Aktia's year 2008

Annual Report

Aktia

Publication of Aktia's financial information

Aktia publishes the following financial information in 2009

Annual Accounts Announcement 1 January – 31 December 2008
Thursday 12 February 2009

Interim Report for January–March 2009
Tuesday 12 May

Interim Report for January–June 2009
Thursday 20 August

Interim Report for January–September 2009
Monday 9 November

Annual and interim reports for Aktia Group are published in Finnish, Swedish, and English. All reports are available from Aktia's website www.aktia.com as soon as they are public. They are also available from all Aktia branch offices and may be ordered from Aktia Plc, Financial Publications, P.O.Box 207, 00101 Helsinki, or by e-mail at communications@aktia.fi.

Change of address
Shareholders are requested to inform change of address to the branch office where they have their book-entry account.

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Financial summary 2008

(EUR,1,000)	2008	2007
Operating profit – Aktia Group	6,606	66,295
Cost-to-income ratio (banking business)	0.65	0.67
Life insurance group's cost ratio, %	99.0	110.0
Earnings/share, EUR	0.09	0.87
Equity per share, EUR	4.85	5.39
Dividend/share, EUR	0.17	0.33
Return on equity (ROE), %	1.8	17.9
Mutual fund capital	1,511,752	2,012,919
Borrowing from the public	3,098,336	2,801,378
Lending to the public	5,425,654	4,573,746
Balance sheet total	9,540,073	7,952,813
Life insurance business:		
- investments at fair value	804,559	965,555
- provisions for interest-linked policies	627,592	654,316
- provisions for unit-linked policies	149,583	200,527
Average number of shares **)	60,167,835	59,812,898

**) Number of shares adjusted for share issue

Important events 2008

In January, Aktia informed that Chief Executive Officer Mikael Ingberg and the company's Board of Directors have agreed that he will resign from his post after serving as the company's CEO for six years. **Jussi Laitinen, M.Sc. Econ, was appointed to be the Group's new CEO**. He took up his new position on 4 April 2008.

In February, Aktia lowered its **prime rate** to 4.25 per cent and raised it to 4.50 per cent in May and to 5.00 per cent in July. In November, the prime rate was lowered to 4.50 per cent and in December to 3.25 per cent.

In April, Aktia's Annual General Meeting decided on **creation of a new share series**, series R, and that the bank's old shares should be named series A. All shareholders included in the bank's shareholder register the record date 4 April 2008 received one new R share for every two old shares (series A). Every R share entitles the holder to 20 votes and every A share to one vote at the Annual General Meeting.

At the beginning of April, the Boards of Directors of **Aktia and Veritas Non-Life Insurance signed a merger plan**. At the beginning of June, Aktia's Extraordinary General Meeting approved the transfer of business from Aktia Savings Bank plc to Aktia Bank plc. In addition, the AGM also approved the plan to merger with Veritas Non-Life Insurance. The merger of Aktia and Veritas Non-Life Insurance was implemented on 1 January 2009. At the same time Veritas Non-Life Insurance changes its name to Aktia Non-Life Insurance.

The Board of Directors of Aktia appointed **Deputy CEO Stefan Björkman** CFO of the Aktia Group in mid-August.

At the end of September, Aktia Savings Bank plc transferred banking operations to **Aktia Bank plc**. Aktia Savings Bank plc, which owned all shares in Aktia Bank plc, ceased to conduct banking operations and continues as a parent company in the Aktia Group under the name Aktia plc.

Moody's Investors Service Ltd has assigned **Aktia Bank plc the credit ratings** A1 for long term borrowing, P-1 for short-term borrowing, and C for financial strength, all with stable outlook. The credit ratings are the same as Aktia Savings Bank had previously.

Aktia transferred its shareholding in relation to the **real estate companies Mannerheimvägen 14, Silvertärnan and Mercator to Fastighetskapitalfonden Forum Fastighets Kb** in October. For Aktia, this means a capital gain amounting to more than EUR 6 million in the last quarter of 2008. The transaction was a step in the bank's efforts to improve the efficiency of real estate management and increase the liquidity of its holdings.

In December, Aktia Bank informed that the bank had **bought Kaupthing's asset management operations in Finland**. The acquisition of Kaupthing's asset management business is a complement to Aktia's asset management services.

Aktia in Brief

Aktia offers a broad range of products, services and solutions in banking, asset management, insurance and real estate agencies. Aktia operates mainly in coastal areas, in the Helsinki region, and in inland growth areas.

Aktia's roots date back to 1825, when Finland's first, now existing deposit bank saw the light of day. Business operations started the following year. Aktia Savings Bank was created some 15 years ago when Helsinki Savings Bank merged with a number of savings banks based in the coastal areas. Aktia was converted into a limited company in 1993. The Group was restructured in 2008 in order to better comply with the extended range of products and services. In the Autumn 2008, the name of the bank was changed into Aktia Bank plc and the name of the Group's parent company to Aktia plc.

Aktia has about 300,000 customers who are served about 90 branch offices and via comprehensive Internet and telephone services. With its partners, savings banks and local co-operative banks, Aktia operates an extensive network of about 430 branch offices for certain finance services. Following an agreement with Automatia Oy, our customers are served by a network of about 1,700 ATM:s throughout the country.

Aktia is owned by Finnish savings bank foundations, institutions and private individuals. Aktia has published plans to be listed on the stock exchange. There are no decisions on the time of listing.

Segments as of 1 January 2009

Aktia's main business operations are divided into five segments: Banking Business, Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous.

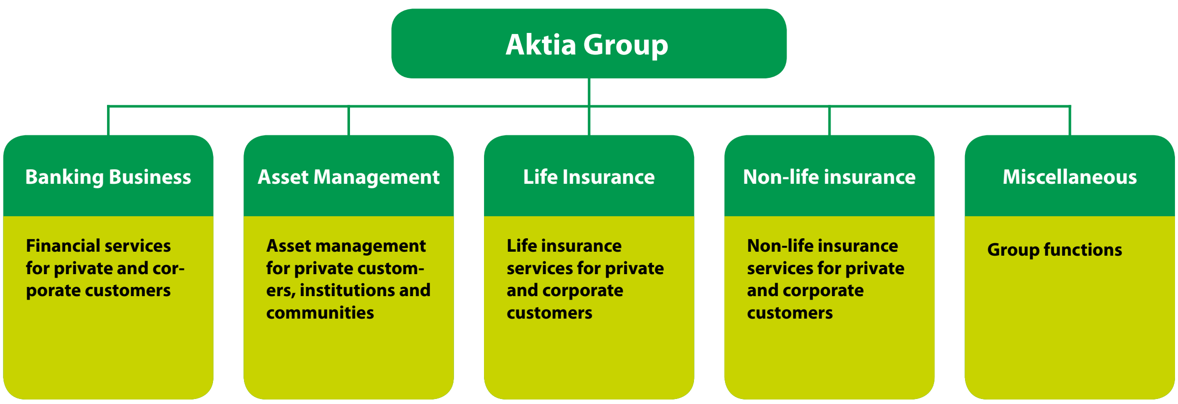
Banking Business includes Aktia Bank plc, Aktia Real Estate Mortgage Bank plc, Aktia Card & Finance, Aktia Corporate Finance and Aktia real estate agencies.

Asset Management includes Private Banking operations as well as the subsidiaries Aktia Fund Management Company Ltd, Aktia Asset Management Oy Ab and Aktia Institutional Investment Services.

The life insurance segment entails Aktia Life Insurance.

The non-life insurance segment entails Aktia Non-Life Insurance.

During 2008, Aktia reported for the segments Retail Banking, Asset Management, Corporate Banking & Treasury and Life Insurance as well as the segment Miscellaneous.



Strategy and targets

Aktia's mission and vision are based on our roots, of which we are very proud. From being an amalgamation of local savings banks, Aktia has developed into the country's second-largest Finnish-owned financial group. The Group offers complete banking, insurance and real estate agency services to private individuals and corporate customers in both national languages.

Mission

We develop and sell customer-oriented banking and insurance solutions and create added value for our customers, owners and the local community.

Vision

We are the leading bank in helping our customers to improve and safeguard their finances and are the customers' first choice in the areas in which we operate.

Core values

Our core values form the heart of what we consider to be right and where our priorities must lie. They also govern our actions.

Responsibility
We bear a responsibility to our customers, owners and the local community by acting profitably, reliably and ethically.

Customer closeness
The staff at our local offices provide personal customer service in a respectful manner.

Security
We provide our customers with security and, through controlled risk taking, we ensure that the company is a secure employer and partner.

Individual service
We respect every individual, both customer and colleague. Togetherness, competence and job satisfaction are important cornerstones of One Aktia.

Active customer contact
We are modern and active, and we are committed.

Strategic decisions

One Aktia
We have chosen a centralised Group control model in order to integrate our subsidiaries under one brand, create synergy effects and develop a joint way of responding to our customers. Local decision making will be our strength from now on.

Area of activity
Our area of activity covers the bilingual coastal area of Finland as well as certain selected towns.

Organic growth
We will achieve growth both by cross-selling and additional selling to current customers of the Group and by sales efforts in the larger towns (Helsinki, Tampere, Oulu and Turku).

Relationship-driven sales a competitive advantage
Aktia's competitive advantage is founded on the dialogue between customer and staff as well as optimal accessibility. Our ambition is to be the leader in providing a service to our customers in both national languages. We aim for relationship-driven sales based on the needs of the customer.

Collaboration with other players
We have a deep, cost-saving collaboration with the savings and local co-operative banks. The Veritas Pension Insurance Company is also a major partner in corporate insurance distribution. We also engage other partners in the distribution of the Group's products in order to achieve economies of scale.

Stock exchange listing
Listing on the stock exchange is the aim in order to create a liquid marketplace for our owners.

Strategic objectives

The strategic objectives of the Aktia Group are based on our mission and vision and the strategic choices:

- Profitable growth
- Increased customer closeness
- Broad skills
- Cost-effectiveness and controlled risk taking

Dividend policy

Through an active dividend policy, Aktia aims to pay out 30–50% of net income in dividends.

2009

The uncertainty on the financial market makes forecasting economic development difficult, and 2009 will pose many challenges to the financial industry. In 2009, Aktia will focus on the successful integration of the Aktia Non-Life Insurance Company into the Group, cost-effectiveness, investments in the Internet and managing the consequences of the financial crisis on the business.

Statement by the Managing Director

2008 was a turbulent and difficult year for financial markets in general. The economic outlook in the country went from cautious optimism to deep pessimism as global equity markets reacted sharply to the worsening outlook.

The Aktia Group had much to be pleased about during 2008, even if we did encounter some setbacks. The banking business achieved good results thanks to improved net interest income in both the private and corporate markets. Market shares increased in all key segments.

Our services portfolio was further developed as a result of the merger with Veritas Non-Life Insurance Company. Towards the end of the year we also succeeded in acquiring the institutional asset management arm of Kaupthing Bank, which nearly doubled our total fund market share. The unit, which is called Aktia Institutional Investment Services, focuses its services on professional investors. We hope that the acquisition will provide us with deeper knowledge of and insight into asset management and that this can be translated into practical benefits for our private customers. Our extended range of services provides us with a fantastic opportunity to offer our customers a long-term relationship which encompasses savings, housing and security.

Results from the Group's investment activities, particularly from our life insurance company, were very disappointing. Despite the fact that the life insurance company started the year with a relatively cautious allocation of shares in its investment portfolio, the result turned out to be very negative. This significantly reduces the Group's operating profit and compromises our ability to distribute profits at levels similar to those seen last year. For me personally, this is very disappointing. The general downturn in demand on the housing market has also affected our real estate agency operations.

Aktia has a unique ownership structure which comprises independent non-profit foundations, 24 savings bank foundations, companies and private individuals. The vast majority of our owners expect to see stable and growing dividends from us. We have not been able to fulfil this expectation in 2008. In connection with the merger with Veritas Skadeförsäkring, now Aktia Skadeförsäkring, we are welcoming over 70 000 new shareholders to the Group in 2009. We hope to be able to make their ownership satisfying during the coming years.

Focusing on the customer

Aktia has grown rapidly in recent years. From being a local bank with a geographically widespread branch network in the growing regions of the country at the beginning of the century, we have become one of the largest Finnish-owned finance groups in Finland. Significant life insurance operations are integrated into the Group and from the beginning of 2009 also prominent accident insurance operations. We have also developed our asset management activities, private banking, corporate financing, credit card and real estate agency operations. Our role as a central financial institution and our new payment transaction operations for independent local savings and cooperative banks is very important for us.

We have an impressive range of products, and to be able to offer the customer the products that are most suitable for them we have developed the new tool Aktia Dialog. Through a general discussion of the customer's life situation, dreams, preferences and concerns, this dialogue helps our customer advisors to ensure that Aktia can help the customer safeguard and develop his finances in the best way possible. We have over 300 000 customers that use our services. This puts us under the obligation to continue with the same focus – the best for the customer!

Aktia's local branches are the heart of our operations. We have over 70 individual branches and our banking and insurance directors have far-reaching authority to look after our customer's banking and insurance needs quickly and close to the customers. To guarantee the best customer service, our central units and our product companies help the branches by providing high-quality products and support services. In addition, the branches work in close cooperation with our local savings bank and Aktia foundations which return a large part of their profits from Aktia dividends to the local community through grants and donations.

One Aktia

The economic downturn that started last year looks set to continue. General sentiment is characterised by continued pessimism and caution amongst both private individuals and companies. This often means lower incomes and increasing loan losses for the banks. Due to the fact that a large proportion of Aktia's lending is household-related, we expect to be spared from major loan losses. But when things get worse for customers, due to the economic situation, the banks usually don't get on well either.

This year, we are taking a small break from our long-term growth strategy. We have a wide product base, tens of thousands of potential new customers and a Group with several subsidiaries. Our investments in recent years have increased costs. To ensure that we can continue to offer competitive products and services even in worse economic conditions we have been looking for an effective joint way of working. Under the motto 'One Aktia', our hope is that all the companies in the Group will work so as to be as integrated as possible, thereby creating an efficient organisation of high quality. When the economic situation improves, we will then be ready to continue with our ambitions for growth.

The role of personnel in a company is crucial. Without motivated staff members we cannot provide our customers with good services or create finance and security products that the customers find competitive. Without motivated staff members we are also unable to maintain an internal decision-making infrastructure which helps our customers, our product companies and our account managers in their day-to-day jobs. Our rapid growth over recent years, with mergers and new company start-ups has required a great deal from everyone. The economic slump that has unfortunately led to deteriorating profitability in many units has also created much anxiety. This is natural and also difficult to set right with words. During 2009, one of the greatest challenges for both Aktia and myself personally will be to keep personnel motivated to continue providing good customer service in increasingly difficult economic times.

My predecessor Mikael Ingberg deserves thanks for his efforts to develop Aktia from a regional savings bank to the financial group we are today.

I would like to thank the entire staff for all the work you have done over the last year and I am sure that, by working together, we will succeed in securing Aktia's future.

Helsinki, March 2009
Jussi Laitinen

Report by the Board of Directors

The year's activities

The year in brief

- The banking business achieved good results, but the life insurance business suffered from write-downs in the investment portfolio.
- Operating profit was EUR 6.6 million (66.3).
- Net interest income increased by 13.6% to EUR 101.0 million (88.9).
- Liquidity and capital adequacy remains good, and the credit rating is unchanged.
- Market shares increased in all segments; deposits increased by 11%.
- New Group structure and merger with Aktia Non-Life Insurance.
- Negative trends in the financial markets have led to a generally deteriorated economic cycle.
- Stable operating profitability in banking business for 2009.

Key figures at the end of each reporting period

	1-12 2008	1-9 2008	1-6 2008	1-3 2008	1-12 2007
Earnings per share, EUR	0.09	0.47	0.37	0.17	0.87
Equity per share, EUR	4.85	4.28	4.55	5.26	5.39
Return on equity (ROE), %	1.8	12.5	14.6	12.7	17.9
Cost-to-income ratio (banking business)	0.65	0.66	0.69	0.70	0.67
Life insurance business cost ratio, %	99.0	99.1	104.1	97.7	110.0
Mutual fund capital, EUR million	1,512	1,709	1,858	1,884	2,013
Borrowing from the public, EUR million	3,098	3,072	3,069	2,908	2,801
Lending to the public, EUR million	5,426	5,287	5,082	4,797	4,574
Risk-weighted commitments, EUR million	3,313	3,247	3,229	3,052	2,875
Capital adequacy ratio, % (banking business)	13.7	12.0	12.8	14.2	15.4
Tier 1 capital ratio, % (banking business)	9.3	9.9	10.1	10.5	10.9
Solvency ratio, % (life insurance business)	8.5	8.4	12.5	14.6	18.1
Capital adequacy ratio, % (conglomerate)	135.2	113.8	115.1	129.3	138.6
Life insurance business:					
- investments at fair value, EUR million	804.6	879.0	921.8	941.3	965.6
- provisions for interest-linked policies, EUR million	627.6	654.9	655.8	653.2	654.3
- provisions for unit-linked policies, EUR million	149.6	171.9	191.7	189.2	200.5
Earnings per share excl. negative goodwill recorded as income, EUR	0.09	0.47	0.37	0.17	0.67
Return on equity (ROE), excl. negative goodwill recorded as goodwill, %	1.8	12.5	14.6	12.7	13.8
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	-0.22	-0.79	-0.54	-0.14	0.39
Average number of shares, million *)	60.2	60.2	60.2	60.2	59.8
Number of shares at end of period, million	60.2	60.2	60.2	60.2	60.2
Personnel (FTEs), average number	1,009	993	972	956	940

*) Number of shares adjusted for share issue

Profit

The Group's operating profit for 2008 was EUR 6.6 million (66.3). The banking business achieved satisfactory results, but the life insurance business suffered from write-downs in the investment portfolio.

Operating profit for Retail Banking fell slightly as a result of reduced margins during the first six months and increased costs in relation to new branch offices and investments in an extended service portfolio. Corporate Banking & Treasury achieved improved operating profit through growth in the credit stock and also by exploiting the good liquidity position. Asset management suffered as a result of the situation in the investment market and returned a reduced operating profit, despite improving its market share. The contribution of the life insurance sector to the Group's operating profit was reduced by developments in the investment portfolio. The operating result from associated companies of EUR 0.2 million (0.2) was at the same level as 2007.

Profit for the fiscal period was EUR 5.8 million (52.8).

Income

The Group's total income fell by 27.1% to EUR 202.9 million (278.5). The biggest individual change in income compared with 2007 was investment income from Life Insurance, which was negative due to capital losses and write-downs.

Net interest income increased to EUR 101.0 million (88.9). The derivatives used by Aktia to limit its interest rate risk had an impact on net interest income of EUR -8.3 million (-4.1) during the period.

Net commission income totalled EUR 41.0 million (47.3). Commission income from funds, asset management and brokerage fell in a challenging environment and totalled EUR 22.9 million (30.0). Card and payment services commissions rose to EUR 11.0 million (10.6). Income from real estate brokerage commissions dropped to EUR 7.1 million (7.4). Within commission costs, commissions to savings banks and local co-operative banks for mortgages increased to EUR 3.2 million (2.1) with the increased credit stock.

The life insurance business' income totalled EUR 41.9 million (134.9). Insurance premium income was EUR 91.0 million (99.8). Net income from investments for interest-linked policies decreased to EUR -49.1 million (35.1).

Other operating income totalled EUR 19.0 million (7.3). The majority of the EUR 11.7 million improvement is attributable to capital gains from divestments of the Bank's real estate holdings during the period.

Expenditure

The Group's total expenditure fell by 7.4% to EUR 196.6 million (212.2).

This total expenditure includes claims paid and change in provisions. The biggest change in total expenditure is due to a change in provisions.

Operating expenses for the year were EUR 120.9 million (110.4), representing an increase of 9.5%. The effect of the negative goodwill recorded has been excluded. Expense ratio for life insurance improved to 99.0% (110.0) due to rationalization measures taken during the year.

Staff costs totalled EUR 60.6 million (57.3). Other administration costs amounted to EUR 38.4 million (35.5). The EUR 2.9 million increase in costs is primarily attributable to the cost items of marketing, communications and IT.

Total depreciation and write-downs on tangible and intangible assets increased to EUR 5.7 million (5.1). Of these, depreciation of customer-related intangible assets totalled EUR 1.3 million (1.3) for the period. These related to the acquisition of Aktia Life Insurance.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased by 20.0% from 2007 and amounted to EUR 9,540 million (7,953 at 31 December 2007) at the end of the period. The increase in the balance sheet total is primarily due to a growth in the credit stock and an increase in those assets available for sale acting as the bank's liquidity reserve. Borrowing has increased, both from the public and from savings banks and local co-operative banks.

The Group's total lending to the public amounted to EUR 5,426 million at the end of the period (4,574 at 31 December 2007), representing an increase of EUR 852 million (+18.6%). Private housholds share of the total credit stock amounts to EUR 4,343 million or 80%. 86,5% of loans to private households are secured by housing collateral (in accordance with Basel 2). The Group's lending, excluding mortgage loans sold and capitalized by savings banks and local co-operative banks increased by 15.4%.

Housing loan stock amounted to EUR 4,036 million (3,476 at 31 December 2007), of which mortgages granted by Aktia Real Estate Mortgage Bank plc represented EUR 1,968 million (1,573 at 31 December 2007), which is an increase of 16.1% from 2007. Of the EUR 458 million increase in mortgage loans, EUR

262 million came from loans sold by savings banks and local co-operative banks. Lending to companies grew in line with the corporate customer strategy to EUR 783 million (557 at 31 December 2007). During the latter half of the year, growth has been actively reduced.

Interest-bearing assets available for sale increased to EUR 2,808 million (2,072 at 31 December 2007). These assets mainly consist of the banking business' liquidity reserve and can be used as security for transactions involving binding repurchase terms, known as repurchase agreements. Aktia has not made use of any of the relaxations in the IFRS rules in the valuation of assets.

Deposits from the public and public sector entities increased by 10.6% from 2007 to a total of EUR 3,098 million. This growth in deposits strengthened Aktia's liquidity in a volatile market.

Outstanding Aktia certificates of deposit amounted to EUR 262 million at the end of the period, which represents a decrease of EUR 118 million during the period. Aktia also issued new debentures and index-linked loans with a total value of EUR 80 million.

Life insurance provisions fell to EUR 777 million (855 at 31 December 2007).

Off-balance sheet commitments decreased by EUR 101 million from the year-end and amounted to EUR 529 million (630 at 31 December 2007). The decrease is mainly due to that credit equivalents for derivatives are not included in off-balance sheet commitments as of 31 December 2008 as their market value is entered in the balance.

The Group's equity amounted to EUR 317 million at the end of the financial period (339 at 31 December 2007). The fund at fair value amounted to EUR -36 million compared to EUR -18 million at 31 December 2007.

Capital adequacy was strengthened by EUR 45 million when Aktia Bank issued a perpetual loan (Upper Tier-2) in November. In addition, Aktia renegotiated the terms and conditions of the shareholder agreement of Aktia Real Estate Mortgage Bank so that the minority interest's share of the Mortgage Bank's equity could also be counted as Group equity in accordance with IFRS rules.

Capital adequacy and solvency

The banking group's capital adequacy amounted to 13.7% compared with 15.4% at the year-end.

The Tier 1 capital ratio was 9.3% (10.9% at 31 December 2007). Despite the effects of the ongoing financial crisis, the new Group structure and the growth of the credit stock over the course of the year, capital adequacy is good, exceeding the capital adequacy target and the requirements of the authorities.

The solvency of the life insurance company was 8.5% (18.1%). The risk level of the investment portfolio has been reduced through substantial reallocations. Aktia is prepared to increase the equity of Aktia Life Insurance by up to EUR 20 million if necessary.

Capital adequacy for the financial and insurance conglomerate amounted to 135.2% (138.6%). The statutory minimum stipulated in the act governing financial and insurance conglomerates is 100%.

Rating

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service was at the best classification, P-1, for short-term borrowing. The credit ratings for long-term borrowing and financial strength were the same, at A1 and C respectively, both of which Aktia Savings Bank plc had before the restructuring.

The subsidiary Aktia Real Estate Mortgage Bank Plc has issued long-term covered bonds with the highest credit rating of Aaa from Moody's Investors Service.

Valuation of financial assets

Value changes reported via the fund at fair value

Negative value changes in interest-bearing securities where the issuer has not noted an inability to pay and negative value changes in shares and participations which are not deemed to be long-term or significant are reported in the fund at fair value, which for the Group, taking cash flow hedging into consideration, amounted to EUR -36 million after deferred tax, compared with EUR -18 million at 31 December 2007.

EUR 44 million of the negative development in the fund per 31 December 2008 is attributable to interest-bearing securities and the change in value is mainly due to continued poor liquidity and investors' demands for high returns as a result of the general uncertainty in the money market. The negative value changes in interest-bearing securities are off-set during the maturity of the debt instrument if it is held to maturity, assuming that the issuer does not become unable to pay.

Specification of the fund at fair value

EUR million	31.12.2008	31.12.2007	Change 1–12 2008
Shares and participations			
Banking business	-1.5	5.7	-7.2
Insurance business	-2.9	3.3	-6.2
Direct interest-bearing securities			
Banking business	-26.2	-17.4	-8.8
Insurance business	-18.2	-8.7	-9.5
Cash flow hedging	12.4	-0.9	13.3
Fund at fair value, total	**-36.4**	**-18.0**	**-18.4**

Value changes reported via income statement

Write-downs stood at EUR -39.2 million and are a result of significant or long-term negative value changes in shares and share funds and in interest-bearing securities where the issuer has noted an inability to pay. The limit for significant falls varies between 25% and 45%, depending on the volatility of the shares, while a long-term fall is noted if the share price remains continuously below the acquisition value for 18 months. As at 31 December 2008, write-downs were recorded against the value of investments in shares and participations as above totalling EUR -30.4 million, of which EUR -29.4 million is attributable to the life insurance company's investments. The write-down amount in the life insurance company is significant, despite a conservative investment policy, portfolio diversification and active hedging. The share weighting was reduced significantly during the autumn, standing at approximately EUR 40 million at year-end.

Write-downs of interest-bearing securities totalled EUR -8.8 million, of which EUR -5.4 million is attributable to claims on, and agreements with, the bankrupt Lehman Brothers.

Write-downs of financial assets

EUR million	1–12 2008
Interest-bearing securities	
Banking business	3.6
Life insurance business	5.1
Shares and participations	
Banking business	1.0
Life insurance business	29.4
Total	**39.2**

Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and guarantee claims amounted to EUR -1.2 million (-0.8). Reversals of losses from previous years came to EUR 0.5 million (0.6) so that the cost effect on the profit for the period was -0.7 (-0.2). In addition to individual write-downs, group write-downs were made where there were objective reasons to believe there was uncertainty in relation to the repayment of claims in underlying credit portfolios. In connection with the specification of principles for group write-downs to apply in future only to households and small companies, individual write-downs totalling EUR -4.1 million were carried out against six large corporate exposures. Group write-downs for households and small companies at 31 December 2008 stood at EUR 7.4 million, and are based on anticipated losses in relation to the market situation.

Segment overview

During 2008, Aktia reported for five segments. The main business operations are divided into four segments: Retail Banking, Corporate Banking & Treasury, Asset Management and Life Insurance. The segment Miscellaneous includes the Group administration of Aktia plc, certain administrative functions for Aktia Bank plc, the Group's real estate holdings and return on equity.

Retail Banking

Operating profit for Retail Banking was EUR 13.6 million (23.0).

Operating income totalled EUR 97.1 million (95.1). The continued reduction in lending margins has resulted in net interest income remaining at the same level as last year despite an increase in volume and growth in deposits. Retail Banking's net interest income is reference rate neutral, i.e. an increase in interest rate levels does not affect the net interest income. Fixed rate deposits are credited with an internal rate of 3.5%. Aktia's market share in home loans was 4.2% and the market share for borrowing was 2.9%. Commission income fell by 1.7%. Retail Banking has acquired some 21,000 new customers during the year.

Operating expenses rose to EUR 82.8 million (71.9). The investment in the branch office network and real estate agency operations, focusing particularly on new areas, has contributed towards an increase in operating expenses. A large part of the costs for investments in the branch office network was not recorded until 2008.The continued development of the business operations through investments in IT also contributed towards increased costs.

The mortgage brokerage business achieved total growth of 28.3% from the beginning of the year. Excluding mortgage loans brokered by other savings banks and local co-operative banks, Aktia increased lending to households by 10.0% during the period to EUR 3,353 million (3,048 at 31 December 2007). Mortgage loans brokered by Aktia's branch offices rose to EUR 1,069 million (873 at 31 December 2007).

The outflow from share funds and mixed funds during the period was compensated for by an increase in alternative forms of saving, such as time deposits and life insurance policies. Total savings by households was EUR 2,907 million (3,152 at 31 December 2007), of which household deposits were EUR 2,359 million (2,156 at 31 December 2007) and savings by households in mutual funds stood at EUR 548 million (997 at 31 December 2007).

The turnover of the real estate agency business dropped by 4.5% to EUR 7.1 million. The operations did not reach last year's profitability level.

During the year the number of Internet banking agreements increased by 11.9% to 107,135.

Corporate Banking & Treasury

Operating profit for Corporate Banking & Treasury amounted to EUR 17.6 million (11.3). Corporate Banking & Treasury showed an increase in profit compared with the previous year.

Operating income totalled EUR 29.6 million (23.2). Operating expense increased by EUR 0.2 million to EUR 12.1 million (11.9).

Corporate Banking's proportion of earnings from general customers who use a wide range of services has increased significantly. Aktia Corporate Finance has grown by serving Aktia's and the savings banks' and local co-operative banks' customers.

Throughout 2008, a more restrictive credit policy has applied to Corporate Banking in consideration of the situation in the financial market.

ACH Finland Abp was founded and the company applied for concession in 2008. The company, which was founded in cooperation with the local banks and other partners, has the goal of ensuring competitive clearing and settlement services for payment traffic within the SEPA region. Aktia's shares amount to 25.8% of the ownership and Aktia has made an agreement on providing services for ACH Finland. ACH Finland will begin operations on 1 March 2009.

Treasury was able to improve net interest income despite the profit for the period being negatively affected by costs from hedging the bank's interest rate risk to the amount of EUR -8.3 million (-4.1). A good liquidity position enabled refinancing to take place on favourable terms. In a challenging market, the liquidity reserve showed a return before changes in value and write-downs of 4.7%, or 4.1% taking changes in value and write-downs into account. The average size of the liquidity reserve was EUR 2.0 billion, with a market value at 31 December 2008 of EUR 2.3 billion.

Aktia Real Estate Mortgage Bank plc showed continued growth. The total credit stock was EUR 2,072 million, an increase of 28.3% from 2007. The savings banks and local co-operative banks represented EUR 1,003 million of the mortgages brokered. Of the EUR 458 million growth in credit stock, 42.8% was brokered by Aktia.

In August, Aktia Real Estate Mortgage Bank plc issued a covered bond worth EUR 250 million with housing loans as collateral. The loan has a floating interest rate and a two year maturity.

Asset Management

Operating profit for Aktia's asset management business fell to EUR 3.2 million (6.7). The market was extremely tough, particularly during the autumn. Aktia coped relatively well in this tough market, and succeeded in strengthening its market position.

The competitiveness of the asset management segment was boosted, particularly in terms of institutional investors, when Aktia acquired Kaupthing's Finnish asset management business in December. This acquisition strengthens Aktia's service portfolio, representing expertise which has been very much appreciated by institutional investors in Finland. The acquired unit having 16 employees was consolidated into the Aktia Group with effect from 1 December 2008 and is now operating under the name Aktia Invest.

Operating income, i.e. income after reversals to the Group's other units and business partners, was EUR 12.5 million (16.2). The business environment was very challenging for the whole of the period. Operating expenses fell by EUR 0.3 million to EUR 9.3 million, of which staff costs constituted EUR 4.8 million.

The volume of funds managed and brokered by Aktia was EUR 1,512 million (2,013 at 31 December 2007). Aktia's market share was 3.7% (3.0%) at the end of the period. The assets managed by Aktia, consisting of Asset Management and Aktia Invest (acquisition of Kaupthing), increased by 23.2% and totalled EUR 4,538 million (3,684 at 31 December 2007). Private Banking's customer assets totalled EUR 738 million (1,181 at 31 December 2007). The number of customers in Private Banking increased by approximately 16% over the course of the year.

Life Insurance

The contribution of the life insurance business to the Group's operating profit was EUR -47.7 million (5.3).

Despite the significant difference between the profit for the year and the profit for the previous year, the segment's operating profitability was at the same level as during the previous year. The segment's operating result for both years include substantial items complicating comparison. Such items include write-downs of the investment portfolio, sales profits from real estate holding divestments and changes in the discount rate for the interest-based provisions.

Premium income was EUR 91.0 million (99.8). Premium income rose for risk insurance, pension insurance and savings insurance. Premium income for investment insurance showed good volumes during the first six months, but sales slowed particularly for large one-off investments during the second half of the year as a result of the unfavourable market conditions. The company was able to increase its market share for unit-linked insurance policies to 4.3% (3.2%).

Insurance benefits totalled EUR 86.7 million (64.5). The increased payments of insurance benefits resulted primarily from an increase in policy surrenders and increased pension and life insurance payments. There was also an increase in sickness benefits. The loss ratio for risk insurance was unchanged at 81%.

Operating expenses totalled EUR 13.4 million (15.1). The life insurance segment succeeded in its efforts to improve its cost-effectiveness. The cost ratio came down by 11.0% percentage points to 99.0% (110.0%). The savings achieved by reorganising distribution and the conscious drive towards reduced administration costs are the main reasons for this improved efficiency. In order to improve operational efficiency, the company decided to withdraw from Joensuu, Jyväskylä and Pori, which are not part of the Aktia Group's strategic market. These offices were closed in December.

The year was dominated by a turbulent investment market. The return on the company's investments based on fair value was -9.5% (6.2%).

Provisions totalled EUR 777.2 million (854.8 at 31 December 2007), of which unit-linked insurance policies represented EUR 149.6 million (200.5 at 31 December 2007). Interest-based provisions totalled EUR 627.6 million (654.3). The discount rate for certain elements of these provisions was increased, resulting in an average discount rate for all interest-bearing provisions of 3.2%. This increase cut provisions by EUR 20.2 million. EUR 0.8 million of provisions for payments to customers in the future were dissolved, leaving EUR 3.7 million (4.5) at the end of the year.

The company's solvency stood at 8.5% at the year-end, compared with 18.1% the year before. As a result of the weakened solvency situation, the company's Board of Directors decided only to make payments to pension insurance customers for those policies with entitlement to additional benefits.

Miscellaneous

Operating profit for the segment Miscellaneous improved from EUR 10.4 million to EUR 20.3 million. The segment Miscellaneous includes the Group's real estate holdings. Investments in, or ownership of, real estate property is not part of Aktia's core business. In accordance with this strategy, most of the real estate holdings have been sold and the remainder of the real estate holdings has been reclassified as fixed assets held for sales.

By means of its share transfer agreement, and in accordance with the May 2008 fund agreement, Aktia transferred its shareholding in relation to the real estate companies Mannerheimvägen 14, Silvertärnan and Mercator to Fastighetskapitalfonden Forum Fastighets Kb. The other shareholders in the Forum block also transferred their real estate holdings to the fund. The transfer was carried out on 1 October 2008. For Aktia, this means a capital gain amounting to more than EUR 6 million. Aktia disposed of its share in the fund in December.

Aktia Non-Life Insurance

The merger with Veritas Non-Life Insurance was completed in 1 January 2009 in accordance with the merger plan approved by the Extraordinary General Meeting in June 2008. From 1 January 2009 onwards, the merged non-life insurance business will be operated by the 100% Aktia plc-owned subsidiary Aktia Non-Life Insurance Ab.

Aktia Non-Life Insurance has been insuring private customers and companies since 1925, and currently has approximately 90,000 customers. The customer segment mainly consists of private households, entrepreneurs and small and medium-sized companies. Aktia Non-Life Insurance has its largest market share in bilingual coastal regions.

In 2008 and in previous years, Aktia Non-Life Insurance has prepared its financial statements in accordance with Finnish accounting principles (FAS). The effects of the company's transition to IFRS accounting principles and the IFRS opening balance as at 1 January 2009 will be notified during the first quarter.

The result for the financial year (FAS) for 2008 was negative, EUR -6.8 million (4.1), primarily as a result of investment value trends and significant write-downs on shares and other share-related instruments. Income from premiums in 2008 was EUR 63.6 million (62.6), while claims expenditure was EUR 50.7 million (45.5). The company's total cost ratio weakened from 98% to 111%, partly due to a change in the accounting principles in 2007. A comparable total cost ratio would be 102%. The risk coverage capacity fell from 136% to 105%. The balance sheet total for 2008 was EUR 146.1 million (149.8).

Segment changes from 1 January 2009

The segments will be divided up so that business areas with similar business operations will be included in the same segment. The current Retail Banking and Corporate Banking & Treasury segments will therefore be combined to form the Banking Business segment. From 1 January 2009 onwards, Aktia Non-Life Insurance is also part of the Group, and the new segment reporting will be published for the first time in the 1 January–31 March 2009 interim report.

The reporting segments from 1 January 2009 onwards are:

1. Banking Business
2. Asset Management
3. Life Insurance
4. Non-Life Insurance
5. Miscellaneous

Comparative figures for 2008 relating to the new segmentation will be published in advance of the 1 January–31 March 2009 interim report.

The Group's risk management

Risk exposure

Risks make up a significant proportion of Aktia's operating environment and business activities. The Group has a conservative risk policy, and the most significant risk areas within the banking business are credit, interest and liquidity risks and, within the life insurance business, market and interest risks. All operations are exposed to business and operational risks. Business risks are reduced through diversifying operations and cross-selling.

The aim of risk management is to ensure that the capital base is sufficient in relation to risk exposure, that fluctuations in financial results and valuations remain within the goals and limits set, and that risk pricing is correct in order to achieve profitablility in the long run. All risk-taking is based on sufficient competence, appropriate risk management and control processes, adequate capital allocation and risk pricing.

All risk-taking is steered by the Group's strategy and the Board of Directors is ultimately responsible for the Group's appropriate risk management and control. Each year, the Board sets instructions for managing business activities including detailed principles, rules and limits for risk-taking and reporting requirements. Risk items and limits are reported to the Board on a quarterly basis.

The executive management is responsible for organising and monitoring the risk-management process. The executive management has appointed committees for managing, monitoring and developing risk management in terms of credit and market risks. Further, a committee has been appointed to handle matters concerning the Group's risk-bearing capacity and capital allocation. The committees have been tasked with making risk-management decisions, preparing matters for decision-making by higher bodies and developing wholesale risk management processes, all within set limits. The committees are made up of Executive Committee members with line management responsibilities, the risk control function and other experts. The risk control function does not take part in decision-making involving taking risks.

The risk management process is divided into two functions that are independent from one another, i.e. risk control and risk management. The risk control function decides on principles, compiles instructions and limits for risk-taking, measures and analyses risk items, estimates the need of economic capital, handles capital allocation and monitors how risk management is realised in the line organisation. The line managers are responsible for building up processes and competence for risk management and internal control, identifying and analysing risks and making decisions, on a commercial basis, as to how risk will be dealt with through pricing, covenants, pledges or other risk deducting policies.

Group administration has an independent risk control function which reports directly to the Managing Director.

The Banking Business includes Retail Banking (including financing company operations), Corporate Banking, Treasury and Asset Management. Life insurance operations are carried out by the Veritas Life Insurance Group (Aktia Life Insurance from 1 January 2009 onwards).

Lending-related risks within banking

There have been no significant changes to the composition of the credit portfolio during 2008. The share of household loans decreased slightly to 80.0% (82.7%) of the total credit stock. Housing loans accounted for 74.4% (76.0%) of the total credit stock. 86.5% of these loans have adequate security (according to Basel 2). Mortgage lending totalled EUR 2,072 million at the end of the year (1,614 at 31 December 2007), of which EUR 1,003 million was brokered by savings banks and local co-operative banks.

In line with the corporate customer strategy, the share of corporate financing increased to 14.4% (12.0%). Aktia does not intend to keep increasing the corporate financing share of lending. Lending to the public secured by collateral objects or unsecured within the framework of the financing companies Aktia Corporate Finance and Aktia Card & Finance totalled EUR 54.2 million, representing 1% of total lending.

The credit stock's sectoral distribution

EUR million	31.12.2008	31.12.2007	Change	%
Corporate	804	558	246	14.8%
Housing associations	220	185	35	4.1%
Public sector entities	12	10	2	0.2%
Non-profit organisations	47	38	9	0.9%
Households	4,343	3,782	561	80.0%
Total	**5,426**	**4,574**	**853**	**100.0%**

Loans with payments 1-30 days overdue rose during the year from 3.2% to 3.4% of the credit stock, including off-balance sheet bank guarantee commitments. Loans with payments 31-89 days overdue rose from 0.60% to 0.88%, totalling approximately EUR 48 million. Non-performing loans more than 90 days overdue, including those in collection, totalled approximately EUR 26 million, corresponding to 0.48% (0.38% at 31 December 2007) of the entire credit stock plus bank guarantees.

Undischarged debts by time overdue

Days	31.12.2008 EUR million	% of stock	31.12.2007 EUR million	% of stock
1–30	186.6	3.44	145.5	3.18
31–89	47.8	0.88	27.6	0.60
90–	26.2	0.48	17.8	0.38

Financing and liquidity risks

Within the banking business, financing and liquidity risks are defined as the availability of refinancing plus the differences in maturity between assets and liabilities. The financing and liquidity risks are dealt with at legal company level, and there is no financing connection between the banking group and the life insurance company. The aim within the banking group is to cover one year's worth of refinancing needs with existing liquidity (liquid assets plus investments which fall due). Despite considerable uncertainty in the financial markets, the liquidity status is good and this aim was achieved.

Within the life insurance business, liquidity risks are defined as the availability of financing for paying out claims, savings sums and surrenders, and pensions. The need for liquidity is satisfied mainly through the inward flow of cash and a portfolio of investment certificates which has been adapted in line with varying needs, while any unforeseen significant need for liquidity is taken care of through the liquid portfolio of bonds and shares.

Counterparty risks

Within Group Treasury's liquidity management operations

At the end of the year, the banking business' liquidity portfolio – which is managed by Group Treasury – stood at EUR 2,290.4 million (1,656.0). Counterparty risks arising in relation to liquidity management operations and entry into derivative contracts are managed through the requirement for high-level external ratings (minimum A3 rating from Moody's or equivalent) and the conservative allocation and active selection of investment assets and by rules concerning the maximal exposure for each counterparty and asset category.

Of the financial assets available for sale, 49% (57% at 31 December 2007) were investments in covered bonds, 45% (38% at 31 December 2007) were investments in banks, 3% (0) were investmenst in state guaranteed covered bonds and around 3% (5% at 31 December 2007) were investments in public sector entities and companies. Of the financial assets, 0.9% did not meet the internal rating requirements, while six securities with a total market value of EUR 25 million were no longer eligible for refinancing with the central bank.

Losses realised over the course of the year as a result of counter parties' reduced creditworthiness totalled EUR -3.6 million.

Rating distribution of banking business

	31.12.2008	31.12.2007
Aaa	49.4%	50.5%
Aa1-Aa3	42.3%	42.6%
A1-A3	4.9%	4.9%
Baa1-Baa3	0.9%	0.7%
Ba1-Ba3	0.0%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	2.5%	1.4%
Total	**100.0%**	**100.0%**

Counterparty risks in the life insurance business

The direct interest investments in the life insurance company's investments rose as a result of reallocation (mainly shares and real estate), totalling EUR 449 (352) million at the year-end. Counterparty risks arising in connection with the life insurance company's investments are managed by the requirement for at least "Investment grade" external rating (rating class Baa3 from Moody's or equivalent) and by rules concerning the maximal exposure for each counterparty and asset category.

Particularly during the latter part of the year, there was significant reallocation primarily from share investments to direct interest rate investments, mainly within the public sector. At the end of the year, 48% (18% at 31 December 2007) of these direct interest rate investments were claims on public sector entities, 20% (34% at 31 December 2007) were claims on companies and 32% (48% at 31 December 2007) were claims on banks and covered bonds.

1.0% of the direct interest rate investments did not meet the internal rating requirements at the year-end.

Losses realised over the course of the year as a result of counterparties' reduced creditworthiness totalled EUR -5.1 million.

Rating distribution for life insurance business

	31.12.2008	31.12.2007
Aaa	53.7%	26.7%
Aa1-Aa3	17.3%	29.4%
A1-A3	14.8%	25.1%
Baa1-Baa3	5.7%	10.2%
Ba1-Ba3	0.8%	0.3%
B1-B3	0.2%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	7.6%	8.3%
Total	**100.0%**	**100.0%**

The Group has a counterpart whose total exposure exceeds 10% of the financial conglomerate's equity calculated in compliance with the official directives.

Market risks

Both the financial assets within the banking business and the investment assets within the life insurance business are invested in securities with access to market prices on an active market, and are valued in accordance with official quoted prices. In accordance with the accounting principles for financial assets defined during the last quarter in relation to shares and share funds, significant or long-term negative differences between acquisition value and market value are reported under income, while price fluctuations are reported under the fair value reserve after the deduction of deferred tax.

Market value and structural interest rate risk within the banking business

Market value interest rate risk refers to changes in value as a result of interest rate fluctuations in financial assets available for sale. The net change in the fair value fund relating to market value interest rate risk posted during the period totalled EUR -8.8 million after the deduction of deferred tax. With an interest rate increase of one percentage point for financial assets available for sale, the net change of the fund at fair value at 31 December 2008 would be EUR -27.2 million (-23 at 31 December 2007) after the deduction of deferred tax.
Structural interest rate risk arises as a result of an imbalance between interest rate ties and the re-pricing of assets and liabilities, and affects net interest income. To reduce the volatility in the net interest income, structural interest rate risk is primarily contained through the use of hedging derivative instruments.

An upward parallel shift in the interest rate curve of one percentage point would reduce the net interest income of the banking business for the next 12 months by -5.4% (-4.3% at 31 December 2007), where the target for structural interest rate risk management is a maximum of -6%. For the next 12-24 months, the net interest income of the banking business would reduce by -6% (0.0% at 31 December 2007), where the target for structural interest rate risk management is a maximum of -8%.

A downward parallel shift in the interest rate curve of one percentage point would increase the net interest income of the banking business for the next 12 months by +6.3% (+4.4% at 31 December 2007), where the target for structural interest rate risk management is a maximum of -6%. For the next 12-24 months, the net interest income of the banking business would increase by +7.9% (-1.7% at 31 December 2007), where the target for structural interest rate risk management is a maximum of -8%.

Other market risks within the banking business and the parent company

No equity trading or investments in, or ownership of, real estate property is carried out in the banking business, including the parent company. The divestment of the real estate portfolio continued according to plan, with real estate holdings standing at EUR 4.6 million at year-end. The necessary or strategic investments in shares and funds of the business totalled around EUR 21.9 million. The net change in the fair value fund relating to other share investments and funds investments during the period totalled EUR -7.2 million after the deduction of deferred tax, while write-downs for long-term or significant falls in shares and participations totalled EUR -1 million.

Investment risks in the life insurance business

The policyholder bears the investment risk of the investments providing cover for unit-linked insurance policies. These investments are evaluated on an ongoing basis at fair value and any changes in value are posted to provisions for unit-linked insurance policies.

The investment portfolio covering the technical provisions is measured on an ongoing basis at fair value. Temporary price fluctuations are reported under the fair value reserve, while significant or long-term value changes are reported under income. During the reporting period, write-downs affecting profit attributable to shares and participations totalling EUR -29.4 million were posted, while the net change in the fair value fund after acquisition eliminations posted during the period totalled EUR 6.2 million after the deduction of deferred tax.

The risks of the investment portfolio, such as credit risks, interest rate risks, currency risks, share risks and real estate risks, are measured and contained using a VaR (Value at Risk) model, assuming maximum loss for 12 months and applying a probability level of 97.5%.

Allocation of holdings in the life insurance company's investment portfolio

EUR million	31.12.2008	31.12.2008	31.12.2007
Shares	37.8	5.5%	20.6%
Bonds - total	480.6	69.4%	51.4%
Money market	85.3	12.3%	9.0%
Real estate	42.8	6.2%	9.9%
Other	46.1	6.6%	9.2%

Operational risks

Operational risks refer to loss risks arising as a result of unclear or incomplete instructions, activities carried out contrary to instructions, unreliable information, deficient systems or actions taken by staff members. If an operational risk is realised, this can result in direct or indirect financial losses or tarnish the corporate image to the extent that the bank's credibility in the market place suffers. No significant incidents were registered during the year.

Personnel

When converted into full-time employees, the number employed by the Group increased by 69 to 1,052 (983) at the end of the reporting period. The average number of full-time employees during the year was 1,009 (940).

Personnel fund and management's incentive programme for 2008

No profit-sharing will be realised for Aktia's personnel fund for 2008. The CEO and other members of the Group's Executive Committee are also members of the Group's personnel fund.

A bonus system has been created for the CEO and other members of the Group's Executive Committee, which is based partly on results and partly on the performance of the fund at fair value and which may provide a maximum annual bonus of three months' salary. Based on the income for the year, no bonuses will be paid to the Executive Committee.

In 2008, the Executive Committee is also included in a share-based incentive scheme that offers the members of the Executive Committee the opportunity to subscribe for a maximum of 24,980 shares. The outcome of these is dependent on separate targets whose performance conditions have been decided on by the Board of Directors. The share-based incentive scheme increased staff costs by EUR 0.1 million during the period.

Deposit Guarantee Fund and the Investors' Compensation Fund

The banks' Deposit Guarantee Fund

Aktia Bank's deposit customers are still protected through the statutory Deposit Guarantee Fund. Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 50,000, is obligatory for all banks. During 2008, the Finnish government decided to increase protected deposits from EUR 25,000 to EUR 50,000. The change entered into force on 8 October 2008. Aktia's total contribution to the fund in 2008 was EUR 1.2 million (1.5). At the end of the year, the total assets of the fund stood at EUR 548.9 million.

The Investors' Compensation Fund

The 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 were EUR 5.3 million.

New Group structure

The transfer of business that was approved by the AGM of Aktia Savings Bank plc on 5 June 2008 was implemented on 30 September 2008. The transfer involved transferring the banking business of Aktia Savings Bank plc to Aktia Bank plc, which was simultaneously converted into a public limited liability company.

Aktia Savings Bank plc, which owns 100 per cent of the shares in Aktia Bank plc, ceased to conduct banking operations and has continued as a parent company in the Aktia Group under the name Aktia plc.

The members of the Board of Directors for Aktia Bank plc are Kaj-Gustaf Bergh (Chairman), Dag Wallgren (Vice Chairman), Hans Franz, Lars-Olof Hammarén, Lars-Erik Kvist, Kjell Sundström, Marina Vahtola and Nina Wilkman, all of whom will also continue as the Board members of Aktia plc. Jussi Laitinen is the CEO of Aktia Bank plc and Jarl Sved will act as his deputy. Both will also continue to hold the same positions in Aktia plc.

Share capital and ownership

Share and share capital

Aktia plc's shares are divided into two share series. Shares in series A entitle the holder to one vote and shares in series R to twenty votes at the Annual General Meeting. On 31 December 2008, the number of A shares was 40,124,418 and the number of R shares 20,050,850. In connection with the merger between Veritas Mutual Non-Life Insurance Company and Aktia on 1 January 2009, 6,800,000 new A shares were registered to be given as compensation for the merger to the non-life insurance company's owners, probably during the first quarter of 2009. Each share entitles to an equal part of the company's assets and profits.

Aktia plc's share capital per 31 December 2008 amounted to EUR 80,248,836. The share capital increased by EU 13,600,000 to EUR 93,848,836 after the registration 1 January 2009 of the above mentioned 6,800,000 shares issued as compensation for the merger.

The Board of Directors has valid authority to issue a maximum of 938,498 A shares. No rights of option have been issued.

Aktia's Board of Directors decided on 30 April 2008, supported by the authorisations given by the bank's AGM on 21 December 2006 regarding the establishment of share-based incentives for the Group's key personnel and in accordance with the terms approved of by the Board in 2007 regarding an incentive programme for the senior executive management, on a directed share issue to named persons in the bank's senior executive management. As a result of the issue, 22,482 new A shares were issued at a subscription price of EUR 8.67 per share. The shares were registered on 27 June 2008.

Ownership

At the end of 2008, Aktia plc had 659 shareholders. The largest group of shareholders consists of local Aktia and Savings Bank Foundations with a total ownership of 48.2 per cent of shares and 48.5 per cent of all votes in the company. This group also includes the single largest shareholder in Aktia, Helsinki Savings Bank Foundation, with an ownership of 19.0 per cent of shares and 19.0 per cent of votes in the company. Finnish insitutions owned 14.2 per cent of shares and 14.2 per cent of votes and Finnish savings banks 4.7 per cent of shares and 4.7 of votes. The ownership of private persons was 1.7 per cent of shares and 1.5 per cent of votes. The distribution of shares will be somewhat changed when A series shares are given to the earlier owners of Veritas Mutual Non-Life Insurance Company as compensation for the merger. This will probably take place during the first quarter of 2009.

Shareholders' agreement

Aktia plc has learnt that there is a shareholders' agreement between shareholders with a combined holding of more than two thirds of the company's shares and votes. The agreement includes an arrangement whereby any party wishing to sell shares in series R, or subscription rights which bring entitlement to such shares, shall offer them to another contracting party first. In accordance with the agreement, the parties strive to represent a unanimous equity interest.

Parties to the agreement:

Tammisaari Aktia Foundation	Oravainen Savings Bank Foundation
Pietarsaari District Aktia Foundation	Petolahti Savings Bank Foundation
Kokkola District Aktia Foundation	Pirttikylä Aktia Savings Bank Foundation
Kemiönsaari Aktia Foundation	Sipoo Savings Bank Foundation
Mustasaari Aktia Foundation	Siuntio Savings Bank Foundation
Keski-Uusimaa Aktia Foundation	Tenhola Savings Bank Foundation
Sulva-Sundom Aktia Foundation	Vantaa Savings Bank Foundation
Vallgrund Aktia Foundation	Turunmaa Savings Bank Foundation
Vaasa Aktia Foundation	Itä-Uusimaa Savings Bank Foundation
Porvoo Savings Bank Foundation	Life Annuity Institution Hereditas
Bromarv Savings Bank Foundation	Svenska litteratursällskapet i Finland r.f.
Espoo-Kauniainen Savings Bank Foundation	Åbo Akademi Foundation
Hanko Savings Bank Foundation	Föreningen Konstsamfundet r.f.
Helsinki Savings Bank Foundation	Ab Kelonia Oy
Inkoo Savings Bank Foundation	Svenska folkskolans vänner r.f.
Karjaa-Pohja Savings Bank Foundation	Wintros Oy Ab
Kirkkonummi Savings Bank Foundation	Samfundet Folkhälsan i svenska Finland r.f.
Maalahti Aktia Savings Bank Foundation	Kolster Oy Ab

Details of this agreement have been previously published, including on 19 December 1996 – see *http://www.aktia.com/fi/konsernitieto/corporategovernance-osakassopimukset.shtml*

Shareholdings by Members of the Board of Supervisors, Board of Directors, the Managing Director and the Deputy Managing Director

At the end of 2008, the members of the Board of Supervisors, Board of Directors, the Managing Director and the Deputy Managing Director of Aktia plc held a total of 1,958,617 series A shares and 978,122 series R shares (both directly and through organisations where authoritative influence is reported), which is equivalent to 4.9 per cent of total shares and votes.

Trading and listing

The shares of Aktia plc are not publicly quoted. Listing of Aktia's share on the stock exchange is planned. Aktia's share is subjected to contract based trading with stockbrokers such as Aktia Private Banking, eQ and Privanet and the share is listed on lists for brokered shares kept by these stockbrokers.

Financial objectives

Return on capital after taxes should exceed risk-free interest by an average of 3 to 5 per cent during an economic cycle. Capital adequacy must be at least 12 per cent and the proportion of Tier 1 capital ratio should be at least 9 per cent.

Dividend policy

Equity investement in Aktia should prove to be a sound investment in the long term. The aim is to distribute 30 to 50 per cent of after-tax profits as dividends, without, however, jeopardising expansion.

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

At its meeting held on 8 December 2008, the Board of Supervisors of Aktia plc re-elected the current Board in its entirety for 2009. In addition, Marcus H. Borgström was elected as a new Board member. Kaj-Gustaf Bergh will continue as Chairman and Dag Wallgren as Vice Chairman of the Board of Directors.

The composition of Aktia's Board of Directors for the term of office 1 January–31 December 2009 is:

- Chairman Kaj-Gustaf Bergh, L.L.M. and M.Sc. (Econ)
- Vice Chairman Dag Wallgren, M.Sc. (Econ)
- Marcus H. Borgström, M.Sc. (Agriculture and Forestry), Honorary Councellor
- Hans Frantz, M.Sc. (Pol)
- Lars-Olof Hammarén, B.Sc. (Eng)
- Lars-Erik Kvist, M.Sc. (Econ)
- Kjell Sundström, M.Sc. (Econ)
- Marina Vahtola, M.Sc. (Econ)
- Nina Wilkman, LL.M, Attorney-at-Law

Aktia's Board of Directors appointed Jussi Laitinen, M.Sc. (Econ), as new Managing Director 13 January 2008. He acceded the position 4 April 2008 and Mikael Ingberg continued as Managing Director until then. Since 19 August 2008, Aktia's Deputy CEO Stefan Björkman has acted as CFO of the Aktia Group. He was also head of the Corporate Banking & Treasury segment up until 31 December 2008.

Important events after end of the reporting period

Veritas Mutual Non-Life Insurance Company has been merged with Aktia plc in accordance with the merger plan approved by both company's Annual General Meetings and registered in the Trade Register on 1 January 2009. At the same time, the name of the non-life insurance company was changed to Aktia Non-Life Insurance Ab. In connection with this, 6,800,000 new A shares in Aktia plc were registered, and the company's share capital was thus increased by EUR 13,600,000. The total number of A shares in Aktia plc therefore rose to 46,924,418, increasing the company's total share capital to EUR 93,848,836. The final number of shares issued as compensation for the merger may be less as a result of uncertain shareholding in Veritas Mutual Non-Life Insurance Company. Aktia Non-Life Insurance Ab owned a total of 536,287 shares in

Aktia at the time of the merger. Thus the Group has a 0.9%ownerhip of own shares at present.

In accordance with the merger plan, the new shares issued as compensation for the merger will be registered to the shareholders' book-entry accounts as soon as practically possible and probably during the first quarter of 2009.

Aktia Non-Life Insurance's Managing Director Anders Nordman was appointed as a member of Aktia plc's Executive Committee on 1 January 2009 with responsibility for Aktia Bank's Corporate Banking and Aktia Non-Life Insurance.

Aktia Bank plc intends to sell its entire shareholding in Aktia Life Insurance to the Group parent company Aktia plc during the first quarter of 2009.

The real estate agencies and insurance distribution have started cost-saving programs.

Outlook and the risks that may affect it

The Group's operating profitability during 2009 is expected to remain at a stable level, unless the risk of loan losses and risks in connection with individual investments are increased.

A sustained good credit rating and the strengthened capital base are expected to enable moderate growth and refinancing even in the current market situation. Decisions may be considered on any use of state refinancing guarantees on commercial grounds.

The importance of cost effectiveness will further increase in the current economic and competitive situation.

An escalation of the financial unrest could lead to permanent drops of value in individual investments that are currently deemed to be of good quality. This would have a negative effect on the Group's result. In addition, a requirement for higher returns among investors may lead to a general price decrease in financial assets, which would have a negative effect on Aktia's capital adequacy.

The merger with Aktia Non-Life Insurance does not cause substantial non-recurring items with an effect on the financial result.

The Board's dividend proposal

Distributable equity in the parent company, Aktia plc, stands at EUR 136,964,210.98, of which profit for the reporting period is EUR 22,600,427.21. The total number of dividend-entitled shares is 66,975,268, also including the new shares issued as compensation for the merger with non-life insurance.

The Board of Directors proposes to the Annual General Meeting of the shareholders of Aktia plc that EUR 0.15 per share be distributed to shareholders, or a total of EUR 10,046,290.20. The record date for the dividends will be 10 April, and the dividends are proposed to be paid out on 9 April 2008.

Aktia Plc
The Board of Directors

Five-year review

(EUR 1,000)	2004	2005	2006	2006	2007	2008
	(FAS)	(FAS)	(FAS)	(IFRS)	(IFRS)	(IFRS)
Turnover						
- banking business	159,859	186,697	234,982	233,639	327,094	154,948
- life insurance business	-	-	-	-	192,507	103,815
+ / - elimination items with an effect on the financial result					-54,125	-62,713
Group	159,859	186,697	234,982	233,639	465,477	196,050
Net interest income	73,928	79,698	84,238	84,134	88,877	100,953
Net commission income	30,298	32,553	40,061	40,061	47,346	41,034
Income from life insurance business	-	-	-	-	134,936	41,906
Other operating income	8,961	20,091	13,751	12,271	7,345	19,004
Total operating income	113,187	132,341	138,050	136,466	278,504	202,897
Claims paid and change in provisions for insurance business, net	-	-	-	-	-113,857	-75,664
Other operating expenses	-75,530	-75,698	-83,952	-83,947	-98,329	-120,891
Total operating expenses	-75,530	-75,698	-83,952	-83,947	-212,186	-196,554
Impairments and write downs, net	-1,970	-8,535	1,590	1,590	-218	34
Share of profit from associated companies	151	1,030	711	711	195	230
Operating profit	**35,839**	**49,138**	**56,399**	**54,820**	**66,295**	**6,606**
Cost-to-income ratio (banking business)	0.67	0.57	0.61	0.62	0.67	0.65
Life insurance group's expense ratio, %	-	-	-	-	110.0	99.0
Profit per share, EUR	0.40	0.67	0.76	0.74	0.87	0.09
Equity per share, EUR	3.74	4.39	4.55	4.49	5.39	4.85
Dividend per share, EUR	0.16	0.45	0.26	0.26	0.33	0.17
Dividend per profit, %	39.7	66.8	35.1	36.0	38.6	194.3
Return on equity (ROE), %	11.2	16.3	16.8	16.8	17.9	1.8
Capital adequacy, %	5.10	5.48	4.77	4.97	5.04	3.62
Capital adequacy ratio, % (banking business)	14.1	15.1	13.8	13.8	15.4	13.7
Tier 1 capital ratio, % (banking business)	9.4	9.8	9.2	9.2	10.9	9.3
Solvency ratio, % (life insurance business)	-	-	-	-	18.1	8.5
Capital adequacy ratio, % (conglomerate)	-	-	-	-	138.6	135.2
Mutual fund capital	776,635	945,365	1,419,800	1,419,800	2,012,919	1,511,752
Borrowing from the public	2,195,768	2,308,567	2,552,787	2,544,161	2,801,378	3,098,336
Lending to the public	2,891,994	3,249,522	3,760,754	3,763,175	4,573,746	5,425,654
Risk-weighted commitments (banking business) *)	2,082,360	2,285,710	2,654,800	2,654,800	2,875,192	3,313,174
Balance sheet total	4,076,206	4,553,469	5,490,380	5,491,668	7,952,813	9,540,073
Life insurance business:						
- investments at fair value	-	-	-	-	965,555	804,559
- provisions for interest-linked policies	-	-	-	-	654,316	627,592
- provisions for unit-linked policies	-	-	-	-	200,527	149,583
Earnings per share excl. negative goodwill recorded as income, EUR	0.40	0.67	0.76	0.74	0.67	0.09
Return on equity (ROE), excl. negative goodwill recorded as income, %	11.2	16.3	16.8	16.8	13.8	1.8
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	0.40	0.81	0.61	0.59	0.39	-0.22
Average number of shares **)	55,348,900	55,348,900	55,506,842	55,506,842	59,812,898	60,167,835
Number of shares at the end of the period	55,348,900	55,348,900	55,348,900	55,348,900	60,152,786	60,175,268
Staff (FTEs), average number	675	677	741	741	940	1,009

*) Risk-weighted commitments 2004-2006 according to Basel 1, whereas risk-weighted commitments 2007-2008 according to Basel 2.

**) Number of shares adjusted for share issue

Basis of calculation for key figures

Turnover, EUR

Banking business turnover + life insurance business turnover +/- elimination items

Banking business turnover= Interest income + dividends + net commission income + net income from financial transactions + net income from investment properties + other operating income

Life insurance business turnover = Premium revenues before deduction of re-insurers' share + net income from investment business + other income

Cost/income ratio, C/I figure (banking business)

Total operating expenses
Total operating income

Life insurance group's expense ratio, %

(Operating costs before the change in capitalised insurance acquisition costs + cost of claims paid) x 100
Total expense loadings

Total expense loadings are a position which, according to actuarial calculations, should cover the costs.
The operating costs do not include the re-insurers' provisions. The total expense loadings include all payment positions.

Profit per share, EUR

Profit for the year after taxes attributable to the shareholders of Aktia plc
Average number of shares over the period (adjusted for share issue)

Equity per share, EUR

Equity attributable to the shareholders of Aktia plc
Number of shares at the end of the period

Return on equity (ROE), %

Profit for the period – taxes (on annual basis) x 100
Average equity

Solvency ratio, %

Equity x 100
Average balance sheet total

Capital adequacy ratio, % (banking business)

Capital base (Tier 1 capital + Tier 2 capital) x 100
Risk-weighted commitments

The capital base is calculated in accordance with regulation 4.3a issued by the Finnish Financial Supervisory Authority.

Tier 1 capital ratio % (banking business)

Tier 1 capital x 100
Risk-weighted commitments

Risk-weighted commitments (banking business)

Assets in the balance sheet plus off-balance sheet items including derivatives valued and risk-weighted n accordance with the standard method set out in regulation 4.3 issued by the Finnish Financial Supervision Authority.
The capital requirements for operative risks have been calculated in accordance with regulation 4.3i issued by the Finnish Financial Supervisory Authority.

Solvency ratio, % (life insurance business)

Solvency capital x 100
Technical provision – 75% of provisions for unit-linked insurance

The technical provision is calculated after deduction of the re-insurers' share.

Capital adequacy ratio, % (financial conglomerate)

The total capital base of the conglomerate (equity including sector-specific assets and deductions) x 100
Minimum requirement for the conglomerate's own assets (credit institution + insurance business)

The capital adequacy of the conglomerate is regulated by section 3 of the act governing financial and insurance conglomerates and its related decree.

Corporate Governance

Compliance with the Securities Market Association's Corporate Governance Code

Aktia plc has announced its intention to list the company's shares on the stock exchange and has undertaken to follow the stock exchange's rules on publication of information. Therefore, the company follows the Finnish Corporate Governance Code for listed companies published by the Securities Market Association regarding disclosure of information (available on the site www.cgfinland.fi).

Aktia complies with the Corporate Governance Code in all other parts except that Aktia's Board of Supervisors elects the Board of Directors and decides on matters that are related to the significant restriction or expansion of operations. The reason for noncompliance is that this decision-making process has been approved by the owners in the currently valid Articles of Association. Separate bodies dealing with audit, nomination and remuneration issues have also not yet been established as board committees. This is due to the fact that the Board of Supervisors includes presiding officers who prepare nomination and other matters to be dealt with by the Board of Supervisors and a Controlling Committee which monitors the work of the Board in closer detail.

The presentation below includes the information about Aktia to be published according to the Corporate Governance Code.

System for internal control and risk management in the financial reporting process

In order to secure correctness in the financial reporting process, both a system-based internal control and duality as well as balancing have been built-in in all important information-registering processes. The Groups internal audit verifies that information is correct through spot checks. On Group level, there is a risk control function independent of business operations which decides on principles, compiles instructions and limits for risk-taking, measures and analyses risk items, alternatively validates the risk analyses made by business units, handles capital allocation and monitors how risk management is realised in the line organisation. The independent risk control funktion reports directly to the Managing Director and does not take part in making business decisions. Internal control and balancing is also included in the financial reporting process. The Executive Committee member responsible for internal and external financial reporting does not participate in making direct business decisions and his incentives are mainly neutral with respect to factors in business operations. Interim reports and annual reports are scrutinised by the Group's external auditors. The independent risk control function does also regularly give reports on the Group's risk items to the executive management and Board of Directors.

The Board of Supervisors

Duties

The Board of Supervisors is responsible for monitoring the administration of the bank and shall report on the bank's financial statements, the report by the Board of Directors and the audit report to the company's Ordinary Annual General Meeting. The Board of Supervisors makes decisions on matters that are related to the significant restriction or expansion of operations. The Board of Supervisors also appoints the Board of Directors and can advise the Board of Directors in matters that are of special importance.

Members

The Board of Supervisors, which consists of no more than thirty six members, is appointed by the company's Ordinary Annual General Meeting for a term of office of three years. No person who has turned 67 years before the beginning of the term can be elected to serve on the Board of Supervisors.

The Board of Supervisors has the following thirty members:

- Henry Wiklund (Chairman, in office until 2009), M. Sc. (Econ), Chamber Counsellor
- Johan Bardy (Deputy Chairman; 2011), LL.M., Attorney-at-Law
- Christina Gestrin (Deputy Chairman; 2011), Member of Parliament, M. Sc. (Agriculture and Forestry)
- Henrik Sundbäck (Deputy Chairman; 2009), Consultant, M.Sc. (Agriculture and Forestry)
- Lorenz Uthardt (Deputy Chairman; 2011), Agrologist, M.Sc. (Pol), Honorary Counsellor
- Bo-Gustav Wilson (Deputy Chairman; 2010), Audit Manager, M.Sc. (Econ)
- Harriet Ahlnäs (2009), Principal, M.Sc. (Eng)
- Roger Broo (2009), Administrative Director, M.Sc. (Pol), Chamber Counsellor
- Sten Eklundh (2010), M.Sc. (Econ)
- Agneta Eriksson (2010), M.A.
- Håkan Fagerström (2011), Managing Director, Forester
- Christoffer Grönholm (2009), Chief Secretary, D.Sc. (Pol)

- Peter Heinström (2010), Honorary Consul
- Erik Karls (2010), Farmer
- Kari Kyttälä (2009), LL.M.
- Patrik Lerche (2011), Managing Director, M.Sc. (Econ)
- Per Lindgård (2009), Teacher
- Kristina Lyytikäinen (2011), Private Entrepreneur, B.A. (Social Sciences)
- Håkan Mattlin (2011), Director General, Lic.Sc. (Pol), Chamber Counsellor
- Clas Nyberg (2010), M.Sc. (Eng)
- Jorma J Pitkämäki (2011), Director of Development
- Henrik Rehnberg (2009), Farmer, Engineer
- Gunvor Sarelin-Sjöblom (2010), M.A.
- Peter Simberg (2011), Agrologist
- Carl Eric Stålberg (2010), Chairman of the Board of Directors of Swedbank AB (publ), M.Sc. (Econ)
- Sture Söderholm (2009), Lic. Odont.
- Maj-Britt Vääriskoski (2010), Financial Director
- Lars Wallin (2010), Office Manager
- Ann-Marie Åberg (2010), Physiotherapist
- Marianne Österberg (2011), LL.M.

Activities
The Board of Supervisors includes presiding officers and a Controlling Committee. In 2008, the Board of Supervisors met 4 times, its presiding officers met 5 times and its Controlling Committee met once. Presiding officers are Henry Wiklund (Chairman), Johan Bardy, Christina Gestrin, Henrik Sundbäck, Lorenz Uthardt and Bo-Gustav Wilson. Members of the Controlling Committee of the Board of Supervisors are Henry Wiklund (Chairman), Roger Broo, Agneta Eriksson, Håkan Fagerström, Peter Heinström, Erik Karls, Sture Söderholm, Lars Wallin and Marianne Österberg.

The average meeting attendance of members of the Board of Supervisors in the year 2008 was 83%.

The Board of Directors

Duties
The Board of Directors is responsible for the management of the comapany in accordance with the provisions of the applicable laws, the Articles of Association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board of Directors to its members in individual cases, Board members do not have individual duties related to the governance of the bank.

Members
The members of the Board of Directors are appointed by the company's Board of Supervisors for one calendar year at a time. No person who has turned 67 years before the beginning of the term can be elected to serve on the Board of Directors.

In 2008, the Board of Directors had the following eight members:

- Kaj-Gustaf Bergh (Chairman), Managing Director, LL.M., M.Sc. (Econ)
- Dag Wallgren (Vice Chairman), Managing Director, M.Sc. (Econ)
- Hans Frantz, Principal Lecturer, Lic. Pol.
- Lars-Olof Hammarén, B.Sc. (Eng)
- Lars-Erik Kvist, M.Sc. (Econ)
- Kjell Sundström, Managing Director, M.Sc. (Econ)
- Marina Vahtola, Managing Director, M.Sc. (Econ)
- Nina Wilkman, Attorney-at-Law, LL.M.

All members of the Board or Directors were re-elected for the year 2009. In addition, Marcus H. Borgström, M.Sc. (Agriculture and Forestry), Honorary Counsellor, was elected as the new ninth member of the Board.

Activities
During the year 2008, the Board of Directors held 15 meetings, with an average attendance of 93%. Further, the Board of Directors made 16 individual decisions in matters to be dealt with by the Board.

The independence of Board members
As per the Board's evaluation, all Board members, as referred to in the Security Market Association's Corporate Governance Code for listed companies, are independent in relation to the company. When surveying the dependent relationships with major shareholders as referred to inte the Corporate Governance Code, it has been noted that the Board members Dag Wallgren and Nina Wilkman are board members of the Savings Bank Foundation in Helsinki, ant that the Board member Lars Hammarén is a board member of the Life Annuity Institution Hereditas.

Managing Director

Managing Director
The Managing Director of the company is Jussi Laitinen, M.Sc. (Econ).

Duties
The Managing Director sees to the executive management of the company in accordance with the instructions issued by the Board of Directors.

Aktia plc – Consolidated financial statements

Transfer of business that was approved by the Annual General Meeting of Aktia Savings Bank plc on 5 June 2008 was implemented on 30 September 2008. The transfer involved transferring the banking business of Aktia Savings Bank plc to Aktia Bank, which was simultaneously converted into a public limited liability company. Aktia Savings Bank plc, which owns 100 % of the shares in Aktia plc, ceased to conduct banking business and has continued as a parent company in the Aktia Group under the name Aktia plc.

Other companies directly included in the Aktia Group are Aktia Non-Life Insurance Ltd (from 1 january 2009) 13 real estate agencies, Vasp-Invest Ab, HSp-Rahoitus Oy, Robur Invest Oy (dormant) as well as associated companies mentioned in note 55.

Consolidated income statement

(EUR 1,000)	Note	2008	2007
Interest income	5	386,129	272,404
Interest expenses	5	-285,176	-183,526
Net interest income		100,953	88,877
Dividends	6	1,395	1,541
Interest income	7	50,809	57,182
Interest expenses	7	-9,775	-9,836
Net commission income		41,034	47,346
Insurance premium income	8	91,037	99,817
Net income from investments	9	-49,131	35,119
Income from life insurance business		41,906	134,936
Net income from financial transactions	10	-3,359	2,257
Net income from investment properties	11	6,010	480
Other operating income	12	14,958	3,067
Total operating income		**202,897**	**278,504**
Insurance claims paid	13	-86,702	-64,479
Change in provisions, interest-linked policies	14	26,724	-20,160
Change in provisions, unit-linked policies	15	-15,686	-29,219
Claims paid and change in provisions for insurance business, net		-75,664	-113,857
Staff costs	16	-60,605	-57,325
Other administrative expenses	17	-38,419	-35,501
Negative goodwill recorded as income	4	-	12,082
Depreciation of tangible and intangible assets	18	-5,682	-5,121
Other operating expenses	19	-16,186	-12,464
Total operating expenses		**-196,554**	**-212,186**
Impariment and reversal of impairment on tangible and intangible assets	20	743	-
Write-downs of credits and other commitments	26	-708	-218
Share of profit from associated companies		230	195
Operating profit		**6,606**	**66,295**
Taxes	21	-812	-13,450
Profit for the reporting period		**5,795**	**52,845**
Attributable to:			
Shareholders in Aktia plc		5,170	51,951
Minority interest		624	894
Total		**5,795**	**52,845**
Earnings per share, EUR, attributable to shareholders in Aktia plc	22	0.09	0.87

There is no dilution effect to earnings per share.

Consolidated balance sheet

(EUR 1,000)	Note	2008	2007
Assets			
Cash and balances with central banks	23	506,311	235,273
Financial assets valued through income statement	24	19,492	-
Interest-bearing securities	25	2,808,472	2,072,235
Shares and participations	25	228,856	406,484
Financial assets available for sale		3,037,328	2,478,719
Lending to credit institutions	26	100,540	183,265
Lending to the public and public sector entities	26	5,425,654	4,573,746
Loans and other receivables		5,526,194	4,757,011
Financial assets held until maturity	27	35,885	45,840
Derivative instruments	50	137,014	35,648
Investments for unit-linked provisions		148,119	203,134
Intangible assets	28	10,406	7,426
Tangible assets	29	9,769	111,184
Investments in associated undertaking	30	4,497	3,556
Accrued income and advance payments	31	79,124	52,191
Other assets	31	7,189	13,236
Total other assets		86,312	65,427
Income tax receivables		2,389	3,738
Deferred tax receivables	32	15,597	5,857
Tax receivables		17,986	9,594
Assets classified as held for sale	33	761	-
Total assets		**9,540,073**	**7,952,813**
Liabilities			
Financial liabilities valued through income statement		4,586	-
Liabilities to credit institutions	36	1,916,941	928,614
Liabilities to the public and public sector entities	36	3,098,336	2,801,378
Deposits		5,015,277	3,729,991
Debt securities issued	37	2,118,733	1,980,478
Subordinated liabilities	38	246,851	190,637
Other liabilities to credit institutes	39	502,138	429,124
Other liabilities to the public and public sector entities	40	262,761	140,653
Other financial liabilities		3,130,482	2,740,892
Derivative instruments	50	84,725	35,181
Provisions for interest-related insurances	41	627,592	654,316
Provisions for unit-linked insurances	41	149,583	200,527
Provisions	42	936	259
Accured expenses and income received in advance	43	81,179	67,205
Other liabilities	43	87,797	130,920
Total other liabilities		168,977	198,125
Income tax liability		2,964	8,602
Deferred tax liabilities	32	37,970	45,911
Tax liabilities		40,934	54,513
Liabilities for assets classified as held for sale	33	204	-
Total liabilities		**9,223,298**	**7,613,804**
Equity			
Restricted equity		54,277	72,211
Unrestricted equity		237,541	252,298
Shareholders' share of equity		291,818	324,510
Minority interest's share of equity		24,957	14,499
Equity		**316,775**	**339,009**
Total liabilities and equity		**9,540,073**	**7,952,813**

Consolidated off-balance-sheet commitments

(EUR 1,000)	Note	2008	2007
Off-balance sheet commitments	**52**		
Guarantees		54,843	57,232
Other commitments		7,450	27,060
Commitments provided to a third party on behalf of the customers		62,293	84,292
Unused credit arrangements		454,489	418,254
Other commitments		12,050	127,064
Irrevocable commitments given in favour of customers		466,539	545,318
Total off-balance sheet commitments		**528,833**	**629,610**

Consolidated cash flow statement

(EUR 1,000)	2008	2007
Cash flow from operating activities		
Operating profit	6,606	66,295
Adjustment items not included in cash flow for the period:		
Impairment of financial receivables	39,203	-
Write-downs of credits and other commitments	708	243
Change in fair values	1,953	1,136
Depreciation and impairment of intangible and tangible assets	5,955	5,171
Share of profit from associated companies	-167	-195
Sales gains and losses from intangible and tangible assets	-12,458	-463
Negative goodwill recorded as income	-	-12,082
Other adjustments	-985	-80
Paid income taxes	-16,129	-20,055
Cash flow from operating activities before change in operating receivables and liabilities	**24,687**	**39,969**
Increase (-) or decrease (+) in receivables from operating activities	**-1,331,029**	**-1,592,650**
Financial assets valued through income statement	2,909	7,777
Financial assets available for sale	-663,227	-635,390
Assets of the insurance business	64,503	67,426
Loans and other receivables	-769,344	-956,565
Investments for unit-linked provisions	55,015	-37,515
Other assets	-20,885	-38,382
Increase (+) or decrease (-) in liabilities from operating activities	**1,514,973**	**1,518,791**
Financial liabilities valued through income statement	4,586	-
Deposits	1,268,355	389,535
Debt securities issued	119,326	659,221
Other financial liabilities	195,122	355,814
Provision for insurance contracts	-77,667	51,074
Other liabilities	5,251	63,147
Total cash flow from operating activities	**208,631**	**-33,890**

Cash flow from investing activities		
Financial assets held until maturity, increase	10,000	2,000
Investments in group companies and associated undertakings *)	-28,219	-30,008
Investment in tangible and intangible assets	-24,377	-13,416
Disposal of tangible and intangible assets	66,313	1,479
Real Estate Mortgage Bank's issue to minority	3,803	10,524
Total cash flow from investing activities	**27,519**	**-29,421**
Cash flow from financing activities		
Subordinated liabilities, increase	113,508	59,089
Subordinated liabilities, decrease	-58,218	-61,943
Increase in share capital	45	3,608
Increase in unrestricted equity reserve	150	12,254
Paid dividends	-20,051	-25,415
Total cash flow from financing activities	**35,434**	**-12,407**
Change in cash and cash equivalents	**271,585**	**-75,717**
Cash and cash equivalents at the beginning of the year	240,766	316,484
Cash and cash equivalents at the end of the year	512,351	240,766
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,970	10,866
Insurance operation's cash and bank	3,708	6,864
Bank of Finland current account	492,632	217,543
Repayable on demand claims on credit institutes	6,040	5,493
Total	**512,351**	**240,766**

*) Figures for 2008 include additional purchase price for the acquisition of Aktia Life Insurance

Consolidated statement of changes in equity

(EUR 1,000)	Share capital	Legal reserve	Share premium account	Other restricted equity	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Minority interest's share of equity	Total equity
Equity at 1 January 2007	**70,596**	**8,079**	**1,893**	**0**	**-1,697**	**0**	**0**	**169,919**	**248,790**	**1,090**	**249,880**
Change in valuation of fair value for financial assets available for sale					-21,358				-21,358		-21,358
Change in valuation of fair value for cash flow hedging					-100				-100		-100
Transferred to the income statement for financial assets available for sale					-889				-889		-889
Transferred to the income statement for cash flow hedging									0		0
Share of deferred taxes direct to equity					6,079				6,079		6,079
Share issue expenses							-530		-530		-530
Income and expenses recognised directly in equity	-	-	-	-	-16,268	-	-530	-	-16,797	-	-16,797
Profit for the reporting period								51,951	51,951	894	52,845
Total income and expenses	**-**	**-**	**-**	**-**	**-16,268**	**-**	**-530**	**51,951**	**35,154**	**894**	**36,048**
Share issue	9,608						45,783		55,391		55,391
Dividends to shareholders								-14,825	-14,825		-14,825
Other change in equity									0	12,515	12,515
Equity at 1 January 2008	**80,204**	**8,079**	**1,893**	**0**	**-17,965**	**0**	**45,254**	**207,045**	**324,510**	**14,499**	**339,009**
Change in valuation of fair value for financial assets available for sale					-77,327				-77,327		-77,327
Change in valuation of fair value for cash flow hedging					18,339				18,339		18,339
Transferred to the income statement for financial assets available for sale					34,314				34,314		34,314
Transferred to the income statement for cash flow hedging					-379				-379		-379
Share of deferred taxes direct to equity					6,653				6,653		6,653
Share issue expenses									0		0
Income and expenses recognised directly in equity	-	-	-	-	-18,400	-	-	-	-18,400	-	-18,400
Profit for the reporting period								5,170	5,170	624	5,795
Total income and expenses	**-**	**-**	**-**	**-**	**-18,400**	**-**	**-**	**5,170**	**-13,229**	**624**	**-12,605**
Share issue	45						150		195		195
Dividends to shareholders								-20,051	-20,051		-20,051
Other change in equity				317		103		-26	394	9,833	10,227
Equity at 31 December 2008	**80,249**	**8,079**	**1,893**	**317**	**-36,365**	**103**	**45,404**	**192,138**	**291,818**	**24,957**	**316,775**

Of the change in shareholders' equity 8,969 (12,456 in 2007) thousand is applicable to minority interest for capitalisation of Aktia Real Estate Mortgage Bank according to owners agreement.

Quarterly trends

(EUR 1,000)	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Net interest income	26,655	25,179	25,265	23,854	23,760
Dividends	53	9	1,275	57	375
Net commission income	9,303	9,362	11,763	10,607	12,636
Income from life insurance business	-37,981	17,243	30,428	32,215	42,819
Net income from financial transactions	-3,172	-3,043	1,681	1,174	-362
Net income from investment properties	3,073	1,316	356	1,265	62
Other operating income	7,994	3,049	2,107	1,809	1,009
Total operating income	**5,924**	**53,116**	**72,875**	**70,982**	**80,298**
Claims paid and change in provisions for insurance business, net	-4,947	-19,230	-25,309	-26,178	-40,874
Staff costs	-15,207	-12,703	-16,729	-15,965	-15,748
Other administrative expenses	-10,128	-8,801	-10,236	-9,254	-10,249
Negative goodwill recorded as income	-	-	-	-	-1,921
Depreciation of tangible and intangible assets	-1,276	-1,604	-1,456	-1,346	-1,205
Other operating expenses	-4,385	-3,633	-4,432	-3,736	-3,156
Total operating expenses	**-35,943**	**-45,970**	**-58,162**	**-56,479**	**-73,154**
Impairment and reversal of impairment on tangible and intangible assets	-260	250	752	-	-
Write-downs of credits and other commitments	-438	-267	45	-48	-213
Share of profit from associated companies	6	299	143	-218	-290
Operating profit	**-30,711**	**7,428**	**15,653**	**14,237**	**6,640**

Notes to consolidated financial statements

Note 1. Overview of significant consolidated accounting principles 2008

The consolidated financial statements for the financial year ending 31 December 2008 were approved by the Board of Directors on 27 February 2009, and will be adopted by the Annual General Meeting on 30 March 2009. The annual report will be published on 16 March 2009.

The Group's parent company is Aktia plc, domiciled in Helsinki. A copy of the Group's financial statement is available at Aktia plc, Mannerheimintie 14, 00100 Helsinki, Finland.

Basis for preparation

Aktia's consolidated financial statement is prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU. In preparing the notes to the consolidated accounts, the applicable Finnish accounting and corporate legislation and official regulations have also been taken into account. The consolidated accounts are presented in thousands of euros, unless otherwise indicated. The consolidated accounts have been prepared in accordance with original acquisition values, unless otherwise indicated in the accounting principles.

Concessions for standards IAS 39 and IFRS 7

Aktia has not applied the concessions which allowed retroactive reclassification of financial assets as at 1 July 2008 (Reclassification Amendments to IAS 39 and IFRS 7).

The group will adopt the following IASB standards during the financial year 2009:

IAS 1 Presentation of Financial Statements (revised)

This standard has been revised in order to provide better information for analysing and comparing companies. The Group will report in accordance with the revised IAS 1 for the financial year beginning 1 January 2009. This may mean that the Group reports both an income statement and an expanded income statement.

IFRIC 13 Customer Loyalty Programmes

This interpretation deals with reporting on customer loyalty programmes. The application of this standard does not have any significant impact on the Group's result or financial position. The Group has one bonus programme, Aktia Kortbonus, and the Group will apply this standard for the financial year beginning 1 January 2009.

IAS 23 Borrowing Costs (revised)

The Group currently has no borrowing costs for long-term investments. The Group will apply this standard for the financial year beginning 1 January 2009.

The group will adopt the following IASB standards during the financial year 2010:

IFRS 3 Business Combinations (revised)

Business combinations from 1 January 2010 onwards will be reported in accordance with the revised standard IFRS 3. Company acquisitions from 1 January 2010 onwards involve greater volatility in the income statement as well as in shareholders' equity.

IAS 27 Consolidated and Separate Financial Statements (revised)

This revised standard deals with accounting principles in relation to minority interest. The application of this standard does not have any significant impact on the Group's results or financial position.

Consolidation principles

The consolidated financial statements cover the parent company, Aktia plc, and all the subsidiaries over which the parent company has authority. The Group is deemed to have authoritative influence if its shareholding brings entitlement to more than 50% of the votes (including potential votes), or if it is otherwise entitled to influence the company's financial position and operating strategies in order to gain benefit from its operations. Subsidiaries are consolidated from the acquisition date until the date of disposal. Subsidiaries acquired before 1 January 2004 are consolidated in accordance with the originally applied consolidation principles, with reference to exceptions in IFRS 1 the first time IFRS is applied. Subsidiaries acquired after 1 January 2004 are consolidated in accordance with IFRS 3 Business Combinations.

The consolidated accounts cover those subsidiaries in which the company directly or indirectly owns over 50% of the votes, or otherwise has authority (over 50% of the shares with voting rights). The acquisition method has been applied to acquisition eliminations. The acquisition method involves the assets, liabilities, contingent assets and contingent liabilities of the acquired company at the time of acquisition being assessed at fair value. Following assessment at fair value, either goodwill or negative goodwill arises. If goodwill arises, this is examined at least once every reporting period. If negative goodwill arises, this is charged to income in total at the time of acquisition.

The consolidated accounts cover those associated companies in which the Group owns 20-50% of the votes or otherwise has considerable influence. On consolidating associated companies, the equity method has been applied. The equity method involves the Group's share of the associated company's equity and results increasing or decreasing the value of the shares reported on the balance sheet date.

All internal business transactions, receivables, liabilities, dividends and profits are eliminated within the consolidated accounts.

Minority interest is shown separately under consolidated shareholders' equity. The share of minority interest which cannot be reported as shareholders' equity is reported as other liabilities.

Segment reporting

The Group follows IFRS 8 Operating Segments for segment reporting. The Group's operations are divided into four business areas. The business areas are Retail Banking, Corporate Banking & Treasury, Asset Management and Life Insurance. The segments will be divided up so that business areas with similar business operations will be included in the same segment. The current Retail Banking and Corporate Banking & Treasury segments will therefore be combined to form the Banking Business segment with effect from 1 January 2009. From 1 January 2009 onwards, Veritas Non-Life Insurance will also be part of the Group and will then form a separate segment, Non-Life Insurance. Each business area has its own manager with responsibility for the business's profits.

The Retail Banking includes Aktia Bank plc's branch office operations, mortgage loans arranged by Aktia via Aktia Real Estate Mortgage Bank plc, Aktia Kort & Finans Ab and the real estate agencies.

Corporate Banking & Treasury includes Aktia Bank plc's Corporate Banking and Treasury and the subsidiaries Aktia Real Estate Mortgage Bank plc (with the exception of Aktia's own loans arranged via the mortgage bank) and Aktia Corporate Finance Ab.

Asset Management includes Aktia Bank plc's private bank in Helsinki, Aktia Bank plc's institutional sales and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management Ab.

Life Insurance includes Aktia Life Insurance.

Miscellaneous includes Aktia plc, Aktia Bank plc's real estate operations and certain administrative functions which are not allocated to the different business areas. This business area also includes the subsidiary Vasp-Invest Ab.

Allocation principles

Net interest income in the various segments, particularly in retail banking, includes the margins on volumes of borrowing and lending. Reference interest rates for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity and hedging of the balance sheet for which management has issued authority. The costs of central support functions are allocated to the business areas in accordance with various allocation rules.

Until further notice, Aktia plc and Aktia Bank plc are not allocating equity to the various business areas. Miscellaneous consists of any items in the income statement and balance sheet which are not allocated to the various business areas.

Internal Group transactions between legal entities are eliminated and reported within each business area if the legal entities are in the same business area. Internal Group transactions between legal entities in different segments are included in the eliminations.

The share of profits in associated companies, acquisition eliminations, the minority interest's share and other group adjustments are included in eliminations

Pricing between the segments is based on market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies outside the Eurozone have been converted into euros using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as net income from currency trading. The exchange rate differences that have arisen from the insurance business are included under Net income from investments.

Revenue recognition

Interest and dividends

Interest income and expenses are allocated over the lifetime of the agreement by using the effective interest rate method. This method recognises income and expenses from the instrument evenly in proportion to the amounts outstanding over the period until maturity. Interest income and expenses attributable to Financial assets held for trading are reported in the income statement under Net income from financial transactions.

When a financial asset is written down due to a reduction in value, the original effective interest rate is used thereafter as interest income.

Dividends paid on shares and participations are reported as income for the reporting period during which the right to receive payment is noted.

Commissions

The basic principle for commission income and commission expenses is that they are reported in accordance with the accrual basis of accounting. The cost of acquiring new insurance policies or renewing existing policies is dealt with within the insurance business as commission expenses, and is included in other administrative expenses.

Insurance premiums

Premium income received is reported in the income statement. Premiums are reported under premium income depending on the line of insurance in accordance with the debiting or payment principle. A premium receivable is reported only if there is insurance coverage on the balance sheet date, but so that the portion of the insurance premiums which according to experience remains unpaid is deducted from premium income.

Unit-linked agreements are reported in accordance with national accounting rules, based on the assessment of the insurance risk included in the agreement or based on the policyholder's entitlement to transfer the return from the unit-linked savings to guaranteed interest with a discretionary element.

Claims paid is recognised as claims incurred in the income statement.

Other income and expenses

Income from derivatives for hedge accounting issued to other savings banks and local co-operative banks has, from the second quarter of 2008 onwards, been entered directly. This income was previously allocated in line with the derivative instruments' maturity. The total effect for 2008 of this change is EUR 1.3 million, of which EUR 1.2 million is attributable to 2007 and previous years.

Depreciation

Tangible and intangible assets are subject to linear planned depreciation at acquisition value, according to the financial lifetime of the assets. As a rule, the residual value of these tangible and intangible assets is assumed to be zero. There is no depreciation of land. The estimated financial lifetimes for each asset category are as follows:

Buildings	40 years
Basic repairs to buildings	5–10 years
Other tangible assets	3–5 years
Intangible assets (IT licenses)	3–5 years
Intangible assets (customer stock acquired, Aktia Life Insurance)	2 years

If fixed assets are classified according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, depreciation ceases.

Employee remuneration

Pension plans

The Group reports all pension plans as defined-contribution plans. For defined-contribution pension plans, the Group makes fixed payments to pension insurance companies. After this, the Group has no legal or actual obligation to make further payments in case the pension insurance company does not have sufficient assets to pay the employees' pensions for current or preceding periods. According to the Employees' Pensions Act, basic insurance coverage is the most important defined-contribution pension plan. Independent pension insurance companies are responsible for this form of pension protection within the Group companies. The pension insurance premiums for those arrangements which are classified as defined-contribution plans have been allocated to correspond to performance pay in the financial statements.

The Group also has voluntary defined-benefit plans. For defined-benefit plans, the Group still has obligations after payments have been made for the accounting period, and bears the actuarial risk and/or the investment risk. The Group's defined-benefit plans are internal group plans, and are included in the insurance business' provisions. These plans have no significant impact on the Group's result or financial position.

Share-based payments

Share-based payments relate to the transfer of equity instruments which are paid to employees as remuneration for work carried out. Within the Group, there is a three-year incentive agreement with key personnel in management positions whereby certain targets must be met in order for the incentives to be issued in full. The Group continuously evaluates the likely outcome of this incentive agreement, booking a periodised increase in shareholders' equity on an ongoing basis (fund for share-based payments). The change in shareholders' equity is entered in the income statement under Staff costs.

Taxes

Taxes in the income statement consist of direct taxes for the year and previous years and deferred taxes. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is also reported as part of shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is recognised for differences between the book value of assets and liabilities, compared with their taxation value. A deferred tax asset is reported where it is likely that future taxable income will arise against which the temporary difference can be utilised.

Financial assets

Debt certificates (debt securities), claims on credit institutions, claims on the public and public sector entities, shares and participations are entered under financial assets. For these financial assets, Aktia applies the IFRS rules which entered into force on 1 January 2005 whereby financial assets are divided into four valuation categories.

Financial assets valued at fair value via the income statement

Financial assets valued at fair value through the income statement include financial assets which are held for trading. This category includes certificates of claim and other publicly-quoted Finnish and foreign securities that are actively traded in and that have been acquired for the short term with the intent to earn revenue. They have been entered at actual value with changes in value being currently entered in the income statement. From the second quarter of 2008, structured bonds, investments with embedded derivatives, are classified as financial assets held for trading, which means that changes in value is recognised directly in the income statement.

The insurance business classifies investments providing cover for unit-linked agreements as financial assets valued at fair value through the income statement, and these are reported separately in the balance sheet.

Financial assets available for sale

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are classified as Financial assets available for sale. The unrealised value change is recognised in equity under Fund at fair value with deduction for deferred tax until sold or written down. When sold or written down, the accumulated unrealised profit or loss is transferred to the income statement and included under the item Net income from financial assets available for sale. The insurance business recognises the above gains and losses under Net income from investments.

Financial assets held until maturity

Debt certificates to be held until maturity are entered under Financial assets held until maturity. These securities are entered at accrued acquisition cost. If there is objective evidence to suggest that full repayment will not be received on such a security at the end of the accounting period, the difference compared with the acquisition price is entered as an expense. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss thereof.

If securities classified as Financial assets held until maturity are sold prior to maturity, these securities are reclassified as Financial assets available for sale. The reason for this reclassification is that the intention or ability in relation to the investments (a significant amount) changes so that the conditions for the use of this category are no longer met. After any such reclassification, these securities are reported under Financial assets available for sale for at least two consecutive reporting periods.

Loans and other receivables

Claims on credit institutions and claims on the public and public sector entities are reported under this category. These receivables are entered at accrued acquisition value.

Definition of valuation at fair value

Fair value for listed shares and financial market instruments is the latest listed purchase price at the end of the accounting period. For those instruments for which there is no listed buying rate at the end of the accounting period, the latest listed purchase price is used. If the market for a financial instrument is inactive, the fair value is established through the use of valuation techniques used among market players for pricing instruments.

These valuation techniques incorporate factors taken into consideration by market players when setting prices, and are based on generally-accepted financial methods for pricing financial instruments.

Impairment of financial assets

The impairment of financial assets available for sale is recognised through the income statement if the financial position of the company in which the investment has been made has deteriorated significantly. The criteria are as follows:

- the company has entered into bankruptcy or is de facto insolvent and unable to make payments
- the company has entered into a corporate reorganisation agreement, or sought protection against its creditors, or is undergoing significant restructuring which affects its creditors.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the market value and the acquisition value at the time of reporting.

If no market value is available, or if there are specific reasons for assuming that the market value does not represent the fair value of the security, or if the Group holds a controlling stake in the company, a decision is made on reporting an impairment in accordance with a separate assessment made by the Board of Directors.

For shares and share fund investments, an impairment is also recognised if there has been a significant or long-term drop in the value of the investment. A significant drop has occurred if the difference between the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) and the acquisition value exceeds certain volatility-based limits.

Volatility is quantified using betas which measure the riskiness of the shares in relation to the market (a comparison index). For share funds, this index is the same as the share fund's ascribed comparison index. For individual shares, the index is a combination of an industry index and a geographic exposure index. The weighting for these two indices is calculated separately for each share by applying the change in value for historic data and maximising the share-index correlation. The same method is used for the Group's Value-at-Risk calculation.

A long-term drop has occurred if the average rate for ten banking days around the time of valuation (five banking days before and five banking days after) has been continuously below the acquisition value for 18 months.

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the market value at the time of reporting and the acquisition value.

Accounting of the acquisition or sale of financial assets

When acquiring or selling financial assets, these are entered in accordance with the trade date.

Debt securities

Debt securities are included in all three categories (Financial assets valued at fair value through the income statement, Financial assets available for sale and Financial assets held until maturity), and these are classified based on their purpose on acquisition. The classification is not subsequently changed.

Other financial liabilities

Other financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value. Issued debts are deemed to belong to the bank's core operations, and are included in operating activities, whilst subordinated liabilities are deemed to belong to financing activities.

Derivative instruments

All derivative instruments are reported in the balance sheet and are valued at fair value. Derivatives with a positive fair value are reported as assets under Derivative instruments. Derivatives with a negative fair value are reported as liabilities under Derivative instruments.

Hedge accounting

IAS 39 includes principles and rules for reporting hedge instruments and underlying hedge items, known as hedge accounting. Through the introduction of IAS 39, all derivatives are valued at fair value. In accordance with the IFRS rules, Aktia has documented hedge accounting either as fair value hedges or cash flow hedges. Aktia applies the "carve out" version of IAS 39 as approved by the European Union, which also allows hedge accounting to be applied to Balance items repayable on demand and portfolio hedging of both assets and liabilities. The aim is to neutralise the potential change in fair value.

Aktia's hedge accounting policy has been drawn up in order to comply with the requirements detailed in IAS 39. The hedging relationship between the hedging instrument and the hedged item, along with the risk management aim and the strategy, are documented when hedging. In order to apply hedge accounting, the hedge must be highly efficient. A hedge is deemed to be highly efficient if, at the time of hedging and throughout the entire hedging period, it can be expected that changes in the fair value of the hedge item will be significantly neutralised by changes in the fair value of the hedging instrument. The outcome should be within range of 80-125%. When subsequently assessing the efficiency of the hedging, Aktia values the hedging instrument at fair value and compares the change in this value with the change in the fair value of the hedged item. The efficiency is measured on a cumulative basis.

If the hedging relationship fails to meet the requirements, the hedge accounting ceases. The change in the unrealised value of the derivative is reported at fair value under net interest income in the income statement from the most recent occasion when the hedging was deemed to be efficient.

Fair value hedging

Fair value hedging is applied for derivatives which are used in order to hedge changes in fair value for a reported asset or liability which is attributable to a specific risk. The risk of changes in fair value for assets and liabilities reported by Aktia relates primarily to loans, securities and fixed-interest borrowing, giving rise to interest rate risk. Changes in the fair value of derivatives are, like changes in the fair value of the hedged item, reported separately in the income statement under Net income from financial transactions. If the hedging is efficient, both changes in fair value mostly cancel each other out, which means that the net result is virtually zero. Interest rate swaps and forward rate agreements are used as hedging instruments.

Cash flow hedging

Cash flow hedging is applied in order to hedge future interest streams, such as future interest payments on assets or liabilities with variable interest rate. The efficient element of the change in fair value is reported in the Fund at fair value under shareholders' equity, with the inefficient element being reported in the income statement under Net income from financial transactions. The accumulated change in fair value is transferred from shareholders' equity, and is reported in the income statement during the same period as the hedged cash flows have an impact on the income statement. Interest rate swaps, forward rate agreements and interest rate options are used as hedging instruments. In terms of interest rate options, the accounting principles from 2007 have changed in relation to reporting the time value. The change in time value for interest rate options has been reported through the income statement from the 2008 financial statement onwards. This has had a positive effect on earnings for 2008 of EUR 0.4 million.

Other derivative instruments valued through the income statement (hedged back-to-back with third parties)

Other derivative instruments consist primarily of interest-rate derivatives issued to local banks, which are hedged back-to-back with third parties. These interest-rate derivatives are valued at fair value, and the change in result is recognised under Net income from financial transactions. The counterparty risk arising in these derivative agreements has been limited via mutual pledging agreements with local banks, and individual security arrangements are made with third parties in accordance with the terms and conditions of ISDA/CSA (Credit Support Annex).

Financial derivatives valued at fair value through the income statement

Derivatives which are not classified as hedging instruments and which are not efficient as such are classified as derivatives valued at fair value through the income statement.

Financial derivatives which are valued at fair value through the income statement are initially valued at fair value, but the transaction costs are reported directly in the income statement and are revalued thereafter at fair value. Derivatives are entered in the balance sheet as assets when the fair value is positive, and as liabilities when the fair value is negative. Changes in fair value together with profits and losses realised are reported in the income statement. The insurance business' derivatives which are valued at fair value through the income statement are included under Net income from investments, interest-linked policies, while the banking business' derivatives are included under Net income from financial transactions.

Repurchase agreements

Repurchase agreements relate to agreements where the parties have reached an agreement on selling securities and the subsequent repurchase of corresponding assets at a set price. For repurchase agreements, sold securities are still reported in the balance sheet, and the payment received is reported as a financial liability. Sold securities are also reported as collateral pledged. The payment made for acquired securities is reported as lending to the vendor.

Cash and balances with central banks

Cash and balances with central banks consist of cash, bank balances, a current account held with the Bank of Finland and short-term deposits with a duration of less than three months. Loans to credit institutions repayable on demand are included in Loans and other receivables. Cash and cash equivalents in the cash flow statement include cash and balances with central banks, and loans to credit institutions repayable on demand.

Tangible and intangible assets

The Group's real estate property and shares and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. 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. Both commercial properties and investment properties have been included at their acquisition price. Buildings are depreciated linearly according to their financial lifetime over 40 years. Land is not depreciated.

Estimation of fair value for investment properties was carried out by external property valuators using the cash flow method or through an internal valuation based on the rental income that could be earned at market rates. If the probable assignment value of the property or shares ans participations is essentially or permanently lower than the acquisition price, a write-down is entered as expense in the income statement. If there is a likely objective indication that there will be a need for a write-down, the value of the asset is examined.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. Planned depreciation is based on the financial lifetime of the assets.

Assets classified as held for sale

A fixed asset, or a disposal group, is reported under Assets classified as held for sale if the asset is available for immediate sale and where only such conditions as are normal and customary when selling such assets are taken into consideration. It must also be extremely likely that a sale will take place. In order for a sale to be extremely likely, a decision must have been taken by the Executive Committee and the Board of Directors on a plan for selling the asset, and active work must have been started to find a buyer and accomplish the plan.

Provisions

A provision is reported where the Group has an existing legal or informal obligation due to an event which has occurred, and it is likely that the obligation will be realised and the Group can reliably estimate the amount of the obligation. If it is possible to obtain remuneration from a third party for part of the obligation, this remuneration is reported as a separate asset item when it is certain in practice that remuneration will be received. The provisions are assessed each balance sheet date and are adjusted if appropriate. The provision is valued at the currently value of the amount which is expected to be required in order to regulate the obligation.

The group as a lessor

Finance lease agreements

The leasing of assets where the financial risks and advantages associated with the ownership of an object are essentially transferred from the Group to the lessee is classified as finance lease, and the assets are entered in the lessee's balance sheet. At the beginning of the leasing period, a receivable on the lessee arises in the Group which is repaid in line with the length of the leasing period. Each leasing payment is allocated between interest and repayment of the receivable. The interest income is allocated over the leasing period, so that every reporting period is allocated an amount which corresponds to a fixed interest rate for the receivable reported for each reporting period.

The group as a lessee

Operating lease agreements

Where a lessor in all significant respects bears the financial risks and advantages associated with the ownership of an object, this is classified as operating lease and the assets are entered in the lessor's balance sheet. Leasing rents on operating lease agreements are reported in the income statement as rental expenses.

Insurance and investment agreements

Classification of insurance and investment agreements

Insurance agreements are reported in accordance with IFRS 4, and are classified either as insurance agreements or investment agreements. Insurance agreements are agreements whereby significant insurance risks are transferred from the policyholder to the insurer. If the risk transferred under the agreement has the characteristics of a financing risk and not a significant insurance risk, the agreement is classified as an investment agreement. For investment agreements with the right to discretionary benefits (customer compensation) or which can be changed to such agreements, the opportunity in IFRS 4 to report these as insurance agreements is applied. Capitalisation agreements do not involve any insurance risk, so they are classified as investment agreements.

In unit-linked agreements, the policyholder chooses the investment objects connected with the agreement.

Reinsurance

Reinsurance agreements are agreements which meet the requirements for insurance agreements in accordance with IFRS 4. Reinsurance agreements are agreements in accordance with which the insurance business can receive remuneration from another insurance company if it is liable to pay remuneration itself as a result of insurance agreements entered into. Premiums paid to reinsurers or premiums received for reinsurance are reported under premium income and costs attributable to the remuneration under claims paid. Remuneration which will be received through reinsurance agreements is reported in the balance sheet under assets. Unpaid premiums to reinsurers are reported in the balance sheet under liabilities. Receivables and liabilities which relate to reinsurance agreements are valued consistently with receivables and liabilities attributable to reinsured insurance agreements.

Insurance and investment agreement liabilities

Liabilities arising from insurance agreements are dealt with in the first phase of the IFRS 4 standard in accordance with previous national accounting rules, with the exception of reporting the equalisation provision and those agreements which are classified as investment agreements. The equalisation provision, which is set aside for equalising annual deviations in claims incurred, may not be reported as liabilities in accordance with IFRS. In the IFRS consolidated financial statements, the equalisation provision has been transferred to shareholders' equity and deferred tax liabilities. The annual change in the equalisation provision is reported as share in profits and change in deferred tax.

Liabilities arising from capitalisation agreements are not reported as technical provisions, but are reported under financial liabilities.

In the financial statements, the term provision is used synonymously with insurance agreement and investment agreement liabilities. The provision for insurance agreements with a discretionary element is called provision for interest-linked policies. The provision for unit-linked policies consists of the provision for fund-linked insurance agreements.

Provisions are calculated partly by discounting future benefits at current value with deductions for future premiums and partly so that paid premiums are credited with computation interest rates and different compensations and debited with costs and risk premiums. When making these calculations, the assumptions for technical rate of interest, mortality and illness are used, along with factors mentioned in the calculation basis for the product in question. For certain products a more secure interest rate and mortality assumption is used in accordance with the basis established for the financial statements. Provisions for known and unknown damage are made in potential compensation claims. Established customer compensation is included in total in the provisions.

For unit-linked policies, the provision is calculated on the basis of the market value for those funds which are associated with the insurance policy.

The insurance amount for risk insurance which exceed the company's excess are reinsured.

Loss assessment for the insurance business

An assessment is carried out at the balance sheet date of whether the provision included in the balance sheet is sufficient. If this assessment shows that the provision included is insufficient, the provision is increased.

The insurance business' equity principle

In accordance with chapter 13, § 3 of the Insurance Companies Act, the equity principle should be followed when it comes to insurance for policies which, according to the insurance agreement, bring entitlement to additional benefits.

The insurance business strives to ensure that the sum of the technical rate of interest and the annually set customer compensation on the interest-linked pension insurance savings is higher than the return on the Finnish state ten-year bond, and on the interest-linked saving and investment insurance savings is at the same level as the Finnish state five-year bond. The solvency of the company should also be kept at a level which allows customer compensation payments and profits to be paid to the shareholders.

The Board of Directors of the Aktia Life Insurance decides on customer compensation on an annual basis.

Shareholders' equity

Future costs which are directly attributable to the issue of new shares or to the acquisition of new operations are included under shareholders' equity as a deduction from the balance within the fund for unrestricted equity.

Dividend payments to shareholders are reported under shareholders' equity when these are decided on by the annual general meeting.

Minority interest

During December 2008, the agreement with Aktia Real Estate Mortgage Bank plc's minority shareholders was renegotiated so that their entire minority interest share is reported as part of the Group's equity. The subsidiaries Aktia Kort & Finans Ab, Aktia Corporate Finance Ab and Aktia Asset Management Oy Ab have certain redemption clauses in their minority interest agreements, and their minority interest shares have been transferred to liabilities in accordance with IAS 32.25(a) as at 31 December 2008. This change in liabilities has been reported in the income statement as personnel costs from the reclassification date onwards.

Accounting principles requiring management estimate

When preparing reports in accordance with the IFRS standards certain estimates are required by the management, which have an impact on income, expenses, assets and liabilities presented in the report.

The group's central assumption relates to the future and key uncertainty factors in connection with balance date estimations, and depends on factors such as fair value estimations, write-down of financial assets, write-down of loans and other receivables, impairment of tangible and intangible assets, and assumptions made in actuarial calculations.

Estimates and valuation of fair value

Valuation of unquoted financial assets or other financial assets where access to market information is limited requires management estimation. The principles of valuation at fair value are described under Definition of valuation at fair value. The actual value of financial assets held until maturity is also sensitive to both changes in interest rate levels and the liquidity and risk premiums of the instrument.

Impairment of financial assets

The Group performs an impairment test for every balance sheet date to see whether there is objective evidence of a need to carry out impairments on financial assets, except for financial assets that are valued at fair value through the income statement. The principles are described under Impairment of financial assets.

Write-down of loans and other receivables

Write-down of loans and other receivables are entered individually and in by group. A write-down is entered individually if there is objective evidence that the customer's ability to pay has been weakened after the claim was originally entered in the balance sheet. The objective evidence are significant financial difficulties on the part of the debtor, granting concessions for financial or legal reasons which the lender had not otherwise considered, or the bankruptcy or other financial restructuring of the debtor.

The value of the claim has been weakened if the estimated incoming cash flow from the claim – with regard to the fair value of the security – is less than the sum of the book value of the credit and the unpaid interest on the credit. The estimated incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable rate of interest, the agreed rate of interest at the time of review is used as the discount rate. The write-down is entered as the difference between the lower current value of the recoverable cash flow and the book value of the credit.

A write-down by group is carried out where there is objective evidence for there being uncertainty in connection with repayment of the claims in the underlying credit portfolio. The analysis is based on a historic analysis of the probability of and loss in the event of bankruptcy in view of macroeconomic and microeconomic events and an experience-based assessment. The assessment of anticipated losses as a basis for deciding on write-down by group is carried out over a 12-month time horizon. Write-downs of customer receivables within the bank's corporate business are only carried out at individual level where there is a limited number of customers with specific operations.

Actuarial calculations

The calculation of provisions always includes uncertainties as the provisions are based on assumptions of future interest rates, mortality, illness and cost levels. This is described in more detail under Insurance and investment agreement liabilities.

Note 2. The Group's risk management

1. General

Risk refers to a calculated or unexpected event which has a negative impact on results (loss). The term embraces both the probability that an event will take place and the impact that the event would have.

The Group primarily focuses on banking, capital market and life insurance operations and, as a result, both exposure to risk and active risk management are central to our activities. Credit risks associated with banking operations and market risks associated with life insurance operations constitute the largest risks in terms of the Group's activities. All areas of the Group face operational risks and business risks. The structural interest rate risk within the banking and insurance operations and the liquidity risks in the banking operations are also of significance. In general, the risk policy pursued by the Group is conservative in nature.

The result of banking operations is primarily affected by business volumes, deposit and lending margins, the balance sheet structure, the general level of interest rates, write-downs and cost efficiency. Fluctuations in results from banking operations may occur as a result of sudden credit or operational risk outcomes. Business risks in the form of volume and changes in interest rate margins change slowly and are managed through diversification and adjustment measures.

Results from capital market operations are mainly affected by negative trends in the growth of business volumes, commission levels and cost efficiency. Opportunities to improve, adjust and develop alternative products and processes reduce the business risks associated with capital market operations.

Life insurance operations are based on bearing and managing the risk of accidents and the financial risks involved in assets and liabilities. Volatility in results from life insurance operations can primarily be attributed to market risks in investment operations and the interest rate risk in provisions. The policyholder bears the market risk of the investments that provide cover for unit-linked policies, while the company bears the risk of that part of the investment portfolio which is to cover technical provisions for interest-linked policies.

The Group strategy governs all risk-taking and the Group's Board of Directors is ultimately responsible for ensuring that the Group's risks are managed and monitored correctly. Each year, the Group's Board lays down instructions for managing the business encompassing detailed principles, rules and limits for risk-taking and requirements for reporting routines. Risk exposures and limits are reported to the Group's Board on a quarterly basis.

2. Risk management

The aim of risk management is to ensure that the capital base is adequate in relation to risk exposure, that fluctuations in financial results and market valuations are kept within fixed targets and limits and that risks are priced correctly so as to achieve profitability in the long-term. All risk-taking is based on adequate know-how and relevant processes for managing and controlling risk, adequate capital allocation and pricing of the risk.

Executive management is responsible for organising and monitoring the risk management process. The executive management team has appointed a committee to manage, monitor and develop the risk management of credit and market risks. A committee has also been appointed to focus on matters concerning the Group's capacity to bear risk and capital allocation. Within the limits set down, the role of the committees is to take risk management-related decisions, prepare matters to be decided upon by higher bodies and develop the risk management process overall. Committees are made up of Executive Committee members with line management responsibilities, Risk Control and other experts. Risk Control does not take part in decisions involving risk-taking.

The risk management process comprises risk control and risk management functions that are independent from one another. The remit of Risk Control includes drawing up principles, instructions and limits for risk-taking, measuring and analysing risk exposures, assessing the need for economic capital, handling capital allocation and monitoring how risk management is carried out in the line organisation. The role of the line manager is to build up processes and know-how concerning risk management and internal control, to identify and analyse risks and take decisions, on a sound commercial basis, as to how the risks are to be managed through pricing, covenants, securities or other protective measures.

A unit operates within Group administration focusing on independent risk control, which reports directly to the Managing Director.

3. The Group's capital management and capacity to bear risk

The assessment of the Group's capital requirements, including that of its legal subsidiaries, starts from rules for calculating the regulatory capital adequacy, taking into account the effects of so-called 'Pillar 2' risks i.e. risks that are not included in the minimum capital requirement. The effects of different economic situations are also considered, including deviations from assumed market growth and financial crisis scenarios.

3.1 Regulatory capital requirement and solvency

When calculating the capital adequacy of the banking Group, the standardised approach is used for credit risks and the basic indicator approach for operational risks. Capital requirements are not calculated to market risks because of the small trading book and small currency positions. The solvency of the life insurance company is calculated in accordance with the provisions set down in the Insurance Companies Act. The company's accounts are prepared in accordance with national reporting rules (Finnish Accounting Standards). The capital adequacy of the financial and insurance conglomerate is calculated using the consolidation approach. When calculating the own funds for the banking Group, the minimum operating capital requirement of the life insurance company is deducted while the difference between the book value of the investment and the minimum operating capital is included in risk-weighted assets.

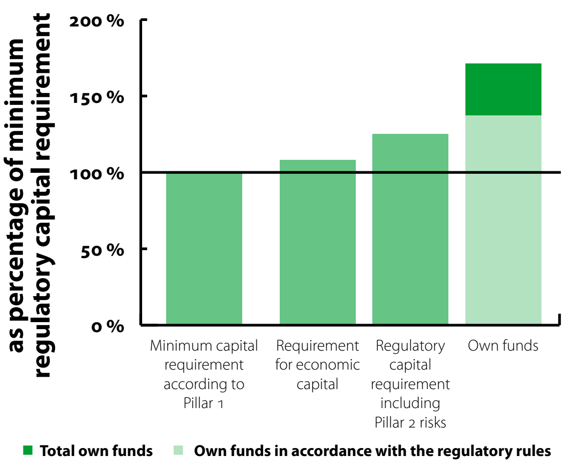
Following the changes made to the Group's structure, the banking Group's equity amounts to EUR 452 (443) million of which EUR 309 (313) million is Tier 1 capital. During the last quarter, the capital base was strengthened by a so-called perpetual loan of EUR 45 million which is taken into account in upper Tier 2 capital. During the year, Aktia Bank issued debenture loans of EUR 53 million and Aktia Real Estate Mortgage Bank issued debenture loans of EUR 10 million, taken into account as lower Tier 2 capital which is also affected by the negative development in the fund at fair value of EUR -48.8 million, when cash flow hedging is disregarded. In total, the Tier 2 capital that can be taken into account in the capital adequacy calculation amounted to EUR 143 million. The banking Group's capital adequacy ratio amounted to 13.7% compared to 15.4% a year ago. The Tier 1 capital ratio was 9.3% (10.9% at 31 December 2007). The write-downs of financial assets and the change in the fund at fair value, totalling -70 million from the start of the year, the growth of the credit stock during the first half of the year and the changes in the new banking Group's own funds due to spinning off certain operations, have resulted in capital adequacy decreasing. Despite the effects of the ongoing financial crisis, the banking Group's capital adequacy remains at a good level, exceeding the capital adequacy targets and requirements of the regulators.

During 2008, provisions concerning the proactive supervision of a life insurance company's solvency position have been incorporated into the Insurance Companies Act over and above the previous provisions concerning solvency. The risk position of the life insurance company is assessed in the course of such proactive supervision by measuring whether the company's expanded operating capital is adequate. These measurements are to take account of the company's actuarial risks, the market risks associated with the investments and provisions and the company's counterparty and operational risks. The proactive supervision is a step towards Solvency II. The company's calculations show that, as of the balance sheet date, the capital requirements have been met in accordance with the insurance companies' provisions on proactive supervision.

The life insurance company's operating capital totalled EUR 50.4 (121.7) million and its minimum operating capital requirement EUR 34.2 (35.4) million. Solvency capital totalled EUR 56.6(127.7) million and the solvency was 8.5% at the year-end compared to 18.1% the year before. The risk level of the investment portfolio has been reduced through substantial reallocations to interest rate instruments. The solvency ratio is monitored regularly and Aktia is prepared to increase the operating capital of the company by up to EUR 20 million in the event that the financial crisis compromises the value of the investment assets further.

Capital adequacy for the financial and insurance conglomerate (the conglomerate's capital base in relation to the minimum requirement) was 135.2% compared to 138.6% at the end of the previous year. The statutory minimum stipulated in the act governing financial and insurance conglomerates is 100%. The capital adequacy level remains strong and acts as a buffer against unexpected losses, without restricting selective growth in the business.

Conglomerate's capital assessment



3.2 Comprehensive capital assessment

The aim of the capital assessment process (ICAAP) is to comprehensively identify and assess the relevant risks and the capital requirements these presuppose and to develop a systematic approach to capital allocation and risk pricing. The capital assessment process comprises ex ante capital planning based on an 3-4 year strategic plan, recurring on an annual basis, whose figures draw on one market scenario, taking into account planned investments and growth targets and culminating in an assessment of the most important key figures for profitability and results, the effects on the own funds, the capacity to distribute dividends and capital adequacy.

Apart from considering the impact of planned growth and investments on the regulatory capital requirement, the effects are also assessed of market conditions which are unfavourable in relation to those on which the strategic planning is based. An assessment of the capital requirements for risks which fall outside the minimum regulatory capital requirements is also carried out and an assessment of total capital requirements based on internal models.

3.3 Effects on the regulatory capital adequacy in unfavourable market conditions

The results of the capital assessment process for 2008 indicate that further worsening of market conditions would not weaken the capital adequacy to such an extent that it would affect the Group's refinancing and other operations. By implementing adjustment measures and an active dividend policy, capital adequacy can be retained at a level well above the minimum required.

3.4 Preliminary internal assessment of capital requirement (economic capital)

The assessment of capital requirements for all risks within the Group is aggregated further by the term economic capital based on preliminary internal methods for measuring risk and indicates the total losses which are incurred during a serious macroeconomic crisis equivalent to the financial crisis faced by Finland at the start of the 1990s. The outcomes of the risks are aggregated over a 5-year period and totalled without taking into account diversification effects or prospective adjustment measures taken by the management. Internal capital allocation and risk-based pricing are based on this economic capital.

The present own funds, calculated in accordance with the rules for financial conglomerates, provides a buffer to the economic capital of approximately 30 percentage points and, compared to the Group's total own funds, of approximately 60 percentage points. The process of developing and improving the internal methods used for measuring risk is ongoing. The internal method provides a lower estimate of capital requirements for household loans in particular, which mainly explains why the estimate for economic capital comprising all risks is lower than the minimum requirement stipulated by the regulators plus Pillar 2 risks.

3.5 Comprehensive risk and capital assessment including risks excluded in the regulatory minimum capital requirement

The capital adequacy required by the regulators takes into account capital requirements for credit and counterparty risks, operational risks associated with banking operations and a standardised capital requirement for life insurance operations. The other risks relevant to the Group which are not taken into account in the capital adequacy required by the regulators comprise, in terms of banking operation, concentration risks associated with lending as well as structural and market value interest rate risk. In addition, the capital adequacy required by the regulators undervalues the capital requirements for market risks (equities, real estate). No separate capital requirements are taken into account for liquidity risks and, for strategic risks and business risks a conservative assessment of the present value of future profits is used in the calculations. No diversification effects have been taken into account in the assessment. For life insurance operations, an internal method is used for market and interest rate risks as the regulatory model for calculating minimum operating capital is clearly underestimating the risks. Risks which are not included in the regulatory capital requirement are quantified using different scenario models which reflect substantial adverse changes in market conditions.

Assessing the risk as set out above increases the capital requirement by approximately 25 percentage points, giving the actual buffer against the Group's own funds according to the rules for the financial conglomerate in the range 10–15 percentage points and, in relation to the total own funds at approximately 50 percentage points. The increased capital requirement can primarily be attributed to the market risks in life insurance operations.

3.6 Targets for capital adequacy

The Group's Board of Directors has set targets for the banking Group's capital adequacy of 12% over an economic cycle and 9% for Tier 1 capital adequacy. No separate targets are set for the conglomerate in terms of capital adequacy but the starting point is that the companies which are covered by the rules for calculating the conglomerate's capital adequacy comply with the targets or minimum requirements in their own right. When the capital adequacy targets are set, investments and growth targets as well as effects on external ratings are taken into account alongside the adopted risk profile and business strategy.

4. Credit and counterparty risks

Credit risk is defined as the fluctuations in results brought about by a debtor failing to fulfil its obligations while counterparty risk is defined as fluctuations in results or negative valuation differences that are caused by the counterparty's creditworthiness having weakened. Credit and counterparty risks are measured by assessing the probability of default and losses in such an event. The probability of default is measured by using scoring or rating models and the loss in the event of default is measured by taking into account the realisation value of securities and anticipated recovery. Each year, the Group's Board of Directors lays down a strategy and detailed instructions, including limits, for credit and counterparty risks.

The table below sets out the Group's exposure by operation. The details include accrued interest, internal Group receivables and liabilities are eliminated and no deductions for eligible collaterals have been made. Investments that provide cover for unit-linked provisions are not included.

The Group's maximum exposure by operation as at 31.12.2008

EUR million	Banking business	Life insurance business	Total Group
Cash and money market	**1,019**	**39**	**1,058**
Bonds	**2,022**	**415**	**2,437**
Public sector	20	216	236
Banks	817	78	894
Covered bonds	1,125	31	1,156
Corporate	61	91	151
Other	0	0	0
Shares and mutual funds	**41**	**207**	**248**
Loans and claims	**5,449**	**0**	**5,449**
Public sector entities	12	0	12
Housing associations	222	0	222
Corporate	811	0	811
Households	4,357	0	4,357
Non-profit organisations	47	0	4
Tangible assets	**8**	**1**	**9**
Bank guarantees	**62**	**0**	**62**
Unused facilities and unused limits	**455**	**12**	**467**
Derivatives (credit equivalents)	**197**	**1**	**198**
Other assets	**36**	**9**	**45**
Total	**9,289**	**684**	**9,973**

Credit risks occur in banking operations, while counterparty risks occur in both banking and insurance operations.

The limit structure contains credit and counterparty risks in both banking and insurance operations individually and at conglomerate level by imposing restrictions on total exposure to individual counter-parties.

The conglomerate has one client group, whose commitments exceed 10% of the own funds calculated according to regulatory directives.

4.1 Managing credit and counterparty risks and reporting routines

The line organisation is responsible for risk management and assesses the economical relevance of the various exposures on an ongoing basis, taking corrective decisions as needed. The Group's Risk Control unit analyses the risk exposure and monitors how risk management is being practised.

The risk position of the loan stock is reported to the Group's Board of Directors each quarter and to the executive credit committee each month.

4.1.1 Credit risks in banking

Within banking operations, loans are provided to households - the majority of which are adequately secured against real estate collateral (86%). These loans are partly undertaken directly from the bank's balance sheet and partly through the brokerage of Aktia Real Estate Mortgage Bank loans. Local cooperative banks and savings banks also broker Aktia Real Estate Mortgage Bank loans. A separate subsidiary has been established for the financing of household consumption and instalment purchases, Aktia Kort & Finans (Aktia Card & Finance). All branches offer financing solutions for their local corporate customers while financing arrangements that require specialist expertise are handled by Corporate Banking. Similarly, a separate subsidiary has also been established for the financing of corporate instalment purchases, leasing and working capital, Aktia Företagsfinans (Aktia Corporate Finance). Risk capital is financed on a very small scale, either via the part-owned risk capital financing company Unicus or via Corporate Banking.

Credit stock by sector

EUR million	31.12.2008	31.12.2007	Change	Percentage
Corporate	783	547	236	14.4%
Housing associations	220	185	35	4.1%
Finance and insurance	21	10	10	0.4%
Public sector entities	12	10	2	0.2%
Non-profit organisations	47	38	9	0.9%
Households	4,343	3,782	561	80.0%
Total	**5,426**	**4,574**	**714**	**100.0%**

Aktia pursues a low-risk lending policy which means that risk-taking is always based on sound, commercial principles, that the majority of the loan portfolio comprises household loans, that large individual risk concentrations are avoided and that adequate diversification within the portfolio is achieved.

4.1.2 Lending to households

There have been no significant changes to the composition of the loan portfolio during 2008. The percentage of the portfolio accounted for by household loans decreased somewhat, constituting 80.0% (82.7) of the total credit stock. Housing loans accounted for 74.4% (76.0%) of the total loan stock. Of these housing loans, 86% are secured against adequate collateral (under Basel 2). Mortgage lending totalled EUR 2,072 million in 2008 (1,614 at 31 December 2007), of which EUR 1,003 million was brokered by savings and local cooperative banks.

Lending is undertaken provided that the customer's ability to repay the loan is adequate. Loans are generally secured against collateral. When assessing a customer's ability to repay a loan, the effects of a higher possible interest rate are also taken into account. A statistical credit scoring model is used to guide the decisions made in this respect and as a basis for measuring the probability of default. Prices are set by taking into account the total customer revenues in relation to the risk-adjusted capital requirement (economic capital). To develop risk-based loan pricing, the branches have access to a pricing model.

Consumer lending against collateral (instalment purchases and leasing) and without collateral (unsecured loans and card loans) under Aktia Card & Finance totalled EUR 9.6 million.

60% of receivables from households are accounted for by the two scoring classes with the lowest probability of default. The relatively significant proportion of receivables which are without a scoring class is accounted for by loans granted prior to 2007 when the scoring model was brought into use.

Distribution of household stock scoring 31.12.2008

Scoring class	Proportion of household loan stock
AA	40%
A	20%
BB	9%
B	7%
C	2%
D	1%
None	21%
Total	**100%**

Valuation and administration of collaterals is very important for managing credit risk. Rules and authorisations concerning the valuation of collaterals and the updating of collateral values have been established. When calculating risk items, a secure value which is lower than the collateral's market value is taken into account, in keeping with the principle of prudence. The extent to which this value is lower reflects the volatility in the collateral's market value and the collateral's liquidity. Only real estate collateral, certain guarantees and financial securities are taken into account in the capital adequacy calculation.

Collateral distribution of household stock 31.12.2008

Security according to Basel 2	Proportion of household loan stock 2008
Central government, local government and financial securities with 0% risk weight	3.7%
Deposit securities, risk weight 20%	0.2%
Real estate collateral, risk weight 35%	86.2%
Receivables where collateral is not taken into account in the capital adequacy calculation	9.9%

The risk weight under the Basel 2 regulations determines the capital requirement for an exposure according to counterparty and collateral. Loans secured against real estate collateral in the 35% risk weight class have a loan to value ratio of a maximum of 70% of the collateral's fair value i.e. the value of the real estate is to fall by more than 30% before a real credit loss risk arises.

Loans to households are mainly granted against adequate collateral which means that any reduction in real values (real estate prices) does not directly increase the risk exposure. Of the total claims on households, approximately 4% are secured by central government or by deposit while approximately 86% are secured against real estate collateral under the Basel 2 regulations. This means that only 10% of these claims are secured by non-eligible collateral under Basel 2 rules (e.g. the proportion of real estate exceeding 70% which is deemed secure or is without security).

4.1.3 Corporate lending

The share of corporate financing increased to 14.4% (12.0). During 2007, a new business strategy was implemented for the bank's operations focusing on corporate customers. During 2007 – 2008, volumes and earnings rose thanks to a broader product range, cross-selling and in particular specialisation and increasing expertise. In the prevailing market conditions, Aktia does not intend to keep increasing the corporate financing share of its lending but intends to focus on developing its current customer base further.

Throughout the branch network, traditional corporate financing operations take place which are mainly intended for the self-employed, traders and small and medium-sized enterprises. High levels of expertise are maintained through local corporate offices and local corporate specialists and with the support of Corporate Banking's specialist organisation. At the same time, customer and local knowledge is one of the key cornerstones in this business.

Corporate Banking offers comprehensive financing and payment transaction services but also investment and asset management services for both companies and their owners. Expertise and the range of services have also been broadened concerning insurance and pension matters.

Within corporate financing, specialist expertise has been built up with regard to the construction and real estate industry in particular and with regard to restructuring. Services and expertise with respect to instalment purchases, leasing and financing working capital have been built up under Aktia Corporate Finance which operates in close collaboration with both Corporate Banking and Retail Banking. Financing decisions involving Aktia Corporate Finance are made by taking into account both project-specific risk and customer's total exposure to the.Group.

Customers are assessed for corporate financing purposes on the basis of financial accounts analysis and creditworthiness ratings. Cash flow, the competitive situation, the impact of previous investment and other forecasts are also examined. The development of credit rating models is ongoing.

Distribution of ratings 31.12.2008 (Suomen Asiakastieto)

Rating	Share of corporate loan stock 2008
AAA	10%
AA+	26%
AA	13%
A+	31%
A	14%
B	3%
C	2%
None	1%
Total	**100%**

Approximately 50% of claims on corporations are accounted for by the three groups with the lowest probability of default, while 5% of claims involve the two lowest credit rating classes.

Collaterals are valued for corporate financing purposes in accordance with separate rules and also taking into account a down-valued buffer specific to the collateral for determining the secured value. Particularly when valuing fixed assets relating to a business, the interaction between the value of the fixed assets and the company's business opportunities is taken into account. Company-specific collaterals are not taken into account in the capital adequacy calculation.

Collateral distribution of corporate stock 31.12.2008

Securities according to Basel 2	Share of corporate loan stock 2008 including housing companies and organisations
Central government, local government and financial securities with 0% risk weight	12.0%
Deposit securities, risk weight 20%	1.7%
Real estate collateral, risk weight 35%	24.6%
Receivables where collateral is not taken into account in the capital adequacy calculation	61.8%

Just under 15% of claims on corporations are guaranteed by a collateral furnished by central government, local government or by deposit while approximately 25% are secured against real estate collateral. A remaining 60% are granted against collateral which are not eligible in the capital adequacy calculation (including corporate real estate), different company-specific securities or against the company's operations and cash flow. For Retail Banking purposes, loans are generally secured against collateral while claims under Corporate Banking operations are largely granted against company-specific collaterals and cash flow.

4.1.4 Concentration risks in lending

A bank operating locally cannot avoid exposure to certain concentration risks. Thus, good knowledge of the customers and the market through local operations (right choice of customer and assessment of collateral) and rules and methods for assessing risk and avoiding large individual exposures are crucial. In addition, rules have been drawn up which limit concentration risks by imposing restrictions on maximum exposure, risk-taking, sector distribution and industry concentration.

Approximately 80% of the loan portfolio comprises loans to Finnish households, secured against real estate collateral for the most part. Loans against other property-based collaterals total approximately EUR 550 million. Aktia's level of credit risk is therefore sensitive to changes in domestic employment and housing prices. In addition, Aktia enjoys a strong market position in some areas which generates a certain geographical concentration risk. However, as the volumes in these branches are small in relation to the portfolio overall and as Aktia does not operate in locations which a highly dependent on a small number of employers, the effects of these geographical concentration risks have proved insignificant in household lending. In relation to Aktia's total corporate portfolio, exposure with respect to construction and property financing constitutes a concentration risk which is founded in the strategic decision to create a value chain through specialist expertise which includes brokerage services, insurance and financing for end customers alongside property and corporate financing.

Branch distribution of corporate stock 31.12.2008

Branch	31.12.2008	31.12.2007
Basic industries, fisheries and mining	1.4%	1.6%
Industry, energy	10.6%	8.4%
Construction	8.1%	8.9%
Trade	16.3%	18.5%
Hotels and restaurants	2.9%	2.1%
Transport	3.7%	4.3%
Financing	8.8%	11.0%
Property	31.8%	25.5%
Research, consultation, services	10.9%	14.1%
Other services	5.5%	5.6%
Total	**100.0%**	**100.0%**

Claims on housing companies are not included in the table above

4.1.5 Past due payments

Loans with payments 1-30 days past due rose during the year from 3.2% to 3.4% of the credit stock, including off-balance sheet bank guarantee commitments. Loans with payments 31-89 days past due rose from 0.60% to 0.88%, totalling approximately EUR 48 million. Non-performing loans more than 90 days overdue, including loans for collection, totalled approximately EUR 26 million, corresponding to 0.48% (0.38% at 31 December 2007) of the entire credit stock plus bank guarantees.

Past due payments by length of delay

Days	31.12.2008 (EUR million)	% of the credit stock	31.12.2007 (EUR million)	% of the credit stock
1–30	187	3.4	146	3.2
31–89	48	0.9	28	0.6
90–	26	0.6	18	0.4

4.1.6 Write-downs of loan and guarantee claims

Write-downs based on individual examination of loan and guarantee claims totalled EUR -1.2 (-0.8) million. Reversals of losses from previous years came to EUR 0.5 (0.6) million so that the cost effect on the profit for the period was EUR -0.7 (-0.2) million.. In addition to individual write-downs, write-downs by group were made where there were objective reasons to believe there was uncertainty in relation to the repayment of claims in underlying credit portfolios. In connection with defining principles for write-downs by group so that they only apply in future to households and small companies, individual write-downs totalling EUR -4.1 million were carried out against six large corporate exposures. Write-downs by group for households and small companies at 31 December 2008 stood at EUR 7.4 million, and are based on anticipated losses in relation to the market situation.

4.1.7 Lending to local banks

Financing is provided to banks on the basis of individual credit ratings and case-by case decisions. Each year, the Group's Board of Directors sets separate limits for the short- and long-term financing of local banks which are based on the capital adequacy of the local bank and any collateral provided. At the year-end, committed facilities for liquidity financing amounted to a total of EUR 258.4 (150) million, divided between 49 individual savings and local cooperative banks while outstanding liquidity financing totalled EUR 36 (11) million.

Within the limits set, other instruments with counterparty risk (particularly derivatives) can also be used. The risks associated with derivative contracts are reduced through mutual agreement on the provision of additional collateral. The requirement for additional collateral is determined on the basis of the local bank's capital adequacy and own funds.

4.2 Counterparty risk in the banking Group's investment activities

The banking Group's own investment activities are handled by the Treasury unit. Investments are pursued with the aim of securing the bank's liquidity. As well as in conjunction with liquidity investments, counterparty risks also arise in relation to entering into derivative contracts for hedging purposes. Alongside counterparty risk, country and settlement risks are also regulated and managed. By imposing a requirement for high external credit ratings (at least Moody's A3 or equivalent), conservative allocation, active selection of investment assets and rules for maximum exposure to one counterparty or asset type, the aim is to minimise the counterparty risk. Each year, the Group's Board of Directors sets the limits for the banking Group's investment activities, based on the own funds of the counterparty or the banking Group. The market value of these items is determined and monitored on a daily basis.

Investments are mainly made in liquid securities involving low risk and high creditworthiness. They are also to be eligible for refinancing with the central bank. As at 31 December 2008, the market value of these investments totalled EUR 2,290.4 (1,656) million. Of the financial assets available for sale, 49% (57% at 31 December 2007) were investments in covered bonds, 45% (38% at 31 December 2007) were investments in banks, 3% (0% at 31 December 2007) were investments in state-guaranteed bonds and approximately 3% (5% at 31 December 2007) were investments in public sector entities and companies. Of the financial assets, 0.9% did not meet the internal rating requirements, while six securities with a market value of EUR 25 million were no longer eligible for refinancing with the central bank.

Losses realised over the course of the year as a result of counterparties' reduced creditworthiness totalled EUR -3.6 million.

Rating distribution of liquidity portfolio, banking operations

Moody's rating	31.12.2008	31.12.2007
Aaa	49.4%	50.5%
Aa1–Aa3	42.3%	42.6%
A1–A3	4.9%	4.9%
Baa1–Baa3	0.9%	0.7%
Ba1–Ba3	0.0%	0.0%
B1–B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	2.5%	1.4%
Total	**100.0%**	**100.0%**

Sectoral distribution of liquidity portfolio – banking operations

	31.12.2008 EUR 2,290 million	31.12.2007 EUR 1,643 million
Banks	44%	38%
Covered bonds	49%	57%
State-guaranteed bonds	3%	0%
Corporate	3%	4%
Public sector	1%	1%

Regional distribution, exposure to financial institutions within banking operations

	31.12.2008 EUR 1,089 million	31.12.2007 EUR 627 million
Eurozone	64%	78%
North America	1%	2%
Oceania	1%	2%
Other European countries	34%	18%

Regional distribution, investments in covered bonds within banking operations

	31.12.2008 EUR 1,121 million	31.12.2007 EUR 943 million
Eurozone	74%	77%
North America	4%	2%
Other European countries	22%	21%

Investments in commercial papers and bonds issued by the public sector have only been made within the Euro zone.

Hedging derivatives are also used to reduce the volatility of net interest income. As well as securing the net interest income from banking operations, derivatives are also brokered to the local banks with the aim of helping them manage volatility in their own net interest income.

So as to limit the counterparty risks that arise when entering into derivative contracts, only counterparties with high credit ratings (Moody's A3 or equivalent) are used. The Group's Risk Control unit defines, amongst other things, the derivative products' credit risk equivalent value and measures and controls the counterparty risks.

To reduce the counterparty risks, individual collateral procedures are used in accordance with ISDA/CSA (Credit Support Annex) conditions. At the year-end, securities totalling EUR 93.3 million had been received as collateral for the derivative contracts' positive market value. At the same time, no securities had been provided as collateral for the derivative contracts' negative market value. The collaterals received amounted to approximately 87% of the derivative contracts' positive market value of a total of EUR 107.3 million.

4.3 Counterparty risk in the life insurance company's investment activities

The investment strategy of the life insurance business is based on the portfolio theory of diversification between different markets, types of assets and counterparties. The weight of interest-bearing investments in terms of neutral and actual allocation is relatively high and, alongside risk and yield, possibilities to match the interest risk in provisions with interest-linked investments are also taken into account. Interest-based investments are therefore exposed to counterparty risk which means that the entire value of the security is at risk if the counterparty is unable to meet its obligations. So as to control the counterparty risks, the limit structure takes into account the need for an adequate external credit rating (Moody's Baa3 or equivalent), total exposure to one counterparty for each asset type and overall to one counterparty. The market value of these items is determined and monitored on a daily basis.

At the year-end, 48% (18% at 31 December 2007) of these direct interest rate investments were claims on public sector entities, 20% (34% at 31 December 2007) were claims on companies and 32% (48% at 31 December 2007) were claims on banks and covered bonds. 1.0% of the direct interest rate investments did not meet the internal rating requirements at the end of 2008.

Losses realised over the course of the year as a result of counter parties' reduced creditworthiness totalled EUR -5.1 million.

Rating distribution of investment portfolio of direct interest rate investments for the life insurance business

Moody's rating	31.12.2008	31.12.2007
Aaa	53.7%	26.7%
Aa1–Aa3	17.3%	29.4%
A1–A3	14.8%	25.1%
Baa1–Baa3	5.7%	10.2%
Ba1–Ba3	0.8%	0.3%
B1–B3	0.2%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	7.6%	8.3%
Total	**100.0%**	**100.0%**

Investment portfolio's sectoral distribution of direct interest rate investments - life insurance business

	31.12.2008 EUR 449 million	31.12.2007 EUR 352 million
Public sector	48%	18%
Banks and covered bonds	20%	48%
Corporate	32%	34%

Investment portfolio's regional distribution, banks and covered bonds – life insurance business

	31.12.2008 EUR 144 million	31.12.2007 EUR 168 million
Eurozone	76%	70%
Other European countries	24%	30%

Investment portfolio's regional distribution, public sector – life insurance business

	31.12.2008 EUR 216 million	31.12.2007 EUR 64 million
Eurozone	98%	88%
Other European countries	2%	12%

Investment portfolio's regional distribution, corporate – life insurance business

	31.12.2008 EUR 89 million	31.12.2007 EUR 120 million
Eurozone	78%	70%
Other European countries	20%	29%
Other countries	2%	1%

4.4 Country risks

In banking operations, lending is only undertaken in Finland in practice. In managing the banking Group's liquidity, investments can only be made in commitments that have been issued by counterparties based in countries which have been rated as at least A3 by Moody's.

The life insurance company's assets are mainly invested in OECD countries. Taking into account the rules for covering provisions, a limited quantity of assets can be invested in countries which do not belong to the OECD. This is done via instruments which are quoted in a country that does belong to the OECD.

5. Management of financing and liquidity risks

Financing and liquidity risks are defined as the availability and cost of refinancing plus the differences in maturity between assets and liabilities. Financing risk also occurs if funding has been largely concentrated in individual counterparties, instruments or markets. Management of refinancing risks ensures that the Group can honour its financial obligations.

The financing and liquidity risks are dealt with at legal company level, and there are no commitments between the banking group and the life insurance company.

5.1 Financing and liquidity risks within banking operations

A stable borrowing and deposit stock from households, the Aktia Real Estate Mortgage Bank's issues, deposits received under operations as a central financial institution and an adequate liquidity buffer constitute the cornerstones of the banking operation's liquidity management.

The bank's lending is refinanced both by deposits and investments from the public and borrowing from the money and capital markets. To cover short-term liquidity requirements, the bank also has the option of issuing certificates of deposit on the domestic money markets.

Deposits from the public have risen steadily and still constitute a significant share of total financing. Deposits totalled EUR 3 098 million as at 31 December 2008, growing by EUR 297 million during the year.

In managing the risks associated with refinancing, Aktia takes into account both its own lending activities and its obligations with respect to savings and local cooperative banks, for which Aktia serves as the central financial institution. This also constitutes an important source of financing for Aktia. Deposits by local banks also increased, at a time when households preferred traditional bank deposits in the main.

The Finance Committee is responsible for managing the refinancing risks. The Group's Risk Control unit, which continuously monitors liquidity risks and associated limits, reports to the Finance Committee. The Treasury unit takes practical measures to change the liquidity position under the instruction of the Finance Committee. The Treasury unit is also responsible for maintaining the bank's day-to-day liquidity and constantly monitors how assets and liabilities mature on the capital market. Growth in the deposit stock and pricing is also followed closely. From 2009, the Group's Capital Management Committee takes over from the Finance Committee as the body responsible for supervising and managing refinancing and liquidity risks.

As for market-related refinancing, a diverse range of sources of funding and an adequate diversification on various markets is to be maintained. Aktia Real Estate Mortgage Bank plc is a strategically important channel for competitive and long-term funding and a significant proportion of long-term refinancing is accounted for by covered bonds secured by real estate issued by Aktia Real Estate Mortgage Bank plc. Within the issuing programme of EUR 4 billion, covered bonds secured by real estate have been issued for EUR 1 750 million. In addition, Aktia has a bond programme amounting to EUR 500 million under which it has issued EUR 336.6 million. To cover short-term financing requirements, the bank can also issue certificates of deposit on the domestic money markets. Outstanding certificates totalled just under EUR 270 million at 31 December 2008.

A liquidity portfolio comprising high-quality securities has been built up to hedge against short-term fluctuations in liquidity by realisation or using repurchase agreements. These securities can also be used as a buffer through central bank refinancing in the event of market disruption. The structure of the liquidity portfolio is set out in more detail under point 4.2 on counterparty risks in the bank's investment activities.

To secure access to funding from the capital market, a rating from an internationally recognised rating institute is used. The Aktia Group has used Moody's as its ratings institute since 1999. During the autumn of 2007, the rating was set as A1/P1/C stable while the Mortgage Bank's most recent issue received the highest Aaa rating.

The objective in the banking Group is to be able to cover one year's financing requirements using existing liquidity. Despite considerable uncertainty in the financial markets, the liquidity status was good and the objective was achieved.

5.2 Liquidity risks in the life insurance business

Within the life insurance business, liquidity risk is defined as the availability of financing for paying out insurance claims from the different risk insurance types, savings sums, surrenders from savings policies and surrenders and pensions from voluntary pension policies. Availability of liquidity is planned on the basis of these needs and on the basis of the liquidity needed for investment activities to manage the investment portfolio effectively and optimally. For the most part, liquidity can be satisfied through the inward flow of cash and a portfolio of certificates of deposits adjusted to the varying requirements. Unexpected significant need for liquidity is taken care of through the liquid portfolio of bonds and shares.

6. Managing market risks

Market risk refers to the impact caused by fluctuations in interest rates, exchange rates and equity prices on the Group's financial performance. By managing the market risk, the bank seeks to ensure steady long-term development of net interest income and results. Limits and principles for market risk management have been established by the Group's Board of Directors. Market risks are either related to banking operations (structural interest rate risk), individual transactions or the life insurance company's investment activities. The bank does not actively take market risks in its operations but risk-taking is a central element in the life insurance company's investment activities.

The policyholder bears the investment risk of the investments that provide cover for unit-linked insurance policies. The investment portfolio covering the technical provisions for interest-linked policies is measured on an ongoing basis at fair value. Temporary price fluctuations are reported under the fund at fair value, while significant or long-term value changes are reported in P&L. Within the life insurance business, the aim is to build up the assets that provide cover for provisions in view of the capacity of the insurance operation to bear risk, the need for returns and opportunities to convert the assets into cash. A reduction in the market value of assets and inadequate returns in relation to the requirements for provisions are the greatest risks associated with the investment activities within the life insurance company. These risks are reduced and managed through portfolio diversification in terms of asset type, markets and individual counterparties.

Sensitivity analysis for market risks (EUR million)

EUR million		Interest rate	Spread	Equity	Risk Real estate
	1% parallel shift downwards	1% parallel shift upwards	0.1% change upwards	10% price drop	10% price drop
Banking business	26.0	-27.2	-4.4	-1.7	-0.3
Life insurance business	20.2	-22.3	-2.2	-6.1	-3.2
Total	**46.2**	**-49.5**	**-6.6**	**-7.8**	**-3.5**

The table above shows the market value sensitivity of financial assets in various market risk scenarios. The impact on equity or P&L is given after tax. A parallel downward shift in the interest rate level gives a positive change in the value of interest-bearing securities while a rate increase gives a negative change. The spread risk describes the impact if the general requirements on returns were to increase by 0.1 percentage point. The equity risk describes the impact of a 10% drop in the price of equities and equity funds while real estate risk describes a 10% fall in property prices.

6.1 Market risks within the banking business

Executive management is responsible for managing market risks within the banking business with the authorisation of the Group's Board of Directors. A special Finance Committee has been appointed to manage the market value price risk and the structural interest rate risks within the framework of limits set by the Board. From 2009, the Group's Investment Committee will be responsible for administering and managing the risk associated with Group investment assets. The Group's Risk Control unit supervises risk exposures and limits.

6.1.1 Market value interest rate risk

Market value interest rate risk is defined as changes in the market value of interest-bearing financial assets caused by interest rate fluctuations. These changes are reported against the fund at fair value under equity after deductions for deferred tax. The market value interest rate risk is measured by simulating the impact of a one percentage point change in the interest rate. The change in the market value of the financial assets available for sale may amount to a maximum of 10% of the banking Group's own funds in the event of a parallel shift in interest rates of one percentage point, where deferred tax liabilities or claims are deducted. The Finance Committee sets more precise limits within the frameworks established by the Board.

The net change in the fair value fund relating to market value interest rate risk posted during the period totalled EUR -8.8 million after the deductions for deferred tax. With an interest rate increase of one percentage point for financial assets available for sale, the net change of the fund at fair value at 31 December 2008 would be EUR -27.2 million (-23 at 31 December 2007) after deductions for deferred tax.

6.1.2 Structural interest rate risk

Structural interest rate risk refers to a risk in the development of net interest income due to imbalances between the reference rates and the re-pricing of assets and liabilities within the banking business.

Structural interest rate risk is managed by taking active hedging measures by using derivative contracts and liquidity investments, with the aim of keeping net interest income at a stable level and hedging results against a low interest rate. The bank's Treasury unit carries out the transactions necessary to cover the structural interest rate risk in accordance with the limits and guidelines imposed by the Group's Board and executive management. Derivative contracts made to hedge against the bank's structural interest rate risk are reported in more detail in Note 50.

The impact of different interest rate scenarios on net interest income is modelled using a dynamic asset and liability management model, taking into account changes to the balance sheet and product structure. The structural interest rate risk is measured using various stress scenarios.

The limit for structural interest rate risk has been set in relation to the net interest income budgeted for and the net interest income forecasted for the two subsequent years. The negative change in net interest income calculated which would be caused by a parallel shift in interest rates of one percentage point may result in a maximum 8% calculated worsening in the net interest income budgeted for in the reporting period in question (fixed target) and may worsen the net interest income forecast for the next 12 months by a maximum of 6% and by a maximum of 8% (variable target) for the next 12-24 months.

At the year-end, an upward parallel shift in the interest rate curve of one percentage point would have reduced the net interest income of the banking business for the next 12 months by -5.4% (-4.3% at 31 December 2007) (target maximum -6%). For the next 12-24 months, the net interest income of the banking business would have reduced by -6% (0.0% at 31 December 2007) (target maximum -8%).

An downward parallel shift in the interest rate curve by one percentage point would have increased the net interest income of the banking business for the following 12 months by 6.3% (4.4% at 31 December 2007) (target maximum -6%). For the next 12-24 months, the net interest income of the banking business would have increased by 7.9% (-1.7% at 31 December 2007) (target maximum -8%).

6.1.3 Foreign exchange rate risk

Foreign exchange rate risk refers to a negative change in value of the banking Group's currency positions caused by fluctuations in exchange rates.

Within the banking business, currency dealings are based on customer requirements, which is why most of this activity involves Nordic currencies and the US dollar. Exchange rate risks are primarily managed by means of matching. The Treasury unit is responsible for managing the bank's daily currency position within the framework of the authorisations given by the Financial Committee. Operations are governed by the limits set by the bank's executive management. The risk limits have been determined in relation to the bank's own funds.

At the year-end, total net currency exposure for the banking Group amounted to EUR 0.2 million.

6.1.4 Equity price risk

Equity price price risk refers to changes in value due to fluctuations in equity prices. Limits have been set for equity price risks in relation to the banking Group's own funds.

No equity trading is carried out in the banking operation, including in the parent company. The investments in equities and mutual funds which are necessary or strategic to the business totalled EUR 21.9 million. The net change in the fair value fund relating to other equity investments and mutual funds during the period totalled EUR -7.2 million after the deduction of deferred tax, while write-downs for long-term or significant decreases in value for equities and mutual funds totalled EUR -1 million.

6.1.5 Real estate risk

Real estate risk refers to risk that arises from a fall in the market value of real estate assets. Investments in or ownership of real estate is not part of the Group's core business. To reduce exposure to real estate risk, real estate assets have been actively reduced during the year and efforts have been made to improve the use of and increase returns on properties in use. Total real estate holdings within the banking business amounted to EUR 4.6 million at the year-end. Most of the properties are insured for their full value.

6.2 Market risks in the life insurance business

Aktia's executive management and the operational management team in the life insurance company are responsible for managing market risks within the authorisation given by both the Group's Board of Directors and the company's own Board. Each year, the Board of the life insurance company sets out an investment plan which includes limits for neutral allocation, limits for instrument allocation, issues authorisations and organises investment activities. The Group's executive management has appointed a special investment committee to manage market risks within the framework of the limits imposed. From 2009, the Group's Investment Committee will be responsible for administering and managing the risk associated with internal Group investment assets. The Group's Risk Control unit supervises risk exposures and limits.

The policyholder bears the market risk of the investments that provide cover for unit-linked insurance policies. These investments are valued on an ongoing basis at fair value and any changes in value are posted to provisions for unit-linked insurance policies.

The part of the investment portfolio that has to cover the technical provisions for interest-linked policies is valued on an ongoing basis at fair value. Temporary price fluctuations are reported under the fund at fair value, while significant or long-term value changes are reported in P&L. During the reporting period, write-downs in P&L attributable to shares and mutual funds totalling EUR -29.4 million were posted, while the net change in the fair value fund after acquisition eliminations posted during the period totalled EUR -6.2 million after the deduction of deferred tax.

The risks of the investment portfolio, such as credit risk, interest rate risk, foreign exchange rate risk, share risk and real estate risk, are measured and limited using a VaR (Value at Risk) model, assuming a maximum loss for 12 months and applying a probability level of 97.5%.

Allocation of assets in the investment portfolio – life insurance business

	31.12.2008 (EUR million)	31.12.2008	31.12.2007
Equities	38	5.5%	20.6%
Interest rate investments	481	69.4%	51.4%
Money market	85	12.3%	9.0%
Real estate	43	6.2%	9.9%
Alternative	46	6.6%	9.2%

6.2.1 Interest rate risk in technical provisions

The most significant risk associated with technical provisions is the interest rate risk with respect to the guaranteed interest rate. This is due to differences between the guaranteed interest rates and the corresponding risk-free interest rates. If the interest rate guaranteed to the customer exceeds the risk-free interest rate, a higher degree of risk-taking is required in investment activities. In connection with the transition to new solvency rules for insurance companies, there will be also a need to determine the market value of technical provisions, which, in a low interest rate environment, would have an unfavourable impact on the company's finances. As a step towards incorporating the new solvency rules, certain hedging measures have been taken at Group level to manage the interest rate risk in technical provisions.

Provisions by technical rate of interest – life insurance business

	31.12.2008 EUR million	%	31.12.2007 EUR million	%
4.50%	133	21%	130	20%
3.50%	157	25%	104	16%
2.75%	214	34%	0	0%
2.50%	109	17%	174	27%
2.20%	0.0	0%	230	35%
0.00%	15	2%	16	2%
Total	**628**	**100%**	**654**	**100%**
Average rate	3.2%		2.9%	

Over the year, the technical rate of interest was increased to dissolve rate reserves for approximately EUR 20 million.

6.2.2 Equity price risk

Limits, specified in geographical terms, have been set for equity risks in relation to the size of the company's total investment portfolio. The equity risk is also diversified through the allocation of equity holdings in different sectors. Equity risk was the single largest risk realised during 2008, despite diversification and conservative allocation. The valuation of equities and equity funds in the financial statements is based on the Group's acquisition value i.e. 1.1.2007 when Aktia acquired the life insurance company. Of the total write-downs of the life insurance company's equity holdings, EUR 21.3 million are accounted for by shares and EUR 8.1 million by equity funds.

Geographical distribution of investment portfolio - life insurance business

EUR million	Direct holdings of equities Market value	Equity funds Market value	Total Market value
Finland	12.9	0.3	13.1
Europe	13.4	2.7	16.1
USA	0.6	2.6	3.2
Emerging markets	0.9	2.1	3.0
Japan	0.0	3.1	3.1
Total	**27.8**	**10.7**	**38.5**

Exposure to equity risk in the life insurance company has clearly been reduced, totalling approximately EUR 38.5 million at the year-end.

The market sensitivity of the portfolio is measured, amongst other things, using the sensitivity factor beta, which indicates the relationship between the volatility of a single share or equity fund and the volatility of the market. Each share has been compared against an individual reference index that reflects the market which categorises the share most closely. Beta has been calculated on this basis for each share and equity fund. At the year-end 31 December 2008, it can be said that the portfolio is well-diversified and it largely follows the general market movements.

6.2.3 Real estate risk

Real estate risk is managed in the life insurance company by making diverse investments in different types of real estate in both domestic and foreign property, primarily using indirect real estate instruments such as publically quoted and unquoted real estate funds and shares in real estate companies. Real estate risk is contained geographically and through limits set for total counterparty risk.

6.2.4 Foreign exchange rate risk

Viewed overall, technical provisions comprise, in practical terms, liabilities in Euro which is why currency investments are not needed to cover them. Under the Insurance Companies Act, an insurance company that provides direct insurance can cover technical provisions in a certain currency with investments in another currency to a maximum of 20%. Foreign exchange rate risk mainly occurs via the share market and total currency exposure in the different currencies is limited by the company's Board.

Investments carried out by the life insurance business are mainly Euro-based and the foreign exchange rate risks are regulated by both internal limits and limits imposed by the authorities. Currency exposure has clearly reduced compared to 2007, mainly as a result of the clearly lower weight of equities in the investment portfolio.

Currency positions - life insurance business

EUR million	2008		2007	
	Open item	5% drop in price against Euro	Open item	5% drop in price against Euro
SEK	2.5	-0.1	12.0	-0.6
USD	3.2	-0.2	11.1	-0.6
NOK	1.8	-0.1	28.4	-1.4
CHF	0.9	0.0	4.2	-0.2
GBP	0.2	0.0	0.3	0.0
JPY	3.3	-0.2	5.0	-0.3
Other	2.7	-0.1	23.6	-1.2
Total	**14.4**	**-0.7**	**84.6**	**-4.2**

7. Actuarial risk

Aktia Life Insurance provides voluntary pension insurance, life insurance and savings insurance. Due to the legal rules concerning insurance contracts, the company is very limited in its ability to influence premiums and terms and conditions for old policies that have already come into effect. The adequacy of the premiums is monitored on an annual basis. For new policies, the company is free to set the premium levels itself. This is done by the Board, at the proposal of the head actuary.

Reinsurance is a tool used to limit compensation liabilities for the company's own account so that its solvency capital is adequate and results do not fluctuate too much. The life insurance company's Board has set limits for those risks which the company itself can bear without subscribing to reinsurance.

The principal risk concerning savings and pension insurance with discretionary aspects is interest rate risk i.e. that returns on the investments will not be sufficient for the policies interest rate requirement, which is at least equivalent to the calculation rate (the guaranteed rate) on the policy. At 31 December 2008, the average calculation rate on the life insurance company's technical provisions, excluding provisions for unit-linked insurance, was approximately 3.2%. An increase in life expectancy is also a risk, particularly in pension insurance with a lifelong pension duration.

With regard to unit-linked insurance, insurance savings increase or decrease on the basis of the change in the value of the investment funds which the policyholder has chosen to link his saving to. The life insurance company buys corresponding fund participations to provide cover for the unit-linked part of provisions and thus protects itself against that part of the change in the unit-linked provisions which is attributed to changes in the value of those funds which customers have linked their saving to.

The main risks associated with risk insurance are risks connected to mortality, compensation for healthcare costs, long-term inability to work and daily compensation in the event of illness. The most important methods used to manage risk associated with risk insurance are risk selection, tariff classification, reinsuring of risks and the monitoring of compensation costs. With respect to health insurance, the life insurance company can increase policy premiums, within certain limits, to cover the increasing compensation paid out in the event of ill health. The table below shows the risk compensation paid out during 2008 for the risk groups mentioned above and what a 50% increase in compensation costs would mean for additional compensation costs.

Technical provision's sensitivity to actuarial risks – life insurance business

EUR million	2008	+50%
Mortality	3.0	1.5
Healthcare costs	7.3	3.6
Long-term inability to work	0.3	0.2
Daily compensation etc.	0.7	0.3
Total	**11.3**	**5.6**

8. Managing operational risks

Operational risk refers to loss risks arising as a result of unclear or incomplete instructions, activities carried out contrary to instructions, unreliable information, deficient systems or actions taken by staff members. The losses incurred due to these risks may be direct or indirect financial losses, or ones that tarnish the corporate image to the extent that the Group's credibility in the market place suffers.

The Group's policy on managing operational risks has been established by the Board of Directors. According to the policy, the essential functions in the Group, including delegated functions shall be regularly mapped for risks. The risk mapping concludes with a probability and consequence evaluation, after which the competent decision-making body decides how the risks will be managed. In addition to regular risk mapping, adequate instructions shall also be drawn up as a preventive measure in order to reduce operational risks in the central and risky areas. The instructions should include legal risks, personnel risks, principles for a continuity plan, etc.

In order to verify the reliability of risk mappings and to follow how the risk level develops, all important incidents must be registered and reported in a systematic fashion.

The responsibility for managing the operational risks is borne 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 management of each business area is responsible for ensuring that the processes and procedures are adapted to the goals established by the bank's executive management and that the instructions are sufficient. Special process descriptions are drawn up if necessary.

Each unit manager 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.

In addition to the preventive work for avoidance of operational risks, efforts are also made within the Group to maintain adequate insurance cover for damage that occurs as a result of irregularities, hacking and other criminal activities, etc.

During the year, losses due to operational risks totalling EUR 0.5 million have been recorded in the Group. In relation to the scope of operations (the Group's balance sheet total), the losses recorded due to operational risks were at the same level in 2008 as in the years 2005, 2006 and 2007.

8.1 Legal risks

Legal risk refers to risk of loss due to an invalid contract or incomplete documentation and the risk of sanctions and loss of goodwill due to a law or official regulations being violated. The Group seeks to manage the risk of poor agreement documentation by establishing contractual relationships relating to day-to-day activities that are based on standard terms worked out jointly by the banking and insurance industry. When finalising non-standardised agreements, branch offices and business units must consult the Group's Legal Services unit. External experts are relied upon when necessary. The Group has special expert resources allocated to support the Group's compliance, especially in the provision of investment services.

Appendix to note 2. Consolidated capital adequacy and exposures for banking business

(EUR 1,000)

Summary	12/2008	9/2008	6/2008	3/2008	12/2007
Tier 1 capital	308,959	319,846	327,268	319,816	312,744
Tier 2 capital	143,438	68,908	84,653	114,825	130,474
Capital base	**452,396**	**388,754**	**411,922**	**434,641**	**443,217**
Risk-weighted amount for credit and counterpart risks	3,040,519	2,983,465	2,965,226	2,788,835	2,611,799
Risk-weighted amount for market risks	-	-	-	-	-
Risk-weighted amount for operative risks	272,655	263,393	263,393	263,393	263,393
Risk-weighted commitments	**3,313,174**	**3,246,858**	**3,228,620**	**3,052,228**	**2,875,192**
Capital adequacy ratio, %	13,7	12,0	12,8	14,2	15,4
Tier 1 Capital ratio, %	9,3	9,9	10,1	10,5	10,9
Minimum capital requirement	265,054	259,749	258,290	244,178	230,015
Capital buffer (difference between capital base and minimi requirement)	187,343	129,005	153,632	190,463	213,202

1) No capital requirement due to minor trading book and when total of net currency positions are less than 2% of capital base.

2) Capital requirement of 15% is calculated according to definition of average gross income during the last three years (140 EUR millions) x risk-weighted factor of 12.5.

Capital base	12/2008	9/2008	6/2008	3/2008	12/2007
Share capital	163,000	163,000	80,249	80,204	80,204
Funds	44,570	44,838	59,390	55,226	55,226
Minority share	24,934	14,414	14,287	14,608	14,499
Retained earnings	93,520	118,622	184,845	186,994	155,094
Profit for the reporting period attributable to shareholders in Aktia plc	9,244	3,503	22,196	11,131	50,671
Provision for dividends to shareholders	-611	-	-10,031	-5,013	-20,138
Total	334,657	344,376	350,936	343,150	335,556
Intangible assets	-8,598	-6,831	-5,918	-5,634	-5,162
Shares in insurance companies	-17,100	-17,700	-17,750	-17,700	-17,650
Tier 1 capital	**308,959**	**319,846**	**327,268**	**319,816**	**312,744**
Fund at fair value	-47,492	-94,325	-70,106	-36,232	-17,073
Other Tier 2 capital	45,000	12,160	-	-	-
Risk debebtures	163,029	168,773	172,509	168,758	165,197
Shares in insurance companies	-17,100	-17,700	-17,750	-17,700	-17,650
Tier 2 capital	**143,438**	**68,908**	**84,653**	**114,825**	**130,474**
Total capital base	**452,396**	**388,754**	**411,922**	**434,641**	**443,217**

	Balance assets	Off-balance sheet items	Total	Risk-weighted commitments				
Risk-weight				**12/2008**	**9/2008**	**6/2008**	**3/2008**	**12/2007**
0%	908,353	26,120	934,473	-	-	-	-	-
10%	803,488	-	803,488	80,349	80,654	78,239	66,718	67,812
20%	1,627,687	237,821	1,865,507	335,341	271,519	296,318	294,413	251,390
35%	4,027,665	84,504	4,112,170	1,421,429	1,379,726	1,343,648	1,274,000	1,232,151
50%	4,850	192	5,042	2,473	2,935	2,863	3,404	1,889
75%	537,993	65,102	603,095	426,716	424,305	420,273	410,930	391,497
100%	666,012	106,524	772,536	720,800	780,735	783,155	702,594	631,252
150%	6,933	1,158	8,091	11,268	16,584	15,888	15,468	15,608
Total	**8,582,981**	**521,421**	**9,104,402**	**2,998,376**	**2,956,457**	**2,940,383**	**2,767,527**	**2,591,598**
Derivatives *)	-	197,005	197,005	42,142	27,007	24,843	21,308	20,200
Total	**8,582,981**	**718,426**	**9,301,408**	**3,040,519**	**2,983,465**	**2,965,226**	**2,788,835**	**2,611,799**

*) derivative agreements credit conversion factor

Risk-weighted amount for operative risks				Risk-weighted amount				
Year	**2006**	**2007**	**2008**	**12/2008**	**9/2008**	**6/2008**	**3/2008**	**12/2007**
Gross income	140,581	145,150	150,517					
- average 3 years			145,416					
Indicator 15 %			21,812					
Capital requirement for operative risk			**21,812**	**272,655**	**263,393**	**263,393**	**263,393**	**263,393**

Conglomerate´s capital adequacy calculation 31.12.2007

Summary	12/2008	9/2008	6/2008	3/2008	12/2007
Tier 1 capital for the group	359,711	344,535	365,811	373,103	360,890
Sector-specific assets	161,361	103,184	101,850	134,280	149,357
Intangible assets and other specific reductions	-101,922	-84,281	-104,433	-119,164	-114,809
Other sector-specific not transferrable assets	-	-14,414	-14,287	-14,608	-14,499
Conglomerate´s total capital base	**419,150**	**349,024**	**348,941**	**373,611**	**380,939**
Capital requirement for banking business	266,588	261,915	258,289	244,178	230,015
Capital requirement for insurance business	43,505	44,705	44,805	44,705	44,912
Minimum amount for capital base	**310,093**	**306,620**	**303,094**	**288,883**	**274,927**
Conglomerate´s capital adequacy	**109,057**	**42,404**	**45,847**	**84,728**	**106,012**
Capital adequacy ratio, %	**135.2 %**	**113.8 %**	**115.1 %**	**129.3 %**	**138.6 %**

The congolerate´s capital adequacy is based on consolidaiton method and is calcuated according to FICO rules and the standards of Financial Supervision Authority.

Total liabilities by liability class before and after the effect of risk reduction techniques.

Balance sheet items and off-balance sheet items including derivatives by credit counter value.

	Liability class	Contractual liability	Impairment	Net liability	Financial guaran-tees and other substitutions	Liability after substitution	Financing collaterals	Liability after collateral	Risk-weighted amount	Capital claim
1	States and central banks	586,531	-	586,531	187,817	774,348	-	774,348	-	-
2	Regional administrations and local authorities	23,540	-	23,540	15,348	38,888	-	38,888	-	-
3	Public corporations	6,168	-	6,168	2,351	8,519	-	8,519	505	40
4	International development banks	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-
6	Credit institutions	1,997,101	-	1,997,101	19,629	2,016,730	-	2,016,730	364,007	29,121
7	Enterprises	846,727	-2,146	844,581	-41,663	802,918	-65,249	737,669	679,207	54,337
8	Households	816,423	-1,913	814,510	-181,873	632,637	-29,477	603,160	426,764	34,141
9	Real estate collateralised	4,112,212	-	4,112,212	-	4,112,212	-	4,112,212	1,421,450	113,716
10	Expired receivables	40,650	-18,090	22,560	-1,609	20,951	-262	20,689	23,132	1,851
11	High-risk items	3,171	-	3,171	-	3,171	-	3,171	3,897	312
12	Covered bonds	804,200	-	804,200	-	804,200	-	804,200	80,349	6,428
13	Securitised items	30,084	-	30,084	-	30,084	-	30,084	6,017	481
14	Short-term enterprise receivables	-	-	-	-	-	-	-	-	-
15	Mutual fund investments	18,636	-	18,636	-	18,636	-	18,636	11,562	925
16	Other items	85,644	-47,528	38,116	-	38,116	-	38,116	23,629	1,890
		9,371,087	**-69,677**	**9,301,410**	**0**	**9,301,410**	**-94,988**	**9,206,422**	**3,040,519**	**243,242**

Accounting netting of liabilities has not been carried out.

The impairment principles for liabilities are indicated in a separate table, Impairment of receivables.

The class of receivables Real Estate Collateralised describes receivables that have comprehensive home equity pursuant to the regulations (Standard 4.3c of the Finnish Financial Supervision Authority).

Financial guarantees and other substitution refers to acceptable risk reduction measures (Standard 4.3e of the Finnish Financial Supervision Authority), using which a liability from a contractual liability class is transferred (outflow -) into a liability class with a lower risk weighting and capital claim (inflow +).

Financing collateral is taken into account through a comprehensive method, persuant to how collateral is defined in the regulations (Standard 4.3e of the Finnish Financial Supervision Authority).

Average total exposures before the effect of credit risk reduction techniques

Liability class		Average total exposures before the effect of risk reduction techniques 31.3	30.6	30.9	31.12	Average 2008
1	States and central banks	302,790	269,075	362,868	586,531	380,316
2	Regional administrations and local authorities	15,273	16,847	16,108	23,540	17,942
3	Public corporations	179	234	214	6,168	1,699
4	International development banks	-	-	-	-	-
5	International organisations	-	-	-	-	-
6	Credit institutions	1,647,518	1,727,537	1,584,730	1,997,101	1,739,222
7	Enterprises	765,547	842,534	881,483	844,581	833,536
8	Households	779,072	791,215	797,387	814,510	795,546
9	Real estate collateralised	3,709,631	3,911,071	4,004,497	4,112,212	3,934,353
10	Expired receivables	20,525	18,651	20,843	22,560	20,645
11	High-risk items	3,171	3,170	3,171	3,171	3,171
12	Covered bonds	667,184	782,388	806,536	804,200	765,077
13	Securitised items	34,909	33,430	32,315	30,084	32,685
14	Short-term enterprise receivables	-	-	-	-	-
15	Mutual fund investments	21,594	21,342	20,405	18,636	20,494
16	Other items	164,105	182,288	136,783	38,116	130,323
		8,131,498	**8,599,782**	**8,667,340**	**9,301,410**	**8,675,008**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit countre value

Total exposures before the effect of credit risk reduction techniques, broken down by maturity

Liability class		under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
1	States and central banks	505,847	1,566	72,507	3,004	3,606	586,531
2	Regional administrations and local authorities	6,996	-	2,584	2,757	11,204	23,540
3	Public corporations	5,995	52	-	32	88	6,168
4	International development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Credit institutions	520,783	373,256	896,460	177,150	29,451	1,997,101
7	Enterprises	66,493	108,331	173,344	155,879	340,534	844,581
8	Households	24,253	33,659	118,614	133,611	504,373	814,510
9	Real estate collateralised	48,588	79,358	249,261	483,321	3,251,684	4,112,212
10	Expired receivables	2,583	1,123	3,354	2,172	13,328	22,560
11	High-risk items	-	-	3,171	-	-	3,171
12	Covered bonds	10,247	61,500	602,661	129,792	-	804,200
13	Securitised items	-	-	17,202	9,333	3,549	30,084
14	Short-term enterprise receivables	-	-	-	-	-	-
15	Mutual fund investments	-	-	-	-	18,636	18,636
16	Other items	4,913	-	60	-	33,142	38,116
		1,196,699	**658,846**	**2,139,218**	**1,097,050**	**4,209,596**	**9,301,410**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit countre value

Total liabilities before the effect of risk reduction techniques, broken down by region

	Liability class	Finland	Other Nordic countries	Other European countries	Other	Total
1	States and central banks	516,029	10,121	60,382	-	586,531
2	Regional administrations and local authorities	23,540	-	-	-	23,540
3	Public corporations	6,168	-	-	-	6,168
4	International development banks	-	-	-	-	-
5	International organisations	-	-	-	-	-
6	Credit institutions	735,896	255,943	942,479	62,784	1,997,101
7	Enterprises	844,168	103	311	-	844,581
8	Households	814,186	141	107	76	814,510
9	Real estate collateralised	4,107,815	788	3,327	283	4,112,212
10	Expired receivables	22,560	-	-	-	22,560
11	High-risk items	3,171	-	-	-	3,171
12	Covered bonds	6,694	107,114	690,392	-	804,200
13	Securitised items	-	-	30,084	-	30,084
14	Short-term enterprise receivables	-	-	-	-	-
15	Mutual fund investments	1,686	1,676	13,039	2,235	18,636
16	Other items	32,665	1,186	3,792	473	38,116
		7,114,575	**377,072**	**1,743,913**	**65,851**	**9,301,410**

Balance sheet items that cover the amounts and off-balance sheet items including derivatives by credit countre value

Impairment of receivables	Outstanding debt before impairment	Individual impairments	Group-specific impairments	Outstanding debt after impairments	Impairments in 2008	Refunds in 2008	Expired receivables
Households	4,349,056	2,954	3,000	4,343,102	-	-	17,178
Enterprises	823,579	15,351	4,435	803,793	-	-	5,278
Housing corporations	220,367	196	-	220,171	-	-	104
Non-profit corporations	46,863	-	-	46,863	-	-	
Public corporations	11,724	-	-	11,724	-	-	-
Total	**5,451,590**	**18,501**	**7,435**	**5,425,654**	**0**	**0**	**22,560**

Final credit losses, recognised before 2007, are not included in historical impairment amounts.

During 2007, only individual impairments were recognised.

Expired receivables are receivables that have been unpaid for over 90 days.

Note 3. Group segment-based reporting

Segments

The Retail Banking segment includes Aktia Bank plc's branch office operation, loans arranged by Aktia via Aktia Real Estate Mortgage Bank plc, Aktia Card & Finance and the real estate agencies. Asset Management includes Aktia Bank plc's private bank in Helsinki and the subsidiaries Aktia Fund Management Ltd and Aktia Asset Management Ab. Corporate Banking & Treasury includes Aktia Bank plc's Corporate Banking and Treasury and the subsidiary Aktia Real Estate Mortgage Bank plc , with the exeption of Aktia's own loans arranged via the mortgage bank, and the subsidiary Aktia Corporate Finance. Life Insurance includes the acquired Veritas Life Insurance Group. Miscellaneous includes Aktia plc's real estate business and certain administrative functions that are not allocated to the various business areas. This segment also includes Vasp-Invest Ab.

Allocation principles

Net interest income in the varioius segments, especially in retail banking, includes the margins on volumes of borrowing and lending. Reference interests for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity and balance protection measures for which management has issued authority. The various segments receive, or are charged with, internal interest based on the average surplus or deficit in liquidity during the period. The costs of central support functions are allocated to the segments in accordance with various allocation rules. Aktia is not allocating equity to the various segments. Miscellaneous consists of any items in the income statement and balance sheet that are not allocated to the various segments. Internal Group transactions between legal entities are eliminated and reported within each segment if the legal entities are in the same segment. Internal Group transactions between legal entities in different segments are included in the elimination. The share of profits in associated undertakings and the minority interest's share are included in the elimination.

New segments as of 1 January 2009

The reported segments are:

1. Banking Business
2. Asset Management
3. Life Insurance
4. Non-Life Insurance
5. Miscellaneous

Comparative figures for 2008 concerning the new division into segments will be published before the interim report for 1 January – 31 March 2009.

Group segment-based reporting

Income statement 31.12	Retail Banking		Corp. Banking & Treasury		Asset Management		Life Insurance		Miscellaneous		Eliminations		Total Group	
(EUR 1,000)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income	62,673	61,985	34,525	24,178	1,777	1,728	-	-	5,058	3,579	-3,079	-2,593	100,953	88,877
Dividends	112	15	228	426	119	89	-	-	2,331	3,475	-1,395	-2,464	1,395	1,541
Net commission income	30,615	31,288	-4,800	-3,589	11,053	13,699	-	-	3,292	4,501	874	1,448	41,034	47,346
Income from life insurance business	-	-	-	-	-	-	103,501	189,157	-	-	-61,596	-54,221	41,906	134,936
Net income from financial transactions	0	0	-2,852	552	-624	441	-	-	117	1,834	-	-569	-3,359	2,257
Net income from investment properties	50	10	-	-	-	-	-	-	6,176	551	-216	-81	6,010	480
Other operating income	3,604	1,809	2,546	1,607	142	223	-	-	12,351	5,473	-3,685	-6,046	14,958	3,067
Total operating income	**97,053**	**95,107**	**29,647**	**23,174**	**12,467**	**16,180**	**103,501**	**189,157**	**29,325**	**19,413**	**-69,097**	**-64,526**	**202,897**	**278,504**
Claims paid and change in provisions for insurance business	-	-	-	-	-	-	-75,664	-133,757	-	-	-	19,900	-75,664	-113,857
Staff costs	-30,142	-28,113	-4,523	-4,508	-4,755	-4,863	-7,129	-7,794	-12,855	-12,047	-1,200	-	-60,605	-57,325
Other administrative expenses	-43,272	-37,337	-6,003	-6,101	-3,466	-3,658	-5,833	-6,653	11,282	9,777	8,874	8,471	-38,419	-35,501
Negative goodwill recorded as income	-	-	-	-	-	-	-	-	-	-	-	12,082	-	12,082
Depreciation	-1,642	-1,398	-319	-250	-430	-401	-433	-641	-1,577	-954	-1,280	-1,478	-5,682	-5,121
Other operating expenses	-7,731	-5,077	-1,226	-1,013	-607	-603	-	-	-6,862	-5,852	240	81	-16,186	-12,464
Total operating expenses	**-82,788**	**-71,924**	**-12,071**	**-11,872**	**-9,258**	**-9,525**	**-89,059**	**-148,846**	**-10,012**	**-9,076**	**6,634**	**39,057**	**-196,554**	**-212,186**
Impariment and reversal of impairment on tangible and intangible assets	-	-	-	-	-	-	-	-	1,002	-	-260	-	743	-
Write-downs on credits and other commitments	-708	-231	-	-33	-	-	-	-	-	46	-	-	-708	-218
Share of profit from associated companies	-	-	-	-	-	-	-	191	-	-	230	5	230	195
Operating profit	**13,557**	**22,951**	**17,576**	**11,269**	**3,209**	**6,655**	**14,442**	**40,502**	**20,316**	**10,383**	**-62,493**	**-25,465**	**6,606**	**66,295**
Contribution from insurance business to groups' operating profit							-47,669	5,258						

Balance sheet	Retail Banking		Corp. Banking & Treasury		Asset Management		Life Insurance		Miscellaneous		Eliminations		Total Group	
(EUR 1,000)	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Cash and balances with central banks	9,138	10,054	493,365	218,286	100	69	13,406	6,864	-	-	-9,698	-	506,311	235,273
Financial assets valued through income statement	-	-	4,547	-	-	-	14,946	-	-	-	-	-	19,492	-
Financial assets available for sale	914	878	2,354,039	1,716,199	13,235	13,295	648,601	713,004	36,957	51,024	-16,419	-15,680	3,037,328	2,478,719
Loans and other receivables	3,868,684	3,353,811	1,660,905	1,396,172	17,644	18,223	-	-	86	478	-21,124	-11,674	5,526,194	4,757,011
Investments for unit-linked provisions	-	-	-	-	-	-	148,119	203,134	-	-	-	-	148,119	203,134
Other assets	20,256	16,854	445,926	245,299	7,164	3,645	21,530	58,104	120,398	66,370	-312,646	-111,597	302,629	278,675
Total assets	**3,898,993**	**3,381,597**	**4,958,781**	**3,575,957**	**38,142**	**35,232**	**846,602**	**981,106**	**157,442**	**117,872**	**-359,887**	**-138,951**	**9,540,073**	**7,952,813**
Deposits	2,805,024	2,464,938	2,103,157	1,136,759	130,126	135,886	-	-	1,592	-	-24,622	-7,593	5,015,277	3,729,991
Debt securities issued	-	-	2,134,057	1,994,664	-	-	-	-	-	-	-15,324	-14,185	2,118,733	1,980,478
Provisions for life insurance business	-	-	-	-	-	-	777,176	854,843	-	-	-	-	777,176	854,843
Other liabilities	31,196	25,979	1,143,635	881,566	15,930	6,742	11,143	31,964	227,971	183,334	-117,763	-81,093	1,312,112	1,048,492
Total liabilities	**2,836,220**	**2,490,917**	**5,380,849**	**4,012,989**	**146,056**	**142,628**	**788,319**	**886,806**	**229,562**	**183,334**	**-157,709**	**-102,871**	**9,223,298**	**7,613,804**

Note 4. Businesses acquired

Businesses acquired during the reporting period

Aktia Bank plc acquired AUM operations of Kaupthing 1 December 2008. Transfer of business operations does not include acquisition of shares. At the time of acquisition, immaterial rights were examined and the following items, to be depreciated during the next five years, were identified:

Intangible assets	1 December 2008
IT application concerning portfolio management, quantitative and quality analysis.	700
Customer relations, Finnish institutional investors	800
Acquisition price, paid in cash	**1,500**

Businesses acquired after the reporting period

The merger with Veritas Non-Life Insurance was completed 1 January 2009 in accordance with the merger plan approved

From 1 jJanuary 2009 onwards, non-life insurance business is operated by the 100 % Aktia plc-owned subsidiary Aktia Non-Life Insurance Ltd.

	1 January 2009		
Assets	**Veritas Mutual Non-Life Insurance Company**	**Fair value adjustments**	**Veritas Mutual Non-Life Insurances' acquisition balance sheet**
Cash and bank balances	12,979		12,979
Investments	134,424		134,424
Intangible assets	1,488	1,400	2,888
Tangible assets	793		793
Other assets	14,127		14,127
Total assets	**163,811**	**1,400**	**165,211**
Liabilities			
Provisions for life insurance business	94,031	11,975	106,006
Other liabilities	5,573	700	6,273
Deferred tax liabilities	13,310	-2,932	10,378
Total liabilities	**112,914**	**9,743**	**122,657**
Net assets according to IFRS			**42,554**
Compensation for the merger			40,800
Activated acquisition costs			1,630
Acquisition price			**42,430**
- of which paid in cash			1,630
- of which 6,800,000 shares in Aktia plc at EUR 6 per share have been given as compensation for the merger.			40,800
Difference = negative goodwill			**124**

As compensation for the merger, Aktia plc has issued 6,800,000 new shares in accordance with the approved merger plan. The evaluation of the issued shares was based on trading at the end of the year.

Customer related immaterial rights were examined when constructing the acquisition balance sheet. The client base of Veritas Non-Life Insurance. was 70,000 at the time of acquisition. Estimated value of each client was EUR 20 leading to value of EUR 1,400,000 of immaterial rights. This value will be depreciated duirng the next two years. Other immaterial asset has valued to zero in the acquisition balance.

Current values of technical provisions were adjusted based on assessments at fair value according to IFRS 4.32 and 4.31. After deductions for deferred tax, the equalisation provision included in technical provision was also entered as shareholders' equity according to IFRS rules.

Net assets in the preliminary acquisition balance were higher than the total acquisition price. That led to a preliminary negative goodwill of EUR 124,000 at the time of acquisition which will be recognised in the income statement for the first quarter of 2009.

Notes to the consolidated income statement

(EUR 1,000)

Note 5. Interest income and expenses

Interest income	**2008**	**2007**
Interest income from cash and balances with central banks	9,320	8,065
Interest income from financial assets held for trading	497	306
Interest income from financial assets that can be sold	92,901	54,192
Interest income from claims on credit institutes	6,138	3,661
Interest income from claims on public and public sector entities	273,469	205,138
Interest income från finance lease contracts	516	-
Interest income from loans and other receivables	280,123	208,798
Interest income from investments held until maturity	2,467	2,290
Interest income from hedging instruments	691	-1,526
Other interest income	130	279
Total	**386,129**	**272,404**

Interest expenses		
Interest expenses from deposits, credit institutes	-77,034	-42,304
Interest expenses from deposits, other public entities	-94,174	-64,848
Interest expenses from deposits	-171,208	-107,152
Interest expenses for debt securities issued to the public	-97,100	-66,826
Interest expenses for subordinated liabilities	-8,099	-6,302
Interest expenses from securities issued and subordinated liabilities	-105,199	-73,128
Interest expenses for hedging instruments	-8,811	-2,612
Interest costs for interest-rate derivatives in issued bonds	109	-295
Other interest expenses	-68	-340
Total	**-285,176**	**-183,526**

Net interest income	**100,953**	**88,877**

Note 6. Dividends

	2008	**2007**
Dividend income from shares available for sale	482	1,541
Dividend income from shares held for trading	913	-
Total	**1,395**	**1,541**

Life insurance business' dividends included in Net income from investments, see note 9.

Note 7. Commission income and expenses

Commission income	**2008**	**2007**
Lending	5,381	4,511
Borrowing	126	120
Payment transactions	11,047	10,638
Asset management services	23,970	31,076
Brokerage of insurance	1,734	1,857
Guarantees and other off-balance sheet commitments	633	598
Real estate agency	7,077	7,432
Other commission income	842	950
Total	**50,809**	**57,182**

Commission expenses		
Bank fees paid	-666	-651
Other commission expenses	-9,109	-9,186
Total	**-9,775**	**-9,836**
Net commission income	**41,034**	**47,346**

Note 8. Premium income from the life insurance business

Premium income from insurance agreements	**2008**	**2007**
Insurance agreements	91,325	99,967
Reinsurance agreements	26	58
Total gross income from premiums before the assuming company's share	**91,350**	**100,025**
Assuming company's share	-313	-207
Total income from premiums	**91,037**	**99,817**
Premium income from insurance agreements with a discretionary element		
Saving plans	8,783	12,465
Individual pension insurance	15,907	16,865
Group pension insurance	4,067	3,961
Personal insurance	18,686	18,582
Group life insurance for employers	777	783
Other group life insurance	51	104
Risk insurance	19,514	19,469
Total	**48,271**	**52,761**
Premium income from unit-linked agreements		
Saving plans	32,524	38,364
Individual pension insurance	9,763	8,512
Group pension insurance	479	181
Total	**42,766**	**47,057**
Total income from premiums	**91,037**	**99,817**
On-going and one-off premiums from direct insurance		
On-going premiums	60,435	60,851
One-off premiums	30,602	38,966
Total income from premiums	**91,037**	**99,817**

Note 9. Net income from investments

Insurance business' net income from investments

Net income from financial assets valued at fair value through income statement

Derivative contracts	**2008**	**2007**
Profit and losses	2,387	-364
Total	**2,387**	**-364**

Debt securities		
Interest income	837	0
Profit and losses	-1,198	0
Other income and expenses	-	0
Total	**-361**	**0**
Net income from financial assets available for sale		
Interest income	20,273	16,843
Capital gains and losses	-359	-1,563
Impairments	-4,871	-
Other income and expenses	-212	-431
Debt securities	14,831	14,849
Dividends	4,747	3,552
Capital gains and losses	-39,936	12,485
Impairments	-29,423	-
Other income and expenses	-1,282	-423
Shares and participations	-65,894	15,614
Total	**-51,062**	**30,463**
Net income from investment properties		
Rental income	34	9,986
Direct expenses from investment properties, which generated rental income during the accounting period	-20	-4,779
Total	**14**	**5,206**
Expenses from financial liabilities		
Subordinated liabilities	-109	-186
Total	**-109**	**-186**
Total for the Insurance business' net income from the investment business	**-49,131**	**35,119**
Exchange rate differences included in net income from the investment business	-2,832	-1,427

Note 10. Net income from financial transactions

Net income from securitites and currency trading

Debt securities	**2008**	**2007**
Capital gains and losses	90	83
Total	**90**	**83**
Derivative contracts		
Valuation gains and losses	-178	-
Ineffective share of the cash flow hedging	79	-44
Total	**-100**	**-44**
Other		
Capital gains and losses	3	-5
Total	**3**	**-5**

Total		
Capital gains and losses	93	79
Valuation gains and losses	-178	-
Ineffective share of the cash flow hedging	79	-44
Net income from financial assets and liabilities held for trading and cash flow hedging, net	**-7**	**35**
Net income from currency trading	1,248	1,094
Net income from securitites and currency trading	**1,241**	**1,129**
Net income from financial assets available for sale		
Debt securities		
Capital gains and losses	365	132
Transferred from the fund at fair value	-358	-455
Impairment losses	-1,786	-
Total	**-1,779**	**-323**
Shares and participations		
Capital gains and losses	451	2,119
Transferred from the fund at fair value	398	-434
Impairment losses	-1,014	-
Total	**-165**	**1,685**
Other		
Capital gains and losses	1,038	-112
Impairment losses	-1,796	-
Total	**-758**	**-112**
Total		
Capital gains and losses	1,854	2,139
Transferred from the fund at fair value	40	-889
Impairment losses	-4,596	-
Net income from financial assets available for sale	**-2,702**	**1,250**
Net result from hedge accounting		
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	16,093	-8,762
Financial derivatives hedging issued bonds	16,875	-1,511
Changes in the actual value of the hedge instrument, net	32,968	-10,273
Repayable on demand liabilities	-16,993	8,616
Bonds issued	-17,873	1,536
Changes in the fair value of items that are hedged, net	-34,866	10,152
Total	**-1,898**	**-121**

Inefficiency is reported in the income statement under net result from hedge accounting'.

Net income from financial transactions	**-3,359**	**2,257**

Note 11. Net income from investment properties

	2008	2007
Rental income	1,988	1,618
Capital gains	4,677	248
Reversal if impairment losses	751	-
Other income from investment properties	27	37
Capital losses	-218	-56
Depreciation	-13	-50
Direct expenses from investment properties, which generated rental income during the accounting period	-1,201	-1,317
Net income from investment properties	**6,010**	**480**

Note 12. Other operating income

	2008	2007
Rental income	22	17
Profit from sale of tangible and intangible assets	8,198	214
Other income from the credit institute's own business	4,713	1,861
Other operating income	2,025	974
Total	**14,958**	**3,067**

Note 13. Insurance claims paid

Claims paid from insurance agreements with discretionary element

Saving plans	**2008**	**2007**
Repayment of saving sums	-14,653	-11,312
Payments in the event of death	-3,180	-2,237
Repurchase	-11,705	-5,028
Total	**-29,539**	**-18,577**
Individual pension insurance		
Pensions	-17,350	-14,287
Payments in the event of death	-765	-114
Repurchase	-442	-410
Total	**-18,556**	**-14,810**
Group pension insurance		
Pensions	-2,468	-1,988
Repurchase	-	-40
Other	-27	-22
Total	**-2,495**	**-2,050**
Risk insurance		
Individual insurance	-12,675	-11,981
Group life insurance for employers	-568	-555
Other group life insurance	-47	-33
Total	**-13,290**	**-12,568**
Total claims paid from insurance agreements with discretionary element	**-63,880**	**-48,006**

Claims paid from unit-linked insurances

Saving plans		
Repayment of saving sums	-3,007	-1,890
Payments in the event of death	-4,964	-2,921
Repurchase	-14,565	-11,373
Total	**-22,535**	**-16,184**
Individual pension insurance		
Pensions	-132	-91
Payments in the event of death	-60	-127
Repurchase	-94	-71
Total	**-286**	**-289**
Group pension insurance		
Pensions	-	-
Payments in the event of death	-	-
Repurchase	-	-
Total	**0**	**0**
Total claims paid from unit-linked insurances	**-22,822**	**-16,473**
Total claims paid	**-86,702**	**-64,478**

Note 14. Change in provisions, interest-linked policies

	2008	**2007**
Changes in claims provisions, interest-linked	-5,648	-11,622
Changes in premium provisions, interest-linked	32,372	-8,537
Change in provisions, interest-linked policies	**26,724**	**-20,160**

Note 15. Net change in provisions, unit-linked policies

	2008	**2007**
Changes in claims provisions, unit-linked	275	-576
Changes in premium provisions, unit-linked	50,669	-33,062
Changes in value of unit-linked investments, net	-66,629	4,419
Change in provisions, unit-linked policies	**-15,686**	**-29,219**

Note 16. Staff costs

	2008	**2007**
Salaries and fees	-49,651	-47,635
Pension costs	-8,340	-6,969
Other indirect employee costs	-2,614	-2,720
Indirect emplyee costs	-10,954	-9,690
Total	**-60,605**	**-57,325**

Note 17. Other administration expenses

	2008	2007
Other staff expenses	-4,833	-4,299
Office expenses	-3,675	-3,102
IT-expenses	-16,406	-14,821
Communication expenses	-3,893	-3,396
Representation and marketing expenses	-7,890	-6,961
Other administrative expenses	-1,722	-2,922
Total	**-38,419**	**-35,501**

Note 18. Depreciations of intangible and tangible assets

	2008	2007
Depreciation of tangible assets	-1,910	-2,117
Depreciation of intangible assets	-3,772	-3,004
Total	**-5,682**	**-5,121**

Note 19. Other operating expenses

	2008	2007
Rental expenses	-5,447	-3,560
Expenses for commercial properties	-3,500	-3,528
Insurance- and security expenses	-1,610	-2,027
Monitoring, control and membership fees	-903	-775
Capital losses from commercial properties and other tangible assets	-199	-
Other operating expenses	-4,527	-2,573
Total	**-16,186**	**-12,464**

Note 20. Impairment and reversal of impairment on intangible and tangible assets

	2008	2007
Impairment of tangible and intangible assets	-260	-
Impairment of shares in real estate corporations	-	-
Total iImpairment losses	**-260**	**-**
Reversal of impairments on tangible and intangible assets for previous years	112	-
Reversal of impairment on shares in real estate corporations	890	-
Total reversal of imairment losses	**1,002**	**-**
Total	**743**	**-**

Note 21. Taxes

	2008	2007
Income taxes on the ordinary business	-11,716	-16,273
Income taxes from previous financial years	-124	60
Changes in deferred taxes	11,028	2,763
Total	**-812**	**-13,450**

More information on deferred taxes is presented in note 32. The tax on the Group's profit before tax deviates from the theoretical value that should arise when using the tax rate for the parent company as follows:

Profit before tax	6,606	66,295
Tax calculated on a 26% tax rate	1,718	17,237
Non-deductible expenses	327	261
Tax free income	-1,082	-3,917
Unused write-downs for tax purposes	-602	-178
Tax on the share of the profit from associated undertakings	-60	-51
Income taxes from previous financial years	124	-60
Other	388	158
Income tax	**812**	**13,450**

The only tax that is booked directly against the equity is attributable to the fund at fair value and is specified in note 47.

Note 22. Earnings per share

	2008	2007
Profit for the financial year attributable to shareholders in Aktia plc	5,170	51,951
Average number of A shares	40,116,985	39,762,048
Average number of B shares	20,050,850	20,050,850
Average number of shares	60,167,835	59,812,898
Earning per share	**0.09**	**0.87**
Diluted earning per share	**0.09**	**0.87**

Notes to the consolidated balance sheet and other consolidated notes

Note 23. Cash and balances with central banks

	2008	2007
Cash in hand	9,970	10,866
The Life Insurance business' cash and bank	3,708	6,864
Bank of Finland current account	492,632	217,543
Total	**506,311**	**235,273**

Note 24. Financial assets valuated through income statement

	2008	2007
Financial assets held for trading in banking business	4,547	-
Financial assets valued through income statement in life insurance business	14,946	-
Total	**19,492**	**-**

Note 25. Financial assets available for sale

	2008	2007
Interest bearing securities, central and local goverment	21,717	17,539
Interest bearing securities, credit institutes	2,305,738	1,681,763
Interest bearing securities, other	55,220	27,081
Interest bearing securities, banking business	2,382,675	1,726,383
Interest bearing securities, central and local goverment	211,650	62,897
Interest bearing securities, credit institutes	125,866	165,381
Interest bearing securities, other	88,281	117,574
Interest bearing securities, life insurance business	425,797	345,852

Total interest-bearing securities	2,808,472	2,072,235
Publicly quoted shares and holdings	18,530	51,186
Shares and holdings that are not publicly quotes	3,346	3,231
Shares and holdings, banking business	21,876	54,418
Publicly quoted shares and holdings	151,148	324,856
Shares and holdings that are not publicly quotes	55,832	27,210
Shares and holdings, life insurance business	206,980	352,066
Total shares and holdings	228,856	406,484
Total financial assets available for sale	**3,037,328**	**2,478,719**

Write-downs for financial assets available for sale stod at EUR 39.2 million as a result of significant or long-term negative value changes in shares and share funds and in interest-bearing securities where the issuer has noted an inability to pay. The limit for significant falls varies between 25% and 45%, depending on the volatility of the shares, while a long-term fall is noted if the share price remains continuously below the acquisition value for 18 months. As at 31 December 2008, write-downs were recorded against the value of investments in shares and participations above totalling EUR 30,4 million, of which EUR 29.4 million is attributable to the life insurance company's investments. The write-down amount in the life insurance company is significant, despite a conservative investment policy, portfolio diversification and active hedging. The share weighting was reduced significantly during the autumn, standing at approximately EUR 40 million at year-end.

Write-downs of interest-bearing securities totalled EUR 8.8 million, of which EUR 5.4 million is attributable to claims on, and agreements with, the bankrupt Lehman Brothers.

Nedskrivningar av finansiella tillgångar	**2008**
Interest-bearing securities	
Banking business	3,629
Life insurance business	5,138
Shares and participations	
Banking business	1,014
Life insurance business	29,423
Totalt	**39,203**

Above mentioned write-downs reported in income statement are included in notes 9 and 10.

Note 26. Loans and other receivables

	2008	**2007**
Repayable on demand claims on credit institutes	6,040	5,493
Other claims on credit institutes that are not repayable on demand	94,500	177,772
Lending to credit institutions	100,540	183,265
Transaction account credits, general and corporate	91,147	63,773
Credit bonds	5,304,956	4,501,497
Receivables from finance lease contracts	13,288	-
Loans	5,409,391	4,565,269
Write-downs for loans outstanding by group	-7,435	-11,500
Syndicated loans and sale and repurchase agreements, domestic/foreign	23,523	19,787
Bank guarantee claims	175	190
Lending to the public and public sector entities	5,425,654	4,573,746
Total	**5,526,194**	**4,757,011**

The bank has in the category receivables from the public and public sector entities only receivables other than those repayable on demand.

A sector-by-sector analysis of receivables from the public and public sector entities as well as write-downs and reversed write-downs for these

Households	4,343,102	3,782,563
Companies	803,793	557,959
Housing associations	220,171	185,221
Public associations	11,724	10,026
Non-profit associations	46,863	37,977
Total	**5,425,654**	**4,573,746**

Write-downs during the financial year		
Write-downs at the beginning of the financial year	26,644	26,862
Write-downs at the end of the financial year	-5,230	-779
Individual write-downs of other commitments	-10	-
Reversal of write-downs on credits outstanding by group for previous years	4,065	-
Reversal of write-downs on individual credits for the previous years	391	536
Reversal of write-downs on other individual commitments for the previous years	1	3
Reversal of impairment losses on credits	75	21
Total	**-708**	**-218**
Write-downs at the end of the financial year	**25,935**	**26,644**

There are only write-downs on loans and other receivables.

Description of securities obtained and information on the fair values is commented on in note 2, risk management.

Breakdowm of maturity on finance lease receivables		
Under 1 year	2,323	-
1-5 years	8,327	-
Over 5 years	6,654	-
Gross investment	**17,304**	**-**
Unearned future finance income	-4,016	-
Net investment in finance leases	**13,288**	**-**

Present value of future minimum lease payments receivables		
Under 1 year	1,565	-
1-5 years	5,719	-
Over 5 years	6,005	-
Total	**13,288**	**-**

Note 27. Financial assets held until maturity

	2008	**2007**
Interest bearing securities, states	-	-
Interest bearing securities, other public corporations	-	-
Interest bearing securities, other	35,885	45,840
Total	**35,885**	**45,840**

Note 28. Intangible assets

31 December 2008	Immaterial rights	Other long-term expenditures	Total
Acquisition cost at 1 January	11,128	9,154	20,283
Increases	4,702	2,378	7,080
Decreases	-4,499	-4,511	-9,011
Acquisition cost at 31 December	11,330	7,021	18,352
Accumulated depreciations and impairments at 1 January	-6,289	-6,568	-12,857
Accumulated depreciation on decreases	4,471	4,471	8,942
Planned depreciation	-2,772	-999	-3,772
Impairments	-	-260	-260
Accumulated depreciations and impairments at 31 December	-4,590	-3,356	-7,946
Book value at 31 December	**6,741**	**3,665**	**10,406**

31 December 2007	Immaterial rights	Other long-term expenditures	Total
Acquisition cost at 1 January	4,797	7,782	12,579
Acquisitions	3,733	-	3,733
Increases	2,689	1,617	4,306
Decreases	-90	-245	-336
Acquisition cost at 31 December	11,128	9,154	20,283
Accumulated depreciations and impairments at 1 January	-4,387	-5,504	-9,891
Accumulated depreciation on decreases	34	4	38
Planned depreciation	-1,936	-870	-2,806
Impairments	-	-198	-198
Accumulated depreciations and impairments at 31 December	-6,289	-6,568	-12,857
Book value at 31 December	**4,840**	**2,586**	**7,426**

Note 29. Tangible assets

Investment properties

31 December 2008	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	16,390	42,046	30,375	88,811
Increases	13	-	5,266	5,280
Decreases	-16,278	-42,296	-27,579	-86,153
Acquisition cost at 31 December	125	-250	8,062	7,938
Accumulated depreciations and impairments at 1 January	-32	-4,465	-5,151	-9,648
Accumulated depreciation on decreases	-	4,747	267	5,014
Planned depreciation	-	-13	-	-13
Reversal of impairments	2	19	320	341
Accumulated depreciations and impairments at 31 December	-30	287	-4,564	-4,307
Book value at 31 December	**95**	**37**	**3,498**	**3,631**
Carrying amount at December, 31	**95**	**37**	**3,995**	**4,128**

31 December 2007	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	664	3,439	15,010	19,114
Acquisitions	28,717	69,914	20,380	119,011
Increases	-	139	3,486	3,626
Decreases	-12,991	-31,447	-8,502	-52,940
Acquisition cost at 31 December	16,390	42,046	30,375	88,811
Accumulated depreciations and impairments at 1 January	-32	-2,611	-4,884	-7,527
Accumulated depreciation on decreases	-	368	-	368
Planned depreciation	-	-2,222	-267	-2,489
Accumulated depreciations and impairments at 31 December	-32	-4,465	-5,151	-9,648
Book value at 31 December	**16,358**	**37,581**	**25,224**	**79,163**
Carrying amount at December, 31	**16,479**	**38,064**	**27,315**	**81,858**

Commercial properties

31 December 2008	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	458	3,620	28,680	32,758
Increases	-	-	9,427	9,427
Decreases	-458	-4,199	-35,645	-40,302
Acquisition cost at 31 December	0	-579	2,463	1,883
Accumulated depreciations and impairments at 1 January	-8	-2,717	-3,763	-6,487
Accumulated depreciation on decreases	-	3,204	-	3,204
Planned depreciation	-	-12	-	-12
Reversal of impairments	8	104	1,300	1,412
Accumulated depreciations and impairments at 31 December	0	579	-2,463	-1,883
Book value at 31 December	**0**	**0**	**0**	**0**

31 December 2007	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	458	3,962	25,524	29,944
Acquisitions	-	-	3,221	3,221
Increases	-	3	3,421	3,424
Decreases	-	-345	-3,486	-3,831
Acquisition cost at 31 December	458	3,620	28,680	32,758
Accumulated depreciations and impairments at 1 January	-8	-3,011	-3,763	-6,782
Accumulated depreciation on decreases	-	345	-	345
Planned depreciation	-	-51	-	-51
Accumulated depreciations and impairments at 31 December	-8	-2,717	-3,763	-6,487
Book value at 31 December	**450**	**903**	**24,918**	**26,271**

Other material assets

31 December 2008	Machines and equipment	Insurance business. machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 January	27,797	389	15,650	165,405
Increases	1,682	542	113	17,044
Decreases	-24,546	-44	-12,873	-163,917
Acquisition cost at 31 December	4,933	887	2,890	18,532
Accumulated depreciations and impairments at 1 January	-25,113	-166	-12,807	-54,221
Accumulated depreciation on decreases	24,520	18	12,873	45,628
Planned depreciation	-1,128	-111	-660	-1,924
Reversal of impairments	-	-	-	1,753
Accumulated depreciations and impairments at 31 December	-1,720	-259	-594	-8,763
Book value at 31 December	**3,213**	**628**	**2,296**	**9,769**

31 December 2007	Machines and equipment	Insurance business. machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 January	26,862	-	14,907	90,827
Acquisitions	-	447	32	122,712
Increases	1,424	63	710	9,248
Decreases	-489	-122	-	-57,382
Acquisition cost at 31 December	27,797	389	15,650	165,405
Accumulated depreciations and impairments at 1 January	-24,561	-	-11,980	-50,850
Accumulated depreciation on decreases	477	45	-	1,235
Planned depreciation	-1,029	-211	-827	-4,606
Accumulated depreciations and impairments at 31 December	-25,113	-166	-12,807	-54,221
Book value at 31 December	**2,685**	**223**	**2,843**	**111,184**

Note 30. Investments in associated companies

	2008	2007
Acquisition cost at 1 January	3,764	2,097
Share of profits at 1 January	-208	130
Investments	784	1,667
Share of profit from associated companies	230	5
Dividends obtained during the financial year	-72	-343
Book value at 31 December	**4,497**	**3,556**

Associated companies at 31 December 2008	Assets	Liabilities	Operating profit	Profit for the reporting period
Oy Samlink Ab, Helsingfors	16,957	9,048	1,889	1,205
Unicus Ab, Helsingfors	350	287	-291	-287
ACH Finland Abp, Esbo	2,836	44	-281	-209
Other associated companies	16,374	11,268	-3	-2
Total	**36,517**	**20,647**	**1,314**	**707**

Associated companies at 31 December 2007	Assets	Liabilities	Operating profit	Profit for the reporting period
Oy Samlink Ab, Helsingfors	17,500	10,900	700	400
Unicus Ab, Helsingfors	600	400	-200	-200
Mannerheimvägen 14 Fast Ab, Helsingfors	84,800	24,400	0	0
Kiint. Oy Luna, Helsingfors	5,109	2,091	468	0
Other associated companies	16,400	11,300	0	100
Total	**124,409**	**49,091**	**968**	**300**

Note 31. Other assets total

	2008	2007
Accrued income and advance payments, banking business	66,974	43,989
Accrued expenses and advance payments, life insurance business	12,150	8,203
Accrued income and advance payments	79,124	52,191
Cash items being collected	161	159
Other assets	2,602	11,454
Receivables from direct insurance business	196	344
Receivables from the reinsurance business	65	199
Other receivables	4,164	1,080
Other assets	7,189	13,236
Total	**86,312**	**65,427**

Note 32. Deferred taxes

Deferred tax liabilities/receivables, net	2008	2007
Net deferred tax liabilties/receivables, net at 1 January	40,055	22,347
Acquisitions	-	26,551
Changes during the financial year booked via the income statement	-11,028	-2,763
Financial assets available for sale:		
- Valuation of fair value direct to equity	-20,245	-5,822
- Transferred to the income statement	8,922	-231
Cash flow hedging:		
- Valuation of fair value direct to equity	4,670	-26
Net deferred tax liabilties/receivables,net at 31 December	22,373	40,055

Deferred tax liabilities		
Appropriations	33,602	29,986
Financial assets available for sale	7	11,310
Cash flow hedging	3,785	-
Group-specific write-downs	572	-2,990
Properties acquired in the life insurance business	-	4,645
The life insurance business' reversed write-downs in IFRS	-	1,384
The life insurance business' equalisation liability	-	1,552
Other	4	26
Total	**37,970**	**45,911**

Deferred tax receivables		
Impairment of investment properties	126	583
Financial assets available for sale	12,007	4,614
Cash flow hedging	0	366
Group-specific write-downs	2,505	-
Negative years result	466	-
Other	493	294
Total	**15,597**	**5,857**

Specification of changes during the financial year booked via the income statement		
Appropriations	-3,900	-3,386
Impairment of investment properties	-457	-2
Impairment of financial assets	7,913	-
Realisation of financial assets	7,393	5,981
Cash flow hedging	519	43
Group-specific write-downs	-1,057	-
Negative years result	466	-
The life insurance business' equalisation liability	-70	-56
Other	220	183
Total	**11,028**	**2,763**

Note 33. Assets and liabilities classified as held for sale

	2008	**2007**
Buildings	679	-
Other tangible assets	35	-
Receivables and cash and bank balances	48	-
Assets classified as held for sale	**761**	**-**
Liabilities to credit institutions	194	-
Other liabilities	10	-
Liabilities for assets classified as held for sale	**204**	**-**

Note 34. Breakdown of maturity of financial assets by balance sheet item

31 December 2008	**under 3 months**	**3–12 months**	**1–5 years**
Cash and balances with central banks	506,311	-	-
Financial assets valued through income statement	4,535	2,618	7,846
Financial assets available for sale	301,282	466,484	1,600,839
Loans and other receivables	449,895	347,029	1,341,342
Financial assets held until maturity	-	8,004	11,168
Total	**1,262,022**	**824,134**	**2,961,195**

31 December 2008	**5–10 years**	**over 10 years**	**Total**
Cash and balances with central banks	-	-	506,311
Financial assets valued through income statement	4,494	-	19,492
Financial assets available for sale	358,965	309,758	3,037,328
Loans and other receivables	1,159,316	2,228,612	5,526,194
Financial assets held until maturity	16,712	-	35,885
Total	**1,539,487**	**2,538,370**	**9,125,210**

31 December 2007	under 3 months	3–12 months	1–5 years
Cash and balances with central banks	235,273	-	-
Financial assets available for sale	257,283	321,218	963,177
Loans and other receivables	363,806	353,284	1,152,332
Financial assets held until maturity	-	9,953	21,499
Total	**621,090**	**684,455**	**2,137,009**

31 December 2007	5–10 years	over 10 years	Total
Cash and balances with central banks	-	-	235,273
Financial assets available for sale	475,283	461,757	2,478,719
Loans and other receivables	966,878	1,920,711	4,757,011
Financial assets held until maturity	14,388	-	45,840
Total	**1,456,549**	**2,382,468**	**7,281,571**

Note 35. The financial assets fair value

	2008		2007	
	Book value	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	506,311	506,311	235,273	235,273
Financial assets valued through income statement	19,492	19,492	-	-
Financial assets available for sale	3,037,328	3,037,328	2,478,719	2,478,719
Loans and other receivables	5,526,194	5,557,376	4,757,011	4,747,269
Financial assets held until maturity	35,885	32,800	45,840	45,245
Derivative instruments	137,014	137,014	35,648	35,648
Total	**9,262,224**	**9,290,322**	**7,552,492**	**7,542,155**

In the table, the fair value and the book value, of the financial assets and liabilities, are presented by balance sheet item.
Information is also provided for such financial assets and liabilities that are entered as fair values.
The principles for calculating the fair value are described in the accounting principles.

The fair values on investment assets are determined by the market price quoted on the active market. If the quoted market prices are not available, the value is determined with the help of the discounted cash flow. The interest rate curve on the market gives the discount rate. Capital funds are valued at the acquisition value in the case where there is no objective evidence for writing down.

Fair values for financial derivatives are based on quoted market prices on the active market.

Fair values for loans and other equivalent financial instruments, which are not prioritesed on the active market, are determined according to the discounted cash flow based on market quotations. The credit risk is also considered in the discounting factor.

The value entered is used as the fair value for disposable receivables and liabilities as well as short-term receivables and liabilities (less than twelve months to the next rate adjustment).

The fair values are clean values without accrued interest.

Note 36. Deposits

	2008	2007
Repayable on demand deposits	1,122,584	139,382
Other than repayable on demand from credit institutes	794,358	789,231
Liabilities to credit institutions	1,916,941	928,614
Repayable on demand deposits	1,729,767	1,671,950
Other than repayable on demand deposits	1,368,569	1,129,428
Liabilities to the public and public sector entities	3,098,336	2,801,378
Total	**5,015,277**	**3,729,991**

Note 37. Debt securities issued

	2008		2007	
	Book value	**Nominal value**	**Book value**	**Nominal value**
Certificates of deposit	262,239	264,960	380,583	386,600
Bonds	1,856,494	1,861,599	1,599,896	1,606,008
Total	**2,118,733**	**2,126,559**	**1,980,478**	**1,992,608**

	under 3 months	3–12 months	1–5 years
Certificates of deposit with fixed interest	171,130	93,830	-
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed rate	-	250,000	500,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable rate	-	-	500,000
Total	**171,130**	**343,830**	**1,000,000**

	5–10 years	over 10 years	Total
Certificates of deposit with fixed interest	-	-	264,960
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed rate	-	-	750,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable rate	250,000	-	750,000
Total	**250,000**	**0**	**1,764,960**

Other bonds are included in the same program as the subordinated liabilities, see note 38.

Note 38. Subordinated liabilities

	2008	2007
Capital loans	2,143	2,168
Debenture loans	199,708	188,469
Loans without due date	45,000	-
Total	**246,851**	**190,637**
Nominal value	246,783	191,118
Amount included in upper Tier 2 capital	45,000	-
Amount included in lower Tier 2 capital	163,029	165,197

The bank has a bonds program that is updated and approved by the Board yearly. Currently, the program's size is EUR 500 million. In this program, other bonds (included in note 37) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

The insurance business in 2002 took an aggregated capital loan amounting to EUR 13,300,000. The capital loan has been reduced by EUR 9.1 million in 2005 and by EUR 2.1 million 2007. The remaining sum of the capital loan amounts to EUR 2.1 million at the end of 2008. The lender for the remaining sum is the Eschnerska Frilasarettet foundation. The company has given notice on the capital loan as of 30th September 2006. The term of notice is 5 years.

In 2008, the Group issued a perpetual loan (Upper Tier 2).

No individual debenture loan exceeds 10 % of all the subordinated liabilities.

Note 39. Other liabilities to credit institutes

	2008	2007
Other liabilities to deposit banks	88,615	54,000
Other liabilities to credit institutions	413,522	375,124
Total	**502,138**	**429,124**

Other liabilities to deposit banks include liabilities of EUR 25 million (35) to Swedish Export Credit with variable interest rate and EUR 25 million (19) to the European Investment Bank (EUR 19 million) with fixed interest rate.

Other liabilities to credit institutions are attributable to repurchase agreements and to three different long-term loans amounting to a total of EUR 60 million from the Nordic Investment Bank in 2008.

Note 40. Other liabilities to the public and public sector entities

	2008	2007
Other liabilities payable on demand	245	249
Liabilities other than those repayable on demand	262,516	140,405
Total	**262,761**	**140,653**

Note 41. Technical provisions

Insurance agreements

Provisions for interest-related insurances	**2008**	**2007**
Provision at 1 January	654,316	634,156
Income from premiums	48,271	52,968
Insurance claims paid	-63,880	-48,041
Transfer of savings from/to unit-linked insurance	1,651	-436
Compensated interest for savings	17,523	18,666
Customer compensation for savings	1,005	4,593
Interest reductions and provision for customer compensation	20,948	4,848
Burdens	-9,795	-9,787
Other items	-551	-2,652
Provision at 31 December	**627,592**	**654,316**

Provisions for unit-linked insurances		
Provision at 1 January	200,527	166,889
Income from premiums	42,766	47,057
Insurance claims paid	-22,822	-16,473
Transfer of savings from/to interest-linked insurances	-1,651	436
Burdens	-2,627	-2,696
Value increases and other items	-66,609	5,315
Provision at 31 December	**149,583**	**200,527**

Changes in provisions by the various insurance branches

31 December 2008

Provisions for interest-related insurances	1 January 2008	Premium income	Claims	Total expense loading
Saving plans	169,608	8,783	-29,539	-1,212
Individual pension insurance	386,396	15,907	-18,556	-1,751
Group pension insurance	50,455	4,067	-2,495	-345
Risk insurance	47,858	19,514	-13,290	-6,487
Total	**654,316**	**48,271**	**-63,880**	**-9,795**

31 December 2008	Guaranteed calculation interest	Customer compensation	Other	31 December 2008
Saving plans	4,500	65	1,307	153,512
Individual pension insurance	-3,975	-	2,080	380,101
Group pension insurance	-4,960	-	448	47,169
Risk insurance	1,771	180	-2,735	46,810
Total	**-2,665**	**245**	**1,100**	**627,592**

Average calculation interest	
Saving plans	3.1%
Individual pension insurance	3.2%
Group pension insurance	3.4%
Risk insurance	3.3%
Total	**3.2%**

Provisions for unit-linked insurances	1 January 2008	Premium income	Claims
Saving plans	144,922	32,524	-22,535
Individual pension insurance	55,241	9,763	-286
Group pension insurance	363	479	-
Total	**200,527**	**42,766**	**-22,822**

Provisions for unit-linked insurances	Total expense loading	Other	31 December 2008
Saving plans	-1,684	-42,126	111,101
Individual pension insurance	-917	-25,748	38,052
Group pension insurance	-28	-384	430
Total	**-2,629**	**-68,258**	**149,583**

	1 January 2008	Years change	31 December 2008
Provisions for interest-related insurances	654,316	-26,724	627,592
Provisions for unit-linked insurances	200,527	-50,943	149,583
Total	**854,843**	**-77,667**	**777,176**

31 December 2007

Provisions for interest-related insurances	1 January 2008	Premium income	Claims	Total expense loading
Saving plans	171,195	12,454	-18,255	-1,429
Individual pension insurance	348,422	17,197	-15,074	-1,861
Group pension insurance	47,577	3,961	-2,050	-316
Risk insurance	47,063	19,148	-12,700	-6,180
Total	**614,256**	**52,761**	**-48,078**	**-9,787**

Provisions for interest-related insurances	Guaranteed calculation interest	Customer compensation	Other	31 December 2007
Saving plans	4,995	2,029	-1,381	169,608
Individual pension insurance	31,220	5,384	1,107	386,396
Group pension insurance	881	1,572	-1,170	50,455
Risk insurance	1,818	108	-1,400	47,858
Total	**38,914**	**9,093**	**-2,844**	**654,316**

Average calculation interest	
Saving plans	3.0 %
Individual pension insurance	3.4 %
Group pension insurance	2.8 %
Risk insurance	2.6 %
Total	**2.9 %**

Provisions for unit-linked insurances	1 January 2008	Premium income	Claims
Saving plans	120,231	38,364	-16,165
Individual pension insurance	46,526	8,512	-308
Group pension insurance	132	181	0
Total	**166,889**	**47,057**	**-16,473**

Provisions for unit-linked insurances	Total expense loading	Other	31 December 2007
Saving plans	-1,803	4,296	144,922
Individual pension insurance	-880	1,390	55,241
Group pension insurance	-14	65	363
Total	**-2,696**	**5,751**	**200,527**

	1 January 2008	Years change	31 December 2008
Provisions for interest-related insurances	634,156	20,160	654,316
Provisions for unit-linked insurances	166,889	33,638	200,527
Total	**801,045**	**53,798**	**854,843**

Note 42. Provisions

	2008	2007
Provisions at 1 January	259	826
Provisions entered through the income statement	1,153	-
Provisions used during the year	-475	-567
Provisions at 31 December	**936**	**259**

The abovementioned provisions, personnel expenses, are attributable to agreements made 2008. The estimated costs run until June 2010, when they are finally eliminated.

Note 43. Other liabilities total

	2008	2007
Interest liabilities on deposits	18,395	13,070
Other accured interest expenses and interest income received in advance	48,271	33,313
Advance interest received	30	1,125
Accured interest expenses and interest income received in advance	66,696	47,509
Other accured expenses and income received in advance	14,484	19,697
Accrued expenses and income received in advance	**81,179**	**67,205**
Cash items in the process of collection	79,855	85,350
Other liabilities, banking business	5,187	40,839
Other liablilities, life insurance business	2,755	4,731
Other liabilities	**87,797**	**130,920**
Total other liabilities	**168,977**	**198,125**

Note 44. Breakdown by maturity of liabilities by balance sheet item

31 December 2008	**under 3 months**	**3–12 months**	**1–5 years**
Deposits	4,176,694	831,914	6,669
Debt securities issued	205,467	358,958	1,251,795
Subordinated liabilities	17,244	7,417	212,190
Other liabilities to credit institutes	362,138	-	94,500
Other liabilities to the public and public sector entities	206,945	49,540	-
Total	**4,968,487**	**1,247,830**	**1,565,155**

31 December 2008	**5–10 years**	**over 10 years**	**Total**
Deposits	-	-	5,015,277
Debt securities issued	302,512	-	2,118,733
Subordinated liabilities	10,000	-	246,851
Other liabilities to credit institutes	45,500	-	502,138
Other liabilities to the public and public sector entities	-	6,276	262,761
Total	**358,012**	**6,276**	**8,145,760**

31 December 2007	**under 3 months**	**3–12 months**	**1–5 years**
Deposits	3,265,053	454,762	10,176
Debt securities issued	181,490	208,601	1,044,003
Subordinated liabilities	8,951	45,883	132,459
Other liabilities to credit institutes	345,124	15,000	69,000
Other liabilities to the public and public sector entities	107,884	25,400	-
Total	**3,908,502**	**749,646**	**1,255,638**

31 December 2007	**5–10 years**	**over 10 years**	**Total**
Deposits	-	-	3,729,991
Debt securities issued	546,384	-	1,980,478
Subordinated liabilities	3,344	-	190,637
Other liabilities to credit institutes	-	-	429,124
Other liabilities to the public and public sector entities	-	7,370	140,653
Total	**549,728**	**7,370**	**6,470,884**

Note 45. Financial liabilities fair value

	2008		2007	
	Book value	**Fair value**	**Book value**	**Fair value**
Deposits	5,015,277	5,015,410	3,729,991	3,729,747
Debt securities issued	2,118,733	2,118,733	1,980,478	1,980,478
Subordinated liabilities	246,851	254,800	190,637	189,189
Other liabilities to credit institutes	502,138	504,603	429,124	429,218
Other liabilities to the public and public sector entities	262,761	262,761	140,653	140,653
Derivative instruments	84,725	84,725	35,181	35,181
Total	**8,230,485**	**8,241,032**	**6,506,065**	**6,504,467**

For definition of fair value, see note 35

Note 46. Share capital and unrestricted equity reserve

	Number of shares	**Share capital**	**Unrestricted equity reserve**	**Total**
1 January 2007	55,348,900	70,596	0	70,596
Directed issue to Veritas Pension Insurance Company 17 January 2007	3,000,000	6,000	33,000	39,000
at EUR 13 per share				
Warrant issue 6 - 23 February 2007, subscription price EUR 9 per share	1,764,865	3,530	12,354	15,884
Other directed issues (29 March 207 and 24 May 2007) EUR 13 per share	39,021	78	429	507
Issue expenses			-530	-530
31 December 2007	**60,152,786**	**80,204**	**45,254**	**125,458**
Directed issue to the bank's highest operational management 30 April 2008 at EUR 8.67 per share	22,482	45	150	195
31 December 2008	**60,175,268**	**80,249**	**45,404**	**125,653**

The legal reserve contains components transferred from the unrestricted equity in accordance with the company statutes or decisions of the Annual General Meeting. There have not been any changes in the legal reserve during the financial years 2007 and 2008.

At the end of the reporting period, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR 80,248,836 divided into 40,124,418 A shares and 20,050,850 R shares. The number of shareholders at the end of the financial period was 659. The Annual General Meeting's decision on changes in Aktia Savings Bank plc's Articles of Association and the creation of a new share series, series R, were registered in the Trade Register on 7 April 2008. The issue of R shares was carried out as a payment-free issue aimed at the bank's shareholders at the time. The issue contained a maximum of 20,050,968 R shares so that one new R share was received for every two old shares (series A). Every R share entitles the holder to 20 votes. The issue was carried out without increasing the bank's share capital.

Aktia's Board of Directors decided on 30 April 2008, supported by the authorisation given by the AGM on 21 December 2006 regarding the establishment of share-based incentives for the Group's key personnel, on a directed share issue to named persons in the senior executive management. As a result of the issue, 22,482 new shares were issued at a subscription price of EUR 8.67 per share.

The number of shares at the end of the period was 60,175,268 (60,152,786 at 30 December 2007).

Note 47. Fund at fair value

	2008	2007
Fund at fair value at 1 January	-17,965	-1,697
Profit/loss on the evaluation of the fair value, shares and holdings	-49,896	5,788
Profit/loss on the evaluation of the fair value, interest bearing securities	-27,431	-27,146
Deferred taxes on profit/loss on the evaluation of the fair value	20,245	5,822
Transferred to the income statement, shares and participations, included in:		
Net income from financial assets available for sale	33,160	-434
Deferred taxes	-8,622	113
Transferred to the income statement, interest-bearing securities, included in:		
Net income from financial assets available for sale	1,154	-455
Deferred taxes	-300	118
Profit/loss on the evaluation of the fair value for cash flow hedging derivative contracts	18,339	-265
Deferred taxes on profit/loss on the evaluation of the fair value	-4,768	69
Transferred to the income statement, cash flow hedging derivative contracts, included in:		
Net income from securities and currency trading	-379	165
Deferred taxes	98	-43
Fund at fair value at 31 December	-36,365	-17,965

The fund at fair value contains changes in fair value after tax on the financial assets available for sale and on financial derivatives that are held for cash flow hedging.

Note 48. Distributable assets

Non-distributable assets in unrestricted equity	**2008**	**2007**
Share of the accumulated appropriations that have been included in the retained earnings at 1 January	84,538	75,706
Share of accumulated appropriations that have been included in the profit for the financial year	-	8,832
Total	**84,538**	**84,538**
Distributable assets in unrestricted equity		
Retained earnings 1 January	122,507	94,213
Dividends to shareholders	-20,051	-14,825
Other changes in retained earnings	-26	-
Profit for the reporting period attributable to shareholders in Aktia plc	5,170	43,119
Unrestricted equity reserve	45,404	45,254
Total	**153,004**	**167,761**
Total unrestricted equity		
Retained earnings 1 January	207,045	169,919
Dividends to shareholders	-20,051	-14,825
Other changes in retained earnings	-26	-
Profit for the reporting period attributable to shareholders in Aktia plc	5,170	51,951
Unrestricted equity reserve	45,404	45,254
Total	**237,541**	**252,298**

Note 49. Dividend to shareholders

The Board's proposal for the dividend for the year 2008, to the Annual General Meeting, on 30 March 2009, is EUR 0,15 per share or EUR 10,046,290.20. The dividend to shareholders is entered in 2009 against the equity, as a reduction in the retained earnings.

Note 50. Derivative instruments

Derivative instruments, book value

	2008 Assets	2008 Liabilities	2007 Assets	2007 Liabilities
Interest rate derivatives	38,135	11,762	6,484	6,195
Fair value hedging	38,135	11,762	6,484	6,195
Interest rate derivatives	25,406	1,186	777	2,061
Cash flow hedging	25,406	1,186	777	2,061
Interest rate derivatives	66,985	65,599	19,436	17,936
Currency derivatives	4,072	4,607	217	255
Shares derivatives	1,772	927	7,718	7,718
Other derivatives	644	644	1,016	1,016
Other derivative instruments	73,473	71,777	28,387	26,925
Total	**137,014**	**84,725**	**35,648**	**35,181**

From cash flow hedging, a cash flow of approx. EUR 5-6 million is expected 2009, approx. EUR 6-7 million 2010 and the rest in the years years 2011-2014.

The nominal value of the underlying property and the fair value of the derivative instrument

31 December 2008

Hedging derivative instruments

	Nominal values/term remaining				Fair value	
	Under 1 year	**1–5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
Fair value hedging						
Interest rate swaps	470,000	899,500	219,000	1,588,500	38,135	-11,762
Total	**470,000**	**899,500**	**219,000**	**1,588,500**	**38,135**	**-11,762**
Cash flow hedging						
Interest rate option agreements	-	170,000	790,000	960,000	25,406	-1,186
Purchased	-	170,000	550,000	720,000	25,406	-
Written	-	-	240,000	240,000	-	-1,186
Total	**0**	**170,000**	**790,000**	**960,000**	**25,406**	**-1,186**
Total interest rate derivatives	**470,000**	**1,069,500**	**1,009,000**	**2,548,500**	**63,541**	**-12,948**
Total hedging derivative instruments	**470,000**	**1,069,500**	**1,009,000**	**2,548,500**	**63,541**	**-12,948**

Other derivative instruments

Interest rate swaps	336,000	1,679,400	255,300	2,270,700	37,719	-36,859
Interest rate option agreements	9,200	2,715,000	1,667,342	4,391,542	29,266	-28,740
Purchased	4,600	1,357,500	953,671	2,315,771	24,993	-4,273
Written	4,600	1,357,500	713,671	2,075,771	4,273	-24,467
Total interest rate derivatives	**345,200**	**4,394,400**	**1,922,642**	**6,662,242**	**66,985**	**-65,599**
Forward rate agreements	255,932	-	-	255,932	4,072	-4,607
Total forward rate agreements	**255,932**	**0**	**0**	**255,932**	**4,072**	**-4,607**
Equity options	92,678	52,804	47,300	192,782	1,772	-927
Purchased	75,089	26,402	23,650	125,141	1,772	-
Written	17,589	26,402	23,650	67,641	-	-927
Total equity options	**92,678**	**52,804**	**47,300**	**192,782**	**1,772**	**-927**
Options	-	8,608	-	8,608	644	-644
Purchased	-	4304	-	4,304	644	-
Written	-	4304	-	4,304	-	-644
Other derivative instruments	**0**	**8,608**	**0**	**8,608**	**644**	**-644**
Total other derivative instruments	**693,810**	**4,455,812**	**1,969,942**	**7,119,564**	**73,473**	**-71,777**
Total derivative instruments	**1,163,810**	**5,525,312**	**2,978,942**	**9,668,064**	**137,014**	**-84,725**

31 December 2007

Hedging derivative instruments

	Nominal value/term remaining				Fair value	
	Under 1 year	**1–5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
Fair value hedging						
Interest rate swaps	50,000	1,307,000	79,000	1,436,000	6,484	-6,195
Total	**50,000**	**1,307,000**	**79,000**	**1,436,000**	**6,484**	**-6,195**
Cash Flow hedging						
Interest forward rate agreements	400,000	-	-	400,000	379	-
Interest rate option agreements	1,000,000	-	480,000	1,480,000	398	-2,061
Purchased	500,000	-	240,000	740,000	398	-
Written	500,000	-	240,000	740,000	-	-2,061
	1,400,000	**0**	**480,000**	**1,880,000**	**777**	**-2,061**
Total interest rate derivatives	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**
Total hedging derivative instruments	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**

Total other derivative instruments

Interest forward rate agreements	10,000	-	-	10,000	85	-84
Interest rate swaps	-	1,675,400	305,300	1,980,700	16,297	-15,360
Interest rate option agreements	-	2,674,200	1,547,548	4,221,748	3,054	-2,492
Purchased	-	1,337,100	893,774	2,230,874	3,054	-
Written	-	1,337,100	653,774	1,990,874	-	-2,492
Total interest rate derivatives	**10,000**	**4,349,600**	**1,852,848**	**6,212,448**	**19,436**	**-17,936**
Forward rate agreements	136,778	-	-	136,778	217	-255
Total forward rate agreements	**136,778**	**0**	**0**	**136,778**	**217**	**-255**
Equity options	50,294	65,472	47,900	163,666	7,718	-7,718
Purchased	25,147	32,736	23,950	81,833	7,718	-
Written	25,147	32,736	23,950	81,833	-	-7,718
Total equity options	**50,294**	**65,472**	**47,900**	**163,666**	**7,718**	**-7,718**
Options	-	8,608	-	8,608	1,016	-1,016
Purchased	-	4304	-	4,304	1016	-
Written	-	4304	-	4,304	-	-1016
Other derivative instruments	**0**	**8,608**	**0**	**8,608**	**1,016**	**-1,016**
Total other derivative instruments	**197,072**	**4,423,680**	**1,900,748**	**6,521,500**	**28,387**	**-26,925**
Total derivative instruments	**1,647,072**	**5,730,680**	**2,459,748**	**9,837,500**	**35,648**	**-35,181**

Note 51. Collateral assets and liabilities

Collateral assets

For the bank 31 December 2008	**Type of security**	**The nominal value of the liability**	**The value of the security**
Liabilities to credit institutions	Bonds	1,058,409	1,056,254
Collateral provided in connection with repurchasing agreements	Bonds	362,138	362,138
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	8,500	8,500
Total		**1,429,047**	**1,426,892**

For the bank 31 December 2007			
Liabilities to credit institutions	Bonds	79,826	79,850
Collateral provided in connection with repurchasing agreements	Bonds	345,124	345,124
Total		**424,950**	**424,973**

Collateral held by the bank as security for liabilities that have been received by companies in the same Group

As of 31 December 2008	-	-	-
As of 31 December 2007	-	-	-

For other liabilities

The bank has not provided collateral for other parties.

Liabilities to credit instututes include collateral with the Bank of Finland and the European Investment Bank. For repurchase agreements, the standardised GMRA (Global Master Repurchase Agreement) conditions apply.

Collateral liabilities

For the bank 31 December 2008	Type of security	The nominal value of the liability	The value of the security
Liabilities to credit institutions	Bonds	93,250	93,250

Note 52. Breakdown of off-balance sheet commitments

	2008	2007
Guarantees	54,843	57,232
Other commitments provided to a third party on behalf of a customer	7,450	27,060
Unused credit arrangements	454,489	418,254
Other irrevocable commitments	12,050	127,064
On behalf of a subsidiary	-	-
Total	**528,833**	**629,610**

Off-balance sheet commitments, exclude rental commitments.

Credit equivalents for derivatives are not included in off-balance sheet commitments as of 31 December 2008 as their market value is entered in the balance.

31 December 2008	under 3 months	3–12 months	1–5 years
Guarantees	9,398	12,308	13,821
Other commitments provided to a third party on behalf of a customer	121	67	3,630
Unused credit arrangements	156,896	272,025	22,851
Other irrevocable commitments	-	10	583
Total	**166,414**	**284,410**	**40,885**

31 December 2008	5–10 years	over 10 years	Total
Guarantees	17,184	2,133	54,843
Other commitments provided to a third party on behalf of a customer	3,632	-	7,450
Unused credit arrangements	2	2,716	454,489
Other irrevocable commitments	11,457	-	12,050
Total	**32,275**	**4,849**	**528,833**

31 December 2007	under 3 months	3–12 months	1–5 years
Guarantees	5,919	9,176	21,048
Other commitments provided to a third party on behalf of a customer	2,799	4,339	9,952
Unused credit arrangements	178,215	213,607	20,445
Other irrevocable commitments	4,004	5,982	52,820
Total	**190,937**	**233,104**	**104,264**

31 December 2007	5–10 years	over 10 years	Total
Guarantees	19,482	1,606	57,232
Other commitments provided to a third party on behalf of a customer	9,211	759	27,060
Unused credit arrangements	2	5,985	418,254
Other irrevocable commitments	47,656	16,601	127,064
Total	**76,352**	**24,952**	**629,610**

Note 53. Rent commitments

	2008	2007
Less than 1 year	7,910	2,030
1–5 years	27,511	4,901
More than 5 years	24,847	2,581
Total	**60,268**	**9,513**

Included in rental commitments are such fixed term hire agreements that cannot be broken without the landlord's consent or without paying a significant additional fee. Internal rental commitments are not considered. The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. In the main, these agreements are in effect until further notice.

Note 54. Number of employees 31 december

	2008	2007
Full-time	1,027	966
Part-time	99	90
Temporary	126	100
Total	**1,252**	**1,156**

Number of employees converted to full-time equivalents	1,052	983
Full-time equivalent average number of employees	1,009	940

Note 55. Close relations

The Group's key personnel

Close relations include key persons in management positions and close family members and companies that are under the dominating influence of a key person in management position. The Group's key persons refer to Aktia plc's Board of Supervisors and Board of Directors and the Group's executive management, MDand deputy MD.

Key Management personnel compensation	2008	2007
Short-term employee benefits 1)	1,152	1,221
- of which other long-term benefits 2)	125	125
- of which share-based payments 2)	176	149
Post-employment benefits 3)	384	-

1) Includes salaries and merit pay including staff-related costs during the financial year.

2) Payments in accordance with the long-term incentive programme for executive management during the financial year. As an incentive, the Board of Directors has authorisation to issue a maximum of 938.498 shares. No option rights have been issued.

3) Includes contributions of basic insurance coverage (ArPL) and voluntary pension plans reported during the financial year.

Salaries and fees as well as pension commitments arising or made	2008	2007
Members of the Board of Supervisors and their alternates	189	195
Board Members:		
Kaj-Gustaf Bergh, Chairman of the Board	40	36
Dag Wallgren, Vice Chairman	25	22
Hans Frantz	21	19
Lars-Olof Hammarén	21	19
Lars-Erik Kvist	21	19
Kjell Sundström	21	-
Marina Vahtola	21	18
Nina Wilkman	20	19
Managing Director and Deputy Managing Director		
Mikael Ingberg, Managing Director until 3.4.2008	124	391
Jussi Laitinen, Managing Director from 4.4.2008	185	-
Jarl Sved, Deputy Managing Director	251	254

The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the management group the notice of dismissal is from 12 to 18 months. Members of the management group can retire from and when they reach 60 years of age.

Business transactions with teh Group's key personnel

	1.1.2008	Increase / decrease	31.12.2008
Credits and guarantees to close relations	2,898	2,062	4,959
Deposits from close relations	5,755	1,201	6,956

	1.1.2007	Increase / decrease	31.12.2007
Credits and guarantees to close relations	2,060	837	2,898
Deposits from close relations	2,757	2,998	5,755

Lending to close relations is on the normal cus tomer conditions, with the normal evaluation of the debtor risk and with the same security requirement and with the same requirement on return as applies to the bank's customers in general.

At the end of 2008, the Group's key personnel held a total of 1,958,617 shares, if which 958,617 were series A shares and 978,122 series R shares in Aktia plc. This represents 4.9 % of the total number of shares and 4.9 % of votes.

Companies included in consolidated accounts (ownership over 50 %)

	2008 Percentage of all shares	**2008 Book value**	**2007 Percentage of all shares**	**2007 Book value**
Financing				
Aktia Bank Plc, Helsinki	100.0	207,558		
Aktia Real Estate Mortgage Bank Plc, Helsinki	53.7	25,080	55.9	23,836
Aktia Kort & Finans Ab, Helsingfors	82.0	26	82.0	26
Aktia Företagsfinans Ab, Helsingfors	80.0	240	80.0	160
Hsb-Finans Ab (dormant), Helsingfors	100.0	589	100.0	589
The investment funds				
Aktia Fund Management Ltd, Helsinki	100.0	2,507	100.0	2,507
Aktia Fund Management S A (dormant), Luxemburg			100.0	111
Securities companies				
Aktia Asset Management Ltd, Helsinki	81.0	347	81.0	347
Real estate agency operations				
Aktia Fastighetsförmedling Helsingfors-Esbo Ab, Helsingfors	80.0	80	80.0	80
Aktia Fastighetsförmedling ISKL Ab, Kyrkslätt	90.0	72	90.0	72
Aktia Fastighetsförmedling Jakobstad Ab, Jakobstad	80.0	80	100.0	100
Aktia Fastighetsförmedling Karlebynejden Ab, Karleby	100.0	100	100.0	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab, Vanda	100.0	80	100.0	80
Aktia Fastighetsförmedling Pargas-Åboland Ab, Pargas (merged)			88.6	62
Aktia Fastighetsförmedling Raseborg Ab, Ekenäs	100.0	73	100.0	73
Aktia Fastighetsförmedling Sibbo Ab, Helsingfors	60.0	71	60.0	61
Aktia Fastighetsförmedling Tammerfors Ab, Tammerfors	87.3	227	67.0	67
Aktia Fastighetsförmedling Vasa Ab, Vasa	80.0	517	60.0	313
Aktia Fastighetsförmedling Uleåborg Ab, Uleåborg	90.6	290	100.0	100
Aktia Fastighetsförmedling Åbo Ab, Åbo	90.0	119	90.0	119
Aktia Fastighetsförmedling Östra Nyland Ab, Borgå	80.0	80	80.0	80
Magnus Nyman AFM Ab, Kimito	51.0	155	51.0	125
Insurance companies				
Life Insurance Company Veritas, Turku	100.0	58,286	100.0	97,301
Bostads Ab Esbo Sädesärla, Esbo			100.0	1,072
Bostads Ab Vanda Smyckeparken, Vanda			100.0	3,190
Bostads Ab Vanda Veketåksvägen 3, Vanda			100.0	1,335
Fast Ab Ridalsvägen 3, Vihtis			100.0	3,495
Kiint Oy Jauhokilo Ab, Esbo			100.0	10,099
Kiint Oy Tamteva, Tammerfors			100.0	10,867
Virastotalo Brahe, Brahestad			100.0	8,001
Others				
Robur Invest Ab (dormant), Helsinfors	100.0	8	100.0	8
Vasp-Invest Ab, Helsingfors	100.0	325	75.0	101
Other real estate companies		254		5,925
Total		**297,164**		**170,404**

Shares in associated companies (ownership 20-50%)

	2008 Percentage of all shares	2008 Book value	2007 Percentage of all shares	2007 Book value
Data processing				
Oy Samlink Ab, Helsingfors	24.0	1,697	24.0	1,697
Private equity company				
Unicus Ab, Helsingfors	33.3	100	33.3	100
Real estate investments				
Mannerheimvägen 14 Fast Ab, Helsingfors			50.0	18,194
Insurance companies				
Kiint Oy Luna, Helsingfors			28.0	7,662
Others				
ACH Finland Abp	25.8	775		
Investmentbolaget Torggatan 14 Ab, Mariehamn	33.3	376	33.3	376
Järsö Invest Ab, Mariehamn	33.3	376	33.3	376
Mike Alpha Ab, Mariehamn	33.3	1	33.3	1
Mike Bravo Ab, Mariehamn	33.3	1	33.3	1
Mike Charlie Ab, Mariehamn	33.3	1	33.3	1
Mike Whiskey Ab, Mariehamn	33.3	160	33.3	160
November Sierra Ab, Mariehamn	33.3	1	33.3	1
Tenala Buccaneers Ab, Mariehamn	33.3	376	33.3	376
Tenala Invest Ab, Mariehamn	33.3	376	33.3	376
Total		**4,239**		**29,320**

By means of its share transfer agreement, Aktia transferred its shareholding in relation to the real estate companies Mannerheimvägen 14, Silvertärnan and Mercator to Fastighetskapitalfonden Forum Fastighets Kb. The transfer was carried out on 1 October 2008. For Aktia, this means a capital gain amounting to more than EUR 6 million. Aktia disposed of its share in the fund in December.

Business transactions with shares in associated companies	**1.1.2008**	**Increase / decrease**	**31.12.2008**
Credits and guarantees	65	-	65
Deposits	1,245	158	1,403

Note 56. The customer assets being managed

Aktia Bank plc 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.

Customer assets being managed	**2008**	**2007**
Funds in a customer funds account	-	-
Funds in discretionary asset management services	2,592,473	3,113,555
Funds within the framework of investment advising according to a separate agreement	2,276,510	1,178,918
Total funds in asset management services	**4,868,983**	**4,292,474**

Note 57. Events after the end of the financial year

Veritas Mutual Non-Life Insurance Company has been merged with Aktia plc in accordance with the merger plan approved by both company's Annual General Meetings and registered in the Trade Register in 1 January 2009. At the same time, the name of the non-life insurance company was changed to Aktia Non-life Insurance Ab. In connection with this, 6,800,000 new A shares in Aktia plc were registered, and the company's share capital was thus increased by EUR 13,600,000. The total number of A shares in Aktia plc therefore rose to 46,924,418, increasing the company's total share capital to EUR 93,848,836.The final number of shares issued as compensation for the merger may be less as a result of uncertain shareholding in Veritas Mutual Non-Life Insurance Company.

In accordance with the merger plan, the new shares issued as compensation for the merger will be registered to the shareholders' book-entry accounts as soon as practically possible and probably during the first quarter of 2009.

Aktia Non-Life Insurance's Managing Director Anders Nordman was appointed as a member of Aktia plc's Executive Comittee on 1 January 2009 with responsibility for Aktia Bank's Corporate Banking and Aktia Non-Life Insurance. Aktia Non-Life Insurance Ab owned a total of 536,287 shares in Aktia at the time of the merger. Thus the Group has a 0.9 % ownership of own shares at present.

Aktia Bank plc intends to sell its entire shareholding in Aktia Life Insurance to the Group parent company Aktia plc during the first quarter of 2009.

The real estate agencies and insurance distribution have started cost-saving programs.

Income statement for the parent company – Aktia Plc

(EUR 1,000)	Note	2008	2007
Interest income	102	220,013	214,809
Interest expenses	102	-154,928	-136,830
Net interest income		65,085	77,980
Income from Tier 1 capital instruments	103	2,550	3,846
Commission income	104	26,959	38,384
Commission expenses	104	-2,474	-3,908
Net commission income		24,485	34,476
Net income from securitites and currency trading	105	904	1,146
Net income from financial assets available for sale	106	-2,031	1,407
Net income from investment properties	107	2,484	79
Other operating income	108	6,699	3,012
Staff costs	109	-35,387	-41,266
Other administrative expenses	110	-22,245	-25,435
Administrative expenses		-57,632	-66,701
Depreciation and impairment of tangible and intangible assets	111	-2,431	-2,597
Other operating expenses	112	-9,838	-10,709
Write-downs of credits and other commitments	113	-165	-218
Operating profit		**30,113**	**41,721**
Appropriations		-	-17,300
Taxes		-7,512	-5,141
Profit for the reporting period		**22,600**	**19,280**

Balance sheet for the parent company – Aktia Plc

(EUR 1,000)	Note	2008	2007
Assets			
Cash and balances with central banks		-	228,317
Bonds that are eligible for refinancing with central banks	116	-	1,621,886
Claims on credit institutions	117	16	313,255
Receivables from the public and public sector entities	118	-	2,960,204
Other bonds		-	72,812
Total bonds		-	72,812
Shares and participations	120	228,538	183,792
Derivative contracts	152	-	10,976
Intangible assets	121	-	3,994
Investment properties and shares and participations			
in investment properties	122	-	11,410
Other properties and shares and participations			
in real estate corporations	122	-	27,701
Other tangible assets	122	103	5,216
Tangible assets		103	44,327
Other assets	123	1,024	11,200
Accrued expenses and advance payments	124	633	80,509
Deferred tax receivables	125	449	4,614
Total assets		**230,762**	**5,535,887**
Liabilities			
Liabilities to credit institutions	131	1,390	1,366,118
Borrowing		-	2,820,525
Other liabilities		-	142,253
Liabilities to the public and public sector entities	132	0	2,962,778
Debt securities issued to the public	133	-	520,964
Derivatives and other liabilities held for trading	152	-	7,424
Other liabilities	134	1,209	114,490
Accured expenses and income received in advance	135	2,163	58,354
Subordinated liabilities	136	-	180,221
Deferred tax liabilities	137	-	-
Total liabilities		**4,762**	**5,210,350**
Accumulated appropriations		-	114,240
Equity			
Share capital	143	80,249	80,204
Legal reserve		8,067	8,067
Share premium account		1,893	1,893
Other restricted equity		103	-
Fund at fair value	142	-1,277	-13,132
Unrestricted equity reserve		45,404	45,254
Retained earnings 1 January		89,011	84,557
Dividends to shareholders		-20,051	-14,825
Profit for the reporting period attributable to shareholders in Aktia plc		22,600	19,280
Total equity	**142**	**226,000**	**211,297**
Total liabilities and equity		**230,762**	**5,535,887**

Off-balance-sheet commitments for the parent company

(EUR 1,000)	Note	2008	2007
Off-balance-sheet commitments	151		
Guarantees and pledges		-	57,232
Other		-	27,060
Commitments provided to a third party on behalf of the customer		-	84,292
Securities repurchase commitments			-
Other		-	674,622
Irrevocable commitments given in favour of a customer		-	674,622
Total off-balance-sheet commitments		**-**	**758,914**

Cash flow statement for the parent company – Aktia Plc

(EUR 1,000)	2008	2007
Cash flow from operating activities		
Operating profit	30,113	41,721
Adjustment items not included in cash flow for the period:		
Write-downs of credits and other commitments	2,440	243
Change in fair values	-	2,172
Depreciation and impairment of intangible and tangible assets	-	2,645
Other adjustments	23,341	-80
Increase (-) or decrease (+) in receivables from operating activities	**5,061,490**	**-1,057,948**
Bonds	1,666,605	-503,057
Claims on credit institutions	307,772	-139,506
Receicables from the public and public sector entities	2,960,204	-364,098
Shares and participations	33,034	1,193
Other assets	93,875	-52,481
Increase (+) or decrease (-) in liabilities from operating activities	**-5,026,729**	**1,010,746**
Liabilities to credit institutions	-1,364,728	476,630
Liabilities to the public and public sector entities	-2,962,778	279,846
Debt securities issued to the public	-520,964	197,287
Other liabilities	-178,259	56,982
Paid income taxes	-2,962	-17,197
Total cash flow from operating activities	**87,693**	**-17,699**
Cash flow from investing activities		
Financial assets held until maturity, decrease	-	2,003
Investments in group companies and associated undertakings	-	-60,771
Investment in tangible and intangible assets	-19,185	-11,730
Disposal of tangible and intangible assets	70,554	-
Total cash flow from investing activities	**51,369**	**-70,498**

Cash flow from financing activities		
Subordinated liabilities, increase	-	5,276
Increase in share capital	45	3,608
Paid dividends	-20,051	-14,825
Increase in unrestricted equity reserve	150	12,254
Total cash flow from financing activities	**-19,856**	**6,313**
Change in cash and cash equivalents	**119,205**	**-81,885**
Cash and cash equivalents at the beginning of the year	233,800	315,684
Cash and cash equivalents at the end of the year	16	233,800
Cash and cash equivalents transferred in connection with transfer of business operations	-352,989	-
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	-	10,774
Bank of Finland current account	-	217,543
Repayable on demand claims on credit institutes	16	5,483
Total	**16**	**233,800**

Notes to the parent company's financial statements – Aktia Plc

Note 101. The parent company's accounting principles

Aktia plc's financial statement has been drawn up in compliance with the provisions of the Accounting Act and the Credit Institutions Act, the decisions of the Ministry of Finance on financial statements and consolidated financial statements for credit institutions and securities companies (150/2007) as well as the Annual Report Standard 3.1 issued by the Financial Supervisory Authority. Aktia plc's financial statement has been drawn up in compliance with Finnish Accounting Standards (FAS).

Items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies outside the Eurozone have been converted into euro using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reporten in the income statement as net income from currency trading.

Income accounting principles

Income and expenses are reproted in accordance with the approval basis of accounting.

Depreciation

Tangible and intangible assets are subject to linear and planned depreciation according to the financial lifetime of the assets. Land is not depreciated.

Buildings	40 years
Basic repairs to buildings which are not the bank's own property	5–10 years
Other tangible assets	3–5 years
IT licenses	3–5 years

Derivative contracts

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

Value changes in the hedging derivative contracts have been dealt with in the income statement in the same way as value changes in balance sheet items that out to be protected.

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

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

Write-down of loans and other receivables

Write-down of loans and other receivables are entered individually and in by group. A write-down is entered individually if there is objective evidence that the customer's ability to pay has been weakened after the claim was originally entered in the balance sheet. The objective evidence are significant financial difficulties on the part of the debtor, granting concessions for financial or legal reasons which the lender had not otherwise considered, or the bankruptcy or other financial restructuring of the debtor.

The value of the claim has been weakened if the estimated incoming cash flow from the claim – with regard to the fair value of the security – is less than the sum of the book value of the credit and the unpaid interest on the credit. The estimated incoming cash flow is discounted by the credit's original effective interest rate. If the credit has a variable rate of interest, the agreed rate of interest at the time of review is used as the discount rate. The write-down is entered as the difference between the lower current value of the recoverable cash flow and the book value of the credit.

A write-down by group is carried out where there is objective evidence for there being uncertainty in connection with repayment of the claims in the underlying credit portfolio. The analysis is based on a historic analysis of the probability of and loss in the event of bankruptcy in view of macroeconomic and microeconomic events and an experience-based assessment. The assessment of anticipated losses as a basis for deciding on write-down by group is carried out over a 12-month time horizon. Write-downs of customer receivables within the bank's corporate business are only carried out at individual level where there is a limited number of customers with specific operations.

Taxes

Taxes in the income statement consist of direct taxes for the year and previous years and deferred taxes. The tax cost is reported in the income statement, except where this relates to items which are reported directly against shareholders' equity, where the tax effect is also reported as part of shareholders' equity. Income taxes are reported on the basis of estimated taxable income for the year. Deferred tax is recognised for differences between the book value of assets and liabilities, compared with their taxation value. A deferred tax asset is reported where it is likely that future taxable income will arise against which the temporary difference can be utilised.

Financial assets

Debt certificates (debt securities), claims on credit institutions, claims on the public and public sector entities, shares and participations are entered under financial assets. For these financial assets, Aktia applies the IFRS rules which entered into force on 1 January 2005 whereby financial assets are divided into four valuation categories.

Financial assets valued at fair value through the income statement include financial assets which are held for trading. This category includes certificates of claim and other publicly quoted Finnish and foreign securities that are actively traded in by the bank and that have been acquired for the short term with the intent to earn revenue. They have been entered at actual value with changes in value being currently enteted in the income statement.

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are classified as Financial assets available for sale. The unrealised value change is recognised in equity under Fund at fair value with deduction for deferred tax until sold or written down. When sold or written down, the accumulated unrealised profit or loss is transferred to the income statement and included under the item Net income from financial assets available for sale.

Debt certificates to be held until maturity are entered under Financial assets held until maturity. These securities are entered at accrued acquisition cost. If there is objective evidence to suggest that full repayment will not be received on such a security at the end of the accounting period, the difference compared with the acquisition price is entered as an expense. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss thereof.

Claims on credit institutions and claims on the public and public sector entities are reported under this category. These receivables are entered at accrued acquisition value.

Other financial liabilities

Other financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value.

Tangible and intangible assets

The Group's real estate property and shares and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. 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. Both commercial properties and investment properties have been included at their acquisition price. Buildings are depreciated linearly according to their financial lifetime over 40 years. Land is not depreciated.

Estimation of fair value for investment properties was carried out by external property valuators using the cash flow method or through an internal valuation based on the rental income that could be earned at market rates. If the probable assignment value of the property or shares ans participations is essentially or permanently lower than the acquisition price, a write-down is entered as expense in the income statement. If there is a likely objective indication that there will be a need for a write-down, the value of the asset is examined.

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. Planned depreciation is based on the financial lifetime of the assets.

Notes to the parent company's income statement – Aktia Plc

(EUR 1,000)

Note 102. Interest income and expenses

Interest income	**2008**	**2007**
Claims on credit institutions	22,397	20,902
Receivables from the public and public sector entities	129,880	140,181
Bonds	66,691	54,947
Derivatives	1,038	-1,526
Other interest income	8	305
Total	**220,013**	**214,809**
Interest costs		
Liabilities to credit institutions	-56,223	-42,911
Other liabilities to the public and public sector entities	-69,720	-64,930
Debt securities issued to the public	-18,086	-17,347
Derivatives and liabilities held for trading	-5,735	-4,368
Subordinated liabilities	-5,111	-5,994
Other interest expenses	-53	-1,280
Total	**-154,928**	**-136,830**
Net interest income	**65,085**	**77,980**

Note 103. Income from equity instruments

	2008	2007
Income from companies within the same Group	1,323	866
Income from associated companies	72	343
Income from financial assets that can be sold	242	1,382
Income from shares and participations held for trading	913	1,255
Total	**2,550**	**3,846**

Note 104. Commission income and expenses

Commission income	**2008**	**2007**
Lending	6,010	7,648
Borrowing	93	120
Payment transactions	6,723	8,717
Asset management services	8,729	15,535
Brokerage of insurance	2,666	3,552
Guarantees and other off-balance sheet commitments	510	598
Other commission income	2,229	2,216
Total	**26,959**	**38,384**
Commission expenses		
Bank fees paid	-498	-651
Other commission expenses	-1,976	-3,257
Total	**-2,474**	**-3,908**
Net commission income	24,485	34,476

Note 105. Net income from securities and currency trading

Debt securities	**2008**	**2007**
Capital gains and losses	54	57
Total	**54**	**57**
Other		
Capital gains and losses	0	-5
Total	**0**	**-5**
Total		
Capital gains and losses	54	53
Net income from securities	**54**	**53**
Net income from currency trading	850	1,094
Net income from securities and currency trading	**904**	**1,146**

Note 106. Net income from financial assets available for sale

Debt securities	2008	2007
Capital gains and losses	-1,883	-319
Total	**-1,883**	**-319**

Shares and participations		
Capital gains and losses	98	1,243
Reversal of impairment losses	19	595
Total	**117**	**1,838**

Other		
Capital gains and losses	806	-112
Impairment losses	-1,795	-
Net income from brokered derivative contracts	725	-
Total	**-264**	**-112**

Total		
Capital gains and losses	-979	812
Impairment losses	-1,795	-
Reversal of impairment losses	19	595
Net income from brokered derivative contracts	725	-
Net income from financial assets available for sale	**-2,031**	**1,407**

Note 107. Net income from investment properties

	2008	2007
Rental income	1,254	1,017
Sales gains	1,942	-
Sales losses	-32	-
Depreciation	-10	-48
Other income from investment properties	23	37
Other expenses for investment properties	-694	-927
Total	**2,484**	**79**

Note 108. Other operating income

	2008	2007
Rental income from commercial properties	242	47
Capital gains from tangible and intangible assets	3,682	214
Other operating income	2,776	2,752
Total	**6,699**	**3,012**

Note 109. Staff costs

	2008	2007
Salaries and fees	-28,240	-32,343
Transfer to the personnel fund	-614	-2,152
Pension costs	-4,862	-4,751
Other indirect employee costs	-1,671	-2,020
Indirect emplyee costs	-6,533	-6,771
Total	**-35,387**	**-41,266**

Note 110. Other administrative expenses

	2008	2007
Other staff expenses	-2,714	-3,052
Office expenses	-2,067	-2,368
IT-expenses	-11,321	-12,938
Communication expenses	-2,341	-2,958
Representation and marketing expenses	-3,790	-3,977
Other administrative expenses	-12	-143
Total	**-22,245**	**-25,435**

Note 111. Depreciation and impairment of tangible and intangible assets

	2008	2007
Depreciation of tangible assets	-1,249	-1,811
Depreciation of intangible assets	-1,182	-786
Total	**-2,431**	**-2,597**

Note 112. Other operating expenses

	2008	2007
Rental expenses	-3,273	-3,015
Expenses for commercial properties	-2,384	-3,430
Insurance- and hedging costs	-1,229	-1,985
Monitoring, control and membership fees	-422	-472
Capital losses from tangible and intangible assets	-164	-
Other expenses	-2,366	-1,807
Total	**-9,838**	**-10,709**

Note 113. Write-downs of credits and other commitments

Receivables from the public and public sector entities	**2008**	**2007**
Individual write-downs	-504	-779
Reversals of and recoveries of write-downs	338	557
Total	**-166**	**-222**
Guarantees and other off-balance sheet items		
Reversals of and recoveries of write-downs	1	3
Total	**1**	**3**
Total write-downs of credits and other commitments	**-165**	**-218**

Note 114. Income by business area

Income by business area	**2008**	**2007**
Investments	2,484	79
Group administration	465	-
Banking	99,702	125,775
Total	**102,651**	**125,854**
Operating profit by business area		
Investments	2,484	79
Group administration	-4,758	-
Banking	32,387	41,642
Total	**30,113**	**41,721**
Personnel by business area		
Group administration	98	-
Banking	-	839
Total	**98**	**839**

The bank only carries out business operations in Finland

Notes to the parent company's balance sheet and other notes to the parent company's accounts – Aktia Plc

(EUR 1,000)

Note 116. Bonds that are eligible for refinancing with central banks

	2008	**2007**
Government bonds	-	199
Banks' certificates of deposit	-	255,606
Other	-	1,366,082
Total	**-**	**1,621,886**

Note 117. Claims on credit institutions

Repayable on demand	**2008**	**2007**
Finnish credit institutions	16	5,483
Foreign credit institutions	-	-
Total	**16**	**5,483**
Other than repayable on demand		
Finnish credit institutions	-	157,772
Foreign credit institutions	-	150,000
Total	**0**	**307,772**
Total claims on credit institutions	**16**	**313,255**

Note 118. Reveivables from the public and public sector entities

A sector-by-sector analysis of receivables from the public and public sector entities	2008	2007
Households	-	2,177,738
Companies	-	550,678
Housing associations	-	183,784
Public associations	-	10,026
Non-profit associations	-	37,977
Total	**-**	**2,960,204**

The bank has in the category receivables from the public and public sector entities only receivables other than repayable on demand.

Write-downs during the financial year	2008	2007
Write-downs at the beginning of the financial year	36,803	37,021
Receivables from the public and public sector entities		
Specific write-downs during the year	-504	-779
Specific write-downs that reversed during the year	338	557
Actual credit losses during the year, for which specific write-downs had been previously taken		
Guarantees and other off-balance sheet items		
Individual write-downs that were reversed during the year	1	3
Actual credit losses during the financial year, for which specific write-downs were made previously		
Transferred to Aktia Bank plc	-36,638	
Write-downs at the end of the financial year	0	36,803

Note 119. Bonds grouped by financial instrument

	Total 2008	2008 Of which, the bonds that are eligible for refinancing with central banks	Total 2007	2007 Of which, the bonds that are eligible for refinancing with central banks
Bonds held for trading				
Publicly quoted	-	-	1,310,119	1,305,102
Other	-	-	338,740	316,784
Total	**-**	**-**	**1,648,859**	**1,621,886**
Bonds that can be sold				
Publicly quoted	-	-	-	-
Other	-	-	-	-
Total	**-**	**-**	**-**	**-**
Bonds retained until maturity				
Publicly quoted	-	-	45,840	-
Other	-	-	-	-
Total	**-**	**-**	**45,840**	**-**
Total bonds	**-**	**-**	**1,694,699**	**1,621,886**

Note 120. Shares and participations

	2008	2007
Shares and participations that can be sold		
Publicly quoted	15,605	47,838
Other	500	3,220
Total	**16,105**	**51,057**
Total shares and participations	**16,105**	**51,057**
of which credit institutions	-	25,707
Shares and participations in associated companies		
Credit institutions	-	-
Other companies	1,667	3,764
Total	**1,667**	**3,764**
Shares and participations in group companies		
Credit institutions	-	24,021
Other companies	210,766	104,950
Total	**210,766**	**128,971**
Total shares and participations	**228,538**	**183,792**

The holdings in associated- and group companies have been valued at their acquisition cost

Note 121. Intangible assets

31 December 2008	**Immaterial rights (IT expen-ses)**	**Other long-term expenditu-res**	**Total**
Acquisition cost at January, 1	6,525	6,098	12,623
Transferred assets	-2,870	-2,786	-5,655
Investments	1,510	1,373	2,884
Decreases	-4,460	-4,511	-8,971
Acquisition cost at December, 31	706	174	880
Accumulated depreciations and impairments at January, 1	-4,460	-4,169	-8,628
Accumulated depreciation on decreases	4,460	4,471	8,931
Planned depreciation	-706	-476	-1,182
Accumulated depreciations and impairments at December, 31	-706	-174	-880
Book value at December, 31	**0**	**0**	**0**

31 December 2007	Immaterial rights (IT expenses)	Other long-term expenditures	Total
Acquisition cost at January, 1	4,601	4,952	9,553
Investments	1,924	1,387	3,311
Decreases	-	-241	-241
Acquisition cost at December, 31	6,525	6,098	12,623
Accumulated depreciations and impairments at January, 1	-4,251	-3,592	-7,843
Planned depreciation	-208	-577	-786
Accumulated depreciations and impairments at December, 31	-4,460	-4,169	-8,628
Book value at December, 31	**2,065**	**1,929**	**3,994**

Note 122. Tangible assets

Investment properties

31 December 2008	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at January, 1	506	3,005	14,255	17,766
Transferred assets	-10	-50	-13,003	-13,063
Investments	-	-	5,572	5,572
Decreases	-495	-2,945	-2,715	-6,156
Acquisition cost at December, 31	0	10	4,110	4,119
Accumulated depreciations and impairments at January, 1	-	-2,246	-4,110	-6,355
Accumulated depreciation on decreases	-	2,246	-	2,246
Planned depreciation	-	-10	-	-10
Accumulated depreciations and impairments at December, 31	0	-10	-4,110	-4,119
Book value at December, 31	**0**	**0**	**0**	**0**
Carrying amount at December, 31	**0**	**0**	**0**	**0**

31 December 2007	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at January, 1	506	3,003	10,772	14,281
Investments	-	1	3,486	3,488
Decreases	-	-	-3	-3
Acquisition cost at December, 31	506	3,005	14,255	17,766
Accumulated depreciations and impairments at January, 1	-	-2,198	-4,110	-6,308
Planned depreciation	-	-48	-	-48
Accumulated depreciations and impairments at December, 31	-	-2,246	-4,110	-6,355
Book value at December, 31	**506**	**759**	**10,146**	**11,410**
Carrying amount at December, 31	**707**	**943**	**11,101**	**12,751**

Commercial properties

31 December 2008	**Land and water areas**	**Buildings**	**Shares and partici-pations in real estate corpora-tions**	**Total**
Acquisition cost at January, 1	458	3,620	28,695	32,773
Transferred assets	-13	-99	-22,699	-22,810
Investments	-	-	9,427	9,427
Decreases	-445	-3,508	-12,961	-16,914
Acquisition cost at December, 31	0	13	2,463	2,476
Accumulated depreciations and impairments at January, 1	-	-2,610	-2,463	-5,073
Accumulated depreciation on decreases	-	2,610	-	2,610
Planned depreciation	-	-13	-	-13
Accumulated depreciations and impairments at December, 31	0	-13	-2,463	-2,476
Book value at December, 31	**0**	**-0**	**0**	**0**

31 December 2007	**Land and water areas**	**Buildings**	**Shares and partici-pations in real estate corpora-tions**	**Total**
Acquisition cost at January, 1	458	3,616	25,539	29,614
Investments	-	3	3,421	3,424
Decreases	-	-	-265	-265
Acquisition cost at December, 31	458	3,620	28,695	32,773
Accumulated depreciations and impairments at January, 1	-	-2,554	-2,463	-5,017
Planned depreciation	-	-56	-	-56
Accumulated depreciations and impairments at December, 31	-	-2,610	-2,463	-5,073
Book value at December, 31	**458**	**1,010**	**26,232**	**27,701**

Other material assets

31 December 2008	**Machines and inventory**	**Other tangible assets**	**Total tangible assets**
Acquisition cost at January, 1	26,918	15,613	93,070
Transferred assets	-2,755	-2,424	-41,053
Investments	1,193	109	16,302
Decreases	-24,511	-12,873	-60,453
Acquisition cost at December, 31	845	425	7,865
Accumulated depreciations and impairments at January, 1	-24,511	-12,804	-48,743
Accumulated depreciation on decreases	24,511	12,873	42,239
Planned depreciation	-742	-494	-1,258
Accumulated depreciations and impairments at December, 31	-742	-425	-7,762
Book value at December, 31	**103**	**0**	**103**

31 December 2007	Machines and inventory	Other tangible assets	Total tangible assets
Acquisition cost at January, 1	26,094	14,904	84,892
Investments	1,311	709	8,932
Decreases	-487	-	-755
Acquisition cost at December, 31	26,918	15,613	93,070
Accumulated depreciations and impairments at January, 1	-24,062	-11,980	-47,367
Accumulated depreciation on decreases	483	-	483
Planned depreciation	-932	-824	-1,859
Accumulated depreciations and impairments at December, 31	-24,511	-12,804	-48,743
Book value at December, 31	**2,407**	**2,809**	**44,327**

Note 123. Other assets

	2008	2007
Cash items being collected	-	159
Other assets	1,024	11,042
Total	**1,024**	**11,200**

Note 124. Accrued expenses and advance payments

	2008	2007
Interests	-	72,015
Other	633	8,493
Total	**633**	**80,509**

Note 125. Deferred tax receivables

	2008	2007
Deferred tax receivables at January, 1	4,614	0
Financial assets available for sale:		
- Fair value measurement	-4,165	4,496
- Transfer to net profit	-	118
Deferred tax receivables at December, 31	**449**	**4,614**

Deferred tax receivables originates from valuation of financial assets to fair value.

Note 126. Breakdown of maturity of assets by balance sheet item

31.12.2008	Less than 3 months	3–12 months	1–5 years
Claims on credit institutions	16	-	-
Total	**16**	**-**	**-**

31.12.2008	5–10 years	More than 10 years	Total
Claims on credit institutions	-	-	16
Total	**-**	**-**	**16**

31.12.2007	Less than 3 months	3–12 months	1–5 years
Bonds that are eligible for refinancing with central banks	145,969	284,109	806,779
Claims on credit institutions	173,255	140,000	-
Receicables from the public and public sector entities	201,811	250,192	862,789
Bonds	26,972	9,953	21,499
Total	**548,007**	**684,254**	**1,691,067**

31.12.2007	5–10 years	More than 10 years	Total
Bonds that are eligible for refinancing with central banks	385,029	-	1,621,886
Claims on credit institutions	-	-	313,255
Receicables from the public and public sector entities	605,214	1,040,199	2,960,204
Bonds	14,388	-	72,812
Total	**1,004,631**	**1,040,199**	**4,968,158**

Note 127. Property items in euros and in foreign currency

31 December 2008

Assets	Euros	Foreign currency	Total
Claims on credit institutions	16	-	16
Shares and participations	228,538	-	228,538
Other assets	2,209	-	2,209
Total	**230,762**	**0**	**230,762**

31 December 2007

Assets	Euros	Foreign currency	Total
Bonds	1,694,699	-	1,694,699
Claims on credit institutions	296,568	16,687	313,255
Receicables from the public and public sector entities	2,961,796	-1,592	2,960,204
Shares and participations	183,792	-	183,792
Derivative contracts	10,976	-	10,976
Other assets	383,198	738	383,937
Total	**5,531,030**	**15,833**	**5,546,863**

Note 128. Financial assets fair values

	2008 Book value	2008 Fair value	2007 Book value	2007 Fair value
Cash and balances with central banks	-	-	228,317	228,317
Bonds	-	-	1,694,699	1,694,104
Claims on credit institutions	16	16	313,255	313,255
Receicables from the public and public sector entities	-	-	2,960,204	2,950,462
Shares and participations	16,105	16,105	51,057	51,057
Shares and participations in associated companies	1,667	1,667	3,764	3,764
Shares and participations in group companies	210,766	210,766	128,971	128,971
Derivative contracts	-	-	10,976	10,976
Total	**228,553**	**228,553**	**5,391,243**	**5,380,906**

In the table, the fair value and the book value, of the financial assets and liabilities, are presented by balance sheet item. Information is also provided for such financial assets and liabilities that are entered as fair values. The principles for calculating the fair value are described in the accounting principles.

The fair values on investment assets are determined by the market price quoted on the active market. If the quoted market prices are not available, the value is determined with the help of the discounted cash flow. The interest rate curve on the market gives the discount rate. Capital funds are valued at the acquisition value in the case where there is no objective evidence for writing down.

Fair values for financial derivatives are based on quoted market prices on the active market.

Fair values for loans and other equivalent financial instruments, which are not prioritesed on the active market, are determined according to the discounted cash flow based on market quotations. The credit risk is also considered in the discounting factor.

The value entered is used as the fair value for disposable receivables and liabilities as well as short-term receivables and liabilities (less than twelve months to the next rate adjustment).

The fair values are clean values, without accrued interest.

Note 129. Total assets by business area

	2008	2007
Investments	-	11,410
Group administration	230,762	-
Banking	-	5,524,477
Total	**230,762**	**5,535,887**

Note 130. Breakdown of subordinated claims

	2008	2007
Shares and participations in group companies and associated companies	342	2,920
Total	**342**	**2,920**

Note 131. Liabilities to credit institutions

	2008	2007
Repayable on demand deposits	1,390	144,376
Other than repayable on demand from credit institutes	-	1,221,742
Total	**1,390**	**1,366,118**

Note 132. Liabilities to the public and public sector entities

	2008	2007
Repayable on demand	-	1,691,097
Other than repayable on demand	-	1,129,428
Borrowing	-	2,820,525
Repayable on demand	-	249
Other than repayable on demand	-	142,005
Other liabilities	-	142,253
Total	**-**	**2,962,778**

Note 133. Debt securities issued to the public

	2008		2007	
	Book value	Nominal value	Book value	Nominal value
Certificates of deposit	-	-	390,879	397,150
Bonds	-	-	130,086	132,236
Total	**0**	**0**	**520,964**	**529,386**

Note 134. Other liabilities

	2008	2007
Cash items in the process of collection	243	85,231
Provisions	912	259
Other	55	29,000
Total	**1,209**	**114,490**

Breakdown of items reported amongst provisions

	Book value at the beginning of the financial year	Increase	Decrease	Reversed	Book value at the end of the financial year
Staff costs	259	1,153	-475	-24	912
Total	**259**	**1,153**	**-475**	**-24**	**912**

Note 135. Accrued expenses and income received in advance

	2008	2007
Interests	-	46,882
Other	2,163	11,472
Total	**2,163**	**58,354**

Note 136. Subordinated liabilities

	Amount of liability	Nominal value	Amount that is included in Tier 1 capital	Perpetuals
No individual debenture loan exceeds 10 % of all the subordinated liabilities.				
Debenture loans 31.12.2008	-	-	-	-
Debenture loans 31.12.2007	180,221	180,718	142,461	-

All of the disclosed liabilities are in euros. The liabilities entered are reckoned in the calculations for capital adequacy for the lower Tier 2 capital of credit institutions considering that this capital cannot exceed 50 % of Tier 1 equity. Loans targeted at companies belonging to the same Group or Group companies do not exist.

Terms and conditions of early redemption:

Aktia or its Group may not redeem debentures before the end of the loan period without permisission of the Finnish Financial Supervision. Creditors are not entitled to demand early repayment.

Note 137. Deferred tax liabilities

	2008	2007
Deferred tax liabilities at January, 1	0	-551
Financial assets available for sale:		
- Fair value measurement	-	551
Deferred tax liabilities at December, 31	**0**	**0**

Note 138. Breakdown by maturity of liabilities by balance sheet item

31 December 2008	Less than 3 months	3–12 months	1–5 years
Liabilities to credit institutions and central banks	1,390	-	-
Total	**1,390**	**0**	**0**

31 December 2008	5–10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	-	-	1,390
Total	**0**	**0**	**1,390**

31 December 2007	Less than 3 months	3–12 months	1–5 years
Liabilities to credit institutions and central banks	1,229,413	67,705	69,000
Liabilities to the public and public sector entities	2,517,375	427,857	10,176
Debt securities issued to the public	193,275	208,601	70,318
Subordinated liabilities	8,951	46,283	124,987
Total	**3,949,015**	**750,446**	**274,481**

31 December 2007	5–10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	-	-	1,366,118
Liabilities to the public and public sector entities	7,370	-	2,962,778
Debt securities issued to the public	48,770	-	520,964
Subordinated liabilities	-	-	180,221
Total	**56,140**	**0**	**5,030,082**

Note 139. Liabilities in euros and in foreign currency

31 December 2008

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	1,390	-	1,390
Other liabilities	3,372	-	3,372
Total	**4,762**	**-**	**4,762**

31 December 2007

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	1,365,236	882	1,366,118
Liabilities to the public and public sector entities	2,951,730	11,048	2,962,778
Debt securities issued to the public	520,964	-	520,964
Subordinated liabilities	180,221	-	180,221
Other liabilities	178,406	1,862	180,268
Total	**5,196,558**	**13,792**	**5,210,350**

Note 140. Financial liabilities fair value

	2008 Book value	2008 Fair value	2007 Book value	2007 Fair value
Liabilities to credit institutions and central banks	1,390	1,390	1,366,118	1,366,212
Liabilities to the public and public sector entities	-	-	2,962,778	2,962,534
Debt securities issued to the public	-	-	520,964	520,964
Derivatives and other liabilities held for trading	-	-	7,424	7,424
Subordinated liabilities	-	-	180,221	178,774
Total	**1,390**	**1,390**	**5,037,506**	**5,035,908**

For the definition of fair value, see note 128.

Note 141. Total liabilities by business area

	2008	2007
Group administration	4,762	-
Banking	-	5,210,350
Total	**4,762**	**5,210,350**

Note 142. Specification of equity

	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Share capital	80,204	45	-	80,249
Legal reserve	8,067	-	-	8,067
Share premium account	1,893	-	-	1,893
Other restricted equity	-	103	-	103
Fund at fair value	-13,132	11,856	-	-1,277
Restricted equity	77,032	12,004	0	89,036
Unrestricted equity reserve	45,254	150	-	45,404
Retained earnings 1 January	89,011			89,011
Dividends to shareholders			20,051	-20,051
Profit for the reporting period attributable to shareholders in Aktia plc		22,600	-	22,600
Unrestricted equity	134,265	22,750	20,051	136,964
Total equity	**211,297**	**34,754**	**20,051**	**226,000**

	2008	2007
Fund at fair value at January, 1	-13,132	-1,569
Changes in fair value during the period	16,021	-15,170
Deferred taxes on changes in fair value during the period	-4,165	4,063
Moved to income statement during the period	-	-455
Fund at fair value at December, 31	**-1,277**	**-13,132**

Only changes in the fair value of financial assets that can be sold are entered in the fund at fair value

Distributable assets in unrestricted equity	2008	2007
Retained earnings 1 January	89,011	84,557
Dividends to shareholders	-20,051	-14,825
Profit for the reporting period attributable to shareholders in Aktia plc	22,600	19,280
Unrestricted equity reserve	45,404	45,254
Total	**136,964**	**134,265**

There are no non-distributable assets in unrestricted equity.

At the end of the reporting period, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR 80,248,836 divided into 40,124,418 A shares and 20,050,850 R shares. The number of shareholders at the end of the financial period was 659. The Annual General Meeting's decision on changes in Aktia Savings Bank plc's Articles of Association and the creation of a new share series, series R, were registered in the Trade Register on 7 April 2008. The issue of R shares was carried out as a payment-free issue aimed at the bank's shareholders at the time. The issue contained a maximum of 20,050,968 R shares so that one new R share was received for every two old shares (series A). Every R share entitles the holder to 20 votes. The issue was carried out without increasing the bank's share capital.

Note 144. Shareholders 31 december 2008

	2008			2007	
Shareholders	**Number of shares**	**Share of the shares. %**	**Share of the votes. %**	**Number of shares**	**Share of shares and votes. %**
The 15 largest shareholders:					
Helsinki Savings Bank Foundation	11,406,145	19.0	19.0	7,604,097	19.0
Livränteanstalten Hereditas	6,231,318	10.4	10.4	4,154,212	10.4
Pension Insurance Company Veritas	6,063,192	10.1	10.1	4,028,795	10.0
Savings Bank Foundation in Esbo-Grankulla	3,519,877	5.8	5.9	2,346,585	5.9
Oy Hammarén & Co Ab	2,835,000	4.7	4.7	1,890,000	4.7
Vantaa Savings Bank Foundation	2,427,912	4.0	4.1	1,614,900	4.0
Svenska litteratursällskapet i Finland rf	2,367,687	3.9	3.9	1,578,458	3.9
Porvoo Savings Bank Foundation	1,954,575	3.2	3.2	1,303,050	3.2
Åbo Academy Foundation	1,953,000	3.2	3.2	1,302,000	3.2
Aktia Foundation in Vasa	1,515,787	2.5	2.7	1,014,525	2.5
Kirkkonummi Savings Bank Foundation	1,314,793	2.2	2.2	876,529	2.2
Karjaa-Pohja Savings Bank Foundation	1,181,025	2.0	2.0	787,350	2.0
Inkoo Savings Bank Foundation	969,354	1.6	1.6	646,236	1.6
Föreningen Konstsamfundet rf	952,882	1.6	1.6	635,255	1.6
Ab Kelonia Oy	914,917	1.5	1.5	609,945	1.5

Shareholders by sector 2008 :	**Number of owners**	**%**	**Number of shares**	**%**
Corporations	35	5.3	11,109,695	18.5
Financial institutes and insurance companies	37	5.6	3,540,503	5.9
Public sector entities	2	0.3	6,138,192	10.2
Non-profit institutions	58	8.8	37,745,098	62.7
Households	525	79.5	1,041,780	1.7
Foreign shareholders	1	0.2	600,000	1.0
Total	**658**	**100.0**	**0**	**100.0**
entered in nominee register	1		8.268	

Breakdown of stock 2008: Number of shares	Number of owners	%	Number of shares	%
1-100	143	21.7	9,944	0.0
101-1 000	238	36.1	108,712	0.2
1 001 - 10 000	165	25.0	503,322	0.8
10 001 - 100 000	101	15.3	16,782,979	27.9
100 000 -	12	1.8	42,770,311	71.1
Totalt	**659**	**100.0**	**0**	**100.0**

Aktia plc's Board of Directors has a valid authority to issue 938,498 A series shares. No rights of option have been issued.

Note 145. Collateral liabilities

For the bank 31 December 2008	Type of security	The liability's nominal value	The value of the col-lateral
Liabilities to credit institutions	Debt securities	1,058,409	1,056,254
Collateral provided in connection with repurchasing agreements	Debt securities	362,138	362,138
Securities given in connection with pledging agreements, CSA	Cash and balances with central banks	8,500	8,500
Totalt		**1,429,047**	**1,426,892**

For the bank 31 December 2007	Type of security	The liability's nominal value	The value of the col-lateral
Liabilities to credit institutions	Debt securities	79,826	79,850
Collateral provided in connection with repurchasing agreements	Debt securities	345,124	345,124
Totalt		**424,950**	**424,973**

Obtained securities

For the bank 31 December 2007	Type of security	The liability's nominal value	The value of the col-lateral
Securities given in connection with pledging agreements, CSA	Cash and balances with central banks	93,250	93,250

For others' liabilities

The bank has not provided collateral for other parties.

Note 146. Pension commitments

The personnel's retirement plan is organised via the Pension insurance company Veritas and there are not any pension commitments that have a liability deficit.

Note 147. Breakdown of off-balance sheet commitments

	2008	2007
Guarantees	-	57,232
Other commitments provided to a third party on behalf of a customer	-	27,060
Unused credit arrangements	-	556,034
On behalf of a subsidiary	-	109,495
Other irrevocable commitments	-	118,588
On behalf of a subsidiary	-	20,883
Total	**-**	**758,914**

Note 148. Rental commitments

	2008	2007
Less than 1 year	-	1,851
1-5 years	-	4,688
More than 5 years	-	2,581
Total	**0**	**9,120**

Included in rental commitments are such hire agreements that cannot be broken without the tenant's consent or without paying a significant additional fee. Internal rental commitments are not considered. The rental agreements mainly include business space and the rental level is as a rule linked to the cost of living index.

Note 149. Number of employees 31 december

	2008	2007
Full-time	90	700
Part-time	1	66
Temporary	7	73
Total	**98**	**839**

Note 150. The customer assets being managed

Aktia Bank plc offers private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers.

Customer assets being managed	2008	2007
Funds in a customer funds account	-	-
Funds in discretionary asset management services	-	4,115
Funds within the framework of investment advising according to a separate agreement	-	567,601
Total funds in asset management services	**-**	**571,716**

Note 151. Derivatives

Derivative instruments, book value

	2008 Assets	2008 Liabilities	2007 Assets	2007 Liabilities
Interest rate derivatives	-	-	3,416	-
Other derivatives	-	-	7,560	7,424
Fair value hedging	0	0	10,976	7,424
Total	**0**	**0**	**10,976**	**7,424**

The nominal value of the underlying property and the fair value of the derivative instrument

31 December 2007	**Nominal value/term remaining**				**Fair values**	
	Under 1 year	**1-5 years**	**More than 5 yrs**	**Total**	**Assets**	**Liabilities**
Forward rate agreements	400,000	-	-	400,000	379	-
Interest rate swaps	50,000	1,307,000	79,000	1,436,000	6,484	-6,195
Interest rate option agreements	1,000,000	-	480,000	1,480,000	398	-2,061
Purchased	500,000	-	240,000	740,000	398	-
Written	500,000	-	240,000	740,000	-	-2,061
Total interest rate derivatives	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**
Total hedging derivative instruments	**1,450,000**	**1,307,000**	**559,000**	**3,316,000**	**7,261**	**-8,256**
Forward rate agreements	15,000	-	-	15,000	137	-84
Interest rate swaps	23,000	2,880,000	851,800	3,754,800	23,918	-16,134
Interest rate option agreements	-	2,790,361	1,547,548	4,337,909	3,054	-3,254
Purchased	-	1,337,100	893,774	2,230,874	3,054	-
Written	-	1,453,261	653,774	2,107,035	-	-3,254
Total interest rate derivatives	**38,000**	**5,670,361**	**2,399,348**	**8,107,709**	**27,109**	**-19,472**
Forward rate agreements	136,778	-	-	136,778	217	-255
Total forward rate agreements	**136,778**	**-**	**-**	**136,778**	**217**	**-255**
Equity options	50,294	65,472	47,900	163,666	7,718	-7,718
Purchased	25,147	32,736	23,950	81,833	7,718	-
Written	25,147	32,736	23,950	81,833	-	-7,718
Total equity options	**50,294**	**65,472**	**47,900**	**163,666**	**7,718**	**-7,718**
Options	-	8,608	-	8,608	1,016	-1,016
Purchased	-	4,304	-	4,304	1,016	-
Written	-	4,304	-	4,304	-	-1,016
Other derivative instruments	-	8,608	-	8,608	1,016	-1,016
Total other derivative instruments	**225,072**	**5,744,441**	**2,447,248**	**8,416,761**	**36,060**	**-28,461**

Note 152. Companies included in consolidated accounts

Holdings in other companies

Companies included in consolidated accounts (ownership over 50 %)

	2008 Percentage of all shares	2008 Book value	2007 Percentage of all shares	2007 Book value
Finansieringsverksamhet				
Aktia Bank Abp	100.0	163,000	-	-
Real estate agency operations				
Aktia Fastighetsförmedling Helsingfors-Esbo Ab, Helsingfors	80.0	80	80.0	80
Aktia Fastighetsförmedling ISKL Ab, Kyrkslätt	90.0	72	90.0	72
Aktia Fastighetsförmedling Jakobstad Ab, Jakobstad	80.0	80	100.0	100
Aktia Fastighetsförmedling Karlebynejden Ab, Karleby	100.0	100	100.0	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab, Vanda	100.0	80	100.0	80
Aktia Fastighetsförmedling Pargas-Åboland Ab, Pargas (merged)			88.6	62
Aktia Fastighetsförmedling Raseborg Ab, Ekenäs	100.0	73	100.0	73
Aktia Fastighetsförmedling Sibbo Ab, Helsingfors	60.0	71	60.0	61
Aktia Fastighetsförmedling Tammerfors Ab, Tammerfors	87.3	227	67.0	67
Aktia Fastighetsförmedling Vasa Ab, Vasa	80.0	517	60.0	313
Aktia Fastighetsförmedling Uleåborg Ab, Uleåborg	90.6	290	100.0	100
Aktia Fastighetsförmedling Åbo Ab, Åbo	90.0	119	90.0	119
Aktia Fastighetsförmedling Östra Nyland Ab, Borgå	80.0	80	80.0	80
Magnus Nyman AFM Ab, Kimito	51.0	155	51.0	125
Robur Invest Oy (dormant), Helsingfors	100.0	8	100.0	8
Vasp Invest Ab, Helsingfors	100.0	325	75.0	101
Total		**165,277**		**1,542**

Shares in associated companies (ownership 20-50%)

	2008 Percentage of all shares	2008 Book value	2007 Percentage of all shares	2007 Book value
Others				
Investmentbolaget Torggatan 14 Oy, Mariehamn	33,3	376	33,3	376
Järsö Invest Ab, Mariehamn	33,3	376	33,3	376
Mike Alpha Ab, Mariehamn	33,3	1	33,3	1
Mike Bravo Ab, Mariehamn	33,3	1	33,3	1
Mike Charlie Ab, Mariehamn	33,3	1	33,3	1
Mike Whiskey Ab, Mariehamn	33,3	160	33,3	160
November Sierra Ab, Mariehamn	33,3	1	33,3	1
Tenala Buccaneers Ab, Mariehamn	33,3	376	33,3	376
Tenala Invest Ab, Mariehamn	33,3	376	33,3	376
Total		**1,667**		**1,667**

Financing income obtained from and financing expenses paid to other group companies	**2008**	**2007**
Interest income	-	10,356
Dividends	196	1 209
Interest expenses	-	-691
Net finance items	**196**	**10,874**

Receivables from and liabilities to companies in the group	2008	2007
Loans to credit institutions	16	130 000
Loans to the public and public sector entities	342	11 590
Debt securities	-	28 032
Shares and participations in associated companies	-	2 852
Other assets	-	-
Accrued income and expenses paid in advance	396	18 713
Total receivables	**754**	**191 187**
Liabilities to credit institutions	1 390	7 824
Liabilities to the public and public sector entities	-	12 749
Bonds issued	-	14 185
Subordinated liabilities	-	900
Other liabilities	-	-
Accrued expenses and income recieved in advance	-	7 655
total liabilities	**1 390**	**43 314**

Note 153. Close relations

The Group's key personal in management positions refers to Aktia plc's Board of Supervisors and Board of Directors and the Group's Management (MD and deputy MD). Close relations include key persons in management positions according to the above and close family members and companies that are under the dominating influence (over 20 % of teh shares) of a key person in a management position.

Salaries and fees as well as pension commitments arising or made	2008	2007
Members of the Board of Supervisors and their alternates	189	195
Kaj-Gustaf Bergh, Chairman of the Board	40	36
Dag Wallgren, Vice Chairman	25	22
Board of Directors:		
Hans Frantz	21	19
Lars-Olof Hammarén	21	19
Lars-Erik Kvist	21	19
Kjell Sundström	21	-
Marina Vahtola	21	18
Nina Wilkman	20	19
Mikael Ingberg, Managing Director until 3 April 2008	124	391
Jussi Laitinen, Managing Director from 4 April 2008	185	-
Jarl Sved, Deputy Managing Director	251	254
Total	**937**	**992**

Members of the management group can retire from and when they reach 60 years of age.

Members of the Board of Supervisors, Board of Directors, the Managing Director and his Deputy Managing Director total holding of shares of

	2008	2007
Number of shares	123 776	100 164
Share of total shares	0,31%	0,17%

Auditor's report

To the Annual General Meeting of Aktia p.l.c.

We have audited the accounting records, the financial statements, the report of the Board of Direc-tors and the administration of Aktia p.l.c. (fomer Aktia Savings Bank p.l.c.) for the financial year 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated finan-cial statements, as well as the parent company's balan-ce sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the finan-cial statements and the report of the Board of Directors and for the fair presentation of the consoli-dated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and fi-nances, and the Managing Director shall see to it that the accounts of the company are in compli-ance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reason-able assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclo-sures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reason-ableness of accounting estimates made by management, as well as evaluating the overall presen-tation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opin-ion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial posi-tion, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial posi-tion in accordance with the laws and regulations governing the preparation of the financial state-ments and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 5 March 2009
PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Statement by the Board of Supervisors

Approved at the meeting of the Board of Supervisors on 10 March 2009.

The Board of Supervisors has examined the financial statement, the consolidated accounts, the report by the Board of Directors and the audit report for 2008 and recommends that the financial statement and the consolidated accounts be accepted.

Henry Wiklund
Chairman (in office until 2009), M. Sc. (Econ), Chamber Counsellor

Johan Bardy
Deputy Chairman (2011), Attorney-at-Law, LL.M.

Christina Gestrin
Deputy Chairman (2011), Member of Parliament, M. Sc. (Agriculture and Forestry)

Henrik Sundbäck
Deputy Chairman (2009), Consultant, M.Sc. (Agriculture and Forestry)

Lorenz Uthardt
Deputy Chairman (2011), Agrologist, M.Sc. (Pol), Honorary Counsellor

Bo-Gustav Wilson
Deputy Chairman (2010), Audit Manager, M.Sc. (Econ)

Harriet Ahlnäs
(2009), Principal, M.Sc. (Eng)

Roger Broo
(2009), Administrative Director, M.Sc. (Pol), Chamber Counsellor

Sten Eklundh
(2010), M.Sc. (Econ)

Agneta Eriksson
(2010), M.A.

Håkan Fagerström
(2011), Managing Director, Forester

Christoffer Grönholm
(2009), Chief Secretary, D.Sc. (Pol)

Peter Heinström
(2010), Honorary Consul

Erik Karls
(2010), Farmer

Kari Kyttälä
(2009), LL.M.

Patrik Lerche
(2011), Managing Director, M.Sc. (Econ)

Per Lindgård
(2009), Teacher

Kristina Lyytikäinen
(2011), Private Entrepreneur, B.A. (Social Sciences)

Håkan Mattlin
(2011), Director General, Lic.Sc. (Pol), Chamber Counsellor

Clas Nyberg
(2010), M.Sc. (Eng)

Jorma J Pitkämäki
(2011), Director of Development

Henrik Rehnberg
(2009), Farmer, Engineer

Gunvor Sarelin-Sjöblom
(2010), M.A.

Peter Simberg
(2011), Agrologist

Carl Eric Stålberg
(2010), Chairman of the Board of Directors of Swedbank AB (publ), M.Sc. (Econ)

Sture Söderholm
(2009), Lic. Odont.

Maj-Britt Vääriskoski
(2010), Financial Director

Lars Wallin
(2010), Office Manager

Ann-Marie Åberg
(2010), Physiotherapist

Marianne Österberg
(2011), LL.M.

The Board of Directors

Kaj-Gustaf Bergh

b. 1955
LL.M., M.SC. (Econ)
Managing Director, Föreningen Konstsamfundet r.f.
Member of the Board since 2003 (Chairman since 2005)

Shares in Aktia:
15,750 shares

Positions of trust:

- Fiskars Corporation, Chairman of the Board
- Ab Forum Capita Oy, Chairman of the Board
- KSF Media Holding Ab, Chairman of the Board
- Ab Kelonia Oy, member of the Board
- Oy Julius Tallberg Ab, member of the Board
- Ramirent Plc, member of the Board
- Stockmann Plc, member of the Board
- Wärtsilä Corporation, member of the Board

Dag Wallgren

b. 1961
M.Sc. (Econ)
Managing Director, Swedish Literature Society in Finland
Member of the Board since 2003 (Vice Chairman since 2006)

Shares in Aktia:
1,575 shares

Positions of trust:

- Ab Kelonia Placering Oy, Chairman of the Board
- Helsinki Savings Banks Foundation, member of the Board
- Unicus Ltd, member of the Board

Lars-Olof Hammarén

b. 1942
B. Sc. (Eng)
Member of the Board since 2006

Positions of trust:

- Oy Armala Ab, Chairman of the Board
- Oy Gripmarine Ab, Chairman of the Board
- Oy Hammarén & Co Ab, Chairman of the Board
- Life Annuity Institution Hereditas, member of the Board

Marina Vahtola

b. 1963
M.Sc. (Econ)
Managing Director, Bauhaus Suomi Oy
Member of the Board since 2007

Positions of trust:

- The Finnish Housing Fair Co-operation Organisation, member of the board

Marcus H. Borgström

b. 1946
M.Sc. (Agr. & For.), Honorary Counsellor
Member of the Board from 1 January 2009

Positions of trust:

- Scan AB, Chairman of the Board
- Ab Svenska Småbruk och Egna hem, Chairman of the Board
- Finnvacum Oy Ab, Chairman of the Board
- Pellervo Confederation of Finnish Cooperatives, Chairman of the Board
- Finlands Svenska Andelsförbund, Chairman
- Oy Gustav Paulig Ab, member of the Board
- Andelslaget Varuboden, Chairman of the Board of Supervisors
- SOK, member of the Board of Supervisors

Kjell Sundström

b. 1960
M.Sc. (Econ)
Treasurer
Member of the Board since 2008

Positions of trust:

- Akademiföreningen Åbo Akademiker r.f., Chairman of the Board
- Förlagsaktiebolaget Sydvästkusten, Chairman of the Board
- Veritas Pension Insurance Company Ltd, Chairman of the Board
- Gustaf Packaléns Mindefond, Chairman of the Board
- Ab Kelonia Oy, member of the Board
- Ab Kelonia Placering Oy, member of the Board
- Stiftelsen Academica, member of the Board
- Stiftelsen Forum Marinum, member of the Board

Lars-Erik Kvist

b. 1945
M.Sc. (Econ)
Member of the Board since 1998

Shares in Aktia:
3,150 shares

Positions of trust:

- Backahill AB, member of the Board
- Bergslagens Sparbank, member of the Board
- Föreningssparbankens Pensionsstiftelse I, member of the Board
- Föreningssparbanken Öland AB, member of the Board
- Tjustbygdens Sparbank, member of the Board

Nina Wilkman

b. 1958
LL.M.
Attorney-at-Law, Attorneys at Law Borenius & Kemppinen Ltd
Member of the Board since 2006

Positions of trust:

- Oy NW Holding Ab, member of the Board
- Helsinki Savings Banks Foundation, member of the Board

Hans Frantz

b. 1948
Lic.Pol.
Principal Lecturer, Health Care and Social Services, University of Applied Sciences in Vaasa
Member of the Board since 2003

Shares in Aktia:
787 shares

Positions of trust:

- Sanapalvelu - Ordtjänst H.Frantz, partnership, Managing Director
- Fadderortsstiftelsen i Österbotten, Chairman of the Board
- Aktia Foundation Vaasa, Chairman of the Advisory Board
- University of Applied Sciences in Vaasa, member of the Board
- Foundation Vaasan opiskelija-asuntosäätiö, member of the Board

Shareholdings per 2 January 2009

The Board members' most important positions of trust are listed above. A complete list of communities and companies where the members of the Board exercise control or have authority is included in the bank's Insider Register.

For information on remuneration of members of the Board see www.aktia.com.

Executive Committee of Aktia plc and Aktia Bank plc

Jussi Laitinen
b. 1956
Managing Director
M.Sc. (Econ)
At Aktia from 4 April 2008

Positions of trust:

- Sigrid Jusélius Stiftelse, auxiliary in the Finance Committee
- Sitra, the Finnish Innovation Fund, expert member of Asset Management
- Finnish Cancer Foundation and Finnish Foundation for Cancer Research, member of the Board
- Finnish Cultural Association, member
- Federation of Finnish Financial Services, member of the Board
- Lastentautien tutkimussäätiö, associate auditor

Jarl Sved
b. 1954
Deputy Managing Director, Managing Director's alternate
LL.M.
At Aktia since 1980

Shares in Aktia:
61,343 shares

Positions of trust:

- Luottokunta, member of the Board

Robert Sergelius
b. 1960
Deputy Managing Director
M.Sc. (Eng)
At Aktia since 2003

Shares in Aktia:
71,753 shares

Positions of trust:

- Unicus Ltd, member of the Board

Stefan Björkman
b. 1963
Deputy Managing Director, CFO
M.Sc. (Eng)
At Aktia since 2006

Shares in Aktia:
17,367 shares

Positions of trust:

- ACH Finland Plc, Chairman of the Board
- Oy Samlink Ab, Chairman of the Board
- Cor Group Oy, Chairman of the Board

Olav Uppgård
b. 1955
Director
M.Sc. (Econ)
At Aktia since 2003

Shares in Aktia:
28,442 shares

Merja Hellberg

b. 1965

Director
At Aktia since 1986

Shares in Aktia:
18,052 shares

Positions of trust:

- Stiftelsen för Österbottens högskola, member of the Board
- Vaasa Chamber of Commerce, member of the Board
- Ostrobothnia Chamber of Commerce, member of the Delegation
- The Finnish Higher Education Evaluation Council, member

Anders Nordman

b. 1955

Managing Director of Aktia Non-Life Insurance
M.Sc. (Econ)
At Aktia since 2009

Positions of trust:

- Veritas Pension Insurance Company Ltd, member of the Board
- Federation of Finnish Financial Services, member of Non-Life Insurance Executive Committee
- WWF Finland, member of the Board of Trustees

Taru Narvanmaa

b. 1963

Managing Director of Aktia Life Insurance
M.Sc. (Econ)
At Aktia since 2007

Shares in Aktia:
22,367 shares

Positions of trust:

- Retro Life Assurance Company Ltd, member of the Board
- Puutarhaliike Helle Oy, member of the Board
- Teaching and research foundation of Turku University Hospital, member of the Board

Gösta Råholm

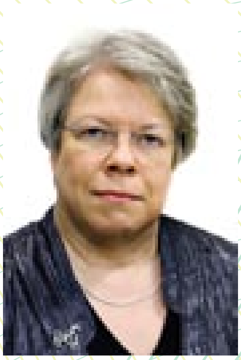
b. 1955

Director
At Aktia since 1988

Shares in Aktia:
2,602 shares

Positions of trust:

- Fastighetsaktiebolaget Svenska Gården i Åbo, Chairman of the Board
- Svenska Klubben i Åbo rf., member of the Board



Marit Leinonen

b. 1958

Staff Representative
At Aktia since 1994

Shares in Aktia:
472 shares

A complete list of communities and companies where the members of the Executive Committee exercise control or have authority is included in the company's Insider Register.

For information regarding the Executive Committee's responsibilites, remuneration as well as the Managing Director's employment see www.aktia.com.

The members' areas of responsibility are presented as per 2 January 2009.

The Board of Supervisors


Henry Wiklund
Chairman


Johan Bardy
Deputy Chairman


Christina Gestrin
Deputy Chairman


Henrik Sundbäck
Deputy Chairman


Lorenz Uthardt
Deputy Chairman


Bo-Gustav Wilson
Deputy Chairman

Henry Wiklund
Chairman (in office until 2009), M. Sc. (Econ), Chamber Counsellor

Johan Bardy
Deputy Chairman (2011), Attorney-at-Law, LL.M.

Christina Gestrin
Deputy Chairman (2011), Member of Parliament, M. Sc. (Agriculture and Forestry)

Henrik Sundbäck
Deputy Chairman (2009), Consultant, M.Sc. (Agriculture and Forestry)

Lorenz Uthardt
Deputy Chairman (2011), Agrologist, M.Sc. (Pol), Honorary Counsellor

Bo-Gustav Wilson
Deputy Chairman (2010), Audit Manager, M.Sc. (Econ)

Harriet Ahlnäs
(2009), Principal, M.Sc. (Eng)

Roger Broo
(2009), Administrative Director, M.Sc. (Pol), Chamber Counsellor

Sten Eklundh
(2010), M.Sc. (Econ)

Agneta Eriksson
(2010), M.A.

Håkan Fagerström
(2011), Managing Director, Forester

Christoffer Grönholm
(2009), Chief Secretary, D.Sc. (Pol)

Peter Heinström
(2010), Honorary Consul

Erik Karls
(2010), Farmer

Kari Kyttälä
(2009), LL.M.

Patrik Lerche
(2011), Managing Director, M.Sc. (Econ)

Per Lindgård
(2009), Teacher

Kristina Lyytikäinen
(2011), Private Entrepreneur, B.A. (Social Sciences)

Håkan Mattlin
(2011), Director General, Lic.Sc. (Pol), Chamber Counsellor

Clas Nyberg
(2010), M.Sc. (Eng)

Jorma J Pitkämäki
(2011), Director of Development

Henrik Rehnberg
(2009), Farmer, Engineer

Gunvor Sarelin-Sjöblom
(2010), M.A.

Peter Simberg
(2011), Agrologist

Carl Eric Stålberg
(2010), Chairman of the Board of Directors of Swedbank AB (publ), M.Sc. (Econ)

Sture Söderholm
(2009), Lic. Odont.

Maj-Britt Vääriskoski
(2010), Financial Director

Lars Wallin
(2010), Office Manager

Ann-Marie Åberg
(2010), Physiotherapist

Marianne Österberg
(2011), LL.M.

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Managing Director Jussi Laitinen

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Photo: Cata Portin
Printing: Erweko

Aktia