



Q3

Interim report January–September 2022

Aktia

Rising interest rates increased interest income – difficult markets weighed down results

The quarter in short

- Interest income from lending continued to grow strongly and the average margin for the entire loan book continued to improve.
- Increased funding and hedging costs weighed down net interest income.
- Net subscriptions in asset management were positive, the market decline decreased the market values of the funds.
- Sales of international fund products expanded to three new markets.
- Higher interest rates reduced the market value of the life insurance business's investment portfolio, solvency rose to record levels.
- Credit loss provisions remained at a moderate level.

Outlook 2022 (updated 27 October 2022)

Aktia's comparable operating profit in 2022 is expected to be lower than in 2021. A key uncertainty regarding the outlook is the development of the market value of different asset classes.

Previous outlook for 2022

Aktia's comparable operating profit in 2022 is expected to be approximately at the same level as in 2021.

In 2021, Aktia's comparable operating profit was EUR 87.4 million.

(EUR million)	3Q/2022	3Q/2021	Δ %	1-9/2022	1-9/2021	Δ %	2Q/2022	Δ %	1Q/2022	2021
Net interest income	24.0	23.1	4 %	75.0	72.2	4 %	25.8	-7 %	25.1	96.2
Net commission income	29.9	33.5	-11 %	92.9	90.3	3 %	31.6	-6 %	31.3	124.0
Net income from life insurance	3.4	9.7	-65 %	17.9	30.1	-41 %	12.7	-73 %	1.8	37.7
Total operating income	56.2	67.1	-16 %	186.8	198.3	-6 %	71.6	-21 %	59.0	263.8
Operating expenses	-42.8	-41.6	3 %	-133.4	-129.2	3 %	-44.7	-4 %	-45.9	-174.4
Impairment of credits and other commitments	-1.0	-1.0	1 %	-3.1	-4.6	-33 %	-2.4	-58 %	0.3	-4.5
Operating profit	12.3	24.4	-49 %	50.6	64.3	-21 %	24.7	-50 %	13.5	84.6
Comparable operating income ¹	56.2	66.5	-15 %	186.6	197.7	-6 %	71.6	-21 %	58.8	263.2
Comparable operating expenses ¹	-42.8	-41.6	3 %	-133.4	-126.2	6 %	-44.7	4 %	-45.9	-171.1
Comparable operating profit¹	12.3	23.8	-48 %	50.4	66.7	-24 %	24.7	-50 %	13.3	87.4
Cost-to-income ratio	0.76	0.62	23 %	0.71	0.65	10 %	0.62	22 %	0.78	0.66
Comparable cost-to-income ratio ¹	0.76	0.63	21 %	0.71	0.64	12 %	0.62	22 %	0.78	0.65
Earnings per share (EPS), EUR	0.14	0.28	-50 %	0.57	0.72	-21 %	0.28	-50 %	0.15	0.95
Comparable earnings per share (EPS), EUR ¹	0.14	0.27	-49 %	0.56	0.75	-25 %	0.28	-50 %	0.15	0.98
Return on equity (ROE), %	6.4	11.4	-44 %	8.3	10.0	-17 %	12.3	-48 %	6.5	10.0
Comparable return on equity (ROE), % ¹	6.4	11.2	-43 %	8.3	10.4	-20 %	12.3	-48 %	6.5	10.3
Common Equity Tier 1 capital ratio (CET1), % ²	10.6	10.4	2 %	10.6	10.4	2 %	10.4	2 %	10.6	11.2

1) Alternative performance measures

2) At the end of the period

Interim report January-September 2022 is a translation of the original Swedish version "Delårsrapport 1.1-30.9.2022".

CEO's comments

The exceptional economic situation, which has marked the whole year 2022, continued during the third quarter. Concerns over accelerating inflation dramatically increased interest rates, and September was a difficult month in the investment markets. The global equity markets declined by around 8% in local currencies, and long-term interest rates on the fixed income market continued to rise sharply. Returns were negative across the board. The weak development was caused by both recession fears and a much tighter monetary policy than expected due to the high rate of inflation. It seems that the coming months will not provide a solution to the difficult situation.

The higher interest rates increased Aktia's returns from lending significantly during the quarter, but the bank's hedging and financing costs increased even faster as central bank and market-based funding went up in price even more rapidly. As we said in connection with the publication of the results for the second quarter, the rise in interest rates will not yet bring significant benefits for the net interest income in 2022. However, the net impact of the rise in interest rates on interest income is expected to be considerably positive next year.

On the corporate customer side, activity levels remained very good in the third quarter, and especially asset-based financing continued to grow. Interest income from the corporate customer business increased due to active pricing and volume growth. The average margin for the entire loan book continued to rise. The entire private customer loan book increased moderately during the quarter. Consumers' views on the development of their personal finance in an exceptional environment were still cautious, and demand for mortgage loans slowed down during the third quarter. As of yet, we have not seen any significant increase in the demand for instalment-free periods. Credit loss provisions remained low. For us, a good-quality loan book is of paramount importance. In this way we are preparing for more difficult times as the economic environment is weakening.

The market decline weighed down fund market values and commission income over the past quarter. Despite the difficult market situation, net subscriptions in asset management remained positive. The development was positive for both domestic institutions and private banking customers. Aktia also introduced two new fund products during the third quarter: The UI-Aktia Sustainable Corporate Bond fund, a dark green fund in accordance with Article 9 in the EU Sustainable Finance Disclosure Regulation, and the non-UCITS fund Aktia Alternative Investments, which invests in alternative asset classes, were launched in September. The sale of Aktia's international fund products expanded to Spain, Italy and Portugal.

The life insurance business also continued to develop positively during the third quarter. In particular, the new sales of risk life insurances were strong. The life insurance solvency rose to record levels. However, the rapidly rising interest rates reduced the market value of the fixed income-oriented life insurance portfolio, weighing the net income from life insurance.

Wealth manager bank at the core of the strategy

We drove Aktia's wealth manager bank strategy forward with determination also during the past quarter. The integration of Taaleri Wealth Management is now on the home stretch, and customer service processes will be harmonised by the end of the year. As the technical integration is coming to an end, we will pay even more attention to developing the customer experience. A profitable banking business is another important pillar of Aktia's strategy, especially in the current interest rate environment.

It is important for me to pay particular attention to the cost development and improving efficiency in the group in the future. This will also free up funds for business development. A good example of this is the strategic cooperation with the IT service company CGI that we launched in October, which I am very pleased about. The joint venture now being established between Aktia and CGI will provide Aktia with a significant part of the maintenance and development services for Aktia's banking business IT systems in the future, which will help shift the focus from administration to development of new and competitive products and services. Aktia estimates that it will achieve cost savings of several million euros over the contract period of at least five years. A part of this will be used to develop digital services. The third quarter costs fell slightly from the previous quarter, even though the operating expenses included a significant amount of consulting costs related to the strategic cooperation.

In September, Aktia decided as the first Finnish bank to announce that it had begun to pay interest on fixed-term deposits. The campaign exceeded our expectations and provoked an important discussion about interest rates on bank deposits and a great deal of interest among new customers. Deposits are an essential part of funding for banks, and as market financing becomes more expensive, the importance of deposits will also increase as a financial instrument for Aktia.

Although the market environment has been turbulent over the past year, our employees have helped Aktia's customers also through more difficult times with their strong professional skills. For this I would like to extend my sincere thanks to my competent colleagues. I would also like to thank our customers for their trust in Aktia. We work hard every day to be worthy of it.



Helsinki 4 November 2022

Mikko Ayub

CEO

Profit and balance

Profit July–September 2022

The Group's operating profit decreased to EUR 12.3 (24.4) million and the profit for the period to EUR 10.0 (19.4) million compared to the corresponding quarter last year. The comparable operating profit decreased to EUR 12.3 (23.8) million. The weaker result is mainly attributable to the rising interest rates and decline on the equity market and thus the negative unrealised value changes in the life insurance company's investment portfolio, and a lower net commission income due to lower market values of assets under management.

Items affecting comparability

(EUR million)	Jul-Sep 2022	Jul-Sep 2021
Additional income from divestment of Visa Europe to Visa Inc	-	0.5
Operating profit	-	0.5

Income

The Group's operating income decreased to EUR 56.2 (67.1) million and the Group's comparable operating income to EUR 56.2 (66.5) million, which is a decrease by 15% from the corresponding quarter last year. The decrease is mainly attributable to the net income from life insurance and to the net commission income, while the net interest income still was higher than last year.

Net interest income increased by 4% to EUR 24.0 (23.1) million. Net interest income from borrowing and lending increased by 18% to EUR 25.4 (21.5) million. The improvement mainly pertains to the increase in the loan book by EUR 326 million in relation to the corresponding period last year. Higher lending margins and rising reference rates have also had a positive impact on the net interest income. Interest rate income from hedging measures through interest rate derivatives decreased to EUR -0.4 (0.4) million during the quarter. The negative interest expense for the TLTRO III financing decreased to EUR 0.0 (1.7) million and other funding costs increased to EUR -2.5 (-1.3) million.

The quarter includes dividend from equity instruments of EUR 1.0 (0.0) million.

Net commission income decreased to EUR 29.9 (33.5) million. Commission income from funds, asset management and securities brokerage decreased by 19% to EUR 20.9 (25.8) million. Assets under management were lower than last year, which is mainly attributable to negative market changes. Commission income from cards, payment services and borrowing increased by 10% to EUR 7.4 (6.7) million,

while commission income from lending decreased by 6% to EUR 2.2 (2.4) million.

Net income from life insurance decreased to EUR 3.4 (9.7) million. The actuarially calculated result decreased to EUR 4.0 (5.2) million, mainly due to higher insurance claims and benefits paid than in the third quarter last year. The decline on the equity market and the resulting lower market value of the Unit-Link portfolio have also contributed to a lower expense loading from investment-linked insurances. Net investments decreased to EUR -0.7 (4.5) million, which is mainly due to unrealised value changes and impairments in the life insurance company's investment portfolio of EUR -0.9 (2.7) million. The negative unrealised value changes are mainly attributable to rising interest rates and to the decline on the equity market, which has had a negative impact on the market value of investments.

Net income from financial transactions decreased to EUR -2.2 (0.4) million and comparable net income from financial transactions to EUR -2.2 (-0.1) million. The decrease is mainly attributable to unrealised value changes in equity instruments of EUR -1.2 (0.2) million and to a change in ECL impairments on the bank's interest-bearing securities of EUR -1.4 (-0.1) million. The third quarter last year includes an additional income of EUR 0.5 million relating to the sale of Visa Europe to Visa Inc, which is not included in the comparable result.

Other operating income amounted to EUR 0.1 (0.2) million.

Expenses

Operating expenses increased by 3% to EUR 42.8 (41.6) million. The increase is attributable to other operating expenses, including project-related one-off expenses.

Staff costs decreased by 5% to EUR 20.8 (21.9) million. The decrease pertains to lower costs for variable compensation (STI and LTI). Running costs for staff were higher than during the corresponding quarter last year, as the average number of employees (expressed as full-time equivalents) increased to 947 (901).

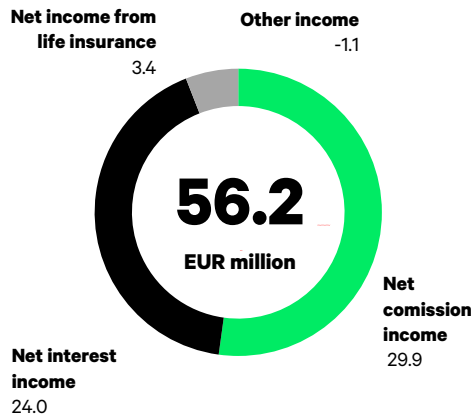
IT expenses were on the same level as in the third quarter last year, and amounted to EUR 7.5 (7.5) million.

The depreciation of tangible and intangible assets increased by 3% to EUR 5.9 (5.7) million. The increase is mainly attributable to somewhat higher depreciation of intangible assets.

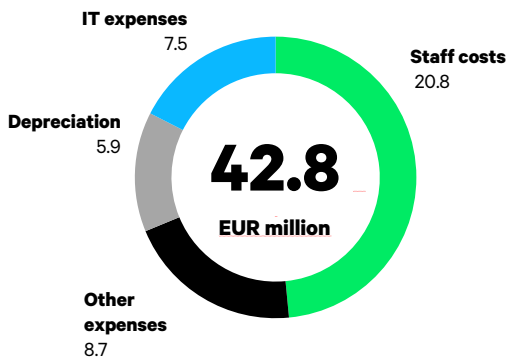
Other operating expenses increased by 34% to EUR 8.7 (6.5) million. The increase is attributable to project-related one-off expenses amounting to EUR 1.7 (0.4) million.

Impairments on credits and other commitments was on the same level as last year and amounted to EUR -1.0 (-1.0) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.6 (-0.8) million.

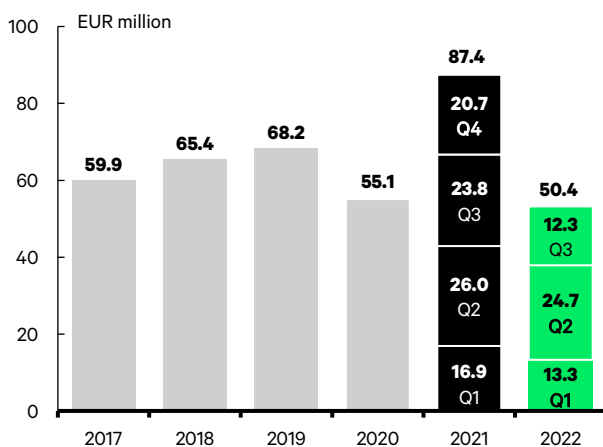
Operating income Q3/2022



Operating expenses Q3/2022



Comparable operating profit 2017–Q3/2022



Profit January–September 2022

The Group's operating profit decreased to EUR 50.6 (64.3) million and the profit for the period to EUR 40.8 (51.1) million. Comparable operating profit decreased to EUR 50.4 (66.7) million. The weaker result for the period is mainly attributable to the rising interest rates and decline on the equity market which had a negative impact on the group's net income from life insurance and net commission income. A general increase in operating expenses has also reduced the result.

Items affecting comparability

(EUR million)	Jan-Sep 2022	Jan-Sep 2021
Additional income from divestment of Visa Europe to Visa Inc	0.2	0.5
Costs for restructuring	-	-3.0
Operating profit	0.2	-2.4

Income

The Group's operating income decreased to EUR 186.8 (198.3) million and comparable operating income to EUR 186.6 (197.7) million. The decrease mainly pertains to net income from life insurance.

Net interest income increased by 4% to EUR 75.0 (72.2) million. Net interest income from borrowing and lending increased by 14% to EUR 72.8 (64.0) million. The increase is attributable to a larger loan book, higher lending margins and rising reference rates. Interest rate income from hedging measures through interest rate derivatives decreased to EUR 0.8 (1.4) million. Negative interest expense for the TLTRO III financing decreased to EUR 3.9 (6.9) million and interest expenses for other financing amounted increased to EUR -5.7 (-3.1) million.

Dividend income increased to EUR 1.4 (0.3) million.

Net commission income amounted to EUR 92.9 (90.3) million. Commission income from funds, asset management and securities brokerage increased by 1% to EUR 67.2 (66.3) million. The expansion of the asset management segment has increased income, while decline on the market has had a negative impact on income. In addition, the current period does not include any performance-based commissions, while the reference period included commissions of EUR 3.0 million. Commission income from cards, payment services and borrowing increased by 9% to EUR 21.6 (19.8) million while lending and other commissions decreased by 5% to EUR 7.0 (7.3) million.

Net income from life insurance decreased to EUR 17.9 (30.1) million. The decrease is attributable to a lower net income from investments, including value changes and impairments in the life insurance company's investment portfolio of EUR -11.9 (7.9) million and sales gains of EUR 9.8 (0.7) million. The actuarially calculated result was on the same level as last year and amounted to EUR 13.0 (13.1) million. The higher

insurance claims and benefits paid were offset by lower interest expenses than last year.

Net income from financial transactions decreased to EUR -0.6 (4.6) million and comparable net income from financial transactions to EUR -0.8 (4.1) million. The decrease is mainly attributable to the reallocation of capital in the liquidity portfolio last year. Sales gains from the liquidity portfolio decreased to EUR 0.4 (3.1) million and the change in model-based ECL impairments to EUR -1.5 (0.4) million. The period includes an additional income of EUR 0.2 (0.5) million relating to the sale of Visa Europe to Visa Inc, which is not included in the comparable result.

Other operating income decreased to EUR 0.3 (0.7) million. The reference period includes one-off recognised items of EUR 0.4 million.

Expenses

Operating expenses increased to EUR 133.4 (129.2) million and comparable operating expenses by 6% to EUR 133.4 (126.2) million. The increase is attributable to all types of costs.

Staff costs increased to EUR 62.9 (61.5) million. The comparable staff costs increased by 4% to EUR 62.9 (60.2) million. The costs for variable compensation (STI+LTI) have decreased, while running costs for staff costs have increased. The average number of employees (expressed as full-time equivalents) increased to 912 (863) during the period. The expansion of the asset management business in May 2021 explains most of the increase in the running costs for staff.

IT expenses increased by 9% to EUR 23.4 (21.5) million. The increase is mainly related to a broader IT structure than before, with regard to both volumes used and the number of applications.

Depreciation of tangible and intangible assets amounted to EUR 17.6 (15.5) million. The increase mainly pertains to depreciations related to the acquisition of Taaleri's wealth management operations. Depreciation on office renovations and depreciation on capitalised development expenses has also increased slightly compared to last year.

Other operating expenses decreased to EUR 29.5 (30.6) million. However, other comparable operating expenses increased by 2% to EUR 29.5 (29.0) million. Expenses for the stability fee increased by 23% to EUR 5.1 (4.1) million. Last year included transfer tax of EUR 2.0 million for the acquisition of Taaleri's wealth management business. Project-related one-off expenses amounted to EUR 3.9 (3.4) million. Other cost increases are related to other staff costs and higher costs for the expanded asset management business.

Impairment of credits and other commitments amounted to EUR -3.1 (-4.6) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.6 (-2.0) million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 11,860 (11,653) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees decreased to EUR 705 (738) million.

Borrowing

Borrowing from the public and public-sector entities increased to EUR 4,904 (4,503) million. Aktia's market share of deposits was 3.0 (3.0) % at the end of September.

The value of long-term bonds issued by Aktia Bank totalled EUR 2,826 (2,917) million. After an issued retained covered bond was set off, EUR 1,358 (1,534) million consisted of Covered Bonds issued by Aktia Bank.

In January, Aktia Bank issued a new covered bond to a value of EUR 500 million and with a maturity of approximately 6.8 years, replacing a corresponding bond that was due in March. The issue was carried out to very favourable terms and it was oversubscribed more than twofold.

During the period, Aktia Bank has also issued new long-term unsecured bonds to the value of EUR 392 million as part of its EMTN programme, of which EUR 107 million was issued during the third quarter.

Lending

Group lending to the public and public-sector entities increased by 3% to EUR 7,739 (7,486) million. Loans to households accounted for EUR 5,346 (5,292) million, or 69.1 (70.7) % of the total loan book.

The housing loan book totalled EUR 5,479 (5,389) million, of which the share for households was EUR 4,339 (4,326) million. Aktia's new lending amounted to EUR 798 (1 007) million. At the end of September, Aktia's market share in housing loans to households was 4.1 (4.0) %.

Corporate lending accounted for 15.7 (15.3) % of Aktia Group's loan book. Total total corporate lending increased by 6% to EUR 1,216 (1,143) million. Loans to housing companies increased by 12% to EUR 1,117 (996) million, which was 14.4 (13.3) % of Aktia's total loan book.

Loan book by sector

(EUR million)	30 Sep 2022	31 Dec 2021	Δ	Share, %
Households	5,346	5,292	54	69.1%
Corporates	1,216	1,143	73	15.7%
Housing companies	1,117	996	121	14.4%
Non-profit organisations	55	52	3	0.7%
Public sector entities	5	3	3	0.1%
Total	7,739	7,486	253	100.0%

Financial assets

The Aktia Group's financial assets consist of the Bank Group's liquidity portfolio (net after the issued retained covered bond was set-off) amounting to EUR 1,359 (1,306) million, the life insurance company's investment portfolio of EUR 514 (642) million, and the Bank Group's equity holdings of EUR 7 (5) million.

Technical provisions

Because of the market drop during the year, the life insurance company's technical provisions decreased to EUR 1,342 (1,568) million. The unit-linked technical provisions decreased to EUR 974 (1,154) million and the interest-related technical provisions decreased to EUR 368 (414) million.

Equity

Aktia Group's equity amounted to EUR 684 (738) million. The fund at fair value decreased to EUR -51 (6) million and the profit for the period amounted to EUR 41 million. Dividend amounting to EUR 40 million was paid to the shareholders in April.

Fund at fair value

(EUR million)	30 Sep 2022	31 Dec 2021	Δ
Interest-bearing securities, Aktia Bank	-36.8	4.0	-40.8
Interest-bearing securities, Aktia Life Insurance	-13.3	2.0	-15.3
Cash flow hedging	-0.5	0.2	-0.7
Total	-50.6	6.2	-56.8

Assets under Management

The Group's total assets under management amounted to EUR 15,553 (18,340) million.

Assets under management comprise managed and brokered mutual funds as well as managed capital. Assets under management presented in the table reflect net volumes, so that assets under management included in multiple companies or funds have been eliminated.

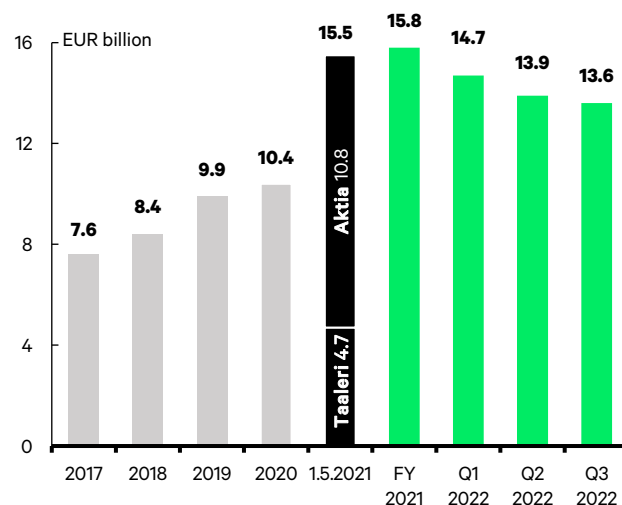
Group financial assets include the Bank Group's liquidity portfolio managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	30 Sep 2022	31 Dec 2021	Δ%
Customer assets under management*	13,598	15,794	-14%
Group financial assets	1,955	2,546	-23%
Total	15,553	18,340	-15%

* Excluding fund in funds

Customer assets under management (AuM) excluding custody assets 2017–Q3/2022



Segment overview

Aktia Bank's operations are divided into three reporting business segments: Banking Business, Asset Management and Group Functions.

Banking Business

The segment comprises household and corporate customers of the banking business not including Private Banking. Aktia's private customers are provided a wide range of financing, insurance, savings as well as investment products and services through various channels. Aktia's corporate business provides services to companies and organisations, from micro sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

Private customers

The strong rise in interest rates, climbing energy prices and the general inflation have increasingly weakened consumer confidence regarding the economic development. Due to the changes in the operating environment, Aktia further intensified contacts with its customers in order to find sustainable solutions to secure the finances of its customers. Aktia's wealth plan concept, which has been fully implemented over the past year, offers customers the opportunity to increase their wealth and prepare for changes in the market environment.

The demand for credit continued to decline during the third quarter, especially the demand for mortgage loans. However, the entire private customer loan book still increased moderately, and the average margin of the loan book continued to grow. The Finnair Visa credit card launched in cooperation between Aktia and Finnair increased interest in Aktia.

There was still an atmosphere of caution among investors and depositors. In the difficult market environment, Aktia sought to support its customers by offering a wide range of services and products. The selection includes, for instance, alternative and capital protected investment solutions, traditional fixed-term deposits, and regular savings agreements. The deposit campaign launched in August was successful and created a solid basis for the demand for both deposit and investment products.

Corporate customers

The corporate customer business activity levels remained good in the third quarter, and especially asset-based financing continued to grow. Our cooperation with vendors made particularly good progress when it comes to trade in machinery, and the strong cooperation will continue.

The uncertain operating environment and the rising costs were not yet reflected in the operations or financial position of corporate customers, and the corporate customer loan book was at a stable level. However, the impact of the increased costs on companies' operations will be seen during the coming winter, and Aktia has proactively prepared for any changes in the companies' payment plans or working capital financing.

Results for Banking Business segment

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ%
Operating income	107.5	99.3	8%
Operating expenses	-74.4	-73.8	1%
Operating profit	30.0	20.8	44%
Comparable operating profit	30.0	22.0	36%

The operating income for the period increased by 8% to EUR 107.5 (99.3) million. The net interest income was 16% higher than during the corresponding period last year and amounted to EUR 63.5 (54.5) million. The increase is mainly related to the growth in the corporate customer loan book. The customer margins for corporate customers increased from the corresponding period last year. The rising reference rates have also had a positive effect on the interest income from lending.

The loan book increased by 3% to EUR 7,566 (7,313) million from the beginning of the year, the net growth during the third quarter was lower than during the first two quarters of the year. The corporate customer loan book increased to EUR 2,392 (2,178) million and the private customer loan book to EUR 5,174 (5,135) million.

Borrowing from the public and public-sector entities increased by 6% from the year-end and amounted to EUR 4,205 (3,977) million.

The net commission income increased by 1% compared to the corresponding period last year and amounted to EUR 43.9 (44.4) million. The net commission income from cards, payment services and borrowing increased by 8% to EUR 18.4 (17.0) million.

On the other hand, the decrease in income from investment activities caused a decline in the segment's net commission income; the net commission income from investment activities decreased by 9% to EUR 11.1 (12.2) million. Customer assets under management decreased by 21% to EUR 1,579 million during the period. The decline is mainly due to negative value changes of share-based assets.

Comparable operating expenses for the period increased by 2% to EUR 74.4 (72.6) million. The increase is mainly attributable to this year's stability fee, as well as higher group governance costs.

Impairments on credits and other commitments amounted to EUR -3.1 (-4.6) million, of which the change in the

allowance for model-based credit losses (ECL) amounted to EUR -1.6 (-2.0) million, and other impairments on credits amounted to EUR -1.4 (-2.6) million.

Asset Management

The segment includes asset management and life insurance business as well as Private Banking and provides asset management to institutional investors, as well as a wide range of investment and life insurance products to be distributed in Aktia's and external partners' sales channels.

Customer assets under management

(EUR million)	30 Sep 2022	31 Dec 2021	Δ%
Customer assets under management*	13,598	15,794	-14%
of which institutional assets	7,769	8,848	-12%

* Excluding fund in funds

Asset management

The difficult market situation in the beginning of the year continued during the third quarter, and the value of nearly all investment products decreased. A positive performance was seen in alternative investments, such as the SolarWind and Wind Power private equity funds. Despite the difficult market situation, the asset management's net subscriptions were positive, as in the previous quarter, and amounted to EUR 95 million. The development was positive for both domestic institutions and private banking customers.

Aktia launched two new fund products during the third quarter. The UI-Aktia Sustainable Corporate Bond fund, a dark green fund in accordance with Article 9 in the EU Sustainable Finance Disclosure Regulation, and the non-UCITS fund Aktia Alternative Investments, which invests in alternative asset classes, were launched in September. In addition, the first capital call for the over EUR 100 million fund Bioindustry I, which was launched in cooperation with Taaleri Plc, was made in September.

The sale of Aktia's international fund products expanded to three new markets, Spain, Italy and Portugal, through a distribution contract made with the Spanish company AMCHOR Investments Strategies in September.

The integration within asset management progressed as planned in the third quarter. A single, unified service platform for asset management customers will be completed according to schedule by the end of the year. The new service platform will combine best practices of both parties. The planned cost synergies have also been achieved as planned.

Life insurance

The life insurance business continued to develop positively during the third quarter. In particular, the new sales of risk life insurances remained strong. Uncertainty in the

investment market led to a decrease in the new sales of investment-linked insurances. Nevertheless, net subscriptions in unit-linked insurances increased.

The value of the investment-linked insurance stock was negative due to market movements, which was reflected in lower commission income. Interest expenses for the interest-related portfolio continued to decline. The actuarially calculated result was influenced by the positive development in new sales of risk insurances and the risk result.

The value of the investment portfolio that covers the technical provisions decreased during the quarter, and the result from investment activities was EUR -1.4 (3.4) million. The result was weakened particularly by the strong rise in interest rates, which was reflected in the result through unrealised value changes.

The solvency of the life insurance business remained strong at the end of the past quarter. The solvency was 245% with transitional measures and 188% without transitional measures.

Results for Asset Management segment

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ%
Operating income	70.8	79.9	-11%
Operating expenses	-51.1	-47.6	7%
Operating profit	19.8	32.3	-39%
Comparable operating profit	19.8	34.0	-42%

The operating income for the period decreased by EUR 9.9 million to EUR 70.8 million, which is explained by a lower net commission income in asset management and a much lower net investment income in Aktia Life Insurance, which resulted in a lower net income from life insurance. Both net commission income and net income from life insurance were lower during Q3/2022 than during Q2/2022. The net income from life insurance decreased during the period due to a lower net investment income, and amounted to EUR 15.3 (27.1) million. The net investment income was affected by big unrealised value changes of EUR -11.2 (7.8) million and a cumulative sales profit of EUR 9.8 (0.4) million. The premium income from the life insurance business decreased by 2.3 % or EUR 2.6 million compared to the same period last year. There is still a strong interest in both risk insurance and investment-linked insurance, although the turbulent investment markets have had a negative effect on customer sentiment. The actuarially calculated result was strong and amounted to EUR 13.0 (13.1) million.

The net commission income in the asset management segment was 2.5 million higher than the reference period and amounted to EUR 53.5 million. The net commission income was negatively affected by the market turmoil during the period. The period was characterised by increasing market rates, which had a negative impact on

market values. The net commission income in Q3/2022 was around 7% lower than in Q2/2022, partly due to lower market prices and lower levels of transaction-related commissions. The net commission income for the third quarter was 15% lower than for Q3/2021, which is due partly to the decreasing market value, and partly to the fact that the reference period included performance-based remunerations of EUR 1.4 million. The assets under management decreased by EUR 2,196 million from year-end and amounted to EUR 13,598 (15,794) million at the end of the period. Net subscriptions for the period amounted to EUR -7 million, and the market value change to EUR -2,189 million. Net subscriptions in the third quarter amounted to EUR 95 million, and the market change to EUR -416 million.

The comparable operating expenses of the segment increased by EUR 5.2 million to EUR 51.1 million. The reference period included expense items affecting comparability of EUR 1.7 million in total. Expense items that increased were staff expenses, group governance costs and depreciations; other operating expenses decreased. Staff expenses increased as the reference period covers Taaleri's wealth management business for five months only (5-9/2021). Depreciations increased due to the acquisition of Taaleri's wealth management business carried out in Q2/2021. Staff expenses constituted 37% (39%) of the total expenses of the segment.

Group Functions

The Group functions comprise the Group's centralised functions. The entities oversee the Group's financing and liquidity management and assist the other business segments with sales, IT and product support, and development. The Group functions are also responsible for monitoring and controlling risk and financial follow-up.

Results for Group Functions segment

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ%
Operating income	15.0	25.5	-41%
Operating expenses	-14.5	-14.2	2%
Operating profit	0.5	11.3	-96%
Comparable operating profit	0.3	10.8	-97%

Comparable operating income for the segment decreased to EUR 14.8 (24.9) million.

Since March 2015, Aktia Bank participates in the European Central Bank's refinancing operations (TLTRO), which has enabled Aktia to offer the market favourable and competitive loans.

Dividend income increased to EUR 1.4 (0.3) million.

Comparable net income from financial transactions decreased to EUR -1.0 (3.9) million. The decrease from the comparable period last year mainly pertains to lower sales gains from interest-bearing securities in the bank's liquidity portfolio as well as a negative change in model-based ECL impairments.

The total operating expenses of the segment increased by EUR 7.9 million compared to last year. The stability fee rose to EUR 5.1 (4.1) million and, in addition, staff expenses, IT expenses, and consultation expenses have increased. The other operating expenses have decreased as the transfer tax for the acquisition of Taaleri's wealth management business was recognised during the reference period. Most of the segment's operating expenses are allocated to the other segments.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Income statement										
Net interest income	63.5	54.5	1.7	1.2	9.8	16.4	0.0	0.0	75.0	72.2
Net commission income	43.9	44.4	53.5	51.0	4.4	4.0	-8.9	-9.1	92.9	90.3
Net income from life insurance	-	-	15.3	27.1	-	-	2.5	3.0	17.9	30.1
Other operating income	0.1	0.3	0.3	0.7	0.9	5.0	-0.2	-0.3	1.1	5.7
Total operating income	107.5	99.3	70.8	79.9	15.0	25.5	-6.5	-6.4	186.8	198.3
Staff costs	-11.2	-12.9	-18.9	-17.9	-32.8	-30.7	-	-	-62.9	-61.5
Other operating expenses ¹	-63.2	-60.9	-32.2	-29.7	18.3	16.5	6.5	6.4	-70.5	-67.6
Total operating expenses	-74.4	-73.8	-51.1	-47.6	-14.5	-14.2	6.5	6.4	-133.4	-129.2
Impairment of credits and other commitments	-3.1	-4.6	-	-	-	0.0	-	-	-3.1	-4.6
Share of profit from associated companies	-	-	-	-	-	-	0.3	-0.2	0.3	-0.2
Operating profit	30.0	20.8	19.8	32.3	0.5	11.3	0.3	-0.1	50.6	64.3
Comparable operating profit	30.0	22.0	19.8	34.0	0.3	10.8	0.3	-0.1	50.4	66.7
	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
Balance sheet										
Financial assets measured at fair value	-	-	1,388.9	1,649.3	903.3	949.5	-18.0	-40.0	2,274.2	2,558.8
Cash and balances with central banks	251.2	289.0	0.0	0.0	-70.2	443.8	-	-	180.9	732.8
Interest-bearing securities measured at amortised cost	-	-	37.2	37.4	492.0	349.0	-	-	529.2	386.5
Loans and other receivables	7,566.3	7,327.3	245.4	252.6	635.3	29.1	-37.4	-57.3	8,409.6	7,551.7
Other assets	29.2	57.0	146.7	193.0	343.6	351.5	-53.5	-177.9	466.0	423.6
Total assets	7,846.6	7,673.3	1,818.2	2,132.3	2,304.0	2,122.9	-108.8	-275.2	11,860.0	11,653.3
Deposits	4,263.9	4,064.3	757.5	580.7	782.7	838.1	-37.4	-57.3	5,766.7	5,425.8
Debt securities issued	-	-	-	-	2,949.7	3,100.3	-18.0	-40.0	2,931.7	3,060.3
Technical provisions	-	-	1,342.4	1,568.2	-	-	-	-	1,342.4	1,568.2
Other liabilities	27.4	-5.1	122.6	100.4	991.9	770.4	-7.1	-5.1	1,134.9	860.6
Total liabilities	4,291.3	4,059.2	2,222.6	2,249.3	4,724.3	4,708.8	-62.4	-102.4	11,175.7	10,914.9

1) The net costs for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

The quarterly figures for the segments are presented later in the report.

Capital adequacy and solvency

At the end of the period, Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance) was 10.6 (11.2) %. Aktia Life Insurance's own funds were positively influenced by both increasing interest rates and capital gains from the real estate investment. As a result of strong solvency, Aktia Life Insurance paid an extra dividend of EUR 15 million to Aktia Bank in June 2022 and EUR 20 million in March 2022, strengthening the bank's CET1 capital. The increasing interest rates during the year have led to a decrease in the fund at fair value, which in turn has weakened the bank's CET1 capital by around EUR 41 million. Thanks to the fact that investments in the bank's liquidity portfolio recognised at fair value through comprehensive income have been hedged, the bank group's fund at fair value decreased only by EUR 2 million during the third quarter despite the sharp rise in interest rates. The risk-weighted assets increased by EUR 143 million from year-end. The Bank Group applies internal risk classification (IRB) for the calculation of capital requirement for retail, equity and certain corporate exposures. For other exposures the standardised approach is used.

Capital adequacy, %	30 Sep 2022	31 Dec 2021
Bank Group		
CET1 capital ratio	10.6	11.2
Total capital ratio	14.7	15.6

Total capital requirement

The total capital requirement for banks consists of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components of Aktia's capital requirements. Taking all capital requirements into account, the minimum total capital ratio for the Bank Group was 11.77%, and 9.45% for Tier 1 capital ratio at the end of the period.

Leverage ratio	30 Sep 2022	31 Dec 2021
Tier 1 capital	385.1	389.1
Total exposures	10,488.9	10,083.3
Leverage ratio, %	3.7	3.9

30 Sep 2022 (%)	Pillar 1		Buffer requirements				Total capital requirement
	minimum requirement	Pillar 2 requirement	Capital Conservation	Counter-cyclical	O-SII	Systemic risk	
CET1 capital	4.50	0.70	2.50	0.02	0.00	0.00	7.72
AT1 capital	1.50	0.23					1.73
Tier 2 capital	2.00	0.31					2.31
Total	8.00	1.25	2.50	0.02	0.00	0.00	11.77

Resolution plan

Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms was implemented nationally, effective from 1 January 2015 (Act on the Resolution of Credit Institutions and Investment Firms). To implement the Resolution Act, the Financial Stability Authority was established in Finland (Act on the Financial Stability Authority, 1195/2014). The Financial Stability Authority is responsible for Aktia Bank Plc's crisis resolution plan, as well as the minimum requirement for own funds and eligible liabilities that can be written down (MREL requirement).

For Aktia, the ratio of own funds and eligible liabilities to the total risk exposure amount (TREA) was 256.06 % and to the leverage ratio exposure (LRE) 252.99 %, as compared to the current MREL requirements of 19.86 % of the TREA and 5.91 % of the LRE. The current requirement entered into force on 1 January 2022. Aktia's requirement was covered by own funds and unsecured senior bonds. The MREL requirement does not include a so-called subordination requirement.

MREL requirement (EUR million)	30 Sep 2022	31 Dec 2021
Total Risk Exposure Amount (TREA)	3,084.0	2,938.8
of which MREL requirement	612.5	583.7
Leverage Ratio Exposure (LRE)	10,488.9	10,083.3
of which MREL requirement	619.9	595.9
MREL requirement	619.9	595.9
Own funds and eligible liabilities		
CET1	326.9	329.1
AT 1-instruments	58.3	60.0
Tier 2-instruments	69.5	70.6
Other liabilities	1,113.6	903.7
Total	1,568.3	1,363.5

Aktia's buffer for the MREL was EUR 948.4 million. The MREL requirement for Aktia was based on the leverage ratio exposure.

The Financial Stability Authority updated the MREL requirement for Aktia on 6 April 2022. From 1 January 2024, the MREL requirement will increase to 19.95 % of the total risk exposure amount or 7.7 % of the leverage ratio exposures.

The life insurance company follows the Solvency II directive, in which the calculation for technical provisions are measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

Solvency II (EUR million)	With transitional rules		Whitout transitional rules	
	30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021
MCR	21.7	27.5	23.0	29.7
SCR	77.8	108.9	86.7	118.7
Eligible capital	191.4	244.7	160.4	206.8
Solvency ratio, %	246.5	224.7	181.4	174.3

The Group's risk exposures

The Group focuses primarily on banking, asset management and life insurance operations. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, as well as interest rate and other market risks and actuarial risks in the life insurance business. All these operations are exposed to business and operational risks.

Definitions and general principles for asset and risk management can be found in note G2 on page 59–74 in Aktia Bank Plc's Financial Review 2021 and in Aktia Bank Plc's Pillar III Report 2021 (the former Capital and Risk Management Report), published on the Group's website www.aktia.com.

Banking and asset management business

Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is at an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. At the end of the third quarter of 2022, the LTV level amounted to, on average, 42% for the entire loan book.

The impact of the war in Ukraine as well as the economic sanctions imposed on Russia, have not affected the credit risk position of the bank so far. The Bank has put in place an increased follow-up and reporting of identified sectors, for example agriculture, transport and construction, that may have an increased risk due to the crisis.

The number of defaulted credit exposures has increased during the third quarter. A few individual counterparties accounted for most of the increase in defaulted corporate exposures, whereas in the private customer portfolio, there has been a rise in the number of counterparties identified as unlikely to be able to repay the capital, which has contributed to the increase in defaulted exposures. Delays over 90 days did not increase significantly in household loans.

Gross loans past due by time overdue and ECL stages

(EUR million) Days	30 September 2022			
	Stage 1	Stage 2	Stage 3	Total
≤ 30	31.9	23.2	8.9	64.0
of which households	23.5	22.4	8.1	54.0
> 30 ≤ 90	0.0	31.3	11.6	42.9
of which households	0.0	9.7	9.2	18.9
> 90	0.0	0.0	54.8	54.8
of which households	0.0	0.0	45.2	45.2

(EUR million) Days	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
≤ 30	22.2	18.8	5.5	46.5
of which households	20.8	17.5	4.9	43.1
> 30 ≤ 90	0.0	22.0	10.8	32.8
of which households	0.0	17.2	9.9	27.0
> 90	0.0	0.0	52.0	52.0
of which households	0.0	0.0	41.3	41.3

Credit exposures (incl. off-balance sheet commitments) per probability of default (PD)

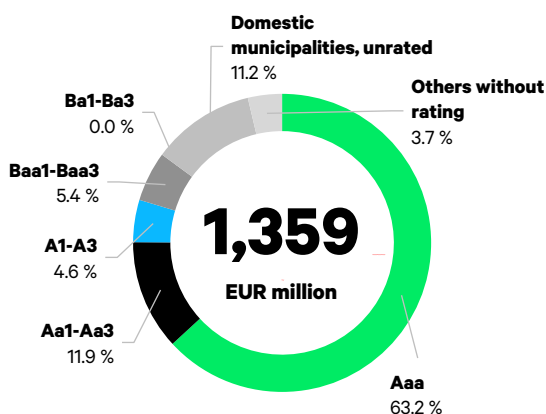
(EUR million)	30 Sep 2022	31 Dec 2021
Corporate		
PD grades A	287.6	244.4
PD grades B	992.4	942.2
PD grades C	985.5	923.7
Default	33.7	23.6
	2,299.2	2,133.9
Loss allowance (ECL)	-14.6	-14.4
Carrying amount	2,284.6	2,119.5
Households		
PD grades A	3,483.0	3,395.6
PD grades B	1,175.7	1,211.6
PD grades C	827.6	805.6
Default	110.6	95.7
	5,596.9	5,508.5
Loss allowance (ECL)	-18.4	-17.4
Carrying amount	5,578.5	5,491.1
Other		
PD grades A	29.6	28.6
PD grades B	468.8	436.7
PD grades C	72.7	83.7
Default	1.4	0.6
	572.5	549.6
Loss allowance (ECL)	-0.7	-0.6
Carrying amount	571.8	549.0

The PD grades are divided according to PD-TTC, where grade A has a PD of less than 0.2%, grade B has a PD of less than 1%, grade C has a PD of less than 100% and grade Default has a PD-TTC of 100%.

Market risks

Market risks arise as a result of price changes and risk factors on the financial market. Market risks include interest rate risk, currency risk as well as equity and real estate risk.

Rating distribution for the Bank Group's liquidity portfolio 30 Sep 2022 total



The interest rate risk is the largest market risk. A structural interest rate risk occurs as a result of differences interest determination periods and repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are actively managed through various trading arrangements considering the current market situation, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

The bank measures the interest rate risk through sensitivity analyses of the net interest income and through the current value on interest-bearing assets and liabilities where the interest rate curve is stressed by using different interest rate shock scenarios according to EBA's guidelines as well as with the bank's own internally defined interest rate shock scenarios. The bank group's interest rate risk, present value risk (financial value), increased during the year due to the increasing market interest rates. In the third quarter, both the bank's and the life insurance's interest rate risk has been actively reduced by interest-rate swaps.

The banking business conducts no equity trading or investments in real estate property for yield purposes. Equity investments pertaining to business operations amounted to EUR 7 (5) million. The Bank Group had no real estate holdings at the end of the period. The Bank Group's total currency exposure is marginal and amounted to EUR 5 (5) million at the end of the period.

Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,689 (1,571) million at the end of the period.

All bonds met the criteria for refinancing at the central bank.

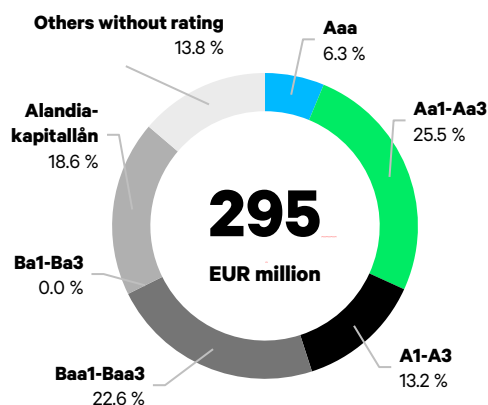
The liquidity risk is, among other things, followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is enough to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued bonds. The LCR amounted to 183 (140) %.

Liquidity coverage ratio (LCR)	30 Sep 2022	31 Dec 2021
LCR %	183%	140%

Liquidity reserve, market value (EUR million)	30 Sep 2022	31 Dec 2021
Cash and balances with central banks	647	681
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	202	222
Securities issued or guaranteed by municipalities or the public sector	152	155
Covered Bonds	687	514
Securities issued by credit institutions	-	-
Securities issued by corporates (commercial papers)	-	-
Total	1,689	1,571
<i>of which LCR-qualified</i>	<i>1,689</i>	<i>1,571</i>

Rating distribution for the life insurance business's direct interest-bearing investments 30 Sep total

(excluding investments in fixed income funds, real estates, equities and alternative investments)



Life Insurance Business

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 514 (642) million. The life insurance company's direct real estate investments amounted to EUR 47 (47) million. The properties are in the Helsinki region and in other growth areas in Southern Finland and they mostly have long tenancies.

Aktia Life Insurance, allocation of investment portfolio

(EUR million)	30 Sep 2022		31 Dec 2021	
Equities	12.2	2.4%	8.0	1.3%
Europe	8.0	1.6%	4.9	0.8%
USA	4.2	0.8%	3.2	0.5%
Fixed income investments	320.5	62.3%	384.9	60.0%
Government bonds	93.8	18.2%	116.9	18.2%
Financial bonds	34.7	6.7%	37.3	5.8%
Other corporate bonds ¹⁾	130.3	25.3%	157.5	24.5%
Emerging Markets (mtl. funds)	38.0	7.4%	45.6	7.1%
High yield (mtl. funds)	21.0	4.0%	24.4	3.8%
Other funds	2.7	0.6%	3.6	0.6%
Alternative investments	28.8	5.6%	24.8	3.9%
Private Equity etc.	22.4	4.3%	18.9	2.9%
Infrastructure funds	6.4	1.1%	5.9	0.9%
Real estates	71.9	14.0%	88.1	13.7%
Directly owned	47.0	9.1%	47.2	7.3%
Real estate funds	24.9	4.8%	41.0	6.4%
Money Market	70.9	13.8%	90.3	14.1%
Derivatives	-18.6	-3.6%	-0.9	-0.1%
Cash and bank	28.7	5.6%	46.7	7.3%
Total	514.4	100.0%	642.0	100.0%

¹⁾ Includes capital loan to Alandia

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 25 (25) million, which can be used to cover the future interest rate requirements. The average discount rate for the interest-bearing technical provisions after dissolutions from the interest reserve is 2.2% for 2022, 2.3% for 2023–2031 and 2.9% after that. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. The interest rate risk remains the largest market risk associated with the life insurance company's insurance debt, other market risks have a marginal impact, however, its importance has declined significantly due to the extensive hedging measures put in place in the three previous quarters. Interest rate risk of the company's interest-bearing balance sheet items in the investment portfolio and in the interest-linked and unit-linked technical provisions is calculated through an interest rate stress test (decrease in interest rate) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-termed technical provisions and amounted to EUR -10 (-25) million.

Main events

Aktia Launches Rare Dark Green Corporate Bond Fund

Aktia has launched the new UI-Aktia Sustainable Corporate Bond fund on 1 September 2022. It is classified as a so-called dark green fund in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation. The fund invests only in green, social, and responsible bonds as well as sustainability-linked bonds (SLB), and each investment object is also required to have a positive net impact, considering, for example, the impact on society and the environment.

Moody's downgrades Aktia's ratings and upgrades outlook to stable

The credit rating agency Moody's Investors Service has on 26 September 2022 decided to downgrade Aktia Bank Plc's long-term deposit and senior unsecured debt ratings to A2 from A1 and changed the outlook to stable from negative. Furthermore, the rating agency downgraded the Baseline Credit Assessment (BCA) and adjusted BCA to baa1, from a3. All short-term ratings and assessment were affirmed at P-1.

Change in Executive Committee

Sini Kivekäs, Master of Laws with court training, has been appointed Aktia's new Executive Vice President, Human Resources (EVP, HR). In connection with the appointment, the EVP, HR will also become a member of Aktia's Executive Committee. Kivekäs has a long and versatile work history in different positions at Nordea: She has previously worked as HR Director of Nordea Finland, among other things, and currently she works as Head of Country Senior Executive Office at Nordea Finland. Kivekäs will start in the new position on 1 December 2022 at the latest.

Aktia Life Insurance sold its real estate investment, capital gains of EUR 11 million

On 16 May 2022, Aktia informed that Aktia Life Insurance Ltd, a subsidiary of Aktia Bank Plc, is an investor in a real estate investment company, the sale of which was subject to a letter of intent. The transaction was executed during the second quarter and as a result, Aktia Life Insurance Ltd recorded capital gains of EUR 11 million in its investment portfolio.

Aktia signed the UN Principles for Responsible Banking and joined the world's largest banking community

Aktia became an official Signatory of the UN Principles for Responsible Banking – a single framework for a sustainable

banking industry developed through a partnership between over 270 banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

Aktia's funds won recognition in the Refinitiv Lipper Fund Awards 2022

Aktia Asset Management was rewarded in the Refinitiv Lipper Fund Awards 2022 both for its equity funds investing in Nordic companies and for its bond fund investing in euro-denominated corporate bonds. The awards are granted based on risk-adjusted returns over three-, five-, and ten-year periods.

Aktia once again Finland's best fund house in Morningstar's comparison

In the Morningstar Awards 2022 comparison, published on 28 February 2022, Aktia was selected as Finland's best fund house for fixed-income funds as well as for the overall selection. Morningstar is an independent party carrying out fund comparisons and selecting the best fund houses annually based on the five-year risk-adjusted return.

Aktia became partner in Alexander Corporate Finance

On 30 November, Aktia Bank Plc and Alexander Corporate Finance Oy ("ACF") announced an arrangement, which results in Aktia owning 20% of ACF's shares. The completion of the arrangement took place on 2 February 2022 after receiving the approval from the Finnish Financial Supervisory Authority. With the arrangement, the name of Alexander Corporate Finance was changed to Aktia Alexander Corporate Finance Oy.

Aktia issued a EUR 500 million covered bond

On 18 January 2022, Aktia Bank Plc issued a new EUR 500 million covered bond, due in October 2028. The bond was priced at a negative margin compared to swap rates (MS -1). This was the first Finnish covered bond in 2022.

Aktia simplified its group structure with mergers of subsidiaries

As planned, Aktia Bank Plc executed the merger of its wholly owned subsidiary Aktia Wealth Management Ltd with Aktia Bank Plc on 1 January 2022. At the same time, Aktia merged its two subsidiaries, where Aktia Fund Management Company Ltd merged with AV Fund Management Ltd. As from 1 January 2022, the name of the Fund Management Company is Aktia Fund Management Company Ltd. Both mergers are a part of simplifying Aktia's asset management operations, where an essential part is the simplification of the group structure.

Other information

Rating

Standard & Poor's (S&P) outlook for the creditworthiness of Aktia Bank Plc has been stable since the latest update on 22 January 2021. The rating is A- for long-term borrowing and A2 for short-term borrowing. The rating was affirmed on 13 April 2022 in S&P's "RatingsDirect" report.

The credit rating agency Moody's Investors Service has on 26 September 2022 decided to downgrade Aktia Bank Plc's long-term deposit and senior unsecured debt ratings to A2 from A1 and changed the outlook to stable from negative. Furthermore, the rating agency downgraded the Baseline Credit Assessment (BCA) and adjusted BCA to baa1, from a3. All short-term ratings and assessment were affirmed at P-1.

According to Moody's, the downgrade reflects a multiyear trend of declining capital metrics, mainly due to lending growth, high dividend payout ratios as well as the goodwill created by the acquisition of Taaleri Asset Management during the second quarter of 2021.

	Long-term borrowing	Short-term borrowing	Outlook	Covered Bonds
Moody's Investors Service	A2	P-1	stable	Aaa
Standard & Poor's	A-	A-2	stable	-

Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G43 and P43 in the Financial Review 2021.

Staff

The number of full-time employees at the end of September amounted to 927 (31 December 2021; 854). The average number of full-time employees amounted to 912 (1 January–30 September 2021; 863).

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 170 million. At the end of September 2022, the number of Aktia shares was 72,293,712. The total number of registered holders amounted to 40,156 (30 September 2021; 38,974). 10.41% of the shares were in foreign ownership. There were no unregistered shares at the end of September. On 30 September 2022, the Group held 240,263 (30 September 2021; 307,107) Aktia shares. Aktia Bank Plc's market value on 30 September 2022, the last trading day of the period, was approximately EUR 669 million. The closing price for the Aktia share on 30 September 2022 was EUR 9.67. The highest price for the Aktia share during the period was EUR 10.54 and the lowest EUR 8.62.

The average daily turnover of the Aktia share during January–September 2022 was EUR 570,787 or 55,381 shares.

(EUR million)	Number of shares	Share capital	Unrestricted equity reserve
1 Jan 2021	69,574,173	169.7	112.7
Share issue 9 Feb 2021	100,000	-	1.0
Share issue 6 May 2021	974,563	-	9.6
Share issue 20 May 2021	66,770	-	0.7
Share issue 30 Sep 2021	1,371,500	-	13.9
Share issue 18 Nov 2021	57,075	-	0.6
Other changes	-	-	0.1
31 Dec 2021	72,144,081	169.7	138.6
Share issue 14 Feb 2022	75,000	-	0.9
Share issue 24 May 2022	74,631	-	0.7
Other changes	-	-	0.4
30 Sep 2022	72,293,712	169.7	140.5

Development of Aktia's share 3 January–30 September 2022



Risks and outlook

Risks (updated)

Aktia's result is affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, as well as the competitive situation. Changes in these factors may affect the demand for banking, insurance, and asset management services. The market value of Aktia's financial and other assets may change, for example, because of investors' higher return requirements or rising interest rates.

The high inflation rate in the euro area (10.0% in September) has contributed to a continued rise in interest rates during the third quarter. The market also expects that the ECB will raise the key interest rate significantly already in 2022 and that the ECB's key interest rate will increase by about 1.8 pp from its current level within one year. Due to the reasons described above, we have continued to hedge the interest rate risk of the liquidity portfolio during the third quarter. Correspondingly, we have reduced the interest rate risk of the Life insurance company during the third quarter. The availability of liquidity on the financial market is important for Aktia's refinancing activities. In the current interest rate environment, retail deposits have become an increasingly favourable form of funding alongside wholesale funding, making Aktia more active in the acquisition of deposits.

The development of commission income is dependent on the volume and value development of assets under management, which has increased the risks pertaining to the Group's income and profitability. As a result of the increase in volatility and negative value developments in the financial markets in 2022, the risk level of commission income has increased, and in addition to this, the amount of assets under management has decreased because of the

decrease in value. On the other hand, the increase in net subscriptions has increased the amount of assets under management.

Any future impairment of credits in Aktia's credit portfolio could be due to many factors, of which the most important are the general economic situation, the interest rate level, the level of unemployment and the development of house prices.

Russia's war against Ukraine continues and has had spill-over effects on the European and Finnish economies, particularly through energy prices. Aktia actively monitors risks in sectors that are most affected by the current situation, such as the energy-intensive industry and transport sectors. Some impairments have been made in the corporate portfolio. Aktia operates in Finland and has no lending activities in Russia, Belarus or Ukraine.

The financial position and activity of Aktia's customers is expected to be affected by the very rapid rise in market rates (Euribor) together with higher living costs (inflation). At the moment, there have been no significant deviations in customer behaviour, for example in the demand for instalment-free periods, but Aktia is actively monitoring the situation.

There is an increase in the number of defaulted exposures in Aktia's loan portfolio due to individual corporate counterparties and the increasing amount of uncertain repayment on the private customer side.

Aktia's operational risks have also been in line with the risk appetite during the third quarter of 2022. Due to the crisis in Ukraine and Finland's decision to apply for NATO membership, the threat of various cyber attacks has increased, but has not materialised in the quarter either. Aktia actively monitors authority guidelines as well as the situation in general through its various contacts and industry stakeholder groups.

Phishing attacks have continued during the third quarter. In Finland, the number of scams on online sales platforms and SMS scams has increased significantly. Aktia's customers have also suffered from these scams. Through its own measures, Aktia is proactive in preventing these scams targeting customers. Aktia has informed its customers about the threat, for example by arranging a webinar on fraud and how customers can protect themselves from it. In addition, Aktia is actively cooperating with various actors, such as authorities, the financial sector and other partners, in the fight against fraud.

Outlook 2022 (updated 27 October 2022)

Aktia's comparable operating profit in 2022 is expected to be lower than in 2021. A key uncertainty is the development of the market value of different asset classes.

- The net interest income is expected to remain on the same level or be slightly higher than in the third quarter. The positive impact of the increasing short-term reference rate on private customers' net interest income will be gradually visible as a result of the annual interest rate adjustments on mortgage loans while financing costs are expected to increase.
- Commission income is expected to increase slightly during the last quarter of the year compared to the previous quarter.
- The net income from life insurance depends on the changes in market values. In the first three quarters of the year, rising interest rates and market uncertainty have led to negative unrealised value changes in the life insurance business's investment portfolio.
- Considering the impact of inflation, the expenses are expected to be approximately at the level of the comparable operating expenses 2021.
- Potential credit loss provisions are expected to remain at a moderate level while the liquidity and capital adequacy of Aktia remain stable.

Events after the end of the period

Aktia Bank and Aktia Life Insurance initiate change negotiations

Aktia Bank Plc and Aktia Life Insurance Ltd will initiate change negotiations under the Co-operation Act to reorganise their operations. The aim of the negotiations is to clarify and simplify the organisational structure in order to support an excellent customer experience, growth and efficient operating practices, in line with the strategy. The companies are planning to harmonise jobs by centralising and clarifying responsibilities.

Change in Aktia's Executive Committee

Max Sundström, Aktia's Chief Transformation Officer and member of the Executive Committee, will leave his duties in Aktia on 31 December 2022 at the latest. Mr Sundström transfers to IT service company CGI as part of the strategic cooperation announced by Aktia, 11 October 2022. Through the cooperation, CGI and the joint venture between Aktia and CGI to be established will provide Aktia with a significant part of the maintenance and development services for Aktia's banking business IT systems in the future. At the same time, a significant part of the capacity and data centre services of Aktia's banking business will be transferred to CGI.

Aktia and CGI enter strategic cooperation

Aktia Bank Plc and IT service provider CGI Finland Ltd have signed an agreement on strategic cooperation whereby a joint venture now being established between Aktia and CGI will provide Aktia with a significant part of the maintenance and development services for Aktia's banking business IT systems in the future. The cooperation supports Aktia's strategic objectives to develop its banking business and services and to be the leading wealth manager bank in Finland. With the partnership, some 50 Aktia IT service specialists will be transferred to the joint venture before the end of the year. At the same time, a significant part of the capacity and data centre services of Aktia's banking business will be transferred to CGI.

Tables and notes to the interim report

Key figures

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ %	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021
Earnings per share (EPS), EUR	0.57	0.72	-21 %	0.14	0.28	0.15	0.23	0.28
Total earnings per share, EUR	-0.22	0.57	-	0.05	-0.05	-0.23	0.16	0.26
Equity per share (NAV), EUR ¹	8.67	9.70	-11 %	8.67	8.63	9.21	9.45	9.70
Average number of shares (excl. treasury shares), million ²	72.0	70.0	3 %	72.0	71.9	71.9	70.5	70.0
Numer of share at the end of the period (excl. treasury shares), million ¹	72.1	71.8	0 %	72.1	72.1	72.0	71.8	71.8
Return on equity (ROE), % ³	8.3	10.0	-17 %	6.4	12.3	6.5	9.5	11.4
Return on assets (ROA), % ³	0.46	0.62	-25 %	0.34	0.67	0.38	0.57	0.69
Cost-to-income ratio ³	0.71	0.65	10 %	0.76	0.62	0.78	0.69	0.62
Common Equity Tier 1 capital ratio. CET1 (Bank Group), % ¹	10.6	10.4	2 %	10.6	10.4	10.6	11.2	10.4
Tier 1 capital ratio (Bank Group), % ¹	12.5	12.4	1 %	12.5	12.3	12.6	13.2	12.4
Capital adequacy ratio (Bank Group), % ¹	14.7	14.8	-1 %	14.7	14.6	14.8	15.6	14.8
Risk-weighted exposures (Bank Group) ¹	3,084.0	2,969.2	4 %	3,084.0	3,089.5	3,072.1	2,940.6	2,969.2
Capital adequacy ratio (finance and insurance conglomerate), % ¹	145.6	125.9	16 %	145.6	143.3	140.6	145.0	125.9
Equity ratio, % ¹	5.8	6.9	-15 %	5.8	5.8	6.2	6.6	6.9
Group financial assets ¹	1,955	2,417	-19 %	1,955	2,589	2,580	2,546	2,417
Assets under management ¹	13,598	15,899	-14 %	13,598	13,919	14,697	15,794	15,899
Borrowing from the public ¹	4,904.1	4,606.5	6 %	4,904.1	4,890.1	4,698.9	4,503.3	4,606.5
Lending to the public ¹	7,739.1	7,412.7	4 %	7,739.1	7,698.2	7,607.3	7,486.4	7,412.7
Premiums written before reinsurers' share ³	110.4	112.9	-2 %	28.4	36.4	45.7	39.8	32.1
Expense ratio, % (life insurance company) ²	106.8	94.9	13 %	106.8	107.1	102.3	98.9	94.9
Solvency ratio (life insurance company), %	246.1	164.3	50 %	246.1	245.1	221.9	224.7	164.3
Eligible capital (life insurance company)	191.4	184.6	4 %	191.4	205.8	219.4	244.7	184.6
Investments at fair value (life insurance company) ¹	1,453.5	1,616.2	-10 %	1,453.5	1,495.4	1,599.3	1,693.4	1,616.2
Technical provisions for risk insurances and interest-related insurances ¹	368.0	421.9	-13 %	368.0	381.6	402.4	414.5	421.9
Technical provisions for unit-linked insurances ¹	974.5	1,096.6	-10 %	974.5	1,003.4	1,086.4	1,153.8	1,096.6
Group's personnel (FTEs), average number of employees	912	863	6 %	947	923	875	859	893
Group's personnel (FTEs), at the end of the period ¹	927	865	7 %	927	965	895	854	865
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio ³	0.71	0.64	12 %	0.76	0.62	0.78	0.69	0.63
Comparable earnings per share (EPS), EUR ³	0.56	0.75	-25 %	0.14	0.28	0.15	0.23	0.27
Comparable return on equity (ROE), % ³	8.3	10.4	-20 %	6.4	12.3	6.5	9.6	11.2

* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information. Aktia presents a number of APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in the table under the Group's income statement and comprehensive income.

1) At the end of the period

2) Cumulative from the beginning of the year

3) Return on equity exclude the additional Tier 1 capital loan recognised as equity

Formulas for the key figures are available in Aktia Bank Plc's Annual Review 2021 on page 49.

Consolidated income statement

(EUR million)	Note	Jan-Sep 2022	Jan-Sep 2021	Δ %	2021
Net interest income	3	75.0	72.2	4 %	96.2
Dividends		1.4	0.3	318 %	0.4
Commission income		101.9	99.1	3 %	136.0
Commission expenses		-9.0	-8.8	-2 %	-12.0
Net commission income		92.9	90.3	3 %	124.0
Net income from life insurance	4	17.9	30.1	-41 %	37.7
Net income from financial transactions	5	-0.6	4.6	-	4.7
Other operating income		0.3	0.7	-57 %	0.8
Total operating income		186.8	198.3	-6 %	263.8
Staff costs		-62.9	-61.5	2 %	-83.7
IT expenses		-23.4	-21.5	9 %	-30.7
Depreciation of tangible and intangible assets		-17.6	-15.5	14 %	-21.5
Other operating expenses		-29.5	-30.6	-4 %	-38.5
Total operating expenses		-133.4	-129.2	3 %	-174.4
Impairment of credits and other commitments	7	-3.1	-4.6	-33 %	-4.5
Share of profit from associated companies		0.3	-0.2	-	-0.3
Operating profit		50.6	64.3	-21 %	84.6
Taxes		-9.8	-13.2	-26 %	-17.3
Profit for the period		40.8	51.1	-20 %	67.4
Attributable to:					
Shareholders in Aktia Bank Plc		40.8	50.6	-19 %	66.8
Holders of Additional Tier 1 capital		-	0.5	-	0.5
Total		40.8	51.1	-20 %	67.4
Earnings per share (EPS), EUR		0.57	0.72	-22 %	0.95
Earnings per share (EPS) after dilution, EUR		0.57	0.72	-22 %	0.95
Operating profit excluding items affecting comparability:					
Operating profit		50.6	64.3	-21 %	84.6
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc		-0.2	-0.5	67 %	-0.5
Operating expenses:					
Costs for restructuring		-	3.0	-	3.3
Comparable operating profit		50.4	66.7	-24 %	87.4

Consolidated statement of comprehensive income

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ%	2021
Profit for the period	40.8	51.1	-20 %	67.4
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets	-56.8	-7.4	-672 %	-11.4
Change in valuation of fair value for cash flow hedging	-0.7	-0.1	-	-0.1
Transferred to the income statement for financial assets	0.7	-3.4	-	-3.5
Comprehensive income from items which can be transferred to the income statement	-56.8	-10.8	-427 %	-15.1
Defined benefit plan pensions	-	-	-	-0.1
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.1
Total comprehensive income for the period	-16.0	40.3	-	52.2
Total comprehensive income attributable to:				
Shareholders in Aktia Bank Plc	-16.0	39.8	-	51.6
Holders of Additional Tier 1 capital	-	0.5	-	0.5
Total	-16.0	40.3	-	52.2
Total earnings per share, EUR	-0.22	0.57	-	0.73
Total earnings per share after dilution, EUR	-0.22	0.57	-	0.73
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	-16.0	40.3	-	52.2
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc	-0.1	-0.4	67 %	-0.4
Operating expenses:				
Costs for restructuring	-	2.4	-	2.6
Comparable total comprehensive income	-16.2	42.2	-	54.4

Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ%	2021
Net income from financial transactions	0.2	0.5	-67 %	0.5
Total operating income	0.2	0.5	-67 %	0.5
Staff costs	-	-1.3	-	-1.6
Other operating expenses	-	-1.7	-	-1.7
Total operating expenses	-	-3.0	-	-3.3
Operating profit	0.2	-2.4	-	-2.8
Taxes	0.0	0.5	-	0.6
Total comprehensive income for the period	0.1	-1.9	-	-2.2

Consolidated balance sheet

(EUR million)	Note	30 Sep 2022	31 Dec 2021	Δ%	30 Sep 2021
Interest-bearing securities		72.8	94.6	-23 %	97.2
Shares and participations		168.4	203.2	-17 %	183.5
Investments for unit-linked investments		974.5	1,154.0	-16 %	1,097.1
Financial assets measured at fair value through income statement	8	1 215.7	1,451.8	-16 %	1,377.7
Interest-bearing securities		1 058.5	1,107.0	-4 %	1,058.7
Financial assets measured at fair value through other comprehensive income	8	1 058.5	1,107.0	-4 %	1,058.7
Interest-bearing securities	7,8	529.2	386.5	37 %	386.4
Lending to Bank of Finland and credit institutions	7,8	670.4	65.3	926 %	46.5
Lending to the public and public sector entities	7,8	7 739.1	7,486.4	3 %	7,412.7
Cash and balances with central banks	8	180.9	732.8	-75 %	668.8
Financial assets measured at amortised cost		9 119.7	8,671.0	5 %	8,514.4
Derivative instruments	6,8	44.8	39.6	13 %	48.2
Investments in associated companies and joint ventures		2.5	0.2	-	0.2
Intangible assets and goodwill		167.0	174.0	-4 %	177.0
Right-of-use assets		21.5	22.3	-4 %	23.2
Investment properties		44.4	45.5	-2 %	42.4
Other tangible assets		8.4	8.1	4 %	7.2
Tangible and intangible assets		241.3	249.8	-3 %	249.7
Other assets		162.0	131.7	23 %	121.7
Income tax receivables		-	0.2	-	0.7
Deferred tax receivables		15.5	2.1	622 %	2.3
Tax receivables		15.5	2.3	565 %	3.0
Total assets		11 860.0	11,653.3	2 %	11,373.7
Liabilities to central banks (TLTRO loan)		800.0	800.0	0 %	650.0
Liabilities to credit institutions		62.6	122.5	-49 %	124.9
Liabilities to the public and public sector entities		4,904.1	4,503.3	9 %	4,606.5
Deposits	8	5,766.7	5,425.8	6 %	5,381.5
Derivative instruments	6,8	274.7	20.5	-	18.7
Debt securities issued		2,931.7	3,060.3	-4 %	3,115.6
Subordinated liabilities		118.7	150.0	-21 %	105.8
Other liabilities to credit institutions		9.9	14.0	-29 %	20.4
Other liabilities to the public and public sector entities		580.3	506.0	15 %	289.5
Other financial liabilities	8	3,640.6	3,730.4	-2 %	3,531.3
Technical provisions for risk insurances and interest-related insurances		368.0	414.5	414.5	-11 %
Technical provisions for unit-linked insurances		974.5	1,153.8	-16 %	1,096.6
Technical provisions		1,342.4	1,568.2	-14 %	1,518.6
Other liabilities		92.7	104.2	-11 %	101.8
Provisions		1.2	1.0	19 %	1.5
Income tax liabilities		2.6	6.7	-62 %	5.5
Deferred tax liabilities		54.8	58.1	-6 %	58.7
Tax liabilities		57.4	64.8	-12 %	64.3
Total liabilities		11,175.7	10,914.9	2 %	10,617.7
Restricted equity		119.1	175.9	-32 %	180.2
Unrestricted equity		505.7	503.0	1 %	516.3
Shareholders' share of equity		624.8	678.9	-8 %	696.5
Holders of Additional Tier 1 capital		59.5	59.5	0 %	59.5
Total equity		684.2	738.4	-7 %	756.0
Total liabilities and equity		11,860.0	11,653.3	2 %	11,373.7

Consolidated off-balance-sheet commitments

(EUR million)	30 Sep 2022	31 Dec 2021	Δ%	30 Sep 2021
Guarantees	19.2	20.7	-7 %	22.0
Other commitments provided to a third party	5.6	6.8	-17 %	6.3
Commitments provided to a third party on behalf of the customers	24.9	27.5	-10 %	28.3
Unused credit arrangements	660.2	685.3	-4 %	737.2
Other commitments provided to a third party	19.5	24.8	-21 %	26.6
Irrevocable commitments provided on behalf of customers	679.7	710.1	-4 %	763.8
Total	704.6	737.6	-4 %	792.1

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Un-restricted equity reserve	Retained earnings	Shareholders' share of equity	Additional Tier 1 capital holders	Total equity
Equity as at 1 January 2021	169.7	21.3	3.0	112.7	360.2	666.8	-	666.8
Share issue	-			25.8	-	25.8		25.8
Acquisition of treasury shares					-1.0	-1.0		-1.0
Divestment of treasury shares				0.1	1.0	1.0		1.0
Dividend to shareholders					-67.7	-67.7		-67.7
<i>Profit for the year</i>					67.4	67.4		67.4
<i>Financial assets</i>		-14.9				-14.9		-14.9
<i>Cash flow hedging</i>		-0.1				-0.1		-0.1
<i>Defined benefit plan pensions</i>					-0.1	-0.1		-0.1
Total comprehensive income for the year		-15.1			67.2	52.2		52.2
Additional Tier 1 (AT1) capital issue						-	60.0	60.0
Issue cost						-	-0.5	-0.5
Change in share-based payments (IFRS 2)			1.0		0.7	1.7		1.7
Equity as at 31 December 2021	169.7	6.2	3.9	138.6	360.5	678.9	59.5	738.4
Equity as at 1 January 2022	169.7	6.2	3.9	138.6	360.5	678.9	59.5	738.4
Share issue				1.5	-	1.5		1.5
Acquisition of treasury shares					-0.9	-0.9		-0.9
Divestment of treasury shares				0.4	1.2	1.6		1.6
Dividend to shareholders					-40.3	-40.3		-40.3
<i>Profit for the period</i>					40.8	40.8		40.8
<i>Financial assets</i>		-56.1			-	-56.1		-56.1
<i>Cash flow hedging</i>		-0.7			-	-0.7		-0.7
Total comprehensive income for the period		-56.8			40.8	-16.0		-16.0
Paid interest on Additional Tier 1 (AT1) capital, after taxes					-1.9	-1.9	-	-1.9
Change in share-based payments (IFRS 2)			1.3		0.5	1.8		1.8
Equity as at 30 Sep 2022	169.7	-50.6	5.2	140.5	359.9	624.8	59.5	684.2
Equity as at 1 January 2021	169.7	21.3	3.0	112.7	360.2	666.8	-	666.8
Share issue				25.2	-	25.2		25.2
Acquisition of treasury shares					-1.0	-1.0		-1.0
Divestment of treasury shares				0.1	1.0	1.0		1.0
Dividend to shareholders					-36.8	-36.8		-36.8
<i>Profit for the period</i>					51.1	51.1		51.1
<i>Financial assets</i>		-10.7				-10.7		-10.7
<i>Cash flow hedging</i>		-0.1				-0.1		-0.1
Total comprehensive income for the period		-10.8			51.1	40.3		40.3
Additional Tier 1 (AT1) capital issue							60.0	60.0
Issue cost							-0.5	-0.5
Change in share-based payments (IFRS 2)			0.3		0.6	0.9		0.9
Equity as at 30 Sep 2021	169.7	10.5	3.3	138.0	375.1	696.5	59.5	756.0

Consolidated cash flow statement

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ %	2021
Cash flow from operating activities				
Operating profit	50.6	64.3	-21 %	84.6
Adjustment items not included in cash flow	14.0	13.0	8 %	14.2
Paid income taxes	-15.7	-11.1	-42 %	-12.8
Cash flow from operating activities before change in receivables and liabilities	48.8	66.2	-26 %	86.0
Increase (-) or decrease (+) in receivables from operating activities ¹	-847.1	-326.6	-159 %	-542.7
Increase (+) or decrease (-) in liabilities from operating activities	318.3	767.0	-59 %	1,033.0
Total cash flow from operating activities	-480.0	506.6	-	576.2
Cash flow from investing activities				
Acquisition of the Taaleri Wealth Management Ltd	-	-113.7	-	-113.7
Investment in investment properties	-	-2.3	-	-3.8
Proceeds from sale of investment properties	-	0.9	-	0.9
Investment in tangible and intangible assets	-7.5	-6.8	-10 %	-9.7
Proceeds from sale of tangible and intangible assets	0.1	0.0	-	0.1
Acquisition of and capital loan to associated companies	-2.1	-0.2	-950 %	-0.3
Total cash flow from investing activities	-9.5	-122.1	92 %	-126.4
Cash flow from financing activities				
Subordinated liabilities	-25.0	-52.4	52 %	-7.8
Share issue	-	13.9	-	13.9
Additional Tier 1 (AT1) capital issue	-	59.5	-	59.5
Paid interest on Additional Tier 1 (AT1) capital	-2.3	-	-	-
Divestment of treasury shares	1.6	1.0	50 %	1.0
Paid dividends	-40.3	-36.8	-10 %	-67.7
Total cash flow from financing activities	-66.1	-14.8	-348 %	-1.0
Change in cash and cash equivalents	-555.6	369.7	-	448.8
Cash and cash equivalents at the beginning of the year	734.9	276.6	166 %	276.6
Cash and cash equivalents at the end of the period	179.3	655.8	-73 %	734.9
Cash and cash equivalents from the acquisition of Taaleri Wealth Management Ltd	-	9.5	-	9.5
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	0.7	0.8	-15 %	0.9
Bank of Finland current account excl. the minimum reserve deposit in Bank of Finland	126.3	617.8	-80 %	680.3
Repayable on demand claims on credit institutions	52.4	37.3	41 %	53.7
Total	179.3	655.8	-73 %	734.9
Adjustment items not included in cash flow consist of:				
Impairment of interest-bearing securities	2.3	-0.4	-	-0.4
Unrealised change in value for financial assets measured at fair value through income statement	9.6	-6.5	-	-7.9
Impairment of credits and other commitments	3.1	4.6	-33 %	4.5
Change in fair values	-16.2	5.5	-	4.6
Depreciation and impairment of tangible and intangible assets	14.1	11.7	20 %	16.6
Sales gains and losses from tangible and intangible assets	-	-0.3	-	-0.3
Unwound fair value hedging	-1.5	-1.5	0 %	-2.0
Change in fair values of investment properties	1.0	-0.8	-	-2.4
Change in share-based payments	1.2	0.2	498 %	0.8
Other adjustments	0.4	0.4	-3 %	0.7
Total	14.0	13.0	8 %	14.2

¹⁾ Including a deposit in Bank of Finland of EUR 520 million.

Quarterly trends in the Group

(EUR million)							
Income statement	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	Jan-Sep 2022	Jan-Sep 2021
Net interest income	24.0	25.8	25.1	24.1	23.1	75.0	72.2
Dividends	1.0	0.4	0.0	0.0	0.0	1.4	0.3
Net commission income	29.9	31.6	31.3	33.7	33.5	92.9	90.3
Net income from life insurance	3.4	12.7	1.8	7.6	9.7	17.9	30.1
Net income from financial transactions	-2.2	0.9	0.7	0.0	0.4	-0.6	4.6
Other operating income	0.1	0.1	0.1	0.1	0.2	0.3	0.7
Total operating income	56.2	71.6	59.0	65.5	67.1	186.8	198.3
Staff costs	-20.8	-20.8	-21.3	-22.2	-21.9	-62.9	-61.5
IT expenses	-7.5	-8.3	-7.6	-9.1	-7.5	-23.4	-21.5
Depreciation of tangible and intangible assets	-5.9	-5.9	-5.9	-6.0	-5.7	-17.6	-15.5
Other operating expenses	-8.7	-9.6	-11.2	-7.9	-6.5	-29.5	-30.6
Total operating expenses	-42.8	-44.7	-45.9	-45.2	-41.6	-133.4	-129.2
Impairment of credits and other commitments	-1.0	-2.4	0.3	0.1	-1.0	-3.1	-4.6
Share of profit from associated companies	0.0	0.2	0.1	-0.1	-0.1	0.3	-0.2
Operating profit	12.3	24.7	13.5	20.3	24.4	50.6	64.3
Taxes	-2.4	-4.9	-2.5	-4.0	-5.0	-9.8	-13.2
Profit for the period	10.0	19.8	11.0	16.3	19.4	40.8	51.1
Attributable to:							
Shareholders in Aktia Bank Plc	10.0	19.8	11.0	16.3	19.4	40.8	50.6
Holders of Additional Tier 1 capital	-	-	-	-	-	-	0.5
Total	10.0	19.8	11.0	16.3	19.4	40.8	51.1
Earnings per share (EPS), EUR	0.14	0.28	0.15	0.23	0.28	0.57	0.72
Earnings per share (EPS) after dilution, EUR	0.14	0.28	0.15	0.23	0.28	0.57	0.72
Operating profit excluding items affecting comparability:	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	Jan-Sep 2022	Jan-Sep 2021
Operating profit	12.3	24.7	13.5	20.3	24.4	50.6	64.3
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-	-0.2	-	-0.5	-0.2	-0.5
Operating expenses:							
Costs for restructuring	-	-	-	0.4	-	-	3.0
Comparable operating profit	12.3	24.7	13.3	20.7	23.8	50.4	66.7

(EUR million)						Jan-Sep	Jan-Sep
Comprehensive income	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	2022	2021
Profit for the period	10.0	19.8	11.0	16.3	19.4	40.8	51.1
Other comprehensive income after taxes:							
Change in fair value for financial assets	-7.0	-22.0	-27.8	-4.1	-0.5	-56.8	-7.4
Change in fair value for cash flow hedging	0.1	-0.8	0.0	-0.1	0.0	-0.7	-0.1
Transferred to the income statement for financial assets	0.7	-0.3	0.3	-0.2	-0.7	0.7	-3.4
Comprehensive income from items which can be transferred to the income statement	-6.2	-23.1	-27.5	-4.3	-1.2	-56.8	-10.8
Defined benefit plan pensions	-	-	-	-0.1	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.1	-	-	-
Total comprehensive income for the period	3.7	-3.3	-16.5	11.8	18.2	-16.0	40.3
Total comprehensive income attributable to:							
Shareholders in Aktia Bank Plc	3.7	-3.3	-16.5	11.8	18.2	-16.0	39.8
Holders of Additional Tier 1 capital	-	-	-	-	-	-	0.5
Total	3.7	-3.3	-16.5	11.8	18.2	-16.0	40.3
Total earnings per share, EUR	0.05	-0.05	-0.23	0.16	0.26	-0.22	0.57
Total earnings per share after dilution, EUR	0.05	-0.05	-0.23	0.16	0.26	-0.22	0.57
Total comprehensive income excluding items affecting comparability:	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	Jan-Sep 2022	Jan-Sep 2021
Total comprehensive income	3.7	-3.3	-16.5	11.8	18.2	-16.0	40.3
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	0.0	-	-0.1	-	-0.4	-0.1	-0.4
Operating expenses:							
Costs for restructuring	-	-	-	0.3	-	-	2.4
Comparable total comprehensive income	3.7	-3.3	-16.7	12.1	17.7	-16.2	42.2

Quarterly trends in the segments

	3Q2022	2Q2022	1Q2022	4Q2021	3Q2021	Jan-Sep 2022	Jan-Sep 2021
Banking Business							
Net interest income	23.0	21.0	19.5	18.9	18.2	63.5	54.5
Net commission income	14.0	14.8	15.1	15.4	15.1	43.9	44.4
Other operating income	0.0	0.0	0.0	0.0	0.0	0.1	0.3
Total operating income	37.1	35.8	34.6	34.3	33.3	107.5	99.3
Staff costs	-3.9	-3.8	-3.4	-6.9	-4.0	-11.2	-12.9
Other operating expenses ¹	-19.4	-20.7	-23.0	-17.6	-18.8	-63.2	-60.9
Total operating expenses	-23.4	-24.5	-26.5	-24.5	-22.8	-74.4	-73.8
Impairment of credits and other commitments	-1.0	-2.4	0.3	0.1	-1.0	-3.1	-4.6
Operating profit	12.7	8.9	8.4	9.9	9.5	30.0	20.8
Comparable operating profit	12.7	8.9	8.4	10.0	9.5	30.0	22.0
Asset Management							
Net interest income	0.7	0.5	0.5	0.4	0.4	1.7	1.2
Net commission income	17.2	18.5	17.8	20.0	20.2	53.5	51.0
Net income from life insurance	2.6	11.8	0.9	6.5	8.7	15.3	27.1
Other operating income	0.1	0.1	0.1	0.1	0.3	0.3	0.7
Total operating income	20.5	31.0	19.4	27.0	29.5	70.8	79.9
Staff costs	-6.1	-5.8	-7.0	-7.1	-7.3	-18.9	-17.9
Other operating expenses ¹	-10.1	-11.4	-10.6	-11.4	-9.7	-32.2	-29.7
Total operating expenses	-16.3	-17.2	-17.6	-18.5	-17.0	-51.1	-47.6
Operating profit	4.2	13.8	1.7	8.4	12.6	19.8	32.3
Comparable operating profit	4.2	13.8	1.7	8.6	12.6	19.8	34.0
Group Functions							
Net interest income	0.3	4.3	5.1	4.8	4.5	9.8	16.4
Net commission income	1.5	1.4	1.5	1.3	1.4	4.4	4.0
Other operating income	-1.2	1.3	0.7	0.1	0.4	0.9	5.0
Total operating income	0.7	7.0	7.3	6.2	6.4	15.0	25.5
Staff costs	-10.7	-11.2	-10.8	-8.2	-10.7	-32.8	-30.7
Other operating expenses ¹	5.5	6.1	6.8	4.1	6.6	18.3	16.5
Total operating expenses	-5.3	-5.2	-4.1	-4.1	-4.0	-14.5	-14.2
Impairment of credits and other commitments	-	-	-	-	0.0	-	0.0
Operating profit	-4.6	1.9	3.2	2.1	2.4	0.5	11.3
Comparable operating profit	-4.6	1.9	3.1	2.2	1.9	0.3	10.8

¹ The net expenses for central functions are allocated from the Group Functions to the business segment's Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

Note 1. Basis for preparing the interim report and important accounting principles

Basis for preparing the interim report

Aktia Bank Plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The interim report for the period 1 January–30 September 2022 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information and notes required for financial statements and should therefore be read together with Aktia Group's Financial Statements 2021 and other supplementary reports (mainly the Financial Review 2021 and the Pillar III Report 2021). Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The interim report for the period 1 January–30 September 2022 was approved by the Board of Directors on 4 November 2022.

Key accounting principles

In preparing the interim report the Group has followed the accounting principles applicable to the Annual report of 31 December 2021.

No new or amended IFRS standards have been implemented this year.

The following new and amended IFRSs will affect the reporting of future transactions and business:

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. IFRS 17 means new starting points for reporting and measurement of insurance contracts as well as rules on how insurance contracts are presented in the notes. The aim of the new standard is to increase transparency, give a more accurate picture of the results of the insurance contracts and to reduce the differences in accounting between different insurance contracts.

The new standard introduces uniform valuation principles based on three measurement models: the general model (GM), the premium allocation approach (PAA), and the variable fee approach (VFA). IFRS 17 prescribes the general model for the valuation of insurance contracts, whereby the insurance commitment is measured based on expected present values of future cash flows, with consideration given to risk and a profit margin. The two other valuation models can be applied under certain conditions. The choice of valuation model depends on the terms of the contract (long-term, short-term or profit-yielding).

In the transition to IFRS 17, it is not possible for Aktia to use the full retrospective approach for the majority of the insurance contracts, since a large part of the insurance portfolio is very old. For those contracts where the full retrospective approach is not used, the fair value approach will be used. In the transition to IFRS 17, Aktia expects that its equity will be reduced, which will result in a slightly higher result from the insurance business in coming periods. The reduction of equity in the transition to IFRS 17 is not expected to have an effect on the bank group's capital adequacy ratio, but it will have an effect on the finance and insurance conglomerate's capital adequacy ratio.

Of the total technical provisions of EUR 1.3 billion per 30 September 2022, approximately EUR 0.4 billion will be recognised as insurance contracts under IFRS 17 and approximately EUR 0.9 billion as investment contracts under IFRS 9.

Aktia does not plan to use the option to recognise financial income and expenses through other comprehensive income.

The IFRS 17 standard was approved by the EU on 23 November 2021 and will be compulsory in the EU on 1 January 2023. The Aktia Group will implement IFRS 17 when the standard becomes compulsory within the EU.

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.

Note 2. Group's risk exposure

The Bank Group's capital adequacy

Banking Group includes Aktia Bank Plc and all its subsidiaries except for Aktia Life Insurance Ltd, and forms a consolidated group in accordance with the capital adequacy regulations.

(EUR million)	30 Sep 2022		31 Dec 2021		30 Sep 2021	
	Group	Bank Group	Group	Bank Group	Group	Bank Group
Calculation of the Bank Group's capital base						
Total assets	11,860.0	10,420.6	11,653.3	9,993.9	11,373.7	9,793.8
of which intangible assets	167.0	165.6	174.0	172.8	177.0	175.9
Total liabilities	11,175.7	9,796.0	10,914.9	9,361.7	10,617.7	9,142.3
of which subordinated liabilities	118.7	69.5	150.0	94.5	105.8	105.8
Share capital	169.7	169.7	169.7	169.7	169.7	169.7
Fund at fair value	-50.6	-37.3	6.2	4.2	10.5	7.6
Restricted equity	119.1	132.4	175.9	173.9	180.2	177.4
Unrestricted equity reserve and other funds	145.8	145.7	142.5	142.4	141.2	141.1
Retained earnings	319.1	215.1	293.1	206.7	324.0	237.5
Profit for the period	40.8	72.1	67.4	49.8	51.1	36.0
Unrestricted equity	505.7	432.8	503.0	398.8	516.3	414.6
Shareholders' share of equity	624.8	565.2	678.9	572.7	696.5	592.0
Holders of other Tier 1 capital	59.5	59.5	59.5	59.5	59.5	59.5
Equity	684.2	624.6	738.4	632.2	756.0	651.5
Total liabilities and equity	11,860.0	10,420.6	11,653.3	9,993.9	11,373.7	9,793.8
Off-balance sheet commitments	704.6	685.0	737.6	712.8	792.1	765.5
The Bank Group's equity		624.6		632.2		651.5
Provision for dividends to shareholders		-32.6		-40.2		-40.9
Profit for the period, for which no application was filed with the Financial Supervisory Authority		-		-		-
Intangible assets		-157.4		-162.3		-167.9
Debentures		69.5		70.6		72.1
Additional expected losses according to IRB		-24.5		-24.4		-25.6
Deduction for significant holdings in financial sector entities		-14.1		-12.1		-13.9
Other incl. unpaid dividend		-10.9		-4.1		-34.7
Total capital base (CET1 + AT1 + T2)		454.7		459.7		440.7

1) Based on the CRR regulation

The calculation of own funds doesn't include the treatment of article 468 of EU regulation 2020/873 (so called CRR quick fix). The article introduces a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

(EUR million)	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
The Bank Group's capital adequacy					
Common Equity Tier 1 Capital before regulatory adjustments	522.2	520.6	523.4	520.2	507.9
Common Equity Tier 1 Capital regulatory adjustments	-195.3	-199.8	-197.1	-191.1	-199.4
Total Common Equity Tier 1 Capital (CET1)	326.9	320.8	326.3	329.1	308.5
Additional Tier 1 capital before regulatory adjustments	58.3	60.0	60.0	60.0	60.0
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	58.3	60.0	60.0	60.0	60.0
Total Tier 1 capital (T1 = CET1 + AT1)	385.1	380.8	386.3	389.1	368.5
Tier 2 capital before regulatory adjustments	69.5	69.5	69.7	70.6	72.1
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	69.5	69.5	69.7	70.6	72.1
Total own funds (TC = T1 + T2)	454.7	450.3	456.0	459.7	440.7
Risk weighted exposures	3,084.0	3,089.5	3,072.1	2,940.6	2,969.2
of which credit risk, the standardised model	680.1	625.4	661.8	560.4	606.4
of which credit risk, the IRB model	1,983.0	2,043.2	1,989.1	1,959.3	1,954.0
of which 15% risk-weight floor for residential mortgages	-	-	-	-	-
of which market risk	-	-	-	-	-
of which operational risk	420.9	420.9	420.9	420.9	408.8
Own funds requirement (8%)	246.7	247.2	245.7	235.2	237.5
Own funds buffer	208.0	203.2	210.2	224.5	203.1
CET1 Capital ratio	10.6 %	10.4 %	10.6 %	11.2 %	10.4 %
T1 Capital ratio	12.5 %	12.3 %	12.6 %	13.2 %	12.4 %
Total capital ratio	14.7 %	14.6 %	14.8 %	15.6 %	14.8 %
Own funds floor (CRR article 500)					
Own funds	454.7	450.3	456.0	459.7	440.7
Own funds floor ¹	245.5	244.3	239.8	235.3	244.5
Own funds buffer	209.2	206.0	216.2	224.4	196.2

1) 80% of the capital requirement based on standardised approach (8%).

Calculation of capital adequacy is made using ratings from Moody's Investors Services to define risk weight of exposures.

Bank Group's risk-weighted amount for operational risks

(EUR million)	2019	2020	2021	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Risk-weighted amount for operational risks								
Gross income	219.0	213.8	240.5					
- average 3 years			224.5					
Capital requirement for operational risk				33.7	33.7	33.7	33.7	32.7
Risk-weighted amount				420.9	420.9	420.9	420.9	408.8

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

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

30 September 2022

(EUR million)	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
The Bank Group's total risk exposures					
Exposure class					
Credit risk, IRB approach					
Corporates - SME	968.5	878.0	63 %	548.7	43.9
Corporates - Other	733.9	685.6	70 %	481.5	38.5
Retail - Secured by immovable property non-SME	4,952.4	4,945.2	13 %	664.8	53.2
Retail - Secured by immovable property SME	132.8	132.2	49 %	64.5	5.2
Retail - Other non-SME	250.0	240.7	34 %	82.9	6.6
Retail - Other SME	46.6	45.0	73 %	32.6	2.6
Risk-weight floor for residential mortgages, 15%	-	-	-	-	-
Equity exposures	39.6	39.6	273 %	107.9	8.6
Total exposures, IRB approach	7,123.6	6,966.2	28 %	1,983.0	158.6
Credit risk, standardised approach					
States and central banks	906.3	970.2	0 %	-	-
Regional governments and local authorities	167.1	164.5	0 %	0.3	0.0
Multilateral development banks	-	31.7	0 %	-	-
International organisations	25.0	25.0	0 %	-	0.0
Credit institutions	330.8	327.0	21 %	68.2	5.5
Corporates	131.2	46.2	87 %	40.1	3.2
Retail exposures	323.3	134.1	68 %	91.6	7.3
Secured by immovable property	907.0	887.9	31 %	274.0	21.9
Past due items	8.3	6.6	107 %	7.0	0.6
Covered Bonds	856.9	856.9	11 %	90.7	7.3
Other items	180.8	180.8	51 %	92.7	7.4
Total exposures, standardised approach	3,836.7	3,631.0	18 %	664.6	53.2
Total risk exposures	10,960.3	10,597.2	25 %	2,647.7	211.8

31 December 2021

(EUR million)	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
The Bank Group's total risk exposures					
Exposure class					
Credit risk, IRB approach					
Corporates - SME	1,007.1	921.1	63 %	579.5	46.4
Corporates - Other	667.6	616.3	70 %	432.5	34.6
Retail - Secured by immovable property non-SME	4,952.6	4,946.1	13 %	665.3	53.2
Retail - Secured by immovable property SME	139.5	138.7	49 %	68.6	5.5
Retail - Other non-SME	232.3	223.0	32 %	71.3	5.7
Retail - Other SME	49.0	47.0	79 %	37.0	3.0
Risk-weight floor for residential mortgages, 15%	-	-	-	-	-
Equity exposures	39.5	39.5	266 %	105.1	8.4
Total exposures, IRB approach	7,087.4	6,931.7	28 %	1,959.3	156.7
Credit risk, standardised approach					
States and central banks	942.1	1,007.0	0 %	-	-
Regional governments and local authorities	227.2	212.6	0 %	0.3	0.0
Multilateral development banks	-	22.6	0 %	-	-
International organisations	20.1	20.1	0 %	-	-
Credit institutions	203.6	200.5	21 %	43.1	3.4
Corporates	100.0	20.3	81 %	16.5	1.3
Retail exposures	268.2	110.8	71 %	78.8	6.3
Secured by immovable property	786.6	767.2	30 %	231.8	18.5
Past due items	5.7	4.4	108 %	4.7	0.4
Covered Bonds	814.8	814.8	11 %	86.3	6.9
Other items	131.5	131.5	60 %	79.2	6.3
Total exposures, standardised approach	3,499.9	3,311.8	16 %	540.7	43.3
Total risk exposures	10,587.3	10,243.4	28 %	2,499.9	200.0

The finance and insurance conglomerates capital adequacy

(EUR million)	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Summary					
The Group's equity	686.0	681.2	722.7	738.4	756.0
Sector-specific assets	125.5	125.5	125.7	126.6	75.3
Intangible assets and other reduction items	-183.4	-178.7	-214.4	-220.1	-262.1
Conglomerate's total capital base	628.1	628.0	634.0	644.9	569.1
Capital requirement for banking business	353.5	354.2	352.0	335.8	339.7
Capital requirement for insurance business	77.8	83.9	98.9	108.9	112.3
Minimum amount for capital base	431.3	438.2	450.8	444.7	452.0
Conglomerate's capital adequacy	196.8	189.9	183.2	200.2	117.1
Capital adequacy ratio, %	145.6 %	143.3 %	140.6 %	145.0 %	125.9 %

The finance and insurance conglomerate's capital adequacy is based on consolidation method and is calculated according to the rules of the Finnish Act on the Supervision of Financial and Insurance Conglomerates and the standards of the Finnish Financial Supervision Authority.

Note 3. Net interest income

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ %	2021
Borrowing and lending	72.8	64.0	14 %	86.3
Liquidity portfolio	4.2	4.0	4 %	5.1
Hedging measures through interest rate derivatives	0.8	1.4	-46 %	1.8
Negative interest expenses from TLTRO loan	3.9	6.9	-43 %	8.6
Other, incl. funding from wholesale market	-6.7	-4.2	-57 %	-5.6
Total	75.0	72.2	4 %	96.2

Borrowing and lending include the Covered Bonds issued by mortgage bank operations and the interest rate hedging that was made in connection with the issues. Other consists mainly of senior financing, its interest rate hedging and risk debentures.

Note 4. Net income from life insurance

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ %	2021
Premiums written	109.7	112.3	-2 %	151.9
Net income from investments	4.9	17.0	-71 %	21.3
<i>of which change in ECL impairment</i>	-0.8	0.1	-	0.1
<i>of which unrealised value changes for shares and participations</i>	-10.2	6.3	-	7.7
<i>of which unrealised value changes for investment properties</i>	2.1	1.5	43 %	3.1
Insurance claims paid	-82.9	-73.3	-13 %	-98.0
Net change in technical provisions	-13.8	-25.9	47 %	-37.5
Total	17.9	30.1	-41 %	37.7

Note 5. Net income from financial transactions

(EUR million)	Jan-Sep 2022	Jan-Sep 2021	Δ %	2021
Net income from financial assets measured at fair value through income statement	0.0	0.2	-90 %	0.2
Net income from securities and currency operations	0.4	0.7	-47 %	0.8
<i>of which unrealised value changes in shares and participations</i>	-0.2	0.4	-	0.2
Net income from financial assets measured at fair value through other comprehensive income	-0.3	4.0	-	4.0
<i>of which change in ECL impairment</i>	-0.8	0.3	-	0.3
Net income from interest-bearing securities measured at amortised cost	-0.7	0.1	-	0.1
<i>of which change in ECL impairment</i>	-0.7	0.1	-	0.1
Net income from hedge accounting	-0.1	-0.3	80 %	-0.4
Total	-0.6	4.6	-	4.7

Note 6. Derivative instruments

30 September 2022			
Hedging derivative instruments (EUR million)	Total nominal amount	Assets, fair value	Hedging derivative instruments (EUR million)
Fair value hedging			
Interest rate-related	4,381.4	43.9	264.3
Total	4,381.4	43.9	264.3
Cash Flow hedging			
Interest rate-related	258.4	0.0	9.6
Total	258.4	-	9.6
Derivative instruments valued through the income statement			
Interest rate-related ¹	60.0	0.9	0.9
Currency-related	2.4	0.0	0.0
Total	62.4	0.9	0.9
Total derivative instruments			
Interest rate-related	4,699.8	44.8	274.7
Currency-related	2.4	0.0	0.0
Total	4,702.2	44.8	274.7

31 December 2021			
Hedging derivative instruments (EUR million)	Total nominal amount	Assets, fair value	Hedging derivative instruments (EUR million)
Fair value hedging			
Interest rate-related	3,303.3	31.1	17.4
Total	3,303.3	31.1	17.4
Cash Flow hedging			
Interest rate-related	240.2	5.3	-
Total	240.2	5.3	-
Derivative instruments valued through the income statement			
Interest rate-related ¹	70.0	3.1	3.1
Currency-related	1.9	0.0	0.0
Total	71.9	3.1	3.1
Total derivative instruments			
Interest rate-related	3,613.5	39.6	20.5
Currency-related	1.9	0.0	0.0
Total	3,615.4	39.6	20.5

¹) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 60.0 (70.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 30 September 2022				
Interest-bearing securities	1,402.7	185.0	0.0	1,587.7
Lending	7,391.0	236.0	112.2	7,739.1
Off-balance sheet commitments	695.5	1.9	7.2	704.6
Total	9,489.2	422.9	119.3	10,031.4

Book value of financial assets 31 December 2021				
Interest-bearing securities	1,493.4	-	-	1,493.4
Lending	7,092.3	300.4	93.6	7,486.4
Off-balance sheet commitments	721.4	14.3	1.9	737.6
Total	9,307.2	314.7	95.5	9,717.4

Impairment of credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2022	3.9	3.7	24.8	32.4
Transferred from stage 1 to stage 2	-0.2	1.0	-	0.8
Transferred from stage 1 to stage 3	-0.1	-	2.9	2.8
Transferred from stage 2 to stage 1	0.0	-0.4	-	-0.4
Transferred from stage 2 to stage 3	-	-0.6	1.3	0.7
Transferred from stage 3 to stage 1	0.0	-	-0.3	-0.3
Transferred from stage 3 to stage 2	-	0.1	-0.3	-0.3
Increases due to origination and acquisition	0.8	0.0	0.2	1.1
Decrease due to recognition	-0.4	-0.3	-1.4	-2.1
Changes due to updated calculation method	0.0	0.0	0.0	-
Decrease in allowance account due to write-offs	0.0	0.0	-1.8	-1.8
Other changes	0.3	-0.1	0.5	0.7
Impairment of credits and the other commitments 30 September 2022	4.4	3.5	25.9	33.7
<i>of which provisions</i>	1.0	0.0	0.1	1.2

Impairment of interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2022	0.4	-	0.3	0.7
Transferred from stage 1 to stage 2	-0.1	1.9	-	1.8
	0.0	0.0	-	0.1
Decrease due to recognition	0.0	0.0	-	0.0
Decrease in allowance account due to write-offs	0.0	0.0	-0.3	-0.3
Other changes	0.4	0.0	0.0	0.4
Impairment of interest-bearing securities 30 September 2022	0.7	1.9	0.0	2.6

The model-based reservations regarding healthy credits in stage 1 and stage 2 were at the same level as on 31 December 2021.

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	30 September 2022		31 December 2021	
	Book value	Fair value	Book value	Fair value
Financial assets				
Financial assets measured at fair value through income statement	1,215.7	1,215.7	1,451.8	1,451.8
Financial assets measured at fair value through other comprehensive income	1,058.5	1,058.5	1,107.0	1,107.0
Interest-bearing securities measured at amortised cost	529.2	497.8	386.5	408.8
Loans and other receivables	8,409.6	8,349.2	7,551.7	7,558.6
Cash and balances with central banks	180.9	180.9	732.8	732.8
Derivative instruments	44.8	44.8	39.6	39.6
Total	11,438.7	11,346.9	11,269.3	11,298.5
Financial liabilities				
Deposits	5,766.7	5,773.5	5,425.8	5,416.9
Derivative instruments	274.7	274.7	20.5	20.5
Debt securities issued	2,931.7	2,955.3	3,060.3	3,095.5
Subordinated liabilities	118.7	113.6	150.0	150.4
Other liabilities to credit institutions	9.9	9.9	14.0	14.1
Other liabilities to the public and public sector entities	580.3	577.7	506.0	506.6
Liabilities for right-of-use assets	23.9	23.9	24.5	24.5
Total	9,706.0	9,728.7	9,201.2	9,228.6

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

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

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flows 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 margin corresponding the seniority of the instrument is applied.

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

Measurement of financial assets at fair value

Level 1 consists of financial instruments that are valued using prices listed on an active market. In an active market 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 instruments 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. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the total credit risk component for the counterparty credit risk as well as for the own credit risk.

Level 3 consists of financial instruments for which the fair value cannot be obtained directly from quoted market prices or indirectly by using valuation techniques or models supported by observable market prices. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

(EUR million)	30 September 2022				31 December 2021			
	Market value classified into				Market value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through income statement								
Investments for unit-linked investments	974.5	-	-	974.5	1,154.0	-	-	1,154.0
Interest-bearing securities	18.1	54.7	0.1	72.8	21.9	72.6	0.1	94.6
Shares and participations	116.9	-	51.6	168.4	140.4	-	62.8	203.2
Total	1,109.4	54.7	51.6	1,215.7	1,316.3	72.6	62.9	1,451.8
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	898.6	100.0	60.0	1,058.5	967.2	64.7	75.1	1,107.0
Shares and participations	-	-	-	-	-	-	-	-
Total	898.6	100.0	60.0	1,058.5	967.2	64.7	75.1	1,107.0
Derivative instruments, net	0.0	-229.9	-	-229.9	0.0	19.1	-	19.1
Total	0.0	-229.9	-	-229.9	0.0	19.1	-	19.1
Total	2,008.0	-75.3	111.6	2,044.3	2,283.4	156.4	138.0	2,577.9

Transfers between level 1 and level 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the period no transfers between level 1 and level 2 have occurred.

Aktia Group's Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level in the fair value hierarchy a financial instrument will be classified. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an evaluation based on the quality of the valuation data, if a class of financial instrument is to be transferred between levels.

Changes within level 3

The following table present the change from year-end regarding level 3 financial assets reported at fair value.

Reconciliation of changes for financial instruments belonging to level 3 (EUR million)	Financial assets measured at fair value through income statement			Financial assets measured at fair value through other comprehensive income			Total		
	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total	Interest-bearing securities	Shares and participations	Total
Carrying amount 1 January 2022	0.1	62.8	62.9	75.1	-	75.1	75.2	62.8	138.0
New purchases	-	10.6	10.6	-	-	-	-	10.6	10.6
Sales	-	-38.1	-38.1	-	-	-	-	-38.1	-38.1
Matured during the year	-	-	-	-14.0	-	-14.0	-14.0	0.0	-14.0
Realised value change in the income statement	-	13.0	13.0	-	-	-	-	13.0	13.0
Unrealised value change in the income statement	-	3.2	3.2	-	-	-	-	3.2	3.2
Value change recognised in total comprehensive income	-	-	-	-1.1	-	-1.1	-1.1	-	-1.1
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 30 September 2022	0.1	51.6	51.6	60.0	-	60.0	60.1	51.6	111.6

Set off of financial assets and liabilities

(EUR million)	30 September 2022		31 December 2021	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Assets				
Financial assets included in general agreements on set off or similar agreements	44.8	-	39.6	-
Carrying amount in the balance sheet	44.8	-	39.6	-
Amount not set off but included in general agreements on set off or similar	43.2	-	5.1	-
Collateral assets	1.8	-	34.3	-
Amount not set off in the balance sheet	45.0	-	39.5	-
Net amount	-0.2	-	0.1	-
Liabilities				
Financial liabilities included in general agreements on set off or similar agreements	274.7	-	20.5	-
Carrying amount in the balance sheet	274.7	-	20.5	-
Amount not set off but included in general agreements on set off or similar	43.2	-	5.1	-
Collateral liabilities	117.0	-	12.0	-
Amount not set off in the balance sheet	160.2	-	17.2	-
Net amount	114.5	-	3.3	-

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

Note 9. Specification of Aktia Group's funding structure

(EUR million)	30 Sep 2022	31 Dec 2021	30 Sep 2021
Deposits from the public and public sector entities	4,904.1	4,503.3	4,606.5
Short-term liabilities, unsecured debts¹			
Banks	60.8	88.2	83.6
Certificates of deposits issued and money market deposits	685.2	649.1	503.8
Total	746.0	737.3	587.4
Short-term liabilities, secured debts (collateralised)¹			
Banks - received cash in accordance with collateral agreements	1.8	34.3	41.3
Repurchase agreements - banks	0.0	0.0	-
Total	1.8	34.3	41.3
Total short-term liabilities	747.8	771.6	628.7
Long-term liabilities, unsecured debts²			
Issued debts, senior financing	1,469.2	1,383.8	1,297.8
Other credit institutions	6.9	11.0	12.4
Subordinated debts	69.5	94.5	105.8
AT1 loan (Additional Tier 1 capital) ³	60.0	60.0	60.0
Total	1,605.6	1,549.3	1,476.1
Long-term liabilities, secured debts (collateralised)²			
Central bank and other credit institutions	803.0	803.0	658.0
Issued Covered Bonds	1,357.5	1,533.5	1,603.4
Total	2,160.5	2,336.5	2,261.4
Total long-term liabilities	3,766.1	3,885.7	3,737.5
Interest-bearing liabilities in the banking business	9,418.1	9,160.6	8,972.8
Technical provisions in the life insurance business	1,342.4	1,568.2	1,518.6
Subordinated debts in the life insurance business	49.2	55.6	-
Total other non interest-bearing liabilities	426.0	190.5	187.0
Total liabilities	11,235.7	10,974.9	10,678.3

1) Short-term liabilities = liabilities which original maturity is under 1 year

2) Long-term liabilities = liabilities which original maturity is over 1 year

3) AT1 loan (Additional Tier 1 capital), issued during the second quarter 2021 is recognised within equity

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	30 Sep 2022	31 Dec 2021	30 Sep 2021
Collateral for own liabilities			
Securities	329.4	425.8	424.5
Outstanding loans constituting security for Covered Bonds	2,541.3	2,774.2	2,365.6
Total	2,870.6	3,200.0	2,790.2
Other collateral assets			
Pledged securities ¹	1.3	1.4	1.4
Cash included in pledging agreements and repurchase agreements	117.0	12.0	9.3
Total	118.3	13.4	10.6
Total collateral assets	2,989.0	3,213.3	2,800.8
Collaterals above refers to the following liabilities			
Liabilities to credit institutions ²	803.0	803.0	658.0
Issued Covered Bonds ³	1,357.5	1,533.5	1,603.4
Derivatives	117.0	12.0	9.3
Total	2,277.6	2,348.5	2,270.7

1) Refers to securities pledged for the intra day limit. As at 30 September 2022, a surplus of pledged securities amounted to EUR 14,2 (11.7) million.

2) Refers to liabilities to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

3) Own repurchases deducted.

Collateral liabilities (EUR million)	30 Sep 2022	31 Dec 2021	30 Sep 2021
Cash included in pledging agreements ¹	1.8	34.3	41.3
Total	1.8	34.3	41.3

1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.

Helsinki 4 November 2022

Aktia Bank Plc
The Board of Directors

Report on review of the interim report of Aktia Bank plc as of and for the nine months period ending September 30, 2022

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of September 30, 2022 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial

Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 4 November 2022

KPMG OY AB
Marcus Tötterman
Authorised Public Accountant, KHT

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Webcast from the results event

A live webcast from the results event will take place on 4 November 2022 at 10.30 a.m. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The event is held in English and can be seen live at <https://aktia.videosync.fi/2022-q3-results>. A recording of the webcast will be available at www.aktia.com after the event.

Financial calendar

Financial Statement Release 2022.....	17 February 2023
Annual General Meeting.....	5 April 2023
Interim Report January–March 2023	11 May 2023
Half-year Report January–June 2023	9 August 2023
Interim Report January–September 2023.....	9 November 2023