

CEO's review

Mikko Ayub, CEO, Aktia Bank Plc
Annual General Meeting
13 April 2021

Aktia



A young child with light brown hair and freckles is lying in a field of tall grass. The child is wearing a blue t-shirt and looking directly at the camera with a neutral expression. The background is a dense field of green and brown grass.

Our Vision

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

Our Mission

Building wealth together.

Our Values

Courageously, Skilfully, Together.

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Aktia in short

31 December 2020

(Approx.)

EUR 10.4 billion

Customer assets under management (AuM)

EUR 10.6 billion

Balance sheet total

37,000

Shareholders

EUR 680 million

Market cap

260,000

Private customers

20,000

Corporate and institutional customers

 **45%**

Gender distribution of top management

 **55%**

930 

Employees

110,000

Insurance policies

68%

smaller carbon footprint of our own funds compared with reference market

Rating

Moody's Investors Service

Standard & Poor's

Long-term borrowing

A1

A-

Short-term borrowing

P-1

A-2

Outlook

Stable

Stable

Covered bonds

Aaa

-

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Aktia's Annual General Meeting 2021

Aktia's year 2020

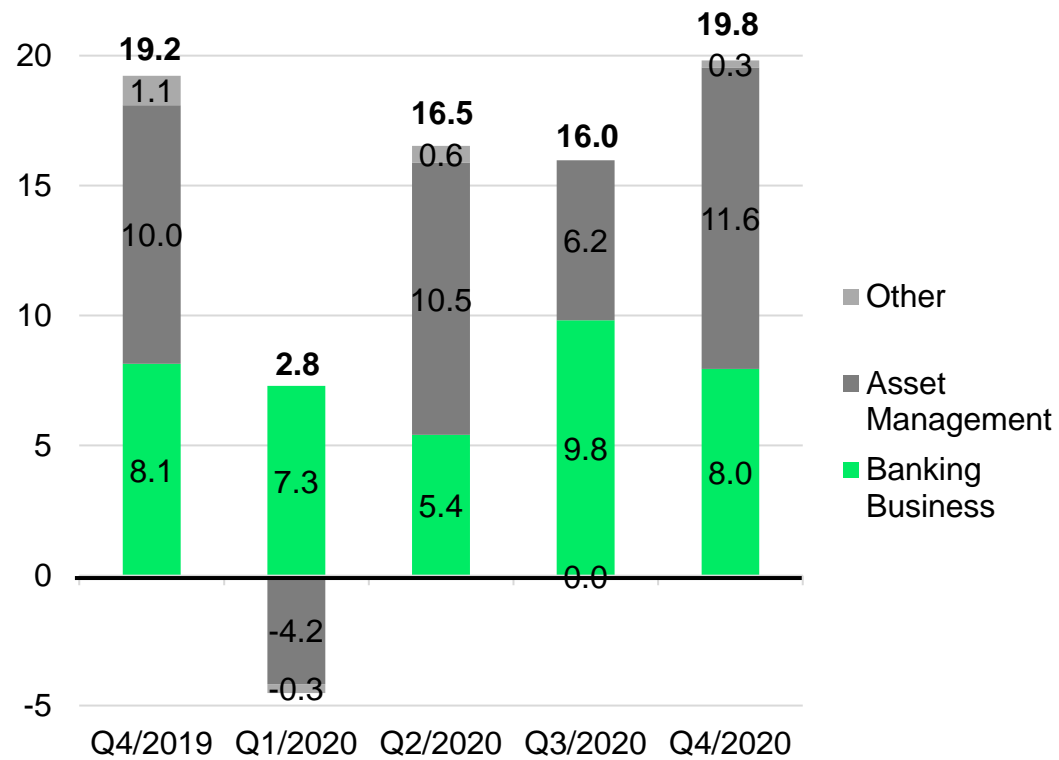
Aktia

Financial performance recovered quickly

Q-o-Q

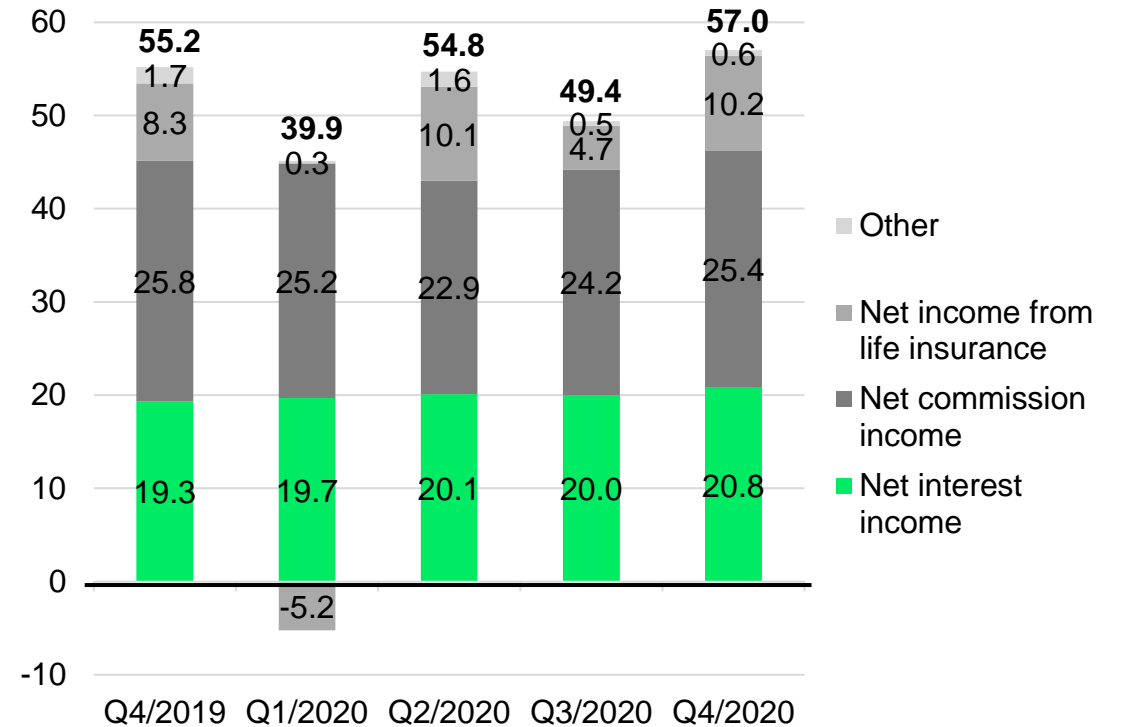
Comparable operating profit

EUR million



Comparable operating income

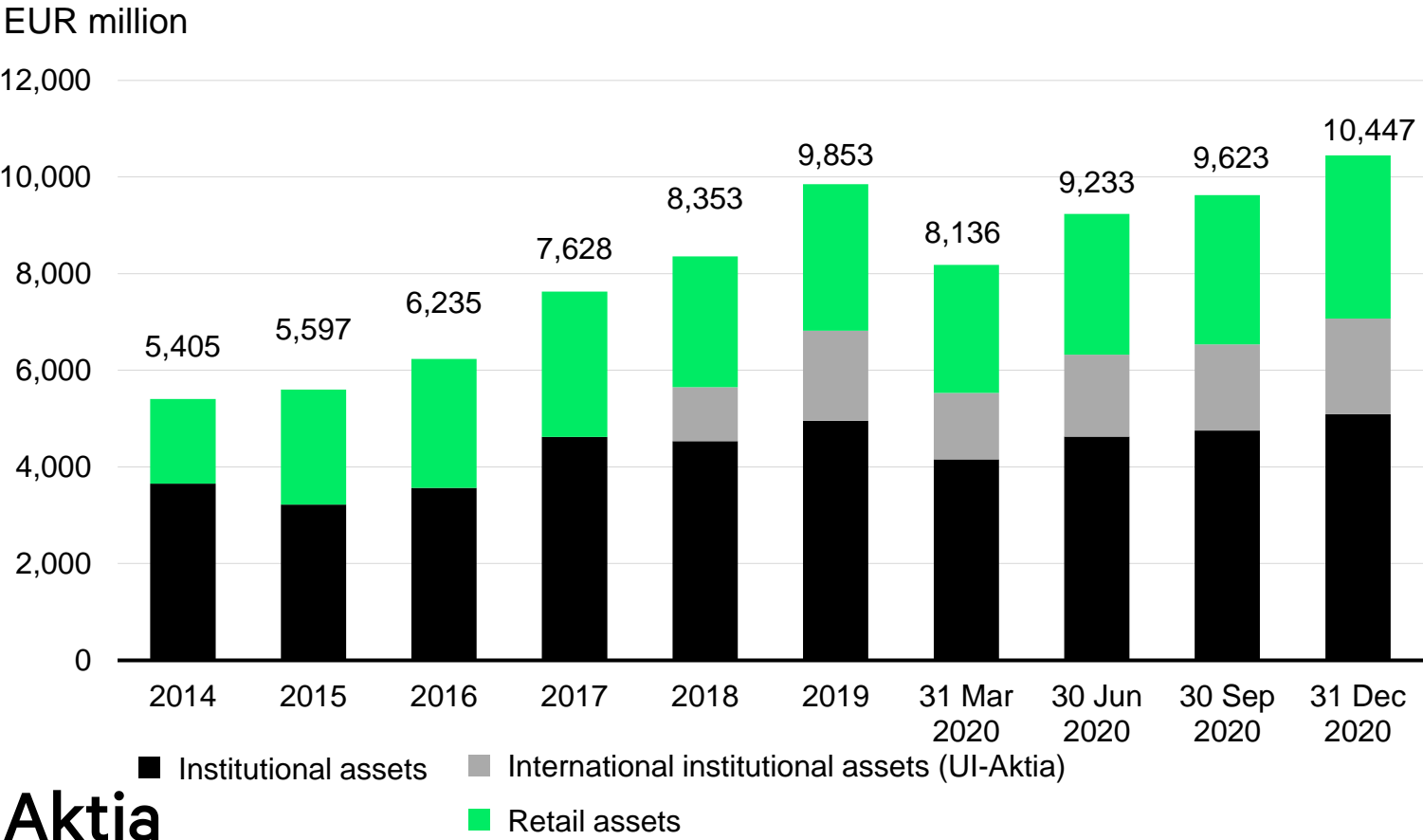
EUR million



AuM at an all-time high level

Asset Management

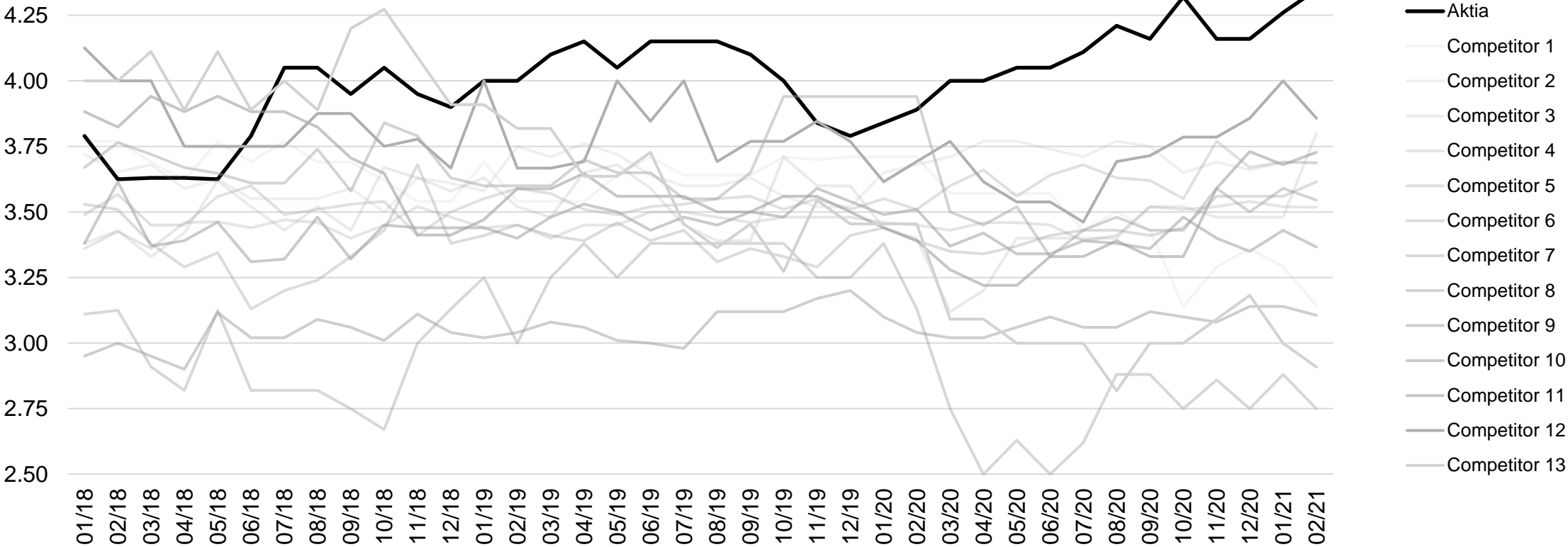
Assets under management excluding custody (AuM)



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Aktia's Morningstar rating consistently strong

02/2021

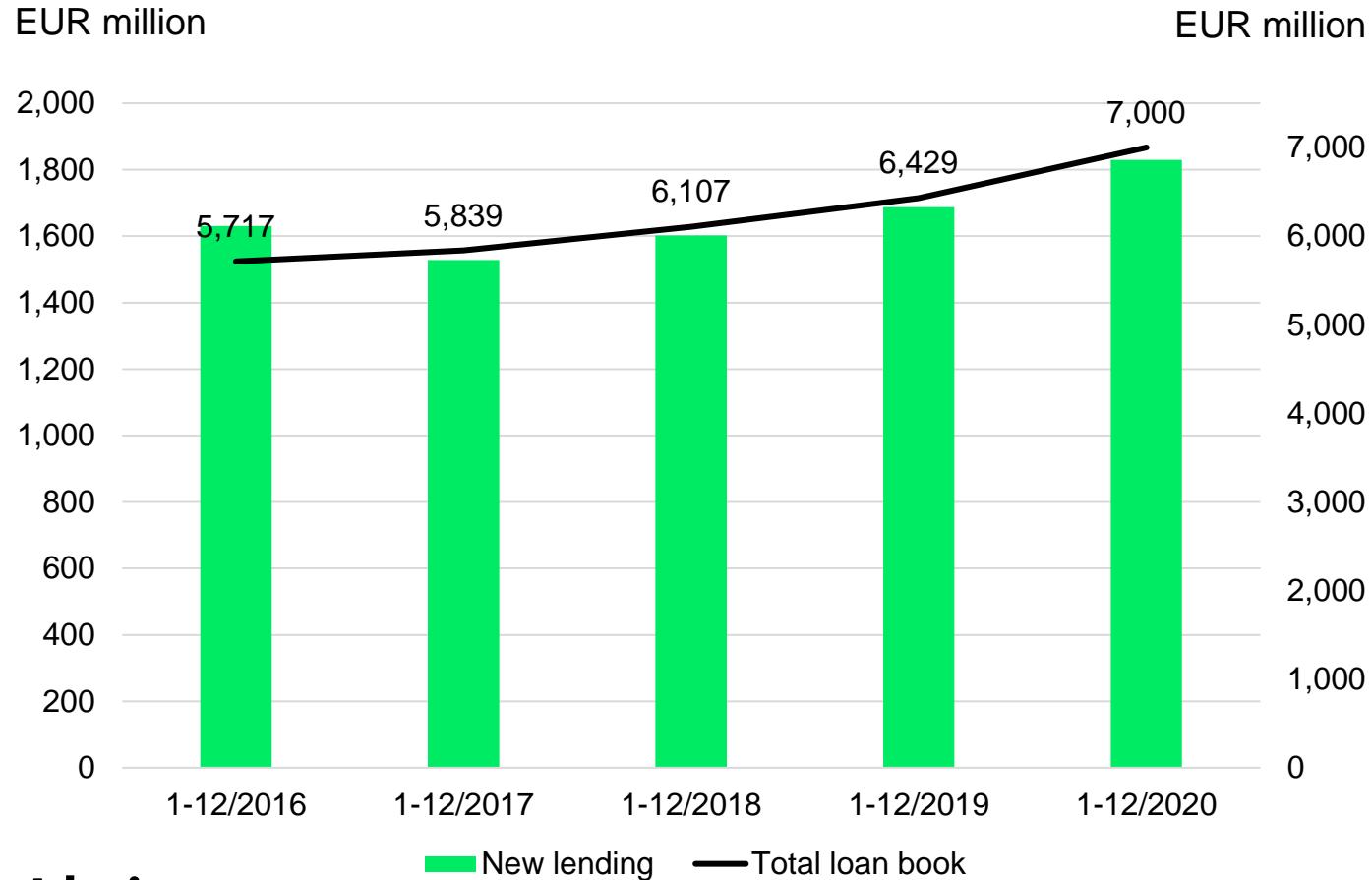


For all fund management companies, the fund unit type of each fund that has the most stars is used in the comparison.

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Remarkable growth in total loan book continues

Total loan book EUR +571 million y-o-y

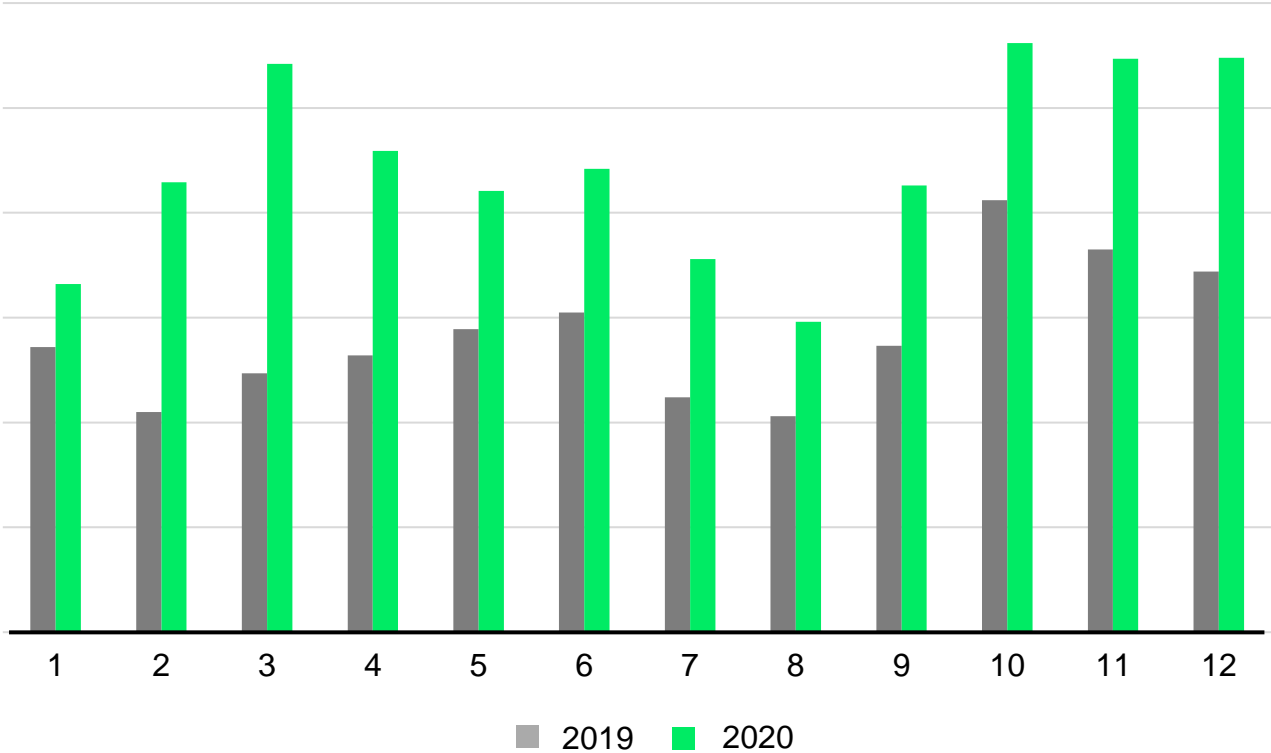


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The number of sold life insurances increased with almost 40% from the previous year

Life insurance: Risk insurance new sales

Number of policies



Corporate responsibility programme

In 2020, Aktia updated indicators and actions to group's corporate responsibility programme and action plan for 2020–2023.

Actions in 2020:

- Integration of ESG risk consideration to the Executive Committee's and the Board's agenda and lending, risk management and remuneration policies.
- Initiation of EU sustainable finance regulation working group and ESG policy updates for investing and lending.
- Analysing our portfolios' climate risks and temperature scenarios.
- 1st TCFD review integrated in Annual and Sustainability report.
- Achievement of the WWF Green Office label for the main office.
- Priorisation of UN Sustainable Development Goals.

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Aktia's corporate responsibility programme



A+

In categories: Responsible Investment Strategy and Governance and Listed Equity – incorporation.

Signatory of:



B

In Climate Change reporting.

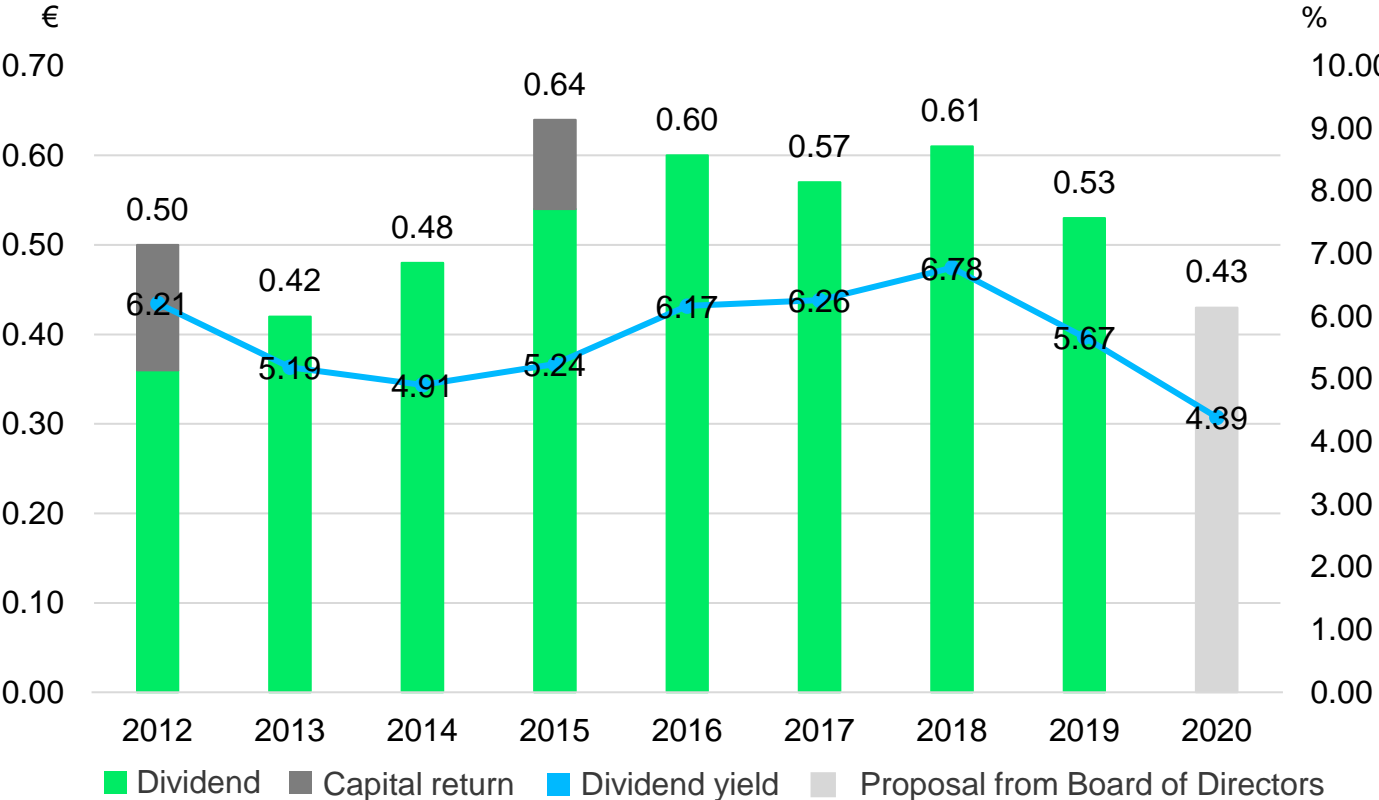


68%

The carbon footprint of Aktia's equity funds was on average approx. 68% smaller than reference market in 2020.

The Board of Aktia Bank proposes a dividend of EUR 0.43 per share

Aktia's dividend per share (including capital return) 2012–2020



Aktia Bank's dividend policy

Dividend pay out 60–80% of profit for the reporting period.

The Board proposed that Aktia Bank Plc's Annual General Meeting authorises the Board to later decide on the payment of a maximum dividend of EUR 0.43 per share for the financial year 2020, which corresponds 70% of the annual profit. The payment is carried out at one or more occasions, however, at the earliest on 1 October 2021.

Outlook 2021

The comparable operating profit for 2021 is expected to be clearly higher than during 2020 provided that the circumstances on the market and in society are stable.

- The increase in net interest income is expected to continue owing to a volume increase and reasonable financing expenses. The margins on housing loans are expected to continue at a low level.
- The increase in commission income from fund and asset management is expected to continue provided that the market circumstances continue stable.
- Net income from life insurance is still very much dependent on changes in market values.
- The expenses are expected to be somewhat higher than during 2020, considering planned development projects.
- Provisions for possible credit losses are expected to continue at a moderate level at the same time as Aktia's liquidity and capital adequacy remain solid.

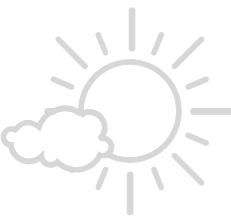
Aktia's Annual General Meeting 2021

Aktia's strategy



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Our three strategic priorities



① Win in **asset management**

② Acquire **new customers** in growing **cities**

③ **Drive operational efficiency**
to capitalise on our challenger position

Banking & Insurance

Aktia

Long-term financial targets 2023

**Comparable
operating profit
EUR 100 million**

1–12/2020;
EUR 55.1 million

(1–12/2019;
EUR 68.2 million)

**Return on
Equity (ROE)
above 11%**

31 December 2020;
6.7%

(31 December 2019;
10.3%)

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

1–12/2020;
0.71

(1–12/2019;
0.66)

**Common Equity
Tier 1 capital ratio
(CET1) 1.5–3
percentage points
over the regulatory
requirement**

31 December 2020;
4.2 percentage points over
the minimum capital
requirement 9.8%

(31 December 2019;
3.4 percentage points over the
minimum capital requirement
11.3%)

Aktia has agreed to acquire the wealth management operations of Taaleri – key figures

€ 4.4/7.1 bn <i>AUM</i>	appr. 100 <i># of employees</i>	~5,600 <i># of customers</i>
€ 35.5 M <i>Turnover FY20</i>	€ 31.0 M <i>Net commission income FY20</i>	€ 10.1 M <i>EBIT FY20</i>

- The transaction is expected to be completed in May 2021
- Completion is subject to relevant authority approvals

Transaction synergies

Revenue synergies

- Offering expansion for the transferring customers - banking services, Aktia's investment and insurance products
- Offering expansion for Aktia's existing customers – brokerage services and Taaleri's investment products

Cost synergies

- Reduced cost base due to increased scale of the business
- Consolidation of IT and infrastructure
- Operational and administrative reorganization

The synergy gains on an annual level are estimated to amount to EUR 8 million and they are expected to be realised in full during 2023

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