

9 NOVEMBER 2023

Q3 Results

Debt Investor Presentation

Aktia

Highlights Q3

- **Net interest income** increased by 64% to EUR 39.5 (24.0) million.
- **Net commission income** was on the previous year's level at EUR 30.0 (29.9) million. Net subscriptions were EUR -279 million.
- **Net income from life insurance** was EUR 5.1 (19.6) million, despite the result including value changes of EUR -2.0 million in the real estate portfolio. Comparative figures recalculated according to the new IFRS 17 accounting standard make the comparison significantly more difficult.
- **Comparable operating expenses** were approximately on previous year's level at EUR 40.8 (40.3) million.
- **Comparable operating profit** increased by 3% to EUR 32.0 (31.1) million.
- **Credit loss provisions** were still very moderate, EUR -2.3 million.

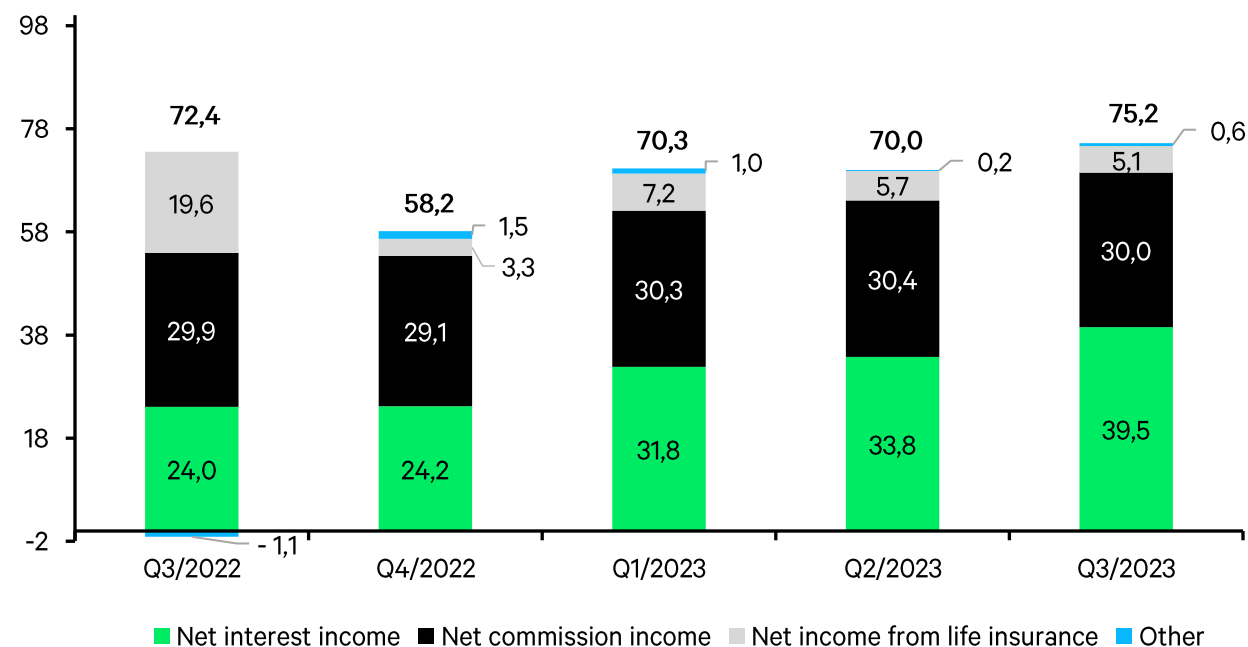


Net interest income improved significantly in Q3

- Comparable operating income was EUR 75.2 (72.4) million.
- Net interest income improved significantly, supported by the positive development of the customer margins, rising reference interest rates and the growth in the corporate loan book.
- Net commission income remained on the previous year's level, despite average customer assets (AuM) being somewhat lower than the previous year.
- Net income from life insurance was solid, however below last year's level due to the restated comparison figures (IFRS 17).

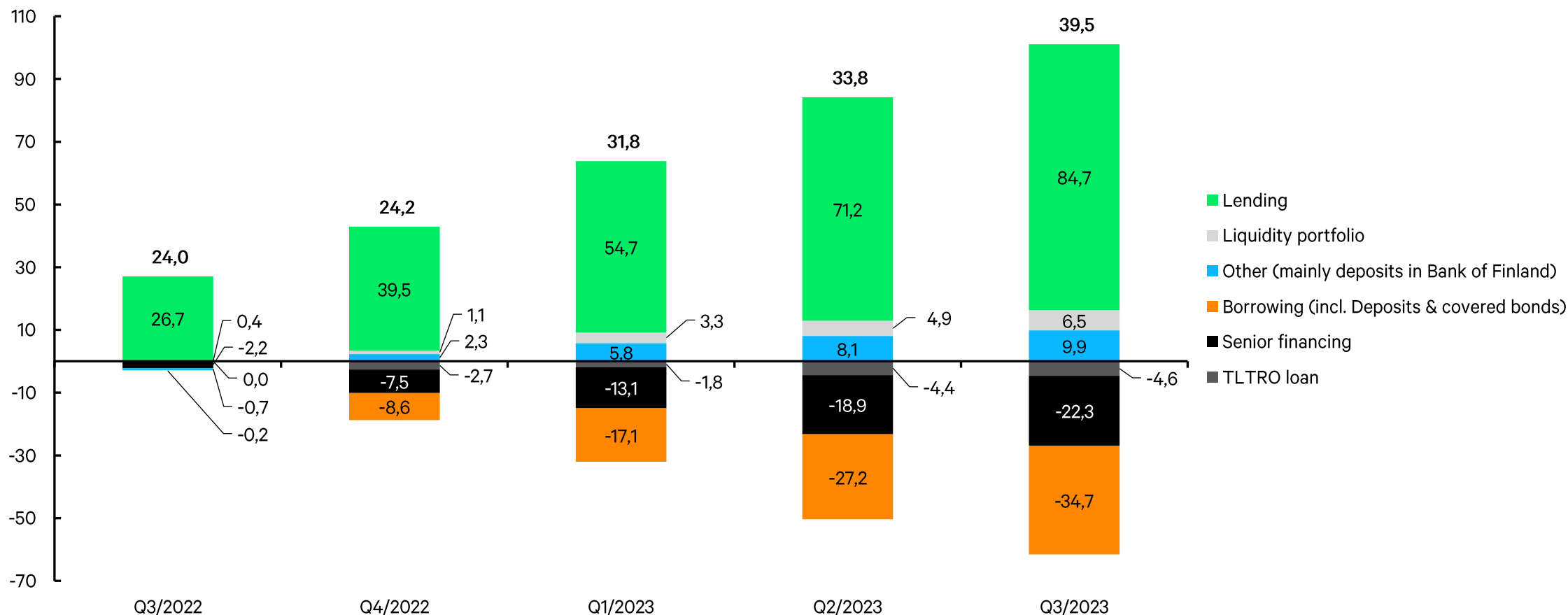
Comparable operating income, Q-o-Q

EUR million



Composition of the Group net interest income

EUR million

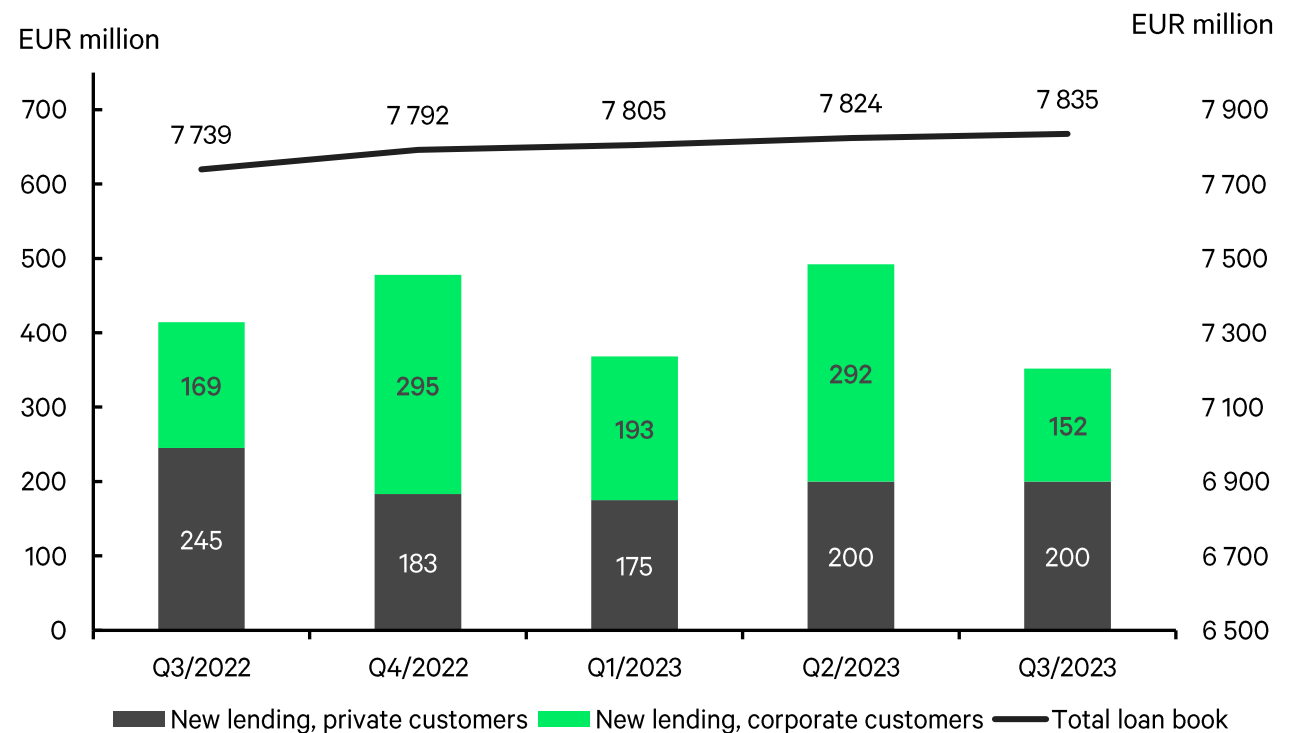


Business areas

Average margin continued to increase

- Despite challenging market conditions, the loan book grew somewhat. The growth was driven by corporate lending, while housing loan demand remained low.
- The growth in net interest income was driven by higher interest rates and favorable margin development. The quality of the loan portfolio remained at a good level and the average margin continued to increase.
- In the corporate customer business, demand for hire purchase and leasing financing remained good.
- In the private customer business, cooperation with Finnair progressed as expected.

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

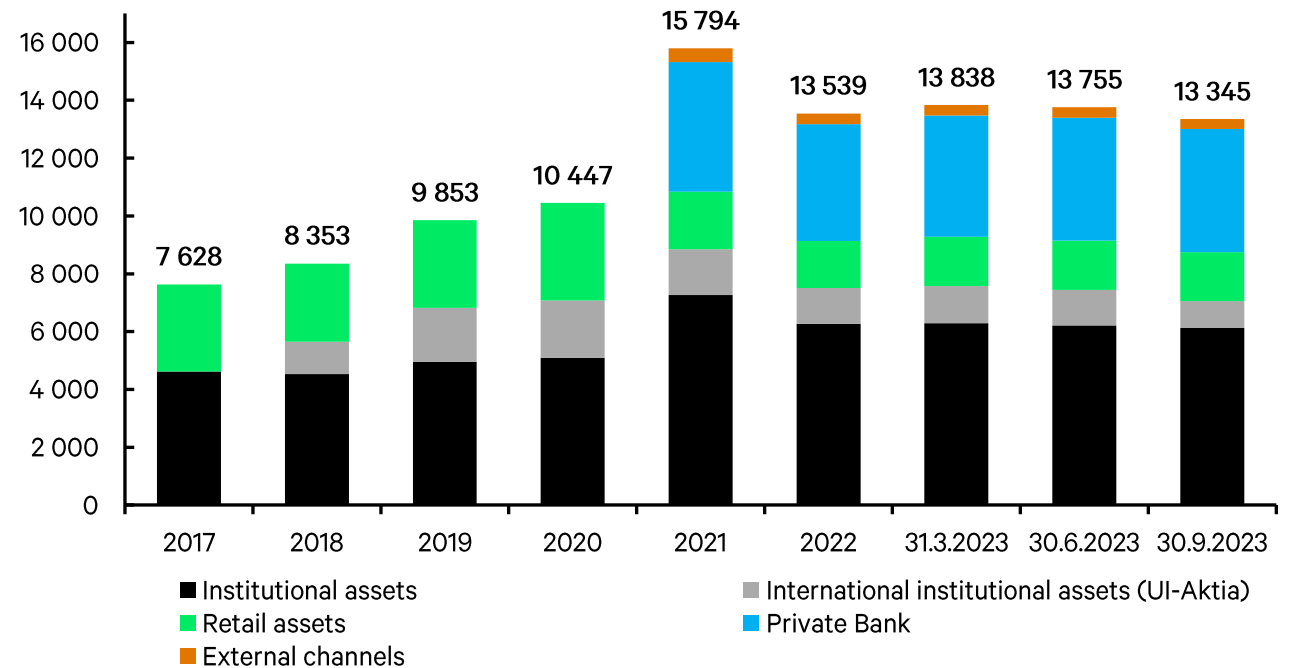


Assets under Management decreased slightly

- Market environment remained volatile and the development on equity markets was very weak.
- Central banks continued rate hikes and market expectations for a decrease in interest rates were postponed.
- Net sales to domestic institutional investors and Private Banking customers were positive, while international investors made redemptions from some of Aktia's well-performing fixed income funds.

The Group's Assets under Management, excluding custody

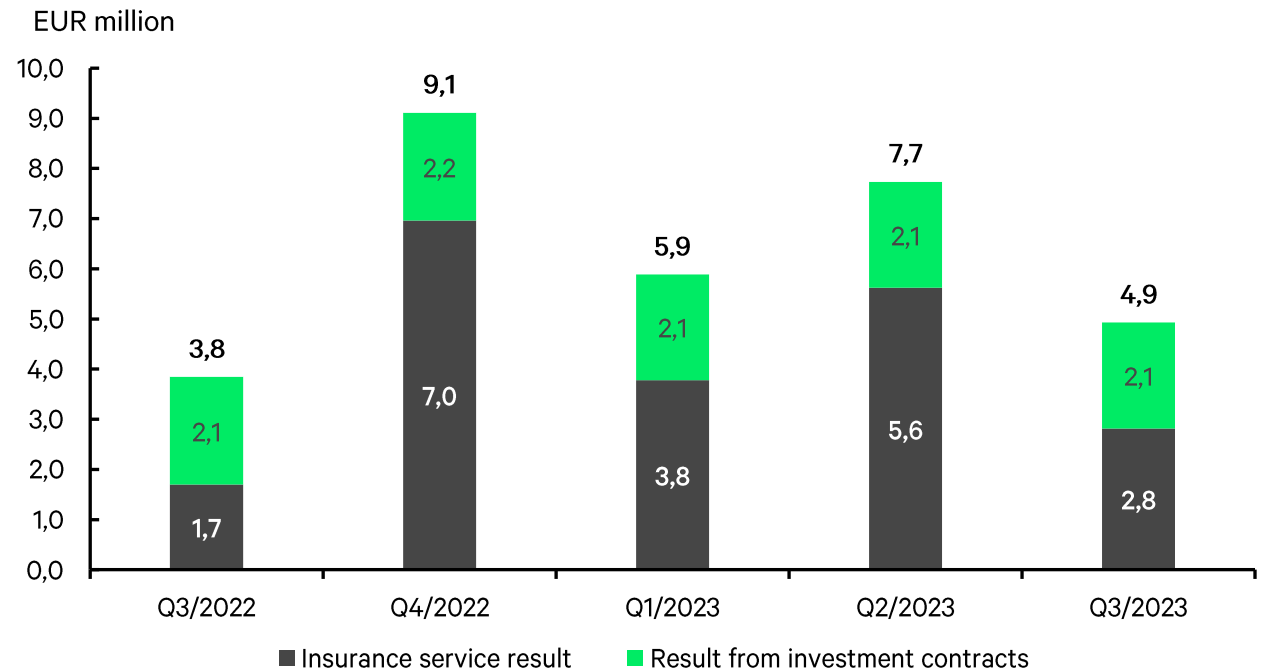
EUR million



Insurance service result improved

- Sales of risk life insurance developed well.
- Sales of investment-linked insurance policies remained stable.
- The result from investment activities, including insurance finance result and income from investment activities, amounted to EUR 1.0 million in the life insurance business.
- The solvency ratio remained on a good level.

Development of the actuarially calculated result Q-o-Q



ESG

Aktia's Sustainability in Q3/2023

The high-level targets of the programme

- 1 Enable sustainable prosperity.
- 2 Competence and well-being of employees who can influence their work and feel that their work is meaningful.
- 3 Ensure reliable and transparent operations.
- 4 Work towards carbon-neutrality.

Highlights in Q3 2023: Focus on nature

Weakened biodiversity poses risks to investors. **Corporate engagement** can be carried out to demand urgent and necessary measures from companies to protect and restore nature and ecosystems and thereby **reduce economic risks**.

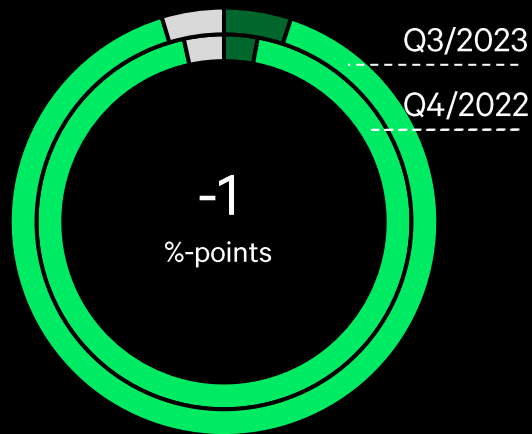
Aktia has joined a new investor initiative **Nature Action 100** - the first global investor initiative to address the acute crisis of loss of nature and biodiversity.

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



SFDR Article



Principles of Governance

Aktia's ESG ratings
Target: reach at least industry average

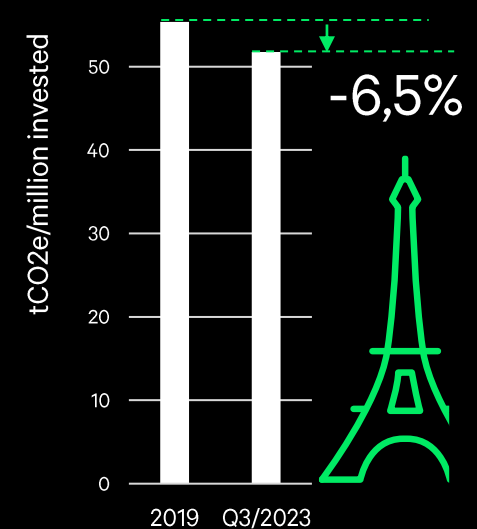
- MSCI ☑ A
- Sustainalytics ☑ Low Risk
- ISS-ESG ☑ D+

Aktia's net impact
Target: positive net impact

Upright Project ☑ 31%

Planet

Relative carbon footprint of equity and credit portfolios
Target: -30% vs 2019



One of the cornerstones of our strategy – excellent customer experience

Aktia's strategic priorities

- 1 Excellent customer experience
- 2 Win in wealth management
- 3 Growth among customers who are willing to increase their wealth

Investing in improving the customer experience in 2023:

- Shortening the waiting times for the telephone service
- Large-scale adoption of the electronic identification application
- Providing comprehensive and high-quality advice to customers in both domestic languages



Financial overview

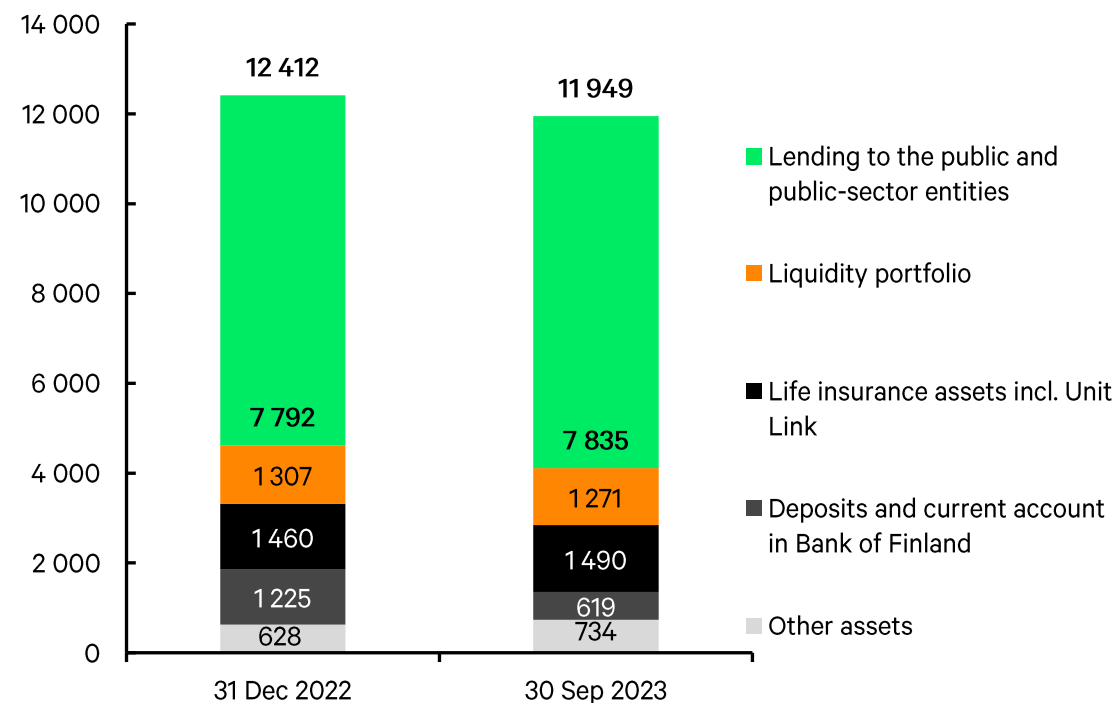
Outi Henriksson, CFO

Aktia

Balance sheet total EUR 11,949 million

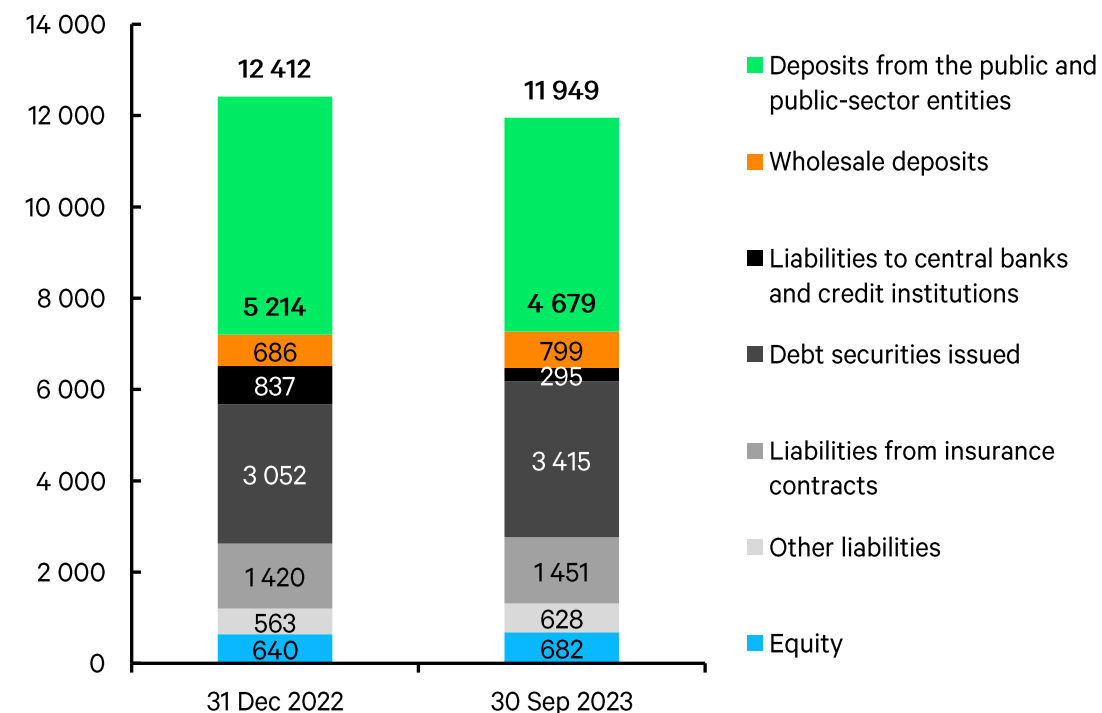
Total assets

EUR million



Total liabilities and equity

EUR million

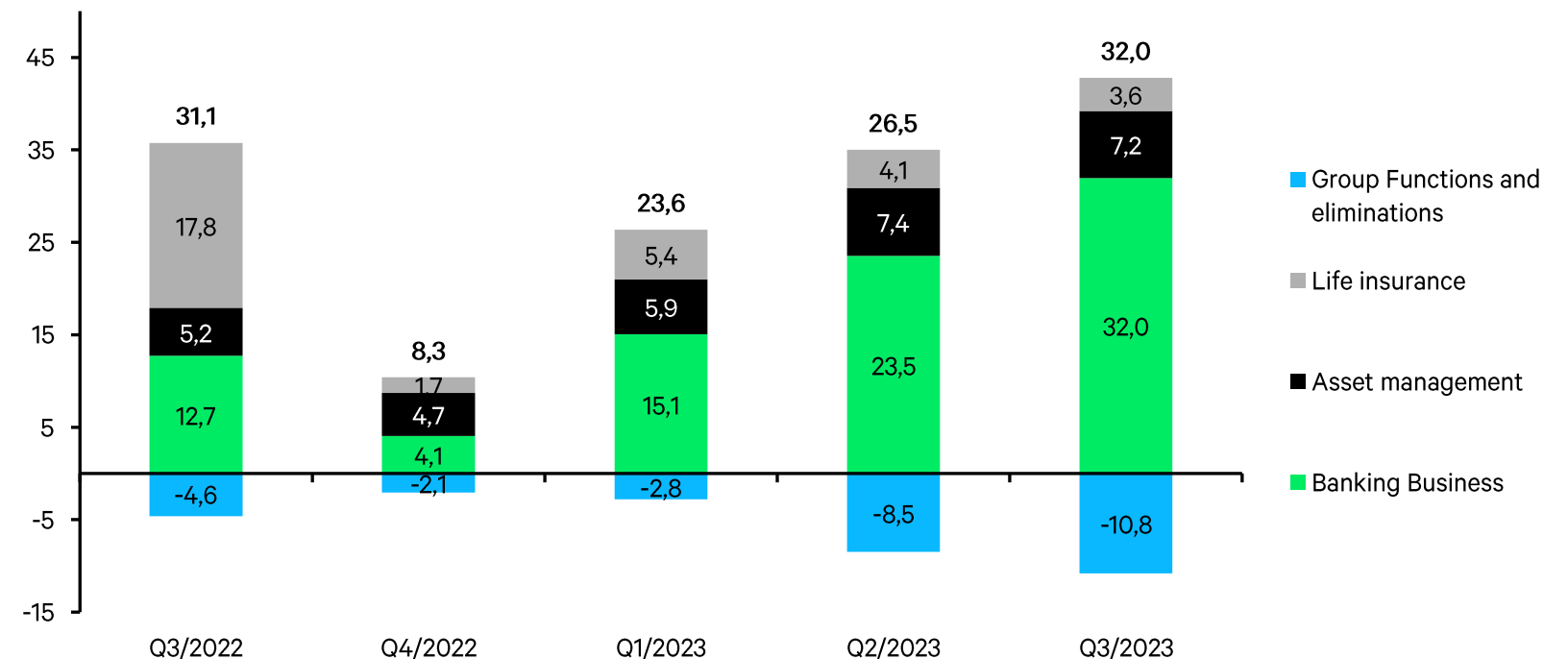


Comparable operating profit improved in Banking Business and in Asset Management

- Comparable operating profit increased significantly in Banking Business and in Asset Management, driven mainly by net interest income
- Comparable operating profit decreased in Life Insurance as a result of restatement of 2022 to IFRS 17
- Group functions lower result mainly affected by NII related expenses in Treasury

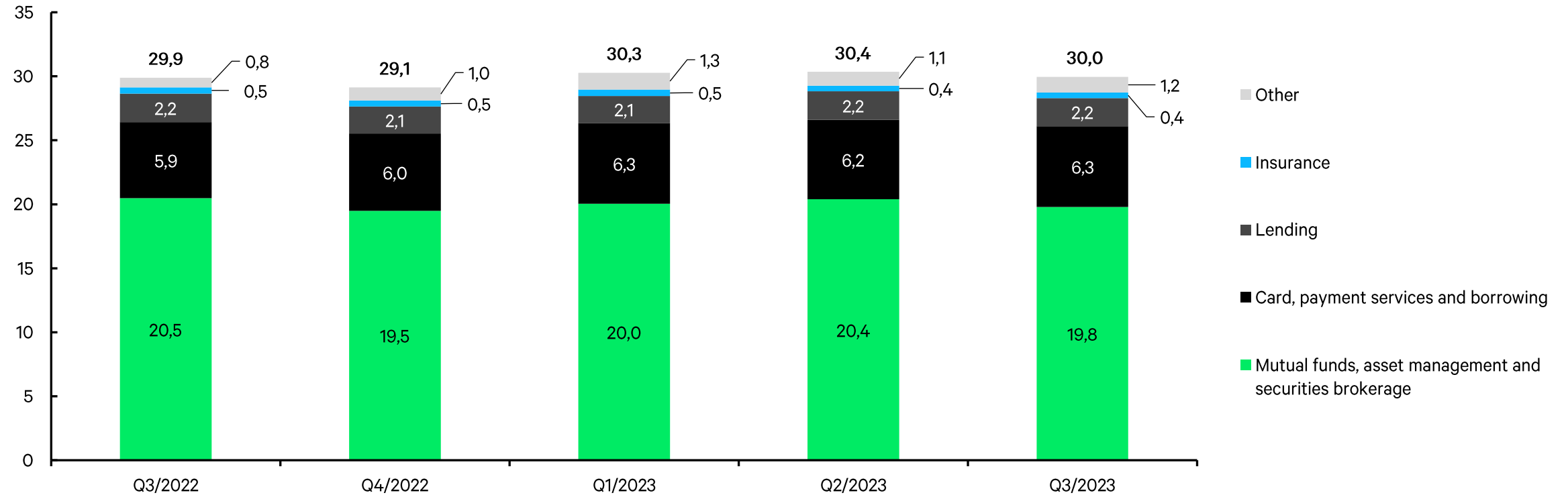
Comparable operating profit Q-o-Q

EUR million



Net commission income mix

EUR million

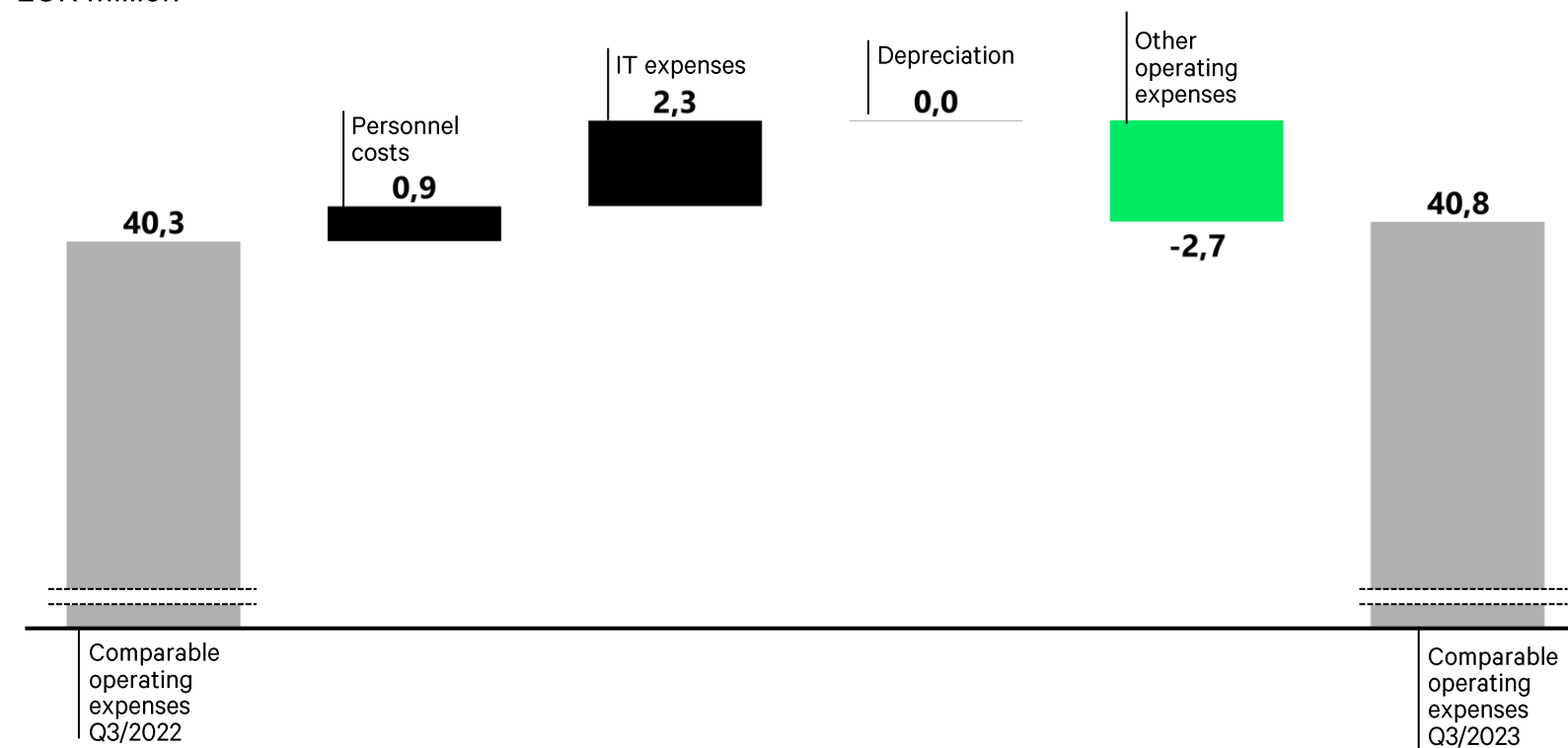


Despite high inflation, comparable operating expenses were at the previous year's level

- Personnel costs increased by 5%, mainly driven by collective agreement related raises and variable pay changes from last year.
- IT expenses increased by 32%, driven by outsourcing arrangements done in the end of last year and high inflation.
- Other operating expenses were clearly below last year level.

Comparable operating expenses Q3/2023 vs Q3/2022

EUR million

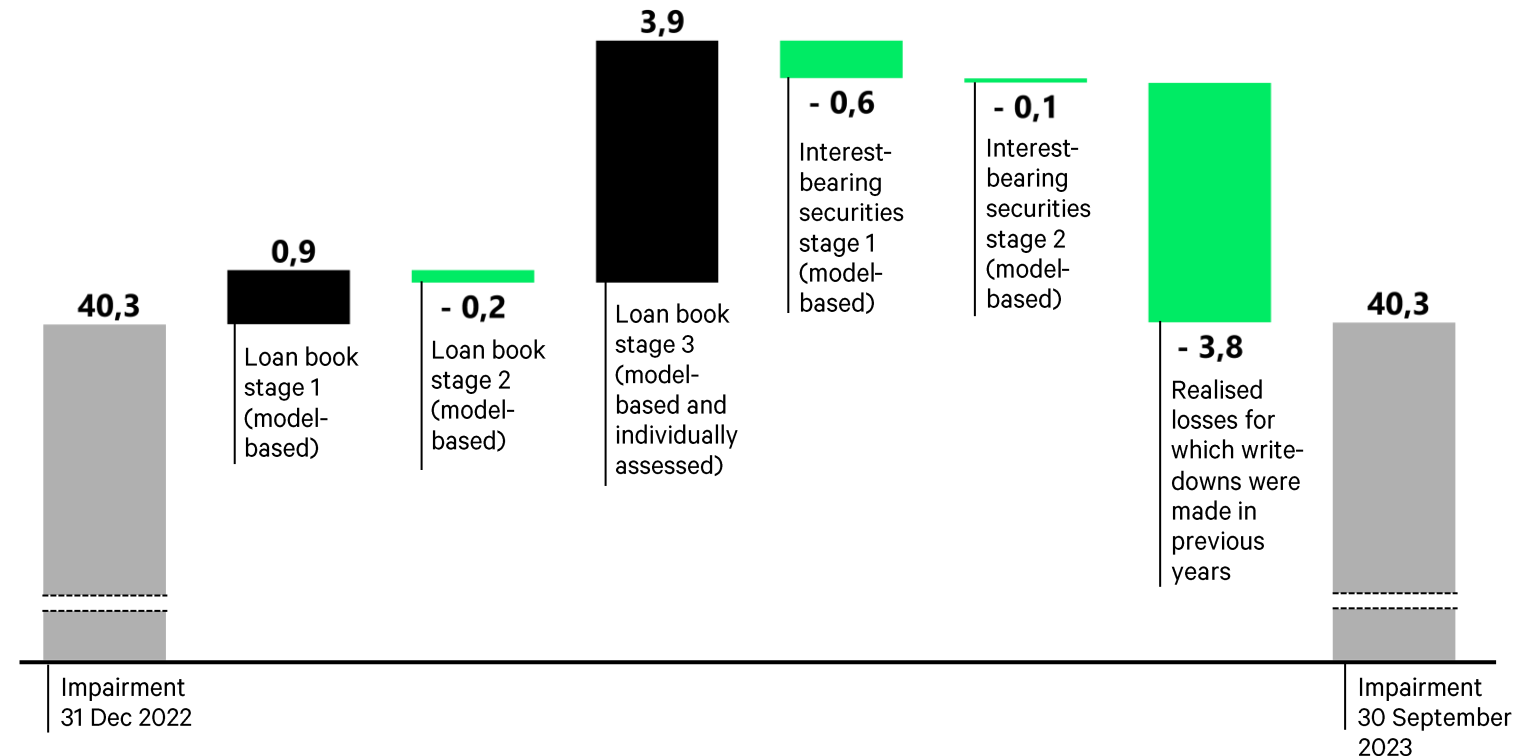


Quality of the credit portfolio remains solid

- 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 remained at a healthy level (41%) and a low risk level provides a solid quality of credits in Aktia's loan book.
- Changes in credit loss provisions in 3Q remained at a very moderate level (EUR - 2.3 million) and totalled EUR -4,5 million year-to-date.

Change in expected credit losses (ECL) 1–9/2023

EUR million



Financial summary Q3

EUR million	Q3/2023	Q3/2022	Δ %	Q2/2023	Δ %	1-9/2023	1-9/2022	Δ %
Total operating income	75.2	72.4	4%	70.3	7%	215.8	244.8	-12%
Net interest income	39.5	24.0	64%	33.8	17%	105.1	75.0	40%
Net commission income	30.0	29.9	0%	30.4	-1%	90.6	92.9	-2%
Net income from life insurance	5.1	19.6	-74%	5.7	-10%	18.0	75.9	-76%
Other income	0.6	-1.1	-155%	0.5	29%	2.1	1.1	89%
Total operating expenses	-40.8	-40.3	1%	-42.2	-3%	-130.1	-125.4	4%
Impairments of credits and other commitments	-2.3	-1.0	127%	-1.3	73%	-4.5	-3.1	47%
Operating profit	32.0	31.1	3%	26.8	19%	81.0	116.6	-31%
Comparable operating profit*	32.0	31.1	3%	26.5	21%	82.0	116.4	-30%
Earnings Per Share (EPS), EUR	0.34	0.34	-1%	0.29	17%	0.88	1.29	-32%
Return on Equity (ROE), %	16.2	17.6	-8%	14.1	15%	14.1	21.6	-35%
Cost-to-income ratio (comparable)	0.54	0.56	-2%	0.60	-10%	0.60	0.51	16%
Common Equity Tier 1 capital ratio, %	11.0	10.6	3%	11.0	0%	11.0	10.6	3%

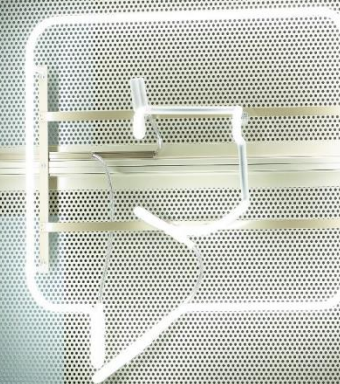
*) Excl. items affecting comparability

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 be at the same level or decrease slightly from 2022 (updated, earlier: is expected to increase slightly in 2023).
- Life insurance business is expected to develop stably. However, the result can be 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 on the same level or increase slightly from 2022, due in particular to higher inflation and the initial costs of outsourcing IT services.
- Potential provisions for credit losses are expected to be at the same level as in 2022.



The Debt Investment case

Credit ratings

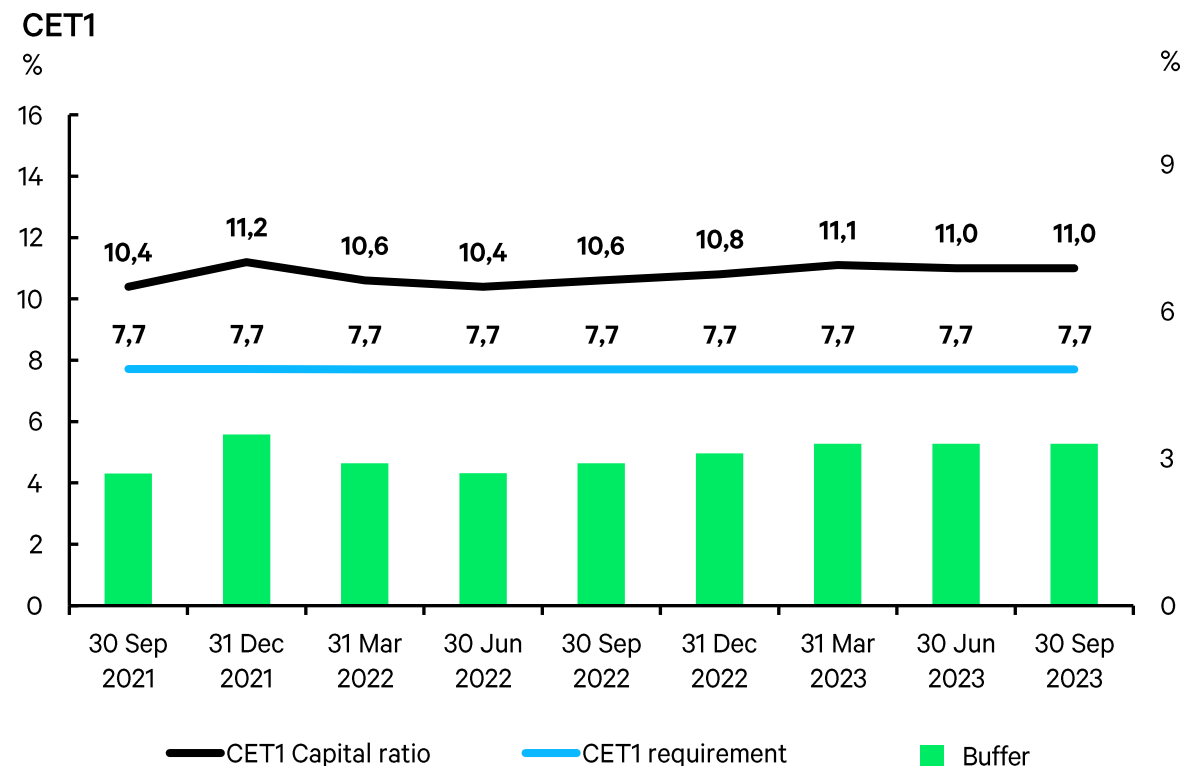
Moody's: A2 / P-1, neg, Covered Bonds: Aaa

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

Aktia

CET1 ratio 3.2 percentage points above the regulatory requirement

- CET1 ratio was 11.0%, being at the same level than in Q2/2023 and improved by +0.2 percentage points from Q4/2022.
- Risk-weighted assets increased by EUR 127 million from the year-end mainly due to the growth in corporate lending (such as leasing).
- Regulatory CET1 own funds increased by EUR 18 million, including:
 - Result for the period (EUR 60 million, including dividend from Aktia Life insurance of EUR 6 million)
 - Reserve for dividends (EUR -51 million)
 - Increase in the fund at fair value (EUR 6 million)



CET1 ratio above the requirement

- Minimum CET1 requirement ratio is 7.75 % (3Q23 CET1 11.0%).
- Total minimum capital ratio requirement 11.80% (3Q23 Total capital: 14.9%).
- Aktia Bank Group's leverage ratio was 4.0% (4Q22 3.6%).
 - Tier 1 capital EUR 415.5 million
 - Total exposures EUR 10,432.3 million
- The Finnish Financial Stability Authority has set the MREL requirement for Aktia Bank at MREL LRE: 5.91% and MREL TREA: 19,86%
 - TREA coverage 62,5% and LRE coverage 19,5% as of 30.9.2023
 - MREL requirement EUR 646.9 million
 - Own funds and eligible liabilities EUR 2,043.3 million

Updated MREL requirement will enter into force 1 January 2024. Requirement will be somewhat higher compared to the current one, but Aktia will continue to fulfil the requirement with margin.

Capital requirement	%
Pillar 1 req	4.5%
Pillar 2 CET1 req	0.70%
Capital Conservation buffer	2.5%
Counter Cyclical buffer	0.05%
Systemic Risk buffer	0.0%
Total CET1 % req	7.75%
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	11.80%

Funding activities

- In Q3/2023, market sentiment improved from Q2, but investors interest was still focused on the shorter end of the curve and larger-size benchmark issuance.
- Persistent high inflation levels have to some extent surprised the market and Central Banks' "higher for longer" guidance lifted longer yields towards the end of the period.
- In Q3/2023, Aktia completed three senior preferred private placement transactions.
 - Total volume approximately EUR 90 million
 - Maturities in the range of 2–15 years
 - Deals were executed in SEK and EUR
- In September, Aktia paid back part of the TLTRO III financing at the redemption of the tranche (EUR 250 million).
- The bank will continue to issue senior debt to prefund some redeeming notes and to convert part of the short-term money market funding to longer term issuance.

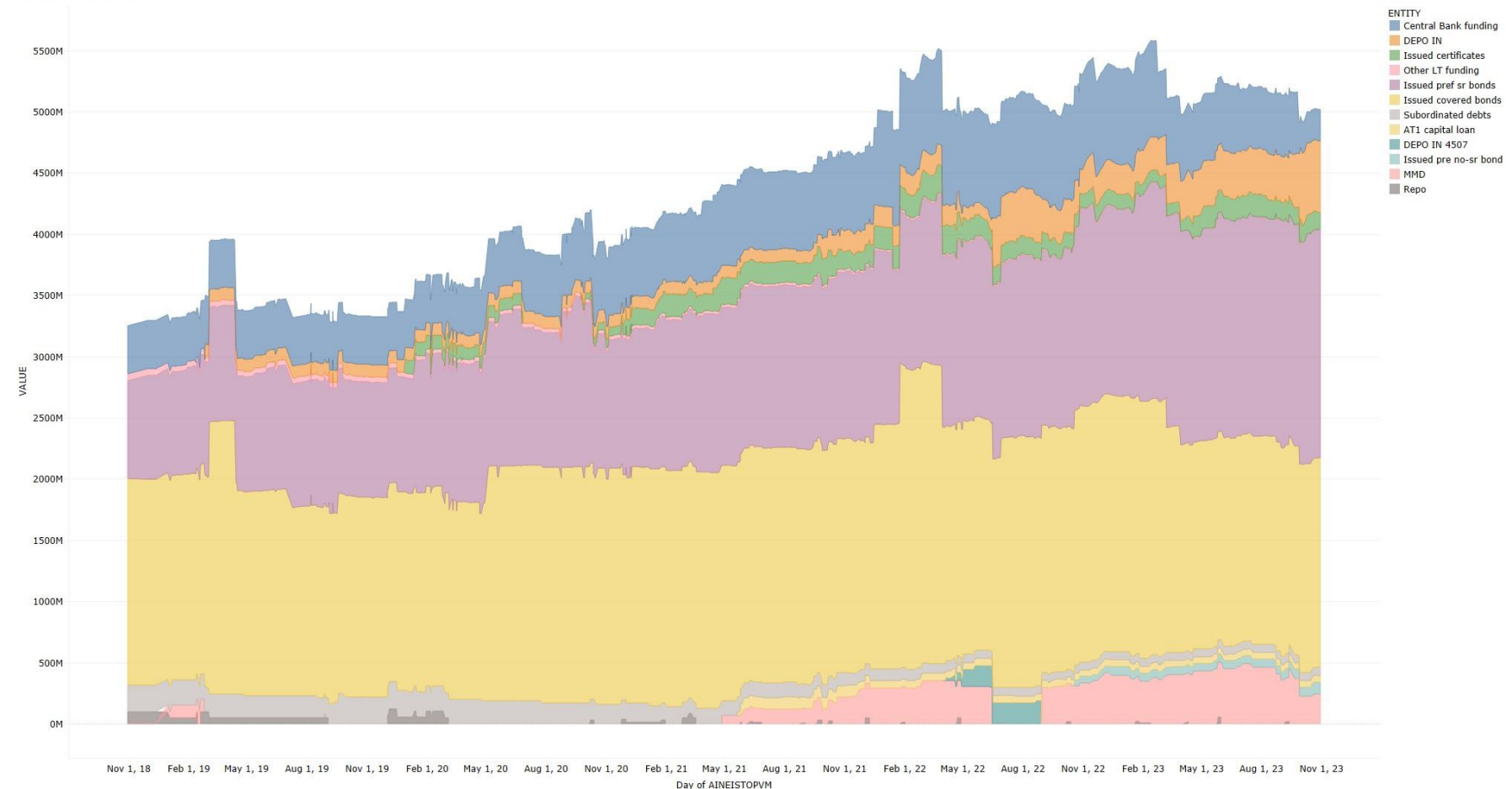


Sound funding profile

Borrowing from the public and public-sector entities decreased to EUR 4,679 (end of 2022: 5,214) million. Aktia's market share of deposits was 2.9% (3.1%) at the end of September 2023. On top of that the bank has EUR 964,9 million money market deposits (term deposits) and CD's. The value of bonds issued by Aktia Bank totalled EUR 3,249 (2,947) million.

Aktia has EMTCN program of EUR 5 billion. All market-based funding is based on that documentation. Program was updated on 14 August 2023.

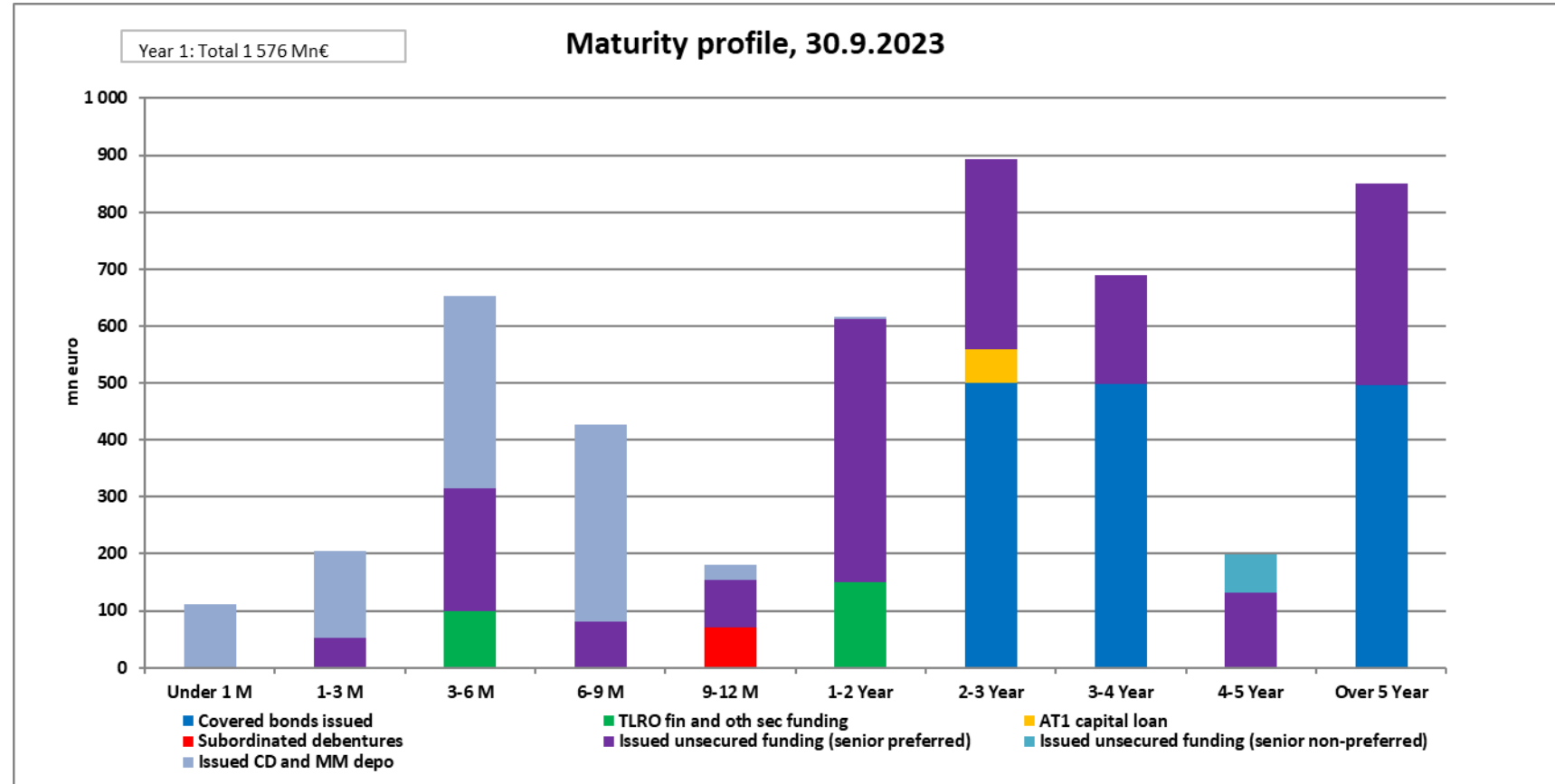
Funding Structure



Redemption schedule

TLTRO redemption schedule:

- Mar 24: 100mEUR
- Dec 24: 150mEUR



High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 220%

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 1,814 million on 30 Sep 2023 (4Q22: EUR 2,256 million).

All assets are LCR eligible.

Unencumbered Liquidity reserve, market value		
EUR million	30 Sep 2023	31 Dec 2022
Cash and holdings in central banks	619	1,172
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	181	196
Securities issued or guaranteed by municipalities or Public sector entities	82	111
Covered bonds	932	777
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
Total	1,814	2,256

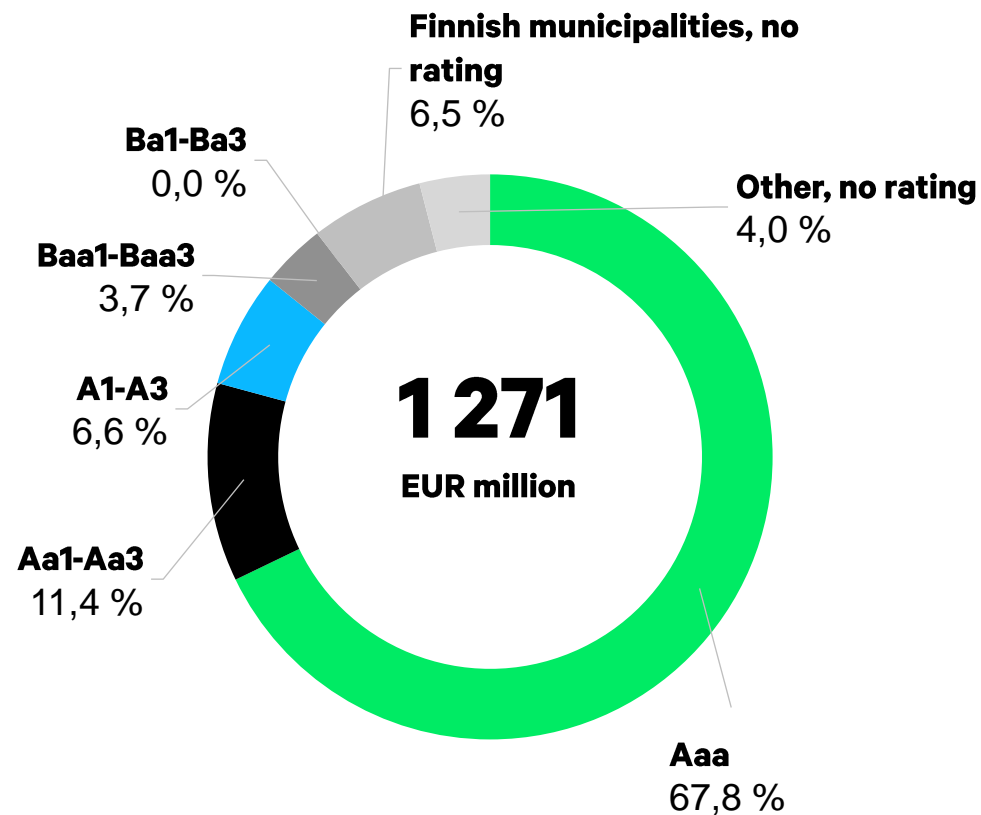
Low risk liquidity portfolio

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

Total size of liquidity portfolio



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

- 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

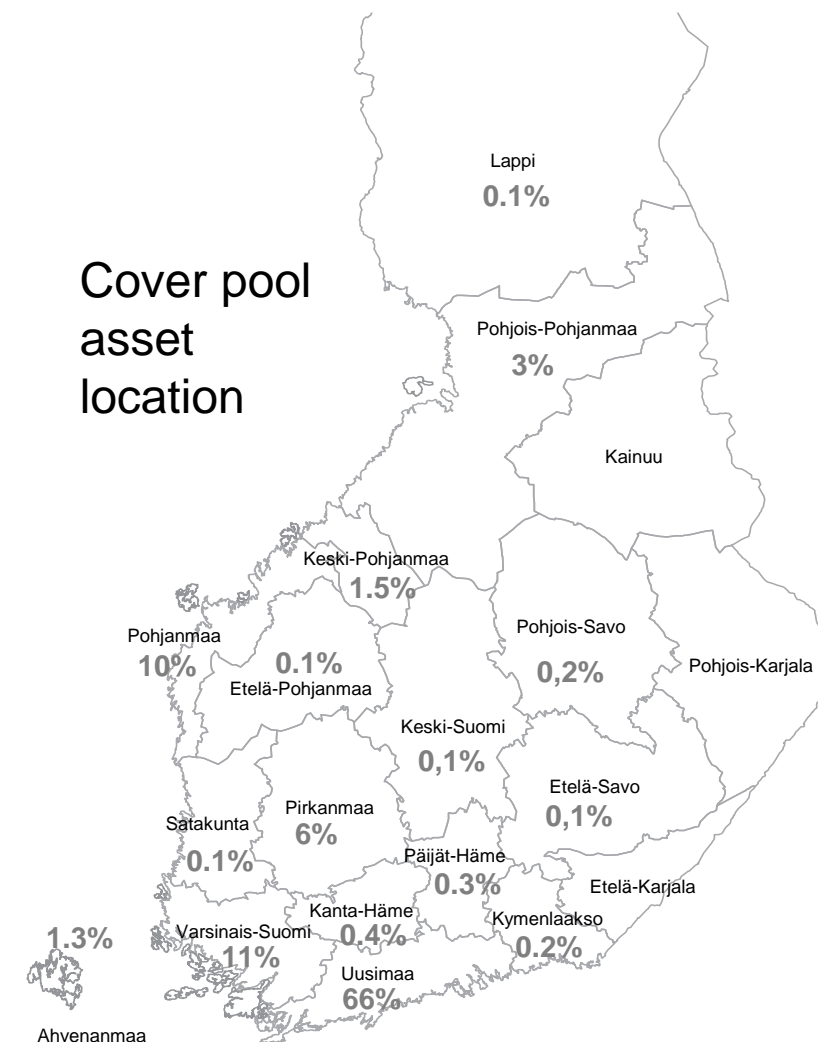
3Q 2023

Pool 1 (2023-)

Pool 2 (2014-2022)

Asset Pool Balance	EUR 0,610 bln. (no substitute assets)	EUR 1,919 bln. (no substitute assets)
No of loans / average loan balance	6,161/ EUR 99,063	28,280/ EUR 67,867
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	94% Residential, 6 % 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	49,95 %	46,02 %
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 93 %, fixed 7 %
Overcollateralisation (%)	68 months	71.1 months
Committed OC (Nominal)	22,07 %	47,64 %
OC Calculation: Legal Minimum	5,00 %	10,00 %
	2,00 %	2,00 %

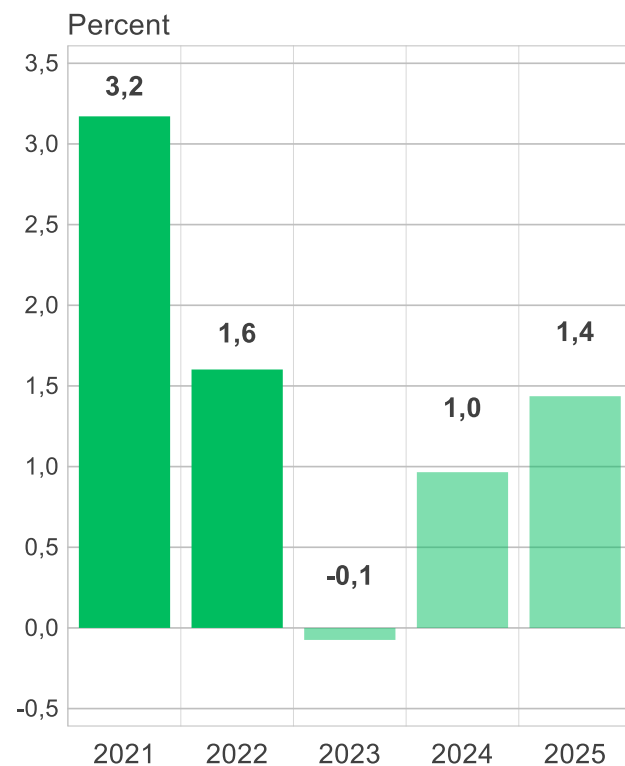
Cover pool asset location



Finland Macro and Housing market update

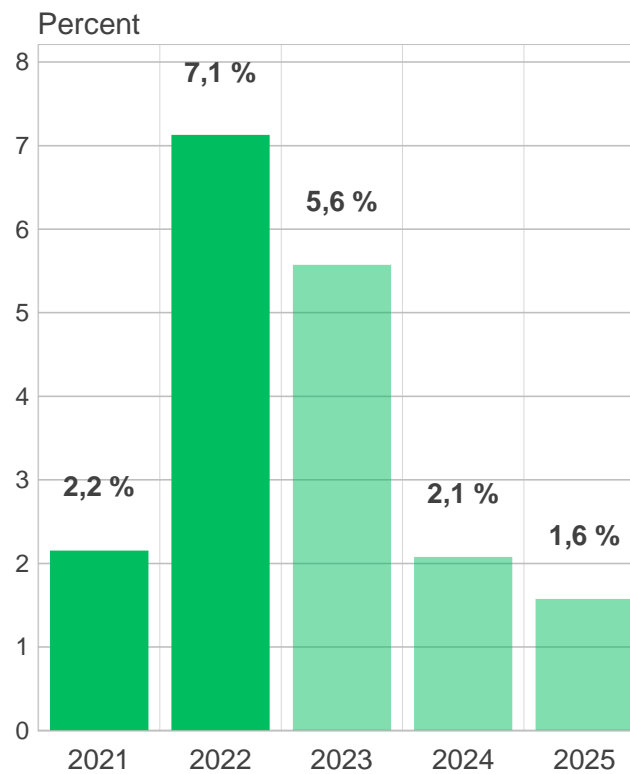
Consensus forecasts

Gross domestic product



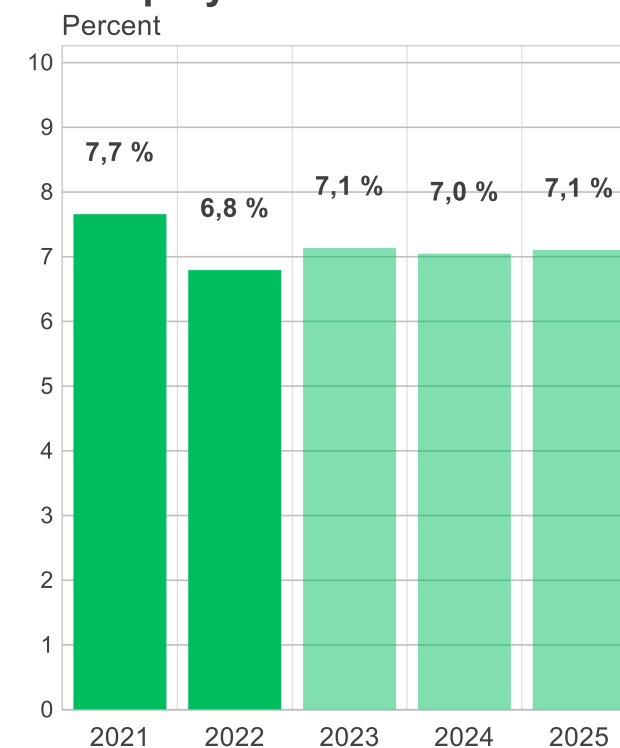
Source: Aktia, Macrobond, Ministry of Finance, Bank of Finland, IMF, OECD, EC & ETLA.

Inflation



Source: Aktia, Macrobond, Ministry of Finance, Bank of Finland, IMF, OECD, EC & ETLA.

Unemployment rate

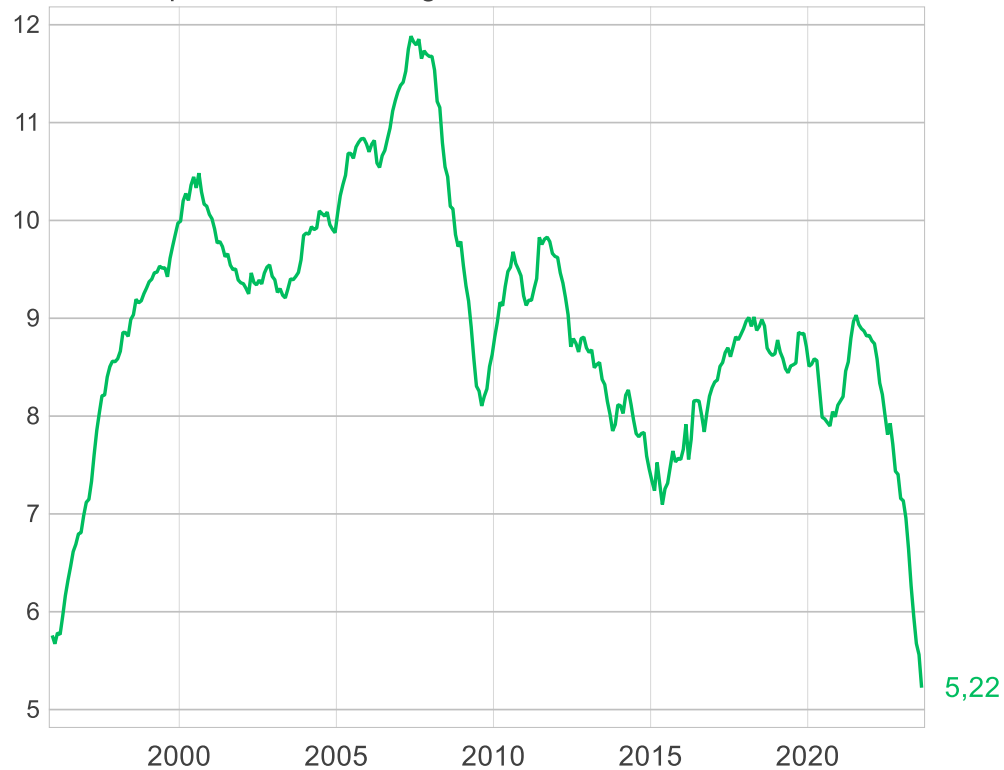


Source: Aktia, Macrobond, Ministry of Finance, Bank of Finland, IMF, OECD, EC & ETLA.

Current outlook is bleak

Construction permits

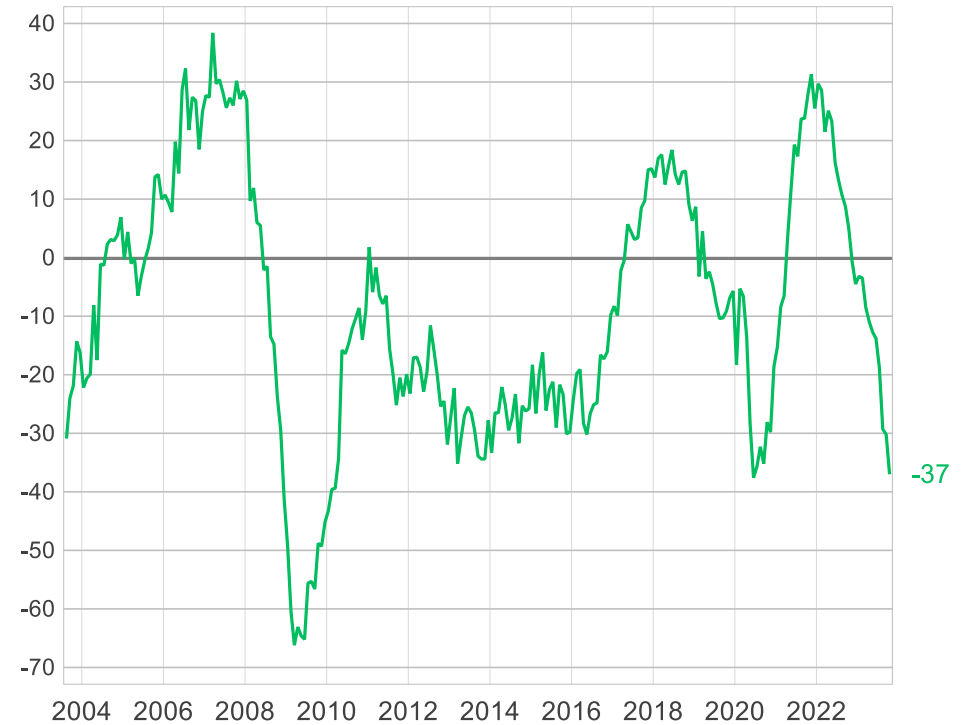
Million square meters, rolling 12 month sum



Source: Aktia, Macrobond, Statistics Finland.

Industry, order book level

Percent

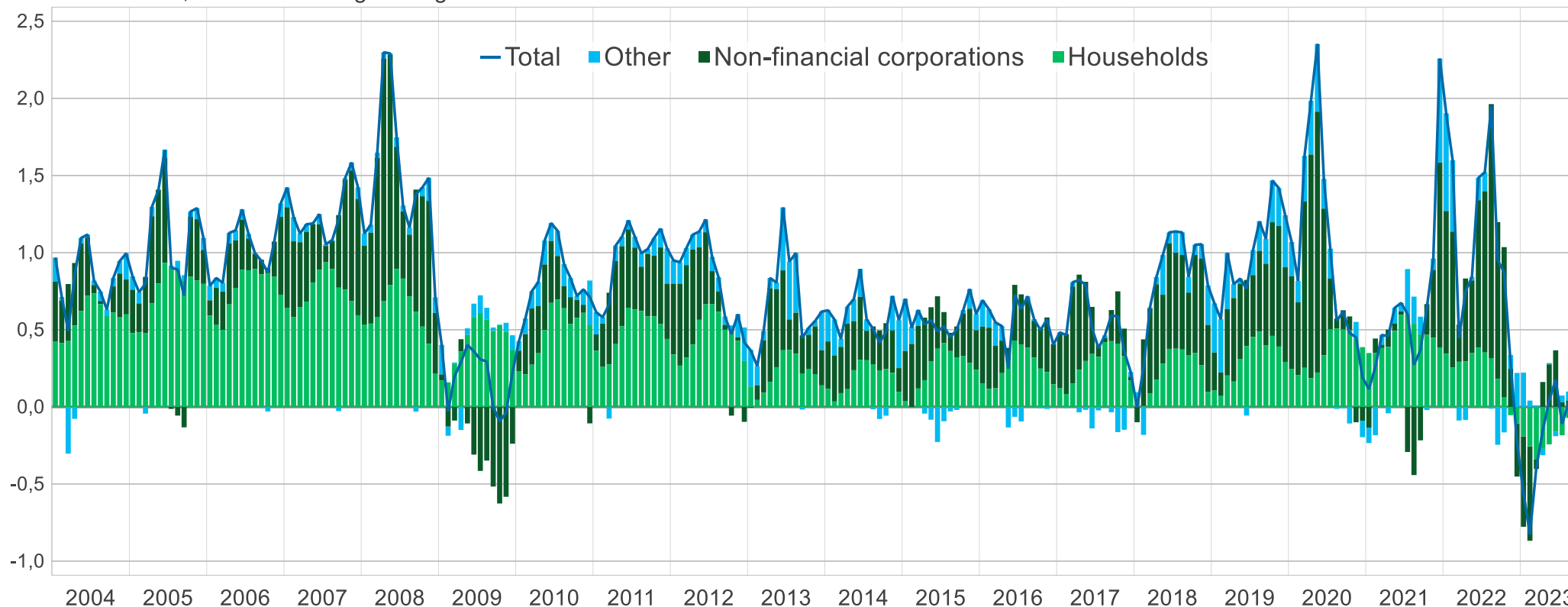


Source: Aktia, Macrobond, European Commission (DG ECFIN).

Banking has responded to higher interest rates

Finland, bank lending transactions

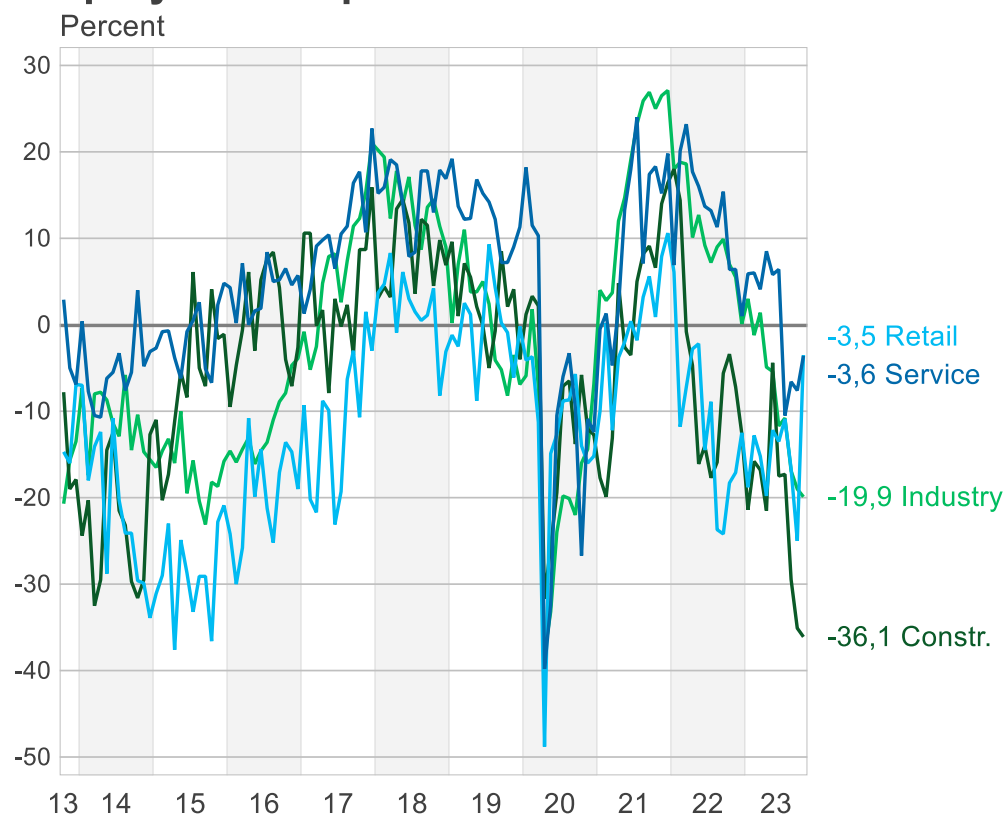
Billion euros, 3 month moving average



Source: Aktia, Macrobond, ECB (European Central Bank).

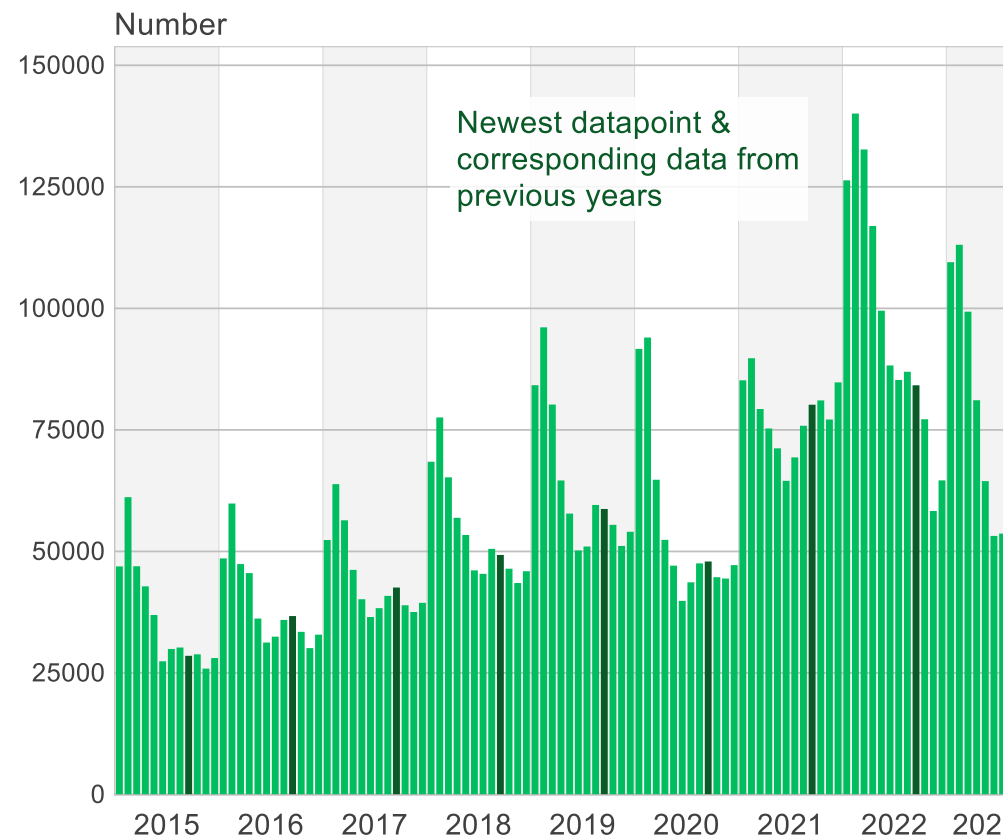
Labour market is cooling down

Employment expectations



Source: Aktia, Macrobond, European Commission (DG ECFIN).

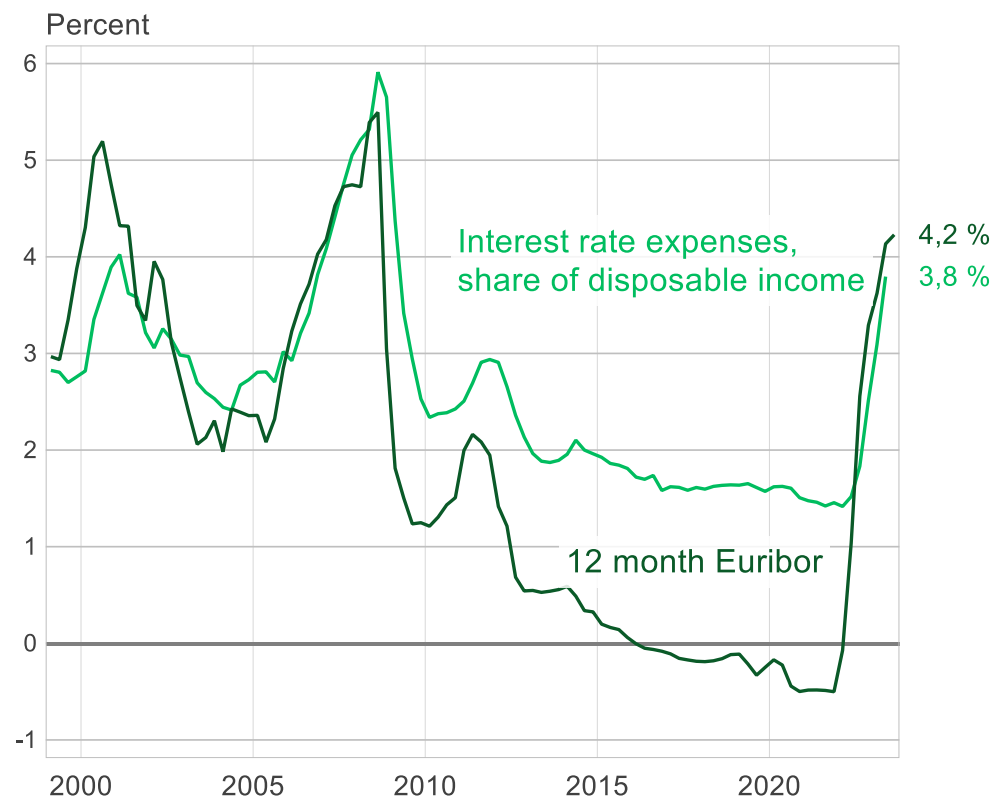
Job vacancies, 09/2023



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

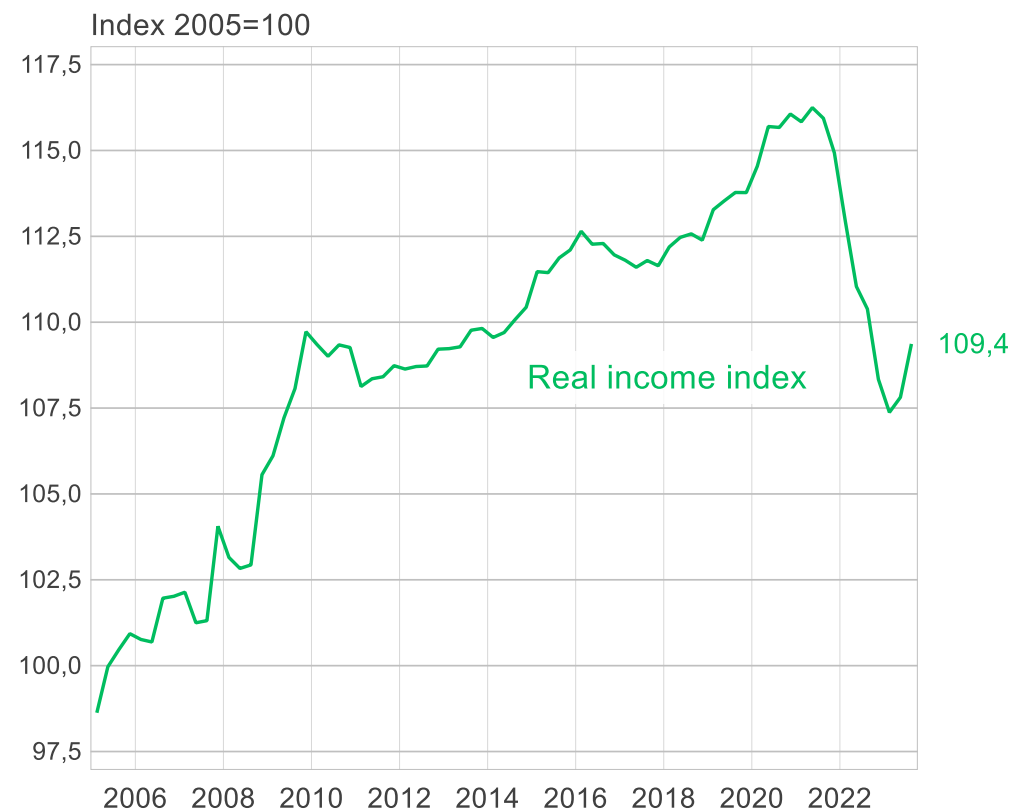
Finnish households adjust to higher interest rates

Households' interest rate burden



Source: Aktia, Macrobond, Statistics Finland, European Money Markets Institute (EMMI).

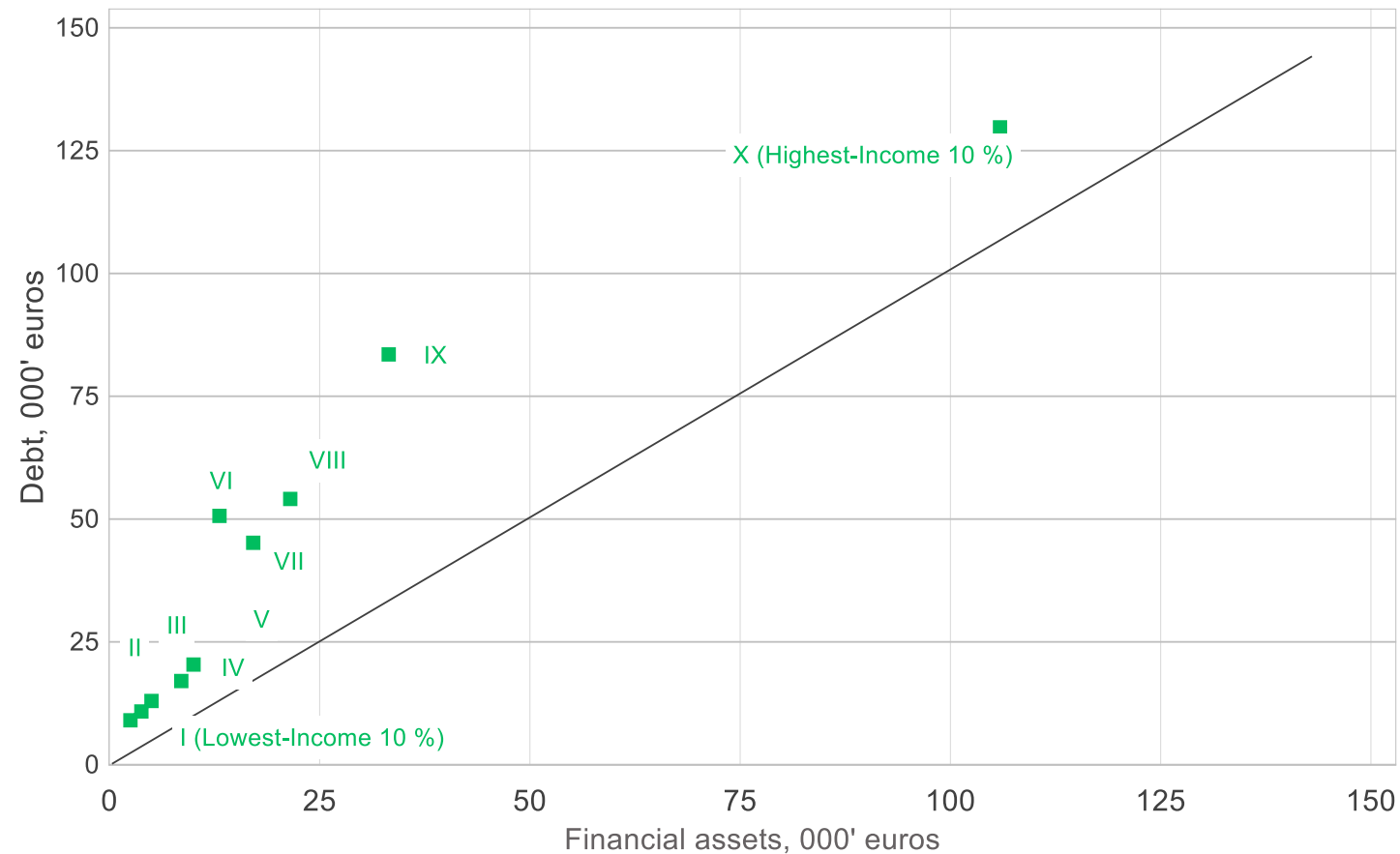
Real income of employed persons



Source: Aktia, Macrobond ja Statistics Finland.

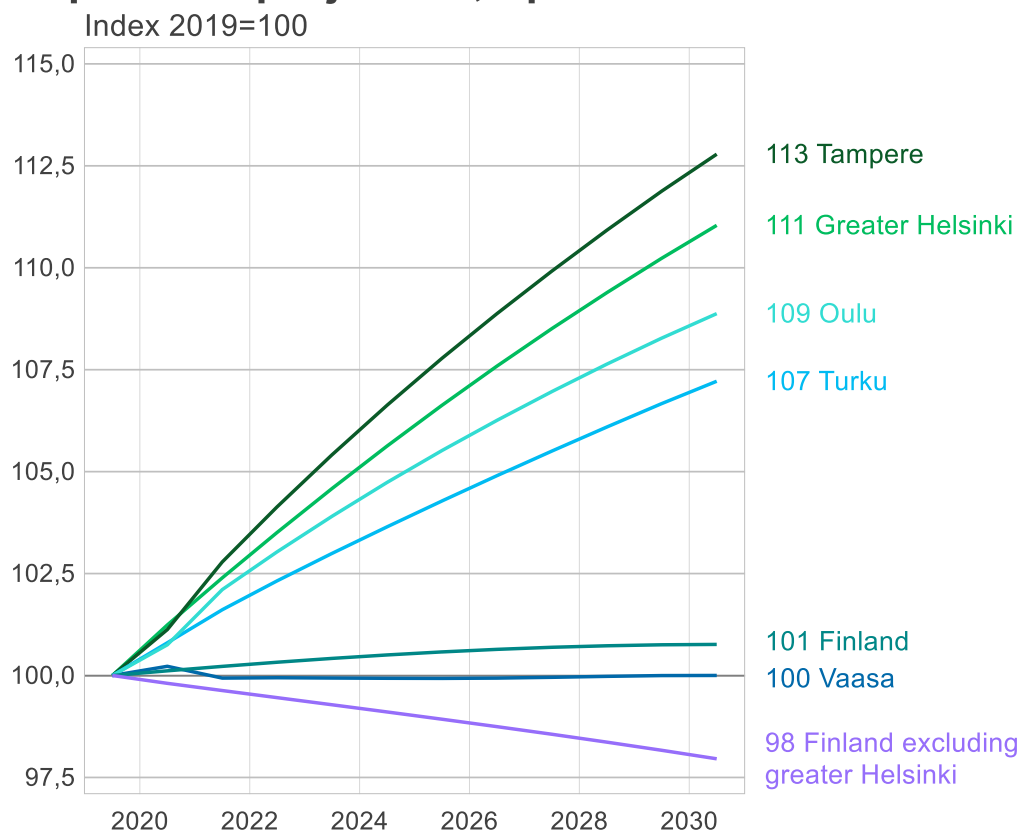
Financial assets mitigate households' debt risks

Households' financial position, per income decile



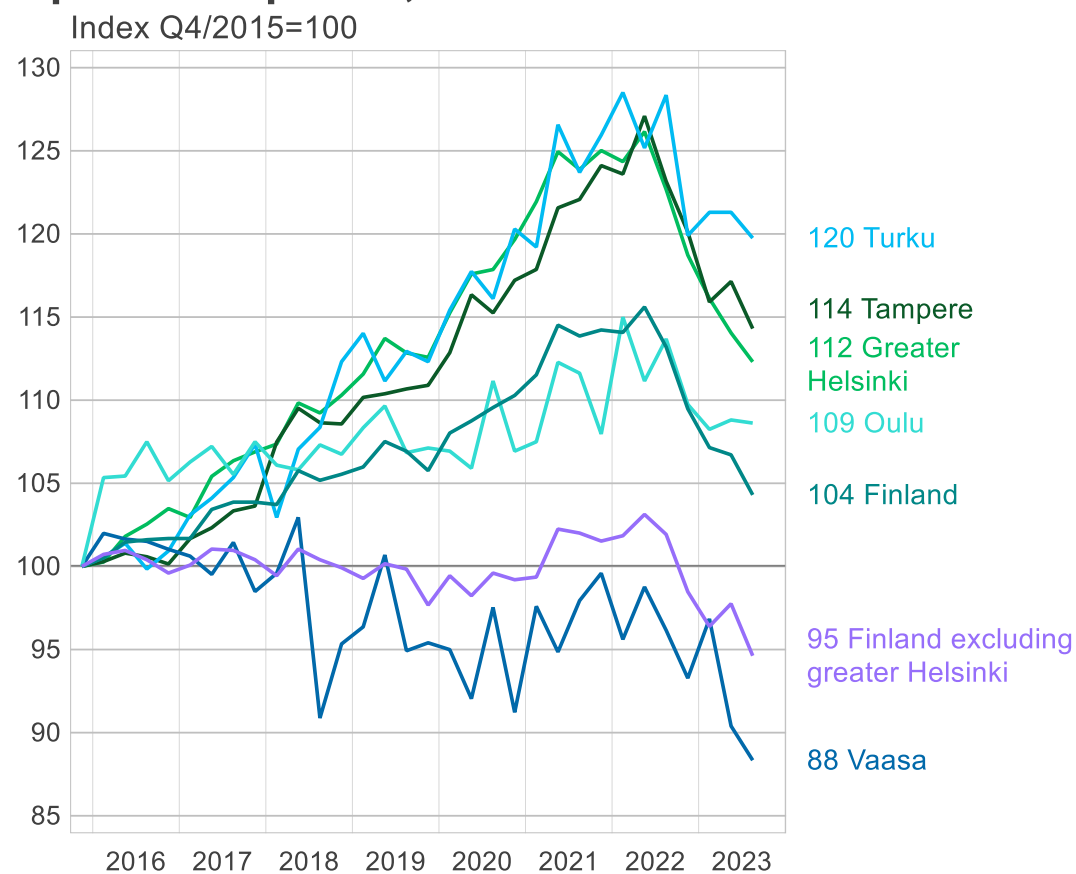
Population development and apartment prices

Population projection, updated 9/2021



Source: Aktia, Macrobond, Statistics Finland.

Apartment prices, old blocks of flats



Source: Aktia, Macrobond ja Statistics Finland.



Building wealth for our customers and society

Aktia