

12 FEBRUARY 2025

# Aktia Q4 Results

Debt Investor Presentation



**Aktia**

# Q4 highlights

- Aktia's customer satisfaction increased most in the comprehensive, independent EPSI survey among investors. Aktia was assessed to have the most active dialogue with its customers.
- AuM: Decreased during the quarter due to fragmented market developments and allocation changes mainly among certain large institutions.
- Net interest income approx. at the same level as last year.
- Net income from life insurance: Continued solid development mainly driven by strong demand for investment-linked insurances.
- Comparable operating expenses: Good cost control despite continued investments in IT.
- Credit losses: Increased by EUR 1.8 million compared to last year, mainly due to a provision in the corporate loan book based on the management's assessment.
- Non-recurring items, including a EUR 25 million impairment of IT-related intangible assets, impacted the result in Q4 2024, but did not affect comparable results.

## Comparable operating profit

Q4/2024	1-12/2024	▲% Q4
<b>28.3</b>	<b>124.5</b>	<b>11%</b>
(25.6)	(104.8)	19% FY

## Net commission income

Q4/2024	1-12/2024	▲% Q4
<b>32.5</b>	<b>124.3</b>	<b>9%</b>
(29.8)	(120.4)	3% FY

## Comparable return on equity (ROE), %

Q4/2024	1-12/2024	▲ Q4
<b>13.1</b>	<b>15.0</b>	<b>0.1 pp</b>
(13.0)	(13.6)	1.5 pp FY

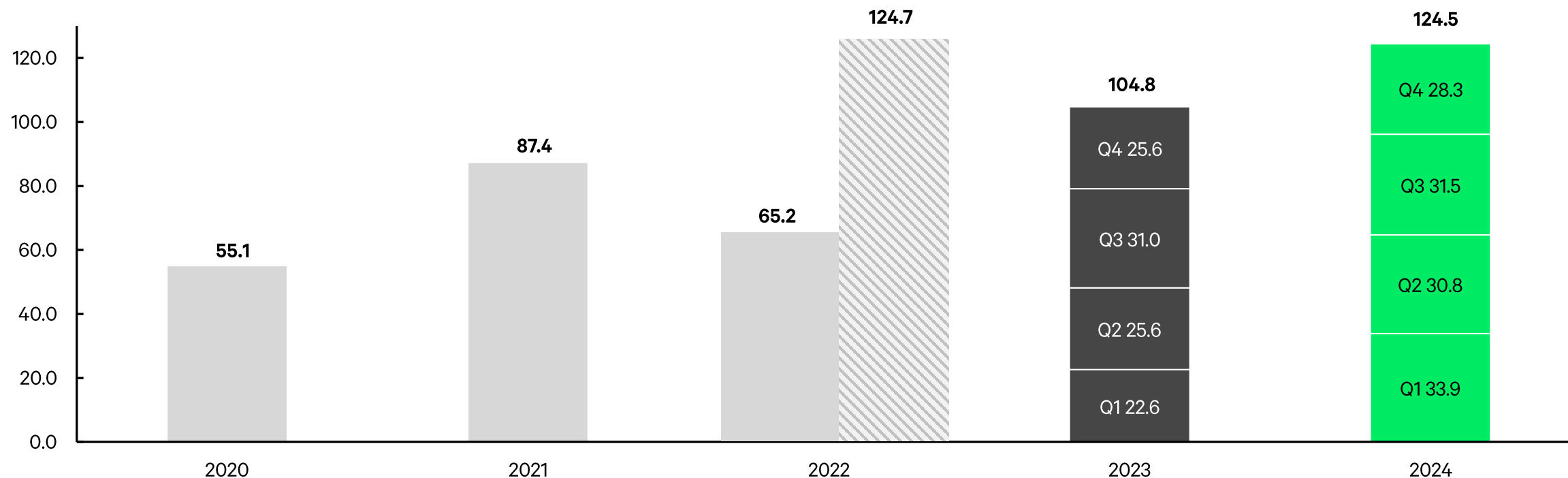
## Comparable cost-to-income ratio

Q4/2024	1-12/2024	▲ Q4
<b>0.59</b>	<b>0.56</b>	<b>-4 pp</b>
(0.61)	(0.61)	-7 pp FY

# Stable fourth quarter ends a strong year

## Comparable operating profit 2020–2024

EUR million



Restated according to the accounting standard IFRS 17

# Business areas

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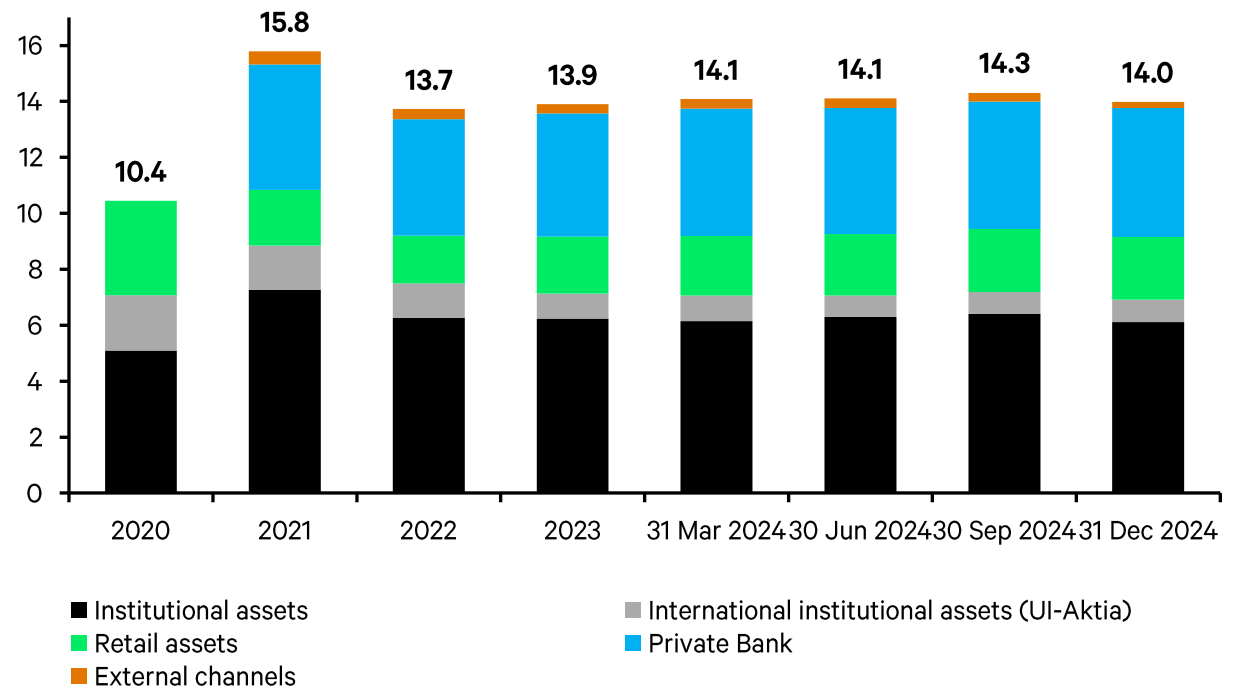


# Focus on development in asset management

- Net commission income grew 9% compared to the fourth quarter last year, driven by good development in income from mutual funds, asset management and securities brokerage.
- Assets under management decreased slightly, mainly due to allocation changes among certain large domestic institutions and fragmented market developments.
- Aktia launched a new product family of discretionary management solutions, combining ETF equity funds with Aktia's spearhead knowledge in fixed income investments and first-class allocation skills.

The Group's Assets under Management, excluding custody

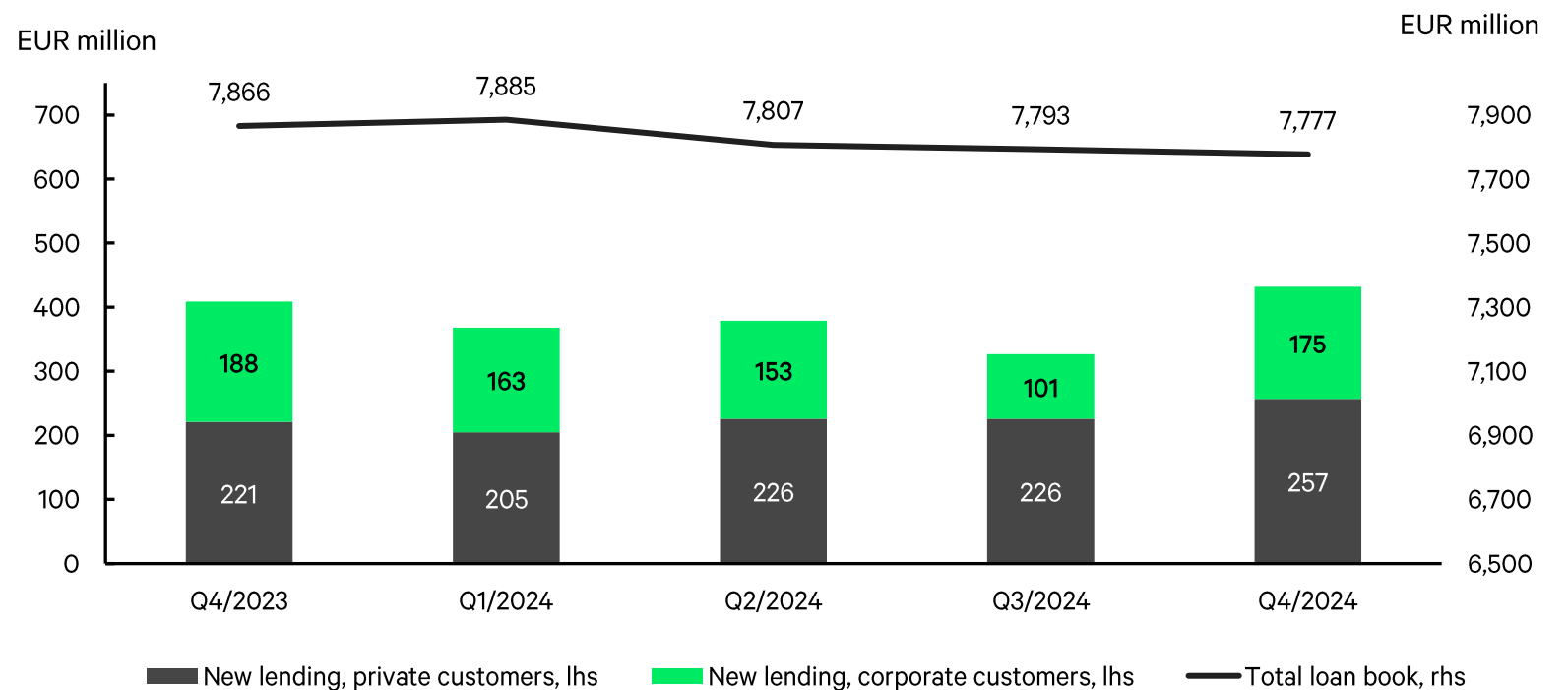
EUR billion



# Strong demand for loans and investment products in our core segments

- Aktia's customer satisfaction increased the most compared to last year out of all the actors in the financial sector (EPSI survey, private investors).
- A pick-up in new lending during Q4: the best quarter in 2024.
- Loan book increased within the key customer segments, although the entire loan book decreased slightly.
- In corporate banking, the strong growth in leasing and hire purchase financing continued.
- The demand for investment solutions remained strong among banking customers.

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

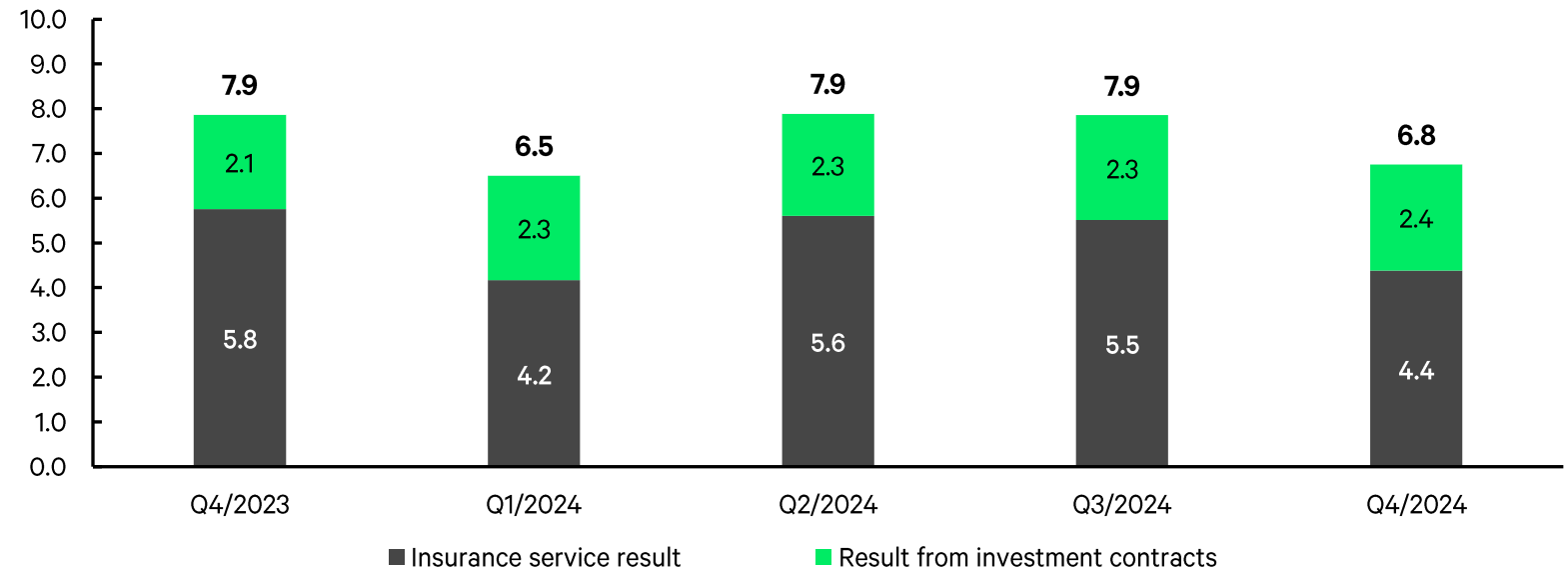


# Aktia Life Insurance's result remained stable

- Premiums from investment-linked insurances and the total insurance book, EUR 209.9 million, were at their highest level in the history of Aktia Life Insurance.
- Investment-linked insurance cooperation was launched with POP Banks.
- Solvency ratio increased by 2.1 percentage points to 184.6% in Q4.

Development of the actuarially calculated result Q-o-Q

EUR million



# ESG

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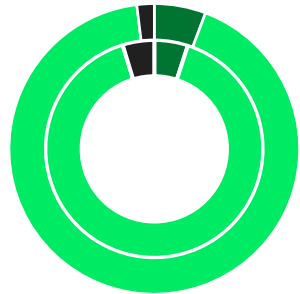
# Sustainability-driven success for the leading wealth manager bank

☑ = 2025 target achieved

## Prosperity & Planet

### Share of SFDR Article 8 and 9 classified funds

Target: increase the share



**Q4/2024 98.1%**  
(outer circle)

**Q4/2023 95.3%**  
(inner circle)

SFDR Article



**Change in the relative carbon footprint of equity and credit portfolios** **-60%** ☑

(tonnes of CO2e/ million euros invested)

Target: 2025 -30% vs. 2019

## People



### Signi Flame Index\*

Target: 80

Q4/2024

**75**

Q2/2024

**75**



### eNPS\*\*

Target 20

Q4/2024

**19**

Q2/2024

**18**



### SHE Index\*\*\*

Target: 85

H2/2024

**82**

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 Q2 & Q4 and SHE index annually H2

## Principles of Governance

### Aktia's ESG ratings

Target: reach at least industry average

MSCI

☑ AA

Sustainalytics

☑ Medium 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	Q4/2024	Q4/2023	Δ %	Q3/2024	Δ %	1-12/2024	1-12/2023	Δ %
<b>Total operating income</b>	78.7	74.5	6%	76.1	4%	308.8	287.4	<u>7%</u>
Net interest income	38.1	38.2	0%	36.1	6%	152.0	140.4	8%
Net commission income	32.5	29.8	9%	30.9	5%	124.3	120.4	3%
Net income from life insurance	6.3	6.0	4%	8.9	-29%	30.2	24.1	26%
Other income	1.9	0.5	276%	0.2	655%	2.2	2.6	-14%
<b>Total operating expenses</b>	-49.3	-46.5	6%	-43.1	14%	<u>-178.6</u>	-176.6	1%
Impairments of credits and other commitments	-4.3	-2.4	78%	-1.8	148%	-10.6	-7.0	53%
<b>Operating profit</b>	0.1	24.5	-100%	31.2	-100%	94.6	102.6	-8%
<b>Comparable operating profit**</b>	28.3	25.6	11%	31.5	-10%	<u>124.5</u>	104.8	<u>19%</u>
Comparable earnings per share (EPS), EUR	0.31	0.28	8%	0.34	-10%	1.0	1.1	-7%
Comparable return on equity (ROE), %	13.1	13.0	0.1*	15.0	-1.9*	<u>15.0</u>	13.6	-1.5*
Comparable cost-to-income ratio	0.59	0.61	-4%	0.56	4%	0.56	0.6	-7%
Common Equity Tier 1 capital ratio, %	<u>12.0</u>	11.3	0.7*	11.9	0.1*	12.0	11.3	0.7*

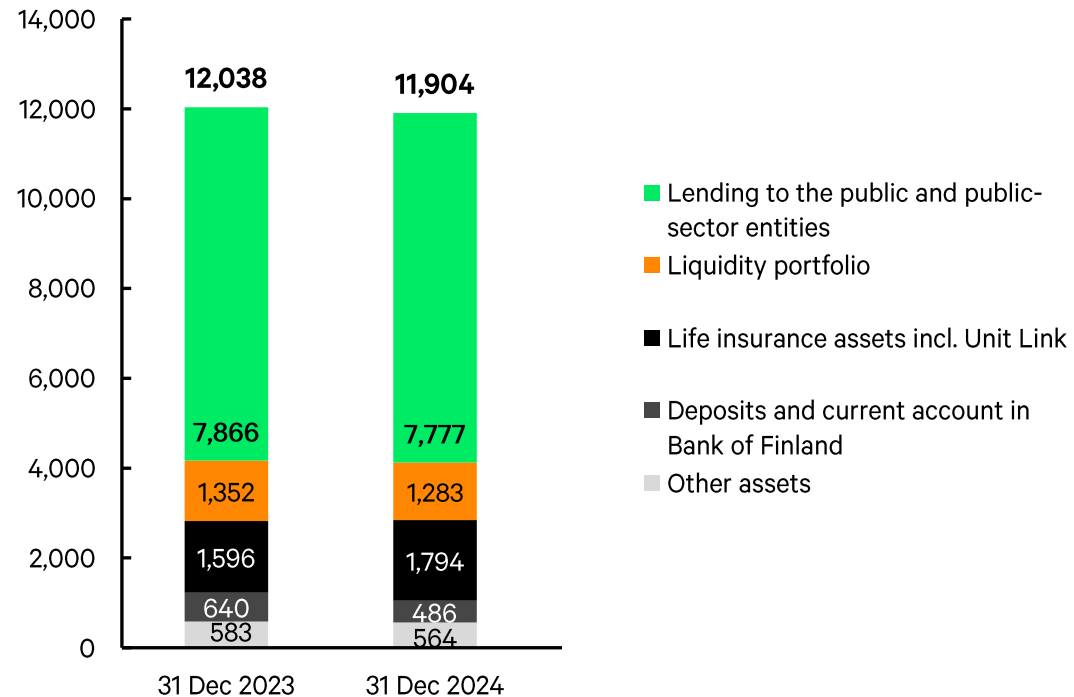
\*) The change is calculated in percentage points

\*\*) Excl. items affecting comparability

# Balance sheet total EUR 11,904 million

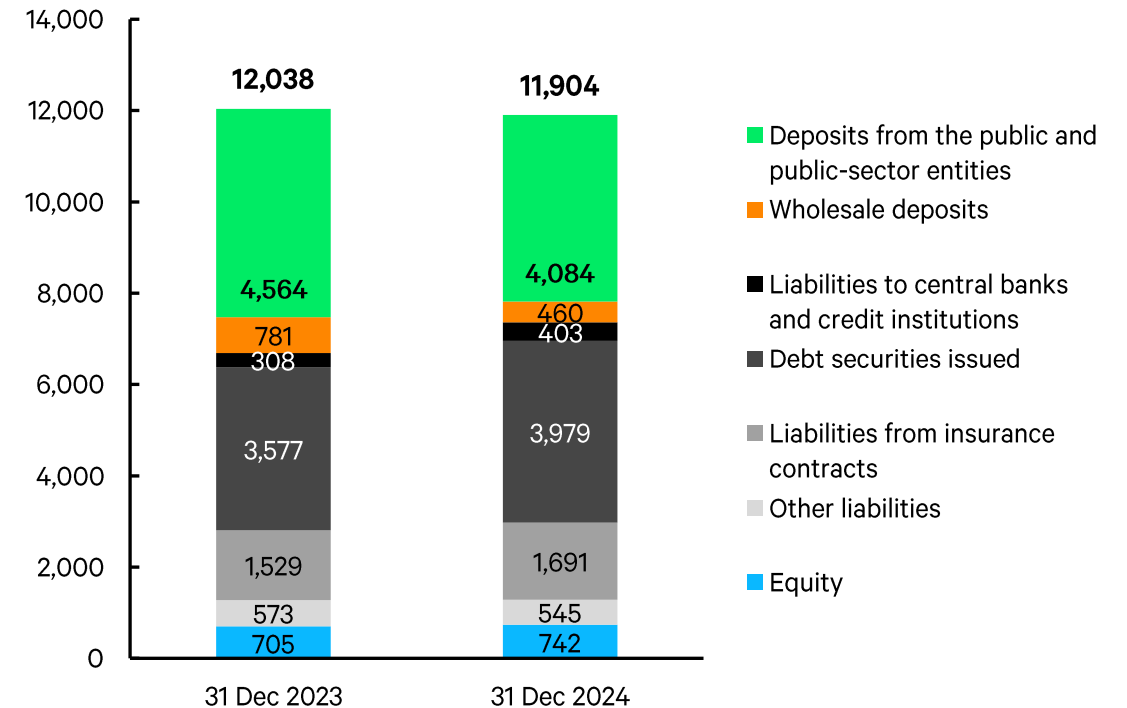
## Total assets

EUR million



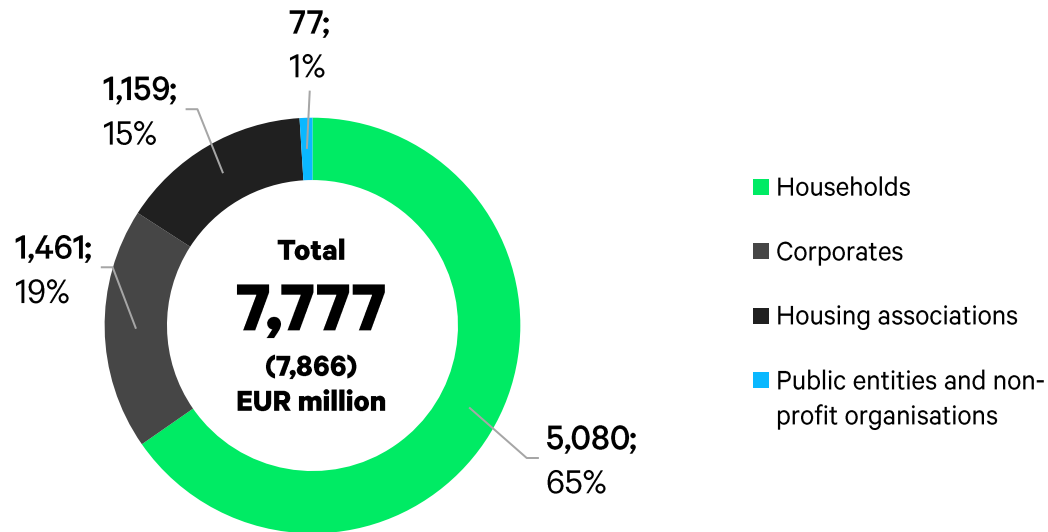
## Total liabilities and equity

EUR million

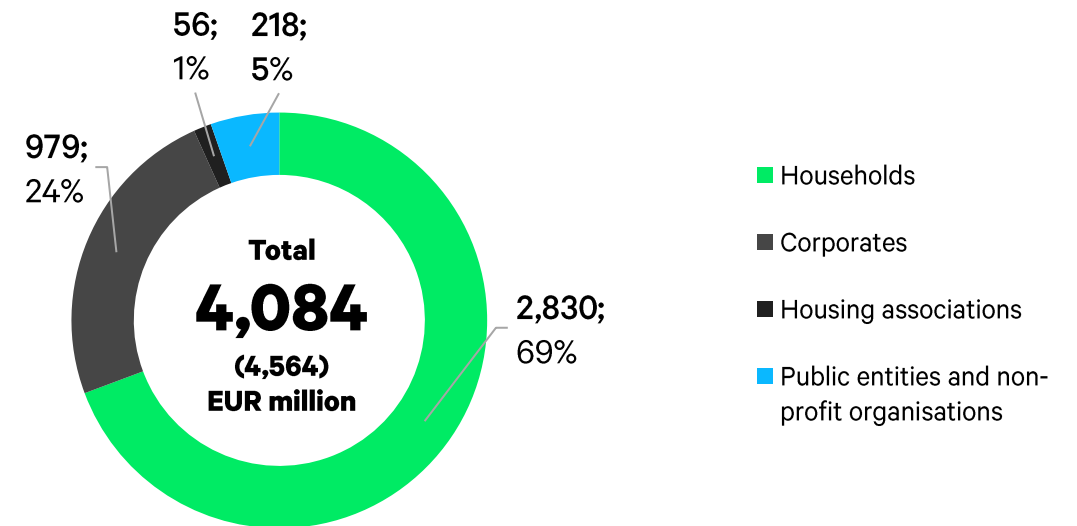


# Households account for the majority of lending and deposits

## Lending to the public and public sector entities



## Deposits from the public and public sector entities

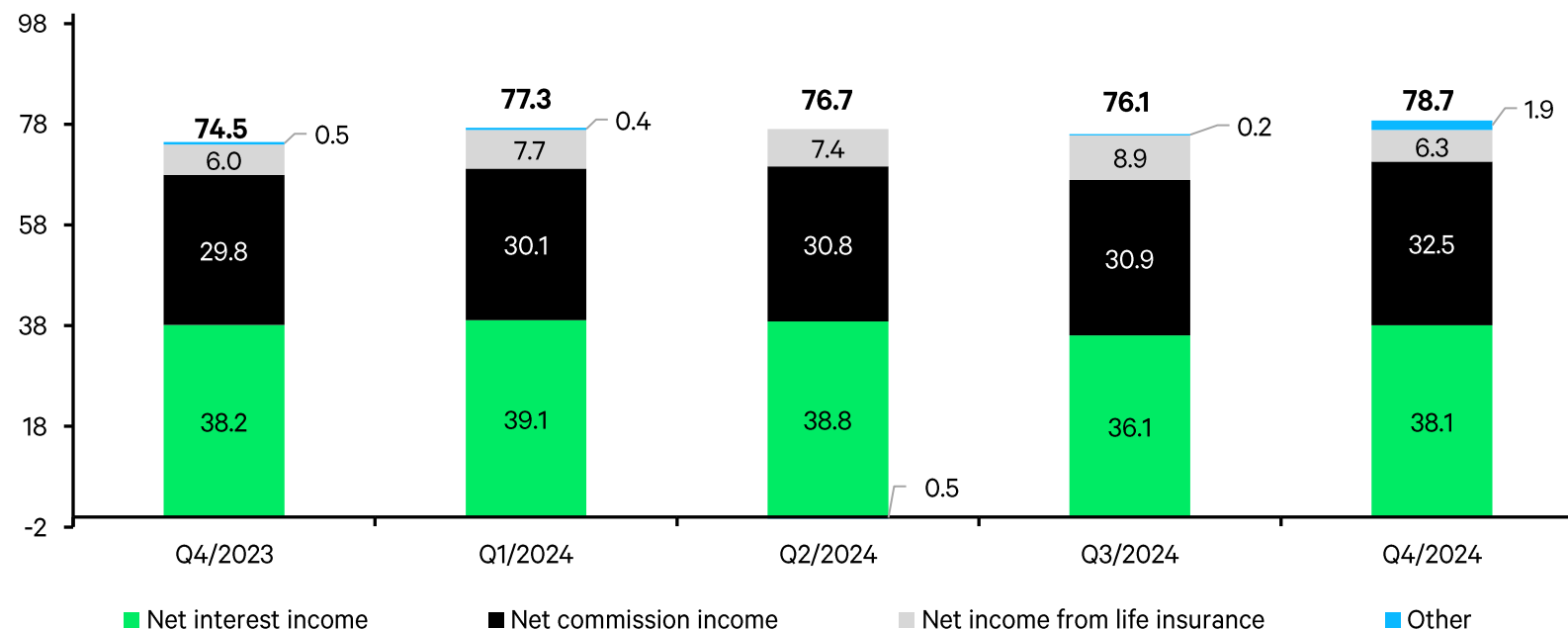


# Operating income increased by 6% from last year

- Net commission income increased by EUR 2.7 million from last year thanks to higher income from mutual funds and securities brokerage.
- Net income from life insurance remained stable, primarily due to strong demand for investment-linked insurance products and a growing investment-linked insurance book and profitable risk insurance.
- NII remained at the same level as last year.

Comparable operating income, Q-o-Q

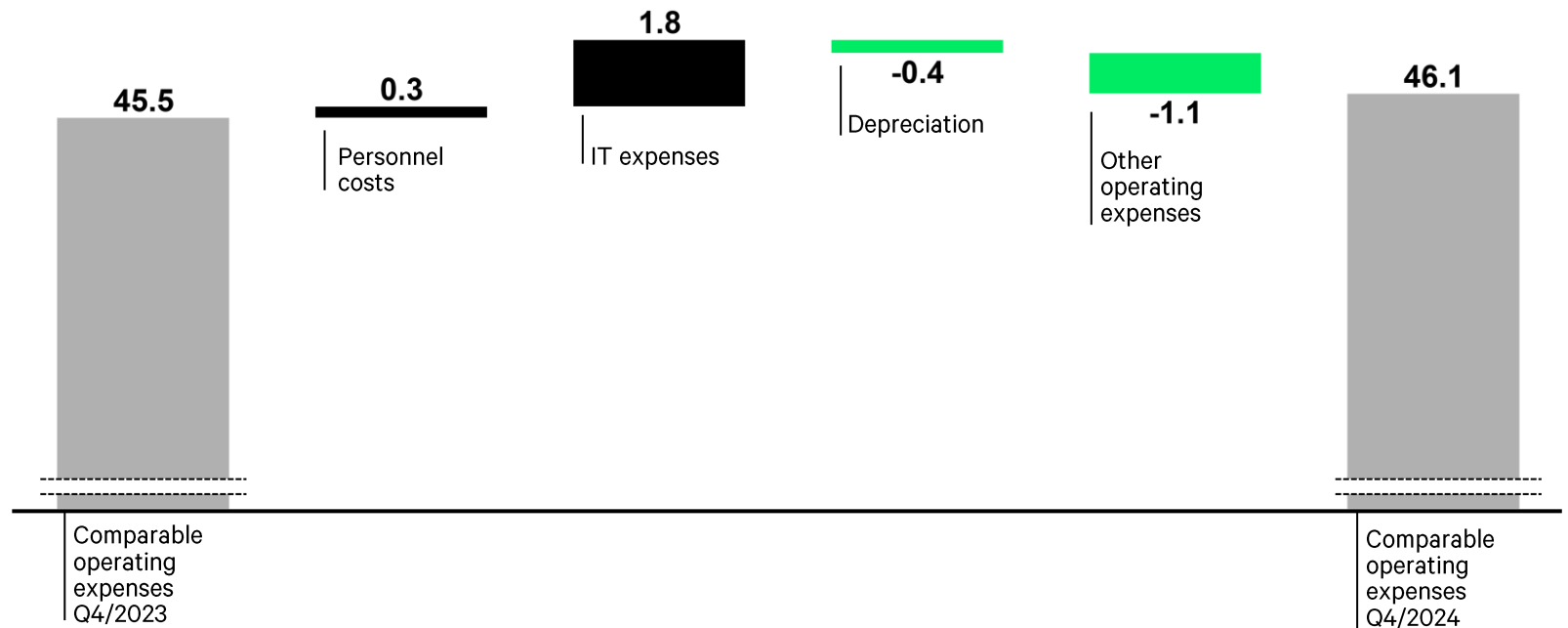
EUR million



# Good cost control despite continued investments in IT

- Comparable IT expenses increased by 14% from last year due to continued investments in the functionality of banking systems, the IT infrastructure for asset management, and processes required by regulation.
- Comparable other operating expenses decreased by 17% mainly due to lower costs for purchased services.

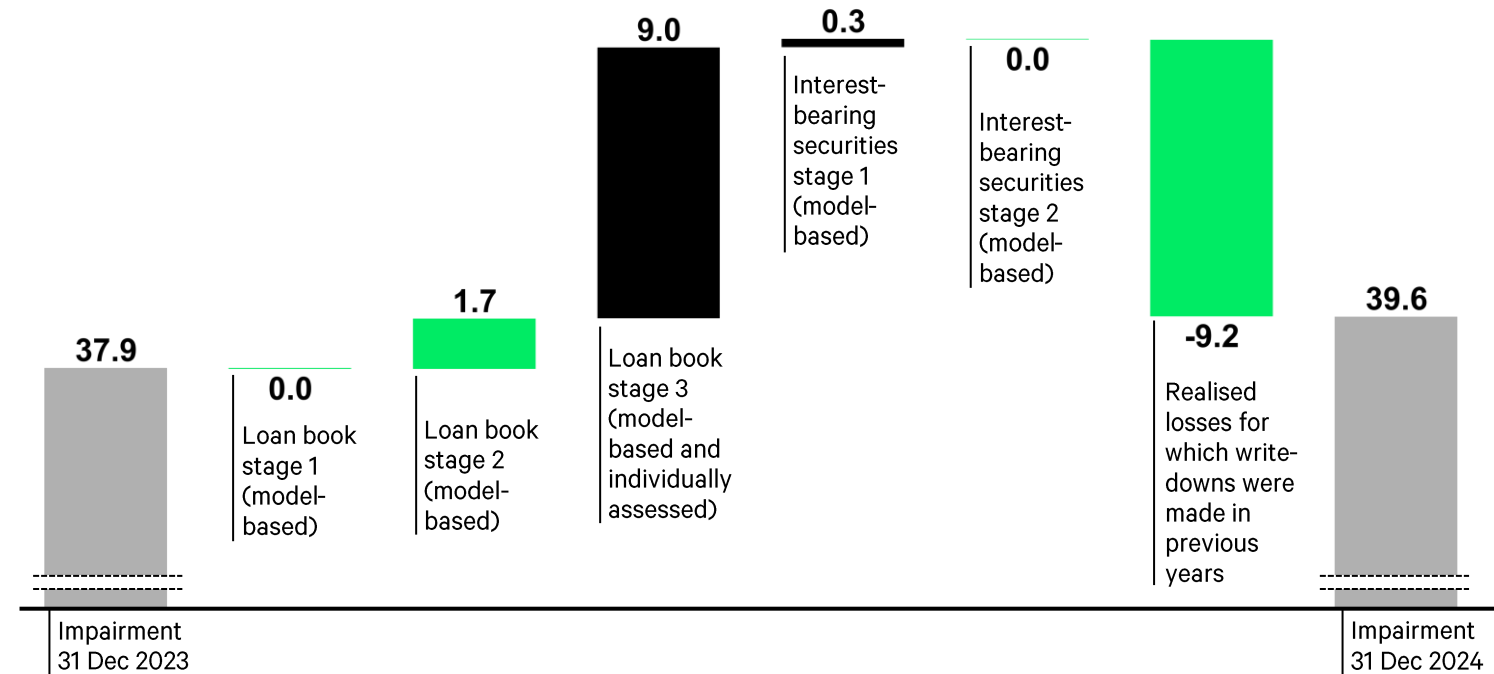
Comparable operating expenses Q4/2024 vs Q4/2023  
EUR million



# Credit loss provisions were EUR 4.3 million

- For the major part, our loan book consists of loans to households supported by residential or real estate collaterals.
- Credit loss provisions in Q4 increased compared to last year, mainly due to a provision in the corporate loan book.
- Annualised net credit losses 21 bps.

Change in expected credit losses (ECL) 1-12/2024  
EUR million



# Outlook 2025

Aktia's comparable operating profit for 2025 is expected to be lower than the comparable operating profit for 2024, which amounted to EUR 124.5 million.

The outlook has been prepared based on the following assumptions:

- Due to the lower interest rate level, the net interest income is expected to be lower than in 2024.
- The net commission income is expected to be slightly higher than in 2024.
- The life insurance business is expected to develop steadily. However, the result may be affected by changes in market values.
- Operating expenses are expected to increase slightly, given the continued investments in IT and the development of the general cost level.
- Credit losses are expected to remain at a moderate level. However, the uncertainty in the Finnish real estate sector may affect the development of impairments and expected credit losses.



# The Debt Investment case

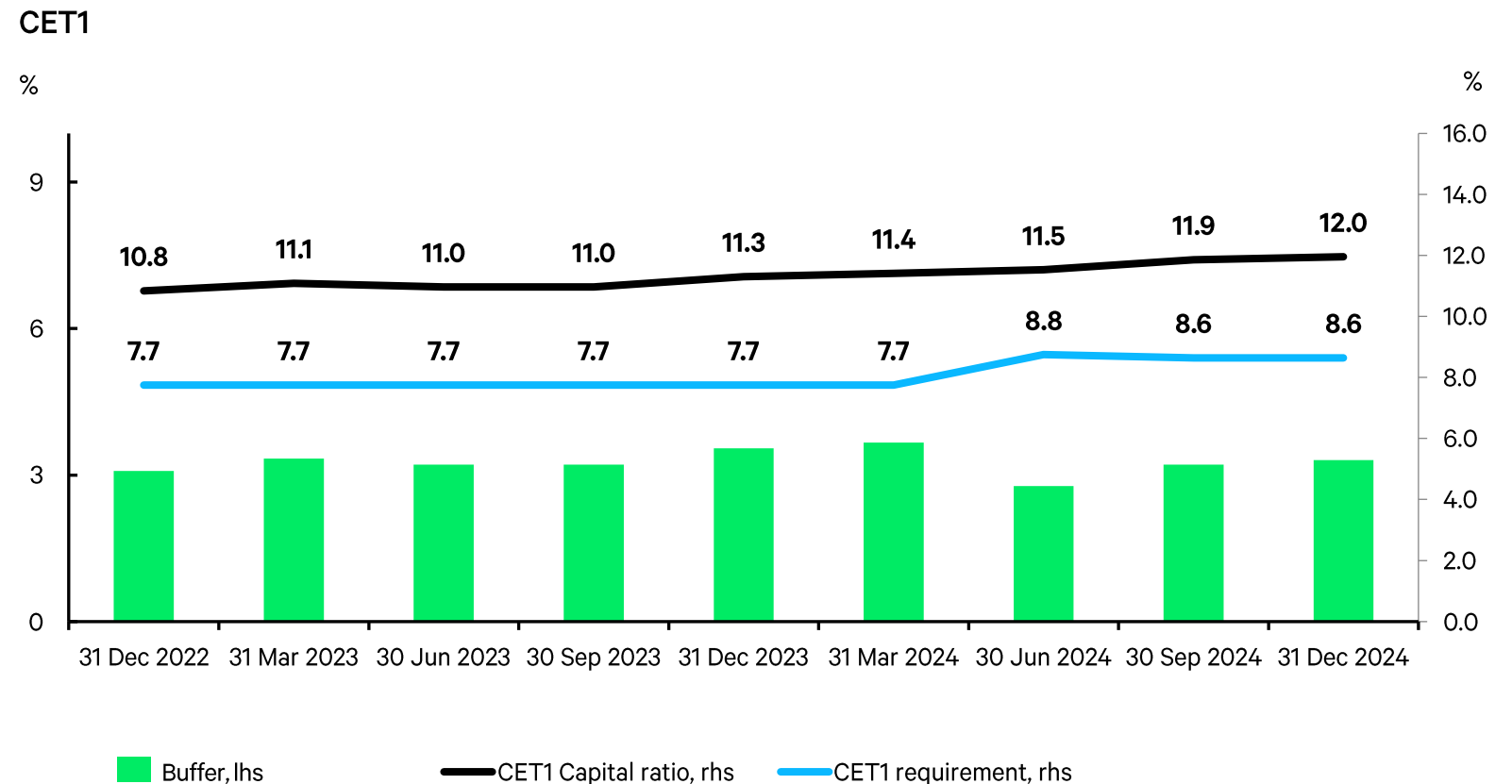
## Credit ratings

Moody's: A2 / P-1, neg, Covered Bonds: Aaa  
S&P: A- / A-2, stable

**Aktia**

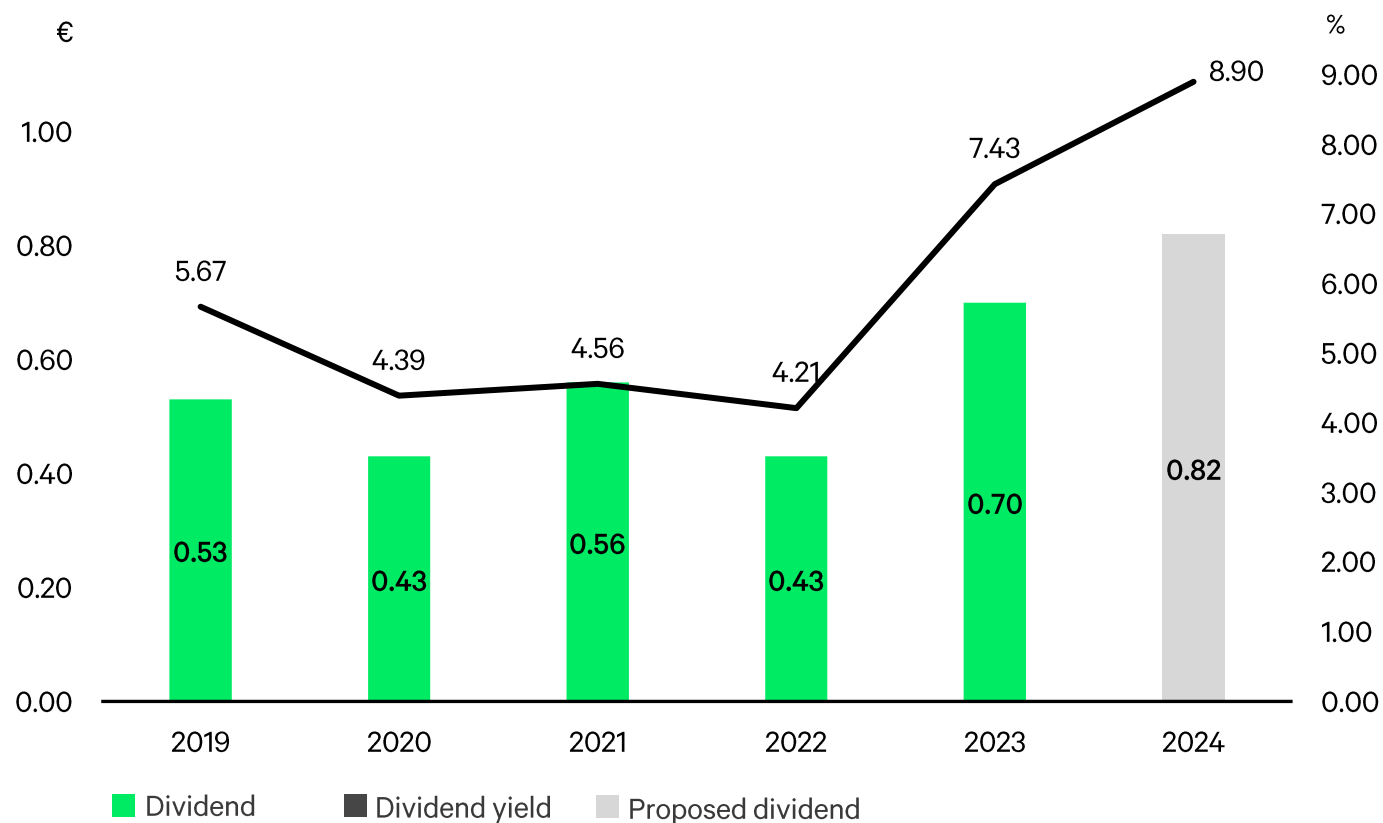
# CET1 ratio continued to strengthen

- CET1 ratio was 12.0% and 3.4 percentage points above the regulatory requirement.
- 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.



# Proposed dividend

## Aktia's dividend and dividend yield



### Dividend policy

Aktia intends to pay out a dividend of approximately 60 per cent of the profit for the reporting period to its shareholders.

### Proposed dividend

Aktia's Board of Directors proposes, in accordance with the company's dividend policy, that a dividend of EUR 0.82 per share to be paid for 2024, which constitutes 79% of the profit (and 60 % of the comparable profit) for the reporting period and corresponds to a dividend of approx. EUR 60 million (EUR 51 million in 2023).

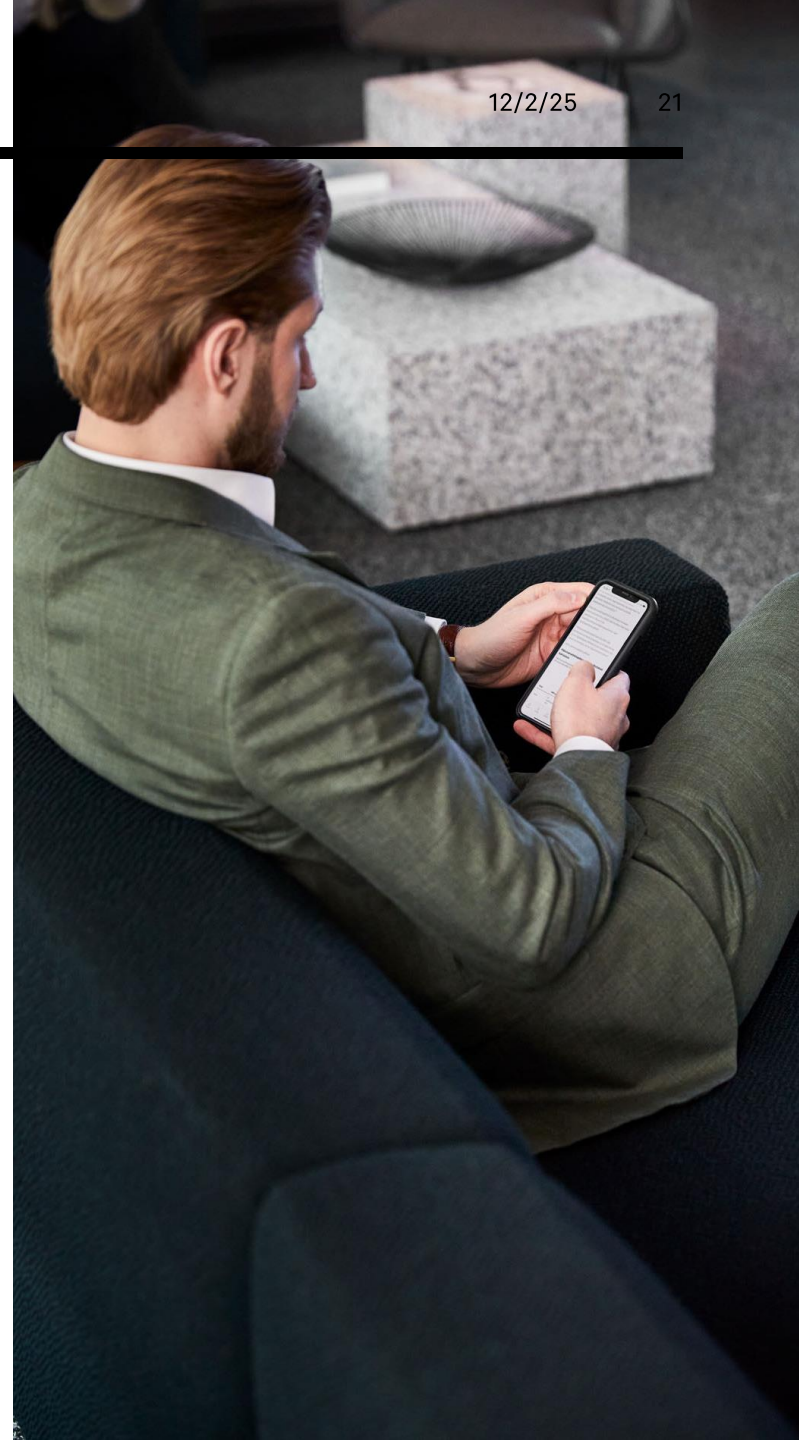
# Other regulative requirements

Aktia Bank Group's leverage ratio was 4.6% (Q4/2023 4.2%) as of 31 December 2024.

- Tier 1 capital EUR 465.6 million
- Total exposures EUR 10,020.3 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 791.6 million
- Own funds and eligible liabilities EUR 1,977.4 million



# Funding activities

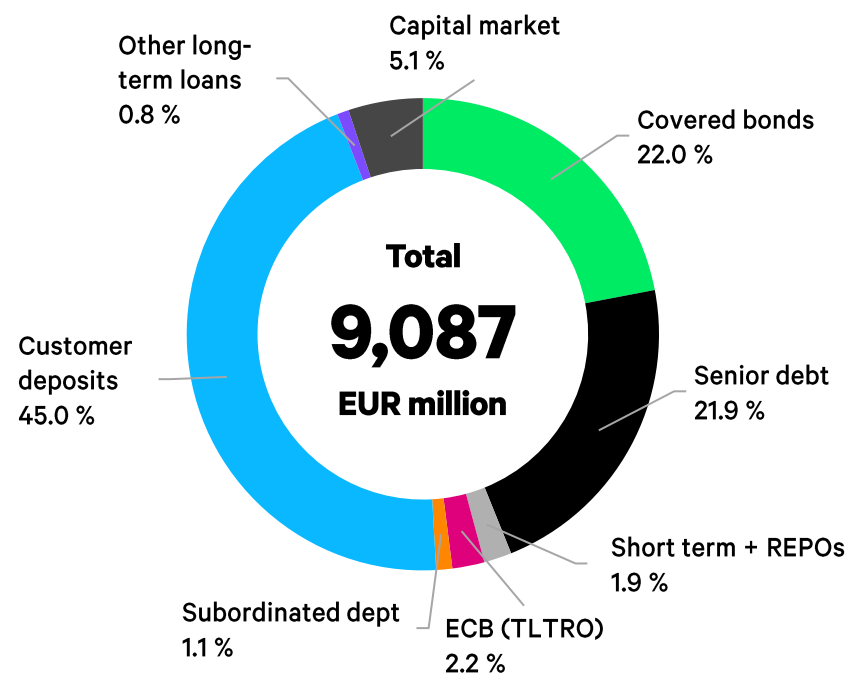
- The liquidity situation at Aktia remained very strong (LCR 214% at the end of Q4) and hence the funding activities were subdued during the period.
- In October, Aktia issued a new NOK 400 million private placement transaction. The issue was placed to the Norwegian market.
- Aktia is monitoring the senior preferred private placement EUR market during Q1 2025 to refinance redeeming debt but the volumes of new transactions will be limited.



# Sound funding profile

- Borrowing from the public and public-sector entities was at EUR 4,084 million.
- The value of bonds issued by Aktia Bank totalled EUR 3,937.3 (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.

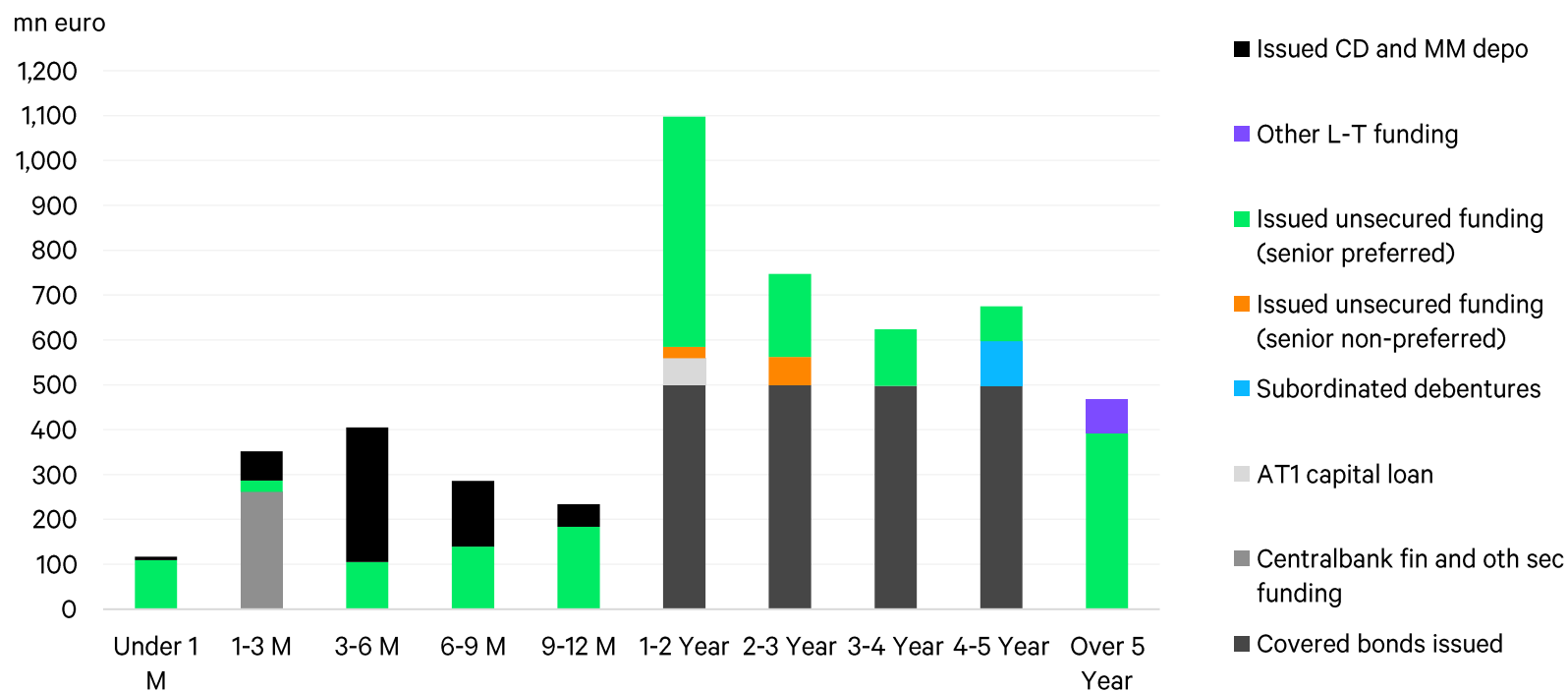
The Group's funding structure 31 December 2024



# Redemption schedule

- Year 2025 does not include major redemptions of issued bonds
- Next benchmark covered bond issue redeems in March 2026.

Maturity profile, 31.12.2024



# High-quality liquidity reserve

The Liquidity Coverage ratio (LCR) was 214%

- 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 1,330 million on 31 December 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	31 Dec 2024	31 Dec 2023
Cash and holdings in central banks	502	597
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	197	191
Securities issued or guaranteed by municipalities or Public sector entities	20	72
Covered bonds	593	957
Securities issued by credit institution	0	0
Securities issued by financial corporates (commercial papers)	0	0
<b>Total</b>	<b>1,330</b>	<b>1,817</b>

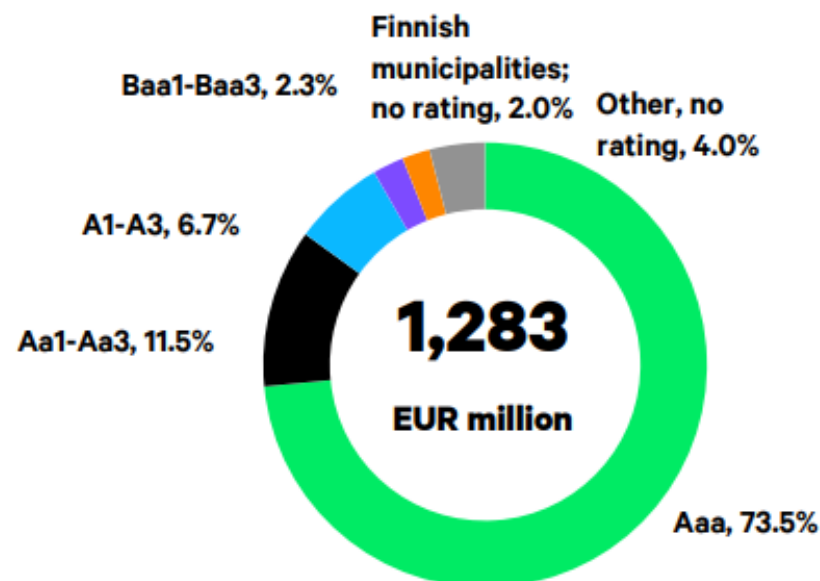
# Low risk liquidity portfolio

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 31 December 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

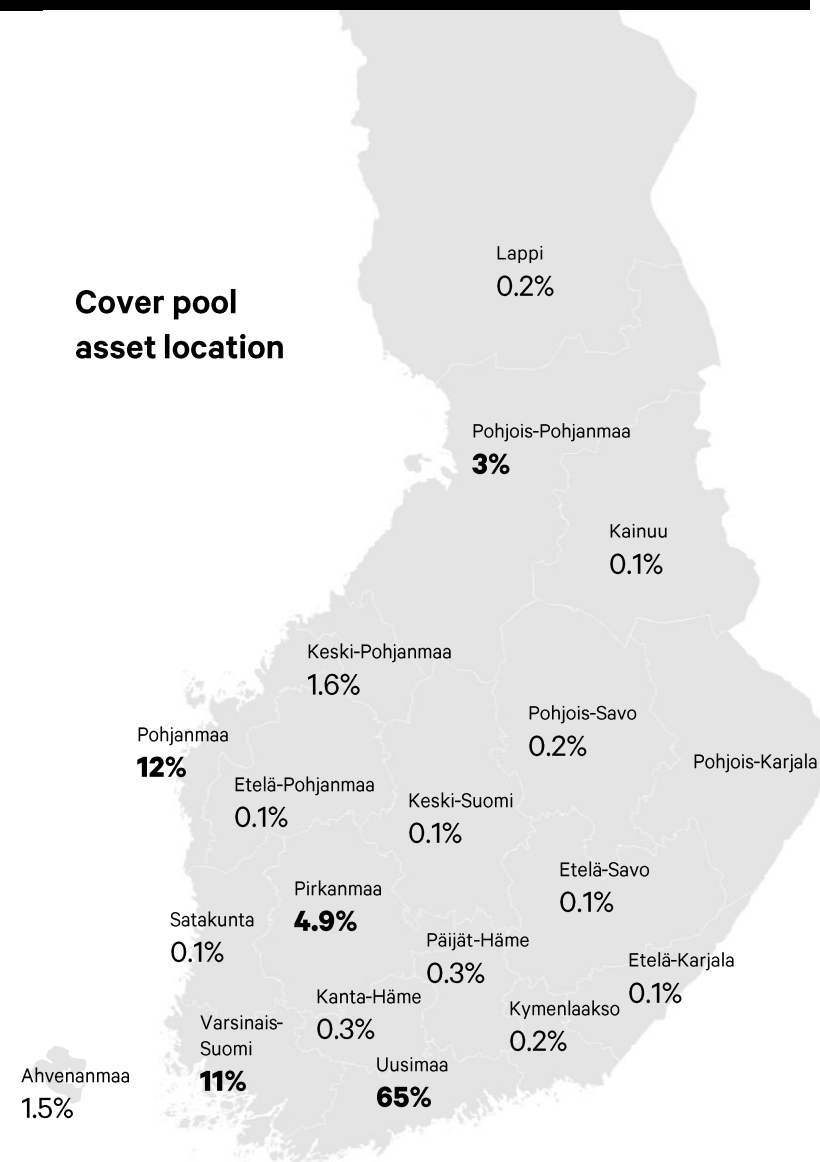
The covered bonds are issued directly from the bank's balance sheet.

- 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

4Q 2024	Pool 1 (2023-)	Pool 2 (2014-2022)
Asset Pool Balance	EUR 1,199 bln. (no substitute assets)	EUR 1,227 bln. (no substitute assets)
No of loans / average loan balance	13,823/ EUR 86,712	17,521/ EUR 70,030
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	96% Residential, 4% Housing Company Loans	92% Residential, 8% 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	49.07%	46.87%
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 91%, fixed 9%
WA seasoning	73 months	79,64 months
Overcollateralisation (%)	19,90%	22,70%
Committed OC (Nominal)	5.00%	10.00%
OC Calculation: Legal Minimum	2.00%	2.00%

## Cover pool asset location



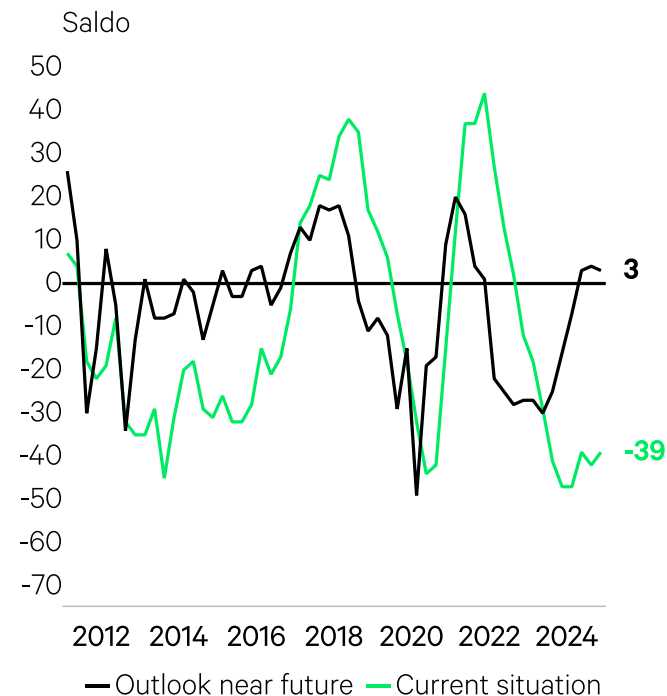
The background features a series of curved, overlapping lines in shades of grey and green, creating a sense of motion and depth. On the right side, there is a stylized bar chart with numerous vertical bars of varying heights, also in shades of green, suggesting data analysis or market trends.

# Finland Macro and Housing market update

Aktia

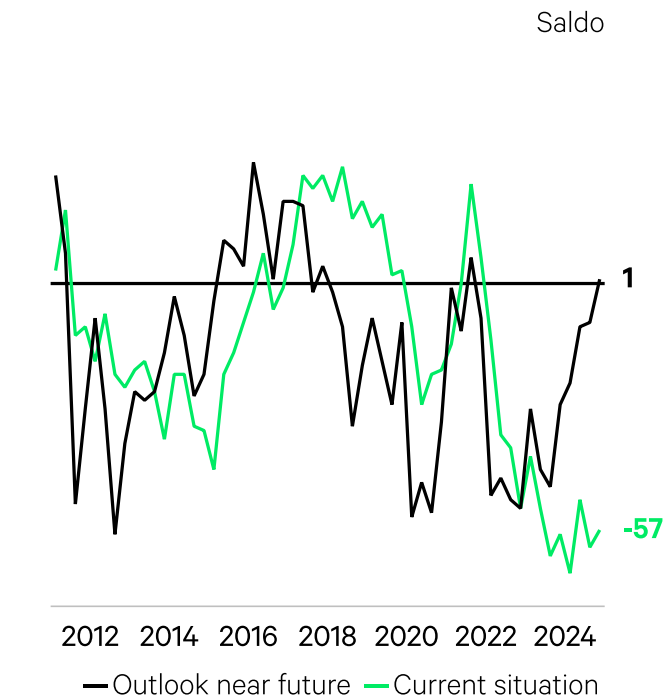
# Economic sentiment

## Manufacturing industry



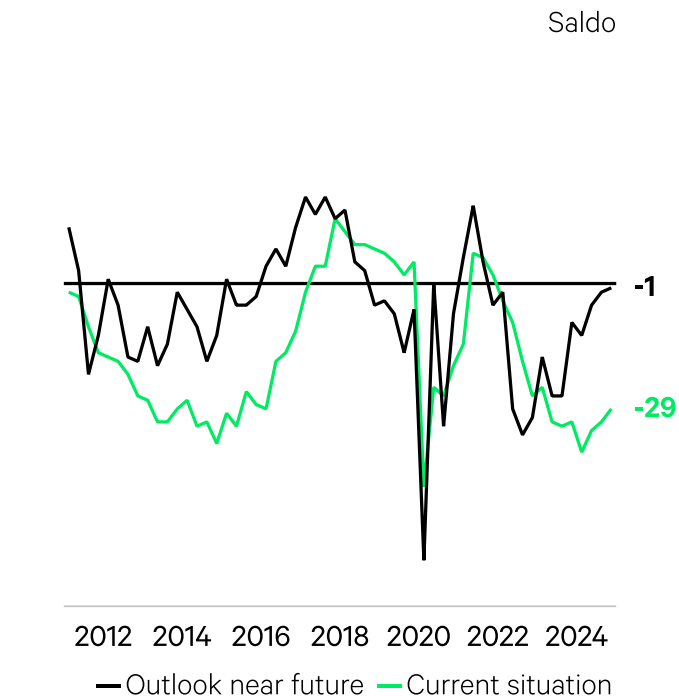
Aktia, Macrobond, Confederation of Finnish Industries (EK).

## Construction



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

## Services

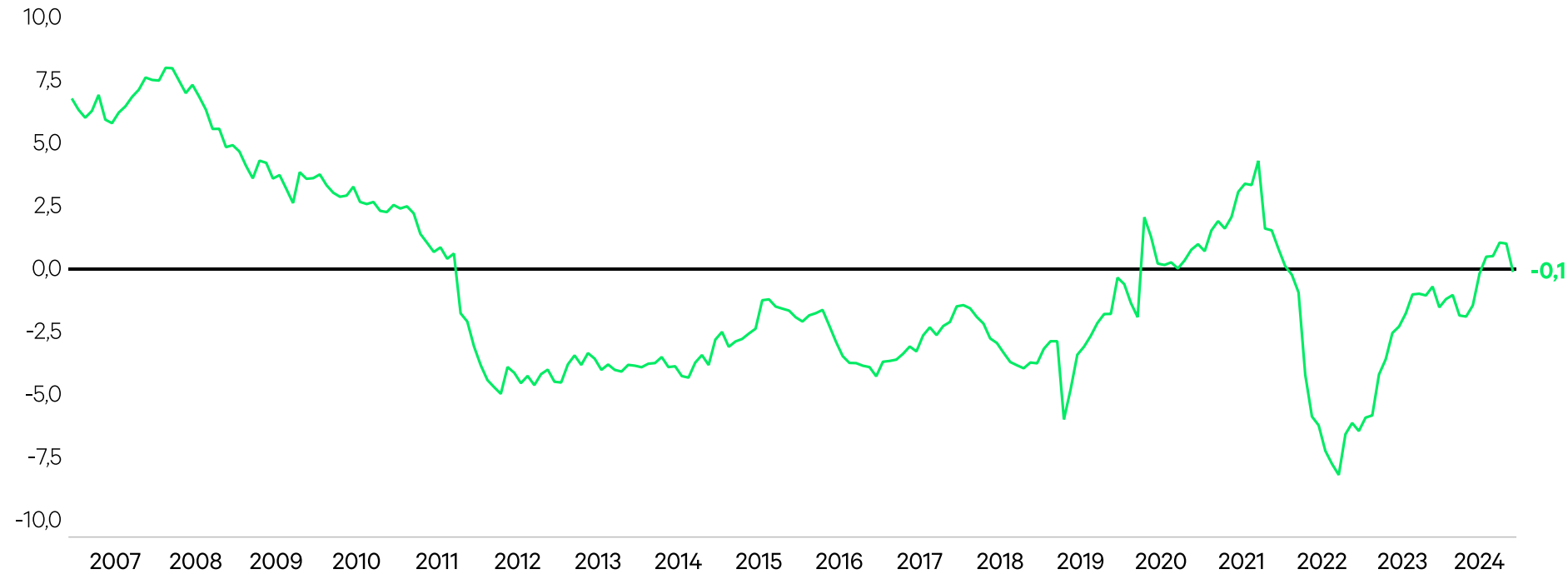


Aktia, Macrobond, Confederation of Finnish Industries (EK).

# Current account has improved

## Current account, Finland

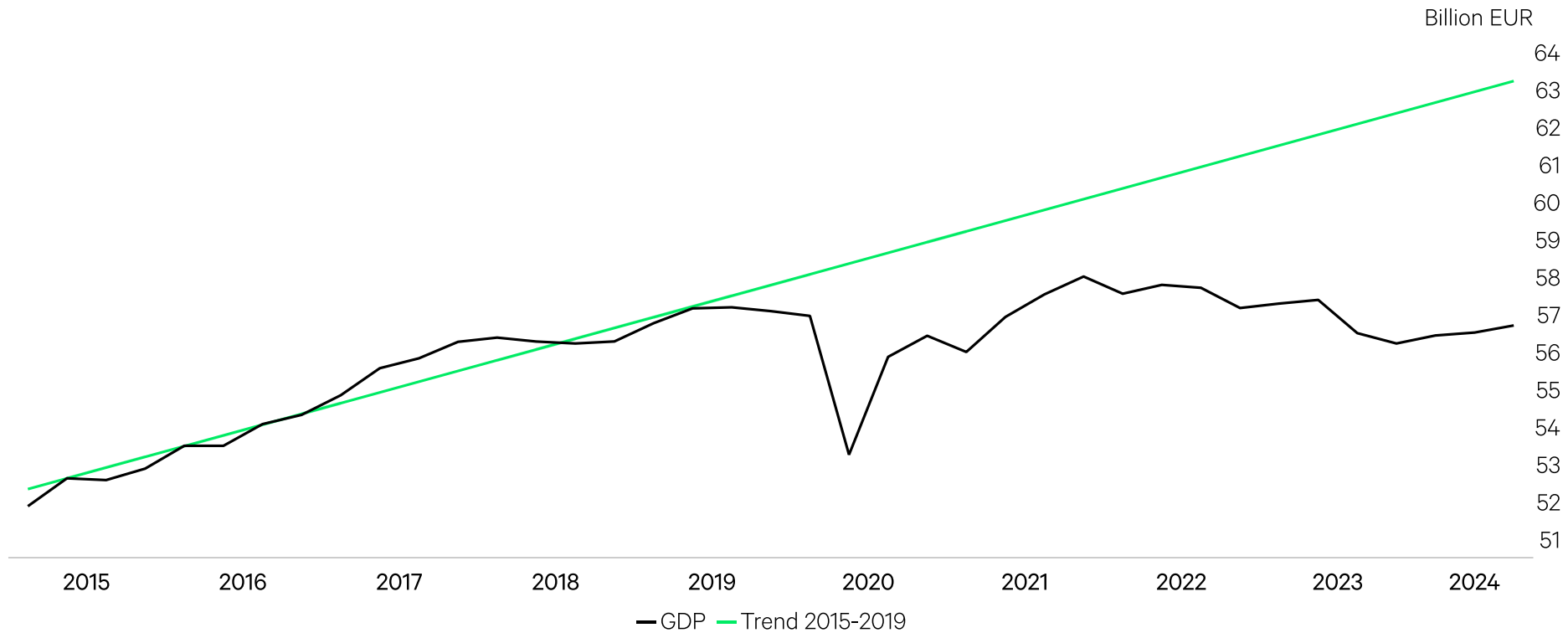
Billion euros, 12 month moving sum



Aktia, Macrobond, Statistics Finland.

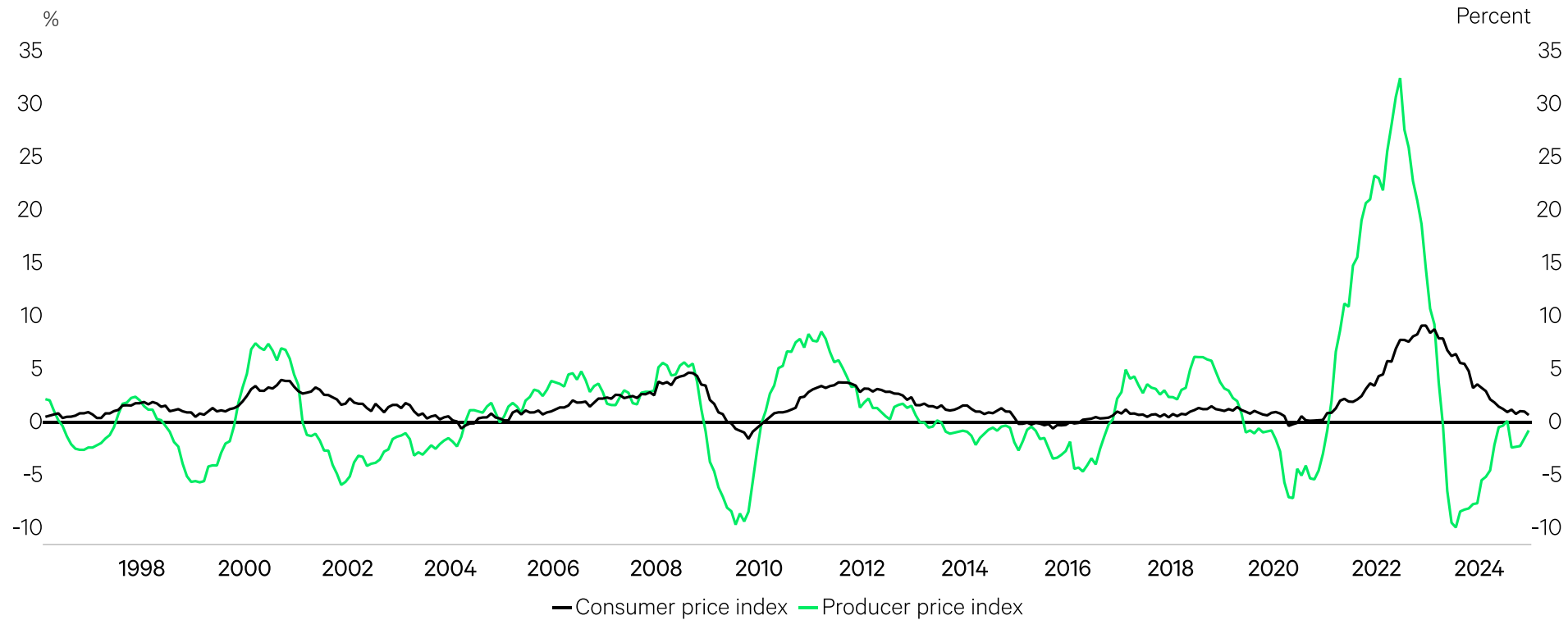
# Gross domestic product behind trend

## Finland, quarterly gross domestic product, 2015 prices



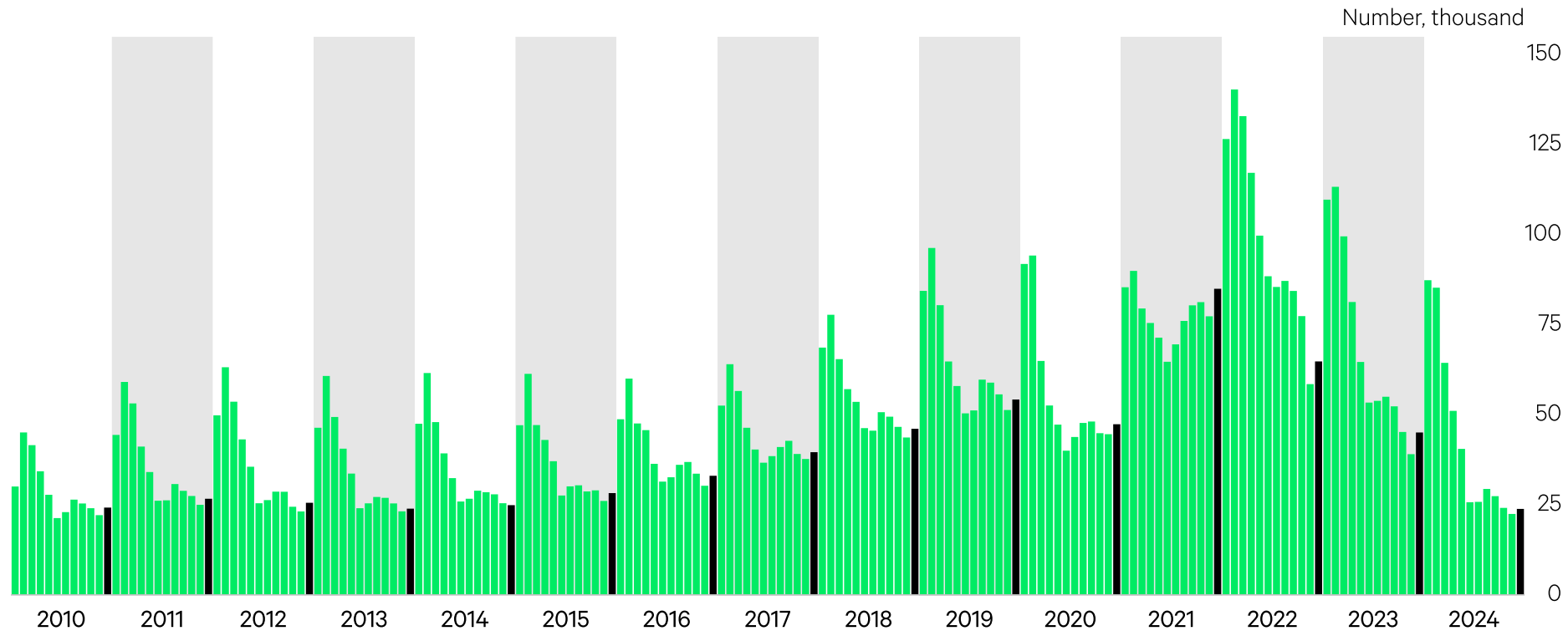
# Inflation pressure is easing

## Finland, annual change in consumer and producer price indecies



# Labour market is normalising

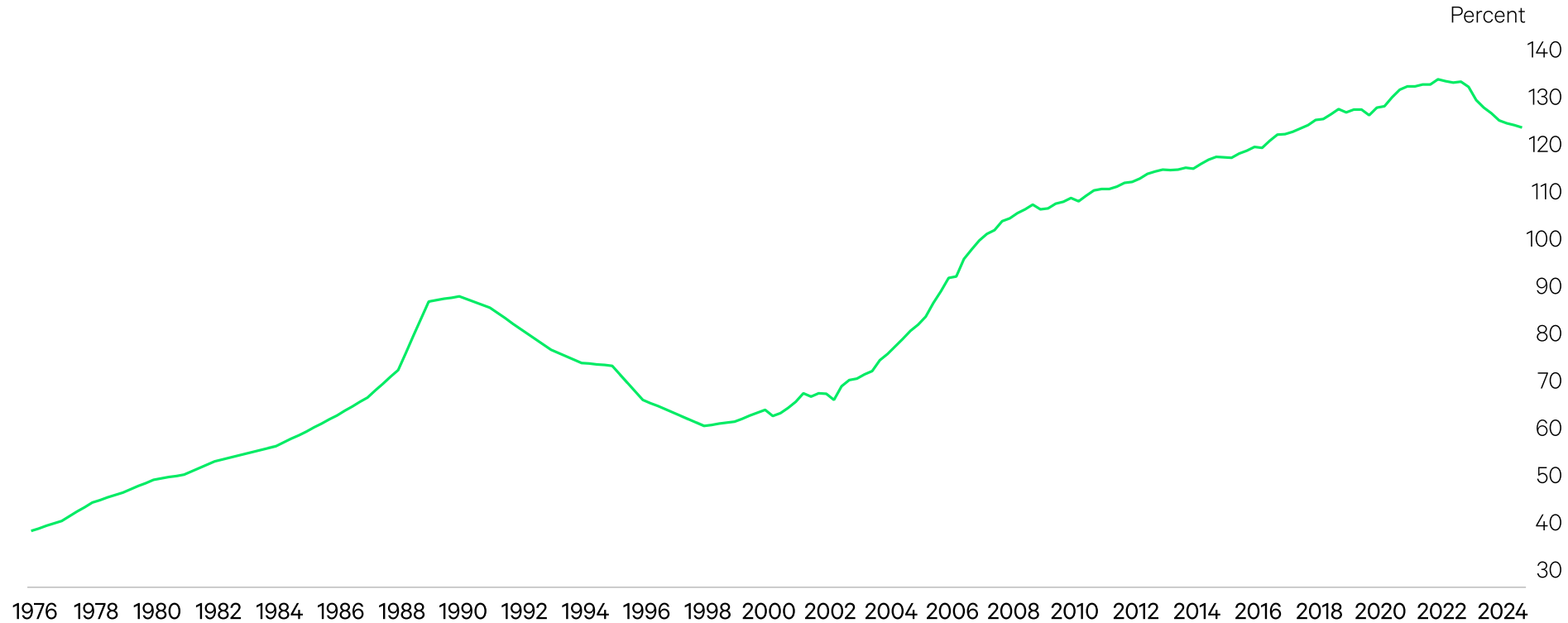
## Job openings, latest observation 12/2024



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

# Finnish household indebtedness decreasing

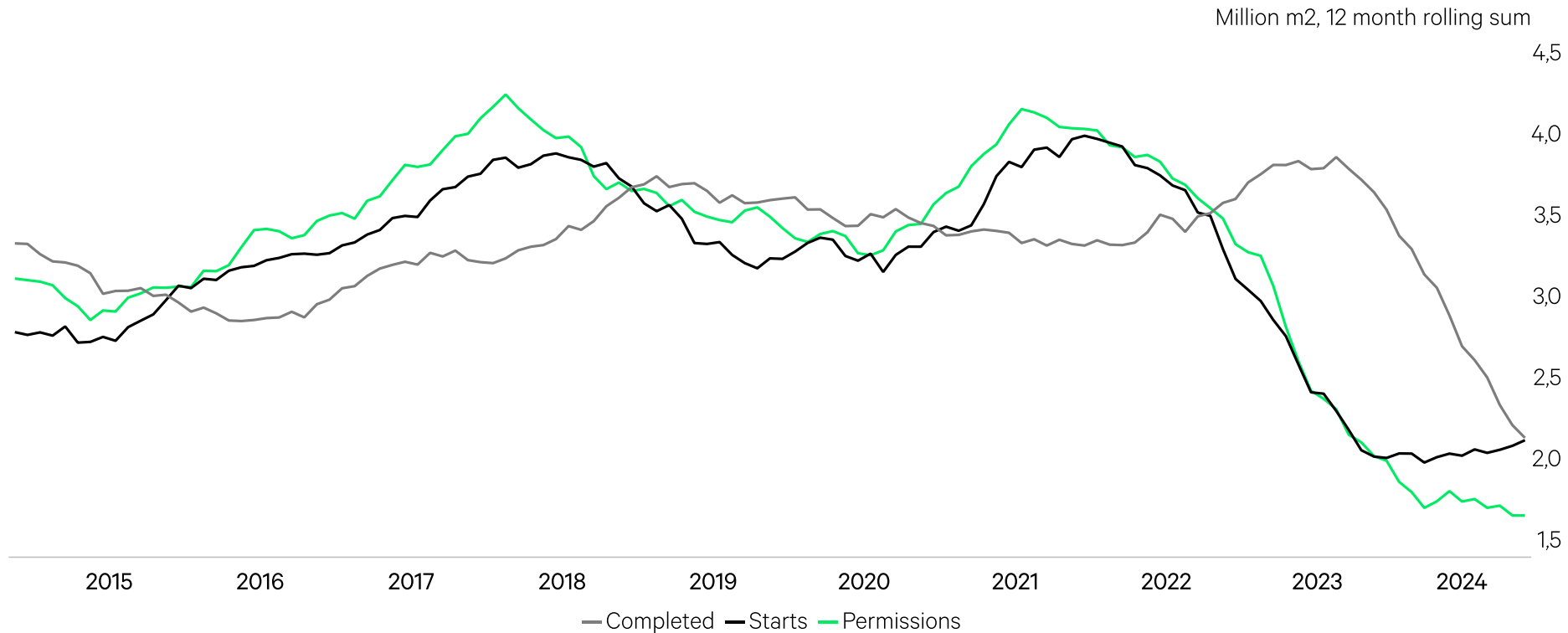
## Finnish households' indebtedness rate



Aktia, Macrobond, Statistics Finland.

# Residential construction starts at lows

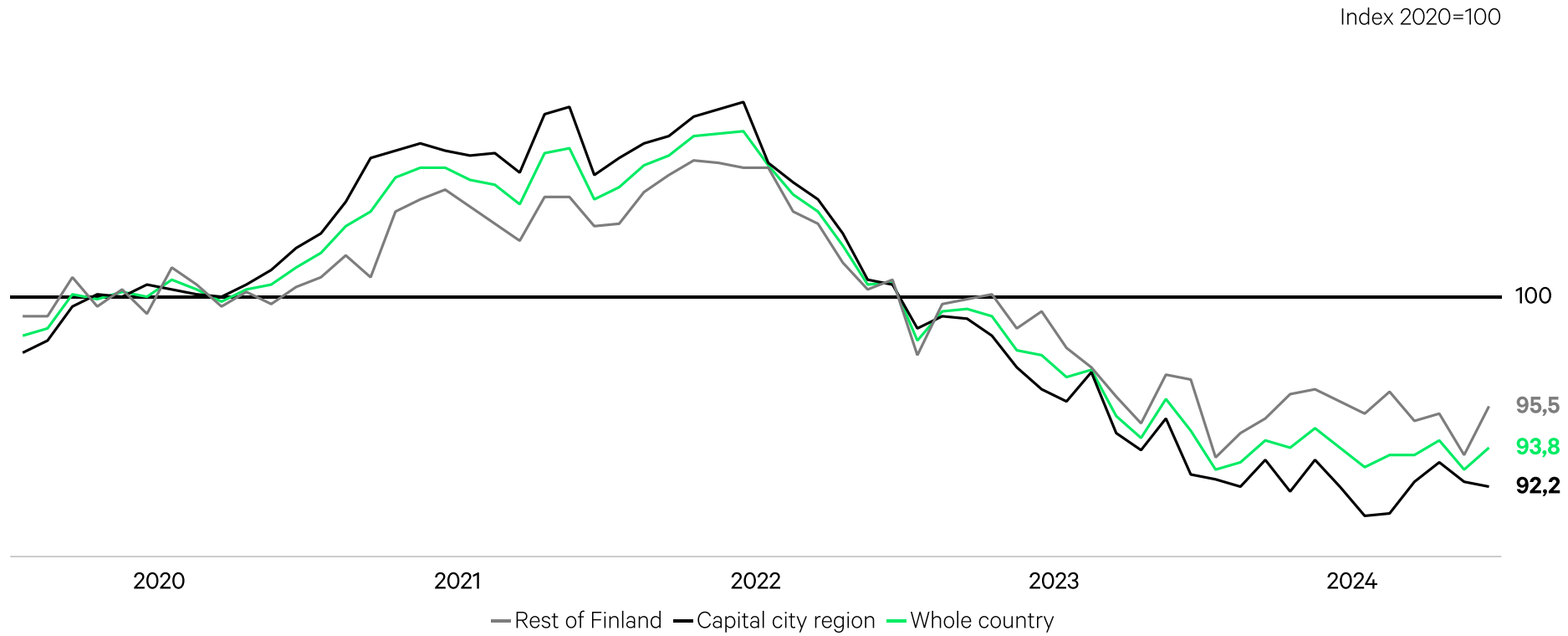
## Residential construction activity



Aktia, Macrobond, Statistics Finland.

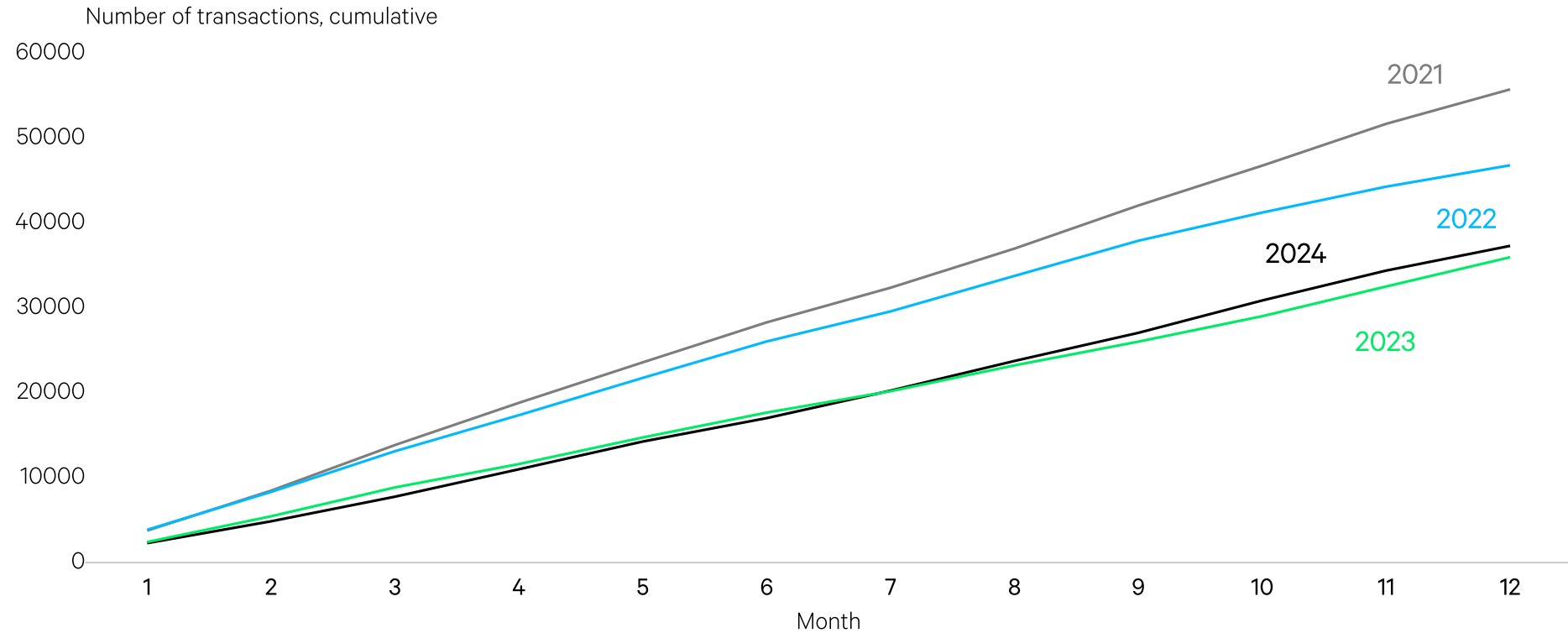
# Housing prices bottomed out?

## Price index of old blocks' of flats



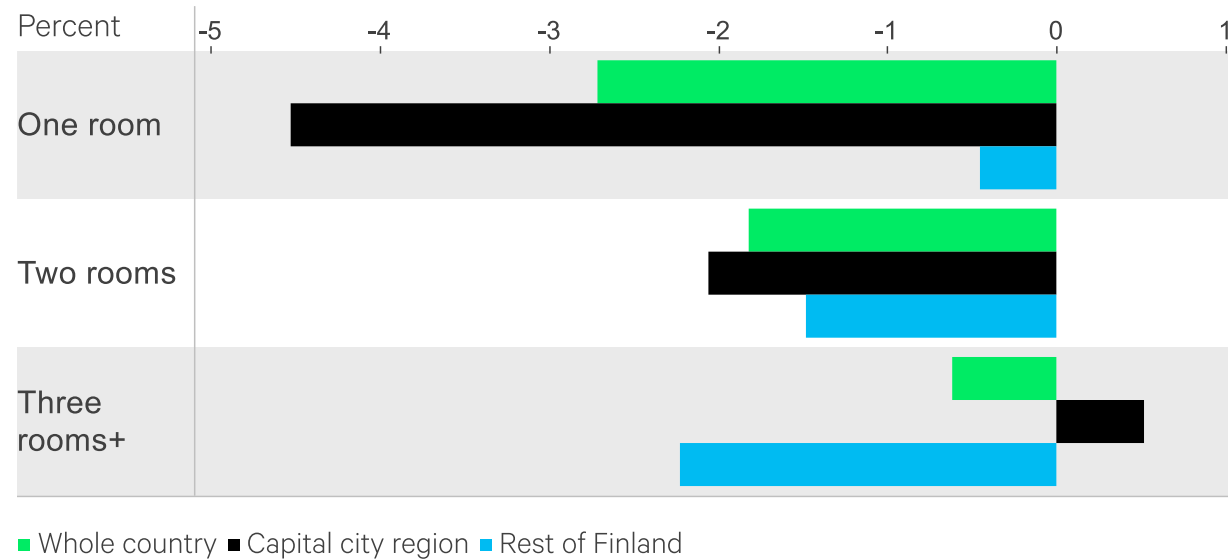
# Small pick-up in real estate activity

## Number of real estate transactions, apartments



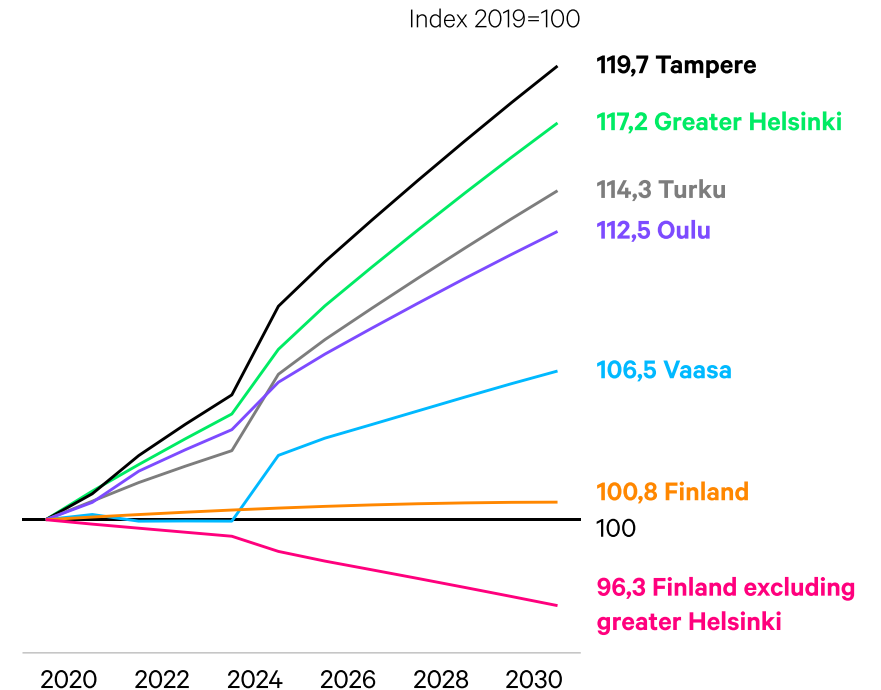
# Housing market has been challenging

## Annual change in prices of apartment blocks, 2024 Q4



Source: Aktia, Macrobond, Statistics Finland

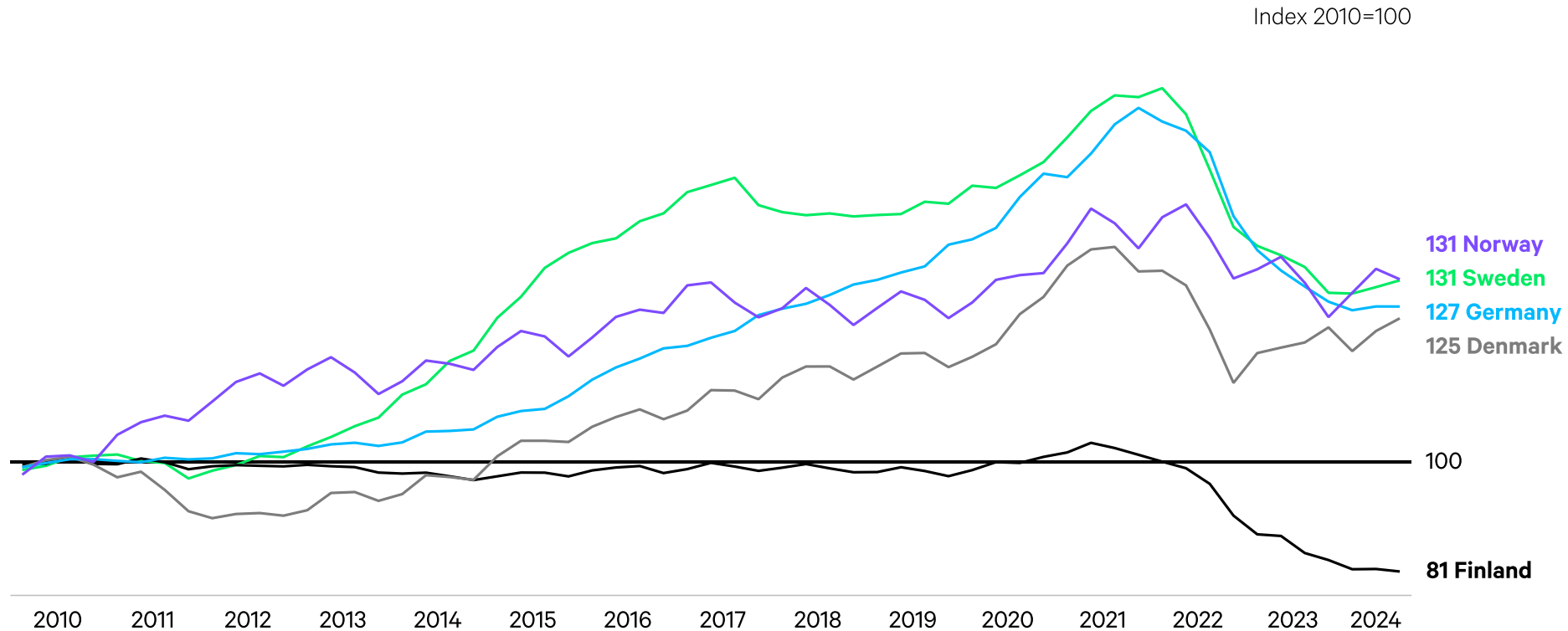
## Population projection, updated 9/2021



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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