Aktia Savings Bank

2002

Annual Report
2002

Contents

The official financial statement can be downloaded from Aktia's website www.aktia.com or ordered from communications@aktia.fi

Annual General Meeting of Shareholders

The 2003 annual general meeting of shareholders of Aktia Savings Bank plc will be held Tuesday 22 April at 4 p.m. in the Aktia Room at Yrjönkatu 31, Helsinki. The annual general meeting of shareholders will address the issues required under the Companies Act. Shareholders who wish to participate in the annual general meeting of shareholders should inform the bank of their participation no later than Wednesday 16 April 4 p.m. by calling Annika Löthner at +358 10 247 6250, by fax at +358 10 247 6465, or by e-mail to annika.lothner@aktia.fi.

Financial reports

Aktia will publish the following financial reports during 2003:

14 February – result for 2002
29 April – interim report for January-March 2003
18 August – interim report for January-June 2003
24 October – interim report for January-September 2003

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 from communications@aktia.fi.

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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 – individuals and families lie at the heart of our activities.
- We, the Aktia people, are the bank – everybody's input is crucial.
- We are open and honest in our communications with our customers.
- We are up-to-date and experts in our field and we are continuously developing our bank activities.
- We are responsible for each other, for the bank's owners and society by being profitable and efficient.

Aktia's mission is to help its customers handle their finances as efficiently and economically as possible. The bank always respects its customers' integrity and their justified interest always takes precedence over Aktia's short-term gains. In the end, however, the customer is the one who is responsible for his or her own finances.

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, whom are served by designated contacts. The entire organisation is geared to support them in their work. Aktia's organisation is clearly defined and its hierarchy is flat with short, decision-making paths. All Aktia employees have clearly defined roles, responsibilities and goals that are followed up on. Aktia employees work as a team, with each individual assuming full responsibility for his or her own input.

Aktia employees trust each other, which requires the right person for the right job. Activities are based on mutual trust between the employer and employees, clearly laid-out principles, fair rules, and facts.

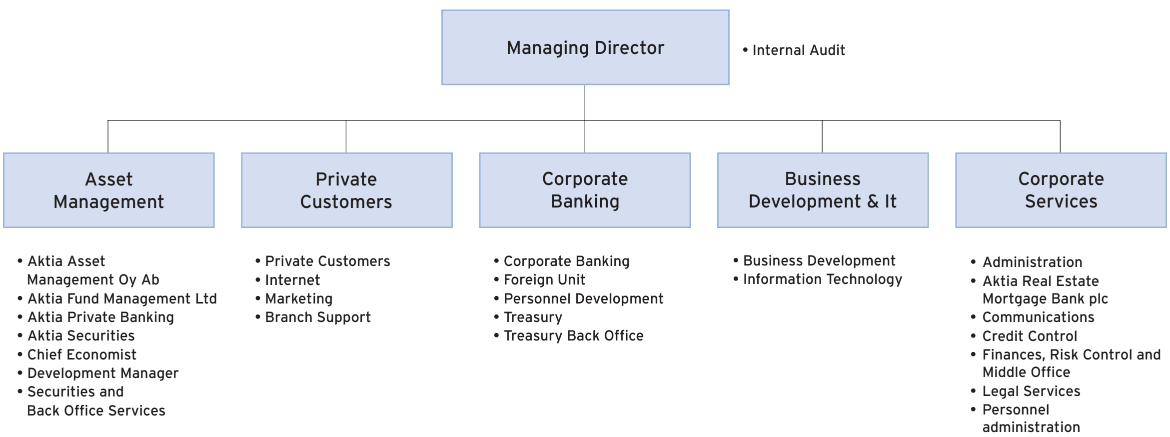
All employees are responsible for maintaining and developing their expertise and improving their performance.

The prerequisite for Aktia's existence is profitability.

Aktia in brief

Aktia was created in its current form at the beginning of the 1990s when the Helsinki Savings Bank merged with a number of savings banks based in the coastal areas. Historically speaking, Aktia's roots date back to 1825, when Finland's first deposit bank saw the light of day. Aktia is a bilingual Finnish savings bank that responds to the needs of its customers: private individuals, local companies, municipalities, and non-profit organisations. Aktia is engaged in deposit banking and operates as an authorised securities broker with a comprehensive network of global correspondent banks. The bank serves as the central financial institution for savings and local co-operative banks. Aktia is approved by the Bank of Finland as a counterparty for open market operations and is a party to the Bank of Finland's payments, liquidity and cheque account facilities. The Aktia Group includes Aktia Fund Management Ltd, Aktia Asset Management Oy Ab, Aktia Real Estate Mortgage Bank plc, Vasp-Invest Oy, and Kiinteistö Oyj Mannerheimintie 14. Aktia is owned by Finnish savings bank foundations, institutions, savings banks, FöreningsSparbank of Sweden, and private individuals.

Aktia Group



The year 2002 in a nutshell

- Mikael Ingberg assumed his position as Managing Director on 15 September 2002.
- Aktia appointed six new members to the Board of Directors.
- In February, the Board of Directors of the Savings Banks Association and the Pohjola Group plc announced plans to start negotiations on close financial co-operation. At first, Aktia participated in negotiations, but decided afterwards not to take part in the proposed financial co-operation.
- The adoption of the euro went well. The expected rush on the branch offices was complete in a couple of weeks, technology worked and the new bills and coins were quickly adopted.
- Branch activities are being reorganised according to a new operations model in the private and corporate sectors. The objective was to achieve greater growth, a higher standard of quality, to better manage risks and, above all, more time for customers through a sharper focus and improved efficiency.
- In April, Aktia assumed the duties of the account-holding institution for the securities services of savings and local co-operative banks.
- In the private customer sector, a new, uniform operations model was introduced. This has resulted in extensive investments in competence development, new personnel and technology.
- Aktia opened a service outlet at the Jumbo shopping mall in Vantaa.
- Aktia started to sell a new housing loan, the mortgage loan.
- All activities that require direct contact with the customer have been concentrated in the branch support unit.
- Despite strong competition and uncertain market conditions, sales targets were reached in many areas. In particular, housing loans, mutual funds and insurance sold well.
- In a survey on customer satisfaction, Aktia was awarded an average grade of 8.6 on a scale of 4 to 10 by its customers.
- Aktia gained more than 14,000 new bank customers and more than 10,800 new holders of units in mutual funds. The most important customer target group for Aktia – Prime and Top Prime customers – grew by 6%.
- Aktia Corporate Banking started operations in January. Over the year, new personnel were hired and new premises acquired.
- In spite of extensive development and organisation work, Corporate Banking exceeded both its sales targets and its activity targets for the year.

Summary of the Group's financial performance

	€ million	+/- %
Saving*	2,457	+2.3
Saving by households**	1,893	+2.6
Borrowing	1,926	+3.7
Lending	2,412	+12.8
New housing loans	670.1	+34.0
Total income	112.4	1.8
Net income from financial operations	75.2	-2.6
Total expenditure	90.1	+9.6
Loan losses***	3.0	NA
Operating profit	19.7	-38.6
Profit for the year	12.6	-42.9
Return on equity (ROE) % (the sector-specific credit loss provision excluded 8.7%)		7.2

* borrowing plus investments in mutual funds in the Aktia Group
** borrowing from the public plus investments in mutual funds in the Aktia Group
*** incl. a sector-specific credit loss provision of 2.5 million

2002

Statement by the Managing Director

The customer satisfaction survey for 2002 shows that Aktia's customers are even more satisfied with their bank than they were the year before. Aktia was awarded a grade of 8.6 on a scale from 4 to 10. Considering the prevailing market situation, we are quite satisfied with the result for 2002 and growth continued in spite of ever-stronger competition. The year 2003 is the Year of Saving at Aktia, which means new products and services for customers.

Customer satisfaction increasing

Aktia's mission is to be the leading bank in Finland in catering for its customers and their banking and financial affairs. To be able to accomplish its mission and to learn how operations must be developed to fulfil what the customers want, Aktia is carrying out regular, independent customer satisfaction surveys. This customer satisfaction index, which measures quality, personal service, the professional skills of the personnel, the expertise and the sales activity, improved again when compared to 2001. Aktia was awarded a grade of 8.6 on a scale from 4 to 10. One of the goals for the organisation changes that occurred over the year, during which branch office operations were divided into two separate business areas – Privat Customers and Corporate Banking – was to focus operations, improve quality and competence and, the most important goal, to free up more time for customers. The result of the survey for last year showed that we have succeeded in this endeavour.

Continued growth despite the challenging market situation

Economic development for last year was not as favourable as expected. During the year, market rates fell by 0.8% and, on 5 December, the European Central Bank lowered its refinancing rate from 3.25% to 2.75%. At the same time, the intense price competition, in particular for housing loans, continued. In addition, competition was waged over the price of deposit products. The uncertainty on the capital market continued to prevail and the expected increase in prices failed to occur. This made investors wary, particularly of direct investments in shares, but the weak market situation also affected investments in mutual funds and insurance products. As a result of the bleak outlook for economic growth and weak demand, employment did not fulfil expectations either. Inflation, however, stabilised at 2% at the end of the year. The threat of war in Iraq further dampened the mood during the last months of the year.

The Group's operating income for 2002 was EUR 19.7 million, a decrease of 38.6% when compared with the corresponding period the year before. Return on equity (ROE) was 7.2% (8.7% the sector-specific credit loss provision excluded). The net income from financial operations fell by 2.6%, despite an increase in lending and deposits. The decrease was mainly caused by the rapidly decreasing market interest rates and partly because fierce competition had reduced the lending and deposit margins. The other income stayed the same as it had been the year before. Expenses increased by 9.6%, first and foremost as a consequence of the reorganisation of operations in the private and corporate customer organisations as well as the strengthening of sales resources. The profit for the year amounted to EUR 12.6 million. Profit was affected by the specific credit loss provision for each branch of EUR 2.5 million, which is justified by the economic situation creating risk for increasing credit losses to come.

Volume growth continued and the Group's lending increased by 12.8%. In particular, household lending increased. Aktia's growth of 16.4% in household lending continued to surpass market growth. In addition, sales of residential mortgage loans exceeded expectations. On the other hand, growth in savings decreased. Deposits from the public increased by 3.3%, while household saving (deposits and mutual fund capital) rose by 2.6%. Despite the uncertainty prevailing on the capital market, the number of new fund investors increased by 13.1% and the number of fund savers by 2,600 people (9.5%). Aktia Fund Management Ltd is still the fourth largest mutual fund company in Finland based on the number of regular fund savers, which represents a great growth potential. Aktia continued to attract new customers. The total number of new customers was 14,000, of which approximately 5,000 belonged to the bank's most important customer segment, Prime and Top Prime customers.

The result for the year met our expectations. Considering the market conditions, we are quite satisfied.

The Year of Savings 2003

For some time now, Aktia has distinguished itself in the loan sector, housing loans in particular. In this sector, we are a considerable player on the market. We will continue to develop the features of our loans. Aktia Real Estate Mortgage Bank plc, which opened for business last year, is our most recent investment in this sector. Mortgage loans were immediately well received by customers, and the activities of the first year significantly exceeded all expectations both in volume and in the number of new loans. Aktia Real Estate Mortgage Bank plc will finance its lending by issuing collateralised housing bonds thereby securing Aktia's competitiveness in the housing loan market.

We are a savings bank and our goal is to raise the trading in savings to the same level as it is for loans. Aktia rang in the New Year of 2003 with the motto "Year of Saving". The Year of Saving has two goals. For customers, this means that this year the bank will focus its efforts on developing its savings concept. For customers, the most important issue is that we take care of their whole economy, as its not always easy to find suitable savings options in the current market situation. For this reason, we have developed a savings plan that we can use to map the needs and wishes of the customer. We will be developing our current savings products as well as our traditional bank account products and launch new types of mutual fund and insurance products.

In addition, we will be committing ourselves to developing alternative and new savings products. That the need exists is particularly visible in the demand that prevailed for the first bond that was issued in 2003.

At the same time, internal efficiency will be made the focal point. For several years now, we have invested heavily in personnel, both through the recruitment of new employees and, above all, through specifically training personnel in savings-related activities. In addition, we have made large investments in technology and in renovations of our offices. Thus, we have the prerequisites to continually develop our operations without increasing costs; as a matter of fact, we can actually decrease them.

Plans and objectives for the future

For the upcoming year, Aktia's most important goal is to create a balance between the development of income and expenses. Cost savings have already been achieved in the beginning of the year, although there still remains a lot to be done. The adjustments require sacrifices, determination and perseverance. The leadership of our management and the flexibility of our personnel will be put to the test.

Aktia continues to have a strong growth objective. The growth that we have experienced in the last couple of years has not, however, been sufficient to raise our income as tough competition has decreased customer margins. We will do our best to give our customers even more added value.

Over the last couple of years, Aktia has become more of a goal and sales-oriented organisation. Erik Anderson, the bank's former managing director, was a driving force behind this evolutionary process, for which we are much obliged.

In conclusion, I would like to extend my thanks to the owners, customers, and partners and last, but not least, to Aktia's entire staff for their excellent work input.

Helsinki, March 2003
Mikael Ingberg

Subsidiaries

Aktia Asset Management Oy Ab

Aktia Asset Management Oy Ab offers discretionary asset management services to institutional investors and manages Aktia's mutual funds. Investments are made in Finnish and foreign equities and interest rate instruments. The investment process employs a top-down approach that is based on macro-economic conditions.

The year 2002 was once again a weak year for the equity market and share prices fell for the third year in a row. The MSCI World Index fell by 15.4%, the Dow Jones Eurostoxx 50 by 36.7% and the HEX Portfolio Index by 16.7%. Due to the weak market, the total assets managed by Aktia Asset Management decreased by 14.9%. On the other hand, the number of portfolios managed rose by 20%.

The need for advanced asset management services has increased considerably over the last year, while at the same time, competition on the market has substantially intensified. Aktia Asset Management has succeeded well here, which is visible from the many first place rankings that our mutual funds have received in international fund rankings.

Over the years, Aktia Asset Management has set up an extensive and smoothly operating global network of co-operation that includes many of the world's leading investment banks. This benefits our investors, as their investments will be spread out internationally.

For more information about Aktia Asset Management Oy Ab, visit us at www.aktia.fi.

Aktia Fund Management Ltd

Aktia Fund Management Ltd administers and markets mutual funds that invest both in the Finnish and international money and capital market. The funds are mainly sold via the branch offices of Aktia and its partners that handle customer contact as well. Aktia Fund Management provides the individual offices with sales support through training, consultation, product development and various types of information and sales material. Institutional sales are directly maintained through Aktia Fund Management. At the same time, Aktia's web site is an important source of information and serves as a marketing and sales channel.

During 2002, Aktia Fund Management continued to work together with FöreningsSparbanken in Sweden and in autumn, it launched three new Robur equity funds for major customers: the Finansfond (the Financial Fund), the Miljöfond (the Environmental Fund) and the Svenska Kyrkans Värdepappersfond (the Swedish Church's Security Fund). Aktia has a total of 27 mutual funds.

Three of Aktia's own funds, Aktia Solida (mixed fund), Aktia Capital (equity fund) and Aktia Interest (long-term interest fund) have succeeded extraordinarily well in return comparisons with other funds in the same category. For twelve months, Aktia Solida has yielded the best return of all of the mixed funds registered in Finland. Aktia Interest has had the fourth best return amongst long-term interest funds over a twelve-month period. Aktia Capital has yielded the third best amongst the Finnish equity funds for a three-year period of time and the fourth best for one-year and five-year periods.

To respond to the customer's increased need for information, Aktia Fund Management will continue to invest in more training, product development and sales support. At the same time, training and communications are highlighted through the Aktia Investment University, which is Aktia Fund Management's training concept for both end customers and partners. In order to improve efficiency, Aktia Fund Management is also placing a special emphasis on information technology. Regular fund savings and the maintenance of a sufficient assortment of funds that correspond to the needs of the market are being continually highlighted.

Unit-linked pension insurance schemes will continue to play an important role in sales. This is particularly true for the voluntary pension insurance that sold better than ever before in 2002. Co-operation with some savings and local co-operative banks, FöreningsSparbanken, Robur, PPM/Sweden, Veritas and Skandia will continue.

For more information about Aktia Fund Management and our mutual funds, visit us at www.aktia.fi.

Aktia Real Estate Mortgage Bank plc

Aktia Real Estate Mortgage Bank plc extends housing loans to the customers of Aktia Savings Bank plc. Lending is financed by bonds issued by the mortgage bank to the capital market. These mortgage bonds are secured by the housing loans granted by the bank. The mission of Aktia Real Estate Mortgage Bank is to generate funding at favourable terms, thereby securing the growth of Aktia Group.

In 2002, the launch of this activity was quite successful. A mortgage loan, which means a long, favourable housing loan for customers, has become a central part of Aktia's housing loan concept in a short period of time. Mortgage loans are sold in Aktia's branch offices. In November, Aktia Real Estate Mortgage Bank plc raised its share capital from EUR 5.1 to EUR 15.1 million through a targeted share issue to Aktia Savings Bank plc. Aktia Savings Bank plc holds 100% of Aktia Real Estate Mortgage Bank plc.

For the upcoming year, sales of mortgage loans are expected to grow even more sharply. Operations will continue to be developed and share issue activities will be launched in 2003.

For more information about Aktia Real Estate Mortgage Bank plc, visit us at www.aktia.fi.

Meggi Hedengren, 7,
preschooler, home branch Aktia
Kolme Seppää, saves her weekly
allowance at Aktia

Business operations

Aktia – the bank with the human touch. It is our customers' needs and preferences that decide what, when and how the customer will use our banking services or be served. Aktia's largest single customer category is private individuals, who account for about 75% of the total customer base. Since 2002, the bank's corporate customers have been served by Corporate Banking. Aktia applies its concept of full service, which includes granting loans, saving, asset management and daily banking business such as Internet payments.

Aktia Savings Bank offers individual and comprehensive financial services as well as a lifelong relationship with the bank to private individuals, entrepreneurs, housing associations and small and medium-sized enterprises. Products and services have been developed to answer the customer's needs and expectations that appear when customers and bank staff are in regular contact with each other.

The customer decides

The starting point for Aktia's customer service has been serving its customers in the best possible way and at the times that best serve the customer. Technological developments have made it possible to access Aktia's services irrespective of place and time. Regardless of how this is actually done, however, it must be implemented in a way that satisfies the customer's needs and complies with Aktia's policy of caring customer service. This includes personal and easily accessible services, customised solutions, responsibility, and quick decision-making.

Aktia adapts its services to the needs and preferences of its customers, which means that the bank will not try to persuade customers to start using web or telephone services. Customers can freely select what mode of service they prefer. Naturally, they are always welcome to visit the branch office.

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 the customers' requirements and desires, the bank relies on independent consultants to carry out impartial customer satisfaction surveys that serve as a basis for future action. The survey measures how well the customers are satisfied with the quality of the bank services, the personal service, the professional skills of the bank personnel, expertise, the sales activity, etc. In the survey for 2002, the customer satisfaction index improved once again from the level it stood at in 2001. Aktia was awarded a grade of 8.6 on a scale of 4 to 10.

Aktia Private Customers

Aktia's largest single customer category is private individuals, who account for about 75% of the total customer base. In accordance with the bank's strategy for growth and focus on its customer segments, the Group gained more than 14,000 new banking customers and more than 10,800 new holders of mutual fund units in a year. Lending to households increased by 16.4% and housing loans by 19.2%. Saving by households grew by 2.6%. The growth also resulted in greater market shares. The total number of private customers was approximately 260,000, of which approximately 60% have Finnish as their mother tongue and approximately 40%, Swedish.

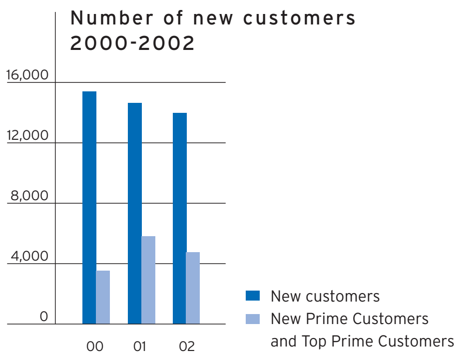
Aktia Private Customers is divided into ten regions. During the year, a new operations model was introduced to harmonise and improve work procedures. The new model means extensive commitments to developing competence, new personnel and technology.

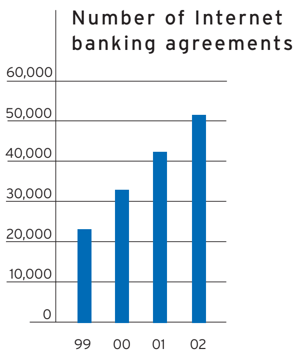
Customer service at branch offices

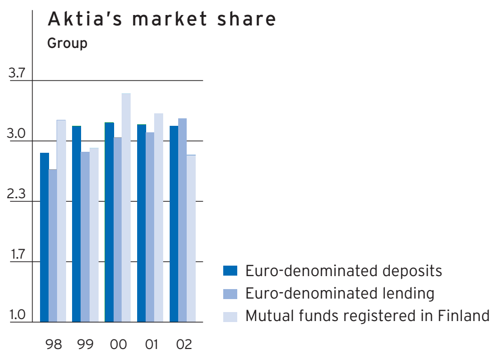
Aktia is constantly developing its network of branch offices by refurbishing and redesigning existing offices and setting up new offices in areas where there is growth potential and increasing demand for its services. In 2002, the bank opened a service outlet at the Jumbo shopping mall in Vantaa. The upgrading of branch offices and the office environment, the development of technological systems and working procedures as well as staff training are ongoing processes based on the needs and wishes of the customers. Aktia Private Customers currently operates 66 branch offices and service outlets.

Customer service on the web

Aktia's online services, including its web service, the Internet and telephone bank as well as its web office, are fully integrated into Aktia's business operations. Online services are being developed in stages to respond to the needs of the various customer groups. The mission to be the leading bank in personal and caring customer service applies to the







web as well. The concept of "the bank with the human touch" and individual service must come across to users of the web services. In 2002, web activity increased considerably and Aktia's Internet bank gained over 10,000 new users. The number of transactions in the Internet bank grew by approximately 30% over the year and the number of hits to Aktia's web pages grew by 60% when compared to 2001.

The activity on Aktia@net, which began operations in September of 2001, has gotten off to a good start. In addition to Aktia's basic services, Aktia@net offers its customers personal advice and service. Customers contact their branch office when it best suits them to do so: by phone, fax or secure e-mail connection. They are automatically identified and directed to their own advisor when they contact the web office. The customers appreciate the flexibility and quickness that the office offers and the personal contact person is particularly appreciated.

Aktia's web service is primarily intended for private customers and its aim 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 on such issues as exchange rates and news. Visit us at www.aktia.fi.

Prime customer concept

Aktia's most important customer categories are the customers who concentrate their banking business with Aktia, thus achieving a customer volume of at least EUR 12,000. These customers, Top Prime Customers and Prime Customers, receive discounts on service charges and products offered by Aktia's partners. In addition, Top Prime Customers have a designated customer contact at Aktia.

The customer care discussions conducted at least once a year are highly appreciated among our clientele. The idea behind the discussions is that the customer contact goes through the customer's finances and plans for the future with him or her. Consequently, the contact person can develop a complete picture of the customer's financial position and expectations for the bank and can thus offer the customer tangible and tailor-made solutions.

Products and services

Aktia offers its customers the concept of full service, which includes a comprehensive range of products. The products are divided into three categories – saving, lending, and payment transactions – and are customised according to individual needs and wishes.

Saving

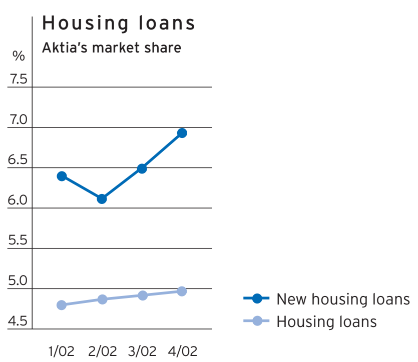
Aktia offers a wide selection of saving products, from various types of saving accounts to mutual funds, insurance, and shares. Customers choose what method of savings they would like to use according to the expected return, acceptable risk and investment horizon. To support the customer in the selection of a suitable fund, Aktia has introduced a "fund investor profile". The idea behind the profile is to take into consideration the customer's previous investment history as well as the intended period of saving, related objectives and what type of saver the customer is, i.e., to define the customer's risk profile. Based on this information, the customer receives a concrete proposal for a mutual fund portfolio.

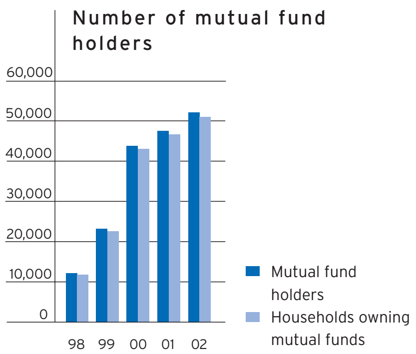
Aktia has had its equity funds that are managed by the group subsidiary Aktia Asset Management Oy Ab reviewed in accordance with the Global Investment Performance Standards (GIPS). The idea behind GIPS is to introduce a consistent method of calculating the return on investments per calendar year. This makes it easier to compare individual funds. A unique feature of this concept is that the GIPS reports are available on Aktia's web site.

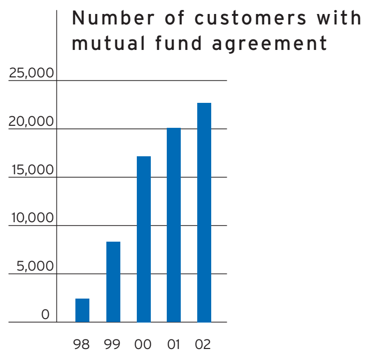
The year 2003 is the Year of Saving at Aktia. The saving concept is being developed and it includes new savings and investment products as well as services. In spring, a savings plan will be introduced by Aktia's customer service. The savings plan establishes the framework for how a customer's wealth should be diversified amongst the various savings products with full consideration of the customer's overall situation. Several new savings-related products will be launched during the year, e.g., fixed term deposits and a savings deposit account.

Lending

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







As most Finns still want to live in a home of their own, financing the purchase of a house or flat continues to be the biggest single investment for them. This is also reflected in Aktia's loan portfolio, where housing loans account for about 75% of all credit extended to households. In 2002, Aktia's new housing loan product, the mortgage loan, was a central part of Aktia's housing loan assortment. The new product was well received by customers and personnel alike and sales in 2002 have been better than expected. In addition, loan insurance, GE insurance, was popular with customers and it sold quite well. In 2002, approximately 40% of all insurable loans were insured.

The trust between the customers and the bank is the basis of lending. Aktia actively selects its customers and strives to build long-term customer relationships. Generally, decision-making takes place on the branch office level to create quick and convenient service.

Payment transactions

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

The product choice includes everything from OTC payments to payment services, direct debits, Internet and telephone bank and various card products. Nearly 90% of all of Aktia's transactions are automated. Sales of various cards were brisk during the year and this trend is expected to continue over the next few years. Card payments also increased considerably.

Aktia Corporate Banking

Aktia primarily provides financing for companies that appreciate a high standard of service and local knowledge. Most of the corporate customers are small and medium-sized companies based in the areas where Aktia operates.

Corporate financing within Aktia has two starting points. Aktia serves as the main bank for some of the companies through its basic financing services: payment transactions, borrowing and lending. For other companies, Aktia can provide complementary banking services, e.g., payment transfers.

As in other sectors of banking, Aktia acts as a low-risk financier focusing on traditional, well-established business operations such as capital-intensive industrial manufacturing, construction and housing production as well as commerce.

Corporate Banking operates a total of 11 service outlets in four regions. Each individual unit must have the competence that corresponds to the needs of the market in order to handle the corporate customer's issues. The corporate bank's unit in Helsinki has already served large corporations for some time, partly in conjunction with the bank's partner FöreningsSparbanken. In 2002, the bank had more than 14,000 corporate customers.

The goal for 2003 is to grow at the same pace as the bank as a whole. This increases organisational flexibility as expertise and knowledge increase as a result of the sharper focus.

Asset management

In investment matters, Aktia also wants to offer comprehensive solutions that suit the customer's needs and personal situation. Aktia offers investment advice on several different levels. The investment advisors that can be found in every branch office handle funds of EUR 12,000–50,000. Designated customer contacts take care of the Top Prime Customers in all of their banking matters, even in investment matters. On the other hand, investment specialists concentrate completely on the investments of Top Prime Customers. Aktia Private Banking serves private individuals, foundations and other non-profit organisations that have more than EUR 170,000 of manageable funds and Aktia Asset Management takes care of clients that have more than EUR 1.7 million in wealth. The basis of all investment advice is a consistent view and strategy for investing. For more information on asset management, visit us at www.aktia.fi.

The main mission of Aktia Private Banking is to manage the assets of high net worth individuals, foundations and other non-profit organisations. The services range from advice to discretionary asset management agreements. In addition to asset management and traditional banking services, Aktia Private Banking offers its customers tax planning and legal advice. Foundation and association customers are also offered comprehensive accounting and financial administration services.

Business units

Treasury is responsible for securing the bank's financing by borrowing on the capital market, and investing in various interest-bearing securities; it sees to it that the bank's cash reserves are maintained and is responsible for all trading in currencies and interest rate instruments with respect to Aktia's customers.

Aktia Securities handles equity trading for both private and institutional investors as well as savings and local co-operative banks. Aktia Securities also monitors the companies listed on the Finnish stock exchange and generates market and corporate reports.

The Foreign Unit handles Aktia's as well as the savings and local co-operative banks' overseas payment transactions and maintains Aktia's international network of correspondent banks.

Securities and Back Office Services serves Aktia's customers by providing custodial and safekeeping services for Finnish and foreign securities.

For more information on Aktia's business units, visit us at www.aktia.fi.

Bo Karlsson, 61, private entrepeneur, and Birgitta Karlsson, 63 pensioner, home branch Aktia Porvoon Keskusta, save in mutual funds for their grandson Rasmus Jäppilä, 2.5

Personnel

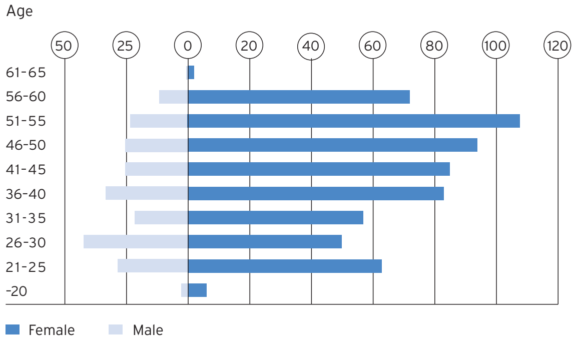
Personnel and competence development

The task of personnel development is to support the implementation of Aktia's approach. Aktia's aim is to see to it that all Aktia employees feel that they dare, are capable of, are willing to and are permitted to take responsibility for their own work and the development of their own competence. In spring of 2002, extra course days were arranged to support the adoption of the new operations model based on roles at the branch offices. An average of 3.6 course days was arranged per person for the whole year. The implementation of a computer system that was acquired and tested in 2001 was interrupted when it proved to not correspond to all of Aktia's needs.

Staffing on 31 December

	1998	1999	2000	2001	2002
Full-time	543	585	618	653	697
Part-time	47	54	54	63	80
Fixed-term	83	85	97	83	74
Actual bank staff	673	724	769	799	851
Other	33	26	28	27	21
Extended leaves of absence	21	19	21	22	24
Staff total	727	769	818	848	896

Breakdown of bank staff by age and gender



Breakdown of bank staff by period of employment

* incl. fixed-term

New method of development review

In accordance with the new operations model of Aktia Private Customers the knowledge that is necessary for each role was defined based on the work role. Competence profiles and an estimation method were developed for the majority of the personnel. The development review was revised so that appraisals of competence would become a major part of it. Managers and personnel will do the appraisal together with the help of a tool specifically created for this. In addition, the supervisors create development plans that are specific to each branch office and region. In Aktia's new operations model, the satisfaction of objectives are tracked and performance evaluated more frequently as part of sales management and daily operations. Surveys have shown that both managers and employees are satisfied with the new development review, in particular with the standardised method and the tool that structures the discussion.

Internal training

Among other things, the Group's induction program was revised due to the increased number of new employees. The induction process mainly takes place on the net. In addition, a tool was created to help managers and supervisors enhance the quality of instruction given to new employees.

At Aktia, managerial training is a process, not a project. The goal of the managerial training program is to create a clear managerial philosophy based on Aktia's values, a comprehensive model that describes the responsibilities of an Aktia manager and what that manager's role entails at Aktia. Training in 2002 was concentrated on personnel responsibility. The supervisor's ability to manage labour issues and carry out the revised development reviews was enhanced using the practical tool designed specifically for this purpose.

The goal of the internal training program for 2003 is to further improve the staff's competence. The deficiencies that must be corrected are arranged in order of importance according to their operative goal. The internal training program is based on roles in accordance with the new operations model.

Promoting motivation and commitment

The promotion of motivation and employee commitment is among the main goals for personnel development. Aktia's duty as an employer is to promote determined and result-oriented efforts within the workplace in matters of health, job motivation and competence and to develop a positive office ambience and diversify work content. Aktia regularly carries out organisation attitude studies to be able to track how objectives are achieved.

During 2002, Aktia had a performance-based bonus plan for its entire staff. The amount of bonus was based on measurable achievements and other criteria that were deemed important in the business areas and units.

Staff

In 2002, the actual number of bank staff increased by 52 persons when compared with the year before. The increase mainly occurred in the branch office staff in the private customer sector.

At the end of the year, the number of actual bank staff stood at 851 persons, of which 73% were women and 27%, men. The average period of employment is 11 years and the average age of the employees is 41. Of senior managers, 45% are women and 55% men, while the breakdown for office staff is 85% female and 15% male.

Elina Siltanen, 44, financial adviser in Aktia's branch in Lielahti Tampere, employee of Aktia since 1997

Durability and the environment

As the bank with the human touch, Aktia's mission is to be the leading bank in Finland in catering for its customers and their banking and financial affairs. Customer care is central to the services that always spring from the needs and wishes of the customers. As an employer, Aktia is good to its employees and has an extensive personnel policy. Aktia endeavours to minimise the damage it may do to the environment, for which reason it has drafted an environment policy. The bank's social commitment is particularly visible in the activities of the savings bank foundations.

Aktia – the bank with the human touch – assumes its share of responsibility in ensuring that its personnel, its customers and its surroundings are doing well. The prosperity of its employees and customers affects the bank's core activities to a great degree; for example, satisfied and interested employees perform better and satisfied customers are faithful to their banks. At Aktia, there are appraisals and policies that govern activities in many matters; for example, the bank has already followed customer service, personnel and communications policies for a long time.

Our goal is to portray which values and principles that guard activities at Aktia pertain to employees, customers and our surroundings. These matters are described in more detail in the Annual Report, and can found from www.aktia.fi. These channels have been chosen because they are easy for the public to access and easy to update. We are still at the start of this work, and both the methods of performing it and communication must be developed in upcoming years. Nowadays, reporting is focused on our customers and employees as well as society and the environment. These sub-areas are the most important elements of all in the bank's responsibility to the community.

Customers

Customer care

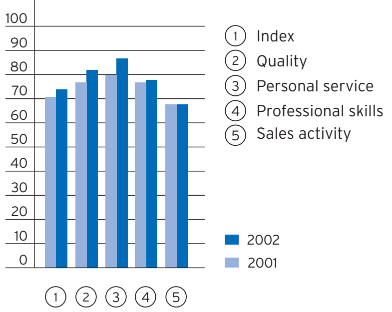
The number one value for Aktia is "We care for our customers and offer them value; individuals and families lie at the heart of our activities." Aktia offers comprehensive solutions for taking care of the customers' finances, and has developed an economic plan where the customer's entire situation is identified. We put ourselves in the customers' economic situation so that their practical requirements in their current situation as well as their plans and dreams for the future are taken into consideration. We help our customers to manage their finances in a way that works for them and is satisfactory; for example, Aktia does not grant housing loans that are too large.

Service concept

Aktia's activities spring forth from the needs of our customers. The bank does not give its clients fixed alternatives; it is the customer who chooses where, when and how he or she contacts the bank. Customers are always welcome to visit us at our branch offices. In addition, we offer technical possibilities for those people who would rather use the phone or the Internet. For customers that would like to manage their banking matters over the Internet, but who do not want to relinquish personal service and familiar bank personnel, Aktia@net, Aktia's branch office on the web, is a good alternative. There, the customer receives personal service from his or her contact person, although it is handled over the phone or protected e-mail.

From Aktia, customers receive quick, friendly and expert service. In our opinion, it is obvious that customers should be served in their mother tongue. We have a short turnaround time on decisions, which is particularly visible in how quickly we inform customers about their loans. In investment matters, a group of experts gives recommendations that all advisors in the branch office participate in, leading to consistent and expert service. In short, we want to give customers the service that they expect, and preferably give them a little bit more than they were expecting.

Customer satisfaction index



New solutions, customer-friendly initiatives

Aktia is continually developing its operations to be able to respond to the needs and wishes of its customers. A common worry for customers is a lack of time and the problem of getting to a branch office when it is open. Aktia has already considered this in various ways, e.g., by introducing evening and weekend opening hours in certain branches and longer opening hours for the service outlet at the Jumbo shopping mall as well as Aktia@net. It is also possible to arrange meetings at the other offices early in the morning or in the evening.

Indicators

Aktia regularly performs impartial customer satisfaction surveys, which are used to develop operations.

Personnel

Personnel policy

Aktia's second value is "We, the Aktia people, are the bank – everybody's input is crucial". Aktia's operations rely on its personnel, their knowledge and interest level. For these reasons, Aktia cares about its employees. The bank has an extensive personnel policy that describes occupational health and safety, compensation, competence development, employee benefits and trust between employers and employees. Aktia's personnel policy should support the implementation of the bank's strategy. The objective is that every employee should feel that he or she can, dare to, may and want to take responsibility for the development of his or her job and competence. Aktia's job as employer is to promote purposeful and result-oriented work, support employees in health issues, stamina, motivation and competence as well as develop the work environment and diversify the work content.

Aktia as a workplace

Aktia cares about how its employees are faring. Motivated and interested employees are necessary to the bank having a good result.

"We are open and honest in our communications with our customers" is Aktia's third value. Internally, the majority of daily communication is handled over the intranet. An internal bulletin that contains topical information on the most recent events and what is coming up is published every week on the intranet. A print bulletin, where current topics are presented in detail, the task of which is to create comprehension and strengthen knowledge about what occurring in the Group, is published 4–6 times a year. Face-to-face communication is also important and the requirement is satisfied in many ways. There are weekly meetings at the office and in the units where information is disseminated on current affairs that concern the team, and the managing director holds regular information sessions to which all employees are welcome. For those that cannot take part in these, a summary is published on the intranet by the end of the day. One or two times a year, extensive Aktia Days are organised in various places where management informs personnel about the bank's strategic policy and objectives.

Development and competence

Continual personnel and competence development is a prerequisite to maintaining competitiveness and motivation. Both the managers and the employees are offered different forms of training. For branch office staff, customised, role-specific courses are organised to guarantee that the training corresponds to the need.

An important part of Aktia's managerial system consists of employee evaluation meetings. Twice a year, managers and employees have a one-on-one meeting where they discuss future plans, past performance and competence development. The intention of the meetings is to jointly define tasks and objectives for the upcoming period of time, to review how the objectives for the preceding period of time were fulfilled and to plan any possible competence development. At the same time, the situation at work and their job satisfaction is talked about.

Health

In Aktia's occupational health care for its employees, there are workplace inspections for renovated, recently built or otherwise modified buildings, health check-ups when an employee has been hired or has reached a certain age, actions that are necessary to preserve the ability to work, health care, examinations and treatments.

Indicators

Aktia regularly carries out organisation attitude studies in the form of personnel questionnaires. A managerial evaluation is included in the survey.

The community and the environment

Social commitment

Aktia's roots are in Helsinki Savings Bank (Helsingfors Sparbank), which was established in 1825. The savings bank was very committed socially – it was desirable to quite simply teach folk to save, manage their finances and thereby remedy the acute poverty that prevailed in the Finland of yore. Ten savings banks in coastal districts founded Savings Bank Aktia (Sparbanken Aktia) in 1991–1992. Social commitment has followed the bank through the ages. Today, this is visible, at the very least, in the savings bank foundations that were founded in 1993 when Aktia was converted from a savings bank to a limited savings bank. The foundations were established where Aktia operates in Swedish-speaking Finland. The purpose of the savings bank foundations is to promote saving and to support the local area as well as pay attention to the savings banks' traditions in the area. This is done by supporting work and research that promotes saving economically and that distributes aid and donations to recipients where they operate.

The environment

In 2002, Aktia has prepared an environmental policy. The objective of the environmental policy is first and foremost to contribute to a sustainable development of the world around us, and then to strengthen the Group's brand. Aktia's environmental policy must be easy to understand and to implement with a reasonable amount of effort from employees so that it really is adhered to.

Aktia takes the environment into consideration in its day-to-day work and also offers environmentally friendly services to its customers. In our everyday work, as practical measures we take to protect the environment, garbage is sorted, paper is used less and recycled. Used machinery, computers and furniture are sold to private individuals or companies. Burdening the environment with commutes should be minimised.

Customers are offered environmentally friendly ways to pay (Internet) and save (Robur's environmental fund). Aktia's office on the web, Aktia@net, is the most environmentally friendly alternative in the bank in that contact between the bank and the customer occurs over the phone or over the Internet, which conserves both energy and paper. The bank is also considering the environment when it grants loans, and Aktia is involved in financing several companies that are working towards a better environment.

You can read more about our environmental policy at www.aktia.fi.

The year in brief

Financial result

The Group's operating income for 2002 was EUR 19.7 million, a decrease of 38.6% when compared with the corresponding period the year before. Return on equity (ROE) was 7.2% (8.7% excluding the sector-specific credit loss provision). Growth in volume continued. Lending to households continued to surpass market growth and saving increased slightly. The net income from financial operations slightly decreased while the remaining income remained the same as it did the previous year; at the same time, costs increased. The profit for the year amounted to EUR 12.6 million.

Income

The Group's total income was EUR 112.4 million, a decrease of 1.8%. The net income from financial operations was EUR 75.2 million despite an increase in lending and deposits; this constituted a decrease of 2.6%. The decrease was mainly caused by the rapidly decreasing market interest rate and partly because fierce competition had reduced the lending and deposit margins. Other income decreased marginally (-0.3%) to EUR 37.2 million. Commission income rose from EUR 31.5 million, an increase of 1.0%. The development in income from commissions can be divided into two different parts. The income that is directly associated with the development on the capital market, such as income from the equity broking and the mutual fund commissions, decreased significantly. The traditional commission income, however, increased thanks to the increase in business volume. In addition, other operating income, which chiefly consists of income from real estate, decreased to EUR 7.3 million, a decrease of 6.0%, as the Group continued to reduce its real estate possessions.

Expenses

The Group's total expenditure rose by 9.6% to EUR 90.1 million. The majority of the increase was caused by personnel expenses, which rose by EUR 4.9 million to EUR 37.9 million. The number of employees in the Group has increased by approximately 38 people over the year. The increased demand for resources depended on the branch network being reorganised into separate organisations for private customers and for corporate clients and the activities being strengthened at the same time with increased sales resources. Other administrative expenses rose by 9.3% to EUR 26.5 million, partly because of higher marketing expenses that were mainly related to investments in image advertising. Other business expenses increased by 1.7% to EUR 15.4 million.

Depreciations reached EUR 10.4 million. The Group did not make any write-downs for the period (EUR 1.0 million in 2001). Depreciations according to plan increased by 17.0%. This was, in part, the result of extensive renovations done to the branches. Nearly half of the increase, EUR 0.7 million, was, however, due to a new depreciation procedure according to which the expenses for computer equipment were directly entered and due to an increase in one-off depreciations.

The increase in costs resulted in the cost-income ratio increasing from 0.73 to 0.81.

Balance sheet and off-balance sheet commitments

On 31 December 2002, the Group's balance sheet total stood at EUR 3,514 million while the corresponding figure for the year before was EUR 3,332 million.

Off-balance sheet commitments totalled a nominal value of EUR 218 million. The value of the underlying assets for the derivation instruments was EUR 683 million.

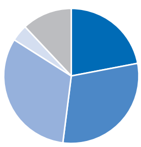
Lending and saving

The volume of business continued to grow in accordance with Aktia's strategy. Growth was greatest in lending, in housing loans in particular, and less pronounced in savings. Despite the uncertainty prevailing on the capital market, the number of new fund investors increased by 10,800 people (13.1%) and regular fund savers by 2,600 people (9.5%).

Compared with the same quarter in 2001, group lending grew by 12.8% to EUR 2,412 million; credit extended to households increased by 16.2% to EUR 1,872 million. At the same time, the mortgage portfolio increased by 19.2% to EUR 1,525 million. As a result, Aktia's market share for mortgages increased from 4.7 to 5.0% for the period.

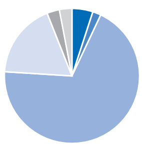
Borrowing from the public increased by 3.7% to EUR 1,926 million; household deposits increased by 3.3% to EUR 1,569 million. Because of diminishing stock prices, development of the capital invested in funds was humble. The mutual fund capital invested by households decreased by 0.7 per cent to EUR 325 million. Household saving (deposits and mutual fund capital) rose by 2.6% to

Credit stock by volume
Group 31 Dec 2002



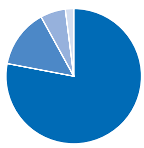
- € 0-50,000 22%
- € 50,000-100,000 30%
- € 100,000-400,000 32%
- € 400,000-800,000 4%
- € 800 ,000 12%

Assets
Group 31 Dec 2002



- Liquid assets 5%
- Claims on credit institutions 2%
- Loans to the public and non-profit organisations 69%
- Debt securities 18%
- Real estate 3%
- Other 3%

Credit stock
Group 31 Dec 2002



- Households 78%
- Corporate 14%
- Housing associations 6%
- Public and non-profit organisations 2%

EUR 1,893 million and Aktia's market share remained almost unchanged (3.8 %).

Risk management

Loan losses and risks

The Group's non-performing assets and non-interest-bearing loans rose from EUR 12.5 million (12.0%) to EUR 14.0 million; their relative share of all the assets was unchanged at 0.6%.

Due to the bank's low-risk policy, total loan losses remained marginal. Over the year, the Group posted new loan losses of EUR 0.8 million and reversals of previous loan losses of EUR 0.3 million. Thus, the total net credit loss was EUR 0.5 million compared with EUR 0.2 million the year before. Specific credit loss provisions for each branch were increased to EUR 2.9 million from EUR 0.4 million, which was justified by the economic situation creating risk for increasing credit losses to come.

Interest risks

The Group's net income from financial operations is susceptible to changes in interest rate in that lending is oftentimes tied to short-term market interest rates, whereas deposits are, for the most part, fixed-rate. The majority of derivative instruments made are intended to reduce the volatility in the net income that depends on the difference in the tying-in of the interest rate of borrowing and lending. At the turn of the year, the value of the combined underlying assets of these derivative instruments totalled EUR 635 million, of which EUR 295 million was in interest rate swap agreements and EUR 340 million was in interest rate option agreements.

Capital adequacy

The Group's capital base on 31 December was EUR 243 million. Of this, EUR 168 million was Tier 1 capital. During the year, the bank issued a Tier 2 capital debenture for EUR 50.9 million, resulting in the Tier 2 capital rising from EUR 35.4 million to EUR 75.2 million. The Group's risk-weighted commitments rose over the year by 17.7% to EUR 1,859 million. The increase depended not only on a bigger amount of mortgages but also on the redistribution of the liquid assets from holdings in the Bank of Finland (risk class zero) to holdings in other banks (risk class 20%). The capital adequacy ratio was 13.1%, with the proportion of Tier 1 capital being 9.0%. The profit for the fiscal period is included in the Tier 1 capital.

Personnel

At the end of the period, the number of personnel within the Group stood at 896 (848 in 2001). The average number of staff during the accounting period was 885 (876). For more information on personnel, see page 12.

Credit rating

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

Aktia's current rating

Long-term borrowing	A3 stable outlook
Short-term borrowing	P-2 stable outlook
Financial strength	C stable outlook

Financial result of the main subsidiaries

Aktia Fund Management Ltd

Aktia Fund Management Ltd's gross income decreased by 6.0% when compared with the previous year and totalled EUR 8.0 million. Commission expenditure incurred by the sales channels fell by 4.1% to EUR 5.1 million. Direct expenditure diminished by 8.5% to EUR 2.5 million. The financial result before taxes was EUR 0.5 million.

Aktia Asset Management Oy Ab

The profit before tax for Aktia Asset Management Oy Ab diminished by EUR 0.6 million to EUR 0.5 million. Commission income fell by 18.4% to EUR 1.1 million (EUR 1.3 million in 2001). Total income reached EUR 1.3 million. Expenses increased by 12.1% to EUR 0.8 million.

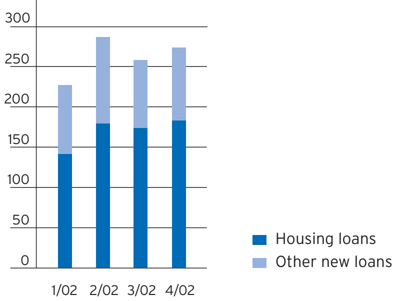
Aktia Real Estate Mortgage Bank plc

Aktia Real Estate Mortgage Bank plc launched its own business in 2002. Total income was EUR 509.7 thousand and the total expenditure, EUR 537.7 thousand. The result before appropriations and taxes showed a loss of EUR 28,000. At the end of the year under review, the total claims on the public totalled EUR 97.9 million and the balance sheet total was EUR 103.0 million.

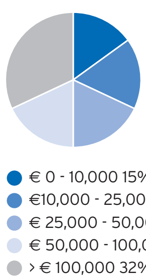
Vasp-Invest Oy

The revenues earned by Vasp-Invest Oy fell during the year by 19.3% to EUR 1.6 million while costs decreased by 0.6% to EUR 1.2 million. The result before taxes was EUR 33.7 thousand.

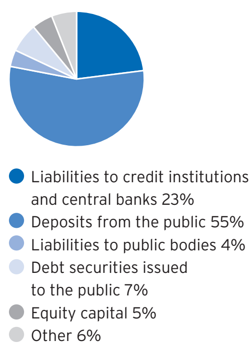
New loans
Group € million



Breakdown on deposits by volume
Group 31 Dec 2002



Liabilities
Group 31 Dec 2002



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

* Aktia Savings Bank's annual general meeting of shareholders on 23 April appointed Administrative Director Håkan Mattlin and Kari Kyttälä, LL.M. as the new members of the Board of Supervisors. The aforementioned replace Carl-Olaf Homén, LL.M., who was the chairman of the Board of Supervisors, and Eero Oittila, B.Sc. (Agr.) who could no longer be re-elected due to the age limit specified in the Articles of Association.
* At its first meeting on 15 May 2002, the Board of Supervisors of Aktia Savings Bank plc elected Henry Wiklund, Director of the Swedish Literature Society in Finland, chairman of the Board of Supervisors.
* At its meeting on 12 November, the Board of Supervisors for Aktia Savings Bank plc elected Stig Stendahl, M.Sc. (Eng.), chairman; Kaj Bergh, LL.M. and M.Sc. (Econ.); Hans Frantz, M.Sc. (Pol.); Folke Lindström, M.Sc. (Econ.); Carola Teir-Lehtinen, M.Sc. (Chem.); and Dag Wallgren, M.Sc. (Econ.) as new members of the bank's Board of Directors for a term of office from 1 January to 31 December 2003. The aforementioned replaced Patrick Enckell, Lic. Tech.; Erik Bärnas, M.Sc. (Pol.); Caj-Gunnar Lindström, Ph.D. (Econ.) and Stefan Wikman, LL.M. The Board of Supervisors has re-elected Robert Charpentier, M.Sc. (Econ.); Lasse Koivu (vice-chairman), M.Sc. (Econ.); and Lars-Erik Kvist, M.Sc. (Econ.).
* On 15 September, Ph.D. (Econ.) Mikael Ingberg took over as managing director for Aktia Savings Bank plc, thus replacing Erik Anderson, LL.M., who announced on 15 May that he would retire when he turns 60 years old on 31 January 2003.

Operations and major events in 2002

Branch office operations

Branch office operations were divided into two separate business areas, Private Customers and Corporate Banking. The objective of this restructuring was to achieve greater growth, a higher standard of quality, better risk management and, above all, more time for customers through a sharper focus and improved efficiency.

Aktia Private Customers

Aktia Private Customers is divided into 10 regions and 66 branch offices. During the year, a new operations model was implemented to standardise and to enhance work methods. Reorganisation and the new operations model mean extensive commitments to developing competence, new personnel and technology. In February, Aktia opened a service outlet at the Jumbo shopping mall in Vantaa. A new central unit, Branch Support, started its activities in March. This unit has assumed responsibility for a number of functions that were previously dealt with by the branch offices that do not require direct contact with customers. Operations have gotten off to a good start and both customers and office personnel have been satisfied. In addition, the operations in Aktia@net, the office on the Internet that was inaugurated in September 2001, are well under way. The customers appreciate the flexibility and quickness that the office offers and the service they receive from their personal contact person is particularly appreciated. The most important customer target group - Prime and Top Prime customers - grew by 6%.

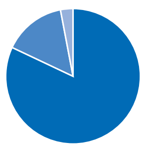
Aktia started to sell a new housing loan, the mortgage loan. The trial run for the mortgage loan was commenced in December of 2001 and during spring the product and system was successfully phased in throughout Aktia's branch offices. The new product has been well received by both customers and personnel alike and sales have been better than expected. Mortgage loans have become one of the main products in Aktia's housing loan assortment. Mortgage loans are granted by Aktia Real Estate Mortgage Bank plc, a wholly owned subsidiary of Aktia Savings Bank plc, established in 2001. At the end of the year, the loans for Aktia Real Estate Mortgage Bank plc totalled EUR 97.9 million and there were approximately 1,300 loans. Aktia Real Estate Mortgage Bank plc does not have any offices of its own, which means that sales are handled through Aktia's office network. As Aktia Real Estate Mortgage Bank's operations are financed with bonds where the housing loans represent securities, Aktia's customers can be offered affordable housing loans.

In spite of strong competition and the uncertain market conditions, sales targets were reached in many areas. In particular, housing loans, mutual funds and insurance sold well.

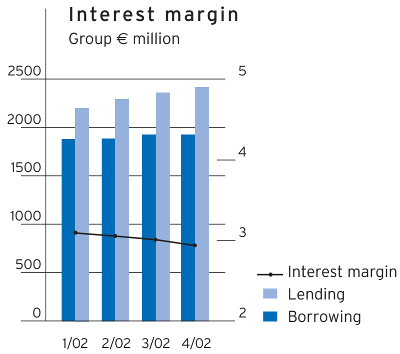
Aktia Corporate Banking

Aktia Corporate Banking started operations in January. Corporate Banking is divided into four regions and has 11 units in Aktia's areas of operations. During the first half of the year,

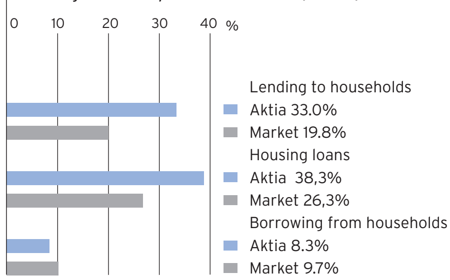
Breakdown of deposits
Group 31 Dec 2002



Borrowing and lending/ Interest margin
Group € million



Market position
Aktia's growth in respect to the market 12/00 - 12/02



emphasis was placed on operations to periodically shift corporate customers from offices for private customers to Corporate Banking, hire new personnel and build up and organise operations. Work is proceeding according to plan. In spite of extensive development and organisation work, Corporate Banking exceeded both its sales targets and its activity targets for the year.

Other events

The adoption of the euro as a cash currency went smoothly. The expected rush on the branch offices was complete in a couple of weeks, technology worked and the new bills and coins were quickly adopted.

In February, the Board of Directors of the Savings Banks Association and the Pohjola Group plc announced plans to start negotiations on close financial co-operation. At first, Aktia participated in negotiations, but decided later not to take part in the proposed financial co-operation. Today, Aktia has successfully teamed up with several providers of insurance products. Aktia is working out solutions where the bank can store customer information related to insurance products in its own customer database.

In April, Aktia assumed the duties of the account-holding institution for the securities services of savings and local co-operative banks from Oy Samlink Ab.

The savings banks' security fund

Aktia and all of the other savings banks belong to the voluntary security fund for savings banks. The purpose of this fund is to ensure that they operate stably. Under the rules of the fund, savings banks are not mutually responsible for their debts or liabilities. The fund is free of debt and its assets at the end of the year stood at EUR 28.2 million.

Deposit Guarantee Fund

Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 25,228, is obligatory for all banks. Aktia's total contribution to the fund was EUR 1.5 million in 2002. At the end of the year, the total assets of the fund stood at EUR 243.3 million.

Investors' Compensation Fund

Banks and brokerage firms are members in the Investors' Compensation Fund, whose purpose it is to safeguard the interests of small investors in the event that a bank or brokerage firm fails. Individual investors may be compensated up to EUR 20,000. By the end of the year, the total assets of the fund amounted to EUR 4.2 million.

Important events after the end of the financial year

Aktia has received permission from Financial Supervision Authority to pay back a debenture of EUR 8.0 million, which is included in the Tier 2 capital, in March of 2003. This reduces the Group's capital base by approximately 0.4 percentage points compared to the situation at the turn of the year.

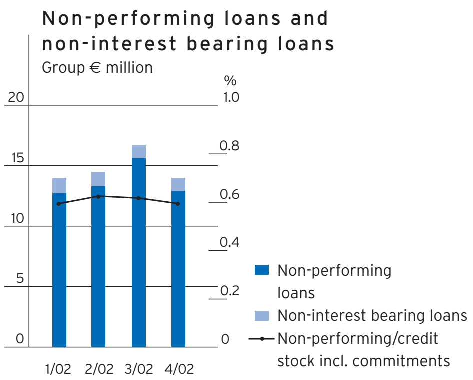
On 1 January 2003, Aktia resigned from the Savings Banks Association, whose main operation according to the decision reached in the general meeting of 16 September 2002 is being transferred to Samlink, who, thereafter, will operate as the joint service centre for the savings banks.

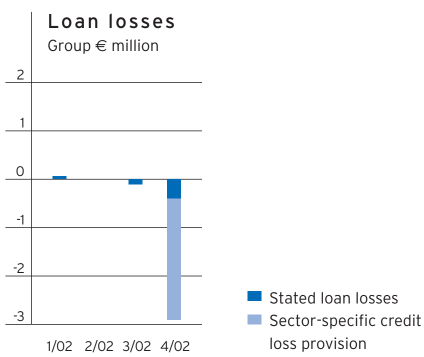
On 29 January, Folke Lindström, M.Sc. (Econ.) announced that he would be leaving the board of Aktia Savings Bank plc.

Prospects for 2003

The actions that Aktia took to improve efficiency were expected to lead to the increase in costs stopping. As a result of the low interest rate, the ever-stronger marginal competition and the uncertain economic outlook, the profitability is expected to remain the same as it was in 2002.

More detailed information can be found from the Report by the Board of Directors, which can be downloaded from www.aktia.fi.





Five year rewiev of the Group

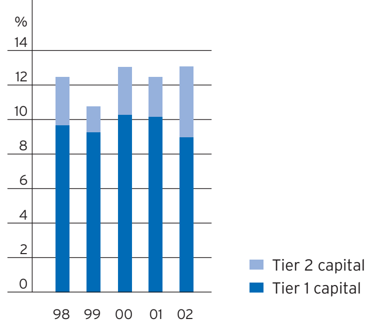
31 Dec (€ 1 000)	1998	1999	2000	2001	2002
Turnover	135,837	141,221	196,506	202,841	184,888
Net income from financial operations	56,509	56530	74,491	77,208	75,238
as a percentage of turnover	41.6	40.0	37.9	38.1	40.7
Other income	37,873	37,082	51,457	37,321	37,202
Expenses and depreciation	-79,581	-70,874	-84,007	-82,214	-90,126
Income before loan losses	14,802	22,738	41,940	32,315	22,314
Loan losses	-963	-1,136	180	-214	-2,971
Net operating profit	13,970	21,869	42,262	32,081	19,702
as a percentage of turnover	10.3	15.5	21.5	15.8	10.7
Net operating profit before appropriations	13,970	21,869	42,262	32,081	19,702
as a percentage of turnover	10.3	15.5	21.5	15.8	10.7
Profit for the financial year	13,979	19,440	32,879	22,027	12,579
Earnings/share	0.40	0.57	0.93	0.63	0.36
Equity/share	3.04	3.49	4.37	4.85	5.03
Number of shares at end of year	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050
Average number of shares during year	34,613,628	35,258,050	35,258,050	35,258,050	35,258,050
Balance sheet total	2,386,883	2,737,913	2,982,750	3,331,854	3,513,759
Total return on assets, ROA %	0.7	0.8	1.2	0.7	0.4
Equity	109,961	126,437	154,048	170,803	177,389
Return on equity ROE, %	12.2	16.5	23.1	13.5	7.2
ROE excl. sector-specific loan losses riktade kreditförluster				13.7	8.7
Equity ratio, %	4.8	4.7	5.27	4.92	5.1
Capital adequacy ratio, %	12.5	10.8	13.0	12.5	13.1
Cost to income ratio	0.84	0.76	0.67	0.73	0.81
Borrowing from the public	1,505,242	1,736,514	1,769,221	1,857,539	1,926,286
Lending to the public	1,382,706	1,684,570	1,898,500	2,138,157	2,412,025

Group capital adequacy

Group capital base (EUR million)	31 Dec 2002	31 Dec 2001
Tier 1 equity		
Share capital	70.5	70.5
Ordinary reserve	8.1	8.1
Share premium reserve	1.8	1.8
Retained earnings account	84.4	68.4
Profit for the financial year	12.6	22.0
Minority interest	0.4	0.4
Dividend	-6.0	-6.0
Intangibles	-3.7	-4.5
Total	168.1	160.7
Tier 2 equity		
Revaluation reserve	0.0	0.0
Debentures	75.2	35.4
Total	75.2	35.4
Net capital required to cover market risks	**0.0**	**1.4**
Net capital base	**243.3**	**197.5**

	31 Dec 2002	31 Dec 2001
Capital adequacy, %	**13.1**	**12.5**
Tier 1 equity ratio, %	**9.0**	**10.2**

Capital adequacy



Risk-weighted commitments (EUR million)

	Assets		Off-balance-sheet items		Risk-weighted commitments	
Risk weighting	31 Dec 2002	31 Dec 2001	31 Dec2002	31 Dec 2001	31 Dec 2002	31 Dec 2001
0%	494.9	936.5	79.2	11.2	-	-
20%	559.2	281.7	5.3	4.0	112.4	56.8
50%	1,561.6	1,332.7	24.4	23.6	788.1	673.7
100%	894.3	780.9	89.6	78.6	956.5	830.6
Derivatives			497.0		2.7	
Market risk				400.0		18.1
Total	3,510.1	3,331.8	695.5	517.4	1,859.6	1,579.2

Key figure definitions

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, 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.

Total return on assets (ROA)
Net operating profit less tax divided by the average balance sheet total.

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

Solidity
Equity, minority interest and provisions divided by the balance sheet total at the end of the financial year.

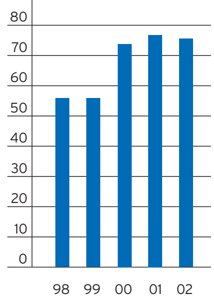
Risk-weighted commitments
Assets in the balance sheet and off-balance sheet items, calculated and risk-weighted according to regulation 106.7 issued by the Financial Supervision Authority.

Capital adequacy ratio
Capital base, i.e., ratio of Tier 1 and Tier 2 equity to risk-weighted commitments.

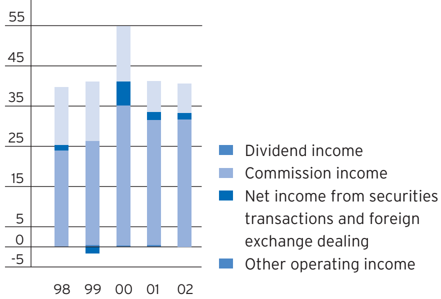
Tier 1 equity ratio
Ratio of Tier 1 equity to risk-weighted commitments.

Cost to income ratio
Commission costs, administrative costs, depreciation and other operating expenses divided by net income from financial operations, income from equity investments, commission income, net income from securities trading and currency transactions and other operating income.

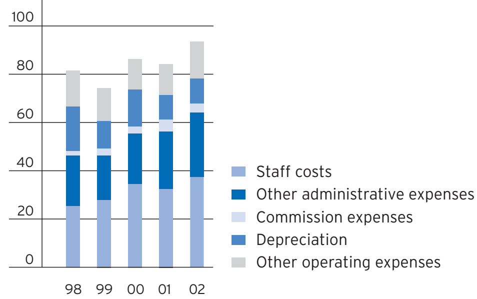
Net income from financial operations
Group € million



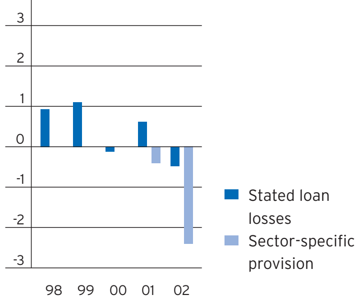
Other income
Group € million



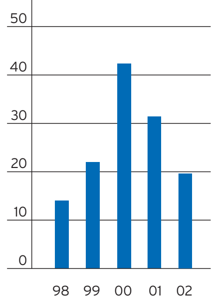
Total costs
Group € million



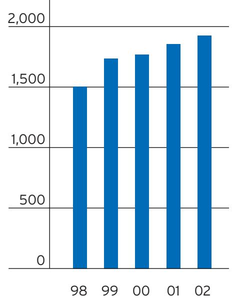
Loan losses
Group € million



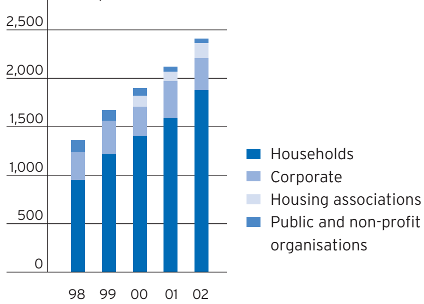
Net operating profit
Group € million



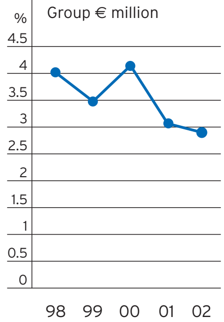
Borrowing
Group € million



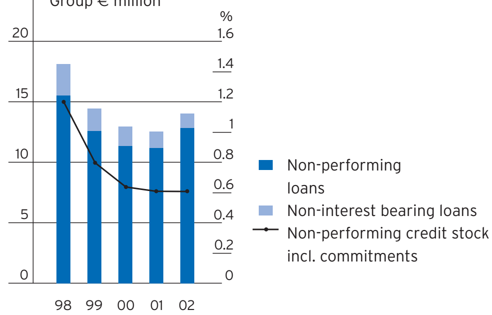
Lending
Group € million



Interest margin borrowing/lending
Group € million



Non-performing loans and non-interest bearing loans
Group € million



Corporate Governance

Regulatory framework

Aktia is governed in compliance with the Credit Institutions Act and the Act on Commercial Banks and Other Credit Institutions Organised as Limited Companies. The 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 and Board of Directors that define the areas of responsibility of the individual administrative bodies in more detail.

Board of Supervisors and its duties

The members of the Board of Supervisors (for more details, please see the official financial statement) 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. Within the Board of Supervisors, there are presiding officers and a Controlling Committee. The remuneration payable to the members of the Board of Supervisors is determined by the Annual General Meeting of Shareholders. Details on the remuneration paid out can be found in note 52 of the official financial statement. The Board of Supervisors is responsible for the administration of the bank and gives statements about the bank's financial statement and auditor's reports to the bank's Annual General Meeting of Shareholders. The Board of Supervisors decides matters that are related to the significant restriction or expansion of operations. The Board of Supervisors also elects the bank's Board of Directors and can advise the Board of Directors in significant matters or matters that are of vital importance. The Board of Supervisors also elects the bank's managing director. The Board of Supervisors convened 5 times; the Controlling Committee of the Board of Supervisors convened 2 times in 2002.

The Board of Directors and its duties

The members of the Board of Directors are appointed by the bank's Board of Supervisors for one calendar year at a time. No person who reaches 65 before the beginning of the term can be elected to serve on the board. In 2002, the Board of Directors included seven members. For the term that consists of the calendar year 2003, 9 board members have been elected, of which one has retired. The Board of Directors is presented on page 24. The remuneration paid to the Board of Directors is determined by the bank's Board of Supervisors. Details on the remuneration paid out can be found in note 52 of the official financial statement. 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. Apart from the tasks given to its members in individual cases, the members of the Board of Directors do not have any personal tasks related to the governance of the bank. In 2002, the Board of Directors held 19 meetings.

Managing director and his duties

The managing director is appointed by the bank's Board of Supervisors, the presiding officers of which define the terms of employment for the managing director. Details on the remuneration paid out can be found in note 52 of the official financial statement. Mikael Ingberg took over as managing director on 15 September 2002. The managing director shall see to the bank's day-to-day management in accordance with the instructions issued by the Board of Directors.

Members of the Executive Committee and their duties

The members of the bank's Executive Committee are appointed by the bank's Board of Directors, who also decides their spheres of responsibility and emolument. Details on the salaries paid are disclosed in note 52 of the final statement. The Executive Committee consists of the Managing Director, who functions as the chairperson of the Executive Committee, as well as Deputy Managing Directors Asko Rintala (the alternate for the Managing Director) and Jarl Sved, General Managers Tom Anderzén, Kenneth Kaarnimo and Stefan Tötterman as well as Staff Representative Marit Leinonen. The members of the Executive Committee are presented on page 25. The Executive Committee is involved in the decision-making of the bank's current business operations in accordance with the corporate governance instructions of the Group's business operations that the bank's Board has issued. Certain matters related to lending and the handling of the Group's financing, liquidation, and market risks are dealt with by a committee that the Executive Committee appoints from within its ranks. The Executive Committee convened 53 times in 2002.

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

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

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.

The members of the Board of Directors are required to inform the Board of Supervisors of their involvement in the administration of any other companies. The managing director and deputy managing directors may join the administrative bodies of other companies only with the express permission to do so. The most important positions of the members of the Board of Directors and Executive Committee in other organisations and foundations are listed on pages 24–25. Members of the Board of Directors and Executive Committee are entered in the bank's insider register, which means that their holding of shares in listed companies is public information. Public disclosure is a way of ensuring that no abuse of market information can take place.

Credit applications by the members of the Board of Directors are always processed by the Board irrespective of the amounts involved. Details on extended credits are disclosed in note 52 of the final statement.

The bank's rules of procedure include provisions on recusation that are more comprehensive than the regulations found in the legislation. The provision on recusation forbids the processing of matters related to the subject himself and his close relatives or an organisation or foundations in which the subject wields influence.

Share capital and ownership

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 2002, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR 70,516,100 divided into 35,258,050 shares. The bookkeeping counter value of the share is EUR 2.00. 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 the purchase of shares in the bank.

Owners

At the end of the year, Aktia had 582 shareholders. The principal shareholders are savings banks foundations with a combined ownership of 50.6 per cent. The savings banks foundations were formed when the bank was converted into a limited savings bank company. FöreningsSparbanken AB (publ) of Sweden holds 24.4 per cent, Finnish institutions 16.3 per cent, and Finnish savings banks 7.2 per cent of the capital stock of Aktia.

Convertible bonds and debentures

The EUR 3.4 million convertible bond issued by the bank on 21 December 1994 will mature on 21 December 2004. The debenture can be converted into a total of 40,000 shares, which would increase the share capital by EUR 0.08 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 23,400 shares, equivalent to 0.07 per cent of the total number of shares and voting rights.

Financial objectives

Return on capital after taxes 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 the Group's after-tax profits as dividends without, however, jeopardising expansion. In 2001, the dividend was EUR 0.17 per share. For 2002, the Board of Directors proposes a dividend of EUR 0.17 per share.

Breakdown of shares on 31 December 2002

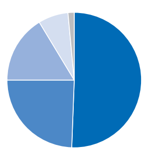
Size category	No. of owners	% of owners	No. of shares	% of shares
1–100	202	34.7	12,285	0.0
101–1,000	209	35.9	108,641	0.3
1,001–10,000	79	13.6	243,528	0.7
10,001–100,000	51	8.8	2,186,186	6.2
100,001–	41	7.0	32,707,410	92.8
Total	582	100.0	35,258,050	100.0

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	58,865,774	58,865,774	1/1 1993	21.4.1993
1993	Convertible subordinated bond of EUR 8,409,396 issued for public subscription				18.10.-17.12.1993
1993	Convertible bond of EUR 8,409,396 issued for public subscription				13.12.1993-11.2.1994
1994	Conversion of convertible subordinated bonds	1,480,000	59,114,692	1/1 1994	1.9.-17.10.1994
1994	Issue of 2,500,000 shares at EUR 3.36 each to Sparbanken Sverige AB (publ), corporations and institutions	8,409,396	67,524,089	1/1 1995	21.12.1994
1994	Convertible debenture of EUR 3,363,759 for subscription by corporations and institutions				21.12.1994
1995	Share issue to Sparbanken Sverige AB (publ), bond with warrants of EUR 168,188				24.-31.5.1995
1995	Conversion of convertible bond	370,350	67,894,439	1/1 1995	1.8.-12.12.1995
1995	Conversion of convertible subordinated bonds	31,956	67,926,394	1/1 1995	1.9.-17.10.1995
1995	Reduction in share capital	27,170,558	40,755,837		29.12.1995
1996	Share issue to Sparbanken Sverige AB (publ)	14,329,611	55,085,448	1/1 1997	12.- 22.8.1996
1996	Share issue to Finnish non-profit organisations, foundations, institutional investors and savings banks	14,329,611	69,415,059	1/1 1997	12.-22.8.1996
1996	Conversion of convertible subordinated bonds	1,009	69,416,068	1/1 1996	1.9.-17.10.1996
1997	Conversion of convertible subordinated bonds	1,413	69,417,481	1/1 1997	1.9.-17.10.1997
1998	Conversion of convertible subordinated bonds	1,742,259	71,516,740	1/1 1998	1.9.-17.10.1998
2001	Reduction in share capital (euro adjustment)	643,639	70,516,100		31.5.2001

Ownership

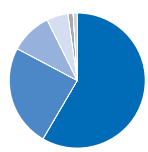
on 31 December 2002



- Savings banks foundations 50.6%
- FöreningsSparbanken AB (publ) 24.4%
- Finnish institutions 16.3%
- Finnish savings banks 7.2%
- Other 1.5%

Ownership by sector

on 31 December 2002



- Non-profit organisations 58.4%
- Foreign ownership 24.4%
- Financial institutions and insurance companies 9.9%
- Corporations 5.1%
- Public sector organisations 1.2%
- Private individuals and households 1.0%

Board of Directors

Left to right:
Stig Stendahl,
Lasse Koivu,
Kaj-Gustaf Bergh,
Robert Charpentier,
Hans Frantz,
Lars-Erik Kvist,
Carola Teir-Lehtinen,
Dag Wallgren

Stig Stendahl, b. 1939
M.Sc. (Econ.)
Member of the board since 2003
(Chairman since 2003)
Positions of trust:
Chairman of the executive board of Åbo Akademi Foundation, member of board of directors of KCI Konecranes International plc, Plantagen Norden AB, Svenska Tekniska Vetenskapsakademien i Finland, foreign member of Kungliga Ingenjörsvetenskapsakademien

Lasse Koivu, b. 1943
M.Sc. (Econ.)
Managing Director, Föreningen Konstsamfundet r.f.
Member of the board since 1994
(Vice Chairman since 1997)
Positions of trust:
Chairman of board of directors of Oy City Forum Ab, Oy Mercator Ab, Oy Insulanova Ab, Hufvudstadsbladet Ab, Oy Stockmann Ab, Söderström & Co förlags Ab, member of board of directors of Östra Nylands Tidningar Ab, Forum för ekonomi och teknik, Föreningen Konstsamfundet, Ab Kelonia Oy, Oy Nortecon Ab, Oy Realinvest Ab, Nya Ålands Tidnings Ab, Ekenäs Tryckeri Ab, member of supervisory board of the Mutual Insurance Company Kaleva

Kaj-Gustaf Bergh, b. 1955
LL.M., M.Sc. (Econ.)
Member of the board since 2003
Positions of trust:
Chairman of board of Ellos Postimyynti Oy, Finaref Sverige Ab, SEB Funduszy, Poland, member of supervisory board of Julius Tallberg-Kiinteistöt Oyj

Robert Charpentier, b. 1965
M.Sc. (Econ.)
Executive Vice President, FöreningsSparbanken AB (publ)/ Swedbank Market
Member of the board since 1999
Positions of trust:
Member of board of directors of FI-Holding A/S, Svenska Fondhandlareföreningen

Hans Frantz, b. 1948
M.Sc. (Pol.)
Senior teacher in social and health administration in Vaasa Polytechnic
Member of the board since 2003
Positions of trust:
Chairman of board of directors of Fadderortsstiftelsen i Österbotten, chairman of the executive board of the Vaasa Savings Banks Foundation, member of Vaasa School Board, member of board of directors of Vasa Gymnasium

Lars-Erik Kvist, b. 1945
M.Sc. (Econ.)
Executive Vice President, FöreningsSparbanken AB (publ)
Member of the board since 1998
Positions of trust:
Vice Chairman of board of directors of FöreningsSparbanken Finans AB, member of board of directors of FI-Holding A/S, Upplysningscentralen UC AB, AS Hansapank

Carola Teir-Lehtinen, b. 1952
M.Sc. (Chem.)
Senior Vice President, Corporate Communications, Fortum Group
Member of the board since 2003
Positions of trust:
Member of board of directors of Fortum Markets Oy, the Espoo Chamber of Commerce, member of supervisory board of WWF Finland

Dag Wallgren, b. 1961
M.Sc. (Econ.)
Finance Manager for the Swedish Literature Society in Finland, Managing Director for Ab Kelonia Oy and Ab Kelonia Placering Oy
Member of the board since 2003
Positions of trust:
Member of board of directors of Amanda Capital plc, Suomen Sijoitusammattilaiset ry, the Helsinki Savings Banks Foundation

The information on the positions of trust of the members of the Board of Directors is not complete. Complete information has been entered in the bank's insider register.

The Executive Committee

Left to right:
Mikael Ingberg,
Asko Rintala,
Jarl Sved,
Tom Anderzén,
Kenneth Kaarnimo,
Marit Leinonen,
Stefan Tötterman

Mikael Ingberg, b. 1951
Managing Director
Ph.D. (Econ.)
Internal Audit
At Aktia since 2002,
Managing Director since 2002
Shareholding: 11,500 shares
Positions of trust:
Member of supervisory board of Veritas Mutual Non-Life Insurance Company, A.B. Svenska småbruk och egnahem, Scoutstiftelsen, member of the executive board of the Åbo Akademi Foundation, the Helsinki Chamber of Commerce, Vega Foundation, member of board of directors of Ab Kelonia Oy, Arcada Foundation, Pensions Insurance Company Veritas, member of Föreningen Konstsamfundet

Asko Rintala, b. 1953
Deputy Managing Director
(Managing Director's alternate)
B.Sc. (Econ.)
Corporate Banking, Foreign Unit, Personnel Development, Treasury
At Aktia since 1995
Shareholding: 1,000 shares
Positions of trust:
Member of board of directors of Aktia Asset Management Oy Ab, Life Assurance Company Robur, Oy Samlink Ab

Jarl Sved, b. 1954
Deputy Managing Director
L.L.M.
Aktia Real Estate Mortgage Bank plc, Economics, Communications, Corporate Law, Credit Control, Personnel and other Administration
At Aktia since 1980
Shareholding: 10,250 shares
Positions of trust:
Chairman of board of directors of Vasp-Invest Oy, vice chairman of board of directors of Aktia Real Estate Mortgage Bank plc

Tom Anderzén, b. 1956
General Manager
M.Sc. (Econ.), M.Sc. (Eng.)
Business development & IT
At Aktia since 2000

Kenneth Kaarnimo, b. 1963
General Manager
M.Sc. (Econ.)
Private Customers, Office Support
At Aktia since 1991
Shareholding: 1,000 shares
Positions of trust:
Member of board of directors of Aktia Asset Management Oy Ab, Aktia Real Estate Mortgage Bank plc

Marit Leinonen, b. 1958
Staff representative
Customer Advisor
Chief Shop Steward
At Aktia since 1994
Shareholding: 300 shares

Stefan Tötterman*, b. 1958
General Manager
M.A., M.Sc.(Econ.)
Aktia Asset Management Oy Ab, Aktia Fund Management Ltd, Aktia Securities, Aktia Private Banking, Chief economist, Custodial and Back Office Services, Strategic Insurance Development
At Aktia since 2000
Positions of trust:
Chairman of board of directors of Aktia Asset Management Oy Ab and Aktia Fund Management Ltd, member of board of directors of Suomen Sijoitusammattilaiset ry

* In office until 31 May 2003.
In August, Robert Sergelius, M.Sc. (Eng.) will take over as Deputy Managing Director in charge of Aktia's asset management.

The information on the positions of trust of the members of the Executive Committee is not complete. Complete information has been entered in the bank's insider register.

John Stark, 26, producer,
home branch Aktia Inkoo Kirkonkylä.
All of his everyday financial matters
are taken care of by Aktia

Contact details

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Aktia Savings Bank plc
Managing director Mikael Ingberg
Mannerheimintie 14 A, 3th floor
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aktia@aktia.fi

Aktia's subsidaries and business units

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rahastoyhtio@aktia.fi
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Institutional sales: Thomas Saarinen, tel. +358 10 247 7101, thomas.saarinen@aktia.fi

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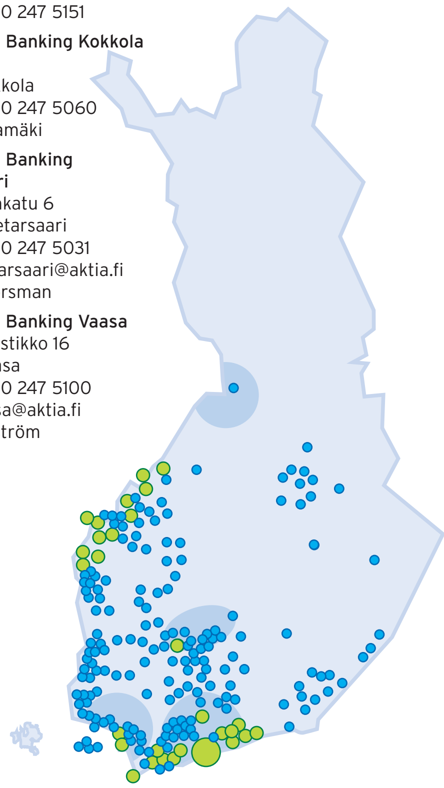

Growth areas
Aktia
Savings banks and local co-operative banks

Aktia
Savings Bank

2022

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Aktia Savings Bank plc

Financial statement 31 December 2002

Aktia
Savings Bank

Contents:

Report by the Board of Directors

Operations during the year

Financial result

The Group's operating income for 2002 was EUR 19.7 million, a decrease of 38.6% when compared with the corresponding period the year before. Return on equity (ROE) was 7.2% (8.7% excluding the sector-specific credit loss provision). Growth in volume continued. Lending to households continued to surpass market growth and saving increased slightly. The net income from financial operations slightly decreased while the remaining income remained the same as it did the previous year; at the same time, costs increased. The profit for the year amounted to EUR 12.6 million.

Income

The Group's total income was EUR 112.4 million, a decrease of 1.8%. The net income from financial operations was EUR 75.2 million despite an increase in lending and deposits; this constituted a decrease of 2.6%. The decrease was mainly caused by the rapidly decreasing market interest rate and partly because fierce competition had reduced the lending and deposit margins. Other income decreased marginally (-0.3%) to EUR 37.2 million. Commission income rose from EUR 31.5 million, an increase of 1.0%. The development in income from commissions can be divided into two parts. The income that is directly associated with the development on the capital market, such as income from equity related business and mutual fund commissions, decreased significantly. The traditional commission income, however, increased thanks to the increase in business volume. In addition, other operating income, which chiefly consists of income from real estate, decreased to EUR 7.3 million, a decrease of 6.0%, as the Group continued to reduce its real estate possessions.

Expenses

The Group's total expenditure rose by 9.6% to EUR 90.1 million. The majority of the increase was caused by personnel expenses, which rose by EUR 4.9 million to EUR 37.9 million. The number of employees in the Group has increased on average by 38 people over the year. The increased demand for resources depended on the branch network being reorganised into separate organisations for private customers and for corporate clients and the activities being strengthened at the same time with increased sales resources. Other administrative expenses rose by 9.3% to EUR 26.5 million, partly because of the increase in personnel, and partly because of higher marketing expenses that were mainly related to investments in image advertising. Other business expenses increased by 1.7% to EUR 15.4 million.

Depreciations reached EUR 10.4 million. The Group did not make any write-downs for the period (EUR 1.0 million in 2001). Depreciations according to plan increased by 17.0%. This was, in part, the result of extensive renovations done to the branches. Nearly half of the increase, EUR 0.7 million, was, however, due to a new depreciation procedure according to which the expenses for computer equipment were directly entered and due to an increase in one-off depreciations.

The increase in costs resulted in the cost-income ratio increasing from 0.73 to 0.81.

Balance sheet and off-balance sheet commitments

On 31 December 2002, the Group's balance sheet total stood at EUR 3,514 million while the corresponding figure for the year before was EUR 3,332 million.

Off-balance sheet commitments totalled a nominal value of EUR 218 million. The value of the underlying assets for the derivative instruments was EUR 683 million.

Capital adequacy

The Group's capital base on 31 December was EUR 243.3 million. Of this, EUR 168.1 million was Tier 1 capital. During the year, the bank issued a Tier 2 capital debenture for EUR 50.9 million, resulting in the Tier 2 capital rising from EUR 35.4 million to EUR 75.2 million. The Group's risk-weighted commitments rose over the year by 17.7% to EUR 1,859 million. The increase depended not only on a bigger volume of loans but also on the redistribution of the liquid assets from holdings in the Bank of Finland (risk class zero) to holdings in other banks (risk class 20%). The capital adequacy ratio was 13.1%, with the proportion of Tier 1 capital being 9.0%. The profit for the fiscal period is included in the Tier 1 capital.

Personnel

At the end of the period, the number of personnel within the Group stood at 896 (849 in 2001). The average number of staff during the accounting period was 885 (876).

Financial result of the main subsidiaries

Aktia Fund Management Ltd
Aktia Fund Management Ltd's gross income decreased by 6.0% when compared with the previous year and totalled EUR 8.0 million. Commission expenditure incurred by the sales channels fell by 4.1% to EUR 5.1 million. Direct expenditure diminished by 8.5% to EUR 2.5 million. The financial result before taxes was EUR 0.5 million.

Aktia Asset Management Oy Ab
The profit before tax for Aktia Asset Management Oy Ab diminished by EUR 0.6 million to EUR 0.5 million. Commission income fell by 18.4% to EUR 1.1 million (EUR 1.3 million in 2001). Total income reached EUR 1.3 million. Expenses increased by 12.1% to EUR 0.8 million.

Aktia Real Estate Mortgage Bank plc
Aktia Real Estate Mortgage Bank plc launched its own business in 2002. Total income was EUR 509.7 thousand and the total expenditure, EUR 537.7 thousand. The result before appropriations and taxes showed a loss of EUR 28,000. At the end of

the year under review, the total claims on the public totalled EUR 97.9 million and the balance sheet total was EUR 103.0 million.

Vasp-Invest Oy
The revenues earned by Vasp-Invest Oy fell during the year by 19.3% to EUR 1.6 million while costs decreased by 0.6% to EUR 1.2 million. The result before taxes was EUR 33.7 thousand.

Balance sheet and financial structure

Assets

Claims on the public
The Group's lending to the public totalled EUR 2,412.0 million at the end of the year. In 2002, the credit stock increased by EUR 273.9 million, which is an increase of 12.8%. Of the claims, 78% (EUR 1,871.9 million) consisted of loans extended to private individuals and households. The majority of the credit extended to households was housing loans. The housing loan portfolio grew during the year by EUR 245.1 million to EUR 1,524.8 million. Aktia's market share in housing loans rose from 4.7% to 5.0%. Corporate financing totalled EUR 337.6 million, which accounted for the second largest part of lending. This share of the whole credit stock was 14%. The credit extended to housing associations totalled EUR 150.6 million, which represented a share of 6% of the whole credit stock.

The structure of the credit stock was quite diversified and it continued to develop during 2002. The majority of the claims, 51.6% of the whole credit stock, consisted of credits to customer entities, whose liabilities corresponded to less than EUR 100,000. The proportion of credit extended to customer entities with a liability of more than EUR 800,000 has declined further and only amounted to 12.2% of the whole credit stock.

Sound credit ratings are an important point of focus for the Group. In spite of the bleaker economic situation, the volume of non-performing loans was low, EUR 12.9 million. Non-interest-bearing loans amounted to EUR 1.1 million. The non-performing loans and the non-interest-bearing loans came to a total of EUR 14.0 million, which is an increase of EUR 1.4 million when compared with the previous year. The relative share of non-performing loans and non-interest-bearing loans in the whole liability stock, including commitments, remained unchanged, however, at 0.6%. For 2002, the Group booked loan losses of EUR 0.8 million and reversals of previously booked losses of EUR 0.4 million. Thus, the total negative net effect was EUR 0.4 million. To hedge against future development, the Group increased its branch-specific credit loss provision by EUR 2.5 million to EUR 2.9 million.

Investments in interest-bearing securities
Investments in interest-bearing securities are made primarily to control asset and liability risks (financial and interest rate risks) and to ensure liquidity. Debt securities are divided into fixed and current assets according to the intended use. In addition, current assets have been sub-divided into consignment stock and other current assets for accounting purposes. The consignment stock has only been used to support customer trading. In the spring of 2002, the bank applied for and received permission from the Financial Supervision Authority to maintain a limited consignment portfolio. At the end of 2002, there where no holdings in this portfolio.

The portfolios booked as current assets are administered by the Financial Committee, which is responsible for the bank's asset liability management. Investment decisions are made in order to ensure liquidity and therefore funds are invested only in debt securities with high liquidity. On 31 December 2002, the balance sheet value of the portfolios was EUR 561.6 million, with an average duration of 0.4 years. Compared with 2001, other current assets have shown an increase of EUR 233.8 million.

The Financial Committee also manages investments that are entered as fixed assets. At the end of 2002, the portfolio included government bonds issued by European governments the total balance sheet value being EUR 46.7 million. The average maturity of the portfolio was 1.8 years. Valuation principles are discussed in more detail in Accounting policies.

Shareholdings
Since the bank sold off its shares in listed companies at the beginning of 2000, no new investments in shares have been made. The shares included in the balance sheet consisted mainly of long-term investments that are regarded as fixed assets.

Real estate
Investments in or ownership of real estate property is not part of Aktia's core business. No major changes took place in real estate holdings during 2002.

At the end of 2002, the amount of capital tied up in real estate property stood at EUR 112.2 million (EUR 115.2 million in 2001), of which EUR 59.2 million was made up of real estate property used by the bank itself. Real estate property accounted for 3.2% of the Group's balance sheet total. The average return on properties not used by the bank was 5.0%.

More details on property holdings, the going values of the property and the rates of return are provided in note 24.

Liabilities

Borrowing from the public
Group borrowing from the public increased by EUR 68.7 million and to EUR 1 926.3 million at the end of the year. Deposits increased steadily and the deposit stock did not undergo any essential structural changes during the year, in spite of the ever-stronger competition amongst banks, the falling interest rate levels, and the decline in the margins.

At the end of 2002, Prime accounts accounted for 26%, accounts with a fixed one-percent interest of 18%, and actual current accounts for 27% of the total deposit stock. Time deposits accounted for 18% of the deposits.

Aktia's market share in euro-denominated deposits from the public remained unchanged at 3.2%. The entire deposit stock is still diversified. Less than 24% of the funds consisted of deposits that were in excess of EUR 150,000.

Funding from money and capital markets
The positive development of lending activities increased the bank's need to borrow from the capital market. As in the past, most of the borrowing consisted of deposits the public and deposits by the banks within the local banks group. In addition, the bank issued certificates of deposit for the total value of EUR 246.6 million at the end of the year, which represented 7.4% of the entire borrowing. Aktia's five-year loan limit of EUR 75 million from 1999 is still unused, which can be used to fund the bank's continued growth.

Derivative contracts

The bank made derivative contracts to hedge the net interest income from fluctuations based on the imbalance in interest rate ties and their maturity in borrowing and lending. For this purpose, the bank entered into interest rate swap agreements with underlying assets of EUR 151.4 million and collar options with underlying assets of EUR 170 million in 2002. At the end of the year, the total value of the underlying assets existing agreements was EUR 294.5 million for interest rate swaps and EUR 170.0 million for collar options.

Credit rating

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

Aktia's rating

Long-term borrowing	A3 stable outlook
Short-term borrowing	P-2 stable outlook
Financial strength	C stable outlook

Risk management

Aktia's core business is to offer customer-specific and profitable savings, investment, financing and payment transaction services to private individuals, corporates, organisations and associations in its operating area. All the other business activities of the Group are designed to support these core services. The role of risk management is to identify the risks that may affect the implementation of Aktia Group's strategic business objectives. The aim of risk management is to ensure consistent financial performance in the long term and thereby inspire confidence in the bank. Risks are identified, defined and measured. In addition, they are systematically analysed and reported. With the risk management process we ensure that the risks are correctly priced and dimensioned in accordance with the Group's riskpolicy.

Organisation of risk management

Aktia's Board of Directors defines the principles applied to risk-taking and makes decisions on the goals and organisation of risk management. In addition, the Board of Directors establishes an annual risk management strategy and risk policy, issues authorisations to the bank's executive management and supervises risk management.
The Group organisation is structured in such a way that the preparation, making, implementation and auditing of decisions are carried out independently of one another. Decisions are prepared and handled in the various business lines where decisions are made in the framework for established risk limits. Finances, which is independent of the business units, is responsible for measuring and supervising risks. Apart from Finances continually tracking the risks and reporting on them, risk evaluation procedures are developed with due regard to the directives of the Financial Supervision Authority and the general developments provided within the framework for capital adequacy (Basel II, EU directive).

Credit risk management

Credit risk management refers to the procedures designed to foresee and forestall situations in which a customer or counter-party fails to satisfy his or her contractual obligations. Credit risk management shall ensure that the negative effects of the credit risks stay at an acceptable level while optimising the conditions between risk and yield.

According to the credit policy adopted by Aktia's Board of Directors, the Group engages only in financing where risks can be limited and controlled. Most of the bank's loans consist of traditional loans to private individuals and small and medium-sized companies. The loan decision process is crucial to credit risk management. The point of departure for the extension of credit is the customer's ability to repay his debts and acceptable security. Credit risks also arise from the investments made by Treasury in other banks, debt securities and derivative contracts.

When the authority to extend credit and follow up on lending decisions is valid, the total liabilities of the customer entity, the customer's credit rating and the related collateral risk are taken into consideration. The bank's instructions to its credit-granting units require the following:

§ Analyse the customer's ability to repay the debt when preparing the loan decision. The ability to repay debt of both private individuals and households is determined on the basis of the current cash flow. With corporate customers, the rating is based on an analysis carried out by an external service company and Aktia's in-house knowledge of the customer. Credit applications by corporate customers are centrally processed by Corporate Banking.

§ Adopt a principle of cautious assessment to ensure that no ill-considered collateral risks arise. Collateral risk refers to maximum probable loss in case of default. This risk is defined based on a scrupulous assessment of the going value of the collateral provided by applying a sufficient safety margin to ensure that it covers future fluctuations in the market price. For shares in housing co-operatives and real estate companies, the safety margin at the time when the loan is granted is 30%.

- § Aim at diversification of the credit stock in relation to credit exposure, customer risk, collateral risk, customer segments and business sectors.
- § Investigate the project to be financed in sufficient detail and normally refrain from financing customers whose main activities are conducted outside the operating area of the bank.

Loan decisions made by Treasury are prepared in close collaboration between Treasury and Risk Control that is part of Finances. As well as conventional credit risks, risk management includes limiting the clearing risk as well as evaluating country risks and political risks. In accordance with the instructions issued by the Board of Directors, the maximum risk is limited either to the bank's or the counter-party's shareholders' equity.

Credit Control, which is independent of the line organisation that is responsible for the bank's financial performance, directs the decision-making and documentation process and supports the branch offices in the preparation and implementation of loan decisions. All private customers who can receive a positive credit decision that have a liability of over EUR 2 million or a collateral risk of more than EUR 150,000 or corporate customers that have a liability of more than EUR 4 million or a collateral risk of more than EUR 1 million will be reported to the bank's Board of Directors. Credit Control analyses the risk level based on the customer's rating and collateral at regular intervals. The analyses are made in terms of geographic distribution, responsibility, customer segment, and field of activity.

Aktia's Board of Directors and the Executive Committee monitor the risk level in lending and credit risks on a regular and continuous basis. The risk management unit analyses the credit stock and changes in the same, as well as changes in payment behaviour on the market, and strives to anticipate variations in the risk content of the bank's credit portfolio. Based on the analysis, the bank anticipates credit loss provisions when necessary to safeguard against any credit being defaulted on based on market changes.

Management of financing and liquidity risks

Management of financing risks ensures that the Group can honour its obligations, secures planned growth and helps to maintain a diversified refinancing structure with spread risks at a competitive cost.

Aktia refinances its operations by obtaining money market deposits, and by issuing CD's and bonds. As for market-related refinancing, a diversified range of sources of financing and an adequate spread on various markets should be maintained. New funding sources are continuously explored. Aktia Real Estate Mortgage Bank plc, which started operations in 2002, will facilitate the Group's borrowing requirement by issuing secured mortgage bonds

By efficient management of the financing risks, Aktia not only secures its own lending but also fulfils its obligations with respect to savings and local co-operative banks, for which Aktia serves as the central financial institution. In addition to the statutory cash reserve, Aktia maintains a significant liquidity reserve that can be used to offset fluctuations in the liquidity position.

Responsibility for managing financing risks rests with the Financial Committee appointed by the Executive Committee to which Credit Control in Finances reports. Practical measures to change the financing position in accordance with the instructions issued from the Financial Committee are taken by Treasury. Similarly, Treasury is responsible for maintaining the bank's day-to-day liquidity.

Management of market risk

A market risk refers to the impact exerted by fluctuations in interest rates and share prices on the bank's financial performance. By managing the market risk, the bank seeks to ensure a steady long-term development of net income from financial operations and financial performance. Limits and principles for market risk management have been established by Aktia's Board of Directors. By doing so, the bank aims at controlled market risks in order to support its core business and customer service. Limits have been set for market risks relative to the capital base of Aktia Group.

To manage the market risks, Aktia's Executive Committee is responsible with the authorisation of the Board of Directors. Responsibility for this activity rests with the Financial Committee appointed by the Executive Committee subject to certain predetermined limits. Credit Control reports to the Financial

Interest rate periods 31 Dec 2002
(EUR million)

	Total items	Non-interst bearing items	< 3 mo	3-6 mo	6-12 mo	1-2 yrs	2-5 yrs	> 5 yrs
Interest bearing assets	3,263	0	2,190	286	626	29	85	47
Non-interest bearing assets	251	251	0	0	0	0	0	0
Total assets	3,514	251	2,190	286	626	29	85	47
Interest bearing liabilities	3,209	0	1,662	284	192	329	731	11
Non-interest bearing liabilities	305	305	0	0	0	0	0	0
Total liabilities	3,514	305	1,662	284	192	329	731	11
Interets rate derivative contracts								
Interest rate swap agreements								
Claims	295	0	0	3	87	200	5	0
Liabilities	295	0	0	290	5	0	0	0
Interest rate option agreements								
Purchased	170	0	170	0	0	0	0	0
Written	170	0	170	0	0	0	0	0

Re-pricing of prime and on-demand items has been determined on the basis of anticipated trends.
The tale shows the Group's position on a given day.

Committee. The Financial Committee makes decisions on more detailed risk measurement and monitoring procedures and submits proposals when necessary to the Executive Committee on changes in the limits within the framework established by the Board of Directors.

Preparations for the introduction of new products are made by the Financial Committee that presents them to the Executive Committee for approval. The Executive Committee makes decisions on any product-specific limitations subject to the instructions and principles formulated by the Board of Directors.

Interest rate risk
A structural interest rate risk refers to a risk in the development of net income from financial operations that is due to an imbalance between the interest rate ties of the Group's receivables and liabilities. The structural interest rate risk is managed by means of the balance sheet structure and related interest rate ties and derivative contracts.

In 2002, the bank implemented a model to be able to better consider the changes in the balance sheet structure through the measurement and management of structural interest rate risk. The model simulates various effects that the interest scenario has on net income and considers the changes in the balance sheet structure and the account means. As a basis for the simulation, forward contract interests are used as derived from the market interest rates and the assumption on the balance sheet changes. The structural interest rate risk is also measured with the help of various stress scripts.

The limit for the structural interest rate risk has been set in proportion to the budgeted net income from financial operations. Practical measures to cover the structural interest rate risk and to change the financing position in accordance with the instructions issued from the Financial Committee and Executive Committee are taken by Treasury.

In addition to net income, the fluctuations in interest rates affect the net income from security trading when the market value of the debt securities changes. Aktia measures and limits this risk by monitoring changes in the market value of debt securities booked under current assets by calculating any changes to an accuracy of one percentage point. In the spring of 2002, the bank applied for and received permission from the Financial Supervision Authority to maintain the "little consignment stock", which includes the trading of debt securities that total a maximum of EUR 15 million.

Exchange rate risk
An exchange rate risk refers to a negative change in the bank's currency positions caused by fluctuations in exchange rates. Aktia's currency dealings are based on customer needs for which reason most of this activity is carried out in the Nordic countries and the USA. Primarily, exchange rate risks are managed using matching. Treasury is responsible for managing the bank's daily currency position within the framework of the authorisations given by the Financial Committee. Operations are guided using the limits set by the bank's Executive Committee. The position limits have been determined in relation to the bank's capital base.

Equity risk
A share price risk refers to changes in value due to fluctuations in share prices. The current risk levels (the volatility of the market) being what they are, active investments in equities are not part of Aktia's investment policies.

Management of real estate risks

A real estate risk refers to a risk that arises out of a fall in the market value of the real estate stock, a change in return or damage to property. Investments in or ownership of real estate property is not part of the Group's core business. To reduce real estate risks, Aktia has cut back on its direct real estate holdings and seeks to improve the efficiency in the utilisation of such property and increase return. More details on property holdings and rates of return are provided in note 24. As a rule, the properties are insured for full value.

Management of operative risks

In banking, operative risks refer to losses that arise as a result of unclear or incomplete instructions, activities carried out in violation of instructions, unreliable information, deficient systems or actions taken by staff members. The losses incurred due to the risks may be direct or indirect financial losses or tarnish the corporate image to the extent that the bank's credibility in the market place suffers. Operative risks can be roughly sub-divided into administrative risks, IT system risks, and legal risks.

The responsibility for managing the operative risks is born by the business areas and the line organisation. Risk management includes a continual development of quality of the internal processes and internal control of the whole organisation. The line organisation is responsible for ensuring that the processes and procedures are adapted to the goals established by the Executive Committee and that the instructions are sufficient. Special process descriptions are drawn up when necessary. Each individual unit is responsible for full compliance with the instructions. Internal Audit analyses 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 incomplete documentation. Aktia seeks to manage legal risks by establishing contractual relationships that are based on standard terms worked out jointly by the banking industry. The branch offices and business units are required to draw upon the expertise of the bank's Legal Services when finalising special documents related to loan agreements and investments or when a new product is introduced. Group agreements and contract negotiations have been centralised in Legal Services. External experts are relied upon when necessary.

The Basel Committee and the EU Commission will draw up the best instructions for assessing and continually monitoring risks in the financial sector. In the future, the regulations concerning capital adequacy will include the capital requirements for operative risks, too. Preliminary measures to create the operating conditions in accordance with the new regulations have been taken at Aktia.

Operations and major events in 2002

Branch office operations

Branch office operations were divided into two separate business areas, Private Customers and Corporate Banking. The objective of this restructuring was to achieve greater growth, a higher standard of quality, better risk management and, above all, more time for customers through a sharper focus and improved efficiency.

Aktia Private Customers
Aktia Private Customers is divided into 10 regions and 67 branch offices. During the year, a new operations model was implemented to standardise and to enhance work methods. Reorganisation and the new operations model mean extensive commitments to developing competence, new personnel and technology. In February, Aktia opened a service outlet at the Jumbo shopping mall in Vantaa. A new central unit, Branch Support, started its activities in March. This unit has assumed responsibility for a number of functions that were previously dealt with by the branch offices that do not require direct contact with customers. Operations have gotten off to a good start and both customers and office personnel have been satisfied. In addition, the operations in Aktia@net, the office on the Internet that was inaugurated in September 2001, are well under way. The customers appreciate the flexibility and quickness that the office offers and the service they receive from their personal contact person is particularly appreciated. The most important customer target group – Prime and Top Prime customers – grew by 6%.

Aktia started to sell a new housing loan, the mortgage loan. The trial run for the mortgage loan was commenced in December of 2001 and during spring the product and system was successfully phased in throughout Aktia's branch offices. The new product has been well received by both customers and personnel alike and sales have been better than expected. Mortgage loans have become one of the main products in Aktia's housing loan assortment. Mortgage loans are granted by Aktia Real Estate Mortgage Bank plc, a wholly owned subsidiary of Aktia Savings Bank plc, established in 2001. At the end of the year, the loans for Aktia Real Estate Mortgage Bank plc totalled EUR 97.9 million and there were approximately 1,300 loans. Aktia Real Estate Mortgage Bank plc does not have any offices of its own, which means that sales are handled through Aktia's office network. As Aktia Real Estate Mortgage Bank’s operations are financed with bonds where the housing loans represent securities, Aktia’s customers can be offered affordable housing loans.

In spite of strong competition and the uncertain market conditions, sales targets were reached in many areas. In particular, housing loans, mutual funds and insurance sold well.

Aktia Corporate Banking
Aktia Corporate Banking started operations in January. Corporate Banking is divided into four regions and has 11 units in Aktia's areas of operations. During the first half of the year, emphasis was placed on operations to periodically shift corporate customers from offices for private customers to Corporate Banking, hire new personnel and build up and organise operations. Work is proceeding according to plan. In spite of extensive development and organisation work, Corporate Banking exceeded both its sales targets and its activity targets for the year.

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

§ Aktia Savings Bank's annual general meeting of shareholders on 23 April appointed Administrative Director Håkan Mattlin and Kari Kyttälä, LL.M. as the new members of the Board of Supervisors. The aforementioned replace Carl-Olaf Homén, LL.M., who was the chairman of the Board of Supervisors, and Eero Oittila, B.Sc. (Agr.) who could no longer be re-elected due to the age limit specified in the Articles of Association.
§ At its first meeting on 15 May 2002, the Board of Supervisors of Aktia Savings Bank plc elected Henry Wiklund, Director of the Swedish Literature Society in Finland, chairman of the Board of Supervisors.
§ At its meeting on 12 November, the Board of Supervisors for Aktia Savings Bank plc elected Stig Stendahl, M.Sc. (Eng.), chairman; Kaj Bergh, LL.M. and M.Sc. (Econ.); Hans Frantz, M.Sc. (Pol.); Folke Lindström, M.Sc. (Econ.); Carola Teir-Lehtinen, M.Sc. (Chem.); and Dag Wallgren, M.Sc. (Econ.) as new members of the bank's Board of Directors for a term of office from 1 January to 31 December 2003. The aforementioned replaced Patrick Enckell, Lic. Tech.; Erik Bärnas, M.Sc. (Pol.); Caj-Gunnar Lindström, Ph.D. (Econ.) and Stefan Wikman, LL.M. The Board of Supervisors has re-elected Robert Charpentier, M.Sc. (Econ.); Lasse Koivu (vice-chairman), M.Sc. (Econ.); and Lars-Erik Kvist, M.Sc. (Econ.).
§ On 15 September, Ph.D. (Econ.) Mikael Ingberg took over as managing director for Aktia Savings Bank plc, thus replacing Erik Anderson, LL.M., who announced on 15 May that he would retire when he turns 60 years old on 31 January 2003.

Other events

The adoption of the euro as a cash currency went smoothly. The expected rush on the branch offices was complete in a couple of weeks, technology worked and the new bills and coins were quickly adopted.

In February, the Board of Directors of the Savings Banks Association and the Pohjola Group plc announced plans to start negotiations on close financial co-operation. At first, Aktia participated in negotiations, but decided later not to take part in the proposed financial co-operation. Today, Aktia has successfully teamed up with several providers of insurance products. Aktia is working out solutions where the bank can store customer information related to insurance products in its own customer database.

In April, Aktia assumed the duties of the account-holding institution for the securities services of savings and local co-operative banks from Oy Samlink Ab.

The Savings Banks' Security Fund

Aktia and all of the other savings banks belong to the voluntary security fund for savings banks. The purpose of this fund is to ensure that they operate stably. Under the rules of the fund, savings banks are not mutually responsible for their debts or liabilities. The fund is free of debt and its assets at the end of the year stood at EUR 28.2 million.

Deposit Guarantee Fund

Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 25,228, is obligatory for all banks. Aktia's total contribution to the fund was EUR 1.5 million in 2002. At the end of the year, the total assets of the fund stood at EUR 243.3 million.

Investors' Compensation Fund

Banks and brokerage firms are members in the Investors' Compensation Fund, whose purpose it is to safeguard the interests of small investors in the event that a bank or brokerage firm fails. Individual investors may be compensated up to EUR 20,000. By the end of the year, the total assets of the fund amounted to EUR 4.2 million.

Important events after the end of the financial year

Aktia has received permission from Financial Supervision Authority to pay back a debenture of EUR 8.0 million, which is included in the Tier 2 capital, in March of 2003. This reduces the Group's capital base by approximately 0.4 percentage points compared to the situation at the turn of the year.

On 1 January 2003, Aktia resigned from the Savings Banks Association, whose main operation according to the decision reached in the general meeting of 16 September 2002 is being transferred to Samlink, who, thereafter, will operate as the joint service centre for the savings banks.

On 29 January, Folke Lindström, M.Sc. (Econ.) announced that he would be leaving the board of Aktia Savings Bank plc.

Prospects for 2003

The actions that Aktia took to improve efficiency were expected to lead to the increase in costs stopping. As a result of the low interest rate, the ever-stronger marginal competition and the uncertain economic outlook, the profitability is expected to remain the same as it was in 2002.

Consolidated profit and loss account 1 January - 31 December

(EUR 1,000)	Note	2002	2001
Interest income	(1)	143,955	161,481
Interest expenses	(1)	-68,718	-84,273
Net income from financial operations		**75,238**	**77,208**
Income from equity investments		442	396
Commissions receivable		31,549	31,237
Commissions payable		-3,730	-4,039
Net income from securities transactions and foreign exchange dealing			
Net income from securities transactions	(3)	259	234
Net income from foreign exchange dealing		1,371	1,714
		1,630	1,948
Other operating income	(5)	7,312	7,780
Administrative expenses			
Staff costs			
Salaries and fees		-29,849	-26,278
Staff.related costs			
Pension costs		-6,277	-4,753
Other staff-related costs		-1,741	-1,933
		-37,868	-32,964
Other administrative expenses		-26,497	-24,238
		-64,365	-57,202
Depreciations and write-downs on tangible and intangible assets			
Planned depreciations		-10,368	-8,865
Write-downs		-	-1,009
	(6)	-10,368	-9,874
Other operating expenses	(5)	-15,393	-15,139
Loan and guarantee losses	(7)	-2,971	-213
Write-downs on securities held as financial fixed assets		-28	-
Profit or loss from companies accounted for using the equity method		387	-20
Net operating profit		**19,702**	**32,081**
Extraordinary items		-	-
Profit before appropriations and taxes		**19,702**	**32,081**
Income taxes			
Taxes for the financial year and taxes brought forward		-3,031	-6,222
Changes in imputed tax claims		-4,021	-3,719
Minority interest		-71	-113
Profit for the financial year		**12,579**	**22,027**

Consolidated balance sheet 31 December

(EUR 1,000)	Note	2002	2001
Assets			
Liquid assets		175,700	294,024
Debt securities eligible for refinancing with central banks			
Treasury bills		2,212	68,301
Other		534,647	495,279
	(13, 20, 42)	536,859	563,581
Claims on credit institutions			
Repayable on demand		3,782	4,780
Other		68,874	98,655
	(42)	72,656	103,435
Claims on the public and public sector entities	(15, 42)	2,412,025	2,138,157
Debt securities			
On public sector entities		-	9,634
Other		99,117	12,492
	(20, 42)	99,117	22,126
Shares and participations	(21)	4,223	3,608
Participating interests		2,816	2,680
Shares and participations in Group undertakings		-	-
Intangible assets			
Other long term expenditure	(23)	3,700	4,539
Tangible assets			
Real estate and shares and participations in real estate corporations	(24)	109,577	112,064
Other tangible assets		13,021	17,501
	(22)	122,598	129,565
Other assets	(26)	57,545	48,806
Accrued income and prepayments	(27)	26,518	21,333
Total assets		**3,513,758**	**3,331,854**

(EUR 1,000)	**Note**	**2002**	**2001**
Liabilities			
Liabilities			
Liabilities to credit institutions and central banks			
Credit institutions			
Repayable on demand		122,697	100,521
Other		680,098	720,110
	(42)	802,795	820,631
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand		1,564,295	1,596,549
Other		361,990	260,989
		1,926,285	1,857,538
Other liabilities		146,661	118,108
	(42)	2,072,947	1,975,646
Debt securities issued to the public			
Bonds		-	-
Other		246,650	136,087
	(30, 42)	246,650	136,087
Other liabilities	(31)	96,698	126,747
Accrued expenses and deferred income	(32)	16,587	15,827
Compulsory provisions			
Other compulsory provisions	(10, 33)	2,227	2,170
Subordinated liabilities	(34)	86,566	76,109
Imputed tax claims		11,459	7,438
Minority interest		441	397
Total liabilities		**3,336,370**	**3,161,051**
Equity capital			
Share capital		70,516	70,516
Share premium account		1,805	1,805
Other restricted reserves			
Reserve fund		8,079	8,079
Capital loans		-	0
Profit brought forward		84,409	68,376
Profit for the financial year		12,579	22,027
Total equity	(35)	**177,389**	**170,803**
Total liabilities		**3,513,758**	**3,331,854**
Off-balance sheet commitments			
Guarantees		38,895	42,425
Other commitments given to a third party on behalf of a customer		18,262	15,413
Unused credit arrangements		148,009	104,788
Other irrevocable commitments		13,038	-
		218,205	**162,626**

Parent company profit and loss account 1 January - 31 December

(EUR 1,000)	**2002**	**2001**
Interest income	144,740	163,130
Interest expenses	-68,903	-83,533
Net income from financial operations	**75,837**	**79,597**
Income from equity investments		
Group undertakings	181	156
Participating interests	355	323
Other undertakings	398	356
	934	835
Commission income	26,850	26,240
Commission expenses	-2,855	-2,731
Net income from securities transactions and foreign exchange dealing		
Net income from securities transactions	461	237
Net income from foreign exchange dealing	1,371	1,712
	1,831	1,950
Other operating income	6,302	6,129
Administrative expenses		
Staff costs		
Salaries and fees	-28,458	-25,868
Staff-related costs		
Pension costs	-6,015	-4,525
Other staff-related costs	-1,678	-1,873
	-36,151	-32,265
Other adminstrative costs	-25,762	-23,797
	-61,913	-56,062
Depreciation and write-downs on tangible and intangible assets		
Planned depreciations	-8,986	-7,470
Write-downs	-	-1,009
	-8,986	-8,479
Other operating expenses	-16,176	-16,218
Loan and guarantee losses	-2,971	-213
Write-down on securities held as financial fixed assets	-28	-
Net operating profit	**18,826**	**31,046**
Extraordinary items	-	-
Profit before appropriations and taxes	**18,826**	**31,046**
Appropriations		
Change in general loss provision	-13,880	-12,818
Income taxes		
Taxes for the financial year and taxes brought forward	-2,874	-5,901
Changes in the imputed tax claims	-	-
Profit for the financial year	**2,071**	**12,328**

Parent company balance sheet 31 December

(EUR 1,000)	**2002**	**2001**
Assets		
Liquid assets	175,700	294,024
Debt securities eligible for refinancing with central banks	534,548	562,690
Claims on credit institutions		
Repayable on demand	3,241	4,663
Other	155,174	98,655
	158,415	103,318
Claims on the public and public sector entities	2,341,932	2,167,895
Debt securities		
On public sector entities	-	8,311
Other	102,815	16,909
	102,815	25,220
Shares and participations	2,722	2,000
Paticipating interests	1,893	1,893
Shares and participations in group undertakings	19,807	9,807
Intangible assets	3,669	4,431
Tangible assets		
Real estate and shares and participations in real estate corporations	78,219	78,420
Other tangible assets	12,263	16,531
	90,482	94,951
Other assets	57,003	48,259
Accrued income and prepayments	26,245	21,395
Total assets	**3,515,232**	**3,335,883**

(EUR 1,000)	**2002**	**2001**
Liabilities		
Liabilities		
Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	127,015	106,367
Other	680,098	720,110
	807,113	826,477
Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	1,566,080	1,598,555
Other	361,990	260,989
	1,928,070	1,859,544
Other liabilities	147,321	119,140
	2,075,391	1,978,684
Debt securities issued to the public		
Bonds	-	-
Other	246,650	136,087
	246,650	136,087
Other liabilities	96,446	125,318
Accrued expenses and deferred income	15,704	15,859
Compulsory provisions		
Other compulsory provisions	2,227	2,170
Subordinated liabilities	86,566	76,109
Total liabilities	**3,330,097**	**3,160,705**
Appropriations		
Loan loss provision	39,480	25,600
Equity capital		
Share capital	70,516	70,516
Share premium account	1,805	1,805
Other restricted reserves		
Reserve fund	8,067	8,067
Capital loans	-	-
Profit brought forward	63,196	56,862
Profit for the financial year	2,071	12,328
Total equity	**145,655**	**149,578**
Total liabilities	**3,515,232**	**3,335,883**
Off-balance sheet commitments		
Guarantees	38,895	42,425
Other commitments given to a third party	18,262	15,413
Unused credit arrangements	160,637	104,788
Other irrevocable commitments	13,443	-
	231,238	**162,626**

Notes to the Final Accounts

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.)

(EUR 1,000)

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
14 Breakdown of claims on central banks
19 Leasing assets
25 Own shares retained by credit institution
28 Breakdown of combined asset items
36 Shares and participations of various types including own shares and participations
38 Share issues, issues of options and convertible bonds during financial year
40 Capital investments
41 Breakdown of combined liabilities items

Other notes
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 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Claims on credit institutions	7,802	11,101	8,598	11,096
Claims on the public and public sector entities	113,517	120,903	113,546	122,407
Debt securities	22,548	29,134	22,486	29,285
Other interest income	88	342	111	342
Total interest income	143,955	161,481	144,740	163,130
Liabilities to credit institutions and central banks	23,724	28,836	23,861	28,837
Liabilities to the public and public sector entities	33,540	41,815	33,588	41,892
Debt securities issued to the public	7,150	8,464	7,150	7,646
Subordinated liabilities	4,252	3,922	4,252	3,922
Capital loans	-	-	-	-
Other interest expenses	52	1,236	52	1,236
Total interest expenses	68,718	84,273	68,903	83,533

3 Breakdown of net income from securities transactions 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Net income from transactions in debt securities	466	9	466	11
Net income from transactions in shares and participations	-206	225	-5	226
Net income from other securities transactions				
Total	259	234	461	237

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

	Group		Parent company	
	2002		**2002**	
	Bought	**Sold**	**Bought**	**Sold**
Turnover of debt securities	12,498,927	1,182,948	12,497,745	1,182,250
Turnover of shares and participations	0	241	-	-
	2001		**2001**	
	Bought	**Sold**	**Bought**	**Sold**
Turnover of debt securities	2,967,903	1,297,831	2,966,851	1,296,899
Turnover of shares and participations	711	1,150	-	-

5 Other operating income and expenses 31 Dec

	Group		Parent company	
Operating income	**2002**	**2001**	**2002**	**2001**
Rental income from real estate and real estate corporations	5,398	6,270	4,679	5,408
Capital gains from the sale of real estate and shares and participations in real estate corporations	332	545	45	0
Other income	1,581	965	1,577	720
Total	7,312	7,780	6,302	6,129
Operating expenses				
Rental expenses	5,803	4,290	4,874	4,189
Expenses for real estate and real estate corporations	4,104	3,890	6,657	6,050
Capital losses from the sale of real estate and shares and participations in real estate corporations	135	92	0	0
Other expenses	5,351	6,867	4,644	5,979
Total	15,393	15,139	16,176	16,218

6 Planned depreciation and write-downs 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Planned depreciation	10,368	8,865	8,986	7,470
Write-downs	-	1,009	-	1,009
Total	10,368	9,874	8,986	8,479

7 Loan and guarantee losses and write-downs on securities held as financial fixed assets 31 Dec

	Group		Parent company	
Balance sheet item	**2002**	**2001**	**2002**	**2001**
In respect of claims on the public and public sector entities	3,308	894	3,308	894
- recovered and reversed credit losses	-319	-1,305	-319	-1,305
Guarantees and other off-balance sheet items	-	103	-	103
- recovered guarantee losses	-17	-42	-17	-42
Other temporarily held assets	-	580	-	580
- deductions	-	-18	-	-18
Total	2,971	213	2,971	213
Loan and guarantee losses				
+ Actual loan losses during financial year	9,429	15,557	9,429	15,557
- Actual loan losses during financial year for which specific loan loss provision has previously been made	-9,429	-15,557	-9,429	-15,557
- Recoveries in respect of actual loans losses during previous financial years	-100	-1,068	-100	-1,068
+ Specific loan loss provisions made during financial year	829	1,157	829	1,157
+ Specific loan loss provisions made during financial year	2,480	420	2,480	420
- Specific loan loss provisions made earlier that were reversed during financial year	-237	-297	-237	-297
Loan and guarantee losses entered in annual accounts	2,971	213	2,971	213

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

9 Appropriations	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Change in loan loss provision	-	-	13,880	12,818

10 Changes in provisions included in income and expense items

For the parent company EUR 564 thousand in unused provisions for 2001 was recognised as income. New provisions have been entered for EUR 1,485 thousand.

12 Income by operations or geographical market 31 Dec 2002

	Group		Parent company
Field of activity	**Finland**	**Luxembourg**	
Banking	112,293	-	111,749
Common fund operations	7,581	570	-
Investment firm operations	1,275	-	-
Securities trading	0	-	0
Real estate investment operations	4,180	-	5
Total	125,330	570	111,754

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	**Group**		**Parent company**	
	2002	**2001**	**2002**	**2001**
Banking	867	817	864	817
Common fund operations	20	21	-	-
Investment firm operations	6	6	-	-
Securities trading	-	-	-	-
Real estate investment operations	3	5		3
Total	896	849	864	820

Notes to the balance sheet

13 Breakdown of debt securities eligible for refinancing with central banks 31 Dec

	Group		**Parent company**	
	2002	**2001**	**2002**	**2001**
Treasury bills	2,212	67,705	-	67,410
Government bonds	112,706	162,525	112,706	161,929
Bank of Finland's certificates of deposit	-	-	-	-
Banks' certificates of deposit	360,016	276,411	359,916	276,411
Other	61,926	56,939	61,926	56,939
Total	536,859	563,581	534,548	562,690

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**	
	2002	**2001**	**2002**	**2001**
Enterprises	488,249	477,847	516,013	507,585
Financial institutions and insurance companies	551	17,803	551	17,803
General government	51,321	51,397	51,321	51,397
Non-profit institutions	-	-	-	-
Households	1,871,904	1,591,110	1,774,047	1,591,110
Foreign	-	-	-	-
Total	2,412,025	2,138,157	2,341,932	2,167,895
Specific loan loss provisions at the beginning of financial year	44,847	60,190	44,847	60,190
New provisions made during financial year (+)	829	1,157	829	1,157
New sector-specific provisions made during financial year				
corporate (+)	1,780	420	1,780	420
households (+)	700	-	700	
Provisions reversed during financial year (-)	-337	-297	-337	-297
Actual loan losses during financial year for which the credit institution has previously made specific loan loss provisions (-)	-9,429	-16,625	-9,429	-16,625
Specific loan loss provisions at end of financial year	38,389	44,847	38,389	44,847

16 Non-performing loans and other zero-interest receivables by sector 31 Dec

	2002		2001	
Group and parent company	**Non-performing loans**	**Other zero-interest receivables**	**Non-performing loans**	**Other zero-interest receivables**
Enterprises	6,067	688	4 857	715
Financial and insurance institutions	-	-	-	-
Non-profit institutions	-	-	-	-
Households	6,843	420	6,353	543
Total	12,910	1,108	11,210	1,258

17 Assets held as security for unpaid claims and assets acquired for reorganisation of client's business operations 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Assets acquired as collateral security for claim				
Real estate property, shares and particpations in real estate corporations	0	0	0	0
Other shares and participations	-	-	-	-
Other assets	-	-	-	-
Total	0	0	0	0

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

18 Breakdown of subordinated claims 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Claims on credit institutions	-	-	-	-
Claims on the public and public sector entities	-	-	-	-
Debt securities	11,995	11,995	17,308	17,745
Total	11,995	11,995	17,308	17,745

20 Debt securities and debt securities eligible for refinancing with central banks by type of asset 31 Dec

	Group		Parent company	
Debt securities	**2002**	**2001**	**2002**	**2001**
Securities held as current assets	564,740	534,792	561,414	531,841
Publicly quoted securities	564,740	534,792	561,414	531,841
Other	-	-	-	-
Securities held as fixed assets	71,236	50,915	75,948	56,068
Publicly quoted securities	71,236	50,915	70,636	50,318
Other	-	-	5,313	5,750
Total	635,976	585,707	637,363	587,909

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

Difference between market value of debt security and its lower book value 31 Dec

	Group		Parent company	
Current assets	**2002**	**2001**	**2002**	**2001**
Debt securities	1,438	1,671	1,301	1,501

Difference between nominal value and book value of debt securities held as fixed assets and other debt securities 31 Dec

	2002		2001	
Group and parent company	Difference between nominal value and lower book value	Difference between nominal value and lower book value	Difference between nominal value and lower book value	Difference between nominal value and lower book value
Debt securities, fixed assets	34	1	-	-
Claims on credit institutions and central banks	-	-	-	-

Breakdown of debt securities and debt securities eligible for refinancing with central banks 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Treasury bills	2,212	67,705	-	67,410
Local authority paper	-	8,321	-	8,321
Commercial paper	89,656	-	89357	-
Certificates of deposit	368,034	286,340	367,256	286,340
Convertible bonds	-	-	-	-
Other bonds	176,074	223,341	180,750	225,838
Other	-	-	-	-
Total	635,976	585,707	637,363	587,909

21 Shares and participations by type of asset 31 Dec

	Group		Parent company	
Shares and participations	**2002**	**2001**	**2002**	**2001**
Current assets	2,584	2,720	1,083	1,113
Publicly quoted	1,501	1,608	-	-
Other	1,083	1,113	1,083	1,113
Fixed assets	1,639	887	1,639	887
Publicly quoted	-	-	-	-
Other	1,639	887	1 639	887
Total	4,223	3,608	2,722	2,000

Difference between market value and lower book value of shares and participations 31 Dec

	Group		Parent company	
Shares and participations	**2002**	**2001**	**2002**	**2001**
Current assets	133	125	-	-
Fixed assets	-	-	-	-

No borrowed securities exist.

Participating interests in credit institutions and other undertakings 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Participating interests				
In credit institutions	-	-	-	-
Other	2,816	2,680	1,893	1,893
Shares and participations in group undertakings				
In credit institutions	-	-	15,050	5,050
Other	-	-	4,757	4,757
Total	2,816	2,680	21,700	11,700

22 Increase and decrease in shares held as financial fixed assets and intangible assets 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Shares and participations apart from those in real estate corporations				
Purchase price at beginning of financial year	3,568	2,856	12,587	6,574
+ increases during financial year	972	964	10,837	6,014
- decreases during financial year	-85	-252	-85	
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-	-	-	-
+/- write-downs and reversing items during financial year	-	-	-	-
+ accumulated depreciation and write-downs entered in respect of decreases and transfers at 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 Dec	4,455	3,568	23,339	12,587

Land areas, buildings and shares and participations in real estate corporations				
Purchase prise at beginning of financial year	134,410	132,697	93,984	90,807
+ increases during financial year	182	3,582	28	3,346
- decreases during financial year	-1,597	-1,869	-127	-168
+/- transfers between groups				
- planned depreciation during financial year	-1,150	-1,148	-116	-112
+/- write-downs and reversing items	0	0	0	0
for write-downs during financial year	50	-969	-	-1,009
+ accumulated depreciation and write-downs in respect of decreases and transfers at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-9,130	-8,010	-2,413	-2,315
- accumulated write-downs at beginning of financial year	-17,650	-16,681	-17,600	-16,590
+ accumulated revaluations at beginning of financial year	4,462	4,462	4,462	4,462
+/- revaluations and reversing items for revaluations for financial year	0	0	0	0
Book value 31 Dec	109,577	112,064	78,219	78,420

Machinery, equipment and other tangible assets				
Purchase prise at beginning of financial year	43,083	40,946	41,057	38,960
+ increases during financial year	2,923	4,940	2,864	4,900
- decreases during financial year	-4,189	-31	-4,189	-31
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-7,138	-6,271	-6,867	-5,999
+/- 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	-21,658	-22,083	-20,602	-21,298
- 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 Dec	13,021	17,501	12,263	16,531

23 Breakdown of intangible assets 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Costs of establishment	-	-	-	-
Goodwill	-	-	-	-
Other long-term expenditure	3,700	4,539	3,669	4,431
Total	3,700	4,539	3,669	4,431

24 Breakdown of real estate assets 31 Dec 2002

Group	**Book value**	**Capital invested**
Land and water areas and buildings		
In own use	37,864	37,864
Other	32,831	32,831
	70,695	70,695
Shares and participations in real estate corporations		
In own use	15,089	15,089
Other	23,794	26,450
	38,883	41,539
Total	109,577	112,233

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 m2	**Capital invested**	**Net return %**	**Vacancy rate, %**
Dwellings and residential real estate	7,252	2,385	2.3	3.4
Business and office real estate	37,202	53,983	5.2	12.6
Industrial real estate	2,524	305	10.0	18.9
Land, water and forest areas	-	1,317	4.7	-
Other domestic real estate	-	1,291	10.1	-
Total real estate holdings	46,977	59,281	5.0	10.9

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	4,307	8,623	21,790	2,303	22,258	59,281

Current value of property holdings in other than own use

	Current value	**Required return, %**	**Return, %**	**Capital invested**
Dwellings and residential real estate	462	10	3	256
Business and office real estate	51,087	7	5	45,783
Other domestic real estate	2,370	7	14	1,024
Bank total (qty 24)	53,919	7	5	47,064
Vasp-Invest Oy	12,217	8	5	12,217
Group total	66,135	8	5	59,281

The bank's real estate property that is not in own use was valued by an independent valuator in the spring of 2001. The required return varies from 6.0% 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. No essential changes in value have taken place since. 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 Dec

	Group		**Parent company**	
	2002	**2001**	**2002**	**2001**
Cash items in the process of collection	49,309	42,582	49,244	42,513
Guarantee claims	1,828	1,539	1,828	1,539
Derivative contracts	1,622	156	1,622	156
Other	4,787	4,529	4,310	4,051
Total	57,545	48,806	57,003	48,259

27 Breakdown of accrued income and prepayments 31 Dec

	Group		**Parent company**	
	2002	**2001**	**2002**	**2001**
Interest income	17,628	19,502	18,089	19,664
Other accrued income	8,890	1,831	8,155	1,731
Prepayments	-	-	-	-
Total	26,518	21,333	26,245	21,395

29 Difference between nominal value and lower book value of liabilities 31 Dec

	2002		**2001**	
Group and parent company	Difference between nominal value and lower book value	Difference between nominal value and lower book value	Difference between nominal value and lower book value	Difference between nominal value and lower book value
Liabilities to credit institutions and central banks	-	-	-	-
Liabilities to the public and public sector entities	-	-	-	-
Debt securities issued to the public	2,643	-	1,579	-
Subordinated liabilities	-	-	-	-

30 Debt securities issued to the public by type of asset 31 Dec

	Group		**Parent company**	
Liabilities	**2002**	**2001**	**2002**	**2001**
Certificates of deposit	246,650	136,087	246,650	136,087
Bonds			-	-
Total	246,650	136,087	246,650	136,087

31 Breakdown of other liabilities 31 Dec

	Group		**Parent company**	
	2002	**2001**	**2002**	**2001**
Cash items in the process of collection	84,538	119,528	84,315	118,106
Derivative contracts	1,622	400	1,622	400
Other	10,538	6,819	10,509	6,813
Total	96,698	126,747	96,446	125,318

32 Breakdown of accrued expenses and prepaid income 31 Dec

	Group		Parent company	
	2002	2001	2002	2001
Interest	7,449	9,732	7,449	9,732
Other accrued expenses	9,138	6,095	8,255	6,127
Prepaid income	-	-	-	-
Total	16,587	15,827	15,704	15,859

33 Breakdown of material items entered under compulsory provisions

	Group		Parent company	
	2002	2001	2002	2001
Personnel expenditure	1,790	1,346	1,790	1,346
Other operating expenditure	437	824	437	824
Total	2,227	2,170	2,227	2,170

34 Subordinated liabilities with book value of more than 10% of total subordinated liabilities 31 Dec 2002

Group and parent company	Currency	Amount	Interest rate	Maturity	Installment
1)					
Aktia Savings Bank plc's debenture I/2000	EUR	9,600	4.70	05.04.2005	20% yearly
Aktia Savings Bank plc's debenture I/2001	EUR	11,941	4.00	15.10.2006	20% yearly
Aktia Savings Bank plc's debenture I/2002	EUR	20,000	4.75	08.04.2007	20% yearly

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 Dec 2002

Group and parent company	Perpetuals	Total liabilities
Total liabilities	-	86,524

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

35 Increases and decreases in equity capital during 2002

Group	At beginning of financial year	Increase	Decrease	At end of financial year	
Equity capital					
Share capital	70,516	-		70,516	
Share premium reserve	1,805		-	1,805	
Ordinary reserve	8,079		-	8,079	
Profit or loss brought forward	68,376	22	5,994	62,404	1)
Profit or loss for financial year	22,027	12,579	22	34,584	
Total equity capital	170,803	12,601	6,016	177,389	

Parent company	At beginning of financial year	Increase	Decrease	At end of financial year	
Equity capital					
Share capital	70,516	-		70,516	
Share premium reserve	1,805		-	1,805	
Ordinary reserve	8,067	-	-	8,067	
Profit or loss brought forward	56,862	12	5,994	50,880	1)
Profit or loss for financial year	12,328	2,071	12	14,387	
Total equity capital	149,578	2,084	6,006	145,655	

1) The decrease is due to the payment of EUR 0.17 dividend per share in accordance with the resolution of the General Annual Meeting of shareholders with the total dividends amounting to EUR 5,994 thousand.

37 Calculation of distributable equity 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Profit/loss brought forward	84,409	68,376	63,196	56,862
Profit or loss for financial year	12,579	22,027	2,071	12,328
Non-distributable items				
Portion of accumulated depreciation difference and reserves included in equity capital	-9,844	-9,105	-	-
Total	87,144	81,298	65,267	69,190

39 Shareholders 31 Dec 2002

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	7,165,266	20.3
Sparbanksstiftelsen i Esbo-Grankulla	2,148,843	6.1
Sparbanksstiftelsen i Vanda	1,480,800	4.2
Sparbanksstiftelsen i Borgå	1,189,300	3.4
Sparbanksstiftelsen i Vasa	915,215	2.6
Sparbanksstiftelsen i Kyrkslätt	814,790	2.3
Sparbanksstiftelsen i Karis-Pojo	719,858	2.0
Kelonia Ab	627,600	1.8
Sparbanksstiftelsen i Ingå	575,463	1.6

	Number of owners			
Shareholders by sector	**Qty**	**%**	**Qty**	**%**
Enterprises	24	4.1	1,807,835	5.1
Financial and insurance institutions	42	7.2	3,504,610	9.9
Public sector entities	2	0.3	415,000	1.2
Non-profit institutions	47	8.1	20,581,733	58.4
Private individuals and households	465	80.0	348,872	1.0
Foreign	1	0.2	8,600,000	24.4
Total	581	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	202	34.7	12,285	0.0
101 - 1 000	209	35.9	108,641	0.3
1 001 - 10 000	79	13.6	243,528	0.7
10 001 - 100 000	51	8.8	2,186,186	6.2
100 001 -	41	7.0	32,707,410	92.8
Total	582	100.0	35,258,050	100.0

42 Breakdown by maturity of assets and liabilities by balance sheet item 31 Dec 2002

	Group			
Assets	**Less than 3 months**	**3 - 12 months**	**1 - 5 years**	**Over5 years**
Debt securities eligible for refinancing with central banks	413,645	47,264	75,950	-
Claims on credit institutions	72,656	0	-	-
Claims on the public and public sector entities				
Repayable on demand	-	-	-	-
Other	112,218	229,365	799,986	1,270,456
Debt securities	84,430	12,803	1,884	-
Total	682,950	289,432	877,819	1,270,456
Liabilities				
Liabilities to credit institutions and central banks	720,352	82,443	-	-
Liabilities to the public and public sector entities	1,918,377	135,447	7,910	11,213
Debt securities issued to the public	113,405	133,245	-	-
Total	2,752,134	351,135	7,910	11,213

Assets	Parent company Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years
Debt securities eligible for refinancing with central banks	413,546	47,264	73,738	-
Claims on credit institutions	89,415	69,000	-	-
Claims on the public and public sector entities				
Repayable on demand	-	-	-	-
Other	112,218	229,365	827,750	1,172,599
Debt securities	84,430	12,604	5,781	-
Total	699,610	358,233	907,269	1,172,599
Liabilities				
Liabilities to credit institutions and central banks	724,670	82,443	-	-
Liabilities to the public and public sector entities	1,920,821	135,447	7,910	11,213
Debt securities issued to the public	113,405	133,245	-	-
Total	2,758,897	351,135	7,910	11,213

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

43 Assets and liabilities denominated in euros and foreign currency 31 Dec

	Group 2002		Parent company 2002	
	Euro	Foreign currency	Euro	Foreign currency
Debt securities eligible for refinancing with central banks	536,859	-	534,548	-
Claims on credit institutions	65,601	7,055	151,360	7,055
Claims on the public and public sector entities	2,407,891	4,134	2,337,798	4,134
Debt securities	99,117	-	102,815	-
Other assets	211,198	6,203	195,619	6,203
Total	3,320,667	17,392	3,322,140	17,392
Liabilities to credit institutions and central banks	799,984	2,811	804,302	2,811
Liabilities to the public and public sector entities	2,061,309	11,638	2,063,754	11,638
Debt securities issued to the public	246,650	-	246,650	-
Subordinated liabilities	86,566	-	86,566	-
Other liabilities	126,950	22	114,355	22
Total	3,321,459	14,470	3,315,627	14,470

	Group 2001		Parent company 2001	
	Euro	Foreign currency	Euro	Foreign currency
Debt securities eligible for refinancing with central banks	563,581	-	562,690	-
Claims on credit institutions	97,449	5,986	97,332	5,986
Claims on the public and public sector entities	2,136,849	1,308	2,166,587	1,308
Debt securities	22,126	-	25,220	-
Other assets	210,525	6	182,731	6
Total	3,030,530	7,300	3,034,559	7,300
Liabilities to credit institutions and central banks	816,679	3,952	822,525	3,952
Liabilities to the public and public sector entities	1,962,939	12,707	1,965,978	12,707
Debt securities issued to the public	136,087	-	136,087	-
Subordinated liabilities	76,109	-	76,109	-
Other liabilities	152,181	0	143,347	0
Total	3,143,995	16,659	3,144,046	16,659

Notes to the accounts concerning income taxation

44 Income taxes, imputed tax claims and liabilities 31 Dec

	Group 2002	2001	Parent company 2002	2001
Income taxes arising from actual business operations	3,031	6,222	2,874	5,901
Imputed tax claims due to perdiodization differences have not been entered in the accounts.			3,816	2,940

Imputed tax liabilities due to revaluation have not been entered in the accounts, nor do they affect income taxation.

Imputed tax liabilities due to the depreciation difference and appropriations that affect consolidated final accounts have been entered in the balance sheet.
Imputed tax liabilities have been computed according to the 29% tax rate.

Notes to the accounts concerning collateral, contingent liabilities and derivative contracts

45 Assets pledged as collateral 31 Dec

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

Group	2002	2001
Debt securities held as current assets	71,000	220,412
Debt securities held as fixed assets	34,728	46,728
Total	105,728	267,139

46 Pension liabilities

Statutory employment pensions and Group supplementary pensions are covered through insurance.

47 Leasing commitments

	Group	Parent company
Total rentals during 2003	1,394	1,387
Total rentals during 2004 - 2006	3,152	3,139

48 Breakdown of off-balance sheet commitments 31 Dec

	Group		Parent company	
	2002	2001	2002	2001
Guarantees	38,895	42,425	38,895	42,425
Other commitments on behalf of third party	18,262	15,413	18,262	15,413
Unused credit arrangements	148,009	104,954	160,637	104,788
On behalf of subsidiary	-	-	15,000	-
On behalft of associated undertaking	2,186	2,186	2,186	2,186
Other irrevocable commitments	13,038	-	13,443	-
On behalf of subsidiary	-	-	405	-
Total	218,205	162,793	231,238	162,626

49 Derivative contracts

	Value of underlying assets			
	Group 2002		Parent company 2002	
	For hedging purposes	Other	For hedging purposes	Other
Interest rate derivatives	**634,520**	**0**	**649,920**	**0**
Futures	-	-	-	-
Options	340,000	0	340,000	0
Purchased	170,000	-	170,000	-
Written	170,000	-	170,000	-
Interest rate swaps	294,520	-	309,920	-
Currency derivatives	**16,689**	**0**	**16,689**	**0**
Futures	16,689	-	16,689	-
Share derivatives	**31,560**	**0**	**31,560**	**0**
Options	31,560	0	31,560	0
Purchased	15,780	-	15,780	-
Written	15,780	-	15,780	-
Equivalent credit values				
Interest rate derivative contracts	10,773	-	11,179	-
Currency derivative contracts	379	-	379	-
Share derivative contracts	1,885	-	1,885	-
Total derivatives	**13,038**	-	**13,443**	-

	Group		Parent company	
	2001		2001	
	For hedging purposes	Other	For hedging purposes	Other
Interest rate derivatives	**199,360**	**281,000**	**199,360**	**281,000**
Futures	-	281,000	-	281,000
Options	0	0	0	0
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	199,360	-	199,360	-
Currency derivatives	**11,521**	**0**	**11,521**	**0**
Futures	11,521	-	11,521	-
Share derivatives	**15,446**	**0**	**15,446**	**0**
Options	15,446	0	15,446	0
Purchased	7,723	-	7,723	-
Written	7,723	-	7,723	-
Equivalent credit values				
Interest rate derivative contracts	2,425	-	2,425	-
Currency derivative contracts	1,152	-	1,152	-
Share derivative contracts	463	-	463	-
Total derivatives	**4,040**	-	**4,040**	-

50 Total amount of sales receivable arising from sale of assets on behalf of customers and total amount of accounts payable arising from purchase of assets on behalf of customers 31 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
	68	4	68	4

51 Other commitments or contingent liabilities

Aktia has promised a capital investment fund a loan of EUR 2,000,000.00, of which EUR 837,034.63 was withdrawn during 2002. The withdrawn amount is included in note 21.

Notes to the accounts concerning the staff and members of governing and supervisory bodies

52 Personnel and members of supervisory bodies

	Group		Parent company	
Average number of staff	**2002**	**2001**	**2002**	**2001**
Full-time	757	812	734	786
Part-time	128	64	122	61
Total	885	876	856	847

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 Dec

	Group		Parent company	
	2002	**2001**	**2002**	**2001**
Salaries and fees paid to members of the Board of Supervisors	164	202	164	202
Salaries and fees paid to members of the Board of Directors and managing director and deputy managing directors	1,456	1,295	971	877
Total	1,620	1,497	1,135	1,079

The said individuals were paid emoluments of EUR 79.4 tied to the company's financial performance.

A supplementary pension insurance of EUR 127.0 thousand was taken out for the managing director and deputy managing directors of Aktia Savings Bank plc in 2002.

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 Dec 2002

	Group	Parent company
Members of the Board of Supervisors and their alternates	933	933
Members of the Board of Directors and their alternates, managing director and deputy managing directors	447	278
Auditors and firms of auditors	68	68
Total	1,447	1,279

As a rule, the intrest rates for the loans are tied to publicly quoted reference rates or the Aktia Prime rate 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 Dec 2002
Members of the Board of Supervisors, Board of Directors, managing director and deputy managing directors hold 13,650 shares, equivalent to 0.04% of the capital stock.

Holdings in other undertakings

53 Shares and participations held as financial fixed assets 31 Dec 2002

Undertakings included in consolidated accounts (ownership over 50%)	Domicile	Percentage of all shares	Book value
Financing			
Aktia Real Estate Mortgage Bank plc	Helsinki	100.0	15,050
Hsp-Rahoitus Oy (dormant)	Helsinki	100.0	589
Common fund operations			
Aktia Fund Management Ltd	Helsinki	99.0	2,491
Aktia Fund Management S A	Luxemburg	100.0	111
Investment firm operations			
Aktia Asset Management Oy Ab	Helsinki	83.0	279
Securities trading			
Aktia Securities	Helsinki	100.0	1,177
Real estate investment operations			
Kiint. Oyj Mannerheimintie 14	Helsinki	100.0	20,603
Robur Invest Ab	Helsinki	100.0	8
Vasp Invest Oy	Helsinki	75.0	101
Total			40,410

Undertakings not included in consolidated accounts (ownership over 50%)
12 real estate companies with a combined book value of EUR 19,968 thousand 31 Dec 2002

Shares and participations in associated undertakings (ownership 20 - 50%)	Domicile	Percentage of all shares	Book value
Data processing			
Oy Samlink Ab	Esbo	28.2	2,816
Real estate investment operations			
Real estate corporations, total no. 12			8,560
Total			11,376

Other shares and participations held as fixed assets	Domicile	Percentage of all shares	Book value
Stock Exchange			
HEX Oy	Helsinki	1.0	222
Credit institutions			
Luottokunta	Helsinki	3.0	168
Insurance companies			
Veritas Mutual Accident Insurance Company	Helsinki	0.0	168
Other companies, total no. 23			244
Total			802

Other notes to the accounts

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

Notes concerning preparation of consolidated accounts

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

No changes in the Group structure were made in 2002.
The bank's dividend income from inter-group companies is comparable to that earned in 2002 and 2001.

No subsidiaries were founded, merged or sold off during 2002.

Notes concerning subsidiaries or Group undertakings

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

2 No unconsolidated subsidiaries exist other than real estate corporations.

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

4 No non-consolidated 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 reserve.

11 Imputed tax liabilities
An imputed tax liability of EUR 11,458.7 thousand relates to the loan loss provision made by the parent company and the depreciation difference in subsidiary.
Net increase in 2002 was EUR 4,021.0 thousand.

12 Group goodwill and Group reserve arising from associated undertakings
A Group goowdill of EUR 236.4 thousand was generated in 2001 and will be depreciated over 5 years.

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

Accounting policies

The bank's financial statement and the Group's financial statement 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 financial statements and consolidated financial statements for credit institutions and securities companies (21.12.2000/1259) as well as regulations 106.1, 106.2 and 106.3 issued by the Financial Supervision Authority.

Scope of consolidated financial statements

The financial statements have been drawn up in compliance with the regulations issued by the Financial Supervision Authority (20/420/98, 21/420/98 and 6/410/2000). The consolidated accounts include the annual financial statements 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, the subsidiaries, associated undertakings and joint ventures whose balance sheet total accounts for less than 1% of the balance sheet total of the parent bank and or less than EUR 10 million have been excluded from the consolidated statement, but only if the combined balance sheet total of the said companies falls short of 5% of the consolidated balance sheet total. The exclusion of these companies does not have an essential effect on the result of the Group or its financial position.

More detailed information on consolidated and non-consolidated subsidiaries and affiliates is provided in note 53 "Holdings in other undertakings".

Comparability of the profit and loss account and the balance sheet

No changes have taken place in the Group structure that would essentially affect the comparability of the consolidated final statements for 2002 with those drawn up for the preceding financial year.

Consolidation

Where the financial statements of the subsidiaries are included in the consolidated financial statements, the accounting principles of the parent company have been applied. For subsidiaries (ownership over 50%), the financial statements have been consolidated line by line in accordance with the past-equity method. Affiliates (ownership 20–50%) have been consolidated according to the equity method.

Internal income and expenses within the Group as well as internal receivables and payables, including distribution of profit, have been eliminated. The optional reserves for the group company are divided in the consolidated balance sheet into equity and imputed tax liability as well as the change in them in the consolidated income statement in the change of the imputed tax liability and the result for the financial year. The minority's share of the result of the subsidiaries and the net capital are entered separately as their own items in the Group's profit and loss account and balance sheet.

The Group's mutual shareholdings have been eliminated using the past-equity method. The Group goodwill arising from the elimination of the internal holdings has been aimed at buildings and is eliminated in accordance with the depreciation plan for the buildings.

Items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies outside the Euro zone have been converted into Euros using the European Central Bank's average rate of exchange on the day the accounts were closed. The difference in exchange rates has been entered in the profit and loss account as net earnings from currency dealing.

Current and fixed assets

Debt securities, shares and holdings have been divided into current and fixed assets. In addition, current assets have been sub-divided into consignment stock and other current assets. Fixed and current assets are both listed as balance sheet items under "Debt securities eligible for refinancing with central banks" and under "Debt securities". Such debt securities that the European Central Bank accepts as collateral for warrant central bank financing have been entered as certificates of claim that warrant central bank financing.

The consignment stock includes debt securities and other publicly quoted Finnish and foreign securities that the bank actively trades in and that have been acquired for the short term with the intent to earn revenue. They have been entered in the financial statements at their probable assignment price on the day the accounts were closed. The acquisition price for the different types of debt securities that are included in the consignment stock is calculated using the FIFO method.

Certificates of claim, shares and holdings that are not included in the consignment stock have been entered as other current assets. They have been entered at acquisition cost or at their probable lower assignment price. The acquisition price of the certificates of claim that are included in other current assets according to their type is calculated using the FIFO method.

For publicly quoted 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; for debt securities, 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.

The profit and loss from assignment for the securities were included as current assets as well as the differences in valuation of the consignment stock and also the valuation loss that have been entered as current assets have been entered as net income from securities trading. The difference between the acquisition price and nominal value is allocated as interest income or the loss of it.

Fixed assets include debt securities to be retained until maturity, shares and holdings in subsidiaries and associated undertakings as well as other shares and holdings that the Group holds to satisfy its need for services.

Securities held as fixed assets have been valued at their acquisition price. If the probable assignment price for said securities is permanently lower than the acquisition price at the end of the financial year, the difference has been entered as expenses. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss of it.

Claims and liabilities

Claims and liabilities have been included in the balance sheet at their acquisition price. The difference between the acquisition price and the nominal value of the receivables and liabilities has been allocated as interest income or as interest expenses over the exercise period. If the probable value is lower than the book value, the claims have been entered in the balance sheet according to their probable value.

Tangible and intangible assets

The Group's holdings in 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 is used by the Group, the division has been made according to the square metres reserved for their respective purposes. The real estate property was re-evaluated by external property valuators to reflect the current value using the cash flow method. The 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 the real estate property and participations in real estate corporations was not revalued. If the probable assignment value of the property or shares in real estate corporations is essentially or permanently lower than the acquisition price, the difference is entered as expenses in the profit and loss account.

Certain property holdings and shares in real estate corporations have been revaluated in previous years based on the calculations of experts. These revaluations have been approved by the Financial Supervision Authority. If the value of the depreciated holding has been reduced to below the accepted value of the holding or a part of it has been transferred or destroyed, the revaluation is decreased in the same fashion. Depreciations are not performed for revaluations. Real estate is included in the balance sheet at its acquisition price less planned depreciation. Shares and participations in real estate corporations have been included at their acquisition price. The valuation principles for real estate as well as shares and participations in real estate corporations are disclosed under note 24.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. The expenses incurred during the complete renovation of owner-occupied flats were entered under tangible assets. 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 Accounting Board. Major investments and inventories are depreciated over a maximum of 5 years. Investments in computer systems are depreciated over a period of 3 years and renovations to branch offices over 5 years. Buildings are linearly depreciated over 40 years.

During 2002, the principles used for periodising the personal workstations and peripherals was amended so that the acquisition price is entered in its entirety as an expense for the financial year starting in 2003 (economic life less than 3 years). Depreciation thus included the undepreciated acquisition price for personal workstations and peripherals according to the target set for 2002.

Loan and guarantee losses

Losses from claims and guarantee obligations that have been established as final and probable write-downs and sales losses that were previously considered received through customer financing have been entered as loan and guarantee losses.

When loan and guarantee losses are booked, the real security for the loans is valued at the probable assignment price either at the time when the bank estimated that full repayment of the loan is unlikely or at a lower assignment price determined later on when non-performing loans are reviewed for collection. Real security that is received through long-term leases is valued according to the return requirement that has been set to secure the present value of the outstanding receivable.

Provisions against loan losses for credits with personal guarantees have had the expected amount to be recovered upon realisation of the guarantee deducted.

Specific loan loss provisions have also been entered as loan losses according to claims, which can be deemed probable but that cannot yet be assigned to individual claims in accordance with regulation 106.3 issued by the Financial Supervision Authority. Claim-specific provisions will be allocated to individual claims as soon as sufficient information is available.

The funds that had been entered as losses in previous years, the indemnity that has been paid out, and the profits from assignment that had been considered as losses entered in previous years have been marked collected as deductions for loan and guarantee losses.

Non-performing loans

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

Taxes

The income taxes in the financial statement of the bank and its individual group companies has been calculated according to taxable income and entered as such. Imputed tax claims have not been recorded in the balance sheet.

The voluntary provisions for the group companies are divided in the consolidated balance sheet into equity and imputed tax liability as well as the change in them in the consolidated income statement on the change of the imputed tax liability and the result for the financial year.

Note 44 includes a specific analysis of the income tax for the parent bank as well as the imputed tax liability and claims for both the parent company and the Group.

Derivative contracts

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

Changes in value of the derivative contracts that secure financial claims have been processed in the profit and loss account in the same way as the value changes in the corresponding balance sheet items.

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

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

Five year review of the Group 31 Dec

(EUR 1,000)	**1998**	**1999**	**2000**	**2001**	**2002**
Turnover	135,837	141,221	196,506	202,841	184,888
Net income from financial operations	56,509	56,530	74,491	77,208	75,238
as a percentage of turnover	41.6	40.0	37.9	38.1	40.7
Other income	37,873	37,082	51,457	37,321	37,202
Expenses and depreciation	-79,581	-70,874	-84,007	-82,214	-90,126
Income before loan losses	14,802	22,738	41,940	32,315	22,314
Loan losses	-963	-1,136	180	-214	-2,971
Net operating profit	13,970	21,869	42,262	32,081	19,702
as a percentage of turnover	10.3	15.5	21.5	15.8	10.7
Net operating profit before appropriations	13,970	21,869	42,262	32,081	19,702
as a percentage of turnover	10.3	15.5	21.5	15.8	10.7
Profit for the financial year	13,979	19,440	32,879	22,027	12,579
Earnings/share	0.40	0.57	0.93	0.63	0.36
Equity/share	3.04	3.49	4.37	4.85	5.03
Number of shares at end of year	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050
Average number of shares during year	34,613,628	35,258,050	35,258,050	35,258,050	35,258,050
Balance sheet total	2,386,883	2,737,913	2,982,750	3,331,854	3,513,759
Total return on assets, ROA %	0.7	0.8	1.2	0.7	0.4
Equity	109,961	126,437	154,048	170,803	177.389
Return on equity ROE, %	12.2	16.5	23.1	13.5	7.2
ROE excl. sector-specific loan losses				13.7	8.7
Equity ratio, %	4.8	4.7	5.27	4.92	5.1
Capital adequacy ratio, %	12.5	10.8	13.0	12.5	13.1
Cost to income ratio	0.84	0.76	0.67	0.73	0.81
Borrowing from the public	1,505,242	1,736,514	1,769,221	1,857,539	1,926,286
Lending to the public	1,382,706	1,684,570	1,898,500	2,138,157	2,412,025

Group capital adequacy

Group capital base

(EUR million)	31 Dec 2002	31 Dec 2001
Tier 1 equity		
Share capital	70.5	70.5
Ordinary reserve	8.1	8.1
Share premium reserve	1.8	1.8
Retained earnings account	84.4	68.4
Profit for the financial year	12.6	22.0
Minority interest	0.4	0.4
Dividend	-6.0	-6.0
Intangibles	-3.7	-4.5
Total	168.1	160.7
Tier 2 equity		
Revaluation reserve	0.0	0.0
Debentures	75.2	35.4
Total	75.2	35.4
Net capital required to cover market risks	0.0	1.4
Net capital base	**243.3**	**197.5**

	31 Dec 2002	31 Dec 2001
Capital adequacy, %	**13.1**	**12.5**
Tier 1 equity ratio, %	**9.0**	**10.2**

Riskweighted commitments

(EUR million)

	Assets		Off-balance-sheet items		Risk-weighted commitments	
Risk weighting	**31 Dec 2002**	**31 Dec 2001**	**31 Dec 2002**	**31 Dec 2001**	**31 Dec 2002**	**31 Dec 2001**
0%	494.9	936.5	79.2	11.2	-	-
20%	559.2	281.7	5.3	4.0	112.4	56.8
50%	1,561.6	1,332.7	24.4	23.6	788.1	673.7
100%	894.3	780.9	89.6	78.6	956.5	830.6
Derivatives			497.0		2.7	
Market risk				400.0		18.1
Total	**3,510.1**	**3,331.8**	**695.5**	**517.4**	**1,859.6**	**1,579.2**

Key figure definitions

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, 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.

Total return on assets (ROA)
Net operating profit less tax divided by the average balance sheet total.

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

Solidity
Equity, minority interest and provisions divided by the balance sheet total at the end of the financial year.

Risk-weighted commitments
Assets in the balance sheet and off-balance sheet items, calculated and risk-weighted according to regulation 106.7 issued by the Financial Supervision Authority.

Capital adequacy ratio
Capital base, i.e., ratio of Tier 1 and Tier 2 equity to risk-weighted commitments.

Tier 1 equity ratio
Ratio of Tier 1 equity to risk-weighted commitments.

Cost to income ratio
Commission costs, administrative costs, depreciation and other operating expenses divided by net income from financial operations, income from equity investments, commission income, net income from securities trading and currency transactions and other operating income.

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 EUR 2,071,186.48 for the year and the retained earnings account of EUR 3,922,682.02 from previous years be disposed as follows:

A dividend of EUR 0.17 per share, totalling EUR 5,993,868.50 be paid to shareholders

As a result, the bank's retained earnings total EUR 59,273,013.02 and the Group's EUR 90,965,619.40.

Helsinki, 11 March 2003

Board of Directors of Aktia Savings Bank plc

Stig Stendahl
Chairman of the Board

Lasse Koivu Vice Chairman	Kaj-Gustaf Bergh	Robert Charpentier	Hans Frantz
Lars-Erik Kvist	Carola Teir-Lehtinen	Dag Wallgren	Mikael Ingberg Managing Director

Auditors' 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, 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the members of the Board of Directors, the 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 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, 17 March 2003

OY JOE SUNDHOLM & CO AB
Authorised Public Accountants

Jan Holmberg, APA   Rolf Nyberg, CA   Sune Back, APA

Statement by the Board of Supervisors

The statement has been proved in the meeting of the Board of Supervisors on 26 March 2003. The annual accounts of the parent company and Group for 2002 have been drawn up in conformity with applicable statutes and regulations.

Board of Supervisors of Aktia Savings Bank

Henry Wiklund, Chairman (current term expires 2003), Managing Director, M.Sc.(Econ.), Honorary Councillor
Bo Göran Eriksson, Vice Chairman (2005), Senior Director, L.L.M.
Bo Forslund, Vice Chairman (2003), 2nd Vice Chairman of Board of FöreningsSparbanken AB
Henrik Sundbäck, Vice Chairman (2003), Consultant, M.Sc.(Agr. & Forestry)
Lorenz Uthardt, Vice Chairman (2005), Agrologist
Bo-Gustav Wilson, Vice Chairman (2004), Auditing Director, M.Sc.(Econ.)
Henrik Andberg (2003), M.Sc.(Agr. & Forestry)
Max Arhippainen (2004), M.Sc.(Econ.), Lic.Pol.Sc.
Göran Collert (2002), Chairman of Board of FöreningsSparbanken AB
Kurt Forsman (2005), M.Sc.(Agr. & Forestry)
Christina Gestrin (2005), M.Sc.(Agr. & Forestry)
Christoffer Grönholm (2003), Cabinet Secretary, Dr. Pol.Sc.
Torbjörn Jakas (2004), Managing Director
Kari Kyttälä (2003), L.L.M.
Per Lindgård (2003), Teacher
Kristina Lyytikäinen (2005), Private Entrepeneur, B.A. (Soc.Sc.)
Håkan Mattlin (2005), Administrative Director
Hans Olsson (2004), Financial Manager
Margareta Pietikäinen (2004), M.A.
Jorma J Pitkämäki (2005), Director
Peter Simberg (2005), Agrologist
Gunvor Sjöblom (2004), M.A.
Heikki Tuominen (2004), Managing Director
Maj-Britt Vääriskoski (2004), Financial Manager
Johan Wennström (2003), M.D.
Boris Westerlund (2005), M.Sc.(Econ.)
Carl Johan Westman (2003), Professor, Dr. Agr. & Forestry
Leo Wistbacka (2003), Managing Director, M.A.
Ann-Marie Åberg (2004), Physiotherapist