

6 NOVEMBER 2024

Aktia Q3 Results

Debt Investor Presentation

Aktia

Q3 highlights

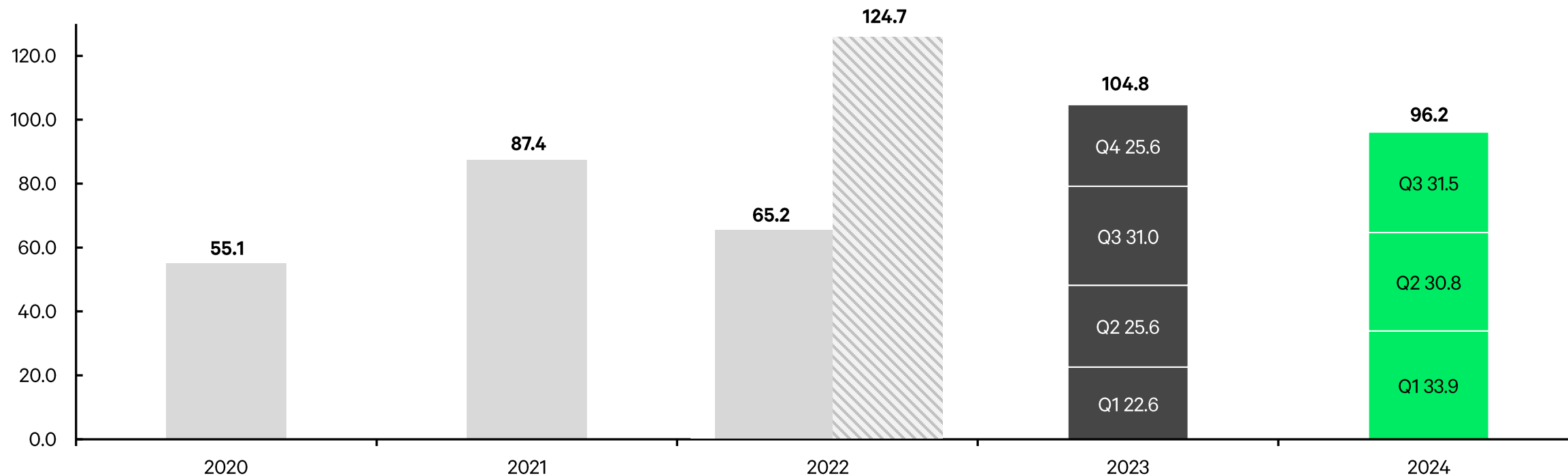
- Financial performance remained stable: comparable operating profit EUR 31.5 million, somewhat higher than last year (31.0).
- Comparable return on equity (ROE) 15.0% and comparable cost/income ratio 0.56.
- Net commission income 3% higher than last year.
- AuM increased approx. EUR 200 million due to positive net sales and favourable market development.
- Net income from life insurance developed strongly due to strong demand, low loss ratio and good investment performance.
- Net interest income 7% lower than last year.
- Cost control continued despite increased investments in IT.
- Credit loss provisions decreased compared to last year.
- More satisfied customers: Aktia increased its customer satisfaction the most in its own peer group (EPSI customer survey 2024).



Solid performance continued

Comparable operating profit 2020–2024

EUR million



 Restated according to the accounting standard IFRS 17

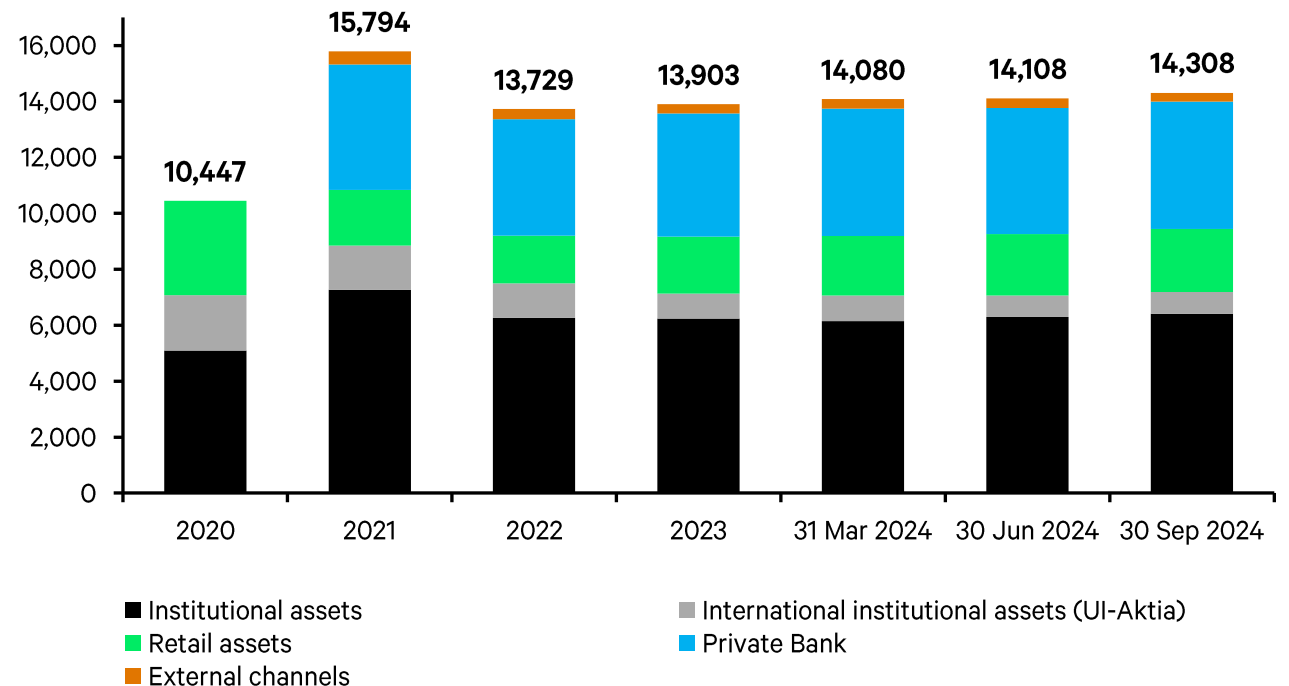
Business areas

Positive trend in asset management

- AuM increased thanks to positive net subscriptions and favourable market development.
- Net subscriptions to institutions remained strongly positive. Private Banking customers' net subscriptions were also positive.
- Strong inflow into Aktia's own funds. In September, Aktia Fund Management Company was among the best in Finland measured in net subscriptions.
- Aktia Debt Fund II, launched in June, raised a total of EUR 37.9 million in investment commitments during the initial subscription period.

The Group's Assets under Management, excluding custody

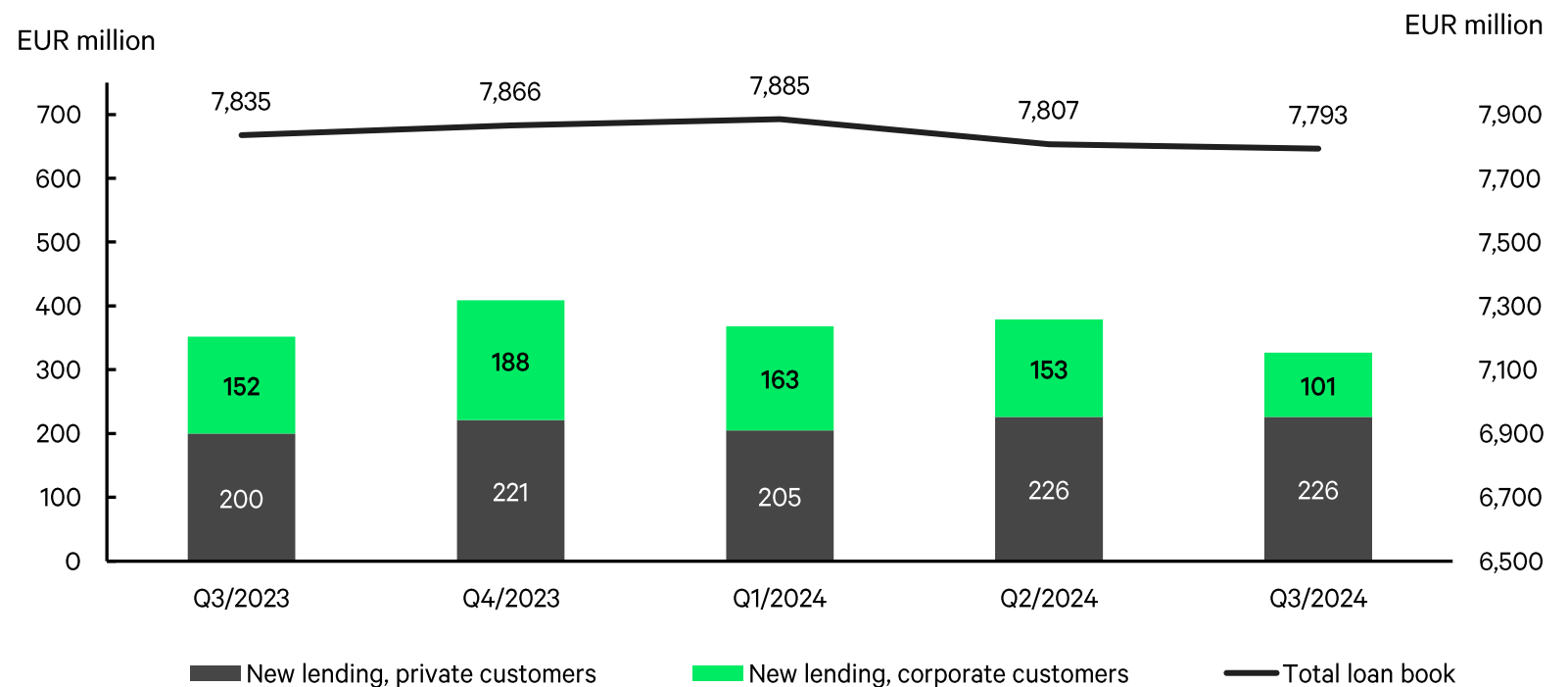
EUR million



Strong demand for investment solutions, and encouraging signs in the housing market

- Sales of investment solutions remained strong among Premium customers.
- Loan book grew among Premium and Private Banking customers.
- NII was 7% lower than last year largely due to the impact of non-standard interest terms for certain corporate accounts (as mentioned in Q2 report).

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

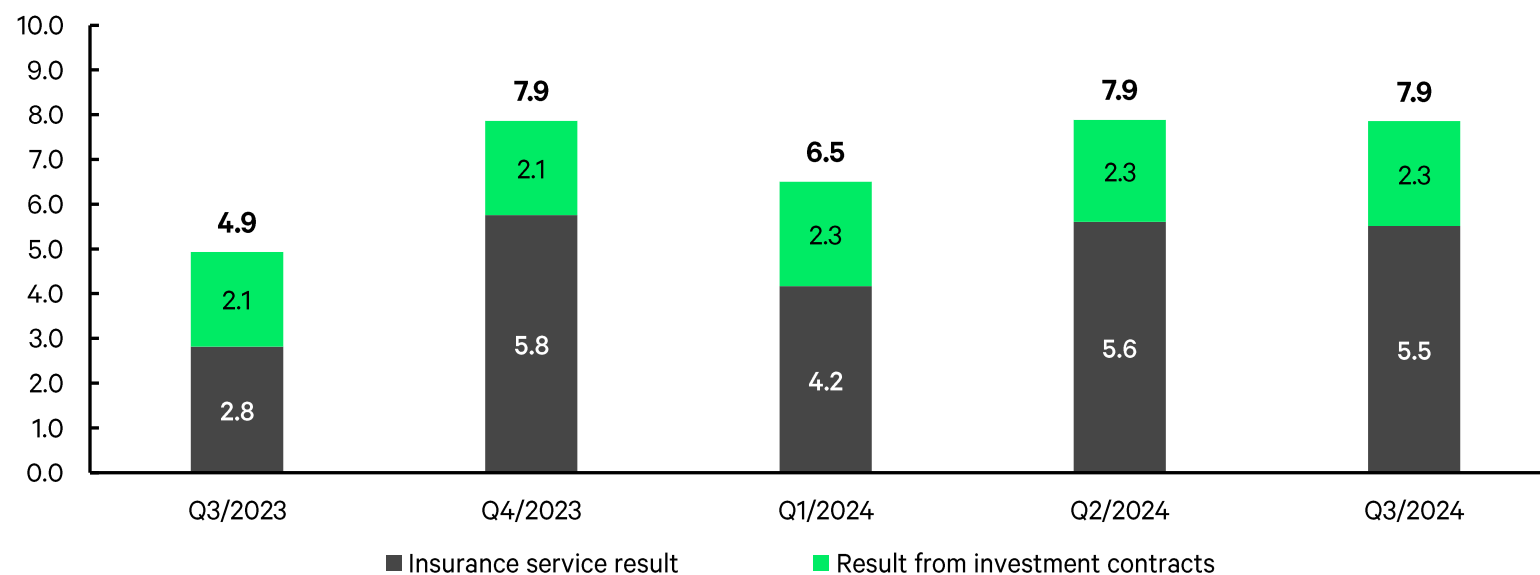


Aktia Life Insurance again delivered a strong result

- Demand for risk life insurance policies and investment-linked insurances remained strong.
- Favourable market development had a positive impact on the Unit Linked portfolio.
- The solvency ratio declined by 4.9 percentage points to 182.5% in Q3, mainly due to changes in lapse estimates.

Development of the actuarially calculated result Q-o-Q

EUR million



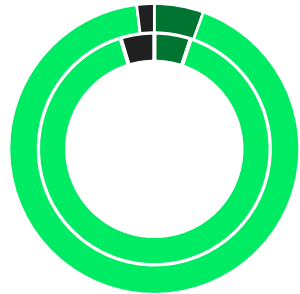
ESG

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



Q3/2024 98.1%
(outer circle)

Q3/2023 95.3%
(inner circle)

SFDR Article



Change in the relative carbon footprint of equity and credit portfolios
(tonnes of CO2e/ million euros invested)

-43.5% ☑

Target: 2025 -30% vs. 2019

People



Signi Flame Index*
Target: 80

Q3/2024
75

Q3/2023
72



eNPS**
Target 20

Q3/2024
18

Q3/2023
-4



SHE Index***
Target: 85

H2/2024
79

H2/2023
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	Q3/2024	Q3/2023	Δ %	Q2/2024	Δ %
Total operating income	76.1	74.3	2%	76.7	-1%
Net interest income	36.1	38.6	-7%	38.8	-7%
Net commission income	30.9	30.0	3%	30.8	0%
Net income from life insurance	8.9	5.1	74%	7.4	21%
Other income	0.2	0.6	-58%	-0.3	-180%
Total operating expenses	-43.1	-40.8	6%	-44.8	-4%
Impairments of credits and other commitments	-1.8	-2.3	-23%	-1.8	-3%
Operating profit	31.2	31.0	1%	30.1	4%
Comparable operating profit**	31.5	31.0	2%	30.8	2%
Comparable earnings per share (EPS), EUR	0.34	0.33	4%	0.34	1%
Comparable return on equity (ROE), %	15.0	15.8	-0.8*	14.9	0.1*
Comparable cost-to-income ratio	0.56	0.55	3%	0.57	-2%
Common Equity Tier 1 capital ratio, %	11.9	11.0	0.9*	11.5	0.4*

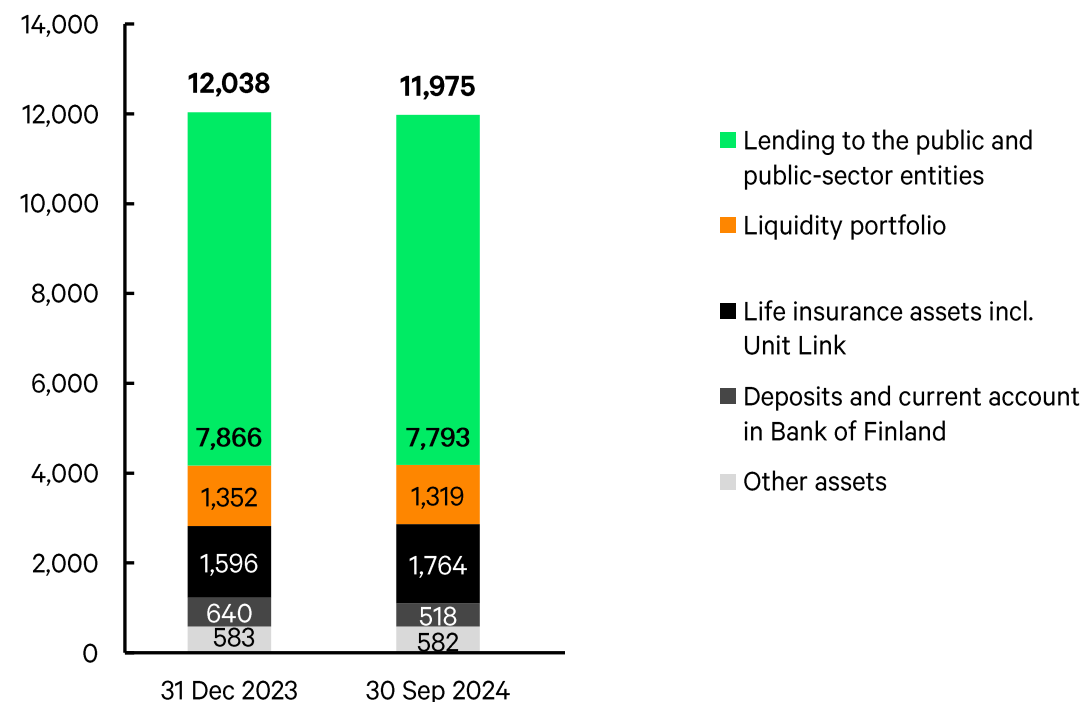
*) The change is calculated in percentage points

**) Excl. items affecting comparability

Balance sheet total EUR 11,975 million

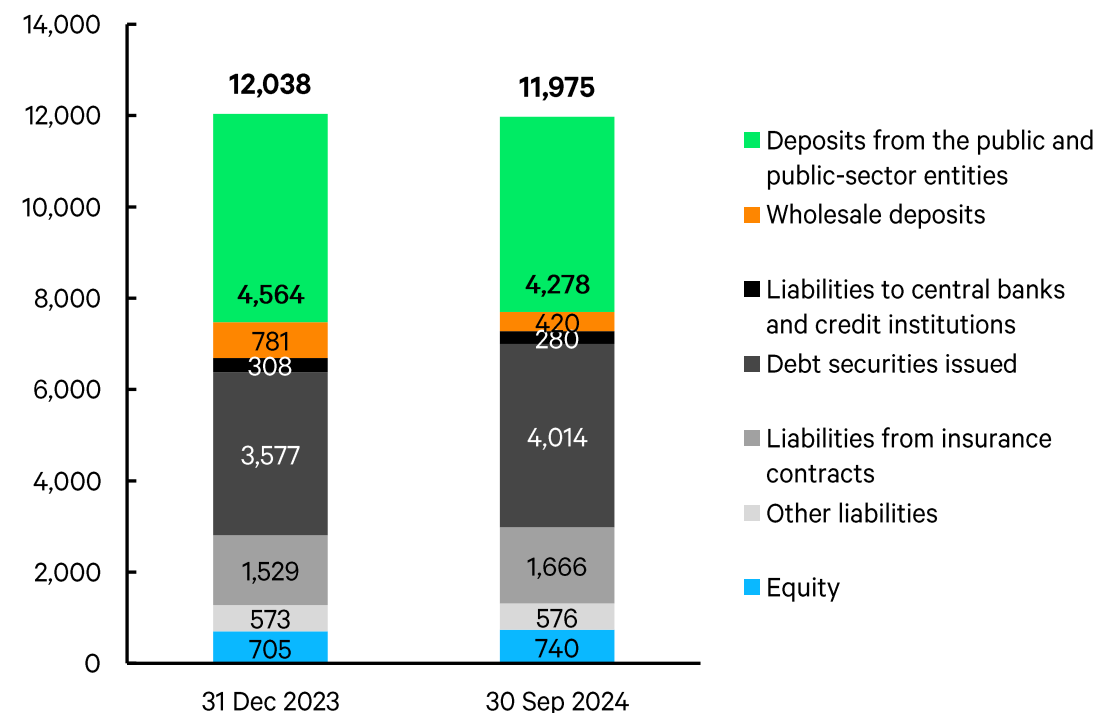
Total assets

EUR million



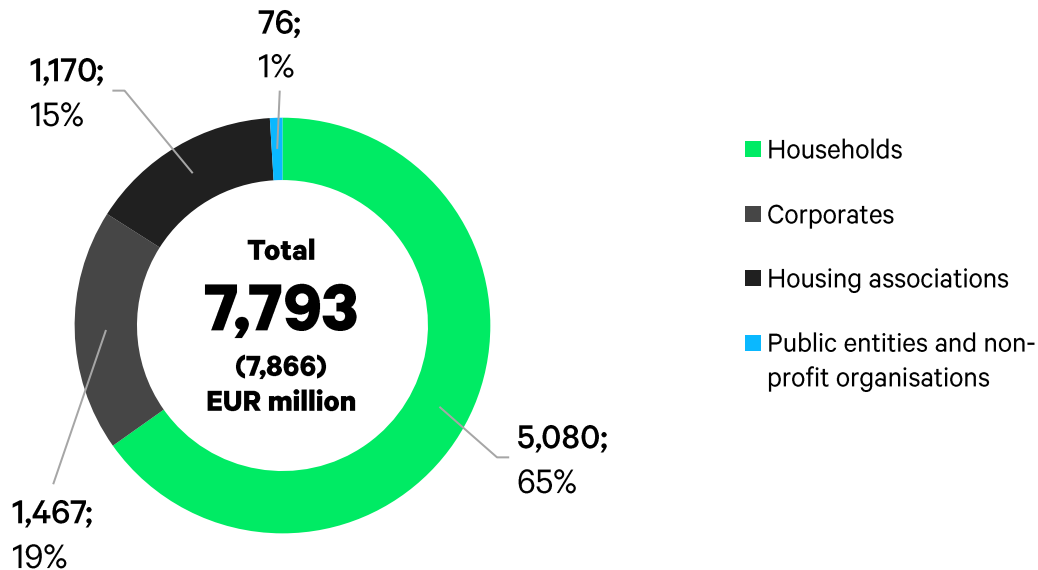
Total liabilities and equity

EUR million

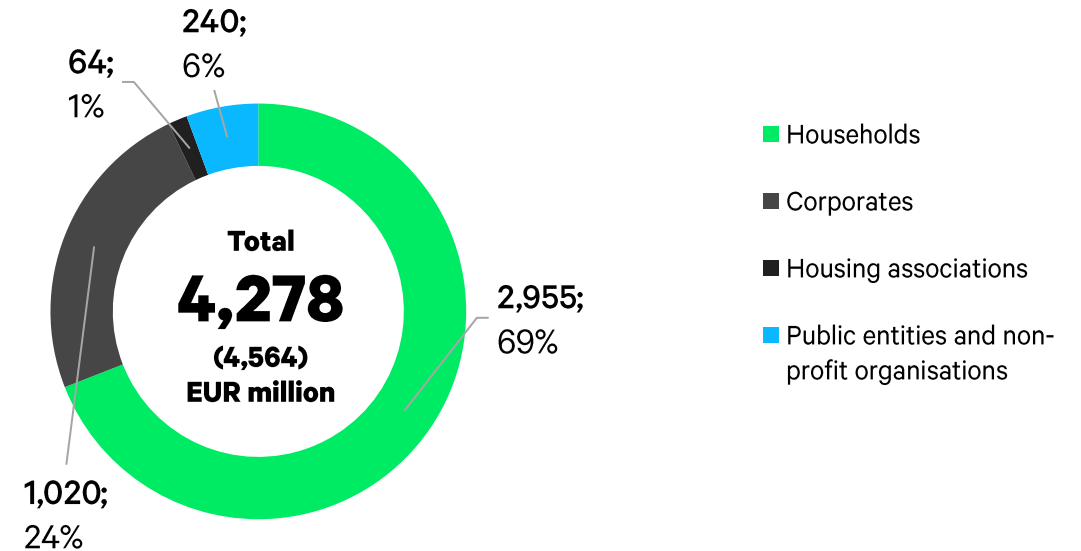


Households account for the majority of lending and deposits

Lending to the public and public sector entities

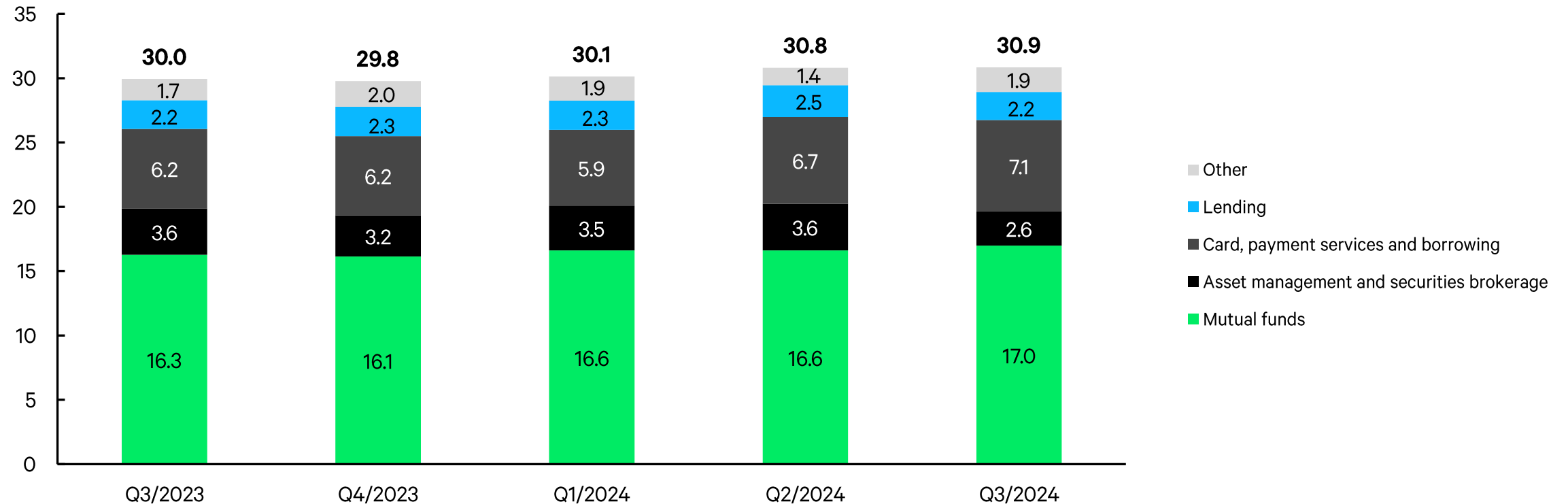


Deposits from the public and public sector entities



Net commission income grew from last year

EUR million

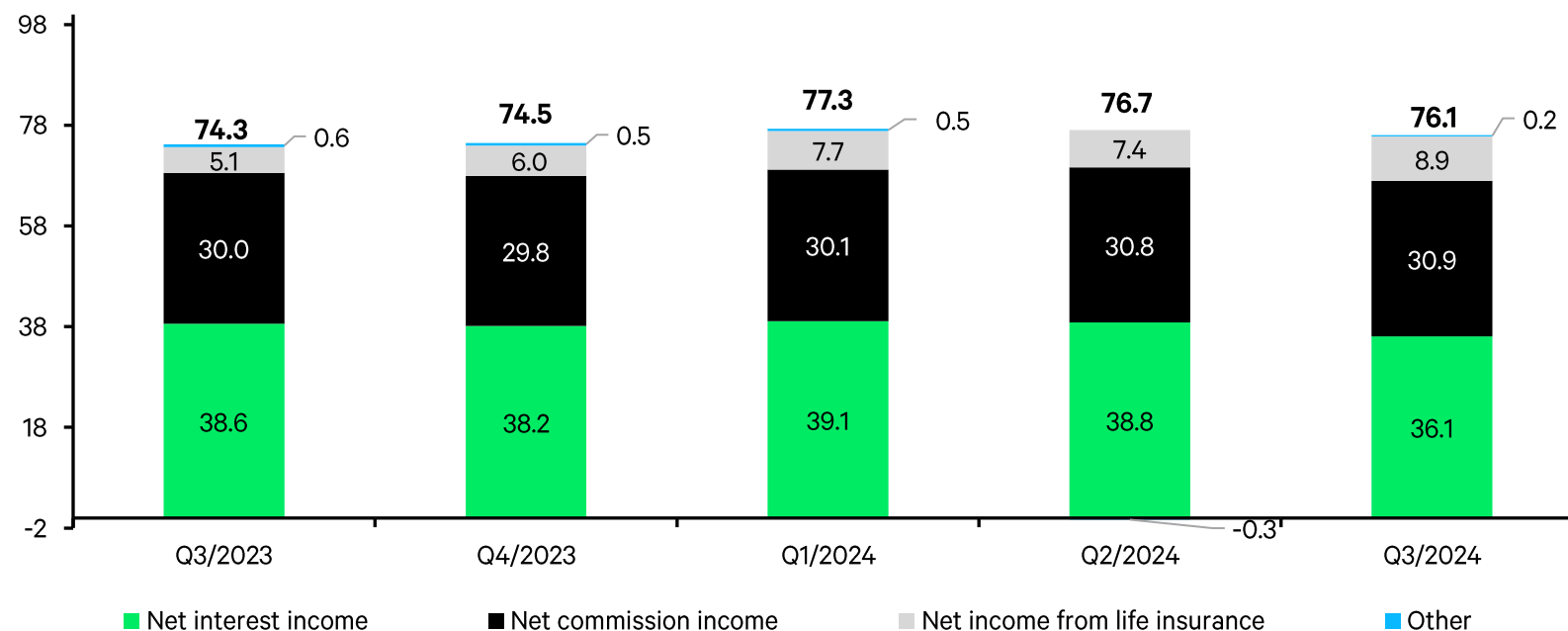


Stable operating income

- Net commission income was 3% higher than last year thanks to a higher net income from funds and card operations.
- Net income from life insurance was exceptionally good due to strong demand, low loss ratio and good investment performance.
- NII was 7% lower than last year due to the impact of differing corporate account rates and falling interest rates.

Comparable operating income, Q-o-Q

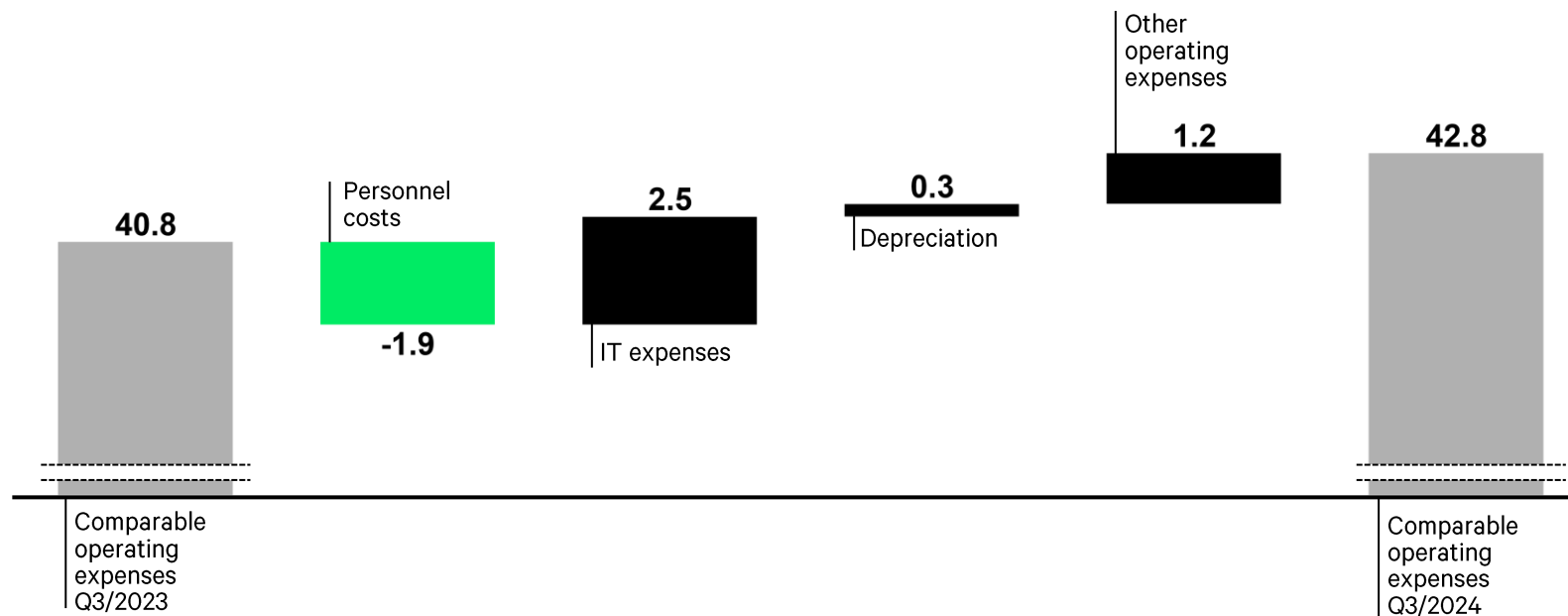
EUR million



Higher IT expenses, but lower personnel costs

- Comparable operating expenses increased by 5% due to increased IT investments.
- IT expenses increased due to continued investments in customer experience, banking system functionality, information security and regulatory processes.
- Personnel costs are under control and decreased.

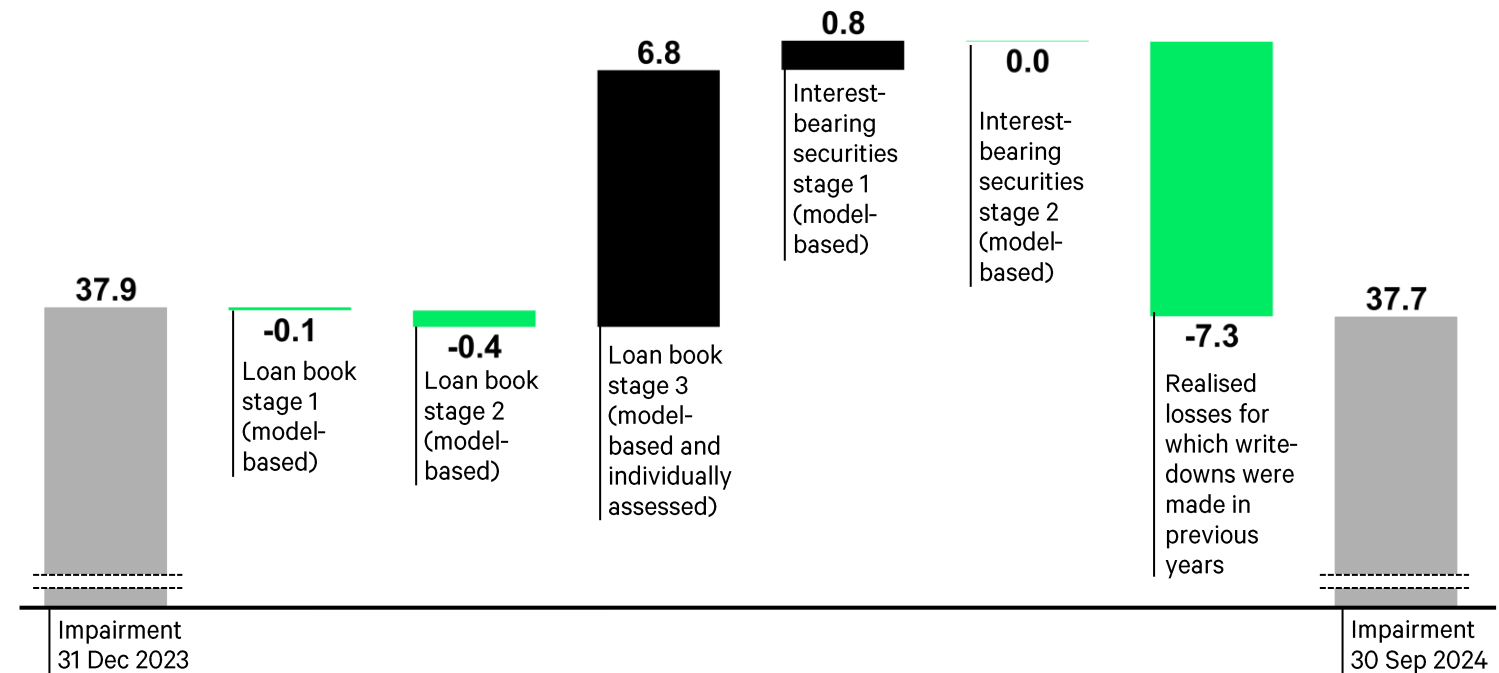
Comparable operating expenses Q3/2024 vs Q3/2023
EUR million



Credit loss provisions were EUR 1.8 million

- For the major part, our loan book consists of loans to households supported by residential or real estate securities.
- Credit loss provisions in Q3 (EUR 1.8 million) decreased compared to last year.
- Annualised net credit losses (8 bps) remained at a moderate level.

Change in expected credit losses (ECL) 1–9/2024
EUR million



The Debt Investment case

Credit ratings

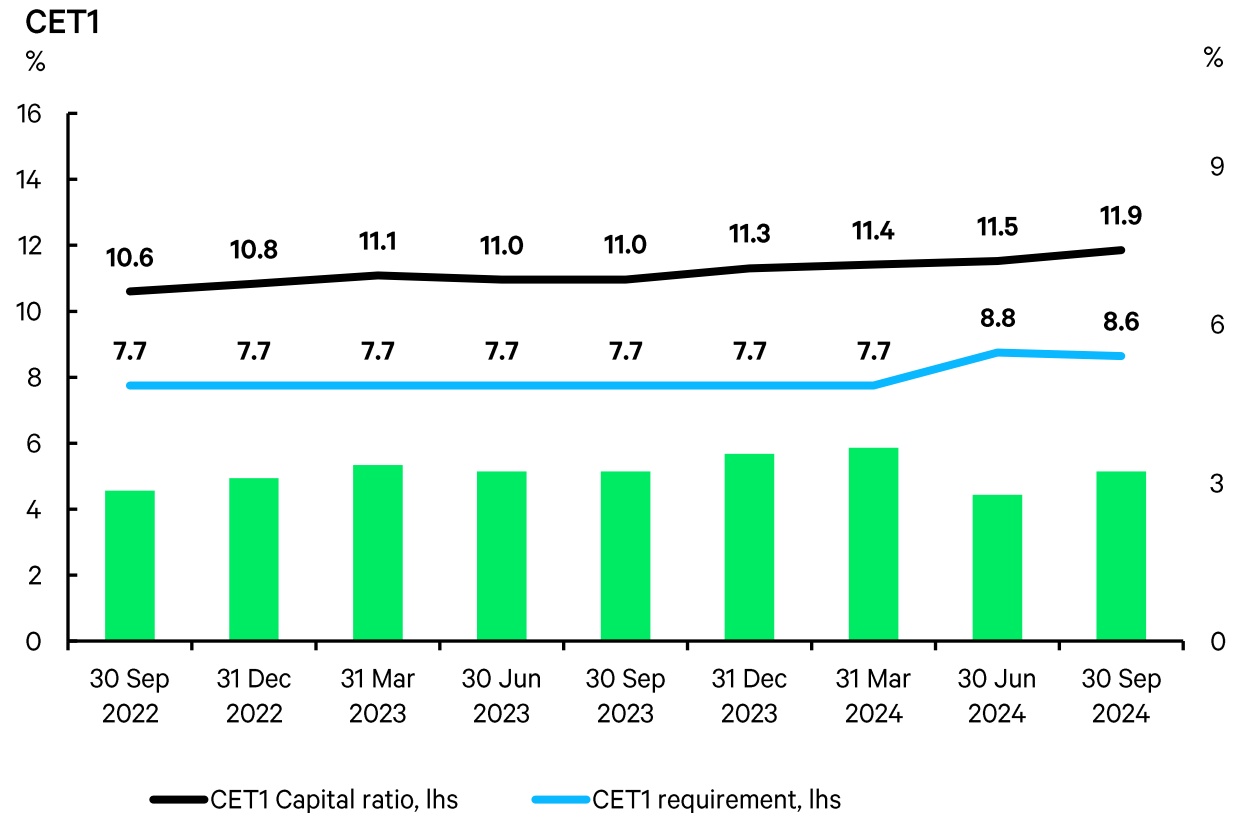
Moody's: A2 / P-1, neg, Covered Bonds: Aaa

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

Aktia

CET1 ratio improved to 11.9%

- CET1 ratio was 11.9% and 3.3 percentage points above the regulatory requirement.
- CET1 capital increased by EUR 13.5 million, mainly due to profit for the period and an increase in the fund at fair value.
- 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.
- FIN-FSA decided to adjust the discretionary additional capital requirement (Pillar 2) down to 1.00% for Aktia as of 30 September 2024.



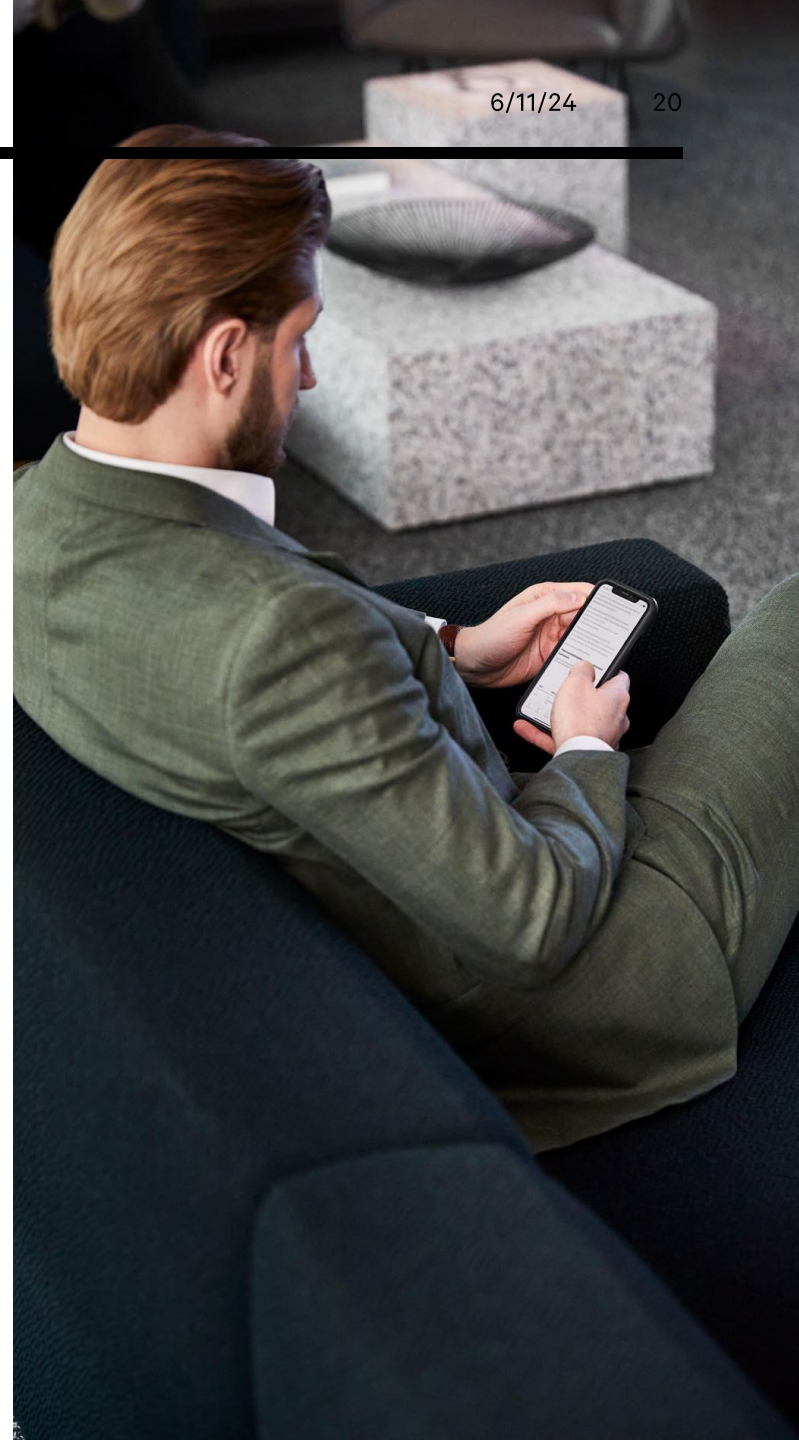
Other regulative requirements

Aktia Bank Group's leverage ratio was 4.5% (Q4/2023 4.2%) as of 30 September 2024.

- Tier 1 capital EUR 457.2 million
- Total exposures EUR 10,123.4 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%.

- Combined MREL requirement EUR 799.7 million
- Own funds and eligible liabilities EUR 2,170.8 million



Funding activities

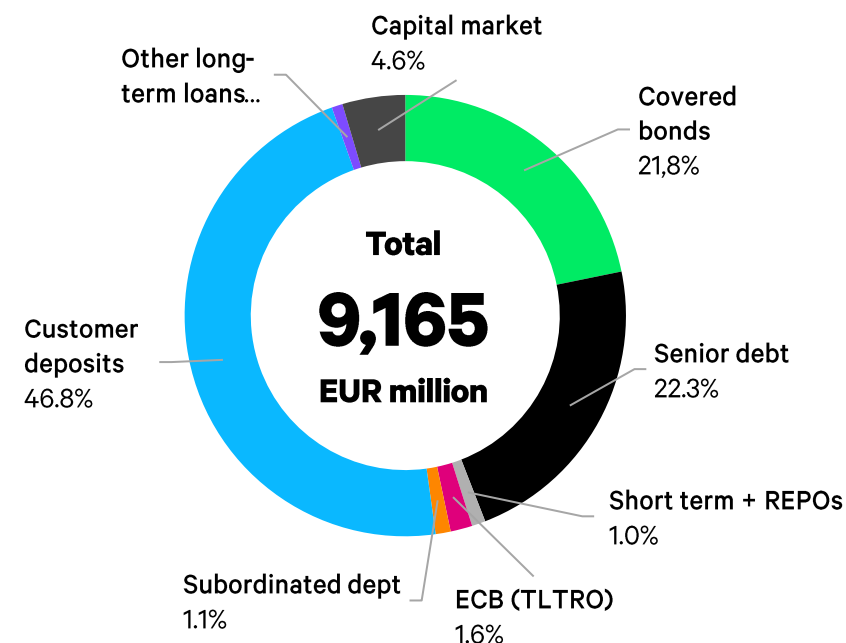
- In September, Aktia successfully refinanced a callable Tier 2 EUR 70 million note with new EUR 70 million Tier 2 issue. The active investor work contributed to finding 35 investors predominantly from UK/Ireland, Nordics and France. The issue was 1.7 times oversubscribed.
- The liquidity situation at Aktia remained very strong (LCR 230% at the end of Q3).
- Aktia is monitoring the senior preferred private placement EUR market during Q4 to refinance redeeming debt including the last tranche of TLTRO in December.



Sound funding profile

- Borrowing from the public and public-sector entities was at EUR 4,278.3 million.
- The value of bonds issued by Aktia Bank totalled EUR 3,993.3 (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.

The Group's funding structure 30 September 2024



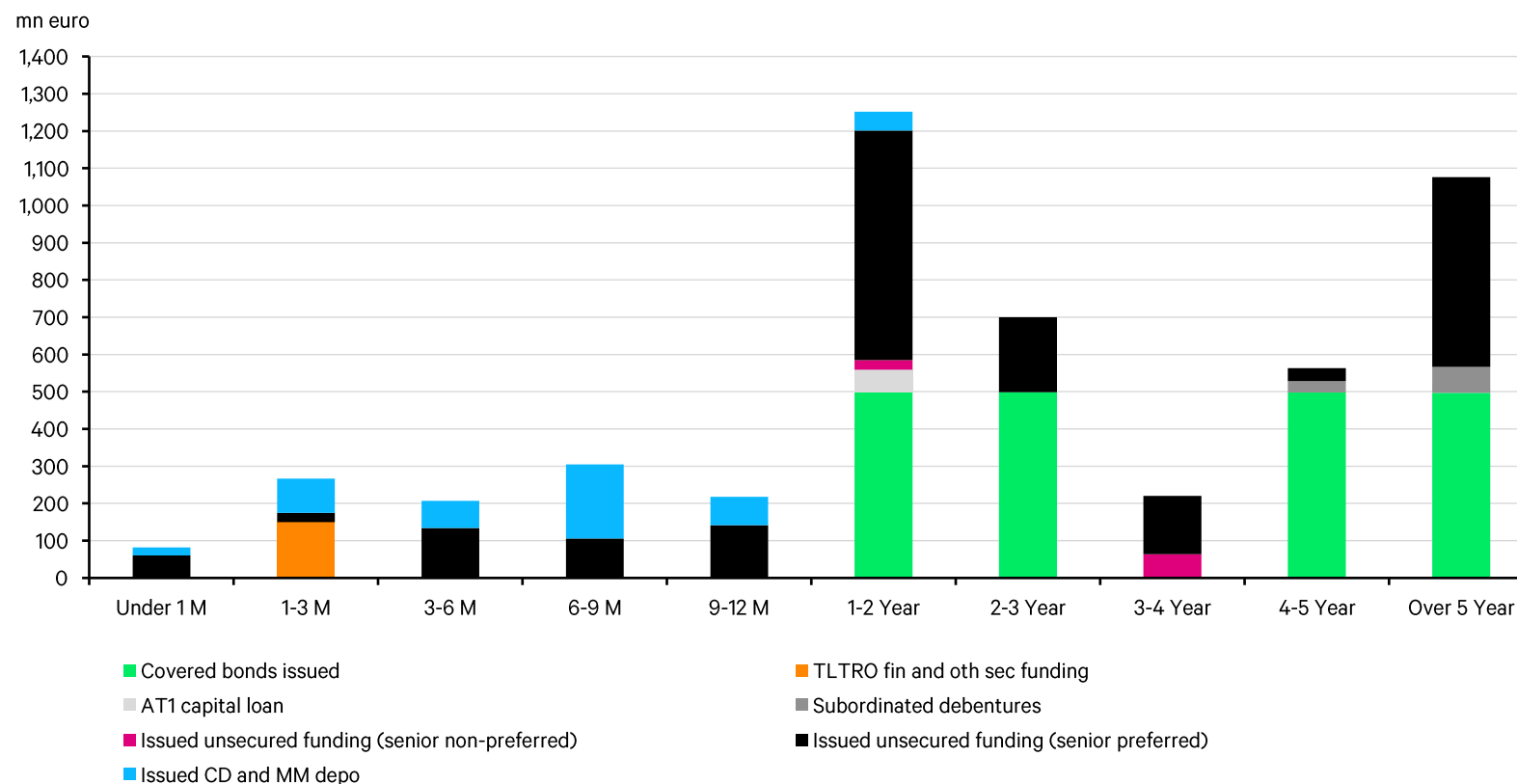
Redemption schedule

Remaining TLTRO redemption schedule:

- December 2024:
EUR 150 million.

Next benchmark covered bond issue redeems in March 2026.

Maturity profile, 30.9.2024



High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 230%

- 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 1,501 million on 30 September 2024 (Q4/2023: EUR 1,817 million). All assets are LCR eligible.
- Aktia Bank has also undrawn intraday credit limit from the Central Bank of EUR 100 million.

Unencumbered Liquidity reserve, market value		
EUR million	30 Sep 2024	31 Dec 2023
Cash and holdings in central banks	482	597
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	205	191
Securities issued or guaranteed by municipalities or Public sector entities	42	72
Covered bonds	772	957
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
Total	1,501	1,817

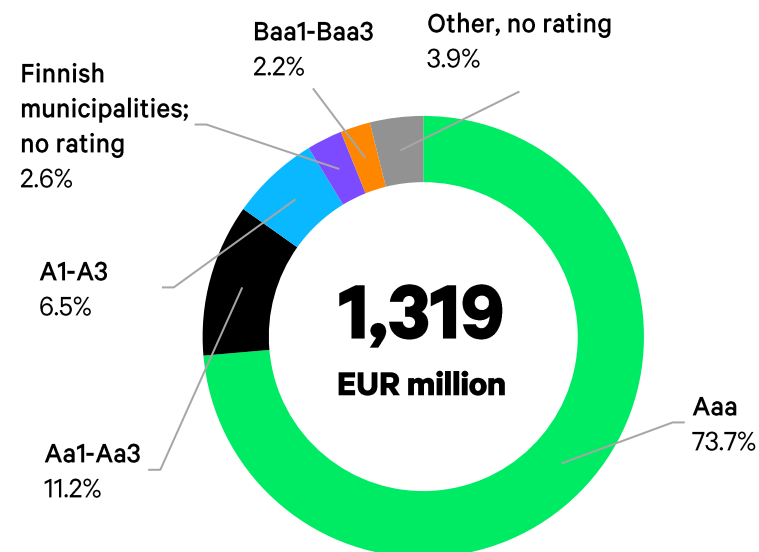
Low risk liquidity portfolio

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 September 2024



Aktia Bank as covered bond issuer

Aktia Bank is issuing the Covered bonds as mortgage bank under the Finnish Covered bond legislation that came into effect on 8 July 2022 (Act on Mortgage Credit Banks and Covered Bonds (151/2022)). (Pool 1)

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

Pool 2 consists the issues that have been issued under the former legislation (Act on Mortgage Credit Bank Operations, MCBA 688/2010) and

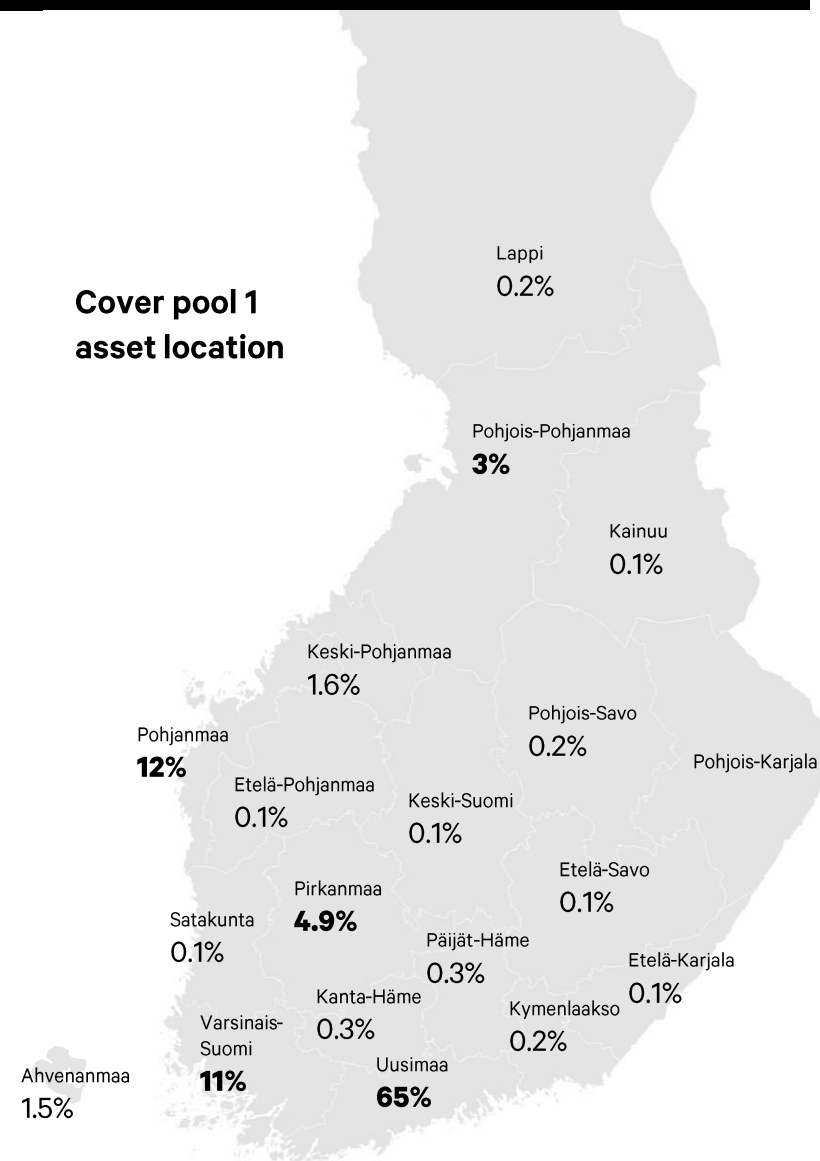
The covered bonds are issued directly from the bank's balance sheet.

- 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

3Q 2024	Pool 1 (2023-)	Pool 2 (2014-2022)
Asset Pool Balance	EUR 1,167 bln. (no substitute assets)	EUR 1,224 bln. (no substitute assets)
No of loans / average loan balance	13,625/ EUR 85,651	17,772/ EUR 68,850
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	99% Residential, 1% 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	49.32%	46.76%
Maximum LTV	Covered Bond refinancing max LTV limit: 80% Loans exceeding LTV 80 haircut at LTV 80%	Covered Bond refinancing max LTV limit: 70% Loans exceeding LTV 70 haircut at LTV 70%
Interest rate	floating 99%, fixed 1%	floating 90%, fixed 10%
WA seasoning	73 months	79.15 months
Overcollateralisation (%)	16.70%	22.36%
Committed OC (Nominal)	5.00%	10.00%
OC Calculation: Legal Minimum	2.00%	2.00%

Cover pool 1 asset location

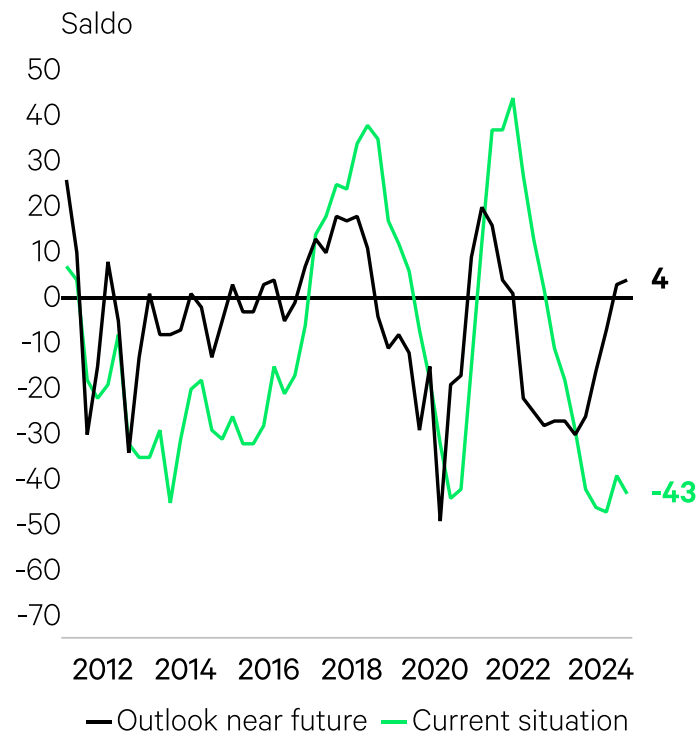


Finland Macro and Housing market update

Aktia

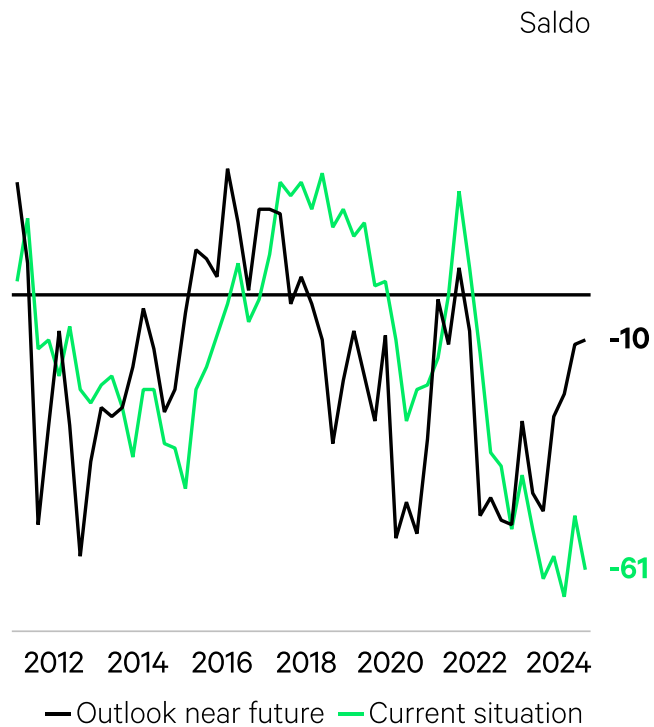
Economic sentiment

Manufacturing industry



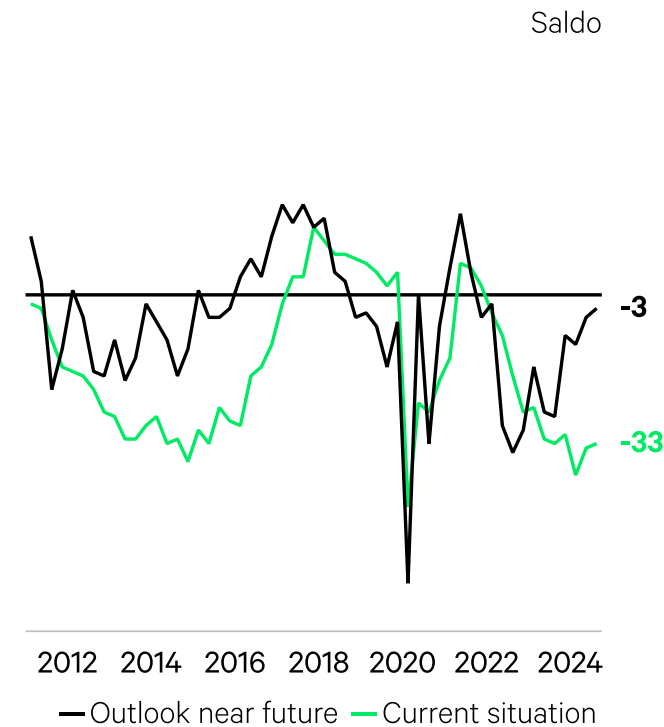
Aktia, Macrobond, Confederation of Finnish Industries (EK).

Construction



Aktia, Macrobond, Confederation of Finnish Industries (EK).

Services

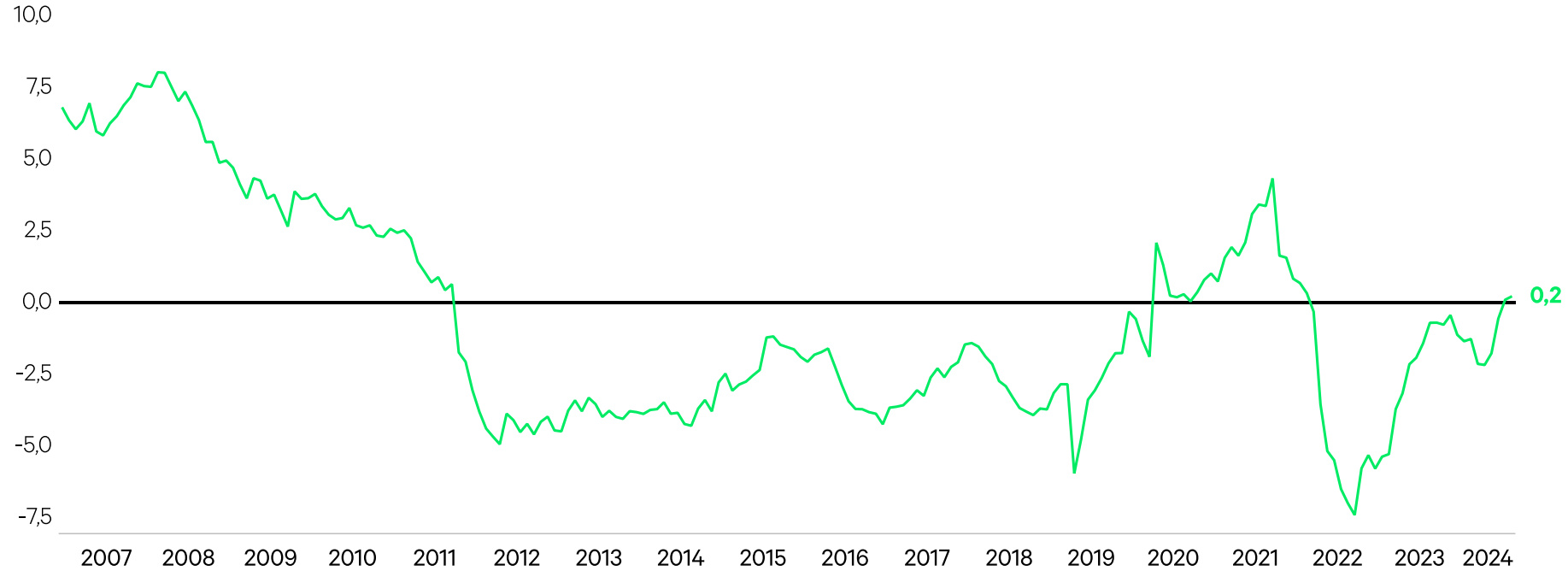


Aktia, Macrobond, Confederation of Finnish Industries (EK).

Current account has improved

Current account, Finland

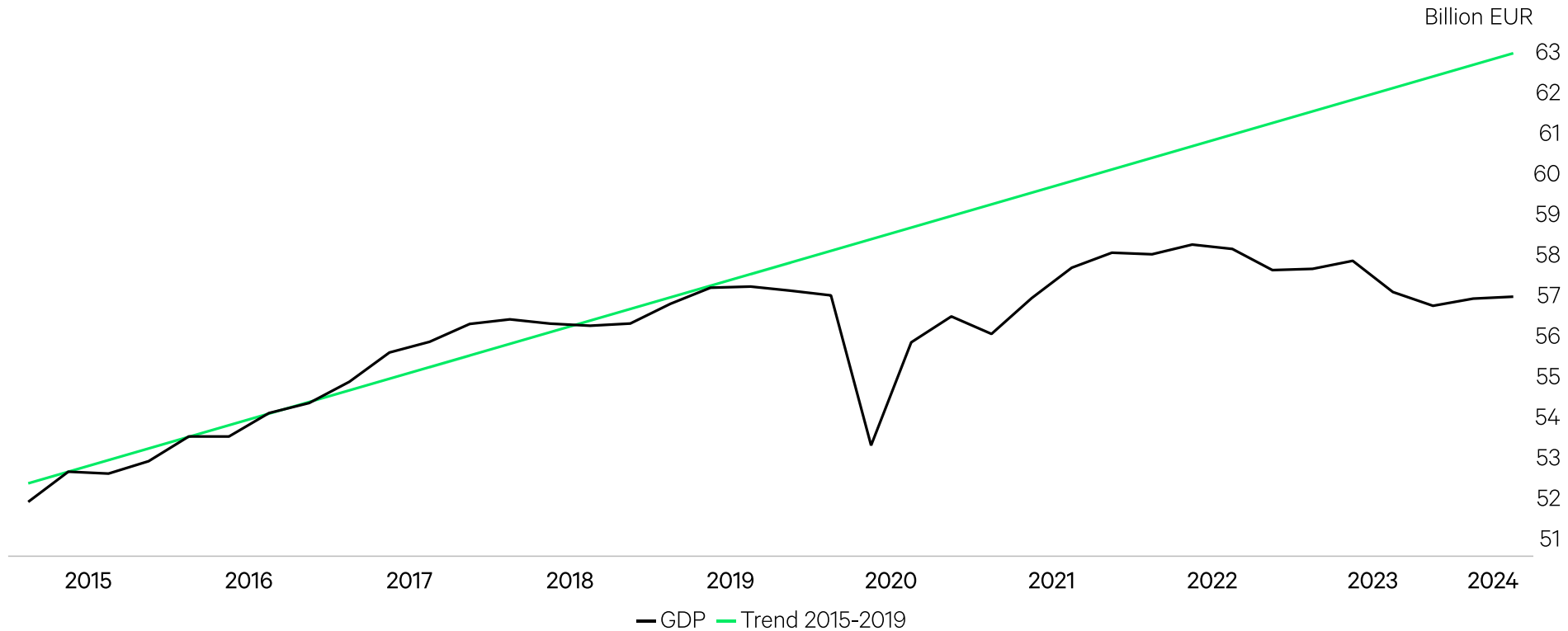
Billion euros, 12 month moving sum



Aktia, Macrobond, Statistics Finland.

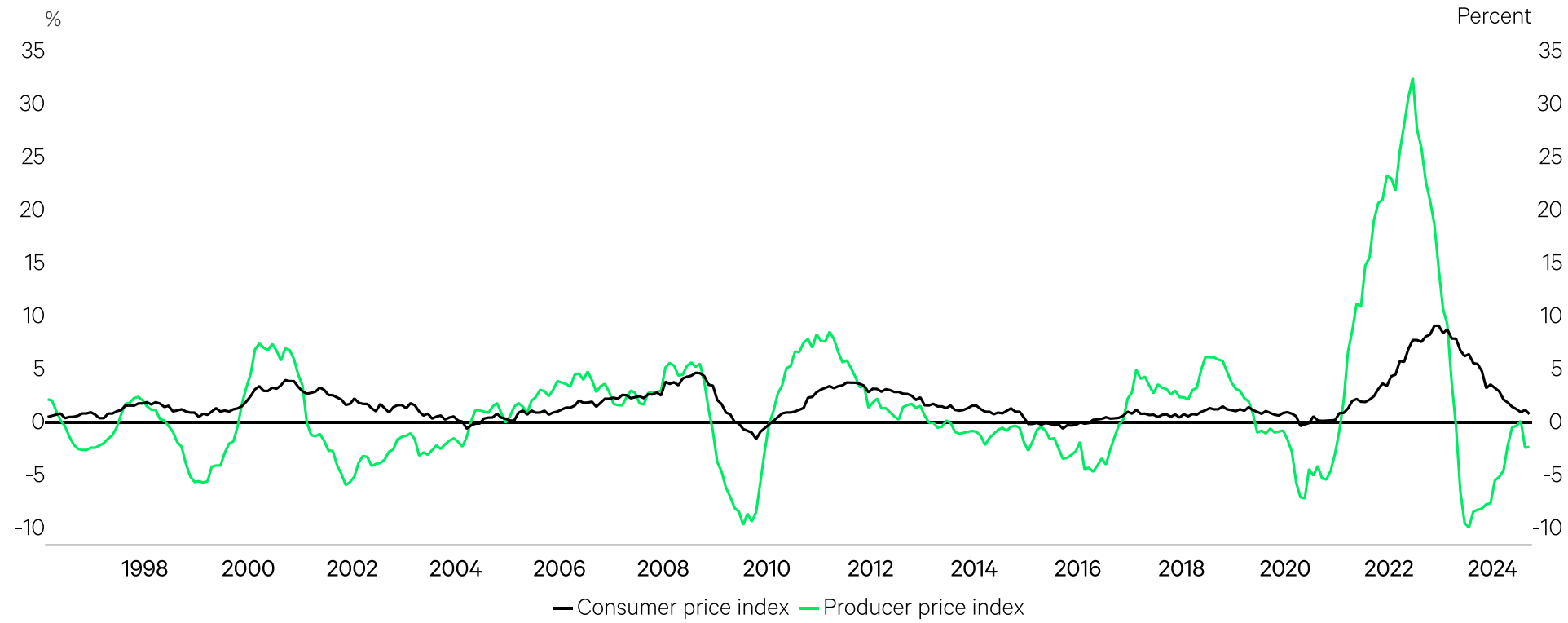
Gross domestic product behind trend

Finland, quarterly gross domestic product, 2015 prices



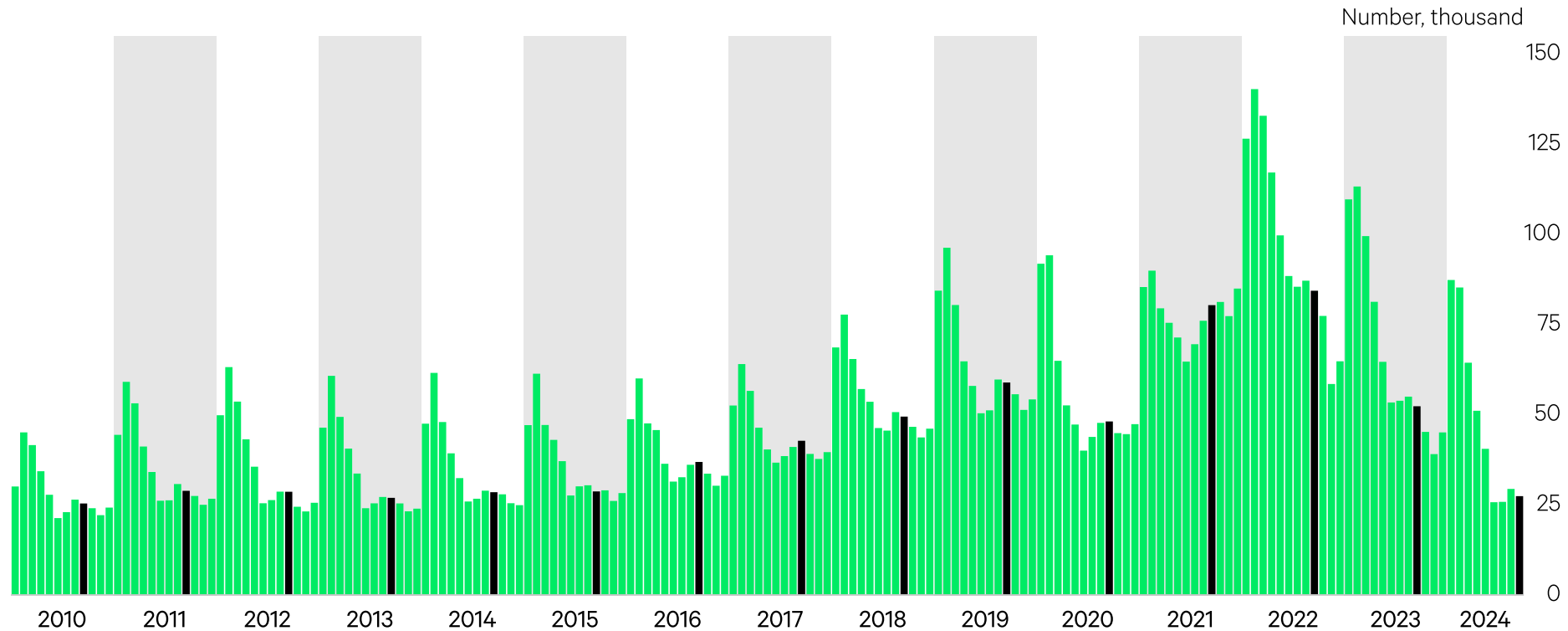
Inflation pressure is easing

Finland, annual change in consumer and producer price indecies



Labour market is normalising

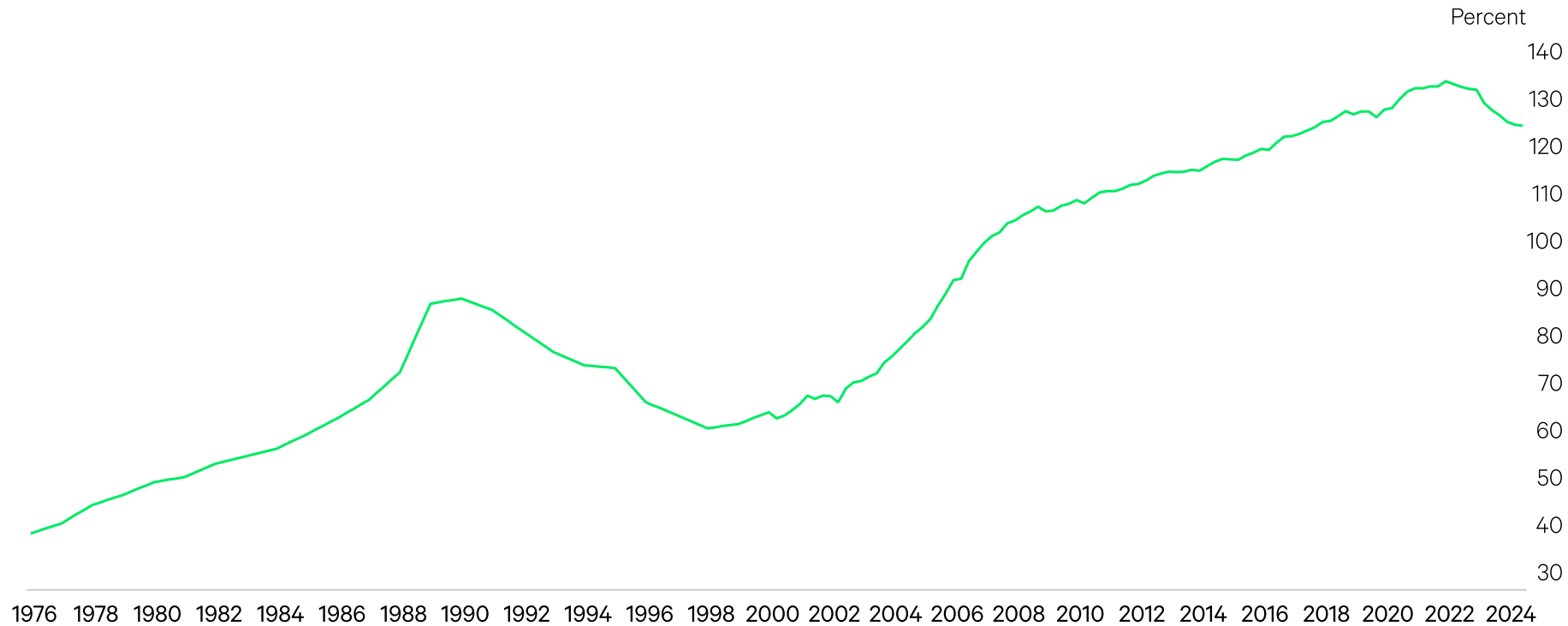
Job openings, latest observation 09/2024



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

Finnish household indebtedness decreasing

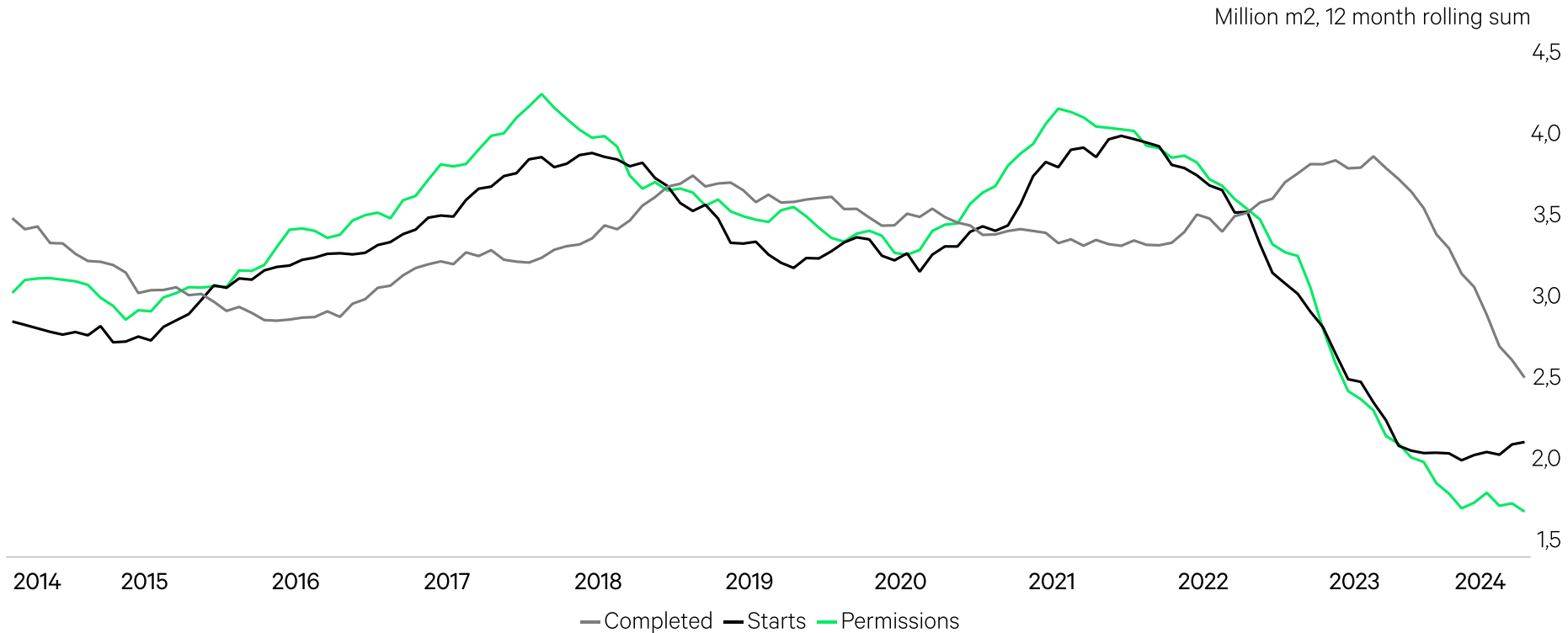
Finnish households' indebtedness rate



Aktia, Macrobond, Statistics Finland.

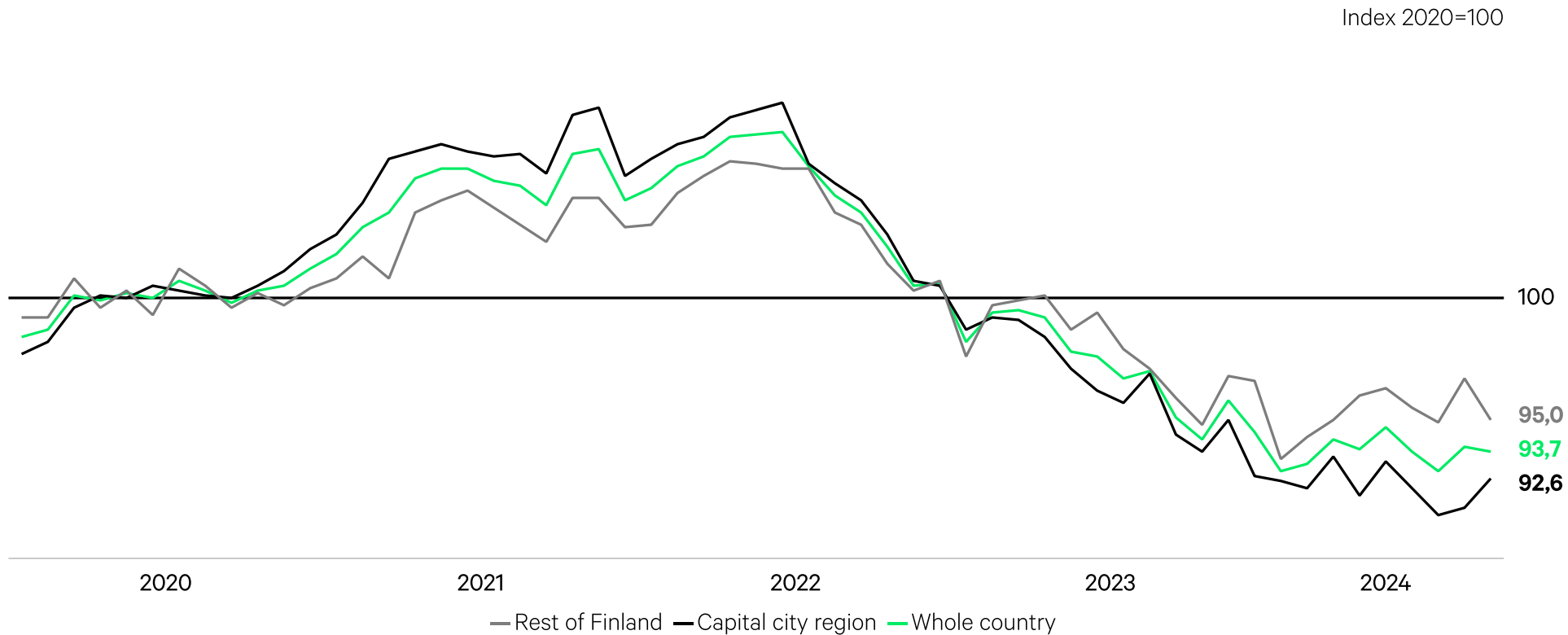
Residential construction starts at lows

Residential construction activity



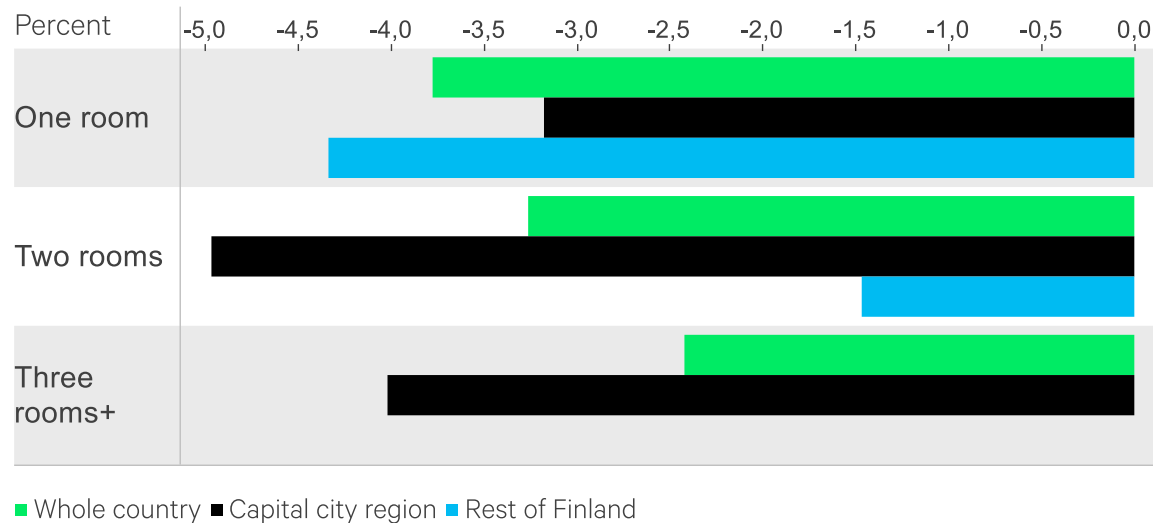
Housing prices bottomed out?

Price index of old blocks' of flats



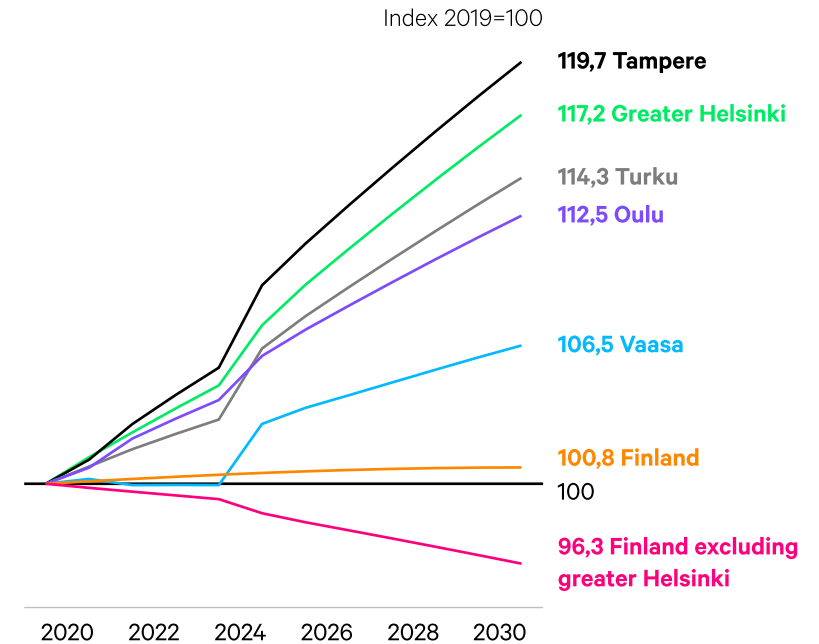
Housing market has been challenging

Annual change in prices of apartment blocks, 2024 Q3



Source: Aktia, Macrobond, Statistics Finland

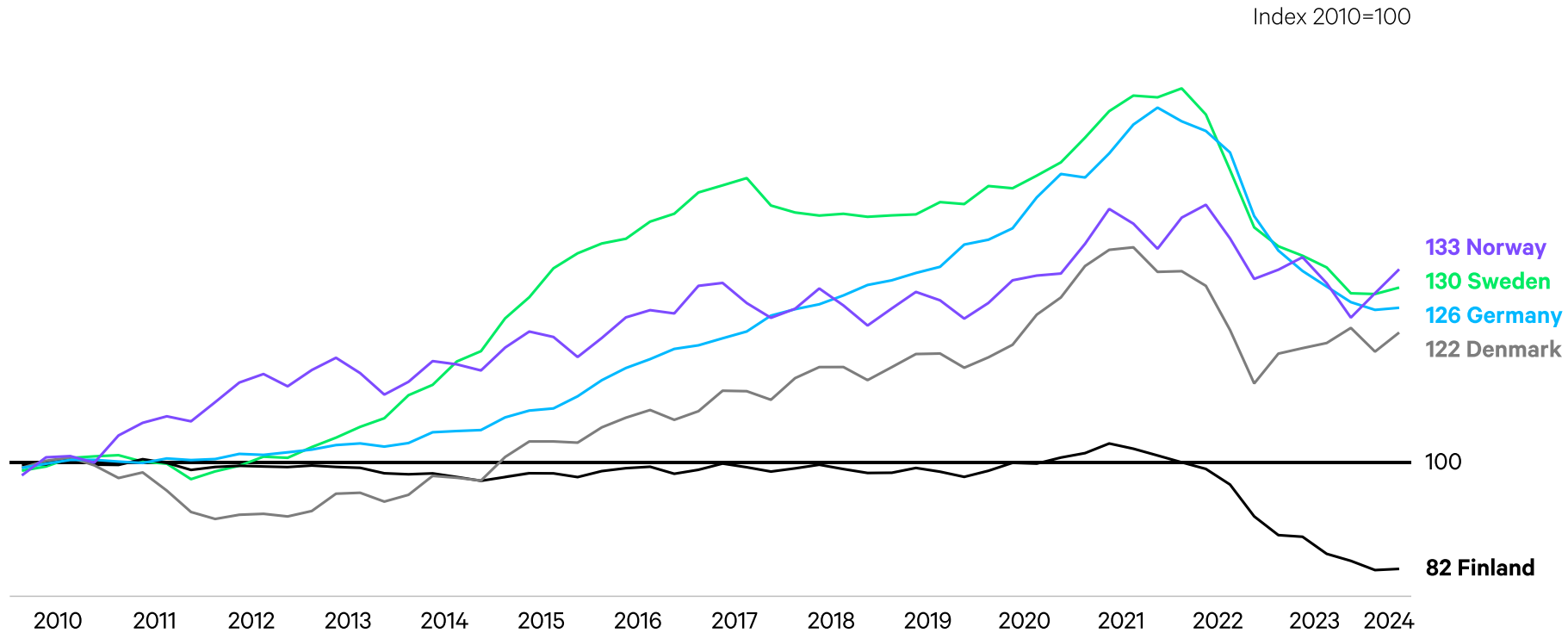
Population projection, updated 9/2021



Aktia, Macrobond, Statistics Finland.

Housing market comparison

Real House Prices (Price to income-ratio)



Aktia, Macrobond, BIS (The Bank for International Settlements).



Building wealth for our customers and society

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