

16 February 2022

Q4 Debt investor presentation

Aktia

The best year in the history of Aktia

HIGHLIGHTS

- Comparable operating profit up 59% to EUR 87.4 (55.1) million in 2021
- Aktia's comparable operating income for 2021 increased to EUR 263.2 (201.1) million and comparable expenses to EUR 171.1 (141.9) million
- Growth in all income categories during the year
- Comparable Return on Equity increased to 10.3 (6.7)% in 2021, comparable C/I ratio down to 0.65 (0.71)
- CET1 ratio 11.2 (10.4; Q3'21)%, 3.5 percentage points over the minimum capital requirement of 7.7%

Dividend:

- The Board of Directors proposes a dividend of EUR 0.56 per share

Outlook:

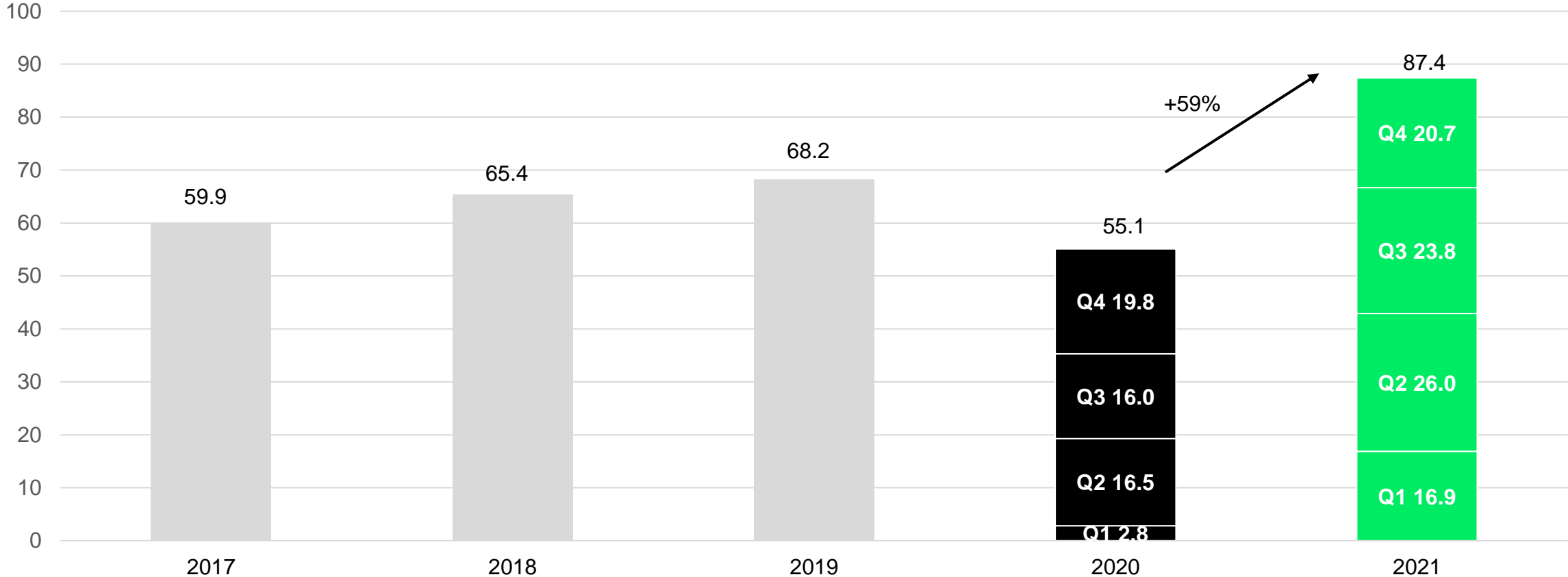
The comparable operating profit for 2022 is expected to be somewhat higher than in 2021 provided that the market development and circumstances in society remain stable.

Aktia

Comparable operating profit at all-time-high

COMPARABLE OPERATING PROFIT 2017–2021

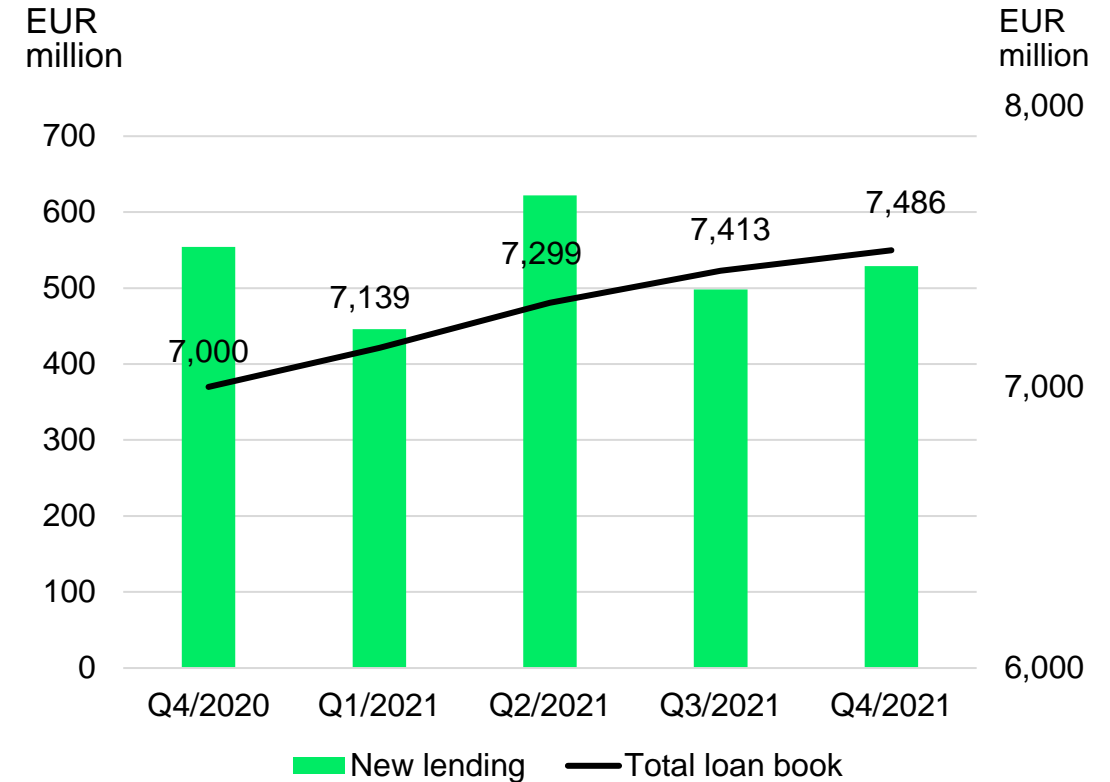
EUR million



Growth driven by corporate lending continues

BANKING BUSINESS

- Loan book growth 7% in 2021
- Growth in corporate customers 15% in 2021
 - Driven by SME lending
- Good demand for mortgage loans throughout the year
 - Focus on strategically important customers
 - Increase in margin of new mortgage loans
- 20% acquisition of Alexander Corporate Finance approved
- Finnair Plus co-operation advancing as planned



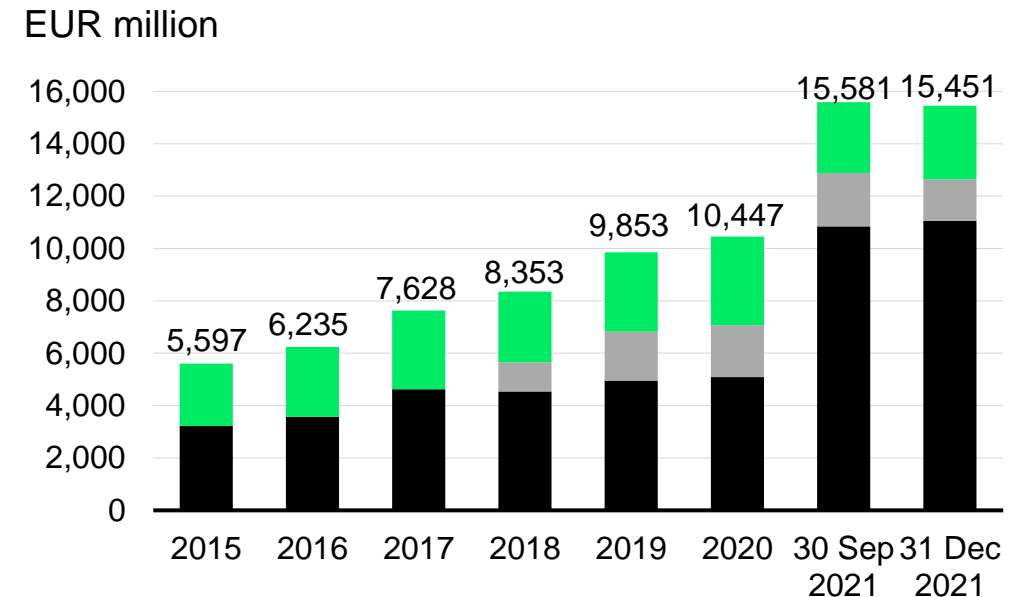
Development of credit portfolio Q-o-Q

Good performance within Private Banking

ASSET MANAGEMENT

- AuM up 48% to EUR 15.5 billion
 - Supported by the acquisition of Taaleri Wealth Management
- Good growth in Private Banking continued
 - Aktia PB second in Finnish Prospera survey
 - Customer satisfaction at a very good level
- Integration progresses according to schedule
- Two new ESG funds pending regulatory approval
- Operational focus on sales

Assets under Management, excluding custody



- Institutional assets, including private banking (since 30 June 2021)
- International institutional assets (UI-Aktia)
- Retail assets, excluding private banking (since 30 June 2021)

Asset Management Key focus areas

Award-winning expertise in different asset classes creates a strong basis for successful investment operations.

Emerging Market Debt

- Proven track record since 2006 in different market conditions.
- Investment philosophy based on a macroeconomic and fundamentally driven approach targeting high real yields and low FX volatility.
- ESG considerations integrated into the investment process.

European Credit

- Key areas of excellence include Financials & Insurance, Nordic credit, corporate hybrids and short-duration credit.
- Benchmark-agnostic approach with specific focus on diversification and identification of downside risks.
- While aiming for consistent outperformance, the team executes both core and more tactical credit views by employing theme-based company clusters and a controlled risk framework.

European and Nordic Small Caps

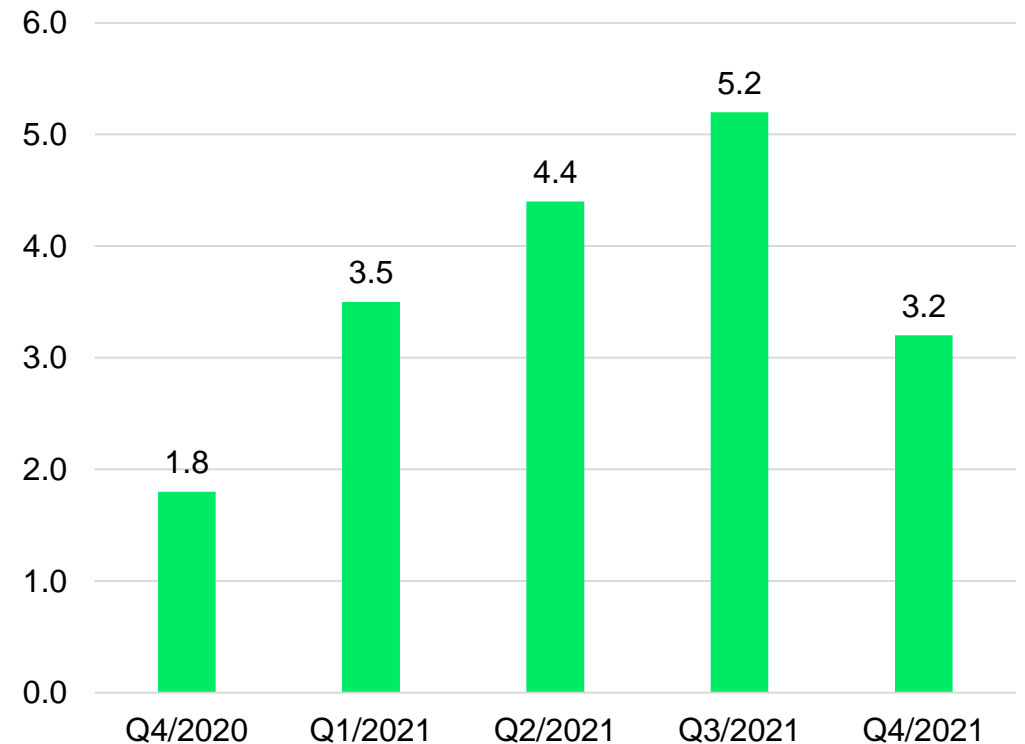
- Proven track record since 2011 in different market conditions.
- Strategies target a higher risk adjusted return by investing in companies with structural competitive advantages and a high return on invested capital.
- The strategies follow Aktia's QGARP (Quality Growth at a Reasonable Price) philosophy.
- Our experienced European and Nordic equity team manages three different Small and Micro Cap strategies.

Life Insurance business had a strong year

LIFE INSURANCE

- The actuarially calculated result for Q4 amounted to EUR 3.2 (1.8) million
- Continued growth in sales of unit-linked and personal insurances
 - Unit-linked AuM at an all-time high at year-end
- Risk insurance premiums for 2021 increased by 12%
- Approval of new policies simplified
 - Further supports sales

EUR million



**Development of the actuarially calculated result
Q-o-Q**

Our three strategic priorities

2025

1

Win in wealth management

- A) The most preferred wealth manager among private and institutional customers
- B) Success in integrating Taaleri's wealth management operations

2

Growth among customers who are willing to increase their wealth

- C) Acquire new customers to our strategic sweet-spot
- D) Focus on cross-sales and development of our current customer base

3

Excellent customer experience

- E) Seamless collaboration and holistic service models across all business areas

OUR VISION

The leading wealth manager bank

OUR MISSION

Building wealth for our customers and society

Aktia

Courageously

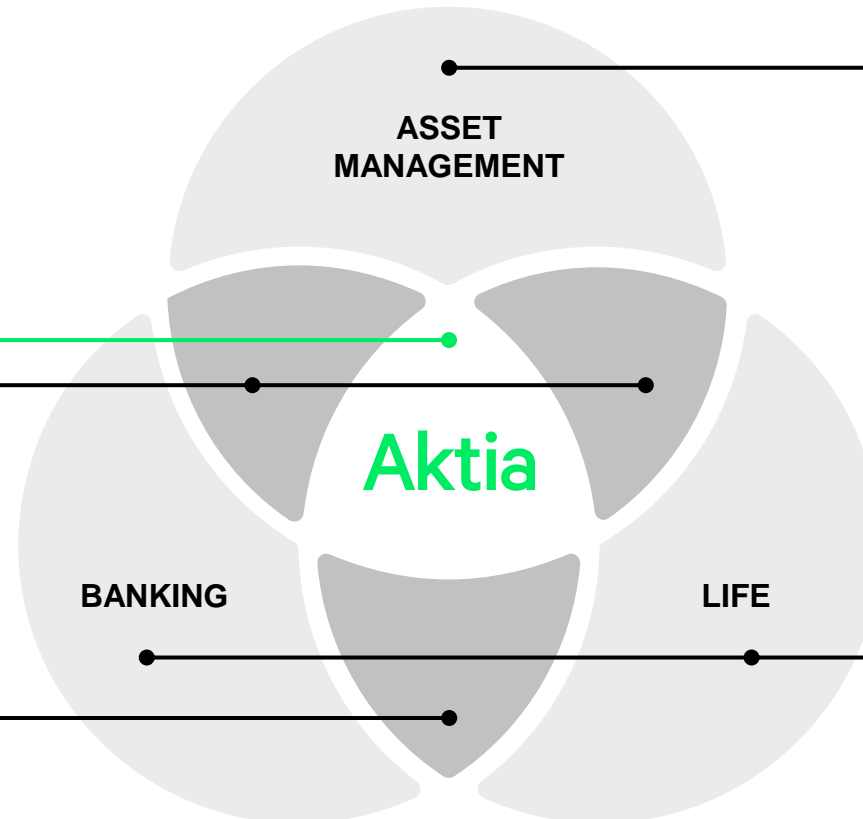
Skillfully

Together

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

The financial targets 2025

Comparable
operating profit
**above EUR 120
million**

1–12/2021;
EUR 87.4 million

Comparable
return on
Equity (ROE)
above 12%

31 December 2021;
10.3%

Comparable
cost-to-income
ratio **under 0.60**

1–12/2021;
0.65

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

31 December 2021;
**3.5 percentage points over
the minimum capital
requirement 7.7%**

Sustainability at Aktia

Driver for long term profitable growth

Our goal since 1825 has been to build wealth for our customers and society. At present, sustainability is not only our licence to operate, but is also a major driver of profitable growth in the long term.

2006

Aktia's Responsible Investment Policy

2050

climate neutrality goal for investments

TCFD

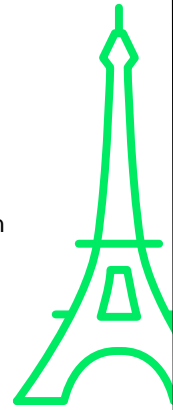
Supporter of Task Force on Climate-related Financial Disclosures recommendations

2010

PRI signatory

-68%

lower carbon footprint in mutual funds compared to the index



Strong Values of Sustainability

We have strong values of sustainability. Our Responsible Investment Policy, Responsible lending Policy, Stewardship Policy, Climate Policy and Climate Strategy guide all our activities. As part of our values we examine our contribution to UN Sustainable Development Goals. Our Corporate Responsibility Programme is based on stakeholder materiality analysis.



From Local Presence to Global Impact

Although our operations are based in Finland, we have exposure as well as impact to global ESG megatrends such as climate change, biodiversity, demographic trends and human rights through our global investment activities

Gender Distribution of Top Management



29%



71%

Sustainability ratings and assessments



A+



B



AA



Low Risk

Aktia

Sustainability update

In 2021, Aktia continued to work with sustainability issues according to the group's corporate responsibility programme and action plan for 2021–2023.

Aktia reports every six months on selected indicators of our corporate responsibility programme (carbon footprint of our equity funds and customer satisfaction, NPS).

Actions in 2021:

- Aktia's climate strategy was developed.
- Aktia joined the global Net Zero Asset Managers initiative.
- Aktia joined the advisory committee for the ASCOR* Project.
- Aktia defined a new responsible lending policy.
- Aktia implemented the initial requirements and continued to prepare for future requirements regarding the EU sustainable finance regulation.

*ASCOR = Assessing Climate Related Opportunities and Risks, a joint project founded by leading ESG organizations (including PRI) and two pension funds from the UK

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Aktia's corporate responsibility programme



Performance of selected indicators from Aktia's corporate responsibility programme

-68% The carbon footprint of Aktia's equity funds was on average approx. 66% smaller than reference market in 2021

72 The Net Promoter Score, measuring customer satisfaction was 72 in 2021

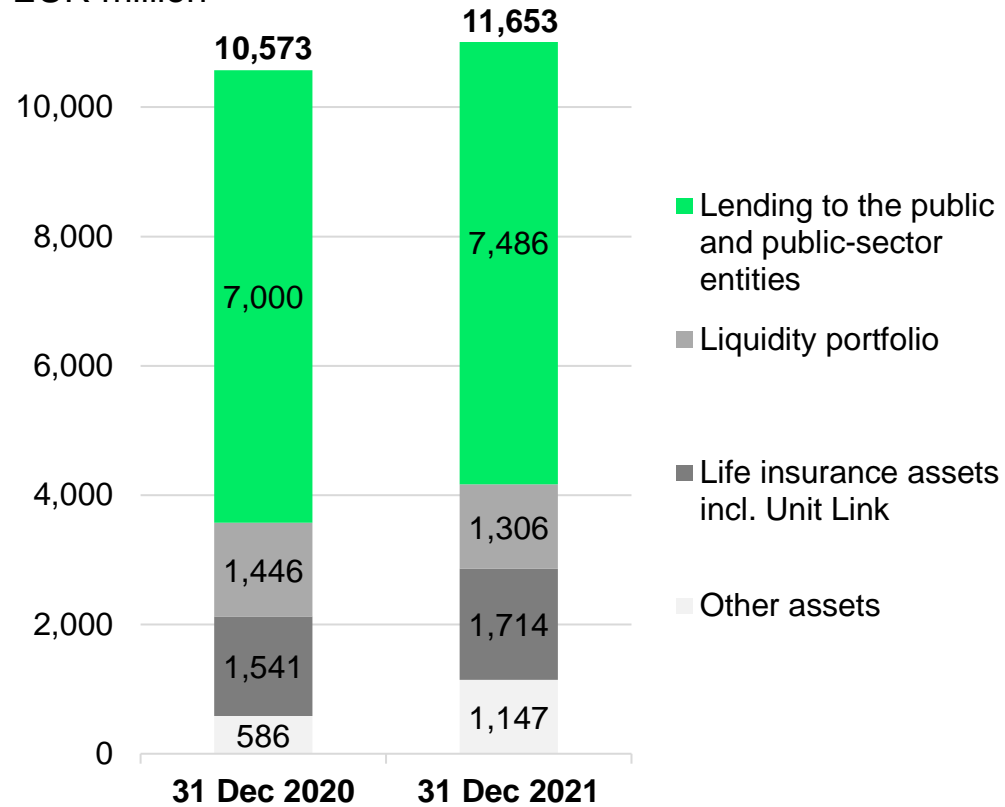
Financial overview

Balance sheet total increased to EUR 11,653 million

31 DECEMBER 2021

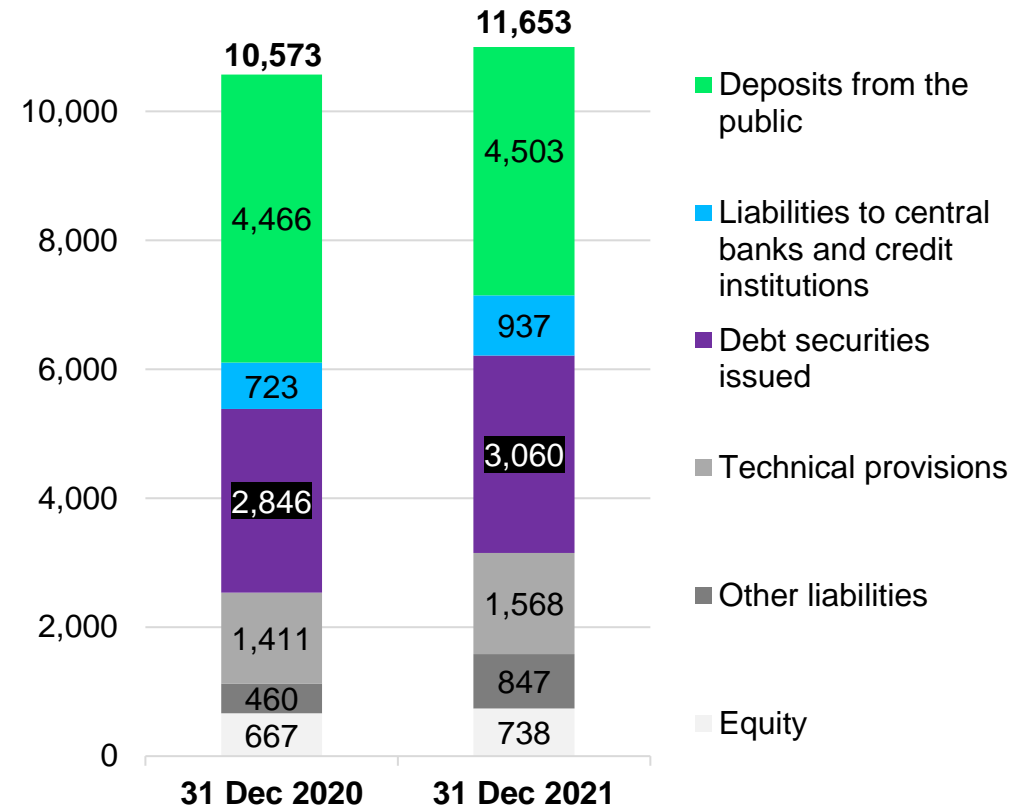
Total assets

EUR million



Total liabilities and equity

EUR million



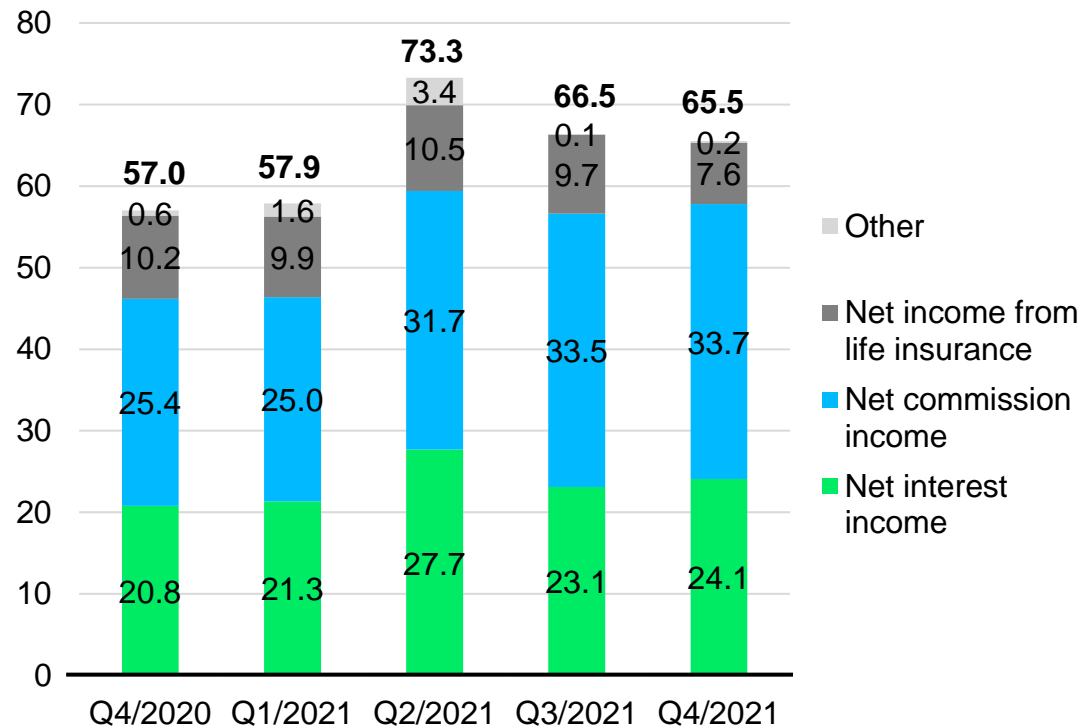
Aktia

A year of strong growth in all business areas

COMPARABLE OPERATING INCOME, Q-O-Q

Comparable operating income

EUR million



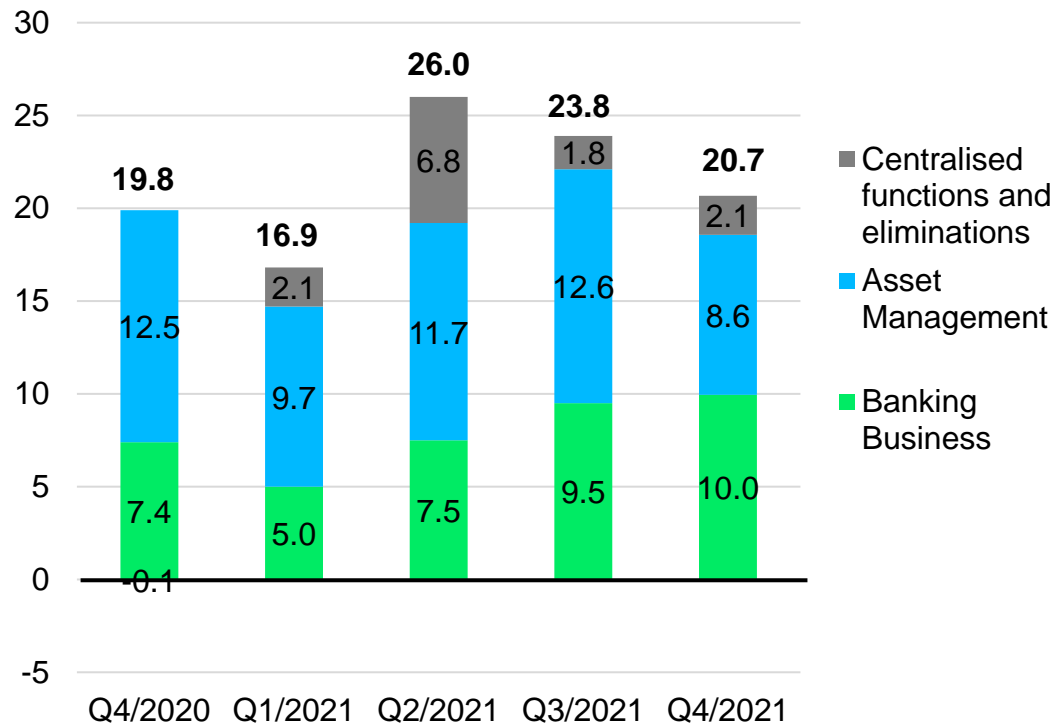
- Net interest income growth from lending continued strong, driven specifically by corporate (SME) segment. Household margin development on new loans turned positive after Q2/2021, corporate margins have improved the entire year.
- Net commission income solid and growing, credit card commission still somewhat under pre-covid levels
- Net income from life insurance below Q4/2020 due to higher value changes in the reference period as well as issue costs and interest expenses for the Tier 2 loan in Q4/2021. Very solid development in sales.

A year of strong growth in all business areas

COMPARABLE OPERATING PROFIT, Q-O-Q

Comparable operating profit

EUR million

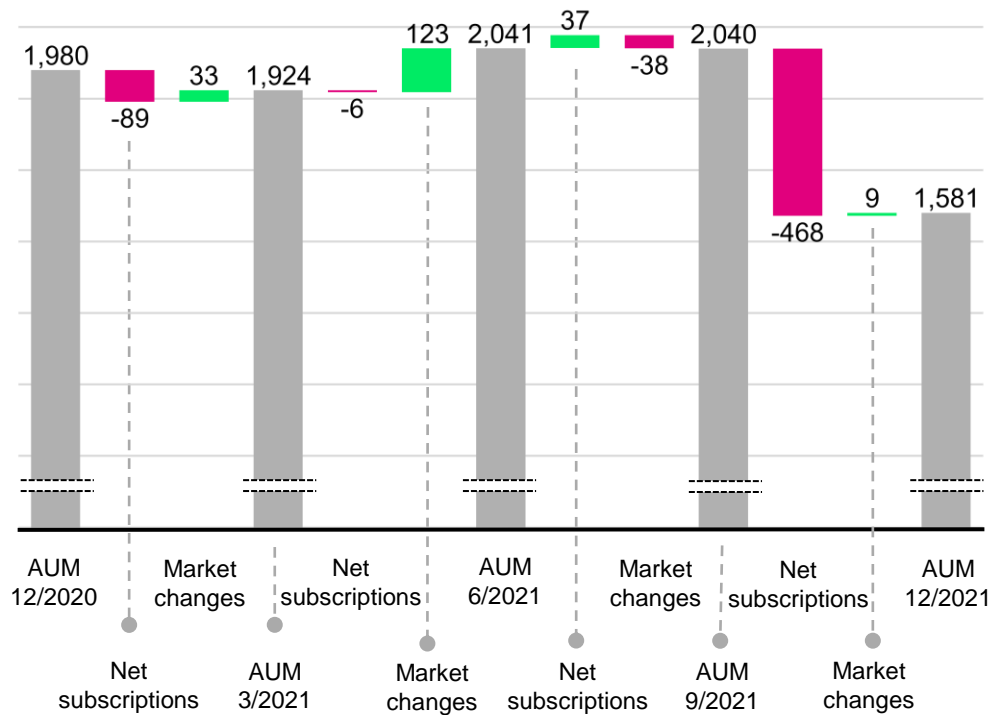


- Banking business profitability has improved quarter on quarter, Q1 and Q2 expenses affected by stability fee (2,4M and 1,2M respectively).
- Asset management segment profitability in Q4 below the comparison period, affected by higher IT expenses of one-time nature in Asset Management business and Life Insurance (IFRS 17 project) and somewhat lower net income from life insurance business in comparison with Q4/2020.

AuM: net subscriptions and market changes

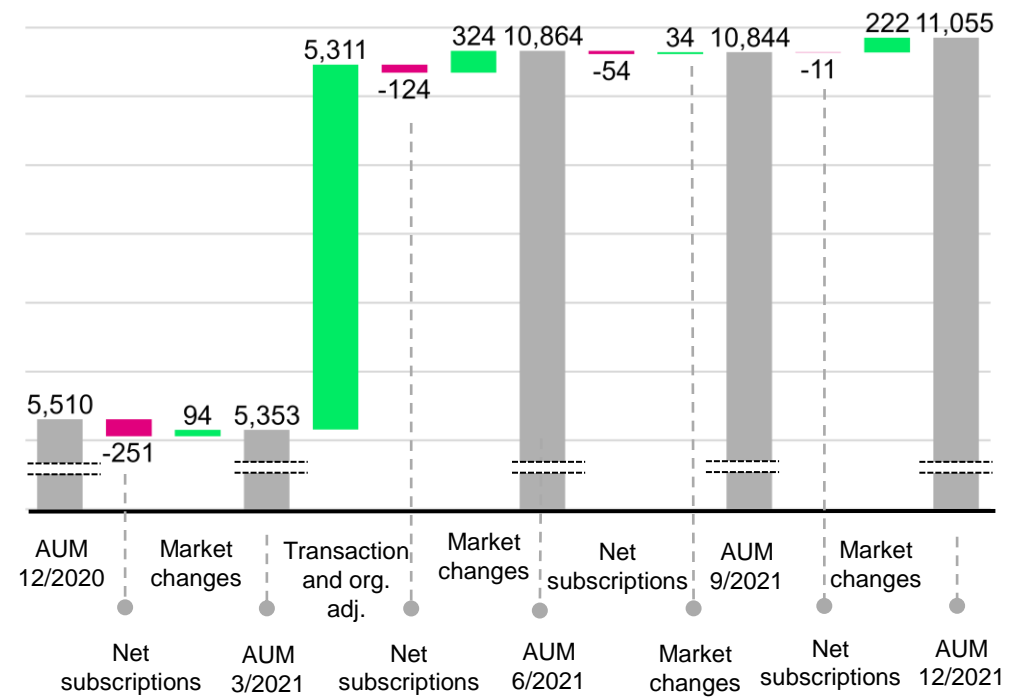
Asset Management, Aktia UI Q-o-Q

EUR million



Asset Management, domestic institutions Q-o-Q

EUR million

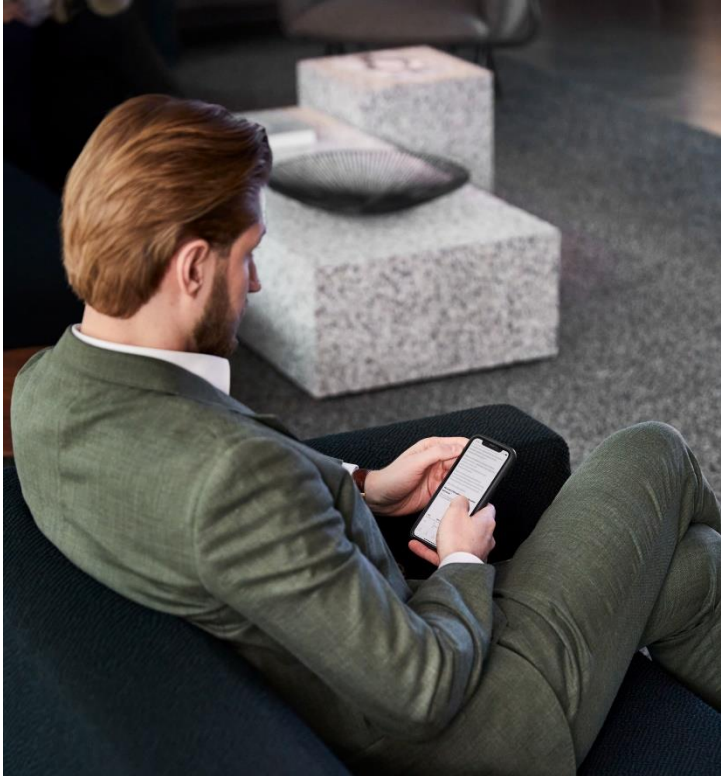
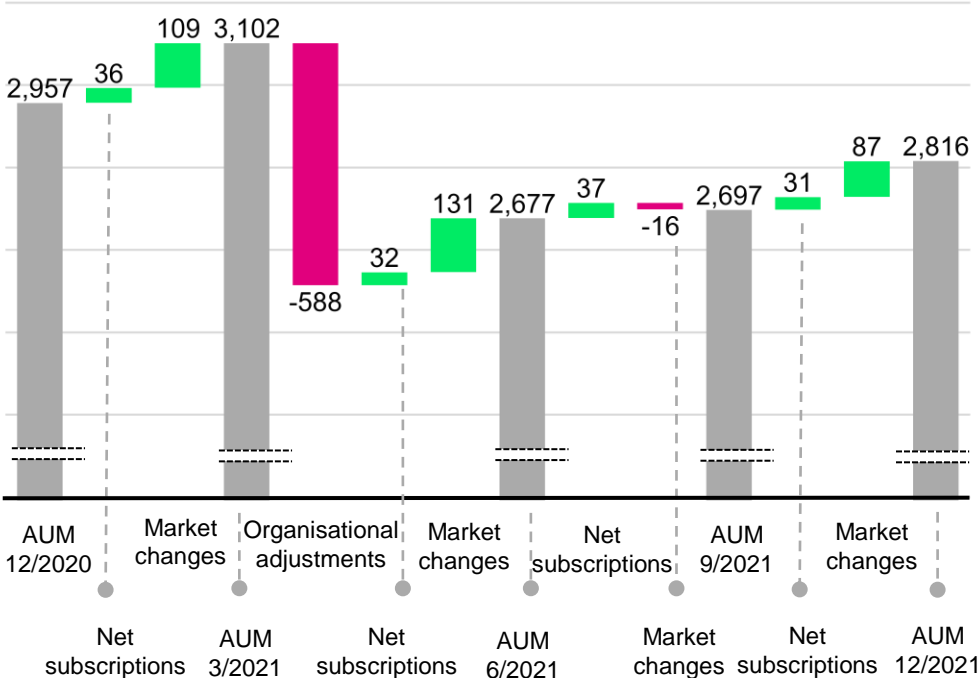


Aktia

AuM: net subscriptions and market changes

Banking Business, Retail Q-o-Q

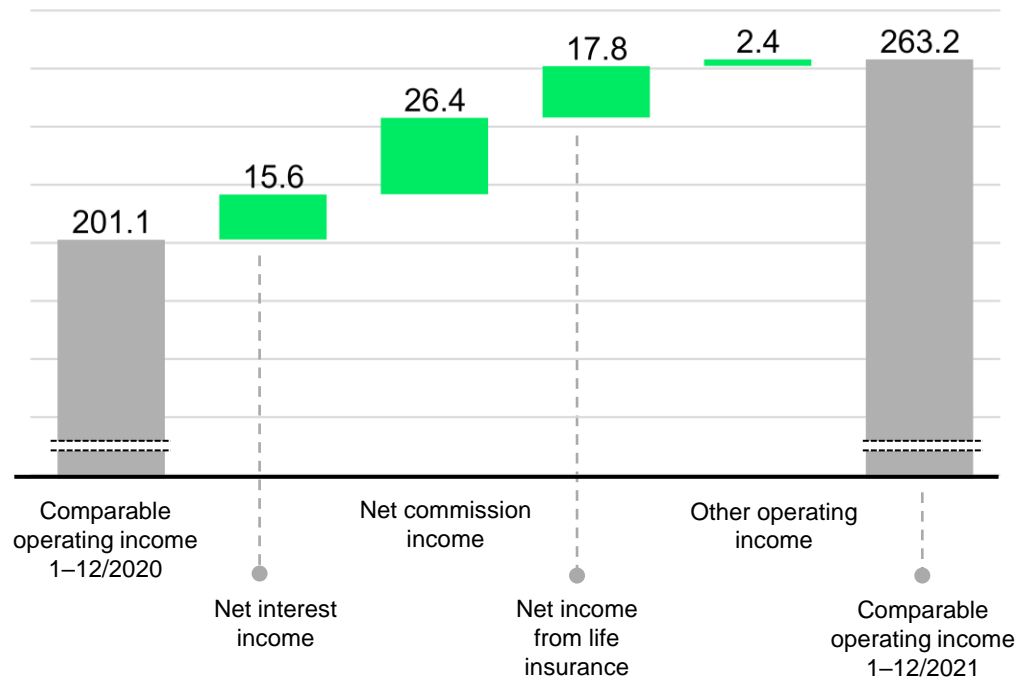
EUR million



Growth in both income and expenses after Taaleri wealth management acquisition

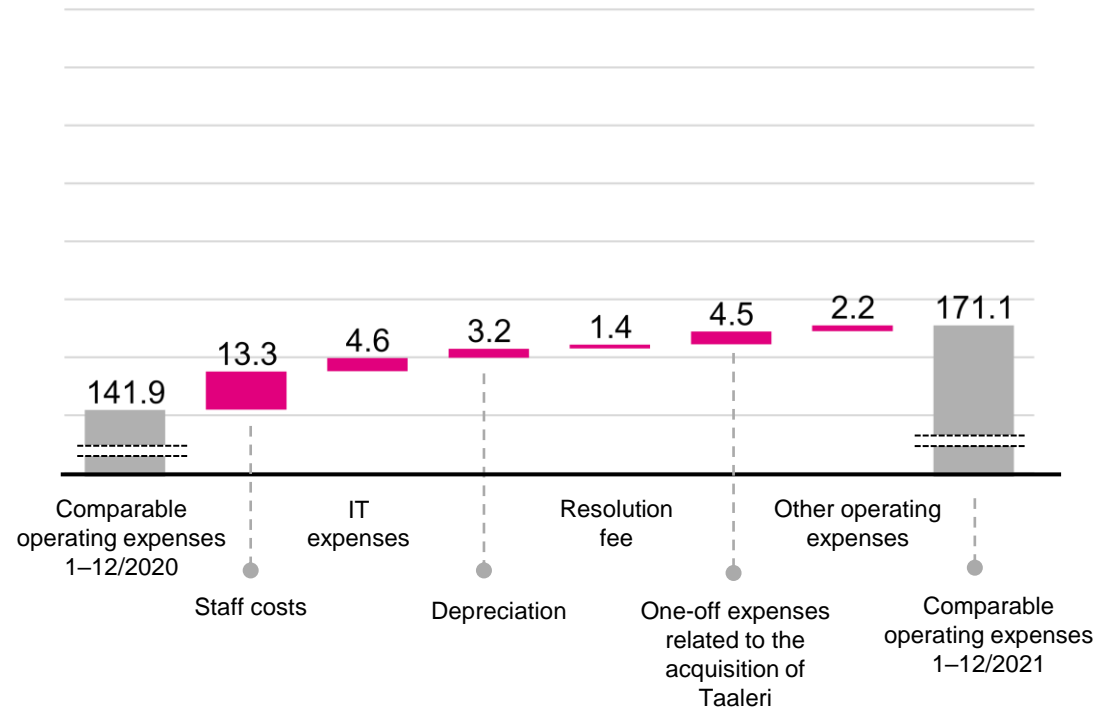
COMPARABLE INCOME 2020–2021

EUR million



COMPARABLE EXPENSES 2020–2021

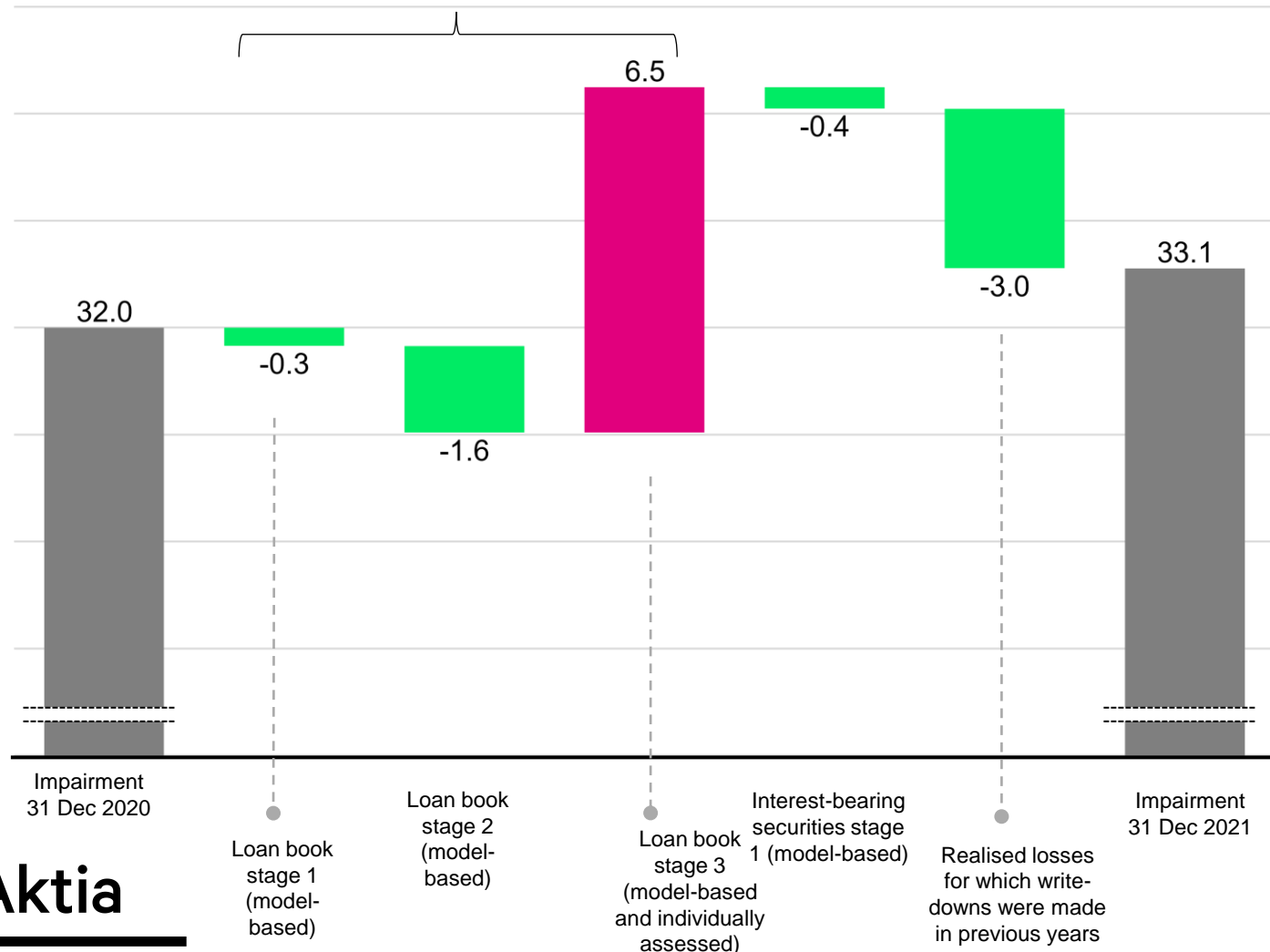
EUR million



Change in expected credit losses (ECL) 1–12/2021

EUR million

Impairment of credits and other commitments 1–12/2021 EUR -4.5 million



- Impairments on credits and other commitments increased to EUR -4.5 (-4.0) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.7 (-1.7) million, whereas other impairments on credits increased to EUR -2.8 (-2.3) million.
- The new definition of default that entered into force on 1 January 2021 increased the model-based impairments and has also affected the individual impairments.
- The macroeconomic assumptions were updated again in Q4, no material impact in Q4.
- We still have not observed any major covid-related new risk concentrations in our credit portfolio.

The debt investment case

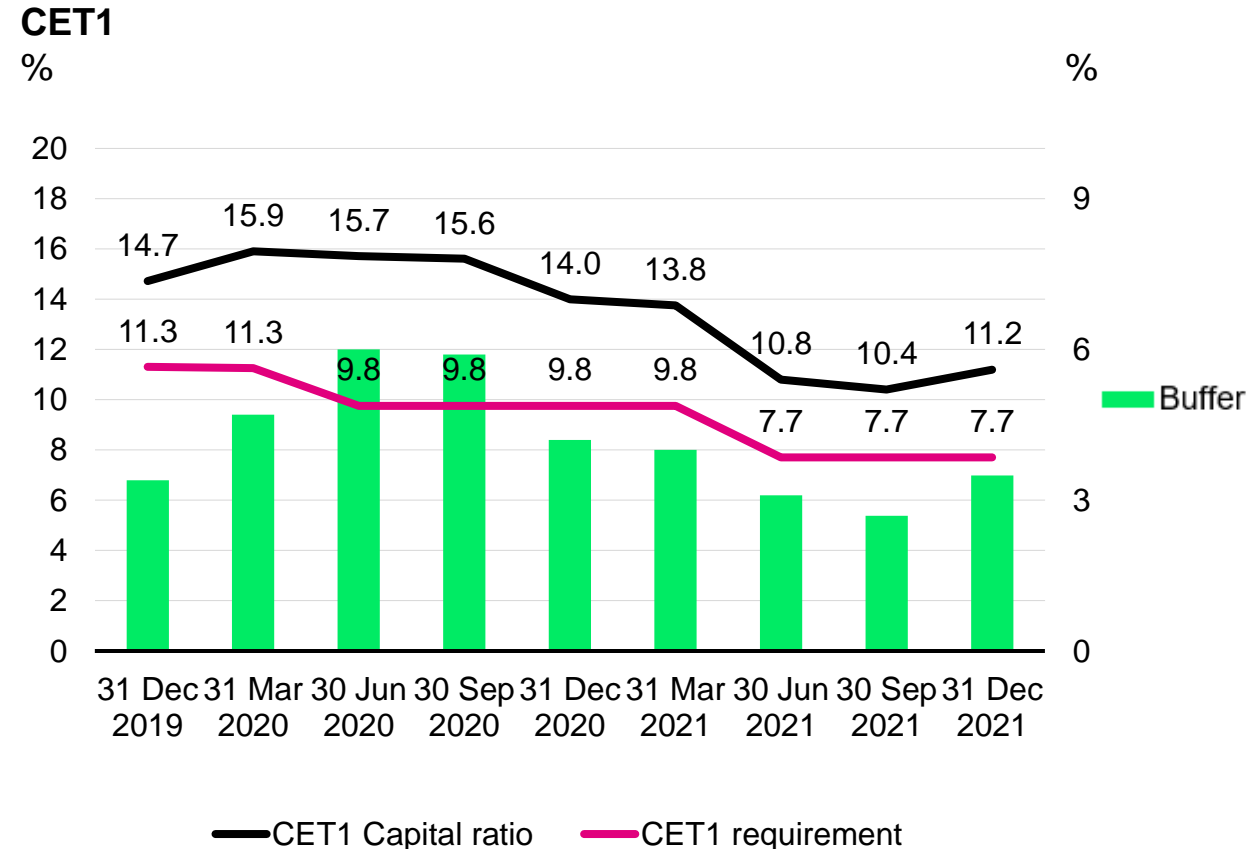
Credit ratings

Moody's: A1 / P-1, neg, Covered Bonds: Aaa

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

CET1 ratio 3.5 percentage points above the requirement

- The CET1 ratio was 11.2% and increased during the last quarter by 0.8 percentage points.
- The 2021 dividend proposed by the Board of Directors, EUR 0.56 per share, has been deducted from the CET1 capital (1.3 percentage points).
- The CET1 capital decrease (EUR -95 million) was expected and mainly due to the increase of intangible assets and goodwill as a result of the acquisition of Taaleri's wealth management operations.
- Risk-weighted exposures decreased by EUR 89 million.



CET1 ratio above the requirement

- Minimum CET1 requirement ratio is 7.71 % (4Q21 CET1 11,2%).
- Total minimum capital ratio requirement 11.76% (4Q21 Total capital:15.6%).
- Aktia Bank Group's leverage ratio was 3.9% (4Q20 4.6%).
 - Tier 1 capital EUR 389.1 million
 - Total exposures EUR 10,083.3 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 595.9 million
 - Own funds and eligible liabilities EUR 1,363.5 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 year 2021 Aktia completed twenty senior preferred private placement transactions. The total volume has been approximately EUR 305 million with maturities in the range of 3–15 years.
- In November 2021 Aktia Life company issued successfully 56 million euro Solvency eligible Tier 2 further strengthening the capital structure of Aktia Life. The structure of the transaction was 10nc5 (callable after 5 years by the issuer).
- The bank will continue to issue senior debt during the year 2022 to refinance redeeming notes and to convert some of the short-term money market funding to longer term issuance. The bank is planning also to issue limited amount of Non Preferred Senior notes during the first half year of 2022.
- Aktia's liquidity situation is very good. The LCR ratio has been comfortably over the regulative limit being 140% at the end of Q4. The cash level has been very good. The ECB tiering structure has been in full use for the whole period.

High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 140%.

- 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 1,571 million on 31 December 2021 (4Q20: EUR 1,368 million).

Unencumbered Liquidity reserve, market value

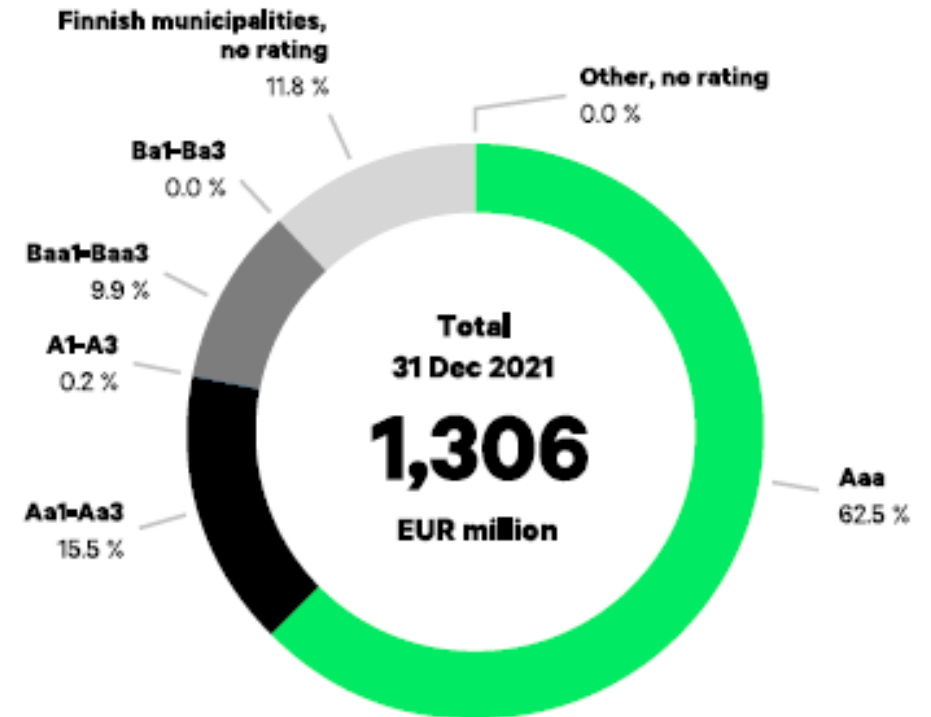
EUR million	31 Dec 2021	31 Dec 2020
Cash and holdings in central banks	681	250
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	222	226
Securities issued or guaranteed by municipalities or Public sector entities	155	132
Covered bonds	514	755
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
Total	1,571	1,368

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

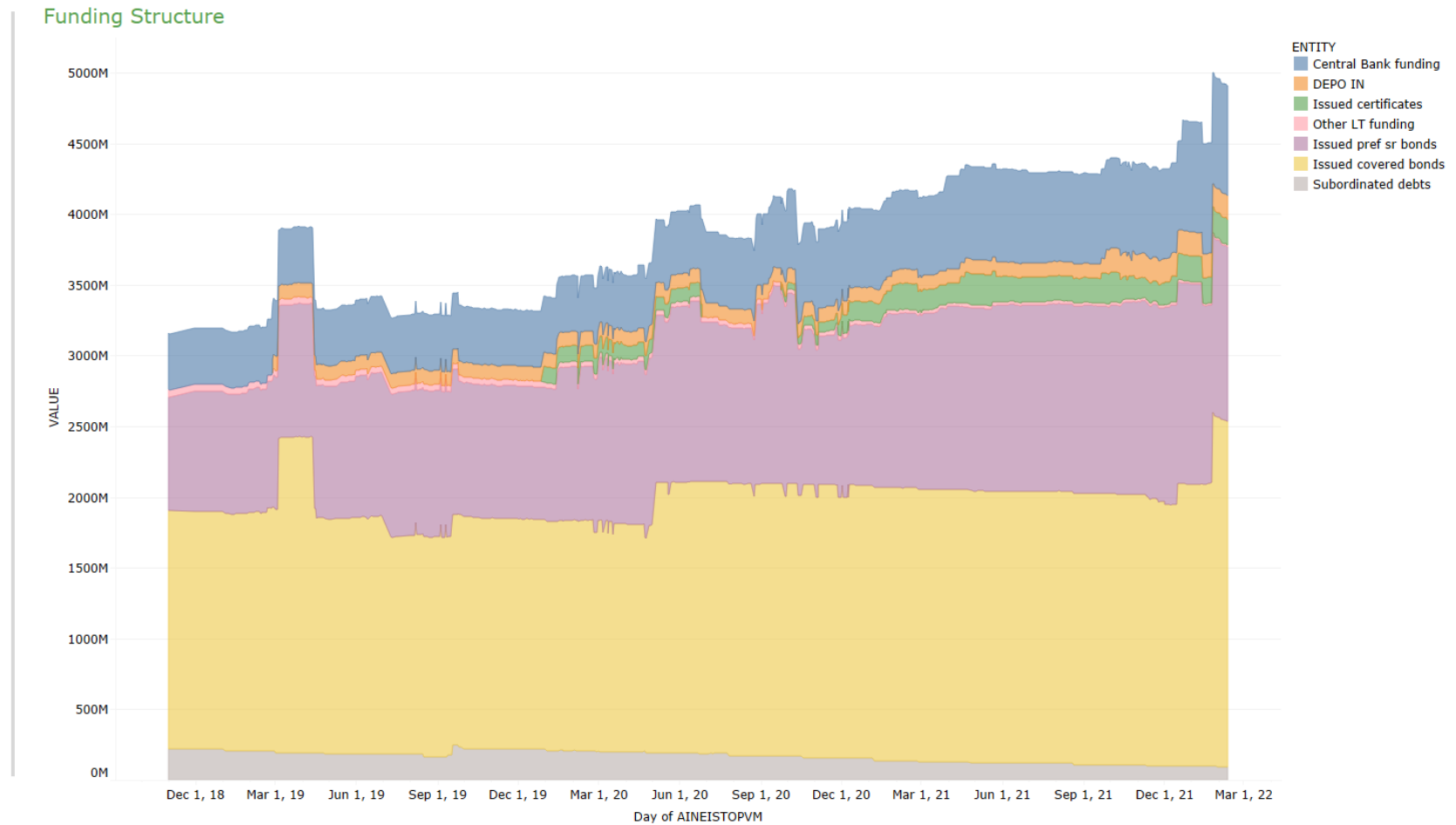


Sound funding profile

Covered Bond issuance and customer deposits dominate

Borrowing from the public and public-sector entities increased to EUR 4,503 (4,466) million. Aktia's market share of deposits was 3.0% (3.1%) at the end of December 2021.

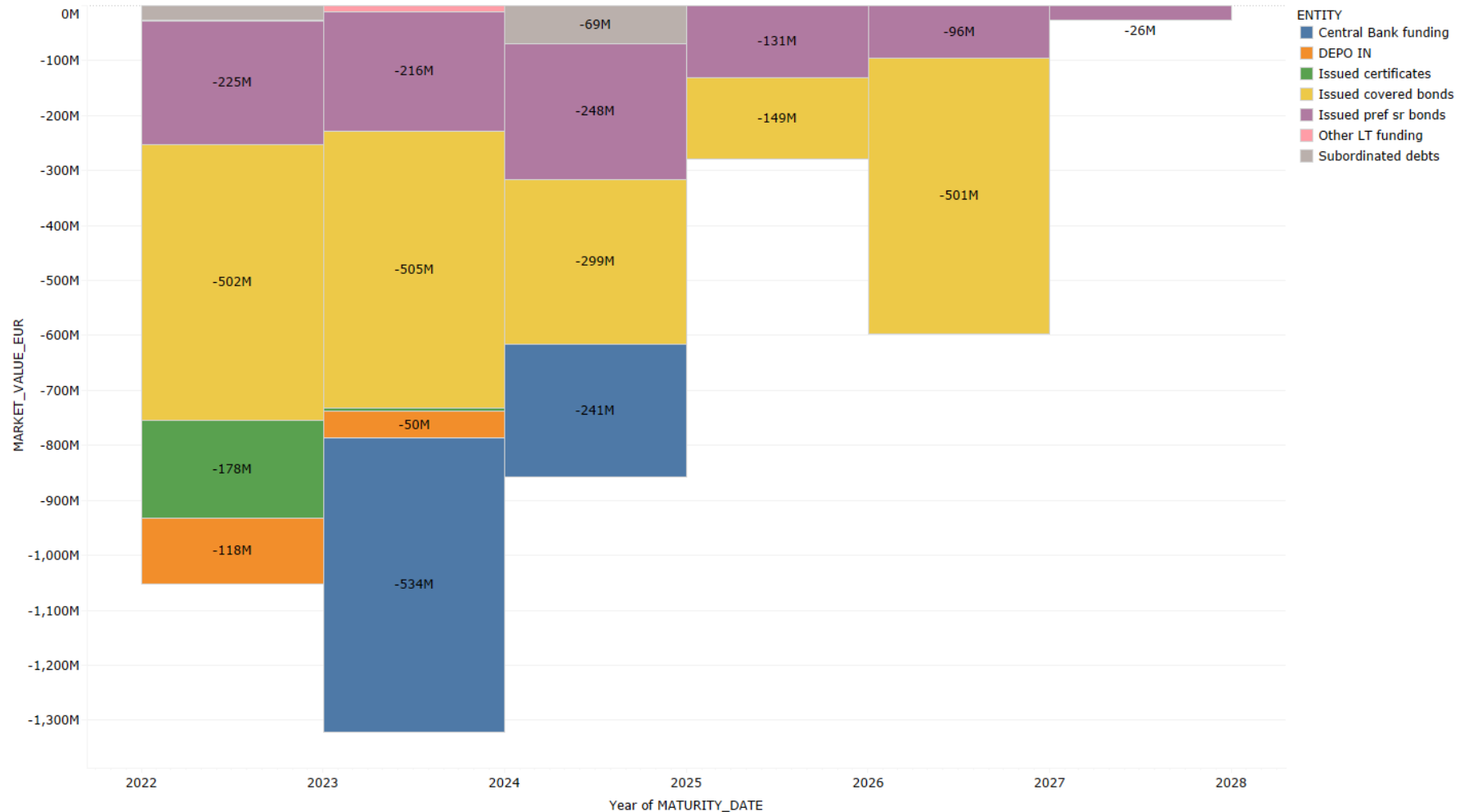
The value of bonds issued by Aktia Bank totalled EUR 2,917 (2,720) million. The total is excluding the EUR 450 million issued retained Covered Bonds.



Aktia

Redemption schedule

The year 2022 redemptions are starting to show in funding activities



Aktia Bank as covered bond issuer

Aktia Bank operates under the legislation as mortgage bank (Act on Mortgage Credit Bank Operations, MCBA 688/2010) and issues the covered bonds directly from the bank's balance sheet.

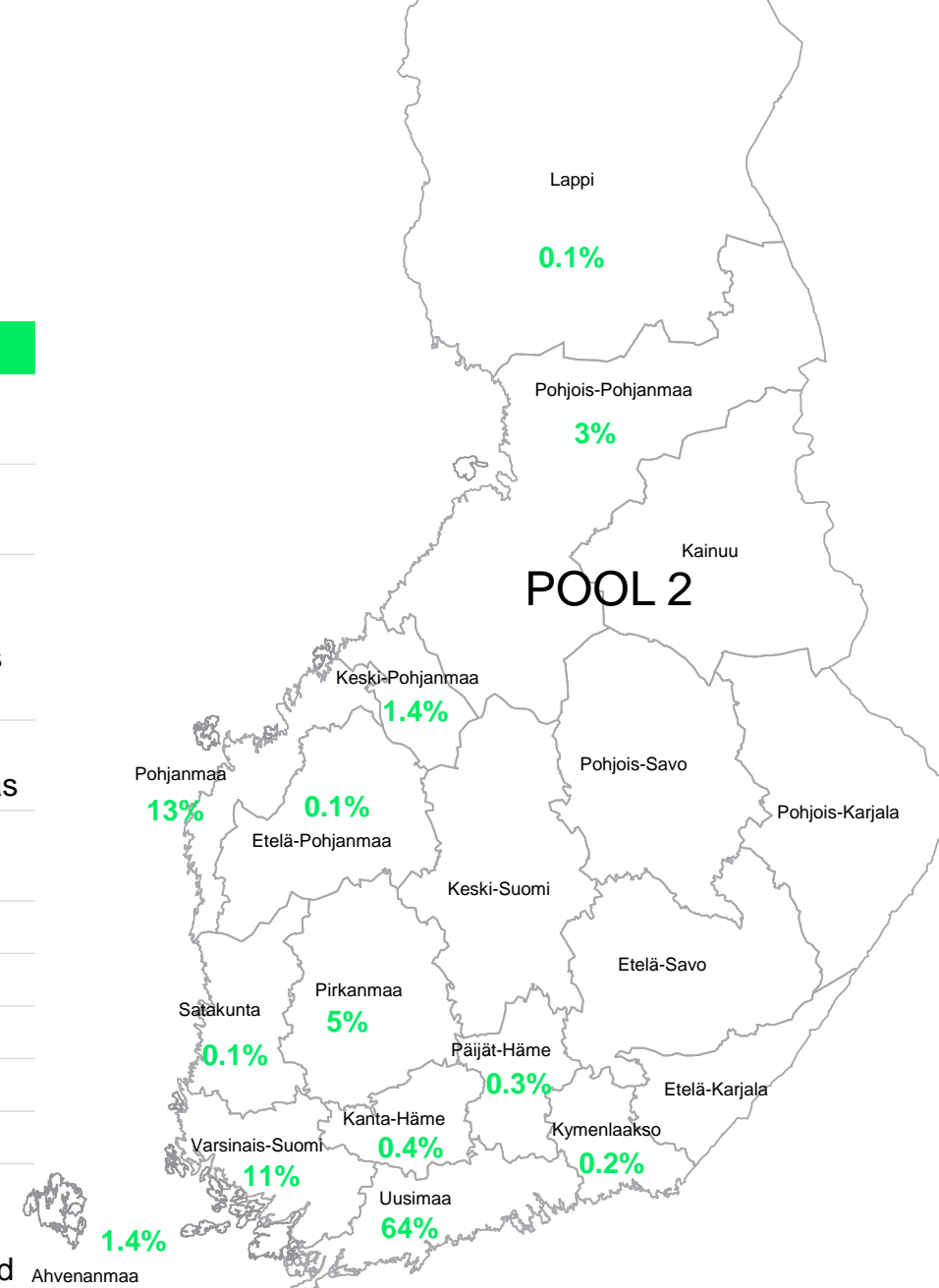
The Finnish Covered bond legislation is to be updated during the year 2022 to comply with the Directive (EU)2019/2162 and the regulation (EU) 2019/2160 of the European Parliament and of the Council

- 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
- 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

Cover pools

4Q 2021

	COVER POOL 2	COVER POOL 1*
Total asset pool (No substitute assets)	EUR 2,667 million	EUR 107 million
No of loans / average loan balance	38,073 / EUR 70,056	1,645 / EUR 64,831
Types of loans	First ranking residential mortgages, pledges of shares in housing companies and loans to housing companies	First ranking residential mortgages and pledges of shares in housing companies
Geography	Finland, well diversified with concentration on growth areas	Finland, well diversified with concentration on growth areas
Non-performing loans > 90 days in arrears	0.0	0.0
WA indexed LTV	47.35%	34.31%
Maximum LTV	LTV limit: 70%	LTV limit: 70%
Interest base	floating 95%, fixed 5%	floating 97%, fixed 3%
WA seasoning	60.7 months	112 months
Overcollateralisation (%)	36.78% (committed 10%)	384.76% (committed 12%)
Moody's Collateral Score	5.00%	5.00%



Aktia

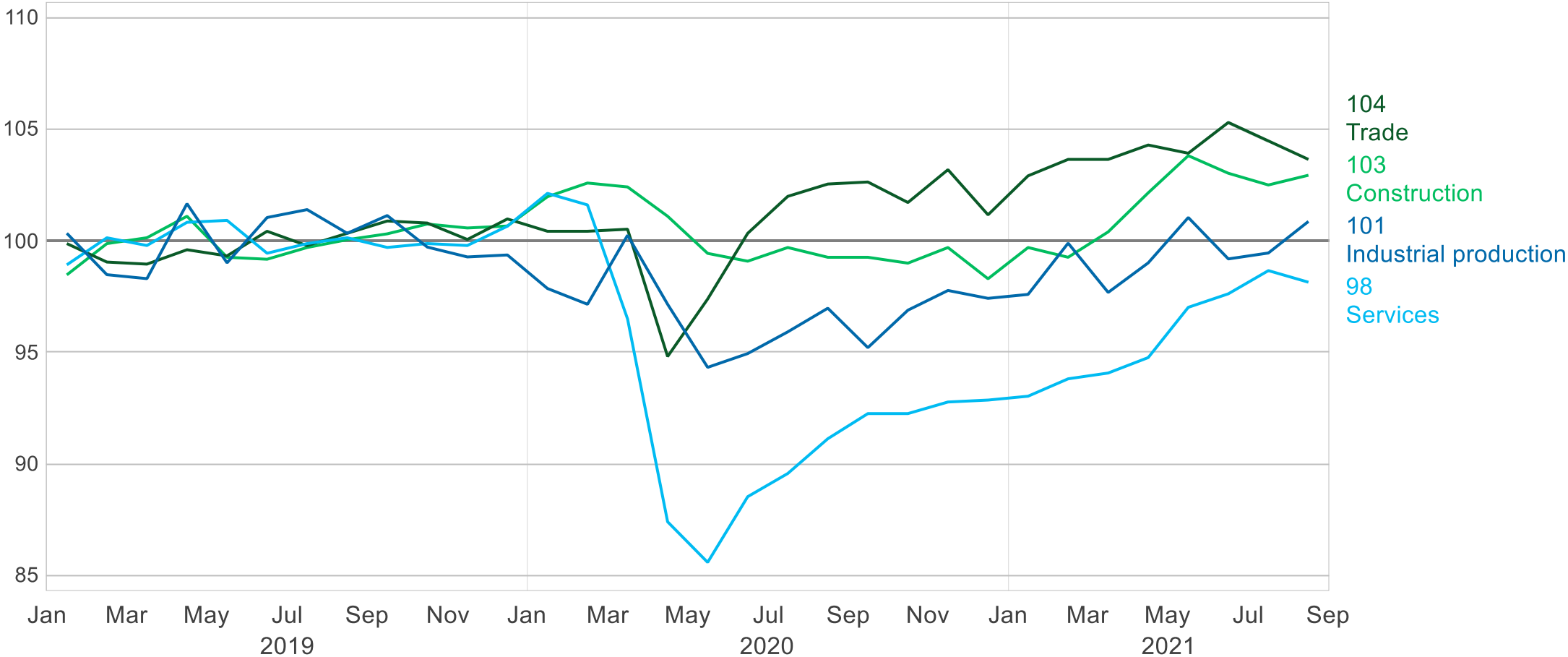
* Cover Pool closed in Jan 2022 due to redemption of all bonds issued

Finland – a strong but very export driven economy

Services only sector which has not fully recovered

Sales volume and industrial production

Index 2019=100



Aktia's economic forecast for Finland

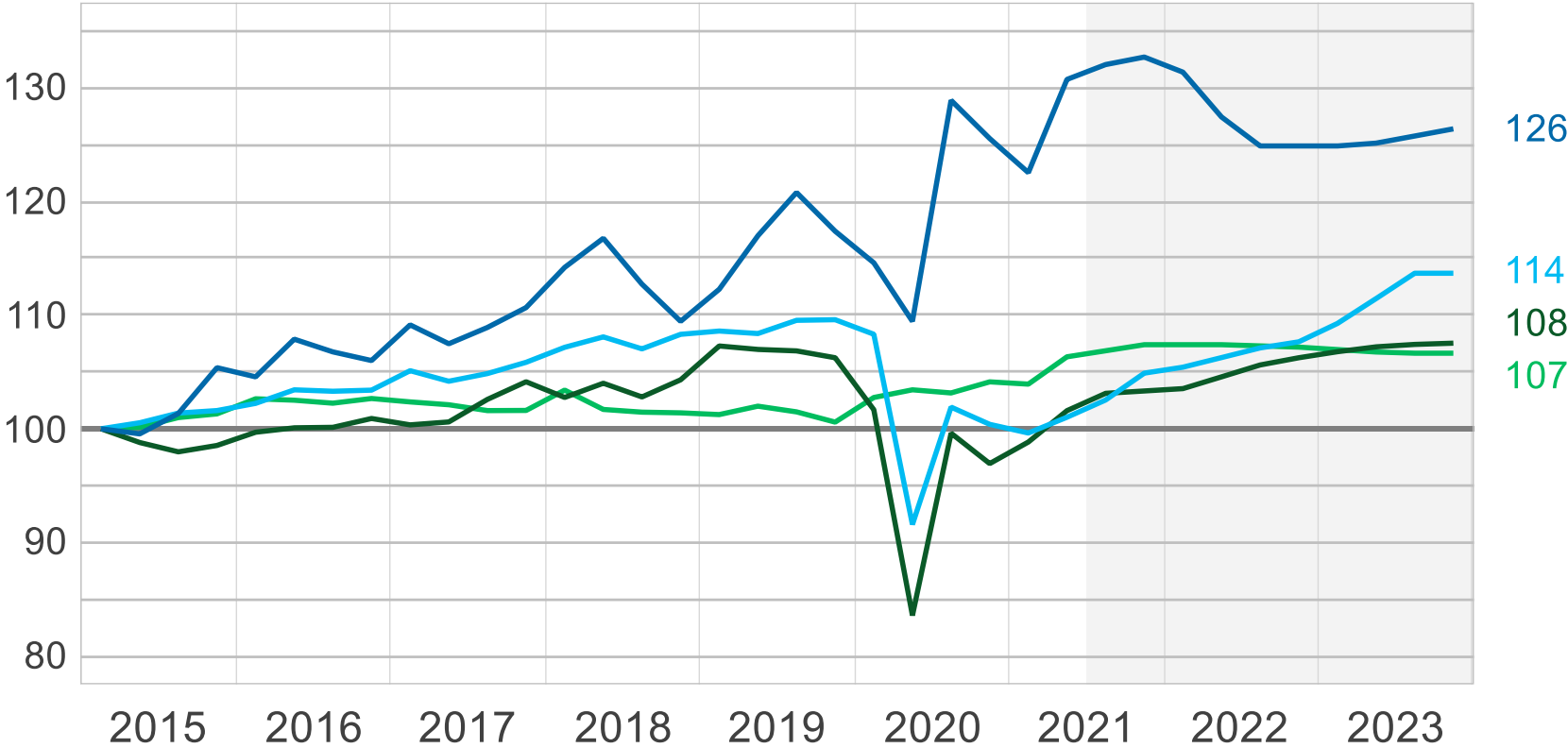
				Forecast		
Annual volume growth, %	2018	2019	2020	2021	2022	2023
GDP	1,1	1,3	-2,9	3,3	2,3	1,2
Exports	1,5	6,8	-6,7	3,9	6,6	1,5
Imports	5,7	2,3	-6,4	3,9	6,5	1,9
Consumption	1,8	1,1	-3,1	2,7	2,1	1,5
<i>Private</i>	1,7	0,7	-4,7	2,8	2,7	1,9
<i>Public</i>	2,0	2,0	0,5	2,4	1,0	0,6
Investment	3,6	-1,6	-0,7	2,4	3,5	0,9
<i>Buildings</i>	4,7	-1,4	-0,4	2,0	4,1	1,0
<i>Machinery and transport equipment</i>	-1,7	-4,9	-0,6	6,5	3,0	1,1
<i>Intellectual property</i>	7,1	1,9	-2,0	-1,3	2,5	0,4
Key figures, %						
<i>Trade balance of GDP</i>	-1,2	0,4	0,3	0,3	0,4	0,2
<i>Unemployment</i>	7,4	6,7	7,8	7,6	7,2	6,6
<i>Inflation</i>	1,1	1,0	0,3	1,9	1,4	1,1

Private demand: services up and durable goods down

Finnish households' consumption expenditure

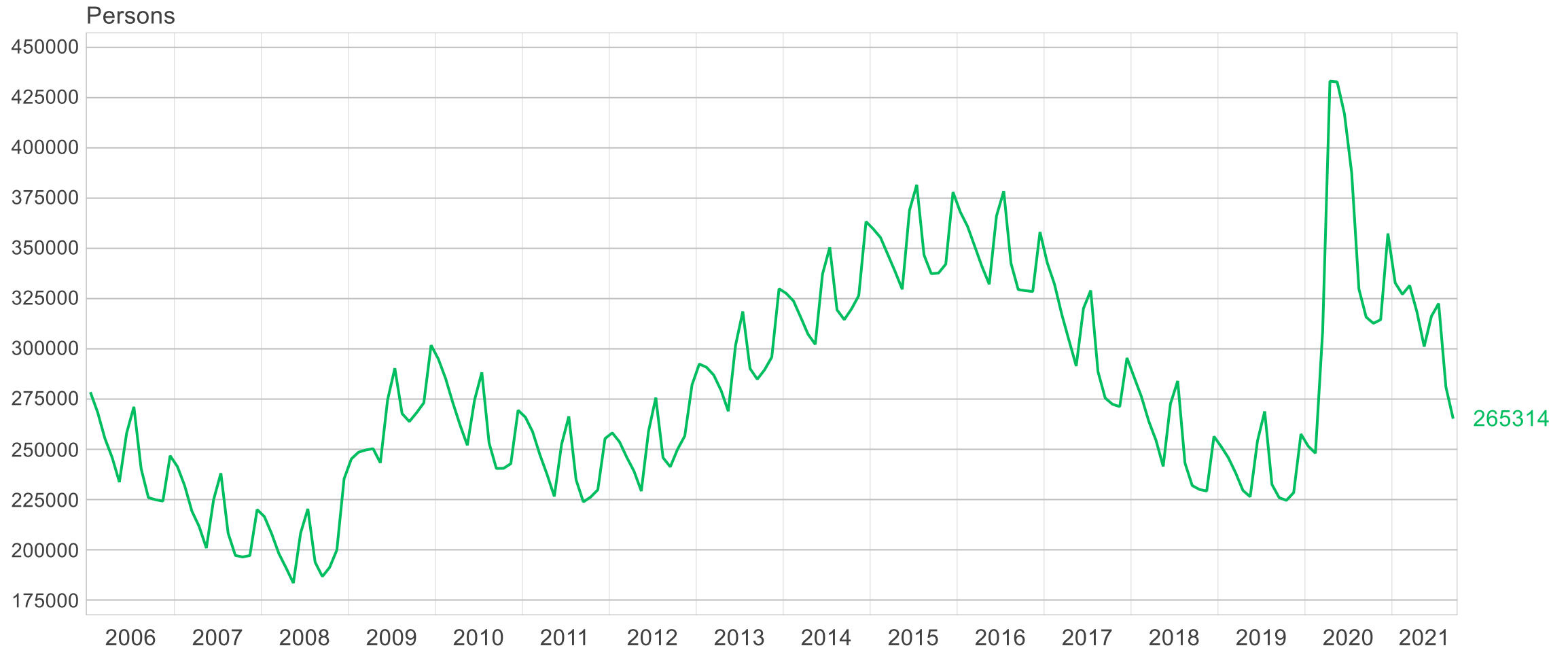
— Durable goods — Services — Semi-durable goods — Non-durable goods

Index 2015=100



Labour market: almost at pre-corona

Unemployed persons in Finland

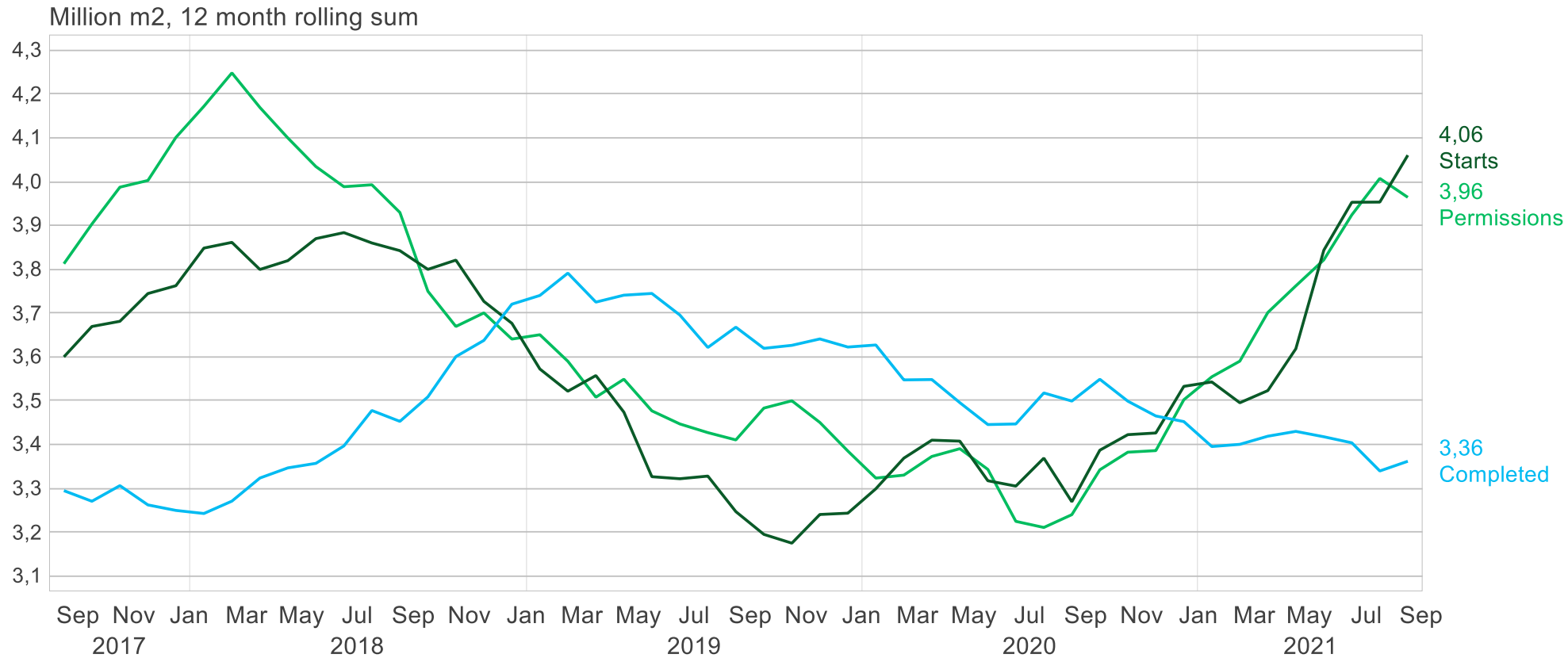


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Source: Aktia, Macrobond, Finnish Ministry of Employment & The Economy.

Residential construction activity has turned faster than expected

Residential construction activity

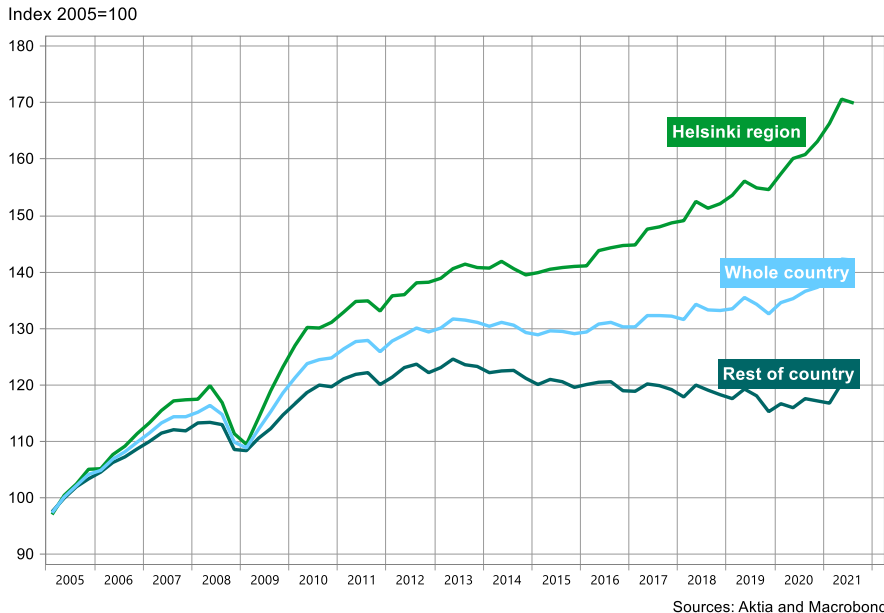


Source: Aktia, Macrobond and Statistics Finland.

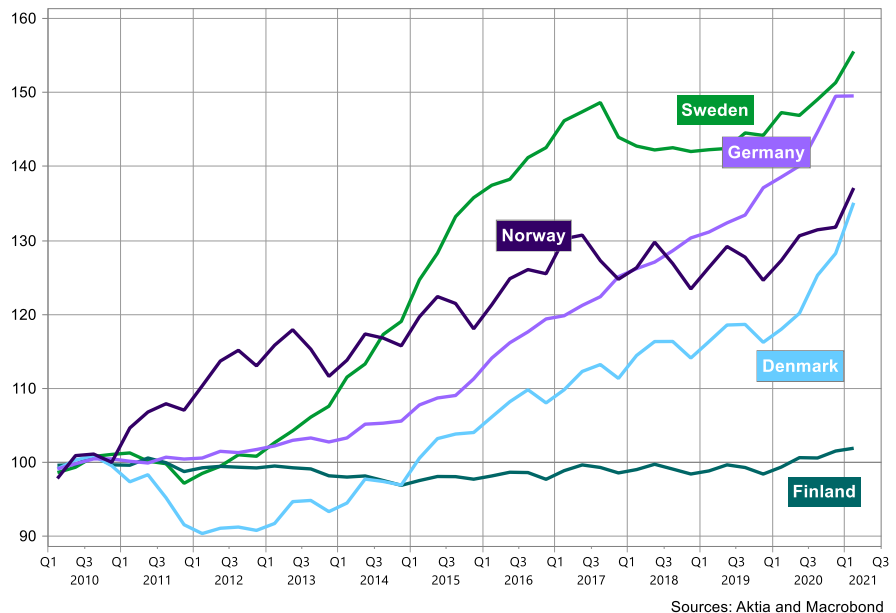
Finnish housing market

Solid and stable market, positive development focused on growing cities

Finland: Prices of old apartments



Real House Prices, <Property IndexBase not found.>



Contacts and additional information



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Debt investor information:

<https://www.aktia.com/en/investors> (website)

<https://www.aktia.com/en/investors/results-and-presentations/year/2021> (interim reports and presentations)



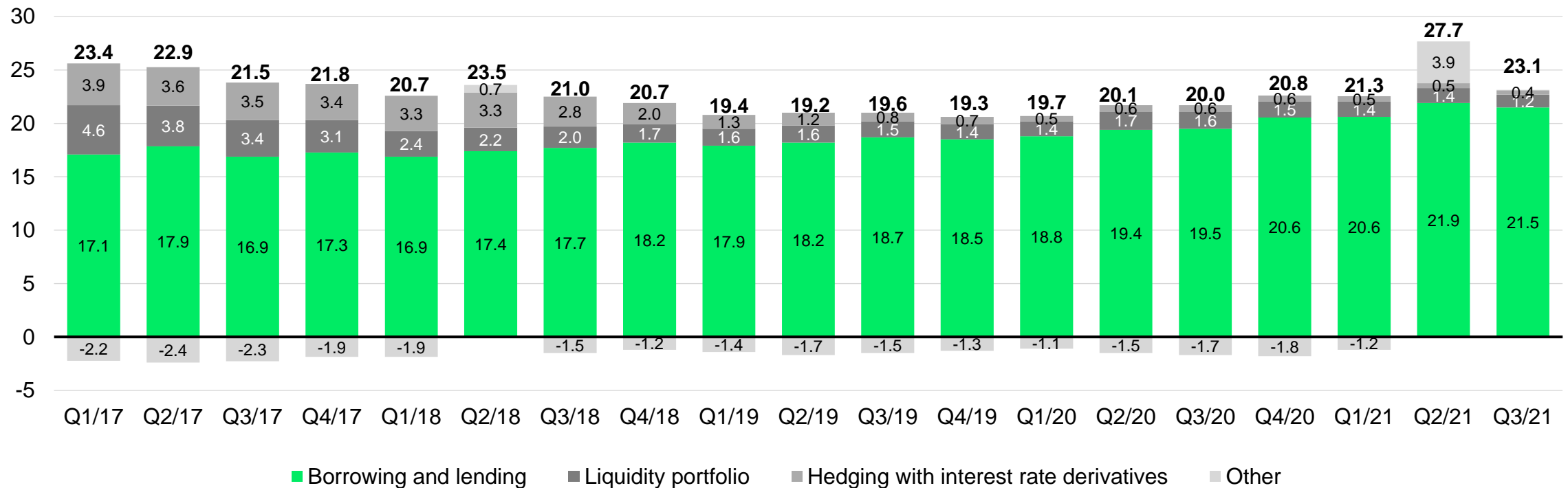
**The good bank.
And a great asset manager.**

Aktia

Appendices

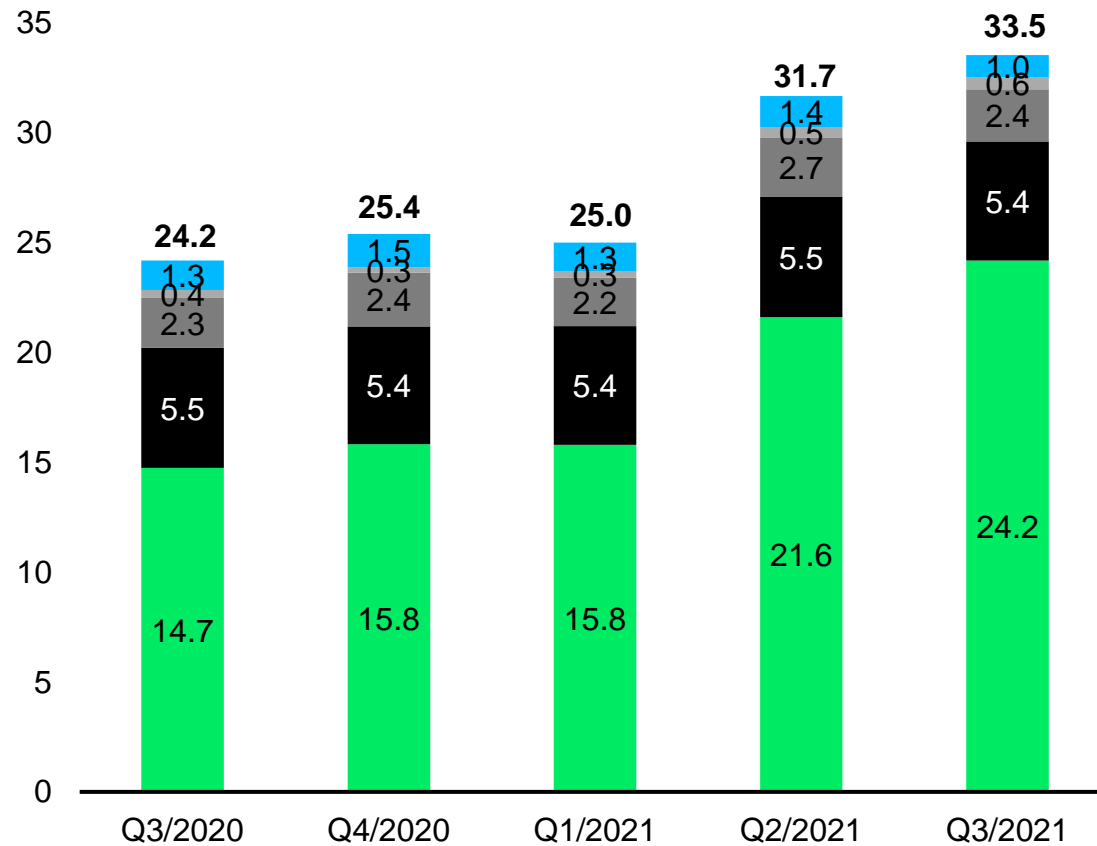
Net interest income mix

EUR million



Net commission income mix

EUR million



- Other
- Insurance
- Lending
- Card, payment services and borrowing
- Mutual funds, asset management and securities brokerage