6 million (-1.9), as a result of the stock of Mortgage Bank credits arranged by local banks growing strongly compared with 2006. During the year, the net commission income of Corporate Banking & Treasury remained at the same level as in 2006.

Operating expenses increased by 22% to EUR 11.9 million (9.7). Personnel costs increased by 36% to EUR 4.5 million (3.3) as a result of investments in recruiting new staff for Corporate Banking. The personnel costs of Treasury and Mortgage Bank remained basically at the 2006 level.

The operating profit increased by 18% to EUR 11.3 million (9.5). All three business areas contributed to the increase in operating profit. Corporate Banking accounted for approximately half of the operating profit.

Balance Sheet

Financial assets available for sale increased during the year to EUR 1,716 million (1,179). These assets are the bank's liquidity buffer and they are placed in investments that are eligible for refinancing at central banks.

Loans and other receivables increased by 81% to EUR 1,396 million (770), mainly as a result of strong growth in mortgages arranged by local banks as well as the positive development of lending in Corporate Banking, especially during the latter part of the year.

The deposit stock increased because both customers and counterparts sought safe investment alternatives, especially during the latter part of the year. The total deposit stock of the segment increased by 18% to EUR 1,137 million (964).

The debt securities issued increased by 51% to EUR 1,995 million (1,321) as a result of two covered bond issues during 2007.

Main events in 2007 in Corporate Banking

Corporate Banking was established by merging various units within Aktia, and through the recruitment of new staff. In June, Corporate Banking moved to its own premises in Ruoholahti, Helsinki.

From September, Aktia Corporate Finance Ltd provides financing secured by collateral objects (hire purchase, leasing, factoring) as a supplement to traditional bank credits. One key activity during the year was the integration of insurance products in the offering of Corporate Banking. Following this, Aktia is now well placed to offer an extensive product portfolio to its corporate customers.

In spite of major restructuring, Aktia has succeeded in serving its customers appropriately and has grown in the selected market niches. The credit stock of Corporate Banking, excluding mortgages arranged by other savings banks and local cooperative banks, increased by 23% from EUR 383 million to EUR 472 million.

During 2007, the cooperation with local banks has in particular focused on preparations for the Single Euro Payments Area (SEP). A joint project for increasing the scale of and cooperation in clearing business outside the current scope was initiated.

Main events in 2007 in the Mortgage Bank and Treasury

2007 was the seventh year of business for the Mortgage Bank, and the first complete financial year with the expanded ownership base. The Mortgage Bank now offers its services through a total of more than 300 bank branch offices. 60 savings banks and local cooperative banks have agreements with the Mortgage Bank for selling its mortgages. The number of loans increased during 2007 to 21,000, an increase of 5,000 loans.

In 2007, Moody's Investor Service Ltd gave Aktia Real Estate Mortgage Bank's covered bonds an Aaa rating.

During the financial year, the Mortgage Bank had two separate bonds issues of EUR 250 million each.

Martti Porkka has been the Managing Director of the Mortgage Bank since May 2007.

Aktia's liquidity has been good throughout the year, but it improved during the last quarter as a result of the general unrest on financial markets. Borrowing increased both from the public and local banks, and there was good demand for Aktia's deposit certificates.

Treasury sells balance sheet and interest rate risk reporting services to local banks, and also arranges derivatives for them. The business has grown, and the increased requirements for reports submitted to public authorities provide potential for the continuous expansion of reporting services.

Life Insurance

Veritas Life Insurance Company provides life insurance for private persons, entrepreneurs and companies in Finland. The company has approximately 112,000 private customers and 7,000 corporate customers that are served through different channels. The most important sales channels are Aktia's branch offices, local cooperative bank offices and Veritas Pension Insurance and Veritas Non-Life Insurance Companies. The product portfolio includes life and health insurance, voluntary pension insurance and savings and investment insurance.

Veritas Life Insurance became a subsidiary of Aktia Savings Bank on 17 January 2007. As a result, the profit from life insurance and corresponding balance sheet items are only included in this report for 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 compares the financial performance and solvency of the life insurance business to the company's figures for the previous year in order to improve the clarity of information.

Financial performance

Veritas Life Insurance succeeded in increasing its sales, and the premium income increased by 5.0% to EUR 99.8 million (95.1). Sales through Aktia's branch offices grew by as much as 96%. The volume of unit-linked savings and pension insurance policies increased the most.

Compensation payments to customers also increased as a result of an increase in policy surrenders. The total amount of compensation paid was EUR 66.1 million (59.6). The loss ratio of risk insurance was almost unchanged at 80.9%.

The operating expenses were somewhat lower than in the previous year in spite of certain non-recurring items and integration costs. The operating expenses totalled EUR 12.2 million (12.4). The cost ratio decreased by 3.2 percentage points to 110.0% (112.7) thanks to increased total expense loadings and lower operating expenses.

The performance of investment markets had two distinctly different periods, and the investment results were mainly accumulated during the first six months. The return on investments at fair value was 6.2%, and the net result of the investment business amounted to EUR 92.5 million. The share and property risks decreased considerably during the year as a result of selling off part of these investments. New investments were made mainly in interest-linked instruments, hedge funds and raw materials funds. At year-end, the investment portfolio was made up of 60.3% (52.9) of interest-linked instruments, 29.8% (27.3) of shares and participations and 9.9% (19.8) of real estate property. At market values, on 31 December 2007 the investment portfolio stood at EUR 784.3 million (754.1) excluding the investments of EUR 203.1 million (165.6) in unit-linked policies.

Technical provisions increased by EUR 70.9 million to EUR 854.8 million (754.1). Unit-linked provisions amounted to EUR 200.5 million (166.9) while the provisions for interest-linked policies amounted to EUR 654.3 million (617.0). The interest requirement for the latter decreased to 2.9% through an increase of provisions by EUR 20.2 million. A provision of EUR 4.5 million was made for payments to customers in the future. The cost of payments to customers in 2007 amounted to EUR 4.6 million (4.1).

The operating capital decreased to EUR 121.7 million (132.2), which exceeds the minimum requirement three-fold. The solvency ratio was 18.1% (20.9%).

The operating profit of the life insurance segment was EUR 40.5 million. The eliminations related to life insurance business are shown under Group elimination items and other items.

Main events in 2007

The year was characterised by the restructuring of organisation and administration resulting from the merger with Aktia Group.

The most significant change took place in the sales organisation. Veritas Life Insurance had twenty of its own branch offices at the beginning of the year, and nine of them moved to Aktia's premises during the year. The banking business has also been initiated in the Oulu region as a result of the existing operations the Life Insurance Company had there.

In addition, the profitability of Veritas Life Insurance offices was evaluated in areas where Aktia has no local presence. This resulted in five of nine offices being closed down. The five remaining offices of Veritas Life Insurance are now in Pori, Närpiö, Hämeenlinna, Jyväskylä and Joensuu.

Integration has also brought about administrative changes. Veritas Life Insurance has established its own routines and office systems. The IT environment of Veritas Life Insurance has been integrated with that of Aktia Group, and the entire investment portfolio is now being managed by Aktia Asset Management.

Miscellaneous and Eliminations

The financial performance for 2007 were burdened by the elimination of capital gains from the life insurance segment, amounting to EUR 54.2 million, which had been entered as income. The capital gains were created as the result of the selling price and the fair value of the assets according to the transfer calculation prepared by Veritas Life Insurance dated 1 January 2007. The result has been compensated by entering the final value of negative goodwill, EUR 12.1 million, to the income statement, as well as by the reinstatement of the adjustment to provisions amounting to EUR 19.9 million that were made in the transfer calculation because the company has entered the corresponding adjustment of provisions as a cost. For more details, see Note 1, Changes in the Group structure.

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

- The extraordinary general meeting of shareholders of Veritas Life Insurance held on 23 January elected M.Sc. Econ. Taru Narvanmaa as the new Managing Director of the company.
- The AGM of Aktia Savings Bank appointed on 29 March M.A. Agneta Eriksson, Managing Director Anders Nordman and LD.S. Sture Söderholm as new members of the Board of Supervisors. The AGM also decided to increase the number of members on the Board of Supervisors to thirty-two. Peter Heinström, consul, and Erik Karls, farmer, were elected as new members from the date on which the amendment of the Articles of Association regarding the number of members on the Board of Supervisors was registered and entered into force.
- In connection with the transition to IFRS reporting, the Board of Directors decided to reorganise the operations within the business segment. Internal and external reporting takes place for the following four segments: Retail Banking, Corporate Banking & Treasury, Capital Market and Life Insurance. The following persons have been appointed as heads of segments with profit responsibility: Jarl Sved (Retail Banking), Stefan Björkman (Corporate Banking & Treasury), Robert Sergelius (Capital Market) and Taru Narvanmaa (Life Insurance). Together with the CEO and Olav Uppgård responsible for Group Services, the heads of segments with profit responsibility form the Working Committee of the Group Executive Committee. At the same time, Gösta Råholm, formerly a Bank Director in Turku, became a member of the Executive Committee with particular responsibility for the branch office business in the Turku Region, Kemiö Island and Western Uusimaa.
- Director Sven Åström, a member of the Group Executive Committee, left his position at Aktia Savings Bank plc on 30 April 2007.
- In its meeting held on 4 December 2007, the Board of Supervisors of Aktia Savings Bank plc re-elected the current Board in its entirety for 2008. In addition, M.Sc. Econ. Kjell Sundström was elected as a new Board member. In connection with his election as a Board member, Kjell Sundström resigned his membership of Aktia's Board of Supervisors from 1 January 2008.

Important events after end of the financial year

On 31 January 2008, the Board of Directors of Aktia Savings Bank plc elected M.Sc. Econ. Jussi Laitinen as the new CEO. He takes up his position on 4 April 2008. Mikael Ingberg will continue as CEO until then.

Following publication of the Final Accounts Announcement, the final transfer calculation was prepared for Veritas Life Insurance. Intellectual rights valued at EUR 2.6 million have been included in the calculation. The write-down period for these intellectual rights is two years. The first year's write-downs had been charged to income in 2007.

As a result, the operating profit is EUR 1.3 million higher for 2007 than the operating profit reported in the Final Accounts Announcement of 14 February 2008.

Outlook

The Group has extended its earnings base, strengthened its competitiveness and has a strong capital base and good credit rating. These factors constitute good prerequisites for continued growth and a strengthened market position.

The banking business is deemed to have a low risk exposure and stable earnings.

The acquisition of Veritas Life Insurance will increase the volatility of financial performance. During 2007, Veritas Life Insurance made a significant contribution to the good financial performance.

The Group's operating profit is expected to remain at a good level, but the investment business in particular is expected to face challenges.

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

The Board's dividend proposal

The equity available for distribution for the parent company is EUR 134,264,796.83, of which profit for the year is EUR 19,279,593.56. The number of dividend-entitled shares is 40,101,936.

The Board of Directors proposes to the Annual General Meeting of the shareholders of Aktia Savings Bank plc that EUR 0.50 per share be distributed to shareholders, or a total of EUR 20,050,968.00. The record date is 4 April 2008, and the payment date is 11 April 2008.

No significant changes have affected the company's financial position since the preparation of the financial statements. The company's liquidity is good, and the proposed dividend payment will not, in the opinion of the Board of Directors, jeopardise the solvency of the company.

Aktia Savings Bank plc
The Board of Directors

FIVE-YEAR,REVIEW,FOR,THE,GROUP,31,DECEMBER

(EUR,thousands)

	2003	2004	2005	2006	2006 (IFRS)	2007 (IFRS)
Turnover						
- banking business	160,407	159,859	186,697	234,982	233,639	327,094
- life insurance business						192,507
+ / - elimination items with an effect on the financial result						-54,125
Group	160,407	159,859	186,697	234,982	233,639	327,094
Net interest income	75,288	73,928	79,698	84,238	84,134	88,878
Other income	37,392	39,259	52,644	53,812	52,332	192,769
Costs and depreciation	-81,214	-75,530	-75,698	-83,952	-83,947	-215,328
Profit before write-downs	31,467	37,657	56,643	54,098	52,520	66,318
Write-downs on loans and other commitments	-952	20	-1,035	1,590	1,590	-218
Sector-specific write-downs	-1,310	-1,990	-7,500			
Share of associated undertakings	991	151	1,030	711	711	195
Operating income	30,196	35,838	49,138	56,399	54,820	66,295
% of turnover	18.8%	22.4%	26.3%	24.0%	23.5%	14.2%
Profit for the year	20,460	22,238	37,015	42,254	41,210	51,951
Cost-to-income ratio, banking group	0.72	0.67	0.57	0.61	0.62	0.67
Life insurance group's expense ratio, %						110.0
Profit per share	0.58	0.63	1.05	1.20	1.17	1.31
Equity per share	5.44	5.87	6.89	7.14	7.05	8.09
Dividend per share	0.20	0.25	0.30	0.40	0.40	0.50
- anniversary dividend per share			0.10			
- extra dividend per share			0.30			
Dividend / profit, %	34.5	39.6	28.6	35.1	36.0	38.6
- incl. anniversary dividend and extra dividend			66.8			
Number of shares at the end of the period	35,258,050	35,298,050	35,298,050	35,298,050	35,298,050	40,101,936
Number of shares, adjusted for new issue	35,258,050	35,298,050	35,298,050	35,455,992	35,455,992	39,762,048
Equity	191,855	207,210	249,473	261,880	249,880	339,009
Return on equity ROE, %	11.1	11.2	16.3	16.8	16.8	17.9
Capital adequacy, %	5.48	5.10	5.48	4.77	4.97	5.04
Capital adequacy ratio, % (banking group)	13.86	14.1	15.1	13.8	13.8	15.4
Tier 1 capital ratio, % (banking group)	9.75	9.4	9.8	9.2	9.2	10.9
Solvency ratio, % (life insurance group)						18.1
The financial and insurance conglomerate's capital adequacy, %						138.6
Borrowing from the public	2,001,793	2,195,768	2,308,567	2,552,787	2,544,161	2,801,378
Lending to the public	2,594,996	2,891,994	3,249,522	3,760,754	3,763,175	4,573,746
Balance sheet total	3,511,929	4,076,206	4,553,469	5,490,380	5,491,668	7,952,185

Basis of calculation for key figures

Turnover, EUR
Banking business turnover +
life insurance business turnover +/-
elimination items with an effect on the financial result

Banking business turnover
Interest income + dividends + net commission income + net income from financial transactions + net income from investment properties + other operating income

Life insurance business turnover
Premium revenues before deduction of re-insurers' share + net income from investment business + other income

Profit per share, EUR
$$\frac{\text{Profit for the year after taxes attributable to the shareholders of Aktia Savings Bank plc}}{\text{Average number of shares over the period (adjusted for new issue)}}$$

Equity per share, EUR
$$\frac{\text{Equity attributable to the shareholders of Aktia Savings Bank plc}}{\text{Number of shares at the end of the period}}$$

Return on equity (ROE), %
$$\frac{\text{Profit for the period (on annual basis)}}{\text{Average equity}} \times 100$$

Cost/income ratio (C/I figure)
$$\frac{\text{Administrative expenses + depreciation and write-downs + other operating costs}}{\text{Net interest income + net commission income + net income from insurance business + dividends + net income from securities and currency trading + net income from financial assets available for sale + net income from investment properties + other operating income}}$$

Life insurance group's expense ratio, %
$$\frac{\text{(Operating costs before the change in capitalised insurance acquisition costs + cost of claims paid)}}{\text{Total expense loadings}} \times 100$$

Total expense loadings are items which, according to actuarial calculations, should cover the costs. The operating costs do not include the re-insurers' provisions. The total expense loadings include all payment items.

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 regulation 4.3 issued by the Finnish Financial Supervision Authority. The capital requirements for operative risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervision Authority.

Capital adequacy ratio, % (banking group)
$$\frac{\text{Capital base (Tier 1 capital + Tier 2 capital)}}{\text{Risk-weighted commitments}} \times 100$$

The capital base is calculated in accordance with standard 4.3a issued by the Finnish Financial Supervision Authority.

Tier 1 capital ratio, % (banking group)
$$\frac{\text{Tier 1 capital}}{\text{Risk-weighted commitments}} \times 100$$

Solvency ratio, % (life insurance group)
$$\frac{\text{Solvency capital}}{\text{Technical provision} - \text{75\% of provisions for unit-linked insurance}} \times 100$$

The technical provision is calculated after deduction of the re-insurers' share.

Capital adequacy ratio, % (financial and insurance conglomerate)
$$\frac{\text{The total capital base of the conglomerate (equity including sector-specific assets and deductions)}}{\text{Minimum requirement for the conglomerate's own assets (credit institution + insurance business)}} \times 100$$

The capital adequacy of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates as well as by the related decree.

Corporate Governance

The following pages provide further information on the group's administrative bodies and affairs with reference to management, independence and transparency in its operations (Corporate Governance).

The Helsinki Stock Exchange's Corporate Governance recommendation

Aktia Savings Bank plc has announced its intention to list the company's shares on the stock exchange and has undertaken to follow the stock exchange's rules on the disclosure of information. With regard to the disclosure of information, the bank therefore complies with the recommendation regarding the administration and control systems of listed companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers (TT). Aktia also observes other parts of the recommendation, but with exceptions due to the fact that the Board of Supervisors appoints the bank's Board of Directors and makes decisions on any matters involving a significant restriction or expansion of operations. Separate bodies for dealing with audit, nomination and remuneration issues have not been instituted as Board committees, but the Board of Supervisors includes presiding officers who prepare matters to be dealt with by the Board of Supervisors and a Controlling Committee which monitors the work of the Board in closer detail.

Regulatory framework

Aktia Savings Bank plc is managed in compliance with the Companies Act and the Credit Institutions Act. The subsidiaries are managed in accordance with applicable legislation, such as the Mortgage Bank Act, the Mutual Funds Act and the Securities Companies Act. The regulations on corporate administration, which can be found on Aktia's web site at www.aktia.com, are also included in the bank's Articles of Association and in the rules of procedure adopted by the Board of Supervisors and Board of Directors that define the individual administrative bodies' general duties, meeting procedures, meeting minutes, ordinary meeting business, preparation and reporting procedures in more detail.

Annual General Meeting

Ordinary Annual General Meetings are held each year before the end of May on a date set by the Board of Directors. Ordinary Annual General Meetings deal with:

- the financial statements and the Report by the Board of Directors for the previous financial year
- payment of dividends
- discharge from liability for the members of the highest administrative bodies
- fees for the Board of Supervisors and the auditors
- electing members of the Board of Supervisors
- electing auditor(s)

The meeting may also deal with other matters mentioned in the summons. Shareholders are summoned to an Annual General Meeting through announcements in one or more of the daily papers specified by the Board of Directors with general circulation in Finland. The summons must include details of matters to be discussed at the meeting. In order to be able to participate in an Annual General Meeting, a shareholder must inform the bank by the specific date stated in the summons. This date may be a maximum of ten days prior to the Annual General Meeting. Extraordinary General Meetings are held under the conditions mentioned in the Articles of Association.

The bank's press release from the most recent Annual General Meeting can be found on Aktia's web site at www.aktia.com.

THE BOARD OF SUPERVISORS

The duties of the Board of Supervisors

The Board of Supervisors is responsible for the administration of the bank and reports on the bank's financial statements, Report by the Board of Directors and audit report at the bank's ordinary Annual General Meeting. The Board of Supervisors makes decisions on matters that are related to the significant restriction or expansion of operations. The Board of Supervisors also appoints the bank's Board of Directors and can advise the Board of Directors in matters that are of special importance or fundamentally vital. During 2007, the Board of Supervisors met four times, its presiding officers met three times and its Controlling Committee met once.

Appointment of the Board of Supervisors and fees

The Board of Supervisors, which consists of no more than thirty six members, is appointed by the bank's ordinary Annual General Meeting for a term of office of three years. No person who has turned 67 before the beginning of the term can be elected to serve on the Board. Within the Board of Supervisors, there are presiding officers and a Controlling Committee.

Thirty two members were appointed to the Board of Supervisors at the 2007 Annual General Meeting. The Board of Supervisors' Deputy Chairman, Kjell Sundström, retired from the Board of Supervisors with effect from 1 January 2008 in connection with his appointment as a member of the bank's Board of Directors.

The remuneration payable to the members of the Board of Supervisors is determined by the Annual

General Meeting. The fees established by the 2007 Annual General Meeting consist of an annual fee and an attendance fee. The fees vary in scale for the Chairman, the Deputy Chairman and the members of the Board. Details of the remuneration paid can be found in note 60 to the Group's official financial statements.

THE BOARD OF DIRECTORS

The duties of the Board of Directors

The Board of Directors is responsible for the management of the bank in accordance with the provisions of the applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board of Directors to its members in individual cases, Board members do not have individual duties related to the governance of the bank.

The Board held 23 meetings in 2007, with average attendance of 97%.

Appointment of the Board and fees

The members of the Board of Directors are appointed by the bank's Board of Supervisors for one calendar year at a time. No person who has turned 67 before the beginning of the term can be elected to serve on the Board. Seven members were appointed to the Board for 2007. All Board members were re-elected for 2008, with the addition of treasurer Kjell Sundström M.Sc. (Econ) who was elected as the new eighth member.

In 2007, remuneration totalling EUR 35,680 was paid for serving as Chairman of the Board of Directors, EUR 22,160 for serving as Deputy Chairman and, for serving as a Board member, a sum varying between EUR 18,444 and EUR 19,084 (based on varying levels of attendance) was paid out. This remuneration was provided as cash. The Board members do not participate in share-based incentive schemes.

The independence of Board members

As per the Board's evaluation, all Board members, as referred to in HEX, the Central Chamber of Commerce and TT's Corporate Governance recommendation, are independent in relation to the bank. When surveying the dependent relationships with major shareholders as referred to in the recommendation, it has been noted that the Board members Dag Wallgren and Nina Wilkman are board members of the Savings Bank Foundation in Helsinki, and that the Board member Lars Hammarén is a board member of Life Insurance Company Hereditas.

Managing Director

The Managing Director shall deal with the bank's day-to-day management in accordance with the instructions issued by the Board of Supervisors and the Board of Directors. The Managing Director is appointed by the bank's Board of Directors, which establishes the salary, pension benefits, notice terms and other terms of employment for the Managing Director.

During 2007, the Managing Director received a cash salary worth a total of EUR 349,678. In addition, benefits in kind worth EUR 41,457 were received.

The period of notice specified in the Managing Director's employment contract is 18 months on the part of the bank and six months on the part of the Managing Director. The retirement age for the Managing Director is 63 years. On reaching retirement age, the Managing Director receives a pension of 60% of the pensionable salary.

Executive Committee

The Executive Committee is involved in making decisions on the bank's current business operations and those of its subsidiaries, in accordance with the corporate governance instructions for the management of the Group's business operations issued by the bank's Board of Directors. The Executive Committee's decisions are prepared by a Working Committee. Certain matters related to lending and the handling of the Group's financing, liquidation and market risks, as well as the administration of office operations, are dealt with by committees appointed by the Executive Committee from within its ranks. The members of the Executive Committee are appointed by the bank's Board of Directors. The bank's Managing Director acts as chairman of the Executive Committee.

The Executive Committee convened 19 times during 2007, with the Executive Committee convening 20 times.

The fringe benefits and other remuneration systems for the Managing Director and the other members of the Executive Committee are established by the Board of Directors of the bank. The salaries of the members of the Executive Committee are paid in cash.

For 2007, a bonus system has been created which, depending on the bank's profit and individual targets, may provide the Managing Director and the other members of the Group's Executive Committee with a bonus of up to three monthly salary payments. Depending on the performance conditions established in a share-based bonus programme, they may also be awarded an additional bonus for the subscription of shares (up to a combined maximum of 24,980 shares) in the bank. These shares are therefore covered through a fixed-term restriction on the right of disposal.

Both the Managing Director and the other members of the Group's Executive Committee are also members of the Group's personnel fund.

Assurance of the suitability, competence and integrity of decision-makers

The suitability and competence of the members of the bank's Board of Directors, the Managing Director and his replacement are verified in accordance with the directives of the Finnish Financial Supervision Authority, both before appointment and thereafter on a regular basis. The procedure, which includes certain background investigations and a separate assurance of suitability and reliability, is designed to ensure that the members of the bank's highest decision-making bodies continually satisfy the most rigorous requirements for integrity and impeccable management of their own personal financial affairs.

In accordance with the bank's articles of association, the members of the Board of Directors are required to inform the Board of Supervisors of their involvement in the administration of any other companies. The Managing Director may join the administrative bodies of other companies only with express permission to do so. The most important positions of the members of the Board of Directors and Board of Supervisors in other organisations and foundations are listed in the Annual Report.

Credit applications by members of the Board of Directors, the Managing Director and members of the Board of Supervisors are always dealt with by the Board of Directors, irrespective of the amounts involved. Details of loans granted can be found in note 61 to the Group's official financial statements.

The bank's rules of procedure include provisions on recusation which are more comprehensive than the regulations found in the relevant legislation. The provisions on recusation forbid dealing with matters related to the subject himself and his close relatives, or an organisation or foundation in which the subject wields significant influence.

Insider administration

In addition to the mandatory regulation of insider issues in credit institutions, Aktia Savings Bank plc applies insider rules corresponding to the model rules of the Finnish Association of Securities Dealers.

According to the bank's insider rules, information on a person is entered in the bank's insider register as required by the Securities Market Act and the Finnish Financial Supervision Authority. Members of the bank's Board of Directors, the Managing Director and his replacement are entered in the bank's register of insiders, which means that their shareholdings in listed companies is public information. Public disclosure is a way of ensuring that no abuse of market information can take place.

Audit

Every year, the ordinary Annual General Meeting appoints one or two auditors for the bank. The auditor must be authorised by the Central Chamber of Commerce.

Over the last few years, the Annual General Meeting has elected to appoint one auditor only. For 2007, PricewaterhouseCoopers Oy, authorised by the Central Chamber of Commerce, was appointed. Jan Holmberg, also authorised by the Central Chamber of Commerce, has operated as the auditor-in-charge. Apart from a bank giro account, neither the association of auditors nor the auditor-in-charge has any customer relationship with the bank. For the subsidiary Life Insurance Company Veritas and the sub-group, authorised auditors KPMG Oy Ab acted as auditor for 2007.

In 2007, a total of EUR 224,293.90 in remuneration (excluding VAT) was paid for auditing the accounts of the Group's companies. This sum includes fees for auditing the mutual funds administered by Aktia Fund Management Ltd. For services other than audits, companies in the Group paid fees totalling EUR 263,399.75 (excluding VAT).

Internal audit

The internal audit function within the bank has been set up as an independent unit which is subordinate to the bank's Board of Directors. The Board makes decisions on the employment and dismissal of the manager of the bank's internal audit function, whose terms of employment are approved by the chairman of the Board of Directors. Every year, the Board establishes an activity plan at group level for the internal audit function.

The internal audit function regularly reports its observations to the Board of Directors, and once a year to the Board of Supervisors' Controlling Committee. It also communicates with the external auditors, the Finnish Financial Supervision Authority and the Finnish Insurance Supervisory Authority.

The internal audit function also examines the activities of the subsidiaries, and reports on these activities to the boards of each subsidiary.

Risk management

Details of the Group's risk management can be found in note 2 to the consolidated financial statements.

Share capital and ownership

Details of the share capital can be found in notes 52 and 146, while details of ownership can be found in note 147.

Shareholders' agreement

The bank has learned of a shareholders' agreement between shareholders with a combined holding of more than two thirds of the bank's shares and votes. The agreement includes an arrangement whereby any party wishing to sell shares shall offer them to another contracting party. In accordance with the agreement, the parties strive to represent a unanimous equity interest.

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	2007	2006
Interest income	6	272,404	181,306
Interest expenses	6	-183,526	-97,172
Net interest income	6	88,877	84,134
Dividends	7	1,541	1,222
Commission income	8	57,182	48,107
Commission expenses	8	-9,836	-8,046
Net commission income		47,346	40,061
Income from insurance premiums		99,817	-
Net income from investments		38,261	-
Income from life insurance business	9	138,078	-
Net income from securities and currency trading	10	1,008	1,255
Net income from financial assets available for sale	12	1,250	-519
Net profit from financial transactions		2,257	736
Net result from hedge accounting	11	-	-
Net income from investment properties	13	480	4,880
Other operating income	14	3,067	5,433
Total operating income		**281,647**	**136,466**
Insurance claims paid	9	-66,058	-
Change in provisions	46	-53,798	-
Claims paid and change in provisions for insurance business		-119,856	-
Staff costs	15	-55,557	-41,691
Other administrative expenses	16	-34,413	-26,869
Realised negative goodwill	4	12,082	-
Depreciation of tangible and intangible assets	30, 31	-5,121	-3,634
Other operating expenses	17	-12,464	-11,752
Total operating expenses		**-215,328**	**-83,947**
Write-downs of credits and other commitments	18	-218	1,590
Share of profit from associated undertakings		195	711
Operating profit		**66,295**	**54,820**
Taxes	19	-13,450	-13,403
Profit for the reporting period		**52,845**	**41,417**
Attributable to:			
Shareholders in Aktia Savings Bank plc		51,951	41,209
Minority interest		894	208
Total		**52,845**	**41,417**
Earnings per share, EUR, attributable to shareholders in Aktia Savings Bank plc	21	1.31	1.17
Diluted earnings per share, EUR, attributable to shareholders in Aktia Savings Bank plc	21	1.28	1.16

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	2007	2006
Assets			
Cash and balances with central banks	22, 29	235,273	307,907
Financial assets held for trading	23	-	7,777
Interest-bearing securities		2,071,964	1,187,848
Shares and participations		406,484	54,537
Financial assets available for sale	24, 29	2,478,448	1,242,385
Lending to credit institutions		183,265	33,843
Lending to the public and public sector entities		4,574,017	3,763,175
Loans and other receivables	25, 29	4,757,282	3,797,018
Financial assets held until maturity	26	45,840	47,843
Derivatives for hedge accounting	27, 45	12,248	5,003
Investments for unit-linked provisions	29	203,134	
Intangible assets	30	7,426	2,688
Tangible assets	31, 29	111,184	39,977
Investments in associated undertakings	32	3,556	2,227
Accrued income and advance payments		74,964	35,614
Other assets		13,236	2,155
Total other assets	33, 29	88,199	37,768
Income tax receivables		3,738	58
Deferred tax receivables	34	5,857	1,017
Tax receivables		9,594	1,075
Total assets		**7,952,185**	**5,491,668**
Liabilities			
Liabilities to credit institutions		928,614	796,224
Liabilities to the public and public sector entities		2,801,378	2,544,161
Deposits	38	3,729,991	3,340,385
Debt securities issued	39	1,980,478	1,321,257
Subordinated liabilities	40	190,637	193,752
Other liabilities to credit institutions	41	429,124	89,501
Other liabilities to the public and public sector entities	42	140,653	124,462
Other financial liabilities		2,740,892	1,728,973
Derivatives for hedge accounting	44, 45	20,601	12,840
Provision for interest related insurances	46	654,316	-
Provision for unit-linked insurances	46	200,527	-
Provisions	47	259	826
Accruals and prepaid income		81,157	33,640
Other liabilities		130,920	92,997
Total other liabilities	48, 46	212,077	126,636
Income tax liability		8,602	8,765
Deferred tax liabilities	34	45,911	23,363
Tax liabilities		54,513	32,128
Total liabilities		**7,613,176**	**5,241,788**
Equity			
Share capital	52	80,204	70,596
Legal reserve		8,079	8,079
Share premium account		1,893	1,893
Fund at fair value	53	-17,965	-1,697
Total restricted equity		72,211	78,871
Unrestricted equity reserve	52	45,254	-
Retained earnings at January, 1		169,919	153,418
Dividends to shareholders		-14,825	-24,709
Profit for the reporting period		51,951	41,209
Unrestricted equity		252,298	169,919
Shareholders' share of equity		324,510	248,790
Minority interest's share of equity		14,499	1,090
Equity		**339,009**	**249,880**
Total liabilities and equity		**7,952,185**	**5,491,668**

CONSOLIDATED OFF-BALANCE-SHEET COMMITMENTS

(EUR 1,000)	Note	2007	2006
Off-balance-sheet commitments	57		
Guarantees and pledges		57,232	47,355
Other		27,060	28,526
Commitments provided to a third party on behalf of the customer		84,292	75,881
Securities repurchase commitments		-	-
Other		545,318	438,810
Irrevocable commitments given in favour of a customer		545,318	438,810
Total off-balance-sheet commitments		**629,610**	**514,691**

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	2007	2006
Cash flow from operating activities		
Operating profit	66,295	54,820
Adjustment items not included in cash flow for the period:		
Impairment of financial assets	243	678
Change in fair values	1,136	-5,907
Unrealised changes in currency trading	-	-
Depreciation and impairment of intangible and tangible assets	5,171	4,132
Share of profit from associated undertakings	-195	-711
Sales gains and losses from intangible and tangible assets	-463	-6,014
Other adjustments	-12,162	-774
Paid income taxes	-20,055	-9,971
Cash flow from operating activities before change in operating receivables and liabilities	**39,969**	**36,252**
Change (+/–) in receivables of operating activities	**-1,620,158**	**-947,552**
Financial assets held for trading	7,777	-888
Financial assets available for sale	-538,416	-472,339
Loans and other receivables	-963,077	-517,732
Assets of life insurance business	-85,868	-
Other assets	-40,574	43,406
Change (+/–) in liabilities of operating activities	**1,546,299**	**880,463**
Deposits	389,535	294,475
Debt securities issued	659,221	534,936
Other financial liabilities	355,814	78,774
Liabilities of the insurance business	73,637	-
Other liabilities	68,092	-27,722
Total cash flow from operating activities	**-33,890**	**-30,836**
Cash flow from investing activities		
Financial assets held until maturity, increase	-	-14,388
Financial assets held until maturity, decrease	2,000	-
Investments in group companies and associated undertakings	-30,008	-300
Proceeds from the sale of group companies and associated undertakings	-	5,310
Investment in tangible and intangible assets	-13,416	-7,170
Disposal of tangible and intangible assets	1,479	59,721
Real Estate Mortgage Bank’s issue to minority	10,524	-
Total cash flow from investing activities	**-29,421**	**43,173**
Cash flow from financing activities		
Subordinated liabilities, increase	59,089	68,280
Subordinated liabilities, decrease	-61,943	-38,473
Increase in share capital	3,608	-
Increase in unrestricted equity reserve	12,254	-
Paid dividends	-25,415	-14,119
Total cash flow from financing activities	**-12,407**	**15,688**
Change in cash and cash equivalents	**-75,717**	**28,025**
Cash and cash equivalents at the beginning of the year	316,484	288,459
Cash and cash equivalents at the end of the year	240,766	316,484
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	10,866	10,536
Life insurance operation’s cash in hand	6,864	-
Bank of Finland account	217,543	297,371
Loans to credit institutions repayable on demand	5,493	8,576
Total	**240,766**	**316,484**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Legal reserve	Share premium account	Fund at fair value	Unrestricted equity fund	Retained earnings	Share-holders' share of equity	Minority interest's share	Total equity
Equity according to FAS as at 1 January 2006	**70,596**	**8,079**	**1,893**	**7,735**	**0**	**154,831**	**243,135**	**6,338**	**249,473**
Change in fair value of derivatives used to hedge cash flow				33			33		33
Ineffective element of the valuation at fair value of derivatives used to hedge cash flow						132	132		132
Reversal of part of the written down group-specific credits						1,628	1,628		1,628
Write-down of properties to fair value						-1,567	-1,567	-101	-1,668
Adjustement for the Real Estate Mortgage Bank's minority interest						-1,606	-1,606	-5,450	-7,055
Equity according to IFRS as at 1 January 2006	**70,596**	**8,079**	**1,893**	**7,768**	**0**	**153,418**	**241,755**	**788**	**242,543**
Change in valuation of fair value of financial assets available for sale				-12,524			-12,524		-12,524
Change in valuation of fair value of cash flow hedging				-1,150			-1,150		-1,150
Transferred to the income statement				882			882		882
Share of deferred taxes direct to equity				3,326			3,326		3,326
Share issue expenses							0		0
Income and expenses recognised directly in equity				-9,466			-9,466		-9,466
Profit for the reporting period						41,209	41,209	208	41,417
Total income and expenses booked for the period	0	0	0	-9,466	0	41,209	31,744	208	31,952
Share issue							0		0
Dividends to shareholders						-24,709	-24,709		-24,709
Other change in minority interest's share of equity							0	94	94
Equity as at 1 January 2007	**70,596**	**8,079**	**1,893**	**-1,697**	**0**	**169,919**	**248,790**	**1,090**	**249,880**
Change in valuation of fair value of financial assets available for sale				-21,358			-21,358		-21,358
Change in valuation of fair value of cash flow hedging				-100			-100		-100
Transferred to the income statement				-889			-889		-889
Share of deferred taxes direct to equity				6,079			6,079		6,079
Share issue expenses					-530		-530		-530
Income and expenses recognised directly in equity				-16,268	-530		-16,797		-16,797
Profit for the reporting period						51,951	51,951	894	52,845
Total income and expenses booked for the period	0	0	0	-16,268	-530	51,951	35,154	894	36,048
Share issue	9,608				45,783		55,391		55,391
Dividends to shareholders						-14,825	-14,825		-14,825
Other change in minority interest's share of equity							0	12,515	12,515
Equity as at 31 December 2007	**80,204**	**8,079**	**1,893**	**-17,965**	**45,254**	**207,045**	**324,510**	**14,499**	**339,009**

Of the change in minority interest's share of equity in 2007 EUR 12,456 thousand come from the increased minority interest in Aktia Real Estate Mortgage Bank.

CONTENT TO THE GROUP NOTES

NOTE 1. OVERVIEW OF SIGNIFICANT CONSOLIDATED ACCOUNTING PRINCIPLES

Basis for preparing reports

The Group has prepared its consolidated financial statements for 2007 in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU. In preparing the notes to the consolidated accounts, the applicable Finnish accounting and corporate legislation have also been taken into account. The consolidated accounts are presented in thousands of euro, unless otherwise indicated. The consolidated accounts have been prepared in accordance with original acquisition values, unless otherwise indicated in the accounting principles.

The following new standards and interpretations have been introduced:

IFRS 7 Financial Instruments
A new standard which deals with disclosure requirements for all risks arising through financial instruments. The standard applies to all companies which own financial instruments. The Group applies IFRS 7 from 2007.

IFRS 8 Operating Segments
A new standard which replaces IAS 14 Segment Reporting. IFRS 8 requires that the definition of the segment follows the structure of the internal organisation in accordance with which operations are monitored. The Group applies IFRS 8 from 2007.

IFRIC 9 Reassessment of Embedded Derivatives
This interpretation clarifies certain aspects of dealing with embedded derivatives in accordance with IAS 39. The Group already meets the criteria of IFRIC 9.

IFRIC 10 Interim Financial Reporting
and Impairment
This interpretation is due to a contradiction between the standard on interim reporting, IAS 34, and the standard on impairment, IAS 36. IFRIC 10 clarifies the fact that an impairment recognised in an interim financial statement must not be reversed in subsequent interim or annual financial statements. The Group applies IFRS 10 from 2007.

New standards which are not applicable for 2007:

IFRIC 13 Customer Loyalty Programmes
This interpretation deals with reporting on customer loyalty programmes. The Group has not adopted this interpretation, but is evaluating the impact of the interpretation on its results or financial position. This standard applies from 1 July 2008. The Aktia Group has two bonus programmes: Aktia Bonus and Aktia Kortbonus.

IAS 1 Presentation of Financial Statements
This standard has been revised in order to provide better information for analysing and comparing companies. The Group will report in accordance with the revised IAS 1 no later than the financial year beginning 1 January 2009.

The Group is not affected by changes made to the following standards and interpretations:

IAS 23 Borrowing Costs. The Aktia Group does not generate any borrowing costs.
IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.
IFRIC 8 Scope of IFRS 2.
IFRIC 11 IFRS 2 – Group and Treasury Share Transactions.
IFRIC 12 Service Concession Arrangements.
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group will adopt the following IASB standards during the 2010 financial year:

IFRS 3 Business Combinations (revised)
IAS 27 Consolidated and Separate Financial Statements (revised)

The consolidated accounts for the financial year ending 31 December 2007 were approved by the Board of Directors on 29 February 2008, and will be submitted to the annual general meeting on 1 April 2008 for adoption.

Consolidation principles

The consolidated financial statements cover the parent company, Aktia Savings Bank plc, and all the subsidiaries over which the parent company has authority. The Group is deemed to have authoritative influence if its shareholding brings entitlement to more than 50% of the votes (including potential votes), or if it is otherwise entitled to shape the company's financial position and operating strategies in order to gain benefit from its operations. Subsidiaries are consolidated from the acquisition date until the date of disposal. Subsidiaries acquired before 1 January 2004 are consolidated in accordance with the originally applied consolidation principles, with reference to exceptions in IFRS 1 the first time IFRS is applied. Subsidiaries acquired after 1 January 2004 are consolidated in accordance with IFRS 3 Business Combinations.

The consolidated accounts cover those subsidiaries in which the company directly or indirectly owns over 50% of the votes, or otherwise has authority (over 50% of the shares with voting rights). The acquisition method has been applied to eliminations. The acquisition method involves the assets, liabilities, contingent assets and contingent liabilities of the acquired company at the time of acquisition being assessed at fair value. Following assessment at fair value, either goodwill or negative goodwill arises. If goodwill arises, this is examined at least once every reporting period. If negative goodwill arises, this is charged to income in its entirety immediately at the time of acquisition.

The consolidated accounts cover those associated companies in which the Group owns 20-50% of the votes or otherwise has considerable influence. On consolidating associated companies, the equity method has been applied. The equity method involves the Group's share of the associated company's shareholders' equity and results increasing or reducing the value of the shares reported on the balance sheet date.

All internal business transactions, receivables, liabilities, dividends and profits are eliminated within the consolidated accounts.

Minority interest is shown separately under consolidated shareholders' equity.

Segment-based reporting

The Group follows the new IFRS 8 standard for segment reporting. The Group'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.

The branch office operation includes Aktia Savings Bank plc's branch office operation, mortgage 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 Bank plc's private bank in Helsinki and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management 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, which is consolidated as a sub-group within segment reporting. The Veritas Life Group consists of the subsidiaries and associated companies owned by the Veritas Life Insurance Company.

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 the subsidiary Vasp-Invest Ab.

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 Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity and balance protection measures for which management has issued authority. 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.

With the exception of the Life Insurance segment, the share of profits in associated undertakings, acquisition eliminations, the minority interest share and other group adjustments are included in the segment entitled Miscellaneous and Eliminations.

Pricing between the segments is based on market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies outside the Eurozone have been converted into euro using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as net income from currency trading. The exchange rate differences that have arisen from the life insurance business are included under net income from investment activities.

Revenue recognition

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity.

Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Commissions

The basic principle is that commissions are reported in accordance with the accrual basis of accounting.

Investment and insurance agreements are reported in further detail under the insurance business's assets and liabilities.

The insurance business's administrative expenses

The insurance business's administrative expenses are reported according to function, which means that they are allocated under the income statement items of replacement costs, investment business costs and other administrative expenses. Costs for dealing with replacement business are reported under replacement costs. Investment business costs include costs for dealing with investment business and other administrative expenses include costs for acquiring and dealing with insurance.

Depreciation

Tangible and intangible assets are subject to linear and depreciation according to the financial lifetime of the assets.

Buildings	40 years
Basic repairs to buildings	5–10 years
Other material assets	3–5 years
Intellectual rights (IT licenses)	3–5 years
Intellectual rights (customer stock acquired, Veritas Life)	2 years

Land is not depreciated.

Employee remuneration

The Group reports all pension plans as defined-contribution plans. For defined-contribution pension plans, the Group makes fixed payments to pension insurance companies. After this, the Group has no legal or actual obligation to make further payments in the event that the pension insurance company does not have sufficient assets to pay the employees' pensions for current or subsequent periods. According to the Employees Pensions Act (ArPL), basic insurance coverage is the most important defined-contribution pension plan. Independent pension insurance companies are responsible for this form of pension protection within the Group companies. The pension insurance premiums for those arrangements which are classified as defined-contribution plans have been allocated to correspond to performance pay in the financial statements.

The Group also has voluntary defined-benefit plans. For defined-benefit plans, the Group still has obligations after payments have been made for the accounting period, and bears the actuarial risk and/or the investment risk. The Group's defined-benefit plans are internal group plans, and are included in the life insurance business's technical provision. These plans have no significant impact on the Group's results or financial position.

Write-downs of credits and claims

Write-downs of credits and claims are entered individually and in groups. If there is a likely objective indication that there will be a need for a write-down, the value of the asset is examined. A write-down is only entered if there is objective evidence that the customer's ability to pay has been weakened after the claim was originally entered in the balance sheet. The value of the claim has been weakened if the incoming cash flow from the claim – with regard to the fair value of the security – is less that the sum of the book value of the credit and the unpaid interest on the credit. The incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable rate of interest, the agreed rate of interest at the time of review is used as the discount rate. The write-down is entered as the difference between the book value of the credit and the lower recoverable value of the cash flow.

A group write-down is justified where there is objective evidence for their being uncertainty in connection with repayment of the claims within the Group. The analysis is based on more detailed segmentation in accordance with the credit risk and correlation with macroeconomic or microeconomic events, and with regard also to regional events, whilst the amount entered as a write-down is based on an experience-based average estimate of losses. Group write-downs can also be carried out where there is a large number of small credits, since in practice an individual examination can prove difficult.

Taxes

Taxes in the income statement consist of direct taxes and deferred taxes for the year and previous years. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is also reported as part of the shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is entered in relation to differences between the book value of assets and liabilities, compared with their taxation value. The deferred tax liability is reported where it is likely that future taxable income will arise against which the temporary difference can be utilised.

Financial assets

Debt certificates (debt securities), claims on credit institutions, claims on the public and public sector entities, shares and participations are entered under financial assets. For these financial assets, Aktia applies the IFRS rules which entered into force on 1 January 2005 whereby financial assets are divided into four valuation categories.

Financial assets valued at fair value via the income statement

Financial assets valued at fair value via the income statement include financial assets which are held for trading.

This category includes certificates of claim and other publicly quoted Finnish and foreign securities that are actively traded in and that have been acquired for the short term with the intent to earn revenue. They have been entered at actual value with changes in value being currently entered in the income statement.

The life insurance business classifies investments providing cover for unit-linked agreements as financial assets valued at fair value via the income statement, and these are reported separately in the balance sheet.

Financial assets available for sale

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are entered under "Financial assets available for sale". The unrealised changes in value under equity are reported under fair value fund with deductions for tax liability deferred until sold or until the unrealised loss is deemed to be permanent. When sold or written down, the accumulated unrealised profit or loss is transferred to the income statement and included under the item "Net income from financial assets that can be sold". The life insurance business reports the above gains and losses under net income from investments.

Financial assets held until maturity

Debt certificates to be retained until maturity are entered under "Financial assets held until maturity". These securities are entered at accrued acquisition value. If there is objective evidence to suggest that full repayment will not be received on such a security at the end of the accounting period, the difference compared with the acquisition price is entered as an expense. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss thereof.

Loans and other receivables

Claims on credit institutions and claims on the public and public sector entities are reported under this category. These receivables are entered at accrued acquisition value.

Definition of valuation at fair value

Fair value for listed shares and financial market instruments is the latest listed purchase price at the end of the accounting period. For those shares for which there is no listed buying rate at the end of the accounting period, the latest listed closing rate is used. If no reliable valuation at fair value for unlisted share holdings can be established, the original acquisition value is used as the fair value. For certain unlisted shareholdings, fair value is set at a value calculated based on substantive value or share transactions carried out. If no fair value can be ascertained for a financial instrument, the acquisition value is deemed to be sufficient as an estimation of fair value. The volume of such assets within the consolidated balance sheet is insignificant.

Write-downs on financial assets

Each balance sheet date, the Group examines the extent to which there is objective evidence to suggest a need for write-downs on financial assets, other than those of financial assets which are valued at fair value via the income statement.

Financial assets available for sale

Objective evidence to suggest a need for write-downs on financial assets is based on assessments from observable information on loss events. Such loss events include reduced issuer creditworthiness or significant financial difficulties on the part of the issuer. Reduced creditworthiness alone does not necessarily constitute evidence for a need for write-downs. Nor does temporary market turbulence constitute objective evidence for write-downs. Objective evidence for a need for write-downs also includes a significant or extended reduction in the fair value of an equity instrument.

Where there is objective evidence for a need for write-downs, a write-down is entered in the income statement. The accumulated loss which was previously reported against the fair value fund is reversed and reported in the income statement.

The need for write-downs, i.e. the difference between the reported value of the asset and the current value of the estimated future cash flow, is discounted at the original effective interest rate of the financial asset.

If the fair value of a debt certificate rises during a subsequent period, and this rise can be attributed objectively to an event which occurred after the write-down was reported in the income statement, the reversal of the write-down amount shall be reported in the income statement. If the fair value of an equity instrument subsequently rises, the write-down amount is not reversed via the income statement, but is reported against shareholders' equity.

Entering the acquisition or sale of financial assets

When acquiring or selling financial assets, these are entered in accordance with the trade date.

Debt securities

Debt securities are included in all three categories (Financial assets valued at fair value via the income statement, Financial assets available for sale and Financial assets held until maturity), and these are classified based on their purpose on acquisition. The classification is not subsequently changed.

Other financial liabilities

Other financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value. Issued liabilities are deemed to belong to the bank's core operations, and are included in operating activities, whilst the subordinated debts are deemed to belong to financing activities.

Hedge accounting

IAS 39 includes principles and rules for reporting hedge instruments and underlying hedge items, known as hedge accounting. Through the introduction of IAS 39, all derivatives are valued at fair value. In accordance with the IFRS rules, Aktia has documented hedge accounting either as fair value hedges or cash flow hedges. Aktia applies the "carve out" version of IAS 39 as approved by the European Union, which also allows hedge accounting to be applied to balance items which are repayable on demand. The risk which is hedged is the interest rate.

The hedge accounting policy within Aktia has been developed to fulfil the requirements set in IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In order to apply hedge accounting it is required that the hedge is highly effective. A hedge is regarded as highly effective if at inception and throughout the life of the hedge it can be expected that changes in fair value of the hedged item can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent. When assessing hedge effectiveness retrospectively Aktia measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss.

Fair value hedge accounting

Fair value hedge accounting is used for derivatives that serve to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Aktia´s financial statements originates mainly from loans, securities and fixed-interest borrowing, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item will be recognised separately in the income statement in the item "Net income from financial items at fair value". If the hedge is effective, the two changes in fair value will more or less balance, meaning the net result will be close to zero. Interest rate swaps and forward rate agreements are used as hedging instruments.

Cash flow hedging

Cash flow hedging is used to hedge future interest cash flows, such as future interest payments on assets or liabilities with floating interest rates. The effective part of the change in fair value is recognised in the fair value fund in equity and the remaining ineffective part is recognised in profit or loss. The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss. Interest rate swaps, forward rate agreements and interest rate options are used as hedging instruments.

The life insurance business's derivative instruments

The life insurance business's derivative instruments do not meet the requirements for hedge accounting. The fair value of the derivative instruments is therefore recognised in the income sheet under net income from investment activities.

Other derivative instrument

Other derivative instruments consist primarily of interest-rate derivatives issued to local banks, which are hedged back-to-back with third parties. These interest-rate derivatives are valued at fair value, and the change in income is entered under net profit from financial transactions, with the exception of the interest-rate margin in the issued and hedged derivative agreements, which are allocated as interest income over the course of the derivative contract. The counterparty risk arising in these derivative agreements has been limited through mutual pledging agreements with local banks, and individual security arrangements are made with third parties in accordance with the terms and conditions of ISDA/CSA (Credit Support Annex).

Repurchase agreements

Repurchase agreements relate to agreements where the parties have reached an agreement on selling securities and the subsequent repurchase of corresponding assets at a set price. For repurchase agreements, sold securities are still reported in the balance sheet, and the payment received is reported as a financial liability. Sold securities are also reported as collateral pledged. The payment made for acquired securities is reported as lending to the vendor.

Cash and balances with central banks

Cash and balances with central banks consist of cash and a current account held with the Bank of Finland.

Tangible and intangible assets

The Group's real estate property and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Administrative properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. If only part of the premises is used by the Group, the division has been made according to the square metres reserved for their respective purposes. Both commercial properties and administrative properties have been included at their acquisition price. Buildings are linearly depreciated according to their financial lifetime over 40 years. Land is not depreciated. The life insurance business's properties are included in investments within the life insurance business's assets.

Revaluation of real estate property to reflect fair value was carried out by external property valuators using the cash flow method or through an internal valuation based on the rental income that could be earned at market rates. For those properties which were sold after the end of the accounting period, the purchase prices achieved were used to assess fair value. The book value of the real estate property and shares in real estate corporations was not revalued. If the probable assignment value of the property or stakes is essentially or permanently lower than the acquisition price, the write-down is entered as expenses in the profit and loss account. If there is a likely objective indication that there will be a need for a write-down, the value of the asset is examined.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. Depreciation is charged in accordance with the depreciation plan based on the financial lifetime of the assets.

Provisions

A provision is reported where the Group has an existing or legal informal obligation due to an event which has occurred, and it is likely that an outward flow of resources in the form of financial benefits will be required in order to settle this obligation, and that the size of the obligation can be reliably estimated.

There are no provisions in relation to insurance agreements.

Operating leasing agreements

Where a lessor in all significant respects bears the financial risks and advantages associated with the ownership of an object, this is classified as operating leasing and the assets are entered in the lessor's balance sheet. Leasing rents (where the Group is the lessee) on operating leasing agreements are reported linearly over the leasing period in the income statement as rental expenses.

INSURANCE AND INVESTMENT AGREEMENTS

Classification of insurance and investment agreements

Insurance agreements are reported in accordance with IFRS 4, and are classified either as insurance agreements or investment agreements. Insurance agreements are agreements whereby significant insurance risks are transferred from the policyholder to the insurer. Capitalisation agreements do not involve any insurance risk, so they are classified as investment agreements. Unit-linked agreements are agreements whereby the policyholder chooses the investment objects connected with the agreement. Insurance agreements whereby the policyholder is entitled to additional benefits over and above the guaranteed minimum benefits are called agreements with a discretionary element.

Insurance premiums

Premium revenues received are reported in the income statement. Premiums are reported under premium revenues depending on the type of insurance in accordance with the debiting or payment principle. A premium liability is reported only if there is insurance coverage on the balance sheet date.

Unit-linked agreements are reported in accordance with national accounting rules, based on the assessment of the insurance risk included in the agreement or based on the policyholder's entitlement to transfer the return from the unit-linked savings to guaranteed interest with a discretionary element.

Remuneration paid is entered as replacement costs in the income statement.

Reinsurance

Reinsurance agreements are agreements which meet the requirements for insurance agreements in accordance with IFRS 4. Reinsurance agreements are agreements in accordance with which the life insurance business can receive remuneration from another insurance company if it is liable to pay remuneration itself as a result of insurance agreements entered into. Premiums paid to reinsurers or premiums received for reinsurance are reported under premium revenues and costs attributable to the remuneration under remuneration paid. Remuneration which will be received through reinsurance agreements is reported in the balance sheet under assets. Unpaid premiums to reinsurers are reported in the balance sheet under liabilities. Receivables and liabilities which relate to reinsurance agreements are valued consistently with receivables and liabilities attributable to reinsured insurance agreements.

Prepaid acquisition costs

The life insurance business has not activated any prepaid acquisition costs.

Insurance and investment agreement liabilities

Liabilities arising from insurance agreements are dealt with in the first phase of the IFRS 4 standard in accordance with previous national accounting rules, with the exception of reporting the equalisation provision and those agreements which are classified as investment agreements. The equalisation provision, which is set aside for equalising annual deviations in replacement costs, may not be reported as liabilities in accordance with IFRS. On transferring to reporting in accordance with IFRS, the equalisation provision has been transferred to shareholders' equity and deferred tax liabilities. The annual change in the equalisation provision is reported as share in profits and change in deferred tax.

Liabilities arising from capitalisation agreements are not reported as technical provisions, but are reported under financial liabilities.

In the financial statements, the term provision is used synonymously with insurance agreement and investment agreement liabilities. The provision for insurance agreements with a discretionary element is called provision for interest-linked policies. The provision for unit-linked policies consists of the provision for fund-linked insurance agreements.

The provision is calculated either through future benefits being discounted to the current value with deductions for forthcoming premiums, or through premiums paid being credited with calculation interest and various allowances and debited with costs and risk premiums. When making these calculations, the assumptions for calculation interest, mortality and illness are used, along with factors mentioned in the calculation basis for the product in question. For certain products, however, a more secure interest rate and mortality assumption is used in accordance with principles established for financial statements. Provisions are made within remuneration liability for known and unknown damages. Established payments to customers are included in their entirety in the provision.

For unit-linked policies, the provision is calculated on the basis of the rate value for those funds which are associated with the policy.

The insurance amounts for risk insurance which exceeds the company's excess are reinsured.

Loss assessment

An assessment is carried out at the balance sheet date of whether the provision included in the balance sheet is sufficient. If this assessment shows that the provision included is insufficient, the provision is increased.

The equity principle

In accordance with chapter 13, § 3 of the Insurance Companies Act, the equity principle should be followed when it comes to life insurance for policies which, according to the insurance agreement, bring entitlement to additional benefits.

Veritas Life Insurance strives to ensure that the sum of the calculation interest and the annually set payments to customers on the interest-linked pension insurance savings is higher than the return on the Finnish state ten-year bond, and on the interest-linked saving and investment insurance savings is at the same level as the Finnish state five-year bond. The solvency of the company should also be kept at a level which allows payments to be made to customers and profits to be paid to the shareholders.

The Board of Directors of Veritas Life Insurance decides on payments to customers on an annual basis.

Shareholders' equity

Future costs which are directly attributable to the issue of new shares or to the acquisition of new operations are included under shareholders' equity as a deduction from the balance within the fund for unrestricted equity.

Dividend payments to shareholders are reported under shareholders' equity when these are decided on by the annual general meeting.

Minority interest

Since Aktia Real Estate Mortgage Bank plc's A shares bring an entitlement to any cumulative dividend, these A shares correspond to a debenture loan according to IFRS provisions, even though there is no obligation to pay back the sums paid. The minority interest from A shares is therefore reported as a liability instead of a minority interest, and the dividend payments are reported as interest expenses.

Accounting principles requiring the management's assessment

Drawing up reports in accordance with the IFRS standards requires the application of certain estimations and assessments which are made by the management, and which have had an impact on the contingent liabilities of the incomes, expenses, assets and liabilities presented in the report.

The group's central assumption relates to the future and key uncertainty factors in connection with balance date estimations, and depends on factors such as the assumptions made in actuarial calculations, fair value estimations and assessments for unlisted financial assets and administrative properties, and write-downs of financial assets and intangible assets.

The future of the investment business is hard to assess, which has a particular impact on the evaluation of share investments and the life insurance company's investments in shares and interest-linked instruments. The fair value of financial assets to be retained until maturity is also sensitive to both changes in interest rates and the liquidity and risk premiums of the instruments.

NOTE 2: THE GROUP'S RISK MANAGEMENT PRINCIPLES

1. General

2. Risk management

3. Risk-bearing capacity

4. Credit and counterparty risks
    - 4.1 Managing credit and counterparty risks, and reporting procedures
        - 4.1.1 Credit risks within the banking business
        - 4.1.2 Lending to households
        - 4.1.3 Lending to businesses
        - 4.1.4 Late payments
        - 4.1.5 Write-downs
        - 4.1.6 Lending to local banks
    - 4.2 Counterparty risks within the banking group's investment business
    - 4.3 Counterparty risks within the life insurance company's investment business
    - 4.4 Country risks

5. Managing financing and liquidity risks
    - 5.1 Financing and liquidity within the banking business
    - 5.2 Liquidity risks within the life insurance business

6. Managing market risks
    - 6.1 Market risks within the banking business
        - 6.1.1 Structural interest rate risk
        - 6.1.2 Price sensitivity risk
        - 6.1.3 Exchange rate risk
        - 6.1.4 Equity price risk
        - 6.1.5 Real estate risk
    - 6.2 Market risks within the life insurance company
        - 6.2.1 Interest rate risk
        - 6.2.2 Equity price risk
        - 6.2.3 Real estate risk
        - 6.2.4 Exchange rate risk

7. Managing operational risks
    - 7.1 Legal risks

8. Technical provision risks

9. Capital adequacy
    - 9.1 The banking group
    - 9.2 The life insurance group
    - 9.3 The financial conglomerate

1. GENERAL

A risk relates to an expected or unexpected event with a negative impact on results (loss). The concept includes both the likelihood of the event occurring and the consequence which the event would have.

The Group primarily carries out banking, capital market and life insurance business, and both risk exposure and active risk management are thus key features of operations. The main risks relating to the Group's operations are credit risks within the banking business and market risks within the life insurance business. There are operational risks and business risks in all business areas. Structural interest rate risk and liquidity risk within the banking business are also of significance.

The banking business's results are affected primarily by business volumes, borrowing and lending margins, the balance sheet structure, general interest rates, write-downs and cost-effectiveness. Results may fluctuate within the banking business as a result of sudden credit or operational risk outcomes. Business risks in the form of volume and interest margin changes are affected slowly, and are managed through diversification and adaptation measures.

Results from capital market operations are, in turn, affected primarily by negative business volumes, commission and cost-effectiveness trends. Opportunities to improve efficiency, adapt and develop alternative products and processes reduce business risks within capital market operations.

The life insurance business is based on bearing and managing the risk of loss and the financial risks involved in assets and liabilities. The volatility of the life insurance business' financial results is due primarily to market risks in investment activities and the interest rate risk within provisions. The policyholder bears the market risk himself regarding the investments providing cover for unit-linked insurance policies, while the company bears the risk for the portion of the investment portfolio which will cover the technical provisions of interest-linked insurance.

2. RISK MANAGEMENT

The main aim of risk management is to ensure that risks are identified correctly, that the risk assessment is independent, and that the capital base is sufficient in relation to these risks. All risk-taking is based on sufficient competence, appropriate risk management and control processes, adequate capital allocation and risk pricing.

Each business unit and subsidiary is fully responsible for the risks involved in its business and for its own risk management processes. The risks are dealt with within the line organisation through pricing, governance, collateral or other preventative measures.

The Group's independent risk control function is responsible for developing risk and capital management processes and for providing methods for risk identification, risk quantification and analysis, as well as reporting, capital assessment and allocation. Those responsible for risk control within the Group report directly to the Managing Director.

The Board of Directors is ultimately responsible for the Group's risk-taking and for assessing capital requirements. Each year, the Board sets instructions for managing business activities including detailed principles, rules and limits for risk-taking and reporting requirements. An internal capital adequacy assessment process (ICAAP) was established by the Board during the year in accordance with the new regulations. Risk positions and limits are reported to the Board on a quarterly basis.

The operational management is responsible for organising and monitoring the risk-management process. The operational management has appointed committees for managing, monitoring and developing risk management in terms of asset and liability risks, credit risks and market risks. The committees have been tasked with making risk-management decisions, preparing matters for decision-making by higher bodies and developing wholesale risk management processes, all within set limits. The committees are made up of management team members with line management responsibilities, the risk control function and other experts. The Managing Director chairs all the risk committees. The risk control function does not take part in decision-making involving taking risks.

3. RISK-BEARING CAPACITY

The purpose of the internal capital adequacy assessment process (ICAAP) is to comprehensively identify and assess the relevant risks, to increase the awareness of the organisation regarding the relevant risks faced by the Group, and to develop "risk-reward" thinking among the decision-makers, as well as ensuring that the capital base is sufficient in relation to the risks and that a sufficient buffer against the minimum capital required by regulators is maintained.

Internal risk-based management and customer credit pricing are undergoing a gradual transition towards a basis on economic capital.

The ICAAP includes forward-looking capital planning based on annual three to four year strategic planning. The figures for this strategic planning are based on a market scenario, taking into account planned investments and growth targets, giving an assessment of the main profitability and results key ratios, capital base effects, dividend payment capacity and capital adequacy.

In order to ensure that operations can continue uninterrupted even if the market situation deteriorates considerably compared with the strategy planning assumptions, adequacy in terms of the minimum capital required by authorities is stress-tested based on a macroeconomic recession.

The risks within the Group are further aggregated via the concept of economic capital, which details the capital buffer required in order to withstand the outcomes of the various risks in the event of a serious macroeconomic financial crisis. Economic capital is calculated based on a macroeconomic scenario corresponding to the financial crisis which affected Finland in the early 1990s. The outcomes of the risks are aggregated over a five-year period, and are added up without taking into consideration the management's prospective adaptation measures.

The main risks relating to the Group's operations are credit risks within the banking business and market risks within the life insurance business. There are operational risks and business risks in all business areas. Structural interest rate risks and liquidity risks within the banking business are also taken into account.

When establishing economic capital, targets in relation to external rating, risk profile and agreed business strategy are taken into consideration.

The results of the ICAAP for 2007 indicate that the earning capability of the Group is good, well diversified and stable, and that it therefore serves as protection against risks and losses, and that the capital adequacy ratio is high. The authorities' requirements regarding capital adequacy are fulfilled even during times of macroeconomic recession, and the economic capital is clearly less than the Group's equity in view of the planned dividends policy.

At the end of the year, the relationship between the conglomerate's capital base and the minimum requirement was 139%, with the minimum requirement being 100% in accordance with the act governing financial and insurance conglomerates. This strong risk-bearing capacity acts as a buffer against unforeseen losses and creates the right conditions for growth within business operations.

4. CREDIT AND COUNTERPARTY RISKS

Credit risk is defined as result fluctuations caused by a debtor or counterparty failing to fulfil its undertakings. Credit risks are measured by assessing the likelihood of, and losses in the event of, default. The likelihood of bankruptcy is measured using scoring or rating models, and losses in the event of default are measured by default into account the value which could be realised from the collateral. Each year, the Board establishes a strategy and further instructions, including limits for credit and counterparty risks.

Maximum exposures by business area, including accrued interest and before deductions for eligible collateral; internal receivables and liabilities are eliminated, as are investments which cover the unit-linked provision.

EUR millions	Banking business	Life insurance business	Group total
Cash and cash equivalents and money market	**695**	**63**	**758**
Bonds	**1,511**	**296**	**1,807**
Public sector	18	64	83
Banks	440	86	526
Covered bonds	943	26	969
Corporate	109	120	229
Others	0	0	0
Shares and mutual funds	**54**	**352**	**406**
Credits and claims	**4,591**	**0**	**4,591**
Public sector entities	10	0	10
Housing associations	185	0	185
Corporate	555	0	555
Households	3,803	0	3,804
Non-profit organisations	38	0	38
Tangible assets	**46**	**65**	**111**
Bank guarantees	**84**	**0**	**84**
Unused facilities and unused limits	**418**	**29**	**448**
Derivatives (credit equivalent)	**98**	**0**	**98**
Other assets	**38**	**4**	**42**
Total	**7,537**	**809**	**8,346**

Credit risks arise in the banking business, while counterparty risks are included in both the banking business and the insurance business. The limit structure limits the credit risks and counterparty risks within both the banking business and the insurance business individually, as well as the total exposure to individual counterparties at conglomerate level.

The conglomerate has no exposures to a single customer group which exceed 10% of the capital base calculated in accordance with regulatory standards.

4.1 Managing credit and counterparty risks, and reporting procedures

The line organisation is responsible for ongoing risk management, and assesses this on the basis of various reports, analysing the economic relevance of the various exposures and taking corrective decisions as required. The Group's risk control function analyses the risk exposures and monitors how risk management is realised.

The risk position of the credit stock is reported to the Board on a quarterly basis, and to the Executive Committee's credit committee on a monthly basis.

4.1.1 Credit risks within the banking business

The following forms of lending are carried out within the banking business:

- Lending to households (primarily loans against housing collateral), both directly from the bank's balance and through offering Aktia Real Estate Mortgage Bank's loans. The local cooperative banks and the savings banks also offer Aktia Real Estate Mortgage Bank loans.
- Consumer credit and hire purchase, primarily to households – a new operation run by the subsidiary Aktia Card & Finance.
- Traditional corporate financing within retail banking.
- More specialised corporate financing within Corporate Banking.
- Hire purchase, leasing and operating capital financing for businesses – a new operation run by the subsidiary Aktia Företagsfinans.
- Specialised financing in the form of venture capital, primarily through the part-owned venture capital financing company Unicus or via Corporate Banking and the corporate banking branches.

The credit stock's sectoral distribution

EUR millions	31.12.2007	31.12.2006	Change	%
Households	3,789	3,125	664	21.2 %
Corporate	553	394	159	40.3 %
Housing associations	184	197	-13	-6.5 %
Non-profit organisations	38	39	-1	-3.3 %
Public sector entities	10	8	2	22.6 %
Total	**4,574**	**3,763**	**811**	**21.5 %**

Aktia applies a low-risk lending policy, which means that risk-taking is always based on sound business economic principles, significant individual risk concentrations are avoided, the credit portfolio is diversified and the majority of the credit portfolio is made up of household loans.

4.1.2 Lending to households

83% (83) of the banking group's lending is directed towards households, and comprises mainly housing loans (72%) or loans against housing collateral. Households' demand for loans remained strong, and lending rose by a full 21.3%. Mortgages arranged by both Aktia and its partners have continued to rise significantly (38%) to EUR 1.6 billion, of which Aktia's share amounts to 54%. The market share and the average margin are in line with the general trend.

Lending is granted provided that the customer is sufficiently able to pay and, as a rule, against adequate security. When assessing the customer's ability to pay, the effects of any rise in interest rates are also taken into consideration. A statistical credit scoring model is used to assist in decision-making and as a basis for measuring the likelihood of default. The pricing process takes the overall customer income in relation to the risk-adjusted capital requirement (economic capital) into consideration. Access to a pricing model enables risk-based credit pricing in the branch network.

At the end of the year, a new form of unsecured consumer credit was launched through the subsidiary Aktia Card & Finance. The Aktia Xpress product offers a simple, fast and flexible way for the customer to finance major purchases. Credit is granted based on a scoring model which has been tailored to this business.

Collateral, administration and their evaluation play a key role when it comes to risk management. Rules and functions have been drawn up for evaluating collateral and updating its value. A depreciation process in line with the precautionary principle is applied when calculating the risk position in order to take account of the volatility of the value of the collateral, so that the more unique an object is, the lower the collateral value it will have. When calculating the capital adequacy, only real estate collateral and certain guarantees and financial collateral are taken into account.

4.1.3 Lending to businesses

A new corporate business strategy was implemented during the year with the aim of improving earnings and volumes, particularly through specialisation and improving skills. Corporate financing's share of the total loan stock amounted to over 12% (10), while growth within corporate financing amounted to 40%. Corporate financing's share of the loan stock, excluding mortgage loans distributed by other banks, grew to 14.4% (11.6).

Traditional corporate financing is carried out through the branch office network, directed primarily at tradespersons, businesspeople and small and medium-sized companies. A high degree of expertise is maintained through local corporate branches and local business specialists, and via Corporate Banking's specialist organisation. Customer knowledge and local knowledge also make up a key cornerstone of this business.

Corporate Banking offers comprehensive financing and payment transaction services, as well as investment and asset management services for both client businesses and their owners. Expertise and the range of services have also been broadened in terms of insurance and pensions.

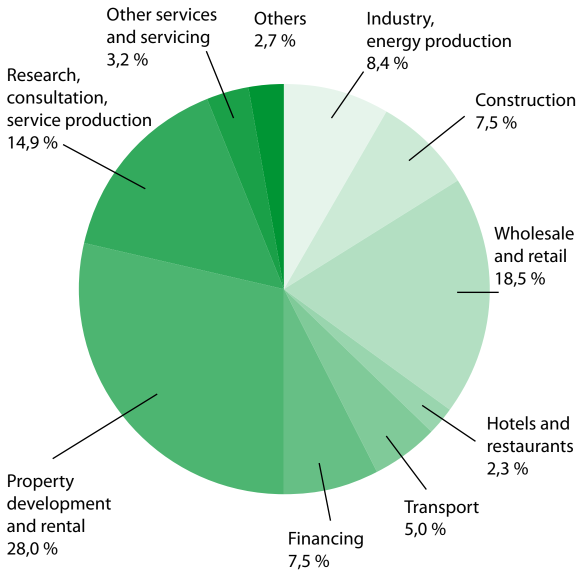
Specialist expertise has been built up within corporate financing, particularly in terms of the construction and real estate industry and restructuring. Services and expertise have been accumulated within hire purchase, leasing and operating capital financing within the scope of Aktia Corporate Finance Ltd, which works in close collaboration with both Corporate Banking and branch office operations. Financing decisions involving Aktia Corporate Finance are taken with regard to both project-specific risks and the Group's overall exposure in relation to the customer.

The corporate customer assessment is based on an analysis of financial statements and the customer's credit rating. Factors such as cash flow, competition, the effect of the investment in question and other forecasts are also investigated. The credit classification models are developed on an ongoing basis.

Collateral is evaluated within corporate financing in accordance with separate rules. The relationship between the value of the assets and the company's business opportunities is taken into consideration particularly when it comes to valuing operational assets. Company-specific collateral is not used in the capital adequacy calculation.

The specialisation leads to potential industry concentrations which require careful analysis of the actual industry correlation of the individual exposures and the individual companies' market positions.

Corporate industry distribution (EUR 553 million)

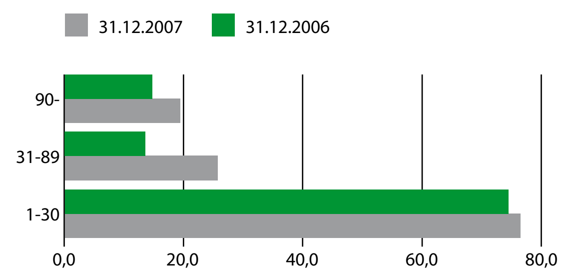


4.1.4 Past due payments

Past due payments remain at a low level, and the proportion of late payments has not risen appreciably with regard to the growth of the stock.

At the end of the year, past due claims (more than 90 days overdue) and zero-interest rate credits amounted to EUR 19.4 (14.7) million, corresponding to 0.42% (0.38) of the entire credit stock including off-balance-sheet guarantee commitments.

Past due payments by length of delay (days), EUR millions



4.1.5 Write-downs
Write-downs of credits and claims are entered individually and in groups. During 2007, the total amount of individual write-downs was EUR 0.76 million (of which EUR 0.34 million is attributable to private customers and EUR 0.42 million to corporate customers). The reversing entries totalled EUR 0.56 million, after which the cost impact on the year's results was EUR 0.2 million.

A group write-down is justified where there is objective evidence for there being uncertainty in connection with repayment of the claims within the Group. The analysis is based on more detailed segmentation in accordance with the credit risk and correlation with macroeconomic or microeconomic events, and with regard also to regional events, whilst the amount entered as a write-down is based on an experience-based average estimate of the size of future losses. The group write-down, based on objective evidence for there being uncertainty in connection with repayment of the claims, stood at EUR 11.5 million.

4.1.6 Lending to local banks
Each year, the Board sets separate limits for short-term and long-term financing of local banks, which are based on the local bank's capital adequacy and any collateral. Other instruments (primarily derivatives) with counterparty risk can also be used within the same limits. The risks in connection with derivative contracts are reduced through mutual agreements on providing additional collateral. The need for additional collateral is determined based on the local bank's capital adequacy and its own funds.

Banking customer financing is based on individual credit assessment and decision-making. At the year-end, the local banks' liquidity financing stood at approximately EUR 11 million, while unused facilities totalled around EUR 150 million.

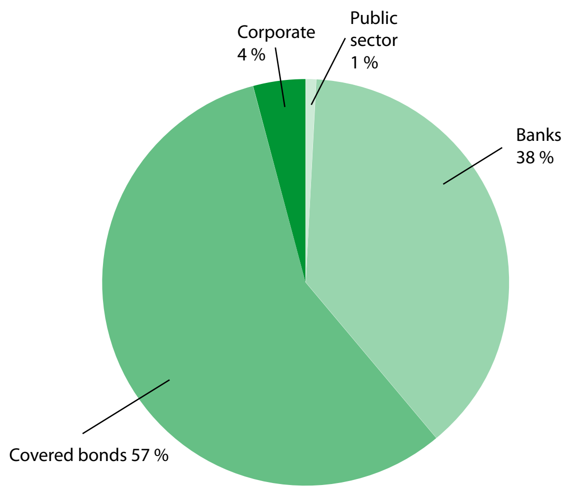
4.2 Counterparty risks within the banking group's investment business
The banking group's own investment business is dealt with by the Treasury unit and, as well as liquidity investment, also includes entering into hedging derivative contracts. This is done in accordance with decisions and limits determined by the Credit Committee appointed by the executive management within the framework of limits granted by the Board of Directors. Through high-quality external credit rating requirements (Moody's or equivalent), efforts are made to minimise counterparty risk. Each year, the Board sets limits for the banking group's investment business which are based on the counterparty's own funds or those of the banking group. These positions are valued at market rate and monitored daily.

Hedging derivates are also used to reduce the volatility of net interest income. In order to limit counterparty risks, which arise on entering into derivative agreements, individual collateral arrangements are made in accordance with the terms and conditions of the ISDA/CSA (Credit Support Annex).

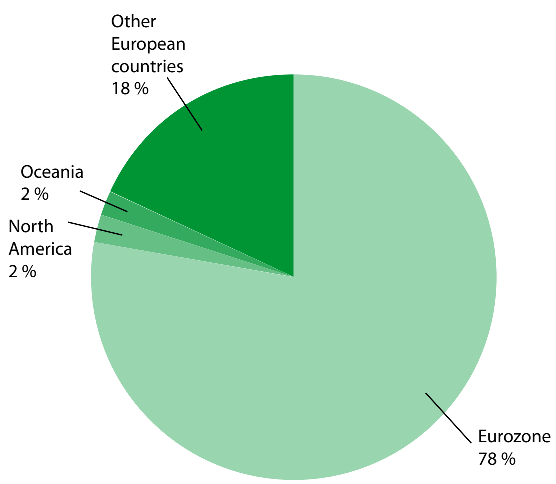
The Group's risk control function defines factors such as the credit risk equivalent values of the derivative products, and measures and controls the counterparty risks.

As well as conventional credit risks, risk management also includes limiting the clearing risk and assessing country risks. In accordance with the instructions issued by the Board, the maximum risk is limited in relation to either the banking group's equity or that of the counterparty.

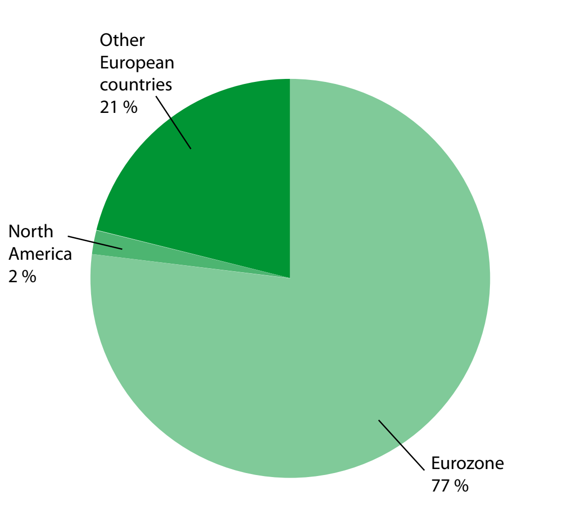
Liquidity portfolio sectoral distribution – banking business 31/12/2007 (EUR 1,643 million)



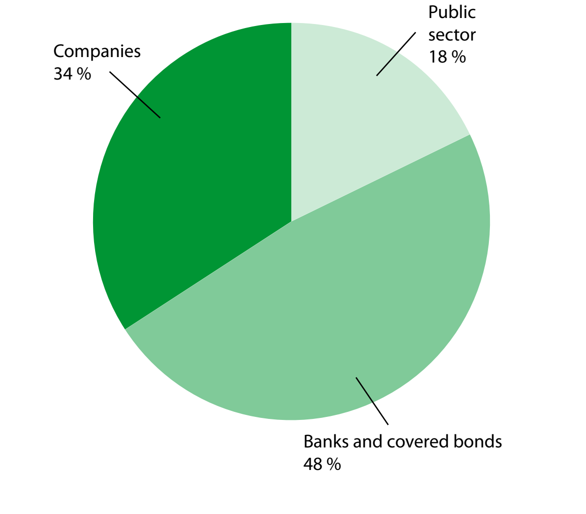
Regional distribution, exposure to financial institutions within the banking business 31/12/2007 (EUR 627 million)



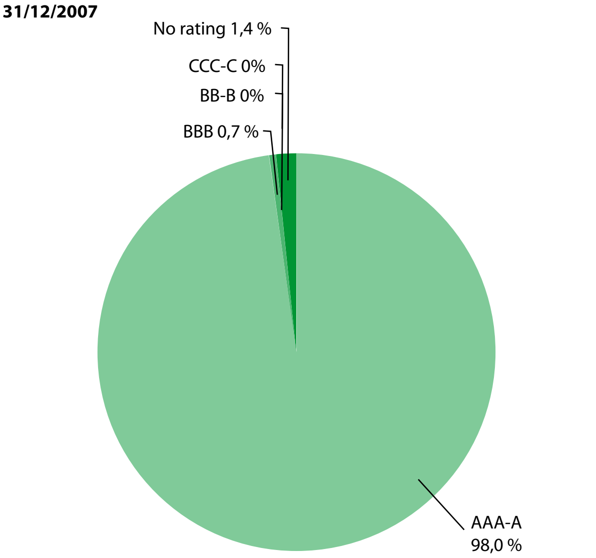
Regional distribution, investments in covered bonds within the banking business 31/12/2007 (EUR 943 million)



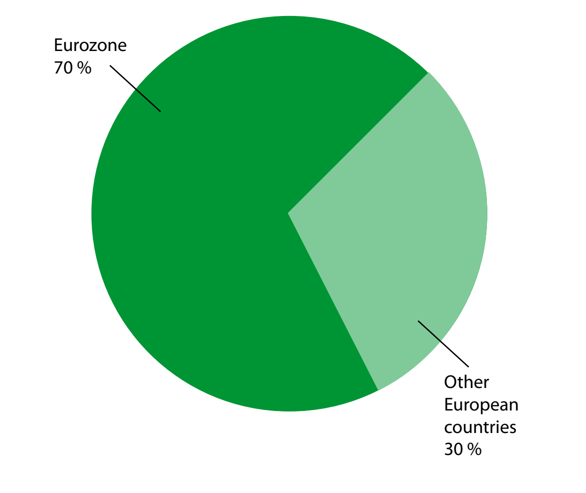
Sectoral distribution of direct interest rate investments within life insurance business, EUR 352 million



Rating distribution – the banking business' liquidity portfolio 31/12/2007



Regional distribution – Investments in banks and covered bonds within life insurance business, EUR 168 million

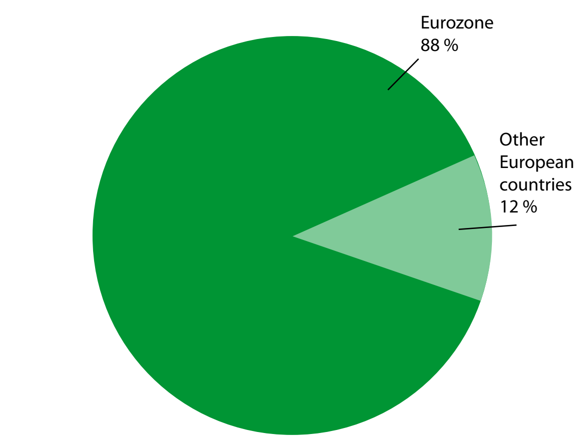


Investments in commercial paper and public-sector bonds have only been made within the Eurozone.

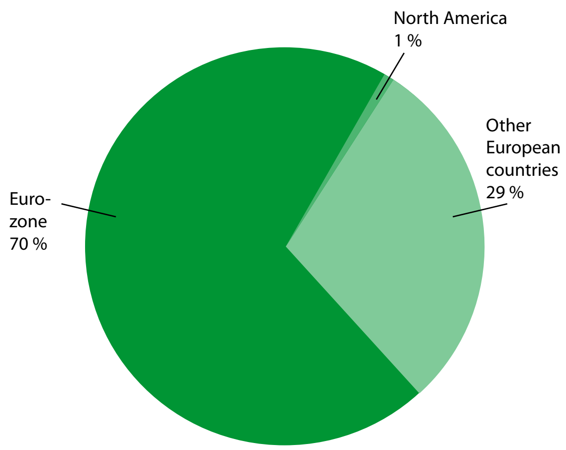
4.3 Counterparty risks within the life insurance company's investment business

Credit or counterparty risks (whereby if the counterparty is unable to meet its commitments the entire value of the security is risked) also arise in connection with the investment business. In order to regulate the counterparty risks, the limit structure takes into consideration ratings from Standard & Poor's and Moody's, as well as the total exposure for each counterparty for every type of asset and as a whole per counterparty.

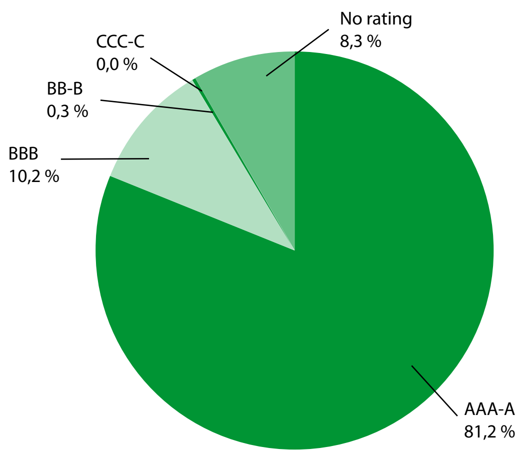
Regional distribution – Investments in public sector entities within life insurance business, EUR 64 million



Regional distribution – Corporate investments within life insurance business, EUR 120 million



Rating distribution within life insurance business



4.4 Country risks

In practice, lending within the banking business only takes place domestically. When managing the banking group's liquidity, funds can only be invested in commitments issued by issuers domiciled in countries which the rating institute Moody's has rated as at least A.

The life insurance company's assets can only be invested in OECD counties, due to the rules on covering provisions.

5. MANAGING FINANCING AND LIQUIDITY RISKS

The liquidity risk is defined as the availability of refinancing plus the differences in maturity between assets and liabilities. Management of refinancing risks ensures that the Group can fulfil its financial commitments.

The financing and liquidity risks are dealt with at legal company level, and there is no connection between the banking group and the life insurance company.

5.1 Financing and liquidity within the banking business

Lending within the banking business is refinanced both through deposits and investments from the public and through borrowing on the money market and the capital market, of which a significant portion consists of long-term borrowing through bonds issued by Aktia Real Estate Mortgage Bank plc with the underlying housing loans as collateral. In order to cover short-term funding needs, the bank also has the option of issuing certificates of deposit on the domestic money market.

In terms of market-related refinancing, a diverse range of sources of financing and an adequate diversification on various markets should be maintained. Aktia Real Estate Mortgage Bank plc is a strategically important channel for competitive and long-term funding. A liquidity portfolio of high-quality securities has been built up in order to safeguard against short-term liquidity fluctuations, e.g. by taking advantage of "repos" (repurchase agreements). These securities can also be used as a collateral for central bank lending in the event of any market turbulence.

The aim is to cover one year's worth of refinancing needs with existing liquidity.

Liquidity and financing within the banking group Dec 2007 (EUR millions)

Liquid funds		Short-term funding	
Liquidity portfolio	1,628	Local banks	634
Short-term investments	150	Certificates of deposit	391
Cash and cash equivalents	228	Misc, incl. repayments	848
Total	**2,006**		**1,873**

To ensure access to market funding, a rating from an internationally-recognised rating institution shall be used. Since 1999, the Aktia Group has used Moody's as a rating institution and was awarded an A1/P1/C stable rating in autumn 2007, whilst the Mortgage Bank's latest issue received the highest possible rating: Aaa.

In managing refinancing risks, Aktia takes into account both its own lending activities and its obligations with respect to savings and local cooperative banks, for which Aktia serves as the central financial institution. These are also an important source of financing for Aktia.

A stable borrowing and deposit stock from households, the Mortgage Bank's issues and deposits received within the framework of central financial institution operations, as well as a sufficient liquidity buffer, are therefore the cornerstones of the bank business's liquidity management.

The Finance Committee is responsible for managing the refinancing risks. The Group's risk control function, which continuously follows up on liquidity risks and associated limits, reports to the Finance Committee. Practical measures to change the liquidity position in accordance with the instructions issued by the Finance Committee are taken by the Treasury unit. Treasury is also responsible for maintaining the bank's day-to-day liquidity.

5.2 Liquidity risks within the life insurance business

Liquidity risks within the life insurance business are defined as access to financing for paying out insurance claims from the various types of risk insurance, savings sums and repurchases from savings insurance, and repurchases and pensions from voluntary pension insurance. Access to liquidity is planned based on these needs and based on the investment business' need for liquid assets for effective and optimum investment portfolio management. Liquidity can mostly be supplied by the inward flow of cash and a portfolio of investment certificates which has been adapted in line with varying needs. Any unforeseen significant need for liquidity is taken care of through the liquid portfolio of bonds and shares.

6. MANAGING MARKET RISKS

Market risk refers to the impact caused by fluctuations in interest rates, currency rates and equity prices on the Group's financial performance.

The aim of managing market risks is to ensure the steady long-term development of net interest income and results. Limits and principles for market risk management have been established by Aktia's Board of Directors. The market risks are related to the banking business (structural interest rate risk), individual transactions or the life insurance company's investment business. The bank does not take active market risks for trading purposes. Risk-taking is a key element of the life insurance company's investment business.

Within the life insurance business, efforts are made to ensure that those assets which provide coverage for provisions are built up with regard to the nature of the insurance activity carried out by the company, affecting return requirements, risk level and opportunities to convert the assets into cash. The biggest risks which are attributable to investment business within the life insurance company are a drop in the market value of the assets and insufficient return in relation to provision requirements. The business strives to reduce these risks by spreading investments across a wide enough range of instruments, both geographically and by sector.

Market value sensitivity (EUR millions)

	Risk			
	Interest rate		Equity	Real estate
	1% parallel shift downwards	1% parallel shift upwards	10% price drop	10% price drop
Banking business	-24	14	-3	-2
Life insurance business	21	-20	-23	-8
Total	**-2**	**-6**	**-27**	**-9**

The table above shows the sensitivity of the assets and liabilities to various market risk scenarios. Current accounts and other assets without contractual maturity dates have been dealt with in accordance with expexted re-pricing.

For the life insurance business, the portion of the investment portfolio which covers the unit-linked provision has been ignored, as has the provision for interest-linked insurance. The risks in connection with interest-based provisions are dealt with in section 6.2.1.

6.1 Market risks within the banking business

Aktia's Executive Committee is responsible for managing the market risks within the banking business, with the authorisation of the Board of Directors. The management has appointed a dedicated Financial Committee for dealing with momentary and structural interest rate risk within limits set by the Board. The Group's risk control function monitors risk positions and limits.

6.1.1 Structural interest rate risk

A structural interest rate risk refers to a risk in the development of net interest income which is due to imbalances between the interest rate ties and the re-pricing of assets and liabilities within the banking business.

The structural interest rate risk is dealt with through active hedging measures using derivative contracts and liquidity investments with the aim of keeping net interest income at a stable level and hedging results against a low interest rate.

The effects of various interest rate scenarios on net interest income, taking into consideration changes to the balance sheet structure and account deposits, are calculated using a dynamic asset and liability management model. The structural interest rate risk is measured using various stress scenarios.

The limit for the structural interest rate risk has been set in proportion to budgeted net interest income, as well as forecasted net interest income for the following two years. The calculated negative change in net interest income which would be caused by a parallel shift of one percentage point in interest rates may result in a maximum 8% calculated deterioration of the budgeted net interest income (fixed target) for the reporting period in question, and may reduce the forecast net interest income for the next 12 months by a maximum of 6%, and for the next 12-24 months by a maximum of 8% (floating target).

Practical measures to hedge against the structural interest rate risk and to change the financing position in accordance with the instructions issued from the Financial Committee are taken by Treasury.

6.1.2 Price sensitivity risk

Momentary interest rate risk is defined as changes in the market values of the certificates of claim as a result of interest rate fluctuations. These changes are reported against the fair value fund under equity after deductions for deferred tax. The price sensitivity risk is measured by simulating the effect of a one percentage point interest rate rise. The market value change in "Financial assets available for sale" may not exceed 10% of the banking group's own assets in the event of a parallel shift of one percentage point in interest rates, ignoring deferred tax liabilities or assets. The Finance Committee sets more detailed limits within the framework established by the Board of Directors.

The market valuation of these financial assets held for sale is posted against the fair value fund under equity after the deduction of deferred tax. The net change of the fair value fund relating to market value interest rate risk entered during the financial year amounted to EUR -11.9 million (-9.1). At the end of the financial year, the total fair value fund within the banking group was EUR -12.6 million (-1.7).

6.1.3 Exchange rate risk

Exchange rate risk refers to a negative change in value in the banking group's currency positions caused by fluctuations in exchange rates.

Within the banking business, currency dealings are based on customer requirements, for which reason most of this activity involves Nordic currencies and the US dollar. Exchange rate risks are primarily managed by means of matching. Treasury is responsible for managing the bank's daily currency position within the framework of the authorisations given by the Financial Committee. Operations are governed by the limits set by the Executive Committee. The risk limits have been determined in relation to the banking group's capital base.

The total net exchange rate exposure for the banking group at the end of the year was EUR 0.9 million.

6.1.4 Equity price risk

Equity price risk refers to changes in value due to fluctuations in share prices. Limits have been set for share price risk in relation to the banking group's own funds.

The bank does not take active equity price risks for trading purposes.

6.1.5 Real estate risk

Real estate risk relates to a risk which is attributable to a fall in the market value of real estate assets. Investments in or ownership of real estate are not part of the Group's core business. In order to reduce real estate risks, real estate assets have been reduced and efforts will also be made in future to sell from the real estate portfolio. Attempts will also be made to use this real estate more efficiently and to increase the return which it gives. Most of the real estate is insured for its full value.

6.2 Market risks within the life insurance company

Aktia's Executive Committee and the operational management of the life insurance company are responsible for managing the market risks, with the authorisation of both the Group's Board of Directors and the company's own board. The board of the life insurance company draws up an annual investment plan which includes limits for neutral allocation, instrument allocation limits, decision-making authority and investment business organisation. The Executive Committee has appointed a specific Investment Committee for dealing with market risks within limits. The Group's risk control function monitors risk positions and limits.

The policyholder bears the market risk himself regarding the investments providing cover for unit-linked insurance policies. These investments are valued on an ongoing basis at fair value, and any changes in value are posted to provisions for unit-linked insurance policies.

The element of the investment portfolio which will cover the technical provisions of interest-linked insurance is valued on an ongoing basis at fair value with reference to the fair value fund. At the end of the year, the fair value fund relating to the life insurance business in the Aktia Group totalled EUR 5.4 million after acquisition eliminations.

The investment activities are based on a neutral allocation between different types of assets within which the tactical allocation takes place. The highest possible return for the given level of risk is sought through diversification.

The market risks of the investment portfolio are measured using a VaR model, and the limit restricts the maximum loss during one year at a significance level of 97.5%. The risk position of the investment portfolio is reported to the Board on a quarterly basis, and to the board of the life insurance company on a monthly basis.

Neutral and actual allocation as at 31/12/2007

	Holding 31.12.2007	Neutral allocation
Equity	20.6 %	20.0 %
Bonds – total	51.4 %	58.0 %
Money market	9.0 %	2.0 %
Real estate	9.9 %	10.0 %
Alternative	9.2 %	10.0 %

6.2.1 Interest rate risk

Interest rate risk is the most significant provision risk due to the guaranteed interest rate of pension insurance and savings insurance. For policies sold, the highest discount rate permitted by the authorities has been used as the guaranteed interest rate, i.e. 4.5% for policies granted prior to 1999. From 1999 until 1 April 2003, the corresponding rate was 3.5%, and the rate is currently 3.5% for group pension policies and 2.5% for other policies. During the course of the year, the discount rate was reduced in order to reduce future interest requirements. The provision for interest-linked policies is EUR 654.3 million, with an average interest requirement of 2.9%. Of the interest-bearing provision, 58% consists of individual pension policies with very little risk of repurchase.

6.2.2 Equity price risk

Geographically specified limits have been set for share price risk in relation to the size of the company's total investment portfolio. The equity price risk is further diversified by allocating the shareholding across various sectors.

6.2.3 Real estate risk

Real estate risk is dealt with within the life insurance company through diversified investments in various types of real estate both domestically and abroad, primarily through indirect real estate instruments such as listed and unlisted real estate funds and shares in real estate companies. Real estate risk is limited geographically and through counterparty risk limits.

6.2.4 Exchange rate risk

The provision consists virtually entirely of liabilities in euro, so currency investments are not required in order to cover this. In accordance with the Ordinance on Provision Coverage for Insurance Companies with Direct Insurance Operations, the provision in a certain currency may only be covered up to a maximum of 20% by investments in another currency. Exchange rate risk is mainly taken through the share market, and total exchange rate exposure in the various currencies is limited by the company's Board of Directors.

Investments within the life insurance business are mainly euro-based, and the exchange rate risk is regulated through both internal and authority-based limits.

Exchange rate risk within the life insurance business

	Currency, EUR millions								
	NOK	SEK	DKK	GBP	CHF	USD	JPY	SGD	Other currencies
Exchange rate risk, open positions	28.4	12.0	0.7	0.3	4.2	11.1	5.0	2.8	20.1
5% drop in exchange rate for foreign currencies againtst the Euro	-1.4	-0.6	0.0	0.0	-0.2	-0.6	-0.3	-0.1	-1.0

7. MANAGING OPERATIONAL RISKS

Operational risks refer to loss risks which arise as a result of unclear or incomplete instructions, activities carried out in violation of instructions, unreliable information, deficient systems or actions taken by staff. The losses incurred due to these risks may be direct or indirect financial losses, or losses which damage the corporate image to the extent that the bank's market credibility suffers.

The Group's policy on handling operational risks has been established by the Board of Directors. According to the policy, the essential functions within the Group, including outsourced functions, shall be regularly mapped for risks. This risk mapping concludes with a probability and consequence evaluation, after which the competent decision-making body decides on how the risks will be handled. In addition to regular risk mapping, adequate instructions shall also be drawn up as a preventative measure in order to reduce operational risks within central areas and those exposed to risk. The instructions should include legal risks, staff risks, principles for continuity planning, etc.

In order to verify the reliability of risk mapping and to monitor the development of the risk level, all significant incidents must be registered and reported in a systematic fashion.

The responsibility for managing the operational risks is borne by the business areas and the line organisation. Risk management includes continual development in the quality of the internal processes and internal control of the whole organisation. The management of each business area is responsible for ensuring that the processes and procedures are adapted to the goals established by the Executive Committee and that the instructions are sufficient. Special process descriptions are drawn up if necessary.

Each unit manager is responsible for full compliance with the instructions. Internal Audit analyses the processes at regular intervals and evaluates the reliability of the units' internal controls. Internal Audit reports directly to the Board of Directors.

In addition to the preventative work to avoid operational risks, the Group also seeks to maintain adequate insurance cover for damage occurring as a result of irregularities, computer hacking, other criminal activities, etc.

Over the course of the year, incidents were identified within the Group which led to losses totalling EUR 0.4 million.

7.1 Legal risks

Legal risk refers to the risk of loss due to an invalid contract or incomplete documentation and the risk of sanctions and loss of goodwill due to a law or official regulations being violated. The Group seeks to manage the risk of poor agreement documentation by establishing contractual relationships relating to day-to-day activities which are based on standard terms worked out jointly by the banking and insurance industry. When finalising non-standardised agreements, branch offices and business units must consult the Group's legal experts. External experts are also used when necessary. The Group has specific expert resources allocated to support the Group's compliance, particularly in the provision of investment services.

8. TECHNICAL PROVISION RISKS

The life insurance company offers voluntary pension insurance, life insurance and savings insurance. Due to provisions contained in insurance agreement legislation, the company has very little opportunity for influencing premiums and terms and conditions for existing policies. The adequacy of premiums is monitored annually. For new policies, the company is free to determine premium levels, and this is carried out by the Board following proposals from the chief mathematician.

Reinsurance coverage is a tool used to limit liability for claims on the company's own behalf, so that the company's solvency capital remains sufficient and results do not fluctuate too much. The board of the life insurance company has set limits for risks which the company can bear itself without taking out reinsurance.

The most significant form of risk in relation to savings and pension insurance with discretionary elements is interest rate risk, i.e. the risk that the return on investments will not be sufficient to cover the policies' interest requirements, which correspond at least to the calculation interest (the guaranteed interest rate) on the policy. As at 31 December 2007, the average calculation interest on the life insurance company's provisions, excluding the provision for unit-linked insurance policies, was approximately 2.9%.

In terms of unit-linked insurance policies, the insurance savings rise or fall based on the change in value of the investment funds to which the policyholders have chosen to link their savings. The life insurance company purchases corresponding mutual funds as coverage for the fund-linked element of the provision, and is thus hedged against the element of the change in the fund-linked provision which derives from the change in value of the funds to which the customers have linked their savings.

The main risks associated with risk insurance (primarily life and health insurance) are risks in connection with mortality and expected lifetime and rising sickness benefits. The main methods for dealing with the risk associated with risk insurance are risk selection, tariffing, reinsuring risks and monitoring claims costs. In terms of health insurance, the life insurance company can increase the insurance premiums – within certain limits – in order to cover rising sickness benefits. A 50% rise in mortality and sickness benefits would mean a rise in risk compensation of over EUR 5 million annually.

9. CAPITAL ADEQUACY

9.1 The banking group

The banking group's capital adequacy as at 31 December 2007 is shown in accordance with the new Basel 2 regulations which entered into force on 15 February 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 specifically for market risks because of the small trading book.

As at 31 December 2007, the capital base totalled EUR 443 million, of which EUR 313 million was Tier 1 capital. The Tier 1 capital includes both the profit for the reporting period and deductions for the 2006 dividend ratified by the Annual General Meeting, as well as the Board of Directors' proposal for dividends for the reporting period of EUR 0.50 per share. 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.

During the year, the banking group issued subordinated debts for EUR 64 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 130 million.

Capital adequacy amounted to 15.4% compared with 13.8% at year-end 2006. The Tier 1 capital ratio was 10.9% compared with 9.2% at year-end 2006. The already good capital adequacy ratio was further strengthened by the lower risk weighting of loans secured by housing collateral in accordance with Basel 2 (the comparative figures for 2006 were calculated in accordance with Basel 1).

However, the Basel 2 regulations also involve a capital requirement for operational risks, which, calculated according to the basic indicator approach, totalled approximately EUR 21 million at the end of 2007.

9.2 The life insurance group

The solvency ratio rose to 18.1% of provisions, compared with 20.9% at the end of 2006.

9.3 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 December 2007, the financial conglomerate's capital adequacy (the conglomerate's capital base in relation to the minimum requirement) totalled 139%.

(1 000 euro)

NOTE 2. CAPITAL ADEQUACY AND EXPOSURES

Summary	12.2007	9.2007	6.2007	3.2007	12.2006
Tier 1 capital	312,744	327,213	319,220	309,066	245,246
Tier 2 capital	130,474	146,562	149,712	144,789	121,743
Capital base	**443,217**	**473,775**	**468,932**	**453,855**	**366,989**
Risk weighted amount for credit- and counterpart risks	2,611,799	2,466,690	2,333,735	2,241,946	2,654,800
Risk weighted amount for market risks	0	0	0	0	0
Risk weighted amount for operative risks	263,393	245,456	244,846	244,846	0
Riskweighted commitments	**2,875,192**	**2,712,146**	**2,578,581**	**2,486,792**	**2,654,800**
Capital adequacy ratio, %	**15.42**	**17.47**	**18.19**	**18.25**	**13.82**
Tier 1 Capital ratio, %	**10.88**	**12.06**	**12.38**	**12.43**	**9.24**
Minimum capital requirement	**229,995**	**216,972**	**206,286**	**198,943**	**212,384**
Capital buffer (difference of capital base less minimi requirement)	213,222	256,803	262,646	254,912	154,605

1) No capital requirement due to minor trading book and when total of net currency positions is less than 2% of capital base.
2) Capital requirement of 15% is calculated according to definition of average gross income during the last three years (140 EUR millions) x riskweighted factor of 12,5.

Capital base	12.2007	9.2007	6.2007	3.2007	12.2006
Share capital	80,204	80,204	80,424	80,126	70,596
Share premium account	1,893	1,893	1,893	1,893	1,893
Legal reserve	8,079	8,079	8,079	8,079	8,079
Other funds	45,254	45,254	45,034	44,825	,
Minority share	14,499	22,940	22,575	22,178	9,814
Retained earnings	155,094	157,368	157,368	157,368	130,123
Profit for the year	50,671	45,803	32,849	19,745	42,254
Provision for dividends to shareholders	-20,138	-12,031	-8,020	-4,006	-14,825
Total	335,556	349,510	340,202	330,208	247,934
Intangible assets	-5,162	-4,948	-3,782	-4,342	-2,688
Shares in insurance companies	-17,650	-17,350	-17,200	-16,800	0
Tier 1 capital	**312,744**	**327,213**	**319,220**	**309,066**	**245,246**
Fund at fair value	-17,073	-2,087	3,232	2,742	-880
Risk debebtures	165,197	165,999	163,680	158,847	122,623
Shares in insurance companies	-17,650	-17,350	-17,200	-16,800	0
Tier 2 capital	**130,474**	**146,562**	**149,712**	**144,789**	**121,743**
Total capital base	**443,217**	**473,775**	**468,932**	**453,855**	**366,989**

Riskweighted commitments, credit- and counterparty risks

				Risk-weighted commitments				Basel 1
Riskweight	Balance assets	Off-balance sheet items	Total	12.2007	9.2007	6.2007	3.2007	12.2006
0 %	548,400	30,402	578,802	0	0	0	0	0
10 %	678,125	0	678,125	67,812	58,695	58,081	54,672	47,850
20 %	1,221,931	165,344	1,387,276	251,390	201,727	158,710	163,478	143,840
35 %	3,483,868	97,003	3,580,871	1,232,151	1,176,194	1,122,765	1,055,323	0
50 %	3,435	439	3,875	1,889	5,297	1	2,048	1,350,240
75 %	480,502	86,315	566,817	391,497	412,201	412,457	404,175	0
100 %	577,780	121,724	699,504	631,252	567,840	541,974	531,662	1,097,040
150 %	9,759	1,292	11,051	15,608	23,433	17,204	13,324	0
Total	**7,003,801**	**502,519**	**7,506,320**	**2,591,598**	**2,445,387**	**2,311,192**	**2,224,682**	**2,638,970**
Derivatives *)		97,647	97,647	20,200	21,303	22,543	17,264	15,830
Total	**7,003,801**	**600,166**	**7,603,967**	**2,611,799**	**2,466,690**	**2,333,735**	**2,241,946**	**2,654,800**

*) derivative agreements credit conversion factor

Riskweighted amount for operative risks					Risk-weighted amount				Basel 1
Year	**2004**	**2005**	**2006**	**2007**	**12.2007**	**9.2007**	**6.2007**	**3.2007**	**12.2006**
Gross income	116,451	135,697	140,581	145,150					
- average 3 years			130,910	140,476					
Indicator 15 %	17,468	20,355	21,087	21,773					
Capital requirement for operative risk			**19,636**	**21,071**	**263,393**	**245,456**	**244,846**	**244,846**	**0**

Conglomerate´s capital adequacy calculation 31.12.2007

Summary	12.2007	9.2007	6.2007	3.2007	12.2006
Tier 1 capital for the group	360,890	373,771	366,529	350,944	
Sector-specific assets	149,357	161,494	156,320	159,050	
Intangible assets and other specific reductions	-114,809	-110,654	-107,608	-115,012	
Other sector-specific not transferrable assets	-14,499	-22,940	-22,575	-22,178	
Conglomerates total capital base	**380,939**	**401,671**	**392,666**	**372,804**	
Capital requirement for banking	230,015	216,972	206,284	198,684	
Capital requirement for insurance business	44,912	44,569	44,052	42,934	
Minimum amount for capital base	**274,927**	**261,541**	**250,336**	**241,619**	
Conglomerates capital adequacy	**106,012**	**140,130**	**142,330**	**131,185**	
Capital adequacy ratio, %	138.6 %	153.6 %	156.9 %	154.3 %	

The comgolerate´s capital adequacy is based on consolidaiton method and is calcuated according to FICO rules and the standards of Financial Supervision Authority.

NOTE 2. AKTIA GROUP, BANKING OPERATIONS 31 DECEMBER 2007

Total liabilities by liability class before and after the effect of risk reduction techniques.

Balance sheet items and off-balance sheet items including derivatives by credit counter value.

	Liability class	Contractual liability	Impairment	Net liability	Financial guarantees and other substitutions	Liability after substitution	Financing collaterals	Liability after collateral	Risk-weighted amount	Capital claim
1	States and central banks	246,129		246,129	180,554	426,683		426,683	0	0
2	Regional administrations and local authorities	14,244		14,244	12,360	26,604		26,604	0	0
3	Public corporations	184		184	2,352	2,536		2,536	507	41
4	International development banks	0		0	0	0		0	0	0
5	International organisations	0		0	0	0		0	0	0
6	Credit institutions	1,421,458		1,421,458	3,929	1,425,387		1,425,387	259,003	20,720
7	Enterprises	644,578		644,578	-44,230	600,348	-65,059	535,289	471,408	37,713
8	Retail receivables	750,810	-241	750,569	-153,179	597,390	-26,180	571,210	391,248	31,300
9	Real estate collateralised	3,584,083		3,584,083	0	3,584,083		3,584,083	1,232,898	98,632
10	Expired receivables	35,524	-15,577	19,947	-1,786	18,161		18,161	19,508	1,561
11	High-risk items	3,170		3,170	0	3,170		3,170	3,658	293
12	Covered bonds	699,923		699,923	0	699,923		699,923	67,812	5,425
13	Securitised items	35,463		35,463	0	35,463		35,463	7,093	567
14	Short-term enterprise receivables	0		0	0	0		0	0	0
15	Mutual fund investments	22,282		22,282	0	22,282		22,282	19,508	1,561
16	Other items	173,469	-11,500	161,969	0	161,969		161,969	139,156	11,132
		7,631,317	**-27,318**	**7,603,999**	**0**	**7,603,999**	**-91,239**	**7,512,760**	**2,611,800**	208,944

Accounting netting of liabilities has not been carried out.
The impairment principles for liabilities are indicated in a separate table, "Impairments of Receivables".
The class of receivables Real Estate Collateralised describes receivables that have comprehensive home equity pursuant to the regulations (Standard 4.3c of the Finnish Financial Supervision Authority).
Financial guarantees and other substitution refers to acceptable risk reduction measures (Standard 4.3e of the Finnish Financial Supervision Authority),
using which a liability from a contractual liability class is transferred (outflow -) into a liability class with a lower risk weighting and capital claim (inflow +).
Financing collateral is taken into account through a comprehensive method, pursuant to how collateral is defined in the regulations (Standard 4.3e of the Finnish Financial Supervision Authority).

NOTE 2. AKTIA GROUP, BANKING OPERATIONS 31 DECEMBER 2007

Average total exposures before the effect of credit risk reduction techniques (EUR 1,000)

	Liability class	Average total exposures before the effect of risk reduction techniques				
		31.3	30.6	30.9	31.12	Average 2007
1	States and central banks	198,818	275,809	247,730	246,129	242,122
2	Regional administrations and local authorities	30,763	20,283	14,573	14,244	19,966
3	Public corporations	259	7,531	231	184	2,051
4	International development banks	0	0	0	0	0
5	International organisations	0	0	0	0	0
6	Credit institutions	1,002,305	984,655	1,205,421	1,421,458	1,153,460
7	Enterprises	521,503	539,028	582,665	644,578	571,944
8	Retail receivables	760,430	776,560	776,290	750,569	765,962
9	Real estate collateralised	3,076,957	3,280,793	3,427,000	3,584,083	3,342,208
10	Expired receivables	13,638	19,665	26,672	19,947	19,981
11	High-risk items	1,655	1,675	1,958	3,170	2,115
12	Covered bonds	546,717	583,268	586,949	699,923	604,214
13	Securitised items	28,134	32,026	36,399	35,463	33,006
14	Short-term enterprise receivables	0	0	0	0	0
15	Mutual fund investments	23,828	23,623	23,393	22,282	23,282
16	Other items	139,343	140,955	137,477	161,969	144,936
		6,344,350	**6,685,871**	**7,066,758**	**7,603,999**	**6,925,245**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit counter value.

Total exposures before the effect of credit risk reduction techniques, broken down by maturity (EUR 1,000)

	Liability class	Under 3 months	3-12 months	1-5 years	5-10 years	Over 10 years	Total
1	States and central banks	227,668	2,456	2,776	12,848	382	246,129
2	Regional administrations and local authorities		140	936	5,380	7,788	14,244
3	Public corporations			160	24		184
4	International development banks						0
5	International organisations						0
6	Credit institutions	176,098	513,255	507,354	197,870	26,881	1,421,458
7	Enterprises	71,044	75,382	157,026	145,025	196,101	644,578
8	Retail receivables	26,938	33,757	113,358	136,787	439,729	750,569
9	Real estate collateralised	57,367	33,769	52,348	664,736	2,775,864	3,584,083
10	Expired receivables	2,059	1,884	523	7,183	8,298	19,947
11	High-risk items	1,284		1,886			3,170
12	Covered bonds	10,820	100,438	377,056	211,609		699,923
13	Securitised items			16,211	14,752	4,500	35,463
14	Short-term enterprise receivables						0
15	Mutual fund investments					22,282	22,282
16	Other items	35,549		4		126,416	161,969
		608,828	**761,079**	**1,229,636**	**1,396,214**	**3,608,242**	**7,603,999**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit counter value.

NOTE 2. AKTIA GROUP, BANKING OPERATIONS 31 DECEMBER 2007

Total liabilities before the effect of risk reduction techniques, broken down by region

	Liability class	Finland	Other Nordic countries	Rest of Europe	Other	Total
1	States and central banks	235,934		10,196		246,129
2	Regional administrations and local authorities	14,244				14,244
3	Public corporations	184				184
4	International development banks					0
5	International organisations					0
6	Credit institutions	565,296	155,024	669,088	32,049	1,421,458
7	Enterprises	644,165	112	301		644,578
8	Retail receivables	750,186	93	158	132	750,569
9	Real estate collateralised	3,581,774	640	1,518	151	3,584,083
10	Expired receivables	19,947				19,947
11	High-risk items	3,170				3,170
12	Covered bonds	5,055	32,051	657,718	5,099	699,923
13	Securitised items			35,463		35,463
14	Short-term enterprise receivables					0
15	Mutual fund investments	410	1,716	11,959	8,197	22,282
16	Other items	161,640	193	136		161,969
		5,982,004	**189,831**	**1,386,536**	**45,628**	**7,603,999**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit counter value.

Impairments of receivables, thousands of €	Outstanding debt before impairment	Targeted impairments	Class-specific impairments	Outstanding debt after impairments	Impairments in 2007	Refunds in 2007	Expired receivables
Households	**3,796,138**	3,338	4,000	**3,788,800**	340	231	11,924
Enterprises	**573,063**	12,204	7,500	**553,359**	420	330	7,004
Housing corporations	**184,058**	275		**183,783**			402
Non-profit corporations	**37,677**			**37,677**			
Public corporations	**10,026**			**10,026**			
Total	**4,600,962**	15,817	11,500	**4,573,645**	760	561	19,330

Final credit losses, recognised before 2007, are not included in historical impairment amounts.
During 2007, only targeted impairments were recognised.
Expired receivables are receivables that have been unpaid for over 90 days.

NOTE 3. SEGMENT-BASED REPORTING

Income statement	Retail Banking		Capital Market		Corporate Banking & Treasury		Life Insurance		Miscellaneous and Eliminations		Total Group	
(EUR 1,000)	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	1.1.-31.12	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**	**1.1.-31.12**
Net interest income	61,985	62,830	1,728	1,413	24,178	19,841	-	-	986	50	88,877	84,134
Dividends	15	4	89	90	426	-	-	-	1,011	1,127	1,541	1,222
Net commission income	31,288	25,107	13,699	11,006	-3,589	-1,896	-	-	5,949	5,843	47,346	40,061
Income from the insurance business	-	-	-	-	-	-	192,299	-	-54,221	-	138,078	0
Net profit from financial transactions	-	-	441	456	552	-236	-	-	1,265	516	2,257	736
Net income from investment properties	10	21	-	-	-	-	-	-	470	4,859	480	4,880
Other operating income	1,809	2,838	223	22	1,607	1,482	-	-	-573	1,090	3,067	5,433
Total operating income	**95,107**	**90,801**	**16,180**	**12,988**	**23,174**	**19,192**	**192,299**	**-**	**-45,113**	**13,486**	**281,647**	**136,466**
Claims paid and change in provisions for insurance business	-	-	-	-	-	-	-139,755	-	19,900	-	-119,856	0
Staff costs	-28,113	-24,150	-4,863	-4,177	-4,508	-3,324	-6,026	-	-12,047	-10,041	-55,557	-41,691
Other administrative expenses	-37,337	-33,975	-3,658	-2,859	-6,101	-5,335	-5,565	-	18,248	15,300	-34,413	-26,869
Realised negative goodwill	-	-	-	-	-	-	-	-	12,082	-	12,082	0
Depreciation	-1,398	-1,684	-401	-333	-250	-232	-641	-	-2,432	-1,385	-5,121	-3,634
Other operating expenses	-5,077	-4,938	-603	-629	-1,013	-817	-	-	-5,771	-5,368	-12,464	-11,752
Total operating expenses	**-71,924**	**-64,747**	**-9,525**	**-7,998**	**-11,872**	**-9,707**	**-151,988**	**-**	**29,980**	**-1,494**	**-215,328**	**-83,947**
Write-downs of credits and other commitments	-231	1,533	-	-	-33	57	-	-	46	-	-218	1,590
Share of profit from associated undertakings	-	-	-	-	-	-	191	-	5	711	195	711
Operating profit	**22,951**	**27,587**	**6,655**	**4,989**	**11,269**	**9,542**	**40,502**	**0**	**-15,082**	**12,702**	**66,295**	**54,820**

Balance sheet	Retail Banking		Capital Market		Corporate Banking & Treasury		Life Insurance		Miscellaneous and Eliminations		Total Group	
(EUR 1,000)	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**
Cash and balances with central banks	10,054	9,466	69	47	218,286	298,394	-	-	-	-	228,409	307,907
Financial assets available for sale	878	489	13,295	12,124	1,716,199	1,179,050	-	-	50,429	50,722	1,780,801	1,242,385
Loans and other receivables	3,353,811	3,010,090	18,223	19,948	1,396,172	770,377	-	-	-11,196	-3,396	4,757,011	3,797,018
Investments	-	-	-	-	-	-	962,828	-	2,727	-	965,555	0
Other assets	16,854	13,325	3,645	3,493	244,671	86,813	18,278	-	-63,039	40,727	220,409	144,358
Total assets	**3,381,597**	**3,033,370**	**35,232**	**35,612**	**3,575,329**	**2,334,633**	**981,106**	**0**	**-21,079**	**88,053**	**7,952,185**	**5,491,668**
Deposits	2,464,938	2,246,158	135,886	132,738	1,136,759	964,439	-	-	-7,593	-2,949	3,729,991	3,340,385
Debt securities issued	-	-	-	-	1,994,664	1,321,257	-	-	-14,185	-	1,980,478	1,321,257
Technical provisions	-	-	-	-	-	-	854,843	-	-	-	854,843	0
Other liabilities	25,979	21,298	6,742	6,711	880,939	487,683	31,964	-	102,241	64,453	1,047,864	580,146
Total liabilities	**2,490,917**	**2,267,456**	**142,628**	**139,448**	**4,012,361**	**2,773,379**	**886,806**	**0**	**80,463**	**61,504**	**7,613,176**	**5,241,788**

NOTE 4. BUSINESSES ACQUIRED DURING THE PERIOD

In addition to certain minor real estate agency companies, Aktia acquired 99.96 per cent of the shares of Veritas Life Insurance Company on 17 January 2007. The following final acquisition analysis has been prepared per 1 January 2007.

(EUR 1,000)		**1.1.2007**	
Assets	**Veritas Life**	**Fair value adjustments**	**Veritas Life acquisition balance sheet**
Investments	877,495	53,837	931,332
Other receivables	12,231		12,231
Cash and bank balances	3,779		3,779
Intangible rights		2,560	2,560
Tangible and intangible assets of the insurance business	1,440		1,440
Total assets	**894,945**	**56,397**	**951,342**
Liabilities			
Technical provisions	783,869	19,900	803,769
Other liabilities	6,168		6,168
Capital loan	4,200		4,200
Deferred tax liabilities	19,186	7,372	26,559
Total liabilities	**813,423**	**27,272**	**840,695**
Net assets according to IFRS			**110,647**
Contract price including interest			97,033
Transfer tax			1,532
Acquisition price			**98,565**
- of which paid in cash			59,565
- of which paid in shares of Aktia Savings Bank plc (3,000,000 shares at EUR 13 each)			39,000
Difference = negative goodwill			**12,082**

The valuation of 3,000,000 shares directed to Pension Insurance Company Veritas is based on external valuation and realised share transactions.

Customer related immaterial rights were examined when constructing the acquisition balance sheet. The client base of Veritas Life Group was 128,000 at the time of acquisition. Estimated value of each client was EUR 20 leading to value of EUR 2,560,000 of immaterial rights. This value will be depreciated during the next two years. Other immaterial asset has valued to zero in the acquisition balance.

Net assets in the preliminary acquisition balance were higher than preliminary acquisition price. That led to negative goodwill of EUR 14,004,579.10 at the acquisition moment. The realised negative goodwill was recognised in the income statement for the first quarter 2007. According to the share purchase agreement, the final acquisition price was dependent on the realised value of the real estate portfolio of the Veritas Life Insurance Group. The final negative goodwill ended to EUR 12,082,458.01 after the calculation of realised value of real estate portfolio compared to estimated value of the portfolio per 1.1.2007 including the interest and transfer taxes. The difference in negative goodwill, EUR 1,921,121.09, was recognised as a cost during the last quarter 2007.

The total income statement effect after taxes of the acquisition of Veritas Life Insurance Group was EUR 16,840,293.36 in 2007.

NOTE 5. TRANSITION TO IFRS FINANCIAL STATEMENTS

In 2001 the EU Commission issued a directive that all listed companies in the EU must, at the latest as from 1 January 2005, issue financial reports in accordance with the international accounting standard IAS/IFRS. As an issuer of bonds, Aktia Savings Bank plc made the transition to IFRS reporting as from 1 January 2007. The financial statements for 2007 and the comparative information have been prepared in accordance with the IFRS standards as approved by the EU. As far as the Group is concerned, the application of IFRS does not involve any major changes to the Aktia Group's opening balance sheet as at 1 January 2006. Most of the 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 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 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 matured claims. In accordance with FAS, interest income on matured claims is not reported. In accordance with IAS 39, interest income is reported in line with the interest rate originally in force on the book value of all matured claims. This also means that the fair value of the total receivable, including book interest income, is subject to examination.

The IFRS requirements for write-downs and provisions are stricter than in earlier accounting policies. The Group has therefore reversed some of the group-based write-downs that did not fulfil the requirements of IFRS as at 1 January 2006.

In accordance with IAS 36, all properties have been examined to check for the need for write-downs. Properties which were previously valued as a portfolio became 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. The value of the properties has been examined in accordance with a combination of an external valuation from 2003 and in accordance with the best estimate of the management. With regard to investment properties, the Group has chosen to report these at their acquisition value in accordance with IAS 40.

During 2005 and 2006, Aktia Savings Bank plc sold A shares in Aktia Real Estate Mortgage Bank plc and entered into a shareholder agreement with the buyers in connection with the sale. The agreement guarantees a certain annual accumulated dividend payment from Aktia Real Estate Mortgage Bank plc. According to IFRS, the A shares must therefore be classified as liabilities, the sale of A shares is reversed and the guaranteed dividend payments are reported as an interest expense. This interpretation was clarified during the course of the year, and was not reported in the note relating to the transition to IFRS in the first quarterly financial statements for 2007 or during the rest of the year. The comparative figures have been adjusted to reflect the interpretation.

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

EFFECTS ON THE BALANCE SHEET OF THE TRANSITION TO IFRS ON 1 JANUARY 2006

Loans and other receivables
According to FAS accounting policies, interest is not calculated for matured claims. According to IFRS, interest must be calculated on all matured claims. In lending to the public and public sector entities, EUR 0.085 million in interest on matured claims has been posted in accordance with IFRS.

According to FAS, the Group has a group-based write-down of EUR 13.7 million. In connection with the transition to IFRS, the requirements for this group-based write-down have become stricter, and a dissolution of EUR 2.2 million has therefore been posted in connection with the transition to IFRS on 1 January 2006.

Derivatives for hedge accounting
The increase in derivatives for hedge accounting is primarily attributable to their valuation at fair value. The effect as at 1 January 2006 is EUR 2.135 million.

Tangible assets
In accordance with IAS 36, all properties have been examined to check for the need for write-downs. All properties have been subject to individual examination, and in cases where the book value was less than the fair value a write-down has been performed. The value of the properties has been examined in accordance with a combination of an external valuation from 2003 and in accordance with the best estimate of the management. Write-downs carried out as at 1 January 2006 totalled EUR 2.254 million.

Tax receivables
The increase in deferred tax receivables is EUR 0.586 million. This is from the write-down of tangible assets in accordance with IAS 36.

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 January 2006 is EUR 1.463 million.

Derivatives for hedge accounting
The increase in derivatives for hedge accounting is primarily attributable to their valuation at fair value. The effect as at 1 January 2006 is EUR 0.534 million.

Other liabilities
The minority interest on Aktia Real Estate Mortgage Bank plc's A shares which is not included in the Group is reported in accordance with IFRS as other liabilities. The effect as at 1 January 2006 is EUR 7.055 million, and an additional EUR 3.842 million for 2006 as a whole. The effect for 2006 also includes accumulated interest on the liability. In connection with the transition to IFRS, income from derivative contracts arranged for local banks was allocated in accordance with the maturity of the derivative contracts. The effect as at 1 January 2006 is EUR 0.522 million.

Tax liabilities
The increase in deferred tax liabilities of EUR 0.630 million comes from the valuation of various balance sheet items at fair value, from the dissolution of some of the group-based write-downs of credits and from interest income from matured claims.

Fair value fund
The fair value fund includes the change in the fair value of derivatives used to hedge cash flow. This change is very small and is rounded to EUR 33,000.

Effect of the transition to IFRS on retained earnings
The effect of the transition to IFRS on retained earnings as at 1 January 2006 was EUR -1.413 million. Of this, EUR +0.193 million comes from IFRS standard IAS 39 and IFRS standard IAS 36, and EUR -1.606 million from the reversal of the sale of Aktia Real Estate Mortgage Bank plc's A shares in 2005.

Minority interest's share of equity
The reduction in the minority interest's share of equity on transition to IFRS as at 1 January 2006 was EUR -5.550 million. The majority of this sum comes from the reclassification of Aktia Real Estate Mortgage Bank plc's A shares which are not included in the Group and which, in accordance with the shareholders' agreement, should be reported as other liabilities.

Net interest income

In net interest income, EUR +0.136 million in interest income on matured claims has been reversed in accordance with IFRS. On reclassifying Aktia Real Estate Mortgage Bank plc's A shares which are not included in the Group, this minority interest share is reported as other liabilities. An interest expense for this liability of EUR -0.240 million has been reported for 2006 as a whole.

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 2006 as a whole was EUR -0.129 million.

Net income from investment properties

Net income from investment properties includes a negative depreciation of the write-down performed in accordance with IAS 36. This effect is very small and is rounded to EUR 2,000.

Other operating income

In connection with the sale of Aktia Real Estate Mortgage Bank plc's A shares in 2006, the capital gain has been corrected in accordance with IFRS by EUR -0.831 million. Other operating income includes income from derivative contracts arranged for local banks. Under IFRS, this has been allocated in accordance with the maturity of the derivative contracts. The effect for 2006 as a whole was EUR -0.522 million.

Depreciation of tangible and intangible assets

Depreciation of tangible and intangible assets includes a negative depreciation of the write-down performed in accordance with IAS 36. This effect is very small and is rounded to EUR 5,000.

Taxes

Various IFRS changes have affected deferred tax receivables and deferred tax liabilities. These changes in deferred tax had a positive effect of EUR 0.132 million during the year.

Minority interest

The reclassification of Aktia Real Estate Mortgage Bank plc's A shares which are included in the Group under other liabilities does not involve any change in the minority interest for these shares. The effect for 2006 as a whole was EUR -0.402 million.

NOTE 5.TRANSITION TO IFRS FINANCIAL STATEMENTS

Balance sheet	1.1.2006			31.12.2006		
EUR 1,000	**FAS**	**IFRS-adjustments**	**IFRS**	**FAS**	**IFRS-adjustments**	**IFRS**
Assets						
Cash and balances with central banks	283,665		283,665	307,907		307,907
Financial assets held for trading	6,890		6,890	7,777		7,777
Financial assets that can be sold	770,046		770,046	1,242,385		1,242,385
Loans and other receivables	3,273,218	2,285	3,275,503	3,794,597	2,421	3,797,018
Financial assets held until maturity	33,458		33,458	47,843		47,843
Derivatives for hedge accounting	4,007	2,135	6,141	4,905	98	5,003
Intangible assets	2,735		2,735	2,688		2,688
Tangible assets	95,562	-2,254	93,308	42,225	-2,247	39,977
Investments in associated companies	2,655		2,655	2,227		2,227
Other assets	81,222		81,222	37,768		37,768
Deferred tax receivables	10	586	597	58	1,017	1,075
Total assets	**4,553,469**	**2,752**	**4,556,220**	**5,490,380**	**1,288**	**5,491,668**
Liabilities						
Deposits	3,054,536	1,463	3,055,999	3,349,011	-8,626	3,340,385
Other financial liabilities	1,084,760		1,084,760	1,728,973		1,728,973
Derivatives for hedge accounting	4,013	534	4,547	2,976	9,865	12,840
Other liabilities	129,435	7,055	136,490	116,043	11,419	127,462
Tax liabilities	31,252	630	31,882	31,498	630	32,128
Total liabilities	**4,303,996**	**9,682**	**4,313,678**	**5,228,500**	**13,288**	**5,241,788**
Shareholders' equity						
Share capital	70,596		70,596	70,596		70,596
Ordinary reserve	8,079		8,079	8,079		8,079
Share premium account	1,893		1,893	1,893		1,893
Fair value fund	7,735	33	7,768	-880	-818	-1,697
Total restricted equity	**88,304**	**33**	**88,337**	**79,689**	**-818**	**78,871**
Retained earnings as of 1 January	126,641		126,641	154,831	-1,413	153,418
Effect of transition to IFRS	0	-1,413	-1,413	0		
Dividends to shareholders	-8,825		-8,825	-24,709		-24,709
Profit for the financial year	37,014		37,014	42,254	-1,044	41,209
Unrestricted equity	**154,831**	**-1,413**	**153,418**	**172,376**	**-2,457**	**169,919**
Shareholder's share of equity	243,135	-1,380	241,755	252,065	-3,275	248,790
Minority interest's share of equity	6,338	-5,550	788	9,814	-8,724	1,090
Shareholders' equity	**249,473**	**-6,930**	**242,543**	**261,880**	**-12,000**	**249,880**
Total liabilities and equity	**4,553,469**	**2,752**	**4,556,220**	**5,490,380**	**1,288**	**5,491,668**

NOTE 5. TRANSITION TO IFRS FINANCIAL STATEMENTS

Profit and loss account (EUR 1,000)	1.1.2006 - 31.12.2006 FAS	IFRS-adjustments	IFRS
Net interest income	84,238	-103	84,134
Dividends	1,222		1,222
Commission income	48,107		48,107
Commission expenses	-8,046		-8,046
Net commission income	40,061	0	40,061
Net income from securities and currency trading	1,384	-129	1,255
Net income from financial assets that can be sold	-519		-519
Net profit from financial transactions	865	-129	736
Net income from administered properties	4,878	2	4,880
Other operating income	6,786	-1,353	5,433
Total operating income	**138,050**	**-1,583**	**136,466**
Staff costs	-41,691		-41,691
Other administrative expenses	-26,869		-26,869
Depreciation on tangible and intangible assets	-3,639	5	-3,634
Other operating expenses	-11,752		-11,752
Total operating expenses	**-83,952**	**5**	**-83,947**
Write-downs on loans and other commitments	1,590		1,590
Share of the profit from associated companies	711		711
Operating profit	**56,399**	**-1,578**	**54,820**
Taxes	-13,535	132	-13,403
Profit for the financial year	**42,864**	**-1,446**	**41,417**
Attributable to:			
Shareholders in Aktia Savings Bank plc	42,254	-1,044	41,209
Minority interest	610	-402	208
Total	**42,864**	**-1,446**	**41,417**

Reconciliation of the Aktia Group's equity

(EUR 1,000)	Share capital	Ordinary reserve	Share premium account	Fair value fund
Equity as at 31 Dec 2005, FAS	70,596	8,079	1,893	7,735
Effects of the transition to IFRS				33
Adjusted equity 1 Jan 2006, IFRS	70,596	8,079	1,893	7,768
Change in valuation of fair value for financial assets that can be sold				-12,524
Changes in valuation of the fair value for cash flow hedging				-1,150
Transferred to the income statement				882
Share of deferred taxes direct to equity				3,326
Dividends to shareholders				
Profit for the financial year				
Other change in minority interest's share of equity				
Equity as of 31 Dec 2006	70,596	8,079	1,893	-1,697

(EUR 1,000)	Retained earnings	Shareholder's share of equity	Minority interest's share	Total equity
Equity as at 31 Dec 2005, FAS	154,831	243,135	6,338	249,473
Effects of the transition to IFRS	-1,413	-1,380	-5,550	-6,930
Adjusted equity 1 Jan 2006, IFRS	153,418	241,755	788	242,543
Change in valuation of fair value of financial assets that can be sold		-12,524		-12,524
Changes in valuation of fair value for cash flow hedging		-1,150		-1,150
Transferred to the income statement		882		882
Share of deferred taxes direct to equity		3,326		3,326
Dividends to shareholders	-24,709	-24,709		-24,709
Profit for the financial year	41,209	41,209	208	41,417
Other change in minority interest's share of equity		0	94	94
Equity as of 31 Dec 2006	169,919	248,790	1,090	249,880

NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE 6. INTEREST INCOME AND EXPENSES

	2007	2006
Interest income		
Interest income from cash and balances with central banks	8,065	5,291
Interest income from financial assets held for trading	306	160
Interest income from financial assets that can be sold	54,192	31,320
Interest income from claims on credit institutions	3,661	3,640
Interest income from public and public sector entities	205,138	137,134
Interest income from loans and other receivables *)	208,798	140,774
Interest income from investments held until maturity *)	2,290	1,542
Interest income from hedging instruments	-1,526	1,290
Other interest income	279	929
Total	**272,404**	**181,306**
Interest expenses		
Interest expenses from deposits, credit institutes	42,304	22,995
Interest expenses from deposits, other public sector entities	64,848	38,924
Interest expenses from deposits *)	107,152	61,920
Interest expenses for debt securities issued to the public	66,826	32,017
Interest expenses for subordinated liabilities	6,302	5,747
Interest expenses from securities issued and subordinated liabilities *)	73,128	37,764
Interest expenses for hedging instruments	2,612	-2,025
Interest costs for interest-rate derivatives in issued bonds	295	-1,015
Other interest expenses	340	529
Total	**183,526**	**97,172**
Net interest income	**88,877**	**84,134**

*) Balance sheet items that are valued at the accrued acquisition cost

NOTE 7. DIVIDENDS

	2007	2006
Dividend income from shares that can be sold	1,541	1,222
Total	**1,541**	**1,222**

NOTE 8. COMMISSION INCOME AND EXPENSES

	2007	2006
Commission income		
Lending	4,511	4,489
Borrowing	120	112
Payment transactions	10,638	9,735
Asset management services	31,076	24,984
Brokerage of insurance	1,857	3,138
Guarantees and other off-balance sheet commitments	598	556
Real estate agency	7,432	3,529
Other commission income	950	1,565
Total	**57,182**	**48,107**
Commission expenses		
Bank fees paid	651	646
Other commission expenses	9,186	7,400
Total	**9,836**	**8,046**
Net commission income	**47,346**	**40,061**

NOTE 9. INCOME AND EXPENSES FROM THE LIFE INSURANCE BUSINESS

	2007	2006
The insurance operation's income		
Premiums	100,025	-
Assuming company's share	-207	-
Income from insurance premiums	99,817	-
Net income from the investment operation	38,261	-
Total	**138,078**	**-**
Insurance claims and changes in provisions		
Insurance claims paid	66,058	-
Changes in provisions	53,798	-
Total	**119,856**	**-**

PREMIUM INCOME FROM THE LIFE INSURANCE BUSINESS

	2007	2006
Premium income from insurance and investment agreements		
Insurance agreements	99,967	-
Reinsurance agreements	58	-
Total gross income from premiums before the assuming company's share	**100,025**	**-**
Assuming company's share	-207	-
Total income from premiums	**99,817**	**-**
Premium income from insurance agreements with a discretionary element		
Saving plans	12,465	-
Personal pension insurance	16,865	-
Group pension insurance	3,961	-
Personal insurance	18,582	-
Group life insurance for employers	783	-
Other group life insurance	104	-
Risk insurance	19,469	-
Total	**52,761**	**-**
Premium income from unit-linked agreements		
Saving plans	38,364	-
Individual pension insurance	8,512	-
Group pension insurance	181	-
Tota	**47,057**	**-**
Total income from premiums	**99,817**	-
On-going and one-off premiums from direct insurance		
On-going premiums	60,851	-
One-off premiums	38,966	-
Total income from premiums	**99,817**	**-**

THE LIFE INSURANCE BUSINESS' NET INCOME FROM INVESTMENTS

	2007	2006
Net income from loans and other receivables		
Interest income	263	-
Capital gains and losses		-
Total	**263**	**-**
Net income from financial assets valued at fair value via the income statement		
Derivative contracts	**-364**	
Profits and losses	-364	-
Total	**-364**	**-**
Net income from financial assets that can be sold		
Debt securities	**14,587**	**-**
Interest income	16,581	-
Capital gains and losses	-1,563	-
Other income and expenses	-431	-
Shares and holdings	**13,817**	**-**
Dividends	3,552	-
Other income and expenses	-2,220	-
Capital gains and losses	12,485	-
Total	**28,403**	**-**

NOTE 9. INCOME AND EXPENSES FROM THE LIFE INSURANCE BUSINESS

	2007	2006
Net income from administered properties		
Rental income	9,986	-
Direct expenses for administered properties, which generated rental income during the accounting period	-4,779	-
Direct expenses for administered properties, which did not generate rental income during the accounting period	-	-
Total	**5,206**	**-**
Net income from investment assets that comprise cover for unit-linked policies		
Derivative contracts	**4,939**	**-**
Capital gains and losses	1,386	-
Valuation gains and losses	3,553	-
Total	**4,939**	**-**
Expenses from financial liabilities		
Subordinated liabilities	-186	-
Total	**-186**	
Total for the Life Insurance business' net income from the investment business	**38,261**	**-**
Exchange rate differences included in net income from the investment business	-1,427	-

LIFE INSURANCE CLAIMS PAID

	2007	2006
Claims paid from insurance agreements with discretionary element		
Saving plans		
Repayment of saving sums	11,312	-
Payments in the event of death	2,237	-
Repurchase	5,028	-
Total	**18,577**	**-**
Individual pension insurance		
Pensions	14,358	-
Payments in the event of death	114	-
Repurchase	410	-
Total	**14,882**	**-**
Group pension insurance		
Pensions	1,988	-
Repurchase	40	-
Other	22	-
Total	**2,050**	**-**
Risk insurance		
Personal insurance	11,981	-
Group life insurance for employers	555	-
Other group life insurance	33	-
Total	**12,568**	**-**
Total claims paid from insurance agreements with discretionary element	**48,078**	**-**
Claims paid from unit-linked insurances		
Saving plans		
Repayment of saving sums	1,890	-
Payments in the event of death	2,921	-
Repurchase	11,373	-
Total	**16,184**	**-**
Individual pension insurance		
Pensions	91	-
Payments in the event of death	127	-
Repurchase	71	-
Total	**289**	**-**
Total claims paid from unit-linked insurances	**16,473**	**-**
Expenses for the claims function	1,507	-
Total claims paid	**66,058**	**-**

NOTE 10. NET INCOME FROM SECURITIES AND CURRENCY TRADING	2007	2006
Debt securities		
Capital gains and losses	83	76
Total	**83**	**76**
Derivative contracts, cash flow hedging		
Ineffective share of the cash flow hedging	-165	-129
Total	**-165**	**-129**
Other		
Capital gains and losses	-5	-5
Total	**-5**	**-5**
Total		
Capital gains and losses	79	71
Other items	-165	-129
Net income from financial assets and liabilities that are held for trading and cash flow hedging, net	**-86**	**-58**
Net income from currency trading	1,094	1,313
Net income from securities and currency trading	**1,008**	**1,255**

NOTE 11. NET INCOME FROM HEDGE ACCOUNTING	2007	2006
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	-8,554	-8,626
Financial derivatives hedging issued bonds	-1,489	0
Changes in the actual value of the hedge instruments, net	-10,043	-8,626
Repayable on demand liabilities	8,554	8,626
Bonds issued	1,489	0
Changes in the fair value of items that are hedged, net	10,043	8,626
Total	**0**	**0**

There is no ineffectiveness in the net income of the hedging account.

NOTE 12. NET INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE

	2007	2006
Debt securities		
Capital gains and losses	132	-1,414
Transferred from the fund at fair value	-455	430
Total	**-323**	**-984**
Shares and holdings		
Capital gains and losses	2,119	519
Transferred from the fund at fair value	-434	-55
Total	**1,685**	**465**
Other		
Capital gains and losses	-112	0
Total	**-112**	**0**
Total		
Capital gains and losses	2,139	-894
Transferred from the fund at fair value	-889	375
Net income from financial assets that can be sold	**1,250**	**-519**

NOTE 13. NET INCOME FROM INVESTMENT PROPERTIES

	2007	2006
Rental income	1,618	2,728
Capital gains	248	3,937
For write-downs during the financial year	0	0
Other income from investment properties	37	226
Capital losses	-56	-186
Depreciation	-50	-497
Direct expenses for administered properties, which generated rental income during the accounting period	-1,317	-1,328
Direct expenses for administered properties, which did not generate rental income during the accounting period	-	-
Net income from administered properties	**480**	**4,880**

NOTE 14. OTHER OPERATING INCOME

	2007	2006
Rental income	17	37
Profit from the sale of tangible and intangible assets	214	437
Other income from the credit institute's own business	1,861	4,927
Other operating income	974	32
Total	**3,067**	**5,433**

NOTE 15. STAFF COSTS

	2007	2006
Salaries and fees	46,313	34,801
Pension costs	6,638	4,895
Other staff-related costs	2,606	1,995
Indirect employee costs	9,244	6,890
Total	**55,557**	**41,691**
Staff expenses that the life insurance operation reported on other rows in the profit and loss account		
Salaries and fees	1,740	0
Pension costs	350	0
Other staff-related costs	112	0
Indirect employee costs	462	0
Total	**2,201**	**0**
Total staff costs for the Group		
Salaries and fees	48,052	34,801
Pension costs	6,988	4,895
Other staff-related costs	2,718	1,995
Indirect employee costs	9,706	6,890
Total	**57,758**	**41,691**

NOTE 16. OTHER ADMINISTRATIVE EXPENSES

	2007	2006
Other staff costs	4,293	2,736
Office expenses	3,102	2,309
IT expenses	14,821	12,660
Communication costs	3,396	3,241
Representation and marketing costs	6,961	4,119
Other administrative expenses	1,839	1,805
Total	**34,413**	**26,869**

NOTE 17. OTHER OPERATING EXPENSES

	2007	2006
Rental expenses	3,560	3,675
Expenses for commercial properties	3,528	3,103
Insurance and hedging costs	2,027	1,901
Monitoring, control and membership fees	775	711
Sales losses on operating assets in own use	0	43
Other operating expenses	2,573	2,318
Total	**12,464**	**11,752**

NOTE 18. WRITE-DOWNS ON LOANS AND OTHER COMMITMENTS	2007	2006
Write-downs		
Individual write-downs of credits	-779	-620
Individual write-downs of other commitments	0	-58
Total	**-779**	**-678**
Reversal of impairments for the previous year		
Reversal of impairments on credits for the previous year	536	686
Reversal of impairments on other commitments for the previous year	3	1,486
Total	**540**	**2,172**
Reversal of impairment losses		
Reversal of impairment losses on credits	21	96
Total	**21**	**96**
Write-downs on loans and other commitments	**-218**	**1,590**

There are only write-downs on loans and other receivables

NOTE 19. TAXES	2007	2006
Income taxes on the ordinary business	16,273	15,622
Taxes from previous financial years	-60	-109
Changes in deferred taxes	-2,763	-2,110
Total	**13,450**	**13,403**

More information on deferred taxes is presented in note 34. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company that follows:

Profit before tax	66,295	54,820
Tax calculated on a 26% tax rate	17,237	14,253
Non-deductible expenses	261	83
Tax free income	-3,917	-444
Unused write-downs for tax purposes	-178	-305
Tax on the share of the profit of the associated companies	-51	-185
Taxes from previous financial years	-60	-109
Other	158	110
Income tax	**13,450**	**13,403**

The only tax that is booked directly against the equity is attributable to the fund at fair value and is specified in note 53.

NOTE 20. INCOME BY BUSINESS AREA

	2007	2006
Income by operation		
Banking	127,715	122,728
Mortgage bank activities	10,318	7,382
Common fund operations	22,130	17,412
Investment firm operations	5,662	3,267
Securities trading	53	71
Real estate agency	7,475	3,539
Real estate investment operations	429	5,227
Insurance	138,078	-
Total	**311,858**	**159,627**
Operating income by business area		
Banking	42,394	46,916
Mortgage bank activities	2,876	2,124
Common fund operations	3,415	2,532
Investment firm operations	2,165	1,344
Securities trading	53	71
Real estate agency	157	-401
Real estate investment operations	268	4,154
Insurance	18,604	-
Total	**69,933**	**56,739**
Personnel by business area		
Banking	863	804
Mortgage bank activities	6	6
Common fund operations	38	31
Investment firm operations	12	11
Securities trading	-	-
Real estate agency	80	63
Real estate investment operations	1	2
Insurance	156	-
Total	**1,156**	**917**

The bank only runs business operations in Finland.

No customer has more than 10% of the loan capital or the deposits.

The income and operating income per operation are without eliminations.

NOTE 21. EARNINGS PER SHARE

	2007	2006
The financial year's profit attributable to shareholders in Aktia Savings Bank plc	51,951	41,209
Average number of shares	39,762,048	35,822,917
Earnings per share	**1.31**	**1.17**
Diluted earnings per share		
The financial year's profit attributable to shareholders in Aktia Savings Bank plc	51,951	41,209
Average number of shares diluted	40,723,027	35,455,992
Diluted earnings per share	**1.28**	**1.16**

NOTES TO THE BALANCE SHEET

NOTE 22. CASH AND BALANCES WITH CENTRAL BANKS

	2007	2006
Cash	10,866	10,536
Bank of Finland current account	217,543	297,371
Total	**228,409**	**307,907**
The life insurance operation's cash, see note 29	6,864	
Cash and balances with central banks including the life insurance operation's cash	**235,273**	

NOTE 23. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	2007	2006
Financial assets held for trading		
Central and local government	-	6,282
Other	-	1,496
Interest bearing securities	-	7,777
Total	**-**	**7,777**

NOTE 24. FINANCIAL ASSETS AVAILABLE FOR SALE

	2007	2006
Interest bearing securities, central and local government	17,539	41,745
Interest bearing securities, credit institutes	1,681,762	1,121,628
Interest bearing securities, other	27,081	24,475
Total interest bearing securities	1,726,383	1,187,848
Publicly quoted shares and holdings	51,186	51,337
Shares and holdings that are not publicly quoted	3,231	3,199
Total	**1,780,801**	**1,242,385**
The life insurance operation's interest bearing securities	345,581	
The life insurance operation's shares and holdings	352,066	
Total financial assets that can be sold, see note 29	**2,478,448**	

NOTE 25 LOANS AND OTHER RECEIVABLES

	2007	2006
Repayable on demand claims on credit institutes	5,493	8,576
Other claims on credit institutes that are not repayable on demand	177,772	25,266
Loans to credit institutions	183,265	33,843
Transaction account credits, general and corporate	63,773	35,770
Credit bonds (= normal loans)	4,501,497	3,718,968
Loans	4,565,269	3,754,738
Write-downs for loans outstanding by group	-11,500	-11,500
Syndicated loans and sale and repurchase agreements, home/abroad	19,787	19,752
Bank guarantee claims	190	185
Loans to the public and public sector entities	4,573,746	3,763,175
Total	**4,757,011**	**3,797,018**
The life insurance operation's loans and other receivables, see note 29	271	
Total loans and other receivables	**4,757,282**	**3,797,018**

The bank has in the category receivables from the public and public sector entities only receivables other than those repayable on demand.

A sector-by-sector analysis of receivables from the public and public sector entities as well as write-downs and reversed write-downs for these

	2007	2006
Non-financial institutions and housing associations	710,832	563,264
Financial companies	10,458	6,347
Public sector	10,026	8,179
Households	3,802,486	3,137,348
Non-profit institutions	37,677	40,272
Foreign	2,266	7,765
Total	**4,573,746**	**3,763,175**
Write-downs during the financial year		
Write-downs at the beginning of the financial year	37,021	41,134
+ specific write-downs that were reported during the year	760	678
+ sector-specific write-downs that were reported during the year	-	-
- specific write-downs that were reversed during the year	-490	-2,172
- actual credit losses during the financial year, for which specific write-downs were made previously	-6,970	-2,619
Write-downs at the end of the financial year	30,321	37,021
Total claims for which interest is not accumulated in the accounts	7,343	5,789

Description of securities obtained and information on the fair values is commented on in note 2, risk management.

NOTE 26 FINANCIAL ASSETS HELD UNTIL MATURITY

	2007	2006
Interest bearing securities, other	45,840	47,843
Total	**45,840**	**47,843**

NOTE 27. DERIVATIVE INSTRUMENTS BOOK VALUE - ASSETS

	2007	2006
Interest rate derivatives	3,416	-
Share derivatives	-	4,905
Derivative contracts valued through income statement	-122	27
Fair value hedging	3,294	4,931
Interest rate derivatives	8,954	71
Cash flow hedging	8,954	71
Total	**12,248**	**5,003**

NOTE 28. CLAIMS ON CLOSE RELATIONS

	2007	2006
Credits and guarantees to close relations	2,898	2,060,305
Credits and guarantees to associated companies	10,970	65

Write-down	**At the beginning of the financial year**	**Increase/Decrease**	**At the end of the financial year**
Credits and guarantees to close relations	-	-	-
Credits and guarantees to associated companies	-	-	-

The Group's key personal in management positions refers to Aktia Saving Bank plc's Board of Supervisors and Board of Directors and the Group's Management (MD and deputy MD). Close relations include key persons in management positions according to the above and close family members and companies that are under the dominating influence (over 20% of the shares) of a key person in a management position.

Lending to close relations is on the normal customer conditions, with the normal evaluation of the debtor risk and with the same security requirement and with the same requirement on return as applies to the bank's customers in general.

NOTE 29. ASSETS OF THE INSURANCE BUSINESS

	2007	2006
Loans and other receivables	271	-
Interest bearing investments	345,581	-
Shares and holdings	352,066	-
Financial assets that can be sold	697,648	-
Land and water	15,772	-
Buildings	36,801	-
Shares and holdings in real estate corporations	11,930	-
Administrated properties	64,503	-
Total real estate holdings	64,503	-
Investments	762,421	-
Shares and holdings	203,134	-
Investments for unit-linked provisions	203,134	-
Total investments	965,555	-
Accrued expenses and advance payments	8,203	-
Receivables from the direct insurance operation	344	-
Receivables from the reinsurance operation	199	-
Other receivables	1,080	-
Cash and bank	6,864	-
Internal Group receivables	0	-
Total other receivables	16,690	-
The insurance operation's assets	**982,246**	-

NOTE 29. ASSETS OF THE INSURANCE BUSINESS CONTINUATION

Investment properties 31.12.2007	Land and water	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January				0
Acquisitions	28,717	69,914	20,380	119,011
Increases		138		138
Decreases	-12,945	-31,079	-8,183	-52,207
Acquisition cost 31 December	15,772	38,973	12,197	66,942
Accumulated depreciations and write-downs 1 January				0
Planned depreciations		-2,172	-267	-2,440
Reversal of impairments				0
Accumulated depreciations and write-downs 31 December	0	-2,172	-267	-2,440
Book value 31 December	**15,772**	**36,801**	**11,930**	**64,503**
Fair value 31 December	**15,772**	**36,801**	**11,930**	**64,503**

Commercial properties 31.12.2007	Land and water	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January				0
Acquisitions			3,221	3,221
Decreases			-3,221	-3,221
Acquisition cost 31 December	0	0	0	0
Accumulated depreciations and write-downs 31 December	0	0	0	0
Book value 31 December	**0**	**0**	**0**	**0**

The life insurance operation's financial assets that can be sold	2007	2006
Debt securities		
Quoted	352,995	-
Other	7,671	-
Total	**360,666**	**-**
Derivative contracts		
Quoted	338,330	-
Other	13,737	-
Total	**352,066**	**-**
Total of the life insurance operation's financial assets that can be sold	**712,733**	**-**

NOTE 30. INTANGIBLE ASSETS

31.12.2007	Immaterial rights	Other long-term expenditure	Total
Acquisition cost 1 January	4,797	6,553	11,350
Acquisitions	3,733	0	3,733
Increases	2,689	1,419	4,108
Decreases	-90	-245	-336
Acquisition cost 31 December	11,128	7,727	18,855
Accumulated depreciations and write-downs 1 January	-4,387	-4,275	-8,661
Accumulated write-downs on decreases	34	4	38
Planned depreciations	-1,936	-870	-2,806
Accumulated depreciations and write-downs 31 December	-6,289	-5,141	-11,430
Book value 31 December	**4,840**	**2,586**	**7,426**

31.12.2006	Immaterial rights (IT licenses)	Other long-term expenditure	Total
Acquisition cost 1 January	4,502	5,815	10,317
Increases	294	739	1,034
Decreases	0	-1	-1
Acquisition cost 31 December	4,797	6,553	11,350
Accumulated depreciations and write-downs 1 January	-4,167	-3,415	-7,582
Planned depreciations	-219	-860	-1,080
Accumulated depreciations and write-downs 31 December	-4,387	-4,275	-8,661
Book value 31 December	**410**	**2,278**	**2,688**

NOTE 31. TANGIBLE ASSETS

Investment properties 31.12.2007	Land and Water Areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	664	3,439	15,010	19,114
Increases	0	1	3,486	3,488
Decreases	-47	-368	-319	-733
Acquisition cost 31 December	618	3,073	18,178	21,869
Accumulated depreciations and write-downs 1 January	-32	-2,611	-4,884	-7,527
Accumulated write-downs on decreases	0	368	0	368
Planned depreciations	0	-50	-	-50
Accumulated depreciations and write-downs 31 December	-32	-2,293	-4,884	-7,208
Book value 31 December	**586**	**780**	**13,294**	**14,660**
Fair value 31 December	**707**	**1,263**	**15,385**	**17,355**

NOTE 31. TANGIBLE ASSETS CONTINUATION

31.12.2006	Land and Water Areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	13,326	23,508	14,908	51,743
Increases	3	19	0	22
Decreases	-12,665	-20,088	102	-32,650
Acquisition cost 31 December	664	3,439	15,010	19,114
Accumulated depreciations and write-downs 1 January	-32	-2,195	-4,884	-7,111
Accumulated depreciation on decreases	0	81	0	81
Planned depreciations	0	-497		-497
Accumulated depreciations and write-downs 31 December	-32	-2,611	-4,884	-7,527
Book value 31 December	**632**	**828**	**10,127**	**11,587**
Fair value 31 December	**914**	**1,169**	**12,678**	**14,760**

Commercial properties 31.12.2007	Land and Water Areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	458	3,962	25,524	29,944
Increases	0	3	3,421	3,424
Decreases	0	-345	-265	-610
Acquisition cost 31 December	458	3,620	28,680	32,758
Accumulated depreciations and write-downs 1 January	-8	-3,011	-3,763	-6,782
Accumulated depreciation on decreases	0	345	0	345
Planned depreciations	0	-51	0	-51
Accumulated depreciations and write-downs 31 December	-8	-2,717	-3,763	-6,487
Book value 31 December	**450**	**903**	**24,918**	**26,271**

31.12.2006	Land and Water Areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	12,254	22,774	16,917	51,945
Increases	8	30	1,848	1,885
Decreases	-11,803	-18,842	6,760	-23,886
Acquisition cost 31 December	458	3,962	25,524	29,944
Accumulated depreciations and write-downs 1 January	-8	-2,618	-3,763	-6,389
Accumulated depreciation on decreases	0	77	0	77
Planned depreciations	0	-470	0	-470
Accumulated depreciations and write-downs 31 December	-8	-3,011	-3,763	-6,782
Book value 31 December	**450**	**950**	**21,761**	**23,162**

NOT 31. TANGIBLE ASSETS CONTINUATION

Other material assets 31.12.2007	Machines and equipment	The insurance operation's machines and inventory	Other tangible assets	Total tangible assets
Acquisition cost 1 January	26,862	0	14,907	90,827
Acquisitions	0	447	32	480
Increases	1,424	63	710	9,110
Decreases	-489	-122	0	-1,954
Acquisition cost 31 December	27,797	389	15,650	98,463
Accumulated depreciations and write-downs 1 January	-24,561	0	-11,980	-50,850
Accumulated depreciations on decreases	477	45	0	1,235
Planned depreciations	-1,029	-211	-827	-2,167
Accumulated depreciations and write-downs December 31	-25,113	-166	-12,807	-51,781
Book value 31 December	**2,685**	**223**	**2,843**	**46,681**
The life insurance operation's tangible assets, see note 29				64,503
Total book value 31 December				**111,184**

31.12.2006	Machines and equipment	The insurance operation's machines and inventory	Other tangible assets	Total tangible assets
Acquisition cost 1 January	25,235	0	16,722	145,644
Increases	1,698	0	2,295	5,901
Decreases	-72	0	-4,110	-60,718
Acquisition cost 31 December	26,862	0	14,907	90,827
Accumulated depreciations and write-downs 1 January	-23,535	0	-15,302	-52,336
Accumulated depreciation on decreases	34	0	4,110	4,302
Planned depreciations	-1,060	0	-788	-2,816
Accumulated depreciations and write-downs 31 December	-24,561	0	-11,980	-50,850
Book value 31.12.	**2,301**	**0**	**2,927**	**39,977**

NOTE 32. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

	2007	2006
Acquisition cost 1 January	2,097	1,993
Share of profits 1 January	130	388
Investments	1,667	300
Sales	0	-196
Share of the associated company's income	5	711
Dividends obtained during the financial year	-343	-969
Book value 31 December	**3,556**	**2,227**

Associated undertakings	Assets	Liabilities	Operating profit	Profit for the financial year
Oy Samlink Ab	17,500	10,900	700	400
Unicus Ab	600	400	-200	-200
Mannerheimvägen 14 Fast Ab	84,800	24,400	0	0
Kiint Oy Luna, Helsinki	5,109	2,091	468	0
Other associated companies	16,400	11,300	0	100
Total	**124,409**	**49,091**	**968**	**300**

NOTE 33. OTHER ASSETS TOTAL

	2007	2006
Accrued interest income and interest expenses paid in advance	61,786	31,326
Other accrued income and expenses paid in advance	4,974	4,288
Accrued income and expenses paid in advance	66,761	35,614
Cash items being collected	159	150
Other assets	11,454	2,004
Total	**78,373**	**37,768**
The life insurance operation's other assets, see note 29	9,826	
Total of other assets	**88,199**	**37,768**

NOTE 34. DEFERRED TAXES

	2007	2006
Deferred tax liabilities/receivables, net		
Deferred tax liabilities/receivables, net 1st January	22,347	27,782
Acquisition of companies	26,551	-
Changes during the financial year booked via the income statement	-2,763	-2,110
Financial assets available for sale		
- Valuation of fair value direct to equity	-5,822	-3,256
- Transferred to the income statement	-231	229
Cash flow hedging		
- Valuation of fair value direct to equity	-26	-299
- Transferred to the income statement	-	-
Deferred tax liabilities/receivables, net 1 January	40,055	22,347
Deferred tax liabilities		
Appropriations	29,986	26,599
Financial assets that can be sold	11,310	-304
Cash flow hedging	-	-
Group-specific write-downs	-2,990	-2,990
Properties acquired in the life insurance operation	4,645	-
The insurance operation's reversed write-downs in IFRS	1,384	-
The insurance operation's equalisation liability	1,552	-
Other	26	58
Total	**45,911**	**23,363**
Deferred taxes receivables		
Write-downs of administered properties	583	584
Financial assets that can be sold	4,614	297
Cash flow hedging	366	-
Other	294	136
Total	**5,857**	**1,017**
Specification of changes during the financial year booked via the income statement		
Appropriations	-3,386	-4,352
Write-downs of administered properties	-2	-2
Cash flow hedging	43	34
Write-downs by group	-	-
Realisation of the insurance operation's acquired assets and liabilities	7,365	-
The insurance operation's reversed write-downs in ifrs	-1,384	-
The insurance operation's equalisation liability	-56	-
Other	183	6,430
Total	**2,763**	**2,110**

In other, under changes in deferred tax 2006, there is an item of eur 6,300 thousand concerning the sale of Fastighets Ab Mannerheimvägen 14. A provision for deferred tax was entered in 2005's financial statement for this and when Fastighets Ab Mannerheimvägen 14 was sold in august 2006, the provision was dissolved.

NOTE 35. BREAKDOWN OF MATURITY OF ASSETS BY BALANCE SHEET ITEM

31.12.2007

Assets	Less than 3 months	3-12 months	1-5 years
Financial assets valued at fair value via the income statement	-	-	-
Financial assets that can be sold	257,012	321,218	963,177
Loans and other receivables	364,077	353,284	1,152,332
Financial assets held until maturity	-	9,953	21,499
Total	**621,090**	**684,455**	**2,137,009**

Receivables	5-10 years	More than 10 years	Total
Financial assets valued at fair value via the income statement	-	-	-
Financial assets that can be sold	475,283	461,757	2,478,448
Loans and other receivables	966,878	1,920,711	4,757,282
Financial assets held until maturity	14,388	-	45,840
Total	**1,456,549**	**2,382,468**	**7,281,571**

31.12.2006

Receivables	Less than 3 months	3-12 months	1-5 years
Financial assets valued at fair value via the income statement	7,777	-	-
Financial assets available for sale	92,098	241,305	565,760
Loans and other receivables	173,744	298,063	1,018,426
Financial assets held until maturity	-	2,000	22,966
Total	**273,620**	**541,368**	**1,607,152**

Receivables	5-10 years	More than 10 years	Total
Financial assets valued at fair value via the income statement	-	-	7,777
Financial assets that can be sold	274,810	68,411	1,242,385
Loans and other receivables	845,866	1,460,919	3,797,018
Financial assets held until maturity	22,877	-	47,843
Total	**1,143,554**	**1,529,330**	**5,095,023**

The insurance operation's financial assets have been presented per category in this note, while in the balance sheet they are included in the insurance operation's assets.

NOTE 36. THE FINANCIAL ASSETS FAIR VALUE

	2007		2006	
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	235,273	235,273	307,907	307,907
Financial assets valued at fair value via the income statement	-	-	7,777	7,777
Financial assets that can be sold	2,478,448	2,478,448	1,242,385	1,242,385
Loans and other receivables	4,757,282	4,747,540	3,797,018	3,792,994
Financial assets held until maturity	45,840	45,245	47,843	48,036
Derivatives for hedge accounting	12,248	12,248	5,003	5,003
Total	**7,529,092**	**7,518,755**	**5,407,933**	**5,404,101**

The insurance operation's financial assets have been presented per category in this note while in the balance sheet they are included in the insurance operation's assets.

In the table, the fair value and the book value, of the financial assets and liabilities, are presented by balance sheet item. Information is also provided for such financial assets and liabilities that are entered as fair values. The principles for calculating the fair value are described in the accounting principles

The fair values on investment assets are determined by the market price quoted on the active market. If the quoted market prices are not available, the value is determined with the help of the discounted cash flow. The interest rate curve on the market gives the discount rate. Capital funds are valued at the acquisition value in the case where there is no objective evidence for writing-down.

Fair values for financial derivatives are based on quoted marked prices on the active market.

Fair values for loans and other equivalent financial instruments, which are not prioritised on the active market, are determined according to the discounted cash flow based on market quotations. The credit risk is also considered in the discounting factor.

The value entered is used as the fair value for disposable receivables and liabilities as well as short-term receivables and liabilities (less than twelve months to the next rate adjustment).

The fair values are so-called clean values, which is to say without accrued interest.

NOTE 37. TOTAL ASSETS BY BUSINESS AREA

	2007	2006
Banking	5,939,531	4,443,370
Mortgage bank activities	1,732,582	1,213,283
Common fund operations	17,364	15,425
Investment firm operations	6,408	4,708
Securities trading	-	-
Real estate agency	2,469	1,224
Real estate investment operations	15,599	12,531
Insurance	981,106	-
Total	**8,695,060**	**5,690,542**

Total assets per operation are without eliminations.

NOTE 38. DEPOSITS

	2007	2006
Repayable on demand deposits	139,382	116,374
Deposits other than those repayable on demand	789,231	679,850
Liabilities to credit institutions	928,614	796,224
Repayable on demand deposits	1,671,950	1,651,530
Deposits other than those repayable on demand	1,129,428	892,631
Liabilities to the public and public sector entities	2,801,378	2,544,161
Total	**3,729,991**	**3,340,385**

NOTE 39. DEBT SECURITIES ISSUED

	2007		2006	
	Book value	**Nominal value**	**Book value**	**Nominal value**
Certificates of deposit	380,583	386,600	192,886	195,900
Bonds	1,599,896	1,606,008	1,128,371	1,129,918
Total	**1,980,478**	**1,992,608**	**1,321,257**	**1,325,818**

	Less than 3 months	3-12 months	1-5 years
Certificates of deposit with fixed interest	-	386,600	-
Aktia Mortgage Bank's EMTCN* program, fixed rate	-	-	750,000
Aktia Mortgage Bank's EMTCN* program, variable rate	-	-	250,000
Total	**0**	**386,600**	**1,000,000**

	5-10 years	More than 10 years	Total
Certificates of deposit with fixed interest	-	-	386,600
Aktia Mortgage Bank's EMTCN* program, fixed rate	-	-	750,000
Aktia Mortgage Bank's EMTCN* program, variable rate	500,000	-	750,000
Total	**500,000**	**0**	**1,886,600**

Other bonds are included in the same program as the subordinated liabilities, see note 40.

* Euro Medium Term Covered Note

NOTE 40. SUBORDINATED LIABILITIES	2007	2006
Net Capital Base	2,168	-
Debenture	188,469	193,752
Total	**190,637**	**193,752**
Nominal value	191,118	194,844
Amount that is included in Tier 1 capital	165,197	122,623

The bank has a bonds program that is updated and approved by the Board yearly. Currently, the program's size is EUR 400 million. In this program, other bonds (included in note 39) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

The insurance operation in 2002 took an aggregated debenture amounting to 13,300,000 Euro. This debenture has been reduced by EUR 9.1 million in 2005 and by EUR 2.1 million 2007. The remaining sum of the debenture amounts to EUR 2.1 million at the end of 2007. The lender for the remaining sum is the Eschnerska Frilasarettet foundation. The company has given notice on the debenture as of 30th Sept 2006. The term of notice is 5 years.

No individual debenture exceeds 10% of all the subordinated liabilities.

The Group has no permanent loans.

NOTE 41. OTHER LIABILITIES TO CREDIT INSTITUTIONS	2007	2006
Other liabilities to deposit banks	54,000	59,501
Other liabilities to other credit institutions	375,124	30,000
Total	**429,124**	**89,501**

Other liabilities to deposit banks include liabilities to Swedish Export Credit (EUR 35 million) with variable interest rate and the European Investment Bank (EUR 19 million) with fixed interest rate.

Other liabilities to credit institutions are attributable to repurchase agreements.

NOTE 42.OTHER LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2007	2006
Other liabilities payable on demand	249	115,845
Liabilities other than those repayable on demand	140,405	8,617
Total	**140,653**	**124,462**

NOTE 43. LIABILITIES TO CLOSE RELATIONS	2007	2006
Deposits from close relations	5,755	2,757
Deposits from associated companies	5,212	708

For the definition of close relations and conditions. see note 28, claims on close relatives

NOTE 44. DERIVATIVE INSTRUMENTS BOOK VALUE – LIABILITIES		
Interest rate derivatives	10,044	7,335
Share derivatives	-	4,267
Derivative contracts valued via the income statement for another reason (do not meet the requirement for hedge accounting)	3	14
Fair value hedging	10,047	11,616
Interest rate derivatives	1,660	1,225
Other derivative instruments	8,894	-
Cash flow hedging	10,555	1,225
Total	**20,601**	**12,840**

NOTE 45. DERIVATIVE INSTRUMENTS

31.12.2007	Nominal value/term remaining					Fair value
	Less than 1 year	1-5 years	More than 5 years	Total	Positive	Negative
Forward rate agreements	400,000	-	-	400,000	379	-
Interest rate swaps	50,000	1,307	79,000	130,307	6,484	-6,195
Interest rate option agreements	1,000,000	-	480,000	1,480,000	398	-2,061
Purchased	500,000	-	240,000	740,000	398	-
Written	500,000	-	240,000	740,000	-	-2,061
Total interest rate derivatives	**1,450,000**	**1,307**	**559,000**	**2,010,307**	**7,261**	**-8,256**
Forward rate agreements	-	-	-	-	-	-
Total forward rate agreements	**0**	**0**	**0**	**0**	**0**	**0**
Equity options	-	-	-	-	-	-
Purchased	-	-	-	-	-	-
Written	-	-	-	-	-	-
Total equity options	**0**	**0**	**0**	**0**	**0**	**0**
Other derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total hedging derivative instruments	**1,450,000**	**1,307**	**559,000**	**2,010,307**	**7,261**	**-8,256**
Forward rate agreements	10,000	-	-	10,000	85	-84
Interest rate swaps	-	1,675,400	305,300	1,980,700	16,297	-15,360
Interest rate option agreements	-	2,674,200	1,547,548	4,221,748	3,054	-2,492
Purchased	-	1,337,100	893,774	2,230,874	3,054	-
Written	-	1,337,100	653,774	1,990,874	-	-2,492
Total interest rate derivatives	**10,000**	**4,349,600**	**1,852,848**	**6,212,448**	**19,436**	**-17,936**
Forward rate agreements	136,778	-	-	136,778	217	-255
Total forward rate agreements	**136,778**	**0**	**0**	**136,778**	**217**	**-255**
Equity options	50,294	65,472	47,900	163,666	7,718	-7,718
Purchased	25,147	32,736	23,950	81,833	7,718	-
Written	25,147	32,736	23,950	81,833	-	-7,718
Total equity options	**50,294**	**65,472**	**47,900**	**163,666**	**7,718**	**-7,718**
Options	-	8,608	-	8,608	1,016	-1,016
Purchased	-	4,304	-	4,304	1,016	-
Written	-	4,304	-	4,304	-	-1,016
Other derivative instruments	**0**	**8,608**	**0**	**8,608**	**1,016**	**-1,016**
Total other derivative instruments	**197,072**	**4,423,680**	**1,900,748**	**6,521,500**	**28,387**	**-26,925**

NOTE 45. DERIVATIVE INSTRUMENTS CONTINUATION

31.12.2006			**Nominal value/term remaining**			**Fair value**
	Less than 1 year	1-5 years	More than 5 years	Total	Positive	Negative
Forward rate agreements	1,200,000	-	-	1,200,000	51	-1,748
Interest rate swaps	300,000	860,000	59,000	1,219,000	3,847	-6,347
Interest rate option agreements	-	1,000,000	480,000	1,480,000	598	-1,836
Purchased	-	500,000	240,000	740,000	598	-
Written	-	500,000	240,000	740,000	-	-1,836
Total interest rate derivatives	**1,500,000**	**1,860,000**	**539,000**	**3,899,000**	**4,496**	**-9,931**
Forward rate agreements	-	-	-	-	-	-
Total forward rate agreements	**0**	**0**	**0**	**0**	**0**	**0**
Equity options	-	-	-	-	-	-
Purchased	-	-	-	-	-	-
Written	-	-	-	-	-	-
Total equity options	**0**	**0**	**0**	**0**	**0**	**0**
Other derivative instruments	**-**	**-**	**-**	**-**	**-**	**-**
Total hedging derivative instruments	**1,500,000**	**1,860,000**	**539,000**	**3,899,000**	**4,496**	**-9,931**
Forward rate agreements	130,000	-	-	130,000	744	-732
Interest rate swaps	-	1,125,400	389,300	1,514,700	6,546	-5,728
Interest rate option agreements	-	1,744,200	1,641,600	3,385,800	2,683	-2,045
Purchased	-	872,100	940,800	1,812,900	2,683	-
Written	-	872,100	700,800	1,572,900	-	-2,045
Total interest rate derivatives	**130,000**	**2,869,600**	**2,030,900**	**5,030,500**	**9,973**	**-8,505**
Forward rate agreements	35,794	-	-	35,794	194	-522
Total forward rate agreements	**35,794**	**0**	**0**	**35,794**	**194**	**-522**
Equity options	45,972	111,132	47,900	205,004	12,328	-12,328
Purchased	22,986	55,566	23,950	102,502	12,328	-
Written	22,986	55,566	23,950	102,502	-	-12,328
Total equity options	**45,972**	**111,132**	**47,900**	**205,004**	**12,328**	**-12,328**
Options	-	-	-	-	-	-
Purchased	-	-	-	-	-	-
Written	-	-	-	-	-	-
Other derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**
Total other derivative instruments	**211,766**	**2,980,732**	**2,078,800**	**5,271,298**	**22,495**	**-21,355**

NOTE 46. LIABILITIES OF THE INSURANCE BUSINESS

	2007	2006
Premium provisions	574,350	-
Claims provisions	79,966	-
Provisions for interest-linked insurances	654,316	-
Provisions for unit-linked insurances	200,527	-
Total technical insurance provisions	854,843	-
Liabilities attributable to the direct insurance operation	1,119	-
Liabilities attributable to the reinsurance operation	281	-
Accrued expenses and advance payments received	4,100	-
Other liabilities	3,331	-
Totalt	**863,673**	**0**

INSURANCE AND INVESTMENT AGREEMENTS

	2007	2006
Provisions for interest-linked insurances		
1.1.2007	634,156	-
Income from Premiums	52,968	-
Insurance claims paid	-48,041	-
Transfer of savings to unit-linked insurance	-436	-
Compensated interest	18,666	-
Customer compensations	4,593	-
Interest reductions and provision for customer compensation	4,848	-
Burdens	-9,787	-
Other items	-2,652	-
Total 31 December 2007	**654,316**	**0**
Provisions for unit-linked insurances		
1.1.2007	166,889	-
Income from premiums	47,057	-
Utbetalda ersättningar	-16,473	-
Transfer of savings from interest bearing	436	-
Burdens	-2,696	-
Value increases and other items	5,315	-
Total 31 December 2007	**200,527**	**0**

NOTE 46. LIABILITIES OF THE INSURANCE BUSINESS CONTINUATION

CHANGES IN PROVISIONS BY THE VARIOUS INSURANCE BRANCHES

Provisions for interest-linked insurances	1.1.2007	Premium income	Claims	Total expense loading
Saving plans	137,920	9,436	-20,737	-1,429
Individual pension insurance	362,842	16,865	-14,882	-1,607
Group pension insurance	47,577	3,961	-2,050	-316
Risk insurance	85,818	22,705	-10,372	-6,435
Total	**634,156**	**52,968**	**-48,041**	**-9,787**

	Guaranteed calculation interest	Customer compensation	Other	31.12.2007
Saving plans	4,921	1,997	4,020	136,127
Individual pension insurance	11,077	1,868	4,688	380,850
Group pension insurance	881	572	-170	50,455
Risk insurance	2,136	156	-7,125	86,884
Total	**19,014**	**4,593**	**1,412**	**654,316**

Average calculation interest	
Saving plans	3.0 %
Individual pension insurance	3.4 %
Group pension insurance	2.8 %
Risk insurance	2.6 %
Total	**2.9 %**

Changes in provisions	1.1.2007	Premium income	Claims
Saving plans	120,231	38,364	-16,165
Individual pension insurance	46,526	8,512	-308
Group pension insurance	132	181	-
Total	**166 889**	**47 057**	**-16 473**

	Total expense loading	Other	31.12.2007
Saving plans	-1,803	4,296	144,922
Individual pension insurance	-880	1,390	55,241
Group pension insurance	-14	65	363
Total	**-2,696**	**5,751**	**200,527**

	1.1.2007	Change year-on year	31.12.2007
Provisions for interest-linked insurances	634,156	20,160	654,316
Provisions for unit-linked insurances	166,889	33,638	200,527
Total	**801,045**	**53,798**	**854,843**

NOTE 47. PROVISIONS

	2007
Provisions 1 January	826
Reversal of unused provisions	-
Provisions entered via the profit and loss account	-
Provisions used during the year	-567
Provisions 31 December	259

The abovementioned provisions, personnel expenses, are attributable to agreements made 2006 and 2007 for which the remaining provisions falls due for payment during 2008.

NOTE 48. OTHER LIABILITIES TOTAL

	2007	2006
Interest liabilities on deposits	13,070	7,802
Other accrued interest expenses and interest income received in advance	47,265	10,353
Advance interest received	1,125	75
Accrued interest expenses and interest income received in advance	61,461	18,230
Other accrued expenses and income received in advance	15,597	15,410
Accrued expenses and income received in advance	**77,057**	**33,640**
Cash items in the process of collection	85,350	68,534
Other liabilities	40,839	24,462
Total other liabilities	**203,246**	**126,636**
The life insurance operation's other liabilities, see note 46	8,831	-
Total other liabilities	**212,077**	**126,636**

NOTE 49. BREAKDOWN OF MATURITY OF LIABILITIES BY BALANCE SHEET ITEM

31.12.2007

Liabilities	**Less than 3 months**	**3-12 months**	**1-5 year**
Deposits	3,265,053	454,762	10,176
Bonds issued	181,490	208,601	1,044,003
Subordinated liabilities	8,951	45,883	132,459
Other liabilities to credit institutes	345,124	15,000	69,000
Other liabilities to the public and public sector entities	107,884	25,400	805
Total	**3,908,502**	**749,646**	**1,256,443**

Liabilities	**5-10 years**	**More than 10 years**	**Total**
Deposits	-	-	3,729,991
Bonds issued	546,384	-	1,980,478
Subordinated liabilities	3,344	-	190,637
Other liabilities to credit institutes	-	-	429,124
Other liabilities to the public and public sector entities	2,022	7,370	143,480
Total	**551,750**	**7,370**	**6,473,710**

NOTE 49. BREAKDOWN OF MATURITY OF LIABILITIES BY BALANCE SHEET ITEM CONTINUATION

31.12.2006

Liabilities	**Less than 3 months**	**3-12 months**	**1-5 year**
Deposits	2,949,600	375,605	15,179
Bonds issued	101,005	104,475	311,702
Subordinated liabilities	-	21,304	162,449
Other liabilities to credit institutes	-	50,001	15,000
Other liabilities to the public and public sector entities	100,345	15,500	-
Total	**3,150,951**	**566,885**	**504,330**

Liabilities	**5-10 years**	**More than 10 years**	**Total**
Deposits	-	-	3,340,385
Bonds issued	804,075	-	1,321,257
Subordinated liabilities	10,000	-	193,752
Other liabilities to credit institutes	24,500	-	89,501
Other liabilities to the public and public sector entities	-	8,617	124,462
Total	**838,575**	**8,617**	**5,069,358**

The insurance operation’s capitalisation loan in this note is included among other liabilities to public and public sector entities, while in the balance sheet they are included in the insurance operation’s liabilities.

NOTE 50. THE FINANCIAL LIABILITIES FAIR VALUE

	2007		**2006**	
	Book value	**Fair value**	**Book value**	**Fair value**
Deposits	3,729,991	3,729,747	3,340,385	3,339,890
Bonds issued	1,980,478	1,980,478	1,321,257	1,321,257
Subordinated liabilities	190,637	189,189	193,752	191,568
Other liabilities to credit institutes	429,124	429,218	89,501	89,501
Other liabilities to the public and public sector entities	143,480	143,480	124,462	124,462
Derivatives for hedge accounting	20,601	20,601	12,840	12,840
Total	**6,494,312**	**6,492,714**	**5,082,198**	**5,079,519**

The insurance operation’s capitalisation loan in this note is included among other liabilities to public and public sector entities, while in the balance sheet they are included in the insurance operation’s liabilities.

For the definition of fair value, see note 36.

NOTE 51. TOTAL LIABILITIES BY BUSINESS AREA

	2007	**2006**
Banking	5,223,875	4,190,338
Mortgage bank activities	1,683,025	1,181,440
Common fund operations	5,795	6,025
Investment firm operations	979	462
Securities trading	-	-
Real estate agency	1,742	946
Real estate investment operations	3,509	4,019
Insurance	886,806	-
Total	**7,805,731**	**5,383,230**

NOTE 52. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND UNRESTRICTED EQUITY RESERVE

	Number of shares	Share capital	Unrestricted equity reserve	Total
1.1.2007	35,298,050	70,596	-	70,596
Directed issue to Veritas Pension Insurance Company 17 January 2007 at EUR 13 per share	3,000,000	6,000	33,000	39,000
Warrant issue 6 - 23 February 2007, subscription price EUR 9 per share	1,764,865	3,530	12,354	15,884
Other directed issues (29 March 2007 and 24 May 2007) EUR 13 per share	39,021	78	429	507
Issue expenses	-	-	-530	-530
31.12.2007	40,101,936	80,204	45,254	125,458

The shares nominal value are EUR 2 per share.

The reserve fund contains components transferred from the unrestricted equity in accordance with the company statutes or decisions of the Annual General Meeting. There have not been any changes in the reserve fund during the financial years 2006 and 2007.

NOTE 53. FUND AT FAIR VALUE

	2007	2006
Fund at fair value 1 JAN	-1,697	7,768
Profit/loss on the evaluation of the fair value, shares and holdings	5,788	611
Profit/loss on the evaluation of the fair value, interest bearing securities	-27,146	-12,628
Deferred tax on profit/loss on the evaluation of the fair value	5,822	3,124
Transferred to the profit and loss account, shares and holdings, and included in:		
Net income from financial assets that can be sold	-434	-55
Deferred tax	113	14
Transferred to the profit and loss account, interest bearing securities, and included in:		
Net income from financial assets that can be sold	-455	430
Deferred tax	118	-112
Changes in valuation of fair value of cash flow hedging derivative contracts	-100	-1,150
Deferred tax on changes in the fair value for cash flow hedging derivative contracts	26	299
Fund at fair value 31 Dec	-17,965	-1,697

The fund at fair value contains changes in fair value after tax on the financial assets that can be sold and on financial derivatives that are held for cash flow hedging.

NOTE 54. NON-DISTRIBUTABLE ASSETS IN UNRESTRICTED EQUITY

	2007	2006
Non-distributable assets in unrestricted equity		
Share of the accumulated appropriations that have been included in the retained earnings 1 Jan.	75,706	63,318
Share of the accumulated appropriations that have been included in the profit for the financial year.	8,832	12,388
Total	**84,538**	**75,706**
Distributable assets in unrestricted equity		
Retained earnings as of 1 January	94,213	90,100
Dividends to shareholders	-14,825	-24,709
Profit for the reporting period	43,119	28,822
Unrestricted equity reserve	45,254	-
Total	**167,761**	**94,213**
Total unrestricted equity		
Retained earnings as of 1 January	169,919	153,418
Dividends to shareholders	-14,825	-24,709
Profit for the reporting period	51,951	41,209
Unrestricted equity reserve	45,254	-
Total	**252,298**	**169,919**

NOTE 55. DIVIDEND TO SHAREHOLDERS

The Board's proposal for the dividend for the year 2007, to the Annual General Meeting, on 1 April 2008, is EUR 0.50 per share or EUR 20,050,968.00. The dividend to shareholders is entered in 2008 against the equity, as a reduction in the retained earnings.

NOTES TO THE ACCOUNTS CONCERNING COLLATERAL AND CONTINGENT LIABILITIES

NOTE 56. COLLATERAL

For the bank 31 December 2007	**Type of security**	**The nominal value of the**	**The value of the security**
Liabilities to credit institutions	Debt	79,826	79,850
Collateral provided in connection with repurchasing agreements	Debt	345,124	345,124
Total		**424,950**	**424,973**
For the bank 31 December 2006			
Liabilities to credit institutions	Debt	66,280	65,982
Collateral held by the bank as security for liabilities that have been received by companies in the same Group			
As of 31 December 2007	-	-	-
As of 31 December 2006	-	-	-

For other liabilities
The bank has not provided collateral for other parties.

Liabilities to credit institutes include collateral with the Bank of Finland and the European Investment Bank.
For repurchase agreements, the standardised GMRA (Global Mater Repurchase Agreement) conditions apply.

NOTE 57. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS

	2007	**2006**
Guarantees	57,232	47,355
Other commitments provided to a third party on behalf of a customer	27,060	28,526
Unused credit arrangements	418,254	361,004
On behalf of a subsidiary	-	-
On behalf of an associated company	-	-
Other irrevocable commitments	127,064	77,806
On behalf of a subsidiary	-	-
Total	**629,610**	**514,691**

Of balance sheet commitments, exclude rental commitments.

NOTE 58. RENTAL COMMITMENTS

	2007	**2006**
Less than 1 yr	2,030,278	1,580,126
1-5 years	4,901,485	5,074,219
More than 5 years	2,581,495	538,215
Total	**9,513,258**	**7,192,560**

Included in rental commitments are such fixed term hire agreements that cannot be broken without the landlord's consent or without paying a significant additional fee. Internal rental commitments are not considered. The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. In the main, these agreements are in effect until further notice.

NOTES TO THE ACCOUNTS CONCERNING THE STAFF AND MEMBERS OF GOVERNING AND SUPERVISORY BODIES

NOTE 59. NUMBER OF EMPLOYEES 31 DECEMBER

	2007	2006
Full-time	966	749
Part-time	90	88
Temporary	100	80
Total	**1,156**	**917**

NOTE 60. SALARIES AND FEES PAID TO MEMBERS OF GOVERNING AND SUPERVISORY BODIES AND ALTERNATE MEMBERS IN GOVERNING AND SUPERVISORY BODIES AND PENSION COMMITMENTS ARISING OR MADE IN RESPECT OF THE SAME

	2007	2006
Members of the Board of Supervisors and their alternates	195	172
Members of the Board of Supervisors and their alternates as well as the Managing Director and his Deputy	2,353	1,659
Total	**2,548**	**1,831**

These individuals were paid emoluments of EUR 167,198.16 tied to the company's financial performance. EUR 188,925.57.
The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the management group the notice of dismissal is from 12 to 18 months.
Members of the management group can retire from and when they reach 60 years of age.

NOTE 61. CREDITS AND GUARANTEES EXTENDED TO MEMBERS OF THE GOVERNING AND SUPERVISORY BODIES

	2007	2006
Members of the Board of Supervisors and their alternates	1,296	1,399
Members of the Board of Supervisors and their alternates as well as the Managing Director and his Deputy	1,750	761
Auditors and their deputies	-	-
Total	**3,046**	**2,160**

	At the start of the financial year	Increase	Decrease	At the end of the financial year
Members of the Board of Supervisors and their alternates	1,399	-	-104	1,296
Members of the Board of Supervisors and their alternates as well as the Managing Director and his Deputy	761	990	-	1,750
Auditors and their deputies	-	-	-	0
Total	**2,160**	**990**	**-104**	**3,046**

As a rule, the interest rates for the loans are tied to publicly quoted reference rates or the Aktia Prime rate and exceed, except for a few loans of earlier origin, both the base rate and the interest used as a limit for taxable income. Repayments on the loans are made regularly in accordance with the agreed repayment plans, and the loans are extended subject to the same terms and conditions as loans granted to other private individuals.
Members of the Board of Supervisors, Board of Directors, the Managing Director and his Deputy Managing Director hold a total of 123,776 shares, which is equivalent to 0.31%.

HOLDINGS IN OTHER COMPANIES

NOTE 62. COMPANIES INCLUDED IN CONSOLIDATED ACCOUNTS (OWNERSHIP OVER 50%)

	Domicile	Percentage of all shares	Book value
Financing			
Aktia Real Estate Mortgage Bank Plc	Helsinki	55.91	23,836
Aktia Kort & Finans Ab	Helsinki	81.98	26
Aktia Företagsfinans Ab	Helsinki	80.00	160
Hsb-Finans Ab (dormant)	Helsinki	100.00	589
The investment funds			
Aktia Fund Management Ltd	Helsinki	100.00	2,507
Aktia Fund Management S A (dormant)	Luxemburg	100.00	111
Securities companies			
Aktia Asset Management Ltd	Helsinki	81.00	347
Estate agents			
Aktia Fastighetsförmedling Helsingfors-Esbo Ab	Helsinki	80.00	80
Aktia Fastighetsförmedling ISKL Ab	Kyrkslätt	90.00	72
Aktia Fastighetsförmedling Jakobstad Ab	Jakobstad	100.00	100
Aktia Fastighetsförmedling Karlebynejden Ab	Karleby	100.00	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab	Vanda	100.00	80
Aktia Fastighetsförmedling Pargas-Åboland Ab	Pargas	88.60	62
Aktia Fastighetsförmedling Raseborg Ab	Ekenäs	100.00	73
Aktia Fastighetsförmedling Sibbo Ab	Helsinki	60.00	61
Aktia Fastighetsförmedling Tammerfors Ab	Tammerfors	67.00	67
Aktia Fastighetsförmedling Vasa Ab	Vasa	60.00	313
Aktia Fastighetsförmedling Uleåborg Ab	Uleåborg	100.00	100
Aktia Fastighetsförmedling Åbo Ab	Turku	90.00	119
Aktia Fastighetsförmedling Östra Nyland Ab	Borgå	80.00	80
Magnus Nyman AFM Ab	Kimito	51.00	125
Insurance companies			
Life Insurance Company Veritas Veritas	Turku	99.96	97,301
Bostads Ab Esbo Sädesärla	Esbo	100.00	1,072
Bostads Ab Vanda Smyckeparken	Vanda	100.00	3,190
Bostads Ab Vanda Veketåksvägen 3	Vanda	100.00	1,335
Fast Ab Ridalsvägen 3	Vihtis	100.00	3,495
Kiint Oy Jauhokilo Ab, Esbo	Espoo	100.00	10,099
Kiint Oy Tamteva, Tammerfors	Tampere	100.00	10,867
Virastotalo Brahe, Brahestad	Brahestad	100.00	8,001
Robur Invest Ab (dormant)	Helsinki	100.00	8
Vasp Invest Ab	Helsinki	75.00	101
Total			**164,478**

Companies not included in consolidated accounts (ownership over 50%)

6 real estate companies with a combined book value of EUR 6.514.569.06 as of 31 Dec 2007.

NOTE 63. HOLDINGS IN ASSOCIATED UNDERTAKINGS (20-50% OF SHARES)

	Domicile	Percentage of all shares	Book value
Data processing			
Oy Samlink Ab	Helsinki	23.97	1,697
Private equity-bolag			
Unicus Ab	Helsinki	33.33	100
Real estate investment			
Kiinteistö Oy Mannerheimintie 14	Helsinki	49.98	18,194
Other real estate companies. 9 in total			5,925
Insurance companies			
Kiint. Oy Luna. Helsingfors	Helsinki	28.00	7,662
Other			
Investmentbolaget Torggatan 14 Ab	Mariehamn	33.33	376
Järsö Invest Ab	Mariehamn	33.33	376
Mike Alpha Ab	Mariehamn	33.33	1
Mike Bravo Ab	Mariehamn	33.33	1
Mike Charlie Ab	Mariehamn	33.33	1
Mike Whiskey Ab	Mariehamn	33.33	160
November Sierra Ab	Mariehamn	33.33	1
Tenala Buccaneers Ab	Mariehamn	33.33	376
Tenala Invest Ab	Mariehamn	33.33	376
Total			**35,245**

OTHER NOTES TO THE ACCOUNTS

NOTE 64. TRUSTEE SERVICES AND THE CUSTOMER ASSETS BEING MANAGED

The parent company has offered private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers. Aktia Asset Management Oy Ab offers institutions discretionary asset management services.

	2007	2006
Customer assets being managed		
Funds in a customer funds account	-	-
Funds in discretionary asset management services	3,113,555	1,916,413
Funds within the framework of investment advising according to a separate agreement	1,178,918	590,045
Total funds in asset management services	**4,292,474**	**2,506,458**

NOTE 65. EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 31 January 2008 the Board of Directors of Aktia Savings Bank plc elected Jussi Laitinen M.Sc. Econ as the new CEO. He takes up his post on 4 April 2008. Mikael Ingberg continues as CEO until then.

Following publication of the Final Accounts Announcement, the final transfer calculation was prepared for Veritas Life Insurance. In the calculation, intellectual rights amounting to a value of EUR 2.6 million have been included. The write-down period for these intellectual rights is two years. The write-downs for the first year already burden the result for 2007. Due to this the operating profit is EUR 1.3 million better for 2007 than the operating profit reported in the Final Accounts Announcement of 14 February 2008.

Notes concerning the preparation of the consolidated accounts

The principles applied when drawing up the consolidated accounts are explained in the accounting principles..

Changes to the Group structure during 2007

Subsidiaries

30 Jan 2007 Aktia Savings Bank plc sold 100 shares to the minority interest in AFM ISKL. After that, Aktia Saving Bank's shares amounts to 90% of the ownership.
23 Mar 2007, the savings banks and local co-operative banks made a directed issue to Aktia Mortgage Bank Abp of 10,534 B-shares at EUR 1,199. After that, Aktia Saving Bank's shares amounts to 55.9% of the ownership.
11 May 2007, 1% of the shares in Aktia Asset Management Oy Ab were sold to the minority interest. After that, Aktia Saving Bank plc's shares amount to 81% of the ownership.
28 Nov 2007, Aktia Savings Bank plc sold 3 shares in AFM Östra Nyland to the minority interest. After that, Aktia Saving Bank plc's shares amount to 80% of the ownership.
21 Dec 2007, Aktia Savings Bank plc purchased 86 shares of the minority interest in AFM Pargas-Åboland. After that, Aktia Saving Bank plc's shares amount to 88.6% of the ownership.
28 Dec 2007, Aktia Savings Bank purchased 15 shares in AFM Åbo at 25.23 from the minority interest. After that, Aktia Saving Bank plc's shares amount to 90% of the ownership.

New subsidiaries

17 Jan 2007, Aktia Savings Bank plc acquired 99.6% of the shares in the Life Insurance Company Verita from Skadeförsäkring Veritas.
4 April 2007, Aktia Savings Bank plc purchased 51 shares in AFM Magnus Nyman. Aktia Saving Bank plc's shares amount to 51% of the ownership.
11 April 2007, share capital was paid to the newly founded company AFM Jakobstad. Aktia Saving Bank plc's shares amount to 100% of the ownership.
2 July 2007, share capital was paid to the newly founded company Aktia Företagsfinans Ab. The share of the ownership is 80%.
20 Nov 2007, share capital was paid to the newly founded company AFM Uleåborg. Aktia Saving Bank plc's shares amount to 100% of the ownership.
14 Dec 2007, share capital was paid to the newly founded company AFM Karlebynejden Ab. Aktia Saving Bank plc's shares amount to 100% of the ownership.

New associated companies

12 Mar 2007, share capital was paid in to the newly founded company Järsö Invest Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Tenala Invest Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Tenala Buccaneers Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Investmentbolaget Torggatan 14. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Mike Alpha Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Mike Bravo Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Mike Charlie Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company Mike Whiskey Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.
12 Mar 2007, share capital was paid in to the newly founded company November Sierra Ab. Aktia Saving Bank plc's shares amount to 33.3% of the ownership.

The bank's dividend income from inter-group companies is comparable to that earned in 2007 and 2006.

Notes concerning subsidiaries or group undertakings

There are no unconsolidated companies, other than real estate corporations.

No unconsolidated associated companies exist.

No subsidiaries consolidated in accordance with Chapter 6, section 9 of the Accounting Act exist.

No associated companies to be consolidated in accordance with Chapter 6, section 15 of the Accounting Act exist.

The accounts of Group companies cover the same financial year as those of the parent company.

No essential items of information have been omitted concerning consolidated companies or other Group companies (which are not credit institutions, financial institutions or service companies), which might be necessary for estimating their value in relation to one another.

There is no Group goodwill.

There are no joint venture companies to be consolidated in accordance with Chapter 6, section 15 of the Accounting Act.

NOTES CONCERNING CREDIT INSTITUTIONS BELONGING TO THE GROUP

NOTE 66. INFORMATION ON CREDIT INSTITUTIONS BELONGING TO THE GROUP

The Group's parent company is Aktia Savings Bank plc. A copy of the Group's financial statement is available from Aktia Savings Bank at the following address, Mannerheimvägen 14, Helsinki.

NOTE 67. FINANCING INCOME OBTAINED FROM AND FINANCING EXPENSES PAID TO OTHER GROUP COMPANIES

	2007	2006
Interest income	10,356	6,539
Dividends	1,209	1,226
Interest expenses	-691	-592
Net finance income	**10,874**	**7,172**

NOTE 68. RECEIVABLES FROM AND LIABILITIES TO COMPANIES IN THE GROUP

	2007	2006
Loans to credit institutes	130,000	143,000
Loans to the public and public sector entities	11,590	1,441
Debt securities	28,032	-
Shares and holdings in associated companies	2,852	2,763
Other assets	-	-
Accrued income and expenses paid in advance	18,713	13,213
Total receivables	**191,187**	**160,417**
Liabilities to credit institutions	7,824	3,763
Liabilities to the public and public sector entities	12,749	5,683
Bonds issued	14,185	-
Subordinated liabilities	900	-
Other liabilities	-	-
Accrued expenses and income received in advance	7,655	689
Total liabilities	**43,314**	**10,135**

INCOME STATEMENT FOR THE PARENT COMPANY

(EUR 1,000)	Note	2007	2006
Interest income	102	214,809	151,285
Interest expenses	102	-136,830	-73,724
Net interest income		77,980	77,561
Income from Tier 1 capital instruments	103	3,846	2,358
Commission income	104	38,384	35,680
Commission expenses	104	-3,908	-3,913
Net commission income		34,476	31,767
Net income from securities and currency trading	105	1,146	1,384
Net income from financial assets available for sale	106	1,407	-1,483
Net income from investment properties	107	79	4,299
Other operating income	108	3,012	7,259
Staff costs	109	-41,266	-36,243
Other administrative expenses	110	-25,435	-22,852
Administrative expenses		-66,701	-59,095
Depreciation and impairment of tangible and intangible assets	121, 122	-2,597	-2,595
Other operating expenses	111	-10,709	-11,352
Write-downs of credits and other commitments	112	-218	1,590
Operating profit		**41,721**	**51,693**
Appropriations		-17,300	-15,700
Taxes		-5,141	-13,979
Profit for the reporting period		**19,280**	**22,014**

BALANCE SHEET FOR THE PARENT COMPANY

(EUR 1,000)	Note	2007	2006
Assets			
Cash and balances with central banks		228,317	307,905
Bonds that are eligible for refinancing with central banks	114	1,621,886	1,108,383
Claims on credit institutions	115	313,255	176,046
Receivables from the public and public sector entities	116	2,960,204	2,596,106
Bonds from public sector entities		-	11,800
Other bonds		72,812	73,463
Total bonds		72,812	85,262
Shares and participations	118	183,792	85,214
Derivative contracts	119, 136	10,976	4,905
Intangible assets	121	3,994	1,710
Investment properties and shares and participations in investment properties	122	11,410	7,973
Other properties and shares and participations in real estate corporations	122	27,701	24,597
Other tangible assets	122	5,216	4,956
Tangible assets		44,327	37,526
Other assets	123	11,200	2,085
Accrued expenses and advance payments	124	80,509	43,215
Deferred tax receivables	125	4,614	-
Total assets		**5,535,887**	**4,448,356**
Liabilities			
Liabilities to credit institutions	131	1,366,118	889,488
Borrowing		2,820,525	2,558,470
Other liabilities		142,253	124,462
Liabilities to the public and public sector entities	132	2,962,778	2,682,932
Debt securities issued to the public	133	520,964	323,677
Derivatives and other liabilities held for trading	135, 136	7,424	2,976
Other liabilities	137	114,490	80,870
Accrued expenses and advance payments received	138	58,354	33,536
Subordinated liabilities	139	180,221	174,945
Deferred tax liabilities	140	-	-551
Total liabilities		**5,210,350**	**4,187,873**
Accumulated appropriations		114,240	96,940
Equity			
Share capital	146	80,204	70,596
Legal reserve		8,067	8,067
Share premium account		1,893	1,893
Fund at fair value	145	-13,132	-1,569
Unrestricted equity reserve		45,254	-
Retained earnings at January, 1		84,557	87,251
Dividends to shareholders		-14,825	-24,709
Profit for the reporting period		19,280	22,014
Total equity	**145**	**211,297**	**163,544**
Total liabilities and equity		**5,535,887**	**4,448,356**

OFF-BALANCE-SHEET COMMITMENTS FOR THE PARENT COMPANY

(EUR 1,000)	Note	2007	2006
Off-balance-sheet commitments	150		
Guarantees and pledges		57,232	47,355
Other		27,060	28,526
Commitments provided to a third party on behalf of the customer		84,292	75,881
Securities repurchase commitments			-
Other		674,622	573,305
Irrevocable commitments given in favour of a customer		674,622	573,305
Total off-balance-sheet commitments		**758,914**	**649,186**

CASH FLOW STATEMENT FOR THE PARENT COMPANY

(EUR 1,000)	2007	2006
Cash flow from operating activities		
Profit for the reporting period from ordinary business after minority interest	19,280	22,014
Adjustment items not included in cash flow for the period:		
Appropriations	17,300	15,700
Taxes	5,141	13,979
Impairment of financial assets	243	678
Change in fair values	2,172	-1,431
Depreciation and impairment of intangible and tangible assets	2,645	2,641
Sales gains and losses from intangible and tangible assets	-	-7,401
Other adjustments	-80	-783
Change (+/–) in receivables of operating activities	**-1,057,948**	**-402,610**
Bonds that are eligible for refinancing with central banks	-513,504	-414,276
Claims on credit institutions	-139,506	83,636
Receivables from the public and public sector entities	-364,098	-80,542
Other bonds	10,447	-5,580
Shares and participations	1,193	-25,309
Other assets	-52,481	39,460
Change (+/–) in liabilities of operating activities	**1,010,746**	**361,151**
Liabilities to credit institutions	476,630	26,381
Liabilities to the public and public sector entities	279,846	325,349
Debt securities issued to the public	197,287	36,021
Other liabilities	56,982	-26,600
Paid income taxes	-17,197	-8,852
Total cash flow from operating activities	**-17,699**	**-4,914**
Cash flow from investing activities		
Financial assets held until maturity, increase	-	-14,388
Financial assets held until maturity, decrease	2,003	-
Investments in group and associated undertakings	-60,771	-1,132
Proceeds from the sale of group and associated undertakings	-	5,656
Investment in tangible and intangible assets	-11,730	-4,542
Disposal of tangible and intangible assets	-	39,171
Total cash flow from investing activities	**-70,498**	**24,765**
Cash flow from financing activities		
Subordinated liabilities, increase	5,276	58,280
Subordinated liabilities, decrease	-	-35,537
Increase in share capital	3,608	-
Paid dividends	-14,825	-14,825
Increase in unrestricted equity reserve	12,254	-
Total cash flow from financing activities	**6,313**	**7,918**
Change in cash and cash equivalents	**-81,885**	**27,769**
Cash and cash equivalents at the beginning of the year	315,684	287,915
Cash and cash equivalents at the end of the year	233,800	315,684
	,	,
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	10,774	10,534
Bank of Finland account	217,543	297,371
Loans to credit institutions repayable on demand	5,483	7,779
Total	**233,800**	**315,684**

CONTENT TO THE NOTES FOR THE PARENT COMPANY

NOTE 101. THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

Aktia Savings Bank plc's financial statement has been drawn up in compliance with the provisions of the Accounting Act and the Credit Institutions Act, the decisions of the Ministry of Finance on financial statements and consolidated financial statements for credit institutions and securities companies (150/2007) as well and Annual Report Standard 3.1 issued by the Financial Supervisory Authority. Aktia Savings Bank plc's financial statement has been drawn up in compliance with Finnish Accounting Standards (FAS).

Items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies outside the Eurozone have been converted into euro using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as net income from currency trading.

Income accounting principles

Income and expenses are reported in accordance with the approval basis of accounting.

Depreciation

Tangible and intangible assets are subject to linear and depreciation according to the financial lifetime of the accident.

Buildings	40 years
Basic repairs to buildings which are not the bank's own property	5 years
Other material assets	3–5 years
IT licences	3–5 years

Land is not depreciated.

Derivative contracts

Income or expenses arising from interest-rate swaps, forward rate agreements or interest-rate option agreements that were made in order to secure financial claims are entered under interest income. Income or expenses arising from interest-rate swaps, forward rate agreements or interest rate option agreements that were made in order to secure financial claims are entered under interest expenses.

Value changes in the hedging derivative contracts have been dealt with in the income statement in the same way as value changes in balance sheet items that ought to be protected.

Income, expenses and value changes arising from contracts included in the consignment stock and made for purposes other than serving as security for a claim or liability are entered in the financial statement under net income from securities dealing.

Income and expenses items arising from currency-related derivative contracts are entered in the income statement under net income from currency dealing, except for the difference between spot and forward rates which are entered under interest income or interest expenses.

Write-downs of credits and other claims

Write-downs of credits and claims are entered individually and in groups. A write-down is only entered if there is objective evidence that the customer's ability to pay has been weakened after the claim was originally entered in the balance sheet. The value of the claim has been weakened if the incoming cash flow from the claim – with regard to the fair value of the security – is less that the sum of the book value of the credit and the unpaid interest on the credit. The incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable rate of interest, the agreed rate of interest at the time of review is used as the discount rate. The write-down is entered as the difference between the book value of the credit and the lower recoverable value of the cash flow.

A group write-down is justified where there is objective evidence for there being uncertainty in connection with repayment of the claims within the Group. The analysis is based on more detailed segmentation in accordance with the credit risk and correlation with macroeconomic or microeconomic events, and with regard also to regional events, whilst the amount entered as a write-down is based on an experience-based average estimate of the size of future losses. Group write-downs can also be carried out where there is a large number of small credits, since in practice an individual examination can prove difficult.

Taxes

Taxes in the income statement consist of taxes and deferred taxes for the year and previous years. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is also reported as part of the shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is entered in relation to temporary differences between the book value of assets and liabilities, compared with their taxation value. The deferred tax liability is reported where it is likely that future taxable income will arise against which the temporary difference can be utilised.

Financial assets

Debt certificates (debt securities), claims on credit institutions, claims on the public and public sector entities, shares and participations are entered under financial assets. For these financial assets, Aktia applies the IFRS rules, IAS 39, which entered into force on 1 January 2005 whereby financial assets are divided into four valuation categories.

Financial assets valued at fair value via the income statement include financial assets which are held for trading. This category includes certificates of claim and other publicly quoted Finnish and foreign securities that are actively traded in by the bank and that have been acquired for the short term with the intent to earn revenue. They have been entered at actual value with changes in value being currently entered in the income statement.

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are entered under "Financial assets available for sale". The unrealised changes in value under equity reported under "Fair value fund" with deductions for tax liability imputed until sold or until the unrealised loss is deemed to be permanent. When sold or written down, the accumulated unrealised profit or loss is transferred to the income statement and included under the item "Net income from financial assets that can be sold".

Debt certificates to be retained until maturity are entered under "Financial assets held until maturity". These securities are entered at accrued acquisition cost. If the probable assignment price for said securities is permanently lower than the acquisition price at the end of the financial year, the difference has been booked as expenses. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss thereof.

Claims on credit institutions and claims on the public and public sector entities are reported under this category. These receivables are entered at accrued acquisition cost.

Other financial liabilities

Other financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value.

Tangible and intangible assets

Real estate property and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. If only part of the premises is used by the Group, the division has been made according to the square metres reserved for their respective purposes. Both commercial properties and administrative properties have been included at their acquisition price. Buildings are linearly depreciated over 40 years. Land is not depreciated.

Revaluation of real estate property to reflect fair value was carried out by external property valuators using the cash flow method. The valuation of the commercial properties used by the bank is based on the rental income that could be earned at market rates. The book value of the real estate property and shares in real estate corporations was not revalued. If the probable assignment value of the property or shares is essentially or permanently lower than the acquisition price, the write-down is entered as expenses in the income statement.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. The expenses incurred during the complete renovation of owner-occupied flats are entered under tangible assets. Depreciation is charged in accordance with the depreciation plan based on the economic life of the assets with due regard to the general instructions issued by the Accounting Board. The acquisition price for personal workstations and peripherals, whose economic life is less than three years, is written off immediately.

NOTES TO PROFIT AND LOSS ACCOUNT

NOTE 102. INTEREST INCOME AND EXPENSES

	2007	2006
Interest income		
Claims on credit institutions	20,902	14,859
Receivables from the public and public sector entities	140,181	102,201
Bonds	54,947	31,968
Derivative contracts	-1,526	1,290
Other interest income	305	967
Total	**214,809**	**151,285**
Interest expenses		
Liabilities to credit institutions	42,911	22,536
Liabilities to the public and public sector entities	64,930	38,976
Debt securities issued to the public	17,347	9,900
Derivative contracts and other liabilities held for trading	4,368	-3,234
Subordinated liabilities	5,994	5,257
Other interest expenses	1,280	289
Total	**136,830**	**73,724**

NOTE 103 INCOME FROM EQUITY INSTRUMENTS

	2007	2006
Income from companies within the same Group	866	257
Income from associated companies	343	969
Income from shares available for sale	1,382	1,132
Income from shares and holdings held for trading	1,255	-
Total	**3,846**	**2,358**

NOTE 104. COMMISSION INCOME AND EXPENSES

	2007	2006
Commission income		
Lending	7,648	7,063
Borrowing	120	112
Payment transactions	8,717	9,229
Asset management services	15,535	13,590
Brokerage of insurance	3,552	3,117
Guarantees and other off-balance sheet commitments	598	556
Other commission income	2,216	2,014
Total	**38,384**	**35,680**
Commission expenses		
Bank fees paid	651	646
Other commission expenses	3,257	3,266
Total	**3,908**	**3,913**

NOTE 105. NET INCOME FROM SECURITIES AND CURRENCY TRADING

	2007	2006
Bonds		
Capital gains and losses	57	76
Total	**57**	**76**
Other		
Capital gains and losses	-5	-5
Total	**-5**	**-5**
Total		
Capital gains and losses	53	71
Net income from securities trading	**53**	**71**
Net income from currency trading	1,094	1,313
Net income from securities and currency trading	**1,146**	**1,384**

NOTE 106. NET INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE

	2007	2006
Bonds		
Capital gains and losses	-319	-1,491
Total	**-319**	**-1,491**
Shares and holdings		
Capital gains and losses	1,243	8
Reversal of impairments	595	-
Total	**1,838**	**8**
Other		
Capital gains and losses	-112	-
Total	**-112**	**0**
Total		
Capital gains and losses	812	-1,483
Reversal of impairments	595	-
Net income from financial assets available for sale	**1,407**	**-1,483**

NOTE 107. NET INCOME FROM INVESTMENT PROPERTIES

	2007	2006
Rental income	1,017	1,914
Capital gains	0	3,424
Depreciation	-48	-46
Other income from investment properties	37	359
Other expenses for investment properties	-927	-1,351
Total	**79**	**4,299**

NOTE 108. OTHER OPERATING INCOME

	2007	2006
Rental income from commercial properties	47	360
Capital gains from tangible and intangible assets	214	437
Other operating income	2,752	6,462
Total	**3,012**	**7,259**

NOTE 109. STAFF COSTS

	2007	2006
Salaries and fees	32,343	28,407
Transfers to the personnel fund	2,152	1,919
Pension costs	4,751	4,115
Other staff-related costs	2,020	1,801
Indirect employee costs	6,771	5,916
Total	**41,266**	**36,243**

NOTE 110. OTHER ADMINISTRATIVE EXPENSES

	2007	2006
Other staff costs	3,052	2,477
Office expenses	2,368	1,969
IT expensesr	12,938	11,902
Communication costs	2,958	2,903
Representation and marketing costs	3,977	3,601
Other administrative expenses	143	-
Total	**25,435**	**22,852**

NOTE 111. OTHER OPERATING EXPENSES

	2007	2006
Rental expenses	3,015	3,310
Expenses for commercial properties	3,430	3,591
Insurance and hedging costs	1,985	1,881
Monitoring, control and membership fees	472	509
Capital losses from the sale of tangible and intangible assets	-	43
Other expenses	1,807	2,018
Total	**10,709**	**11,352**

NOTE 112. WRITE-DOWNS ON CREDITS AND OTHER COMMITMENTS

	2007	2006
Receivables from the public and public sector entities		
Individual write-downs	-779	-620
Write-downs by group	-	-
Reversals of and recoveries of write-downs	557	781
Total	**-222**	**162**
Guarantees and other off-balance sheet items		
Individual write-downs	-	-58
Write-downs by group	-	-
Reversals of and recoveries of write-downs	3	1,486
Total	**3**	**1,428**
Total write-downs on credits and other commitments	**-218**	**1,590**

NOTE 113. INCOME BY BUSINESS AREA

	2007	2006
Income by business area		
Banking	125,723	122,688
Securities trading	53	71
Real estate investment	79	4,299
Total	**125,854**	**127,058**
Operating income by business area		
Banking	41,589	47,324
Securities trading	53	71
Real estate investment	79	4,299
Total	**41,721**	**51,693**
Personnel by business area		
Banking	839	800
Securities trading	-	-
Real estate investment	-	-
Total	**839**	**800**

The bank only carries out business operations in Finland

NOTES TO THE BALANCE SHEET

NOTE 114. BONDS THAT ARE ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS

	2007	2006
Government bonds	199	18,902
Certificates of deposit	255,606	258,998
Other	1,366,082	830,483
Total	**1,621,886**	**1,108,383**

NOTE 115. CLAIMS ON CREDIT INSTITUTIONS

	2007	2006
Repayable on demand		
Finnish credit institutions	5,483	1,713
Foreign credit institutions	-	6,067
Total	**5,483**	**7,779**
Other than those repayable on demand		
Finnish credit institutions	157,772	157,500
Foreign credit institutions	150,000	10,766
Total	**307,772**	**168,266**
Total claims on credit institutions	**313,255**	**176,046**

NOTE 116. RECEIVABLES FROM THE PUBLIC AND PUBLIC SECTOR ENTITIES

	2007	2006
Analysis of receivables from the public and public sector entities by sector		
Non-financial institutions and housing associations	712,820	563,584
Financial companies	10,458	6,347
Public sector	10,026	8,179
Households	2,186,956	38,972
Non-profit institutions	37,677	1,971,259
Foreign	2,266	7,765
Total	**2,960,204**	**2,596,106**

The bank has in the Group claims on the public and public sector entities only for claims other than those repayable on demand.

	2007	2006
Write-downs during the financial year		
Write-downs at the beginning of the financial year	37,021	41,134
+ individual write-downs that were reported during the year	760	678
+ sector-specific write-downs that were reported during the year	-	-
- specific write-downs that were reversed during the year	-490	-2,172
- actual credit losses during the financial year, for which specific write-downs were made previously	-6,970	-2,619
Write-downs at the end of the financial year	30,321	37,021
Total claims for which interest is not accumulated in the accounts	7,343	14,676

Receivables on which interest is not accumulated in the accounts are not comparable year-on-year because the interest income on due receivable was entered under income in 2007, which was not done in 2006.

NOTE 117. BONDS GROUPED BY FINANCIAL INSTRUMENT

	2007		2006	
	Total 2007	Of which, the bonds that are eligible for re-financing with central banks	Total 2006	Of which, the bonds that are eligible for re-financing with central banks
Bonds held for trading				
Publicly quoted	1,310,119	1,305,102	1,496	-
Other	338,740	316,784	6,282	-
Total	**1,648,859**	**1,621,886**	**7,777**	**0**
Bonds that can be sold				
Publicly quoted	-	-	1,132,507	1,108,383
Other	-	-	5,518	-
Total	**0**	**0**	**1,138,025**	**1,108,383**
Bonds retained until maturity				
Publicly quoted	45,840		47,843	-
Other	-	-	-	-
Total	**45,840**	**0**	**47,843**	**0**
Total bonds	**1,694,699**	**1,621,886**	**1,193,645**	**1,108,383**

NOTE 118. SHARES AND HOLDINGS

	2007	2006
Shares and holdings that can be sold		
Publicly quoted	47,838	49,063
Other	3,220	3,188
Total	**51,057**	**52,251**
Total shares and holdings	**51,057**	**52,251**
whereof In credit institutions	25,707	24,300
Shares and holdings in associated companies		
Credit institutions	-	-
Other companies	3,764	2,097
Total	**3,764**	**2,097**
Shares and holdings in group companies		
Credit institutions	24,021	23,861
Other companies	104,950	7,005
Total	**128,971**	**30,867**
The holdings in associated companies and companies in the same Group have been valued at the acquisition cost		
Total shares and holdings	**183,792**	**85,214**

NOTE 119. DERIVATIVE INSTRUMENTS BOOK VALUE – ASSETS

	Derivative instruments for hedging of fair value		Other derivative instruments	
	2007	**2006**	**2007**	**2006**
Interest rate derivatives	**3,416**	**-**	**-**	**-**
Futures	3,416	-	-	-
Equity derivatives	**-**	**4,905**	**-**	**-**
Options	-	4,905	-	-
Purchased	-	4,905	-	-
Other derivatives	**7,560**	**-**	**-**	**-**
Options	7,560	-	-	-
Purchased	7,560	-	-	-
Total derivative instruments	**10,976**	**4,905**	**-**	**-**
Futures	3,416	-	-	-
Options	7,560	4,905	-	-
Purchased	7,560	4,905	-	-

NOTE 120. CLAIMS ON CLOSE RELATIONS

	2007	2006
Credits and collateral	2,710	1,783

	At the start of the financial year	Increasing/ Decreasing	At the end of the financial year
Write-down	-	-	-
Credits and collateral			

The Group's key personal in management positions refers to Aktia Saving Bank plc's Board of Supervisors and Board of Directors and the Group's Management (MD and deputy MD). Close relations include key persons in management positions according to the above and close family members and companies that are under the dominating influence (over 20% of the shares) of a key person in a management position.

Loans to close relations are on the normal customer conditions, with the normal evaluation of debtor risk and with the same requirement for collateral and with the same requirement for return as apply for the bank's customers in general.

NOTE 121. INTANGIBLE ASSETS

31.12.2007	Intellectual rights (IT expenses)	Other long term expenses	Total
Acquisition cost 1 January .	4,601	4,952	9,553
Increases	1,924	1,387	3,311
Decreases	0	-241	-241
Acquisition cost 31 December	6,525	6,098	12,623
Accumulated depreciations and write-downs 1 January	-4,251	-3,592	-7,843
Planned depreciations	-208	-577	-786
Accumulated depreciations and write-downs 31 December	-4,460	-4,169	-8,628
Book value 31 December	**2,065**	**1,929**	**3,994**

31.12.2006	Intellectual rights (IT expenses)	Other long term expenses	Total
Acquisition cost 1 January .	4,370	4,362	8,731
Increases	231	591	822
Decreases	0	0	0
Acquisition cost 31 December	4,601	4,952	9,553
Accumulated depreciations and write-downs 1 January	-4,039	-3,003	-7,042
Planned depreciations	-212	-589	-801
Accumulated depreciations and write-downs 31 December	-4,251	-3,592	-7,843
Book value 31 December	**350**	**1,361**	**1,710**

NOTE 122. TANGIBLE ASSETS

Investment properties 31.12.2007	Land and water areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	506	3,003	10,772	14,281
Increases	0	1	3,486	3,488
Decreases	0	0	-3	-3
Acquisition cost 31 December	506	3,005	14,255	17,766
Accumulated depreciations and write-downs 1 January	0	-2,198	-4,110	-6,308
Planned depreciations	0	-48		-48
Accumulated depreciations and write-downs 31 December	0	-2,246	-4,110	-6,355
Book value 31 December	**506**	**759**	**10,146**	**11,410**
Fair value 31 December	**707**	**943**	**11,101**	**12,751**

31.12.2006	Land and water areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	13,087	2,984	19,158	35,229
Increases	3	19	0	22
Decreases	-12,584	0	-8,386	-20,970
Acquisition cost 31 December	506	3,003	10,772	14,281
Accumulated depreciations and write-downs 1 January	0	-2,152	-4,110	-6,261
Planned depreciations	0	-46		-46
Accumulated depreciations and write-downs 31 December	0	-2,198	-4,110	-6,308
Book value 31 December	**506**	**805**	**6,662**	**7,973**
Fair value 31 December	**707**	**1,126**	**7,906**	**9,739**

NOTE 122. TANGIBLE ASSETS CONTINUATION

Commercial properties 31.12.2007	Land and water areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	458	3,616	25,539	29,614
Increases	0	3	3,421	3,424
Decreases	0	0	-265	-265
Acquisition cost 31 December	458	3,620	28,695	32,773
Accumulated depreciations and write-downs 1 January	0	-2,554	-2,463	-5,017
Planned depreciations	0	-56	0	-56
Accumulated depreciations and write-downs 31 December	0	-2,610	-2,463	-5,073
Book value 31 December	**458**	**1,010**	**26,232**	**27,701**

31.12.2006	Land and water areas	Buildings	Shares and holdings in real estate corporations	Total
Acquisition cost 1 January	12,254	3,587	26,888	42,728
Increases	8	30	1,848	1,885
Decreases	-11,803	0	-3,197	-15,000
Acquisition cost 31 December	458	3,616	25,539	29,614
Accumulated depreciations and write-downs 1 January	0	-2,501	-2,463	-4,964
Planned depreciations	0	-53	0	-53
Accumulated depreciations and write-downs 31 December	0	-2,554	-2,463	-5,017
Book value 31 December	**458**	**1,062**	**23,076**	**24,597**

Other material assets 31.12.2007	Machines and inventory	Other tangible assets	Total material assets
Acquisition cost 1 January	26,094	14,904	84,892
Increases	1,311	709	8,932
Decreases	-487	0	-755
Acquisition cost 31 December	26,918	15,613	93,070
Accumulated depreciations and write-downs 1 January	-24,062	-11,980	-47,367
Accumulated write-downs on decreases	483	0	483
Planned depreciations	-932	-824	-1,859
Accumulated depreciations and write-downs 31 December	-24,511	-12,804	-48,743
Book value 31 December	**2,407**	**2,809**	**44,327**

31.12.2006	Machines and inventory	Other tangible assets	Total material assets
Acquisition cost 1 January	24,750	16,722	119,429
Increases	1,409	2,292	5,608
Decreases	-65	-4,110	-40,145
Acquisition cost 31 December	26,094	14,904	84,892
Accumulated depreciations and write-downs 1 January	-23,144	-15,302	-49,670
Accumulated write-downs on decreases	34	4,110	4,144
Planned depreciations	-953	-788	-1,840
Accumulated depreciations and write-downs 31 December	-24,062	-11,980	-47,367
Book value 31 December	**2,032**	**2,924**	**37,526**

NOTE 123. OTHER ASSETS

	2007	2006
Cash items being collected	159	150
Other assets	11,042	1,935
Totalt	**11,200**	**2,085**

NOTE 124. ACCRUED EXPENSES AND ADVANCE PAYMENTS

	2007	2006
Interest	72,015	38,873
Other	8,493	4,342
Total	**80,509**	**43,215**

NOTE 125. DEFERRED TAX RECEIVABLES

	2007	2006
Deferred tax receivables 1st Jan	0	0
Changes during the financial year booked via the income statement	-	-
Financial assets that can be sold:		
- Valuation at fair value	4,496	-
- Transferred to the income statement	118	-
Deferred tax receivables 31st Dec	**4,614**	**0**

NOTE 126. BREAKDOWN OF MATURITY OF ASSETS BY BALANCE SHEET ITEM

31.12.2007

Receivables	**Less than 3 months**	**3–12 mon.**	**1–5 years**
Bonds that are eligible for refinancing at central banks	145,969	284,109	806,779
Claims on credit institutions	173,255	140,000	-
Receivables from the public and public sector entities	201,811	250,192	862,789
Bonds	26,972	9,953	21,499
Total	**548,007**	**684,254**	**1,691,067**

Receivables	**5–10 years**	**More than 10 years**	**Total**
Bonds that are eligible for refinancing at central banks	385,029	-	1,621,886
Claims on credit institutions	-	-	313,255
Receivables from the public and public sector entities	605,214	1,040,199	2,960,204
Bonds	14,388	-	72,812
Total	**1,004,631**	**1,040,199**	**4,968,158**

31.12.2006

Receivables	**Less than 3 months**	**3–12 mon.**	**1–5 years**
Bonds that are eligible for refinancing at central banks	78,949	218,622	525,240
Claims on credit institutions	109,046	67,000	-
Receivables from the public and public sector entities	129,377	256,865	792,688
Bonds	18,178	21,242	22,966
Total	**335,550**	**563,728**	**1,340,893**

Receivables	**5–10 years**	**More than 10 years**	**Total**
Bonds that are eligible for refinancing at central banks	272,096	13,477	1,108,383
Claims on credit institutions	-	-	176,046
Receivables from the public and public sector entities	563,293	853,884	2,596,106
Bonds	22,877	-	85,262
Total	**858,266**	**867,361**	**3,965,797**

NOTE 127. PROPERTY ITEMS IN EUROS AND IN FOREIGN CURRENCY

31.12.2007

Assets	Euros	Foreign currency	Total
Bonds	1,694,699	-	1,694,699
Claims on credit institutions	296,568	16,687	313,255
Receivables from the public and public sector entities	2,961,796	-1,592	2,960,204
Shares and holdings	183,792	-	183,792
Other assets	383,198	738	383,937
Total	**5,520,054**	**15,833**	**5,535,887**

31.12.2006

Assets	Euros	Foreign currency	Total
Bonds	1,193,645	-	1,193,645
Claims on credit institutions	162,196	13,850	176,046
Receivables from the public and public sector entities	2,589,703	6,403	2,596,106
Shares and holdings	85,214	-	85,214
Other assets	396,333	1,013	397,345
Total	**4,427,091**	**21,265**	**4,448,356**

NOTE 128. THE FINANCIAL ASSETS FAIR VALUE

	2007		2006	
	Book value	**Actual value**	**Book value**	**Actual value**
Bonds	1,694,699	1,694,104	1,193,645	1,193,838
Claims on credit institutions	313,255	313,255	176,046	176,046
Receivables from the public and public sector entities	2,960,204	2,950,462	2,596,106	2,594,503
Shares and holdings	51,057	51,057	52,251	52,251
Shares and participations in associated companies	3,764	3,764	2,097	2,097
Shares and participations in group companies	128,971	128,971	30,867	30,867
Derivative contracts	10,976	10,976	4,905	4,905
Total	**5,162,926**	**5,152,589**	**4,055,916**	**4,054,506**

In the table, the actual value and the booked value of the financial assets and liabilities are presented by balance sheet item. Information is also provided for such financial assets and liabilities that area entered as fair values. The principles for calculating the fair value are described in the accounting principles

The fair values on investment assets are determined by the market price quoted on the active market. If the quoted market prices are not available, the value is determined with the help of the discounted cash flow. The interest rate curve on the market gives the discount rate. Capital funds are valued at the acquisition value in the case where there is no objective evidence for writing-down.

Fair values for financial derivatives are based on quoted marked prices on the active market.

Fair values for loans and other equivalent financial instruments, which are not prioritised on the active market, are determined according to the discounted cash flow based on the market quotations. The credit risk is also considered in the discounting factor.

The value entered is used as the fair value for disposable receivables and liabilities as well as short-term receivables and liabilities (less than 12 months to the next rate adjustment).

The fair values are so-called clean values, which is to say without accrued interest.

NOTE 129. TOTAL ASSETS BY BUSINESS AREA

	2007	2006
Banking	5,524,477	4,440,383
Securities trading	-	-
Real estate investments	11,410	7,973
Total	**5,535,887**	**4,448,356**

NOTE 130. BREAKDOWN OF SUBORDINATED CLAIMS

	2007	2006
Claims on credit institutions	-	-
Receivables from the public and public sector entities	-	-
Bonds	-	-
Shares and holdings in Group and associated companies	2,920	2,763
Total	**2,920**	**2,763**

NOTE 131. LIABILITIES TO CREDIT INSTITUTIONS

	2007	2006
Repayable on demand deposits	144,376	120,137
Deposits other than those repayable on demand.	1,221,742	769,350
Total	**1,366,118**	**889,488**

NOTE 132.LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES

	2007	2006
Repayable on demand	1,691,097	1,665,839
Other than those repayable on demand	1,129,428	892,631
Borrowing	2,820,525	2,558,470
Repayable on demand	249	115,845
Other than those repayable on demand	142,005	8,617
Other liabilities	142,253	124,462
Total	**2,962,778**	**2,682,932**

NOTE 133. DEBT SECURITIES ISSUED TO THE PUBLIC

	2007		2006	
	Book Value	**Nominal Value**	**Book Value**	**Nominal Value**
Certificates of deposit	390,879	397,150	192,886	195,900
Bonds	130,086	132,236	130,791	132,725
Total	**520,964**	**529,386**	**323,677**	**328,625**

NOTE 134. LIABILITIES TO CLOSE RELATIONS

	2007	2006
Deposits	5,755	2,757

For the definition of close relations and conditions, see note 121, claims on close relatives.

NOTE 135. DERIVATIVE INSTRUMENTS BOOK VALUE

	Derivative instruments for Fair value hedging		Other derivative instruments	
	2007	**2006**	**2007**	**2006**
Interest rate derivatives	**0**	**-1,291**	**0**	**0**
Interest rate swaps	-	-1,291	-	-
Share derivatives	**0**	**4,267**	**0**	**0**
Options	-	4,267	-	-
Written	-	4,267	-	-
Other derivatives	**7,424**	**0**	**0**	**0**
Options	7,424	-	-	-
Purchased	-	-	-	-
Written	7,424	-	-	-
Total derivative instruments	**7,424**	**2,976**	**0**	**0**
Options	7,424	4,267	-	-
Purchased	-	-	-	-
Written	7,424	4,267	-	-
Interest rate and currency swaps	-	-1,291	-	-

NOTE 136. DERIVATIVE INSTRUMENTS

The nominal value of the underlying property and the fair value of the derivative instrument.

31.12.2007	Nominal value/term remaining				Fair value	
	Less than 1 yr	1–5 years	More than 5 years	Total	Assets	Liabilities
Forward rate agreements	400,000			400,000	379	
Interest rate swaps	50,000	1,307,000	79,000	1,436,000	6,484	-6,195
Interest rate option agreements	1,000,000		480,000	1,480,000	398	-2,061
Purchased	500,000		240,000	740,000	398	
Written	500,000		240,000	740,000		-2,061
Total interest rate derivatives	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**
Forward rate agreements						
Total forward rate agreements	**0**	**0**	**0**	**0**	**0**	**0**
Equity options						
Purchased						
Written						
Total equity options	**0**	**0**	**0**	**0**	**0**	**0**
Other derivative instruments						
Total hedging derivative instruments	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**
Forward rate agreements	15,000			15,000	137	-84
Interest rate swaps	23,000	2,880,000	851,800	3,754,800	23,918	-16,134
Interest rate option agreements		2,790,361	1,547,548	4,337,909	3,054	-3,254
Purchased		1,337,100	893,774	2,230,874	3,054	
Written		1,453,261	653,774	2,107,035		-3,254
Total interest rate derivatives	**38,000**	**5,670,361**	**2,399,348**	**8,107,709**	**27,109**	**-19,472**
Forward rate agreements	136,778			136,778	217	-255
Total forward rate agreements	**136,778**	**0**	**0**	**136,778**	**217**	**-255**
Equity options	50,294	65,472	47,900	163,666	7,718	-7,718
Purchased	25,147	32,736	23,950	81,833	7,718	
Written	25,147	32,736	23,950	81,833		-7,718
Total equity options	**50,294**	**65,472**	**47,900**	**163,666**	**7,718**	**-7,718**
Options		8,608		8,608	1,016	-1,016
Purchased		4,304		4,304	1,016	
Written		4,304		4,304		-1,016
Other derivative instruments	**0**	**8,608**	**0**	**8,608**	**1,016**	**-1,016**
Total other derivative instruments	**225,072**	**5,744,441**	**2,447,248**	**8,416,761**	**36,060**	**-28,461**

31.12.2006	Nominal value/term remaining				Fair value	
	Less than 1 yr	1–5 years	More than 5 years	Total	Assets	Liabilities
Forward rate agreements	1,200,000			1,200,000	51	-1,748
Interest rate swaps	300,000	860,000	59,000	1,219,000	3,847	-6,347
Interest rate option agreements		1,000,000	480,000	1,480,000	598	-1,836
Purchased		500,000	240,000	740,000	598	
Written		500,000	240,000	740,000		-1,836
Total interest rate derivatives	**1,500,000**	**1,860,000**	**539,000**	**3,899,000**	**4,496**	**-9,931**
Forward rate agreements						
Total forward rate agreements	**0**	**0**	**0**	**0**	**0**	**0**
Equity options						
Purchased						
Written						
Total equity options	**0**	**0**	**0**	**0**	**0**	**0**
Other derivative instruments				**0**		
Total hedging derivative instruments	**1,500,000**	**1,860,000**	**539,000**	**3,899,000**	**4,496**	**-9,931**
Forward rate agreements	145,000			145,000	755	-732
Interest rate swaps	14,550	1,761,000	911,000	2,686,550	18,966	-5,728
Interest rate option agreements		1,744,200	1,641,600	3,385,800	2,683	-2,045
Purchased		872,100	940,800	1,812,900	2,683	
Written		872,100	700,800	1,572,900		-2,045
Total interest rate derivatives	**159,550**	**3,505,200**	**2,552,600**	**6,217,350**	**22,404**	**-8,505**
Forward rate agreements	35,794			35,794	194	-522
Total forward rate agreements	**35,794**	**0**	**0**	**35,794**	**194**	**-522**
Equity options	45,972	111,132	47,900	205,004	12,328	-12,328
Purchased	22,986	55,566	23,950	102,502	12,328	
Written	22,986	55,566	23,950	102,502		-12,328
Total equity options	**45,972**	**111,132**	**47,900**	**205,004**	**12,328**	**-12,328**
Options						
Purchased						
Written						
Other derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**
Total other derivative instruments	**241,316**	**3,616,332**	**2,600,500**	**6,458,148**	**34,926**	**-21,355**

NOTE 137. OTHER LIABILITIES

	2007	2006
Cash items in the process of collection	85,231	68,256
Provisions	259	786
Other	29,000	11,828
Total	**114,490**	**80,870**

Breakdown of items reported amongst write-downs

	Book value at the start of the financial year	Increase	Decreasing	Reversed	Book value at the end of the financial year
Staff costs	786		-527		259
Other	-	-	-	-	0
Total	786	0	-527	0	259

NOTE 138. ACCRUED EXPENSES AND ADVANCE PAYMENTS RECEIVED

	2007	2006
Interest	46,882	13,503
Other	11,472	20,033
Total	**58,354**	**33,536**

NOTE 139. SUBORDINATED LIABILITIES 31 DEC 2007

	Amount of liability	Nominal value	Amount reckoned in the capital base	Perpetuals
No individual debenture exceeds 10% of all the subordinated liabilities				
Debenture	180,221	180,718	142,461	-

All of the disclosed liabilities are in euros. The liabilities entered are reckoned in the calculations for capital adequacy for the lower Tier 2 capital of credit institutions considering that this capital cannot exceed 50% of Tier 1 equity. Loans targeted at companies belonging to the same Group or Group company do not exist.

Terms and conditions of early redemption:
Aktia or its Group may not redeem debentures before the end of the loan period without the permission of the Finnish Financial Supervision. Creditors are not entitled to demand repayment.

NOTE 140. DEFERRED TAX LIABILITIES

	2007	2006
Deferred tax liabilities 1 Jan	-551	2,308
Changes during the financial year booked via the income statement	-	-
Financial assets available for sale:		
- Valuation at fair value	551	-2,860
- Transferred to the income statement	-	-
Deferred tax liabilities 31 Dec	**0**	**-551**

NOTE 141. BREAKDOWN OF MATURITY OF LIABILITIES BY BALANCE SHEET ITEM

31.12.2007	Less than 3 months	3–12 mon.	1–5 years
Liabilities to credit institutions and central banks	1,229,413	67,705	69,000
Liabilities to the public and public sector entities	2,517,375	427,857	10,176
Debt securities issued to the public	193,275	208,601	70,318
Subordinated liabilities	8,951	46,283	124,987
Total	**3,949,015**	**750,446**	**274,481**

	5–10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	-	-	1,366,118
Liabilities to the public and public sector entities	7,370	-	2,962,778
Debt securities issued to the public	48,770	-	520,964
Subordinated liabilities	-	-	180,221
Total	**56,140**	**0**	**5,030,082**

31.12.2006	Less than 3 months	3–12 mon.	1–5 years
Liabilities to credit institutions and central banks	752,998	96,190	15,800
Liabilities to the public and public sector entities	2,315,020	344,915	14,379
Debt securities issued to the public	101,005	104,475	62,797
Subordinated liabilities	-	21,304	153,641
Total	**3,169,023**	**566,884**	**246,617**

	5–10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	24,500	-	889,488
Liabilities to the public and public sector entities	8,617	-	2,682,932
Debt securities issued to the public	55,400	-	323,677
Subordinated liabilities	-	-	174,945
Total	**88,517**	**0**	**4,071,042**

NOTE 142. LIABILITY ITEMS IN EUROS AND IN FOREIGN CURRENCY

31.12.2007

Liabilities	EUR	Foreign currency	Total
Liabilities to credit institutions and central banks	1,365,236	882	1,366,118
Liabilities to the public and public sector entities	2,951,730	11,048	2,962,778
Debt securities issued to the public	520,964	-	520,964
Subordinated liabilities	180,221	-	180,221
Other liabilities	178,406	1,862	180,268
Total	**5,196,558**	**13,792**	**5,210,350**

31.12.2006

Liabilities	EUR	Foreign currency	Total
Liabilities to credit institutions and central banks	887,034	2,453	889,488
Liabilities to the public and public sector entities	2,670,162	12,770	2,682,932
Debt securities issued to the public	323,677	-	323,677
Subordinated liabilities	174,945	-	174,945
Other liabilities	116,831	-	116,831
Total	**4,172,649**	**15,223**	**4,187,873**

NOTE 143. THE FINANCIAL LIABILITIES FAIR VALUE

	2007		2006	
	Book value	Fair value	Book value	Fair value
Liabilities to credit institutions and central banks	1,366,118	1,366,212	889,488	889,476
Liabilities to the public and public sector entities	2,962,778	2,962,534	2,682,932	2,682,437
Debt securities issued to the public	520,964	520,964	323,677	323,677
Derivative instruments and other liabilities held for trading	7,424	7,424	2,976	2,976
Subordinated liabilities	180,221	178,774	174,945	172,761
Total	**5,037,506**	**5,035,908**	**4,074,018**	**4,071,326**

For the definition of fair value, see note 129.

NOTE 144. TOTAL LIABILITIES BY BUSINESS AREA

	2007	2006
Banking	5,210,350	4,187,873
Securities trading	-	-
Real estate investment operations	-	-
Total	**5,210,350**	**4,187,873**

NOTE 145. SPECIFICATION OF EQUITY

	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Share capital	70,596	9,608		80,204
Legal reserve	8,067			8,067
Share premium account	1,893			1,893
Fund at fair value	-1,569		11,563	-13,132
Restricted equity	78,987	9,608	11,563	77,032
Unrestricted equity reserve	0	45,254	0	45,254
Retained earnings as of 1 January	84,557			84,557
Dividends to shareholders			14,825	-14,825
Profit for the reporting period		19,280		19,280
Unrestricted equity	84,557	64,533	14,825	134,265
Total equity capital	**163,544**	**74,141**	**26,388**	**211,297**

	2007	2006
Fund at fair value 1 Jan	-1,569	6,570
Evaluation of fair value during the financial year	-15,170	-10,999
Deferred tax on evaluations of fair value during the financial year	4,063	2,860
Transferred to the income and profit account during the financial year	-455	
Fund at fair value 31 Dec	**-13,132**	**-1,569**

Only changes in the fair value of financial assets that can be sold are entered in the fund at fair value.

Distributable assets in unrestricted equity	2007	2006
Retained earnings as of 1 January	84,557	87,251
Dividends to shareholders	-14,825	-24,709
Profit for the reporting period	19,280	22,014
Unrestricted equity reserve	45,254	
Total	**134,265**	**84,557**

There are no distributable assets in the unrestricted equity.

NOTE 146. DETAILS ON ISSUING OF SHARES, STOCK OPTIONS AND CONVERTIBLE BONDS

Aktia Saving Bank plc Extraordinary General Meeting, 21 December 2006, decided on a warrant issue, at the most 1,764,902 shares, to the bank's shareholders, according to which 20 shares or subscription rights gave the entitlement to subscribe one new share at a subscription price of EUR 9.00 per share during the period 6 to 23 February 2007. The shareholder's have the preferential right to subscribe in the same relationship as they previously owned shares in Aktia Savings Bank plc. In the warrant issue 1,764,865 shares were subscribed, altogether, which was registered on 8 March 2007.

The Extraordinary General Meeting also approved a directed issue for non-cash consideration of shares in Aktia Savings Bank plc of 3,00,000 new shares to the Veritas Pension Insurance Company, which was executed 17 Jan 2007 and registered 6 March 2007.

The Extraordinary General Meeting, 21 December 2007, gave the Board of Aktia Savings Bank plc the authority to execute one or more share issues to an aggregated maximum of one million shares. The authority entered in to effect from the date of the Extraordinary General Meeting until 21 December 2001. During the year, the following directed issues have been carried out to key persons in the Group.

29.3.2007: 19,021 shares at EUR 13.00 per share, registered 4 June 2007.
24.5.2007: 20,000 shares at EUR 13.00 per share, registered 31 July 2007.

Aktie Savings Bank plc only has one share series and each share entitles to one vote.

NOTE 147. SHAREHOLDERS 31 DECEMBER 2007

Shareholders 31.12.2006 **The 15 largest shareholders:**	**Number of shares**	**Share of the shares and the votes, %**
Helsinki Savings Bank Foundation	7,604,097	19.0
Livränteanstalten Hereditas	4,154,212	10.4
Pension Insurance Company Veritas	4,028,795	10.0
Savings Bank Foundation in Esbo-Grankulla	2,346,585	5.9
Oy Hammarén & Co Ab	1,890,000	4.7
Vantaa Savings Bank Foundation	1,614,900	4.0
Svenska Litteratursällskapet i Finland rf	1,578,458	3.9
Porvoo Savings Bank Foundation	1,303,050	3.2
Åbo Academy Foundation	1,302,000	3.2
Aktia Foundation in Vasa	1,014,525	2.5
Kirkkonummi Savings Bank Foundation	876,529	2.2
Karjaa-Pohja Savings Bank Foundation	787,350	2.0
Inkoo Savings Bank Foundation	646,236	1.6
Föreningen Konstsamfundet rf	635,255	1.6
Ab Kelonia Oy	609,945	1.5

Shareholders by sector:	**Number of owners Each**	**%**	**Number of owners Each**	**%**
Corporations	34	5.3	7,387,632	18.4
Financial institutes and insurance companies	38	5.9	2,360,339	5.9
Public sector entities	2	0.3	4,078,795	10.2
Non-profit institutions	57	8.9	25,134,957	62.7
Households	507	79.3	740,213	1.8
Foreign shareholders	1	0.2	400,000	1.0
Total	**639**	**100.0**	**40,101,936**	**100.0**
entered in nominee register	1		5,512	

Breakdown of stock **Number of shares**	**Number of owners Each**	**%**	**Number of owners Each**	**%**
1-100	160	25.04	8,381	0.0
101-1 000	237	37.09	90,226	0.2
1 001-10 000	134	20.97	336,424	0.8
10 001-100 000	65	10.17	2,281,469	5.7
100 000-	43	6.76	37,385,436	93.2
Total	**639**	**100.00**	**40,101,936**	**100.0**

NOTES TO THE ACCOUNTS CONCERNING COLLATERAL AND CONTINGENT LIABILITIES

NOTE 148. COLLATERAL

For the bank 31 December 2007	**Type of security**	**The liability's nominal value**	**The value of the collateral**
Liabilities to credit institutions	Debt securities	79,826	79,850
Collateral provided in connection with repurchasing agreements	Debt securities	345,124	345,124
Total		**424,950**	**424,973**
For the bank 31 December 2007			
Liabilities to credit institutions	Debt securities	66,280	65,982
Collateral the bank has provided has security for liabilities that are taken by companies in the same Group			
As of 31 December 2007	-	-	-
As of 31 December 2006	-	-	-

For others' liabilities

The bank has not provided collateral for other parties.

NOTE 149. PENSION COMMITMENTS

The personnel's retirement plan is organised via the pension insurance company Veritas and there are no pension commitments that have a liability deficit.

NOTE 150. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS

	2007	2006
Guarantees	57,232	47,355
Other commitments provided to a third party on behalf of a customer	27,060	28,526
Unused credit arrangements	556,034	470,498
On behalf of a subsidiary	109,495	122,000
On behalf of an associated undertaking	-	-
Other irrevocable commitments	118,588	102,807
On behalf of a subsidiary	20,883	25,001
Total	**758,914**	**649,186**

NOTE 151. RENTAL COMMITMENTS

	2007	2006
Less than 1 year	1,850,948	1,566,228
1-5 years	4,687,654	4,907,436
More than 5 years	2,581,495	204,648
Total	**9,120,098**	**6,678,312**

Included in rental commitments are such hire agreements that cannot be broken without the tenant's consent or without paying a significant additional fee. Internal rental commitments are not considered. The rental agreements mainly include business space (primarily bank offices) and the rental level is as a rule linked to the cost of living index.

NOTES CONCERNING PERSONNEL AND THE MANAGEMENT

NOTE 152. NUMBER OF EMPLOYEES 31 DECEMBER

	2007	2006
Full-time	700	647
Part-time	66	85
Temporary	73	68
Total	**839**	**800**

NOTE 153. SALARIES AND FEES PAID TO MEMBERS OF GOVERNING AND SUPERVISORY BODIES AND ALTERNATE MEMBERS INCLUDING PENSION COMMITMENTS ARISING OR MADE IN RESPECT OF THE SAME

	2007	2006
Members of the Board of Supervisors and their alternates	195	172
Members of the Board of Supervisors and their alternates as well as the Managing Director and his deputy	745	727
Total	**940**	**899**
Aktia Savings Bank plc has taken out supplementary pension insurance during the year as follows:		
Managing director and his deputy managing directors	EUR 288,719.11	EUR 214,265.25
Board members	EUR 21,866.92	EUR 18,215.47
Members of the Supervision Board	EUR 35,205.41	EUR 34,327.78

Members of the management group can retire from and when they reach 60 years of age.

NOTE 154. CREDITS AND GUARANTEES GRANTED THE MANAGEMENT

	2007	2006
Members of the Board of Supervisors and their alternates	1,296	1,399
Members and alternates on the Board and the Managing Director and his Deputy	235	509
Auditors and their deputies	-	-
Total	**1,531**	**1,908**

	At the beginning of the financial year	Increase	Decreasing	At the end of the financial year
Members of the Board of Supervisors and their alternates	1,399		-104	1,296
Members and alternates on the Board and the Managing Director and his Deputy	509		-273	235
Auditors and their deputies	-			0
Total	**1,908**	**0**	**-377**	**1,531**

As a rule, the interest rates for the loans are tied to publicly quoted reference rates or the Aktia Prime rate and exceed, except for a few loans of earlier origin, both the base rate and the interest used as a limit for taxable income. Repayments on the loans are made regularly in accordance with the agreed repayment plans, and the loans are extended subject to the same terms and conditions as loans granted to other private individuals.

Members of the Board of Supervisors, Board of Directors, the managing director and his deputy managing directors hold a total of 123,776 shares, which is 0,31 %.

HOLDINGS IN OTHER COMPANIES

NOTE 155. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS (OWNERSHIP OVER 50%)

	Hemort	Andel av samtliga aktier %	Bokföringsvärde
Financing			
Aktia Real Estate Mortgage Bank Plc	Helsinki	55.91	23,836
Aktia Kort & Finans Ab	Helsinki	81.98	26
Aktia Företagsfinans Ab	Helsinki	80.00	160
Hsb-Finans Ab (dormant)	Helsinki	100.00	589
The investment fund operation			
Aktia Fund Management Ltd	Helsinki	100.00	2,507
Aktia Fund Management S A (dormant)	Luxemburg	100.00	111
Investment firm operations			
Aktia Asset Management Ltd	Helsinki	81.00	347
The estate agency operation			
Aktia Fastighetsförmedling Helsingfors-Esbo Ab	Helsinki	80.00	80
Aktia Fastighetsförmedling ISKL Ab	Kyrkslätt	90.00	72
Aktia Fastighetsförmedling Jakobstad Ab	Jakobstad	100.00	100
Aktia Fastighetsförmedling Karlebynejden Ab	Karleby	100.00	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab	Vanda	100.00	80
Aktia Fastighetsförmedling Pargas-Åboland Ab	Pargas	88.60	62
Aktia Fastighetsförmedling Raseborg Ab	Ekenäs	100.00	73
Aktia Fastighetsförmedling Sibbo Ab	Helsinki	60.00	61
Aktia Fastighetsförmedling Tammerfors Ab	Tampere	67.00	67
Aktia Fastighetsförmedling Vasa Ab	Vasa	60.00	313
Aktia Fastighetsförmedling Uleåborg Ab	Uleåborg	100.00	100
Aktia Fastighetsförmedling Åbo Ab	Turku	90.00	119
Aktia Fastighetsförmedling Östra Nyland Ab	Borgå	80.00	80
Magnus Nyman AFM Ab	Kimito	51.00	125
The insurance operation			
Life Insurance Company Veritas	Turku	99.96	97,301
Robur Invest Ab (dormant)	Helsinki	100.00	8
Vasp Invest Ab	Helsinki	75.00	101
Total			**126,419**

Companies not included in consolidated accounts (ownership over 50%)

6 real estate companies with a combined book value of EUR 6,514,569.06 as of 31 Dec 2007.

NOTE 156. HOLDINGS IN ASSOCIATED UNDERTAKINGS (20–50% OF SHARES)

	Domicile	Percentage of all shares	Book Value
Data processing			
Samlink Ab	Helsinki	23.97	1,697
Private equity-bolag			
Unicus Ab	Helsinki	33.33	100
Real estate investment			
Mannerheimvägen 14 Fast Ab	Helsinki	49.98	18,194
Other real estate companies, 9 in total			5,427
Other			
Investmentbolaget Torggatan 14 Ab	Mariehamn	33.33	376
Järsö Invest Ab	Mariehamn	33.33	376
Mike Alpha Ab	Mariehamn	33.33	1
Mike Bravo Ab	Mariehamn	33.33	1
Mike Charlie Ab	Mariehamn	33.33	1
Mike Whiskey Ab	Mariehamn	33.33	160
November Sierra Ab	Mariehamn	33.33	1
Tenala Buccaneers Ab	Mariehamn	33.33	376
Tenala Invest Ab	Mariehamn	33.33	376
Total			**27,085**

NOTE 157. SHAREHOLDING AND HOLDINGS, ESSENTIAL TO OPERATIONS

	Domicile	Percentage of all shares	Book Value
Credit institutions			
Kreditlaget	Helsinki	3	168
Insurance companies			
Veritas Mutual Accident Insurance Company	Helsinki	-	500
Other			
S.W.I.F.T. (Society for World Wide Interbank Financial Telecommunications)			25
Total			**693**

OTHER NOTES TO THE ACCOUNTS

NOTE 158. TRUSTEE SERVICES AND THE CUSTOMER ASSETS BEING MANAGED

The parent company offers private individuals and institutions discretionary asset management services.
Customer funds are not intermediated to other customers.

	2007	2006
Customer assets being managed		
Funds in a customer funds account	-	-
Funds in discretionary asset management services	4,115	4,167
Funds within the framework of investment advising according to a separate agreement	567,601	493,957
Total funds in asset management services	**571,716**	**498,125**

NOTE 159. THE PARENT COMPANY'S CAPITAL ADEQUACY

Summary	2007 12.2007	9.2007	6.2007	3.2007	2006 12.2006
Tier 1 capital	267,271	269,826	266,321	263,527	220,313
Tier 2 capital	111,678	115,943	113,369	119,264	108,587
Capital base	**378,950**	**385,769**	**379,690**	**382,792**	**328,900**
Risk-weighted amount for credits and counterparty risks	2,070,594	1,960,980	1,857,436	1,821,519	2,654,800
Risk-weighted amount for market risks 1)					
Risk-weighted amount for operating risks 2)	234,301	227,797	227,187	227,187	
Total risk-weighted items	**2,304,895**	**2,188,776**	**2,084,623**	**2,048,706**	**2,654,800**
Capital adequacy, %	**16.44**	**17.62**	**18.21**	**18.68**	**12.39**
Tier 1 Capital ratio, %	**11.60**	**12.33**	**12.78**	**12.86**	**8.30**
Minimum capital requirement	**184,372**	**175,102**	**166,770**	**163,896**	**212,384**
Capital buffer (difference capital base - minimum requirement)	194,578	210,667	212,920	218,895	116,516

1) No capital requirement due to the small consignment stock and then the sum of the net currency positions is less than 2% of the capital base.

2) The capital requirement 15% is calculated from the definition gross income on average during the last three years (EUR 125 million) x the risk-weight coefficient 12.5.

Capital base	12.2007	9.2007	6.2007	3.2007	12.2006
Share capital	80,204	80,204	80,424	80,126	70,596
Share premium account	1,893	1,893	1,893	1,893	1,893
Legal reserve	8,067	8,067	8,067	8,067	8,067
Other funds	45,254	45,254	45,034	44,825	,
Credit loss provisions (after tax)	84,538	79,994	77,241	74,178	71,736
Retained earnings	69,731	69,731	69,850	69,731	62,542
Profit for the year	19,280	17,127	11,838	7,833	22,014
./. Dividend provision	-20,051	-12,031	-8,020	-4,006	-14,825
Total	288,915	290,239	286,327	282,646	222,023
./. Intangible assets	-3,994	-3,063	-2,806	-2,319	-1,710
./. holdings in insurance companies	-17,650	-17,350	-17,200	-16,800	
Tier 1 capital	**267,271**	**269,826**	**266,321**	**263,527**	**220,313**
Fair value fund	-13,132	-10,295	-11,191	-4,099	-1,569
Subordinated bonds	142,461	143,588	141,760	140,164	110,156
./. holdings in insurance companies	-17,650	-17,350	-17,200	-16,800	
Tier 2 capital	**111,678**	**115,943**	**113,369**	**119,264**	**108,587**
Total capital base	**378,950**	**385,769**	**379,690**	**382,792**	**328,900**

Risk-weighted commitments, credit and counterparty risks				Risk-weighted commitments, Basel 2				Basel 1
Risk weighting	**Balance sheet assets**	**Off balance sheet**	**Com-bined**	**12.2007**	**9.2007**	**6.2007**	**3.2007**	**12.2006**
0 %	624,611	165,258	789,870					
10 %	699,433		699,433	69,943	58,695	58,061	54,672	47,850
20 %	1,115,940	165,344	1,281,284	230,191	194,042	148,717	155,842	143,840
35 %	1,938,331	87,222	2,025,553	690,521	667,830	654,675	630,429	
50 %	3,323	439	3,763	1,833	5,241	1	1,994	1,350,240
75 %	460,904	85,513	546,416	376,678	394,841	389,047	384,276	
100 %	608,926	135,257	744,183	665,875	595,595	567,189	563,718	1,097,040
150 %	9,589	1,292	10,881	15,352	23,433	17,204	13,324	
Total	**5,461,056**	**640,326**	**6,101,382**	**2,050,394**	**1,939,677**	**1,834,893**	**1,804,255**	**2,638,970**
Derivatives *)		118,530	118,530	20,200	21,303	22,543	17,264	15,830
Total	**5,461,056**	**758,856**	**6,219,912**	**2,070,594**	**1,960,980**	**1,857,436**	**1,821,519**	**2,654,800**

*) refers to the derivative agreements credit equivalent

Risk-weighted amount for operating risks					Risk-weighted amount, Basel 2				Basel 1
Year	**2004**	**2005**	**2006**	**2007**	**12.2007**	**9.2007**	**6.2007**	**3.2007**	**12.2006**
Gross income	111,108	127,341	126,025	121,514					
- average 3 years			121,491	124,960					
Indicator 15%	16,666	19,101	18,904	18,227					
Capital requirement for operating risk			**18,224**	**18,744**	**234,301**	**227,797**	**227,187**	**227,187**	**0**

Information about the Group's Report by the Board of Directors and financial statements

The Group's parent company is Aktia Savings Bank plc, domiciled in Helsinki.
A copy of the Group's Report by the Board of Directors and financial statements is available from Aktia Savings Bank plc, Mannerheimintie 14 A, 00100 Helsinki.

Helsinki, 29 February 2008
The Board of Directors of Aktia Savings Bank plc

Kaj-Gustaf Bergh
Chairman of the Board

Dag Wallgren
Vice Chairman

Hans Frantz

Lars-Olof Hammarén

Lars-Erik Kvist

Kjell Sundström

Marina Vahtola

Nina Wilkman

Mikael Ingberg
Managing Director

TO THE SHAREHOLDERS OF AKTIA SAVINGS BANK P.L.C.

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Aktia Savings Bank p.l.c. for the financial year 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, contain-ing the parent company's balance sheet, income statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to ex-amine whether the members the Supervisory Board as well as of the Board of Directors and the Managing Di-rector and his substitute of the parent company have complied with the rules of the Companies' Act, the Sav-ings Bank Act and Credit Institutions Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Re-porting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Account-ing Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and he members the Supervisory Board, the members of the Board of Directors and the Managing Director and his substitute of the parent company can be discharged from liability for the financial year audited by us. The pro-posal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Com-panies' Act.

Helsinki, 5 March 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Statement by the Board of Supervisors

Approved at the meeting of the Board of Supervisors on 11 March 2008.

The Board of Supervisors has compiled the report by the Board of Directors, the financial statements and the audit report for 2007 and recommends that the financial statements and the consolidated accounts be accepted.

AKTIA'S BOARD OF SUPERVISORS

Henry Wiklund
Chairman of the Board of Supervisors (in office until 2009), Managing Director, M.Sc. (Econ), Chamber Counsellor

Johan Bardy
Deputy Chairman (2009), Attorney-at-Law. LL.M.

Christina Gestrin
Deputy Chairman (2008), Member of Parliament, M.Sc. (Agriculture and Forestry)

Henrik Sundbäck
Deputy Chairman (2009), Consultant, M.Sc. (Agriculture and Forestry)

Kjell Sundström
Deputy Chairman (resigned 31.12.2007), M.Sc. (Econ)

Lorenz Uthardt
Deputy Chairman (2008), Agrologist, M.Sc. (Pol), Honorary Councellor

Bo-Gustav Wilson
Deputy Chairman (2010), Audit Manager, M.Sc. (Econ)

Harriet Ahlnäs
(2009), Principal, M.Sc. (Eng)

Roger Broo
(2009), Administrative Director, M.Sc. (Pol), Chamber Counsellor

Sten Eklundh
(2010), M.Sc. (Econ)

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(2010), M.A.

Kurt Forsman
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Christoffer Grönholm
(2009), Chief Secretary, D.Sc. (Pol)

Peter Heinström
(2010), Honorary Consul

Torbjörn Jakas
(resigned 29.3.2007), Managing Director, M.Sc. (Econ)

Erik Karls
(2010), Farmer

Kari Kyttälä
(2009), LL.M.

Patrik Lerche
(2008), Managing Director, M.Sc. (Econ)

Per Lindgård
(2009), Teacher

Kristina Lyytikäinen
(2008), Private Entrepreneur, B.A. (Social Sciences)

Håkan Mattlin
(2008), Administrative Director, Lic. Sc. (Pol), Chamber Counsellor

Anders Nordman
(resigned 11.3.2008), Managing Director

Clas Nyberg
(2010), M.Sc. (Eng)

Margareta Pietikäinen
(resigned 29.3.2007), M.A.

Jorma J Pitkämäki
(2008), Director of Development

Henrik Rehnberg
(2009), Farmer, Engineer

Gunvor Sarelin-Sjöblom
(2010), M.A.

Peter Simberg
(2008), Agrologist

Carl Eric Stålberg
(2010), Chairman of the Board of Directors in Swedbank AB, M.Sc. (Econ)

Sture Söderholm
(2009), Lic.Odont.

Maj-Britt Vääriskoski
(2010), Financial Director

Lars Wallin
(2010), Office Manager

Carl Johan Westman
(resigned 29.3.2007), Professor, D.Sc. (Agriculture and Forestry)

Ann-Marie Åberg
(2010), Physiotherapist

Marianne Österberg
(2008), Administrative Director, LL.M.

Aktia

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