Aktia

We see a person in every customer.

CONTENTS

AKTIA IN BRIEF

Aktia is a Finnish-owned finance group. The Group offers a wide range of solutions covering banking, asset management, insurance and real estate agency services. Aktia's activities are concentrated in the coastal regions of Finland and the growth centres in the interior. Aktia's customer base of over 300,000 customers are served by nearly 1,400 employees at 72 branch offices and via the Internet and telephone. Aktia's shares are listed on Nasdaq OMX Helsinki Oy

AKTIA

BANKING BUSINESS
Financial services for private and corporate customers

ASSET MANAGEMENT
Asset management for private customers, institutions and communities

INSURANCE
Life and non-life insurance for private and corporate customers

REAL ESTATE AGENCY SERVICES
Real estate agency services for private and corporate customers

HISTORICAL OVERVIEW OF AKTIA

1825–1925

1825
Helsinki Savings Bank (HSb) founded

1826
Business operations started

1921
Verdandi starts to sell life insurance

1925
Mutual Savings Associaton Svensk-Finland is founded

1985–1990

1987
HSb and other savings banks found Finland's first mutual fund management company, Sp Fund Management

1991–1995

1991
Aktia Savings Bank founded though merger of eight savings banks

1992
Savings banks in Porvoo and Vaasa merged with Aktia

Aktia Fund Management Oy Ab, founded

1993
Aktia acquires Sp Fund Management

1995
Aktia's first large-scale share issue carried out

1996–2000

1996–1997
Aktia becomes central financial institution to local savings (1996) and cooperative banks (1997)

1997
Aktia Asset Management founded

Internet bank introduced

2001–2005

2001
Aktia decides to remain an independent bank and co-operation with Pohjola is rejected

Aktia Real Estate Mortgage Bank Plc founded

2005
Aktia's real estate agency operations and Aktia Card & Finance founded

2006–2010

2007
Aktia acquires Veritas Life Insurance

Aktia Corporate Finance founded

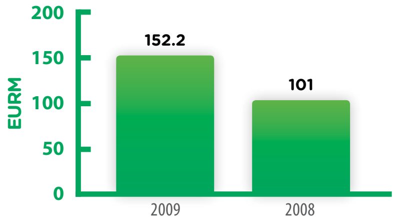
2008
Aktia acquires Kaupthing Finland's asset management operations

2009
Veritas Mutual Non-Life Insurance merges with Aktia

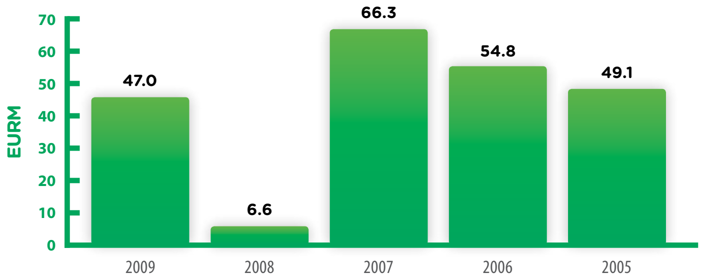
Aktia's shares listed

FINANCIAL SUMMARY

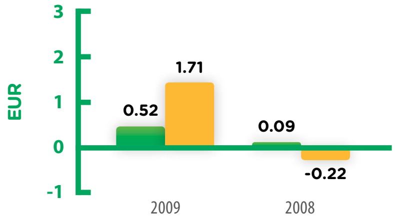
NET INCOME



OPERATING PROFIT



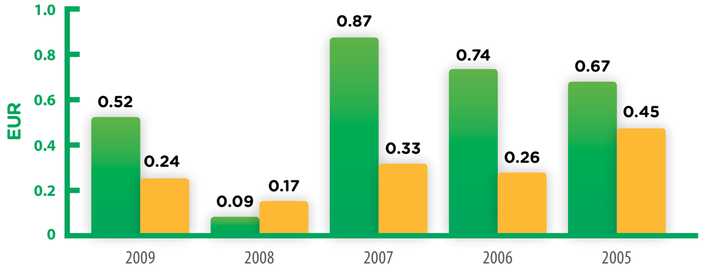
EARNINGS PER SHARE EXCL. AND INCL. FUND AT FAIR VALUE

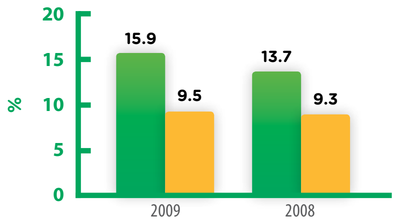


Earnings per share (EPS)

Earnings per share excluding negative goodwill recorded as income and including the fund at fair value

EARNINGS AND DIVIDEND PER SHARE

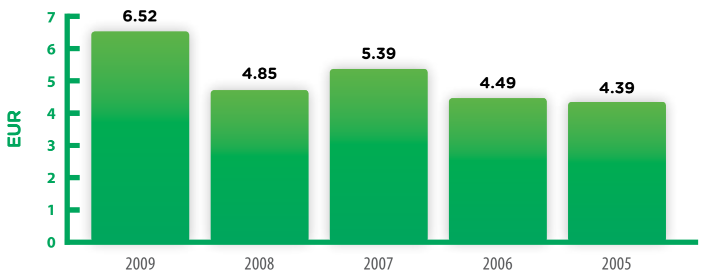




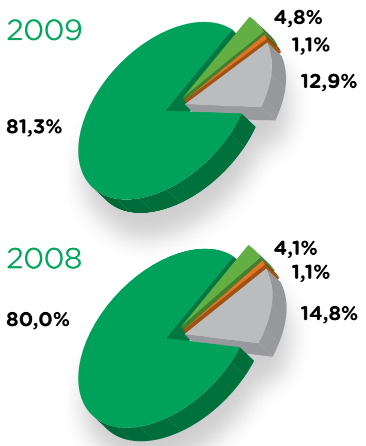
Capital adequacy ratio, %

Tier 1 capital ratio, %

EQUITY PER SHARE, NAV



CREDIT STOCK BY SECTOR, %



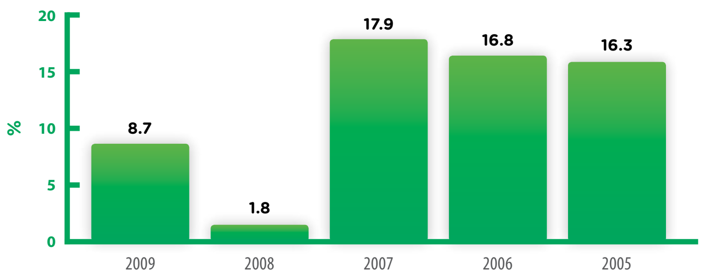
Households

Housing associations

Public sector entities and non-profit organisations

Corporate

RETURN ON EQUITY, ROE



IMPORTANT EVENTS

MERGER IMPLEMENTED

The merger with Veritas Non-Life Insurance was implemented at the year-end 2008/2009. Veritas Non-Life Insurance changed its name to Aktia Non-Life Insurance and 70,000 customers received Aktia shares by way of compensation for the merger. The number of shareholders in Aktia thus rose from 659 to over 70,000, approximately 50,000 of which have registered their shares in the book-entry system.

AKTIA IS LISTED

Aktia's long journey towards becoming a listed company came to an end on 29 September 2009 when the company was listed on the stock exchange. Aktia had been working towards such a listing on the Helsinki exchange since 1995. The listing provides the shareholders with a market place for trading in Aktia's shares. In terms of the number of shareholders, Aktia is one of the largest corporations listed on the Helsinki exchange.

HIGHER PROFILE IN MEDIA

Efforts to strengthen the Aktia brand were considerable during the year. The number of logos was reduced and Aktia's offices were fitted out with new signage in the spring to create a uniform appearance. Before the listing on the stock exchange, Aktia launched a new website and invested in increasing its profile in the media.

INSURANCE SALES REORGANISED

Insurance sales were reorganised by merging the sales divisions of Aktia Life and Non-Life Insurance. The cost structure of Aktia Non-Life Insurance was adjusted in line with the prevailing market situation and the foundations were created for stable development in the company.

RATING UNCHANGED

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service was confirmed as the best classification, P-1, for short-term borrowing. The credit rating for long-term borrowing is A1 and that for financial strength C. All ratings have a stable outlook.

THREE COVERED BONDS ISSUED

Aktia Real Estate Mortgage Bank plc issued three covered bonds during the period. In February, a bond of EUR 125 million was issued with a floating interest rate and three-year maturity. In June, a second bond of EUR 600 million was issued with a fixed interest rate and five-year maturity and a third bond was issued in October worth EUR 150 million with a fixed rate and a maturity of approx. 3 years.

NEW MEMBER OF THE GROUP'S EXECUTIVE COMMITTEE

Barbro Karhulahti was appointed as a new member of the Executive Committee, replacing Merja Sergelius in November 2009. Karhulahti is responsible for some branch office activities as well as certain central functions. Sergelius is now banking director for the Helsinki Central group of branch offices.

CEO'S OVERVIEW

From an economic perspective, last year will be described as one of the more dramatic periods in decades. The turbulence on the financial market in 2008 resulted in a sharp downturn in the real economy in 2009.

After a long period of strong growth in the first half of the decade, economic activity in the developed countries of Europe and North America stalled and GDP fell. The central banks responded quickly to the weakened markets by reducing key interest rates and improving banks' access to liquidity. In the autumn of 2009, these economies started to stabilise, but economic growth remains far from robust. At the same time, government finances around the world have deteriorated as most countries have tried to offset declining consumption and investment in the private sector by boosting public sector investments. Declining economic activity has also led to lower tax revenues and a larger debt burden. Countries in the West now face considerable challenges as a result of the elevated debt burden in the public sector and the problematic demographic trend towards an aging population, with more and more people retiring from the workforce.

Finland has experienced the same negative economic developments as the other countries in the West. At the beginning of the crisis our debt burden was relatively low. But, with a fast falling ratio of working people to pensioners, we are not in a position to increase public sector debt easily. The hope is that the private sector will return to growth and start investing again. Unfortunately, it looks as if unemployment will continue to rise for a while despite the fact that the economy is now recovering.

SUCCESSFUL YEAR

Aktia weathered the crisis relatively well. Despite increased loan loss provisions in our corporate loan portfolio and weak growth in the non-life insurance business, Aktia achieved good results for 2009. Strong net interest income and improved profitability in the life insurance and real estate agency businesses, combined with higher commission income, made for a satisfactory result last year.

A new era was ushered in when the Aktia finance group, encompassing banking, asset management, insurance and real estate agency services, was listed on the Nasdaq OMX Helsinki exchange at the end of September. After many years of planning and working towards the listing, we were ready to take our place on the exchange. As well as being one of the few finance groups in Finland that are Finnish-owned, we also have one of the highest numbers of shareholders of any listed company in the country.

GOOD FOUNDATIONS FOR PROFITABLE GROWTH TO CONTINUE

Aktia grew during 2009. The common Group strategy One Aktia, which is reflected in our service commitment "Aktia sees a person in every customer" started to bear fruit. We raised our media profile and were able to gain market share in nearly all of our strategic segments by offering complete solutions that are valued by customers. Aktia is there to help customers with their finances, both now and for the future. In order to safeguard this role, we have introduced the Aktia Dialogue initiative. This encompasses a personal discussion held with the customer concerning their overall situation to make sure that all of the customer's needs regarding savings, housing and security can be met.

Our strong regional presence, our customer-oriented complete solutions, our cross-selling potential and our marketing efforts provide all the foundations for continued growth and stable financial performance in 2010. Thanks to the increased sales of non-life insurance to private customers and the efficiency measures taken in the non-life insurance company we ought to achieve a positive financial result for the non-life insurance business in 2010. Our stability, good liquidity and strong refinancing back up our plans for growth.

AKTIA IS ADDRESSING CUSTOMERS' NEEDS

Aktia launched a new website in 2009. Investments in e-services for retail customers increased. Our aim is for our online services to complement the personal service that customers receive at our 72 branches.

In keeping with the new law on bound long-term savings, Aktia will be offering some simple and favourable package solutions for monthly pension savings as a new addition to our services in 2010. These will be based on the customer's need for returns and their propensity for risk-taking. Customers will have the opportunity to choose their pension solutions themselves from Aktia's wide range of financial products – in accordance with their needs.

SKILLED AND MOTIVATED STAFF

Several independent surveys show that Aktia staff are among the best when it comes to customer service in Finland. We are continuously investing in staff training and want to ensure that Aktia staff are specialists in their field and that they are happy in their work. Without a skilled and motivated staff we would be unable to achieve our vision of being the best at helping our customers improve and safeguard their finances and of being the customer's number one choice in the areas we operate in. I would like to extend my sincere thanks once again to each and every member of staff for all the good work you have done for our customers and One Aktia. And I would like to thank our customers for placing their confidence in us – we are doing our very best to earn your continued confidence in the future.

Helsinki, March 2010
Jussi Laitinen

ONE AKTIA

Aktia has evolved from an amalgamation of local savings banks into a listed finance group. The Group offers complete banking, asset management, insurance and real estate agency services to private and corporate customers.

MISSION

To develop and sell customer-oriented banking and insurance services and create added value for our customers, shareholders and the local community.

VISION

To excel in helping our customers improve and safeguard their finances and be the customer's number one choice in the areas we operate in.

CORE VALUES

Our core values form the basis of what we believe is right and where we believe our priorities should lie. These values also govern our actions.

RESPONSIBILITY

We adopt a responsible approach to our customers, shareholders and our local community by acting profitably, reliably and ethically.

CUSTOMER CLOSENESS

The staff at our local branches provide personal customer service in a respectful manner.

SECURITY

We provide our customers with security and ensure, by means of controlled risk-taking, that Aktia is a secure employer and partner.

INDIVIDUALITY

We respect each individual – customers and colleagues alike. A feeling of affinity with the company, expertise and job satisfaction are important cornerstones of One Aktia.

ACTIVE APPROACH

We have a current, active approach; we are dedicated.

STRATEGIC CHOICES

ONE AKTIA

Our aim is to develop a common approach to addressing the needs of our customers. We have chosen a centralised group management model and brought together all our subsidiaries under one brand to create synergy effects. Local decision-making continues to be our strength.

GEOGRAPHICAL SCOPE OF ACTIVITIES

We operate in Finland's bilingual coastal region and in selected cities.

ORGANIC GROWTH

Our aim is to generate growth through cross-selling and increasing sales to existing customers and through new sales, particularly in the larger cities of Helsinki, Oulu, Tampere and Turku.

COMPETITIVE ADVANTAGE THROUGH RELATIONSHIP-DRIVEN SALES

Aktia's competitive advantage lies in the dialogue between customers and staff, and in the availability of its services. Our ambition is to be the market leader in customer care in both of Finland's national languages. We aim for relationship-driven sales that are based on the customer's needs.

COOPERATION WITH OTHER PLAYERS

We cooperate extensively with savings and local cooperative banks in order to reduce costs. Veritas Pension Insurance is an important cooperation partner when it comes to solutions for our corporate customers. We also engage other cooperation partners to distribute the Group's products.

STRATEGIC STEPS 2009

The strategic work that began in 2008 has continued, with involvement and commitment from the entire staff. Objectives and measures have been defined at unit level.

At the beginning of the year, the most significant strategic step was the merger with Aktia Non-Life Insurance together with efforts to integrate operations. The sale of the Group's corporate insurance products has been concentrated in the non-life insurance company and certain administrative functions have been reorganised to further develop customer service and improve cost efficiency.

The merger was also an important driving force behind the stock exchange listing which was implemented after many years of planning. In conjunction with the restructuring and the merger, the approximately 70,000 customers of Aktia Non-Life Insurance became shareholders in Aktia. The aim here was to provide customers with an opportunity to trade shares on the stock exchange. The listing was purely technical in nature, and the intention was not to create new capital or to sell shares. Trading in Aktia's A and R shares began on the Helsinki exchange on 29 September 2009.

The development of the Aktia Dialogue concept is a key element of our customer focus strategy. Over 20,000 customers have had their requirements comprehensively mapped by their contact person at Aktia.

Broadened expertise among staff and enhanced leadership skills have been highlighted as important focus areas and considerable investment has been undertaken in training. Support functions have continued to be developed in order to harmonise operations and make them more efficient.

Efforts to improve Aktia's profile have been successful. The media campaign in the autumn of 2009 clearly boosted awareness of Aktia. The integration of the various operations has generated synergy effects, including in terms of the strength of the brand. Communication with customers, shareholders and investors through one brand creates added value for both the recipient and Aktia.


The listing imposes
new demands on the
organisation

PROFITABLE GROWTH

The merger with Veritas Non-Life Insurance and the acquisition of Kaupthing Asset Management has contributed to growth, boosted the company profile and created a broader product portfolio. It has also strengthened Aktia's position as a national finance group.

POSITIVE FINANCIAL PERFORMANCE

The operating profit of Aktia Group increased during 2009 to EUR 47.0 million (EUR 6.6 million). This improvement is primarily attributable to strong net interest income of EUR 152.2 million (EUR 101.0 million), which is due to a successful strategy for managing interest rate risk and an exceptionally sharp fall in interest rates. The conservative investment strategy has also played a part in these strong results.

The Group's balance sheet total increased by 10.6 per cent during the period, amounting to EUR 10,556 million (EUR 9,540 million). This increase is largely thanks to growth in the mortgage stock and the financial assets within the banking business.

Earnings per share were EUR 0.52 (EUR 0.09) and equity per share (NAV) amounted to EUR 6.52 (EUR 4.85).

A STRONG FINANCE GROUP IN THE MAKING

Due to Aktia Non-Life Insurance becoming part of the Aktia Group at the start of the year, we can now offer our customers a complete range of banking, asset management, insurance and real estate agency services.

Much work has been done on integrating the non-life insurance business into the Group. We have also worked hard to be able to offer considerable benefits to customers who concentrate their banking and insurance business with Aktia.

Aktia Non-Life Insurance has been insuring private households and companies since 1925. The company's geographical area of operation coincided with that of the Aktia Group, which enabled the merger and the consolidation of branch offices to take place smoothly. The integration has resulted in increased sales and higher customer activity.

The business operations of Kaupthing Asset Management were acquired on 1 December 2008. The business, now known as Aktia Invest, is primarily responsible for sales, investment advice and brokering of investment products to institutional investors.

At the year-end, the volume of products brokered for customers totalled approximately EUR 2 billion. The unit provides investment solutions based on the customer's requirements. A suitable product is chosen for the customer, most often a fund, which can be one of Aktia's own funds or one chosen from a large selection of third-party funds.

Aktia Invest has made a crucial contribution to our steadily rising share of the fund market, one of Aktia's strategic goals, and to our competitiveness in the field of investment advice for institutions and wealthy individuals.

TURN IN THE INVESTMENT MARKET

During the spring, the OMX Helsinki 25 index increased by 28.3 per cent. In parallel with the positive trends in the investment market, customers' interest in converting assets primarily to funds increased. The positive trends in the share market could clearly be seen in Aktia's branches in terms of the number of subscriptions to funds. As the turbulence on the financial markets died down, this also had an impact on the value of investment portfolios.

GROWTH IN HOUSING LOANS AND LINES OF INSURANCE CHOSEN

The share of the housing loan market remained stable with a small increase to 4.23 per cent. Aktia's total lending to households, including mortgages brokered by Aktia, increased by 9.3 per cent to EUR 3,658 million (EUR 3,346 million). The average margin for new lending of housing loans was 1.03 per cent (0.60%) at the end of the year, which will have a positive impact on net interest income in the longer term.

The unit-linked life insurance stock increased from EUR 150 million to EUR 210 million.

Premium income within Aktia Non-Life Insurance increased by approximately 4 per cent. This increase is considerably higher than the market average.

INCREASED CUSTOMER CLOSENESS

In 2009, Aktia concentrated on customer care and harmonising the way we address our customers' needs. We developed new customer benefits and launched a new concept based on open dialogue with customers.

FOCUS ON THE CUSTOMER RELATIONSHIP

In conjunction with the Veritas Non-Life Insurance merger, non-life insurance was added to our range of products. Today, we can offer our customers everything from banking services and asset management to insurance and real estate agency services, all under one and the same roof. We provide our customers with complete solutions, map and listen to their needs – we hold an Aktia Dialogue.

Customer care lies at the heart of the new Aktia Dialogue concept. The aim is to map our customers' life situation, economic needs and values so that we can together find the products and services that meet the customers' requirements, both now and in the longer term.

Local presence and personal service are two important mainstays of our operations. For us, local presence means that decisions concerning the individual customer are made in the place where the customer is known best. This personal service and availability has been improved by the fact that most of our branches have extended their opening hours until 6.00pm on Wednesdays.

NEW CUSTOMER BENEFITS

In 2009, we put together a package of new customer benefits to be able to better address customer needs. These new benefits, for customers that concentrate their banking and insurance business with Aktia, or customers who are new to Aktia, encompass our entire range of services. In conjunction with updating our benefits packages we also overhauled our service commitment.

SERVICE COMMITMENT

Aktia sees a person in every customer. We want to offer the best possible customer service and build up our solutions so that they fit in with the customer's life situation. Our service commitment has been drawn up in order to support this objective.

- All correspondence received via the online bank's message system and e-mail messages will be answered within one working day
- All phone calls will be answered promptly and always by a real person
- Customers get their own contact person if they so wish
- We provide banking, asset management, insurance and real estate agency services that meet the customer's individual requirements

HIGHER DEMAND THROUGH INCREASED PROFILE IN MEDIA

In conjunction with the stock exchange listing in September 2009, a extensive measures were taken to increase the company's profile in the media. This doubled the spontaneous recognition of Aktia as financial supermarket. Aktia also launched new web content in the autumn. Today, all of our services are presented under one roof, including on the Internet.

Our increased presence in the media and public awareness of Aktia increased demand on services. The number of the Group's new private customers increased by approx. 5 per cent and that of corporate customers by approx. 9 per cent. Aktia's market share in housing loans was 4.23 per cent and that for borrowing 2.8 per cent.

Use of the online bank is constantly increasing, among both private and corporate customers. Just over 115,000 of our private and corporate customers manage their payments and daily banking using the Internet bank.

The increased use of electronic channels imposes higher demands on the functionality and availability of the web services. During coming years we will be investing in developing our web services further. Our aim is to serve our customers in the best possible way both in branch, over the phone and online.

CUSTOMER NEEDS AND CUSTOMER SURVEYS

To guarantee top quality customer service and targeted product development, we actively follow up on customers' opinions concerning our products and services. We commission comprehensive customer and consumer surveys and organise panel discussions with both customers and non-customers at regular intervals.

An example of this is a survey on Finnish peoples' views on long-term savings made in the autumn. The results from this survey were used in our planning of new products for long-term savings.

Over 20,000 Dialogues
were held in 2009

BROAD SKILLS

To expand expertise in the Group, Aktia launched a comprehensive and long-term leadership training programme in 2009. The training programme is based on the Group's strategic objectives and values and its aim is to increase mutual understanding and cooperation among the different business units.

CONSTANT DEVELOPMENT OF EXPERTISE

Aktia's strategic objectives are to be achieved with the help of top-quality customer service and committed staff. We have chosen a centralised group management model in order to integrate subsidiaries under one brand, to create synergy effects and to develop a common approach to addressing our customers' needs. Local decision-making continues to be our strength. This imposes considerable demands in terms of staff development within the Group and also on the managers of our local branch offices in their day-to-day work.

Over several years, Aktia has grown from a local savings bank into a listed corporate bank, a finance house offering everything from banking services and asset management to insurance and real estate agency services. Between 2005 and 2009, the number of staff increased from approximately 800 to over 1,400. In conjunction with the Aktia Non-Life Insurance merger, banking and insurance offices were combined in most of the locations we operate in. This rapid development imposes new demands in terms of work, developing expertise and recruitment, and we have therefore invested in the constant development of leadership skills within the Group and in training programmes for our employees.

In 2009, a leadership programme was launched for Aktia managers in collaboration with the Swedish School of Economics and Business Administration and IFL Corporate Development. The aim of the programme is to strengthen leadership skills within Aktia and to assist managers in their strategic work and in implementing our strategy. The programme will strengthen participants' abilities to lead an organisation undergoing change and create common ways of addressing customers' needs. Through the training, we also hope to increase mutual understanding and cooperation between different business units – a strong internal dialogue that gives rise to new ideas, new inspiration and new insights. Over half of all managers in the Aktia Group took part in the training during its first year.

Ongoing and well planned training increases expertise within the Group and strengthens motivation and job satisfaction among employees. Internal inquiries show that Aktia staff are happy in their roles and feel motivated to take on new challenges within the Group. One aspect that indicates job satisfaction among employees is that absence due to sickness is extremely low in the Group. Aktia has always focused intensively on the wellbeing of its staff. Staff members are encouraged, among other things, to take part in different kinds of recreational activities through the active staff club and to take up exercise through a scheme for subsidising membership fees.

ALL SERVICES UNDER ONE ROOF

Aktia's new strategy was launched in the spring of 2009. All employees took part in launch events which were hosted by the CEO. The concept for the launch was based on interaction, cooperation and active dialogue. The events gave employees an opportunity to get to know colleagues from other parts of the country and to exchange experiences, opinions and ideas on the shared objectives and to find a common way to achieve these.

In conjunction with the merging of the banking and insurance operations at some of the local branch offices, many employees around the country now have new colleagues and new products to sell. Working in a changing environment and adapting to new circumstances requires effort, patience and flexibility. The positive attitude and commitment shown by employees helped the consolidation go smoothly. In order to increase understanding and knowledge of our operations, several training programmes on banking and insurance topics have been organised.

Our sales training focuses on providing complete solutions tailored to the customer's needs with the help of our Aktia Dialogue tool. The Dialogue tool is used to map the customer's current and future needs, and we tailor our solutions on this basis. Throughout the year, all sales managers at Aktia Bank took part in the sales training.

COST-EFFECTIVENESS AND CONTROLLED RISK TAKING

In 2009, common Group functions and risk management activities contributed to an established Group approach to risk and capital requirements, more efficient allocation of capital, persistently strong ratings and a reduction in the level of operating costs in the long term.

CENTRALISATION OF SUPPORT FUNCTIONS

A new business model based on centralised Group functions was introduced in 2009. The starting point for the model is that the Group's common operations support local operations so that the branch offices can concentrate on customer care and sales.

To improve cost-effectiveness, a systematic review of all business areas was initiated. The aim is to exploit economies of scale by centralising functions and making processes more efficient. The sales organisations within Aktia Life Insurance and Aktia Non-Life Insurance have been consolidated. Aktia increased its holding in subsidiary Aktia Card & Finance to 100 per cent and real estate agency operations were reorganised so that 12 out of 13 companies were brought together under one wholly-owned Aktia Group subsidiary. This reorganisation is expected to generate results 2010 – 2012.

LESS RISK IN THE INSURANCE COMPANIES' INVESTMENT PORTFOLIOS

During the year, the financial crisis led to a downturn in the economy, which created considerable uncertainty in all asset categories. For the insurance companies, this meant there was limited scope for action which prompted a review and reallocation of the investment portfolios. In Aktia Life and Non-Life Insurance, the upcoming implementation of the new regulatory requirements, Solvency II, has been taken into account with regards to changes in risk control and management.

Within the life insurance business, market risks have been reduced through reallocation to less volatile instruments. Throughout the year, a new strategy was developed for managing structural interest rate risk in provisions and the investment portfolio, ahead of the introduction of the new solvency rules. Structural market risk in the non-life insurance business is managed by adjusting cash flow in provisions and the investment portfolio.

SUCCESSFUL HEDGING MEASURES AGAINST INTEREST RATE RISK IN THE BANK

Aktia Bank focused on stable growth of net interest income by adopting measures to hedge against sustained low interest rates. The effect that changes in interest rate levels have on net interest income is firstly reduced by aiming for matching interest rate ties and maturity in liabilities and receivables, secondly via derivatives and thirdly by utilising investments in the liquidity portfolio.

FOCUS ON MANAGING RISK WITHIN CORPORATE FINANCE

The comprehensive downturn in the economy brought with it write-downs on corporate loans. During autumn 2008 it was decided that Aktia would no longer increase its market share in corporate finance. Individual loan approvals were restricted in 2009, with a focus on managing risk.

The objective for corporate finance was for its share of total lending to be restricted to a maximum of 15 per cent and that capital commitments should not increase. These objectives have been achieved.

BOARD OF DIRECTORS' RISK COMMITTEE

Within the framework established by the Board of Directors, the risk committee can make decisions on risk taking and risk management issues. In addition, the committee lays down measurement, limit and reporting structures for risk issues, oversees the asset management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues, and draws up risk-related matters for the Board of Directors to pass decision on.

In 2009, the risk committee drew up a new risk policy and limit structure for the Group's key risk areas based on the Group strategy and capital assets. The committee also oversaw the asset management process.


All services
under one roof

REPORT BY THE BOARD OF DIRECTORS

ACTIVITY IN 2009

- The Group's operating profit was EUR 47.0 million (EUR 6.6 million).
- The Group's cost to income ratio was 0.57 (0.65).
- The Group's profit was EUR 34.0 million (EUR 5.8 million).
- Profit per share was EUR 0.52 (EUR 0.09).
- Equity per share (net asset value) was EUR 6.52 (EUR 4.85).
- The Tier 1 capital ratio was 9.5 (9.3) and the capital adequacy ratio 15.9 (13.7).

THE GENERAL ECONOMIC SITUATION

Interest rates were at an exceptionally low level throughout 2009 and yield curves were steep. Despite the low interest rates and the steep yield curves, Aktia was able to report strong net interest income, thanks to successful risk management strategies.

The market's access to liquidity was supported by an injection of capital from public authorities and central banks with the aim of steadying the financial markets. Aktia's liquidity was supported by stable deposits and bond issues by the Mortgage Bank, and the bank did not therefore have to take advantage of assistance from the central bank. Competition for household deposits sharpened considerably in 2009 and Aktia largely maintained its market shares.

During 2009, valuation levels for investments recovered, which was also reflected in favourable development among Aktia's financial assets.

The acute financial crisis that began in the autumn of 2008 resulted in a generally higher level of loan write-downs, particularly during the second and third quarters of 2009. The small and medium sized companies among Aktia's corporate customers were particularly exposed, as were companies in the construction sector whose activities fell dramatically. By the end of 2009, signs of recovery were becoming apparent.

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought about uncertainty concerning future capital requirements.

Key figures	2009	2008
GDP growth		
World	-1.3*	3.7
EU	-3.8*	0.9
Finland	-7.5*	0.9
Consumer price index		
EU	0.3*	3.3
Finland	0.1*	4.0
Other key ratios		
Development of real value of housing in Finland	-0.3	-2.5
OMX Helsinki 25	25	-49.5
Interest rates		
ECB	1.00	4.25
Euribor 12 months	1.30	1.10
Euribor 3 months	0.70	4.50
Unemployment in Finland	**8.4***	**6.4**

* Aktia's chief economist's prognosis

INCOME

The Group's total income increased by 83.2% between January and December to EUR 233.1 million (EUR 127.2 million).

Net interest income rose in 2009 by 50.8% to EUR 152.2 million (EUR 101.0 million). The positive impact of managing interest rate risk and the exceptionally steep decline of interest rates have made a significant contribution to the net interest income. As interest rate risks are managed with an average perspective of three years, the positive outcome for 2009 can be characterised as temporary. The derivatives used by Aktia Bank to limit its interest rate risk improved net interest income to EUR 33.6 million (EUR -8.3 million). Aktia gained from its good liquidity position in the unstable situation on the financial markets. Net interest income from lending to and borrowing from customers was stable.

Net commission income increased by 12.9% to EUR 46.3 million (EUR 41.0 million). Commission income from funds, asset management and brokering increased to EUR 28.1 million (EUR 20.8 million). Card and payment services commissions rose to EUR 11.5 million (EUR 11.0 million).

The real estate agency business improved significantly during the last months of 2009 and income rose by 13.9% to EUR 8.1 million (EUR 7.1 million).

Net income from life insurance amounted to EUR 14.0 million (EUR -33.8 million). This increase primarily comes from a clear improvement in net investment income.

Aktia Non-Life Insurance, consolidated in the Aktia Group since 1 January 2009, reported a net income of EUR 15.2 million (-) from non-life insurance. Net income from the insurance business includes insurance premium income, net income from investment activities, insurance claims paid and the change in provisions. The non-life insurance company's combined ratio was 119%.

Other income reduced by EUR 13.6 million to EUR 5.4 million (EUR 19.0 million).

EXPENDITURE

The Group's operating costs increased in 2009 by 27.5% to EUR 154.2 million (EUR 120.9 million).

Rents amounted to EUR 9.4 million (EUR 5.4 million).Personnel costs increased by 30.7% to EUR 79.2 million (EUR 60.6 million) for the year.

Other administration costs increased by 16.6% to EUR 44.8 million (EUR 38.4 million). Total depreciation and write-downs on tangible and intangible assets was EUR 6.9 million (EUR 5.7 million).

Other operating costs amounted to EUR 23.4 million (EUR 16.2 million) in 2009.

The changes are primarily due to the new businesses, Aktia Non-Life Insurance and Aktia Invest, advisory fees connected with the listing on the Stock Exchange, higher requirements concerning deposit securities and increased rents.

BALANCE SHEET AND OFF-BALANCE SHEET COMMITMENTS

The Group's balance sheet total increased by 10.6% over the period and amounted to EUR 10,556 million (EUR 9,540 million at 31 December 2008). This increase in the balance sheet total is largely due to growth in the mortgage stock and the financial assets within the banking business.

The Group's total lending to the public amounted to EUR 6,061 million (EUR 5,426 million) at the end of the year, representing an increase of EUR 635 million (11.7%). Excluding the mortgages brokered by savings and local cooperative banks that the local banks are committed to capitalise, the Group's lending increased by EUR 348 million (7.9%) from the year-end. Loans to private households accounted for EUR 4,924 million or 81.3%. 86.2% of Aktia's loans to private households were secured against adequate real estate collateral under Basel 2 rules.

12.9% of Aktia's loan stock was corporate loans and 4.8% loans to housing associations.

The housing loan stock totalled EUR 4,598 million (EUR 4,036 million), of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,498 million (EUR 1,968 million). In all, housing loans increased by 13.9%. New corporate lending continued to be moderate. Loans to companies reduced by 2.7% from the beginning of the year, totalling EUR 782 million (EUR 804 million). Loans granted to housing associations increased by 31.3% during the period to EUR 289 million (EUR 220 million).

Interest-bearing financial assets available for sale increased by 16.7% to EUR 3,277 million (EUR 2,808 million). These assets mainly consist of the banking business' liquidity reserve.

Total deposits from the public, associations and credit institutions fell by 5.2% to EUR 4,754 million (EUR 5,015 million), of which, borrowing from the public and public sector entities fell by 2.2% from the year end, totalling EUR 3,029 million (EUR 3,098 million). Other refinancing increased by 29.2% to EUR 4,046 million (EUR 3,130 million). This growth is largely due to an increase in debt securities issued and repurchase agreements.

Aktia Real Estate Mortgage Bank plc issued three covered bonds in 2009. In February, a bond of EUR 125 million was issued with a floating interest rate and three-year maturity. A second bond was issued in June worth EUR 600 million with a fixed interest rate and five-year maturity. A third bond was issued in October worth EUR 150 million with a fixed interest rate and a maturity of approx. 3 years. Outstanding Aktia Bank certificates of deposit amounted to EUR 295 million at the end of the year and bonds issued by the Group EUR 2,453 million, which represents an increase of EUR 596 million during the year. Aktia Bank also issued new subordinated debts and index-linked loans with a total value of EUR 89 million.

Life insurance provisions amounted to EUR 805 million (EUR 777 million) EUR 210 million (EUR 150 million) of which unit-linked.

Non-life insurance provisions stood at EUR 119 million (EUR 110 million at 1 January 2009), including EUR 10 million (EUR 12 million at 1 January 2009) for valuation of provisions at fair value on acquisition.

Off-balance sheet commitments increased by EUR 47 million from the year-end and amounted to EUR 575 million (EUR 529 million). This increase was largely due to growth in unused credit facilities (loan promises and limits) and high liquidity commitments with the local banks.

Aktia Group's equity amounted to EUR 466 million (EUR 317 million) at the end of the period. The Group's fund at fair value amounted to EUR 43 million (EUR -36 million) and showed an improvement of EUR 80 million from the beginning of the year.

SEGMENT OVERVIEW

Aktia plc's division into business segments was changed 1 January 2009 so that the segments Retail Banking and Corporate Banking & Treasury are combined into a segment entitled Banking Business also including real estate agencies. The other segments are Asset Management, Life Insurance, Non-Life Insurance and Miscellaneous. The Miscellaneous segment includes Group administration, certain administrative functions and return on equity.

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

OPERATING PROFIT BEFORE COMMON COSTS

(EUR million)	1–12 2009	1–12 2008	Change
Banking business	84.9	54.6	55.5 %
Asset Management	3.6	4.4	-17.1 %
Life Insurance	4.0	-47.4	-
Non-life Insurance	-6.0	-	-
Miscellaneous	-2.0	20.3	-
The Group's common costs	-35.4	-24.9	42.2 %
Eliminations	-2.3	-0.4	490.1 %
Total	**47.0**	**6.6**	**611.3 %**

BANKING BUSINESS

The operating profit of the banking business before allocation of the Group's common costs increased over the year to EUR 84.9 million (EUR 54.6 million). The banking business' share of the Group's common costs was EUR 29.3 million (EUR 23.5 million).

Operating income totalled EUR 193.7 million (EUR 124.2 million). This improvement is mainly attributable to net interest income which increased to EUR 146.9 million (EUR 93.6 million). The banking business' cost-to-income ratio correspondingly improved to 0.57 (0.65).

Net commission income totalled EUR 33.7 million (EUR 29.4 million) for 2009.

Operating expenses rose to EUR 107.3 million (EUR 92.4 million). The increase in costs includes an increased payment to the Deposit Guarantee Fund as well as increased rents as a result of selling off office premises during 2008.

Sales activities are supported by the Aktia Dialogue concept whereby customers' needs are mapped out and Aktia's whole service portfolio is presented. During 2009, 20,000 Dialogues were carried out, which is expected to increase the number of total customers in 2010.

Aktia's lending to private households, including the mortgages brokered by Aktia, increased by 9.3% to EUR 3,658 million (EUR 3,346 million). Mortgage loans brokered by Aktia amounted to EUR 1,305 million (EUR 1,058 million). In addition, the savings and local co-operative banks brokered mortgages amounting to EUR 1,267 million (EUR 997 million). Aktia's market share in housing loans to households amounted to 4.23%.

The average lending margin for new housing loans was 1.03% (0.60) in December, which will have a positive impact on the net interest income in the longer term.

Total savings by households increased by 7.3% from the beginning of the year, totalling EUR 3,113 million (EUR 2,900 million). Of these, deposits were EUR 2,372 million (EUR 2,368 million) and savings in mutual funds stood at EUR 741 million (EUR 532 million).

Aktia Real Estate Mortgage Bank plc showed continued growth. The total credit stock grew by 27.2% to EUR 2,636 million. Of the credit stock, 51.1% was brokered by Aktia's branch offices and 48.9% by savings and local co-operative banks.

The operating profit of the real estate agency business developed favourably and amounted to EUR 0.9 million (EUR -1.1 million), mainly as a result of cost adjustment and more activity on the market during the second half of the year.

ASSET MANAGEMENT

Operating profit for Aktia's asset management business, before allocation of common costs, fell during the year to EUR 3.6 million (EUR 4.4 million). Asset management's share of the Group's common costs was EUR 2.7 million (EUR 1.2 million).

The operating profit for the period included non-recurring items, mainly capital losses of approximately EUR 0.5 million.

Aktia provides a wide and competitive range of services on the capital market, for both private individuals and institutions. Managed assets developed favourably during 2009. The Asset Management segment continued to focus on private banking operations and institutional investors.

Operating income, i.e. income after reversals to the Group's other units and business partners, was EUR 15.6 million (EUR 12.5 million). Operating costs increased by EUR 5.5 million to EUR 14.7 million, of which personnel costs made up EUR 8.1 million (EUR 4.8 million). This is largely due to greater investment of resources in the private banking business and institutional investment activities.

The volume of funds managed and brokered by Aktia was EUR 3,786 million (EUR 2,490 million). Aktia's market share was 7.0% (6.0%) at the end of the period - this includes the share of brokered funds. The total market is based on information from the Finnish Association of Mutual Funds.

The assets managed by Aktia Asset Management and Aktia Invest increased, thanks to an upswing in the markets, and totalled EUR 5,996 million (EUR 4,539 million). Assets managed by Aktia Invest amounted to EUR 2,100 million (-). The customer assets of Private Banking totalled EUR 926 million (EUR 738 million). The number of customers in Private Banking increased by approximately 13% in 2009.

LIFE INSURANCE

The contribution of the life insurance business to the Group's operating profit was EUR 2.7 million (EUR -47.7 million). Life insurance business' share of the Group's common costs amounted to EUR 1.4 million (EUR 0.2 million).

The segment's operating result for both the previous year and the reported period include non-recurring items that make comparison difficult. Such items include write-downs of the investment portfolio, changes in the discount rate for the interest-based provisions and capital gains from real estate holding divestments in 2008. At Group level, these non-recurring items amounted to EUR -4.3 million (EUR -14.1 million) between January – December.

Premium income was EUR 80.5 million (EUR 91.0 million). A strategic line has been drawn so that all new sales are directed against the unit link and risk insurance contributes to lower volumes of new sales. The decrease in premium income is mainly due to the fact that the sales of single premium policies were low until autumn 2009. In contrast, premium volumes from unit-linked pension insurance schemes and risk insurance policies developed favourably and increased. Of the premium volume for savings and investment-linked insurance and pension insurance, unit-linked insurance accounted for around 62%. At the end of the year, Aktia launched a new insurance product, the capitalisation agreement. The Aktia Capitalisation Agreement is a time investment-linked insurance policy, in the context of which the customer can choose different investment instruments.

Insurance claims and benefits totalled EUR 79.8 million (EUR 86.7 million). The decrease in insurance claims paid resulted primarily from a sharp fall in the surrender of single-premium policies during the second half of the year. In contrast, claims paid for pensions and health insurance increased. The loss ratio for risk insurance remained at a good level, 79% (81%).

Operating costs, including the Group's common costs, totalled EUR 13.3 million (EUR 13.4 million). Within the life insurance business, steps to streamline operations have continued, as has work to improve cost efficiency. Despite the additional expenses brought about by the modified principles for allocating the Group's administration expenses, expenses for the year are at the same level as the year before. The cost ratio stood at 100.7% compared to 99.0% for the year before. The sales organisation of the life insurance segment has been transferred to Aktia Non-Life Insurance and the streamlining measures taken have brought about certain non-recurring costs. The coordination of sales distribution is expected to bring cost benefits going forward from 2010.

The return on the company's investments based on market value was 5.6% (-9.5%). To enable stable returns on investment in the long term and to fulfil the upcoming solvency requirements, the risks in the investment portfolio have been reduced and portfolio reallocation continued. The restructuring of the investment portfolio has brought about both capital gains and losses in the form of write-downs. Net income from investment business includes write-downs of approximately EUR 22 million of financial assets.

Provisions totalled EUR 805 million (EUR 777 million), of which provisions for unit-linked insurance policies represented 26% (19%). Unit-linked provisions amounted to EUR 210 million (EUR 150 million) and interest-linked provisions amounted to EUR 595 million (EUR 628 million). During the first and second quarter 2009, the discount rate for certain elements of these provisions was increased and the average discount rate for all interest-bearing provisions was 3.6%. This increase reduced provisions by EUR 19.3 million and has a positive impact on the profit for the year. Customers with interest-linked policies who are entitled to additional benefits shall receive for 2009 a return between 2.8% and 4.5% comprising the calculation rate and customer payment . More information on the company's customer payment policy can be found on Aktia's website at www.aktia.fi.

The company's solvency improved and amounted to 14.4% compared to 8.5% at the year-end.

NON-LIFE INSURANCE

The contribution of the non-life insurance business to the Group's operating profit for 2009 was EUR -7.7 million. Non-life insurance business' share of the Group's common costs amounted to EUR 1.7 million (-).

Aktia Non-Life Insurance was merged with Aktia plc on 1 January 2009. In 2008 and in previous years, the company has applied Finnish accounting principles (FAS). In conjunction with the merger, the company has, for consolidation reasons, started applying IFRS reporting principles. An opening balance according to IFRS was prepared as at 1 January 2009. The company's opening balance according to IFRS includes equity amounting to EUR 32 million, technical provisions amounting to EUR 99 million, while the balance sheet total stood at EUR 155 million.

Insurance premium income for Aktia Non-Life Insurance increased by approximately 4% on the corresponding period last year. This increase is above the average growth in the market and is attributable to both private and corporate customers. Premium income before the reinsurers' share was EUR 66.3 million. Premium income for the period after the reinsurers' share and change of premium liabilities amounted to EUR 60.6 million. Claims expenditure amounted to a total of EUR 50.1 million.

The operating costs totalled EUR 21.7 million. This includes a total of EUR 0.9 million of non-recurring costs for the codetermination negotiations concluded during the fourth quarter. Write-downs on outstanding premiums (loan losses) for the period totalled EUR 0.7 million. The total cost ratio for 2009 was 119.0%. Restructuring costs, increased costs from the Group and a higher level of claims, primarily personal injury claims covered by motor liability insurance, contributed to a marked increase in the total cost ratio during the fourth quarter.

Net income from investment business amounted to EUR 3.8 million. The result from investment business was adversely affected by net capital losses totalling EUR -1.2 million which resulted from consciously reducing the level of risk in the investment portfolio and selling off all the company's equity investments during the first quarter. The return on the company's investments based on market value was 1.5%.

Of the non-life insurance business' total provisions of EUR 110 million (EUR 99 million at 1 January 2009), the actual provisions for paying claim benefits stood at EUR 89 million (EUR 79 million at 1 January 2009). The market value of the company's investment portfolio was EUR 129 million (EUR 131 million at 1 January 2009) and the company's risk carrying capacity was 72.4% (90.3% at 1 January 2009).

The integration of Aktia Non-Life Insurance's distribution channels into Aktia's branch office network has increased customer activity particularly in the private customer sector.

MISCELLANEOUS

The operating profit of the Miscellaneous segment was EUR -2.0 million (EUR 20.3 million) during 2009. During 2008 much of Aktia's real estate holdings were disposed of which generated capital gains. In conjunction with this divestment, rental incomes also reduced during 2009.

CAPITAL ADEQUACY AND SOLVENCY

The Bank Group's capital adequacy amounted to 15.9% compared to 13.7% last year. The Tier 1 capital ratio was 9.5% (9.3%). The year's results and higher valuations of financial assets strengthened capital adequacy.

During the first quarter of 2009, Aktia Bank sold all its shares in Aktia Life Insurance to the Group's parent company. This improved the Bank Group's capital adequacy by 1.1 percentage points. The Bank Group's capital adequacy remained at a good level, exceeding both the capital adequacy targets set internally and the regulatory requirements.

The life insurance company's operating capital amounted to EUR 86.3 million (EUR 50.4 million), where the minimum requirement is EUR 34.0 million (EUR 34.2 million). Solvency amounted to 14.4 (8.5)%.

The non-life insurance company's operating capital amounted to EUR 18.4 million (EUR 22.7 million at 1 January 2009), where the minimum requirement is EUR 13.1 million. Solvency capital was EUR 43.6 million (54.1% at 1 January 2009) and a risk carrying capacity of 72.4% (90.3% at 1 January 2009) was reported.

Capital adequacy for the conglomerate amounted to 157.4% (135.2%). The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%.

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

RATING

Aktia Bank plc's credit rating by the international credit rating agency Moody's Investors Service remained at the best classification, P-1, for short-term borrowing as at 6 January 2010. The credit rating for long-term borrowing is A1 and that for financial strength C. All ratings have a stable outlook. See http://www.aktia.fi/aktia_bank/rating

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

VALUATION OF FINANCIAL ASSETS

VALUE CHANGES REPORTED VIA INCOME STATEMENT

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

During the year, write-downs totalled EUR 24.0 million (EUR 39.2 million) and EUR 1.6 million in the fourth quarter.

Of these write-downs, EUR 9.6 million (EUR 29.4 million) can be attributed to shares and participations in the investment portfolio of the life insurance company and EUR 14.4 million (EUR 8.8 million) to interest-bearing securities, of which EUR 0.4 million (EUR 3.6 million) was related to the bank's liquidity portfolio. The share risk in the life insurance company's investment portfolio has been deliberately reduced and direct shareholdings amounted to EUR 0.2 million (EUR 37.8 million) at the end of the year. No write-downs have been implemented within the non-life insurance company's investment portfolio during the year.

Write-downs on financial assets

EUR million	1–12 2009	1–12 2008
Interest-bearing securities		
Banking business	0.4	3.6
Life Insurance business	14.0	5.1
Non-life insurance business	-	-
Shares and participations		
Banking business	-	1.0
Life Insurance business	9.6	29.4
Non-life insurance business	-	-
Total	**24.0**	**39.2**

VALUE CHANGES REPORTED VIA THE FUND AT FAIR VALUE

A value impairment that is not reported in the income statement or an increase in the value of financial assets that has not been realised is reported via the fund at fair value. Taking cash flow hedging for the Group into consideration, the fund at fair value amounted to EUR 43.3 million after deferred tax compared to EUR -36.4 million as at 31 December 2008. The cash flow hedging which comprises the market value for interest rate derivative contracts which have been acquired for the purposes of hedging the banking business' net interest income amounted to EUR 21.4 million (EUR 12.4 million).

Specification of the fund at fair value

EUR million	31.12.2009	31.12.2008	Change
Shares and participations			
Banking business	3.7	-1.5	5.2
Life insurance business	0.2	-2.9	3.1
Non-Life insurance business	-0.2	-	-0.2
Direct interest-bearing securities			
Banking business	13.3	-26.3	39.5
Life insurance business	5.6	-18.2	23.8
Non-Life insurance business	-0.8	-	-0.8
Cash flow hedging	21.4	12.4	9.0
Fund at fair value	**43.3**	**-36.4**	**79.7**

WRITE-DOWNS OF LOAN AND GUARANTEE CLAIMS

In 2009, the financial crisis translated into a downturn in the economy, which led to write-downs primarily on corporate loans. In total, write-downs based on individual examination amounted to EUR -33.1 million (EUR -1.2 million). Reversals of previous write-downs came to EUR 2.1 million (EUR 0.5 million) so that the cost effect on the profit for the period was EUR -31.1 million (EUR -0.7 million). Write-downs during the fourth quarter totalled EUR -6.6 million.

Of write-downs with impact on costs, EUR -29.9 million was accounted for by corporate loans, which corresponds to 3.8% (0.02%) of the total corporate lending. Write-downs with impact on costs of household loans amounted to EUR -1.1 million, EUR -0.7 million of which was accounted for by unsecured consumer loans. The year's write-downs with impact on costs of household loans was equivalent to 0.02% (0.01%) of total lending to households. Total write-downs with cost impact for the year amounted to 0.51% (0.01%) of total lending.

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

THE GROUP'S RISK EXPOSURE

OVERVIEW

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

Definitions

- Risk – possibility of an adverse departure from an anticipated financial outcome with an impact on financial performance or capital adequacy/solvency
- Risk management – all activities involved in taking, reducing, analysing, controlling and monitoring risk
- Risk control – identifying, measuring, supervising, stress testing, analysing, reporting and monitoring of risks
- Credit and counterparty risk – risk of losses brought about by the debtor failing to fulfil its obligations towards Aktia or caused by the counterparty's creditworthiness having weakened
- Market risk – risk of losses or lower future income due to price changes on the financial market
- Financing and liquidity risk – risk that the Group cannot fulfil its payment obligations or that it can only do so at high cost
- Operational risks – risk of losses due to events in the operating environment or internal factors
- Insurance risks – risk of losses or higher claim costs in the life and non-life insurance businesses
- Business risk – risk of reduced income due to a reduction in volume, pressure on prices, competition or rising costs

RISK EXPOSURE

Credit and counterparty risks

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

Aktia pursues a conservative lending policy based on the debtor's ability to repay the debt and the bank's full understanding of their business position. The majority of the loan portfolio is to be accounted for by loans to households, and large individual risk concentrations are avoided. Risk-taking is always based on sound, commercial principles that stand up to scrutiny. Lending to households is generally secured against collateral. As at 31 December 2009, loans to households accounted for 81.3% (80.0%) of the total credit stock of EUR 6,061 million (EUR 5,426 million). Of these loans to households, 86.2% (86.2%) were secured against collateral in accordance with Basel II. During the year, corporate lending was moderate with a focus on risk management.

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

Market risks

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

In the banking business, the structural interest rate risks and especially the risk of sustained low interest rates have been actively managed through the nature of the business arrangements, hedging derivatives and investments in the liquidity portfolio for the purposes of reducing the volatility of net interest income. The Bank Group's liquidity portfolio stood at EUR 2,615 million (EUR 2,299 million) at the year-end, while the investment assets held by the insurance companies to cover provisions totalled EUR 835 million (EUR 833 million). Of the Bank Group's liquidity portfolio, 55% (49%) constituted investments in covered bonds, 29% (45%) constituted investments in banks, 10% (3%) constituted investments in state-guaranteed bonds and approximately 6% (3%) were investments in public sector entities and companies.

Within the life insurance business, market risks have continued to be reduced through reallocation to less volatile instruments. Of the investment portfolio which stood at EUR 693 million (EUR 693 million), 88% (69%) constituted investments in interest-bearing securities, 5.5% (6.2%) constituted investments in indirect real estate holdings, 3.5% (12.3%) constituted investments in money market instruments and 3% (6.6%) alternative investments. Direct shareholdings stood at EUR 0.3 million (EUR 38 million). Throughout the year, a new strategy was developed for managing structural interest rate risk in provisions and the investment portfolio and for the transition towards the new solvency rules with effect from 2012.

Structural market risk in the non-life business is managed by adjusting cash flow in provisions and the investment portfolio. Of the investment portfolio that stood at EUR 142 million (EUR 140 million at 1 January 2009) , 74% (57% at 1 January 2009) constituted investments in interest-bearing securities, 20% (21% at 1 January 2009) constituted investments in direct and indirect real estate holdings and 4% (6% at 1 January 2009) constituted investments in money market instruments. The portfolio does not include investments that involve equity risk (EUR 21 million as at 1 January 2009).

Financing and liquidity risks

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

Operational risks

Operational risks refer to loss risks arising as a result of unclear or incomplete instructions, activities carried out contrary to instructions, unreliable information, deficient systems or actions taken by staff members. If an operational risk is realised, this can result in direct or indirect financial losses or tarnish the corporate image to the extent that the bank's credibility in the marketplace suffers. No events regarded as operational risks causing significant financial losses occurred in 2009.

Insurance risks

Insurance risks occur where future claim payments become higher than expected. Taking into account the provision of reinsurance cover, the claim costs incurred by the insurance businesses have been relatively stable. The provision of reinsurance cover for different insurance portfolios reduces the volatility of financial results and eliminates risks that could affect the company's future business opportunities.

The Group's risk management and risk exposure is described in more detail in Note 2 to the financial statement.

EVENTS CONCERNING CLOSE RELATIONS

Close relations refers to key personnel in management positions, Aktia plc's Board of Supervisors, members of the Board of Directors, and executive management (Managing Director and Deputy Managing Directors). Close relations also includes close family members of key personnel mentioned above as well as companies where key personnel in management positions exercise control or influence (more than 20% of share capital).

No significant changes concerning close relations occurred during the period.

PERSONNEL

Converted into full-time employees, the number of people employed by the Group increased by 155 people to 1,207 (1,052). The average number of full-time employees during the year was 1,213 (1,009). Including Aktia Non-Life Insurance, consolidated in the Aktia Group from 1 January 2009, the number of people employed by the Group at the beginning of the year amounted to 1,262 full-time employees. This number had reduced by 55 at the end of December.

Aktia Non-Life Insurance initiated codetermination negotiations on 24 August 2009 concerning measures to improve efficiency for financial and production-related reasons and embarked on reorganising operations.

As a result of the negotiations, which were concluded in October, Aktia Non-Life Insurance Ltd decided to terminate the employment of a total of 19 people. As a result of other arrangements, the staff was reduced by 11. The savings made in this respect from 2010 onwards are expected to amount to approximately EUR 2 million p.a.

PERSONNEL FUND AND MANAGEMENT'S INCENTIVE PROGRAMME FOR 2009

For 2009 a maximum profit-sharing provision for Aktia's personnel fund is expected. The profit-sharing amounts to EUR 2.4 million. The CEO and other members of the Group's Executive Committee are also members of the Group's personnel fund.

A bonus system has been set up for the CEO and the other members of the Group's Executive Committee, which is based on the Group's financial results and annually defined targets at company and individual level. The individual bonus to the Executive Committee members cannot exceed the equivalent of three months' salary each year.

For 2009, the Executive Committee is also included in a share-based incentive scheme that offers the members of the Executive Committee the opportunity to subscribe for a maximum of 59,000 shares. The outcome is dependent on separate targets whose performance conditions have been decided on by the Board of Directors. The share-based incentive scheme increased staff costs by EUR 0.2 million during the period.

DEPOSIT GUARANTEE FUND AND THE INVESTORS' COMPENSATION FUND

THE BANK'S DEPOSIT GUARANTEE FUND

Aktia Bank's deposit customers are protected through the statutory Deposit Guarantee Fund. Membership in the Deposit Guarantee Fund, which was established in 1998 and safeguards deposits by private investors up to EUR 50,000, is obligatory for all banks. Aktia Bank's total contribution to the fund in 2009 was EUR 1.9 million (EUR 1.2 million). At the end of the year, the total assets of the fund amounted to EUR 620.7 million.

THE INVESTORS' COMPENSATION FUND

The banks and brokerage firms are members of the Investors' Compensation Fund. The purpose of the fund is to safeguard the interest of small investors in the event that a bank or brokerage firm becomes insolvent. Individual investors may receive compensation up to EUR 20,000. By the end of the year, the total assets of the fund were EUR 5.7 million.

CHANGES IN THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

In keeping with the articles of association in force, the Board of Directors is elected for the following financial year by the Board of Supervisors in December. At its meeting of 10 December 2009, Aktia plc's Board of Supervisors appointed the Board's Vice Chairman Dag Wallgren as the new Chairman of the Board of Directors. In addition, Nils Lampi was appointed as a new member of the Board of Directors. Chairman of the Board of Directors Kaj-Gustaf Bergh had requested not to be reelected. Nils Lampi B.Sc. (Econ) was born in 1948 and lives in Mariehamn. He has been CEO of Wiklöf Holding Ltd since 1992.

Board member Lars-Olof Hammarén left his position on the Board due to the age limit set down in the articles of association. Other Board members were reelected, with Board member Nina Wilkman being appointed as the new Vice Chair of the Board. All appointments as Board members are for the term 1 January – 31 December 2010.

In relation to the Stock Exchange listing, Aktia's Board of Directors decided to propose that a nomination committee be set up for the 2010 ordinary AGM tasked with putting forward proposals prior to the company's ordinary AGM on the appointment of members to the Board of Supervisors and auditors for Aktia as well as the fees for these. According to the proposal, the nomination committee would comprise of representatives from the three largest shareholders as well as the chairman of the Board of Supervisors as an expert member. The three shareholders holding the largest percentages of Aktia shares on 1 November in the year before the AGM would have the right to appoint a representative for the nomination committee.

With effect from 1 December 2009, Barbro Karhulahti, LL.M., was appointed as member of Aktia plc's Executive Committee with responsibility for operations in Tampere, Oulu and Eastern Uusimaa.

Director Merja Sergelius left her role as member of the Executive Committee. Merja Sergelius will continue to work for Aktia as a banking director with responsibility for the Helsinki Central group of branch offices.

Aktia's Executive Committee comprises CEO Jussi Laitinen, Deputy Managing Director Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Robert Sergelius, Director Barbro Karhulahti, Director Taru Narvanmaa, Director Anders Nordman, Director Gösta Råholm and Director Olav Uppgård and Marit Leinonen, the staff representative.

SHARE CAPITAL AND OWNERSHIP

At the end of September 2009, the paid-up share capital of Aktia plc as entered in the Finnish Trade Register was EUR 93,873,816, divided into 46,936,908 series A shares and 20,050,850 series R shares. Of the merger compensation related to the merger with Veritas Non-Life Insurance of 6,800,000 shares, a further 19,887 new series A shares were registered on book-entry accounts during the October – December period. The number of shareholders at the end of the period was 49,714. The inspection and registration of outstanding shares continues. Aktia estimates that the final number of shareholders might reach approximately 70,000. The number of unregistered shares at year-end was 1,010,697.

Aktia's holding of treasury shares amounted to 536,288 shares, corresponding to 0.8% of all shares.

At an Extraordinary General Meeting of 21 December 2006, the Board of Directors was authorised to issue a maximum of 1,000,000 shares in order to create a share-based incentive scheme for key personnel in the Group. On 30 March 2009, on the basis of the authorisations given, the Board of Aktia plc implemented a directed share issue to designated persons in the company's executive management. In the issue, 12,490 new series A shares were issued at a subscription price of EUR 6.00 per share. The new shares in Aktia plc were registered in the Trade Register on 29 May 2009.

The shareholders Helsinki Savings Bank Foundation, the Life Annuity Institution Hereditas and Veritas Pension Insurance Company have also informed Aktia that they will put forward proposals for appointments to the Board of Supervisors and auditors as well as fees for these for the term that starts after Aktia's 2010 AGM.

The total number of voting rights owned by Pension Insurance Company Veritas did on 23 December 2009 rise above one tenth to 10.49% of voting rights. Pension Insurance Company Veritas holds 9.60% of Aktia plc's stocks.

Largest 20 owners

Ownership per 31 December 2009	A shares	R shares	Shares	of shares %	Votes	of votes %	Change
Helsinki Savings Bank Foundation*	7,604,111	3,802,048	11,406,159	17.03	83,645,071	18.67	-
Life Annuity Institution Hereditas*	4,428,114	2,077,106	6,505,220	9.71	45,970,234	10.26	273,902
Pension Insurance Company Veritas	4,297,469	2,134,397	6,431,866	9.60	46,985,409	10.49	368,674
Espoo-Kauniainen Savings Bank Foundation*	2,346,585	1,183,292	3,529,877	5.27	26,012,425	5.81	10,000
Oy Hammarén & Co Ab	1,890,000	945,000	2,835,000	4.23	20,790,000	4.64	-
Svenska litteratursällskapet i Finland rf*	1,681,786	789,229	2,471,015	3.69	17,466,366	3.90	103,328
Vantaa Savings Bank Foundation*	1,514,900	833,012	2,347,912	3.50	18,175,140	4.06	-80,000
Åbo Academy Foundation*	1,495,640	751,000	2,246,640	3.35	16,515,640	3.69	293,640
Porvoo Savings Bank Foundation*	1,303,050	651,525	1,954,575	2.92	14,333,550	3.20	-
Aktia Foundation in Vaasa*	978,525	547,262	1,525,787	2.28	11,923,765	2.66	10,000
Kirkkonummi Savings Bank Foundation*	876,529	438,264	1,314,793	1.96	9,641,809	2.15	-
Karjaa-Pohja Savings Bank Foundation*	787,350	393,675	1,181,025	1.76	8,660,850	1.93	-
Föreningen Konstsamfundet rf*	670,040	377,951	1,047,991	1.56	8,229,060	1.84	95,109
Inkoo Savings Bank Foundation*	646,236	323,118	969,354	1.45	7,108,596	1.59	-
Ab Kelonia Oy*	549,417	308,662	858,079	1.28	6,722,657	1.50	-56 ,838
Sipoo Savings Bank Foundation*	462,002	232,001	694,003	1.04	5,102,022	1.14	1,000
Siuntio Savings Bank Foundation*	454,377	227,188	681,565	1.02	4,998,137	1.12	-
Svenska folkskolans vänner rf*	419,407	207,375	626,782	0.94	4,566,907	1.02	4,657
Aktia Abp	357,526	178,762	536,288	0.80	3,932,766	0.88	536,288
Malax Aktia Savings Bank Foundation *	338,500	177,600	516,100	0.77	3,890,500	0.87	-
20 largest owners in total	33,101,564	16,578,467	49,680,031	74.16	364,670,904	81.41	1,559,760
Others	13,835,344	3,472,383	17,307,727	25.84	83,283,004	18.59	
Total	**46,936,908**	**20,050,850**	**66,987,758**	**100.00**	**447,953,908**	**100.00**	

*) Part in shareholders' agreement concerning the parties' mutual pre-emptive right to R shares. This agreement covers 69% of R shares and 21% of the total number of shares.
Unidentified owners amounted to 21,572 as at 31 December 2009 with holdings of 1,010,697 shares.

SHARE

Aktia plc's series A and R shares were listed on the NASDAQ OMX Helsinki exchange on 29 September 2009. The aim of the listing is to increase the opportunities of shareholders to trade in Aktia shares and enable effective pricing. The closing price of A shares on the first day of trading was 9.08 and 9.50 for R shares.

Aktia's trading codes are AKTAV for A series shares and AKTRV for R series shares. Aktia shares are classified as belonging to the 'Finance, regional banks' sector in keeping with the GICS index.

As at 31 December 2009, the last day of trading, the closing price for an A series share was EUR 7.85 and for an R series share was EUR 9.06, indicating a market value of approx. EUR 550 million for Aktia. Since the stock market listing, the return on Aktia A series shares has been -13.55% and -4.63% for R shares.

Share price development 29.9 - 31.12.2009	Yield
Aktia A	-13.55 %
Aktia R	-4.63 %
OMX Nordic Banks	0.90 %
OMX Nordic Financials	1.53 %

Share information	A share	R share
Votes /share	1	20

Market data	A share	R share
Market	NASDAQ OMX Helsinki	NASDAQ OMX Helsinki
Listed	29.9.2009	29.9.2009
ISIN	FI0009004733	FI0009015911
Code	AKTAV (OMX)	AKTRV (OMX)
List	OMXH Mid Caps	OMXH Mid Caps
Sector	Regional Banks	Regional Banks
Sector ID	40101015	40101015
Number of shares	46,936,908	20,050,850

In 2009, the average daily turnover of A shares was EUR 226,141 or 27,005 shares. The average daily turnover of R shares in 2009 was EUR 67,903 or 7,245 shares.

Aktia has entered into a market-making or LP (liquidity providing) agreement with Handelsbanken in order to improve the liquidity in A shares, which should encourage transactions by small shareholders. The agreement entered into force on 4 January 2010.

	2009	2008
Earnings per share (EPS)	0.52	0.09
Dividend per share*	0.24	0.15
Payout ratio, %	46.2	166.7
Dividend growth, %	60.0	-54.5
Yield (dividend/A-share), %	3.06	-
Closing price 31.12 Class A	7.85	-
Closing price 31.12 Class R	9.06	-
Year high, Class A	10.20	-
Year low, Class A	7.78	-
Year high, Class R	11.45	-
Year low, Class R	9.13	-
Share price development, Class A, %	-13.6	-
Share price development, Class R, %	-4.6	-
Equity per share (NAV), EUR	6.52	4.85
Closing 31.12.2009 Class A /NAV	1.20	-
Closing 31.12.2009 Class R /NAV	1.39	-
Average daily turnover on Helsinki Nasdaq OMX, Class A	226,141	-
Average daily turnover on Helsinki Nasdaq OMX, Class R	67,903	-
Average daily volume on Helsinki Nasdaq OMX, Class A	27,005	-
Average daily volume on Helsinki Nasdaq OMX, Class R	7,245	-
P/E ratio Class A	15.10	-
P/E ratio, Class R	17.42	
Market capitalisation, EUR million	550	-
No of shares 31.12, A-shares	46,936,908	40,124,418
No of shares 31.12, R-shares	20,050,850	20,050,850
No of shares in total 31.12, A and R-shares	66,987,758	60,175,268

*2009 Board proposal to the AGM

CHANGES IN GROUP STRUCTURE

The merger of Veritas Mutual Non-Life Insurance Company with Aktia plc was implemented in accordance with the merger plan approved by both companies' Annual General Meetings and registered in the Trade Register on 1 January 2009. The non-life insurance company has continued its business in the Aktia Group under the name Aktia Non-Life Insurance Company Ltd.

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

During the autumn the merger of Aktia's real estate agency business took place. With effect from 1 January 2010, the business will operate as Aktia Fastighetsförmedling Ab and Magnus Nyman, AFM Ab.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The number of Aktia's shares owned by Life Annuity Institution Hereditas did on 26 January 2010 rise above one tenth to 10.02%. Life Annuity Institution Hereditas' holding of voting rights in Aktia plc is 10.26%.

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

OUTLOOK AND RISKS FOR 2010

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

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

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

Changes in interest rates, yield curves and credit margins are hard to predict and can affect Aktia's interest rate margins and therefore profitability. Aktia pursues to effectively manage interest rate risks.

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

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

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

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

BOARD OF DIRECTOR'S PROPOSALS FOR THE 2010 AGM

The Board of Directors will propose to the AGM on 25 March 2010 a dividend of EUR 0.24 per share for the period 1 January – 31 December 2009, which corresponds to a dividend ratio of 46.2% on the year's profit. The proposed dividend amounts to a total of EUR 15.9 million (EUR 10.0 million).

The proposed record date for the dividend will be 30 March 2010 and the dividend will be paid out on 8 April 2010.

Aktia plc

Board of Directors

FIVE-YEAR REVIEW

(EUR 1,000)	2009	2008	2007	2006	2006	2005
	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(FAS)	(FAS)
Turnover						
- banking business	341,765	448,863	328,261	233,639	234,982	186,697
- life insurance business	89,555	103,815	189,365	-	-	-
- non-life insurance business	70,117	-	-	-	-	-
+ / - elimination items with an effect on the financial result	-14,903	-64,291	-55,388	-	-	-
Group	486,533	488,387	462,238	233,639	234,982	186,697
Net interest income	152,248	100,953	88,877	84,134	84,238	79,698
Net commission income	46,346	41,034	47,346	40,061	40,061	32,553
Net income from life-insurance	13,991	-33,758	21,079	-	-	-
Net income from non-life insurance	15,158	-	-	-	-	-
Other operating income	5,404	19,004	7,345	12,271	13,751	20,091
Total operating income	233,147	127,233	164,647	136,466	138,050	132,341
Total operating expenses	-154,159	-120,891	-98,329	-83,947	-83,952	-75,698
Impairments and write downs, net	-32,313	34	-218	1,590	1,590	-8,535
Share of profit from associated companies	319	230	195	711	711	1,030
Operating profit	**46,994**	**6,606**	**66,295**	**54,820**	**56,399**	**49,138**
Return on equity (ROE), %	8.7	1.8	17.9	16.8	16.8	16.3
Return on assets (ROA), %	0.34	0.07	0.79	0.82	0.85	0.86
Equity ratio, %	4.6	3.6	5.0	5.0	5.2	5.8
Capital adequacy ratio, % (conglomerate)	157.4	135.2	138.6	-	-	-
Personnel (FTEs), average number of employees from the beginning of the financial year	1,213	1,009	940	873	873	805
Balance sheet total	10,555,839	9,540,073	7,952,813	5,491,668	5,490,380	4,553,469
Earnings per share (EPS), EUR	0.52	0.09	0.87	0.74	0.76	0.67
Equity per share (NAV), EUR	6.52	4.85	5.39	4.49	4.55	4.39
Dividend per share, EUR *)	0.24	0.15	0.33	0.26	0.26	0.45
Dividend per profit, % *)	46.5	194.3	38.6	36.0	35.1	66.8
Earnings per share excluding negative goodwill recorded as income and including the fund at fair value, EUR	1.71	-0.22	0.39	0.59	0.61	0.81
Average number of shares	66,446,406	60,167,835	59,812,898	55,506,842	55,506,842	55,348,900
Number of shares at the end of the period	66,451,470	60,175,268	60,152,786	55,348,900	55,348,900	55,348,900
Banking Business (incl. Private Banking)						
Cost-to-income ratio	0.57	0.65	0.67	0.62	0.61	0.57
Borrowing from the public	3,029,230	3,098,336	2,801,378	2,544,161	2,552,787	2,308,567
Lending to the public	6,060,842	5,425,654	4,573,746	3,763,175	3,760,754	3,249,522
Capital adequacy ratio, %	15.9	13.7	15.4	13.8	13.8	15.1
Tier 1 capital ratio, %	9.5	9.3	10.9	9.2	9.2	9.8
Risk-weighted commitments **)	3,460,170	3,313,174	2,875,192	2,654,800	2,654,800	2,285,710
Asset Management						
Mutual fund volume, EUR million ***)	3,786,167	2,489,752	2,012,919	1,419,800	1,419,800	945,365
Managed and brokered assets, EUR million	5,995,571	4,539,312	3,720,760	2,008,335	2,008,335	1,427,903
Life Insurance						
Premium income before reinsurers' share, EUR million	80,900	91,350	100,025	-	-	-
Expense ratio, %	100.7	99.0	110.0	-	-	-
Operating capital	86,258	50,359	121,710	-	-	-
Solvency ratio, %	14.4	8.5	18.1	-	-	-
Investments at fair value	867,672	804,559	965,555	-	-	-
Provisions for interest-related insurances	595,021	627,592	654,316	-	-	-
Technical provisions for unit-linked insurances	210,098	149,583	200,527	-	-	-
Non-Life Insurance						
Premium income before reinsurers' share, EUR million	66,302	-	-	-	-	-
Premium income	60,561	-	-	-	-	-
Operating cost percentage, %	27.9	-	-	-	-	-
Loss ratio, %	91.1	-	-	-	-	-
Total cost percentage, %	119.0	-	-	-	-	-
Technical provisions before reinsurers' share	119,319	-	-	-	-	-
Solvency capital	43,578	-	-	-	-	-
Solvency ratio of technical provisions, %	41.8	-	-	-	-	-
Solvency percentage (risk carrying capacity), %	72.4	-	-	-	-	-

*) According to proposal from Board of Directors
**) Risk-weighted commitments 2004-2006 according to Basel 1, whereas risk-weighted commitments 2007-2009 according to Basel 2.
***) Including fund volume of Aktia Invest from December 2008.

BASIS OF CALCULATION FOR KEY FIGURES

EUR

Banking business turnover + life insurance businesses turnover +/- elimination items with impact on result

Banking business turnover
Interest income + dividends+net commission income + net income from financial transactions
+ net income from investment properties + other operating income
Insurance businesses turnover
Premiums written before reinsurers' share + net income from investment business + other income

Earnings/share, EUR

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

Equity per share, EUR

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

Return on equity (ROE), %

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

Capital adequacy ratio, % (finance and insurance conglomerate)

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

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

Banking business cost/income ratio

Total operating expenses
Total operating income

Banking business risk-weighted commitments

Total assets in the balance sheet and off-balance sheet items, including derivatives valued and risk-weighted in accordance with regulation 4.3 issued by the Finnish Financial Supervision Authority.
The capital requirements for operational risks have been calculated and risk-weighted in accordance with regulation 4.3i issued by the Finnish Financial Supervision Authority.

Capital adequacy ratio, % (banking business)

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

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

Banking business Tier1 capital ratio, %

Tier 1 capital x 100
Risk-weighted commitments

Life insurance business expense ratio, %

(Operating costs + cost of claims paid) x 100
Total expense loadings

Total expense loadings are items which, according to actuarial calculations, should cover the costs.
The operating costs do not include the re-insurers' commission.

Life insurance business solvency ratio, %

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

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

Non-life insurance combined ratio, %

Loss ratio (excl. discounting of pension provisions) + expense ratio

Loss ratio = Claims incurred and cost for claims handling x 100
Premiums earned
Expense ratio = Operating costs excl. cost for claims handling x 100
Premiums earned

Non-life insurance key figures for loss ratio and expense ratio are calculated based on costs according to function. Thus they can not be calculated directly from the Group's/segment's income statement.

Non-life insurance solvency ratio, %, of technical provisions

Solvency capital x 100
Technical provisions after reinsurers' share - equalisation provision

Non-life insurance solvency ratio, % (risk carrying capacity), %

Solvency capital x 100
Premiums earned for from the latest 12 months

The insurance businesses' key figures for solvency are calculated based on regulations issued by the Finnish Financial Supervisory Authority.

AKTIA PLC – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	Note	2009	2008
Interest income	5	285,576	386,129
Interest expenses	5	-133,328	-285,176
Net interest income		152,248	100,953
Dividends	6	607	1,395
Commission income	7	60,669	48,734
Commission expenses	7	-14,322	-7,699
Net commission income		46,346	41,034
Net income from life-insurance	8	13,991	-33,758
Net income from non-life insurance	9, 10	15,158	-
Net income from financial transactions	11	826	-3,359
Net income from investment properties	12	406	6,010
Other operating income	13	3,565	14,958
Total operating income		**233,147**	**127,233**
Staff costs	14	-79,219	-60,605
Other administrative expenses	15	-44,783	-38,419
Negative goodwill recorded as income	4	140	-
Depreciation of tangible and intangible assets	16	-6,884	-5,682
Other operating expenses	17	-23,413	-16,186
Total operating expenses		**-154,159**	**-120,891**
Impairment and reversal of impairment on tangible and intangible assets	18	-563	743
Write-downs on credits and other commitments	26	-31,750	-708
Share of profit from associated companies		319	230
Operating profit		**46,994**	**6,606**
Taxes	19	-12,998	-812
Profit for the reporting period		**33,997**	**5,795**
Attributable to:			
Shareholders in Aktia plc		34,278	5,170
Minority interest		-281	624
Total		**33,997**	**5,795**
Earnings per share (EPS), EUR	20	0.52	0.09
Earnings per share (EPS), EUR, after dilution		0.52	0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	Note	2009	2008
Profit for the reporting period		33,997	5,795
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale		51,847	-57,675
Change in valuation of fair value for cash flow hedging		9,043	13,571
Transferred to the income statement for financial assets available for sale		19,239	25,448
Transferred to the income statement for cash flow hedging		-	-280
Total comprehensive income for the period		**114,126**	**-13,142**
Total comprehensive income attributable to:			
Shareholders in Aktia plc		113,958	-13,229
Minority interest		168	87
Total		**114,126**	**-13,142**

CONSOLIDATED BALANCE SHEET

(EUR 1,000)	Note	2009	2008
Assets			
Cash and balances with central banks	21	340,960	506,311
Financial assets reported at fair value via the income statement	22	22,453	19,492
Interest-bearing securities	23	3,277,331	2,808,472
Shares and participations	23	155,631	228,856
Financial assets available for sale		3,432,962	3,037,328
Financial assets held until maturity	24	27,883	35,885
Derivative instruments	25	209,966	137,014
Lending to credit institutions	26	80,721	100,540
Lending to the public and public sector entities	26	6,060,842	5,425,654
Loans and other receivables		6,141,562	5,526,194
Investments for unit-linked provisions		208,853	148,119
Investments in associated companies	27	4,529	4,497
Intangible assets	28	12,427	10,406
Investment properties	29	26,936	3,631
Other tangible assets	30	8,080	6,137
Accrued income and advance payments	31	80,251	79,124
Other assets	31	31,371	7,189
Total other assets		111,623	86,312
Income tax receivables		808	2,389
Deferred tax receivables	32	6,035	15,597
Tax receivables		6,843	17,986
Assets classified as held for sale	33	761	761
Total assets		**10,555,839**	**9,540,073**
Liabilities			
Liabilities to credit institutions	34	1,724,356	1,916,941
Liabilities to the public and public sector entities	34	3,029,230	3,098,336
Deposits		4,753,586	5,015,277
Financial liabilities reported at fair value via the income statement		-	4,586
Derivative instruments	25	132,165	84,725
Debt securities issued	35	2,747,926	2,118,733
Subordinated liabilities	36	252,533	246,851
Other liabilities to credit institutions	37	968,201	502,138
Other liabilities to the public and public sector entities	38	77,266	262,761
Other financial liabilities		4,045,926	3,130,482
Provisions for interest-related insurances	39	595,021	627,592
Technical provisions for unit-linked insurances	39	210,098	149,583
Technical provisions for non-life insurances	40, 41	119,319	-
Technical provisions		924,437	777,176
Accrued expenses and income received in advance	42	71,944	81,179
Other liabilities	42	91,475	87,797
Total other liabilities		163,419	168,977
Provisions	43	807	936
Income tax liability		19,219	2,964
Deferred tax liabilities	32	49,919	37,970
Tax liabilities		69,138	40,934
Liabilities for assets classified as held for sale	33	204	204
Total liabilities		**10,089,682**	**9,223,298**
Equity			
Restricted equity	44, 45	147,626	54,277
Unrestricted equity	44	285,818	237,541
Shareholders' share of equity		433,444	291,818
Minority interest's share of equity		32,713	24,957
Equity		**466,157**	**316,775**
Total liabilities and equity		**10,555,839**	**9,540,073**

CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

(EUR 1,000)	Note	2009	2008
Off-balance sheet commitments	52		
Guarantees		49,944	54,843
Other commitments provided to a third party		7,281	7,450
Commitments provided to a third party on behalf of the customers		57,225	62,293
Unused credit arrangements		506,598	454,489
Other commitments provided to a third party		11,654	12,050
Irrevocable commitments provided on behalf of customers		**518,252**	**466,539**
Total off-balance sheet commitments		**575,477**	**528,833**

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)	2009	2008
Cash flow from operating activities		
Operating profit	46,994	6,606
Adjustment items not included in cash flow for the period	43,842	34,210
Paid income taxes	-12,400	-16,129
Cash flow from operating activities before change in operating receivables and liabilities	**78,436**	**24,687**
Increase (-) or decrease (+) in receivables from operating activities	**-919,113**	**-1,331,029**
Financial assets reported at fair value via the income statement	-2,960	2,909
Financial assets available for sale	-209,342	-663,227
Assets of the life insurance business	-	64,503
Loans and other receivables	-642,769	-769,344
Investments for unit-linked provisions	-60,735	55,015
Other assets	-3,307	-20,885
Increase (+) or decrease (-) in liabilities from operating activities	**653,969**	**1,514,973**
Financial liabilities reported at fair value via the income statement	-4,586	4,586
Deposits	-263,275	1,268,355
Debt securities issued	626,887	119,326
Other financial liabilities	280,568	195,122
Provision for insurance contracts	36,139	-77,667
Other liabilities	-21,764	5,251
Total cash flow from operating activities	**-186,708**	**208,631**
Cash flow from investing activities		
Financial assets held until maturity, decrease	8,000	10,000
Investments in group companies and associated companies *)	16,348	-28,219
Proceeds from sale of group companies and associated companies	-10	-
Investment in tangible and intangible assets	-6,669	-24,377
Disposal of tangible and intangible assets	2,031	66,313
Share issue of Aktia Real Estate Mortgage Bank Plc to the minority	8,919	3,803
Total cash flow from investing activities	**28,619**	**27,519**
Cash flow from financing activities		
Subordinated liabilities, increase	79,756	113,508
Subordinated liabilities, decrease	-73,366	-58,218
Increase in share capital	25	45
Increase in unrestricted equity reserve	50	150
Paid dividends	-10,046	-20,051
Total cash flow from financing activities	**-3,582**	**35,434**
Change in cash and cash equivalents	**-161,671**	**271,585**
Cash and cash equivalents at the beginning of the year	512,351	240,766
Cash and cash equivalents at the end of the year	350,680	512,351
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,959	9,970
Insurance operation's cash and bank	4,453	3,708
Bank of Finland current account	326,547	492,632
Repayable on demand claims on credit institutions	9,721	6,040
Total	**350,680**	**512,351**
Adjustment items not included in cash flow for the period consist of:		
Impairment of financial assets available for sale	23,975	39,203
Write-downs on credits and other commitments	31,750	708
Change in fair values	-19,198	1,953
Depreciation and impairment of intangible and tangible assets	7,746	5,955
Share of profit from associated companies	-22	-167
Sales gains and losses from intangible and tangible assets	-457	-12,458
Negative goodwill recorded as income	-140	-
Other adjustments	190	-985
Total	**43,842**	**34,210**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR 1,000)	Share capital	Other restricted equity	Fund at fair value	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Minority interest's share of equity	Total equity
Equity as at 1 January 2008	**80,204**	**9,973**	**-17,965**	**45,254**	**207,045**	**324,510**	**14,499**	**339,009**
Share issue	45					45		45
Treasury shares in connection with merger						0		0
Dividens to shareholders					-20,051	-20,051		-20,051
Total comprehensive income for the period			-18,937		5,707	-13,229	87	-13,142
Other change in equity		420	537	150	-563	544	10,370	10,914
Equity as at 30 December 2008	**80,249**	**10,393**	**-36,365**	**45,404**	**192,138**	**291,818**	**24,957**	**316,775**
Equity as at 1 January 2009	**80,249**	**10,393**	**-36,365**	**45,404**	**192,138**	**291,818**	**24,957**	**316,775**
Share issue	13,625			27,250		40,875		40,875
Treasury shares in connection with merger					-3,218	-3,218		-3,218
Dividens to shareholders					-10,046	-10,046		-10,046
Total comprehensive income for the period			80,129		33,829	113,958	168	114,126
Other change in equity		44	-449		461	57	7,588	7,645
Equity as at 30 December 2009	**93,874**	**10,437**	**43,315**	**72,654**	**213,164**	**433,444**	**32,713**	**466,157**

In the acquisition of Veritas Mutual Non-Life Insurance Company compensation for the merger was given in the form of 6,800,000 A shares with a nominal value of EUR 2.00 per share and a subscription price of EUR 6.00 per share. Of the compensation for merger EUR 13.6 million was entered under share capital and EUR 27.2 million under unrestricted equity reserve. The company continues to operate within the Aktia Group under the name Aktia Non-Life Insurance Ltd.

The Board of Directors has an authorisation from the extraordinary General Meeting on 21.12.2006 to issue new shares as incentives for key personnel in the Group. On 30 March 2009, Aktia's Board of Directors decided, supported by this authorisation to issue shares, on a directed share issue to named persons in the company's senior executive management.
Hereby 12,490 new A shares were issued to a subscription price of EUR 6.00 per share and a nominal value of EUR 2.00 per share. Of the EUR 74,940 compensation for merger EUR 24,980 was entered under share capital and EUR 49,960 under unrestricted equity reserve.

CHANGE IN QUARTERLY TRENDS IN AKTIA GROUP

(EUR 1,000)	10–12/2009	7–9/2009	4–6/2009	1–3/2009	10–12/2008	7–9/2008	4–6/2008	1–3/2008
Net interest income	39,840	40,493	39,409	32,507	26,655	25,179	25,265	23,854
Dividends	7	0	544	55	53	9	1,275	57
Net commission income	14,524	11,254	11,046	9,522	9,303	9,362	11,763	10,607
Net income from life-insurance	3,179	3,762	1,650	5,399	-42,928	-1,987	5,119	6,037
Net income from non-life insurance	1,490	6,257	5,459	1,952	-	-	-	-
Net income from financial transactions	-952	1,187	3,168	-2,578	-3,172	-3,043	1,681	1,174
Net income from investment properties	84	86	98	139	3,073	1,316	356	1,265
Other operating income	515	1,227	1,016	807	7,994	3,049	2,107	1,809
Total operating income	**58,689**	**64,266**	**62,390**	**47,803**	**977**	**33,886**	**47,566**	**44,804**
Staff costs	-21,753	-18,290	-18,922	-20,253	-15,207	-12,703	-16,729	-15,965
Other administrative expenses	-12,940	-9,520	-11,624	-10,699	-10,128	-8,801	-10,236	-9,254
Negative goodwill recorded as income	-	-	-	140	-	-	-	0
Depreciation of tangible and intangible assets	-1,625	-1,807	-1,664	-1,788	-1,276	-1,604	-1,456	-1,346
Other operating expenses	-6,353	-6,464	-5,206	-5,390	-4,385	-3,633	-4,432	-3,736
Total operating expenses	**-42,671**	**-36,082**	**-37,416**	**-37,990**	**-30,996**	**-26,740**	**-32,853**	**-30,301**
Impairment and reversal of impairment on tangible and intangible assets	-342	-	-186	-35	-260	250	752	-
Write-downs on credits and other commitments	-5,471	-8,457	-16,204	-1,618	-438	-267	45	-48
Share of profit from associated companies	-363	118	543	21	6	299	143	-218
Operating profit	**9,843**	**19,845**	**9,126**	**8,181**	**-30,711**	**7,428**	**15,653**	**14,237**

Above information is based on retroactive recalculation of the results for each quarter and varies from earlier published information.
The retroactive calculation is specified in note 59.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. OVERVIEW OF SIGNIFICANT CONSOLIDATED ACCOUNTING PRINCIPLES,2009

The Board of Directors' report and the financial statements for the financial year ended 31 December 2009 were approved by the Board of Directors on 26 February 2010 and are to be adopted by the Annual General Meeting on 25 March 2010. The annual report will be published on 4 March 2010.

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

Basis for preparing financial statements

Aktia plc's consolidated financial statement is prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU. In preparing the notes to the consolidated accounts, the applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account. The figures in the interim reports are presented so that income statement items are compared with the corresponding period of the previous year, while the comparison of balance sheet items relates to the previous year-end unless specified otherwise. Figures in the accounts are presented in thousands of euros, unless indicated otherwise. The consolidated accounts have been prepared in accordance with original acquisition values, unless otherwise indicated in the accounting principles.

The presentation of the income statement has changed so that the net income from the insurance businesses including insurance premium income, net income from investment activities, claims paid out and change in provisions are reported net under operating income. This net amount is shown separately for the life insurance business (Net income from life insurance) and for the non-life insurance business (Net income from non-life insurance).

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

The Group adopted the following IASB standards during the financial year 2009:

IAS 1 Presentation of Financial Statements (revised)

This standard has been revised in order to provide better information for analysing and comparing companies. With effect from 1 January 2009, the Group reports in accordance with the revised IAS 1. The Group publishes an income statement, a statement of comprehensive income and a specification of the change in the Group's equity. The comprehensive income statement contains changes in non-ownership related items within equity while the change in the Group's equity contains transactions with owners. The consolidated balance sheet is presented in order of liquidity.

IFRIC 13 Customer Loyalty Programmes

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

IFRS 7 Financial Instruments: Disclosures (revised)

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

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

IFRS 3 Business Combinations (revised)

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

IAS 27 Consolidated and Separate Financial Statements (revised)

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

Consolidation principles

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

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

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

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

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

Segment-based reporting

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

- Banking business
- Asset Management
- Life Insurance
- Non-Life Insurance
- Miscellaneous

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

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

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

The Life Insurance segment encompasses Aktia Life Insurance Ltd.

The Non-Life Insurance segment encompasses Aktia Non-Life Insurance Ltd.

The Miscellaneous segment encompasses the Group administration of Aktia plc, certain administrative functions for Aktia Bank plc and return on equity as well as Vasp-Invest Ab.

In the note on consolidated segment-based reporting, operating profit (profit before tax) is presented for each segment. The contribution to the Group's operating profit made by the insurance businesses is also presented. The contribution to the Group's operating profit includes the insurance businesses' acquisition eliminations due to realisations or value changes for the balance sheet items included at the time of acquisition.

Allocation principles and Group eliminations

Net interest income from those units included in the Banking Business and Asset Management segments contains the margins on volumes of borrowing and lending. Reference interest rates for borrowing and lending and the interest rate risk that arises because of new pricing being out of step are transferred to Treasury in accordance with the

Group's internal pricing. Treasury assumes responsibility for the Group's interest rate risk, liquidity and balance protection measures for which management has issued authority. The costs of central support functions are allocated to the segments in accordance with resource use, defined projects and according to different allocation rules.

Until further notice, Aktia plc and Aktia Bank plc are not allocating equity to the different segments. The Miscellaneous segment consists of any items in the income statement and balance sheet that are not allocated to the various segments.

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

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

Pricing between the segments is based on market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies outside the Euro zone have been converted into euros using the European Central Bank's average rate of exchange on the day the accounts were closed. The exchange rate differences that have arisen on valuation have been reported in the income statement as net income from currency trading. The exchange rate differences that arise from the life and non-life insurance businesses are reported in Net income from investment operations, which is included in the net insurance income for the respective insurance business.

Revenue recognition

Interest and dividends

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

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

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

Commissions

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

Insurance premiums

Insurance premiums received by the insurance businesses are reported as premium income in the income statement and are included in the net insurance income for the respective insurance business. Premiums are reported under premium income depending on the line of insurance in accordance with the debiting or payment principle. For the duration of the insurance contract, insurance premiums are generally reported under income on a pro rata basis. For the share of premium income attributed to the time after the balance sheet date, an appropriation for unearned premiums (premium liabilities) is adopted in the balance sheet as part of provisions. A premium receivable is reported only if there is insurance coverage on the balance sheet date, but so that the insurance premiums which, according to experience will remain unpaid, is deducted from premium income.

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

Claim costs

Claims paid by the insurance businesses and the change in provisions are reported in the income statement and are included in the net insurance income for the respective insurance business.

In this respect, for losses incurred that remain unpaid at the time the accounts are prepared and claims adjustment costs for these, including for losses that have not yet been reported to the Group, an appropriation is made in the company's provisions (claim liabilities).

Other income and expenses

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

Depreciation

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

Buildings	40 years
Basic repairs to buildings	5–10 yrs
Other tangible assets	3–5 yrs
Intangible assets (IT acquisitions)	3–5 yrs
Intangible assets (acquired customer base, Life and Non-Life Insurance businesses)	2 years

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

Employee remuneration

Pension plans

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

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

Share-based payments

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

Taxes

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

Financial assets

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

Financial assets valued at fair value via the income statement

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

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

Financial assets available for sale

Debt securities, shares and participations that have neither been held for active trading nor retained until maturity are classified as Financial assets available for sale. The unrealised value change is recognised under equity against the Fund at fair value with deductions for tax liability imputed until sold or written down. When sold or written down, the accumulated unrealised profit or loss is transferred to the income statement and included under the item 'Net income from financial assets that can be sold'. In the life and non-life insurance businesses, the above-mentioned gains and losses are reported under Net Income from investments, which is included in the net insurance income for the respective insurance business.

Financial assets held until maturity

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

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

Loans and other receivables

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

Financial liabilities

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

Definition of valuation at fair value

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

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

Impairment of financial assets

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

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

If any of the above criteria are met, an impairment is recognised through the income statement. The impairment reported is the difference between the market value and the acquisition value at the time of reporting. If no market value is available, or if there are specific reasons for assuming that the market value does not represent the fair value of the security, or if the Group holds a controlling stake in the company, a decision is made on reporting an impairment in accordance with a separate assessment made by the Board of Directors.

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

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

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

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

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

Accounting for the acquisition and disposal of financial assets

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

Derivative instruments

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

In the banking business, the impact of derivative instruments on the income statement is reported under Net Income from Hedge Accounting, which is included in Net Income from Financial Transactions. The insurance businesses report the change in value of derivative instruments, together with gains and losses realised, in the income statement under Net Income from Investments, which is included in the net insurance income for the respective insurance business.

Hedge accounting

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

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

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

Fair value hedging

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

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

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

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

Cash flow hedging
Cash flow hedging is applied in order to hedge future interest streams, such as future interest payments on assets or liabilities with variable interest rate. The efficient element of the change in fair value is reported in the Fund at fair value under shareholders' equity, with the inefficient element being reported in the income statement under Net income from financial transactions. The accumulated change in fair value is transferred from shareholders' equity to the income statement during the same period as the hedged cash flows have an impact on the income statement. Interest rate swaps, forward rate agreements and interest rate options are used as hedging instruments. The change in time value for interest rate options is reported through the income statement.

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

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

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

Financial derivatives which are valued at fair value through the income statement are initially valued at fair value, but the transaction costs are reported directly in the income statement and are revalued thereafter at fair value. Derivatives are entered in the balance sheet as assets when the fair value is positive, and as liabilities when the fair value is negative. Changes in fair value, together with profits and losses realised, are reported in the income statement and are included under Net Income from Financial Transactions.

Repurchase agreements

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

Cash and balances with central banks

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

Tangible and intangible assets
The Group's real estate and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. If part of the premises is used by the Group, the division has been made according to the square metres reserved for their respective purposes. Both commercial properties and investment properties have been included at their acquisition price.

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

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

Assets classified as held for sale

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

Provisions

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

The Group as a lessor

Finance lease agreements

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

The Group as a lessee

Operating lease agreements

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

Insurance and investment agreements

Classification of insurance and investment agreements

Insurance agreements are reported in accordance with IFRS 4, and are classified either as insurance agreements or investment agreements. Insurance agreements are agreements whereby significant insurance risks are transferred from the policyholder to the insurer. If the risk transferred under the agreement has the characteristics of a financing risk and not a significant insurance risk, the agreement is classified as an investment agreement.

In the life insurance business, for investment agreements with the right to discretionary benefits (customer compensation) or which can be changed to such agreements, the opportunity in IFRS 4 to report these as insurance agreements is applied. Capitalisation agreements do not involve any insurance risk, so these are classified as investment agreements. In unit-linked agreements, the policyholder chooses the investment objects connected with the agreement.

In the Non-Life Insurance business, all insurance agreements, with the exception of public patient insurance where the company bears no technical risk, have been classified as insurance agreements. Premiums and claims for public patient insurance are reported under Other Operating Income and Expenses in the income statement.

Reinsurance

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

Insurance and investment agreement liabilities

Liabilities arising from insurance agreements are dealt with in the first phase of the IFRS 4 standard in accordance with previous national accounting rules, with the exception of reporting the equalisation provision and those agreements which are classified as investment agreements. In the consolidated IFRS accounts, the insurance companies' equalisation provisions (FAS) have been transferred to shareholders' equity and deferred tax liability.

Within the Life Insurance business, liabilities arising from capitalisation agreements are not reported as technical appropriations (provisions) but are included under Other liabilities. Correspondingly, the Non-Life Insurance business' liabilities from public patient insurance are also included under Other liabilities.

In the financial statements, the term provision is used synonymously with insurance agreement and investment agreement liabilities. Within the Life Insurance business, the provision for insurance agreements with a discretionary element is called Provision for interest-linked policies. The provision for unit-linked policies consists of the provision for unit-linked insurance agreements. The Non-Life Insurance business' provision is entered as Provision for non-life policies.

Claim liability in the insurance businesses' provisions includes provisions for losses incurred which are still unpaid when the accounts are closed (known claims) and the estimated claims adjustment costs for these and provisions for claims which have not yet been reported to the Group (unknown claims). Claim liability includes both provisions for specific claims and provisions for statistical claims.

Loss assessment for the insurance businesses
In both insurance businesses, an assessment is carried out when the accounts are closed of whether the provision included in the balance sheet is sufficient. If this assessment shows that the provision included is insufficient, the provision is increased.

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

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

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

Equity

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

Dividend payments to shareholders are reported under shareholders' equity when the annual general meeting decides on the pay out.

Minority interest

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

Accounting principles requiring management discretion

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

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

Estimates and valuation of fair value

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

Impairment of financial assets
The Group performs an impairment test for every accounting date to see whether there is objective evidence of a need to make write-downs on financial assets, except for financial assets that are valued at the actual value through

profit and loss. The principles are described under Impairment of financial assets.

Write-downs of credits and claims

Write-downs of credits and claims are entered individually and in groups. A write-down is entered individually if there is objective evidence that the customer's ability to pay has been weakened after the claim was originally entered in the balance sheet. Objective evidence exists where the debtor is experiencing significant financial difficulties, concessions are granted for financial or legal reasons which the lender had not otherwise considered, or the debtor enters bankruptcy or other financial restructuring.

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

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

Actuarial calculations

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

NOTE 2: THE GROUP'S RISK MANAGEMENT 2009

1. General

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

The Group primarily focuses on banking, capital market, life and non-life insurance operations and real estate agency services. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities. The main areas of risk encompass credit, interest rate and liquidity risks in the banking business, market and interest rate risks in the life insurance business and market and actuarial risks in the non-life insurance business. All businesses are exposed to business and operational risks. The overall business risk is reduced through diversifying operations. In general, the risk policy pursued by the Group is conservative in nature.

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

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

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

Non-life insurance operations are also based on bearing and managing the risk of claim events, and insurance risk means that future claims become larger than expected. Insurance risk occurs due to inadequate pricing, risk concentrations, inadequate reinsurance and random fluctuations in the frequency and scale of accidents. Insurance risks are managed through careful risk assessment and pricing and the provision of reinsurance cover adjusted to the insurance portfolio in terms of both frequency and large individual risks. The volatility of the results from and solvency of the non-life insurance business is also dependent on market risks in the investment portfolio to a certain extent.

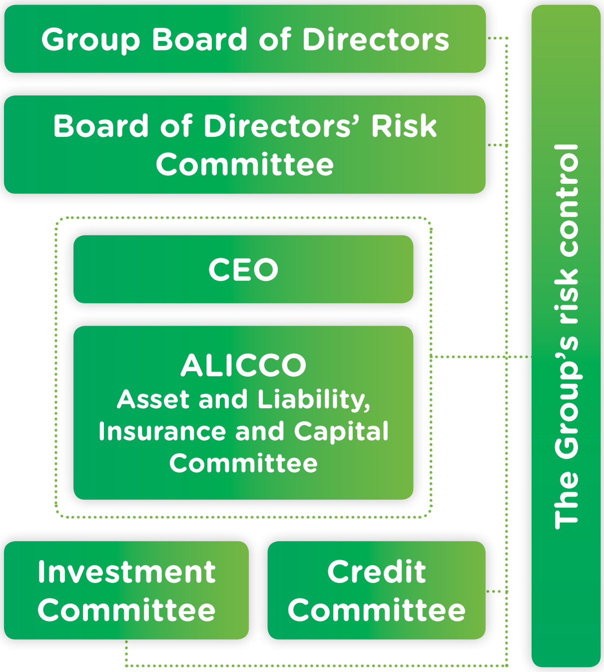
2. Risk management

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

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

The Group strategy governs all risk-taking and the Group's Board of Directors is ultimately responsible for risk-taking by the Group. Each year, the Group's Board lays down instructions for managing the business encompassing detailed principles, rules and limits for risk-taking and requirements for reporting procedures. Exposure and limits are reported to the Group's Board on a quarterly basis at least. The Group's Board has appointed a committee to draw up general risk-related matters for the Board's consideration and to take individual decisions in accordance with the principles and limits laid down by the Board.

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



3. The Group's capital management

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

3.1 Organisation and responsibility

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

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

3.2 Risk-based capital assessment

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

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

	Banking business	Life insurance	Non-life insurance
Risk management	Liquidity and refinancing risks Reputational risks	Reputational risks	Reputational risks
Economic capital	Concentration risk in credit portfolio Market risks Business risks	Market risks Business risks	Market risks Business risks
Capital requirements	Credit risk Basel 2 standard method Counterparty risk Operational risks Basel 2 basic indicator	Life insurance risks	Non-life insurance risks

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

3.3 Regulatory requirements concerning capital adequacy and solvency

When calculating the capital adequacy of the Bank Group, the standardised approach is used for credit risks and the basic indicator approach for operational risks. Capital requirements are not exposed to market risks because of the small trading book and small currency positions. The solvency of the life insurance and non-life insurance companies is calculated in accordance with the provisions set down in the Insurance Companies Act. The accounts for the insurance companies are prepared in accordance with national reporting rules (Finnish Accounting Standards). The capital adequacy of the finance and insurance conglomerate is calculated using the consolidation approach.

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

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

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

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

The life insurance company's operating capital amounted to EUR 86.3 million (EUR 50.4 million), where the minimum requirement is EUR 34.0 million (EUR 34.2 million). Solvency amounted to 14.4% (8.5)%.

The non-life insurance company's operating capital amounted to EUR 18.4 million (EUR 22.7 million at 1 January 2009), where the minimum requirement is EUR 13.1 million. Solvency capital stood at EUR 43.6 million (EUR 54.1 million at 1 January 2009), representing a risk carrying capacity of 72.4% (90.3% at 1 January 2009).

Capital adequacy for the conglomerate amounted to 157.4% (135.2%). The statutory minimum stipulated in the Act on the Supervision of Financial and Insurance Conglomerates is 100%. The capital adequacy level remains strong and acts as a buffer against unforeseen losses, without restricting selective growth in the business.

As a step towards implementing the new rules for calculating solvency (Solvency II) for insurance companies, the company's total risk exposure is weighed against the extended operating capital under 'proactive supervision'. The risk assessment takes into account the company's actuarial risks, the market risks associated with the investments and provisions and the company's counterparty and operational risks. The calculations show that, as of the balance sheet date, the capital requirements have been met in accordance with the provisions on proactive supervision for insurance companies.

3.4 Capital adequacy targets

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

The capital adequacy targets for the Bank Group, calculated on the basis of the regulations applicable as at 31 December 2009, are 12% for total capital adequacy and 9% for Tier 1 capital adequacy. The target for Aktia Real Estate Mortgage Bank is 10% for total capital adequacy and 7% for Tier 1 capital adequacy. For the finance and insurance conglomerate, the target is for the conglomerate's capital adequacy not to fall below 120%. The targets apply throughout one economic cycle. In 2010, plans are also in place to establish separate capital adequacy targets for Aktia Bank plc.

The statutory minimum requirement for operating capital applies to the insurance businesses as risk-taking has been limited and the regulations are currently under revision.

3.5 Economic capital

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

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

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

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

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

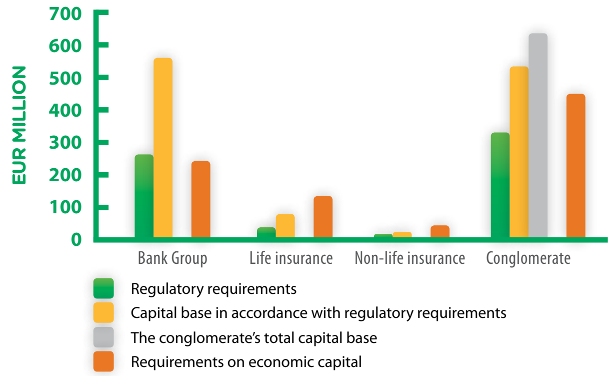
3.6 Capital requirements and capital base

The Bank Group

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

The insurance companies

In relative terms, the insurance companies have considerable financial assets that are exposed to market risk. In addition, the life insurance company is affected by interest rate risks in provisions in conjunction with guaranteed customer interest rates. The minimum regulatory capital adequacy requirement is exceeded but the requirement for economic capital is larger than the current capital base. Decisions on additional capitalisation have been made if necessary.



The finance conglomerate

The minimum requirement for the finance conglomerate amounts to approximately 2/3 of capital base according to regulatory rules and approximately 1/2 of the total capital base. According to the rules, only freely transferrable capital items can be included in the capital base. As the capital structure of the insurance companies is reflected, at the same time, in the finance conglomerate, this means a lower surplus in the ratio of economic capital to capital base calculated using the regulatory rules. These calculations are based on current regulatory rules and it is not clear what impact future rules will have.

3.7 Economic capital in relation to regulatory capital

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

THE GROUP'S MAXIMUM EXPOSURE BY OPERATION AS AT 31.12.2009

	Banking business	Life insurance bsiness	Non-Life Insurance	Total Group
Cash and money market	**467**	**18**	**6**	**470**
Bonds	**2,685**	**555**	**103**	**3,337**
Public sector	154	246	66	466
Government guaranteed bonds	279	22	0	300
Banks	771	84	16	869
Covered bonds	1,427	72	11	1,505
Corporate	55	132	10	197
Shares and mutual funds	**31**	**117**	**8**	**156**
Interest rate funds	0	58	3	61
Shares and equity funds	28	0	0	28
Real estate funds	0	38	3	41
Private Equity	2	9	2	14
Hedge funds	0	11	0	11
Loans and claims	**6,073**	**0**	**0**	**6,073**
Public sector entities	10	0	0	10
Housing associations	290	0	0	290
Corporate	785	0	0	785
Households	4,932	0	0	4,932
Non-profit organisations	56	0	0	56
Tangible assets	**10**	**0**	**11**	**35**
Bank guarantees	**57**	**0**	**0**	**57**
Unused facilities and unused limits	**507**	**11**	**1**	**518**
Derivatives (credit equivalents)	**268**	**1**	**0**	**268**
Other assets	**44**	**7**	**25**	**67**
Total	**10,143**	**709**	**155**	**10,981**

4. Credit and counterparty risks

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

The table above shows the Group's exposure by operation. The exposures include accrued interest. Internal Group receivables and liabilities are eliminated and no deductions for acceptable collaterals have been made. Investments that provide cover for unit-linked provisions are not included.

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

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

The conglomerate's largest individual customer entity has a commitment equivalent to 8.8% of the capital base, calculated according to regulatory directives.

4.1 Managing credit and counterparty risks and reporting procedures

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

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

4.1.1 Credit risks in banking

Within banking operations, loans are provided to households - the majority of which are secured against real estate collateral. These loans are partly undertaken directly from the bank's balance sheet and partly through the brokerage of Aktia Real Estate Mortgage Bank loans. Local cooperative banks and savings banks also broker Aktia Real Estate Mortgage Bank loans. A separate subsidiary has been established for the financing of household consumption and instalment purchases, Aktia Kort & Finans (Aktia Card & Finance). All branches offer financing solutions for their local corporate customers while financing arrangements that require specialist expertise are handled by Corporate Banking. Similarly, a separate subsidiary has also been established for the financing of corporate instalment purchases, leasing and working capital, Aktia Företagsfinans (Aktia Corporate Finance). In 2009, Aktia did not enter into any new risk capital financing arrangements.

CREDIT STOCK BY SECTOR

EUR million	31.12.2009	31.12.2008	Change	%
Corporate	782	804	-22	12.9
Housing associations	289	220	69	4.8
Public sector entities	10	12	-2	0.2
Non-profit organisations	55	47	9	0.9
Households	4,924	4,343	581	81.3
Total	**6,061**	**5,426**	**635**	**100.0**

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

4.1.2 Lending to households

The Group's loan stock increased in 2009 by EUR 635 million (11.7%), totalling EUR 6,061 million (EUR 5,426 million) at the year-end. As planned, this increase mainly occurred within household financing and households' share of the total loan stock amounted to EUR 4,924 million or 81.3%, or 86.0% when combined with housing associations at the end of year. Of these loans to households, 86.2% (86.2%) are secured against adequate real estate collateral in accordance with Basel II. The housing loan stock totalled EUR 4,598 million (EUR 4,036 million), of which mortgages granted by Aktia Real Estate Mortgage Bank plc made up EUR 2,498 million (EUR 1,968 million). In all, housing loans increased by 13.9% over the year.

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

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

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

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

DISTRIBUTION OF HOUSEHOLD SCORING CLASSES ASSIGNED AT LATEST APPLICATION ASSESSMENT

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

Valuing and administering of callaterals is very important for managing credit risk. Rules and authorisations concerning the valuation of collaterals and the updating of collateral values have been established. When calculating risk exposure, a secure value which is lower than the security's market value is taken into account, in keeping with the principle of prudence. The extent to which this value is lower reflects the volatility in the collateral's market value liquidity. Only real estate collateral, certain guarantees and financial securities are taken into account in the capital adequacy calculation. During the year, a statistical model was developed for regularly revaluing collateral. The model will be brought into use with effect from 31 March 2010 in line with the transitional rules of the Basel II regulations.

COLLATERAL DISTRIBUTION OF HOUSEHOLD STOCK

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

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

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

4.1.3 Corporate lending

New lending to companies remained moderate and corporate loans fell by 2.7% from the beginning of the year, totalling EUR 782 million (EUR 804 million). The proportion of the total credit stock accounted for by corporate loans fell as planned to 12.9%. At the end of the year, a new strategy for corporate operations was drawn up.

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

Corporate Banking has special expertise primarily in the construction and real estate sector and in selected areas of restructuring. Services and expertise with respect to instalment purchases, leasing and financing working capital have been built up under Aktia Corporate Finance which operates in close collaboration with the branches. Financing decisions involving Aktia Corporate Finance are made by taking into account both project-specific risk and the Group's total exposure to the customer. The coordination of banking and insurance services for corporate customers is continuing.

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

RATING DISTRIBUTION FOR CORPORATE STOCK (SUOMEN ASIAKASTIETO)*

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

* Intra-Group transactions are not included

Over the year, the rating distribution for the loan stock weakened slightly. 49% (49%) of claims on corporations are accounted for by the three groups with the lowest probability of default, while 6% (5%) of claims involve the two lowest credit rating classes.

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

COLLATERAL DISTRIBUTION OF CORPORATE STOCK INCLUDING HOUSING ASSOCIATIONS AND OTHER ORGANISATIONS

Collateral according to Basel 2	2009	2008
Central goverment, local government and financial securities with 0% risk weight	14.0%	12.1%
Deposit securities, risk weight 20%	0.6%	1.7%
Real estate collateral, risk weight 35%	25.6%	24.8%
Receivables where collateral is not taken into account in the capital adequacy calculation	59.8%	61.4%
Totalt	**100.0%**	**100.0%**
Total, million euros	1,136	1,083

Just under 15% (14%) of claims on corporations are guaranteed by a guarantee issued by central government, local government or by deposit while approximately 26% (25%) are secured against real estate collateral. A remaining 60% (61%) are granted against collaterals which are not taken into account in the capital adequacy calculation (including commercial real estate), different company-specific securities or against the company's operations and cash flow. For Retail Banking purposes, loans are generally fully secured while claims under Corporate Banking operations are largely granted against company-specific securities and cash flow.

4.1.4 Concentration risks in lending

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

Just over 86% of the loan portfolio comprises loans to Finnish households and housing associations. Approximately 86% of loans to households and 26% of corporate loans are secured against real estate collateral. Aktia's level of credit risk is therefore sensitive to changes in domestic employment and housing prices. In addition, Aktia has a strong market position in some areas which generates a certain geographical concentration risk. As the volumes in these branches are small in relation to the overall portfolio and as Aktia does not operate in areas which are highly dependent on a small number of employers, these geographical concentration risks have proved insignificant in household lending.

In relation to Aktia's total corporate portfolio, exposure with respect to construction and real estate financing constitutes a concentration risk which is based on the strategic decision to create a value chain through specialist expertise which includes brokerage services, insurance and financing for end customers alongside property and corporate financing.

BRANCH DISTRIBUTION OF CORPORATE STOCK

Branch	31.12.2009 EUR 781.8 million	31.12.2008 EUR 803.8 million
Basic industries, fisheries and mining	3.3%	3.3%
Industry	10.0%	10.0%
Energy, water and waste disposal	2.3%	1.3%
Construction	6.7%	5.7%
Trade	13.2%	15.1%
Hotels and restaurants	3.6%	2.7%
Transport	5.6%	5.0%
Financing	9.6%	11.1%
Property	28.5%	30.5%
Research, consulting and other business service	12.6%	11.4%
Other services	5.1%	4.3%
- write-downs by group	-0.6%	-0.6%
Total	**100.0%**	**100.0%**

Claims on housing companies are not included in the table above

4.1.5 Past due payments

Despite the downturn in the economy, payment behaviour among households in particular has not been affected. Loans with payments 1-30 days past due fell during the year from 3.40% to 2.97% of the credit stock. Loans with payments 31-89 days past due fell from 0.87% to 0.76%, totalling EUR 46 million. Non-performing loans more than 90 days overdue, including claims on bankrupt companies and loans for collection, totalled EUR 34 million, corresponding to 0.56% (0.48%) of the entire credit stock.

PAST DUE PAYMENTS BY LENGTH OF DELAY

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

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

LOANS PAST DUE BUT NOT IMPAIRED

(EUR million)	31.12.2009			31.12.2008		
Days	Book value	% of the credit stock	Fair value of collateral	Book value	% of the credit stock	Fair value of collateral
1–30	181	2.97	166	185	3.38	167
31–89	46	0.75	44	48	0.87	45
90–	30	0.50	27	25	0.46	19

4.1.6 Write-downs of loan and guarantee claims

In 2009, the financial crisis translated into a downturn in the economy, which led to write-downs primarily on corporate loans. In total, write-downs based on individual examination amounted to EUR -33.1 million (EUR -1.2 million). Reversals of previous write-downs came to EUR 2.1 million (EUR 0.5 million) so that the cost effect on the profit for the period was EUR -31.1 million (EUR- 0.7 million). Write-downs during the fourth quarter totalled EUR -6.6 million.

Of the write-downs with impact on income statement, EUR -29.9 million was accounted for by corporate loans, which corresponds to approx. 3.8% (0.02%) of the total corporate lending. Write-downs with impact on income statement of household loans amounted to EUR -1.1 million, EUR -0.7 million of which was accounted for by unsecured consumer loans. The year's write-downs with impact on income statement of household loans was equivalent to 0.02% (0.01%) of total lending to households. Total write-downs with cost impact for the year amounted to 0.51% (0.01%) of total lending.

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

4.1.7 Lending to local banks

Financing is provided to banks on the basis of individual credit ratings and case-by-case decisions. Each year, the Group's Board of Directors sets separate limits for the short- and long-term financing of local banks which are based on the local bank's equity, capital adequacy and any collateral provided. At the year-end, committed facilities for liquidity financing amounted to a total of EUR 279.3 million (EUR 269.4 million), divided between 51 (49) individual savings and local cooperative banks while outstanding liquidity financing totalled EUR 16 million (EUR 36 million). Secured financing totalled EUR 47 million (EUR 0 million).

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

4.2 Counterparty risks in the Bank Group's liquidity management

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

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

Of the financial assets available for sale, 55% (49%) were investments in covered bonds, 29% (45%) were investments in banks, 10% (3%) were investments in government guaranteed bonds and approximately 6% (3%) were investments in public sector entities and companies. Of these financial assets, 1.7% (3.2%) did not meet the internal rating requirements. As a result of a reduced credit rating, four securities with a market value of EUR 18 million were no longer eligible for refinancing with the central bank.

Other securities that are not eligible for refinancing and are unrated, totalled EUR 27 million. There are no investments in the Baltic states in the liquidity portfolio.

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

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

	31.12.2009 EUR 2,615 million	31.12.2008 EUR 2,290 million
Aaa	55,1%	49,4%
Aa1-Aa3	29,6%	42,3%
A1-A3	11,6%	4,9%
Baa1-Baa3	0,6%	0,9%
Ba1-Ba3	0,2%	0,0%
B1-B3	0,0%	0,0%
Caa1 or lower	0,0%	0,0%
No rating	2,9%	2,5%*
Total	**100,0%**	**100,0%**

*of which 1.9% municipalities at 31 December 2009 and 0.2% at 31 December 2008

Rating distribution for direct interest rate investments in the bank's liquidity portfolio

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

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

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

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

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

4.3 Counterparty risk in the life insurance company's investments

The life insurance company's interest rate investments increased as a result of continued reallocation with the aim

FIXED INCOME INVESTMENT PORTFOLIO'S SECTORAL DISTRIBUTION - BANKING OPERATIONS

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

of reducing the investment risks and neutralising interest rate risks in the provisions. Direct interest rate investments amounted to EUR 570 million (EUR 449 million) at the end of the year. Together with interest rate funds , money market instruments and cash, interest rate investments totalled EUR 628 million (EUR 530 million).

Counterparty risks arising in connection with the life insurance company's investments are managed by the requirement for at least an 'Investment grade' external rating (rating class Baa3 from Moody's or equivalent) and by limits concerning the maximal exposure for each counterparty and asset category. The investment portfolio is market valued and monitored on a daily basis.

At the end of 2009, 47% (48%) of the direct interest rate investments were claims on public sector entities, 23% (20%) were instruments issued by companies and 30% (32%) were investments in banks and covered bonds.

1.7% of the direct interest rate investments did not meet the internal rating requirements at the end of the period.

During the period, write-downs totalling EUR -14.0 million were realised as a result of the issuer announcing its inability to pay. During the fourth quarter, the net effect of write-downs and reversals within write-downs previously booked was EUR -1.0 million.

RATING DISTRIBUTION FOR LIFE INSURANCE BUSINESS

	EUR 569.9 million 31.12.2009	EUR 449.0 million 31.12.2008
Aaa	52.5%	53.7%
Aa1-Aa3	12.2%	17.3%
A1-A3	18.3%	14.8%
Baa1-Baa3	11.4%	5.7%
Ba1-Ba3	1.4%	0.8%
B1-B3	0.0%	0.2%
Caa1 or lower	0.3%	0.0%
No rating	3.9%	7.6%
Total	**100.0%**	**100.0%**

4.4 Counterparty risks in the non-life insurance business

A conservative investment policy is exists in the non-life insurance business. The non-life insurance company's interest rate investments increased as a result of continued reallocation with the aim of reducing the investment risks and at the end of 2009 totalled EUR 107 million (EUR 76 million at 1 January 2009). Direct interest rate investments amounted to EUR 104 million (EUR 74 million at 1 January 2009) at the end of the year. Together with interest rate funds , money market instruments and cash, interest rate investments totalled EUR 107 million (EUR 76 million at 1 January 2009) at the year end.

At the end of the year, 64% (80% at 1 January 2009) of the direct interest rate investments in public sector entities, 26% (16% at 1 January 2009) were investments in banks and covered bonds and 10% (4% at 1 January 2009) were investments in companies.

During the period no write-downs were realised as a result of issuers announcing an inability to pay.

INTEREST RATE INVESTMENTS IN THE INVESTMENT PORTFOLIO BY SECTOR – LIFE INSURANCE BUSINESS

	Public sector		Banking sector Covered bonds		Banking sector Unsecured bonds		State-guaranteed bonds		Other business		Total	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Finland	91.7	92.5	8.9	6.0	27.5	54.5	0.0	0.0	37.9	24.9	166.0	177.9
Other Nordic countries	21.9	3.2	5.6	1.3	24.6	14.6	0.0	0.0	32.2	11.9	84.4	31.1
EU excl. Nordic countries	144.8	157.6	63.8	36.8	47.7	33.8	21.7	9.0	61.9	60.0	340.0	297.2
Other European countries	0.9	1.6	0.1	0.2	5.1	4.0	0.0	0.0	4.9	0.0	11.1	5.8
North America	0.0	0.0	0.0	0.0	2.2	0.5	0.0	0.0	6.8	1.9	9.0	2.4
Other OECD -countries	0.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.1	1.5	1.3
Emerging markets	15.9	14.2	0.0	0.0	0.2	0.2	0.0	0.0	0.1	0.1	16.2	14.4
Total	**275.4**	**270.3**	**78.4**	**44.3**	**107.4**	**107.5**	**21.7**	**9.0**	**145.1**	**98.9**	**628.1**	**530.1**

RATING DISTRIBUTION FOR THE NON-LIFE INSURANCE BUSINESS' DIRECT INTEREST RATE INVESTMENTS

	EUR 103.7 million 31.12.2009	EUR 73.9 million 1.1.2009
Aaa	58.4%	65.2%
Aa1-Aa3	16.7%	23.3%
A1-A3	12.5%	10.1%
Baa1-Baa3	11.4%	0.0%
Ba1-Ba3	0.5%	0.0%
B1-B3	0.0%	0.0%
Caa1 or lower	0.0%	0.0%
No rating	0.4%	1.4%
Total	**100.0%**	**100.0%**

4.5 Country risks

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

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

5. Management of financing and liquidity risks

Financing and liquidity risk occurs if the Group is not be able to meet its payment obligations or could only do so at high cost and is defined as the availability and cost of refinancing and differences in maturity between assets and liabilities. Financing risk also occurs if funding is largely concentrated in individual counterparties, instruments or markets. Management of refinancing risks ensures that the Group can honour its financial obligations.

The financing and liquidity risks are dealt with at legal company level, and there are no financing commitments between the Bank Group and the insurance companies.

5.1 Financing and liquidity risks within banking operations

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

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

The bank's lending is refinanced both by deposits and investments from the general public, deposits made by the local banks and borrowing from the money and capital markets. To cover short-term financing requirements, the bank also has the option of issuing certificates of deposit on the domestic money markets. Total deposits from the public, associations and credit institutions stood at EUR 4,754 million (EUR 5,015 million) at the year-end.

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

As for market-related refinancing, a diverse range of sources of financing and an adequate spread on various markets is

INTEREST RATE INVESTMENTS IN THE INVESTMENT PORTFOLIO BY SECTOR – NON-LIFE INSURANCE BUSINESS

	Public sector		Banking sector Covered bonds		Banking sector Unsecured bonds		State-guaranteed bonds		Other business		Total	
	31.12.2009	1.1.2009	31.12.2009	1.1.2009	31.12.2009	1.1.2009	31.12.2009	1.1.2009	31.12.2009	1.1.2009	31.12.2009	1.1.2009
Finland	3.3	4.2	3.1	0.0	2.8	0.0	0.0	0.0	4.2	3.1	13.5	7.2
Other Nordic countries	7.2	0.0	0.0	0.0	4.4	0.0	0.0	0.0	2.7	0.0	14.3	0.0
EU excl. Nordic countries	56.1	55.1	7.4	0.0	6.0	7.4	0.0	0.0	1.6	0.0	71.2	62.5
Other European countries	0.1	0.1	0.0	0.0	2.0	3.4	0.0	0.0	0.0	0.0	2.1	3.5
North America	0.0	0.0	0.0	0.0	1.0	0.9	0.0	0.0	1.0	0.0	2.0	0.9
Other OECD -countries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	1.1	0.0
Emerging markets	2.4	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	1.9
Total	**69.2**	**59.1**	**10.5**	**0.0**	**16.2**	**11.8**	**0.0**	**0.0**	**10.6**	**3.1**	**106.5**	**76.1**

to be maintained. Aktia Real Estate Mortgage Bank plc is a strategically important channel for competitive and long-term borrowing and a significant proportion of long-term refinancing is accounted for by covered bonds secured by real estate issued by Aktia Real Estate Mortgage Bank plc.

Within the issuing programme of EUR 4 billion, covered bonds secured by real estate have been issued for EUR 2,375 million. In addition, Aktia has a domestic bond programme amounting to EUR 500 million under which it has issued EUR 305.4 million. To cover short-term financing requirements, the bank can also issue certificates of deposit on the domestic money markets. Outstanding certificates of deposits totalled just under EUR 300 million at 31 December 2009.

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

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

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

The executive committee for risk and capital management, ALICCO, is responsible for managing refinancing risks. The Group's Risk Control unit, which continuously monitors liquidity risks and associated limits, reports to ALICCO. The Treasury unit is responsible for maintaining the bank's day-to-day liquidity and constantly monitors how assets and liabilities mature on the capital market. Growth in the deposit stock and pricing is also followed closely. The Treasury unit implements measures adopted by ALICCO in order to change liquidity position.

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

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

5.2 Liquidity risks in the life insurance business

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

5.3 Liquidity risks in the non-life insurance business

Within the non-life insurance business, liquidity risks are defined as the availability of financing for paying out claims and depend on the number of claims and their scale. Liquidity risks are managed through the inward flow of cash as well as an adapted portfolio of bank deposits, certificates and government bonds.

6. Managing market risks

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

By managing market risk, the bank seeks to ensure steady long-term development of net interest income and profit. Limits and principles for market risk management have been established by the Group's Board of Directors. Market risks are either related to banking operations (structural interest rate risk), to the investment activities of the life and non-life insurance companies or to individual transactions. The bank does not actively take market risks but a certain degree of risk-taking takes place in the insurance companies' investment activities.

In the life-insurance business, the policyholder bears the investment risk of the investments that provide cover for unit-linked insurance policies. Other investments undertaken by the insurance companies to cover technical provisions are at the company's risk.

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

The table below shows market value sensitivity in various market risk scenarios as at 31 December 2009 and 31 December 2008 for Aktia's assets available for sale. The impact on equity or income statement is given after tax. A parallel downward shift in the interest rate level gives a positive change in the value of interest-bearing securities while a rate increase gives a negative change. Spread risk describes the impact if the general requirements on returns were to increase by 0.1%. Equity risk describes the impact of a 10% drop in the price of shares and share funds while real estate risk describes a 10% fall in property prices.

SENSITIVITY ANALYSIS FOR MARKET RISKS (EUR MILLION)

	Risk				
31.12.2009	**Interest rate**		**Spread**	**Equity**	**Real estate**
	1% parallel shift downwards	**1% parallel shift upwards**	**0.1% change upwards**	**10% price drop**	**10% price drop**
Banking business	25.0	-26.0	-5.1	-2.3	-0.3
Life insurance business	19.7	-21.0	-1.8	-1.5	-2.8
Non-life insurance business	4.9	-5.7	-0.8	-0.1	-2.1
Total	**49.6**	**-52.7**	**-7.7**	**-4.0**	**-5.1**

	Risk				
31.12.2008	**Interest rate**		**Spread**	**Equity**	**Real estate**
	1% parallel shift downwards	**1% parallel shift upwards**	**0.1% change upwards**	**10% price drop**	**10% price drop**
Banking business	26.0	-27.2	-4.4	-1.7	-0.3
Life insurance business	20.2	-22.3	-2.2	-6.1	-3.2
Non-life insurance business	4.7	-5.6	-0.7	-2.2	-2.2
Total	**50.9**	**-55.1**	**-7.3**	**-10.0**	**-5.7**

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

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

	31.12.2009 Interest rate		**31.12.2008 Interest rate**	
	1% parallel shift downwards	**1% parallel shift upwards**	**1% parallel shift downwards**	**1% parallel shift upwards**
Banking business	8,1	-8,1	6,9	-7,4
Life insurance business	0,0	0,0	0,0	0,0
Non-life insurance business	0,0	0,0	0,0	0,0
Total	**8,1**	**-8,1**	**6,9**	**-7,4**

6.1 Methods for valuing financial assets

The majority of Aktia Group's financial assets are valued at fair value. Valuations are either based on prices from an active market or on valuation methods using observable market data. For a limited proportion of the assets, EUR 59.8 million or 1.68% of financial assets at the year-end, valuations are based on unquoted prices or the company's own assessments. These assets are primarily funds invested in unlisted companies.

FINANCIAL ASSETS

	Published price quotations in an active market [1])	Valuation technique - based on market observable inputs [2])	Valuation technique - not based on market observable inputs [3])	Total
Financial assets valued through income statement	3.6	18.9	0.0	22.5
Financial assets available for sale	3,237.2	136.0	59.8	3,433.0
Financial assets held until maturity	0.0	27.9	0.0	27.9
Derivative instruments, net	0.0	77.8	0.0	77.8
Total	**3,240.8**	**260.5**	**59.8**	**3,561.1**

[1]) Included in this category are financial assets that are measured to published quotes in an active market.
[2]) Included in this category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument type or based on available market data.
[3]) Not based upon market observable input means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument type nor are they based on available market data.

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

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

6.2 Market risks within the banking business

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

6.2.1 Structural interest rate risk

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

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

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

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

Derivative agreements entered to hedge against the bank's structural interest rate risk are described in more detail in Note 25.

6.2.2 Market value interest rate risk

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

The net change in the fund at fair value relating to market value interest rate risk, credit risk and spread risk posted during the period was positive and totalled EUR 39.5 million after the deduction of deferred tax. At the year-end, the valuation difference in interest-bearing securities was EUR 13.3 million (EUR -26.3 million).

6.2.3 Exchange rate risk

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

Within the banking business, currency dealings are based on customer requirements, which is why most of this activity involves Nordic currencies and the US dollar. Exchange rate risks are primarily managed by means of matching. The Treasury unit is responsible for managing the bank's day-to-day currency position subject to the set limits.

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

6.2.4 Equity and real estate risk

Equity risk refers to changes in value due to fluctuations in share prices. Real estate risk refers to a fall in the market value of real estate assets. No equity or real estate trading activities are carried out by the banking business or in the parent company Aktia plc.

At the end of the period, remaining real estate assets totalled EUR 3.4 million (EUR 3.6 million). The investments in shares which are necessary or strategic to the business totalled EUR 30.6 million (EUR 21.9 million). At the end of the period, the fund at fair value related to the above strategic share investments amounted to EUR 3.7 million (EUR -1.5 million) after the deduction of deferred tax.

6.3 Market risks in the life insurance business

After being prepared by ALICCO and the Board's risk committee, the Group's Board of Directors sets out a strategy and limits for managing market risks in both the investment portfolio and interest-based provisions. Each year, the Board of the life insurance company sets out an investment plan which includes limits for neutral allocation. The Group's Investment Committee is responsible for the operational management of Group investment assets within predetermined guidelines and limits. An investment manager has been appointed to be in charge of operational management. The Group's Risk Control unit supervises risk exposure and limits.

6.3.1 Market risks in investments

Within the life insurance business, the aim is to build up a portfolio of assets that provides cover for provisions in view of the capacity of the insurance operation to carry risk, the need for returns and possibilities to convert the assets into cash. A reduction in the market value of assets and inadequate returns in relation to the requirements for provisions are the largest risks associated with the investment activities. These risks are reduced and managed through portfolio diversification in terms of asset type, markets and individual counterparties. The weight of the interest-bearing investments is high and, alongside risk and yield, possibilities are also taken into account to match the interest risk in provisions with interest-linked investments. As a result of interest-bearing investments, market value interest rate risk realises due to rate fluctuations or changes in credit, interest rate or spread risks. These changes are reported in the fund at fair value under equity after deductions for deferred tax.

The net change in the fund at fair value relating to market value interest rate risk, credit risk and spread risk posted during the period was positive and totalled EUR 23.8 million after the deduction of deferred tax. At the year-end, the valuation difference in interest-bearing securities was EUR 5.6 million (EUR -18.2 million).

The part of the investment portfolio that covers technical provisions for interest-linked policies is market valued on an ongoing basis. Temporary price fluctuations are reported under the fund at fair value, while significant or long-term value changes are reported in the income statement. During the reporting period, write-downs affecting profit attributable to shares and participations totalling EUR -9.6 million (EUR -29.4 million) were posted. As the economic situation made the investment market extremely challenging, the equity risks have been reduced further and at the end of the period shareholdings amounted to EUR 0.3 million (EUR 38 million).

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

ALLOCATION OF HOLDINGS IN THE LIFE INSURANCE COMPANY'S INVESTMENT PORTFOLIO

EUR million	31.12.2009		31.12.2008	
Shares	0.3	0.0%	37.8	5.5%
Bonds	609.7	88.0%	480.6	69.4%
Money market	24.0	3.5%	85.3	12.3%
Real estate	38.0	5.5%	42.8	6.2%
Other	20.7	3.0%	46.1	6.6%
Total	**692.6**	**100.0%**	**692.6**	**100.0%**

6.3.2 Interest rate risks in provisions

Interest rate risk is the most significant risk associated with provisions. It realises due to differences in the interest rate guaranteed to the customer and the risk-free interest in the market. If the interest guaranteed to the customer exceeds the risk-free interest, a higher degree of risk-taking is required in investment activities. At product level, this risk is considerable, in particular in relation to interest-bearing savings and pensions insurance. At 31 December 2009, the average guaranteed interest on the life insurance company's provisions, excluding provisions for unit-linked insurance, was approximately 3.6 %.

LIABILITIES (MATHEMATICAL RESERVE) - LIFE INSURANCE BUSINESS

EUR million	Liability 2009	%	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonuses	Liability 2008
Group pension	**48.7**	**6.1%**	**3.7**	**-2.7**	**-0.3**	**1.5**	**0.2**	**46.4**
3.5,%	48.7	6.0%	3.7	-2.7	-0.3	1.5	0.2	46.4
1.0%	0.0	0.0%	0.0	0.0	-0.0	0.0	0.0	0.0
Individual pension insurance	**353.9**	**44.0%**	**14.7**	**-21.7**	**-1.7**	**14.2**	**0.6**	**347.8**
4.5%	264.9	32.9%	7.5	-17.8	-1.0	11.3	0.0	265.1
3.5%	70.2	8.7%	4.1	-3.3	-0.4	2.4	0.3	66.9
2.5%	18.8	2.3%	3.2	-0.6	-0.3	0.4	0.3	15.9
Savings insurance	**134.8**	**16.7%**	**4.9**	**-26.4**	**-1.0**	**4.4**	**0.2**	**153.5**
4.5%	31.7	3.9%	2.1	-3.1	-0.5	1.4	0.0	32.0
3.5%	34.0	4.2%	1.0	-10.4	-0.2	1.3	0.0	42.3
2.5%	69.1	8.6%	1.8	-12.9	-0.3	1.8	0.2	79.2
Risk insurance	**46.6**	**5.8%**	**21.4**	**-14.0**	**-6.9**	**1.9**	**0.0**	**46.8**
Unit linked insurance	**210.1**	**26.1%**	**35.9**	**-15.0**	**-2.5**	**0.0**	**0.0**	**149.6**
Savings insurance	145.5	18.1%	25.2	-14.7	-1.5	0.0	0.0	111.1
Individual pension insurance	63.2	7.8%	10.1	-0.3	-1.0	0.0	0.0	38.1
Group pension	1.4	0.2%	0.5	0.0	-0.0	0.0	0.0	0.4
Reservation for future bonuses	**2.7**	**0.3%**	**0.0**	**0.0**	**0.0**	**0.0**	**-1.0**	**3.7**
Impact of lowered discount rate	**8.3**	**1.0%**	**0.0**	**0.0**	**0.0**	**-1.6**	**0.0**	**29.3**
	805.1	**100.0%**	**80.5**	**-79.8**	**-12.3**	**20.4**	**0.0**	**777.2**

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

In connection with the transition to the new rules for calculating insurance companies' capital adequacy, there is also a need to determine the market value of provisions, which, in a low interest environment, would have an unfavourable impact on the company's financial position. As a step towards incorporating these new capital adequacy rules, certain protective measures have been taken at Group level to manage the interest rate risk in provisions. In practice, provisions in the life insurance company have been hedged against low interest levels through interest rate swaps with a maturity of 8 – 10 years. In 2009, the decision was also taken to match the investment portfolio's cash flow structure with equivalent provisions as far as possible with new investments over the next three years. At the end of 2009, the average duration of the portfolio was 4.4 years and in provisions approx. 12.0 years.

6.3.3 Equity risk

As the economic situation made the investment market extremely challenging, equity risks have been reduced further and at the end of the period shareholdings amounted to EUR 0.3 million (EUR 38 million). The portfolio also included unquoted shares and private equity funds with a total market value of EUR 9.4 million. Holdings in hedge funds, which partly involve equity risk and which are the subject of liquidation, amounted to EUR 11.3 million at the year-end. Holdings of structured interest-linked instruments which partly involve equity risk amounted to EUR 5.7 million.

6.3.4 Real estate risk

Real estate risk is managed in the life insurance company by making diverse investments primarily in indirect real estate instruments such as publicly quoted and unquoted real estate funds and shares in real estate companies. At the year-end, total real estate investments stood at EUR 38 million (EUR 43 million).

6.3.5 Exchange rate risk

Viewed overall, provisions comprise, in practical terms, liabilities in euros which is why currency investments are not needed to cover them. Investments carried out by the life insurance business are mainly euro-based and the exchange rate risks are regulated by both internal limits and limits imposed by the regulators. Currency exposure has also reduced compared to 2008 due to the lower weight of shares in the investment portfolio. At 31 December 2009, exchange rate risk existed only in the 'other currencies' categories, which is attributed to remaining shareholdings in the emerging markets category and to underlying investments in emerging market funds. In addition, there were also holdings of securities quoted in USD, but all of these are in the process of being liquidated of and were hedged using currency forwards.

LIABILITIES (MATHEMATICAL RESERVE) - NON-LIFE INSURANCE BUSINESS

EUR million	Liability 2009	%	Premiums	Claims paid	Expense charges	Liability 1.1.2009
Satutory accident insurance	36.2	35.9%	13.3	-8.9	-2.8	33.0
Non-statutory accident and health	2.6	2.6%	3.8	-1.9	-1.4	2.6
Fire and other damage to property	12.1	12.0%	14.5	-17.5	-6.0	12.6
Motor liability	40.9	40.6%	14.2	-13.2	-4.5	35.8
Land vehicle	7.5	7.4%	12.6	-9.0	-3.7	7.6
Other direct insurance	9.1	9.0%	5.7	-6.5	-3.3	6.1
Inward reinsurance	1.3	1.3%	1.2	-0.6	-0.3	1.3
Total	109.7	108.8%	65.3	-57.6	-22.0	99.1
Reinsurers' share	-8.8	-8.8%	-4.8	7.5	0.0	-8.4
Net	**100.9**	**100.0%**	**60.6**	**-50.1**	**-22.0**	**90.7**

EUR million	2009		2008	
,	Open item	5% drop in price against Euro	Open item	5% drop in price against Euro
SEK	0.0	0.00	2.5	-0.12
USD	0.0	0.00	3.2	-0.16
NOK	0.0	0.00	1.8	-0.09
CHF	0.0	0.00	0.9	-0.04
GBP	0.0	0.00	0.2	-0.01
JPY	0.0	0.00	3.3	-0.16
Other	3.2	-0.16	2.6	-0.13
Total	**3.2**	**-0.16**	**14.3**	**-0.71**

6.4 Market risks in the non-life insurance business

After being prepared by ALICCO and the Board's risk committee, the Group's Board of Directors sets out a strategy and limits for managing market risks in the investment portfolio. Each year, the Board of the non-life insurance company sets out an investment plan which includes limits for neutral allocation. The Group's Investment Committee is responsible for the operational management of internal Group investment assets within predetermined guidelines and limits. An investment manager has been appointed to be in charge of operational management. The Group's Risk Control unit supervises risk exposure and limits.

The investment portfolio covering technical provisions is measured on an ongoing basis at market value. In order to further reduce the level of risk in the investment portfolio, all listed shareholdings were sold off during the reporting period. During the period no write-downs affecting profit were posted that were attributable to shares and participations.

6.4.1 Market risks in investments

Within the non-life insurance business, the aim is to build up a portfolio of assets that provides cover for provisions subject to the capacity of the insurance operation to carry risk, the need for returns and possibilities to convert the assets into cash. A reduction in the market value of assets and inadequate returns in relation to the requirements for provisions are the greatest risks associated with the investment activities. These risks are reduced and managed through portfolio diversification in terms of asset type, markets and individual counterparties. The weight of the interest-bearing investments is high and, alongside risk and yield, opportunities are also taken into account to match the interest risk in provisions with interest-linked investments. As a result of interest-bearing investments, market value interest rate risk realises due to rate fluctuations or changes in credit, interest rate or spread risks. These changes are booked in the fund at fair value under equity after deductions for deferred tax.

The net change in the fund at fair value relating to market value interest rate risk, credit risk and spread risk posted during the period was positive and totalled EUR -0.8 million after the deduction of deferred tax.

ALLOCATION OF HOLDINGS IN THE NON-LIFE INSURANCE COMPANY'S INVESTMENT PORTFOLIO

EUR million	31.12.2009		1.1.2009	
Shares	0.0	0.0%	20.6	14.7%
Bonds	105.9	74.4%	79.3	56.6%
Money market	6.3	4.4%	8.0	5.7%
Real estate	28.2	19.8%	29.1	20.8%
Other	2.0	1.4%	3.0	2.1%
Total	**142.4**	**100.0%**	**140.1**	**100.0%**

6.4.2 Interest rate risk in provisions

Non-life insurance products feature no conditions concerning guaranteed interest rates and therefore, in contrast to products from the life insurance company, provisions are insensitive to changes in interest rate levels in terms of cash flow. However, interest rate levels have an impact on the market value of provisions as the discounting rate varies. This has implications for the company's financial position during the transition to the new solvency rules. This has been taken into account in the investment allocation and provisions are mainly matched with equivalent investments.

6.4.3 Equity risk

In the non-life insurance company, shareholdings were also reduced during 2009 and at the year-end there ware no direct equity holdings in the non-life insurance company.

Holdings of unquoted shares and private equity funds were valued at EUR 2.0 million. Holdings of structured interest-linked instruments which partly involve equity risk amounted to EUR 6.7 million.

6.4.4 Real estate risk

At the year-end, real estate holdings stood at EUR 28.2 million (EUR 29.1 million at 1 January 2009). Real estate risk is managed by making diverse investments in directly owned real estate with different tenants and length of lease. Limits for individual real estate exposures have been established.

6.4.5 Exchange rate risk

Viewed overall, provisions comprise, in practical terms, liabilities in euros which is why currency investments are not needed to cover them. At the year-end there where no open currency positions in non-life company.

7. Insurance risks

Insurance risk refers to the risk that claims to be paid out to policyholders exceed the amount expected. The risk is divided into underwriting risk and provision risk. Underwriting risk is caused by losses due to, e.g. incorrect pricing, risk concentrations, inadequate reinsurance or unexpectedly high frequency of claims. Provision risk is the risk of loss caused by a situation where reserves in the technical provisions are not adequate to cover the claims arising from known or unknown accidents covered by insurance contracts that have already been entered into..

7.1. Insurance risks in the life insurance company

Aktia Life Insurance provides voluntary pension insurance, life insurance and savings insurance. Due to the legal rules concerning insurance contracts, the company is very limited in its ability to influence premiums and terms and conditions for old policies that have already come into effect. The adequacy of the premiums is monitored on an annual basis. For new policies, the company is free to set the premium levels itself. This is done by the Board, at the proposal of the head actuary. Reinsurance is used to limit compensation liabilities for the company's own account so that its solvency capital is adequate and results do not fluctuate too much. In the Group's capital and risk management process, and in the life insurance company's Board, limits have been set for the risks that the company itself can bear without subscribing to reinsurance.

The principal risks associated with risk insurance are biometric risks connected to mortality, compensation for healthcare costs, long-term inability to work and daily compensation in the event of illness. The most important methods used to manage risk associated with risk insurance are risk selection, tariff classification, reinsuring of risks and the monitoring of compensation costs. With respect to health insurance, the life insurance company can increase policy premiums, within certain limits, to cover the increasing compensation paid out in the event of ill health. The table below shows the risk compensation paid out during 2009 for the risk groups mentioned above and what a 50% increase in compensation costs would mean for additional compensation costs.

TECHNICAL PROVISION'S SENSITIVITY TO ACTUARIAL RISKS WITHIN THE LIFE INSURANCE BUSINESS

EUR million	2009	+50%
Mortality	2.6	1.3
Healthcare costs	7.8	3.9
Long-term inability to work	0.3	0.2
Daily compensation etc.	0.6	0.3
Premium exemptions	0.2	0.1
Savings	1.9	0.9
Surrenders	0.2	0.1
Total	**13.6**	**6.8**

7.2. Insurance risks in the non-life insurance company

Aktia Non-Life Insurance holds a concession for all lines of non-life insurance. The sale of direct insurance is concentrated in Finland's bilingual coastal region, and the customer base mainly comprises private households, farms, private entrepreneurs and small and medium-sized companies. The largest individual insurance classes are statutory accident insurance and motor liability insurance, which accounted for just over 76% of total provisions at the end of 2009. Within these insurance classes, the company's own liability is limited with regard to exceptionally large insured events by national equalisation pools that all insurance companies with comparable operations participate in. The company has its own reinsurance for motor liabilities. Within these classes, pricing is also partly regulated, as are terms and conditions and the policy for granting insurance cover, and the ability to provide company-specific solutions is therefore limited. For other insurance classes, the company is free to set premium levels. For most policies, premiums are determined using the applicable tariffs and various premium calculators, but for highly complex policies or those that cover larger risk entities separate assessment is always carried out. The basic tariffs are developed and maintained by the underwriting unit with the support of the underwriting control unit and the actuarial division.

The main aim of a non-life insurance policy is to transfer risks from the policyholder to the insurance company. The company undertakes to compensate the policyholder if an insured event occurs, and generally the premiums paid in for each insurance product should largely cover total damages. It is therefore extremely important in terms of profitability that the risks involved can be assessed correctly, the compensation costs can be estimated correctly and the product can be priced correctly. In the non-life sector, the most important risks are those associated with these activities. In the Aktia non-life insurance company, responsibility for pricing and estimating profitability falls to the underwriting unit, and the underwriting control unit which is responsible for risk assessment. The profitability of the insurance operations is monitored by means of monthly reporting and quarterly monitoring meetings. Here, the responsible staff from the underwriting unit and other units provide information to management and analyse circumstances where the actual profitability differs from the budget or plans set down.

Despite risks being well identified, non-life insurance operations are exposed to random variations in the frequency of claims, due to the nature of the business. Reinsurance is thus particularly important in this sector. A reinsurance programme is set out each year within the Group's capital and risk management process and by the company's Board of Directors. The aim of this programme is to limit the company's compensation liabilities so that its solvency capital is sufficient and to reduce the volatility of the company's results. The remaining net liability is also adjusted to satisfy both internal and statutory capital requirements. In order to monitor the frequency of claims, both internally and towards reinsurers, and the claims adjustment process overall, monthly claims meetings are held focusing on all claim events that are significant for the insurance business.

8. Managing operational risks

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

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

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

The responsibility for managing operational risk is vested with the business areas and the line organisation. Risk management includes continual development of the quality of internal processes and internal control within the whole organisation. The management of each business area is responsible for ensuring that the processes and procedures are adapted to the goals established by the Group's Executive Management and that the instructions are sufficient. Specific process descriptions are drawn up when necessary.

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

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

During the year no significant losses due to operational risks have been recorded.

8.1 Legal risks

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

APPENDIX TO NOTE 2. CONSOLIDATED CAPITAL ADEQUACY AND EXPOSURES

The bank group's capital adequacy
(EUR 1,000)

Summary	12/2009	9/2009	6/2009	3/2009	12/2008
Tier 1 capital	328,997	319,172	309,385	298,914	308,959
Tier 2 capital	222,781	219,509	183,368	172,850	143,438
Capital base	**551,778**	**538,682**	**492,753**	**471,764**	**452,396**
Risk-weighted amount for credit and counterparty risks	3,147,457	3,220,725	3,122,171	3,062,818	3,040,519
Risk-weighted amount for market risks 1)	-	-	-	-	-
Risk-weighted amount for operational risks	312,713	272,656	272,656	272,656	272,656
Risk-weighted commitments	**3,460,170**	**3,493,380**	**3,394,826**	**3,335,474**	**3,313,174**
Capital adequacy ratio, %	**15.9**	**15.4**	**14.5**	**14.1**	**13.7**
Tier 1 Capital ratio, %	**9.5**	**9.1**	**9.1**	**9.0**	**9.3**
Minimum capital requirement	**276,814**	**279,470**	**271,586**	**266,838**	**265,054**
Capital buffer (difference between capital base and minimum requirement)	274,965	259,211	221,167	204,926	187,343

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

The bank group's capital base

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

The bank group's risk-weighted commitments

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

*) derivative agreements credit conversion factor

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

The bank group's risk-weighted amount for operational risks

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

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

Summary	12/2009	9/2009	6/2009	3/2009	12/2008
Tier 1 capital for the group	400,687	388,057	375,031	370,633	359,711
Sector-specific assets	233,187	229,403	176,412	142,991	161,361
Intangible assets and other specific reductions	-120,024	-105,802	-91,210	-93,847	-101,922
Other sector-specific not transferrable assets	-	-	-	-	-
Conglomerate´s total capital base	**513,851**	**511,657**	**460,234**	**419,777**	**419,150**
Capital requirement for banking business	279,384	282,072	273,793	268,671	266,588
Capital requirement for insurance business	47,091	47,557	47,857	47,857	43,505
Minimum amount for capital base	**326,475**	**329,629**	**321,649**	**316,528**	**310,093**
Conglomerate´s capital adequacy	**187,376**	**182,029**	**138,584**	**103,249**	**109,057**
Capital adequacy ratio, %	**157.4%**	**155.2%**	**143.1%**	**132.6%**	**135.2%**

The conglomerate's capital adequacy is based on consolidation method and is calcuated according to FICO rules and the standards of the Finnish Financial Supervision Authority.

Above information is based on retroactive recalculation of the results for each quarter and varies from earlier published information. The retroactive calculation is specified in note 59.

The bank group's total exposures by exposure class before and after the effect of risk reduction techniques.
Balance sheet items and off-balance sheet items including derivatives by credit conversion factors.

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

Accounting netting of exposures has not been carried out.

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

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

The bank group's average total exposures before the effect of credit risk reduction techniques

(EUR 1,000)

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

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

The bank group's total exposures before the effect of credit risk reduction techniques, broken down by maturity

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

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

The bank group's total exposure before the effect of risk reduction techniques, broken down by region

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

The amounts include on- and off-balance sheet items and derivatives by credit counter value.
Individually impaired loans include loan capital and accrued interest less individual write-downs. In capital adequacy measurement for credit risk under the standard method, past due items have interest or capital over 90 days overdue.

Exposures with past due payments are entirely domestic.

The bank group's main counterparties and branches by exposure class before the effect of risk reduction techniques

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

Loans individually impaired

31.12.2009					Change during the period	
	Contract value	Individual impairment	Book value	Fair value of collateral	Change in impairment	Losses on credits and other commitments
Corporates	51,619	38,222	13,397	13,119	29,939	8,013
Housing associations	137	137	-	2	-59	-
Public sector entities	-	-	-	-	-	-
Non-profit associations	14	14	-	10	14	-
Households	3,419	2,696	723	1,105	1,149	824
Total	**55,189**	**41,068**	**14,121**	**14,236**	**31,043**	**8,837**
Write-downs on corporate loans by branch						
Research, consulting and other services	16,198	14,502	1,696			
Trade	17,903	14,464	3,439			
Construction	4,023	3,260	763			
Industry	4,295	2,227	2,068			
Property	1,666	800	867			
Other	7,535	2,970	4,564			

31.12.2008					Change during the period	
	Contract value	Individual impairment	Book value	Fair value of collateral	Change in impairment	Losses on credits and other commitments
Corporates	22,871	15,351	7,519	4,769	171	1,173
Housing associations	395	195	200	371	-	-
Public sector entities	-	-	-	-	-	-
Non-profit associations	-	-	-	-	-	-
Households	3,885	3,217	667	1,856	496	717
Total	**27,151**	**18,764**	**8,387**	**6,996**	**668**	**1,890**
Write-downs on corporate loans by branch						
Trade	6,629	6,066	563			
Construction	3,265	3,064	201			
Hotels and restaurants	2,485	2,231	254			
Research, consulting and other services	2,715	1,315	1,400			
Transport	619	486	133			
Other	7,157	2,189	4,968			

Note 3. Group's segment reporting

Income statement 1–12 (EUR 1,000)	Banking Business 2009	Banking Business 2008	Asset Management 2009	Asset Management 2008	Life Insurance 2009	Life Insurance 2008	Non-Life Insurance 2009	Non-Life Insurance 2008	Miscellaneous 2009	Miscellaneous 2008	Eliminations 2009	Eliminations 2008	Total Group 2009	Total Group 2008
Net interest income	146,869	93,568	2,582	1,777	-	-	-	-	1,999	5,058	797	551	152,248	100,953
Dividends	104	340	10	119	-	-	-	-	1,846	2,331	-1,354	-1,395	607	1,395
Net commission income	33,665	29,441	13,151	11,053	-	-	-	-	8,403	3,292	-8,873	-2,752	46,346	41,034
Net income from life-insurance	-	-	-	-	22,204	27,837	-	-	-	-	-8,213	-61,596	13,991	-33,758
Net income from non-life insurance	-	-	-	-	-	-	14,314	-	-	-	843	-	15,158	-
Net income from financial transactions	3,108	-2,852	-245	-624	-	-	-	-	-3,518	117	1,481	-	826	-3,359
Net income from investment properties	26	50	-	-	-	-	-	-	467	6,176	-87	-216	406	6,010
Other operating income	9,901	3,681	114	142	-	-	352	-	2,973	12,351	-9,775	-1,215	3,565	14,958
Total operating income	**193,674**	**124,227**	**15,613**	**12,467**	**22,204**	**27,837**	**14,667**	**-**	**12,170**	**29,325**	**-25,181**	**-66,624**	**233,147**	**127,233**
Staff costs	-35,994	-34,665	-8,071	-4,755	-5,457	-7,129	-13,666	-	-15,973	-12,855	-58	-1,200	-79,219	-60,605
Other administrative expenses	-57,348	-46,802	-4,888	-3,466	-7,385	-5,833	-7,025	-	14,115	11,282	17,749	6,400	-44,783	-38,419
Negative goodwill recorded as income	-	-	-	-	-	-	-	-	-	-	140	-	140	-
Depreciation of tangible and intangible assets	-2,328	-1,962	-759	-430	-425	-433	-587	-	-2,085	-1,577	-700	-1,280	-6,884	-5,682
Other operating expenses	-11,599	-8,957	-1,015	-607	-	-	-461	-	-10,147	-6,862	-191	240	-23,413	-16,186
Total operating expenses	**-107,269**	**-92,386**	**-14,733**	**-9,258**	**-13,267**	**-13,395**	**-21,739**	**-**	**-14,089**	**-10,012**	**16,939**	**4,160**	**-154,159**	**-120,891**
Impairment and reversing items of tangible and intangible assets	-	-	-	-	-	-	-	-	-	1,002	-563	-260	-563	743
Write-downs on credits and other commitments	-30,980	-708	-	-	-	-	-668	-	-101	-	-	-	-31,750	-708
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	319	230	319	230
Operating profit	**55,425**	**31,133**	**880**	**3,209**	**8,936**	**14,442**	**-7,741**	**-**	**-2,020**	**20,316**	**-8,486**	**-62,493**	**46,994**	**6,606**
Contribution of insurance businesses to the Groups' operating profit					2,668	-47,669	-7,702	-						

Balance sheet 31.12. (EUR 1,000)	Banking Business 2009	Banking Business 2008	Asset Management 2009	Asset Management 2008	Life Insurance 2009	Life Insurance 2008	Non-Life Insurance 2009	Non-Life Insurance 2008	Miscellaneous 2009	Miscellaneous 2008	Eliminations 2009	Eliminations 2008	Total Group 2009	Total Group 2008
Cash and balances with central banks	336,397	502,503	110	100	3,075	13,406	5,639	-	-	-	-4,262	-9,698	340,960	506,311
Financial assets reported at fair value through profit and loss	3,599	4,547	-	-	10,450	14,946	8,405	-	-	-	-	-	22,453	19,492
Financial assets available for sale	2,655,803	2,354,953	7,338	13,235	664,861	648,601	101,097	-	29,985	36,957	-26,123	-16,419	3,432,962	3,037,328
Loans and other receivables	6,173,694	5,520,211	34,402	17,644	-	-	-	-	57	86	-66,591	-11,747	6,141,562	5,526,194
Investments for unit-linked provisions	-	-	-	-	208,853	148,119	-	-	-	-	-	-	208,853	148,119
Other assets	662,873	465,858	4,967	7,164	19,355	21,530	38,463	-	20,655	120,398	-337,264	-312,322	409,049	302,629
Total assets	**9,832,365**	**8,848,072**	**46,816**	**38,142**	**906,594**	**846,602**	**153,604**	**-**	**50,698**	**157,442**	**-434,239**	**-350,186**	**10,555,839**	**9,540,073**
Deposits	4,607,147	4,898,804	154,690	130,126	-	-	-	-	2,164	1,592	-10,416	-15,245	4,753,586	5,015,277
Debt securities issued	2,758,144	2,134,057	-	-	-	-	-	-	-	-	-10,217	-15,324	2,747,926	2,118,733
Technical provision for insurance business	-	-	-	-	805,119	777,176	109,739	-	-	-	9,580	-	924,437	777,176
Other liabilities	1,508,748	1,174,507	6,698	15,930	14,070	11,143	19,628	-	258,849	227,971	-144,260	-117,439	1,663,733	1,312,112
Total liabilities	**8,874,039**	**8,207,368**	**161,388**	**146,056**	**819,188**	**788,319**	**129,366**	**-**	**261,013**	**229,562**	**-155,313**	**-148,007**	**10,089,682**	**9,223,298**

Note 4. Business acquired

Businesses acquired during the reporting period

The merger with Veritas Non-Life Insurance was completed 1 January 2009 in accordance with the merger plan approved. From 1 January 2009 onwards, non-life insurance business is operated by the 100 % Aktia plc-owned subsidiary Aktia Non-Life Insurance Ltd.

As compensation for the merger, Aktia plc has issued 6,800,000 new shares in accordance with the approved merger plan. The evaluation of the issued shares was based on trading at the end of the year 2008.

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

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

Net assets in the acquisition balance were higher than the total acquisition price. That led to a negative goodwill of EUR 139,856.09 at the time of acquisition which is recognised in the income statement for the first quarter of 2009.

Aktia Non-Life Insurance total operating income was EUR 14 667 thousand and result after taxes was EUR -5 651 thousand during 2009.

(EUR 1,000)	**1 January 2009**		
Assets	**Veritas Mutual Non-Life Insurance Company**	**Fair value adjustments**	**Veritas Mutual Non-Life Insurances' acquisition balance sheet**
Cash and bank balances	17,979		17,979
Interest-bearing securities	75,784		75,784
Shares and participations	30,137	2,150	32,287
Financial assets available for sale	105,921	2,150	108,071
Properties	11,054	15,130	26,184
Intangible assets	1,656	1,400	3,056
Other tangible assets	793		793
Other assets	22,693		22,693
Deferred tax receivables	1,383		1,383
Total assets	**161,479**	**18,681**	**180,160**
Liabilities			
Technical provision for insurance business	99,147	11,975	111,122
Other liabilities	13,910	700	14,610
Deferred tax liabilities	10,296	1,561	11,857
Total liabilities	**123,353**	**14,236**	**137,589**
Net assets according to IFRS			**42,571**
Compensation for the merger			40,800
Activated acquisition costs			1,631
Acquisition price			**42,431**
- of which paid in cash			1,631
- of which 6,800,000 shares in Aktia plc at EUR 6 per share have been given as compensation for the merger.			40,800
Difference = negative goodwill			**140**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(EUR 1,000)

Note 5. Interest income and expenses

	2009	2008
Interest income		
Interest income from cash and balances with central banks	3,126	9,320
Interest income from financial assets reported at fair value via the income statement	405	497
Interest income from financial assets available for sale	92,052	92,901
Interest income from claims on credit institutions	733	6,138
Interest income from claims on public and public sector entities	188,950	273,469
Interest income from finance lease contracts	681	516
Interest income from loans and other receivables	190,364	280,123
Interest income from financial assets held until maturity	936	2,467
Interest income from hedging instruments	-1,414	691
Other interest income	108	130
Total	**285,576**	**386,129**
Interest expenses		
Interest expenses from deposits, credit institutions	-33,903	-77,034
Interest expenses from deposits, other public entities	-45,094	-94,174
Interest expenses from deposits	-78,997	-171,208
Interest expenses for debt securities issued to the public	-73,032	-97,100
Interest expenses for subordinated liabilities	-9,138	-8,099
Interest expenses from securities issued and subordinated liabilities	-82,170	-105,199
Interest expenses for hedging instruments	27,880	-8,702
Other interest expenses	-40	-68
Total	**-133,328**	**-285,176**
Net interest income	**152,248**	**100,953**

Note 6. Dividends

	2009	2008
Dividend income from shares available for sale	607	482
Dividend income from shares held for trading	-	913
Total	**607**	**1,395**

Life insurance business' dividends included in Net income from investments, see note 8.

Note 7. Commission income and expenses

	2009	2008
Commission income		
Lending	8,308	5,381
Borrowing	131	126
Payment transactions	11,457	11,047
Asset management services	29,291	21,894
Brokerage of insurance	1,811	1,734
Guarantees and other off-balance sheet commitments	711	633
Real estate agency	8,061	7,077
Other commission income	899	842
Total	**60,669**	**48,734**
Commission expenses		
Bank fees paid	-626	-666
Other commission expenses	-13,696	-7,034
Total	**-14,322**	**-7,699**
Net commission income	**46,346**	**41,034**

Note 8. Net income from life-insurance

	2009	2008
Income from insurance premiums	80,510	91,037
Net income from investments	442	-49,131
Insurance claims paid	-79,752	-86,702
Net change in technical provisions	12,791	11,038
Net income from life-insurance	**13,991**	**-33,758**

Premium income

	2009	2008
Premium income from insurance agreements		
Insurance agreements	80,867	91,325
Reinsurance agreements	33	26
Total gross income from premiums before the assuming company's share	**80,900**	**91,350**
Assuming company's share	-390	-313
Total income from premiums	**80,510**	**91,037**
Premium income from insurance agreements with a discretionary element		
Saving plans	4,861	8,783
Individual pension insurance	14,664	15,907
Group pension insurance	3,733	4,067
Personal insurance	19,923	18,686
Group life insurance for employers	1,387	777
Other group life insurance	50	51
Risk insurance	21,359	19,514
Total	**44,618**	**48,271**
Premium income from unit-linked agreements		
Saving plans	25,227	32,524
Individual pension insurance	10,138	9,763
Group pension insurance	527	479
Total	**35,892**	**42,766**
Total income from premiums	**80,510**	**91,037**
On-going and one-off premiums from direct insurance		
On-going premiums	63,069	60,435
One-off premiums	17,441	30,602
Total income from premiums	**80,510**	**91,037**

Net income from investments

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

	2009	2008
Derivative contracts		
Profit and losses	-870	2,387
Total	**-870**	**2,387**
Interest-bearing securities		
Interest income	474	837
Profit and losses	781	-1,198
Total	**1,255**	**-361**
Net income from financial assets available for sale		
Interest income	20,722	20,273
Capital gains and losses	-2,867	-359
Impairments	-14,030	-4,871
Other income and expenses	-62	-212
Interest-bearing securities	3,764	14,831
Dividends	1,038	4,747
Capital gains and losses	2,474	-39,936
Impairments	-9,558	-29,423
Other income and expenses	2,449	-1,282
Shares and participations	-3,597	-65,894
Total	**166**	**-51,062**
Net income from investment properties		
Rental income	-	34
Direct expenses from investment properties, which generated rental income during the accounting period	-	-20
Total	**0**	**14**

Expenses from financial liabilities		
Subordinated liabilities	-109	-109
Total	**-109**	**-109**
Total for the Insurance business' net income from the investment business	**442**	**-49,131**
Exchange rate differences included in net income from the investment business	202	-2,832

Insurance claims paid

Claims paid from insurance agreements with discretionary element		
Saving plans		
Repayment of saving sums	-16,396	-14,653
Payments in the event of death	-2,983	-3,180
Repurchase	-7,350	-11,705
Total	**-26,729**	**-29,539**
Individual pension insurance		
Pensions	-19,653	-17,350
Payments in the event of death	-842	-765
Repurchase	-1,119	-442
Total	**-21,614**	**-18,556**
Group pension insurance		
Pensions	-2,553	-2,468
Repurchase	-33	-
Other	-92	-27
Total	**-2,678**	**-2,495**
Risk insurance		
Individual insurance	-12,727	-12,675
Group life insurance for employers	-883	-568
Other group life insurance	-18	-47
Total	**-13,628**	**-13,290**
Total claims paid from insurance agreements with discretionary element	**-64,649**	**-63,880**
Claims paid from unit-linked insurances		
Saving plans		
Repayment of saving sums	-1,841	-3,007
Payments in the event of death	-4,376	-4,964
Repurchase	-8,516	-14,565
Total	**-14,733**	**-22,535**
Individual pension insurance		
Pensions	-155	-132
Payments in the event of death	-81	-60
Repurchase	-134	-94
Total	**-371**	**-286**
Total claims paid from unit-linked insurances	**-15,104**	**-22,822**
Total claims paid	**-79,752**	**-86,702**

Change in provisions, interest-linked policies

Changes in premium provisions, interest-linked	-4,220	-5,648
Changes in claims provisions, interest-linked	36,792	32,372
Change in provisions, interest-linked policies	**32,572**	**26,724**

Net change in provisions, unit-linked policies

Changes in claims provisions, unit-linked	-920	275
Changes in premium provisions, unit-linked	-59,594	50,669
Changes in value of unit-linked investments, net	40,734	-66,629
Change in provisions, unit-linked policies	**-19,781**	**-15,686**

Note 9. Net income from non-life insurance

	2009	2008
Income from insurance premiums	60,561	-
Net income from investments	1,563	-
Insurance claims paid	-42,216	-
Change in provisions for outstanding claims	-4,750	-
Net income from non-life insurance	**15,158**	**-**

Premium income

Insurance agreements		
Premium income, direct insurance	65,101	-
Premium income, reinsurance	1,201	-
Total income from premiums	**66,302**	**-**
Reinsurers' share of unearned premiums	-4,824	-
Total premium income after reinsurer's share	**61,478**	**-**
Net change in the provision for unearned premiums	-960	-
Reinsurers' share of unearned premiums	43	-
Net change in the provision for unearned premiums	**-918**	**-**
Income from insurance premiums	**60,561**	**-**

Net income from investments

Net income from financial assets valued at fair value through income statement		
Interest-bearing securities		
Interest income	121	-
Capital gains and losses	152	-
Valuation gains and losses	1,281	-
Total	1,555	-
Net income from financial assets available for sale		
Interest-bearing securities		
Interest income	3,217	-
Capital gains and losses	-9	-
Other income and expenses	0	-
Total	3,208	-
Dividends and profit participation	233	-
Capital gains and losses	-2,629	-
Other income and expenses	0	-
Total	-2,395	-
Total	**813**	**-**
Net income from investment properties		
Rental income	1,969	-
Direct expenses from investment properties, which generated rental income during the accounting period	-454	-
Direct expenses from investment properties, which did not generate rental income during the accounting period	-48	-
Capital gains and losses	-305	-
Write-downs and impairments	-660	-
Total	**502**	**-**
Other net income		
Unwinding of discount	-1,377	-
Other income and expenses	71	-
Total	**-1,306**	**-**
Net income from investments	**1,563**	**-**
Exchange rate differences included in net income from the investment business	-9	

Insurance claims paid

Insurance claims paid	-44,620	-
Reinsurers' share of unearned premiums	7,003	
Claims paid in the form of annuitities	-4,684	
Reinsurers' share of unearned premiums	85	-
Total	**-42,216**	**-**

Change in provisions for outstanding claims

For claims of a life annuity nature (known losses)	-5,921	-
For other claim-specific reserves	-1,937	-
For collective reserves (known and unknown losses)	-932	-
For adjusting losses incurred	-432	-
Breakdown of discounting	1,377	
Breakdown of fair value allocation on acquisition	3,095	
Total	**-4,750**	**-**
Claims paid total	**-46,966**	**-**

Note 10. Non-life insurance result by insurance class

						2009
	Premiums written before reinsurers' share	**Premiums earned before reinsurers' share**	**Claims incurred before reinsurers' share**	**Operating expenses before reinsurers' profit participation **)**	**Reinsurers' share**	**Balance on technical account**
Statutory accident insurance	13,347	13,349	-9,528	-2,173	-41	1,607
Non-statutory accident and health	3,943	3,842	-2,195	-1,032	-15	600
Fire and other damage to property	14,772	14,479	-18,919	-4,530	1,870	-7,099
Motor liability	14,486	14,178	-14,197	-3,530	708	-2,841
Land vehicle	12,761	12,560	-9,868	-2,860	-160	-328
Others	5,792	5,732	-7,343	-2,478	360	-3,728
Direct insurance total	65,101	64,140	-62,049	-16,602	2,722	-11,789
Reinsurance	1,201	1,202	-634	-271	-	297
Total	**66,302**	**65,342**	**-62,682**	**-16,873**	**2,722**	**-11,492**

*) Operating expenses by function of EUR 5.1 million have been allocated to claims expenditure
**) Includes EUR 0.7 million as write-downs of non-life insurances (credit losses)

Note 11. Net income from financial transactions

	2009	2008
Financial assets held for trading		
Capital gains and losses		
Interest-bearing securities	169	90
Shares and participations	2	-
Total	**171**	**90**
Valuation gains and losses		
Interest-bearing securities	68	-
Total	**68**	**0**
Total	**239**	**90**
Financial assets and liabilities reported at fair value via the income statement		
Capital gains and losses		
Other items	-	3
Total	**0**	**3**
Valuation gains and losses		
Derivative instruments	238	-178
Total	**238**	**-178**
Total	**238**	**-175**
Financial assets available for sale		
Capital gains and losses		
Interest-bearing securities	1,123	365
Shares and participations	-2,451	-184
Other items	-340	1,038
Total	**-1,667**	**1,219**
Transferred to income statement from fund at fair value		
Interest-bearing securities	-496	-358
Shares and participations	-350	19
Total	**-846**	**-339**
Write-downs		
Interest-bearing securities	-388	-1,786
Other items	-	-1,796
Total	**-388**	**-3,582**
Total	**-2,901**	**-2,702**
Net income from currency trading	1,303	1,248
Net result from hedge accounting		
Ineffective share of cash flow hedging	139	79
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	2,575	16,093
Financial derivatives hedging issued bonds	4,249	16,875
Changes in the actual value of the hedge instrument, net	6,824	32,968
Repayable on demand liabilities	-1,608	-16,993
Bonds issued	-3,408	-17,873
Changes in the fair value of items that are hedged, net	-5,016	-34,866
Total	**1,808**	**-1,898**
Total ineffective share of cash flow hedging	**1,947**	**-1,819**
Net income from financial transactions	**826**	**-3,359**

Note 12. Net income from investment properties

	2009	2008
Rental income	799	1,988
Capital gains	84	4,677
Reversal of impairment losses	-	751
Other income from investment properties	0	27
Capital losses	-56	-218
Depreciation	-3	-13
Direct expenses from investment properties, which generated rental income during the accounting period	-419	-1,201
Net income from investment properties	**406**	**6,010**

Note 13. Other operating income

	2009	2008
Rental income	-	22
Profit from sale of tangible and intangible assets	429	8,198
Other income from the credit institution's own business	2,348	4,713
Other operating income	789	2,025
Total	**3,565**	**14,958**

Note 14. Staff costs

	2009	2008
Salaries and fees	-65,347	-49,651
Pension costs	-10,864	-8,340
Other indirect staff costs	-3,008	-2,614
Indirect staff costs	-13,872	-10,954
Total	**-79,219**	**-60,605**

Note 15. Other administration expenses

	2009	2008
Other staff expenses	-5,924	-4,833
Office expenses	-5,147	-3,675
IT-expenses	-20,469	-16,406
Communication expenses	-4,771	-3,893
Representation and marketing expenses	-6,599	-7,890
Other administrative expenses	-1,873	-1,722
Total	**-44,783**	**-38,419**

Note 16. Depreciation of intangible and tangible assets

	2009	2008
Depreciation of tangible assets	-2,515	-1,910
Depreciation of intangible assets	-4,369	-3,772
Total	**-6,884**	**-5,682**

Note 17. Other operating expenses

	2009	2008
Rental expenses	-9,402	-5,447
Expenses for commercial properties	-1,656	-3,500
Insurance- and security expenses	-2,453	-1,610
Monitoring, control and membership fees	-1,510	-903
Capital losses from commercial properties and other tangible assets	-	-199
Other operating expenses *)	-8,392	-4,527
Total	**-23,413**	**-16,186**

*) Costs involved in listing Aktia plc on the stock exchange amounted to EUR,1,765,000 in 2009.

Note 18. Impairment and reversal of impairment on intangible and tangible assets

	2009	2008
Impairment of tangible and intangible assets	-563	-260
Total impairment losses	**-563**	**-260**
Reversal of impairments on tangible and intangible assets for previous years	-	112
Reversal of impairment on shares in real estate corporations	-	890
Total reversal of impairment losses	**0**	**1,002**
Total	**-563**	**743**

Note 19. Taxes

	2009	2008
Income taxes on the ordinary business	-30,259	-11,716
Income taxes from previous financial years	23	-124
Changes in deferred taxes	17,238	11,028
Total	**-12,998**	**-812**

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

Profit before tax	46,994	6,606
Tax calculated on a 26% tax rate	12,218	1,718
Non-deductible expenses	544	327
Tax free income	-240	-1,082
Unused write-downs for tax purposes	-245	-602
Tax on the share of the profit from associated undertakings	-83	-60
Income taxes from previous financial years	-23	124
Other	828	388
Income tax	**12,998**	**812**

The only tax that is booked directly against the equity is attributable to the fund at fair value and is specified in note 45.

Note 20. Earnings per share

	2009	2008
Profit for the financial year attributable to shareholders in Aktia plc	34,278	5,170
Average number of A shares	46,395,556	40,116,985
Average number of R shares	20,050,850	20,050,850
Average number of shares	66,446,406	60,167,835
Earnings per share (EPS), EUR	**0.52**	**0.09**
Earnings per share (EPS), EUR, after dilution	**0.52**	**0.09**

As both A and R series shares entitle holders to equal amounts of the company's profit, these are not shown separately.

Note 21. Cash and balances with central banks

	2009	2008
Cash in hand	9,959	9,970
Insurance operations' cash and bank	4,453	3,708
Bank of Finland current account	326,547	492,632
Total	**340,960**	**506,311**

Note 22. Financial assets reported at fair value via the income statement

	2009	2008
Financial assets held for trading, banking business	3,599	4,547
Insurance operations' financial assets reported at fair value through income statement	18,854	14,946
Total	**22,453**	**19,492**

Note 23. Financial assets available for sale

	2009	2008
Interest bearing securities, central and local goverment	93,922	21,717
Interest bearing securities, credit institutions	2,535,771	2,305,738
Interest bearing securities, other	26,450	55,220
Interest-bearing securities, banking business	2,656,143	2,382,675
Interest bearing securities, central and local goverment	240,963	211,650
Interest bearing securities, credit institutions	147,416	125,866
Interest bearing securities, other	141,673	88,281
Interest-bearing securities, Life insurance	530,052	425,797
Interest bearing securities, central and local goverment	64,976	-
Interest bearing securities, credit institutions	13,668	-
Interest bearing securities, other	12,492	-
Interest-bearing securities, Non-life insurance	91,136	-
Total interest-bearing securities	3,277,331	2,808,472
Publicly quoted shares and holdings	28,226	18,530
Shares and holdings that are not publicly quotes	2,398	3,346
Shares and holdings, Banking business	30,624	21,876
Publicly quoted shares and holdings	69,801	151,148
Shares and holdings that are not publicly quotes	47,382	55,832
Shares and holdings, Life insurance business	117,183	206,980
Publicly quoted shares and holdings	2,816	-
Shares and holdings that are not publicly quotes	5,008	-
Shares and holdings, Non-life insurance business	7,824	0
Total shares and holdings	155,631	228,856
Total financial assets available for sale	**3,432,962**	**3,037,328**

Write-downs on financial assets available for sale stood at EUR,24.0 million (EUR 39.2 million) and are a result of significant or long-term negative value changes in shares and share funds and in interest-bearing securities where the issuer has noted an inability to pay. The limit for significant falls varies between 25% and 45%, depending on the volatility of the shares, while a long-term fall is noted if the share price remains continuously below the acquisition value for 18 months As at 31 December 2009, write-downs were recorded against the value of investments in shares and participations as above totalling EUR,9.6 million (EUR 30.4 million), of which EUR,9.6 million (EUR 29.4 million) is attributable to the life insurance company's investments. Write-downs on interest-bearing securities amounted to EUR 14.4 million (EUR 8.8 million), EUR 14.0 million (EUR 5.2 million) of which is attributable to the life insurance company's investments.

Impairment of financial assets	2009	2008
Interest-bearing securities		
Banking business	388	3,629
Life insurance business	14,030	5,138
Shares and participations		
Banking business	-	1,014
Life insurance business	9,557	29,423
Totalt	**23,975**	**39,203**

Above mentioned write-downs reported in income statement are included in notes 8 and 11.

Note 24. Financial assets held until maturity

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

Note 25. Derivative instruments

Derivative instruments, book value

	2009 Assets	2009 Liabilities	2008 Assets	2008 Liabilities
Interest rate derivatives	56,826	21,530	38,135	11,762
Fair value hedging	56,826	21,530	38,135	11,762
Interest rate derivatives	41,757	783	25,406	1,186
Cash flow hedging	41,757	783	25,406	1,186
Interest rate derivatives	107,670	106,189	66,985	65,599
Currency derivatives	3,076	3,026	4,072	4,607
Shares derivatives	90	90	1,772	927
Other derivatives	547	547	644	644
Other derivative instruments	111,383	109,852	73,473	71,777
Total	**209,966**	**132,165**	**137,014**	**84,725**

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

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

31 December 2009

Hedging derivative instruments

	Nominal values / term remaining				Fair value	
	Under 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
Fair value hedging						
Interest forward rate agreements	200,000	200,000	-	400,000	43	68
Interest rate swaps	350,000	1,505,500	372,000	2,227,500	56,783	21,462
Total fair value hedging	**550,000**	**1,705,500**	**372,000**	**2,627,500**	**56,826**	**21,530**
Cash flow hedging						
Interest rate option agreements	-	840,000	120,000	960,000	41,757	783
Purchased	-	660,000	60,000	720,000	41,757	-
Written	-	180,000	60,000	240,000	-	783
Total cash flow hedging	**0**	**840,000**	**120,000**	**960,000**	**41,757**	**783**
Total interest rate derivatives	**550,000**	**2,545,500**	**492,000**	**3,587,500**	**98,583**	**22,313**
Total hedging derivative instruments	**550,000**	**2,545,500**	**492,000**	**3,587,500**	**98,583**	**22,313**
Other derivative instruments						
Interest rate swaps	562,000	1,654,000	395,300	2,611,300	57,094	56,243
Interest rate option agreements	-	3,660,534	779,200	4,439,734	50,576	49,946
Purchased	-	2,127,767	379,600	2,507,367	47,215	45,420
Written	-	1,532,767	399,600	1,932,367	3,361	4,526
Total interest rate derivatives	**562,000**	**5,314,534**	**1,174,500**	**7,051,034**	**107,670**	**106,189**
Forward rate agreements	179,600	-	-	179,600	3,076	3,026
Total forward rate agreements	**179,600**	**0**	**0**	**179,600**	**3,076**	**3,026**
Equity options	20,500	92,244	-	112,744	90	90
Purchased	10,250	46,122	-	56,372	90	-
Written	10,250	46,122	-	56,372	-	90
Total equity options	**20,500**	**92,244**	**0**	**112,744**	**90**	**90**

	Under 1 year	1–5 years	Over 5 years	Total	Assets	Liabilities
Options	4,096	4,307	-	8,403	546	547
Purchased	2,048	2,153	-	4,201	546	-
Written	2,048	2,153	-	4,201	-	547
Other derivative instruments	**4,096**	**4,307**	**0**	**8,403**	**546**	**547**
Total other derivative instruments	**766,196**	**5,411,085**	**1,174,500**	**7,351,781**	**111,383**	**109,852**
Total derivative instruments	**1,316,196**	**7,956,585**	**1,666,500**	**10,939,281**	**209,966**	**132,165**

31 December 2008

Hedging derivative instruments

	Nominal values / term remaining				Fair value	
	Under 1 year	**1–5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
Fair value hedging						
Interest rate swaps	470,000	899,500	219,000	1,588,500	38,135	11,762
Total fair value hedging	**470,000**	**899,500**	**219,000**	**1,588,500**	**38,135**	**11,762**
Cash Flow hedging						
Interest rate option agreements	-	170,000	790,000	960,000	25,406	1,186
Purchased	-	170,000	550,000	720,000	25,406	-
Written	-	-	240,000	240,000	-	1,186
Total cash flow hedging	**0**	**170,000**	**790,000**	**960,000**	**25,406**	**1,186**
Total interest rate derivatives	**470,000**	**1,069,500**	**1,009,000**	**2,548,500**	**63,541**	**12,948**
Total hedging derivative instruments	**470,000**	**1,069,500**	**1,009,000**	**2,548,500**	**63,541**	**12,948**
Other derivative instruments						
Interest rate swaps	336,000	1,679,400	255,300	2,270,700	37,719	36,859
Interest rate option agreements	9,200	2,715,000	1,667,342	4,391,542	29,266	28,740
Purchased	4,600	1,357,500	953,671	2,315,771	24,993	4,273
Written	4,600	1,357,500	713,671	2,075,771	4,273	24,467
Total interest rate derivatives	**345,200**	**4,394,400**	**1,922,642**	**6,662,242**	**66,985**	**65,599**
Forward rate agreements	255,932	-	-	255,932	4,072	4,607
Total forward rate agreements	**255,932**	**0**	**0**	**255,932**	**4,072**	**4,607**
Equity options	92,678	52,804	47,300	192,782	1,772	927
Purchased	75,089	26,402	23,650	125,141	1,772	-
Written	17,589	26,402	23,650	67,641	-	927
Total equity options	**92,678**	**52,804**	**47,300**	**192,782**	**1,772**	**927**
Options	-	8,608	-	8,608	644	644
Purchased	-	4,304	-	4,304	644	-
Written	-	4,304	-	4,304	-	644
Other derivative instruments	**0**	**8,608**	**0**	**8,608**	**644**	**644**
Total other derivative instruments	**693,810**	**4,455,812**	**1,969,942**	**7,119,564**	**73,473**	**71,777**
Total derivative instruments	**1,163,810**	**5,525,312**	**2,978,942**	**9,668,064**	**137,014**	**84,725**

Note 26. Loans and other receivables

	2009	2008
Repayable on demand claims on credit institutions	9,721	6,040
Other claims on credit institutions that are not repayable on demand	71,000	94,500
Lending to credit institutions	80,721	100,540
Transaction account credits, general and corporate	87,674	91,147
Credit bonds	5,942,929	5,304,956
Receivables from finance lease contracts	16,776	13,288
Loans	6,047,380	5,409,391
Write-downs for loans outstanding by group	-7,435	-7,435
Syndicated loans and sale and repurchase agreements, domestic/foreign	20,438	23,523
Bank guarantee claims	458	175
Lending to the public and public sector entities	6,060,842	5,425,654
Total	**6,141,562**	**5,526,194**

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

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

Households	4,924,437	4,343,102
Companies	781,773	803,793
Housing associations	289,192	220,171
Public sector entities	10,050	11,724
Non-profit associations	55,389	46,863
Total	**6,060,842**	**5,425,654**

Write-downs during the reporting period and receivables written down

Write-downs at the beginning of the financial year	26,228	27,335
Individual write-downs on credits	33,159	5,180
Individual write-downs on other commitments	21	10
Individual write-downs on interest receivables	54	50
Reversal of group write-downs on credits for previous years	-	-4,065
Reversal of write-downs on individual credits for previous years	-2,018	-381
Reversal of write-downs on other individual commitments for previous years	-22	-1
Reversal of write-downs on interest receivables for previous years	-16	-10
Reversal of credit losses	-98	-75
Write-downs on outstanding premiums in non-life insurances (credit-losses)	668	-
Total write-downs of the year	31,750	708
Realised credit losses for which individual write-downs were already made	-4,514	-1,828
Credit losses for other commitments for which individual write-downs were already made	-5,022	-62
Reversal of credit losses	98	75
Write-downs at the end of the financial year	**48,540**	**26,228**

Receivables written down at the beginning of the year, gross	34,615	28,955
Non-life insurances write-down, gross	668	-
New (this year's) receivables written down, gross	43,095	11,944
Reversal of (this year's) receivables written down, gross	-15,716	-6,284
Receivables written down at the end of the year, gross	62,661	34,615

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

Description of collateral obtained is commented on in note 2 and information on the fair values is given in note 47.

Breakdown of maturity on finance lease receivables

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

Present value of future minimum lease payments receivables

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

Note 27. Investments in associated companies

	2009	2008
Acquisition cost at 1 January	4,548	3,764
Share of profits at 1 January	-51	-208
Investments	50	784
Disposals	-41	-
Share of profit from associated companies	319	230
Dividends obtained during the financial year	-297	-72
Book value at 31 December	**4,529**	**4,497**

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

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

Note 28. Intangible assets

31 December 2009	**Immaterial rights**	**Other long-term expenditures**	**Total**
Acquisition cost at 1 January	11,330	7,021	18,352
Acquisitions	3,328	-	3,328
Increases	2,741	1,175	3,916
Decreases	-706	-195	-901
Acquisition cost at 31 December	16,693	8,001	24,694
Accumulated depreciations and impairments at 1 January	-4,590	-3,356	-7,946
Acquisitions	-271	-	-271
Accumulated depreciation on decreases	706	176	882
Planned depreciation	-3,120	-1,249	-4,369
Impairments	-	-563	-563
Accumulated depreciations and impairments at 31 December	-7,275	-4,992	-12,267
Book value at 31 December	**9,418**	**3,009**	**12,427**

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

Note 29. Investment properties

31 December 2009	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	125	-250	8,062	7,938
Acquisitions	5,370	17,267	7,026	29,663
Increases	-	203	-	203
Decreases	-13	315	-5,080	-4,779
Acquisition cost at 31 December	5,482	17,535	10,008	33,025
Accumulated depreciations and impairments at 1 January	-30	287	-4,564	-4,307
Acquisitions	-	-4,917	-50	-4,967
Accumulated depreciation on decreases	-	-318	4,147	3,829
Planned depreciation	-	-359	-	-359
Impairments	-	-	-285	-285
Accumulated depreciations and impairments at 31 December	-30	-5,307	-752	-6,089
Book value at 31 December	**5,452**	**12,229**	**9,256**	**26,936**
Carrying amount at December, 31	**5,452**	**12,584**	**10,018**	**28,054**

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

Note 30. Other tangible assets

Commercial properties

31 December 2009	Land and water areas	Buildings	Shares and participations in real estate corporations	Total
Acquisition cost at 1 January	-	-579	2,463	1,883
Acquisitions	66	704	1,183	1,952
Decreases	-36	378	-2,463	-2,120
Acquisition cost at 31 December	30	503	1,183	1,715
Accumulated depreciations and impairments at 1 January	-	579	-2,463	-1,883
Acquisitions	-	-123	-455	-577
Accumulated depreciation on decreases	-	-579	2,463	1,883
Planned depreciation	-	-7	-	-7
Impairments	-	-	-10	-10
Accumulated depreciations and impairments at 31 December	0	-129	-465	-594
Book value at 31 December	**30**	**373**	**718**	**1,121**

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

Other material assets

31 December 2009	Machines and equipment	Insurance business, machinery and equipment	Other tangible assets	Total other tangible assets
Acquisition cost at 1 January	4,933	887	2,890	10,594
Acquisitions	-	1,065	187	3,204
Increases	2,802	30	-79	2,753
Decreases	-859	-133	-531	-3,643
Acquisition cost at 31 December	6,876	1,850	2,467	12,908
Accumulated depreciations and impairments at 1 January	-1,720	-259	-594	-4,456
Acquisitions	-	-459	-	-1,037
Accumulated depreciation on decreases	750	125	439	3,198
Planned depreciation	-1,487	-385	-644	-2,522
Impairments	-	-	-	-10
Accumulated depreciations and impairments at 31 December	-2,457	-977	-799	-4,827
Book value at 31 December	**4,419**	**872**	**1,668**	**8,080**

31 December 2008	Machines and equipment	Insurance business, machinery and equipment	Other tangible assets	Total other tangible assets
Acquisition cost at 1 January	27,797	389	15,650	76,594
Increases	1,682	542	113	11,764
Decreases	-24,546	-44	-12,873	-77,765
Acquisition cost at 31 December	4,933	887	2,890	10,594
Accumulated depreciations and impairments at 1 January	-25,113	-166	-12,807	-44,573
Accumulated depreciation on decreases	24,520	18	12,873	40,614
Planned depreciation	-1,128	-111	-660	-1,910
Reversal of impairments	-	-	-	1,412
Accumulated depreciations and impairments at 31 December	-1,720	-259	-594	-4,456
Book value at 31 December	**3,213**	**628**	**2,296**	**6,137**

Note 31. Other assets

	2009	2008
Accrued income and advance payments, banking business	66,928	66,974
Accrued income and prepayments of interests, insurance operations	13,323	12,150
Accrued income and advance payments	80,251	79,124
Cash items being collected	3,048	161
Other assets	2,130	2,602
Receivables from direct insurance business	7,771	196
Receivables from the reinsurance business	10,492	65
Other receivables, insurance business	7,931	4,164
Other assets	31,371	7,189
Total	**111,623**	**86,312**

Note 32. Deferred taxes

	2009	2008
Deferred tax liabilities/receivables, net		
Net deferred tax liabilties/receivables, net at 1 January	22,373	40,055
Acquisitions	10,473	-
Adjustment of deferred tax from preceding years	122	-
Changes during the financial year booked via the income statement	-17,238	-11,028
Financial assets:		
- Valuation of fair value direct to equity	18,216	-20,245
- Transferred to the income statement	6,760	8,922
Cash flow hedging:		
- Valuation of fair value direct to equity	3,177	4,670
Net deferred tax liabilties/receivables,net at 31 December	43,884	22,373

	2009	2008
Deferred tax liabilities		
Appropriations	22,413	33,602
Financial assets	11,419	7
Cash flow hedging	4,950	3,785
Group-specific write-downs	572	572
Valuation at fair value of the non-life insurance business' real estate	3,691	-
Valuation at fair value of the non-life insurance business' provisions	-2,491	-
Equalisation provision of the insurance businesses	8,368	-
Other	997	4
Total	**49,919**	**37,970**
Deferred tax receivables		
Impairment of investment properties	126	126
Valuation at fair value of the non-life insurance business' real estate	1,280	-
Financial assets	984	12,007
Group-specific write-downs	2,505	2,505
Negative result	788	466
Other	352	493
Total	**6,035**	**15,597**
Specification of changes during the financial year booked via the income statement		
Appropriations	11,717	-3,900
Impairment of investment properties	-	-457
Valuation at fair value of the non-life insurance business' real estate	139	-
Valuation at fair value of the non-life insurance business' provisions	-805	-
Financial assets	2,055	15,306
Cash flow hedging	2,400	519
Group-specific write-downs	-	-1,057
Negative result	322	466
Equalisation provision of the insurance businesses	1,421	-70
Other	-12	220
Total	**17,238**	**11,028**

Note 33. Assets and liabilities classified as held for sale

	2009	2008
Buildings	679	679
Other tangible assets	35	35
Receivables and cash and bank balances	48	48
Assets classified as held for sale	**761**	**761**
Liabilities to credit institutions	194	194
Other liabilities	10	10
Liabilities for assets classified as held for sale	**204**	**204**

Note 34. Deposits

	2009	2008
Repayable on demand deposits	400,807	232,584
Other than repayable on demand from credit institutions	1,323,549	1,684,358
Liabilities to credit institutions	1,724,356	1,916,941
Repayable on demand deposits	2,199,299	1,729,767
Other than repayable on demand deposits	829,931	1,368,569
Liabilities to the public and public sector entities	3,029,230	3,098,336
Total	**4,753,586**	**5,015,277**

Note 35. Debt securities issued

	2009		2008	
	Book value	**Nominal value**	**Book value**	**Nominal value**
Certificates of deposit	295,360	296,180	262,239	264,960
Bonds	2,452,566	2,458,649	1,856,494	1,861,599
Total	**2,747,926**	**2,754,829**	**2,118,733**	**2,126,559**

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

Other bonds are included in the same program as the subordinated liabilities, see note 36.

Note 36. Subordinated liabilities

	2009	2008
Capital loans	2,100	2,143
Debenture loans	205,433	199,708
Loan without due date	45,000	45,000
Total	**252,533**	**246,851**
Nominal value	252,428	246,783
Amount included in upper Tier 2 capital	45,000	45,000
Amount included in lower Tier 2 capital	164,499	163,029

The bank has a bonds program that is updated and approved by the Board yearly. Currently, the program's size is EUR 500 million. In this program, other bonds (included in note 35) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

The insurance business in 2002 took an aggregated capital loan amounting to EUR 13,300,000. The capital loan has been reduced by EUR 9.1 million in 2005 and by EUR 2.1 million 2007. The remaining sum of the capital loan amounts to EUR 2.1 million at the end of 2009. The lender for the remaining sum is the Eschnerska Frilasarettet foundation. The company has given notice on the capital loan as of 30th September 2006. The term of notice is 5 years.

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

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

Note 37. Other liabilities to credit institutions

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

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

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

Note 38. Other liabilities to the public and public sector entities

	2009	2008
Other liabilities payable on demand	245	245
Liabilities other than those repayable on demand	77,020	262,516
Total	**77,266**	**262,761**

Note 39. Technical provisions for life insurance business

	2009	2008
Insurance agreements		
Provisions for interest-related insurances		
Provision at 1 January	627,592	654,316
Income from premiums	44,618	48,271
Insurance claims paid	-64,649	-63,880
Transfer of savings from/to unit-linked insurance	-1,069	1,651
Compensated interest for savings	20,446	17,523
Customer compensation for savings	1,036	1,005
Interest reductions and provision for customer compensation	-20,372	-20,948
Burdens	-9,805	-9,795
Other items	-2,777	-551
Provision at 31 December	**595,021**	**627,592**
Technical provisions for unit-linked insurances		
Provision at 1 January	149,583	200,527
Income from premiums	35,892	42,766
Insurance claims paid	-15,104	-22,822
Transfer of savings from/to interest-linked insurances	1,069	-1,651
Burdens	-2,520	-2,627
Value increases and other items	41,177	-66,609
Provision at 31 December	**210,098**	**149,583**

Changes in provisions by the various insurance branches

31 December 2009

Provisions for interest-related insurances	**1 January 2009**	**Premium income**	**Claims**	**Total expense loading**	**Guaranteed calculation interest**	**Customer compensation**	**Other**	**31 December 2009**
Saving plans	153,512	4,861	-26,379	-955	4,440	-	-443	135,036
Individual pension insurance	380,101	14,664	-21,638	-1,666	12,585	-	-19,832	364,213
Group pension insurance	47,169	3,733	-2,678	-324	1,504	-	-184	49,221
Risk insurance	46,810	21,359	-13,954	-6,859	1,904	-	-2,710	46,550
Total	**627,592**	**44,618**	**-64,649**	**-9,805**	**20,434**	**0**	**-23,170**	**595,021**

Average calculation interest	
Saving plans	3.2%
Individual pension insurance	3.0%
Group pension insurance	3.5%
Risk insurance	3.3%
Total	**3.6%**

Technical provisions for unit-linked insurances	**1 January 2009**	**Premium income**	**Claims**	**Total expense loading**	**Other**	**31 December 2009**
Saving plans	111,101	25,227	-14,733	-1,518	25,452	145,529
Individual pension insurance	38,052	10,138	-371	-968	16,311	63,163
Group pension insurance	430	527	-	-34	483	1,407
Total	**149,583**	**35,892**	**-15,104**	**-2,520**	**42,246**	**210,098**

	1 January 2009	Years change	31 December 2009
Provisions for interest-related insurances	627,592	-32,572	595,021
Technical provisions for unit-linked insurances	149,583	60,515	210,098
Total	**777,176**	**27,943**	**805,119**

31 December 2008

Provisions for interest-related insurances	1 January 2008	Premium income	Claims	Total expense loading	Guaranteed calculation interest	Customer compensation	Other	31 December 2008
Saving plans	169,608	8,783	-29,539	-1,212	4,500	65	1,307	153,512
Individual pension insurance	386,396	15,907	-18,556	-1,751	-3,975	-	2,080	380,101
Group pension insurance	50,455	4,067	-2,495	-345	-4,960	-	448	47,169
Risk insurance	47,858	19,514	-13,290	-6,487	1,771	180	-2,735	46,810
Total	**654,316**	**48,271**	**-63,880**	**-9,795**	**-2,665**	**245**	**1,100**	**627,592**

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

Technical provisions for unit-linked insurances	1 January 2008	Premium income	Claims	Total expense loading	Other	31 December 2008
Saving plans	144,922	32,524	-22,535	-1,684	-42,126	111,101
Individual pension insurance	55,241	9,763	-286	-917	-25,748	38,052
Group pension insurance	363	479	-	-28	-384	430
Total	**200,527**	**42,766**	**-22,822**	**-2,629**	**-68,258**	**149,583**

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

Methods used and assumptions made when determining provisions of the life insurance business

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

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

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

Note 40. Technical provisions for non-life insurance business

	Gross	Reinsuring	2009 Net
Provisions for unearned prmiums			
Liability / reinsurers' share 1 January 2009	19,755	-136	19,619
Increase / decrease	960	-43	918
Liability / reinsurers' share 31 December 2009	**20,715**	**-179**	**20,536**
Provisions for oustanding claims			
Provision for claim-specific reserves	47,442	-8,261	39,180
Collective provisions, incl. claims adjustment	31,951	-	31,951
Liability / reinsurers' share 1 January 2009	**79,393**	**-8,261**	**71,131**
Claims paid during the financial period	-49,304	7,088	-42,216
Claims incurred during the financial period	57,613	-6,225	51,388
Increase / decreace compared to earlier periods	3,291	-1,272	2,020
Other change of calculaution bases	-592	-	-592
Changes in liabilities / receivables	11,008	-409	10,599
Unwinding of discount	-1,377	-	-1,377
Liability / reinsurers' share 31 December 2009	**89,024**	**-8,670**	**80,353**
Provision for claim-specific reserves	55,709	-8,670	47,039
Collective provisions, incl. claims adjustment	33,315	-	33,315
Liability / reinsurers' share 31 December 2009	**89,024**	**-8,670**	**80,353**
Valuation of provisions at fair value on acquisition 1 January 2009	12,675	-	12,675
Breakdown of fair value allocation on acquisition	-3,095	-	-3,095
Valuation of provisions at fair value on acquisition 31 December 2009	9,580	-	9,580
Total technical provisions for non-life insurance business	**119,319**	**-8,849**	**110,469**

Methods used and assumptions made when determining provisions of the non-life insurance business

Appropriations (provisions) have been estimated so as to be sufficient, in all reasonable probability, to cover the obligations arising from insurance agreements.

In all insurance classes, premium liabilities are calculated on a pro rata basis for each insurance agreement coming into effect, in other words by calculating that part of the total premium for the period of the insurance that corresponds to the time between the reporting date and the end of the insurance period. For premiums which are not yet due for payment at the reporting date because the premium period falls after the reporting date, premium liabilities are reduced proportionately within the premium receivables.

Claim liability for all personal claims known at the reporting date involving compensation of a life annuity nature are calculated in casu using conventional life insurance methods (discounted current value of future cash flow from compensation), where the mortality model and the calculation coefficients are based on national statistics. The discounting rate that applied at the end of 2009 was 3.5%. For known personal claims involving non-recurring compensation, claim-specific reserves are likewise appropriated.

In all insurance classes, claim-specific reserves are appropriated if the estimated total compensation for a single insured event exceeds a minimum amount defined for different insurance classes. In such cases, claim liability is calculated as the estimated remaining compensation expenses at the reporting date.

In all significant direct insurance classes, collective provisions for other known and unknown claims (IBNR; Incurred But Not Reported) have been calculated on the basis of quarterly and annual settlement triangles for compensation expenses within the respective insurance class and also for each compensation type within certain classes. The statistical methods predominantly used are the chain ladder and the Bornhuetter-Ferguson method. The certainty increment added to the anticipated value of the models varies between 5-15% in different insurance classes. In other direct insurance classes, provisions for other known and unknown losses (IBNR) have been calculated in relation to and as a share of premium volume.

Provisions for upcoming claim adjustment costs have been calculated as an experience-based estimation in relation to the claim adjustment costs indicated in the annual accounts for the respective insurance class. Calculations of the reinsurer's share of provisions are based on the formation of the respective underlying reinsurance contract.

Note 41. Development of claims in non-life insurance

The compensation triangles below show the change in claim expenses for the different claim years. The table at the top shows how the estimation of the total gross claim costs for each claim year has changed year on year. The table at the bottom shows the proportion of this which is found in the balance sheet (net after reinsurers' share).

The change in compensation has been set out for three years. Corresponding information for previous years is not available as, prior to 2007, the company did not apply compensation triangles when calculating its provisions. In the compensation triangles, the capital values for compensation of a life annuity nature (primarily pensions) have been treated as if they were paid out in the amount of their capital value in conjunction with having been finalised.

Aktia Non-Life Insurance Ltd was not part of the Aktia Group before 1 January 2009.

Claims expenditure before reinsurance, expected claims expenditure, gross	**<2007**	**2008**	**2009**	**Total**
At the end of the reporting year	91,180	50,347	57,613	
1 year later	90,890	50,354	-	
2 years later	93,189	-	-	
Current expectation of total claims expenditure, gross	93,189	50,354	57,613	
Paid total	69,789	41,039	28,424	
Provisions included in the balance sheet	23,400	9,315	29,189	61,904
Finalised claims of a life annuity nature	24,047	-	243	24,290
Other provisions				343
Provisions for claims handling expenses				2,486
Non-life provisions included in the balance sheet, gross				**89,024**

Claims expenditure after reinsurance, expected claims expenditure, net	**<2007**	**2008**	**2009**	**Total**
At the end of the reporting year	84,102	46,685	51,388	
1 year later	81,727	45,513	-	
2 years later	83,933	-	-	
Current expectation of total claims expenditure, net	83,933	45,513	51,388	
Paid total	64,944	36,404	26,252	
Provisions included in the balance sheet	18,989	9,109	25,136	53,234
Finalised claims of a life annuity nature	24,047	-	243	24,290
Other provisions				344
Provisions for claims handling expenses				2,486
Non-life provisions included in the balance sheet, net				**80,353**

Note 42. Other liabilities total

	2009	**2008**
Interest liabilities on deposits	6,982	18,395
Other accrued interest expenses and interest income received in advance	43,370	48,271
Advance interest received	1,481	30
Accrued interest expenses and interest income received in advance	51,833	66,696
Other accrued expenses and income received in advance	20,110	14,484
Accrued expenses and income received in advance	**71,944**	**81,179**
Cash items in the process of collection	76,780	79,855
Other liabilities, banking business	6,180	5,187
Other liabilities, insurance operations	8,515	2,755
Other liabilities	**91,475**	**87,797**
Total other liabilities	**163,419**	**168,977**

Note 43. Provisions

	2009	**2008**
Provisions at 1 January	936	259
Provisions entered through the income statement	323	1,153
Provisions used during the year	-452	-475
Provisions at 31 December	**807**	**936**

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

Note 44. Share capital and unrestricted equity reserve

	Number of shares	Share capital	Unrestricted equity reserve	Total
1 January 2008	60,152,786	80,204	45,254	125,458
Directed issue to the bank's highest operational management 30 April 2008 at EUR 8.67 per share	22,482	45	150	195
31 December 2008	**60,175,268**	**80,249**	**45,404**	**125,653**
Compensation for the merger Veritas Non-Life Insurance	6,800,000	13,600	27,200	40,800
Directed issue to the bank's highest operational management 30 March 2009 at EUR 6.00 per share	12,490	25	50	75
31 December 2009	**66,987,758**	**93,874**	**72,654**	**166,527**

The reserve fund contains components transferred from shareholders' equity in accordance with the articles of association or decisions adopted at the AGM. There were no changes in the reserve fund during the financial years 2008 and 2009.

At the end of the period, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR,93,873,816, divided into 46,936,908 A shares and 20,050,850 R shares. At the end of the reporting period, the total number of shares was 66,987,758 (60,175,268 in 2008). The number of registered shareholders at the end of the financial period was 49,712. The number of A shares attributed to non-identified shareholders was 1,010,697.

The merger of Veritas Mutual Non-Life Insurance with Aktia plc was implemented on 1 January 2009 in accordance with the merger plan approved by the respective AGMs of the two companies. At the same time, 6,800,000 new A shares in Aktia plc were registered which were distributed as compensation for the merger to members of Veritas Mutual Non-Life Insurance. In conjunction with the merger, Aktia plc received 536,288 treasury shares, which is equivalent to 0.8% of all shares.

By virtue of the authority to issue shares conferred on it by the AGM of 21 December 2006 for the purposes of setting up a share-based incentive scheme for key personnel and in accordance with the conditions set down for an incentive scheme for top management determined by the Board of Directives in 2007, Aktia's Board of Directors decided on 30 March 2009 to implement a direct share issue to designated personnel in the bank's executive management. As a result of the issue, 12,490 new A shares were issued at a subscription price of EUR 6.00 per share. The shares were registered on 29 May 2009.

Note 45. Fund at fair value

	2009	2008
Fund at fair value at 1 January	-36,365	-17,965
Profit/loss on the evaluation of the fair value, shares and holdings	-355	-49,896
Profit/loss on the evaluation of the fair value, interest bearing securities	69,970	-27,431
Deferred taxes on profit/loss on the evaluation of the fair value	-18,216	20,245
Transferred to the income statement, shares and participations, included in:		
Net income from financial assets available for sale	10,189	33,160
Deferred taxes	-2,649	-8,622
Transferred to the income statement, interest-bearing securities, included in:		
Net income from financial assets available for sale	15,810	1,154
Deferred taxes	-4,111	-300
Profit/loss on the evaluation of the fair value for cash flow hedging derivative contracts	12,220	18,339
Deferred taxes on profit/loss on the evaluation of the fair value	-3,177	-4,768
Transferred to the income statement, cash flow hedging derivative contracts, included in:		
Net income from securities and currency trading	-	-379
Deferred taxes	0	98
Fund at fair value at 31 December	**43,315**	**-36,365**

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

Note 46. Classification of financial instruments

Assets

31 December 2009	Valued at fair value	Held for sale	Held to maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks					340,960		340,960
Interest-bearing securities	22,453	3,277,331	27,883				3,327,667
Shares and participations	-	155,631					155,631
Derivative instruments				209,966			209,966
Lending to credit institutions					80,721		80,721
Lending to the public and public sector entities					6,060,842		6,060,842
Investments for unit-linked provisions	208,853						208,853
Investments in associated companies						4,529	4,529
Intangible assets						12,427	12,427
Investment properties						26,936	26,936
Other tangible assets						8,080	8,080
Accrued income and advance payments						80,251	80,251
Other assets						31,371	31,371
Income tax receivables						808	808
Deferred tax receivables						6,035	6,035
Assets classified as held for sale						761	761
Total	**231,306**	**3,432,962**	**27,883**	**209,966**	**6,482,522**	**171,200**	**10,555,839**

31 December 2008	Valued at fair value	Held for sale	Held to maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks					506,311		506,311
Interest-bearing securities	14,946	2,808,472	35,885				2,859,302
Shares and participations	-	228,856					228,856
Derivative instruments				141,561			141,561
Lending to credit institutions					100,540		100,540
Lending to the public and public sector entities					5,425,654		5,425,654
Investments for unit-linked provisions	148,119						148,119
Investments in associated companies						4,497	4,497
Intangible assets						10,406	10,406
Investment properties						3,631	3,631
Other tangible assets						6,137	6,137
Accrued income and advance payments						79,124	79,124
Other assets						7,189	7,189
Income tax receivables						2,389	2,389
Deferred tax receivables						15,597	15,597
Assets classified as held for sale						761	761
Total	**163,065**	**3,037,328**	**35,885**	**141,561**	**6,032,505**	**129,730**	**9,540,073**

Liabilities

31 December 2009	Valued at fair value	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Deposits from credit institutions			1,724,356		1,724,356
Deposits from the public and public sector entities			3,029,230		3,029,230
Derivative instruments		132,165			132,165
Debt securities issued			2,747,926		2,747,926
Subordinated liabilities			252,533		252,533
Other liabilities to credit institutions			968,201		968,201
Other liabilities to the public and public sector entities			77,266		77,266
Provisions for interest-related insurances				595,021	595,021
Technical provisions for unit-linked insurances				210,098	210,098
Technical provisions for non-life insurances				119,319	119,319
Accrued expenses and income received in advance				71,944	71,944
Other liabilities				91,475	91,475
Provisions				807	807
Income tax liability				19,219	19,219
Deferred tax liabilities				49,919	49,919
Liabilities for assets classified as held for sale				204	204
Total	**0**	**132,165**	**8,799,512**	**1,158,005**	**10,089,682**

31 December 2008	Valued at fair value	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Deposits from credit institutions			1,916,941		1,916,941
Deposits from the public and public sector entities			3,098,336		3,098,336
Financial liabilities reported at fair value via the income statement		4,586			4,586
Derivative instruments		84,725			84,725
Debt securities issued			2,118,733		2,118,733
Subordinated liabilities			246,851		246,851
Other liabilities to credit institutions			502,138		502,138
Other liabilities to the public and public sector entities			262,761		262,761
Provisions for interest-related insurances				627,592	627,592
Technical provisions for unit-linked insurances				149,583	149,583
Accrued expenses and income received in advance				81,179	81,179
Other liabilities				87,797	87,797
Provisions				936	936
Income tax liability				2,964	2,964
Deferred tax liabilities				37,970	37,970
Liabilities for assets classified as held for sale				204	204
Total	**0**	**89,311**	**8,145,760**	**988,226**	**9,223,298**

Note 47. Fair value of financial assets and liabilities

Financial assets	2009		2008	
	Book value	Fair value	Book value	Fair value
Cash and balances with central banks	340,960	340,960	506,311	506,311
Financial assets reported at fair value via the income statement	22,453	22,453	19,492	19,492
Financial assets available for sale	3,432,962	3,432,962	3,037,328	3,037,328
Financial assets held until maturity	27,883	26,337	35,885	32,800
Derivative instruments	209,966	209,966	137,014	137,014
Loans and other receivables	6,141,562	6,115,725	5,526,194	5,529,280
Total	**10,175,786**	**10,148,402**	**9,262,224**	**9,262,226**

Financial liabilities	2009		2008	
	Book value	Fair value	Book value	Fair value
Deposits	4,753,586	4,745,803	5,015,277	5,011,902
Derivative instruments	132,165	132,165	84,725	84,725
Debt securities issued	2,747,926	2,752,485	2,118,733	2,088,779
Subordinated liabilities	252,533	252,707	246,851	240,055
Other liabilities to credit institutions	968,201	967,213	502,138	499,465
Other liabilities to the public and public sector entities	77,266	77,304	262,761	262,947
Total	**8,931,677**	**8,927,677**	**8,230,485**	**8,187,873**

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

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

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

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

Comparative figures for 2008 are calculated based on the above.

Note 48. Breakdown by maturity of financial assets and liabilities by balance sheet item

Assets

31 December 2009	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Cash and balances with central banks	340,960	-	-	-	-	340,960
Financial assets reported at fair value via the income statement	-	2,964	15,356	4,133	-	22,453
Financial assets available for sale	100,479	624,837	1,946,494	546,352	214,800	3,432,962
Financial assets held until maturity	5,000	-	12,895	9,988	-	27,883
Derivative instruments	15,133	8,341	164,031	22,461	-	209,966
Loans and other receivables	374,232	493,295	1,707,748	1,492,388	2,073,900	6,141,562
Total	**835,804**	**1,129,437**	**3,846,524**	**2,075,322**	**2,288,699**	**10,175,786**

31 December 2008	under 3 months	3-12 months	1-5 years	5-10 years	over 10 years	Total
Cash and balances with central banks	506,311	-	-	-	-	506,311
Financial assets reported at fair value via the income statement	4,535	2,618	7,846	4,494		19,492
Financial assets available for sale	301,282	466,484	1,600,839	358,965	309,758	3,037,328
Financial assets held until maturity	-	8,004	11,168	16,712	-	35,885
Derivative instruments	7,113	7,725	87,467	34,486	223	137,014
Loans and other receivables	449,895	347,029	1,341,342	1,159,316	2,228,612	5,526,194
Total	**1,269,135**	**831,859**	**3,048,662**	**1,573,973**	**2,538,593**	**9,262,224**

Liabilities

31 December 2009	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Deposits	3,315,877	1,287,030	145,708	4,970	-	4,753,586
Derivative instruments	6,765	5,361	91,292	28,747	-	132,165
Debt securities issued	373,797	410,069	1,662,761	301,299	-	2,747,926
Subordinated liabilities	16,154	44,642	172,737	19,000	-	252,533
Other liabilities to credit institutions	715,503	147,698	49,000	36,000	20,000	968,201
Other liabilities to the public and public sector entities	62,350	9,700	-	-	5,216	77,266
Total	**4,490,446**	**1,904,500**	**2,121,499**	**390,017**	**25,216**	**8,931,677**

31 December 2008	under 3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total
Deposits	4,176,694	831,914	6,669	-	-	5,015,277
Derivative instruments	5,545	929	54,539	23,712	-	84,725
Debt securities issued	205,467	358,958	1,251,795	302,512	-	2,118,733
Subordinated liabilities	17,244	7,417	212,190	10,000	-	246,851
Other liabilities to credit institutions	362,138	-	94,500	45,500	-	502,138
Other liabilities to the public and public sector entities	206,945	49,540	-	-	6,276	262,761
Total	**4,974,032**	**1,248,759**	**1,619,694**	**381,724**	**6,276**	**8,230,485**

Note 49. Distributable assets

	2009	2008
Non-distributable assets in unrestricted equity		
Share of the accumulated appropriations that have been included in the retained earnings at 1 January	95,638	84,538
From non-life insurance operations	1,502	-
Share of accumulated appropriations that have been included in the profit for the financial year	-33,350	11,100
Total	**63,790**	**95,638**
Distributable assets in unrestricted equity		
Retained earnings 1 January	96,500	122,507
Dividends to shareholders	-10,046	-20,051
Other changes in retained earnings	-4,707	-26
Profit for the period	67,628	-5,930
Unrestricted equity reserve	72,654	45,404
Total	**222,028**	**141,904**
Total unrestricted equity		
Retained earnings 1 January	192,138	207,045
Dividends to shareholders	-10,046	-20,051
Other changes in retained earnings	-3,205	-26
Profit for the period	34,278	5,170
Unrestricted equity reserve	72,654	45,404
Total	**285,818**	**237,541**

Note 50. Dividend to shareholders

The Board's proposal for the dividend for the year 2010, to the Annual General Meeting, on 25 March 2010, is EUR 0,24 per share or EUR 15,948,352.80. The dividend to shareholders is entered in 2010 against the equity, as a reduction in the retained earnings.

Note 51. Collateral assets and liabilities

Collateral assets

For the bank 31 December 2009	**Type of security**	**The nominal value of the liability**	**The value of the security**
Liabilities to credit institutions	Bonds	1,069,400	1,030,308
Collateral provided in connection with repurchasing agreements	Bonds	808,201	808,201
Collateral provided in connection with contracts of pledge	Bonds	47,000	47,000
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	8,000	8,000
Total		**1,932,601**	**1,893,509**
For the bank 31 December 2008			
Liabilities to credit institutions	Bonds	1,058,409	1,056,254
Collateral provided in connection with repurchasing agreements	Bonds	362,138	362,138
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	8,500	8,500
Total		**1,429,047**	**1,426,892**
Collateral held by the bank as security for liabilities that have been received by companies in the same Group			
As of 31 December 2009	-	-	-
As of 31 December 2008	-	-	-

For other liabilities

The bank has not provided collateral for other parties.

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

Collateral liabilities

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

For the bank 31 December 2008	**Type of security**	**The nominal value of the liability**	**The value of the security**
Liabilities to credit institutions	Cash and balances with central banks	93,250	93,250

Note 52. Breakdown of off-balance sheet commitments

	2009	2008
Guarantees	49,944	54,843
Other commitments provided to a third party on behalf of a customer	7,281	7,450
Unused credit arrangements	506,598	454,489
Other irrevocable commitments	11,654	12,050
Total	**575,477**	**528,833**

Off-balance sheet commitments, exclude rental commitments.

31 December 2009	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Guarantees	13,521	7,175	11,563	17,505	181	49,944
Other commitments provided to a third party on behalf of a customer	212	7	3,439	1,929	1,694	7,281
Unused credit arrangements	146,469	325,276	29,050	2,062	3,740	506,598
Other irrevocable commitments	50	446	1,227	9,931	-	11,654
Total	**160,253**	**332,904**	**45,279**	**31,427**	**5,614**	**575,477**

31 December 2008	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Guarantees	9,398	12,308	13,821	17,184	2,133	54,843
Other commitments provided to a third party on behalf of a customer	121	67	3,630	3,632	-	7,450
Unused credit arrangements	156,896	272,025	22,851	2	2,716	454,489
Other irrevocable commitments	-	10	583	11,457	-	12,050
Total	**166,414**	**284,410**	**40,885**	**32,275**	**4,849**	**528,833**

Note 53. Rent commitments

	2009	2008
Less than 1 year	8,878	7,910
1–5 years	29,233	27,511
More than 5 years	21,151	24,847
Total	**59,263**	**60,268**

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

Gropu notes to the accouts concerning the staff and members of governing and supervisory bodies **(EUR 1,000)**

Note 54. Number of employees 31 December

	2009	2008
Full-time	1,150	1,027
Part-time	120	99
Temporary	139	126
Total	**1,409**	**1,252**
Number of employees converted to full-time equivalents	1,207	1,052
Full-time equivalent average number of employees for the reporting period	1,213	1,009

Note 55. Companies included in consolidated accounts

(EUR 1,000)

Companies included in consolidated accounts, ownership over 50 %

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Financing				
Aktia Bank Abp, Helsinki	100.0	207,558	100.00	207,558
Aktia Hypoteksbank Abp, Helsinki	52.3	33,291	53.72	25,080
Aktia Kort & Finans Ab, Helsinki	100.0	799	81.98	26
Aktia Företagsfinans Ab, Helsinki	80.0	240	80.00	240
Hsb-Finans Ab (dormant), Helsinki	100.0	589	100.00	589
Investment funds				
Aktia Fondbolag Ab, Helsinki	100.0	2,507	100.00	2,507
Securities companies				
Aktia Asset Management Ab, Helsinki	93.0	1,034	81.00	347
Real estate agency operations *)				
Aktia Fastighetsförmedling Ab, Turku	100.0	1,054	90.00	119
Aktia Fastighetsförmedling Helsingfors-Esbo Ab, Helsinki	100.0	172	80.00	80
Aktia Fastighetsförmedling ISKL Ab, Kirkkonummi	100.0	76	90.00	72
Aktia Fastighetsförmedling Jakobstad Ab, Pietarsaari	100.0	108	80.00	80
Aktia Fastighetsförmedling Karlebynejden Ab, Kokkola	-	-	100.00	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab, Vantaa	-	-	100.00	80
Aktia Fastighetsförmedling Raseborg Ab, Tammisaari	-	-	100.00	73
Aktia Fastighetsförmedling Sibbo Ab, Helsinki	100.0	97	60.00	71
Aktia Fastighetsförmedling Tammerfors Ab, Tampere	100.0	273	87.31	227
Aktia Fastighetsförmedling Vasa Ab, Vaasa	-	-	80.00	517
Aktia Fastighetsförmedling Uleåborg Ab, Oulu	100.0	320	90.63	290
Aktia Fastighetsförmedling Östra Nyland Ab, Porvoo	100.0	95	80.00	80
Magnus Nyman AFM Ab, Kemiö	51.0	155	51.00	155
Insurance companies				
Aktia Livförsäkring Ab, Turku	100.0	46,191	100.00	58,286
Aktia Skadeförsäkring Ab, Helsinki	100.0	49,248	-	-
Other				
Robur Invest Ab (dormant), Helsinki	100.0	8	100.00	8
Vasp-Invest Ab, Helsinki	100.0	325	100.00	325
Total		**344,140**		**296,910**

*) All real estate companies have merged with Aktia Fastighetsförmedling Ab in Turku.

Shares in associated companies, ownership 20–50%

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Data processing				
Oy Samlink Ab, Helsinki	24.0	1,697	23.97	1,697
Private equity company				
Unicus Ab, Helsinki	33.0	250	33.33	100
Real estate operations				
Other real estate companies		254		254
Other				
ACH Finland Abp	24.5	734	25.82	775
Investmentbolaget Torggatan 14 Ab, Maarianhamina	33.33	376	33.33	376
Järsö Invest Ab, Maarianhamina	33.33	376	33.33	376
Mike Alpha Ab, Maarianhamina	33.33	1	33.33	1
Mike Bravo Ab, Maarianhamina	33.33	1	33.33	1
Mike Charlie Ab, Maarianhamina	33.33	1	33.33	1
Mike Whiskey Ab, Maarianhamina	33.33	160	33.33	160
November Sierra Ab, Maarianhamina	33.33	1	33.33	1
Tenala Buccaneers Ab, Maarianhamina	33.33	376	33.33	376
Tenala Invest Ab, Maarianhamina	33.33	376	33.33	376
Total		**4,602**		**4,492**

Note 56. Close relations

(EUR 1,000)

The Group's key personnel

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

Key Management personnel compensation	**2009**	**2008**
Short-term employee benefits 1)	1,009	1,152
- of which other long-term benefits 2)	-	125
- of which share-based payments 2)	55	176
Post-employment benefits 3)	-	384

1) Includes salaries and merit pay including staff-related costs during the financial year.
2) Payments in accordance with the long-term incentive programme for executive management during the financial year.
As an incentive, the Board of Directors has authorisation to issue a maximum of 926.008 shares. No option rights have been issued.
3) Includes contributions of basic insurance coverage (ArPL) and voluntary pension plans reported during the financial year.

Salaries and fees as well as pension commitments arising or made	**2009**	**2008**
Members of the Board of Supervisors and their alternates	221	189
Board Members:		
Kaj-Gustaf Bergh, Chairman of the Board (–2009)	42	40
Dag Wallgren, Vice Chairman (–2009), Chairman of the Board from (2010–)	27	25
Marcus H. Borgström	21	-
Hans Frantz	21	21
Lars-Olof Hammarén	21	21
Lars-Erik Kvist	21	21
Kjell Sundström	21	21
Marina Vahtola	22	21
Nina Wilkman	22	20
Managing Director and Deputy Managing Director		
Mikael Ingberg, Managing Director until 3.4.2008	-	124
Jussi Laitinen, Managing Director from 4.4.2008	304	185
Jarl Sved, Deputy Managing Director	198	251

The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the executive committee the notice of dismissal varies between 12 and 18 months. The Managing Director can retire at the age of 63. There are members of the Executive Committee who are entitled to retirement at the age of 60.

At the end of 2009, the Group's key personnel held a total of 76,698 series A shares and 32,597 series R shares in Aktia plc.
This represents 0.2 % of the total number of shares and 0.2 % of votes.

Business transactions with the Group's key personnel

	1.1.2009	Increase / decrease	31.12.2009
Credits and guarantees to close relations	4,959	2,281	7,240
Deposits from close relations	6,956	1,952	8,908

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

Business transactions with companies included in consolidated accounts

	1.1.2009	Increase / decrease	31.12.2009
Credits and guarantees	389,511	-16,816	372,695
Deposits	31,163	-4,954	26,209

	1.1.2008	Increase / decrease	31.12.2008
Credits and guarantees	142,502	247,009	389,511
Deposits	44,699	-13,536	31,163

Business transactions with associated companies	1.1.2009	Increase / decrease	31.12.2009
Credits and guarantees	10,970	-	10,970
Deposits	1,403	-1,101	302
Services received	13,405	-1,209	12,196

	1.1.2008	Increase / decrease	31.12.2008
Credits and guarantees	10,970	-	10,970
Deposits	5,212	-3,809	1,403
Services received	13,752	-347	13,405

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

Note 57. The customer assets beeing managed

	2009	2008
Aktia Bank plc offers private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers. Aktia Asset Management Oy Ab offers institutions discretionary asset management services.		
Customer assets being managed		
Funds in a customer funds account	-	-
Funds in discretionary asset management services	3,008,309	2,530,524
Funds within the framework of investment advising according to a separate agreement	2,987,262	2,008,788
Total funds in asset management services	**5,995,571**	**4,539,312**

Note 58. Auditors' fees

	2009	2008
During the financial period, the auditors have been remunerated for the following services. The sums do not include VAT of 22%.		
Statutory auditing	189	167
Services related to auditing	187	169
Tax counselling	6	4
Other services	255	111
Total	**637**	**451**

Note 59. Retrospective restatement for earlier published information 2009

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

Consolidated income statement (EUR 1,000)	**10–12/2009**	**7–9/2009**	**4–6/2009**	**1–3/2009**
Net interest income	39,840	40,493	39,409	32,507
Dividends	7	0	544	55
Net commission income	14,524	11,254	11,046	9,522
Net income from life-insurance	3,179	3,762	1,650	5,399
Net income from non-life insurance	1,490	6,257	5,459	1,952
Net income from financial transactions	-952	1,187	3,168	-2,578
Net income from investment properties	84	86	98	139
Other operating income	515	1,227	1,016	807
Total operating income	**58,689**	**64,266**	**62,390**	**47,803**
Total operating expenses	-42,671	-36,082	-37,416	-37,990
Other items	-6,175	-8,339	-15,847	-1,632
Operating profit	**9,843**	**19,845**	**9,126**	**8,181**
Taxes	-3,043	-5,644	-1,759	-2,552
Profit for the reporting period	**6,800**	**14,201**	**7,366**	**5,629**
Attributable to:				
Shareholders in Aktia plc	6,508	13,926	7,958	5,886
Minority interest	292	275	-591	-257
Total	**6,800**	**14,201**	**7,366**	**5,629**
Earnings per share (EPS), EUR	0.09	0.12	0.21	0.10
Earnings per share (EPS), EUR, after dilution	0.09	0.12	0.21	0.10

Consolidated statement of comprehensive income (EUR 1,000)	**10–12/2009**	**7–9/2009**	**4–6/2009**	**1–3/2009**
Profit for the reporting period	6,800	14,201	7,366	5,629
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets available for sale	-15,393	47,324	35,847	-15,931
Change in valuation of fair value for cash flow hedging	-4,712	4,459	2,767	6,529
Transferred to the income statement for fianacial assets available for sale	14,719	850	-951	4,621
Transferred to the income statement for cash flow hedging	-	-	-	-
Total comprehensive income for the period	**1,414**	**66,834**	**45,029**	**848**
Total comprehensive income attributable to:				
Shareholders in Aktia plc	772	66,559	45,386	1,240
Minority interest	642	275	-357	-392
Total	**1,414**	**66,834**	**45,029**	**848**

The effect of retroactive recalculation:				
Operating profit	-1,938	-2,545	-2,570	-2,150
Taxes	504	662	668	559
Profit for the reporting period	-1,434	-1,883	-1,902	-1,591

Consolidated balance sheet

(EUR 1,000)	31.12.2009	30.9.2009	30.6.2009	31.3.2009
Total assets	**10,555,839**	**10,723,780**	**10,105,369**	**9,808,131**
Total liabilities	10,089,682	10,261,143	9,709,040	9,463,494
Restricted equity	147,626	153,322	100,765	63,231
Unrestricted equity	285,818	279,310	265,371	257,363
Shareholders' share of equity	433,444	432,632	366,136	320,595
Minority interest's share of equity	32,713	30,006	30,194	24,043
Equity	466,157	462,638	396,329	344,637
Total liabilities and equity	**10,555,839**	**10,723,780**	**10,105,369**	**9,808,131**
Equity				
Fund at fair value	43,315	49,051	-3,582	-41,011
Other restricted equity	104,311	104,271	104,347	104,242
Restricted equity	147,626	153,322	100,765	63,231
Profit for the period	34,278	27,770	13,844	5,886
Other unrestricted equity	251,540	251,540	251,527	251,477
Unrestricted equity	285,818	279,310	265,371	257,363
The effect of retroactive recalculation:				
Fund at fair value / Restricted equity	6,810	5,376	3,493	1,591
Profit for the period / Unrestricted equity	-6,810	-5,376	-3,493	-1,591
Equity	0	0	0	0

Key figures

(EUR 1,000)	1–12/2009	1–9/2009	1–6/2009	1–3/2009
Return on equity (ROE), %	8.7	9.3	7.3	6.8
Return on assets (ROA), %	0.34	0.36	0.26	0.23
Earnings per share (EPS), EUR	0.52	0.42	0.21	0.09
Capital adequacy ratio, % (conglomerate)	157.4	155.2	143.1	132.6
Banking Business (incl. Private Banking)				
Cost-to-income ratio	0.57	0.57	0.60	0.72
Capital adequacy ratio, %	15.9	15.4	14.5	14.1
Tier 1 capital ratio, %	9.5	9.1	9.1	9.0

Note 60. Events after the end of the financial year

Aktia plc was on 26 January 2010 informed about a change in ownership of the Life Annuity Institution Hereditas of Aktia plc. The Life Annuity Institution Hereditas owns a total of 6,714,220 shares and 45,970,234 voting rights in Aktia plc. The holding is 10.02% of Aktia plc's stocks and 10.26% of voting rights.

On 12 February 2010, Aktia plc gave an announcement that the operating profit for the fourth quarter 2009 is adversely affected by a cost of EUR 9.2 million due to a calculation error in the division of fair values of options that are partly reported via income statement and partly via the fund at fair value. See note 59.

INCOME STATEMENT FOR THE PARENT COMPANY – AKTIA PLC

(EUR 1,000)	Note	2009	2008
Interest income	102	28	220,013
Interest expenses	102	-805	-154,928
Net interest income		-777	65,085
Income from Tier 1 capital instruments	103	485	2,550
Commission income	104	19,301	26,959
Commission expenses	104	-239	-2,474
Net commission income		19,062	24,485
Net income from securities and currency trading	105	-	904
Net income from financial assets available for sale	106	-	-2,031
Net income from investment properties	107	-	2,484
Other operating income	108	1,436	6,699
Staff costs	109	-9,583	-35,387
Other administrative expenses	110	-7,672	-22,245
Administrative expenses		-17,255	-57,632
Depreciation and impairment of tangible and intangible assets	111	-301	-2,431
Other operating expenses	112	-3,838	-9,838
Write-downs on credits and other commitments	113	-	-165
Operating profit		**-1,188**	**30,113**
Appropriations		1	-
Taxes		51	-7,512
Profit for the reporting period		**-1,136**	**22,600**

BALANCE SHEET FOR THE PARENT COMPANY – AKTIA PLC

(EUR 1,000)	Note	2009	2008
Assets			
Claims on credit institutions	115	13	16
Shares and participations	116	333,177	228,538
Intangible assets	117	944	-
Investment properties and shares and participations in investment properties	118	-	-
Other properties and shares and participations in real estate corporations	118	-	-
Other tangible assets	118	1,279	103
Tangible assets		1,279	103
Other assets	119	0	1,024
Accrued expenses and advance payments	120	5,427	633
Deferred tax receivables	121	-	449
Total assets		**340,841**	**230,762**
Liabilities			
Liabilities to credit institutions	122	58,523	1,390
Other liabilities	123	1,286	1,209
Accured expenses and income received in advance	124	7,436	2,163
Deferred tax liabilities	125	1,201	-
Total liabilities		**68,447**	**4,762**
Equity			
Share capital	126	93,874	80,249
Legal reserve		8,067	8,067
Share premium account		1,893	1,893
Other restricted equity		160	103
Fund at fair value	126	3,419	-1,277
Unrestricted equity reserve		85,670	45,404
Retained earnings 1 January		91,560	89,011
Dividends to shareholders		-10,046	-20,051
Other shares in connection with the merger of Veritas Holding Ab		-1,067	-
Profit for the reporting period attributable to shareholders in Aktia plc		-1,136	22,600
Total equity	**126**	**272,394**	**226,000**
Total liabilities and equity		**340,841**	**230,762**

Aktia plc has no off-balance-sheet commitments.

CASH FLOW STATEMENT FOR THE PARENT COMPANY – AKTIA PLC

(EUR 1,000)	2009	2008
Cash flow from operating activities		
Operating profit	-1,188	30,113
Adjustment items not included in cash flow for the period	-281	25,781
Paid income taxes	-761	-2,962
Increase (-) or decrease (+) in receivables from operating activities	**-6,175**	**5,061,490**
Bonds	-	1,666,605
Claims on credit institutions	-	307,772
Receivables from the public and public sector entities	-	2,960,204
Shares and participations	-2,404	33,034
Other assets	-3,771	93,875
Increase (+) or decrease (-) in liabilities from operating activities	**63,752**	**-5,026,729**
Liabilities to credit institutions	57,133	-1,364,728
Liabilities to the public and public sector entities	-	-2,962,778
Debt securities issued to the public	-	-520,964
Other liabilities	6,619	-178,259
Total cash flow from operating activities	**55,347**	**87,693**
Cash flow from investing activities		
Investments in group companies	-42,821	-
Reclaim of minority shares in subsidiaries	-450	-
Investment in tangible and intangible assets	-2,422	-19,185
Disposal of tangible and intangible assets	315	70,554
Total cash flow from investing activities	**-45,378**	**51,369**
Cash flow from financing activities		
Increase in share capital	25	45
Increase in unrestricted equity reserve	50	150
Paid dividends	-10,046	-20,051
Total cash flow from financing activities	**-9,971**	**-19,856**
Change in cash and cash equivalents	**-3**	**119,205**
Cash and cash equivalents at the beginning of the year	16	233,800
Cash and cash equivalents at the end of the year	13	16
Cash and equivalents transferred in connection with transfer of business operations	-	-352,989
Cash and cash equivalents in the cash flow statement consist of the following items:		
Repayable on demand claims on credit institutions	13	16
Total	**13**	**16**
Adjustment items not included in cash flow for the period consist of:		
Depreciation and impairment of intangible and tangible assets	301	2,440
Sales gains and losses from intangible and tangible assets	-315	-
Other adjustments	-266	23,341
Total	**-281**	**25,781**
Other information to the cash flow statement:		
Receivied interests	28	292,028
Paid interests	-674	-201,810
Received dividends	485	2,550

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS – AKTIA PLC

NOTE 101. THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

Items denominated in foreign currencies

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

Income accounting principles

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

Depreciation

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

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

Derivative contracts

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

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

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

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

Write-down of loans and other receivables

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

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

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

Taxes

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

Financial assets

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

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

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

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

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

Other financial liabilities

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

Tangible and intangible assets

The Group's real estate property and shares and participations in real estate corporations have been divided up into commercial properties and investment properties according to how they are used. Commercial properties are properties used by the Group. Investment properties are properties which are held in order to generate rental income and to obtain an increase in the value of capital. If only part of the premises is used by the Group, the division has been made according to the square metres reserved for their respective purposes. Both commercial properties and investment properties have been included at their acquisition price.

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

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

Note 102. Interest income and expenses

	2009	2008
Interest income		
Claims on credit institutions	-	22,397
Receivables from the public and public sector entities	-	129,880
Bonds	-	66,691
Derivatives	-	1,038
Other interest income	28	8
Total	**28**	**220,013**
Interest costs		
Liabilities to credit institutions	-752	-56,223
Other liabilities to the public and public sector entities	-53	-69,720
Debt securities issued to the public	-	-18,086
Derivatives and liabilities held for trading	-	-5,735
Subordinated liabilities	-	-5,111
Other interest expenses	-	-53
Total	**-805**	**-154,928**
Net interest income	**-777**	**65,085**

Note 103. Income from equity instruments

	2009	2008
Income from companies within the same Group	28	1,323
Income from associated companies	-	72
Income from financial assets that can be sold	457	242
Income from shares and participations held for trading	-	913
Total	**485**	**2,550**

Note 104. Commission income and expenses

	2009	2008
Commission income		
Lending	-	6,010
Borrowing	-	93
Payment transactions	-	6,723
Asset management services	13	8,729
Brokerage of insurance	-	2,666
Guarantees and other off-balance sheet commitments	-	510
Other commission income	19,288	2,229
Total	**19,301**	**26,959**
Commission expenses		
Bank fees paid	-	-498
Other commission expenses	-239	-1,976
Total	**-239**	**-2,474**
Net commission income	**19,062**	**24,485**

Note 105. Net income from securities and currency trading

	2009	2008
Interest-bearing securities		
Capital gains and losses	-	54
Total	**0**	**54**
Total		
Capital gains and losses	-	54
Net income from securities	**0**	**54**
Net income from currency trading	-	850
Net income from securities and currency trading	**0**	**904**

Note 106. Net income from financial assets available for sale

	2009	2008
Interest-bearing securities		
Capital gains and losses	-	-1,883
Total	**0**	**-1,883**
Shares and participations		
Capital gains and losses	-	98
Reversal of impairment losses	-	19
Total	**0**	**117**
Other		
Capital gains and losses	-	806
Write-downs	-	-1,795
Net income from brokered derivative contracts	-	725
Total	**0**	**-264**
Total		
Capital gains and losses	-	-979
Write-downs	-	-1,795
Reversal of impairment losses	-	19
Net income from brokered derivative contracts	-	725
Total	**0**	**-2,031**

Note 107. Net income from investment properties

	2009	2008
Rental income	-	1,254
Sales gains	-	1,942
Sales losses	-	-32
Depreciation	-	-10
Other income from investment properties	-	23
Other expenses for investment properties	-	-694
Total	**0**	**2,484**

Note 108. Other operating income

	2009	2008
Rental income from commercial properties	-	242
Capital gains from tangible and intangible assets	315	3,682
Other operating income	1,121	2,776
Total	**1,436**	**6,699**

Note 109. Staff costs

	2009	2008
Salaries and fees	-7,752	-28,240
Transfer to the personnel fund	-303	-614
Pension costs	-1,284	-4,862
Other indirect employee costs	-243	-1,671
Indirect employee costs	-1,528	-6,533
Total	**-9,583**	**-35,387**

Note 110. Other administrative expenses

	2009	2008
Other staff expenses	-1,613	-2,714
Office expenses	-461	-2,067
IT-expenses	-2,993	-11,321
Communication expenses	-390	-2,341
Representation and marketing expenses	-2,210	-3,790
Other administrative expenses	-6	-12
Total	**-7,672**	**-22,245**

Note 111. Depreciation and impairment of tangible and intangible assets

	2009	2008
Depreciation of tangible assets	-219	-1,249
Depreciation of intangible assets	-82	-1,182
Total	**-301**	**-2,431**

Note 112. Other operating expenses

	2009	2008
Rental expenses	-298	-3,273
Expenses for commercial properties	-90	-2,384
Insurance- and hedging costs	-67	-1,229
Monitoring, control and membership fees	-162	-422
Capital losses from tangible and intangible assets	-	-164
Other expenses *)	-3,222	-2,366
Total	**-3,838**	**-9,838**

*) Costs involved in listing Aktia plc on the stock exchange amounted to EUR,1,765,000 in 2009.

Note 113. Write-downs on credits and other commitments

	2009	2008
Receivables from the public and public sector entities		
Individual write-downs	-	-504
Reversals of and recoveries of write-downs	-	338
Total	**0**	**-166**
Guarantees and other off-balance sheet items		
Reversals of and recoveries of write-downs	-	1
Total	**0**	**1**
Total write-downs on credits and other commitments	**0**	**-165**

Note 114. Income by business area

	2009	2008
Income by business area		
Investments	-	2,484
Group administration	20,445	465
Banking	-	99,702
Total	**20,445**	**102,651**
Operating profit by business area		
Investments	-	2,484
Group administration	-1,188	-4,758
Banking	-	32,387
Total	**-1,188**	**30,113**
Personnel by business area		
Group administration	116	98
Total	**116**	**98**

The bank only carries out business operations in Finland

(EUR 1,000)

Note 115. Claims on credit institutions

	2009	2008
Repayable on demand		
Finnish credit institutions	13	16
Total	**13**	**16**
Total claims on credit institutions	**13**	**16**

Note 116. Shares and participations

	2009	2008
Shares and participations that can be sold		
Publicly quoted	24,836	15,605
Other	19	500
Total	**24,855**	**16,105**
Total shares and participations	**24,855**	**16,105**
of which credit institutions	24,836	-
Shares and participations in associated companies		
Other companies	1,667	1,667
Total	**1,667**	**1,667**
Shares and participations in group companies		
Credit institutions	207,558	-
Other companies	99,097	210,766
Total	**306,655**	**210,766**
Total shares and participations	**333,177**	**228,538**

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

Note 117. Intangible assets

31 December 2009	**Immaterial rights (IT expenses)**	**Other long-term expenditures**	**Total**
Acquisition cost at January, 1	706	174	880
Increases	1,027	-	1,027
Decreases	-706	-174	-880
Acquisition cost at December, 31	1,027	0	1,027
Accumulated depreciations and impairments at January, 1	-706	-174	-880
Accumulated depreciation on decreases	706	174	880
Planned depreciation	-82	-	-82
Accumulated depreciations and impairments at December, 31	-82	0	-82
Book value at December, 31	**944**	**0**	**944**

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

Note 118. Tangible assets

Investment properties

31 December 2009	**Land and water areas**	**Buildings**	**Shares and participations in real estate corporations**	**Total**
Acquisition cost at January, 1	-	10	4,110	4,119
Decreases	-	-10	-4,110	-4,119
Acquisition cost at December, 31	0	0	0	0
Accumulated depreciations and impairments at January, 1	-	-10	-4,110	-4,119
Accumulated depreciation on decreases	-	10	4,110	4,119
Accumulated depreciations and impairments at December, 31	0	0	0	0
Book value at December, 31	**0**	**0**	**0**	**0**
Carrying amount at December, 31	**0**	**0**	**0**	**0**

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

Commercial properties

31 December 2009	**Land and water areas**	**Buildings**	**Shares and participations in real estate corporations**	**Total**
Acquisition cost at January, 1	-	13	2,463	2,476
Decreases	-	-13	-2,463	-2,476
Acquisition cost at December, 31	0	0	0	0
Accumulated depreciations and impairments at January, 1	-	-13	-2,463	-2,476
Accumulated depreciation on decreases	-	13	2,463	2,476
Accumulated depreciations and impairments at December, 31	0	0	0	0
Book value at December, 31	**0**	**0**	**0**	**0**

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

Other material assets

31 December 2009	Machines and inventory	Other tangible assets	Total tangible assets
Acquisition cost at January, 1	845	425	7,865
Increases	1,395	-	1,395
Decreases	-740	-425	-7,760
Acquisition cost at December, 31	1,500	0	1,500
Accumulated depreciations and impairments at January, 1	-742	-425	-7,762
Accumulated depreciation on decreases	740	425	7,760
Planned depreciation	-219	-	-219
Accumulated depreciations and impairments at December, 31	-221	0	-221
Book value at December, 31	**1,279**	**0**	**1,279**

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

Note 119. Other assets

	2009	2008
Other assets	0	1,024
Total	**0**	**1,024**

Note 120. Accrued expenses and advance payments

	2009	2008
Other	5,427	633
Total	**5,427**	**633**

Note 121. Deferred tax receivables

	2009	2008
Deferred tax receivables at January, 1	449	4,614
Income statement charge	-449	-
Financial assets:		
- Fair value measurement	-	-4,165
Deferred tax receivables at December, 31	**0**	**449**

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

Note 122. Liabilities to credit institutions

	2009	2008
Repayable on demand deposits	2,023	1,390
Other than repayable on demand from credit institutions	56,500	-
Total	**58,523**	**1,390**

Note 123. Other liabilities

	2009	2008
Cash items in the process of collection	313	243
Provisions	589	912
Other	384	55
Total	**1,286**	**1,209**

Breakdown of items reported amongst provisions

	Book value at the beginning of the financial year	Increase	Decrease	Reversed	Book value at the end of the financial year
Staff costs	912	-	-323	-	589
Total	**912**	**0**	**-323**	**0**	**589**

Note 124. Accrued expenses and income received in advance

	2009	2008
Interests	131	-
Other	7,305	2,163
Total	**7,436**	**2,163**

Note 125. Deferred tax liabilities

	2009	2008
Deferred tax liabilities at January, 1	0	-
Income statement charge	-449	-
Financial assets:		
- Fair value measurement	1,650	-
Deferred tax liabilities at December, 31	**1,201**	**0**

Note 126. Specification of equity

	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Share capital	80,249	13,625	-	93,874
Legal reserve	8,067	-	-	8,067
Share premium account	1,893	-	-	1,893
Other restricted equity	103	57	-	160
Fund at fair value	-1,277	4,696	-	3,419
Restricted equity	89,036	18,378	0	107,413
Unrestricted equity reserve	45,404	40,266	-	85,670
Retained earnings 1 January	91,560			91,560
Dividends to shareholders			10,046	-10,046
Other shares in connection with the merger of Veritas Holding Ab			1,067	-1,067
Profit for the reporting period attributable to shareholders in Aktia plc			1,136	-1,136
Unrestricted equity	136,964	40,266	12,250	164,981
Total equity	**226,000**	**58,644**	**12,250**	**272,394**

	2009	2008
Fund at fair value at January, 1	-1,277	-13,132
Changes in fair value during the period	6,346	16,021
Deferred taxes on changes in fair value during the period	-1,650	-4,165
Fund at fair value at December, 31	**3,419**	**-1,277**

Only changes in the fair value of financial assets that can be sold are entered in the fund at fair value

Distributable assets in unrestricted equity	**2009**	**2008**
Retained earnings 1 January	91,560	89,011
Dividends to shareholders	-10,046	-20,051
Profit for the reporting period attributable to shareholders in Aktia plc	-1,136	22,600
Unrestricted equity reserve	85,670	45,404
Total	**166,048**	**136,964**

There are no non-distributable assets in unrestricted equity.

The reserve fund contains components transferred from shareholders' equity in accordance with the articles of association or decisions adopted at the AGM. There were no changes in the reserve fund during the financial years 2008 and 2009.

At the end of the period, the bank's paid-up share capital as entered in the Finnish Trade Register was EUR,93,873,816, divided into 46,936,908 A shares and 20,050,850 R shares. At the end of the reporting period, the total number of shares was 66,987,758 (60,175,268 in 2008). The number of registered shareholders at the end of the financial period was 49,712. The number of A shares attributed to non-identified shareholders was 1,010,697.

The merger of Veritas Mutual Non-Life Insurance with Aktia plc was implemented on 1 January 2009 in accordance with the merger plan approved by the respective AGMs of the two companies. At the same time, 6,800,000 new A shares in Aktia plc were registered which were distributed as compensation for the merger to members of Veritas Mutual Non-Life Insurance. In conjunction with the merger, Aktia plc received 536,288 treasury shares, which is equivalent to 0.8% of all shares.

By virtue of the authority to issue shares conferred on it by the AGM of 21 December 2006 for the purposes of setting up a share-based incentive scheme for key personnel and in accordance with the conditions set down for an incentive scheme for top management determined by the Board of Directives in 2007, Aktia's Board of Directors decided on 30 March 2009 to implement a direct share issue to designated personnel in the bank's executive management. As a result Aktia's Board of Directors decided on 30 March 2009 to implement a direct share issue to designated personnel in the bank's executive management. As a result of the issue, 12,490 new A shares were issued at a subscription price of EUR 6.00 per share. The shares were registered on 29 May 2009.

Note 127. Fair value of financial assets and liabilities

Assets	**2009**		**2008**	
	Book value	**Fair value**	**Book value**	**Fair value**
Claims on credit institutions	13	13	16	16
Shares and participations	24,855	24,855	16,105	16,105
Shares and participations in associated companies	1,667	1,667	1,667	1,667
Shares and participations in group companies	306,655	306,655	210,766	210,766
Total	**333,190**	**333,190**	**228,553**	**228,553**

Liabilities	**2009**		**2008**	
	Book value	**Fair value**	**Book value**	**Fair value**
Liabilities to credit institutions and central banks	58,523	58,523	1,390	1,390
Total	**58,523**	**58,523**	**1,390**	**1,390**

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

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

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

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

Comparative figures for 2008 are calculated based on the above.

Note 128. Breakdown by maturity of assets and liabilities by balance sheet item

Assets

31 December 2009	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Claims on credit institutions	13	-	-	-	-	13
Total	**13**	**0**	**0**	**0**	**0**	**13**

31 December 2008	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Claims on credit institutions	16	-	-	-	-	16
Total	**16**	**0**	**0**	**0**	**0**	**16**

Liabilities

31 December 2009	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Liabilities to credit institutions and central banks	2,023	-	56,500	-	-	58,523
Total	**2,023**	**0**	**56,500**	**0**	**0**	**58,523**

31 December 2008	**under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**over 10 years**	**Total**
Liabilities to credit institutions and central banks	1,390	-	-	-	-	1,390
Total	**1,390**	**0**	**0**	**0**	**0**	**1,390**

Note 129. Property items and liabilities in euros and in foreign currency

31 December 2009

Assets	Euros	Foreign currency	Total
Claims on credit institutions	13	-	13
Shares and participations	333,177	-	333,177
Other assets	7,651	-	7,651
Total	**340,841**	**0**	**340,841**

31 December 2008

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

31 December 2009

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	58,523	-	58,523
Other liabilities	9,924	-	9,924
Total	**68,447**	**0**	**68,447**

31 December 2008

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	1,390	-	1,390
Other liabilities	3,372	-	3,372
Total	**4,762**	**0**	**4,762**

Note130. Total assets and liabilities by business area

	2009	2008
Assets		
Group administration	340,841	230,762
Total	**340,841**	**230,762**
Liablilities		
Group administration	68,447	4,762
Total	**68,447**	**4,762**

Note 131. Breakdown of subordinated claims

	2009	2008
Shares and participations in group companies and associated companies	385	342
Total	**385**	**342**

Note 132. Details on issuing of shares, stock options and convertible bonds

At the end of 2009, Aktia plc's total number of shares was 66,987,758 divided into 46,936,908 A shares and 20,050,850 R shares. A shares entitle the holder to one vote and R shares to twenty votes.

In the merger with Veritas Mutual Non-Life Insurance Company compensation for the merger was given in the form of 6,800,000 A shares with a nominal value of EUR 2.00 per share and a subscription price of EUR 6.00 per share.

At the Extraordinary General Meeting of 21 December 2006, the Board of Directors was authorised to issue a maximum of 1,000,000 shares in order to create a share-based incentive scheme for key personnel in the Group. Supported by this authorisation, a directed share issue was carried out on 30 March 2009 to named persons in the company's senior executive management. In the issue, 12,490 new series A shares were issued at a subscription price of EUR,6.00 per share. The new shares were entered in the Trade Register on 29 May 2009.

No rights of option have been issued.

Note 133. Shareholders

Shareholders	A shares	R shares	Shares	Of shares, %	Votes	Of votes, %	Of shares, %	Of votes, %
	31.12.2009						31.12.2008	
The 20 largest shareholders:								
Sparbanksstiftelsen i Helsingfors	7,604,111	3,802,048	11,406,159	17.0	83,645,071	18.7	19.0	19.0
Livränteanstalten Hereditas	4,428,114	2,077,106	6,505,220	9.7	45,970,234	10.3	10.4	10.4
Pensionsförsäkringsaktiebolaget Veritas	4,297,469	2,134,397	6,431,866	9.6	46,985,409	10.5	10.1	10.1
Sparbanksstiftelsen i Esbo-Grankulla	2,346,585	1,183,292	3,529,877	5.3	26,012,425	5.8	5.8	5.9
Oy Hammarén & Co Ab	1,890,000	945,000	2,835,000	4.2	20,790,000	4.6	4.7	4.7
Svenska litteratursällskapet i Finland rf	1,681,786	789,229	2,471,015	3.7	17,466,366	3.9	3.9	3.9
Sparbanksstiftelsen i Vanda	1,514,900	833,012	2,347,912	3.5	18,175,140	4.1	4.0	4.1
Stiftelsen för Åbo Akademi	1,495,640	751,000	2,246,640	3.4	16,515,640	3.7	3.2	3.2
Aktiastiftelsen i Borgå	1,303,050	651,525	1,954,575	2.9	14,333,550	3.2	3.2	3.2
Aktiastiftelsen i Vasa	978,525	547,262	1,525,787	2.3	11,923,765	2.7	2.5	2.7
Sparbanksstiftelsen i Kyrkslätt	876,529	438,264	1,314,793	2.0	9,641,809	2.2	2.2	2.2
Sparbanksstiftelsen i Karis-Pojo	787,350	1,181,025	1,968,375	1.8	8,660,850	1.9	2.0	2.0
Föreningen Konstsamfundet rf	670,040	377,951	1,047,991	1.6	8,229,060	1.8	1.6	1.6
Sparbanksstiftelsen i Ingå	646,236	323,118	969,354	1.5	7,108,596	1.6	1.6	1.6
Ab Kelonia Oy	549,417	308,662	858,079	1.3	6,722,657	1.5	1.5	1.5
Sparbanksstiftelsen i Sibbo	462,002	232,001	694,003	1.0	5,102,022	1.1	1.2	1.2
Sparbanksstiftelsen i Sjundeå	454,377	227,188	681,565	1.0	4,998,137	1.1	1.1	1.1
Svenska folkskolans vänner rf	419,407	207,375	626,782	0.9	4,566,907	1.0	1.0	1.0
Aktia Abp *)	357,526	178,762	536,288	0.8	3,932,766	0.9	0.9	0.9
Aktia Sparbanksstiftelsen i Malax	338,500	177,600	516,100	0.8	3,890,500	0.9	0.9	0.9
Largest 20 owners	**33,101,564**	**17,365,817**	**50,467,381**	**74.2**	**364,670,904**	**81.4**	**80.8**	**81.1**
Other	13,835,344	2,685,033	16,520,377	25.8	83,283,004	18.6	19.2	18.9
Total	**46,936,908**	**20,050,850**	**66,987,758**	**100.0**	**447,953,908**	**100.0**	**100.0**	**100.0**

*) Aktia plc's treasury shares were received when assets were transferred in conjunction with the merger with Veritas Non-Life Insurance which was implemented on 1 January 2009.

Shareholders by sector 2009 :	Number of owners	%	Number of shares	%	Votes	%
Corporations	4,172	8.4	13,706,001	20.5	84,112,116	18.8
Financial institutes and insurance companies	61	0.1	3,212,725	4.8	24,453,009	5.5
Public sector entities	36	0.1	6,651,737	9.9	47,205,280	10.5
Non-profit institutions	754	1.5	38,387,397	57.3	281,370,474	62.8
Households	44,488	89.5	4,001,965	6.0	9,790,714	2.2
Foreign shareholders	201	0.4	8,768	0.0	11,618	0.0
Total	**49,712**	**100.0**	**65,968,593**	**98.5**	**446,943,211**	**99.8**
entered in nominee register	2		8,468			
Unidentified shareholders			1,010,697	1.5	1,010,697	0.2
Total	**49,712**	**100.0**	**66,987,758**	**100.0**	**447,953,908**	**100.0**

Shareholders by sector 2008 :	Number of owners	%	Number of shares	%	Votes	%
Corporations	35	5.3	11,109,695	18.5	81,522,992	18.5
Financial institutes and insurance companies	38	5.6	3,532,235	5.9	25,963,619	5.9
Public sector entities	2	0.3	6,138,192	10.2	45,266,735	10.3
Non-profit institutions	58	8.8	37,745,098	62.7	277,250,377	62.8
Households	525	79.8	1,041,780	1.7	6,737,695	1.5
Foreign shareholders	1	0.2	600,000	1.0	4,400,000	1.0
Total	**659**	**100.0**	**60,167,000**	**100.0**	**441,141,418**	**100.0**
entered in nominee register	1		8,268			
Total	**659**	**100.0**	**60,175,268**	**100.0**	**441,141,418**	**100.0**

Breakdown of stock 2009: Number of shares	Number of owners	%	Number of shares	%	Votes	%
1-100	39,229	78.9	1,474,785	2.2	1,573,433	0.4
101-1 000	9,668	19.4	2,220,906	3.3	3,294,577	0.7
1 001 - 10 000	683	1.4	1,638,422	2.5	4,776,291	1.1
10 001 - 100 000	79	0.2	2,458,549	3.7	14,171,802	3.2
100 000 -	53	0.1	58,184,399	86.9	423,127,108	94.5
Total	**49,712**	**100.0**	**65,977,061**	**98.5**	**446,943,211**	**99.8**
entered in nominee register	2					
Unidentified shareholders			1,010,697	1.5	1,010,697	0.2
Total	**49,712**	**100.0**	**66,987,758**	**100**	**447,953,908**	**100.0**

Breakdown of stock 2008: Number of shares	Number of owners	%	Number of shares	%	Votes	%
1-100	143	21.7	9,944	0.0	70,782	0.0
101-1 000	238	36.1	108,712	0.2	759,063	0.2
1 001 - 10 000	165	25.0	503,322	0.8	3,617,878	0.8
10 001 - 100 000	101	15.3	16,782,979	27.9	16,256,965	3.7
100 000 -	12	1.8	42,770,311	71.1	420,436,730	95.3
Total	**659**	**100.0**	**60,175,268**	**100.0**	**441,141,418**	**100.0**
entered in nominee register	1					
Unidentified shareholders						
Total	**659**	**100.0**	**60,175,268**	**100.0**	**441,141,418**	**100.0**

Note 134. Pension commitments

The personnel's retirement plan is organised via the Pension insurance company Veritas and there are not any pension commitments that have a liability deficit.

Note 135. Number of employees 31 December

	2009	2008
Full-time	105	90
Part-time	-	1
Temporary	11	7
Total	**116**	**98**

Note 136. Companies included in consolidated accounts

Companies included in consolidated accounts (ownership over 50 %)

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Financing				
Aktia Bank Abp	100.0	207,558	100.0	207,558
Real estate agency operations *)				
Aktia Fastighetsförmedling Ab, Turku	100.0	1,054	90.0	119
Aktia Fastighetsförmedling Helsingfors-Esbo Ab, Helsinki	100	172	80.0	80
Aktia Fastighetsförmedling ISKL Ab, Kirkkonummi	100	76	90.0	72
Aktia Fastighetsförmedling Jakobstad Ab, Pietarsaari	100	108	80.0	80
Aktia Fastighetsförmedling Karlebynejden Ab, Kokkola	-	-	100.0	100
Aktia Fastighetsförmedling Mellan-Nyland - Vanda Ab, Vantaa	-	-	100.0	80
Aktia Fastighetsförmedling Raseborg Ab, Tammisaari	-	-	100.0	73
Aktia Fastighetsförmedling Sibbo Ab, Helsinki	100	97	60.0	71
Aktia Fastighetsförmedling Tammerfors Ab, Tampere	100	273	87.3	227
Aktia Fastighetsförmedling Vasa Ab, Vaasa	-	-	80.0	517
Aktia Fastighetsförmedling Uleåborg Ab, Oulu	100	320	90.6	290
Aktia Fastighetsförmedling Östra Nyland Ab, Porvoo	100	95	80.0	80
Magnus Nyman AFM Ab, Kemiö	51.0	155	51.0	155
Robur Invest Ab (dormant), Helsinki	100.0	8	100.0	8
Vasp Invest Ab, Helsinki	100.0	325	100.0	325
Aktia Livförsäkring Ab, Turku	100.0	46,191	-	-
Aktia Skadeförsäkring Ab, Helsinki	100.0	49,248	-	-
Total		**305,680**		**209,835**

*) All real estate companies have merged with Aktia Fastighetsförmedling Ab in Turku.

Shares in associated companies (ownership 20-50%)

	2009 Percentage of all shares	2009 Book value	2008 Percentage of all shares	2008 Book value
Other				
Investmentbolaget Torggatan 14 Oy, Maarianhamina	33.3	376	33.3	376
Järsö Invest Ab, Maarianhamina	33.3	376	33.3	376
Mike Alpha Ab, Maarianhamina	33.3	1	33.3	1
Mike Bravo Ab, Maarianhamina	33.3	1	33.3	1
Mike Charlie Ab, Maarianhamina	33.3	1	33.3	1
Mike Whiskey Ab, Maarianhamina	33.3	160	33.3	160
November Sierra Ab, Maarianhamina	33.3	1	33.3	1
Tenala Buccaneers Ab, Maarianhamina	33.3	376	33.3	376
Tenala Invest Ab, Maarianhamina	33.3	376	33.3	376
Total		**1,667**		**1,667**

Financing income obtained from and financing expenses paid to other group companies	2009	2008
Interest income	-	-
Dividends	28	196
Interest expenses	-	-
Net finance income	**28**	**196**

Receivables from and liabilities to companies in the group	2009	2008
Loans to credit institutions	-	16
Loans to the public and public sector entities	-	342
Accrued income and expenses paid in advance	4,348	396
Total receivables	**4,348**	**754**
Liabilities to credit institutions	-	1,390
Accrued expenses and income received in advance	5,432	-
Total liabilities	**5,432**	**1,390**

Note 137. Close relations

The Group's key personal in management positions refers to Aktia plc's Board of Supervisors and Board of Directors and the Group's Management (MD and deputy MD). Close relations include key persons in management positions according to the above and close family members and companies that are under the dominating influence (over 20 % of the shares) of a key person in a management position.

Salaries and fees as well as pension commtiments arising or made	2009	2008
Members of the Board of Supervisors and their alternates	221	189
Kaj-Gustaf Bergh, Chairman of the Board (-2009)	42	40
Dag Wallgren, Vice Chairman (-2009), Chairman of the Borad (2010-)	27	25
Board of Directors:		
Marcus H. Borgström	21	-
Hans Frantz	21	21
Lars-Olof Hammarén	21	21
Lars-Erik Kvist	21	21
Kjell Sundström	21	21
Marina Vahtola	22	21
Nina Wilkman	22	20
Mikael Ingberg, Managing Director until 3.4.2008	-	124
Jussi Laitinen, Managing Director from 4.4.2008	304	185
Jarl Sved, Deputy Managing Director	198	251
Total	**941**	**937**

The notice of dismissal for the Managing Director is from the employer's side 18 months, and for the other members of the executive committee the notice of dismissal varies between 12 and 18 months. The Managing Director can retire at the age of 63. There are members of the Executive Committee who are entitled to retirement at the age of 60.

Members of the Board of Supervisors, Board of Directors, the Managing Director and his Deputy Managing Director hold total shares of

	2009	2008
Number of shares	109,295	123,776
Share of total shares	0.20%	0.31%

INFORMATION ABOUT BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENT

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

Helsinki 26 February 2010

AKTIA PLC'S BOARD OF DIRECTORS

Dag Wallgren
Chair

Nina Wilkman
Vice Chair

Marcus H. Borgström

Hans Frantz

Lars-Erik Kvist

Nils Lampi

Kjell Sundström

Marina Vahtola

Jussi Laitinen
Managing Director

AUDITOR'S REPORT

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

We have audited the accounting records, the financial statements, the report of the Board of Direc-tors and the administration of Aktia p.l.c. for the financial year 2009. The financial statements com-prise the consolidated balance sheet, income statement, statement of comprehensive in-come, statement of changes in equity, cash flow statement and notes to the consolidated financial state-ments, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the finan-cial statements and the report of the Board of Directors and for the fair presentation of the consoli-dated financial statements in accordance with International Financial Reporting Stan-dards (IFRS) as adopted by the EU, as well as for the fair pre-sentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and fi-nances, and the Managing Director shall see to it that the accounts of the company are in compli-ance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reason-able as-surance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent com-pany and the Managing Director have comp-lied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclo-sures in the finan-cial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstate-ment of the financial statements and of the report of the Board of Directors, whether due to fraud or er-ror. In making those risk assessments, the auditor considers internal con-trol relevant to the entity's preparation and fair presenta-tion of the financial statements and the report of the Board of Direc-tors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opin-ion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial posi-tion, financial performance and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial perfor-mance and financial posi-tion in accordance with the laws and regulations governing the preparation of the finan-cial state-ments and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 2 March 2010

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jan Holmberg

Authorised Public Accountant

STATEMENT BY THE BOARD OF SUPERVISORS

Approved at the meeting of the Board of Supervisors on 2 March 2010.

The Board of Supervisors has examined the financial statement, the consolidated accounts, the report by the Board of Directors, and the audit report for 2009 and recommends that the financial statement and the consolidated accounts be accepted.

MEMBERS OF AKTIA PLC'S BOARD OF SUPERVISORS

Henry Wiklund, Chair (in office until 2011)	M.Sc. (Econ.), Chamber Counsellor
Johan Bardy, Deputy Chair (2011)	LL.M., Attorney-at-Law
Christina Gestrin, Deputy Chair (2011)	M.Sc. (Agr. & For.), Member of Parliament
Henrik Sundbäck, Deputy Chair (2011)	M.Sc. (Agr. & For.), Consultant
Lorenz Uthardt, Deputy Chair (2011)	Agrologist, D. Soc.Sc., Honorary Counsellor
Bo-Gustav Wilson, Deputy Chair (2010)	M.Sc. (Econ.), Audit Manager
Harriet Ahlnäs (2010)	M.Sc. (Eng.), Principal
Anna Bertills (2012)	M.Soc.Sc., Political Adviser
Roger Broo (2010)	M.Soc.Sc., Chamber Counsellor, Administrative Director
Sten Eklundh (2010)	M.Sc. (Econ.)
Agneta Eriksson (2010)	M.A., Director
Håkan Fagerström (2012)	Forester, Managing Director
Christoffer Grönholm (2011)	D. Soc.Sc., Chief Secretary
Peter Heinström (2010)	Honorary Consul
Gun Kapténs (2012)	M.Soc.Sc., Municipal Manager
Erik Karls (2010)	Farmer
Kari Kyttälä (2011)	LL.M.
Patrik Lerche (2011)	M.Sc. (Econ.), Managing Director
Bo Linde (2012)	B.Sc. (Econ.), Honorary Counsellor, Ombudsman
Per Lindgård (2011)	Teacher
Kristina Lyytikäinen (2011)	B.A. (Soc.Sc.), private Entrepreneur
Håkan Mattlin (2011)	Lic.Soc.Sc., Chamber Counsellor, Director General
Clas Nyberg (2010)	M.Sc. (Eng.)
Jorma J Pitkämäki (2011)	M.Sc. (Econ.), director of Development
Henrik Rehnberg (2011)	Engineer, Farmer
Gunvor Sarelin-Sjöblom (2010)	M.A., Lecturer
Peter Simberg (2011)	Agrologist
Bengt Sohlberg (2011)	Agrologist, Agricultural Entrepreneur
Jan-Erik Stenman (2010)	LL.M., Managing Director
Carl Eric Stålberg (2010)	M.Sc. (Econ.), Chairman of the Board
Sture Söderholm (2011)	Lic. Odont.
Maj-Britt Vääriskoski (2010)	Financial Director
Lars Wallin (2010)	Office Manager
Ann-Marie Åberg (2010)	Physiotherapist
Marianne Österberg (2011)	LL.M.

CORPORATE GOVERNANCE REPORT FOR AKTIA PLC

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

RECOMMENDATIONS CONCERNING CORPORATE GOVERNANCE

In addition to complying with legislation in force and the company's articles of association, Aktia also follows the corporate governance code for listed companies issued by the Finnish Securities Market Association ('Corporate Governance Code'). Aktia complies with the recommendations laid down in the Corporate Governance Code with the exception of recommendation 8 (election of members of the Board of Directors), recommendation 28 (setting up a nomination committee), 29 (election of and members of the nomination committee) and 30 (duties of the nomination committee).

DEVIATIONS FROM THE RECOMMENDATIONS

By way of deviation from recommendation 8, Aktia's general meeting appoints a Board of Supervisors, whose tasks include appointing Aktia's Board of Directors and making decisions on issues which involve the significant restriction or expansion of operations. These decision-making arrangements have been adopted by Aktia shareholders in current articles of association. The arrangements are deemed to describe and ease implementation of the company's strategy on local operations.

Aktia's Board of Directors has not set up a nomination committee in itself, which means that Aktia is deviating from recommendations 28, 29 and 30 of the Corporate Governance Code. The reason for these deviations is that the members of the Board of Directors are appointed by the Board of Supervisors, the presiding officers of which prepare issues that relate to the composition, appointment and remuneration of the Board of Directors.

CORPORATE GOVERNANCE CODE PUBLICLY AVAILABLE ON THE INTERNET

The Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association at www.cgfinland.fi.

COMPOSITION OF AND WORK UNDERTAKEN BY THE BOARD OF DIRECTORS

The Board of Directors is currently made up of the following members:

Name:	Date of birth:	Education and main occupation:
Dag Wallgren, Chairman	1961	M. Sc. (Econ.) ekonomie magister, Managing Director, Swedish Literature Society in Finland
Nina Wilkman, Deputy Chair	1958	LL.M. Attorney-at-Law, Attorneys at Law Borenius & Kemppinen Ltd.
Marcus H. Borgström	1946	M.Sc. (Agr. & For.) Honorary Counsellor, agricultural entrepreneur, Östersundom gård
Hans Frantz	1948	Lic.Soc.Sc., Head of Department, Principal Lecturer, Health Care and Sov cial Sercives at University of Applied Sciences, in Vaasa
Lars-Erik Kvist	1945	M.Sc. (Econ.)
Nils Lampi	1948	B.Sc. (Econ.), CEO of Wiklöf Holding Ab
Kjell Sundström	1960	M.Sc. (Econ.), Treasurer of Stiftelsen för Åbo Akademi
Marina Vahtola	1963	M.Sc. (Econ.), Managing Director of Oral Hammaslääkärit Plc

The Board of Directors deems all members of the Board to be independent in relation to Aktia within the meaning of the Corporate Governance Code. When mapping the dependent relationships with significant shareholders as envisaged by the Corporate Governance Code (shareholders who hold at least ten per cent of the total number of shares or votes), it has been noted that deputy chair Nina Wilkman sits on the Board of Directors of the Helsinki Savings Bank Foundation and that Board member Kjell Sundström is the chairman of the Board of Directors of the Veritas Pension Insurance Company. Marcus H. Borgström, Hans Frantz, Lars-Erik Kvist, Nils Lampi, Marina Vahtola and Dag Wallgren do not have any dependent relationships with significant shareholders.

The Board of Directors represents Aktia and is responsible for managing the company 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 company.

In keeping with the provisions of the articles of association, Aktia's Board of Directors encompasses a minimum of five and a maximum of twelve ordinary members, whose term of office is one calendar year. No person who turns 67 before the beginning of the term can be elected as a board member. Aktia's Board of Directors is appointed by the Board of Supervisors for one calendar year at a time. The Board of Supervisors also appoints the chair and deputy chair of the Board of Directors.

Meetings of the Board of Directors are deemed quorate when more than half the members, including the chair or deputy chair, are present. No member of the Board of Directors may be a member of the Board of Supervisors.

The rules of procedure adopted by the Board of Directors define, in greater detail, the general duties of the Board, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at Board meetings and reporting procedures.

The Board of Directors convened 17 times in 2009 and the average attendance of Board members was 86%. In addition, the Board of Directors adopted separate decisions on 3 occasions concerning matters that fell under its authority.

COMPOSITION OF AND WORK UNDERTAKEN BY THE BOARD OF DIRECTORS' COMMITTEES

The Board of Directors set up three committees on 11 May 2009 to take decisions on certain predefined matters and to draw up issues to be resolved upon by the Board of Directors.

Within the framework established by the Board of Directors, the risk committee can make independent decisions on risk-taking and risk management issues. In addition, the committee lays down measurement, limit and reporting structures for risk issues, oversees the capital management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues, and draws up risk-related matters for the Board of Directors to pass decision on. The members of the risk committee for 2010 are Kjell Sundström (chair), Marcus H. Borgström and Lars-Erik Kvist. Between 11 May and 31 December 2009, the risk committee convened 6 times and the average attendance by committee members was 100%.

The audit committee draws up matters to be decided upon by the Board of Directors that concern proposals for the financial statements and interim reports. The committee determines the principles for internal auditing, sets down the Group's internal audit schedule and adopts routines and procedures for compliance with statutory requirements. The committee studies the reports issued by the external auditor, the internal audit unit and the compliance unit and assesses the sufficiency of the other internal reports. The audit committee assesses the independence of the auditor or firm of auditors and, in particular, the provision of accessory services. The members of the audit committee for 2010 are Nina Wilkman (chair), Hans Frantz and Nils Lampi. Between 11 May and 31 December 2009, the audit committee convened 3 times and the average attendance by committee members was 100%.

The compensation and corporate governance committee prepares and puts forward proposals to be decided upon by the Board of Directors concerning guidelines for the remuneration and incentive schemes of executives, approval of the CEO's main duties towards the company, and on matters relating to the development of the Group's administration and control system. The members of the compensation and corporate governance committee for 2010 are Dag Wallgren (chair), Marcus H. Borgström, Hans Frantz, Marina Vahtola and Nina Wilkman. Between 11 May and 31 December 2009, the compensation and corporate governance committee convened twice and the average attendance by committee members was 80%.

COMPOSITION OF AND WORK UNDERTAKEN BY THE BOARD OF SUPERVISORS

The Board of Supervisors is currently made up of the following members:

Name:	Date of birth:	Education and main occupation:
Henry Wiklund, Chairman	1948	M.Sc. (Econ.), Chamber Counsellor
Johan Bardy, Deputy Chariman	1954	LL.M., Attorney-at-Law at Advokatbyrå Bardy & Rahikkala,
Christina Gestrin, Deputy Chair	1967	M.Sc. (Agr. & For.), Member of Parliament
Henrik Sundbäck, Deputy Chairman	1947	M.Sc. (Agr. & For.), Consultant
Lorenz Uthardt, Deputy Chairman	1944	Agrologist, D. Soc.Sc., Honorary Counsellor
Bo-Gustav Wilson, Deputy Chairman	1947	M.Sc. (Econ.), Audit Manager, Hospital District of Helsinki and Uusimaa
Harriet Ahlnäs	1955	M.Sc. (Eng.), Principal, Yrkesinsitutet Prakticum
Anna Bertills	1979	M.Soc.Sc., Political Adviser
Roger Broo	1945	M.Soc.Sc., Chamber Counsellor, Administrative Director, Åbo Akademi
Sten Eklundh	1960	M.Sc. (Econ.)
Agneta Eriksson	1956	M.A., Director, Sydkustens landskapsförbund r.f.
Håkan Fagerström	1956	Forester, Managing Director, Svenska småbruk och egna hem Ab
Christoffer Grönholm	1949	D.Soc.Sc., Chief Secretary, Svenska folkskolans vänner r.f.
Peter Heinström	1944	Honorary Consul
Gun Kapténs	1957	M.Soc.Sc., Municipal Manager, Luoto
Erik Karls	1947	Farmer
Kari Kyttälä	1943	LL.M.
Patrik Lerche	1964	M.Sc. (Econ.), Managing Director, Life Annuity Institution Hereditas
Bo Linde	1946	B.Sc. (Econ.), Honorary Counsellor, Ombudsman, Österbottens svenska producentförbund r.f.
Per Lindgård	1946	Teacher
Kristina Lyytikäinen	1946	B.A. (Soc.Sc.), private Entrepreneur
Håkan Mattlin	1948	Lic.Pol., Chamber Counsellor, Director General, Ministry of Education
Clas Nyberg	1953	M.Sc. (Eng.)
Jorma J Pitkämäki	1953	M.Sc. (Econ.), director of Development
Henrik Rehnberg	1965	Engineer, Farmer
Gunvor Sarelin-Sjöblom	1949	M.A., Lecturer
Peter Simberg	1954	Agrologist
Bengt Sohlberg	1950	Agrologist, Agricultural Entrepreneur
Jan-Erik Stenman	1953	LL.M., Managing Director, Veritas Pension Insurance Company
Carl Eric Stålberg	1951	M.Sc. (Econ.), Chairman of the Board of Swedbank AB (plc)
Sture Söderholm	1949	Lic. Odont.
Maj-Britt Vääriskoski	1947	Financial Director
Lars Wallin	1953	Office manager, YIT Kiinteistötekniikka Oy, Pohjanmaa
Ann-Marie Åberg	1950	Physiotherapist
Marianne Österberg	1960	LL.M.

Anna Bertills, Gun Kapténs, Bo Linde, Bengt Sohlberg and Jan-Erik Stenman entered into office 30 March 2009. Other members of the Board of Supervisors were in office throughout 2009.

The Board of Supervisors is responsible for overseeing the administration of Aktia and comments on Aktia's accounts, the report by the Board of Directors and the audit report at Aktia's Annual General Meeting. The Board of Supervisors makes decisions on matters that involve the significant restriction or expansion of operations, determines the number of members on the Board of Directors, appoints and dismisses the chair of the Board of Directors, the deputy chair and other board members and determines the remuneration of the board members. It may issue instructions to the Board of Directors in matters that are of special importance or fundamentally vital.

The Board of Supervisors, which consists of at least seven and no more than 36 members, is appointed by Aktia's Annual General Meeting for a term of three years. No person who turns 67 before the beginning of the term of office can be elected as a member of the Board of Supervisors. Within the Board of Supervisors, there are presiding officers and a Controlling Committee. The members of the Board of Supervisors are Finnish nationals with the exception of Carl Eric Stålberg, who is a Swedish national.

The rules of procedure adopted by the Board of Supervisors define, in greater detail, the general duties of the Board of Supervisors, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at meetings of the Board of Supervisors and reporting procedures.

The Board of Supervisors convened 4 times in 2009 and the average attendance of members was 84%.

COMPOSITION OF AND WORK UNDERTAKEN BY THE BOARD OF SUPERVISOR'S PRESIDING OFFICERS AND CONTROLLING COMMITTEE

At its first meeting following the annual general meeting, the Board of Supervisors appoints a number of presiding officers and a controlling committee.

The presiding officers are tasked with drawing up matters to be dealt with by the Board of Supervisors, studying reports on decisions taken by the Board of Directors concerning overall strategy and studying reports concerning loans and guarantee commitments that have been extended to members of the Board of Directors. The presiding officers include the chair and deputy chair of the Board of Supervisors. Current presiding officers are Henry Wiklund (chair), Johan Bardy, Christina Gestrin, Henrik Sundbäck, Lorenz Uthardt and Bo-Gustav Wilson. The presiding officers convened 4 minuted meetings in 2009 and the average attendance of the officers was 100%.

The controlling committee is tasked with closely monitoring the activities of the Board of Directors and executive management and with reporting its observations to the Board of Supervisors. The observations of the external and internal auditors are also reported to the controlling committee. Current members of the controlling committee are Henry Wiklund (chair), Anna Bertills, Agneta Eriksson, Håkan Fagerström, Gun Kapténs, Erik Karls, Jan-Erik Stenman, Sture Söderholm and Lars Wallin. The controlling committee convened once in 2009 and the average attendance of committee members was 78%.

CEO AND HIS DUTIES

Aktia's CEO is Jussi Laitinen, born 1956, M.Sc. (Econ.).

The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The CEO also chairs Aktia's executive committee.

THE MOST IMPORTANT ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS IN AKTIA GROUP

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

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

The Aktia Group's operational organisation for financial reporting comprises a finance unit at Group level which is in charge of, among other things, Group consolidation, budgeting, upholding accounting principles and internal reporting guidelines and instructions. External and internal financial reporting has been separated into different units that both report to the Group's Chief Financial Officer. For each business segment and/or key individual companies within these units, segment controllers have been appointed with responsibility for financial monitoring and analysis.

Important parts of current accounting activities in companies within the Aktia Group have been outsourced to external companies that provide accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements entered into between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperaton, meetings are arranged regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. Concerning the most important service provider, the Group has a direct ownership interest and is represented in the company's Board of Directors.

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

The Aktia Group's internal reporting and monthly financial statements are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing the respective business segment are currently distributed to the Group's Board of Directors and management, selected key personnel and the auditors.

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

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

NINA WILKMAN

HANS FRANTZ

DAG WALLGREN

MARCUS H. BORGSTRÖM

THE BOARD OF DIRECTORS

DAG WALLGREN

b. 1961

Chairman of the Board and Chairman of the Remuneration and Corporate Governance Committee
M.Sc. (Econ)
Managing Director, Swedish Literature Society in Finland
Member of the Board since 2003 (Chairman since 2010)

Shares in Aktia:
1,144 A shares
525 R shares

Most important positions of trust:

- Ab Kelonia Oy, member of the Board
- Ab Kelonia Placering Oy, Chairman of the Board
- Söderströms & Co Förlagsaktiebolag, member of the Board
- Svenska Finlands Folktings Garanter r.f., member of the Board
- Unicus Ltd, member of the Board

NINA WILKMAN

b. 1958

Vice Chair of the Board, Chair of the Audit Committee and member of the Board's Remuneration and Corporate Governance Committee
LL.M.
Attorney-at-Law, Attorneys at Law Borenius & Kemppinen Ltd
Member of the Board since 2006 (Vice Chair since 2010)

Most important positions of trust:

- Helsinki Savings Bank Foundation, member of the Board

MARCUS H. BORGSTRÖM

b. 1946

Member of the Board's Risk Committee as well as Remuneration and Corporate Governance Committee
M.Sc. (Agr. & For.), Honorary Counsellor
Agricultural entrepreneur, Östersundom gård

Member of the Board since 2009

Shares in Aktia:
211 A shares

Most important positions of trust:

- Svenska småbruk och egna hem Ab, Chairman of the Board
- Finnvacum Oy Ab, Chairman of the Board
- Finlands Svenska Andelsförbund, Chairman of the Board
- Andelslaget Varuboden, Chairman of the Board of Supervisors
- SOK, member of the Board of Supervisors

HANS FRANTZ

b. 1948

Member of the Board's Audit Committee as well as Remuneration and Corporate Governance Committee
Lic.Soc.Sc.
Head of Department, Principal Lecturer, Health Care and Social Services, University of Applied Sciences in Vaasa
Member of the Board since 2003

Shares in Aktia:
600 A shares
262 R shares

Most important positions of trust:

- Aktia Foundation Vaasa, Chairman of the Advisory Board
- Member of the City Council and City Board of Vaasa
- Fadderortsstiftelsen i Österbotten, Chairman of the Board
- University of Applied Sciences in Vaasa, member of the Board
- Foundation Vaasan opiskelija-asuntosäätiö, member of the Board

LARS-ERIK KVIST

KJELL SUNDSTRÖM

NILS LAMPI

MARINA VAHTOLA

LARS-ERIK KVIST

b. 1945

Member of the Board's Risk Committee
M.Sc. (Econ)
Member of the Board since 1998

Shares in Aktia:
2,100 A shares
1,050 R shares

Most important positions of trust:

- Bergslagens Sparbank, member of the Board
- Föreningssparbanken Öland AB, member of the Board
- Tjustbygdens Sparbank, member of the Board
- Föreningssparbankens Pensionsstiftelse I, member of the Board

NILS LAMPI

b. 1948

member of the Board's Audit Committee
B.Sc. (Econ)
CEO, Wiklöf Holding Ab
Member of the Board since 1 January 2010

Most important positions of trust:

- Ab Mathias Eriksson, Chairman of the Board
- ME Group Baltic OÜ, Chairman of the Board
- Best Hall Oy, Chairman of the Board
- Ålandsdelegationen, member

KJELL SUNDSTRÖM

b. 1960

Member of the Board and Chairman of the Risk Committee
M.Sc. (Econ)
Treasurer, Stiftelsen för Åbo Akademi
Member of the Board since 2008

Shares in Aktia:
71 A shares

Most important positions of trust:

- Veritas Pension Insurance Company Ltd, Chairman of the Board
- Förlagsaktiebolaget Sydvästkusten, Chairman of the Board
- Akademiföreningen Åbo Akademiker r.f., Chairman of the Board
- Ab Kelonia Oy, member of the Board
- Ab Kelonia Placering Oy, member of the Board
- Stiftelsen Academica, member of the Board
- Stiftelsen Forum Marinum, member of the Board

MARINA VAHTOLA

b. 1963

Member of the Board's Remuneration and Corporate Governance Committee
M.Sc. (Econ)
Managing Director, Oral Hammaslääkärit Plc
Member of the Board since 2007

Most important positions of trust:

- The Finnish Housing Fair Co-operation Organisation, member of the Board

Shareholdings per 31 December 2009

The Board members´ most important positions of trust are listed above. A complete list of communities and companies where the members of the Board exercise control or have authority is included in the company´s Insider Register.

JUSSI LAITINEN

JARL SVED

ROBERT SERGELIUS

STEFAN BJÖRKMAN

BARBRO KARHULAHTI

EXECUTIVE COMMITTEE

JUSSI LAITINEN

b. 1956

Managing Director
M.Sc. (Econ)
At Aktia since 2008
Shares in Aktia: 3,285 A shares

Most important positions of trust:

- Finnish Cancer Foundation and Finnish Foundation for Cancer Research, member of the Board
- Federation of Finnish Financial Services, member of the Board
- Ab Kelonia Oy, member of Supervisory Board
- Sigrid Jusélius Stiftelse, auxiliary in the Finance Committee
- Sitra, the Finnish Innovation Fund, member of Asset Management
- Finnish Cultural Association, member
- Helsinki region Chamber of Commerce, delegation member
- Lastentautien tutkimussäätiö, associate auditor

JARL SVED

b. 1954

Deputy Managing Director, Managing Director's alternate
LL.M.
At Aktia since 1980
Shares in Aktia: 49,018 A shares
19, 658 R shares

Most important positions of trust:

- Luottokunta, member of the Board

STEFAN BJÖRKMAN

b. 1963

Deputy Managing Director, CFO
M.Sc. (Eng)
At Aktia since 2006
Shares in Aktia: 3,682 A shares

Most important positions of trust:

- ACH Finland Plc, Chairman of the Board
- Oy Samlink Ab, member of the Board
- Cor Group Oy, Chairman of the Board

ROBERT SERGELIUS

b. 1960

Deputy Managing Director
M.Sc. (Eng)
At Aktia since 2003
Shares in Aktia: 48,593 A shares
3,568 R shares

Most important positions of trust:

- Unicus Ltd, member of the Board

BARBRO KARHULAHTI

b. 1960

Director
LL.M.
At Aktia since 2008

TARU NARVANMAA

GÖSTA RÅHOLM

MARIT LEINONEN

ANDERS NORDMAN

OLAV UPPGÅRD

TARU NARVANMAA

b. 1963

Managing Director of Aktia Life Insurance
M.Sc. (Econ)
At Aktia since 2007
Shares in Aktia: 18,682 A shares
5,000 R shares

Most important positions of trust:

- Retro Life Assurance Company Ltd, member of the Board
- Suomen Yliopistokiinteistöt Oy, member of the Board
- Stiftelsen Eschnerska Frilasarettet r.s., member of the Executive Board
- Federation of Finnish Financial Services, member of Non-Life Insurance Executive Committee
- WWF Finland, member of the Board of Trustees

ANDERS NORDMAN

b. 1955

Managing Director of Aktia Non-Life Insurance
M.Sc. (Econ)
At Aktia since 2009
Shares in Aktia: 194 A shares

Most important positions of trust:

- Veritas Pension Insurance Company Ltd, member of the Board

GÖSTA RÅHOLM

b. 1955

Director
At Aktia since 1988
Shares in Aktia: 3,862 A shares
78 R shares

Most important positions of trust:

- Fastighetsaktiebolaget Svenska Gården i Åbo, Chairman of the Board
- Svenska Klubben i Åbo rf., member of the Board

MARIT LEINONEN

b. 1958

Staff Representative
At Aktia since 1994
Shares in Aktia: 366 A shares
157 R shares

OLAV UPPGÅRD

b. 1955

Director
M.Sc. (Econ)
At Aktia since 2003
Shares in Aktia: 21,082 A shares
8,691 R shares

A complete list of communities and companies where the members of the Executive Committee exercise control of have authority is included in the company's Insider Register.

For information regarding the Executive Committee´s remuneration as well as Managing Director´s employment see www.aktia.fi.

The members´ areas of responsibility are presented as per 31 December 2009.

ANNUAL GENERAL MEETING

Notice is hereby given to Aktia plc shareholders of the Annual General Meeting, to be held at 4.00 pm on 25 March 2010 at the Marina Congress Center, 6 Katajanokanlaituri, Helsinki. People who have registered their intention to attend will be welcomed from 3.00pm onwards and voting sheets will be distributed.

Shareholders listed as such in the company's register of shareholders maintained by Euroclear Finland Ab as at 15 March 2010 have the right to participate in the general meeting. Shareholders whose shares a registered to their personal Finnish book-entry account are listed as shareholders in the company's register of shareholders. Shareholders who wish to participate in the general meeting must register their intention to attend by 4.00pm on 22 March 2010 at the latest.

Registration to the AGM can be made

- through the company's website www.aktia.fi
- by telephone on +358 800 0 2474; (8-20 on weekdays)
- by fax on +358 10 247 6568; or
- in writing to Aktia plc, Group Legal, PO Box 207, 00101 Helsinki.

AKTIAS FINANCIAL PUBLICATIONS

Accounts announcements 1.1.–31.12.2009
- Monday 15 of January 2010

Interim report January–March 2010
- Friday 7 of May 2010

Interim report January–June 2010
- Thursday 12 of August 2010

Interim report January–September 2010
- Thursday 4 of November 2010

Aktia plc:s financial publications will be published in Finnish, Swedish and English.

The publications can be ordered or downloaded at Aktia's official website www.aktia.fi > briefly in english > publications, by e-mail viestinta@aktia.fi or by phone +358 10 247 5000.

CHANGES IN ADRESS

We ask all shareholders to inform changes in adress to the branch office where they have their book-entry account.

CONTACT

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Deputy Managing Director, CFO Stefan Björkman

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Investor Relations Officer Anna Gabrán
Tel. +358 10 247 6501

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Head of Communications Malin Pettersson
Tel. +358 10 247 6396

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Lay-out: ADD – Graphical Bureau
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Printing: Finepress

Aktia