Aktia Savings Bank plc

Financial Statement 31 December 2003

Aktia
Savings Bank

Contents

The year's activities

Financial result

The Group's operating profit rose to EUR 30.2 million, an increase of 10.5 million (53.3%) on the previous year. This improvement is due to the rationalisation of operations and significant cost savings. Growth in volume continued. The growth rate for both total lending and lending to households was lower than the previous year, while growth in savings products was clearly higher than the previous year. Loan losses were again low. The share of profits from affiliates increased from EUR 0.4 to 1.0 million.

Profit for the year rose to EUR 20.5 million compared with 12.6 million in 2002, an increase of 62.7%. The Group's profitability improved considerably, and the return on equity (ROE) rose from 7.2% to 11.1%. The cost/income ratio also improved from 0.81 to 0.73.

Income

The Group's total income rose to EUR 114.5 million, an increase of 1.9%. The market situation presented significant challenges. Decreasing interest rates had a major impact on the underlying operating net income from financial operations. The increasingly tough competition also reduced the customer margins on both lending and saving. The Group's net income from financial operations therefore fell by 1.8% to EUR 73.9 million, despite an increase in lending and saving. Without effective hedges against a drop in the market interest rate, which had an impact totalling EUR 5.9 million (EUR 1.4 million in 2002) on the net income from financial operations, the reduction in this income would have been considerable.

Commission income showed a rising trend and totalled EUR 33 million, representing an increase of 4.8%. Commission income from payment transactions, lending and insurance sales continued to increase. The income that is directly associated with developments on the capital market, such as income from brokering and mutual fund commissions, also showed improvement towards the end of the year.

Other income rose to EUR 10.9 million, an increase of EUR 1.6 million (17.2%) on the previous year. This improvement is entirely attributable to items of a one-off nature, the most significant of which related to profit from sales of real estate.

Expenses

The Group's total expenses fell by EUR 7 million (7.8%) to EUR 83.1 million. Personnel costs fell by 5.3% to EUR 35.9 million and the average number of employees from 885 to 838 or by 5.3%. Other administrative expenses fell even more sharply, i.e. by 15.1% to EUR 22.5 million. The cost savings are mainly due to the staff reductions and to substantial reductions in marketing expenses.

Planned depreciation decreased by 19.2% to EUR 8.4 million, mainly due to a lower rate of new investment. In addition, write-downs on property held as assets were undertaken to a total value of EUR 0.9 million. Other operating expenses remained at EUR 15.3 million, i.e. the same level as the previous year. All expenses for the investigation of joint venture possibilities with the Bank of Åland plc, totalling approximately EUR 2.2 million, were written off during the last part of the year.

Balance sheet and off-balance sheet commitments

On 31 December 2003, the Group's balance sheet total stood at EUR 3,512 million, while the corresponding figure for the previous year was EUR 3,514 million.

Off-balance sheet commitments totalled EUR 246 million (218 million in 2002). The use of derivative contracts to hedge the Group's net income from financial operations from a drop in the market interest rate increased markedly. The value of the underlying assets for all derivative contracts totalled EUR 2,575 million (EUR 683 million in 2002).

Capital Adequacy

On 31 December 2003, the Group's capital base totalled EUR 259.6 million, of which EUR 182.6 million was Tier 1 equity. During the year, the bank issued capital notes for EUR 27.7 million, which means that the total Tier 2 capital rose from EUR 75.2 million to EUR 77.0 million. The Group's risk-weighted commitments rose during the year by just 0.7% to EUR 1,873 million. The capital adequacy ratio was 13.9%, the proportion of Tier 1 capital being 9.7%. The primary equity includes the profit for the financial year deducted by dividends as per the Board of Directors' proposal.

Personnel

The number of personnel (number of current employment contracts) has fallen by 84 since 31 December 2002 and totalled 812 at the end of the year. The number of actual bank staff has fallen by 93 since 31 December 2002 to 758. The actual bank staff corresponded to 691 full-time employees at the end of the financial year (771 in 2002). The average number of staff during the year was 838 (885). This reduction has taken place without any redundancies.

Financial result of the main subsidiaries

Aktia Fund Management Ltd

The total income of Aktia Fund Management Ltd remained at the same level as one year earlier, i.e.

EUR 7.8 million. Commission expenditure incurred by the sales channels amounted to EUR 4.8 million (EUR 4.9 million in 2002). Direct expenditure fell by 4.9% to EUR 2.1 million. The operating profit increased from EUR 0.5 to EUR 0.9 million.

Aktia Asset Management Oy Ab
The operating profit for Aktia Asset Management Oy Ab increased from EUR 0.5 million to EUR 0.7 million. Commission income amounted to EUR 1.1 million, an increase of 7.1%. Total income rose to EUR 1.5 million (EUR 1.3 million 2002). Expenses increased by 3.6% to EUR 0.8 million.

Aktia Real Estate Mortgage Bank Plc
Aktia Real Estate Mortgage Bank plc launched its own business in 2002. Sales of Aktia's mortgages intensified during 2003. Total income increased to EUR 2.1 million (EUR 0.5 million in 2002) and total expenses rose from EUR 0.5 million to EUR 1.2 million. The profit before appropriations and tax improved from a slight loss to a profit of EUR 1.0 million. At the end of the year under review, the total claims on the public totalled EUR 239.6 million, an increase of EUR 141.7 million. The balance sheet total was EUR 249.5 million.

Vasp-Invest Oy
The total income of Vasp-Invest Oy remained at the same level as one year earlier, i.e. EUR 1.6 million. Expenses decreased by 5.3% to EUR 1.1 million. The profit before tax was EUR 171.4 thousand (EUR 33.7 thousand in 2002).

Balance sheet and financial structure

Assets

Claims on the public
The volume of business continued to grow. Lending to households, particularly housing loans, increased sharply, although Aktia's growth was lower than the market average. This reflects a certain restraint with regard to the most intense price competition that could be found, especially in the Helsinki area. Despite this, margin erosion continued on the whole of the loan stock.

The Group's lending to the public totalled EUR 2,595.0 million at the end of the year. In 2003, the loan stock increased by EUR 182.9 million, which is an increase of 7.6%. Of the claims, 79% (EUR 2,058.7 million) consisted of loans extended to private individuals and households. The majority of the credit extended to households was in the form of housing loans. The housing loan portfolio grew during the year by EUR 158.7 million (+ 10.6%) to EUR 1 657.5 million, of which mortgages constituted EUR 239.6 million, in turn an increase of 144.8%. Corporate financing totalled EUR 340.6 million, which accounted for the second largest part of lending. This share of the whole loan stock was 13%. The credit extended to housing associations totalled EUR 143.5 million, which represented 6% of the whole loan stock.

The structure of the loan stock was well diversified and this trend continued during 2003. The majority of the claims, 49.9% of the whole loan stock, consisted of credit to customer entities, whose liabilities correspon-ded to less than EUR 100,000. The proportion of credit extended to customer entities with a liability of more than EUR 800,000 has continued to decline and only amounted to 10.7% of the whole loan stock.

Sound credit ratings are an important point of focus for the Group. The volume of non-performing loans, EUR 12.7 million, remained at a low level. Non-interest-bearing loans amounted to EUR 1.1 million. The non-performing loans and the non-interest-bearing loans totalled EUR 13.8 million, which is a decrease of EUR 0.2 million from the previous year. The relative share of non-performing loans and non-interest-bearing loans in the whole liability stock, including commit-ments, thus fell from 0.6% to 0.5%. For 2003, the Group booked loan losses of EUR 1.3 million and reversals of previously booked losses of EUR 0.3 million. Thus, the total negative net effect was EUR 1.0 million. To protect against future losses, the Group increased its branch-specific credit loss provision by EUR 1.3 million to EUR 4.2 million.

Investments in interest-bearing securities
Investments in interest-bearing securities are made primarily to manage the bank’s 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 market book and other current assets available for sale.

The market book has only been used to support customer trading. The bank has received permission from Financial Supervision Authority to maintain a so called "little consignment stock". At the end of 2003, there were no securities counted as consignment stock were in the Group's balance sheet.

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 with a view to ensuring liquidity and therefore funds are invested only in debt securities with high liquidity. On 31 December 2003, the balance sheet value of the portfolios was EUR 440.4 million, with an average duration of 0.5 years. Compared with the previous year, other current assets have shown a decrease of EUR 124.3 million.

The Financial Committee also manages investments that are entered as fixed assets. At the end of 2003, the portfolio included government bonds issued by European governments that had a total balance sheet value of EUR 32.2 million. The average maturity of the portfolios was 1.1 years. Valuation principles are discussed in detail in Accounting policies.

Shareholdings
Shares included in the balance sheet consisted mainly of long-term investments that are regarded as fixed assets. This category also includes the shares corresponding to just under 9% of the capital and around 2.7% of the votes, which were acquired in the Bank of Åland plc

during the year. The total acquisition cost of these shares amounted to EUR 19.1 million or an average of EUR 19.48 per share.

Real estate
Investments in or ownership of real estate property is not part of Aktia's core business. During 2003, property to a booked value of EUR 10.7 million was disposed of, for which a profit of EUR 1.1 million was reported.

At the end of 2003, the amount of Group capital tied up in real estate property stood at EUR 99.5 million (EUR 112.2 million in 2002), of which EUR 47.4 million was made up of real estate property not used by the bank itself. Real estate property accounted for 2.8% of the Group's balance sheet total. The average return on properties not used by the bank was 5.7%.

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
Deposits by the public increased by EUR 75.5 million and amounted to EUR 2,001.8 million at the end of the year. Deposits steadily increased 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 level, and the decline in loan margins.

At the end of 2003, prime rate accounts accounted for 22.1%, accounts with a fixed one-percent interest for 19.9%, and actual current accounts for 34.0% of the total deposit stock. Time deposits accounted for 19.4% of the deposits.

The deposit stock is still well diversified. Slightly less than 25.9% of the funds consisted of deposits that were in excess of EUR 150,000.

Funding from money and capital markets
The positive development of banking activities increased the bank's need to borrow from the capital market. As in the past, most of the borrowing still consisted of deposits by the public and money market investments by local banks in Aktia. In addition, the bank issued certificates of deposit that stood at EUR 176.8 million at the end of the year, which represented 5.3% of the total borrowing. During 2004, Aktia Group intends to issue bonds secured by the housing loan stock through its mortgage bank, Aktia Real Estate Mortgage Bank. In this way, Aktia will safeguard its refinancing on competitive terms to the benefit of customers.

Derivative contracts

The bank entered into derivative contracts 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 end of the year, the value of the underlying assets for derivative contracts in the Group for interest periods amounted to EUR 300.0 million, interest rate swap agreements to EUR 404.7 million and interest-related option contracts to EUR 1,740.0 million.

Credit rating

The credit rating from Moody's Investors Service Ltd has increased awareness of Aktia on the international money market and generated new possibilities for more broad-based financing. Moody´s update of Aktia’s rating in December 2003 involved no changes.

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 deposit, investment, financing and payment transaction services to private individuals, corporate customers, organisations and associations in its operative area. All other business operations of the Group are designed to support these core services. The role of risk management is to identify the threats and possibilities that affect the implementation of Aktia Group's strategic business objectives. The aim of risk management is to ensure a consistent financial performance in the long term and thereby inspire confidence in the bank. Risks are identified, defined and measured. In addition, identified risks are followed up on and analysed systematically. At the same time, it is guaranteed that risk is correctly priced and dimensioned so that the Group's ability to carry the risks is not jeopardised.

Organisation of risk management

Aktia's Board of Directors defines the principles applied to risk-taking and sets 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, determination, implementation and auditing of decisions are carried out independently of one another. Decisions are prepared and handled in the various business units where decisions are made within the framework for established risk limits. Finance units, which is independent of the business units, is responsible for measuring and supervising risks.

Credit risk management

The objective of the credit risk management is to be able 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 on the result 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. Credit risk management is based on a well-defined credit decision process. The point of departure for the extension of credit is the customer's ability to repay his debts and acceptable security. Counter-party credit risks also arise from Treasury activity, investments in fixed income securities and derivative transactions.

When the credit decisions are made, 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 that the body granting credit:

- Analyse the customer's ability to repay the debt when preparing the loan decision. Determine the ability of both the private individual and the household to repay debts on the basis of the current cash flow. With corporate customers, the rating is based on an analysis carried out by an external service provider and Aktia's in-house knowledge of the customer.
- Adopt a principle of cautious assessment to ensure that no unrestrained 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 any fluctuations in the market price.
- Aim at diversification of the bank’s loan stock in relation to liability, 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.

The Group Finance Unit’s credit decisions and limits are determined by the Finance Committee appointed by the Executive Committee within the framework for limits granted by the Board of Directors. Credit Control Unit's risk management, which reports to the Finance Committee, defines the treasury products credit risk equivalent values and continuously monitors the Group Finance Unit’s counter-party risks.

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 in relation either to Aktia's or the counter-party's shareholders' equity.

The Credit Control Unit, which is independent of the line organisation that is responsible for the bank's financial performance, oversees the decision-making and documentation process and supports the branch offices in the preparation and implementation of loan decisions. All credit decisions regarding private customers with a liability of over EUR 2 million or a collateral risk of more than EUR 250,000 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 Unit 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 loan stock, changes in the loan stock and 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 based on market changes. However, this analysis is based on probability changes in future operating environment and other factors, which naturally involves a degree of uncertainty.

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 diverse refinancing structure with spread risks at a competitive cost.

To raise funds for lending, Aktia refinances its operations through both deposits and investments by the public as well as by borrowing from the money and capital markets. As for market-related refinancing, a diverse range of sources of financing and an adequate spread on various markets should be maintained. To further expand refinancing, new forms of financing is explored. Aktia Real Estate Mortgage Bank plc, which started operations in 2002, will facilitate the Group's borrowing requirement by issuing a covered bond secured by residential mortgage loans.

By efficient management of the financing risks, Aktia not only secures its own lending activities 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.

The Finance Committee is responsible for managing the financing risks. The Risk Control Unit, which continuously follows up on the financing risks and associated limits, reports to the Finance Committee. Practical measures to change the financing position in accordance with the instructions issued by the Financial Committee are taken by the Group Finance Unit. Similarly, the Group Finance Unit is responsible for maintaining the bank's day-to-day liquidity.

Management of market risk

A market risk refers to the impact caused 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. Limits and principles for market risk management have been established by Aktia's Board of Directors. By doing so, the bank aims to control market risks in order to support its core business and customer service. Limits have been dimensioned to reflect the capital base of Aktia Group.

Aktia's Executive Committee is responsible for managing the market risks 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. The Risk Control Unit reports to the Financial 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, which also submits 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 imbalances between the interest rate ties of the Group's assets and liabilities. The structural interest rate risk is managed by restructuring the balance sheet and related interest rate ties and derivative contracts. Various effects that the interest scenario has on net income in consideration of changes to the balance sheet structure and account means are calculated using dynamic simulation analysis. The structural interest rate risk is also measured with the help of various stress scenarios.

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 by the Financial Committee and Executive Committee are taken by the Group Finance Unit.

Fluctuations in interest rates also affect the net income from securities trading when the market value of the certificates of claim changes. Aktia measures and limits this risk by monitoring changes in the market value of claims of certificate booked under current assets by limiting the maximum value that is calculated +/- 1%. The bank applied for permission from the Financial Supervision Authority to maintain a so called "little consignment stock", with a maximum volume of EUR 15 million.

Exchange rate risk

An exchange rate risk refers to a negative change in value 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 refers to Nordic currencies and the US dollar. Primarily, exchange rate risks are managed using matching. The Group Finance Unit 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 risk limits have been determined in relation to the bank's capital base.

Equity risks

A share price risk refers to changes in value due to fluctuations in share prices. Active share investments are not currently 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 on invested capital 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.

Operational risks

In banking, operational 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 ones that tarnish the corporate image to the extent that the bank's credibility in the market place suffers. Operational risks can be roughly sub-divided into administrative risks, IT system risks, and legal risks.

The responsibility for managing the operational risks is born by the business areas and the line organisation. Risk management includes continual development in the 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 if 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 the units’ 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 best practice instructions for assessing and continually monitoring risks in the financial sector. In the future, the regulations concerning capital adequacy will also include the capital requirements for operative risks, too. A project has been started at the bank to evaluate and survey the consequences of the new regulations.

Operations and major events in 2003

Branch office operations

The management of branch office functions was restructured in order to achieve a more linear decision-making hierarchy and stronger local support. According to the new organisational model, the accountable bank managers will report directly to the members of the Executive Committee and will have more responsibility and greater powers than previously.

Aktia is continuously developing its branch network in order to better meet customers' requirements. The Vantaa Helsingin pitäjä office and the Jumbo service outlet moved to new joint premises next to the Jumbo shopping centre. The office in Vantaa Myyrmäki and the corporate office in Espoo expanded and the office in Helsinki Munkkivuori was renovated. Aktia@net, Aktia's Internet branch, was integrated into general branch office operations. Branch support and payment services were relocated to Porvoo and Karjaa. Aktia's branch network currently consists of 66 offices.

All of Aktia's office personnel, around 450 people, completed a comprehensive PC training course over a period of five months. This training was designed according to role-specific competence requirements and consisted of training covering the bank's internal systems in combination with general office programs. The training was undertaken in the form of distance learning via the Internet.

In April, an "Aktia day" was organised in conjunction with the bank's ownership foundations. Aktia Day is intended for current and potential customers, owners and the media, and the overall theme for the year was saving in all its myriad forms. The organisation Pidä Saaristo Siistinä was chosen as the Saver of the Year and received a grant of EUR 10,000.

Products and services

Aktia introduced sales of Aktia Kombi, a two-year index-linked deposit account that allows substantial additional earnings. During the year, three Aktia Kombi deposit offers were launched, and all achieved subscription levels beyond expectations.

Aktia's funds and Aktia Fund Management Ltd were managed successfully; all share and mixed funds showed better returns than their comparison index, including administrative fees. During the year, the Morningstar Rating Institute has repeatedly ranked Aktia Fund Management Ltd. as the best bank-owned fund company in Finland. At the end of the year, Aktia launched a new share investment fund, Aktia America. The total number of mutual funds in Aktia's range is currently 28, of which 11 are managed by Aktia.

Sales of Aktia's mortgages have intensified during 2003. These are sold via Aktia's branch network and are granted by Aktia's wholly-owned subsidiary Aktia Real Estate Mortgage Bank plc. At the turn of the year, the mortgage bank's total loan stock amounted to EUR 240 million, an increase of EUR 142 million. The total number of mortgages was approximately 3,500. During 2003, fixed-rate mortgages were particularly in demand. During 2004 the mortgage bank intends to issue covered bonds secured by the housing loan stock. In this way, Aktia will safeguard its refinancing on competitive terms to the benefit of customers.

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

- On 22 April, the annual general meeting of shareholders of Aktia Savings Bank plc appointed *Harriet Ahlnäs*, principal, M.Sc. (Eng.), *Sten Eklundh*, M.Sc. (Econ.), *Henrik Rehnberg*, engineer and farmer, and *Lars Wallin*, office manager, as new members of the Board of Supervisors. The aforementioned parties replaced *Johan Wennström*, Surgeon and Doctor of Medicine, *Max Arhippainen*, economist and Licentiate in Political Science, *Henrik Andberg*, agronomist, and *Hans Franz*, Licentiate in Political Science.
- On 29 January, *Folke Lindström*, M.Sc. (Econ.) announced that he would be leaving the board of Aktia Savings Bank plc.
- During the period four new members were appointed to the Aktia Group's Executive Committee. On 13 May, *Sven Åström*, M.Sc. (Econ.), took up the position of General Manager with responsibility for the Group's information technology and digital business development. On 1 August, *Robert Sergelius*, M.Sc. (Eng.), took up the position of Deputy Managing Director in charge of developing and reinforcing the Group's asset management activities. On 18 August, *Merja Hellberg* took up the post of General Manager in charge of the bank's operations in Pohjanmaa and Tampere. On 1 December, *Olav Uppgård*, M.Sc. (Econ.), took up the post of General Manager in charge of the bank's finances, risk control and administration. General Managers *Tom Anderzén* and *Stefan Tötterman* left Aktia at the end of May.

Other events

- On 1 January, Aktia resigned from the Savings Banks Association.
- On 26 May, Aktia Savings Bank plc and the Bank of Åland plc signed a letter of intent on founding a joint resource company to which both banks intend to transfer parts of their administrative functions and capital market functions. Aktia also intended to change its IT-system supplier by purchasing a licence for the Bank of Åland's banking IT system. As part of this evaluation of joint venture possibilities, Aktia

was offered the chance to buy shares in the Bank of Åland plc. Aktia acquired just under 9% of the capital and approximately 2.7% of the voting shares in the Bank of Åland. Taking into account all expenses linked to this acquisition, the total acquisition costs amounted to an average of EUR 19.48 per share. After the close of the financial year, Aktia decided not to follow through on the letter of intent.

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 savings banks can operate in a stable manner. Under the rules of the fund, savings banks are not mutually responsible for each other's debts or liabilities. The fund is free of debt and its assets at the end of the year stood at EUR 29.6 million.

Deposit Guarantee Fund

Membership of the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 25,000, is obligatory for all banks. Aktia's total contribution to the fund was EUR 1.4 million in 2003. At the end of the year, the total assets of the fund stood at EUR 285.4 million.

Investors' Compensation Fund

Banks and brokerage firms are members of the Investors' Compensation Fund. The purpose of the fund is to safeguard the interests of small investors in the event that a bank or brokerage firm becomes insolvent. Individual investors may receive compensation up to EUR 20,000. By the end of the year, the total assets of the fund amounted to EUR 4.5 million.

Important events after the end of the financial year

- On 1 January 2004, Aktia acquired all shares in Robur Life Assurance Finland Ltd, the Finnish subsidiary of Swedish company Robur Försäkring. This acquisition will have a very marginal impact on both the Group's capital adequacy ratio and Tier 1 equity ratio, as the risk related to the insurance business' invested capital and its return rests with the policy holders.

- On 29 January 2004, Aktia decided not to follow through on the letter of intent signed with the Bank of Åland plc in May 2003.

Prospects for 2004

The actions taken by Aktia during 2003 to improve efficiency have put an end to increasing costs. The reduction in the number of employees to the end of 2003 was greater than the average reduction during the year, which is why the full effect will only be seen during 2004.

The Group's net income from financial operations for 2004 is largely safeguarded against any additional interest rate fall without limiting the positive effect of any modest interest rate rise to a significant extent.

Through continued streamlining of operations, the objective is to maintain profitability at the same level as in 2003 despite the low interest rate, the intense competition and the economic outlook remaining uncertain.

Consolidated profit and loss account 1 January - 31 December

(EUR 1,000)	Note	2003	2002
Interest income	(1)	123,015	143,955
Interest expenses	(1)	-49,114	-68,718
Net income from financial operations		**73,901**	**75,238**
Income from equity investments		949	442
Commissions receivable		33,038	31,549
Commissions payable		-3,409	-3,730
Net income from securities transactions and foreign exchange dealing			
Net income from securities transactions	(3)	374	259
Net income from foreign exchange dealing		1,674	1,371
		2,048	1,630
Other operating income	(5)	7,996	7,312
Administration expenses			
Staff costs			
Salaries and fees		-29,328	-29,849
Staff-related costs			
Pension costs		-5,033	-6,277
Other staff-related costs		-1,584	-1,741
		-35,945	-37,868
Other operating expenses		-22,481	-26,497
		-58,426	-64,365
Depreciation and write-downs on tangible and intangible assets			
Planned depreciation		-8,449	-10,368
Write-downs		-866	
	(6)	-9,315	-10,368
Other operating expenses	(5)	-15,315	-15,393
Loan and guarantee losses	(7)	-2,262	-2,971
Write-downs on securities held as financial fixed assets		-	-28
Profit or loss from companies accounted for using the equity method		991	387
Net operating profit		**30,196**	**19,702**
Extraordinary items		-	-
Profit before appropriations and taxes		**30,196**	**19,702**
Income taxes			
Taxes for the financial year and taxes brought forward		-5,516	-3,031
Changes in imputed tax claims		-4,106	-4,021
Minority interest		-115	-71
Profit for the financial year		**20,460**	**12,579**

Consolidated balance sheet 31 December

(EUR 1,000)	Note	2003	2002
Assets			
Liquid assets		209,349	175,700
Debt securities eligible for refinancing with central banks			
Treasury bills		-	2,212
Other		457,187	534,647
	(13, 20, 42)	457,187	536,859
Claims on credit institutions			
Repayable on demand		3,819	3,782
Other		12,335	68,874
	(42)	16,154	72,656
Claims on the public and public sector entities	(15, 42)	2,594,996	2,412,025
Debt securities			
On public sector entities		-	-
Other		41,610	99,117
	(20,42)	41,610	99,117
Shares and participations	(21)	24,128	4,223
Participation interests		3,555	2,816
Shares and participations in Group undertakings	(21, 53)	-	-
Intangible assets			
Other long term expenditure	(23)	2,704	3,700
Tangible assets			
Real estate and shares and participations in real estate corporations	(24)	97,249	109,577
Other tangible assets		8,544	13,021
	(22)	105,794	122,598
Other assets	(26)	37,792	57,545
Accrued income and prepayments	(27)	18,661	26,518
Total assets		3,511,929	3,513,758

Consolidated balance sheet 31 December

(EUR 1,000)	Note	2003	2002
Liabilities			
Liabilities			
Liabilities to credit institutions and central banks			
Credit institutions			
Repayable on demand		136,682	122,697
Other		666,763	680,098
	(42)	803,444	802,795
Liabilities to the public and public sector entities			
Deposits			
Repayable on demand		1,602,745	1,564,295
Other		399,048	361,990
		2,001,793	1,926,285
Other liabilities		100,944	146,661
	(42)	2,102,737	2,072,947
Debt securities issued to the public			
Bonds		15,554	-
Other		176,771	246,650
	(30, 42)	192,325	246,650
Other liabilities	(31)	98,250	96,698
Accrued expenses and deferred income	(32)	18,882	16,587
Compulsory provisions			
Other compulsory provisions	(10, 33)	1,332	2,227
Subordinated liabilities	(34)	87,022	86,566
Imputed tax claims		15,564	11,459
Minority interest		517	441
Total liabilities		**3,320,074**	**3,336,370**
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		-	-
Profit bought forward		90,994	84,409
Profit for the financial year		20,460	12,579
Total equity	**(35)**	**191,855**	**177,389**
Total liabilities		3,511,929	3,513,758
Off-balance sheet commitments			
Guarantees		38,323	38,895
Other commitments given to a third party on behalf of a customer		20,968	18,262
Unused credit arrangements		168,798	148,009
Other irrevocable commitments		18,072	13,038
		246,161	218,205

Parent company profit and loss account 1 January - 31 December

(EUR 1,000)	**2003**	**2002**
Interest income	121,825	144,740
Interest expenses	-49,241	-68,903
Net income from financial operations	**72,584**	**75,837**
Income from equity investments		
Group undertakings	196	181
Participating interests	355	355
Other undertakings	853	398
	1,405	934
Commissions receivable	28,761	26,850
Commissions payable	-2,471	-2,855
Net income from securities transactions		
Net income from securities transactions	211	461
Net income from foreign exchange dealing	1,674	1,371
	1,885	1,831
Other operating income	6,833	6,302
Administration expenses		
Staff costs		
Salaries and fees	-27,913	-28,458
Staff-related costs		
Pension costs	-4,774	-6,015
Other staff-related costs	-1,525	-1,678
	-34,212	-36,151
Other operating expenses	-21,236	-25,762
	-55,448	-61,913
Depreciation and write-downs on tangible and intangible assets		
Planned depreciation	-7,150	-8,986
Write-downs	-866	-
	-8,016	-8,986
Other operating expenses	-16,270	-16,176
Loan and guarantee losses	-2,262	-2,971
Write-downs on securities held as financial fixed assets	-	-28
Net operating profit	**27,002**	**18,826**
Extraordinary items	-	-
Profit before appropriations and taxes	**27,002**	**18,826**
Appropriations		
Change in general loss provision	-13,210	-13,880
Income taxes		
Taxes for the financial year and taxes brought forward	-5,174	-2,874
Changes in imputed tax claims	-	-
Profit for the financial year	**8,618**	**2,071**

Parent company balance sheet 31 December

(EUR 1,000)	**2003**	**2002**
Assets		
Liquid assets	209,349	175,700
Debt securities eligible for refinancing with central banks	454,599	534,548
Claims on credit institutions		
Repayable on demand	2,811	3,241
Other	242,945	155,174
	245,756	158,415
Claims on the public and public sector entities	2,381,497	2,341,932
Debt securities		
On public sector entities	-	-
Other	45,238	102,815
	45,238	102,815
Shares and participations	22,424	2,722
Participation interests	1,893	1,893
Shares and participations in Group undertakings	19,814	19,807
Intangible assets	2,702	3,669
Tangible assets		
Real estate and shares and participations in real estate corporations	67,358	78,219
Other tangible assets	7,979	12,263
	75,337	90,482
Other assets	37,264	57,003
Accrued income and prepayments	20,050	26,245
Total assets	**3,515,922**	**3,515,232**

Parent company balance sheet 31 December

(EUR 1,000)	2003	2002
Liabilities		
Liabilities		
Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	145,709	127,015
Other	666,763	680,098
	812,471	807,113
Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	1,606,092	1,566,080
Other	399,048	361,990
	2,005,139	1,928,070
Other liabilities	101,454	147,321
	2,106,593	2,075,391
Debt securities issued to the public		
Bonds	15,554	-
Other	176,771	246,650
	192,325	246,650
Other liabilities	97,428	96,446
Accrued expenses and deferred income	17,781	15,704
Compulsory provisions		
Other compulsory provisions	1,332	2,227
Subordinated liabilities	87,022	86,566
Total liabilities	**3,314,953**	**3,330,097**
Appropriations		
Loan loss provision	52,690	39,480
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 bought forward	59,273	63,196
Profit for the financial year	8,618	2,071
Total equity	**148,279**	**145,655**
Total liabilities	**3,515,922**	**3,515,232**
Off-balance sheet commitments		
Guarantees	38,323	38,895
Other commitments given to a third party on behalf of a customer	20,968	18,262
Unused credit arrangements	181,644	160,637
Other irrevocable commitments	19,330	13,443
	260,265	231,238

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

Notes to the profit and loss account
2 Net income from leasing
8 Items included in extraordinary income and expenses
11 Breakdown of combined items

Notes to the balance sheet
14 Breakdown of claims on central banks
17 Assets held as security for unpaid claims and assets acquired for reorganisation of client's business operations
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 articipations
38 Share issues, isssues 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 the profit and loss account

1 Interest income and expenses broken down by balance sheet item 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Claims on credit institutions	4,780	7,802	8,867	8,598
Claims on the public and public sector entities	99,775	113,517	94,013	113,546
Debt securities	16,917	22,548	16,962	22,486
Other interest income	1,543	88	1,984	111
Total interest income	123,015	143,955	121,825	144,740
Liabilities to credit institutions and central banks	17,087	23,724	17,173	23,861
Liabilities to the public and public sector entities	25,335	33,540	25,376	33,588
Debt securities issued to the public	6,308	7,150	6,308	7,150
Subordinated liabilities	3,348	4,252	3,348	4,252
Capital loans	-	-	-	-
Other interest expenses	-2,965	52	-2,965	52
Total interest expenses	49,114	68,718	49,241	68,903

3 Breakdown of net income from securities transactions 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Net income from transactions in debt securities	270	466	219	466
Net income from transactions in shares and participations	104	-206	-8	-5
Net income from other securities transactions	-	-	-	-
Total	374	259	211	461

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

	Group		Parent company	
	2003		**2003**	
	Bought	**Sold**	**Bought**	**Sold**
Turnover of debt securities	13,643,410	1,565,645	13,641,426	1,565,645
Turnover of shares and participations	451	371		-
	2002		**2002**	
	Bought	**Sold**	**Bought**	**Sold**
Turnover of debt securities	12,500,621	1,182,948	12,497,745	1,182,250
Turnover of shares and participations	387	241		-

5 Other operating income and expenses 31 Dec

	Group		Parent company	
Operating income	**2003**	**2002**	**2003**	**2002**
Rental income from real estate and real estate corporations	4,968	5,398	4,095	4,679
Capital gains from the sale of real estate and shares and participations in real estate corporations	1,235	332	1,149	45
Other income	1,793	1,581	1,589	1,577
Total	7,996	7,312	6,833	6,302
Operating expenses				
Rental expenses	5,551	5,803	4,597	4,874
Expenses for real estate and real estate corporations	3,793	4,104	6,027	6,657
Capital losses from the sale of real estate and shares and participations in real estate corporations	200	135	105	0
Other expenses	5,771	5,351	5,541	4,644
Total	15,315	15,393	16,270	16,176

6 Planned depreciation and write-downs 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Planned depreciation	8,449	10,368	7,150	8,986
Write-downs	866	-	866	-
Total	9,315	10,368	8,016	8,986

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

	Group		Parent company	
Balance sheet item	**2003**	**2002**	**2003**	**2002**
Claims on the public and public sector entities	2,552	3,308	2,552	3,308
- recovered and reversed credit losses	-295	-319	-295	-319
Guarantees and other off-balance sheet items	12	-	12	-
- recovered guarantee losses	-7	-17	-7	-17
Other temporarily held assets	-	-	-	-
- deductions	-	-	-	-
Total	2,262	2,971	2,262	2,971
Loan and guarantee losses				
+ Actual loan losses during financial year	2,622	9,429	2,622	9,429
- Actual loan losses during financial year for which specific loan loss provision ahs previously been made	-2,622	-9,429	-2,622	-9,429
- Recoveries in respect of actual loan losses during previous financial years	-33	-100	-33	-100
+ Specific loan loss provisions made during financial year	1,254	829	1,254	829
+ Specific sector-specific loan loss provisions made during financial year	1,310	2,480	1,310	2,480
- Specific loan loss provisions made earlier that were reversed during financial year	-269	-237	-269	-237
Loan and guarantee losses entered in annual accounts	2,262	2,971	2,262	2,971

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

9 Breakdown of appropriations	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Change in loan loss provision	-	-	13,210	13,880

10 Change in provisions included in income and expense items

For the parent company EUR 452,392.42 in unused provisions for 2002 was recognised as income. New provisions have been entered at a value of EUR 1 million.

12 Income by operations or geographical market 31 Dec 2003

Field of activity	Group Finland	Group Luxemburg	Parent company
Banking	106,225	-	106,013
Mortgage bank activities	2,146	-	-
Common fund operations	7,755	508	-
Investment firm operations	1,515	-	-
Securities trading	16	-	211
Real estate investment operations	9,302	-	5,244
Total	126,959	508	111,468

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	
	2003	2002	2003	2002
Banking	776	864	776	864
Mortgage bank activities	4	3	-	-
Common fund operations	22	20	-	-
Investment firm operations	7	6	-	-
Securities trading	-	-	-	-
Real estate investment operations	3	3	-	-
Total	812	896	776	864

Notes to the balance sheet

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

	Group		Parent company	
	2003	2002	2003	2002
Treasury bills	-	2,212	-	-
Government bonds	81,667	112,706	79,079	112,706
Bank of Finland's certificates of deposit	-	-	-	-
Banks' certificates of deposit	278,599	360,016	278,599	359,916
Other	96,920	61,926	96,920	61,926
Total	457,187	536,859	454,599	534,548

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	
	2003	2002	2003	2002
Enterprise	481,149	488,223	498,003	515,988
Financial institutions and insurance companies	1,327	551	1,327	551
General government	14,509	29,189	14,509	29,189
Non-profit institutions	37,723	22,132	37,723	22,132
Households	2,058,659	1,871,419	1,826,302	1,773,562
Foreign	1,629	521	3,633	521
Total	2,594,996	2,412,035	2,381,497	2,341,942
Specific loan loss provisions at the beginning of financial year	38,872	45,230	38,872	45,230
New provisions made during financial year (+)	1,254	829	1,254	829
New sector-specific provisions made during financial year (+)	1,310	2,480	1,310	2,480
Provisions reversed during financial year (-)	-269	-237	-269	-237
Actual loan losses during financial year for which the credit institution has previously made specific loan loss provisions (-)	-2,622	-9,429	-2,622	-9,429
Specific loan loss provisions at end of financial year	38,544	38,872	38,544	38,872

There is no deviation from previous financial years including reversed provisions from previous years under "provisions reversed during financial year". Comparative information for 2002 has been correspondingly corrected.

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

Group and parent company	2003 Non-performing loans	2003 Other zero-interest receivables	2002 Non-performing loans	2002 Other zero-interest receivables
Enterprises	5,045	686	6,067	688
Financial institutions and insurance companies	-	-	-	-
Non-profit institutions	6	-	-	-
Households	7,530	367	6,843	420
Total parent company	12,580	1,053	12,910	1,108
Households	118	-	-	-
Total Group	12,698	1,053	12,910	1,108

18 Breakdown of subordinated claims 31 Dec

	Group		Parent company	
	2003	2002	2003	2002
Claims on credit institutions	-	-	-	-
Claims on the public and public sector entities	-	-	-	-
Debt securities	-	11,995	5,057	17,308
Total	-	11,995	5,057	17,308

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

	Group		Parent company	
Debt securities	2003	2002	2003	2002
Securities held as current assets	440,377	564,740	437,106	561,414
Publicly quoted securities	440,377	564,740	437,106	561,414
Other	-	-	-	-
Securities held as fixed assets	58,419	71,236	62,731	75,948
Publicly quoted securities	58,419	71,236	57,674	70,636
Other	-	-	5,057	5,313
Total	498,797	635,976	499,837	637,363

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	2003	2002	2003	2002
Debt securities	504	1,438	344	1,301

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

Group and parent company	2003 Difference between nominal value and lower book value	2003 Difference between book value and lower nominal value	2002 Difference between nominal value and lower book value	2002 Difference between book value and lower nominal value
Debt securities, fixed assets	26	45	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	
	2003	2002	2003	2002
Treasury bills	-	2,212	-	-
Local authority papers	-	-	-	-
Commercial papers	33,529	89,656	33,529	89,357
Certificates of deposit	281,751	368,034	281,752	367,256
Convertible bonds		-	-	-
Other bonds	183,516	176,074	184,556	180,750
Other	-	-	-	-
Total	498,796	635,976	499,837	637,363

21 Shares and participations by type of asset 31 Dec

	Group		Parent company	
Shares and participations	**2003**	**2002**	**2003**	**2002**
Current assets	2,711	2,584	1,007	1,083
Publicly quoted securities	1,704	1,501		
Other	1,007	1,083	1,007	1,083
Fixed assets	21,417	1,639	21,417	1,639
Publicly quoted securities	-	-	-	-
Other	21,417	1,639	21,417	1,639
Total	24,128	4,223	22,424	2,722

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

	Group		Parent company	
Shares and participations	**2003**	**2002**	**2003**	**2002**
Current assets	272	133	-	-
Fixed assets	-	-	-	-

No borrowed securities exist.

Participating interests in credit institutions and other undertakings 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Participation interests				
In credit institutions	-	-	-	-
Other	3,555	2,816	1,893	1,893
Shares and participations in Group undertakings				
In credit institutions	-	-	15,050	15,050
Other	-	-	4,764	4,757
Total	3,555	2,816	21,706	21,700

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

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Shares and participations apart from those in real estate corporations				
Purchase price at beginning of financial year	4,455	3,568	23,339	12,587
+ increase during financial year	20,565	972	19,832	10,837
- decrease during financial year	-48	-85	-48	-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 reverses 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 the financial year	-	-	-	-
Book value 31 Dec	24,971	4,455	43,123	23,339

Land areas, buildings and shares and participations in real estate corporations	**Group 2003**	**2002**	**Parent company 2003**	**2002**
Purchase price at beginning of financial year	108,516	109,930	69,406	69,505
+ increase during financial year	333	182	269	28
- decrease during financial year	-8,186	-1,597	-7,689	-127
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-1,138	-1,150	-105	-116
+/- write-downs and reversing items during financial year	7,032	50	7,032	-
+ accumulated write-downs in respect of decreases and reversals at beginning of financial year	-7,898	-	-7,898	-
- accumulated depreciation at beginning of financial year	-10,148	-8,998	-2,396	-2,281
- accumulated write-downs at beginning of financial year	-17,600	-17,650	-17,600	-17,600
- accumulated revaluations at beginning of financial year	28,809	28,809	28,809	28,809
+/- revaluations and reversing items for revaluations for financial year	-2,470	0	-2,470	0
Book value 31 Dec	97,250	109,577	67,358	78,219

Machinery, equipment and other tangible assets				
Purchase price at beginning of financial year	41,736	43,083	39,865	41,057
+ increase during financial year	1,068	2,923	1,024	2,864
- decrease during financial year	-622	-4,189	-622	-4,189
+/- transfers between groups	-	-	-	-
- planned depreciation during financial year	-5,498	-7,138	-5,261	-6,867
+/- write-downs and reversing items for write-downs	-	-	-	-
+ accumulated depreciation and write-downs entered in respect of decreases and reverses at beginning of financial year	-	-	-	-
- accumulated depreciation at beginning of financial year	-28,140	-21,658	-27,027	-20,602
- 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	8,544	13,021	7,979	12,263

23 Breakdown of intangible assets 31 Dec

	Group 2003	**2002**	**Parent company 2003**	**2002**
Costs of establishment	-	-	-	-
Goodwill	-	-	-	-
Other long term expenditure	2,704	3,700	2,702	3,669
Total	2,704	3,700	2,702	3,669

24 Breakdown of real estate assets 31 Dec 2003

Group	**Book value 2003**	**Capital invested 2003**
Land and water areas and buildings		
In own use	37,216	37,216
Other	32,193	32,193
	69,410	69,410
Shares and participations in real estate corporations		
In own use	14,921	14,921
Other	12,918	15,202
	27,840	30,123
Total	97,249	99,533

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

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

	Floor area m^2	Capital capital	Net return %	Vacancy %
Dwellings and residential real estate	4,423	2,085	6.4	2.2
Business and office real estate	28,463	42,764	5.7	17.4
Industrial real estate	2,524	287	0.2	0.0
Land, water and forest areas	296	924	-0.9	0.0
Total domestic real estate	742	1,336	9.7	0.0
Total real estate holdings	36,448	47,396	5.7	14.7

The percentage return is the annual net income relative to invested capital. Net income means rental income less normal maintenance costs including depreciation. The vacancy rate is the ratio of unused floor area to the total rentable area in percent. 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 percent	Negative	0 - 3 %	3 - 5 %	5 - 7 %	Over 7%	Total
Capital invested	2,979	498	5,081	30,932	7,906	47,396

Current value of property holdings in other than own use

	Current value	Required return, %	Return, %	Capital invested
Dwellings and residential real estates	847	9.5	7.4	404
Business and office real estate	35,064	6.7	5.4	34,551
Total domestic real estate	1,058	7.1	13.4	1,050
Bank total	36,968	6.8	5.6	36,004
Vasp-Invest Oy	10,806	9.2	5.7	11,391
Group	47,774	7.4	5.7	47,396

The bank's and Vasp-Invest Oy's real estate and real estate shares not held in the company's custody, have been valued independently
by a third party assessor during the summer 2003. The required return at that time varied between 5.0% and 12.5% depending on the geographical area and market.

26 Breakdown of other assets 31 Dec	Group		Parent company	
	2003	2002	2003	2002
Cash items in the process of collection	32,174	49,309	32,124	49,244
Guarantee claims	1,411	1,828	1,411	1,828
Derivative contracts	2,471	1,622	2,471	1,622
Other	1,736	4,787	1,258	4,310
Total	37,792	57,545	37,264	57,003

27 Breakdown of accrued income and prepayments 31,Dec

	Group		Parent company	
	2003	2002	2003	2002
Interest income	15,594	17,628	17,282	18,089
Other accrued income	3,068	8,890	2,767	8,155
Prepayments	-	-	-	-
Total	18,661	26,518	20,050	26,245

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

Group and parent company	2003 Difference between nominal value and lower book value	2003 Difference between book value and lower nominal value	2002 Difference between nominal value and lower book value	2002 Difference between book value and lower nominal value
Liabilities to credit institutions and central banks	-	-	-	-
Liabilities to the public and public sector entities	-	-	-	-
Debt securities issued to the public	923	-	2,643	-
Subordinated liabilities	-	-	-	-

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

	Group		Parent company	
Liabilities	**2003**	**2002**	**2003**	**2002**
Certificates of deposit	176,771	246,650	176,771	246,650
Bonds	15,554	-	15,554	-
Total	192,325	246,650	192,325	246,650

31 Breakdown of other liabilities 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Cash items in the process of collection	94,961	84,538	94,365	84,315
Derivative contracts	2,466	1,622	2,466	1,622
Other	824	10,538	597	10,509
Total	98,250	96,698	97,428	96,446

32 Breakdown of accrued expenses and prepaid income 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Interest	4,907	7,449	4,791	7,449
Other accrued expenses	13,975	9,138	12,990	8,255
Prepaid income	-	-	-	-
Total	18,882	16,587	17,781	15,704

33 Breakdown of items entered under compulsory provisions

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Staff costs	1,332	1,790	1,332	1,790
Other operating expenses	-	437	-	437
Total	1,332	2,227	1,332	2,227

34 The Group's and parent company's subordinated liabilities 31 Dec 2003

Subordinated liabilities with book value of more than 10% of total subordinated liabilities	**Currency**	**Liability in euro**	**Interest rate**	**Maturity**	**Instalment**
Aktia Savings Bank plc's capital note 1/2001	EUR	8,956	4.00	15.10.2006	20% yearly
Aktia Savings Bank plc's capital note 1/2002	EUR	16,000	4.75	08.04.2007	20% yearly
Aktia Savings Bank plc's capital note 3/2003	EUR	16,521	3.00	04.08.2008	20% yearly
Subordinated liabilities other than those mentioned above					
Total liabilities		45,546		Perpetuals	-
Total		87,022			-

Terms for premature repayment:
Aktia or its Group may not redeem capital notes before the end of the loan period without the permission of the Finnish Financial Supervision. Creditors are not entitled to demand repayment.

Rules concerning priority of liability and any conversion to shares:
On dissolution of the bank, the liability has the same right of priority as the bank's other capital bonds but are subordinate to the bank's other undertakings.

35 Increases and decreases in equity capital during 2003

Group	**At beginning of financial year**	**Increase**	**Decrease**	**At end of financial year**	
Equity capital					
Share capital	70,516	-	-	70,516	
Share premium account	1,805	-	-	1,805	
Reserve fund	8,079	-	-	8,079	
Profit or loss brought forward	84,409	12,579	5,994	90,994	[1)]
Profit or loss for financial year	12,579	20,460	12,579	20,460	
Total equity capital	177,389	33,039	18,573	191,855	

Parent company	**At beginning of financial year**	**Increase**	**Decrease**	**At end of financial year**	
Equity capital					
Share capital	70,516	-	-	70,516	
Share premium account	1,805	-	-	1,805	
Reserve fund	8,067	-	-	8,067	
Profit or loss brought forward	63,196	2,071	5,994	59,273	[1)]
Profit or loss for financial year	2,071	8,618	2,071	8,618	
Total equity capital	145,655	10,689	8,065	148,279	

[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 EUR 5,993,868.50.

37 Calculation of distributable equity 31 Dec

	Group		**Parent company**	
	2003	**2002**	**2003**	**2002**
Profit or loss brought forward	90,994	84,409	59,273	63,196
Profit or loss for financial year	20,460	12,579	8,618	2,071
Non-distributable items				
Portion of accumulated depreciation difference and reverses included in equity capital	-38,106	-28,054	-	-
Total	73,348	68,934	67,891	65,267

39 Shareholders 31 Dec 2003

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	7,252,032	20.6
Sparbanksstiftelsen i Esbo-Grankulla	2,174,843	6.2
Sparbanksstiftelsen i Vanda	1,480,800	4.2
Sparbanksstiftelsen i Borgå	1,203,700	3.4
Sparbanksstiftelsen i Vasa	926,215	2.6
Sparbanksstiftelsen i Kyrkslätt	814,790	2.3
Sparbanksstiftelsen i Karis-Pojo	719,858	2.0
Svenska Litteratursällskapet I Finland rf	600,000	1.7
Kelonia Ab	577,600	1.6

Shareholders by sector	Number of owners Qty	%	Number of shares Qty	%
Enterprises	25	4.3	1,860,335	5.3
Financial institutions and insurance companies	42	7.3	3,424,610	9.7
Public sector entities	1	0.2	50,000	0.1
Non-profit institutions	48	8.3	20,849,656	59.1
Private individuals and households	458	79.7	473,449	1.3
Foreign	1	0.2	8,600,000	24.4
Total	575	100.0	35,258,050	100.0
Entered in nominee register	1		5,250	

Breakdown of stock Number of shares	Number of owners Qty	%	Number of shares Qty	%
1-100	197	34.3	11,705	0.0
101 - 1,000	206	35.8	107,378	0.3
1,001 - 10,000	80	13.9	248,051	0.7
10,001 - 100,000	51	8.9	2,091,506	5.9
100,001 -	41	7.1	32,799,410	93.0
Total	575	100.0	35,258,050	100.0

42 Breakdown by maturity of assets and liabilities by balance sheet item 31 Dec 2003

Group

Assets	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Debt securities eligible with central banks	319,827	109,754	27,606	-	457,187
Claims on credit institutions	16,154	-	-	-	16,154
Claims on the public and public sector entities					
Repayable on demand	-	-	-	-	-
Other	120,165	246,326	867,279	1,361,226	2,594,996
Debt securities	31,641	5,330	1,574	3,065	41,610
Total	487,787	361,410	896,459	1,364,291	3,109,947
Liabilities					
Liabilities to credit institutions and central banks	722,606	80,838	-	-	803,444
Liabilities to the public and public sector entities	1,946,241	115,068	29,480	11,948	2,102,737
Debt securities issued to the public	98,146	78,625	15,554	-	192,325
Total	2,766,993	274,531	45,034	11,948	3,098,506

Parent company

Assets	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Debt securities eligible for refinancing with central banks	319,423	109,754	25,422	-	454,599
Claims on credit institutions	167,156	78,600	-	-	245,756
Claims on the public and public sector entities					
Repayable on demand	-	-	-	-	-
Other	116,960	236,849	837,014	1,190,674	2,381,497
Debt securities	31,641	5,330	5,202	3,065	45,238
Total	635,180	430,532	867,638	1,193,739	3,127,090
Liabilities					
Liabilities to credit institutions and central banks	731,633	80,838	-	-	812,471
Liabilities to the public and public sector entities	1,950,097	115,068	29,480	11,948	2,106,593
Debt securities issued to the public	98,146	78,625	15,554	-	192,325
Total	2,779,876	274,531	45,034	11,948	3,111,389

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

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

	Group 2003		Parent company 2003	
	Euro	Foreign currency	Euro	Foreign currency
Debt securities eligible with central banks	457,187	-	454,599	-
Claims on credit institutions	11,891	4,263	241,493	4,263
Claims on the public and public sector entities	2,589,895	5,100	2,376,396	5,100
Debt securities	41,610	-	45,238	-
Other assets	187,098	5,535	173,949	5,535
Total	3,287,682	14,899	3,291,675	14,899
Liabilities to credit institutions and central banks	797,366	6,078	806,393	6,078
Liabilities to the public and public sector entities	2,087,006	15,731	2,090,863	15,731
Debt securities issued to the public	192,325	-	192,325	-
Subordinated liabilities	87,022	-	87,022	-
Other liabilities	134,014	15	116,526	15
Total	3,297,734	21,824	3,293,130	21,824

	Group 2002		Parent company 2002	
	Euro	Foreign currency	Euro	Foreign currency
Debt securities eligible 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

Notes to the accounts concerning income taxation

44 Income taxes, imputed tax claims and liabilities 31 Dec

	Group		Parent company	
	2003	2002	2003	2002
Income taxes arising from actual business operations	5,516	3,031	5,174	2,874
Imputed tax claims due to periodisation differences have not been entered in the accounts.			4,441	4,190
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 appopriations 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	2003	2002
Debt securities, current assets	77,500	71,000
Debt securities, fixed assets	31,758	34,728
Total	109,258	105,728

46 Pension liabilities

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

47 Leasing commitments

	Group	Parent company
The nominal sum of the rents to be paid during 2004	1,286	1,279
The total nominal sum of the rents to be paid during the following years	1,858	1,852

48 Breakdown of off-balance sheet commitments 31 Dec

	Group		Parent company	
	2003	**2002**	**2003**	**2002**
Guarantees	38,323	38,895	38,323	38,895
Other commitments given to a third party on behalf of a customer	20,968	18,262	20,968	18,262
Unused credit arrangements	168,798	148,009	181,644	160,637
On behalf of subsidiary	-	-	15,000	15,000
On behalf of associated undertaking	500	2,186	500	2,186
Other irrevocable commitments	18,072	13,038	19,330	13,443
On behalf of subsidiary	-	-	1,258	405
Total	246,161	218,205	260,265	231,238

49 Derivative contracts

Value of underlying assets

	Group 2003		Parent company 2003	
	For hedging purposes	**Other**	**For hedging purposes**	**Other**
Interest rate derivatives	**2,444,680**	-	**2,516,030**	-
Futures	300,000	-	310,000	-
Options	1,740,000	-	1,740,000	-
Purchased	870,000	-	870,000	-
Written	870,000	-	870,000	-
Interest rate swaps	404,680	-	466,030	-
Currency derivatives	**35,870**	-	**35,870**	-
Futures	35,870	-	35,870	-
Share derivatives	**48,642**	**45,345**	**48,642**	**45,345**
Share futures	3,296	0	3,296	-
Options	45,345	45,345	45,345	45,345
Purchased	45,345	-	45,345	-
Written	0	45,345	0	45,345

Equivalent credit value

Interest rate derivative contracts	13,467	-	14,726	-
Currency derivative contracts	-645	-	-645	-
Share derivative contracts	5,250	-	5,250	-
Total derivatives	**18,072**	-	**19,330**	-

	Group 2002		Parent company 2002	
	For hedging purposes	**Other**	**For hedging purposes**	**Other**
Interest rate derivatives	**634,520**	-	**649,920**	-
Futures	-	-	-	-
Options	340,000	-	340,000	-
Purchased	170,000	-	170,000	-
Written	170,000	-	170,000	-
Interest rate swaps	294,520	-	309,920	-
Currency derivatives	**16,689**	-	**16,689**	-
Futures	16,689	-	16,689	-
Share derivatives	**15,780**	**15,780**	**15,780**	**15,780**
Share futures	0	-	-	-
Options	15,780	15,780	15,780	15,780
Purchased	15,780	-	15,780	-
Written	0	15,780	-	15,780

	Group 2002		Parent company 2002	
Equivalent credit value	**For hedging purposes**	**Other**	**For hedging purposes**	**Other**
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**	-

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	
	2003	**2002**	**2003**	**2002**
	5	68	5	68

51 Other commitments or contingent liabilities

Aktia has promised a capital investment fund a loan of EUR 2,000,000.00, of which EUR 1,204,195.51 was withdrawn during 2003. The withdrawn amount is included in note 21.

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

52

	Group		Parent company	
Average number of staff	**2003**	**2002**	**2003**	**2002**
Full-time	727	757	687	734
Part-time	111	128	119	122
Total	838	885	806	856

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	
	2003	**2002**	**2003**	**2002**
Salaries and fees paid to members of the Board of Supervisors	165	164	165	164
Salaries and fees paid to members of Board of Directors and Managing Director and his alternate	1,121	1,253	580	768
Total	1,286	1,418	745	932

The said individuals were paid emoluments of EUR 110,640 tied to the company's financial performance.

Aktia Savings Bank has taken out supplementary pension insurance during the year as follows:

Managing Director and Deputy Managing Directors	1,730
Members of the Board of Directors	25
Members of the Board of Supervisors	24

Credits and guarantees extended to the members of the governing and supervisory bodies of the Group 31 Dec 2003

	Group	Parent company
Members of the Board of Supervisors and their alternates	1,906	1,906
Members of the Board of Directors and their alternates, Managing Director and his alternate	369	223
Auditors and firms of auditors	14	14
Total	2,289	2,143

As a rule, the interest rates for the loans are tied to publicly quoted reference rates or the Aktia Prime rate and exceed, except for a 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 his alternate 31 Dec 2003
Members of the Board of Supervisors, Board of Directors, Managing Director and his alternate hold a total of 53,150 shares equivalent to 0.16%.

Holdings in other undertakings

53 Shares and participations held as financial fixed assets 31. Dec 2003

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	2,498
Aktia Fund Management S A	Luxembourg	100.0	111
Investment firm operations			
Aktia Asset Management Oy Ab	Helsinki	83.0	279
Securities trading			
Aktia Securities Oy	Helsinki	100.0	1,177
Real estate investment operations			
Kiint. Oyj Mannerheimintie 14	Helsinki	100.0	20,603
Robur Invest Ab (dormant)	Helsinki	100.0	8
Vasp-Invest Oy	Helsinki	75.0	101
Total			40,417

Undertakings not included in consolidated accounts (ownership over 50%)
11 real estate companies with combined book value of EUR 7,339,707 as of 31 Dec 2003.

Shares in associated undertakings (ownership 20-50%)	**Domicile**	**Percentage of all shares**	**Book value**
Data processing			
Oy Samlink Ab	Espoo	28.2	3,555
Real estate investment operations			
Real estate corporations, total number 12			8,408
Total			11,962

Other shares and participations held as fixed assests	**Domicile**	**Percentage of all shares**	**Book value**
Stock Exchange			
OM HEX	Helsinki	1.0	264
Deposit bank			
Bank of Åland	Mariehamn	9.0	19,126
Credit institutions			
Luottokunta	Helsinki	3.2	168
Insurance companies			
Veritas Mutual Accident Insurance Company	Helsinki	0.0	332
Other companies, total number 21			1,526
Total			21,417

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 2003.
The bank's dividend income from inter-group companies is comparable to that earned in 2003 and 2002.

No subsidiaries were founded, merged or sold off during 2003.

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 unconsolidated associated undertakings exist.

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

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

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

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

Other notes concerning the Group

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

11. Imputed tax liabilities
An imputed tax liability of EUR 15,564,467.98 relates to the loan loss provision made by the parent company and Aktia Real Estate Mortgage Bank plc and the depreciation difference in subsidiaries. Net increase in 2003 was EUR 4,105,777.36.

12 Group goodwill and Group reserve arising from associated undertakings
A Group goodwill of EUR 263,443.00 was generated in 2001 and will be depreciated over 5 years.

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

The financial statement the bank and the Group has 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 (21.12.2000/259) as well as regulations 106.1, 106.2 and 106.3 issued by the Financial Supervision Authority.

Scope of consolidated accounts

The financial statements has 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 affiliates (Financial Supervision Authority's regulation 106.2).
In accordance with the said regulations, the subsidiaries, affiliates 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 statement for 2002 with the one drawn up for the preceding financial year.

Consolidation

Where the financial statements of the subsidiaries are included in the consolidated financial statement, 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 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. 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

Certificates of claim, 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 "Certificates of claim that warrant central bank financing" and under "Certificates of claim". Such certificates of claim 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 certificates of claim 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 statement at their probable assignment price on the day the accounts were closed. The acquisition price for the different types of certificates of claim 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 costs for the certificates of claim that are included in other current assets according to their type are 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 the nominal value has been allocated as interest income or the loss of it.

Fixed assets include certificates of claim to be retained until maturity, shares and holdings in subsidiaries and affiliates 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 claims and liabilities has been allocated as interest income or as interest expenses for the term. If the probable value of the claim is lower than its book value, the claim is entered in the balance sheet according to its probable value.

Tangible and intangible assets

The Group's real estate property, shares and stakes 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 stakes 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 stakes 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 holdings in real estate corporations have been included at their acquisition price. The valuation principles for real estate as well as shares and holdings 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 are 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. The acquisition price for personal workstations and peripherals, whose economic life is less than 3 years, are written off directly. Buildings are linearly depreciated over 40 years.

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 optional reserves 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 profit and loss 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.

Value changes in the hedging derivative contracts have been processed in the profit and loss account in the same way that value changes in the balance sheet items that ought to be protected have been.

Income, expenses and value changes arising from contracts included in the market book 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)	**1999**	**2000**	**2001**	**2002**	**2003**
Turnover	141,221	196,506	202,841	184,888	167,046
Net income from financial operations	56,530	74,491	77,208	75,238	73,901
as percentage of turnover	40.0	37.9	38.1	40.7	44.2
Other income	37,082	51,457	37,321	37,202	40,622
Expenses and depreciation	-70,874	-84,007	-82,214	-90,126	-83,056
Income before loan losses	22,738	41,940	32,315	22,314	31,467
Loan losses	- 1,136	180	-214	- 2,971	-2,262
Net operating profit	21,869	42,262	32,081	19,702	30,196
as percentage of turnover	15.5	21.5	15.8	10.7	18.1
Net operating profit before appropriations	21 869	42,262	32,081	19,702	30,196
as percentage of turnover	15.5	21.5	15.8	10.7	18.1
Profit for the financial year	19,440	32,879	22,027	12,579	20,460
Earnings/share	0.57	0.93	0.63	0.36	0.58
Equity/share	3.49	4.37	4.85	5.03	5.44
Dividend/share (EUR)	0.13	0.17	0.17	0.17	0.20
Dividend/income (%)	22.9	18.0	27.2	47.7	34.5
Number of shares at end of financial year	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050
Average number of shares during financial year	35,258,050	35,258,050	35,258,050	35,258,050	35,258,050
Balance sheet total	2,737,913	2,982,750	3,331 854	3,513,759	3,511929
Total return on assets ROA (%)	0.8	1.2	0.7	0.4	0.6
Equity capital	126,437	154,048	170,803	177,389	191 855
Return on equity ROE (%)	16.5	23.1	13.5	7.2	11.1
Equity ratio	4.7	5.3	4.9	5.1	5.9
Capital adequacy ratio	10.8	13.0	12.5	13.1	13.9
Tier 1 equity ratio	9.3	10.0	10.2	9.0	9.7
Cost to income ratio	0.76	0.67	0.73	0.81	0.73
Borrowing from the public	1 736,514	1 769,221	1 857,539	1 926,286	2,001 793
Lending to the public	1 684,570	1 898,500	2,138,157	2,412,025	2,594,996

Group capital adequacy

Risk-weighted commitments (EUR million)

	Assets		**Off-balance sheet items**		**Risk-weighted commitments**	
Risk weighing	**31.12.2003**	**31.12.2002**	**31.12.2003**	**31.12.2002**	**31.12.2003**	**31.12.2002**
0 %	491.3	494.9	99.9	79.2	-	-
20 %	442.1	559.2	3.1	5.3	88.7	112.4
50 %	1 713.3	1 561.6	20.6	24.4	863.0	788.1
100 %	862.6	894.3	91.1	89.6	917.1	956.5
Derivatives			1 659.2	497.0	4.5	2.7
Total	**3,509.3**	**3,510.1**	**1 873.8**	**695.5**	**1 873.4**	**1 859.6**

Group capital base

(EUR million)	31.12.2003	31.12.2002
Tier 1 equity		
Share capital	70.5	70.5
Ordinary reserve	8.1	8.1
Share premium account	1.8	1.8
Retained earnings account	91.0	84.4
Profit for the financial year	20.5	12.6
Minority interest	0.5	0.4
Dividend provision	-7.1	-6.0
Intangible assets	-2.7	-3.7
Total	182.6	168.1
Tier 2 equity		
Revaluation reserve	0.0	0.0
Capital notes	77.0	75.2
Total	77.0	75.2
Net capital required to cover market risks	0.0	0.0
Net capital base	259.6	243.3
Capital adequacy	**13.9**	**13.1**
Tier 1 equity ratio	**9.7**	**9.0**

Basis of calculation for key figures

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

Earnings per 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 per share
Equity plus provisions less minority interest divided by the number of shares on the date of the closing of the accounts.

Dividend per share
Dividend proposed by the board to shareholders per share.

Dividend per income
Dividend proposed by the board to shareholders times the number of entitled shares in relation to the result for the financial year.

Total return on assets (ROA)
Net operating profit in relation to the average balance sheet total.

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

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

Risk-weighted commitments
Assets in the balance sheet plus off-balance sheet items valued and risk-weighted n accordance with regulation 106.7 issued by the Finnish Financial Supervision Authority.

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

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

Cost/income ratio
Total commission costs, administrative costs, depreciations and general operating expenses in relation to the sum of the total net income from financial operations, the income from equity investments, commission income, net income from securities trading and currency dealing plus other operating income.

Proposal for distribution of profit

The equity available for distribution for the parent company is EUR 67,890,866.47 and for the Group EUR 73,348,049.44. The number of dividend-entitled shares is 35,258,050.

The Board of Directors proposes to the annual general meeting of the shareholders of Aktia Savings Bank plc that EUR 0.20 per share be distributed to shareholders, or a total of EUR 7,051,610.00.

Helsinki, 5 March 2004

Board of Directors of Aktia Savngs 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

Auditor's Report

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

We have audited the accounting, the financial statements and the corporate governance of Aktia Savings Bank p.l.c. for the financial year ended December 31, 2003. 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, 11 March 2004

OY JOE SUNDHOLM & CO AB
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Statement by the Board of Supervisors

The Board of Supervisors has compiled the final accounts, the consolidated accounts and the audit report for 2003 and recommends that the final accounts and consolidated accounts be accepted.

(Approved at the meeting of the Board of Supervisors on 17 March 2004)

Board of Supervisors of Aktia Savings Bank as of 22 April 2003

Henry Wiklund, chairman (current term expires 2006), Managing Director, M.Sc.(Econ.), Honorary Councillor
Bo Göran Eriksson, Vice Chairman (2005), Senior Director, L.L.M
Bo Forslund, Vice Chairman (2006), 1st Vice Chairman of Board of FöreningsSparbanken AB
Henrik Sundbäck, Vice Chairman (2006), Consultant, M.Sc.(Agr. & Forestry)
Lorenz Uthardt, Vice Chairman (2005), Agrologist
Bo-Gustav Wilson, Vice Chairman (2004), Auditing Director, M.Sc.(Econ.)
Harriet Ahlnäs (2006), Principal, M.Sc.(Eng.)
Göran Collert (2005), Honorary Chairman of Board of FöreningsSparbanken AB
Kurt Forsman (2005), M.Sc.(Agr. & Forestry)
Christina Gestrin (2005), M.Sc.(Agr. & Forestry)
Christoffer Grönholm (2006), Cabinet Secretary, Dr. Pol.Sc.
Torbjörn Jakas (2004), Managing Director, B.Sc.(Econ.)
Kari Kyttälä (2006), L.L.M.
Per Lindgård (2006), Teacher
Kristina Lyytikäinen (2005), Private Entrepeneur, B.A. (Soc.Sc.)
Håkan Mattlin (2005), Administrative Director, Lic. Pol.
Hans Olsson (2004), Managing Director
Margareta Pietikäinen (2004), M.A.
Jorma J Pitkämäki (2005), Director
Henrik Rehnberg (2006), Engineer, farmer
Gunvor Sarelin-Sjöblom (2004), M.A.
Peter Simberg (2005), Agrologist
Heikki Tuominen (2004), Managing Director
Maj-Britt Vääriskoski (2004), Financial Manager
Lars Wallin (2004), Office Manager
Boris Westerlund (2005), M.Sc.(Econ.)
Carl Johan Westman (2006), Professor, Dr. Agr. & Forestry
Leo Wistbacka (2006), M.A.
Ann-Marie Åberg (2004), Physiotherapist

Corporate Covernance

Regulatory framework
Aktia Savings Bank plc is governed in compliance with the Credit Institutions Act and the Act on Commercial Banks and Other Credit Institutions Organised as Limited Companies. The subsidiaries are administered as per the applicable legislation, such as the Mortgage Bank Act, the Mutual Funds Act, the Securities Companies Act and the Insurance Companies Act. 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 thirty members of the Board of Supervisors (for more details, please see page 23 of the bank's annual report) are elected by the bank's Annual General Meeting of Shareholders for a term of three 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 regarding salary and remuneration are disclosed in note 52 to the final accounts. The Board of Supervisors is responsible for the administration of the bank and issues 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 on 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. During 2003, the Board of Supervisors met four times and the Controlling Committee once.

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 2003, the Board of Directors included eight members. For the term that consists of the 2004 calendar year, all board members have been re-elected. (For more details, please see page 24 in the bank's annual report.) The remuneration payable to the members of the Board of Directors is determined by the Board of Supervisors. Details regarding salary and remuneration are disclosed in note 52 to the final accounts. 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 assignments the Board gives board members in individual cases, board members do not have individual tasks in relation to the bank's administration. The Board held eighteen meetings during 2003.

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 regarding salary and remuneration are disclosed in note 52 to the final accounts. 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 group's Executive Committee, where the managing director acts as chairman, are appointed by the bank's Board of Directors, which also decides their spheres of responsibility and emolument. The members of the Executive Committee are presented on page 25 of the bank's annual report. The Executive Committee is involved in making decisions on the bank's current business operations in accordance with the corporate governance instructions of the Group's business operations issued by the bank's Board. Certain matters related to lending and the handling of the Group's financing, liquidation and market risks as well as administration of office activities are dealt with by a committee that the Executive Committee appoints from within its ranks. The Executive Committee convened fifty-one times in 2003.

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

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, Managing Director, and Managing Directors alternate, 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 and reliability 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 financial affairs.

Under the bank's articles of association, the members of the Board of Directors are required to inform the Board of Supervisors of their involvement in the administration of any other companies. The Managing Director may join the administrative bodies of other companies only with the express permission to do so. The most important positions of the Managing Director, and the members of the Board of Directors in other organisations and foundations are listed on pages 24 - 25 of the bank's annual report. The members of the Board of Directors, the Managing Director and the Executive Committee are entered in the bank's insider register, meaning that their holdings of shares in listed companies is public information. Public disclosure is a way of ensuring that no abuse of market information can take place.

Credit applications by the members of the Board of Directors, the Managing Director and members of the Executive Committee are always processed by the Board, irrespective of the amounts involved. Details on extended credits are disclosed in note 52 to the final accounts.

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 foundation in which the subject wields influence