AKTIA BANK PLC
ANNUAL REPORT 2011

We see a person in every customer.

Contents

Report by the Board of Directors

Profit for 2011

Operating profit for the year amounted to EUR 37.4 (70.9) million.

The Banking Business segment contributed EUR 36.4 (69.8) million to the Bank Group's operating profit, while the Asset Management segment contributed EUR 5.6 (4.4) million.

The segments' operating profit

(EUR million)	2011	2010	Δ %
Banking Business	36.4	69.8	-48 %
Asset Management	5.6	4.4	28 %
Miscellaneous	-1.6	-2.9	45 %
Eliminations	-3.0	-0.5	-502 %
Total	**37.4**	**70.9**	**-47 %**

Income

The Bank Group's total income amounted to EUR 177.6 (202.3) million of which EUR 128.2 (149.2) million was net interest income.

Net interest income from the bank's borrowing and lending improved by 15% to EUR 63.0 (54.8) million but the total net interest income weakened due to the maturing interest rate hedges to EUR 128.8 (149.3) million.

The hedging measures used by Aktia Bank to limit its interest rate risk improved net interest income by EUR 34.8 (58.3) million.

The Bank Group's net commission income increased by 5% to EUR 54.0 (51.2) million. Commission income from brokerage of mutual funds and insurance increased by 13% to EUR 27.9 (24.7) million. Commission from card and payment services rose to EUR 16.1 (14.4) million. The improvement in net commission income derives mainly from higher commissions from cards and mutual fund brokerage.

Other operating income decreased to EUR 4.6 (7.2) million compared to last year.

Expenses

The Bank Group's total expenses rose 8% to EUR 129.7 (120.0) million, of which staff costs made up EUR 52.9 (50.5) million.

Continued investment in customer-friendly Internet services and other IT increased IT expenses by 10% to EUR 19.9 (18.0) million. IT costs also rose because of high development costs within Samlink.

Total depreciation and write-downs on tangible and intangible assets fell to EUR 4.0 (4.6) million.

Other operating expenses increased to EUR 53.0 (46.9) million. Higher rental and office expenses account for a part of the change. A higher fee to the Deposit Guarantee Fund also contributed to increased expenses.

Income and expenses arising from other business amounted to EUR -3,9 (0,0) million and is attributable to contributions from the Bank Group´s subsidiaries to Aktia plc.

Rating

The international rating agency Moody's Investor Service credit rating for Aktia Bank's short-term borrowing is P-2. The credit rating for long-term borrowing is A3 and the rating for financial strength is C-. All with stable outlook.

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

Capital adequacy

The Bank Group's capital adequacy ratio was 16.2 (15.9)% and the Tier 1 capital ratio was 10.6 (10.1)%.

Aktia Bank plc's capital adequacy ratio stood at 22.3 (20.3)% . The Tier 1 capital ratio was 14.6 (12.8)%.

Write-downs on credits and other commitments

Write-downs on credits and guarantee claims decreased by EUR 2.5 million from the previous year to stand at EUR 10.5 (13.0) million. Of these write-downs, EUR 1.4 (0.7) million could be attributed to households and EUR 9.1 (12.3) to companies.

At the end of the period, group write-downs at the portfolio level totalled EUR 14.0 (19.3) million, of which EUR 7.3 (7.3) million related to households and smaller enterprises and EUR 6.7 (12.0) million to larger individually examined corporate arrangements.

Total write-downs on credits amounted to 0.1 (0.2%) of total lending for the period. Corresponding impact on result from corporate loans amounted to 1.1 (1.5)% of total corporate lending.

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 Bank Group into consideration, the fund at fair value amounted to EUR -9.4 (9.1) million after deferred tax.

Cash flow hedging, which comprises the market value for interest rate derivative contracts that have been acquired for the purposes of hedging the banking business' net interest income, amounted to EUR 25.5 (25.7) million.

Specification of the fund at fair value

(EUR millon)	31.12.2011	31.12.2010	Δ
Shares and participations	0.0	0.0	0.0
Direct interest-bearing securities	-34.9	-16.6	-18.3
Cash flow hedging	25.5	25.7	-0.2
Fund at fair value, total	**-9.4**	**9.1**	**-18.5**

Balance sheet and off-balance sheet commitments

The Bank Group's balance sheet total amounted to EUR 9,993 (9,924) million.

Borrowing from the public and public sector entities increased by 8% to EUR 3,662 (3,406) million.

Bonds and certificates of deposit issued increased by 12% to EUR 3,812 (3,393) million. Of these bonds EUR 3,346 (2,898) million were covered bonds issued by the Aktia Real Estate Mortgage Bank plc. In June, Aktia Real Estate Mortgage Bank plc issued a covered bond with a nominal value of EUR 600 million, a fixed interest rate and a five-year maturity. In November, Aktia Real Estate Mortgage Bank plc issued long-term secured bonds ('Schuldscheindarlehen') for a total of EUR 61 million.

In October, Aktia Bank issued EUR 20 million in long-term bonds under the bank's EMTN programme, as part of the preparations for further regulation of the banking industry (Basel III).

The Bank Group's total lending to the public increased by 7% to EUR 7,117 (6,654) million. This increase is due to the growth in the Real Estate mortgage stock. Excluding mortgages brokered by savings banks and POP Banks, which the local banks are committed to capitalise, the Bank Group's lending totalled EUR 5,202 (5,055) million.

At the end of December, loans to private households accounted for EUR 5,966 (5,479), or 83.8 (82.3)% of the total credit stock.

Loans granted to housing associations amounted to EUR 289 (289) million and made up 4.1 (4.3)% of the total credit stock.

Corporate lending accounted for 11.4 (12.4)% of the Bank Group's credit stock. Total corporate lending amounted to EUR 812 (823) million.

Credit stock by sector

(EUR million)	31.12.2011	31.12.2010	Δ %	Percentage
Households	5,966	5,479	487	83.8%
Corporate	812	823	-11	11.4%
Housing associations	289	289	-1	4.1%
Non-profit organisations	45	56	-11	0.6%
Public sector entities	6	7	-1	0.1%
Total	**7,117**	**6,654**	**463**	**100%**

Interest-bearing financial assets available for sale amounted to EUR 1,874 (2,591) million. These assets mainly consist of the banking business' liquidity reserve.

The Bank Group's equity amounted to EUR 377 (377) million at the end of the period. The fund at fair value amounted to EUR -9 (9) million.

Off-balance sheet commitments totalled EUR 465 (666) million.

The Bank Group's risk exposure

Overview

In providing financial solutions to its customers, Aktia is exposed to various risks. Risks and risk management are thus a substantial feature of Aktia's operating environment and business activities. The main areas of risk encompass credit, interest rate, liquidity risks as well ass business and operational risks.

Credit and counterparty risks

Credit and counterparty risk 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. Lending to households is generally secured against collateral Customers' ability to pay is stressed against a higher calculatory interest rate than the actual rate, and in the assessment of collateral a reasonable price reduction is taken into account.

As at 31 December 2011, loans to households accounted for 83.8 (82.3)% of the total credit stock of EUR 7,117 (6,654) million. Corporate lending continued to be 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 Bank 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. The Bank Group's liquidity portfolio and other interest-bearing investments stood at EUR 1,968 (2,677) million at the year-end. Of the Bank Group's liquidity portfolio and other interest-bearing investments, 69 (57)% were investments in covered bonds, 21 (30)% were investments in banks, 6 (9)% were investments in state-guaranteed bonds and approximately 4 (4)% were investments in public sector entities and companies.

Financing and liquidity risks

In the banking business, financing and liquidity risks are defined as the availability of refinancing and the differences in maturity. The financing and liquidity risks are dealt with at the legal company level, and there are no financing commitments between the bank group and the insurance companies.

The Bank Group's liquidity situation was good at year-end, corresponding to outgjoing cash-flow for two years without any new market borrowing.

Operational risks

No events regarded as operational risks causing significant financial losses occurred in 2011.

Personnel

The average number of full-time employees in 2011 was 774 (2010: 740).

The outcome of the codetermination negotiations within Aktia entailed a one-off cost to the Bank Group of EUR 1.3 million.

Changes in Group structure

Aktia Bank plc's holding in Aktia Asset Management diminished from 93% to 86% during the period. This has no significant impact on the Group result or financial position.

Aktia Bank plc's holding in Samlink has reduced from 23.97 % to 22.56%, following an issue targeted to Itella Corporation.

Events during the reporting period

Key persons within the asset and liability management team of Aktia Bank's Treasury started a new partner-driven company, ALM Partners Ltd. Aktia Bank, savings banks and the POP Banks hold a non-controlling interest and buy services from the company.

Aktia Bank, MTV Oy and Finnish real estate agencies have founded Jokakoti Oy, an Internet marketplace for houses and apartments. Aktia Bank owns 16.7% of the shares in Jokakoti Oy, The operation started on 1 April 2011.

Aktia has redefined the traditional concept of branch offices and opened a new Aktia Store branch in Espoo. Aktia Store is part of our new service concept, providing our customers with easily accessible services in banking, insurance and real estate agency services through the channels best suitable for the customers.

Aktia Real Estate Mortgage Bank issued a covered bond valued at EUR 600 million. The maturity in this issue is five years.

Aktia Bank plc submitted its application for internal rating to the Financial Supervisory Authority (the IRBA = Internal Risk Based Approach). Upon approval of the application, the internal rating is expected to increase the Tier 1 capital ratio by 3-5%.

Aktia Bank plc sold its direct holding in Bank of Åland plc.

Events after the reporting period

Aktia's new online bank was launched on 25 January 2012.

As of 31 January 2012, Aktia Card Ltd sold its business operations to its parent company Aktia Bank plc, which will continue to run the card business unchanged.

Board of Directors and Executive Committee

Aktia's Board of Directors for the period 1 January–31 December 2011:
Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Marcus H. Borgström, Honorary Counsellor (Agriculture)
Hans Frantz, Lic.Soc.Sc.
Lars-Erik Kvist, M.Sc. (Econ)
Nils Lampi, B.Sc. (Econ)
Kjell Sundström, M.Sc. (Econ)
Marina Vahtola, M.Sc. (Econ.)

Aktia's Board of Directors for the period 1 January–31 December 2012:
Chair Dag Wallgren, M.Sc. (Econ.)
Vice Chair Nina Wilkman, LL.M.
Jannica Fagerholm, M.Sc. (Econ.)
Hans Frantz, Lic.Soc.Sc.
Kjell Hedman, M.Sc. (Econ.)
Nils Lampi, B.Sc. (Econ)
Catharina von Stackelberg-Hammarén, M.Sc. (Econ.)
Kjell Sundström, M.Sc. (Econ)

On 8 December 2011, the Board of Supervisors decided that 10% of the annual remuneration (gross amount) shall be paid to the members of the Board of Directors in the form of Aktia plc A shares. The shares shall be acquired for the board members from the Stock Exchange at market price the day Aktia plc's Accounts Announcement for the period 1 January – 31 December 2011 is published, or within two weeks thereafter at the latest.

Aktia's Executive Committee comprises Managing Director Jussi Laitinen, Deputy Managing Director Jarl Sved, Deputy Managing Director Stefan Björkman, Deputy Managing Director Taru Narvanmaa, Deputy Managing Director Robert Sergelius and Director Magnus Weurlander.

Outlook and risks for 2012

Outlook

Aktia is endeavouring to grow above the market, particularly in the customer segments retail customers and small companies.

In 2012, Aktia's focus is on increasing growth by strengthening customer relations, increasing sales per customer and cross-selling and developing Internet services. In order to strenghten profitability, costs will be cut, risks and capital will be managed

The interest rate derivatives that temporarily lifted the net interest income (NII) to an exceptional level have matured. The high NII level from 2009–2011 can therefore not be replicated in a low interest rate environment. Write-downs are expected to decrease in 2012. The result for 2012 is expected to be lower than in 2011.

Risks

Aktia's financial results are affected by many factors, of which the most important 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, asset management and real estate agency services.

Change in interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest rate margins and therefore profitability. Aktia is pursuing effective management of 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, the interest rate level, the level of unemployment and changes in house prices.

The availability of liquidity on the money markets is 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 a requirement for higher returns among investors, among other things.

The financial crisis has resulted in many new initiatives for regulating banking and insurance businesses, which has brought uncertainty concerning future capital requirements. A change in capital requirements could affect both capitalisation needs and the need for changes in Aktia Group's structure in the coming years. The results of these new regulations are likely to be higher capital requirements, sharper competition for deposits, higher demands on long-term financing and eventually higher credit margins..

Board of Directors proposal to the 2012 AGM

The Board of Directors proposes to the 2012 AGM a dividend of 6,666,667 (6,666,667) million per share totalling EUR 20,000,000 (20,000,000) million for the period 1 January–31 December 2011.

Overview

(EUR 1,000)	2011 (IFRS)	2010 (IFRS)	2009 (IFRS)	2008 (IFRS)
Turnover, continuing operations				
- banking business	313,601	294,798	330,822	199,941
Income statement				
Net interest income	128,205	149,151	152,425	35,497
Net commission income	53,969	51,214	40,687	11,819
Other operating income	-4,580	1,886	3,610	8,587
Total operating income	**177,593**	**202,250**	**196,722**	**55,903**
Total operating expenses	-129,695	-119,982	-111,761	-31,404
Impairments and write downs, net	-10,487	-12,950	-31,117	-134
Share of profit from associated companies	-34	1,535	334	230
Operating profit	**37,378**	**70,854**	**54,178**	**24,596**
Income and expenses from other activities	-3,900	-	-	-
Taxes	-7,777	-18,225	-14,740	-5,457
Profit for the reporting period for continuing operations	**25,701**	**52,628**	**39,437**	**19,139**
Profit for the reporting period from discontinued operations	-	-	-1,788	-34,877
Profit for the reporing period	**25,701**	**52,628**	**37,649**	**-15,738**
Balance sheet				
Cash and balances with central banks	466,313	269,810	336,506	506,308
Financial assets reported at fair value via the income statement	-	-	3,599	19,492
Financial assets available for sale	1,876,178	2,597,377	2,662,360	3,019,930
Financial assets held until maturity	20,034	21,459	27,883	35,885
Derivative instruments	300,727	230,286	209,568	137,014
Loans and other receivables	7,205,830	6,699,664	6,204,377	5,532,181
Other assets	124,068	105,747	95,200	269,083
Total assets	**9,993,150**	**9,924,343**	**9,539,493**	**9,519,892**
Deposits	4,774,288	4,365,335	4,760,153	5,015,964
Financial liabilities reported at fair value via the income statement	-	-	-	4,586
Derivative instruments	160,622	151,331	131,650	84,725
Other financial liabilities	4,505,442	4,866,851	4,064,899	3,130,439
Other liabilities	175,963	163,981	199,104	984,003
Total liabilities	**9,616,315**	**9,547,497**	**9,155,807**	**9,219,717**
Equity	376,835	376,846	383,686	300,175
Total liabilities and equity	**9,993,150**	**9,924,343**	**9,539,493**	**9,519,892**

Key figures

(EUR 1,000)	2011 (IFRS)	2010 (IFRS)	2009 (IFRS)	2008 (IFRS)
Return on equity (ROE), %	6.8	13.8	11.0	-5.2
Return on assets (ROA), %	0.26	0.54	0.40	-0.17
Equity ratio, %	3.8	3.9	4.0	3.2
Personnel (FTEs), average number of employees from the beginning of the financial year	774	740	766	879
Balance sheet total	9,993,150	9,924,343	9,539,493	9,519,892
Earnings per share (EPS), continuing operations	8,239	16,693	13,269	6,165
Earnings per share (EPS), discontinued operations	-	-	-596	-11,626
Earnings per share (EPS), EUR	8,239	16,693	12,673	-5,461
Equity per share (NAV)	106,367	110,851	117,000	91,747
Total earnings per share, EUR	2,003	8,152	25,253	-15,435
Number of shares at the end of the period	3	3	3	3
Banking Business (incl. Private Banking)				
Cost-to-income ratio, continuing operations	0.73	0.59	0.57	0.65
Borrowing from the public	3,662,205	3,405,532	3,035,754	3,098,958
Lending to the public	7,117,051	6,653,696	6,123,656	5,431,640
Capital adequacy ratio, %	16.2	15.9	15.9	13.7
Tier 1 capital ratio, %	10.6	10.1	9.5	9.3
Risk-weighted commitments	3,693,979	3,673,092	3,460,170	3,313,174
Asset Management				
Mutual fund volume	3,613,403	4,264,027	3,786,167	2,489,752
Managed and brokered assets	6,624,051	6,978,228	5,995,571	4,539,312

Basis of calculation

Banking business turnover

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

Earnings per share (EPS), EUR

$$\frac{\text{Profit for the reporting period after taxes attributable to the shareholders of Aktia Bank plc}}{\text{Average number of shares over the reporting period (adjusted for new issue)}}$$

Equity per share (NAV), EUR

$$\frac{\text{Equity attributable to the shareholders of Aktia Bank plc}}{\text{Number of shares at the end of the period}}$$

Return on equity (ROE), %

$$\frac{\text{Profit for the reporting period x 100}}{\text{Average equity}}$$

Banking business cost/income ratio

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

Banking business risk-weigted commitments

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

The capital requirements for operational risks have been calculated in accordance with regulation 4.3i issued by the Finnsih Financial Supervisory Authority.

Banking business capital adequacy ratio, %

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

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

Banking business Tier 1 capital ratio, %

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

Aktia Bank Plc – Consolidated financial statements

Consolidated income statement for Bank Group

(EUR 1,000)	Note	2011	2010
Interest income	G4	264,213	241,699
Interest expenses	G4	-136,008	-92,548
Net interest income		128,205	149,151
Dividends	G5	173	335
Commission income	G6	71,433	69,457
Commission expenses	G6	-17,464	-18,243
Net commission income		53,969	51,214
Net income from financial transactions	G7	-9,276	-5,585
Net income from investment properties	G8	-50	-71
Other operating income	G9	4,573	7,207
Total operating income		**177,593**	**202,250**
Staff costs	G10	-52,905	-50,516
IT-expenses		-19,853	-17,974
Depreciation of tangible and intangible assets	G11	-3,965	-4,615
Other operating expenses	G12	-52,972	-46,878
Total operating expenses		**-129,695**	**-119,982**
Write-downs on credits and other commitments, net	G19	-10,487	-12,950
Share of profit from associated companies		-34	1,535
Operating profit		**37,378**	**70,854**
Income and expenses from other activities	G39	-3,900	-
Taxes	G13	-7,777	-18,225
Profit for the reporting period		**25,701**	**52,628**
Attributable to:			
Shareholders in Aktia Bank Plc		24,718	50,080
Non-controlling interest		983	2,548
Total		**25,701**	**52,628**
Earnings per share (EPS), EUR	G14	8,239,314,30	16,693,313,89

There is no dilution effect to earnings per share.

Consolidated statement of comprehensive income for Bank Group

(EUR 1,000)	Note	2011	2010
Profit for the reporting period		25,701	52,628
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets available for sale		-19,237	-33,791
Change in valuation of fair value for cash flow hedging		-198	4,269
Transferred to the income statement for financial assets available for sale		407	3,801
Defined benefit plan pensions		-253	-
Total comprehensive income for the period		**6,420**	**26,907**
Total comprehensive income attributable to:			
Shareholders in Aktia Bank plc		6,008	24,455
Non-controlling interest		412	2,453
Total		**6,420**	**26,907**
Total earnings per share, EUR	G14	2,002,733.92	8,151,559.21

There is no dilution effect to total earnings per share.

Consolidated balance sheet for Bank Group

(EUR 1,000)	Note	31.12.2011	31.12.2010
Assets			
Cash and balances with central banks	G15	466,313	269,810
Interest-bearing securities	G16	1,874,384	2,591,424
Shares and participations	G16	1,794	5,954
Financial assets available for sale		1,876,178	2,597,377
Financial assets held until maturity	G17	20,034	21,459
Derivative instruments	G18	300,727	230,286
Lending to credit institutions	G19	88,779	45,968
Lending to the public and public sector entities	G19	7,117,051	6,653,696
Loans and other receivables		7,205,830	6,699,664
Investments in associated companies	G20	3,467	3,476
Intangible assets	G21	2,283	3,056
Investment properties	G22	716	4
Other tangible assets	G23	5,287	6,048
Accrued income and advance payments	G24	70,550	79,571
Other assets	G24	7,605	2,326
Total other assets		78,155	81,897
Income tax receivables		22,253	22
Deferred tax receivables	G25	11,905	11,244
Tax receivables		34,159	11,266
Total assets		**9,993,150**	**9,924,343**
Liabilities			
Liabilities to credit institutions	G26	1,112,083	959,803
Liabilities to the public and public sector entities	G26	3,662,205	3,405,532
Deposits		4,774,288	4,365,335
Derivative instruments	G18	160,622	151,331
Debt securities issued	G27	3,811,531	3,393,499
Subordinated liabilities	G28	288,705	283,854
Other liabilities to credit institutions	G29	353,535	1,012,531
Other liabilities to the public and public sector entities	G30	51,671	176,967
Other financial liabilities		4,505,442	4,866,851
Accrued expenses and income received in advance	G31	102,590	88,553
Other liabilities	G31	44,419	34,802
Total other liabilities		147,009	123,354
Income tax liabilities		9	8,189
Deferred tax liabilities	G25	28,944	32,438
Tax liabilities		28,954	40,627
Total liabilities		**9,616,315**	**9,547,497**
Equity			
Restricted equity	G32	153,641	172,098
Unrestricted equity	G32	165,459	160,456
Shareholders' share of equity		319,100	332,554
Non-controlling interest's share of equity		57,735	44,291
Equity		**376,835**	**376,846**
Total liabilities and equity		**9,993,150**	**9,924,343**

Consolidated off-balance-sheet commitments for Bank Group

(EUR 1,000)	Note	31.12.2011	31.12.2010
Off-balance sheet commitments	G37		
Guarantees		42,229	48,415
Other commitments provided to a third party		3,348	5,547
Commitments provided to a third party on behalf of the customers		45,576	53,962
Unused credit arrangements		419,841	611,822
Irrevocable commitments provided on behalf of customers		419,841	611,822
Total		**465,418**	**665,784**

Consolidated statement of changes in equity for Bank Group

(EUR 1,000)	Share capital	Fund at fair value	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Non-controlling interest's share of equity	Total equity
Equity as at 1January 2010	**163,000**	**34,724**	**44,558**	**108,718**	**351,000**	**32,687**	**383,686**
Dividens to shareholders				-42,900	-42,900		-42,900
Profit for the reporting period				50,080	50,080	2,548	52,628
Financial assets available for sale		-30,000			-30,000	10	-29,990
Cash flow hedging		4,374			4,374	-105	4,269
Total comprehensive income for the period		-25,625		50,080	24,455	2,453	26,907
Other change in equity					0	9,152	9,152
Equity as at 31 December 2010	**163,000**	**9,098**	**44,558**	**115,898**	**332,554**	**44,291**	**376,846**
Equity as at 1January 2011	**163,000**	**9,098**	**44,558**	**115,898**	**332,554**	**44,291**	**376,846**
Dividens to shareholders				-20,000	-20,000		-20,000
Profit for the reporting period				24,718	24,718	983	25,701
Financial assets available for sale		-18,797			-18,797	-33	-18,830
Cash flow hedging		340			340	-538	-198
Defined benefit plan pensions				-253	-253		-253
Total comprehensive income for the period		-18,457		24,465	6,008	412	6,420
Other change in equity				538	538	13,032	13,569
Equity as at 31 December 2011	**163,000**	**-9,359**	**44,558**	**120,901**	**319,100**	**57,735**	**376,835**

Consolidated cash flow statement for Bank Group

(EUR 1,000)	2011	2010
Cash flow from operating activities		
Operating profit	37,378	70,854
Adjustment items not included in cash flow for the period	20,087	21,398
Unwinded cash flow hedging	17,597	-
Paid income taxes	-36,023	-27,153
Cash flow from operating activities before change in operating receivables and liabilities	**39,039**	**65,099**
Increase (-) or decrease (+) in receivables from operating activities	**198,128**	**-485,521**
Financial assets reported at fair value via the income statement	-	3,599
Financial assets available for sale	703,763	31,347
Loans and other receivables	-516,143	-511,829
Other assets	10,508	-8,638
Increase (+) or decrease (-) in liabilities from operating activities	**-36,271**	**346,899**
Deposits	367,304	-394,777
Debt securities issued	375,738	628,592
Other financial liabilities	-793,631	135,596
Other liabilities	14,318	-22,512
Total cash flow from operating activities	**200,896**	**-73,523**
Cash flow from investing activities		
Financial assets held until maturity, decrease	1,428	6,428
Investments in group companies and associated companies	-	-50
Proceeds from sale of group companies and associated companies	250	260
Investment in tangible and intangible assets	-2,850	-2,232
Disposal of tangible and intangible assets	204	467
Share issue of Aktia Real Estate Mortgage Bank Plc to the non-controlling interest	13,507	9,179
Total cash flow from investing activities	**12,539**	**14,053**
Cash flow from financing activities		
Subordinated liabilities, increase	67,219	94,857
Subordinated liabilities, decrease	-63,642	-62,774
Paid dividends	-20,000	-42,900
Total cash flow from financing activities	**-16,423**	**-10,817**
Change in cash and cash equivalents	**197,012**	**-70,288**
Cash and cash equivalents at the beginning of the year	275,939	346,227
Cash and cash equivalents at the end of the year	472,951	275,939
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,537	9,605
Bank of Finland current account	456,775	260,205
Repayable on demand claims on credit institutions	6,638	6,129
Total	**472,951**	**275,939**
Adjustment items not included in cash flow consist of:		
Write-downs on credits and other commitments, net	10,487	12,950
Change in fair values	7,210	4,637
Depreciation and impairment of intangible and tangible assets	3,965	4,615
Share of profit from associated companies	340	-843
Sales gains and losses from intangible and tangible assets	632	-292
Unwinded cash flow hedging	-2,547	
Other adjustments	-0	333
Total	**20,087**	**21,398**

Change in Quarterly trends for Aktia Bank Group

(EUR 1,000)	10–12/2011	7–9/2011	4–6/2011	1–3/2011	10–12/2010
Net interest income	28,443	31,762	33,464	34,536	35,743
Dividends	84	6	48	34	7
Net commission income	15,100	11,697	14,009	13,162	13,590
Net income from financial transactions	-577	-6,369	-3,310	980	2,154
Net income from investment properties	-20	-15	-14	-2	-8
Other operating income	1,298	945	941	1,390	1,355
Total operating income	**44,328**	**38,026**	**45,139**	**50,100**	**52,840**
Staff costs	-14,325	-11,555	-13,698	-13,326	-14,349
IT-expenses	-5,085	-5,162	-5,159	-4,446	-4,847
Depreciation of tangible and intangible assets	-921	-991	-998	-1,055	-1,115
Other operating expenses	-14,070	-12,128	-13,805	-12,970	-15,460
Total operating expenses	**-34,401**	**-29,836**	**-33,660**	**-31,798**	**-35,771**
Write-downs on credits and other commitments, net	-4,147	-1,076	-1,940	-3,324	-3,882
Share of profit from associated companies	-52	98	-48	-32	-134
Operating profit	**5,728**	**7,212**	**9,491**	**14,947**	**13,053**
Income and expenses from other activities	-3,900	-	-	-	-
Taxes	560	-1,881	-2,785	-3,671	-3,796
Profit for the period	**2,388**	**5,331**	**6,706**	**11,276**	**9,257**

Consolidated statement of comprehensive income for Bank Group in quartely trends

(EUR 1,000)	10–12/2011	7–9/2011	4–6/2011	1–3/2011	10–12/2010
Profit for the period	2,388	5,331	6,706	11,276	9,257
Other comprehensive income after taxes:					
Change in valuation of fair value for financial assets available for sale	-4,409	-3,494	454	-11,788	-25,132
Change in valuation of fair value for cash flow hedging	-321	8,791	1,997	-10,665	-6,516
Transferred to the income statement for financial assets available for sale	-	-	-	-	3,801
Defined benefit plan pensions	-253	-	-	-	-
Total comprehensive income for the period	**-2,595**	**10,628**	**9,157**	**-11,178**	**-18,590**

G1 Consolidated accounting principles for the Bank Group 2011

The report by the Board of Directors and the financial statements for the financial year 1 January – 31 December 2011 were approved by the Board of Directors on 28 February 2012 and are to be adopted by the Annual General Meeting on 16 April 2012. The report by the Board of Directors and financial statements are published on 26 March 2012.

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

Basis for preparing financial statements

Aktia Bank plc's consolidated financial statement is prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), as adopted by the EU. In preparing the notes to the consolidated accounts, the applicable Finnish accounting and corporate legislation and regulatory requirements have also been taken into account. 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.

During the year, 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.

Amended interpretations of IFRS standards 2011

IAS 19 Employee benefits

The calculation and valuation of the Group's defined-benefit pension plans was defined more precisely, and accumulated liability for defined-benefit pension plans was recorded as liabilities in the financial statements 2011. Accumulated liability for defined-benefit pension plans 1 January 2011 as well as actuarial profits or losses are reported in the Group's comprehensive income 2011.

IAS 40 Investment properties

In the financial statements 31 December 2011, the Group's investment properties are reported in the balance sheet at fair value (earlier valued at original acquisition value). The valuation is based on statements from independent valuers. Future changes in the value of investment properties will influence operating profit. The change of valuation principle for investment properties is not significant.

New or amended standards in 2011 that had no impact on the Group's result or financial position:

The following IFRSs and interpretations may affect the reporting of future transactions and business, but had no impact on the Group's result or financial position in 2011:

IFRS 7 Financial Instruments: Disclosures (amended) makes it easier for those who read financial reports to evaluate risks attributable to transactions of financial assets and the effect of these risks for Aktia's financial position. The standard is mandatory as of the calendar year commencing 1 July 2011, and Aktia reports completed disclosures according to the revised IFRS 7 in the financial statements for 1 January – 31 December 2011. Comparative figures for the supplementary disclosures are not required.

IAS 24 Related Party Disclosures (amended) clarifies and revises the definition of a related party. The standard is mandatory for the calendar year commencing 1 January 2011 and had no effect on Aktia's definition of close relations.

New or amended standards in 2011 that had an impact on the Group's result or financial position:

IAS 19 Employee benefits (amended) eliminates the use of the 'corridor method'. Current service costs and interest expenses are reported in the Group's income statement whereas income and expenses arising from actuarial gains and losses are reported under comprehensive income. Calculation and evaluation of Aktia's defined-benefit pension plans have been specified in the financial statements for 1 January – 31 December 2011 and will be reported as defined-benefit pension plans in accordance with the amended IAS 19. Aktia applies the amended IAS 19 early, as it is not mandatory until as of 1 January 2013.

New and amended standards in 2012 or later that may have an impact on the Group's result and financial position:

IAS 1 Presentation of Financial Statements (amended) requires that items that can be transferred to the income statement and items that cannot be transferred to the income statement to be reported separately under comprehensive income. The standard will become mandatory as of 1 July 2012, and Aktia will report comprehensive income according to amended IAS 1 in the Interim report for 1 January – 31 March 2012.

IFRS 9 Financial Instruments (published in November 2009) is the first stage in the process to replace IAS 39 Financial Instruments: Recognition and measurement. IFRS 9 introduces new requirements for recognising and measuring financial assets and will affect the way in which the Group reports financial assets. Financial assets will be divided into two categories: measured at fair value or measured at accrued acquisition value. The standard will become mandatory for the reporting period commencing 1 January 2015, but can be applied earlier. The standard has yet to be approved by the EU. The Group will evaluate the full impact of IFRS 9 on its financial reporting. The standard will have an impact on the Group's interest-bearing securities in the category Financial assets available for sale. IFRS 9 only allows the reporting of fair-value profits or losses in comprehensive income if they are attributable to shareholdings that are not held for trading. Fair-value profit or losses attributable to interest-bearing securities in the category Financial assets available for sale will be reported directly in the income statement. For the current reporting period, the Group reported such losses in comprehensive income of EUR -23.8 million.

IFRS 10 Consolidated Financial Statements replaces IAS 27 Consolidated and separate financial statements, introducing a new way to define weather an investment object shall be included in the consolidated financial statements or not. The standard will become mandatory as of 1 January 2013 and will not have significant impact on which companies are included in the consolidated accounts.

IFRS 11 Joint Arrangements replaces IAS 31 Interest in joint ventures. The Bank Group has no joint arrangements that have an impact on the Bank Group's result or financial position. The standard will become mandatory as of 1 January 2013.

IFRS 12 Disclosure of Interests in Other Entities is a combined disclosure standard for subsidiaries, associated companies, joint arrangements and other unconsolidated structured entities. The standard will become mandatory as of 1 January 2013, and Aktia will evaluate possible new disclosure requirements.

IFRS 13 Fair Value Measurement defines fair value and contains guidance for the definition of fair value measurement and specifies disclosure requirements. IFRS 13 contains definitions of valuation at fair value when this is required according to other IFRS standards.

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have an impact on the Group's future results, financial position or explanatory notes.

Consolidation principles

The consolidated financial statement encompasses the parent company, Aktia Bank plc, and all the subsidiaries in which the parent company has a controlling interest. The Group is deemed to have a controlling interest 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.

The consolidated accounts encompass those subsidiaries in which the parent 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. Intangible assets not included in the acquired company's balance sheet, such as trade marks, patents or customer relations, are identified and assessed on acquisition. Following assessment at fair value, either goodwill or negative goodwill arises. If goodwill arises, this is examined at least once for each financial statement. If negative goodwill arises, this is charged to income in its entirety at the time of acquisition. Acquisition costs are not included in the acquisition calculation, but entered as cost when they occur and the services are received.

The consolidated accounts cover those associated companies in which the parent company directly or indirectly owns 20-50% of the votes or otherwise has considerable influence. When consolidating associated companies, the equity method has been applied. The equity method means that the Group's share of the associated company's equity and results increases or reduces 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.

Holdings where a non-controlling interest exists are shown separately in consolidated shareholders' equity. The share of holdings where a non-controlling interest exists which cannot be reported as shareholders' equity is reported as other liabilities. In acquisitions possible non-controlling holdings in the acquired company are identified at the time of acquisition. The holdings are reported as shareholders' equity or as other liabilities depending on the contents of possible agreements with the owners of non-controlling interest.

Segment-based reporting

Segment reporting corresponds internal reporting to the highest executive body. The highest executive body is the function responsible for appropriation of resources and evaluation of the business segments' results. In the Group this function is identified as the Executive Committee, taking strategic decisions. Each of the segments has a head with responsibility for business opreations and results. The reported segments are Banking Business, Asset Management and Miscellaneous.

The Banking Business segment includes Aktia Bank plc's branch office operations, corporate banking and treasury as well as the subsidiaries Aktia Real Estate Mortgage Bank plc, Aktia Card Ltd and Aktia Corporate Finance Ltd.

The Asset Management segment encompasses Aktia Bank plc's private bank in Helsinki, other private banking operations and the subsidiaries Aktia Invest Ltd, Aktia Fund Management Company Ltd and Aktia Asset Management Ltd.

The Miscellaneous segment encompasses certain administrative functions for Aktia Bank plc.

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 as well as asset and liability hedging for which management has issued authority. The costs of central support functions are allocated to the segments in accordance with resource use, defined projects and according to different allocation rules.

Until further notice, Aktia Bank plc is not allocating equity to the different segments. The Miscellaneous segment consists of any items in the income statement and balance sheet that are not allocated to the business 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 share of holdings where a non-controlling interest exists and other Group adjustments are included in eliminations.

Pricing between the segments is based on market prices.

Foreign currency translation

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

Revenue and expenses 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 as Net income from financial transactions.

When a financial asset is impaired 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

Commission income and commission expenses are generally reported in accordance with the accruals convention.

Other income and expenses

Income from derivatives for hedge accounting issued to savings banks and local co-operative banks are entered directly.

Depreciation

Tangible and intangible assets are subject to linear planned depreciation, 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 areas. The estimated financial lifetimes for each asset category are as follows:

Buildings	40 years
Basic repairs to buildings	5-10 years
Other tangible assets	3-5 years
Intangible assets (IT acquisitions)	3-5 years
Intangible assets (acquired customer base)	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 pension plans either as defined-contribution pension plans or defined-benefit pension 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 if 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 reporting period, and bears the actuarial risk and/or the investment risk. In 2011, the Group's defined-benefit plans have been calculated and specified, and they are reported in accordance with IAS 19 Employee benefits in the financial statements 1 January – 31 December 2011. Liabilities for defined-benefit pension plans were recorded in the financial statements.

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 entered in relation to 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. As of 1 January 2012, the tax rate is changed from 26% to 24.5%. Income tax is calculated at a tax rate of 26% in the financial statements 2011, but deferred tax is calculated at 24.5%. The retroactive affect of the difference of 1.5% is reported under change in deferred tax for the year.

Financial assets

Debt certificates (debt securities), receivables from credit institutions, receivables from the public and public sector entities as well as shares and participations are entered as financial assets. For these financial assets, Aktia applies the IFRS rules whereby financial assets are divided into four valuation categories.

Financial assets reported at fair value via the income statement

Financial assets reported at fair value via the income statement include financial assets which are held for trading. This category includes debt certificates, shares and participations that are actively traded with and that have been acquired for the short term with the intent to earn revenue. They have continuously been entered at fair value with changes in value entered in the income statement. Structured bonds and 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.

Financial assets available for sale

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

Financial assets held until maturity

Debt certificates to be held until maturity are reported as 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 as Financial assets available for sale for at least two consecutive reporting periods.

Loans and other receivables

Receivables from credit institutions and receivables from the public and public sector entities are reported in the category Loans and other receivables. 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.

Valuation of financial instruments at fair value

The fair value of listed shares and other financial instruments that are traded on an active market is based on the latest listed purchase price. Should the listed price of a financial instrument not represent actual market transactions occurring with regularity, or if listed prices cannot be obtained, the fair value is established with an appropriate valuation technique. The valuation techniques may vary from a simple analysis of discounted cash flows to complex option valuation models. The valuation models have been drawn up so that observable market prices and rates are used as input parameters in the evaluated cases, but unobservable model parameters may also be used.

A hierarchy of fair values of financial instruments established based on quoted market prices available from an active market for the same instrument (level 1), valuation techniques based on observable market data (level 2), and valuation techniques based on unobservable market data (level 3) is presented in Note G2 The Group's risk management.

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 addition to default, interest-bearing securities are reviewed individually to assess the need for write-downs if 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 fair value at the time of reporting and the acquisition value.

Write-downs of loans and other receivables

Write-downs of loans and other receivables 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 receivable 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 receivable has been weakened if the estimated incoming cash flow from the receivable, with regard to the fair value of the security, is less than the sum of the book value of the receivable and the unpaid interest on the receivable. 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 receivables in underlying credit portfolios. 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. In the case of credits to households and small companies, a write-down by group is based on an assessment of anticipated losses across a 12-month time horizon.

For larger corporate customers, a write-down by group is carried out for individually valued receivables. Individually valued receivables include larger corporate commitments which are classified as unstable according to internal risk criteria due to factors relating to profitability, debt burden, ownership structure, management and financial administration, sector or financing structure.

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 in Derivative instruments. Derivatives with a negative fair value are reported as liabilities in Derivative instruments.

The impact of derivative instruments on the income statement is reported in Net Income from hedge accounting, and is included in Net income from financial transactions.

Hedge accounting

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 for hedge accounting. The EU's 'carve out' for macro hedging enables combinations of a groups of derivatives (or proportions thereof) to be used as hedging instruments for borrowing. This 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 changes in fair value of assets and to stabilise the Groups net interest income.

Aktia's policy for hedge accounting is that 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 between the derivatives and the hedged items is not a 100 per cent match, the ineffective part is reported in the income statement as Net income from financial transactions.

If the hedging relationship fails to meet the above requirements, the hedge accounting ceases. The change in the unrealised value of the derivative is reported at fair value in the income statement as Net interest income 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 as 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 year's change in fair value is reported in comprehensive income and the inefficient element in the income statement as Net income from financial transactions. The accumulated change in fair value is transferred from 'cash flow hedging in 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.

When interest rate options are used as hedging instruments, only their intrinsic value is included in hedge accounting. 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 in 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 in 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 in 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.

Commercial properties are reported at original acquisition value, whereas investment properties are reported at fair value in the financial statements.The valuation at fair value is based on statements from independent valuers. Future changes in the value of investment properties will influence operating profit.

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

Provisions

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

Equity

Costs which are directly attributable to the issue of new shares or to the acquisition of new operations are included in shareholders' equity as a deduction from the balance within the Unrestricted equity reserve.

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

Holdings where a non-controlling interest exists

Aktia Real Estate Mortgage Bank plc's non-controlling holdings are reported as part of the Group's shareholders' equity. The subsidiaries Aktia Asset Management Ltd and Aktia Invest Ltd have certain redemption clauses in their contracts which means that their non-controlling holdings are reported as liabilities. The change in these liabilities is reported in the income statement as personnel costs.

Accounting principles requiring management discretion

When preparing reports in accordance with the IFRSs 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 impairment of financial assets, the write-down of loans and other receivables and impairment of tangible and intangible assets.

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 in the section Valuation of financial instruments at fair value. The fair value of financial assets held until maturity is also sensitive to both changes in interest rate levels and the liquidity and risk premiums of the instrument.

Impairment of financial assets

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

Write-downs of loans and other receivables

Group write-downs are divided in companies and households. The Group continuously evaluates objective causes for value changes in receivables and decides according to certain criteria if a write-down or a reversal of write-down shall be booked. The principles are described above in the section Write-downs of loans and other receivables.

G2 The bank group's risk management

1. General

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

The bank group is mainly involved in banking and capital market activities. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk include credit, interest rates and liquidity, as well as business and operating risks. The overall business risk is reduced by diversifying operations. The group's risk policy is conservative in nature.

The results and capital adequacy of the banking business are affected primarily by business volumes, deposit and lending margins, the balance sheet structure, the general interest rate level, write-downs and cost efficiency. Fluctuating results in 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 for improving, customising and developing new products and processes help reduce the business risks associated with capital market operations.

2. Risk management

In providing financial solutions to its customers, Aktia is exposed to various risks that need to be managed. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The term risk management refers to all activities involved in the taking, reducing, analysing, controlling and monitoring of risks.

The group's strategy governs all risk-taking activities, with the Board of Directors ultimately being responsible for the group's risk-taking. Every year, the group's board of directors stipulates the instructions and limits as given to the group's CEO, for managing the business. Risk exposure and limits are reported to the group's board at least once every quarter. Within the group's board, a committee has been appointed to prepare general risk-related matters for the board's consideration, and to make individual decisions in accordance with the principles and limits laid down by the board. The line organisation responsible for the business area bears the primary responsibility for each individual deal, including assessment, follow-up, pricing and settlement of its own risk items. High competence and appropriate control and reporting mechanisms constitute central elements in the group's risk management system.

The group's risk control function is subordinate to the group's CEO and is independent of business operations. The function controls and monitors the business line's risk management and is responsible for maintaining appropriate limit structure, as well as models for e.g. measurement, analysis, stress testing, reporting and follow-up of risks. The function for compliance is in effect under the group CEO and independent of business activities, and its task is to ensure that group activities comply with the existing rules. The internal audit provides independent evaluation of the group's risk management system, and reports its findings to the board of directors.
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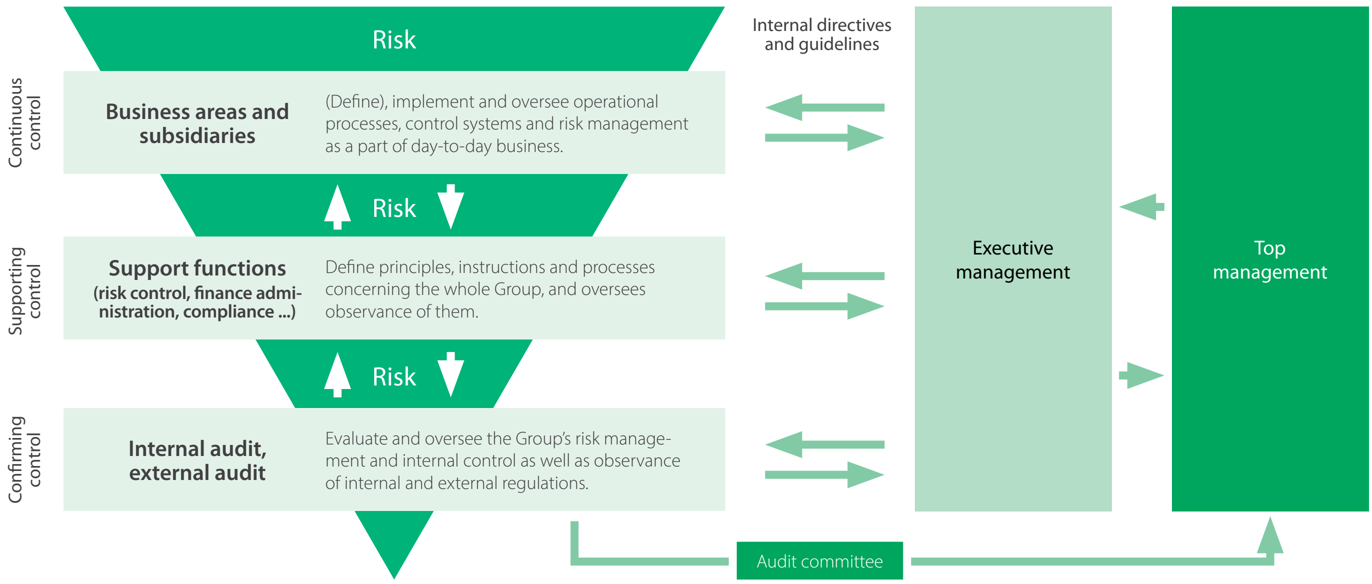


The CEO is responsible for the operative organisation of the risk management processes, and the executive committee takes care of matters relating to internal capital allocation and further regulation of the risk mandate. The CEO has appointed special committees to follow up on and develop the risk management for credit and market risks. Within the set limits, the role of the committees is to make decisions pertaining to the group's risk management, to prepare matters for decisions by higher bodies, and to develop risk management processes. The 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. Group capital management

3.1 Group capital management

Capital management balances shareholder demands on returns against the need for financial stability as imposed by the authorities, investors in debt instruments, business partners and ratings agencies. The aim of the capital management is to comprehensively identify and assess the most important risks, and the capital demands these risk imply. Capital management is ex ante, with a starting point in an annually recurring strategic planning.

3.2 Organisation and responsibility

The group's independent risk control unit is responsible for ensuring that the group's main risks are identified, measured and reported consistently, correctly and adequately. The unit is also responsible for calculating regulatory capital adequacy, and for preparing documentation for assessing internal minimum requirements and capital adequacy targets. The capital base in relation to regulatory requirements and risk exposure are regularly followed up and reported on at company and conglomerate level.

The group's finance unit is responsible for preparing the board's annual strategic process, and for the accompanying capital planning and allocation. The executive committee and the board's risk committee oversee the work, whilst the decision making takes place in the group's board of directors. The group's internal audit conducts an annual evaluation of the capital management process in its entirety. The rules of procedure for the board of directors and its risk committee closely govern document preparation and decision-making within the capital management process.

3.3 Regulatory requirements for capital adequacy and solvency

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

As part of the financial statements, Aktia publishes annually a full report on capital adequacy in accordance with the Basel II capital adequacy rules and the Financial Supervisory Authority's standards. The accuracy of data pertaining to capital adequacy is verified as part of the auditing process.

The bank group's capital adequacy ratio amounted to 16.2%, with Tier 1 equity of 10.6%. By year end 2010, capital adequacy was 15.9% and the Tier 1 capital ratio was 10.1%. The financial results for the year, the growth in the mortgage bank's loan stock, the change in the fund for fair value, and higher capital requirements for operational risks were the main factors affecting capital adequacy.

The bank group's capital adequacy remained at a good level, exceeding both internal capital adequacy targets and regulatory requirements. The bank group's Tier 1 ratio also exceeds the minimum level of 9% as set by the European Banking Authority (EBA) in the spring of 2011.

The capital adequacy of Aktia Bank plc, the parent company in the Aktia bank group, amounted to 22.3%, compared to 20.3% the previous year. Tier 1 capital adequacy was 14.6 (12.8)%. The capital adequacy of Aktia Real Estate Mortgage Bank plc was 10.2%, compared to 9.9% the previous year. Tier 1 capital adequacy was 8.5 (7.7)%.

The capital adequacy of Aktia Asset Management Ltd, which provides asset management services, amounted to 14.2%, compared to 65.2% the previous year. The Tier 1 capital ratio was 14.2 (64.7)%. The change is attributed to decreased own funds, after extra payment of dividends.

3.4 Methods for internal risk-based capital assessment

The internal risk-based capital assessment uses as its starting point the Pillar 1 regulatory capital requirements. Pillar 2 risks are also allowed for in the internal capital assessment, i.e. those risks not taken into account in regulatory capital adequacy, or those not sufficiently taken into account.

The internal assessment thus encompasses all the main risks facing the group and represents an internal assessment of the capital requirements implied by operations. The internal governance and risk-based pricing for the customer are based on models for internal capital assessment.

Unexpected outcomes for 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.

The models used for internally assessing minimum capital required to cover credit risk are based on the standardised model for regulatory capital adequacy, with additional allowances for concentration risks.

The internal assessment of minimum capital requirements for market risks is based on stress scenarios for property values and interest rate changes. For market risks, the assessment is made under Pillar 2 according to the conservative assumption that the various market risks correlate completely to each other, i.e. that all risks are realised in their entirety and concurrently.

Capital requirements for operational risks are assessed on the basis of the regulatory requirements, taking into account internal incident monitoring, while business risks use an internal model that takes into account changes in customer behaviour, as well as the current situation regarding the market and the competition.

3.5 Ex ante capital planning

3.5.1 Profit generation as a starting point

The starting point for the strategic planning is that the additional capital requirements incurred due to growth and other investments should be covered through profit generation.

3.5.2 Capital adequacy buffer

The goal in setting targets with regard to regulatory capital adequacy, i.e. setting a buffer to cover the minimum requirements, is to maintain capital adequacy at an adequate level, partly by taking into account planned growth and investments, but also in the event of poorer financial performance. The capital adequacy targets also take account of targets for external ratings and any changes to regulatory requirements currently under preparation. The capital adequacy targets are long term, but the actual buffer can vary over an economic cycle. Any deterioration in capital adequacy due to weak operational results is primarily managed through restructuring operations. The restructuring measures can include lower growth and fewer investments, discontinuation of capital intensive positions, cost savings and changes to the group structure.

For the banking operations, targets are set for both Tier 1 capital adequacy – taking into account risks that have an impact on results, and for total capital adequacy – taking into account valuation differences.

The capital adequacy target for the bank group, calculated using the standardised method for credit risks and the basic indicator method for operational risks, is 12% (total capital adequacy) and 10% (Tier 1 capital adequacy). The target for Aktia Bank is 12% for total capital adequacy and minimum 10% for Tier 1 capital adequacy, while the targets for Aktia Real Estate Mortgage Bank are 10% for total capital adequacy, and more than 8% for Tier 1 capital adequacy. The banks that broker mortgage loans have committed themselves to capitalising the mortgage bank in relation to the brokered volume, and Aktia Real Estate Mortgage Bank's aims for Tier 1 capital adequacy to be raised successively, so that by 2013 the Tier 1 capital adequacy will be at least 10%.

The capital adequacy required by the authorities for the other regulated companies in the bank group, i.e., Aktia Asset Management should exceed the minimum requirements under the current rules.

3.5.3 Capital plan for crisis situations

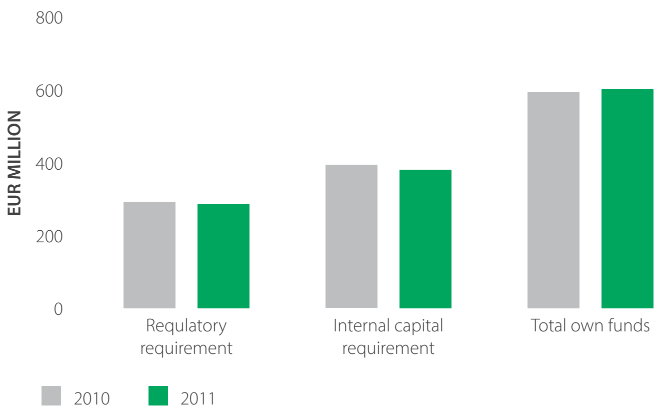
The capital plan describes the measures available to operational managers and the board in the event that capital adequacy is jeopardised. The board and its risk committee monitor changes in capital adequacy each quarter, and within the framework of the capital management process, also the effects of various stress tests. Thresholds have been set within the board and its risk committee, for determining when restructuring and/or capitalisation measures should be initiated.

3.6 Group risk and capital situation

Credit risks constitute the greatest area of risk within the group. Such risks are due to exposure in lending, and counterparty risks associated with liquidity management. Business risks are primarily found in the banking business and are associated with stress scenarios involving sustained low interest rates, falling net interest income and commission, as well as rising cost levels. The capital requirements for operational risks have been derived using the basic indicator method for regulatory capital requirements, and information from the internal risk assessment.

Internal capital requirement by risk type

Group's total capital compared to internal capital requirement



The regulatory minimum capital requirement under the current rules amounted to approx. EUR 296 million, corresponding to approx. 50% of the total capital base of just over EUR 599 million. The internal capital requirement, encompassing Pillar 1 and 2, amounted to approx. EUR 379 million, corresponding to 63% of the capital base. The capital reserve for meeting the minimum regulatory requirement thus amounted to EUR 304 million, and compared to the internal minimum requirement, amounted to EUR 220 million.

3.7 Preparations for new regulatory requirements

2012 sees the step-by-step implementation of a comprehensive new set of regulations, under the name of Basel III. The new set of regulations means a general tightening up of the requirements for capital adequacy as well as liquidity. The planned changes to the regulatory requirements have been carefully followed up on, and the effects have been analysed regularly. Consequence analysis reveals that the group's current capital base is so strong that the new austerity measures will not call for additional capitalisation. The bank group's liquidity buffer also matches in size the upcoming requirements, even though the proposed set of regulations will require some reallocations in the liquidity portfolio.

In August 2011, Aktia handed in its application to the Financial Supervisory Authority, so as to step-by-step and starting with private household exposures, go over to an internal method for calculating the capital adequacy required by the authorities (Internal Rating Based Approach). Aktia estimates that this internal and more risk sensitive calculation method should have a positive effect on the bank group's Tier 1 capital adequacy, to the order of 3–5 percentage points. Since 2007, Aktia has been applying a model very similar to the models as used by Basel II for the internal calculation of capital adequacy, as a base for risk-based pricing of credit. This has been done partly in connection with the preparations for the switch to IRBA calculation of capital adequacy.

4. Credit and counterparty risks

Credit risk is defined as the risk of losses brought about by the debtor failing to fulfil obligations towards Aktia, while counterparty risk is defined as the risk of losses or negative valuation differences due to deterioration of the counterparty's credit worthiness. Credit and counterparty risks are measured by assessing the default risk and any losses incurred by such. The risk 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 collateral and the anticipated recovery, with deductions for recovery costs. Every year, the group's board of directors establishes the strategy and detailed instructions, including limits, for credit and counterparty risks.

The table below shows the bank group's exposure per operating area. The figures include accrued interest. Internal group receivables and liabilities are eliminated, and deductions for acceptable collateral have not been made. The limit structure limits the credit and counterparty risks.

The Group's maximum exposure	Bank Group	
EUR million	**31.12.2011**	**31.12.2010**
Cash and money market	**555**	**316**
Bonds	**1,928**	**2,657**
Public sector	115	144
Government guaranteed bonds	125	216
Banks	378	786
Covered bonds	1,291	1,480
Corporate	20	31
Shares and mutual funds	**5**	**9**
Interest rate funds	0	2
Shares and equity funds	4	6
Real estate funds	0	0
Private Equity	1	2
Hedge funds	0	0
Loans and claims	**7,135**	**6,667**
Public sector entities	6	7
Housing associations	290	290
Corporate	816	827
Households	5,977	5,488
Non-profit organisations	46	56
Tangible assets	**6**	**4**
Bank guarantees	**46**	**54**
Unused facilities and unused limits	**420**	**612**
Derivatives (credit equivalents)	**371**	**303**
Other assets	**60**	**41**
Total	**10,525**	**10,663**

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 responsibility 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 comprehensive and reliable. The risk control unit is also responsible for performing 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 preparatory work is insufficient, or if the agreement falls outside the group's credit policy.

The exposure inherent in the loan stock is reported to the group's board of directors and its risk committee every quarter, and to the executive credit committee and branch management every month.

4.1.1 Credit risks in the banking business

Within banking operations, loans are provided to households, the majority of which are secured against real estate collateral. Property financing is arranged primarily through Aktia Real Estate Mortgage Bank. POP Banks and savings banks also broker Aktia Real Estate Mortgage Bank loans. Other investment and consumption financing for households is arranged directly from the bank's balance sheet. Credit limits associated with customers' credit cards are organised from Luottokunta's balance sheet.

Small businesses and entrepreneurs make up the main target group for Aktia's corporate business, and the long-term aim is to develop broad cross sales of bank and insurance solutions. Activities are adjusted locally, within Aktia's regions, to benefit from the best competence and customer relationships.

The financing of corporate instalment purchases, leasing and working capital is managed through a separate subsidiary, Aktia Corporate Finance. In 2011, Aktia did not enter into any new risk capital financing arrangements and total risk capital financing amounted to EUR 2 (2) million at year end.

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 enduring profitability.

Credit stock by sector

EUR million	31.12.2011	31.12.2010	Change	%
Households	5,966	5,479	487	83.8%
Corporate	812	823	-11	11.4%
Housing associations	289	289	-1	4.1%
Non-profit organisations	45	56	-11	0.6%
Public sector entities	6	7	-1	0.1%
Total	**7,117**	**6,654**	**463**	**100.0%**

4.1.2 Lending to households

The group's loan stock increased in 2011 by EUR 463 million (7.0%), totalling EUR 7,117 (6,654) million at year end. This increase occurred to plan, mainly within the area of household financing and the household share of the total loan stock amounted to EUR 5,966 (5,479) million or 83.8 (82.3)% at year end, or 87.9 (86.7)% when combined with housing associations.

The housing loan stock totalled EUR 5,607 (5,121) million, of which mortgages made up EUR 3,652 (3,050) million. In total, housing loans increased by 9.5 (11.4)% during the year.

4.1.2.1 Credit rating

Loans are granted on the basis of an assessment of the customer's credit rating and the loan-to-value ratio achieved by the collateral provided. A risk-based pricing policy is also adopted. The debtor's ability to repay is an absolute requirement for a loan to be granted. To ensure that the customer has an adequate buffer in case of higher market interest rates, the ability to repay is calculated on the basis of an interest rate of 6% over a repayment period of 25 years, this for all of the customer's loans.

The customer credit rating is set and followed up on with the help of scoring models developed for households. For any new loan decision, the determination of a credit rating using the scoring model is obligatory. For the existing credit stock, behavioural scoring models are applied, which also take into account changes in the customer's payment behaviour. The loan-to-value ratio is defined as the relationship between the market value of the pledged collateral and the customer entity's loans. Higher loan-to-value ratios imply a sufficient credit rating, while at the same time decisions on such loan are escalated.

62.7 (64.6)% of the receivables from households are accounted for by the four scoring classes that represent excellent to good credit rating, while 10.9 (10.4)% of receivables have passable to weak credit worthiness. The stock for defaulted household loans rose from 0.4% to 0.6%.

Distribution of household scoring classes*

EUR million Creditworthiness		31.12.2011 5,966	31.12.2010 5,479
	A1	6.5%	7.5%
"Excellent-good 0% < PD <= 0,2%"	A2	14.9%	20.7%
	A3	34.5%	31.3%
	A4	6.9%	5.1%
	B1	10.9%	10.7%
"Good-satisfactory 0,2% < PD <= 1%"	B2	6.5%	5.9%
	B3	4.4%	3.8%
	B4	3.8%	4.0%
	C1	6.5%	6.0%
"Diminished-poor 1% < PD < 100%"	C2	2.1%	2.0%
	C3	0.9%	0.9%
	C4	1.3%	1.4%
Unclassified	-	0.1%	0.2%
Defaulted, PD = 100%	D	0.6%	0.4%

* PD (Probability of Default) expresses the probability that a loan will default within the next 12 months. The estinates are Point-in-Time (PIT), ie. they refrect the creditworthiness during the current credit cycle.

4.1.2.2 Collateral and calculation of capital adequacy

The valuation and administration of collateral 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 lower than the collateral's market value is adopted, in keeping with the principle of prudence. The extent to which this value is lower shall reflect the volatility in the security's market value and liquidity. Only residential real estate collateral, certain guarantees and financial securities are taken into account in the capital adequacy calculation. As of 31 March 2010, collateral valuations older than three years have been updated on a regular basis. The update has been performed using an internally developed statistical model for valuing collateral.

Loans to households are mainly granted against secure collateral, which means that any reduction in market values (residential real estate prices) does not directly increase exposure. Of the total receivables from households, approximately 5 (4)% are secured by central government or by deposit, while approximately 88 (87)% are secured against residential real estate collateral under Basel II regulations. Approximately 8 (9)% of the receivables are secured in other ways, which are not taken into account in the capital adequacy calculation (including e.g. the proportion of the residential real estate's value exceeding 70%).

4.1.2.3 Loan-to-value ratio of collateral

The loan-to-value ratio is defined as the relationship between the market value of the pledged collateral at the time of the latest decision against the loans outstanding on the collateral. At year end, the Weighted Average Loan To Value for the housing loan stock amounted to 61.4 (62.2)%. Within the the housing loan stock, only 1.1 (1.4)% of the credit exceeded a loan-to-value ratio of 90%. During the latter part of 2010, there has been increased focus on closer management of business involving higher lending in combination with weaker credit ratings.

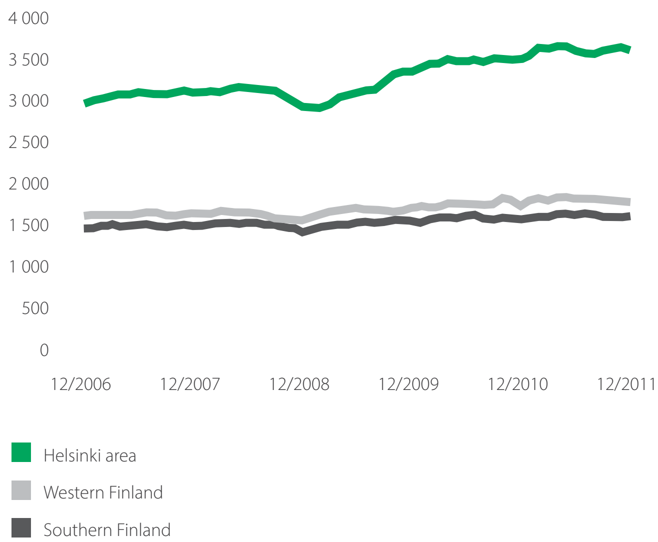
Loan To Value (LTV) distribution* of the housing loan stock

EUR million Loan To Value (LTV)	31.12.2011 5,195	31.12.2010 4,729
0-50 %	79.4 %	78.8 %
50-60 %	9.3 %	9.3 %
60-70 %	5.9 %	5.9 %
70-80 %	3.0 %	3.0 %
80-90 %	1.4 %	1.6 %
90-100 %	0.6 %	0.7 %
>100 %	0.5 %	0.7 %
Total	**100.0%**	**100.0%**

* The table shows the distribution of exposures by LTV band. Example: A mortgage exposure of EUR 60,000 to finance a property worth EUR 100,000 (LTV 60%) is distributed EUR 50,000 to the "LTV 0-50%" bucket and EUR 10,000 to the "LTV 50-60%" bucket.

The majority of the bank's collateral mass is comprised of dwellings. The trends in housing prices are thus important factors in the bank's risk profile. During 2011, developments in housing prices within Aktia's main business area have remained at a stable level.

Average house prices, EUR/m²



4.1.2.4 Risk based pricing

The models for risk based pricing reflect capital requirements, risk and refinancing, as weighed against earnings from loans, other customer relationships and customer potential. Cross selling between insurance and banking is becoming increasingly important in assessing customer potential. The incentive system in the branches is based on the extent to which the average risk based minimum margin is exceeded for new loans.

4.1.3 Corporate lending

New lending to companies was aimed at small companies, and corporate loans fell by 1.4% from the beginning of the year, totalling EUR 812 (823) million. The proportion of the total credit stock accounted for by corporate loans fell to 11.4 (12.4)% In the second half of 2011, the corporate business was reorganised according to new business strategy.

Customers are assessed for corporate financing purposes on the basis of accounts analysis and credit ratings. Also analysed are cash flow, the competitive situation, the impact of existing investments, and other forecasts. During the year, implementation of the internal credit rating model Aktia-rating continued.

Distribution of ratings (Suomen Asiakastieto)

EUR million	31.12.2011	31.12.2010
Rating	**758**	**761**
AAA	9%	11 %
AA+	23%	18 %
AA	16%	17 %
A+	24%	26 %
A	20%	21 %
B	2%	3 %
C	3%	3 %
Defaulted	3%	2 %
Total	**100%**	**100 %**

* Intra-Group transactions are not included

Over the year, the loan stock's rating distribution improved slightly. 48 (46)% of receivables from companies were accounted for by the three groups with the lowest risk of default, while 6 (5)% of receivables were from the two lowest credit rating classes.

Collateral is valued for corporate financing purposes in accordance with separate rules, also taking into account a valuation buffer specific to the collateral, to allow determination of a secure 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. Commercial real estate and corporate collateral are not taken into account in the capital adequacy calculation.

12.0 (12.2)% of receivables from corporations were secured by central or local government guarantees or by deposit, while 27.7 (26.5)% were secured against residential real estate collateral. The remaining 60.3 (61.3)% are granted against collateral not taken into account in the capital adequacy calculation, including commercial real estate, various company specific securities or against the company's operations and cash flow. Insufficient collateral imposes limits, according to the revised corporate strategy and the credit policy applied to businesses.

4.1.4 Concentration risks in lending

A locally operating financial institution such as Aktia is exposed to certain concentration risks. Concentration risks against individual counterparts are regulated by limits and rules for maximum customer exposure. Within the framework of the credit policy and business plan, further thresholds have been imposed in order to limit concentration risks at segment and portfolio level.

87.9% of the loan portfolio comprises loans to households and Finnish housing associations. 87.5% of receivables from households are secured against residential real estate collateral. Approximately 28% of receivables from companies are secured against residential real estate collateral. Aktia's level of credit risk is sensitive to changes in both domestic employment and house prices.

Furthermore, 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 that are highly dependent on a small number of employers, these geographical concentration risks have proved to be of little significance in household lending.

In relation to Aktia's total corporate portfolio, the exposure in primarily construction and property financing constitutes a concentration risk. This is founded in the strategic decision to use specialist expertise to create a value chain that apart from project and property financing, also includes brokerage services, insurance and financing for end customers. This concentration is gradually being reduced.

Branch distribution of corporate stock

EUR million	31.12.2011	31.12.2010
Branch	**812**	**823**
Basic industries, fisheries and mining	3.6 %	3.1 %
Industry	6.6 %	7.3 %
Energy, water and waste disposal	2.2 %	2.0 %
Construction	6.9 %	7.3 %
Trade	11.8 %	10.5 %
Hotels and restaurants	3.8 %	4.1 %
Transport	7.9 %	7.3 %
Financing	13.7 %	17.0 %
Property	30.7 %	30.7 %
Research, consulting and other business service	7.8 %	8.1 %
Other services	6.3 %	4.7 %
- write-downs by group	-1.4 %	-2.0 %
Total	**100.0%**	**100.0%**

Claims on housing associations are not included in the table above

4.1.5 Past due payments

Loans with payments 1–30 days overdue decreased in 2011 to EUR 160 (170) million, equivalent to 2.24 (2.56)% of the credit stock. Loans with payments 31–89 days overdue also decreased, to EUR 53 (56) million, or 0.75 (0.83)% of the credit stock. On the other hand, non-performing loans at least 90 days overdue increased. These included receivables from bankrupt companies and loans for recovery, and totalled EUR 60 (36) million, corresponding to 0.84 (0.54)% of the credit stock. Of the increase of EUR 24 million, 16 million is attributable to household loans and 8 million to corporate loans. The increase in household loans is partly accounted for by a number of individual investment and construction financing programmes. Similarly, the increase in corporate loans is attributable to individual items under reconstruction or in the process of collection. Loss risks from these items are covered in the individual or group write-downs. In the last quarter, a special financing unit was formed to focus on handling relationships with high risk customers.

The increase in non-performing loans attributable to normal household lending amounted to EUR 10 million, and consists mainly of loans granted before the introduction of more restrictive rules, for e.g. high borrowing against the market value of collateral. 92% of the receivables are fully secured, and any loss risks have been taken into account in the individual write-downs.

Non-performing loans to households at least 90 days overdue corresponded to 0.51 (0.30)% of the entire credit stock. The credit stock also includes off- balance sheet guarantee commitments.

Past due loans by length of payment delay

Days	31.12.2011	% of the credit stock	31.12.2010	% of the credit stock
1–30	160	2,24	171	2,56
of which households	115	1,61	118	1,75
31–89	53	0,75	56	0,83
of which households	46	0,64	45	0,67
90–*	60	0,84	36	0,54
of which households	36	0,51	20	0,30

* in Aktia Bank fair value of the collateral covers 92 % of debts

Loans with overdue payments which had not been impaired amounted to EUR 263 (257) million at the end of the year. Of these, non-performaning loans at least 90 days past due accounted for EUR 51 (31) million. The market value of the collateral for these receivables amounted to approx. 90% of the remaining receivable.

Loans past due but not impaired

EUR million			31.12.2011
Days	Book value	% of the credit stock	Fair value of collateral
1–30	159	2.22	145
31–89	53	0.74	50
90–	51	0.72	45
			31.12.2010
Days	**Book value**	**% of the credit stock**	**Fair value of collateral**
1–30	171	2.56	156
31–89	55	0.82	49
90–	31	0.46	29

4.1.6 Write-downs of loan and guarantee claims

The total write-downs on loans and guaranteereceivables decreased by EUR 2.5 million from the previous year to EUR 10.5 (13.0) million. Of these write-downs, EUR 1.4 (0.7) million were attributable to households, and EUR 9.1 (12.3) million to companies.

By the end of the period, group write-downs at the portfolio level totalled EUR 14.0 (19.3) million, of which EUR 7.3 (7.3) million related to households and smaller enterprises, and EUR 6.7 (12.0) million to large individually valued corporate claims.

Total write-downs on credits amounted to 0.1 (0.2)% of total lending for the period. The corresponding for corporate loans amounted to 1.1 (1.5)% of total corporate lending.

Gross loans and write-downs

EUR million	31.12.2011	31.12.2010
Gross loans	**7,180**	**6,711**
Individual write-downs	-49	-38
Of which made to non-performing loans past due at least 90 days	-39	-31
Of which made to other loans	-10	-7
Write-downs by group	-14	-19
Net loans, balance amount	**7,117**	**6,654**

4.1.7 Lending to local banks

Financing is provided to banks based on individual credit ratings and decisions. Every year, the board of directors sets separate limits for the short and long-term financing of local banks, which are based on the local bank's own funds, capital adequacy and provided collateral. At year end, the committed facilities for liquidity financing amounted to EUR 181.3 (341.9) million, divided between 51 (51) individual savings banksand POP Banks, while outstanding liquidity financing totalled EUR 1.3 (3) million. Secured financing totalled EUR 58 (10) million.

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

5. Management of financing and liquidity risks

Financing and liquidity risk implies a risk that the group will 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, as well as 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 the legal company level, and there are no financing commitments between the bank group and the insurance companies.

5.1 Financing and liquidity risks in banking operations

In the banking business, financing and liquidity risks are defined as the availability of refinancing and the differences in maturity between assets and liabilities. The aim is to maintain a liquidity buffer that covers the outgoing cash flow for at least one year.

A stable borrowing and deposit stock from households, the mortgage bank's issues, the deposits received from the activity as a central financial institution, as well as 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 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 amounted to EUR 4,757 (4,356) million at 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 banks and POP Banks, for which Aktia acts as the central financial institution. This also constitutes an important source of financing for Aktia.

Concerning market-related refinancing, a diverse range of financing sources and an adequate spread on various markets will be maintained. Aktia Real Estate Mortgage Bank plc is a strategically important channel for competitive and long-term borrowing, and a significant proportion of the long-term refinancing is accounted for by covered bonds issued by Aktia Real Estate Mortgage Bank plc and secured by real estate.

Within the issuing programme of EUR 5 billion, covered bonds secured by real estate have been issued for EUR 3,286 million. In November, within this programme, Aktia Real Estate Mortgage Bank issued long-term bonds with security (so-called Schuldscheindarlehen) totalling EUR 61 million. In addition, Aktia has a domestic bond programme amounting to EUR 500 million, under which it has issued EUR 319 million. To cover short-term financing requirements, the bank can also issue certificates of deposit on the domestic money markets. Outstanding certificates of deposit totalled EUR 429 million on 31 December 2011.

Aktia is actively working to broaden its refinancing base and to establish new refinancing programmes. Within the framework of the bank's EMTN program, in October Aktia Bank issued long-term bonded loans totalling EUR 20 million by way of preparation for the new rules (Basel III) on bank activities.

A liquidity portfolio comprising high-quality securities has been constructed to hedge against short-term fluctuations in liquidity, by using realisation, by using repurchase agreements, or through central bank refinancing.

The structure of the liquidity portfolio is set out in more detail under chapter 6.2. The financial assets in the liquidity portfolio that can be utilised as outlined above as a liquidity buffer totalled approximately EUR 1,540 million at year end, corresponding to an outgoing cash flow for just over two years, with no new market borrowing.

The forthcoming regulations will impose new requirements on liquidity and will increase the need for 'senior financing'. To limit the effects of this, a number of measures were taken during the period.

Regarding Aktia Real Estate Mortgage Bank's senior financing, an agreement was entered into with the local banks, which obliges all banks brokering the Mortgage Bank's loans to contribute pro rata to Aktia Mortgage Bank's senior financing. The senior financing is paid in instalments, the first of them being paid in November.

In collaboration with the local banks, the guidelines for liquidity credit limits have been revised so that the limits more clearly reflect their purpose.

Aktia's new corporate customer strategy is helping to achieve a better balance between borrowing and lending to corporate customers.

To secure access to borrowing from the capital market, a rating from an internationally recognised rating institute is used. Aktia Group has used the international credit rating agency Moody's Investors Service since 1999. The international rating agency Moody's Investors Service has had Aktia Bank plc's credit rating under review since 25 November 2011. Aktia's credit rating for short-term borrowing is P-1. The credit rating for long-term borrowing is A1, and C for financial strength.

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

The group's executive committee is responsible for managing financing and liquidity risks. The group's risk control unit, which continuously monitors liquidity risks and associated limits, reports on these to the board and the executive committee. 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. Developments and pricing in the deposit stock are also followed closely. The treasury unit implements the adopted measures, to change the liquidity position.

6. Handling market, balance sheet and counterparty risks

6.1 Methods for valuing financial assets

The majority of Aktia Group's financial assets are valued at fair value. Valuations are based either on prices from an active market or on valuation methods using observable market data.

For a limited proportion of the assets – EUR 1.8 million of financial assets at year end – valuations are based on unquoted prices or the company's own assessments. These assets are mainly holdings in funds investing in unlisted companies.

6.1.1 Determination of fair value through publicly listed prices or valuation techniques

The fair value valuation is classified in different valuation categories:

Level 1 consists of financial instruments that are valued using prices listed on an active market. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes listed bonds and other securities, listed equity and derivatives, for which tradable price quotes exist..

Level 2 consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may include listed interest rates, for example, or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market.

Level 3 consists of financial instruments, which the fair value cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices on rates.. This category includes mainly unlisted equity instruments and funds, and other unlisted funds.

Valuation techniques				**31.12.2011**
				Fair value classified into
Financial assets, EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued through income statement				
Interest-bearing securities	0.0	0.0	0.0	0.0
Shares and participations	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**
Financial assets available for sale				
Interest-bearing securities	1,795.7	78.7	0.0	1,874.4
Shares and participations	0.0	0.0	1.8	1.8
Total	**1,795.7**	**78.7**	**1.8**	**1,876.2**
Financial assets held until maturity				
Interest-bearing securities	0.0	20.0	0.0	20.0
Shares and participations	0.0	0.0	0.0	0.0
Total	**0.0**	**20.0**	**0.0**	**20.0**
Derivative instruments, net	**0.7**	**139.4**	**0.0**	**140.1**
Total	**0.7**	**139.4**	**0.0**	**140.1**
Total financial assets	**1 796.4**	**238.1**	**1.8**	**2,036.3**

Valuation techniques				**31.12.2010**
				Fair value classified into
Financial assets, EUR million	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets valued through income statement				
Interest-bearing securities	0.0	0.0	0.0	0.0
Shares and participations	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**
Financial assets available for sale				
Interest-bearing securities	2,501.7	89.7	0.0	2,591.4
Shares and participations	4.0	0.0	2.0	6.0
Total	**2,505.7**	**89.7**	**2.0**	**2,597.4**
Financial assets held until maturity				
Interest-bearing securities	0.0	21.5	0.0	21.5
Shares and participations	0.0	0.0	0.0	0.0
Total	**0.0**	**21.5**	**0.0**	**21.5**
Derivative instruments, net	**2.0**	**76.9**	**0.0**	**79.0**
Total	**2.0**	**76.9**	**0.0**	**79.0**
Total financial assets	**2,507.8**	**188.1**	**2.0**	**2,697.8**

6.1.2 Changes within level 3

The table "Reconciliation of changes for the financial instruments included in level 3" shows a reconciliation from period to period, at level 3 for financial assets reported at fair value.

Reconciliation of the changes taken place for financial instruments which belongs to level 3	Financial assets valued through income statement			Financial assets available for sale			Total		
EUR million	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total
Fair value 1.1.2011	0.0	0.0	0.0	0.0	2.0	2.0	0.0	2.0	2.0
New purchases	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.2	0.2
Sales	0.0	0.0	0.0	0.0	-0.4	-0.4	0.0	-0.4	-0.4
Matured during the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Realised value change in the income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unrealised value change in the income statement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valued change recognised in the fund at fair value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from level 1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer from level 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value 31.12.2011	**0.0**	**0.0**	**0.0**	**0.0**	**1.8**	**1.8**	**0.0**	**1.8**	**1.8**

Reconciliation of the changes taken place for financial instruments which belongs to level 3	Financial assets valued through income statement			Financial assets available for sale			Total		
EUR million	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total	Interest-bearing securities	Shares and partici-pations	Total
Fair value 1.1.2010	0.0	0.0	0.0	5.4	54.4	59.8	5.4	54.4	59.8
New purchases	0.0	6.1	6.1	1.5	0.0	1.5	1.5	6.1	7.6
Sales	0.0	0.0	0.0	-2.4	-11.9	-14.3	-2.4	-11.9	-14.3
Matured during the year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Realised value change in the income statement	0.0	0.0	0.0	0.1	-0.4	-0.3	0.1	-0.4	-0.3
Unrealised value change in the income statement	0.0	0.0	0.0	0.0	-0.6	-0.6	0.0	-0.6	-0.6
Valued change recognised in the fund at fair value	0.0	0.0	0.0	-0.1	1.1	1.0	-0.1	1.1	1.0
Transfer from level 1	0.0	0.0	0.0	0.0	11.7	11.7	0.0	11.7	11.7
Transfer from level 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fair value 31.12.2010	**0.0**	**6.1**	**6.1**	**4.5**	**54.3**	**58.8**	**4.5**	**60.4**	**64.9**

6.1.3 Sensitivity analysis in level 3 for financial instruments

The value of financial instruments reported at fair value in the balance sheet includes instruments that have been valued, in part or in full, using techniques based on assumptions not supported by observable market prices.

This information demonstrates the effect that the relative uncertainty can have on the fair value of financial instruments, the valuation of which is dependent on unobservable parameters. The information should not be interpreted as predictive or as an indication of future changes in fair value.

Sensitivity analysis for financial instruments belonging to level 3	31.12.2011		31.12.2010	
EUR million	Fair value	The negative effect at an assumed movement	Fair value	The negative effect at an assumed movement
Financial assets available for sale				
Interest-bearing securities	0.0	0.0	0.0	0.0
Shares and participations	1.8	-0.4	2.0	-0.4
Total	**1.8**	**-0.4**	**2.0**	**-0.4**

Interest bearing securities have been tested by assuming an upward parallel of a 3 percentage points of the interest rate in all maturities, at the same time as the market prices for shares and participations are assumed to drop by 20%. These assumptions would mean a result or valuation effect via the fund for fair value corresponding to 0.1 (0.1)% of the group's own funds.

6.2 Market and asset and liability risks in the banking business

After preparation in the executive committee and the board's risk committee, the board of directors sets out every year the strategy and limits for managing market risks related to the development of net interest income and volatility. The group's investment committee is responsible for the operational management of internal group investment assets within the given guidelines and limits. The bank's treasury unit carries out transactions in order to manage the structural interest rate risk based on the established strategy 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. As well as matching reference rates in lending and borrowing through business management, hedging interest rate derivative instruments and fixed rate investments in the liquidity portfolio are also utilised, with the aim of maintaining net interest income at a stable level and protecting financial performance against sustained low interest rates.

The structural interest rate risk is simulated using a dynamic asset and liability risk management model. The model takes into account the effects on the balance sheet's structure, starting from planned growth and simulated customer behaviour. Furthermore, various interest rate scenarios for dynamic or parallel changes in interest rates are applied. The analysis period is up to 5 years and shows that lower market interest rates would have a detrimental effect on the net interest rate development, while higher market interest rates would strengthen the net interest rate development. In contrast, a parallel upward shift in the interest rate curve of one percentage point would reduce the net interest income of the banking business for the next 12 months by EUR -6.9 (+6.7) million, while net interest income for the 12–24 month period would drop EUR -9.7 (+6.5) million. A parallel upward shift in the interest rate curve of one percentage point would however increase the net interest income of the banking business for the next 12 months by EUR +9.5 (-10.1) million, while net interest income for the 12–24 month period would increase by EUR +8.1 (-7.2) million.

The limits imposed on the CEO by the board of directors for managing structural interest rate risk are based on maintaining a minimum net interest income over a 5 year period, given a scenario of sustained low interest rates. Other limits associated with managing structural interest rate risks are the capital limit for market value interest rate risks, counterparty limits, and limits for permitted instruments and maturity periods. Both the limit for sustainable net interest income and the limit for capital usage are derived from the group's ICAAP process and the targets for regulatory capital adequacy.

Derivative agreements entered into for hedging against the bank's structural interest rate risk are described in more detail in note K 20.

6.2.2 Market value interest rate risk and credit spread risk

Market value interest rate risk consists of changes in the value of financial assets available for sale, due to interest rate fluctuations or changes in the credit spread. The size and maturity of the liquidity portfolio is restricted and the risk level is managed by a capital limit based on dynamic interest rate shocks (described in more detail in 6.2.6). In keeping with the prevailing rules, the impact of the rate shock is only taken into account for financial assets.

The size of the credit spread risk depends on the prospects for the counterparty, the instruments seniority, and whether or not the investment has collateral. With regard to contracts with an active market (as for most investment instruments), the market is constantly valuing the risk, making credit spread a component of the instrument's market price, and is thus usually regarded as a part of the market risk.

Changes in market interest rates or credit spreads affect the market value of the interest bearing securities. Interest rate fluctuations are reported in the fund for true fair after the deduction of deferred tax, while any significant or long-term impairment of market value compared to the acquisition price is shown in the income statement.

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 negative and totalled EUR -18.3 million after the deduction of deferred tax. At the end of December 2011, the valuation difference in interest-bearing securities was EUR -34.9 (-16.6) million.

The liquidity portfolio of the bank business, which comprises interest-bearing securities and is managed by the bank's treasury unit, stood at EUR 1,968 (2,677) million as of 31 December 2011, which includes Aktia Bank's liquidity portfolio as well as other interest-bearing securities in the banking business.

Of the financial assets available for sale, 69 (57)% were investments in covered bonds, 21 (30)% were investments in banks, 10 (12)% were investments in state guaranteed bonds, and 0 (1)% were investments in other corporates.

Counterparty risks arising from the 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. 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 every year. The investment portfolio is market valued and monitored on a daily basis.

Bankkoncernens likviditetsportfölj och övriga räntebärande värdepapper

Aktia Banking Group	Government and Govt. guaranteed		Covered Bonds (CB)		Finacial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Listed Equity		Total	
	12/11	12/10	12/11	12/10	12/11	12/10	12/11	12/10	12/11	12/10	12/11	12/10	12/11	12/10	12/11	12/10
EU AAA	**145.2**	**237.6**	**915.7**	**991.3**	**309.4**	**589.1**	**-**	**13.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1,370.4**	**1,831.0**
Finland	61.3	67.7	110.9	105.5	37.4	209.0	-	8.0	-	-	-	-	-		**209.7**	**390.2**
Other AAA-countries	83.9	169.9	804.7	885.8	272.0	380.1	-	5.0	-	-	-	-	-	-	**1,160.7**	**1,440.8**
EU < AAA	**51.4**	**92.3**	**351.9**	**448.9**	**36.8**	**109.5**	**1.9**	**2.7**	**-**	**-**	**-**	**-**	**-**	**-**	**442.0**	**653.4**
Belgium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Greece	-	14.2	2.3	3.1	-	-	-	-	-	-	-	-	-	-	**2.3**	**17.3**
Ireland	-	-	27.2	26.3	-	16.7	-	-	-	-	-	-	-	-	**27.2**	**43.0**
Italy	-	-	59.6	72.8	-	21.1	-	-	-	-	-	-	-	-	**59.6**	**93.9**
Portugal	22.1	28.6	76.2	117.5	8.2	25.6	0.8	1.6	-	-	-	-	-	-	**107.3**	**173.3**
Spain	29.3	49.5	186.6	229.2	28.6	46.1	1.1	1.1	-	-	-	-	-	-	**245.6**	**325.9**
Other countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Europe excluding EU	**-**	**-**	**50.1**	**62.4**	**30.1**	**55.6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.2**	**118.0**
North America	**-**	**-**	**32.7**	**32.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**32.7**	**32.7**
Other OECD-countries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Supranationals	**-**	**-**	**-**	**-**	**42.7**	**42.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42.7**	**42.1**
Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**196.7**	**329.9**	**1,350.3**	**1,535.3**	**419.1**	**796.3**	**1.9**	**15.7**	**-**	**-**	**-**	**-**	**-**	**-**	**1,968.0**	**2,677.2**

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

	31.12.2011	31.12.2010
	1,968	2,677
Aaa	55.6 %	53.0 %
Aa1–Aa3	21.9 %	32.3 %
A1–A3	11.9 %	10.8 %
Baa1–Baa3	6.3 %	0.8 %
Ba1–Ba3	1.9 %	0.7 %
B1–B3	0.0 %	0.0 %
Caa1 or lower	0.0 %	0.0 %
Domestic municipalities (unrated)	2.1 %	1.8 %
No rating	0.3 %	0.6 %
Total	**100.0 %**	**100.0 %**

Of the financial assets, 10.7 (3.0)% did not meet the internal instrument specific requirements. Secured bonds made up 8.3 (1.9)% of these. The change is mainly due to investments in secured bonds in Portugal and Spain, whose credit ratings were downgraded during the year. Rated securities not eligible for refinancing with the central bank totalled 0.3 (0.0)% and unrated securities not eligible for refinancing amounted to 0.3 (0.6%).

No write -downs were performed during the year. (31/12/2010: EUR 0.0).

Investments in bonds issued by corporates were made only in the Euro zone.

6.2.3 Counterparty risks in the bank group's management of interest rate risks

Derivative hedges are used to ensure an adequate level of net interest income in a low interest rate scenario. Furthermore, 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 counterparty risks arising from derivative transactions, only counterparties with high quality external credit ratings (Moody's A3 or equivalent) are used.

To further reduce counterparty risks, individual collateral arrangements are used, in accordance with ISDA/CSA (Credit Support Annex) conditions. At year end, Aktia had derivative exposures with 13 counterparties, with a positive market value totalling EUR 255.2 million, of which the derivatives brokered to local banks had a market value of EUR 95.7 million. The net exposure after credit risk mitigation totalled EUR 25.5 million and a maximum of EUR 5 million for each counterparty, except for one individual counterparty where net exposure was EUR 10 million.

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

6.2.4 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, particularly against the Euro.

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. The guiding principle in managing exchange rate risks is matching. The treasury unit is responsible for managing the bank's day-to-day currency position subject to the limits set.

At year end, total net currency exposure for the bank group amounted to EUR 3.4 (1.3) million.

6.2.5 Equityand real estate risk

Equity risk refers to changes in value due to fluctuations in share prices. Real estate risk refers to risk associated with a fall in the market value of real estate assets.

Neither the banking business nor the parent company practices equity trading or real estate investments with intent to profit.

At the end of the period, real estate assets totalled EUR 0.7 (3.4) million. The investments in shares that are necessary or strategic to the business totalled EUR 1.8 (26.9) million. During the period, the share holdings in the Bank of Åland Plc were disposed of.

6.2.6 Risk sensitivity

With regard to investments, the key risks are interest rate risk and credit spread risk. The table below summarises market value sensitivity for the bank group's assets available for sale in various market risk scenarios as of 31 December 2011 and 31 December 2010. The shocks applied are based on historical interest rate volatility and reflect both a high and low interest rate scenario. The same interest rate scenarios form the basis for the board's limits on capital usage. The risk components set out in the table are defined as follows:

Upward interest rate risk: Change applied to a risk free interest rate curve derived from Euribor and Euro swap interest rates. At month 1, +3% is applied, at year 10 and thereafter, +1% is applied. Between month 1 and year 10, the extent of the change is interpolated parabolically between 3% and 1%. In accordance with the prevailing regulations, only the impact on financial assets is taken into account, as upward interest rate risk will constitute the interest rate risk.

Downward interest rate risk: Change applied to a risk free interest rate curve derived from Euribor and Euro swap interest rates. At month 1, -2% is applied, at year 10 and thereafter, -1% is applied. Between month 1 and year 10, the extent of the change is interpolated parabolically between -2% and -1%. As only the impact on financial assets is taken into account, a fall in the interest rate generally means that investments rise in value.

Credit spread risk: Describes the risk that spreads, i.e. counterparty specific risk premiums, will rise. The extent of the change is an annually revised percentage based on rating and investment type, and varies between 0.2% (AAA treasury securities) and 4% (e.g. < BBB+ corporate securities with sub-senior right of priority). The specific discounting curve for each individual investment is shifted by this value to obtain the value of the investment when in shock.

Share and real estate risk: Describes the risk of the market value of shares and real estate falling. The extent of the shock is -50% for shares and -25% for real estate.

The impact on equity or income statement is given after tax.

Sensitivity analysis for market risks	Liquidity portfolio		Cashflow hedge (derivatives)		Total			
EUR million	**2011**	**2010**	**2011**	**2010**	**2011**	**%**	**2010**	**%**
Market value 31.12.	1,968.0	2,677.2	18.4	45.6	1,986.4	100.0 %	2,722.8	100.0 %
IR risk up	-60.5	-85.1	-8.9	-22.1	-69.4	-3.5 %	-107.2	-3.9 %
IR risk dowm	48.0	64.2	11.6	26.6	59.6	3.0 %	90.8	3.3 %
Spreadrisk	-31.6	-43.7	0.0	0.0	-31.6	-1.6 %	-43.7	-1.6 %
Equity risk	0.0	0.0	0.0	0.0	0.0	0.0 %	0.0	0.0 %
Real estate risk	0.0	0.0	0.0	0.0	0.0	0.0 %	0.0	0.0 %

7. Managing operational risks

Operational risks refer 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 risks 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 risk assessment concludes with a probability and consequence evaluation, after 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 as a preventive measure in order to reduce operational risks in the central and high risk areas. The instructions should cover legal risks, personnel risks, principles for continuity planning, etc.

Incidents with considerable economic consequences, including close calls, are registered and reported, and failures in e.g. processes, systems, know-how or internal checks that caused the incident are dealt with systematically. A rapid and proactive management of any customer impact is also sought. The group's risk control unit analyses incident information systematically and develops action plans for mitigation measures at the process or group level. The risk control unit is also responsible for regular reporting to the board.

The responsibility for managing the operational risks is carried by the business areas and the line organisation. Risk management means continual development in the quality of the 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. Process descriptions are drawn up as required.

Each manager is responsible for full compliance with the instructions within the area managed. The internal audit analyses the processes at regular intervals and evaluates the reliability of the units' internal controls. The internal audit reports directly to the board of directors.

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

7.1 Legal risks

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

Appendix to G2, Consolidated capital adequacy and exposures for banking business

(EUR 1,000)

The bank group's capital adequacy

Summary	12/2011	9/2011	6/2011	3/2011	12/2010
Tier 1 capital	392,625	393,449	393,089	378,350	371,523
Tier 2 capital	206,441	210,261	213,443	205,462	214,149
Capital base	**599,066**	**603,710**	**606,532**	**583,812**	**585,673**
Risk-weighted amount for credit and counterpart risks	3,321,647	3,294,405	3,299,995	3,307,822	3,324,444
Risk-weighted amount for market risks 1)	-	-	-	-	-
Risk-weighted amount for operational risks	372,332	348,647	348,647	348,647	348,647
Risk-weighted exposures	**3,693,979**	**3,643,052**	**3,648,643**	**3,656,469**	**3,673,092**
Capital adequacy ratio, %	**16.2**	**16.6**	**16.6**	**16.0**	**15.9**
Tier 1 Capital ratio, %	**10.6**	**10.8**	**10.8**	**10.3**	**10.1**
Minimum capital requirement	**295,518**	**291,444**	**291,891**	**292,517**	**293,847**
Capital buffer (difference between capital base and minimum requirement)	303,548	312,266	314,641	291,294	291,825

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

	12/2011	9/2011	6/2011	3/2011	12/2010
Share capital	163,000	163,000	163,000	163,000	163,000
Funds	44,558	44,558	44,558	44,558	44,558
Non-controlling interest	57,735	58,249	58,599	45,354	44,291
Retained earnings	96,183	95,898	95,898	95,420	65,818
Profit for the period	24,718	22,410	16,860	10,529	50,080
./. provision for dividends to shareholders	-21,285	-15,778	-10,520	-5,273	-20,809
Capital loan	30,000	30,000	30,000	30,000	30,000
Total	394,908	398,338	398,395	383,588	376,938
./. intangible assets	-2,283	-4,889	-5,306	-5,238	-5,415
Tier 1 capital	**392,625**	**393,449**	**393,089**	**378,350**	**371,523**
Fund at fair value	-34,871	-31,464	-28,101	-28,713	-16,612
Upper Tier 2 loans	45,000	45,000	45,000	45,000	45,000
Lower Tier 2 loans	196,312	196,725	196,544	189,175	185,762
Tier 2 capital	**206,441**	**210,261**	**213,443**	**205,462**	**214,149**
Total capital base	**599,066**	**603,710**	**606,532**	**583,812**	**585,673**

The bank group's risk-weighted exposures

Total exposures 12/2011				Risk-weighted exposures				
Risk-weight	**Balance assets**	**Off-balance sheet commit-ments**	**Total**	**12/2011**	**9/2011**	**6/2011**	**3/2011**	**12/2010**
0 %	1,252,016	28,959	1,280,975	-	-	-	-	-
10 %	1,050,520	0	1,050,520	105,052	103,798	103,241	110,395	121,166
20 %	693,523	186,658	880,181	146,579	158,909	191,578	227,692	243,078
35 %	5,529,080	67,691	5,596,771	1,943,650	1,898,251	1,857,274	1,811,582	1,780,752
50 %	674	0	674	337	389	402	-	44
75 %	573,646	93,045	666,690	450,881	458,022	465,691	470,332	478,225
100 %	563,334	88,268	651,602	601,809	616,560	624,719	636,979	646,815
150 %	26,348	798	27,146	40,121	30,115	31,350	21,243	20,446
Total	**9,689,142**	**465,418**	**10,154,560**	**3,288,429**	**3,266,045**	**3,274,256**	**3,278,224**	**3,290,526**
Derivatives *)	370,883	-	370,883	33,218	28,360	25,740	29,598	33,918
Total	**10,060,025**	**465,418**	**10,525,443**	**3,321,647**	**3,294,405**	**3,299,995**	**3,307,822**	**3,324,444**

*) 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, corporates and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

Risk-weighted amounts for operational risks

	2011	2010	2009	12/2011	9/2011	6/2011	3/2011	12/2010
Gross income	187,820	208,528	199,383					
- average 3 years	198,577							
Capital requirement for operational risk				29,787	27,892	27,892	27,892	27,892
Risk-weighted amount				**372,332**	**348,647**	**348,647**	**348,647**	**348,647**

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

Total exposure class before and after the effect of risk mitigation techniques

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

	Exposure class	Contractual exposure	Impairment	Net liability	Financial guaran-tees and other substitutions	Exposure after substitution	Financial collaterals	Exposure after collaterals	Risk-weighted amount	Capital requirement
1	States and central banks	646,798	-	646,798	290,146	936,944	-	936,944	-	-
2	Regional administrations and local authorities	54,150	-	54,150	30,415	84,565	-	84,565	-	-
3	Public corporations	1,473	-	1,473	2,348	3,821	-	3,821	764	61
4	International development banks	42,677	-	42,677	-	42,677	-	42,677	-	-
5	International organisations	-	-	-	-	-	-	-	-	-
6	Credit institutions	1,281,073	-	1,281,073	9,266	1,290,339	-272,540	1,017,799	174,022	13,922
7	Corporates	801,645	-3,771	797,874	-66,720	731,154	-50,541	680,614	567,387	45,391
8	Retail exposures	969,772	-3,427	966,345	-263,645	702,700	-35,997	666,703	450,890	36,071
9	Real estate collateralised	5,596,771	-	5,596,771	-	5,596,771	-	5,596,771	1,943,650	155,492
10	Past due items	101,938	-39,719	62,219	-1,809	60,410	-3,563	56,847	69,242	5,539
11	High-risk items	4,691	-2,600	2,091	-	2,091	-	2,091	2,669	214
12	Covered bonds	1,050,520	-	1,050,520	-	1,050,520	-	1,050,520	105,052	8,404
13	Securitised items	848	-	848	-	848	-	848	170	14
14	Short-term enterprise receivables	-	-	-	-	-	-	-	-	-
15	Mutual fund investments	-	-	-	-	-	-	-	-	-
16	Other items	36,652	-14,049	22,603	-	22,603	-	22,603	7,801	624
		10,589,010	**-63,566**	**10,525,443**	-	**10,525,443**	**-362,640**	**10,162,803**	**3,321,647**	**265,732**

The exposures are reported as gross.

Real estate collateralised exposures have residential real estates and shares of Finnish housing associations pledged as collateral according to the standard 4.3c of the Finnish Financial Supervision Authority.

Exposures with eligible guarantees are flowed to other counterparty classes with lower capital requirement. Eligible guarantees are defined in Standard 4.3e of the Finnish Financial Supervision Authority.
Guarantees given by Finnish government, municipalities, congregations, banks and other governments are accepted.
Corporate quarantees are accepted if the company's credit rating is sufficient and the guarantee complies with other requirements of the standard.

Financial collaterals are taken into account through comprehensive method as defined in Standard 4.3e of the Finnish Financial Supervision Authority.
Financial collaterals include deposits, listed shares and other debt securities.

Average total exposures before the effect of credit risk reduction techniques

	Exposure class	Total exposures before the effect of risk mitigation techniques 31.3.	30.6.	30.9.	31.12.	Average
						2011
1	States and central banks	509,361	579,097	510,323	646,798	561,395
2	Regional administrations and local authorities	50,627	51,620	48,881	54,150	51,320
3	Public corporations	1,374	1,357	1,352	1,473	1,389
4	International development banks	41,304	41,958	43,337	42,677	42,319
5	International organisations	-	-	-	-	-
6	Credit institutions	1,609,991	1,359,208	1,364,663	1,281,073	1,403,734
7	Corporates	839,513	824,016	820,568	797,874	820,493
8	Retail exposures	947,597	943,856	940,602	966,345	949,600
9	Real estate collateralised	5,234,977	5,377,545	5,490,912	5,596,771	5,425,051
10	Past due items	41,509	61,028	58,512	62,219	55,817
11	High-risk items	2,256	2,091	2,062	2,091	2,125
12	Covered bonds	1,103,951	1,032,414	1,037,980	1,050,520	1,056,216
13	Securitised items	1,492	1,277	1,043	848	1,165
14	Short-term enterprise receivables	-	-	-	-	-
15	Mutual fund investments	-	-	-	-	-
16	Other items	27,061	87,096	37,202	22,603	43,490
		10,411,013	**10,362,562**	**10,357,437**	**10,525,443**	**10,414,114**

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

Total exposures before the effect of credit risk mitigation 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	570,165	6,742	69,891	-	-	646,798
2	Regional administrations and local authorities	14,872	31,029	4,995	2,534	720	54,150
3	Public corporations	-	141	570	77	686	1,473
4	International development banks	-	-	22,751	19,926	-	42,677
5	International organisations	-	-	-	-	-	-
6	Credit institutions	76,178	347,273	563,534	186,867	107,221	1,281,073
7	Corporates	130,874	89,333	234,402	84,658	258,607	797,874
8	Retail exposures	95,942	48,697	121,249	136,656	563,800	966,345
9	Real estate collateralised	94,224	76,468	329,708	661,387	4,434,984	5,596,771
10	Past due items	26,229	2,012	18,875	1,501	13,601	62,219
11	High-risk items	591	-	877	-	623	2,091
12	Covered bonds	30,268	120,367	741,720	158,166	-	1,050,520
13	Securitised items	-	848	-	-	-	848
14	Short-term enterprise receivables	-	-	-	-	-	-
15	Mutual fund investments	-	-	-	-	-	-
16	Other items	11,307	-	1,324	-	9,972	22,603
		1,050,650	**722,910**	**2,109,897**	**1,251,773**	**5,390,214**	**10,525,443**

The amounts include on- and off-balance sheet items and derivatives by credit conversion value.
The remaining liability for receivables is included in respective group according to maturity.

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

Exposure class		Finland	Other Nordic countries	European countries	Other	Total
1	States and central banks	511,461	14,590	120,747	-	646,798
2	Regional administrations and local authorities	54,150	-	-	-	54,150
3	Public corporations	1,473	-	-	-	1,473
4	International development banks	-	-	-	42,677	42,677
5	International organisations	-	-	-	-	-
6	Credit institutions	479,473	91,545	688,014	22,041	1,281,073
7	Corporates	796,774	1,100	-	-	797,874
8	Retail exposures	965,761	262	165	157	966,345
9	Real estate collateralised	5,591,333	1,093	3,931	413	5,596,771
10	Past due items	57,319	-	4,900	-	62,219
11	High-risk items	2,091	-	-	-	2,091
12	Covered bonds	50,150	187,689	801,999	10,683	1,050,520
13	Securitised items	848	-	-	-	848
14	Short-term enterprise receivables	-	-	-	-	-
15	Mutual fund investments	-	-	-	-	-
16	Other items	22,578	-	25	-	22,603
		8,533,412	**296,280**	**1,619,780**	**75,971**	**10,525,443**
	Individually impaired loans	17,455				17,455
	Individual write-downs on credits	49,767				49,767
	Write-downs by group	14,049				14,049

The amounts include on- and off-balance sheet items and derivatives by credit conversion 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 exposures have interest or capital at least 90 days overdue.

Main counterparties and branches by liability class before the effect of risk mitigation techniques

		Exposure class				
Counterparty	**Branch**	**Corporate exposures**	**Retail exposures**	**Real estate collateralised**	**Past due exposures**	**Total**
Corporates						
	Property	164,188	51,673	43,575	881	260,317
	Trade	56,408	40,324	22,298	1,663	120,693
	Financing	117,399	3,854	11,320	2,481	135,054
	Industry, energy	68,449	20,875	5,093	2,355	96,772
	Construction	51,956	20,249	17,288	2,964	92,457
	Research, consulting, services	26,024	27,452	16,740	4,463	74,679
	Transport	43,246	11,539	7,925	5,115	67,824
	Hotels and restaurants	20,868	6,724	6,268	2,495	36,355
	Agriculture, fisheries, mining	20,729	4,825	3,782	1,267	30,603
	Other	27,664	15,338	18,467	1,012	62,481
Total		**596,930**	**202,853**	**152,758**	**24,695**	**977,235**
Households		46,163	734,567	5,250,261	36,873	6,067,864
Housing corporations		108,815	28,925	185,395	651	323,786
Other non-profit corporations		45,966	-	8,358	0	54,324
Total		**797,874**	**966,345**	**5,596,771**	**62,219**	**7,423,209**

Loans individually impaired

31.12.2011

Sector	Contract value	Individual impairment	Book value	Fair value of collateral	Change during the period: Change in impairment	Change during the period: Impairment losses on credits and other commitments
Corporates	60 020	44 861	15 158	11 717	13 639	4 027
Housing corporations	1 103	452	651	1 575	451	-
Public corporations	-	-	-	-	-	-
Non-profit corporations	2	2	-	-	2	2
Households	4 317	3 913	405	900	1 392	261
Total	**65 442**	**49 228**	**16 214**	**14 193**	**15 483**	**4 291**

Write-downs on corporate loans by branch			
Research, consultingand other services	20 472	19 671	800
Trade	3 526	3 149	376
Construction	4 125	3 386	739
Industry	12 101	9 766	2 335
Human health and other service activities for households	9 287	4 274	5 013
Other	10 510	4 615	5 895
Total	**60 020**	**44 861**	**15 158**

31.12.2010

Sector	Contract value	Individual impairment	Book value	Fair value of collateral	Change during the period: Change in impairment	Change during the period: Impairment losses on credits and other commitments
Corporates	46 321	35 251	11 070	10 730	184	3 228
Housing corporations	1	1	-	2	-	-
Public corporations	-	-	-	-	-	-
Non-profit corporations	2	2	-	-	-1	11
Households	3 578	2 783	795	952	673	659
Total	**49 902**	**38 037**	**11 865**	**11 684**	**856**	**3 898**

Write-downs on corporate loans by branch			
Research, consultingand other services	18 256	17 856	400
Trade	7 240	5 255	1 985
Construction	4 501	3 578	923
Industry	5 149	4 110	1 039
Property	1 498	968	531
Other	9 676	3 484	6 192
Total	**46 321**	**35 251**	**11 070**

G3 Segment report for Bank Group

Income statement 31.12.	Banking Business		Asset Management		Miscellaneous		Eliminations		Total Group	
(EUR 1,000)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Net interest income	123,918	145,561	4,305	3,606	-18	-16	-	-	128,205	149,151
Dividends	2,222	2,399	-	-	-	-	-2,049	-2,064	173	335
Net commission income	37,509	33,995	16,572	17,196	-85	62	-28	-39	53,969	51,214
Net income from financial transactions	-9,351	-5,576	75	-9	0	-	-	-	-9,276	-5,585
Net income from investment properties	14	9	-	-	-3	-6	-61	-74	-50	-71
Other operating income	4,335	4,366	614	341	2,383	4,814	-2,759	-2,313	4,573	7,207
Total operating income	**158,647**	**180,753**	**21,566**	**21,134**	**2,277**	**4,853**	**-4,897**	**-4,490**	**177,593**	**202,250**
Staff costs	-37,302	-34,176	-8,049	-9,146	-7,161	-6,763	-393	-432	-52,905	-50,516
IT-expenses	-13,650	-12,075	-857	-855	-5,346	-5,043	-	-	-19,853	-17,974
Depreciation of tangible and intangible assets	-2,232	-2,228	-473	-510	-1,260	-1,877	-	-	-3,965	-4,615
Other operating expenses	-58,623	-49,512	-6,541	-6,210	9,905	5,961	2,286	2,882	-52,972	-46,878
Total operating expenses	**-111,807**	**-97,991**	**-15,920**	**-16,720**	**-3,861**	**-7,722**	**1,893**	**2,451**	**-129,695**	**-119,982**
Write-downs on credits and other commitments	-10,487	-12,950	-	-	-	-	-	-	-10,487	-12,950
Share of profit from associated companies	-	-	-	-	-	-	-34	1,535	-34	1,535
Operating profit	**36,354**	**69,813**	**5,646**	**4,414**	**-1,585**	**-2,869**	**-3,038**	**-505**	**37,378**	**70,854**
Contribution of insurance businesses to the Groups' operating profit										

Balance sheet 31.12.	Banking Business		Asset Management		Miscellaneous		Eliminations		Total Group	
(EUR 1,000)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Cash and balances with central banks	466,198	269,721	114	90	-	-	-	-	466,313	269,810
Financial assets available for sale	1,876,077	2,593,623	1,401	8,046	-	-	-1,300	-4,292	1,876,178	2,597,377
Loans and other receivables	7,139,916	6,652,056	74,720	53,765	-	-	-8,806	-6,157	7,205,830	6,699,664
Other assets	498,832	389,235	7,315	6,980	7,869	7,022	-69,187	-45,745	444,829	357,492
Total assets	**9,981,023**	**9,904,635**	**83,550**	**68,880**	**7,869**	**7,022**	**-79,293**	**-56,194**	**9,993,150**	**9,924,343**
Deposits	4,597,289	4,191,712	185,805	179,779	-	-	-8,806	-6,157	4,774,288	4,365,335
Debt securities issued	3,812,831	3,397,792	-	-	-	-	-1,300	-4,292	3,811,531	3,393,499
Other liabilities to credit institutions	353,535	1,012,531	-	-	-	-	-	-	353,535	1,012,531
Other liabilities	732,352	830,971	14,044	9,274	12,705	9,015	-82,140	-73,127	676,961	776,132
Total liabilities	**9,496,007**	**9,433,005**	**199,849**	**189,053**	**12,705**	**9,015**	**-92,246**	**-83,576**	**9,616,315**	**9,547,497**

 (EUR 1,000)

G4 Interest income and expenses

	2011	2010
Interest income		
Interest income from cash and balances with central banks	3,290	2,485
Interest income from financial assets reported at fair value via the income statement	-	94
Interest income from financial assets available for sale	69,550	83,698
Interest income from claims on credit institutions	996	934
Interest income from claims on public and public sector entities	184,179	150,390
Interest income from finance lease contracts	996	875
Interest income from loans and other receivables	186,171	152,199
Interest income from financial assets held until maturity	470	448
Interest income from hedging instruments	1,977	274
Other interest income	2,755	2,501
Total	**264,213**	**241,699**
Interest expenses		
Interest expenses from deposits, credit institutions	-21,721	-20,999
Interest expenses from deposits, other public entities	-41,531	-33,423
Interest expenses from deposits	-63,252	-54,421
Interest expenses for debt securities issued to the public	-98,023	-73,146
Interest expenses for subordinated liabilities	-11,032	-10,051
Interest expenses from securities issued and subordinated liabilities	-109,056	-83,198
Interest expenses for hedging instruments	36,487	45,128
Other interest expenses	-187	-56
Total	**-136,008**	**-92,548**
Net interest income	**128,205**	**149,151**
Deposits and lending	63,049	54,762
Hedging, interest rate risk management	34,850	58,265
Other	30,307	36,124
Net interest income	**128,205**	**149,151**

G5 Dividends

	2011	2010
Dividend income from shares available for sale	173	335
Total	**173**	**335**

G6 Commission income and expenses

	2011	2010
Commission income		
Lending	7,166	8,379
Borrowing	167	168
Payment transactions	16,124	14,372
Asset management services	39,097	39,181
Brokerage of insurance	6,096	4,377
Guarantees and other off-balance sheet commitments	652	705
Other commission income	2,130	2,275
Total	**71,433**	**69,457**
Commission expenses		
Commission expenses	-12,443	-12,975
Money handling	-603	-613
Joint use of ATMs	-1,391	-1,387
Other commission expenses	-3,027	-3,268
Total	**-17,464**	**-18,243**
Net commission income	**53,969**	**51,214**

G7 Net income from financial transactions	2011	2010
Financial assets held for trading		
Capital gains and losses		
Interest-bearing securities	4	69
Other items	-2	1
Total	**2**	**70**
Total	**2**	**70**
Financial assets and liabilities reported at fair value via the income statement		
Capital gains and losses		
Derivative instruments	32	1,080
Total	**32**	**1,080**
Valuation gains and losses		
Derivative instruments	-6,449	-4,985
Total	**-6,449**	**-4,985**
Total	**-6,418**	**-3,905**
Financial assets available for sale		
Capital gains and losses		
Interest-bearing securities	-1,236	2,141
Shares and participations	-696	541
Total	**-1,931**	**2,682**
Transferred to income statement from fund at fair value		
Interest-bearing securities	-526	-5,137
Shares and participations	-24	0
Total	**-550**	**-5,137**
Write-downs		
Other items	-800	-
Total	**-800**	**-**
Total	**-3,282**	**-2,455**
Net income from currency trading	1,176	1,098
Net result from hedge accounting		
Ineffective share of cash flow hedging	-40	-139
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	41,640	-52
Financial derivatives hedging issued bonds	52,063	4,075
Changes in the actual value of the hedge instrument, net	93,703	4,023
Repayable on demand liabilities	-41,649	66
Bonds issued	-52,769	-4,343
Changes in the fair value of items that are hedged, net	-94,418	-4,277
Total	**-715**	**-254**
Total cash flow hedging	**-755**	**-392**
Net income from financial transactions	**-9,276**	**-5,585**

On disposal of property, the unrealised value change, included in the fund at fair value at the beginning of the year, is transferred from the fund at fair value to the income statement.

G8 Net income from investment properties	2011	2010
Rental income	-18	0
Direct expenses from investment properties, which generated rental income during the accounting period	-33	-71
Net income from investment properties	**-50**	**-71**

G9 Other operating income

	2011	2010
Profit from sale of tangible and intangible assets	-495	292
Other income from the credit institutution's own business	3,279	3,584
Other operating income	1,789	3,331
Total	**4,573**	**7,207**

G10 Staff

	2011	2010
Salaries and fees	-43,093	-42,041
Pension costs		
Avgiftsbestämda pensionsplaner	-7,697	-6,441
Förmånsbestämda pensionsplaner	-70	-
Other indirect employee costs	-2,044	-2,034
Indirect employee costs	-9,812	-8,474
Total	**-52,905**	**-50,516**
Number of employees 31 December		
Full-time	714	715
Part-time	98	97
Temporary	141	140
Total	**953**	**952**
Number of employees converted to full-time equivalents	769	763
Full-time equivalent average number of employees for the reporting period	774	740

G11 Depreciation of tangible and intangible assets

	2011	2010
Depreciation of tangible assets	-1,840	-1,944
Depreciation of intangible assets	-2,126	-2,671
Total	**-3,965**	**-4,615**

G12 Other operating expenses

	2011	2010
Other staff expenses	-3,099	-2,914
Office expenses	-4,371	-3,290
Communication expenses	-2,705	-2,730
Representation and marketing expenses	-2,245	-2,552
Other administrative expenses	-18,796	-16,288
Rental expenses	-9,702	-9,021
Expenses for commercial properties	-1,784	-1,694
Insurance- and security expenses	-2,534	-2,025
Monitoring, control and membership fees	-845	-752
Capital losses from commercial properties and other tangible assets	-137	-
Other operating expenses	-6,755	-5,614
Total	**-52,972**	**-46,878**

G13 Taxes

	2011	2010
Income taxes on the ordinary business	-5,606	-16,533
Income taxes from previous financial years	-7	-305
Changes in deferred taxes	-2,164	-1,388
Total	**-7,777**	**-18,225**

More information on deferred taxes is presented in note G25. 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:

	2011	2010
Profit before tax	33,478	70,854
Tax calculated on a 26% tax rate	8,704	18,422
Effect from change af deferred tax from 26% to 24.5%	-1,240	-
Non-deductible expenses	1	115
Tax free income	-91	-158
Unused write-downs for tax purposes	-62	-148
Utilisation of previously unrecognised tax losses	-	-79
Loss when deferred tax is not recorded	343	-
Tax on the share of the profit from associated companies	9	-399
Income taxes from previous financial years	7	305
Other	107	167
Income tax	**7,777**	**18,225**

Taxes booked directly against the equity is attributable to the fund at fair value and is specified in note G32.

G14 Earnings per share

	2011	2010
Profit for the financial year attributable to shareholders in Aktia Bank plc	24,718	50,080
Average number of shares	3	3
Earnings per share (EPS), EUR	8,239,314.30	16,693,313.89
Total comprehensive income attributable to shareholders in Aktia Bank plc	6,008	24,455
Total earnings per share, EUR	2,002,733.92	8,151,559.21

There is no dilution effect to earnings per share.

Notes to the consolidated balance sheet and other consolidated notes for Bank Group

(EUR 1,000)

G15 Cash and balances with central banks

	2011	2010
Cash in hand	9,537	9,605
Bank of Finland current account	456,775	260,205
Total	**466,313**	**269,810**

G16 Financial assets available for sale

	2011	2010
Interest bearing securities, central and local goverment	71,050	100,368
Interest bearing securities, credit institutions	1,801,334	2,475,566
Interest bearing securities, other	1,999	15,490
Total interest-bearing securities	1,874,384	2,591,424
Publicly quoted shares and holdings	-	4,012
Shares and holdings that are not publicly quotes	1,794	1,942
Total shares and holdings	1,794	5,954
Total financial assets available for sale	**1,876,178**	**2,597,377**

The Bank Group had no need for impairments of financial assets available for sale.
The definition of significant or long-term negative value is described in note G1 Overview of significant Consolidated accounting principles for the Bank Group 2011 in chapter Impairment of financial assets.

G17 Financial assets held until maturity

	2011	2010
Interest-bearing securities, other	20,034	21,459
Total	**20,034**	**21,459**

G18 Derivative instruments

Derivative instruments, book value

	2011 Assets	2011 Liabilities	2010 Assets	2010 Liabilities
Interest rate derivatives	157,190	35,460	74,072	40,568
Fair value hedging	157,190	35,460	74,072	40,568
Interest rate derivatives	21,056	4	45,471	302
Cash flow hedging	21,056	4	45,471	302
Interest rate derivatives	118,148	121,483	103,028	103,053
Currency derivatives	1,951	1,293	1,893	1,586
Shares derivatives	1,312	1,312	4,929	4,929
Other derivatives	1,070	1,070	893	893
Other derivative instruments	122,481	125,158	110,743	110,461
Total	**300,727**	**160,622**	**230,286**	**151,331**

From cash flow hedging, a cash flow of approx. EUR 6-7 million is expected 2012, approx. EUR 7-8 million 2013 and the rest in the years years 2014–2016.

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

31 December 2011

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	517,000	2,556,000	1,012,000	4,085,000	157,190	35,460
Total fair value hedging	**517,000**	**2,556,000**	**1,012,000**	**4,085,000**	**157,190**	**35,460**
Cash flow hedging						
Interest rate option agreements	-	655,000	-	655,000	21,056	4
Purchased	-	415,000	-	415,000	21,056	-
Written	-	240,000	-	240,000	-	4
Total cash flow hedging	**-**	**655,000**	**-**	**655,000**	**21,056**	**4**
Total interest rate derivatives	**517,000**	**3,211,000**	**1,012,000**	**4,740,000**	**178,246**	**35,464**
Total hedging derivative instruments	**517,000**	**3,211,000**	**1,012,000**	**4,740,000**	**178,246**	**35,464**
Other derivative instruments						
Interest rate swaps	598,000	1,751,300	964,480	3,313,780	85,869	89,179
Interest rate option agreements	628,000	1,890,321	540,000	3,058,321	32,279	32,304
Purchased	308,000	1,177,600	270,000	1,755,600	31,534	28,861
Written	320,000	712,721	270,000	1,302,721	745	3,443
Total interest rate derivatives	**1,226,000**	**3,641,621**	**1,504,480**	**6,372,101**	**118,148**	**121,483**
Forward rate agreements	85,582	-	-	85,582	1,951	1,293
Total forward rate agreements	**85,582**	**-**	**-**	**85,582**	**1,951**	**1,293**
Equity options	1,908	105,253	-	107,161	1,312	1,312
Purchased	954	52,626	-	53,580	1,312	-
Written	954	52,626	-	53,580	-	1,312
Total equity options	**1,908**	**105,253**	**-**	**107,161**	**1,312**	**1,312**

Options	3,870	18,830	-	22,700	1,070	1,070
Purchased	1,935	9,415	-	11,350	1,070	-
Written	1,935	9,415	-	11,350	-	1,070
Other derivative instruments	**3,870**	**18,830**	**-**	**22,700**	**1,070**	**1,070**
Total other derivative instruments	**1,317,360**	**3,765,704**	**1,504,480**	**6,587,544**	**122,481**	**125,158**
Total derivative instruments	**1,834,360**	**6,976,704**	**2,516,480**	**11,327,544**	**300,727**	**160,622**

31 December 2010

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	400,000	400,000	-	800,000	3,134	-
Interest rate swaps	224,500	2,301,000	1,043,000	3,568,500	70,938	40,568
Total fair value hedging	**624,500**	**2,701,000**	**1,043,000**	**4,368,500**	**74,072**	**40,568**
Cash flow hedging						
Interest rate option agreements	-	960,000	-	960,000	45,471	302
Purchased	-	720,000	-	720,000	45,471	-
Written	-	240,000	-	240,000	-	302
Total cash flow hedging	**-**	**960,000**	**-**	**960,000**	**45,471**	**302**
Total interest rate derivatives	**624,500**	**3,661,000**	**1,043,000**	**5,328,500**	**119,543**	**40,870**
Total hedging derivative instruments	**624,500**	**3,661,000**	**1,043,000**	**5,328,500**	**119,543**	**40,870**
Other derivative instruments						
Interest rate swaps	374,000	1,888,000	1,084,230	3,346,230	57,985	58,474
Interest rate option agreements	1,267,000	2,522,528	480,000	4,269,528	45,043	44,579
Purchased	727,000	1,490,264	240,000	2,457,264	42,593	40,466
Written	540,000	1,032,264	240,000	1,812,264	2,450	4,113
Total interest rate derivatives	**1,641,000**	**4,410,528**	**1,564,230**	**7,615,758**	**103,028**	**103,053**
Forward rate agreements	175,612	-	-	175,612	1,893	1,586
Total forward rate agreements	**175,612**	**-**	**-**	**175,612**	**1,893**	**1,586**
Equity options	10,234	80,312	16,700	107,246	4,929	4,929
Purchased	5,117	40,156	8,350	53,623	3,195	1,734
Written	5,117	40,156	8,350	53,623	1,734	3,195
Total equity options	**10,234**	**80,312**	**16,700**	**107,246**	**4,929**	**4,929**
Options	-	4,307	-	4,307	893	893
Purchased	-	2,153	-	2,153	893	-
Written	-	2,153	-	2,153	-	893
Other derivative instruments	**-**	**4,307**	**-**	**4,307**	**893**	**893**
Total other derivative instruments	**1,826,846**	**4,495,147**	**1,580,930**	**7,902,923**	**110,743**	**110,461**
Total derivative instruments	**2,451,346**	**8,156,147**	**2,623,930**	**13,231,423**	**230,286**	**151,331**

G19 Loans and other receivables

	2011	2010
Repayable on demand receivables from credit institutions	6,638	6,129
Other than credit institututions that are not repayable on demand receivables from credit institutions	82,141	39,839
Lending to credit institutions	88,779	45,968
Transaction account credits, general and corporate	86,908	98,566
Loans	7,018,887	6,548,505
Receivables from finance lease contracts	20,195	21,050
Loans	7,125,990	6,668,121
Write-downs for loans outstanding by group	-14,049	-19,300
Syndicated loans and sale and repurchase agreements, domestic/foreign	4,500	4,500
Bank guarantee claims	450	376
Repayable on demand receivables from the public and public sector entities	7,116,891	6,653,696
Other than repayable on demand receivables from the public and public sector entities	160	-
Lending to the public and public sector entities	7,117,051	6,653,696
Total	**7,205,830**	**6,699,664**

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

	2011	2010
Households	5,965,576	5,478,763
Companies	811,555	823,047
Housing associations	288,742	289,279
Public sector entities	6,003	6,703
Non-profit organisations	45,176	55,904
Total	**7,117,051**	**6,653,696**

Write-downs during the reporting period

	2011	2010
Write-downs at the beginning of the financial year	57,592	48,540
Individual write-downs on credits	17,337	12,384
Individual write-downs on other commitments	1,165	62
Individual write-downs on interest receivables	146	245
Write-downs on credits outstanding by group	-5,251	11,865
Reversal of write-downs on individual credits	-2,769	-11,573
Reversal of write-downs on other individual commitments	-1	-5
Reversal of write-downs on interest receivables	-94	-17
Reversal of impairment losses on credits	-46	-11
Total write-downs of the reporting period	10,487	12,950
Realised credit losses for which individual write-downs were made earlier	-4,281	-3,203
Credit losses for other commitments for which agreed write-downs were already made	-277	-706
Reversal of impairment losses on credits	46	11
Write-downs at the end of the financial year	**63,566**	**57,592**
Accrued receivables written down at the beginning of the year, gross	69,457	62,661
This year's receivables written down, gross	26,429	27,229
Reversal of this year's receivables written down, gross	-16,106	-20,433
Accrued receivables written down at the end of the year, gross	79,780	69,457

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

Description of collateral obtained is commented on in note K2, Risk management and information on the fair values is given in note G34.

Breakdown of maturity on finance lease receivables

	2011	2010
Under 1 year	5,695	5,445
1–5 years	14,622	15,694
Over 5 years	2,146	2,325
Gross investment	**22,463**	**23,465**
Unearned future finance income	-2,268	-2,415
Net investment in finance leases	**20,195**	**21,050**

Present value of future minimum lease payments receivables		
Under 1 year	4,798	4,540
1–5 years	13,259	14,230
Over 5 years	2,138	2,281
Total	**20,195**	**21,050**

G20 Investments in associated companies

	2011	2010
Acquisition cost at 1 January	2,681	2,890
Investments	-	50
Disposals	-250	-260
Acquisition cost at 31 December	2,431	2,681
Share of profits at 1 January	795	-48
Share of profit from associated companies	-34	1,535
Dividends obtained during the financial year	-306	-692
Impairments	581	-
Share of profits at 31 December	1,036	795
Book value at 31 December	**3,467**	**3,476**

Associated companies at 31 December 2011	**Assets**	**Liabilities**	**Operating profit**	**Profit for the period**
Oy Samlink Ab, Helsinki	26,303	14,364	-357	-486
ACH Finland Abp, Espoo	3,267	92	219	198
Total	**29,569**	**14,456**	**-138**	**-289**

Unicus Ltd and other associated companies were sold in 2011.

Associated companies at 31 December 2010	**Assets**	**Liabilities**	**Operating profit**	**Profit for the period**
Oy Samlink Ab, Helsinki	21,590	12,905	2,055	1,688
Unicus Ab, Helsinki	2,371	773	3,722	2,970
ACH Finland Abp, Espoo	3,006	29	146	108
Other associated companies	16,259	11,020	-3	178
Total	**43,225**	**24,726**	**5,920**	**4,944**

G21 Intangible assets

	2011	2010
Acquisition cost at 1 January	7,856	9,994
Increases	576	872
Decreases	-986	-3,011
Acquisition cost at 31 December	7,445	7,856
Accumulated depreciations and impairments at 1 January	-4,799	-5,931
Accumulated depreciation on decreases	760	2,849
Planned depreciation	-1,123	-1,718
Accumulated depreciations and impairments at 31 December	-5,162	-4,799
Book value at 31 December	**2,283**	**3,056**

G22 Investment properties

	2011	2010
Shares and participations in real estate corporations		
Acquisition cost at 1 January	4	4
Valuation at fair value	712	-
Acquisition cost at 31 December	716	4
Book value at 31 December	716	4
Carrying amount at December, 31	716	716

G23 Other tangible assets

Other tangible assets

31 December 2011	**Machines and equipment**	**Office renovations**	**Other tangible assets**	**Total other tangible assets**
Acquisition cost at 1 January	6,167	5,984	2,344	14,496
Increases	1,178	1,096	-	2,274
Decreases	-156	-52	-25	-233
Acquisition cost at 31 December	7,189	7,028	2,319	16,537
Accumulated depreciations and impairments at 1 January	-3,427	-3,626	-1,396	-8,448
Accumulated depreciation on decreases	42	-	-	42
Planned depreciation	-1,342	-1,003	-498	-2,843
Accumulated depreciations and impairments at 31 December	-4,727	-4,629	-1,893	-11,250
Book value at 31 December	**2,462**	**2,399**	**426**	**5,287**

31 December 2010	**Machines and equipment**	**Office renovations**	**Other tangible assets**	**Total other tangible assets**
Acquisition cost at 1 January	5,175	5,634	2,344	13,153
Increases	1,009	351	-	1,359
Decreases	-16	-	-	-16
Acquisition cost at 31 December	6,167	5,984	2,344	14,496
Accumulated depreciations and impairments at 1 January	-2,084	-2,673	-797	-5,554
Accumulated depreciation on decreases	3	-	-	3
Planned depreciation	-1,346	-953	-598	-2,897
Accumulated depreciations and impairments at 31 December	-3,427	-3,626	-1,396	-8,448
Book value at 31 December	**2,741**	**2,358**	**948**	**6,048**

G24 Other assets

	2011	**2010**
Accrued income and advance payments	70,550	79,571
Accrued income and advance payments	70,550	79,571
Cash items being collected	141	1,349
Other assets	7,464	976
Other assets	7,605	2,326
Total	**78,155**	**81,897**

G25 Deferred taxes

	2011	**2010**
Deferred tax liabilities/receivables, net		
Net deferred tax liabilities/receivables, net at 1 January	21,194	28,689
Changes during the financial year booked via the income statement	2,164	1,388
Financial assets:		
- Valuation of fair value direct to equity	-5,620	-11,836
- Transferred to the income statement	135	1,336
Cash flow hedging:		
- Valuation of fair value direct to equity	-926	1,618
Defined-benefit pensions plans via comprehensive income	-82	-
Real estate is valued at fair value via retained earning	175	-
Net deferred tax liabilities/receivables,net at 31 December	17,039	21,194
Deferred tax liabilities		
Appropriations	25,049	23,982
Group-specific write-downs	-3,442	-
Financial assets	0	-420
Cash flow hedging	7,163	8,876
Investment properties valued at fair value	175	-
Total	**28,944**	**32,438**

Deferred tax receivables		
Financial assets	11,382	6,122
Cash flow hedging	417	-
Group-specific write-downs	-	5,018
Defined-benefit pensions plans	50	-
Other	58	104
Total	**11,905**	**11,244**
Specification of changes during the financial year booked via the income statement		
Appropriations	-2,450	-2,080
Group-specific write-downs	-1,287	3,085
Financial assets	-	-2,059
Cash flow hedging	601	67
Defined-benefit pensions plans	-32	-
Negative result	-	-155
Effect from change of deferred tax rate in 2011	1,044	-
Other	-41	-245
Total	**-2,164**	**-1,388**

G26 Deposits

	2011	**2010**
Repayable on demand liabilities to credit institutions	324,148	286,145
Other than repayable on demand liabilities to credit institutions	787,936	673,658
Liabilities to credit institutions	1,112,083	959,803
Repayable on demand deposits	2,354,863	2,155,283
Other than repayable on demand deposits	1,307,342	1,250,249
Liabilities to the public and public sector entities	3,662,205	3,405,532
Total	**4,774,288**	**4,365,335**

G27 Debt securities issued

	2011		**2010**	
	Book value	**Nominal value**	**Book value**	**Nominal value**
Certificates of deposit	429 239	431 250	446 052	447 040
Bonds	3 382 292	3 393 093	2 947 447	2 954 073
Total	**3 811 531**	**3 824 343**	**3 393 499**	**3 401 113**

31 December 2011	**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Certificates of deposit with fixed interest	216,650	214,600	-	-	-	431,250
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed rate	-	400,000	2,200,000	-	61,000	2,661,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable rate	-	125,000	500,000	-	-	625,000
Others	-	-	-	-	-	107,093
Total	**216,650**	**739,600**	**2,700,000**	**-**	**61,000**	**3,824,343**

31 December 2010	**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Certificates of deposit with fixed interest	340,440	106,600	-	-	-	447,040
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, fixed rate	-	-	2,000,000	-	-	2,000,000
Aktia Mortgage Bank's EMTCN (Euro Medium Term Covered Note) program, variable rate	-	250,000	625,000	-	-	875,000
Others						79,073
Total	**340,440**	**356,600**	**2,625,000**	**-**	**-**	**3,401,113**

Other bonds are included in the same program as the subordinated liabilities, see note G28.

G28 Subordinated liabilities

	2011	2010
Capital loans	30,000	30,000
Debenture loans	213,705	208,854
Loan without due date	45,000	45,000
Total	**288,705**	**283,854**
Nominal value	288,728	283,803
Amount included in upper Tier 2 capital	45,000	45,000
Amount included in lower Tier 2 capital	196,312	185,762

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 G27) and debenture loans are both issued. The debentures are issued on going at a fixed interest rate with 5 years maturity.

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

G29 Other liabilities to credit institutions

	2011	2010
Other liabilities to deposit banks	199,211	169,927
Other liabilities to credit institutions	154,324	842,604
Total	**353,535**	**1,012,531**

Other liabilities to deposit banks include liabilities of EUR 75 (75) million to the European Investment Bank with both fixed and floating interest rate and issued fixed interest rate Schuldscheindarlehen loans.

Other liabilities to credit institutions are attributable to repurchase agreements and to three different long-term loans amounting to a total of EUR 45 (60) million from the Nordic Investment Bank.

G30 Other liabilities to the public and public sector entities

	2011	2010
Repayable on demand other liabilities	225	245
Other than epayable on demand liabilities	51,447	176,721
Total	**51,671**	**176,967**

G31 Other liabilities

	2011	2010
Interest liabilities on deposits	15,084	13,047
Other accrued interest expenses and interest income received in advance	58,101	48,745
Advance interest received	1,248	2,841
Accrued interest expenses and interest income received in advance	74,434	64,633
Other accrued expenses and income received in advance	28,157	23,920
Accrued expenses and income received in advance	**102,590**	**88,553**
Cash items in the process of collection	38,747	31,181
Defined benefit plans	202	-
Other liabilities	5,470	3,621
Other liabilities	**44,419**	**34,802**
Total other liabilities	**147,009**	**123,354**

The presentation of other accrued expenses and income received in advance for 2010 is changed to correspond with the presentation 2011.

G32 Equity

	2011	2010
Share capital	163,000	163,000
Fund at fair value	-9,359	9,098
Restricted equity	153,641	172,098
Unrestricted equity reserve	44,558	44,558
Retained earnings 1 January	115,898	108,718
Dividends to shareholders	-20,000	-42,900
Other changes in retained earnings	538	-
Defined benefit plan pensions, OCI	-253	-
Profit for the reporting period	24,718	50,080
Unrestricted equity	165,459	160,456
Shareholders' share of equity	319,100	332,554
Non-controlling interest's share of equity	57,735	44,291
Equity	376,835	376,846

Share capital and shares

At the end of the period share capital was EUR 163,000,000, divided into 3 shares, which are owned by Aktia Plc

Fund at fair value

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. Financial assets reported via the fund at fair value are transferred to the income statement on sale or write-down of the assets.

Unrestricted equity reserve

Items entered in the unrestricted equity reserve has since 1 September 2006 been equivalent to the sum paid in addition to the counter value paid for shares in an new issue.

Retained earnings

Retained earning contains retained earnings from previoius reporting periods, dividends to shareholders and profit for the reporting period. Retained earnings also contains appropriations in the seperate financial statements of Group companies that in the IFRS financial statements have been booked under retained earnings after deduction for deferred tax.

Specification of change in fund at fair value

	2011	2010
Fund at fair value at 1 January	9,098	34,724
Profit/loss on the evaluation of the fair value, shares and holdings	7	-112
Profit/loss on the evaluation of the fair value, interest bearing securities	-24,301	-45,419
Deferred taxes on profit/loss on the evaluation of the fair value	5,620	11,836
Transferred to the income statement, shares and participations, included in:		
Net income from financial assets available for sale	24	0
Deferred taxes	-6	0
Transferred to the income statement, interest-bearing securities, included in:		
Net income from financial assets available for sale	526	5,137
Deferred taxes	-129	-1,336
Profit/loss on the evaluation of the fair value for cash flow hedging derivative contracts	-1,124	5,887
Deferred taxes on profit/loss on the evaluation of the fair value	926	-1,618
Fund at fair value at 31 December	**-9,359**	**9,098**

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

Share capital and unrestricted equity reserve

	Number of shares	Share capital	Unrestricted equity reserve
1 Januari 2010	3	163,000	44,558
31 December 2010	3	163,000	44,558
31 December 2011	3	163,000	44,558

Bank Group’s unrestricted equity	2011	2010
Non-distributable assets in unrestricted equity		
Share of the accumulated appropriations that have been included in the retained earnings at 1 January	68,258	62,338
Share of accumulated appropriations that have been included in the profit for the financial year	8,934	5,920
Total	**77,191**	**68,258**
Distributable assets in unrestricted equity		
Retained earnings 1 January	47,641	46,381
Dividends to shareholders	-20,000	-42,900
Other changes in retained earnings	285	-
Profit for the period	15,784	44,160
Unrestricted equity reserve	44,558	44,558
Total	**88,268**	**92,198**
Total unrestricted equity		
Unrestricted equity reserve	44,558	44,558
Retained earnings 1 January	115,898	108,718
Dividends to shareholders	-20,000	-42,900
Other changes in retained earnings	285	-
Profit for the period	24,718	50,080
Total	**165,459**	**160,456**

Dividends to shareholders

The Board of Directors proposes to the AGM 2012 that a dividend of EUR 6.666.666,67 per share, totalling EUR 20,000,000.00, be paid to the shareholders based on the parent company Aktia Bank plc's distributable assets (see note P34). In 2012, the dividend to shareholders is booked as reduction of retained earnings under equity.

There have been no significant changes in the company's financial position after the end of the accounting period. The company's liquidity is good, and according to the Board of Directors the proposed distribution of dividends does not affect the solvency of the company.

G33 Classification of financial instruments

Assets

31 December 2011	Note	Held for sale	Held until maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks	G15				466,313		466,313
Interest-bearing securities	G16, G17	1,874,384	20,034				1,894,418
Shares and participations	G16	1,794					1,794
Derivative instruments	G18			300,727			300,727
Lending to credit institutions	G19				88,779		88,779
Lending to the public and public sector entities	G19				7,117,051		7,117,051
Investments in associated companies	G20					3,467	3,467
Intangible assets	G21					2,283	2,283
Investment properties	G22					716	716
Other tangible assets	G23					5,287	5,287
Accrued income and advance payments	G24					70,550	70,550
Other assets	G24					7,605	7,605
Income tax receivables						22,253	22,253
Deferred tax receivables	G25					11,905	11,905
Total		**1,876,178**	**20,034**	**300,727**	**7,672,143**	**124,068**	**9,993,150**

31 December 2010	Note	Held for sale	Held until maturity	Derivatives used for hedging	Loans and receivables	Non-financial assets	Total
Cash and balances with central banks	G15				269,810		269,810
Interest-bearing securities	G16, G17	2,591,424	21,459				2,612,882
Shares and participations	G16	5,954					5,954
Derivative instruments	G18			230,286			230,286
Lending to credit institutions	G19				45,968		45,968
Lending to the public and public sector entities	G19				6,653,696		6,653,696
Investments in associated companies	G20					3,476	3,476
Intangible assets	G21					3,056	3,056
Investment properties	G22					4	4
Other tangible assets	G23					6,048	6,048
Accrued income and advance payments	G24					79,571	79,571
Other assets	G24					2,326	2,326
Income tax receivables						22	22
Deferred tax receivables	G25					11,244	11,244
Total		**2,597,377**	**21,459**	**230,286**	**6,969,474**	**105,747**	**9,924,343**

Liabilities

31 December 2011		Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Deposits from credit institutions	G26		1,112,083		1,112,083
Deposits from the public and public sector entities	G26		3,662,205		3,662,205
Derivative instruments	G18	160,622			160,622
Debt securities issued	G27		3,811,531		3,811,531
Subordinated liabilities	G28		288,705		288,705
Other liabilities to credit institutions	G29		353,535		353,535
Other liabilities to the public and public sector entities	G30		51,671		51,671
Accrued expenses and income received in advance	G31			102,590	102,590
Other liabilities	G31			44,419	44,419
Income tax liabilities				9	9
Deferred tax liabilities	G25			28,944	28,944
Total		**160,622**	**9,279,730**	**175,963**	**9,616,315**

31 December 2010		Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Deposits from credit institutions	G26		959,803		959,803
Deposits from the public and public sector entities	G26		3,405,532		3,405,532
Derivative instruments	G18	151,331			151,331
Debt securities issued	G27		3,393,499		3,393,499
Subordinated liabilities	G28		283,854		283,854
Other liabilities to credit institutions	G29		1,012,531		1,012,531
Other liabilities to the public and public sector entities	G30		176,967		176,967
Accrued expenses and income received in advance	G31			88,553	88,553
Other liabilities	G31			34,802	34,802
Income tax liabilities				8,189	8,189
Deferred tax liabilities	G25			32,438	32,438
Total		**151,331**	**9,232,186**	**163,981**	**9,547,497**

G34 Fair value of financial assets and liabilities

Financial assets	**2011**		**2010**	
	Book value	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	466,313	466,313	269,810	269,810
Financial assets available for sale	1,876,178	1,876,178	2,597,377	2,597,377
Financial assets held until maturity	20,034	19,045	21,459	20,406
Derivative instruments	300,727	300,727	230,286	230,286
Loans and other receivables	7,205,830	7,142,357	6,699,664	6,703,922
Total	**9,869,082**	**9,804,620**	**9,818,596**	**9,821,801**

Financial liabilities	**2011**		**2010**	
	Book value	**Fair value**	**Book value**	**Fair value**
Deposits	4,774,288	4,735,437	4,365,335	4,357,988
Derivative instruments	160,622	160,622	151,331	151,331
Debt securities issued	3,811,531	3,814,468	3,393,499	3,403,347
Subordinated liabilities	288,705	289,747	283,854	286,439
Other liabilities to credit institutions	353,535	358,335	1,012,531	1,016,060
Other liabilities to the public and public sector entities	51,671	51,715	176,967	176,964
Total	**9,440,352**	**9,410,323**	**9,383,516**	**9,392,130**

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.

G35 Breakdown by maturity of financial assets and liabilities by balance sheet item

	Note						
Assets							
31 December 2011		**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Cash and balances with central banks	G15	466,313	-	-	-	-	466,313
Financial assets available for sale	G16	145,345	304,273	1,191,946	232,821	1,794	1,876,178
Financial assets held until maturity	G17	713	9,212	10,109	-	-	20,034
Derivative instruments	G18	5,585	16,905	176,015	93,645	8,577	300,727
Loans and other receivables	G19	610,110	590,558	1,921,481	1,549,315	2,534,366	7,205,830
Total		**1,228,065**	**920,948**	**3,299,551**	**1,875,781**	**2,544,738**	**9,869,082**
31 December 2010		**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Cash and balances with central banks	G15	269,810	-	-	-	-	269,810
Financial assets available for sale	G16	209,429	413,424	1,630,050	338,520	5,954	2,597,377
Financial assets held until maturity	G17	-	714	12,897	7,848	-	21,459
Derivative instruments	G18	10,324	13,567	174,119	32,102	175	230,286
Loans and other receivables	G19	386,585	553,412	1,873,472	1,584,541	2,301,654	6,699,664
Total		**876,148**	**981,117**	**3,690,538**	**1,963,010**	**2,307,782**	**9,818,596**

Liabilities

31 December 2011		Under 3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Deposits	G26	3,644,243	860,127	171,784	3,027	95,107	4,774,288
Derivative instruments	G18	4,798	9,549	85,477	55,933	4,865	160,622
Debt securities issued	G27	341,314	583,877	2,825,341	-	61,000	3,811,531
Subordinated liabilities	G28	18,113	46,959	185,806	7,827	30,000	288,705
Other liabilities to credit institutions	G29	68,324	15,000	129,761	38,476	101,973	353,535
Other liabilities to the public and public sector entities	G30	9,420	39,000	-	-	3,251	51,671
Total		**4,086,213**	**1,554,511**	**3,398,168**	**105,263**	**296,197**	**9,440,352**

31 December 2010		Under 3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Deposits	G26	3,343,676	839,653	178,074	3,931	-	4,365,335
Derivative instruments	G18	4,689	10,531	89,496	41,141	5,474	151,331
Debt securities issued	G27	339,973	347,639	2,684,887	21,000	-	3,393,499
Subordinated liabilities	G28	17,189	45,122	180,383	11,160	30,000	283,854
Other liabilities to credit institutions	G29	414,524	383,080	73,362	43,653	97,912	1,012,531
Other liabilities to the public and public sector entities	G30	172,290	500	-	-	4,177	176,967
Total		**4,292,340**	**1,626,526**	**3,206,203**	**120,886**	**137,562**	**9,383,516**

G36 Collateral assets and liabilities

Collateral assets

For the bank 31 December 2011	Security	The nominal value of the liability	The value of the security
Liabilities to credit institutions	Bonds	313,450	299,027
Collateral provided in connection with repurchasing agreements	Bonds	68,324	69,284
Collateral provided in connection with contracts of pledge	Bonds	44,800	45,498
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	14,515	14,515
Total		**441,089**	**428,324**

For the bank 31 December 2010			
Liabilities to credit institutions	Bonds	287,700	271,040
Collateral provided in connection with repurchasing agreements	Bonds	782,604	782,604
Collateral provided in connection with contracts of pledge	Bonds	47,440	47,440
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	21,339	21,339
Total		**1,139,083**	**1,122,423**

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

As of 31 December 2011	-	-	-
As of 31 December 2010	-	-	-

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 2011	Security	The nominal value of the liability	The value of the security
Collateral received in connection with pledging agreements	Cash and balances with central banks	230,498	230,498
Securities received in conjunction with repurchase agreements	Bonds	58,326	58,326
Total		**288,824**	**288,824**

For the bank 31 December 2010

Collateral received in connection with pledging agreements	Cash and balances with central banks	149,377	149,377
Securities received in conjunction with repurchase agreements	Bonds	10,000	10,000
Total		**159,377**	**159,377**

G37 Off-balance sheet commitments

	2011	**2010**
Guarantees	42,229	48,415
Other commitments provided to a third party on behalf of a customer	3,348	5,547
Unused credit arrangements	419,841	611,822
Total	**465,418**	**665,784**

Off-balance sheet commitments, exclude rental commitments.

31 December 2011	**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Guarantees	6,921	10,526	10,056	11,868	2,857	42,229
Other commitments provided to a third party on behalf of a customer	654	81	828	543	1,243	3,348
Unused credit arrangements	168,863	245,938	2,689	59	2,293	419,841
Total	**176,438**	**256,545**	**13,572**	**12,470**	**6,393**	**465,418**

31 December 2010	**Under 3 months**	**3–12 months**	**1–5 years**	**5–10 years**	**Over 10 years**	**Total**
Guarantees	9,565	8,004	10,964	17,090	2,792	48,415
Other commitments provided to a third party on behalf of a customer	1,271	123	1,324	1,026	1,804	5,547
Unused credit arrangements	190,854	397,966	13,767	2,039	7,197	611,822
Total	**201,690**	**406,093**	**26,055**	**20,154**	**11,792**	**665,784**

G38 Rent commitments

	2011	**2010**
Less than 1 year	8,101	7,935
1-5 years	31,876	26,112
More than 5 years	4,551	15,184
Total	**44,527**	**49,231**

The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. Relevance principle has been adopted and only significant rent commitments are considered.

G39 Companies included in the consolidated accounts

(EUR 1,000)

Companies included in consolidated accounts (ownership over 50 %)	**2011**		**2010**	
	Percentage of all shares	**Book value**	**Percentage of all shares**	**Book value**
Financing				
Aktia Real Estate Mortgage Bank Plc, Helsinki	49,9	52,656	49,9	39,134
Aktia Card Ltd, Helsinki	100,0	799	100,0	799
Aktia Leasing Ltd, Helsinki	100,0	8,503	100,0	798
Aktia Invest Ltd, Helsinki	70,0	1,138	70,0	1,138
Investment funds				
Aktia Fund Management Ltd, Helsinki	100,0	2,507	100,0	2,507
Securities companies				
Aktia Asset Management Ltd, Helsinki	86,0	1,468	93,0	1,034
Total		**67,072**		**45,411**

Business transactions with companies included in the Group	2011	2010
Credits and guarantees	472,620	425,023
Deposits	15,266	17,973
Receivables	20,559	17,945
Liabilities	31,144	28,204
*) Subordinated liability	30,000	30,000
Income and expenses from other activities		
-group contribution for Aktia plc from Group's wholly-owned subsidiaries	-3 900	-

	1.1.2011	Increase / Decrease	31.12.2011
Credits and guarantees	425,023	47,597	472,620
Deposits	17,973	-2,707	15,266
Subordinated liability 1)	30,000	-	30,000

	1.1.2011	Increase / Decrease	31.12.2011
Credits and guarantees	309,495	115,528	425,023
Deposits	18,457	-484	17,973
Subordinated liability 1)	-	30,000	30,000

1) Capital loan from Aktia plc. The loan is a capital loan in accordance with section 45, paragraph 1, point 4 in the Act on Credit Institutions with the same right of priority as the borrowers shareholders' equity and lower right of priority as the borrowers other commitments such as bonds and subordinated debts. The loan may not be used to set off counter-claims. The loan has no due date. As of 28 April 2015, the borrower is entitled to premature payment providing the Finnish Financial Supervisory Authority grants permission for premature repayment of the loan. The loan has an interest rate of 12 months Euribor + 4,0 %. The interest is payable per annum providing the borrower has distributable assets according to approved balance sheet for the previous reporting period. grants permission for premature repayment of the loan.

Shares in associated companies (ownership 20-50%)	2011		2010	
	Percentage of all shares	Book value	Percentage of all shares	Book value
Data processing				
Oy Samlink Ab, Helsinki	22,6	1,697	24,0	1,697
Private equity company				
Unicus Ab, Helsinki	-	-	37,5	250
Others				
ACH Finland Abp	24,5	734	24,5	734
Total		**2,431**		**2,681**

Business transactions with associated companies	2011	2010
Credits and guarantees	-	-
Deposits	450	2 469
Services bought from associated companies	15 167	14 600

	1.1.2010	Increase / Decrease	31.12.2010
Credits and guarantees	-	-	-
Deposits	2 469	-2 019	450

	1.1.2010	Increase / Decrease	31.12.2010
Credits and guarantees	65	-65	-
Deposits	251	2 218	2 469

The positions of the Board of Directors, the Managing Director and the Executive Committee of Aktia Bank plc are held by the same persons holding the corresponding positions in Aktia plc. Aktia Bank plc does not pay separate remuneration to them. Information on transactions with close relations is included in the financial statements of Aktia plc.

G40 Defined benefit plans

In addition to statutory pensions, Aktia has taken out supplementary pension insurance for the members of the Executive Committee. The retirement age of Executive Committee members is between 60 and 63. On reaching retirement age, members of the Executive Committee receice a pension of 60 % of the pensionable salary. The cost for the supplementary pension insurance (excluding the Managing Director) amounted to EUR 376,877 in 2010.

	2011	2010
Current service cost	-55	-
Interest expenses	-148	-
Expected return on plan assets	133	-
Expense recognised in income statement	-70	-
Actuary gains (-) / losses (+)	**28**	**-**
Liability related to previous years recognised in OCI during the period	-363	-
Total comprehensive income before taxes	**-405**	**-**
Present value of obligation 1 January	**-**	**-**
Obligation related to previous years recognised in OCI during the period	3,113	-
Current service cost	55	-
Interest expenses	148	-
Actuary gains (-) / losses (+)	14	-
Present value of obligation 31 December	**3,331**	**-**
Fair value of plan assets 1 January	**-**	**-**
Fair value of plan assets related to previous years recognised in OCI during the period	2,750	-
Expected return on plan assets	133	-
Actuary gains (+) / losses (-)	42	-
Contributions	203	-
Fair value of plan assets 31 December	**3,129**	**-**

The insurance companies' benefit-based pension schemes are included in the insurance companies' investment assets and the insurance companies carry the investment risk. Consequently, details on the distribution of assets or realised income in individual plans are not available.

Sanallinen kuvaus perusteesta, jota on käytetty varojen odoettua kokonaistuottoa määrittäessä, ml. Järjestelyyn kuuluvien varojen tärkeimpien ryhmien vaikutus.

	2011	2010
Present value of obligation	3,331	-
Fair value of plan assets	-3,129	-
Liability recognised in balance sheet	**202**	**-**
All the Group's obligations are funded		
Liability recognised in balance sheet 1 January	-	-
Liability related to previous years recognised in OCI during the period	363	-
Additional expense (+) to local GAAP	-132	-
Recognised acturial gains (-) / losses (+) during the period in OCI	-28	-
Liability recognised in balance sheet 31 December	**202**	**-**

The Group has no experience adjustments.

The Group is expected to pay approximately EUR 0.6 million contributions to the defined benefit plans.

	2011	2010
Actuarial assumptions		
Discount rate, %	4,66%	4,68%
Expected rate of return on plan assets	4,66%	4,68%
Rate of salary increase	3,00%	3,00%
Rate of benefit increase	0,30%	0,30%
Rate of inflation, %	2,00%	2,00%
Mortality	Compertz	Compertz
Average remaining service years	8	9

G41 The customer assets beeing managed

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

Customer assets being managed	**2011**	**2010**
Funds in discretionary asset management services	2,943,263	2,905,443
Funds within the framework of investment advising according to a separate agreement	4,034,965	4,072,785
Total funds in asset management services	**6,978,228**	**6,978,228**

G42 PS savings

The act governing long-term savings agreements entered into force 1 January 2010. As service provides, Aktia Bank plc offers this form of saving for private customers since 1 April 2010. The pension saving comprises a bank account, investments in mutual funds, bonds and shares.

Customer assets witin PS savings	**2011**	**2010**
PS Savings account	61	25
PS Deposit	43	17
Total	**104**	**42**
Customers' PS investments		
Investments in mutual funds	563	285
Shares	23	18
Total	**586**	**303**

G43 Events after the end of the financial year

Aktia's new online bank was launched on 25 January 2012.

31 January 2012, Aktia Card Ltd sold its business operations to its parent company Aktia Bank plc, which will continue to run the card business unchanged.

Income statement for the parent company – Aktia Bank Plc

(EUR 1,000)	Note	2011	2010
Interest income	P2	177,092	175,010
Interest expenses	P2	-58,154	-35,761
Net interest income		118,939	139,248
Income from Tier 1 capital instruments	P3	10,527	2,399
Commission income	P4	39,539	40,941
Commission expenses	P4	-4,222	-7,062
Net commission income		35,317	33,879
Net income from securities and currency trading	P5	-1,582	1,177
Net income from financial assets available for sale	P6	-3,348	-4,969
Net result from hedge accounting	P7	-921	-
Net income from investment properties	P8	11	3
Other operating income	P9	6,394	5,940
Staff costs	P10	-45,847	-43,185
IT-expenses		-17,733	-16,156
Other administrative expenses	P11	-26,643	-24,013
Total administrative expenses		-90,223	-83,353
Depreciation and impairment of tangible and intangible assets	P12	-3,305	-3,990
Other operating expenses	P13	-19,691	-18,181
Write-downs on credits and other commitments, net	P14	-9,227	-9,832
Operating profit		**42,890**	**62,320**
Appropriations		-10,000	-8,000
Taxes		-4,238	-16,208
Profit for the reporting period		**28,652**	**38,112**

Balance sheet for the parent company – Aktia Bank Plc

(EUR 1,000)	Note	2011	2010
Assets			
Cash and balances with central banks		466,313	269,810
Bonds that are eligible for refinancing with central banks	P16, P19	1,877,826	2,507,611
Receivables from credit institutions	P17	463,593	367,968
Receivables from the public and public sector entities	P18	3,222,253	3,409,145
Bonds from public sector entities		40,847	46,814
Other bonds		20,034	29,454
Total bonds	P19	60,882	76,269
Shares and participations	P20	71,297	56,783
Derivative instruments	P21	262,113	96,375
Intangible assets	P22	3,547	3,693
Investment properties and shares and participations in investment properties	P23	4	4
Other tangible assets	P23	2,776	3,531
Tangible assets		2,780	3,535
Other assets	P24	6,748	1,467
Accrued expenses and advance payments	P25	151,492	145,044
Deferred tax receivables	P26	11,251	5,793
Total assets		**6,600,093**	**6,943,494**
Liabilities			
Liabilities to credit institutions	P27	1,376,887	1,987,538
Deposits		3,693,560	3,404,369
Other liabilities		51,671	176,967
Liabilities to the public and public sector entities	P28	3,745,231	3,581,336
Debt securities issued to the public	P29	521,898	540,960
Derivatives and other liabilities held for trading	P21	196,550	111,166
Other liabilities	P30	37,574	32,370
Accrued expenses and income received in advance	P31	102,853	110,020
Subordinated liabilities	P32	271,036	265,450
Deferred tax liabilities	P33	8,070	-
Total liabilities		**6,260,101**	**6,628,841**
Accumulated appropriations		102,240	92,240
Equity			
Share capital	P34	163,000	163,000
Fund at fair value	P34	-9,801	-16,489
Unrestricted equity reserve		44,558	44,558
Retained earnings 1 January		31,344	36,132
Dividends to shareholders		-20,000	-42,900
Profit for the reporting period		28,652	38,112
Total equity	**P34**	**237,752**	**222,413**
Total liabilities and equity		**6,600,093**	**6,943,494**

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

(EUR 1,000)	Note	2011	2010
Off-balance-sheet commitments	**P41**		
Guarantees and pledges		42,229	48,415
Other		3,348	5,547
Commitments provided to a third party on behalf of the customer		45,576	53,962
Unused credit arrangements		492,441	669,757
Irrevocable commitments given in favour of a customer		492,441	669,757
Total		**538,018**	**723,719**

Cash flow statement for the parent company – Aktia Bank Plc

(EUR 1,000)	2011	2010
Cash flow from operating activities		
Operating profit	42,890	62,320
Adjustment items not included in cash flow for the period	13,653	15,933
Unwinded cash flow hedging	17,597	-
Paid income taxes	-32,972	-25,279
Increase (-) or decrease (+) in receivables from operating activities	**721,174**	**22,836**
Bonds	628,992	30,758
Claims on credit institutions	-95,116	-70,839
Receivables from the public and public sector entities	177,666	66,779
Other assets	9,632	-3,861
Increase (+) or decrease (-) in liabilities from operating activities	**-532,915**	**-135,807**
Liabilities to credit institutions	-613,926	-714,095
Liabilities to the public and public sector entities	94,652	456,003
Debt securities issued to the public	-19,062	149,261
Other liabilities	5,420	-26,976
Total cash flow from operating activities	**229,426**	**-59,996**
Cash flow from investing activities		
Financial assets held until maturity, increase	1,428	6,428
Reclaim of minority shares in subsidiaries	-	-558
Investments in group companies and associated companies	-3,831	-1,138
Proceeds from sale of group companies and associated companies	338	210
Investment in tangible and intangible assets	-2,673	-1,797
Disposal of tangible and intangible assets	269	1,225
Share issue of Aktia Plc to Aktia Real Estate Mortgage Bank Plc	-13,522	-5,843
Total cash flow from investing activities	**-17,991**	**-1,475**
Cash flow from financing activities		
Subordinated liabilities, increase	67,219	94,857
Subordinated liabilities, decrease	-61,642	-60,774
Paid dividends	-20,000	-42,900
Total cash flow from financing activities	**-14,423**	**-8,817**
Change in cash and cash equivalents	**197,012**	**-70,288**
Cash and cash equivalents at the beginning of the year	275,939	346,227
Cash and cash equivalents at the end of the year	472,951	275,939
Cash and cash equivalents in the cash flow statement consist of the following items:		
Cash in hand	9,537	9,605
Bank of Finland current account	456,775	260,205
Repayable on demand claims on credit institutions	6,638	6,129
Total	**472,951**	**275,939**
Adjustment items not included in cash flow for the period consist of:		
Write-downs on credits and other commitments, net	9,227	9,832
Change in fair values	3,633	1,749
Depreciation and impairment of intangible and tangible assets	3,305	3,990
Capital gains and losses	-41	-
Unwinded cash flow hedging	-2,547	-
Other adjustments	77	362
Total	**13,653**	**15,933**

P1 The parent company's accounting principles

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

Foreign currency translation

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

Revenue and expenses recognition

Revenue and expenses are reported using the accruals convention.

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 as Net income from securities and currency trading.

When a financial asset is impaired 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

Commission income and commission expenses are generally reported in accordance with the accruals convention.

Other income and expenses

Income from derivatives for hedge accounting issued to savings banks and local co-operative banks are entered directly.

Depreciation

Tangible and intangible assets are subject to linear planned depreciation, 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 areas. The estimated financial lifetimes for each asset category are as follows:

Buildings	40 years
Basic repairs to buildings not owned by the bank	5-10 years
Other tangible assets	3-5 years
Intangible assets (IT acquisitions)	3–5 years
Intangible assets (acquired customer base)	2 years

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 entered in relation to 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.

Write-downs of loans and other receivables

Write-downs of loans and other receivables 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 receivable 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 receivable has been weakened if the estimated incoming cash flow from the receivable, with regard to the fair value of the security, is less than the sum of the book value of the receivable and the unpaid interest on the receivable. 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 receivables in underlying credit portfolios. 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. In the case of credits to households and small companies, a write-down by group is based on an assessment of anticipated losses across a 12-month time horizon.

For larger corporate customers, a write-down by group is carried out for individually valued receivables. Individually valued receivables include larger corporate commitments which are classified as unstable according to internal risk criteria due to factors relating to profitability, debt burden, ownership structure, management and financial administration, sector or financing structure.

Financial assets

For financial assets, Aktia applies the IFRS rules whereby financial assets are divided into four valuation categories.

Debt certificates (debt securities), receivables from credit institutions, receivables from the public and public sector entities and shares and participations are entered as financial assets.

Financial assets valued at fair value via the income statement include financial assets held for trading. This category includes debt certificates, shares and participations that are actively traded with and that have been acquired for the short term with the intent to earn revenue. They have continuously been entered at fair value with changes in value entered in the income statement as Net income from securities. Structured bonds and 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.

Financial assets available for sale include debt securities, shares and participations that have neither been held for active trading nor held until maturity. The unrealised value change is recognised in equity in the Fund at fair value with deductions for deferred tax until until sold or impaired. When sold or impaired, the accumulated unrealised profit or loss is transferred to the income statement and included in Net income from financial assets available for sale.

Financial assets held until maturity include debt certificates to be 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 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 as Financial assets available for sale for at least two consecutive reporting periods.

Receivables from credit institutions and receivables from the public and public sector entities are reported at accrued acquisition value.

Financial liabilities

Liabilities to credit institutions, liabilities to the public and public sector entities, debt securities issued to the public, derivatives and other liabilities held for trading are entered as 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.

Derivative instruments

Derivative instruments are reported at fair value in the balance sheet.

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

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

Income, expenses and value changes arising from contracts included in the consignment stock and made for purposes other than asset and liability hedging are entered in the financial statement as Net income from securities.

Income and expenses items arising from currency-related derivative contracts are entered in the income statement as Net income from currency trading, except for the difference between spot and forward rates that are entered in Interest income or Interest expenses.

Tangible and intangible assets

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 Company. 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 Company, 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 value.

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 properties or participations is essentially or permanently lower than the acquisition price, an impairment is entered as an expense in the income statement. If there is a likely objective indication that there will be a need for an impairment, 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.

P2 Interest income and expenses

	2011	2010
Interest income		
Receivables from credit institutions	11,215	8,655
Receivables from the public and public sector entities	92,840	81,865
Bonds	71,068	84,122
Derivatives	1,977	274
Other interest income	-8	94
Total	**177,092**	**175,010**
Interest expenses		
Liabilities to credit institutions	-21,666	-21,003
Liabilities to the public and public sector entities	-41,806	-33,609
Debt securities issued to the public	-8,712	-6,457
Derivatives and liabilities held for trading	24,635	34,965
Subordinated liabilities	-10,537	-9,616
Other interest expenses	-68	-41
Total	**-58,154**	**-35,761**
Net interest income	**118,939**	**139,248**

P3 Income from Tier 1 capital instruments

	2011	2010
Income from companies within the same Group	10,047	1,372
Income from associated companies	306	692
Income from shares available for sale	173	335
Total	**10,527**	**2,399**

P4 Commission income and expenses

	2011	2010
Commission income		
Lending	6,105	5,220
Borrowing	167	168
Payment transactions	11,838	10,541
Asset management services	12,844	15,533
Brokerage of insurance	6,095	4,376
Guarantees and other off-balance sheet commitments	652	705
Other commission income	1,837	4,398
Total	**39,539**	**40,941**
Commission expenses		
Commission expenses	-238	-2,092
Money handling	-603	-613
Joint use of ATMs	-1,391	-1,387
Other commission expenses	-1,988	-2,969
Total	**-4,222**	**-7,062**
Net commission income	**35,317**	**33,879**

P5 Net income from securities and currency trading

	2011	2010
Interest-bearing securities		
Capital gains and losses	4	69
Total	**4**	**69**
Derivative instruments		
Capital gains and losses	-2,750	-
Total	**-2,750**	**-**
Other		
Capital gains and losses	-2	1
Total	**-2**	**1**
Total		
Capital gains and losses	-2,748	70
Net income from securities	**-2,748**	**70**
Net income from currency trading	1,166	1,107
Net income from securities and currency trading	**-1,582**	**1,177**

P6 Net income from financial assets available for sale

	2011	2010
Interest-bearing securities		
Capital gains and losses	-1,201	2,528
Transferred to income statement from fund at fair value	-561	-5,137
Total	**-1,762**	**-2,608**
Shares and participations		
Capital gains and losses	-741	540
Transferred to income statement from fund at fair value	-45	-
Total	**-786**	**540**
Other		
Capital gains and losses	-	-3,981
Write-downs	-800	-
Net income from brokered derivative contracts	-	1,080
Total	**-800**	**-2,901**
Total		
Capital gains and losses	-1,942	-912
Transferred to income statement from fund at fair value	-606	-5,137
Write-downs	-800	-
Net income from brokered derivative contracts	-	1,080
Total	**-3,348**	**-4,969**

P7 Net result from hedge accounting

	2011	2010
Ineffective share of cash flow hedging	-40	-
Fair value hedging		
Financial derivatives hedging repayable on demand liabilities	68,836	-
Financial derivatives hedging issued bonds	-23,473	-
Changes in the actual value of the hedge instrument, net	45,363	-
Repayable on demand liabilities	-69,242	-
Bonds issued	22,998	-
Changes in the fair value of items that are hedged, net	-46,244	-
Total	**-881**	**-**
Total cash flow hedging	**-921**	**-**

P8 Net income from investment properties

	2011	2010
Rental income	44	73
Other expenses for investment properties	-33	-71
Total	**11**	**3**

P9 Other operating income

	2011	2010
Compensation from insurance companies	263	0
Income received for services as central financial institution	2 606	2 862
Internal Group compensations	935	755
Other operating income	2 590	2 322
Total	**6 394**	**5 940**

P10 Staff

	2011	2010
Salaries and fees	-36,186	-34,223
Transfer to the personnel fund	-857	-1,773
Pension costs	-6,908	-5,358
Other indirect employee costs	-1,896	-1,829
Indirect employee costs	-8,805	-7,188
Total	**-45,847**	**-43,185**
Number of employees 31 December		
Full-time	641	631
Part-time	92	91
Temporary	123	125
Total	**856**	**847**

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.

P11 Other administrative expenses

	2011	2010
Other staff expenses	-2,704	-2,515
Office expenses	-2,892	-2,064
Communication expenses	-2,261	-2,337
Representation and marketing expenses	-2,036	-2,237
Other administrative expenses	-16,750	-14,860
Total	**-26,643**	**-24,013**

P12 Depreciation and impairment of tangible and intangible assets

	2011	2010
Depreciation of tangible assets	-1,776	-1,857
Depreciation of intangible assets	-1,529	-2,133
Total	**-3,305**	**-3,990**

P13 Other operating expenses

	2011	2010
Rental expenses	-8,877	-8,267
Expenses for commercial properties	-1,727	-1,566
Insurance- and security expenses	-2,533	-2,020
Monitoring, control and membership fees	-549	-524
Other expenses	-6,006	-5,805
Total	**-19,691**	**-18,181**

P14 Write-downs on credits and other commitments

	2011	2010
Receivables from the public and public sector entities		
Individual write-downs	-16,554	-11,454
Write-downs by group	5,251	-9,665
Reversals of and recoveries of write-downs	2,122	11,497
Reversals of credit losses	10	11
Total	**-9,172**	**-9,611**
Interest receivables		
Individual write-downs	-138	-236
Reversals of and recoveries of write-downs	82	15
Total	**-55**	**-221**
Total write-downs on credits and other commitments	**-9,227**	**-9,832**

P15 Income by business area

	2011	2010
Income by business area		
Real estate operations	11	3
Banking	168,977	184,736
Total	**168,989**	**184,739**
Operating profit by business area		
Real estate operations	11	3
Banking	42,878	62,318
Total	**42,890**	**62,320**
Personnel by business area		
Banking	856	847
Total	**856**	**847**

The bank only carries out business operations in Finland

P16 Bonds that are eligible for refinancing with central banks

	2011	2010
Government bonds	19,967	42,169
Banks' certificates of deposit	-	169,229
Other	1,857,859	2,296,213
Total	**1,877,826**	**2,507,611**

P17 Receivables from credit institutions

	2011	2010
Repayable on demand		
Finnish credit institutions	1,303	507
Foreign credit institutions	5,335	5,621
Total	**6,638**	**6,129**
Other than repayable on demand		
Finnish credit institutions	447,440	346,500
Foreign credit institutions	9,515	15,339
Total	**456,955**	**361,839**
Total claims on credit institutions	**463,593**	**367,968**

P18 Receivables from the public and public sector entities

	2011	2010
A sector-by-sector analysis of receivables from the public and public sector entities		
Households	2,176,051	2,322,742
Corporate	812,715	831,427
Housing associations	182,309	192,369
Public sector entities	6,003	6,703
Non-profit organisations	45,176	55,904
Total	**3,222,253**	**3,409,145**

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

	2011	2010
Write-downs during the financial year		
Write-downs at the beginning of the financial year	56,841	50,597
Receivables from the public and public sector entities		
Individual write-downs	16,554	11,454
Group write-downs	-5,251	9,665
Individual write-downs that were reversed	-2,122	-11,497
Credit losses for which individual write-downs were made earlier	-4,170	-3,379
Write-downs at the end of the financial year	**61,853**	**56,841**

P19 Bonds by financial instrument

	Total 2011	Of which, the bonds are eligible for refinancing with central banks	Total 2010	Of which the bonds are eligible for refinancing with central banks
Bonds available for sale				
Publicly quoted	1,906,044	1,892,985	2,373,356	2,360,263
Other	12,629	7,297	189,065	181,070
Total	**1,918,673**	**1,900,282**	**2,562,421**	**2,541,333**
Bonds held until maturity				
Publicly quoted	20,034	-	21,459	-
Total	**20,034**	**-**	**21,459**	**-**
Total bonds	**1,938,707**	**1,900,282**	**2,583,880**	**2,541,333**

P20 Shares and participations

	2011	2010
Shares and participations available for sale		
Publicly quoted	-	2,394
Other	1,794	1,942
Total	**1,794**	**4,336**
Total shares and participations	**1,794**	**4,336**
of which credit institutions	168	168
Shares and participations in associated companies		
Credit institutions	734	734
Other companies	1,697	1,947
Total	**2,431**	**2,681**
Shares and participations in group companies		
Credit institutions	61,958	40,731
Other companies	5,113	9,035
Total	**67,072**	**49,766**
Total shares and participations	**71,297**	**56,783**

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

P21 Derivative instruments

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

31 December 2011

Hedging derivative instruments	**Nominal values / term remaining**				**Fair value**	
	Under 1 year	**1–5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives						
Interest forward rate agreements	79,000	-	-	79,000	76	95
Interest rate swaps	1,946,100	7,451,910	2,076,290	11,474,300	282,897	227,065
Interest rate option agreements	751,063	2,979,825	540,000	4,270,887	53,335	33,067
Purchased	431,063	2,027,104	270,000	2,728,167	52,590	29,620
Written	320,000	952,721	270,000	1,542,721	745	3,447
Total	**2,776,163**	**10,431,735**	**2,616,290**	**15,824,187**	**336,308**	**260,227**
Total interest rate derivatives	**2,776,163**	**10,431,735**	**2,616,290**	**15,824,187**	**336,308**	**260,227**
Forward rate agreements	85,582	-	-	85,582	1,951	1,293
Total forward rate agreements	**85,582**	**-**	**-**	**85,582**	**1,951**	**1,293**
Equity options	1,908	105,253	-	107,161	1,312	1,312
Purchased	954	52,626	-	53,580	1,312	-
Written	954	52,626	-	53,580	-	1,312
Total equity options	**1,908**	**105,253**	**-**	**107,161**	**1,312**	**1,312**
Options	3,870	18,830	-	22,700	1,070	1,070
Purchased	1,935	9,415	-	11,350	1,070	-
Written	1,935	9,415	-	11,350	-	1,070
Other derivative instruments	**3,870**	**18,830**	**-**	**22,700**	**1,070**	**1,070**
Total derivative instruments	**2,867,523**	**10,555,818**	**2,616,290**	**16,039,630**	**340,641**	**263,902**

31 December 2010

Hedging derivative instruments	**Nominal values / term remaining**				**Fair value**	
	Under 1 year	**1–5 years**	**Over 5 years**	**Total**	**Assets**	**Liabilities**
Interest rate derivatives						
Interest forward rate agreements	438,000	400,000	-	838,000	3,205	165
Interest rate swaps	989,400	7,138,560	2,196,540	10,324,500	161,403	154,052
Interest rate option agreements	1,300,430	3,900,980	480,000	5,681,410	90,514	46,592
Purchased	760,430	2,628,716	240,000	3,629,146	88,064	42,177
Written	540,000	1,272,264	240,000	2,052,264	2,450	4,415
Total	**2,727,830**	**11,439,540**	**2,676,540**	**16,843,910**	**255,122**	**200,809**
Total interest rate derivatives	**2,727,830**	**11,439,540**	**2,676,540**	**16,843,910**	**255,122**	**200,809**
Forward rate agreements	175,612	-	-	175,612	1,893	1,586
Total forward rate agreements	**175,612**	**-**	**-**	**175,612**	**1,893**	**1,586**
Equity options	10,234	80,312	16,700	107,246	4,929	4,929
Purchased	5,117	40,156	8,350	53,623	3,195	1,734
Written	5,117	40,156	8,350	53,623	1,734	3,195
Total equity options	**10,234**	**80,312**	**16,700**	**107,246**	**4,929**	**4,929**
Options	-	4,307	-	4,307	893	893
Purchased	-	2,153	-	2,153	893	-
Written	-	2,153	-	2,153	-	893
Other derivative instruments	**-**	**4,307**	**-**	**4,307**	**893**	**893**
Total derivative instruments	**2,913,676**	**11,524,159**	**2,693,240**	**17,131,075**	**262,837**	**208,217**

Derivative instruments' fair values include accrued interest.

P22 Intangible assets

31 December 2011	Immaterial rights (IT expenses)	Other long-term expenditures	Total
Acquisition cost at January, 1	3,927	4,178	8,105
Increases	439	1,096	1,534
Decreases	-98	-52	-151
Acquisition cost at December, 31	4,267	5,222	9,488
Accumulated depreciations and impairments at Jan, 1	-2,359	-2,053	-4,412
Planned depreciation	-591	-939	-1,529
Accumulated depreciations and impairments at Dec, 31	-2,950	-2,992	-5,941
Book value at December, 31	**1,317**	**2,230**	**3,547**

31 December 2010	Immaterial rights (IT expenses)	Other long-term expenditures	Total
Acquisition cost at January, 1	4,991	4,109	9,100
Increases	818	69	887
Decreases	-1,883	-	-1,883
Acquisition cost at December, 31	3,927	4,178	8,105
Accumulated depreciations and impairments at Jan, 1	-1,797	-1,171	-2,968
Accumulated depreciation on decreases	689	-	689
Planned depreciation	-1,250	-883	-2,133
Accumulated depreciations and impairments at Dec, 31	-2,359	-2,053	-4,412
Book value at December, 31	**1,568**	**2,125**	**3,693**

P23 Tangible assets

	2011	2010
Investment properties		
Shares and participations in real estate corporations		
Acquisition cost at January, 1	4	4
Acquisition cost at December, 31	4	4
Book value at December, 31	**4**	**4**
Carrying amount at December, 31	**716**	**716**

31 December 2011	Machines and equipment	Other tangible assets	Total tangible assets
Acquisition cost at January, 1	5,287	2,344	7,635
Increases	1,139	-	1,139
Decreases	-93	-25	-118
Acquisition cost at December, 31	6,332	2,319	8,655
Accumulated depreciations and impairments at Jan, 1	-2,704	-1,396	-4,100
Planned depreciation	-1,278	-498	-1,776
Accumulated depreciations and impairments at Dec, 31	-3,982	-1,893	-5,876
Book value at December, 31	**2,350**	**426**	**2,780**

31 December 2010	Machines and equipment	Other tangible assets	Total tangible assets
Acquisition cost at January, 1	4,413	2,344	6,761
Increases	910	-	910
Decreases	-36	-	-36
Acquisition cost at December, 31	5,287	2,344	7,635
Accumulated depreciations and impairments at Jan, 1	-1,450	-797	-2,248
Accumulated depreciation on decreases	5	-	5
Planned depreciation	-1,259	-598	-1,857
Accumulated depreciations and impairments at Dec, 31	-2,704	-1,396	-4,100
Book value at December, 31	**2,583**	**948**	**3,535**

P24 Other assets

	2011	2010
Cash items being collected	141	1,349
Other assets	6,607	118
Total	**6,748**	**1,467**

P25 Accrued expenses and advance payments

	2011	2010
Interests	114,336	126,751
Other	37,156	18,293
Total	**151,492**	**145,044**

P26 Deferred tax receivables

	2011	2010
Deferred tax receivables at January, 1	5,793	-
Financial assets:		
- Fair value measurement	5,457	5,793
Deferred tax receivables at December, 31	**11,251**	**5,793**

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

P27 Liabilities to credit institutions

	2011	2010
Repayable on demand deposits	327,249	295,284
Other than repayable on demand deposits from credit institutions	1,049,638	1,692,253
Total	**1,376,887**	**1,987,538**

P28 Liabilities to the public and public sector entities

	2011	2010
Repayable on demand	2,386,218	2,154,120
Other than repayable on demand	1,307,342	1,250,249
Borrowing	3,693,560	3,404,369
Repayable on demand	225	245
Other than repayable on demand	51,447	176,721
Other liabilities	51,671	176,967
Total	**3,745,231**	**3,581,336**

P29 Debt securities issued to the public

	2011		2010	
	Book value	**Nominal value**	**Book value**	**Nominal value**
Certificates of deposit	430,539	432,550	450,344	451,340
Bonds	91,360	93,046	90,616	92,320
Total	**521,898**	**525,596**	**540,960**	**543,660**

P30 Other liabilities

	2011	2010
Cash items in the process of collection	37,301	30,469
Other	273	1,901
Total	**37,574**	**32,370**

The presentation of other accrued expenses and income received in advance for 2010 is changed to correspond with the presentation 2011.

P31 Accrued expenses and income received in advance

	2011	2010
Interests	81,179	83,368
Other	21,674	26,652
Total	**102,853**	**110,020**

P32 Subordinated liabilities

	2011	2010
Capital loans	30,000	30,000
Debenture loans	196,036	190,450
Loan without due date	45,000	45,000
Total	**271,036**	**265,450**
Nominal value	270,974	265,397
Amount included in upper Tier 2 capital	45,000	45,000
Amount included in lower Tier 2 capital	165,621	156,733

The bank operates a bond programme that is updated and approved each year by the Board of Directors. The size of the programme is currently EUR 500 million. Under the programme, both other bonds (included in note P29) and debenture loans are issued. Debentures are currently issued at fixed interest rates primarily with a maturity of 5 years.

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

P33 Deferred tax liabilities

	2011	2010
Deferred tax liabilities at January, 1	-	2,330
Income statement charge	-	2,393
Financial assets:		
- Fair value measurement	8,070	-4,722
Deferred tax liabilities at December, 31	**8,070**	**-**

P34 Equity

	At the beginning of the financial year	Increase	Decrease	At the end of the financial year
Share capital	163,000	-	-	163,000
Fund at fair value	-16,489	24,869	18,182	-9,801
Restricted equity	146,511	24,869	18,182	153,199
Unrestricted equity reserve	44,558	-	-	44,558
Retained earnings 1 January	31,344			31,344
Dividends to shareholders			20,000	-20,000
Profit for the reporting period		28,652	-	28,652
Unrestricted equity	75,902	28,652	20,000	84,553
Total equity	**222,413**	**53,521**	**38,182**	**237,752**

	2011	2010
Fund at fair value at January, 1	-16,489	13,441
Changes in fair value during the period	8,695	-45,582
Deferred taxes on changes in fair value during the period	-2,613	10,516
Transferred to income statement during the period	606	5,137
Fund at fair value at December, 31	**-9,801**	**-16,489**

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

Only changes in the fair value of financial assets available for sale are entered in the fund at fair value

Distributable assets in unrestricted equity	**2011**	**2010**
Retained earnings 1 January	31,344	36,132
Dividends to shareholders	-20,000	-42,900
Profit for the reporting period	28,652	38,112
Unrestricted equity reserve	44,558	44,558
Total	**84,553**	**75,902**

Unrestricted equity consist only of distributable assets.

P35 Fair value of financial assets and liabilities

Financial assets	**2011**		**2010**	
	Book value	**Fair value**	**Book value**	**Fair value**
Cash and balances with central banks	466,313	466,313	269,810	269,810
Bonds	1,938,707	1,937,718	2,583,880	2,582,827
Receivables from credit institutions	463,593	462,032	367,968	368,347
Receivables from the public and public sector entities	3,222,253	3,138,823	3,409,145	3,386,707
Shares and participations	1,794	1,794	4,336	4,336
Shares and participations in associated companies	2,431	2,431	2,681	2,681
Shares and participations in group companies	67,072	67,072	49,766	49,766
Derivative instruments	262,113	262,113	96,375	96,375
Total	**6,424,275**	**6,338,295**	**6,783,961**	**6,760,850**

Financial liabilities	**2011**		**2010**	
	Book value	**Fair value**	**Book value**	**Fair value**
Liabilities to credit institutions and central banks	1,376,887	1,384,632	1,987,538	1,984,391
Liabilities to the public and public sector entities	3,745,231	3,685,704	3,581,336	3,584,518
Debt securities issued to the public	521,898	522,756	540,960	539,316
Derivatives and other liabilities held for trading	196,550	196,550	111,166	111,166
Subordinated liabilities	271,036	272,341	265,450	268,209
Total	**6,111,603**	**6,061,983**	**6,486,451**	**6,487,600**

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

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

P36 Breakdown by maturity of assets and liabilities by balance sheet item

Assets

31 December 2011	Under 3 months	3–12 moths	1–5 years	5–10 years	Over 10 years	Total
Bonds that are eligible for refinancing with central banks	137,948	306,801	1,198,684	234,394	-	1,877,826
Receivables from credit institutions	254,874	76,238	39,667	92,814	-	463,593
Receivables from the public and public sector entities	384,195	324,164	959,213	658,948	895,732	3,222,253
Bonds	8,011	39,710	13,161	-	-	60,882
Total	**785,027**	**746,912**	**2,210,726**	**986,156**	**895,732**	**5,624,554**

31 December 2010	Under 3 months	3–12 moths	1–5 years	5–10 years	Over 10 years	Total
Bonds that are eligible for refinancing with central banks	153,136	405,471	1,607,934	341,070	-	2,507,611
Receivables from credit institutions	267,468	98,000	2,500	-	-	367,968
Receicables from the public and public sector entities	356,040	337,987	1,025,535	730,651	958,933	3,409,145
Bonds	23,096	864	44,461	7,848	-	76,269
Total	**799,739**	**842,322**	**2,680,430**	**1,079,568**	**958,933**	**6,360,992**

Liabilities

31 December 2011	Under 3 months	3–12 moths	1–5 years	5–10 years	Over 10 years	Total
Liabilities to credit institutions and central banks	974,727	110,900	150,811	38,476	101,973	1,376,887
Liabilities to the public and public sector entities	2,709,775	858,727	173,703	3,027	-	3,745,231
Debt securities issued to the public	217,620	215,720	88,559	-	-	521,898
Subordinated liabilities	18,113	46,314	176,609	-	30,000	271,036
Total	**3,920,234**	**1,231,661**	**589,682**	**41,503**	**131,973**	**5,915,053**

31 December 2010	Under 3 months	3-12 moths	1-5 years	5-10 years	Over 10 years	Total
Liabilities to credit institutions and central banks	1,261,015	484,480	61,050	34,992	146,000	1,987,538
Liabilities to the public and public sector entities	2,624,696	770,703	182,006	3,931	-	3,581,336
Debt securities issued to the public	343,272	115,660	61,029	21,000	-	540,960
Subordinated liabilities	17,189	44,470	173,791	-	30,000	265,450
Total	**4,246,172**	**1,415,313**	**477,876**	**59,923**	**176,000**	**6,375,285**

P37 Property items and liabilities in euros and in foreign currency

31 December 2011

Assets	Euros	Foreign currency	Total
Bonds	1,938,707	-	1,938,707
Receivables from credit institutions	460,280	3,314	463,593
Receivables from the public and public sector entities	3,222,253	-	3,222,253
Shares and participations	71,297	-	71,297
Derivative instruments	262,113	-	262,113
Other assets	641,424	705	642,130
Total	**6,596,074**	**4,019**	**6,600,093**

31 December 2010

Assets	Euros	Foreign currency	Total
Bonds	2,583,880	-	2,583,880
Receivables from credit institutions	364,469	3,498	367,968
Receivables from the public and public sector entities	3,409,145	-	3,409,145
Shares and participations	56,783	-	56,783
Derivative instruments	96,375	-	96,375
Other assets	428,454	889	429,343
Total	**6,939,106**	**4,387**	**6,943,494**

31 December 2011

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	1,376,715	173	1,376,887
Liabilities to the public and public sector entities	3,724,806	20,426	3,745,231
Debt securities issued to the public	521,898	-	521,898
Derivative instruments	196,550	-	196,550
Subordinated liabilities	271,036	-	271,036
Other liabilities	148,497	-	148,497
Total	**6,239,502**	**20,598**	**6,260,101**

31 December 2010

Liabilities	Euros	Foreign currency	Total
Liabilities to credit institutions and central banks	1,986,648	890	1,987,538
Liabilities to the public and public sector entities	3,564,552	16,784	3,581,336
Debt securities issued to the public	540,960	-	540,960
Derivative instruments	111,166	-	111,166
Subordinated liabilities	265,450	-	265,450
Other liabilities	142,390	-	142,390
Total	**6,611,167**	**17,674**	**6,628,841**

P38 Total assets and liabilities by business area

	2011	2010
Assets		
Real estate operations	4	4
Banking	6,600,089	6,943,490
Total	**6,600,093**	**6,943,494**
Liablilities		
Banking	6,260,101	6,628,841
Total	**6,260,101**	**6,628,841**

P39 Subordinated liabilities

	2011	2010
Receivables from credit institutions	-	6,596
Shares and participations in group companies and associated companies	-	4,355
Total	**-**	**10,951**

P40 Collateral liabilities

For the bank 31 December 2011	Type of security	The liability's nominal value	The value of the collateral
Liabilities to credit institutions	Debt securities	313,450	299,027
Collateral provided in connection with repurchasing agreements	Debt securities	68,324	69,284
Collateral provided in connection with contracts of pledge	Debt securities	44,800	45,498
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	14,515	14,515
Total		**441,089**	**428,324**

For the bank 31 December 2010	Type of security	The liability's nominal value	The value of the collateral
Liabilities to credit institutions	Debt securities	287,700	271,040
Collateral provided in connection with repurchasing agreements	Debt securities	782,604	782,604
Collateral provided in connection with contracts of pledge	Debt securities	47,440	47,440
Collateral provided in connection with contracts of pledge	Cash and balances with central banks	21,339	21,339
Total		**1,139,083**	**1,122,423**

For others' liabilities

The bank has not provided collateral for other parties.

Obtained securities

For the bank 31 December 2011	Type of security	The liability's nominal value	The value of the collateral
Collateral received in connection with pledging agreements	Cash and balances with central banks	230,498	230,498
Collateral received in conjunction with repurchase agreements	Debt securities	58,326	58,326
Total		**288,824**	**288,824**

For the bank 31 December 2010	Type of security	The liability's nominal value	The value of the collateral
Collateral received in connection with pledging agreements	Cash and balances with central banks	149,377	149,377
Collateral received in conjunction with repurchase agreements	Debt securities	10,000	10,000
Total		**159,377**	**159,377**

P41 Off-balance sheet commitments

	2011	2010
Guarantees	42,229	48,415
Other commitments provided to a third party on behalf of a customer	3,348	5,547
Unused credit arrangements	492,441	669,757
Total	**538,018**	**723,719**

P42 Rental commitments

	2011	2010
Less than 1 year	7,727	7,736
1–5 years	30,010	24,750
More than 5 years	3,804	13,692
Total	**41,542**	**46,178**

The rental agreements mainly concern business space (primarily bank offices) and the rent as a rule is linked to the cost of living index. Relevance principle has been adopted and only significant rent commitments are considered.

P43 Holdings in other companies

Subsidiaries

	2011 Percentage of all shares	2011 Book value	2010 Percentage of all shares	2010 Book value
Financing				
Aktia Real Estate Mortgage Bank Plc, Helsinki	49,9	52,656	49,9	39,134
Aktia Card Ltd, Helsinki	100,0	799	100,0	799
Aktia Leasing Ltd, Helsinki	100,0	8,503	100,0	798
Aktia Invest Ltd, Helsinki	70,0	1,138	70,0	1,138
Investment funds				
Aktia Fund Management Ltd, Helsinki	100,0	2,507	100,0	2,507
Securities companies				
Aktia Asset Management Ltd, Helsinki	86,0	1,468	93,0	1,034
Total		**67,072**		**45,411**

Associated companies

	2011 Percentage of all shares	2011 Book value	2010 Percentage of all shares	2010 Book value
Data processing				
Oy Samlink Ab, Helsinki	22,6	1 697	24,0	1 697
Private equity company				
Unicus Ab, Helsinki	-	-	37,5	250
Others				
ACH Finland Abp	24,5	734	24,5	734
Total		**2 431**		**2 681**

Financing income obtained from and financing expenses paid to other group companies	**2011**	**2010**
Interest income	10,698	7,283
Dividends	10,354	1,679
Interest expenses	-400	-214
Net finance income	**20,652**	**8,748**

Receivables from and liabilities to companies in the group	**2011**	**2010**
Loans to credit institutions	374,814	322,000
Loans to the public and public sector entities	97,806	98,668
Debt securities	64,951	50,906
Shares and holdings in associated companies	-	4,355
Other assets	19,916	-
Accrued income and expenses paid in advance	-	17,734
Total receivables	**557,488**	**493,662**
Liabilities to credit institutions	3,102	9,139
Liabilities to the public and public sector entities	13,680	8,756
Bonds issued	1,300	4,292
Other liabilities	2,812	2,799
Accrued expenses and income received in advance	28,405	25,616
Total liabilities	**49,298**	**50,603**

P44 The customer assets being managed

The parent company, Aktia Bank plc, offers private individuals and institutions discretionary asset management services. Customer funds are not intermediated to other customers.

Customer assets being managed	**2011**	**2010**
Funds in a customer funds account	1,059	-
Funds in discretionary asset management services	62,176	8,873
Funds within the framework of investment advising according to a separate agreement	1,115,372	1,291,920
Total funds in asset management services	**1,178,607**	**1,300,793**

P45 The parent company's capital adequacy

	2011	2010
Summary		
Tier 1 capital	331,241	313,467
Tier 2 capital	175,950	185,245
Capital base	**507,191**	**498,711**
Risk-weighted amount for credit and counterpart risks	1,944,568	2,140,989
Risk-weighted amount for market risks 1)	-	-
Risk-weighted amount for operative risks	330,715	312,480
Risk-weighted commitments	**2,275,283**	**2,453,469**
Capital adequacy ratio, %	**22,3**	**20,3**
Tier 1 Capital ratio, %	**14,6**	**12,8**
Minimum capital requirement	**182,023**	**196,277**
Capital buffer (difference between capital base and minimi requirement)	325,168	302,434

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

Capital base		
Share capital	163,000	163,000
Other funds	44,558	44,558
Credit loss provisions (after tax)	77,191	68,258
Retained earnings	11,344	-6,768
Profit for the reporting period	28,652	38,112
Provision for dividends to shareholders	-19,956	-20,000
Capital loan	30,000	30,000
Total	334,788	317,159
Intangible assets	-3,547	-3,693
Tier 1 capital	**331,241**	**313,467**
Fund at fair value	-34,671	-16,489
Other Tier 2 capital	45,000	45,000
Subordinated bonds	165,621	156,733
Tier 2 capital	**175,950**	**185,245**
Total capital base	**507,191**	**498,711**

Risk-weighted commitments, credit and counterparty risks

	Total exposures 12/2011			Risk-weighted commitments	
Risk-weight	**Balance sheet assets**	**Off-balance sheet commitments**	**Total combined**	**12/2011**	**12/2010**
0%	1,626,015	137,478	1,763,493	-	-
10%	1,050,520	-	1,050,520	105,052	121,165
20%	657,506	186,658	844,164	139,376	225,236
35%	1,858,682	39,309	1,897,990	656,837	705,173
50%	674	-	674	337	-
75%	522,460	88,660	611,120	411,198	440,618
100%	532,393	85,116	617,509	569,292	597,681
150%	19,107	798	19,905	29,259	17,198
Total	**6,267,358**	**538,018**	**6,805,376**	**1,911,350**	**2,107,071**
Derivatives *)	376,811	-	376,811	33,218	33,918
Total	**6,644,169**	**538,018**	**7,182,187**	**1,944,568**	**2,140,989**

*) 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, firms and covered bonds. The risk weight for bank exposures and bonds secured by real estate is determined by the credit rating of the country where the institution is located.

Risk-weighted amount for operative risks

	2011	2010	2009	12/2011	12/2010
Gross income	161,419	181,345	186,380		
- average 3 years	176,381				
Capital requirement for operative risk, 15 %				26,457	24,998
Risk-weighted amount				330,715	312,480

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 %.

Signatures of the Board of Directors and the CEO to the Report by the Board on operations and the financial statements

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 or at the Group website www.aktia.fi.

Helsinki 28 February 2012
Aktia Bank plc's Board of Directors

Dag Wallgren
Chair

Nina Wilkman
Vice chair

Jannica Fagerholm

Hans Frantz

Kjell Hedman

Nils Lampi

Catharina
von Stackelberg-Hammarén

Kjell Sundström

Jussi Laitinen
Managing director

Our auditor's report has been issued today.
Helsinki, 7 March 2012

KPMG Oy Ab

Jari Härmälä
Authorized Public Accountant in Finland

Auditor's report

This document is an English translation of the Swedish auditor's report. Only the Swedish version of the report is legally binding.

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

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Aktia Bank p.l.c. for the year ended 31 December, 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act, Finnish Credit Institutions Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 7 March 2012

Jari Härmälä
Authorized Public Accountant in Finland

Corporate Governance report for Aktia Bank plc

This report was approved by the Board of Directors of Aktia plc on 28 February 2012. The report is drawn up separately from the Report by the Board of Directors.

The most important elements of the internal control and risk management system associated with the financial reporting process in Aktia 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 cooperation, meetings are arranged regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. Concerning the most important service provider, the Group has a direct ownership interest and is represented in the company's Board of Directors.

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

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

Notes

Production: Aktia
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