

ANNUAL REPORT **2009**
AKTIA BANK PLC

Aktia

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REPORT BY THE BOARD OF DIRECTORS

ACTIVITY DURING THE YEAR

The bank in its current form, Aktia Bank plc, started operating on 30 September 2008, when Aktia Savings Bank plc transferred its banking operations to Aktia Bank Ltd. Aktia Bank Ltd. was converted into a plc at the same time.

Aktia Bank plc operates as the parent company in the Bank Group. The annual report for January – December 2008 encompasses the results for the period 1 October – 31 December 2008.

The Financial Supervisory Authority announced on 28 April 2009 that it had approved Aktia Bank plc's sale of its shares in Aktia Life Insurance to the Group's parent company Aktia plc. The transaction did not affect the operational business of Aktia Life Insurance. The contract price corresponded to the reported net asset value of the life insurance company which stood at EUR 45.5 million on 28 February 2009. Aktia Life Insurance is reported as a discontinued operation in the Bank Group.

Aktia Bank plc's new division into business segments was changed from 1 January 2009 so that the segments Retail Banking and Corporate Banking & Treasury are now combined into a segment entitled Banking Business. The other segments are Asset Management and Miscellaneous. Comparative figures for 2008 relating to the new segmentation were published on 8 April 2009.

PROFIT

The Bank Group's operating profit for continuing operations during the year was EUR 54.2 million (EUR 24.6 million for 10–12/2008). Profit for the period after write-downs and tax was EUR 39.4 million (EUR 19.1 million).

The segment banking business posted a profit of EUR 54.6 million (EUR 9.0 million) for the year as a whole. The segment asset management was able to report a marginal improvement during the last quarter, showing an operating profit of EUR 0.9 million (EUR 2.9 million). Earnings per share was EUR 13.3 million (EUR 6.2 million).

INCOME

The Bank Group's total income amounted to 196.7 million (EUR 55.9 million for 10–12/2008), EUR 152.4 million (EUR

35.5 million) of which was net interest income. Operating profit is adversely affected by a cost of EUR 9.2 million due to a calculation error in the division of fair values of options that are partly reported via income statement and partly via the fund at fair value. The fund at fair value will increase correspondingly.

Net commission income totalled EUR 40.7 million (EUR 11.8 million). Commission income from asset management and brokering amounted to EUR 13.4 million (EUR 3.5 million). The brokering of funds and insurance generated total income of EUR 19.0 million (EUR 15.0 million) and accounted for 33.9% of commission income. Card and payment services commission was EUR 11.5 million (EUR 4.4 million). Total commission costs amounted to EUR 15.4 million (EUR 14.2 million). Among the commission costs, commissions to savings and local cooperative banks for brokered mortgages amounted to EUR 2.1 million (EUR 5.9 million).

EXPENDITURE

The Bank Group's total costs were EUR 111.8 million (EUR 31.4 million).

Staff costs amounted to EUR 46.6 million (EUR 13.9 million). Other administration costs totalled EUR 41.8 million (EUR 10.3 million). Among other administration costs, the largest cost items were primarily attributed to IT which accounted for 36.4% of other administration costs.

Total depreciation and write-downs on tangible and intangible assets amounted to EUR 4.8 million (EUR 1.5 million). Other operating costs totalled EUR 18.6 million (5.7), of which the costs of renting premises accounted for the larger share.

BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS

The Bank Group's balance sheet total increased over the year by 0.2 % and amounted to EUR 9,539 million (EUR 9,520 million) at the end of 2009.

The Bank Group's total lending to the public increased in 2009 by 12.7 % to EUR 6,124 million (EUR 5,432 million). Loans to private households accounted for EUR 4,924 million (EUR 4,343 million) or 80.4% (80.0%) of the total loan stock.

Excluding the mortgages brokered by savings and local cooperative banks which the local banks are committed to capitalise, the Bank Group's lending totalled EUR 4,834 million.

Interest-bearing financial assets available for sale amounted to EUR 2,657 million (EUR 2,808 million). These assets mainly consist of the banking business' liquidity reserve.

Deposits from the public and public sector entities totalled EUR 3,036 million (EUR 3,099 million).

Outstanding bonds issued and certificates of deposit increased by 30.0% to EUR 2,754 million (EUR 2,119 million) at the end of the year.

Off-balance sheet commitments totalled EUR 568 million (EUR 533 million).

The Bank Group's equity increased to EUR 384 million (EUR 300 million) at the end of the year. The fund at fair value amounted to EUR 34.7 million (EUR -35.1 million).

CAPITAL ADEQUACY

The Bank Group's capital adequacy amounted to 15.9 % compared to 13.7% at the end of the previous year. The Tier 1 capital ratio increased to 9.5% compared to 9.3% the previous year. Capital adequacy was strengthened by the profit for the year and by the positive development in the fund at fair value, brought about by higher valuations of financial assets. Capital adequacy remained at a good level, exceeding both the capital adequacy targets set internally and the regulatory requirements.

As part of the financial statements, Aktia publishes a complete annual report on capital adequacy in accordance with Basel 2 rules and the Finnish Financial Supervisory Authority's standards.

The information concerning capital adequacy is verified in the auditing of interim reports and financial statements.

RATING

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service was confirmed on 6 January 2010 as the classification, P-1 (unchanged), for short-term borrowing. The credit ratings for long-term borrowing and financial strength were the same, at A1 and C respectively, all with a stable outlook.

The subsidiary Aktia Real Estate Mortgage Bank plc which issues mortgage covered bonds has a Moody's credit rating of Aa1 for all bonds.

VALUATION OF FINANCIAL ASSETS

VALUE CHANGES REPORTED VIA INCOME STATEMENT

For shares and participations, a value impairment is reported in the income statement where the value change has been announced as significant or long-term and, in the case of interest-bearing securities, where the issuer has announced an inability to pay. For interestbearing securities, previous write-downs are reversed in the income statement and for shares and participations in the fund at fair value.

Write-downs amounted to EUR 0.4 million (EUR 4.6 million) and are attributable to one security asset.

WRITE-DOWNS ON FINANCIAL ASSETS

EUR million	1-12 2009	1-12 2008
Interest bearing securities	0.4	3.6
Shares and participations	-	1.0
Total	0.4	4.6

VALUE CHANGES REPORTED VIA THE FUND AT FAIR VALUE

A value impairment that is not reported in the income statement or an increase in the value of financial assets that has not been realised is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 34.7 million after deferred tax compared to EUR -35.1 million as at 31 December 2008. The cash flow hedging which comprises the market value for interest rate derivative contracts which have been acquired for the purposes of hedging the banking business' net interest income amounted to EUR 21.4 million (EUR 12.4 million).

SPECIFICATION OF THE FUND AT FAIR VALUE

EUR million	31.12.2009	31.12.2008	Change
Shares and participations			
Banking business	0.0	-0.2	0.2
Life insurance business	0.0	-2.9	2.9
Direct interestbearing securities			
Banking business	13.3	-26.3	39.5
Life insurance business	0.0	-18.2	18.2
Cash flow hedging	21.4	12.4	9.0
Fund at fair value, total	34.7	-35.1	69.8

WRITE-DOWNS OF LOAN AND GUARANTEE CLAIMS

Write-downs based on individual examination of loan and guarantee claims totalled EUR -33.1 million (EUR -0.6 million). Reversals of write-downs from previous years came

to EUR 2.1 million (EUR 0.1 million) so that the cost effect on the profit for the year was EUR -31.1 million (EUR -0.5 million).

Of the write-downs with impact on costs, EUR -29.9 million was accounted for by corporate loans, which corresponds to approx. 3.5% of the total corporate lending. Write-downs with impact on costs of household loans amounted to EUR -1.1 million, EUR -0.7 million of which was accounted for by unsecured consumer loans. The year's write-downs with impact on costs of household loans was equivalent to 0.02% of total lending to households. Total write-downs with cost impact for the year amounted to 0.51% (0.01%) of total lending.

In addition to individual write-downs, group writedowns were made for households and small companies, where there were objective reasons to believe there was uncertainty in relation to the repayment of claims in underlying credit portfolios. Group writedowns for households and small companies remained unchanged and amounted to EUR -7.4 million at the end of the 2009.

THE BANK GROUP'S RISK MANAGEMENT

OVERVIEW

In providing financial solutions to its customers, Aktia is exposed to various risks that need to be managed. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities. Aktia is a diversified finance conglomerate with a conservative policy towards risk. The main areas of risk encompass credit, interest rate and liquidity risks in the banking business, market and interest rate risks in the life insurance business and market and actuarial risks in the non-life insurance business. All businesses are exposed to business and operational risks. The overall business risk is reduced through diversifying operations.

Definitions

- Risk – possibility of an adverse departure from an anticipated financial outcome with an impact on financial performance or capital adequacy/solvency
- Risk management – all activities involved in taking, reducing, analysing, controlling and monitoring risk
- Risk control – identifying, measuring, supervising, stress testing, analysing, reporting and monitoring of risks
- Credit and counterparty risk – risk of losses brought about by the debtor failing to fulfil its obligations towards Aktia or caused by the counterparty's creditworthiness having weakened

- Market risk – risk of losses or lower future income due to price changes on the financial market
- Financing and liquidity risk – risk that the Group cannot fulfil its payment obligations or that it can only do so at high cost
- Operational risks – risk of losses due to events in the operating environment or internal factors
- Business risk – risk of reduced income due to a reduction in volume, pressure on prices, competition or rising costs

RISK EXPOSURE

CREDIT AND COUNTERPARTY RISKS

Credit risks occur in banking operations, while counterparty risks occur in both banking and insurance operations. Together, these form the largest risks that the Group is exposed to.

Aktia pursues a conservative lending policy based on the debtor's ability to repay the debt and the bank's full understanding of their business position. The majority of the loan portfolio is to be accounted for by loans to households, and large individual risk concentrations are avoided. Risk-taking is always based on sound, commercial principles that stand up to scrutiny. Lending to households is generally secured against collateral. As at 31 December 2009, loans to households accounted for 80.4% (80.0%) of the total credit stock of EUR 6,124million (EUR 5,432 million). Of these loans to households, 86.2% (86.2%) were secured against collateral in accordance with Basel II. During the year, corporate lending was moderate with a focus on risk management.

Counterparty risks occur in conjunction with investments and in relation to entering into derivative contracts for hedging purposes. These risks are managed through the requirement for high-level external ratings, conservative allocation and various collateral arrangements.

MARKET RISKS

No trading activities are carried out by the Aktia Group, which is why the market risks are structural in nature and occur due to imbalances between reference rates and re-pricing of assets and liabilities.

In the banking business, the structural interest rate risks and especially the risk of sustained low interest rates have been actively managed through the nature of the business arrangements, hedging derivatives and investments

in the liquidity portfolio for the purposes of reducing the volatility of net interest income. The Bank Group's liquidity portfolio stood at EUR 2,615 million (EUR 2,290 million) at the year-end. Of the Bank Group's liquidity portfolio, 55% (49%) constituted investments in covered bonds, 29% (45%) constituted investments in banks, 10% (3%) constituted investments in state-guaranteed bonds and approximately 6% (3%) were investments in public sector entities and companies.

FINANCING AND LIQUIDITY RISKS

In the banking business, financing and liquidity risk is defined as the availability of refinancing and differences in maturity and in the insurance businesses as the availability of financing for paying out claims. The financing and liquidity risks are dealt with at legal company level, and there are no financing commitments between the Bank Group and the insurance companies. Despite much uncertainty on the financial market, the liquidity situation has been good.

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 marketplace suffers.

PERSONNEL

When converted into full-time employees, the number of staff employed by the Bank Group fell by 122 to 756 (878) people during 2009. The average number of full-time employees during the year was 766.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events to be reported after the end of the reporting period.

OUTLOOK AND RISKS FOR 2010

Aktia Bank expects operating profit for 2010 to be on the same level as in 2009.

In 2010, Aktia Bank's focus will be on strengthening customer relations, increasing selling, developing Internet services, managing costs, risks and capital in order to strengthen profitability. Aktia Bank is endeavouring to grow above and beyond the market volume, particularly in the areas of retail customers and small companies.

Aktia Bank's financial results are affected by many factors, the most important of which are the general economic situation, fluctuations in share prices, interest rates and exchange rates and the competitive situation. Changes in these factors can have an impact on demand for banking, insurance, real estate agency and asset management services.

Changes in interest rates, yield curves and credit margins are hard to predict and can affect Aktia Bank's interest rate margins and therefore profitability. Aktia Bank pursues an active policy of managing interest rate risks.

Any future write-downs of loans in Aktia Bank's loan portfolio could be due to many factors, the most important of which are the general economic situation, interest rate levels, the level of unemployment and changes in house prices. Aktia Bank expects write-downs on credits to be lower in 2010 than in 2009.

The availability of liquidity on the money markets is of central importance for Aktia Bank's refinancing activities. Like other banks, Aktia Bank relies on deposits from households in order to service some of its liquidity needs.

The market value of Aktia Bank's securities and other assets can change as a result of, among other things, a requirement for higher returns among investors.

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought about uncertainty concerning future capital requirements. A change in capital requirements could actualise both capitalisation needs and need for changes in the Aktia Group's structure.

BOARD OF DIRECTORS' PROPOSALS FOR THE 2010 AGM

The Board of Directors proposes to the AGM 2010 a dividend of EUR 4,300,00.00 per share for the period 1 January – 31 December 2009. The proposed dividend amounts to a total of EUR 12.9 million (-).

Aktia Bank plc
Board of Directors

KEY FIGURES

(EUR 1,000)	2009 (IFRS)	2008 (IFRS)
Turnover, continuing operations		
- banking business	330,822	199,941
Net interest income	152,425	35,497
Net commission income	40,687	11,819
Other operating income	3,610	8,587
Total operating income	196,722	55,903
Total operating expenses	-111,761	-31,404
Impairments and write downs, net	-31,117	-134
Share of profit from associated companies	334	230
Operating profit from continuing operations	54,178	24,596
Operating profit from discontinuing operations	-305	-47,669
Operating profit	53,872	-23,073
Return on equity (ROE), %	11.0	-5.2
Return on assets (ROA), %	0.40	-0.17
Equity ratio, %	4.0	3.2
Personnel (FTEs), average number of employees		
from the beginning of the financial year	766	879
Balance sheet total	9,539,493	9,519,892
Earnings per share (EPS), continuing operations, EUR million	13.3	6.2
Earnings per share (EPS), discontinued operations, EUR million	-0.6	-11.6
Earnings per share (EPS), EUR million total	12.7	-5.5
Equity per share (NAV), EUR ,million	117.0	91.7
Earnings per share excluding negative goodwill recorded as income		
and including the fund at fair value, EUR million	35.9	-15.4
Number of shares at the end of the period	3	3
Banking Business (incl. Private Banking)		
Cost-to-income ratio	0.57	0.65
Borrowing from the public	3,035,754	3,098,958
Lending to the public	6,123,656	5,431,640
Capital adequacy ratio, %	15.9	13.7
Tier 1 capital ratio, %	9.5	9.3
Risk-weighted commitments	3,460,170	3,313,174
Asset Management		
Mutual fund volume, *)	3,786,167	2,489,752
Managed and brokered assets, EUR million	5,995,571	4,539,312

*) Including fund volume of Aktia Invest from December 2008.

BASIS OF CALCULATION FOR KEY FIGURES 2009

Turnover, EUR

Banking business turnover

Interest income + dividends+net commission income + net income from financial transactions
+ net income from investment properties + other operating income

Earnings/share, EUR

Profit for the period after taxes attributable to the shareholders of Aktia Bank plc

Average number of shares over the reporting period (adjusted for new issue).

Equity per share, EUR

Equity attributable to the shareholders of Aktia Bank plc

Number of shares at the end of the period

Return on equity (ROE), %

$\frac{\text{Profit for the period (on annual basis)}}{\text{Average equity}} \times 100$

Banking business cost/income ratio

$\frac{\text{Total operating expenses}}{\text{Total operating income}}$

Banking business risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivatives valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervision Authority.

The capital requirements for operational risks have been calculated and risk-weighted in accordance with regulation 4.3i issued by the Finnish Financial Supervision Authority.

Banking business capital adequacy ratio, %

$\frac{\text{Capital base (TIER 1 capital + Tier 2 capital)}}{\text{Risk-weighted commitments}} \times 100$

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

Banking business Tier 1 capital ratio, %

$\frac{\text{Tier 1 capital}}{\text{Risk-weighted commitments}} \times 100$

AKTIA BANK PLC – CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT FOR BANK GROUP

(EUR 1,000)	Note	2009	2008
Continuing operations			
Interest income	5	286,526	179,535
Interest expenses	5	-134,101	-144,038
Net interest income		152,425	35,497
Dividends	6	115	170
Commission income	7	56,067	25,996
Commission expenses	7	-15,380	-14,177
Net commission income		40,687	11,819
Net income from financial transactions	8	600	-2,789
Net income from investment properties	9	86	2,876
Other operating income	10	2,808	8,330
Total operating income		196,722	55,903
Staff costs	11	-46,580	-13,902
Other administrative expenses	12	-41,773	-10,321
Depreciation of tangible and intangible assets	13	-4,832	-1,488
Other operating expenses	14	-18,576	-5,693
Total operating expenses		-111,761	-31,404
Impairment and reversal of impairment on tangible and intangible assets	15	-35	410
Write-downs on credits and other commitments	24	-31,081	-544
Share of profit from associated companies		334	230
Operating profit from continuing operations		54,178	24,596
Taxes	16	-14,740	-5,457
Profit for the period from continuing operations		39,437	19,139
Discontinued operations			
Profit for the period from discontinued operations	17	-1,788	-34,877
Profit for the period		37,649	-15,738
Attributable to:			
Shareholders in Aktia Bank Plc		38,019	-16,383
Minority interest		-370	645
Total		37,649	-15,738
Earnings per share attributable to shareholders in Aktia Bank Plc, EUR			
Continuing operations	18	13,269,009.48	6,164,833.41
Discontinued operations	18	-596,129.27	-11,625,755.27
Total		12,672,880.20	-5,460,921.86

There is no dilution effect to earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR BANK GROUP

(EUR 1,000)	Note	2009	2008
Continuing operations			
Profit for the reporting period		39,437	19,139
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale		37,749	-29,115
Change in valuation of fair value for cash flow hedging		9,043	13,571
Transferred to the income statement for financial assets available for sale		2,429	1,015
Transferred to the income statement for cash flow hedging		-	-280
Total comprehensive income for the period for continuing operations		88,659	4,330
Discontinued operations			
Profit for the period		-1,788	-34,877
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale		-11,304	-40,084
Transferred to the income statement for financial assets available for sale		272	24,433
Total comprehensive income for the period for discontinued operations		-12,821	-50,528
Total comprehensive income for the period		75,838	-46,198
Total comprehensive income attributable to:			
Shareholders in Aktia Bank plc		75,759	-46,306
Minority interest		79	108
Total		75,838	-46,198

CONSOLIDATED BALANCE SHEET FOR BANK GROUP

(EUR 1,000)	Note	2009	2008
Assets			
Cash and balances with central banks	19	336,506	506,308
Financial assets reported at fair value via the income statement	20	3,599	19,492
Interest-bearing securities	21	2,657,453	2,808,447
Shares and participations	21	4,907	211,483
Financial assets available for sale		2,662,360	3,019,930
Financial assets held until maturity	22	27,883	35,885
Derivative instruments	23	209,568	137,014
Lending to credit institutions	24	80,721	100,540
Lending to the public and public sector entities	24	6,123,656	5,431,640
Loans and other receivables		6,204,377	5,532,181
Investments for unit-linked provisions		-	148,119
Investments in associated companies	25	2,842	2,795
Intangible assets	26	7,024	10,337
Investment properties	27	4	4
Other tangible assets	28	4,638	5,947
Accrued income and advance payments	29	71,916	78,716
Other assets	29	4,902	5,934
Total other assets		76,817	84,651
Income tax receivables		402	2,389
Deferred tax receivables	30	3,473	14,842
Tax receivables		3,875	17,231
Total assets		9,539,493	9,519,892
Liabilities			
Liabilities to credit institutions	31	1,724,399	1,917,006
Liabilities to the public and public sector entities	31	3,035,754	3,098,958
Deposits		4,760,153	5,015,964
Financial liabilities reported at fair value via the income statement		-	4,586
Derivative instruments	23	131,650	84,725
Debt securities issued	32	2,754,499	2,118,733
Subordinated liabilities	33	250,433	246,808
Other liabilities to credit institutions	34	968,201	502,138
Other liabilities to the public and public sector entities	35	91,766	262,761
Other financial liabilities		4,064,899	3,130,439
Provisions for interest-related insurances	36	-	627,592
Technical provisions for unit-linked insurances	36	-	149,583
Accrued expenses and income received in advance	37	66,498	79,363
Other liabilities	37	81,342	87,332
Total other liabilities		147,840	166,695
Provisions	38	218	24
Income tax liability		18,884	2,144
Deferred tax liabilities	30	32,161	37,964
Tax liabilities		51,046	40,109
Total liabilities		9,155,807	9,219,717
Equity			
Restricted equity	39, 40	197,724	127,919
Unrestricted equity	39	153,276	147,322
Shareholders' share of equity		351,000	275,241
Minority interest's share of equity		32,687	24,934
Equity		383,686	300,175
Total liabilities and equity		9,539,493	9,519,892

CONSOLIDATED OFF-BALANCE-SHEET COMMITMENTS FOR BANK GROUP

(EUR 1,000)	Note	2009	2008
Off-balance sheet commitments			
Guarantees	47	49,944	54,843
Other commitments provided to a third party		7,281	7,450
Commitments provided to a third party on behalf of the customers		57,225	62,293
Unused credit arrangements		510,854	459,127
Other commitments provided to a third party		-	12,050
Irrevocable commitments provided on behalf of customers		510,854	471,178
Total off-balance sheet commitments		568,079	533,471

CONSOLIDATED CASH FLOW STATEMENT FOR BANK GROUP

(EUR 1,000)	2009	2008
Cash flow from operating activities		
Operating profit *)	53,872	-23,073
Adjustment items not included in cash flow for the period	17,274	37,595
Paid income taxes	-7,853	-9,368
Cash flow from operating activities before change in operating receivables and liabilities	63,293	5,154
Increase (-) or decrease (+) in receivables from operating activities	-935,976	-590,647
Financial assets reported at fair value via the income statement	573	4,407
Financial assets available for sale	-231,885	-404,417
Assets of the life insurance business	-	64,503
Loans and other receivables	-699,597	-331,424
Investments for unit-linked provisions	2,650	55,015
Other assets	-7,716	21,269
Increase (+) or decrease (-) in liabilities from operating activities	651,227	645,053
Financial liabilities reported at fair value via the income statement	-4,586	4,586
Deposits	-257,394	760,796
Debt securities issued	633,460	205,070
Other financial liabilities	295,068	-272,932
Provision for insurance contracts	-2,680	-77,667
Other liabilities	-12,641	25,200
Total cash flow from operating activities	-221,457	59,560
Cash flow from investing activities		
Financial assets held until maturity, decrease	8,000	10,000
Investments in group companies and associated companies **)	-50	-27,445
Proceeds from sale of group companies and associated companies	34,649	-
Investment in tangible and intangible assets	-2,874	-5,026
Disposal of tangible and intangible assets	302	42,912
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	8,919	3,803
Total cash flow from investing activities	48,946	24,244
Cash flow from financing activities		
Subordinated liabilities, increase	79,756	113,508
Subordinated liabilities, decrease	-73,366	-58,218
Total cash flow from financing activities	6,390	55,290
Change in cash and cash equivalents	-166,121	139,094
Cash and cash equivalents at the beginning of the year	512,348	20,265
Cash and cash equivalents transferred in connection with transfer of business operations	-	352,989
Cash and cash equivalents at the end of the year	346,227	512,348
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,959	9,967
Insurance operation's cash and bank	-	3,708
Bank of Finland current account	326,547	492,632
Repayable on demand claims on credit institutions	9,721	6,040
Total	346,227	512,348
Adjustment items not included in cash flow for the period consist of:		
Impairment of financial assets available for sale	388	39,203
Write-downs on credits and other commitments	31,081	544
Change in fair values	-19,315	2,494
Depreciation and impairment of intangible and tangible assets	4,941	3,266
Share of profit from associated companies	-37	-132
Sales gains and losses from intangible and tangible assets	-100	-7,337
Other adjustments	316	-443
Total	17,274	37,595

*) Includes operating profit from both continuing and discontinued operations

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR BANK GROUP

(EUR 1,000)	Share capital	Other restricted equity	Fund at fair value	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Minority interest's share of equity	Total equity
Equity as at 1 January 2008	0	12	-4,278	0	34,229	29,963	14,159	44,122
Share issue	163,000			44,558		207,558		207,558
Treasury shares acquired in connection with the merger					-98	-98		-98
Dividends to shareholders						0		0
Total comprehensive income for the period			-30,460		-15,846	-46,306	108	-46,198
Other change in equity			-355		84,479	84,124	10,667	94,791
Equity as at 31 December 2008	163,000	12	-35,093	44,558	102,764	275,241	24,934	300,175
Equity as at 1 January 2009	163,000	12	-35,093	44,558	102,764	275,241	24,934	300,175
Share issue				0		0		0
Treasury shares acquired in connection with the merger						0		0
Dividends to shareholders						0		0
Total comprehensive income for the period		-12	38,189		37,570	75,759	79	75,838
Other change in equity			31,628		-31,615	0	7,674	7,674
Equity as at 31 December 2009	163,000	0	34,724	44,558	108,718	351,000	32,687	383,686

NOTE 1. OVERVIEW OF SIGNIFICANT CONSOLIDATED ACCOUNTING PRINCIPLES 2009

The Board of Directors' report and the financial statements for the financial year 2009 were approved by the Board of Directors on 26.02.10 and are to be adopted by the Annual General 2010

The Group's parent company is Aktia Bank plc, domiciled in Helsinki. A copy of the Group's financial statement is available from Aktia Bank plc, Mannerheimintie 14, 00100 Helsinki, Finland or from Aktia's website www.aktia.fi.

Basis for preparation

Aktia Bank plc'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 regulatory requirements have also been taken into account. The figures in the interim reports are presented so that income statement items are compared with the corresponding period of the previous year, while the comparison of balance sheet items relates to the previous year-end unless specified otherwise. Figures in the accounts are presented in thousands of euros, unless indicated otherwise. The consolidated accounts have been prepared in accordance with original acquisition values, unless otherwise indicated in the accounting principles.

At the end of February, Aktia Bank plc sold its shares in Aktia Life Insurance Ltd to the Group's parent company Aktia plc, and after this time Aktia Life Insurance Ltd is presented as discontinued operations in the Bank Group.

In Aktia's view, the following IASB standards are those that have had the largest impact on how the financial statement is presented, the Group's profit and financial position in 2009 and will do so in 2010.

The Group adopted 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. In accordance with the revised IAS, the Group publishes a consolidated income sheet and a statement of comprehensive income as well as a specification of changes in the Group's equity. The comprehensive income statement contains changes in non-ownership related items within equity while the change in the Group's equity contains

transactions with owners. The consolidated balance sheet is presented in order of liquidity.

IFRIC 13 Customer Loyalty Programmes

This interpretation deals with reporting on customer loyalty programmes. The Group operates one bonus scheme, Aktia Bonus, which is going to be closed. This bonus scheme has already been dealt with in the accounts in accordance with IFRIC 13 which is why the introduction of this standard will not affect the Group's financial results or position. Bonus liabilities for the comparison year 2008 have been moved from other liabilities to accruals.

IFRS 7 Financial Instruments: Disclosures (revised)

This standard has been revised in order to give better information on, among other things, the basis for assessments at fair value and liquidity risks attributed to financial instruments. Additions have been made to the consolidated financial statement in accordance with the extended requirements that have entered into force.

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

IFRS 3 Business Combinations (revised)

With effect from 1 January 2010, business combinations will be reported in accordance with the revised standard IFRS 3. From 1 January 2010 onwards, company acquisitions will involve greater volatility in the consolidated income statement and in the Group's equity.

IAS 27 Consolidated and Separate Financial Statements (revised)

This revised standard deals with accounting principles relating 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 statement encompasses the parent company, Aktia Bank 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 time of acquisition until the date of disposal. Subsidiaries acquired before 1 January 2004 are consolidated in accordance with the originally applied con-

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 encompass 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. When 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 date the accounts are closed.

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-based reporting

The Group complies with IFRS 8 for segment-based reporting, whereby every segment has a director in charge of financial results from operations. Aktia Bank plc's new division into business segments was changed from 1 January 2009 so that Retail Banking and Corporate Banking & Treasury are combined into a segment entitled Banking Business. As of 1 January 2009, the Group's activities have been divided into five segments:

- Banking business
- Asset Management
- Life Insurance (discontinued operations)
- Miscellaneous

Comparative figures for 2008 relating to the new segments were published on 8 April 2009.

The Banking Business segment encompasses Aktia Bank plc's branch office operations, corporate operations and treasury, Aktia Real Estate Mortgage Bank plc, Aktia Card & Finance Ltd, Aktia Corporate Finance Ltd and the real estate agencies.

The Asset Management segment encompasses Aktia Bank plc's private bank in Helsinki, other private banking operations and institutional sales (Aktia Invest), Aktia Fund Management Ltd and Aktia Asset Management Ltd.

The Life Insurance segment (discontinued operations) encompasses Aktia Life Insurance Ltd.

The Miscellaneous segment encompasses certain administrative functions for Aktia Bank plc and return on equity.

Allocation principles and Group eliminations

Net interest income from those units included in the Banking Business and Asset Management segments contains 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 balance protection measures for which management has issued authority. The costs of central support functions are allocated to the segments in accordance with resource use, defined projects and according to different allocation rules.

Until further notice, Aktia Bank plc is not allocating equity to the different segments. The Miscellaneous segment 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 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 Euro zone have been converted into euros using

the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as net income from currency trading.

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 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 when calculating 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 accruals convention. 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.

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 instrument's maturity. The total effect for 2008 of this change was EUR 1.3 million, of which EUR 1.2 million was 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 yrs
Other tangible assets	3–5 yrs
Intangible assets (IT acquisitions)	3–5 yrs

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 external pension insurance companies. After this, the Group has no legal or actual obligation to make further payments in case the pension insurance companies do 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 life insurance business' provisions. These plans have no significant impact on the Group's result or financial position.

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. Structured bonds, investments with embedded derivatives, are classified as financial assets held for trading, which means that changes in value are recognised directly in the income statement.

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

Life insurance operations were sold to the parent company Aktia plc at the end of February, and after that business operations are reported as discontinued operations in the income statement and the Bank Group's segment report.

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 under equity against the Fund at fair value with deductions for tax liability imputed 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 that can be sold'.

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 of it.

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.

Financial liabilities

Financial liabilities are included in the balance sheet at their acquisition value on entering into the agreement, and subsequently at their accrued acquisition value. In the cash flow statement, issued debts are deemed to belong to the bank's core operations, and are included in operating activities, while subordinated liabilities are deemed to belong to financing activities.

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 has sought protection against its creditors, or is undergoing significant restructuring which affects 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.

In 2009, the accounting principles were also defined more precisely with regard to interest-bearing securities. In addition to default, interest-bearing securities are reviewed individually to assess the need for write-downs in the event that the price of the security has fallen by more than 50% and the instrument rating has fallen below investment grade (BB+, Ba1 or lower).

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 for the acquisition and disposal of financial assets

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

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.

The impact of derivative instruments on the income statement is reported under Net Income from Hedge Accounting, which is included in Net Income from Financial Transactions.

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 the 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 with effect from the time when the hedging was latest 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.

Fair value hedging is no longer applied in the following situations:

- the hedging instrument expires, is sold, terminated or revoked
- the hedge no longer qualifies for hedge accounting
- hedging is discontinued.

When hedging ceases, accumulated profit or loss, adjusting the value of the item hedged in the income statement, is allocated. Allocation is made over the hedged item's period until maturity.

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 to 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. The change in time value for interest rate options is reported through the income statement.

Cash flow hedging ceases in the same situations as fair value hedging. When cash flow hedging ceases, but an inward cash flow is expected, accumulated profit or loss concerning the hedging instrument is reported as separate item under shareholders' equity. Accumulated profit or loss is then reported in the income statement under the same periods as previously hedged interest streams are reported in the income statement.

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 and 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 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 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.

Estimation of fair value for investment properties was carried out by external property valuers 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 and participations is essentially or permanently lower than the acquisition price, a write-down is entered as an 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.

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 current 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 a 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 an 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

Balance sheet items for life insurance business are only available for 2008. In 2009, the life insurance business was sold to Aktia Bank plc's parent company Aktia plc and is reported as discontinued operations in the consolidated income statement for both years.

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.

In the life insurance business, 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 these 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.

neration 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 compensation 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. In the consolidated IFRS accounts, the insurance companies' equalisation provisions (FAS) have been transferred to shareholders' equity and deferred tax liability.

Within the life insurance business, liabilities arising from capitalisation agreements are not reported as technical appropriations (provisions) but are included under Other liabilities.

In the financial statements, the term provision is used synonymously with insurance agreement and investment agreement liabilities. Within the life insurance business, 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 unit-linked insurance agreements.

Loss assessment for the insurance business

In insurance business, an assessment is carried out when the accounts are closed 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 life 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 life 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 sav-

ings 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 life insurance 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 Aktia Life Insurance decides on customer compensation on an annual basis.

Equity

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 the annual general meeting decides on the pay out.

Minority interest

Aktia Real Estate Mortgage Bank plc's minority interest is reported as part of the Group's shareholders' equity. The subsidiaries Aktia Corporate Finance Ab and Aktia Asset Management Oy Ab have certain redemption clauses in their minority interest agreements and their minority interest shares are reported as liabilities in accordance with IAS 32.25(a). The change in these liabilities are reported in the income statement as personnel costs.

Accounting principles requiring management discretion

When preparing reports in accordance with the IFRS standards certain estimations and assessments are required by management which have an impact on the income, expenses, contingent assets and contingent 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, the write-down of financial assets, the 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 discretion. 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 accounting date to see whether there is objective evidence of a need to make write-downs on financial assets, except for financial assets that are valued at the actual value through profit and loss. The principles are described under 'Impairment of financial assets'.

Write-downs of credits and claims

Write-downs of credits and claims are entered individually and in groups. 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. Objective evidence exists where the debtor is experiencing significant financial difficulties, concessions are granted for financial or legal reasons which the lender had not otherwise considered, or the debtor enters bankruptcy or other financial restructuring.

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 bankruptcy 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

Calculation of provisions always includes uncertainties as the provisions are based on assumptions of, among other things, future interest rates, mortality, illness and future cost levels. This is described in more detail under the methods used and assumptions made when determining provisions in the respective insurance business.

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1. General

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

The Bank Group primarily focuses on banking and capital operations. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities. The main areas of risk encompass credit, interest rate, liquidity risks as well as business and operational risks. In general, the risk policy pursued by the Group is conservative in nature.

The result of banking operations and capital adequacy is primarily affected by business volumes, deposit and lending margins, the balance sheet structure, the general level of interest, 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 changes in volume and interest 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 new products and processes reduce the business risks associated with capital market operations.

2. Risk management

In providing financial solutions to its customers, Aktia is exposed to various risks that need to be managed. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities.

The term risk management refers to all activities involved in taking, reducing, analysing, controlling and monitoring risk. The term risk control refers to identifying, measuring, supervising, stress testing, analysing, reporting and monitoring risks. The Aktia Group has a separate, independent organisation tasked with risk control which reports to the Group CEO. The business manager in the line organisation is responsible for each individual business arrangement and continuously monitors risk exposure.

The Group strategy governs all risk-taking and the Group's Board of Directors is ultimately responsible for risk-taking by the Group. Each year, the Group's Board lays down instructions for managing the business encompassing detailed principles, rules and limits for risk-taking and require-

ments for reporting procedures. Exposure and limits are reported to the Group's Board on a quarterly basis at least. The Group's Board has appointed a committee to draw up general risk-related matters for the Board's consideration and to take individual decisions in accordance with the principles and limits laid down by the Board.

The CEO is responsible for organising and monitoring the risk management process. Separate committees have been set up to monitor and develop the management of credit and market risks. A further committee has been set up to deal with matters relating to capital management. 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 staffed by executive line managers, representatives from Risk Control and other experts. Risk Control does not take part in decisions involving risk-taking.



3. The Group's capital management

Capital management balances shareholders' demand for returns with the need for financial stability imposed by the authorities, investors in debt instruments, business partners and ratings agencies. When it comes to capital management, the objective is to comprehensively identify and assess the main risks and the capital requirements these imply. Capital management is an ex ante process, based on a 3 - 4 year strategic plan which recurs on an annual basis.

3.1 Organisation and responsibility

The Group's independent risk control unit is responsible for ensuring that the Group's main risks are identified and measured consistently and appropriately. The unit is also responsible for drawing up scenarios for stress tests and calculating economic capital, developing and maintaining methodologies for calculating economic capital and for regular internal and external reporting. The Group's finance unit is responsible for providing the basic data for the Group Board of Directors' annual strategic process and for accompanying capital planning and allocation. The executive committee for risk and capital management (ALICCO) and the Board of Directors' risk committee oversees the work, while the Group's Board of Directors is responsible for the decision-making. The Group's internal audit unit evaluates the capital management process in full on an annual basis.

The independent risk control unit is also responsible for calculating and reporting on regulatory capital adequacy at company and conglomerate level. The capital situation in relation to regulatory requirements and risk exposure is regularly monitored and reported at company and conglomerate level.

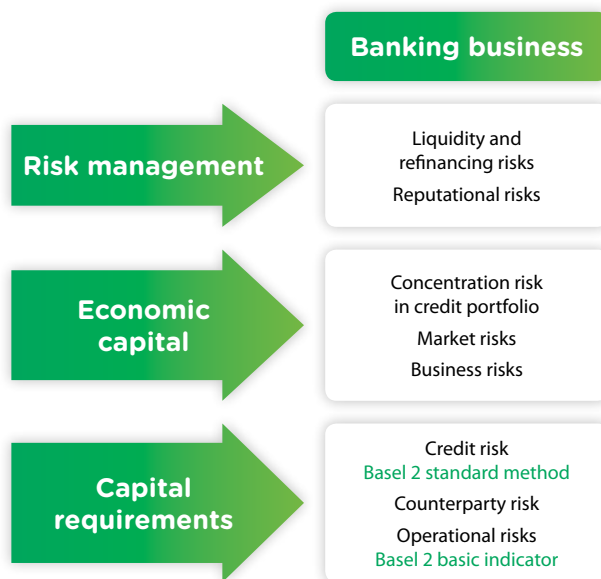
3.2 Risk-based capital assessment

The risk-based capital assessment is founded on ex ante analysis of the regulatory capital required taking into account planned growth and planned investments. The targets for capital adequacy reflect the impact of different negative outcomes (stress tests) so that an adequate buffer over and above the minimum requirements can be maintained even in an economic downturn.

The assessment of economic capital encompasses the main risks that the Group faces and represents an internal assessment of the capital requirements that operations imply. Internal capital allocation and risk-based governance are based on economic capital models.

Unanticipated outcomes involving credit, market, operational and business risks are managed through capital reserves, while a well functioning risk management strategy is crucial in terms of liquidity and refinancing risks.

RISK-BASED CAPITAL ASSESSMENT



3.3 Regulatory requirements concerning capital adequacy

When calculating the capital adequacy of the Bank Group, the standardised approach is used for credit risks and the basic indicator approach for operational risks. Capital requirements are not exposed to market risks because of the small trading book and small currency positions.

As part of the financial statements, Aktia publishes a complete annual report on capital adequacy in accordance with Basel 2 rules and the Finnish Financial Supervisory Authority's standards. The information concerning capital adequacy is verified in the auditing of interim reports and financial statements.

The Bank Group's capital adequacy amounted to 15.9% compared to 13.7% the previous year. The Tier 1 capital ratio was 9.5% (9.3%). The period's results and higher valuations of financial assets strengthened capital adequacy. In the first quarter of 2009, Aktia Bank plc sold all its shares in Aktia Life Insurance Ltd to the Group's parent company, Aktia, which improved the Bank Group's capital adequacy by 1.1 percentage points.

The Bank Group's capital adequacy remained at a good level, exceeding both the capital adequacy targets set internally and the statutory requirements.

Capital adequacy for Aktia Bank plc, the parent company in the Aktia Bank group, amounted to 19.9% compared to 15.4% the previous year. Capital adequacy for Aktia Real Estate Mortgage Bank plc stood at 10.3% compared to 10.0% the previous year.

3.4 Capital adequacy targets

The aim of setting down targets for regulatory capital adequacy is to ensure that the capital reserves are sufficient in relation to planned growth and that sufficient capital adequacy can be maintained even during an economic downturn. When the capital adequacy targets are set, investments, growth targets and targets for external ratings are taken into account alongside the adopted risk profile and business strategy.

The capital adequacy targets for the Bank Group, calculated on the basis of the regulations applicable as at 31 December 2009, are 12% for total capital adequacy and 9% for Tier 1 capital adequacy. The target for Aktia Real Estate Mortgage Bank is 10% for total capital adequacy and 7% for Tier 1 capital adequacy. The targets apply throughout one economic cycle. In 2010, plans are also in place to establish separate capital adequacy targets for Aktia Bank plc.

3.5 Economic capital

The term 'economic capital' describes an internal assessment of the capital requirements that the Group's collective risk profile implies. The relationship between available capital and economic capital describes the Group's ability to repay its debts during a serious macroeconomic crisis. Internal governance through the allocation of risk capital and risk-based pricing for the customer transactions are based on economic capital models.

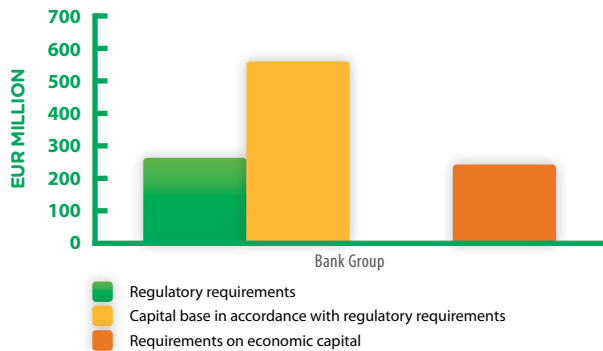
With regard to internal capital allocation at portfolio level and as the basis for setting limits for capital utilisation, a model is used that takes into account the immediate effect of a market shock. The model describes the risk in individual risk exposures.

For internal capital allocation at company and conglomerate level, the outcome of the various risks is aggregated over a 5-year period and expressed as a total, without taking account of diversification effects between risks or management's prospective adjustment measures.

The models for calculating economic capital are based on a serious macroeconomic crisis which effects, among other things, property values, interest rates and customers' credit rating. The methods for assessing economic capital for credit risk are very similar to the internal models under Basel II. Market risks are modelled through stress scenarios for property values and interest rate changes. Capital requirements for operational risks are assessed on the basis of the regulatory requirements, taking into account internal incident monitoring. Business risks are based on an internal model which takes account of changes in customer behaviour, the market situation and the competitive situation.

The scenarios are chosen to represent situations which are extremely unlikely to occur. For example, one scenario which reflects the deep downturn in the economy that affected Finland in the early 1990s, has been used for credit risks involved in lending.

3.6 Capital requirements and capital base



The minimum capital requirement for the Bank Group amounts to approximately half its capital base. The requirement for economic capital is also somewhat lower than the minimum regulatory capital requirement.

3.7 Economic capital in relation to regulatory capital

The regulatory capital adequacy required takes into account capital requirements for credit and counterparty risks as well as operational risks associated with banking operations. The internal method used for calculating economic capital provides a lower estimate of capital requirements for, above all, loans to households compared to the method used by the regulators for calculating capital adequacy. The other risks relevant to the Group which are not taken into account in the regulatory capital adequacy comprise, in terms of the banking operation, concentration risks associated with lending as well as structural and market value interest rate risk. In addition, the regulatory capital adequacy undervalues the capital requirements for market risks (shares, real estate) and does not take into account general business risks. Neither method takes into account capital requirements for liquidity and reputation risks, rather they emphasise risk management.

4. Credit and counterparty risks

Credit risk is defined as the risk of losses brought about by the debtor failing to fulfil its obligations towards Aktia while counterparty risk is defined as the risk of losses or negative valuation differences due to 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

using scoring or rating models and the loss in the event of default is measured by taking into account the realisation value of collaterals 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 shows the Group's exposure by operation. The exposures include accrued interest. Internal Group receivables and liabilities are eliminated and no deductions for acceptable collaterals have been made.

THE GROUP'S MAXIMUM EXPOSURE

Bank Group	31.12.2009
Cash and money market	467
Bonds	2.685
Public sector	154
Government guaranteed bonds	279
Banks	771
Covered bonds	1.427
Corporate	55
Shares and mutual funds	5
Interest rate funds	0
Shares and equity funds	3
Real estate funds	0
Private Equity	2
Hedge funds	0
Loans and claims	6.136
Public sector entities	10
Housing associations	290
Corporate	848
Households	4.932
Non-profit organisations	56
Tangible assets	5
Bank guarantees	57
Unused facilities and unused limits	511
Derivatives (credit equivalents)	268
Other assets	54
Total	10.189

4.1 Managing credit and counterparty risks and reporting procedures

The line organisation assesses the credit risk in each individual transaction and bears the overall risk for credit risks in its own customer base. The Group's risk control unit is responsible for ensuring that the models and methods used for measuring credit risk are valid. The risk control unit is also responsible for carrying out independent risk analysis and reporting. The risk control unit oversees the preparation of loan agreements and is responsible for assigning a loan agreement to the next decision-making level if the agreement falls outside the Group's credit policy.

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

4.1.1 Credit risks in banking

Within banking operations, loans are provided to households - the majority of which are secured against real estate

collateral. 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). In 2009, Aktia did not enter into any new risk capital financing arrangements.

CREDIT STOCK BY SECTOR

EUR million	31.12.2009	31.12.2008	Change	Percentage
Corporate	845	810	35	13.8
Housing associations	289	220	69	4.7
Public sector entities	10	12	-2	0.2
Non-profit organisations	55	47	9	0.9
Households	4,924	4,343	581	80.4
Total	6,124	5,432	692	100.0

The debtor's ability to repay the debt, good knowledge of the customer, complete understanding of the customer's business situation, limited risk-taking, diversification and risk-based pricing form the basis of the Group's credit policy, together with the drive for sustained profitability.

4.1.2 Lending to households

The Group's loan stock increased in 2009 by EUR 692 million (12.7%), totalling EUR 6,124 million (EUR 5,432 million) at the year-end. As planned, this increase mainly occurred within household financing and households' share of the total loan stock amounted to EUR 4,924 million or 80.4%, or 85.1% when combined with housing associations at the end of year. Of these loans to households, 86.2% (86.2%) are secured against adequate real estate collateral in accordance with Basel II. The housing loan stock totalled EUR 4,598 million (EUR 4,036 million), of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,498 million (EUR 1,968 million). In all, housing loans increased by 13.9% over the year.

Secured and unsecured consumer lending under Aktia Card & Finance and Aktia Corporate Finance amounted to EUR 13.0 million (EUR 9.6 million), representing 0.2% of total lending.

Alongside the ability of the debtor to repay the debt, collateral security is also generally required in the case of housing

finance. When assessing a customer's ability to repay a loan, the effects of a possible increase in the interest rate are also taken into account. An application scoring model developed for household lending is used to aid decision-making and as the basis for risk-based pricing. Credit classification using the scoring model is obligatory for all new credits.

44% (34%) of receivables from households fall into the three scoring classes with the lowest probability of default, while the category with the highest probability of default accounts for 2% of total lending to households. These figures do not include non-performing loans.

The relatively large number of receivables that are not assigned to a scoring class is accounted for by loans granted before 2009 when a new version of the application scoring model was adopted – this number was halved in 2009 which also affects the comparison figures.

DISTRIBUTION OF HOUSEHOLD SCORING CLASSES ASSIGNED AT LATEST APPLICATION ASSESSMENT

Scoring class	31.12.2009 EUR 4,924 million	31.12.2008 EUR 4,343 million
RK1	12%	10%
RK2	17%	13%
RK3	15%	11%
RK4	14%	8%
RK5	14%	12%
RK6	12%	12%
RK7	2%	4%
None	15%	29%
Total	100%	100%

Valuing and administering 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 exposure, a secure value which is lower than the security'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 liquidity. Only real estate collateral, certain guarantees and financial securities are taken into account in the capital adequacy calculation. During the year, a statistical model was developed for regularly revaluing collateral. The model will be brought into use with effect from 31 March 2010 in line with the transitional rules of the Basel II regulations.

COLLATERAL DISTRIBUTION OF HOUSEHOLD STOCK

Collateral according to Basel 2	Proportion of household loan stock	
	2009	2008
Central government, local government and financial securities with 0% risk weight	4.0%	3.7%
Deposit securities, risk weight 20%	0.1%	0.2%
Real estate collateral, risk weight 35%	86.2%	86.2%
Receivables where collateral is not taken into account in the capital adequacy calculation	9.7%	9.9%
Total	100.0%	100.0%
Total, million euros	4,924	4,343

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 secure collateral which means that any reduction in market values (real estate prices) does not directly increase exposure. Of the total claims on households, approximately 4% (4%) are secured by central government guarantees or by deposit while approximately 86% (86%) are secured against real estate collateral under the Basel II regulations. Approximately 10% (10%) of the claims are secured in a different way which cannot be taken into account in the capital adequacy calculation (e.g. the portion of the real estate's value exceeding 70%).

4.1.3 Corporate lending

New lending to companies remained moderate and the proportion of the total credit stock accounted for by corporate loans fell as planned to 13.8% (14.9%). Corporate loans amounted to EUR 845 million (EUR 810 million). At the end of the year, a new strategy for corporate operations was drawn up.

Corporate financing within the branch network mainly focuses on small, local owner-operated companies. High levels of expertise are maintained through local corporate offices and local corporate specialists and with the support of Corporate Banking's specialist organisation. Customer and local knowledge is one of the key cornerstones in this business.

Corporate Banking has special expertise primarily in the construction and real estate sector and in selected areas of 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 the branches. Financing decisions involving Aktia Corporate Finance are made by taking into account both project-specific risk and the Group's total exposure to the customer. The coordination of

banking and insurance services for corporate customers is continuing.

Customers are assessed for corporate financing purposes on the basis of accounts analysis and creditworthiness ratings. Cash flow, the competitive situation, the impact of previous investment and other forecasts are also analysed. At the end of 2009 an internal credit rating model (Aktia rating) was brought into use.

RATING DISTRIBUTION FOR CORPORATE STOCK (SUOMEN ASIAKASTIETO)*

Rating	31.12.2009 EUR 782 million	31.12.2008 EUR 804 million
AAA	12%	10%
AA+	23%	26%
AA	14%	13%
A+	29%	31%
A	16%	14%
B	2%	3%
C	4%	2%
None	0%	1%
Total	100%	100%

* Intra-Group transactions are not included

Over the year, the rating distribution for the loan stock weakened slightly. 49% (49%) of claims on corporations are accounted for by the three groups with the lowest probability of default, while 6% (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 haircut 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 INCLUDING HOUSING ASSOCIATIONS AND OTHER ORGANISATIONS

Collateral according to Basel 2	2009	2008
Central government, local government and financial securities with 0% risk weight	13.2%	12.0%
Deposit securities, risk weight 20%	0.6%	1.7%
Real estate collateral, risk weight 35%	24.2%	24.6%
Receivables where collateral is not taken into account in the capital adequacy calculation	61.9%	61.6%
Total	100.0%	100.0%
Total, million euros	1,199	1,089

Just under 14% (14%) of claims on corporations are guaranteed by a guarantee issued by central government, local government or by deposit while approximately 24% (25%) are secured against real estate collateral. A remaining 62%

(62%) are granted against collaterals which are not taken into account in the capital adequacy calculation (including commercial real estate), different company-specific securities or against the company's operations and cash flow. For Retail Banking purposes, loans are generally fully secured while claims under Corporate Banking operations are largely granted against company-specific securities and cash flow.

4.1.4 Concentration risks in lending

A locally operating financial institution cannot avoid exposing itself 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.

Just over 85% of the loan portfolio comprises loans to Finnish households and housing associations. Approximately 86% of loans to households and 24% of corporate loans are secured against real estate collateral. Aktia's level of credit risk is therefore sensitive to changes in domestic employment and housing prices. In addition, Aktia has a strong market position in some areas which generates a certain geographical concentration risk. As the volumes in these branches are small in relation to the overall portfolio and as Aktia does not operate in areas which are highly dependent on a small number of employers, these geographical concentration risks have proved insignificant in household lending.

In relation to Aktia's total corporate portfolio, exposure with respect to construction and real estate financing constitutes a concentration risk which is based on 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

Branch	31.12.2009 EUR 844,6 million	31.12.2008 EUR 809,8 million
Basic industries, fisheries and mining	3.1%	3.3%
Industry	9.2%	10.0%
Energy, water and waste disposal	2.1%	1.3%
Construction	6.2%	5.7%
Trade	12.2%	15.0%
Hotels and restaurants	3.3%	2.7%
Transport	5.1%	4.9%
Financing	16.3%	11.8%
Property	26.4%	30.3%
Research, consultation, services	11.7%	11.3%
Other services	4.8%	4.3%
- write-downs group	-0.5%	-0.5%
Total	100%	100%

Claims on housing companies are not included in the table above.

4.1.5 Past due payments

Despite the downturn in the economy, payment behaviour among households in particular has not been affected.

Loans with payments 1-30 days past due fell during the year from 3.40% to 2.97% of the credit stock. Loans with payments 31-89 days past due fell from 0.87% to 0.76%, totalling EUR 46 million. Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection, totalled EUR 34 million, corresponding to 0.56% (0.48%) of the entire credit stock.

PAST DUE PAYMENTS BY LENGTH OF DELAY

EURm Days	31.12.2009	% of the credit stock	31.12.2008	% of the credit stock
1-30	181	2.97	187	3.40
of which households	114	1.86	110	2.01
31-89	46	0.76	48	0.87
of which households	37	0.61	34	0.63
90-	34	0.56	26	0.48
of which households	18	0.30	16	0.29

Loans with past due payments which had not been written down totalled EUR 257 million (EUR 258 million) at the end of the year. Market value of the collaterals securing the loans totalled EUR 237 million (EUR 231 million).

LOANS PAST DUE BUT NOT IMPAIRED

EURm Days	31.12.2009 Book value	% of the credit stock	Fair value of colla- teral	31.12.2008 Book value	% of the credit stock	Fair value of colla- teral
1-30	181	2.94	166	185	3.38	167
31-89	46	0.75	44	48	0.87	45
90-	30	0.49	27	25	0.46	19

4.1.6 Write-downs of loan and guarantee claims

In 2009, the financial crisis translated into a downturn in the economy, which led to write-downs primarily on corporate loans. In total, write-downs based on individual examination amounted to EUR -33.1 million (EUR -0.6 million). Reversals of previous write-downs came to EUR 2.1 million (EUR 0.1 million) so that the cost effect on the profit for the period was EUR -31.1 million (EUR -0.5 million). Write-downs during the fourth quarter totalled EUR -6.6 million.

Of the write-downs with impact on income statement, EUR -29.9 million was accounted for by corporate loans, which corresponds to approx. 3.5% (0.01%) of the total corporate lending. Write-downs with impact on income statement of household loans amounted to EUR -1.1 million, EUR -0.7 million of which was accounted for by unsecured consumer loans. The year's write-downs with impact on income statement of household loans was equivalent to 0.02% (0.01%)

of total lending to households. Total write-downs with cost impact for the year amounted to 0.51% (0.01%) of total lending.

In addition to individual write-downs, group write-downs were made for households and small companies, where there were objective reasons to believe there was uncertainty in relation to the repayment of claims in underlying credit portfolios. Group write-downs for households and small companies remained unchanged and amounted to EUR -7.4 million at the end of the period.

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 local bank's equity, capital adequacy and any collateral provided. At the year-end, committed facilities for liquidity financing amounted to a total of EUR 279.3 million (EUR 269.4 million), divided between 51 (49) individual savings and local cooperative banks while outstanding liquidity financing totalled EUR 16 million (EUR 36 million). Secured financing totalled EUR 47 million (EUR 0 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 equity.

4.2 Counterparty risks in the Bank Group's liquidity management

The banking business' liquidity portfolio, which comprises interest-bearing securities and is managed by Group Treasury, stood at EUR 2,615 million (EUR 2,290 million) as at 31 December 2009.

Counterparty risks arising from liquidity portfolio and derivative contracts are managed through the requirement for high-level external ratings (minimum A3 rating from Moody's or equivalent). Counterparty risks in derivative instruments are managed through the requirement for a CSA agreement. In addition, maximum exposure limits have been established for each counterparty and asset type. Individual investment decisions are made in accordance with an investment plan in place and are based on careful assessment of the counterparty. The Group's Board of Directors establishes limits for counterparty risks each year. The portfolios are market valued and monitored on a daily basis.

Of the financial assets available for sale, 55% (49%) were investments in covered bonds, 29% (45%) were investments in banks, 10% (3%) were investments in government guaranteed bonds and approximately 6% (3%) were

FIXED INCOME INVESTMENT PORTFOLIO'S SECTORAL DISTRIBUTION - BANKING OPERATIONS (EUR MILLION)

	Public sector		Banking sector				State-guaranteed bonds		Other business		Total	
	31.12.2009	31.12.2008	Covered bonds 31.12.2009	Covered bonds 31.12.2008	Unsecured bonds 31.12.2009	Unsecured bonds 31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Finland	66.2	4.1	71.9	28.5	95.7	337.6	0.0	0.0	0.0	41.4	233.8	411.6
Other Nordic countries	0.0	0.0	180.1	104.9	186.1	193.3	55.4	22.0	0.0	0.0	421.7	320.2
EU excl. Nordic countries	70.1	10.1	1,135.5	938.4	426.2	447.5	218.5	49.1	25.7	29.8	1,876.0	1,474.9
Other European countries	0.0	0.0	4.0	4.0	15.5	18.3	0.0	0.0	0.0	0.0	19.5	22.3
North America	0.0	0.0	36.3	45.5	17.3	6.7	0.0	0.0	0.0	0.0	53.6	52.2
Other OECD countries	0.0	0.0	0.0	0.0	9.9	9.3	0.0	0.0	0.0	0.0	9.9	9.3
Emerging markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	136.3	14.2	1,427.8	1,121.3	750.7	1,012.7	273.9	71.1	25.7	71.2	2,614.5	2,290.5

investments in public sector entities and companies. Of these financial assets, 1.7% (3.2%) did not meet the internal rating requirements. As a result of a reduced credit rating, four securities with a market value of EUR 18 million were no longer eligible for refinancing with the central bank. Other securities that are not eligible for refinancing and are unrated, totalled EUR 27 million. There are no investments in the Baltic states in the liquidity portfolio.

During the period, write-downs totalling EUR -0.4 million were realised as a result of the issuer announcing its inability to pay.

RATING DISTRIBUTION FOR DIRECT INTEREST RATE INVESTMENTS IN THE BANK'S LIQUIDITY PORTFOLIO

	31.12.2009 EUR 2,615 million	31.12.2008 EUR 2,290 million
Aaa	55.1%	49.4%
Aa1-Aa3	29.6%	42.3%
A1-A3	11.6%	4.9%
Baa1-Baa3	0.6%	0.9%
Ba1-Ba3	0.2%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	2.9%	2.5% *)
Total	100.0%	100.0%

*) Of which 1.9% municipalities at 31 December 2009 and 0.2% at 31 December 2008.

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

Derivatives are used to reduce the volatility of net interest income. In addition, interest-rate derivatives are brokered to certain local banks within the framework of the risk asset and liability management service that Aktia provides.

To limit the counterparty risks that arise from derivative transactions, only counterparties with high quality credit ratings (Moody's A3 or equivalent) are used.

To further reduce the counterparty risks, individual collateralisation procedures are used in accordance with ISDA/CSA (Credit Support Annex) conditions. At the year-end, Aktia had derivative exposures with 12 counterparties with a market value totalling EUR 180.8 million, of which the derivatives brokered to local banks had a market value of EUR 91.3 million. The net exposure after credit risk mitigation totalled EUR 29.5 million and a maximum of EUR 5 million for each counterparty, except in one individual case where net exposure was EUR 10 million.

The derivative exposures are marked-to-market on an ongoing basis. If no market value is available, an independent valuation by a third party is used.

4.3 Country risks

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

5. Management of financing and liquidity risks

Financing and liquidity risk occurs if the Group is not be able to meet its payment obligations or could only do so at high cost and is defined as the availability and cost of refinancing and differences in maturity between assets and

liabilities. Financing risk also occurs if funding is 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 financing commitments between the Bank Group and the insurance companies.

5.1 Financing and liquidity risks within banking operations

Within the banking business, financing and liquidity risks are defined as the availability of refinancing and the differences in maturity between assets and liabilities. The objective in the Bank Group is to be able to cover one year's refinancing requirements using existing liquidity.

A stable borrowing and deposit stock from households, the 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 general public, deposits made by the local banks and borrowing from the money and capital markets. To cover short-term financing requirements, the bank also has the option of issuing certificates of deposit on the domestic money markets. Total deposits from the public, associations and credit institutions stood at EUR 4,760 million (EUR 5,016 million) at the year-end.

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 mainly preferred traditional bank deposits.

As for market-related refinancing, a diverse range of sources of financing and an adequate spread on various markets is to be maintained. Aktia Real Estate Mortgage Bank plc is a strategically important channel for competitive and long-term borrowing 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 2,375 million. In addition, Aktia has a domestic bond programme amounting to EUR 500 million under which it has issued EUR 305.4 million. To cover short-term financing requirements,

the bank can also issue certificates of deposit on the domestic money markets. Outstanding certificates of deposit totalled just under EUR 300 million at 31 December 2009.

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 investments.

To secure access to borrowing from the capital market, a rating from an internationally recognised rating institute is used. The Aktia Group has used Moody's as its rating agency since 1999. Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service remained at the best classification, P-1, for short-term borrowing as at 6 January 2010. The credit rating for long-term borrowing is A1 and financial strength rating is C. All ratings have a stable outlook. See: http://www.aktia.fi/aktia_bank/rating.

The covered bonds issued by subsidiary Aktia Real Estate Mortgage Bank plc have a Moody's credit rating of Aa1.

The executive committee for risk and capital management, ALICCO, is responsible for managing refinancing risks. The Group's Risk Control unit, which continuously monitors liquidity risks and associated limits, reports to ALICCO. The Treasury unit is 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. The Treasury unit implements measures adopted by ALICCO in order to change liquidity position.

The objective in the Bank Group is to be able to cover one year's refinancing requirements using existing liquidity. The liquidity position has been stable despite continued financial uncertainty and at the year-end liquidity position was at a level which meets refinancing requirements for approximately 16 months.

The refinancing strategy was updated at the end of the year. Work is under way to broaden the refinancing base and make use of new refinancing schemes.

6. Managing market risks

Market risk refers to losses or lower future income due to price changes on the financial market.

By managing market risk, the bank seeks to ensure steady long-term development of net interest income and profit.

Limits and principles for market risk management have been established by the Group's Board of Directors. The bank does not actively take market risks but banking operations are subject to structural interest rate risk.

Financial assets within the banking business are invested in securities with access to market prices on an active market, and are valued in accordance with officially quoted prices. Any significant or long-term impairment of market value compared to the acquisition price is shown in the income statement, while interest-rate fluctuations are reported under the fund at fair value after the deduction of deferred tax.

The table below shows market value sensitivity in various market risk scenarios as at 31 December 2009 and 31 December 2008 for Bank Group's assets available for sale. The impact on equity or income statement 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. Spread risk describes the impact if the general requirements on returns were to increase by 0.1%. Equity risk describes the impact of a 10% drop in the price of shares and share funds while real estate risk describes a 10% fall in property prices.

SENSITIVITY ANALYSIS FOR MARKET RISKS (EUR MILLION)

	Risk				
	Interest rate		Spread	Equity	Real estate
	1% parallel shift downwards	1% parallel shift upwards	0.1% change upwards	10 % price drop	10 % price drop
31.12.2009	25.0	-26.0	-5.1	-0.4	-0.0
31.12.2008	26.0	-27.2	-4.4	-0.3	-0.0

The table below shows market value sensitivity in various market risk scenarios as at 31 December 2009 and 31 December 2008 for derivative instruments that Aktia uses for cash flow hedging. The total market value is divided into intrinsic value and time value. The change in the intrinsic value is reported in equity under the item Reserve for cash flow hedging, whilst the change in the time value is reported in income statement under the item Net income from financial transactions. The derivative instruments used for cash flow hedging are mainly interest rate options used for hedging floating rate lending in banking operations. The impact on equity is given after tax.

MARKET VALUE SENSITIVITY OF DERIVATIVES USED AS CASH FLOW HEDGES (EUR MILLION)

	Interest rate	
	1% parallel shift downwards	1% parallel shift upwards
31.12.2009	8.1	-8.1
31.12.2008	6.9	-7.4

6.1 Methods for valuing financial assets

The majority of Aktia Group's financial assets are valued at fair value. Valuations are either based on prices from an active market or on valuation methods using observable market data. For a limited proportion of the assets, EUR 2.4 million or 0.1% of financial assets at the year-end, valuations are based on unquoted prices or the company's own assessments. These assets are primarily funds invested in unlisted companies.

VALUATION METHODS OF FINANCIAL ASSETS (EUR MILLION)

Financial assets	Published price quotations in an active market ¹⁾	Valuation technique - based on market observable inputs ²⁾	Valuation technique - not based on market observable inputs ³⁾	Total
Financial assets valued through income statement	3.6	0.0	0.0	3.6
Financial assets available for sale	2,599.4	85.0	2.4	2,686.8
Financial assets held until maturity	0.0	27.9	0.0	27.9
Derivative instruments, net	0.0	77.8	0.0	77.8
Total	2,603.0	190.6	2.4	2,796.1

¹⁾ Included in this category are financial assets that are measured to published quotes in an active market.

²⁾ Included in this category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument type or based on available market data.

³⁾ Not based upon market observable input means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument type nor are they based on available market data.

The fair value for the financial instruments which are not traded on an active market is measured based on valuation techniques. Careful considerations are taken into account when valuation techniques and assumptions are determined.

After preformed sensitivity analysis for the financial assets belonging in the category 3 we can make the assumption that the change in the fair value for these financial instruments is not significant.

6.2 Market risks within the banking business

After being prepared by ALICCO and the Board's risk committee, the Group's Board of Directors sets out a strategy and limits for managing market risks, mainly related to the development of net interest income and its volatility. The Group's Investment Committee is responsible for the op-

erational management of Group investment assets within predetermined guidelines and limits.

6.2.1 Structural interest rate risk

Structural interest rate risk arises as a result of an imbalance between reference rates and the re-pricing of assets and liabilities, and affects net interest income. Hedging derivative instruments and investments within the liquidity portfolio are used to maintaining the net interest income at a stable level and protecting profits against the effects of sustained low interest rates.

The Bank's Treasury unit carries out operational transactions in order to manage structural interest rate risk in based on the strategy and limits set out. The impact of different interest rate scenarios on net interest income is calculated using a dynamic asset and liability management model, taking into account changes to the balance sheet structure and product behaviour. The structural interest rate risk is measured using various stress scenarios.

A parallel downward 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 +3.0% (+6.3%), while the target for structural interest rate risk management is a maximum of -7%. For the next 12-24 months, the net interest income of the banking business would increase by +6.0% (+7.9%), where the target for structural interest rate risk management is a maximum of -8%.

At the year-end, a parallel upward shift in the interest rate curve of one percentage point reduced the net interest income of the banking business for the next 12 months by -4.3% (-5.4%) while the target for structural interest rate risk management is a maximum of -7%. For the next 12-24 months, the net interest income of the banking business would fall by -5.3% (-6.0%), where the target for structural interest rate risk management is a maximum of -8%.

Derivative agreements entered to hedge against the bank's structural interest rate risk are described in more detail in Note 23.

6.2.2 Market value interest rate risk

Market value interest rate risk refers to changes in the value of financial assets available for sale as a result of interest rate fluctuations or changes in credit, interest rate or spread risks. The size, maturity and risk level of the liquidity portfolio is restricted as a result of capital allocation limits. These changes are reported in the fund at fair value under equity after deductions for deferred tax.

The net change in the fund at fair value relating to market value interest rate risk, credit risk and spread risk posted during the period was positive and totalled EUR 39.5 million

after the deduction of deferred tax. At the year-end, the valuation difference in interest-bearing securities was EUR 13.3 million (EUR -26.3 million).

6.2.3 Exchange rate risk

Exchange rate risk refers to a negative change in value of the Bank 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 day-to-day currency position subject to the set limits.

At the year-end, total net currency exposure for the Bank Group amounted to EUR 0.5 million (EUR 0.2 million).

6.2.4 Equity and real estate risk

Equity risk refers to changes in value due to fluctuations in share prices. Real estate risk refers to a fall in the market value of real estate assets. No equity or real estate trading activities are carried out by the Bank Group.

There were no real estate investments in the Bank Group. The investments in shares which are necessary or strategic to the business totalled EUR 4.9 million (EUR 4.5 million). At the end of the period, the fund at fair value related to the above strategic share investments amounted to EUR 0.0 million (EUR -0.2 million) after the deduction of deferred tax.

7. Managing operational risks

Operational risk refers to risk of loss arising from unclear or incomplete instructions, activities carried out against 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 risk has been established by the Board of Directors. According to the policy, regular risk assessment shall be carried out in the central Group functions, including outsourced functions,. The assessment concludes with a probability and consequence evaluation of individual risks, on the basis of which the competent decision-making body then decides on how the risks shall be handled. In addition to regular risk assessments, adequate instructions shall be prepared up as a preventive measure in order to reduce operational risk in the central and risky areas. The instructions should cover legal risks, personnel risks, principles for business continuity planning, etc.

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

The responsibility for managing operational risk is vested with the business areas and the line organisation. Risk management includes continual development of the quality of internal processes and internal control within 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 Group's Executive Management and that the instructions are sufficient. Specific process descriptions are drawn up when necessary.

Each 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 aimed at avoiding operational risk, 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 no significant losses due to operational risks have been recorded.

7.1 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 non-compliance with laws or official regulations. The Group seeks to manage the risk of inadequate contract documentation by founding its contractual relationships within the day-to-day activities upon standard terms worked out jointly by the banking and insurance industry. When finalising non-standard 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	12/2009	9/2009	6/2009	3/2009	12/2008
Tier 1 capital	328,997	319,172	309,385	298,914	308,959
Tier 2 capital	222,781	219,509	183,368	172,850	143,438
Capital base	551,778	538,682	492,753	471,764	452,396
Risk-weighted amount for credit and counterparty risks	3,147,457	3,220,725	3,122,171	3,062,818	3,040,519
Risk-weighted amount for market risks 1)	-	-	-	-	-
Risk-weighted amount for operational risks	312,713	272,656	272,656	272,656	272,656
Risk-weighted commitments	3,460,170	3,493,380	3,394,826	3,335,474	3,313,174
Capital adequacy ratio, %	15.9	15.4	14.5	14.1	13.7
Tier 1 Capital ratio, %	9.5	9.1	9.1	9.0	9.3
Minimum capital requirement	276,814	279,470	271,586	266,838	265,054
Capital buffer (difference between capital base and minimum requirement)	274,965	259,211	221,167	204,926	187,343

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

Capital base	12/2009	9/2009	6/2009	3/2009	12/2008
Share capital	163,000	163,000	163,000	163,000	163,000
Funds	44,558	44,558	44,570	44,570	44,570
Minority share	32,687	29,977	30,176	24,007	24,934
Retained earnings	70,700	70,700	70,687	70,687	93,520
Profit for the period	38,019	25,983	13,942	5,099	9,244
Provision for dividends to shareholders	-12,941	-7,535	-5,023	0	-611
Total	336,021	326,683	317,352	307,363	334,657
Intangible assets	-7,024	-7,511	-7,967	-8,449	-8,598
Shares in insurance companies	-	-	-	-	-17,100
Tier 1 capital	328,997	319,172	309,385	298,914	308,959
Fund at fair value	13,282	14,923	-16,325	-21,608	-47,492
Other Tier 2 capital	45,000	45,000	45,000	45,000	45,000
Risk debentures	164,499	159,586	154,693	149,457	163,029
Shares in insurance companies	-	-	-	-	-17,100
Tier 2 capital	222,781	219,509	183,368	172,850	143,438
Total capital base	551,778	538,682	492,753	471,764	452,396

Total exposures 12/2009				Risk-weighted commitments. Basel 2				
Risk-weight	Balance sheet assets	Off-balance sheet commitments	Total	12/2009	9/2009	6/2009	3/2009	12/2008
0%	1,237,945	33,550	1,271,495	-	-	-	-	-
10%	1,158,823	-	1,158,823	115,882	111,349	101,556	89,688	80,349
20%	1,205,948	271,027	1,476,976	252,471	341,926	291,842	290,822	335,341
35%	4,528,926	87,996	4,616,922	1,596,780	1,567,189	1,516,636	1,470,121	1,421,429
50%	-	575	575	144	4,833	3,542	3,026	2,473
75%	586,357	76,737	663,094	466,069	457,825	447,173	439,092	426,716
100%	621,891	97,541	719,431	673,251	694,032	702,473	720,889	720,800
150%	12,407	652	13,059	19,099	22,437	32,738	23,990	11,268
Total	9,352,297	568,079	9,920,376	3,123,698	3,199,591	3,095,960	3,037,628	2,998,376
Derivatives *)	268,420	-	268,420	23,759	21,134	26,211	25,190	42,142
Total	9,620,717	568,079	10,188,796	3,147,457	3,220,725	3,122,171	3,062,818	3,040,519

*) derivative agreements credit conversion factor

In its capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit ratings by Moody's Investors Service or Standard & Poor's to receivables from central governments and central banks, credit institutions, investment firms and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

Above information is based on retroactive recalculation of the results for each quarter and varies from previously published information. The retroactive calculation is specified in note 52.

Risk-weighted amounts for operational risks

	2006	2007	2008	2009	12/2009	9/2009	6/2009	3/2009	12/2008
Gross income	140,581	145,150	150,517	204,673					
- average 3 years			145,416	166,780					
Capital requirement for operational risk					25,017	21,812	21,812	21,812	21,812
Risk-weighted amount, Basel 2					312,713	272,656	272,656	272,656	272,656

The capital requirement for operational risk is 15 % of average gross income during the last three years.

The risk-weighted amount is calculated by dividing the capital requirement by 8 %.

Total exposures by exposure class before and after the effect of risk reduction techniques.

Balance sheet items and off-balance sheet items including derivatives by credit conversion factors.

(EUR 1,000)

Exposure class	Contractual exposure	Impairment	Net exposure	Guarantees and other substitutions	Exposure after substitution	Financing collaterals	Exposure after collateral	Risk-weighted amount	Capital requirement
1 States and central banks	702,774	-	702,774	220,855	923,629	-	923,629	-	-
2 Regional administrations and local authorities	68,335	-	68,335	29,645	97,980	-	97,980	-	-
3 Public corporations	1,425	-	1,425	2,346	3,771	-	3,771	677	54
4 International development banks	10,112	-	10,112	-	10,112	-	10,112	-	-
5 International organisations	-	-	-	-	-	-	-	-	-
6 Credit institutions	1,734,563	-	1,734,563	10,024	1,744,587	-218,524	1,526,063	262,244	20,979
7 Corporates	928,878	-19,325	909,554	-74,907	834,647	-75,184	759,463	645,925	51,674
8 Retail exposures	890,767	-1,900	888,867	-185,866	703,000	-39,881	663,119	466,088	37,287
9 Real estate collateralised	4,617,194	-	4,617,194	-	4,617,194	-	4,617,194	1,596,916	127,753
10 Past due items	52,921	-17,281	35,640	-2,097	33,543	-337	33,206	38,317	3,065
11 High-risk items	5,426	-2,600	2,826	-	2,826	-	2,826	3,755	300
12 Covered bonds	1,158,823	-	1,158,823	-	1,158,823	-	1,158,823	115,882	9,271
13 Securitised items	25,743	-	25,743	-	25,743	-	25,743	5,149	412
14 Short-term corporate receivables	-	-	-	-	-	-	-	-	-
15 Mutual fund investments	8	-	8	-	8	-	8	8	1
16 Other items	40,366	-7,435	32,931	-	32,931	-	32,931	12,496	1,000
	10,237,336	-48,540	10,188,796	0	10,188,796	-333,927	9,854,869	3,147,457	251,797

Accounting netting of exposures has not been carried out.

In the group "Guarantees and other substitutions" outflows (negative amounts) and inflows (positive amounts) based on eligible collaterals and guarantees are shown. Outflows indicate that "Net exposures" are covered by eligible collateral or guarantees. Inflow indicates that exposures in other counterparty classes with outflows receive lower risk weight based on the collaterals and guarantees given by counterparty belonging to that exposure class. Eligible collaterals and guarantees are defined in Standard 4.3e of the Finnish Financial Supervision Authority.

Financial collaterals are taken into account though comprehensive method as defined in Standard 4.3e of the Finnish Supervision Authority.

Average total exposures before the effect of credit risk reduction techniques

(EUR 1,000)

Average total exposures before the effect of risk reduction techniques					
Exposure class	31.3.	30.6.	30.9.	31.12.	Average 2009
1 States and central banks	589,378	562,392	575,160	702,774	607,426
2 Regional administrations and local authorities	19,745	24,424	23,963	68,335	34,117
3 Public corporations	499	447	437	1,425	702
4 International development banks	0	0	10,111	10,112	5,056
5 International organisations	-	-	-	-	-
6 Credit institutions	1,857,413	1,816,961	1,882,717	1,734,563	1,822,914
7 Corporates	848,645	903,721	894,517	909,554	889,109
8 Retail exposures	830,942	853,558	871,859	888,867	861,306
9 Real estate collateralised	4,272,764	4,424,014	4,557,257	4,617,194	4,467,807
10 Past due items	42,585	49,666	48,920	35,640	44,203
11 High-risk items	3,171	3,170	3,774	2,826	3,235
12 Covered bonds	896,879	1,015,276	1,113,492	1,158,823	1,046,117
13 Securitised items	27,855	25,955	25,467	25,743	26,255
14 Short-term corporate receivables	-	-	-	-	-
15 Mutual fund investments	17,653	19,566	21,296	8	14,631
16 Other items	79,576	93,238	324,236	32,931	132,495
	9,487,105	9,792,388	10,353,206	10,188,796	9,955,374

The amounts include on- and off-balance sheet items and derivatives by credit counter value.

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

Exposure class	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
1 States and central banks	328,076	100,459	271,624	110	2,505	702,774
2 Regional administrations and local authorities	28,081	3	35,058	4,227	966	68,335
3 Public corporations	480	-	227	79	639	1,425
4 International development banks	-	-	-	10,112	-	10,112
5 International organisations	-	-	-	-	-	-
6 Credit institutions	109,364	557,366	929,733	113,199	24,901	1,734,563
7 Corporates	150,210	44,145	263,552	182,876	268,772	909,554
8 Retail exposures	73,644	42,885	125,753	136,315	510,271	888,867
9 Real estate collateralised	95,439	66,296	282,380	561,390	3,611,689	4,617,194
10 Past due items	17,049	2,074	5,729	2,728	8,060	35,640
11 High-risk items	42	1,638	500	-	646	2,826
12 Covered bonds	29,970	262,594	643,146	223,113	-	1,158,823
13 Securitised items	-	-	16,539	9,204	-	25,743
14 Short-term corporate receivables	-	-	-	-	-	-
15 Mutual fund investments	-	-	-	-	8	8
16 Other items	22,673	-	2	-	10,256	32,931
	855,027	1,077,460	2,574,243	1,243,353	4,438,713	10,188,796

The amounts include on- and off-balance sheet items and derivatives by credit counter value.

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

Exposure class	Finland	Other Nordic countries	European countries	Other	Total
1 States and central banks	351,365	56,348	295,060	-	702,774
2 Regional administrations and local authorities	68,335	-	-	-	68,335
3 Public corporations	1,425	-	-	-	1,425
4 International development banks	-	10,112	-	-	10,112
5 International organisations	-	-	-	-	-
6 Credit institutions	602,839	226,851	839,377	65,497	1,734,563
7 Corporates	902,768	113	6,673	-	909,554
8 Retail exposures	888,325	125	342	74	888,867
9 Real estate collateralised	4,612,374	772	3,628	420	4,617,194
10 Past due items	35,640	-	-	-	35,640
11 High-risk items	2,826	-	-	-	2,826
12 Covered bonds	42,058	183,420	933,345	-	1,158,823
13 Securitised items	-	-	25,743	-	25,743
14 Short-term corporate receivables	-	-	-	-	-
15 Mutual fund investments	8	-	-	-	8
16 Other items	18,238	2,803	10,670	1,220	32,931
	7,526,202	480,544	2,114,838	67,211	10,188,796
Individually impaired loans	14,811	-	-	-	14,811
Individual write-downs on credits	41,105	-	-	-	41,105
Write-downs by group	7,435	-	-	-	7,435

The amounts include on- and off-balance sheet items and derivatives by credit counter value.

Individually impaired loans include loan capital and accrued interest less individual write-downs. In capital adequacy measurement for credit risk under the standard method, past due items have interest or capital over 90 days overdue.

Exposures with past due payments are entirely domestic.

Main counterparties and branches by exposure class before the effect of risk reduction techniques

Counterparty	Branch	Corporate exposures	Retail exposures	Exposure class Real estate collateralised	Past due items	Total
Corporate						
	Property	169,220	40,934	33,999	966	245,119
	Trade	67,519	46,013	28,824	4,902	147,259
	Financing	139,332	7,091	10,052	-	156,474
	Industry, energy	102,169	19,757	5,725	4,739	132,390
	Construction	57,934	19,594	18,126	1,330	96,984
	Research, consulting, services	67,634	28,486	17,298	868	114,286
	Transport	24,045	11,572	8,040	884	44,542
	Hotels and restaurants	21,101	7,781	3,282	204	32,367
	Agriculture, fisheries, mining	26,417	3,272	2,931	228	32,848
	Other	23,515	10,372	11,848	372	46,107
Total		698,885	194,874	140,125	14,492	1,048,376
Households		54,936	659,398	4,285,418	19,620	5,019,372
Housing corporations		108,956	34,595	179,951	1,527	325,030
Other non-profit corporations		46,776	-	11,700	1	58,477
Total		909,554	888,867	4,617,194	35,640	6,451,255

Loans individually impaired

31.12.2009

	Contract value	Individual impairment	Book value	Fair value of collateral	Change during the period Change in impairment	Losses on credits and other commitments
Households	3,419	2,696	723	1,105	1,149	824
Corporates	51,619	38,222	13,397	13,119	29,939	8,013
Housing associations	137	137	-	2	-59	-
Non-profit associations	14	14	-	10	14	-
Public sector entities	-	-	-	-	-	-
Total	55,189	41,068	14,121	14,236	31,043	8,837

Write-downs on corporate loans by branch

Research, consulting and other services	16,198	14,502	1,696
Trade	17,903	14,464	3,439
Construction	4,023	3,260	763
Industry	4,295	2,227	2,068
Property	1,666	800	867
Other	7,535	2,970	4,564

31.12.2008

	Contract value	Individual impairment	Book value	Fair value of collateral	Change during the period Change in impairment	Losses on credits and other commitments
Households	3,885	3,217	667	1,856	460	126
Corporates	22,871	15,351	7,519	4,769	74	19
Housing associations	395	195	200	371	-	-
Non-profit associations	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Total	27,151	18,764	8,387	6,996	534	145

Write-downs on corporate loans by branch

Trade	6,629	6,066	563
Construction	3,265	3,064	201
Hotels and restaurants	2,485	2,231	254
Research, consulting and other services	2,715	1,315	1,400
Transport	619	486	133
Other	7,157	2,189	4,968

Note 3. Segment report for Bank Group

Income statement 31.12.

	Banking Business		Asset Management		Life Insurance		Miscellaneous		Eliminations		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	146,872	30,067	2,582	948	-	-	2,923	1,765	47	2,717	152,425	35,497
Dividends	104	23	10	119	-	-	1,326	28	-1,326	-	115	170
Net commission income	25,726	5,215	13,151	9,165	-	-	2,176	539	-366	-3,099	40,687	11,819
Net income from financial transactions	3,108	-2,165	-245	-624	-	-	-3,518	0	1,255	-	600	-2,789
Net income from investment properties	26	28	-	-	-	-	147	2,721	-87	127	86	2,876
Other operating income	9,998	911	114	112	-	-	2,248	5,612	-9,551	1,694	2,808	8,330
Total operating income	185,834	34,079	15,613	9,720	0	0	5,302	10,666	-10,027	1,439	196,722	55,903
Staff costs	-32,077	-8,575	-8,071	-3,503	-	-	-6,374	-625	-58	-1,200	-46,580	-13,902
Other administrative expenses	-54,995	-11,988	-4,888	-2,372	-	-	8,993	3,145	9,118	894	-41,773	-10,321
Depreciation of tangible and intangible assets	-2,289	-700	-759	-359	-	-	-1,784	-430	-	-	-4,832	-1,488
Other operating expenses	-10,920	-3,240	-1,015	-587	-	-	-7,021	-1,883	380	17	-18,576	-5,693
Total operating expenses	-100,282	-24,503	-14,733	-6,821	0	0	-6,187	208	9,440	-288	-111,761	-31,404
Impairment and reversing items of tangible and intangible assets	-	-	-	-	-	-	-	410	-35	0	-35	410
Write-downs on credits and other commitments	-30,980	-544	-	-	-	-	-101	-	-	-	-31,081	-544
Share of profit from associated companies	-	-	-	-	-	-	-	-	334	230	334	230
Operating profit from continuing operations	54,572	9,033	880	2,899	0	0	-985	11,284	-289	1,381	54,178	24,596
Operating profit from discontinuing operations	-	-	-	-	-305	14,442	-	-	-	-62,111	-305	-47,669
Operating profit	54,572	9,033	880	2,899	-305	14,442	-985	11,284	-289	-60,730	53,872	-23,073
Contribution of insurance business to the Groups' operating profit	-	-	-	-	-	-47,669	-	-	-	-	-	-
Balance sheet 31.12.												
	Banking Business		Asset Management		Life Insurance		Miscellaneous		Eliminations		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Cash and balances with central banks	336,397	502,500	110	100	-	13,406	-	-	-	-9,698	336,506	506,308
Financial assets reported at fair value through profit and loss	3,599	4,547	-	-	-	14,946	-	-	-	-	3,599	19,492
Financial assets available for sale	2,655,776	2,354,927	7,338	13,235	-	648,601	2,890	18,990	-3,644	-15,824	2,662,360	3,019,930
Loans and other receivables	6,173,694	5,520,256	34,402	17,644	-	-	-	-	-3,719	-5,719	6,204,377	5,532,181
Investments for unit-linked provisions	-	-	-	-	-	148,119	-	-	-	-	-	148,119
Other assets	662,438	465,282	4,967	7,164	-	21,530	-293,608	-99,300	-41,145	-100,813	332,652	293,863
Total assets	9,831,903	8,847,511	46,816	38,142	0	846,602	-290,718	-80,309	-48,508	-132,054	9,539,493	9,519,892
Deposits	4,609,182	4,899,404	154,690	130,126	-	-	-	-	-3,719	-13,567	4,760,153	5,015,964
Debt securities issued	2,758,144	2,134,057	-	-	-	-	-	-	-3,644	-15,324	2,754,499	2,118,733
Technical provision for insurance business	-	-	-	-	-	777,176	-	-	-	-	-	777,176
Other liabilities	1,506,853	1,173,223	6,698	15,930	-	11,143	194,415	219,844	-66,811	-112,294	1,641,154	1,307,845
Total liabilities	8,874,178	8,206,684	161,388	146,056	0	788,319	194,415	219,844	-74,175	-141,185	9,155,807	9,219,717

Note 4. Business 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, EUR 1,000	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

NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR BANK GROUP

(EUR 1,000)

Note 5. Interest income and expenses

	2009	2008
Interest income		
Interest income from cash and balances with central banks	3,126	2,055
Interest income from financial assets reported at fair value via the income statement	405	589
Interest income from financial assets available for sale	92,052	28,606
Interest income from claims on credit institutions	732	-2,037
Interest income from claims on public and public sector entities	189,003	144,893
Interest income from finance lease contracts	681	673
Interest income from loans and other receivables	190,417	143,529
Interest income from financial assets held until maturity	936	628
Interest income from hedging instruments	-1,414	-347
Other interest income	1,005	4,475
Total	286,526	179,535
Interest expenses		
Interest expenses from deposits, credit institutions	-33,902	-23,391
Interest expenses from deposits, other public entities	-45,169	-25,947
Interest expenses from deposits	-79,071	-49,339
Interest expenses for debt securities issued to the public	-73,629	-79,790
Interest expenses for subordinated liabilities	-9,138	-3,220
Interest expenses from securities issued and subordinated liabilities	-82,767	-83,010
Interest expenses for hedging instruments	27,880	-2,967
Other interest expenses	-142	-8,723
Total	-134,101	-144,038
Net interest income	152,425	35,497

Note 6. Dividends

	2009	2008
Dividend income from shares available for sale	115	170
Total	115	170

Note 7. Commission income and expenses

	2009	2008
Commission income		
Lending	8,308	2,097
Borrowing	131	34
Payment transactions	11,492	4,373
Asset management services	29,821	17,946
Brokerage of insurance	3,801	772
Guarantees and other off-balance sheet commitments	711	123
Other commission income	1,802	653
Total	56,067	25,996
Commission expenses		
Bank fees paid	-626	-168
Other commission expenses	-14,754	-14,009
Total	-15,380	-14,177
Net commission income	40,687	11,819

Note 8. Net income from financial transactions

	2009	2008
Financial assets held for trading		
Capital gains and losses		
Interest-bearing securities	169	36
Shares and participations	2	-
Total	171	36
Valuation gains and losses		
Interest-bearing securities	68	-
Total	68	0
Total	239	36
Financial assets and liabilities reported at fair value via the income statement		
Capital gains and losses		
Derivative instruments	-226	-
Other items	-	3
Total	-226	3
Valuation gains and losses		
Derivative instruments	238	-733
Total	238	-733
Total	13	-730
Financial assets available for sale		
Capital gains and losses		
Interest-bearing securities	1,123	-150
Shares and participations	-2,451	-184
Other items	-340	-
Total	-1,667	-334
Transferred to income statement from fund at fair value		
Interest-bearing securities	-496	-358
Shares and participations	-350	19
Total	-846	-339
Write-downs		
Interest-bearing securities	-388	-
Total	-388	0
Total	-2,901	-673
Net income from currency trading	1,303	398
Net result from hedge accounting		
Ineffective share of cash flow hedging	139	79
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	2,575	16,093
Financial derivatives hedging issued bonds	4,249	16,875
Changes in the actual value of the hedge instrument, net	6,824	32,968
Repayable on demand liabilities	-1,608	-16,993
Bonds issued	-3,408	-17,873
Changes in the fair value of items that are hedged, net	-5,016	-34,866
Total	1,808	-1,898
Total ineffective share of cash flow hedging	1,947	-1,819
Net income from financial transactions	600	-2,789

Note 9. Net income from investment properties

	2009	2008
Rental income	133	129
Capital gains	-	2,891
Reversal of impairment losses	-	10
Other income from investment properties	-	3
Depreciation	-	-1
Direct expenses from investment properties, which generated rental income during the accounting period	-46	-156
Net income from investment properties	86	2,876

Note 10. Other operating income

	2009	2008
Profit from sale of tangible and intangible assets	100	4,559
Other income from the credit institution's own business	2,164	2,904
Other operating income	544	867
Total	2,808	8,330

Note 11. Staff costs

	2009	2008
Salaries and fees	-38,295	-11,538
Pension costs	-6,408	-1,782
Other indirect employee costs	-1,877	-582
Indirect employee costs	-8,285	-2,365
Total	-46,580	-13,902

Note 12. Other administration expenses

	2009	2008
Other staff expenses	-2,406	-1,268
Office expenses	-2,891	-1,177
IT-expenses	-15,163	-4,293
Communication expenses	-2,906	-1,010
Representation and marketing expenses	-2,843	-1,923
Other administrative expenses	-15,565	-650
Total	-41,773	-10,321

Note 13. Depreciation of intangible and tangible assets

	2009	2008
Depreciation of tangible assets	-1,895	-522
Depreciation of intangible assets	-2,937	-965
Total	-4,832	-1,488

Note 14. Other operating expenses

	2009	2008
Rental expenses	-8,909	-1,989
Expenses for commercial properties	-1,541	-1,090
Insurance- and security expenses	-2,377	-354
Monitoring, control and membership fees	-967	-466
Capital losses from commercial properties and other tangible assets	-	-113
Other operating expenses	-4,782	-1,681
Total	-18,576	-5,693

Note 15. Impairment and reversal of impairment on intangible and tangible assets

	2009	2008
Impairment of tangible and intangible assets	-35	0
Total impairment losses	-35	0
Reversal of impairments on tangible and intangible assets for previous years	-	-890
Reversal of impairment on shares in real estate corporations	-	1,300
Total reversal of impairment losses	0	410
Total	-35	410

Note 16. Taxes

	2009	2008
Income taxes on the ordinary business	-27,764	-1,913
Income taxes from previous financial years	-276	-165
Changes in deferred taxes	13,300	-3,379
Total	-14,740	-5,457

More information on deferred taxes is presented in note 30. 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	54,178	24,596
Tax calculated on a 26% tax rate	14,086	6,395
Non-deductible expenses	491	55
Tax free income	-27	-640
Unused write-downs for tax purposes	-245	-399
Tax on the share of the profit from associated undertakings	-87	-60
Income taxes from previous financial years	276	165
Other	246	-60
Income tax	14,740	5,457

The only tax that is booked directly against the equity is attributable to the fund at fair value and is specified in note 40.

Note 17. Profit for the period from continuing operations

	2009	2008
Discontinuing operations		
Interest expenses	103	328
Net interest income	103	328
Commission income	-428	-979
Commission expenses	179	1,076
Net commission income	-248	97
Net income from life-insurance	1,639	-34,296
Total operating income	1,493	-33,871
Staff costs	-1,542	-7,129
Other administrative expenses	-182	-4,891
Depreciation of tangible and intangible assets	-74	-1,713
Total operating expenses	-1,798	-13,734
Impairment and reversal of impairment on tangible and intangible assets	-	-64
Operating profit from discontinuing operations	-305	-47,669
Taxes	-1,483	12,792
Profit for the period from discontinuing operations	-1,788	-34,877

Aktia Bank plc sold Aktia Life Insurance Ltd to Aktia plc for net asset value on 28 February 2009. In connection with the sale, life insurance operations are regarded as discontinued operations. Profit and loss account and notes to the profit and loss account show continuing and discontinued operations separately.

Note 18. Earnings per share

	2009	2008
Profit for the financial year attributable to shareholders in Aktia Bank plc	38,019	-16,383
Average number of shares	3	3
Continuing operations, EUR	13,269,009.48	6,164,833.41
Discontinued operations, EUR	-596,129.27	-11,625,755.27
Total	12,672,880.20	-5,460,921.86

There is no dilution effect to earnings per share.

NOTES TO THE CONSOLIDATED BALANCE SHEET AND OTHER CONSOLIDATED NOTES FOR BANK GROUP

(EUR 1,000)

Note 19. Cash and balances with central banks

	2009	2008
Cash in hand	9,959	9,967
The Life Insurance business' cash and bank	-	3,708
Bank of Finland current account	326,547	492,632
Total	336,506	506,308

Note 20. Financial assets reported at fair value via the income statement

	2009	2008
Financial assets held for trading, banking business	3,599	4,547
Financial assets values through income statement in life insurance business	-	14,946
Total	3,599	19,492

Note 21. Financial assets available for sale

	2009	2008
Interest bearing securities, central and local government	137,244	21,717
Interest bearing securities, credit institutions	2,493,761	2,305,713
Interest bearing securities, other	26,448	55,220
Interest-bearing securities, banking business	2,657,453	2,382,650
Interest bearing securities, central and local government	-	211,650
Interest bearing securities, credit institutions	-	125,866
Interest bearing securities, other	-	88,281
Interest-bearing securities, Life insurance	0	425,797
Total interest-bearing securities	2,657,453	2,808,447
Publicly quoted shares and holdings	2,530	1,658
Shares and holdings that are not publicly quotes	2,377	2,845
Shares and holdings, Banking business	4,907	4,503
Publicly quoted shares and holdings	-	151,148
Shares and holdings that are not publicly quotes	-	55,832
Shares and holdings, Life insurance business	0	206,980
Total shares and holdings	4,907	211,483
Total financial assets available for sale	2,662,360	3,019,930

Write-downs for financial assets available for sale stood at EUR 0.4 (4,6) 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. Write-downs on interest-bearing securities amounted to EUR 0.4 million (EUR 3.6 million) during the period.

Impairment of financial assets from continuing operations

	2009	2008
Interest-bearing securities	388	3,629
Shares and participations	-	1,014
Total	388	4,643

Above mentioned write-downs reported in income statement are included in note 8.

Note 22. Financial assets held until maturity

	2009	2008
Interest-bearing securities, other	27,883	35,885
Total	27,883	35,885

Note 23. Derivative instruments

Derivative instruments, book value

	2009 Assets	2009 Liabilities	2008 Assets	2008 Liabilities
Interest rate derivatives	56,826	21,530	38,135	11,762
Fair value hedging	56,826	21,530	38,135	11,762
Interest rate derivatives	41,757	783	25,406	1,186
Cash flow hedging	41,757	783	25,406	1,186
Interest rate derivatives	107,272	106,190	66,985	65,599
Currency derivatives	3,076	2,510	4,072	4,607
Shares derivatives	90	90	1,772	927
Other derivatives	547	547	644	644
Other derivative instruments	110,985	109,337	73,473	71,777
Total	209,568	131,650	137,014	84,725

From cash flow hedging, a cash flow of approx. EUR 15–16 million is expected 2010, approx. EUR 10–12 million 2011 and the rest in the years 2012–2015.

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

31 December 2009

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 forward rate agreements	200,000	200,000	-	400,000	43	68
Interest rate swaps	350,000	1,505,500	372,000	2,227,500	56,783	21,462
Total fair value hedging	550,000	1,705,500	372,000	2,627,500	56,826	21,530
Cash flow hedging						
Interest rate option agreements	-	840,000	120,000	960,000	41,757	783
Purchased	-	660,000	60,000	720,000	41,757	-
Written	-	180,000	60,000	240,000	-	783
Total cash flow hedging	0	840,000	120,000	960,000	41,757	783
Total interest rate derivatives	550,000	2,545,500	492,000	3,587,500	98,583	22,313
Total hedging derivative instruments	550,000	2,545,500	492,000	3,587,500	98,583	22,313
Other derivative instruments						
Interest rate swaps	562,000	1,654,000	445,300	2,661,300	56,696	56,243
Interest rate option agreements	-	3,660,534	779,200	4,439,734	50,576	49,946
Purchased	-	2,127,767	379,600	2,507,367	47,215	45,420
Written	-	1,532,767	399,600	1,932,367	3,361	4,526
Total interest rate derivatives	562,000	5,314,534	1,224,500	7,101,034	107,272	106,190
Forward rate agreements	191,129	-	-	191,129	3,076	2,510
Total forward rate agreements	191,129	0	0	191,129	3,076	2,510
Equity options	20,500	92,244	-	112,744	90	90
Purchased	10,250	46,122	-	56,372	90	-
Written	10,250	46,122	-	56,372	-	90
Total equity options	20,500	92,244	0	112,744	90	90
Options	4,096	4,307	-	8,403	547	547
Purchased	2,048	2,153	-	4,201	547	-
Written	2,048	2,153	-	4,201	-	547
Other derivative instruments	4,096	4,307	0	8,403	547	547
Total other derivative instruments	777,725	5,411,085	1,224,500	7,413,310	110,985	109,337
Total derivative instruments	1,327,725	7,956,585	1,716,500	11,000,810	209,568	131,650

31 December 2008

Hedging derivative instruments

	Nominal values/term remaining			Total	Fair value	
	Under 1 year	1–5 years	Over 5 years		Assets	Liabilities
Fair value hedging						
Interest rate swaps	470,000	899,500	219,000	1,588,500	38,135	11,762
Total fair value hedging	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 cash flow hedging	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	-	4,304	-	4,304	644	-
Written	-	4,304	-	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

Note 24. Loans and other receivables

	2009	2008
Repayable on demand claims on credit institutions	9,721	6,040
Other claims on credit institutions that are not repayable on demand	71,000	94,500
Lending to credit institutions	80,721	100,540
Transaction account credits, general and corporate	89,838	92,746
Credit bonds	6,003,579	5,309,343
Receivables from finance lease contracts	16,776	13,288
Loans	6,110,194	5,415,377
Write-downs for loans outstanding by group	-7,435	-7,435
Syndicated loans and sale and repurchase agreements, domestic/foreign	20,438	23,523
Bank guarantee claims	458	175
Lending to the public and public sector entities	6,123,656	5,431,640
Total	6,204,377	5,532,181

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	4,924,437	4,343,102
Companies	844,588	809,780
Housing associations	289,192	220,171
Public sector entities	10,050	11,724
Non-profit associations	55,389	46,863
Total	6,123,656	5,431,640

Write-downs during the reporting period and receivables written down

Write-downs at the beginning of the financial year	26,228	-
Transfer of credit stock from Aktia Plc to Aktia Bank Plc	-	25,828
Individual write-downs on credits	33,159	4,713
Individual write-downs on other commitments	21	10
Individual write-downs on interest receivables	54	14
Reversal of group write-downs on credits for previous years	-	-4,065
Reversal of write-downs on individual credits for previous years	-2,018	-121
Reversal of write-downs on other individual commitments for previous years	-22	-1
Reversal of write-downs on interest receivables for previous years	-16	-5
Reversal of credit losses	-98	-2
Total write-downs of the year	31,081	544
Realised credit losses for which individual write-downs were already made	-4,514	-126
Credit losses for other commitments for which individual write-downs were already made	-4,353	-19
Reversal of credit losses	98	2
Write-downs at the end of the financial year	48,541	26,228
Receivables written down at the beginning of the year, gross	34,615	0
Transferred from Aktia Plc	-	27,377
New (this year's) receivables written down, gross	43,095	11,524
Reversal of (this year's) receivables written down, gross	-15,048	-4,287
Receivables written down at the end of the year, gross	62,661	34,615

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

Description of collateral obtained is commented on in note 2 and information on the fair values is given in note 42.

Breakdown of maturity on finance lease receivables

Under 1 year	3,551	2,323
1–5 years	12,741	8,327
Over 5 years	2,686	6,654
Gross investment	18,978	17,304
Unearned future finance income	-2,202	-4,016
Net investment in finance leases	16,776	13,288

Present value of future minimum lease payments receivables

Under 1 year	2,849	1,565
1–5 years	11,318	5,719
Over 5 years	2,610	6,005
Total	16,776	13,288

Note 25. Investments in associated companies

	2009	2008
Acquisition cost at 1 January	2,881	-
Share of profits at 1 January	-85	-244
Transfer from Aktia Abp	-	2,872
Investments	50	9
Disposals	-41	-
Share of profit from associated companies	334	230
Dividends obtained during the financial year	-297	-72
Book value at 31 December	2,842	2,795

Associated companies at 31 December 2009	Assets	Liabilities	Operating profit	Profit for the reporting period
Oy Samlink Ab, Helsinki	19,742	11,425	3,042	1,704
Unicus Ab, Helsinki	218	148	-242	-243
ACH Finland Abp, Espoo	2,912	44	100	67
Other associated companies	16,133	11,072	-4	-45
Total	39,005	22,688	2,897	1,483

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

Note 26. Intangible assets

	Immaterial rights	Other long-term expenditures	Total
31 December 2009			
Acquisition cost at 1 January	10,624	6,046	16,671
Divestments	-2,468	-	-2,468
Increases	801	645	1,446
Decreases	-	-21	-21
Acquisition cost at 31 December	8,958	6,670	15,628
Accumulated depreciations and impairments at 1 January	-3,884	-2,450	-6,334
Divestments	742	-	742
Accumulated depreciation on decreases	-	2	2
Planned depreciation	-1,753	-1,226	-2,978
Impairments	-	-35	-35
Accumulated depreciations and impairments at 31 December	-4,894	-3,709	-8,604
Book value at 31 December	4,063	2,961	7,024

	Immaterial rights	Other long-term expenditures	Total
31 December 2008			
Acquisition cost at 1 January	4,604	2,458	7,062
Transferred assets	2,870	2,786	5,655
Increases	3,191	802	3,993
Decreases	-40	-	-40
Acquisition cost at 31 December	10,624	6,046	16,671
Accumulated depreciations and impairments at 1 January	-1,829	-1,888	-3,717
Accumulated depreciation on decreases	11	-	11
Planned depreciation	-2,066	-498	-2,564
Impairments	-	-64	-64
Accumulated depreciations and impairments at 31 December	-3,884	-2,450	-6,334
Book value at 31 December	6,741	3,596	10,337

Note 27. Investment properties

	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
31 December 2009				
Acquisition cost at 1 January	-	-328	4	-324
Decreases	-	328	-	328
Acquisition cost at 31 December	0	0	4	4
Accumulated depreciations and impairments at 1 January	-	328	-	328
Accumulated depreciation on decreases	-	-328	-	-328
Accumulated depreciations and impairments at 31 December	0	0	0	0
Book value at 31 December	0	0	4	4
Carrying amount at December, 31	-	-	650	650

	Land and water areas	Buildings	Shares and parti- cipations in real estate corporations	Total
31 December 2008				
Acquisition cost at 1 January	15,772	38,973	11,865	66,610
Transferred assets	10	50	13,003	13,063
Decreases	-15,782	-39,351	-24,864	-79,997
Acquisition cost at 31 December	0	-328	4	-324
Accumulated depreciations and impairments at 1 January	-2	-2,192	-527	-2,721
Accumulated depreciation on decreases	-	2,501	267	2,768
Planned depreciation	-	0	-	0
Reversal of impairments	2	19	260	281
Accumulated depreciations and impairments at 31 December	0	328	0	328
Book value at 31 December	0	0	4	4
Carrying amount at December, 31	-	-	500	500

Note 28. Other tangible assets

Commercial properties

	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
31 December 2009				
Acquisition cost at 1 January	-	-593	-	-593
Decreases	-	593	-	593
Acquisition cost at 31 December	0	0	0	0
Accumulated depreciations and impairments at 1 January	-	593	-	593
Accumulated depreciation on decreases	-	-593	-	-593
Accumulated depreciations and impairments at 31 December	0	0	0	0
Book value at 31 December	0	0	0	0

	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
31 December 2008				
Acquisition cost at 1 January	-	-	-15	-15
Transferred assets	13	99	22,699	22,810
Decreases	-13	-691	-22,684	-23,388
Acquisition cost at 31 December	0	-593	0	-593
Accumulated depreciations and impairments at 1 January	-8	-107	-1,300	-1,415
Accumulated depreciation on decreases	-	594	-	594
Planned depreciation	-	1	-	1
Reversal of impairments	8	104	1,300	1,412
Accumulated depreciations and impairments at 31 December	0	593	0	593
Book value at 31 December	0	0	0	0

Other material assets

	Machines and equipment	Insurance business, machinery and equipment	Other tangible assets	Total other tangible assets
31 December 2009				
Acquisition cost at 1 January	3,868	887	2,460	6,623
Divestments	-	-908	-10	-918
Increases	1,407	21	-	1,428
Decreases	-100	-	-106	386
Acquisition cost at 31 December	5,175	0	2,344	7,519
Accumulated depreciations and impairments at 1 January	-842	-259	-168	-675
Divestments	-	291	-	291
Accumulated depreciation on decreases	10	-	14	-569
Planned depreciation	-1,252	-32	-644	-1,928
Accumulated depreciations and impairments at 31 December	-2,084	0	-797	-2,881
Book value at 31 December	3,091	0	1,547	4,638
31 December 2008				
Acquisition cost at 1 January	625	389	32	1,031
Transferred assets	2,755	-	2,424	27,990
Increases	488	542	4	1,033
Decreases	-	-44	-	-23,432
Acquisition cost at 31 December	3,868	887	2,460	6,623
Accumulated depreciations and impairments at 1 January	-482	-166	-3	-2,066
Accumulated depreciation on decreases	-	18	-	612
Planned depreciation	-360	-111	-165	-634
Reversal of impairments	-	-	-	1,412
Accumulated depreciations and impairments at 31 December	-842	-259	-168	-675
Book value at 31 December	3,027	628	2,292	5,947

Note 29. Other assets

	2009	2008
Accrued income and advance payments, banking business	71,916	66,567
Accrued expenses and advance payments, life insurance business	-	12,150
Accrued income and advance payments	71,916	78,716
Cash items being collected	3,048	161
Other assets	1,854	1,347
Receivables from direct insurance business	-	196
Receivables from the reinsurance business	-	65
Other receivables	-	4,164
Other assets	4,902	5,934
Total	76,817	84,651

Note 30. Deferred taxes

	2009	2008
Deferred tax liabilities/receivables, net		
Net deferred tax liabilities/receivables, net at 1 January	23,122	45,766
Acquisitions	3,830	-348
Adjustment of deferred tax from preceding years	122	-
Changes during the financial year booked via the income statement, continuing operations	-13,300	3,379
Changes during the financial year booked via the income statement, discontinuing operations	1,497	-14,973
Financial assets:		
- Valuation of fair value direct to equity	9,291	-24,293
- Transferred to the income statement	949	8,922
Cash flow hedging:		
- Valuation of fair value direct to equity	3,177	4,670
Net deferred tax liabilities/receivables, net at 31 December	28,689	23,122
Deferred tax liabilities		
Appropriations	21,902	33,602
Financial assets	4,737	5
Cash flow hedging	4,950	3,785
Group-specific write-downs	572	572
Total	32,161	37,964

Deferred tax receivables

Financial assets	618	11,559
Group-specific write-downs	2,505	2,505
Negative result	-	466
Other	349	312
Total	3,473	14,842

Specification of changes during the financial year booked via the income statement

Appropriations	11,700	-3,900
Impairment of investment properties	-	-109
Financial assets	-371	928
Cash flow hedging	2,400	-
Group-specific write-downs	-	-1,057
Negative result	-466	466
Other	37	294
Total	13,300	-3,379

Note 31. Deposits

	2009	2008
Repayable on demand deposits	400,850	232,648
Other than repayable on demand from credit institutions	1,323,549	1,684,358
Liabilities to credit institutions	1,724,399	1,917,006
Repayable on demand deposits	2,205,823	1,730,388
Other than repayable on demand deposits	829,931	1,368,569
Liabilities to the public and public sector entities	3,035,754	3,098,958
Total	4,760,153	5,015,964

Note 32. Debt securities issued

	2009		2008	
	Book value	Nominal value	Book value	Nominal value
Certificates of deposit	295,360	296,180	262,239	264,960
Bonds	2,459,139	2,463,649	1,856,494	1,861,599
Total	2,754,499	2,759,829	2,118,733	2,126,559

	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Certificates of deposit with fixed interest	139,730	156,450	-	-	-	296,180
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed rate	250,000	-	1,000,000	-	-	1,250,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable rate	-	250,000	625,000	250,000	-	1,125,000
Other						83,649
Total	389,730	406,450	1,625,000	250,000	0	2,754,829

Other bonds are included in the same program as the subordinated liabilities, see note 33.

Note 33. Subordinated liabilities

	2009	2008
Capital loans	-	2,100
Debenture loans	205,433	199,708
Loan without due date	45,000	45,000
Total	250,433	246,808
Nominal value	250,328	246,783
Amount included in upper Tier 2 capital	45,000	45,000
Amount included in lower Tier 2 capital	164,499	163,029

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 32) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

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

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

Note 34. Other liabilities to credit institutions

	2009	2008
Other liabilities to deposit banks	100,000	88,615
Other liabilities to credit institutions	868,201	413,522
Total	968,201	502,138

Other liabilities to deposit banks include liabilities of EUR 60 (25) million to Swedish Export Credit with variable interest rate and EUR 45 (25) million to the European Investment Bank 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 (60) million from the Nordic Investment Bank.

Note 35. Other liabilities to the public and public sector entities

	2009	2008
Other liabilities payable on demand	245	245
Liabilities other than those repayable on demand	91,520	262,516
Total	91,766	262,761

Note 36. Technical provisions

	2009	2008
Insurance agreements		
Provisions for interest-related insurances		
Provision at 1 January	627,592	654,316
Income from premiums	-	48,271
Insurance claims paid	-	-63,880
Transfer of savings from/to unit-linked insurance	-	1,651
Compensated interest for savings	-	17,523
Customer compensation for savings	-	1,005
Interest reductions and provision for customer compensation	-	-20,948
Burdens	-	-9,795
Other items	-	-551
Operations sold during 2009	-627,592	-
Provision at 31 December	0	627,592
Technical provisions for unit-linked insurances		
Provision at 1 January	149,583	200,527
Income from premiums	-	42,766
Insurance claims paid	-	-22,822
Transfer of savings from/to interest-linked insurances	-	-1,651
Burdens	-	-2,627
Value increases and other items	-	-66,609
Operations sold during 2009	-149,583	-
Provision at 31 December	0	149,583

Changes in provisions by the various insurance branches

31 December 2008

	1 January 2008	Premium income	Claims	Total ex- pense loading
Provisions for interest-related insurances				
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
	Guaranteed calculation interest	Customer compen- sation	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%
	1 January 2008	Premium income	Claims	
Technical provisions for unit-linked insurances				
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	
	Total expense loading	Other	31 December 2008	
Technical provisions for unit-linked insurances				
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	

Note 37. Other liabilities

	2009	2008
Interest liabilities on deposits	6,982	18,395
Other accrued interest expenses and interest income received in advance	43,481	48,270
Advance interest received	1,481	30
Accrued interest expenses and interest income received in advance	51,944	66,695
Other accrued expenses and income received in advance	14,554	12,668
Accrued expenses and income received in advance	66,498	79,363
Cash items in the process of collection	76,278	79,550
Other liabilities, banking business	5,064	4,975
Other liabilities, life insurance business	-	2,806
Other liabilities	81,342	87,332
Total other liabilities	147,840	166,695

Note 38. Provisions

	2009	2008
Provisions at 1 January	24	-
Provisions entered through the income statement	323	24
Provisions used during the year	-129	-
Provisions at 31 December	218	24

The above mentioned provisions, staff costs, are attributable to agreements made 2009. The estimated costs run until March 2010, when they are finally eliminated.

Note 39. Share capital and unrestricted equity reserve

	Number of shares	Share capital	Unrestricted equity reserve	Total
1 January 2008	-	-	-	0
Increase in share capital in conjunction with the transfer of banking operations from Aktia plc to Aktia Bank plc	3	163,000	44,558	207,561
31 December 2008	3	163,000	44,558	207,561
31 December 2009	3	163,000	44,558	207,561

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 2008 and 2009.

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Note 40. Fund at fair value

	2009	2008
Fund at fair value at 1 January	-35,093	-4,278
Transfer from Aktia Plc	-	-892
Profit/loss on the evaluation of the fair value, shares and holdings	-11,909	-42,223
Profit/loss on the evaluation of the fair value, interest bearing securities	47,197	-50,676
Deferred taxes on profit/loss on the evaluation of the fair value	-9,291	24,293
Transferred to the income statement, shares and participations, included in:		
Net income from financial assets available for sale	3,169	33,160
Deferred taxes	-824	-8,622
Transferred to the income statement, interest-bearing securities, included in:		
Net income from financial assets available for sale	481	1,154
Deferred taxes	-125	-300
Profit/loss on the evaluation of the fair value for cash flow hedging derivative contracts	12,220	18,339
Deferred taxes on profit/loss on the evaluation of the fair value	-3,177	-4,768
Transferred to the income statement, cash flow hedging derivative contracts, included in:		
Net income from securities and currency trading	-	-379
Deferred taxes	-	98
Transfer of the fund at fair value in conjunction with the sale of Aktia Life Insurance Ltd		
Divestment of Aktia Life-Insurance Ltd to Aktia Plc	32,077	-
Fund at fair value at 31 December	34,724	-35,093

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 41. Classification of financial instruments

Assets

31 December 2009

	Valued at fair value	Held for sale	Held to maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks	3,599	2,657,453	27,883		336,506		336,506
Interest-bearing securities	-	4,907					2,688,934
Shares and participations							4,907
Derivative instruments				209,568			209,568
Lending to credit institutions					80,721		80,721
Lending to the public and public sector entities					6,123,656		6,123,656
Investments for unit-linked provisions	-						-
Investments in associated companies							
Intangible assets						2,842	2,842
Investment properties						7,024	7,024
Other tangible assets						4	4
Accrued income and advance payments						4,638	4,638
Other assets						71,916	71,916
Income tax receivables						4,902	4,902
Deferred tax receivables						402	402
Total	3,599	2,662,360	27,883	209,568	6,540,883	95,200	9,539,493

31 December 2008

	Valued at fair value	Held for sale	Held to maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks	14,946	2,808,447	35,885		506,308		506,308
Interest-bearing securities	-	211,483					2,859,277
Shares and participations							211,483
Derivative instruments				141,561			141,561
Lending to credit institutions							100,540
Lending to the public and public sector entities					100,540		5,431,640
Investments for unit-linked provisions					5,431,640		5,431,640
Investments in associated companies	148,119						148,119
Intangible assets						2,795	2,795
Investment properties						10,337	10,337
Other tangible assets						4	4
Accrued income and advance payments						5,947	5,947
Other assets						78,716	78,716
Income tax receivables						5,934	5,934
Deferred tax receivables						2,389	2,389
Total	163,065	3,019,930	35,885	141,561	6,038,488	120,965	9,519,892

Liabilities	Valued at fair value	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
31 December 2009					
Deposits from credit institutions			1,724,399		1,724,399
Deposits from the public and public sector entities			3,035,754		3,035,754
Financial liabilities reported at fair value via the income statement		-			-
Derivative instruments		131,650			131,650
Debt securities issued			2,754,499		2,754,499
Subordinated liabilities			250,433		250,433
Other liabilities to credit institutions			968,201		968,201
Other liabilities to the public and public sector entities			91,766		91,766
Technical provision (excl. technical provision for unit-linked insurances)				-	-
Technical provisions for unit-linked insurances				-	-
Accrued expenses and income received in advance				66,498	66,498
Other liabilities				81,342	81,342
Provisions				218	218
Income tax liability				18,884	18,884
Deferred tax liabilities				32,161	32,161
Total	0	131,650	8,825,052	199,104	9,155,807

	Valued at fair value	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
31 December 2008					
Deposits from credit institutions					1,917,006
Deposits from the public and public sector entities			1,917,006		3,098,958
Financial liabilities reported at fair value via the income statement		4,586	3,098,958		4,586
Derivative instruments		84,725			84,725
Debt securities issued					
Subordinated liabilities			2,118,733		2,118,733
Other liabilities to credit institutions			246,808		246,808
Other liabilities to the public and public sector entities			502,138		502,138
Technical provision (excl. technical provision for unit-linked insurances)			262,761		262,761
Technical provisions for unit-linked insurances				627,592	627,592
Accrued expenses and income received in advance				149,583	149,583
Other liabilities				79,363	79,363
Provisions				87,332	87,332
Income tax liability				24	24
Deferred tax liabilities				2,144	2,144
Total	0	89,311	8,146,403	984,003	9,219,717

Note 42. Fair value of financial assets and liabilities

Financial assets	2009		2008	
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	336,506	336,506	506,308	506,308
Financial assets reported at fair value via the income statement	3,599	3,599	19,492	19,492
Financial assets available for sale	2,662,360	2,662,360	3,019,930	3,019,930
Financial assets held until maturity	27,883	26,337	35,885	32,800
Derivative instruments	209,568	209,568	137,014	137,014
Loans and other receivables	6,204,377	6,178,539	5,532,181	5,535,267
Total	9,444,293	9,416,909	9,250,809	9,250,811

Financial liabilities	2009		2008	
	Book value	Fair value	Book value	Fair value
Deposits	4,760,153	4,752,370	5,015,964	5,012,588
Derivative instruments	131,650	131,650	84,725	84,725
Debt securities issued	2,754,499	2,759,058	2,118,733	2,088,779
Subordinated liabilities	250,433	250,607	246,808	240,012
Other liabilities to credit institutions	968,201	967,213	502,138	499,465
Other liabilities to the public and public sector entities	91,766	91,804	262,761	262,947
Total	8,956,702	8,952,703	8,231,128	8,188,516

In the table, the fair value and the book value of the financial assets and liabilities, are presented by balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flow using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determining fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal values is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flow at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a marginal corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market.

Comparative figures for 2008 are calculated based on the above.

Note 43. Breakdown by maturity of financial assets and liabilities by balance sheet item

Assets

31 December 2009	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Cash and balances with central banks	336,506	-	-	-	-	336,506
Financial assets reported at fair value via the income statement	-	-	3,599	-	-	3,599
Financial assets available for sale	99,183	589,066	1,653,551	315,662	4,898	2,662,360
Financial assets held until maturity	5,000	-	12,895	9,988	-	27,883
Derivative instruments	15,133	8,341	164,031	22,063	-	209,568
Loans and other receivables	376,255	493,295	1,764,247	1,492,388	2,078,191	6,204,377
Total	832,077	1,090,702	3,598,323	1,840,101	2,083,089	9,444,293

31 December 2008	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Cash and balances with central banks	506,308	-	-	-	-	506,308
Financial assets reported at fair value via the income statement	4,547	2,606	7,846	4,494	-	19,492
Financial assets available for sale	284,385	466,484	1,600,839	358,965	309,257	3,019,930
Financial assets held until maturity	-	8,004	11,168	16,712	-	35,885
Derivative instruments	7,113	7,725	87,467	34,486	223	137,014
Loans and other receivables	455,882	347,029	1,341,342	1,159,316	2,228,612	5,532,181
Total	1,258,234	831,847	3,048,662	1,573,973	2,538,092	9,250,809

Liabilities

31 December 2009	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Deposits	3,322,445	1,287,030	145,708	4,970	-	4,760,153
Derivative instruments	6,250	5,361	91,292	28,747	-	131,650
Debt securities issued	373,797	410,069	1,669,334	301,299	-	2,754,499
Subordinated liabilities	16,154	44,642	170,637	19,000	-	250,433
Other liabilities to credit institutions	715,503	147,698	49,000	36,000	20,000	968,201
Other liabilities to the public and public sector entities	76,850	9,700	-	-	5,216	91,766
Total	4,510,998	1,904,500	2,125,972	390,017	25,216	8,956,702

31 December 2008	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Deposits	4,177,380	831,914	6,669	-	-	5,015,964
Derivative instruments	5,545	929	54,539	23,712	-	84,725
Debt securities issued	206,953	347,230	1,259,850	304,700	-	2,118,733
Subordinated liabilities	17,244	7,417	212,647	9,500	-	246,808
Other liabilities to credit institutions	362,138	-	94,500	45,500	-	502,138
Other liabilities to the public and public sector entities	206,945	49,540	-	-	6,276	262,761
Total	4,976,205	1,237,030	1,628,205	383,412	6,276	8,231,128

Note 44. Distributable assets

	2009	2008
Non-distributable assets in unrestricted equity		
Share of the accumulated appropriations that have been included in the retained earnings at 1 January	95,638	-
Transfer from Aktia Plc	-	84,538
Share of accumulated appropriations that have been included in the profit for the financial year	-33,300	11,100
Total	62,338	95,638
Distributable assets in unrestricted equity		
Retained earnings 1 January	7,127	34,229
Other changes in retained earnings	-32,065	381
Profit for the period	71,319	-27,483
Unrestricted equity reserve	44,558	44,558
Total	90,938	51,684
Total unrestricted equity		
Retained earnings 1 January	102,764	34,229
Other changes in retained earnings	-32,065	84,918
Profit for the period	38,019	-16,383
Unrestricted equity reserve	44,558	44,558
Total	153,276	147,322

Note 45. Dividend to shareholders

The Board's proposal for dividend, to the Annual General 2010, is EUR 4.300.000,00 per share or EUR 12,900,000.00.
The dividend to shareholders is entered in 2010 against the equity, as a reduction in the retained earnings.

Note 46. Collateral assets and liabilities

Collateral assets

	Type of security	The nominal value of the liability	The value of the security
For the bank 31 December 2009			
Liabilities to credit institutions	Bonds	1,069,400	1,030,308
Collateral provided in connection with repurchasing agreements	Bonds	808,201	808,201
Collateral provided in connection with contracts of pledge	Bonds	47,000	47,000
	Cash and balances with central banks		
Collateral provided in connection with contracts of pledge		8,000	8,000
Total		1,932,601	1,893,509

For the bank 31 December 2008

Liabilities to credit institutions	Bonds	1,058,409	1,056,254
Collateral provided in connection with repurchasing agreements	Bonds	362,138	362,138
	Cash and balances with central banks		
Collateral provided in connection with contracts of pledge		8,500	8,500
Total		1,429,047	1,426,892

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

As of 31 December 2009	-	-	-
As of 31 December 2008	-	-	-

For other liabilities

The bank has not provided collateral for other parties.

Liabilities to credit institutes 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

	Type of security	The nominal value of the liability	The value of the security
For the bank 31 December 2009			
	Cash and balances with central banks		
Liabilities to credit institutions		175,435	175,435
Collateral received in conjunction with repurchase agreements	Bonds	47,000	47,000
Total		222,435	222,435

For the bank 31 December 2008

	Type of security	The nominal value of the liability	The value of the security
Liabilities to credit institutions	Cash and balances with central banks	93,250	93,250

Note 47. Breakdown of off-balance sheet commitments

	2009	2008
Guarantees	49,944	54,843
Other commitments provided to a third party on behalf of a customer	7,281	7,450
Unused credit arrangements	510,854	459,127
Other irrevocable commitments	-	12,050
Total	568,079	533,471

Off-balance sheet commitments, exclude rental commitments.

31 December 2009	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Guarantees	13,521	7,175	11,563	17,505	181	49,944
Other commitments provided to a third party on behalf of a customer	212	7	3,439	1,929	1,694	7,281
Unused credit arrangements	149,060	325,276	29,050	2,062	5,405	510,854
Total	162,793	332,458	44,052	21,496	7,279	568,079

31 December 2008	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Guarantees	9,398	12,308	13,821	17,184	2,133	54,843
Other commitments provided to a third party on behalf of a customer	121	67	3,630	3,632	-	7,450
Unused credit arrangements	63,192	272,025	22,851	2	101,058	459,127
Other irrevocable commitments	-	10	583	11,457	-	12,050
Total	72,710	284,410	40,885	32,275	103,191	533,471

Note 48. Rent commitments

	2009	2008
Less than 1 year	7,625	7,910
1–5 years	26,078	27,511
More than 5 years	19,636	24,847
Total	53,339	60,268

The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index.

(EUR 1,000)

Note 49. Number of employees 31 December

	2009	2008
Full-time	707	844
Part-time	84	98
Temporary	108	119
Total	899	1,061

Number of employees converted to full-time equivalents	756	878
Full-time equivalent average number of employees for the reporting period	766	879

Note 50. Companies included in the consolidated accounts

(EUR 1,000)

Companies included in consolidated accounts (ownership over 50 %)

	2009		2008	
	Percentage of all shares	Book value	Percentage of all shares	Book value
Financing				
Aktia Hypoteksbank Abp, Helsinki	52	33,291	54	25,080
Aktia Kort & Finans Ab, Helsinki	100	799	82	26
Aktia Företagsfinans Ab, Helsinki	80	240	80	240
Investment funds				
Aktia Fondbolag Ab, Helsinki	100	2,507	100	2,507
Securities companies				
Aktia Asset Management Ab, Helsinki	93	1,034	81	347
Insurance companies				
Aktia Livförsäkring Ab, Turku	-	-	100	58,286
Total		37,871		86,487

Business transactions with companies included in the Group

	1.1.2009	Increase / Decrease	31.12.2009
Credits and guarantees	382,997	-73,502	309,495
Deposits	20,780	-2,323	18,457
	1.1.2008	Increase / Decrease	31.12.2008
Credits and guarantees	139,035	243,962	382,997
Deposits	47,433	-26,653	20,780

Shares in associated companies (ownership 20–50%)

	2009		2008	
	Percentage of all shares	Book value	Percentage of all shares	Book value
Data processing				
Oy Samlink Ab, Helsinki	24	1,697	24	1,697
Private equity company				
Unicus Ab, Helsinki	33	250	33	100
Others				
ACH Finland Abp	24	734	26	775
Total		2,681		2,572

Business transactions with associated companies

	1.1.2009	Increase / Decrease	31.12.2009
Credits and guarantees	65	0	65
Deposits	1,110	-860	251
Services received from associated companies	13,405	-1,209	12,196
	1.1.2008	Increase / Decrease	31.12.2008
Credits and guarantees	65	-	65
Deposits	1,001	110	1,110
Services received from associated companies	13,752	-347	13,405

Note 51. The customer assets beeing 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

	2009	2008
Funds in discretionary asset management services	3,008,309	2,530,524
Funds within the framework of investment advising according to a separate agreement	2,987,262	2,008,788
Total funds in asset management services	5,995,571	4,539,312

Note 52. Retrospective restatement for earlier published information 2009

On 12 February 2010, Aktia gave an announcement that the operating profit for the fourth quarter 2009 is adversely affected by a cost of EUR 9.2 million due to a calculation error in the division of fair values of options that are partly reported via income statement and partly via the fund at fair value. The fund at fair value increased correspondingly. The Group's equity and total results were not affected. In the following a retroactive recalculation of the results for the quarter is presented along with affected balance-sheet items and key figures for 2009. The retroactive recalculation is presented on Group level and is attributable to the segment Banking business.

Consolidated income statement for Bank Group (EUR 1,000)

	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Net interest income	40,099	40,584	39,358	32,384
Dividends	7	0	53	55
Net commission income	12,960	10,028	9,718	7,981
Net income from life-insurance	-	-	-	-
Net income from financial transactions	-737	258	3,657	-2,578
Net income from investment properties	28	27	5	26
Other operating income	544	704	888	672
Total operating income	52,902	51,600	53,679	38,540
Total operating expenses	-30,234	-26,141	-27,733	-27,653
Other items	-5,521	-8,223	-15,463	-1,576
Operating profit from continuing operations	17,147	17,236	10,484	9,311
Taxes	-4,817	-4,931	-2,288	-2,705
Profit for the period from continuing operations	12,330	12,306	8,196	6,606
Discontinued operations				
Profit for the period from discontinued operations	-	-	-	-1,788
Profit for the period	12,330	12,306	8,196	4,818
Attributable to:				
Shareholders in Aktia Bank Plc	12,035	12,041	8,843	5,099
Minority interest	294	264	-647	-281
Total	12,330	12,306	8,196	4,818

Earnings per share attributable to shareholders in Aktia Bank Plc, EUR

Continuing operations	4,011,790.19	4,013,702.94	2,947,814.07	2,295,702.28
Discontinued operations	-	-	-	-596,129.28
Total	4,011,790.19	4,013,702.94	2,947,814.07	1,699,573.00

There is no dilution effect to earnings per share.

Consolidated statement of comprehensive income for Bank Group (EUR 1,000)

	10-12/2009	7-9/2009	4-6/2009	1-3/2009
Continuing operations				
Profit for the reporting period	12,330	12,306	8,196	6,606
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-3,998	31,526	11,716	-1,495
Change in valuation of fair value for cash flow hedging	-4,712	4,459	2,767	6,529
Transferred to the income statement for financial assets available for sale	2,429	-	-	-
Transferred to the income statement for cash flow hedging	-	-	-	-
Total comprehensive income for the period for continuing operations	6,050	48,290	22,679	11,640

Discontinued operations

Profit for the period	-	-	-	-1,788
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Other comprehensive income after taxes:

Change in valuation of fair value for financial assets available for sale	-	-	-	-11,304
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Change in valuation of fair value for cash flow hedging	-	-	-	-
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Transferred to the income statement for financial assets available for sale	-	-	-	272
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Transferred to the income statement for cash flow hedging	-	-	-	-
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Total comprehensive income for the period for discontinued operations	0	0	0	-12,821
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Total comprehensive income for the period	6,050	48,290	22,679	-1,181
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Total comprehensive income attributable to:

Shareholders in Aktia Bank plc	5,683	47,748	23,092	-764
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Minority interest	367	542	-413	-416
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Total	6,050	48,290	22,679	-1,181
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The effect of retroactive recalculation:

Operating profit from continuing operations	-1,938	-2,545	-2,570	-2,150
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Taxes	504	662	668	559
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Profit for the period from continuing operations	-1,434	-1,883	-1,902	-1,591
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**Consolidated balance sheet for Bank Group
(EUR 1,000)**

	31.12.2009	30.9.2009	30.6.2009	31.3.2009
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Total assets	9,539,493	9,715,147	9,126,450	8,858,700
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Total liabilities	9,155,807	9,339,852	8,798,705	8,560,216
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Restricted equity	197,724	204,076	168,382	154,133
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Unrestricted equity	153,276	141,241	129,187	120,344
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Shareholders' share of equity	351,000	345,317	297,569	274,477
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Minority interest's share of equity	32,687	29,977	30,176	24,007
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Equity	383,686	375,294	327,744	298,484
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Total liabilities and equity	9,539,493	9,715,147	9,126,450	8,858,700
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Equity

Fund at fair value	34,724	41,076	5,369	-8,879
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Other restricted equity	163,000	163,000	163,012	163,012
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Restricted equity	197,724	204,076	168,382	154,133
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Profit for the period	38,019	25,983	13,942	5,099
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Other unrestricted equity	115,257	115,257	115,245	115,245
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Unrestricted equity	153,276	141,241	129,187	120,344
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The effect of retroactive recalculation:

Fund at fair value / Restricted equity	6,810	5,376	3,493	1,591
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Profit for the period / Unrestricted equity	-6,810	-5,376	-3,493	-1,591
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Equity	0	0	0	0
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**Key figures
(EUR 1,000)**

	1-12/2009	1-9/2009	1-6/2009	1-3/2009
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Return on equity (ROE), %	11.0	10.0	8.3	6.4
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Return on assets (ROA), %	0.40	0.35	0.28	0.21
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Earnings per share (EPS), continuing operations, EUR million	13.3	9.3	5.2	2.3
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Earnings per share (EPS), discontinued operations, EUR million	-0.6	-0.6	-0.6	-0.6
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Earnings per share (EPS), EUR million total	12.7	8.7	4.6	1.7
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Banking Business (incl. Private Banking)

Cost-to-income ratio	0.57	0.57	0.60	0.72
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Capital adequacy ratio, %	15.9	15.4	14.5	14.1
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Tier 1 capital ratio, %	9.5	9.1	9.1	9.0
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Note 53. Events after the end of the financial year

On 12 February 2010, Aktia plc gave an announcement that the operating profit for the fourth quarter 2009 is adversely affected by a cost of EUR 9.2 million due to a calculation error in the division of fair values of options that are partly reported via income statement and partly via the fund at fair value. See note 52.

INCOME STATEMENT FOR THE PARENT COMPANY – AKTIA BANK PLC

(EUR 1,000)	Note	2009	2008
Interest income	102	213,477	79,830
Interest expenses	102	-64,534	-57,055
Net interest income		148,942	22,775
Income from Tier 1 capital instruments	103	1,431	9,951
Commission income	104	41,903	8,537
Commission expenses	104	-10,337	-1,257
Net commission income		31,566	7,280
Net income from securities and currency trading	105	1,541	436
Net income from financial assets available for sale	106	-3,767	-44
Net income from investment properties	107	173	2,739
Other operating income	108	3,710	5,684
Staff costs	109	-40,765	-7,817
Other administrative expenses	110	-37,572	-6,612
Administrative expenses		-78,337	-14,429
Depreciation and impairment of tangible and intangible assets	111	-4,261	-973
Other operating expenses	112	-29,718	-4,118
Write-downs on credits and other commitments	113	-29,875	-265
Write-downs on other financial assets		-	-39,079
Operating profit		41,406	-10,044
Appropriations		45,000	-15,000
Taxes		-25,064	-165
Profit for the reporting period		61,341	-25,210

BALANCE SHEET FOR THE PARENT COMPANY - AKTIA BANK PLC

(EUR 1,000)	Note	2009	2008
Assets			
Cash and balances with central banks		336,506	502,600
Bonds that are eligible for refinancing with central banks	115, 118	2,551,732	2,251,150
Claims on credit institutions	116	300,721	419,540
Receivables from the public and public sector entities	117	3,485,756	3,354,404
Bonds from public sector entities		69,336	3,992
Other bonds		32,878	89,926
Total bonds	118	102,214	93,918
Shares and participations	119	50,015	96,570
Derivative contracts	120	96,530	68,463
Intangible assets	121	6,132	7,511
Investment properties and shares and participations			
in investment properties	122	4	4
Other properties and shares and participations			
in real estate corporations	122	-	-
Other tangible assets	122	4,510	5,126
Tangible assets		4,513	5,130
Other assets	123	4,151	986
Accrued expenses and advance payments	124	138,499	126,195
Deferred tax receivables	125	-	9,341
Total assets		7,076,770	6,935,809
Liabilities			
Liabilities to credit institutions	126	2,701,633	2,431,238
Borrowing		3,033,567	3,107,735
Other liabilities		91,766	264,611
Liabilities to the public and public sector entities	127	3,125,333	3,372,346
Debt securities issued to the public	128	391,699	392,149
Derivatives and other liabilities held for trading	120	102,570	70,398
Other liabilities	129	78,997	81,683
Accrued expenses and income received in advance	130	101,475	73,996
Subordinated liabilities	131	231,364	228,996
Deferred tax liabilities	132	2,330	-
Total liabilities		6,735,400	6,650,806
Accumulated appropriations		84,240	129,240
Equity			
Share capital	133	163,000	163,000
Fund at fair value	133	13,441	-26,585
Unrestricted equity reserve		44,558	44,558
Retained earnings 1 January		-25,210	-
Profit for the reporting period attributable to shareholders in Aktia Bank plc		61,341	-25,210
Total equity	133	257,130	155,763
Total liabilities and equity		7,076,770	6,935,809

Off-balance-sheet commitments for the parent company - Aktia Bank Plc

(EUR 1,000)	Note	2009	2008
Off-balance-sheet commitments	141		
Guarantees and pledges		49,944	54,843
Other		7,281	7,450
Commitments provided to a third party on behalf of the customer		57,225	62,293
Unused credit arrangements		539,977	472,475
Other		-	-
Irrevocable commitments given in favour of a customer		539,977	472,475
Total off-balance-sheet commitments		597,202	534,768

CASH FLOW STATEMENT FOR THE PARENT COMPANY - AKTIA BANK PLC

(EUR 1,000)	2009	2008
Cash flow from operating activities		
Operating profit	41,406	-10,044
Adjustment items not included in cash flow for the period	51,453	4,056
Paid income taxes	-6,404	1,356
Increase (-) or decrease (+) in receivables from operating activities	-321,641	-391,209
Bonds	-265,228	-330,183
Claims on credit institutions	122,500	-23,306
Receivables from the public and public sector entities	-161,227	-32,880
Shares and participations	-	-341
Other assets	-17,685	-4,498
Increase (+) or decrease (-) in liabilities from operating activities	28,929	426,081
Liabilities to credit institutions	270,395	327,882
Liabilities to the public and public sector entities	-247,013	167,952
Debt securities issued to the public	-450	-43,072
Other liabilities	5,997	-26,682
Total cash flow from operating activities	-206,257	30,239
Cash flow from investing activities		
Financial assets held until maturity, decrease	8,000	9,954
Reclaim of minority shares in subsidiaries	-1,460	-
Investments in associated companies	-50	-
Proceeds from sale of group companies and associated companies	45,504	34,882
Investment in tangible and intangible assets	-2,451	5,000
Disposal of tangible and intangible assets	186	35,193
Share issue of Aktia Plc to Aktia Real Estate Mortgage Bank Plc	-8,210	-
Total cash flow from investing activities	41,518	85,028
Cash flow from financing activities		
Subordinated liabilities, increase	70,756	40,383
Subordinated liabilities, decrease	-68,430	-
Total cash flow from financing activities	2,326	40,383
Change in cash and cash equivalents	-162,413	155,651
Cash and cash equivalents at the beginning of the year	508,640	352,989
Cash and cash equivalents at the end of the year	346,227	508,640
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,959	9,967
Bank of Finland current account	326,547	492,632
Repayable on demand claims on credit institutions	9,721	6,040
Total	346,227	508,640
Adjustment items not included in cash flow for the period consist of:		
Impairment of bonds	388	-
Write-downs on credits and other commitments	29,875	-
Change in fair values	4,107	-
Depreciation and impairment of intangible and tangible assets	4,261	974
Sales loss from divestment of Aktia Life Insurance Ltd to Aktia Plc	12,823	-
Other adjustments	0	3,081
Total	51,453	4,056
Other information to the cash flow statement:		
Received interests	191,927	27,778
Paid interests	-60,151	-10,578
Received dividends	1,431	10,069

NOTE 101. THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

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Aktia Bank 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 Bank 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 reported in the income statement as net income from currency trading.

Income accounting principles

Income and expenses are reported in accordance with the accruals convention.

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 are 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 entered 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.

Estimation of fair value for investment properties was carried out by external property valuers 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 and 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 BANK PLC

(EUR 1,000)

Note 102. Interest income and expenses

	2009	2008
Interest income		
Claims on credit institutions	13,727	6,661
Receivables from the public and public sector entities	110,794	47,360
Bonds	90,833	26,114
Derivatives	-1,414	-347
Other interest income	-463	41
Total	213,477	79,830
Interest costs		
Liabilities to credit institutions	-34,229	-22,112
Other liabilities to the public and public sector entities	-45,372	-25,233
Debt securities issued to the public	-10,601	-4,713
Derivatives and liabilities held for trading	34,209	-2,686
Subordinated liabilities	-8,506	-2,303
Other interest expenses	-36	-8
Total	-64,534	-57,055
Net interest income	148,942	22,775

Note 103. Income from equity instruments

	2009	2008
Income from companies within the same Group	1,029	9,900
Income from associated companies	297	-
Income from financial assets that can be sold	105	51
Total	1,431	9,951

Note 104. Commission income and expenses

	2009	2008
Commission income		
Lending	7,518	1,971
Borrowing	131	34
Payment transactions	9,240	2,242
Asset management services	18,900	3,083
Brokerage of insurance	3,792	760
Guarantees and other off-balance sheet commitments	711	123
Other commission income	1,613	325
Total	41,903	8,537
Commission expenses		
Bank fees paid	-626	-168
Other commission expenses	-9,711	-1,089
Total	-10,337	-1,257
Net commission income	31,566	7,280

Note 105. Net income from securities and currency trading

	2009	2008
Interest-bearing securities		
Capital gains and losses	236	36
Total	236	36
Other		
Capital gains and losses	2	3
Total	2	3

Total		
Capital gains and losses	238	38
Net income from securities	238	38
Net income from currency trading	1,303	398
Net income from securities and currency trading	1,541	436

Note 106. Net income from financial assets available for sale

	2009	2008
Interest-bearing securities		
Capital gains and losses	512	104
Total	512	104
Shares and participations		
Capital gains and losses	-154	345
Reversal of impairment losses	-3,713	-
Total	-3,867	345
Other		
Capital gains and losses	-7	-498
Write-downs	-388	-
Net income from brokered derivative contracts	-17	5
Total	-412	-493
Total		
Capital gains and losses	351	-50
Write-downs	-388	-
Reversal of impairment losses	-3,713	-
Net income from brokered derivative contracts	-17	5
Total	-3,767	-44

Note 107. Net income from investment properties

	2009	2008
Rental income	219	146
Sales gains	-	2,747
Depreciation	-	-1
Other income from investment properties	-	3
Other expenses for investment properties	-46	-156
Total	173	2,739

Note 108. Other operating income

	2009	2008
Rental income from commercial properties	74	96
Capital gains from tangible and intangible assets	-	4,354
Other operating income	3,636	1,234
Total	3,710	5,684

Note 109. Staff costs

	2009	2008
Salaries and fees	-32,110	-7,007
Transfer to the personnel fund	-1,272	614
Pension costs	-5,646	-1,015
Other indirect employee costs	-1,737	-410
Indirect staff costs	-7,383	-1,425
Total	-40,765	-7,817

Note 110. Other administrative expenses

	2009	2008
Other staff expenses	-2,125	-798
Office expenses	-3,765	-838
IT-expenses	-13,755	-3,226
Communication expenses	-2,482	-539
Representation and marketing expenses	-2,583	-1,210
Other administrative expenses	-12,862	-
Total	-37,572	-6,612

Note 111. Depreciation and impairment of tangible and intangible assets

	2009	2008
Depreciation of tangible assets	-1,820	-444
Depreciation of intangible assets	-2,441	-529
Total	-4,261	-973

Note 112. Other operating expenses

	2009	2008
Rental expenses	-8,447	-1,599
Expenses for commercial properties	-1,499	-1,051
Insurance- and hedging costs	-2,371	-343
Monitoring, control and membership fees	-631	-131
Capital losses from tangible and intangible assets	-	-113
Other expenses	-16,770	-881
Total	-29,718	-4,118

Note 113. Write-downs on credits and other commitments

	2009	2008
Receivables from the public and public sector entities		
Individual write-downs	-31,787	-4,454
Write-downs by group	-	4,065
Reversals of and recoveries of write-downs	1,899	122
Reversals of credit losses	29	2
Total	-29,860	-265
Interest receivables		
Individual write-downs	-27	-5
Reversals of and recoveries of write-downs	11	5
Total	-15	0
Total write-downs on credits and other commitments	-29,875	-265

Note 114. Income by business area

	2009	2008
Income by business area		
Real estate operations	173	2,739
Banking	193,760	47,339
Total	193,933	50,078
Operating profit by business area		
Real estate operations	173	2,739
Banking	41,233	-12,783
Total	41,406	-10,044
Personnel by business area		
Banking	796	812
Total	796	812

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 BANK PLC

(EUR 1,000)

Note 115. Bonds that are eligible for refinancing with central banks

	2009	2008
Government bonds	80,124	105
Banks' certificates of deposit	29,816	403,794
Other	2,441,792	1,847,251
Total	2,551,732	2,251,150

Note 116. Claims on credit institutions

	2009	2008
Repayable on demand		
Finnish credit institutions	155	6,040
Foreign credit institutions	9,565	-
Total	9,721	6,040
Other than repayable on demand		
Finnish credit institutions	291,000	413,500
Total	291,000	413,500
Total claims on credit institutions	300,721	419,540

Note 117. Receivables from the public and public sector entities

	2009	2008
A sector-by-sector analysis of receivables from the public and public sector entities		
Households	2,338,942	2,277,043
Companies	856,488	815,198
Housing associations	224,887	203,576
Public sector entities	10,050	11,724
Non-profit associations	55,389	46,863
Total	3,485,756	3,354,404

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

Write-downs at the beginning of the financial year	28,135	0
Transferred from Aktia plc	-	28,008
Receivables from the public and public sector entities		
Individual write-downs presented during the period	31,787	4,454
Group write-downs presented during the period	-	-4,065
Individual write-downs that were reversed during the year	-1,899	-122
Credit losses during the period, for which individual write-downs were made earlier	-7,426	-140
Write-downs at the end of the financial year	50,597	28,135

Note 118. Bonds grouped by financial instrument

	Total 2009	Of which, the bonds that are eligible for refinancing with central banks	Total 2008	Of which, the bonds that are eligible for refinancing with central banks
Bonds held for trading				
Publicly quoted	3,598	3,598	-	-
Total	3,598	3,598	0	0
Bonds that can be sold				
Publicly quoted	2,546,929	2,527,308	1,837,713	1,809,848
Other	75,536	46,263	471,470	441,302
Total	2,622,465	2,573,571	2,309,183	2,251,150

Bonds retained until maturity

Publicly quoted	27,883	-	35,885	-
Total	27,883	0	35,885	0
Total bonds	2,653,946	2,577,169	2,345,068	2,251,150

Note 119. Shares and participations

	2009	2008
Shares and participations that can be sold		
Publicly quoted	2,522	3
Other	2,377	2,845
Total	4,899	2,848
Total shares and participations	4,899	2,848
of which credit institutions	2,690	-
Shares and participations in associated companies		
Credit institutions	734	-
Other companies	2,157	2,881
Total	2,890	2,881
Shares and participations in group companies		
Credit institutions	34,329	25,346
Other companies	7,896	65,496
Total	42,226	90,842
Total shares and participations	50,015	96,570

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

Note 120. Derivative instruments**Derivative instruments, book value**

	2009 Assets	2009 Liabilities	2008 Assets	2008 Liabilities
Interest rate derivatives	87,035	91,515	32,309	31,999
Currency derivatives	3,598	3,035	4,021	4,586
Fair value hedging	90,633	94,549	36,330	36,585
Other derivatives	5,897	8,020	32,133	33,812
Cash flow hedging	5,897	8,020	32,133	33,812
Other derivatives	0	0	0	0
Total	96,530	102,570	68,463	70,398

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

31 December 2009

Hedging derivative instruments	Under 1 year	Nominal values / term remaining		Total	Fair value	
		1-5 years	Over 5 years		Assets	Liabilities
Fair value hedging						
Interest forward rate agreements	323,000	200,000	-	523,000	114	143
Interest rate swaps	867,600	3,503,900	680,300	5,051,800	93,238	54,295
Interest rate option agreements	45,318	284,803	-	330,121	0	1,056
Purchased	45,318	284,803	-	330,121	0	1,056
Total	1,235,918	3,988,703	680,300	5,904,921	93,352	55,493

Cash flow hedging

Interest rate option agreements	-	840,000	120,000	960,000	41,757	783
Purchased	-	660,000	60,000	720,000	41,757	-
Written	-	180,000	60,000	240,000	-	783
Total	0	840,000	120,000	960,000	41,757	783

Total interest rate derivatives **1,235,918** **4,828,703** **800,300** **6,864,921** **135,109** **56,276**

Total hedging derivative instruments **1,235,918** **4,828,703** **800,300** **6,864,921** **135,109** **56,276**

Other derivative instruments

Interest rate swaps	562,000	1,654,000	445,300	2,661,300	57,094	56,641
Interest rate option agreements	-	3,660,534	779,200	4,439,734	50,576	49,946
Purchased	-	2,127,767	379,600	2,507,367	47,215	45,420
Written	-	1,532,767	399,600	1,932,367	3,361	4,526

Total interest rate derivatives **562,000** **5,314,534** **1,224,500** **7,101,034** **107,670** **106,587**

Forward rate agreements 191,129 - - 191,129 3,591 3,026

Total forward rate agreements **191,129** **0** **0** **191,129** **3,591** **3,026**

Equity options 20,500 92,244 - 112,744 90 90

Purchased 10,250 46,122 - 56,372 90 -

Written 10,250 46,122 - 56,372 - 90

Total equity options **20,500** **92,244** **0** **112,744** **90** **90**

Options 4,096 4,307 - 8,403 547 547

Purchased 2,048 2,153 - 4,201 547 -

Written 2,048 2,153 - 4,201 - 547

Other derivative instruments **4,096** **4,307** **0** **8,403** **547** **547**

Total other derivative instruments **777,725** **5,411,085** **1,224,500** **7,413,310** **111,899** **110,250**

Total derivative instruments **2,013,643** **10,239,788** **2,024,800** **14,278,230** **247,008** **166,526**

31 December 2008

Hedging derivative instruments	Nominal values / term remaining			Total	Fair value	
	Under 1 year	1–5 years	Over 5 years		Assets	Liabilities

Fair value hedging

Interest rate swaps	763,700	2,401,250	527,650	3,692,600	75,103	34,855
Interest rate option agreements	-	205,831	-	205,831	-	525
Purchased	-	205,831	-	205,831	-	525
Total	763,700	2,607,081	527,650	3,898,431	75,103	35,380

Cash flow hedging

Interest forward rate agreements	253,000	-	-	253,000	369	178
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 **253,000** **170,000** **790,000** **1,213,000** **25,775** **1,364**

Total interest rate derivatives **1,016,700** **2,777,081** **1,317,650** **5,111,431** **100,878** **36,744**

Total hedging derivative instruments **1,016,700** **2,777,081** **1,317,650** **5,111,431** **100,878** **36,744**

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	35,178	52,804	47,300	135,282	927	927
Purchased	17,589	26,402	23,650	67,641	927	-
Written	17,589	26,402	23,650	67,641	-	927
Total equity options	35,178	52,804	47,300	135,282	927	927
Options	-	8,608	-	8,608	644	644
Purchased	-	4,304	-	4,304	644	-
Written	-	4,304	-	4,304	-	644
Other derivative instruments	0	8,608	0	8,608	644	644
Total other derivative instruments	636,310	4,455,812	1,969,942	7,062,064	72,628	71,777
Total derivative instruments	1,653,010	7,232,893	3,287,592	12,173,495	173,506	108,521

Derivative instruments' fair values include accrued interest.

Note 121. Intangible assets

	Immaterial rights (IT expenses)	Other long-term expenditures	Total
31 December 2009			
Acquisition cost at January, 1	4,520	3,521	8,041
Increases	471	610	1,081
Decreases	-	-21	-21
Acquisition cost at December, 31	4,991	4,109	9,100
Accumulated depreciations and impairments at January, 1	-308	-221	-529
Accumulated depreciation on decreases	-	2	2
Planned depreciation	-1,489	-952	-2,441
Accumulated depreciations and impairments at December, 31	-1,797	-1,171	-2,968
Book value at December, 31	3,194	2,938	6,132
	Immaterial rights (IT expenses)	Other long-term expenditures	Total
31 December 2008			
Acquisition cost at January, 1	-	-	-
Transferred assets	2,870	2,786	5,655
Increases	1,651	735	2,385
Acquisition cost at December, 31	4,520	3,521	8,041
Planned depreciation	-308	-221	-529
Accumulated depreciations and impairments at December, 31	-308	-221	-529
Book value at December, 31	4,212	3,300	7,511

Note 122. Tangible assets

Investment properties

	Land and water areas	Buildings	Shares and partici- pations in real estate corporations	Total
31 December 2009				
Acquisition cost at January, 1	-	-328	4	-324
Decreases	-	328	-	328
Acquisition cost at December, 31	0	0	4	4
Accumulated depreciations and impairments at January, 1	-	328	-	328
Accumulated depreciation on decreases	-	-328	-	-328
Accumulated depreciations and impairments at December, 31	0	0	0	0
Book value at December, 31	0	0	4	4
Carrying amount at December, 31	-	-	650	650

	Land and water areas	Buildings	Shares and partici- pations in real estate corporations	Total
31 December 2008				
Acquisition cost at January, 1	-	-	-	-
Transferred assets	10	50	13,003	13,063
Decreases	-10	-378	-12,999	-13,387
Acquisition cost at December, 31	0	-328	4	-324
Accumulated depreciation on decreases	-	329	-	329
Planned depreciation	-	-1	-	-1
Accumulated depreciations and impairments at December, 31	-	328	0	328
Book value at December, 31	0	0	4	4
Carrying amount at December, 31	-	-	500	500

Commercial properties

	Land and water areas	Buildings	Shares and partici- pations in real estate corporations	Total
31 December 2009				
Acquisition cost at January, 1	-	-593	-	-593
Decreases	-	593	-	593
Acquisition cost at December, 31	0	0	0	0
Accumulated depreciations and impairments at January, 1	-	593	-	593
Accumulated depreciation on decreases	-	-593	-	-593
Accumulated depreciations and impairments at December, 31	0	0	0	0
Book value at December, 31	0	0	0	0

	Land and water areas	Buildings	Shares and partici- pations in real estate corporations	Total
31 December 2008				
Acquisition cost at January, 1	-	-	-	-
Transferred assets	13	99	22,699	22,810
Decreases	-13	-691	-22,699	-23,403
Acquisition cost at December, 31	0	-593	0	-593
Accumulated depreciation on decreases	-	594	-	594
Planned depreciation	-	-1	-	-1
Accumulated depreciations and impairments at December, 31	-	593	0	593
Book value at December, 31	0	0	0	0

Other material assets

	Machines and inventory	Other tangible assets	Total tangible assets
31 December 2009			
Acquisition cost at January, 1	3,141	2,428	4,652
Increases	1,370	-	1,370
Decreases	-98	-84	739
Acquisition cost at December, 31	4,413	2,344	6,761
Accumulated depreciations and impairments at January, 1	-281	-161	478
Accumulated depreciation on decreases	8	7	-905
Planned depreciation	-1,177	-643	-1,820
Accumulated depreciations and impairments at December, 31	-1,450	-797	-2,248
Book value at December, 31	2,963	1,547	4,513

	Machines and inventory	Other tangible assets	Total tangible assets
31 December 2008			
Acquisition cost at January, 1	-	-	-
Transferred assets	2,755	2,424	41,053
Increases	386	4	389
Decreases	-	-	-36,790
Acquisition cost at December, 31	3,141	2,428	4,652
Accumulated depreciation on decreases	-	-	923
Planned depreciation	-281	-161	-445
Accumulated depreciations and impairments at December, 31	-281	-161	478
Book value at December, 31	2,860	2,266	5,130

Note 123. Other assets

	2009	2008
Cash items being collected	3,048	161
Other assets	1,103	825
Total	4,151	986

Note 124. Accrued expenses and advance payments

	2009	2008
Interests	129,125	107,589
Other	9,375	18,606
Total	138,499	126,195

Note 125. Deferred tax receivables

	2009	2008
Deferred tax receivables at January, 1	9,341	0
Financial assets:		
- Fair value measurement	-9,341	9,341
Deferred tax receivables at December, 31	0	9,341

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

Note 126. Liabilities to credit institutions

	2009	2008
Repayable on demand deposits	409,883	241,347
Other than repayable on demand from credit institutions	2,291,750	2,189,890
Total	2,701,633	2,431,238

Note 127. Liabilities to the public and public sector entities

	2009	2008
Repayable on demand	2,203,636	1,739,166
Other than repayable on demand	829,931	1,368,569
Borrowing	3,033,567	3,107,735
Repayable on demand	245	245
Other than repayable on demand	91,520	264,366
Other liabilities	91,766	264,611
Total	3,125,333	3,372,346

Note 128. Debt securities issued to the public

	2009		2008	
	Book value	Nominal value	Book value	Nominal value
Certificates of deposit	299,004	299,830	273,665	276,960
Bonds	92,695	94,416	118,484	120,686
Total	391,699	394,246	392,149	397,646

Note 129. Other liabilities

	2009	2008
Cash items in the process of collection	75,811	79,422
Provisions	24	24
Other	3,162	2,237
Total	78,997	81,683

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	24	-	-	-	24
Total	24	0	0	0	24

Note 130. Accrued expenses and income received in advance

	2009	2008
Interests	72,332	67,247
Other	29,143	6,749
Total	101,475	73,996

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Note 131. Subordinated liabilities

	2009	2008
Debenture loans	186,364	183,996
Loan without due date	45,000	45,000
Total	231,364	228,996
Nominal value	231,270	228,944
Amount included in upper Tier 2 capital	45,000	45,000
Amount included in lower Tier 2 capital	143,497	135,237

The bank operates a bond programme that is updated and approved each year by the Board of Directors. The size of the programme is currently EUR 500 million. Under the programme, both other bonds (included in note 128) and debenture loans are issued. Debentures are currently issued at fixed interest rates primarily with a maturity of 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 132. Deferred tax liabilities

	2009	2008
Deferred tax liabilities at January, 1	0	-
Financial assets:		
- Fair value measurement	2,330	-
Deferred tax liabilities at December, 31	2,330	0

Note 133. Specification of equity

	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Share capital	163,000	-	-	163,000
Fund at fair value	-26,585	40,026	-	13,441
Restricted equity	136,415	40,026	0	176,441
Unrestricted equity reserve	44,558	-	-	44,558
Retained earnings 1 January	-25,210			-25,210
Profit for the reporting period attributable to shareholders in Aktia Bank plc		61,341	-	61,341
Unrestricted equity	19,348	61,341	0	80,689
Total equity	155,763	101,367	0	257,130
			2009	2008
Fund at fair value at January, 1			-26,585	-

Changes in fair value during the period	49,910	-36,284
Deferred taxes on changes in fair value during the period	-14,063	9,341
Moved to income statement during the period	4,179	358
Fund at fair value at December, 31	13,441	-26,585

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	2009	2008
Retained earnings 1 January	-25,210	-
Profit for the reporting period attributable to shareholders in Aktia Bank plc	61,341	-25,210
Unrestricted equity reserve	44,558	44,558
Total	80,689	19,348

There are no non-distributable assets in unrestricted equity.

Note 134. Fair value of financial assets and liabilities

Velat	2009		2008	
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	336,506	336,506	502,600	502,600
Bonds	2,653,946	2,652,400	2,345,068	2,341,983
Claims on credit institutions	300,721	300,727	419,540	419,638
Receivables from the public and public sector entities	3,485,756	3,423,759	3,354,404	3,324,075
Shares and participations	4,899	4,899	2,848	2,848
Shares and participations in associated companies	2,890	2,890	2,881	2,881
Shares and participations in group companies	42,226	42,226	90,842	90,842
Derivative contracts	96,530	105,733	68,463	68,463
Total	6,923,474	6,869,140	6,786,645	6,753,329

Liabilities	2009		2008	
	Book value	Fair value	Book value	Fair value
Liabilities to credit institutions and central banks	2,701,633	2,697,638	2,431,238	2,427,073
Liabilities to the public and public sector entities	3,125,333	3,130,555	3,372,346	3,379,025
Debt securities issued to the public	391,699	387,476	392,149	379,479
Derivatives and other liabilities held for trading	102,570	102,660	70,398	70,398
Subordinated liabilities	231,364	231,909	228,996	227,181
Total	6,552,598	6,550,237	6,495,127	6,483,156

In the table, the fair value and the book value of the financial assets and liabilities, are presented by balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flow using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determining fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal values is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flow at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a marginal corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market.

Comparative figures for 2008 are calculated based on the above.

Note 135. Breakdown by maturity of assets and liabilities by balance sheet item

Assets

	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
31 December 2009						
Bonds that are eligible for refinancing with central banks	513,140	455,425	1,298,912	284,254	-	2,551,732
Claims on credit institutions	175,943	124,777	-	-	-	300,721
Receivables from the public and public sector entities	333,199	326,471	1,084,398	765,896	975,792	3,485,756
Bonds	24,445	47,760	20,021	9,988	-	102,214
Total	1,046,727	954,433	2,403,332	1,060,138	975,792	6,440,422

	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
31 December 2008						
Bonds that are eligible for refinancing with central banks	234,756	352,634	1,414,470	245,757	3,532	2,251,150
Claims on credit institutions	206,540	213,000	-	-	-	419,540
Receivables from the public and public sector entities	336,253	265,482	930,690	662,926	1,159,052	3,354,404
Bonds	35,755	25,285	22,891	9,988	-	93,918
Total	813,305	856,401	2,368,051	918,672	1,162,584	6,119,012

Liabilities

	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
31 December 2009						
Liabilities to credit institutions and central banks	1,663,888	932,745	49,000	36,000	20,000	2,701,633
Liabilities to the public and public sector entities	2,458,000	511,683	150,679	4,970	-	3,125,333
Debt securities issued to the public	146,454	171,355	21,090	52,800	-	391,699
Subordinated liabilities	16,154	44,642	170,568	-	-	231,364
Total	4,284,496	1,660,425	391,337	93,770	20,000	6,450,029

	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
31 December 2008						
Liabilities to credit institutions and central banks	2,072,688	216,450	96,600	45,500	-	2,431,238
Liabilities to the public and public sector entities	2,696,497	665,004	4,569	6,276	-	3,372,346
Debt securities issued to the public	189,514	110,583	36,952	55,100	-	392,149
Subordinated liabilities	14,308	7,417	207,272	-	-	228,996
Total	4,973,006	999,454	345,392	106,876	0	6,424,729

Note 136. Property items and liabilities in euros and in foreign currency

31 December 2009

Assets	Euros	Foreign currency	Total
Bonds	2,653,946	-	2,653,946
Claims on credit institutions	297,093	3,628	300,721
Receivables from the public and public sector entities	3,485,756	-	3,485,756
Shares and participations	50,015	-	50,015
Derivative contracts	96,530	-	96,530
Other assets	489,057	745	489,803
Total	7,072,397	4,373	7,076,770

31 December 2008

Assets	Euros	Foreign currency	Total
Bonds	2,345,068	-	2,345,068
Claims on credit institutions	417,689	1,851	419,540
Receivables from the public and public sector entities	3,354,404	-	3,354,404
Shares and participations	96,570	-	96,570
Derivative contracts	68,463	-	68,463
Other assets	651,030	733	651,763
Total	6,933,225	2,584	6,935,809

31 December 2009

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	2,698,092	3,540	2,701,633
Liabilities to the public and public sector entities	3,108,364	16,968	3,125,333
Debt securities issued to the public	391,699	-	391,699
Derivative contracts	102,570	-	102,570
Subordinated liabilities	231,364	-	231,364
Other liabilities	285,371	-	285,371
Total	6,817,461	20,509	6,837,970

31 December 2008

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	2,431,027	211	2,431,238
Liabilities to the public and public sector entities	3,357,825	14,521	3,372,346
Debt securities issued to the public	392,149	-	392,149
Derivative contracts	70,398	-	70,398
Subordinated liabilities	228,996	-	228,996
Other liabilities	226,077	-	226,077
Total	6,706,472	14,731	6,721,203

Note 137. Total assets and liabilities by business area

	2009	2008
Assets		
Real estate operations	4	4
Banking	7,076,766	6,935,805
Total	7,076,770	6,935,809
Liabilities		
Banking	6,735,400	6,650,806
Total	6,735,400	6,650,806

Note 138. Breakdown of subordinated claims

	2009	2008
Shares and participations in group companies and associated companies	4,355	4,355
Total	4,355	4,355

Other notes to the accounts**Note 139. Collateral liabilities**

For the bank 31 December 2009	Type of security	The liability's nominal value	The value of the collateral
Liabilities to credit institutions	Debt securities	1,069,400	1,030,308
Collateral provided in connection with repurchase agreements	Debt securities	808,201	808,201
Securities given in connection with pledging agreements, CSA	Debt securities	47,000	47,000
Securities given in connection with pledging agreements, CSA	Cash and balances with central banks	8,000	8,000
Total		1,932,601	1,893,509

For the bank 31 December 2008	Type of security	The liability's nominal value	The value of the collateral
Liabilities to credit institutions	Debt securities	1,058,409	1,056,254
Collateral provided in connection with repurchase 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
Total		1,429,047	1,426,892

For others' liabilities

The bank has not provided collateral for other parties.

Obtained securities

For the bank 31 December 2009	Type of security	The liability's nominal value	The value of the collateral
Securities given in connection with pledging agreements, CSA	Cash and balances with central banks	175,435	175,435
Collateral received in conjunction with repurchase agreements	Debt securities	47,000	47,000
Total		222,435	222,435

For the bank 31 December 2008	Type of security	The liability's nominal value	The value of the collateral
Securities given in connection with pledging agreements, CSA	Cash and balances with central banks	93,250	93,250

Note 140. 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 141. Breakdown of off-balance sheet commitments

	2009	2008
Guarantees	49,944	54,843
Other commitments provided to a third party on behalf of a customer	7,281	7,450
Unused credit arrangements	539,977	472,475
Total	597,202	534,768

Note 142. Rental commitments

	2009	2008
Less than 1 year	7,219	7,332
1–5 years	24,582	26,063
More than 5 years	17,770	23,042
Total	49,571	56,437

The rental agreements mainly include business space and the rental level is as a rule linked to the cost of living index.

Note 143. Number of employees 31 December

	2009	2008
Full-time	638	649
Part-time	73	69
Temporary	85	94
Total	796	812

Note 144. Companies included in consolidated accounts

Companies included in consolidated accounts (ownership over 50 %)

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Financing				
Aktia Hypoteksbank Abp, Helsinki	52.3	33,291	53.7	25,080
Aktia Kort & Finans Ab, Helsinki	100.0	799	82.0	26
Aktia Företagsfinans Ab, Helsinki	80.0	240	80.0	240
Investment funds				
Aktia Fondbolag Ab, Helsinki	100.0	2,507	100.0	2,507
Investment firm operations				
Aktia Asset Management Ab, Helsinki	93.0	1,034	81.0	347
Insurance business	0.0			
Aktia Livförsäkring Ab, Turku	-	-	100.0	58,286
Total		37,871		86,487

Shares in associated companies (ownership 20–50%)

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Data processing				
Oy Samlink Ab, Helsinki	24.0	1,697	24.0	1,697
Private equity company				
Unicus Ab, Helsinki	33.3	250	33.3	100
Others				
ACH Finland Abp	24.5	734	25.8	775
Total		2,681		2,572

Financing income obtained from and financing expenses paid to other group companies

	2009	2008
Interest income	14,375	20,498
Dividends	1,326	11,100
Interest expenses	-1,331	-2,035
Net finance income	14,371	29,563

Receivables from and liabilities to companies in the group

	2009	2008
Loans to credit institutions	220,000	319,000
Loans to the public and public sector entities	85,140	59,642
Debt securities	38,443	29,353
Shares and holdings in associated companies	4,565	159
Other assets	-	5,102
Accrued income and expenses paid in advance	20,788	38,970
Total receivables	368,936	452,227
Liabilities to credit institutions	9,033	12,094
Liabilities to the public and public sector entities	11,418	19,004
Bonds issued	-	12,926
Subordinated liabilities	-	500
Other liabilities	2,110	1,513
Accrued expenses and income received in advance	23,693	12,372
Total liabilities	46,254	58,410

Note 145. The customer assets being managed

	2009	2008
The parent company, Aktia Bank plc, offers private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers.		
Customer assets being managed		
Funds in discretionary asset management services	1,380	61,950
Funds within the framework of investment advising according to a separate agreement	3,064,745	1,478,573
Total funds in asset management services	3,066,125	1,540,523

Note 146. Shareholders

Aktia plc owns all the 3 shares in Aktia Bank plc.

Note 147. The parent company's capital adequacy

According to Basel 2

Summary	12/2009	12/2008
Tier 1 capital	286,994	253,374
Tier 2 capital	201,938	136,552
Capital base	488,932	389,926
Risk-weighted amount for credit and counterparty risks	2,179,501	2,281,628
Risk-weighted amount for market risks 1)	-	-
Risk-weighted amount for operational risks	282,744	244,378
Risk-weighted commitments	2,462,245	2,526,007
Capital adequacy ratio, %	19.9	15.4
Tier 1 Capital ratio, %	11.7	10.0
Minimum capital requirement	196,980	202,081
Capital buffer (difference between capital base and minimum requirement)	291,953	187,846

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

Capital base	12/2009	12/2008
Share capital	163,000	163,000
Other funds	44,558	44,558
Credit loss provisions (after tax)	62,338	95,638
Retained earnings	-25,210	-
Profit for the reporting period	61,341	-25,210
Provision for dividends to shareholders	-12,900	-
Total	293,127	277,986
Intangible assets	-6,132	-7,511
Shares in insurance companies	-	-17,100
Tier 1 capital	286,994	253,374
Fund at fair value	13,441	-26,585
Other Tier 2 capital	45,000	45,000
Subordinated bonds	143,497	135,237
Shares in insurance companies	-	-17,100
Tier 2 capital	201,938	136,552
Total capital base	488,932	389,926

Risk-weighted commitments, credit and counterparty risks

Total exposures 12/2009				Risk-weighted commitments, Basel 2	
Risk-weight	Balance sheet assets	Off-balance sheet commitments	Combined 12/09	12/2009	12/2008
0%	1,484,812	97,835	1,582,647	-	-
10%	1,158,823	-	1,158,823	115,882	80,349
20%	1,128,088	271,004	1,399,092	236,898	314,223
35%	2,017,281	59,983	2,077,264	715,555	718,848
50%	0	575	575	144	2,422
75%	545,820	73,780	619,600	434,801	399,124
100%	587,729	93,373	681,102	637,006	713,252
150%	9,978	652	10,630	15,456	11,268
Total	6,932,531	597,202	7,529,733	2,155,742	2,239,486
Derivatives *)	274,516	-	274,516	23,759	42,142
Total	7,207,047	597,202	7,804,249	2,179,501	2,281,628

*) derivative agreements credit conversion factor

In its capital adequacy measurement to determine the exposure's risk weight, Aktia applies credit ratings by Moody's Investors Service or Standard & Poor's to receivables from central governments and central banks, credit institutions, investment firms and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

Risk-weighted amount for operational risks

	2006	2007	2008	2009	12/2009	12/2008
Gross income	126,025	121,514	143,466	187,409		
- average 3 years			130,335	150,797		
Capital requirement for operational risk					22,619	19,550
Risk-weighted amount, Basel 2					282,744	244,378

The capital requirement for operational risk is 15 % of average gross income during the last three years.
The risk-weighted amount is calculated by dividing the capital requirement by 8 %.

INFORMATION ABOUT BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The Group's parent company is Aktia Bank plc, domiciled in Helsinki. Copies of the Board of Directors' Report and Financial Statement are available from Aktia Bank plc, Mannerheimintie 14 A, 00100 Helsinki

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HELSINKI 26 FEBRUARY 2010

Aktia Bank plc's Board of Directors

DAG WALLGREN

Chair

NINA WILKMAN

Vice Chair

MARCUS H. BORGSTRÖM

HANS FRANTZ

LARS-ERIK KVIST

NILS LAMPI

KJELL SUNDSTRÖM

MARINA VAHTOLA

JUSSI LAITINEN

Managing Director

AUDITOR'S REPORT

To the Annual General Meeting of Aktia Bank p.l.c.

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Aktia Bank p.l.c. for the financial year 2009. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance 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 financial statements and the report of the Board of Directors and for the fair presentation of the consolidated 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 finances, and the Managing Director shall see to it that the accounts of the company are in compliance 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 reasonable 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 disclosures 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 and of the report of the Board of Directors, 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 and the report of the Board of Directors 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation 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 opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, 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 position in accordance with the laws and regulations governing the preparation of the financial statements 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, 2 March 2010

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jan Holmberg

Authorised Public Accountant

CORPORATE GOVERNANCE REPORT FOR AKTIA BANK PLC

This report was approved by Aktia Bank plc's Board of Directors on 26 February 2010. The report has been prepared separately from the report by the Board of Directors.

The most important elements of the internal control and risk management system associated with the financial reporting process in Aktia Bank Group 2009

Internal controls in the financial reporting process are based on the following underlying principles: having clear roles, a clear division of responsibility, sufficient understanding of operations in the parts of the organisation concerned and comprehensive and regular reporting procedures with the Aktia Group.

To ensure that the financial reporting is accurate, system-based internal controls, duality and reconciliation have also been built into all key processes where information is recorded. Internal control is supported by observations from the Group's internal audit unit which, by means of random sampling, verifies the accuracy of information flows and the sufficiency of the level of control. The internal audit report directly to the Aktia Bank's Board of Directors.

The Aktia Group's operational organisation for financial reporting is also responsible for the Aktia Bank Group's financial reporting, and comprises a finance unit at Group level which is in charge of, among other things, Group consolidation, budgeting, upholding accounting principles and internal reporting guidelines and instructions. External and internal financial reporting has been separated into different units that both report to the Group's Chief Financial Officer.

Important parts of current accounting activities in companies within the Aktia Group have been outsourced to external companies that provide accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements entered into between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperation, meetings are arranged

regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. Concerning the most important service provider, the Group has a direct ownership interest and is represented in the company's Board of Directors.

Within the Aktia Group, duties and responsibilities have been organised so that people involved in the financial reporting process only have very restricted rights of use to the different production systems and business applications in the respective business area. The Aktia Group's Chief Financial Officer, who is in charge of internal and external financial reporting, is not involved in making direct business decisions. His incentive is mainly neutral when it comes to factors driving the business.

The Aktia Group's internal reporting and monthly financial statements are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts.

The Group's, including Aktia Bank Group's, financial development and performance is addressed each month by the Aktia Group's executive committee. Similar detailed review takes place on a quarterly basis by the Group's Board of Directors and its audit committee in the form of interim reports and an annual report. The interim reports and the annual report are scrutinised by the Group's external auditors who report their observations to the audit committee. New or revised accounting principles are to be dealt with and approved by the Group's Board of Directors and its audit committee.

At Group level, a risk control unit has been established, which is independent from business operations and which is tasked with drawing up principles, instructions and limits for risk-taking, measuring and analysing risk exposure or validating the risk analysis undertaken by management, managing capital allocation and overseeing how risk management is implemented in the line organisation. The purpose of the reports that the risk control unit provides to management on a daily or monthly basis and provides to the Group's Board of Directors and its risk committee on a quarterly basis is to encompass all the central risk exposure and balance sheet items that can essentially affect the outcome indicated in the Group's financial reporting.

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