

Norvestia
Annual Report



NORVESTIA
NORVESTIA PLC

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ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday March 13, 2007 at 12 a.m. at the Diana auditorium, Erottajankatu 5, Helsinki. Shareholders who wish to attend the Annual General Meeting are kindly requested to register no later than Friday March 9, 2007 before 4 p.m. either by e-mail info@norvestia.fi, by phone (09) 6226 380, by telefax (09) 6222 080 or by post to the address Norvestia plc, Pohjoisesplanadi 35 E, 00100 Helsinki. Authorizations that allow an authorized representative to exercise the voting right of a shareholder at the Annual General Meeting, are asked to be submitted to the company office before the deadline for registering to attend the Meeting.

DIVIDEND

The dividend for 2006 will be paid out on March 23, 2007 for shares that are registered in the company's register of shareholders maintained by the Finnish Central Securities Depository Ltd on March 16, 2007.

INTERIM REPORTS ARE PUBLISHED:

- April 19, 2007
- July 18, 2007
- October 23, 2007

Net Asset Value Reports are published monthly.

www.norvestia.fi

The Annual Report and the interim reports are available in Finnish, Swedish and English on the company home page www.norvestia.fi. All press releases from the past year in Finnish and Swedish, as well as a selection of earlier releases, can also be found on the home page.

Norvestia in brief

- Norvestia plc is a publicly listed investment company. The Norvestia Group mainly invests in Nordic shares, share funds, hedge funds, in the money market and in other securities.
- The aim of Norvestia's investment activities is to provide its shareholders with a good risk-adjusted return.
- Norvestia plc is a part of the Kaupthing Bank Group and is parent company to Norventures Ltd.

Year 2006

- Net asset value per share was EUR 10.71 at year-end (EUR 9.78 in 2005).
- The profit amounted to MEUR 23.5 (MEUR 31.4).
- Net asset value per share (dividend-adjusted) grew 16.0% during the year under review (26.5%).
- The Board of Directors proposes that EUR 0.60 per share be distributed as dividend (EUR 0.60).

KEY FIGURES FOR THE GROUP YEAR 2006

- Increase in NAV, dividend-adjusted:	MEUR 23.5
- Net earnings, IFRS:	MEUR 23.5
- Shareholders' equity, IFRS:	MEUR 164.1
- Equity ratio:	94.6%

KEY FIGURES PER SHARE YEAR 2006

- Increase in NAV, dividend-adjusted:	EUR 1.53
- Net earnings, IFRS:	EUR 1.53
- Net Asset Value:	EUR 10.71
- Shareholders' equity, IFRS:	EUR 10.71



2006 was a good year for Norvestia. The profit of the Norvestia Group was MEUR 23.5 after expenses and taxes.

Managing Director's review

2006 was a good year for Norvestia. The profit of the Norvestia Group was MEUR 23.5 after expenses and taxes, which corresponds to a 16 % annual return on net asset value. At year-end Norvestia's shareholders' equity was MEUR 164.1, a MEUR 14.3 increase from last year. This figure is calculated by subtracting the dividend of MEUR 9.2 paid to the shareholders in March, from the profit of 2006.

Over the years, Norvestia has, in proportion to its size, been one of the best dividend distributors of the Helsinki Stock Exchange. The Board of Directors will propose to the spring Annual General Meeting that the same dividend per share as the previous spring, EUR 0.60, be distributed from the profit of 2006. This corresponds to a dividend yield of 6.5 % calculated on the basis of the closing price of 2006. This is once again one of the spring's highest dividend yields on the Helsinki Stock Exchange.

Over the last ten years Norvestia has distributed approximately half of its profits, almost MEUR 80, in dividends. Due to strong profit development, Norvestia's shareholders' equity has also grown steadily. Measured in terms of shareholders' equity, Norvestia is already above average on the Helsinki Stock Exchange.

LONG-TERM RETURN

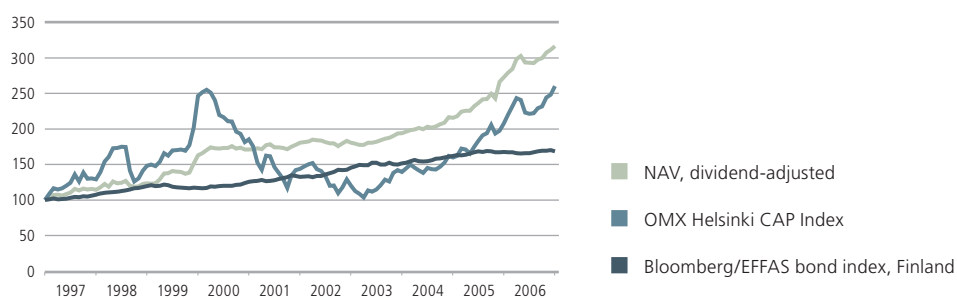
The aim of Norvestia's investment strategy is a strong, long-term, risk-adjusted return. Although the development of several indices is followed closely, Norvestia's return on its investment activities is not compared to the development of indices as such. It is rather simple to achieve market return, and for this purpose there exist several well functioning investment possibilities, for example index funds. The problem with these is of course that their value increases when stock markets go up and decreases when stock markets go down.

Mathematically it is easy to show that an investor who can avoid the largest drops in share prices will, in the long run, achieve returns stronger than the index return, although he may lose to the index during the upturn. Norvestia's goal is to follow this investment philosophy. Often this means that shares are sold when others buy and conversely bought when other investors sell. This way of investing often means acting against the market. The method demands perseverance and strict adherence to the investment strategy set. The advantages of such a strategy can best be seen when examining investment returns over market cycles.

Norvestia's investment returns and risks over the past ten years are compared to the returns of the OMX Helsinki Cap index in the figures and tables on the next page. This period is long enough to allow certain observations. There were two strong economic upturns during this period. First there was the so-called "technology bubble" at the end of the 1990's, when the share price of technology companies in particular grew rapidly, aided by the "new economy". The second upturn began in the spring of 2003, and as growth still remains strong, it has begun to be referred to as a super cycle. Between these two cycles there was a gloomy period when the stock prices fell continuously for almost three years.

If Norvestia's investment returns are compared to index returns as in the table on the next page, it can be seen that in the ten year period Norvestia's total return on investment activities has only been better than index returns for three years. Nonetheless, Norvestia's long-term return has clearly been better than that of the index. This is because Norvestia's investment returns have developed steadily. Norvestia has managed to avoid the sharp drops in stock prices and has made a positive result even in those years when the index return has been clearly negative.

PERFORMANCE OF NET ASSET VALUE AND INDEX



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1997–2006
NAV, dividend-adjusted											
Return, p.a., %	14.2	8.0	31.8	5.3	5.4	0.2	7.2	11.4	26.5	16.0	12.2
Volatility, %	7.8	11.3	12.5	5.0	5.2	4.6	3.2	4.3	10.1	6.4	7.8
Sharpe ratio	1.4	0.4	2.3	0.3	0.1	neg	1.4	2.1	2.4	2.0	1.2
OMX Helsinki Cap Index											
Return, p.a., %	28.8	15.0	66.2	-24.9	-22.3	-16.7	16.2	14.6	30.1	25.2	10.0
Volatility, %	20.3	29.7	24.9	12.3	31.4	22.0	19.0	11.6	13.6	13.5	21.3
Sharpe ratio	1.3	0.4	2.5	neg	neg	neg	0.7	1.1	2.0	1.6	0.3

The risk-adjusted return on Norvestia's investment activities can be measured using the Sharpe ratio. Norvestia's risk-adjusted return measured with the Sharpe ratio has been better than the index in eight out of ten years. This is an exceptionally good result. Investment returns should always be proportioned to their risk, because only in this way they can be directly compared.

STOCK MARKET

Share prices have increased annually for four consecutive years on the most important stock markets. The Helsinki Stock Exchange is approaching a new record for consecutive years of rising share prices. The HEX index has been calculated since 1987 and has not for the time being risen for five consecutive years. According to financial theory the number of years of upturn is irrelevant. To achieve continuous appreciation in share prices it would be enough for companies' profits to grow from year to year, which would prevent their valuation from rising to unreasonable levels.

In practice the situation in capital markets is, however, not quite this simple. Psychological factors greatly affect investment decisions. Stock prices fall when most investors no longer believe that they can rise. The end of the present upward trend is of course difficult to predict accurately. Strong arguments can be made both for and against continued growth.

In general, companies are valued at a reasonable level and interest rates are still relatively low, two factors which support share prices. On the other hand it is not easy for companies to continuously keep pace with estimated growth expectations. There are also some noticeable imbalances in the macroeconomic environment. For example, growth of the eurozone's money supply in recent months has been at its highest level since the adoption of the euro. The growth of money supply and expectations regarding inflation are generally linked, and

in order to restrain inflationary pressures, the European Central Bank may be forced to raise interest rates more than currently expected. If this happens, it will have a negative effect on share prices.

FUTURE PROSPECTS

Norvestia will continue its current investment activities by making investments in its actively managed portfolio as prevailing market circumstances dictate. The aim is to achieve the best possible risk-adjusted return.

In addition to following company-specific earnings prospects Norvestia continuously follows the development of various economic indicators in order to detect changes in market trends as quickly as possible. Based on this knowledge the company makes the required adjustments in its investment portfolio.

As a new and interesting part of its current activities, Norvestia will begin to seek long-term industrial investments. The aim of such investments is to achieve above average market returns by developing the target company.

Norvestia's long-term return has been competitive both in terms of absolute and risk-adjusted profit. Even though strong returns in the past are no guarantee of strong future returns, Norvestia has confidence in the future. Norvestia's shareholders can rest assured, that the company will do its utmost to achieve good returns on investment activities also in the future.

Juha Kasanen
Managing Director

Share capital and ownership structure

The share capital of Norvestia plc amounted to EUR 53,607,960 on December 31, 2006. The share capital was divided in 900,000 A shares with 10 votes, and 14,416,560 B shares with 1 vote, in all 15,316,560 shares (15,316,560) with the nominal value of EUR 3,50 per share (3,50). The ISIN code for the B shares is FI0009000160 and the A-shares are unlisted.

The market capitalization of the listed shares of Norvestia plc was EUR 133.9 million (123.3) on December 31, 2006. The ten largest shareholders possessed 46.86% of the shares (48.11%) and 65.24% of the total number of votes (66.06%). 9,089 shares (9,089) were in the possession of the members of the Board and the Managing Director. The Board and the Management of Norvestia possess 13,925,016 shares in total of the parent company Kaupthing Bank hf. (5,862,905).

The average shareholding in Norvestia plc for private individuals was 1,162 shares (1,201). The corresponding amount for associations was 11,855 shares (13,126). The number of nominee registered shares amounted to 7.81% of the total number of shares (38.25%) and 5.11% of the votes (59.61%). The nominee registered numbers from 2005 also include Kaupthing Bank's shares and votes. The amount of shareholders amounted to 5,992 (5,579) on December 31, 2006.

TEN PRINCIPAL SHAREHOLDERS ON 31.12.2006

Shareholder	A series amount	%	B series amount	%	Total amount	% of shares	% of votes
Kaupthing Bank hf.	900,000	100	3,785,869	26.26	4 685,869	30.59	54.60
Sampo Life Insurance Company Ltd			1,789,538	12.41	1 789,538	11.68	7.64
Kaleva Mutual Insurance Company			189,700	1.32	189,700	1.24	0.81
Immonen Jukka			162,424	1.13	162,424	1.06	0.69
Pasanen Matti			120,000	0.83	120,000	0.78	0.51
Köresaar Kiinteistöt Oy			60,894	0.42	60,894	0.40	0.26
Turpeinen Urho			58,000	0.40	58,000	0.38	0.25
Rannikko Reino			39,000	0.27	3,000	0.25	0.17
Astrid Söderbergs släktfond			36,888	0.26	36,888	0.24	0.16
Nordlund Anna			36,000	0.25	36,000	0.24	0.15
	900,000	100	6,278,313	43.55	7,178,313	46.86	65.24
Nominee registered			1,196,452	8.30	1,196,452	7.81	5.11

SHARES AND VOTING RIGHTS

Share series	Votes/share	No of shares	No of votes	Share capital, EUR
Series A	10	900,000	9,000,000	3,150,000
Series B	1	14,416,560	14,416,560	50,457,960
In total		15,316,560	23,416,560	53,607,960

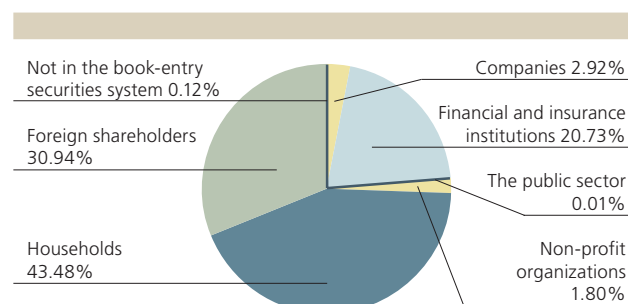
HOLDINGS BY NUMBER OF SHARES AND OWNERS

Shareholding	% of shares	% of owners
1-100	0.37%	15.41%
101-1,000	10.29%	60.48%
1,001-5,000	16.50%	19.68%
5,001-10,000	6.74%	2.49%
10,001-	65.98%	1.94%
Not in the book-entry system	0.12%	-
	100.00%	100.00%

SHAREHOLDERS BY GROUP

% of share capital	
Companies	2.92%
Financial and insurance institutions	20.73%
The public sector	0.01%
Non-profit organizations	1.80%
Households	43.48%
Foreign shareholders	30.94%
Not in the book-entry securities system	0.12%
	100.00%
of which nominee registered	7.81%

SHAREHOLDERS BY GROUP



Norvestia's B share

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Share capital and number of shares					
Share capital, MEUR	53.6	53.6	35.7	17.9	17.9
Nominal value of shares, EUR	3.50	3.50	3.50	3.50	3.50
Number of shares, issue-adjusted					
At the end of the year*	15,316,560	15,316,560	15,316,560	15,316,560	15,316,560
Average of the year*	15,316,560	15,316,560	15,316,560	15,316,560	15,316,560
Share price, EUR					
At the end of the year*	9.29	8.55	6.53	6.71	6.36
The calculated value for the subscription right	-	-	0.77	-	-
Year high*	9.95	8.70	9.85****	7.39	7.25
Year low*	7.29	5.90	5.93****	5.60	5.60
Year average*	8.77	6.94	7.88	6.46	6.51
Market capitalization, including subscription rights, at the end of the year, MEUR**	142.3	131.0	74.5	76.6	72.5
Trading volume					
Shares traded*	2,832,304	3,047,223	4,753,010	1,875,642	958,224
Shares traded/total amount of shares	18.5%	19.9%	46.5%	18.4%	9.4%
Shares traded/total amount of B shares	19.6%	21.1%	49.5%	19.5%	10.0%
Turnover on the Stock Exchange, MEUR	24.8	21.2	40.1	13.5	7.0
P/E ratio	6.1	4.2	8.5	17.6	neg
Dividend yield	6.5%***	7.0%	4.6%	27.3%	9.9%
Number of shareholders at the end of the year	5,992	5,579	5,353	4,980	5,021

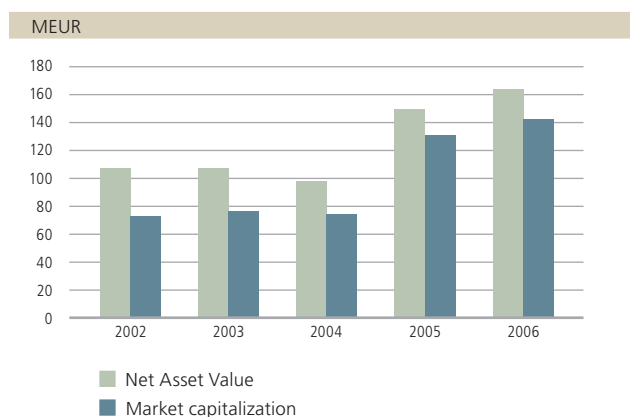
*) Adjusted with the coefficient of the bonus issue (2) and with the coefficient of the rights issue (1.116956)

**) The A shares are unlisted. The A shares are valued according to the quotation of the B share

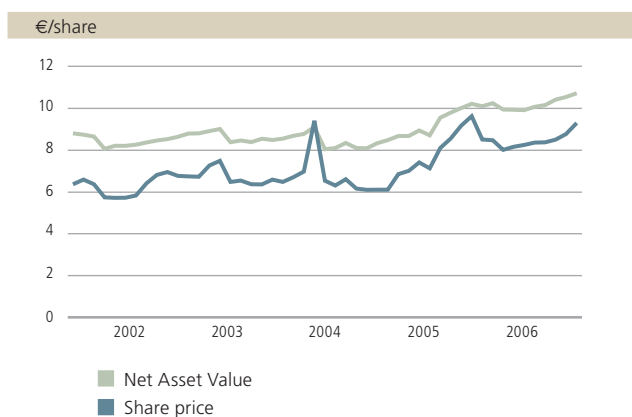
***) The proposal of the Board of Directors

****) Adjusted with the calculated value for the subscription right

GROUP'S NET ASSET VALUE AND MARKET CAPITALIZATION*



SHARE PRICE AND NET ASSET VALUE PER SHARE



* The A shares are unlisted. The A shares are valued according to the quotation of the B share.

Key financial figures

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Result figures of the Group					
Turnover, MEUR	-	-	-	32.1	44.9
Operating profit, MEUR	25.4	29.5	19.9	7.2	-1.7
% of turnover	-	-	-	22.4%	-3.8%
Profit before provisions and taxes, MEUR	25.4	28.7	19.4	7.1	-1.7
% of turnover	-	-	-	22.1%	-3.8%
Return on equity	14.9%	23.4%	10.6%	4.2%	-1.3%
Return on investment	15.5%	23.9%	12.1%	5.5%	-1.2%
Balance figures of the Group					
Equity ratio	94.6%	92.0%	74.5%	98.8%	98.7%
Gross expenditure on non-current assets, MEUR	0.0	0.1	0.0	0.0	0.0
Dividend, MEUR	9,2 **	9.2	4.6	20.9	7.1
Key figures per share					
Earnings/share, EUR*	1.53	2.05	0.77	0.38	-0.04
Shareholders' equity/share, EUR*	10.71	9.78	8.04	8.37	8.60
Net asset value/share, EUR (issue-adjusted)	10.71	9.78	8.02	8.79	8.80
Discount on net asset value	13.3%	12.6%	24.0%	28.6%	32.5%
Dividend/share, EUR*	0,60 **	0.60	0.30	1.84	0.63
Dividend/earnings	39.2%	29.3%	46.9%	479.9%	n/a
Personnel					
Number of employees in the Group on average	5	7	7	10	13

*) Adjusted with the coefficient of the bonus issue (2) and with the coefficient of the rights issue (1.116956)

**) Proposal of the Board of Directors

Net Asset Value of the Group

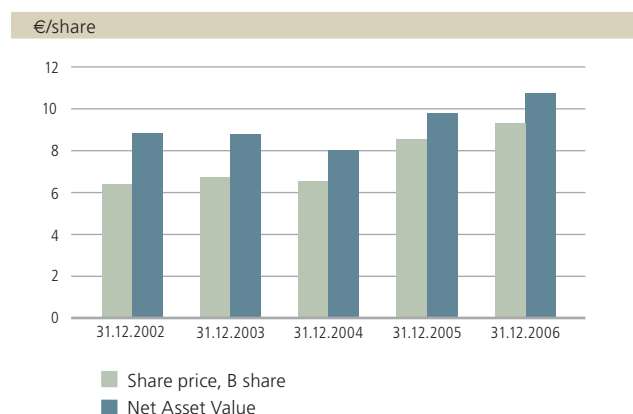
Net asset value, EUR million	31.12.2006	31.12.2005	31.12.2004	31.12.2003	31.12.2002
Assets					
Non-current assets					
Tangible assets	0.0	0.1	0.0	0.1	0.1
Deferred tax receivables	-	-	0.3	-	-
Current assets					
Stocks	-	-	-	110.0	99.6
Shares held for trading	71.0	71.4	59.3	-	-
Other financial assets at fair value	38.0	31.8	91.8	-	-
Other investments	1.7	2.2	17.8	-	-
Cash and receivables	62.7	57.3	13.5	38.7	46.7
Cumulative assets	173.4	162.8	182.7	148.8	146.4
Current liabilities	-1.9	-6.7	-41.2	-1.6	-1.7
Deferred tax liability	-7.4	-6.3	-5.3	-4.4	-3.5
Net asset value before minority interest	164.1	149.8	136.2	142.8	141.2
Minority interest	-	-	-38.2	-35.5	-33.8
Net asset value	164.1	149.8	98.0	107.3	107.4
Net asset value/share, EUR*	10.71	9.78	8.02	8.79	8.80
Increase in NAV, dividend-adjusted	2006	2005	2004	2003	2002
Change, MEUR	23.5	31.4	11.6	7.0	0.3
Change per share, EUR*	1.53	2.05	0.77	0.46	0.03

* Issue-adjusted

PRINCIPLES FOR CALCULATION

Publicly listed shares, investment funds and derivatives have been valued to closing price. In case the closing price has been unavailable, the purchase quotation has been used. Unlisted shares have been valued to the fair value using various valuation methods.

SHARE PRICE AND NET ASSET VALUE



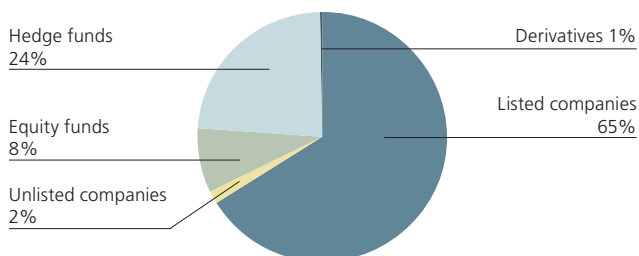
Investments

December 31, 2006

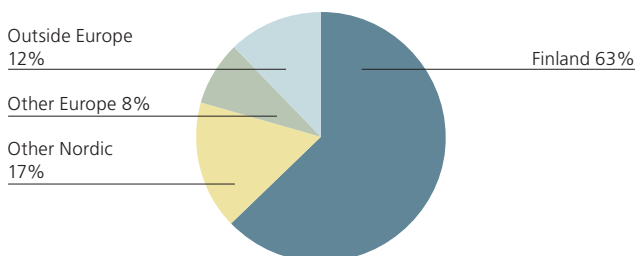
	Number of shares/units	Purchase price, EUR 1,000	Market value, EUR 1,000	Share of market value
NORVESTIA PLC				
LISTED COMPANIES				
Amer Sports Corporation	180,555	2,995	3,012	2.7%
Aspocomp Group plc	197,500	692	352	0.3%
Atria Group plc	32,200	518	589	0.5%
Cargotec Oyj	25,100	575	1,057	1.0%
Comptel Corporation	163,975	299	295	0.3%
Elisa Corporation	11,987	55	249	0.2%
eQ Corporation	30,000	94	145	0.1%
Finnair Oyj	94,579	1,060	1,174	1.1%
Fortum Corporation	206,680	4,139	4,456	4.0%
Huhtamäki Oyj	174,553	2,423	2,597	2.3%
KCI Konecranes plc	44,900	392	1,001	0.9%
Kemira Oyj	121,100	1,627	2,062	1.9%
Kemira Growhow Oyj	328,100	2,009	2,228	2.0%
Kesko Corporation B share	28,100	553	1,125	1.0%
Kone Oyj	23,400	670	1,005	0.9%
Lännen Tehtaat plc	58,150	653	1,413	1.3%
Metso Corporation	27,000	728	1,032	0.9%
M-Real Corporation B share	263,000	1,053	1,260	1.1%
Neste Oil Corporation	176,632	4,244	4,068	3.7%
Nokia Corporation	201,750	3,103	3,123	2.8%
Nokian Tyres plc	60,900	711	945	0.9%
Okmetic Oyj	29,200	45	108	0.1%
OKO Osuuspankkien Keskuspankki Oyj A share	278,755	2,321	3,540	3.2%
Oriola KD-A	18,600	22	58	0.1%
Oriola KD-B	91,100	157	283	0.3%
Orion Corporation A share	18,600	153	305	0.3%
Orion Corporation B share	91,100	1,117	1,499	1.4%
Outokumpu Oyj A share	55,800	1,212	1,655	1.5%
Perlos Corporation	252,900	1,599	888	0.8%
Raisio Group plc V share	551,900	1,038	988	0.9%
Rautaruukki Corporation K share	43,000	963	1,296	1.2%
Sampo plc A share	325,000	5,299	6,591	6.0%
SanomaWSOY Corporation	44,730	963	955	0.9%
Stora Enso Oyj R share	87,400	962	1,049	0.9%
UPM-Kymmene Corporation	96,700	1,608	1,849	1.7%
Wärtsilä Corporation B share	27,956	851	1,141	1.0%
YIT Corporation	28,000	317	587	0.5%
3Com Corp NNM	53,400	149	167	0.1%
Cooper Tire & Rubber Co.	18,000	158	195	0.2%
DAXEX ETF	29,500	1,687	1,873	1.7%
Deutsche Telekom AG	19,750	227	274	0.2%
France Telecom SA	12,500	206	262	0.2%
Intel Corp	8,100	130	125	0.1%
Merck & Co. Inc.	2,400	61	79	0.1%
Nasdaq 100 ITS	29,100	1,123	954	0.9%
New York Times Co. Cl A	10,500	190	194	0.2%
Nordea AB FDR	456,000	3,993	5,344	4.8%
Norske Skogindustrier ASA	11,571	135	151	0.1%
Rottneros AB	230,000	185	167	0.2%
Sun Microsystems Inc.	67,000	200	276	0.2%
Superior Industries Intl	9,800	142	143	0.1%
TeliaSonera Oyj	680,000	3,033	4,264	3.9%
Valeo SA	9,420	260	297	0.3%
		59,099	70,745	64.0%

	Number of shares/units	Purchase price, EUR 1,000	Market value, EUR 1,000	Share of market value
DERIVATIVES				
	Option contracts			
Nokia put options	5,000	76	45	0.0%
OESX put options	1,193	544	210	0.2%
		620	255	0.2%
FUNDS				
Avenir B	2,512	2,523	4,222	3.8%
Brummer & Partners Nektar	30,054	4,929	6,329	5.7%
Brummer & Partners Zenit	934	0	4,832	4.4%
Didner & Gerge Aktiefond	34,343	2,207	4,158	3.8%
Futuris	19,559	2,733	5,312	4.8%
OP-Eurooppa Arvo A	7,491	1,708	2,137	1.9%
OP-Suomi Arvo A	14,952	969	2,589	2.3%
RAM One	39,555	3,991	4,876	4.4%
Seligson Moneymarket fund AAA	1,391,272	3,000	3,012	2.7%
		22,060	37,467	33.8%
BONDS				
KO VIII/2004 Pharma 6	428,000	440	493	0.4%
PRIVATE EQUITY FUND				
Sponsor Fund I Ky		13	13	0.0%
NORVESTIA PLC IN TOTAL		82,232	108,973	98.4%
NORVENTURES LTD UNLISTED COMPANIES				
Polystar Instruments AB	266,000	1,717	1,717	1.6%
NORVENTURES LTD IN TOTAL		1,717	1,717	1.6%
NORVESTIA GROUP IN TOTAL		83,949	110,690	100.0%

NORVESTIA GROUP'S INVESTMENTS 31.12.2006



GEOGRAPHIC BREAKDOWN OF NORVESTIA GROUP'S INVESTMENTS 31.12.2006



Report by the Board of Directors for

STOCK MARKET

2006 was a fluctuating and challenging year on the stock market. Share price development during the first quarter of the year was exceptionally strong. However, during the second quarter development was notably weaker. The quarter included a rather unusual slack period during which the OMX Helsinki CAP yield index, which measures development on the Helsinki Stock Exchange, fell almost 20% in less than two months. After this slump stocks on many exchanges had sunk to almost the same level as at the beginning of the year.

During the third quarter stocks again began to rise with the end of the year seeing particularly strong price development. After all these phases, the OMX Helsinki CAP yield index saw a rise of 30% over the year. As a whole, share price development was strong, although wide fluctuations happened throughout the year.

The positive share price development was largely due to markedly better results and earnings prospects of companies. The development of the world economy and in particular the fast growth of the Chinese economy, have also had a positive effect on the results of Finnish companies. It is likely that 2006 will be a record year in terms of the combined results of all companies on the Helsinki Stock Exchange. The results of the listed companies are expected to rise 20% in 2006 compared to the previous year. Dividends are also expected to rise from the previous spring.

2006 was the fourth consecutive year of rising stock markets. Another important factor, in addition to the profit development of companies, which should be mentioned when considering the strong share price development of 2006, is the exceptionally large amount of cash or the liquidity in the world economy. The main reason for this excess liquidity is the funnelling of surplus cash from oil producing countries and from rapidly growing economies into the international financial markets. This has in turn affected interest rates, which have been exceptionally low for several years, when historically examined.

As is known, low interest rates support economic growth, but so-called cheap money may also cause various distortions in the economy, which might at first be difficult to detect. In an environment of low interest rates risks are often priced too low, which may cause net asset values to over-inflate and form "bubbles" in the economy. This is especially true when a large amount of borrowed money is used as leverage for investments. Recently leverage has been used in a large number of company restructurings and real estate deals. This of course improves the investors' return on equity, but also increases the risk level of the whole investment, which may prove to be a problem if the interest expenses of the debt rise more than expected.

With this in mind, the US Federal Reserve Bank FED's and the European Central Bank ECB's interest rate decisions will be especially interesting during 2007. Central banks now face a dilemma, how to keep inflation in check without limiting economic growth. The ECB raised its minimum bid rate five times during 2006. At the end of

the year the bid rate was at a historically low level of 3.5%, and the next increase in interest rates is expected in March 2007. The FED's fund rate was at the end of the year 5.25% and the market foresees no further increase for the time being. If inflation rises contrary to expectations, central banks may have to raise interest rates to a level higher than is now anticipated, which would probably have a negative effect on stock prices.

Index returns on various exchanges in 2006:

Finland/OMX Helsinki index	17.9%
Finland/OMX Helsinki CAP yield index	29.9%
Sweden/OMX Stockholm index	23.6%
Norway/OBX index	33.6%
Denmark/OMX Copenhagen index	15.2%
USA/Nasdaq Composite index	9.5%
USA/S&P 500 index	13.6%
Bloomberg European 500 index	17.7%
Japan/Nikkei 225 index	6.9%

Norvestia's dividend-adjusted share price	16.3%
Norvestia's dividend-adjusted net asset value	16.0%

NET ASSET VALUE AND SHARE PRICE

On December 31, 2006 Norvestia's net asset value stood at EUR 10.71 per share (EUR 9.78 at the end of 2005).

In March 2006, Norvestia distributed EUR 0.60 in dividends. Taking this into account, the company's net asset value increased by EUR 1.53 (2.05) in the year under review, equal to a 16.0% (26.5%) rise from the beginning of the year. The dividend-adjusted rise in the net asset value amounted to EUR 0.57 (0.85) per share in the last quarter.

The price of Norvestia's dividend-adjusted B share went up by 16.3% during the year and stood at EUR 9.29 (8.55) at the end of the year. The discount in net asset value was 13.3% (12.6%) at year-end.

COMPLIANCE WITH IFRS RULES

January 1, 2005 the Norvestia Group changed its accounting policies from the Finnish Accounting Standards (FAS) to comply with the International Financial Reporting Standards (IFRS). The financial statements of the parent company are still presented according to FAS.

The implementation of IFRS has had a significant effect on the presentation of the Group's result and balance. Turnover, purchase of securities, and changes in inventories no longer appear in the Group income statement of the investment company. Instead trading gains and losses are reported. These comprise realized gains and losses from sales of securities, dividend and interest income, and unrealized trading gains and losses.

January 1–December 31, 2006

Current assets have been divided into shares held for trading (listed shares and derivatives), other financial assets at fair value through the profit and loss statement (funds and obligations) and in available-for-sale investments (unlisted shares and private equity funds).

GROUP RESULT

The profit of the Group in 2006 amounted to MEUR 23.5 (31.4/2005, 11.8/2004), and operating expenses to MEUR 1.6 (2.3/2005, 2.2/2004). The Group's operating expenses were 1.0% (1.6/2005, 2.2/2004) of the net asset value. The Group's profit for the last quarter was MEUR 8.7 (13.0/2005, 5.1/2004).

In Norvestia Group's income statement are included Neomarkka figures for 11 months in 2005, the time that Norvestia owned the company. Norvestia sold all its shares in its subsidiary Neomarkka plc in November 2005. The sale price was MEUR 30.4, which Norvestia received in cash at the time of the sale. Norvestia's return on the sale amounted to MEUR 10.6. The sale price was preliminary, and was adjusted according to agreement in May 2006. Norvestia then received MEUR 0.7 as an additional sale price, which is included in the result for 2006. The reason for the adjustment was the increase in market value of Neomarkka's hedge fund investments.

INVESTMENT PORTFOLIO OF THE GROUP

Market value breakdown of the Group's investments:

	2006		2005	
	MEUR	%	MEUR	%
Listed companies	71.0	41.0%	71.5	43.9%
Unlisted companies	1.7	1.0%	2.3	1.4%
Hedge funds	25.6	14.8%	22.8	14.0%
Share funds and bonds	12.4	7.1%	8.9	5.5%
Cash and money market investments	62.6	36.1%	57.2	35.2%
In total	173.3	100.0%	162.7	100.0%

INVESTMENTS BY THE PARENT COMPANY

The increase in the company's net asset value during the year, after expenses and taxes, was 16% and was achieved with a monthly calculated volatility of 6.4%. Both the absolute and the risk-adjusted return on investment activities were good. The Sharpe ratio, which measures investment risk and return, was 2.0.

The investment portfolio of Norvestia can be roughly divided into four categories: direct share investments, equity funds, hedge funds and money market investments.

Norvestia's net asset value fluctuated notably less month on month, than did the stock market in general. The company protected its investments from time to time with put options and adjusted its short-term money market investments according to its views on the market. During the strong fall in stock prices in May, when the OMX Helsinki CAP yield index fell 7.5%, Norvestia's net asset value fell 2.9%. This

was Norvestia's net asset value's largest single month fall since August 1998. May 2006's return was however satisfactory compared to returns on the stock market, and ensured that the risk management of the portfolio as a whole functioned as planned.

The parent company's investments were distributed as follows at the end of the year: direct share investments 42% (44%), equity funds 5% (6%), hedge funds 15% (15%), money market investments 37% (33%) and cash and bank 1% (2%). The share of short-term money market investments was kept relatively large at the end of the year, enabling the company to respond to changing market circumstances. 85% of Norvestia plc's investments were in euros, 12% in Swedish krona and 3% in other currencies.

NORVESTIA GROUP

Norvestia plc is a part of the Kaupthing Bank Group and is the parent company of Norventures Ltd.

No changes occurred in Norventures Ltd, a wholly owned subsidiary, during the year. Norventures has one investment in the Swedish unlisted company Polystar Instruments AB.

Norvestia plc has primarily invested in Nordic listed shares, equity and hedge funds, in the money markets and in other securities. Norvestia plc's B share is quoted on the OMX Helsinki Stock Exchange's Nordic List.

LIQUIDITY AND SOLVENCY

Norvestia Group's liquid assets totalled MEUR 62.6 (57.2/2005, 9.5/2004). The equity ratio according to IFRS stood at 94.6% (92.0%/2005, 74.5%/2004). The Group's shareholders' equity totalled MEUR 164.1 (149.8/2005, 136.4/2004).

PERSONNEL AND INVESTMENTS

In 2006, Norvestia Group employed an average of 5 people (7/2005, 7/2004). Personnel expenses were MEUR 0.9 euros (1.0/2005, 0.8/2004). No significant investments were made in machines and equipment during 2006 (MEUR 0.1/2005, 0.0/2004).

SHAREHOLDERS

At the end of December 2006, Norvestia's shareholders numbered 5,992 (5,579). 30.9% of the shares were in foreign ownership (0.3%) and 7.8% were nominee-registered (38.3%). The shares of Kaupthing Bank were nominee-registered in 2005, but were directly registered in 2006.

The largest shareholder is Kaupthing Bank hf, which has a 30.6% (30.6%) holding in Norvestia plc at year-end, corresponding to 54.6% (54.6%) of votes. Norvestia's second largest shareholder Sampo Life Insurance Company Ltd, had an 11.7% (11.7%) holding of shares and 7.6% (7.6%) of votes at year-end. The ten major shareholders held a total of 46.9% (48.1%) of shares and 65.2% (66.1%) of votes.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) on March 6, 2006, elected J.T. Bergqvist as Chairman of the Board, re-elected Hreidar Már Sigurdsson as Vice Chairman and Stig-Erik Bergström and Robin Lindahl as members of the Board. Sigurdur Einarsson, the former Chairman of the Board, was elected member.

Rabbe Nevalainen, CPA was elected as new auditor and Ernst & Young Ltd as deputy auditor.

The AGM unanimously decided to release the Managing Director and the Board of Directors from liability for 2005. The AGM authorized the Board of Directors to acquire up to 765,828 of B shares. The Board was authorized to make these acquisitions in the company's name by March 6, 2007. The Board is entitled to use assets available for profit distribution to acquire B shares equivalent to as much as five per cent of the total on the date of the AGM. The shares may be acquired for the purpose of improving the company's capital structure, for use in the company's incentive scheme, as payment in company acquisitions or similar, or for invalidation, for which a separate decision by the AGM is required. The Board has made no acquisitions.

RISKS IN INVESTMENT ACTIVITIES

The guiding principle of Norvestia's investment activities is to diversify investments and thereby reduce overall risk, as well as to pursue steady asset growth. Occasionally a significant part of investments may be focused on certain types of investments and securities, whose negative development may substantially decrease Norvestia's result.

As in all business operations, there is a risk involved in Norvestia's investment activities. Performance is greatly affected by economic developments and share prices both in Finland and abroad. In addition, changes in exchange rates, particularly between the Swedish krona and the euro, impact the company's performance, since the majority of the company's investments in hedge funds are krona-denominated. Any strengthening of the krona would hence improve returns from Norvestia's Swedish funds. In turn, however, changes in other exchange rates may affect the funds' krona-denominated results.

DIVIDEND POLICY

Norvestia aims to distribute a steady annual dividend in excess of the Finnish stock market average. The long-term objective is to distribute about half of profit after tax in dividends.

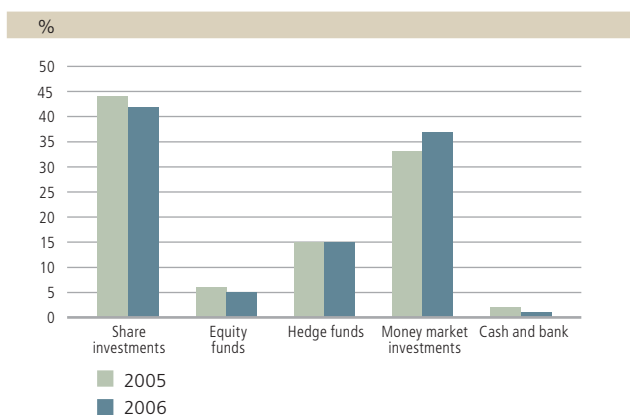
SUGGESTED DIVIDEND DISTRIBUTION

The Board proposes that EUR 0.60 (0.60) per share be distributed to shareholders in dividends, corresponding to MEUR 9.2 (9.2).

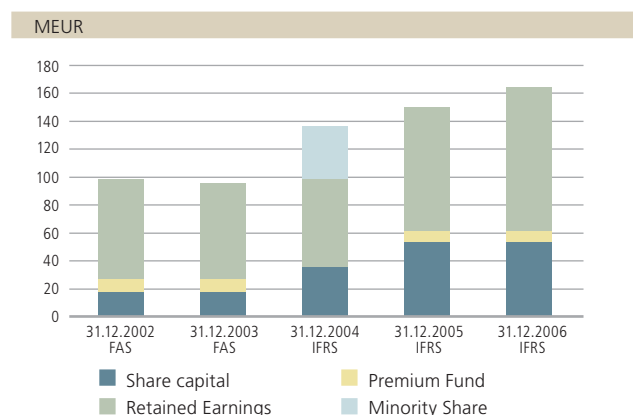
FUTURE PROSPECTS

World economic growth has continued apace, but its most rapid phase is now probably over. Potential risks to the growth of the world economy remain unchanged, the most important being the US current account deficit and the low level of household savings. The slowdown in the US housing market has been long anticipated,

INVESTMENTS OF THE PARENT COMPANY



SHAREHOLDERS' EQUITY OF THE GROUP



but is now reality, as borne out in the latest statistics. During this year, the real scale of these challenges will become apparent, as will their effects on private consumption, which is a factor of prime importance in the US economy. If such problems manifest in European housing markets, development in the eurozone would be threatened, although at present there is no clear evidence of this.

Although stock prices have risen dramatically in recent years, their valuation has not grown that much, as companies' profits have also improved significantly. The most recent influential factor affecting stock prices is a concern among investors that the very strong results and share price performance of companies in recent years cannot continue indefinitely.

The interest rate decisions of central banks and the rate of inflation will be important factors for the development of the stock market in 2007. If the interest level rises more than anticipated, it will channel capital away from the stock market and into interest investments, which would negatively affect stock markets.

NORVESTIA'S INVESTMENT STRATEGY 2007

Norvestia's investment strategy will be twofold in the future. The company will continue to make investments in an actively managed portfolio as prevailing market circumstances dictate. The aim is to achieve the best possible risk-adjusted return. In accordance with this strategy, a large part of Norvestia's assets were invested directly in shares on the OMX Helsinki Stock Exchange at year-end. Investments

may also be made in other stock exchanges in order to diversify risks and on the basis of return expectations with the main emphasis on the eurozone.

Norvestia will continue to make investments in the actively managed portfolio focusing mainly on value shares, i.e. shares that are offered at prices that are low, both historically and in relation to a company's net asset value and performance expectations.

As a new investment strategy Norvestia will in 2007 begin to seek long-term industrial investments. The aim of such investments is to achieve above average market returns by developing the target company. The emphasis between different investment strategies will be assessed as circumstances dictate.

IFRS

Income statement,

Norvestia Group

EUR 1,000	Notes	1.1.–31.12.2006	1.1.–31.12.2005
Trading gains and losses	4	27,020	31,856
Personnel expenses	5, 22	-930	-1,008
Depreciation	6	-25	-24
Other operating expenses		-687	-1,310
OPERATING PROFIT		25,378	29,514
Financial income and expenses	7	-2	-855
PROFIT BEFORE TAX AND MINORITY SHARE		25,376	28,659
Income tax	8	-2,642	-5,755
Profit from sale of subsidiary	9, 20	724	10,611
Minority share		-	-2,089
PROFIT FOR THE FINANCIAL YEAR		23,458	31,426
Profit for the financial year attributable to:			
Shareholders of the parent company		23,458	31,426
Minority share		-	2,089
		23,458	33,515
Earnings per share for profit attributable to shareholders of the parent company:			
Earnings per share, EUR		1.53	2.05
Number of shares		15,316,560	15,316,560

IFRS

Balance sheet,

Norvestia Group

EUR 1,000	Notes	31.12.2006	31.12.2005
Assets			
NON-CURRENT ASSETS			
Tangible assets	10	45	54
		45	54
CURRENT ASSETS			
Financial assets held for trading	11	70,999	71,437
Other financial assets designated at fair value through P/L	12	37,961	31,827
Available-for-sale investments	13	1,730	2,240
Receivables	14	180	124
Cash at bank and in hand	15	62,554	57,183
		173,424	162,811
		173,469	162,865
Shareholders' equity and liabilities			
SHAREHOLDERS' EQUITY			
Share capital	16	53,608	53,608
Share premium		6,896	6,896
Retained earnings		80,122	57,885
Profit for the financial year		23,458	31,426
		164,084	149,815
DEFERRED TAX LIABILITY	17	7,450	6,326
CURRENT LIABILITIES	18	1,935	6,724
		173,469	162,865

IFRS

Cash flow statement,

Norvestia Group

EUR 1,000	Notes	1.1.–31.12.2006	1.1.–31.12.2005
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before financial items		25,376	28,659
Adjustments:			
Operations, which do not include cash transactions		-6,873	-7,420
		18,503	21,239
Changes in working capital			
Change in shares and other investments		-829	-26,743
Change in receivables		-56	4,091
Change in current liabilities		-2,247	3,158
		-3,132	-19,494
Received and paid taxes		-1,518	-901
CASH FLOW FROM OPERATING ACTIVITIES		13,853	844
CASH FLOW FROM INVESTING ACTIVITIES			
Sold subsidiaries		724	28,238
Investments in tangible assets		-16	-50
CASH FLOW FROM INVESTING ACTIVITIES		708	28,188
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		-9,190	-5,814
Rights issue		-	24,488
CASH FLOW FROM FINANCING ACTIVITIES		-9,190	18,674
CASH FLOW FOR THE PERIOD		5,371	47,706
Liquid assets at the beginning of the period	15	57,183	9,477
Liquid assets at the end of the period	15	62,554	57,183
Increase or decrease in liquid assets		5,371	47,706

IFRS Changes in shareholders' equity, Norvestia Group

EUR 1,000	Share capital	Share premium	Retained earnings	Profit for the period	Minority share	Total
Opening balance 1.1.2005	35,739	0	50,666	11,814	38,199	136,418
Allocations			11,814	-11,814		0
Dividends			-4,595		-1,219	-5,814
Share issue	17,869	6,896				24,765
Profit for the year				31,426	2,089	33,515
Sale of subsidiary					-39,069	-39,069
Closing balance 31.12.2005	53,608	6,896	57,885	31,426	0	149,815
Opening balance 1.1.2006	53,608	6,896	57,885	31,426	0	149,815
Allocations			31,426	-31,426		0
Dividends			-9,189			-9,189
Profit for the year				23,458		23,458
Closing balance 31.12.2006	53,608	6,896	80,122	23,458	0	164,084

IFRS Notes to the Financial Statements, Norvestia Group

1. CORPORATE INFORMATION

Norvestia plc is a Finnish public company domiciled in Helsinki. It is an investment company and its B shares are traded on the OMX Helsinki Stock Exchange.

Norvestia plc is a part of the Kaupthing Bank Group domiciled in Reykjavik, Iceland. The financial statements of Kaupthing Bank can be found on their home page www.kaupthing.net.

The financial statements of the Norvestia Group for the year ended December 31, 2006 were authorized for issue in accordance with a resolution the Board of Directors on January 23, 2007.

2. ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). January 1, 2005 the Norvestia Group changed its accounting policies from the Finnish Accounting Standards (FAS) to comply with the International Financial Reporting Standards (IFRS). The International Financial Reporting Standards refer to the standards and interpretations acknowledged for use in the EU community by procedures enacted in the IAS-Regulation (EC No 1606/2002) as well as the Finnish Accounting Act and the regulations provided by it.

The consolidated financial statements are prepared using all IFRS-standards and SIC and IFRIC interpretations valid on the reporting day December 31, 2006 from the transition day January 1, 2004 onwards. However the standard (IFRS) 7 will not be adopted until the financial periods starting January 1, 2007.

All amounts in the notes are given in EUR 1,000, if nothing else is mentioned.

2.1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company and its directly or indirectly owned subsidiaries and associated undertakings. Subsidiaries are companies in which the parent company owns more than 50% of the voting rights or the share capital. Companies of whose equity voting rights the Group owns 20-50% have been treated as associated undertakings. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The consolidated financial statements in 2005 include the result of Neomarkka plc for the eleven-month period, up to its sale in November 2005. For the moment there are no associated companies in the Group.

The financial results of subsidiaries are included in the consolidated financial statements in proportion to the Group's ownership of the company. The acquisition method is used in the consolidated financial statements, which implies that shareholders' equity of the subsidiary is entirely eliminated at the acquisition. Only the proportion of the shareholders' equity in subsidiaries added after the acquisition will thus be included in shareholders' equity of the Group. All internal transactions as well as assets and liabilities have been fully eliminated. Minority interests are presented separately in the income statement. Minority interests are also shown under shareholders' equity in the balance sheet.

2.2 VALUATION PRINCIPLES

Foreign currency translation

The consolidated financial statements are presented in euros. Transactions in foreign currencies are initially recorded in euros according to the currency rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the average rates of exchange at the balance sheet date, confirmed by the European Central Bank. All differences are recognized in the income statement.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Profit from sale of financial assets

Revenue is recognized when the Group's right to receive the payment is established.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

Interest income

Revenue is recognized as interest accrues using the effective interest method.

Pensions

The Group's pensions are charged to the profit and loss account in the period to which the pensions relate. The Group's pensions comply with the legislative TEL-insurance; the Group has no voluntary pension arrangements. The insurance through the TEL-pension arrangement is classified as a defined contribution plan.

Leases

The Group has only operational leases, meaning that the risks and benefits incidental to the leased item are not substantially transferred to the Group. Operating lease payments are recognized as a rental expense in the income statement on a straight-line basis over the lease term.

Taxes

The income tax in the income statement consists of current tax and deferred tax. Current taxes for the period are based on the results of the Group's companies and are calculated according to the Finnish tax rate. The income tax is corrected with possible taxes from earlier periods.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Currently enacted tax rates are used in the determination of deferred income tax.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

In the Group only deferred tax liability is booked, arising from deferred tax on unrealized gains.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings per share

The undiluted and diluted earnings per share are calculated by dividing the net result for the financial year by the weighted average number of shares outstanding.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Gains and losses on the disposal of tangible assets are included in operating profit/loss.

The depreciation according to plan of machinery and equipment meet the maximum amounts regulated in the tax law and corresponds to 25% of the remaining residual value. Other tangible assets are amortized over five years on a straight-line basis.

Financial Assets

Financial assets in the scope of IAS 39 are classified as 1) financial assets held for trading 2) financial assets at fair value through profit or loss 3) available-for-sale financial assets and 4) loans and receivables. The Group determines the classification of its financial assets after initial recognition.

Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, that do not fulfill the principles of hedge accounting, are also classified as held for trading. Gains or losses on investments held for trading are recognized in the income statement. The fair value of investments in group 1 is determined by reference to the last trade price at the close of business on the balance sheet date. The fair value of assets in group 2 (consists mainly of funds) is determined through monthly reports of the funds' net asset value.

Available-for-sale financial assets in group 3, which consist of unlisted shares and private equity funds, are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories.

After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is de-recognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. For investments where there is no active market, fair value is determined using various valuation methods.

Loans and receivables in group 4 are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are de-recognized or impaired, as well as through the amortization process.

The fair values of other financial assets and financial liabilities are assumed to approximate their carrying values, either because of their short maturities, or where their fair values cannot be measured reliably.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as options, futures and forward currency contracts to manage its portfolio more effectively and to hedge its risk associated to fluctuations in exchange rates. The Group has not been using hedge accounting

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are recorded directly in the income statement. Fair values of options and futures are calculated on quoted market rates at the balance sheet date. The fair value of forward currency contracts is calculated by reference to the average rate of exchange at the balance sheet date confirmed by the European Central Bank.

Impairment of financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously included in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit.

De-recognition of financial assets and liabilities

A financial asset, or a part of a financial asset, is de-recognized when the Group's right to receive cash flows from the asset has expired or when the Group has transferred substantially all the risks and rewards of the asset outside the Group.

Receivables

Current receivables are valued at the estimated total amount to be received.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash, short-term deposits and money market investments with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Liabilities (Provisions)

Liabilities are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

3. SEGMENT AND GEOGRAPHICAL INFORMATION, DISCONTINUED OPERATIONS

No segments have been defined as business operations are managed as one entity. No geographical breakdown has either been made, as all operations are conducted in Finland.

There were no discontinued operations during 2006. The sale of Neomarkka plc at the end of 2005 has not been presented as a discontinued operation because the company operates in the same branch as the parent company Norvestia plc.

IFRS NOTES TO THE INCOME STATEMENT, NORVESTIA GROUP

EUR 1,000

4. TRADING GAINS AND LOSSES

	2006	2005
Return from shares	2,161	15,912
Return from funds	4,312	9,899
Return from other investments	339	1,510
Return from currency futures	-	-2,678
Dividend income	19,076	6,758
Interest income	1,132	449
Other income	-	6
	27,020	31,856
Realized gains	84%	77%
Unrealized gains	16%	23%

5. PERSONNEL AND BOARD EXPENSES

	2006	2005
Salaries	-789	-824
Pension expenses classified as a defined contribution plan	-107	-124
Other supplementary personnel expenses	-34	-60
	-930	-1,008
Personnel in average	5	7

6. DEPRECIATION

	2006	2005
Machinery and equipment	-20	-20
Other tangible assets	-5	-4
	-25	-24

7. FINANCIAL INCOME AND EXPENSES

	2006	2005
Interest income	138	49
Interest expenses	-8	-28
Interest expenses paid to Group companies	-	-1,036
Exchange rate differences	-132	160
	-2	-855

8. INCOME TAXES

	2006	2005
Current taxes for the period	-1,518	-3,815
Deferred taxes	-1,124	-1,940
	-2,642	-5,755

Reconciliation of taxes, tax base for year 2006 and 2005 is 26%

	2006	2005
Profit before taxes	26,100	39,270
Taxes at local rates	-6,786	-10,210
Taxfree income	5,045	4,461
Non-deductible expenses	-1	-6
Profits taxable in other countries according to local taxation	-932	-
Tax from previous years	32	-
Tax in income statement	-2,642	-5,755

9. EVENTS DURING THE FOURTH QUARTER

In the fourth quarter of 2006 the operations of the Group did not differ from other periods under review. During the last quarter of 2005 Norvestia plc sold its holdings in the subsidiary Neomarkka plc.

	1.10-31.12.2006	1.10-31.12.2005
Trading gains and losses	13,279	4,013
Expenses and depreciation	-535	-654
OPERATING PROFIT	12,744	3,359
Financial income and expenses	19	-187
PROFIT BEFORE TAX AND MINORITY SHARE	12,763	3,172
Income tax	-4,039	-830
Profit from sale of subsidiary	-	10,611
Minority share	-	32
PROFIT FOR THE FINANCIAL PERIOD	8,724	12,985

IFRS NOTES TO THE BALANCE SHEET, NORVESTIA GROUP

10. TANGIBLE ASSETS

	2006	2005
Acquisition cost 1.1.	178	235
Additions	16	50
Disposals	-92	-107
Net carrying amount 31.12.	102	178
Opening accumulated depreciation 1.1.	-124	-191
Depreciation for the year	-25	-24
Accumulated depreciation in disposals	92	91
Net carrying amount 31.12.	-57	-124
Residual value according to plan 31.12.	45	54

11. FINANCIAL ASSETS HELD FOR TRADING

	31.12.2006	% of assets	31.12.2005	% of assets
Market value	70,999	40.9%	71,437	43.9%
Purchase value	59,719		59,676	
Unrealized gain	11,280		11,761	

Stock derivatives

	31.12.2006		31.12.2005	
Option contracts				
Bought call options				
Underlying value	1,672		-	
Market value	45		-	

Index derivatives

	31.12.2006		31.12.2005	
Option contracts				
Bought call options				
Underlying value	10,189		874	
Market value	210		22	

12. OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	31.12.2006	% of assets	31.12.2005	% of assets
Market value	37,961	21.9%	31,827	19.5%
Purchase value	22,500		19,682	
Unrealized gain	15,461		12,145	

Split of market value in securities

Hedge funds	25,573		22,836	
Share funds	8,884		8,518	
Money Market funds	3,011		-	
Bonds	493		473	
	37,961		31,827	

13. AVAILABLE-FOR-SALE INVESTMENTS

	31.12.2006	% of assets	31.12.2005	% of assets
Market value	1,730	1.0%	2,240	1.4%
Purchase value	1,730		2,240	
Unrealized gain	0		0	

Investments have been recognised at fair value using various valuation methods.

14. CURRENT RECEIVABLES

	31.12.2006		31.12.2005	
Accounts receivable	43		34	
Accrued income	137		90	
	180		124	

15. CASH AT BANK AND IN HAND

	31.12.2006		31.12.2005	
Check account and cash	2 404		3 459	
Depositions	22 293		6 374	
Money market investments (1-3 months)	37 857		47 350	
	62 554		57 183	

16. SHAREHOLDERS' EQUITY

Norvestia has 900,000 A shares (900,000) and 14,416,560 B shares (14,416,560) with the nominal value of EUR 3.50 per share. The A share carries 10 votes and the B share one vote.

According to the articles of association of Norvestia plc the minimum share capital is EUR 30.0 million and the maximum share capital is EUR 120.0 million.

The Board of Directors has proposed that EUR 0.60 be distributed in dividends for 2006 (0.60).

The Annual General Meeting of March 6, 2006 authorized the Board of Directors to purchase the company's own shares using assets available for profit distribution. The authorization concerns B shares, which can be purchased to a maximum amount of 765,828 shares. The shares may be acquired for the purpose of improving the company's capital structure, for use in the company's incentive scheme, as payment in company acquisitions or similar, or for invalidation. The authorization was not used in 2006.

17. DEFERRED TAX LIABILITY

	31.12.2006	31.12.2005
Deferred tax liability		
Valuation of investments to fair value	7,450	6,326

18. CURRENT LIABILITIES

	31.12.2006	31.12.2005
Accounts payable	544	3,258
Accounts payable to Group companies	333	10
Current tax liability	445	3,004
Other current liabilities	200	162
Accrued liabilities and deferred income	413	290
	1,935	6,724

OTHER SUPPLEMENTARY INFORMATION

19. PLEDGES, MEUR

	31.12.2006	31.12.2005
As security for the limit of the cheque account, EUR 2.0 million (EUR 2.0 million), which was unused as at 31.12.2006		
Shares at market value	6.9	5.5

20. OTHER COMMITMENTS

	31.12.2006	31.12.2005
Investment commitment in Sponsor Fund Ky	315	332

Lease expenses

The Group has entered into an operating lease for its premises and also for some office equipments.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31.12.2006	31.12.2005
Within 1 year	80	80
After 1 year but within 5 years	131	211
Over 5 years	-	-
	211	291

21. MANAGEMENT OF FINANCIAL RISK

The main risks arising from the Group's financial instruments are foreign currency risk and market risk. The Board of Directors agrees on the main policies for risk management.

Currency risk

Changes in exchange rates, particularly between the Swedish krona and the euro, impact the company's performance, since the majority of the company's investments in hedge funds are krona-denominated. Any strengthening of the krona against the euro would improve returns from Norvestia's Swedish funds. In turn, however, changes in other exchange rates may have affected the funds' krona-denominated results.

85% of the Group's investments were in euros, 12% in Swedish kronas and 3% in other currencies December 31, 2006. The company does not hedge changes in currency rates.

Market risk in investment operations

The Group is in its operations subject to market price risk from its investments. Performance is greatly affected by economic developments and share prices both in Finland and abroad. The guiding principle of Norvestia's investment activities is to diversify investments and thereby reduce overall risk, as well as to pursue steady asset growth. Occasionally a significant part of investments may be focused on certain types of investments and securities, whose negative development may substantially decrease Norvestia's result.

22. RELATED PARTIES

The consolidated financial statements include the financial statements of Norvestia plc and its wholly owned subsidiary Norventures Ltd. The ultimate controlling party of the Group is Kaupthing Bank. The following table provides the total amount of transactions, which have been entered into with related parties.

Related party		Purchases from related party	Interest expenses to related party	Interest income from related party	Amounts owed by related parties	Amounts owed to related parties
Norventures	2006	-	-	-	1,532	-
	2005	-	-	-	1,532	-
Kaupthing Bank (parent)	2006	-	-	6	10	40
	2005	8	1,036	-	-	-
Kaupthing Bank Oyj	2006	87	-	-	-	293
	2005	1,644	-	-	-	10

The purchases from related parties are made at normal market prices.

Salaries and fees to related parties in the Group

		Salary or fee	Bonus	In total
Managing Directors	2006	183	194	377
	2005	252	205	457
Board of Directors	2006	133	-	133
	2005	102	-	102

The Managing Director has no other pension benefits than the statutory benefits. In Norvestia plc the term of notice for the Managing Director is 1 month and the compensation for notice corresponds to a salary of 8 months.

FAS

Income Statement,

Norvestia plc

EUR 1,000	Note	1.1–31.12.2006	1.1–31.12.2005
NET TURNOVER	2	141,792	91,309
Purchases of securities		-120,013	-83,511
Change in stock		829	14,637
Personnel expenses	3	-930	-589
Planned depreciation	4	-25	-20
Other operating expenses		-683	-1,573
OPERATING PROFIT		20,970	20,253
Profit from sale of subsidiary		724	12,225
Financial income and expenses	5	-2	768
PROFIT BEFORE TAX		21,692	33,246
Income tax		-1,518	-3,947
PROFIT FOR THE FINANCIAL YEAR		20,174	29,299
Earnings per share, EUR		1.32	1.91
Number of shares, issue-adjusted		15,316,560	15,316,560

FAS

Balance sheet,

Norvestia plc

EUR 1,000	Note	31.12.2006	31.12.2005
Assets			
NON-CURRENT ASSETS			
Tangible assets	6	45	54
Shares in Group companies	7	221	221
		266	275
CURRENT ASSETS			
Stocks	8	80,634	79,806
Current receivables	9	1,713	1,656
Current financial assets		60,150	53,706
Cash at bank and in hand		2,210	3,355
		144,707	138,523
		144,973	138,798
Shareholders' equity and liabilities			
SHAREHOLDERS' EQUITY			
Share capital	10	53,608	53,608
Share premium		7,658	7,658
Retained earnings		61,287	41,178
Profit for the financial year		20,174	29,299
		142,727	131,743
CURRENT LIABILITIES			
	11	2,246	7,055
		144,973	138,798

FAS

Cash flow statement, Norvestia plc

EUR 1,000	1.1-31.12.2006	1.1-31.12.2005
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/loss before financial items	21,692	33,246
Operations, which do not include cash transactions	-3,258	-12,205
	18,434	21,041
Changes in working capital		
Increase (-) or decrease (+) in stocks	-829	-14,638
Increase (-) or decrease (+) in current receivables	-56	-94
Increase (-) or decrease (+) in financial assets	-6,444	-46,851
Increase (+) or decrease (-) in current liabilities	-2,250	-7,094
	-9,579	-68,677
Received and paid taxes	-1,518	-901
CASH FLOW FROM OPERATING ACTIVITIES	7,337	-48,537
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of shares in Group companies	724	28,238
Investments in tangible assets	-16	-50
CASH FLOW FROM INVESTING ACTIVITIES	708	28,188
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-9,190	-4,595
Rights issue	-	25,528
CASH FLOW FROM FINANCING ACTIVITIES	-9,190	20,933
CASH FLOW FOR THE YEAR	-1,145	584
Liquid assets 1.1.	3,355	2,771
Liquid assets 31.12.	2,210	3,355
Increase or decrease in liquid assets	-1,145	584

FAS Notes to the Financial Statements, Norvestia plc

1. ACCOUNTING PRINCIPLES

The annual financial statements have been prepared in accordance with provisions of the Companies Act, Accounting Act and the Decree on Accounting. In addition, the rules and recommendations concerning companies listed on the OMX Helsinki Stock Exchange have been taken into account.

All amounts in the notes are given in EUR 1,000, if nothing else is mentioned.

Valuation principles

Stocks are reported according to the principle of lower market cost and by applying the fifo-principle. Listed shares, other securities, investment funds and bonds are valued either to the purchase price or to the share price at the balance sheet date, depending on which is lower. Unlisted shares and holdings are recorded at the acquisition cost or a lower probable selling price.

Current receivables are valued at the estimated total amount to be received. Current financial assets are valued at the acquisition cost or at the market value, if the latter is lower.

Assets and liabilities denominated in foreign currencies are retranslated at the average rates of exchange at the balance sheet date, confirmed by the European Central Bank.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation. The depreciation according to plan of machinery and equipment meet the maximum amounts regulated in the tax law and corresponds to 25% of the remaining residual value. Expenses that will accumulate gains for three or more years are amortized over five years on a straight-line basis.

Taxes

The income tax in the income statement consists of current tax and deferred tax. Current taxes for the period are based on the results of the Group companies and are calculated according to the Finnish tax rate. The income tax is corrected with possible taxes from earlier periods.

Deferred tax receivables and liabilities are booked to the part that is estimated to be used in the future.

FAS NOTES TO THE INCOME STATEMENT OF THE PARENT COMPANY

EUR 1,000

2. NET TURNOVER

Net turnover mainly comprises sales of securities, dividends received and interest income.

	2006	2005
Sales of securities	121,652	85,468
Dividend income	18,986	5,443
Interest income	1,132	392
Other income	22	6
	141,792	91,309

3. PERSONNEL AND BOARD EXPENSES

	2006	2005
Salaries	-789	-491
Pension expenses	-107	-71
Other supplementary personnel expenses	-34	-27
	-930	-589
where of		
Managing Director	-377	-294
Board of Directors	-133	-70
	-510	-364
Personnel in average	5	4

The Managing Director has no other pension benefits than the statutory benefits. In Norvestia plc the term of notice for the Managing Director is 1 month and the compensation for notice corresponds a salary of 8 months. Bonus was booked to the company's Managing Director 194 (151). Fees to the Chairman of the Board of Norvestia amounted to 40 (18) in the parent company.

4. PLANNED DEPRECIATION

	2006	2005
Machinery and equipment	-20	-16
Expenses that will accumulate gain for a longer period	-5	-4
	-25	-20

5. FINANCIAL INCOME AND EXPENSES

	2006	2005
Dividend income from Group companies	-	587
Interest income	138	47
Interest expenses	-8	-28
Exchange rate differences	-132	162
	-2	768

FAS NOTES TO THE BALANCE SHEET OF THE PARENT COMPANY

6. TANGIBLE ASSETS

	2006	2005
Acquisition cost 1.1.	178	138
Additions	16	50
Disposals	-92	-10
Net carrying amount 31.12.	102	178
Opening accumulated depreciation	-124	-115
Depreciation for the year	-25	-20
Accumulated depreciation in disposals	92	11
Net carrying amount 31.12.	-57	-124
Residual value according to plan 31.12.	45	54

7. SHARES IN GROUP COMPANIES

	Business ID	Share capital EUR 1,000	Number of shares	% of shares	% of votes	Book value EUR 1,000
Norventures Ltd, Helsinki	1604596-7	200	200,000	100.0	100.0	221

8. SECURITIES THAT CONSTITUTE STOCKS

	31.12.2006	31.12.2005
Market value	109,289	104,119
Book value	80,634	79,806
Unrealized gain	28,655	24,313

9. CURRENT RECEIVABLES

	31.12.2006	31.12.2005
Accounts receivable	43	34
Loan receivables from Group companies	1,532	1,532
Accrued income	138	90
	1,713	1,656

10. CHANGES IN SHAREHOLDERS' EQUITY

	Retained Share capital	Profit Share premium	earnings	for the year	Total
Opening balance 1.1.2006	53,608	7,658	41,178	29,299	131,743
Allocations			29,299	-29,299	0
Dividends			-9,190		-9,190
Profit for the year				20,174	20,174
Closing balance 31.12.2006	53,608	7,658	61,287	20,174	142,727

11. CURRENT LIABILITIES

	31.12.2006	31.12.2005
Accounts payable	544	3,258
Accounts payable to Group companies	333	10
Current tax liability	445	3,004
Other current liabilities	515	493
Accrued liabilities and deferred income	409	290
	2,246	7,055

OTHER SUPPLEMENTARY INFORMATION

12. DERIVATIVES

Norvestia has used standardized derivatives to make the portfolio management more efficient. The market value of the derivatives as well as the underlying value are given below. The market value has been adjusted for the corresponding dividend income of the shares. All amounts are gross amounts. The premium for the derivative contracts purchased is recognized as stocks, for which the principle of lower market cost is applied.

Stock derivatives

	31.12.2006	31.12.2005
Option contracts		
Bought call options		
Underlying value	1,672	-
Market value	45	-

Index derivatives

	31.12.2006	31.12.2005
Option contracts		
Bought call options		
Underlying value	10,189	874
Market value	210	22

13. PLEDGES, EUR MILLION

	31.12.2006	31.12.2005
As security for the limit of the cheque account, EUR 2.0 million (EUR 2.0 million), which was unused as at 31.12.2006		
Shares at market value	6.9	5.5

Proposal for distribution of profit

The parent company's distributable funds amount to EUR 81,460,407, from which the profit for the financial year is EUR 20,173,591. The financial position of the company has not essentially changed after the end of the accounting period. Neither can the proposed distribution of dividend be considered to affect the company's solvency.

The Board of Directors proposes that the distributable profits will be used as follows:

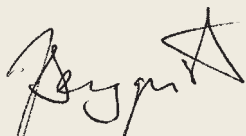
- EUR 0.60/share will be distributed as dividend for 15,316,560 shares	9,189,936 €
- the remainder of the profit will be left in retained earnings	72,270,471 €
	<hr/>
	81,460,407 €

If the proposal of the Board will be accepted, Norvestia plc has after the dividend the following shareholder's equity:


- share capital	53,607,960 €
- share premium	7,658,280 €
- retained earnings	72,270,471 €
	<hr/>
	133,536,711 €

The payment record date for the dividend is on March 16, 2007. The stipulated dividend will be paid out after the end of the record period, on March 23, 2007.


Helsinki, January 23, 2007




J.T. Bergqvist
Chairman of the Board




Hreidar Már Sigurdsson



Sigurdur Einarsson



Stig-Erik Bergström



Robin Lindahl



Juha Kasanen
Managing Director

Auditor's report

TO THE SHAREHOLDERS OF NORVESTIA OYJ

I have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Norvestia Oyj for the period 1.1. – 31.12.2006. 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, containing the parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on my audit, I 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.

I have conducted my audit in accordance with Finnish Standards on Auditing. Those standards require that I 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 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 my audit of administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In my opinion the consolidated financial statements prepared in accordance with International Financial Reporting 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 my 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 my opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting 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 it 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 the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by me. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, January 26, 2007



Rabbe Nevalainen
Authorized Public Accountant

Board of Directors and Management



J.T. Bergqvist



Hreidar Már Sigurdsson

CHAIRMAN OF THE BOARD

Doctor of Science (Technology) **J.T. Bergqvist**, Helsinki

Year of Birth 1957

Primary working experience: 1988–2005 Various business and marketing executive positions in Nokia Networks, 2002–2005 member of the Nokia Executive Board, worked as teacher at Helsinki University of Technology and as Associate Professor in Computer Science at Helsinki School of Economics

Chairman of the Board in Elektrobitt Group Plc.

Member of the Board in Kaupthing Bank Oyj and Ascom AG

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf: 119,243 shares

Shareholdings in Norvestia plc: -

VICE CHAIRMAN

Master of Science (Economics) **Hreidar Már Sigurdsson**, Reykjavik

Year of Birth 1970

CEO of Kaupthing Bank hf

Primary working experience: Leading positions in Kaupthing Bank hf and Kaupthing New York Inc

Chairman of the Board of Kaupthing fjármögnun ehf

Member of the Board in Kaupthing ASA, Kaupthing Forvaltning AS, Kaupthing Norge AS, Kaupthing Bank Oyj, Kaupthing Singer & Friedlander Group plc, FIH Erhvervsbank, FI Holding A/S, Kaupthing Bank Sverige Ab, Arion Custody Service hf, Kaupthing Securities Inc, Kaupthing New York Inc, Kaupthing Bank Luxembourg S.A. and Hreidar Már Sigurdsson ehf

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf: 6,423,239 shares including ownings of family members and controlled corporations

Shareholdings in Norvestia plc: -

OTHER REGULAR MEMBERS OF THE BOARD

Master's Degree in Economics **Sigurður Einarsson**, London

Year of Birth 1960

Executive Chairman of Kaupthing Bank hf

Primary working experience: Leading positions in Kaupthing Investment Bank, Kaupthing Bank hf, Islandsbanki hf, Den Danske Bank and Assistant Professor at University of Iceland

Chairman of the Board in Kaupthing Bank hf., Arion Custody Service hf, Kaupthing ASA, Kaupthing Bank Luxembourg S.A., Kaupthing Bank Oyj, Kaupthing Forvaltning AS, Kaupthing Faroyar Virðisbrevamaeklarafelag, Kaupthing Ltd, Kaupthing New York Inc, Kaupthing Norge AS, Kaupthing Securities Inc, Kaupthing Singer & Friedlander Group plc and Sparisjodur Kaupthings hf

Member of the Board in FIH Erhvervsbank A/S and Kaupthing Bank Sverige Ab

Board Membership in Norvestia began 20.10.2003

Shareholdings in Kaupthing Bank hf: 7,382,534 shares including ownings of family members and controlled corporations

Shareholdings in Norvestia plc: -

Doctor of Science (Economics) **Stig-Erik Bergström**, Espoo

Year of Birth 1941

Primary working experience: Leading positions in Stockmann plc, Midland Montagu Aktiebank and Rauma Repola Oy

Vice Chairman of the Board in Handelsbanken's Finnish local council

Member of the Board in European Renaissance Fund Ltd and

Neomarkka plc

Board Membership in Norvestia began 27.3.2001

Shareholdings in Kaupthing Bank hf: -

Shareholdings in Norvestia plc: 9,089 B shares

Master of Science (Economics) **Robin Lindahl**, Kauniainen

Year of Birth 1964

Vice President, Finance & Control, Customer and Market Operations, Nokia Corporation

Primary working experience: 1997–2006 various leading positions in Nokia Networks, 1993–1997 Nokia Finance International, Manager

Treasury, 1990–1993 Skopbank International BV, Finance Manager

Member of the Board in Finn Gulf Yachts Oy

Board Membership in Norvestia began 10.3.2005

Shareholdings in Kaupthing Bank hf: -

Shareholdings in Norvestia plc: -

MANAGING DIRECTOR

Master of Science (Technology), Licentiate of Science (Economics)

Juha Kasanen, Espoo

Year of Birth 1957

Primary working experience: 2000–2003 Norvestia plc's Investment Manager, 1991–2000 Bank of Finland's and Financial Supervision's supervision, development and research of capital markets, 1989–1991 Stock Broker and Analyst

Managing Director and Member of the Board in Norventures Ltd

Employment in Norvestia began 1.2.2000

Acting Managing Director since 20.10.2003

Managing Director since 19.10.2004

Shareholdings in Kaupthing Bank hf: -

Shareholdings in Norvestia plc: -

AUDITOR

CPA **Rabbe Nevalainen**

Ernst & Young Oy, deputy auditor

AUDIT COMMITTEE

Stig-Erik Bergström, Chairman

Robin Lindahl



Sigurdur Einarsson



Stig-Erik Bergström



Robin Lindahl

Corporate Governance

SHAREHOLDERS' GENERAL MEETING

The general meeting is the company's highest decision-making body and normally convenes once a year. At the general meeting shareholders exercise their right to vote on company affairs. The general meeting deals with the matters laid down in the Companies Act and in Norvestia's Articles of Association, e.g. approves the financial statements, discharges the Board of Directors and the Managing Director from liability and decides on dividend distribution and on any changes in the Articles of Association. It also elects the chairman, vice chairman and other members of the Board of Directors and the auditors, and decides on their remuneration. The ordinary general meeting was held on March 6, 2006.

SHARES

Norvestia plc's B share is quoted on the OMX Helsinki Stock Exchange's Nordic List. The company has two share series: the unlisted A shares and the listed B shares. The A share carries 10 votes and the B share one vote.

ELECTION OF BOARD MEMBERS

According to Norvestia's Articles of Association the Board of Directors comprises 3-8 regular members and at most 4 vice members. The Board of Directors comprised five regular members at year-end 2006. The general meeting of the shareholders elects every year Board members for a term lasting up to the following annual general meeting. The Meeting also appoints a chairman and a vice chairman from among the Board members.

INDEPENDENCE OF BOARD MEMBERS

Due to the ownership structure of the company, it has been considered important that the main owner has a strong position in the Board. Sigurdur Einarsson and Hreidar Már Sigurdsson represent the main owner Kaupthing Bank. J.T. Bergqvist, Stig-Erik Bergström and Robin Lindahl are independent members.

DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors is in charge of organizing the company's management and operations in a rational manner, and of ensuring that it follows laws and other regulations. The Board shall supervise the book-keeping and also make the proper arrangements for the asset management. The Board complies with the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, The Central Chamber of Commerce in Finland and the

Confederation of Finnish Industry and Employers. The Board appoints the Managing Director and decides on the Managing Director's remuneration.

BOARD OF DIRECTORS' WORK PROCEDURES

Each year, generally at the meeting held after the annual general meeting, the Board lays down its own working procedures and rules of procedure for the Managing Director. The former include e.g. instructions on the form and content of Board meetings, the company's financial reporting, investments and external communications. The Board checks and approves all lists of approvals and authorizations and rights to sign for the company. The Board selects an audit committee from among its members. The Board annually conducts an internal self-evaluation of its work.

INFORMATION TO THE BOARD

The Board receives twice a month the company's portfolio report, which includes detailed information about the company's investments and their performance. The company performance is presented at every Board meeting. The Board also receives the drafts of the interim reports and annual reports before the corresponding Board meetings.

MEETINGS

The Board of Directors usually convenes between five and eight times a year. In 2006, the Board met 12 times with a participation activity of 82%.

The chairman of the Board is responsible for calling a Board meeting whenever necessary. Regular Board meetings deal with internal reports on the company's operations and performance and approve external reports, such as interim reports, bulletins on financial statements, and annual reports. Strategic questions are discussed if necessary. An agenda is drawn up for each Board meeting and distributed to the members in advance. All meetings are minuted and the minutes are then examined and distributed to the members of the Board and auditors.

MANAGING DIRECTOR

The Managing Director attends to the day-to-day management in accordance with instructions and orders issued by the Board of Directors, ensures that the company's books are kept in accordance with the law and that its operations are in keeping with any other statutory regulations. The Managing Director is also responsible for

the safety of the company's asset management arrangements. The Managing Director is not a member of the Board.

INTERNAL SUPERVISION AND RISK MANAGEMENT

The aim of the internal supervision and risk management system is to ensure that the company operates in the most efficient and successful manner, that information is reliable, and that regulations and operating principles are followed.

The internal supervision is practised by the company's management as well as the whole personnel. The Board carries the ultimate responsibility for supervision of the book-keeping and financial management, and the Managing Director is in charge of the practical organization of the internal supervision and risk management. The Board of Directors and the Managing Director are responsible for the company's risk management and decide upon matters concerning risk-taking.

INTERNAL CONTROL

The Managing Director is responsible for seeing that the company and its subsidiaries have appropriate internal control. The parent company examines its own book-keeping and reporting, and the Financial Statements, market values and portfolio reports of the subsidiary. The basic idea behind the internal control is that another party always examines the accomplished job. The parent company reports for the whole Norvestia Group to Kaupthing Bank.

REMUNERATION

The AGM annually approves the fees paid to Board members, and the Board decides on the salaries and other benefits of the Managing Director. The Board decides on any bonuses paid to the Managing Director. The Board members are remunerated only by virtue of their Board membership.

In accordance with the decision of the Annual General Meeting on March 6, 2006, the Board members are remunerated as follows:

- The chairman of the Board is paid an annual fee of EUR 45,000,
- the vice chairman is paid an annual fee of EUR 25,000 and
- other regular members are paid an annual fee of EUR 25,000.

In addition, a meeting fee of EUR 350 is paid for work on Board committees. Board members are paid all travel and accommodation expenses according to bill.

The pension benefits of the Managing Director are based on the Finnish Employees' Pensions Act (TEL). The term of notice is one month, and the compensation for notice corresponds to a salary of eight months. The Managing Director is paid a monthly salary and a bonus. The bonus is based on the company's annual net asset value return after expenses and taxes. The Board of Directors determines the grounds for the bonus. In 2006, the Managing Director was paid a total of EUR 337,000 in monthly salary, bonus and fringe benefits. The share of the monthly salary was EUR 184,000, the bonus for 2006 EUR 151,000 and fringe benefits EUR 2,000.

AUDIT COMMITTEE

The primary duty of the audit committee elected by the Board of Directors is to monitor the work of the auditors and any issues that may appear in that context. The audit committee follows the financial position of the company and supervises its financial reporting. It is further responsible for evaluating the adequacy and appropriateness of internal supervision and risk management, evaluating compliance with laws and regulations, maintaining contact with the auditor, examining the auditor's reports and evaluating any advisory services supplied by the auditor. The committee reports to the Board regularly. In year 2006, the Audit Committee met 2 times. The audit committee comprises of two members, which deviates from the recommendation. The Board considers the number of members to be sufficient due to the relatively small size of the company.

The company has no other Board committees.

INDEPENDENCE OF THE AUDIT COMMITTEE MEMBERS

Stig-Erik Bergström and Robin Lindahl are independent audit committee members.

EXTERNAL AUDIT

According to the Articles of Association, the company has at least one regular auditor who must be an authorized public accountant by the Central Chamber of Commerce. The general meeting of shareholders elects the auditor/auditors, whose term extends until the end of the first annual general meeting following their election. In connection with the annual financial statements, the auditors prepare the auditor's report to the company's shareholders. The purpose of the statutory external audit is to verify that the financial statements give a true and fair view of the result and financial position of the company. The audit constitutes an independent statement to the shareholders concerning management of the book-keeping, financial statements and administration of the company.

The auditors' expenses are compensated according to invoice. EUR 21,000 was paid for the audit work to the auditor in 2006 in Norvestia Group and EUR 21,000 in Norvestia plc.

INSIDER REGULATION

As a publicly listed company the company complies with the guidelines for insiders issued by the Helsinki Stock Exchange. The company's Board of Directors, Managing Director, auditors as well as the whole personnel are included in the insider register. Also those persons in the Group that regularly receive insider information are registered as insiders.

CORPORATE GOVERNANCE DESCRIPTION

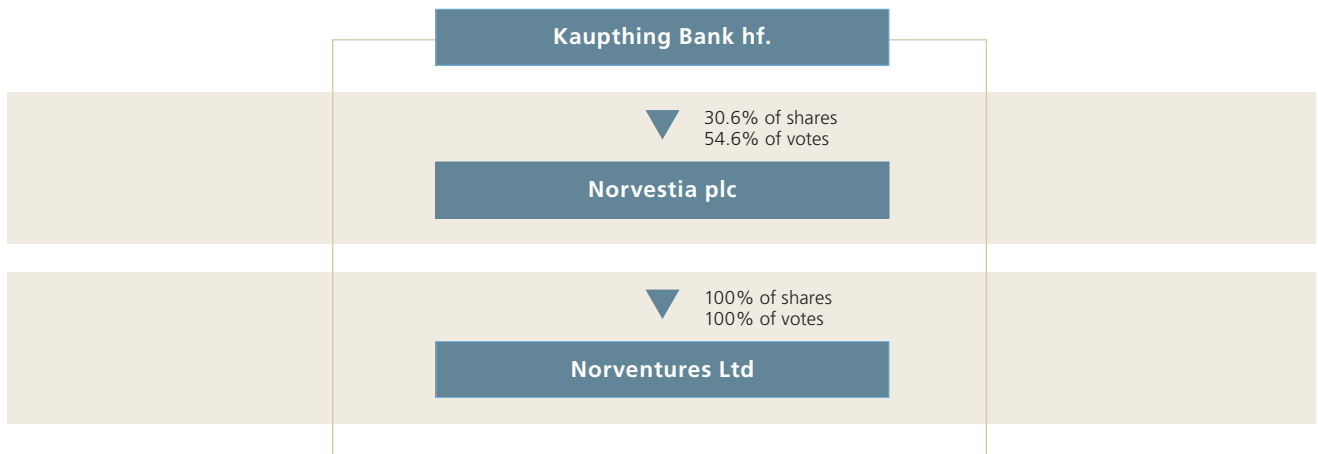
The company's corporate governance description is updated on the company's home pages www.norvestia.fi.

Summary of stock exchange releases

All of the company's stock exchange and press releases can be found in their full length on the company's home page <http://www.norvestia.fi>. The stock exchange releases are available in Finnish and Swedish.

- 19.1.2006** Net asset value report of the Norvestia Group 31.12.2005
- 25.1.2006** Norvestia's Financial Statements for the year 2005
- 8.2.2006** Invitation to the Annual General Meeting
- 8.2.2006** J.T. Bergqvist is proposed to be elected Chairman of Norvestia's Board
- 10.2.2006** Net asset value report of the Norvestia Group 31.1.2006
- 6.3.2006** Decisions from the Annual General Meeting
- 9.3.2006** Net asset value report of the Norvestia Group 28.2.2006
- 12.4.2006** Net asset value report of the Norvestia Group 31.3.2006
- 25.4.2006** Norvestia's Interim Report 1.1.-31.3.2006
- 11.5.2006** Net asset value report of the Norvestia Group 30.4.2006
- 15.5.2006** The final sales price of the daughter company Neomarkka
- 9.6.2006** Net asset value report of the Norvestia Group 31.5.2006
- 11.7.2006** Net asset value report of the Norvestia Group 30.6.2006
- 21.7.2006** Norvestia's Interim Report 1.1.-30.6.2006
- 21.7.2006** Change in the publication date of Norvestia's Interim Report January-September 2006
- 9.8.2006** Net asset value report of the Norvestia Group 31.7.2006
- 11.9.2006** Net asset value report of the Norvestia Group 31.8.2006
- 11.10.2006** Net asset value report of the Norvestia Group 30.9.2006
- 24.10.2006** Norvestia's Interim Report 1.1.-30.9.2006
- 9.11.2006** Net asset value report of the Norvestia Group 31.10.2006
- 11.12.2006** Net asset value report of the Norvestia Group 30.11.2006
- 21.12.2006** Norvestia's financial reporting in 2007

Structure of the Group



KAUPTHING BANK

Kaupthing Bank is a Nordic Bank listed on the Iceland Stock Exchange and on the Stockholm Stock Exchange. Kaupthing Bank is Iceland's largest bank and is among the eight largest financial groups in the Nordic region. The Group's strategic ambition is to become a leading Nordic investment bank. The Bank offers services in Brokerage, Asset Management and Corporate Finance in addition to traditional banking services.

Kaupthing Bank operates in Reykjavík, Torshavn, Stockholm, Helsinki, Copenhagen, Oslo, Luxembourg, Geneva, London and New York. The Bank employs 2,568 people in ten different countries.

The Norvestia Group became a part of the Kaupthing Bank Group in the last quarter of year 2003. In addition to the ownership in Norvestia the Group owns also Kaupthing Bank Oyj in Finland that was granted a banking license in December 2004.

Key terms

NET ASSET VALUE

The net asset value of the Group is of central importance to an investment company like Norvestia. The report on net asset value is a calculation of the difference between the fair value of Norvestia's assets and that of its liabilities at a given time. Thus, the dividend-adjusted change in net asset value in a given period indicates the return on investments and also the result of the Group. The net asset value also corresponds to shareholder's equity according to IFRS without minority share.

Norvestia calculates and publishes its net asset value each month.

Discount in net asset value, expressed as percentages, is the difference between net asset value per share and the price of the B share, divided with the net asset value.

IFRS

In accordance with EU regulation number 1606/2002 companies whose stocks are publicly traded in the member countries of ETA are obliged to prepare the consolidated financial statements according to IFRS. Norvestia has prepared its consolidated financial statements according to IFRS since 2005. The financial statements of the parent company are prepared according to Finnish accounting standards, FAS.

TAXATION

Investment companies pay tax on realized returns in accordance with the corporate tax rate valid at any given time. Deferred tax liability is calculated on unrealized gains, i.e. the value figure that is the difference between the exceeding market value of the company's portfolio to its purchase value. The computational tax liability for 2005 and 2006 has been calculated at a 26% tax rate.

In comparing an investment company like Norvestia with investment funds, for example, the differences in taxation should be taken into account. This applies to both profit distribution and the taxation on appreciation. Norvestia takes the impacts of taxation fully into account in its reports on net asset value. According to the change in the tax law, which was confirmed in 2004, dividend income received is subject to tax from the beginning of 2005. Dividends received by Norvestia from listed companies will remain tax-free.

VOLATILITY

Volatility measures statistically the extent of daily fluctuations in the value of the portfolio and thus indicates the risk level associated with it. Generally it can be stated that the higher the volatility, or the larger the fluctuations, the higher the risk and vice versa.

The average volatility of the OMX Helsinki CAP yield index calculated on monthly observations was 13.7% in 2006. Norvestia's volatility in dividend-adjusted net asset value was 6.4%. Low volatility is part of Norvestia's strategy, which generally presupposes low risk level and steady returns.

ABSOLUTE RETURN OBJECTIVE

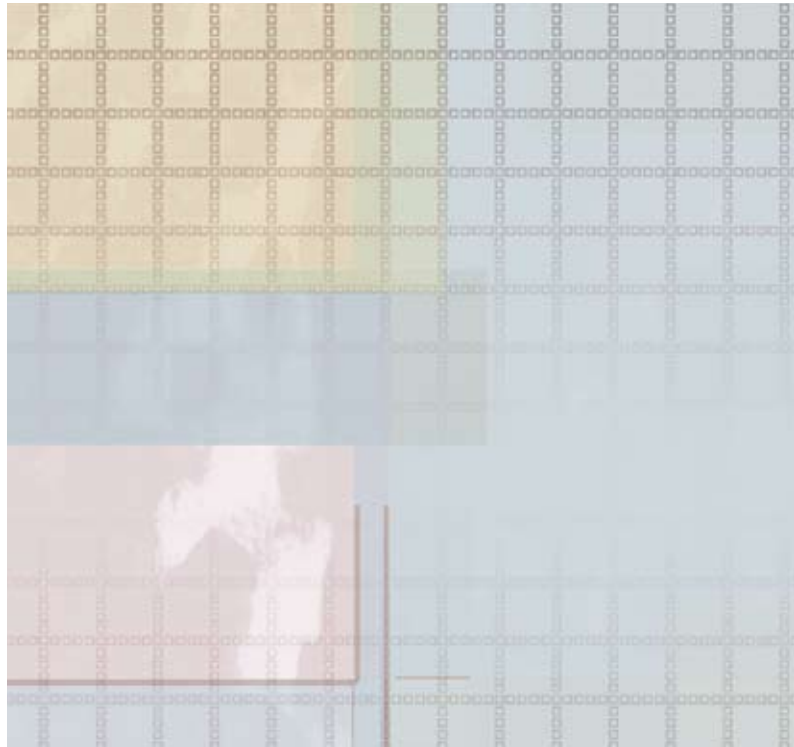
The absolute return objective means that the company aims to increase its net asset value each year regardless of prevailing market trends.

SHARPE RATIO

The Sharpe ratio is a measure of risk-adjusted return developed by Nobelist William Sharpe. Mathematically the ratio is calculated by dividing the return exceeding the risk-free rate by the volatility of the return. The greater the investment's Sharpe ratio, the better its risk-adjusted return has been. The Sharpe ratio can be used to compare returns between investments with different risks. If an investment has generated returns below the risk-free rate its Sharpe ratio is negative.

Basis of calculation of the key terms

Return on equity	=	$\frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average of the year)}}$
Return on investment	=	$\frac{\text{Profit before extraordinary items and taxes} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{interest-free debt (average of the year)}}$
Equity ratio	=	$\frac{\text{Shareholders' equity (incl. minority share)}}{\text{Balance sheet in total} - \text{advances received}}$
Earnings per share	=	$\frac{\text{Profit before extraordinary items and taxes} -/+ \text{minority's share} - \text{taxes}}{\text{Issue-adjusted average number of shares}}$
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity (excluding minority interest)}}{\text{Issue-adjusted number of shares on the balance sheet date}}$
Dividend/Earnings	=	$\frac{\text{Issue-adjusted dividend per share}}{\text{Earnings per share}}$
Dividend yield	=	$\frac{\text{Issue-adjusted dividend per share}}{\text{Issue-adjusted closing price on the balance sheet}}$
P/E ratio	=	$\frac{\text{Issue-adjusted closing price on the balance sheet date}}{\text{Earnings per share}}$
Discount in net asset value	=	$\frac{\text{Net asset value} - \text{market capitalization} - \text{calculated value for subscription rights}}{\text{Net asset value}}$
Market capitalization	=	Number of shares x closing price on the balance sheet date



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