

9 AUGUST 2023

Q2 Results

Juha Hammarén, interim CEO

Outi Henriksson, CFO

Aktia



Highlights Q2

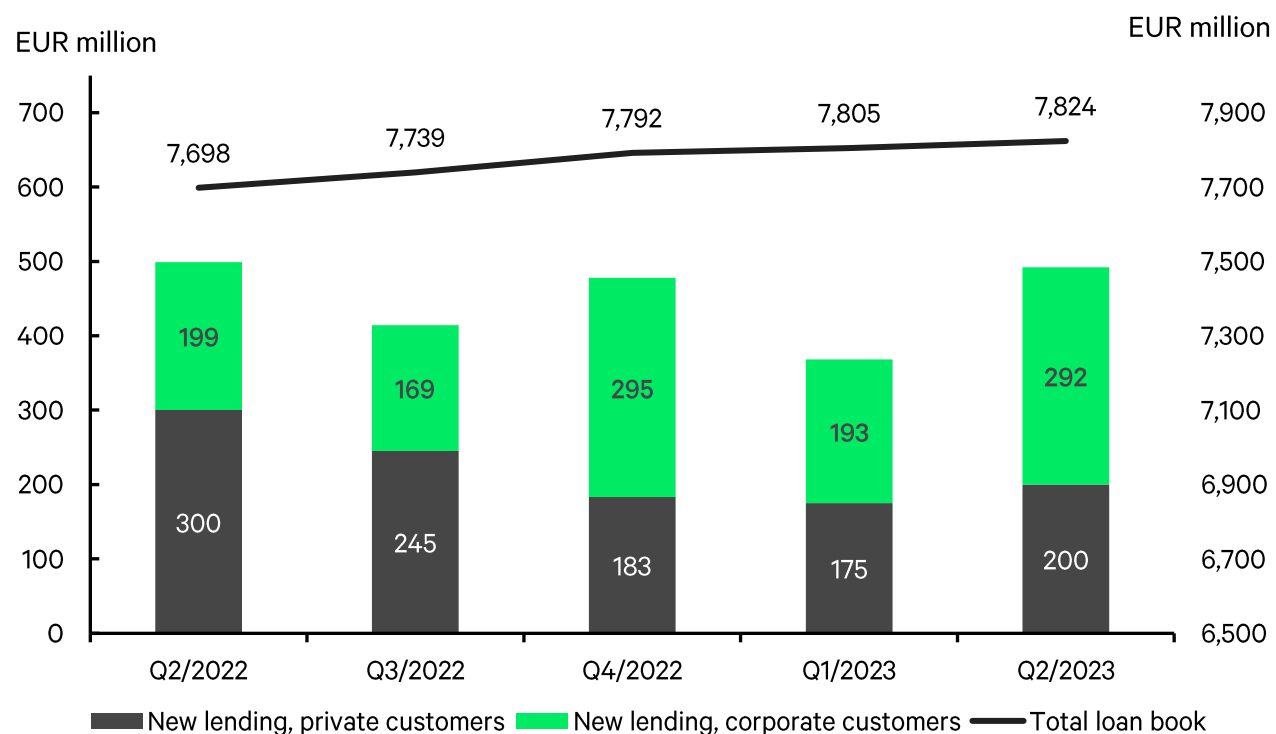
- **Net interest income** grew by 31% to EUR 33.8 (25.8) million.
- **Net commission income** decreased by 4% to EUR 30.4 (31.6) million.
- **Net income from life insurance** amounted to EUR 5.7 (34.9) million. The recalculated comparative figures for 2022 according to IFRS 17 include considerable positive changes in market value.
- **Comparable operating expenses** were on the previous year's level and amounted to EUR 42.2 (41.8) million.
- **Comparable operating profit** decreased to EUR 26.5 (49.7) million, due to IFRS 17. The comparable operating profit, according to the accounting standard used at the time, amounted to EUR 24.7 million in Q2/2022.
- **Credit loss provisions** remained at a very moderate level at EUR -1.3 million.

Business areas

Average margin continued to grow

- The net interest income of the loan book continued its strong growth.
- The average margin for the entire loan book continued to increase.
- The positive demand for hire purchase and leasing financing continued. The sales of factoring solutions has got off to a good start.
- The demand for financing for new-build housing projects among consumers and contractors remained modest.
- Premium Wealth Plan for investment customers was launched.

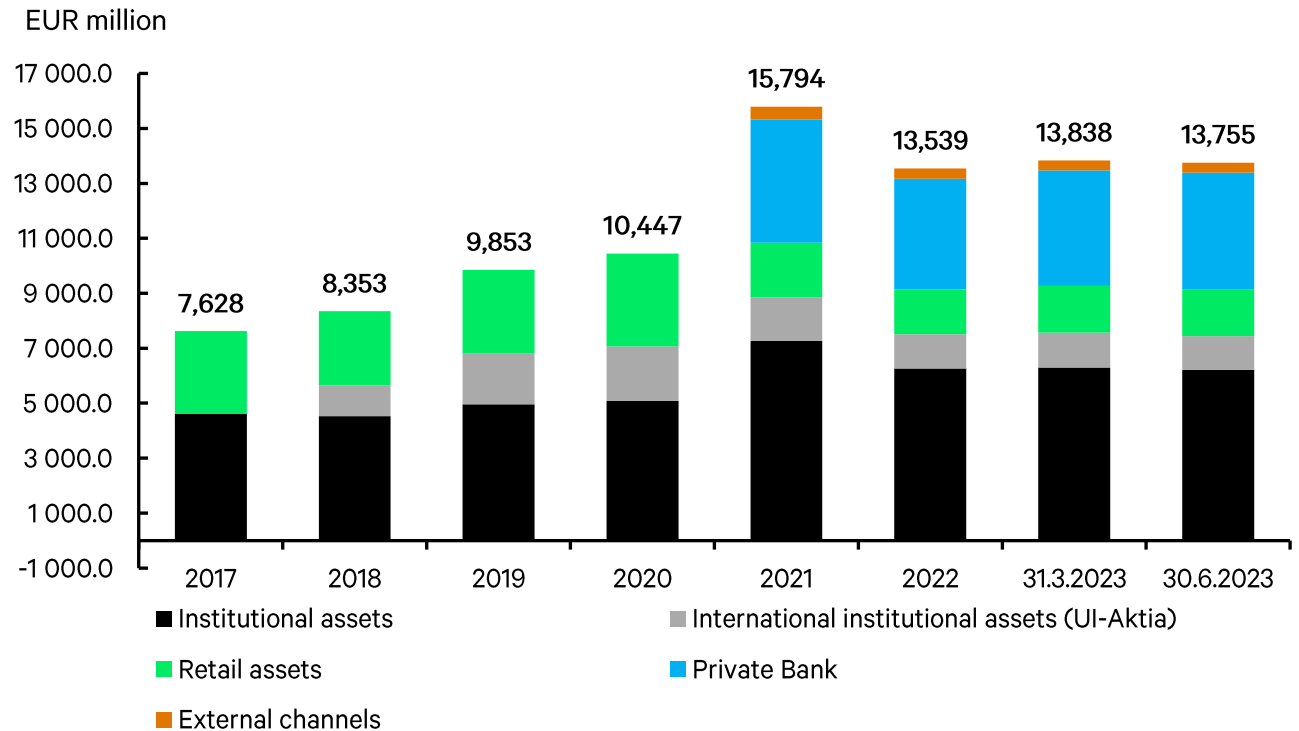
Development of credit portfolio Q-o-Q



Stable development of AuM

- The market environment continued to be unstable.
- The equity market in Finland was slow during the quarter, but the US and Central Europe had a stronger development.
- In the Refinitiv Lipper Fund Awards comparison, Aktia awarded as the best European fixed income fund house.
- The first closing of AurinkoTuuli III fund exceeded its target and amounted to more than EUR 160 million.
- Net sales for Aktia's Private Banking had a strong development during the quarter.

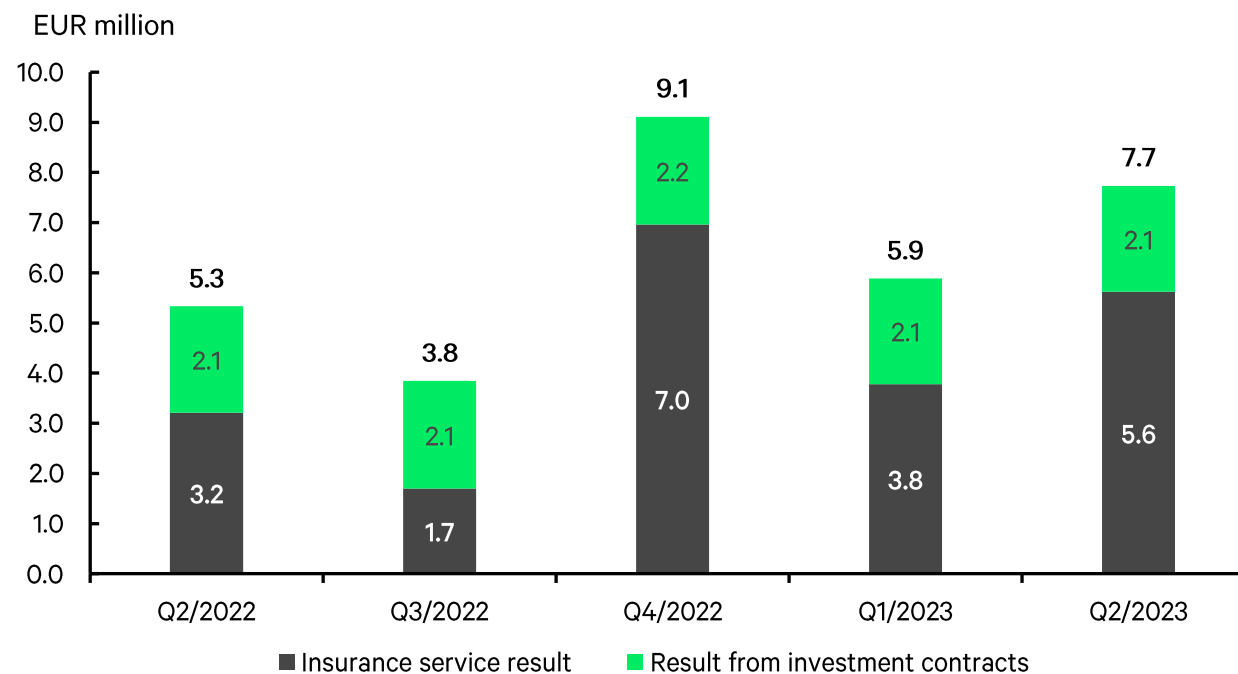
Assets under Management, excluding custody



Life Insurance business remained solid

- Sale of risk life insurance developed positively.
- Sale of investment-linked insurances remained stable.
- The result from investment activities amounted to EUR -1.3 million.

Development of the actuarially calculated result Q-o-Q



Aktia's sustainability in Q2/2023

During the second quarter, Aktia took from ambition to action and invested especially in social issues such as employee experience and the well-being of the personnel. This included e.g. a new HR strategy, updated HR related policies and new benefits to the personnel as well as gender equality in general. Also educating children and young people in financial skills was high on the agenda.

Q2/2023 highlights

Updated HR strategy	Supporter of the TPI	New sustainable investment fund	Participation in the SHE Index	Aktia x Käärijä
Aktia launched a new HR strategy, which is based on the idea that every Aktia employee has a role in the implementation of the strategy and can grow together with Aktia's strategy.	Aktia became a public supporter of TPI (Transition Pathway Initiative) in June. TPI operates under the Grantham Research Institute on Climate Change and the Environment, which is part of the London School of Economics and Political Science.	Aktia expanded its sustainable fund family by launching the renewed Aktia Sustainable Government Bond fund. The new fund broadens Aktia's sustainable fund family into the sovereign, supranational and agency issuer space.	We joined the SHE Index and received the first rating 74 (High). The SHE Index measures and compares the gender balance in organizations, which promotes transparency and motivates activities.	Aktia started cooperation with Finnish Eurovision silver winner Käärijä to improve the financial skills of children and young people.

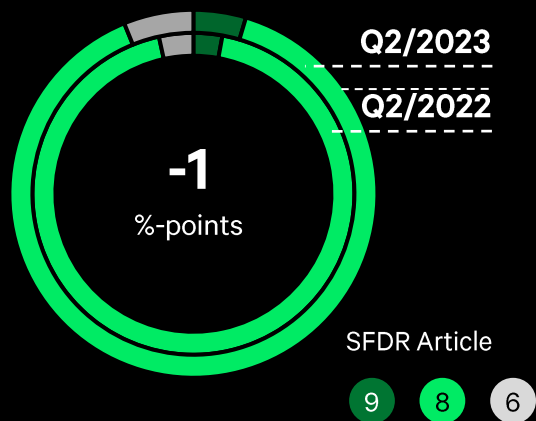
Sustainability-driven success for the leading wealth manager bank

☑ = 2025 target achieved

Prosperity

Share of SFDR Article 8 and 9 classified funds

Target: increase the share



People

Signi Flame Index*

Target: 80

Q2/2023 Q2/2022

70 71



eNPS**

Target 20

Q2/2023 Q2/2022

-8 -2



Principles of Governance

Aktia's ESG ratings

Target: reach at least industry average

- MSCI: ☑ A
- Sustainalytics: ☑ Low Risk
- ISS-ESG: ☑ D+

Aktia's net impact

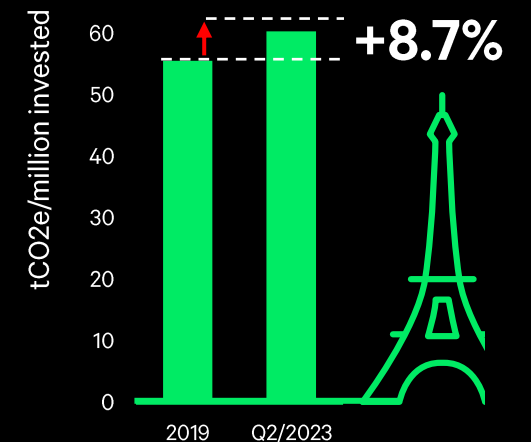
Target: positive net impact

Upright Project: ☑ 35%

Planet

Relative carbon footprint of equity and credit portfolios

Target: -30% vs 2019



* The Flame Index is the average of how the five most significant factors according to the employee are realized at the workplace. Scale 0-100

** Measures the recomendability of the employer from the employees' point of view

Financial overview

Outi Henriksson, CFO

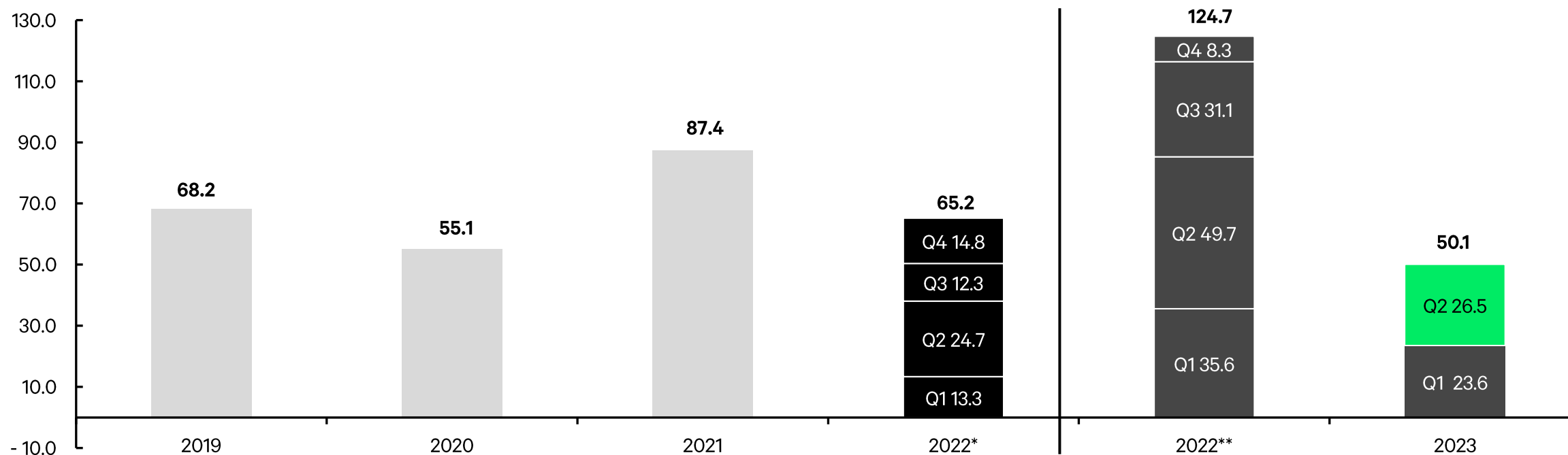
Aktia



Implementation of IFRS 17 had a major impact on restated comparative figures

Comparable operating profit 2019–Q2/2023

EUR million



* Reported 2022 figures (according to the accounting standard used at the time)

** Restated 2022 figures

Financial summary Q2

EUR million	Q2/2023	Q2/2022	Δ %	Q1/2023	Δ %	1-6/2023	1-6/2022	Δ %
Total operating income	70.3	93.7	-25%	70.3	0%	140.6	172.4	-18%
Net interest income	33.8	25.8	31%	31.8	6%	65.6	50.9	29%
Net commission income	30.4	31.6	-4%	30.3	0%	60.6	63.0	-4%
Net income from life insurance	5.7	34.9	-84%	7.2	-20%	12.9	56.3	-77%
Other income	0.5	1.4	-67%	1.0	-54%	1.5	2.2	-32%
Total operating expenses	-42.2	-41.8	1%	-47.1	-11%	-89.3	-85.1	5%
Impairments of credits and other commitments	-1.3	-2.4	-45%	-0.9	40%	-2.3	-2.1	9%
Operating profit	26.8	49.7	-46%	22.2	21%	49.0	85.5	-43%
Comparable operating profit*	26.5	49.7	-47%	23.6	13%	50.1	85.3	-41%
Earnings Per Share (EPS), EUR	0.29	0.55	-47%	0.25	16%	0.54	0.95	-43%
Return on Equity (ROE), %	14.1	28.0	-50%	12.2	15%	13.3	24.2	-45%
Cost-to-income ratio (comparable)	0.60	0.45	35%	0.65	-7%	0.63	0.49	27%
Common Equity Tier 1 capital ratio, %	11.0	10.4	6%	11.1	-1%	11.0	10.4	6%

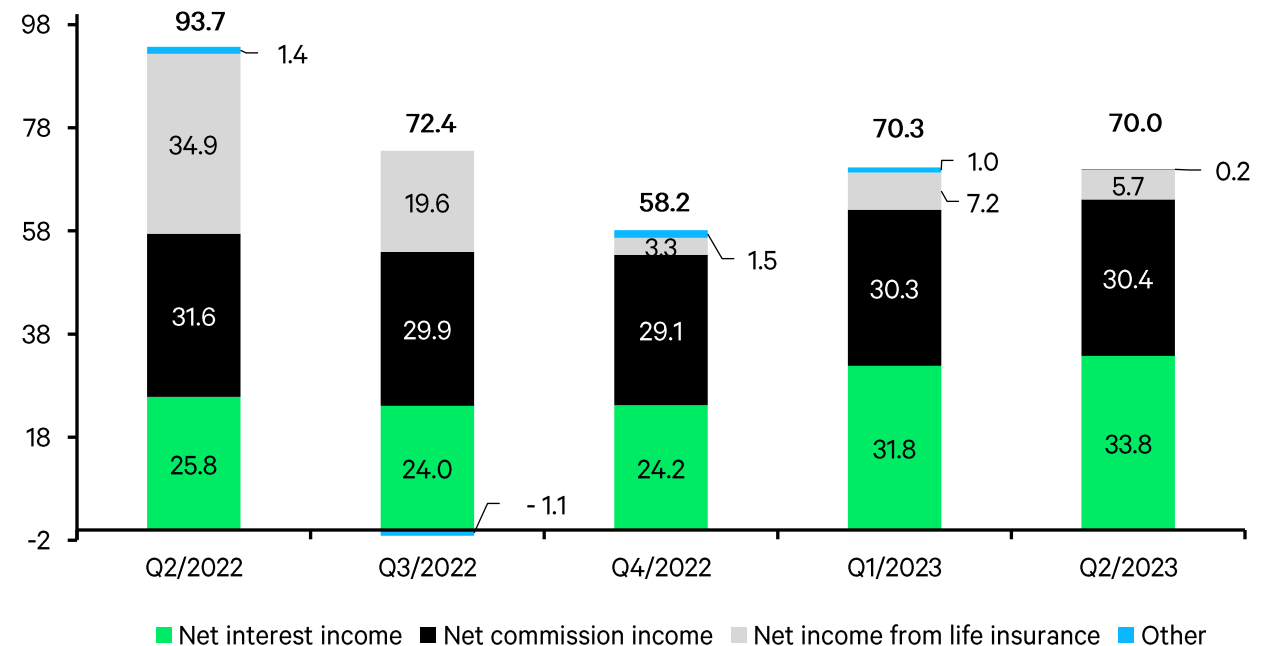
*) Excl. items affecting comparability

Strong growth in net interest income in Q2

- Comparable operating income was EUR 70.0 (93.7) million.
- Net interest income developed very positively, supported by rising interest rates and margin development.
- Net commission income decreased from Q2/22, mainly due to the decrease of commission income from funds, asset management and securities brokerage as a result of lower customer assets under management (AuM).
- Net income from life insurance was clearly below last year's level due to the adoption of IFRS 17.

Comparable operating income, Q-o-Q

EUR million



Comparable operating expenses at the previous year's level

- Personnel costs increased by 5%, mainly due to recruitments end of 2022.
- IT expenses increased by 20%, driven by outsourcing of IT maintenance services to a joint venture Aktia Duetto end of 2023, as well as high inflation on purchased IT services.

Comparable operating expenses Q2/2023 vs Q2/2022

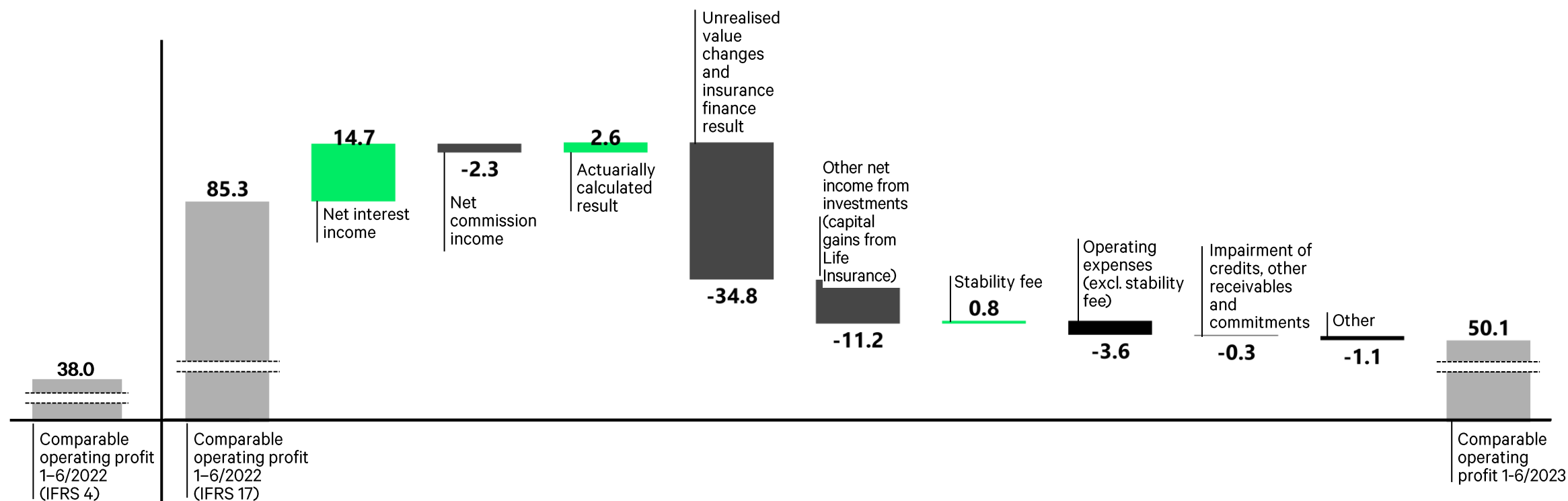
EUR million



Adoption of IFRS 17 decreased comparable operating profit

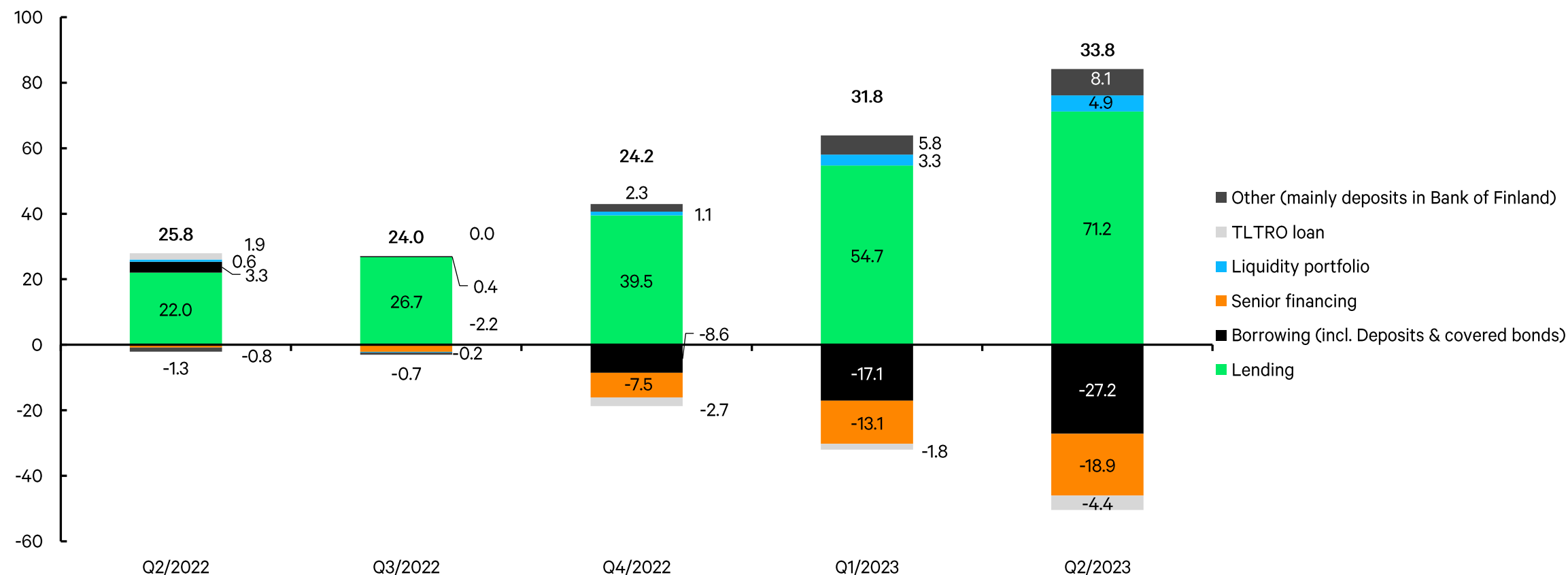
Comparable operating profit 1-6/2023 vs 1-6/2022

EUR million



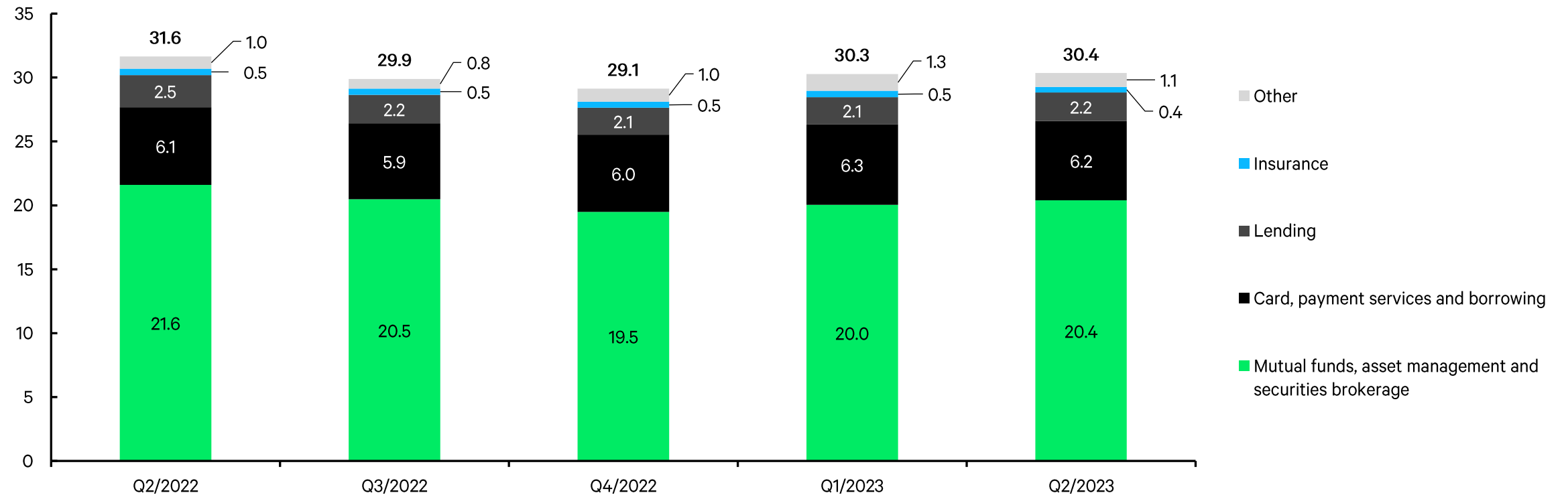
Composition of the Group net interest income

EUR million



Net commission income mix

EUR million

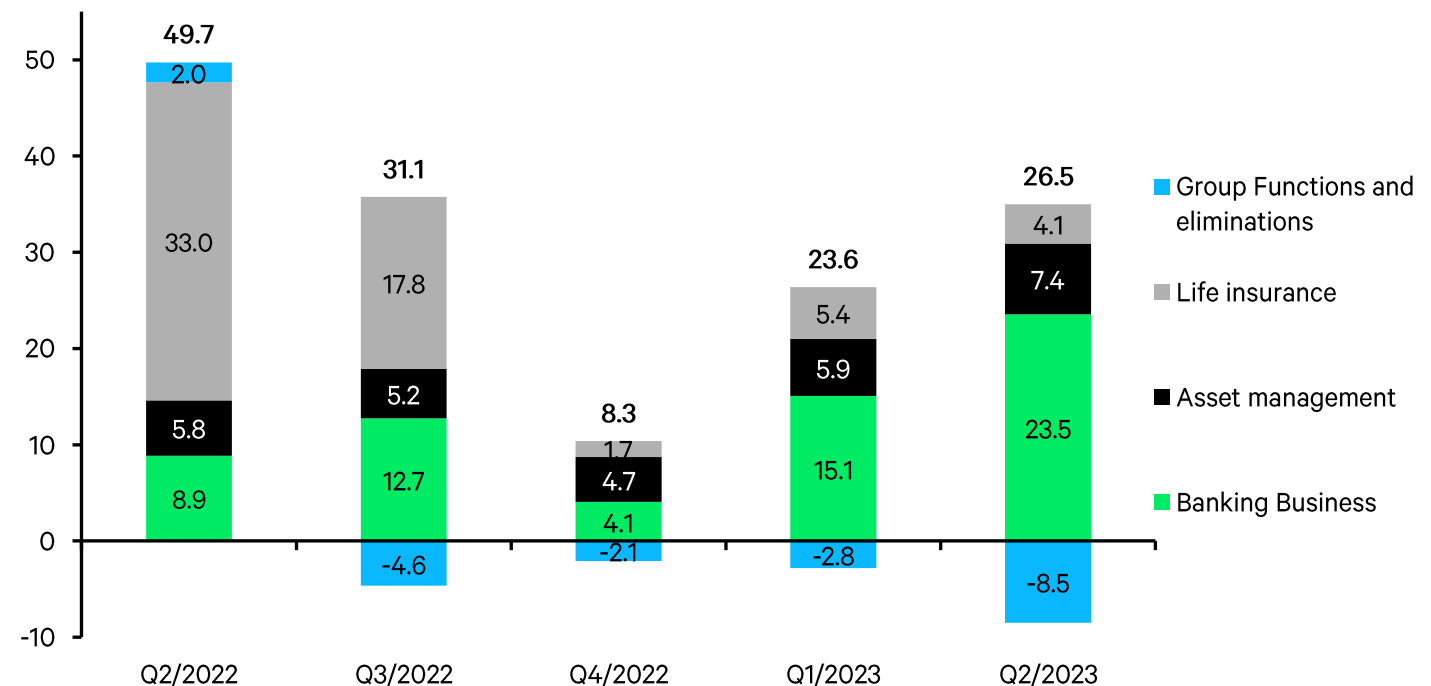


Comparable operating profit improved in Banking Business and in Asset Management

- Comparable operating profit increased clearly in Banking Business and in Asset Management.
- Comparable operating profit decreased significantly in Life Insurance due to the adoption of IFRS 17.
- Comparable operating profit decreased significantly in Group Functions, mainly due to higher financing costs.

Comparable operating profit Q-o-Q

EUR million

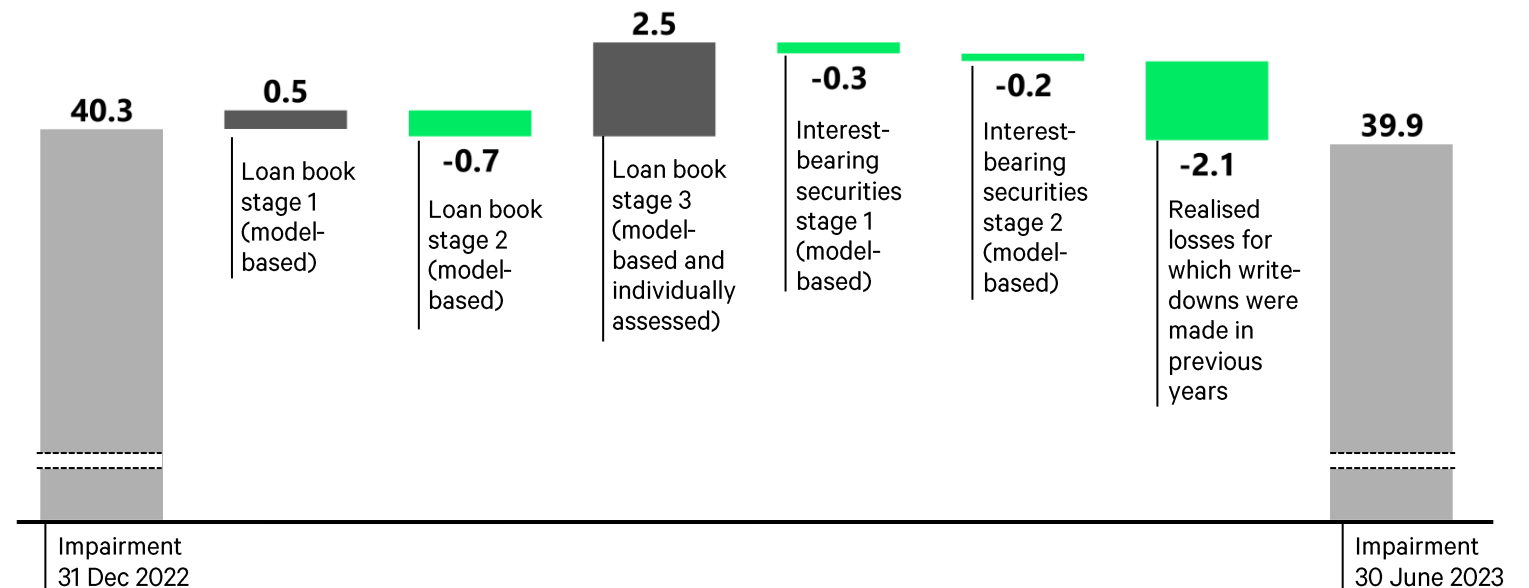


Quality of the credit portfolio remains solid

- Loan book constitutes for the major part of loans to households and private persons with residential or real estate securities.
- The loan-to-value (LTV) ratio is at a healthy level (41%) and a low risk level provides a solid quality of credits in Aktia's loan book.
- Credit loss provisions remained at a very moderate level at EUR -1.3 million.

Change in expected credit losses (ECL) 1-6/2023

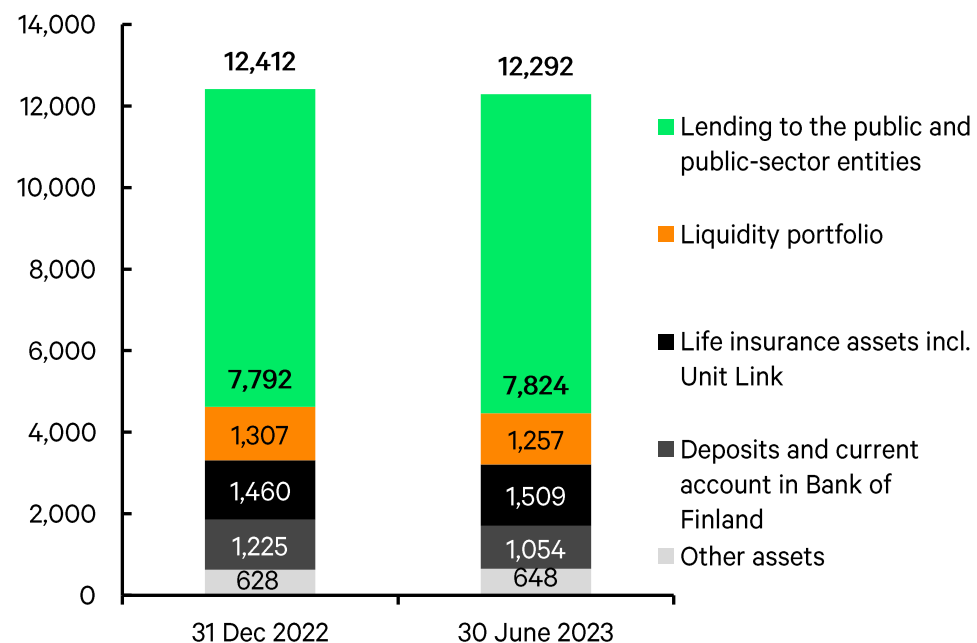
EUR million



Balance sheet total EUR 12,292 million

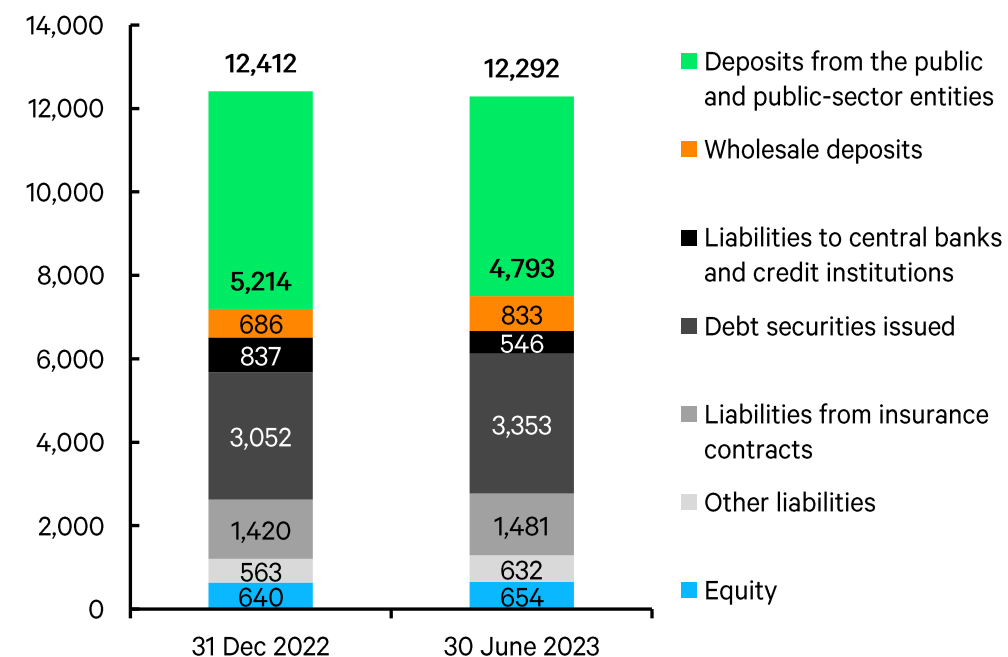
Total assets

EUR million



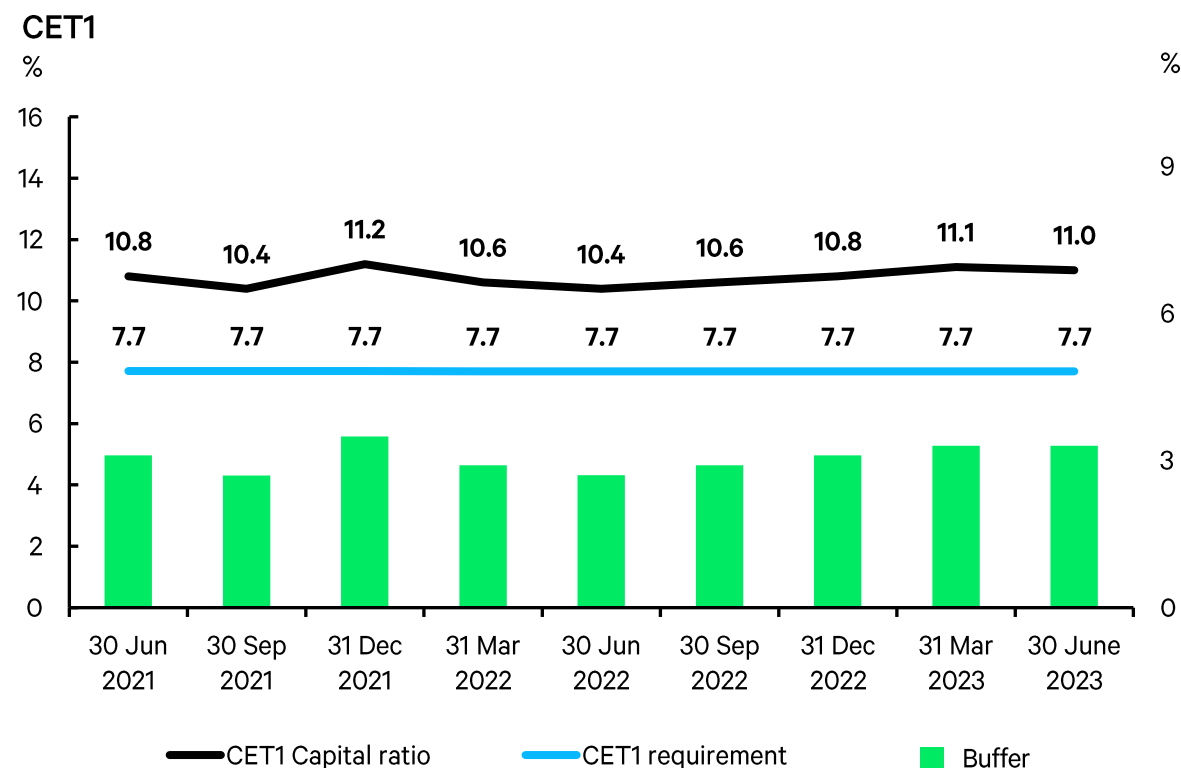
Total liabilities and equity

EUR million



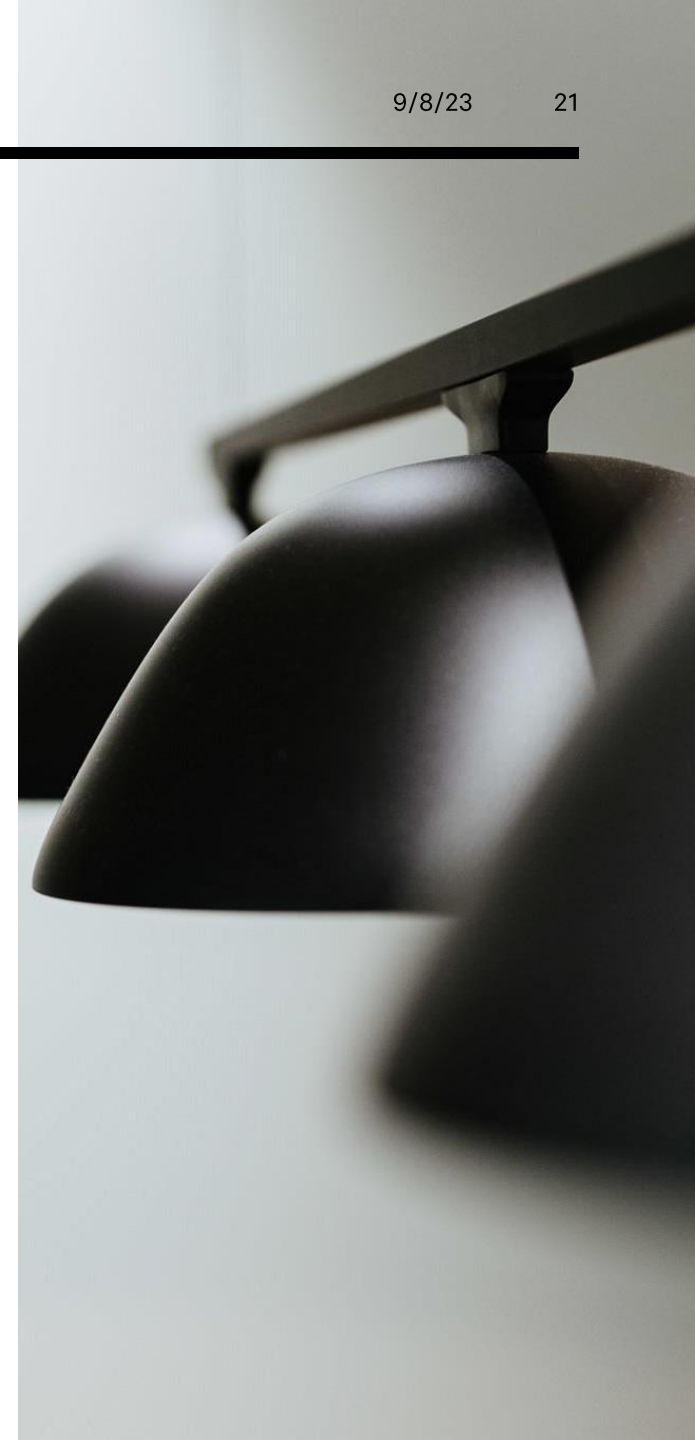
CET1 ratio 3.2 percentage points above the requirement

- CET1 ratio at 11.0% increased by +0.2 percentage points from Q4/2022.
- Risk-weighted assets increased by EUR 72 million from the year-end mainly due to increased corporate lending.
- Regulatory CET1 own funds increased by EUR 12 million, including:
 - Result for the period (EUR 38 million), including dividend from Aktia Life insurance of EUR 6 million
 - Reserve for dividends (EUR -31 million)
 - Increase in fair value fund (EUR 4 million)
 - Other smaller contributions



Funding activities

- Market sentiment was choppy during the Q2 but towards the end of the period much more constructive than earlier this year. Covered Bond market continued working with very high activity.
- Aktia refinanced redeeming EUR 500 million covered bond in May 2023 very successfully. The bank issued new 4y transaction at the re-offer spread +17bp. Orderbook was oversubscribed more than twice by granular, high-quality group of investors.
- In Q2, Aktia completed only two senior preferred private placement transactions. Market was preferring public transactions and the supply of new transactions was regular.
- Aktia will continue to issue senior debt to prefund some redeeming finance and to convert part of the short-term money market funding to longer term issuance.
- Very limited volume of new AT1 issuance is possible, depending on the market sentiment.
- Aktia's liquidity continued to be at very good level, the LCR ratio being 221% at the end of June 2023.



Outlook 2023

Aktia's comparable operating profit for 2023 is expected to be clearly higher than the EUR 65.2 million reported for 2022 (under the accounting standard previously applied for the life insurance business).

The outlook has been prepared based on the following assumptions:

- Net interest income is expected to be significantly higher than in 2022.
- Net commission income is expected to increase slightly in 2023.
- Life insurance business is expected to develop stably. However, the result is affected by changes in market values. The recalculated result in 2022 according to the new accounting standard IFRS 17 is exceptionally high due to accounting technical changes.
- Operating expenses are expected to be at the same level or increase somewhat from 2022, particularly due to higher inflation and the start-up expenses related to IT outsourcing (updated, earlier: are expected to be at the same level as in 2022).
- Credit loss provisions are expected to be at the same level as in 2022.

Financial targets 2025

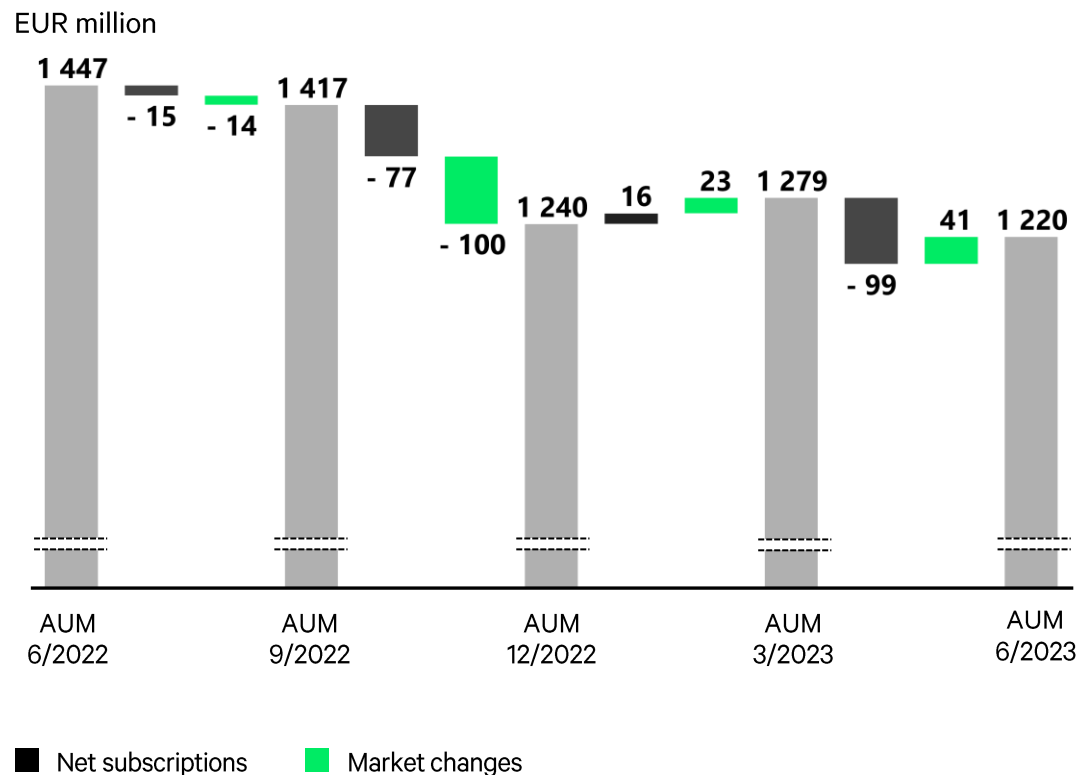
<p>Comparable operating profit above EUR 120 million</p> <p>1-6/2023: EUR 50.1 million</p> <p>1-12/2022: EUR 124.7 million*</p>	<p>Comparable return on Equity (ROE) above 12%</p> <p>30 June 2023: 13.6%</p> <p>31 December 2022: 17.2%*</p>	<p>Comparable cost-to-income ratio under 0.60</p> <p>1-6/2023: 0.63</p> <p>1-12/2022: 0.56*</p>	<p>Common Equity Tier 1 capital ratio (CET1) above 1.5 percentage points over the regulatory requirement</p> <p>30 June 2023: 3.3 percentage points over the regulatory requirement</p> <p>7.7%</p>
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* Adjusted due to the adoption of IFRS 17 accounting standard as of 1 January 2023

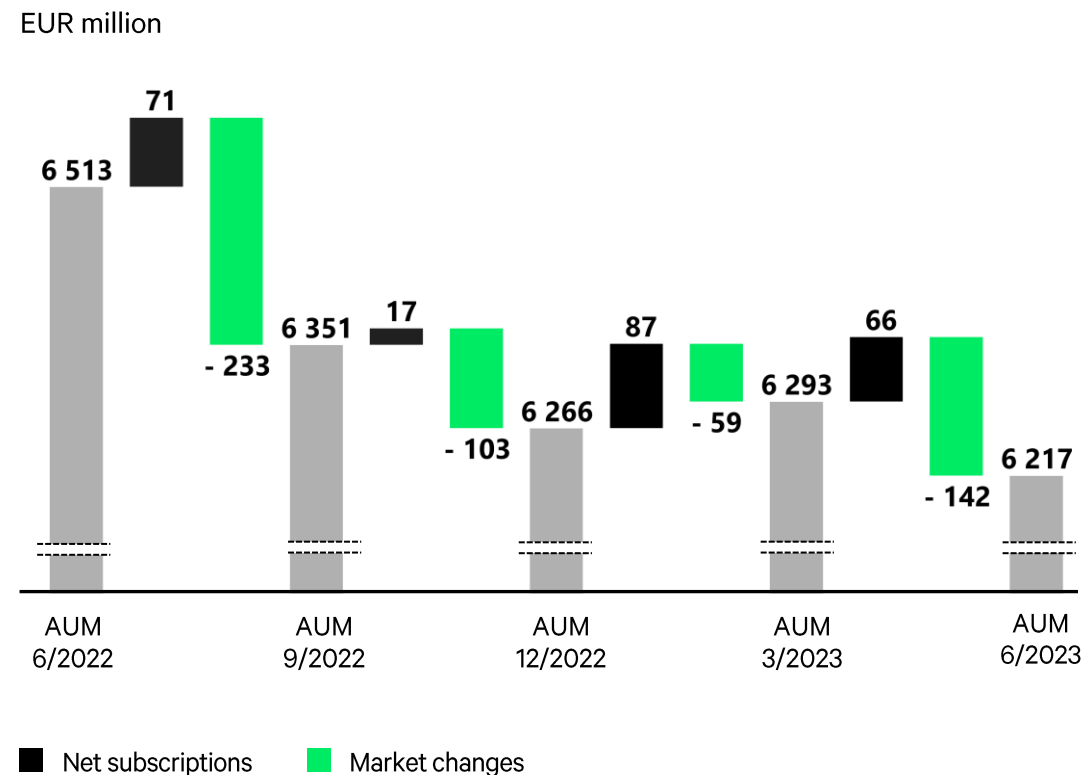
Appendices

AuM: net subscriptions and market changes

Asset Management, Aktia UI Q-o-Q



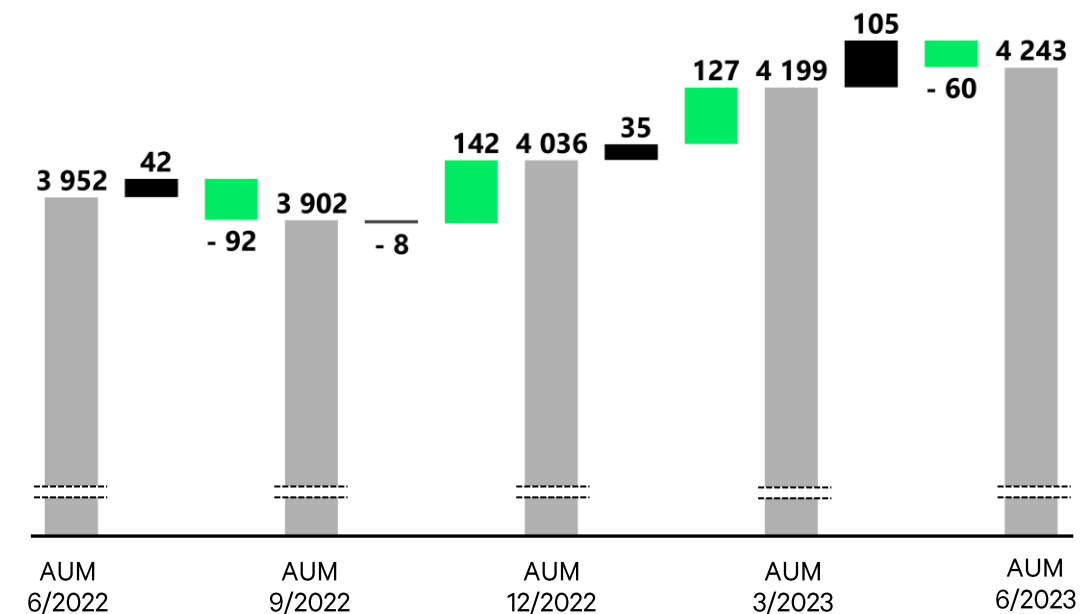
Asset Management, Domestic institutions Q-o-Q



AuM: net subscriptions and market changes

Asset Management, Private Banking Q-o-Q

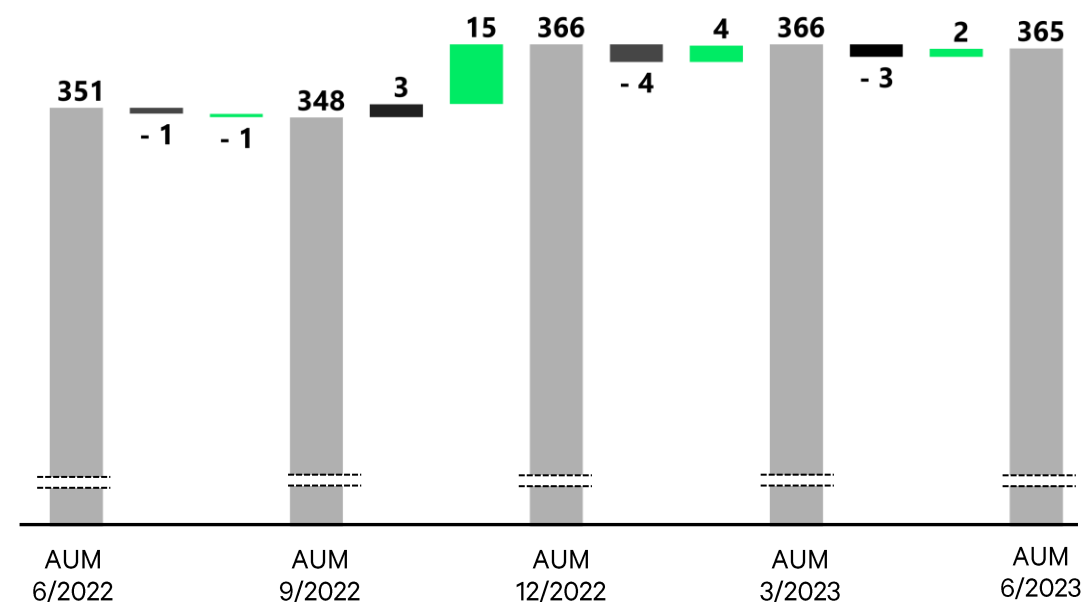
EUR million



■ Net subscriptions ■ Market changes

Asset Management, External channels Q-o-Q

EUR million

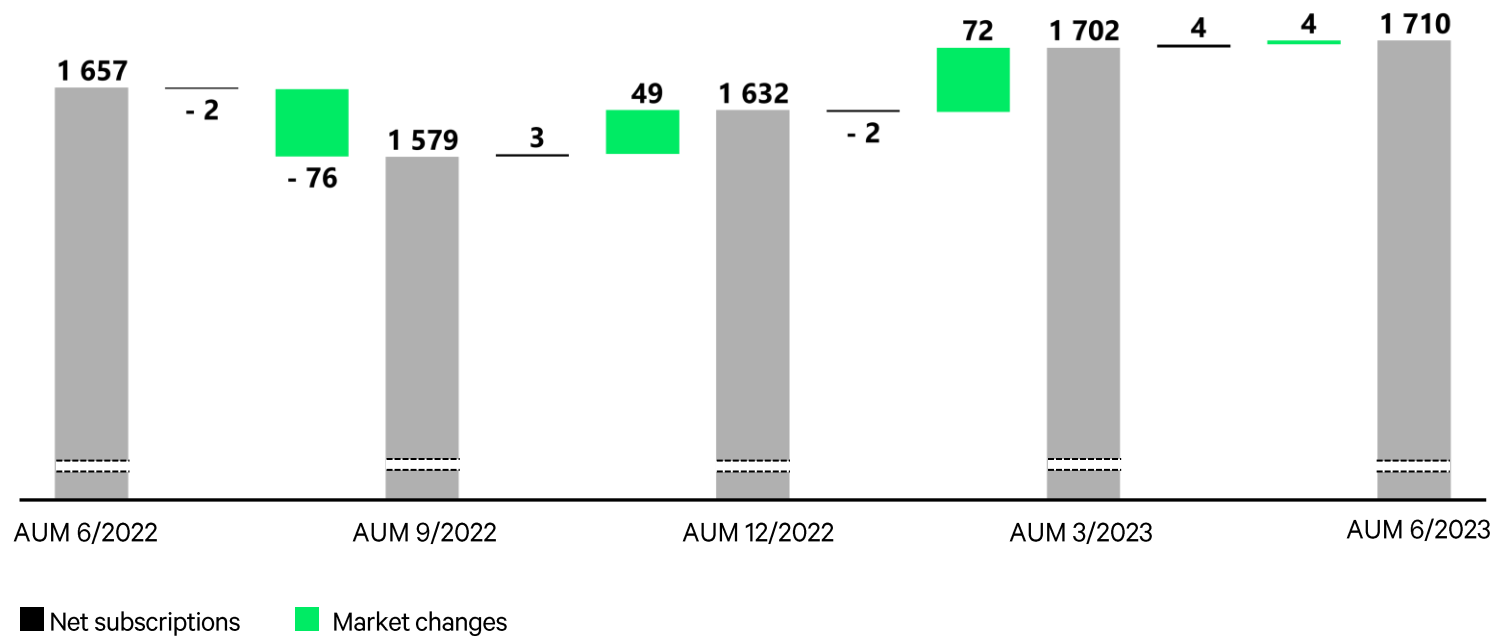


■ Net subscriptions ■ Market changes

AuM: net subscriptions and market changes

Banking Business, Retail Q-o-Q

EUR million





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