

4 NOVEMBER 2022

Q3 Results

Mikko Ayub, CEO

Outi Henriksson, CFO

Aktia

Highlights Q3 2022

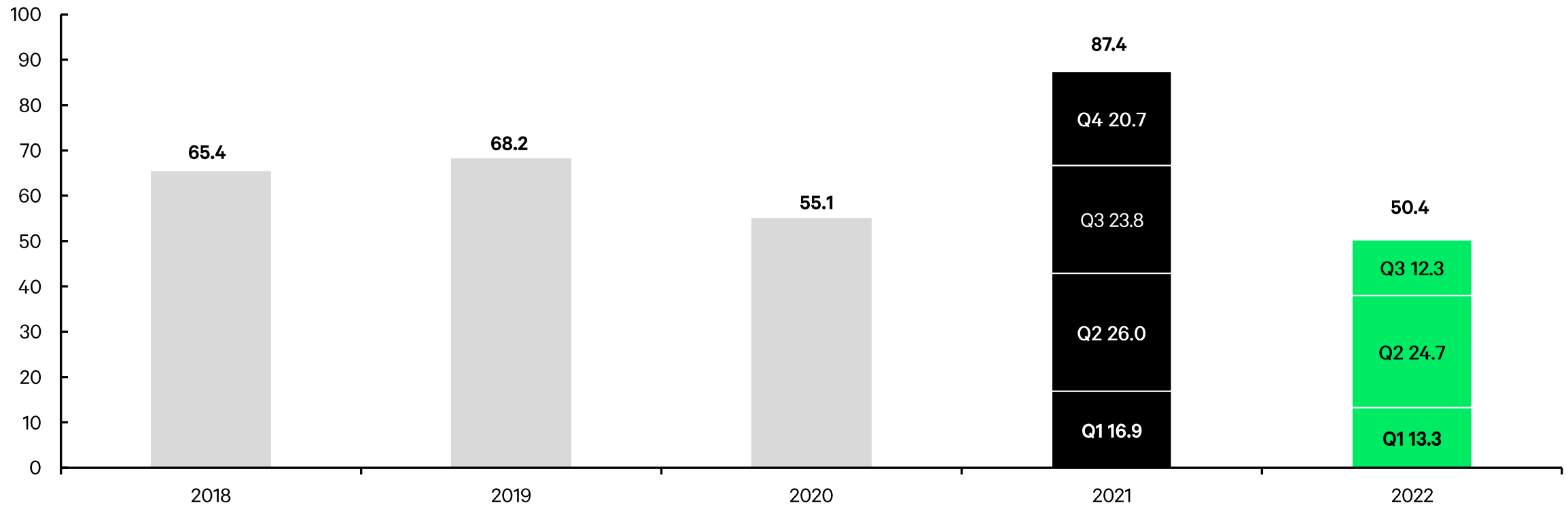
- Interest income from lending continued to grow strongly and the average margin for the entire loan book continued to improve.
- Increased funding and hedging costs weighed down net interest income.
- Net subscriptions in asset management were positive, the market decline decreased the market values 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

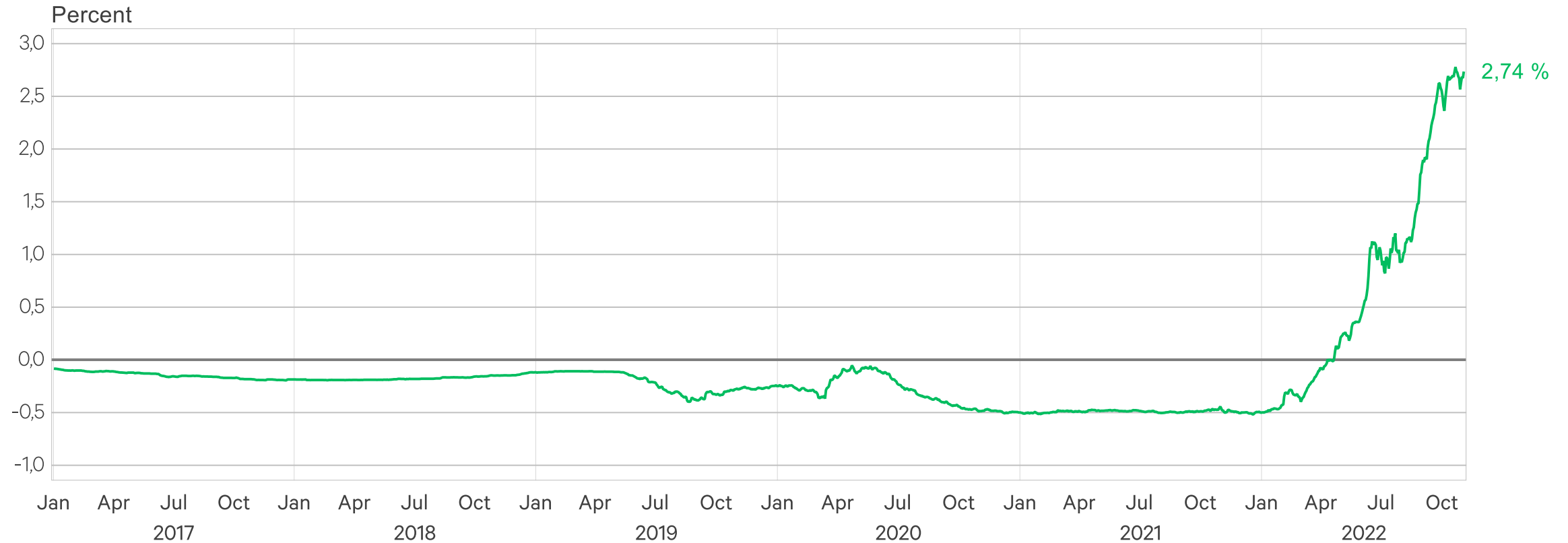
EUR million



Business areas

Rapid increase in housing loan interest rates

12 month Euribor rate

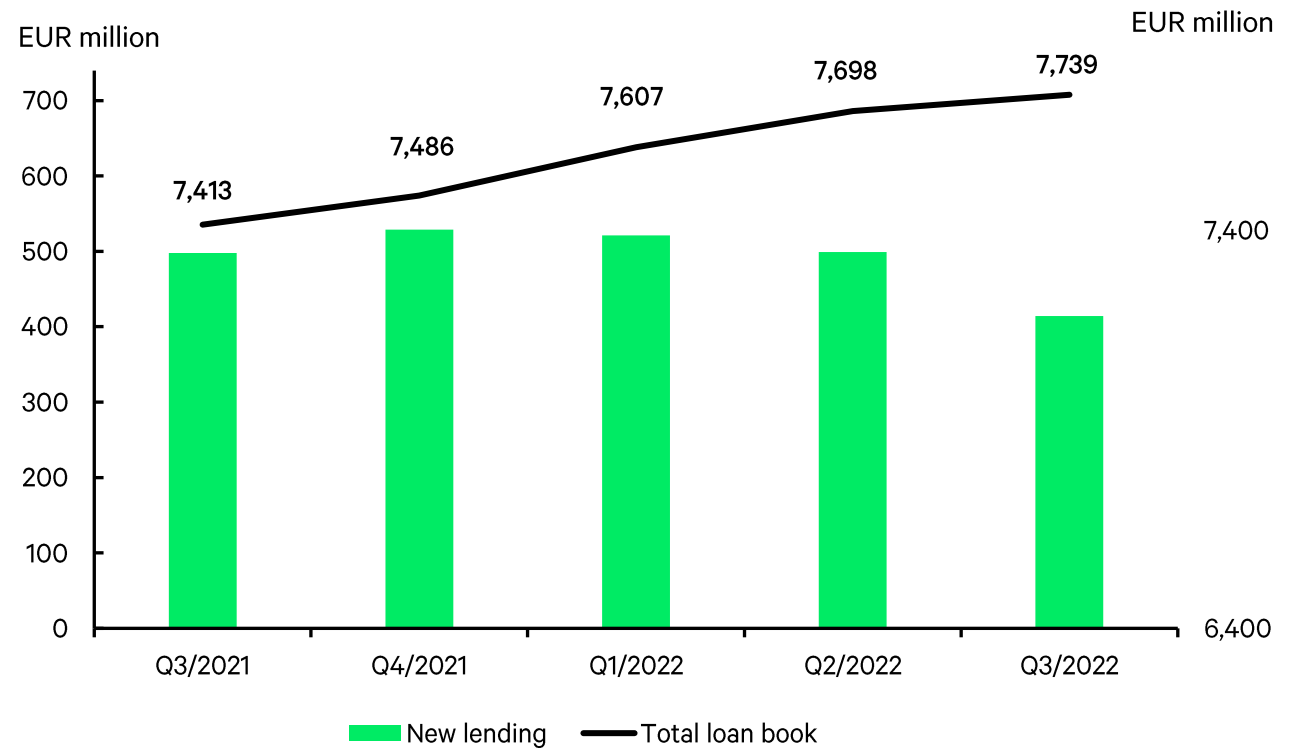


Source: European Money Markets Institute (EMMI).

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

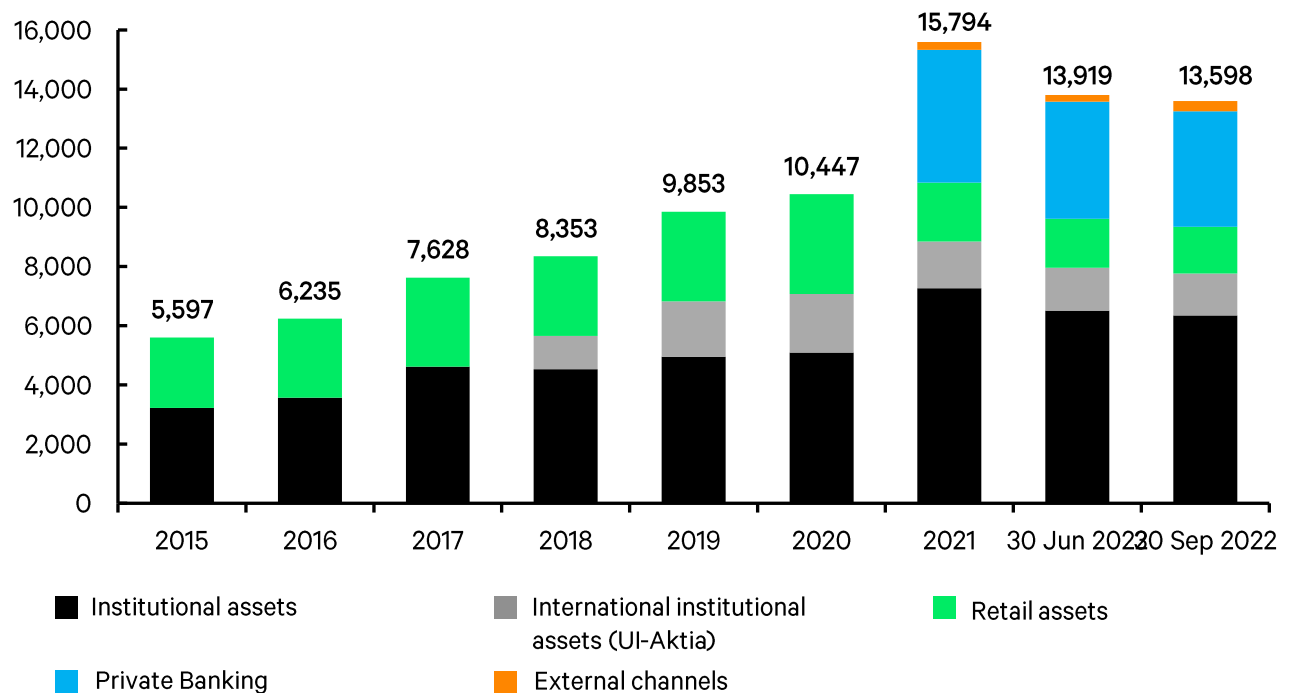


Positive net subscriptions in difficult market environment

- 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

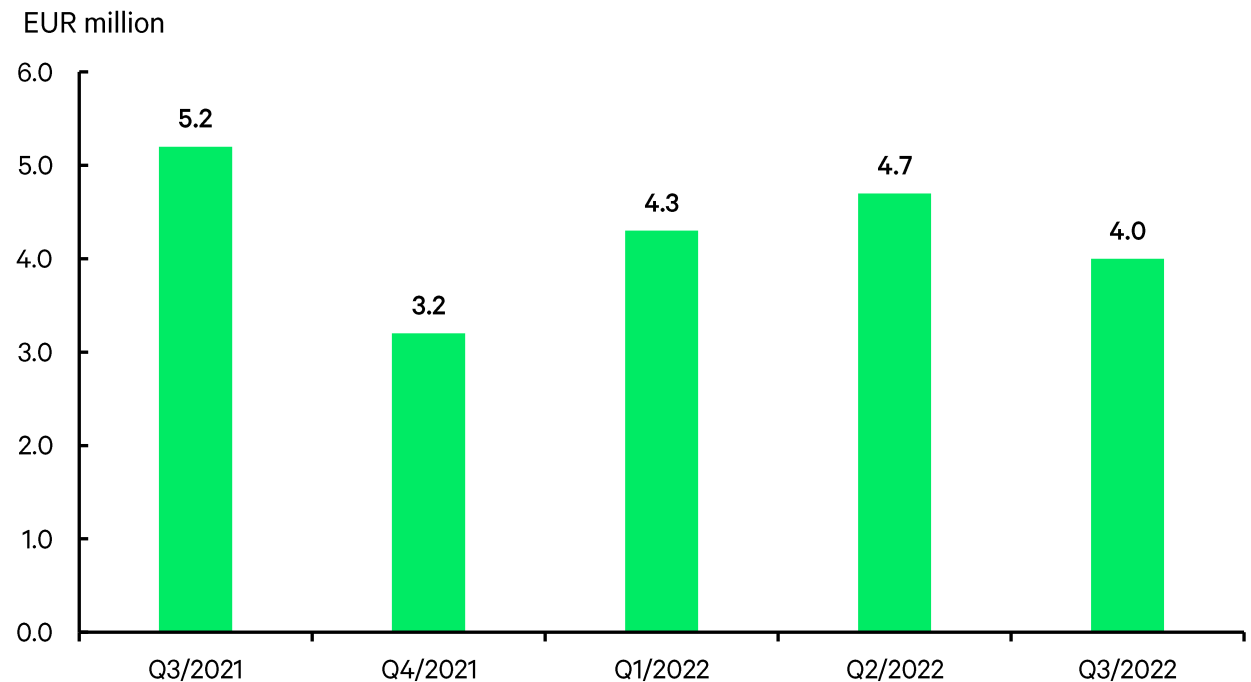
EUR million



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



Finnair Visa Credit

Earn award points
with every purchase



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.

Outlook 2022

(updated 27 October 2022)

New outlook for 2022:

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

Previous outlook for 2022:

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

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

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%

A professional office setting with three people. A woman in a dark suit is seated in the foreground, smiling and looking towards a man in a light-colored shirt who is also seated and looking at a laptop. A woman in a light-colored blazer stands behind them, smiling. The background shows a modern office with large windows and glass partitions.

Financial overview

Aktia

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%

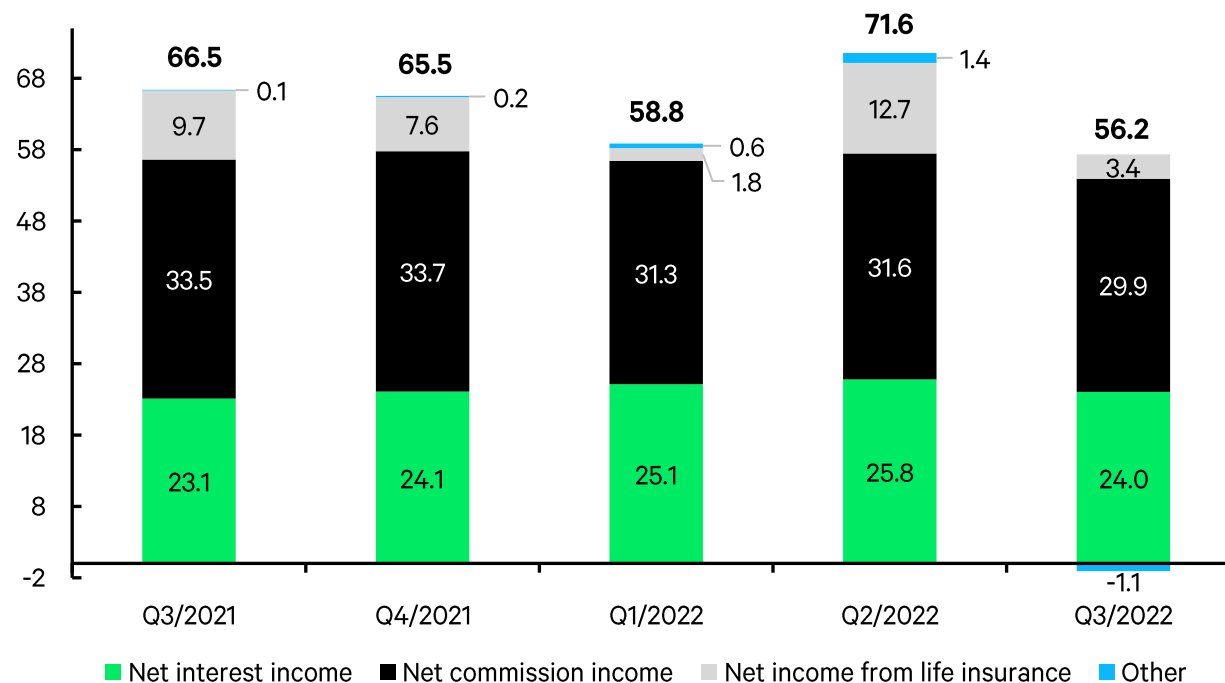
*) Excl. items affecting comparability

Rising interest rates increased interest income from lending

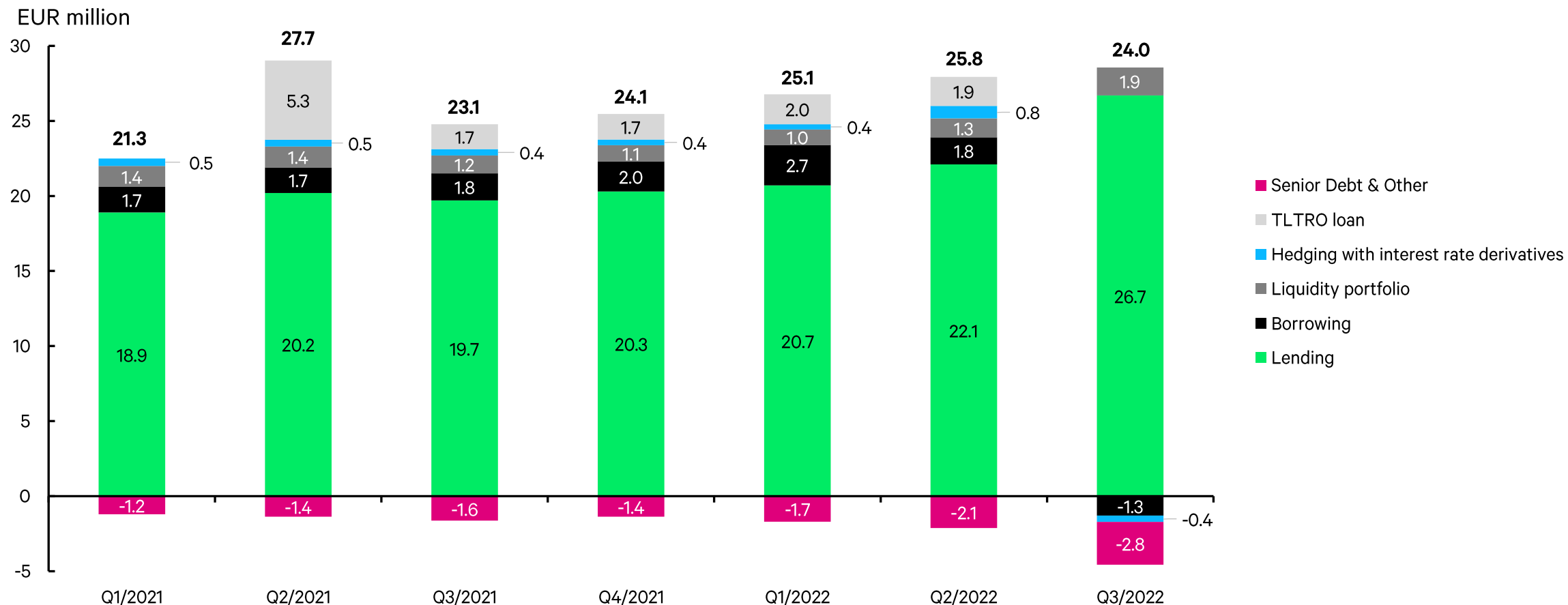
- Interest income from lending continued to grow strongly
- Net interest income was weighed down by increase in funding and hedging costs
- The market decline weighed down the market values and net commission income of the funds over the past quarter.
- Net income from life insurance decreased from the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

Comparable operating income, Q-o-Q

EUR million

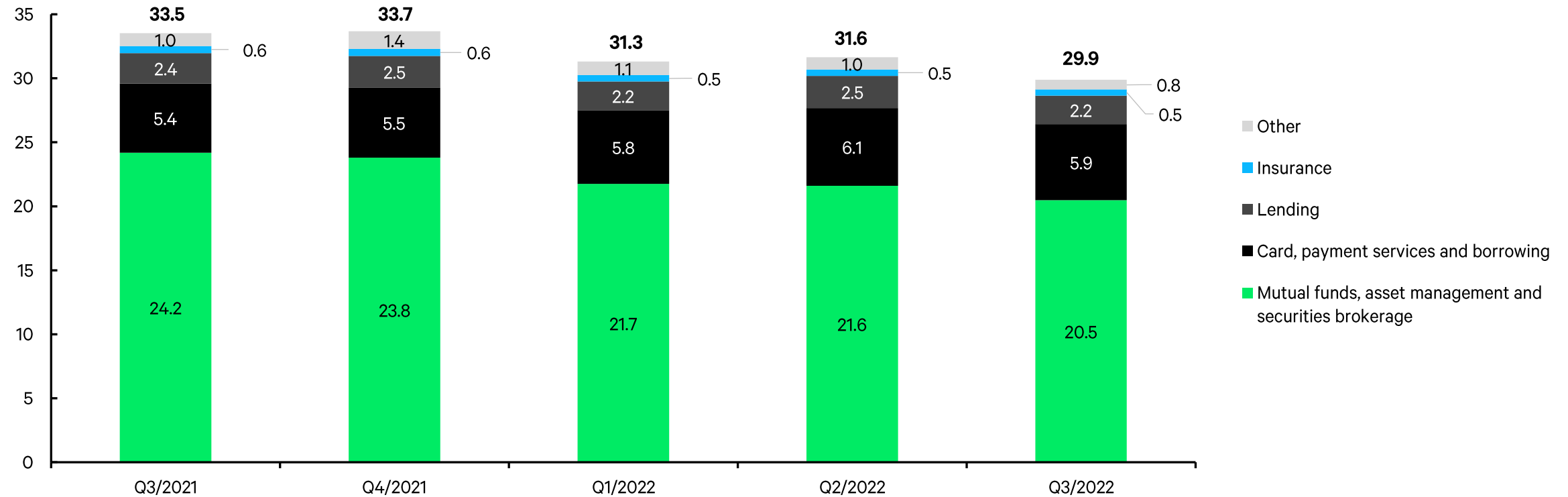


Composition of the Group net interest income



Net commission income mix

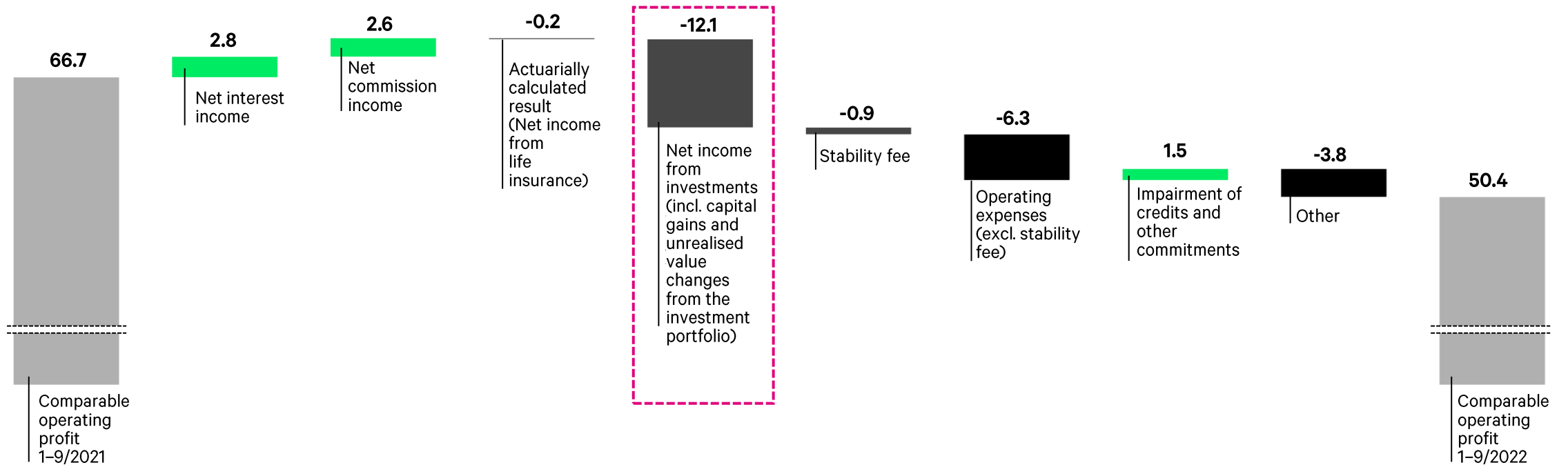
EUR million



Underlying profit remained stable despite negative changes in market values

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

EUR million



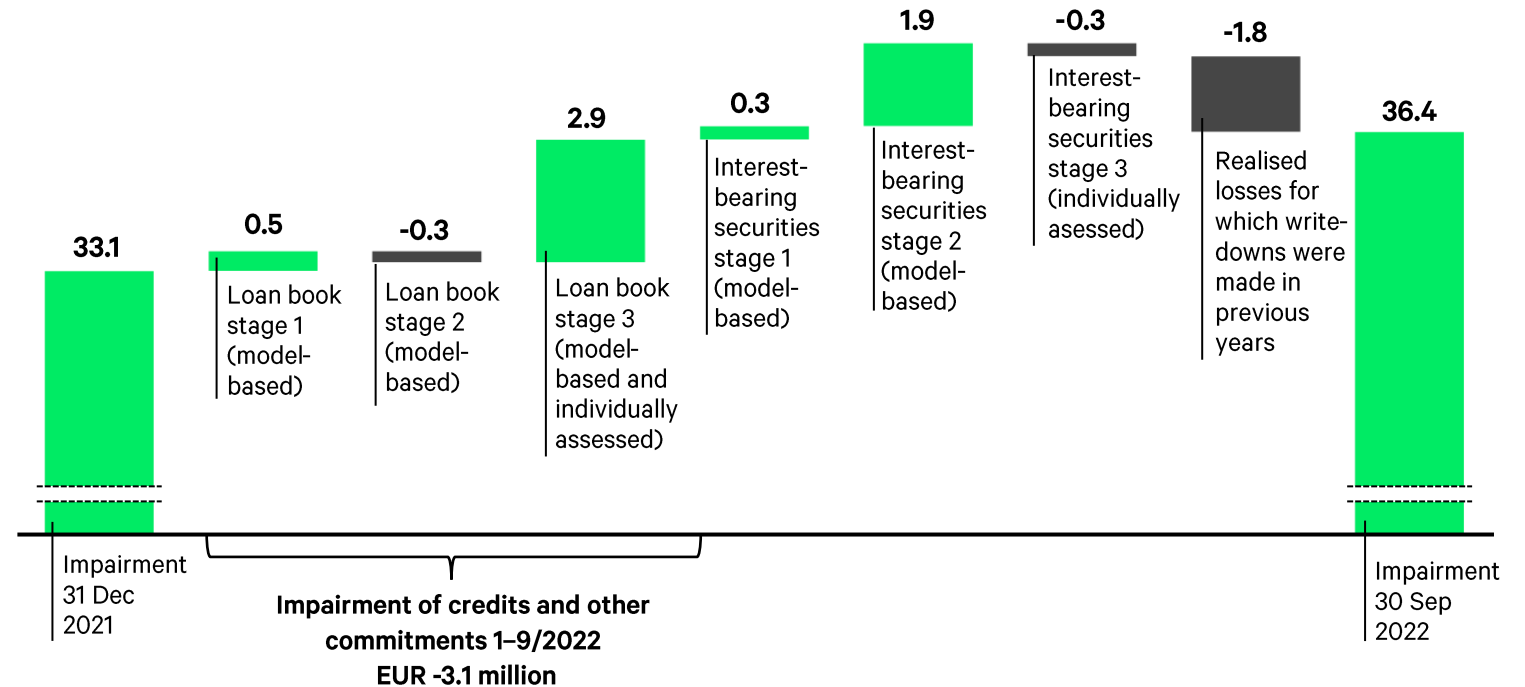
+1% underlying profit growth (without change in unrealised value changes, profit from the divestment of a property investment, realised profits from sales in the Bank's liquidity portfolio, impairments of credits and other commitments, stability fee and project-related one-off expenses)

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

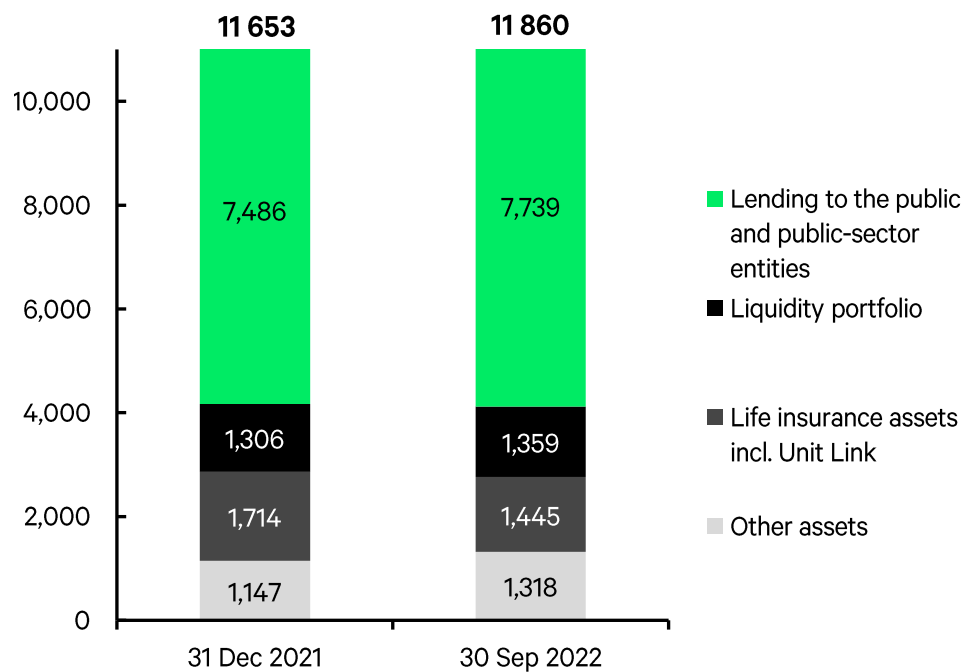
EUR million



Balance sheet total increased to EUR 11 860 million

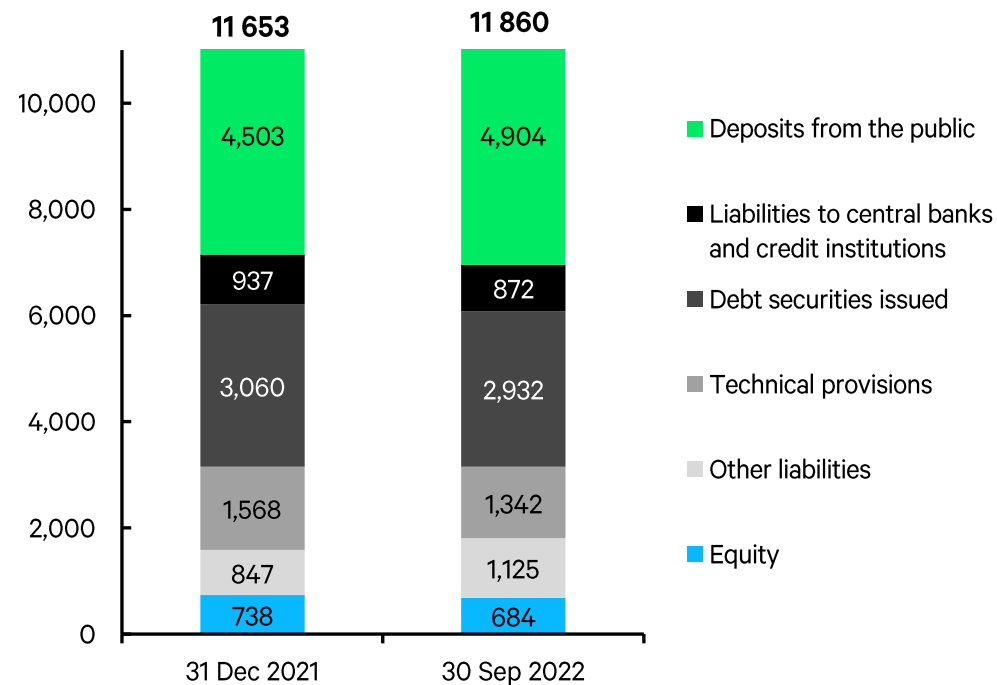
Total assets

EUR million



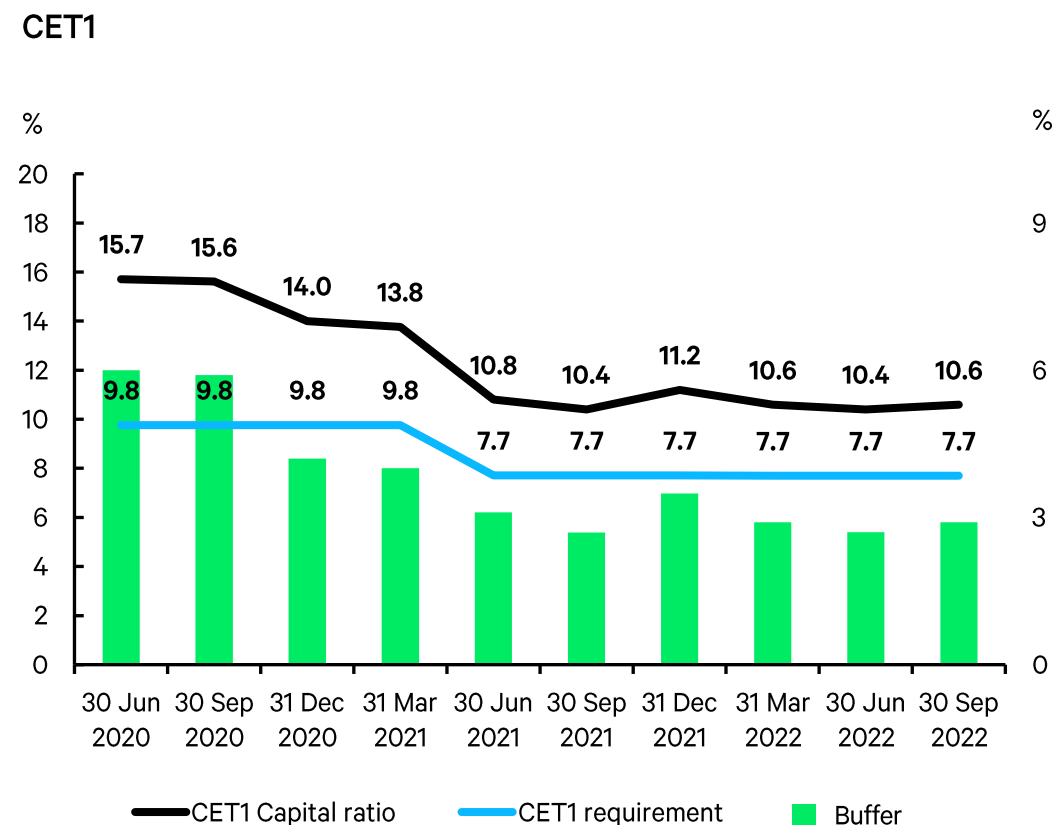
Total liabilities and equity

EUR million



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.



Funding activities

- During the Q3 Debt Capital Market has been further challenged by the swift rise of interest 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.

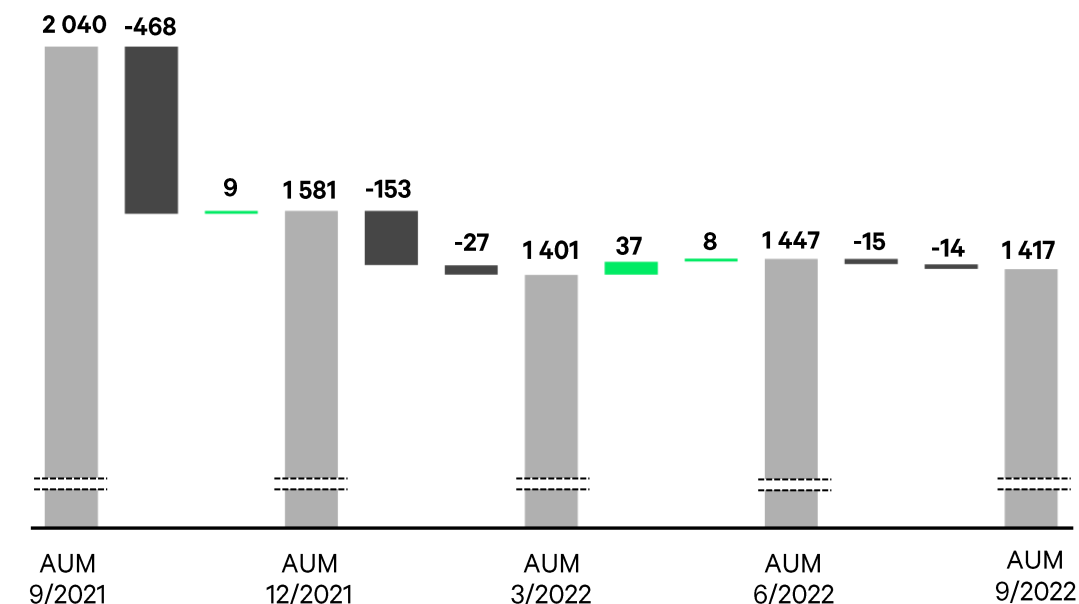


Appendices

AuM: net subscriptions and market changes

Asset Management, Aktia UI Q-o-Q

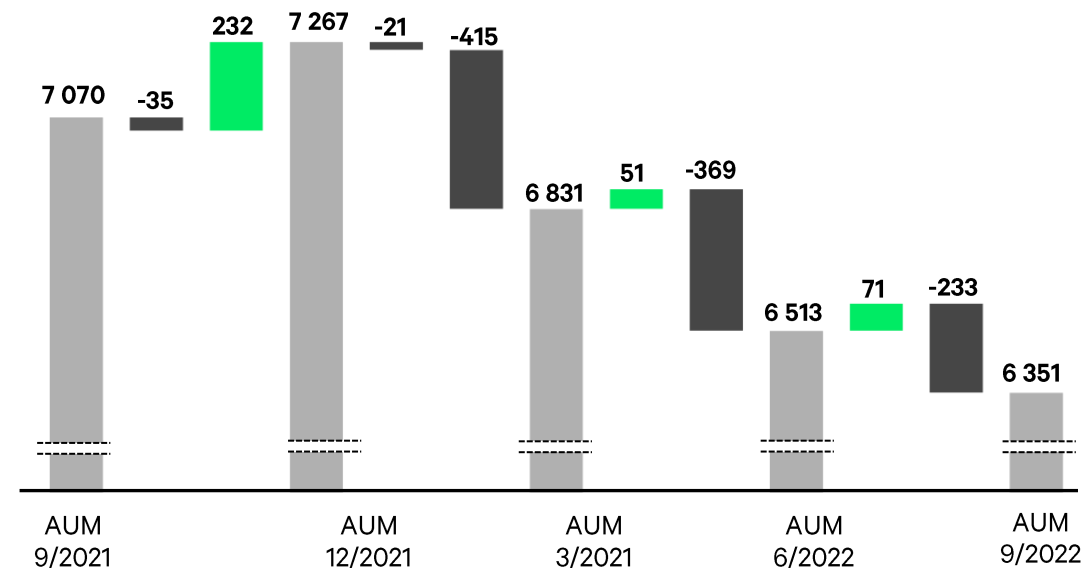
EUR million



■ Net subscriptions ■ Market changes

Asset Management, Domestic institutions Q-o-Q

EUR million

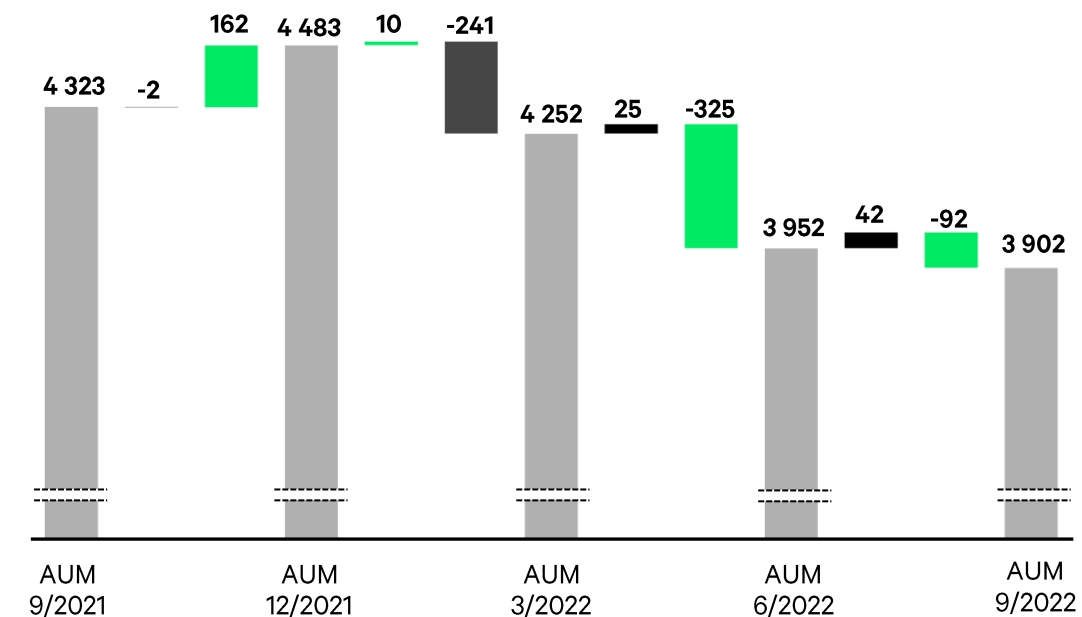


■ Net subscriptions ■ Market changes

AuM: net subscriptions and market changes

Asset Management, Private Banking Q-o-Q

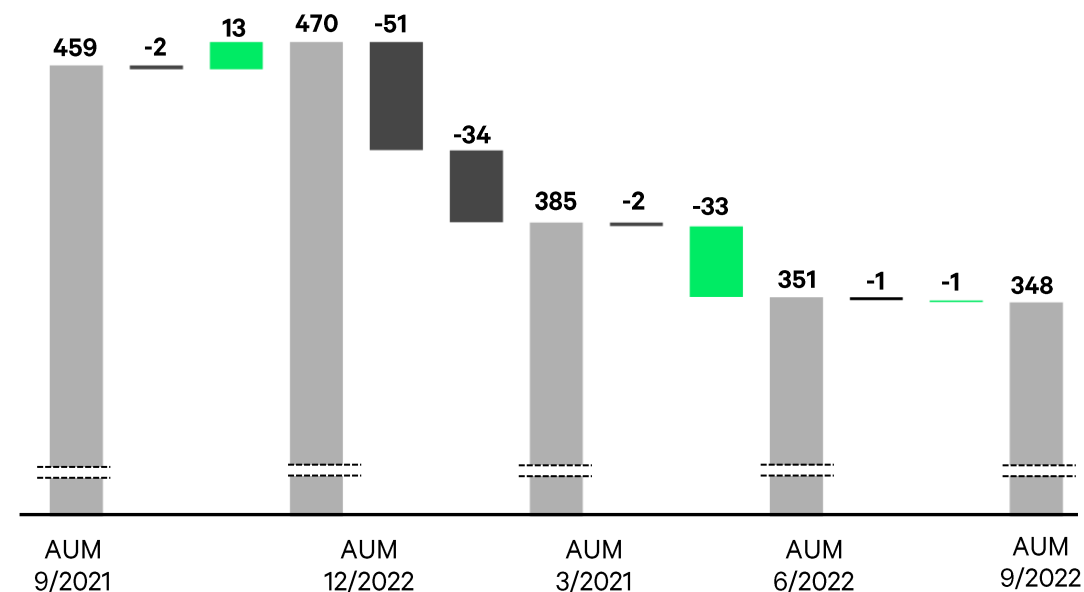
EUR million



■ Net subscriptions ■ Market changes

Asset Management, External channels Q-o-Q

EUR million

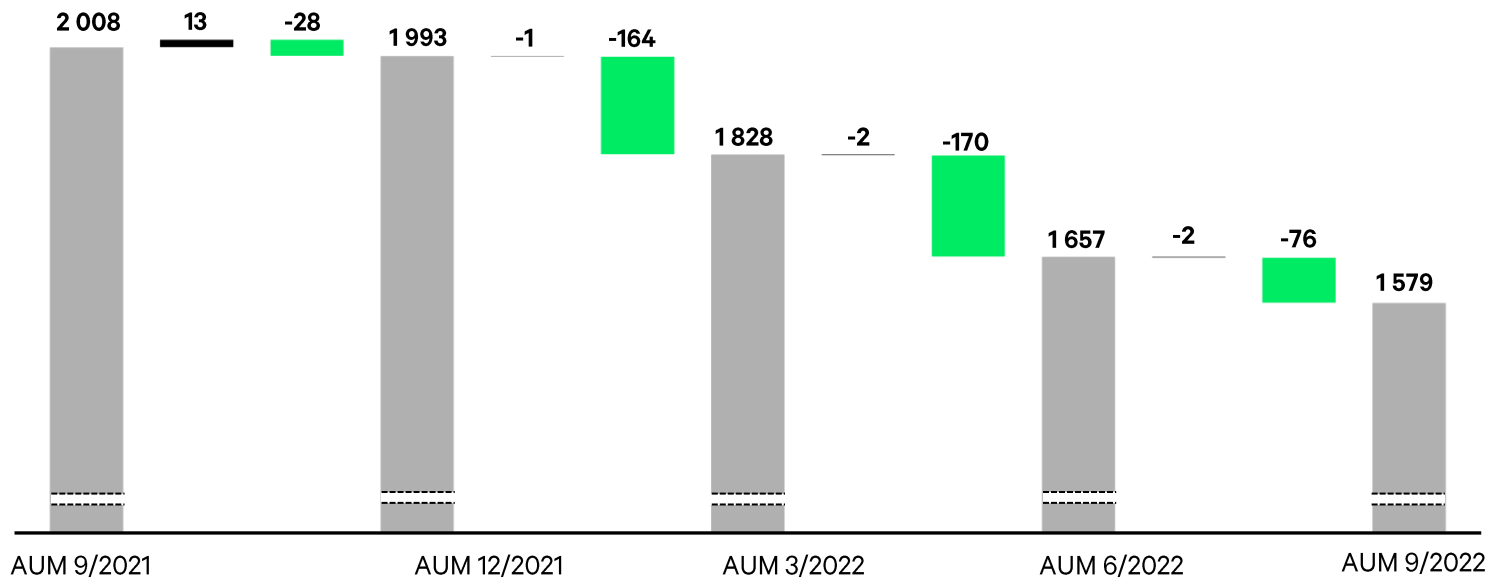


■ Net subscriptions ■ Market changes

AuM: net subscriptions and market changes

Banking Business, Retail Q-o-Q

EUR million



■ Net subscriptions ■ Market changes



Building wealth for our customers and society

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