Aktia
Annual report
1999

Aktia Savings Bank plc

Annual general meeting of shareholders
The 2000 annual general meeting of shareholders of Aktia Savings Bank plc will be held on 17 April at 3 p.m. in the Aktia Room at Yrjönkatu 31, Helsinki. The meeting will deal with the issues specified in the articles of association. Shareholders who wish to participate in the annual general meeting of shareholders should inform the bank of their participation no later than 13 April 4 p.m. by telephone to Yvonne Nylund-Fagerstedt on 010 247 6260, by fax on 010 247 6568, or by e-mail at yvonne.nylund-fagerstedt@aktia.fi.

Financial reports
Aktia will publish the following financial reports during 2000:
7 February – result for 1999
2 May – interim report for January - March 2000
7 August – interim report for January - June 2000
30 October – interim report for January - September 2000

Annual and interim reports for Aktia Savings Bank plc are published in Finnish, Swedish, and English. They are available from all Aktia offices and may also be ordered from Aktia Savings Bank plc, Financial Publications, P.O.Box 207, 00101 Helsinki; by telephone on +358 10 247 5000, by fax on +358 10 247 6356, or by e-mail at viestinta@aktia.fi.

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Aktia – the bank with the human touch

Mission

Aktia's goal is to be the leading bank in Finland in catering for its customers' banking affairs and offering personalised and caring customer service.

Core values

Aktia seeks to promote customer loyalty and long-term customer relationships as well as to ensure a high level of staff motivation and owner satisfaction and sustained profitability.

Aktia offers its customers responsive personalised service and individual solutions; it communicates openly but confidentially, and keeps its promises. All this is provided by competent, knowledgeable and dedicated staff backed up by local decision-making and a customer-oriented organisation.

At Aktia we work as a team and support one another. Each Aktia employee assumes personal responsibility for customer care and seeks to improve the standard of operations on a continual basis while working to secure sustained profitability.

Aktia in a nutshell

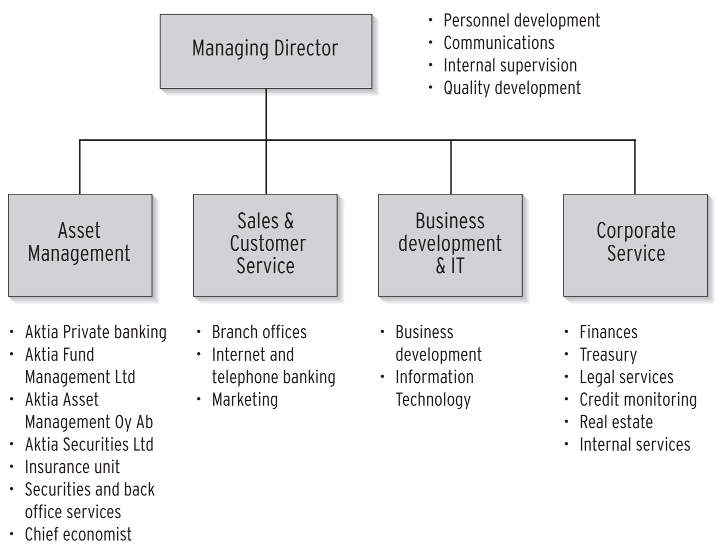
Aktia was created in its current form at the beginning of the 1990s when the Helsinki Savings Bank merged with a number of savings banks based in the coastal areas. Historically speaking, Aktia's roots date back to 1825, when Finland's first deposit bank saw the light of day.

Aktia is a Finnish bilingual savings bank responsive to the needs of its customers - private individuals, local companies, municipalities, and non-profit organisations.

With its partners, savings banks and local co-operative banks, Aktia operates an extensive network of about 370 branch offices. Aktia serves as the central bank for savings and local co-operative banks. The bank is engaged in deposit banking and operates as an authorised securities broker with a comprehensive network of global correspondent banks. Aktia is approved by the Bank of Finland as a money-market counterparty and is a party to the Bank of Finland's payments, liquidity and cheque account facilities.

The Aktia Savings Bank plc includes Aktia Fund Management Ltd, Aktia Asset Management Oy Ab, and Aktia Securities Ltd. Aktia is owned by Finnish savings bank foundations, institutions, savings banks, the FöreningsSparbanken (Swedbank), and private individuals.

Aktia group



Year 1999 in brief

- Mr. Erik Anderson, L.L.M., was appointed Managing Director of Aktia Savings Bank plc, a position he assumed on 1 December.
- Aktia opened two new branch offices and two service outlets.
- Aktia gained 19,000 new customers.
- Aktia launched its new web service in continuation of its policy of responsive customer service and individual customer care.
- Aktia introduced equity trading over the Internet.
- Aktia and Samfundet Folkhälsan (a non-profit organisation working with social welfare and medical supplies) established a mutual fund called Aktia Folkhälsan.
- Aktia and Robur Kapitalförvaltning AB, Scandinavia's leading fund man agement company, concluded an agreement under which Aktia started selling units in Roburs' mutual funds in Finland.
- Life Assurance Company SparFond AB, a subsidiary of FöreningSparbanken (Swedbank), founded a subsidiary in Finland. Mr. Raimo Voutilainen, Lic. Phil., head of Aktia's insurance unit, was appointed managing director of the company. Aktia started selling Sparfond's unit-linked insurance policies.
- Aktia received a rating from the international credit rating agency Moody's Investors Service. The ratings were A3 for long-term borrowing, P-2 for short-term borrowing, and D+ for financial strength, all with a positive outlook.
- Aktia obtained a multicurrency revolving credit facility of 75 million euros in order to underpin its financial position and to ensure the bank's expansion.
- In keeping with its policy of focusing on banking, Aktia Savings Bank plc spun off a real-estate portfolio with a market value of approx. FIM 108 million to its partially owned subsidiary Vasp-Invest Oy.

Group's financial performance

Borrowing	FIM 10,342.8 million	up 15%
Lending	FIM 10,016.0 million	up 22%
New loans	FIM 5,007.5 million	up 28.1%
Total income	FIM 556.6 million	down 1%
Net income from financial operations	FIM 336.1 million	+/- 0%
Total costs	FIM 421.4 million	down 11%
Depreciation	FIM 57.0 million	down 53%
Loan losses	FIM 6.8 million (FIM 6.2 million for real estate)	up 19%
Net operating profit	FIM 130.0 million	up 56%
Profit for the financial year	FIM 115.6 million	up 39%

Statement by the Managing Director

For Aktia, 1999 was a year of growth, with the Group advancing on all fronts. Aktia gained 19,000 new customers, the number of people saving in funds more than doubled, borrowing increased by over 15 per cent and lending by about 22 per cent. Two new branch offices and two service outlets were opened while transactions on the Internet and by telephone bank grew by almost 100 per cent. Growth exceeded expectations in many ways, consolidating our position in the Finnish banking market and strengthening our concept of being the bank with the human touch and offering caring customer service. In contrast, profits for the year of FIM 115.6 million were not fully satisfactory, due to low interest rates and intense competition in the banking sector. All in all, the development achieved in 1999 has further enhanced our ability to improve financial performance and expand the range of services and products during the current financial year.

Economic developments

Economic growth in Finland continued strong. Consequently, the state budget was balanced and unemployment declined. As demand for housing was great, real estate prices rose considerably. Because of international developments, the price of oil increased rapidly, but otherwise inflationary pressures remained low.

At the beginning of the year, the European Central Bank's refinancing rate was 3.00 per cent only to be cut to 2.50 per cent in April. As the economic prospects within the euro zone gradually improved and the rate of inflation increased, the ECB restored the refinancing rate to 3.00 per cent in November. Market rates responded accordingly, the Euribor rates being at their lowest in May but starting to rise considerably later on.

Fluctuations in interest rates caused banks to lower their prime rates on several occasions, only to raise them slightly towards the end of the year. Deposit rates reached an all-time low in the course of 1999 but recovered towards the end of the year to the level prevailing at the beginning of the year. Similarly, interest rates on loans were lower than ever in history. Competition intensified, which cut interest margins considerably. Interest rates on credits fell more than market rates at the beginning of the year but did not keep up with their increase towards the end of the year. The average interest rate on credit stock fell from 5.27 per cent in 1998 to 4.78 per cent in 1999.

Aktia and the banking sector in Finland

As far as Aktia is concerned, the interest rate trends and intensified competition meant that net income from financial operations, despite a considerable increase in volume, grew only marginally. However, considering the current trends in interest rates, the growth achieved during 1999 bodes well for the future.

In 1999, public borrowing by Finnish banks grew by an average of 5 per cent. For Aktia, the growth was as high as 15 per cent, which increased its market share by 10 per cent. Lending increased by an average of 11 per cent, the corresponding figure for Aktia being 22 per cent for the entire credit stock and no less than 28 per cent for new loans. As a result, the Group's market share grew by 8 per cent. Growth stemmed mainly from Aktia's new branch offices and branch office operations in growth centres such as the Helsinki area and Central Uusimaa.

Total net investments in funds by Finnish householders increased considerably from FIM 11 to FIM 18 billion during 1999. Despite this, only about 6 per cent of the population save in funds. Aktia more than doubled its customer numbers in this sector. In terms of the number of private individuals saving in funds registered in Finland, Aktia's market share was around 8 per cent.

Over the past few years, saving in insurance policies has been steadily increasing in Finland, and investments increased considerably in 1999 compared with the previous years. Growth was greatest in insurance policies offered or intermediated by banks, primarily in unit-linked insurance. Aktia's insurance products, particularly unit-linked policies, won wide acclaim among customers and sales exceeded expectations.

Provision of information, products and services over the Internet is rapidly gaining ground in banking. This trend applies to Aktia as well where the number of transactions via the Internet and telephone bank increased by nearly 100 per cent.

Main events in 1999

Aktia's management was reorganised in December in order to create the necessary prerequisites for a quick, focused and efficient processing of strategic and operative issues. To upgrade the branch office network including the Internet and telephone bank into a highly integrated, dynamic and more customer and sales-oriented service organisation, a new management body for Sales and Customer Service was set up.

We also initiated a co-operation deal with SparFond and Robur, both subsidiaries of FöreningsSparbanken AB. As a result of this arrangement, Aktia's customers will have access to savings products administered and provided by the leading fund insurance and asset management companies in Scandinavia. Other partners include the insurance companies Verdandi, SvenskFinland, Lähivakuutus (The Local Insurance Group), and GE Vakuutus.

In November, Aktia launched its new web site to respond to customer need. This continues to strengthen the bank's policy of providing individual customer care on the electronic market as well. In December, Aktia introduced equity dealing on the Internet, which soon became highly popular among customers. At the same time, the capacity of the Internet bank was increased five-fold.

A refurbishment programme for the branch office network was also launched during 1999 with the objective of responding to today's need for customer service in an environment that ensures confidentiality. Additionally, new branch offices were opened in Kerava and Malmi and new service outlets in Laihia and Tammisaari. In keeping with its policy of focusing on banking operations, Aktia continued to divest the Group's real estate property and related shares to the extent the premises are not used for banking purposes. In continuation of this policy, Aktia spun off real estate operations with a market value of about FIM 108 million, partly to help Aktia to disengage from financial involvement in real estate property and partly to achieve an increase in the value of the remaining real estate portfolio. On 18 February 2000, Aktia sold its shares in the real estate corporation Julius Tallberg-Kiinteistöt Oyj.

Aktia serves as a central bank for other savings banks and local co-operative banks whose operations developed favourably during 1999. Co-operation was expanded, mainly in the sales of fund and insurance products within the group.

Aktia's progress during 1999, as in the past four years, goes to show that the bank with the human touch and the way we take care of our customers is highly valued. Growth exceeded expectations in many respects. We gained 19,000 new customers and our market share grew. The growth rate in loans, particularly home loans, and deposits, 22 per cent and 15 per cent, respectively, speaks for itself. By contrast, net income for financial operations did not increase at the same rate as in 1998 because of low interest rates and tough competition but, then, this benefited our customers. Although profits did not quite reach the target, all things considered we are satisfied with our performance.

Goals and focus in 2000

During the year 2000, we will continue to develop our operations in compliance with our strategy of being the leading bank in Finland in personalised and caring customer service. In all activities, the focus is on the customers and their needs. It is the customer who decides where, when and how to handle his or her banking business. This range of services also includes Aktia's net services. To find out what our customers actually think of us, we carry out regular customer satisfaction surveys. As part of this process, we have introduced service criteria and a system that makes it possible to process customers systematically, and we have appointed personal contacts for our most important customer segment – the Top Prime Customers.

During the current year, we will focus on our core business and improve its efficiency. To this end, we will continue, together with our partners, to enhance and broaden the range of products and services offered.

Aktia's Board of Directors proposes that a dividend of FIM 0.75 per share be paid to the shareholders in 1999, up FIM 0.25 on 1998. Return on equity increased in 1999 by 37 per cent to 16.53 per cent.

In a service organisation, the competence and commitment shown by staff members is one of the most important success factors. Although I have served at Aktia for only a short time, during which I have, among other things, visited all the branch offices, I have seen that the bank's personnel satisfy these requirements. Our staff is both capable and committed.

My predecessor, Mr Johan Horelli, deserves warm thanks for his great efforts over the past five years during which he guided Aktia into a new era – from loss to profit and success.

Helsinki, February 2000

Erik Anderson

Business operations

Aktia's goal is to be the leading bank in Finland in providing personal and caring customer service that is responsive to the needs and wishes of its clientele. It is the customer who decides where, when and how to handle his or her own bank affairs. During 1999, new management was appointed for sales and customer service in order to develop Aktia into a more sales-oriented service organisation.

Customers

Aktia's largest single customer category is private individuals who account for over 70 per cent of the total customer base. As a result of Aktia's policy of focusing on this segment, its share of the total customer base increased slightly in 1999 as compared with 1998. Similarly, local businesses, local authorities and customers engaged in primary production and operating in the areas where Aktia has a presence remain an important customer sector. To gain a thorough understanding of the field of activity in which customers are involved and their financial situation, Aktia devotes considerable resources to getting to know local conditions and accumulating related expertise.

During 1999, Aktia gained over 19,000 new customers, which brought the total to 220,000. Most of the growth stems from the Helsinki area and growth centres in the areas where Aktia operates.

Service concept

Aktia's mission is to be the leading bank in Finland in catering for its customers' banking affairs and offering personalised and caring customer service. Aktia's activities are all based on satisfying customer needs, which means providing personal and easily accessible services, customised solutions, responsibility, and fast decision-making. To a growing extent, banking today is moving towards the provision of financial advice and consultation. Customer satisfaction surveys are carried out regularly to improve service on a continual basis and to ensure that the right corrective measures are taken to guarantee a high standard of performance at all times.

Aktia fine-tuned its service concept during 1999. To respond to the varying needs of individual customers, they were divided into four segments based on their life situation and total volume. The system gives due consideration to customer relationships as a whole and is both equitable and easy to understand. At the same time, pricing was harmonised and simplified across the board.

Prime customer concept

Aktia's most important customer categories, Top Prime Customers and Prime Customers, i.e. people who concentrate all their banking business in Aktia and whose volume is at least FIM 75,000, are given benefits such as reduced service charges and discounts on products offered by Aktia's partners, and a quarterly newsletter. Additionally, Top Prime Customers are assigned a designated contact at Aktia who is responsible for ensuring that the customer draws maximum benefit from the customership.

Products and services

Aktia upholds the concept of full service in offering its customers a broad range of banking services that are divided into three categories - saving, lending and payment transactions. These are customised according to individual needs and wishes.

Saving

Aktia offers a wide selection of saving products from various types of saving accounts to mutual funds, insurance, and shares. Customers select the preferred form of saving according to the expected return and accepted risk.

Over the past few years, saving in funds and insurance has increased, but it is still just over 6 per cent of the Finnish population who invest in mutual funds. As wealth per capita increases in Finland and deposits are subjected to tax, interest in and demand for alternative forms of savings are expected to increase considerably during the next few years. In particular, various special funds and unit-linked pension insurance schemes are anticipated to attract a growing number of investors. To respond to these developments, Aktia extended its range of services in 1999 by introducing 12 new mutual funds and unit-linked insurance products. These new products are provided and managed by Aktia's partners Robur Kapitalförvaltning AB and the Life Assurance Company Sparfond.

Lending

Aktia carries a selection of different loan products from consumer credits to mortgages, which allows the customer to freely select the product that suits him or her best.

As most Finns still want to live in a home of their own, financing the purchase of a house or flat continues to be the biggest single investment for these people. This is also reflected in Aktia's credit stock where housing loans account for about 75 per cent of all credits extended to households. Customers can now handle monthly repayments for a loan twice the size of that in 1990 because the cost of servicing loans has considerably dropped as a result of lower interest rates and longer loan periods.

Payment transactions

Aktia offers payment products that make it possible for customers to handle their daily financial transactions safely, flexibly and at a low cost, free from the constraints of time and place.

The product choice includes everything from over the counter payments to payment services, direct debits, Internet and telephone bank and various card products. Of all transactions carried out in Aktia, over 80 per cent are either fully automated or handled by the customers themselves. In 1999, the number of transactions on the Internet was tripled while the number of user agreements rose to around 30,000. Sales of various cards were brisk and this line of business is expected to expand during the next few years. Card payments also increased considerably.

Meeting the customer

Technological development has made it possible for customers to access Aktia's services free from the constraints of place and time. But irrespective of how this is actually done, it must be implemented in a way that satisfies the customer's needs and complies with Aktia's policy of caring customer service.

Branch office network

Aktia is constantly developing its network of branch offices by refurbishing and redesigning existing offices and setting up new offices in areas where there is demand for service and growth potential. Two new offices, one in Kerava and another one in Malmi, Helsinki, and two service outlets, one in Tammisaari and another in Laihia, were opened during 1999. Currently Aktia operates a network of 65 offices and 3 service outlets. If the offices of Aktia's partners, the savings banks and local co-operative banks, are included in the figure, the total number of offices throughout Finland exceeds 370.

At present, bank services increasingly consist of financial advice and related consultation. To facilitate this, customers should be met in a purpose-built environment suitable for confidential talks. This has been the guiding principle in our office renovation. As well as modernising the physical office environment, Aktia has introduced new working procedures and techniques that support efficient handling of customer contacts and has provided regular training for staff members in all matters related to customers' financial affairs.

The upgrading of branch offices and the office environment, the development of technological systems and working procedures as well as staff training are continual processes based on the needs and wishes of customers.

Services on the web – an integrated part of business operations

Aktia's web service, including the Internet and telephone bank, is fully integrated into Aktia's business operations. Over the past few years, the development of these channels has assumed an increasingly prominent role in the bank's activities. The policy of being the best bank in providing personal and caring customer services applies also to the web, where the concept of "the bank with the human touch" should come across to users who must feel comfortable with the visual appearance and contents of the web site.

In October 1999, Aktia launched its new web service intended for private individuals with the aim of creating a value-added service for customers and encouraging them to use it. The service includes everything from information on products and services to exchange rates and news. Before the launch of this service, a survey of customers' needs and preferences was carried out. When the system was designed, special efforts were made to make it as user friendly as possible. Accordingly, the web service provides a clear overview and is easy to navigate. Moreover, it is interactive and can be downloaded quickly. During 2000 the service will be personalised, meaning that customers will receive a customised page profile when he or she registers as a user – Aktia tailors the service according to the type of customer relationship and the customer's priorities. At the same time, Aktia is continually developing new web products and services.

The Internet Bank, which is part of the web service, underwent major changes during 1999. Capacity was increased fivefold, the technology was upgraded and payments can now be made online. Furthermore, it is now possible to use the service for equity dealing with shares quoted on the HEX (Helsinki Stock Exchange). The number of transactions at the Internet Bank increased by almost 200 per cent and the number of registrations doubled during 1999.

Subsidiaries

Aktia Fund Management Ltd

Aktia Fund Management Ltd administers and markets investment funds that invest in both Finnish and international money markets. Sales and client contacts are maintained mainly through Aktia branch offices and savings and local co-operative banks and partly through Aktia Fund Management Ltd, which also provides sales support for the individual offices. At the same time, Aktia's web site is an important source of information and serves as a marketing and sales channel. Aktia Fund Management Ltd focuses on private individuals. Currently Aktia's fund portfolio includes 19 funds.

Growth in common fund operations was intensive during 1999 as the market value of the mutual funds registered in Finland increased from FIM 29 billion to FIM 61 billion. Over the same period, the number of people with units in mutual funds rose from 211,000 to 382,000 – equivalent to 81 per cent. Despite the increase, only around 6 per cent of Finns save in funds. The value of units in mutual funds brokered by Aktia over this period increased by 53 per cent to FIM 2,297 million while the number of holders of units in funds managed by Aktia more than doubled, reaching over 28,000. Despite this, Aktia's market share dropped from 3.2 to 2.9 per cent. This development reflects Aktia's focus on private individuals while the fund market is still dominated by institutional investors. Expressed in terms of the number of private customers saving in funds registered in Finland, Aktia's market share was around 8 per cent.

In keeping with its policy of entering alliances and acquiring partners when this is beneficial both to the customer and the bank, Aktia signed an agreement in August with Robur Kapitalförvaltning AB, the leading fund management company in Scandinavia, under which it started to sell Robur's funds in Finland. When selecting Robur as its partner, Aktia wished to complement its basic product range with various special and sectored funds. This expansion of choice and assortment was in response to customer needs and demand. Sales started briskly in the autumn and now the funds are also marketed by the savings and local co-operative banks. In September, Aktia started a partnership with the Life Assurance Company Sparfond, and now the bank's customers can subscribe to insurance policies linked to Aktia's funds. As a result of the considerable growth and expanding co-operation with savings and local co-operative banks, Aktia Fund Management recruited new employees mainly for sales functions. Aktia and Folkhälsan (a non-profit organisation involved in social welfare and medical supplies) established a fund called the Mutual Fund Aktia Folkhälsan. A significant proportion of the fund's management fees will be donated for charitable purposes. The fund is intended for people who not only want to invest in funds but also to support Folkhälsan's activities.

Demand for fund products is expected to remain at a high level in 2000. Aktia Fund Management will therefore increase the support extended to branch offices by expanding sales support and intensifying marketing. This will be achieved, for example, by means of a fund newsletter designed to disseminate information about funds and the benefits offered by regular saving in funds, as well as to strengthen customer loyalty and brand awareness. At the same time, IT systems will be upgraded and automated while increasing attention will be paid to product development and expansion of common fund operations on Aktia's web site.

Aktia Asset Management Oy Ab

Aktia Asset Management Oy Ab offers discretionary asset management services to institutional investors and manages Aktia's mutual funds. During the year under review, the assets managed by the company increased by 38 per cent to FIM 3.6 billion and the company gained a large number of new customers.

The need for advanced asset management services is expected to increase considerably over the next few years, while at the same time competition will intensify. Another current trend on the market is that investors increasingly want to spread their investments internationally. Over the years, Aktia Asset Management has set up an extensive and smoothly operating network that includes many of the world's leading investment banks.

Aktia Securities Ltd

Aktia Securities Ltd brokers shares both to private and institutional investors as well as to savings and local co-operative banks. The economic analysis unit monitors the financial performance of companies listed in Finland and prepares, in collaboration with the Group's chief economist, long-term macroeconomic analyses from the European and global perspective. Share prices at the Helsinki Stock Exchange rose rapidly during 1999. According to the HEX index, the annual increase was 162 per cent. Similarly, the HEX portfolio index, where the weight of any single company is limited to a maximum of 10 per cent, went up by 66 per cent. There was a clear upswing in both share prices and trading volumes, particularly during the last few months of the year. The number of closed deals increased strongly towards the end of the year, suggesting that private individuals are taking a growing interest in direct equity trading. Such interest was distinctive in the latest issues and divestments of companies, as a result of which the total number of people holding shares increased from 600,000 to over 750,000.

As a result of these developments, the turnover and operations of Aktia Securities increased considerably during 1999. In keeping with its strategy of developing its web services, Aktia introduced the option of equity dealing over the Internet with shares quoted on the HEX (Helsinki Stock Exchange). As well as being able to buy and sell shares and having an overview of their own portfolios, customers now have access to Aktia's market analyses and economic reports, including share prices and information on listed companies. By the end of the year, about 1,000 customers had subscribed to this service, and the numbers continued to grow during the first part of 2000. Aktia Securities' organisation was strengthened during 1999 and the operations will be spun off during the current year.

During 2000, Aktia Securities Ltd will develop its operations and services intended for private investors, particularly Aktia's customers and those of the savings and local co-operative banks, and institutions. The intense growth in volumes is expected to continue in 2000.

Aktia's business units

Treasury

To further improve co-operation between the various business areas, the Treasury was restructured and expanded during 1999. Now the Treasury includes trading, the internal bank, the central financial institution, and the foreign unit.

Characteristic of the financial year under review was a general increase in interest rates due to strong economic growth and mounting inflationary pressures. The euro fell against the dollar compared with the beginning of 1999. Foreign operations showed a considerable increase in volume.

Internal bank

The internal bank is responsible for controlling and managing asset and liability risks including Aktia's liquidity and borrowing and interest-bearing investments by the internal bank itself. A major project in 1999 was the introduction of a new system for controlling interest rate risks. At the same time, the unit focused on developing Aktia's borrowing to ensure continued growth.

The main goal for 2000 is to further improve Aktia's refinancing risk control capabilities.

Trading unit

The trading unit handles the bank's currency and bond transactions with the main emphasis on customer trading. Financial performance in 1999 was not satisfactory. This was mainly due to the fact that interest rates went up earlier than expected, which caused unforeseen losses in the bank's bond portfolio. At the same time, income for currency transactions declined as a result of the introduction of the euro. In 2000, the focus will be on increasing customer trading by active brokerage of financial products and intensified co-operation with the main customer segment, i.e. the savings and local co-operative banks.

Foreign unit

The foreign unit handles foreign payment transfers, trade financing, bank guarantees, foreign currency credits, currency accounts and travellers' cheques for Aktia and the savings and local co-operative banks and provides training and advice on overseas transactions. In addition, the unit maintains Aktia's international network of correspondent banks. During 1999 volumes increased considerably and Aktia introduced a number of new products related to overseas cash management and upgraded the systems for foreign payments.

Central financial institution

Aktia serves as the central financial institution for the other savings banks (total 39) and local co-operative banks (43). In this capacity, Aktia is responsible for the clearance of domestic payment transfers and handles the banks' liquidity and other obligations imposed by the authorities. The financial result for 1999 was satisfactory. Co-operation between Aktia and the local banks was strengthened in various areas of business, which led to increased activity and a growing number of transactions. Additionally, the unit launched a joint project for controlling risk in payment transactions.

Real estate business

Aktia's real estate unit manages the Group's real estate property and holdings and participations in real estate corporations. In keeping with its policy of focusing on banking, Aktia continued to spin off its real estate operations in 1999 in respect of property and shares in corporations not used by the Group. By the end of the year, total sales amounted to FIM 100 million.

At the year-end, the capital tied up in real estate was FIM 984 million (FIM 1,069 million in 1998), which is equivalent to 6.1 per cent of the consolidated balance sheet total. Net return on real estate was 5.1 per cent and the total floor area 99 400 m2, of which around 22 per cent was used by the Group itself.

In 1999, Aktia Savings Bank plc sold a real estate portfolio of around 90 properties with a market value of approx. FIM 108 million to its partially owned subsidiary Vasp-Invest Oy. The portfolio consists mostly of business and office premises that are not used by the Group. Aktia holds 75 per cent of the voting shares in the company while its managing director Christer Bussman owns the remaining 25 per cent. Vasp-Invest Oy's concept is partly to help Aktia to break away from financial involvement in real estate property that is not used by the Group and partly to achieve an increase in the value of the remaining real estate portfolio. In February 2000, Aktia sold all its shares in Julius Tallberg-Kiinteistöt Oyj, representing 14 per cent of the entire capital stock, to Oy Julius Tallberg Ab for a price of approx. FIM 18.5 million.

Asset management

Aktia Private Banking

The core business of the Aktia Private Banking entity is asset management. The clientele consists primarily of private high net worth individuals and small and medium sized institutions. The services include everything from advice to confidential agreements by which customers authorise the Aktia Private Banking, subject to mutually agreed limits, to make investment decisions on their behalf. Additionally, the entity handles the customers' conventional bank business and offers legal services, including accounting services for various non-profit organisations. The activities are based on long-term customer relationships, mutual confidence and respect, with the aim of managing capital in a way that yields the maximum benefit for customers.

During 1999, the Aktia Private Banking focused on systematic and determined efforts to develop its operations, which led to an increase in the number of customers and the amount of capital managed by the bank.

This year the entity will concentrate on expanding and improving customer relationships by, for example, introducing a new customer reporting system and hiring new staff members, which is expected to attract new customers and increase earnings.

Insurance unit

Aktia's insurance unit is responsible for sales support and training and the co-ordination of marketing efforts on a turnkey basis in all matters related to insurance policies and products. The unit also serves as an intermediary in contacts with Aktia's partners in the field of insurance, such as the Life Assurance Company Sparfond, the Life Assurance Company Verdandi, GE Vakuutus, Lähivakuutus (The Local Insurance Group), and Svensk-Finland.

In 1999, Aktia signed a partnership agreement with the Life Assurance Company Sparfond and began to sell the company's products in mid-September. By the end of the year, most savings banks had concluded agreements to market the same products while a similar co-operation offer was also made to the local savings banks. Sales of insurance products, particularly unit-linked policies, gained momentum in the autumn and annual sales exceeded expectations. Volumes are anticipated to increase considerably during the current year as well.

Securities and back office services

The unit offers custodial services for domestic and foreign securities on behalf of the customers of Aktia, savings banks, and local co-operative banks.

During 1999 the number of customers increased considerably, the increase being no less than 93 per cent compared to 1998, while the market value of the assets in custody reached FIM 27 billion. To develop operations and improve efficiency, the unit was reorganised and a large number of new staff members were recruited.

As the growth in investments in securities by private individuals is expected to continue in Finland, the operations of the unit will most probably expand as well. In 2000, the unit will take steps to further improve the standard of quality of its operations and pay special attention to customer reporting.

Personnel

Personnel and competence development
The task of personnel development is to support the implementation of Aktia's business strategy. As in the past, the focus of Aktia's staff improvement scheme is to engender a new corporate culture and management philosophy, improve capabilities for making efficient use of new technology and introduce new working methods involving responsive customer care and active sales efforts. Aktia's aim is to see that all Aktia employees feel that they dare, are capable of, willing and permitted to take responsibility for their own work and the development of their own skills. Aktia's management culture is based on participatory leadership in branch and unit teams for the purpose of developing a new approach to work and ensuring a constant and systematic improvement in quality.

Training programme in 1999
To support systematic sales efforts and customer care, the extensive sales management training scheme launched in the autumn of 1998 was continued. A new sales support tool, AkSell, was introduced during 1999, which required training in the use of the system. At the same time, branch office staff were offered comprehensive training in sales techniques. Similarly, training was provided in savings and investment products in the form of the "Säästöajokortti" examination and theme days. As a result of the large number of new employees, induction training has become an essential part of in-house training, and a new programme, known as the Basic Examination and lasting three to six days, was introduced during 1999. The Basic Examination is compulsory for all new staff members. Language instruction was also increased during the year under review. In the autumn, the first employees enrolled in the Higher Banking Examination programme, an extensive training scheme consisting of several modules and designed to enhance competence and provide an overview of the various components of banking operations.

The one and a half year trainee programme launched in the spring of 1998 was brought to a conclusion in 1999. Eight of the trainees have found their place in the organisation, mainly in sales duties at branch offices, with some employed as specialists in support functions in the central administration. A new trainee programme focusing on the recruitment and training of investment advisors is being prepared for 2000.

An average of 4.3 days training per employee was organised by the bank during 1999, with most of the training being provided in-house. The total cost of training accounted for about 2.6 per cent of the Group's total salary bill.

Promotion of motivation and job satisfaction
Promotion of staff well-being and job satisfaction are among the main goals for personnel development. Aktia's duty as an employer is to find various ways to support its staff in matters of health, job motivation and competence; to promote smooth, purposeful and performance-oriented working; and to develop a positive office ambience and diversify work content.

For the third year running, a survey of the workplace atmosphere based on a questionnaire was carried out throughout Aktia in the autumn of 1999. As part of the survey, the respondents were asked to evaluate their managers, and the results of this will be used as a basis for management development. It is pleasing to note that the survey serves as an important development tool and that the staff feel that management and superiors have given due consideration to the results of the 1998 questionnaire in developing the operations. As in the past, work motivation appears high, and the staff enjoy their work more than people in the financial sector in general. Aktia's approach is felt to be more purposeful and clearly defined than in the past, and the prerequisites for team-based working are in place. However, greater demands are being imposed on the managers' ability to handle conflicts and problems in the workplace and to offer guidance in sales and development efforts. Training opportunities are found to be sufficient and Aktia's performance as an employer and its staff policies are viewed favourably. Aktia overall, as

Staffing on 31 December

	1995	1996	1997	1998	1999
Full-time	529	509	525	543	585
Part-time	48	57	55	47	54
Fixed-term	20	33	45	83	85
Actual bank staff	597	599	625	673	724
Other	40	29	31	33	26
Extended leaves of absence	24	12	22	21	19
Staff total (= Total employed)	661	640	678	727	769

well as each individual unit, have thus ensured a sound basis for future development.

Activities to promote job satisfaction and work efficiency were an important part of personnel development efforts during 1999. A number of special measures were taken to improve physical fitness and enhance workplace atmosphere at the offices and within individual units. Ten people took part in a retraining course organised by the National Pensions Institute. In October, an “Aktia Day” was held for personnel at the Vierumäki Sports Institute with the theme “Invest in Yourself”. The employees were given the opportunity to try various outdoor activities and forms of physical exercise and to attend a lecture on job satisfaction and well-being. About 500 Aktia staff members took part in the event.

Objectives, performance evaluation and rewards

Employee evaluations are an integral part of Aktia’s management system. Twice a year, managers and employees have a one-on-one meeting where they discuss future plans, past performance and competence development. The purpose of the talks is to define the employee’s main duties and objectives for the next period, assess performance during the preceding period, and make plans for competence and other development. At the same meetings, the employees are provided with the opportunity to openly discuss their situation at work and their job satisfaction. Employee evaluation meetings have been followed up since 1997, and 97 per cent of managers and 87 per cent of employees feel that these discussions are both important and beneficial.

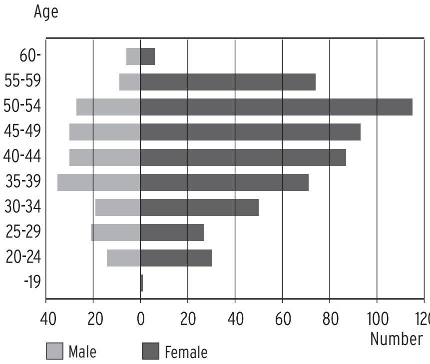
A new performance-based bonus scheme was adopted in 1999. It is linked to the Groupfs overall financial performance, including a number of specific activity-based objectives and individual performance at office level. Each staff member is eligible for a bonus equivalent to 75 per cent of his or her monthly salary. For 1999, about 4.6 per cent of the salary bill will be paid out in staff bonuses. Plans have been put in place to introduce a performance-based bonus system in 2000 that is linked to various criteria and development goals, the attainment of which may yield a bonus equivalent to a full month’s pay.

Number of employees

At the end of the year, the number of bank staff stood at 724, which was 51 more than in 1998. The increase was mainly due to recruitment of staff for the new offices in Kerava and Malmi and other expanding offices, for example in the Helsinki area, and additional staff for the growing business units within the Group.

A closer examination of the staff profile reveals that the average age is 44.2 years, and the average period of employment around 12 years. Of the bank staff, 26.4 per cent are male and 73.6 per cent female. Of senior managers, 57.5 per cent are men and 42.5 per cent women, while the breakdown for office staff is 16.2 per cent male and 83.8 per cent female.

Breakdown of bank staff by age and gender

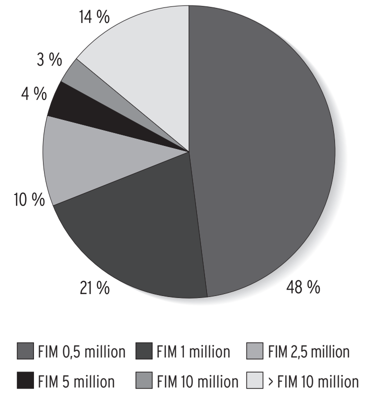


Breakdown of bank staff by period of employment

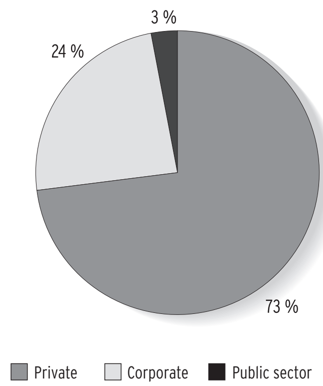
Financial structure and risk management

Aktia is a Finnish regional savings bank that focuses on private customers but its clientele also includes local companies, local government, foundations and non-profit organisations. In accordance with the strategic policy adopted by the Board of Directors, the bank deals only in low-risk financing.

Credit stock by volume



Credit stock



Assets

Claims on the public

At the end of 1999, total claims on the public amounted to FIM 10,016 million. The credit stock expanded by FIM 1,795 million, up 22 per cent on the previous year, 73 per cent of the loans stemming from the main customer segment – private individuals and householders. The second largest segment was corporate customers with a share of 24 per cent. Nearly half of the claims, 48 per cent, were in customer entities with liabilities of less than FIM 500,000. Customer entities with liabilities exceeding FIM 10 million accounted for only 14 per cent of the total. Of this 14 per cent, around half were low-risk claims or claims with risk rating 1, i.e. intercompany claims, claims on central and local government, Finnish financial institutions or claims secured by collateral provided by central or local government bodies.

As a result of the focus on sound credits, combined with the favourable economic development in the bank's operating environment, non-performing loans at the end of the financial year amounted to FIM 26.4 million, equivalent to 0.25 per cent of the total claims on the public. At the end of the financial year, the consolidated balance sheet included a total of FIM 48.5 million credits in the process of collection. Consequently, non-performing loans amounted to a total of FIM 74.9 million at the end of 1999. Together with zero-interest loans, these accounted for 0.8 per cent of the total credit stock, inclusive of commitments. Loan losses booked during the financial year amounted to FIM 8.2 million and losses on temporarily held assets to FIM 6.8 million. At the same time, recoveries in respect of actual loan losses made during previous financial years totalled FIM 7.6 million and capital gains FIM 0.6 million. Consequently, total loan losses amounted to FIM 6.8 million.

Investments in interest-bearing securities

Aktia invests in securities held as current and as fixed assets. At the end of the year under review, securities held as current assets stood at FIM 890 million. Average maturity was 0.9 years and average rate of return 3.5 per cent.

Securities entered as fixed assets amounted to a total of FIM 666 million with an average maturity of 1.9 years. All the portfolios include mostly Finnish and other bonds with a particularly high credit rating.

Shareholdings

At the end of the financial year, the nominal value of the Group's shareholdings totalled FIM 40.0 million while the market value of the share portfolio consisting of shares in Finnish and European companies was FIM 55.2 million.

Liabilities

Borrowing

Total borrowing from the public by Aktia increased by FIM 1,375 million to FIM 10,325 million on 31 December. The increase was greatest in savings. Combined with Euribor-tied cheque accounts, this accounted for 67 per cent of total deposits. While deposits increased by no less than 15.4 per cent, they still fell short of the growth in lending. As the interest payable on savings accounts will be taxable as of 1 June 2000, the increase in deposits is expected to level off further and funds will increasingly be invested in assets not included in the consolidated balance sheet. To anticipate this, new deposit products have been introduced and the ability to borrow on the capital market has improved.

Funding from money and capital markets

Borrowing from the capital market increased during the financial year, mainly from Finnish financial institutions. Funds are raised by regular issues of certificates, primarily to institutional investors.

Because of the introduction of the euro, Aktia is now in a position to extend borrowing to the Europe-wide money market. Aktia used this option by obtaining its first euro-denominated loan facility. The € 75 million loan with a maturity of 5 years was directed at European banks.

Rating

To facilitate issues to the euro market, Aktia requested a rating from Moody's Investors Service Ltd. The decision was made to ensure access to long-term funding at competitive terms.

The credit rating will strengthen Aktia's position on the euro market with regard to funding.

Aktia's rating

Long-term borrowing	A3 positive outlook
Short-term borrowing	P-2 positive outlook
Financial strength	D+ positive outlook

Off-balance sheet transactions

Aktia's trading unit trades with standard interest rate futures. This is in keeping with the bank's low-risk policy and the trading positions are included in the daily interest risk reports. Other derivatives, such as interest swaps, can only be used for hedging purposes.

Risk management

Credit risk management

It is Aktia's policy that the bank should only engage in low-risk financing. This policy was last reviewed by the Board of Directors in December 1997. The bank's instructions to its credit-granting units require that they

- carefully vet their customers every time a loan decision is taken
- adopt a principle of cautious assessment to ensure that no ill-considered collateral risks arise
- aim at diversification of the credit stock in relation to credit exposure, collateral risk, customer segments and business sectors
- do not grant funding to clients whose main activities are conducted outside the operating area of the branch involved.

Largely, the credit policy conforms to Aktia's core activity, i.e. lending to private households.

Decisions on customer lending are made by the Board of Directors or executive management. Branch offices are authorised to make lending decisions within the aggregated limits set out by the Board of Directors based on the total exposure, collateral risk, and the customer's credit rating. A decision was also made to concentrate major corporate credit decisions on nine selected branch offices specializing in corporate matters.

Authorisation to extend credit is delegated and lending decisions followed up according to the loan principal, total liabilities of the customer unit involved, the customer's credit rating, and collateral risk. With private individuals, credit rating is determined by an analysis of current cash flow, and with corporate customers, by analyses carried out by an external service provider and complemented by an evaluation based on Aktia's familiarity with the customer involved. Collateral risk indicates the maximum probable loss in the event of default and is defined in terms of a sound evaluation of the market value of security, less a safety margin designed to hedge against future fluctuations in market value. For shares in real estate companies, for example, the safety margin is 30 per cent.

The level of credit risk is monitored by the Board of Directors and executive management. The credit risk management unit, independent of the line organisation, supports the branch offices in making and implementing loan decisions. All credit decisions involving liabilities exceeding FIM 20 million, or a credit risk of over FIM 5 million, are reported to the Board of Directors, while all decisions involving liabilities of more than FIM 750,000 or a credit risk of over FIM 200,000 are reported to the executive management and the credit risk unit on a regular basis. The credit risk level is continuously analysed by the credit risk management function based on the credit rating and collateral risk information in terms of factors such as geographic distribution, liability, customer segment, and business sector.

Asset and liability management

Aktia is exposed to financial risks in its daily operations. Fluctuations, particularly in interest and currency exchange rates and share prices, affect Aktia's balance sheet and cash flows, which, in turn, have an impact on the Group's financial performance. The task of asset and liability risk management is to minimise the effect of interest rate fluctuations on profits. Aktia's structural asset and liability risks are controlled by the internal bank, whereas responsibility for daily trading risk rests with the trading unit. Credit risks are regulated by the line organisation and credit risk management. Financial risks are controlled by the Asset and Liability Committee (ALCO) in compliance with the guidelines laid down by Aktia's Board of Directors and the Executive Committee. ALCO reports to the Executive Committee on a monthly basis which, in turn, reports to the Board of Directors.

Interest rate risk

Interest rate risk arises when fluctuations in the interest rates level affect the Group's net income from financial operations. As the interest structure of assets and liabilities varies, changes in market and regulatory rates have an impact on operating income.

Primarily, interest rate risk is monitored by means of a sensitivity analysis using the concept of the parallel shift of one percentage point. In practical terms, this means that a calculation is made to determine how a change of one percentage point in the interest rate affects the Group's net income from financial operations. The method is based on the assumption that the entire interest rate curve shifts, and this change is simulated against Aktia's position.

Liquidity risk

Aktia's liquidity management works to ensure that all commitments made by the Group can be honoured from the financial point of view. In real terms, this may mean that financing that is no longer available is replaced by new funding or that new funding is raised in response to increased borrowing. The objective is to maintain an equitable maturity distribution and retain a broad financing base.

Aktia's operations are largely financed through borrowing from the public. Other important sources of funding are the Group's CD programme, the moneymarket, and the bond market. To further diversify funding, co-operation on the international market is being expanded through various euro-dominated instruments. Most of Aktia's assets consist of housing loans extended to private customers. Thus, repayments, new credits, term deposits, and regular payments affect Aktia's liquidity position, involving, at the same time, a liquidity risk. This risk is monitored by means of cash-flow analysis.

Exchange rate risk

Exchange rate exposure arises from the bank's foreign currency transactions as a result of changes in the value of the currency involved in respect of the base currency. Primarily, exchange rate risks are managed using matching. The bank's currency position is administered by the trading unit whose operations are regulated by means of internal limits specifying maximum exposure for individual currencies as well as maximum total exposure. Aktia's net currency exposure must not exceed FIM 60 million. Foreign currency exposure is marked to market value on a daily basis and reported to the authorities monthly.

Equity risks

Equity risk arises when fluctuations in the prices of the shares held by Aktia affect its net income from securities transactions. Exposure through equity dealing is not one of Aktia's core activities, but to spread the risk, Aktia made a strategic investment in shares to a nominal value of FIM 40 million.

In order to reduce the negative impact of share price fluctuations, part of the portfolio was hedged with future contracts.

Equity capital and capital adequacy

Equity capital and capital adequacy are disclosed in detail on pages 45 - 47 of the Annual Report.

Real estate

On 31 December, tied-up property holdings stood at FIM 984 million (FIM 1,069 million in 1998), equivalent to 6.1 per cent of the Group's balance sheet total. During the financial year under review, Aktia sold properties and holdings in real estate corporations to a value of FIM 100 million. Additionally, the bank sold a real estate portfolio with a market value of FIM 108 million to its partially owned subsidiary Vasp-Invest Oy. As a result of the sale of property holdings, the Group booked FIM 24.2 million write-downs in property values as well as sales losses of FIM 2.2 million on assets held in temporary possession, which amount is included in loan losses.

Interest rate risk

31 December	Total	<3 months	3–6 months	6–12 months	1–2 years	2–5 years	>5 years
Interest-bearing assets	12,410	9,427	825	759	705	409	285
Treasury	3,028	2,680	251	64	20	11	0
Non-interest bearing assets	842	-70	4	6	3	4	895
Total assets	16,279	12,037	1,080	829	728	424	1,180
Interest-bearing liabilities	12,517	11,806	144	64	46	241	216
Treasury	2,988	2,475	317	195	0	0	0
Non-interest bearing liabilities	775	-4	0	0	0	0	779
Total liabilities	16,279	14,277	461	259	46	241	995

Result
Group profit for 1999 reached FIM 115.6 million, showing a year-on-year increase of FIM 32.5 million. Growth in borrowing and lending continued at a high level. Because of meagre interest margins, profits did not improve in the same proportion as compared with 1998. Moreover, the financial result was adversely affected by the FIM 24.2 million write-downs in property values as Aktia spun off its real estate operations in respect of property and participations in property not used by the Group itself. In 1998, the write-downs amounted to FIM 91.5 million.

Net operating profit increased by FIM 46.9 million to FIM 130.0 million. The result before loan losses went up by FIM 47.2 million reaching FIM 135.2 million. Loan losses increased by FIM 1.0 million to FIM 6.8 million.

Income
Total income fell by FIM 4.5 million compared with 1998, reaching FIM 556.6 million.

Net income from financial operations was FIM 336.1 million – up FIM 0.1 million on the previous year – despite the fact that it was adversely affected by cuts in ECB's refinancing rate at the beginning of the year. This prompted Aktia to lower its prime rate on two occasions from 3.75 per cent to 3.0 per cent. During the last quarter, interest rates were slightly readjusted, which caused Aktia to raise its prime rate to 3.5 per cent. Performance was also affected by lower customer margins, and at the end of the financial year the net interest rate margin fell by 0.52 percentage points compared with last year.

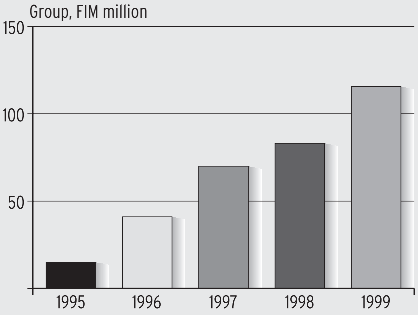
Total other income decreased from FIM 225.1 million to FIM 220.5 million. Commission income rose from FIM 141.8 million to FIM 153.9 million. The growth was primarily due to a considerable increase in stock brokerage operations and increased earnings from the sale of units in mutual funds and insurance products. The result for securities transactions and foreign exchange dealing showed a loss of FIM 9.3 million as a result of the increase in long-term interest rates in the spring and summer, which caused unrealised losses in the bank's bond portfolio. Similar losses were incurred in the equity portfolios. Income from currency transactions dropped as well due to the switchover to the euro. Other operating income went up by FIM 3.1 million to FIM 88.4 million due to greater capital gains from the sale of property holdings.

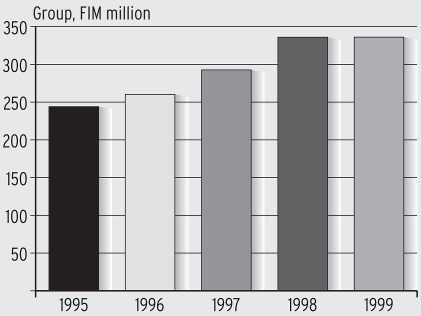
Expenses
Total costs reached FIM 421.4 million, being FIM 51.8 million lower than in 1998.

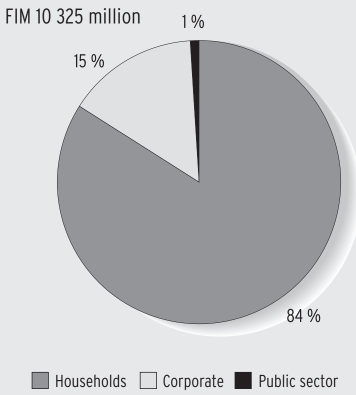
Personnel costs rose by FIM 16.0 million to FIM 168.9 million. This resulted from the recruitment of new employees to new branches, establishment of branches in high-growth areas, and the increased volume of business on the capital market. Similarly, pay increases based on collective labour agreements increased personnel costs. Other administrative expenses fell by FIM 1.7 million to FIM 114.5 million as a result of the decrease in the cost of EDP transactions. Total depreciation went down from FIM 120.2 million to FIM 57.0 million, but the year-on-year figures are not comparable because the Group wrote down its property values by FIM 91.5 million in 1998 and by FIM 24.2 million in 1999. Depreciation was affected by the renovation of Aktia's branch office network including the head office. Real estate expenses dropped following a considerable reduction in the Group's property holdings compared with 1998. However, office costs, primarily data transmission costs, increased, meaning that other operating expenses fell by only FIM 2.8 million to FIM 81.0 million.

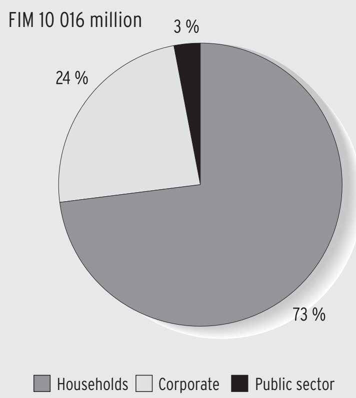
Income to cost ratio
As per 31 December 1999, the ratio of income to cost was 1.31. If the impact of the FIM 24.1 write-down is eliminated, the figure is 1.39. The corresponding figures for the preceding financial year were 1.18 and 1.46, respectively, with total write-downs in 1998 amounting to FIM 91.5 million.

Borrowing and lending
Borrowing increased in 1999 by FIM 1,375.0 million (15.4%) to FIM 10,324.8 million. Lending over the same period grew by FIM 1,794.8

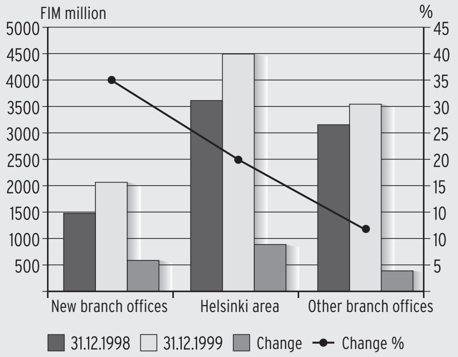
Profit


Income from financial operations


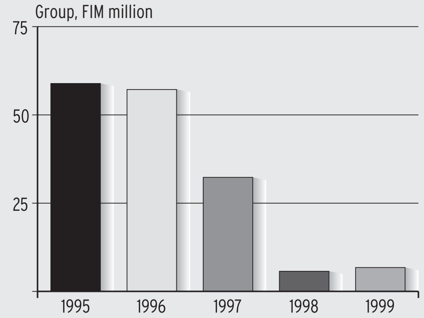
Deposits by the public 12/99


Credit stock 12/99


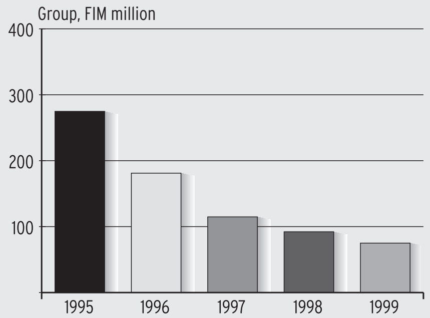
Growth in lending by geographical area



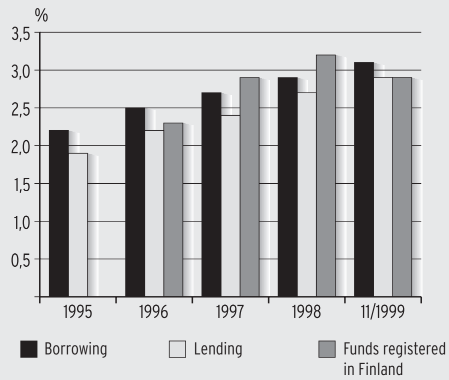
Loan losses



Non-performing loans



Aktia's market share



same period grew by FIM 1,794.8 million (21.8%) to FIM 10,016.0 million. New loans as per 31 December 1999 totalled FIM 5,007.5 million of which credits extended to private individuals accounted for FIM 3,755.9 million. Compared with the previous year, the increase in new loans was 28.1 per cent.

Loan losses and risks

In 1999, the Group booked loan losses of FIM 0.6 million. Additionally, sales losses for property held in temporary possession were entered at a net value of FIM 6.2 million, the total loan losses thus amounting to FIM 6.8 million. FIM 11.1 million was booked in loan losses in 1998. Gains of FIM 5.4 million from the sale of property held in temporary possession were set off against loan losses, the net total being FIM 5.7 million.

The parent company made a loan loss provision of FIM 10.0 million whose tax implications for the Group profit was FIM 2.9 million.

Compared with 1998, non-performing loans fell by FIM 17.2 million to FIM 75.0 million. Together with non-interest-bearing loans, they account for 0.9 per cent of the total credit stock, including commitments.

Capital adequacy

Group net capital on 31 December was FIM 839.6 million. Of this, FIM 720.9 million was Tier 1 capital and FIM 118.7 million Tier 2 capital. The capital adequacy ratio was 10.8 per cent, the proportion of Tier 1 capital being 9.3 per cent.

Rating

In December, Aktia received a rating from the international credit rating agency Moody´s Investors Service. The ratings were A3 for long-term borrowing, P-2 for short-term borrowing, and D+ for financial strength. Moody´s ratings were mainly based on Aktia's business focus, strong regional presence, and positive financial performance. Aktia decided to request a rating in order to secure long-term borrowing at favourable terms and to invite an objective evaluation of its performance.

Personnel

On 31 December 1999, the number of personnel within in the Group stood at 769 (727 on 31 December 1998) of which 724 (673) were actual bank staff. The growth is mainly due to new personnel recruited to the new branches, branch offices in the Helsinki area and the increase in the volume of business in the capital market sector. The average number of employees during the accounting period was 716.

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

- On 11 March 1999, the Board of Supervisors invited Mr Erik Anderson, L.L.M, to the position of Managing Director for Aktia Savings Bank plc. He started at Aktia on 1 September and assumed the position of managing director on 1 December, succeeding Mr Johan Horelli, who retired on 30 November.
- On 11 March 1999, the Board of Supervisors appointed Mr Robert Charpentier, M.Sc.(Econ.), to the Board of Directors of Aktia Savings Bank plc. Mr Charpentier is Head of Corporate Banking and has been working for FöreningsSparbanken since 1997. He succeeded Mr Håkan Källåker on the Board of Directors.
- On 3 May 1999, the general meeting of shareholders appointed two new members to the Board of Supervisors, Mrs Kristina Lyytikäinen, municipal secretary, and Mrs Christina Gestrin, M.Sc. in Agriculture and Forestry.
- On 26 November 1999, the Board of Directors approved the reorganisation of Aktia's executive management. The objective of the reorganisation, which took effect on 1 December, was to enable the Group to maintain a high standard of customer service and to improve and promote efficient and profitable development.

The following appointments to the Executive Committee were made: Deputy Managing Director Asko Rintala, M.Sc.(Econ.), with responsibility for Sales & Customer Service and managerial duties in the absence of the managing director; Deputy Managing Director, M.Sc.(Eng.), Jan-Peter Rehn with responsibility for

Asset Management; General Manager Jarl Sved, L.L.M, appointed Deputy Managing Director for Corporate Services; and General Manager Yngve Lindberg with responsibility for real estate and internal services.

The following appointments to the executive management for Sales & Customer Services were made: General Manager Caj Holmström, B.Sc.(Econ.), with responsibility for branch office operations in the Helsinki area as well as marketing and Mr Rintala's duties in his absence. General Manager Kenneth Kaarnimo, M.Sc.(Econ.), with responsibility for branch office operations in Uusimaa, Turunmaa, and Tampere. District Manager Gösta Råholm, with responsibility for branch office operations in Pohjanmaa. At the same time, he was appointed General Manager.

On 24 January 2000, Mr Tom Anderzén, M.Sc.(Econ.), M.Sc.(Eng.), was appointed general manager and member of the Executive Committee with responsibility for Business Development & IT.

Operations and major events in 1999

Branch office operations

During 1999, Aktia opened two new branch offices, one in Kerava and one in Malmi, as well as two service outlets, one in Tammisaari and another in Laihia. Establishment of the new branches was based on the excellent performance achieved in areas such as Tampere and Järvenpää, favourable market research surveys, and the need to consolidate Aktia's position in areas where economic growth is strong. The new branches have been successful. At present, Aktia's network of branch offices is sufficiently extensive, and so Aktia will, over the next few years, focus on improving branch operations and strengthening their position.

A refurbishing programme for the branch office network was launched during 1999. The objective is to ensure that the branches respond to today's need for more personalised service in secluded customer service areas for confidential transactions. Modernisation was favourably received by the customers.

Web service and the Internet bank

In October, Aktia launched its new web service to respond to customer needs, which is a continuation of its policy to provide individual customer care on the electronic market as well. Fully integrated with Aktia's business operations, the new service will in future allow customers to select the type of information they wish view by creating a personalised web site profile. All the functions on Aktia's web site are available both in Finnish and Swedish. An English version of the site at www.aktia.com will be launched in early 2000.

Aktia's Internet bank was modernised in November by increasing its capacity five-fold, upgrading the technology and making it possible to effect payments online.

In mid-October, Aktia introduced an equity dealing possibility over the Internet with shares quoted on the HEX Helsinki Stock Exchange. As well as being able to buy and sell shares and having an overview of their own portfolios, customers have access to Aktia's market analyses and economic reports, including share prices and information on listed companies. By the end of the year, about 1,000 customers had subscribed to this service.

Aktia Fund Management Ltd

The market for fund-saving developed strongly in Finland during 1999. The number of Aktia Fund Management's customers more than doubled despite the fact that its market share fell from 3.2 to 2.9 per cent during the financial year. This development reflects Aktia's focus on private individuals while the fund market is still dominated by institutional investors. On 31 December 1999, the market value of Aktia's funds was FIM 2, 223.2 million, representing a 50 per cent year-on-year increase.

Aktia and Folkhälsan (a non-profit organisation working with social welfare and medical supplies) established a fund called the Mutual Fund Aktia Folkhälsan. A significant proportion of the fund's management fees will be donated for charitable purposes. The fund is intended for people who want not only to invest in funds but also support Folkhälsan's activities. This is the first fund of this type in Finland.

In October, Aktia and Robur Kapitalförvaltning AB, the largest fund management company in Scandinavia, concluded an agreement under which Aktia started marketing Robur funds in Finland. Initially, Aktia is marketing 12 Robur funds to complement its range of services. Currently, Aktia's fund portfolio includes 19 funds. Robur funds are also sold by Aktia's partners, the savings banks and local co-operative banks.

Insurance

In February, Aktia and FöreningsSparbanken AB (publ) (Swedbank) signed a letter of intent under which the life assurance company of FöreningsSparbanken named SparFond Sverige set up a subsidiary in Finland, Aktia began selling the company's unit-linked insurance polices, and Mr Raimo Voutilainen, head of the bank's insurance unit, was appointed managing director of the new company. Marketing of Sparfond Finland's products through Aktia's retail network began in mid-September. By the end of the year, most savings banks had signed agreements on selling the products. This type of co-operation has also been offered to local co-operative banks. Furthermore, Aktia will provide its partners marketing and sales support. Sparfond's products won wide acclaim among Aktia's customers, and the autumn sales exceeded expectations. Other partners in the insurance sector are the insurance companies Verdandi and GE Vakuutus.

Activities as central financial institution

Since 1996, Aktia has served as the central financial institution for the other 39 savings banks, and since the autumn of 1998 for 43 local co-operative banks. Aktia handles clearing of the banks' domestic payment transactions, handles their liquidity and assumes responsibility for the specific obligations imposed by the authorities. During 1999, these activities developed favourably and co-operation was intensified, primarily in the sales of units in mutual funds and insurance products.

Real estate holdings

In keeping with its policy of focusing on banking operations, Aktia continued to divest part of the Group's real estate property and related shares where the premises are not used for banking purposes. By 31 December 1999, property had been sold to a total value of FIM 100 million.

On 23 December, Aktia Savings Bank plc sold to its partially owned subsidiary Vasp-Invest Oy a real estate portfolio of around 90 properties with a market value of approx. FIM 108 million. The portfolio consists mostly of business and office premises that are not used by the Group. As a result of the sale of property holdings, the Group booked FIM 24.2 million write-downs in property values as well as sales losses of FIM 2.2 million on assets held in temporary possession, which amount is included in loan losses. Aktia holds 75 per cent of the voting shares in the company while its managing director Christer Bussman owns the remaining 25 per cent. Vasp-Invest Oy's concept is partly to help Aktia to disengage from financial involvement in real estate property that is not used by the Group and partly to achieve an increase in the value of the remaining real estate portfolio.

On 31 December, tied-up property holdings stood at FIM 984 million (FIM 1,069 million in 1998), equivalent to 6.1 per cent of the Group's balance sheet total. Net return was 5.1 per cent and total floor area 99,400 m^2 of which about 22 per cent was used by the Group itself.

On 18 February 2000, Aktia sold all its holdings in Julius Tallberg-Kiinteistöt Oyj, equivalent to 14.01 per cent of the capital stock. The total number of shares was 557,7000 and price per share FIM 32.11, the total being FIM 18.6 million. The buyer was Oy Julius Tallberg Ab.

The euro

Aktia has proceeded with its preparations for the third phase of EMU. The adoption of the euro on 1 January 1999 went smoothly with no problems of note. Much of the Group's business is now conducted in euros, such as securities trading, bonds transactions, and mutual funds. So far only a couple of hundred customers, of which around 50 per cent are businesses, have made use of the possibility of denominating savings and loan products in euros. Preparations for the adoption of the euro as the cash currency as of the beginning of 2002 are proceeding according to plan. Aktia, together with its affiliated IT company, Oy Samlink Ab, have allocated sufficient resources to ensure that the transition and potential conversions can be carried out smoothly in a way that promotes business activities.

Year 2000

The changeover to 2000 went according to plan. All systems were running normally after the year-end and no problems have been detected since.

As early as 1996, Aktia and Oy Samlink Ab, the supplier of banking systems for the savings banks, started a process to identify and plan modifications to information systems with a view to the year 2000. The necessary changes to systems critical to banking were completed according to plan in good time before the changeover to 2000.

Other events

- In June, Aktia made a multicurrency revolving credit facility of 75 million euros in order to underpin its financial position and ensure Aktia's expansion.
- The three-year shareholder agreement between Aktia's largest owners, the Finnish savings banks and thrift promoting foundations, and FöreningsSparbanken AB (publ), expired on 28 June 1999.
- On 17 May, Aktia lowered its prime rate from 3.50 per cent to 3.00 per cent.
- On 1 November, Aktia raised its prime rate from 3.00 per cent to 3.50 per cent.
- On 15 November, Mr Réne Källbacka, M. Pol.Sc., was appointed managing director for Aktia Securities.
- On 16 February 2000, Aktia raised its prime rate from 3.50 per cent to 4.00 per cent, effective from 2 March 2000.

The savings banks' security fund

Aktia and all the other savings banks belong to the voluntary security fund for savings banks. Under the rules of this fund set out on 29 April 1998, the savings banks are not mutually responsible for each others' debts or liabilities. The fund paid no support during 1998. By contrast, those savings banks that had received financial support in the previous years paid a total of FIM 3.2 million to the fund in the form of capital investments. The fund is free of debt and its assets on 31 December 1999 stood at FIM 150 million.

Deposit Guarantee Fund

The 1998 act on safeguarding deposits stipulates that the savings of every depositor shall be covered up to FIM 150 000. The Deposit Guarantee Fund operated jointly by banks provides this cover for their customers. It is compulsory for all banks to subscribe to this fund. During 1999, Aktia paid FIM 7.5 million to the fund whose capital on 31 December 1999 stood at FIM 554 million.

Investors' Compensation Fund

Banks and brokerage firms are members in the Investors' Compensation Fund whose purpose is to safeguard the interests of small investors in the event that a bank or brokerage firm fails. Individual investors may be covered up to FIM 120 000. The ceiling for the fund's total liabilities is FIM 50 million. On 31 December 1999, the fund's capital stood at FIM 6.5 million. Another FIM 6.5 million of potential compensation claims have been covered by insurance, meaning that in a space of two years, the Investors' Compensation Fund has covered approx. one quarter of its liabilities.

Prospects for 2000

Assuming that the current business cycle holds as anticipated and no major changes take place in the interest market, Aktia's operations and financial performance are expected to develop favourably during the current year. Growth of the credit portfolio is likely to level off while the increase in volume in alternative forms of savings, such as funds and insurance, is expected to continue.

Consolidated profit and loss account 1 January – 31 December

	note	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Interest income	(1)	603,782	101,549	570,962	96,029
Interest expenses	(1)	-267,673	-45,019	-234,972	-39,520
Net income from financial operations		**336,109**	**56,530**	**335,990**	**56,509**
Income from equity investments		2,870	483	1,000	168
Commission income		153,941	25,891	141,817	23,852
Commission expenses		-15,400	-2,590	-11,507	-1,935
Net income from securities transactions and foreign exchange dealing					
Net income from securities transactions	(3)	-14,894	-2,505	-1,916	-322
Net income from foreign exchange dealing		5,586	939	10,446	1,757
		-9,308	-1,566	8,530	1,435
Other operating income	(5)	88,379	14,864	85,342	14,353
Administrative expenses					
Staff costs					
Salaries and fees		-133,601	-22,470	-120,769	-20,312
Staff-related costs					
Pension costs		-24,730	-4,159	-22,516	-3,787
Other staff-related costs		-10,553	-1,775	-9,645	-1,622
		-168,884	-28,404	-152,930	-25,721
Other administrative expenses		-114,510	-19,259	-116,244	-19,551
		-283,394	-47,663	-269,174	-45,272
Depreciation and write-downs on tangible and intangible assets					
Planned depreciations		-32,888	-5,531	-28,676	-4,823
Write-downs owing to decrease in value		-24,152	-4,062	-91,515	-15,392
	(6)	-57,040	-9,593	-120,191	-20,215
Other operating expenses	(5)	-80,967	-13,618	-83,801	-14,094
Loan and guarantee losses	(7)	-6,753	-1,136	-5,729	-963
Profit or loss from companies acoounted for using the equity method		1,588	267	789	132
Net operating profit		**130,025**	**21,869**	**83,066**	**13,970**
Extraordinary items		-	-	-	-
Profit before appropriations and taxes		**130,025**	**21,869**	**83,066**	**13,970**
Income taxes	(44)				
Taxes for the financial year and taxes brought forward		-10,969	-1,845	-9	-1
Changes in imputed tax claims		-2,900	-488	-	-
Minority interest		-572	-96	60	10
PROFIT FOR THE FINANCIAL YEAR		115,584	19,440	83,117	13,979

Consolidated balance sheet 31 December

ASSETS	note	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Liquid assets		1,101,420	185,246	1,167,158	196,302
Debt securities eligible for refinancing with central banks					
Treasury bills		40,648	6,837	39,377	6,623
Other		2,928,894	492,605	2,612,975	439,471
	(13,20,42)	2,969,542	499,442	2,652,352	446,094
Claims on credit institutions					
Repayable on demand		95,330	16,033	58,537	9,845
Other		656,633	110,438	329,997	55,502
	(42)	751,963	126,471	388,534	65,347
Claims on the public and public sector entities	(15,42)	10,015,999	1,684,570	8,221,197	1,382,706
Debt securities					
On public sector entities		37,151	6,248	8,960	1,507
Other		81,571	13,719	447,240	75,220
	(20,42)	118,722	19,967	456,200	76,727
Shares and participations	(21)	74,581	12,544	60,276	10,138
Participating interests		12,365	2,080	12,128	2,040
Shares and participations in group undertakings		-	-	-	-
Intangible assets					
Other long term expenditure	(23)	24,804	4,172	25,891	4,354
Tangible assets					
Real estate and shares and participations in real estate corporations	(24)	926,876	155,889	1,006,863	169,342
Other tangible assets		111,101	18,686	62,824	10,567
	(22)	1,037,977	174,575	1,069,687	179,909
Other assets	(26)	37,212	6,259	30,232	5,084
Accrued income and prepayments	(27)	134,307	22,589	108,104	18,182
TOTAL ASSETS		16,278,891	2,737,913	14,191,759	2,386,883

Consolidated balance sheet 31 December

LIABILITIES	note	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
LIABILITIES					
Liabilities to credit institutions and central banks					
Credit institutions					
Repayable on demand		834,332	140,325	639,237	107,512
Other		2,505,259	421,354	2,191,599	368,600
	(42)	3,339,591	561,679	2,830,836	476,112
Liabilities to the public and public sector entities					
Deposits					
Repayable on demand		10,138,655	1,705,199	8,677,753	1,459,493
Other		186,188	31,315	272,012	45,749
		10,324,843	1,736,514	8,949,765	1,505,242
Other liabilities		418,998	70,470	349,954	58,858
	(42)	10,743,841	1,806,984	9,299,719	1,564,100
Debt securities issued to the public					
Bonds		20,136	3,387	50,569	8,505
Other		551,640	92,779	595,253	100,115
	(30,42)	571,776	96,166	645,822	108,620
Other liabilities	(31)	434,421	73,064	360,057	60,557
Accrued expenses and deferred income	(32)	109,641	18,440	74,345	12,504
Compulsory provisions					
Other compulsory provisions	(10,33)	2,016	339	5,000	841
Subordinated liabilities	(34)	305,090	51,312	305,090	51,312
Imputed tax claims		2,900	488	-	-
Minority interest		17,862	3,004	17,093	2,875
Total liabilities		**15,527,138**	**2,611,476**	**13,537,962**	**2,276,922**
EQUITY CAPITAL					
Share capital		423,097	71,160	423,097	71,160
Share premium account		6,906	1,162	6,906	1,162
Other restricted reserves					
Reserve fund		44,337	7,457	44,337	7,457
Profit brought forward		161,829	27,218	96,340	16,203
Profit for the financial year		115,584	19,440	83,117	13,979
Total equity	(35)	**751,753**	**126,437**	**653,797**	**109,961**
TOTAL LIABILITIES		16,278,891	2,737,913	14,191,759	2,386,883

OFF-BALANCE SHEET COMMITMENTS

	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Commitments given to a third party on behalf of a customer				
Guarantees and pledges	205,063	34,489	203,830	34,282
Other	-	-	-	-
Irrevocable commitments given in favour of a customer				
Securities repurchase commitments	-	-	-	-
Other	608,175	102,288	502,080	84,444

Parent Company profit and loss account 1 January – 31 December

	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Interest income	609,561	102,521	576,926	97,032
Interest expenses	-266,786	-44,870	-231,536	-38,942
Net income from financial operations	**342,775**	**57,651**	**345,390**	**58,090**
Income from equity investments				
Group undertakings	30	5	1,557	262
Participating interests	1,917	322	1,381	232
Other undertakings	2,828	476	991	167
	4,775	803	3,929	661
Commission income	141,138	23,738	133,967	22,532
Commission expenses	-15,400	-2,590	-11,205	-1,885
Net income from securities transactions and foreign exchange dealing				
Net income from securities transactions	-14,887	-2,504	-1,732	-291
Net income from foreign exchange dealing	5,583	939	10,454	1,758
	-9,304	-1,565	8,722	1,467
Other operating income	105,341	17,717	88,459	14,878
Administrative expenses				
Staff costs				
Salaries and fees	-128,323	-21,582	-117,786	-19,810
Staff-related costs				
Pension costs	-23,749	-3,994	-22,001	-3,701
Other staff-related costs	-10,254	-1,725	-9,383	-1,578
	-162,326	-27,301	-149,170	-25,089
Other adminstrative costs	-111,576	-18,766	-112,672	-18,950
	-273,902	-46,067	-261,842	-44,039
Depreciation and write-downs on tangible and intangible assets				
Planned depreciations	-22,099	-3,717	-17,562	-2,953
Write-downs	-24,152	-4,062	-91,515	-15,392
	-46,251	-7,779	-109,077	-18,345
Other operating expenses	-114,528	-19,262	-109,345	-18,391
Loan and guarantee losses	-9,586	-1,612	-5,729	-963
Net operating profit	**125,058**	**21,033**	**83,269**	**14,005**
Extraordinary items	-	-	-	-
Profit before appropriations and taxes	**125,058**	**21,033**	**83,269**	**14,005**
Appropriations				
Change in fund for general banking risks	-10,000	-1,682	-	-
Income taxes				
Taxes for the financial year and taxes brought forward	-9,838	-1,655	3	0
Changes in imputed tax claims	-	-	-	-
PROFIT FOR THE FINANCIAL YEAR	105,220	17,697	83,272	14,005

Parent Company balance sheet
1 January – 31 December

ASSETS	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Liquid assets	1,101,420	185,246	1,167,158	196,302
Debt securities eligible for refinancing with central banks	2,969,542	499,441	2,652,352	446,094
Claims on credit institutions				
Repayable on demand	102,816	17,292	58,531	9,844
Other	656,633	110,438	329,996	55,502
	759,449	127,730	388,527	65,346
Claims on the public and public sector entities	10,248,804	1,723,725	8,346,976	1,403,861
Debt securities				
On public sector entities	33,183	5,581	6,017	1,012
Other	79,982	13,452	447,463	75,258
	113,165	19,033	453,480	76,270
Shares and participations	67,093	11,284	52,904	8,898
Paticipating interests	5,523	929	5,523	929
Shares and participations in group undertakings	28,325	4,764	27,743	4,666
Intangible assets	23,127	3,890	23,985	4,034
Tangible assets				
Real estate and shares and participations in real estate corporations	683,385	114,937	839,654	141,219
Other tangible assets	104,895	17,642	55,799	9,385
	788,280	132,579	895,453	150,604
Other assets	34,340	5,776	29,787	5,009
Accrued income and prepayments	132,319	22,254	107,593	18,095
TOTAL ASSETS	16,271,387	2,736,651	14,151,481	2,380,108

Parent Company balance sheet
1 January – 31 December

LIABILITIES	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
LIABILITIES				
Liabilities to credit institutions and central banks				
Credit institutions				
Repayable on demand	850,544	143,051	642,473	108,056
Other	2,505,259	421,354	2,191,599	368,601
	3,355,803	564,405	2,834,072	476,657
Liabilities to the public and public sector entities				
Deposits				
Repayable on demand	10,165,230	1,709,669	8,688,815	1,461,354
Other	186,188	31,315	272,012	45,749
	10,351,418	1,740,984	8,960,827	1,507,103
Other liabilities	423,773	71,274	348,518	58,617
	10,775,191	1,812,258	9,309,345	1,565,720
Debt securities issued to the public				
Bonds	0	0	20,000	3,364
Other	551,640	92,779	595,253	100,114
	551,640	92,779	615,253	103,478
Other liabilities	424,101	71,329	352,895	59,353
Accrued expenses and deferred income	101,509	17,073	71,380	12,005
Compulsory provisions				
Other compulsory provisions	2,016	339	5,000	841
Subordinated liabilities	305,090	51,312	305,090	51,312
Total liabilities	**15,515,350**	**2,609,495**	**13,493,035**	**2,269,366**
APPROPRIATIONS				
Loan loss provision	10,000	1,682	-	-
EQUITY CAPITAL				
Share capital	423,097	71,160	423,097	71,160
Share premium account	6,906	1,161	6,906	1,161
Other restricted reserves				
Reserve fund	47,963	8,067	47,963	8,067
Profit brought forward	162,851	27,389	97,208	16,349
Profit for the financial year	105,220	17,697	83,272	14,005
Total equity capital	**746,037**	**125,474**	**658,446**	**110,742**
TOTAL LIABILITIES	16,271,387	2,736,651	14,151,481	2,380,108

OFF-BALANCE SHEET COMMITMENTS	1999 FIM 1,000	1999 € 1,000	1998 FIM 1,000	1998 € 1,000
Commitments given to a third party on behalf of a customer				
Guarantees and pledges	205,063	34,489	204,038	34,317
Other	-	-	-	-
Irrevocable commitments given in favour of a customer				
Securities repurchase commitments	-	-	-	-
Other	608,575	102,355	519,680	87,404

Accounting policies

The bank's final accounts and the consolidated final accounts have been drawn up in compliance with the provisions of the Accounting Act and Credit Institutions Act; the decisions of the Ministry of Finance on final accounts and consolidated final accounts for credit institutions; and regulations 106.1 and 106.2 issued by the Financial Supervision Authority.

Comparability of profit and loss account and the balance sheet

The final accounts have been prepared in accordance with the Financial Supervision Authority's regulations (J. No. 20/420/98 and 21/420/98) effective as of 30 June 1998. The profit and loss account and balance sheet for 1999 are fully comparable with those of the preceding years. The only exception is the credit loss provision made in the final accounts for 1999 for which no equivalent exists in the preceding year.

Scope of consolidated accounts

The consolidated accounts include the annual accounts of the parent company and its directly or indirectly owned subsidiaries and associated undertakings (Financial Supervision Authority's regulation 106.2).

In accordance with the said regulations, real estate corporations whose balance sheet total accounts for less than one per cent of the balance sheet total of the parent company (or less than the equivalent of 10 million euros in Finnish markkas) have been excluded from the consolidated accounts, but only if the combined balance sheet total of the said real estate corporation falls short of 5 per cent of the consolidated balance sheet total. Despite the fact that a number of companies have not been included in the consolidated accounts, they give a true and fair view of the Group's financial performance and position.

No such changes have taken place in the Group structure that would essentially affect the comparability of the consolidated final accounts for 1999 with those drawn up for the preceding financial year. Information on consolidated and non-consolidated subsidiaries and associated undertakings is provided in note 53 to the accounts "Holdings in other undertakings".

Consolidation

Where the final accounts of subsidiaries are included in the consolidated final accounts, the accounting principles of the parent company have been applied. For subsidiaries (ownership over 50 per cent), the final accounts have been consolidated line by line in accordance with the past-equity method. The final accounts for associated undertakings (ownership 20-50 per cent) have been consolidated according to the equity method.

Inter-company income and expenses within the Group, inter-company receivables and payables including distribution of profit have been eliminated. Mutual shareholdings have been eliminated using the past-equity method. Group goodwill arising from such elimination has been allocated to buildings and will be depreciated according to the depreciation plan for buildings.

Items denominated in foreign currencies

For currencies included in the euro zone, the fixed exchange rates adopted on 1 January 1999 have been used for the closing of the accounts. The exchange rate differences that have arisen have been included in the profit and loss account as income or expenses for the financial year. The same conversion principle has been applied to the final accounts of the subsidiary in Luxembourg and translated for the consolidated accounts following the same rules applied to the final accounts of the parent company. Exchange rate differences relating to consolidated accounts have been entered under equity capital.

Assets and liabilities denominated in foreign currencies outside the euro zone have been converted into Finnish markkas using the Bank of Finland average rate of exchange on the day of the closing of the accounts.

Current and fixed assets

For the purpose of calculating assets, debt securities, shares and holdings are divided into two categories: current and fixed assets.

Current assets include debt securities and other publicly listed domestic and foreign securities in which the bank trades (consignment stock). They are entered in the accounts at the probable redemption value on the day of the closing of the accounts.

Other current assets include debt securities, shares and holdings that are not included in the consignment stock. They are entered at acquisition cost or a probable lower assignment price.

For publicly listed securities, the final trading price of the year has been used as the probable assignment price. For securities that are not publicly quoted, the book value or a lower estimated assignment price has been used as the probable assignment price, and for debt certificates, the present net value of the principal and interest stream arising from the debt instrument and discounted at the market interest rate has been used.

Fixed assets include debt certificates to be retained until maturity, shares and holdings in subsidiaries and associated undertakings, including other shares and holdings that the bank holds to satisfy its need for services.

Securities held as fixed assets have been valued at acquisition price. If the probable assignment price at the end of the financial year is permanently lower, the difference has been entered as expenses. The difference between the acquisition price and nominal value of a debt security is classified as interest income or loss of interest income.

Receivables and liabilities

Receivables and liabilities are entered in the balance sheet at the value paid or received upon maturity. If this amount differs from the nominal value, the difference is entered as interest income or expenses calculated by period over the term to maturity. The reversing item has been entered as a change to the receivable or liability.

Tangible and intangible assets

Real estate is included in the balance sheet at acquisition price less planned depreciation. Shares and holdings in real estate corporations have been included at acquisition price. The valuation principles for real estate and shares and holdings in real estate corporations are disclosed under note 24 to the accounts.

Other tangible and intangible assets have been entered in the balance sheet at acquisition price less planned depreciation. Planned depreciation is charged in accordance with the depreciation plan based on the economic life of the assets with due regard to the general instructions issued by the board of accountants. Depreciation periods range from 3 to 10 years. Buildings are depreciated over 40 years using the straight-line method.

Loan and guarantee losses

When loan and guarantee losses are booked, the real collateral security for the loans is valued at the probable assignment price at the time when the bank becomes aware that full repayment of the loan is unlikely, or at a lower probable assignment price determined later when non-performing loans are reviewed for collection.

Losses and property write-downs made for the purpose of securing claims are entered in the balance sheet as loan losses.

When provisions against loan losses are made using personal guarantees, the amount expected to be recovered upon realisation of the personal guarantee is deducted from the provision.

Amounts recovered in respect of loan losses booked during the preceding years are set off against loan losses.

Non-performing loans

The principal of the entire claim is entered as non-performing when no interest payment, repayment on the capital or partial repayment is made over a period of 90 days. Claims on companies adjudicated in bankruptcy are booked as non-performing on the day the company is declared bankrupt. A bank guarantee is entered as non-performing when the bank effects payment based on such a guarantee. Interest on non-performing claims is set off against income when the claim becomes non-performing.

Derivative contracts

Income or expenses arising from interest-related derivative contracts made in order to secure financial claims are entered under interest income. Conversely, income or expenses arising from interest-related derivative contracts made in order to secure financial liabilities are entered under interest expenses.

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

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

Notes to the Final Accounts (FIM 1,000)

The parent company and Group have nothing to disclose for the following notes. (The numbering complies with the regulations 106.1 and 106.2 of the Financial Supervision Authority.)

NOTES TO THE PROFIT AND LOSS ACCOUNT
2 Net income from leasing
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NOTES TO PROFIT AND LOSS ACCOUNT

1 Interest income and expenses broken down by balance sheet item 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Claims on credit institutions	34,334	10,266	34,200	10,209
Claims on the public and public sector entities	458,005	441,780	464,079	448,114
Debt securities	109,228	115,830	109,077	115,520
Other interest income	2,215	3,086	2,204	3,083
Total interest income	603,782	570,962	609,562	576,926
Liabilities to credit institutions and central banks	80,341	46,014	80,373	45,519
Liabilities to the public and public sector entities	143,325	131,037	143,303	130,928
Debt securities issued to the public	19,413	27,504	18,517	24,660
Subordinated liabilities	16,677	23,074	16,677	23,074
Capital loans	–	548	–	548
Other interest expenses	7,917	6,795	7,916	6,807
Total interest expenses	267,674	234,972	266,786	231,536

3 Breakdown of net income from securities transactions 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Net income from transactions in debt securities	-13,501	2,973	-13,364	2,973
Net income from transactions in shares and participations	5,606	-4,946	5,476	-4,762
Net income from other securities transactions	-6,999	57	-6,999	57
Total	-14,894	-1,916	-14,887	-1,732

4 Total value of securities held as current assets purchased or sold during the financial year

	Group 1999		Parent company 1999	
	Purchase	**Sale**	**Purchase**	**Sale**
Turnover of debt securities	12,886,635	7,306,376	12,885,976	7,305,966
Turnover of shares and participations	65,538	54,711	59,593	51,926

	Group 1998		Parent company 1998	
	Purchase	**Sale**	**Purchase**	**Sale**
Turnover of debt securities	19,447,439	10,822,158	19,447,338	10,822,158
Turnover of shares and participations	53,870	2,686	46,092	2,476

5 Other operating income and expenses 31.12.

	Group		Parent company	
Operating income	**1999**	**1998**	**1999**	**1998**
Rental income from real estate and real estate corporations	60,446	65,059	61,778	68,904
Capital gains from the sale of real estate and shares and participations in real estate corporations	23,641	16,671	39,270	15,943
Other income	4,293	3,612	4,293	3,612
Total	88,379	85,342	105,341	88,459

Operating expenses				
Rental expenses	24,164	17,269	24,164	17,269
Expenses for real estate and real estate corporations	34,635	38,184	55,066	63,728
Capital losses from the sale of real estate and shares and participations in real estate corporations	2,816	14,073	15,946	14,073
Other expenses	19,352	14,275	19,352	14,275
Total	80,967	83,801	114,528	109,345

6 Planned depreciation and write-downs 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Planned depreciation	32,888	28,676	22,099	17,562
Write-downs	24,152	91,515	24,152	91,515
Total	57,040	120,191	46,251	109,077

7 Loan and guarantee losses and write-downs on securities held as financial fixed assets 31.12.

	Group		Parent company	
Balance sheet item	**1999**	**1998**	**1999**	**1998**
In respect of claims on the public and public sector entities	7,278	16,690	7,278	16,690
- recovered and reversed credit losses	-6,176	-6,809	-6,176	-6,809
Guarantees and other off-balance sheet items	927	4,103	927	4,103
- recovered guarantee losses	-1,463	-2,806	-1,463	-2,806
Other temporary held assets	6,834	-5,449	9,922	-5,449
- deductions	-647	-	-902	-
Total	6,753	5,729	9,586	5,729
Loan and guarantee losses				
+ Actual loan losses during financial year	52,899	20,792	55,988	20,792
- Actual loan losses during financial year for which specific loan loss provision has previously been made	-46,066		-46,066	
- Recoveries in respect of actual loans losses during previous financial years	-906	-15,063	-906	-15,063
+ Specific loan loss provisions made during financial year	8,194		8,194	
- Specific loan loss provisions made earlier that were reversed during financial year	-7,368		-7,624	
Loan and guarantee losses entered in annual accounts	6,753	5,729	9,586	5,729

Breakdown of the second half of the note is not comparable with 1998 as the amount of credit losses in respect of recoveries could only be disclosed in terms of their net effect on the result of the transactions referred to in the note.

The principles for evaluating collateral security at the time when the loan losses were entered are explained in the Accounting policy section.

9 Appropriations

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Change in fund for general banking risk	-	-	10,000	-

10 Changes in provisions included in income and expense items

Staff expenses for the parent company in 1998 include a FIM 5.0 million provision for staff restructuring in 1999, of which the remaining FIM 2.02 million will be realised in 2000.

12 Income by operations or geographical market 31.12.1999

	Group		Parent company
Field of activity	**Finland**	**Luxembourg**	
Banking	437,954	-	498,564
Common fund operations	12,857	5,702	-
Investment firm operations	6,460	-	-
Securities trading	-14,894	-	-14,887
Real estate investment operations	123,911	-	101,048
Total	566,288	5,702	584,725

Net income from financial operations, dividend and commission income, net income from securities transactions and currency dealing and other operating income are included under income.
No elimination has been made.

Personnel by operations (average)	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Banking	740	590	740	590
Common fund operations	16	11	-	-
Investment firm operations	5	5	-	-
Real estate investment operations	9	10	7	8
Total	770	616	747	598

NOTES TO THE BALANCE SHEET

13 Breakdown of debt securiites eligible for refinancing with central banks 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Treasury bills	40,648	39,377	40,648	39,377
Government bonds	1,457,550	1,113,405	1,457,550	1,113,405
Bank of Finland's certificates of deposit	-	49,971	-	49,971
Banks' certificates of deposit	1,471,344	1,449,599	1,471,344	1,449,599
Other	-	-	-	-
Total	2,969,542	2,652,352	2,969,542	2,652,352

15 Claims on the public and public sector entities by sector and loan loss provisions in respect of the same at year-end

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Enterprises	1,722,932	1,620,111	1,955,737	1,745,890
Financial institutions	47,661	1,196	47,661	1,196
General government	266,092	272,501	266,092	272,501
Non-profit institutions	654,097	589,792	654,097	589,792
Households	7,325,218	5,737,547	7,325,218	5,737,547
Foreign	-	50	-	50
Total	10,015,999	8,221,197	10,248,804	8,346,976

Specific loan loss provisions at the beginning of financial year	412,722	-	412,722	-
New provisions made during financial year (+)	8,194	-	8,194	-
Provisions reversed during financial year (-)	-6,721	-	-6 721	-
Actual loan losses during financial year for which the credit institution has previously made specific loan loss provisions (-)	-46,066	-	-46,066	-
Specific loan loss provisions at end of financial year	368,128		368,128	

Breakdown of the loan loss provisions for the end of 1998 are not comparable as the disclosed figures relate only to the non-specific loan loss provisions drawn down in 1997.

16 Non-performing loans and other zero-interest assets by sector 31.12.

	1999		1998	
Group and parent company	**Non-performing loans**	**Other zero-interest claims**	**Non-performing loans**	**Other zero-interest claims**
Enterprises	36,289	4,123	45,350	4,985
Financial and insurance institutions	-	-	-	-
Non-profit institutions	3,929	-	5,354	-
Households	34,771	6,560	41,485	10,205
Total	74,989	10,683	92,189	15,190

17 Assets held as security for unpaid claims and assets acquired for reorganization of client's business operations 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Assets acquired as collateral security for claim				
Real estate property, shares and particpations in real estate corporations	0	35,584	0	35,584
Other shares and participations	-	-	-	-
Other assets	-	-	-	-
Total	0	35,584	0	35,584

No shares or participations acquired for reorganization of client's business operations exist.

20 Debt securities and debt securities eligible for refinancing with central banks by type of asset 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Debt securities				
Securities held as current assets	2,421,847	2,296,744	2,418,436	2,296,744
Publicly quoted securities	2,421,847	2,296,744	2,418,436	2,296,744
Other	-	-	-	-
Securities held as fixed assets	666,416	811,809	664,271	809,088
Publicly quoted securities	666,416	811,809	664,271	809,088
Other	-	-	-	-
Total	3,088,263	3,108,553	3,082,707	3,105,832

Principles for itemising and valuating assets by type are presented in the Accounting policy section.

Difference between market value of debt security and its lower book value 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Current assets				
Debt securities	111	1,701	111	1,701

Difference between nominal value and book value of debt securities held as fixed assets and other debt securities 31.12.

	1999		1998	
	Difference between nominal value and lower book value	Difference between book value and lower nominal value	Difference between nominal value and lower book value	Difference between book value and lower nominal value
Group and parent company				
Debt securities, fixed assets	-	42,538	-	66,439
Claims on credit institutions and central banks	-	-	-	-

Breakdown of debt securities and debt securities eligible for refinancing with central banks 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Treasury bills	40,648	39,377	40,648	39,377
Local authority paper	30,839	-	30,839	-
Commercial paper	16,162	49,602	16,122	49,602
Certificates of deposit	1,521,594	1,878,133	1,521,594	1,878,133
Convertible bonds	-	2,099	-	2,099
Other bonds	1,479,021	1,139,342	1,473,504	1,136,621
Other	-	-	-	-
Total	3,088,263	3,108,553	3,082,707	3,105,832

21 Shares and participations by type of asset 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Shares and participations				
Current assets	69,308	54,494	61,820	47,126
Publicly quoted	62,670	47,836	55,182	40,468
Other	6,638	6,658	6,638	6,658
Fixed assets	5,273	5,783	5,273	5,778
Publicly quoted	-	-	-	-
Other	5,273	5,783	5,273	5,778
Total	74,581	60,277	67,093	52,904

Difference between market value and lower book value of shares and participations 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Shares and participations				
Current assets	14,827	1,024	14,796	1,024
Fixed assets	-	-	-	-

No borrowed securities exist.

Participating interests in credit institutions and other undertakings 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Shares and participations in group undertakings				
in credit institutions	-	-	-	-
other	12,365	12,128	5,523	5,523
Participating interests				
in credit institutions	-	-	-	3,500
other	-	-	28,325	24,243
Total	-	-	28,325	27,743

22 Increase and decrease in shares held as financial fixed assets and in tangible assets 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Shares and participations apart from those in real estate corporations				
Purchase price at beginning of financial year	17,911	18,011	39,044	31,326
+ increases during financial year	6	1,000	593	8,615
- decreases during financial year	-278	-1,101	-516	-896
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-	-	-	-
+/- write-downs and reversing items	-	-	-	-
+ accumulated depreciation and write-downs entered in respect of decreases and transfers at the beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-	-	-	-
- accumulated write-downs at beginning of financial year	-	-	-	-
+ accumulated revaluations at beginning of financial year	-	-	-	-
+/- revaluations and reversing items for revaluations for financial year	-	-	-	-
Book value 31.12.	17,638	17,911	39,121	39,044

Land areas, buildings and shares and participations in real estate corporations				
Acquisition cost at beginning of financial year	1,043,970	1,107,241	828,852	876,557
+ increases during financial year	33,708	41,885	19,499	71,874
- decreases during financial year	-85,845	-102,942	-155,191	-117,061
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-12,036	-11,753	-2,795	-2,072
+/- write-downs and reversing items for write-downs during financial year	-27,582	-92,330	-24,372	-83,930
+ accumulated depreciations and write-downs in respect of decreases and transfers at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-49,480	-50,250	-14,306	-18,788
- accumulated write-downs at beginning of financial year	-120,617	-61,607	-113,061	-57,907
+ accumulated revaluations at beginning of financial year	195,821	201,030	195,821	196,493
+/- revaluations and reversing items for revaluations for financial year	-51,062	-24,411	-51,062	-25,513
Book value 31.12.	926,876	1,006,863	683,385	839,654
Machinery, equipment and other tangible assets				
Acquisition cost at beginning of financial year	143,945	115,821	135,753	108,489
+ increases during financial year	67,431	33,272	66,924	32,412
- decreases during financial year	-840	-810	-840	-810
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-14,074	-10,082	-12,819	-8,915
+/- write-downs and reversing items for write-downs during financial year	-	-	-	-
+ accumulated depreciation and write-downs in respect of decreases and transfers at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-85,360	-75,377	-84,123	-75,377
- accumulated write-downs at beginning of financial year	-	-	-	-
+ accumulated revaluations at beginning of financial year	-	-	-	-
+/- revaluations and reversing items for revaluations for financial year	-	-	-	-
Book value 31.12.	111,101	62,824	104,895	55,799

23 Breakdown of intangible assets 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Costs of establishment	-	-	-	-
Goodwill	-	-	-	-
Other long-term expenditure	24,804	25,891	23,127	23,985
Total	24,804	25,891	23,127	23,985

24 Breakdown of real estate assets 31.12.1999

a)

Some holdings are entered at purchase price less planned depreciation. The book value of some property includes revaluations made mainly during the 1980s and officially approved intra-group sales. This valuation principle is not deemed to be in contradiction with the long-term investment strategy adopted by the bank. Capital invested is the purchase price less depreciation entered plus the share in the debts of the real estate corporation based on the number of shares owned therein and/or the share in the debts of a real estate corporation based on the percentage of shares owned therein.

Group	**Book value 1999**	**Capital invested 1999**
Land and water areas and buildings		
In own use	202,375	202,375
Other	389,961	389,961
	592,336	592,336
Shares and participations in real estate corporations		
In own use	64,496	91,079
Other	270,044	300,409
	334,540	391,488
	926,876	983,824

b)

For premises in the Group's own use, the prevailing market rate in the area is used. The percentage return is the annual net income relative to invested capital. Net income means rental income less normal maintenance costs. The underutilization rate is the ratio of unused surface area to the total rentable area.

Premises in other than own use refer to property in which the bank has no operations as set out in its strategy for its real estate stock. (The same classification was used in the plan submitted by the bank to the Financial Supervision Authority for reducing property risks.)

Total real estate holdings and shares and participations in real estate corporations

	Surface area m^2	**Capital invested**	**Net income, %**	**Rate of under-utilization %**
Dwellings and residential real estate	11,764	52,444	3.8	13.2
Business and office real estate	83,540	904,084	5.1	3.6
Industrial real estate	4,097	4,596	14.1	0.0
Land, water and forest areas (undeveloped)	-	10,052	0.0	0.0
Other domestic real estate	-	12,648	6.7	0.0
Total real estate holdings	99,401	983,824	5.0	4.6

Real estate holdings and shares and participations in real estate corporations in other than own use

	Surface area m^2	Capital invested	Net income, %	Rate of under-utilization %
Dwellings and residential real estate	10,296	42,197	3.4	14.5
Business and office real estate	36,384	289,910	5.5	5.2
Industrial real estate	4,097	4,596	14.1	0.0
Land, water and forest areas	-	10,052	0.0	0.0
Other domestic real estate	-	12,648	6.7	0.0
Total real estate holdings	50,777	359,402	5.3	6.7

c)

Total real estate holdings and shares and participations in real estate corporations

Net income, in per cent	Negative	0 - 3 %	3 - 5 %	5 - 7 %	Over 7 %	Total
Capital invested	7,841	162,765	32,830	675,998	105,886	985,320

Real estate holdings and shares and participations in real estate corporations in other than own use

Net income, in per cent	Negative	0 - 3 %	3 - 5 %	5 - 7 %	Over 7 %	Total
Capital invested	3,380	83,294	16,962	171,061	85,314	385,013

26 Breakdown of other assets 31.12.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Cash items in the process of collection	15,398	1,553	15,396	1,546
Guarantee claims	8,620	11,335	8,620	11,335
Derivative contracts	-	-	-	-
Other	13,194	17,344	10,324	16,905
Total	37,212	30,232	34,340	29,786

27 Breakdown of accrued income and prepayments 31.12.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Interest income	121,806	99,852	122,023	100,042
Other accrued income	12,502	8,252	10,296	7,551
Prepayments	-	-	-	-
Total	134,307	108,104	132,319	107,593

29 Difference between nominal value and lower book value of liabilities 31.12.

	1999 Difference between nominal value and lower book value	1999 Difference between book value and lower nominal value	1998 Difference between nominal value and lower book value	1998 Difference between book value and lower nominal value
Group and parent company				
Liabilities to credit institutions and central banks	-	-	-	-
Liabilities to the public and public sector entities	-	-	-	-
Debt securities issued to the public	3,430	-	7,169	-
Subordinated liabilities	-	-	-	-

30 Debt securities issued to the public by type of asset 31.12.

Liabilities	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Certificates of deposit	551,640	595,254	551,640	595,253
Bonds	20,136	50,569	-	20,000
Total	571,776	645,823	551,640	615,253

31 Breakdown of other liabilities 31.12.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Cash items in the process of collection	413,508	307,592	403,408	300,817
Derivative contracts	-	-	-	-
Other	20,913	52,465	20,693	52,078
Total	434,421	360,057	424,101	352,895

32 Breakdown of accrued expenses and deferred income 31.12.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Interest liabilities	62,224	36,810	60,131	34,834
Other accrued expenses	47,416	37,535	41,378	36,545
Deferred income	-	-	-	-
Total	109,641	74,345	101,509	71,379

33 Breakdown of material items entered under compulsory provisions
A provision for personnel restructuring in 1998 was made by the parent company.

34 Subordinated liabilities with book value of more than 10% of total subordinated liabilities 31.12.1999

Group and parent company	Amount	Interest rate	Maturity	
1) Denominated in FIM				
Aktia Savings Bank's debenture I/1996	40,000	5.50	12.12.2001	bullet
Aktia Savings Bank plc's share index-linked debenture 1/1997 Aktia Europa	45,920	index-linked	30.05.2002	bullet
Aktia Savings Bank plc's debenture II/1997	40,000	5.50	06.11.2002	bullet
Aktia Savings Bank plc's debenture III/1997	79,185	5.40	15.12.2002	bullet
Aktia Savings Bank plc's debenture I/1998	34,485	4.80	21.04.2003	bullet

2) Terms for premature repayment:
Neither Aktia nor the Group may redeem debentures prior to maturity without permission from the Financial Supervision Authority. Creditors are not entitled to demand premature repayment.

3) Rules concerning priority of liability and any conversion into shares:
In the event that the bank is wound up, the debt ranks equal in priority to the bank's other debentures but subordinated to the bank's other commitments.

Subordinated liabilities other than those mentioned above 31.12.1999

Group and parent company	Perpetuals	Total liabilities
Total liabilities	-	65,500

Terms for premature repayment:
Creditors are not entitled to demand premature repayment.

35 Increases and decreases in equity capital during 1999

Group Equity capital	At beginning of financial year	Increase	Decrease	At end of financial year	
Share capital	423,097	-	-	423,097	
Share premium reserve	6,906	-	-	6,906	
Ordinary reserve	44,337	-	-	44,337	
Profit or loss brought forward	96,340	83,117	17,629	161,829	1)
Profit or loss for financial year	83,117	115,584	83,117	115,584	
Total equity capital	653,797	198,701	100,746	751,752	

Parent company Equity capital	At beginning of financial year	Increase	Decrease	At end of financial year	
Share capital	423,097	-	-	423,097	
Share premium reserve	6,906	-	-	6,906	
Ordinary reserve	47,963	-	-	47,963	
Profit or loss brought forward	97,208	83,272	17,629	162,851	1)
Profit or loss for financial year	83,272	105,220	83,272	105,220	
Total equity capital	658,446	188,492	100,901	746,037	

1) The decrease is due to the payment of FIM 0.50 dividend per share in accordance with the resolution of the annual general meeting of shareholders.

37 Calculation of distributable equity 31.12.

	Group		Parent Company	
	1999	**1998**	**1999**	**1998**
Profit/loss brought forward	161,829	96,340	162,851	97,208
Profit or loss for financial year	115,584	83,117	105,220	83,272
Non-distributable items				
Portion of accumulated depreciation difference and reserves included in equity capital	-7,100	-	-	-
Difference between Group's and parent company's distributable equity	-	-	-	-1,022
	270,313	179,458	268,071	179,458

38 Share issues, issues of options and convertible bonds during financial year
No decisions were made during the financial year on any issue of shares, options or convertible bonds.

39 Shareholders 31.12.1999

10 largest shareholders by voting rights	Number of shares	Proportion of shares and voting rights, %
FöreningsSparbanken AB (publ)	8,600,000	24.4
Sparbanksstiftelsen i Helsingfors	2,040,000	5.8
Sparbanksstiftelsen i Vanda	1,455,000	4.1
Sparbanksstiftelsen i Esbo-Grankulla	1,220,000	3.5
Sparbanksstiftelsen i Borgå	1,175,000	3.3
Sparfrämjande stiftelsen Hfors Norra	999,000	2.8
Sparfrämjande stiftelsen Hfors Södra	999,000	2.8
Sparfrämjande stiftelsen Hfors Torkel	999,000	2.8
Sparfrämjande stiftelsen Hfors Västra	999,000	2.8
Sparfrämjande stiftelsen Hfors Östra	999,000	2.8

Shareholders by sector	Number of owners		Number of shares	
	Qty	%	Qty	%
Enterprises	23	4.03	1,616,336	4.58
Financial and insurance institutions	42	7.05	3,504,360	9.94
Public sector entities	3	0.50	750,000	2.13
Non-profit institutions	51	8.22	20,238,456	57.40
Private individuals and households	475	79.86	543,348	1.54
Foreign	3	0.34	8,605,550	24.41
Total	597	100.00	35,258,050	100.00

Breakdown of stock

Number of shares	Number of owners		Number of shares	
	Qty	%	Qty	%
1-100	201	33.67	12,325	0.03
101 - 1,000	219	36.85	112,818	0.32
1,001 - 10,000	75	12.56	224,841	0.64
10,001 - 100,000	55	9.21	2,267,596	6.43
100,001 -	47	7.71	32,640,470	92.58
Total	597	100.00	35,258,050	100.00

42 Breakdown by maturity of assets and liabilities by balance sheet item 31.12.1999

			Group		
Assets	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Debt securities eligible for refinancing with central banks	1,175,187	835,409	826,285	132,660	2,969,542
Claims on credit institutions	684,397	47,566	20,000	-	751,963
Claims on the public and public sector entities					
repayable on demand	187,519	-	-	-	187,519
other	377,366	1,072,855	3,891,830	4,486,429	9,828,480
Debt certificates	75,343	25,853	6,535	10,991	118,722
Total	2,499,812	1,981,683	4,744,650	4,630,080	13,856,225
Liabilities					
Liabilities to credit institutions and central banks	2,949,029	390,562	-	-	3,339,591
Liabilities to the public and public sector entities	10,617,862	50,918	6,831	68,230	10,743,841
Debt securities issued to the public	448,935	112,989	9,851	-	571,776
Total	14,015,827	554,469	16,682	68,230	14,655,208

			Parent Company		
Assets	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Debt securities eligible for refinancing with central banks	1,175,187	835,409	826,285	132,660	2,969,542
Claims on credit institutions	691,883	47,566	20,000	-	759,449
Claims on the public and public sector entities					
repayable on demand	187,519	-	-	-	187,519
other	377,835	1,074,261	4,030,997	4,578,192	10,061,285
Debt certificates	71,932	25,853	3,647	11,733	113,165
Total	2,504,356	1,983,090	4,880,930	4,722,584	14,090,960
Liabilities					
Liabilities to credit institutions and central banks	2,965,240	390,562	-	-	3,355,803
Liabilities to the public and public sector entities	10,650,228	49,901	6,831	68,230	10,775,191
Debt securities issued to the public	438,650	112,989	-	-	551,640
Total	14,054,119	553,453	6,831	68,230	14,682,633

Other than fixed-term deposits are entered as maturity of less than 3 months.

43 Assets and liabilities denominated in Finnish markkas and foreign currency 31.12.

	Group 1999		Parent Company 1999	
	FIM	**Foreign currency**	**FIM**	**Foreign currency**
Debt securities eligible for refinancing with central banks	2,969,542	-	2,969,542	-
Claims on credit institutions	696,303	55,660	704,175	55,274
Claims on the public and public sector entities	10,007,568	8,431	10,240,373	8,431
Debt certificates	118,681	41	113,125	41
Other assets	1,308,717	12,529	1,066,868	12,139
Total	15,100,810	76,661	15,094,082	75,885
Liabilities to credit institutions and central banks	3,289,637	49,954	3,305,848	49,954
Liabilities to the public and public sector entities	10,651,592	92,249	10,682,942	92,249
Debt securities issued to the public	571,776	-	551,640	-
Subordinated liabilities	305,090	-	305,090	-
Other liabilities	546,645	2,333	537,626	-
Total	15,364,740	144,537	15,383,146	142,204

	Group 1998		Parent Company 1998	
	FIM	Foreign currency	FIM	Foreign currency
Debt securities eligible for refinancing with central banks	2,652,352	-	2,652,352	-
Claims on credit institutions	253,320	135,214	253,313	135,214
Claims on the public and public sector entities	8,201,351	19,845	8,327,131	19,845
Debt certificates	453,067	3,134	450,346	3,134
Other assets	1,290,644	15,674	1,127,603	15,385
Total	12,850,734	173,867	12,810,745	173,578
Liabilities to credit institutions and central banks	2,819,972	10,864	2,823,208	10,864
Liabilities to the public and public sector entities	9,139,688	160,030	9,149,316	160,030
Debt securities issued to the public	645,823	-	615,253	-
Subordinated liabilities	305,090	-	305,090	-
Other liabilities	438,961	441	424,274	-
Total	13,349,534	171,335	13,317,141	170,894

NOTES TO THE ACCOUNTS CONCERNING INCOME TAXATION

44 Income taxes 31.12

	Group		Parent company	
	1999	1998	1999	1998
Imputed taxes have not been included in the accounts.				
Unbooked imputed tax claims on periodization differences	-	-	31,188	55,879
Income taxes arising from ordinary business	13,869	-9	9,838	-3

Taxes payable for 1999 are due to additional tax on distributed dividends.
No taxes on the profit for 1998 and 1999 are shown because losses from previous years could be invoked.

Imputed taxes due on revaluations have not been booked and have no impact on income tax.

NOTES TO THE ACCOUNTS CONCERNING COLLATERAL, CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

45 Assets pledged as collateral 31.12.

Nominal value of collateral given by the credit institution under an item other than liabilities on own behalf

	Group	
	1999	1998
Debt certificates, fixed assets	626,729	619,000

46 Pension liabilities
Statutory pension and Group supplementary pensions are covered through insurance.

47 Leasing commitments
Rent for QuickStep cash terminals FIM 9,172,000 in 2000 and FIM 15,486,000 in 2001-2002.

48 Breakdown of off-balance sheet commitments 31.12.

	Group		Parent company	
	1999	1998	1999	1998
Guarantees and pledges	205,063	203,830	205,063	204,038
Irrevocable commitments	286,805	253,306	286,905	253,406
Standby facilities	321,370	248,774	321,670	266,274
Total	813,238	705,910	813,638	723,718

49 Derivative contracts

	Value of underlying instruments			
	For hedging purposes		Other	
Group and parent company	1999	1998	1999	1998
Currency derivatives				
Futures	64,147	66,305	-	-
Other derivatives				
Futures	25,384	-	-	-
Options	45,920	45,920	-	-
Equivalent credit value of currency futures	1,283	1,326	-	-

50 Total amount of sales receivable arising from sale of assets on behalf of customers and total amount of accounts payable arising from purchase of assets on behalf of customers 31.12.

Group		Parent company	
1999	1998	1999	1998
10,175	2,134	10,175	2,134

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

52

	Group		Parent company	
Average number of staff	**1999**	**1998**	**1999**	**1998**
Full-time	717	567	697	549
Part-time	53	49	50	49
Total	770	616	747	598

Salaries and fees paid to members of governing and supervisory bodies and deputy members including pension commitments arising or made in respect of the same 31.12.

	Group		Parent company	
	1999	**1998**	**1999**	**1998**
Salaries and fees paid to member of the Board of Supervisors	736	728	736	728
Salaries and fees paid to members of the Board of Directors and managing director and deputy managing directors	5,821	3,831	4,351	3,000
Total	6,557	4,559	5,087	3,728

The said individuals were paid emoluments of FIM 390,000 tied to the company's financial performance (in 1998 FIM 214,000).

Credits and guarantees extended to members of the governing and supervisory bodies of the Group 31.12.

	Group		Parent company	
	1998	**1997**	**1998**	**1997**
Members of the Board of Supervisors and deputy members	3,934	2,033	3,934	2,033
Members of the Board of Directors and their alternates, managing director and deputy managing directors	3,297	1,832	2,834	1,455
Auditors and firms of auditors	351	223	351	223
Total	7,582	4,088	7,119	3,711

Shares and participations held by elected officials, managing director and deputy managing directors 31.12.1999

Members of the Board of Supervisors, Board of Directors, managing director and deputy managing directors hold 142,780 shares, equivalent to 0.41% of the total.

HOLDINGS IN OTHER UNDERTAKINGS

53 Shares and participations held as financial fixed assets 31.12.1999

Undertakings included in consolidated accounts (ownership over 50%)

	Domicile	**Proportion of all shares**	**Book value**
Financing (dormant)			
Hsb-Finans Ab	Helsinki	100	3,500
Common fund operations			
Aktia Fund Management Ltd	Helsinki	99	14,811
Aktia Fund Management S A	Luxembourg	100	662
Investment firm operations			
Aktia Asset Management Oy Ab	Helsinki	85	1,700
Securities trading			
Aktia Securities Ltd	Helsinki	100	7,000
Real estate investment operations			
Borgå Sparkvarter Fast Ab	Porvoo	99	43,915
Blåbackavägen 14 Fast Ab	Espoo	100	35,000
Mannerheimvägen 14 Fast Ab	Helsinki	100	122,500
Robur Invest Ab	Helsinki	100	50
Tikkurilan Raha-asema Kiint. Oy	Vantaa	55	11,098
Vasa Ekgården Fast Ab	Vaasa	92	32,932
Vasp Invest Ab	Vaasa	75	602
Total			273,770

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

11 real estate corporations with a combined book value of FIM 65,421,000 on 31.12.1999.

Shares and participations in associated undertakings (proportion 20 - 50%)

	Domicile	**Proportion of all shares**	**Book value**
Data processing			
Samlink Ab	Espoo	20	5,523
Real estate investment operations			
Silvertärnan Fast Ab	Helsinki	50	162,887
Other real estate corporations, qty 12, total			29,596
Total			198,006

Other shares and participations held as fixed assets

	Domicile	Proportion of all shares	Book value
Stock Exchange			
HEX Oy	Helsinki	1	1,319
Credit institutions			
Luottokunta	Helsinki	3	1,000
Insurance companies			
Svensk-Finland Mutual Insurance	Helsinki	0	1,000
Other companies, qty 27, total			1,953
Total			5,273

OTHER NOTES TO THE ACCOUNTS

54 Asset management services offered to the public

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

NOTES CONCERNING PREPARATION OF CONSOLIDATED ACCOUNTS

The principles applied to the preparation of consolidated accounts are explained in the Accounting policy section.

Changes in Group structure

Operations of Vasp-Invest Oy were activated by the sale of the business and office premises not used by the parent company.
At the same time, the company acquired a minority interest of 25% in the company.
The bank's dividend income from inter-group companies is comparable to that earned in 1999 and 1998.

No subsidiaries were founded, merged or sold during 1999.

NOTES CONCERNING SUBSIDIARIES OR GROUP UNDERTAKINGS

1 For consolidated subsidiaries, please see note 53 on the parent company.

2 No unconsolidated subsidiaries exist.

3 For consolidated associated undertakings, see note 53 on the parent company.
The method of consolidation is explained in the Accounting policy section.

4 No unconsolidated associated undertakings exist.

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

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

7 The accounts of group undertakings cover the same financial year as those of the parent company.

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

OTHER NOTES CONCERNING THE GROUP

9, 10 There is no Group goodwill nor Group provisions.

11 Imputed tax liabilities
Imputed taxes due of FIM 2.9 million for the credit loss provision made by the parent company.

12 No Group goodwill nor Group reserves exist in respect of associated undertakings

13 No joint venture companies to be consolidated in accordance with Chapter 6, Section 15, of the Accounting Act, exist.

Proposal for distribution of profit

The Board of Directors proposes to the annual general meeting of the shareholders of Aktia Savings Bank plc that the profit of FIM 105,220,097.04 for the year be disposed as follows:

- A dividend of FIM 0.75 per share, totalling FIM 26,443,537.50, be paid to shareholders
- FIM 78,776,559.54 be transferred to distributable equity.

This would bring the parent company's distributable equity to FIM 241, 627,590.46 and Group's distributable equity to FIM 250,969,004.15.

Helsinki, 7 March 2000

Board of Aktia Savings Bank plc

Patrick Enckell
Chairman of the Board

Lasse Koivu
Vice Chairman

Sven-Erik Kjellman

Lars Erik Kvist

Robert Charpentier

Caj-Gunnar Lindström

Stefan Wikman

Erik Anderson
Managing Director

Statement by the Board of Supervisors

The annual accounts of the parent company and Group for 1999 have been drawn up in conformity with applicable statutes and regulations. The Board of Supervisors confirms the accounts for the parent company and the Group and endorses the proposal by the Board of Directors as to the disposal of the profit for the financial year.

Helsinki, 15 March 2000

Carl-Olaf Homén
Chairman
L.L.M.

Bo Göran Eriksson
Vice Chairman
Senior Director, L.L.M.

Kurt Forsman
Vice Chairman
M.Sc.(Agr. & Forestry)

Henrik Sundbäck
Vice Chairman
Consultant, M.Sc.(Agr. & Forestry)

Lorenz Uthardt
Vice Chairman
Agrologist

Henrik Andberg
M.Sc.(Agr. & Forestry)

Max Arhippainen
Economist
Lic.Pol.Sc.

Göran Collert
Chairman of Board
of FöreningsSparbanken AB

Bo Forslund
2nd Vice Chairman of Board
of FöreningsSparbanken AB

Hans Frantz
Teacher
M.Sc.(Pol.)

Christina Gestrin
M.Sc.(Agr. & Forestry)

Christoffer Grönholm
Cabinet Secretary
Dr. Pol.Sc.

Tor-Erik Landgärds
Administrative Director
B.A.(Soc.Sc.)

Per Lindgård
Teacher

Kristina Lyytikäinen
Municipal Secretary

Eero Oittila
M.Sc.(Agr. & Forestry)

Hans Olsson
Financial Manager

Margareta Pietikäinen
Member of Parliament
M.A.

Jorma J Pitkämäki
Director

Peter Simberg
Agrologist

Stig Tammelin
L.L.M.

Heikki Tuominen
Managing Director

Gunnar Weckström
M.A.
Honorary Councillor

Johan Wennström
Professor
M.D.

Boris Westerlund
M.Sc.(Econ.)

Carl Johan Westman
Professor
Dr. Agr. & Forestry

Henry Wiklund
Managing Director
M.Sc.(Econ.), Honorary Councillor

Bo-Gustav Wilson
Business Controller
M.Sc.(Econ.)

Leo Wistbacka
Managing Director
M.A.

Auditor's report

To the shareholders of Aktia Savings Bank p.l.c

We have audited the accounting, the financial statements and the corporate governance of Aktia Savings Bank p.l.c. for the financial year ended

December 31, 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the members of the Board of Directors, the Assembly of Delegates and the Managing Director have legally complied with the rules of the Companies Act, the Savings Bank Act and Credit Institutions Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board, members of the Board of Directors, the Assembly of Delegates and the Managing Director can be discharged from liability for the financial year audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 16 March 2000

OY JOE SUNDHOLM & CO AB
Authorised Public Accountants

Jan Holmberg, APA

Rolf Nyberg, CA

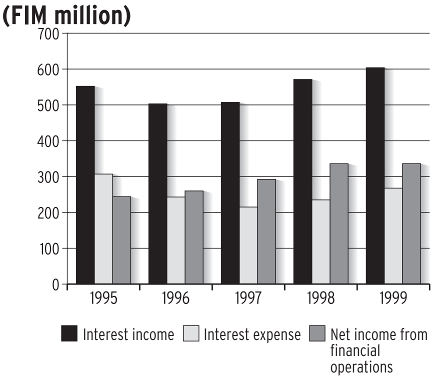
Sune Back, APA

Five year review for **the Group**

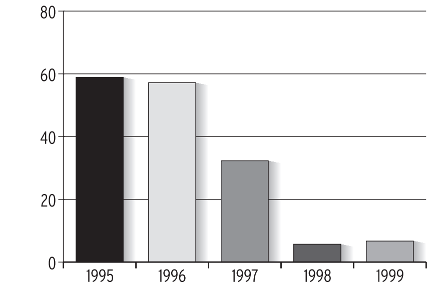
31 December (1 000)	**1995 FIM**	**1995 euro**	**1996 FIM**	**1996 euro**	**1997 FIM**	**1997 euro**	**1998 mk**	**1998 euro**	**1999 mk**	**1999 euro**
Turnover	729,770	122,739	706,104	118,758	703,032	118 241	807,651	135,837	839,664	141,221
Net income from financial operations	244,606	41,140	260,281	43,776	292,699	49,228	335,990	56,509	336,109	56,530
as a percentage of turnover	33.5	33.5	36.9	36.9	41.6	41.6	41.6	41.6	40.0	40.0
Other income	171,810	28,896	194,666	32,740	192,809	32,429	225,182	37,873	220,482	37,082
Expenses and depreciation	-348,091	-58,545	-348,948	-58,689	-386,783	-65,052	-473,166	-79,581	-421,401	-70,874
Income before loan losses	68,325	11,491	105,999	17,828	98,724	16,604	88,006	14,802	135,190	22,738
Loan losses	58,895	9,905	57,245	9,628	32,296	5,432	5,729	963	6,753	1,136
Net operating profit	15,313	2,575	52,579	8,843	67,848	11,411	83,066	13,970	130,025	21,869
as a percentage of turnover	2.1	2.1	7.4	7.4	9.7	9.7	10.3	10.3	15.5	15.5
Net operating profit before appropriations	17,430	2,932	47,631	8,011	69,753	11,732	83,066	13,970	130,025	21,869
as a percentage of turnover	2.4	2.4	6.7	6.7	9.9	9.9	10.3	10.3	15.5	15.5
Profit for the financial year	17,495	2,942	44,189	7,432	70,190	11,805	83,117	13,979	115,584	19,440
Earnings/share, FIM/ euro	0.76	0.13	1.94	0.33	1.97	0.33	2.40	0.40	3.36	0.57
Equity/share, FIM/ euro *	14.44	2.43	15.25	2.56	16.52	2.78	18.06	3.04	20.73	3.49
Number of shares at end of year	20,193,600	20,193,600	34,394,100	34,394,100	34,394,800	34,394,800	35,258,050	35,258,050	35,258,050	35,258,050
Average number of shares during year	20,082,033	20,082,033	25,328,947	25,328,947	34,394,274	34,394,274	34,613,628	34,613,628	35,258,050	35,258,050
Balance sheet total	8,652,782	1,455,293	10,297,722	1,731,953	11,226,858	1,888,222	14,191,759	2,386,883	16,278,891	2,737,913
Total return on assets ROA, %	0.2	0.2	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8
Equity	381,860	64,224	614,551	103,360	676,867	113,841	653,797	109,961	751,753	126, 437
Return on equity ROE, % *	5.2	5.2	11.6	11.6	11.8	11.8	12.2	12.2	16.5	16.5
Equity ratio, %	4.6	4.6	6.2	6.2	6.2	6.2	4.8	4.8	4.7	4.7
Capital adequacy ratio, %	10.0	10.0	12.7	12.7	14.3	14.3	12.5	12.5	10.8	10.8
Income to cost ratio	1.19	1.19	1.30	1.30	1.25	1.25	1.18	1.18	1.31	1.31
Income to cost ratio**	1.19	1.19	1.34	1.34	1.36	1.36	1.46	1.46	1.39	1.39
Borrowing from the public	6,663,524	1,120,724	7,208,799	1,212,433	7,954,815	1,337,904	8,949,765	1,505,242	10,324,843	1,736,514
Lending to the public	5,053,474	849,933	5,708,537	960,107	6,755,457	1,136,186	8,221,197	1,382,706	10,015,999	1,684,570

* excluding capital certificates held by the Finnish state
** before write-downs

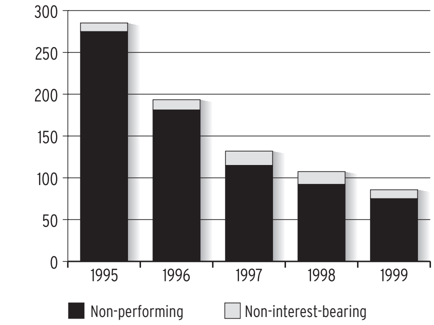
Net income from financial operations (FIM million)



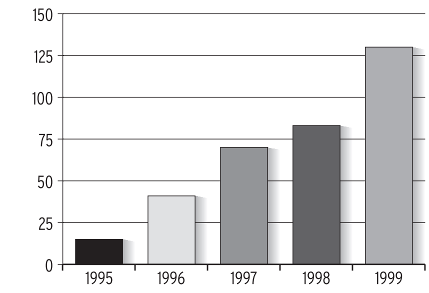
Loan losses (FIM million)



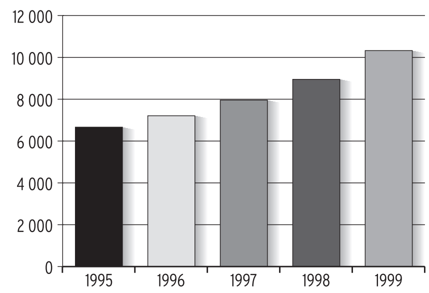
Problem loans (FIM million)



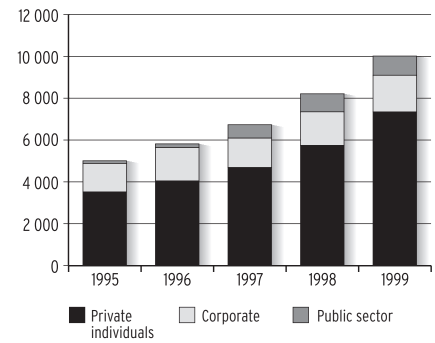
Net operating profit (FIM million)



Deposits by the public (FIM million)



Lending to the public (FIM million)



Group capital base (million)

Tier 1 equity	1999 mk	1999 euro	1998 mk	1998 euro
Share capital	423	71	423	71
Ordinary reserve	44	7	44	7
Share premium reserve		7	1	7
Distributable equity capital	162	27	84	14
Profit for financial year	116	20	96	16
Minority interest	18	3	17	3
Dividend (proposed)	-27	-5	-18	-3
Reserve	3	1	-	-
Less intangibles	-25	-4	-26	-4
Total	**721**	**121**	**627**	**105**
Tier 2 equity				
Revaluation reserve	-	-	-	-
Debentures	119	20	180	30
Total	**119**	**20**	**180**	**30**
Net capital base	840	141	807	135
Capital adequacy, %	**10.8**	**10.8**	**12.5**	**12.5**
Tier 1 equity ratio	**9.3**	**9.3**	**9.7**	**9.7**

Group capital adequacy (million)

Risk weighting	Asset 1999 FIM	Asset 1999 euro	Asset 1998 FIM	Asset 1998 euro	Off-balance sheet items 1999 FIM	Off-balance sheet items 1999 euro	Off-balance sheet items 1998 FIM	Off-balance sheet items 1998 euro	Risk-weighted commitments 1999 FIM	Risk-weighted commitments 1999 euro	Risk-weighted commitments 1998 FIM	Risk-weighted commitments 1998 euro
0 %	4,582	771	4,953	833	369	62	297	50	-	-	-	-
20 %	1,549	260	631	106	42	7	19	3	314	53	128	22
50 %	5,880	989	4,978	837	130	22	124	21	2,983	502	2,530	426
100 %	4,268	718	3,630	610	351	59	267	45	4,459	749	3,817	642
Total	**16,279**	**2,738**	**14,192**	**2,386**	**892**	**150**	**706**	**119**	**7,756**	**1,304**	**6,476**	**1,090**

Turnover
Total interest income, income from equity investments, commission income, net income from securities trading and currency dealing and other operating income.

Earnings/share
Net operating profit plus or minus the minority interest in the result for the financial year less tax, divided by the average number of shares for the year (adjusted for share issue).

Equity/share
Equity plus provisions less minority interest divided by the number of shares on the date of the closing of the accounts, adjusted for share issue.

Total return on assets (ROA)
Net operating profit less tax as a proportion of the average balance sheet total.

Return on equity
Net operating profit less tax divided by equity, minority interest and provisions at the beginning and end of the financial year.

Capital adequacy
Equity, minority interest and provisions as a proportion of the balance sheet total at the end of the financial year.

Capital adequacy ratio
Ratio of total capital, i.e. first and second tier equity, to risk-weighted commitments.

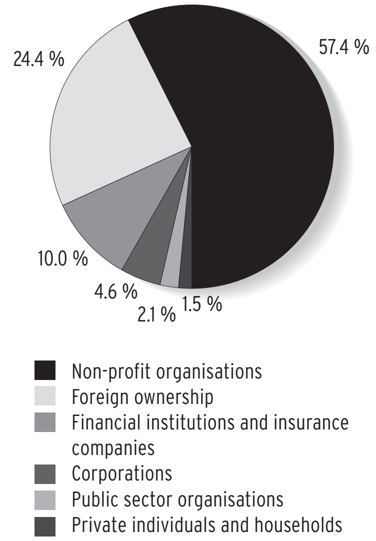
First tier equity ratio
Ratio of first-tier equity to risk-weighted commitments.

Risk-weighted commitments
Assets in the balance sheet plus off-balance sheet items divided by credit risk and market risks, calculated and risk-weighted according to prevailing capital adequacy regulations.

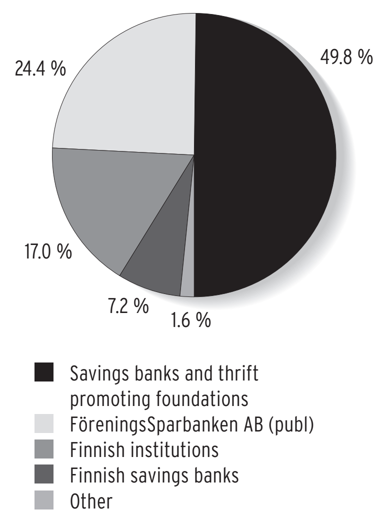
Income to cost ratio
The ratio of net income from financial operations, income from equity investments, commission income, net income from securities trading and currency transactions and other operating income to commission costs, administrative costs, depreciation and other operating expenses.

Share capital and ownership

Ownership by sector on 31 December 1999



Ownership on 31 December 1999



Trading and listing

Shares in Aktia Savings Bank plc are not publicly quoted. On the expiry of the bank's convertible debenture in October 1998, the Board of Directors stated that the bank was not yet ready for listing on the stock exchange. However, listing is still being planned.

Share capital

At the end of 1999, the bank's paid-up share capital as entered in the Finnish Companies Register was FIM 432.1 million divided into 35.3 million shares. The nominal value of each share is FIM 12. Each share carries one vote and confers equal entitlement to assets and profits. All shares rank equally and are registered in the book entry securities system. Neither the Board of Supervisors nor the Board of Directors are currently authorised to issue shares or float securities that would entitle purchase of shares in the bank.

Ownership

At the end of the year, Aktia had 597 shareholders. The principal shareholders are savings banks foundations and thrift promoting foundations, with a combined ownership of 49.8 per cent. The savings bank foundations were founded in 1993 when Aktia was converted into a limited liability company. The origins of savings bank foundations date back to saving foundations. Föreningssparbanken AB (publ) of Sweden holds 24.4 per cent, Finnish institutions 17.0 per cent, and Finnish savings banks 7.2 per cent of the shares in Aktia.

The three-year agreement between Aktia's largest shareholders, the Finnish savings banks foundations, thrift promoting foundations, and FöreningsSparbanken, expired on 28 July 1999.

Convertible bonds and debentures

The FIM 20 million convertible bond issued by the bank on 21 December 1994 will mature on 21 December 2004. The bonds can be converted into a total of 40,000 shares, which would increase the share capital by FIM 0.5 million. Conversion may take place annually between 1 November and 20 December until 2004. The bond is not listed on any stock exchange.

Shareholdings by Aktia's management

Members of the bank's Board of Supervisors and Board of Directors, including the managing director and deputy managing directors, held a total of 142,780 shares, equivalent to 0.41 per cent of the total number of shares and voting rights.

Goals

Return on capital after tax should exceed risk-free interest by an average of 3 to 5 per cent during an economic cycle. Capital adequacy must be at least 12 per cent and the proportion of Tier one equity should be at least 10 per cent.

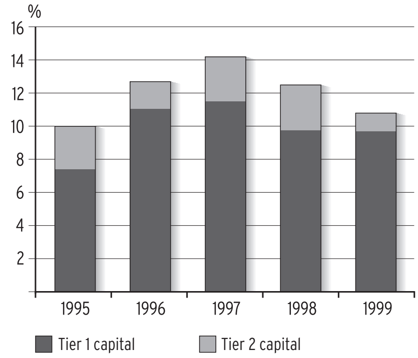
Dividend policy

Equity investment in Aktia should prove to be a sound investment in the long-term. The aim is to distribute 30 to 40 per cent of after-tax profits as dividends, without, however, jeopardising expansion. In 1998, the dividend was FIM 0.50 per share. For 1999, the Board of Directors proposes a dividend of FIM 0.75 per share.

Breakdown of shares on 31 December 1999

Size category	No. of owners	Percentage of owners	No. of shares	Percentage of shares
1-100	201	33.67	12,325	0.03
101-1 000	219	36.68	112,818	0.32
1,001-10,000	75	12.56	224,841	0.64
10,001-100,000	55	9.21	2,267,596	6.43
100,001-	47	7.87	32,640,470	92.58
Total	597	100.00	35,258,050	100.00

Capital adequacy



Share capital and share issues

Year	Event	Change in share capital	Share capital after change	Dividend	Date
1993	Bank converted into limited liability company	350,000,000	350,000,000	1/1 1993	21.4.1993
1993	Convertible subordinated bonds of FIM 50,000,000 issued for public subscription				18.10.-17.12.1993
1993	Convertible bonds of FIM 50,000,000 issued for public subscription				13.12.1993-11.2.1994
1994	Conversion of convertible subordinated bonds	1,480,000	351,480,000	1/1 1994	1.9.-17.10.1994
1994	Issue of 2,500,000 shares at FIM 20 to Sparbanken Sverige AB (publ), companies and institutions	50,000,000	401,480,000	1/1 1995	21.12.1994
1994	Convertible debenture of FIM 20,000,000 for subscription by corporations and the public				21.12.1994
1995	Share issue to Sparbanken Sverige AB (publ), bond with warrant of FIM 1,000,000				24.-31.5.1995
1995	Conversion of bonds for shares	2,202,000	403,682,000	1/1 1995	1.8.-12.12.1995
1995	Conversion of subordinated bonds for shares	190,000	403,872,000	1/1 1995	1.9.-17.10.1995
1995	Reduction in share capital	161,548,800	242,323,200		29.12.1995
1996	Share issue to Sparbanken Sverige AB (publ)	85,200,000	327,523,200	1/1 1997	12- 22.8.1996
1996	Share issue to Finnish non-profit organisations, funds, institutional investors and savings banks	85,200,000	412,723,200	1/1 1997	12-22.8.1996
1996	Conversion of subordinated bonds for shares	6,000	412,729,200	1/1 1996	1.9.-17.10.1996
1997	Conversion of subordinated bonds for shares	8,400	412,737,600	1/1 1997	1.9.-17.10.1997
1998	Conversion of subordinated bonds for shares	10,359,000	423,096,600	1/1 1998	1.9.-17.10.1998

Applicable regulations
Aktia is governed in compliance with the Credit Institutions Act and the Commercial Bank Act. Regulations on corporate administration are also included in the bank's articles of association and the rules of procedure adopted by the Board of Supervisors that define the areas of responsibility of individual administrative bodies in more detail.

Board of Supervisors and its duties
The Board of Supervisors serves as the bank's highest administrative body that sets forth the guidelines for the bank's operations and ensures that the bank is administered expertly and with due diligence in compliance with the law and the articles of association. The members of the Board of Supervisors (for more details, please see page 42) are elected at the annual general meeting of shareholders for a term of 3 years. No person who reaches 65 before the beginning of the term can be elected to serve on the board. The Board of Supervisors has 30 members. Within the Board of Supervisors, there are presiding officers and a Controlling Committee, who supervise the bank's administration in more detail. During 1999, the Board of Supervisors convened four times.

Ownership control is exercised by the Board of Supervisors, and particularly by its Controlling Committee as well as by auditors elected at the annual general meeting of shareholders. During the financial year, the members of the Controlling Committee of the Board of Supervisors and the auditors stay in continuous contact with the bank's operative management, receiving detailed reports on the bank's financial performance and day-to-day administration on a regular basis. During 1999 the Controlling Committee of the Board of Supervisors convened twice.

A member of the Board of Supervisors, Mr. Johan Korkman, managing director, Dr. of Agriculture and Forestry, passed away on 10 October 1999.

Board of Directors and its duties
The Board of Directors is responsible for the management of the bank in accordance with the provisions of the applicable laws and the Articles of Association and the instructions issued by the Board of Supervisors. Unlike the administrative system typical of other financial institutions governed by the Commercial Bank Act, the members of Aktia's Board of Directors are not part of the bank's operative management. The members of the Board of Directors (for more details, please see page 49) are appointed by the Board of Supervisors for a term of one calendar year at a time. No person who reaches 65 before the beginning of the term can be elected to serve on the board. During 1999, a total of seven members served on the Board of Directors, all of whom were re-elected for 2000, except for Mr. Sven-Erik Kjellman who was, at his own request, re-elected for a term ending on 31 July 2000. During 1999, the Board of Directors convened for 14 meetings.

Appointment of managing director and his duties
The managing director shall see to the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors in respect of issues where administrative responsibility does not rest with the Board of Directors. The managing director is appointed by the Board of Supervisors, which also elects the deputy managing directors, one of whom discharges the duties of the managing director in his absence. Mr. Johan Horelli served as managing director up to 30 November 1999, when he was succeeded by Mr. Erik Anderson on 1 December.

Members of the Executive Committee and their duties
The Executive Committee of the bank makes decisions on the bank's business operations in accordance with the information supplied by the Board of Directors. The members of the Executive Committee are appointed by the bank's Board of Directors. Members of the Executive Committee include the managing director, who serves as chairman of the committee, the deputy managing directors Asko Rintala (managing director's alternate in his absence), Jan-Peter Rehn, and Jarl Sved, as well as general manager Yngve Lindberg and, since 1 February 2000, general manager Tom Anderzén (for more details, please see page 50). During 1999, the Executive Committee convened 47 times.

Subsidiaries are administered by their boards of directors within the framework established by the Executive Committee and the Board of Directors.

Local bank boards and their duties
Decision-making at local level involves 21 local bank boards. Members of the local bank boards are appointed by the Board of Supervisors for a term of two years.

Assurance of the integrity and competence of corporate management
The qualifications and competence of the members of the bank's Board of Directors and Executive Committee are verified both before appointment and thereafter on a regular basis. The procedure, which includes a statement by the individuals involved and a number of investigations carried out by the bank, is designed to ensure that the members of the bank's highest decision-making bodies continually satisfy the most rigorous requirements for integrity and impeccable management of personal affairs.

Under the bank's articles of association, the members of the Board of Directors are required to inform the Board of Supervisors of their involvement in the administration of any other companies. The managing directors and deputy managing directors may join the administrative bodies of other companies only with the express permission of the Board of Directors. Members of the bank's Board of Supervisors, and the members of the Board of Directors and Executive Committee, are entered in the bank's insider register, meaning that their holdings of shares in listed companies is public information. Public disclosure is a way of ensuring that no abuse of market information can take place.

Board of Directors

Left to right: *Patrick Enckell, Lasse Koivu, Robert Charpentier, Sven-Erik Kjellman, Lars-Erik Kvist, Caj-Gunnar Lindström, Stefan Wikman*

Patrick Enckell (b. 1937)
Lic.Tech.
Member of the board since 1994
(Chairman of the board since 1994)
Shareholding: 500 shares
Positions of trust: Member of board of directors of Nordkalk Oy/Ab, Hufvudstads-bladet Ab, Paroc Group Ab

Lasse Koivu (b. 1943)
M.Sc. (Econ.)
Managing Director, Konstsamfundet r.f.
Member of the board since 1994
(Vice Chairman of the board since 1994)
Positions of trust:
Konstsamfundet Group: Chairman of board of directors of Oy City Forum Ab, Oy Insulanova Ab, Oy Mercator Ab, Oy Kamppiparkki Ab, Hufvudstadsbladet Ab, Oy Stockmann Ab, Söderström & Co förlags Ab Grafiska Industri Ab, member of board of directors of Borgåbladet Ab, Forum för ekonomi och teknik, Föreningen Konstsamfundet, Ab Kelonia Oy, Oy Nortecon Ab, Arcada - Nylands Svenska Yrkeshögskola, Oy Realinvest Ab, member of supervisory board of the Mutual Insurance Company Kaleva.

Robert Charpentier (b. 1965)
M.Sc. (Econ.)
Head of Corporate Banking, FöreningsSparbanken AB (publ) / Swedbank Markets
Member of the board since 11 March 1999
Position of trust:
Member of board of directors of AB Svensk Exportkredit

Sven-Erik Kjellman (b. 1938)
Managing Director, Kvevlax Sparbank
Member of the board since 1996
Position of trust: Member of board of directors of the Finnish Savings Bank Association

Lars-Erik Kvist (b. 1945)
M.Sc. (Econ.)
Deputy Managing Director, FöreningsSparbanken AB (publ)
Member of the board since 1998
Positions of trust:
Chairman of board of directors of Upplysningscentralen UC AB, Vice Chairman of board of directors of FöreningsSparbanken Finans AB, ML Rental AB, alternate member of board of directors of Affärsbankernas Serviceaktiebolag, Svenska Bankföreningen, member of the Advisory Committee of Bank Handlowy

Caj-Gunnar Lindström (b. 1942)
Dr. Econ.
Managing Director, Åbo Akademi Foundation
Member of the board since 1997
Positions of trust:
Chairman of board of directors of Pensions Insurance Company Ab Verdandi, Kelonia Oy Ab, Reinsurance Company Ab Veritas, member of board of directors of Life Assurance Company Ab Verdandi, Partek Oyj Abp.

Stefan Wikman (b. 1956)
L.L.M.
Attorney-at-law, Law Firm Roschier-Holmberg & Waselius
Member of the board since 1 January 1999
Positions of trust:
Chairman of board of directors of HSS Media Ab, Oy Flexipack Ab, member of board of directors of Hartman Group, Oy C.J. Hartman Ab, Oy Hartman Invest Ab, Oy Hartman Mobila Ab, Vice Chairman and member of executive board for Harry Schauman Foundation, member of board of directors of several real estate corporations within the foundation, member of the executive board of the Åbo Akademi Foundation

The Executive Committee
Management for Sales & Customer Service

Left to right: *Erik Anderson, Asko Rintala, Jan-Peter Rehn, Jarl Sved, Yngve Lindberg, Tom Anderzén, Christina Wiik, Caj Holmström, Kenneth Kaarnimo, Gösta Råholm*

The Executive Committee (△)

Erik Anderson, (b. 1943)
Managing Director
L.L.M.
Internal auditing, communications, personnel development, quality control

At Aktia since 1.9.1999, Managing Director since 1.12.1999
Shareholding: 20,000 shares (March 2000)
Positions of trust:
Vice Chairman of the Finnish Savings Bank Association, Oy Samlink Ab, member of supervisory board of Arcada - Nylands Svenska Yrkeshögskola

Asko Rintala (b. 1953)
Deputy Managing Director
(Managing Director's alternate)
B.Sc. (Econ.)
Sales & Customer Service, Internet and telephone bank, marketing

At Aktia since 1995
Shareholding: 19,440 shares

Jan-Peter Rehn (b. 1962)
Deputy Managing Director
M.Sc. (Eng.)
Asset management
Aktia Private Banking, Aktia Fund Management Ltd., Aktia Asset Management Oy Ab, Aktia Securities Ltd, insurance unit, securities and back office services

At Aktia since 1998
Shareholding: 100,000 shares
Positions of trust:
Member of board of directors of Life Assurance Company Sparfond

Jarl Sved (b. 1954)
Deputy Managing Director
L.L.M.
Economics, Treasury, corporate law, credit control

At Aktia since 1980
Shareholding: 19,690 shares
Positions of trust:
Vice Chairman of board at Savings Banks Voluntary Security Fund, member of board of directors of Finnish Savings Bank Association

Tom Anderzén (b. 1956)
General Manager
M.Sc. (Econ.), M.Sc. (Eng.)
Business development & IT

At Aktia since 1 February 2000
Position of trust:
Member of board of directors of Oy Samlink Ab

Yngve Lindberg (b. 1940)
General Manager
Real estate, internal services

At Aktia since 1964
Shareholding: 19,490 shares
Position of trust:
Member of board of directors of Mutual Insurance Company Svensk-Finland

Christina Wiik (b. 1943)
Investment Adviser
Staff representative

At Aktia since 1961
Shareholding: 250 shares

Management for Sales & Customer Service (○)

Asko Rintala

Caj Holmström (b. 1950)
General Manager
B.Sc. (Econ.)
Branch office operations in the Helsinki area, marketing

At Aktia since 1994
Shareholding: 300 shares

Kenneth Kaarnimo (b. 1963)
General Manager
M.Sc. (Econ.)
Branch office operations in Uusimaa, Turunmaa and Tampere

At Aktia since 1991
Shareholding: 200 shares

Gösta Råholm (b. 1955)
General Manager
Branch office operations in Pohjanmaa

At Aktia since 1988
Shareholding: 150 shares

Subsidiaries

Left to right: *Tom Ginman, Tom Lehto, René Källbacka, Christer Bussman*

Subsidiaries

Tom Ginman (b. 1952)
M.Sc.(Econ.)
Managing Director
Aktia Fund Management Ltd
At Aktia since 1998

Tom Lehto (b. 1958)
M.Sc.(Econ.)
Managing Director
Aktia Asset Management Oy Ab
At Aktia since 1993

René Källbacka (b. 1959)
M.Sc.(Pol.)
Managing Director
Aktia Securities Ltd
At Aktia since 7 December 1999

Christer Bussman (b. 1955)
L.L.M.
M.Sc.(Econ.)
Managing Director
Vasp-Invest Oy
At Aktia since 1992

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