



Aktia
Annual Report
2000

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Annual general meeting of shareholders

The 2001 annual general meeting of shareholders of Aktia Savings Bank plc will be held Wednesday 25 April at 3 p.m. in the Aktia Room at Yrjönkatu 31, Helsinki. The meeting will deal with the issues specified in the articles of association, including the proposals of the Board of Directors for certain changes to the bank’s articles of association resulting from the changeover to the euro and other new legislation, as well as the reduction of the bank’s share capital to an amount that is exactly equivalent to 2 euros per share. Shareholders who wish to participate in the annual general meeting of shareholders should inform the bank of their participation no later than Monday 23 April 4 p.m. by telephone to Yvonne Nylund-Fagerstedt on 010 6260, by fax on 010 247 2476568, or by e-mail at yvonne.nylund-fagerstedt@aktia.fi.

Financial reports

Aktia will publish the following financial reports during 2001:

12 February - Result for 2000

7 May – Interim Report for January - March 2001

20 August – Interim Report for January - June 2001

5 November – Interim Report for January - September 2001

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



*Katja Lindström-Leppähaara, 32 years, social worker,
Jarkko Leppähaara, 32 years, caretaker in charge, and
Wilhelmina Leppähaara, six months, customers of Aktia
Turku Linnankatu.*

Aktia – the bank with the human touch

Mission

- We are the leading bank in Finland in catering for our customers and their banking and financial affairs.

Core values

- We care for our customers and offer them value - the individual and the family lie at the heart of our activities.
- It is us the Aktia people that make the bank – each individual's input is of decisive importance.
- We are open and honest in our communications.
- We are up to date and competent and develop the bank's activities on a continuous basis.
- We bear our responsibility for each other, the bank's owners and the public, by being profitable and efficient.

Aktia's mission is to help customers to handle their finances as efficiently and economically as possible. The bank always respects the customers' integrity and their justified interests always take precedence over Aktia's short-term gains. However, in the final analysis, it is the customer who bears responsibility for his/her own financial affairs.

The individual and the family lie at the heart of Aktia's activities. Similarly, the corporate financing provided by the bank is closely linked to local business.

The rationale for Aktia's operations is its customers. They are served by designated contacts and the entire organisation is geared to support them in their work. Aktia's organisation is clearly defined and its hierarchy straight-forward, with short decision-making paths. All Aktia's employees have clearly defined roles, responsibilities and goals that are continuously followed up. Aktia personnel work as a team with

each individual assuming full responsibility for his or her own input.

At Aktia, the employees rely on each other, which requires assigning the right person to the right job. All activities are based on mutual trust between the employer and employees, clearly laid-out principles, fair rules, and facts.

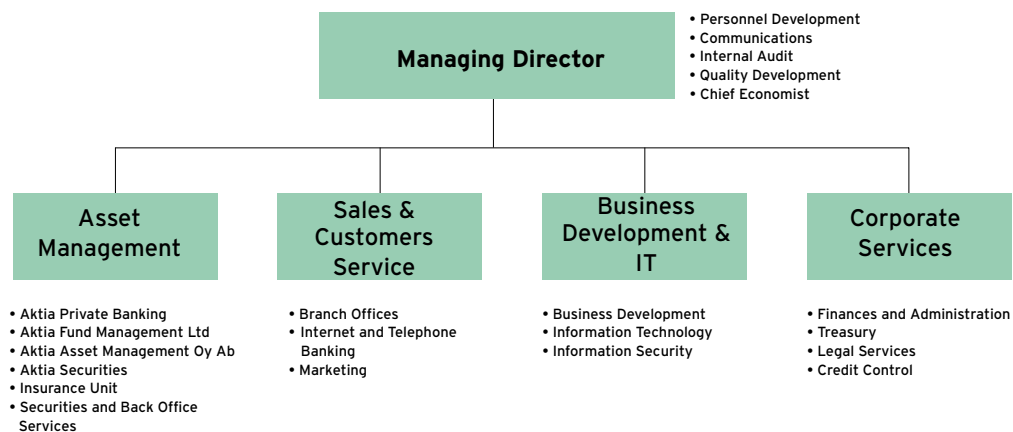
All employees are responsible for maintaining and developing their competence and seeking to improve their performance.

The necessary prerequisite for Aktia's existence is profitability.

Aktia in a nutshell

Aktia was created in its current form at the beginning of the 1990s when the Helsinki Savings Bank merged with a number of savings banks based in the coastal areas. Historically speaking, Aktia's roots date back to 1826, when Finland's first deposit bank saw the light of day. Aktia is a Finnish bilingual savings bank responsive to the needs of its customers - private individuals, local companies, municipalities, and non-profit organisations. With its partners, savings banks and local co-operative banks, Aktia operates an extensive network of about 370 branch offices. Aktia serves as the central bank for savings and local co-operative banks. The bank is engaged in deposit banking and operates as an authorised securities broker with a comprehensive network of global correspondent banks. Aktia is approved by the Bank of Finland as a money-market counterparty and is a party to the Bank of Finland's payments, liquidity and cheque account facilities. The Aktia Group includes Aktia Fund Management Ltd and Aktia Asset Management Oy Ab. Aktia is owned by Finnish savings bank foundations, institutions, savings banks, Swedbank, and private individuals.

Aktia Group



Year 2000 in brief

- The latest customer survey shows that Aktia's customers are increasingly satisfied with the service and products offered by the bank.
- Aktia attracted 15,000 new bank customers and 16,000 new mutual fund investors.
- In keeping with its growth strategy, Aktia decided to open three new branch offices in areas where its growth is strongest.
- Aktia extended its web services and the number of transactions at the Internet bank increased by 100 per cent.
- Aktia decided to open a special web branch to offer existing and potential new customers an optional and flexible way of handling their banking business. The web branch will provide a comprehensive range of services combined with personal advice and a personalised web service.
- Aktia introduced Fund and Loan Shops that are open in the evenings and on Saturdays and provide customer service for all banking affairs except for cash transactions.
- Aktia entered into co-operation with Sanford C. Bernstein, originally an American asset management company that focuses on asset management services for private individuals. The partnership means that Aktia Private Banking represents Bernstein in Finland and can have access to a global network and a wide range of products.
- Aktia launched a new current account – Aktia Prime Account – which bears interest tied to Aktia's prime rate.
- Aktia extended its range of mutual funds and introduced two new funds. Aktia Medica invests in the pharmaceuticals industry and biotechnology and Aktia TMT in technology, media and telecommunications on a global scale.
- Savings banks launched two mutual funds specifically tailored for savings bank customers. The funds are managed and administered by Aktia Fund Management Ltd.

Summary of the Group's financial performance

	FIM million	+/- %
Savings*	13,702.7	+9
Savings by households**	10,515.4	+6
Borrowing	10,519.3	+2
Lending	11,288.0	+13
New loans	4,421.6	-12
Total income	748.8	+35
Net income from financial operations	442.9	+32
Total expenditure	499.5	+19
Loan losses	1.1	NA
Operating profit	251.3	+93
Profit for the year	195.5	+69
ROE %	23.1	+16

* borrowing plus investments in mutual funds in the Aktia Group

** borrowing from the public plus investments in mutual funds in the Aktia Group

Statement by the Managing Director

Growth, healthy profits and increased customer satisfaction sum up Aktia's financial performance in 2000. The Group's operating profit increased by no less than 93 per cent to FIM 251 million while return on equity improved by 23 per cent. At the same time, Aktia's market share grew in all areas of its activities and the bank gained 31,000 new bank and mutual fund customers. The findings of the latest customer satisfaction survey show that Aktia's customers are increasingly satisfied with the bank.

More satisfied customers

Aktia started the year with a new organisation created to provide the necessary prerequisites for quick, focused and efficient task processing. To put it in another way, we wanted to streamline and centralise operations to increase speed and efficiency with a focus on good personal service and an attractive product range. The new management for Sales & Customer Service was charged with the task of upgrading the branch office network into an integrated, dynamic and increasingly customer and sales-oriented service organisation. During 2000, the management was primarily involved with implementing new tools and methods, such as the sales support and customer care and follow-up system. In order to ensure a uniform and high standard of quality throughout the entire branch office network, we also introduced definite service criteria - and I dare to say that we have made progress on this front. According to the customer satisfaction survey, customers felt that Aktia had improved its service performance, giving the bank an average grade of 8.64 on a scale from 4 to 10. Thus, it is safe to say that the measures we took in 2000 were successful, but we have to keep in mind that customer satisfaction is something that must be earned every day.

Healthy performance and profitable growth

During the accounting period under review, the economy was characterised by continued growth, weakening euro, high crude oil prices, increased interest rates, and volatile share prices. To counteract inflationary pressures and the fall of the euro, the European Central Bank raised its refinancing rate on six occasions during the year from 3.00 to 4.75 per cent. The market rates increased in step with the refinancing rate up to November, when they started to drop. Structural changes in the financial wealth of the Finns continued, partly as a result of the new withholding tax imposed on virtually all bank deposits in June. Investments in mutual funds, insurance policies and shares increased particularly during the first six months, only to slow down considerably during the rest of the year because of the volatile market.

The economic growth and interest rate position, which favoured the entire banking sector, had a pos-

itive impact on Aktia's financial result. The Group's net operating profit for 2000 increased by no less than 93 per cent compared with 1999. However, the main reason for good performance was the favourable development of the Group's core business where volumes and commission income increased. As a result of high profitability, return on equity increased by 16 per cent to 23 per cent. The volume of saving and lending continued to increase despite uncertainty on the market and increases in interest rates. For example, total assets in mutual funds managed by Aktia grew by over 43 per cent while its market share increased from 2.93 to 3.54 per cent. Growth in new loans, particularly housing loans, continued, with the result that the market share went up from 4.24 to 4.52 per cent. At the same time, the bank continued to attract new customers. Aktia gained over 16,000 new mutual fund investors and over 15,000 new bank customers. Online banking also developed favourably, with Internet bank transactions increasing by 100 per cent on a year-on-year basis.

Investing in the future

One of the primary objectives for 2000 was to invest in and develop activities with a view to the future, particularly in response to the needs of the bank's core customer group - private individuals. To ensure that we target the development efforts correctly, we carry out regular measurements and analyses - both externally and internally. We monitor what Aktia's existing and new customers think of Aktia and the service provided by it and ask our staff how satisfied they are with their work and employer. In a service company, a professionally qualified and satisfied personnel is one of the most critical success factors. Recently, we began to monitor Aktia's corporate image to have an impartial view of how we, and not least our growth strategy, are perceived by the public. Similarly, our strategic partners - savings and local co-operative banks - are invited to give their comments every year on our performance as the central financial institution and supplier.

Aktia continued its refurbishment programme for the branch office network, with the objective of responding to today's need for personal customer service, and recruited new staff for offices mainly in high-growth areas. Additionally, we decided to set up new branch offices and a web branch during 2001. Web services were extended, for example, by introducing a customer summary that contains all the information related to the customer's deposits, mutual fund units, securities, and loans. Additionally, we piloted a project for provision of banking services in the evenings and Saturdays. Our "Mutual Fund Investment Workshops" - where we inform customers of the opportunities and risks associated with saving in mutual funds and insurance products - won great acclaim and are now being held on a regular basis. As these new forms of saving continue to enjoy increasing popularity, we launched a training programme for investment advisors. Overall, we built up staff competence mainly in customer care and sales in order to ensure that customers



can be offered all the financial services they require when visiting Aktia.

Increased co-operation within the local banks

The operations of Aktia's main partners, the 39 savings banks and 43 local co-operative banks, developed favourably during 2000 in terms of both financial performance and growth. Combined operating profit earned by the banks increased by 58 per cent to FIM 869 million while borrowing grew by 4.9 per cent to FIM 37,072 million and lending by 10.5 per cent to FIM 32,479 million. The local banks' sales of products produced and mediated by Aktia increased. An important step in this co-operation was the launch of two special mutual funds by the savings bank group under their own brand. The funds are managed by Aktia Fund Management Ltd.

To improve operative efficiency, the savings banks are planning to establish a joint accounting firm that will primarily be responsible for external accounting and reporting to the authorities on behalf of the individual banks.

Private individuals are the primary customer group for other savings banks as well, and so housing loans are a very important product for them. This year Aktia will found a mortgage bank in order to offer competitive and versatile mortgages and secure broad-based sources of funding. Aktia will offer the mortgage bank products to local banks as well.

Focus on customer needs

Our focus to develop Aktia's service concept and product range in response to customer needs and expectations will continue with special emphasis being placed on personalised service. Investments in business development, staff skills and competence, growth, and efficiency will increase. In terms of our customers, we will specialise in understanding and solving the customer's needs in the various life situations according to the individual customer type involved and on improving the process to provide customised solutions.

Financial performance in 2000 was the best to date, which goes to show that the concept of the bank with the human touch and our strategy to be the number one bank in serving private bank customers have been successful. A satisfied customer is a good customer.

In conclusion, I wish to extend my thanks to customers, owners and partners and last but not least to Aktia's entire staff for their commitment and excellent work input. With satisfied customers, healthy growth and profitability, we are in an outstanding position to continue to grow and make a profit.

Helsinki, February 2001

Erik Anderson

Business operations - the bank with the human touch

Aktia's objective is to be the leading bank in Finland offering caring and personal customer service. All Aktia's operations aim at responding to the customers' needs and wishes. It is the customer who decides where, when and how to handle his or her own bank affairs. During 2000, Aktia focused on growth and the development of the service concept with special emphasis being placed on providing an individual response to customers. The findings of the customer satisfaction survey conducted in 2000, which gave Aktia an average grade of 8.6 on a scale from 4 to 10, shows that the implemented measures have had the desired effect.

Individual and family at the heart of operations

Aktia's largest single customer category is private individuals who account for about 75 per cent of the total customer-related turnover. In keeping with the bank's strategy for growth and focus on this customer segment, the Group attracted 15,000 new bank customers and 16,000 new mutual fund investors during 2000. At the same time, saving by households – which includes bank deposits and investments in mutual funds – increased by over 6 per cent to FIM 10,515 million while new loans extended to households totalled FIM 3,363 million. The growth also resulted in greater market shares. Growth stemmed mainly from the Helsinki area and other regions where Aktia is expanding. The total number of private customers was approximately 230,000.

Corporate financing

Aktia provides corporate financing primarily to companies that value a high standard of service and knowledge of local conditions and related expertise. Most of the corporate customers are small and medium-sized companies, municipalities and primary producers in the areas where Aktia operates. Corporate customers are mostly served by actual corporate branches and by a limited number of bigger branch offices.

Aktia's corporate branch in Helsinki also serves major corporations, partly in co-operation with Aktia's partner, Swedbank.

Aktia's corporate financing objective for the year 2000 was to achieve profitable growth without increasing the risk concentration. Financial performance was satisfactory both in terms of the growth in volume and profitability as well as the fact that the standard of credit quality remained good.

Customer-responsive service

Aktia's mission is to be the leading bank in Finland in catering for its customers and their banking and financial affairs. To ensure that its activities are developed in accordance with customer expectations, the bank relies on independent consultants to carry out impartial customer satisfaction surveys that serve as a basis for future action. The findings of the latest customer satisfaction poll, indicating that customers are increasingly satisfied with the services offered by the bank, show that the measures have been as successful as intended.

Aktia's service concept - the bank with the human touch - is based on satisfying customer needs, which means providing personal and easily accessible services, customised solutions and responsible service, as well as fast decision-making. In 2000, development efforts concentrated on fine-tuning the systematic approach to customer care by providing improved technical support and training for bank staff. Customer-care discussions started during the year were well received by the customers. The concept behind these discussions is that the customer and his or her designated contact meet at least once a year to go through the customer's finances, current situation and expectations. As a result, the designated customer contact can develop an overall picture of the customers' financial position and expectations in respect of the bank and may thus offer tangible and customised solutions.

In order to respond to the different needs of each individual client, customers are divided into four segments. This system gives due consideration to customer relationships as a whole and is both equitable and easy to understand.

Prime customer concept

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

Products and services

Aktia upholds the concept of complete service by offering its customers a broad range of banking services. The products are divided into three categories – saving, lending, and payment transactions – that are customised according to individual needs and preferences.

Savings

Aktia offers a wide selection of savings products from various types of savings accounts to mutual funds, insurance, and shares. Customers select their preferred form of saving according to the expected return, acceptable risk, and saving period. Aktia introduced a "fund investor profile" to assist the customer in selecting a suitable mutual fund. The idea

*Pertti Mikkola, 52 years,
police sergeant, customer
of Aktia Tampere Keskusta.*



behind the “profile” is that the customer indicates the intended saving period, related objectives and what type of saver he or she is – i.e., the risk profile and previous investment experience. On the basis of this information, the customer receives a concrete proposal for a mutual fund portfolio.

As wealth per capita increases in Finland and deposits are now subjected to tax, savings in mutual funds and insurance products have increased considerably over the past few years. In order to offer customers attractive savings accounts, Aktia launched a new current account, the Aktia Prime Account, which bears an interest tied to Aktia’s prime rate. The new type of account favours focused saving and is accessible irrespective of the method of withdrawal used.

The range of investment products offered by Aktia has been extended by two new mutual funds. One invests in the pharmaceuticals industry and biotechnology and the other in technology, media and telecommunications. At present, Aktia’s fund options include 23 mutual funds, of which 12 are managed by Aktia’s partner, Robur. All the insurance policies marketed by Aktia can be linked to these funds.

Lending

Aktia carries a selection of different loan products from consumer credits to mortgages, which allows the customer to freely select the most appropriate solution according to his or her needs.

As most Finns still want to own their own home, financing the purchase of a house or apartment continues to be the biggest single investment for them.

This is also reflected in Aktia’s credit stock where housing loans account for about 75 per cent of all credits extended to households. In February 2001, Aktia decided to found a mortgage bank in order to offer its customers competitive and versatile housing loans. Also in the future, Aktia’s branch offices will serve all customers with a housing loan – irrespective of the type of loan involved. As a standardised mortgage is a highly suitable product for promotion and distribution by electronic means, the bank is planning to launch mortgage loans through its web site. The mortgage bank will open for business in the autumn of 2001.

Payment transactions

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

The product choice includes everything from over-the-counter payments to payment services, direct debits, Internet and telephone banking and various card products. Of all transactions carried out in Aktia, over 80 per cent are either fully automated or handled personally by the customer. In 2000, the number of transactions on the Internet bank increased by 100 per cent while the number of user agreements reached 35,000. Sales of various cards were brisk and this line of business is expected to expand over the next few years. Card payments also increased considerably. In 2001, Aktia will launch a Mastercard of its own.

Meeting the customer

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

Banking today increasingly consists of providing advice and consultation in financial matters. This means that branch office staff focuses more and more on customer service and sales while customers increasingly conduct their routine banking affairs on the web. To ensure a uniform and high standard of quality in customer service, Aktia introduced service criteria for the branch offices in 2000. These criteria define the level of service provided as well as the interior design and layout of the branch offices. At the same time, close attention was paid to customer satisfaction by means of on-going surveys and a customer care programme involving systematic follow-up. Further steps to improve the competence of branch office staff were taken, and the main emphasis in 2000 was placed on extensive training, particularly in savings products.

Customer service at branch offices

Aktia is constantly developing its network of branch offices by refurbishing and redesigning existing offices and setting up new offices in areas where there is growth potential and increasing demand for its services. The ultimate aim of the refurbishment programme is to ensure that the meeting with the customer takes place in an appropriate setting that guarantees confidentiality. The redesigned offices have been well received by the customers. To respond to the customers' wishes concerning service outside actual banking hours, Aktia launched Fund and Loan Shops in the Helsinki area that are open in the evenings and on Saturdays. The Fund and Loan Shops provide service for customers in all banking affairs except for cash transactions. In keeping with its growth strategy, the bank decided to set up three new branch offices in 2000. At present, Aktia operates a total of 62 branch offices and three service outlets. When the offices of Aktia's partners, the savings and local co-operative banks, are included, the total number of offices exceeds 370.

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

Customer service on the web

Aktia's online services, including the web service, the Internet and telephone bank and the future web branch, are fully integrated into Aktia's business operations. As a result, the customer can freely se-

lect and combine the various channels offered by the bank according to his or her preferences. Aktia's web services are being developed in stages to respond to the needs of the various customer groups. The policy of being the best bank in providing personal and caring customer services applies also to the web, where the concept of "the bank with the human touch" should come across to users who must feel that they receive personalised service. During 2000, web transactions increased considerably. Around 25 per cent of those Aktia customers who have a bank giro account with the bank have signed an Internet agreement, and the number is growing by about 1,000 agreements per month. During 2000, the number of transactions on the Internet bank increased by 100 per cent reaching 1.7 million, with approximately 3,000 people visiting the web site daily. Similarly, the number of customers trading equities on the web is growing steadily.

Aktia's web service is primarily intended for private customers. The aim of the service is to generate value for them in their relationship with the bank and to disseminate information on Aktia and its activities. Available in Finnish, Swedish and partly in English, the web site provides information on Aktia's services and products as well as more general information such as exchange rates and news. The site design is based on customers' needs and wishes, giving a clear overview of the service and being easy to navigate. Moreover, the web service is interactive and can be downloaded quickly.

A number of new functions were incorporated into the Internet bank during 2000. The most important new feature was that all Aktia customers with an Internet agreement now have access to a personalised customer summary that contains all the information related to the customer's deposits, mutual fund units, securities and loans. Additionally, Aktia, together with the savings banks and local co-operative banks, introduced a common payment button for use in online banking to enable Internet bank customers to pay for their purchases electronically. A new system for customer identification and authentication was introduced in January 2001. It facilitates registration and is the first step towards providing personalised service, meaning that Aktia will be able to customise the information supplied according to individual preferences. The Internet bank is being developed on a continuous basis with a new version being released three times per year.

New web branch

During 2001, Aktia will open a special web branch to offer existing and potential new customers an optional and flexible way of handling their banking business. The web branch will be specifically tailored for customers who wish to be completely free from the constraints of time and place and handle their banking affairs on the web. The web branch will provide a comprehensive range of services combined with personal advice and personalised web service. The service will be personalised, meaning that the customer will be able to influence the site content visible to him or her and determine the information content appearing on the computer screen and whether he or she wants to receive any e-mailings or SMS messages to the mobile phone.

*Marina Meinander, 34 years,
dramaturgist, customer of Aktia
Kauniainen.*



Subsidiaries

Aktia Fund Management Ltd

Aktia Fund Management Ltd administers and markets mutual funds that invest both in the Finnish and international money markets. Sales and client contacts are maintained mainly through Aktia's branch offices and savings and local co-operative banks and partly through Aktia Fund Management Ltd, which also provides sales support for the individual offices. At the same time, Aktia's web site is an important source of information and serves as a marketing and sales channel. Aktia Fund Management Ltd focuses on private individuals. Currently Aktia's fund portfolio includes 23 mutual funds.

Year 2000 was characterised by a strong upswing at the stock exchanges during the first three months, only to be followed by an equally sharp fall, while long-term and short-term interest rates stabilised compared with 1999. The upswing and downswing were also reflected in investments in mutual funds, which were brisk during the first five months of the year, after which the pace slowed down considerably. The market value of mutual funds registered in Finland increased from FIM 61 billion to FIM 80 billion. At the same time, the number of people with units in mutual funds rose from 382,533 to 614,209, i.e. by 61 per cent. The market value of funds marketed by Aktia increased by 43 per cent to FIM 3,284 million while the market share grew from 2.9 to 3.5 per cent. The number of Aktia's customers with investments in mutual funds increased by 89 per cent to 44,111. Moreover, the number of people investing regularly in the funds increased by over 100 per cent to 17,874 and the number of new fund customers grew by no less than 121 per cent, reaching 22,449.

During 2000, Aktia Fund Management launched two new funds. Aktia Medica invests in the pharmaceuticals industry and biotechnology, and 0.2 per cent of the fund's management fees are donated annually to Pro Medi-Heli. Aktia TMT invests in global technology, media and telecommunications companies. Both funds were received favourably by the market, particularly Aktia Medica, the value of which reached a quarter of a billion marks. Additionally, Aktia Fund Management launched two special funds that invest in various mutual funds under the saving banks' own trademark. Co-operation with Robur Fonder AB continued. Aktia Fund

Management markets 12 Robur mutual funds. Co-operation with Verdandi was initiated, as a result of which Verdandi included a number of Aktia's mutual funds in its range of unit-linked insurance products.

The first few months of 2001 will probably be characterised by a degree of uncertainty on the market, after which the anticipated lowering of interest rates in the USA is expected to contribute towards an increase in share prices, which, in turn, will probably boost demand for fund products. Competition will intensify as market players increasingly focus on marketing and sales while new players enter the market. New distribution channels, such as Internet marketplaces, will also increase competition. In 2001, Aktia Fund Management will respond to the increased need for information of its two customer groups, end-customers and partners, by investing in sales, marketing and product development. To improve efficiency, the bank will also invest in information technology. Special emphasis will be placed on training and communications through the Aktia Fund University, which is the company's training concept for end-customers and partners. Aktia Fund Management will continue to focus on regular saving in mutual funds and maintain a range of funds that meets the needs of customers. Co-operation with savings and local co-operative banks, Robur, and Sparfond continues.

Aktia Asset Management Oy Ab

Aktia Asset Management Oy Ab offers discretionary asset management services to institutional investors and manages Aktia's mutual funds. During the year under review, the assets managed by the company increased by 25 per cent to FIM 4.5 billion and the company gained a large number of new customers.

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

*Daniela and Max Gotthardt,
9 and 7 years, schoolchildren,
customers of Aktia Espoo Tapiola.*



Business units

Treasury

Treasury, which includes the internal bank, the trading unit, the foreign unit and the central financial institution, supports Aktia's other operations. Treasury's activities went smoothly during 2000 and the changeover to the new millennium did not cause any problems to the IT systems or other operations. The market was characterised by increasing volatility. The market interest rates went up from 3.0 to 4.75 per cent as a result of the increase in the ECB's refinancing rate. At the same time, the euro fell sharply against the U.S. dollar to as low as 0.825, which represented a decrease of 20 per cent. This trend was abruptly reversed in November when the euro strengthened considerably. At the end of the year, the exchange rate for the U.S. dollar was 0.93.

Treasury's service concept, which primarily targets medium-sized Finnish companies and savings and local co-operative banks, was developed further during 2000. As a result, both the volume of business and number of corporate customers increased, which improved the financial performance beyond expectations. The number of customers is expected to continue to increase in 2001.

Internal bank

The internal bank is responsible for managing asset and liability risks and financing. Asset and liability risks include all market risks as well as operative risks. The internal bank ensures the bank's financing by borrowing on the money market. The unit organises issues for the bank's own needs and those of the local banks. At the same time, the internal bank secures the bank's cash reserves by investing only in sound interest-bearing assets.

Trading unit

The trading unit handles the bank's currency and bond transactions with the main emphasis on customer trading.

Its financial performance in 2000 was good. Volumes and earnings increased in spite of the turbulent market. Agio commissions were higher than anticipated and the income from bond trading was as expected.

Foreign unit

The foreign unit handles overseas payment transactions for Aktia and the savings and local co-operative banks. Additionally, the unit maintains Aktia's international network of correspondent banks.

As a result of the favourable development of the Finnish economy, the volume of foreign payment transactions continued to increase. Further steps were taken to rationalise overseas payments in euros, which also improved customer service within the framework of the EBA (Euro Banking Association) payment system. Co-operation with Swedbank and other allied banks, particularly in cash management, was considerably extended and Aktia achieved a high degree of automation in corporate services.

Central financial institution

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

Aktia Private Banking

Aktia Private Banking's core business provides asset management services for private individuals, foundations and other institutions. The services include everything from advice to confidentiality agreements, which authorise Aktia Private Banking to make investment decisions on its customers' behalf, subject to mutually agreed limits. Additionally, the entity handles the customers' regular bank business and offers legal services, including accounting services to various non-profit organisations. The activities are based on long-term customer relationships, mutual confidence and respect, with the aim of managing capital in a way that yields the maximum benefit for customers.

During 2000, Aktia Private Banking systematically developed its service concept by conducting its first customer satisfaction survey in order to get factual information and an impartial analysis of its activities. The poll, which will be carried out regularly at least once a year, provides the basis for planning future action. In November, Aktia Private Banking entered into co-operation with Sanford C. Bernstein, originally an American asset management company that focuses on asset management services for private individuals. Bernstein is a subsidiary of Alliance Corporation, one of the world's leading asset managers. Thanks to this co-operation, Aktia Private Banking can now access a global network and a wide range of products, while serving as Bernstein's representative in Finland. Additionally, Aktia Private Banking sharpened its investment focus by introducing the Samstock portfolio management programme and strengthened its organisation. As a result of these actions, the number of customers and volume of managed assets increased substantially.

During the current year, Aktia Private Banking will continue to develop its service concept, extend co-operation with Bernstein and improve its capabilities to weigh up risks and returns. Aktia Private Banking will also invest in growth and recruit new staff.

Aktia Securities

Aktia Securities brokers shares both to private and institutional investors as well as to savings and local co-operative banks. The economic analysis unit monitors the financial performance of companies listed in Finland and prepares, in collaboration with the Group's chief economist, long-term macroeconomic analyses from the European and global perspective.

Share prices on the HEX Helsinki Exchanges rose considerably during the first quarter of 2000 only to fall sharply later in the year. According to the HEX index, share prices dropped by 41 per cent. Similarly, the HEX portfolio index, where the weight of any single company is limited to a maximum of 10 per cent, fell by 48 per cent. As a result of the unstable market, Aktia Securities' earnings declined slightly during the third quarter but overall financial performance was clearly better in 2000 than in the previous years. Gross commissions increased by 63 per cent on 1999.

Consequently, Aktia Securities' turnover and activities expanded in the accounting period. In keeping with its strategy of enhancing its service on the Internet, Aktia introduced in November 1999 equity dealing with shares quoted on the Helsinki Exchanges. At the end of the year, the number of customers trading shares on the web reached 3,600. As well as being able to buy and sell shares and have an overview of their own portfolios, customers also have access to Aktia's market analyses and economic reports, including share prices and information on listed companies.

During 2001, Aktia Securities will develop its operations and services aimed at private investors, particularly Aktia's customers and those of the savings and local co-operative banks, and institutions.

Insurance unit

Aktia's insurance unit is responsible for sales support and training. It also co-ordinates marketing efforts on a turnkey basis in all matters related to insurance policies and products. At the same time, the unit handles contacts with Aktia's insurance partners that include the life assurance companies Sparfond and Verdandi (Liv-Veritas), GE Insurance Holdings Limited, The Local Insurance Group, and Svensk-Finland (Skade-Veritas). Aktia's branch offices market products from all these companies.

In 1999, Aktia concluded a partnership agreement with the life assurance company Sparfond, which started to sell its products. The distribution network was further extended in 2000 when most of the savings and local co-operative banks and The Local Insurance signed an agreement with Sparfond. Aktia is responsible for providing sales support for Sparfond's insurance policies through all the marketing channels.

Total sales by Aktia of Sparfond's and Verdandi's life assurance policies exceeded FIM 210 million in 2000.

Securities and back office services

This unit serves Aktia's customers by providing custodial and safe-keeping services for Finnish and foreign securities. Additionally, the unit offers safe-keeping services for foreign securities for the customers of its partners, the savings and local-operative banks.

The number of customers increased during the accounting period by 23 per cent while the market value of assets in custody totalled FIM 90 billion. An improved system for listing Finnish securities was introduced in 2000.

As the growth in investments in securities by private individuals is expected to continue in Finland, the unit's operations will most probably expand as well.

Personnel

Personnel and competence development

The task of personnel development is to support the implementation of Aktia's business strategy. Aktia's aim is to ensure that all Aktia employees feel that they dare, are capable of, willing and permitted to take responsibility for their own work and the development of their own skills. Aktia's vigorous growth in 2000 was also reflected in personnel development. Growth affected the recruitment processes, underlined the need for competence development, particularly induction training, posed new challenges to the evolution of corporate culture and solidarity among employees and increased the number of transactions within personnel administration.

An extensive project to develop personnel management was initiated at Aktia during 2000. The project aims to improve work procedures, HR processes and skills development and to redefine responsibilities and roles within the organisation by means of a new service model. A decision was made in the autumn of 2000 to acquire a new advanced computer system to enhance processing efficiency. One of the objectives is to cut administration costs and provide the operative and executive management with active and efficient consultation support in personnel affairs and strategic competence development. The new service model to be introduced in 2003 is based on full personnel management responsibility in the line organisation whereas the Personnel Development Unit will provide the tools, consultation and back-up support. Transactions and administrative efficiency will be improved and the activities will be partly outsourced while greater reliance will be placed on partners.

Training programme for 2000

In 2000, the main focus in training was on savings and investment products. A new competence development programme involving 17 participants, both new recruits and old Aktia employees, was launched in August to train investment specialists. The 18-month programme includes both theory and examinations as well as hands-on training at major business units and branch offices. In the autumn, the investment trainees took the general Investment Services Examination organised jointly by Arvopaperinvalittäjien yhdistys and the Helsinki School of Economics and Business Administration. The examination was launched in the spring of 2000. This year it will be followed by the Investment Adviser's Examination. The investment specialists will receive a type of diploma as proof of their expertise in investment affairs after passing the examination. Upon completion of the training programme, the exami-

nees will start working at Aktia's branch offices. Apart from the trainees, other Aktia employees have also taken examinations in investment activities. Additionally, staff members have studied mutual fund management in the Aktia Fund University programme organised by Aktia Fund Management Ltd.

To support and develop sales activities and customer care more systematically, training in sales techniques was provided for branch office personnel. As a result of the large number of new employees, induction training has also become an important part of the internal training package. A basic examination lasting 3 to 6 days, introduced in 1999, is mandatory for all recruits. Language training continued to increase during 2000 with a total of 70 training days being held during the accounting period. As a result, part of the language training activities will be centralised and outsourced. Major investments are also being considered in management training during 2001.

All in all, the Group provided an average of 3.8 days of training per employee during 2000. Most of the training was provided in-house. The total cost of training accounted for about 2 per cent of the Group's total salary bill.

Promoting motivation and involvement

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

In the autumn of 2000, a survey of the workplace atmosphere, based on a questionnaire, was carried out throughout Aktia for the fourth consecutive year. As part of the survey, the respondents were asked to evaluate their managers, and the results of this will be used as a basis for management development. The survey has earned its place as a central development tool and employees perceive it as a channel for communicating their views of the workplace. The response rate for 2000 was 82.4 per cent and the index remained at the same level as the previous year.

The trend shows that activities rest on a sound value base. Widely accepted policies are a necessary prerequisite for success and Aktia's core values were discussed at length within the organisation. The talks will continue in 2001. Aktia's other strengths, according to the workplace atmosphere survey, include a clear performance orientation and the feeling among the employees that they are given sufficient

Staffing on 31 December	1996	1997	1998	1999	2000
Full-time	509	525	543	585	618
Part-time	57	55	47	54	54
Fixed-term	33	45	83	85	97
Actual bank staff	599	625	673	724	769
Other	29	31	33	26	28
Extended leaves of absence	12	22	21	19	21
Staff total	640	678	727	769	818

powers to discharge their duties and assume responsibility for their team. All the necessary prerequisites for high job motivation are there, and Aktia employees enjoy their work. However, greater demands are being imposed on the managers' ability to handle conflicts and problems in the workplace. At the same time, a positive trend can be discerned in managerial performance as a whole in the form of more efficient provision of information and support for co-workers. Training opportunities are felt to be sufficient and both Aktia's performance as an employer and its staff policies are viewed favourably. Aktia overall, as well as each individual unit, have thus ensured a solid basis for future development. Sound job motivation and active employee involvement as well as a positive employer image will continue to rank high in Aktia's personnel development policy.



Objectives, performance evaluation and rewards

Employee evaluations are an integral part of Aktia's management system. Twice a year, managers and employees have a one-on-one meeting where they discuss future plans, past performance and competence development. The purpose of the talks is to define the employee's main duties and objectives for the next period, assess performance during the preceding period, and make plans for competence and other skills development. At the same meetings, employees are provided with the opportunity to openly discuss their situation at work and their job satisfaction. According to the follow-up included in the workplace atmosphere survey, 88 per cent of employees had had a performance evaluation meeting with their superiors in 2000.

The criteria for the bonus scheme introduced in 1999 were revised for 2000. As a result, Aktia abandoned the profit-sharing system to adopt a performance-based bonus plan where eligibility for bonuses at the branch offices will be tied to financial performance, certain activity-based goals and customer satisfaction. As far as the central support and executive functions are concerned, any bonus will be determined by the Group's operating profit, cost budget, development goals and in-house customer satisfaction. Each staff member was eligible for a maximum bonus equivalent to his or her monthly salary.

To encourage key individuals to make a long-term commitment to the bank's financial performance, Aktia and a number of its major shareholders created during 2000 a scheme under which some 30 key persons within the Group were offered the opportunity to buy a limited number of shares in Aktia. The shares can be sold later after a predetermined specifically agreed period of time. Such shareholding involves normal shareholder risks while the share price will directly depend on Aktia's financial performance.

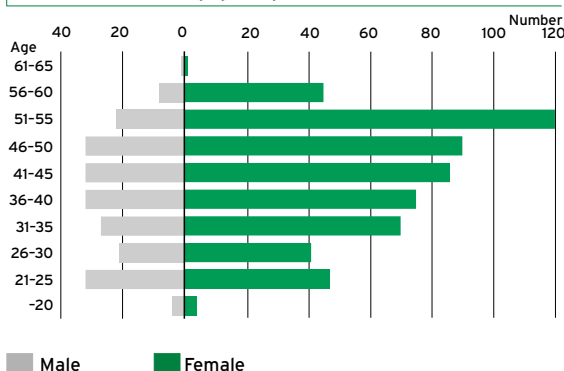
Number of employees

By the end of the year, the number of actual bank staff stood at 769, up 45 on the previous year. This was due to the recruitment of staff for the expand-

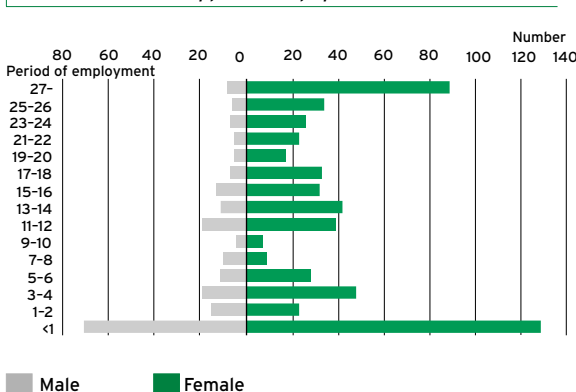
ing offices in the Helsinki area as well as intensified business development, increase in volume in the asset management sector, and other growing business units within the Group.

A closer examination of the staff profile reveals that the average age of employees is 41 years, and the average period of employment around 12 years. Of the bank staff, 74 per cent are female and 26 per cent male. Of senior managers, 56.5 per cent are men and 43.5 per cent women, while the breakdown for office staff is 15.9 per cent male and 84.1 per cent female.

Breakdown of bank staff by age and gender

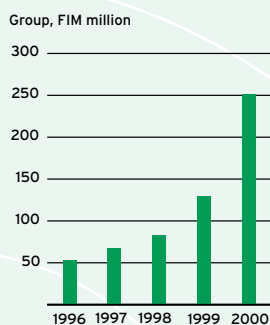


Breakdown of bank staff by period of employment



Report by the Board of Directors

Operating profit



Result

Operating profit earned by the Group in 2000 reached FIM 251.3 million, representing an increase of FIM 121.3 million on 1999. Growth was mainly due to continued increase in volumes, higher other income and improved net profit from financial operations. The profit includes one-off items from the sale of real estate property and shares to a total value of FIM 47.6 million, FIM 34.2 million write-downs on property holdings, and increased depreciation charges of FIM 16.4 million. The items complicating direct comparison relate mainly to the second and fourth quarter. Profit after taxes for the financial year increased by FIM 79.9 million to FIM 195.5 million. Return on equity (ROE) increased by 16.1 per cent to 23.1 per cent.

Income

Total income increased by FIM 192.2 million to FIM 748.8 million.

Net income from financial operations increased by FIM 106.8 million to FIM 442.9 million. This was mainly due to continued growth in lending and improved interest rate margins as a result of higher market rates. At the end of the period, the interest rate margin was 0.65 percentage points higher than at the corresponding time in the previous year, being 4.13 per cent.

Total income from other sources increased by FIM 85.4 million to FIM 305.9 million. These include commissions receivable, which increased from FIM 54.1 million to FIM 208.0 million, due to better returns on the sale and management of units in mutual funds and insurance products and share brokerage. The increase in sales was particularly evident during the first quarter whereas the trend during the following two quarters was less favourable because of falling share prices. However, business picked up again during the last quarter. As a result of the increase in volume, commissions payable also increased by FIM 6.1 million to FIM 21.5 million. Securities transactions and foreign exchange dealings showed a profit of FIM 35.0 million while the corresponding figure for 1999 was negative (FIM -9.3 million) because of unrealised losses. The result includes one-off gains of FIM 19.9 million from the sale of shares. Other operating income rose by FIM 5.8 million to FIM 82.6 million, but this figure includes one-off gains of FIM 27.7 million from the sale of real estate holdings. The decrease is due to lower rental income, which fell because of the considerably reduced real estate stock compared with 1999.

Gross commissions earned by Aktia Securities showed a 62.9 per cent year-on-year growth. The number of customers trading in equities over the Internet grew, reaching 3,600 by the end of the period. As a result of the volatile market, income fell slightly during the third quarter as compared with the first six months of the year, only to pick up again in the fourth quarter.

Expenses

Total costs increased by FIM 78.1 million to FIM 499.5 million.

Personnel costs grew by FIM 38.9 million to FIM 207.8 million, which includes incentive staff bonuses that showed a year-on-year increase of FIM 15.6 million. This was mainly due to the recruitment of staff for the new branch offices in high-growth areas and to handle the increased volume of business for the asset management sector. Additionally, more people were employed for business development in accordance with Aktia's strategy. Other administrative expenses went up by FIM 7.6 million to FIM 122.1 million due to greater marketing outlays and higher computer transaction costs caused by greater volumes. In contrast, real estate costs fell because of the reduced property stock compared with 1999. Depreciation and write-downs increased by FIM 31.9 million to FIM 88.9 million. These include write-downs on property holdings to a total value of FIM 34.2 million in order to increase the rate of return on leased bank premises and to ensure a more conservative valuation of the holdings. The rapid transformation of the banking sector underlined the need to refurbish and modernise the existing bank premises, for which reason the depreciation period for renovations and inventories was changed from 10 to 5 years and 8 to 5 years, respectively, which increased total depreciation charges by FIM 15.0 million. Other operating expenses dropped by FIM 0.3 million to FIM 80.7 million. On 31 December, the income-to-cost ratio was 1.48 (1.31).

Bank's financial result

Most of the Group's profit was earned by the bank. Its net income from financial operations increased by 32.4 per cent on the previous year to FIM 453.9 million. Other income grew over the same period by 19.0 per cent to reach FIM 269.5 million. Commission income, which is included in other income, increased by 31.2 per cent to FIM 185.1 million.

Total expenditure by the bank went up by 12.6 per cent to FIM 489.4 million. Personnel expenditure increased by 22.9 per cent to FIM 199.5 million whereas other administrative costs rose by 11.6 per cent to FIM 124.6 million.

As a result of shorter depreciation periods and write-downs on property holdings, total depreciation increased by 68.7 per cent to FIM 78.0 million. In contrast, other operating expenses dropped by FIM 23.8 per cent to FIM 87.2 million.

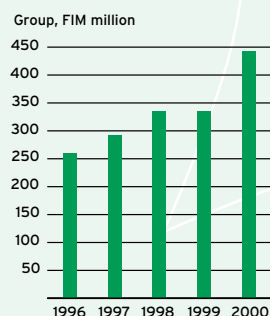
The financial result before loan losses improved by 73.9 per cent to reach FIM 234.1 million. As net loan losses were FIM +0.9 million, the operating profit was FIM 235 million (up 88.0%).

Financial results of the main subsidiaries

Aktia Fund Management Ltd

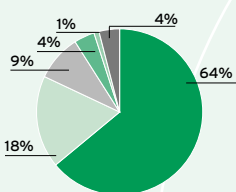
Aktia Fund Management Ltd's gross income increased by 107.5 per cent on the previous year to FIM 46.5 million. At the same time, commission expenditure incurred by the sales channels went up by 177.1 per cent to FIM 26.5 million because of

Net income from financial operations



Assets

Group 31.12.2000



- Claims on the public
- Debt securities eligible for refinancing with central banks
- Liquid assets
- Real estate
- Claims on credit institutions
- Other

increased sales commissions. Direct expenditure rose by 37.9 per cent to FIM 13.6 million. The financial result before taxes was FIM 6.5 million.

The total assets managed by Aktia Fund Management Ltd increased during 2000 by FIM 959.6 million to FIM 3,183.3 million. During the third quarter, growth slowed down slightly because of the volatile share market, only to pick up again in the fourth quarter. The number of customers grew in 2000 by 16,000 and Aktia's market share of mutual funds registered in Finland increased from 2.93 per cent to 3.54 per cent. The net value of subscriptions received by Aktia's branch offices increased by 116.9 per cent to FIM 630.2 million.

Aktia Asset Management Oy Ab

Aktia Asset Management Oy Ab's financial performance developed favourably in 2000. Commission income increased by 66.5 per cent to FIM 9.2 million (FIM 5.5 million in 1999). Total income reached FIM 9.8 million. Costs increased by 12.5 per cent to FIM 4.1 million while the profit before taxes was FIM 5.7 million.

Vasp-Invest Oy

Vasp-Invest Oy's concept is partly to help Aktia to break away from financial involvement in real estate property that is not used by the Group and partly to develop the property in order to optimise the value of the real estate portfolio. In 2000, Vasp-Invest sold real estate holdings to a total value of FIM 16 million. At the end of the year, the amount of Vasp-Invest's capital tied up in real estate stood at FIM 90.3 million. The financial result before taxes was FIM 1.5 million.

Balance sheet and financial structure

Aktia focuses on serving private individuals as well as local companies, municipalities, foundations and non-profit organisations in Finland. The bank's core activities are based on savings by households and extension of housing loans.

Assets

Private sector lending

At the end of 1999, total private-sector loans amounted to FIM 11,288 million. The credit stock expanded by FIM 1,272.0 million, up 12.7 per cent on the previous year, 74 per cent of the loans stemming from the main customer segment, i.e. private individuals. Most of these loans, approx. 60 per cent, were less than FIM 500,000. The second largest segment, approx. 17% were loans to corporate customers. Only 8 per cent of the loans exceeded FIM 10 million. Of these loans, around half were low-risk loans or loans with risk rating 1, i.e. loans on central and local government, Finnish financial institutions or loans secured by collateral provided by central or local government bodies.

New loans over the same period amounted to FIM 4,421.6 million, of which FIM 3,263.2 million (74%) consisted of loans provided to households.

As loans granted to the public increased more than the overall market volume, Aktia's share of markka-denominated loans went up from 2.89 to 3.05 per cent. Mortgage loans, which are part of Aktia's core business, grew considerably faster with the market share increasing from 4.28 to 4.54 per cent.

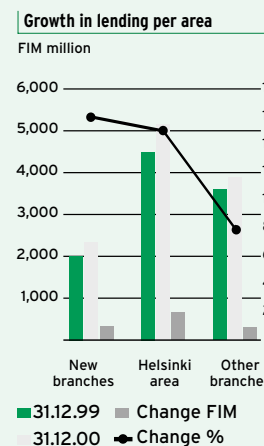
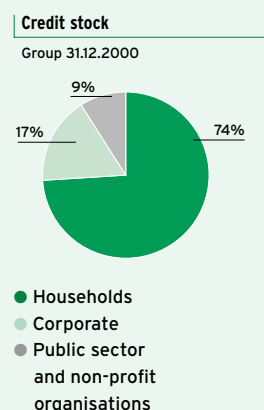
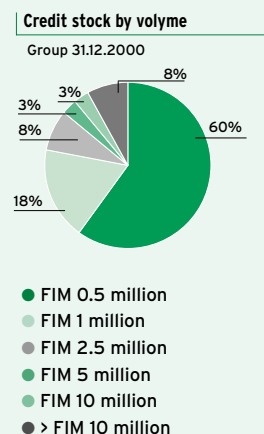
Sound credit ratings are an important focus for the Group. As the overall economic climate was favourable, non-performing receivables fell by FIM 7.1 million, or 9 per cent, to FIM 67.9 million from the 1999 level. The non-interest-bearing credit stock was FIM 9.3 million, with non-performing loans and zero-interest loans amounting to a total FIM 77.2 million, representing a decrease of FIM 8.5 million, or 9.8 per cent. All in all, non-performing and non-interest-bearing loans accounted for 0.7 per cent of the entire credit stock including commitments. For 2000, the Group booked loan losses of FIM 4.0 million and reversals of previously booked losses for FIM 5.1 million. The total positive net effect was FIM 1.1 million. In 1999, the total net effect was negative, being FIM -6.8 million.

Investments in interest-bearing securities

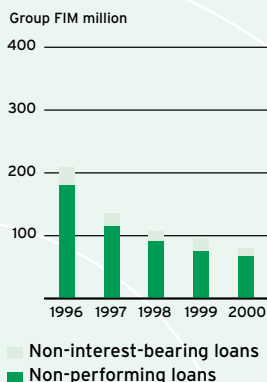
Investments in interest-bearing securities are made primarily to control asset and liability risks. However, Aktia also maintains a consignment stock traded for profit. The bank has portfolios that are booked under both fixed and current assets. For accounting purposes, the current assets are divided into interest-bearing securities that serve as the consignment stock and other securities used to offset asset and liability risks, which includes liquidity management and maintenance of a security stock.

The consignment stock is used for covering own positions and trading with customers. At the end of 2000, the combined nominal value of the portfolios was FIM 841.6 million and maturity 1.02 years. Portfolios entered in the accounts as other current assets are managed by ALCO (Asset & Liability Committee) and investment decisions are made in order to optimise asset and liability risk management. On 31 December 2000, the nominal value of the portfolios amounted to FIM 1,759.9 million with an average maturity of 0.97 years. Together with the fixed assets, these portfolios make up the bank's security stock and are therefore eligible for refinancing with the Bank of Finland. According to the regulations issued by the Financial Supervision Authority, the said portfolios can also be included in the bank's cash reserves.

Assets held as fixed assets are also managed by ALCO under an authorisation given by the Board of Directors. Such assets may be transferred to current assets or sold only for reasons that could not reasonably have been foreseen at the time of purchase. Examples of these reasons include a change in the bank's business operations, lowered capital adequacy or a major shift in the issuer's credit standing. At the end of 2000, the portfolio included gov-



Non-performing loans and non-interest-bearing loans



ernment bonds issued by the State of Finland to a total value of FIM 699.2 million. Average maturity was 1.4 years and average return 5.73 per cent. Valuation principles are discussed in more detail in the accounting policies.

Investments in shares

The bank sold its shares in listed companies during the first four months of the year. The portfolio was managed in accordance with the instructions of ALCO and sold off because the risk of a fall in share prices was felt to increase at the same time as uncertainty about the future development of the world economy grew. Capital gains from the sale were FIM 19.9 million.

Real estate

In keeping with its strategy to reduce its real estate holdings, Aktia sold properties and holdings in real estate corporations to a total value of FIM 275 million. Most of the properties sold were acquired for investment purposes and were not used by the Group for its own operations. The sale contributed FIM 27.7 million to the Group's financial result. The Group booked write-downs on property holdings to a total value of FIM 34.2 million and a reversed revaluation of FIM 4.9 million in order to increase the rate of return on leased bank premises and to ensure a more conservative valuation of the holdings.

At the end of 2000, tied-up property holdings stood at FIM 704.9 million (FIM 983.8 million in 1999), equivalent to 4.0 per cent of the Group's balance sheet total. Net return on property holdings was 6.1 per cent. The return on properties not used by the bank was 7.0 per cent. More details on property holdings and market value are provided in note 24.

Liabilities

Borrowing from the public

Borrowing from the public increased by FIM 194 million to FIM 10,519 million at the end of the year. The increase was greatest in savings accounts tied to the prime rate, a new product launched in September. Transition from fixed-rate deposits to the Prime Account was quick during the autumn. However, at the end of the year, 37.5 per cent of all the deposits were still held on savings accounts yielding a 2 per cent interest rate. Of the entire deposit stock, Prime Accounts accounted for 8.5 per cent and actual current accounts bearing a 0.25 per cent interest rate for 29.4 per cent. As a result of higher interest rates and the fact that a withholding tax was imposed on practically all deposits, time deposits increased to 15.4 per cent of the deposit stock.

Relatively speaking, the volume of deposits developed favourably during 2000. Aktia's share of the markka-denominated deposits market grew from 3.17 to 3.22 per cent in 2000. The deposit stock was broad-based. Only 33 per cent of the funds consisted of deposits exceeding FIM 500,000.

Money market funding

Thanks to the positive development of banking activities and the increase in credit volumes, the bank's need for borrowing from the money market grew. While most of the funds consisted of deposits by the public, certificates of deposit and issues to the public by the branch offices were also used. Serving as counterparts were Finnish credit institutions as well as institutions, corporations and private individuals. Despite strong growth, borrowing from the public continues to be the primary source of financing while money market borrowing still plays a marginal role. The loan facility of EUR 75 million available to Aktia since 1999, actually serving as a financing limit, remains unused, thereby securing continued growth.

Rating

Aktia's credit rating given by Moody's Investors Service Ltd. remained unchanged. The credit rating has increased awareness of Aktia on the international money market and generated new possibilities for more broad-based financing.

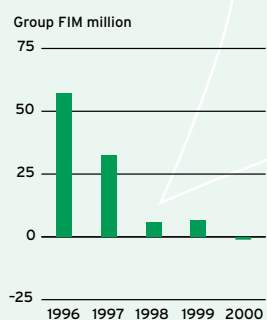
Aktia's rating

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

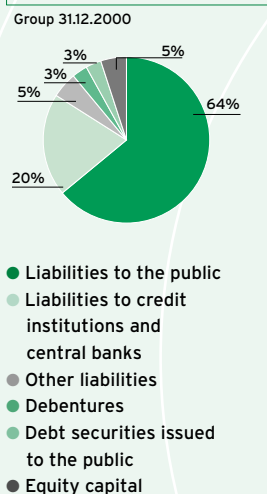
Derivative contracts

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

Loan losses



Liabilities



Risk management

The guidelines for risk management within Aktia are based on conservative and controlled exposure in the bank's core business. In accordance with the strategic policy adopted by the Board of Directors, the bank deals only in low-risk financing. To achieve this, the risks are identified, defined, measured and followed up. The purpose of risk management is partly to generate confidence in the bank's activities and partly to minimise fluctuations in financial performance. Any exposure must be adjusted to the extent of operations and reflect the bank's core business: conventional banking where mortgages extended to private individuals is the primary focus.

Credit risk management

Credit risk

Credit risk refers to a situation where the customer may fail to fulfil his obligations arising out of a loan contract and the security provided does not cover the claim by the credit institution. Aktia's core business is to provide financing for private individuals, small companies, institutions, and credit institutions. As a result, the credit risk represents Aktia's biggest single risk concentration. Most of the receivables consist of loans but products used by Treasury, such as letters of credit, municipal papers, repurchase agreements and derivative contracts, also involve a credit risk.

In its annually reviewed credit policy for lending to the public, Aktia's Board of Directors has stated that Aktia will be involved in low-risk financing. The bank's instructions to its credit-granting units require that they

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

The aim of the credit policy is to promote Aktia's core activity, i.e. lending to private households.

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

Authorisation to extend credit is delegated and

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

The level of credit risk is monitored by the Board of Directors and executive management. The credit control unit, independent of the line organisation, supports the branch offices in making and implementing loan decisions. All loan decisions involving liabilities in excess of FIM 5 million or a collateral risk of over FIM 1.25 million are reported to the Board of Directors. All credit decisions involving a liability of more than FIM 750,000 or a security risk of over FIM 200,000 are regularly reported to the executive management and the credit risk unit. The credit risk level is continuously analysed by the credit control function based on the credit rating and collateral risk information in terms of factors such as geographic distribution, liability, customer segment, and business sector.

Management of market and asset and liability risks

Aktia is exposed to financial risks in its daily operations. Fluctuations, particularly in interest and currency exchange rates and share prices, affect Aktia's balance sheet and cash flows, which, in turn, have an impact on the Group's financial performance. The task of asset and liability risk management is to minimise the effect of market volatility on profits.

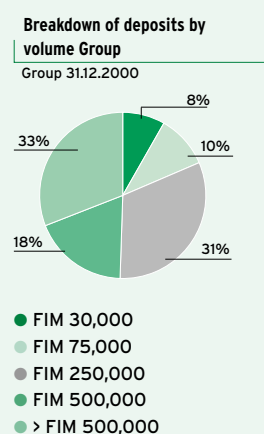
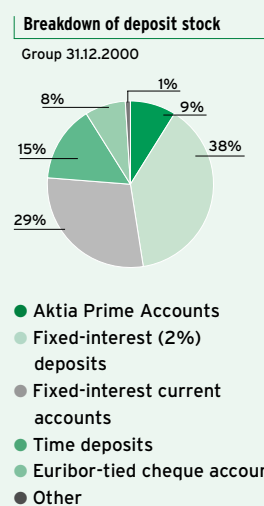
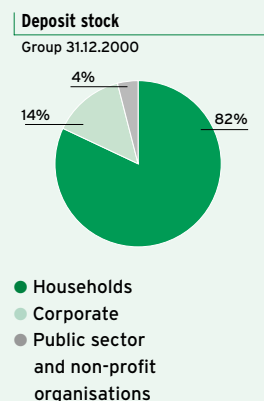
Asset and liability risks are managed by the executive management under an authorisation given by the Board of Directors. Subordinated to the executive management is ALCO whose task is to manage the Group's financial risks on a continuous basis. ALCO defines various risk evaluation methods according to the type of risk involved and proposes to the executive management risk limits within which activities should be conducted. The executive management passes resolutions on the limits within the framework established by the Board of Directors. Daily market and asset and liability risks are managed by Treasury on a centralised basis.

Market risk

A market risk refers to a risk of loss due to changes in interest rates, share prices or exchange rates.

Interest risk

An interest risk arises when the periods for which interest rates are tied in respect of assets, liabilities,



Net balance* according to interest base



- Market rate
- Prime rate
- Fixed rate
- Zero interest

and off-balance sheet items do not coincide. As the interest structure of assets and liabilities varies, changes in market and regulatory rates have an impact on operating income.

Interest risks are primarily monitored by means of a sensitivity analysis using the concept of the parallel shift of one percentage point, i.e. how much a change of one percentage point in the interest rate affects the Group's net income from financial operations. The method is based on the assumption that the entire interest rate curve shifts. This change is simulated against Aktia's total position.

Currency risk

Exchange rate exposure arises when currency transactions are made in currencies other than the base currency (euro/Finnish markka). The risk lies in exchange rate fluctuations relative to the domestic base currency. Primarily, exchange rate risks are managed using matching. Overall responsibility for the bank's currency position is assumed by the Trading Unit. The unit's operations are regulated by means of internal limits set by the executive management specifying maximum exposure for individual currencies as well as maximum total exposure. Aktia's net currency exposure must not exceed FIM 60 million. Foreign currency exposure is marked to market value on a daily basis and reported to the authorities monthly.

Equity risk

Equity risk arises when fluctuations in the prices of the shares held by the bank affect its net income from securities transactions.

Liquidity risk

A liquidity risk arises when cash flows from assets, liabilities, and off-balance sheet items do not coincide.

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

Aktia's operations are largely financed through borrowing from the public. Other important sources of funding are the Group's CD programme as well as the interbank and bond market. To further ex-

tend the financing base, Aktia is involved in co-operation with partners using various instruments. Risks are monitored by means of short-term and long-term cash flow forecasts. Additionally, Aktia maintains a liquidity reserve that can be used to offset daily variations in the liquidity position.

Real estate risk

A real estate risk refers to a risk that arises out of a fall in the value of the real estate stock, a change in return or damage to property. Aktia is taking active steps to systematically reduce the real estate stock, improve efficiency in utilisation and increase return on real estate holdings. During 2000, the value of the real estate stock was assessed by an impartial valuer. Most of the properties are insured for full value.

Operative risks

Operative risks refer to risks that arise in the actual banking operations. The problems and losses incurred can be financial or relate to public trust and confidence. The risks can be due to unclear instructions, unreliable information, defective systems, or inadequate internal controls. The risk of irregularities, i.e. criminal action within the bank or outside, is included in the operative risks. Operative risks can be sub-divided into administrative risks, IT system risks, and legal risks.

Operative risks are managed and controlled by means of instructions, clearly defined powers, and adequate internal controls. The line organisation is responsible for ensuring that processes are adapted to the activities and that instructions and powers are complied with. Internal Audit reviews the processes at regular intervals and evaluates the reliability of internal controls. Internal Audit reports directly to the Board of Directors.

A legal risk refers to a loss due to an invalid contract or lack of documentation. Aktia seeks to eliminate legal risks by documenting all contractual relationships in day-to-day activities using standard terms and conditions worked out in the banking branch and by making use of legal expertise in checking in advance any documentation related to major loan undertakings, investments and other important contracts.

Capital adequacy

Group net capital on 31 December 2000 was FIM 1,112.8 million. Of this, FIM 857.3 million was

Interest rate periods

31 December 2000	Total	<3 mo.	3-6 mo.	6-12 mo.	1-2 yrs	2-5 yrs	>5 yrs
Interest-bearing assets	11,402	8,538	1,116	999	136	327	286
Treasury	4,889	3,956	89	675	30	43	96
Non-interest bearing assets	1,444	778	10	6	2	2	646
Total assets	17,735	13,272	1,215	1,680	168	372	1,028
Interest-bearing liabilities	11,514	9,567	725	692	263	202	65
Treasury	4,325	3,413	641	271	0	0	0
Non-interest bearing liabilities	1,896	910	0	0	0	0	986
Total liabilities	17,735	13,890	1,366	963	263	202	1,051

The table shows the Group's position on a given day.

Tier 1 capital and FIM 255.5 million Tier 2 capital. The capital adequacy ratio was 13.0 per cent, the proportion of Tier 1 capital being 10.0 per cent. For more information on the capital adequacy, see pages 44–45.

Personnel

On 31 December 2000, the number of personnel within in the Group stood at 818 (769 on 31 December 1999) of which 769 (724/99) were actual bank staff. The average number of staff during the accounting period was 799 (764/99). For more information on the personnel, see pages 14–15.

Euro

Aktia is proceeding with its preparations for the third phase of EMU. Work in anticipation of the adoption of the euro as a cash currency at the beginning of 2002 is progressing according to plan.

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

- On 17 April, Aktia's general meeting of shareholders appointed physiotherapist Ann-Marie Åberg to Aktia's Board of Supervisors.
- On 23 May, Aktia's Board of Supervisors appointed Erik Bärnas, M.Sc.(Pol.), to Aktia's Board of Directors. Mr Bärnas, who had served as the managing director of Närpes Savings Bank since 1984, assumed his new position on 1 August. He succeeded Mr Sven-Erik Kjellman.
- On 24 January 2000, Mr Tom Anderzén, M.Sc.(Econ.), M.Sc.(Eng.), was appointed General Manager and member of the Executive Committee with responsibility for Business Development & IT.
- General Manager Yngve Lindberg retired on 1 June.
- On 30 October, Mr Stefan Tötterman, M.A. and M.Sc. (Econ.), was appointed General Manager and member of Aktia's Executive Committee where he is responsible for asset management.

Operations and major events in 2000

Branch offices

Aktia continued its refurbishment programme for the branch office network, with the objective of responding to today's need for customer service in a purpose-built environment that ensures confidentiality, and recruited new staff, primarily for offices in high-growth areas. The bank also introduced Fund and Loan Shops that are open in the evenings and on Saturdays and provide customer service in all

banking affairs except for cash transactions. The branch office staff concentrated on customer service and sales as customers are increasingly relying on the Internet for routine bank matters. At the same time, close attention was paid to customer satisfaction by means of on-going surveys and a customer care programme involving systematic follow-up. The competence level of staff members was developed through extensive training, specifically in savings products. The latest customer satisfaction poll, indicating that customers are increasingly satisfied with the services offered by the bank, shows that the measures have been as successful as anticipated.

Aktia decided to close down three small branch offices and open new ones in the spring of 2001 in Vaasa, Turku and Tampere where its growth is strongest. Additionally, a special web office will be set up to offer existing and potential new customers an optional and flexible way of handling their banking business. The new office will cater for customers who wish to be free from the constraints of place and time in their dealings with the bank. The web office will provide a comprehensive range of services combined with personal advice and personalised web service.

In 2000, the branch offices attracted over 15,000 new customers.

Web service and the Internet bank

In May, Aktia, together with the savings banks and local co-operative banks, introduced payment button for use in online banking to enable Internet bank customers to pay for their purchases electronically. The payment button is available to all of the approx. 76,500 Internet bank customers of the local banks. Since December all Aktia customers with an Internet agreement have had access to a personalised customer summary that contains all the information related to the customer's deposits, mutual fund units, securities and loans. A new system for customer identification and authentication was introduced in January 2001. It facilitates registration and is the first step towards personalised service, such that Aktia will be able to customise the information supplied according to individual preferences. The number of transactions in the Internet bank increased by 100 per cent during 2000.

New products and services

- Mutual Fund Aktia Medica, which invests in the pharmaceuticals industry, was launched in March. Annually, 0.2 per cent of the fund's management fees are donated to Pro Medi-Heli.
- In November, Aktia launched the TMT Mutual Fund that invests globally in technology, media and telecommunications.
- On 5 April, Aktia issued a debenture loan of 8.0 million euros for subscription by the public. As a result of great demand, the ceiling was increased to 16.0 million euros on 11 April. The loan was fully subscribed. Additionally, the bank issued another debenture loan of 10 million euros on 4 December. When the subscription period expired on 2 February 2001, 8.3 million euros of the loan had been subscribed.

- In November, Aktia launched a new current account - Aktia Prime Account - which bears an interest tied to Aktia's prime rate. The new type of account favours focused saving and is accessible irrespective of the method of withdrawal used.
- In November, Aktia entered into co-operation with Sanford C. Bernstein, originally an American asset management company that focuses on asset management services for private individuals. Accordingly, Aktia Private Banking represents Bernstein in Finland and can have access to a global network and a wide range of products.
- On 12 February 2001, Aktia decided to establish a mortgage bank. The mortgage bank, which will be a wholly owned subsidiary of Aktia Savings Bank plc, will open for business this year. By founding a mortgage bank Aktia will be able to secure the growth in lending by reliable borrowing at favourable terms, which, in turn, makes it possible offer competitive and versatile mortgage loans.

Other events

- In September, the savings banks launched two mutual funds specifically tailored for savings bank customers. The special funds called Sp-Yhdistelmärahasto and Sp-Osakerahasto are marketed by savings banks. The funds invest in several different mutual funds. The funds are managed and administered by Aktia Fund Management Ltd.
- During 2000, Aktia raised its prime rate on three occasions from 3.5 to 5.0 per cent due to accelerating inflation and higher market rates.
- In June and July, the EU Commission notified banks and banking organisations in six member states of its suspicions concerning the formation of a cartel regarding bank charges for currency exchange. Among them were six banks in Finland, including Aktia, the Finnish Bankers' Association and a currency exchange company. Aktia has responded to the notification and given its reasons explaining why the bank finds the suspicions to be groundless. The issue is still under review by the Commission.

Savings Banks' Security Fund

Aktia and all the other savings banks belong to the voluntary security fund for savings banks. Under the rules of this fund, the savings banks are not mutually responsible for each other's debts or liabilities. The fund is free of debt and its assets at the end of the year stood at FIM 157 million. No support was paid out during 2000.

Deposit Guarantee Fund

Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits up to FIM 150,000, is obligatory to all banks. During 2000 Aktia contributed a total of FIM 9.0 million to this fund whose assets at the end of the year were FIM 846 million.

Investors' Compensation Fund

Banks and brokerage firms are members in the Investors' Compensation Fund whose purpose is to safeguard the interests of small investors in the event that a bank or brokerage firm fails. An individual investor may receive a maximum compensation of FIM 120,000. Maximum commitments made on behalf of the fund amount to FIM 50 million while its assets at the end of the year stood at FIM 157 million. Another FIM 7.2 million of potential compensation claims have been covered by insurance.

Prospects for 2001

Investments to develop Aktia's service concept and product range in response to customer needs and expectations will continue with special emphasis being placed on personalised service.

Aktia expects, in accordance with its strategy for growth, to increase volumes and expand its market share in its main field of activity – retail banking – provided that the markets develop as expected. However, the financial result for 2001 may not quite reach the 2000 level because of structural changes in saving and falling interest rates combined with major investments in the bank's business development.

Consolidated profit and loss account

1 January - 31 December

	note	2000		1999	
		FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
Interest income	(1)	840,913	141,431	603,782	101,549
Interest expenses	(1)	-398,012	-66,941	-267,673	-45,019
Net income from financial operations		442,901	74,491	336,109	56,530
Income from equity investments		1,831	308	2,870	483
Commission income		208,014	34,985	153,941	25,891
Commission expenses		-21,514	-3,618	-15,400	-2,590
Net income from securities transactions and foreign exchange dealing					
Net income from securities transactions	(3)	23,693	3,985	-14,894	-2,505
Net income from foreign exchange dealing		11,278	1,897	5,586	939
		34,971	5,882	-9,308	-1,566
Other operating income	(5)	82,646	13,900	88,379	14,864
Administrative expenses					
Staff costs					
Salaries and fees		-160,893	-27,060	-133,601	-22,470
Staff-related costs		-46,956	-7,897	-35,283	-5,934
Pension costs		-34,678	-5,832	-24,730	-4,159
Other staff-related costs		-12,278	-2,065	-10,553	-1,775
		-207,849	-34,958	-168,884	-28,404
Other administrative expenses		-122,061	-20,529	-114,510	-19,259
		-329,910	-55,487	-283,394	-47,663
Depreciation and write-downs on tangible and intangible assets					
Planned depreciations		-54,370	-9,144	-32,888	-5,531
Write-downs owing to decrease in value		-34,512	-5,804	-24,152	-4,062
	(6)	-88,882	-14,949	-57,040	-9,593
Other operating expenses	(5)	-80,691	-13,571	-80,967	-13,618
Loan and guarantee losses	(7)	1,072	180	-6,753	-1,136
Profit or loss from companies accounted for using the equity method		842	142	1,588	267
Net operating profit		251,278	42,262	130,025	21,869
Extraordinary items		-	-	-	-
Profit before appropriations and taxes		251,278	42,262	130,025	21,869
Income taxes					
Taxes for the financial year and taxes brought forward		-35,707	-6,006	-10,969	-1,845
Changes in imputed tax claims		-19,211	-3,231	-2,900	-488
Minority interest		-870	-146	-572	-96
PROFIT FOR THE FINANCIAL YEAR		195,490	32,879	115,584	19,440

Consolidated balance sheet 31 December

ASSETS	note	2000		1999	
		FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
Liquid assets		1,638,448	275,567	1,101,420	185,246
Debt securities eligible for refinancing with central banks					
Treasury bills		409,484	68,870	40,648	6,837
Other		2,718,145	457,159	2,928,894	492,605
	(13, 20, 42)	3,127,629	526,029	2,969,542	499,442
Claims on credit institutions					
Repayable on demand		48,436	8,146	95,330	16,033
Other		161,391	27,144	656,633	110,438
	(42)	209,827	35,290	751,963	126,471
Claims on the public and public sector entities	(15, 42)	11,287,971	1,898,500	10,015,999	1,684,570
Debt securities					
On public sector entities		44,676	7,514	37,151	6,248
Other		162,561	27,341	81,571	13,719
	(20, 42)	207,237	34,855	118,722	19,967
Shares and participations	(21)	24,180	4,067	74,581	12,544
Participating interests		11,706	1,969	12,365	2,080
Shares and participations in group undertakings		–	–	–	–
Intangible assets					
Other long term expenditure	(23)	18,792	3,161	24,804	4,172
Tangible assets					
Real estate and shares and participations in real estate corporations	(24)	688,984	115,879	926,876	155,889
Other tangible assets		112,060	18,847	111,101	18,686
	(22)	801,045	134,726	1,037,977	174,575
Other assets	(26)	256,138	43,079	37,212	6,259
Accrued income and prepayments	(27)	151,655	25,507	134,307	22,589
TOTAL ASSETS		17,734,629	2,982,750	16,278,891	2,737,913

LIABILITIES	note	2000		1999	
		FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
LIABILITIES					
Liabilities to credit institutions and central banks					
Credit institutions					
Repayable on demand		437,123	73,519	834,332	140,325
Other		3,144,743	528,908	2,505,259	421,354
	(42)	3,581,866	602,427	3,339,591	561,679
Liabilities to the public and public sector entities					
Deposits					
Repayable on demand		8,836,026	1,486,113	10,138,655	1,705,199
Other		1,683,287	283,108	186,188	31,315
		10,519,312	1,769,221	10,324,843	1,736,514
Other liabilities		795,361	133,770	418,998	70,470
	(42)	11,314,674	1,902,991	10,743,841	1,806,984
Debt securities issued to the public					
Bonds		9,926	1,669	20,136	3,387
Other		607,935	102,247	551,640	92,779
	(30, 42)	617,860	103,917	571,776	96,166
Other liabilities	(31)	651,211	109,526	434,421	73,064
Accrued expenses and deferred income	(32)	150,236	25,268	109,641	18,440
Compulsory provisions					
Other compulsory provisions	(10, 33)	3,800	639	2,016	339
Subordinated liabilities	(34)	458,600	77,131	305,090	51,312
Imputed tax claims		22,111	3,719	2,900	488
Minority interest		18,343	3,085	17,862	3,004
Total liabilities		16,818,701	2,828,702	15,527,138	2,611,476
EQUITY CAPITAL					
Share capital		423,097	71,160	423,097	71,160
Share premium account		6,906	1,162	6,906	1,162
Other restricted reserves					
Reserve fund		44,337	7,457	44,337	7,457
Subordinated loans		246,098	41,391	161,829	27,218
Profit for the financial year		195,490	32,879	115,584	19,440
Total equity	(35)	915,928	154,048	751,753	126,437
TOTAL LIABILITIES		17,734,629	2,982,750	16,278,891	2,737,913

OFF-BALANCE SHEET COMMITMENTS

Commitments given to a third party on behalf of a customer

Guarantees and pledges	213,044	35,831	205,063	34,489
Other	76,827	12,921	–	–

Irrevocable commitments given in favour of a customer

Securities repurchase commitments	–	–	–	–
Other	543,964	91,488	608,175	102,288

Parent company profit and loss account

1 January - 31 December

	2000		1999	
	FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
Interest income	851,512	143,214	609,561	102,521
Interest expenses	-397,591	-66,870	-266,786	-44,870
Net income from financial operations	453,922	76,344	342,775	57,651
Income from equity investments				
Group undertakings	551	93	30	5
Participating interests	1,945	327	1,917	322
Other undertakings	1,732	291	2,828	476
	4,227	711	4,775	803
Commission income	185,085	31,129	141,138	23,738
Commission expenses	-20,433	-3,437	-15,400	-2,590
Net income from securities transactions and foreign exchange dealing				
Net income from securities transactions	23,784	4,000	-14,887	-2,504
Net income from foreign exchange dealing	11,309	1,902	5,583	939
	35,092	5,902	-9,304	-1,565
Other operating income	65,561	11,027	105,341	17,717
Administrative expenses				
Staff costs				
Salaries and fees	-154,162	-25,928	-128,323	-21,582
Staff-related costs				
Pension costs	-33,463	-5,628	-23,749	-3,994
Other staff-related costs	-11,894	-2,000	-10,254	-1,725
	-199,519	-33,557	-162,326	-27,301
Other administrative costs	-124,619	-20,959	-111,576	-18,766
	-324,138	-54,516	-273,902	-46,067
Depreciation and write-downs on tangible and intangible assets				
Planned depreciations	-43,826	-7,371	-22,099	-3,717
Write-downs	-34,212	-5,754	-24,152	-4,062
	-78,037	-13,125	-46,251	-7,779
Other operating expenses	-87,187	-14,664	-114,528	-19,262
Loan and guarantee losses	893	150	-9,586	-1,612
Net operating profit	234,985	39,522	125,058	21,033
Extraordinary items	-	-	-	-
Profit before appropriations and taxes	234,985	39,522	125,058	21,033
Appropriations				
Change in fund for general banking risks	-66,000	-11,100	-10,000	-1,682
Income taxes				
Taxes for the financial year and taxes brought forward	-32,400	-5,449	-9,838	-1,655
PROFIT FOR THE FINANCIAL YEAR	136,585	22,972	105,220	17,697

Parent company balance sheet 31 December

ASSETS	2000		1999	
	FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
Liquid assets	1,638,448	275,567	1,101,420	185,246
Debt securities eligible for refinancing with central banks	3,127,629	526,029	2,969,542	499,441
Claims on credit institutions				
Repayable on demand	48,422	8,144	102,816	17,292
Other	161,391	27,144	656,633	110,438
	209,813	35,288	759,449	127,730
Claims on the public and public sector entities	11,479,021	1,930,633	10,248,804	1,723,725
Debt securities				
On public sector entities	35,342	5,944	33,183	5,581
Other	183,498	30,862	79,982	13,452
	218,841	36,806	113,165	19,033
Shares and participations	11,893	2,000	67,093	11,284
Participating interests	5,523	929	5,523	929
Shares and participations in group undertakings	28,285	4,757	28,325	4,764
Intangible assets	17,625	2,964	23,127	3,890
Tangible assets				
Real estate and shares and participations in real estate corporations	455,493	76,608	683,385	114,937
Other tangible assets	103,221	17,360	104,895	17,642
	558,714	93,969	788,280	132,579
Other assets	252,437	42,457	34,340	5,776
Accrued income and prepayments	153,730	25,856	132,319	22,254
TOTAL ASSETS	17,701,959	2,977,256	16,271,387	2,736,651

LIABILITIES	2000		1999	
	FIM 1,000	€ 1,000	FIM 1,000	€ 1,000
LIABILITIES				
Liabilities to credit institutions and central banks				
Credit institutions				
Repayable on demand	437,123	73,519	850,544	143,051
Other	3,144,743	528,908	2,505,259	421,354
	3,581,866	602,427	3,355,803	564,405
Liabilities to the public and public sector entities				
Deposits				
Repayable on demand	8,854,989	1,489,302	10,165,230	1,709,669
Other	1,683,286	283,108	186,188	31,315
	10,538,275	1,772,411	10,351,418	1,740,984
Other liabilities	794,626	133,647	423,773	71,274
	11,332,902	1,906,057	10,775,191	1,812,258
Debt securities issued to the public				
Bonds				
Other	607,935	102,247	551,640	92,779
	607,935	102,247	551,640	92,779
Other liabilities	646,096	108,666	424,101	71,329
Accrued expenses and deferred income	143,452	24,127	101,509	17,073
Compulsory provisions				
Other compulsory provisions	3,800	639	2,016	339
Subordinated liabilities	458,600	77,131	305,090	51,312
Total liabilities	16,774,651	2,821,294	15,515,350	2,609,495
APPROPRIATIONS				
Loan loss provision	76,000	12,782	10,000	1,682
EQUITY CAPITAL				
Share capital	423,097	71,160	423,097	71,160
Share premium account	6,906	1,162	6,906	1,161
Other restricted reserves				
Reserve fund	47,963	8,067	47,963	8,067
Profit brought forward	236,757	39,820	162,851	27,389
Profit for the financial year	136,585	22,972	105,220	17,697
Total equity capital	851,308	143,180	746,037	125,474
TOTAL LIABILITIES	17,701,959	2,977,256	16,271,387	2,736,651
OFF-BALANCE SHEET COMMITMENTS				
Commitments given to a third party on behalf of a customer				
Guarantees and pledges	231,044	35,831	205,063	34,489
Other	73,827	12,417	–	–
Irrevocable commitments given in favour of a customer				
Securities repurchase commitments	–	–	–	–
Other	554,064	93,187	608,575	102,355

Accounting policies

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

Comparability of profit and loss account and the balance sheet

The final accounts have been prepared in accordance with the Financial Supervision Authority's regulations (J. No. 20/420/98 and 21/420/98) effective as of 30 June 1998. The profit and loss account and balance sheet items are basically comparable with corresponding items for the previous year. The only change made in 2000 concerned depreciation periods for inventories and renovations. The reason for this was the increasing pace of change in the banking sector, which created a greater need to upgrade and refurbish the office premises.

Scope of consolidated accounts

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

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

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

Consolidation

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

50%) have been consolidated according to the equity method.

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

Items denominated in foreign currencies

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

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

Securities

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

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

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

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

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

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

Receivables and liabilities

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

Tangible and intangible assets

The Group's real estate property, shares and participations in real estate corporations have been divided into property actually used by the Group and other holdings. If only part of the premises are used by the Group, the division has been made according to the floor area reserved for individual uses. Revaluation of real estate property to reflect current value was carried out by external property valuers using the cash flow method. Valuation of the premises used by the bank is based on the rental income that could be earned at market rates. The book value of real estate property and participations in real estate corporations were not revalued.

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

Other tangible and intangible assets have been entered in the balance sheet at acquisition price less planned depreciation. Planned depreciation is charged in accordance with the depreciation plan based on the economic life of the assets with due regard to the general instructions issued by the board of accountants. Big investments and inventories are chiefly depreciated over 5 years (previously 8 years). ADP investments are depreciated over 3 years and branch renovations over 5 years (previously 10 years). Buildings are depreciated over 40 years using the straight-line method.

Loan and guarantee losses

When loan and guarantee losses are booked, the real collateral security for the loans is valued at the prob-

able assignment price at the time when the bank becomes aware that full repayment of the loan is unlikely, or at a lower probable assignment price determined later when non-performing loans are reviewed for collection. As far as real security for long-term leases is concerned, valuation is based on required return to secure the current value of the receivable.

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

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

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

Non-performing loans

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

Derivative contracts

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

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

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

Notes to the Final Accounts (FIM 1,000)

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

NOTES TO THE PROFIT AND LOSS ACCOUNT

- 2 Net income from leasing
- 8 Items included in extraordinary income and expenses
- 11 Breakdown of combined items

NOTES TO THE BALANCE SHEET

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- 40 Capital investments
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OTHER NOTES

- 51 Information on other commitments and contingent liabilities of credit institution
- 55 Unpaid membership fees for cooperative banks and cooperative credit institutions
- 56 Information concerning credit institutions that are part of the Group

NOTES TO PROFIT AND LOSS ACCOUNT

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

	Group		Parent company	
	2000	1999	2000	1999
Claims on credit institutions	64,152	34,334	63,795	34,200
Claims on the public and public sector entities	624,859	458,005	634,906	464,079
Debt securities	149,644	109,228	150,557	109,077
Other interest income	2,258	2,215	2,254	2,204
Total interest income	840,913	603,782	851,512	609,562
Liabilities to credit institutions and central banks	132,881	80,341	132,889	80,373
Liabilities to the public and public sector entities	200,273	143,325	200,292	143,303
Debt securities issued to the public	34,472	19,413	34,024	18,517
Subordinated liabilities	20,441	16,677	20,441	16,677
Capital loans	-	-	-	-
Other interest expenses	9,945	7,917	9,945	7,916
Total interest expenses	398,012	267,674	397,591	266,786

3 Breakdown of net income from securities transactions 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Net income from transactions in debt securities	1,892	-13,501	1,876	-13,364
Net income from transactions in shares and participations	22,297	5,606	22,405	5,476
Net income from other securities transactions	-497	-6,999	-497	-6,999
Total	23,693	-14,894	23,784	-14,887

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

	Group		Parent company	
	2000	2000	2000	2000
Turnover of debt securities	Bought	Sold	Bought	Sold
	16,855,654	5,660,758	16,850,735	5,660,130
Turnover of shares and participations	Bought	Sold	Bought	Sold
	8,737	82,757	2,378	79,782
Turnover of debt securities	Bought	Sold	Bought	Sold
	12,886,635	7,306,376	12,885,976	7,305,966
Turnover of shares and participations	Bought	Sold	Bought	Sold
	65,538	54,711	59,593	51,926

5 Other operating income and expenses 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Operating income				
Rental income from real estate and real estate corporations	44,014	60,446	36,881	61,778
Capital gains from the sale of real estate and shares and participations in real estate corporations	33,670	23,641	24,885	39,270
Other income	4,962	4,293	3,795	4,293
Total	82,646	88,379	65,561	105,341
Operating expenses				
Rental expenses	22,011	24,164	21,489	24,164
Expenses for real estate and real estate corporations	30,798	34,635	44,721	55,066
Capital losses from the sale of real estate and shares and participations in real estate corporations	1,487	2,816	840	15,946
Other expenses	26,395	19,352	20,137	19,352
Total	80,691	80,967	87,187	114,528

6 Planned depreciation and write-downs 31.12.

	2000	Group		Parent company	
		1999	2000	1999	
Planned depreciation	54,370	32,888	43,826	22,099	
Write-downs	34,512	24,152	34,212	24,152	
Total	88,882	57,040	78,037	46,251	

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

Balance sheet item	2000	Group		Parent company	
		1999	2000	1999	
In respect of claims on the public and public sector entities	3,287	7,278	3,287	7,278	
- recovered and reversed credit losses	-4,389	-6,176	-4,389	-6,176	
Guarantees and other off-balance sheet items	555	927	555	927	
- recovered guarantee losses	-350	-1,463	-350	-1,463	
Other temporarily held assets	196	6,834	3	9,922	
- deductions	-371	-647	-	-902	
Total	-1,072	6,753	-893	9,586	
Loan and guarantee losses					
+ Actual loan losses during financial year	22,193	52,899	22,193	55,988	
- Actual loan losses during financial year for which specific loan loss provision has previously been made	-22,193	-46,066	-22,193	-46,066	
- Recoveries in respect of actual loans losses during previous financial years	-725	-906	-725	-906	
+ Specific loan loss provisions made during financial year	4,035	8,194	3,842	8,194	
- Specific loan loss provisions made earlier that were reversed during financial year	-4,382	-7,368	-4,011	-7,624	
Loan and guarantee losses entered in annual accounts	-1,072	6,753	-893	9,586	

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

9 Appropriations

	2000	Group		Parent company	
		1999	2000	1999	
Change in fund for general banking risk	-	-	66,000	10,000	

10 Changes in provisions included in income and expense items

Staff expenses for the parent company include a FIM 3.8 million provision for staff restructuring in 2000. The provision of FIM 2.02 million for restructuring made in 1998 was realised in 2000.

12 Income by operations or geographical market 31.12.2000

Field of activity	Finland	Group		Parent company	
		Finland	Luxembourg	2000	1999
Banking	618,259	-	-	657,411	
Common fund operations	20,156	3,810	-	-	
Investment firm operations	9,820	-	-	-	
Securities trading	23,693	-	-	23,784	
Real estate investment operations	94,624	-	-	62,693	
Total	766,551	3,810	-	743,888	

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

Personnel by operations

	2000	Group		Parent company	
		1999	2000	1999	
Banking	782	740	782	740	
Common fund operations	23	16	-	-	
Investment firm operations	7	5	-	-	
Securities trading	-	-	-	-	
Real estate investment operations	8	9	5	7	
Total	820	770	787	747	

NOTES TO THE BALANCE SHEET

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

	2000	Group		Parent company	
		1999	2000	1999	
Treasury bills	205,855	40,648	205,855	40,648	
Government bonds	1,022,677	1,457,550	1,022,677	1,457,550	
Bank of Finland's certificates of deposit	-	-	-	-	
Banks' certificates of deposit	1,885,453	1,471,344	1,885,453	1,471,344	
Other	13,644	-	13,644	-	
Total	3,127,629	2,969,542	3,127,629	2,969,542	

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

	Group		Parent company	
	2000	1999	2000	1999
Enterprises	1,930,660	1,722,932	2,121,710	1,955,737
Financial institutions	94,867	47,661	94,867	47,661
General government	240,091	266,092	240,091	266,092
Non-profit institutions	722,473	654,097	722,473	654,097
Households	8,299,879	7,325,218	8,299,879	7,325,218
Foreign	-	-	-	-
Total	11,287,971	10,015,999	11,479,021	10,248,804
Specific loan loss provisions at the beginning of financial year	380,237	424,831	380,237	424,831
New provisions made during financial year (+)	3,842	8,194	3,842	8,194
Provisions reversed during financial year (-)	-4,011	-6,721	-4,011	-6,721
Actual loan losses during financial year for which the credit institution has previously made specific loan loss provisions (-)	-22,193	-46,066	-22,193	-46,066
Specific loan loss provisions at end of financial year	357,876	380,237	357,876	380,237

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

Group and parent company	2000		1999	
	Non-performing loans	Other zero-interest receivables	Non-performing loans	Other zero-interest receivables
Enterprises	27,753	4,274	36,289	4,123
Financial and insurance institutions	-	-	-	-
Non-profit institutions	2,436	-	3,929	-
Households	37,544	5,031	34,771	6,560
Total	67,734	9,305	74,989	10,683

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

	Group		Parent company	
	2000	1999	2000	1999
Assets acquired as collateral security for claim				
Real estate property, shares and participations in real estate corporations	1,456	0	1,456	0
Other shares and participations	-	-	-	-
Other assets	-	-	-	-
Total	1,456	0	1,456	0

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

18 Breakdown of subordinated claims 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Claims on credit institutions	-	-	-	-
Claims on the public and public sector entities	-	-	-	-
Debt securities	71,320	-	101,833	35,000
Total	71,320	-	101,833	35,000

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

	Group		Parent company	
	2000	1999	2000	1999
Debt securities				
Securities held as current assets	2,590,619	2,421,847	2,581,286	2,418,436
Publicly quoted securities	2,590,619	2,421,847	2,581,286	2,418,436
Other	-	-	-	-
Securities held as fixed assets	744,248	666,416	765,184	664,271
Publicly quoted securities	744,248	666,416	733,304	664,271
Other	-	-	31,880	-
Total	3,334,866	3,088,263	3,346,470	3,082,707

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

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

	Group		Parent company	
	2000	1999	2000	1999
Current assets				
Debt securities	1,244	111	1,161	111

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

Group and parent company	2000		1999	
	Difference between nominal value and lower book value	Difference between book value and lower nominal value	Difference between nominal value and lower book value	Difference between book value and lower nominal value
Debt securities, fixed assets	-	25,653	-	42,538
Claims on credit institutions and central banks	-	-	-	-

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

	Group		Parent company	
	2000	1999	2000	1999
Treasury bills	205,855	40,648	205,855	40,648
Local authority paper	32,682	30,839	32,682	30,839
Commercial paper	66,877	16,162	66,877	16,122
Certificates of deposit	1,971,882	1,521,594	1,971,882	1,521,594
Convertible bonds	-	-	-	-
Other bonds	1,057,570	1,479,021	1,069,174	1,473,504
Other	-	-	-	-
Total	3,334,866	3,088,263	3,346,470	3,082,707

21 Shares and participations by type of asset 31.12.

Shares and participations	Group		Parent company	
	2000	1999	2000	1999
Current assets	18,904	69,308	6,617	61,820
Publicly quoted	12,287	62,670	-	55,182
Other	6,617	6,638	6,617	6,638
Fixed assets	5,276	5,273	5,276	5,273
Publicly quoted	-	-	-	-
Other	5,276	5,273	5,276	5,273
Total	24,180	74,581	11,893	67,093

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

Shares and participations	Group		Parent company	
	2000	1999	2000	1999
Current assets	422	14,827	-	14,796
Fixed assets	-	-	-	-

No borrowed securities exist.

Participating interests in credit institutions and other undertakings 31.12.

Shares and participations in group undertakings	Group		Parent company	
	2000	1999	2000	1999
in credit institutions	-	-	-	-
other	11,706	12,365	5,523	5,523
Participating interests				
in credit institutions	-	-	-	-
other	-	-	28,285	28,325
Total	11,706	12,365	33,808	33,848

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

Shares and participations apart from those in real estate corporations	Group		Parent company	
	2000	1999	2000	1999
Purchase price at beginning of financial year	17,400	17,911	39,121	39,044
+ increases during financial year	11	6	11	593
- decreases during financial year	-428	-278	-47	-516
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-	-	-	-
+/- write-downs and reversing items for write-downs during financial year	-	-	-	-
+ accumulated depreciation and write-downs entered in respect of decreases and transfers at the beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-	-	-	-
- accumulated write-downs at beginning of financial year	-	-	-	-
+ accumulated revaluations at beginning of financial year	-	-	-	-
+/- revaluations and reversing items for revaluations for financial year	-	-	-	-
Book value 31.12.	16,983	17,638	39,084	39,121
Land areas, buildings and shares and participations in real estate corporations				
Acquisition cost at beginning of financial year	1,064,743	1,043,970	746,721	828,852
+ increases during financial year	33,471	33,708	28,869	19,499
- decreases during financial year	-224,426	-85,845	-222,249	-155,191
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-8,978	-12,036	-1,363	-2,795
+/- write-downs and reversing items for write-downs during financial year	-33,087	-27,582	-31,896	-24,372
+ accumulated depreciations and write-downs in respect of decreases and transfers at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-57,822	-49,480	-13,482	-14,306
- accumulated write-downs at beginning of financial year	-125,009	-120,617	-82,185	-113,061
+ accumulated revaluations at beginning of financial year	44,964	195,821	35,949	195,821
+/- revaluations and reversing items for revaluations for financial year	-4,871	-51,062	-4,871	-51,062
Book value 31.12.	688,984	926,876	455,493	683,385

Machinery, equipment and other tangible assets				
Acquisition cost at beginning of financial year	206,202	143,945	197,483	135,753
+ increases during financial year	51,798	67,431	47,425	66,924
- decreases during financial year	-13,398	-840	-13,264	-840
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-34,691	-14,074	-33,065	-12,819
+/- write-downs and reversing items for write-downs during financial year	-	-	-	-
+ accumulated depreciation and write-downs in respect of decreases and transfers at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-97,851	-85,360	-95,358	-84,123
- accumulated write-downs at beginning of financial year	-	-	-	-
+ accumulated revaluations at beginning of financial year	-	-	-	-
+/- revaluations and reversing items for revaluations for financial year	-	-	-	-
Book value 31.12.	112,060	111,101	103,221	104,895

23 Breakdown of intangible assets 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Costs of establishment	-	-	-	-
Goodwill	-	-	-	-
Other long-term expenditure	18,792	24,804	17,625	23,127
Total	18,792	24,804	17,625	23,127

24 Breakdown of real estate assets 31.12.

Group	Book value	Capital invested
	2000	2000
Land and water areas and buildings		
In own use	268,299	268,299
Other	256,584	256,584
	524,883	524,883
Shares and participations in real estate corporations		
In own use	75,079	75,079
Other	89,023	104,941
	164,102	180,020
	688,984	704,903

Capital invested is the purchase price less depreciation entered plus the share in the debts of the real estate corporation based on the number of shares owned therein and/or the share of the debts based on the percentage of shares owned therein.

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

	Floor area m ²	Capital invested	Net return %	Vacancy rate %
Dwellings and residential real estate	2,932	10,267	8.2	12.0
Business and office real estate	40,029	332,866	7.0	13.1
Industrial real estate	9,344	2,669	9.4	0.0
Land, water and forest areas	-	7,103	2.0	0.0
Other domestic real estate	-	8,620	7.2	0.0
Total real estate holdings	52,305	361,525	7.0	12.4

The percentage return is the annual net income relative to invested capital.

Net income means rental income less normal maintenance costs. The vacancy rate is the ratio of unused floor area to the total rentable area.

Premises in other than own use refer to property in which, or in part of which, the bank has no operations.

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

Net income, in per cent	Negative	0 - 3%	3 - 5%	5 - 7%	Over 7 %	Total
Capital invested	18,058	18,009	68,374	16,020	241,063	361,525

Current value of property holdings in other than own use

	Current value	Required return %	Return%	Capital invested
Business and office real estate	278,408	7.2	7.5	264,260
Dwellings and residential real estate	937	10.0	16.3	848
Other domestic real estate	14,213	7.0	11.0	6,089
Bank total (qty 24)	293,558	7.2	7.5	271,197
Vasp-Invest Oy	90,328		3.9	90,328
Group	383,886		7.0	361,525

The bank's real estate property that is not in own use was valued by an independent valuer.

The required return varies from 6.5% to 13.5% depending on the geographic location and local market.

The current value of properties owned by Vasp-Invest Oy were valued at the end of 1999, when the necessary write-downs were also made relative to market value.

Vasp-Invest Oy's property holdings include land, water and forest areas and real estate property to be developed, which reduces return.

26 Breakdown of other assets 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Cash items in the process of collection	219,151	15,398	218,289	15,396
Guarantee claims	8,490	8,620	8,490	8,620
Derivative contracts	1,945	-	1,945	-
Other	26,552	13,194	23,712	10,324
Total	256,138	37,212	252,437	34,340

27 Breakdown of accrued income and prepayments 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Interest income	138,598	121,806	140,665	122,023
Other accrued income	13,057	12,502	13,065	10,296
Prepayments	-	-	-	-
Total	151,655	134,307	153,730	132,319

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

Group and parent company	2000		1999	
	Difference between nominal value and lower book value	Difference between book value and lower nominal value	Difference between nominal value and lower book value	Difference between book value and lower nominal value
Liabilities to credit institutions and central banks	-	-	-	-
Liabilities to the public and public sector entities	-	-	-	-
Debt securities issued to the public	6,646	-	3,430	-
Subordinated liabilities	-	-	-	-

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

Liabilities	Group		Parent company	
	2000	1999	2000	1999
Certificates of deposit	607,935	551,640	607,935	551,640
Bonds	9,926	20,136	-	-
Total	617,860	571,776	607,935	551,640

31 Breakdown of other liabilities 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Cash items in the process of collection	598,182	413,508	593,369	403,408
Derivative contracts	1,924	-	1,924	-
Other	51,105	20,913	50,803	20,693
Total	651,211	434,421	646,096	424,101

32 Breakdown of accrued expenses and deferred income 31.12.

	Group		Parent company	
	2000	1999	2000	1999
Interest	89,208	62,224	89,221	60,131
Other accrued expenses	61,028	47,416	54,231	41,378
Prepaid income	-	-	-	-
Total	150,236	109,641	143,452	101,509

33 Breakdown of material items entered under compulsory provisions

Provision for personnel restructuring	Parent company	
	2000	1999
	3,800	2,016

34 Subordinated liabilities with book value of more than 10% of total subordinated liabilities 31.12.2000

Group and parent company	Currency	Amount (FIM)	Interest rate	Maturity
1)				
Aktia Savings Bank plc's share index-linked debenture 1/1997 Aktia Europa	FIM	45,920	index-linked	30.05.2002
Aktia Savings Bank plc's debenture III/1997	FIM	79,185	5.40	15.12.2002
Aktia Savings Bank plc's debenture 2000	EURO	47,566	5.80	31.03.2008
Aktia Savings Bank plc's debenture I/2000	EURO	95,132	4.70	05.04.2005

2) Terms for premature repayment:

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

3) Rules concerning priority of liability and any conversion into shares:

In the event that the bank is wound up, the debt ranks equal in priority to the bank's other debentures but subordinated to the bank's other commitments.

Subordinated liabilities other than those mentioned above 31.12.2000

Group ja Parent company	Perpetuals	Total liabilities
Total liabilities	-	190,797

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

35 Increases and decreases in equity capital during 2000

Group	At beginning of financial year	Increase	Decrease	At end of financial year
Equity capital				
Share capital	423,097	-	-	423,097
Share premium reserve	6,906	-	-	6,906
Ordinary reserve	44,337	-	-	44,337
Profit or loss brought forward	161,829	115,584	31,314	246,098 ¹⁾
Profit or loss for financial year	115,584	195,490	115,584	195,490
Total equity capital	751,752	311,074	146,898	915,928

Parent company	At beginning of financial year	Increase	Decrease	At end of financial year
Equity capital				
Share capital	423,097	-	-	423,097
Share premium reserve	6,906	-	-	6,906
Ordinary reserve	47,963	-	-	47,963
Profit or loss brought forward	162,851	105,220	31,314	236,757 ¹⁾
Profit or loss for financial year	105,220	136,585	105,220	136,585
Total equity capital	746,037	241,805	136,534	851,308

¹⁾ The decrease is due to the payment of FIM 0.75 dividend per share in accordance with the resolution of the annual general meeting of shareholders (= FIM 26,444,000) and cancelled revaluation (= FIM 4,871,000).

37 Calculation of distributable equity 31.12.

	2000	Group		Parent company	
		1999	2000	1999	2000
Profit/loss brought forward	246,098	161,829	236,757	162,851	
Profit or loss for financial year	195,490	115,584	136,585	105,220	
Non-distributable items					
Portion of accumulated depreciation difference and reserves included in equity capital	-47,035	-7,100	-	-	
Difference between Group's and parent company's distributable equity					
Total	394,553	270,313	373,342	268,071	

38 Share issues, issues of options and convertible bonds during financial year

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

39 Shareholders 31.12.2000

10 largest shareholders by voting rights	Number of shares	Percentage of shares and voting rights
FöreningsSparbanken AB (publ)	8,600,000	24.4
Sparbanksstiftelsen i Helsingfors	7,035 000	20.0
Sparbanksstiftelsen i Vanda	1,455,000	4.1
Sparbanksstiftelsen i Esbo-Grankulla	1,220,000	3.5
Sparbanksstiftelsen i Borgå	1,175,000	3.3
Sparbanksstiftelsen i Vasa	897,200	2.5
Sparfrämjande stiftelsen Esbo Södra	885,000	2.5
Sparbanksstiftelsen i Kyrkslätt	800,000	2.3
Sparbanksstiftelsen i Karis-Pojo	710,000	2.0
Kelonia Oy Ab	627,600	1.8

Shareholders by sector	Number of owners		Number of shares	
	Qty	%	Qty	%
Enterprises	23	4.0	1,473,035	4.2
Financial and insurance institutions	42	7.1	3,504,610	9.9
Public sector entities	3	0.5	750,000	2.1
Non-profit institutions	47	8.2	20,266,563	57.5
Private individuals and households	487	79.9	663,842	1.9
Foreign	1	0.3	8,600,000	24.4
Total	603	100.0	35,258,050	100.0
Entered in nominee register	1		5,250	

Breakdown of stock	Number of owners		Number of shares	
	Qty	%	Qty	%
1-100	197	33.7	11,975	0.0
101 - 1 000	213	36.9	109,241	0.3
1 001 - 10 000	91	12.5	321,618	0.9
10 001 - 100 000	61	9.2	2,421,046	6.9
100 001 -	42	7.7	32,394,170	91.9
Total	604	100.0	35,258,050	100.0

42 Breakdown by maturity of assets and liabilities by balance sheet item 31.12.2000

Assets	Group				Total
	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
Debt securities eligible for refinancing with central banks	1,102,415	1,476,423	415,649	133,142	3,127,629
Claims on credit institutions	189,827	20,000	0	-	209,827
Claims on the public and public sector entities					
repayable on demand	198,853	-	-	-	198,853
other	561,100	1,262,534	3,660,062	5,605,421	11,089,118
Debt certificates	63,140	97,020	45,848	1,229	207,237
Total	2,115,337	2,855,977	4,121,559	5,739,793	14,832,665
Liabilities					
Liabilities to credit institutions and central banks	2,979,066	602,800	-	-	3,581,866
Liabilities to the public and public sector entities	10,174,128	943,964	131,229	65,353	11,314,674
Debt securities issued to the public	476,987	140,873	-	-	617,860
Total	13,630,181	1,687,637	131,229	65,353	15,514,400
Parent company					
Assets	Parent company				Total
	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	
Debt securities eligible for refinancing with central banks	1,102,415	1,476,423	415,649	133,142	3,127,629
Claims on credit institutions	189,813	20,000	-	-	209,813
Claims on the public and public sector entities					
repayable on demand	198,853	-	-	-	198,853
other	561,100	1,269,820	3,799,352	5,649,895	11,280,167
Debt certificates	63,073	86,842	37,046	31,880	218,841
Total	2,115,255	2,853,085	4,252,047	5,814,917	15,035,304
Liabilities					
Liabilities to credit institutions and central banks	2,979,066	602,800	-	-	3,581,866
Liabilities to the public and public sector entities	10,193,092	943,229	131,229	65,353	11,332,903
Debt securities issued to the public	467,062	140,873	-	-	607,935
Total	13,639,219	1,686,902	131,229	65,353	15,522,703

Deposits other than time deposits are entered as maturity of less than 3 months.

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

	Group 2000		Parent company 2000	
	FIM	Foreign currency	FIM	Foreign currency
Debt securities eligible for refinancing with central banks	3,127,629	-	3,127,629	-
Claims on credit institutions	149,792	60,036	149,792	60,021
Claims on the public and public sector entities	11,277,177	10,794	11,468,227	10,794
Debt certificates	207,237	-	218,841	-
Other assets	1,263,224	292	1,028,207	0
Total	16,025,059	71,122	15,992,696	70,815
Liabilities to credit institutions and central banks	3,524,640	57,226	3,524,640	57,226
Liabilities to the public and public sector entities	11,242,554	72,120	11,260,783	72,120
Debt securities issued to the public	617,860	-	607,935	-
Subordinated liabilities	458,600	-	458,600	-
Other liabilities	825,785	1,574	869,348	-
Total	16,669,438	130,920	16,721,305	129,346
Group 1999				
	Group 1999		Parent company 1999	
	FIM	Foreign currency	FIM	Foreign currency
Debt securities eligible for refinancing with central banks	2,969,542	-	2,969,542	-
Claims on credit institutions	696,303	55,660	704,175	55,274
Claims on the public and public sector entities	10,007,568	8,431	10,240,373	8,431
Debt certificates	118,681	41	113,125	41
Other assets	1,308,717	12,529	1,066,868	12,139
Total	15,100,810	76,661	15,094,082	75,885
Liabilities to credit institutions and central banks	3,289,637	49,954	3,305,848	49,954
Liabilities to the public and public sector entities	10,651,592	92,249	10,682,942	92,249
Debt securities issued to the public	571,776	-	551,640	-
Subordinated liabilities	305,090	-	305,090	-
Other liabilities	546,645	2,333	537,626	-
Total	15,364,740	144,537	15,383,146	142,204

NOTES TO THE ACCOUNTS CONCERNING INCOME TAXATION

44 Income taxes 31.12.

	2000	Group		Parent company	
		1999	2000	1999	2000
Imputed taxes have not been included in the accounts.					
Unbooked imputed tax claims on periodization differences	-	-	14,592	31,190	
Supplementary tax due to distribution of dividends				9,838	
Income taxes arising from ordinary business	35,707	13,869	32,400	-	

No taxes on the profit for 1999 are shown because losses from previous years could be invoked.

Taxes for 2000 were reduced by invoking losses from previous years.

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

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

45 Assets pledged as collateral 31.12.

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

Group	2000		1999	
Debt certificates, fixed assets	626,729		626,729	

46 Pension liabilities

Statutory pension and Group supplementary pensions are covered through insurance.

47 Leasing commitments

Rent for QuickStep workstations, ATMs and payment machines amounted to FIM 9,489,000 in 2000-2002.

48 Breakdown of off-balance sheet commitments 31.12.

	2000	Group		Parent company	
		1999	2000	1999	2000
Guarantees and pledges	213,044	205,063	213,044	205,063	
e-Commerce limits	76,827	-	76,827	-	
Irrevocable commitments	289,921	286,805	290,021	286,905	
Standby facilities	254,043	321,370	264,043	321,670	
Total	833,835	813,238	843,935	813,638	

49 Derivative contracts

Group and parent company	Value of underlying instruments				
	For hedging purposes		Other		
	2000	1999	2000	1999	2000
Currency derivatives					
Futures	76,368	64,147	-	-	
Other derivatives					
Futures	-	25,384	-	-	
Options	45,920	45,920	-	-	
Equivalent credit value of currency futures		1,283	-	-	

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

	Group		Parent company	
	2000	1999	2000	1999
	34,888	10,175	34,888	10,175

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

52

Average number of staff	Group		Parent company	
	2000	1999	2000	1999
Full-time	747	716	721	694
Part-time	52	51	52	50
Total	799	767	773	744

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

	Group		Parent company	
	2000	1999	2000	1999
Salaries and fees paid to member of the Board of Supervisors	1,099	736	1,099	736
Salaries and fees paid to members of the Board of Directors and managing director and deputy managing directors	7,422	5,821	5,387	4,351
Total	8,520	6,557	6,486	5,087

The said individuals were paid emoluments of FIM 535,000 tied to the company's financial performance (in 1999 FIM 390,000).

A supplementary pension insurance of FIM 588,000 was taken out for the managing director and deputy managing directors of Aktia Savings Bank plc in 2000.

No pension liabilities in respect of the members of the Board of Supervisors and Board of Directors and their alternates or predecessors exist.

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

	Group		Parent company	
	2000	1999	2000	1999
Members of the Board of Supervisors and their alternates	3,824	3,934	3,824	3,934
Members of the Board of Directors and their alternates, managing director and deputy managing directors	2,807	3,297	2,108	2,834
Auditors and firms of auditors	524	351	524	351
Total	7,155	7,582	6,456	7,119

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

Shares and participations held by elected officials, managing director and deputy managing directors 31.12.2000

Members of the Board of Supervisors, Board of Directors, managing director and deputy managing directors hold 115,280 shares, equivalent to 0.33% of the total.

HOLDINGS IN OTHER UNDERTAKINGS

53 Shares and participations held as financial fixed assets 31.12.2000

Undertakings included in consolidated accounts (ownership over 50%)	Domicile	Percentage of all shares	Book value
Financing (dormant)			
Hsb-Finans Ab	Helsinki	100	3,500
Common fund operations			
Aktia Fund Management Ltd	Helsinki	99	14,811
Aktia Fund Management S A	Luxembourg	100	662
Investment firm operations			
Aktia Asset Management Oy Ab	Helsinki	83	1,660
Securities trading			
Aktia Securities	Helsinki	100	7,000
Real estate investment operations			
Borgå Sparkvarter Fast Ab	Porvoo	98	24,342
Mannerheimvägen 14 Fast Ab	Helsinki	100	122,500
Robur Invest Ab	Helsinki	100	50
Tikkurilan Raha-asema Kiint Oy	Vantaa	55	8,808
Vasa Ekgården Fast Ab	Vaasa	92	32,932
Vasp Invest Oy	Vaasa	75	602
Total			216,867

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

9 real estate corporations with a combined book value of FIM 62,361,000 on 31.12.2000.

Shares and participations in associated undertakings (proportion 20 - 50%)	Domicile	Percentage of all shares	Book value
Data processing			
Samlink Oy	Espoo	20	5,523
Real estate investment operations			
Real estate corporations, total no. 13			26,430
Total			31,953

Other shares and participations held as fixed assets	Domicile	Percentage of all shares	Book value
Stock Exchange			
HEX Oy	Helsinki	1	1,319
Credit institutions			
Luottokunta	Helsinki	3	1,000
Insurance companies			
Svensk-Finland Mutual Insurance	Helsinki	0	1,000
Other companies, total no. 26			1,957
Total			5,276

OTHER NOTES TO THE ACCOUNTS

54 Asset management services offered to the public

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

NOTES CONCERNING PREPARATION OF CONSOLIDATED ACCOUNTS

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

Changes in Group structure

Minority interest in the subsidiary Aktia Asset Management Oy Ab increased to 17%.

The subsidiary Blåbackavägen 14 Fast Ab was sold in 2000.

The bank's dividend income from inter-group companies in 2000 is comparable to that earned in 1999.

No subsidiaries were founded, merged or sold during 2000.

NOTES CONCERNING SUBSIDIARIES OR GROUP UNDERTAKINGS

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

2 No unconsolidated subsidiaries exist.

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

4 No unconsolidated associated undertakings exist.

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

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

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

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

OTHER NOTES CONCERNING THE GROUP

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

11 Imputed tax liabilities

Imputed taxes due of FIM 19.2 million relate to the loan loss provisions made by the parent company and to the depreciation difference in subsidiaries.

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

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

Proposal for distribution of profit

The Board of Directors proposes to the annual general meeting of the shareholders of Aktia Savings Bank plc that the profit of FIM 136,584,857.62 for the year be disposed as follows:

- A dividend of FIM 1.00 per share, totalling FIM 35,258,050.00, be paid to shareholders

- FIM 101,326,807.62 be transferred to the retained earnings account.

As a result, the bank's retained earnings total FIM 338,083,797.21 and the Group's FIM 406,194,000,45.

Helsinki, 13 March 2001

Board of Directors of Aktia Savings Bank plc

Patrick Enckell
Chairman of the Board

Lasse Koivu
Vice Chairman

Erik Bärnas

Lars Erik Kvist

Robert Charpentier

Caj-Gunnar Lindström

Stefan Wikman

Erik Anderson
Managing Director

Statement by the Board of Supervisors

The annual accounts of the parent company and Group for 2000 have been drawn up in conformity with applicable statutes and regulations. The Board of Supervisors confirms the accounts for the parent

company and the Group and endorses the proposal by the Board of Directors as to the disposal of the profit for the financial year. (Approved 27 March 2001)

Board of Supervisors

Carl-Olaf Homén
Chairman
L.L.M.

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

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

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

Lorenz Uthardt
Vice Chairman
Agrologist

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

Max Arhippainen
Economist
Lic.Pol.Sc.

Göran Collert
Chairman of Board
of Swedbank

Bo Forslund
2nd Vice Chairman of Board
of Swedbank

Hans Frantz
Teacher
M.Sc.(Pol.)

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

Christoffer Grönholm
Cabinet Secretary
Dr. Pol.Sc.

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

Per Lindgård
Teacher

Kristina Lyytikäinen
Municipal Secretary

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

Hans Olsson
Financial Manager

Margareta Pietikäinen
Member of Parliament
M.A.

Jorma J Pitkämäki
Director

Peter Simberg
Agrologist

Stig Tammelin
L.L.M.

Heikki Tuominen
Managing Director

Gunnar Weckström
M.A.
Honorary Councillor

Johan Wennström
M.D.

Boris Westerlund
M.Sc.(Econ.)

Carl Johan Westman
Professor
Dr. Agr. & Forestry

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

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

Leo Wistbacka
Managing Director
M.A.

Ann-Marie Åberg
Physiotherapist

Auditor's report

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

We have audited the accounting, the financial statements and the corporate governance of Aktia Savings Bank p.l.c. for the financial year ended December 31, 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presenta-

tion. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the members of the Board of Directors, the Assembly of Delegates, the Managing Director and his substitute have legally complied with the rules of the Companies Act, the Savings Bank Act and Credit Institutions Act.

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

Helsinki, 19 March 2001

OY JOE SUNDHOLM & CO AB
Authorised Public Accountants

Jan Holmberg, APA

Rolf Nyberg, CA

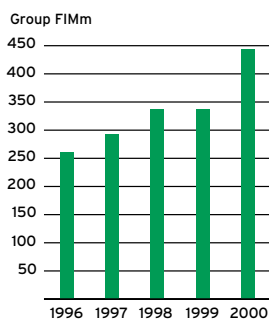
Sune Back, APA

Five year review for the Group

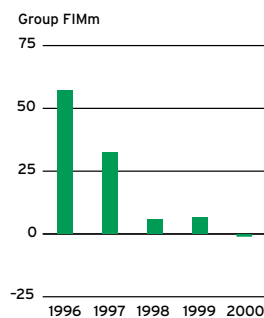
31 December (1,000)	1996		1997		1998		1999		2000	
	FIM	€	FIM	€	FIM	€	FIM	€	FIM	€
Turnover	706,104	118,758	703,032	118,241	807,651	135,837	839,664	141,221	1,168,373	196,506
Net income from financial operations	260,281	43,776	292,699	49,228	335,990	56,509	336,109	56,530	442,901	74,491
as a percentage of turnover	36.9	36.9	41.6	41.6	41.6	41.6	40.0	40.0	37.9	37.9
Other income	194,666	32,740	192,809	32,429	225,182	37,873	220,482	37,082	305,947	51,457
Expenses and depreciation	-348,948	-58,689	-386,783	-65,052	-473,166	-79,581	-421,401	-70,874	-499,483	-84,007
Income before loan losses	105,999	17,828	98,724	16,604	88,006	14,802	135,190	22,738	249,364	41,940
Loan losses	-57,245	-9,628	-32,296	-5,432	-5,729	-963	-6,753	-1,136	1,072	180
Net operating profit	52,579	8,843	67,848	11,411	83,066	13,970	130,025	21,869	251,278	42,262
as a percentage of turnover	7.4	7.4	9.7	9.7	10.3	10.3	15.5	15.5	21.5	21.5
Net operating profit before appropriations	47,631	8,011	69,753	11,732	83,066	13,970	130,025	21,869	251,278	42,262
as a percentage of turnover	6.7	6.7	9.9	9.9	10.3	10.3	15.5	15.5	21.5	21.5
Profit for the financial year	44,189	7,432	70,190	11,805	83,117	13,979	115,584	19,440	195,490	32,879
Earnings/share	1.94	0.33	1.97	0.33	2.40	0.40	3.36	0.57	5.55	0.93
Equity/share *	15.25	2.56	16.52	2.78	18.06	3.04	20.73	3.49	25.98	4.37
Number of shares at end of year	34,394,100	34,394,100	34,394,800	34,394,800	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050
Average number of shares during year	25,328,947	25,328,947	34,394,274	34,394,274	34,613,628	34,613,628	35,258,050	35,258,050	35,258,050	35,258,050
Balance sheet total	10,297,722	1,731,953	11,226,858	1,888,222	14,191,759	2,386,883	16,278,891	2,737,913	17,734,629	2,982,750
Total return on assets, ROA %	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	1.2	1.2
Equity	614,551	103,360	676,867	113,841	653,797	109,961	751,753	126,437	915,928	154,048
Return on equity ROE, % *	11.6	11.6	11.8	11.8	12.2	12.2	16.5	16.5	23.1	23.1
Equity ratio, %	6.2	6.2	6.2	6.2	4.8	4.8	4.7	4.7	5.27	5.27
Capital adequacy ratio, %	12.7	12.7	14.3	14.3	12.5	12.5	10.8	10.8	13.0	13.0
Income to cost ratio	1.30	1.30	1.25	1.25	1.18	1.18	1.31	1.31	1.48	1.48
Borrowing from the public	7,208,799	1,212,433	7,954,815	1,337,904	8,949,765	1,505,242	10,324,843	1,736,514	10,519,312	1,769,221
Lending to the public	5,708,537	960,107	6,755,457	1,136,186	8,221,197	1,382,706	10,015,999	1,684,570	11,287,971	1,898,500

* excluding capital certificates held by the Finnish state

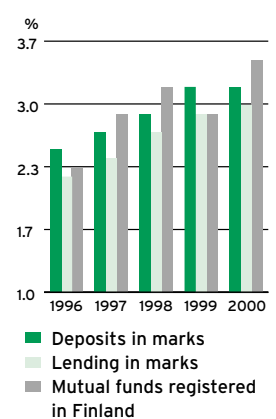
Net income from financial operations



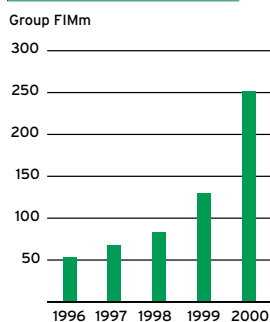
Loan losses



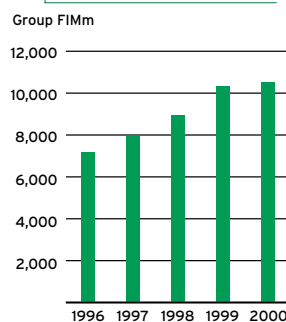
Aktia's market share



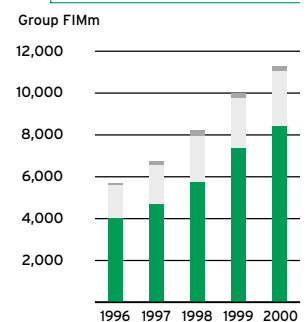
Net operating profit



Deposits



Lending



■ Households
■ Corporate
■ Public sector organisations

Group capital base (million)

	2000		1999	
	FIM	€	FIM	€
Tier 1 equity				
Share capital	423	71	423	71
Ordinary reserve	44	7	44	7
Share premium reserve	7	1	7	1
Distributable equity capital	246	41	162	27
Profit for the financial year	195	33	116	20
Minority interest	18	3	18	3
Dividend	-36	-6	-27	-5
Reserve	-22	-4	3	1
Less intangibles	-19	-3	-25	-4
Total	857	144	721	121
Tier 2 equity				
Revaluation reserve	-	-	-	-
Debentures	242	41	119	19,97
Capital required to cover market risks	14	2	-	-
Total	255	43	119	20
Net capital base	1,113	187	840	141
Capital adequacy, %	13.0	13.0	10.8	10.8
Tier 1 equity ratio	10.0	10.0	9.3	9.3

Group capital adequacy (million)

Risk weighting	Assets				Off-balance sheet items				Risk-weighted commitments			
	2000		1999		2000		1999		2000		1999	
	FIM	€	FIM	€	FIM	€	FIM	€	FIM	€	FIM	€
0%	4,654	783	4,582	771	325	55	369	62	-	-	-	-
20%	1,913	322	1,549	260	37	6	42	7	386	65	314	53
50%	6,884	1,158	5,880	989	136	23	130	22	3,485	586	2,983	502
100%	4,284	720	4,268	718	450	76	351	59	4,689	789	4,459	749
Total	17,735	2,983	16,279	2,738	948	159	892	150	8,561	1,440	7,756	1,304

Turnover

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

Earnings/share

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

Equity/share

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

Total return on assets (ROA)

Net operating profit less tax as a proportion of the average balance sheet total.

Return on equity

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

Capital adequacy

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

Capital adequacy ratio

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

Tier 1 equity ratio

Ratio of Tier 1 equity to risk-weighted commitments.

Risk-weighted commitments

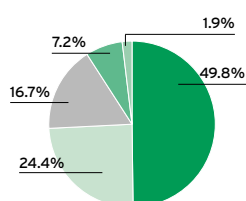
Assets in the balance sheet plus off-balance sheet items divided by credit risk and market risks, calculated and risk-weighted according to prevailing capital adequacy regulations.

Income to cost ratio

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

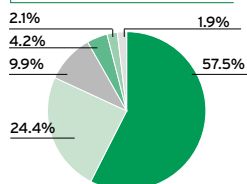
Share capital and ownership

**Ownership
on 31 December 2000**



- Savings banks and thrift promoting foundations
- Swedbank
- Finnish institutions
- Finnish savings banks
- Other

**Ownership by sector
on 31 December 2000**



- Non-profit organisations
- Foreign ownership
- Financial institutions and insurance companies
- Corporations
- Public sector organisations
- Private individuals and households

Trading and listing

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

Share capital

At the end of 2000, the bank's paid-up share capital as entered in the Finnish Trade Register was FIM 432.1 million divided into 35.3 million shares. The nominal value of a share is FIM 12. Each share carries one vote and equal rights to assets and dividends. All shares are of the same class and registered in the book entry securities system. Neither the Board of Supervisors nor the Board of Directors are currently authorised to issue shares or float securities that would entitle purchase of shares in the bank.

Ownership

At the end of the year, Aktia had 604 shareholders. The principal shareholders are savings banks foundations and thrift promoting foundations, with a combined ownership of 49.8 per cent. The savings bank foundations were founded in 1993 when Aktia was converted into a limited liability company. The origins of thrift promoting foundations can be traced to saving banks foundations. On 29 December 2000, five thrift promoting foundations (Helsingfors Norra, Helsingfors Södra, Helsingfors Torkele, Helsingfors Västra, Helsingfors Östra) joined the Helsingfors Savings Bank Foundation. The reasons for the merger were that the limitations on voting rights were abolished in the relevant legislation and that the thrift promoting foundations and the Savings Bank Foundation share the same administrative bodies. Swedbank holds 24.4 per cent, Finnish institutions 16.7 per cent, and Finnish savings banks 7.2 per cent of the shares in Aktia.

Convertible bonds and debentures

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

Shareholdings by elected officials, managing director and deputy managing directors

Members of the bank's Board of Supervisors and Board of Directors, including the managing director and deputy managing directors, held a total of 115,280 shares, equivalent to 0.3 per cent of the total number of shares and voting rights.

Goals

Return on capital after tax should exceed risk-free interest by an average of 3 to 5 per cent during an economic cycle. Capital adequacy must be at least 12 per cent and the proportion of Tier 1 equity should be at least 10 per cent.

Dividend policy

Equity investment in Aktia should prove to be a sound investment in the long term. The aim is to distribute 30 to 40 per cent of after-tax profits as dividends, without, however, jeopardising expansion. In 1999, the dividend was FIM 0.75 per share. For 2000, the Board of Directors proposes a dividend of FIM 1.00 per share.

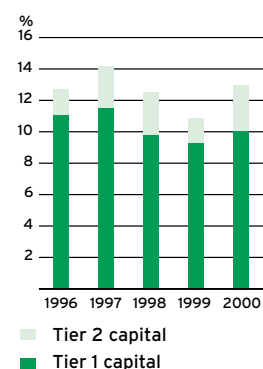
Breakdown of shares on 31 December 2000

Size category	No. of owners	% of owners	No. of shares	% of shares
1-100	197	32.62	11,975	0.03
101-1 000	213	35.26	109,241	0.31
1 001-10 000	91	15.07	321,618	0.91
10 001-100 000	62	10.10	2,421,046	6.87
100 001-	42	6.95	32,394,170	91.88
Total	604	100.00	35,258,050	100.00

Share capital and share issues

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

Capital adequacy



Corporate Governance

Regulatory framework

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

Board of Supervisors and its duties

The Board of Supervisors serves as the bank's highest administrative body that sets forth the guidelines for the bank's operations and ensures that the bank is administered expertly and with due diligence in compliance with the law and the Articles of Association. The members of the Board of Supervisors (for more details, please see page 42) are elected by the annual general meeting of shareholders for a term of 3 years. No person who reaches 65 before the beginning of the term can be elected to serve on the board. The Board of Supervisors has 30 members. Within the Board of Supervisors, there are presiding officers and a Controlling Committee, who supervise the bank's administration in more detail on behalf of the board. During 2000, the Board of Supervisors convened 4 times.

Ownership control is exercised by the Board of Supervisors, and particularly by its Controlling Committee as well as by auditors elected by the annual general meeting of shareholders. During the financial year, the members of the Controlling Committee of the Board of Supervisors and the auditors stay in continuous contact with the bank's operative management, receiving detailed reports on the bank's financial performance and day-to-day administration on a regular basis. During 2000, the Controlling Committee convened twice.

Board of Directors and its duties

The Board of Directors is responsible for the management of the bank in accordance with the provisions of the applicable laws and the Articles of Association and the instructions issued by the Board of Supervisors. Unlike the administrative system typical of other financial institutions governed by the Commercial Bank Act, the members of Aktia's Board of Directors are not part of the bank's operative management. The members of the Board of Directors (for more details, please see page 49) are appointed by the Board of Supervisors for a term of one calendar year at a time. No person who reaches 65 before the beginning of the term can be elected to serve on the board. During 2000 the Board of Directors included 7 members. Sven-Erik Kjellman was, at his own request, re-elected to the board only up to 1 August 2000. He was succeeded by Erik Bärnas, M.Sc.(Pol.). Appointed by the Board of Supervisors on 23 May, Bärnas assumed his position on 1 August. All the members of the Board of Directors were re-elected for 2001. In 2000, the board convened 16 times.

Managing director and his duties

The managing director shall see to the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board

of Supervisors in respect of issues where administrative responsibility does not rest with the Board of Directors. The managing director is appointed by the Board of Supervisors, which also elects the deputy managing directors, one of whom discharges the duties of the managing director in his absence. Mr Erik Anderson has served as managing director since 1 December 1999.

Members of the Executive Committee and their duties

The Executive Committee of the bank makes decisions on the bank's business operations in accordance with the information supplied by the Board of Directors. The members of the Executive Committee are appointed by the bank's Board of Directors. The members of the Executive Committee include the managing director, who serves as the chairman, and deputy managing directors Asko Rintala (managing director's alternate) and Jarl Sved, and general managers Tom Anderzén (appointed 1 February 2000) and Stefan Tötterman (appointed on 1 November) and Christina Wiik as the staff representative (for more details, see page 50). In this position, Tötterman succeeded deputy managing director Jan-Peter Rehn. Director Yngve Lindberg retired on 1 June. During 2000, the Executive Committee convened 56 times.

The subsidiaries are administered by the bank's operative management along the guidelines issued by the Board of Directors.

Local bank boards and their duties

Decision-making at local level involves 21 local bank boards. Members of the local bank boards are appointed by the Board of Supervisors for a term of three years.

Assurance of the integrity and competence of corporate management

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

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

Board of Directors



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

Patrick Enckell, b. 1937

Lic.Tech.

*Member of the board since 1994
(Chairman of the board since 1994)*

Shareholding: 500 shares

Positions of trust:

Chairman of board of directors of Arcada Foundation, member of board of directors of Nordkalk Oy/ Ab, Hufvudstadsbladet Ab, Paroc Group Oy Ab

Lasse Koivu, b. 1943

M.Sc. (Econ.)

Managing Director, Föreningen Konstsamfundet r.f.

*Member of the board since 1994
(Vice Chairman of the board since 1997)*

Positions of trust:

Konstsamfundet Group: Chairman of board of directors of Oy City Forum Ab, Oy Insulanova Ab, Oy Mercator Ab, Oy Kamppiparkki Ab, Hufvudstadsbladet Ab, Oy Stockmann Ab, Söderström & Co förlags Ab Grafiska Industri Ab, member of board of directors of Östra Nylands Tidningar Ab, Forum för ekonomi och teknik, Föreningen Konstsamfundet, Kelonia Oy Ab, Oy Nortecon Ab, Oy Realinvest Ab, member of supervisory board of the Mutual Insurance Company Kaleva.

Erik Bärnas, b. 1949

M.Sc. (Pol.)

Managing Director, Närpes Savings Bank

Member of the board since 1 August 2000

Position of trust:

Member of supervisory board of Pensions Insurance Company Verdandi

Robert Charpentier, b. 1965

M.Sc. (Econ.)

Bank Director, Swedbank /

Swedbank Market

Member of the board since 1999

Lars-Erik Kvist, b. 1945

M.Sc. (Econ.)

Deputy Managing Director, Swedbank

Member of the board since 1998

Positions of trust:

Chairman of board of directors of Upplysningscentralen UC AB, Vice Chairman of board of directors of FöreningsSparbanken Finans AB

Caj-Gunnar Lindström, b. 1942

Dr. Econ.

Managing Director, Åbo Akademi Foundation

Member of the board since 1997

Positions of trust:

Chairman of board of directors of Pensions Insurance Company Verdandi, Kelonia Oy Ab, Reinsurance Company Veritas, member of board of directors of Life Assurance Company Verdandi, Partek Oyj Abp

Stefan Wikman, b. 1956

L.L.M.

Attorney-at-law, Law Firm

Roschier-Holmberg & Waselius

Member of the board since 1999

Positions of trust:

Chairman of board of directors of HSS Media Ab, Oy Flexipack Ab, member of board of directors of Oy C.J. Hartman Ab, Oy Hartman Invest Ab, Oy Hartman Mobila Ab, Vice Chairman and member of executive board for Harry Schaudman Foundation, member of board of directors of several real estate corporations within the foundation, member of the executive board of the Åbo Akademi Foundation

The Executive Committee

Management for Sales & Customer Service

Left to right:
Erik Anderson,
Asko Rintala,
Jarl Sved,
Tom Anderzén,
Stefan Tötterman,
Christina Wiik,
Caj Holmström,
Kenneth Kaarnimo,
and Gösta Råholm



The Executive Committee (▲)

Erik Anderson, b. 1943

Managing Director
L.L.M.
Internal Audit, Communications, Personnel Development, Quality Control
At Aktia since 1999
Shareholding: 40,000 shares
Positions of trust:
Vice chairman of the Finnish Savings Bank Association, Oy Samlink Ab, Comptel plc, member of supervisory board of Arcada - Nylands Svenska Yrkeshögskola (Polytechnic)

Asko Rintala, b. 1953

Deputy Managing Director (Managing Director's alternate)
B.Sc. (Econ.)
Sales & Customer Service, Internet and Telephone Banking, Marketing
At Aktia since 1995
Shareholding: 34,440 shares
Positions of trust:
Member of board of directors of Aktia Asset Management Oy Ab, Life Assurance Company Sparfond

Jarl Sved, b. 1954

Deputy Managing Director
L.L.M.
Economics, Treasury, Corporate Law, Credit Control
At Aktia since 1980
Shareholding: 39,690 shares
Positions of trust:
Chairman of board of directors of Vasp-Invest Oy, vice chairman of board at Savings Banks Voluntary Security Fund, member of board of directors of Finnish Savings Bank Association, Paikallispankkien PP-Laskenta Oy

Tom Anderzén, b. 1956

General Manager
M.Sc. (Econ.), M.Sc. (Eng.)
Business development & IT
At Aktia since 1 February 2000
Shareholdings: 10,000 shares
Position of trust:
Member of board of directors of Oy Samlink Ab

Stefan Tötterman, b. 1958

General Manager
M.A., M.Sc.(Econ.)
Asset Management
Aktia Fund Management Ltd, Aktia Asset Management Oy Ab, Aktia Securities, Aktia Private Banking, Insurance Unit, Custodial and Back Office Services
At Aktia since 28 February 2000
Positions of trust:
Chairman of board of directors of Aktia Asset Management Oy Ab, member of board of directors of Aktia Fund Management Ltd

Christina Wiik, b. 1943

Investment adviser
Staff representative
At Aktia since 1961
Shareholding: 250 shares

Management for Sales & Customer Service (●)

Asko Rintala

Caj Holmström, b. 1950
General Manager
B.Sc. (Econ.)
Branch Office Operations in the Helsinki Area, Marketing
At Aktia since 1994
Shareholding: 12,300 shares
Position of trust:
Vice chairman of board of directors of Aktia Fund Management Ltd

Kenneth Kaarnimo, b. 1963

General Manager
M.Sc. (Econ.)
Branch Office Operations in Uusimaa, Turunmaa and Tampere
At Aktia since 1991
Shareholding: 20,200 shares

Gösta Råholm, b. 1955

General Manager
Branch Office Operations in Pohjanmaa
At Aktia since 1988
Shareholding: 20,150 shares
Position of trust:
Chairman of board of directors of Aktia Fund Management Ltd

Subsidiaries



*Left to right:
Tom Ginman,
Tom Lehto,
Timo Pietilä*

Subsidiaries

Tom Ginman, b. 1952

M.Sc. (Econ.)

Managing Director

Aktia Fund Management Ltd

At Aktia since 1998

Tom Lehto, b. 1958

M.Sc. (Econ.)

Managing Director

Aktia Asset Management Oy Ab

At Aktia since 1993

Timo Pietilä, b. 1959

M.Sc. (Pol.)

Managing Director

(from 1.5.2001)

Mortgage Bank

At Aktia since 1999

Contact information

Aktia Savings Bank plc, P.O.Box 207,
Mannerheimintie 14, 00101 Helsinki,
Tel. +358 10 247 5000, Fax +358 10 247 6356,
Trade Reg 38.735, www.aktia.com

Aktia Savings Bank plc
Mannerheimintie 14 A, 3rd floor, 00100 Helsinki
Tel. +358 10 247 5000, aktia7@aktia.fi
Erik Anderson

Aktia's subsidiaries and business units

Aktia Fund Management Ltd
Kalevankatu 4, 4th floor, 00100 Helsinki,
Tel. +358 10 247 6843, rahastoyhtio@aktia.fi
Tom Ginman
Aktia: Thomas Saarinen, Tel. +358 10 247 7101,
thomas.saarinen@aktia.fi
Aktia: Nickis Numelin, Tel. +358 10 247 6898,
nickis.numelin@aktia.fi
Robur: Mikko Salmilahti, Tel. +358 10 247 6895,
mikko.salmilahti@aktia.fi
Local savings banks: Anu Koskinen, Tel. +358 10 247 6891,
anu.koskinen@aktia.fi
Local cooperative banks: Riitta Mikkola, Tel. +358 10 247 6853,
riitta.mikkola@aktia.fi

Aktia Asset Management Oy Ab
Kalevankatu 4, 4th floor, 00100 Helsinki
Tel. +358 10 247 6847, tom.lehto@aktia.fi
Tom Lehto

Treasury
Mannerheimintie 14 A, 4th floor, 00100 Helsinki
Tel. +358 10 247 6500, treasury@aktia.fi
Timo Pietilä (to 30.4.2001)
Internal bank: Jens Jensen, Tel. +358 10 247 6502,
jens.jensen@aktia.fi
Trading: Bengt Wahlström, Tel. +358 10 247 6572,
bengt.wahlstrom@aktia.fi
Foreign unit: Janina Grönholm, Tel. +358 10 247 6262,
janina.gronholm@aktia.fi
Central financial institution: Pirjo Ruuska,
Tel. +358 10 247 6538, pirjo.ruuska@aktia.fi

Aktia Securities
Kalevankatu 4, 4th floor, 00100 Helsinki
Tel. +358 10 247 6443, rene.kallbacka@aktia.fi
René Källbacka
Sales: Peter Haukkamaa, Tel. +358 10 247 6563,
peter.haukkamaa@aktia.fi
Research: Sabah Samaletdin, Tel. +358 10 247 6412,
sabah.samaletdin@aktia.fi

Aktia Private Banking
Mannerheimintie 14 A, 2nd floor, 00100 Helsinki
Tel. +358 10 247 6800, yksityispankki@aktia.fi
Margaretha Einola-Rajamäki

Insurance Unit
Mannerheimintie 14 B, 5th floor, 00100 Helsinki
Tel. +358 10 247 6553, raimo.voutilainen@aktia.fi
Raimo Voutilainen
Helsinki, Eastern Uusimaa and Local Insurance: Riitta Palsio,
Tel. +358 10 247 6350, riitta.palsio@aktia.fi
Western Uusimaa, Espoo, Kauniainen, Vantaa and Turku area:
Björn Almark, Tel. +358 10 247 5482, bjorn.almark@aktia.fi
Ostrobothnia and Tampere area: Niklas Björkman,
Tel. +358 10 247 5113, niklas.bjorkman@aktia.fi
Central Uusimaa: Kirsi Lyijynen, Tel. +358 10 247 6347,
kirsi.lyijynen@aktia.fi
Local savings and co-operative banks: Ossi Paronen,
Tel. +358 10 247 6554, ossi.paronen@aktia.fi

Securities and ja back office services
Mannerheimintie 14 A, 4th floor, 00100 Helsinki
Tel. +358 10 247 6224, kaija.seitsamo@aktia.fi
Kaija Seitsamo

Branch Offices

Askola
Pappilantie 2
07500 Askola
Tel. +358 10 247 5620
askola@aktia.fi
Mervi Hallikainen

Bromarf
Bromarvintie 1855
10570 Bromarv
Tel. +358 10 247 5490
bromarf@aktia.fi
Anders Kurman

Espoo Keskusta
Espoonkatu 4
02770 Espoo
Tel. +358 10 247 6060
espoo.keskusta@aktia.fi
Christer Lönnberg

Espoo Leppävaara
Tinurinkuja 4
02600 Espoo
Tel. +358 10 247 6080
espoo.leppavaara@aktia.fi
Ulf Randell

Espoo Tapiola
Länsituulenkuja 3
02100 Espoo
Tel. +358 10 247 6030
espoo.tapiola@aktia.fi
Bertel Weckman

Hanko
Nycanderinkatu 18
10900 Hanko
Tel. +358 10 247 5550
hanko@aktia.fi
Björn-Erik Wickholm

Helsinki Eira
Vuorimiehenkatu 27
00140 Helsinki
Tel. +358 10 247 6660
helsinki.eira@aktia.fi
Birger Backström

Helsinki Etelä-Haaga
Kauppalantie 15
00320 Helsinki
Tel. +358 10 247 6760
helsinki.etela-haaga@aktia.fi
Mats Lassen

Helsinki Hakaniemi
Toinen linja 5
00530 Helsinki
Tel. +358 10 247 6710
helsinki.hakaniemi@aktia.fi
Karl Magnus Nordgren

Helsinki Itäkeskus
Tallinnanaukio 3
00930 Helsinki
Tel. +358 10 247 6820
helsinki.itakeskus@aktia.fi
Christian Hildén

Helsinki Kannelmäki
Vanhaistentie 3
00420 Helsinki
Tel. +358 10 247 6780
helsinki.kannelmaki@aktia.fi
Kerstin Korander

Helsinki Kolme Seppää
Mannerheimintie 14
00100 Helsinki
Tel. +358 10 247 6600
helsinki.kolme.seppaa@aktia.fi
Henrik Wikström

Helsinki Lauttasaari
Lauttasaarentie 39
00200 Helsinki
Tel. +358 10 247 6770
helsinki.lauttasaari@aktia.fi
Johanna Ehrnrooth

Helsinki Malmi
Torikatu 4
00700 Helsinki
Tel. +358 10 247 7550
helsinki.malmi@aktia.fi
Risto Vihula

Helsinki Munkkiniemi
Munkkiniemen puistotie 3
00330 Helsinki
Tel. +358 10 247 6750
helsinki.munkkiniemi@aktia.fi
Kimmo Tapionsalo

Helsinki Munkkivuori
Raumantie 1
00350 Helsinki
Tel. +358 10 247 6730
helsinki.munkkivuori@aktia.fi
Kimmo Tapionsalo

Helsinki Töölöntori
Sandelsinkatu 6
00260 Helsinki
Tel. +358 10 247 6640
helsinki.toolontori@aktia.fi
Kerstin Granlund-Tikkala

Helsinki Yrityskonttori
Mannerheimintie 14 B 2nd floor
00100 Helsinki
Tel. +358 10 247 6700
helsinki.yrityskonttori@aktia.fi
Seppo Rinkineva (From 9 april
2001)

Inkoo Degerby
10160 Degerby UL
Tel. +358 10 247 5480
inkoo@aktia.fi
Birgitta Lindberg

Inkoo Kirkonkylä
Ola Westmanin puistotie 5
10210 Inkoo
Tel. +358 10 247 5460
inkoo@aktia.fi
Peter Asén

Järvenpää
Sibeliuksenkatu 14
04400 Järvenpää
Tel. +358 10 247 6150
jarvenpaa@aktia.fi
Ilkka Ahonen

Karjaa Keskusta
Kauppiaankatu 10
10300 Karjaa
Tel. +358 10 247 5500
karjaa.keskusta@aktia.fi
Hans-Erik Backman

Karjaa Mustio
Askersintie 62
10360 Mustio
Tel. +358 10 247 5530
karjaa.mustio@aktia.fi
Lena Pitkänen

Kauniainen
Promenadi 1
02700 Kauniainen
Tel. +358 10 247 6010
kauniainen@aktia.fi
Irina Hemnell

Kerava

Kauppakaari 4
04200 Kerava
Tel. +358 10 247 7980
kerava@aktia.fi
Rauni Kilpelä

Kirkkonummi Keskusta

Torikatu 2
02400 Kirkkonummi
Tel. +358 10 247 5400
kirkkonummi.keskusta@aktia.fi
Kim Henriksson

Kokkola

Isokatu 15
67100 Kokkola
Tel. +358 10 247 5060
kokkola@aktia.fi
Jukka Vainio

Kruunupy Service Outlet

Kvarnvägen 1
68500 Kruunupy
Tel. +358 10 247 7860
kruunupy@aktia.fi
Christina Omars

Laihia Service Outlet

Laihiantie 39
66400 Laihia
Tel. +358 10 247 5300
vaasa.torikonttori@aktia.fi
Ritva-Liisa Puska

Loviisa

Brandensteininkatu 11
07900 Loviisa
Tel. +358 10 247 5600
loviisa@aktia.fi
Erkki Tuormaa

Mustasaari Helsingby

Sandåsbäckantie 2
65520 Helsingby
Tel. +358 10 247 5190
mustasaari.helsingby@aktia.fi
Rakel Malm

Mustasaari Mobile Bank

Tel. +358 50 516 6304
Christer Åbonde

Mustasaari Sepänkyliä

Markkinatie 1
65610 Mustasaari
Tel. +358 10 247 5200
mustasaari.sepankyliä@aktia.fi
Thomas Ingo

Mustasaari Sulva

Sulvantie 213
65450 Sulva
Tel. +358 10 247 5210
mustasaari.sulva@aktia.fi
Kaj Tuure

Oravainen Kirkkonkyliä

Öurintie 6
66800 Oravainen
Tel. +358 10 247 5220
oravainen.kirkkonkyliä@aktia.fi
Stig Gunnar

Parainen

Kirkkoesplanadi 3
21600 Parainen
Tel. +358 10 247 5840
parainen@aktia.fi
Hiikka Söderholm

Pedersöre Ähtävä

Ähtäväntie 270
68820 Ähtävä
Tel. +358 10 247 5050
pedersore.ahtava@aktia.fi
Marita Stenbäck

Pernaja Koskenkyliä

Suurpellontie 1
07700 Koskenkyliän saha
Tel. +358 10 247 5640
pernaja.koskenkyliä@aktia.fi
Kenneth Lund

Petolahti

Kyrktäet 4
66240 Petolahti
Tel. +358 10 247 5260
petolahti@aktia.fi
Ann-Marie Raukko

Pietarsaari

Kauppiaankatu 6
68600 Pietarsaari
Tel. +358 10 247 5020
pietarsaari@aktia.fi
Björn-Erik Lithén

Pirttikylä

Keskustie 9
66270 Pirttikylä
Tel. +358 10 247 5270
pirttikyla@aktia.fi
Agneta Nyman

Pohja Kirkkonkyliä

Vanha Turuntie 73
10420 Pohjankuru
Tel. +358 10 247 5520
pohja.kirkkonkyliä@aktia.fi
Eija Kajander

Pornainen

Makasininkuja 1
07171 Pornainen
Tel. +358 10 247 5630
pornainen@aktia.fi
Nina Simosas

Porvoo Keskusta

Mannerheiminkatu 9-11
06100 Porvoo
Tel. +358 10 247 5700
porvoo.keskusta@aktia.fi
Matti Malms

Sipoo Nikkilä

Isokylätie 20
04130 Sipoo
Tel. +358 10 247 5660
sipoo.nikkila@aktia.fi
Ulf Lundström

Sipoo Söderkulla

Terveystie 3
01150 Söderkulla
Tel. +358 10 247 5650
sipoo.soderkulla@aktia.fi
Monika Tillander

Siuntio

Siuntiontie 504
02580 Siuntio
Tel. +358 10 247 5440
siuntio@aktia.fi
Kim Karlsson

Sundom

Sundomintie 7
65410 Sundom
Tel. +358 10 247 5290
sundom@aktia.fi
Anne-Maj Finne

Tammisaari

Kustaa Vaasan katu 7
10600 Tammisaari
Tel. +358 10 247 5350
tammisaari@aktia.fi
Carita Halenius

Tampere Keskusta

Hämeenkatu 8
33100 Tampere
Tel. +358 10 247 5900
tampere@aktia.fi
Jorma Salovaara

Tampere Lielähti

Taninkatu 2
33400 Tampere
Tel. +358 10 247 5930
tampere.lielähti@aktia.fi
open in August 2001

Tenhola

Vanha tie 18
10520 Tenhola
Tel. +358 10 247 5540
tenhola@aktia.fi
Bo Jansson

Turku Linnankatu

Linnankatu 6
20100 Turku
Tel. +358 10 247 5800
turku@aktia.fi
Norbert Agte

Turku Länsikeskus Service Outlet

Viilarinkatu 4
20320 Turku
Tel. +358 10 247 5830
turku.lansikeskus@aktia.fi
Open in May 2001

Turku Yliopistokatu

Yliopistokatu 30 A
20100 Turku
Tel. +358 10 247 5860
turku.yliopistokatu@aktia.fi
Ari Jutila
Open in June 2001

Tuusula

Hyrylänkatu 8
04300 Tuusula
Tel. +358 10 247 6170
tuusula@aktia.fi
Timo Flinkman

Uusikarlepyy

Pankkikatu 10
66900 Uusikaarlepyy
Tel. +358 10 247 5040
uusikaarlepyy@aktia.fi
Kenneth Holmgård

Vaasa Huutoniemi

Kuninkaantie 72-74
65320 Vaasa
Tel. +358 10 247 5170
vaasa.huutoniemi@aktia.fi
Matti Kuusiniemi

Vaasa Torikonttori

Vaasanpuistikko 16
65100 Vaasa
Tel. +358 10 247 5100
vaasa.torikonttori@aktia.fi
Merja Hellberg

Vaasa Viikinga

Palosaarentie 81
65200 Vaasa
Tel. +358 10 247 5180
vaasa.palosaari@aktia.fi
Tiina Ala-Toppari

Vaasa Yrityskonttori

Vaasanpuistikko 16
65100 Vaasa
Tel. +358 10 247 5150
vaasa.yrityskonttori@aktia.fi
Ralf Bäckström

Vallgrund

Sommarösundintie 75
65920 Norra Vallgrund
Tel. +358 10 247 5280
vallgrund@aktia.fi
Evi Rönn

Vantaa Helsingin pitäjä

Nilsaksenpolku
01510 Vantaa
Tel. +358 10 247 6120
vantaa.helsingin.pitaja@aktia.fi
Sebastian Pääwals

Vantaa Myyrmäki

Kilterinraitti 6
01600 Vantaa
Tel. +358 10 247 6130
vantaa.myyrmaki@aktia.fi
Lars-Henrik Lindroos

Vantaa Tikkurila

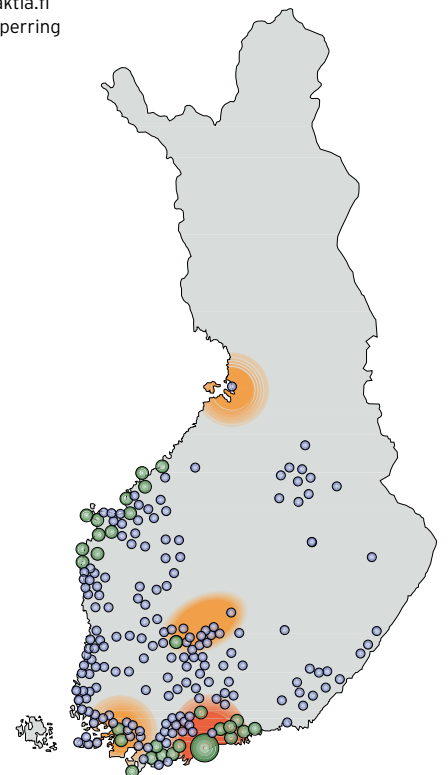
Asematie 2
01300 Vantaa
Tel. +358 10 247 6100
vantaa.tikkurila@aktia.fi
Risto Vihula

Yttermalax

PL 20
66101 Maalahti
Tel. +358 10 247 5250
yttermalax@aktia.fi
Hans-Erik Nordlund

Övermalax

PL 29
66141 Övermalax
Tel. +358 10 247 5240
overmalax@aktia.fi
Lars-Göran Sperring



- Growth areas
- Aktia
- Savings banks and local co-operative banks

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