

Leonia and Sampo will merge to form a full service financial group.

This Annual Report contains the annual accounts of Leonia plc and its subsidiaries Leonia Bank plc and Leonia Corporate Bank plc. The Board of Directors' report of Leonia plc includes sections of text separated by sub-headings referring to Leonia Bank and Leonia Corporate Bank. These sections correspond in substance to the statutory reports of these companies which have not been included in this Annual Report. These statutory reports also include the parts referring to the operating environment, risk management, preparations for the introduction of the euro and the year 2000 and are identical with the corresponding parts in the Board of Directors' report of Leonia plc.

The Board of Management of Leonia Bank signed the Board of Management report and it was countersigned by the Supervisory Board, on 29 February, 2000. Likewise, the Board of Directors of Leonia Corporate Bank signed the Board of Directors' report on 29 February, 2000. The reports are included in the annual accounts of these companies, which have been audited and will be presented to their Annual General Meetings and forwarded to the Trade Register.

FINANCIAL INFORMATION

Leonía publishes its Annual Report in Finnish, Swedish and English. It is available on Leonia's website at <http://www.leonia.fi>. Printed copies may be ordered by email from viestinta@leonia.fi, by fax from +358 204 25 2608, by post from Leonia plc / Corporate Communications, Eteläesplanadi 8, FIN-00007 Helsinki, and by telephone from +358 204 25 2610.

Leonía plc and its subsidiaries will publish three interim reports in 2000: for January to March, for January to June and for January to September. The reports will appear on 17 May, 22 August and 21 November respectively. The interim reports will be available on Leonia's website at <http://www.leonia.fi>. Printed copies may also be obtained from Leonia Bank's branches.

Information on the results of the Leonia Bank group and Leonia Corporate Bank will be included in the aforementioned interim reports of Leonia Group. In addition, each will publish its own interim report for January to June 2000 simultaneously with the Leonia Group report on 22 August 2000.

The Annual General Meetings of Leonia plc, Leonia Bank plc, and Leonia Corporate Bank plc will all be held on 22 March 2000.



FINLAND'S FIRST FULL SERVICE FINANCIAL GROUP

Leonia and Sampo, Finland's leading insurance company, agreed in the autumn to a merger of equals to create the new Sampo-Leonia Group as of the beginning of 2001. Sampo-Leonia will become Finland's first full service financial group, being both a leading insurer and a strong bank.

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Conversion rate between the euro and the markka
EUR 1 = FIM 5.94573

LEONIA HIGHLIGHTS IN 1999

<i>Leonia Group</i>	1999	1998
Operating profit, EUR million	204	194
Total assets at end of period, EUR million	28,229	24,904
Capital & reserves at end of period, EUR million	1,589	1,544
Cost to income ratio, %	70.2	70.8
Return on equity (ROE), %	10.8	11.5
Capital adequacy ratio, %	9.9	13.9
Staff numbers at end of period	4,599	4,700

FIRST IN THE WORLD

On 18 March Leonia announced its intention to become the first bank in the world to provide secure banking services using new digital signature technology for WAP mobile phones. At the same time, Leonia's web bank services will expand to mobile phones.

SIGNIFICANT PROPERTY DISPOSAL

On 28 May Leonia Bank sold a significant part of its property holdings to the Sponda property investment company. The deal included 14 properties in the Helsinki region. The sale price was over EUR 250 million.

REPRESENTATIVE OFFICE IN BEIJING

On 1 June Leonia Corporate Bank decided to establish a representative office in Beijing to better serve Leonia's corporate customers in China.

LEONIA MANAGED THE YEAR'S LARGEST SECURITIES TRANSACTION

On 22 June Leonia was the domestic lead manager in the year's largest transaction on the Finnish securities market, when the HPY Telephone Co-operative was converted into HPY Holding plc. The new HPY Holding had 315,500 shareholders

WEBBANK OVERTOOK THE BRANCH NETWORK

On 4 August for the first time, the number of transactions of Leonia's WebBank overtook those of the branches and post offices. Since then, the WebBank has continuously handled more banking transactions than the traditional branches.

LARGE LOAN TO LITHUANIA

On 12 August Leonia Corporate Bank participated in arranging the largest corporate loan in Lithuania's history. Five other banks joined with Leonia in the USD 125 million, five-year syndicated loan for the Lithuanian telecommunications company, Lietuvos Telekomas.

RAPID GROWTH IN INTERNET BUSINESS

By 30 September more than 300,000 Leonia customers already had the access to Leonia's WebBank. This means that one out of every four active Leonia customers possessed user rights to the web bank, which is the highest ratio in Europe.

FUND FOR SUSTAINABLE DEVELOPMENT

On 4 October Leonia launched its new Leonia Value Fund which invests in companies that best apply the principles of sustainable development and ethical values. The fund's investment targets are assessed according to a definition of sustainable development as defined by leading international experts.

SAMPO-LEONIA

On 13 October Leonia and the Sampo Insurance Company agreed to a merger of equals to create the new Sampo-Leonia Group. Measured by assets Sampo-Leonia will be a strong player in the fastest growing areas of the financial sector and have the most comprehensive range of financial products and services in Finland. Sampo-Leonia, which will be in full operation at the start of 2001, will have highly competitive IT and Internet services, and related product applications.

WEB BILLING CAN SAVE BILLIONS

On 19 October Leonia and its partners launched a new web billing system designed for inter-company invoices. Each year, companies in Finland send each other about 200 million invoices, over half of which could be handled by the Internet. This would save billions of markkas for companies.

SAME-DAY PAYMENTS IN THE NORDIC REGION

On 29 October Leonia introduced the new NordPay service, which allows companies to make same-day payments from one account to another in Finland, Sweden, Norway and Denmark in those banks participating in the service.

CO-OPERATION BETWEEN LEONIA AND FINLAND POST TO TERMINATE

On 2 November as no financially rational solution for the continuation of co-operation agreement could be found in negotiations between Leonia and Finland Post, the provision of Leonia's banking services by the post offices will terminate at the end of 2000. As a result, Leonia will improve and increase its own services and customer service staff, rapidly expand its web bank services and open new offices in places that are easily accessible to many people.

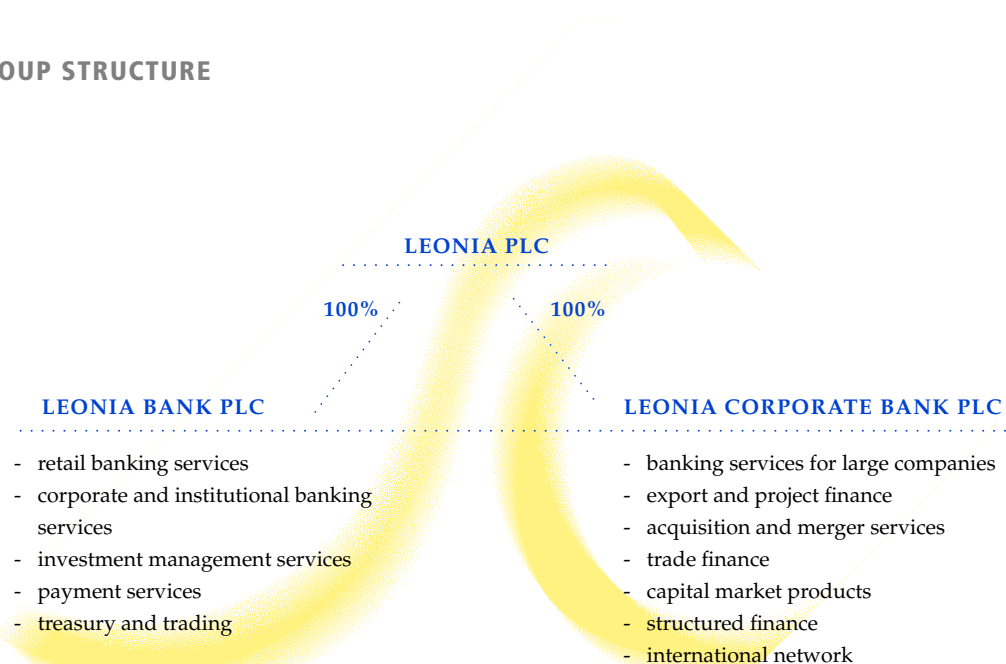
NEW HOUSING LOAN BANK

On 5 November Leonia decided to establish a mortgage bank, under new legislation, which will specialise in housing loans, funding them by issuing collateralised bonds. Leonia's wholly-owned Housing Loan Bank of Finland plc began operations at the start of 2000.

LEONIA'S SERVICES AVAILABLE AT R MICRO SHOPS

Leonia began to provide banking services at four R micro shops on a pilot basis in the Helsinki region and Tampere. Leonia's own staff are available at the R shops 7 days a week, including the evenings.

GROUP STRUCTURE



Subsidiaries

Leonia Back Office Oy, Leonia Life Insurance Company Ltd, Leonia Card Ltd, Leonia Municipality Bank plc, Leonia MB Group Oy, Leonia Fund Management Company Ltd, Leonia MM Fund Management Company Ltd, Leonia Asset Management Ltd, Leonia Finance Ltd, PSW Realty World Ltd, Housing Loan Bank of Finland plc, Tietoleonia Oy

All the above subsidiaries are 100% owned by Leonia Bank, with the exception of Tietoleonia Oy, of which Leonia owns shares responding to 40% of the share capital and 60% of the voting rights.

GROUP CHIEF EXECUTIVE'S COMMENT

The last year of the 20th century was a historic one for the Leonia Group. There were two landmark decisions during the autumn: to merge with Sampo and discontinue the cooperation with Finland Post that had begun 114 years earlier. Both decisions emerged through many stages of deliberation and preparation, and also after a protracted period of uncertainty. It is obvious that all of the preparatory work that preceded such major decisions delayed completion of other development projects to some degree and slowed down measures to improve efficiency.

When allowance is made for these factors, Leonia's second year went well. Although competition between banks remained very keen until the autumn and this pinched interest margins and reduced net income from financial operations, our operating profit again was a new record. Owing to the structure of its balance sheet and the large volumes of payments transactions that it handles, Leonia is more sensitive than its competitors to interest rate fluctuations. Fortunately, we were able to offset the reduction in net income from financial operations by increasing sales and pruning costs. Bad debts remained at an insignificant level.

Leonia has changed a lot in the just over two years since its foundation. We have reshaped our organisation to suit new circumstances, increased the efficiency of our operations, created completely new services and introduced new, highly-competitive products. We made the transition to the new millennium without even the slightest disturbance to our banking technology.

A very important factor with the future in mind is

the strong growth that has taken place in our mutual funds and other resources entrusted to our care in the past year. Our strongly increasing market share in this growth area reflects customers' confidence in Leonia and its expertise. Leonia's life assurance business likewise did very well and grew substantially.

Our corporate customers give Leonia a good review and last year saw our market share in this sector increase further. Volumes increased in our business with retail customers, although sales of banking services at post offices fell short of target.

Leonia's WebBank grew very vigorously and by the end of the year it had become one of the leading Internet banks in the Nordic region. By early August transactions via the WebBank had exceeded the combined total for our own branches and post offices. The rapid continuing spread of e-services is bringing one of Leonia's strategic competitive advantages more and more sharply into focus: a service based on our light network of offices and state-of-the art IT and telephone services.

Last year showed that even in the midst of major changes Leonia and its staff are capable of achieving clear operative advantages. Every individual has earned our thanks in this respect.

On the last day of this year Leonia will be privatised when its merger with Sampo is completed. The merger will produce a strong and competitive financial group, which bases its operations on serving individuals and companies in Finland as well as on expanding internationally in selected special areas. Sampo-Leonia's core competence will assume the concrete form of a combina-



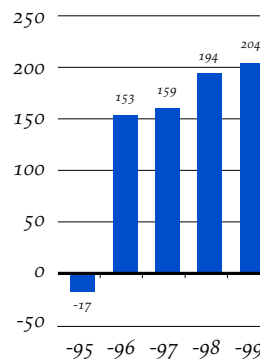
tion of financial products, which will enable us to offer customers optimal use of funds. Sampo-Leonia will have the most comprehensive range of products on the market.

Implementation of the major decisions made will take place this year. As to Leonia's result I am confident that it will further improve in 2000.

Helsinki, March 2000

Harri Hollmén
President and CEO

Operating Profit, EUR million



1995-1997 Postipankki + Finnish Export Credit

LEONIA 1999

	Operating profit, EUR million	Total assets, EUR million	Staff 31 Dec.
Leonia Bank	156	22,028	4,365
Leonia Corporate Bank	57	6,999	129
Leonia Group	204	28,229	4,599

LEONIA'S MULTI-CHANNEL SERVICE

Greater changes took place within Leonia's customer service network in 1999 than ever before. A decision was made to terminate more than a century of co-operation with Finland Post by the end of 2000, as these services were no longer profitable. At the same time, Leonia decided to considerably strengthen its own nation-wide service networks.

WEB AND MOBILE BANKING EXPANDING AT RECORD SPEED

The strong currents of change in banking are visible in the movement of transactions away from the branches to electronic services, i.e. information networks and telephone banking. Leonia has long been in the forefront of this development.

By early 2000, the number of Leonia customers with access to Leonia's telephone bank and WebBank had reached nearly 330,000 – an outstanding figure for a European universal bank with 1.3 million customers. In other words, one in four Leonia customers has access to the WebBank. WAP technology also makes the services of the WebBank accessible to mobile phone users.

STRENGTHENING OF BRANCH NETWORK

Leonia's strategy is to provide a multi-channel service in which the customers have full freedom to choose the channel, or combination of channels to use – whether it be the WebBank, telephone banking, the branch network, or automatic teller machines.

Following the decision to terminate cooperation with Finland Post and in response to customer wishes, Leonia has decided to strengthen its branch network by opening thirty new branches or service units giving a total of 120 branches and service units by the end of 2000.

At the end of 1999, an entirely new service outlet experiment was initiated with the R micro shops ("R-kioski"). Leonia's banking services are available on a pilot basis at three R shops in the Helsinki region and one in Tampere. A member of Leonia banking staff is ready to serve customers throughout the day, including the evenings and weekends. If the experiment succeeds, Leonia and Rautakirja (the company owning the R shops) may expand the service rapidly to over 100 R shops around Finland.

Leonia is quickly expanding its cooperation with supermarkets. The opportunities to withdraw money in

shops have been increased especially in Northern and Eastern Finland and other sparsely populated areas.

CUSTOMER ACCOUNT OFFICERS ARE IN A KEY POSITION

Bank branches will remain important in corporate banking relationships, even though routine transactions have been transferred almost entirely to electronic systems. The customer account officer is a valuable advisor and partner when finance is being considered. A familiar customer account officer is an essential need for small, medium-sized and large companies. The same applies to the approximately one hundred or so international large corporations who are customers of Leonia Corporate Bank and require special financing solutions. In addition to the domestic branch network, corporate customers can use the international network, i.e. Leonia Corporate Bank's representative offices in Tallinn, Stockholm, Singapore, Tokyo, Beijing and, in 2000, New York.

For retail customers, too, the branches will grow

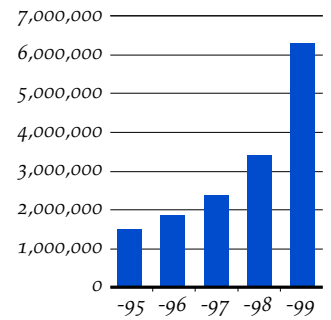
in importance as places where one can seek advice and discuss such matters as loans and investments. In addition, Leonia is recruiting new mobile sales managers who go to meet customers in their own environment.

LEONIA STRENGTHENS ITS SERVICE CAPABILITY

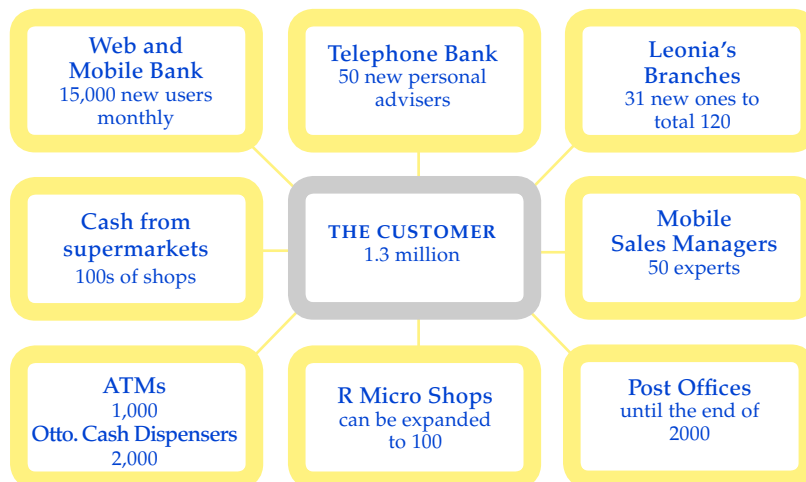
It proved unattainable to get banking services in the post offices more competitive and profitable. As a result, Leonia and Finland Post decided to terminate this co-operation. Now Leonia can better strengthen competitiveness, its own network and customer service, and to do this much more productively than was possible in the co-operation with Finland Post.

Approximately 200,000 of Leonia's 1.3 million active customers have used the post offices. About 100,000 of them live in localities where there is and will be no Leonia branch. It is just these customers with whom Leonia has been in close contact this year and for whom the bank is actively seeking future banking solutions.

Number of Leonia's WebBank Transactions



CUSTOMER'S CHOICE



SAMPO-LEONIA

Finland's second largest banking group, Leonia, and the country's leading insurance group, Sampo, will merge as equals to create the new Sampo-Leonia Group, with effect from 31 December, 2000. The companies signed a preliminary agreement on 13 October, 1999.

Sampo-Leonia will be Finland's first full-service financial group, being both the leading insurer in Finland and a strong bank.

Sampo-Leonia's core business areas will be banking, asset management, non-life insurance and life insurance. The Group's pro forma balance sheet total was EUR 35.0 billion on 31 December, 1999. The pro forma operating profit for 1999 was EUR 769 million.

The merger will create a large and financially strong group, operating in the fastest growing areas of the financial sector. Its structure will allow it to be flexible and actively to participate in consolidation of the financial services sector in the Nordic countries and the Baltic rim.

VISION AND BENEFITS FOR CUSTOMERS

Sampo-Leonia's vision is to be the leading full-service financial group in Finland. Its goal in Northern Europe is to grow in its targeted core business areas.

The Group's key growth areas will be asset management and life insurance. The markets for both these products are growing rapidly. By combining its resources and making additional investments in these areas, the new group will be able to increase its market share.

In terms of its product range, Sampo-Leonia will be Finland's most comprehensive financial group, providing customers with not only banking, asset management and life insurance services, but also a full range of non-life insurance products. Customers will benefit from the expanded range of products and services, which none of the new group's competitors can match, and benefit from Sampo-Leonia's ability to offer combinations of services

which have not previously been available in Finland.

Sampo-Leonia will have highly competitive IT and Internet services, supported by related product applications. With its telephone, Internet and mobile communications solutions, it will be at the forefront of electronic customer service.

STRONG MARKET POSITION

Sampo-Leonia will have a strong market position in the Finnish retail market, and in financial services for small and medium-sized companies, large companies and the public sector. Thus, it will be capable of increasing income, saving costs and using capital more efficiently.

The new group will have two million active retail customers and 100,000 corporate customers. Almost half of Finnish households and over 80 percent of Finnish companies will be customers of the group.

Sampo-Leonia will be able to meet the financing, investment and insurance needs of its customers. By combining the best resources of both companies, the new group will be able to produce even better products and quality of service.

COMPETITIVE MULTI-CHANNEL SERVICE

Leonia and Sampo have offices in about 100 towns in Finland. In March 2000, Leonia has 89 branches and service units for retail customers, 18 private banking units and 58 corporate offices. Sampo has 87 insurance offices, 41 of which are also corporate customer offices, and eight other service units.

Leonia's telephone bank and the corresponding Sampo service are leading operators in their field. Leo-

nia's WebBank is one of the most advanced in Europe in terms of utilisation and information technology solutions.

Sampo-Leonia will offer its customers a technologically-advanced, multi-channel service, effectively exploiting the Internet, mobile phones, other means of telecommunications, WAP services and the networks of its partners.

SYNERGIES OF THE MERGER

About half of the estimated EUR 50 million in annual benefits achievable in three years should be from increased revenues from cross-selling. Currently, less than a fifth of Sampo's customers are also customers of Leonia, and only a third of Leonia's customers are also customers of Sampo. This structure will allow the potential sale of comprehensive packages to customers in other parts of the group, including:

- Leonia's financing, deposit and payment services to Sampo's customers
- Sampo's non-life insurance products to Leonia's customers
- Life insurance, mutual funds and asset management to all customers of the group.

The cost savings will be attributable mainly to service network solutions, and the consolidation of group management and internal services.

VISION

- *Sampo-Leonia will be the leading full service financial group in Finland*
- *It will expand strongly in targeted, fast-growing core business areas in the Baltic region*
- *It will participate actively in the consolidation of the financial sector in the Nordic countries*

BENEFITS FOR CUSTOMERS

- *Comprehensive range of financial services*
- *Resources for developing new financial products*
- *Service more easily accessible*
- *Competitiveness, cost effectiveness*
- *Broader expertise*

SAMPO-LEONIA'S KEY FIGURES 1999, PRO FORMA

EUR million	Sampo 1999	Leonia 1999	Total 1999 1998	
Revenues	2,540	1,466	4,006	3,364
Income from insurance activities	1,425	145	1,570	1,167
Income from banking activities		660	660	657
Operating expenses	193	463	656	628
Operating profit	565	204	769	405
Capital and reserves (1999 after distribution of dividends)	795	1,169	1,964	2,291
Total assets at 31 December 1999	6,726	28,229	34,955	30,662
Staff numbers at end of year	4,536	4,599	9,135	8,000

LEONIA BANK

Measured by assets, Leonia Bank and its subsidiaries form Finland's second-largest commercial bank. It provides retail and corporate customers with comprehensive banking services. Leonia Bank has its own nationwide network of branches and advanced telephone and web banking services. The Bank has 1.3 million active retail customers and about 70,000 corporate customers. Leonia Bank's operating profit for 1999 was EUR 156 million, a 20% improvement on the previous year.

RETAIL BANKING AND INVESTMENT MANAGEMENT SERVICES

Leonía Bank's retail network comprises an Internet bank known as WebBank, a telephone bank, 89 branch offices the number of which will grow to 120 during 2000, 18 private banking units and the cash dispensers and automatic teller machines enabling the payment of bills available to Leonia's customers. Leonia Bank's investment management services are responsible for producing innovative and cost-effective investment products and private banking services for customers of the Leonia Group. The operating profit of the retail banking and the investment management services business area in 1999 was EUR 43 million.

WebBank transactions nearly doubled on 1998.

At the beginning of 1999 Leonia launched its new WebBank whose popularity grew quickly during the year. The number of customers with access to the WebBank and telephone bank increased by over 60% to 330,000 Leonia customers by the end of the year.

WebBank transactions nearly doubled on the 1998 figure to over six million. The use of the full service telephone bank also increased dramatically, and the experimental opening of the personal telephone service on Sundays became a permanent feature. Over six million automatic transactions were recorded by the automatic telephone service accessible 24 hours every day.

Leonía's WebBank is now available to WAP mobile phones.

Leonía's WebBank services have also become available to WAP mobile phones. At the turn of the millennium Leonia launched a pilot project in which digital signature

technology was used for the first time in the world in WAP mobile phones. The new secure identification and digital signature, which makes the use of mobile banking services essentially easier, will be available for customer use in the WebBank and in WAP phones during 2000.

A significant decision was made to end the historical co-operation with Finland Post by the end of the year 2000. As a result, Leonia's customer service will increasingly be a multi-channel service in which the customer can choose which channel or combination of channels from the WebBank, the telephone bank, the branch offices, the ATMs and other means of banking, suit him or her best. Leonia is also opening new branches and service units, bringing the total number to 120 by the end of 2000. The majority of the new service units will be located in shopping centres and other places with large customer flows.

A completely new approach is being piloted with co-operation with four R micro shops where a member of Leonia's own staff is on the premises to serve customers throughout the day, including evenings and weekends.

The use of electronic banking by retail customers increased further, with the number of self-service transactions growing by nearly one third, while the use of the traditional payment service and services over the counter decreased by nearly one fifth.

Lending to retail customers grew by 10 percent during 1999.

During 1999, lending to retail customers grew by 10% and to housing companies by more than one third. Customer funds on deposit accounts with Leonia grew by 5%.

Leonía significantly increased the benefits offered to its privilege and loyal customers who concentrate their banking in Leonia. For privilege customers, Leonia offers the best account in the market with considerably better interest than

competing offers, and more economical payment services than those available to other customers. Anyone with deposits, investments or a loan of at least FIM 75,000 in Leonia Bank is treated as a privilege customer. Any customer who channels an income of at least FIM 4,000 per month into Leonia and has deposits, loans, or investments of at least FIM 15,000 in Leonia is considered a loyal customer who is also entitled to better interest rates and more economical payment services than other customers.

Leonia's fund assets grew more than two and a half times.

The popularity of Leonia's mutual funds continued. The 6,000 fund unit holders of three years ago had climbed to almost 50,000 by the end of 1999. Last year alone, the number of fund unit holders doubled.

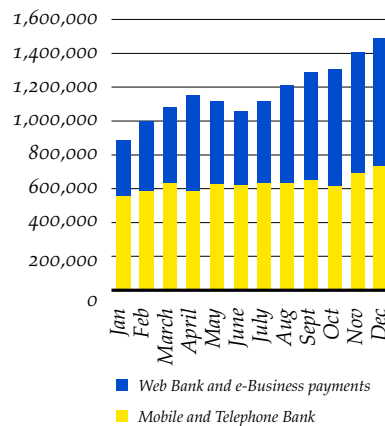
The total assets of Leonia's mutual funds grew to EUR 1.1 billion, which was more than two and half times greater than the year before. The market share held by Leonia's funds also grew from 8.4% to 10.3%

The range of Leonia funds available was expanded to include funds specialising in Asian and European technology companies and a fund for sustainable development. The latter invests in companies which best apply the principles of sustainable development in their own operations.

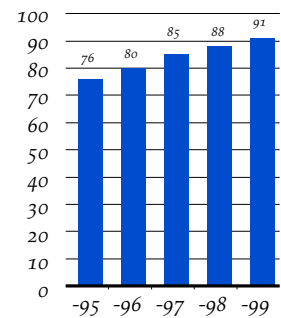


The management of Leonia Bank, seated from left Maarit Näkyvä, President Pentti Hakkarainen and Executive Vice President Ilkka Hallavo. Standing from left Jussi Osola, Matti Inha and Jarmo Lankinen.

Number of log-ons with Leonia Bank Keys 1999

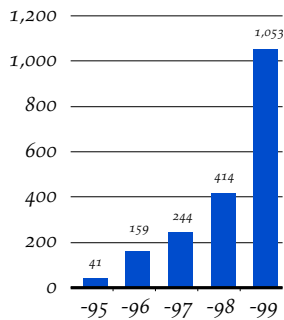


Retail Customers' Web and Card Transactions as a Percentage of Total Retail Transactions in Leonia Bank, %

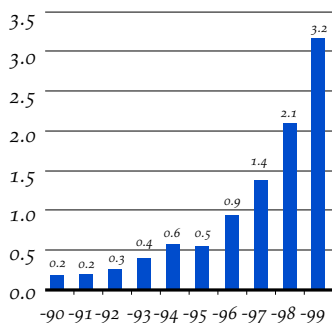


(ATM withdrawals, bank & Visa purchases, payment service, autom. payment service)

Assets in Leonia's Funds
at Year-end, EUR billion



Leonia Asset Management Ltd
Funds under Management, EUR
billion



The rapid growth of customer assets under Leonia's asset management continued in 1999, reaching EUR 3.2 billion at the end of the year, or almost 50% higher than the year earlier. The asset management services were incorporated into a new subsidiary, Leonia Asset Management Ltd, during the year.

Leonia's insurance operations also grew rapidly, with the total premium income of Leonia Life Insurance Company Ltd more than doubling to EUR 145 million. In the autumn Leonia Life Insurance launched Finland's first unit-linked Internet savings insurance scheme

CORPORATE CUSTOMERS

The customers of Leonia Bank's corporate services are companies, municipalities and other public sector entities, as well as non-profit institutions. The business area is also responsible for Leonia Group's cash management, financing and account products, finance company services and venture capital activities. The operating profit of the corporate customers business area in 1999 was EUR 82 million.

Customers are served by Leonia Bank's corporate branch network, with 58 service units throughout Finland. Each corporate customer has its own customer account officer, who specialises in the customer's financial needs. At the end of the year, there were 321 customer account officers working in the corporate services.

Leonia is becoming the primary bank for an increasing number of companies.

The positive development of the Finnish economy created excellent opportunities for growth in Leonia Bank's corporate banking services. Profitability was good, with more recoveries of bad and doubtful debts than new provisions for them. Lending to small and medium-sized companies and institutional customers increased by more than a fifth, and the

number of customers grew. Leonia's position in financing large and medium-sized companies is already very strong. Now Leonia is becoming the primary bank for an increasing number of small and medium-sized companies. Leonia Group's market share of domestic lending to corporate customers was 22.6% at the end of September, 1999, based on the figures of the Financial Supervision Authority.

The total assets of the financing company, Leonia Finance Ltd, grew by 12%. The combined investment portfolio of Leonia MB Group Ltd., a specialist in private equity and mezzanine financing, and the MB Funds grew by more than 40% to EUR 116 million. The position of Leonia Municipality Bank plc in lending to municipalities and their property companies remained virtually unaltered.

The Nordic joint project designed for corporate customers, NordPay, was launched in the autumn. NordPay increases the efficiency of customer payments and cash management in the Nordic countries. As a result, payments can now be made from one Nordic country to another as quickly as domestically.

Leonia's web shopping payment service, designed for e-commerce purposes, is a fast and secure way to invoice sales on the Internet. It allows the vendor to deliver an ordered product without any risk, because the purchaser pays for the product when ordering and the vendor receives immediate verification of the payment. Nearly 300 e-commerce vendors were using the web shopping payment service by the end of the year.

The electronic bill presentment and payment service is a joint service offered by Leonia and the invoicer to customers who pay their invoices via the WebBank on the Internet. The electronic billing service allows the invoicer to send an electronic invoice directly to the payer's bank. The electronic billing service makes it possible for companies to use elec-

tronic invoicing, and the customer can settle it in the Internet. Electronic billing service will in due course also facilitate electronic inter-company billing. Leonia's electronic billing service is already used by many telephone and energy companies for their invoicing.

Leonia's payment services were preferred to those of its competitors.

The number of payment transactions processed in the whole Leonia Group grew by 4% in 1999 to reach 370 million. Electronic transfers accounted for about 97% of the total payments of corporate and institutional customers. According to the annual customer satisfaction survey, Leonia's efficient payment services received better reviews than those of competitors, in both domestic and foreign payments.

TREASURY AND TRADING

Leonia Bank's treasury and trading is responsible for trading on the capital, money and foreign exchange markets for the account of Leonia Bank, and for selling these markets' products, risk management services and back office services to corporate and institutional customers. It is also responsible for the Leonia Bank's liquidity, funding and investment bank services. The operating profit of the treasury and trading business area in 1999 was EUR 12 million.

Leonia's market share of issues of commercial paper was 48%.

The volume of the treasury's customer business remained almost unchanged, despite the transfer to the euro. The decrease in foreign exchange trading was offset by the almost as large increase in money market trading. Despite reduced foreign exchange trading, profit was good.

Leonia's market share in the money markets increased, especially in issues of commercial paper.

48% of all new issues of commercial paper in Finland were launched via Leonia in 1999.

Leonia handled the year's most significant transaction in the securities markets.

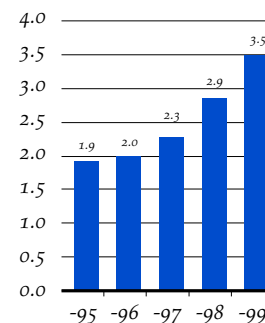
In the spring and summer of 1999, Leonia handled the year's most significant securities transaction when the registered participation certificates of HPY Telephone Co-operative were exchanged for shares in the new holding company HPY Holding plc, now renamed as Elisa Communications. Leonia's role as the domestic lead manager was crucial to the smooth running of this operation. In addition, Leonia acted as the domestic lead manager for the IPO of Perlos plc and as co-leader of Sonera plc's share issue. In addition to these, Leonia assisted several customers in establishing incentive schemes for their employees, managed numerous mergers and acquisitions and advised on financing or listings.

Leonia Bank's asset and liability management team successfully managed the interest rate risks of the balance sheet. In June, Leonia Bank issued a EUR 400 million five-year floating rate note. This first public bond issue under the Leonia name was well-received and broadened the investor base for the Bank.

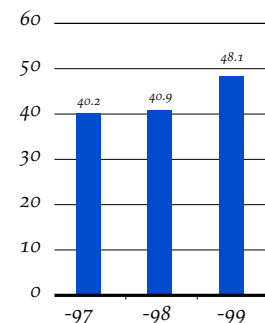
It was decided to transfer the processing services for customers' securities to a new company, Leonia Back Office Oy, which started operations in March, 2000.

The handling of Leonia Bank's foreign exchange trading processes will be transferred by April 2000 to Bank One Corporation's Global Trading Operations which operates out of London.

Leonia Bank Group's Lending to Corporates, EUR million



Leonia's Market Share of Issues of Commercial Paper, %



Sources: Bank of Finland and Leonia

LEONIA CORPORATE BANK

Leonia Corporate Bank provides financing and investment services to large internationally operating Finnish corporations and their customers. A customer account officer has been appointed for each customer to meet demands for special expertise. Leonia Corporate Bank focuses on the financing of acquisitions and mergers, export and project finance, trade finance, structured finance and capital markets.

Leonia Corporate Bank plc's operating profit was EUR 57 million in 1999. The operating result excluding exceptional items improved over the previous year.

Leonia Corporate Bank is the leading export and project financier in Finland.

Leonia Corporate Bank is the leading Finnish export and project financier, with a thorough knowledge particularly of the pulp and paper industry, the energy and infrastructure sector and telecommunications. In export and project finance, Leonia Corporate Bank serves export companies by providing finance for their customers. Of the new loans of over EUR 500 million, over 40% were for the telecommunications sector which experienced especially strong growth in 1999. Leonia Corporate Bank participated with five other banks in arranging the largest ever corporate credit for a Lithuanian borrower, i.e. a USD 125 million, 5-year syndicated loan for the Lithuanian telecommunications company, Lietuvos Telekomas.

One of the major projects financed in 1999 was a USD 2.4 billion investment by the Peruvian mining company, Compania Minera Antamina S.A., for which Leonia Corporate Bank arranged a USD 100 million loan. The Antamina copper and zinc deposit is one of the world's largest non-exploited deposits, and its financing is the largest project finance agreement in the mining industry. In addition, Leonia Corporate Bank

participated together with six other banks in the refinancing of Ericsson Project Finance's USD 538 million export finance portfolio.

Trade finance services were strengthened in 1999 by centralising them in a new trade finance unit. Leonia Corporate Bank was, in particular, able to exploit the company's trade finance expertise in emerging markets. Significant finance was provided, for example, for trade with Turkey and the Republic of Korea.

Leonia Corporate Bank is the market leader in arranging corporate bond issues.

In the Finnish capital markets, Leonia has held the leading position in corporate bonds throughout the 1990s, and was the market leader in arranging Finnish corporate bonds in 1999. Leonia Corporate Bank lead-managed eight of the 16 Finnish euro-denominated issues. The largest issues arranged by Leonia Corporate Bank were a EUR 500 million asset securitisation (Fennica No. 4) of the housing loans of the Housing Fund of Finland, and Leonia Bank's EUR 400 million floating rate note issue, both of which were widely distributed domestically and internationally. In addition, Leonia Corporate Bank arranged a capital note issue for Fingrid Oyj, the power grid operator of Finland, and a debenture note issue for Ålandsbanken, an Åland based commercial bank, and participated in several domestic and international bond issues as a co-lead manager.

Syndicated loan margins widened and their number decreased. Leonia arranged five syndicated loans for Finnish customers in 1999.

In September Leonia was accepted as a member in the Euroclub which is a group of 16 European banks seeking to cooperate in the international securities market. The Euroclub aims at leveraging combined origination, distribution and trading expertise for the benefit of both issuers and investors.

Leonia Group's international network has been centralised within Leonia Corporate Bank. At the beginning of 2000, the company opened a new representative office in Beijing to provide services for Leonia's corporate customers in China. The company also has representative offices in Stockholm, Tallinn, Tokyo and Singapore, and it will open a representative office in New York during 2000.

Leonia Group's treasury functions were re-organised in 1999 with the establishment of a separate treasury for Leonia Corporate Bank to manage and monitor the company's funding and market risks, loan portfolios and investments.



The management of Leonia Corporate Bank, from left Matti Virtanen, President Orvo Siimestö and Matti Copeland.

LEAD MANAGERS OF FINNISH EURO DENOMINATED BOND ISSUES IN 1999

	EUR million ¹⁾	Number of Issues ²⁾
1. Leonia	592	8
2. Paribas	450	4
3. Salomon Smith Barney	350	2
Others (7 banks)	877	8
Total	2,269	16

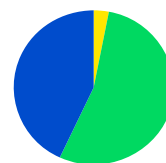
¹⁾ If two bookrunners, 50% credit to each.

²⁾ Full credit to bookrunners.

Sources: Capital Data, Bond Ware, and the Bank of Finland

Leonia Corporate Bank

Loan Portfolio 31 Dec 1999



● Export and Project Finance 54%

● Customer Lending 43%

● Other 3%

FIVE-YEAR SUMMARIES

Leonia Group ¹⁾	1999	1998	1997	1996	1995
EUR million					
Revenues	1,466	1,713	1,711	1,739	1,744
Net income from financial operations	392	430	434	389	438
as a percentage of revenues	26.7	25.1	25.4	22.3	25.1
Profit before provisions for bad and doubtful debts	197	199	156	218	91
as a percentage of revenues	13.4	11.6	9.1	12.5	5.2
Operating profit/loss	204	194	159	153	-17
as a percentage of revenues	13.9	11.3	9.3	8.8	-1.0
Profit/loss before appropriations and taxes	204	183	156	143	-17
as a percentage of revenues	13.9	10.7	9.1	8.2	-1.0
Operating profit/loss less taxes	88	169	140	138	-32
as a percentage of revenues	6.0	9.9	8.2	8.0	-1.9
Total income ²⁾	660	680	627	710	593
Total cost ³⁾	463	481	472	493	502
Cost to income ratio, %	70.2	70.8	75.3	69.4	84.7
Total assets	28,229	24,904	29,977	27,452	25,758
Capital and reserves	1,589	1,544	1,494	1,447	1,332
Return on assets, % (ROA)	0.33	0.62	0.49	0.52	-0.12
Return on assets, % (ROA) ⁸⁾	0.66				
Return on equity, % (ROE) ⁴⁾⁷⁾	5.6	11.5	10.3	10.8	-2.6
Return on equity, % (ROE) ⁴⁾⁷⁾⁸⁾	10.8				
Equity/total assets, % ⁴⁾	5.7	6.2	4.6	4.8	4.7
Capital adequacy ratio, % ⁶⁾	9.9	13.9	13.3		
Provisions for bad and doubtful debts ⁵⁾	-4	9	-1	50	109
Off-balance sheet items	5,990	5,845	5,494	4,145	4,002
Staff numbers at year end	4,599	4,700	5,237	5,588	6,078

Leonia Bank Group

EUR million					
Revenues	1,164	1,280	1,232	1,357	1,335
Net income from financial operations	331	369	372	329	370
as a percentage of revenues	28.4	28.8	30.2	24.2	27.7
Profit before provisions for bad and doubtful debts	149	137	101	166	21
as a percentage of revenues	12.8	10.7	8.2	12.2	1.6
Operating profit/loss	156	130	112	101	-84
as a percentage of revenues	13.4	10.2	9.1	7.5	-6.3
Profit/loss before appropriations and taxes	156	120	109	91	-84
as a percentage of revenues	13.4	9.4	8.8	6.7	-6.3
Operating profit/loss less taxes	141	123	108	97	-88
as a percentage of revenues	12.1	9.6	8.7	7.1	-6.6
Total income ²⁾	594	603	552	641	508
Total cost ³⁾	445	465	451	475	487
Cost to income ratio, %	74.9	77.1	81.7	74.1	95.9
Total assets	22,028	18,544	21,067	19,928	19,429
Capital and reserves	1,043	956	761	705	618
Return on assets, % (ROA)	0.69	0.62	0.53	0.49	-0.46
Return on equity, % (ROE) ⁴⁾⁷⁾	16.9	17.4	17.4	17.7	-16.6
Equity/total assets, % ⁴⁾	3.9	4.1	3.1	2.9	2.6
Capital adequacy ratio, % ⁶⁾	11.7	11.1	9.5	10.7	10.2
Provisions for bad and doubtful debts ⁵⁾	-4	11	-9	50	106
Off-balance sheet items	4,240	4,872	4,269	3,463	3,254
Staff numbers at year end	4,365	4,457	5,088	5,454	5,943

<i>Leonia Corporate Bank plc</i>	1999	1998	1997	1996	1995
EUR million					
Revenues	339	445	479	382	408
Net income from financial operations	62	60	61	60	68
as a percentage of revenues	18.3	13.5	12.7	15.6	16.7
Profit before provisions for bad and doubtful debts	57	61	55	52	70
as a percentage of revenues	16.7	13.6	11.5	13.5	17.2
Operating profit/loss	57	62	47	52	68
as a percentage of revenues	16.7	14.0	9.8	13.5	16.5
Profit/loss before appropriations and taxes	57	62	47	52	68
as a percentage of revenues	16.7	14.0	9.8	13.5	16.5
Operating profit/loss less taxes	8	51	38	42	56
as a percentage of revenues	2.4	11.4	7.9	10.9	13.6
Total income ²⁾	79	80	75	69	85
Total cost ³⁾	22	19	20	17	15
Cost to income ratio, %	27.8	23.8	26.7	24.6	17.6
Total assets	6,999	6,858	9,237	7,524	6,330
Capital and reserves	543	701	706	714	696
Return on assets, % (ROA)	0.12	0.56	0.38	0.53	0.72
Return on assets, % (ROA) ⁸⁾	0.59				
Return on equity, % (ROE) ^{4) 7)}	1.1	6.0	4.3	5.0	7.2
Return on equity, % (ROE) ^{4) 7) 8)}	5.4				
Equity/total assets, % ⁴⁾	7.8	11.1	8.1	9.9	11.3
Capital adequacy ratio, % ⁶⁾	14.1	32.0	26.7	32.9	40.5
Provisions for bad and doubtful debts ⁵⁾	0	-2	8	0	3
Off-balance sheet items	1,907	992	1,225	681	748
Staff numbers at year end	129	78	136	134	135

¹⁾ The financial information of the Leonia Group for 1995 to 1997 has been prepared by adding together the figures of the Leonia Bank Group and Leonia Corporate Bank plc. The financial highlights based on these figures have been calculated in accordance with the regulations of the Financial Supervision Authority. The figures in the profit and loss account for the year 1997 have been restated to conform with the reporting requirements of the Financial Supervision Authority for the year 1998.

The figures for years prior to 1997 have not been restated to conform with the amended regulations.

²⁾ Total income comprises the income in the formula for the cost to income ratio.

³⁾ Total cost comprise the cost in the formula for the cost to income ratio.

⁴⁾ Preferred capital notes have not been included in capital and reserves.

⁵⁾ Provisions for bad and doubtful debts comprise specific provisions for loans and advances and contingent liabilities and commitments, as well as releases of provisions and recoveries of amounts written off.

⁶⁾ Credit Institutions Act 1994 (1607/93 Sect. 9:78 §), and amendments dated 1 August 1996 (570/96 Sect. 9:78 a-c §) and 1 January 1998 (1340/98 Sect. 9:78 a and c §).

⁷⁾ When calculating the highlight for 1999, the dividends relating to the ownership arrangement have been included in the capital and reserves.

⁸⁾ When calculating the highlight, the supplementary taxes relating to the interim dividends have not been deducted from the operating profit.

FORMULAS USED IN CALCULATING THE FINANCIAL HIGHLIGHTS

The financial highlights are calculated as referred to in the regulations of the Financial Supervision Authority.

Revenues:	<i>Interest income + net leasing income + dividend income + fees and commissions receivable + net income from transactions in securities and foreign exchange dealing + other operating income</i>	
Cost to income ratio:	<i>Fees and commissions payable + administrative expenses + depreciation + other operating expenses</i>	
	<i>Net income from financial operations + dividend income + fees and commissions receivable + net income from transactions in securities and foreign exchange dealing + other operating income</i>	
Return on equity, % (ROE):	<i>Operating profit/loss less taxes</i>	
	<i>Capital and reserves + minority interests + untaxed reserves and depreciation difference less deferred tax liability (average)</i>	x 100
Return on assets, % (ROA):	<i>Operating profit/loss less taxes</i>	
	<i>Average total assets</i>	x 100
Equity/total assets, %:	<i>Capital and reserves + minority interests + untaxed reserves and depreciation difference less deferred tax liability</i>	
	<i>Total assets</i>	x 100

Preferred capital notes have not been included in capital and reserves in calculating the financial highlights.

LEONIA PLC BOARD OF DIRECTORS' REPORT

LEONIA GROUP

OPERATING ENVIRONMENT

Finland's GDP grew by only 3% in 1999 due to slow growth at the beginning of the year. Despite this, the growth in Finland's economy was above the average for the euro area.

The steep rise in global oil prices had relatively little affect on consumer prices. At year-end, consumer prices were 2% higher than in December 1998, and average year-on-year inflation was 1.2%.

On 8 April, the Governing Council of the European Central Bank decided to reduce the reference rate from 3.0% to 2.5%. On 4 November, the decision was made to raise the reference rate back to 3%. Money market rates began to rise in June, although this increase levelled off in the late summer. Rates rose again in the autumn, triggering expectations of a further rise in the ECB's reference rate. The rise in the money market rate was also affected by the uncertainty relating to the new millennium. Bond yields in the euro area largely followed the trends of corresponding yields in the USA. The euro area's own economic outlook and expectations concerning monetary policy also had an impact on the trend.

The consumer confidence in the economy remained strong, employment improved and real incomes increased steadily. Households became more willing to take loans. The total portfolio of home loans grew at an annual rate of 16%. Despite the rapid growth in lending, the indebtedness of households remained moderate. Dwelling prices continued to rise rapidly. Construction was increasingly financed privately.

The growth in both exports and imports slowed in 1999, and the terms of trade weakened. But the trade balance still showed a good surplus, as did the balance on the current account. The acceleration of economic growth in the euro area during the latter part of the year stimulated the export industry. In particular, paper industry production picked up during the autumn.

Confidence in the economy remained strong, employment improved and real incomes increased steadily

However, the engine of industrial growth continued to be the fast growing electrotechnical sector. Although industrial investment was slow, investments increased rather strongly in other sectors, particularly in services.

The increase in the state's tax revenues, the continued privatisation of state-owned companies and the lower interest rates strengthened the balance of the public sector, which showed a EUR 3.4 billion surplus.

MERGER OF LEONIA AND SAMPO

Leonia plc and Sampo Insurance Company plc signed an agreement on 13 October 1999, the objective of which was a merger of equals in order to create a full-service financial group which will be the leading insurer in Finland and a strong bank.

After merging, the parties intend to form a holding company. The new holding company, Sampo-Leonia, will include all banking, asset management, and insurance operations and will be listed on the Helsinki Exchange.

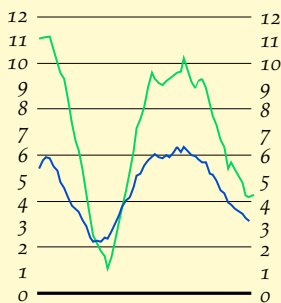
On 2 February 2000, the Boards of Directors of Leonia and Sampo approved the terms of merger, which will now be submitted to the Annual General Meetings of Leonia and Sampo for their approval. According to the timetable, the merger of Leonia and Sampo will be effective on 31 December 2000.

Leonia and Sampo will merge as equals to create a full-service financial group.

Main points of the merger plan

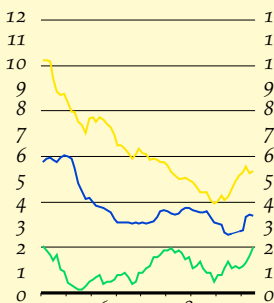
According to the merger plan signed by the Boards of Directors of Sampo Insurance Company plc and Leonia plc, Leonia plc will be merged into Sampo Insurance Company plc. As consideration for the merger, Sampo will increase its share capital allotting the increase to Leonia's owner, the Finnish Government, giving it a total of 44,720,000 Sampo A shares, equivalent to 43% of the total number of Sampo shares. After the merger has been registered at the Finnish Trade Register, Leonia's shareholders will become shareholders of Sampo.

12 Month Moving Average of Change in Output, %



— Industrial Output
— GDP

Interest Rates and Inflation, %



— 10 years
— 3 months
— Consumer price index, 12 month change

Monthly Averages of HEX General Index



EUR/USD Monthly Averages



Prior to the merger coming into force, Leonia will pay a special dividend to its shareholder, the Finnish Government, which, together with the tax payable, will amount to EUR 505 million. Similarly, before the merger comes into force, Sampo will distribute to its shareholders a sum of EUR 202 million through a special dividend and/or a share repurchase.

Relating to the draft terms of merger, a proposal on the amendment of Sampo's Articles of Association has been made, according to which

- the business name of the company will be Vakuutusyhtiö Sampo-Leonia Oyj (Insurance Company Sampo-Leonia plc),
- Sampo will, after the merger, abolish its Supervisory Board,
- the owners of Sampo B shares will have the opportunity to convert them to A shares,
- a provision on the redemption obligation will be added to the Articles of Association, according to which a shareholder whose holding of all shares or of all votes relating to the shares reaches or exceeds 33.3% or 50% is obliged to make an offer to the other shareholders to redeem their shares.

Leonia's and Sampo's employees will both continue to hold the rights of "old employees" when they transfer to the service of the new Group.

A precondition of the merger is that the Finnish Parliament gives its consent and repeals the Act on the postal bank. In addition the merger will require approval from the Finnish Competition Authority, the Financial Supervision Authority, the Insurance Supervision Authority and the Trade Register.

LEONIA GROUP PROFIT AND PROFITABILITY

Leonia Group's operating profit was EUR 204 million, an increase of EUR 11 million over 1998. The results for both years include one-off profits and charges. The 1999 results were increased by profits on the sale of properties and decreased by the write-down made on the value of properties. The results for 1998 included income from the sale of equities, and additional costs from the restructuring of the foreign branches.

Net income from financial operations weakened. Income was positively affected by a considerable reduction in costs and provisions for bad and doubtful debts.

Leonia Group's return on equity was 10.8%, compared with 11.5% in the previous year. The cost to income ratio was 70.2%, which was virtually the same as in the previous year.

Net income from financial operations totalled EUR 392 million, which was EUR 38 million, i.e. 9% less than a year earlier. This was due primarily to the narrowing of the interest margin. The decrease in net income from financial operations was, however, alleviated by the growth in lending and deposits. In addition, the Bank of Finland started to pay interest on the reserve requirement from the beginning of 1999. On the other hand, net income from financial operations was reduced by the repayments of long-term, high-yielding investment bonds towards the end of 1998.

Following market rates, the Leonia Prime interest rate was reduced from 3.7% to 3.4% on 15 February 1999, and further to 3.0% on 15 May 1999. Following an upturn in interest rates, the Leonia Prime rate was raised from 3.0% to 3.5% on 25 October 1999, and again from 3.5% to 4.0% on 24 February 2000. The increase in interest rates had a favourable effect on net income from financial operations towards the end of the year.

Other income totalled EUR 244 million, an increase of EUR 17 million on 1998. Net fees and commissions totalled EUR 162 million, EUR 19 million up on the previous year. EUR 7 million of the increase was due to Leonia Corporate Bank changing its treatment of loan arrangement fees at the beginning of the year so as to conform with the accounting practice used in the rest of the Group. The fees and commissions from asset management services grew by EUR 7 million, and fees and commissions from securities transactions by EUR 4 million.

The net loss from securities transactions was EUR 18 million. The loss of EUR 16 million arose from transactions in debt securities and was mainly due to interest payable on derivative contracts which hedged these securities. The interest on debt securities is included in net income from financial operations. The unrealised losses arising from valuation of equities was EUR 2 million. In 1998, the net income from transactions in equities had been EUR 24 million, and from all securities transactions EUR 20 million. The net income from foreign exchange dealing declined by EUR 3 million to EUR 14 million.

Other operating income grew by EUR 41 million to EUR 83 million. This was mainly due to the sale of properties, which produced income of EUR 44 million. Following this, rental income dropped by EUR 5 million.

Administrative expenses, depreciation and other operating expenses totalled EUR 439 million, which was 4% down on the previous year. Staff costs reduced by

Operating profit rose by 5% to EUR 204 million.

EUR 6 million. The number of employees was reduced by 101 persons in 1999, being 4,599 at the end of the year. Other administrative expenses were cut by EUR 19 million due mainly to the reduction in payments to Finland Post. Depreciation included write-downs of properties totalling EUR 14 million, while other operating expenses included losses of EUR 3 million arising from the sale of properties.

In 1999, new provisions for bad and doubtful debts totalled EUR 12 million, more than half of which concerned corporate and institutional customers. At the same time, there were releases and recoveries of EUR 16 million, of which corporate and institutional customers accounted for EUR 11 million. Due to the releases and recoveries, the provision for bad and doubtful debts showed a positive balance of EUR 4 million. In 1998, the amount of new provisions had been EUR 27 million, and the net amount after releases and recoveries was EUR 9 million.

Leonia Group's profit for the financial year, after deduction of income taxes and minority interests, amounted to EUR 84 million.

Income taxes totalled EUR 117 million. This amount was increased by a supplementary tax of EUR 86 million as a result of the dividend distribution relating to the merger agreement between Leonia and Sampo. The change in the deferred tax in 1999 also includes the deferred tax assets, amounting to EUR 13 million, which arose from timing differences in Group companies.

A list of deferred tax liabilities and assets is presented in note 37 to the Notes to the Accounts.

The Group's non-performing and other non-interest-earning loans and advances decreased by EUR 34 million to stand at EUR 75 million. Of this amount, households accounted for EUR 37 million and corporate and institutional customers for EUR 38 million. On 31 December 1999, non-performing and other non-interest-earning loans and advances amounted to 0.4% of loans and other exposures.

The bad debt provisions for exposures in Thailand and Pakistan amounting to EUR 7 million, made by Leonia Bank in summer 1998, still remain.

Leonia Group, Profit before appropriations and taxes

	1999	1998	Change 99/98	
	EUR	EUR	EUR	%
	million	million	million	
Net income from financial operations	392	430	-38	-9
Other income	244	227	17	7
Total operating income	636	657	-21	-3
Operating expenses	-439	-458	-19	-4
Profit before provisions for bad and doubtful debts	197	199	-2	-1
Provisions for bad and doubtful debts	4	-9	-13	

Recoveries turned the bad debt provisions positive by EUR 4 million

EUR million	1999	1998	Change 99/98	
			EUR million	%
Income from companies accounted for by the equity method	3	4	0	-12
Operating profit	204	194	11	5
Extraordinary items	-	-10	-10	-100
Profit before appropriations and taxes	204	183	21	11

Leonia Group, Quarterly operating profit

EUR million	Q 4/99	Q 3/99	Q 2/99	Q 1/99	Q 4/98	Q 3/98	Q 2/98	Q 1/98
Net income from financial operations	100	97	96	100	102	106	115	107
Fees and commissions receivable	50	50	43	43	44	40	43	39
Net income from transactions in securities and foreign exchange dealing	-2	-4	0	2	6	2	8	21
Other operating income	12	7	54	12	13	13	11	9
Total operating income	159	151	193	157	166	160	178	175
Fees and commissions payable	-6	-8	-6	-5	-5	-6	-6	-6
Administrative expenses	-94	-82	-91	-88	-101	-90	-98	-91
Depreciation and write-down of tangible and intangible assets	-9	-8	-23	-9	-9	-9	-16	-9
Other operating expenses	-10	-7	-11	-7	-12	-7	-10	-8
Total operating expenses	-118	-105	-131	-110	-127	-111	-128	-115
Profit before provisions for bad and doubtful debts	41	46	62	47	39	49	50	61
Provisions for bad and doubtful debts	1	1	1	1	-3	-2	-4	1
Income from companies accounted for by the equity method	-1	0	3	1	2	-1	2	1
Operating profit	41	48	66	49	38	46	47	63

Results by business sector

The business areas of the Leonia Group are retail banking and investment management services, corporate customers, and treasury and trading, which are conducted by the Leonia Bank, and the large corporations which are the responsibility of Leonia Corporate Bank.

The retail banking and investment management services comprise Leonia Bank's retail network and the following subsidiaries: Leonia Card Ltd, Leonia MM Fund Management Company Ltd, Leonia Fund Management Company Ltd, Leonia Asset Management Ltd, Leonia Life Insurance Company Ltd and PSW Realty World Ltd. The operating profit of the business area was EUR 43 million in 1999.

The corporate customers business includes Leonia Bank's SME and public sector customers, and the following subsidiaries: Leonia Finance Ltd, Leonia Municipality Bank plc and Leonia MB Group Oy. In 1999, the operating profit of the business area amounted to EUR 82 million.

The treasury and trading business area comprises Leonia Bank's treasury and trading products. Its operating profit of the treasury and trading business area

totalled EUR 12 million in 1999.

The profit and balance sheet items are allocated to the business areas on the basis of customer responsibility except for treasury and trading where the profit is allocated on the basis of product responsibility.

The item others includes items which are not allocated to the business areas. The most significant of the items in 1999 was the net income from the sale of properties.

The staff number in the item others includes the staff in the payment services and group central functions. The corresponding costs are allocated to the business areas as internal charges.

In addition to income based on customer and product business, the income of the business areas include return on risk-weighted assets in relation to the capital allocated for them.

Leonia Corporate Bank mainly provides banking services to large corporates. The company's operating profit in 1999 was EUR 57 million.

Leonia Group operating profit by business sector in 1999

	Retail banking and investment management	Corporate customers	Treasury and trading	Others	Leonia Bank Group total	Leonia Corporate Bank
EUR million						
Income	291	180	45	57	573	78
Expenses	247	102	33	39	421	21
Provisions for bad and doubtful debts	1	- 4			- 4	- 0
OPERATING PROFIT	43	82	12	19	156	57
Risk-weighted assets at 31 Dec.	3,395	5,861	1,843	180	11,279	4,248
Number of staff at 31 Dec.	1,916	761	220	1,468	4,365	129

LEONIA GROUP CAPITAL ADEQUACY

As provided for in the preliminary merger agreement signed by Leonia and Sampo Insurance Company, Leonia will, prior to the merger, pay to its owner, the Finnish Government, a dividend which, together with the taxes thereupon, will total EUR 505 million. Accordingly, the extraordinary general meetings of Leonia Bank plc and Leonia Corporate Bank plc decided to distribute to the parent company additional and interim dividends totalling EUR 235 million. Leonia Bank and Leonia Corporate Bank have treated these additional and interim dividends as a reduction in their capital and reserves and as a liability to Leonia plc which correspondingly has recorded the item as dividend income and as a claim.

Leonia Group's capital adequacy ratio was 9.9% at the end of the year. The ratio of the Tier 1 capital to the risk-weighted assets was 7.5%. At the end of 1998, the capital adequacy ratio had been 13.9%, while the Tier 1

ratio had been 10.6%. The change in the capital adequacy ratio was mainly due to the aforementioned extra dividend.

At the end of the year, Leonia Group's Tier 1 capital stood at EUR 1,134 million and total capital at EUR 1,504 million. The decision to distribute a dividend meant that the Tier 1 capital decreased by EUR 332 million, compared with the previous year. Tier 2 capital was reduced by EUR 82 million mainly due to the change in the amount of subordinated debentures included in it.

Leonia Group's risk-weighted assets were EUR 15.1 billion at the end of the year, an increase of EUR 1.3 billion on the previous year. The increase was brought about by loans granted to corporate and household customers. The risk-weighted amount of the off-balance sheet items rose by EUR 0.5 billion, whereas the risk-weighted value of the trading book decreased by about the same amount.

Leonia Group, Capital Adequacy

EUR million	At 31 December 1999	At 31 December 1998
TIER 1	1,134.1	1,466.4
Share capital	216.0	216.0
Share premium account	721.5	721.5
Reserves		
Preferred capital notes	10.1	10.1
Distributable capital	86.0	442.7
Minority interests	22.3	16.3
Untaxed reserves	135.3	114.6
Intangible assets	- 57.1	- 54.7
TIER 2	400.1	481.9
Subordinated liabilities	295.6	391.9
Other	104.5	90.0
Deductions from capital	30.5	27.8
TIER 3	0.0	0.0
Total capital	1,503.7	1,920.5
Risk-weighted assets (on-balance sheet and off-balance sheet)	15,141.7	13,825.5
Capital adequacy ratio, %		
- Total capital / risk-weighted assets	9.9%	13.9%
- Tier 1 / risk-weighted assets	7.5%	10.6%

Leonia Group's capital adequacy ratio was 9.9% at the end of the year. The ratio of the Tier 1 capital to the risk-weighted assets was 7.5%.

LEONIA GROUP BALANCE SHEET

Leonia Group's total assets were EUR 28.2 billion at the end of the year, i.e. EUR 3.3 billion more than at the beginning of the year. At least EUR 2 billion of the growth resulted from the huge increase in the money market deposits at the end of the year. Corporate and public sector customers increased their liquidity due to Y2K concerns. This increase in liabilities was channelled into loans to credit institutions and, at the end of the year, also into cash reserves maintained with the Central Bank.

Loans and advances to credit institutions increased by EUR 1.9 billion and debt securities decreased by EUR 0.8 billion, compared with the previous year. Liabilities to credit institutions and central banks were up EUR 0.8 billion on the previous year. Funding in the form of debt securities market decreased by EUR 0.3 billion.

There was continuing strong demand for loans. The Group's loans and advances to customers increased during the year by EUR 0.9 billion to EUR 13.7 billion. This increase of 7% was the same as in 1998. Loans and advances to domestic and foreign companies grew by EUR 0.6 billion. Loans and advances to households increased by EUR 0.4 billion, which was slightly less than in the previous year. According to the information collected by the Financial Supervision Authority Leonia Group's market share of loans and advances to customers was 19.6% at the end of September.

Liabilities to customers grew by EUR 2.7 billion to EUR 11.9 billion. Of this amount, deposits accounted for EUR 9.1 billion, which is EUR 0.7 billion more than at the beginning of the year. According to the Financial Supervision Authority Leonia's market share of deposits was 15.7% at the end of September.

The balance sheet value of Leonia Group's properties and shares in property companies decreased during the year by EUR 0.3 billion, as a result of Leonia Bank selling its property holdings in the summer. Share holdings grew by EUR 0.2 billion in October when Leonia plc bought shares of Pohjola Group Insurance plc from Sampo.

The balance sheet value of the properties of the Leonia Group totalled EUR 0.3 billion at the end of the year, corresponding to 1.1% of the total assets. 41% of this property was occupied for the Group's own activities. The net income from the capital employed in properties occupied for other than own activities was 6.2% in 1999.

The net interest margin calculated on the yearly average interest-earning assets was 1.6% in 1999, compared with 1.7% in 1998.

Leonia Group, Balance sheet at 31 December 1999

Assets	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Cash and balances at central banks	1,804	667	1,136	170
Loans and advances to credit institutions	4,336	2,426	1,910	79
Debt securities	6,136	6,975	- 839	- 12
Held for trading purposes	2,106	2,222	- 116	- 5
Held as financial fixed assets	4,030	4,753	- 723	- 15
Loans and advances to customers ¹⁾	13,686	12,788	898	7
Shares	301	84	218	260
Property and shares in property companies	313	560	- 247	- 44
Other tangible and intangible assets	78	83	- 5	- 7
Other assets	1,576	1,321	254	19
Total	28,229	24,904	3,326	13

Liabilities

Liabilities to credit institutions and central banks	3,204	2,422	783	32
Liabilities to customers	11,865	9,151	2,714	30
Deposits ²⁾	9,066	8,398	668	8
Other	2,799	754	2,045	271
Debt securities in issue	9,528	9,832	- 304	- 3
Subordinated liabilities	564	639	- 75	- 12
Other liabilities	1,478	1,316	162	12
Capital and reserves	1,589	1,544	46	3
Total	28,229	24,904	3,326	13

¹⁾ Loans and advances to customers

	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Corporations	4,895	4,666	229	5
Financial and insurance institutions	144	198	- 54	- 27
Public sector entities	300	375	- 75	- 20
Non-profit institutions	607	566	41	7
Households	4,611	4,207	404	10
Foreign	3,128	2,776	353	13
Total	13,686	12,788	898	7

Leonia Group's market share of loans and advances was 19.6%

²⁾ Deposits

	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Demand deposits	2,277	1,827	450	25
Savings accounts	1,543	1,839	-297	-16
Other deposits	2,478	2,329	150	6
Giro accounts	2,255	2,033	222	11
Markka/euro -deposits, total	8,553	8,029	524	7
Foreign currency deposits	513	369	144	39
Total customer accounts	9,066	8,398	668	8
Other giro accounts	159	149	10	7

DERIVATIVE CONTRACTS AND OFF-BALANCE SHEET ITEMS

Derivative contracts

The credit equivalent amount of derivative contracts decreased during the year by EUR 0.5 billion to EUR 1.1 billion.

The amount of the Group's derivative contracts, measured both by the nominal value of the underlying instruments and the credit equivalent amount of the contracts, decreased significantly during the year. This was primarily due to a decrease in FRAs, interest rate swaps and forward foreign exchange contracts. The development was accelerated by the introduction of the euro which reduced the hedging requirements of customers, the ending of OTC market making activities, and the transfer of derivatives trading to exchanges.

The purchased and written options included in the exchange rate contracts amounted to EUR 1.3 billion and the equity options to EUR 0.4 billion. Resulting from demand, in 1999 tranches of debt securities were issued on an index-linked basis, i.e. the yield is linked to exchange rates or stock indices. These risk components were hedged by swaps and options with embedded options.

Measured by the value of the underlying instruments, 42% of the Group's derivative contracts were treated as hedges. In 1998, the corresponding proportion was about a quarter. These contracts have been valued on an equivalent basis to the items being hedged. Other derivative contracts have been marked to market, and the resultant profits and losses are included in net income from transactions in securities and foreign exchange dealing.

Calculated in accordance with the requirements of the Finnish capital adequacy standards, the credit equivalent amount of the derivative contracts at the end of the year was EUR 1.1 billion and the risk-weighted value EUR 0.3 billion. A year earlier, the corresponding figures were EUR 1.6 billion and EUR 0.5 billion.

The credit equivalent amount of derivative contracts was EUR 1.1 billion.

Off-balance sheet items

The amount of off-balance sheet items increased by EUR 0.1 billion to EUR 6.0 billion. Of this, guarantees and assets pledged as security grew by EUR 0.3 billion. Due to competition, the margins on fees and commissions for guarantees narrowed, but because of the growth in the total amount of guarantees net income from fees and commissions increased a little. The amount of undrawn loans remained unchanged.

Derivative contracts

EUR million

	At 31 December 1999		At 31 December 1998	
	Values of underlying instruments For hedging purposes	Others	Values of underlying instruments For hedging purposes	Others
Interest rate contracts				
Futures and forward rate agreements	40	734	180	11,829
Options	-	218	-	712
Interest rate swaps	3,543	9,755	4,163	16,954
Total	3,583	10,707	4,343	29,496
Exchange rate contracts				
Futures and forward foreign exchange	376	3,617	63	13,951
Options	1,226	118	-	397
Interest rate and cross currency swaps	5,366	516	6,649	602
Total	6,968	4,251	6,712	14,950
Equity contracts				
Futures and forwards	-	2	-	-
Options	395	21	-	-
Total	395	24		
Total	10,946	14,982	11,055	44,446
	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contract	Risk weighted amount of contracts
Interest rate contracts	266	64	424	108
Exchange rate contracts	825	242	1,215	345

Off-balance sheet items

EUR million	1999	1998
Guarantees and assets pledged as collateral security	2,275	1,952
Undrawn loans, overdraft facilities and commitments to lend	3,715	3,714
Other contingent liabilities and commitments	0	178
Total	5,990	5,845

GROUP RISK MANAGEMENT

Objectives and organisation

Risk management in Leonia Group is based on the following principles:

- Risk Management Policy, as approved by Leonia plc's Board of Directors
- Clear division of responsibilities between risk management of the operating business units and independent overall risk control
- Capital allocation in relation to risk size for all forms of risk
- Identification of risks, creation and maintenance of limit structures and effective utilisation of risk measurement methodologies.

Division of responsibilities in the risk management process and Risk Management Policy

The risk management process in Leonia Group is divided into risk management of the operating business units and independent unit that controls overall risk. Leonia plc's Board of Directors decides annually on strategic matters such as the operating plans of the business operations and the Group's risk management policy. It also decides on the allocation of capital to Leonia plc's subsidiaries and monitors the Group's capital adequacy, profitability and liquidity.

Operating risk management includes the identification and measurement of risks, and the active adjustment of risk positions. The Board of Management of Leonia Bank and the Board of Directors of Leonia Corporate Bank are responsible for operating risk management. They set the limits on business risks and ensure that the accepted Risk Management Policy is followed in the business operations.

Formally risks are discussed in the Asset and Liability Committees, Credit Committees and Rating Committee. In addition to being responsible for the identification and measurement of risks, and adjusting risk positions, the business units are also responsible for operational risk.

Risk management in Leonia Group is divided into operating risk management and independent risk control.

Risk control comprises the preparation of the Risk Management Policy and the measurement and analysis of financial risk on a uniform basis, independent of the business operations. The Risk Control Committee under the Board of Directors of Leonia plc is responsible for risk control. This committee prepares the Risk Management Policy and monitors credit, market, balance sheet, and operational risks arising from day-to-day business. The chairman of the Board of Directors of Leonia plc acts as the chairman of the committee.

Risk identification and limits

Leonia Group's risk types, in order of importance, are credit risk, the banking book's interest rate and funding risk, market risks in trading, and operational risks that are inherent in all activities. The risks of new products are always estimated before starting activities. Thus risks are always recognized, and business processes, in addition to being functional, contain minimum operational risk.

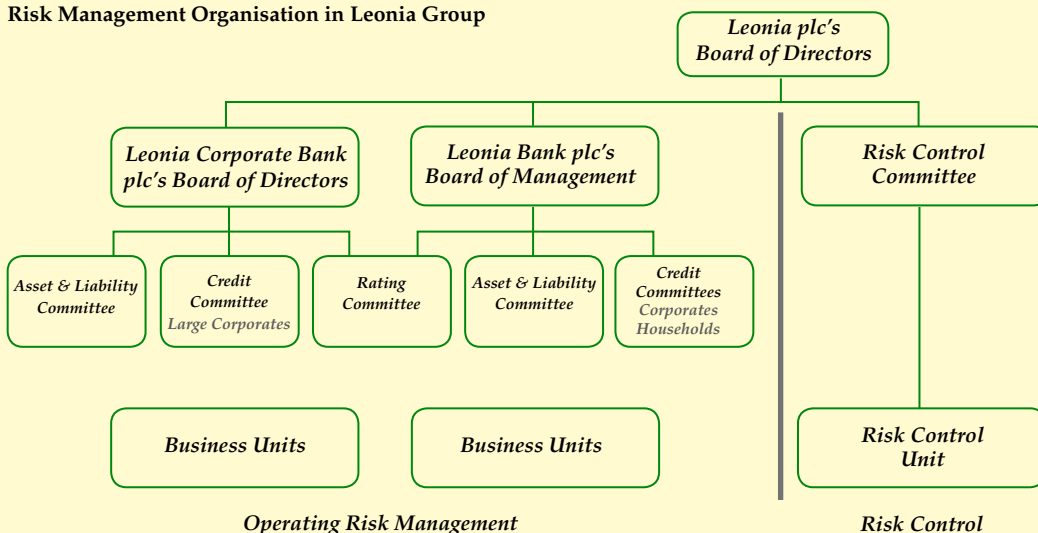
The credit policy of the Group is reviewed annually by Leonia plc's Board of Directors. The policy is used to guide the subsidiaries, the boards of which further approve more detailed credit policies. These policies target counterparty credit risk in both lending and treasury operations by country, by business sector and by creditworthiness. They also determine the maximum amounts for large risk exposures.

Leonia plc's Board of Directors approves the principles for setting and monitoring market and liquidity risk limits. Leonia Bank's Board of Management and Leonia Corporate Bank's Board of Directors set and monitor the limits so that they are in line with given business strategies and the risk management policy.

Risk measurement

The primary objective of risk measurement is to define the amount of risk capital needed for a portfolio. It is Leonia's goal to have a comprehensive measurement framework in order to make all business functions comparable in terms of risk capital. The return on risk capital is crucial in strategic planning. These are the major reasons why the Leonia Group has always been active in utilising portfolio-based risk measurement techniques.

Risk Management Organisation in Leonia Group



Market risks in trading activities have been assessed since 1995 by the VaR technique and daily stress testing of portfolios. Credit risk of corporate customers' has been analysed since the beginning of 1999 using the CreditVaR technique. During 2000 CreditVaR analysis will cover all corporate and institutional customers, when the exposures of financial institutions and public entities are included in the calculations. In the long run the CreditVaR technique will be extended to cover private persons' loans.

As funding from demand deposit accounts is important for Leonia Bank, the analysis of demand deposit accounts is conducted from time to time to understand the macroeconomic factors driving the account balances and to calculate their interest rate sensitivity.

Credit Risk Management

Credit risks refer to the risk of losses caused when the cash flow of debtors or other counter-parties is insufficient to meet obligations under agreements concluded with the Bank. The credit policies of Leonia plc define the acceptable amount and allocation of risk.

Uniform principles of credit risk-taking are defined in the policy of Leonia Group. The Board of Management of Leonia Bank and the Board of Directors of Leonia Corporate Bank delegate the authority to make credit decisions, within the limits set by the credit rating category and the amount of exposure, to credit committees, which in turn delegate it to authorised credit officers. Leonia Group has a joint rating committee. The use of the credit decision-making authority is controlled by applying country, customer group, customer and product limits, and by a reporting requirement.

Credit rating of companies and institutions

Corporate credit risk management starts from the customer account officer who is responsible for each customer, is familiar with the customer's business, and monitors its development. The Group has an internal 12-stage creditworthiness rating system. Each creditworthiness category relates to the default risk of the counter-party. The rating is based on an evaluation of the customer's financial status and future prospects. The depth and extent of the analysis procedure depend on the customer's net liabilities to the Group. A creditworthiness category is assigned to the customer on the basis of the written analysis. In the case of significant customers, the rating is decided by the Group's rating committee, which is independent of the business areas. The internal rating system covers more than 97% of loans and other exposures to companies and institutions. The Bank also uses the ratings of approved rating agencies, which are converted to the Bank's internal rating scale. For example, Leonia's internal rating categories correspond with those of Standard & Poor's roughly as follows:

L1 = AAA – AA–

L2 = A+ – BBB–

L3 = BB+ – B+

L4 = B or weaker

Collateral rating

Collateral is divided into four quality categories. Each type of collateral, e.g. securities, is given a valuation percentage which is applied to the collateral that is pledged to the Bank in order to place it in a collateral quality category. The value of collateral category I can be obtained very probably, category II probably, category III fairly probably, and category IV only in part, once the delay and costs of realisation and the price risk of normal business cycle fluctuations are deducted. The creditworthiness rating and the collateral rating form the basis for calculating the total amount of credit risk. Credit decisions for companies and institutions are based on the customer's creditworthiness. Covenants or collateral are required to reduce the uncertainty related to its valuation.

Monitoring corporate and institutional credit risks

Credit risk monitoring is based on the continuous monitoring of customer creditworthiness, collateral values and covenants, the checking of country, customer, and product limits, the making of monthly risk analyses with the CreditVaR system, and other forms of reporting. For customers in the lower creditworthiness categories, the customer account officers make action plans to reduce credit risks.

Evaluation and monitoring of retail customer credit risks

The creditworthiness of retail customers is assessed by comparing the income of the customer or his/her family with living expenses and debt repayment obligations. The uncertainties related to the calculation of creditworthiness are covered by means of collateral, which, in the case of long-term debts, is usually a dwelling. In cases of unsecured lending, the creditworthiness of private persons is evaluated by means of credit scoring, which calculates the customer's ability to repay loans. The incidence of delayed loan repayments and the development of non-performing loans are monitored and reported on continuously.

The development of credit risks in 1999

The figures in the accompanying tables show the Group's customer exposures. Credit agreements are made either with a debtor/counter party, or with a guarantor in the case that the credit decision is based on the guarantor's creditworthiness. Credit risk reporting covers all agreements and derivative contracts on and off the balance sheet for which, based on the product description, there is a credit risk, independent of which accounting

The annual cost of the total corporate credit risk, i.e. the expected credit loss, is about 0.3% of the total amount of corporate exposure.

item they are entered under, or whether losses due to the credit risk are entered in the accounts as a credit loss or valuation loss.

Loans to customers increased during the period by almost 5%, to stand at EUR 28.8 billion at the end of the year. Loans to companies, public institutions and retail customers increased and bank sector loans decreased. In regional terms, 90% of credit risks applied to member countries of the European Union and elsewhere in Western Europe. Loans to Latin America accounted for 0.2%, and to Asia 1%, of the total loan portfolio. The exposure to Russia stood at EUR 33 million at the end of the year, a substantial proportion of which was secured by collateral in western countries.

Analysed by business sector, the proportion of corporate loans to industry and trade increased, while that for real estate management decreased. In Finland, loans to small and medium-sized businesses continued to grow strongly, being mainly to L3 counterparties. Leonia was also a significant financier of mergers and acquisitions. Loans to large Finnish companies decreased, while those to foreign companies increased. About a quarter of the corporate exposure is secured by category I and II collateral.

Most of the lending and new lending to retail customers was to finance the purchase of housing. 44% of lending to retail customers and 64% of its growth was in localities with net in-migration of population. Two percent of lending was in localities with net out-migration. More than 80% of lending to retail customers was secured by category I and II collateral.

The relative proportion of the total amount of L1 and L2 loans continued to remain very high, and the growth in L3 was entirely focused on category L3+. Loans in the weakest category L4 decreased significantly. Favourable business cycle development and adherence to the credit policy resulted in the total corporate and institutional exposure portfolio remaining within the set limits. On the basis of the Credit Value-at-Risk formula it can be stated that exposures to companies and institutions will result, over a three-year time span with 99.9% probability, in a loss of 0.3% of the amount of exposure. Measured in this way, the total corporate credit risk remained practically unchanged in 1999.

Of the total collateral pledged to Leonia by all customers, approximately two-thirds are properties used mainly for housing purposes and located in Finland, while about 17% are guarantees by public institutions, 9% are bank guarantees and deposits, and the remainder other collateral.

The exposures to customers classified in category L4

are distributed by business sector, size class and region in a satisfactory way. Of the exposures to these customers, about one-third were secured by category I and category II collateral, and one-third by category III and category IV collateral. The number of bankrupt customers decreased from the previous year, and their exposure totalled EUR 7.4 million.

Leonia Group

Exposures by category of customer

<i>EUR million</i>	<i>1999</i>	<i>%</i>	<i>1998</i>	<i>%</i>
Corporates	8,787	31	8,383	31
Financial and insurance institutions	10,954	38	11,045	40
Public sector entities	4,015	14	3,494	13
Other institutions	401	1	337	1
Total	24,156	84	23,259	85
Households	4,608	16	4,205	15
Total	28,765	100	27,463	100

Leonia Group

Exposures by geographical area

<i>EUR million</i>	<i>1999</i>	<i>%</i>	<i>1998</i>	<i>%</i>
Finland	18,296	64	19,148	70
Other EMU countries	4,427	15	2,406	9
Other EU countries	3,270	11	2,879	10
Other Western Europe	803	3	552	2
North America	1,214	4	1,705	6
Asia	310	1	344	1
Other countries	445	2	429	2
Total	28,765	100	27,465	100

Leonia Group

Corporate exposures by category of customer

<i>EUR million</i>	<i>1999</i>	<i>%</i>	<i>1998</i>	<i>%</i>
Forest industry	1,038	12	1,205	14
Metal industry	1,129	13	1,078	13
Other manufacturing	2,001	23	1,596	19
Wholesale and retail distribution	1,016	12	960	11
Construction	359	4	353	4
Property	1,172	13	1,412	17
Energy	796	9	783	9
Other	1,276	15	996	12
Total	8,787	100	8,383	100

Leonia Group

Household exposures by use of loan

EUR million	1999		1998	
		%		%
Home loans	3,448	75	3,027	72
Consumer loans	572	12	555	13
Study loans	303	7	303	7
Other	286	6	320	8
Total	4,608	100	4,205	100

Leonia Group

Exposures to corporate and institutional customers by creditworthiness of customer

EUR million	1999		1998	
		%		%
L1	10,253	43	10,860	47
L2	10,648	44	9,556	41
L3	2,229	9	1,519	6
L4	385	2	563	3
Bankrupt customers	12	0	17	0
Unclassified	380	2	574	3
Partnerships	249	1	170	1
Total	24,156	100	23,259	100

Leonia Group

Exposures to customers in category L4 by category of customer

EUR million	1999	
		%
Manufacturing	58	15
Wholesale and retail distribution	100	26
Construction and property	105	27
Other corporations	68	18
Other customers	56	14
Total	386	100

Leonia Group

Category L4 by size of exposure

Exposure	1999	
	EUR million	Number of customers
less than FIM 1 million	24	1,463
FIM 1 - 5 million	42	145
FIM 5 - 25 million	94	59
FIM 25 - 100 million	104	15
Over FIM 100 million	122	3
Total	386	1,685

Market and liquidity risks

Market risk is the uncertainty in the value of financial instruments caused by a change in market prices or rates, including the volatility in interest rates, foreign exchange rates, and securities' prices.

Liquidity risk relates to the bank's ability to meet its payments in all situations and the uncertainty of the funding cost due to widening market spreads or worsening credit-worthiness of the bank itself.

In the Leonia Group market and liquidity risks exist both in trading activities and in asset and liability activities (banking book). The former includes mainly trading items marked to market daily and the latter customer lending and deposits.

The primary market risks in trading activities arise from foreign exchange as well as from risk management and liquidity management products related to customer business. In most of the cases the customer service is conducted via OTC-products or exchange traded instruments. A further risk source is the Group's proprietary trading which supports its ability to serve customers.

The market and liquidity risks of customer deposits and loans are transferred via a transfer pricing system to the treasury function, which is supervised by the Asset and Liability Committee. The process is the same in Leonia Bank and Leonia Corporate Bank.

Market Risk

In trading, changes in market values are shown in the profit & loss account daily. The market risk also affects asset and liability activities because balance sheet items are vulnerable to changes in market prices caused by changes in interest rates. The Leonia Group's primary market risk is interest rate risk, which is reflected mainly in Leonia Bank's banking book.

Market risk of trading

The change in market values is shown in the profit & loss account every day. The risk measurement is based on VaR-limits, stress testing and exposure limits. The limit structure was renewed at the end 1999.

The VaR figures are calculated, with a confidence level of 99%, for overnight risks (holding period = 1 day), using models based on the Monte Carlo simulation. The calculations are conducted independently by the risk control function. The volatility and correlation parameters required by the model are calculated daily on the basis of 60-banking day historical market observations. In addition to the VaR-figures, the risk control function performs daily stress test calculations.

The market risks of trading activities were clearly lower than in earlier years.

The market risks of trading activities were clearly lower than in earlier years.

Trading markets risks in Leonia Group in 1999 and 1998.
1% VaR-figures in EUR thousand

Risk Factor	Average		Max		Min	
	1999	1998	1999	1998	1999	1998
Interest rates	666	1,167	1,457	2,106	326	452
FX rates	121	230	424	525	17	47
Stock prices	114	242	367	989	-	-
Portfolio effect	205	409	620	938	22	41
Market risk	698	1,248	1,603	2,104	357	619

Market risk of asset and liability activities

The most significant market risk exposure in the Leonia Group is the interest rate risk related to asset and liability activities. This risk manifests itself as decline in the value of assets or liabilities due to adverse changes in interest rates. Differences in timing between the maturities or the repricing of assets, liabilities, and related hedging derivatives are the most important risk factors. The Leonia Group is also exposed to risk if the interest rate basis of lending differs from that of funding.

The core of the Leonia Group's assets and liabilities consists of loans granted to and deposits taken from retail banking and corporate customers. Customers may make early repayments of loans. Deposits are relatively stable, although their maturities are not contractual and they are seasonal in nature. Due to this the stability, interest rate sensitivity and maturity of deposits have been estimated using statistical and mathematical methods. Other balance sheet items that need to be modelled are items tied to administrative interest rates, such as base rate, and balance sheet items with no contractual maturity such as equity. The modelling with its assumptions is reviewed annually.

Balance sheet items are included in interest rate positions based on their interest rate sensitivities. The interest rate risk is modelled and managed as an integrated whole. Non-modelled and modelled balance sheet items are separated in internal managerial reporting. With the help of this separation modelling risk relating to client behaviour can be assessed in the Asset and Liability Committee bearing responsibility for this risk.

Treasury units manage interest rate exposures with interest rate bearing securities and with derivative instruments whenever applicable. Interest rate exposure is measured i.a. with duration gap and cumulative gap analysis in each currency, to evaluate the interest rate sensitivities of interest rate positions.

Average maturity and duration of Leonia Bank's euro denominated loan portfolio

	Volume EUR million	Average maturity, years	Duration ¹⁾ , years
Floating rate	5,695	4.18	0.29
Fixed rate	782	5.08	5.08
Base rate	312	4	Modelled
3-5 year fixed rate	56	2.39	1.65
Prime rate	1,754	5.7	Modelled
Others	6	6	Modelled
Total	8,605		

The table classifies loans by reference interest rate and maturity. The overall interest rate exposure of Leonia Bank's asset and liability activities is generated as the sum of similar analyses done over other balance and off-balance sheet items. At the of 1999 the value of Leonia Bank's asset and liability position was, modelled items included, exposed to falling interest rates. ¹⁾ Duration = weighted average maturity of cash flows

Liquidity risk

With liquidity planning the Leonia Group secures its ability to make loan drawdowns as they arise, to meet deposit withdrawals and the repayments of other borrowings on demand or as they mature including interest payments thereon. The sufficiency of financing is followed i.a. with the help of daily liquidity estimates. The target is to be able to continue client business operations also during possible market disturbances.

The Leonia Group hedges itself against the risk of rising refinancing costs by using various funding sources and markets through different funding instruments, and by forecasting the development of balance sheet items that need to be financed. Price risk related to refinancing of exposure is calculated with a net present value based measure, which is liquidity duration.

Liquidity risk management is split into short-term cash and liquidity management and overall liquidity management. The monitoring and planning of payment flows between Leonia Bank and the Bank of Finland as well as Leonia Bank and other banks is at the core of short-term cash and liquidity management. Estimating correctly the stability of deposits is essential to overall liquidity management. An amended overall liquidity risk position is constructed by using the maturities derived from the results of modelling in order to amend the unmodelled behaviour of deposits with their "real" behaviour. The development of deposits is also monitored analytically. Among other analyses the impact

on deposits resulting from increasing use of funds, the change of taxation concerning deposit interest rates becoming effective in 2000, and the possible consequences of the ending cooperation with Finland Post were assessed during 1999.

Customer deposits, issues of certificates of deposit, bonds and other securities as well as interbank deposit markets and repo-markets are the most important funding sources of Leonia Bank. In overall liquidity management, deposits are split into stable deposits (core deposits) and fluctuating deposits (variable deposits). Liquidity risk is managed also by holding liquid investment assets which can readily be converted to cash. The structure of refinancing is measured among other things with measures that describe the distribution of funding sources and with ratios between different asset and liability items. During 1999 the liquidity position was good and stable.

The liquidity risk of Leonia Group, EUR million

31 December 1999	0-1 m	1-12 m	1-2 y	2-5 y	over 5 y	Total
Assets denominated in euro	7,046	4,299	1,848	3,463	5,648	22,304
Liabilities denominated in euro	15,877	2,729	431	705	1,817	21,559
Net of euro denominated items	-8,831	1,570	1,417	2,758	3,831	745
Assets denominated in other currencies ¹⁾	1,449	2,028	1,144	1,905	1,085	7,611
Liabilities denominated in other currencies ¹⁾	1,955	2,751	1,120	950	1,586	8,363
Net of items denominated in other currencies	-506	-723	23	955	-501	-752
LIQUIDITY POSITION						
at 31 Dec. 1999	-9,337	847	1,441	3,714	3,329	-7

¹⁾ Non-euro currencies

The figures of liquidity position consist only of balance sheet items. Derivatives activities and for example undrawn proportions of credit facility type loans are not included in the figures of the table. This uncorrected liquidity risk table assumes that deposits mature entirely in the beginning of the shortest period, while the stability of deposit volume is high according to modelling.

ADMINISTRATION

The Annual General Meeting on 10 March 1999 elected Eino Keinänen, Eva Liljebloom, Esko Mäkeläinen, Raimo Sailas, Anssi Soila, Ossi Virolainen and Erkki Virtanen as members of the Board of Directors of Leonia plc.

The Annual General Meeting elected Eino Keinänen as Chairman of the Board of Directors. The chairmanship of the Board of Directors was full-time until 31 December 1999.

A meeting of the Board of Directors on 25 March 1999 elected Raimo Sailas and Erkki Virtanen as Vice Chairmen of the Board.

The Annual General Meeting on 10 March, 1999 elected Tilintarkastajien Oy – Ernst & Young, Authorised Public Accountants, as the auditors of Leonia plc, with Jorma Jäske APA as the responsible auditor, assisted by

Kunto Pekkala, APA and Pekka Luoma, APA. Mikael Holmström, APA, was elected deputy auditor.

The term of office of the members of the Board of Directors and the auditors will end at the conclusion of the Annual General Meeting in 2000.

STAFF

In 1999, the staff of the Leonia Group averaged 4,707 which is 320 less than the previous year. At the end of the year, the Group staff numbered 4,599 i.e. 101 less than at the end of the previous year. Of these 105 were employed by Leonia plc, 4,365 by Leonia Bank Group, and 129 by Leonia Corporate Bank. At the end of the year, the Leonia Group had 4,338 full-time employees and 261 part-time or temporary employees.

Further reductions in staff numbers took place in Leonia Bank's payment services function, treasury and trading function and in foreign branches. The Tampere payment services centre ceased operations in October 1999. On the other hand, there was a clear growth in the relative proportion of staff numbers in customer service jobs compared with back office and administrative staff.

During the financial year, Leonia Bank's retail network was expanded, causing a rise in new staff. In 1999, Leonia Bank hired more than 200 new employees with permanent contracts and 84 persons with fixed-term contracts. The number of new staff grew by 70%, compared with the previous year.

The terms and conditions of the Group's employment contracts are based on the national collective incomes' policy agreement for 1998–1999, according to which salaries were raised by 1.6% with effect from 1 January 1999. In January 2000, a new one-year employment contract was signed, effective until 31 January 2001, including a 2.9% general rise with effect from 1 February 2000 and an optional 0.8% rise with effect from 1 October 2000.

During the year, a performance bonus system affecting the whole Group was introduced as an annual reward in addition to normal salaries and wages. Each business area decided on its own performance bonus allocation following the principles of the performance bonus system agreed previously by the Group's Board of Directors. The bonus is based on the performance of each individual, the unit, the business area and the Bank as a whole.

The regulations of the staff fund were altered with effect from 1 January 1999 to allow all companies in the Leonia Group to join the staff fund. At the same time the name of the fund was changed to the Staff Fund of Leonia Group. A bonus is paid to the staff fund, if the net profit of the Group exceeds an approved threshold income limit. In 1999 the threshold limit for the payment of the bonus was not reached.

Since the start of 1999, the basic and additional pensions of the employees of all majority-owned companies in the Group have been held in a pensions fund whose name has been changed, along with changes in its rules, to Leonia Pension Fund. The arrangement is intended to ensure a uniform level of pension security within the

The staff of Leonia Group was 4,599 at the end of the year, a decrease of 101.

various companies in the Group.

The first staff satisfaction survey concerning the entire staff of the Leonia Group was conducted in the spring. The main objectives of the survey were to get an overall picture of the staff satisfaction level in Leonia for use as a basis for systematic monitoring, and to provide the heads of units with information on the status of the units in order to support their management, the development of the unit's operations, and the staff. The survey indicated that the staff were reasonably satisfied with their work. Leonia's strengths were the staff's positive attitude towards work and their reasonably strong confidence in Leonia as a bank and employer.

PREPARATIONS FOR THE INTRODUCTION OF THE EURO

The second stage of Leonia's euro project was started in autumn 1999. The project is timed so that the IT preparations for the conversion will be completed during the first half of 2001. The conversions will be performed at the earliest possible time in 2001. The second stage of the euro project mainly concerns the conversion of domestic accounts and loans from markkas into euros, and the exchange of cash.

YEAR 2000 PROJECT

Leonia's Year 2000 project was completed in autumn 1999 as scheduled, and the new year started without any information technology problems.

PROSPECTS FOR THE CURRENT FINANCIAL YEAR

In the current year, the Group will invest heavily in the development of the network and services, and continue to increase its cost-effectiveness. The Group's income is not expected to reach the previous level, but a significant reduction is expected in expenses. Provisions for bad and doubtful debts are also expected to remain low.

It is estimated that Leonia Group's profit for the current year will improve compared with the previous year.

Improvement in profits in 2000.

LEONIA BANK GROUP

PROFIT AND PROFITABILITY

Leonia Bank Group's operating profit was EUR 156 million, which is EUR 26 million more than in 1998.

Total income was down by EUR 11 million on the previous year due to the weakening of net income from financial operations. Operating expenses dropped by EUR 23 million, and the positive change in provisions for bad and doubtful debts amounted to EUR 14 million.

The return on equity decreased from 17.4% to 16.9%, while profitability improved slightly when measured by the cost to income ratio.

Due to the group structure of Leonia, the operating profit of the Leonia Bank Group includes income from

administrative services sold to other companies in the Leonia Group as well as expenses from services purchased from them. These are eliminated as intra-group items in Leonia Group's results.

The net income from financial operations declined by EUR 38 million to EUR 331 million. Interest receivable declined by EUR 160 million, and interest payable by EUR 122 million. Due to the lower interest rates, interest margins between lending and deposits narrowed by an average of one percentage point compared to those in 1998. The strong growth of lending and deposits and the interest on the reserve requirement payable as from the beginning of 1999 cushioned the decline in net income from financial operations. The decrease in interest receivable was also affected by the repayment of long-term, high-yielding investment bonds during the latter part of 1998. These bonds totalled approximately EUR 0.5 billion.

Other income grew by EUR 27 million to reach EUR 239 million. Fees and commissions receivable were EUR 172 million, i.e. EUR 9 million more than in 1998. Fees and commissions for asset management services increased by EUR 7 million, and for securities transactions by EUR 4 million. The decline in fees and commissions for payment services and account administration totalled EUR 2 million. Fees and commissions payable increased by EUR 2 million to EUR 24 million.

Securities transactions showed a loss of EUR 16 million, of which EUR 14 million derived from debt securities transactions, and EUR 2 million from equities. In 1998, income from securities transactions had been EUR 5 million. The net income from foreign exchange dealing was EUR 15 million, i.e. EUR 2 million less than in the previous year.

Other operating income grew by EUR 45 million to EUR 90 million. The growth came almost entirely from profits on the sale of properties. In the summer Leonia Bank disposed of a considerable portion of its property holdings, i.e. a total of 14 properties in the Greater Helsinki area, to Sponda Oyj.

Operating expenses dropped by 5% to EUR 421 million. Staff costs declined by EUR 8 million. In 1999, the number of Leonia Bank Group staff fell by 92 to 4,365 at the end of the year. Other administrative expenses fell by EUR 16 million. The total amount paid to Finland Post for the use of their service network and systems was EUR 25 million less than in 1998. IT-expenses grew by EUR 8 million.

Depreciation for 1999 included write-downs on property of EUR 11 million. Expenses for 1998 included a EUR 7 million one-off write down on the tangible assets of the foreign branches.

Other operating expenses were slightly lower than the previous year. The expenses for 1999 included a EUR 3 million loss on the sale of properties, although these sales also reduced property expenses by EUR 4 million.

The profit before provisions for bad and doubtful debts was EUR 149 million, an increase of EUR 12 million on the previous year.

Provisions for bad and doubtful debts were

EUR 4 million positive. New provisions of EUR 11 million were made for bad and doubtful debts. Recoveries and releases totalled EUR 15 million.

The profit for the financial year, after taxes and minority interests, amounted to EUR 138 million.

There was a considerable increase in income taxes compared with the previous year, when taxes had been reduced due to the deduction of confirmed losses. Income taxes for 1999 also include deferred tax assets arising from timing differences, totalling EUR 13 million. A list of deferred tax liabilities and assets is presented in Note 37 of the Notes to the Accounts.

The non-performing and other non-interest earning loans and advances of the group companies decreased during the year by EUR 27 million to EUR 69 million at the end of the year. Non-performing and other non-interest earning loans and advances accounted for 0.5% of the loans and other exposures.

Leonia Bank Group, Profit before appropriations and taxes

	1999 EUR million	1998 EUR million	Change 99/98 EUR million	%
Net income from financial operations	331	369	-38	-10
Other income	239	212	27	13
Total operating income	570	581	-11	-2
Operating expenses	-421	-444	-23	-5
Profit before provisions for bad and doubtful debts	149	137	12	9
Provisions for bad and doubtful debts	4	-11	-14	
Income from companies accounted for by the equity method	3	4	0	-12
Operating profit	156	130	26	20
Extraordinary items	-	-10	-10	-100
Profit before appropriations and taxes	156	120	36	30

Leonia Bank Group, Quarterly operating profit

EUR million	Q4/99	Q3/99	Q2/99	Q1/99	Q4/98	Q3/98	Q2/98	Q1/98
Net income from financial operations	84	82	82	84	87	92	99	91
Fees and commissions receivable	44	52	40	36	44	39	43	38
Net income from transactions in securities and foreign exchange dealing	-2	-3	1	3	8	0	7	8
Other operating income	14	8	56	14	15	14	10	9
Total operating income	140	139	179	136	153	145	159	146
Fees and commissions payable	-5	-8	-6	-5	-5	-6	-5	-6
Administrative expenses	-89	-79	-89	-86	-101	-87	-93	-87
Depreciation and write-down of tangible and intangible assets	-9	-7	-19	-9	-9	-9	-15	-8
Other operating expenses	-9	-7	-10	-7	-11	-7	-9	-7

EUR million	Q4/99	Q3/99	Q2/99	Q1/99	Q4/98	Q3/98	Q2/98	Q1/98
Total operating expenses	-112	-101	-124	-107	-126	-108	-122	-109
Profit before provisions for bad and doubtful debts	28	38	55	29	26	37	37	37
Provisions for bad and doubtful debts	1	1	1	1	-5	-2	-4	1
Income from companies accounted for by the equity method	-1	0	3	1	2	-1	2	1
Operating profit	27	39	59	31	23	34	35	38

CAPITAL ADEQUACY

An extraordinary general meeting held on 20 December 1999 decided to distribute EUR 50 million to Leonia plc as an interim dividend for 1999. Leonia Bank has recorded this as a deduction from capital and reserves and as a liability to Leonia plc.

Leonia Bank Group's capital adequacy ratio was 11.7% at the end of the year, whereas at the end of 1998 it had been 11.1%. The ratio of the Tier 1 capital to the risk-weighted assets, was 8.9%, compared with 7.9% a year earlier.

Leonia Bank Group's Tier 1 capital increased by EUR 91 million to EUR 1,009 million, and its total capital by EUR 36 million to EUR 1,323 million.

Risk-weighted assets decreased by EUR 0.3 billion to EUR 11.3 billion. The risk-weighted value of loans and other balance sheet items grew by EUR 0.1 billion, as loans granted to households and money market items increased. The transfer of large corporate loans to Leonia Corporate Bank reduced the amount of 100% risk-weighted assets. The risk-weighted amount of guarantees and other off-balance sheet items remained practically the same. The capital adequacy requirement deriving from market risks was significantly reduced because of a fall in trading volumes and an increase in lower weighted assets.

Leonia Bank Group, Capital Adequacy

EUR million	Leonia Bank Group		Leonia Bank plc	
	At 31 December 1999	1998	At 31 December 1999	1998
TIER 1	1,008.7	918.0	923.5	854.2
Share capital	106.0	106.0	106.0	106.0
Share premium account				
Reserves	286.4	287.7	277.0	277.0
Preferred capital notes	211.9	211.9	211.9	211.9
Distributable capital	360.6	279.4	356.5	258.6
Minority interests	22.3	16.3		
Untaxed reserves	78.0	70.9	15.2	40.2
Intangible assets	-56.6	-54.1	-43.0	-39.4
TIER 2	344.6	396.7	344.6	396.7
Subordinated liabilities	240.0	306.7	240.0	306.7
Other	104.5	90.0	104.5	90.0
Deductions from capital	30.5	27.8	30.2	27.7

EUR million	Leonia Bank Group		Leonia Bank plc	
	At 31 December		At 31 December	
	1999	1998	1999	1998
TIER 3	0.0	0.0	0.0	0.0
Total capital	1,322.7	1,286.8	1,237.9	1,223.2
Risk-weighted assets (on-balance sheet and off-balance sheet)	11,279.3	11,625.3	10,767.1	11,151.9
Capital adequacy ratio, %				
- Total capital / risk-weighted assets	11.7%	11.1%	11.5%	11.0%
- Tier 1 / risk-weighted assets	8.9%	7.9%	8.6%	7.7%

BALANCE SHEET

At the end of 1999, Leonia Bank Group's total assets stood at EUR 22.0 billion, which was EUR 3.5 billion higher than at the beginning of the year. The growth in total assets was mostly caused, as has already been stated for Leonia Group, by a considerable increase at the end of the year in customers' money market deposits due to Y2K concerns. The majority of the money market items in Leonia Group's balance sheet derive from the operations of Leonia Bank. On the other hand, Leonia Bank Group's balance sheet contains assets and liabilities which have been eliminated as intra-group items in Leonia Group's balance sheet.

Leonia Bank Group's loans and advances to customers totalled EUR 9.9 billion at the end of the year, with no change taking place compared with the beginning of the year. During the year, loans to large companies were transferred to Leonia Corporate Bank. As a result the amount of corporate loans fell.

Loans to households grew by 10% to EUR 4.6 billion. New loans totalled EUR 1.9 billion, an increase of EUR 0.2 billion on the previous year. The biggest increase in loans to households was in home loans, which amounted to EUR 3.5 billion at the end of the year.

Investments in bonds and notes included in the financial fixed assets were EUR 2.7 billion, i.e. EUR 0.3 billion more than at the beginning of the year.

Liabilities to customers increased by EUR 2.7 billion to reach EUR 11.9 billion. Of these, deposits amounted to EUR 9.1 billion, i.e. EUR 0.7 billion more than at the beginning of the year. Other liabilities, consisting mainly of money market deposits, grew by EUR 2.0 billion.

Deposits denominated in markkas/ euros accounted for EUR 8.6 billion, or 94% of total deposits. Customer funds in savings accounts declined by EUR 0.3 billion, while current and deposit accounts grew by EUR 0.6 billion. Funds in giro accounts increased by EUR 0.2 billion over the previous year. Deposits in other currencies were up by EUR 0.1 billion. The total customer funds in giro accounts amounted to EUR 2.4 billion at the end of the year.

To strengthen its long-term funding Leonia Bank issued a EUR 400 million floating rate note in the euro markets last summer.

Leonia Bank Group, Balance sheet at 31 December 1999

Assets	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Cash and balances at central banks	1,804	667	1,136	170
Loans and advances to credit institutions	4,564	2,191	2,373	108
Debt securities	4,473	4,232	241	6
Held for trading purposes	1,752	1,810	-59	-3
Held as financial fixed assets	2,721	2,422	299	12
Loans and advances to customers ¹⁾	9,883	9,881	2	0
Shares	93	81	11	14
Property and shares in property companies	295	539	-243	-45
Other tangible and intangible assets	76	81	-5	-7
Other assets	841	871	-31	-4
Total	22,028	18,544	3,484	19
Liabilities				
Liabilities to credit institutions and central banks	3,058	2,402	656	27
Liabilities to customers	11,866	9,147	2,720	30
Deposits ²⁾	9,094	8,397	697	8
Other	2,773	750	2,023	270
Debt securities in issue	4,762	4,801	-39	-1
Subordinated liabilities	387	450	-63	-14
Other liabilities	911	787	123	16
Capital and reserves	1,043	956	87	9
Total	22,028	18,544	3,484	19

1) Loans and advances to customers

	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Corporations	3,407	3,852	- 445	- 12
Financial and insurance institutions	353	87	265	304
Public sector entities	245	307	- 63	- 20
Non-profit institutions	584	566	18	3
Households	4,611	4,207	404	10
Foreign	684	861	- 177	- 21
Total	9,883	9,881	2	0

2) Deposits

	1999	1998	Change 99/98	
	EUR million	EUR million	EUR million	%
Demand deposits	2,277	1,827	450	25
Savings accounts	1,543	1,839	- 297	- 16
Other deposits	2,478	2,329	150	6
Giro accounts	2,282	2,033	249	12
Markka/euro -deposits, total	8,580	8,029	552	7
Foreign currency deposits	513	368	145	39
Total customer accounts	9,094	8,397	697	8
Other giro accounts	161	149	12	8

Leonia Bank plc's Credit Ratings

	Short-term funding	Long-term funding
Fitch IBCA	F1	A+
Moody's Investors Service	P-1	A1
Standard & Poor's	A-2	A-
Thomson BankWatch	TBW-1	A+

In October 1999, the rating agencies Moody's Investors Service, Standard & Poor's, and Fitch IBCA placed the credit ratings of Leonia Bank plc on watchlist. The reason for this was the merger announced by Leonia and Sampo.

Moody's stated that it was placing the ratings on watchlist for possible lowering, basing this on Leonia's intention to pay the government a substantial dividend,

which would reduce its capitalisation.

Standard & Poor's decision to place the ratings on watchlist did not, in the case of the long-term rating, include an opinion on the likelihood of raising or lowering the rating. The Bank's short-term funding rating was placed on watchlist for possible raising. According to the rating agency, these actions were based on the phased privatisation of Leonia Bank included in the merger plan and on the stabilising effect of cost savings and the improved market position.

ADMINISTRATION

On 10 March 1999, the Annual General Meeting re-elected Tuulikki Kannisto, Jarmo Kilpelä, Maija Perho, and Jarmo Rantanen, who resigned by rotation, to the Supervisory Board of Leonia Bank for a term of three years.

When Maija Perho requested to be released from the duties of membership of the Supervisory Board, an extraordinary shareholders' meeting held on 5 August 1999 elected Olli Nepponen in her place for the remainder of her term of office, i.e. until the 2002 Annual General Meeting.

On 10 March 1999, the Supervisory Board elected Anssi Rauramo as Chairman and Antti Paasio as Vice Chairman. The other members of the Supervisory Board in addition to the above were Ann-Sofi Hurme, Mari Kiviniemi, Raimo Liikkanen, Juhani Nyyssönen, Asko Saviaho, Pertti Valtonen, and Jukka Wuolijoki.

Leonia plc's Chief Executive Harri Hollmén acted as Chairman of the Board of Management of Leonia Bank, while President Pentti Hakkarainen acted as Vice Chairman. On 16 February 1999, the Supervisory Board confirmed that the Board of Management of Leonia Bank would comprise a chairman, a vice chairman, and seven other members. At the same meeting, the Supervisory Board appointed Jarmo Lankinen as a member of the Board of Management. The other members of the Board of Management were Ilkka Hallavo, Matti Inha, Maarit Näkyvä, Jussi Osola, Jukka Räihä, and Orvo Siimestö. Jukka Räihä retired due to illness on 1 February 2000, and his resignation from the Board was accepted.

The Annual General Meeting elected Tilintarkastajien Oy - Ernst & Young, Authorised Public Accountants as the auditors of Leonia Bank, with Jorma Jäske, APA, as the responsible auditor, assisted by Kunto Pekkala, APA, and Pekka Räisänen, APA. Mikael Holmström, APA, was elected deputy auditor.

STAFF

The staff of the Leonia Bank Group averaged 4,490, which was 335 fewer than the previous year. At the end of the year, the staff numbered 4,365, a reduction of 92 from the previous year. At the end of the year, there were 4,113 permanent full-time employees and 252 fixed-term or part-time employees.

OUTLOOK FOR THE CURRENT PERIOD

The economy is expected to develop favourably. If the demand for credit remains stable and the level of interest rates rises slightly, net income from financial operations is expected to increase to some extent. Other income will, however, remain less than in the previous period when one-off profits on the sale of assets were included.

Despite the structural change in the service network and the investments required to develop internet services, costs are expected to decrease noticeably. Provisions for bad and doubtful debts will continue to remain at a low level. It is estimated that the profit of the Leonia Bank Group will improve on the previous year.

LEONIA BANK'S OFFICES AND PRINCIPAL SUBSIDIARIES

At the end of the year, Leonia Bank had 66 full-service branches and 21 service units for retail customers, 22 branches and 31 service units for corporate customers, and 31 other service units, as well as 18 private banking units. The telephone bank serving retail customers operates from Helsinki, Kuopio, and Oulu.

The number of post offices providing banking services was 472. The provision of banking services by the post offices of Finland Post Ltd will terminate at the end of 2000. Leonia and Finland Post Ltd have agreed that the changes caused by the termination of cooperation will be handled as smoothly as possible and the Bank has initiated measures to ensure the continuation of services for customers who have used the post offices. Åland Post, which has been an independent entity since 1993, continues to offer Leonia Bank's banking services.

In order to streamline the international network of offices and save costs, the Board of Management of Leonia Bank decided on 26 January 2000 to close the branches in London and New York by the end of June 2000. The Bank's representative office in Moscow was closed at the end of 1999.

Leonia's international presence will be maintained by the representative office to be opened in New York by Leonia Corporate Bank, and their other representative offices in Stockholm, Tallinn, Tokyo, Singapore, and Beijing.

Leonia Finance Ltd

Leonia Finance Ltd's operating profit for the financial year was EUR 6.7 million. The operating profit for 1998 had been increased by one-off profits on the sale of equities which had increased the operating profit to EUR 7.0 million.

The company's net income from financial operations and its operating income rose during the period. Total

assets increased by 12% to EUR 627 million. The capital adequacy ratio remained at its previous level of 8.8% at the end of the year. The staff averaged 113 during the year.

Leonia Municipality Bank plc

In 1999, the operating profit of Leonia Municipality Bank plc decreased from the previous year by 10% to EUR 2.4 million.

The company's total assets decreased by 6% to EUR 364 million. Leonia Municipality Bank plc's capital adequacy ratio was 18.1%. The staff averaged 8 persons.

Leonia Card Ltd

The operating profit of Leonia Card Ltd increased in 1999 by 34% over the previous year, to EUR 5.1 million. This increase was largely due to the merger carried out in 1998 and the consequent benefits, and the income from the sale of the non-performing credit portfolio.

The company's total assets increased by 6% to EUR 56 million at the end of the year. Leonia Card Ltd's capital adequacy ratio was 13.0%. The staff averaged 47 persons.

Tietoleonia Oy

Tietoleonia Oy is an IT services company jointly owned by the TietoEnator Group and Leonia Bank, which provides IT operating and systems services to the Leonia Group.

The company's turnover increased by 20% over the previous year to EUR 57.0 million. The operating profit was EUR 3.6 million. The staff averaged 276 during the year.

Leonia MB Group Oy and MB Funds

Leonia MB Group Oy is a venture capital company, which, together with MB Equity Partners Oy manages four capital and mezzanine funds. The investors in the funds are Finnish insurance and pension companies and Leonia Bank plc. The combined total assets of the funds stood at EUR 93 million at the end of 1999, and the total assets of Leonia MB Group Oy totalled EUR 25 million.

After the realisation of investments that took place in 1998, operations focused on the preparation and implementation of new investments in 1999. The total investment portfolio of the company and the funds it manages, including new investment decisions made, increased by 43% over the previous year to EUR 115.8 million. The net sales of the companies invested totalled EUR 1.2 billion, and they had over 15,000 employees.

The operating profit of Leonia MB Group Oy and MB Funds totalled EUR 5.6 million, of which the Leonia MB Group accounted for EUR 2.1 million. At the end of the year, the capital adequacy ratio of Leonia MB Group Oy was 37.4%. During the year, the staff averaged 9 persons.

Leonia Life Insurance Company Ltd

In 1999 the Leonia Life Insurance Company Ltd's premium income was EUR 144.7 million, which was more

than double that of the previous year. The share of unit-linked premium income rose by 43%. About 20,000 new insurance policies were issued.

The company's profit from the insurance business was EUR 3.6 million, having been EUR 1.3 million the previous year. At the end of the period, the premium reserve stood at EUR 388.7 million and total assets at EUR 424.7 million.

Despite the rapid increase in premium income, the company's capital adequacy remained extremely good. The capital adequacy ratio was 25.1%. The company had an average staff of 22.

On 3 January 2000, Leonia Bank redeemed the shares held by Finland Post in the Leonia Life Insurance Company Ltd, corresponding to 10% of the share capital of the company. After the deal, Leonia Bank plc owns the entire share capital.

PSW Realty World Ltd

The operating profit of PSW Realty World Ltd doubled over the previous year to stand at EUR 0.5 million. Total assets stood at EUR 17 million. During the year, the company had an average staff of 10.

At the end of the year, PSW Realty World's franchising chain comprised 59 franchisees, who operated 68 real estate offices.

Leonia Bank's Fund Management Companies

The Leonia Fund Management Company Ltd and the Leonia MM Fund Management Company Ltd (formerly the PSP Fund Management Company Ltd) are Leonia Bank's subsidiaries responsible for mutual funds.

During the year, Leonia Bank plc redeemed the shares held by Finland Post in the Leonia Fund Management Company Ltd, corresponding to 33.3% of the company's share capital. Thus, Leonia Bank owns the entire share capital of both companies.

Four new funds were established during the year bringing the total number of funds managed by the companies to 16. The total assets under management doubled to EUR 1.1 billion at the end of the year. The number of unit holders also doubled to 49,000 by the end of the year.

Leonia Asset Management Ltd

Leonia Asset Management Ltd was granted a permit to operate as an investment services company on 16 September 1999 and began asset management operations on 1 October 1999. At the same time, the corresponding business previously carried on by Leonia Bank was transferred to the company.

At the end of the year, the assets under management of Leonia Asset Management Ltd totalled EUR 3.2 billion. The company had a staff of 19 persons.

Leonia Back Office Oy

On 29 October 1999 Leonia Bank plc established Leonia Back Office Ltd to provide custodian services for markka, euro, and foreign exchange-denominated securities, and registration services for book-entry issues of wholesale interest-rate instruments, and for the conversion of secu-

rities into book-entries.

The company will commence operations in the spring of 2000.

Housing Loan Bank of Finland plc

On 7 February 2000, Leonia Bank plc established the Housing Loan Bank of Finland plc to carry on business under the provisions of the Act on Mortgage Banking which came into force on 1 January 2000, by granting mortgage and public sector loans referred to in the Act, and by issuing the bonds, referred to in the Act, secured by mortgages or guaranteed by public sector entities.

The company will commence operations in the spring of 2000.

LEONIA CORPORATE BANK

PROFIT AND PROFITABILITY

Leonia Corporate Bank plc's operating profit was EUR 57 million for 1999. The operating result, excluding exceptional items, improved over the previous year.

The operating profit for 1999 was positively impacted by a change in the accounting practice for loan arrangement fees and was reduced by write-downs in the value of shares in property companies. The operating profit for 1998 had been EUR 62 million, due to an exceptionally good result from securities transactions.

Net income from financial operations was EUR 62 million, which was EUR 2 million up on the previous year. Fees and commissions receivable increased to EUR 17 million and were EUR 15 million more than a year earlier. A change in the accounting practice for loan arrangement fees accounted for EUR 7 million of the increase. A loss of EUR 2 million was recorded in securities and foreign exchange dealing, which had shown a profit of EUR 15 million in 1998. Other operating income totalled nearly EUR 2 million. Administrative and other operating expenses totalled EUR 17 million, which was at the same level as the previous year. Depreciation was increased by a write-down of EUR 3 million in the value of shares in property companies.

There were no net change in provisions for bad and doubtful debts in 1999, as the amounts recorded as specific provisions equalled the amount released from provisions recorded previously. A year earlier, the amount released exceeded the amount of new provisions made. At the end of the year, the company had non-performing and other non-interest-earning loans and advances totalled EUR 6 million.

The profit for the period was EUR 66 million. The profit was impacted by the release of untaxed reserves of EUR 80 million and the decision of an extraordinary general meeting of the company on 20 December 1999 to distribute a dividend, as a result of which taxes rose to EUR 71 million.

**Leonia Corporate Bank plc,
Profit before appropriations and taxes**

	1999 EUR million	1998 EUR million	Change 99/98 EUR million	%
Net income from financial operations	62	60	2	3
Other income	16	19	-3	-14
Total operating income	78	79	-1	-1
Operating expenses	-21	-18	3	17
Profit before provisions for bad and doubtful debts	57	61	-4	-6
Provisions for bad and doubtful debts	-	2	2	100
Operating profit	57	62	-6	-9
Profit before appropriations and taxes	57	62	-6	-9

Leonia Corporate Bank plc, Quarterly operating profit

EUR million	Q4/99	Q3/99	Q2/99	Q1/99	Q4/98	Q3/98	Q2/98	Q1/98
Net income from financial operations	17	15	14	16	15	14	15	15
Fees and commissions receivable	6	2	2	7	1	1	0	1
Net income from transactions in securities and foreign exchange dealing	-1	-1	-1	0	-1	1	2	13
Other operating income	0	0	0	0	0	0	1	0
Total operating income	23	16	16	24	15	16	19	30
Fees and commissions payable	0	0	0	0	0	0	0	0
Administrative expenses	-4	-3	-4	-4	-5	-4	-3	-4
Depreciation and write-down of tangible and intangible assets	0	0	-4	0	0	0	0	-1
Other operating expenses	-1	0	-1	-1	-1	0	-1	0
Total operating expenses	-5	-4	-8	-5	-6	-5	-4	-5
Profit before provisions for bad and doubtful debts	17	12	8	19	9	12	15	25
Provisions for bad and doubtful debts	0	0	0	0	2	0	0	0
Operating profit	17	12	8	19	11	12	15	25

CAPITAL ADEQUACY

At the end of the year Leonia Corporate Bank plc's Tier 1 capital stood at EUR 542 million and its total capital at EUR 598 million. The extraordinary general meeting held on 20 December 1999 decided to distribute EUR 185 million to Leonia plc, as an additional and interim dividend for 1998 and 1999. Leonia Corporate Bank has recorded the dividends to be distributed as a deduction from its capital and reserves and a liability to Leonia plc. As a result of the decision and the related effects in taxation, Tier 1 capital dropped during the year by EUR

176 million. The total reduction in capital was EUR 206 million, as Tier 2 capital decreased by EUR 30 million.

At the end of the year, Leonia Corporate Bank's risk-weighted assets totalled EUR 4.2 billion. The increase over the previous year was EUR 1.7 billion. The growth in off-balance sheet items was due in part to the transfer of the Group's large corporate customers to the company. Leonia Corporate Bank's risk-weighted assets include preferred capital notes totalling EUR 204 million, issued by Leonia Bank plc.

Leonia Corporate Bank plc's capital adequacy ratio was 14.1% at the end of the year. The ratio of the Tier 1 capital to risk-weighted assets was 12.8%. The most important factors reducing the capital adequacy ratios were the aforementioned dividend distribution, with its associated tax effects, and changes in the balance sheet structure which resulted the growth in the risk-weighted assets. At the end of 1998, the capital adequacy ratio had been 32.0% and the Tier 1 ratio 28.6%.

Leonia Corporate Bank plc, Capital Adequacy

EUR million	At 31 December	
	1999	1998
TIER 1	542.0	718.7
Share capital	107.5	107.5
Share premium account		
Reserves	409.3	409.3
Preferred capital notes		
Distributable capital	25.7	145.2
Minority interests		
Untaxed reserves	0.0	57.3
Intangible assets	-0.5	-0.6
TIER 2	55.6	85.2
Subordinated liabilities	55.6	85.2
Other	-	-
TIER 3	-	-
Total capital	597.6	804.0
Risk-weighted assets (on-balance sheet and off-balance sheet)	4,247.9	2,513.5
Capital adequacy ratio, %		
- Total capital / risk-weighted assets	14.1%	32.0%
- Tier 1 / risk-weighted assets	12.8%	28.6%

BALANCE SHEET

At the end of the 1999, Leonia Corporate Bank plc's total assets were EUR 7.0 billion, i.e. the same level as the previous year.

Loans and advances to customers were EUR 4.0 billion at the end of the year. The growth of EUR 1.1 billion

was primarily caused by both the demand for loans and an increase in the loan portfolio related to the transfer of the large corporate customers. During the year, Leonia Corporate Bank bought a total of EUR 0.7 billion large corporate loans from Leonia Bank. In February 2000, an additional EUR 0.5 billion of similar loans and other exposures were transferred to the company from Leonia Bank.

Investment activities decreased in accordance with the business strategy. Loans and advances to credit institutions and debt securities contracted by a total of EUR 1.2 billion to EUR 2.2 billion.

Debt securities in issue amounted to EUR 4.8 billion, having been EUR 5.1 billion a year earlier. Liabilities to credit institutions increased by EUR 0.4 billion to EUR 0.7 billion.

Leonia Corporate Bank plc decided to distribute an additional dividend to its owner Leonia plc at the end of 1999. The payment of the dividend, which removes the over-capitalisation of Leonia Corporate Bank plc, relates to the agreement concerning the merger of Leonia and the Sampo Insurance Company. At the end of 1999, the company's capital and reserves stood at EUR 543 million, having been EUR 701 million a year earlier.

Leonia Corporate Bank plc, Balance sheet at 31 December 1999

<i>Assets</i>	1999	1998	<i>Change 99/98</i>	
	EUR million	EUR million	EUR million	%
Loans and advances to credit institutions	357	474	- 117	- 25
Debt securities	1,865	2,979	- 1,114	- 37
Held for trading purposes	355	446	- 91	- 20
Held as financial fixed assets	1,510	2,533	- 1,023	- 40
Loans and advances to customers ¹⁾	4,011	2,908	1,103	38
Shares	2	3	- 1	- 34
Property and shares in property companies	18	21	- 4	- 16
Other tangible and intangible assets	2	2	0	- 7
Other assets	745	471	274	58
Total	6,999	6,858	141	2
<i>Liabilities</i>				
Liabilities to credit institutions and central banks	731	286	445	155
Liabilities to customers	26	5	21	405
Deposits	-	-	-	-
Other	26	5	21	405
Debt securities in issue	4,766	5,065	- 299	- 6
Subordinated liabilities	177	189	- 12	- 6
Other liabilities	756	532	224	42
Accumulated appropriations	-	80	- 80	-
Capital and reserves	543	701	- 158	- 23
Total	6,999	6,858	141	2

¹⁾ *Loans and advances to customers*

	1999	1998	<i>Change 99/98</i>	
	EUR million	EUR million	EUR million	%
Corporations	1,488	814	674	83
Financial and insurance institutions	0	112	- 112	- 100
Public sector entities	55	68	- 12	- 18
Non-profit institutions	23	0	23	
Households	-	-	-	-
Foreign	2,444	1,914	530	28
Total	4,011	2,908	1,103	38

Leonia Corporate Bank plc's Credit Ratings

	<i>Short-term funding</i>	<i>Long-term funding</i>
Moody's Investors Service	P-1	A1
Standard & Poor's	A-1	A+

In October 1999, the Moody's rating agency placed Leonia Corporate Bank plc on watchlist for possible lowering. Moody's based its decision on Leonia Corporate Bank's intention, announced in connection with the planned Sampo-Leonia merger, to pay the government a substantial additional dividend from Leonia, which would reduce its capitalisation.

In November, Standard & Poor's lowered the ratings of Leonia Corporate Bank plc. The rating for the long-term funding was lowered from AA- to A+, and the short-term rating from A-1+ to A-1. According to the rating agency, the reason was the reduction of government ownership in Leonia, arising from the Sampo-Leonia merger, and the reduction in the capitalisation of Leonia Corporate Bank. Pending the completion of the merger, the ratings are still on watchlist for possible downgrade.

ADMINISTRATION

Orvo Siimestö serves as the company's President. The Annual General Meeting held on 10 March 1999 elected Harri Hollmén, Pentti Hakkarainen, Ilkka Hallavo, Jussi Osola, Orvo Siimestö, Matti Virtanen, and Matti Copeland as members of the Board of Directors. The Board elected Harri Hollmén as Chairman and Pentti Hakkarainen as Vice Chairman. The terms of office of the members of the Board will terminate at the end of the 2002 financial year.

The Annual General Meeting held on 10 March 1999 elected Tilintarkastajien Oy - Ernst & Young, Authorised Public Accountants as auditors of the company, with Jorma Jäske, APA, as the responsible auditor, assisted by Pekka Luoma, APA, and Erkkä Talvinko, APA, with Marja Tikka, APA, as deputy auditor. The terms of office of the auditors end at the 2000 Annual General Meeting.

STAFF

Leonia Corporate Bank plc had an average staff of 105 persons, which was 2 more than in the previous year. At the end of the year, the staff numbered 129, i.e. 51 more than a year earlier. At the end of the year, there were 124 permanent, full-time employees and 5 part-time or fixed-term employees.

FOREIGN OFFICES

At the end of the year, the company had representative offices in Singapore, Tokyo, Stockholm, and Tallinn. The operations of the last three representative offices were transferred to the company from Leonia Bank plc on 1 November 1999. In addition, in October 1999, the company was given permission by the People's Republic of China to establish a representative office in Beijing. The operation of the representative office began officially on 10 January 2000. In addition, when Leonia Bank terminates the operation of its branch office in New York, Leonia Corporate Bank intends to establish a representative office in its place during 2000.

OUTLOOK FOR THE CURRENT PERIOD

It is estimated that Leonia Corporate Bank plc's financial income and fees and commissions arising from operational activities will remain at the level already achieved, but no significant one-time profits or losses are expected to arise, such as those during 1999. The profit will be adversely affected by the reduced capital and reserves, though return on equity will improve. The profit for the current financial year will be at the same level as in 1999.

LEONIA PLC, CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
Interest receivable	1, 49	1,094.9			1,374.3
Interest payable	1, 49	- 702.7			- 944.0
Net income from financial operations		392.2			430.3
Dividend income	49	2.1			4.2
Fees and commissions receivable		186.3			166.0
Fees and commissions payable		- 24.2			- 22.8
Net income from transactions in securities and foreign exchange dealing					
from transactions in securities	3	- 18.1		20.4	
from foreign exchange dealing		<u>14.4</u>	- 3.7	<u>16.9</u>	37.4
Other operating income	4	83.1			42.0
Administrative expenses					
Staff costs	43, 44				
Wages and salaries		140.6		145.3	
Social security costs					
Pension costs	39	21.0		21.4	
Other		<u>13.4</u>	174.9	<u>13.8</u>	180.6
Other administrative expenses		<u>179.9</u>	- 354.9	<u>198.7</u>	- 379.2
Depreciation and write-down of tangible and intangible assets	5	- 48.4			- 43.2
Other operating expenses	4	- 35.6			- 35.9
Provisions for bad and doubtful debts	6	3.8			- 9.0
Income from companies accounted for by the equity method		<u>3.4</u>			<u>3.8</u>
Operating profit		204.1			193.6
Extraordinary items					
Extraordinary expenses	7	<u>-</u>			<u>- 10.3</u>
Profit before appropriations and taxes		204.1			183.3
Taxes	37				
Taxes for the financial year and previous years		147.7		16.3	
Change in deferred tax liabilities		<u>- 31.1</u>	- 116.5	<u>8.0</u>	- 24.4
Minority interests		<u>- 3.1</u>			<u>- 1.5</u>
Profit for the financial year		<u>84.5</u>			<u>157.4</u>

LEONIA PLC, CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	Note				
ASSETS					
Cash and balances at central banks			1,803.9		667.4
Treasury bills and other eligible bills	10, 17, 35, 36				
Treasury bills			1.3		41.7
Other		<u>2,083.1</u>	2,084.5	<u>2,686.4</u>	2,728.2
Loans and advances to credit institutions	11, 15, 35, 36, 50				
Repayable on demand			20.4		24.3
Other		<u>4,315.2</u>	4,335.6	<u>2,401.2</u>	2,425.5
Loans and advances to customers	12, 15, 35, 36, 50		13,685.8		12,787.5
Lease assets	16		358.5		308.2
Debt securities	15, 17, 35, 36, 50				
Issued by public bodies			1,576.9		962.1
Other		<u>2,475.0</u>	4,051.9	<u>3,284.9</u>	4,247.0
Shares and participations	18, 46		258.7		45.5
Shares and participations in associated undertakings	18, 46		11.2		9.5
Shares and participations in Group undertakings	18, 46		31.5		28.6
Intangible assets	20				
Goodwill			10.3		12.7
Other intangible assets		<u>45.9</u>	56.1	<u>42.1</u>	54.7
Tangible assets	19, 21				
Property and shares in property companies			313.2		560.2
Other tangible assets		<u>21.4</u>	334.6	<u>28.3</u>	588.4
Other assets	22, 50		499.2		246.6
Prepayments and accrued income	23, 50		705.3		766.5
Deferred tax assets	37		<u>12.5</u>		
			<u>28,229.3</u>		<u>24,903.7</u>

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
LIABILITIES					
Liabilities					
Liabilities to credit institutions and central banks					
	24, 35, 36, 50				
Central banks		488.5		3.2	
Credit institutions					
Repayable on demand		48.4		44.3	
Other		<u>2,667.4</u>	<u>2,715.8</u>	<u>2,374.0</u>	<u>2,418.3</u>
		3,204.4			2,421.5
Liabilities to customers					
	35, 36, 50				
Deposits					
Repayable on demand		8,548.7		8,003.3	
Other		<u>517.4</u>	9,066.1	<u>394.3</u>	8,397.6
Other liabilities		<u>2,799.0</u>	11,865.0	<u>753.9</u>	9,151.5
Debt securities in issue					
	24, 25, 35, 36, 50				
Bonds and notes		5,258.6		4,858.3	
Other		<u>4,269.9</u>	9,528.5	<u>4,973.8</u>	9,832.1
Other liabilities	26, 36, 50		483.3		536.8
Accruals and deferred income	27, 50		952.6		724.9
Provisions for liabilities and charges					
	28				
Other provisions for liabilities and charges			0.9		0.9
Subordinated liabilities	24, 29		564.2		638.9
Deferred tax liabilities	37		18.8		37.4
Minority interests			22.3		16.3
Capital and reserves					
	30, 32				
Share capital	31	216.0		216.0	
Share premium account		721.5		721.5	
Preferred capital notes	34, 50	10.1		10.1	
Profit brought forward		557.3		438.5	
Profit for the financial year		<u>84.5</u>	<u>1,589.3</u>	<u>157.4</u>	<u>1,543.5</u>
			<u>28,229.3</u>		<u>24,903.7</u>
OFF-BALANCE SHEET ITEMS					
	41				
Contingent liabilities					
Guarantees and assets pledged as collateral security					
		2,275.1		1,952.0	
Other		<u>—</u>	2,275.1	<u>—</u>	1,952.0
Commitments					
Sale and option to resell transactions					
		—		—	
Other		<u>3,714.7</u>	3,714.7	<u>3,892.8</u>	3,892.8
			<u>5,989.7</u>		<u>5,844.8</u>

LEONIA PLC, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	<i>Note</i>				
Interest payable	54		<u>- 1.2</u>	<u>-</u>	
Net income from financial operations				- 1.2	-
Dividend income					
from Group undertakings	49		380.8		66.1
Other operating income	55		14.3		16.9
Administrative expenses					
Staff costs	64, 65				
Wages and salaries		6.2		5.1	
Social security costs					
Pension costs	39	2.2		1.2	
Other		<u>0.5</u>	8.9	<u>0.4</u>	6.7
Other administrative expenses			<u>8.3</u>	<u>8.8</u>	- 15.4
Other operating expenses	55		<u>- 2.1</u>		<u>- 1.3</u>
Operating profit			374.5		66.2
Profit before appropriations and taxes			374.5		66.2
Taxes	63		<u>- 159.0</u>		<u>- 18.5</u>
Profit for the financial year			<u>215.5</u>		<u>47.6</u>

LEONIA PLC, BALANCE SHEET AT 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	<i>Note</i>				
ASSETS					
Loans and advances to credit institutions	50				
Repayable on demand			27.5		27.8
Shares and participations	57		207.2		-
Shares and participations in					
Group undertakings	46		1,396.8		1,396.8
Other assets	58		235.6		2.0
Prepayments and accrued income	50, 59		<u>0.2</u>		<u>5.9</u>
			<u>1,867.3</u>		<u>1,432.4</u>
LIABILITIES					
Liabilities					
Liabilities to credit institutions and central banks	50				
Credit institutions					
Other		208.3			
Other liabilities	50, 60	1.3		0.9	
Accruals and deferred income	50, 61	<u>53.5</u>	263.1	<u>4.0</u>	4.9
Capital and reserves	62				
Share capital	31	216.0		216.0	
Share premium account		721.5		721.5	
Distributable reserves		442.3		442.3	
Profit brought forward		9.0		-	
Profit for the financial year		<u>215.5</u>	<u>1,604.3</u>	<u>47.6</u>	<u>1,427.5</u>
			<u>1,867.3</u>		<u>1,432.4</u>
OFF-BALANCE SHEET ITEMS			-		-

LEONIA PLC BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF THE PROFITS OF THE PARENT COMPANY

The distributable capital and reserves in the consolidated balance sheet at 31 December 1999 totalled EUR 594, 623, 045. 39 and, correspondingly, in the parent company's balance sheet EUR 666,763,015.10. We propose that dividends totalling EUR 417,946,997.26 be distributed, after that the capital and reserves available for distribution will in the Group remain EUR 176,676,048.13 and correspondingly in the parent company EUR 248,816,017.85.

Helsinki, 29 February, 2000

Eino Keinänen

Raimo Sailas

Erkki Virtanen

Eva Liljebloom

Esko Mäkeläinen

Anssi Soila

Ossi Virolainen

Harri Hollmén
President and CEO

TO LEONIA PLC'S SHAREHOLDERS

We have audited Leonia plc's bookkeeping, annual accounts and administration for the financial year 1 January - 31 December, 1999. The annual accounts prepared by the Board of Directors and the President include a report on operations and the consolidated and parent company's profit and loss accounts, balance sheets and notes to the accounts. On the basis of our audit, we hereby issue a statement on the annual accounts and administration.

The audit was conducted in accordance with generally accepted auditing standards. The bookkeeping, and the accounting policies, content and presentation of the annual accounts, were thus examined to a sufficient extent to confirm that the accounts do not contain essential errors or shortcomings. In the audit of administration, the legality of the activities of the members of the Board of Directors and of the President was studied on the basis of the provisions of the Companies Act and the Act on Credit Institutions.

We state that the annual accounts have been drawn up in accordance with the Bookkeeping Act and other rules and regulations concerning the compilation of annual accounts. The annual accounts give a true and fair view of the results and financial position of the Group and the parent company in the manner referred to in the Bookkeeping Act. The annual accounts and consolidated accounts can be approved, and discharge from liability can be granted to the members of the parent company's Board of Directors and the President for the financial year audited by us. The proposal by the Board of Directors regarding the disposition of the profit for the year, as outlined in the annual report, is in compliance with the Companies Act.

Helsinki, 7 March, 2000

Kunto Pekkala
APA

Pekka Luoma
APA

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Jorma Jäske
APA

LEONIA BANK PLC, CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>	<i>Note</i>	1999		1998	
Interest receivable	1, 49	797.2			957.4
Interest payable	1, 49	<u>- 466.2</u>			<u>- 588.3</u>
Net income from financial operations		331.0			369.1
Dividend income	49	2.0			2.9
Fees and commissions receivable		172.3			163.6
Fees and commissions payable		- 23.8			- 21.8
Net income from transactions in securities and foreign exchange dealing					
from transactions in securities	3	- 16.2		5.5	
from foreign exchange dealing		<u>14.7</u>	- 1.5	<u>16.9</u>	22.4
Other operating income	4	90.0			44.6
Administrative expenses					
Staff costs	43, 44				
Wages and salaries		128.6		134.7	
Social security costs					
Pension costs	39	17.8		19.3	
Other		<u>12.3</u>	158.8	<u>12.9</u>	166.9
Other administrative expenses		<u>185.4</u>	- 344.1	<u>201.1</u>	- 368.0
Depreciation and write-down of tangible and intangible assets	5	- 43.6			- 41.5
Other operating expenses	4	- 33.1			- 34.1
Provisions for bad and doubtful debts	6	3.8			- 10.6
Income from companies accounted for by the equity method		<u>3.4</u>			<u>3.8</u>
Operating profit		156.4			130.3
Extraordinary items					
Extraordinary expenses	7	-			<u>- 10.3</u>
Profit before appropriations and taxes		156.4			120.1
Taxes	37				
Taxes for the financial year and previous years		24.5		4.6	
Change in deferred tax liabilities		<u>- 8.8</u>	- 15.7	<u>2.8</u>	- 7.4
Minority interests		<u>- 3.1</u>			<u>- 1.5</u>
Profit for the financial year		<u>137.6</u>			<u>111.1</u>

LEONIA BANK PLC, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	<i>Note</i>				
Interest receivable	1, 49		770.9		931.0
Net income from leasing activities	2		–		0.2
Interest payable	1, 49		<u>– 462.6</u>		<u>– 582.2</u>
Net income from financial operations			308.3		349.0
Dividend income	49				
from Group undertakings		16.0		8.9	
from associated undertakings		0.6		2.7	
from other companies		<u>1.9</u>	18.4	<u>2.4</u>	14.0
Fees and commissions receivable			156.4		154.3
Fees and commissions payable			– 23.2		– 21.7
Net income from transactions in securities and foreign exchange dealing					
from transactions in securities	3	– 16.3		0.8	
from foreign exchange dealing		<u>14.7</u>	– 1.6	<u>16.9</u>	17.7
Other operating income	4		68.6		41.3
Administrative expenses					
Staff costs	43, 44				
Wages and salaries		110.7		119.5	
Social security costs					
Pension costs	39	15.2		16.7	
Other		<u>10.8</u>	136.7	<u>11.6</u>	147.8
Reimbursements to post offices		54.8		79.6	
Other administrative expenses		<u>133.8</u>	– 325.4	<u>132.6</u>	– 360.0
Depreciation and write-down of tangible and intangible assets	5		– 38.6		– 34.9
Other operating expenses	4		– 30.0		– 32.4
Provisions for bad and doubtful debts	6		<u>4.1</u>		<u>– 9.3</u>
Operating profit			137.1		118.0
Extraordinary items					
Extraordinary expenses	7		<u>–</u>		<u>– 10.3</u>
Profit before appropriations and taxes			137.1		107.7
Appropriations	8		18.8		–
Taxes	37		<u>– 7.6</u>		<u>– 0.6</u>
PROFIT FOR THE FINANCIAL YEAR			<u>148.3</u>		<u>107.1</u>

LEONIA BANK PLC, CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	<i>Note</i>				
ASSETS					
Cash and balances at central banks			1,803.9		667.4
Treasury bills and other eligible bills	10, 17, 35, 36				
Treasury bills			1.3		9.3
Other			<u>2,072.0</u>	2,073.4	<u>2,333.2</u>
Loans and advances to credit institutions	11, 15, 35, 36, 50				
Repayable on demand			19.2		24.1
Other			<u>4,544.6</u>	4,563.9	<u>2,167.2</u>
Loans and advances to customers	12, 15, 35, 36, 50				
			9,883.0		9,880.8
Lease assets	16		358.5		308.2
Debt securities	15, 17, 35, 36, 50				
Issued by public bodies			1,310.3		411.4
Other			<u>1,089.0</u>	2,399.3	<u>1,478.1</u>
Shares and participations	18, 46		49.8		42.8
Shares and participations in associated undertakings	18, 46		11.2		9.5
Shares and participations in Group undertakings	18, 46		31.5		28.6
Intangible assets	20				
Goodwill			10.3		12.7
Other intangible assets			<u>45.3</u>	55.6	<u>41.5</u>
Tangible assets	19, 21				
Property and shares in property companies			295.2		538.7
Other tangible assets			<u>20.3</u>	315.5	<u>27.1</u>
Other assets	22, 50		94.2		129.7
Prepayments and accrued income	23, 50		375.5		433.4
Deferred tax assets	37		<u>12.5</u>		—
			<u>22,027.7</u>		<u>18,543.7</u>

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
LIABILITIES					
Liabilities					
Liabilities to credit institutions					
and central banks	24, 35, 36, 50				
Central banks		488.5		3.2	
Credit institutions					
Repayable on demand		50.7		72.2	
Other		<u>2,518.9</u>	<u>2,569.5</u>	<u>2,327.0</u>	<u>2,402.4</u>
Liabilities to customers	35, 36, 50				
Deposits					
Repayable on demand		8,576.2		8,003.7	
Other		<u>517.4</u>	9,093.5	<u>393.1</u>	8,396.8
Other liabilities		<u>2,773.0</u>	11,866.5	<u>749.9</u>	9,146.7
Debt securities in issue	24, 25, 35, 36, 50				
Bonds and notes		980.3		482.3	
Other		<u>3,781.8</u>	4,762.1	<u>4,319.2</u>	4,801.5
Other liabilities	26, 36, 50		466.6		504.8
Accruals and deferred income	27, 50		402.1		250.3
Provisions for liabilities and charges	28				
Other provisions for liabilities and charges			0.9		0.9
Subordinated liabilities	24, 29		387.4		449.9
Deferred tax liabilities	37		18.8		15.1
Minority interests			22.3		16.3
Capital and reserves					
Share capital	31	106.0		106.0	
Undistributable reserves					
Reserves		286.4		287.7	
Preferred capital notes	34, 50	211.9		211.9	
Profit brought forward		301.0		239.1	
Profit for the financial year		<u>137.6</u>	1,042.9	<u>111.1</u>	<u>955.8</u>
			22,027.7		18,543.7
OFF-BALANCE SHEET ITEMS					
Contingent liabilities					
Guarantees and assets pledged as collateral security		1,932.6		1,823.5	
Other		<u>—</u>	1,932.6	<u>—</u>	1,823.5
Commitments					
Sale and option to resell transactions		—		—	
Other		<u>2,306.9</u>	2,306.9	<u>3,048.4</u>	<u>3,048.4</u>
			4,239.5		4,871.9

LEONIA BANK PLC, BALANCE SHEET AT 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999	1998
	<i>Note</i>		
ASSETS			
Cash and balances at central banks		1,803.9	667.4
Treasury bills and other eligible bills	10, 17, 35, 36	2,071.2	2,333.3
Loans and advances to credit institutions	11, 15, 35, 36, 50		
Repayable on demand		18.7	22.3
Other		<u>5,402.3</u>	<u>2,953.6</u>
Loans and advances to customers	12, 15, 35, 36, 50	9,165.5	9,213.1
Debt securities	15, 17, 35, 36, 50		
Issued by public bodies		1,309.9	411.0
Other		<u>1,093.3</u>	<u>1,490.0</u>
Shares and participations	18, 46	45.5	38.2
Shares and participations in associated undertakings	18, 46	9.0	7.7
Shares and participations in Group undertakings	18, 46	147.9	122.7
Intangible assets	20	43.0	39.4
Tangible assets	19, 21		
Property and shares in property companies		275.1	506.4
Other tangible assets		<u>15.8</u>	<u>22.3</u>
Other assets	22, 50	84.6	123.5
Prepayments and accrued income	23, 50	370.8	431.9
Deferred tax assets	37	<u>12.3</u>	
		<u>21,868.6</u>	<u>18,382.8</u>

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
LIABILITIES					
Liabilities					
Liabilities to credit institutions					
and central banks	24, 35, 36, 50				
Central banks		488.5		3.2	
Credit institutions					
Repayable on demand		52.9		74.9	
Other		<u>2,519.0</u>	<u>2,571.9</u>	<u>2,329.5</u>	<u>2,404.3</u>
		3,060.4			2,407.5
Liabilities to customers					
Deposits	35, 36, 50				
Repayable on demand		8,578.0		8,006.4	
Other		<u>517.4</u>	9,095.3	<u>393.1</u>	8,399.5
Other liabilities		<u>2,763.7</u>	11,859.1	<u>735.4</u>	9,134.9
Debt securities in issue					
Bonds and notes	24, 25, 35, 36, 50	953.7		442.2	
Other		<u>3,793.2</u>	4,746.9	<u>4,321.0</u>	4,763.3
Other liabilities	26, 36, 50		457.9		498.7
Accruals and deferred income	27, 50		384.2		234.8
Subordinated liabilities	24, 29		387.4		449.9
Accumulated appropriations					
Untaxed reserves			21.4		40.2
Capital and reserves					
Share capital	30, 32		106.0		106.0
Undistributable reserves					
Reserves		277.0		277.0	
Preferred capital notes	34, 50	211.9		211.9	
Profit brought forward		208.1		151.4	
Profit for the financial year		<u>148.3</u>	951.3	<u>107.1</u>	<u>853.4</u>
			<u>21,868.6</u>		<u>18,382.8</u>
OFF-BALANCE SHEET ITEMS					
Contingent liabilities					
Guarantees and assets pledged	41				
as collateral security		2,057.6		1,765.7	
Other		<u>—</u>	2,057.6	<u>—</u>	1,765.7
Commitments					
Sale and option to resell transactions		—		—	
Other		<u>2,111.3</u>	2,111.3	<u>2,868.7</u>	<u>2,868.7</u>
			<u>4,168.8</u>		<u>4,634.4</u>

LEONIA BANK PLC BOARD OF MANAGEMENT'S PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF THE PROFITS OF THE PARENT COMPANY

We propose that the annual general meeting confirm dividends totalling EUR 50,456,377.94 be distributed, according to the decision made by the extraordinary general meeting at 20 December 1999.

After that, the capital and reserves available for distribution will in the parent company remain EUR 356,463,840.70 and correspondingly in the Group EUR 391,541,995.78.

Helsinki, 29 February, 2000

Harri Hollmén

Pentti Hakkarainen

Ilkka Hallavo

Matti Inha

Jarmo Lankinen

Maarit Näkyvä

Jussi Osola

Orvo Siimestö

STATEMENT OF THE SUPERVISORY BOARD

The Supervisory Board of Leonia Bank plc has approved the annual accounts and Group accounts of Leonia Bank plc for 1999, and the proposal for the distribution of the profit for the financial year, and has certified the annual accounts for presentation to the Annual General Meeting.

Helsinki, 29 February, 2000

Anssi Rauramo

Antti Paasio

Ann-Sofi Hurme

Tuulikki Kannisto

Jarmo Kilpelä

Mari Kiviniemi

Raimo Liikkanen

Olli Nepponen

Juhani Nyysönen

Jarmo Rantanen

Asko Saviaho

Pertti Valtonen

Jukka Wuolijoki

TO LEONIA BANK PLC'S SHAREHOLDERS

We have audited Leonia Bank plc's bookkeeping, annual accounts and administration for the financial year 1 January - 31 December, 1999. The annual accounts prepared by the Board of Management and the President and approved by the Supervisory Board include a report on operations and the consolidated and parent company's profit and loss accounts, balance sheets and notes to the accounts. On the basis of our audit, we hereby issue a statement on the annual accounts and the Bank's administration.

The audit was conducted in accordance with generally accepted auditing standards. The bookkeeping, and the accounting policies, content and presentation of the annual accounts, were thus examined to a sufficient extent to confirm that the accounts do not contain essential errors or shortcomings. In the audit of administration, the legality of the activities of the members of the Bank's Supervisory Board and Board of Management and of the President was studied on the basis of the provisions of the Companies Act, the Act on the postal bank and the Act on Credit Institutions.

We state that the annual accounts have been drawn up in accordance with the Bookkeeping Act and other rules and regulations concerning the compilation of annual accounts. The annual accounts give a true and fair view of the results and financial position of the Group and the parent company in the manner referred to in the Bookkeeping Act. The annual accounts and consolidated accounts can be approved, and discharge from liability can be granted to the members of the Bank's Supervisory Board, the Chairman of the Board of Management, the President and Executive Vice President, plus other members of the Board of Management for the financial year audited by us. The proposal by the Board of Management regarding the disposition of the profit for the year, as outlined in the annual report, is in compliance with the Companies Act.

Helsinki, 7 March, 2000

Kunto Pekkala
APA

Pekka Räisänen
APA

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Jorma Jäske
APA

LEONIA CORPORATE BANK PLC, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
Interest receivable	1	322.4		425.8	
Interest payable	1	<u>- 260.4</u>		<u>- 365.5</u>	
Net income from financial operations		62.0		60.3	
Dividend income					
from other companies		0.0		1.3	
Fees and commissions receivable		17.3		2.4	
Fees and commissions payable		- 0.6		- 0.9	
Net income from transactions in securities and foreign exchange dealing					
from transactions in securities	3	- 1.9		15.0	
from foreign exchange dealing		<u>- 0.3</u>	- 2.2	<u>0.0</u>	15.0
Other operating income	4	1.5		0.8	
Administrative expenses					
Staff costs	43, 44				
Wages and salaries		5.8		5.6	
Social security costs					
Pension costs	39	1.0		0.9	
Other		<u>0.5</u>	7.3	<u>0.5</u>	7.0
Other administrative expenses		<u>7.4</u>	- 14.7	<u>7.8</u>	- 14.8
Depreciation and write-down of tangible and intangible assets	5	- 4.7		- 1.7	
Other operating expenses	4	- 1.9		- 1.7	
Provisions for bad and doubtful debts	6	<u>-</u>		<u>1.7</u>	
Operating profit		56.7		62.3	
Profit before appropriations and taxes		56.7		62.3	
Appropriations	8	79.6		- 18.8	
Taxes	37	<u>- 70.7</u>		<u>- 11.7</u>	
Profit for the financial year		<u>65.5</u>		<u>31.7</u>	

LEONIA CORPORATE BANK PLC, BALANCE SHEET AT 31 DECEMBER 1999

<i>EUR million, 1 EUR = 5.94573 FIM</i>		1999		1998	
	<i>Note</i>				
ASSETS					
Cash and balances at central banks			0.0		0.0
Treasury bills and other eligible bills	10, 17, 35, 36		11.1		385.7
Loans and advances to credit institutions	11, 15, 35, 36				
Repayable on demand			3.4		0.8
Other			<u>353.4</u>	<u>356.8</u>	<u>473.4</u>
Loans and advances to customers	12, 15, 35, 36		4,011.0		2,907.7
Debt securities	15, 17, 35, 36				
Issued by public bodies			266.6		550.7
Other			<u>1,587.2</u>	<u>1,853.8</u>	<u>2,042.4</u>
Shares and participations	18, 46		1.7		2.6
Shares and participations in associated undertakings	18, 46		0.0		0.0
Shares and participations in Group undertakings			-		-
Intangible assets	20		0.5		0.6
Tangible assets	19, 21				
Property and shares in property companies			17.9		21.5
Other tangible assets			<u>1.1</u>	<u>19.1</u>	<u>1.2</u>
Other assets	22		405.2		117.0
Prepayments and accrued income	23		<u>339.8</u>		<u>354.1</u>
			<u>6,999.0</u>		<u>6,857.7</u>

<i>EUR million, 1 EUR = 5,94573 FIM</i>		1999		1998	
	<i>Note</i>				
LIABILITIES					
Liabilities					
Liabilities to credit institutions and central banks	24, 35, 36				
To credit institutions					
Repayable on demand		–		–	
Other		<u>731.4</u>	731.4	<u>286.4</u>	286.4
Liabilities to customers	35, 36				
Deposits		–		–	
Other		<u>26.0</u>	26.0	<u>5.1</u>	5.1
Debt securities in issue	24, 25, 35, 36				
Bonds and notes		4,278.3		4,410.7	
Other		<u>488.1</u>	4,766.4	<u>654.6</u>	5,065.2
Other liabilities	26, 36		251.1		37.9
Accruals and deferred income	27		504.8		493.8
Subordinated liabilities	24, 29		176.8		189.0
Accumulated appropriations					
Untaxed reserves			–		79.6
Capital and reserves					
Share capital	30, 32				
Share capital	31	107.5		107.5	
Undistributable reserves					
Reserves		409.3		409.3	
Distributable reserves					
Other reserves		145.1		152.1	
Profit brought forward		– 184.9		0.1	
Profit for the financial year		<u>65.5</u>	542.5	<u>31.7</u>	<u>700.7</u>
			<u>6,999.0</u>		<u>6,857.7</u>
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	41				
Guarantees and assets pledged as collateral security			499.0		147.7
Commitments					
Other			<u>1,407.7</u>		<u>844.4</u>
			<u>1,906.7</u>		<u>992.1</u>

LEONIA CORPORATE BANK PLC BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF PROFITS

We propose that the annual general meeting confirm dividends totalling EUR 58,024,834.63 be distributed, according to the decision made by the extraordinary general meeting at 20 December 1999.

We propose that the dividends be distributed so that EUR 39,883,412.13 will be paid from profits and EUR 145,123,306.98 from the contingency fund.

After the interim dividend and the additional dividend of EUR 126,981,884.48 for 1998, decided by the extraordinary general meeting at 20 December 1999, the capital and reserves available for distribution will remain EUR 25,727,684.22.

Helsinki, 29 February, 2000

Harri Hollmén

Pentti Hakkarainen

Orvo Siimestö

Matti Copeland

Ilkka Hallavo

Jussi Osola

Matti Virtanen

TO LEONIA CORPORATE BANK PLC'S SHAREHOLDERS

We have audited Leonia Corporate Bank plc's bookkeeping, annual accounts and administration for the financial year 1 January - 31 December, 1999. The annual accounts prepared by the Board of Directors and the President include a report on operations, profit and loss account, balance sheet, cash flow statement and notes to the accounts. On the basis of our audit, we hereby issue a statement on the annual accounts and administration.

The audit was conducted in accordance with generally accepted auditing standards. The bookkeeping, and the accounting policies, content and presentation of the annual accounts, were thus examined to a sufficient extent to confirm that the accounts do not contain essential errors or shortcomings. In the audit of administration, the legality of the activities of the members of the Board of Directors and of the President was studied on the basis of the provisions of the Companies Act and the Act on Credit Institutions.

We state that the annual accounts have been drawn up in accordance with the Bookkeeping Act and other rules and regulations concerning the compilation of annual accounts. The annual accounts give a true and fair view of the results and financial position of the company in the manner referred to in the Bookkeeping Act. The annual accounts can be approved, and discharge from liability can be granted to the members of the Board of Directors and the President for the financial year audited by us. The proposal by the Board of Directors regarding the disposition of the profit for the year, as outlined in the annual report, is in compliance with the Companies Act.

Helsinki, 7 March, 2000

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Pekka Luoma
APA

Jorma Jäske
APA

Erkka Talvinko
APA

NOTES TO THE ACCOUNTS

GROUP ACCOUNTING POLICIES

The annual accounts and Group accounts of Finnish financial institutions are prepared in accordance with the provisions of Article 4 of the Act on Credit Institutions, the Decision of the Ministry of Finance concerning annual accounts and Group accounts of financial institutions and investment services companies (30.12.1997/1376), and the regulations of the Finnish Financial Supervision on annual accounts and Group accounts of financial institutions. The regulations of the Financial Supervision meet the requirements of the Fourth Council directive (78/660/EEC) and the Seventh Council directive (83/349/EEC, and the Council directive on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC). In addition, the provisions of the Accounting Act and Companies Act are followed, with the exceptions mentioned in the Act on Credit Institutions, 30:2 §.

The Group and sub-Group accounts of Leonia plc and accounts of its subsidiary undertakings, either directly or indirectly owned, have been drawn up according to the provisions mentioned above and the following accounting policies.

SCOPE OF CONSOLIDATION

The Group accounts include the accounts of Leonia plc and all its domestic and foreign subsidiary and associated undertakings, either directly or indirectly owned.

Companies of whose equity voting rights the Group holds more than 50 per cent, either directly or indirectly, have been treated as subsidiary undertakings. Companies of whose equity voting rights the Group owns 20-50 per cent are treated as associated undertakings.

Subsidiary and associated undertakings with a balance sheet total under EUR 10 million and no material effect on the financial position and distributable capital and reserves of the Group have been excluded from consolidation. In addition, two other subsidiary undertakings, which are property companies and have been acquired in settlement of unpaid loans, have, with the permission of the Financial Supervision Authority, been excluded from consolidation.

Details of the subsidiary and associated undertakings included in the Group accounts are given in note 46.

BASIS OF CONSOLIDATION

The accounts of subsidiary undertakings which are credit and financial institutions and those of subsidiaries engaged in investment fund operations and activities ancillary to banking have been consolidated in full. All intra-group transactions including distribution of profits and debts and claims have been eliminated.

The accounts of Leonia Bank plc ja Leonia Corporate Bank plc have been consolidated by using the pooling method of accounting, in which the assets and liabilities, and income and expenditure of the companies have been brought into the Group accounts at book value. The intra-group holdings in the Leonia Bank Group have been eliminated, using the acquisition method of accounting, against the capital and reserves at the date of acquisition. The differences arising from elimination are entered under relevant balance sheet items or treated as goodwill, which is amortised on a straight-line basis over a period of 10 years.

The untaxed reserves of the individual Group undertakings, including the depreciation in excess of or less than plan, are shown in the consolidated balance sheet as divided into capital

and reserves and deferred tax liabilities. In the consolidated profit and loss account, correspondingly, the change in the untaxed reserves is shown as divided into profit for the financial year and change in deferred tax. The deferred tax liabilities and assets and the change in them include also the deferred tax liabilities and assets arising from timing differences between different accounting and taxation periods of the individual Group undertakings. The untaxed reserves and depreciation difference included in the capital and reserves have not been included in the distributable items when calculating the maximum amount of the distributable profit

The minority interests in the capital and reserves and profits and losses of the subsidiary undertakings are disclosed separately in the consolidated balance sheet and profit and loss account, respectively.

The accounts of the other subsidiary and associated undertakings have been dealt with by using the equity method of accounting and the Groups' share of the results of these companies is shown separately in the consolidated profit and loss account. When calculating the profit or loss of these companies, the change in the untaxed reserves and depreciation difference less the change in the deferred tax liability has been taken into account.

ITEMS IN FOREIGN CURRENCIES

The assets, liabilities and off-balance sheet items of the Group companies denominated in foreign currencies and the accounts of the foreign subsidiaries have been translated into the Finnish markkas as follows:

Items denominated in currencies of the euro area have been converted into the euros and the euros into the Finnish markkas using the conversion rate. Items in the currencies of other countries have been translated into the Finnish markkas using the European Central Bank's middle rate between the euro and the respective currency ruling at the balance sheet date and then the conversion rate between the euro and the Finnish markka.

Assets and liabilities hedged by a currency swap are stated at the rate of the original currency. Exchange rate differences arising from valuation are included in Net income from foreign exchange dealing, while those arising from consolidation are included in Capital and reserves.

ASSETS AND LIABILITIES

Loans and advances, as well as liabilities, are stated in the balance sheet at the value paid or received on them at the time of acquisition, adjusted for the amortisation of premiums and discounts arising on acquisition. In the profit and loss account, the amortisation of premiums and discounts is accrued as interest receivable or interest payable over the life of the contract.

If the probable value of a loan or advance is estimated at lower than the book value, the loan or advance has been stated in the balance sheet at this estimated value.

The items Other assets and Prepayments and accrued income, and Other liabilities and Accruals and deferred income in the balance sheet have been stated at their nominal value.

Derivative contracts have been treated in the balance sheet as shown in Off-balance sheet items and derivative contracts..

LEASE ASSETS

Lease assets are stated in the balance sheet at cost less depreciation according to plan. The depreciation is stated at the amount of recovered capital from lease rentals.

In the consolidated profit and loss account, the lease rentals less depreciation according to plan is included in Interest receivable. The additional depreciation, which is actually write-downs of lease assets, is included in Provisions for bad and doubtful debts. Other income from and expenses on lease assets are included in the item corresponding to their nature.

In the profit and loss accounts of individual Group companies, Net income from leasing activities includes additional depreciation and profits and losses on disposal of lease assets, fees and commissions, as well as other income and expenses relating to leasing activities.

SECURITIES

Securities are classified as securities held for trading purposes and those held as financial fixed assets, the bases for classification being defined as is explained below.

The premiums and discounts arising on the acquisition of debt securities, if material, have been amortised or accreted over the life of the contract and included in Interest receivable. The cost of the security is adjusted to reflect the amortisation or accretion of the premiums and discounts.

Securities held for trading purposes

Securities held for trading purposes consist of treasury bills and other eligible bills, debt securities and equity shares which are included in the trading book, and of other securities which are held for trading.

Securities included in the trading book have been stated at market value, and other securities held for trading purposes at the lower of cost and market value.

The market value of listed securities is regarded as the last transaction price on the balance sheet date. The market value of unlisted debt securities is estimated as the net present value of future cash flows discounted at the current market rate, while equity shares are stated at the lower of cost and market value. The unrealised profits and losses arising from valuation of the securities held for trading purposes is included in Net income from transactions in securities.

Securities held as financial fixed assets

Securities held as financial fixed assets consist of treasury bills and other eligible bills and debt securities acquired with the intention of holding them until maturity. In addition, shares and participations in companies needed in order to acquire services ancillary to banking, and in subsidiary and associated undertakings, are treated as securities held as financial fixed assets.

Securities held as financial fixed assets are stated at cost less any permanent diminution in value. The permanent diminution in value of these securities is shown separately in the profit and loss account under the heading Write-offs in respect of securities held as financial fixed assets. The item also includes the potential write-backs of these securities.

AGREEMENTS FOR SALE AND REPURCHASE OF SECURITIES

Securities which are sold or purchased under commitments to resell or repurchase them, or lent securities, are included in the original balance sheet item irrespective of the contract.

The purchase price is treated as a loan and the selling price as

a liability in the balance sheet item which is relevant to each counterparty. The difference between the resell price and the purchase price of a purchased security is treated as interest receivable and accrued income over the life of the contract. Conversely, the difference between the repurchase price and the sale price is treated as interest payable and accruals over the life of the contract.

TANGIBLE AND INTANGIBLE ASSETS

The shares and participations in property companies are stated at cost, less any permanent diminution in value in the balance sheet.

Properties are stated at cost, less depreciation according to plan. The cost includes the direct expenses of purchase and improvements in properties.

Other tangible and intangible assets are stated at cost, less depreciation according to plan.

The depreciation plan is made on a uniform basis within the Group based on the estimated useful economic life of the items. Buildings and constructions are depreciated on a straight-line basis over a period of 20-40 years and equipment over 4-10 years. Intangible assets are depreciated over their estimated useful economic life.

If there have been permanent diminutions in the values of tangible and intangible assets on the balance sheet date, the amounts have been charged to the profit and loss account.

Valuation principles and methods relating to properties, and shares and participations in property companies

Properties, and shares and participations in property companies, are classified as those occupied for the Group's own activities and those for other activities. If only a part is occupied for the Group's activities, the classification is made in relation to the square metres occupied.

The fair values of properties are reviewed quarterly. The assessment of the values of properties occupied for other than the Group's own activities is based on the net rental income received or that can potentially be received as well as the rates of interest applied in property markets. The values of properties occupied for the Group's own activities are assessed on the basis of rentals which can potentially be received, assuming that a property is used for similar purposes. In assessing the values of properties, location, use and particular characteristics, as well as potential increase in value, have been taken into account. In addition, statistical data and forecasts for the property markets have been used. The write-downs of values are based on the permanency and materiality of the diminution. No revaluations have been made in the book values of the properties, and shares and participations in property companies.

PROVISIONS FOR LIABILITIES AND CHARGES, AND UNTAXED RESERVES

Provisions for liabilities and charges

Provisions for liabilities and charges stated in the balance sheet include future specifiable charges which are probable or likely to occur, but whose amount and date of occurrence are still unknown. Provisions made for certain balance sheet items have been deducted from the item in question.

Untaxed reserves

Untaxed reserves are used in planning the accounts and taxation of companies. The amount of the untaxed reserves or changes in it do not reflect the risk in the Group. The reserves shown in the accounts of the individual Group companies are presented without deducting the deferred tax liability arising from them. In the Group accounts the untaxed reserves have been treated as shown in Basis of consolidation.

PROVISIONS FOR BAD AND DOUBTFUL DEBTS

Provisions for bad and doubtful debts consist of specific provisions made for loans and advances to credit institutions and customers, and for contingent liabilities and commitments and amounts written off these items. The amount also includes the unrealised losses arising from valuation of the assets acquired in settlement of unpaid loans, and the losses on the sale of such assets. In addition, in the Group accounts, the additional depreciation on lease assets is included in Provisions for bad and doubtful debts.

A specific provision can be made against an individual loan or, with the permission of the Financial Supervision Authority, against a certain group of loans pooled by customers or by countries. A specific provision is made when it is considered that recovery is doubtful and the estimated sales value of the asset pledged as collateral security does not cover the principal of the loan. The loans classified as bad debts are written off when the authorities have confirmed the insolvency of a customer. In assessing the amount of a provision, the assets pledged as collateral have been valued at their fair values.

Recoveries of loans and advances and other items previously written off, releases of provisions, and profits on the sale of assets acquired in settlement of unpaid loans have been deducted from Provisions for bad and doubtful debts.

Under Finnish regulations, general provisions are not allowed.

NON-PERFORMING AND OTHER NON-INTEREST EARNING LOANS

Loans are regarded as non-performing if either the principal or the interest on a loan become overdue by 90 days. Loans to companies declared bankrupt are classified as non-performing on the date that the bankruptcy is declared. Bank guarantees are treated as non-performing when the bank has made a payment on the basis of a guarantee. Unpaid interest on loans recorded as non-performing is not accrued, except for loans to public sector customers or loans which are secured by a public body. In respect of leased assets, the cost less depreciation according to plan is recognised as non-performing when a rental becomes overdue by 90 days.

Other non-interest earning loans comprise loans from which no income of any kind will be received, based on agreement with customers. Under Finnish regulations, such loans and advances are presented under the item non-performing loans

OFF-BALANCE SHEET ITEMS AND DERIVATIVE CONTRACTS

Off-balance sheet items

Off-balance sheet items consist of contingent liabilities and commitments. Contingent liabilities comprise transactions in which companies have underwritten the obligations of third parties,

including guarantees and assets pledged as collateral security. Commitments consist of irrevocable commitments such as sale and option-to-resell transactions, underwriting commitments, undrawn formal standby facilities, credit lines and other commitments to lend.

Contingent liabilities are recorded to the extent that the obligation in respect of a guarantee or an asset pledged is met on the balance sheet date. The commitments are stated at the maximum amount that can be required to be paid on the basis of the commitment.

Derivative contracts

Derivative contracts made for trading purposes are marked to market and the resultant profits and losses are included in Net income from transactions in securities and foreign exchange dealing.

Derivative contracts which are accounted for as hedges are treated in the accounts in accordance with the treatment of hedged contracts. Interest on interest rate contracts hedging loans and advances, liabilities and debt securities held as financial fixed assets are included in Net income from financial operations, while profits and losses on derivative contracts that are used for hedging securities held for trading purposes are included in Net income from transactions in securities and foreign exchange dealing.

In note 3, Net income from securities transactions, item Net income from transactions in debt securities includes the profits and losses on interest rate contracts, while the profits and losses on equity contracts are included in Net income from transactions in equity shares. Profits and losses on exchange rate contracts are included in Net income from foreign exchange dealing.

Assets and liabilities arising from derivative contracts are presented in Other assets and Other liabilities in the balance sheet.

CHANGES IN GROUP ACCOUNTING POLICY IN 1999

The changes made in 1999 concern accounting for deferred taxation and are based on a regulation on deferred tax liabilities and assets, given by the Accounting Board on 11 January 1999.

According to this regulation, the change in the deferred tax, shown separately under item Taxes in the consolidated profit and loss account, includes also the changes in the deferred tax liabilities and assets of the individual Group undertakings, arising from timing differences between different accounting and taxation periods of respective companies and from consolidation. In the consolidated balance sheet the deferred tax liabilities and assets are shown separately.

Previously, the deferred tax in the Group accounts comprised only taxes and deferred tax liabilities arising from appropriations of individual Group undertakings.

The comparative figures for 1998 have not been restated to conform with the new practise. The deferred tax liabilities and assets arising from timing differences and consolidation of previous years have been included in the income taxes in profit and loss account and shown separately in note 37.

OTHER NOTES TO THE ACCOUNTS

1. Interest receivable and payable
2. Net income from leasing activities
3. Net income from transactions in securities
4. Other operating income and expenses
5. Depreciation and write-down of tangible and intangible assets
6. Provisions for bad and doubtful debts plus write-offs in respect of debt securities held as financial fixed assets
7. Extraordinary expenses
8. Appropriations
9. Segmental information
10. Treasury bills and other eligible bills
11. Loans and advances to central banks included in Loans and advances to credit institutions
12. Loans and advances to customers
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14. Assets acquired in settlement of unpaid loans and those acquired in connection with the reorganisation of a customer's business operations
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16. Lease assets
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18. Shares and participations
19. Movements in shares and participations held as financial fixed assets and in tangible assets
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21. Properties and shares in property companies
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23. Prepayments and accrued income
24. Unamortised discounts and premiums on liabilities
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28. Provisions for liabilities and charges
29. Subordinated liabilities
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31. Share capital and restrictions in shareholding
32. Items not available for distribution in the distributable capital and reserves
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39. Pension liability
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49. Interest receivable and dividend income due from and interest payable due to Group undertakings
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51. Formation of the Leonia Group
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NOTES TO THE ACCOUNTS OF LEONIA PLC

54. Interest payable
55. Other operating income and expenses
56. Segmental information
57. Shares and participations
58. Other assets
59. Prepayments and accrued income
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61. Accruals and deferred income
62. Movements in capital and reserves
63. Income taxes
64. Staff numbers
65. Emoluments of members of administrative and supervisory bodies
66. Loans and advances to and guarantees on behalf of members of administrative and supervisory bodies

EUR million

1. Interest receivable and payable

	Leonía Group		Leonía Bank plc			Leonía Corporate Bank plc		
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
Interest receivable								
Loans and advances to credit institutions	115.8	185.0	100.3	164.9	127.6	192.6	29.0	28.9
Loans and advances to customers	647.2	679.3	468.7	480.7	427.8	437.8	179.1	197.2
Debt securities	327.4	488.0	215.5	288.7	216.6	290.8	123.0	202.4
Net leasing income	14.1	13.4	14.1	13.4	–	–	–	–
Other interest receivable	– 9.6	10.0	– 1.4	9.7	– 1.2	9.8	– 8.7	– 4.7
Total	1,094.9	1,375.8	797.2	957.4	770.9	931.0	322.4	425.8
Interest payable								
Liabilities to credit institutions and central banks	115.2	174.8	113.5	175.3	113.4	175.1	14.7	7.7
Liabilities to customers	151.4	148.2	151.8	148.6	151.7	148.4	0.2	0.2
Debt securities in issue	418.4	579.3	154.7	211.8	151.2	206.2	263.9	369.9
Subordinated liabilities	38.3	50.0	27.8	37.7	27.8	37.5	10.5	12.3
Preferred capital notes	0.8	6.9	11.6	10.4	11.6	10.4	–	–
Other interest payable	– 21.5	– 15.1	6.8	4.5	6.8	4.5	– 28.9	– 24.6
Total	702.7	944.0	466.2	588.3	462.6	582.2	260.4	365.5

2. Net income from leasing activities

	Leonía Bank plc	
	1999	1998
Rental income	–	0.8
Depreciation according to plan	–	– 0.6
Total	–	0.2

3. Net income from transactions in securities

	Leonía Group		Leonía Bank plc			Leonía Corporate Bank plc		
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
Debt securities and interest rate derivatives	– 16.2	– 3.6	– 14.2	– 7.7	– 14.2	– 7.7	– 1.9	4.1
Equities and equity derivatives	– 2.0	24.0	– 2.0	13.2	– 2.1	8.5	–	10.9
Other	–	–	–	–	–	–	–	–
Total	– 18.1	20.4	– 16.2	5.5	– 16.3	0.8	– 1.9	15.0

4. Other operating income and expenses

	Leonía Group		Leonía Bank plc			Leonía Corporate Bank plc		
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
Other operating income								
Rental and dividend income from properties and property companies	22.1	27.5	21.8	27.1	22.5	27.3	1.0	0.7
Profit on disposal of properties and property companies	43.8	–	43.8	–	36.4	–	–	–
Other income	17.3	14.5	24.5	17.5	9.6	14.0	0.5	0.0
Total	83.1	42.0	90.0	44.6	68.6	41.3	1.5	0.8
Other operating expenses								
Rental expenses	10.9	8.9	10.8	8.6	9.1	7.4	0.2	0.3
Expenses on properties and property companies	13.1	16.4	12.1	15.6	12.6	17.2	1.0	0.8
Loss on disposal of properties and property companies	2.7	–	2.7	–	2.7	–	–	–
Other expenses	9.0	10.7	7.6	9.8	5.6	7.8	0.7	0.6
Total	35.6	35.9	33.1	34.1	30.0	32.4	1.9	1.7

5. Depreciation and write-down of tangible and intangible assets

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group		Bank		1999	1998
Depreciation according to plan								
on tangible assets	20.6	27.1	19.9	26.2	17.0	21.3	0.7	0.9
on intangible assets	13.5	16.1	12.9	15.3	10.7	13.6	0.7	0.8
Total	34.1	43.2	32.7	41.5	27.7	34.9	1.4	1.7
Write-down								
of properties and property companies	14.3	–	10.9	–	10.9	–	3.4	–
of other	–	–	–	–	–	–	–	–
Total	14.3	–	10.9	–	10.9	–	3.4	–

6. Provisions for bad and doubtful debts plus write-offs in respect of debt securities held as financial fixed assets

	Leonía Group				Leonía Corporate Bank plc			
	1999		1998		1999		1998	
	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries
Provisions for bad and doubtful debts								
Loans and advances to credit institutions	0.5	0.0	3.6	4.2	–	–	–	–
Loans and advances to customers	11.4	14.3	21.2	13.6	1.7	1.7	2.5	4.2
Lease assets	0.1	–	1.1	–	–	–	–	–
Guarantees and other contingent liabilities and commitments	0.5	0.4	1.3	0.5	–	–	–	–
Other	0.0	1.5	0.1	0.1	–	–	–	–
Total	12.4	16.2	27.4	18.4	1.7	1.7	2.5	4.2
Total amount written off for the year ^{*)}		1999		1998		1999		1998
		26.3		16.9		–		–
Specific provisions written off during the year		–21.0		–4.2		–		–
Recoveries of loans and guarantees written off in previous years		–9.8		–7.4		–		–
New specific provisions for the year		7.1		14.6		1.7		2.5
Releases of provisions for the year		–6.5		–11.0		–1.7		–4.2
Charge to profit and loss account		–3.8		9.0		–		–1.7
Provisions pooled by customer group included in the specific provisions for the year		–		5.0		–		–1.7
	Write-offs	Write-backs	Write-offs	Write-backs	Write-offs	Write-backs	Write-offs	Write-backs
Write-offs and write-backs in respect of debt securities held as financial fixed assets	–	–	–	–	–	–	–	–

	Leonía Group				Leonía Bank plc			
	1999		1998		1999		1998	
	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries	Gross Amount	Releases and recoveries
Provisions for bad and doubtful debts								
Loans and advances to credit institutions	0.5	0.0	1.1	0.0	0.5	0.0	1.1	0.0
Loans and advances to customers	9.7	12.7	21.2	13.6	8.5	11.7	20.1	12.7
Lease assets	0.1	–	1.1	–	–	–	–	–
Guarantees and other contingent liabilities and commitments	0.5	0.4	–	–	0.5	0.4	1.3	0.5
Other	0.0	1.5	0.2	0.1	0.0	1.5	0.2	0.1
Total	10.8	14.6	23.5	13.7	9.5	13.6	22.6	13.3

	1999	1998	1999	1998
Total amount written off for the year ¹⁾	26.3	16.9	25.5	15.0
Specific provisions written off during the year	-21.0	-4.2	-20.5	-3.7
Recoveries of loans and guarantees written off in previous years	-9.8	-7.4	-9.5	-6.9
New specific provisions for the year	5.4	12.1	4.5	11.3
Releases of provisions for the year	-4.8	-6.8	-4.1	-6.4
Charge to profit and loss account	-3.8	10.6	-4.1	9.3

Provisions pooled by customer group included in the specific provisions for the year

	Write-offs	Write-backs	Write-offs	Write-backs	Write-offs	Write-backs	Write-offs	Write-backs
Write-offs and write-backs in respect of debt securities held as financial fixed assets	-	-	-	-	-	-	-	-

¹⁾ The total amount written off loans and contingent liabilities and commitments includes amounts which have been written off directly without provisioning and those for which a specific provision had been made before writing off.

7. Extraordinary expenses

	Leonia Group		Leonia Bank plc		Bank		Leonia Corporate Bank plc	
	1999	1998	1999	1998	1999	1998	1999	1998
Coverage of pension commitments	-	10.3	-	10.3	-	10.3	-	-

8 Appropriations

	Leonia Bank plc		Leonia Corporate Bank plc	
	1999	1998	1999	1998
Change in depreciation difference ¹⁾	-	-	-	-
Change in fund for general banking risk	-	-	-	-
Change in other untaxed reserves	-18.8	-	-79.6	18.8
Total	-18.8	-	-79.6	18.8

¹⁾ Difference between depreciation according to plan and that in excess of/less than plan

9. Segmental information

	Leonia Group				Leonia Corporate Bank plc			
	1999		1998		1999		1998	
	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average
By class of business								
Banking	631.6	4,087	659.2	4,471	78.6	105	79.7	103
Credit card services	11.8	47	10.6	45				
Finance company operations	14.8	118	15.5	110				
Financing and investment	10.7	14	9.5	8				
Mutual fund services	9.0	17	4.9	12				
Other activities	455.7	424	135.8	381				
Total	1,133.7	4,707	835.5	5,027	78.6	105	79.7	103
By geographical segment								
Finland	1,128.4	4,693	823.0	4,961	78.6	105	79.7	103
United Kingdom	2.9	7	6.1	30				
United States	2.4	7	6.1	31				
Singapore	-	-	0.3	5				
Luxemburg	-	-	0.1	-				
Total	1,133.7	4,707	835.5	5,027	78.6	105	79.7	103

By class of business	Group				Leonia Bank plc			
	1999		1998		1999		1998	
	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average	Income ¹⁾	Staff numbers average
Banking	553.0	3,982	579.5	4,368	550.1	3,974	576.3	4,361
Credit card services	11.8	47	10.6	45				
Finance company operations	14.8	118	15.5	110				
Financing and investment	10.7	14	9.5	8				
Mutual fund services	9.0	17	4.9	12				
Other activities	61.9	312	52.8	282				
Total	661.2	4,490	672.8	4,825	550.1	3,974	576.3	4,361
By geographical segment								
Finland	655.9	4,476	660.3	4,759	544.9	3,960	563.9	4,295
United Kingdom	2.9	7	6.1	30	2.9	7	6.1	30
United States	2.4	7	6.1	31	2.4	7	6.1	31
Singapore	–	–	0.3	5	–	–	0.3	5
Luxemburg	–	–	0.1	–	–	–	–	–
Total	661.2	4,490	672.8	4,825	550.1	3,974	576.3	4,361

¹⁾ Income includes net income from financial operations, dividend income, fees and commissions receivable, net income from transactions in securities and foreign exchange dealing and other operating income. Intra-group items have not been eliminated.

10. Treasury bills and other eligible bills

	Leonia Group		Leonia Bank plc		Bank	Leonia Corporate Bank plc		
	1999	1998	1999	1998		1999	1998	
<i>At end of year</i>								
Treasury bills	1.3	41.7	1.3	9.3	1.3	9.3	–	32.4
Government bonds	1,499.9	1,873.7	1,495.3	1,862.4	1,493.1	1,859.2	4.6	11.3
Certificates of deposit issued by the Bank of Finland	–	–	–	–	–	–	–	–
Certificates of deposit issued by other banks	582.9	726.3	576.4	384.3	576.4	378.4	6.5	341.9
Other	0.4	86.4	0.4	86.4	0.4	86.4	–	–
Total	2,084.5	2,728.1	2,073.4	2,342.5	2,071.2	2,333.3	11.1	385.7

11. Loans and advances to central banks included in Loans and advances to credit institutions

	Leonia Group		Leonia Bank plc		Bank	Leonia Corporate Bank plc		
	1999	1998	1999	1998		1999	1998	
<i>At end of year</i>								
Loans and advances to credit institutions of which to central banks	4,335.6	2,425.5	4,563.9	2,191.2	5,421.0	2,976.0	356.8	474.3
	3.4	–	–	–	–	–	3.4	–

12. Loans and advances to customers

Loans and advances to customers by geographical area	Leonia Group		Leonia Bank plc		Bank	Leonia Corporate Bank plc	
	1999	1998	1999	1998		1999	1998
Finland	10,558.9	9,200.5			8,495.5		1,566.7
Other EU Countries	1,169.2	278.2			277.2		891.0
Other Western Europe	178.2	56.1			56.1		122.2
North America	197.7	175.4			175.4		22.3
The Far East	1,075.3	3.4			3.4		1,071.9
Other countries	506.5	169.6			158.0		336.9
Total	13,685.8	9,883.0			9,165.5		4,011.0

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	1999	Group 1998	1999	Bank 1998	1999	1998
Loans and advances to customers by category of borrower								
Corporations	4,894.9	4,665.5	3,406.7	3,851.7	3,010.4	3,499.3	1,488.3	814.0
Manufacturing	2,040.5	1,929.0	1,164.4	1,478.4	1,066.7	1,406.6	876.0	450.6
Construction	121.8	109.1	116.1	106.6	95.5	86.0	5.6	2.6
Wholesale and retail distribution, Hotels and restaurants	708.2	669.4	668.5	648.3	633.6	613.4	39.8	21.2
Property	22.0	–	22.0	–	22.0	–	–	–
Other	2,002.5	1,958.0	1,435.6	1,618.5	1,192.6	1,393.4	566.9	339.7
Financial and insurance institutions	144.3	198.0	352.5	87.4	352.4	124.6	0.1	111.6
Public sector entities	300.2	375.2	244.8	307.4	107.5	141.5	55.4	67.8
Non-profit institutions	606.5	566.0	583.7	566.0	524.0	486.8	22.9	–
Households	4,611.4	4,207.1	4,611.4	4,207.1	4,499.7	4,112.2	–	–
Foreign	3,128.4	2,775.6	684.1	861.4	671.6	848.7	2,444.4	1,914.2
Total *)	13,685.8	12,787.5	9,883.0	9,880.9	9,165.5	9,213.2	4,011.0	2,907.7

*) Net amount

Specific provisions for bad and doubtful debts

Provisions at beginning of year	60.0	66.8	52.4	57.6	50.7	55.8	7.6	9.3
+ New provisions for year	6.8	7.7	5.1	5.2	4.2	4.5	1.7	2.5
- Releases of provisions	-6.4	-10.6	-4.7	-6.4	-4.0	-6.0	-1.7	-4.2
- Provisions written off	-24.1	-3.9	-24.1	-3.9	-23.7	-3.5	–	–
Provisions at end of year	36.2	60.0	28.7	52.4	27.2	50.7	7.6	7.6

13. Non-performing and other non-interest earning loans

	<i>Leonia Group</i>			<i>Leonia Corporate Bank plc</i>					
	Non-performing loans	Other non-interest earning loans	Total	1999	1998	Non-performing loans	Other non-interest earning loans	Total	1998
Corporations	14.0	8.5	22.5	33.3	–	–	–	–	–
Financial and insurance institutions	0.0	–	0.0	0.0	–	–	–	–	–
Public sector entities	0.1	0.6	0.7	1.0	–	–	–	–	–
Non-profit institutions	2.2	0.3	2.5	2.8	–	–	–	–	–
Households	36.2	0.7	36.9	46.8	–	–	–	–	–
Foreign	9.4	3.1	12.5	24.9	4.1	2.2	6.2	13.5	–
Total	61.9	13.1	75.0	108.9	4.1	2.2	6.2	13.5	–

	<i>Leonia Bank plc</i>			<i>Leonia Bank plc</i>					
	Non-performing loans	Other non-interest earning loans	Total	Group 1999	1998	Non-performing loans	Other non-interest earning loans	Bank 1999	1998
Corporations	14.0	8.5	22.5	33.3	12.3	8.5	20.8	33.0	–
Financial and insurance institutions	0.0	–	0.0	0.0	0.0	–	0.0	0.0	–
Public sector entities	0.1	0.6	0.7	1.0	0.1	0.6	0.7	1.0	–
Non-profit institutions	2.2	0.3	2.5	2.8	2.1	0.3	2.4	2.7	–
Households ⁹⁾	36.2	0.7	36.9	46.8	35.1	0.5	35.7	45.6	–
Foreign	5.4	0.9	6.3	11.5	5.4	–	5.4	10.6	–
Total	57.8	11.0	68.8	95.4	55.0	9.9	64.9	92.9	–

⁹⁾ Leonia Bank plc's non-performing loans to households include loans which are subject to debt restructuring programmes, in which customers follow confirmed repayment schedules. (Under Finnish regulations, loans which are subject to debt restructuring programmes, in which customers follow confirmed schedules, should not be classified as non-performing loans.)

14. Assets acquired in settlement of unpaid loans and those acquired in connection with the reorganisation of a customer's business operations

	Leonía Group		Leonía Bank plc		Bank	Leonía		
	1999	1998	Group 1999	1998		1999	1998	Corporate Bank plc 1999
<i>At end of year</i>								
Book value of assets which had been pledged as collateral security and acquired by the Bank in settlement of unpaid loans								
Properties and shares and participations in property companies	5.5	5.2	5.5	5.2	5.5	5.2	-	-
Other shares and participations	0.9	0.8	0.9	0.8	0.9	0.8	-	-
Other assets	-	-	-	-	-	-	-	-
Total	6.4	6.0	6.4	6.0	6.4	6.0	-	-

Assets acquired in connection with the reorganisation of a customer's business operations

	-	-	-	-	-	-	-	-
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15. Subordinated assets

	Leonía Group		Leonía Bank plc		Bank	Leonía		
	1999	1998	Group 1999	1998		1999	1998	Corporate Bank plc 1999
<i>At end of year</i>								
Loans and advances to credit institutions	-	-	-	-	-	-	-	-
Loans and advances to customers	85.7	48.0	85.7	48.0	5.8	5.6	-	-
Debt securities	119.9	136.6	91.3	124.3	87.9	121.0	229.8	213.3
Other assets	-	0.3	-	0.3	-	-	-	-
Total	205.7	185.0	177.0	172.7	93.7	126.6	229.8	213.3

Amounts include

due from Group undertakings	-	-	-	-	1.2	1.2	201.2	200.9
due from associated undertakings	-	-	-	-	-	-	-	-

16. Lease assets

	Leonía Group		Leonía Bank plc		Bank	Leonía		
	1999	1998	Group 1999	1998		1999	1998	Corporate Bank plc 1999
<i>At end of year</i>								
Prepayments	13.0	10.7	13.0	10.7	-	-	-	-
Equipment	272.7	252.9	272.7	252.9	-	-	-	-
Properties and buildings	70.4	43.0	70.4	43.0	-	-	-	-
Other assets	2.4	1.6	2.4	1.6	-	-	-	-
Total	358.5	308.2	358.5	308.2	-	-	-	-

17. Debt securities

	Leonía Group		Leonía Bank plc		Bank	Leonía		
	1999	1998	Group 1999	1998		1999	1998	Corporate Bank plc 1999
<i>At end of year</i>								
Book value								
Debt securities	4,051.9	4,247.0	2,399.3	1,889.5	2,403.2	1,901.0	1,853.8	2,593.1
Treasury bills and other eligible bills	2,084.5	2,728.2	2,073.4	2,342.5	2,071.2	2,333.3	11.1	385.7
Total	6,136.4	6,975.2	4,472.7	4,232.0	4,474.3	4,234.3	1,864.9	2,978.8
For trading purposes								
Listed	1,010.0	1,208.4	671.9	762.6	671.9	762.6	338.1	445.9
Unlisted	1,096.4	1,013.6	1,080.0	1,047.8	1,083.4	1,058.8	16.4	-
Total	2,106.4	2,222.1	1,751.9	1,810.3	1,755.3	1,821.3	354.5	445.9
Held as financial fixed assets								
Listed	3,698.1	4,403.3	2,603.8	2,272.7	2,601.2	2,269.0	1,094.3	2,130.7
Unlisted	331.9	349.7	117.0	149.0	117.8	144.0	416.1	402.2
Total	4,030.0	4,753.1	2,720.8	2,421.6	2,719.1	2,413.0	1,510.4	2,532.9

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	1999	Group 1998	1999	Bank 1998	1999	1998
For trading purposes								
Difference between the market value and the lower book value of the securities	-	-	-	-	-	-	-	-
Held as financial fixed assets								
Unamortised premiums	175.6	161.4	174.9	159.5	174.7	159.1	0.6	1.9
Held as financial fixed assets								
Unamortised discounts	10.3	7.7	8.2	1.1	8.2	1.1	2.7	7.4
Debt securities by type								
Treasury bills	21.1	96.5	1.3	9.3	1.3	9.3	19.8	87.2
Local authority paper	2.7	20.8	2.7	8.0	2.7	8.0	-	12.8
Commercial paper	62.2	91.4	2.7	13.3	2.7	13.3	59.5	78.2
Certificates of deposit	840.5	991.0	591.3	397.1	591.3	391.2	249.3	593.9
Convertible bonds	2.7	1.9	2.7	1.9	0.2	0.2	-	-
Other bonds and notes	5,206.8	5,687.0	3,871.5	3,715.9	3,875.8	3,725.7	1,536.4	2,206.7
Other	0.4	86.5	0.4	86.5	0.4	86.5	-	-
Total	6,136.4	6,975.2	4,472.7	4,232.0	4,474.3	4,234.3	1,864.9	2,978.8

18. Shares and participations

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	1999	Group 1998	1999	Bank 1998	1999	1998
At end of year								
Book value of the shares and participations, total	258.7	45.5	49.8	42.8	45.5	38.2	1.7	2.6
For trading purposes								
Listed	212.9	36.1	5.7	36.1	1.5	31.6	0.0	-
Unlisted	39.1	2.5	39.1	1.6	39.0	1.5	-	0.9
Total	252.0	38.6	44.8	37.7	40.5	33.1	0.0	0.9
Held as financial fixed assets								
Listed	-	0.0	-	0.0	-	-	-	0.0
Unlisted	6.7	6.9	5.0	5.2	5.0	5.1	1.7	1.7
Total	6.7	6.9	5.0	5.2	5.0	5.1	1.7	1.7
Listed securities								
Difference between the market value and the lower book value of the securities								
Held for trading purposes	50.4	27.9	37.2	27.9	31.5	21.2	0.2	-
Held as financial fixed assets	-	0.0	-	56.6	-	45.7	-	-
Shares and participations in associated undertakings								
Credit institutions	-	-	-	-	-	-	-	-
Other	11.2	9.5	11.2	9.5	9.0	7.7	0.0	0.0
Total	11.2	9.5	11.2	9.5	9.0	7.7	0.0	0.0
Shares and participations in Group undertakings								
Credit institutions	-	0.0	-	-	67.5	62.5	-	-
Other	31.5	28.6	31.5	28.6	80.4	60.2	-	-
Total	31.5	28.6	31.5	28.6	147.9	122.7	-	-

19. Movements in shares and participations held as financial fixed assets and in tangible assets

	<i>Leonia Group</i>			<i>Leonia Corporate Bank plc</i>		
	Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets	Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets
Cost at beginning of year	20.1	684.0	81.8	1.7	24.7	3.3
Acquisitions	31.6	12.7	9.1	–	0.0	0.5
Disposals	1.5	223.4	3.5	0.0	–	0.1
Depreciation according to plan for the year		9.2	12.0		0.2	0.5
Write-downs/write-backs for the year		130.7	0.0		3.4	–
Accumulated depreciation at beginning of year		3.2	53.9		3.2	2.1
Accumulated write-downs at beginning of year	0.9	16.9	–	–	–	–
Book value at end of year	49.4	313.2	21.4	1.7	17.9	1.1

There were no such assets in the parent company of the Leonia Group

	<i>Leonia Bank plc</i>			<i>Bank</i>		
	Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets	Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets
Cost at beginning of year	18.4	659.3	78.5	136.4	639.7	72.4
Acquisitions	31.6	12.7	8.6	27.8	10.9	5.9
Disposals	1.5	223.4	3.4	1.4	223.4	3.3
Depreciation according to plan for the year		9.0	11.5		7.9	9.1
Write-downs/write-backs for the year		127.4	0.0		127.4	–
Accumulated depreciation at beginning of year		–	51.8		–	50.1
Accumulated write-downs at beginning of year	0.9	16.9	–	0.9	16.9	–
Book value at end of year	47.7	295.2	20.3	161.9	275.1	15.8

20. Intangible assets

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>			<i>Leonia Corporate Bank plc</i>		
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Capitalised formation expenses	–	–	–	–	–	–	–	–
Goodwill	10.3	12.7	10.3	12.7	–	–	–	–
Other intangible assets	45.9	42.1	45.3	41.5	43.0	39.4	0.5	0.6
Total	56.1	54.7	55.6	54.1	43.0	39.4	0.5	0.6

21. Properties and shares in property companies

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>			<i>Leonia Corporate Bank plc</i>		
	Book-value	Capital employed ¹⁾	Book-value	Group Capital employed ¹⁾	Bank Book-value	Capital employed ¹⁾	Book-value	Capital employed ¹⁾
<i>At end of year</i>								
Land and buildings								
Occupied for own activities	97.7	97.7	89.0	89.0	89.0	89.0	8.8	8.8
Other	101.0	103.8	101.0	103.8	103.8	103.8	–	–
Total	198.7	201.5	189.9	192.7	192.7	192.7	8.8	8.8
Shares and participations in property companies								
Occupied for own activities	30.1	30.4	29.6	29.9	29.5	29.9	0.5	0.5
Other	84.4	103.0	75.7	94.1	52.9	94.1	8.7	8.9
Total	114.5	133.5	105.3	124.0	82.3	124.0	9.2	9.4

Properties and shares in property companies occupied for other than own activities

	<i>Leonia Group</i>				<i>Leonia Bank Group</i>			
	Area m ² employed ¹⁾	Capital income ²⁾ , %	Net income ²⁾ , %	Unlet space ³⁾ , %	Area m ²	Capital employed ¹⁾	Net income ²⁾ , %	Unlet space ³⁾ , %
By activity								
Housing	998	1.7	2.0	35.8	998	1.7	2.0	35.8
Business and office property	228,417	196.7	6.5	7.2	225,444	187.8	6.6	7.2
Industrial property	10,604	1.1	–	70.4	10,604	1.1	–	70.4
Water areas and agricultural and forest land	–	4.2	–	–	–	4.2	–	–
Buildings under construction	–	–	–	–	–	–	–	–
Other domestic property	524	3.2	–	0.0	524	3.2	–	0.0
Foreign property	–	–	–	–	–	–	–	–
Total	240,543	206.8	6.2	10.1	237,570	197.9	6.3	10.2
Property for letting under finance leases	64,422	52.7	4.2	0.0	64,422	52.7	4.2	0.0
Total	304,965	259.5	5.8	8.0	301,992	250.6	5.9	8.0

Capital employed in properties occupied for other than own activities - by net income%

	<i>Leonia Group</i>		<i>Leonia Bank Group</i>	
	Net income, %	Capital employed ¹⁾	Net income, %	Capital employed ¹⁾
Negative		7.7	Negative	7.7
0 - 3		44.3	0 - 3	44.3
3 - 5		86.5	3 - 5	77.6
5 - 7		53.6	5 - 7	53.6
over 7		<u>67.3</u>	over 7	<u>67.3</u>
Total		259.5	Total	250.6

¹⁾ The capital employed is the depreciated cost of an asset, which, in case of shares in property companies, is added by Group's share of liabilities relating to equity shares in these companies and/or share of debts of these companies.

²⁾ The net income% is a proportion of the net income to the capital employed.

³⁾ The unlet space% is a proportion of the unlet spaces to all spaces which can be let out. Unlet spaces are spaces which can be let out, but which yield no rental income on the balance sheet date based on a lease.

22. Other assets

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	1999	Group 1998	1999	Bank 1998	1999	1998
At end of year								
Items in transit	1.1	4.9	1.1	4.9	1.1	4.9	–	–
Guarantee claims	9.9	11.5	9.9	11.5	9.9	11.5	–	–
Derivative contracts	451.2	161.4	46.0	44.4	46.0	44.3	405.2	117.0
Other	36.9	68.8	37.1	69.0	27.5	62.9	–	–
Total	499.2	246.6	94.2	129.7	84.6	123.5	405.2	117.0

23. Prepayments and accrued income

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	1999	Group 1998	1999	Bank 1998	1999	1998
At end of year								
Accrued interest	591.4	671.5	262.2	336.4	260.2	336.5	339.2	352.7
Other	114.0	95.0	113.2	97.0	110.6	95.4	0.6	1.5
Total	705.3	766.5	375.5	433.4	370.8	431.9	339.8	354.1

24. Unamortised discounts and premiums on liabilities

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Discounts								
Liabilities to credit institutions and central banks	–	–	–	–	–	–	–	–
Liabilities to customers	–	–	–	–	–	–	–	–
Debt securities in issue	158.2	154.5	4.2	2.6	4.2	2.6	153.9	151.9
Subordinated liabilities	–	–	–	–	–	–	–	–
Total	158.2	154.5	4.2	2.6	4.2	2.6	153.9	151.9
Premiums								
Liabilities to credit institutions and central banks	–	–	–	–	–	–	–	–
Liabilities to customers	–	–	–	–	–	–	–	–
Debt securities in issue	31.2	22.7	0.2	0.2	0.2	0.2	31.0	22.5
Subordinated liabilities	–	–	–	–	–	–	–	–
Total	31.2	22.7	0.2	0.2	0.2	0.2	31.0	22.5

25. Debt securities in issue

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Book value at end of year								
Certificates of deposit	3,733.6	4,973.7	3,733.6	4,319.2	3,745.0	4,321.0	–	–
Bonds and notes	5,258.6	4,858.3	980.3	482.3	953.7	442.2	4,278.3	4,410.7
Other	536.3	–	48.2	–	48.2	–	488.1	654.6
Total	9,528.5	9,832.1	4,762.1	4,801.5	4,746.9	4,763.3	4,766.4	5,065.2

26. Other liabilities

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Items in transit	306.9	242.1	306.9	242.1	306.9	242.1	–	–
Derivative contracts	114.6	87.4	49.8	50.9	49.8	50.9	64.7	36.5
Other	61.9	207.3	110.0	211.9	101.2	205.8	186.4	1.4
Total	483.3	536.8	466.6	504.8	457.9	498.7	251.1	37.9

27. Accruals and deferred income

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Deferred interest	617.0	611.7	179.0	138.6	177.9	137.0	445.4	490.7
Other	335.6	113.2	223.1	111.7	206.3	97.8	59.3	3.1
Total	952.6	724.9	402.1	250.3	384.2	234.8	504.8	493.8

28. Provisions for liabilities and charges

	Leonía Group		Leonía Bank plc				Leonía Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
Miscellaneous operating expenses	0.9	0.9	0.9	0.9	–	–	–	–
Total	0.9	0.9	0.9	0.9	–	–	–	–

29. Subordinated liabilities

	Leonia Group		Leonia Bank plc				Leonia Corporate Bank plc	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
<i>At end of year</i>								
Subordinated liabilities with a book value more than 10% of the total amount of such liabilities ¹⁾	462.2	348.8	362.6	242.7	362.6	242.7	99.5	106.1
Other subordinated liabilities	102.1	290.1	24.8	207.2	24.8	207.2	77.3	82.9
Total	564.2	638.9	387.4	449.9	387.4	449.9	176.8	189.0
of which amount of perpetuals	104.5	90.0	104.5	90.0	104.5	90.0	–	–
Due to Group undertakings	1.2	1.2	1.2	1.2	–	–	–	–
Due to associated undertakings	–	–	–	–	–	–	–	–

¹⁾ By loan

Leonia Group	Amount in EUR million		Currency	Interest %	Due date	
	1999	1998				
Leonia Corporate Bank plc	1	99.5	85.7	USD	5.89	07.10.2002
Leonia Corporate Bank plc	1		20.3	FIM	5.00	01.04.2005
Leonia Bank plc	4	47.9		CAD	7.50	15.11.2004
Leonia Bank plc	4	43.6		CHF	7.13	07.09.2005
Leonia Bank plc	2	67.3	67.3	FIM	8.50	29.3.2008
Leonia Bank plc	3	99.3	85.4	USD	6.16	23.6.2007
Leonia Bank plc	1	104.5	90.0	USD	6.58	Perpetual
Total		462.2	348.8			

- 1) Repayable on any interest payment date.
- 2) Repayable on any interest payment date after year 2002.
- 3) Repayable on any interest payment date after 23 June 2002.
- 4) Repayable on year 2000.

30. Movements in capital and reserves

Leonia Group	Share capital	Share premium account	Other undistributable reserves	Preferred capital notes	Distributable reserves	Profit brought forward	Total
Book value at 31 December 1998	216.0	721.5	–	10.1	–	595.9	1,543.5
Dividends						-38.7	-38.7
Increases							
Decreases							
Exchange rate translation differences						0.0	0.0
Profit for the financial year						84.5	84.5
Book value at 31 December 1999	216.0	721.5	–	10.1	–	641.7	1,589.3
Leonia Bank Group	Share capital	Share premium account	Other undistributable reserves	Preferred capital notes	Distributable reserves	Profit brought forward	Total
Book value at 31 December 1998	106.0	–	287.7	211.9	–	350.3	955.8
Dividends						-50.5	-50.5
Increases						1.2	1.2
Decreases			-1.2				-1.2
Exchange rate translation differences						0.0	0.0
Profit for the financial year						137.6	137.6
Book value at 31 December 1999	106.0	–	286.4	211.9	–	438.6	1,042.9

Leonia Bank plc	Share capital	Share premium account	Other undistributable reserves	Preferred capital notes	Distributable reserves	Profit brought forward	Total
Book value at 31 December 1998	106.0	–	277.0	211.9	–	258.6	853.4
Dividends						-50.5	-50.5
Increases							
Decreases							
Profit for the financial year						148.3	148.3
Book value at 31 December 1999	106.0	–	277.0	211.9	–	356.5	951.3
Leonia Corporate Bank plc	Share capital	Share premium account	Other undistributable reserves	Preferred capital notes	Distributable reserves	Profit brought forward	Total
Book value at 31 December 1998	107.5	–	409.3	–	152.1	31.8	700.7
Dividends					-6.9	-216.7	-223.7
Increases							
Decreases							
Profit for the financial year						65.5	65.5
Book value at 31 December 1999	107.5	–	409.3	–	145.1	-119.4	542.5

31. Share capital and restrictions in shareholding

Leonia plc

The share capital of Leonia plc amounts to EUR 215 998 708,32, comprising 1 284 270 shares. Each share has one vote. According to the Act on the State's shareholder rights, section 5, a disposal of shares or a shareholding arrangement which will result in the State losing the majority or the qualified majority of the voting rights can be implemented, provided that the Parliament permits the arrangement (19 April 1991/740).

Leonia Bank plc

The share capital of Leonia Bank plc is EUR 105 958 393,67, comprising 63 000 000 shares. Each share has one vote. The Act on the postal bank, section 3, provides that the State, or a company which the State controls by virtue of a direct ownership of shares, shall own and control an amount of shares which equals at least 51 per cent of all the shares and voting rights in the Bank (10 December 1997/1071).

Leonia Corporate Bank plc

The share capital of Leonia Corporate Bank plc is EUR 107 517 495,75, comprising 5 903 shares. Leonia Corporate Bank plc has previously redeemed 4 897 of its own shares, each having a nominal value of EUR 1 681. The redemption was registered on 31 December 1993. The redeemed shares have been cancelled.

32. Items not available for distribution in the distributable capital and reserves

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	<i>Group</i> 1999	1998	<i>Bank</i> 1999	1998	1999	1998
Capitalised formation expenses	–	–	–	–	–	–	–	–
Amount of untaxed reserves transferred to capital and reserves	47.1	129.7	47.1	72.4	–	–	–	–
Total	47.1	129.7	47.1	72.4	–	–	–	–

33. Shareholder analysis

At 31 December 1999, the Finnish government owned all the share capital of Leonia plc. Leonia plc owned all the shares of Leonia Corporate Bank plc and Leonia Bank plc.

34. Preferred capital notes

At end of year	Leonia Group		Leonia Bank plc		Leonia
			Group	Bank	Corporate Bank plc
Markka-denominated loans	10.1		211.9	211.9	–

In December 1997, Leonia Bank plc issued preferred capital notes totalling EUR 118 million. The notes bear interest at a rate of 5.96% fixed for 5 years, and thereafter at the Helibor 3-month rate plus 225 basis points. The fixed interest rate will be paid annually in arrears, the first time being in December 1998 and the last time in December 2002. The floating interest rate will be paid quarterly in arrears, the first time being in March 2003.

In March 1998, Leonia Bank plc issued preferred capital notes totalling EUR 94 million. The notes bear interest at the Helibor 12-month rate plus 100 basis points for 5 years, and thereafter the Helibor 12-month rate plus 225 basis points. The interest will be paid annually in arrears, the first time being in March 1999.

Both of the loans are undated. They are repayable, with the consent of the Finnish Financial Supervision Authority, 5 years after the date of issue. The preferred capital notes are included in the Tier 1 capital of the Bank. The interest on the loans can be paid only from the distributable capital.

Leonia Corporate Bank plc subscribed for EUR 84 million worth of the notes that were issued in March 1998.

In addition, in December 1998 Leonia Corporate Bank plc purchased the preferred capital notes issued by Leonia Bank in December 1997, totalling EUR 118 million, from domestic investors.

In calculating Leonia Corporate Bank plc's capital adequacy ratio, these loans have been weighted at 100% risk.

35. Maturity analysis of assets and liabilities, by remaining maturity

	Leonia Group		Leonia Bank plc				Leonia	
	1999	1998	Group 1999	1998	Bank 1999	1998	Corporate Bank plc 1999	1998
Assets								
<i>Less than 3 months</i>	7,368.6	5,223.7	6,130.4	3,566.9	6,466.5	3,594.1	1,622.4	1,727.8
Treasury bills and other eligible bills	521.1	458.6	514.7	134.2	514.7	138.3	6.5	324.4
Loans and advances to credit institutions	3,717.9	2,076.8	3,937.7	1,803.4	4,361.9	1,920.3	164.5	310.3
Loans and advances to customers repayable on demand								
other	2,426.3	1,920.2	1,531.2	1,475.7	1,443.1	1,381.8	895.1	444.5
Debt securities	703.2	768.2	146.8	153.7	146.8	153.7	556.4	648.6
<i>3 - 12 months</i>	3,155.8	3,360.7	2,280.4	2,453.4	2,315.4	2,724.7	1,280.0	1,109.7
Treasury bills and other eligible bills	63.4	350.3	63.4	300.4	63.4	336.1	–	50.0
Loans and advances to credit institutions	174.5	75.8	528.7	240.0	690.7	607.7	50.4	37.6
Loans and advances to customers	1,896.9	1,761.6	1,176.1	1,342.9	1,037.3	1,203.3	720.8	418.7
Debt securities	1,021.0	1,173.0	512.1	570.1	523.9	577.7	508.8	603.4
<i>1 - 5 years</i>	7,964.6	8,807.3	5,645.6	5,811.3	5,451.2	5,648.6	2,522.5	3,197.0
Treasury bills and other eligible bills	683.1	714.6	678.5	709.7	677.9	851.4	4.6	4.9
Loans and advances to credit institutions	415.9	416.0	97.0	311.8	228.9	311.8	113.0	104.2
Loans and advances to customers	5,355.6	5,855.2	3,880.8	4,039.5	3,562.2	3,730.4	1,683.0	1,815.7
Debt securities	1,510.0	1,821.5	989.2	750.3	982.2	755.0	721.9	1,272.1
<i>over 5 years</i>	5,668.7	4,796.5	4,863.2	4,472.4	4,827.8	4,456.0	807.7	326.2
Treasury bills and other eligible bills	816.8	918.9	816.8	912.5	815.2	1,007.5	–	6.4
Loans and advances to credit institutions	27.2	129.9	0.6	110.0	139.5	136.3	28.9	22.1
Loans and advances to customers	4,007.0	3,263.3	3,294.8	3,034.4	3,122.9	2,897.7	712.2	228.8
Debt securities	817.8	484.3	751.1	415.4	750.2	414.6	66.7	68.9

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia Corporate Bank plc</i>	
	1999	1998	Group 1999	1998	Bank 1999	1998	1999	1998
Liabilities								
<i>Less than 3 months</i>	18,720.9	13,563.4	17,624.3	12,475.3	17,626.5	12,469.9	1,508.4	1,185.9
Liabilities to credit institutions and central banks	2,514.6	2,117.2	2,503.6	2,095.9	2,505.9	2,101.1	395.2	84.6
Liabilities to customers	11,745.6	7,319.1	11,750.2	7,318.3	11,746.8	7,311.7	22.8	1.2
Debt securities in issue	4,460.8	4,127.0	3,370.5	3,061.1	3,373.8	3,057.1	1,090.3	1,100.1
<i>3 - 12 months</i>	2,759.0	3,090.0	1,331.6	2,303.9	1,322.9	2,295.0	1,626.0	988.5
Liabilities to credit institutions and central banks	596.6	275.1	552.6	275.1	552.6	275.1	242.7	201.8
Liabilities to customers	63.0	636.1	62.6	635.7	62.3	635.0	0.4	0.4
Debt securities in issue	2,099.4	2,178.8	716.5	1,393.1	708.1	1,385.0	1,382.9	786.3
<i>1 - 5 years</i>	2,347.4	4,006.6	688.1	1,529.2	677.7	1,502.1	1,659.3	2,477.4
Liabilities to credit institutions and central banks	1.2	15.1	1.2	15.1	1.2	15.1	–	–
Liabilities to customers	19.7	1,174.1	18.7	1,172.9	18.3	1,172.0	1.0	1.3
Debt securities in issue	2,326.6	2,817.3	668.2	341.2	658.1	315.0	1,658.3	2,476.1
<i>Over 5 years</i>	770.5	745.1	42.6	42.2	39.3	38.7	730.1	705.0
Liabilities to credit institutions and central banks	91.9	14.1	0.7	16.2	0.7	16.2	93.4	–
Liabilities to customers	36.8	22.1	34.9	19.8	31.7	16.3	1.9	2.3
Debt securities in issue	641.7	708.9	6.9	6.2	6.9	6.2	634.8	702.8

36. Assets and liabilities denominated in foreign currencies

	<i>Leonia Group</i>				<i>Leonia Corporate Bank plc</i>			
	1999		1998		1999		1998	
	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency
ASSETS								
Treasury bills and other eligible bills	2,084.5	–	2,728.2	–	11.1	–	385.7	–
Loans and advances to credit institutions	3,528.2	807.4	815.2	1,610.3	92.1	264.7	19.4	454.8
Loans and advances to customers	10,600.2	3,085.6	8,635.2	4,152.3	1,826.7	2,184.3	686.3	2,221.3
Debt securities	1,991.0	2,061.0	1,163.3	3,083.7	629.9	1,223.9	429.9	2,163.1
Other assets	3,630.2	441.4	2,143.2	572.3	444.6	321.8	166.8	330.3
Total	21,834.0	6,395.3	15,485.1	9,418.6	3,004.3	3,994.7	1,688.1	5,169.6
LIABILITIES								
Liabilities to credit institutions and central banks	1,985.7	1,425.6	317.2	2,104.3	556.8	174.6	201.8	84.6
Liabilities to customers	11,147.6	510.5	8,746.5	404.9	26.0	–	4.0	1.2
Debt securities in issue	5,304.0	4,224.5	4,836.4	4,995.7	752.3	4,014.0	436.0	4,629.2
Subordinated liabilities	169.3	394.9	170.5	468.4	77.3	99.5	103.3	85.7
Other liabilities	828.9	626.7	636.4	626.2	314.2	441.7	49.8	481.8
Total	19,435.5	7,821.1	14,707.0	8,599.5	1,726.6	4,729.9	794.9	5,282.5

	Group		Leonia Bank plc				Bank	
	1999		1998		1999		1998	
	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency	In domestic currency ¹⁾	In foreign currency
ASSETS								
Treasury bills and other eligible bills	2,073.4	–	2,342.5	–	2,071.2	–	2,333.3	–
Loans and advances to credit institutions	3,930.2	633.7	1,015.9	1,175.3	4,786.6	634.4	1,800.0	1,176.0
Loans and advances to customers	8,981.7	901.3	7,948.9	1,931.9	8,265.6	900.0	7,294.0	1,919.1
Debt securities	1,562.2	837.0	969.0	920.5	1,566.1	837.0	980.4	920.5
Other assets	2,988.5	119.6	1,996.5	243.1	2,688.1	119.6	1,716.6	242.8
Total	19,536.1	2,491.6	14,272.8	4,270.9	19,377.5	2,491.1	14,124.2	4,258.5
LIABILITIES								
Liabilities to credit institutions and central banks	1,716.0	1,342.0	362.3	2,039.6	1,718.4	1,342.0	367.9	2,039.6
Liabilities to customers	11,356.0	510.5	8,743.0	403.8	11,345.8	513.2	8,731.2	403.8
Debt securities in issue	4,551.6	210.5	4,435.6	366.5	4,536.5	210.5	4,396.8	366.5
Subordinated liabilities	92.1	295.4	67.3	382.7	92.1	295.4	67.3	382.7
Other liabilities	703.4	185.0	610.5	145.5	657.1	185.0	588.1	145.4
Total	18,419.1	2,543.3	14,218.6	3,337.9	18,349.9	2,546.0	14,151.3	3,337.9

¹⁾ In 1999, items denominated in domestic currency include currencies of European Monetary Union (EMU) countries, in 1998 currencies of the other EMU countries were included in foreign currencies.

37. Deferred tax

	Leonia Group		Leonia Bank plc		Leonia			
	1999	1998	Group 1999	1998	Bank 1999	1998	Corporate Bank plc 1999	1998
Deferred tax liabilities	18.8	37.4	18.8	15.1	–	29.5	–	–
Timing differences	0.0	–	0.0	–	–	29.5	–	–
Appropriations	18.8	37.4	18.8	15.1	–	–	–	–
Deferred tax assets ¹⁾	12.5	24.6	12.5	22.4	12.3	–	–	2.2
Timing differences	12.5	24.6	12.5	22.4	12.3	–	–	2.2
Appropriations	–	–	–	–	–	–	–	–
Income taxes								
On ordinary activities	129.0	24.4	28.1	7.4	19.8	0.6	70.7	11.7
Amount arising from changed accounting practise ²⁾	–12.5	–	–12.5	–	–12.3	–	–	–
Total	116.5	24.4	15.7	7.4	7.6	0.6	70.7	11.7

¹⁾ In 1998, the deferred tax assets were disclosed in the notes to the accounts but not charged to the profit and loss account.

In 1999, they were charged to the profit and loss account.

²⁾ Incl. changes in deferred tax assets arising from previous years.

38. Assets pledged as collateral security and secured liabilities as well as other assets pledged on behalf of Leonia plc and Group undertakings

	Leonia Group		Leonia Bank plc		Leonia			
	1999	1998	Group 1999	1998	Bank 1999	1998	Corporate Bank plc 1999	1998
At end of year								
Assets pledged as collateral security								
Pledges	1,940.4	1,899.3	1,940.4	1,899.3	1,897.0	1,832.8	–	–
Fixed charges	–	11.8	–	11.8	–	–	–	–
Other	–	–	–	–	–	–	–	–
Total	1,940.4	1,911.0	1,940.4	1,911.0	1,897.0	1,832.8	–	–
Assets pledged as collateral security on behalf of Group undertakings	–	–	–	–	–	–	–	–

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia</i>	
	<i>1999</i>	<i>1998</i>	<i>Group</i> <i>1999</i>	<i>1998</i>	<i>Bank</i> <i>1999</i>	<i>Bank</i> <i>1998</i>	<i>Corporate Bank plc</i> <i>1999</i>	<i>Corporate Bank plc</i> <i>1998</i>
Secured liabilities and commitments								
Liabilities to credit institutions and central banks	-	-	-	-	-	-	-	-
Liabilities to customers								
Debt securities in issue	39.5	61.7	39.5	61.7	-	-	-	-
Off-balance sheet items	362.5	4.8	362.5	4.7	358.6	-	-	-
Other commitments								
Intra-day overdraft limit of the Bank of Finland's settlement account	1,500.0	1,480.1	1,500.0	1,480.1	1,500.0	1,480.1	-	-
Other	734.3	177.8	734.3	177.8	734.3	177.8	-	-
Assets sold under agreements to repurchase								
Debt securities	466.0	200.8	466.0	200.8	466.0	200.8	-	-

39. Pension liability

The basic and supplementary pensions of the staff in the majority-owned Group undertakings have been arranged in the Leonia Pension Fund, while those of the staff in other Group undertakings have been arranged through insurance.

The Leonia Pension Fund's pension liability of EUR 363.4 million is fully covered.

The employers' contributions to the Leonia Pension Fund totalled EUR 16.4 million in 1999.

The direct pension liability of Leonia plc amounted to EUR 0.2 million and that of Leonia Bank plc to EUR 0.02 million.

40. Lease commitments

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia</i>	
	<i>1999</i>	<i>1998</i>	<i>Group</i> <i>1999</i>	<i>1998</i>	<i>Bank</i> <i>1999</i>	<i>Bank</i> <i>1998</i>	<i>Corporate Bank plc</i> <i>1999</i>	<i>Corporate Bank plc</i> <i>1998</i>
The rental payments fall due as follows:								
in 2000	-	-	-	-	2.6	-	-	-
Thereafter	-	-	-	-	5.7	-	-	-
	-	-	-	-	8.4	-	-	-

41. Off-balance sheet items

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>				<i>Leonia</i>	
	<i>1999</i>	<i>1998</i>	<i>Group</i> <i>1999</i>	<i>1998</i>	<i>Bank</i> <i>1999</i>	<i>Bank</i> <i>1998</i>	<i>Corporate Bank plc</i> <i>1999</i>	<i>Corporate Bank plc</i> <i>1998</i>
<i>At end of year</i>								
Guarantees and assets pledged as collateral security	2,275.1	1,952.0	1,932.6	1,823.5	2,057.6	1,765.7	499.0	147.7
on behalf of Group undertakings	-	37.7	-	37.7	26.0	26.4	-	-
on behalf of associated undertakings	-	-	-	-	0.0	-	-	-
Sale and option to resell transactions	-	-	-	-	-	-	-	-
on behalf of Group undertakings	-	-	-	-	-	-	-	-
on behalf of associated undertakings	-	-	-	-	-	-	-	-
Undrawn loans, overdraft facilities and commitments to lend	3,714.6	3,714.3	2,306.9	2,870.0	2,046.0	2,603.7	1,407.7	844.4
to Group undertakings	-	-	-	-	160.6	134.3	-	-
to associated undertakings	-	-	-	-	16.3	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-
to Group undertakings	-	-	-	-	-	-	-	-
to associated undertakings	-	-	-	-	-	-	-	-
Other commitments	0.0	178.5	0.0	178.5	65.2	265.0	-	-
of which to or on behalf of								
Group undertakings	-	-	-	-	65.2	86.6	-	-
associated undertakings	-	0.0	-	0.0	-	-	-	-
Total	5,989.7	5,844.8	4,239.5	4,871.9	4,168.7	4,634.4	1,906.7	992.1
of which to or on behalf of								
Group undertakings	-	37.7	-	37.7	251.8	247.3	-	-
associated undertakings	-	0.0	-	0.0	16.3	-	-	-

42. Derivative contracts

	<i>Leonia Group</i>				<i>Leonia Corporate Bank plc</i>			
	1999		1998		1999		1998	
	Values of underlying instruments		Values of underlying instruments		Values of underlying instruments		Values of underlying instruments	
	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other
<i>Interest rate contracts</i>								
Futures and forward rate agreements	39.8	734.2	180.0	11,829.3	39.8	–	180.0	105.4
Options	–	–	–	–	–	–	–	–
Purchased	–	132.5	–	256.7	–	–	–	–
Written	–	85.2	–	455.6	–	–	–	–
Interest rate swaps	3,542.8	9,755.3	4,163.1	16,954.2	2,553.1	21.8	3,110.3	–
	3,582.6	10,707.2	4,343.0	29,495.8	2,592.9	21.8	3,290.3	105.4
<i>Exchange rate contracts</i>								
Futures and forward exchange	375.7	3,617.4	63.4	13,951.2	540.7	–	387.6	–
Options	–	–	–	–	–	–	–	–
Purchased	613.2	67.1	–	156.0	613.2	–	–	–
Written	613.2	50.6	–	241.3	613.2	–	–	–
Interest rate and cross currency swaps	5,365.7	515.9	6,648.6	601.9	4,992.2	33.4	6,071.4	47.9
	6,967.8	4,251.0	6,712.0	14,950.4	6,759.4	33.4	6,459.1	47.9
<i>Equity contracts</i>								
Futures and forwards	–	2.5	–	–	–	–	–	–
Options	–	–	–	–	–	–	–	–
Purchased	197.7	19.8	–	–	197.7	–	–	–
Written	197.7	1.4	–	–	197.7	–	–	–
	395.4	23.6	–	–	395.4	–	–	–
	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts
Interest rate contracts	266.3	64.0	424.3	108.5	57.8	13.7	117.8	31.4
Exchange rate contracts	825.2	242.3	1,215.5	344.6	632.6	186.1	588.3	166.7
<i>Leonia Bank plc</i>								
	<i>Group</i>				<i>Bank</i>			
	1999		1998		1999		1998	
	Values of underlying instruments		Values of underlying instruments		Values of underlying instruments		Values of underlying instruments	
	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other
<i>Interest rate contracts</i>								
Futures and forward rate agreements	–	734.2	–	11,723.9	–	734.2	–	11,735.4
Options	–	–	–	–	–	–	–	–
Purchased	–	132.5	–	256.7	–	132.5	–	256.7
Written	–	85.2	–	455.6	–	85.2	–	455.6
Interest rate swaps	1,028.4	9,772.1	1,298.2	16,954.2	1,028.4	9,784.8	1,298.2	16,954.3
	1,028.4	10,724.1	1,298.2	29,390.3	1,028.4	10,736.7	1,298.2	29,401.9
<i>Exchange rate contracts</i>								
Futures and forward foreign exchange	–	3,881.7	–	14,273.1	–	3,881.7	–	14,273.1
Options	–	–	–	–	–	–	–	–
Purchased	–	67.1	–	156.1	–	67.1	–	156.1
Written	–	50.6	–	241.3	–	50.6	–	241.3
Interest rate and cross currency swaps	373.4	482.6	577.2	554.0	373.4	482.6	577.2	572.5
	373.4	4,482.0	577.2	15,224.5	373.4	4,482.0	577.2	15,243.0

	<i>Leonia Bank plc</i>							
	<i>Group</i>				<i>Bank</i>			
	<i>1999</i>		<i>1998</i>		<i>1999</i>		<i>1998</i>	
	Values of underlying instruments		Values of underlying instruments		Values of underlying instruments		Values of underlying instruments	
	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other	For hedging purposes	Other
<i>Equity contracts</i>								
Futures and forwards	–	2.5	–	–	–	2.5	–	–
Options								
Purchased	–	19.8	–	–	–	19.8	–	–
Written	–	1.4	–	–	–	1.4	–	–
	–	23.6	–	–	–	23.6	–	–
	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts	Credit equivalent amount of contracts	Risk weighted amount of contracts
Interest rate contracts	209.4	50.5	315.0	78.9	209.6	50.5	315.2	78.9
Exchange rate contracts	203.2	58.3	635.2	180.3	203.2	58.3	635.4	180.3

43. Staff numbers

	<i>Leonia Group</i>				<i>Leonia Corporate Bank plc</i>			
	<i>1999</i>		<i>1998</i>		<i>1999</i>		<i>1998</i>	
For the year	Average	Change	Average	Change	Average	Change	Average	Change
Full-time staff	4,582	425	4,887	– 344	104	1	103	– 28
Part-time staff	125	37	140	– 41	1	1	–	– 17
Total	4,707	462	5,027	– 385	105	2	103	– 45

	<i>Leonia Bank plc</i>							
	<i>Group</i>				<i>Bank</i>			
	<i>1999</i>		<i>1998</i>		<i>1999</i>		<i>1998</i>	
	Average	Change	Average	Change	Average	Change	Average	Change
For the year								
Full-time staff	4,367	411	4,686	– 414	3,873	364	4,237	– 446
Part-time staff	123	23	139	– 25	101	23	124	– 32
Total	4,490	434	4,825	– 439	3,974	387	4,361	– 478

Staff numbers by class of business and geographical segment are shown under Note 9.

44. Emoluments of members of administrative and supervisory bodies

	<i>Leonia Group</i>		<i>Leonia Bank plc</i>		<i>Bank</i>		<i>Leonia Corporate Bank plc</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
Members and deputy members of the Supervisory Board	0.1	–	0.1	0.0	0.1	0.0	–	–
Members and deputy members of the Board of Directors/Management and President and Executive Vice Presidents	4.2	3.5	2.6	2.0	1.6	1.3	0.7	0.7
Total	4.3	3.5	2.7	2.1	1.7	1.4	0.7	0.7
of which performance-related bonuses	0.8	–	0.5	–	0.2	–	0.1	–

The Chairman of the Board and the President and CEO of Leonia plc, the President and members of the Board of Management of Leonia Bank plc and the President of Leonia Corporate Bank plc come within the scope of the Leonia Pension Fund. In addition, their pensions have been supplemented with pension insurance.

45. Loans and advances to and guarantees on behalf of members of administrative and supervisory bodies

At end of year	Leonia Group				Leonia Corporate Bank plc			
	1999		1998		1999		1998	
	Loans and advances	Guarantees	Loans and advances	Guarantees	Loans and advances	Guarantees	Loans and advances	Guarantees
Members and deputy members of the Supervisory Board	0.6	-	0.5	-	-	-	-	-
Members and deputy members of the Board of Directors/Management and President and Executive Vice Presidents	2.9	-	2.4	-	0.2	-	0.2	-
Auditors	-	-	-	-	-	-	-	-
Total	3.4	-	2.9	-	0.2	-	0.2	-

	Leonia Group				Leonia Bank plc			
	1999		1998		1999		1998	
	Loans and advances	Guarantees	Loans and advances	Guarantees	Loans and advances	Guarantees	Loans and advances	Guarantees
Members and deputy members of the Supervisory Board	0,6	-	0,5	-	0,6	-	0,5	-
Members and deputy members of the Board of Directors/Management and President and Executive Vice Presidents	2,8	-	2,2	-	0,5	-	0,2	-
Auditors	-	-	-	-	-	-	-	-
Total	3,4	-	2,7	-	1,0	-	0,6	-

The interest on loans to the members of administrative and supervisory bodies is at least as high as on the staff loans referred to in the Income and Capital Tax Act, section 67, so that the interest benefit will not be liable for taxation.

46. Shares and participations held as financial fixed assets

At 31 December 1999	Reference	Percentage of equity capital held %	Book value of shares total EUR million
Subsidiary undertakings of Leonia plc, directly owned			
Leonia Bank plc, Helsinki, banking	1	100	639.6
Leonia Corporate Bank plc, Helsinki, banking	1	100	757.2
Subsidiary undertakings of Leonia Bank plc			
Asunto Oy Nokian Viholankenttä, Nokia, property company	3	100	0.0
Asunto Oy Nokian Viholanniitty, Nokia, property company	3	100	0.0
Helsingin Yrittäjätalo Oy, Helsinki, property company	4	54	6.5
Housing Loan Bank of Finland plc, Helsinki, mortgage lending	1	100	5.1
Kiinteistö Oy Hervannan Tieteenkatu 1, Tampere, property company	1	100	0.3
Kiinteistö Oy Hämeenlinnan Raatihuoneenkatu 11, Hämeenlinna, property company	1	100	3.8
Kiinteistö Oy Kirkkonummen Prisma, Kirkkonummi, property company	1	100	0.0
Kiinteistö Oy Salon Meriniitty Oy, Salo, property company	1	100	2.1
Kiinteistö Oy Salon Örninkatu 15, Salo, property company	1	100	11.6
Kiinteistö Oy Taalintehtaankatu, Turku, property company	1	100	0.0
Leonia Asset Management Ltd, Helsinki, asset management	1	100	0.9
Leonia Back Office Ltd, Helsinki, securities settlement and custody services	1	100	0.8
Leonia Card Ltd, Helsinki, credit card services	1	100	22.2
Leonia Finance Ltd, Helsinki, finance	1	100	25.1
Leonia Fund Management Company Ltd, Helsinki, mutual fund	1	100	2.5
Leonia Life Insurance Company Oy, Helsinki, insurance	2	90	26.5
Leonia MB Group Oy, Helsinki, finance and investment	1	100	8.4
Leonia MM Fund Management Company Ltd, Helsinki, mutual fund	1	100	1.7
Leonia Municipality Bank plc, Helsinki, municipality financing	1	100	6.7
Leonia U.S. Inc, Delaware, other financing	1	100	0.0

At 31 December 1999			
Company, registered office, nature of business	Reference	Percentage of equity capital held %	Book value of shares total EUR million
MB Equity Partners Oy, Helsinki, mutual fund management	1	40	0.0
MB Mezzanine Fund Ky, Helsinki, mezzanine financing	1	100	23.5
MB Mezzanine Fund II Ky, Helsinki, mezzanine financing	1	60	28.5
Nokian Hotelliikiinteistö Oy, Nokia, property management	4	100	1.6
Nokian Kylpylähotelli Oy, Nokia, accommodation	3	100	0.9
Oulunkylän Toimistokeskus Oy, Helsinki, property company	1	100	0.6
Postipankki Capital Fund Management Company S.A., Luxembourg, mutual fund	1	100	0.2
PSW Realty World Ltd, Helsinki, estate agency	2	100	0.3
Tietoleonia Oy, Espoo, IT services	1	40	0.2
Subsidiary undertakings of Leonia Corporate Bank plc			
Kiinteistö Oy Teohypo Oy, Helsinki, property company	3	100	8.6
Associated undertakings of Leonia Bank Group			
AJM Industry Ltd, Inchon, South Korea, manufacture of plastic products	2	80	0.7
Automatia Pankkiautomaatit Oy, Helsinki, electronic banking services	2	33	5.1
Keravan Kauppakeskus Oy, Kerava, property company	2	22	3.3
MB Equity Fund Ky, Helsinki, investment	2	21	2.1
MB Equity Fund II Ky, Helsinki, investment	3	14	1.1
Tapio Technologies Oy, Espoo, high technology products	2	20	0.0
Toimiraha Oy, Helsinki, electronic banking services	2	33	2.1
Associated undertakings of Leonia Corporate Bank plc			
Asunto Oy Mäntypaantie 15, Helsinki, property company	3	25	0.4
WD Power Management Oy, Helsinki, finance	3	22	0.0

1 Consolidated in full

2 Accounted for by the equity method

3 Excluded from consolidation, total assets under EUR 10 million

4 Excluded from consolidation, with the permission of the Financial Supervision Authority

Other shares and participations held as financial fixed assets

	Percentage of equity capital held, %	Book value of shares total, EUR million	Capital and reserves shown in the most recent annual accounts ¹⁾ , EUR million	Profit/loss shown in the most recent annual accounts ¹⁾ , EUR million
Shares held by Leonia Bank plc				
Eurocard Oy, Helsinki, credit card services	10	0.9	9.4	1.7
Helsinki Exchanges Group Ltd Oy, Helsinki, securities and derivatives exchange, clearing house	7	2.3	39.1	9.0
Itä-Pasilan Pysäköinti Oy, Helsinki, parking facility	3	0.3	3.1	0.1
Luottokunta Osuuskunta, Helsinki, credit card services	9	0.6	85.6	11.7
Other companies, numbered 66		1.1		
Shares held by Leonia Corporate Bank plc				
Teollisen Yhteistyön Rahasto Oy, Helsinki, venture capital company	3	1.6	80.2	3.2
Other companies, numbered 8		0.2		

¹⁾ The information is based mainly on the annual accounts for 1998.

Companies excluded from consolidation

The companies had been excluded from consolidation with the permission of the Financial Supervision Authority.

	Helsingin Yrittäjätalo Oy	Nokian Hotelli- kiinteistö Oy
Profit and loss account		
Revenues	0.5	2.1
Fixed expenses	0.3	0.1
Depreciation	0.2	–
Financial income and expenses		-0.6
Profit/loss for the financial year	–	1.4
Balance sheet		
Fixed assets	12.2	20.2
Stocks and financial assets	0.1	1.5
Capital and reserves	12.2	10.0
Liabilities	0.1	11.8

47. Asset management services supplied by Leonia Group

Asset management services supplied by Leonia Group

Asset management services based on an agreement between the customer and the Bank

Mutual fund services

Securities custody services

Leonia Bank plc had no customer funds intermediated as credits to other customers at end of year.

48. Information on Group undertakings

Leonia Bank plc and Leonia Corporate Bank plc are a part of the Leonia Group, whose parent company is Leonia plc. The registered office of the companies is in Helsinki. Other subsidiary undertakings are included in the Leonia Bank sub-Group, whose parent company is Leonia Bank plc. The Group Accounts of Leonia plc and Leonia Bank plc and the accounts of Leonia Corporate Bank plc are available on request from the Group head office at Eteläesplanadi 8, 00007 HELSINKI, or may be ordered by email from the address viestinta@leonia.fi or by fax from +358 204 25 2608.

49. Interest receivable and dividend income due from and interest payable due to Group undertakings

	Leonia plc		Leonia Bank plc	
	1999	1998	1999	1998
During the year				
Interest receivable	–	–	39.4	32.8
Dividend income	380.8	66.1	16.1	8.7
Interest payable	– 1.2	–	– 16.4	– 9.8
Total	379.6	66.1	39.0	31.7

The figures exclude income from and expenses to subsidiary undertakings which are not fully consolidated.

Leonia Bank plc's interest receivable and payable also include interest receivable from and interest payable to Leonia plc and Leonia Corporate Bank plc.

50. Assets due from and liabilities due to Group undertakings

	Leonia plc		Leonia Bank plc	
	1999	1998	1999	1998
At end of year				
Assets				
Loans and advances to credit institutions and central banks	27.5	27.8	1418.6	988.3
Loans and advances to customers	–	–	234.3	38.3
Debt securities	–	–	11.8	54.0
Other assets	–	1.6	0.1	0.2
Prepayments and accrued income	–	6.1	11.5	18.5
Total	27.5	35.5	1,676.3	1,099.4

	<i>Leonia plc</i>		<i>Leonia Bank plc</i>	
	1999	1998	1999	1998
Liabilities				
Liabilities to credit institutions and central banks	208.3	–	26.6	70.6
Liabilities to customers	–	–	37.9	6.5
Debt securities in issue	–	–	11.4	1.8
Other liabilities	0.3	0.4	2.9	9.0
Accruals and deferred income	0.2	3.2	3.9	11.4
Preferred capital notes	–	–	201.8	201.8
Total	208.7	3.6	284.6	301.2

Leonia Bank plc's assets and liabilities include also assets from and liabilities to Leonia plc and Leonia Corporate Bank plc.

51. Formation of the Leonia Group

The accounts of Leonia Bank plc and Leonia Corporate Bank plc have been included in the Group accounts by using the pooling method. Had the acquisition method been used, the items in capital and reserves would have been equal in the accounts.

52. Subsidiary and associated undertakings

Subsidiary and associated undertakings included in the Group accounts, the methods of accounting and detailed information on ownership are given in Note 46.

Subsidiary undertakings excluded from consolidation are shown in Note 46.

53. Changes in Group structure

Two subsidiaries of Leonia Bank plc were liquidated, PSP (UK) Nominees Ltd on 15 February 1999 and PSP (UK) Leasing Ltd on 5 March 1999.

Leonia Bank plc sold the shares of property companies Helsingin Kaivokatu 6 and 8 and Helsingin Keskuskatu 6 to Sponda Oy on 15 June 1999.

Leonia Bank plc subscribed for 20 per cent of the share capital of Tapio Technologies Holding Oy on 23 April 1999. The book value of the shares is EUR 0.03 and the stake of the Group in the company's capital and reserves EUR 0.2 million.

Leonia Bank plc acquired the minority interest of 30 per cent in PSP Capital Fund Oy on 20 July 1999. After the transaction, the Bank owns all the share capital of the company.

PSP-Fund Management Company Ltd was renamed Leonia MM Fund Management Company on 14 September 1999.

Leonia Bank plc acquired the minority interest of 33 per cent in Leonia Fund Management Company Ltd from Finland Post Ltd on 8 November 1999. After the transaction, the Bank owns all the share capital of the company.

During 1999, Leonia Bank plc founded the following companies:

Leonia Asset Management Ltd, nature of business: asset management.
The company started business on 1 October 1999.

Leonia Back Office Ltd, nature of business: securities settlement and custody services.
Business will be started in 2000.

Housing Loan Bank of Finland plc, nature of business: mortgage lending.
Business will be started in 2000.

NOTES TO THE ACCOUNTS OF LEONIA PLC

54. Interest payable

	1999	1998
Interest payable		
Liabilities to credit institutions and central banks	1.2	–
Other interest payable	0.0	–
Total	1.2	–

55. Other operating income and expenses

	1999	1998
Other operating income		
Other	14.3	16.8
Total	14.3	16.8
Other operating expenses		
Rental expenses	1.4	1.2
Other	0.7	0.2
Total	2.1	1.3

56. Segmental information

	1999		1998	
	Income	Staff numbers average	Income	Staff numbers average
By class of business				
Other activities	393.9	112	83.1	99
Total	393.9	112	83.1	99
By geographical segment				
Finland	393.9	112	83.1	99
Total	393.9	112	83.1	99

57. Shares and participations

	1999	1998
<i>At end of year</i>		
Book value of the shares and participations, total	207.2	–
For trading purposes		
Listed	207.2	–
Unlisted	–	–
Total	207.2	–
Listed securities		
difference between the market value and the lower book value of the securities		
Held for trading purposes	12.9	–
Shares and participations in Group undertakings		
Credit institutions	1,396.8	1,396.8
Other	–	–
Total	1,396.8	1,396.8

58. Other assets

	1999	1998
<i>At end of year</i>		
Other	235.6	2.0
Total	235.6	2.0

59. Prepayments and accrued income

	1999	1998
<i>At end of year</i>		
Accrued interest	–	–
Other	0.2	5.9
Total	0.2	5.9

60. Other liabilities

	1999	1998
<i>At end of year</i>		
Items in transit	–	–
Derivative contracts	–	–
Other	1.3	1.0
Total	1.3	1.0

61. Accruals and deferred income

	1999	1998
<i>At end of year</i>		
Deferred interest	0.2	–
Other	53.3	4.0
Total	53.5	4.0

62. Movements in capital and reserves

	Share capital	Share premium account	Distrib- utable reserves	Profit brought forward	Total
Book value at 31 December 1998	216.0	721.5	442.3	47.6	1,427.5
Decreases	–	–	–	–38.7	-38.7
Profit for the financial year	–	–	–	215.5	215.5
Book value at 31 December 1999	216.0	721.5	442.3	224.4	1,604.3

63. Income taxes

	1999	1998
Income taxes		
On ordinary activities	159.0	18.5
On extraordinary items	–	–
Total	159.0	18.5

64. Staff numbers

For the year	1999		1998	
	Average	Change	Average	Change
Full-time staff	111	13	98	98
Part-time staff	1	–	1	1
Total	112	13	99	99

65. Emoluments of members of administrative and supervisory bodies

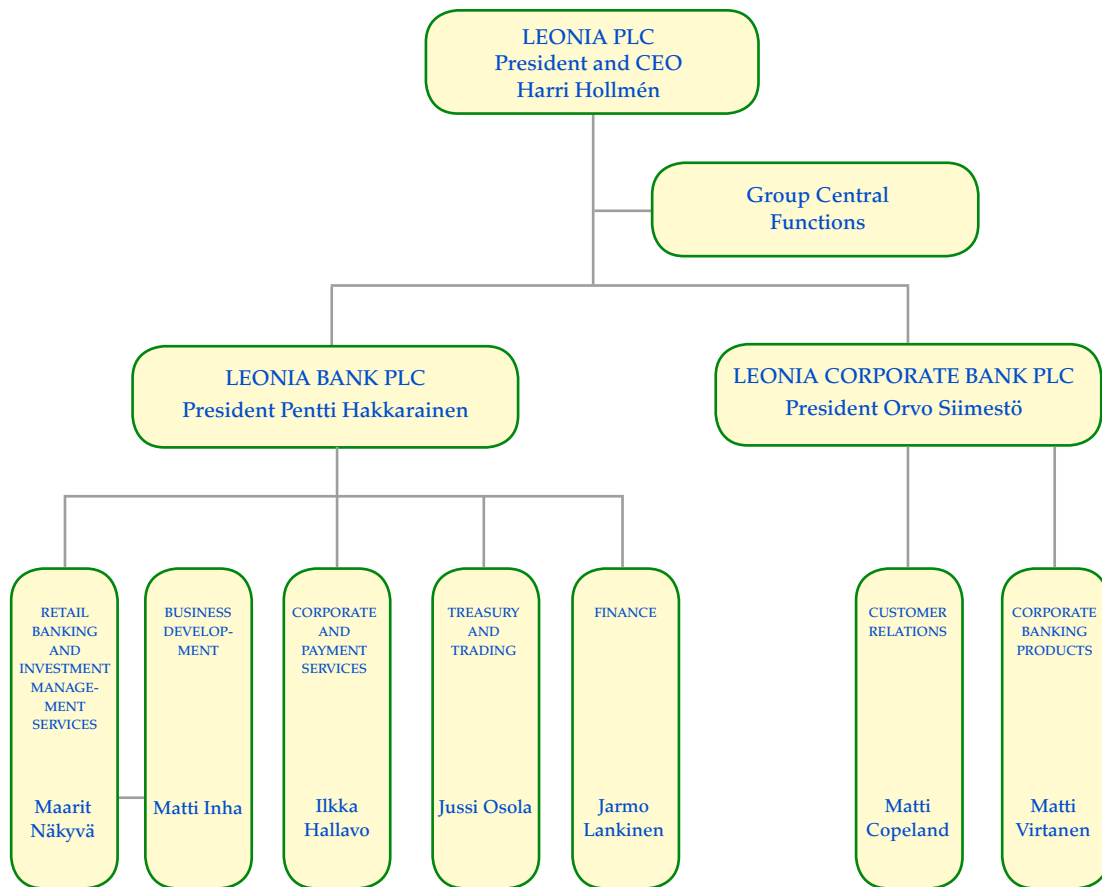
	1999	1998
Members and deputy members of the Supervisory Board	–	–
Members and deputy members of the Board of Directors / Management and President and Executive Vice Presidents	0.8	0.8
Total	0.8	0.8
of which performance-related bonuses	0.3	–

66. Loans and advances to and guarantees on behalf of members of administrative and supervisory bodies

	1999		1998	
	Loans and advances	Guarantees	Loans and advances	Guarantees
<i>At end of year</i>				
Members and deputy members of the Supervisory Board	0.1	–	–	–
Members and deputy members of the Board of Directors / Management and President and Executive Vice Presidents	–	–	–	–
Auditors	–	–	–	–
Total	0.1	–	–	–

ADMINISTRATION AND ORGANISATION, 1 MARCH 2000

ORGANISATION OF LEONIA GROUP



Group Central Functions

Group Planning, Finance, Risk Control and Economic Research
Peter Johansson

Corporate Communications
Matti Saarinen

Internal Auditing
Pertti Öman

LEONIA PLC

BOARD OF DIRECTORS

Eino Keinänen, 60
Chairman of the Board

Raimo Sailas, 54
Permanent Secretary,
Ministry of Finance
Vice Chairman of the Board

Erkki Virtanen, 49
Permanent Secretary, Ministry of
Trade and Industry
Vice Chairman of the Board

Eva Liljebloom, 42
Professor,
Swedish School of Economics and
Business Administration

Esko Mäkeläinen, 53
Senior Executive Vice President,
Stora Enso Oyj

Anssi Soila, 50

Ossi Virolainen, 55
Deputy Chief Executive,
Outokumpu Oyj

*The members of the Board of Leonia plc are
elected for a term of one year.*

AUDITORS

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Responsible auditor
Jorma Jäske
APA

Pekka Luoma
APA

Kunto Pekkala
APA

Deputy auditor:

Mikael Holmström
APA

LEONIA BANK PLC

SUPERVISORY BOARD

Anssi Rauramo, 47
Chairman, 2001

Antti Paasio, 51
Vice Chairman, 2001

Ann-Sofi Hurme, 47
2001

Tuulikki Kannisto, 59
2002

Jarmo Kilpelä, 43
2002

Mari Kiviniemi, 31
2001

Raimo Liikkanen, 57
2000

Olli Nepponen, 59
2002

Juhani Nyyssönen, 50
Staff representative, 2000

Jarmo Rantanen, 52
Staff representative, 2002

Asko Saviaho, 58
2000

Pertti Valtonen, 51
2000

Jukka Wuolijoki, 55
2000

*The year indicates the ending of the term of
office of each member. It lasts until the end
of the third Annual General Meeting fol-
lowing election.*

BOARD OF MANAGEMENT

Harri Hollmén, 50
President and CEO, Leonia plc
Chairman of the Board

Pentti Hakkarainen, 41
President
Vice Chairman of the Board

Ilkka Hallavo, 44
Executive Vice President

Matti Inha, 50
Executive Vice President

Jarmo Lankinen, 48
Executive Vice President

Maarit Näkyvä, 46
Executive Vice President

Jussi Osola, 51
Executive Vice President

Orvo Siimestö, 56
Executive Vice President
President of Leonia Corporate Bank
plc

AUDITORS

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Responsible auditor:
Jorma Jäske
APA

Kunto Pekkala
APA

Pekka Räisänen
APA

Deputy auditor:

Mikael Holmström
APA

**LEONIA CORPORATE BANK
PLC**

BOARD OF DIRECTORS

Harri Hollmén, 50
President and CEO, Leonia plc
Chairman of the Board

Pentti Hakkarainen, 41
President, Leonia Bank plc
Vice Chairman of the Board

Ilkka Hallavo, 44
Executive Vice President, Leonia Bank
plc

Jussi Osola, 51
Executive Vice President, Leonia Bank
plc

Orvo Siimestö, 56
President

Matti Copeland, 38
Executive Vice President

Matti Virtanen, 51
Executive Vice President

*The term of office of all members of the
Board of Leonia Corporate Bank termi-
nates at the end of the Annual General
Meeting held in 2000.*

AUDITORS

Pekka Luoma
APA

Erkka Talvinko
APA

Tilintarkastajien Oy – Ernst & Young
Authorised Public Accountants

Responsible auditor:
Jorma Jäske
APA

Deputy auditor:

Marja Tikka
APA

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LEONIA CORPORATE BANK PLC

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WEBBANK

www.leonia.fi

TELEPHONE BANK

+358 200 2590

RETAIL BRANCHES

Southern Finland

Espoo-Espoo Centre
Espoo-Tapiola
Merituuli*
Ulappatori, R-kioski*
Helsinki-Hakaniemi
Helsinki-Itäkeskus
Itäkeskus*
Itäkeskus, Tallinnanaukio*
Helsinki-Kaivokatu
Helsinki-Kamppi
Länsiterminaali*
Helsinki-Malmi
Helsinki-Pasila
Käpylä, R-kioski*
Helsinki-Pitäjänmäki
Etelä-Haaga, R-kioski*
Helsinki-Ruoholahti
Helsinki-Töölö
Helsinki-Unioninkatu
Vantaa-Martinlaakso
Vantaa-Myyrämäki
Vantaa-Tikkurila
Helsinki-Vantaa Airport
(2 service units)*
Heinola

Hyvinkää

Järvenpää
Citymarket*

Karkkila

S-Market*

Kerava

Lahti

Lohja

Porvoo

Raisio

Salo

Halikko*

Turku

Hansatori*

CM-Länsikeskus*

Euromarket Länsikeskus*

Turku-Eerikinkatu

Eastern Finland

Hamina

Iisalmi

Imatra

Joensuu

Kotka

Jumalniemi*

Kouvola

Kuopio

Kuopio-Torikonttori

Lappeenranta

Mikkeli

Pieksämäki

Savonlinna

Prisma*

Siilinjärvi

Varkaus

Western Finland

Forssa

Hämeenlinna

CM-Kaupakeskus*

Jyväskylä

Euromarket*

Citymarket*

Kankaanpää

Kokkola

Mänttä

Nokia

Pori

Rauma

Riihimäki

Merkos*

Seinäjoki

Nurmo*

Tampere

Prisma-keskus*

Tampere-Hervanta

Tampere-Kauppakatu

Tesoma, R-kioski*

Tampere-Koskikeskus

Vaasa

Valkeakoski

Äänekoski

Northern Finland

Kajaani

Kemi

Kemijärvi

Kuusamo

Oulu

Prisma-Limingantulli*

Oulu-Tuira

Raahe

Rovaniemi

Sotkamo

Tornio

Ylivieska

*Service unit

CORPORATE BRANCHES

Espoo

Espoo Centre*

Helsinki City

Kaivokatu*

Helsinki East

Itäkeskus*

Malmi*

Helsinki West

Töölö*

Helsinki North

Pasila*

Vantaa

Myyrämäki*

Mikkeli

Pieksämäki*

Savonlinna*

Kouvola

Kotka*

Hamina*

Lappeenranta*

Imatra*

Hämeenlinna

Forssa*

Riihimäki*

Jyväskylä

Äänekoski*

Järvenpää

Hyvinkää*	LEONIA BANK PLC'S	<i>Leonia Life Insurance Company Ltd</i>
Kerava*	SUBSIDIARIES	Address: Fabianinkatu 8,
Porvoo*		FIN-00007 HELSINKI
Lahti	<i>Housing Loan Bank of Finland plc</i>	Tel: +358 204 25 6099
Rovaniemi	Address: Kaupintie 3 E,	Fax: +358 204 25 6299
Kemi*	FIN-00007 HELSINKI	Arto Jurttila, Managing Director
Tornio*	Tel: +358 204 2511	
Turku	Fax: +358 204 25 7711	<i>Leonia MB Group Oy</i>
Raisio*	Marja Pajulahti, Managing Director	Address: Fabianinkatu 23,
Salo*		FIN-00130 HELSINKI
Lohja	<i>Leonia Asset Management Ltd</i>	Tel: +358 9 131 011
Tammisaari*	Address: Fabianinkatu 23,	Fax: +358 9 1310 1310
Oulu	FIN-00007 HELSINKI	Juhani Suomela, Managing Director
Kajaani*	Tel: +358 204 2511	
Kuusamo*	Fax: +358 204 25 3075	<i>Leonia Municipality Bank plc</i>
Raahе*	Ari Aaltonen, Managing Director	Address: Fabianinkatu 23,
Sotkamo*		FIN-00007 HELSINKI
Tuira*	<i>Leonia Back Office Ltd</i>	Tel: +358 204 2511
Ylivieska*	Address: Unioninkatu 24,	Fax: +358 204 25 5272
Tampere	FIN-00007 HELSINKI	Pertti Mattila, Managing Director
Nokia*	Tel: +358 204 2511	
Valkeakoski*	Fax: +358 204 25 3938	<i>PSW Realty World Ltd</i>
Vaasa	Anja-Maija Eeva, Managing Director	Address: Annankatu 25,
Kokkola*		FIN-00100 HELSINKI
Joensuu	<i>Leonia Card Ltd</i>	Tel: +358 9 6122 150
Kuopio	Address: Jääkärintie 4,	Fax: +358 9 6122 1530
Iisalmi*	FIN-00150 HELSINKI	Paavo Aunola, Managing Director
Varkaus*	Tel: +358 9 618 700	
Pori	Fax: +358 9 618 70411	<i>Tietoleonia Oy</i>
Kankaanpää*	Kimmo Autio, Managing Director	Address: Tuomarilantie 19,
Rauma*		FIN-02760 ESPOO
Seinäjoki	<i>Leonia Finance Ltd</i>	Tel: +358 9 859 500
* Service unit	Address: Jääkärintie 4,	Fax: +358 9 85950 211
	FIN-00150 HELSINKI	Anja Ahola-Hurme, Managing Director
	Tel: +358 9 17 311	
PRIVATE BANKING UNITS	Fax: +358 9 656 489	
	Pasi Väre, Managing Director	
Espoo	<i>Leonia mutual funds units:</i>	
Helsinki	<i>Leonia Fund Management Company Ltd,</i>	
Vantaa	<i>Leonia MM Fund Management Company Ltd</i>	
Joensuu	Address: Fabianinkatu 23,	
Jyväskylä	FIN-00007 HELSINKI	
Kajaani	Tel: +358 204 2511	
Kotka	Fax: +358 9 622 1158	
Kouvola	Susanna Miekko-oja, Managing Director	
Kuopio		
Lahti		
Mikkeli		
Oulu		
Pori		
Rovaniemi		
Salo		
Tampere		
Turku		
Vaasa		

LEONIA OUTSIDE FINLAND

REPRESENTATIVE OFFICES

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Fax +86 10 8529 9829
Vesa Kalenius, Chief Representative

Leonia Corporate Bank plc
New York Representative Office
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USA
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Fax: +1 212 949 6791
(1 March 2000 licence application is pending)

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Singapore Representative Office
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Tel: +65 227 8626
Fax: +65 227 0802
Kai Heinonen, Chief Representative

Leonia Corporate Bank plc
Stockholm Representative Office
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SWEDEN
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