

# Q4

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# 2021 – a year of strong growth

## The quarter in short

- The growth in lending to companies continued to be strong, in terms of mortgages the growth was more moderate.
- Assets under management EUR 15.5 billion were approximately at the same level as in the previous quarter.
- The Common Equity Tier 1 capital ratio (CET1) 11.2% was somewhat higher than in the previous quarter (10.4%).
- The integration of Taaleri's wealth management business progressed as planned, the company was merged with Aktia Bank at the year-end.
- Aktia became co-owner in Alexander Corporate Finance.

## Outlook 2022

The comparable operating profit for 2022 is expected to be somewhat higher than in 2021 provided that the market development and circumstances in society remain stable (see page 22).

## The year in short

- Comparable operating profit for the year, EUR 87.4 (55.1) million, was the highest in the history of Aktia.
- Comparable income increased by 31% during the year.
- Growth in all income categories, the acquisition of Taaleri's wealth management operations supported the increase in commission income.
- Aktia to become a wealth manager bank — according to the strategy update in autumn, the focus is on close cooperation between business areas (banking, asset management, life insurance).

## Dividend

The Board of Directors proposes a dividend of EUR 0.56 per share.

(EUR million)	Q4/2021	Q4/2020	Δ %	2021	2020	Δ %	Q3/2021	Δ %	Q2/2021	Q1/2021
Net interest income	24.1	20.8	16%	96.2	80.7	19%	23.1	4%	27.7	21.3
Net commission income	33.7	25.4	33%	124.0	97.6	27%	33.5	0%	31.7	25.0
Net income from life insurance	7.6	10.2	-26%	37.7	19.9	89%	9.7	-22%	10.5	9.9
Total operating income	65.5	57.0	15%	263.8	201.1	31%	67.1	-2%	73.3	57.9
Operating expenses	-45.2	-36.4	24%	-174.4	-142.2	23%	-41.6	-9%	-48.8	-38.7
Impairment of credits and other commitments	0.1	-0.8	-	-4.5	-4.0	11%	-1.0	-	-1.4	-2.2
<b>Operating profit</b>	<b>20.3</b>	<b>19.7</b>	<b>3%</b>	<b>84.6</b>	<b>54.8</b>	<b>54%</b>	<b>24.4</b>	<b>-17%</b>	<b>23.0</b>	<b>16.9</b>
Comparable operating income <sup>1</sup>	65.5	57.0	15%	263.2	201.1	31%	66.5	-1%	73.3	57.9
Comparable operating expenses <sup>1</sup>	-44.9	-36.3	24%	-171.1	-141.9	21%	-41.6	-8%	-45.9	-38.7
<b>Comparable operating profit<sup>1</sup></b>	<b>20.7</b>	<b>19.8</b>	<b>4%</b>	<b>87.4</b>	<b>55.1</b>	<b>59%</b>	<b>23.8</b>	<b>-13%</b>	<b>26.0</b>	<b>16.9</b>
Cost-to-income ratio	0.69	0.64	8%	0.66	0.71	-7%	0.62	11%	0.67	0.67
Comparable cost-to-income ratio <sup>1</sup>	0.69	0.64	7%	0.65	0.71	-8%	0.63	10%	0.63	0.67
Earnings per share (EPS), EUR	0.23	0.22	5%	0.95	0.61	56%	0.28	-18%	0.24	0.20
Comparable earnings per share (EPS), EUR <sup>1</sup>	0.23	0.22	8%	0.98	0.61	60%	0.27	-13%	0.28	0.20
Return on equity (ROE), % <sup>3</sup>	9.5	9.2	3%	10.0	6.7	50%	11.4	-17%	10.5	8.6
Comparable return on equity (ROE), % <sup>1,3</sup>	9.6	9.3	4%	10.3	6.7	54%	11.2	-14%	12.3	8.6
Common Equity Tier 1 capital ratio (CET1), % <sup>2</sup>	11.2	14.0	-20%	11.2	14.0	-20%	10.4	8%	10.8	13.8
Dividend per share (proposal from the Board of Directors), EUR				0.56	0.43	30%				

1) Alternative performance measures excluding items affecting comparability, see page 23

2) At the end of the period

3) The ROE definition has been updated, see page 23

# CEO's comments

Aktia did historically well in 2021. The comparable operating profit was EUR 87.4 (55.1) million and increased by 59% from the previous year. I am therefore very pleased with how Aktia did last year and proud of the valuable work that the Aktia employees have done in these exceptional circumstances. At the same time, it is worth bearing in mind that the reference period 2020 was burdened by the outbreak of the coronavirus pandemic and its impact on the market.

Aktia's comparable operating income for 2021 increased 31% to EUR 263.2 (201.1) million. The development of the net interest income in the last quarter of the year and throughout the year was once again evenly strong and demonstrates the steady performance of Aktia's banking business in different market environments. Aktia's loan book increased by approximately 7% during the year, driven particularly by small and medium-sized companies. I therefore see a great deal of growth potential in Aktia's corporate business, supported by Aktia's recent 20% minority shareholding in the investment bank Alexander Corporate Finance. The demand for mortgage loans also remained strong throughout the year in line with our conservative lending policy.

Aktia's commission income also increased strongly from last year. The acquisition of Taaleri's wealth management business partly explains the increase from last year, but the commission income has increased also organically. The negative net subscriptions for the last quarter are associated with a change in the allocation of one institutional client. I am particularly pleased with the tremendous performance of Aktia Private Banking in the past year – good growth continued throughout the year, both in terms of income and customer volumes. Long-term development, high-quality asset management and a genuinely personalised service were also reflected in the results: In Prospera customer survey, Aktia Private Banking took an excellent second place.

Life insurance business has done well in the past year. The sales of both personal insurances and investment-linked insurances continued to be good. In November, Aktia Life Insurance Ltd also issued its first ever inaugural Tier 2 transaction (EUR 56 million), which strengthened its solvency.

Aktia's comparable expenses for the entire year amounted to EUR 171.1 (141.9) million and increased by approximately one fifth from last year. The main explanation for the increase in expenses is the normal operative cost structure that has increased as a result of the acquisition of Taaleri's wealth management business. On 31 December 2021, Aktia's CET1 capital ratio was 11.2% (10.4%; 30 Sept. 2021), which is clearly above the regulatory requirement imposed on Aktia and in line with the company's own financial objectives.

Aktia's Board of Directors proposes in line with our dividend policy that a dividend of EUR 0.56 per share be paid for 2021, which constitutes 60% of the profit for the reporting period. Traditionally, Aktia has been a reliable payer of dividends – now combined with a clear growth strategy.

## The integration of Taaleri's wealth management business progressed as planned

The acquisition of Taaleri's wealth management business last spring was not only the largest transaction in Aktia's history, but also a clear step towards our vision of being the leading wealth manager bank in Finland. The cooperation concerning alternative investment products between Aktia and Taaleri, which was brought about by the transaction, began at the end of the year with the mutual Asunto VIII private equity fund. The integration of business functions has been completed in many respects, although certain system integrations will continue throughout this year. The planned combinations of equity and fixed income funds were carried out before the merger of the fund management companies at the year-end. Aktia's portfolio management was also strengthened by several new recruits during the end of the year, and Aktia has one of Finland's largest and most versatile portfolio management teams.

The implementation of the strategy we updated this autumn has started smoothly: we have carried out many of Aktia's wealth plans for our customers through good cooperation between all business areas. Thus, we are in a good position when the new year starts.



Helsinki 16 February 2022

**Mikko Ayub**  
CEO

# Profit and balance

## Profit October–December 2021

The Group's comparable operating profit increased by 4% to EUR 20.7 (19.8) million. The reported operating profit increased to EUR 20.3 (19.7) million and the profit for the period to EUR 16.3 (15.1) million. The main reason for the improved result is attributable to a very positive development in net interest income and to lower impairment of credits and other commitments compared to the corresponding quarter last year as well as the acquisition of Taaleri's wealth management operations.

### Items affecting comparability

(EUR million)	Oct-Dec 2021	Oct-Dec 2020
Costs for restructuring	-0.4	-0.1
<b>Operating profit</b>	<b>-0.4</b>	<b>-0.1</b>

## Income

The Group's operating income increased to EUR 65.5 (57.0) million, which is a 15% increase from last year.

Net interest income increased by 16% to EUR 24.1 (20.8) million. Net interest income from borrowing and lending increased by 9% to EUR 22.3 (20.6) million. The negative interest expense for the TLTRO III financing increased to EUR 1.7 (0.0) million.

Net commission income increased to EUR 33.7 (25.4) million. Commission income from funds, asset management and securities brokerage increased by 51% to EUR 25.5 (16.9) million. The increase is mainly attributable to the acquisition of Taaleri's wealth management operations. Commission income from cards, payment services and borrowing increased by 6% to EUR 6.8 (6.5) million and commission income from lending increased by 1% to EUR 2.5 (2.4) million.

Net income from life insurance was 26% lower than for the fourth quarter last year and amounted to EUR 7.6 (10.2) million. Net investments decreased to EUR 4.3 (8.5) million and include unrealised value changes in the life insurance company's investment portfolio of EUR 3.1 (4.1) million and sales gains of EUR 0.1 (2.4) million. The actuarially calculated result, however, increased to EUR 3.2 (1.8) million owing to good sales of risk- and investment-linked insurances and higher market values of the unit linked book.

## Expenses

Operating expenses increased to EUR 45.2 (36.4) million. Comparable operating expenses increased by 24% to EUR 44.9 (36.3) million. The increase mainly pertains to expenses in Taaleri's wealth management operations.

Staff costs increased to EUR 22.2 (17.7) million. Comparable staff costs increased by 24% to EUR 21.8 (17.6) million. The

increase is mainly attributable to staff costs in Taaleri's wealth management operations as well as increased costs for variable compensation (STI and LTI).

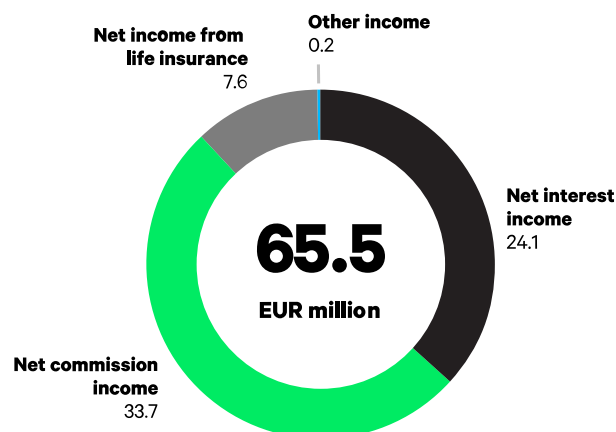
IT expenses increased by 32% to EUR 9.1 (6.9) million. The deviation compared to last year is attributable to Taaleri's wealth management operations, higher license costs as well as higher costs for IT consultants.

The depreciation of tangible and intangible assets increased by 32% to EUR 6.0 (4.6) million. The increase is attributable to depreciations related to the acquisition of Taaleri's wealth management operations.

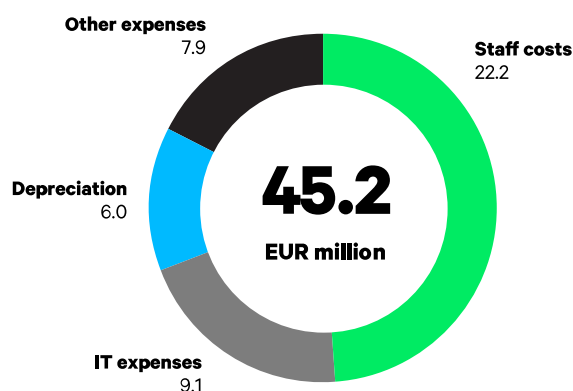
Other operating expenses increased by 9% to EUR 7.9 (7.2) million. The increase pertains to running costs relating to Taaleri's wealth management operations.

Impairments on credits and other commitments amounted to EUR 0.1 (-0.8) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR 0.3 (-0.2) million.

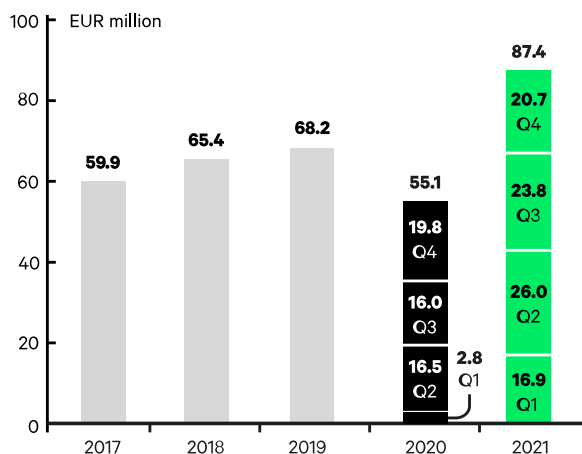
## Operating income 4Q/2021



## Operating expenses 4Q/2021



## Comparable operating profit 2017–2021, EUR million



## Profit January–December 2021

The Group's comparable operating profit increased by 59% to EUR 87.4 (55.1) million. The reported operating profit increased to EUR 84.6 (54.8) million and the profit for the period to EUR 67.4 (42.6) million. The improved result pertains to a clear improvement in the net income from life insurance and a positive development both in net interest income as well as in net commission income as well as to the acquisition of Taaleri's wealth management operations.

### Items affecting comparability

(EUR million)	2021	2020
Additional income from divest-ment of Visa Europe to Visa Inc	0.5	-
Costs for restructuring	-3.3	-0.3
<b>Operating profit</b>	<b>-2.8</b>	<b>-0.3</b>

## Income

The Group's operating income increased to EUR 263.8 (201.1) million and the Group's comparable operating income to EUR 263.2 (201.1) million.

Net interest income increased by 19% to EUR 96.2 (80.7) million. Net interest income from borrowing and lending increased by 10% to EUR 86.3 (78.3) million. Interest expenses for other financing amounted to EUR 3.1 (-6.0) million and include a EUR 8.6 (1.0) million negative interest expense for the TLTRO III financing.

Net commission income increased by 27% to EUR 124.0 (97.6) million. Commission income from funds, asset management and securities brokerage increased by 43% to EUR 91.7 (64.3) million. The increase is mainly attributable to the acquisition of Taaleri's wealth management operations. Commission income from cards, payment services and borrowing was at the same level as last year and amounted to EUR 26.7 (26.6) million while commission income from lending increased by 8% to EUR 9.8 (9.1) million.

Net income from life insurance increased to EUR 37.7 (19.9) million. Net investments increased to EUR 21.3 (7.8) million and include unrealised value changes and impairments in the life insurance company's investment portfolio of EUR 10.9 (-7.4) million and sales gains of EUR 0.8 (4.5) million. The actuarially calculated result increased to EUR 16.4 (12.1) million owing to good sales of risk- and investment-linked insurances, higher market values of the unit linked book and from the acquisition of Liv-Alandia's insurance book at the end of May 2020.

Net income from financial transactions increased to EUR 4.7 (0.6) million and comparable net income from financial transactions to EUR 4.1 (0.6) million. The increase mainly relates to sales gains in the liquidity portfolio amounting to EUR 3.2 (0.5) million. Other operating income and dividends decreased to EUR 1.2 (2.3) million. The reference period includes one-off recognised items of EUR 0.7 million.

## Expenses

Operating expenses increased to EUR 174.4 (142.2) million. Comparable operating expenses increased by 21% to EUR 171.1 (141.9) million. The increase is mainly attributable to expenses in Taaleri's wealth management operations, transaction and integration expenses for the acquisition as well as to higher staff costs.

Staff costs increased to EUR 83.7 (69.1) million. The comparable staff costs increased by 19% to EUR 82.1 (68.8) million, which is attributable to Taaleri wealth management operations' staff costs, increased costs for variable compensation (STI and LTI) as well as somewhat higher running staff costs.

IT expenses increased by 18% to EUR 30.7 (26.0) million. The deviation compared to last year is mainly attributable to Taaleri's wealth management operations IT expenses and higher costs for licenses.

Depreciation of tangible and intangible assets increased to EUR 21.5 (18.3) million. The increase pertains to depreciations related to the acquisition of Taaleri's wealth management operations, while Aktia's other depreciations have decreased.

Other operating expenses increased to EUR 38.5 (28.8) million. Comparable other operating expenses increased by 28% to EUR 36.9 (28.8) million. The increase mainly pertains to running costs relating to Taaleri's wealth management operations, one-off expenses relating to the acquisition of Taaleri's wealth management operations as well as the stability fee that increased with EUR 1.4 million to EUR 4.1 (2.8) million.

Impairment of credits and other commitments amounted to EUR -4.5 (-4.0) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.7 (-1.7) million.

## Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 11,653 (10,573) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees increased to EUR 738 (699) million.

### Borrowing

Borrowing from the public and public-sector entities increased to EUR 4,503 (4,466) million. Aktia's market share of deposits was 3.0 (3.1) % at the end of December.

The value of long-term bonds issued by Aktia Bank totalled EUR 2,917 (2,720) million. After an issued retained covered bond was set off, EUR 1,534 (1,622) million consisted of Covered Bonds issued by Aktia Bank.

During the fourth quarter, Aktia Bank issued new long-term unsecured bonds to a value of EUR 90 million within the scope of the bank's EMTN programme. New issued long-term unsecured bonds during the period totalled EUR 305 million. In addition, Aktia Bank has issued an additional retained Covered Bond of EUR 150 million with a maturity of 3.3 years. The issue has been pledged with the central bank at the same time as the bank participated in the TLTRO III refinancing operations with an additional EUR 150 million withdrawal.

### Lending

Group lending to the public and public-sector entities increased by 7% to EUR 7,486 (7,000) million. Loans to households accounted for EUR 5,292 (5,083) million, or 70.7 (72.6) % of the total loan book.

The housing loan book totalled EUR 5,389 (5,185) million, of which the share for households was EUR 4,326 (4,178) million. Aktia's new lending amounted to EUR 1,280 (1,199) million. At the end of December, Aktia's market share in housing loans to households was 4.0 (4.1) %.

Total lending to corporates increased to EUR 1,143 (979) million, which constituted 15.3 (14.0) % of Aktia Group's total loan book. Loans to housing companies increased to EUR 996 (908) million, which constituted 13.3 (13.0) % of Aktia's total loan book.

### Loan book by sector

(EUR million)	31 Dec 2021	31 Dec 2020	Δ	Share, %
Households	5,292	5,083	209	70.7%
Corporates	1,143	979	164	15.3%
Housing companies	996	908	88	13.3%
Non-profit organisations	52	27	25	0.7%
Public sector entities	3	3	0	0.0%
<b>Total</b>	<b>7,486</b>	<b>7,000</b>	<b>487</b>	<b>100.0%</b>

## 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 1,306 (1,446) million, the life insurance company's investment portfolio of EUR 642 (602) million, and the Bank Group's equity holdings of EUR 5 (5) million.

### Technical provisions

The life insurance company's technical provisions increased to EUR 1,568 (1,411) million. Unit-linked technical provisions increased to EUR 1,154 (970) million while interest-related technical provisions decreased to EUR 414 (441) million.

### Equity

Aktia Group's equity amounted to EUR 738 (667) million. The fund at fair value decreased to EUR 6 (21) million and the profit for the period amounted to EUR 67 million. The dividend for 2019 amounting to EUR 37 million was paid to the shareholders in January and the dividend for 2020 amounting to EUR 31 million was paid in October.

A EUR 10 million directed share issue was completed in conjunction with the acquisition of Taaleri's wealth management operations. In May, a EUR 60 million unsecured bond with fixed rate that can be counted as Additional Tier 1 capital was issued. At the end of september, shares were issued to employees to a total value of EUR 14 million. The issue did not have any considerable effect on Aktia's CET1 capital ratio.

## Assets under Management

The Group's total assets under management amounted to EUR 17,997 (12,712) 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.

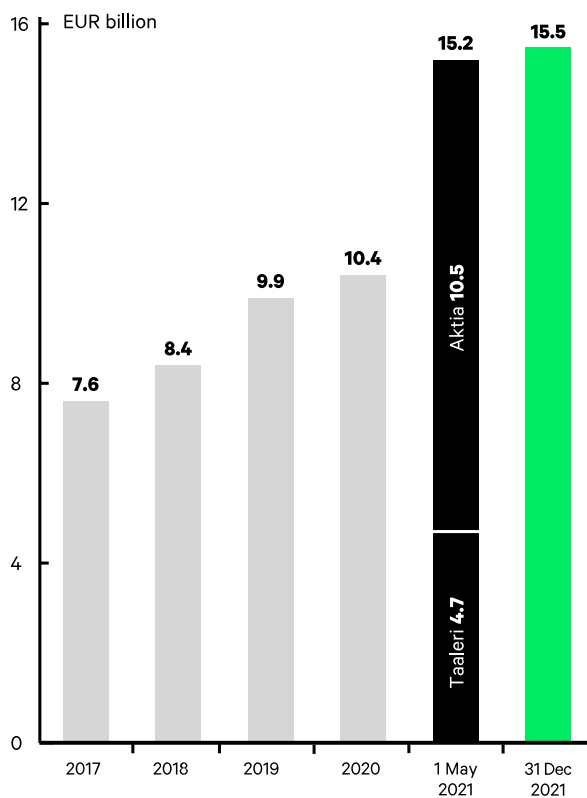
Group financial assets include the Bank Group's liquidity portfolio managed by the treasury function and the life insurance company's investment portfolio.

### Assets under management

(EUR million)	31 Dec 2021	31 Dec 2020	Δ%
Customer assets under management*	15,451	10,447	48%
Group financial assets	2,546	2,265	12%
<b>Total</b>	<b>17,997</b>	<b>12,712</b>	<b>42%</b>

\* Excluding fund in funds

**Customer assets under management (AuM) excluding custody assets 2017–2021, EUR billion**



# 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

Sales to private customers related to investment activities increased compared to the third quarter. Sales of financing products decreased slightly compared to previous quarters, mainly due to a calmer housing market situation. Aktia's wealth plan was introduced to additional customer groups. The wealth plan is the main way to offer customers a wide range of asset management, life insurance and banking products in a customer-friendly and informative way.

The volume of new sales of mortgage loans decreased slightly from the previous quarter and the risk level of the loan book was stable and healthy. The sales of hedging continued at a good level. The financing offering was specifically targeted at the new private customers who were transferred to Aktia in connection with the acquisition of Taaleri's wealth management business. In addition, the consumer financing offering was extended.

Customers' interest in structured investment products remained high. Despite the uncertainty on the equity market, the investment sales remained at a good level during the quarter.

Customer satisfaction was also at an excellent level based on measurements in the final quarter and improved further particularly in the target customer segments. The customer work was carried out almost entirely according to the hybrid model, where the proportion of physical meetings is relatively small.

### Corporate customers

The growth in corporate customer business continued to be very strong also in the last quarter of the year. In sales, particular attention was paid to target customers and finance company products. The efforts made to develop the customer service offered to corporate customers and to organise the

work were clearly visible and the situation in terms of customer service offered to corporate customers was good throughout.

The market situation remained favourable for our corporate customer business. The increase in housing company financing we had strived toward was also achieved. Aktia's investment in the sales and development of leasing products was reflected in a favourable development of the loan book and the market share on the SME sector.

## Results for Banking Business segment

(EUR million)	Jan-Dec 2021	Jan-Dec 2020	Δ%
Operating income	133.5	126.5	6%
Operating expenses	-98.3	-93.9	5%
Operating profit	30.7	28.5	8%
Comparable operating profit	32.0	28.6	12%

The operating income increased to EUR 133.5 (126.5) million.

The net interest income was 5% higher than last year and was EUR 73.4 (69.7) million. The increase is mainly related to the growth in the corporate customers' loan book. The customer margins for corporate customers increased from the corresponding period last year. The customer margins for private customers remained at the same level throughout the second half of the year. The growth in the loan book continued in the fourth quarter, increasing by 7% during the year to EUR 7,313 (6,829) million. The private customers' loan book increased to EUR 5,135 (4,939) million and the corporate customers' loan book to EUR 2,178 (1,889) million.

The net commission income was 7% higher than last year and amounted to EUR 59.8 (55.8) million. The commission income from investment activities increased by 22% to EUR 16.5 million owing to good sales and a very positive market change, especially in terms of equity funds. The strong balance growth resulted in commission income from lending increasing by 9% to EUR 9.7 million.

Other operating income decreased to EUR 0.3 (1.0) million, which is explained by the fact that the reference period includes one-off recognised items of EUR 0.7 million.

The comparable operating expenses for the period increased to EUR 97.0 (93.8) million. The increase is mainly attributable to higher staff costs, the stability fee for the year as well as higher group governance expenses.

Impairments on credits and other commitments increased to EUR -4.5 (-4.0) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.7 (-1.7) million, whereas other impairments on credits increased to EUR -2.9 (-2.3) million. The new definition of default that entered into force on 1 January 2021 increased the model-based impairments and has also affected the individual impairments.

## 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)	31 Dec 2021	31 Dec 2020	Δ%
Customer assets under management*	15,451	10,447	48%
of which institutional assets	7,916	7,071	12%

\* Excluding fund in funds

### Asset management

The planned mergers of equity and fixed income funds were completed before the merger of the fund management companies at the year-end. 2021 ended with reaching the top of Morningstar's fund comparison, with Aktia's average grade for the funds managed by asset management being 4.09. The comparison once again concerned the 14 largest Finnish fund management companies calculated based on the number of funds managed by the companies.

At the end of the year, there was strong focus on customer satisfaction. The customer satisfaction of former Taaleri wealth management customers was further improved and the satisfaction of Aktia Private Banking's customers remained high. According to the SFR survey, the satisfaction of institutional customers decreased by approximately one tenth from 3.8 to 3.7. Based on the customer response, the decrease was mainly due to the allocation of resources within portfolio management, which was rectified at the end of the year.

Through excellent cooperation between the different segments of the wealth manager bank, we managed to create a comprehensive service package for many customers in the last quarter of the year. The packages included comprehensive asset management services, financial services and life insurance services. The distribution cooperation regarding Taaleri's private equity funds has started well and at the end of the year, Aktia and Taaleri launched a mutual private equity fund called Asunnot VIII. In addition, the work on the implementation of the renewed strategy for international fund sales started and during the quarter, some new partnerships were initiated for the distribution of Aktia's funds to France and Germany.

### Life insurance

The development of the life insurance business continued during the last quarter of the year. The objective for the life insurance company is to grow organically during the strategy period both through Aktia's distribution channels and through external distribution partners. The sales and distribution cooperation continued to be strong: The cooperation with Finland's Företagarskydd was further strengthened at the

beginning of December when the company strengthened its organisation by over 20 representatives.

At the end of the year, significant development work was carried out in connection with the processes for granting insurances, which will in the future shorten the processing times. In December, the first product launch visible to the customer after the integration with Taaleri took place when the Impact investment basket became part of the investment insurance product selection. The work with developing processes and expanding the selection of investment objects continues.

In November, Aktia Life Insurance Ltd issued its first ever inaugural Tier 2 transaction of EUR 56 million. The transaction strengthens the solvency of Aktia Life Insurance Ltd and supports the development of the long-term business.

The demand for personal insurances continued to increase compared to the previous year. The sales of investment-linked insurances also continued well in the final quarter. In the course of the year, we achieved good results in terms of premium income both in the risk insurance business and in the investment-linked business. Good new sales combined with positive developments on the investment market contributed to an all-time high level of assets under management at the year-end.

### Results for Asset Management segment

(EUR million)	2021	2020	Δ%
Operating income	106.9	66.1	62%
Operating expenses	-66.2	-39.5	67%
Operating profit	40.7	26.5	53%
Comparable operating profit	42.7	26.6	60%

The operating income increased by EUR 40.8 million to EUR 106.9 (66.1) million. This increase is partly explained by the fact that the current year includes the wealth management business acquired from Taaleri which is part of the segment as of 1 May 2021. The life insurance business income also increased strongly compared to last year owing to an improvement in both net investment income and the actuarially calculated result. Unrealised value changes in the life insurance business's investment portfolio were EUR 10.9 (-4.3) million. Last year's negative unrealised value changes resulted from the negative impact that the coronavirus pandemic had on the market.

At the end of 2021, the sentiment on the investment market was very positive and the global equity market returned more than 30% in euro currency. On the fixed income market, the year was, however, negative due to the increase in rates. Of the key fixed income markets, only High Yield corporate bonds had positive return.

The consensus forecast for global economic growth in 2022 is 4.4%. According to the prognosis, the growth will decline compared to last year, but with this growth the level would be almost two percentage points higher than before the coronavirus pandemic. The short-term outlook continues to

be overshadowed by coronavirus and its omicron variant that is spreading explosively.

Monetary policy in the US is becoming significantly tighter. Following its meeting in December, the ECB also announced that it in March 2022 would end its bond purchase programme implemented during the pandemic. The monetary policy will thus continue to be less stimulating also in the euro area.

Net commission income increased by 50% to EUR 70.9 (47.3) million. The increase is attributable to an increase in managed capital, mainly from the acquisition of Taaleri's wealth management business, but also from organic growth. Net income from life insurance doubled to EUR 33.6 (16.7) million, mainly owing to good return in the investment portfolio. The premiums written from life insurance business increased by 44% from the previous year and the sales of investment-linked savings insurances were strong. Net interest income of the segment decreased to EUR 1.6 (1.8) million.

Comparable operating expenses of the segment increased by EUR 24.8 million to EUR 64.2 (39.4) million. The cost increase is attributable to an increase in running expenses from the acquisition of Taaleri's wealth management business that is included in the segment as of 1 May 2021. The cost structure was also affected by integration costs from the transaction. Additionally, the costs are affected by the increased sales commission expenses in life insurance, one-off expense items in asset management and higher group governance expenses. Staff costs constitute 38 (41) % of the total expenses of the segment.

The assets under management increased by EUR 5,004 million to EUR 15,451 (10,447) million. Net subscriptions for the period amounted to EUR -831 million, and the market value change to EUR 1,112 million. The Taaleri acquisition at the beginning of May brought with it acquired customer assets amounting to EUR 4,723 million.

## 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 and control.

### Results for Group Functions segment

(EUR million)	2021	2020	Δ%
Operating income	31.6	17.4	82%
Operating expenses	-18.2	-17.6	4%
Operating profit	13.4	-0.2	-
Comparable operating profit	13.0	-0.1	-

The comparable operating income for the segment increased to EUR 31.1 (17.4) million.

The net interest income for the segment increased by EUR 12.2 million to EUR 21.3 million mainly owing to a negative interest cost from the TLTRO III financing and lower interest costs from other financing. Interest income from hedging measures via interest rate derivatives and interest income from the banks' liquidity portfolio were somewhat lower than last year.

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

Comparable net income from financial transactions increased to EUR 3.9 (0.7) million. The increase mainly pertains to sales gains from interest-bearing securities.

The segment's own comparable operating expenses increased by 7% from last year mainly due to higher staff costs and transfer tax for the acquisition of Taaleri's wealth management business.

## Group's segment reporting

(EUR million)

	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
Income statement	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net interest income	73.4	69.7	1.6	1.8	21.3	9.1	0.0	0.0	96.2	80.7
Net commission income	59.8	55.8	70.9	47.3	5.3	6.4	-12.0	-11.8	124.0	97.6
Net income from life insurance	-	-	33.6	16.7	-	-	4.1	3.2	37.7	19.9
Other operating income	0.3	1.0	0.8	0.2	5.1	1.9	-0.3	-0.2	5.9	2.9
<b>Total operating income</b>	<b>133.5</b>	<b>126.5</b>	<b>106.9</b>	<b>66.1</b>	<b>31.6</b>	<b>17.4</b>	<b>-8.3</b>	<b>-8.8</b>	<b>263.8</b>	<b>201.1</b>
Staff costs	-19.9	-18.1	-25.0	-16.2	-38.9	-34.7	-	-	-83.7	-69.1
Other operating expenses <sup>1</sup>	-78.5	-75.8	-41.2	-23.3	20.6	17.1	8.3	8.9	-90.7	-73.1
<b>Total operating expenses</b>	<b>-98.3</b>	<b>-93.9</b>	<b>-66.2</b>	<b>-39.5</b>	<b>-18.2</b>	<b>-17.6</b>	<b>8.3</b>	<b>8.9</b>	<b>-174.4</b>	<b>-142.2</b>
Impairment of credits and other commitments	-4.5	-4.0	-	-	0.0	0.0	-	-	-4.5	-4.0
Share of profit from associated companies	-	-	-	-	-	-	-0.3	-0.1	-0.3	-0.1
<b>Operating profit</b>	<b>30.7</b>	<b>28.5</b>	<b>40.7</b>	<b>26.5</b>	<b>13.4</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.1</b>	<b>84.6</b>	<b>54.8</b>
<b>Comparable operating profit</b>	<b>32.0</b>	<b>28.6</b>	<b>42.7</b>	<b>26.6</b>	<b>13.0</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>87.4</b>	<b>55.1</b>
<b>Balance sheet</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Financial assets measured at fair value	-	-	1,649.3	1,447.1	949.5	1,053.7	-40.0	-10.0	2,558.8	2,490.7
Cash and balances with central banks	289.0	1.3	0.0	0.0	443.8	297.3	-	-	732.8	298.6
Interest-bearing securities measured at amortised cost	-	-	37.4	37.8	349.0	376.0	-	-	386.5	413.8
Loans and other receivables	7,327.3	6,828.7	252.6	224.6	29.1	24.9	-57.3	-49.6	7,551.7	7,028.7
Other assets	58.6	72.0	193.0	58.8	349.9	277.7	-177.9	-67.6	423.6	341.0
<b>Total assets</b>	<b>7,674.9</b>	<b>6,902.1</b>	<b>2,132.3</b>	<b>1,768.3</b>	<b>2,121.3</b>	<b>2,029.6</b>	<b>-275.2</b>	<b>-127.2</b>	<b>11,653.3</b>	<b>10,572.8</b>
Deposits	4,064.3	4,015.8	580.7	566.5	838.1	631.7	-57.3	-49.6	5,425.8	5,164.4
Debt securities issued	-	-	-	-	3,100.3	2,855.6	-40.0	-9.8	3,060.3	2,845.8
Technical provisions	-	-	1,568.2	1,410.8	-	-	-	-	1,568.2	1,410.8
Other liabilities	-4.0	63.9	100.4	28.0	769.3	402.5	-5.1	-9.5	860.6	484.9
<b>Total liabilities</b>	<b>4,060.3</b>	<b>4,079.7</b>	<b>2,249.3</b>	<b>2,005.3</b>	<b>4,707.7</b>	<b>3,889.8</b>	<b>-102.4</b>	<b>-68.8</b>	<b>10,914.9</b>	<b>9,905.9</b>

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 11.2 (14.0) %. CET1 capital decreased during the period by EUR 121,3 million due to the increase in intangible assets and goodwill that was allocated when acquiring Taaleri's wealth management operations. During the first quarter, Aktia implemented the new definition of default for IRB models, which led to an increase in model based expected losses. The Board of Directors proposes that the dividends paid for 2021 represents 60% of the profit for the reporting period.

To strengthen its Tier 1 capital, Aktia Bank issued a EUR 60 million AT1 loan (Additional Tier 1 capital) during the second quarter of the year.

In November, Aktia Life Insurance issued a EUR 56 million Tier 2 bond to the capital market, increasing the company's solvency to 225% (146%).

The 15% risk-weight floor for mortgage loans ceased in the beginning of 2021, which decreased the risk-weighted assets. Concurrently, the new definition of default and lending growth led to an increase in the risk-weighted assets. Aktia also implemented the new Capital Requirements Regulation (CCR II) at the end of the second quarter. In total, the risk-weighted assets decreased by EUR 89.5 million during the period.

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.

## Total capital requirement

### Buffer requirements

31 December 2021 (%)	Pillar 1 minimum requirement	Pillar 2 requirement	Capital Conservation	Counter-cyclical	O-SII	Systemic risk	Total capital requirement
CET1 capital	4.50	0.70	2.50	0.01	0.00	0.00	7.71
AT1 capital	1.50	0.23					1.73
Tier 2 capital	2.00	0.31					2.31
<b>Total</b>	<b>8.00</b>	<b>1.25</b>	<b>2.50</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>11.76</b>

Capital adequacy, %	31 Dec 2021	31 Dec 2020
<b>Bank Group</b>		
CET1 capital ratio	11.2	14.0
Total capital ratio	15.6	16.6

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. During the second quarter, the new Act on Credit Institutions entered into force, under which the Pillar 2 requirement can be partially covered by the AT1 capital and Tier 2 capital. Taking all capital requirements into account, the minimum total capital ratio for the Bank Group was 11.76%, and 9.45% for Tier 1 capital ratio at the end of the period.

After CRR II entering into force at the end of the second quarter, a 3% binding minimum requirement for the leverage ratio was introduced.

Leverage ratio	31 Dec 2021	31 Dec 2020
Tier 1 capital	389.1	424.3
Total exposures	10,083.3	9,211.3
<b>Leverage ratio, %</b>	<b>3.9</b>	<b>4.6</b>

On 28 April 2021, Financial Stability Authority has renewed the MREL requirement for Aktia. The new requirement is 19.86% of the total risk-weighted items (TREA) or 5.91% of the leverage ratio exposures (LRE). The MREL requirement does not include a so-called subordination requirement. The requirement entered into force on 1 January 2022 and replaced the previous MREL decision.

<b>MREL requirement (EUR million)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
MREL requirement	595.9	727.3
<b>Own funds and eligible liabilities</b>		
CET1	329.1	424.3
AT 1-instruments	60.0	-
Tier 2-instruments	70.6	95.6
Other liabilities	903.7	1,082.4
<b>Total</b>	<b>1,363.5</b>	<b>1,602.3</b>

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.

<b>Solvency II</b>	<b>With</b>		<b>Whitout</b>	
	<b>transitional rules</b>		<b>transitional rules</b>	
<b>(EUR million)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
MCR	27.5	28.2	29.7	29.5
SCR	108.9	109.0	118.7	119.4
Eligible capital	244.7	159.1	206.8	116.2
<b>Solvency ratio, %</b>	<b>224.7</b>	<b>145.9</b>	<b>174.3</b>	<b>97.4</b>

# 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 p. 120–135 in Aktia Bank Plc's Annual and Sustainability Report for 2020 and in Aktia Bank Plc's Capital and Risk Management Report on the Group's website [www.aktia.com](http://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 fourth quarter 2021, the LTV level amounted on average to 42% for the entire loan book.

### Gross loans past due by time overdue and ECL stages<sup>1</sup>

(EUR million)	31 December 2021			
Days	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

<sup>1</sup> Changes in exposures since Q2. The bank is reporting on gross exposures to loans past due as of Q3/2021 compared to the previously reported net exposures.

(EUR million)	31 December 2020			
Days	Stage 1	Stage 2	Stage 3	Total
≤ 30	25.6	24.6	0.8	51.1
of which households	19.0	23.1	0.7	42.8
> 30 ≤ 90	0.0	22.0	1.2	23.2
of which households	0.0	21.4	0.6	22.0
> 90	0.0	0.0	57.7	57.7
of which households	0.0	0.0	44.3	44.3

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

(EUR million)	31 Dec 2021	31 Dec 2020
Corporate		
PD grades A	244.4	209.7
PD grades B	942.2	866.5
PD grades C	923.7	797.0
Default	23.6	27.4
	2,133.9	1,900.6
Loss allowance (ECL)	-14.4	-15.0
Carrying amount	<b>2,119.5</b>	1,885.6
Households		
PD grades A	3,395.6	3,319.7
PD grades B	1,211.6	1,130.4
PD grades C	805.6	908.5
Default	95.7	41.7
	5,508.5	5,400.3
Loss allowance (ECL)	-17.4	-15.5
Carrying amount	<b>5,491.1</b>	5,384.8
Other		
PD grades A	28.6	29.9
PD grades B	436.7	348.0
PD grades C	83.7	79.1
Default	0.6	0.6
	549.6	457.6
Loss allowance (ECL)	-0.6	-0.5
<b>Carrying amount</b>	<b>549.0</b>	<b>457.1</b>

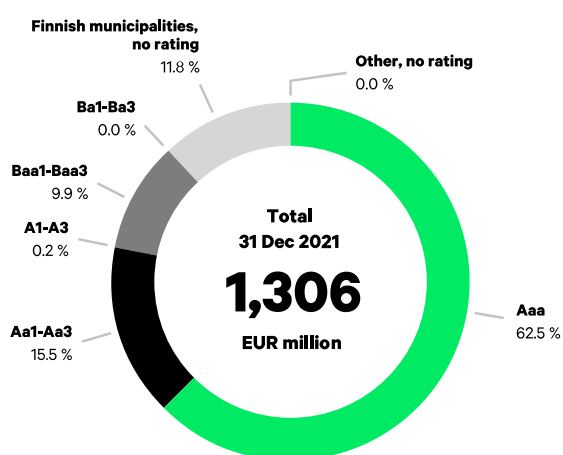
The PD grades are divided according to PD-TTC, where grade A has a PD of less than 0.2%, grade B has a PD of less than 1%, grade C has a PD of less than 100% and grade Default has a PD-TTC of 100%. In Q3/2021, Aktia adjusted the default reporting. Since the introduction of the new definition of default early in the year, the default reporting has been EUR 16 million too high in Q1/2021 and EUR 17 million too high in Q2/2021.

## 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.

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.

### Rating distribution for the Bank Group's liquidity portfolio



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 increased somewhat during the second quarter mainly due to updated balance sheet assumptions as well as the increased balance sheet total.

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 5.2 (5.0) 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 4.8 (3.9) 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 1,571 (1,368) million at the end of the period.

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

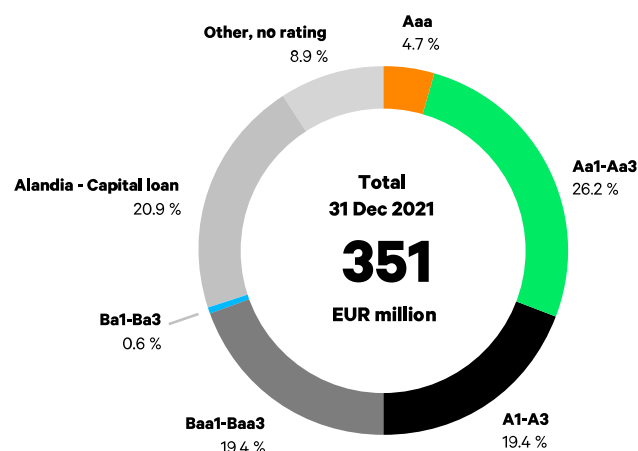
Liquidity reserve, market value (EUR million)	31 Dec 2021	31 Dec 2020
Cash and balances with central banks	681	250
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	222	226
Securities issued or guaranteed by municipalities or the public sector	155	132
Covered Bonds	514	755
Securities issued by credit institutions	-	6
Securities issued by corporates (commercial papers)	-	-
<b>Total</b>	<b>1,571</b>	<b>1,368</b>
of which LCR-qualified	1,571	1,362

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 140 (138) %.

Liquidity coverage ratio (LCR)	31 Dec 2021	31 Dec 2020
LCR %	140%	138%

### Rating distribution for the life insurance business' direct interest-bearing investments

(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 642 (602) million. The life insurance company's direct real estate investments amounted to EUR 47 (40) 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)	31 Dec 2021		31 Dec 2020	
<b>Equities</b>	<b>8.0</b>	<b>1.3 %</b>	<b>0.0</b>	<b>0.0%</b>
Europe	4.9	0.8 %	0.0	0.0%
USA	3.2	0.5 %	0.0	0.0%
<b>Fixed income investments</b>	<b>384.9</b>	<b>60.0 %</b>	<b>437.0</b>	<b>72.6%</b>
Government bonds	116.9	18.2 %	119.2	19.8%
Financial bonds	37.3	5.8 %	62.7	10.4%
Other corporate bonds <sup>1</sup>	157.5	24.5 %	184.6	30.6%
Emerging Markets (mtl. funds)	45.6	7.1 %	43.2	7.2%
High yield (mtl. funds)	24.4	3.8 %	24.0	4.0%
Trade Finance (mtl. funds)	3.0	0.5 %	3.4	0.6%
Mixed funds	0.5	0.1 %		
<b>Alternative investments</b>	<b>24.8</b>	<b>3.9 %</b>	<b>11.8</b>	<b>2.0%</b>
Private Equity etc.	18.9	2.9 %	11.8	2.0%
Infrastructure funds	5.9	0.9 %	0.0	0.0%
<b>Real estates</b>	<b>88.1</b>	<b>13.7 %</b>	<b>77.5</b>	<b>12.9%</b>
Directly owned	47.2	7.3 %	40.4	6.7%
Real estate funds	41.0	6.4 %	37.1	6.2%
<b>Money Market</b>	<b>90.3</b>	<b>14.1 %</b>	<b>50.2</b>	<b>8.3%</b>
<b>Derivatives</b>	<b>-0.9</b>	<b>-0.1 %</b>	<b>0.0</b>	<b>0.0%</b>
<b>Cash and bank</b>	<b>46.7</b>	<b>7.3 %</b>	<b>25.8</b>	<b>4.3%</b>
<b>Total</b>	<b>642.0</b>	<b>100.0 %</b>	<b>602.2</b>	<b>100.0%</b>

<sup>1</sup> Includes capital loan to Alandia in connection with the acquisition of their life insurance portfolio

## Life insurance company's market risk

Technical provisions include an interest reserve of EUR 25 (28) 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 is the most significant market risk in conjunction with the technical provisions in the life insurance company as the other market risks have a marginal significance. However, the risk has been significantly reduced due to the partial protection of the interest rate risk by derivatives in 2021. 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 -25 (-44) million.

# Main events

## Aktia became partner in Alexander Corporate Finance

Aktia Bank Plc and Alexander Corporate Finance Oy ("ACF") announced on 30 November 2021 an arrangement, which will result in Aktia owning 20% of ACF's shares. With the arrangement, the new name of Alexander Corporate Finance will be Aktia Alexander Corporate Finance Oy. The completion of the arrangement took place on 2 February 2022 after receiving the approval from the Finnish Financial Supervisory Authority.

## Aktia and Finnair to launch a new Finnair Visa credit card

Aktia and Finnair have agreed on co-operation and will introduce a new Finnair Visa credit card into the market in spring 2022. With the co-operation, Aktia offers to all its customers first-class means of payment, and one of the most popular credit cards in the world will be made available to Finnair Plus members and at the same time, they will earn Finnair Plus points by making purchases with the card.

## Aktia Life Insurance issued its first inaugural Tier 2 transaction of EUR 56 million

Aktia Life Insurance Ltd issued its first inaugural Solvency eligible Tier 2 transaction of EUR 56 million on Friday 19 November 2021. The purpose of the transaction was to further support the capital structure and solvency ratio of Aktia Life Insurance.

## Strategy and long-term financial targets

Aktia updated its strategy and its long-term financial targets (see page 21) before the Capital Markets Day, which was held on 8 September 2021. The new strategy update, which extends to 2025, supports Aktia's growth objectives and guides the company towards the new vision of being "the leading wealth manager bank". The growth strategy is built particularly on close cooperation between Aktia's three business areas (Asset Management, Banking and Life Insurance). A strong focus on wealth management is a key part of all of the company's business activities.

## Aktia's employee share issue was oversubscribed

On 31 August 2021, the Board of Directors of Aktia decided on the employee share issue. A maximum total of 1,000,000 new shares in the company was offered for subscription to the personnel of the Aktia Group companies. The subscription period ended on 22 September 2021.

The employee share issue was oversubscribed, and the Board decided to increase the number of the new shares offered according to terms and conditions of the share issue. The Board approved all subscriptions in connection to the employee share issue, i.e. a total of 1,371,500 new shares. A total of 336 company employees subscribed shares in the share issue. The subscription price for the share was EUR 10.14 per share, based on the trade volume weighted average price of the company's share on Nasdaq Helsinki Ltd during 1–31 July 2021 and at a 10 per cent price reduction.

## New climate strategy

Aktia has prepared a climate strategy for the Group, which applies to wealth management, investments, lending and the Group's own activities. Aktia systematically invests in the development of its climate-related work through its climate strategy. The goal is among other things carbon neutrality in the investment portfolios by 2050.

## Aktia acquired the wealth management operations of Taaleri and companies initiated co-operation supporting the strategy of both parties

Aktia Bank Plc's acquisition of Taaleri's wealth management operations was completed on 30 April 2021 in accordance with the sale agreement signed on 10 March 2021. The acquisition included 100% of Taaleri Wealth Management Ltd and its wholly owned subsidiaries Taaleri Fund Management Ltd, Taaleri Tax Services Ltd, Evervest Ltd and Taaleri Asunnot GP Ltd. As a part of the transaction, the parties agreed on initiating co-operation that supports the strategy of both parties, through which Aktia became the distributor of Taaleri's alternative investment products in Finland.

Asset management is in the core of Aktia's strategy and acquiring Taaleri Plc's wealth management operations supports Aktia's objective to be the best asset manager in Finland. Together, Aktia and the operations that are being transferred from Taaleri, form one of the leading asset management organisations in Finland that combines excellent services, customer orientation, strong investment knowledge, comprehensive portfolio management and digital capabilities. With the transaction, Aktia will offer its customers first-class asset management products, price-winning Private Banking competence and comprehensive banking and life insurance services.

The transaction is expected to deliver significant synergy gains, which consist mainly of revenue synergies, reorganisation of functions and scale benefits including IT and other infrastructure. The synergy gains at an annual level are estimated to amount to EUR 8 million and they are expected to be realised in full during 2023.

The purchase price amounted to EUR 123.7 million, of which EUR 10.0 million were paid as 974,563 Aktia shares. With the acquisition, intangible assets amounting to EUR 43.1 million

for customer relations, partnership agreements and non-compete agreements as well as EUR 80.4 million for goodwill were allocated.

## **Changes in Aktia's Executive Committee and responsibilities**

Changes in Aktia's Executive Committee and responsibilities

Aktia simplified the Group's organisational structure and clarified the responsibilities and management of the different business areas.

Perttu Purhonen, was appointed EVP, Asset Management as of 3 May 2021.

Anssi Huhta, EVP, Corporate Customers and member of the Executive Committee, took over the responsibility of the entire Banking Business as of 5 May 2021.

Sari Leppänen was appointed EVP, Chief Information Officer (CIO) and member of the Executive Committee as of 9 August 2021.

Carola Nilsson, Director for the business area Private Customers, left her duties in the Group's Executive Committee as of 5 May 2021.

Anu Tuomolin, Chief Operating Officer (COO) and HR, left her duties in Aktia as of 5 May 2021.

## **Aktia issued EUR 60 million Additional Tier 1 bond**

On 19 May 2021, Aktia Bank Plc issued EUR 60 million unsecured bond with fixed rate that can be counted as Additional Tier 1 capital in the capital adequacy. The bond bear a fixed interest at the initial rate of 3.875 per cent per annum.

## **Cooperation negotiations at Aktia were completed**

Aktia's cooperation negotiations that were initiated on 18 February 2021 were completed on 20 April 2021. After completing the negotiations, the company decided on making changes that resulted in Aktia reducing 75 jobs instead of the initially estimated 100 jobs. With the negotiations, approximately 50 persons were given a possibility to obtain new duties within the company.

## **Aktia the best fund house in Morningstar's comparison**

Aktia won first place in all three Fund House categories in Morningstar's Finland Awards 2021 competition. In terms of fund houses, the five-year risk-adjusted return in three areas is assessed: equities, fixed income and best overall. This year, Aktia was the winner in all three areas.

## **Decision on the payment of dividend**

### **Dividend 2020**

On 5 October 2021, the Board of Directors of Aktia Bank Plc decided to pay out a dividend of EUR 0.43 per share for the accounting period of 1 January–31 December 2020 in accordance with the authorisation given by the Annual General Meeting of 2021. The payable dividend amounts to EUR 30.9 million.

### **Dividend 2019**

On 12 January 2021, The Board of Directors of Aktia Bank Plc decided based on the authorisation given by the Annual General Meeting in 2020 on paying out a dividend of EUR 0.53 per share for the accounting period 1 January–31 December 2019. The payable dividend amounts to EUR 36.8 million.

The Board of Directors of Aktia acknowledged the recommendation on distribution of credit institutions' profits updated by the Finnish Financial Supervisory Authority (FSA) on 18 December 2020 and decided after careful consideration to pay its shareholders dividend in accordance with the lower end of its dividend policy. Aktia's objective according to its dividend policy is a dividend pay-out of 60–80% for the financial period after taxes.

# Other information

## Events after the end of the period

### Aktia issued a EUR 500 million covered bond

On Tuesday 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 and informed on 18 August 2021, 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 asset management operations, where an essential part is the simplification of the group structure.

### Shareholders' Nomination Board's proposal for the composition of Aktia Bank's Board of Directors

The Shareholders' Nomination Board of Aktia Bank Plc has decided to present the following proposition to the Annual General Meeting 2022 of Aktia Bank:

The Shareholders' Nomination Board proposes that Sari Pohjonen is elected as new Board member, based on her consent. Arja Talma, member of Aktia's Board of Directors since 2013, has informed that she will not be available for re-election.

## Rating

On 22 January 2021, Standard & Poor's (S&P) adjusted its outlook for the creditworthiness of Aktia Bank Plc to stable. The rating is A- for long-term borrowing and A2 for short term borrowing. The rating has been affirmed on 16 December 2021 related to the S&P revised rating methodology update.

On 9 September 2021, Moody's Investors Service confirmed the long-term and short-term senior funding credit ratings of Aktia Bank and changed the outlook of the ratings to negative. The rating for senior preferred bonds is A1 and for short-term debt instruments P-1. Moody's Investors Service confirmed the rating Aaa for Aktia Bank's long-term Covered Bonds.

On 17 May 2021, Moody's Investors Service awarded Aktia Bank the rating Baa3 (hyb) for the Additional Tier 1 capital issued by Aktia Bank.

	Long-term borrowing	Short-term borrowing	Outlook	Covered Bonds
Moody's Investors Service	A1	P-1	negative	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 statements 2020.

## Staff

The number of full-time employees at the end of December amounted to 854 (31 December 2020; 830). The average number of full-time employees amounted to 862 (1 January–31 December 2020; 806).

## The incentive scheme

In 2018, Aktia Bank Plc launched a long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy. The current 12-month saving period, AktiaUna 2021–2022, was launched in spring 2021 and continues until spring 2022. Decisions about possible new plans are made yearly.

The incentive scheme in its entirety includes two parts. The share savings plan AktiaUna is aimed at the whole personnel, about 950 persons, and the performance-based share savings plan is aimed at about 60 key persons. The plan gives every employee the possibility to become a shareholder in Aktia on favourable terms. Within the plan, part of the salary (2–4%, 7% for members of the Executive Committee) is deducted and invested in Aktia's shares at a reduced price (-10%). Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

The performance criteria for the above-mentioned performance-based plan, which concerns approximately 60 key persons (including the CEO and members of the Executive Committee), are Aktia Group's comparable operating profit and net commission income during a period of two years. The potential incentive based on the performance period will be defined according to the terms of the plan, according to which the Board's comprehensive

assessment of the employee's, the business unit's and the Group's total results and development is considered.

On 5 August 2021, the Board of Directors of Aktia Bank Plc decided on a new long-term share-based incentive scheme, the Restricted Share Plan. The total number of Aktia shares

paid as incentive within the scope of the incentive scheme is 280,000.

For more information on the incentive scheme see [www.aktia.com](http://www.aktia.com) > Investors > Corporate Governance > Remuneration.

### Development of Aktia's share 4 January–30 December 2021



### Decisions of Aktia Bank Plc's Annual General Meeting 2021

The Annual General Meeting of Aktia Bank Plc on 13 April 2021 adopted the financial statements of the parent company and the consolidated financial statements and discharged the members of the Board of Directors, the CEO and his deputy from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided, taking into account the recommendations issued by the authorities', to authorise the Board to at a later date decide on the payment of a maximum dividend of 0.43 euro per share for the accounting period 1 January – 31 December 2020 with a payment at one or more occasions. The Board was authorised to decide on the record date and the date of payment of a possible dividend.

On 5 October 2021, the Board of Directors of Aktia Bank Plc has decided to pay out a dividend of EUR 0.43 per share for the accounting period of 1 January–31 December 2020 in accordance with the authorisation given by the Annual General Meeting of 2021.

The Annual General Meeting confirmed the number of board members as eight. Johan Hammarén, Maria Jerhamre Engström, Harri Lauslahti, Olli-Petteri Lehtinen, Johannes Schulman, Lasse Svens and Arja Talma were re-elected as Board members. Timo Vättö was elected as a new member of the Board of Directors. The Board of Directors, which convened after the General Meeting, elected Lasse Svens as chair and Timo Vättö as vice chair.

In accordance with the proposal by the Board of Directors the Annual General Meeting decided to approve the

remuneration report for the governing bodies of Aktia Bank Plc and confirmed the remuneration for the Board members.

The Annual General Meeting determined that the number of auditors shall be one, and confirmed the remuneration to the auditor, and re-elected APA firm KPMG Oy Ab as auditor with Marcus Tötterman, M.Sc. (Econ.), APA, as auditor-in-charge.

The Annual General Meeting adopted the proposal of the Board of Directors regarding resolution for share issue authorisation for up to 6,967,000 shares or securities entitling to shares, authorisation to acquire up to 500,000 company's own shares for use in the company's share based scheme and/or the remuneration of members of the company's Board of Directors and authorisation to divest up to 500,000 company's own shares.

The Annual General Meeting adopted the proposal of the Board of Directors regarding the right to a share incorporated in the book-entry system and the rights that the share carries have been forfeited for the shares in Aktia Bank Plc's collective account. The 47,920 shares now object for forfeiture are shares issued as a buffer in connection with the merger of Veritas Mutual Non-Life Insurance Company to Aktia Plc on 1 January 2009.

All proposals mentioned above are included in the Summons to the Annual General Meeting published on the website [www.aktia.com](http://www.aktia.com) under Investors > Corporate governance > Annual general meeting > Annual General Meeting 2021.

### Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 170 million. At the end of December 2021, the number of Aktia shares was 72,144,081. The total number of registered holders amounted

to 39,461 (31 December 2020; 36,918). 12.02% of the shares were in foreign ownership. There were no unregistered shares at the end of December. On 31 December 2021, the Group held 326,541 (31 December 2020; 113,372) Aktia shares. Aktia Bank Plc's market value on 30 December 2021, the last trading day of the period, was approximately EUR 886 million. The closing price for the Aktia share on 30 December 2021 was EUR 12.28. The highest price for the Aktia share during the period was EUR 13.40 and the lowest EUR 8.94.

The average daily turnover of the Aktia share during January–December 2021 was EUR 979,062 or 90,922 shares.

(EUR million)	Number of shares	Share capital	Unrestricted equity reserve
<b>1 Jan 2020</b>	<b>69,172,437</b>	<b>163.0</b>	<b>110.2</b>
Share issue 14 Feb 2020	744,696	6.7	-
Share issue 4 May 2020	220,000	-	1.7
Share issue 27 May 2020	84,355	-	0.6
Invalidation of shares 7 Oct 2020	-717,196	-	-
Share issue 16 Nov 2020	69,881	-	0.7
Other changes	-	-	-0.4
<b>31 Dec 2020</b>	<b>69,574,173</b>	<b>169.7</b>	<b>112.7</b>
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
<b>31 Dec 2021</b>	<b>72,144,081</b>	<b>169.7</b>	<b>138.6</b>

## Financial targets up until 2025

The financial targets stipulated by the Board of Directors in September 2021 are:

- a comparable operating profit of above EUR 120 million,
- a comparable return on equity (ROE) of above 12 per cent,
- a comparable cost-to-income ratio of under 0.60 and
- a Common Equity Tier 1 capital ratio (CET1) above 1.5 percentage points over the regulatory requirements.

## Sustainability

Sustainability is an essential part of Aktia's strategy and supports the value creation for our stakeholders. Sustainability at Aktia consists of both corporate responsibility and ESG integration in the business operations. In 2021, the objective for our corporate responsibility programme is to be a solvent, reliable, and environmentally responsible partner for economic well-being and the most attractive workplace in the business. Year 2021, the management structure for Aktia's sustainability work was simplified by merging the functions of corporate responsibility and ESG development to a new team in the bank.

During autumn, Aktia established a group wide climate strategy with established goals regarding investment activities, lending and Aktia's own operations. Aktia joined the global Net-Zero Asset Managers initiative to support the implementation of the climate strategy. Aktia also established principles for responsible lending and took part in a green syndicate loan. Proofing Aktia's long-term work with ESG integration in the investment activities for the government loans in the emerging markets, Aktia was invited to the advisory committee for the ASCOR Project\*, aimed at developing a global tool for assessing climate risks and opportunities in investments in government loans for the entire industry.

The second half of the year was also characterized by preparing for the coming EU regulation for sustainable finance, including for example EU taxonomy and the reporting requirements for Aktia.

The indicators that Aktia monitors every six months remained at a good level. The carbon footprint of Aktia's own equity funds was on average clearly smaller than in the reference markets. Aktia's long term goal is to have a smaller carbon footprint than the reference market. Aktia's investment strategy favours less capital-intensive companies that have favourable emissions profiles. Private and premium customers' satisfaction with customer meetings remained at a good level. This describes the success of our customer service, which has a goal to exceed a score of 50 (NPS).

Indicator (target)	2021	2020	Δ
The carbon footprint of our equity funds* compared to the reference market (in the long run smaller on average than that of the reference market)	-66%** (-68%***)	-68%**	+2%
NPS (Net Promoter Score), measuring customers' satisfaction, private and premium customers (at least 50)	72	68	+4

\* ASCOR = Assessing Climate Related Opportunities and Risks, a joint project founded by leading ESG organizations (including PRI) and two UK pension funds.

\*\* The figures include Capital, Nordic, Nordic Small Cap, Nordic Micro Cap, Europa, Europe Small Cap, America and Global.

\*\*\*In 2021 the figures also include Aktia's comparable funds and the funds Micro Rhein, Rhein Value, Micro Markka, Europa Dividend which were transferred to Aktia from Taaleri through the acquisition.

## 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. The demand for banking, insurance, and asset management services can be changed by these factors.

Changes in interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest margins and

thus profitability. Aktia is pursuing a proactive management of interest rate risks.

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.

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

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

Increased regulation of banking and insurance operations has led to more stringent capital and liquidity requirements for the bank. The new regulations have also resulted in increased demands on long-term financing and higher fixed expenses.

The development of the commission income is dependent on the volume and value development of assets under management, which as a result of market fluctuations has increased the risks pertaining to the Group's income and profitability.

The coronavirus pandemic that broke out during 2020 and the measures taken for limiting its development has influenced both the real economy and the financial market. The negative impact of the coronavirus pandemic as well as the sufficiency of the measures taken to decrease the impact are monitored and assessed continuously.

According to the latest data, the recovery from the consequences of the coronavirus pandemic will continue and this will also be reflected in the statistical indicators concerning Finland's economic development. The quality of Aktia's loan book and new lending has been stable despite the growth in lending. This applies to the lending volume of both companies and private customers.

The acquisition of Taaleri's wealth management operations was carried out on 30 April 2021. The transaction is being handled actively through thorough integration coordination. Future risks concern the implementation of the integration in accordance with the set targets, including the synergy and cross-selling targets. Aktia simplified its group structure by merging two fund management companies as well as Aktia Wealth Management Ltd and Aktia Bank Plc on 1 January 2022.

Aktia's operative risks have been in line with the risk appetite during 2021. The trend of an increasing number of fraud affecting the entire financial sector, in particular related to digital services, has been significant in 2021. The financial sector has worked actively with various authorities to, among other things, inform bank customers about fraud threats. During 2021, Aktia's customers were also victims of phishing. Aktia has successfully developed its services in the fight against phishing and by the end of the year, the loss of customer assets has decreased significantly.

The coronavirus pandemic has not significantly affected the operational risks of Aktia. Aktia started returning to a normal hybrid working pattern in October, but at the beginning of December, after the worsening of the coronavirus situation in Finland, Aktia was forced to expand remote work again.

The expansion of the asset management operations in connection with the acquisition of Taaleri has led to a decrease in Aktia's regulative capital situation in relation to the risk-weighted positions at the beginning of the year. The banking group's own funds were reinforced by CET1 and AT1 capital issuances in connection with the transaction and by the life insurance company's Tier 2 issue at the end of 2021, which increased the solvency and conglomerate capital. This has decreased the risk of the regulative capital situation limiting the utilisation of the market potential for growth in terms of risk positions in the future.

## Outlook 2022

The comparable operating profit for 2022 is expected to be somewhat higher than in 2021 provided that the market development and circumstances in society remain stable.

- Net interest income growth is expected to remain strong, especially in the corporate customer segment, due to active pricing and expected volume growth. Financing expenses are expected to remain at a moderate level.
- The growth in commission income is expected to continue. Growth is supported by the completion of the integration of Taaleri's wealth management business.
- The development of net income from life insurance is dependent on changes in market values. We expect the actuarially calculated result to increase in 2022.
- The expenses are expected to be approximately at the same level as in 2021.
- Potential credit loss provisions are expected to remain at a moderate level while the liquidity and capital adequacy of Aktia remain stable.

# Tables and notes to the financial statement release

## Key figures

(EUR million)	2021	2020	Δ%	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020
Earnings per share (EPS), EUR	0.95	0.61	56%	0.23	0.28	0.24	0.20	0.22
Total earnings per share, EUR	0.73	0.70	4%	0.16	0.26	0.19	0.12	0.24
Equity per share (NAV), EUR <sup>1</sup>	9.45	9.60	-2%	9.45	9.69	10.26	9.19	9.60
Average number of shares (excl. treasury shares), million <sup>2</sup>	70.5	69.8	1%	70.5	70.0	69.8	69.5	69.8
Number of shares at the end of the period (excl. treasury shares), million <sup>1</sup>	71.8	69.5	3%	71.8	71.8	70.5	69.5	69.5
Return on equity (ROE), % <sup>3</sup>	10.0	6.7	50%	9.5	11.4	10.5	8.6	9.2
Return on assets (ROA), %*	0.61	0.42	44%	0.57	0.69	0.63	0.53	0.57
Cost-to-income ratio*	0.66	0.71	-7%	0.69	0.62	0.67	0.67	0.64
Common Equity Tier 1 capital ratio, CET1 (Bank Group), % <sup>1</sup>	11.2	14.0	-20%	11.2	10.4	10.8	13.8	14.0
Tier 1 capital ratio (Bank Group), % <sup>1</sup>	13.2	14.0	-5%	13.2	12.4	12.9	13.8	14.0
Capital adequacy ratio (Bank Group), % <sup>1</sup>	15.6	16.6	-6%	15.6	14.8	15.5	16.3	16.6
Risk-weighted commitments (Bank Group) <sup>1</sup>	2,940.6	3,030.0	-3%	2,940.6	2,969.2	2,885.7	3,035.8	3,030.0
Capital adequacy ratio (finance and insurance conglomerate), % <sup>1</sup>	145.0	126.6	15%	145.0	125.7	121.6	126.9	126.6
Equity ratio, % <sup>1</sup>	6.6	6.6	1%	6.6	6.9	6.6	6.3	6.6
Group financial assets <sup>1</sup>	2,546.1	2,265.5	12%	2,546.1	2,417.0	2,374.0	2,221.8	2,265.5
Assets under management <sup>1</sup>	15,451.0	10,446.9	48%	15,451.0	15,581.0	15,581.7	10,378.5	10,446.9
Borrowing from the public <sup>1</sup>	4,503.3	4,465.8	1%	4,503.3	4,606.5	4,559.6	4,370.6	4,465.8
Lending to the public <sup>1</sup>	7,486.4	6,999.8	7%	7,486.4	7,412.7	7,299.2	7,139.0	6,999.8
Premiums written before reinsurers' share*	152.7	106.2	44%	39.8	32.1	41.8	38.9	35.3
Expense ratio, % (life insurance company) <sup>2</sup>	98.9	73.9	34%	98.9	94.9	95.6	97.3	73.9
Solvency ratio (life insurance company), %	224.7	145.9	54%	224.7	164.3	156.6	154.7	145.9
Eligible capital (life insurance company)	244.7	159.1	54%	244.7	184.6	177.1	171.3	159.1
Investments at fair value (life insurance company) <sup>1</sup>	1,693.4	1,515.2	12%	1,693.4	1,616.2	1,608.7	1,555.1	1,515.2
Technical provisions for risk insurances and interest-related insurances <sup>1</sup>	414.5	441.0	-6%	414.5	421.9	426.5	435.9	441.0
Technical provisions for unit-linked insurances <sup>1</sup>	1,153.8	969.8	19%	1,153.8	1,096.6	1,087.9	1,020.2	969.8
Group's personnel (FTEs), average number of employees	862	806	7%	859	901	867	827	826
Group's personnel (FTEs), at the end of the period <sup>1</sup>	854	830	3%	854	865	926	824	830
<b>Alternative performance measures excluding items affecting comparability:</b>								
Comparable cost-to-income ratio*	0.65	0.71	-8%	0.69	0.63	0.63	0.67	0.64
Comparable earnings per share (EPS), EUR*	0.98	0.61	60%	0.23	0.27	0.29	0.20	0.22
Comparable return on equity (ROE), % <sup>3</sup>	10.3	6.7	54%	9.6	11.2	12.3	8.6	9.3

\* 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 (Q2/2021 is recalculated according to the new definition).

Formulas for the key figures are available in Aktia Bank Plc's Annual and Sustainability Report 2020 on page 110.

## Consolidated income statement

(EUR million)	Note	2021	2020	Δ %
Net interest income	3	96.2	80.7	19%
Dividends		0.4	0.4	-11%
Commission income		136.0	106.9	27%
Commission expenses		-12.0	-9.3	-29%
Net commission income		124.0	97.6	27%
Net income from life insurance	4	37.7	19.9	89%
Net income from financial transactions	5	4.7	0.6	637%
Other operating income		0.8	1.9	-55%
<b>Total operating income</b>		<b>263.8</b>	<b>201.1</b>	<b>31%</b>
Staff costs		-83.7	-69.1	21%
IT expenses		-30.7	-26.0	18%
Depreciation of tangible and intangible assets		-21.5	-18.3	18%
Other operating expenses		-38.5	-28.8	34%
<b>Total operating expenses</b>		<b>-174.4</b>	<b>-142.2</b>	<b>23%</b>
Impairment of credits and other commitments	8	-4.5	-4.0	11%
Share of profit from associated companies		-0.3	-0.1	-125%
Operating profit		<b>84.6</b>	<b>54.8</b>	<b>54%</b>
Taxes		-17.3	-12.2	42%
<b>Profit for the year</b>		<b>67.4</b>	<b>42.6</b>	<b>58%</b>
<b>Attributable to:</b>				
Shareholders in Aktia Bank plc		66.8	42.6	57%
Holders of Additional Tier 1 capital		0.5	-	-
<b>Total</b>		<b>67.4</b>	<b>42.6</b>	<b>58%</b>
Earnings per share (EPS), EUR		0.95	0.61	55%
Earnings per share (EPS), EUR, after dilution		0.95	0.61	55%
<b>Operating profit excluding items affecting comparability:</b>				
Operating profit		84.6	54.8	54%
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc		-0.5	-	-
Operating expenses:				
Costs for restructuring		3.3	0.3	-
<b>Comparable operating profit</b>		<b>87.4</b>	<b>55.1</b>	<b>59%</b>

## Consolidated statement of comprehensive income

(EUR million)	2021	2020	Δ%
Profit for the year	67.4	42.6	58%
<b>Other comprehensive income after taxes:</b>			
Change in fair value for financial assets	-11.4	8.4	-
Change in fair value for cash flow hedging	-0.1	0.3	-
Transferred to the income statement for financial assets	-3.5	-2.6	-37%
Comprehensive income from items which can be transferred to the income statement	-15.1	6.2	-
Defined benefit plan pensions	-0.1	-0.2	40%
Comprehensive income from items which can not be transferred to the income statement	-0.1	-0.2	40%
<b>Total comprehensive income for the year</b>	<b>52.2</b>	<b>48.6</b>	<b>7%</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders in Aktia Bank plc	51.6	48.6	6%
Holders of Additional Tier 1 capital	0.5	-	-
<b>Total</b>	<b>52.2</b>	<b>48.6</b>	<b>7%</b>
Total earnings per share, EUR	0.73	0.70	5%
Total earnings per share, EUR, after dilution	0.73	0.70	5%
Operating profit excluding items affecting comparability:			
<b>Operating profit</b>	<b>52.2</b>	<b>48.6</b>	<b>7%</b>
Operating income:			
Additional income from divestment of Visa Europe to Visa Inc	-0.4	-	-
Operating expenses:			
Costs for restructuring	2.6	0.2	-
<b>Comparable operating profit</b>	<b>54.4</b>	<b>48.8</b>	<b>11%</b>

## Items affecting consolidated income statement and comprehensive income

(EUR million)	2021	2020	Δ%
Net income from financial transactions	0.5	-	-
<b>Total operating income</b>	<b>0.5</b>	<b>-</b>	<b>-</b>
Staff costs	-1.6	-0.3	460%
Other operating expenses	-1.7	-	-
Total operating expenses	-3.3	-0.3	-
Operating profit	-2.8	-0.3	-844%
Taxes	0.6	0.1	844%
<b>Total comprehensive income for the period</b>	<b>-2.2</b>	<b>-0.2</b>	<b>-844%</b>

## Consolidated balance sheet

(EUR million)	Note	31 Dec 2021	31 Dec 2020	Δ %
<b>Assets</b>				
Interest-bearing securities		94.6	102.7	-8%
Shares and participations		203.2	159.9	27%
Investments for unit-linked investments		1,154.0	969.9	19%
Financial assets measured at fair value through income statement	8	1,451.8	1,232.5	18%
Interest-bearing securities		1,107.0	1,258.2	-12%
Financial assets measured at fair value through other comprehensive income	8	1,107.0	1,258.2	-12%
Interest-bearing securities	7,8	386.5	413.8	-7%
Lending to Bank of Finland and credit institutions	7,8	65.3	28.9	126%
Lending to the public and public sector entities	7,8	7,486.4	6,999.8	7%
Cash and balances with central banks	8	732.8	298.6	145%
Financial assets measured at amortised cost		8,671.0	7,741.1	12%
Derivative instruments	6,8	39.6	76.1	-48%
Investments in associated companies and joint ventures		0.2	0.1	27%
Intangible assets and goodwill		174.0	57.9	200%
Right-of-use assets		22.3	22.6	-1%
Investment properties		45.5	39.8	14%
Other tangible assets		8.1	5.3	51%
Tangible and intangible assets		249.8	125.7	99%
Total other assets		131.7	136.1	-3%
Income tax receivables		0.2	0.5	-64%
Deferred tax receivables		2.1	2.5	-13%
Tax receivables		2.3	3.0	-22%
<b>Total assets</b>		<b>11,653.3</b>	<b>10,572.8</b>	<b>10%</b>
<b>Liabilities</b>				
Liabilities to central banks		800.0	550.0	45%
Liabilities to credit institutions		122.5	148.6	-18%
Liabilities to the public and public sector entities		4,503.3	4,465.8	1%
Deposits	8	5,425.8	5,164.4	5%
Derivative instruments	6,8	20.5	12.2	67%
Debt securities issued		3,060.3	2,845.8	8%
Subordinated liabilities		150.0	158.2	-5%
Other liabilities to credit institutions		14.0	24.6	-43%
Other liabilities to the public and public sector entities		506.0	150.0	237%
Other financial liabilities	8	3,730.4	3,178.5	17%
Technical provisions for risk insurances and interest-related insurances		414.5	441.0	-6%
Technical provisions for unit-linked insurances		1,153.8	969.8	19%
Technical provisions		1,568.2	1,410.8	11%
Total other liabilities		104.2	82.9	26%
Provisions		1.0	1.3	-23%
Income tax liabilities		6.7	4.0	65%
Deferred tax liabilities		58.1	51.7	12%
Tax liabilities		64.8	55.8	16%
<b>Total liabilities</b>		<b>10,914.9</b>	<b>9,905.9</b>	<b>10%</b>
<b>Equity</b>				
Restricted equity		175.9	191.0	-8%
Unrestricted equity		503.0	475.8	18%
Shareholders' share of equity		678.9	666.8	2%
Holders of Additional Tier 1 capital		59.5	-	-
<b>Total equity</b>		<b>738.4</b>	<b>666.8</b>	<b>11%</b>
<b>Total liabilities and equity</b>		<b>11,653.3</b>	<b>10,572.8</b>	<b>10%</b>

## Consolidated off-balance-sheet commitments

(EUR million)	31 Dec 2021	31 Dec 2020	Δ
Guarantees	20.7	22.2	-7%
Other commitments provided to a third party	6.8	8.2	-17%
Commitments provided to a third party on behalf of the customers	27.5	30.4	-9%
Unused credit arrangements	685.3	660.0	4%
Other irrevocable commitments	24.8	8.6	189%
Irrevocable commitments provided on behalf of customers	710.1	668.5	6%
<b>Total</b>	<b>737.6</b>	<b>698.9</b>	<b>6%</b>

## Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Additional Tier 1 capital holders	Total equity
<b>Equity as at 1 January 2020</b>	<b>163.0</b>	<b>15.1</b>	<b>2.6</b>	<b>110.2</b>	<b>319.1</b>	<b>610.0</b>	<b>-</b>	<b>610.0</b>
Share issue	6.7			2.9	-6.1	3.6		3.6
Acquisition of treasury shares					-1.7	-1.7		-1.7
Divestment of treasury shares				-0.4	1.3	0.9		0.9
Profit for the year					42.6	42.6		42.6
Financial assets		5.8				5.8		5.8
Cash flow hedging		0.3				0.3		0.3
Defined benefit plan pensions					-0.2	-0.2		-0.2
Total comprehensive income for the year		6.2			42.4	48.6		48.6
Change in share-based payments (IFRS 2)			0.3		1.5	1.8		1.8
Repayment of dividend debt for invalidated shares					3.6	3.6		3.6
<b>Equity as at 31 December 2020</b>	<b>169.7</b>	<b>21.3</b>	<b>3.0</b>	<b>112.7</b>	<b>360.2</b>	<b>666.8</b>	<b>-</b>	<b>666.8</b>
<b>Equity as at 1 January 2021</b>	<b>169.7</b>	<b>21.3</b>	<b>3.0</b>	<b>112.7</b>	<b>360.2</b>	<b>666.8</b>	<b>-</b>	<b>666.8</b>
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
Profit for the year					67.4	67.4		67.4
Financial assets		-14.9				-14.9		-14.9
Cash flow hedging		-0.1				-0.1		-0.1
Defined benefit plan pensions					-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
<b>Equity as at 31 December 2021</b>	<b>169.7</b>	<b>6.2</b>	<b>3.9</b>	<b>138.6</b>	<b>360.5</b>	<b>678.9</b>	<b>59.5</b>	<b>738.4</b>

## Consolidated cash flow statement

(EUR million)	2021	2020	Δ%
<b>Cash flow from operating activities</b>			
Operating profit	84.6	54.8	54%
Adjustment items not included in cash flow	14.2	12.5	13%
Paid income taxes	-12.8	-12.4	-3%
<b>Cash flow from operating activities before change in receivables and liabilities</b>	<b>86.0</b>	<b>54.9</b>	<b>57%</b>
Increase (-) or decrease (+) in receivables from operating activities	-542.7	-774.4	30%
Increase (+) or decrease (-) in liabilities from operating activities	1,033.0	775.1	33%
<b>Total cash flow from operating activities</b>	<b>576.2</b>	<b>55.6</b>	<b>937%</b>
<b>Cash flow from investing activities</b>			
Acquisition of Taaleri Wealth Management Plc	-113.7	-	-
Investment in investment properties	-3.8	-1.5	-155%
Proceeds from sale of investment properties	0.9	-	-
Investment in tangible and intangible assets	-9.7	-11.0	12%
Proceeds from sale of tangible and intangible assets	0.1	0.0	-
Share issue and capital loan to associated companies	-0.3	-0.1	-111%
Acquisition of Liv-Alandia's life insurance portfolio	-	7.0	-
<b>Total cash flow from investing activities</b>	<b>-126.4</b>	<b>-5.6</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Subordinated liabilities	-7.8	-57.3	86%
Share issue	13.9	-	-
Additional Tier 1 (AT1) capital issue	59.5	-	-
Dividend/share issue to the non-controlling interest	-	-3.0	-
Divestment of treasury shares	1.0	0.9	13%
Paid dividends	-67.7	-	-
<b>Total cash flow from financing activities</b>	<b>-1.0</b>	<b>-59.4</b>	<b>98%</b>
<b>Change in cash and cash equivalents</b>	<b>448.8</b>	<b>-9.5</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year	276.6	286.1	-3%
Cash and cash equivalents at the end of the year	734.9	276.6	166%
Cash and cash equivalents from the acquired Taaleri Varainhoito Group	9.5	-	-
<b>Cash and cash equivalents in the cash flow statement consist of the following items:</b>			
Cash in hand	0.9	1.3	-30%
Bank of Finland current account excl. the minimum reserve deposit in Bank of Finland	680.3	248.3	174%
Repayable on demand claims on credit institutions	53.7	27.0	99%
<b>Total</b>	<b>734.9</b>	<b>276.6</b>	<b>166%</b>
<b>Adjustment items not included in cash flow consist of:</b>			
Impairment of interest-bearing securities	-0.4	0.1	-
Unrealised value changes for financial assets measured at fair value through income statement	-7.9	1.6	-
Write-downs on credits and other commitments	4.5	4.0	11%
Change in fair values	4.6	-9.7	-
Depreciation and impairment of tangible and intangible assets	16.6	12.6	32%
Sales gains and losses from tangible and intangible assets	-0.3	-	-
Unwound fair value hedging	-2.0	-2.1	1%
Change in fair values of investment properties	-2.4	3.8	-
Change in share-based payments	0.8	0.1	789%
Other adjustments	0.7	2.0	-63%
<b>Total</b>	<b>14.2</b>	<b>12.5</b>	<b>13%</b>

## Quarterly trends in the Group

(EUR million)							
Income statement	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020	2021	2020
Net interest income	24.1	23.1	27.7	21.3	20.8	96.2	80.7
Dividends	0.0	0.0	0.3	0.0	0.1	0.4	0.4
Net commission income	33.7	33.5	31.7	25.0	25.4	124.0	97.6
Net income from life insurance	7.6	9.7	10.5	9.9	10.2	37.7	19.9
Net income from financial transactions	0.0	0.4	2.9	1.3	0.1	4.7	0.6
Other operating income	0.1	0.2	0.2	0.3	0.4	0.8	1.9
<b>Total operating income</b>	<b>65.5</b>	<b>67.1</b>	<b>73.3</b>	<b>57.9</b>	<b>57.0</b>	<b>263.8</b>	<b>201.1</b>
Staff costs	-22.2	-21.9	-22.0	-17.6	-17.7	-83.7	-69.1
IT expenses	-9.1	-7.5	-7.6	-6.4	-6.9	-30.7	-26.0
Depreciation of tangible and intangible assets	-6.0	-5.7	-5.3	-4.4	-4.6	-21.5	-18.3
Other operating expenses	-7.9	-6.5	-13.9	-10.3	-7.2	-38.5	-28.8
<b>Total operating expenses</b>	<b>-45.2</b>	<b>-41.6</b>	<b>-48.8</b>	<b>-38.7</b>	<b>-36.4</b>	<b>-174.4</b>	<b>-142.2</b>
Impairment of credits and other commitments	0.1	-1.0	-1.4	-2.2	-0.8	-4.5	-4.0
Share of profit from associated companies	-0.1	-0.1	-0.1	0.0	-0.1	-0.3	-0.1
<b>Operating profit</b>	<b>20.3</b>	<b>24.4</b>	<b>23.0</b>	<b>16.9</b>	<b>19.7</b>	<b>84.6</b>	<b>54.8</b>
Taxes	-4.0	-5.0	-5.4	-2.9	-4.6	-17.3	-12.2
<b>Profit for the period</b>	<b>16.3</b>	<b>19.4</b>	<b>17.7</b>	<b>14.0</b>	<b>15.1</b>	<b>67.4</b>	<b>42.6</b>
<b>Attributable to:</b>							
Shareholders in Aktia Bank plc	16.3	19.4	17.1	14.0	15.1	66.8	42.6
Holders of other Tier 1 capital	-	-	0.5	-	-	0.5	-
<b>Total</b>	<b>16.3</b>	<b>19.4</b>	<b>17.7</b>	<b>14.0</b>	<b>15.1</b>	<b>67.4</b>	<b>42.6</b>
Earnings per share (EPS), EUR	0.23	0.28	0.25	0.20	0.22	0.95	0.61
Earnings per share (EPS), EUR, after dilution	0.23	0.28	0.25	0.20	0.22	0.95	0.61
<b>Operating profit excluding items affecting comparability:</b>	<b>4Q2021</b>	<b>3Q2021</b>	<b>2Q2021</b>	<b>1Q2021</b>	<b>4Q2020</b>	<b>2021</b>	<b>2020</b>
Operating profit	20.3	24.4	23.0	16.9	19.7	84.6	54.8
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-0.5	-	-	-	-0.5	-
Operating expenses:							
Costs for restructuring	0.4	-	3.0	-	0.1	3.3	0.3
<b>Comparable operating profit</b>	<b>20.7</b>	<b>23.8</b>	<b>26.0</b>	<b>16.9</b>	<b>19.8</b>	<b>87.4</b>	<b>55.1</b>

(EUR million)	4Q2021	3Q2021	2Q2021	1Q2021	4Q2020	2021	2020
<b>Comprehensive income</b>							
Profit for the period	16.3	19.4	17.7	14.0	15.1	67.4	42.6
<b>Other comprehensive income after taxes</b>							
Change in fair value for financial assets	-4.1	-0.5	-2.3	-4.6	1.5	-11.4	8.4
Change in fair value for cash flow hedging	-0.1	0.0	0.0	0.0	0.2	-0.1	0.3
Transferred to the income statement for financial assets	-0.2	-0.7	-1.8	-0.8	-0.1	-3.5	-2.6
Comprehensive income from items which can be transferred to the income statement	-4.3	-1.2	-4.1	-5.5	1.5	-15.1	6.2
Defined benefit plan pensions	-0.1	-	-	-	-0.2	-	-0.2
Comprehensive income from items which can not be transferred to the income statement	-0.1	-	-	-	-0.2	-	-0.2
<b>Total comprehensive income for the period</b>	<b>11.8</b>	<b>18.2</b>	<b>13.6</b>	<b>8.5</b>	<b>16.4</b>	<b>52.2</b>	<b>48.6</b>
<b>Total comprehensive income attributable to:</b>							
Shareholders in Aktia Bank plc	11.8	18.2	13.1	8.5	16.4	51.6	48.6
Holders of other Tier 1 capital	-	-	0.5	-	-	0.5	-
<b>Total</b>	<b>11.8</b>	<b>18.2</b>	<b>13.6</b>	<b>8.5</b>	<b>16.4</b>	<b>52.2</b>	<b>48.6</b>
Total earnings per share, EUR	0.17	0.26	0.19	0.12	0.24	0.74	0.70
Total earnings per share, EUR, after dilution	0.17	0.26	0.19	0.12	0.24	0.74	0.70
<b>Total comprehensive income excluding items affecting comparability:</b>	<b>4Q2021</b>	<b>3Q2021</b>	<b>2Q2021</b>	<b>1Q2021</b>	<b>4Q2020</b>	<b>2021</b>	<b>2020</b>
Total comprehensive income	11.8	18.2	13.6	8.5	16.4	52.2	48.6
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-0.4	-	-	-	-0.4	-
Operating expenses:							
Costs for restructuring	0.3	-	2.4	-	0.1	2.6	0.2
<b>Comparable total comprehensive income</b>	<b>12.1</b>	<b>17.7</b>	<b>16.0</b>	<b>8.5</b>	<b>16.5</b>	<b>54.4</b>	<b>48.8</b>

## Quarterly trends in the Segments

<b>Banking Business</b>	<b>4Q2021</b>	<b>3Q2021</b>	<b>2Q2021</b>	<b>1Q2021</b>	<b>4Q2020</b>	<b>2021</b>	<b>2020</b>
Net interest income	18.9	18.2	18.7	17.6	18.1	73.4	69.7
Net commission income	15.4	15.1	15.1	14.2	14.1	59.8	55.8
Other operating income	0.0	0.0	0.1	0.2	0.1	0.3	1.0
<b>Total operating income</b>	<b>34.3</b>	<b>33.3</b>	<b>33.9</b>	<b>32.0</b>	<b>32.3</b>	<b>133.5</b>	<b>126.5</b>
Staff costs	-4.9	-4.7	-5.7	-4.6	-4.9	-19.9	-18.1
Other operating expenses <sup>1</sup>	-19.7	-18.1	-20.5	-20.1	-19.2	-78.5	-75.8
<b>Total operating expenses</b>	<b>-24.6</b>	<b>-22.8</b>	<b>-26.2</b>	<b>-24.7</b>	<b>-24.1</b>	<b>-98.3</b>	<b>-93.9</b>
Impairment of credits and other commitments	0.1	-1.0	-1.4	-2.2	-0.8	-4.5	-4.0
<b>Operating profit</b>	<b>9.9</b>	<b>9.5</b>	<b>6.3</b>	<b>5.0</b>	<b>7.4</b>	<b>30.7</b>	<b>28.5</b>
<b>Comparable operating profit</b>	<b>10.0</b>	<b>9.5</b>	<b>7.5</b>	<b>5.0</b>	<b>7.4</b>	<b>32.0</b>	<b>28.6</b>
<b>Asset Management</b>	<b>4Q2021</b>	<b>3Q2021</b>	<b>2Q2021</b>	<b>1Q2021</b>	<b>4Q2020</b>	<b>2021</b>	<b>2020</b>
Net interest income	0.4	0.4	0.4	0.4	0.5	1.6	1.8
Net commission income	20.0	20.2	18.5	12.4	12.5	70.9	47.3
Net income from life insurance	6.5	8.7	9.5	8.9	9.4	33.6	16.7
Other operating income	0.1	0.3	0.3	0.1	0.1	0.8	0.2
<b>Total operating income</b>	<b>27.0</b>	<b>29.5</b>	<b>28.6</b>	<b>21.8</b>	<b>22.5</b>	<b>106.9</b>	<b>66.1</b>
Staff costs	-7.1	-7.3	-6.2	-4.5	-4.2	-25.0	-16.2
Other operating expenses <sup>1</sup>	-11.4	-9.7	-12.4	-7.6	-5.8	-41.2	-23.3
<b>Total operating expenses</b>	<b>-18.5</b>	<b>-17.0</b>	<b>-18.6</b>	<b>-12.0</b>	<b>-10.0</b>	<b>-66.2</b>	<b>-39.5</b>
<b>Operating profit</b>	<b>8.4</b>	<b>12.6</b>	<b>10.0</b>	<b>9.7</b>	<b>12.4</b>	<b>40.7</b>	<b>26.5</b>
<b>Comparable operating profit</b>	<b>8.6</b>	<b>12.6</b>	<b>11.7</b>	<b>9.7</b>	<b>12.5</b>	<b>42.7</b>	<b>26.6</b>
<b>Group Functions</b>	<b>4Q2021</b>	<b>3Q2021</b>	<b>2Q2021</b>	<b>1Q2021</b>	<b>4Q2020</b>	<b>2021</b>	<b>2020</b>
Net interest income	4.8	4.6	8.5	3.4	2.3	21.3	9.1
Net commission income	1.3	1.4	1.2	1.4	1.7	5.3	6.4
Other operating income	0.1	0.4	3.2	1.4	0.5	5.1	1.9
<b>Total operating income</b>	<b>6.1</b>	<b>6.4</b>	<b>12.9</b>	<b>6.2</b>	<b>4.5</b>	<b>31.6</b>	<b>17.4</b>
Staff costs	-10.2	-10.0	-10.1	-8.6	-8.6	-38.9	-34.7
Other operating expenses <sup>1</sup>	6.2	5.9	4.0	4.5	4.1	20.6	17.1
<b>Total operating expenses</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-6.1</b>	<b>-4.1</b>	<b>-4.6</b>	<b>-18.2</b>	<b>-17.6</b>
Impairment of credits and other commitments	-	0.0	-	-	-	0.0	0.0
<b>Operating profit</b>	<b>2.1</b>	<b>2.4</b>	<b>6.8</b>	<b>2.1</b>	<b>-0.1</b>	<b>13.4</b>	<b>-0.2</b>
<b>Comparable operating profit</b>	<b>2.2</b>	<b>1.9</b>	<b>6.8</b>	<b>2.1</b>	<b>-0.1</b>	<b>13.0</b>	<b>-0.1</b>

1) The net expenses 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.

## **Note 1. Basis for preparing the financial statement release and important accounting principles**

### **Basis for preparing the financial statement release**

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

The financial statement release for the period 1 January–31 December 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The financial statement release does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2020. 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 financial statement release for the period 1 January–31 December 2021 was approved by the Board of Directors on 16 February 2022.

### **Key accounting principles**

In preparing the financial statement release the Group has followed the accounting principles applicable to the annual report of 31 December 2020.

#### **Accounting principles requiring management discretion**

The calculation of ECL (Expected Credit Loss) includes essential assessments due to the current uncertainty and the low visibility regarding the effects of the coronavirus crisis. To support the Group's ECL calculations an expert panel has been established in order to observe relevant future macroeconomic factors. Macroeconomic factors considered include, for example, unemployment, interest rate level, inflation, residential and commercial property prices. The methodologies and scenarios over future macroeconomic prerequisites have been updated per quarter and include essential assessments e.g. in order to observe the coronavirus crisis' impact on future expected credit losses. The assessment includes several considerations, the Group has among other things taken into account the authorities' extensive stimulus packages. In the calculation of the ECL it has also been taken into account that the instalment-free periods due to the corona crisis do not automatically lead to an increased need for provisions, but the assessment is carried out individually as the applications are being processed. The assessments have been made on the basis of the information available at the date of reporting. Due to the current uncertainty and the limited availability on trustworthy data the assessments for the future include significant uncertainty, which could have a considerable effect on the ECL estimate. The macroeconomic development and the assessments of credit quality are revised continuously on a quarterly basis. As of 1 January 2021, Aktia has introduced the new Definition of Default in accordance with EBA's guidelines in CRR 178.

#### **Accounting principles for AT1 loan**

Aktia Bank issued a EUR 60 million AT1 instrument (Additional Tier 1 capital) during the second quarter of the year. The terms of the AT1 instrument include no agreed maturity and the payment of interest can be cancelled by the issuer. The capital and the interest are reported as equity according to IAS 32.16. The accumulated interest is paid as a contingent liability and amounts to EUR 1.4 million on 31 December 2021. The capital can be counted as AT1 capital (Additional Tier 1) in the capital adequacy.

#### **The following new or revised IFRS standards and interpretations have been made by IFRIC:**

In April 2021, the IFRS Interpretation Committee (IFRIC) adopted a final agenda decision on the treatment of development expenses related to purchased cloud services (IAS 38 intangible assets). The agenda includes clarifications of the type of development expenses that can be activated as an intangible asset. According to the new interpretation, the expenses for developing systems that a company does not own or manage, such as cloud services, must not be activated. In the fourth quarter of 2021, an analysis of development expenses activated at an earlier time has been carried out. The conclusion was that no retroactive recalculation of expenses activated at earlier periods of time needs to be carried out. The Group's instructions regarding the activation of development expenses in connection with the acquirement of cloud services have been specified.

No new or adjusted 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 approaches: the building block approach, the premium allocation approach, and the variable fee approach. IFRS 17 prescribes the building block approach 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 approaches can be applied under certain conditions. The choice of valuation approach depends on the terms of the contract (long-term, shorter-term or profit-yielding). A project for the implementation of IFRS 17 is ongoing and currently the financial impact of the new standard is being evaluated. Last year, IASB has approved a change package for IFRS 17 which will postpone the introduction of the standard to 2023. The standard was approved by the EU on 23 November 2021 and will be compulsory in the EU on 1 January 2023. Aktia Group aims at implementing 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)	31 December 2021		31 December 2020	
	Group	Bank Group	Group	Bank Group
<b>Calculation of the Bank Group's capital base</b>				
<b>Total assets</b>	<b>11,653.3</b>	<b>9,993.9</b>	<b>10,572.8</b>	<b>9,091.4</b>
of which intangible assets	174.0	172.8	57.9	57.1
<b>Total liabilities</b>	<b>10,914.9</b>	<b>9,361.7</b>	<b>9,905.9</b>	<b>8,516.9</b>
of which subordinated liabilities	150.0	94.5	158.2	158.2
Share capital	169.7	169.7	169.7	169.7
Fund at fair value	6.2	4.2	21.3	15.5
Restricted equity	175.9	173.9	191.0	185.3
Unrestricted equity reserve and other funds	142.5	142.4	115.7	115.6
Retained earnings	352.6	266.1	317.6	235.9
Profit for the year	67.4	49.8	42.6	37.8
Unrestricted equity	562.5	458.3	475.8	389.3
<b>Equity</b>	<b>738.4</b>	<b>632.2</b>	<b>666.8</b>	<b>574.5</b>
<b>Total liabilities and equity</b>	<b>11,653.3</b>	<b>9,993.9</b>	<b>10,572.8</b>	<b>9,091.4</b>
<b>Off-balance sheet commitments</b>	<b>737.6</b>	<b>712.8</b>	<b>698.9</b>	<b>690.4</b>
<b>The Bank Group's equity</b>		<b>632.2</b>		<b>574.5</b>
Provision for dividends to shareholders <sup>1</sup>		-40.2		-29.9
Profit for the year, for which no application was filed with the Financial Supervisory Authority		-		-
Intangible assets		-162.3		-57.1
Debentures		70.6		80.1
Additional expected losses according to IRB		-24.4		-23.6
Deduction for significant holdings in financial sector entities		-12.1		-3.4
Other incl. unpaid dividend		-4.1		-36.4
<b>Total capital base (CET1 + AT1 + T2)</b>		<b>459.7</b>		<b>504.3</b>

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)	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>The Bank Group's capital adequacy</b>					
The Bank Group's capital adequacy	520.2	507.9	512.4	505.2	508.4
Common Equity Tier 1 Capital before regulatory adjustments	-191.1	-199.4	-200.8	-87.4	-84.2
<b>Common Equity Tier 1 Capital regulatory adjustments</b>	<b>329.1</b>	<b>308.5</b>	<b>311.6</b>	<b>417.9</b>	<b>424.3</b>
Additional Tier 1 capital before regulatory adjustments	60.0	60.0	60.0	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
<b>Additional Tier 1 capital after regulatory adjustments (AT1)</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>-</b>	<b>-</b>
<b>Total Tier 1 capital (T1 = CET1 + AT1)</b>	<b>389.1</b>	<b>368.5</b>	<b>371.6</b>	<b>417.9</b>	<b>424.3</b>
Tier 2 capital before regulatory adjustments	70.6	72.1	74.3	76.9	80.1
Tier 2 capital regulatory adjustments	-	-	-	-	-
<b>Total Tier 2 capital (T2)</b>	<b>70.6</b>	<b>72.1</b>	<b>74.3</b>	<b>76.9</b>	<b>80.1</b>
<b>Total own funds (TC = T1 + T2)</b>	<b>459.7</b>	<b>440.7</b>	<b>445.9</b>	<b>494.8</b>	<b>504.3</b>
<b>Risk weighted exposures total</b>	<b>2,940.6</b>	<b>2,969.2</b>	<b>2,885.7</b>	<b>3,035.8</b>	<b>3,030.0</b>
of which credit risk, the standardised model	560.4	606.4	589.1	654.7	663.8
of which credit risk, the IRB model	1,959.3	1,954.0	1,887.9	2,021.7	1,909.8
of which 15% risk-weight floor for residential mortgages	-	-	-	-	96.9
of which market risk	-	-	-	-	-
of which operational risk	420.9	408.8	408.8	359.5	359.5
<b>Own funds requirement (8 %)</b>	<b>235.2</b>	<b>237.5</b>	<b>230.9</b>	<b>242.9</b>	<b>242.4</b>
Own funds buffer	224.5	203.1	215.0	251.9	261.9
CET1 Capital ratio	11.2%	10.4%	10.8%	13.8%	14.0%
T1 Capital ratio	13.2%	12.4%	12.9%	13.8%	14.0%
Total capital ratio	15.6%	14.8%	15.5%	16.3%	16.6%
<b>Own funds floor (CRR article 500)</b>					
Own funds	459.7	440.7	445.9	494.8	504.3
Own funds floor <sup>1</sup>	235.3	244.5	236.7	232.3	229.0
Own funds buffer	224.4	196.2	209.2	262.5	275.3

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	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>Risk-weighted amount for operational risks</b>								
Gross income	219.0	213.8	240.5					
- average 3 years			224.5					
<b>Capital requirement for operational risk</b>				<b>33.7</b>	<b>32.7</b>	<b>32.7</b>	<b>28.8</b>	<b>28.8</b>
<b>Risk-weighted amount</b>				<b>420.9</b>	<b>408.8</b>	<b>408.8</b>	<b>359.5</b>	<b>359.5</b>

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%.

31 December 2021

(EUR million)	Contractual exposure	Exposure at default	Risk weight,%	Risk-weighted amount	Capital requirement 8 %
<b>The Bank Group's total risk exposures</b>					
<b>Exposure class</b>					
<b>Credit risk, IRB approach</b>					
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
<b>Total exposures, IRB approach</b>	<b>7,087.4</b>	<b>6,931.7</b>	<b>28%</b>	<b>1,959.3</b>	<b>156.7</b>
<b>Credit risk, standardised approach</b>					
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
<b>Total exposures, standardised approach</b>	<b>3,499.9</b>	<b>3,311.8</b>	<b>16%</b>	<b>540.7</b>	<b>43.3</b>
<b>Total risk exposures</b>	<b>10,587.3</b>	<b>10,243.4</b>	<b>24%</b>	<b>2,499.9</b>	<b>200.0</b>

31 December 2020

(EUR million)	31 December 2020				
The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight,%	Risk-weighted amount	Capital requirement 8 %
<b>Exposure class</b>					
<b>Credit risk, IRB approach</b>					
Corporates - SME	520.5	473.7	79%	376.3	30.1
Corporates - Other	893.6	837.5	72%	607.1	48.6
Retail - Secured by immovable property non-SME	4,810.6	4,800.7	14%	656.8	52.5
Retail - Secured by immovable property SME	151.3	149.7	49%	73.1	5.9
Retail - Other non-SME	178.5	174.8	30%	51.9	4.2
Retail - Other SME	33.0	31.2	60%	18.7	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	96.9	7.8
Equity exposures	47.9	47.9	263%	125.8	10.1
<b>Total exposures, IRB approach</b>	<b>6,635.5</b>	<b>6,515.6</b>	<b>31%</b>	<b>2,006.7</b>	<b>160.5</b>
<b>Total exposures, standardised approach</b>					
States and central banks	482.7	530.0	0%	-	-
Regional governments and local authorities	186.5	207.7	0%	0.8	0.1
Multilateral development banks	-	-	0%	-	-
International organisations	20.1	20.1	0%	-	-
Credit institutions	407.8	319.8	31%	100.5	8.0
Corporates	202.4	105.9	96%	101.9	8.1
Retail exposures	240.0	95.6	72%	69.3	5.5
Secured by immovable property	690.1	652.0	34%	224.4	18.0
Past due items	0.6	0.5	141%	0.7	0.1
Covered bonds	800.9	800.9	10%	82.2	6.6
Other items	120.4	120.4	54%	64.7	5.2
<b>Total exposures, standardised approach</b>	<b>3,151.4</b>	<b>2,853.0</b>	<b>23%</b>	<b>644.4</b>	<b>51.6</b>
<b>Total risk exposures</b>	<b>9,786.9</b>	<b>9,368.5</b>	<b>28%</b>	<b>2,651.1</b>	<b>212.1</b>

## The finance and insurance conglomerates capital adequacy

(EUR million)	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>Summary</b>					
The Group's equity	738.4	756.0	722.8	638.5	666.8
Sector-specific assets	126.6	75.3	77.7	80.5	83.9
Intangible assets and other reduction items	-220.1	-262.1	-262.1	-141.1	-177.7
<b>Conglomerate's total capital base</b>	<b>644.9</b>	<b>569.1</b>	<b>538.4</b>	<b>577.8</b>	<b>573.1</b>
Capital requirement for banking business	335.8	339.7	329.8	344.6	343.7
Capital requirement for insurance business	108.9	112.3	113.1	110.7	109.0
<b>Minimum amount for capital base</b>	<b>444.7</b>	<b>452.0</b>	<b>442.9</b>	<b>455.3</b>	<b>452.7</b>
<b>Conglomerate's capital adequacy</b>	<b>200.2</b>	<b>117.1</b>	<b>95.5</b>	<b>122.5</b>	<b>120.4</b>
Capital adequacy ratio, %	145.0%	125.9%	121.6%	126.9%	126.6%

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)	2021	2020	Δ%
Borrowing and lending	86.3	78.3	10%
Liquidity portfolio	5.1	6.2	-17%
Hedging measures through interest rate derivatives	1.8	2.2	-21%
Other, incl. funfing from wholesale market	3.1	-6.0	-
<b>Total</b>	<b>96.2</b>	<b>80.7</b>	<b>19%</b>

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)	2021	2020	Δ%
Premiums written	151.9	105.3	44%
Net income from investments	21.3	7.8	172%
of which change in ECL impairment	0.1	0.0	-
of which unrealised value changes for shares and participations	7.7	-0.5	-
of which unrealised value changes for investment properties	3.1	-3.8	-
Insurance claims paid	-98.0	-119.3	18%
Net change in technical provisions	-37.5	26.0	-
<b>Total</b>	<b>37.7</b>	<b>19.9</b>	<b>89%</b>

## Note 5. Net income from financial transactions

(EUR million)	2021	2020	Δ%
Net income from financial assets measured at fair value through income statement	0.2	0.2	-20%
Net income from securities and currency operations	0.8	0.5	79%
of which unrealised value changes for shares and participations	0.2	0.0	782%
Net income from financial assets measured at fair value through other comprehensive income	4.0	0.3	-
of which change in ECL impairment	0.3	0.1	150%
Net income from interest-bearing securities measured at amortised cost	0.1	0.0	112%
of which change in ECL impairment	0.1	0.1	-16%
Net income from hedge accounting	-0.4	-0.4	11%
<b>Total</b>	<b>4.7</b>	<b>0.6</b>	<b>637%</b>

## Note 6. Derivative instruments

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

Hedging derivative instruments (EUR million)	31 December 2020		
	Total nominal amount	Assets, fair value	Liabilities, fair value
<b>Fair value hedging</b>			
Interest rate-related	2,570.4	63.3	6.8
<b>Total</b>	<b>2,570.4</b>	<b>63.3</b>	<b>6.8</b>
<b>Cash flow hedging</b>			
Interest rate-related	240.2	7.4	-
<b>Total</b>	<b>240.2</b>	<b>7.4</b>	<b>-</b>
<b>Derivative instruments valued through the income statement</b>			
Interest rate-related <sup>1</sup>	120.0	5.2	5.5
Currency-related	8.2	0.1	0.0
<b>Total</b>	<b>128.2</b>	<b>5.4</b>	<b>5.5</b>
<b>Total derivative instruments</b>			
Interest rate-related	2,930.6	76.0	12.2
Currency-related	8.2	0.1	0.0
<b>Total</b>	<b>2,938.9</b>	<b>76.1</b>	<b>12.2</b>

1) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 70.0 (120.0) million.

## Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
<b>Book value of financial assets 31 December 2021</b>				
Interest-bearing securities	1,493.4	-	-	1,493.4
Lending	7,157.6	300.4	93.6	7,551.7
Off-balance sheet commitments	721.4	14.3	1.9	737.6
<b>Total</b>	<b>9,372.5</b>	<b>314.7</b>	<b>95.5</b>	<b>9,782.7</b>

<b>Book value of financial assets 31 December 2020</b>				
Interest-bearing securities	1,672.0	-	-	1,672.0
Lending	6,646.2	334.8	47.7	7,028.7
Off-balance sheet commitments	695.8	2.5	0.6	698.9
<b>Total</b>	<b>9,014.0</b>	<b>337.3</b>	<b>48.3</b>	<b>9,399.6</b>

### Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2021	4.3	5.3	21.3	30.9
Transferred from stage 1 to stage 2	-0.1	1.3	-	1.1
Transferred from stage 1 to stage 3	-0.1	-	2.4	2.2
Transferred from stage 2 to stage 1	0.0	-0.4	-	-0.4
Transferred from stage 2 to stage 3	-	-1.4	2.5	1.1
Transferred from stage 3 to stage 1	0.0	-	0.0	0.0
Transferred from stage 3 to stage 2	-	0.0	-0.1	0.0
Increases due to origination and acquisition	1.1	0.0	0.2	1.3
Decrease due to recognition	-0.5	-0.5	-1.1	-2.1
Decrease in allowance account due to write-offs	-	-	-3.1	-3.1
Other changes	-0.7	-0.6	2.6	1.3
<b>Impairment of credits and the other commitments 31 December 2021</b>	<b>3.9</b>	<b>3.7</b>	<b>24.8</b>	<b>32.4</b>
of which provisions	0.7	0.1	0.2	1.0

### Interest-bearing securities

(EUR million)	Stadie 1	Stadie 2	Stadie 3	Totalt
Impairment of interest-bearing securities 1 January 2021	0.8	-	0.3	1.1
Decrease due to recognition	-0.4	-	-	-0.4
Other changes	0.0	-	-	0.0
<b>Impairment of interest-bearing securities 31 December 2021</b>	<b>0.4</b>	<b>-</b>	<b>0.3</b>	<b>0.7</b>

The model-based reservations regarding healthy credits in stage 1 and stage 2 were at the same level as on 31 December 2020. The reservation with regards to non-performing loans in stage 3 increased because the definition of insolvency has changed during 2021.

## Note 8. Financial assets and liabilities

### Fair value of financial assets and liabilities

(EUR million)	31 December 2021		31 December 2020	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Financial assets measured at fair value through income statement	1,451.8	1,451.8	1,232.5	1,232.5
Financial assets measured at fair value through other comprehensive income	1,107.0	1,107.0	1,258.2	1,258.2
Interest-bearing securities measured at amortised cost	386.5	408.8	413.8	448.3
Loans and other receivables	7,551.7	7,558.6	7,028.7	7,127.8
Cash and balances with central banks	732.8	732.8	298.6	298.6
Derivative instruments	39.6	39.6	76.1	76.1
<b>Total</b>	<b>11,269.3</b>	<b>11,298.5</b>	<b>10,307.8</b>	<b>10,441.5</b>
<b>Financial liabilities</b>				
Deposits	5,425.8	5,416.9	5,164.4	5,164.5
Derivative instruments	20.5	20.5	12.2	12.2
Debt securities issued	3,060.3	3,095.5	2,845.8	2,882.1
Subordinated liabilities	150.0	150.4	158.2	156.2
Other liabilities to credit institutions	14.0	14.1	24.6	24.7
Other liabilities to the public and public sector entities	506.0	506.6	150.0	150.5
Liabilities for right-of-use assets	24.5	24.5	24.6	24.6
<b>Total</b>	<b>9,201.2</b>	<b>9,228.6</b>	<b>8,379.8</b>	<b>8,414.8</b>

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)	31 December 2021				31 December 2020			
	Fair value classified into				Fair value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value through income statement</b>								
Investments for unit-linked investments	1,154.0	-	-	1,154.0	969.9	-	-	969.9
Interest-bearing securities	21.9	72.6	0.1	94.6	24.2	78.5	-	102.7
Shares and participations	140.4	-	62.8	203.2	113.0	-	46.9	159.9
<b>Total</b>	<b>1,316.3</b>	<b>72.6</b>	<b>62.9</b>	<b>1,451.8</b>	<b>1,107.0</b>	<b>78.5</b>	<b>46.9</b>	<b>1 232.5</b>
<b>Financial assets measured at fair value through other comprehensive income</b>								
Interest-bearing securities	967.2	64.7	75.1	1,107.0	1,128.6	54.4	75.2	1,258.2
<b>Total</b>	<b>967.2</b>	<b>64.7</b>	<b>75.1</b>	<b>1 107.0</b>	<b>1,128.6</b>	<b>54.4</b>	<b>75.2</b>	<b>1,258.2</b>
Derivative instrument, net	0.0	19.1	-	19.1	0.1	63.7	-	63.8
<b>Total</b>	<b>0.0</b>	<b>19.1</b>	<b>-</b>	<b>19.1</b>	<b>0.1</b>	<b>63.7</b>	<b>-</b>	<b>63.8</b>
<b>Total</b>	<b>2,283.4</b>	<b>156.4</b>	<b>138.0</b>	<b>2,577.9</b>	<b>2,235.7</b>	<b>196.7</b>	<b>122.1</b>	<b>2,554.5</b>

## 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 measurement category 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 valued at fair value through the 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 2021	-	46.9	46.9	75.2	-	75.2	75.2	46.9	122.1
New purchases	0.1	13.0	13.1	-	-	-	-	13.0	13.0
Sales	-	-0.3	-0.3	-	-	-	-	-0.3	-0.3
Unrealised value change in the income statement	-	3.2	3.2	-	-	-	-	3.2	3.2
Value change recognised in other comprehensive income	-	-	-	-0.1	-	-0.1	-0.1	-	-0.1
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
<b>Carrying amount 31 December 2021</b>	<b>0.1</b>	<b>62.8</b>	<b>62.9</b>	<b>75.1</b>	<b>-</b>	<b>75.1</b>	<b>75.1</b>	<b>62.8</b>	<b>137.9</b>

### Sensitivity analysis for level 3 financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been measured partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect through the income statement or through other comprehensive income corresponding to 2.3 (2.0) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for level 3 Financial instruments (EUR million)	31 Dec 2021			31 Dec 2020		
	Effect at an assumed movement			Sensitivity analysis for financial instruments belonging to level 3		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
<b>Financial assets measured at fair value through income statement</b>						
Interest-bearing securities	0.1	0.0	0.0	-	-	-
Shares and participations	62.8	12.6	-12.6	46.9	9.4	-9.4
<b>Total</b>	<b>62.9</b>	<b>12.6</b>	<b>-12.6</b>	<b>46.9</b>	<b>9.4</b>	<b>-9.4</b>
<b>Financial assets measured at fair value through other comprehensive income</b>						
Interest-bearing securities	75.1	2.3	-2.3	75.2	2.3	-2.3
<b>Total</b>	<b>75.1</b>	<b>2.3</b>	<b>-2.3</b>	<b>75.2</b>	<b>2.3</b>	<b>-2.3</b>
<b>Total</b>	<b>138.0</b>	<b>14.8</b>	<b>-14.8</b>	<b>122.1</b>	<b>11.6</b>	<b>-11.6</b>

### Set off of financial assets and liabilities

(EUR million)	31 Dec 2021		31 Dec 2020	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
<b>Assets</b>				
Financial assets included in general agreements on set off or similar agreements	39.6	-	76.1	-
<b>Carrying amount in the balance sheet</b>	<b>39.6</b>	<b>-</b>	<b>76.1</b>	<b>-</b>
Amount not set off but included in general agreements on set off or similar	5.1	-	6.5	-
Collateral assets	34.3	-	64.6	-
<b>Total amount of sums not set off in the balance sheet</b>	<b>39.5</b>	<b>-</b>	<b>71.1</b>	<b>-</b>
<b>Net amount</b>	<b>0.1</b>	<b>-</b>	<b>4.9</b>	<b>-</b>
<b>Liabilities</b>				
Financial liabilities included in general agreements on set off or similar agreements	20.5	-	12.2	11.4
<b>Carrying amount in the balance sheet</b>	<b>20.5</b>	<b>-</b>	<b>12.2</b>	<b>11.4</b>
Amount not set off but included in general agreements on set off or similar	5.1	-	6.5	-
Collateral liabilities	12.0	-	1.9	11.3
<b>Total amount of sums not set off in the balance sheet</b>	<b>17.2</b>	<b>-</b>	<b>8.4</b>	<b>11.3</b>
<b>Net amount</b>	<b>3.3</b>	<b>-</b>	<b>3.9</b>	<b>0.0</b>

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)	31 Dec 2021	31 Dec 2020
Deposits from the public and public sector entities	4,503.3	4,465.8
<b>Short-term liabilities, unsecured debts<sup>1</sup></b>		
Banks	88.2	72.7
Certificates of deposits issued and Money Market deposits	649.1	276.0
<b>Total</b>	<b>737.3</b>	<b>348.6</b>
<b>Short-term liabilities, secured debts (collateralised)<sup>1</sup></b>		
Banks - received cash in accordance with collateral agreements	34.3	64.6
Repurchase agreements - banks	0.0	11.4
<b>Total</b>	<b>34.3</b>	<b>76.0</b>
<b>Total short-term liabilities</b>	<b>771.6</b>	<b>424.6</b>
<b>Long-term liabilities, unsecured debts<sup>2</sup></b>		
Issued debts, senior financing	1,383.8	1,098.3
Other credit institutions	11.0	16.6
Subordinated debts	94.5	158.2
AT1 loan (Additional Tier 1 capital) <sup>3</sup>	60.0	-
<b>Total</b>	<b>1,549.3</b>	<b>1,273.0</b>
<b>Long-term liabilities, secured debts (collateralised)<sup>2</sup></b>		
Centralbank and other credit institutions	803.0	558.0
Issued covered bonds	1,533.5	1,621.5
<b>Total</b>	<b>2,336.5</b>	<b>2,179.5</b>
<b>Total long-term liabilities</b>	<b>3,885.7</b>	<b>3,452.5</b>
<b>Interest-bearing liabilities in the banking business</b>	<b>9,160.6</b>	<b>8,342.9</b>
Technical provisions in the life insurance business	1,568.2	1,410.8
Subordinated debts in the life insurance business	55.6	-
Total other non interest-bearing liabilities	190.5	152.2
<b>Total liabilities</b>	<b>10,974.9</b>	<b>9,905.9</b>

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

## Note 10. Collateral assets and liabilities

Collateral assets	31 Dec 2021	31 Dec 2020
<b>Collateral for own liabilities</b>		
Securities	425.8	333.2
Outstanding loans constituting security for covered bonds	2,774.2	2,475.5
<b>Total</b>	<b>3,200.0</b>	<b>2,808.7</b>
<b>Other collateral assets</b>		
Pledged securities <sup>1</sup>	1.4	1.4
Cash included in pledging agreements and repurchase agreements	12.0	1.9
<b>Total</b>	<b>13.4</b>	<b>3.3</b>
<b>Total collateral assets</b>	<b>3,213.3</b>	<b>2,812.0</b>
<b>Collateral above refers to the following liabilities</b>		
Liabilities to credit institutions <sup>2</sup>	803.0	569.3
Issued covered bonds <sup>3</sup>	1,533.5	1,621.5
Derivatives	12.0	1.9
<b>Total</b>	<b>2,348.5</b>	<b>2,192.8</b>

1) Refers to securities pledged for the intra day limit. As at 31 December 2021, a surplus of pledged securities amounted to EUR 12 (6) 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)	31 Dec 2021	31 Dec 2020
Cash included in pledging agreements <sup>1</sup>	34,3	64,6
<b>Total</b>	<b>34,3</b>	<b>64,6</b>

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

## Note 11. Acquired businesses

### Acquired businesses during the financial period

The acquisition of Taaleri Plc's wealth management operations ("Taaleri") was completed on 30 April 2021 in accordance with the sales deed that was signed on 10 March 2021. The acquisition included 100% of Taaleri Wealth Management Ltd (name changed to Aktia Wealth Management Ltd) and its wholly owned subsidiaries Taaleri Fund Management Ltd (name changed to AV Fund Management Ltd), Taaleri Tax Services Ltd (name changed to Aktia Wealth Planning Ltd), Evervest Ltd and Taaleri Asunnot GP Oy (name changed to Aktia Housing GP Ltd).

Asset Management is at the core of Aktia's strategy and the acquisition of Taaleri Plc's wealth management operations supports Aktia's objective to be the best asset manager in Finland. Together, Aktia and the functions that are being transferred from Taaleri, compose one of the leading asset management organisations in Finland in which excellent services, customer orientation, strong investment expertise, comprehensive portfolio management and digital expertise are combined. With the transaction, Aktia offers its customer high-quality asset management products, award-winning Private Banking expertise as well as comprehensive banking and life insurance services.

The acquisition is expected to bring considerable synergy gains that mainly consist of revenue synergies, re-organisation of functions as well as economies of scale within among other things IT and other infrastructure. The synergy gains are expected to amount to approximately EUR 8 million at an annual level and they are expected to be realised in full during 2023.

Transaction and integration costs for the acquisition have up until 31 December 2021 totalled EUR 6.9 million, of which EUR 5.7 million pertains to 2021. The acquired operations contribute to the net commission income for the period of approximately EUR 20 million. The integration of the business has commenced immediately at the time of acquisition, with which the impact of the acquired business's can not be distinguished.

	30 April 2021		
Acquisition calculation (EUR million)	Taaleri	Adjustment for fair value	Taaleri's acquisition balance
Financial assets measured at fair value through income statement	0.0		0.0
Daily accounts, credit institutions	9.5		9.5
Intangible assets	2.4	43.1	45.4
Tangible assets	0.1		0.1
Tax receivables	0.2		0.2
Other assets	5.2		5.2
<b>Total assets</b>	<b>17.4</b>	<b>43.1</b>	<b>60.4</b>
Tax liabilities	0.6	8.6	9.2
Other liabilities	8.0		8.0
<b>Total liabilities</b>	<b>8.5</b>	<b>8.6</b>	<b>17.2</b>
<b>Net assets according to IFRS</b>	<b>8.8</b>	<b>34.5</b>	<b>43.3</b>
<b>Acquisition value</b>			<b>123.7</b>
- of which have been paid in cash			113.7
- of which has been paid with a directed issue of 974,563 shares of EUR 10.261			10.0
<b>Difference = Goodwill</b>			<b>80.4</b>
<b>The acquisition balance includes allocated intangible assets according to the following:</b>			
Customer relationships with a depreciation period of 10 years			26.9
Cooperation agreement with a depreciation period of 12 years			13.1
Competition agreement with a depreciation period of 5 years			3.1
<b>Total allocated intangible assets</b>			<b>43.1</b>

Intangible assets that have been acquired through a combination of businesses are identified and reported separately from goodwill if they meet the definition of an intangible asset and the fair value can be calculated in a reliable way. The acquisition value for this type of intangible assets is the fair value at the time of the acquisition. The surplus that constitutes the difference between the paid purchase-sum and the fair value of the Group's share of identifiable acquired net assets are reported as goodwill. If the purchase-sum is lower than the fair value of the company's acquired net assets, the difference is reported directly on the income statement. A deferred tax of EUR 8.6 million is reported on the acquisition balance for the allocated intangible assets that amounted to EUR 43.1 million.

Goodwill is measured, after the first initial recognition, at acquisition value after deductions for possible accumulated impairments. Impairments relating to goodwill are not reversed even though the reason behind the impairment would have ceased to exist. To be able to perform an impairment test, goodwill that has been acquired in conjunction with a combination of businesses is allocated to groups of cash flow generating entities that are expected to be favoured by the synergies in the acquisition. An impairment test for goodwill and intangible assets is performed yearly and if there is any indication of value impairment, an impairment is reported in the income statement. In Taaleri, goodwill amounted to EUR 4.2 million and further allocated goodwill for the acquisition amounted to EUR 76.2 million at the time of the acquisition.

This report has not been subject to external auditing

Helsinki 16 February 2022

Aktia Bank Plc  
The Board of Directors

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BIC/S.W.I.F.T: HELSFIHH

## Webcast from the results event

A live webcast from the results event will take place on 16 February 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/2021-q4-results>. A recording of the webcast will be available at [www.aktia.com](http://www.aktia.com) after the event

## Financial calendar

Annual General Meeting of Shareholders 2022 ....6 April 2022  
Interim Report January–March 2022..... 11 May 2022  
Half-year Report January–June 2022 .....5 August 2022  
Interim Report January–September 2022 ... 4 November 2022