

4 NOVEMBER 2022

Q3 Results

Debt Investor Presentation

Aktia

Highlights Q3 2022

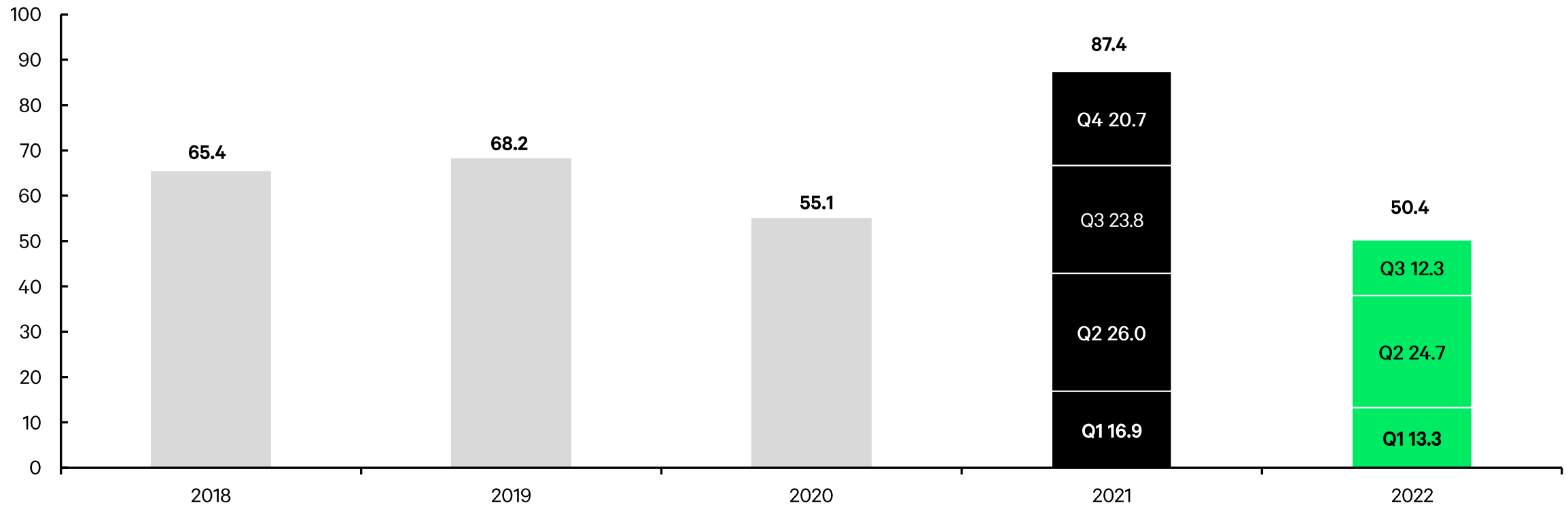
- Interest income from lending continued to grow strongly and the average margin for the entire loan book continued to improve.
- Increased funding and hedging costs weighed down net interest income.
- Net subscriptions in asset management were positive, the market decline decreased the market values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



Market decline weighed down operating profit

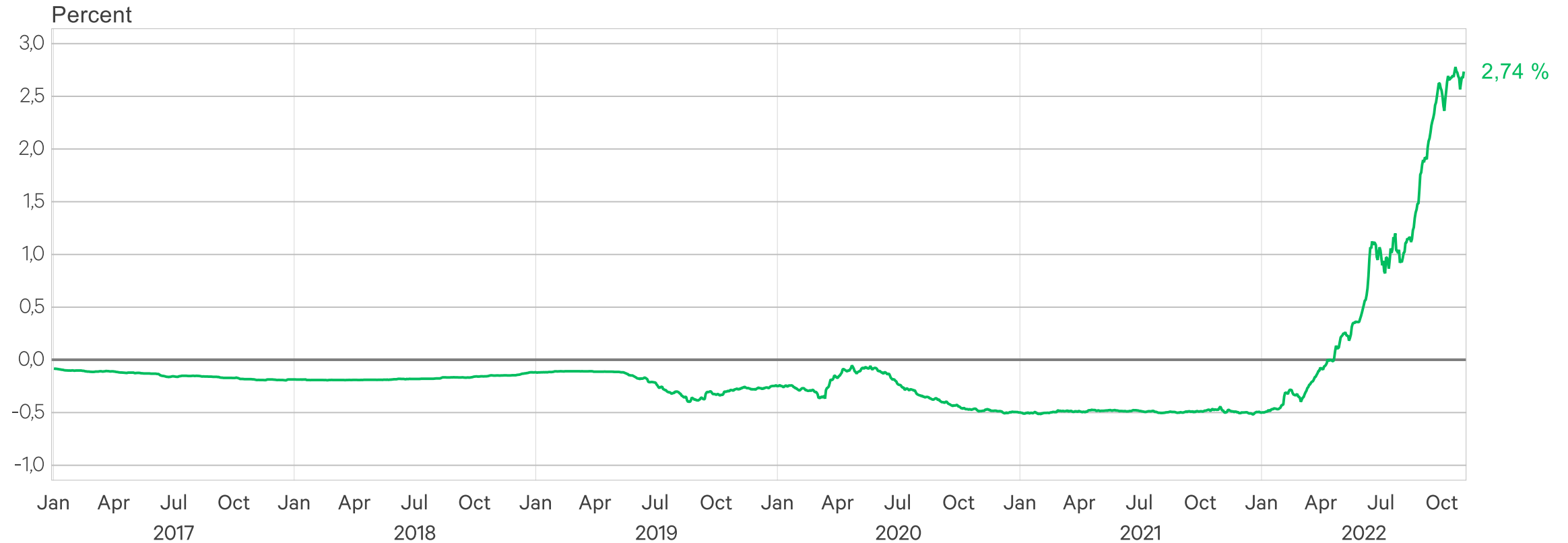
Comparable operating profit 2018–2022

EUR million



Rapid increase in housing loan interest rates

12 month Euribor rate

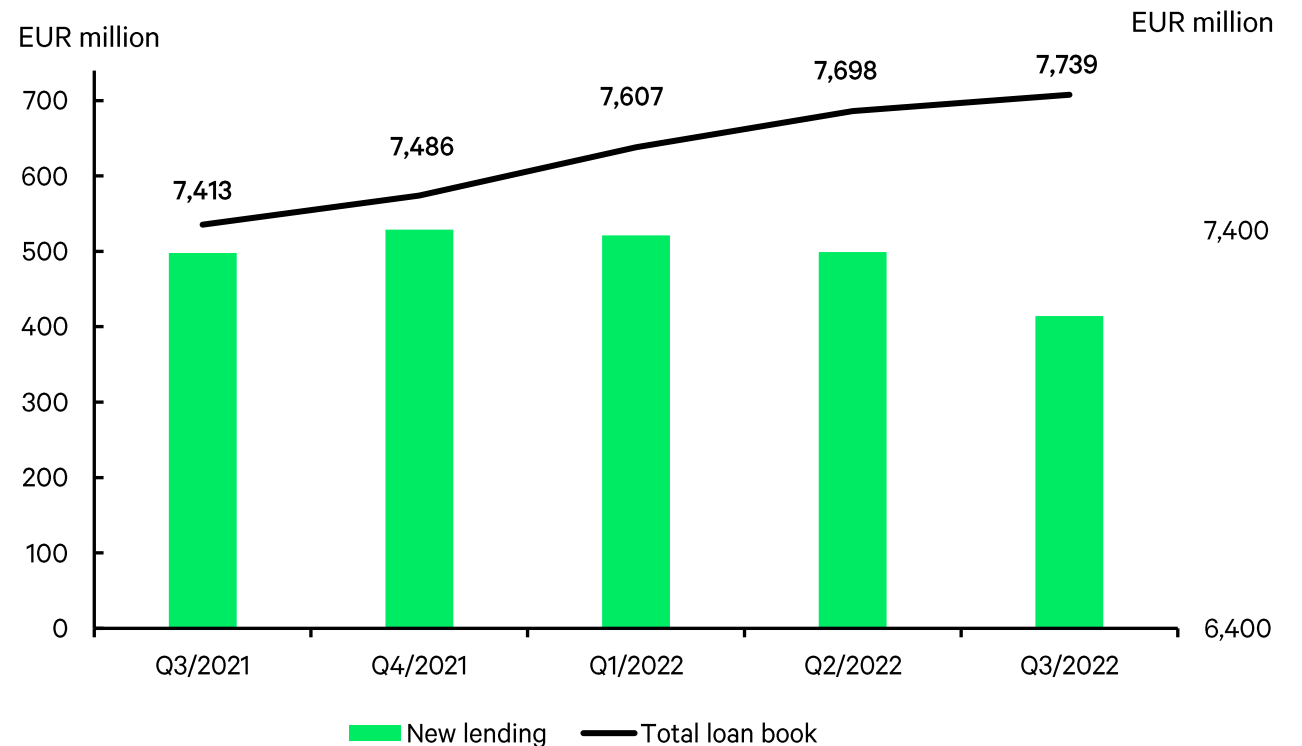


Source: European Money Markets Institute (EMMI).

Corporate customer activity at high level

- The corporate customer activity remained strong, especially asset-based financing continued to grow.
- Active pricing and volume growth increased interest income from corporate customers.
- Average margin of entire loan book continued to improve.
- Mortgage loan demand continued to decline due to uncertain market and economic environment.
- Credit quality continues to be high and credit loss provisions remained low.

Development of credit portfolio Q-o-Q



Finnair Visa Credit

Earn award points
with every purchase

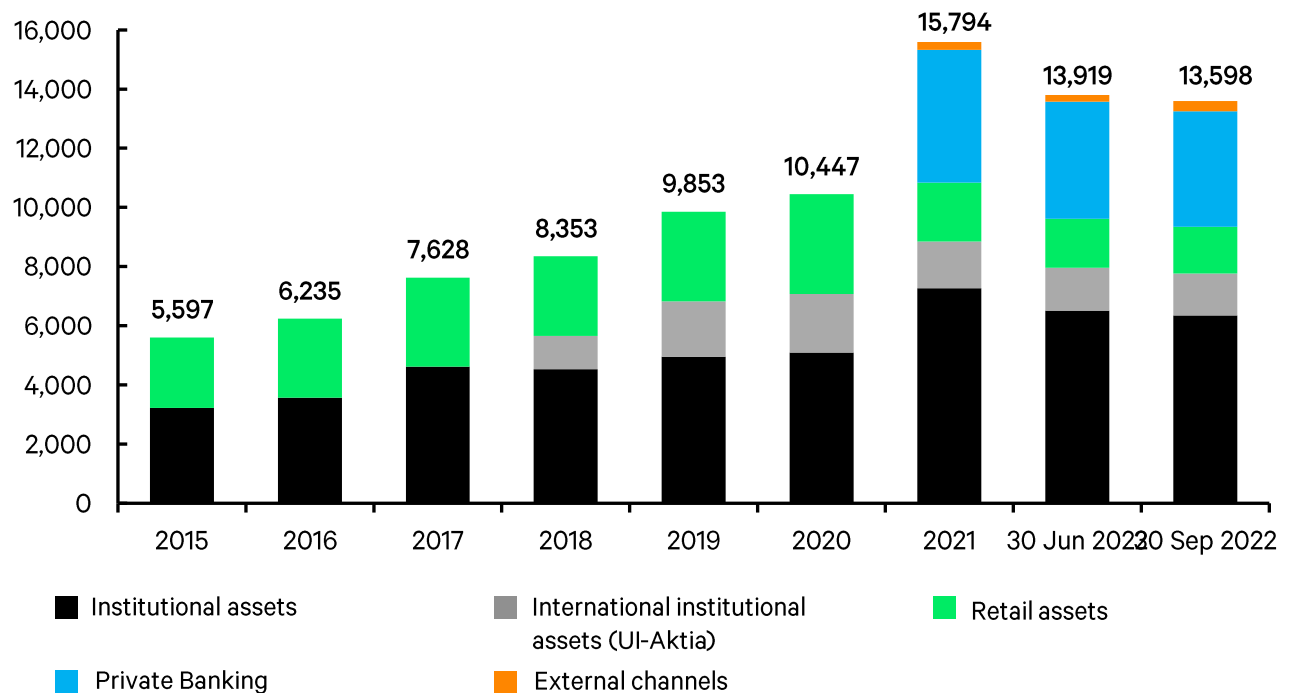


Positive net subscriptions in difficult market environment

- Net subscriptions were positive at EUR 95 million. The development was positive for both domestic institutions and private banking customers.
- AuM decreased to EUR 13.6 billion due to increasing interest rates and stock market decline.
- Aktia launched two new fund products: UI-Aktia Sustainable Corporate Bond fund and Aktia Alternative Investments fund.
- The offering of Aktia's international fund products expanded to three new markets.

Assets under Management, excluding custody

EUR million



UI-Aktia Sustainable Corporate Bond

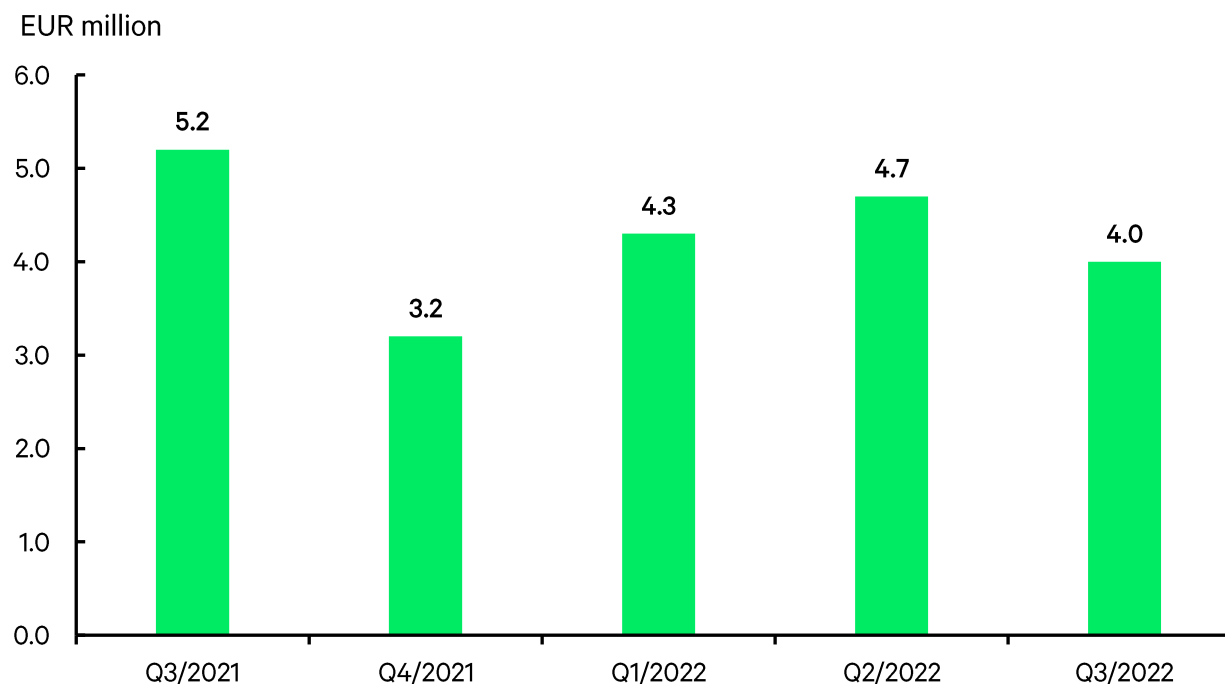
Aktia launched the new UI-Aktia Sustainable Corporate Bond fund on 1 September 2022.

In accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation the fund invests only in green, social, and responsible bonds as well as sustainability-linked bonds (SLB), and each investment object is also required to have a positive net impact, considering, for example, the impact on society and the environment.

Increase in rates continued to weigh down investment portfolio

- Life insurance business continued to develop well.
- New sales of risk life insurances remained strong.
- Net income from life insurance decreased to EUR 15.3 (27.1) million during the reporting period, mainly due to unrealised value changes in the investment portfolio.
- Solvency rose to record levels.

Development of the actuarially calculated result Q-o-Q



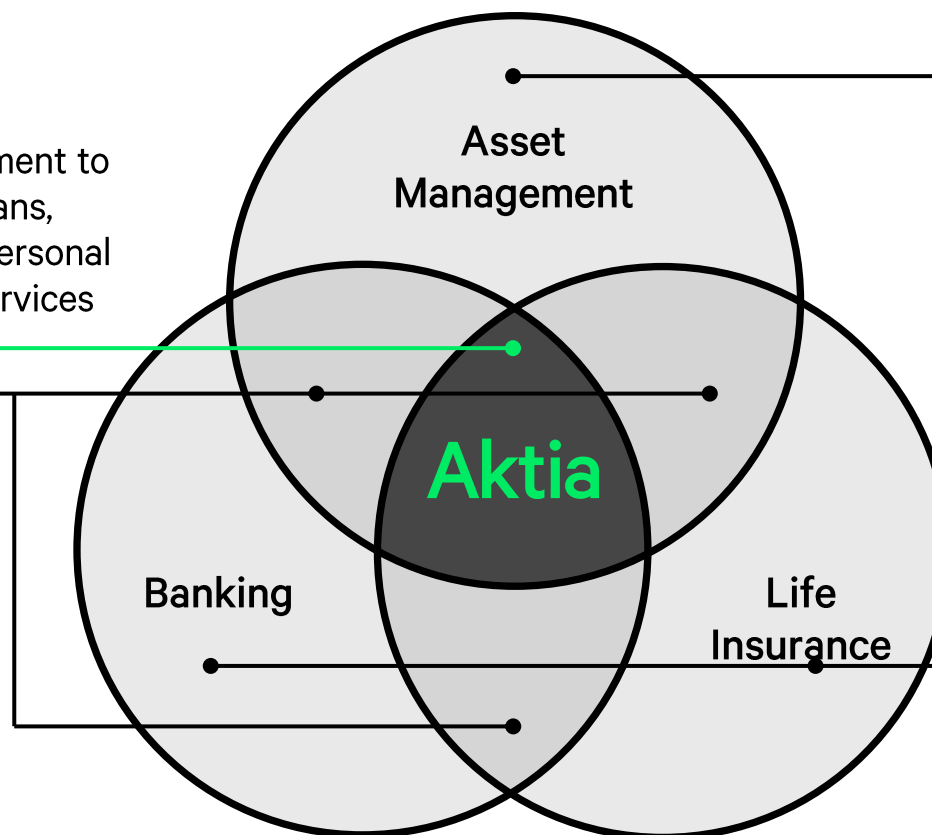
Focus on guiding customers to our focal point

Growth in our strategic sweet-spot

Offering comprehensive wealth management to our target segments, including wealth plans, financing, asset management services, personal life insurance and convenient banking services

Growth through cross-selling

Focus on cross sales and development of our current customer base



Focus on excellent customer experience and offering for single product customers

Focus on production and service cost for single product customers

Outlook 2022

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

Financial targets 2025

Comparable
operating profit
above EUR
120 million

1-9/2022;
EUR 50.4 million

Comparable return
on Equity (ROE)
above 12%

30 September 2022;
8.3%

Comparable
cost-to-income ratio
under 0.60

1-9/2022;
0.71

Common Equity
Tier 1 capital ratio
(CET1) above 1.5
percentage points
over the regulatory
requirement

30 September 2022;
2.9 percentage points over
the regulatory requirement
7.7%

Financial overview



Financial summary Q3

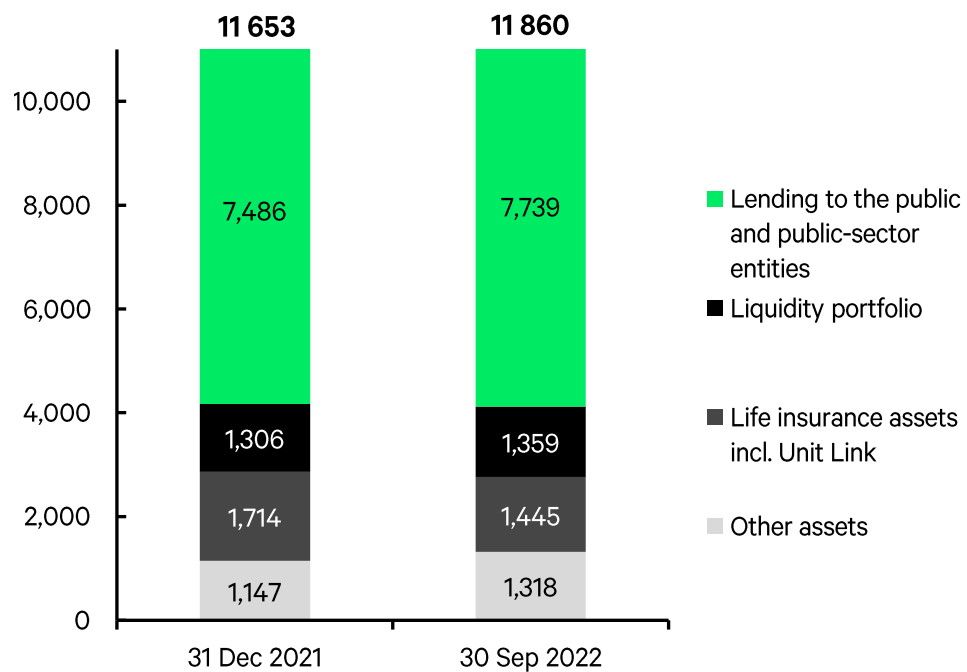
EUR million	3Q2022	3Q2021	Δ %	1-9/2022	1-9/2021	Δ %
Total operating income	56.2	67.1	-16%	186.8	198.3	-6%
Net interest income	24.0	23.1	4%	75.0	72.2	4%
Net commission income	29.9	33.5	-11%	92.9	90.3	3%
Net income from life insurance	3.4	9.7	-65%	17.9	30.1	-41%
Other income	-1.1	0.7	-262%	1.1	5.7	-81%
Total operating expenses	-42.8	-41.6	3%	-133.4	-129.2	3%
Impairments of credits and other commitments	-1.0	-1.0	1%	-3.1	-4.6	-33%
Operating profit	12.3	24.4	-49%	50.6	64.3	-21%
Comparable operating profit*	12.3	23.8	-48%	50.4	66.7	-24%
Earnings Per Share (EPS), EUR	0.14	0.28	-50%	0.57	0.72	-22%
Return on Equity (ROE), %	6.4	11.4	-44%	8.3	10.0	-17%
Cost-to-income ratio (comparable)	0.76	0.63	22%	0.71	0.64	12%
Common Equity Tier 1 capital ratio, %	10.6	10.4	2%	10.6	10.4	2%

*) Excl. items affecting comparability

Balance sheet total EUR 11 860 million

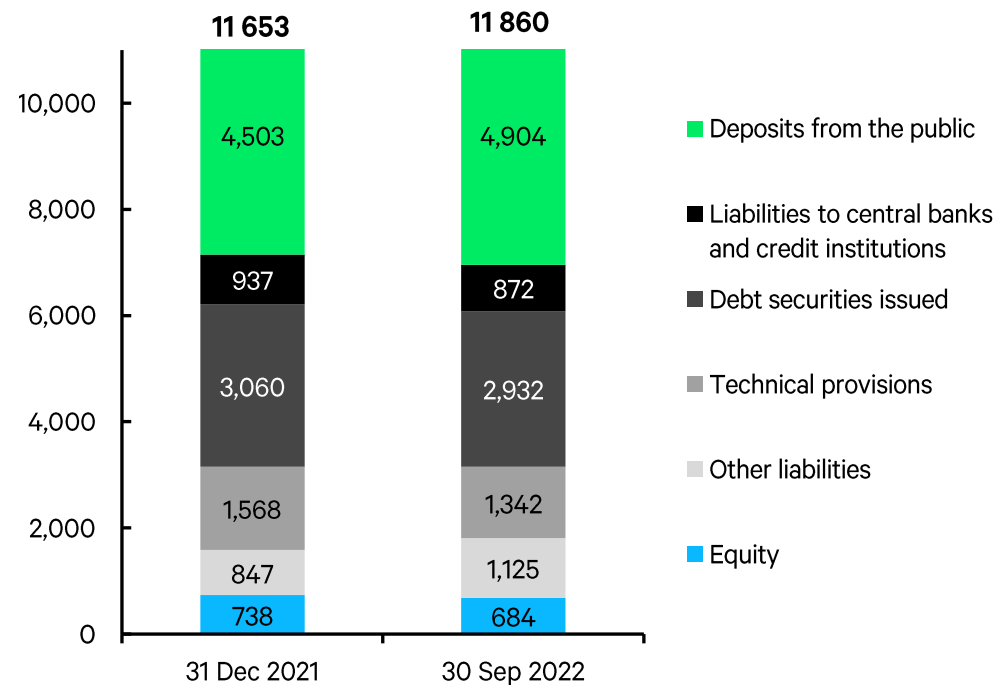
Total assets

EUR million



Total liabilities and equity

EUR million

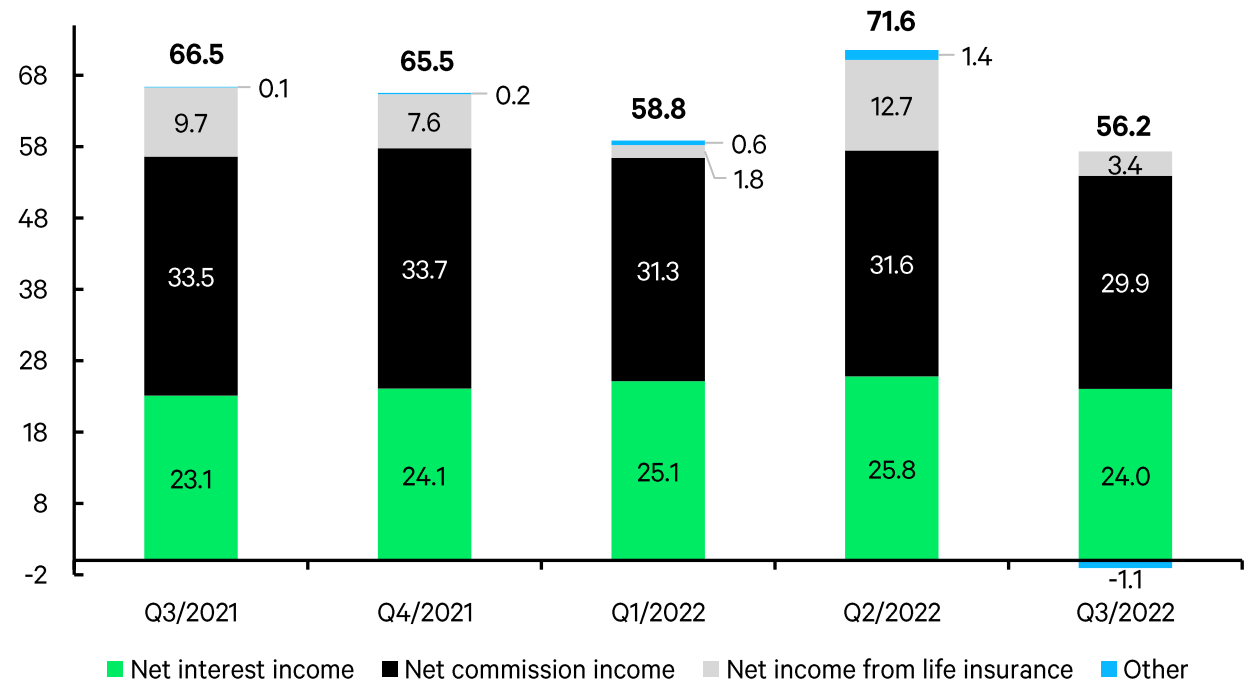


Rising interest rates increased interest income from lending

- Interest income from lending continued to grow strongly
- Net interest income was weighed down by increase in funding and hedging costs
- The market decline weighed down the market values and net commission income of the funds over the past quarter.
- Net income from life insurance decreased from the reference period as a result of negative value changes in the investment portfolio.

Comparable operating income, Q-o-Q

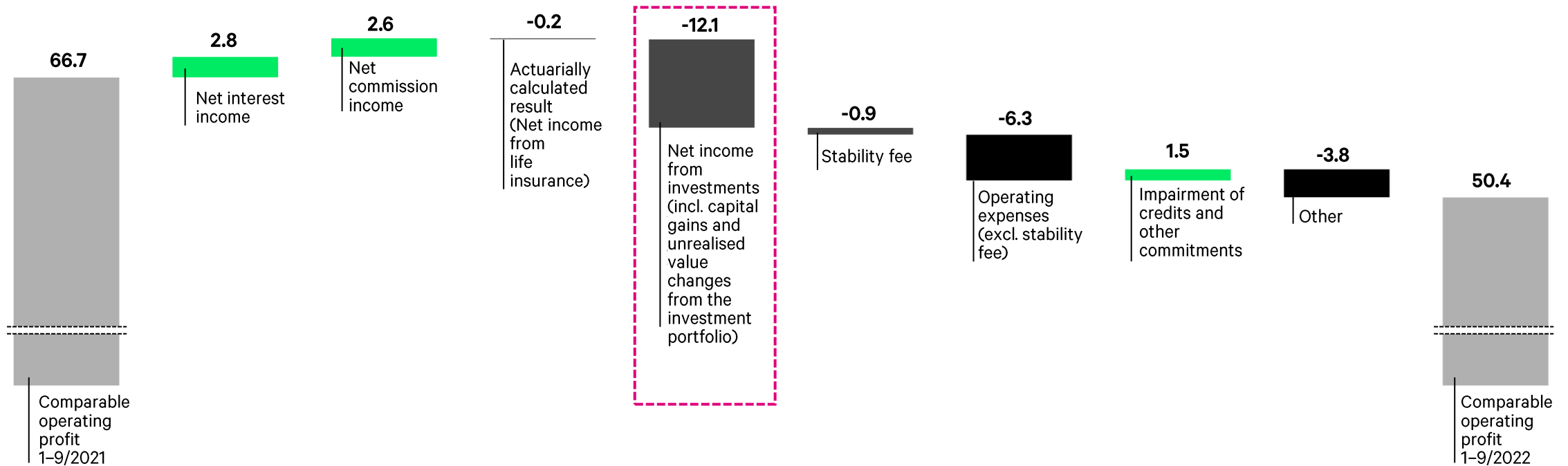
EUR million



Underlying profit remained stable despite negative changes in market values

Comparable operating profit 1–9/2022 vs 1–9/2021

EUR million



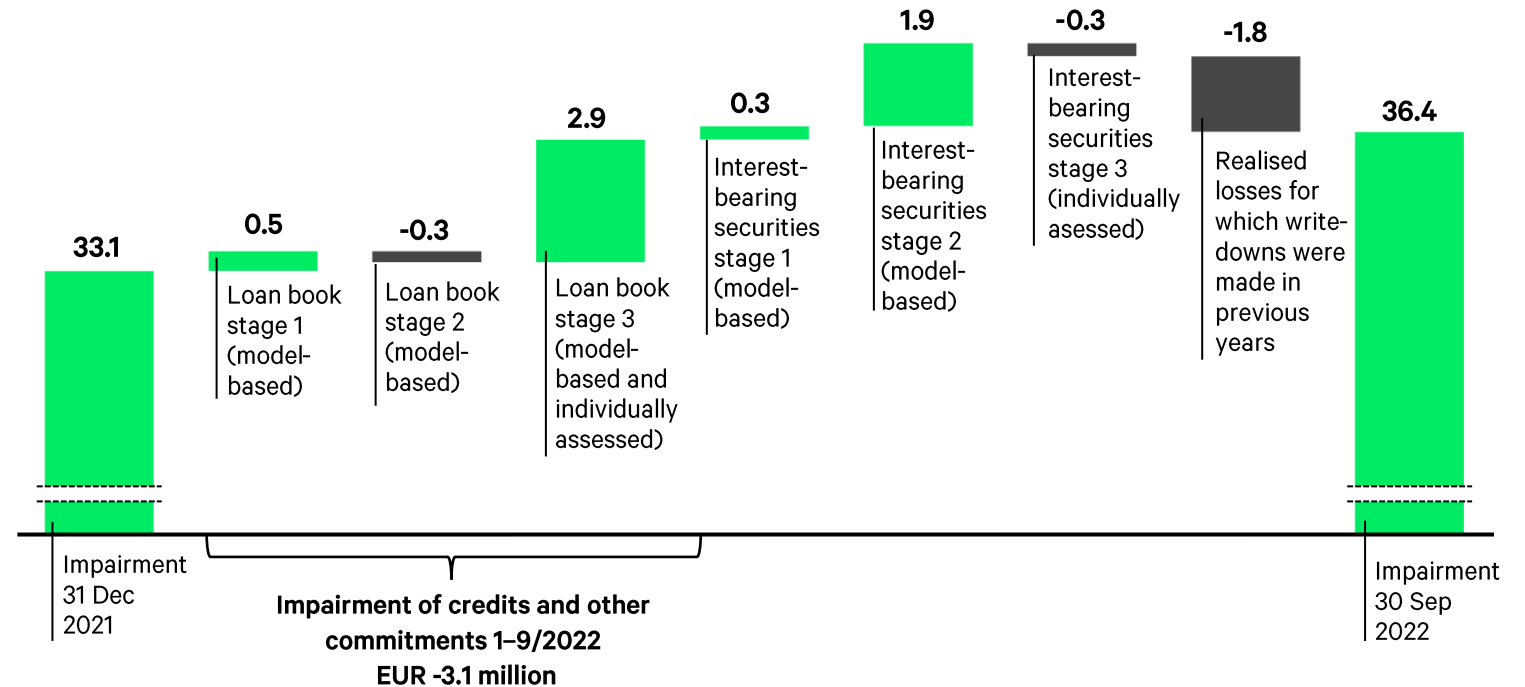
+1% underlying profit growth (without change in unrealised value changes, profit from the divestment of a property investment, realised profits from sales in the Bank's liquidity portfolio, impairments of credits and other commitments, stability fee and project-related one-off expenses)

Expected credit losses at a moderate level

- Reservations for expected credit losses increased by EUR 2.5 million in Q3, cumulative increase totaling at EUR 5.0 million (income statement)
- We have not observed any major new risk concentrations in our credit portfolio.

Change in expected credit losses (ECL) 1–9/2022

EUR million



The Debt Investment case

Credit ratings

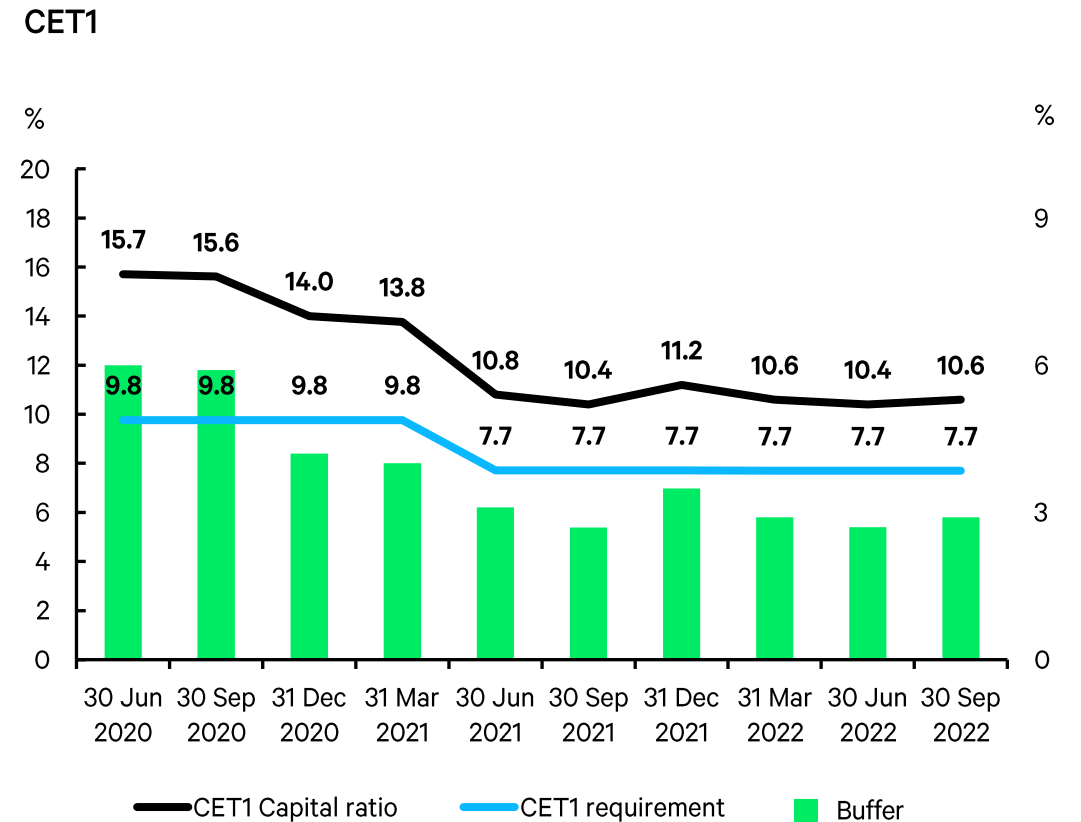
Moody's: A2 / P-1, stable, Covered Bonds: Aaa

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

Aktia

CET1 ratio 2.9 percentage points above the requirement

- The CET1 ratio was 10.6% and increased from Q2 by 0.2 percentage points.
- The risk-weighted assets decreased by EUR 6 million in 3Q. Increase from the beginning of the year was EUR 143 million, driven by growth in corporate lending.
- The fair value reserve has been negatively affected by the steep rise in interest rates, which in turn has weakened the Bank's CET1 capital by approx. EUR 41 million over the first nine months of the year. During the third quarter, the decrease was only 2 million, as most of the interest rate risk has been hedged.
- Aktia Life Insurance Ltd paid a dividend of EUR 15 million to the parent company in June and 20 million in March, which strengthened the Bank's CET1 capital.



CET1 ratio above the requirement

- Minimum CET1 requirement ratio is 7.71 % (3Q22 CET1 10.6%).
- Total minimum capital ratio requirement 11.76% (2Q22 Total capital:14.7%).
- Aktia Bank Group's leverage ratio was 3.7% (4Q21 3.9%).
 - Tier 1 capital EUR 385.1 million
 - Total exposures EUR 10,488.9 million
- The Finnish Financial Stability Authority has set the MREL requirement for Aktia Bank at twice the minimum capital requirement, at least 8% of the balance sheet total.
 - MREL requirement EUR 612.5 million
 - Own funds and eligible liabilities EUR 1,568.3 million

Capital requirement	%
Pillar 1 req	4.5%
Pillar 2 CET1 req	0.70%
Capital Conservation buffer	2.5%
Counter Cyclical buffer	0.01%
Systemic Risk buffer**	0.0%
Total CET1 % req	7.71%
AT1 Capital	1.5%
Pillar 2 AT1 req	0.23%
Tier 2 Capital	2.0%
Pillar 2 Tier 2 req	0.31%
Total Capital Requirement	11.76%

Funding activities

- During the Q3 Debt Capital Market has been further challenged by the swift increase of rates and the investor appetite has been focusing on issued Covered Bonds instead of credit risk instruments. Senior issuance margin levels have widened nearly three folded during 2022.
- During Q3 2022, Aktia completed 4 senior preferred private placement transactions. The total volume has been approximately EUR 107 million with maturities in the range of 2–5 years. Aktia was able to execute deals both in SEK and EUR markets.
- The bank will continue to issue senior debt during the rest of the year 2022 to prefund some redeeming notes at the beginning of 2023 and to convert some of the short-term money market funding to longer term issuance.
- The bank is planning also to continue issuing limited amount of Non-Preferred Senior notes going forward.
- Aktia's liquidity continued to be at solid level, the LCR ratio being 183% at the end of Q3. Due to the challenging market condition the excess liquidity has been invested to short term money market instruments and deposited to the Central Bank.



High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 183%.

The unencumbered assets in the liquidity portfolio, which can be used as a liquidity reserve, including cash and balances with central banks, had a market value of EUR 1,689 million on 30 September 2022 (4Q21: EUR 1,571 million).

All assets are LCR eligible.

Unencumbered Liquidity reserve, market value

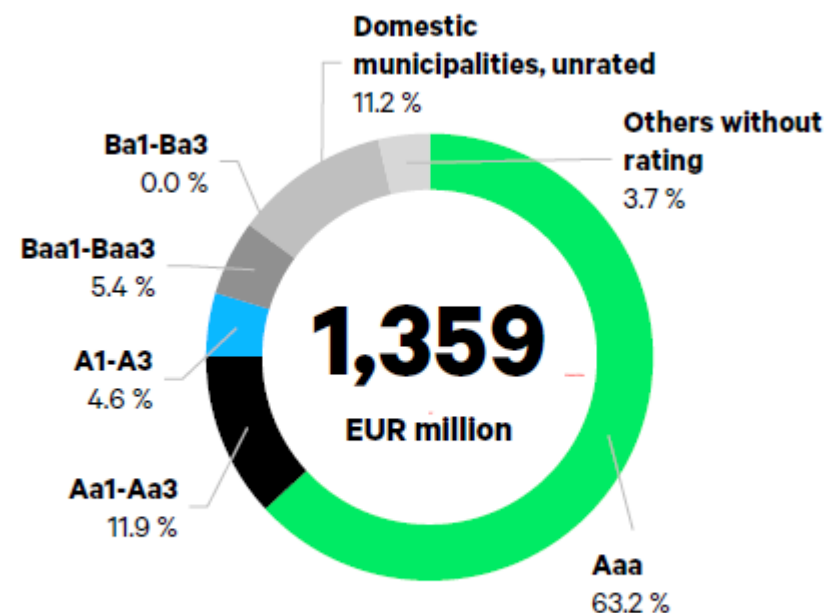
EUR million	30 Sep 2022	31 Dec 2021
Cash and holdings in central banks	647	681
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	202	222
Securities issued or guaranteed by municipalities or Public sector entities	152	155
Covered bonds	687	514
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
Total	1,689	1,571

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



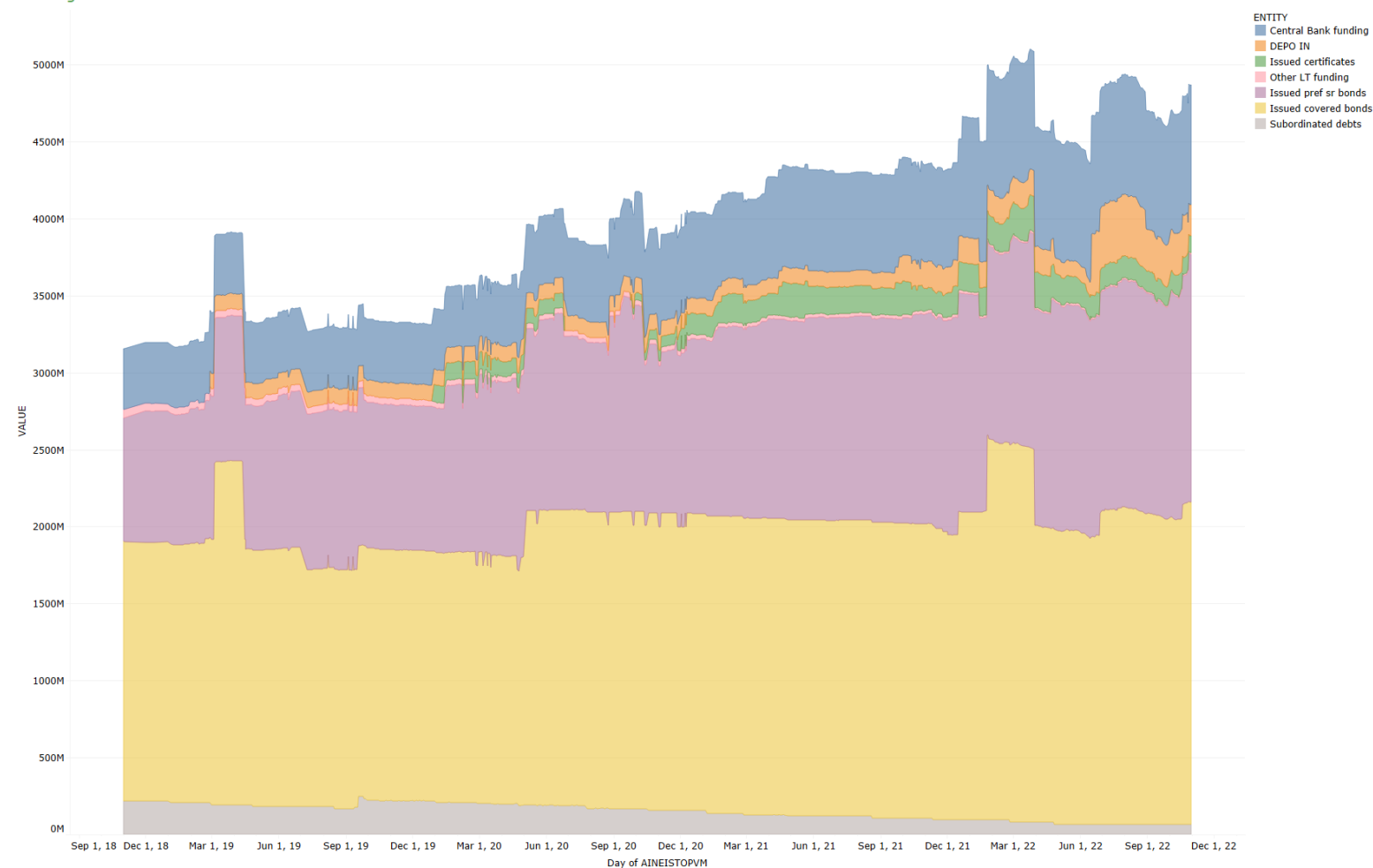
Sound funding profile

Covered Bond issuance and customer deposits dominate

Borrowing from the public and public-sector entities increased to EUR 4,904 (4,503) million. Aktia's market share of deposits was 3.0% (3.0%) at the end of September 2022.

The value of bonds issued by Aktia Bank totalled EUR 2,826 (2,917) million. The total is excluding the EUR 600 million retained Covered Bonds.

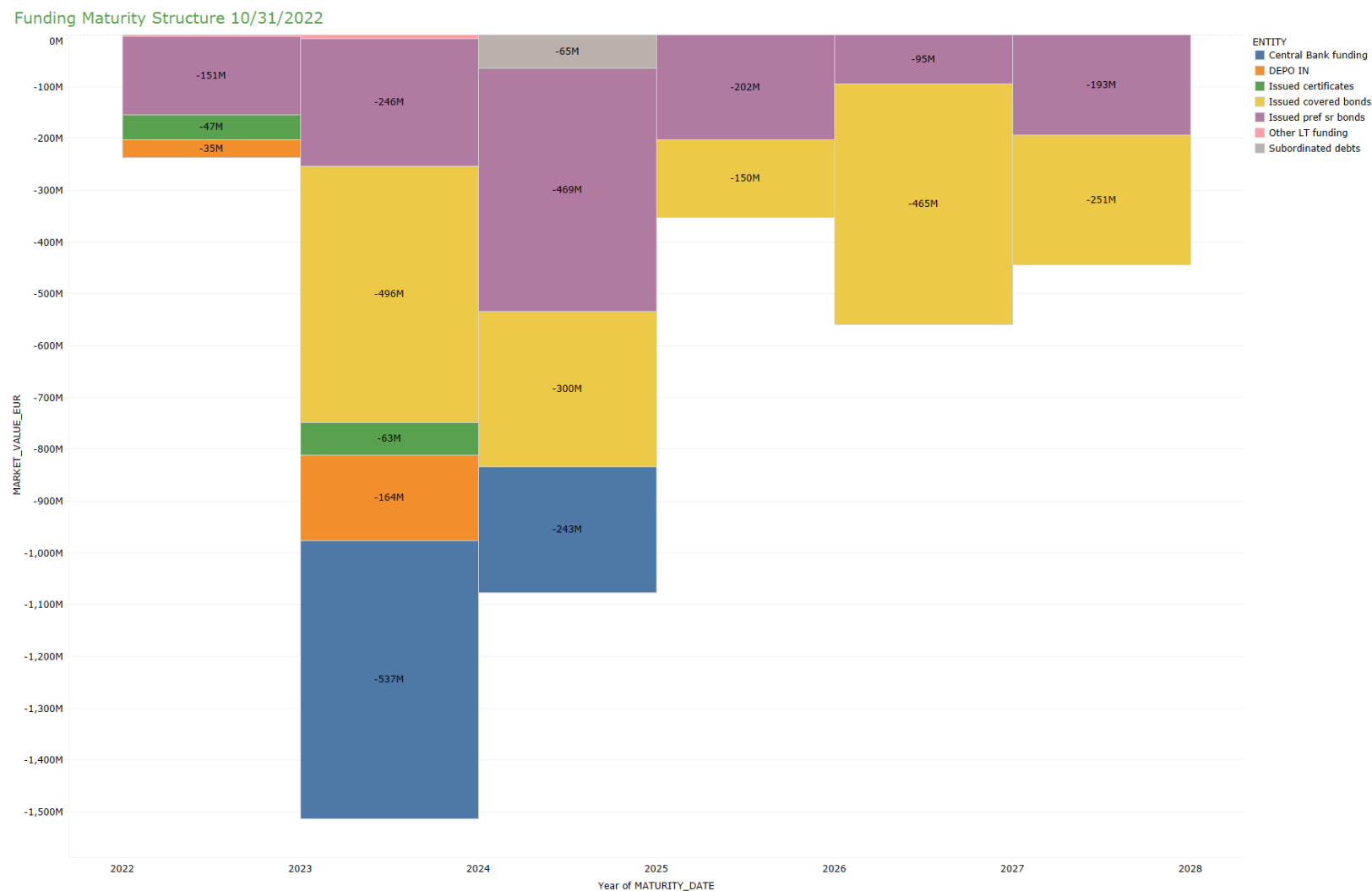
Funding Structure



Redemption schedule

2023
redemptions
requires good
planning

Prefunding early
2023 is possible



Aktia Bank as covered bond issuer

Aktia Bank has issued the existing Covered bonds under the legislation as mortgage bank (Act on Mortgage Credit Bank Operations, MCBA 688/2010). The covered bonds are issued directly from the bank's balance sheet.

The new Finnish Covered bond legislation came into effect on 8th July 2022. The legislation complies with the Directive (EU)2019/2162 and the regulation (EU) 2019/2160 of the European Parliament and of the Council

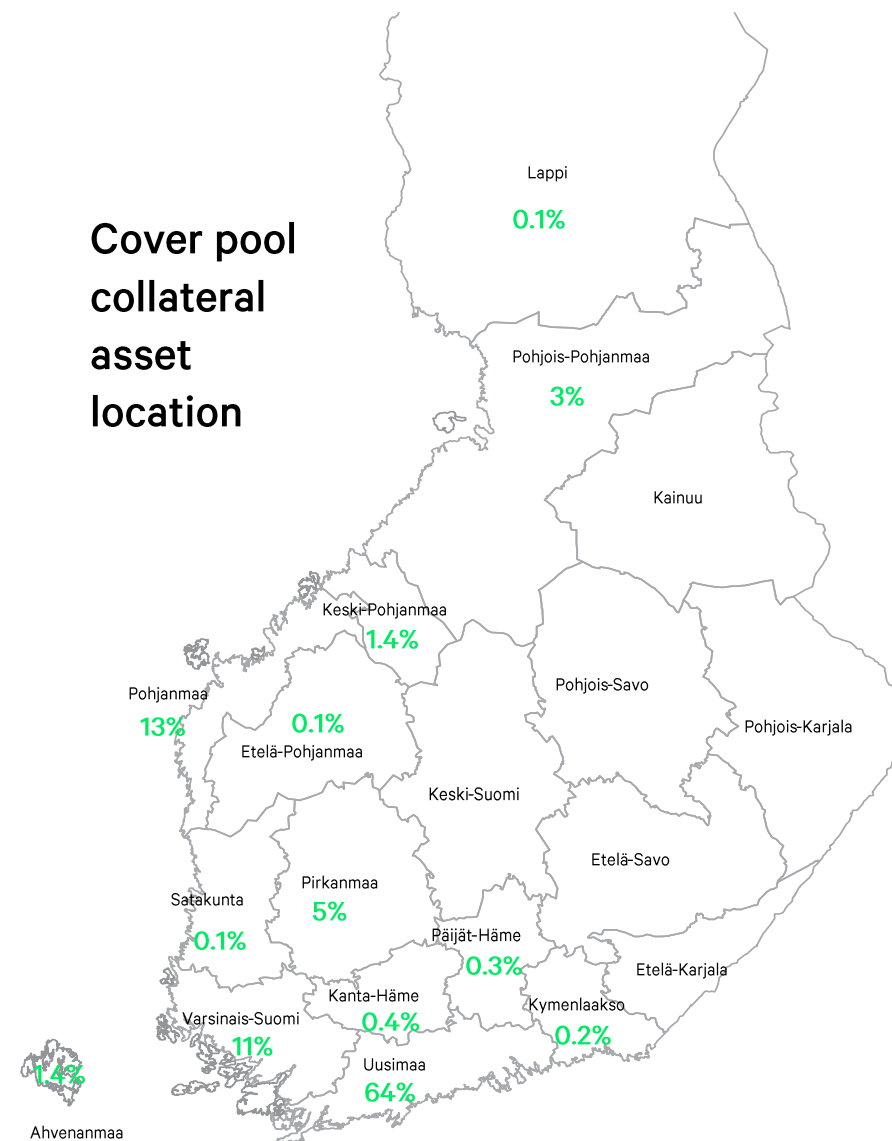
- The Aktia Bank mortgage loan portfolio is of very high quality:
 - Prime residential mortgage loans and loans to Housing Companies
 - Collateral located in Finland
 - Low average LTV
- Aktia Bank covered bonds are CRR & UCITS, ECB repo and CBPP eligible
- Bank aims to comply with the ECBC covered bond 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

3Q 2022

Cover pool	
Total asset pool (No substitute assets)	EUR 2,541 million
No of loans / average loan balance	35,668 / EUR 71,248
Types of loans	First ranking residential mortgages, pledges of shares in housing companies and loans to housing companies
Geography	Finland, well diversified with concentration on growth areas
Non-performing loans > 90 days in arrears	0.0
WA indexed LTV	46.55%
Maximum LTV	LTV limit: 70%
Interest base	floating 95%, fixed 5%
WA seasoning	65.2 months
Overcollateralisation (%)	21.01% (committed 10%)
Moody's Collateral Score	5.00%

Cover pool collateral asset location

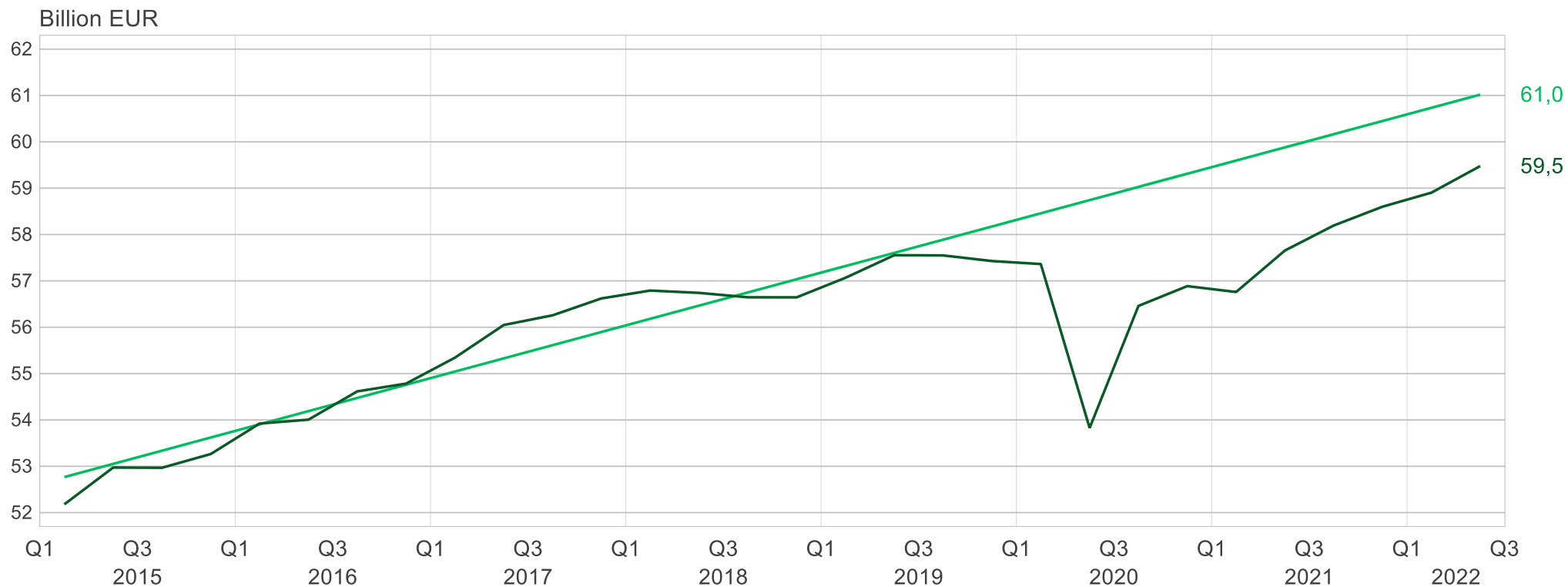


Finland – a responsible Nordic welfare economy

Gross domestic product behind trend

Finland, quarterly gross domestic product, 2015 prices

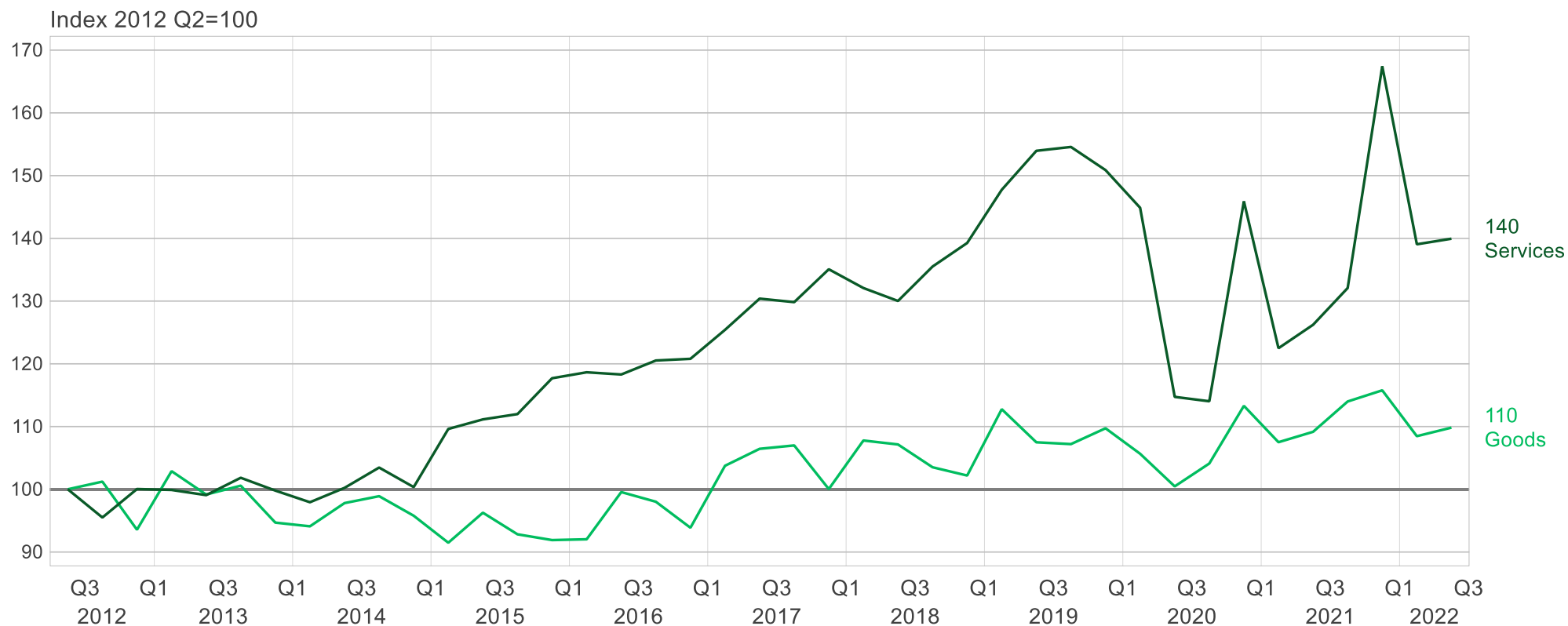
— GDP — Trend 2015-2019



Lähde: Aktia, Macrobond, Statistics Finland.

Service exports supported by weak euro

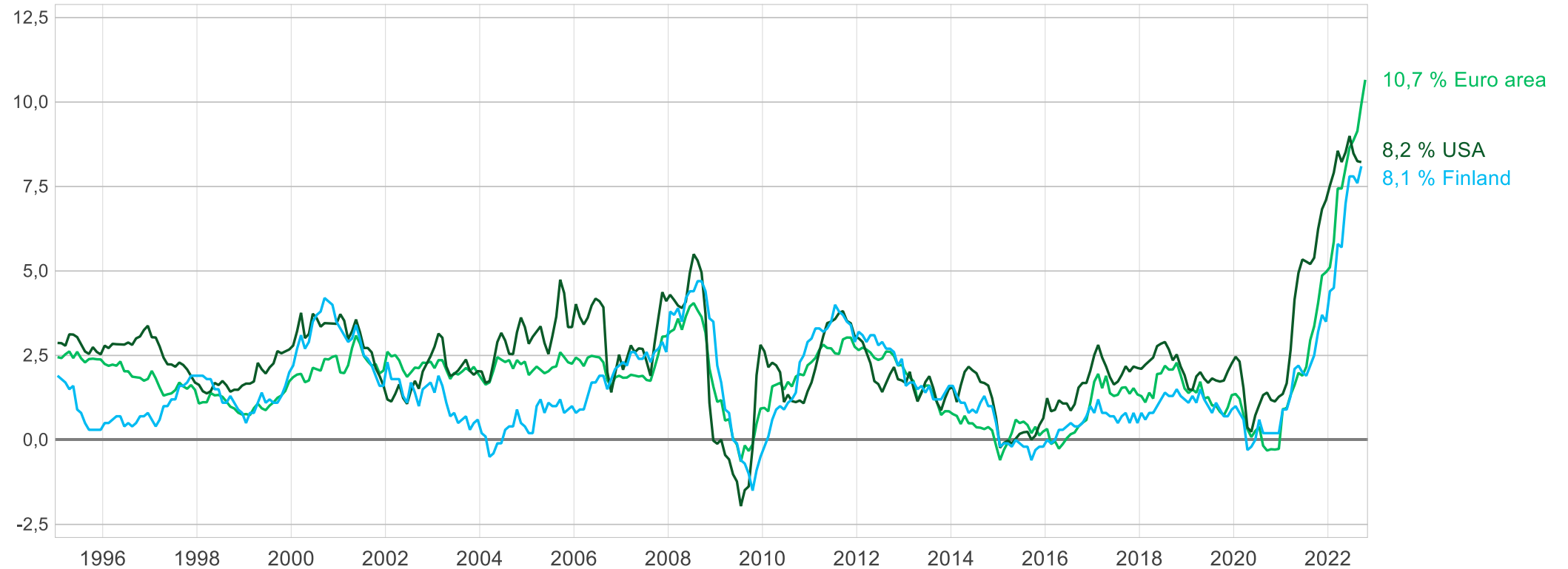
Finland, export of goods and services



Source: Aktia, Macrobond, Statistics Finland.

Inflation at record levels

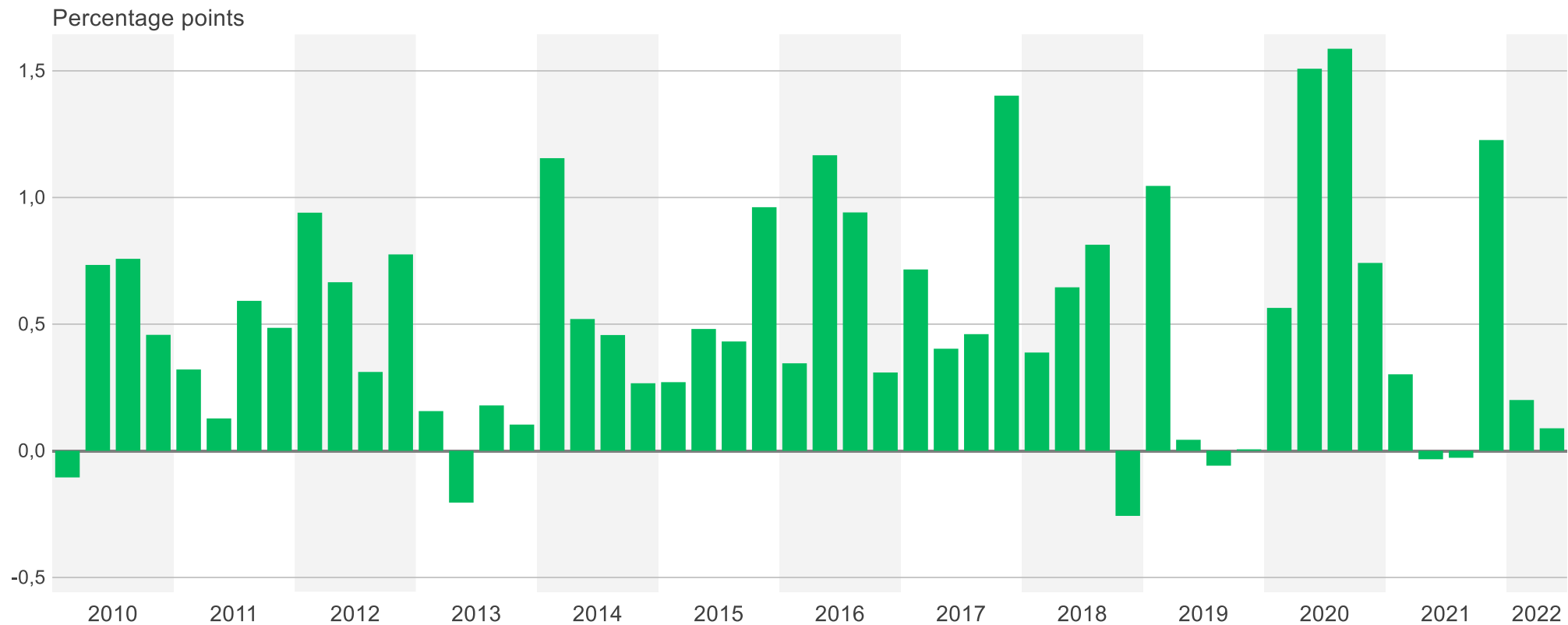
Inflation
Percent



Source: Aktia, Macrobond, Eurostat, U.S. Bureau of Labor Statistics (BLS), Statistics Finland.

Household indebtedness is not growing

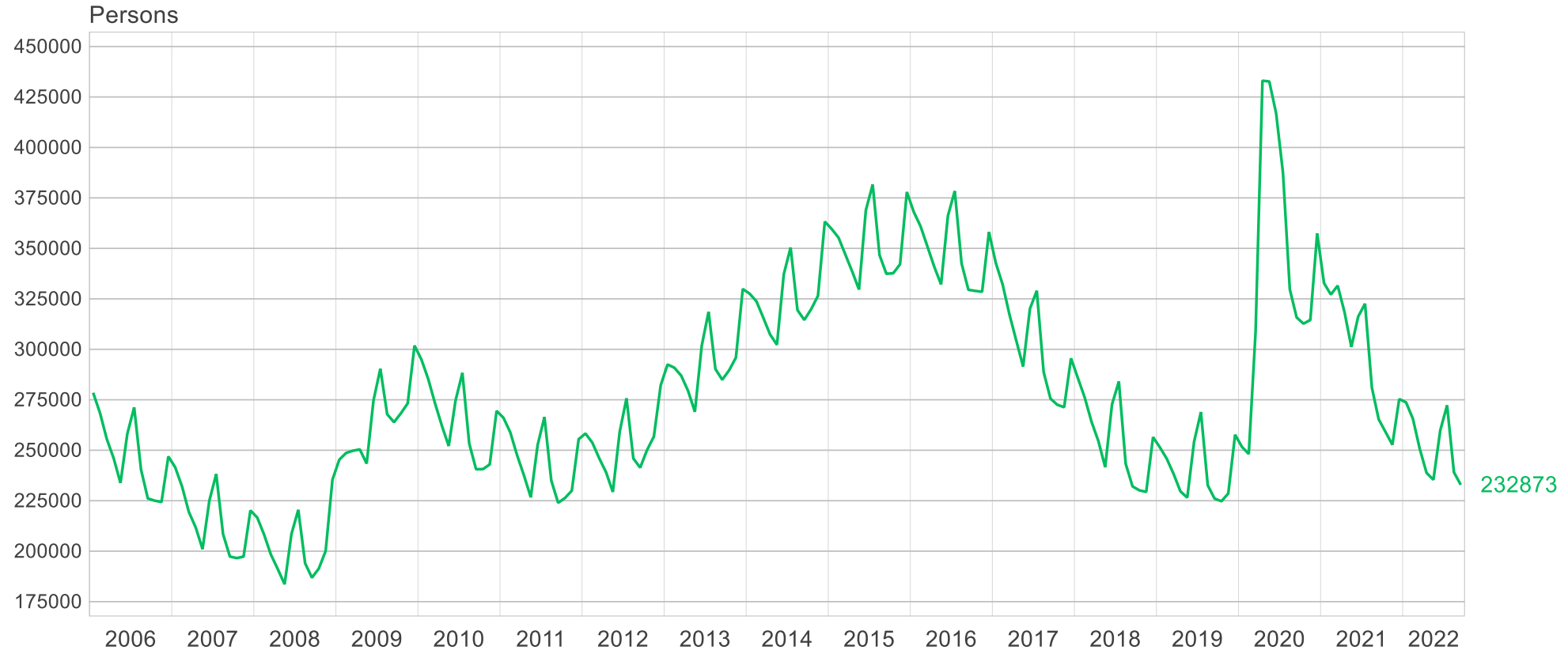
Quarterly change in households' indebtedness ratio



Source: Aktia, Macrobond, Statistics Finland.

Labor market: almost at pre-corona

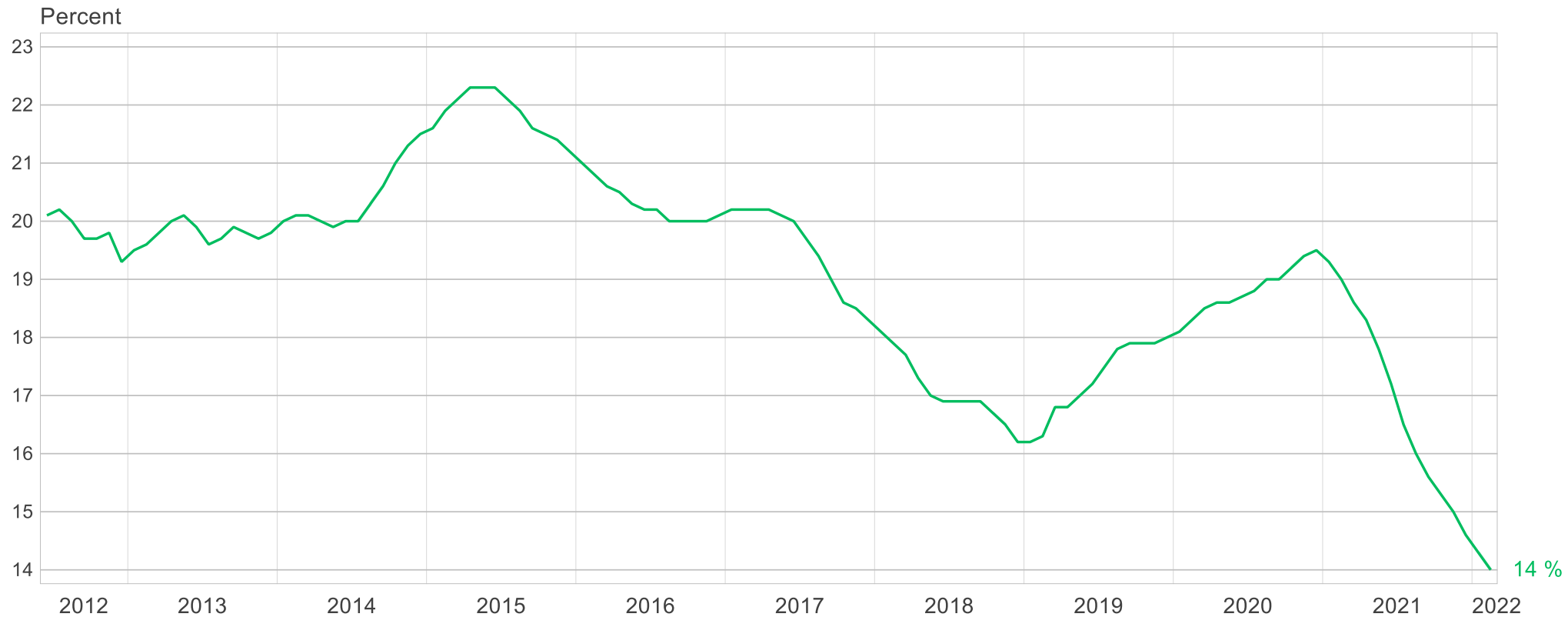
Unemployed persons in Finland



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

More good news from the labor market

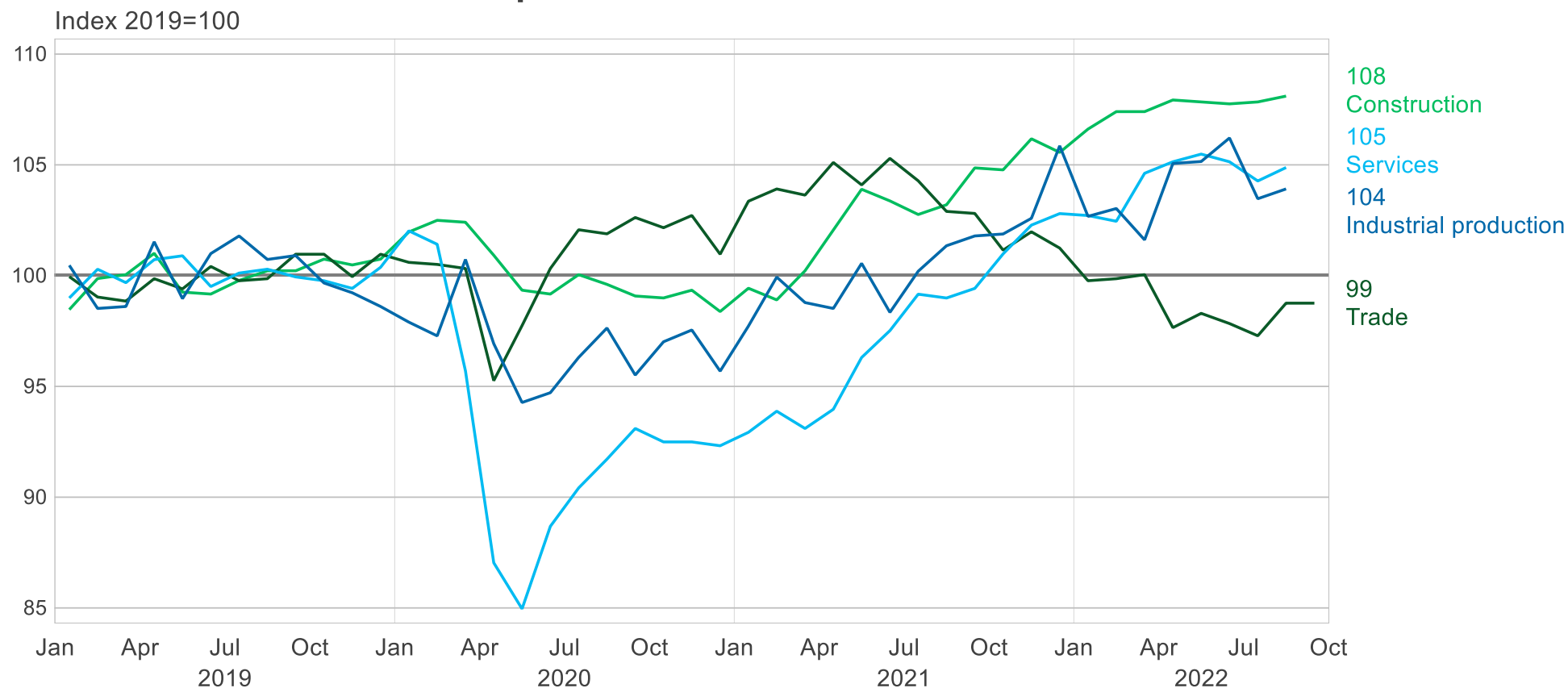
Youth unemployment in Finland (aged 15-24)



Source: Aktia, Macrobond, Statistics Finland.

Most sectors fully recovered from pandemic

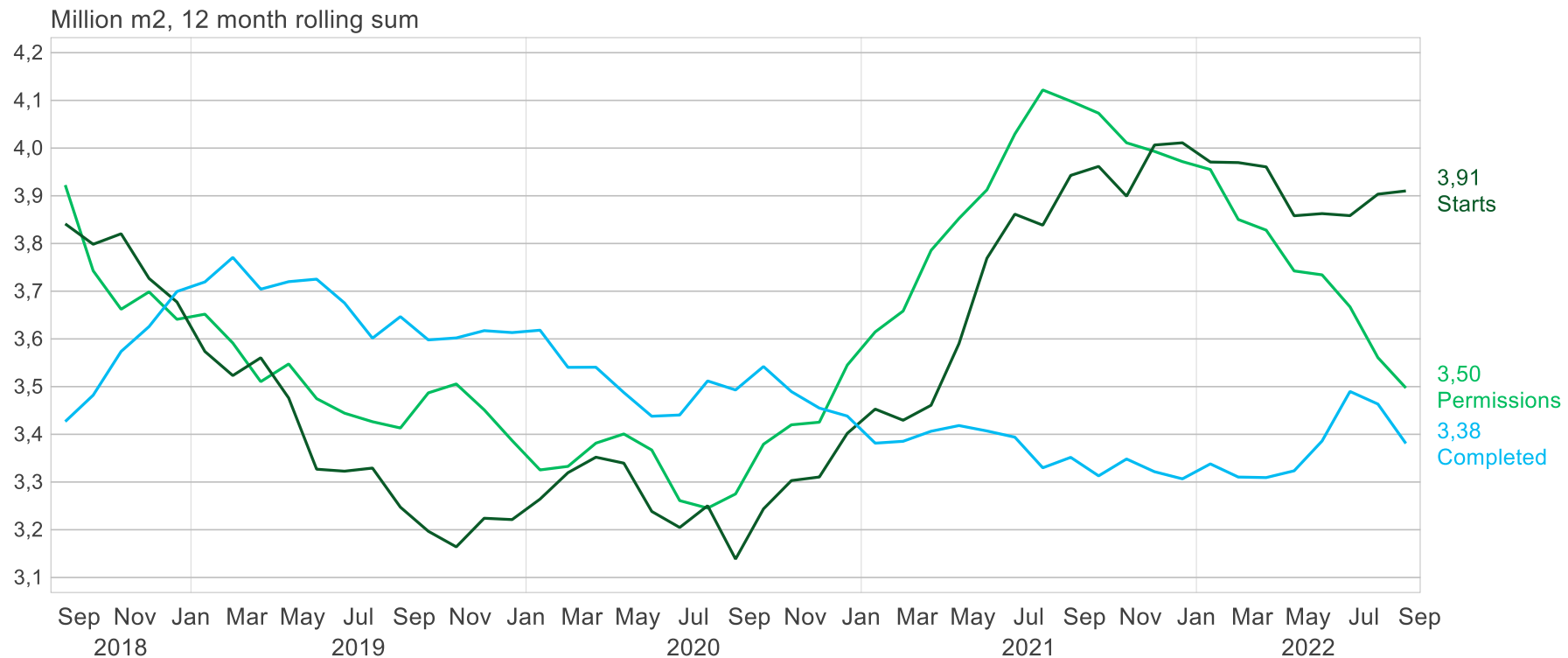
Sales volume and industrial production



Source: Aktia, Macrobond, Statistics Finland.

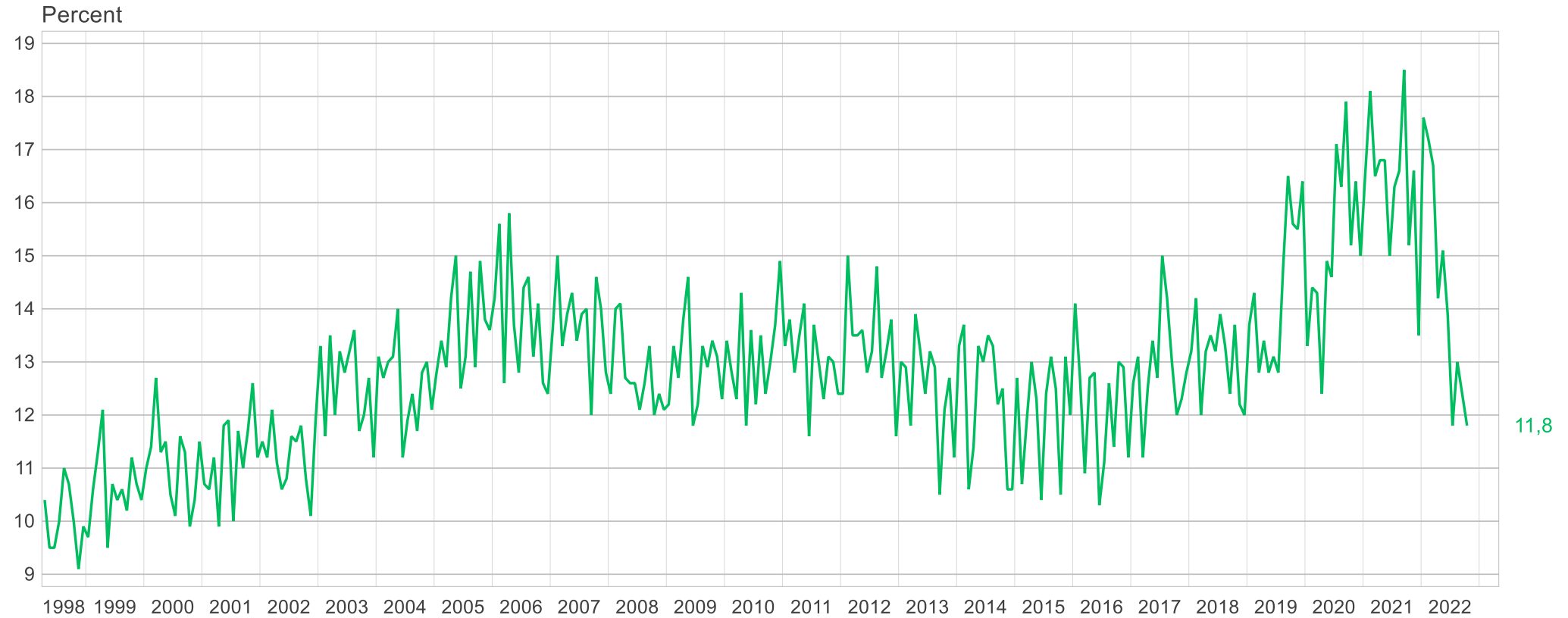
Permissions in residential construction are decreasing

Residential construction activity



Housing market doubtful

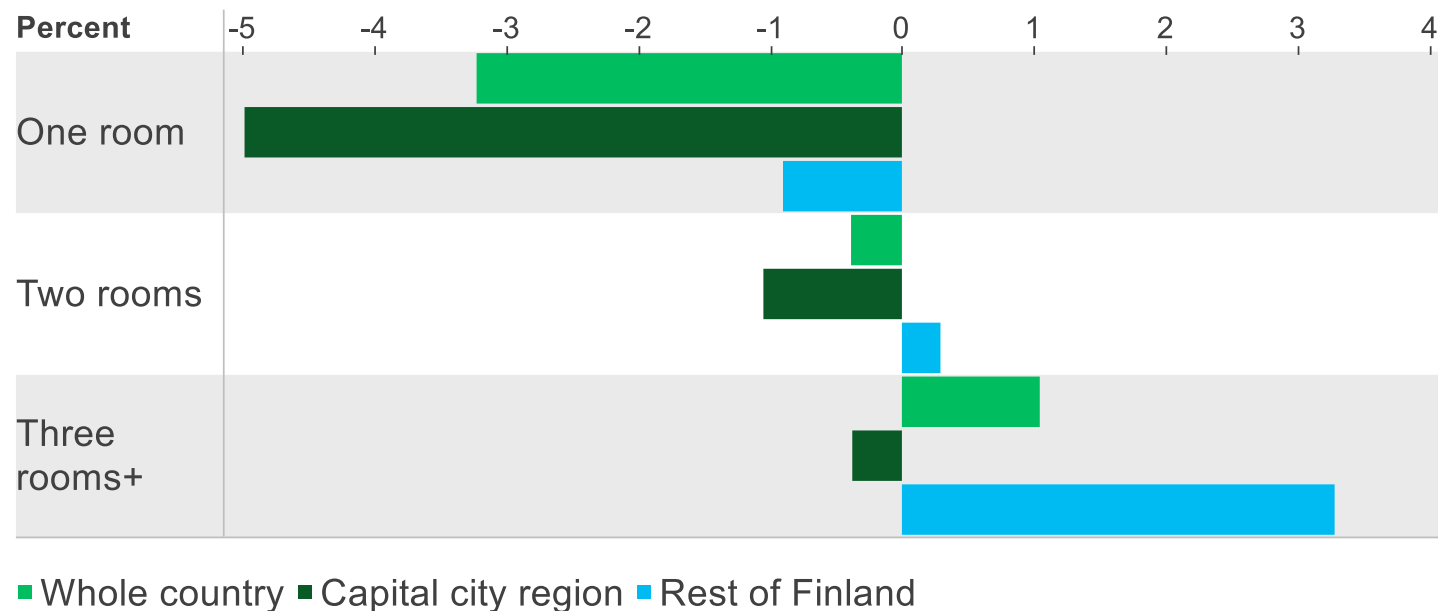
Intentions to Buy a Dwelling in the Next 12 Months



Source: Aktia, Macrobond, Statistics Finland.

Finnish housing market price development 1(2)

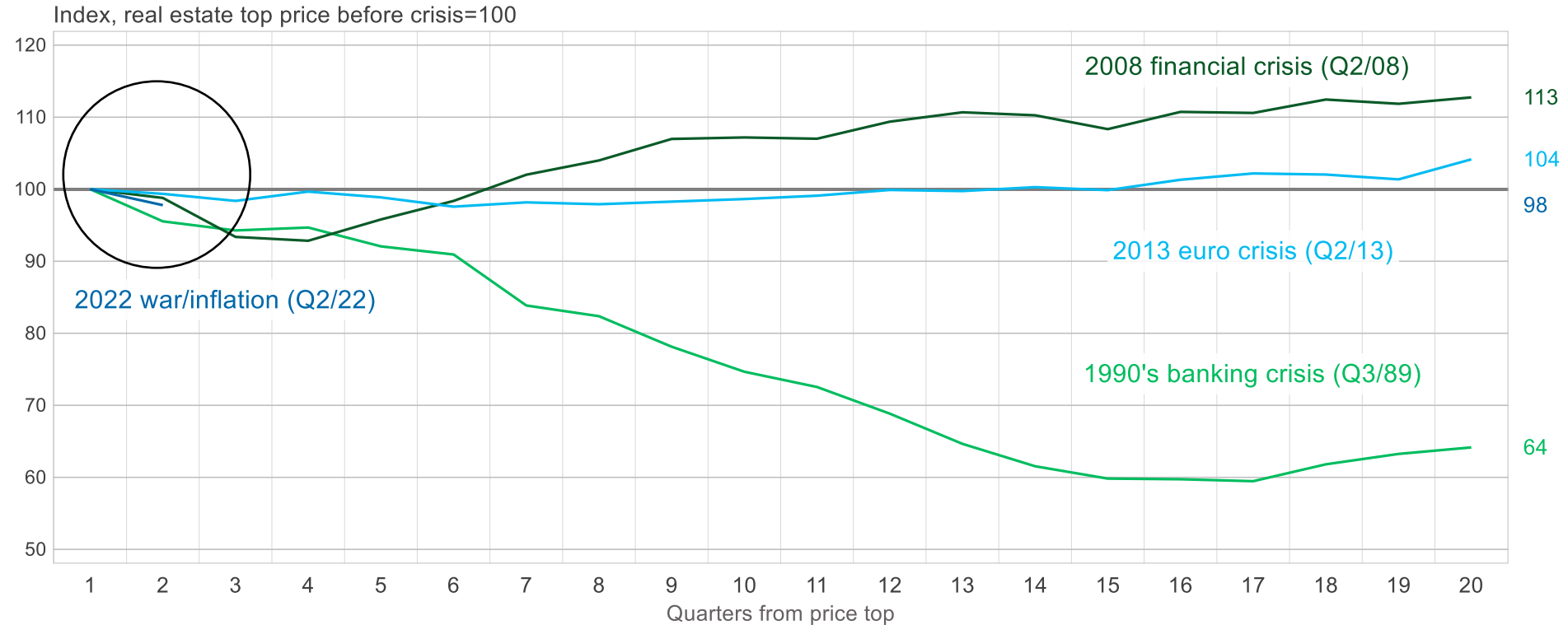
Annual change in prices of apartment blocks, 2022 Q3



Source: Aktia, Macrobond, Statistics Finland

Finnish housing market price development 2

Finland, prices of old blocks of flats in crisis



Source: Aktia, Macrobond, Statistics Finland.



Thank you

Aktia

Contacts and additional information



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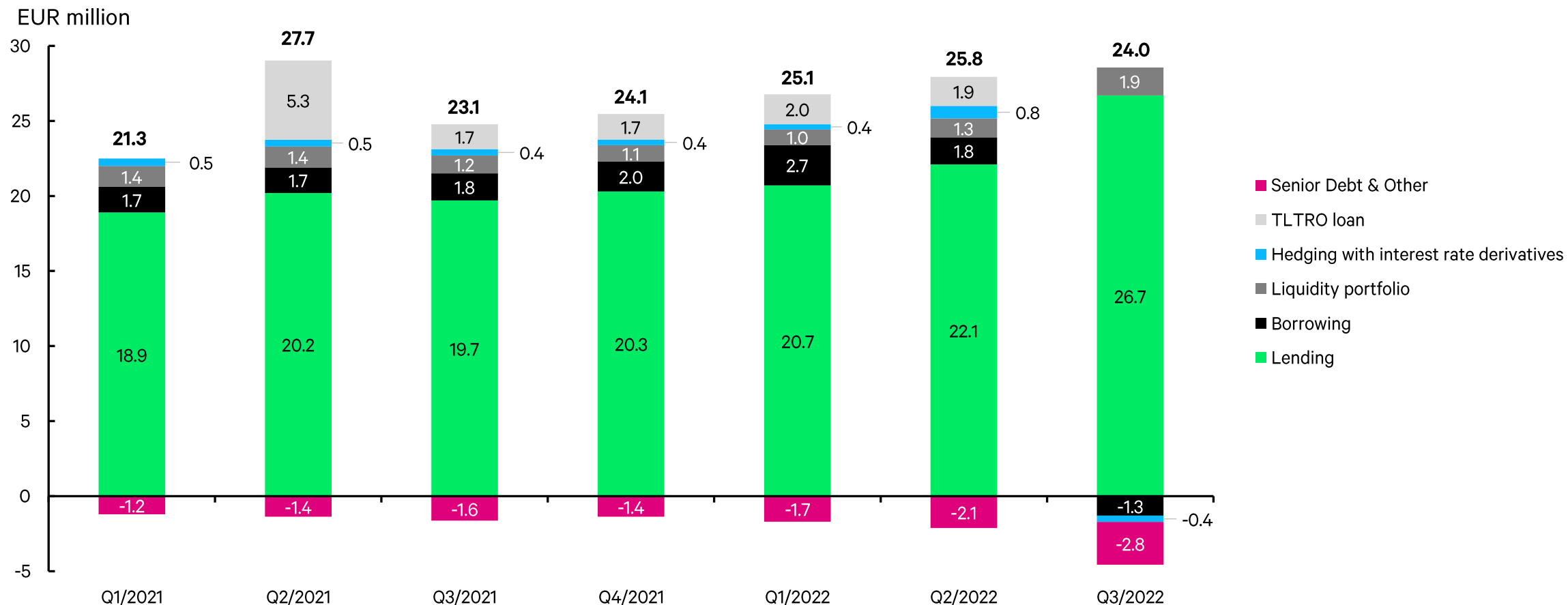
Debt investor information:

[aktia.com](https://www.aktia.com)

[Interim reports and presentations](#)

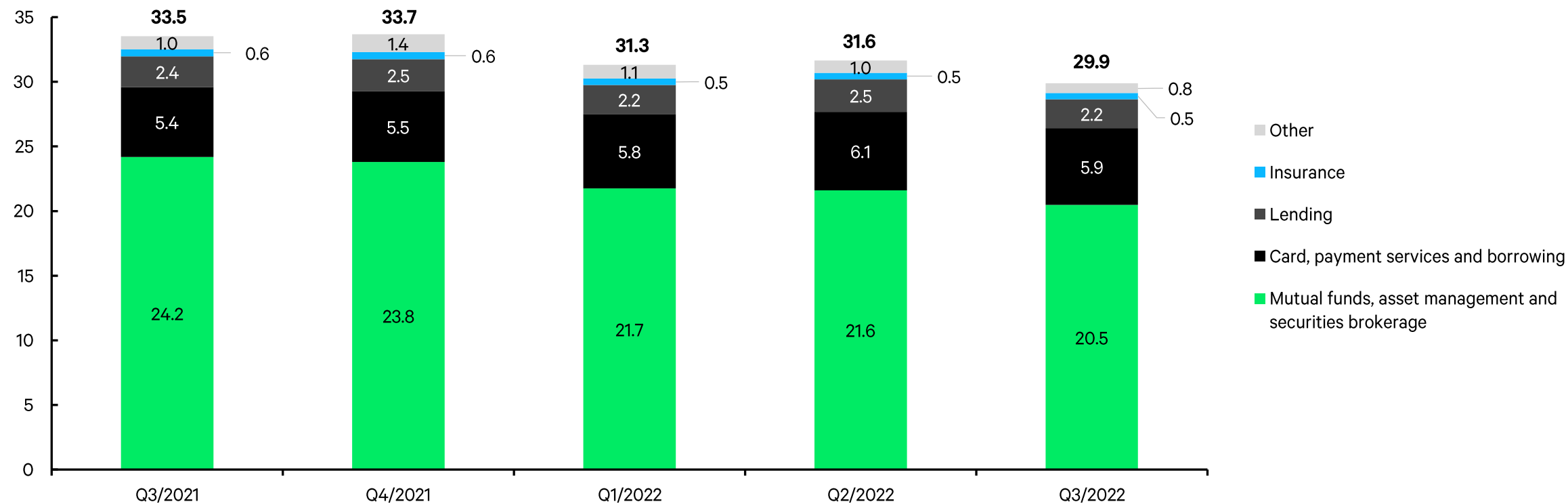
Appendices

Composition of the Group net interest income



Net commission income mix

EUR million



Aktia