

Aktia Savings Bank plc

Financial Statement 31 December 2005

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Report by the Board of Directors

The year's activities

Financial result

The Group's net operating profit rose to EUR 49.1 million, an increase of 13.3 million (+37.1%) on the previous year.

Aktia withdrew from the voluntary security fund for savings banks at the end of the year, which gave rise to non-recurring income of EUR 12.9 million, posted under other income. At the same time, branch-specific credit loss provisions of EUR 7.5 million were made, which then reached the target level of 0.5% (EUR 13.7 million) of the bank's credit stock. Taking into consideration the two aforementioned non-recurring items, the Group's net operating profit totalled EUR 43.7 million, an improvement of EUR 7.9 million (+22.0%), when compared to the previous year.

This improvement in the overall financial performance is primarily attributable to a clearly improved net interest income that stems from an improved return on the liquidity portfolio and a greater positive impact from hedging operations as well as more commission income.

Loan losses and provisions for loan losses based on an individual examination of receivables continued thus to be on a low level; non-performing loans and non-interest-bearing loans decreased.

The share of profits from affiliates increased to EUR 1.0 million (EUR 0.2 million).

Profit for the year rose to EUR 37.0 million, an improvement of EUR 14.8 million (+66.4%). The Group's profitability improved markedly, and the return on equity (ROE) rose to 16.3% (11.2%).

Income

The Group's total income rose to EUR 132.3 million (EUR 113.2 million), an increase of 16.9%.

Despite a continued decrease in customer margins, especially for lending, the Group's net interest income rose by EUR 5.8 million (+7.8%) to EUR 79.7 million. In addition to the volume growth, the longer maturities of the liquidity portfolio contributed substantially to the improvement in net interest income. Hedging operations improved the net interest income by EUR 8.0 (6.8) million during the financial period.

Commission income increased by EUR 2.8 million (+7.9%) to EUR 38.6 million. Commission income from funds, asset management and brokering increased by EUR 3.8 million. Payment services commissions fell by EUR 1.7 million, which is connected to the switchover to the Otto dispenser system. Provisions from charge and credit cards grew by EUR 0.7 million.

Other operating profit totalled EUR 16.3 million (EUR 1.2 million), an increase of 15.1 million on the previous year. This item includes non-recurring income that resulted from Aktia withdrawing from the voluntary security fund for savings banks. The capital

gain that was created when Aktia sold off its minority share of 20% in Aktia Real Estate Mortgage Bank plc to 32 savings banks is also included in other income. Compared to the previous year, this capital gain was counterbalanced by the capital gains that were reported for net income from securities and currency trading.

Expenses

The Group's total expenditure rose marginally by 0.2% to EUR 75.7 million (EUR 75.5 million).

Personnel costs increased by 6.7% to EUR 38.8 (36.4) million. In addition to pay increases based on collective labour agreements, the increase in expenses reflects the investments made primarily within savings and wealth management activities. The excellent results allowed EUR 1.8 million to be issued to the newly established personnel fund; this affected the financial performance for 2005. The total number of employees (converted into full-time employees) totalled 683 at the end of 2005, an increase of 6 from December 2004.

Planned depreciation continued to decrease and was reduced by EUR 2.6 million to EUR 4.1 (6.7) million. The decrease is primarily attributable to branch renovations, which were written off in full in 2004.

Balance sheet and off-balance sheet commitments

On 31 December 2005, the Group's balance sheet total stood at EUR 4,553 (4,076) million. The increase in the balance sheet is a result of the growth in lending and improved liquidity.

Off-balance sheet commitments totalled EUR 282 (260) million. At the end of the financial period, the value of the underlying assets of the interest-related derivative instruments for hedging purposes totalled EUR 4,008 million, of which EUR 1,853 million was in forward rate agreements and interest rate swaps and EUR 2,155 million was in interest rate options. The majority of the increase relating to forward rate agreements is connected to increased hedging for the period ranging from 3 to 12 months. The increase in interest rate options can be attributed to either expanded hedging operations with longer maturities or interest rate hedging related to increased volumes of structured products.

The value of the underlying assets hedged by currency-related and share-related derivative contracts totalled EUR 116 million, of which EUR 27 million was currency-related forward contracts and EUR 89 million was equity options.

Capital adequacy

On 31 December 2005, the Group's capital base totalled EUR 345 million, of which EUR 225 million was Tier 1 equity. The Tier 1 equity includes the profit for the financial year and deductions for dividends according to the Board of Directors' proposal.

During the year, the Group issued subordinated bonds for EUR 55 million, which is taken into account in the Tier 2 equity. All in all, this means that the Tier 2 equity rose to EUR 120 million.

The Group's risk-weighted commitments rose over the year by 9.8% to EUR 2,286 million. The capital adequacy ratio rose to 15.1%, with the proportion of Tier 1 capital being 9.8%.

Personnel

When converted into full-time employees, the number of actual bank staff increased by 6 and totalled 683 (677) at the end of the financial year. The average number of staff during the year was 805 (803).

Financial result of the main subsidiaries

Aktia Fund Management Ltd

The mutual funds grew by 23.7% to EUR 971 million. In the beginning of January 2006, assets in funds rose for the first time to more than EUR 1 billion.

Aktia Fund Management Ltd's income increased from EUR 7.8 million to EUR 9.8 million. Commission expenditure incurred by the sales channels amounted to EUR 7.1 (5.4) million. Other expenditure rose to EUR 3.9 million. The operating profit increased by 78.1% to EUR 1.7 million.

Aktia Asset Management Oy Ab

Assets under management by Aktia Asset Management rose by 20.3% to EUR 1,428 million. Total income increased by 39.7% to EUR 2.8 (2.0) million. Commission income amounted to EUR 2.4 million, an increase of 65.0%. Total expenditure increased by 45.5% to EUR 1.3 million. The operating profit increased from EUR 0.7 million to EUR 1.1 million.

Aktia Real Estate Mortgage Bank plc

Aktia Real Estate Mortgage Bank plc, which commenced operations in 2001, is a credit institution that specialises in granting housing loans to private individuals and households secured by real estate or shares in housing co-operatives. Since 2004, the Mortgage Bank's loan products are sold by Aktia Savings Bank plc and by the local co-operative banks. In November, co-operation was expanded by the introduction of 32 savings banks, which at that time also acquired a 20% minority share in Aktia Real Estate Mortgage Bank plc.

Total income increased to EUR 3.3 (2.2) million, and total expenses rose from EUR 0.9 million to EUR 1.2 million. The profit before appropriations and tax rose from EUR 1.3 million to EUR 2.1 million. At the end of the year under review, the total receivables from the public totalled EUR 755.1 million (EUR 430.2 million), an increase of EUR 324.9 million. The balance sheet total was EUR 787.2 million.

Vasp-Invest Oy

The total income of Vasp-Invest Oy amounted to EUR 1.4 million, a slight reduction on the previous year. Costs fell slightly from the previous year, i.e., to EUR 0.9 million. The profit before tax was EUR 277,000 (EUR 165,000).

Balance sheet and financial structure

Assets

Receivables from the public

The demand for housing loans remained high. The Group's total lending amounted to EUR 3,250 million at the end of the year, representing an increase of EUR 358 million (+12.4%). Of the claims, 81.0% consisted of loans extended to private individuals and households.

The majority of the credit extended to households was in the form of housing loans. The housing loan stock increased by 15.8% to EUR 2,210 million, of which mortgages constituted EUR 755 million, an increase of EUR 325 million (+75.6%).

Corporate financing totalled EUR 340 million, which accounted for the second largest part of lending. This share of the whole loan stock was 10.5%. The credit extended to housing associations reached EUR 227 million, which represented 7.0% of the whole loan stock.

The structure of the loan stock was well diversified. 38.5% of the whole loan stock consisted of credit to customers whose liabilities corresponded to less than EUR 100,000. The proportion of credit extended to customers with a liability of more than EUR 800,000 only amounted to 10.4% of the whole loan stock.

Sound credit ratings are an important point of focus for the Group. The non-performing and non-interest-bearing loans fell from EUR 11.5 to 10.1 million. Their relative share of the entire credit stock, including off-balance-sheet guarantee commitments, thus fell from 0.4 to 0.3%.

The Group's loan losses were again low. During the year, loan losses and new provisions for loan losses based on individual examination of receivables totalling EUR 1.7 million were entered. Reversals from the previous year's recorded loan losses totalled EUR 0.7 million, which is why the net effect was an expense of EUR 1.0 million.

Additionally, branch-specific credit loss provisions of EUR 7.5 million were made, and they then reached the target level of 0.5% (EUR 13.7 million) of the bank's credit stock.

Investments in interest-bearing securities

Investments in interest-bearing securities are made primarily to manage the bank's asset and liability risks (financial and interest rate risks) and to ensure liquidity. Bonds are divided according to their intended use into bonds held for trading and that can be sold and bonds that are retained until maturity.

The trading book has only been used to support customer trading. The bank has received permission from the Financial Supervisory Authority to maintain a "small trading book". At the end of 2005, the total assets of the fund stood at EUR 6.9 million.

The portfolios booked as bonds that can be sold are administered by the Finance Committee, which is responsible for the bank's asset & liability management. Investment decisions are made with a view to ensuring liquidity, and therefore funds are invested only in debt securities with high liquidity. On 31 December 2005, the balance sheet value of the portfolios was EUR 740.7 million, with an average duration of 2.7 years. Compared with the previous year, these investments have increased by EUR 173.5 million.

The Finance Committee also manages investments that are entered as bonds that are retained until maturity. At the end of 2005, the balance sheet value of the portfolio stood at EUR 33.5 million. The average maturity of the portfolios was 4.1 years. The valuation principles are discussed in more detail in the Accounting policies section.

Shareholdings

Shares included in the balance sheet consisted mainly of investments regarded as shares that can be sold. This category also includes the shares, corresponding to just under 9% of the capital and around 2.7% of the votes in the Bank of Åland plc that were acquired in 2003. The balance sheet value of the shares was EUR 23.6 million at the end of 2005.

Real estate

Investments in or ownership of real estate property is not part of Aktia's core business. In line with this strategy, a preliminary agreement was entered into at the start of 2005 regarding the sale of 50% of the shares of the real estate company Mannerheimintie 14. The transaction will be completed and the complete overhaul with the incorporation of parts of the property in Forum's shopping centre will be commenced as soon as the town planning amendments and building permits have been issued. Aktia's activities in the property are continuing.

At the end of 2005, the amount of Group capital tied up in real estate property stood at EUR 92.4 (95.5) million, of which EUR 45.4 million was made up of real estate property not used by the bank itself. Real estate property accounted for 2.0% of the Group's balance sheet total. The total actual value of the real estate holdings has been valued at EUR 101.7 million. More details on real estate holdings and their actual value are provided in note 2.7.

Liabilities

Borrowing from the public

Deposits from the public increased by 5.1% and stood at EUR 2,309 million at the end of the year. Of the

entire deposit stock, households accounted for 80.3% (EUR 1,854 million). The percentage of fixed current accounts and deposits of the deposit stock increased the most while prime-rate borrowing fell.

At the end of 2005, prime rate accounts accounted for 15.0%, accounts with a fixed one-percent interest for 19.3%, and actual current accounts for 38.1% of the total deposit stock. Time deposits accounted for 25.7% of the deposits.

The deposit stock is still well diversified. Slightly less than 29.6% of the funds consisted of deposits that were in excess of EUR 150,000.

Funding from money and capital markets

The positive development of banking activities increased the bank's need to borrow from the capital market. As in the past, most of the borrowing still consisted of deposits by the public, debt securities issued to the public and money market investments by local banks in Aktia.

The Group markedly increased its long-term borrowing, and during the year issued new bonds for EUR 301 million and new capital notes for EUR 55 million. The majority of the new bonds were issued by Aktia Real Estate Mortgage Bank plc on the Euromarket, secured by mortgages granted. The Mortgage Bank's issue totalled EUR 250 million with a term of 10 years.

Other bonds and capital notes, totalling approximately EUR 106 (119) million, were issued on the domestic market to both private individuals and institutional investors. The share of the foreign capital made up of loans and capital notes rose during the year from 11.5% to 17.8%. In addition, the bank issued certificates of deposit that stood at EUR 185 million at the end of the year, which represented 4.3% of the foreign capital.

Rating

Aktia's credit ratings as assessed by Moody's Investors Service Ltd are A3 for long-term borrowing, P-2 for short-term borrowing, and C for financial strength, all with a stable outlook. Aktia, via its subsidiary Aktia Real Estate Mortgage Bank plc, has been able to issue long-term bonds with a very high credit rating of Aa2 from Moody's Investors Service Ltd.

Risk management

The role of risk management is to identify the threats and possibilities that affect the implementation of the Aktia Group's strategic business objectives. The aim of risk management is to ensure a consistent financial performance in the long term and thereby inspire confidence in the bank.

Risk management is mainly divided up into two functions that are independent of each other. The risk control function measures, compiles instructions and

controls risks while the line organisation for commercial interests makes decisions on how risks will be handled.

Organisation of risk management

Aktia's Board of Directors defines the principles applied to risk-taking in the Group. In addition, the Board of Directors establishes an annual risk management strategy and risk policy, issues authorisations to the bank's executive management and monitors risk management.

The Group's processes are structured in such a way that preparation, decision-making, implementation and auditing are carried out independently of one another. Decisions are prepared and handled in the various business units where the decisions are made within the framework of established risk limits. The Group's independent risk control function is responsible for measuring and monitoring the essential risk areas.

Credit risk management

The objective of the credit risk management is to be able to foresee and forestall situations in which a customer or counter-party fails to satisfy his or her contractual obligations. Credit risk management aims to ensure that the negative effects of the credit risks on the result are kept at an acceptable level while optimising the relationship between risk and yield.

According to the credit policy adopted by Aktia's Board of Directors, the Group engages only in financing where risks can be limited and controlled. Most of the bank's loans consist of traditional loans to private individuals and small and medium-sized companies. Credit risk management is based on a well-defined credit decision process.

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

- Aim for diversification of the bank's loan stock in relation to liability, customer risk, collateral risk, customer segments and business sectors.
- Investigate the project to be financed in sufficient detail and normally refrain from financing customers whose main activities are conducted outside the operating area of the bank.
- Analyse the customer's ability to repay the debt when preparing the loan decision. Determine the ability of both private individuals and households to repay debts on the basis of current cash flow. With corporate customers, the rating is based on an analysis carried out by an external service provider and Aktia's in-house knowledge of the customer.
- Adopt a principle of cautious assessment to ensure that no unrestrained collateral risks arise. Collateral risk refers to maximum probable loss in case of default. This risk is defined based on a scrupulous assessment of the going value of the collateral

provided by applying a sufficient safety margin to ensure that it covers any fluctuations in the market price.

The Treasury business' credit decisions and limits are determined by the Credit Committee appointed by the executive management within the framework of limits granted by the Board of Directors. The Balance Risk Control Unit, which reports to the Finance Committee appointed by the executive management, defines the derivative products' credit risk equivalent values and measures and controls the counter-party risks in the Treasury business.

As well as conventional credit risks, risk management includes limiting the clearing risk and evaluating country risks. In accordance with the instructions issued by the Board of Directors, the maximum risk is limited in relation to either Aktia's or the counter-party's shareholders' equity.

The Credit Control Unit, which is independent of the line organisation responsible for the bank's financial performance, oversees the decision-making and documentation process and supports the branch offices in the preparation and implementation of loan decisions. All credit decisions regarding customers with a liability of over EUR 2 million or a collateral risk of more than EUR 250,000 or corporate customers with a liability of more than EUR 4 million or a collateral risk of more than EUR 1 million will be reported to the bank's Board of Directors.

Aktia's Board of Directors and the Executive Committee monitor the risk level in lending on a regular basis. The Quantitative Risk Control Unit analyses the loan stock, changes in the loan stock and changes in payment behaviour on the market and strives to anticipate variations in the risk level of the bank's credit portfolio. Based on the analyses, the line organisation that is responsible for the bank's financial performance actively assesses the economical relevance of the various exposures and makes the decision based on need.

Based on the individual examination of claims, the reservation for probable loan losses is anticipated where necessary. This analysis, however, is based on probability assessments of future operating environments and other factors, which naturally involves a degree of uncertainty.

To safeguard against any credit based on market changes, the bank has built up branch-specific credit loss provisions since 2002 that are currently at the target level, i.e., 0.5% of the bank's loan stock.

Management of financing and liquidity risks

Management of refinancing risks ensures that the Group can honour its financial obligations. Risk is managed by maintaining a diverse refinancing structure with diversified risks at competitive costs.

To raise funds for lending, Aktia refinances its operations through both deposits and investments by the public as well as by borrowing from the money and capital markets. As for market-related refinancing, a diverse range of sources of financing and an adequate spread on various markets should be maintained. Aktia

Real Estate Mortgage bank plc, which started operations in 2001, is a strategically important channel for competitive and long-term borrowing by issuing covered bonds secured by residential mortgage loans.

In managing refinancing risks, 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. Aktia maintains a significant liquidity reserve that can be used to offset fluctuations in the liquidity position.

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

Management of market risk

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

Aktia's Executive Committee is responsible for managing the market risks with the authorisation of the Board of Directors. Responsibility for this activity rests with the Finance Committee subject to certain limits predetermined by the Board of Directors. The Balance Risk Control Unit reports to the Finance Committee. The Finance Committee makes decisions on more detailed risk measurement and monitoring procedures, and submits proposals when necessary to the Executive Committee on changes in the limits within the framework established by the Board of Directors.

Interest rate risk

A structural interest rate risk refers to a risk in the development of net income from financial operations that is due to imbalances between the interest rate ties of the Group's assets and liabilities. The structural interest rate risk is managed by restructuring the balance sheet and related interest rate ties and derivative contracts. The effects of various interest rate scenarios on net income, taking into consideration changes to the balance sheet structure and deposits, are calculated using a dynamic asset and liability management model. The structural interest rate risk is also measured with the help of various stress scenarios.

The limit for the structural interest rate risk has been set in proportion to the budgeted net income from financial operations. Practical measures to cover the

structural interest rate risk and to change the financing position in accordance with the instructions issued by the Finance Committee and Executive Committee are taken by the Group Finance Unit.

Fluctuations in interest rates also affect the equity fund at fair value when the market values of the certificates of claim change. Aktia measures and limits this risk by monitoring changes in the market value of certificates of claim that were classified as bonds that can be sold so that the change corresponds to an interest rate increase of one percentage point.

The bank applied for permission from the Financial Supervisory Authority to maintain a "small trading book", which means that active trading of certificates of claim may total a maximum of EUR 15 million. The valuation of these debt securities are currently entered over the profit and loss account.

Exchange rate risk

An exchange rate risk refers to a negative change in value in the bank's currency positions caused by fluctuations in exchange rates. Aktia's currency dealings are based on customer requirements, for which reason most of this activity involves Nordic currencies and the US dollar. Exchange rate risks are primarily managed by means of matching. The Group Finance Unit is responsible for managing the bank's daily currency position within the framework of the authorisations given by the Finance Committee. Operations are governed by the limits set by the bank's Executive Committee. The risk limits have been determined in relation to the bank's capital base.

Equity risks

Share price risk refers to changes in value due to fluctuations in share prices. Active share investments are not currently part of Aktia's investment policies.

Management of real estate risks

Real estate risk refers to a risk that arises from a fall in the market value of the real estate stock, a change in return on invested capital or damage to property. Investments in or ownership of real estate property is not part of the Group's core business. To reduce real estate risks, Aktia has cut back on its direct real estate holdings and seeks to improve efficiency in the utilisation of such property and increase returns. More details on the development and valuation of Aktia's real estate holdings can be found in note 2.7. Most of the properties are insured for their full value.

Operational risks

In banking, operational risks refer to losses that arise as a result of unclear or incomplete instructions, activities carried out in violation of instructions, unreliable information, deficient systems or actions taken by staff

members. The losses incurred due to the risks may be direct or indirect financial losses, or ones that tarnish the corporate image to the extent that the bank's credibility in the market place suffers.

The Group's policy on handling operative risks has been established by the bank's Board of Directors. According to the policy, the essential functions in the Group, including delegated functions shall be regularly mapped out for risks. The risk map concludes with a probability and consequence evaluation, after which the competent decision-making body will decide on how the risks will be handled.

In addition to regular risk maps, adequate instructions shall also be drawn up as a preventive measure in order to reduce operative risks in the central and risky areas. The instructions should include legal risks, personnel risks, principles for a continuity plan, etc.

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

The responsibility for managing the operational risks is borne by the business areas and the line organisation. Risk management includes continual development in the quality of the internal processes and internal control of the whole organisation. The management of each business area is responsible for ensuring that the processes and procedures are adapted to the goals established by the Executive Committee and that the instructions are sufficient. Special process descriptions are drawn up if necessary.

Each unit manager is responsible for full compliance with the instructions. Internal Audit analyses the processes at regular intervals and evaluates the reliability of the units' internal controls. Internal Audit reports directly to the Board of Directors.

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

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

IFRS

According to the European Union decree, listed companies in member countries must apply International Financial Reporting Standards (IFRS)

from 2005 onward. Preparations are in progress within Aktia for transition to IFRS from 2007 onward.

Amended regulations governing the banks' accounting practice, such as the Credit Institutions Act and the Financial Supervision Authority's standard, came into force in the beginning of 2005. These regulations give the banks an opportunity to balance their books in accordance with the IFRS standards. The change in the Credit Institutions Act, however, requires the bank to enter the financial assets at their actual value in a way that satisfies the IFRS standards, although the bank does not apply the IFRS standards in other respects. During the transition period up to 2007, Aktia only intends to apply the IFRS standards to the extent required by the Credit Institutions Act. The principal change for Aktia from the 2005 financial year onward applies to the financial assets classified as available for sale, which must all be marked at market value. Unlike previously, unrealised profit should also be entered. Both unrealised profit and unrealised losses are entered not over the profit and loss account but directly against the fund at current value under equity capital. A more detailed description can be found in the section on accounting principles after the notes to the financial statements.

New capital adequacy regulations – Basel II

From 1 January 2007 on, it will be possible to apply the new capital adequacy regulations. Aktia intends to apply the standard model for credit risks from the beginning, which will have a positive effect on the bank's capital adequacy, bearing in mind the structure of the loan stock. At the same time, the bank will ensure a high readiness for when it starts to use an internal method for calculating for the capital requirement of credit risks later on. In the upcoming year, the preliminary work will continue so that credit scoring, a new method for assessing the bankruptcy risk of private individuals, will be introduced during autumn. The primary purpose of trying to achieve a more advanced model is to further improve risk management, which, in combination with the low risk policy that the bank applies, is also expected to yield a lower capital adequacy requirement compared with the standard model.

For operative risks, it is likely that the "base method" will be applied at first. The qualitative measures that continue also make it possible to apply a more advanced method later on in case it can be established that one is required.

An internal capital adequacy assessment process is being developed. This process will tie together the strategic objectives and the expectations on return with risk-taking limits and instructions at the same time that the dividend policy, various risk scenarios, etc., are considered. This will take place under the management of the Board of Directors and end in an internal assessment of the "economic capital" that is required to cover operational risks.

Operations and major events in 2005

Branch office operations

Aktia's network of branch offices has undergone some changes during the year. The branch office in Parainen was completely renovated and property renovation was carried out at the Töölöntori branch office in Helsinki. A service outlet was opened up in Nummela (Vihti) and a branch office in Laihia has been upgraded with an increase in resources.

Of the significant number of activities for customers and the general public that the branch offices dedicate themselves to, "Aktia Days" in the beginning of April that is organised in co-operation with the savings bank foundations can particularly be mentioned. The overall theme of Aktia Days was saving in all its myriad forms. The project "Isku Itämeren puolesta" (Striking a Blow for the Baltic) was selected as Saver of the Year 2005 and received a grant from the savings bank foundations.

Savings products

Aktia continued sales of its Aktia Kombi deposits. Aktia Kombi is a two-year index-linked deposit that allows substantial additional earnings depending on the underlying shares or the development of the value of the index. During the year, three Aktia Kombi offers were launched.

The "Duo" offers were well received, and justifiably so, with savings and wealth management customers. The twofold investment arrangements contain part high-interest deposit and part fund investment in an amount that corresponds to that of the deposit.

Aktia issued six bonds during the year, one of which is an index-linked bond and the return from the other is tied to the development of the value of 20 international shares during the loan period.

Aktia Fund Management Ltd has 42 mutual funds in its range of products. As well as having 18 of its own funds, whose portfolio management is the responsibility of affiliated company Aktia Asset Management, it is also represents Robur's, Hansa Investment Funds' and ABN Amro's funds. In the last year, Aktia Fund Management Ltd's mutual funds have been ranked by the Morningstar Rating Institute as the absolutely best fund management company in Finland.

Co-operation between Aktia Fund Management Ltd. and local co-operative banks has increased and currently comprises four mutual funds that are offered under the brand name of the local co-operative banks: POP.

Loan products

We were able to meet customer requirements for housing finance, both in the form of mortgage loans granted by Aktia's subsidiary Aktia Real Estate Mortgage Bank plc, and in the form of traditional bank loans. During the year, the housing finance concept was supplemented with the possibility of having customers agree about "flex credit", a book credit, as an extra

buffer for unforeseen minor expenses. Aktia's customers have opted for loan insurance for approximately one third of all new loans.

An agreement was signed with the European Investment Bank on Aktia arranging investment grants for small and medium-sized companies throughout Finland. The loan for EUR 25 million is the first joint venture between the EIB and Aktia. This partnership also improves Aktia's ability to act as part of the social framework within its field of business.

Payment products

The establishment of the subsidiary Aktia Kort & Finans Ab shall be seen as a step in the effort to pay greater attention to the range and terms and conditions of various types of cards that the bank offers its customers. A major effort in emphasising the payment features of Visas has been made over the year, and the terms and conditions for credit linked to Visas have been improved and advertised.

More and more Finns make payments on-line. At the end of the year, 63% of all of the payments made by Aktia's customers were made as Internet bank transactions.

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

- On 18 April, Aktia Savings Bank's Annual General Meeting appointed Johan Bardy, Attorney-at-Law and LL.M. and Marianne Österberg, Administrative Director and LL.M. as new members of the Board of Supervisors. The aforementioned replaced Director General Bo Göran Eriksson, LL.M. and Boris Westerlund, M.Sc. (Econ.).
- Robert Charpentier, M.Sc. (Econ.), retired from the Board of Directors of Aktia in August after having left FöreningsSparbanken AB and moving on to a new post.
- In November, the Board of Supervisors appointed Lars-Olof Hammarén, Engineer, and Nina Wilkman, Attorney-at-Law and LL.M. to the bank's Board of Directors starting 1 January 2006. The Board's long-term Deputy Chairman, Managing Director Lasse Koivu, M.Sc. (Econ.), has requested that he not be re-elected. Dag Wallgren, M.Sc. (Econ.) and Director of Finance was appointed new Deputy Chairman of the Board of Directors. Since 1 January 2006, the Board of Directors has consisted of Kaj-Gustaf Bergh, LL.M. and M.Sc. (Econ.) as chairman; Dag Wallgren, Director of Finance and M.Sc. (Econ.) as deputy chairman; Hans Franz, lecturer and M.Sc. (Pol.); Lars Hammarén, M.Sc. (Eng.); Lars-Erik Kvist, M.Sc. (Econ.); Carola Teir-Lehtinen, Head of Communications and M.A.; and Nina Wilkman, Attorney-at-Law and LL.M.
- On 1 November, Asko Rintala, M.Sc. (Econ.) left his post at Aktia as Deputy Managing Director and deputy for the Managing Director. Deputy Managing Director Jarl Sved, LL.M. was appointed deputy for the bank's Managing Director.

Other events

Aktia Life Insurance was sold on to Life Insurance Company Veritas on 1 January 2005.

A letter of intent was signed in January, according to which Föreningen Konstsamfundet and Veritas Pension Insurance Company intend to purchase 50% of the shares of real estate company Mannerheimintie 14 from Aktia. The transaction will be completed and the complete overhaul with the incorporation of parts of the property in Forum's shopping centre will be commenced as soon as the town planning amendments and building permits have been issued. Aktia's activities in the property are continuing.

In order to rationalise the profit-sharing for personnel, a personnel fund was established that all Aktia Group employees are part of. The personnel fund receives a portion of the bank's profit with the understanding that the objectives defined annually by the bank's Board of Directors have been attained. Payment to members from the fund will occur in accordance with the legal provisions about personnel funds. The excellent results in 2005 allowed EUR 1.8 million to be issued to the personnel fund.

In the middle of April, Aktia Real Estate Mortgage Bank plc issued its second covered bond on the European market. Thanks to the high credit rating of the issue and the interest shown by foreign institutional investors in Finnish bonds, the issue succeeded in raising EUR 250 million. It was hugely oversubscribed and achieved good geographic distribution. The loan period is 10 years, and the mortgages granted by the Mortgage Bank are used as collateral.

In July, Aktia was informed that Livräntestalten Hereditas had increased its shareholding in the bank to 10.2% and that Oy Hammarén Co Ab had acquired 5.1% of the shares. In September, the bank was informed that FöreningsSparbanken had reduced its shareholding to 1.1%, primarily by selling its shares in Aktia to a large number of existing shareholders.

To be able to offer both sales and purchase partners in the housing and property business a comprehensive range of services under the same roof, Aktia decided to establish a real estate agency. The operation will be gradually developed through corporate acquisitions and recruiting. The first step was taken in October when a majority share in Aveltum Ab in Turku. In November, a real estate agency was established in Tampere and in December in Vantaa and Central Uusimaa.

Security fund, guarantee fund and compensation fund

The voluntary security fund for savings banks

Aktia withdrew from the Savings Banks Association in early 2003. As a natural consequence of this, an agreement was reached on Aktia withdrawing from the voluntary security fund for savings banks at the end of 2005, which resulted in a non-recurring income for Aktia of EUR 12.9 million and represented nearly 42% of the total assets of the fund.

Deposit Guarantee Fund

Aktia's deposit customers are still protected through the statutory Deposit Guarantee Fund. Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 25,000, is obligatory for all banks. Aktia's total contribution to the fund was EUR 1.4 million in 2005. At the end of the year, the total assets of the fund stood at EUR 381.8 million.

Investors' Compensation Fund

Banks and brokerage firms are members of the Investors' Compensation Fund. The purpose of the fund is to safeguard the interests of small investors in the event that a bank or brokerage firm becomes insolvent. Individual investors may receive compensation up to EUR 20,000. By the end of the year, the total assets of the fund amounted to EUR 4.9 million.

Important events after the end of the financial year

Due to increasing market interest rates at the end of the year, Aktia's prime rate was raised from 2.25% to 2.50% on 1 January 2006. The last adjustment to the interest rate was made in June 2003. On 8 February, Aktia announced its decision to raise the prime rate from 2.50% to 2.75% starting on 1 March 2006.

In the beginning of January, Aktia set up a real estate agency in Sipoo, where the bank acquired the majority share of LKV Donne Oy.

At the end of the month, real estate operations expanded to Helsinki, Espoo and Kauniainen via a newly established subsidiary.

At the end of January, Aktia announced that it had acquired a minority share of the newly established private equity company Unicus Ab. The other owners are eQ Abp and the company's Executive Committee. The company's business concept is to make majority investments in small and medium-sized companies from Finland that are not publicly listed and have a turnover of between EUR 5 and 50 million. Unicus Ab's investor consortium consists of private individuals, family groups, associations and other institutional investors.

Prospects for 2006

The objective is to further improve the operating profit in operative activities, primarily through investments that generate more commission income.

Consolidated profit and loss account 1 January - 31 December

EUR 1,000	Note	2005	2004
Interest income	1.1	134,053	120,601
Interest expenses	1.1	-54,355	-46,673
Net interest income		79,698	73,928
Income from Tier 1 capital instruments	1.2	1,215	1,870
Commission income	1.3	38,568	35,734
Commission expenses	1.3	-6,016	-5,435
Net income from securities and currency trading	1.4	1,440	3,703
Net income from financial assets that can be sold	1.5	-984	0
Net income from administrative properties	1.6	2,129	2,189
Other operating income	1.7	16,291	1,200
Administrative expenses		-61,526	-58,022
Staff costs	1.8	-38,796	-36,363
Other administrative expenses		-22,730	-21,658
Depreciation and write-downs on tangible and intangible assets	1.9	-4,057	-6,665
Other operating expenses	1.10	-10,115	-10,843
Write-downs on credits and other commitments	1.11	-8,535	-1,970
Write-downs on financial assets			
Share of profit or loss in companies that were consolidated according to the equity method		1,030	151
Operating profit		49,138	35,839
Taxes		-11,852	-13,437
Profit/loss from ordinary operations after taxes		37,286	22,402
Minority interest in the profit/loss of the financial year		-271	-163
Profit/loss from ordinary operations after minority interest		37,014	22,239
Profit/loss for the financial year		<u>37,014</u>	<u>22,239</u>

Consolidated balance sheet 31 December

EUR 1,000	Note	2005	2004
Assets	2.11		
Liquid assets		283,665	249,825
Bonds that are eligible for refinancing at central banks	2.1	714,726	628,792
Claims on credit institutions	2.2	23,696	16,859
Receivables from the public and public sector entities	2.3	3,249,522	2,891,994
Bonds	2.4	66,336	86,709
Public sector entities		1,896	100
Other		64,440	86,609
Shares and participations	2.5	31,985	30,626
Derivative contracts		4,007	6,804
Intangible assets	2.6	2,735	3,600
Tangible assets		95,562	100,501
Administrative properties and shares and participations in the administrative properties	2.7	45,461	46,608
Other properties and shares and participations in real estate corporations	2.7	46,981	48,911
Other material assets		3,121	4,981
Other assets	2.8	54,204	37,571
Accrued expenses and advance payments	2.9	27,028	22,927
Total assets		<u>4,553,469</u>	<u>4,076,206</u>

Consolidated balance sheet 31 December

EUR 1,000	Note	2005	2004
Liabilities	2.25		
Foreign capital			
Liabilities to credit institutions	2.15	850,991	780,481
Liabilities to the public and public sector entities	2.16	2,338,733	2,229,797
Borrowing		2,308,567	2,195,768
Other liabilities		30,166	34,029
Debt securities issued to the public	2.17	786,321	575,617
Derivative instruments and other liabilities held for trading		4,013	6,804
Other liabilities	2.19	108,670	91,469
Accrued expenses and advance payments received	2.20	24,274	22,632
Subordinated liabilities	2.21	163,250	138,848
Deferred tax liabilities		27,743	22,711
Total foreign capital		4,303,996	3,868,359
Equity	2.26		
Share capital		70,596	70,516
Share issue		0	80
Share premium account		1,893	1,893
Other restricted reserves		8,079	8,079
Available reserves		7,735	0
Fund at fair value		7,735	0
Profit or loss brought forward		117,817	104,403
Profit or loss for the financial year		37,014	22,239
Minority interest of the capital		6,338	638
Total equity		249,473	207,848
Total liabilities		<u>4,553,468,620.40</u>	<u>4 076 206 040,43</u>
Off-balance-sheet commitments	3.4		
Commitments provided to a third party on behalf of the customer		69,033	67,293
Guarantees and pledges		43,206	43,557
Other		25,827	23,736
Irrevocable commitments given in favour of a customer		212,779	192,506
Securities repurchase commitments		0	0
Other		212,779	192,506
		<u>281,812</u>	<u>259,799</u>

Profit and loss account for the parent company 1 January - 31 December

EUR 1,000	Note	2005	2004
Interest income	1.1	118,505	113,777
Interest expenses	1.1	-43,237	-42,376
Net interest income		75,268	71,402
Income from Tier 1 capital instruments	1.2	2,400	3,598
Commission income	1.3	31,783	30,785
Commission expenses	1.3	-4,186	-3,928
Net income from securities and currency trading	1.4	1,440	3,509
Net income from financial assets that can be sold	1.5	-384	0
Net income from administrative properties	1.6	1,230	1,222
Other operating income	1.7	17,333	1,645
Administrative expenses		-57,399	-54,822
Staff costs	1.8	-36,311	-34,273
Other administrative expenses		-21,087	-20,549
Depreciation and write-downs on tangible and intangible assets	1.9	-3,162	-6,065
Other operating expenses	1.10	-10,778	-11,688
Write-downs on credits and other commitments	1.11	-8,535	-1,970
Write-downs on financial assets		-	-
Operating profit		45,011	33,690
Appropriations		-14,300	-14,250
Income taxation		-8,801	-6,113
Profit/loss from ordinary operations after taxes		21,910	13,326
Income from and expenses for other operations		-	-
Profit for the period		<u>21,910</u>	<u>13,326</u>

Balance sheet for the parent company 31 December

EUR 1,000	Note	2005	2004
Assets	2.11		
Liquid assets		283,665	249,825
Bonds that are eligible for refinancing at central banks	2.1	694,107	614,924
Claims on credit institutions	2.2	256,153	179,831
Receivables from the public and public sector entities	2.3	2,517,385	2,486,081
Bonds	2.4	75,359	89,357
Public sector entities		1,896	100
Other		73,462	89,258
Shares and participations	2.5	52,026	48,476
Derivative agreements		4,007	6,804
Intangible assets	2.6	1,689	2,291
Tangible assets		69,758	71,521
Administrative properties and shares and participations in the administrative properties	2.7	28,967	28,966
Other properties and shares and participations in real estate corporations	2.7	37,764	38,030
Other material assets		3,026	4,525
Other assets	2.8	54,030	37,522
Accrued expenses and advance payments	2.9	31,863	25,007
Total assets		<u>4,040,041</u>	<u>3,811,638</u>

Balance sheet for the parent company 31 December

EUR 1,000	Note	2005	2004
Liabilities	2.25		
Foreign capital			
Liabilities to credit institutions	2.15	863,106	789,097
Liabilities to the public and public sector entities	2.16	2,347,522	2,232,710
Borrowing		2,317,356	2,198,680
Other liabilities		30,166	34,029
Debt securities issued to the public	2.17	287,656	326,056
Derivative instruments and other liabilities held for trading		4,013	6,804
Other liabilities	2.19	107,404	90,543
Accrued expenses and advance payments received	2.20	20,907	20,597
Subordinated liabilities	2.21	151,507	124,169
Deferred tax liabilities		2,308	0
Total foreign capital		3,784,424	3,589,976
Accumulated appropriations		-	-
Reserves		81,240	66,940
Equity	2.26		
Share capital		70,596	70,516
Share issue		0	80
Share premium account		1,893	1,893
Other restricted reserves		8,067	8,067
Available reserves		6,570	0
Fund at fair value		6,570	0
Profit or loss brought forward		65,341	60,839
Profit or loss for the financial year		21,910	13,326
Total equity		174,377	154,722
Total liabilities		<u>4,040,041</u>	<u>3,811,638</u>
Off-balance-sheet commitments	3.4		
Commitments provided to a third party on behalf of the customer		69,033	67,293
Guarantees and pledges		43,206	43,557
Other		25,827	23,736
Irrevocable commitments given in favour of a customer		251,554	210,241
Securities repurchase commitments		0	0
Other		251,554	210,241
		<u>320,587</u>	<u>277,534</u>

Notes to the Financial Statement (EUR 1,000)

Notes to the profit and loss account

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

	Group		Parent company	
	2005	2004	2005	2004
Interest income				
Claims on credit institutions	4,950	4,937	8,777	9,118
Receivables from the public and public sector entities	105,820	97,193	87,155	86,418
Bonds	20,541	15,362	19,782	15,185
Derivative contracts	2,299	2,993	2,299	2,993
Other interest income	442	117	492	64
Total	134,053	120,601	118,505	113,777

Interest income from claims that were not discharged for at least 90 days have not been taken up as income in the financial statements.

Interest expenses

Liabilities to credit institutions	14,401	14,587	14,688	14,819
Liabilities to the public and public sector entities	24,622	21,785	24,648	21,812
Debt securities issued to the public	17,544	9,725	7,956	6,728
Derivative contracts and other liabilities held for trading	-7,133	-3,797	-8,600	-5,044
Subordinated liabilities	4,734	4,363	4,357	4,055
Other interest expenses	189	11	189	6
Total	54,355	46,673	43,237	42,376

1.2 Income from equity instruments

	Group		Parent company	
	2005	2004	2005	2004
Income from financial instruments held for trading	-	-	-	-
Net income from financial assets that can be sold	1,215	1,870	1,106	1,729
Income from companies within the same Group	-	-	193	231
Income from associated companies	-	-	1,101	1,638
Total	1,215	1,870	2,400	3,598

1.3 Commission income and expenses

	Group		Parent company	
	2005	2004	2005	2004
Commission income				
Lending	3,875	3,841	5,322	4,526
Borrowing	287	569	287	569
Payment transactions	10,089	11,087	10,121	11,109
Asset management services	19,800	15,978	11,209	9,863
Brokerage of insurance	2,426	2,339	2,417	2,339
Guarantees and other off-balance sheet commitments	577	540	577	540
Other commission income	1,515	1,379	1,850	1,839
Total	38,568	35,734	31,783	30,785
Commission expenses				
Bank fees paid	645	1,108	645	1,108
Other	5,371	4,328	3,541	2,820
Total	6,016	5,435	4,186	3,928

1.4 Breakdown of net income from securities trading and currency dealing

	Group	Parent company
	Capital gains and losses (net)	Capital gains and losses (net)
Bonds	175	175
Shares and participations	0	0
Other financial instruments	-8	-8
Total net income from securities trading	167	167
Net income from currency trading	1,273	1,273
Total items of the profit and loss account	1,440	1,440

1.5 Net income from financial assets that can be sold

	Capital gains and losses (net)	Write-downs	Group Transfers from the fund at fair value	Total
Bonds	-2,269	-	1,270	-999
Shares and participations	14	-	-	14
Total	-2,254	-	1,270	-984

	Capital gains and losses (net)	Write-downs	Parent company Transfers from the fund at fair value	Total
Bonds	-1,654	=	1,270	-384
Shares and participations	=	=	0	=
Total	-1,654	=	1,270	-384

1.6 Net income from administrative properties

	Group		Parent company	
	2005	2004	2005	2004
Rental income	4,009	4,458	2,776	2,794
Rental expenses	-	-	-	-
Scheduled depreciation	-619	-647	-46	-46
Capital gains	418	181	-	54
Capital losses	-213	-94	-	-
Write-downs	-	-	-	-
For write-downs during the financial year	-	-	-	-
Other income	72	91	526	522
Other expenses	-1,538	-1,800	-2,026	-2,101
Total	2,129	2,189	1,230	1,222

1.7 Breakdown of other operating income

	Group		Parent company	
	2005	2004	2005	2004
Rental income from commercial properties	54	1	491	416
Capital gains from commercial properties	120	56	120	56
Fusion profit	-	-	-	-
Grants from the security fund	-	-	-	-
Other income	16,117	1,143	16,723	1,173
Total	16,291	1,200	17,333	1,645

1.8 Staff costs

	Group		Parent company	
	2005	2004	2005	2004
Salaries and fees	29,564	29,210	27,631	27,510
Transfers to the personnel fund	1,800	-	1,683	-
Indirect employee costs	7,433	7,153	6,997	6,763
Pension costs	5,756	5,576	5,406	5,257
Other staff-related costs	1,677	1,577	1,591	1,506
Total	38,796	36,363	36,311	34,273

1.9 Depreciation on tangible and intangible assets

	Group		Parent company	
	2005	2004	2005	2004
Scheduled depreciation	4,057	6,383	3,162	5,783
Tangible assets	2,683	4,927	2,110	4,331
Intangible assets	1,375	1,456	1,052	1,451
Write-downs and reversing items	-	282	-	282
Tangible assets	-	282	-	282
Intangible assets	-	-	-	-
Total	4,057	6,665	3,162	6,065

1.10 Breakdown of other operating expenses

	Group		Parent company	
	2005	2004	2005	2004
Rental expenses	3,210	4,388	3,027	4,249
Rental expenses for commercial properties	1,861	1,846	1,741	1,765
Rental expenses for machines and equipment	1,349	2,542	1,286	2,484
Expenses for commercial properties	2,867	2,749	3,977	4,017
Other expenses	4,038	3,706	3,774	3,421
Total	10,115	10,843	10,778	11,688

1.11 Write-downs on credits and other commitments as well as other financial assets

	Group		Parent company	
	2005	2004	2005	2004
Write-downs on credits and other commitments				
Receivables from the public and public sector entities	8,500	2,160	8,500	2,160
Specific write-downs	1,678	1,185	1,678	1,185
Sector-specific write-downs	7,500	1,990	7,500	1,990
- reversals of and recoveries of write-downs	-678	-1,015	-678	-1,015
Guarantees and other off-balance sheet items	36	-191	36	-191
Specific write-downs	38	4	38	4
Sector-specific write-downs	-	-	-	-
- recovered guarantee losses and reversed write-downs	-2	-195	-2	-195
Total write-downs of credits and other commitments	8,535	1,970	8,535	1,970

Write-downs on other financial assets

Interest rates on loans that have been written down and other claims have been taken up with the contractual interest. Interest income from claims that were not discharged for at least 90 days has not been taken up as income in the financial statements.

1.12 Income by market and business area 31 December 2005

Field of activity	Group		Parent company	
	2005	2004	2005	2004
	Finland	Luxembourg		
Banking	127,675	-		127,674
Mortgage bank activities	4,975	-		-
Common fund operations	12,665	199		-
Investment firm operations	2,905	-		-
Securities trading	167	-		167
Real estate agency	79	-		-
Real estate investment operations	3,069	-		1,230
Total	151,536	199		129,071

Net interest income, income from equity instruments, net commissions, net income from securities trading and currency dealing, net income from financial assets that can be sold, net income from administrative properties and other operating income are included under income. No elimination has been made.

Personnel by operations

	Group		Parent company	
	2005	2004	2005	2004
Banking	765	742	765	742
Mortgage bank activities	7	6	-	-
Common fund operations	26	24	-	-
Investment firm operations	9	7	-	-
Securities trading	-	-	-	-
Insurance	-	4	-	-
Real estate agency	4	-	-	-
Real estate investment operations	3	3	-	-
Total	814	786	765	742

Notes to the balance sheet

2.1 Breakdown of bonds that are eligible for refinancing with central banks

	Group		Parent company	
	2005	2004	2004	2003
Treasury bills	799	-	799	-
Government bonds	64,896	49,429	59,940	45,561
Bank of Finland's certificates of deposit	-	-	-	-
Banks' certificates of deposit	168,417	315,286	168,417	305,286
Other	480,614	264,077	464,950	264,077
Total	714,726	628,792	694,107	614,924

2.2 Claims on credit institutions

	Group		Parent company	
	2005	2004	2005	2004
Repayable on demand	4,794	3,880	4,250	3,402
Finnish credit institutions	-	-	-	-
Foreign credit institutions	4,794	3,880	4,250	3,402
Other	18,902	12,978	251,902	176,428
Finnish credit institutions	6,500	11,400	239,500	174,850
Foreign credit institutions	12,402	1,578	12,402	1,578
Total	23,696	16,859	256,153	179,831

2.3 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.

	Group		Parent company	
	2005	2004	2005	2004
Non-financial institutions and housing associations	553,814	504,773	876,737	529,095
Financial institutions and insurance companies	12,439	358	12,439	358
Public sector entities	11,313	11,541	11,313	11,541
Non-profit organisations	40,511	39,447	40,511	39,447
Households	2,630,886	2,327,974	1,875,826	1,897,740
Foreign	559	7,901	559	7,901
Total	3,249,522	2,891,994	2,817,385	2,486,081

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

Write-downs during the financial year

	Group		Parent company	
	2005	2004	2005	2004
Write-downs at the beginning of the financial year	37,938	38,544	37,938	38,544
+ specific write-downs that were reported during the year	1,565	1,189	1,565	1,189
+ sector-specific write-downs that were reported during the year	7,500	1,990	7,500	1,990
- specific write-downs that were reversed during the year	-620	-1,140	-620	-1,140
- actual loan losses during the year, for which specific write-downs had been previously taken	-5,249	-2,645	-5,249	-2,645
Write-downs at the end of the financial year	41,134	37,938	41,134	37,938

	Group		Parent company	
	2005	2004	2005	2004
Total claims for which interest is not accumulated in the accounts	10,084	11,517	9,868	11,489

2.4 Bonds grouped by financial instrument

	Total	Group		Total	Parent company	
		Of which, the bonds that are eligible for refinancing with central banks			Of which, the bonds that are eligible for refinancing with central banks	
Bonds held for trading	6,890	-	-	6,890	-	-
Publicly quoted	5,492	-	-	5,492	-	-
Other	1,397	-	-	1,397	-	-
Bonds that can be sold	740,715	714,726	714,726	719,077	694,107	694,107
Publicly quoted	740,216	714,726	714,726	718,578	694,107	694,107
Other	499	-	-	499	-	-
Bonds retained until maturity	33,458	-	-	43,519	-	-
Publicly quoted	33,458	-	-	33,458	-	-
Other	-	-	-	10,061	-	-
Total	781,062	714,726	714,726	769,485	694,107	694,107

Bonds grouped by financial instrument	Group		Parent company	
	Total	Of which, the bonds that are eligible for refinancing with central banks	Total	Of which, the bonds that are eligible for refinancing with central banks
Bonds held for trading	-	-	-	-
Publicly quoted	-	-	-	-
Other	-	-	-	-
Bonds that can be sold	567,231	505,645	552,264	491,778
Publicly quoted	567,131	505,645	552,164	491,778
Other	100	-	100	-
Bonds retained until maturity	148,270	123,147	152,017	123,147
Publicly quoted	148,270	123,147	148,268	123,147
Other	-	-	3,750	-
Total	715,500	628,792	704,281	614,925

2.5 Shares and participations grouped by financial instrument

	Group		Parent company	
	2005	2004	2005	2004
Shares and participations held for trading	-	-	-	-
Publicly quoted	-	-	-	-
Other	-	-	-	-
That can be sold	29,331	22,800	26,942	21,659
Publicly quoted	25,968	19,731	23,579	18,590
Other	3,363	3,069	3,363	3,069
Totals shares and participations	29,331	22,800	26,942	21,659
In credit institutions	24,145	19,180	23,579	18,590
Shares and participations in associated companies	2005	2004	2005	2004
Credit institutions	-	-	-	-
Other companies	2,655	2,647	1,993	1,893
Total	2,655	2,647	1,993	1,893

The holdings have been valued at their acquisition cost.

	2005	2004	2005	2004
Shares and participations in group companies				
Credit institutions	-	-	19,248	16,050
Other companies	-	5,179	3,844	8,874
Total	-	5,179	23,092	24,924

The holdings have been valued at their acquisition cost.

2.6 Breakdown of intangible assets

	Group		Parent company	
	2005	2004	2005	2004
Information technology	0	0	0	0
Other development expenses	0	0	0	0
Goodwill	0	0	0	0
Other long-term expenditure	2,735	3,600	1,689	2,291
Total	2,735	3,600	1,689	2,291

2.7 Real estate holdings

	Group		Parent company	
	Book value	Actual value	Book value	Actual value
Land and water areas				
Commercial properties	12,254	13,285	12,254	12,344
Administrative properties	13,326	14,627	13,087	13,561
Total	25,580	27,911	25,341	25,905
Buildings				
Commercial properties	20,273	21,982	1,085	1,094
Administrative properties	21,336	23,414	833	863
Total	41,609	45,395	1,918	1,956
Shares and participations in real estate corporations				
Commercial properties	14,454	15,626	24,425	27,714
Administrative properties	10,798	12,808	15,048	18,839
Total	25,252	28,434	39,473	46,553
Total real estate holdings	92,441	101,741	66,732	74,415

2.8 Breakdown of other assets

	Group		Parent company	
	2005	2004	2005	2004
Cash items being collected	43,218	34,605	43,218	34,605
Guarantee claims	235	587	235	587
Other	10,751	2,379	10,577	2,330
Total	54,204	37,571	54,030	37,522

2.9 Breakdown of accrued income and advance payments

	Group		Parent company	
	2005	2004	2005	2004
Interest income	22,817	18,010	27,865	21,140
Other	4,211	4,917	3,997	3,867
Total	27,028	22,927	31,863	25,007

2.10 Breakdown of maturity of assets by balance sheet item

Assets	Group 2005					
	Less than 3 months	3-12 months	1-5 years	5-10 years	More than 10 years	Total
Bonds that are eligible for refinancing with central banks	160,495	72,655	362,238	119,338	-	160,495
Claims on credit institutions	18,696	5,000	-	-	-	18,696
Receivables from the public and public sector entities	140,459	284,009	969,065	777,792	1,078,197	140,459
Bonds	32,338	3,162	22,232	8,605	-	32,338
Total	351,989	364,826	1,353,535	905,734	1,078,197	351,989

Assets	Parent company 2005					
	Less than 3 months	3-12 months	1-5 years	5-10 years	More than 10 years	Total
Bonds that are eligible for refinancing with central banks	158 495	68 556	349 282	117 773	-	694 107
Claims on credit institutions	149 153	107 000	-	-	-	256 153
Receivables from the public and public sector entities	130 757	255 512	821 050	572 649	737 416	2 517 385
Bonds	31 840	3 061	31 970	8 487	-	75 359
Total	470 245	434 130	1 202 302	698 909	737 416	3 543 003

2.11 Property items in Euros and in foreign currency

Assets	Group 2005		Parent company 2005	
	EUR	Foreign currency	EUR	Foreign currency
Bonds that are eligible for refinancing with central banks	714,726	-	694,107	-
Claims on credit institutions	9,648	14,117	242,036	14,117
Receivables from the public and public sector entities	3,241,128	8,394	2,508,990	8,394
Bonds	66,336	-	75,359	-
Derivative instruments	4,007	-	4,007	-
Other assets	467,063	1,089	460,080	1,089
Accrued expenses and advance payments	27,028	-	31,863	-
Total				

Assets	Group 2005		Parent company 2005	
	EUR	Foreign currency	EUR	Foreign currency
Bonds that are eligible for refinancing with central banks	628,792	-	614,924	-
Claims on credit institutions	13,495	3,363	176,467	3,363
Receivables from the public and public sector entities	2,880,729	11,265	2,474,816	11,265
Bonds	86,709	-	89,357	-
Derivative instruments	6,804	-	6,804	-
Other assets	420,867	1,255	408,380	1,255
Accrued expenses and advance payments	22,927	-	25,007	-
Total	4,060,323	15,883	3,795,755	15,883

2.12 Breakdown of subordinated claims

	Group 2005		Parent company 2005	
	EUR	Foreign currency	EUR	Foreign currency
Bonds	-	-	10,061	3,750
Total	-	-	10,061	3,750

Claims on companies that belong to the same consolidated group and claims on group undertakings

-	-	10,061	3,750
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2.13 Financial instruments appraised at their fair value

	Group 2005		Parent company 2005	
	2005	2005	2005	2005
Fair values				
Financial assets held for trading	6,890	6,890	6,890	6,890
Bonds that are eligible for refinancing with central banks	-	-	-	-
Bonds	6,890	6,890	6,890	6,890
Shares and participations	-	-	-	-
Financial assets that can be sold	770,046	745,998	770,046	745,998
Bonds that are eligible for refinancing with central banks	714,726	694,107	714,726	694,107
Bonds	25,989	24,950	25,989	24,950
Shares and participations	29,331	26,942	29,331	26,942
Total	776,936	752,888	776,936	752,888

Financial liabilities have not been valued at their fair value.

	Group 2005		Parent company 2005	
Changes in the value of assets that have been valued at their actual value				
Financial assets that can be sold				
Increases from the fair value	10,458	8,878	10,458	8,878
Deductions from the fair value	11,259	9,649	11,259	9,649
	-801	-771	-801	-771

The main financial assets that are entered at acquisition cost instead of at actual value

Shares and participations in companies that are essential to operations have been entered in the financial statement at their acquisition cost; more information can be found on this in notes 5.2 and 5.3. The shares and participations that are essential to operations are intended to be included for the time being. The publicly quoted market value of these assets is not obtained. The recorded value of the holding is indicated in notes 5.2 and 5.3.

2.14 Increases and decreases of tangible and intangible assets

	Group 2005		Parent company 2005	
Intangible assets				
Acquisition cost at the beginning of the financial year	9,866	7,513	8,281	7,241
+ increases during the financial year	453	2,353	451	1,040
- decreases during the financial year	-	-	-	-
+/- transfers between items	-	-	-	-
- planned depreciation for the financial year	-1,318	-1,455	-1,052	-1,451
+/- Write-downs and reversing items for the financial year	-	-	-	-
+/- accumulated depreciation and write-downs that are included in the decreases and increases at the beginning of the financial year	-	-	-	-
- accumulated depreciation at the beginning of the financial year	-6,265	-4,811	-5,990	-4,539
- accumulated write-downs at the beginning of the financial year	-	-	-	-
+ accumulated revaluations at the beginning of the financial year	-	-	-	-
+/- Revaluations and reversing items for the financial year	-	-	-	-
Book value at the end of the financial year	2,735	3,600	1,689	2,291

	Group		Parent company	
	2005	2004	2005	2004
Commercial properties: Land areas, buildings and shares and participations in real estate companies				
Acquisition cost at the beginning of the financial year	47,430	48,730	31,354	33,973
+ increases during the financial year	-	-	-	-
- decreases during the financial year	-208	-54	-208	-54
+/- transfers between items	-1,145	-1,246	0	-2,565
- planned depreciation for the financial year	-578	-551	-57	-61
+/- Write-downs and reversing items for the financial year	-	-201	-	-201
+/- accumulated depreciation and write-downs that are included in the decreases and increases at the beginning of the financial year	-	-	-	-
- accumulated depreciation at the beginning of the financial year	-6,814	-6,264	-1,619	-1,559
- accumulated write-downs at the beginning of the financial year	-5,480	-5,280	-5,480	-5,280
+ accumulated revaluations at the beginning of the financial year	13,776	15,164	13,776	15,164
+/- Revaluations and reversing items for the financial year	0	-1,388	0	-1,388
Book value at the end of the financial year	46,981	48,911	37,764	38,030

	Group		Parent company	
	2005	2004	2005	2004
Administrative properties: Land areas, buildings and shares and participations in real estate corporations				
Acquisition cost at the beginning of the financial year	44,882	43,973	22,619	20,054
+ increases during the financial year	-	18	-	-
- decreases during the financial year	-2,067	-354	-2	0
+/- transfers between items	1,539	1,246	48	2,565
- planned depreciation for the financial year	-619	-589	-46	-46
+/- Write-downs and reversing items for the financial year	-	-	-	-
+/- accumulated depreciation and write-downs that are included in the decreases and increases at the beginning of the financial year	-	-	-	-
- accumulated depreciation at the beginning of the financial year	-5,611	-5,022	-989	-943
- accumulated write-downs at the beginning of the financial year	-5,226	-5,226	-5,226	-5,226
+ accumulated revaluations at the beginning of the financial year	12,563	11,175	12,563	11,175
+/- Revaluations and reversing items for the financial year	-	1,388	-	1,388
Book value at the end of the financial year	45,461	46,608	28,967	28,966

	Group		Parent company	
	2005	2004	2005	2004
Machines and equipment and other tangible assets				
Acquisition cost at the beginning of the financial year	42,924	42,183	40,953	40,267
+ increases during the financial year	622	930	577	875
- decreases during the financial year	-87	-189	-59	-189
+/- transfers between items	-1,111	-	-	-
- planned depreciation for the financial year	-2,105	-4,434	-2,053	-4,271
+/- Write-downs and reversing items for the financial year	-	-	-	-
+/- accumulated depreciation and write-downs that are included in the decreases and increases at the beginning of the financial year	821	130	37	130
- accumulated depreciation at the beginning of the financial year	-37,943	-33,638	-36,429	-32,288
- accumulated write-downs at the beginning of the financial year	-	-	-	-
+ accumulated revaluations at the beginning of the financial year	-	-	-	-
+/- Revaluations and reversing items for the financial year	-	-	-	-
Book value at the end of the financial year	3,121	4,981	3,026	4,525

2.15 Liabilities to credit institutions

	Group		Parent company	
	2005	2004	2005	2004
Credit institutions	850,991	780,481	863,106	789,097
Repayable on demand	128,392	134,162	140,538	142,778
Other	722,599	646,319	722,568	646,319
Total	850,991	780,481	863,106	789,097

2.16 Other liabilities to the public and public sector entities

	Group		Parent company	
	2005	2004	2005	2004
Borrowing	2,308,567	2,195,768	2,317,356	2,198,680
Repayable on demand	1,697,661	1,608,992	1,706,449	1,611,904
Other	610,906	586,776	610,906	586,776
Other liabilities	30,166	34,029	30,166	34,029
Repayable on demand	20,141	22,555	20,141	22,555
Other	10,025	11,474	10,025	11,474
Total	2,338,733	2,229,797	2,347,522	2,232,710

2.17 Debt securities issued to the public

	Group		Parent company	
	2005		2005	
	Book value	Nominal value	Book value	Nominal value
Certificates of deposit	184,961	186,690	184,961	186,690
Bonds	601,360	604,795	102,695	104,795
Other	-	-	-	-
Total	786,321	791,485	287,656	291,485

	Group 2004		Parent company 2004	
	Book value	Nominal value	Book value	Nominal value
Certificates of deposit	270,719	271,840	270,719	271,840
Bonds	304,898	307,380	55,337	57,380
Other	-	-	-	-
Total	575,617	579,220	326,056	329,220

2.18 Derivative instruments

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

	Group 2005		Parent company 2005	
	Nominal values	Fair values	Nominal values	Fair values
Securing derivative instruments	4,123,113	15,112	4,766,963	21,311
Interest rate swaps	4,007,804	6,345	4,651,654	12,544
Interest rate derivatives	1,394,000	-1,772	1,470,000	-1,691
Futures	458,404	7,904	1,026,254	14,022
Options	2,155,400	213	2,155,400	213
Purchased	1,089,400	4,849	1,089,400	4,849
Written	1,066,000	-4,637	1,066,000	-4,637
Currency derivatives	26,793	97	26,793	97
Futures	26,793	97	26,793	97
Share derivatives	88,516	8,670	88,516	8,670
Options	88,516	8,670	88,516	8,670
Purchased	88,516	8,670	88,516	8,670
Written	-	-	-	-
Other derivative	-	-	-	-
Other derivative instruments	614,616	-7,286	614,616	-7,286
Interest rate derivatives	526,100	1,384	526,100	1,384
Futures	244,000	1,123	244,000	1,123
Interest rate swaps	6,700	-224	6,700	-224
Options	275,400	486	275,400	486
Purchased	126,000	2,340	126,000	2,340
Written	149,400	-1,854	149,400	-1,854
Currency derivatives	0	0	0	0
Futures	-	-	-	-
Share derivatives	88,516	-8,670	88,516	-8,670
Options	88,516	-8,670	88,516	-8,670
Purchased	-	-	-	-
Written	88,516	-8,670	88,516	-8,670
Other derivative	-	-	-	-

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

	Group 2004		Parent company 2004	
	Nominal values	Fair values	Nominal values	Fair values
Securing derivative instruments	2,054,408	16,967	2,406,058	21,325
Interest rate derivatives	1,909,440	13,172	2,261,090	17,529
Futures	50,000	317	80,000	321
Interest rate swaps	454,840	10,543	776,490	14,896
Options	1,404,600	2,312	1,404,600	2,312
Purchased	704,600	3,046	704,600	3,046
Written	700,000	-734	700,000	-734
Currency derivatives	59,653	-1,129	59,653	-1,129
Futures	59,653	-1,129	59,653	-1,129
Share derivatives	85,315	4,925	85,315	4,925
Options	85,315	4,925	85,315	4,925
Purchased	85,315	4,925	85,315	4,925
Written	-	-	-	-
Other derivative	-	-	-	-
Other derivative instruments	91,915	-4,925	91,915	-4,925
Interest rate derivatives	6,600	0	6,600	0
Futures	-	-	-	-
Interest rate swaps	2,000	-	2,000	-
Options	4,600	-	4,600	-
Purchased	-	-	-	-
Written	4,600	-	4,600	-
Currency derivatives	0	0	0	0

Futures	-	-	-	-
Share derivatives	85,315	-4,925	85,315	-4,925
Options	85,315	-4,925	85,315	-4,925
Purchased	-	-	-	-
Written	85,315	-4,925	85,315	-4,925
Other derivative	-	-	-	-

Breakdown of the maturity of the derivative instruments

	Group 2005			
	Nominal values			Total
	Less than 1 yr	1-5 yrs	More than 5 years	
Securing derivative instruments	1,725,721	1,631,992	765,400	4,123,113
Interest rate derivatives	1,679,000	1,578,004	750,800	4,007,804
Futures	1,129,000	265,000	-	1,394,000
Interest rate swaps	150,000	308,404	-	458,404
Options	400,000	1,004,600	750,800	2,155,400
Purchased	200,000	504,600	384,800	1,089,400
Written	200,000	500,000	366,000	1,066,000
Currency derivatives	26,793	0	0	26,793
Futures	26,793	-	-	26,793
Share derivatives	19,928	53,988	14,600	88,516
Options	19,928	53,988	14,600	88,516
Purchased	19,928	53,988	14,600	88,516
Written	-	-	-	-
Other derivative	-	-	-	-
Other derivative instruments	198,928	130,288	285,400	614,616
Interest rate derivatives	179,000	76,300	270,800	526,100
Futures	179,000	65,000	-	244,000
Interest rate swaps	-	6,700	-	6,700
Options	-	4,600	270,800	275,400
Purchased	-	-	126,000	126,000
Written	-	4,600	144,800	149,400
Currency derivatives	0	0	0	0
Futures	-	-	-	-
Share derivatives	19,928	53,988	14,600	88,516
Options	19,928	53,988	14,600	88,516
Purchased	-	-	-	-
Written	19,928	53,988	14,600	88,516
Other derivative	-	-	-	-

Breakdown of the maturity of the derivative instruments

	Parent company 2005			
	Nominal values			Total
	Less than 1 yr	1-5 yrs	More than 5 years	
Securing derivative instruments	1,828,221	1,684,342	1,254,400	4,766,963
Interest rate derivatives	1,781,500	1,630,354	1,239,800	4,651,654
Futures	1,205,000	265,000	-	1,470,000
Interest rate swaps	176,500	360,754	489,000	1,026,254
Options	400,000	1,004,600	750,800	2,155,400
Purchased	200,000	504,600	384,800	1,089,400
Written	200,000	500,000	366,000	1,066,000
Currency derivatives	26,793	0	0	26,793
Futures	26,793	-	-	26,793
Share derivatives	19,928	53,988	14,600	88,516
Options	19,928	53,988	14,600	88,516
Purchased	19,928	53,988	14,600	88,516
Written	-	-	-	-
Other derivative	-	-	-	-
Other derivative instruments	198,928	130,288	285,400	614,616
Interest rate derivatives	179,000	76,300	270,800	526,100
Futures	179,000	65,000	-	244,000
Interest rate swaps	-	6,700	-	6,700
Options	-	4,600	270,800	275,400
Purchased	-	-	126,000	126,000
Written	-	4,600	144,800	149,400
Currency derivatives	-	-	-	-
Futures	-	-	-	-

Share derivatives	19,928	53,988	14,600	88,516
Options	19,928	53,988	14,600	88,516
Purchased	-	-	-	-
Written	19,928	53,988	14,600	88,516
Other derivative				

Breakdown of the maturity of the derivative instruments

	Between companies in the Group 2005			
	Nominal value			
	Less than 1 yr	1-5 yrs	More than 5 years	Total
Securing derivative instruments	102,500	52,350	489,000	643,850
Interest rate derivatives	102,500	52,350	489,000	643,850
Futures	76,000	-	-	76,000
Interest rate swaps	26,500	52,350	489,000	567,850
Options	0	0	0	0
Purchased	-	-	-	-
Written	-	-	-	-
Currency derivatives	0	0	0	0
Futures	-	-	-	-
Share derivatives	0	0	0	0
Options	-	-	-	-
Purchased	-	-	-	-
Written	-	-	-	-
Other derivative				
Other derivative instruments	0	0	0	0
Interest rate derivatives	-	-	-	-
Futures	-	-	-	-
Options	-	-	-	-
Purchased	-	-	-	-
Written	-	-	-	-
Interest rate swaps	-	-	-	-
Currency derivatives	-	-	-	-
Futures	-	-	-	-
Share derivatives	-	-	-	-
Options	-	-	-	-
Purchased	-	-	-	-
Written	-	-	-	-

2.19 Breakdown of other liabilities

	Group		Parent company	
	2005	2004	2005	2004
Cash items in the process of collection	104,377	88,138	104,235	87,456
Compulsory provisions	1,817	1,094	1,817	1,094
Other	2,476	2,237	1,353	1,993
Total	108,670	91,469	107,404	90,543

2.20 Breakdown of prepaid expenses and deferred income

	Group		Parent company	
	2005	2004	2005	2004
Interest	104,377	88,138	104,235	87,456
Other	1,817	1,094	1,817	1,094
Total	2,476	2,237	1,353	1,993

2.21 Subordinated liabilities

The subordinated liabilities of the parent company whose book value is more than 10% of the total subordinated liabilities

	Amount of liability	Nominal value	Interest %	Maturity	Amount that is included in Tier 1 capital
Aktia Savings Bank plc's debenture 4/2005	16,455	16,464	2.70	29.08.2010	16,455
Total sum of subordinated liabilities other than those mentioned above	136,829			89,603	136,829
Parent company, total	153,293			106,058	153,293
Aktia Real Estate Mortgage Bank plc's debenture 2004	11,743	11,743	3.00	29.03.2009	11,743
Group, total	163,250	165,036			112,442

All of the disclosed liabilities are in Euros.

The liabilities entered are counted in the calculations for capital adequacy for the lower Tier 2 capital of credit institutions considering that this capital can not exceed 50% of Tier 1 equity.

Loans targeted at undertakings belonging to the same group or group undertaking do not exist.

Terms and conditions of early redemption

Aktia or its group may not redeem debentures before the end of the loan period without the permission of the Finnish Financial Supervision.

Creditors are not entitled to demand repayment before maturity.

2.22 Capital investments and debenture loans

	Group		Parent company	
	2005	2004	2005	2004
Internal capital investments and debenture loans within the Group are explained in note 7.3	0	0	0	0

2.23 Breakdown of items reported amongst compulsory provisions

	Group 2005				
	Book value at beginning of the financial year	Increase	Decrease	Reversed	Book value at end of the financial year
Staff costs	1,094	1,200	455	22	1,817
Other	-	-	-	-	-
Total	1,094	1,200	455	22	1,817

	Parent company 2005				
	Book value at beginning of the financial year	Increase	Decrease	Reversed	Book value at end of the financial year
Staff costs	1,094	1,200	455	22	1,817
Other	-	-	-	-	-
Total	1,094	1,200	455	22	1,817

2.24 Breakdown by maturity of liabilities by balance sheet item

	Group 2005					
	Less than 3 months	3-12 months	1-5 years	5-10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	700,099	70,892	65,000	15,000	-	850,991
Other liabilities to the public and public sector entities	2,060,364	248,840	19,504	10,025	-	2,338,733
Debt securities issued to the public	92,944	110,066	51,247	532,065	-	786,321
Subordinated liabilities	-	2,985	160,265	-	-	163,250
Total	2,853,407	432,784	296,015	557,090	-	4,139,295

	Parent company 2005					
	Less than 3 months	3-12 months	1-5 years	5-10 years	More than 10 years	Total
Liabilities to credit institutions and central banks	712,214	70,892	65,000	15,000	-	863,106
Other liabilities to the public and public sector entities	2,069,152	248,840	19,504	10,025	-	2,347,522
Debt securities issued to the public	92,944	110,066	51,247	33,400	-	287,656
Subordinated liabilities	-	2,985	148,522	-	-	151,507
Total	2,874,311	432,784	284,272	58,425	-	3,649,791

Receivables from the public and public sector entities that are repayable on demand:

Deposits other than time deposits and accounts with credit are reported under "Less than 3 months".

2.25 Liabilities in Euros and in foreign currency

	Group 2005		Parent company 2005	
Liabilities	EUR	Foreign currency	EUR	Foreign currency
Liabilities to credit institutions and central banks	848,367	2,625	860,482	2,625
Other liabilities to the public and public sector entities	2,316,232	22,501	2,325,020	22,501
Debt securities issued to the public	786,321	-	287,656	-
Derivative instruments	4,013	-	4,013	-
Other liabilities	136,413	-	107,404	-
Accrued expenses and advance payments received	24,274	-	20,907	-
Subordinated liabilities	163,250	-	151,507	-
Total	4,278,870	25,126	3,756,990	25,126

Liabilities	Group 2004		Parent company 2004	
	EUR	Foreign currency	EUR	Foreign currency
Liabilities to credit institutions and central banks	778,606	1,874	787,223	1,874
Other liabilities to the public and public sector entities	2,209,622	20,175	2,212,535	20,175
Debt securities issued to the public	575,617	-	326,056	-
Derivative instruments	6,804	-	6,804	-
Other liabilities	114,162	17	90,526	17
Accrued expenses and advance payments received	22,632	-	20,597	-
Subordinated liabilities	138,848	-	124,169	-
Total	3,846,292	22,066	3,567,910	22,066

2.26 Increases and decreases in equity capital during 2005

Group	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Equity				
Share capital	70,516	80		70,596 ¹⁾
Share issue	80		80	0 ¹⁾
Share premium account	1,893			1,893
Other restricted reserves	8,079			8,079
Available reserves				
Fund at fair value	0	8,328	593	7,735
Profit/loss brought forward	104,403	22,239	8,825	117,817 ²⁾
Profit or loss for financial year	22,239	37,014	22,239	37,014
Minority interest of capital	638	5,700		6,338
Total equity capital	207,848	73,362	31,736	249,473

Parent company	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Equity				
Share capital	70,516	80		70,596 ¹⁾
Share issue	80		80	0 ¹⁾
Share premium account	1,893			1,893
Other restricted reserves	8,067			8,067
Available reserves				-
Fund at fair value	0	7,140	570	6,570
Profit/loss brought forward	60,839	13,326	8,825	65,341 ²⁾
Profit or loss for financial year	13,326	21,910	13,326	21,910
Total equity capital	154,722	42,457	22,801	174,377

¹⁾ The conversion of the debenture that matured on 21 Dec 2004 increased share capital.

²⁾ The decrease is due to the payment of EUR 0.25 dividend per share in accordance with the resolution of the General Annual Meeting of shareholders with the total dividends amounting to EUR 8,824.512.50.

Breakdown of changes to the fund at fair value

	Group	Parent company
Fund at fair value 1 January 2005	0	0
Revalued balance sheet items 1 JAN	6,551	5,914
Increases from the fair value	3,439	2,465
Deductions from the fair value	-801	-771
Transfers to the profit and loss account from the fund at fair value	1,270	1,270
Deferred tax liabilities	-2,723	-2,308
Fund at fair value 31 December 2005	7,735	6,570

2.27 Distributable assets in unrestricted equity

	Group		Parent company	
	2005	2004	2005	2004
Profit brought forward	117,817	104,403	65,341	60,839
Profit for the period	37,014	22,239	21,910	13,326
Other available reserves	-	-	-	-
Non-distributable items	-63,318	-51,210	-	-
Percentage of the accumulated depreciation differences and reserves that have been included in the equity capital	-63,318	-51,210	-	-
Other items	-	-	-	-
Total distributable funds	91,513	75,431	87,251	74,165

2.28 Deferred tax liabilities and assets

The deferred tax liabilities of the fund at actual value have been reported in the balance sheet. Otherwise, there are no deferred tax liabilities in the financial statements of the parent company, i.e., the tax claims were entered in the balance sheet.

Imputed tax liabilities entered in the consolidated accounts 31 December

	Group	
	2005	2004
Credit loss provisions in the parent company and Aktia Real Estate Mortgage Bank	22,247	17,986
Depreciation differences in the subsidiaries	-	7
The entered imputed tax liability caused by revaluation and the periodisation difference	2,768	4,718
	<u>25,015</u>	<u>22,711</u>

	Group	
	2005	2004
Tax claims based on periodisation differences in depreciation are not considered	1,512	1,815

2.29 Details on issuing of shares, stock options and convertible bonds

Aktia Savings Bank plc's convertible debentures from 1994 for FIM 20,000,000.00, i.e., EUR 3,363,758.53 with a maturity of 21 December 2004.

The conversion of the debenture increased share capital by a total of 40,000 shares out of a possible 40,000.

This increase in share capital of EUR 80,000.00 was registered on 16 February 2005.

2.30 Shareholders 31 Dec 2005

	Number of shares	Percentage of shares and voting rights
15 largest shareholders by voting rights		
Helsinki Savings Bank Foundation	7,229,700	20.5
Livränteanstalten Hereditas	3,700,000	10.5
Espoo-Kauniainen Savings Bank Foundation	2,234,843	6.3
Veritas Group	1,895,500	5.4
Pension Insurance Company Veritas	1,085,000	3.1
Life Insurance Company Veritas	470,000	1.3
Veritas Mutual Accident Insurance Company	340,500	1.0
Oy Hammarén & Co Ab	1,800,000	5.1
Vantaa Savings Bank Foundation	1,538,000	4.4
Svenska Litteratursällskapet i Finland rf	1,500,000	4.2
Porvoo Savings Bank Foundation	1,241,000	3.5
Åbo Akademi Foundation	1,170,000	3.3
Vaasa Savings Bank Foundation	966,215	2.7
Kirkkonummi Savings Bank Foundation	834,790	2.4
Karjaa-Pohja Savings Bank Foundation	749,858	2.1
Inkoo Savings Bank Foundation	615,463	1.7
Föreningen Konstsamfundet rf	583,100	1.7
Ab Kelonia Oy	579,900	1.6

Shareholders by sector	Number of owners		Number of shares	
	Qty	%	Qty	%
Corporations	30	5.00	6,865,185	19.4
Financial and insurance institutions	40	6.67	2,842,304	8.1
Public sector entities	2	0.33	1,135,000	3.2
Non-profit institutions	50	8.33	23,415,091	66.3
Private individuals and households	477	79.50	640,470	1.8
Foreign shareholders	1	0.17	400,000	1.1
Total	600	100.00	35,298,050	100.00
entered in nominee register	1		5,250	

Breakdown of stock	Number of owners		Number of shares	
	Number of shares	St.	Number of owners	Number of shares
1-100	195	32.5	11,555	0.0
101 - 1 000	213	35.5	110,544	0.3
1 001 - 10 000	93	15.5	352,694	1.0
10 001 - 100 000	57	9.5	2,221,130	6.3
100 001 -	42	7.0	32,602,127	92.4

Total	600	100.00	35,298,050	100.00
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Notes to the accounts concerning collateral and contingent liabilities

3.1 Assets held by the bank as security for themselves or another party

For the bank:

	Type of security	The nominal value of the liability	The value of the security
Liabilities to credit institutions	Debt securities	95,000	95,402
Collateral held by the bank as security for liabilities that have been received by companies in the same Group	-	-	-

For other parties:

The bank has not held securities for other parties.

3.2 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.

3.3 Leasing commitments

	Group	Parent company
The nominal sum of the rents to be paid during 2006	1,067	1,008
The total nominal sum of the rents to be paid in upcoming years.	1,662	1,584

3.4 Breakdown of off-balance sheet commitments

	Group		Parent company	
	2005	2004	2005	2004
Guarantees	43,206	43,557	43,206	43,557
Other commitments provided to a third party on behalf of a customer	25,827	23,736	25,827	23,736
Unused credit arrangements	171,645	160,381	196,603	169,709
On behalf of a subsidiary	-	-	32,000	15,000
On behalf of an associated undertaking	-	-	-	-
Other irrevocable commitments	41,134	32,125	54,951	40,532
On behalf of a subsidiary	-	-	13,817	8,407
Total	281,812	259,799	320,587	277,534

3.5 The total amount of sales receivable arising from the selling of assets on behalf of customers and the total amount of accounts payable arising from the purchasing of assets on behalf of customers.

	Group		Parent company	
	2005	2004	2005	2004
	254	117	254	117

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

4.1 The number of employees

	Group		Parent company	
	2005	2004	2005	2004
Full-time	655	644	621	610
Part-time	89	94	87	92
Temporary	70	48	59	42
Total	814	786	767	744

4.2 Salaries and fees paid to members of governing and supervisory bodies and alternate members in governing and supervisory bodies as well as pension commitments arising or made in respect of the same

	Group		Parent company	
	2005	2004	2005	2004
Members of the Board of Supervisors and their alternates	157	152	157	152
Members of the Board of Supervisors and their alternates as well as the Managing Director and his alternate				

Total	1,309	993	880	546
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These individuals were paid emoluments of EUR 125,147.57 tied to the company's financial performance.

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

Managing Director	161 EUR 1,000
Board members	25 EUR 1,000
Members of the Board of Supervisors	35 EUR 1,000

4.3 Credits and guarantees extended to members of the governing and supervisory bodies

	2005	Group 2004	2005	Parent company 2004
Members of the Board of Supervisors and their alternates	1,663	1,259	1,663	1,259
Members of the Board of Supervisors and their alternates as well as the Managing Director and his alternate	569	560	391	358
Auditors and their deputies	-	-	-	-
Total	2,232	1,819	2,054	1,617

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

Members of the Board of Supervisors, Board of Directors, the managing director and his deputy managing directors hold a total of 117,966 shares, which is equivalent to 0.33%.

Holdings in other undertakings

5.1 Undertakings included in consolidated accounts (ownership over 50%)

	Domicile	Percentage of all shares	Book value
Financing			
Aktia Real Estate Mortgage Bank plc	Helsinki	80	19,240
Aktia Kort & Finans Ab	Helsinki	100	8
Hsp-Rahoitus Oy (dormant)	Helsinki	100	589
Common fund operations			
Aktia Fund Management Ltd	Helsinki	99	2,502
Aktia Fund Management S A	Luxembourg	100	111
Investment firm operations			
Aktia Asset Management Ltd	Helsinki	82	276
Real estate investment operations			
Aktia Fastighetsförmedling Mellannyland Vanda Ab	Vantaa	100	80
Aktia Fastighetsförmedling Tammerfors Ab	Tampere	100	100
Aveltum Ab	Turku	75	76
Kiint. Oyj Mannerheimintie 14	Helsinki	100	20,603
Robur Invest Ab (dormant)	Helsinki	100	8
Vasp Invest Oy	Helsinki	75	101
Total			43,695

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

8 real estate companies with a combined book value of EUR 7,186,021.99 as of 31 Dec 2005.

5.2 Shares in associated undertakings (ownership 20–50%)

	Domicile	Percentage of all shares	Book value
Data processing			
Oy Samlink Ab	Espoo	28.2	2,578
Private equity company			
Unicus Ab	Helsinki	33.3	77
Real estate investment operations			
Real estate corporations, total no. 9			5,925
Total			8,580

5.3 Shareholding and participations holdings, essential to operations

	Domicile	Percentage of all shares	Book value
Credit institutions			
Luottokunta	Helsinki	3	168
Insurance companies			

Veritas Mutual Accident Insurance Company	Helsinki	-	500
Other companies, total no. 19			25
Total			693

Other notes to the accounts

6.1 Trustee services and the customer assets being managed

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

Customer assets being managed	Group		Parent company	
	2005	2004	2005	2004
Funds in a customer funds account	2	62	-	-
Funds in discretionary asset management services	1,332,715	932,643	3,433	10,670
Funds within the framework of investment advising according to a separate agreement	419,181	202,241	321,224	196,870
Total funds in asset management services	1,751,895	1,134,884	324,657	207,540

Notes concerning the preparation of consolidated accounts

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

Changes to the Group structure during 2005

On 1 January 2005, all of the shares in Aktia Life Assurance Ltd were sold.

On 19 October 2005, 75% of the shares in Avelum Ab were acquired.

On 15 November 2005, Aktia Savings Bank plc sold a minority interest of 20% of the shares in Aktia Real Estate Mortgage Bank to 32 savings banks.

The subsidiary Aktia Kort & Finans Ab was established and entered in the Trade Register on 23 November 2005.

The subsidiary Aktia Fastighetsförmedling Mellanlyland Vanda Ab was established and entered in the Trade Register on 23 December 2005.

The subsidiary Aktia Fastighetsförmedling Tammerfors Ab was established and entered in the Trade Register on 23 December 2005.

The bank's dividend income from inter-group companies is comparable to that earned in 2005 and 2004.

Notes concerning subsidiaries or group undertakings

For consolidated subsidiaries, please see note 5.1 on the parent company.

No unconsolidated subsidiaries other than real estate corporations exist.

For consolidated associated undertakings, see note 5.2 on the parent company. The method of consolidation is explained in the Accounting policy section.

No unconsolidated associated undertakings exist.

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

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

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

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

Other notes concerning the Group

No Group goodwill or Group provisions exist.

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

Information concerning a credit institution belonging to a group

7.1 Information concerning a credit institution belonging to a group

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

7.2 From other inter-group companies and financing income and the financing costs paid them during 2005

	2005
Interest income	4,618
Income from equity instruments	1,294
Interest expenses	-314

Net financing income	5,598
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7.3 Receivables from and liabilities to inter-group companies 31 December 2005

	2005
Claims on credit institutions	233,000
Receivables from the public and public sector entities	22,923
Bonds	10,061
Other assets	-
Accrued expenses and advance payments	8,451
Total claims	274,436
Liabilities to credit institutions	12,146
Receivables from the public and public sector entities	8,789
Other liabilities	-
Accrued expenses and advance payments received	402
Total liabilities	21,336

Accounting policies

The bank's financial statement and the Group's financial statement have been drawn up in compliance with the provisions of the Accounting Act and the Credit Institutions Act, the decision of the Ministry of Finance on financial statements and consolidated financial statements for credit institutions and securities companies (31 December 2004/1317) as well as Annual Report Standard 3.1 from the Financial Supervisory Authority (Doc. no. 7/120/2005).

Scope of consolidated accounts

The consolidated accounts include the annual financial statements of the parent company and its directly or indirectly owned subsidiaries and affiliates. In accordance with said regulations, the subsidiaries, affiliates and joint ventures whose balance sheet total accounts for less than 1% of the balance sheet total of the parent bank and or less than EUR 10 million have been excluded from the consolidated statement, but only if the combined balance sheet total of the said companies falls short of 5% of the consolidated balance sheet total. The exclusion of these companies does not have an essential effect on the result of the Group or its financial position.

More detailed information on consolidated and non-consolidated subsidiaries and affiliates is provided in notes 5.1, 5.2 and 5.3.

Consolidation

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

Internal income and expenses within the Group as well as internal receivables and payables, including distribution of profit, have been eliminated. The minority's share of the result of the subsidiaries and the net capital are entered separately as their own items in the Group's profit and loss account and balance sheet.

Items denominated in foreign currencies

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

Comparability of profit and loss account and balance sheet

Due to the rule changes that came into force at the start of 2005, the valuation and formats for the bank's financial assets have been changed as described here in the Accounting policy section.

The cost of the Deposit Guarantee Fund was previously entered as interest income. In the new format, the costs are now included under other operating expenses.

The format of income from and the costs of real estate not used by the bank (administrative properties) has changed. This income and expenditure, which had previously been included in other operating income and other expenses, as well as depreciations, are now entered under the new item in the profit and loss account "Net income from administrative properties".

The comparative information of 31 December 2004 has been set out in accordance with the previous rules, with the exception of the formats for income from and costs for buildings held for investment purposes.

In general, the changes have not had any significant impact on the bank's results for the comparison year or on the bank's financial position.

Financial assets

Bonds (debt securities), deposits and claims on the public as well as shares and participations are entered under financial assets. Aktia applies the new IFRS regulations, IAS 39, which entered into force on 1 January 2005 for its financial assets. Financial assets are divided into four valuation categories.

Financial assets under "Financial assets held for trading" has been entered as debt securities and other publicly quoted Finnish and foreign securities that the bank actively trades in and that have been acquired for the short term with the intent to earn revenue. They have been entered at actual value with changes in value being currently entered in the profit and loss account.

Debt securities as well as shares and participations that have neither been held for active trading nor retained until maturity are entered under "That can be sold". The unrealised changes in value under equity reported under "Fund at actual value" with deductions for tax liability imputed until sold or until the unrealised loss is deemed to be permanent. When sold or written down, the accumulated unrealised profit or loss is transferred to the profit and loss account and included under the item "Net income from financial assets that can be sold". More information on the fund at actual value under equity can be found in notes 2.13 and 2.26.

Debt certificates to be retained until maturity are entered under "Retained until maturity". These securities are entered at accrued acquisition cost. If the probable assignment price for said securities is permanently lower than the acquisition price at the end of the financial year, the difference has been booked as

expenses. The difference between the acquisition price and the nominal value has been allocated as interest income or the loss of it.

Under "Not held for trading" claims on credit institutions (deposits) and receivables from the public and on public sector entities are reported. These deposits and claims are reported at accrued acquisition cost.

Tangible and intangible assets

The Group's real estate property and participations in real estate corporations have been divided up into commercial properties and administrative properties according to how they are used. 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 administrative properties have been included at their acquisition price.

The real estate property was re-evaluated by external property valuers to reflect the current value using the cash flow method. The valuation of the commercial properties used by the bank is based on the rental income that could be earned at market rates. The book value of the real estate property and shares in real estate corporations was not revalued. If the probable assignment value of the property or stakes is essentially or permanently lower than the acquisition price, the difference is entered as expenses in the profit and loss account.

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

Other tangible and intangible assets are included in the balance sheet at their acquisition price less planned depreciation. The expenses incurred during the complete renovation of owner-occupied flats are entered under tangible assets. Depreciation is charged in accordance with the depreciation plan based on the economic life of the assets with due regard to the general instructions issued by the Accounting Board. Major investments and inventories are depreciated over a maximum of 5 years. Investments in computer systems are depreciated over a period of 3 years and renovations to branch offices over 5 years. The acquisition price for personal workstations and peripherals, whose economic life is less than 3 years, is written off directly. Buildings are linearly depreciated over 40 years.

Write-downs on loans and guarantees

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

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

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

In addition to the provisions against loan losses that are made based on an individual examination of the respective credit items, the bank has built up a reserve in the form of sector-specific credit loss provisions. These provisions are intended to cover possible loan losses in the future that cannot be assigned to the current credit rating for individual debts, but that can be realised because of general problems in a particular branch.

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

Non-performing loans

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

Taxes

The income taxes in the financial statement of the bank and its individual group companies has been calculated according to taxable income and entered as such.

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

Of the positive equity forming part of the fund for actual value, the deferred tax liability has been reported in the balance sheet. Note 2.28 contains information on deferred tax liabilities in the Group.

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 claims are entered under interest expenses.

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

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

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

Five-year review for the Group 31 December

EUR 1,000	2001	2002	2003	2004	2005
Turnover	195 551	181 549	160 407	159 860	186 670
Net interest income	78 530	76 698	75 288	73 928	79 698
% of the turnover	40,2	42,2	46,9	46,2	42,7
Other income	34 070	33 868	37 392	39 259	52 644
Costs and depreciation	-80 286	-88 251	-81 214	-75 530	-75 698
Profit before write-downs	32 315	22 314	31 467	37 657	56 643
Write-downs on loans and guarantees	207	-520	-952	20	-1 035
Sector-specific credit loss provisions	-421	-2 480	-1 310	-1 990	-7 500
Net operating profit	32 081	19 702	30 196	35 838	49 138
% of the turnover	16,4	10,9	18,8	22,4	26,3
Profit for the year	22 027	12 579	20 460	22 239	37 015
Profit/share	0,63	0,36	0,58	0,63	1,05
Equity per share					
Dividend per share	4,85	5,03	5,44	5,87	6,89
Anniversary dividend/share (EUR)	0,17	0,17	0,20	0,25	0,30
Dividend per profit, %					0,10
Including the anniversary dividend, %	27,2	47,7	34,5	39,7	28,6
					38,2
Number of shares at the end of the period					
Average number of shares during the period	35 258 050	35 258 050	35 258 050	35 298 050	35 298 050
Balance sheet total					
Total return on assets ROA, %	3 331 854	3 513 759	3 511 929	4 076 206	4 553 469
	0,7	0,4	0,6	0,6	0,9
Equity					
Return on equity ROE, %	170 803	177 389	191 855	207 209	249 473
Capital adequacy, %	13,5	7,2	11,1	11,2	16,3
Capital adequacy, %	4,9	5,1	5,5	5,1	5,5
Tier 1 Capital ratio, %	12,5	13,1	13,9	14,1	15,1
	10,2	9,0	9,7	9,4	9,8
Cost/income ratio, C/I figure	0,71	0,80	0,72	0,67	0,57
Borrowing from the public	1 857 539	1 926 286	2 001 793	2 195 768	2 308 567
Lending to the public	2 138 157	2 412 025	2 594 996	2 891 994	3 249 522

¹⁾ Year 2004 includes a non-recurring item relating to change to deferred tax liability

Capital adequacy of the Group

Risk-weighted commitments (EUR millions)

Risk rating	Assets		Off-balance sheet items		Risk-weighted commitments	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004	31 December 2005	31 December 2004
0%	580.5	510.7	119.3	104.3	-	0.0
10%	345.6	177.5	-	-	34.6	17.8
20%	401.0	508.4	9.5	7.2	81.4	102.7
50%	2,248.0	1,970.6	22.3	20.2	1,130.8	991.5
100%	975.7	905.4	89.6	95.7	1,030.4	963.7
Derivatives, nominal			3,433.8	1,356.4	8.5	6.8
Total	4,550.7	4,072.7	3,674.5	1,583.8	2,285.7	2,082.4

Capital base of the Group

(EUR millions)	31 December 2005	31 December 2004
Tier 1 capital		
Share capital	70.6	70.6
Ordinary reserve	8.1	8.1
Share premium account	1.9	1.9
Profit brought forward	117.8	104.4
Profit for the period	37.0	22.2
Minority interest of the capital	6.3	0.6
Intangible assets	-2.7	-3.6
Dividend reserve for the year of the financial result	-14.1	-8.8
Total	224.9	195.4
Tier 2 capital		
Fund at fair value	7.7	0.0
Lower Tier 2 capital (debenture loans)	112.4	97.7
Total	120.2	97.7
Capital requirement for market risks	0.0	0.0
	345.1	293.1
Total capital base		
Capital adequacy, %	15.1%	14.1
Tier 1 Capital ratio, %	9.8%	9.4

Basis of calculation for key figures

The items in the profit and loss account in the five-year report — applicable net interest income, net income from administrative properties and other operating expenses for 2001–2004 — have been corrected to match the format of the profit and loss account that has been valid since 2005.

Turnover

The sum of interest income, income from equity instruments, net income and expenses from commissions, net profit from securities trading and currency dealing, net income from financial assets that can be sold, net income from administrative properties and other operating income.

Profit/share

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

Equity per share

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

Dividend per share

Dividend proposed by the board to shareholders per share.

Dividend per profit

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

Total return on assets (ROA)

Net operating profit in relation to the average balance sheet total.

Return on equity (ROE)

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

Capital adequacy

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

Risk-weighted commitments

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

Capital adequacy ratio

Ratio of total capital, i.e., first and second-tier equity, to risk-weighted commitments in accordance with regulation 106.6 issued by the Financial Supervision Authority.

First-tier equity ratio

Ratio of first-tier equity to risk-weighted commitments.

Cost/income ratio, C/I figure

The sum of administrative costs, depreciations and general operating expenses in relation to the sum of the total net income from financial operations, the income from equity instruments, net income and expenses from commissions, net profit from securities trading and currency dealing, net income from financial assets that can be sold, net income from administrative properties and other operating income.

Proposal for distribution of profit

The equity available for distribution for the parent company is EUR 87,250,974.25 and for the group EUR 91,513,098.18. The number of dividend-entitled shares is 35,298,050.

The Board of Directors proposes to the Annual General Meeting of the shareholders of Aktia Savings Bank plc that EUR 0.30 per share be distributed to

shareholders or at total of EUR 10,589,415.00. The dividends will be recorded on 4 April and paid out on 11 April.

In addition, the Board of Directors proposes an anniversary dividend of EUR 0.10 per share, which would be paid out in conjunction with the anniversary festivities in autumn. The dividend will be recorded on 20 October and paid out on 27 October 2006.

Helsinki, 28 February 2006

The Board of Directors of Aktia Savings Bank plc

Kaj-Gustaf Bergh
Chairman of the Board

Dag Wallgren
Vice Chairman

Hans Frantz

Lars-Olof Hammarén

Lars-Erik Kvist

Carola Teir-Lehtinen

Nina Wilkman

Mikael Ingberg
Managing Director

Auditor's report

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

We have audited the accounting, the financial statements and the corporate governance of Aktia Savings Bank p.l.c. for the financial year ended December 31, 2005. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

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

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

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

Helsinki, 3 March 2006

OY JOE SUNDHOLM & CO AB
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Statement by the Board of Supervisors

The Board of Supervisors has compiled the final accounts, the consolidated accounts and the audit report for 2005 and recommends that the final accounts and consolidated accounts be accepted.

(Approved at the meeting of the Board of Supervisors on 13 March 2006)

The Board of Supervisors

Henry Wiklund, Chairman of the Board of Supervisors (in office until 2006), Managing Director, M.Sc. (Econ), Chamber Counsellor

Bo Forsslund, Deputy Chairman (2006), First Vice Chairman at FöreningsSparbanken AB (publ)

Margareta Pietikäinen, Deputy Chairman (2007), M.A.

Henrik Sundbäck, Deputy Chairman (2006), Consultant, M.Sc. (Agriculture and Forestry)

Lorenz Uthardt, Deputy Chairman (2008), M.Sc. (Pol.), Agrologist, Honorary Councillor

Bo-Gustav Wilson, Deputy Chairman (2007), Audit Manager, M.Sc. (Econ.)

Harriet Ahlnäs (2006), Principal, M.Sc. (Eng.)

Johan Bardy (2008), Attorney-at-Law, LL.M.

Sten Eklundh (2007), M.Sc. (Econ)

Kurt Forsman (2008), M.Sc. (Agriculture)

Christina Gestrin (2008), Member of Parliament, M.Sc. (Agriculture and Forestry)

Christoffer Grönholm (2006), Administrative Director, D.Soc.Sc.

Torbjörn Jakas (2007), Managing Director, M.Sc. (Econ)

Kari Kyttälä (2006), LL.M.

Patrik Lerche (2008), Managing Director, M.Sc. (Econ)

Per Lindgård (2006), Teacher

Kristina Lyytikäinen (2008), Private Entrepreneur, B.A. (Social Sciences)

Håkan Mattlin (2008), Administrative Director, M.Sc. (Pol.)

Clas Nyberg (2007), M.Sc. (Eng.)

Jorma J Pitkämäki (2008), Director of Development

Henrik Rehnberg (2006), Farmer, Engineer

Gunvor Sarelin-Sjöblom (2007), M.A.

Peter Simberg (2008), Agrologist

Carl Eric Stålberg (2007), Chairman of the Board of Directors in FöreningsSparbanken AB (publ), M.Sc. (Econ)

Maj-Britt Vääriskoski (2007), Financial Director

Lars Wallin (2007), Office Manager

Carl Johan Westman (2006), Professor, D.Sc. (Agriculture and Forestry)

Leo Wistbacka (2006), M.A.

Ann-Marie Åberg (2007), Physiotherapist

Marianne Österberg (2008), Administrative Director, LL.M.

Administrative principles – Corporate Governance

General information on the corporate governance of Aktia Savings Bank plc

The following pages provide further information on the group's administrative bodies and affairs with reference to management, independence and transparency in its operations (Corporate Governance). The members of the Board of Supervisors and Board of Directors of the bank, as well as the bank's managing director and other members of the Executive Committee, are presented on pages 25–27 of the bank's annual report "Aktia in 2005".

Aktia Savings Bank plc has announced its intention to list the company's shares on the stock exchange and has undertaken to follow the stock exchange's rules on publication of information. The bank complies with the recommendation regarding the publication of information as per the recommendation regarding the administration and control systems of listed companies, which has been issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers (TT).

Regulatory framework

Aktia Savings Bank plc is governed in compliance with the Credit Institutions Act and the Act on Commercial Banks and Other Credit Institutions Organised as Limited Companies. The subsidiaries are managed in accordance with applicable legislation, such as the Mortgage Bank Act, the Mutual Funds Act and the Securities Companies Act. The regulations on corporate administration, which can be found on Aktia's web site at www.aktia.com, are also included in the bank's Articles of Association and the rules of procedure adopted by the Board of Supervisors and Board of Directors that define the areas of responsibility of the individual administrative bodies in more detail.

Annual General Meeting of Shareholders

Ordinary annual general meetings are held annually before the end of May on a date set by the Board of Directors.

Ordinary annual general meetings deal with:

- the final accounts for the previous financial year
- payment of dividends
- discharge from liability for the members of the highest administrative bodies
- fees for the Board of Supervisors and the auditors
- election of members of the Board of Supervisors
- election of auditor(s)

The meeting may also deal with other matters mentioned in the summons.

Summons to an annual general meeting is communicated to shareholders through announcement in one or more of the daily papers specified by the

Board of Directors with general circulation in Finland. The summons must include details of matters to be discussed at the meeting.

In order to be able to participate in an annual general meeting, a shareholder must inform the bank by the specific date stated in the summons. This date may be a maximum of ten days prior to the annual general meeting.

Extraordinary general meetings are held under the conditions mentioned in the Articles of Association.

The bank's press release from the most recent Annual General Meeting can be found on Aktia's web site at www.aktia.com.

The Board of Supervisors

The duties of the Board of Supervisors

The Board of Supervisors is responsible for the administration of the bank and reports on the bank's final accounts and audit report at the bank's ordinary Annual General Meeting of Shareholders. The Board of Supervisors makes decisions on matters that are related to the significant restriction or expansion of activities. The Board of Supervisors also appoints the bank's Board of Directors and can advise the Board of Directors in matters that are of special importance or fundamentally vital. The Board of Supervisors also appoints the bank's Managing Director.

During 2005, the Board of Supervisors met four times, its presiding officers four times and its Controlling Committee once.

Appointment of the Board of Supervisors and fees

The Board of Supervisors, which consists of no more than thirty members, is appointed by the bank's ordinary Annual General Meeting of Shareholders for a term of office of three years. No person who turns 65 before the beginning of the term can be elected to serve on the Board. Within the Board of Supervisors, there are presiding officers and a Controlling Committee. The remuneration payable to the members of the Board of Supervisors is determined by the Annual General Meeting of Shareholders. The fees established by the 2005 annual general meeting consist of an annual fee and an attendance fee. The fees vary in scale for the chairman, deputy chairman and members. Details on the remuneration paid can be found in note 4.2 in the Group's official final accounts.

Board of Directors

The duties of the Board of Directors

The Board of Directors is responsible for the management of the bank in accordance with the provisions of the applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board

of Directors to its members in individual cases, board members do not have individual duties related to the governance of the bank.

The Board held 16 meetings in 2005 and the average attendance was 92%.

The rules of procedure for the Board of Directors

The rules of procedure established by the bank's Board of Supervisors contains more detailed rules on the Board's general duties, meeting procedures, meeting minutes, ordinary meeting business, preparation and reporting of the matters dealt with at Board meetings and on reports from the Executive Committee to the Board of Directors and from the Board of Directors to the Board of Supervisors.

Appointment of the Board and fees

The members of the Board of Directors are appointed by the bank's Board of Supervisors for one calendar year at a time. No person who turns 65 before the beginning of the term can be elected to serve on the Board. In 2005, the Board of Directors consisted of 7 board members, of which Robert Charpentier left his post after his term of office was over due to his having retired from his main occupation. Apart from Lars-Erik Kvist who declined to be re-elected due to retiring, the remaining members of the bank's Board of Supervisors were re-elected for 2006; Lars Hammarén and Nina Wilkman were appointed as new members of the Board.

In 2005, remuneration totalling EUR 30,360 was paid for serving as chairman of the Board of Directors; and, for serving as a board member, a sum varying between EUR 16,300 and EUR 16,860, based on varied levels of attendance fees for the different members, was paid out. This remuneration has been provided as cash. Board members that are employed by both FöreningsSparbanken (Robert Charpentier and Lars-Erik Kvist until their retirement) do not collect any remuneration for being on the Board.

Board members do not participate in share-based incentive schemes.

The independence of board members

As per the Board's evaluation, all board members, as referred to in HEX, the Central Chamber of Commerce and TT's Corporate Governance recommendation, are independent in relation to the bank.

Managing Director

The Managing Director shall see to the bank's day-to-day management in accordance with the instructions issued by the Board of Supervisors and the Board of Directors. The Managing Director is appointed by the bank's Board of Supervisors, the presiding officers of which establish the salary, pension benefits, notice terms and other terms of employment for the Managing Director. During 2005, the Managing Director received a cash salary worth a total of EUR 300,030.18. In

addition, benefits in kind worth EUR 34,982.88 were received.

The period of notice specified in the Managing Director's employment contract is 18 months on the part of the bank and 6 months on the part of the Managing Director.

The retirement age for the Managing Director is 60 years. On reaching retirement age, the Managing Director receives a pension of 60% of the pensionable salary.

Executive Committee

The Executive Committee is involved in making decisions on the bank's current business operations in accordance with the corporate governance instructions for the Group's business operations issued by the bank's Board of Directors. Certain matters related to lending and the handling of the Group's financing, liquidation and market risks as well as administration of office activities are dealt with by committees appointed by the Executive Committee from within its ranks.

The members of the Group's Executive Committee, with the Managing Director as chairman, are appointed by the Board of Directors of the bank. The fringe benefits for members of the Group's Executive Committee are established by the Board of Directors of the bank. The salaries of the members of the Board of Supervisors are paid in cash.

The Executive Committee convened fifty-one times in 2005.

For 2006, a bonus system has been created which, depending on the bank's operating profit, may provide the Managing Director and the other members of the Group's Executive Committee with a bonus of up to three monthly salary payments. Both the Managing Director and the other members of the Group's Executive Committee are also members of the Group's personnel fund.

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

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

As per the bank's articles of association, the members of the Board of Directors are required to inform the Board of Supervisors of their involvement in the administration of any other companies. The Managing Director may join the administrative bodies of other companies only with express permission to do

so. The most important positions of the members of the Board of Directors and Board of Supervisors in other organisations and foundations are listed on pages 26–27 in the bank’s annual report “Aktia in 2005”.

Credit applications by members of the Board of Directors, the Managing Director and members of the Board of Supervisors are always processed by the Board of Directors, irrespective of the amounts involved. Details on the loans granted can be found in note 4.3 in the Group’s official final statement.

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

Insider administration

In addition to the obligatory regulation of insider issues in credit institutions, Aktia Savings Bank plc applies insider rules corresponding to the model rules of the Finnish Association of Securities Dealers.

According to the bank’s insider rules, information on a person is entered in the bank’s insider register as required by the Securities Market Act and the Financial Supervision Authority. The members of the Board of Directors, the Managing Director and the Executive Committee are entered in the bank’s insider register, meaning that their holdings of shares in listed companies are public information. Public disclosure is a way of ensuring that no abuse of market information can take place. Furthermore, the right of people recorded in the bank’s insider register to themselves trade in securities is limited, for instance, in such a way that purchase and sale transactions (or sale and purchase transactions) involving the same securities may not take place with less than a month’s interval.

Audit

Every year, the ordinary annual general meeting appoints one or two auditors for the bank. The auditor must be authorised by the Central Chamber of Commerce.

Over the last few years, the Annual General Meeting has elected to appoint one auditor only, which has been the Joe Sundholm & Co Ab association of auditors, a subsidiary of PricewaterhouseCoopers Ab, and which is authorised by the Central Chamber of Commerce. **Jan Holmberg**, also authorised by the Central Chamber of Commerce, has operated as the auditor-in-charge. Apart from a bank giro account, neither the association of auditors nor the auditor-in-charge has any customer relationship with the bank.

In 2005, a total of EUR 150,539.50 in remuneration (excluding VAT) was paid out to the auditors for auditing the accounts of the Group's companies. This sum includes fees for the audit of the mutual funds and PricewaterhouseCoopers’ fee for auditing the bank’s subsidiary in Luxembourg. For services other than audits, companies in the Group paid fees to PricewaterhouseCoopers totalling EUR 33,866.50 (excluding VAT).

Internal audits

The internal audit at the bank has been set up as an independent unit, which is administratively subordinate to the bank’s Managing Director. The bank’s Board of Directors makes decisions on employment and dismissal of the manager of the bank’s internal audit, whose terms of employment are approved by the chairman of the Board of Directors. Every year, the board establishes an activity plan for the internal audit.

The internal audit regularly reports its observations to the Board of Directors, the Board of Supervisors’ Controlling Committee, the external auditors and the Financial Supervisory Authority.

The internal audit also examines the activities of the subsidiaries and reports to the boards of each subsidiary.

Risk management

Information on the bank’s risk management can be found above on pages 6–8.

Share capital and ownership

Information on share capital and ownership can be found on page 24 of the bank’s annual report “Aktia in 2005”.

Shareholders' agreements

Aktia Savings Bank plc has used the following stock exchange releases, which can be found on Aktia’s web page at www.aktia.com (In English > Group Information > Corporate Governance), to report on shareholders’ agreements that the company is aware of.

- 25.10.2000 Helsinki and Espoo thrift-promoting foundations become part of the Helsinki Savings Bank Foundation and the Espoo-Kauniainen Savings Bank Foundation
- 25.3.1999 Agreement between shareholders comes to an end
- 11.2.1997 Aktia issues debenture loan and bonds
- 19.12.1996 Agreement between owners of Aktia

