

2 AUGUST 2024

Aktia Q2 Results

Debt Investor Presentation

Aktia

Q2 in short

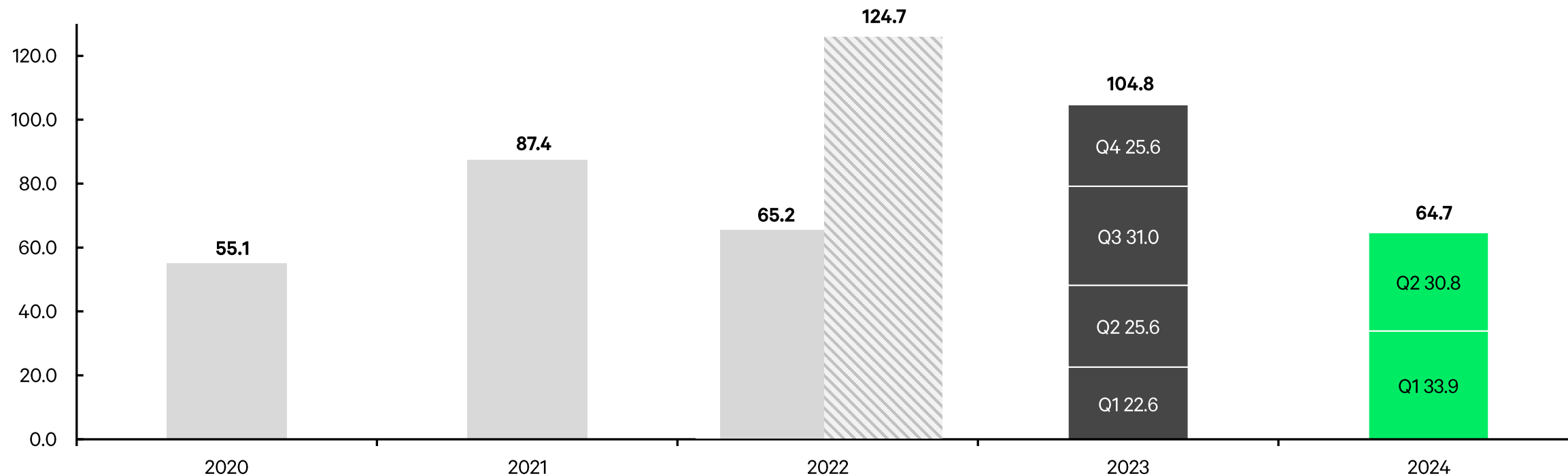
- Financial result improved in all business areas.
- Comparable operating profit was 21% higher than last year.
- Comparable ROE increased to 14.9% (13.4%) and comparable C/I ratio improved to 0.57 (0.61) driven by improved profit.
- AuM increased to EUR 14.1 billion in Q2 driven by favourable market development.
- Good cost control with decreased personnel costs, comparable operating expenses increased by 5% mainly due to higher IT expenses and inflation.
- Reservations for credit losses (8 bps) were at a moderate level.



Strong performance compared to last years

Comparable operating profit 2020–2024

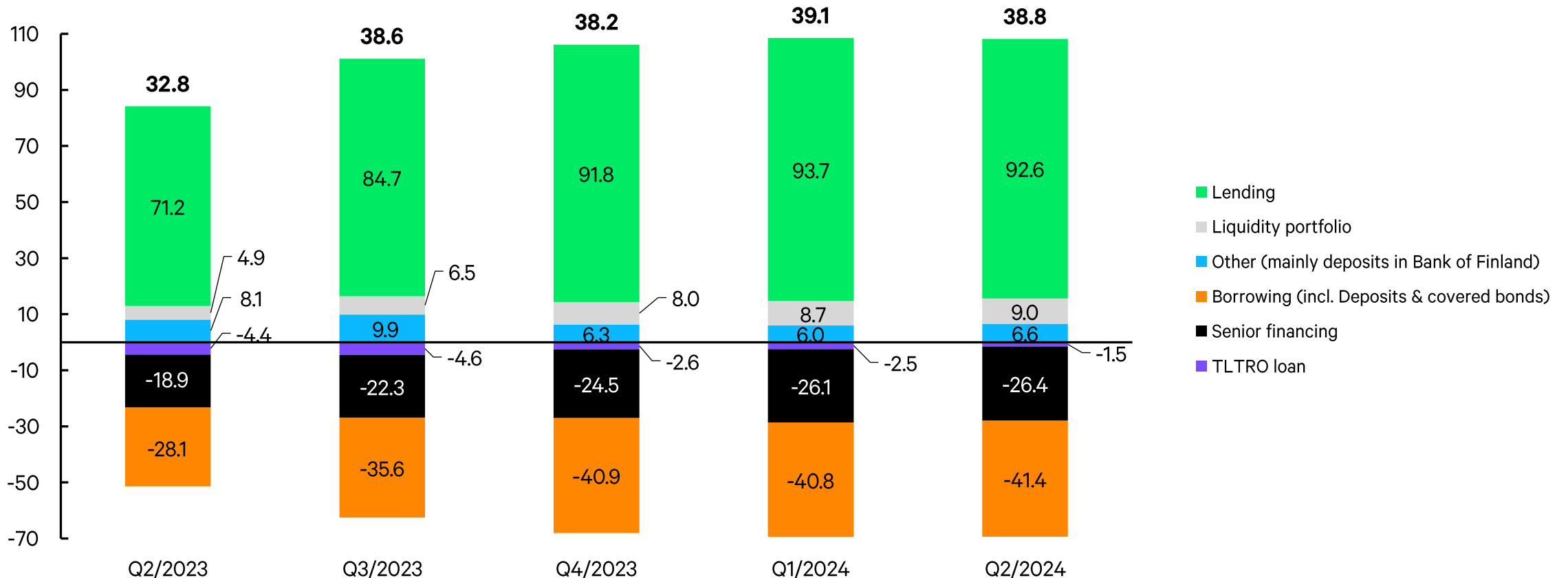
EUR million



▨ Restated according to the accounting standard IFRS 17

Composition of the Group net interest income

EUR million

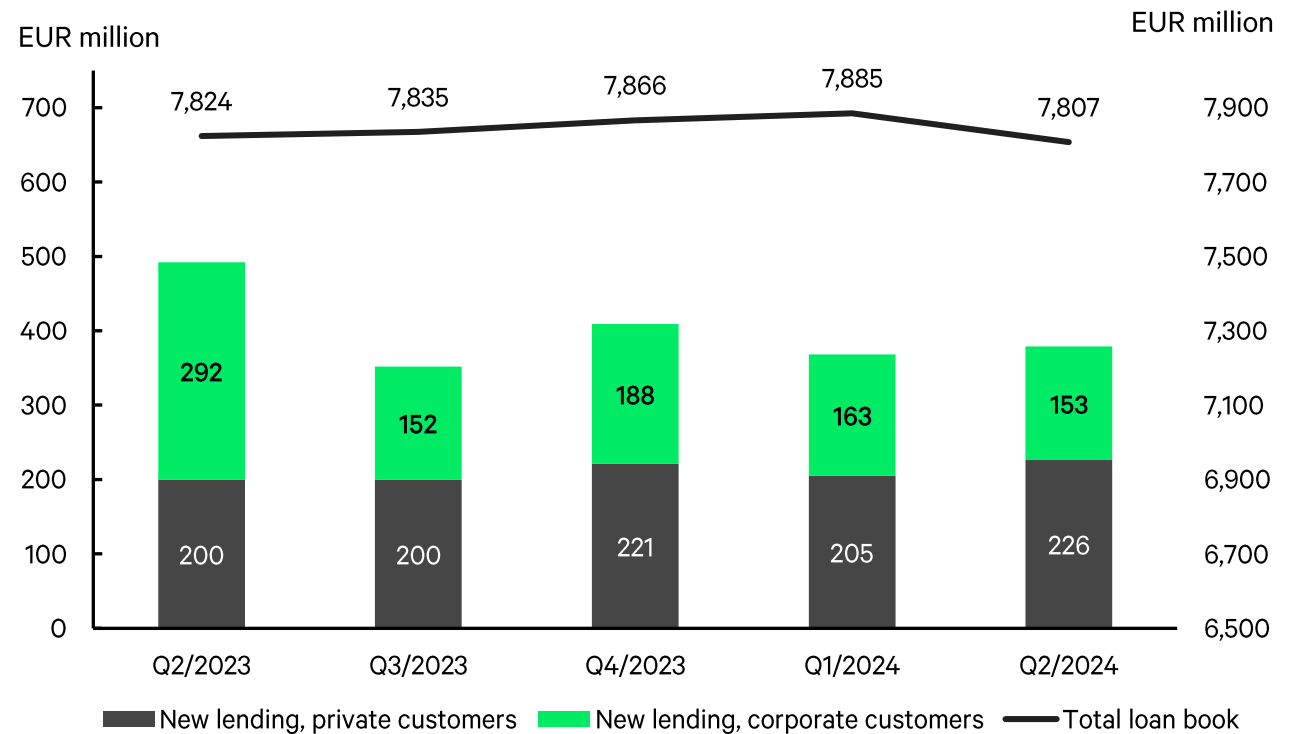


Business areas

NII continued to develop positively

- Net interest income was 18% higher than last year, driven by high interest income from lending, growth in profitable financing solutions and high reference rates.
- Average margin development continued to improve, primarily driven by factoring, leasing and hire purchase financing.
- Credit loss provisions increased slightly compared to last year but remained moderate due to continued good risk management and the quality of the loan book.
- Sales of investment solutions to Banking business customers remained at a good level.

Development of the Group's credit portfolio Q-o-Q

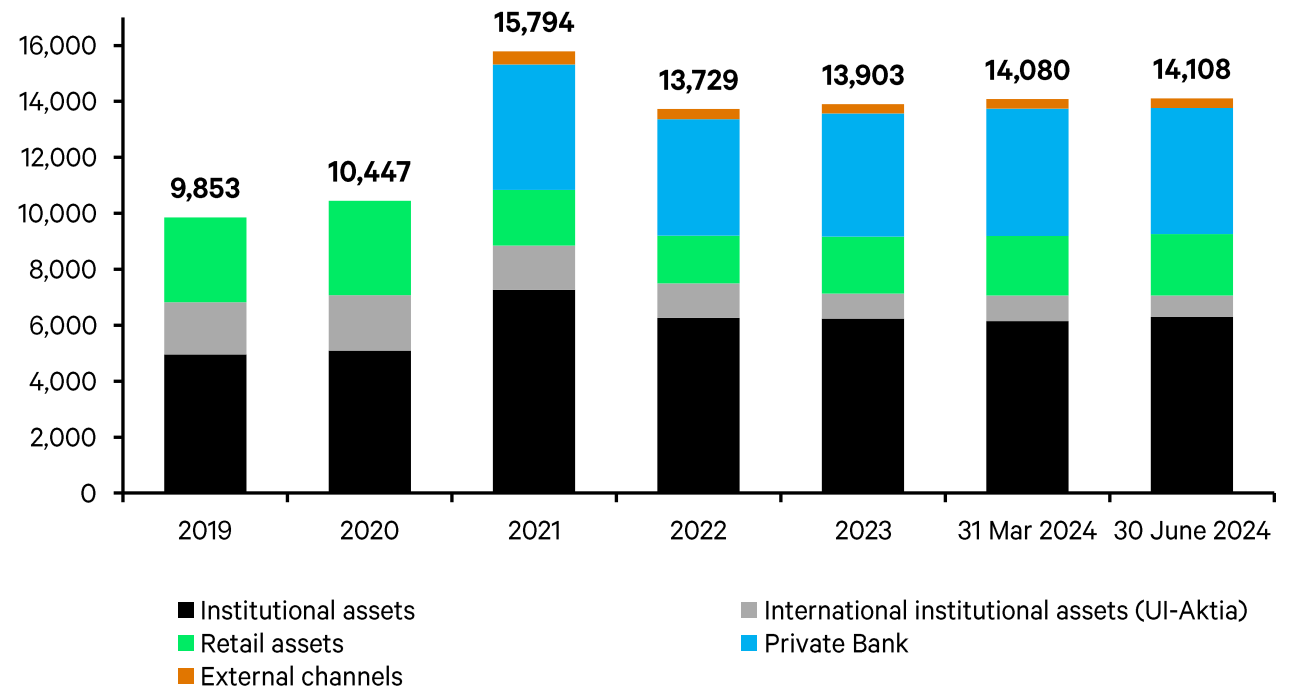


Assets under Management increased in Q2

- Assets under Management increased in Q2 supported by favourable market development.
- Negative total net subscriptions in Q2, however positive net subscriptions in June among domestic and international institutions, Private Banking and Banking customers.
- The portfolio management was again recognised at LSEG Lipper Fund Awards Nordics: Aktia Emerging Market Local Currency Bond and Aktia Wealth Allocation 25 were recognised as the best funds in the Nordics in their respective categories.

The Group's Assets under Management, excluding custody

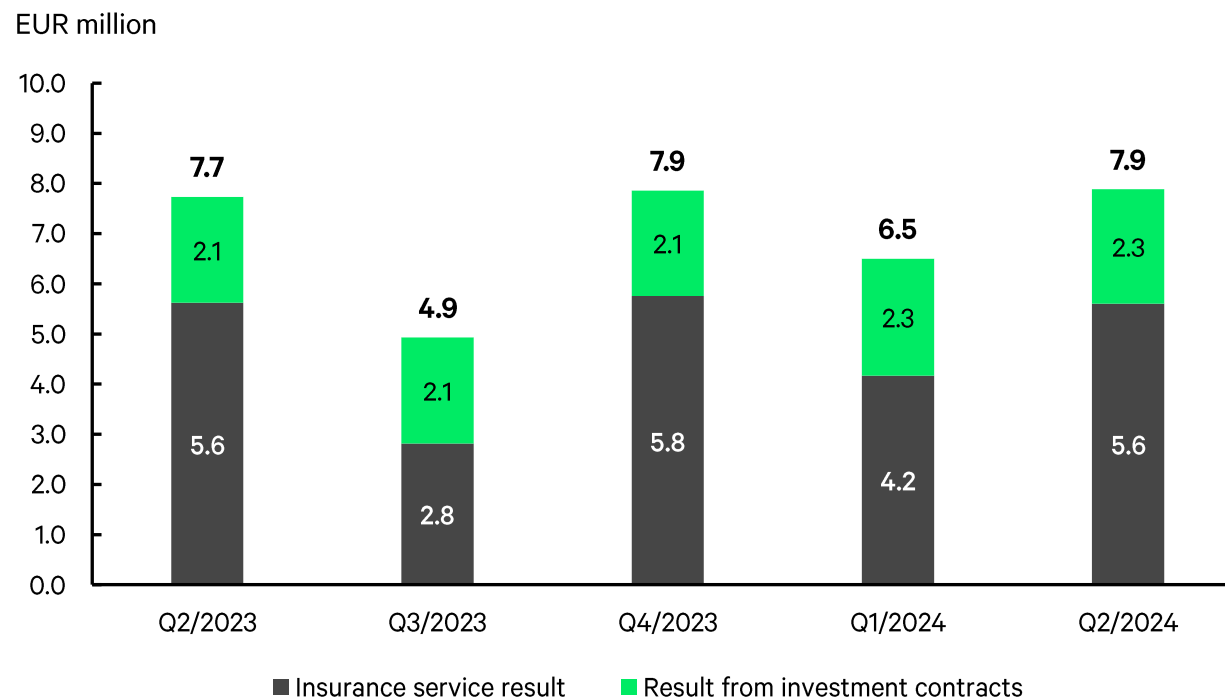
EUR million



Life insurance business delivered a solid result

- Sales of risk life insurance policies remained as strong level as in the previous quarters.
- Sales of investment-linked insurances were good. Positive net inflow of EUR 28 million during Q2.
- Favorable market development had a positive impact on the Unit Linked portfolio and thereafter on the result from investment contracts.
- The solvency ratio increased by 3.1%-points to 187.5% during Q2 due to an increase of the investment-linked insurance book and rising interest rates.

Development of the actuarially calculated result Q-o-Q



ESG

Aktia committed to SBTi requirements in Q2

Our mission is to build wealth for our customers and society, not only today but also for generations to come. Aktia and the financial sector as a whole play a major role in the green transition. Aktia wants to be at the forefront.

Q2/2024 highlights



Science Based Targets initiative (SBTi)

Aktia is committed to align its emissions reduction targets with the Science Based Targets initiative and in line with the Paris Agreement's goals. Within the next two years, Aktia will specify its pathway to carbon-neutrality for its investments, lending and own operations.



Aktia striving for change through the Spring initiative

Aktia announced its participation in the Spring initiative led by the UN-supported Principles for Responsible Investment to halt biodiversity loss by 2030. As a collaborating investor Aktia will have an active role in the engagement with specified companies.



Aktia participating again in the CDP non-disclosure campaign

Aktia is the lead investor in six companies within the CDP non-disclosure campaign. CDP ensures high-quality environmental reporting towards investors and stakeholders. Aktia will be supporting the six companies on their environmental transition journey.

Sustainability-driven success for the leading wealth manager bank

☑ = 2025 target achieved

Prosperity & Planet

Share of SFDR Article 8 and 9 classified funds
Target: increase the share



Q2/2024 98.0%
(outer circle)

Q2/2023 95.3%
(inner circle)

SFDR Article



Change in the relative carbon footprint of equity and credit portfolios

-41.7% ☑

(tonnes of CO₂e/ million euros invested)

Target: 2025 -30% vs. 2019

People



Signi Flame Index*

Target: 80

Q2/2024 Q2/2023

75 70



eNPS**

Target 20

Q2/2024 Q2/2023

18 -8



SHE Index***

Target: 85

H1/2024 H1/2023

79 74

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

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

*** The target was set during the year 2023, after receiving the initial score for Aktia 2023 H2.

Signi and eNPS are measured biannually and SHE index annually

Principles of Governance

Aktia's ESG ratings

Target: reach at least industry average

MSCI

☑ AA

Sustainalytics

☑ Low Risk

ISS-ESG

☑ D+

Positive Net impact ratio ☑

Target: positive net impact based on the Upright Project's model

Financial overview



Aktia

Financial summary

EUR million	Q2/2024	Q2/2023	Δ %	Q1/2024	Δ %	1-6/2024	1-6/2023	Δ %
Total operating income	76.7	69.3	11%	77.3	-1%	154.0	138.7	11%
Net interest income	38.8	32.8	18%	39.1	-1%	77.9	63.7	22%
Net commission income	30.8	30.4	2%	30.1	2%	61.0	60.6	1%
Net income from life insurance	7.4	5.7	29%	7.7	-4%	15.0	12.9	17%
Other income	-0.3	0.5	-167%	0.4	-175%	0.1	1.5	-93%
Total operating expenses	-44.8	-42.2	6%	-41.4	8%	-86.2	-89.3	-3%
Impairments of credits and other commitments	-1.8	-1.3	38%	-2.7	-34%	-4.5	-2.3	101%
Operating profit	30.1	25.8	17%	33.3	-9%	63.4	47.1	35%
Comparable operating profit**	30.8	25.6	21%	33.9	-9%	64.7	48.2	34%
Earnings per share (EPS), EUR	0.33	0.28	18%	0.38	-12%	0.71	0.52	36%
Return on equity (ROE), %	14.5	13.6	0,9*	16.5	-2*	15.8	12.8	3.0*
Comparable return on equity (ROE), %	14.9	13.4	1.4*	16.8	-1.9*	16.1	13.1	3.0*
Cost-to-income ratio (comparable)	0.57	0.61	-6%	0.53	9%	0.55	0.64	-13%
Common Equity Tier 1 capital ratio, %	11.5	11.0	0.5*	11.4	0.1*	11.5	11.0	0.5*

Note:

Year 2023 financial reporting has been revised due to a technical error:

- Technical error in interest calculation of small number of corporate accounts resulted correction of the net interest income for 2023 amounted to EUR -3.6 million.
- The total correction as of 31 December 2023 decreased retained earnings by EUR 3.1 million.

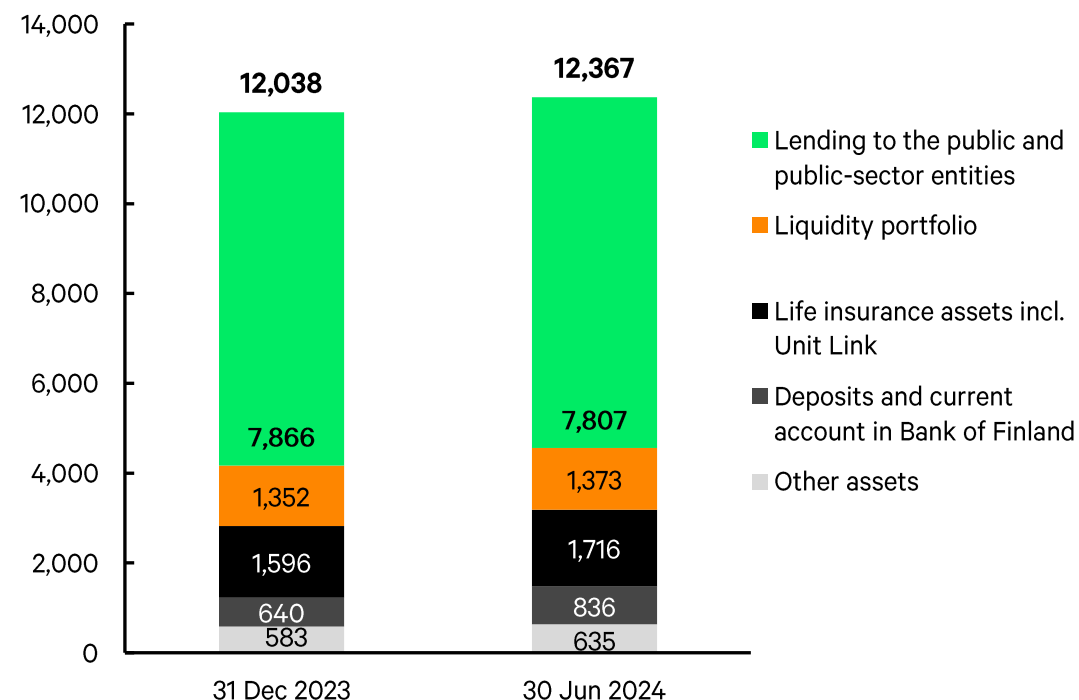
*) The change is calculated in percentage points

***) Excl. items affecting comparability

Balance sheet increased to EUR 12,367 million

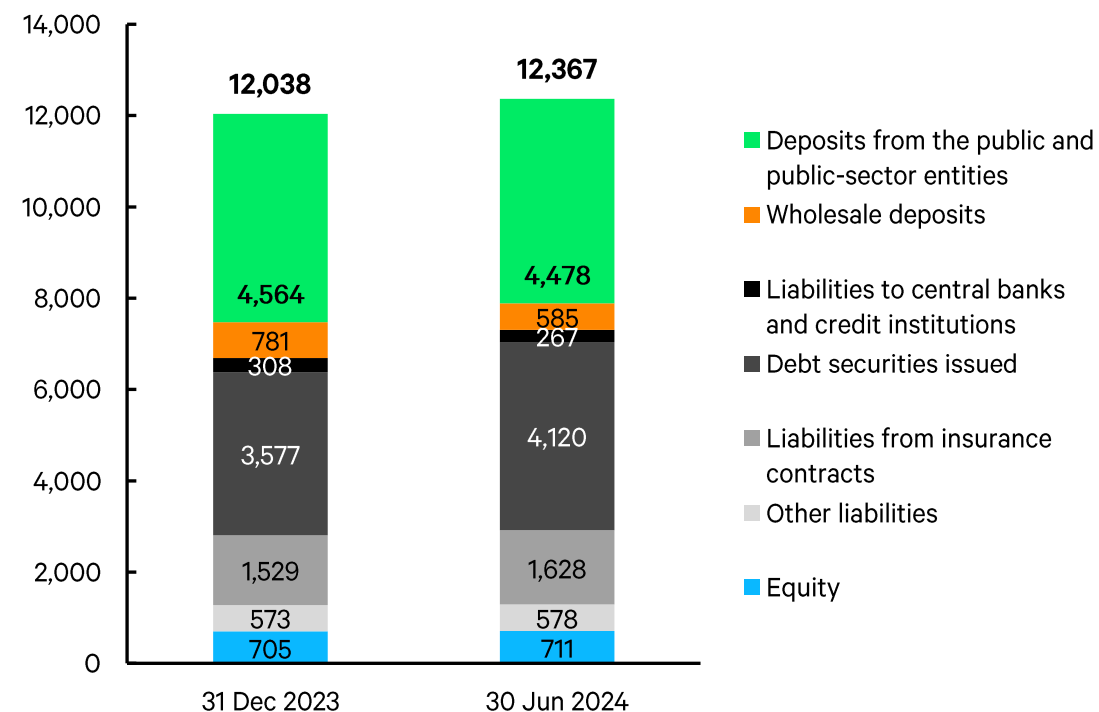
Total assets

EUR million



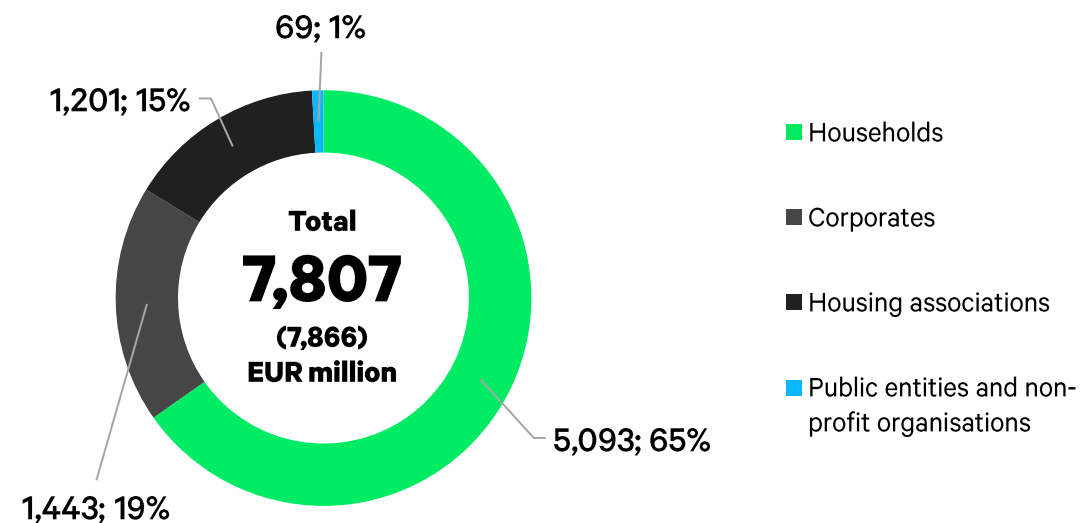
Total liabilities and equity

EUR million

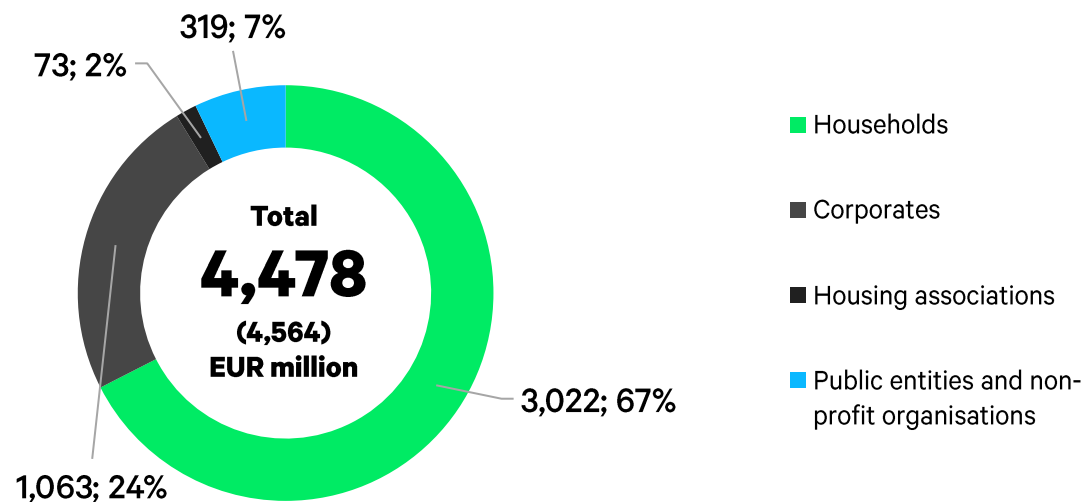


Households account for the majority of lending and deposits

Lending

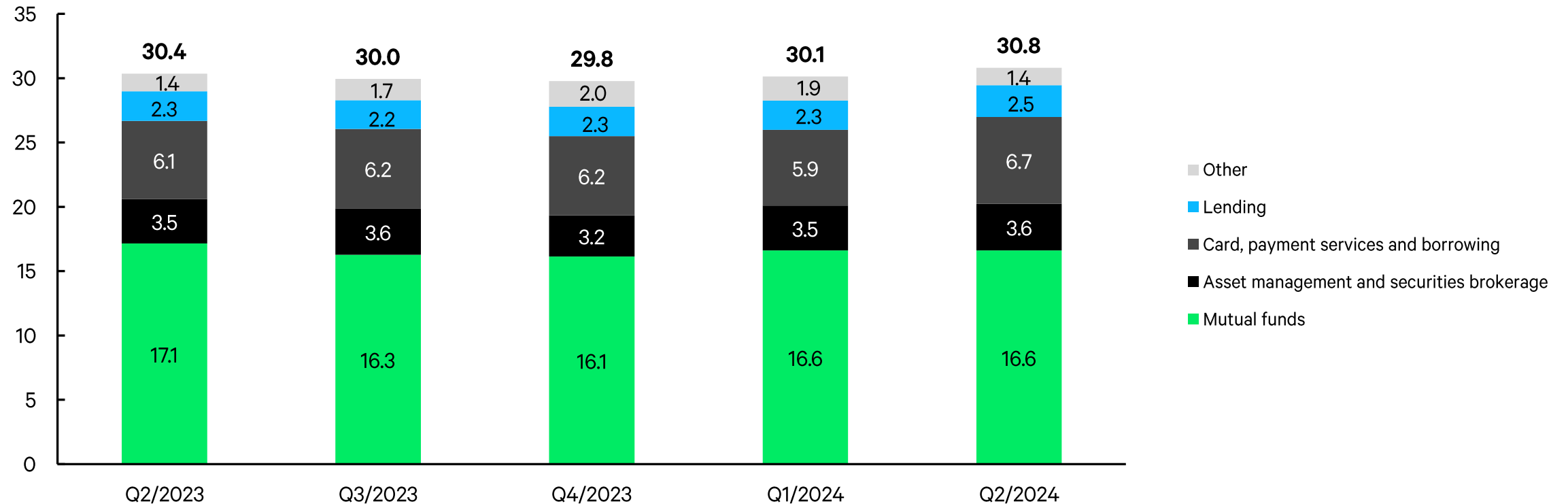


Deposits



Net commission income grew slightly

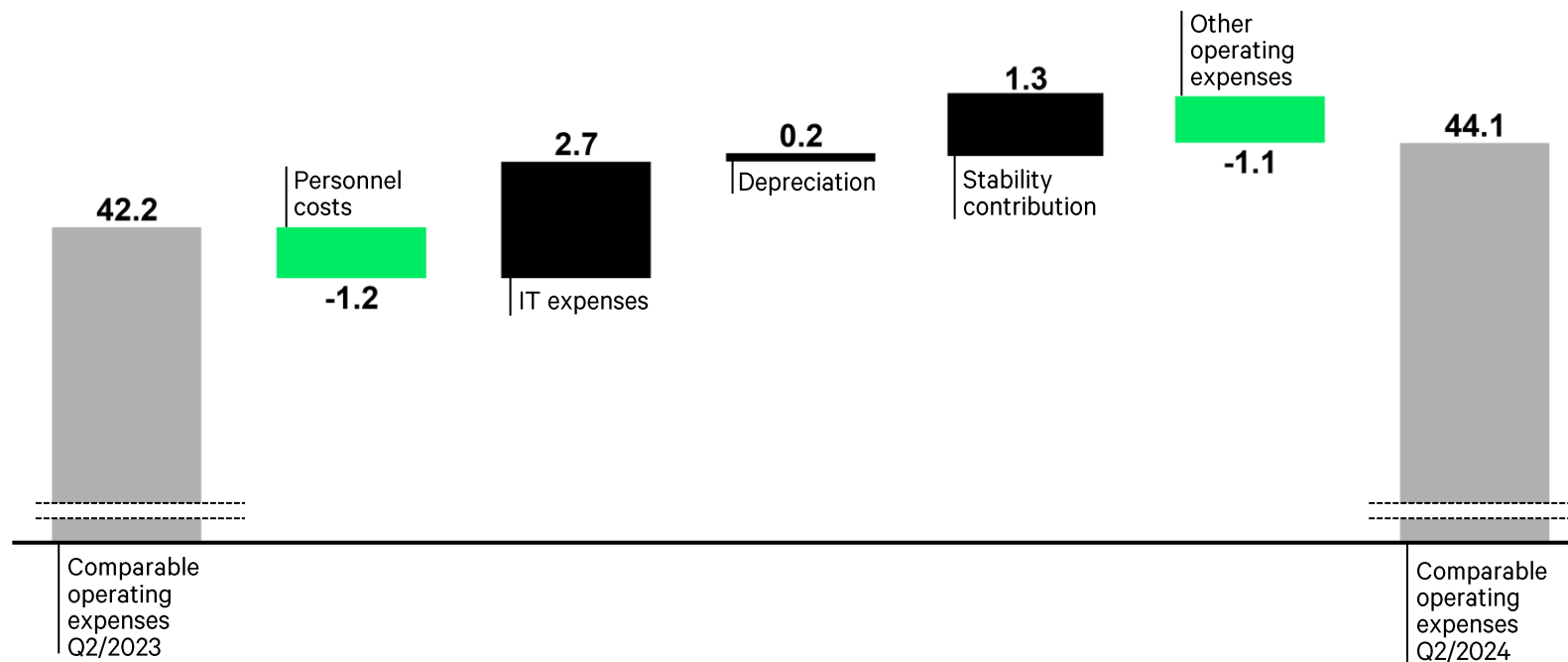
EUR million



Good cost control despite higher IT spend and inflation

- Comparable operating expenses increased by 5% due to increased IT expenses and inflation.
- IT expenses increased due to continued investments in customer experience, banking system functionality, information security and regulatory processes.
- In summary, good cost control with slightly lower personnel costs.

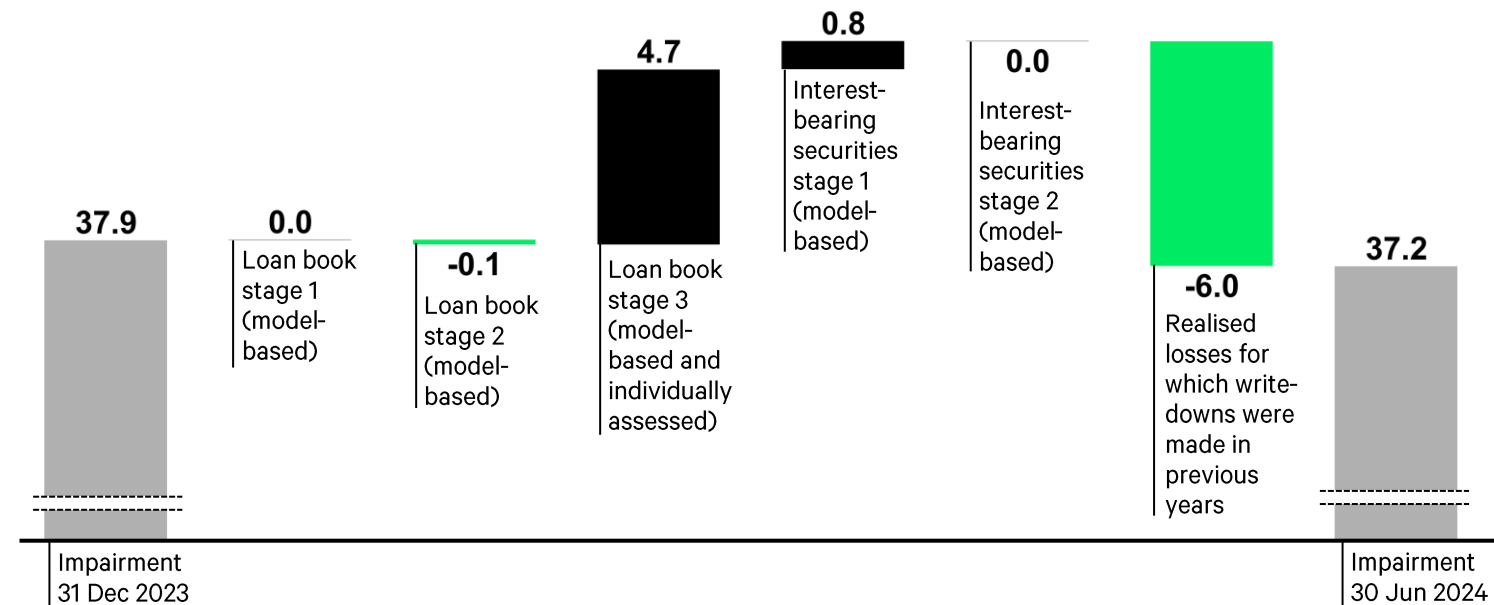
Comparable operating expenses Q2/2024 vs Q2/2023
EUR million



Quality of the credit portfolio remains good

- For the major part, our loan book consists of loans to households supported by residential or real estate securities.
- The loan-to-value (LTV) ratio remained at a healthy level at 43%.
- Credit loss provisions in Q2 (EUR 1.8 million) increased slightly compared to last year but remained moderate due to continued good risk management and the quality of the loan book.

Change in expected credit losses (ECL) 1–6/2024
EUR million



Outlook 2024 (updated)

Aktia's comparable operating profit for 2024 is expected to be higher than the EUR 104.8 million reported for 2023

The outlook has been prepared based on the following expectations:

- Despite market uncertainty and a probable decline in interest rates, the net interest income is expected to be higher than in 2023.
- Net commission income is expected to be somewhat higher than in 2023, provided that the market conditions are favourable.
- The life insurance business is expected to develop steadily. However, the result may be affected by changes in market values.
- Total operating expenses are expected to remain on approximately the same level as in 2023, given the absence of stability contribution offset by higher expected IT expenses.
- Impairments and provisions for credit losses are expected to increase slightly compared to the 2023 level, given the current market situation.



The Debt Investment case

Credit ratings

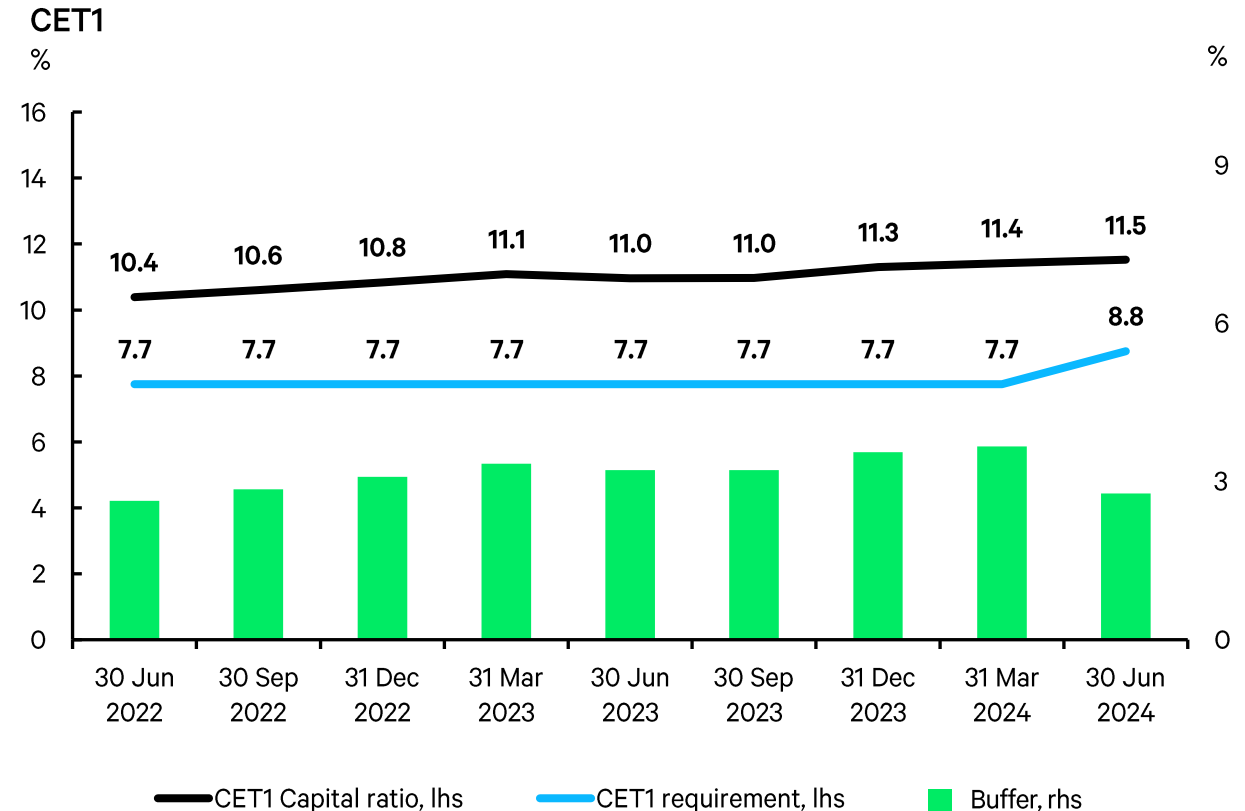
Moody's: A2 / P-1, neg, Covered Bonds: Aaa

S&P: A- / A-2, stable

Aktia

CET1 ratio improved slightly to 11.5%

- CET1 ratio was 11.5% and 2.8 percentage points above the regulatory requirement.
- Regulatory CET1 own funds increased by EUR 9.3 million, driven by increase in the fund at fair value (EUR 7.8 million).
- CET1 includes a EUR 30.8 million reservation for dividends, corresponding to 60% of the Group's distributable result.
- An additional systemic risk buffer requirement of 1 percentage point entered into force on 1 April 2024 for a large part of Finnish credit institutions, including Aktia.



Regulative requirements updated

- Aktia Bank Group's leverage ratio was 4.3% (Q4/2023 4.2%) as of 30 June 2024.
 - Tier 1 capital EUR 453.6 million
 - Total exposures EUR 10,591.4 million
- On 17 April 2024 the Finnish Financial Stability Authority has updated the MREL requirement for Aktia Bank to MREL LRE: 7.90% and MREL TREA: 21.00%.
 - TREA coverage 332.3% and LRE coverage 285.8% as of 30 June 2024
 - MREL requirement EUR 836.7 million
 - Own funds and eligible liabilities EUR 2,390.9 million

FIN-FSA decided to adjust the discretionary additional capital requirement (Pillar 2) down to 1.00% for Aktia (currently 1.25% and valid until further notice as of 30 September 2024).

Success in funding activities

- Throughout H1/2024, the market has continued to be very active and supportive for new issuance.
- During Q2/2024, Aktia issued one senior preferred private placement transaction and benchmark size Covered Bond. The EUR 500 million 5-year Covered Bond benchmark was a success. The final book was over EUR 1.9 billion, which translates into a subscription ratio of 3.8x – the highest ever orderbook for any EUR transaction from Aktia. The re-offer spread was MS+25 bps.
- In April Aktia and the Nordic Investment Bank (NIB) signed a 7-year EUR 75 million loan agreement to finance small and medium-sized enterprises (SMEs), smaller mid-caps (SMCs), and environmental projects in Finland.
- Aktia is monitoring the EUR market to refinance the inaugural Tier 2 bond issued in 2019. The bank will also continue to issue senior debt in private placement format.
- Aktia's liquidity continued to be at a very good level with the LCR ratio being 277% at the end of Q2/2024.

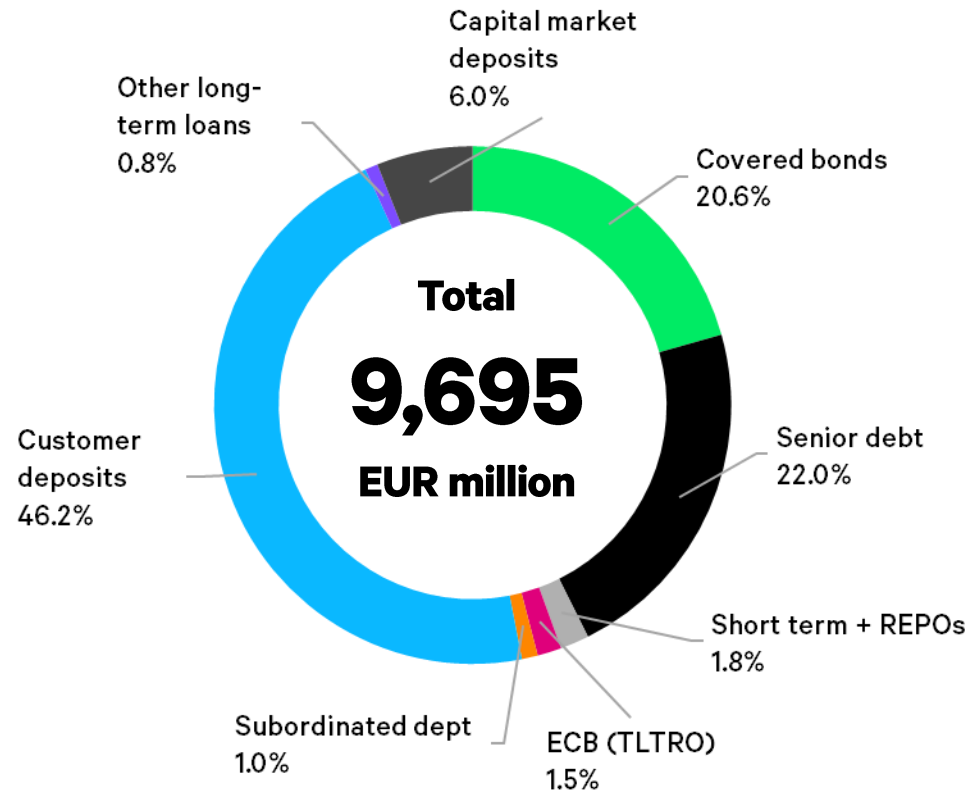


Sound funding profile

Borrowing from the public and public-sector entities was at EUR 4,477.6 million.

The value of bonds issued by Aktia Bank totalled EUR 4,084.7 (Q4/2023: 3,580.7) million.

Aktia has EMTCN program of EUR 5 billion. All market-based funding is based on that documentation. Program is updated on 8 August 2024.



Redemption schedule

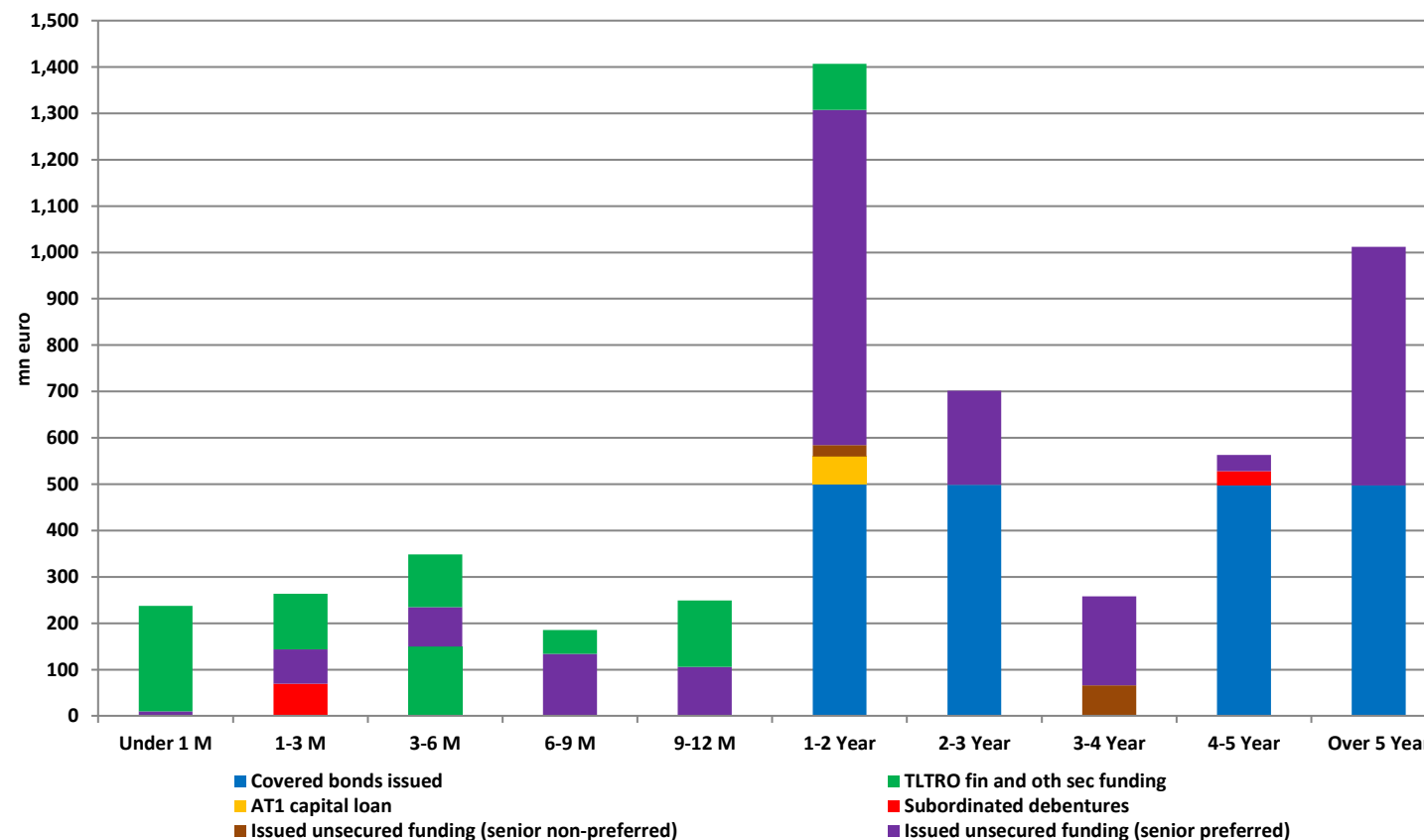
Remaining TLTRO redemption schedule:

- December 2024:
EUR 150 million.

Next public benchmark covered bond issue redeems in March 2026.

Aktia has right to call outstanding Tier 2 issue on 18 September 2024.

Maturity profile, 30.6.2024



High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 277%

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 1,872 million on 30 June 2024 (Q4/2023: EUR 1,817 million).

All assets are LCR eligible.

Unencumbered Liquidity reserve, market value		
EUR million	30 Jun 2024	31 Dec 2023
Cash and holdings in central banks	792	597
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	199	191
Securities issued or guaranteed by municipalities or Public sector entities	95	72
Covered bonds	786	957
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
Total	1,872	1,817

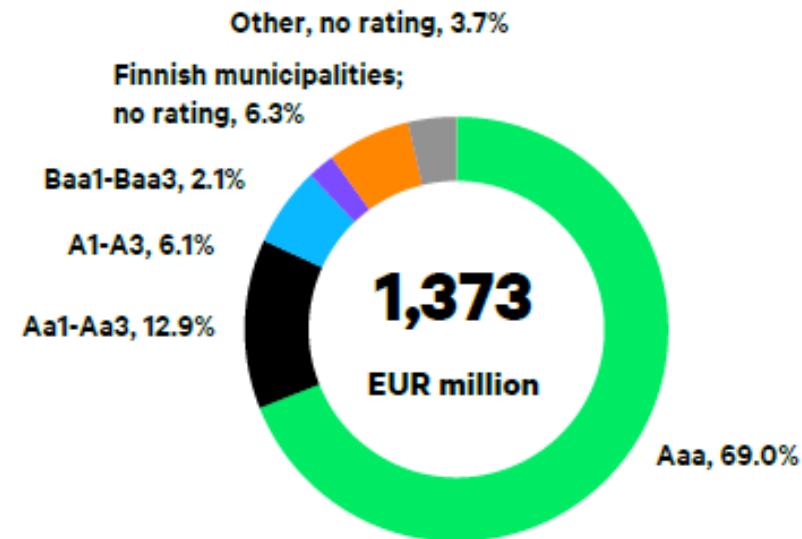
Low risk liquidity portfolio

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations.

Assets are:

- LCR and ECB eligible covered and SSA notes
- Commercial or Municipalities issued short term papers

Rating distribution 30 June 2024



Aktia Bank as covered bond issuer

Aktia Bank has issued the Covered bonds as mortgage bank under the former legislation (Act on Mortgage Credit Bank Operations, MCBA 688/2010) and under the new Finnish Covered bond legislation came into effect on 8 July 2022 (Act on Mortgage Credit Banks and Covered Bonds (151/2022)).

The legislation complies with the Directive (EU)2019/2162 and the regulation (EU) 2019/2160 of the European Parliament and of the Council.

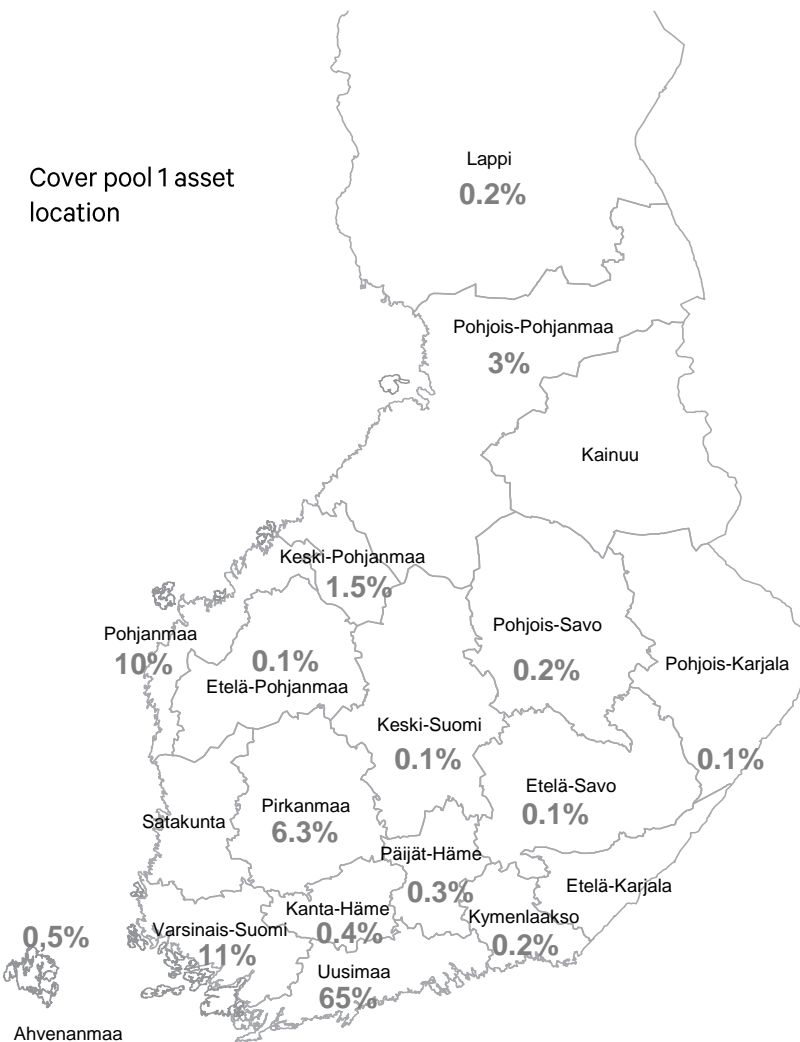
The covered bonds are issued directly from the bank's balance sheet.

- Aktia Bank issued the first EUR denominated covered bond in 2004
- The Aktia Bank mortgage loan portfolio is of very high quality:
 - Prime residential mortgage loans and loans to Housing Companies
 - Collateral located in Finland
 - Low average LTV
- Aktia Bank covered bonds issued before 8 July 2022 are CRR & UCITS, ECB repo eligible and any covered bond issued thereafter will meet the “European Covered Bond (premium)” label requirements
- Bank aims to comply with the ECBC covered bond label transparency initiative which meets the requirements of the updated legislation
- Stable access to the covered bond market is in high priority
- Aktia Bank will focus on EUR 500 million public benchmark Covered Bond issues with selective private placement offerings
- Bank has used retained Covered Bonds as collateral in ECB

Aktia Cover pool

2Q 2024

	Pool 1 (2023-)	Pool 2 (2014-2022)
Asset Pool Balance	EUR 1,209 bln. (no substitute assets)	EUR 1,211 bln. (no substitute assets)
No of loans / average loan balance	14,035/ EUR 86,155	26,144/ EUR 67,477
Types of loans	First ranking residential mortgages and pledges of shares in housing companies	First ranking residential mortgages, pledges of shares in housing companies and loans for housing companies
Asset types in cover pool	98% Residential, 2% Housing Company Loans	91% Residential, 9% Housing Company Loans
Geography	Finland only, well diversified with concentration on growth areas	Finland only, well diversified with concentration on growth areas
Non-performing loans (> 90 days in arrears)	0,0	0,0
WA indexed LTV	49.53%	46.61%
Maximum LTV	Covered Bond refinancing max LTV limit: 80%	Covered Bond refinancing max LTV limit: 70%
Interest rate	Loans exceeding LTV 80 haircut at LTV 80%	Loans exceeding LTV 70 haircut at LTV 70%
WA seasoning	floating 99%, fixed 1%	floating 90%, fixed 10%
Overcollateralisation (%)	70 months	77.8 months
Committed OC (Nominal)	20.92%	21.11%
OC Calculation: Legal Minimum	5.00%	10.00%
	2.00%	2.00%



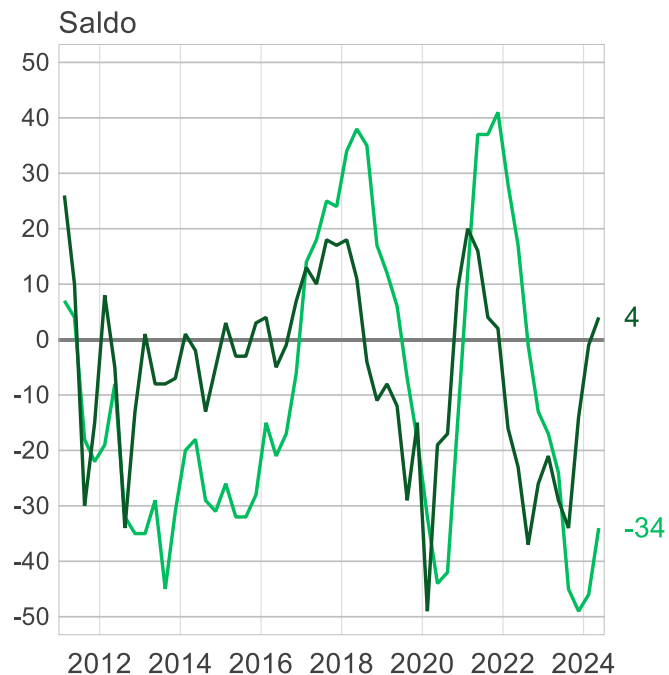
Finland Macro and Housing market update



Economic sentiment

Manufacturing industry

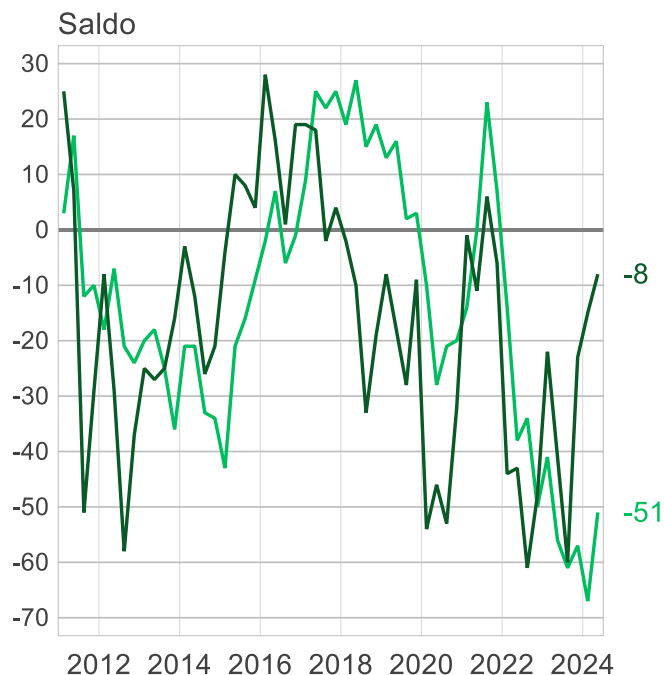
— Outlook near future — Current situation



Source: Aktia, Macrobond, EK.

Construction

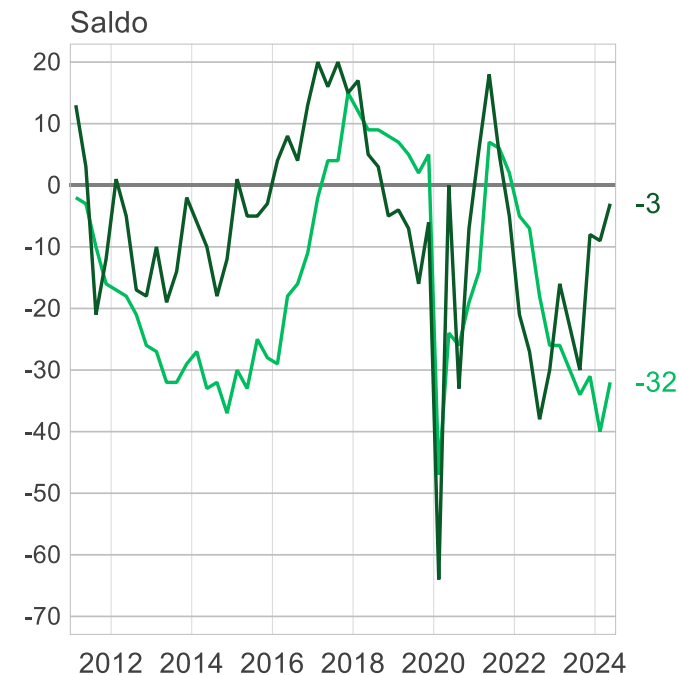
— Outlook near future — Current situation



Source: Aktia, Macrobond, EK.

Services

— Outlook near future — Current situation

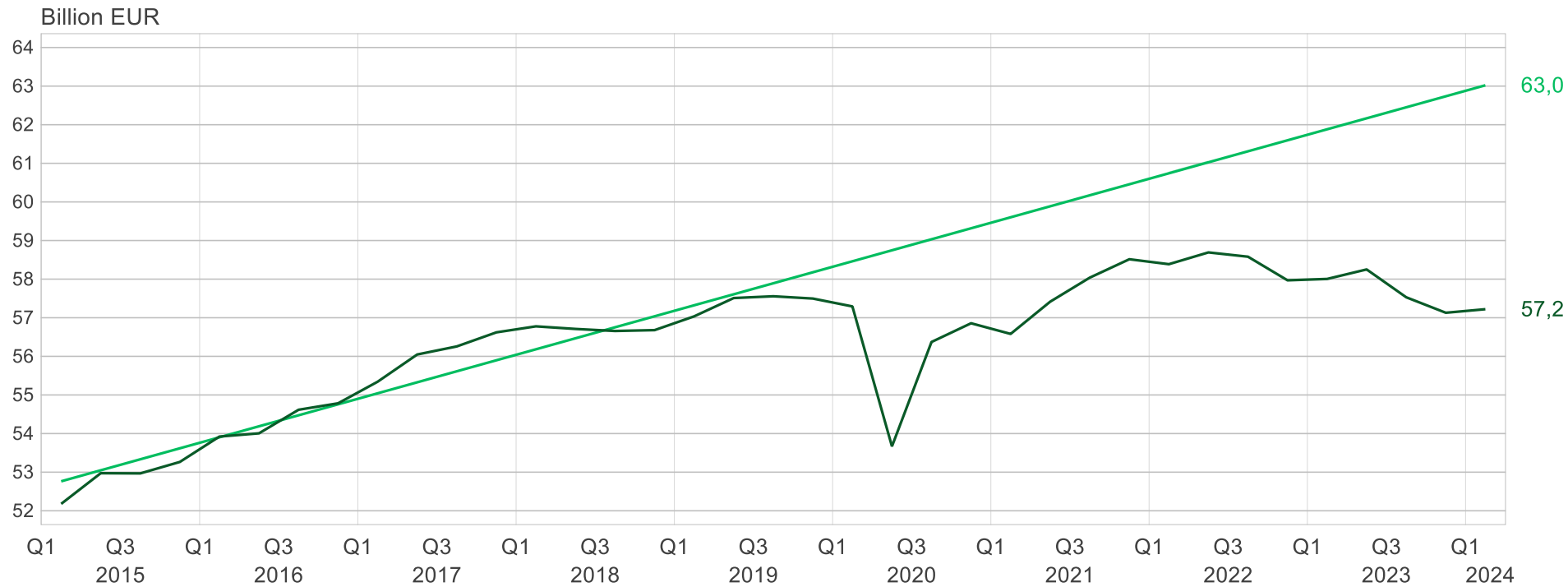


Source: Aktia, Macrobond, EK.

Gross domestic product behind trend

Finland, quarterly gross domestic product, 2015 prices

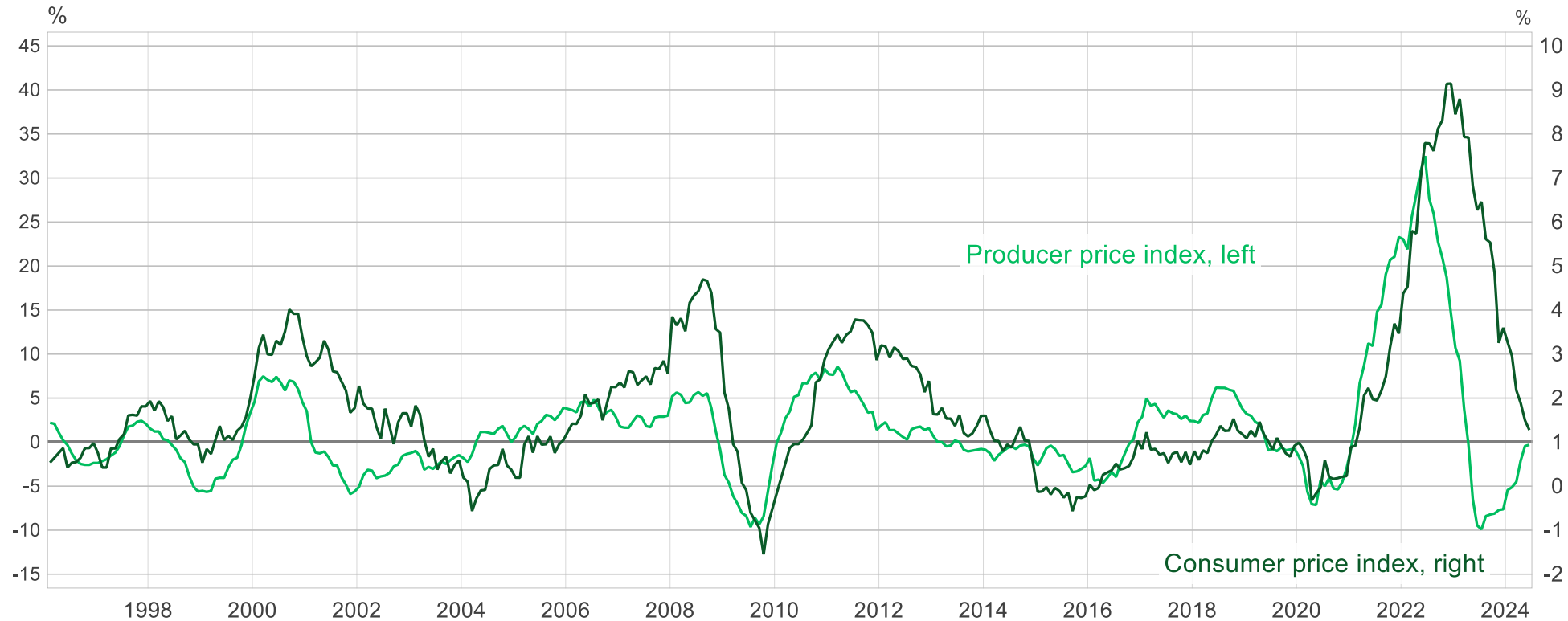
— GDP — Trend 2015-2019



Lähde: Aktia, Macrobond, Statistics Finland.

Inflation pressure is easing

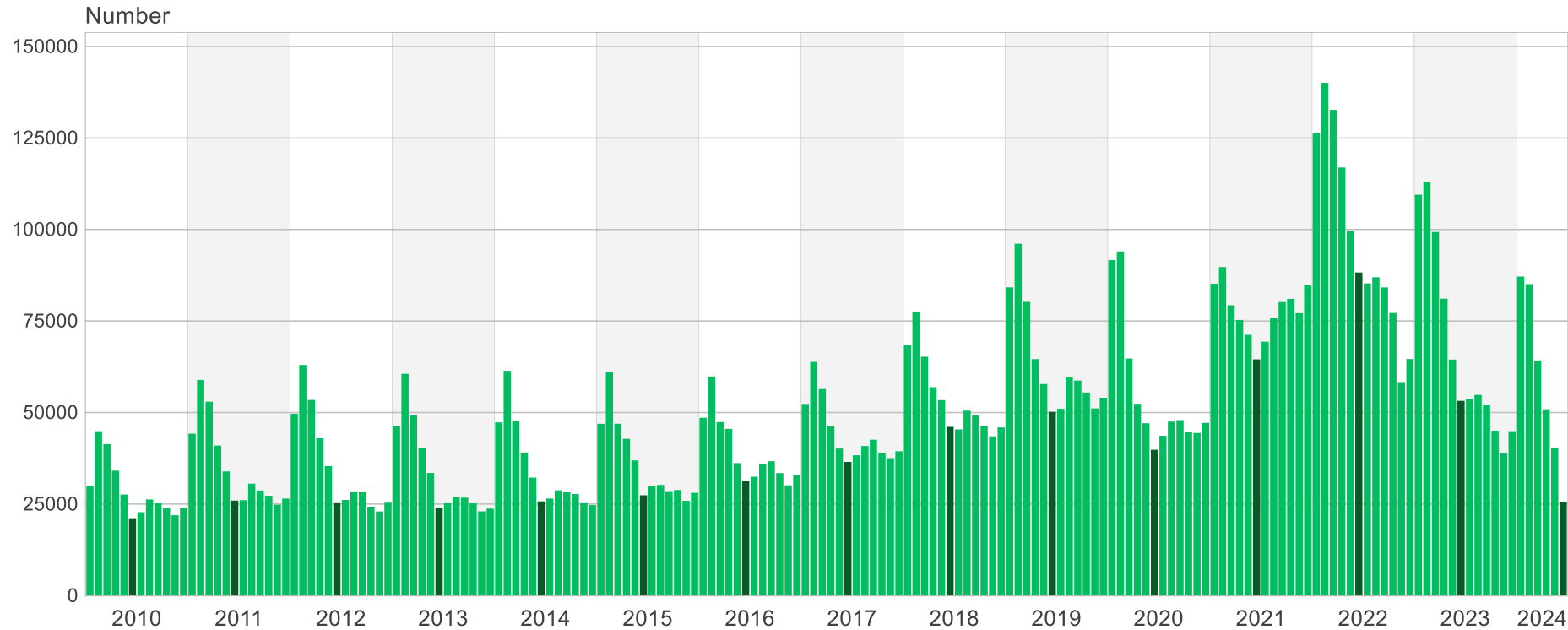
Finland, annual change in consumer and producer price indecies



Source: Aktia, Macrobond, Statistics Finland.

Labour market is normalising

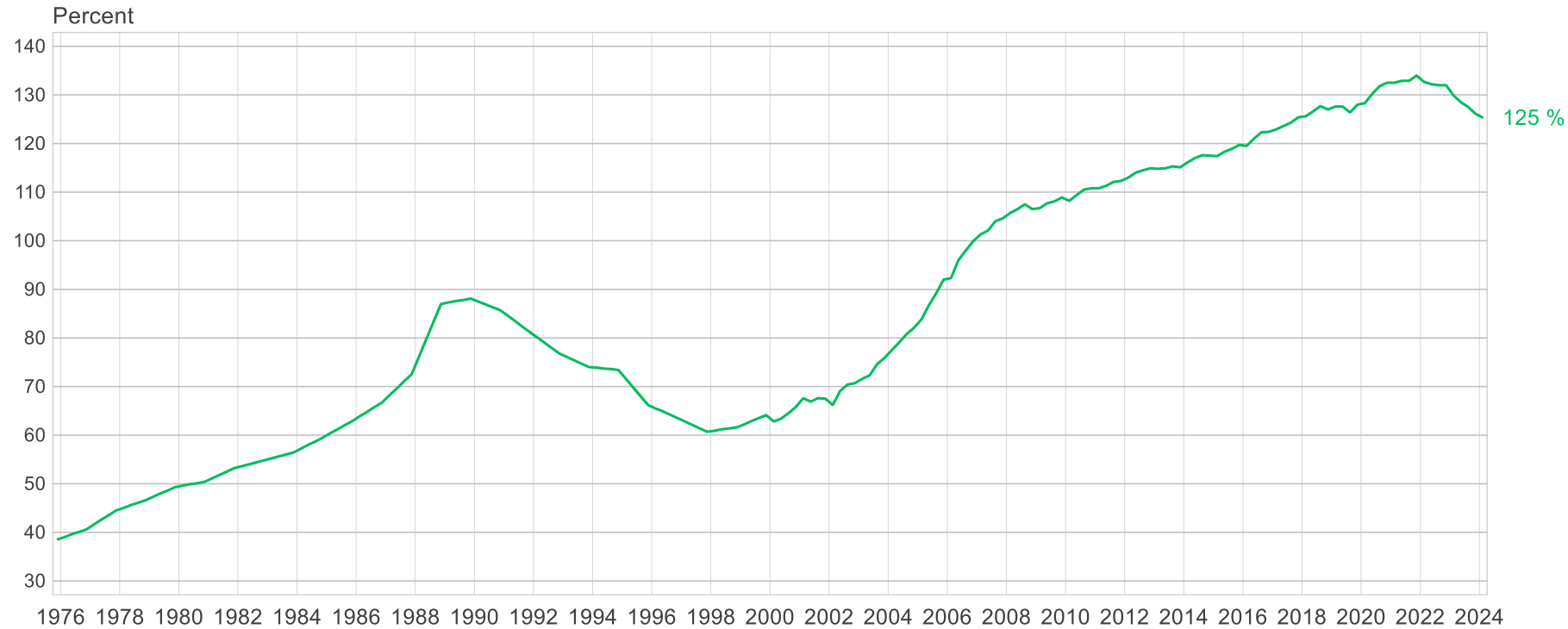
Job openings, latest observation 06/2024



Source: Aktia, Macrobond, Ministry of Economic Affairs & Employment of Finland.

Finnish household indebtedness decreasing

Finnish households' indebtedness rate

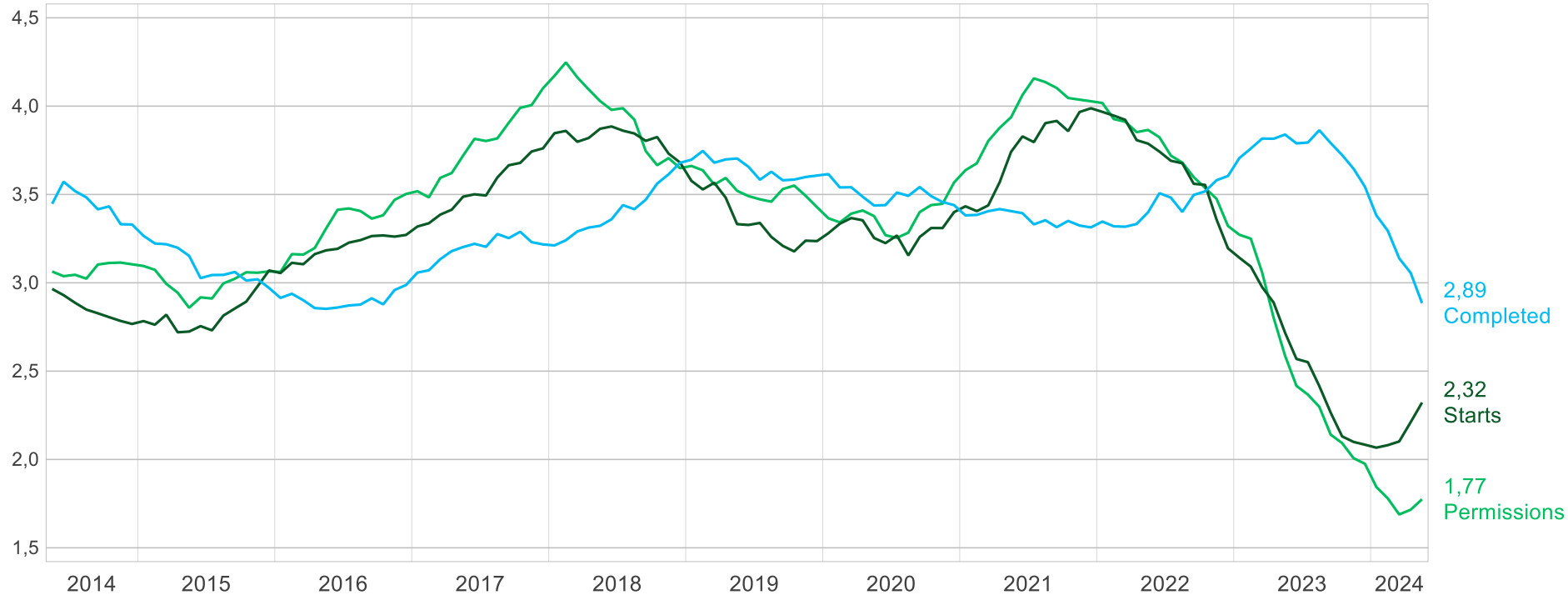


Source: Aktia, Macrobond, Statistics Finland

Residential construction starts at lows

Residential construction activity

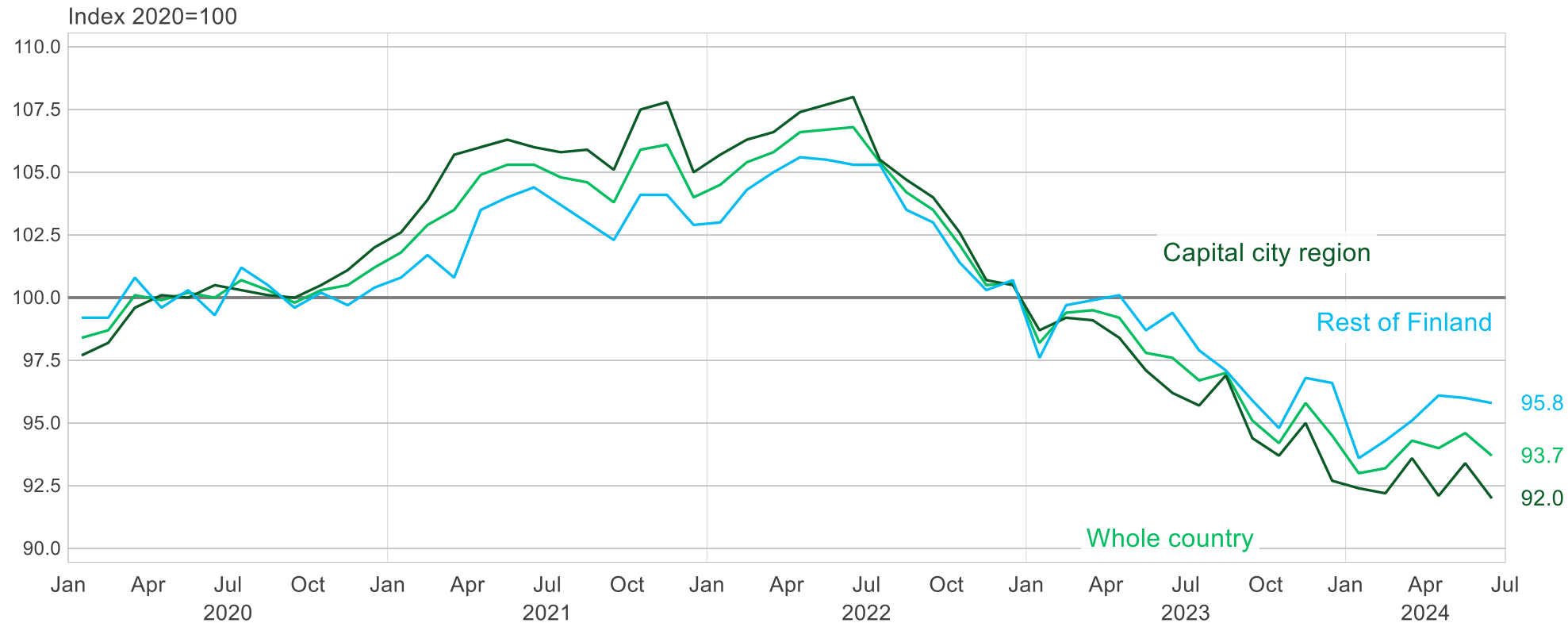
Million m2, 12 month rolling sum



Lähde: Aktia, Macrobond, Statistics Finland.

Housing prices bottomed out?

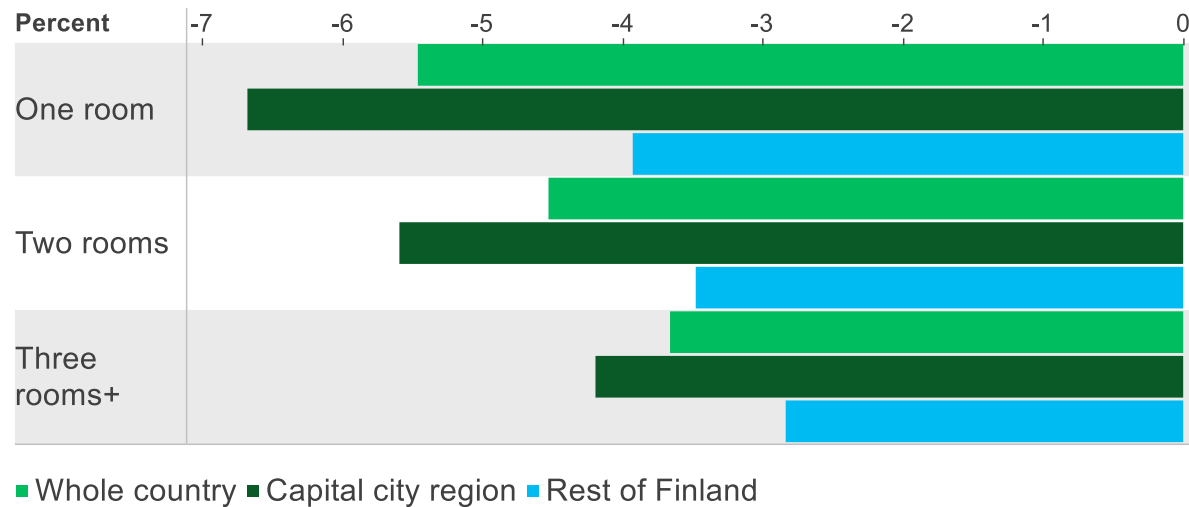
Price index of old blocks' of flats



Source: Aktia, Macrobond, Statistics Finland.

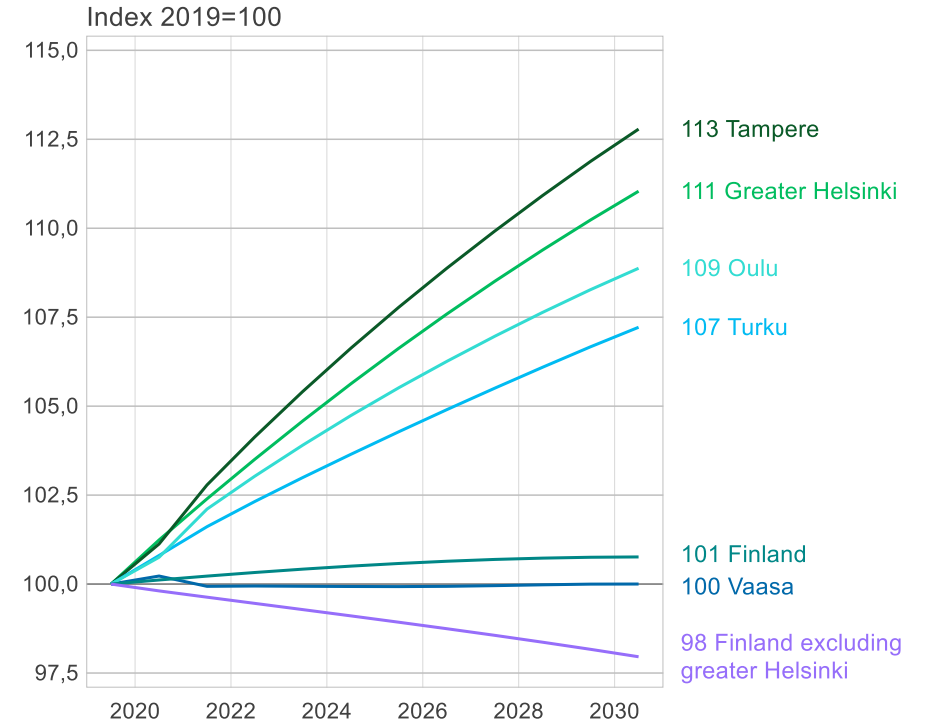
Housing market has been challenging

Annual change in prices of apartment blocks, 2024 Q2



Source: Aktia, Macrobond, Statistics Finland

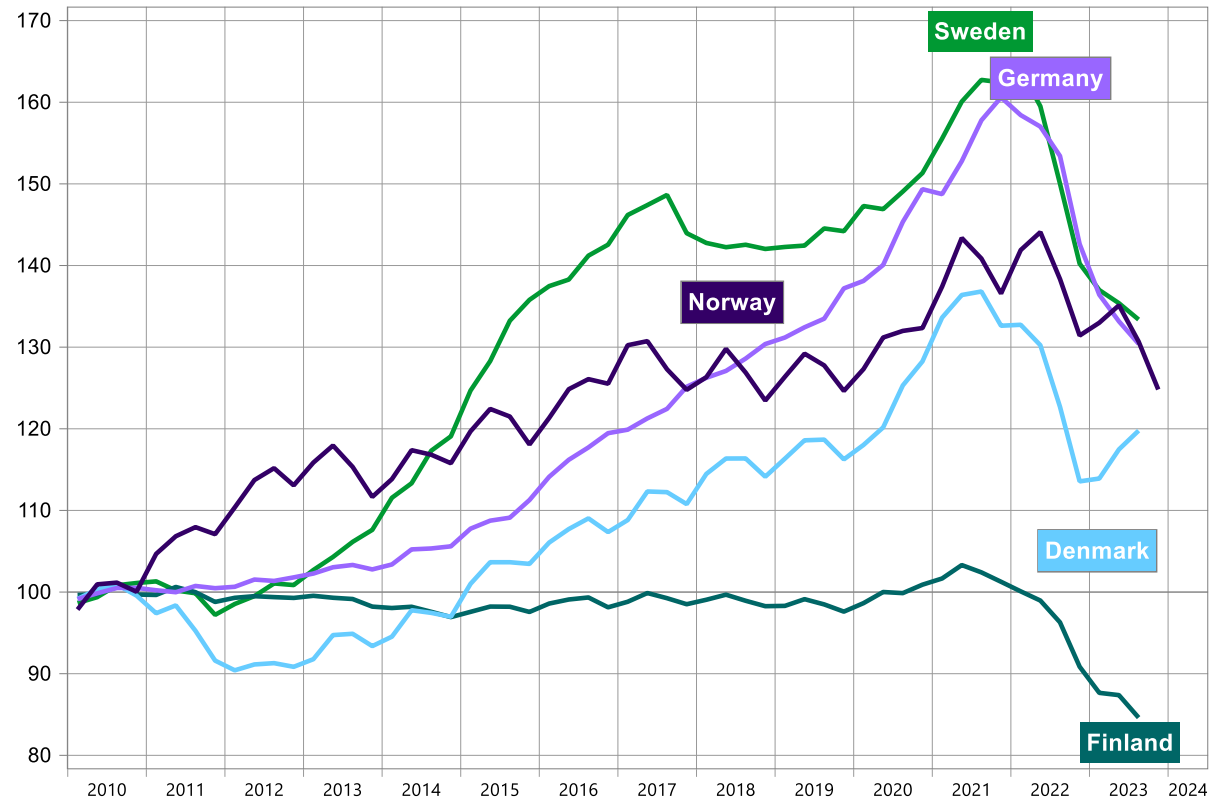
Population projection, updated 9/2021



Source: Aktia, Macrobond, Statistics Finland.

Housing market comparison

Real House Prices,



Sources: Aktia and Macrobond



Building wealth for our customers and society

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